

U.S. and Oklahoma Economic Outlook

First American Title Company

February 13, 2024

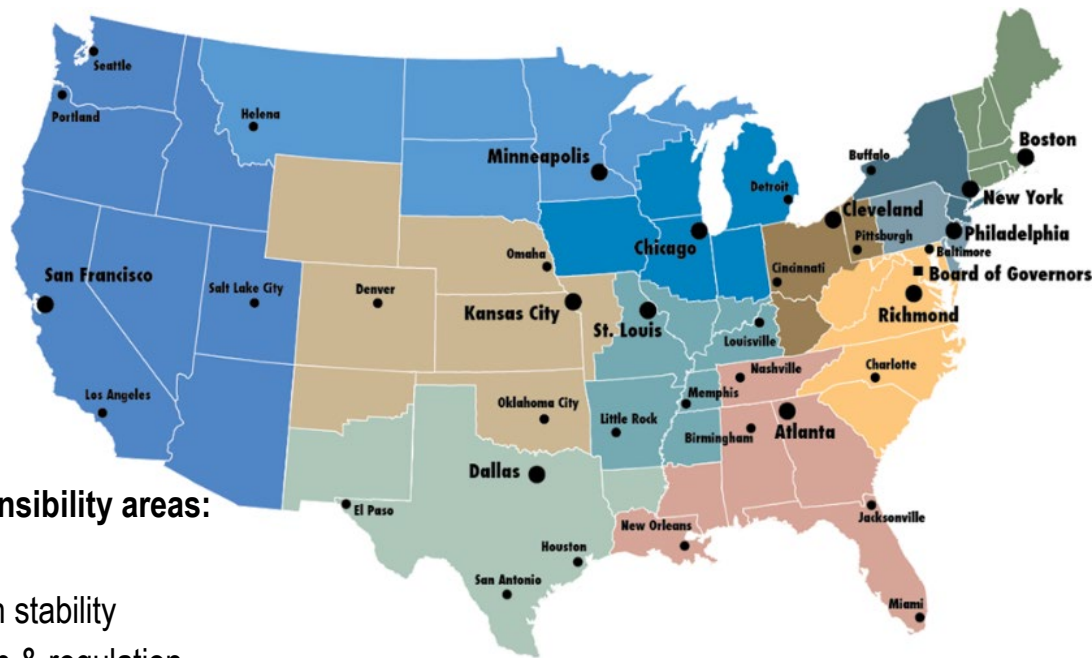
Megan Williams

Senior Manager and Associate Economist

*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
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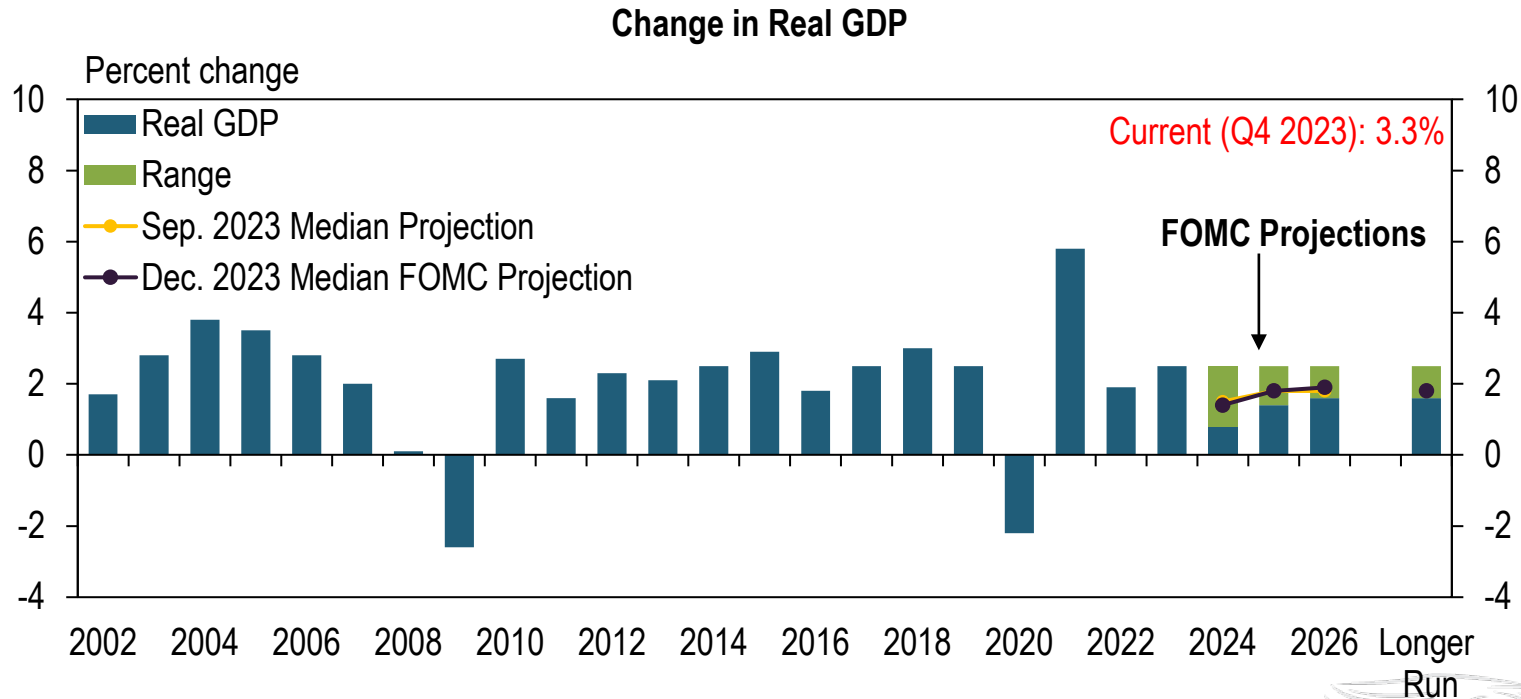


