

# U.S. and Oklahoma Economic Outlook

*University of Tulsa Conference of Accountants*  
*May 16, 2024*

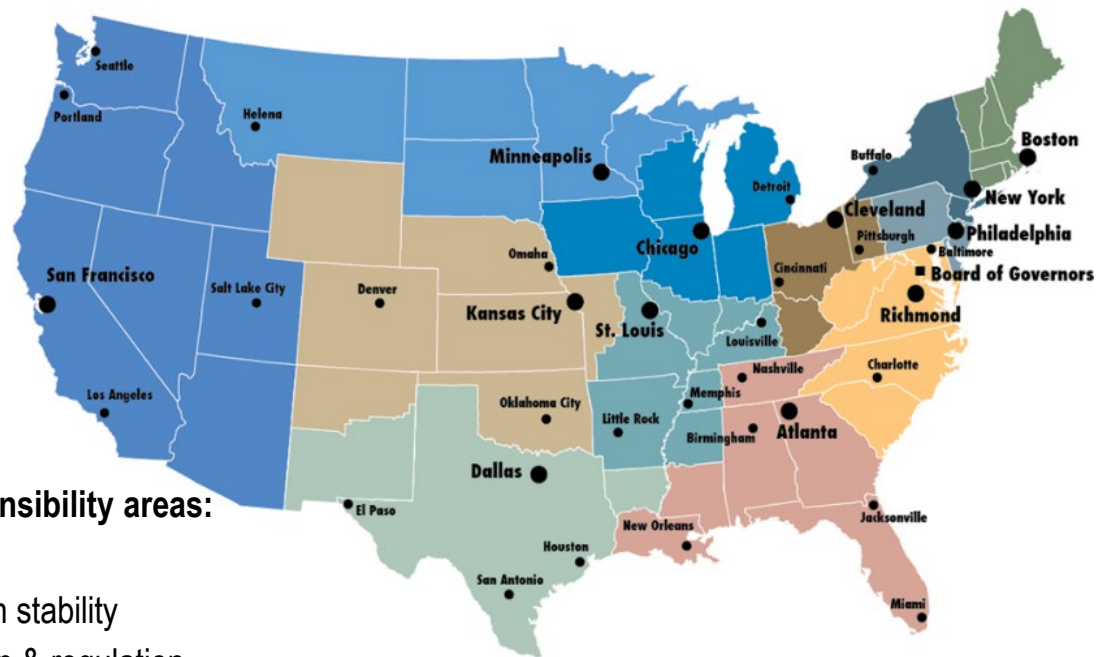


Chad Wilkerson  
*SVP & Oklahoma City Branch Executive*

\*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](http://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 and economic education programming for low/moderate income groups and students

- **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 Enterprises, Enid



## Overview

- U.S. economic growth has slowed but remains solid in early 2024, and unemployment is near 50-year lows
- 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, including to rural areas



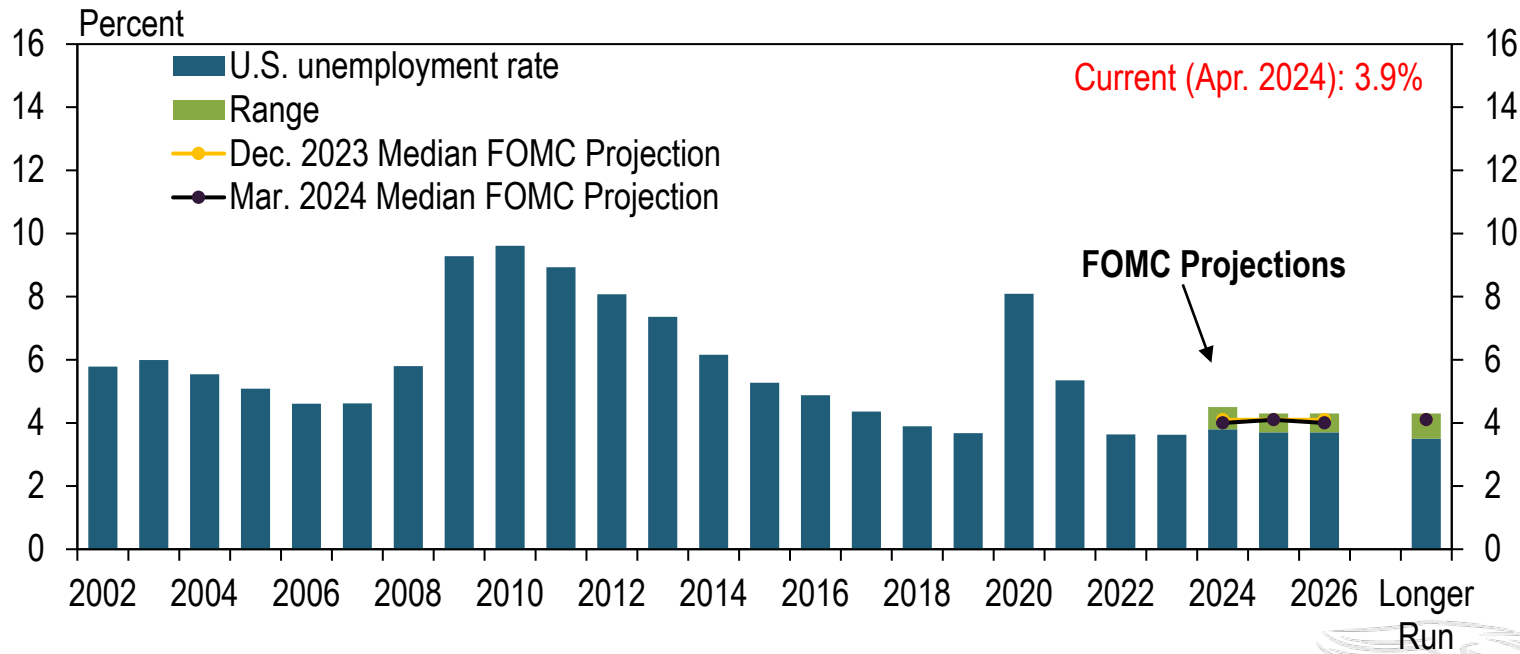
# U.S. GDP growth slowed in Q1, and employment growth eased in April

**Quarterly U.S. Economic Growth**



# U.S. unemployment remains historically low and is projected to remain low in coming years

## U.S. Unemployment Rate

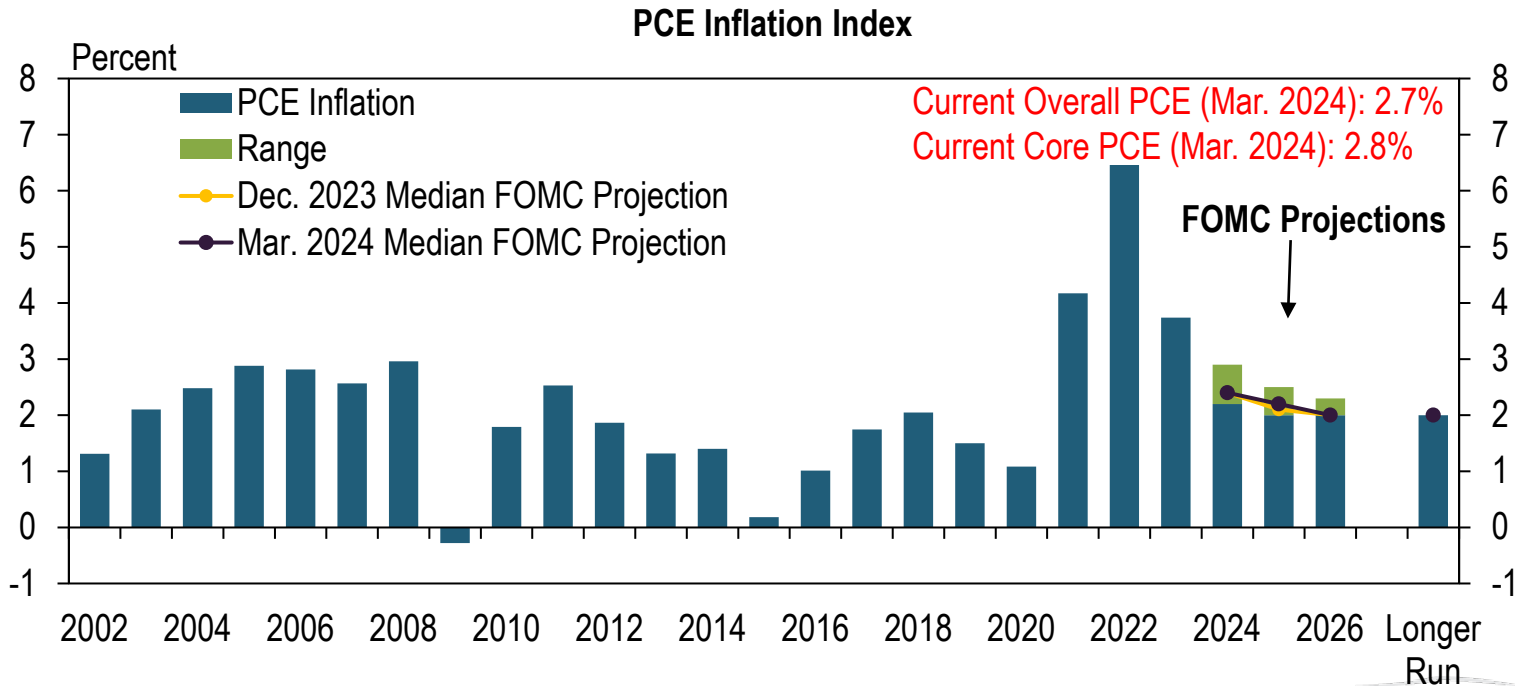


Note: Data and FOMC projections are for year-end.

