

U.S. and Oklahoma Economic Outlook

OKC Risk Management Association

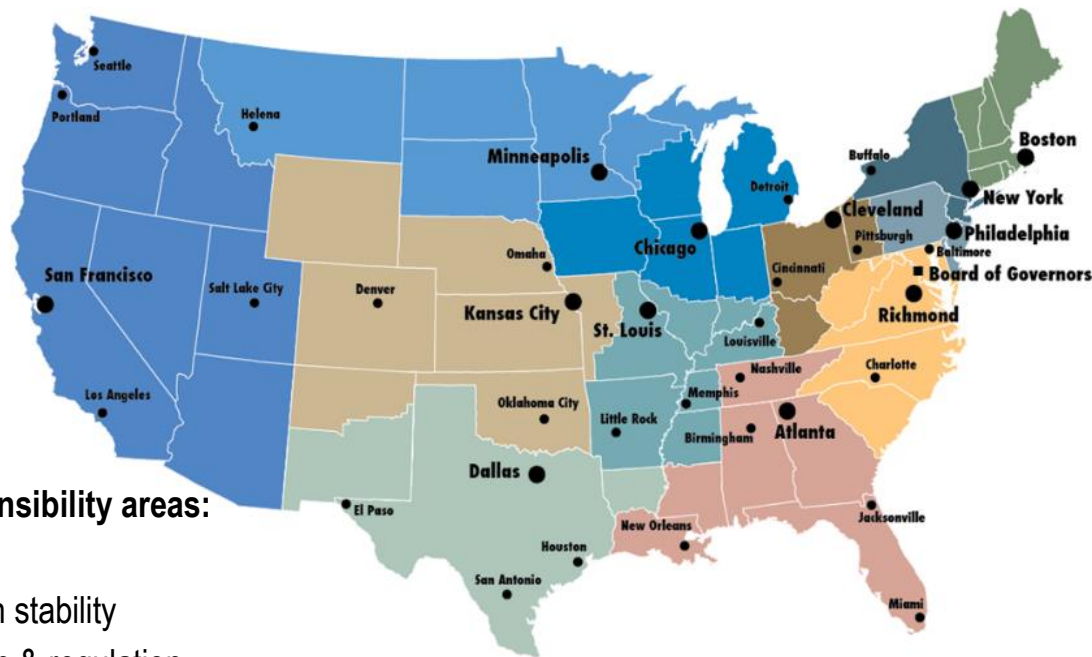
February 6, 2024

Chad Wilkerson
SVP & Oklahoma City Branch Executive

*The views expressed herein are those of the presenter only and do not necessarily reflect the views of the Federal Reserve Bank of Kansas City or the Federal Reserve System.



Structure & Functions of the Federal Reserve



5 primary responsibility areas:

- Monetary policy
- Financial system stability
- Bank supervision & regulation
- Payment system safety & efficiency
- Consumer protection & community development

3 primary entities:

- Board of Governors: 7 members appointed by U.S. President
- Federal Reserve Banks: 12 total; semi-independent
- Federal Open Market Committee: 19 members; 12 voting



The Oklahoma City Branch of the Federal Reserve Bank of Kansas City

www.kansascityfed.org/oklahomacity

- **Functions and purposes ~ 50 staff**

- Research on U.S. and Oklahoma economies; energy sector and business survey focus
- Examinations of Oklahoma financial institutions (~45 banks, ~175 holding cos.)
- Risk analysis and IT development for bank exams; exam assistance for other Fed offices
- Community development programming for low/moderate income groups, workforce focus
- Economic education and public outreach programming

- **2024 OKC Branch Board of Directors**

- **Dana Weber (chair)**, Chair & CEO, Webco Industries, Sand Springs
- **Mark Burrage**, CEO, FirstBank, Antlers/Atoka
- **Scott Case**, President, Case & Associates Properties, Tulsa
- **Walt Duncan**, President, Duncan Oil Properties, OKC
- **Rhonda Hooper**, President & CEO, Jordan Advertising, OKC
- **Terry Salmon**, President, Computer System Designers, OKC
- **Brady Sidwell**, Principal, Sidwell Strategies, Enid



Overview

- U.S. economic growth stayed strong in 2023 and, while employment growth has cooled somewhat, unemployment remains low
- Inflation remains too high, despite coming down from 2022 peaks
- The Fed has raised the overnight interest rate to over 5%
- Oklahoma's economy also continues to grow, and unemployment is low
- Oklahoma's population growth has outpaced the nation in recent years, driven by strong domestic in-migration

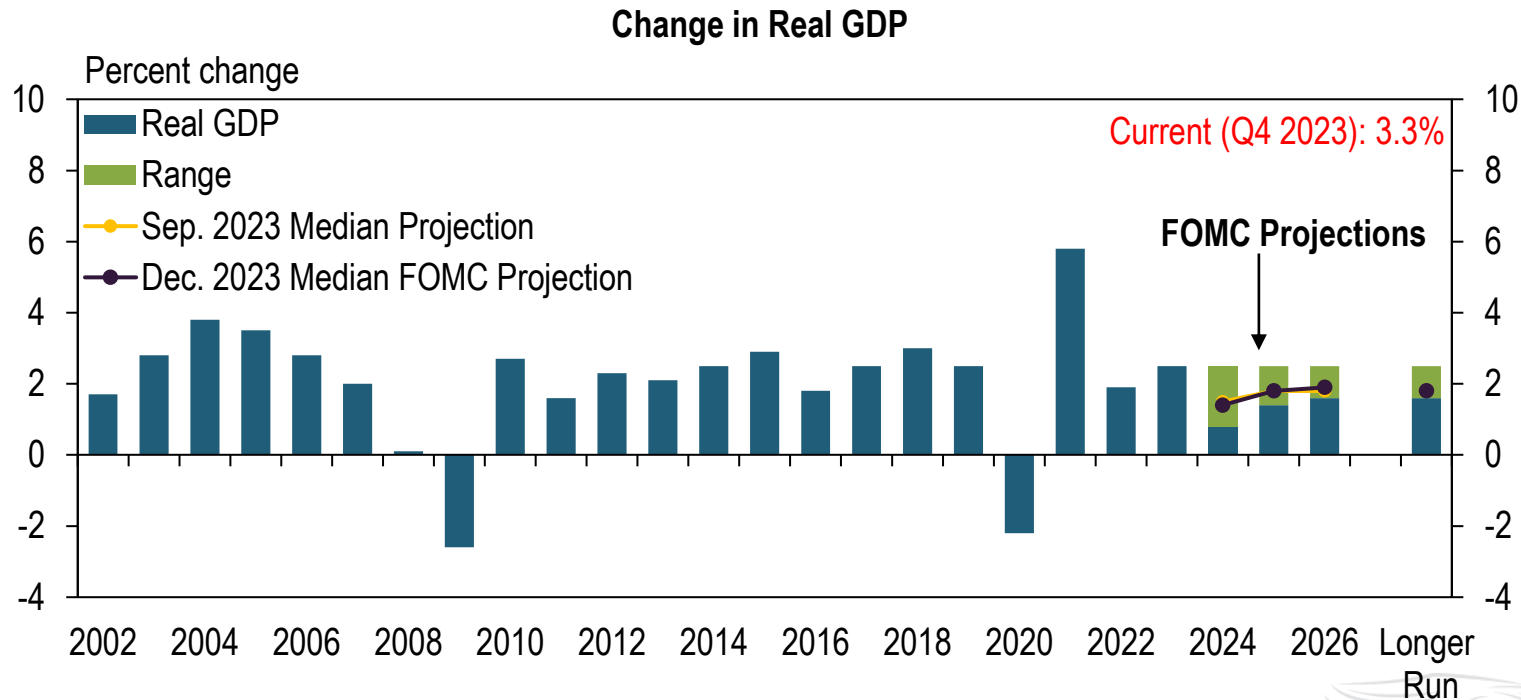


U.S. GDP growth exceeded estimates in Q4, and employment growth has slowed but remained positive