Overview

- 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

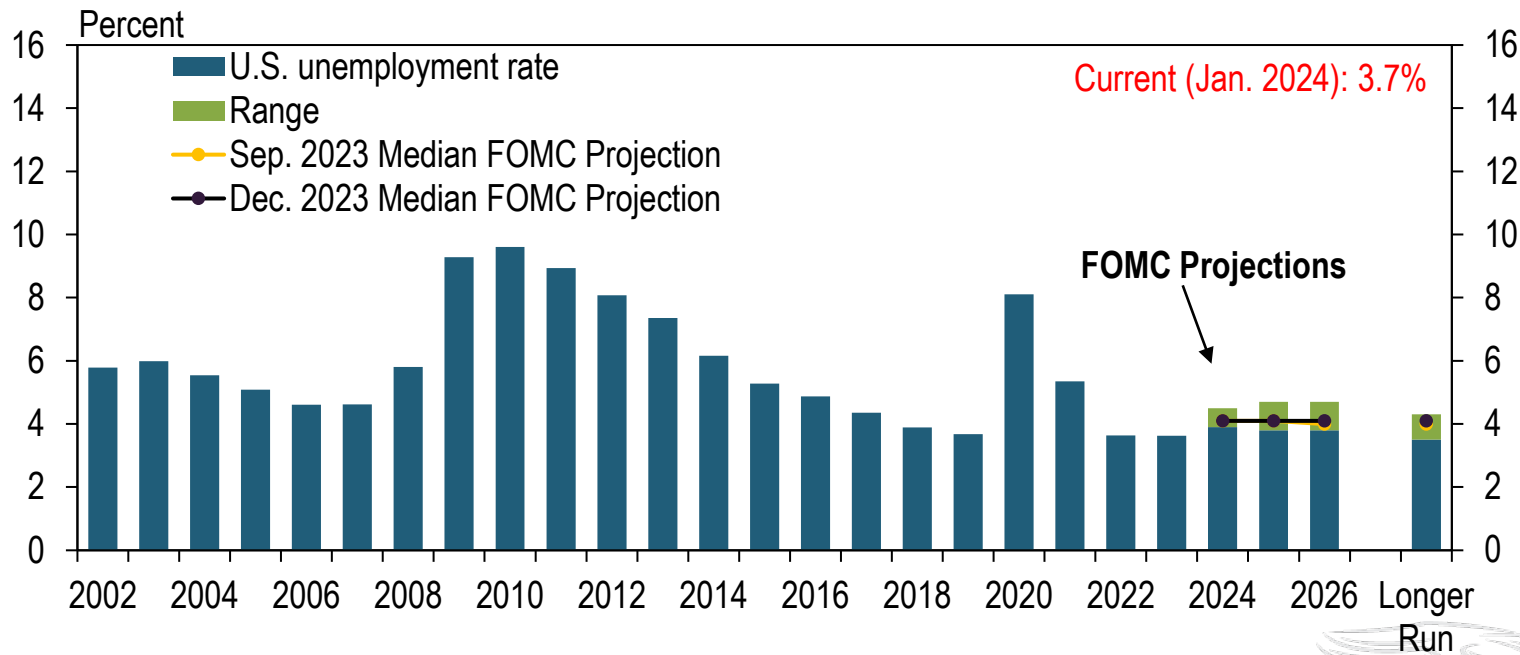


U.S. GDP growth is expected to slow slightly in 2024 before rebounding to near trend in 2025 and 2026