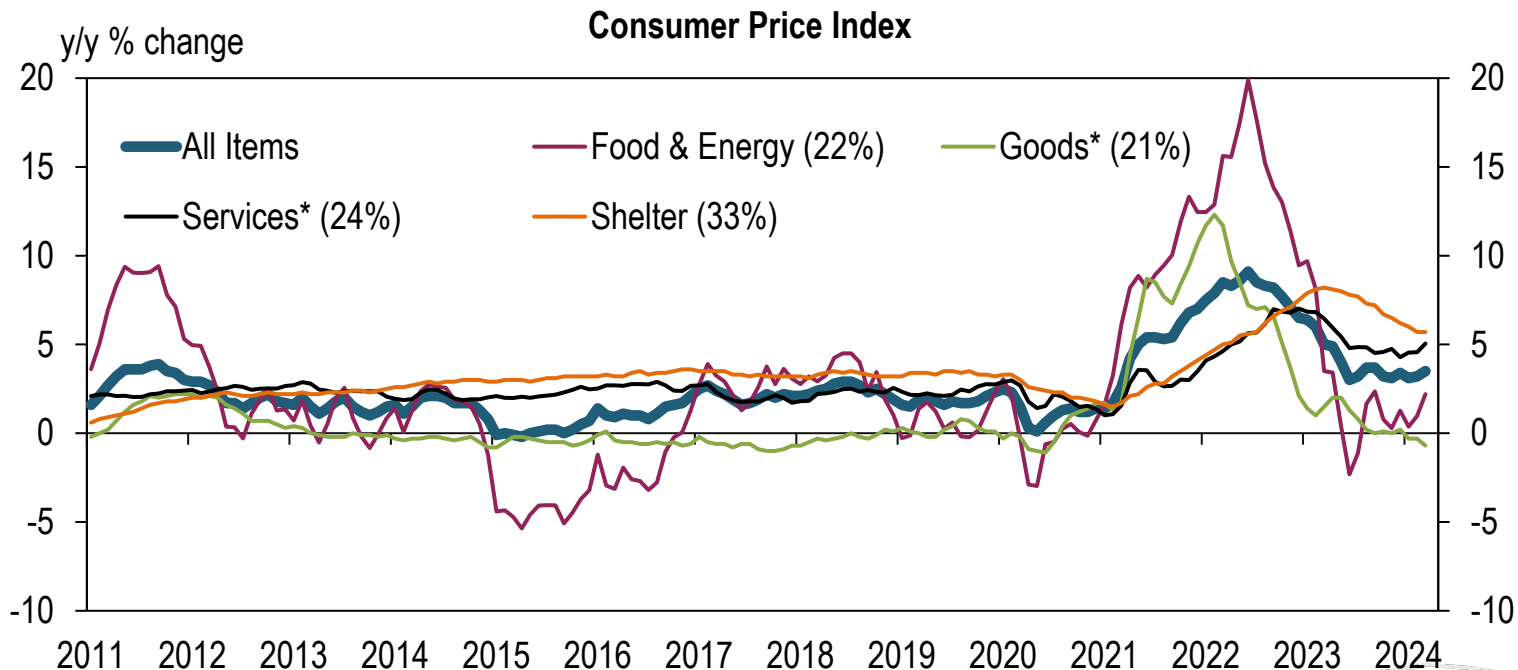
Sources: U.S. Bureau of Labor Statistics, FOMC



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



# CPI inflation ticked up again to 3.5% in March, as goods prices fell but energy and services prices rose and shelter remains elevated



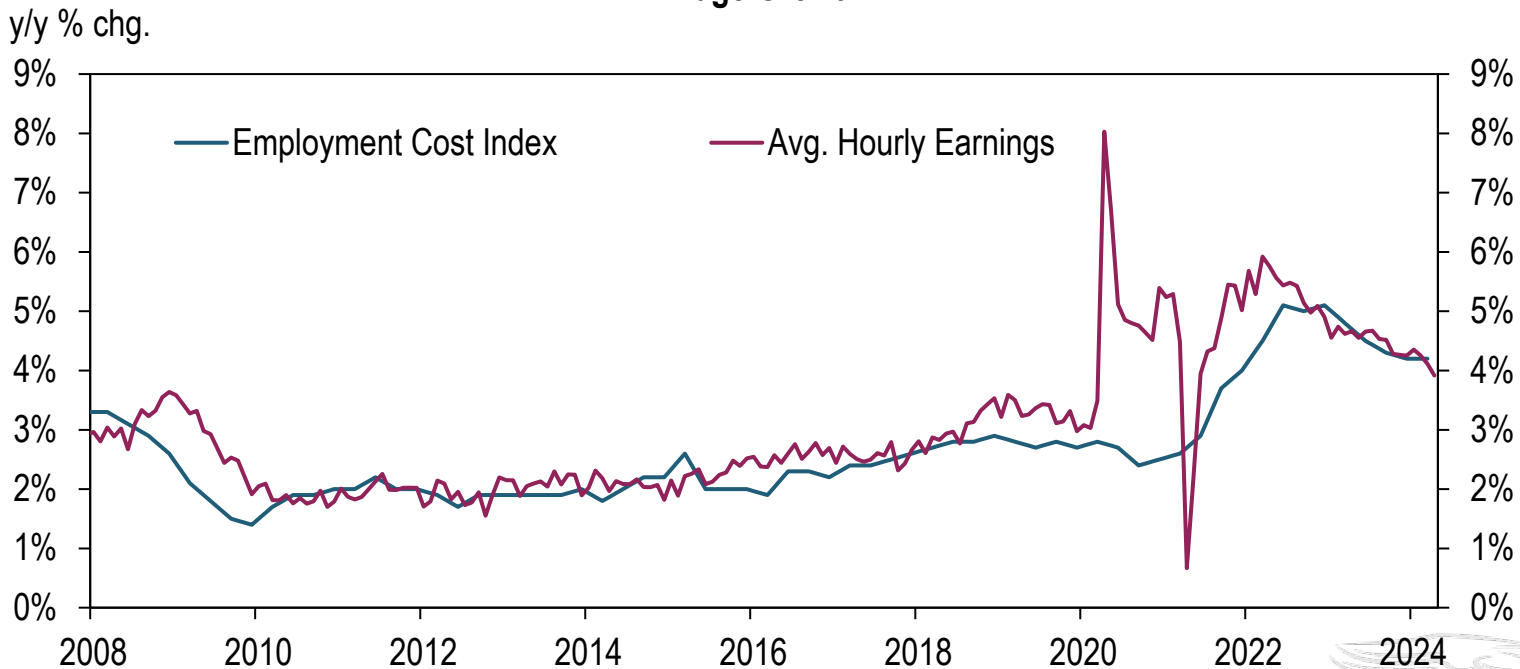
\*Goods excluding Food; Services excluding Energy.  
 Note: Relative Importance as Share of CPI shown in parenthesis.