Quarterly U.S. Economic Growth

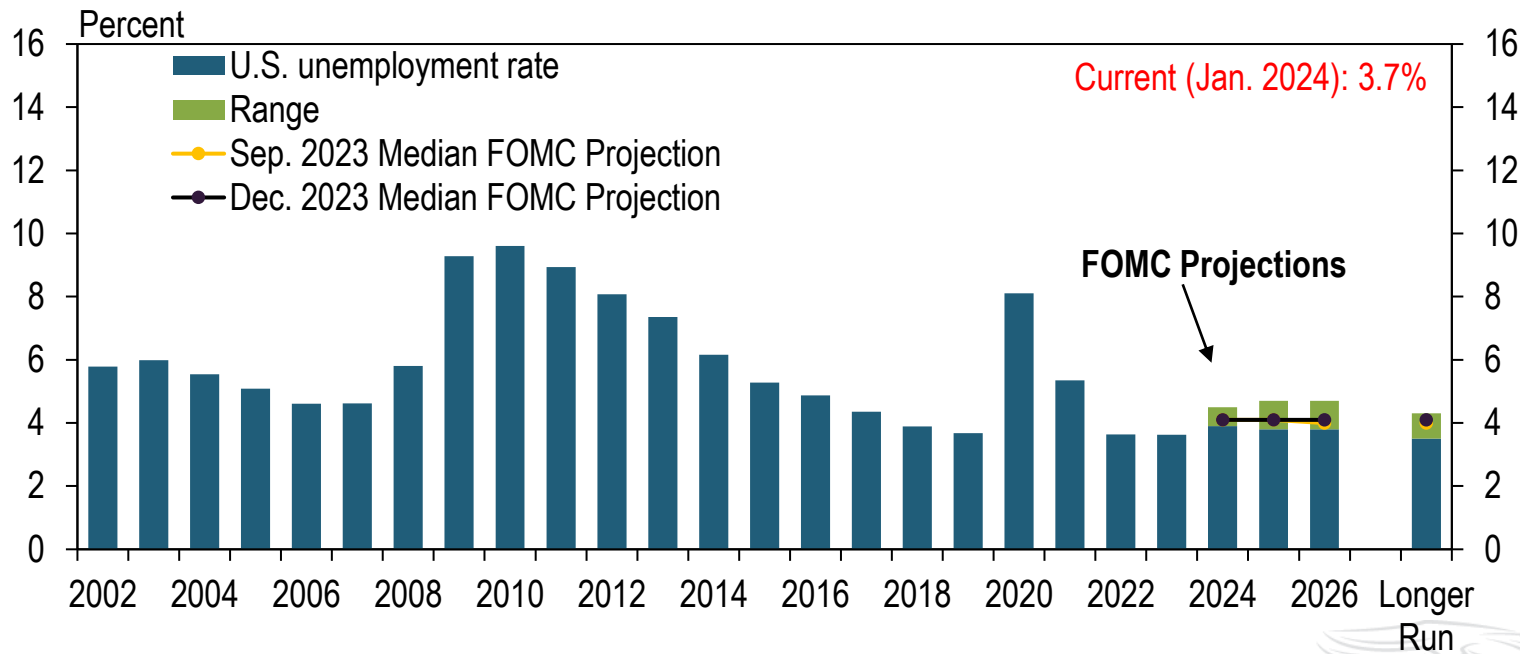


U.S. GDP growth is expected to slow slightly in 2024 before rebounding to near trend in 2025 and 2026



U.S. unemployment remains historically low and is projected to rise only moderately in coming years

U.S. Unemployment Rate

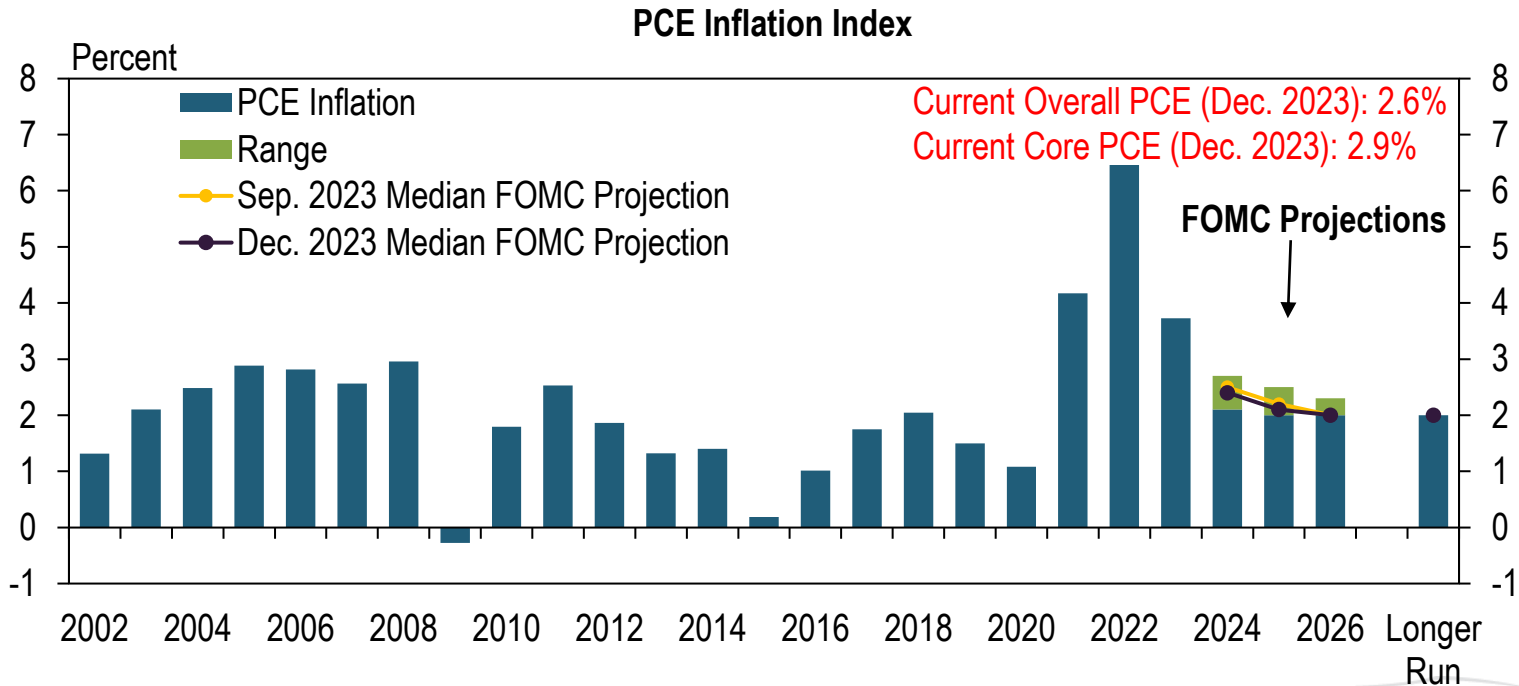


Note: Data and FOMC projections are for year-end.

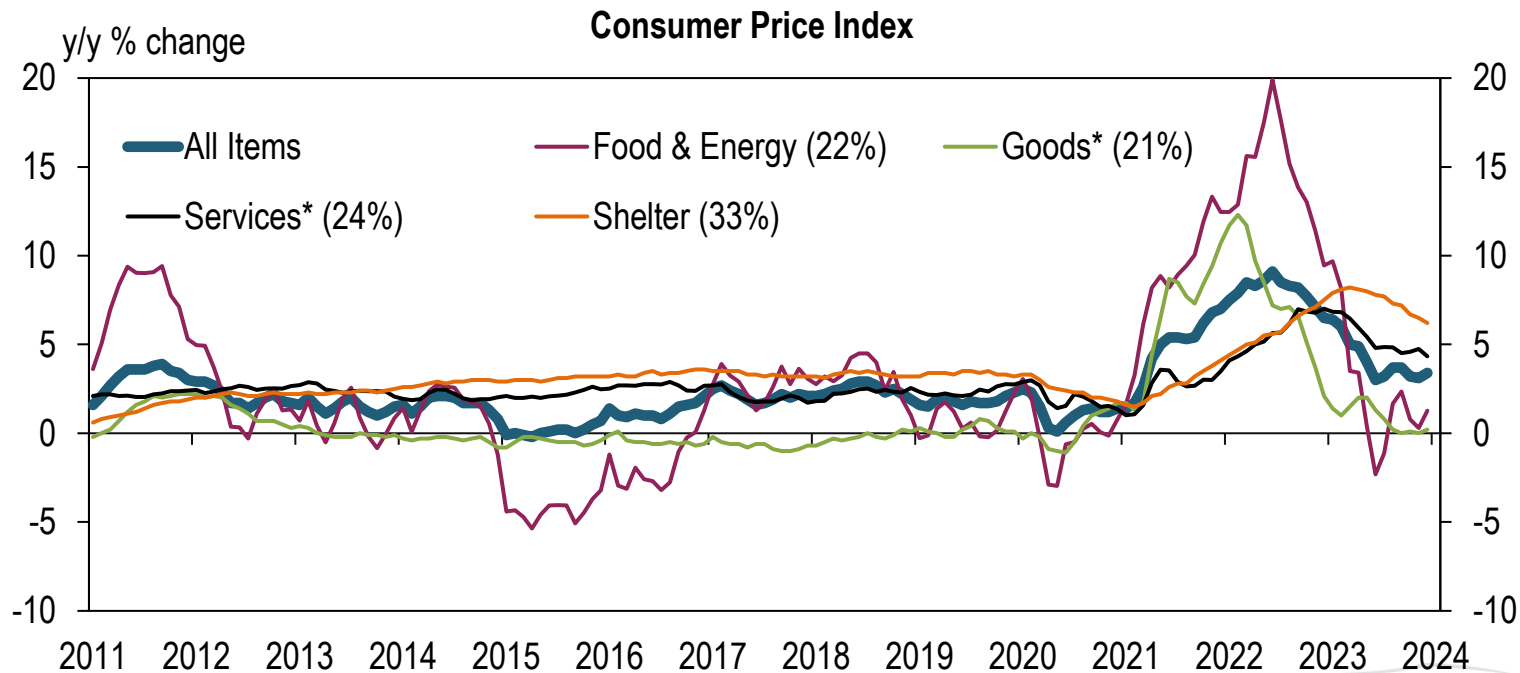
Sources: U.S. Bureau of Labor Statistics, FOMC