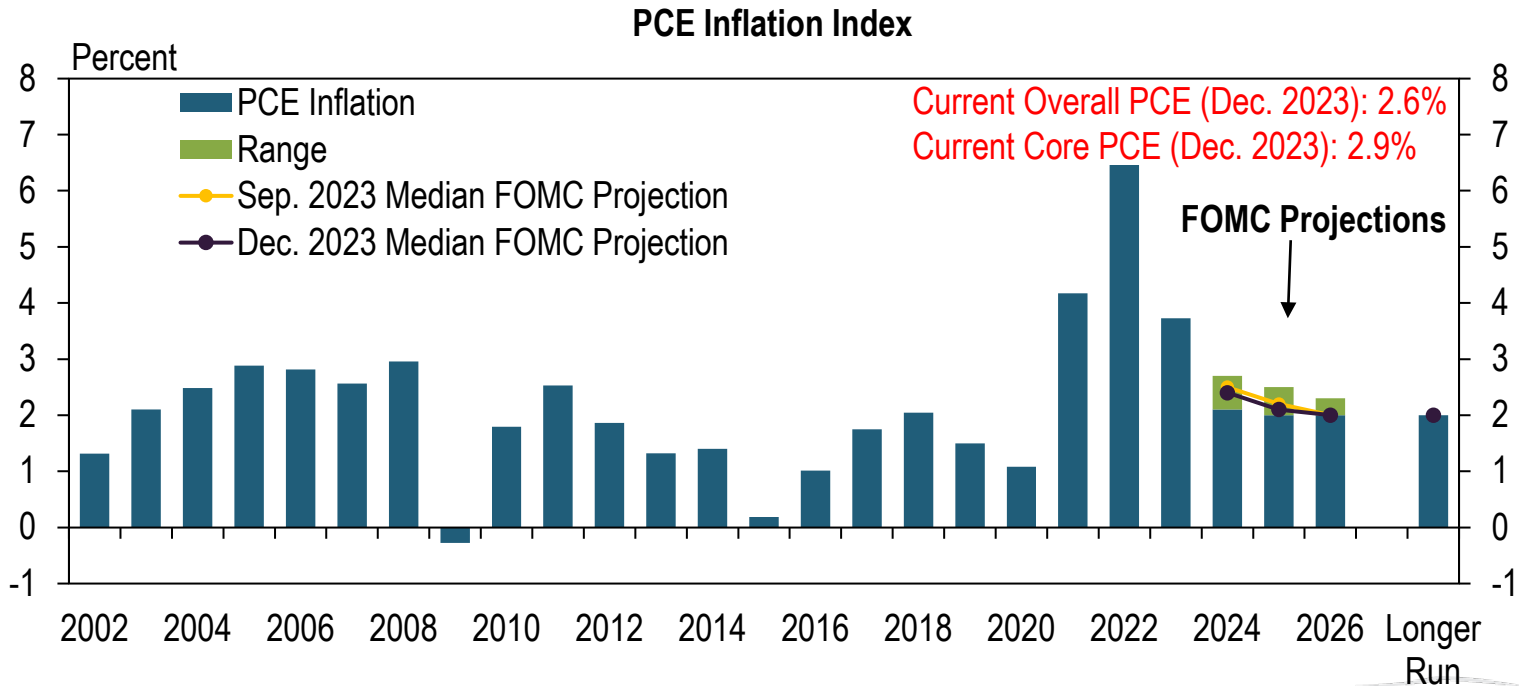


U.S. unemployment remains historically low and is projected to rise only moderately in coming years