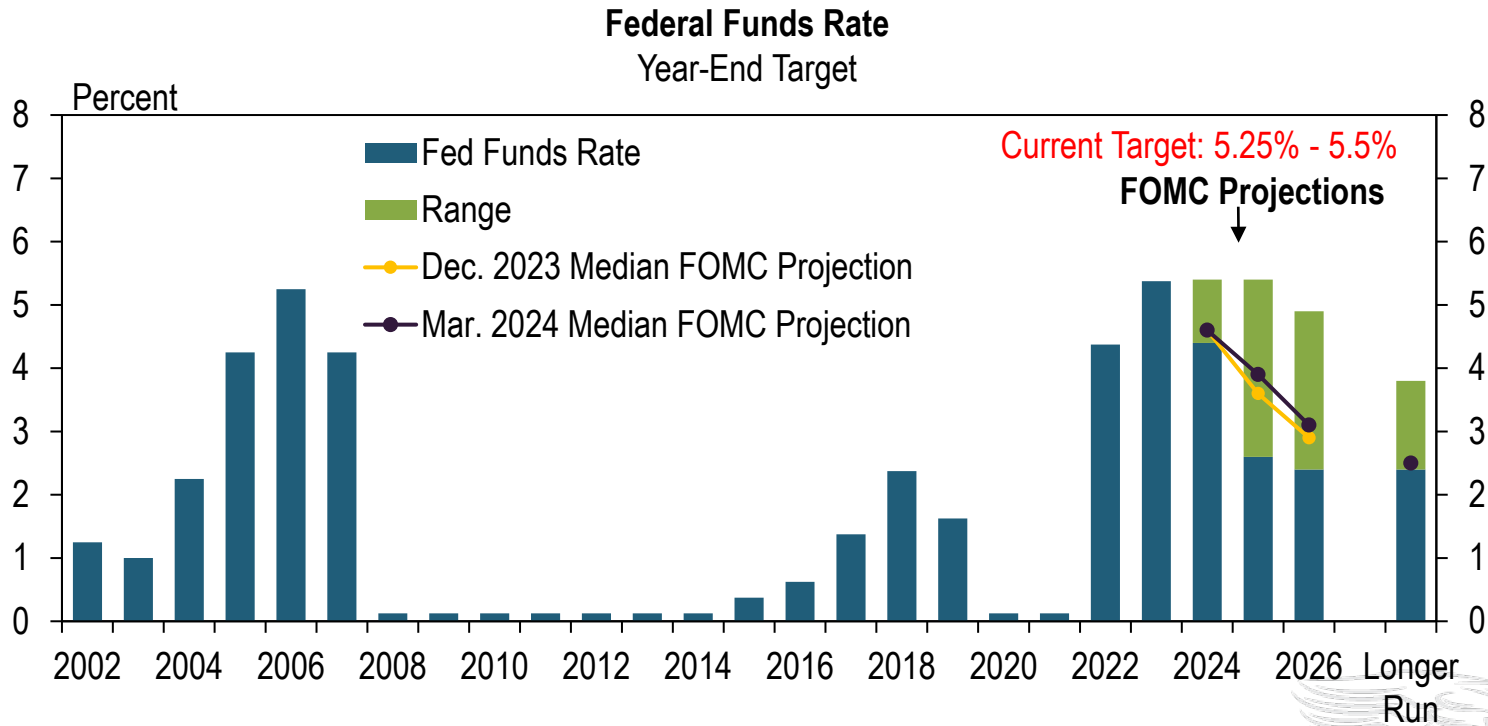


# Wage growth is a key factor keeping services inflation high, and has come down moderately from recent highs

**Wage Growth**



# The Fed held the federal funds rate steady again in May, after raising future projections somewhat in March



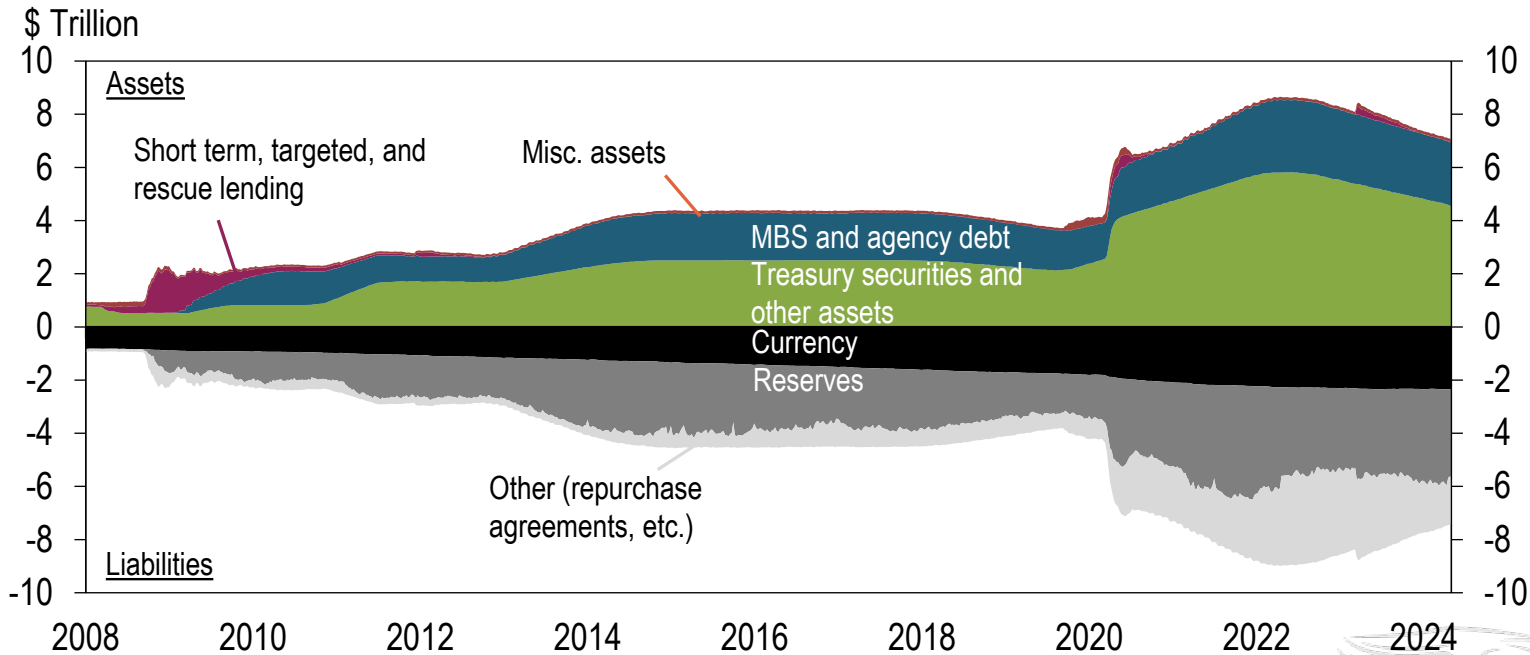
Note: Data and FOMC projections are for year-end.

Sources: Bureau of Economic Analysis, FOMC



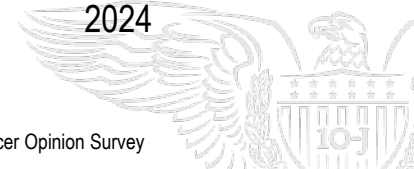
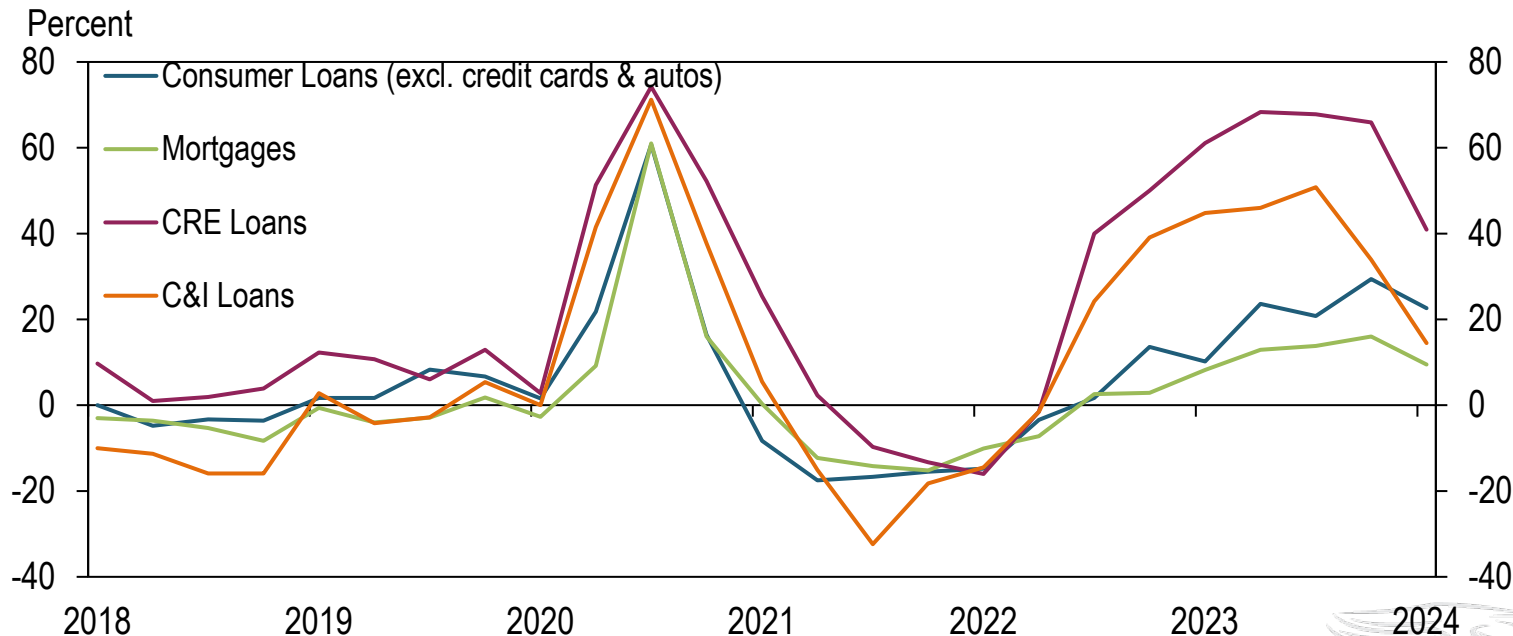
# The Fed also continues to reduce its balance sheet of high-quality securities, but diminished the planned pace in May