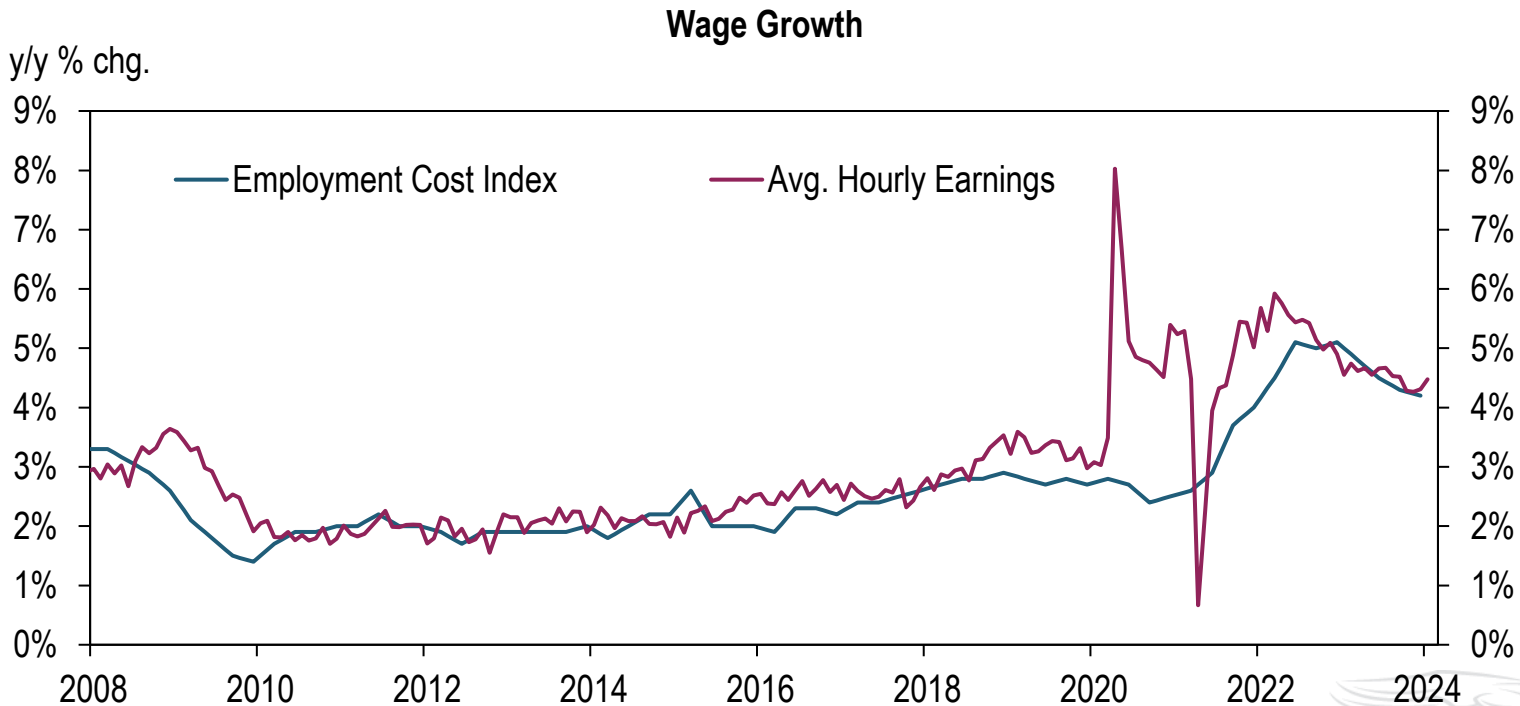
Although inflation has come down from 2022 peaks and is expected to fall further, it remains above longer-run levels



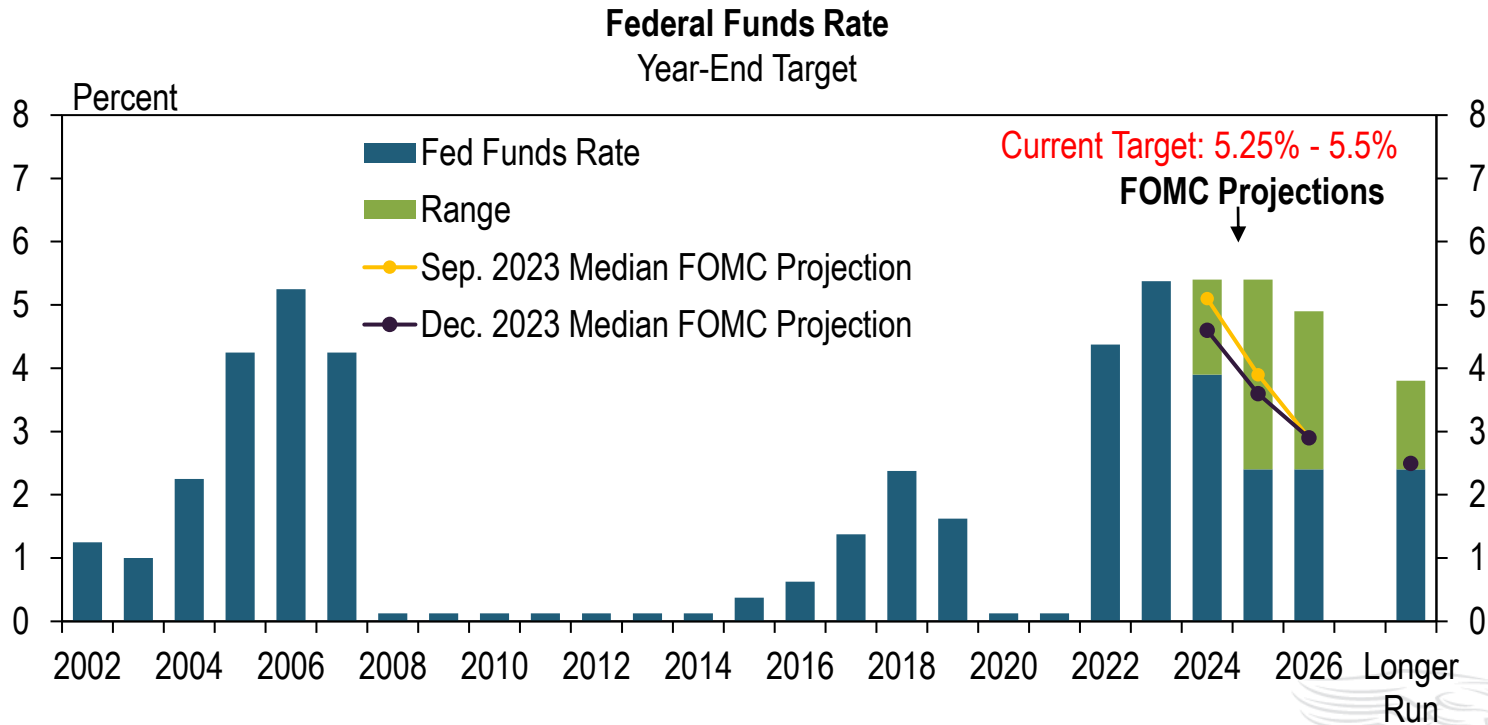
CPI inflation ticked back up to 3.4% in December, as energy price growth rose and shelter inflation eased



Wage growth is a key factor keeping services inflation high, and has come down moderately from recent highs



The Fed held the federal funds rate steady again in January, after lowering future projections somewhat in December