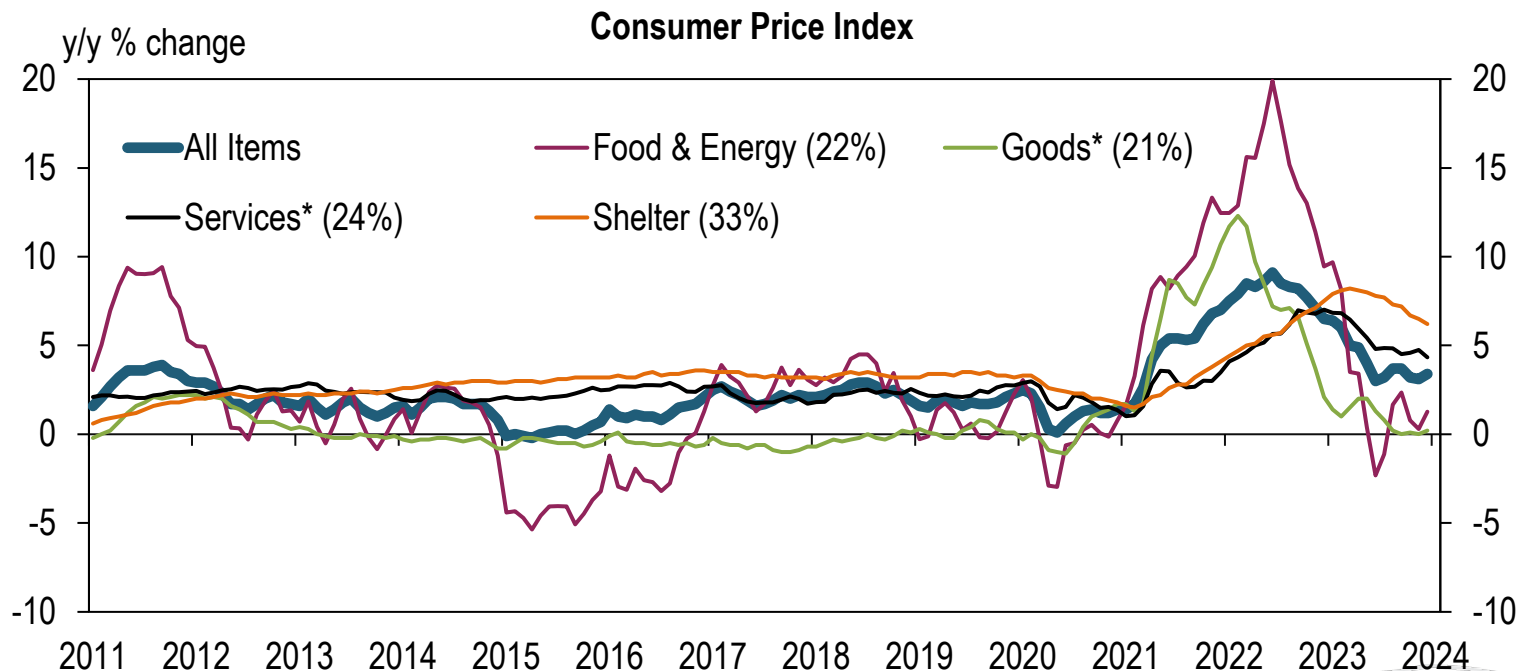
U.S. Unemployment Rate



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



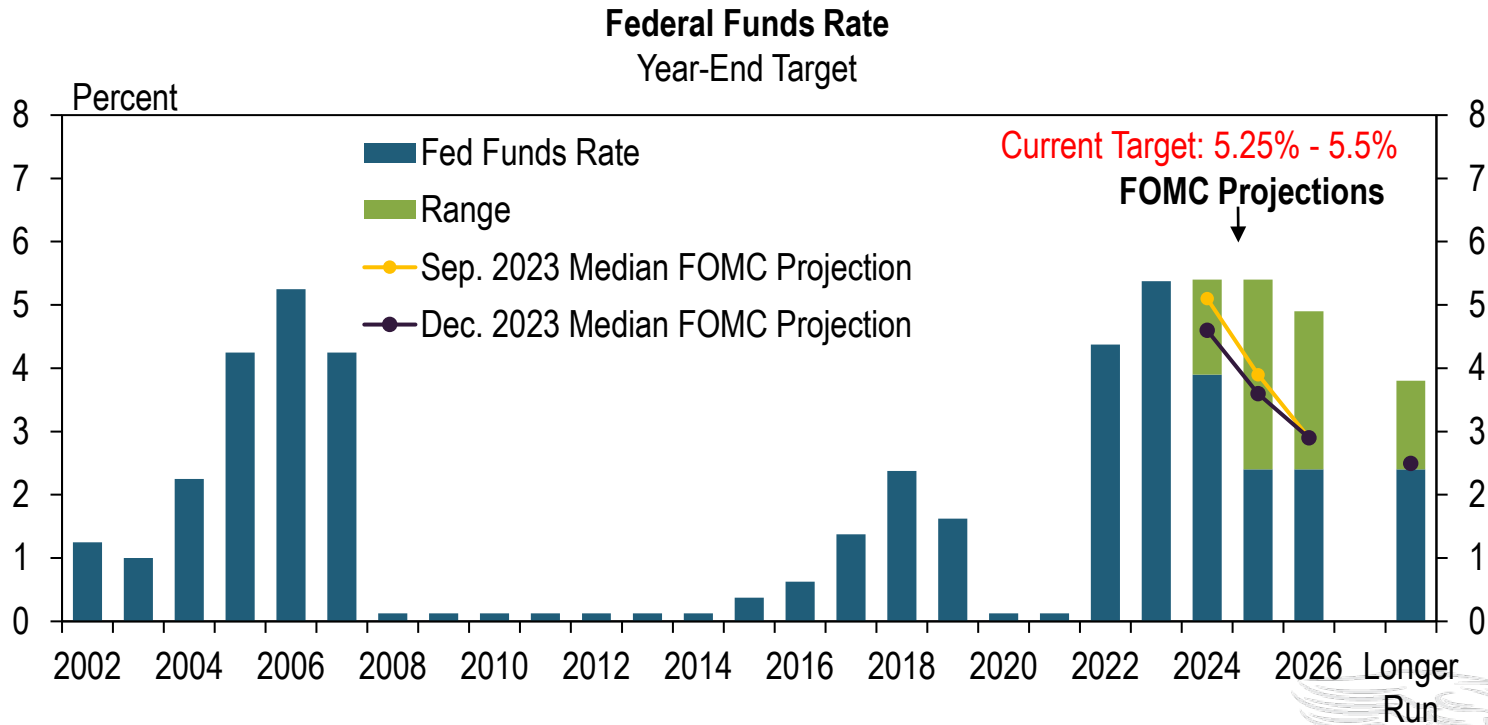
CPI inflation ticked back up to 3.4% in December, as energy price growth rose and shelter inflation eased