**Federal Reserve Balance Sheet**



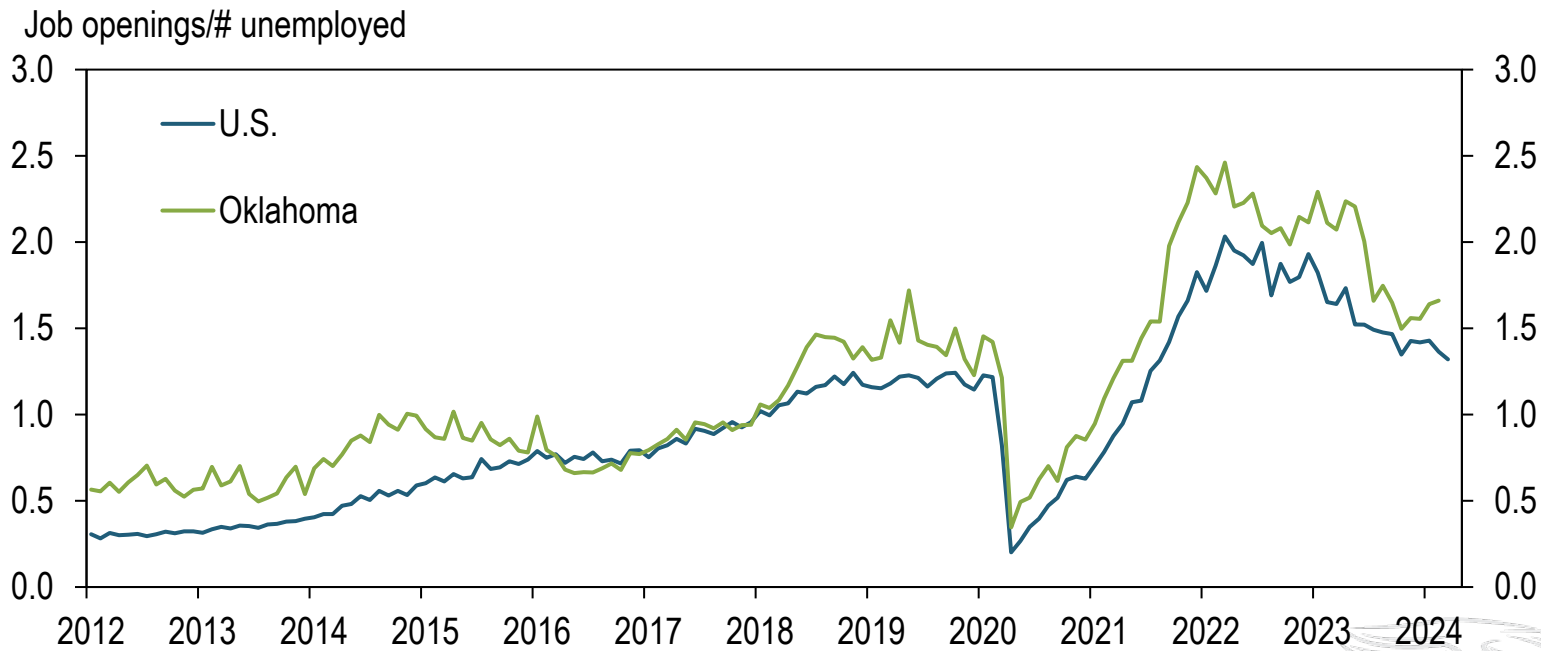
# Banks have tightened lending standards more for commercial loans than consumer loans, but conditions eased somewhat in Q1

**Net Percent of Banks Tightening Standards**



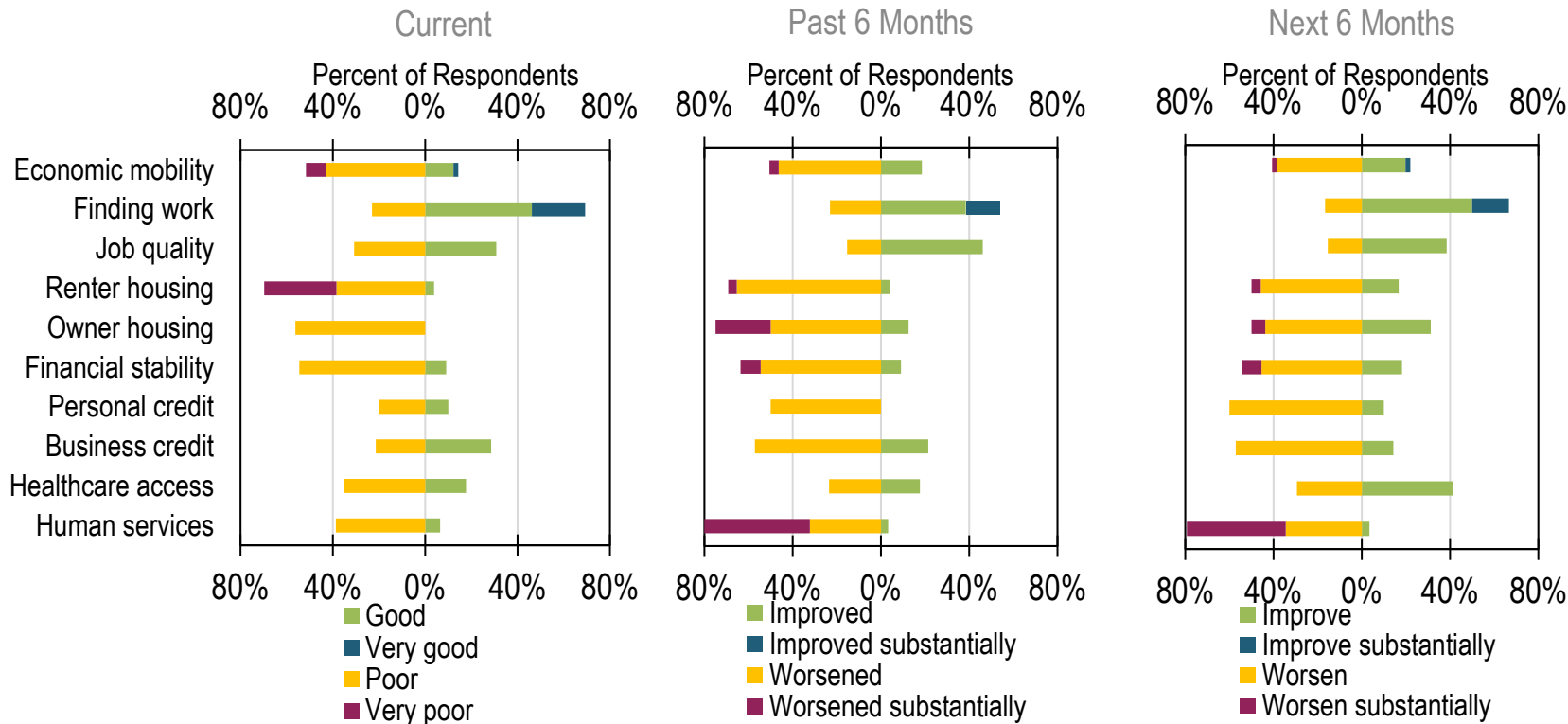
# Job openings still exceed unemployed workers, but have returned to near pre-pandemic levels

**Job Openings/Unemployment Ratio**

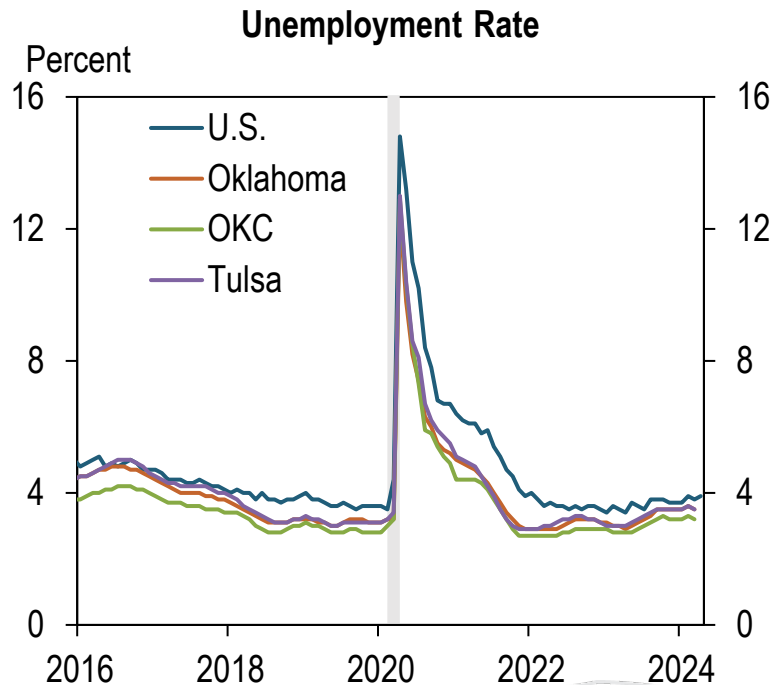
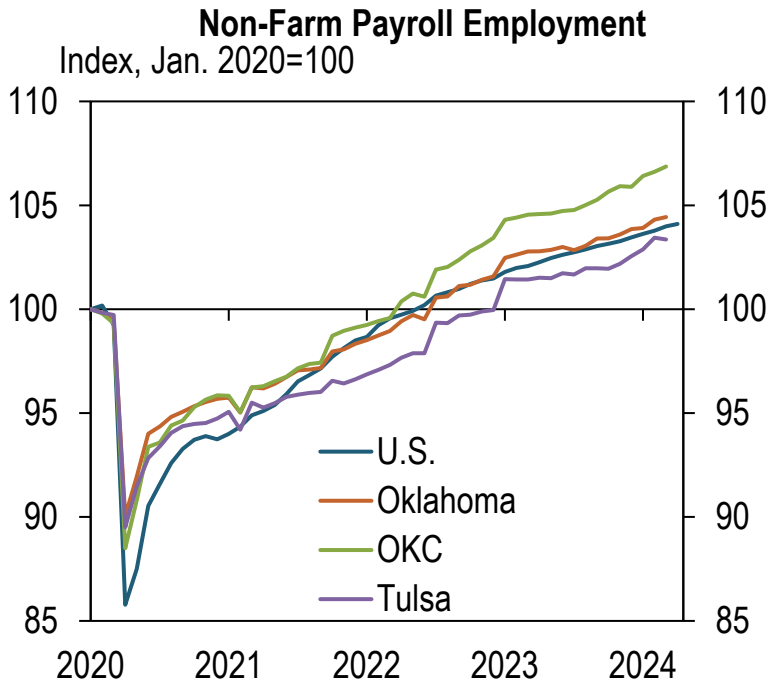