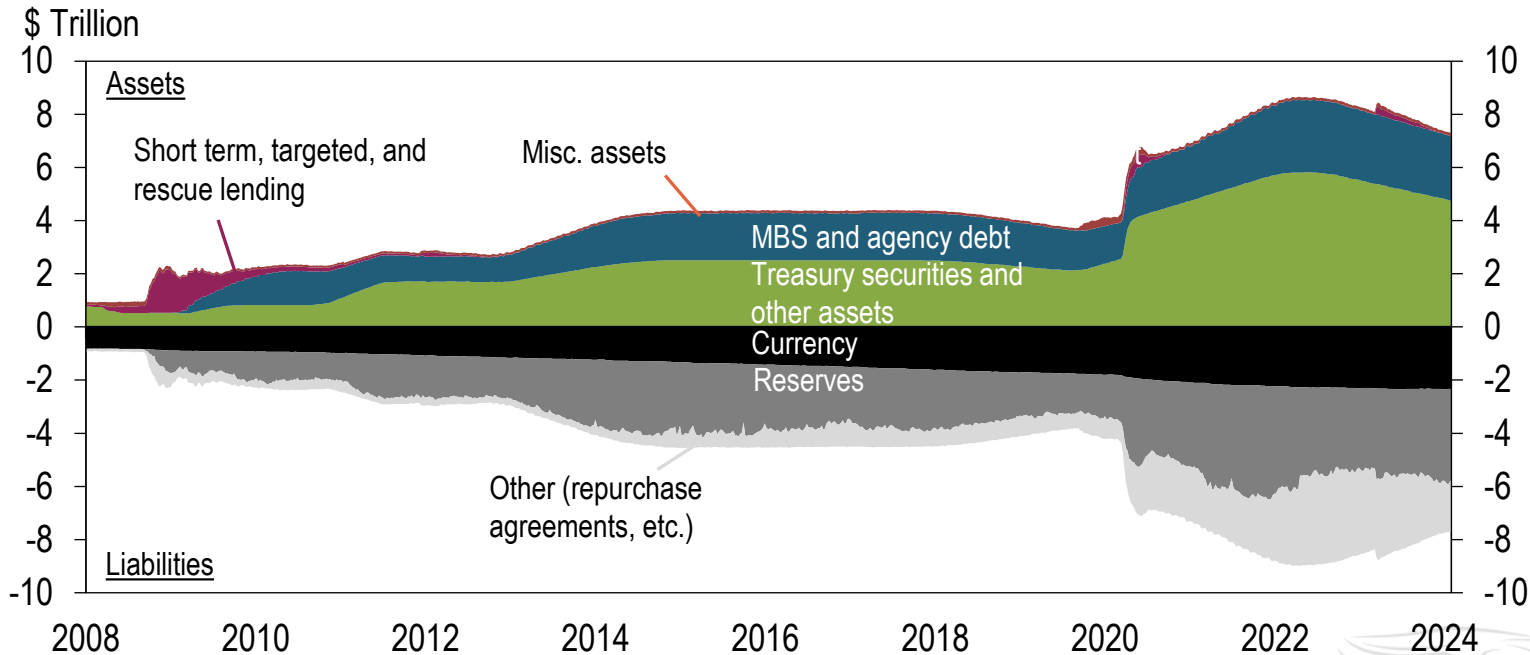
Note: Data and FOMC projections are for year-end.

Sources: Bureau of Economic Analysis, FOMC



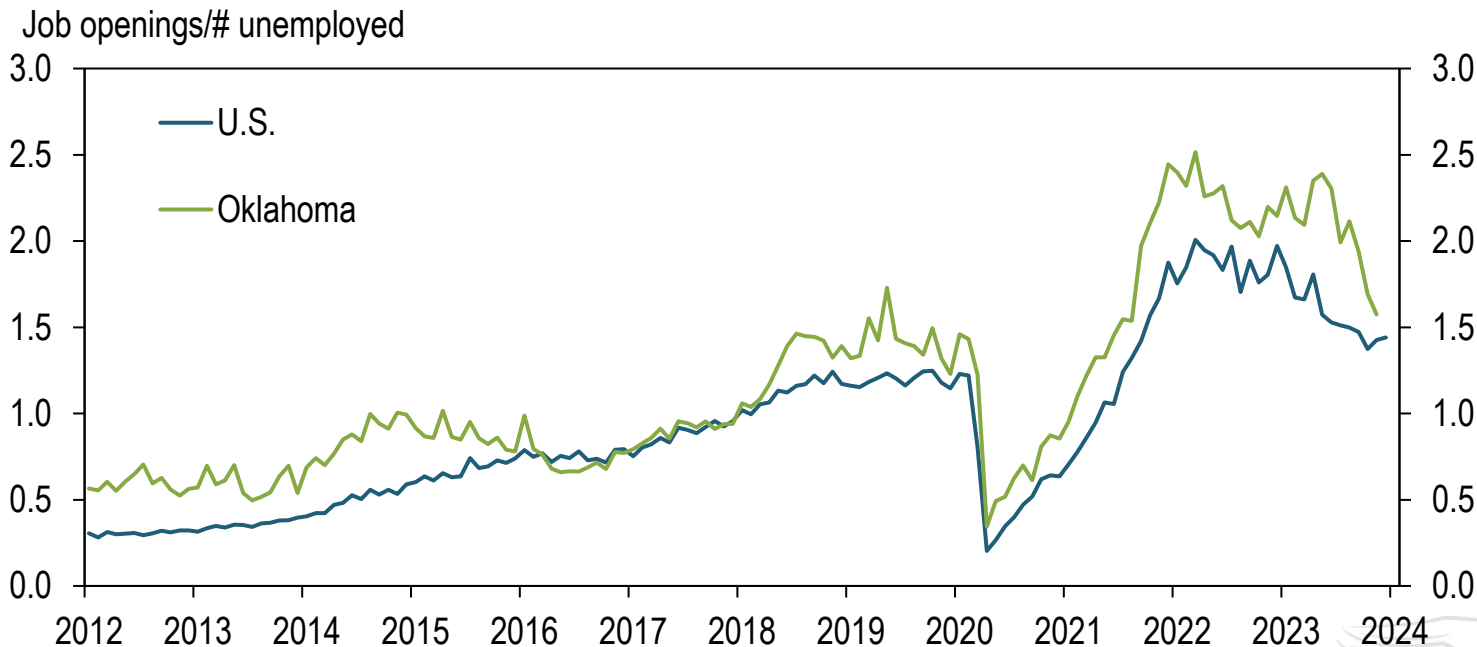
The Fed also continues to reduce its balance sheet of high-quality securities

Federal Reserve Balance Sheet



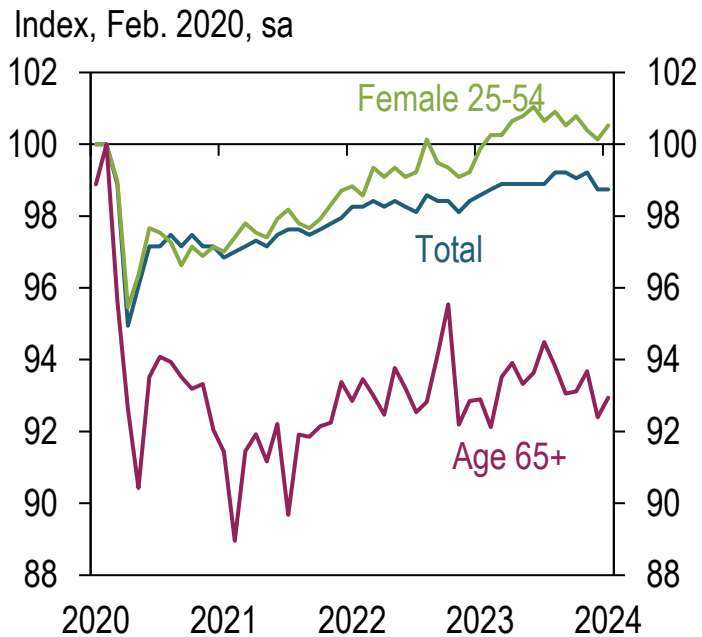
Job openings still greatly exceed unemployed workers, but have fallen slightly, helping ease wage pressures

Job Openings/Unemployment Ratio

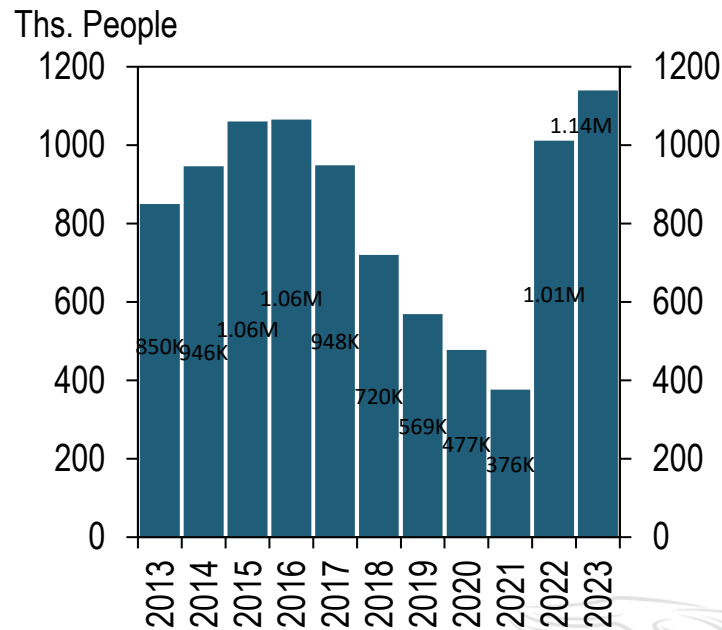


Labor force participation still lags, mostly due to older workers, while immigration rebounded last year after several low years

