U.S. and Oklahoma Economic Outlook

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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

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- **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
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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 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

- Current (Jan. 2024): 3.7%
- Longer Run

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.

PCE Inflation Index

- Current Overall PCE (Dec. 2023): 2.6%
- Current Core PCE (Dec. 2023): 2.9%

Sources: Bureau of Economic Analysis, FOMC

Note: Data and FOMC projections are for year-end.
CPI inflation ticked back up to 3.4% in December, as energy price growth rose and shelter inflation eased.
The Fed held the federal funds rate steady again in January, after lowering future projections somewhat in December.

Federal Funds Rate
Year-End Target

Current Target: 5.25% - 5.5%

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

Sources: Bureau of Economic Analysis, FOMC
Job openings still greatly exceed unemployed workers, but have fallen slightly, helping ease wage pressures.
Labor force participation still lags, mostly due to older workers, while immigration rebounded last year after several low years.
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 varies widely relative to pre-pandemic levels.
Much higher mortgage rates and home prices than a few years ago have greatly increased housing costs, but Oklahoma is still relatively affordable.
Home prices in parts of rural Oklahoma have grown the most, but remain more affordable than the metros.

Notes: Median income for 2022 and 2023 is projected. 2023 data are from Q1. The mortgage payment assumes a 30-year mortgage with a 20% down payment and additional annual costs and taxes equaling 3% of the current home value.

Sources: Zillow, Freddie Mac, Census Bureau, BLS/Haver Analytics, authors’ calculations.
Many homebuyers purchased homes above their list prices as supply waned during the pandemic.
Office vacancy rates in Oklahoma have not risen like they have in the nation.

Office Vacancy Rates

Source: CBRE-EA
Tenth District oil and gas activity continued to decline in Q3, but expectations rose as oil prices increased.

Sources: FRBKC Energy Survey, EIA/Haver Analytics
Oklahoma farm income declined less than border states in Q4 and is expected to rise, as drought conditions improved in the panhandle.

Sources: FRBKC Ag Credit Survey, UNL/NOAA/CPC
Oklahoma’s population grew in 2023 again, primarily due to elevated domestic migration, also with increases in other components.
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

Note: Sample shown in map is limited to age 25+.

Sources: FRBNY CCP/Equifax, U.S. Census Bureau
The state had net inflow of prime-age college graduates since the pandemic, but has not yet fully made up previous “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

Notes: The sample is limited to those age 25+ who reported educational attainment. Cumulative change is relative to 2000.

Source: ACS 1-year estimates/IPUMS USA, University of Minnesota, www.ipums.org, authors’ calculations
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**

- **Thousands**
- **2015 - 2019**
- **2020 - 2022**

**In-migration by Occupation and Education, 2020 - 2022**

- **Thousands**
- **No Bachelor's**
- **Bachelor's or Higher**

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**
  - Thousands
  - 2015: 0
  - 2016: 0
  - 2017: 0
  - 2018: 0
  - 2019: 0
  - 2020: 0
  - 2021: 16
  - 2022: 0

- **Migration by Income**
  - Thousands
  - 2002: 0
  - 2006: 5
  - 2010: 10
  - 2014: 15
  - 2018: 20
  - 2022: 25

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

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