# The ability to find work has been good for lower income communities and job quality has improved, but most other conditions have been poor

## Tenth District Low- and Moderate-Income Community Conditions, 2<sup>nd</sup> Half 2023

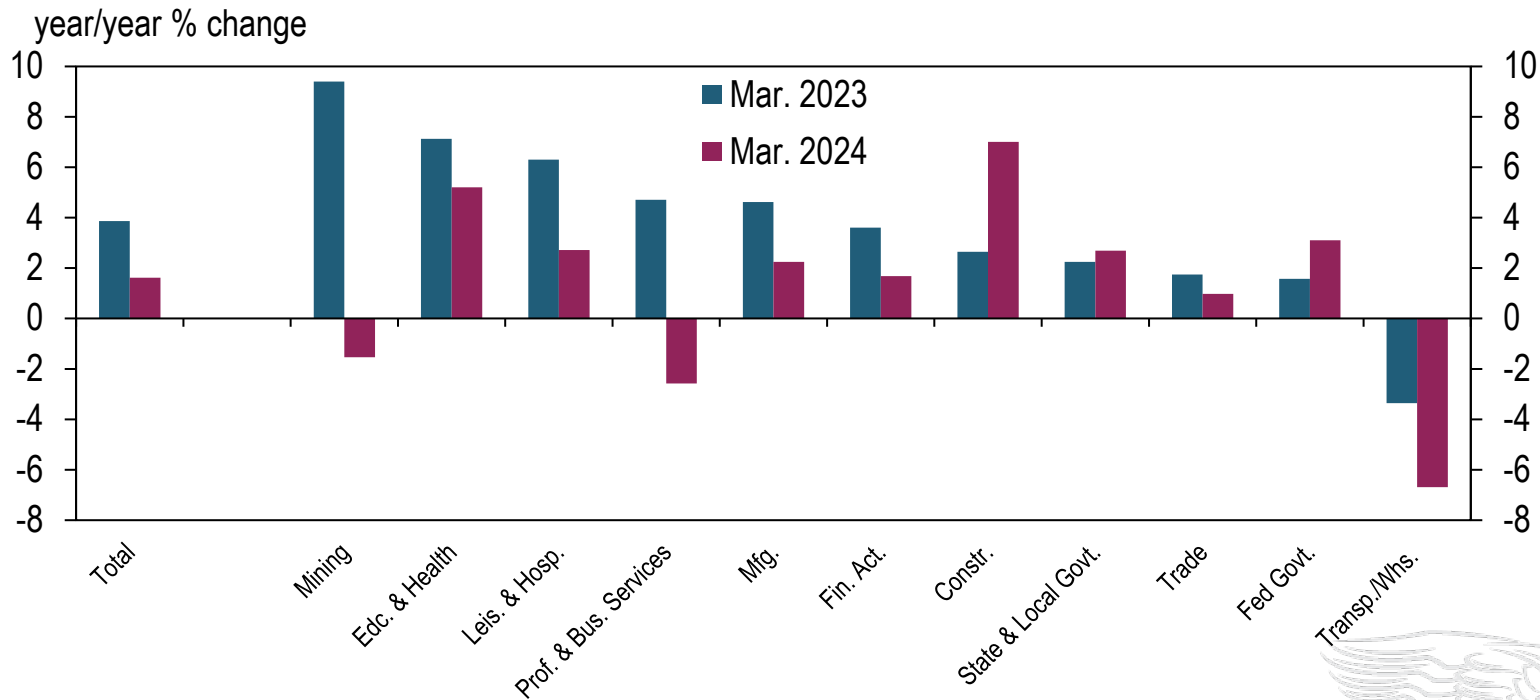


# Jobs in Oklahoma have continued to grow in 2024, while unemployment remains very low



Most OK sectors added jobs over the past year but the pace of job growth has slowed, driven by less energy, transportation, and professional services activity