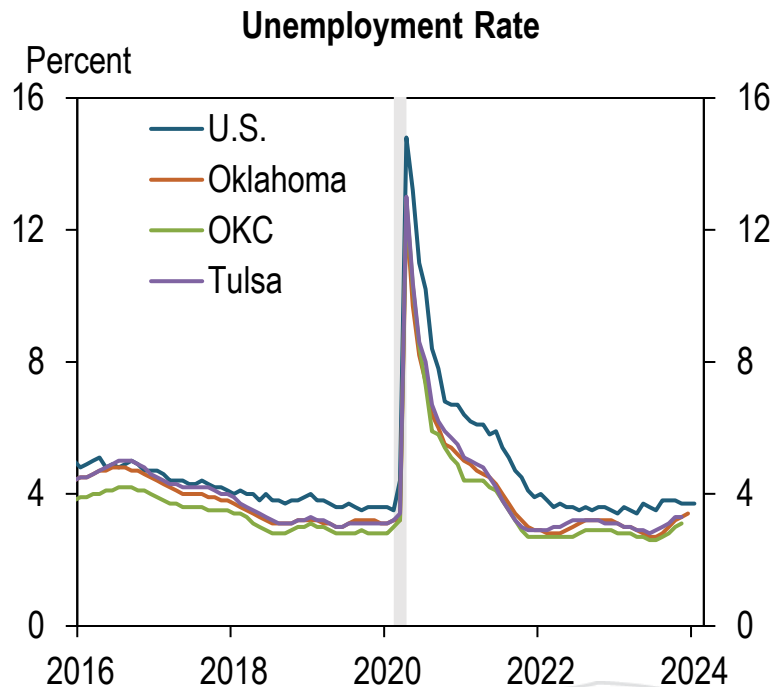
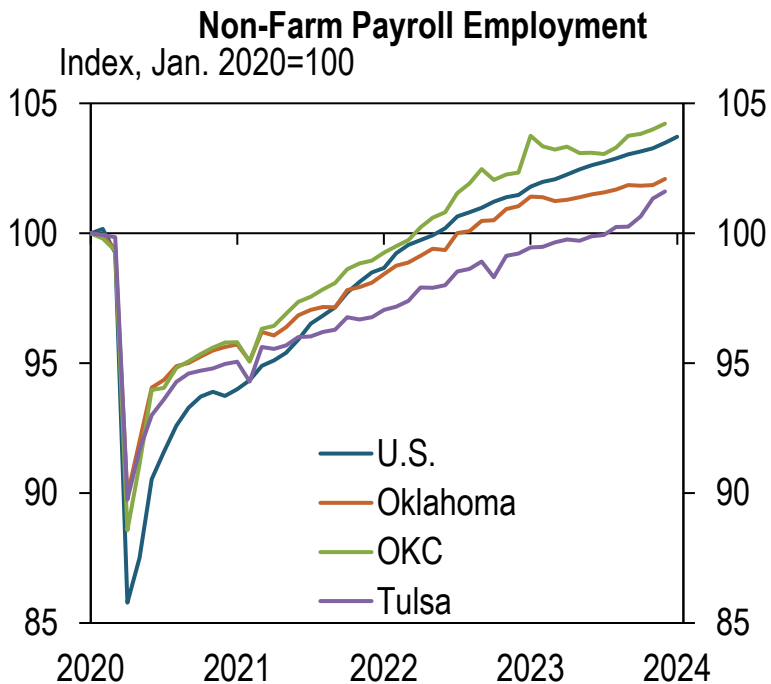
U.S. Labor Force Participation Rate



Net International Immigration to the U.S.

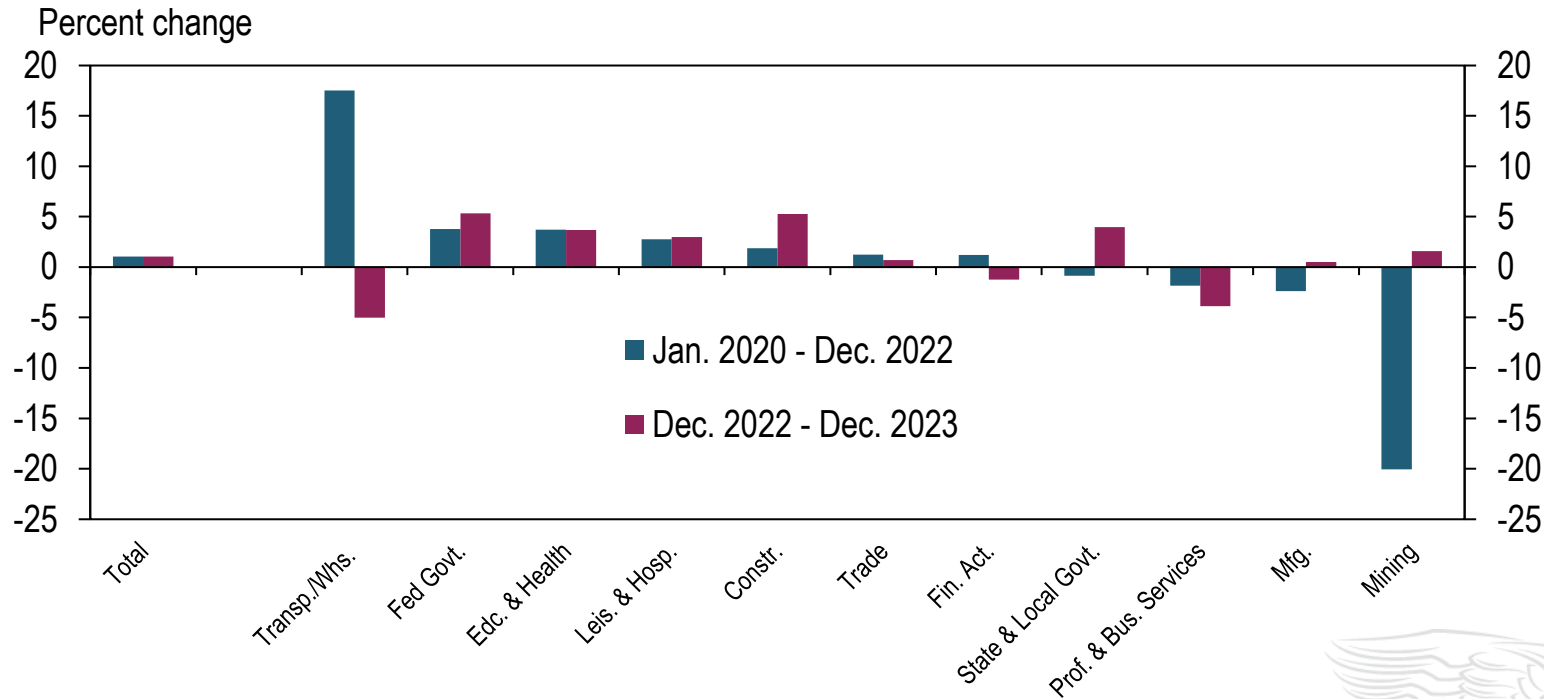


Jobs in Oklahoma have leveled off in recent months above pre-pandemic levels, while unemployment remains very low



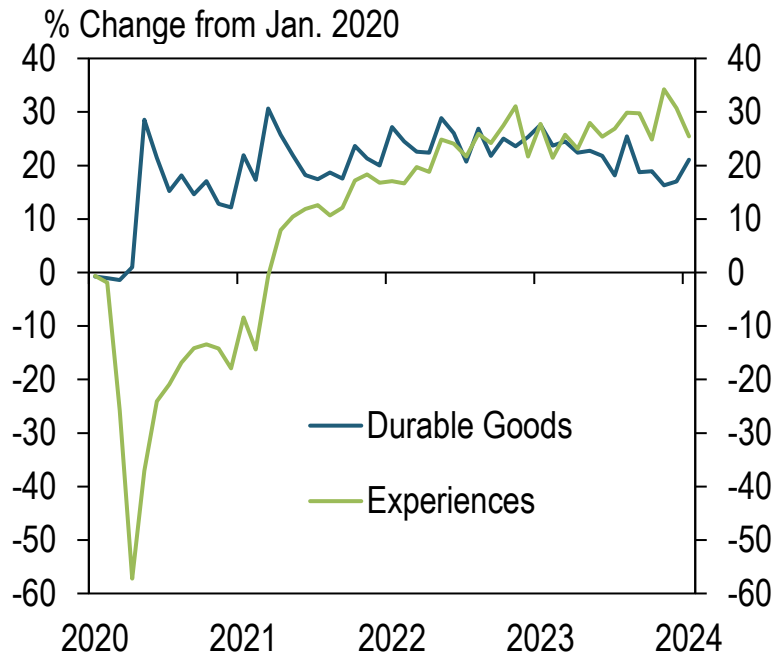
Most Oklahoma sectors added jobs over the past year, but job growth still varies widely relative to pre-pandemic levels