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

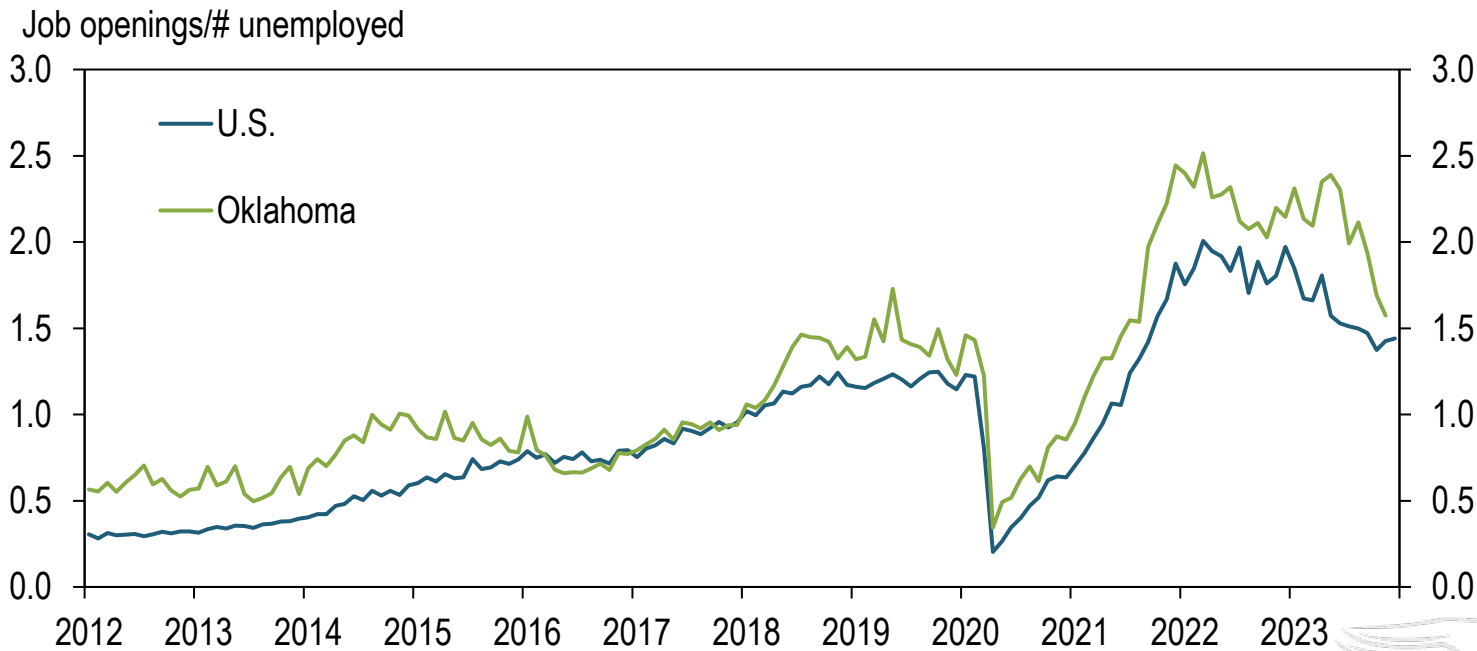


The Fed held the federal funds rate steady again in January, after lowering future projections somewhat in December



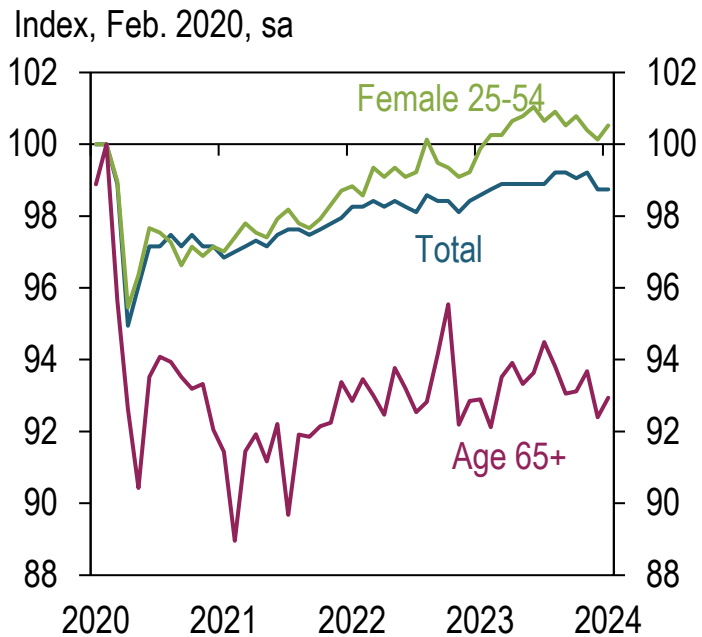
Job openings still greatly exceed unemployed workers, but have fallen slightly, helping ease wage pressures

Job Openings/Unemployment Ratio

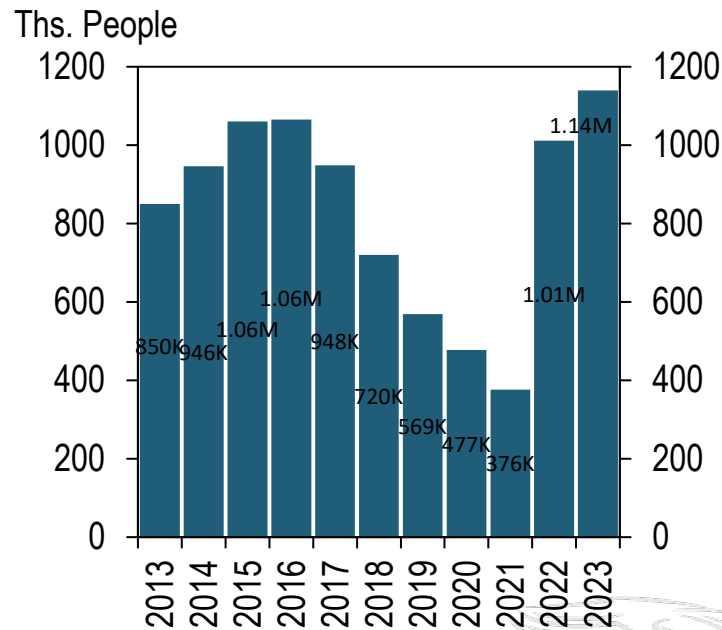


Labor force participation still lags, mostly due to older workers, while immigration rebounded last year after several low years