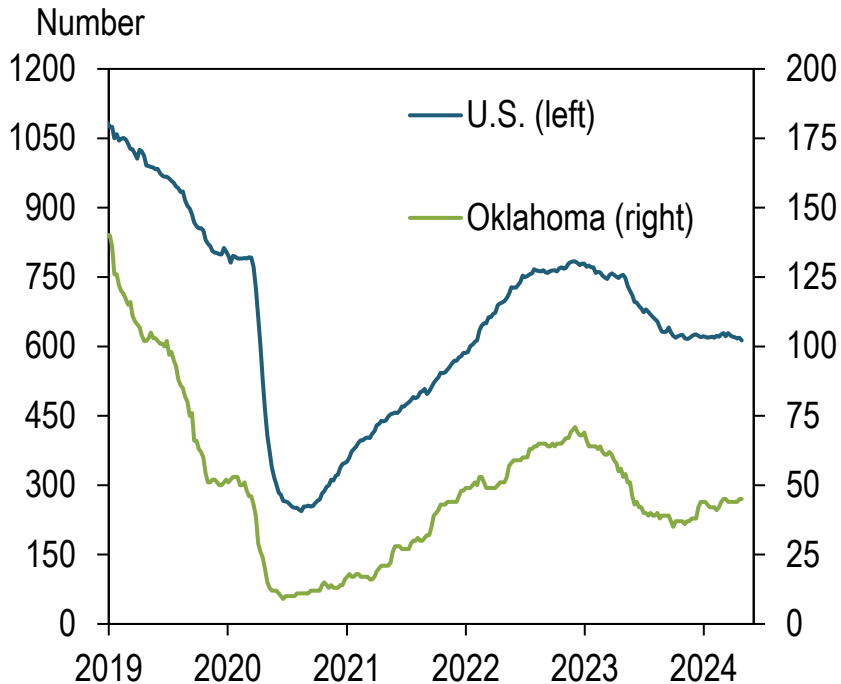
Oklahoma Job Growth by Industry



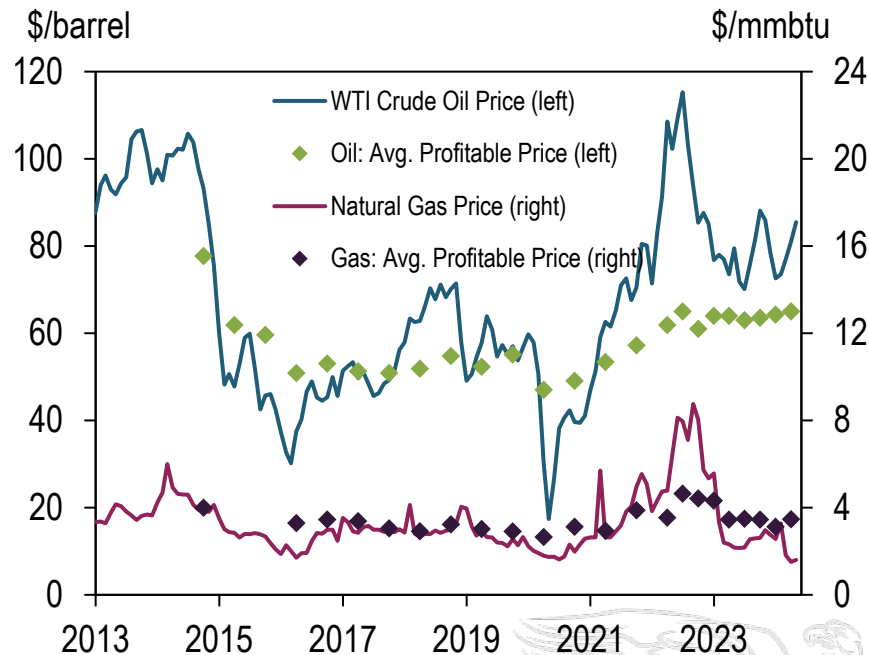


# Oil and gas drilling has fallen in Oklahoma as oil prices remain high while natural gas prices have sunk this year

**Rig Counts**

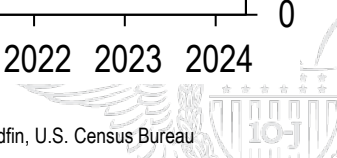
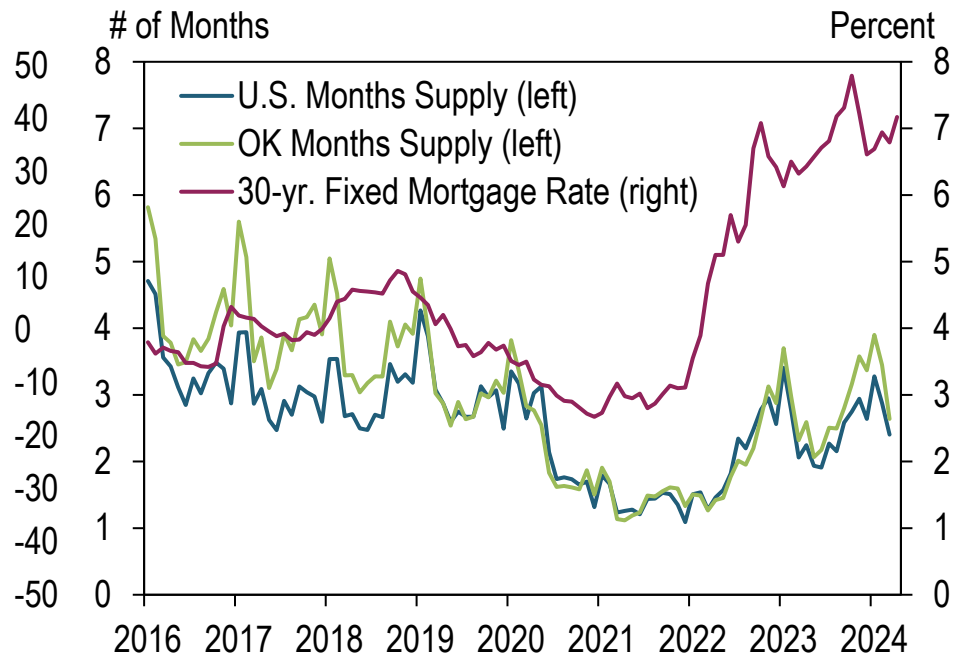
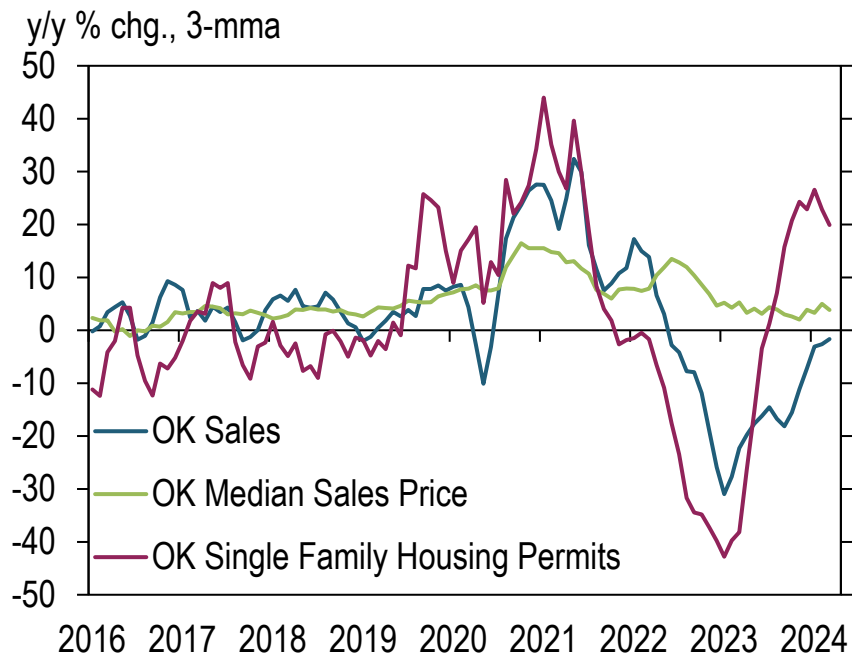


**U.S. Energy Prices**



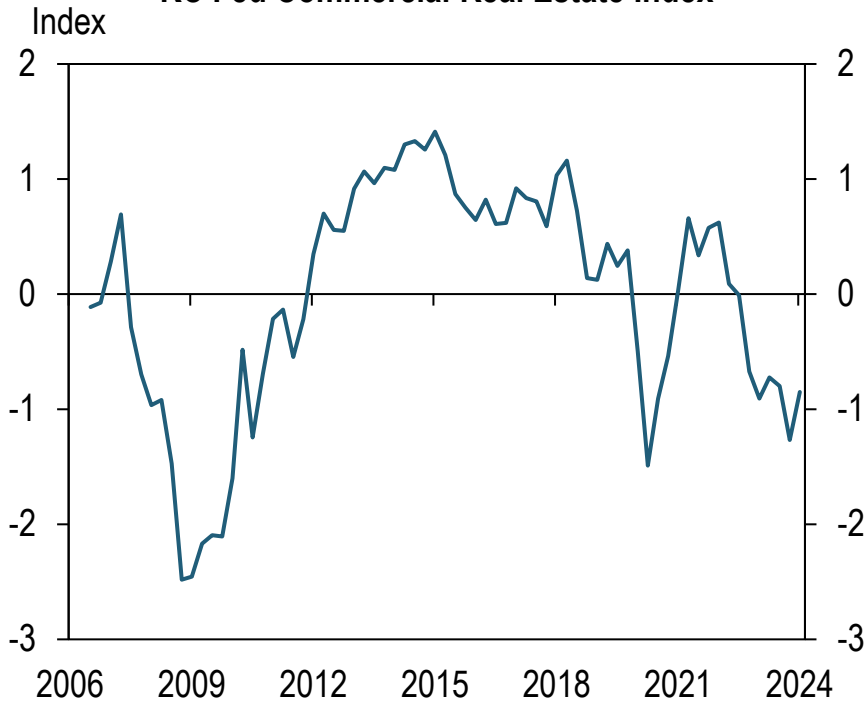
# Oklahoma home sales and price growth have slowed over the past 2 years with higher rates, and supply has increased slightly from very low levels

## Oklahoma Housing Market Indicators

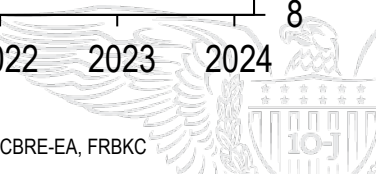
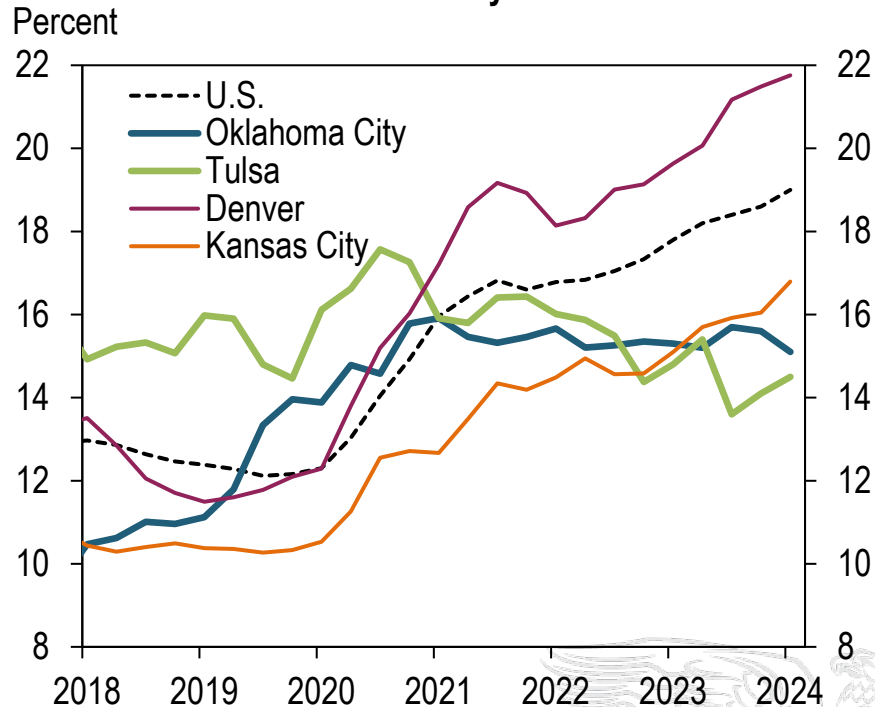


# CRE activity has deteriorated in the region, but office vacancy rates in Oklahoma have not risen like in neighboring markets