Oklahoma Job Growth by Industry

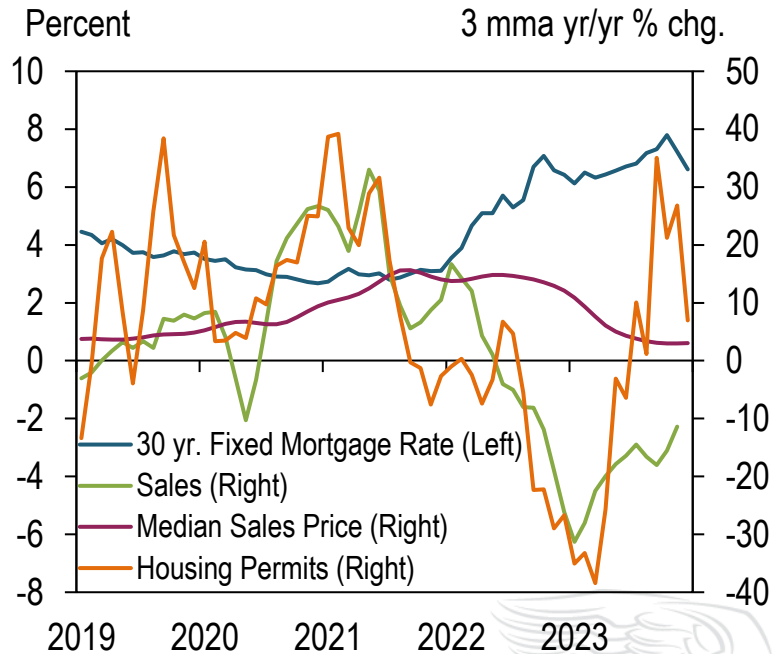


Consumer spending on “experiences” in Oklahoma remains strong while purchases of goods have slowed, as has housing

Oklahoma Nominal Consumer Spending Growth

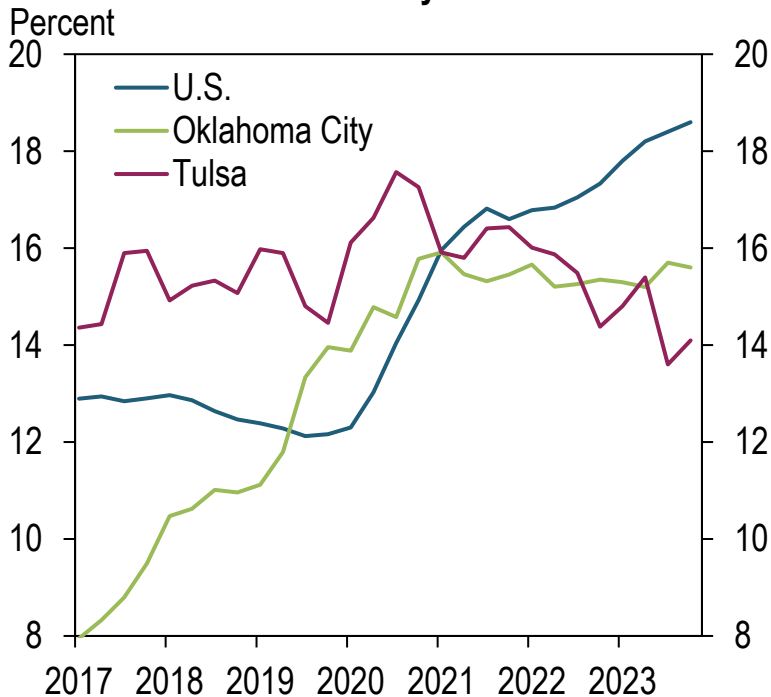


Oklahoma Housing Market Indicators

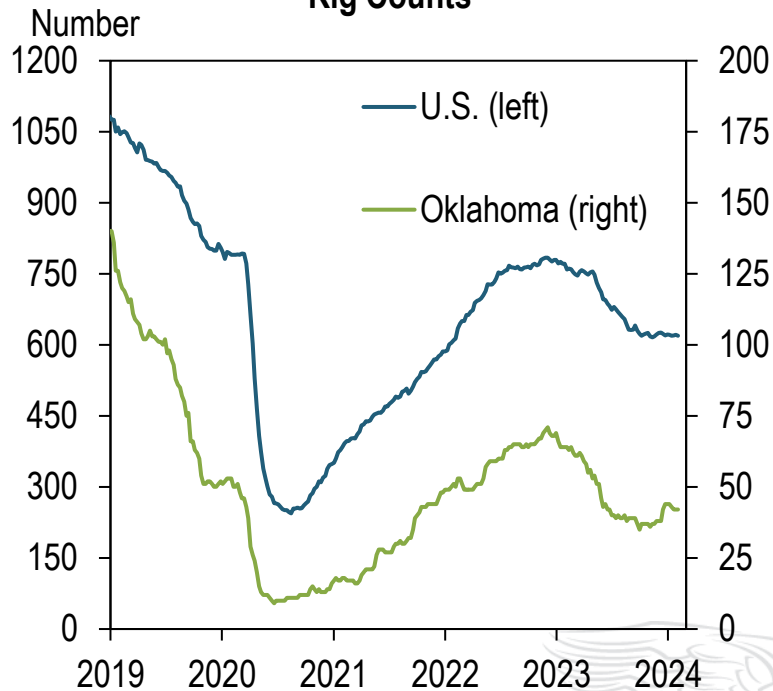


Office vacancy rates in Oklahoma have not risen like in the nation, but rig counts have fallen more here since last year's peaks

Office Vacancy Rates

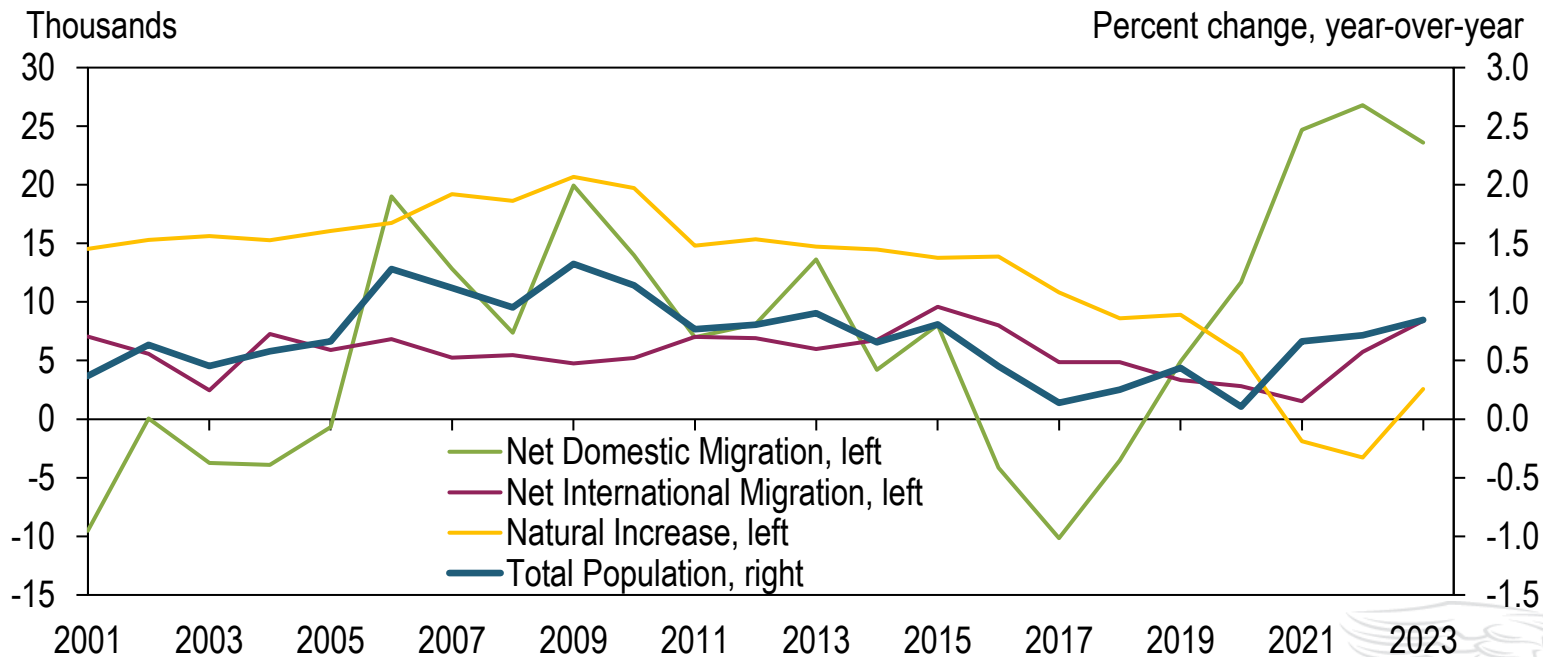


Rig Counts



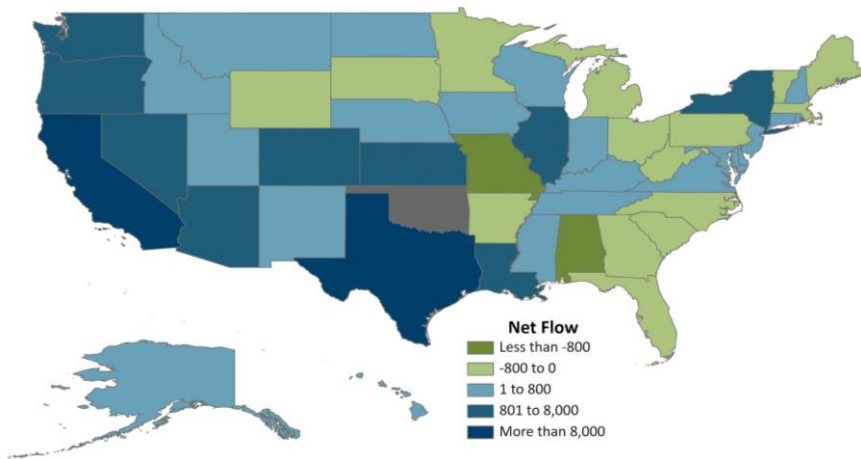
Oklahoma's population grew in 2023 again, primarily due to elevated domestic migration, but also with increases in other components