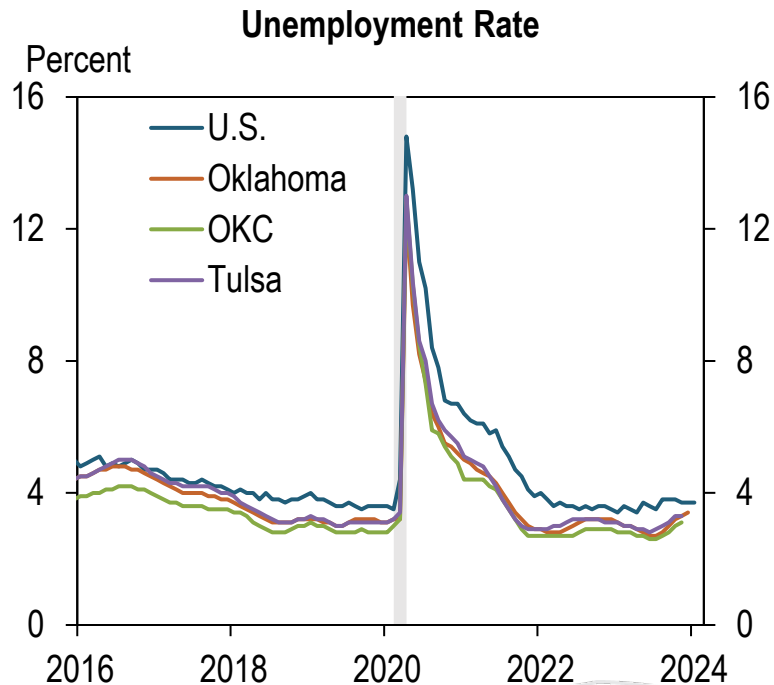
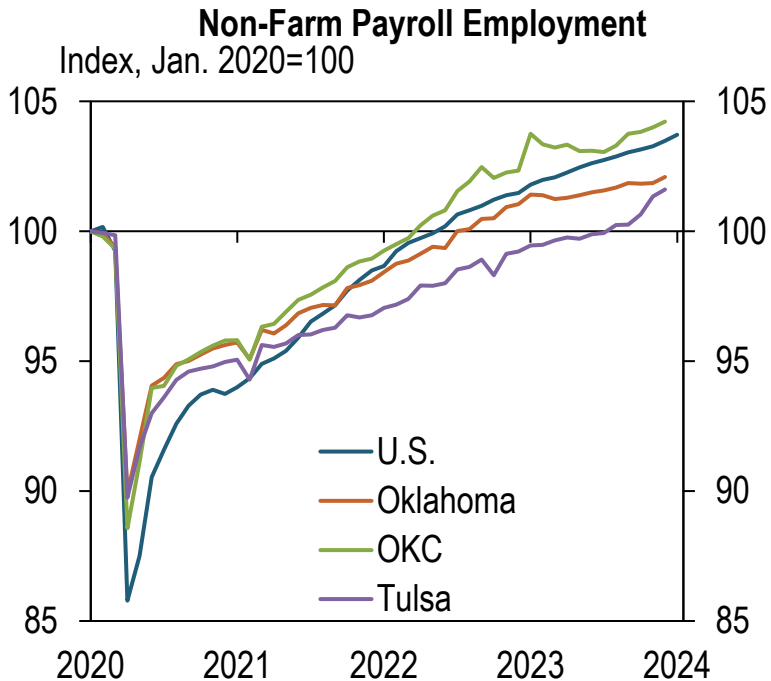
U.S. Labor Force Participation Rate



Net International Immigration to the U.S.