**KC Fed Commercial Real Estate Index**

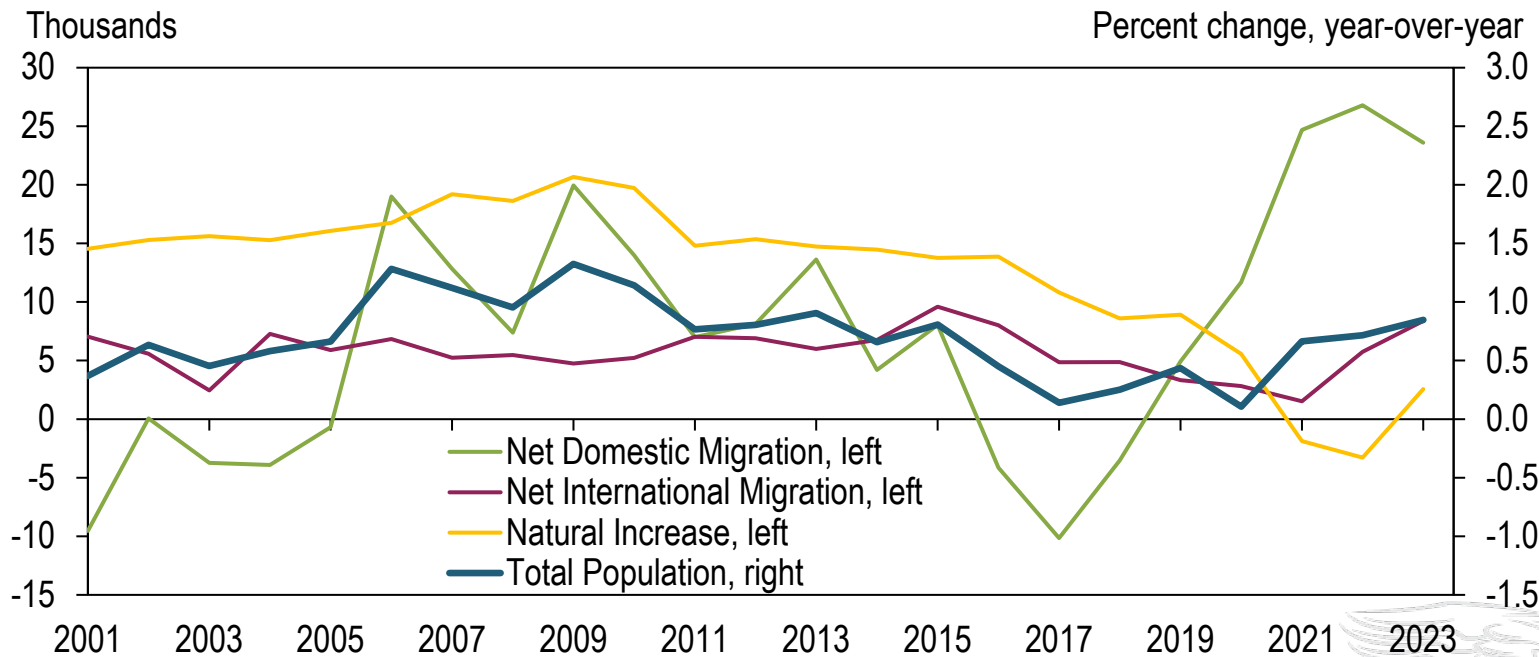


**Office Vacancy Rates**



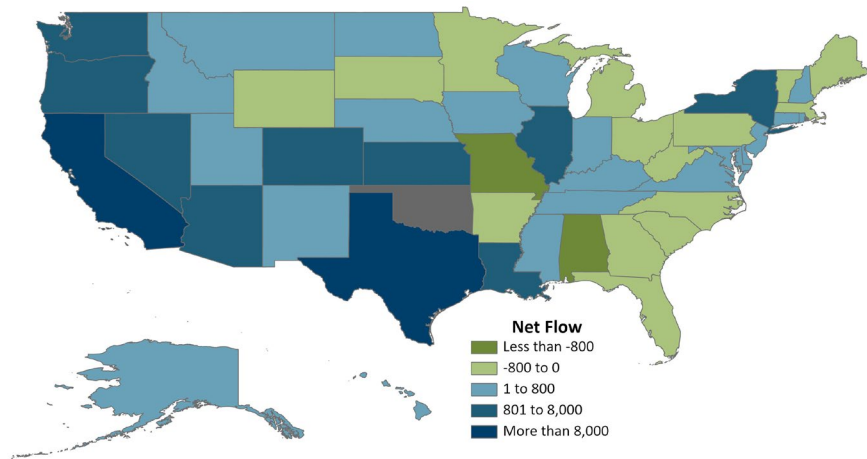
# Oklahoma's population grew again in 2023, primarily due to elevated domestic migration, but also with increases in other components

## Oklahoma Population Change by Component

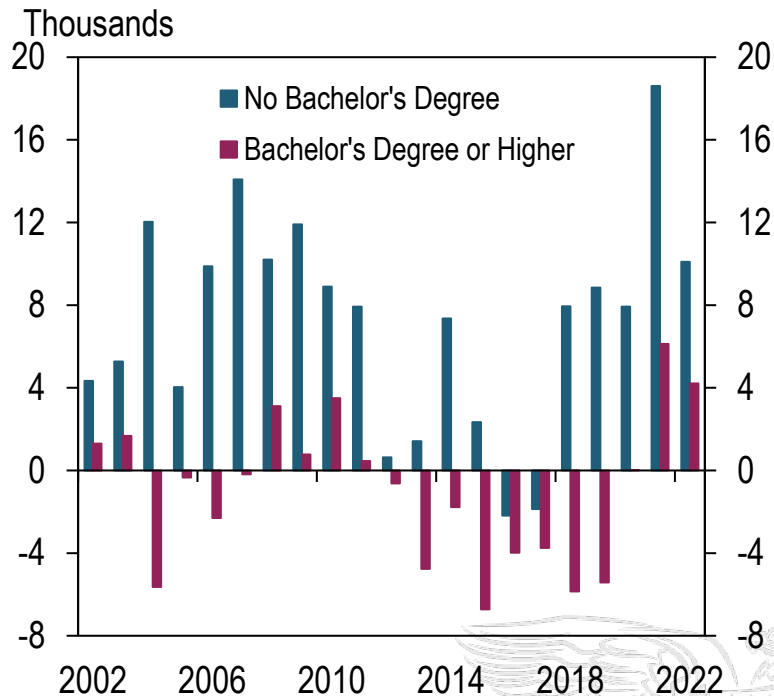


Almost all the migration to OK was from the western U.S., especially CA and TX, and the state had “brain gain” for the first time in a decade

Migration to Oklahoma During 2020 - 2023

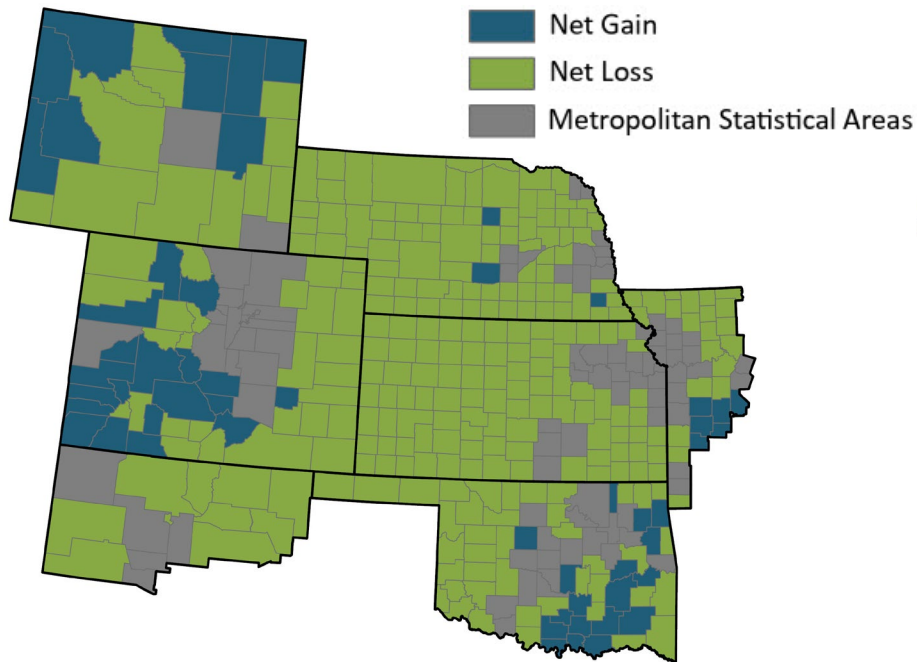


Oklahoma Net Domestic Migration by Education

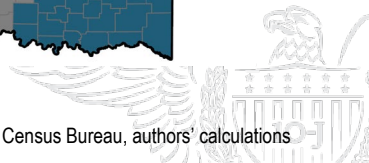
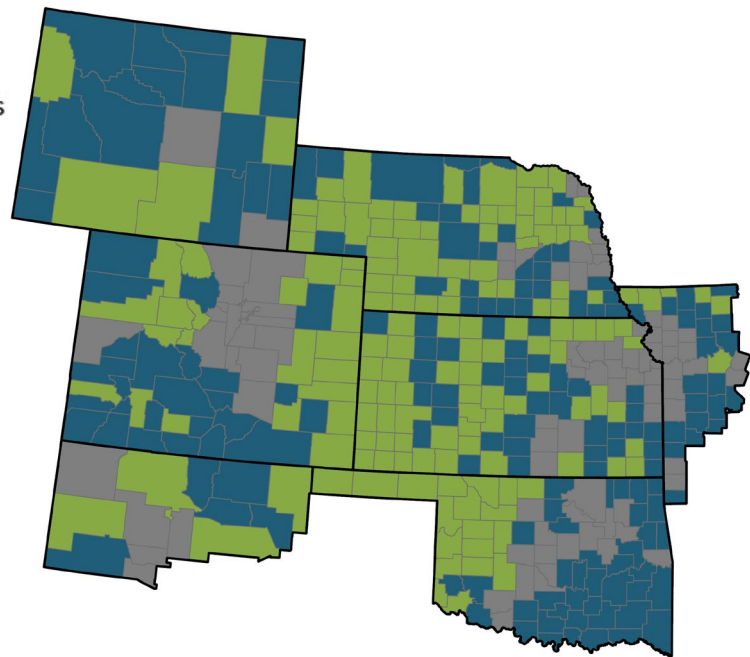