Oklahoma Population Change by Component

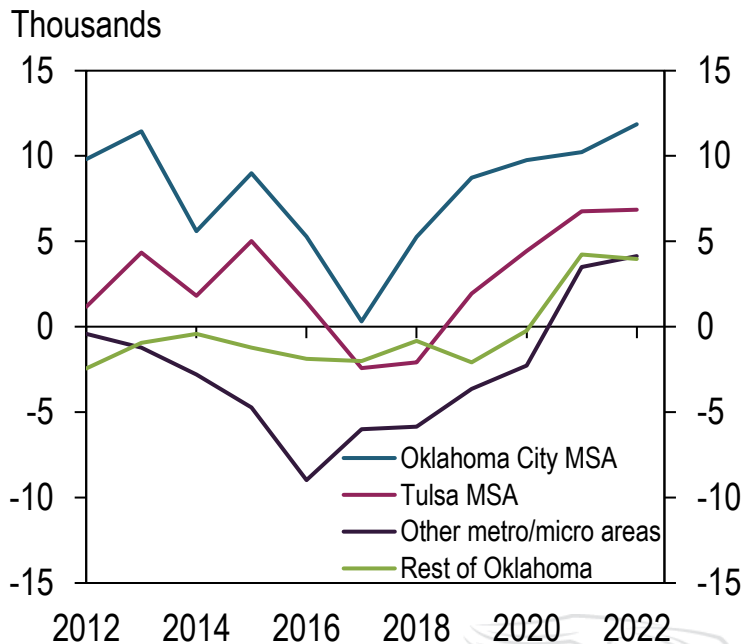


Many people moved to OK from CA and TX since the pandemic, mostly to the metros but also to many other parts of the state

Migration to Oklahoma During 2020 - 2023



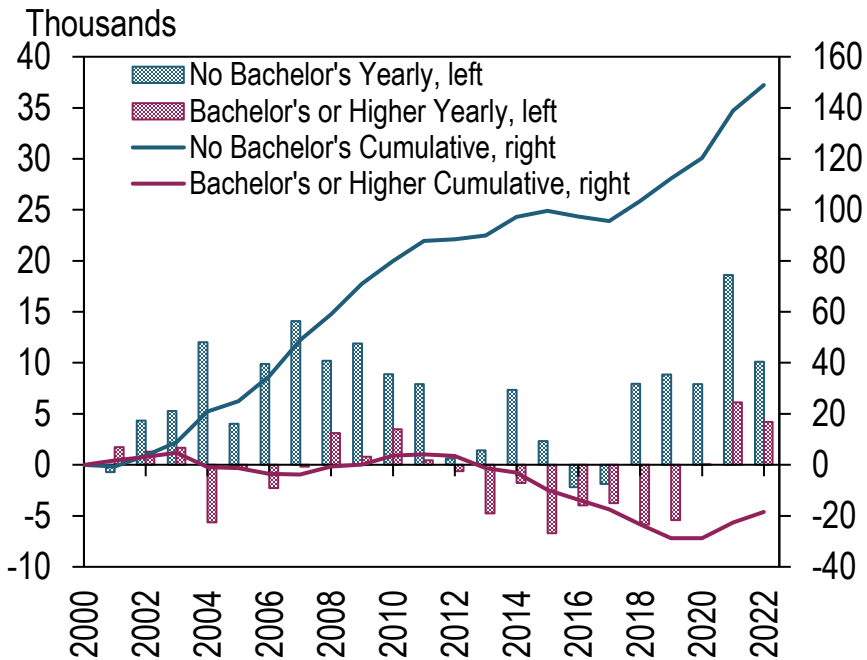
Oklahoma Net Domestic Migration



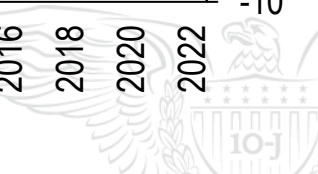
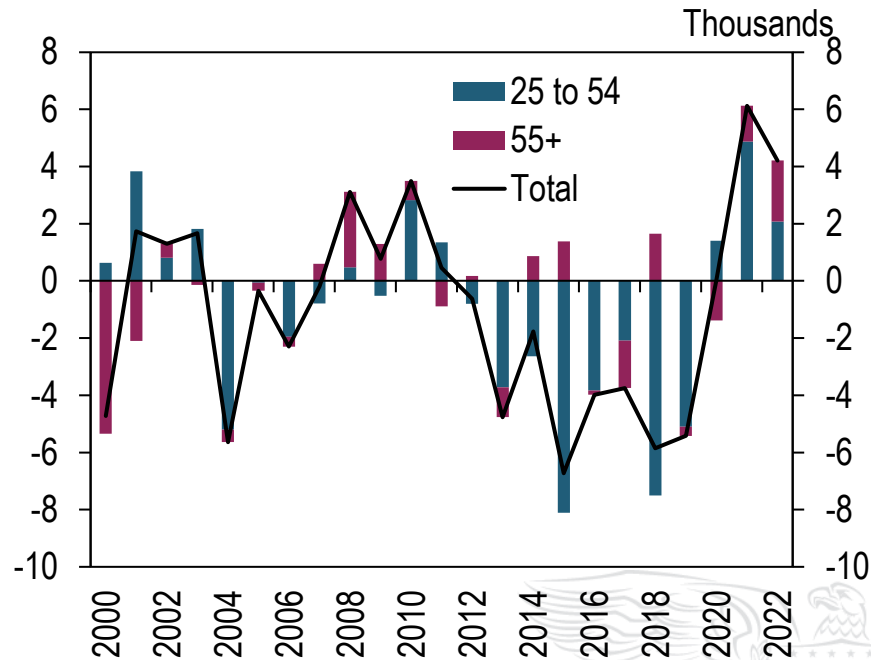
Oklahoma also finally had net inflow of prime-age college graduates in recent years, but has not yet fully made up for “brain drain” losses from the 2010s

Oklahoma Net Domestic Migration by Educational Attainment

Bachelor's Degree vs. Non-Bachelor's Degree

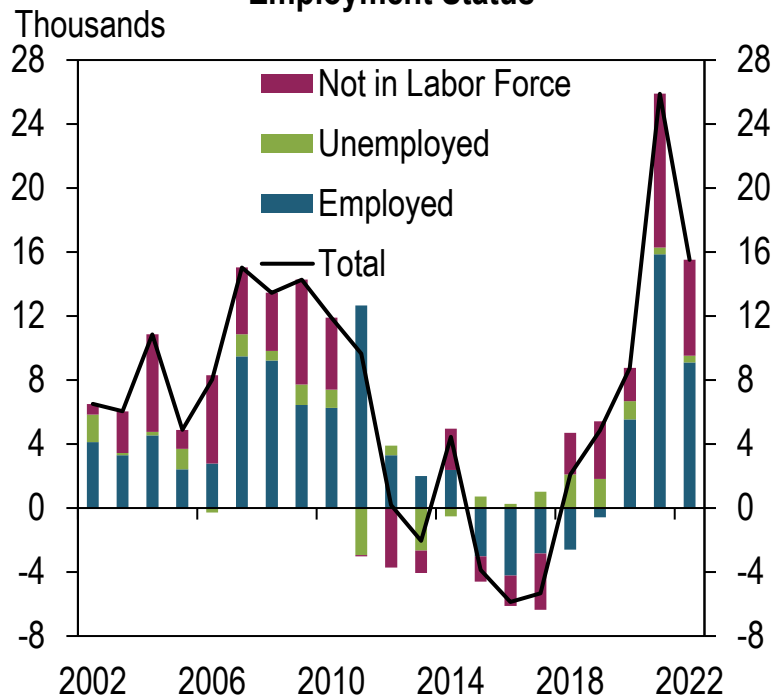


Migration of Bachelor's Holders by Age

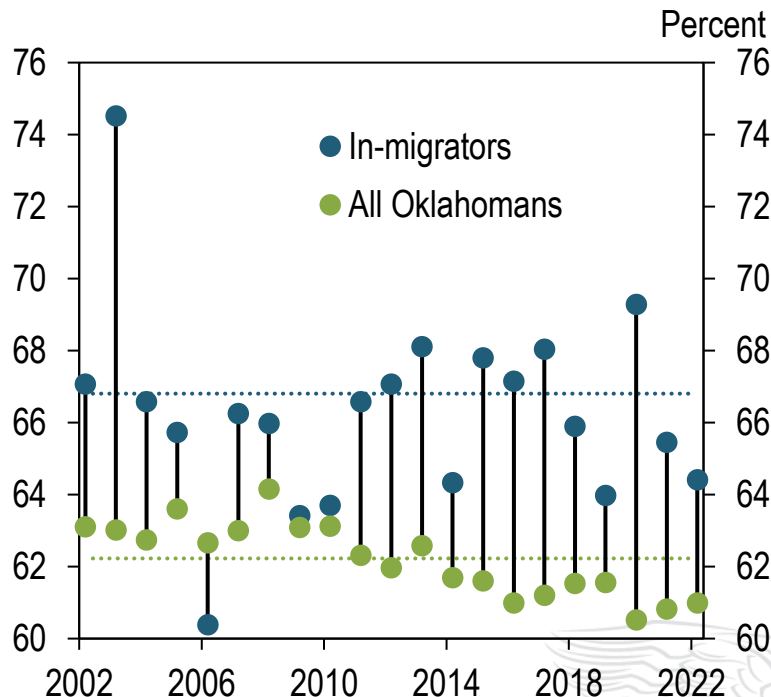


Most new Oklahoma residents have been employed, and this has helped raise the state's labor force participation rate slightly