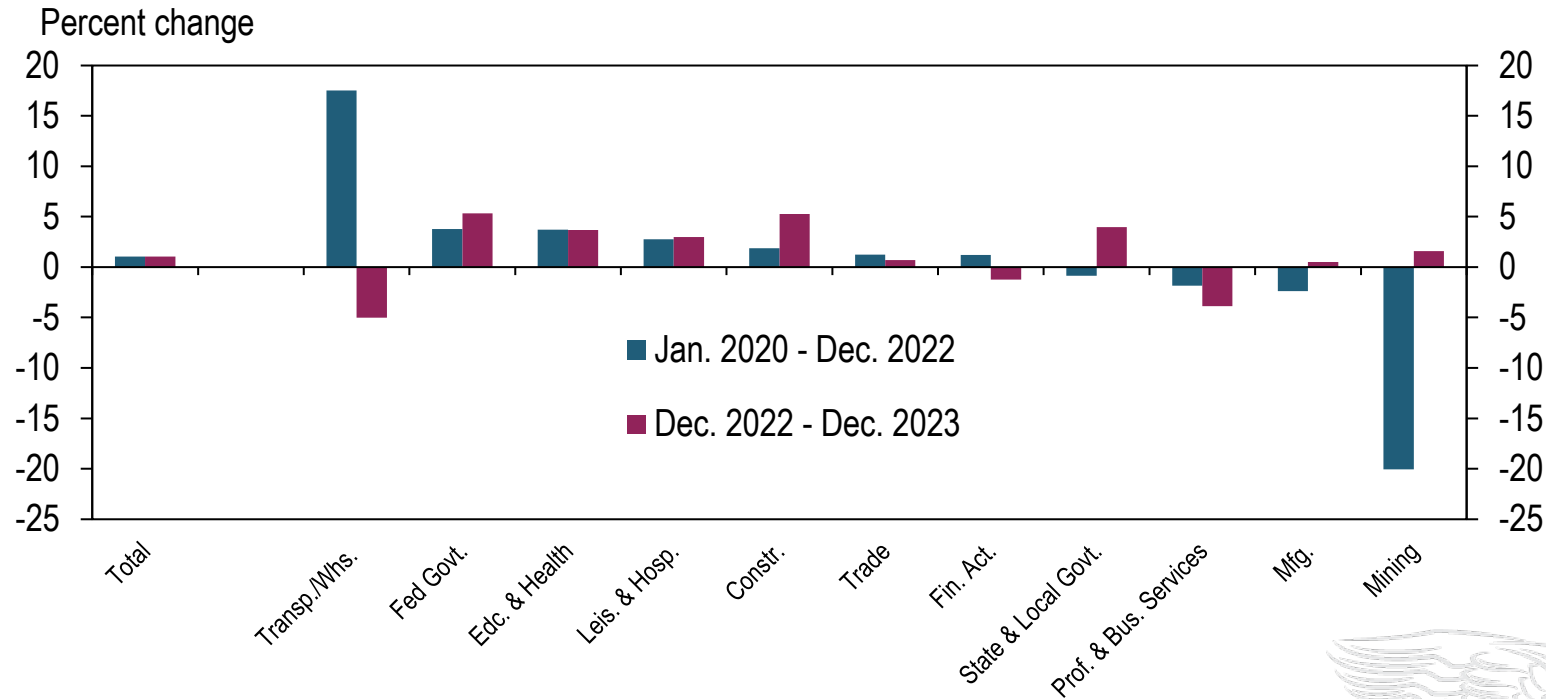


Jobs in Oklahoma have leveled off in recent months above pre-pandemic levels, while unemployment remains very low



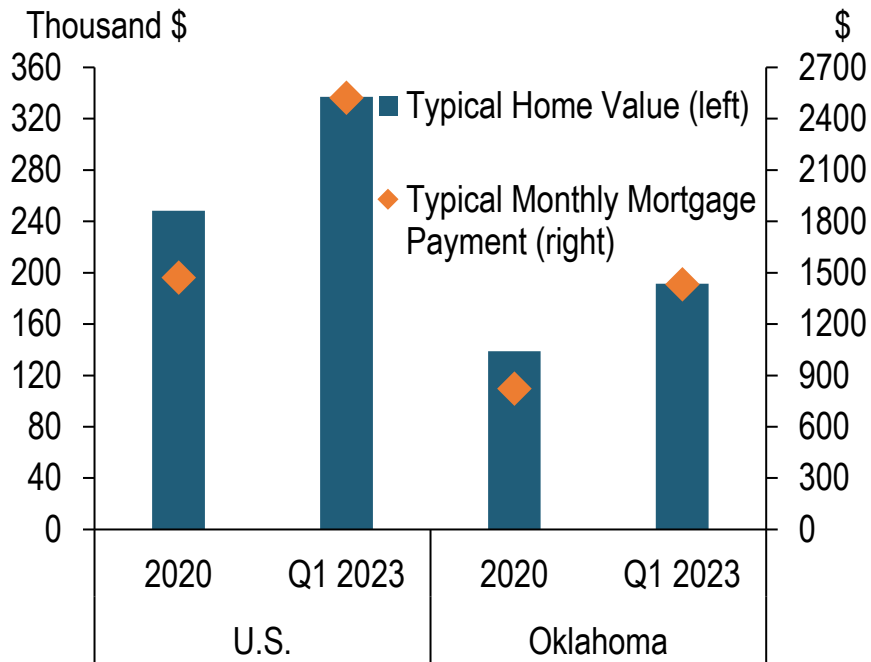
Most Oklahoma sectors added jobs over the past year, but job growth varies widely relative to pre-pandemic levels