Since 2020, many non-metropolitan areas of Oklahoma and nearby states experienced net inflows of new residents for the first time in two decades

Net Domestic Migration, 2000 to 2020

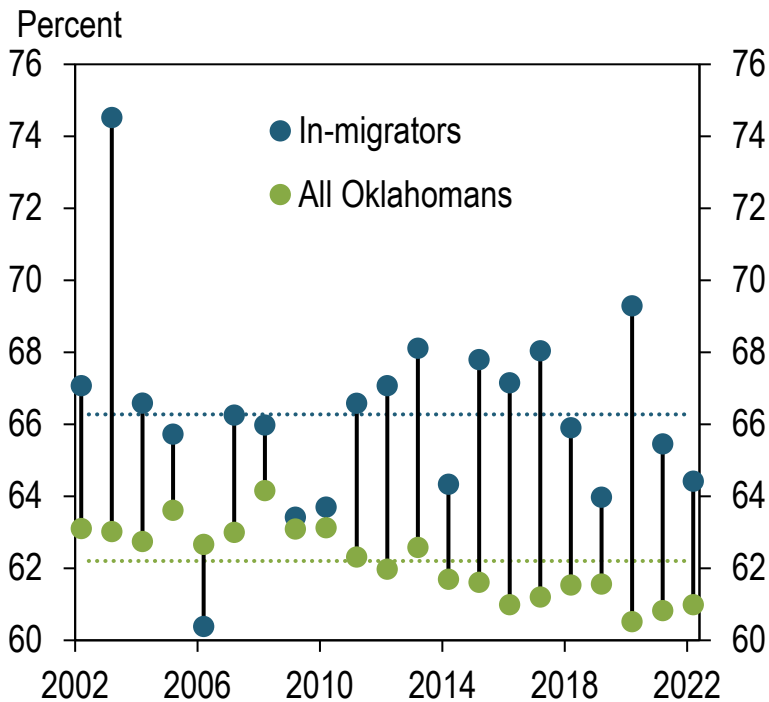


Net Domestic Migration, 2020 to 2023

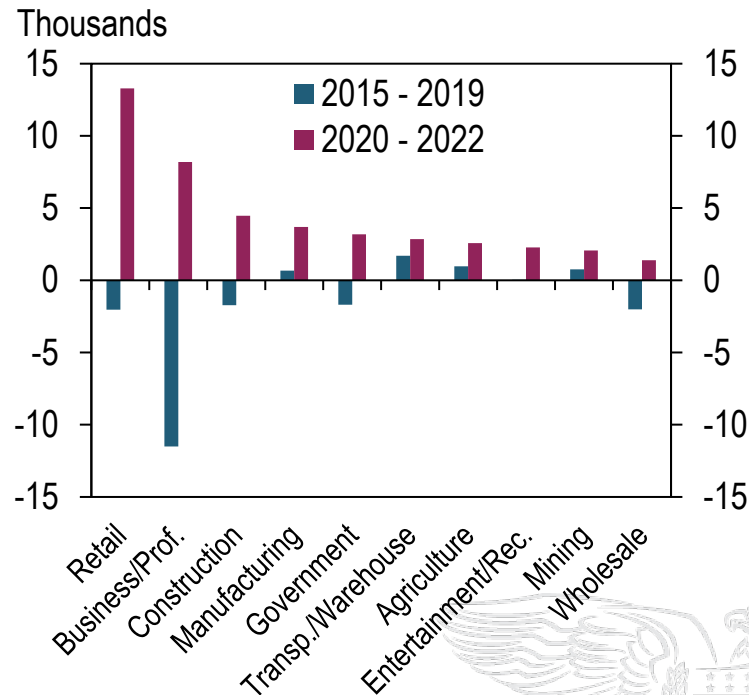


# Most new in-migrators are employed and every industry had a net gain of residents since 2020, reversing some previous trends

**OK Average Labor Force Participation Rate**



**OK Net Domestic Migration by Industry and Time Period**

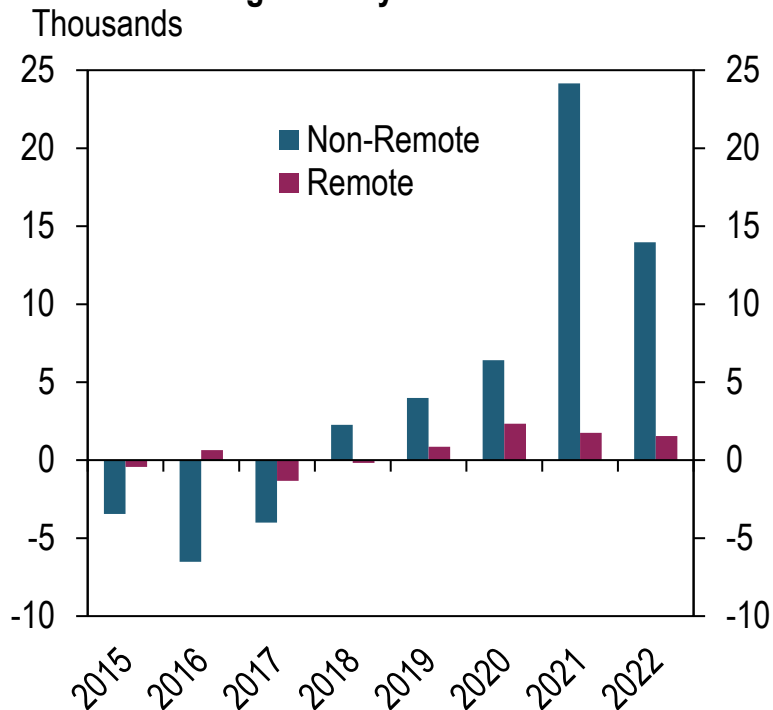


Note: Sample is limited to employed individuals age 25+.  
 Sources: ACS 1-year estimates/IPUMS USA, University of Minnesota, www.ipums.org, authors' calculations

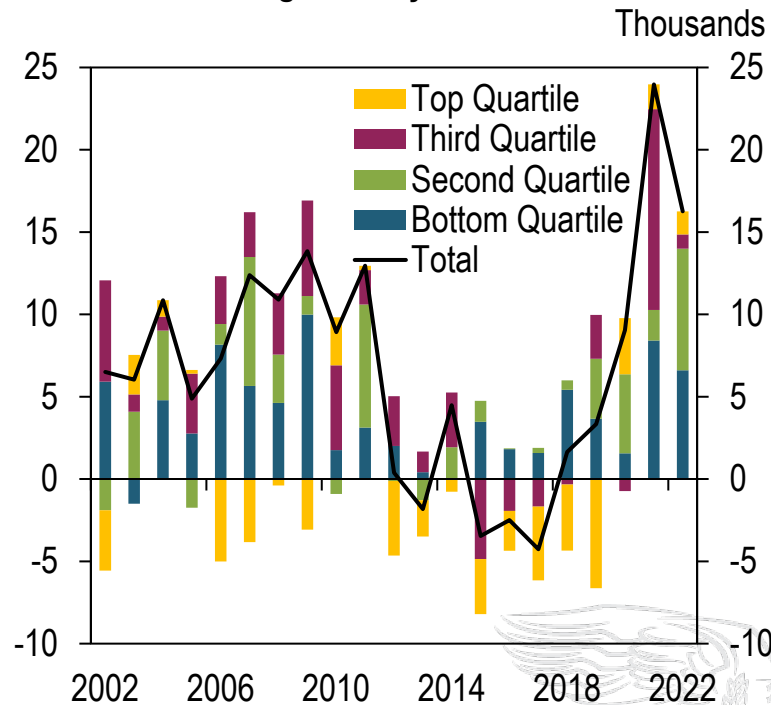
# Remote workers were part of the gains since 2020, but not the driving factor, and Oklahoma also stopped losing high earners to other states

## Oklahoma Net Domestic Migration

### Migration by Work Location



### Migration by Income





## Summary

- U.S. economic growth has slowed but remains solid in early 2024, and unemployment is near 50-year lows
- 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, including to rural areas



# Questions?

RECEIVE REGULAR UPDATES ABOUT  
*Oklahoma's economy*

For more analysis of the Oklahoma economy, regional manufacturing conditions and regional energy conditions, subscribe to receive e-mail alerts from the KANSAS CITY FED.

Visit *[kansascityfed.org/lealert](https://kansascityfed.org/lealert)* to subscribe!