Oklahoma Net Domestic Migration by Employment Status



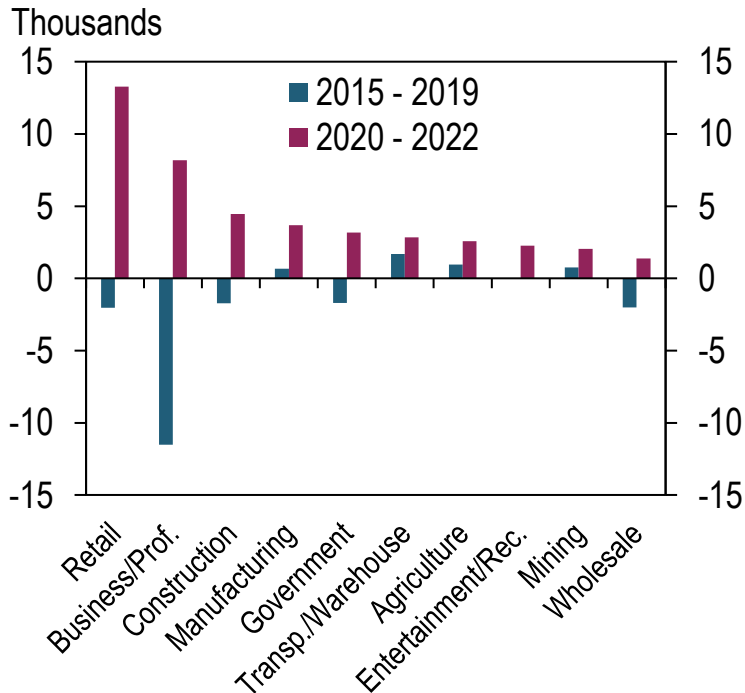
Oklahoma Average Labor Force Participation Rate



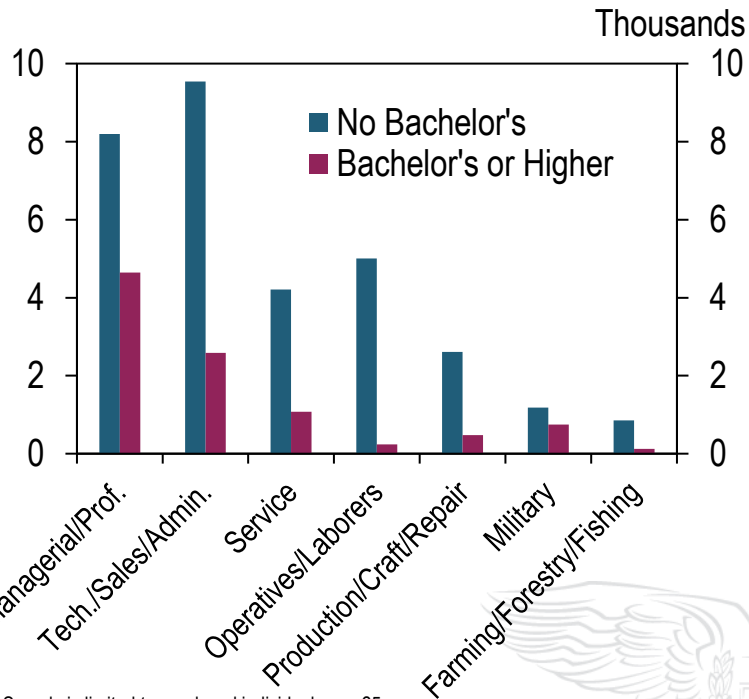
All industries and occupations had a net gain of residents since 2020, reversing some previous trends, with sizable numbers of college grads

Oklahoma Net Domestic Migration

In-migration by Industry and Time Period



In-migration by Occupation and Education, 2020 - 2022

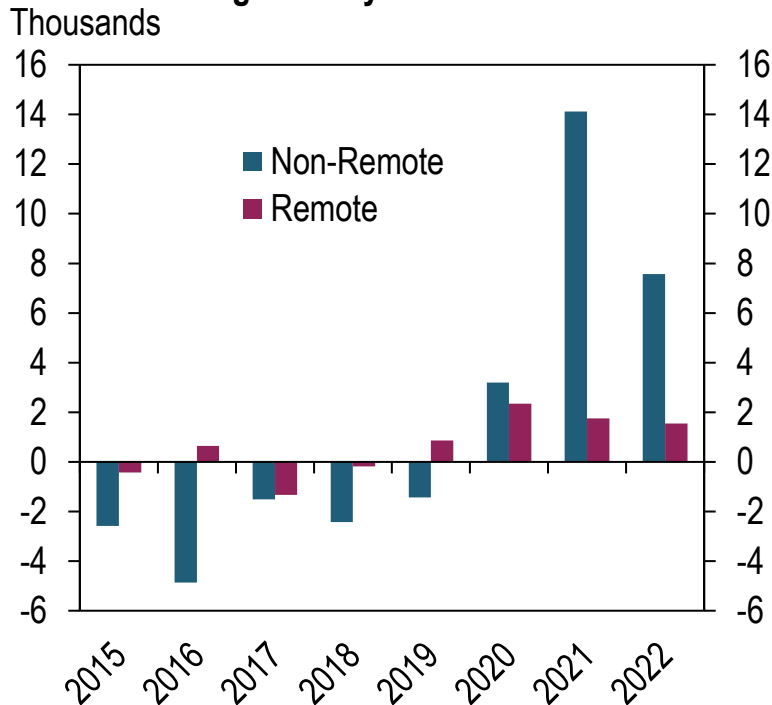


Note: Sample is limited to employed individuals age 25+.
 Sources: ACS 1-year estimates/IPUMS USA, University of Minnesota, www.ipums.org, authors' calculations

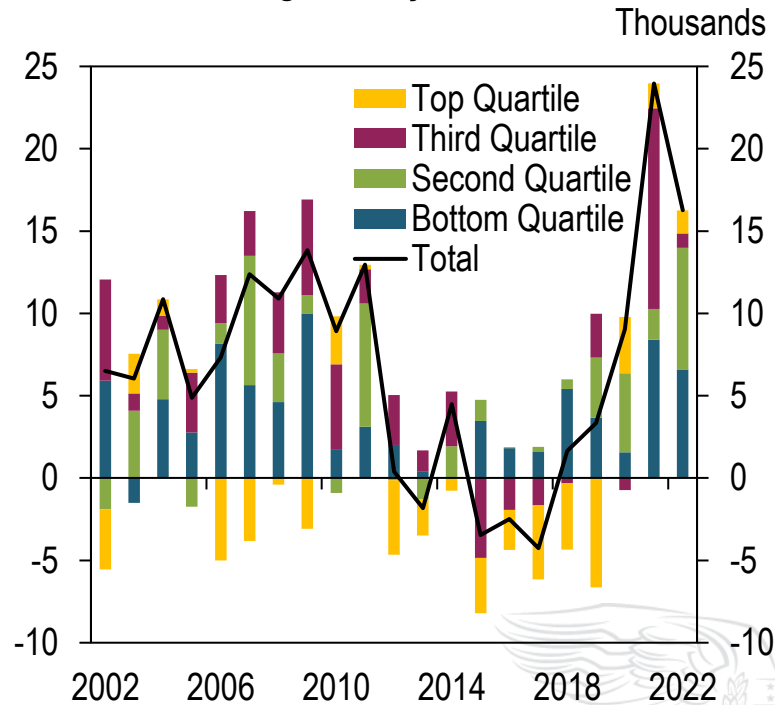
Remote workers were part of the gains since 2020, but not the driving factor, and Oklahoma also stopped losing high earners to other states

Oklahoma Net Domestic Migration

Migration by Remote Work



Migration by Income



Summary

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Questions?

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