Oklahoma Job Growth by Industry

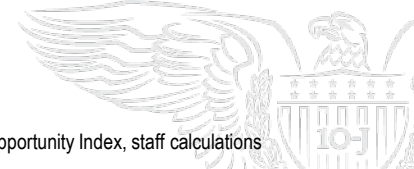
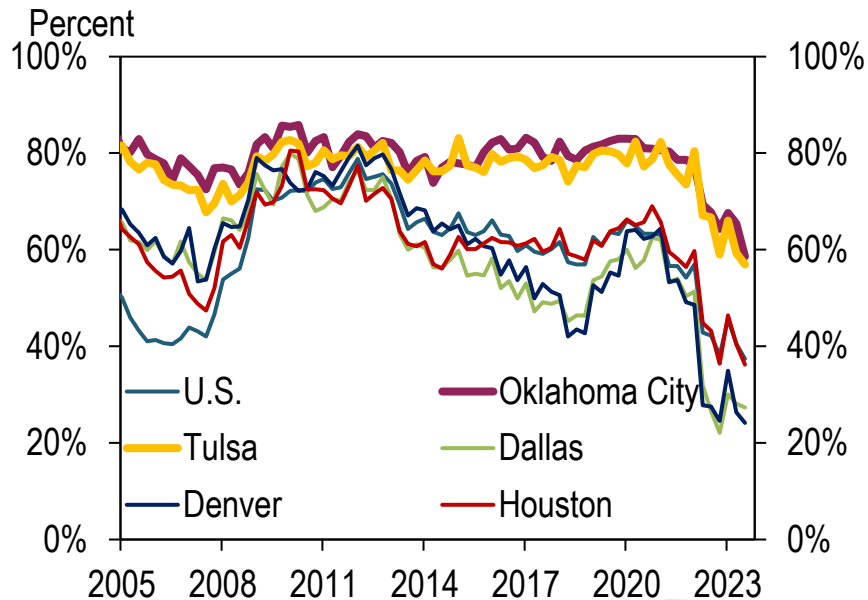


Much higher mortgage rates and home prices than a few years ago have greatly increased housing costs, but Oklahoma is still relatively affordable

Housing Affordability Indicators

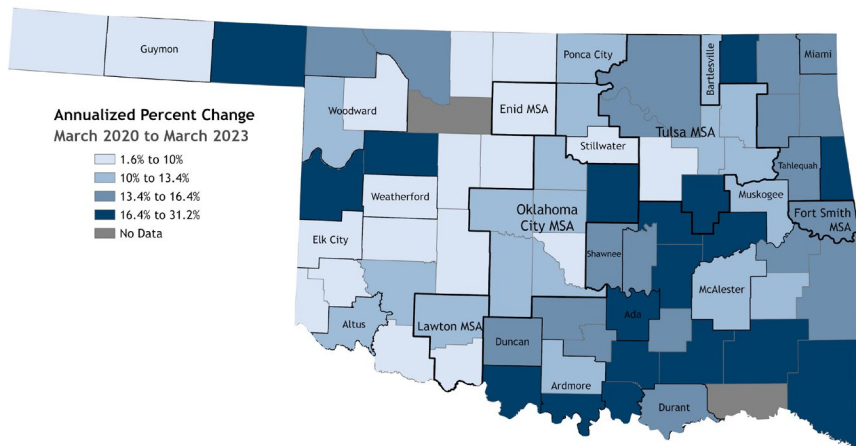


Share of Affordable Homes

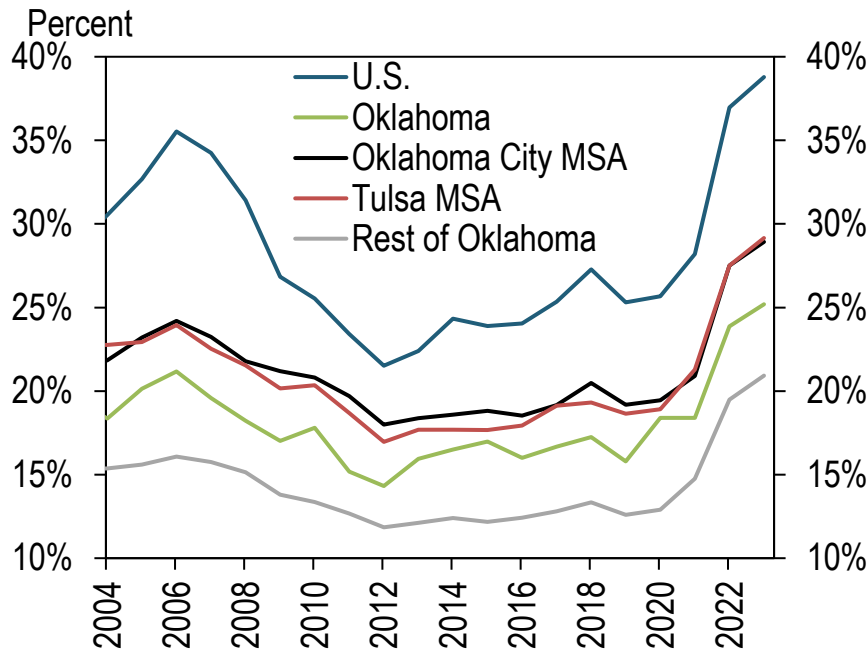


Home prices in parts of rural Oklahoma have grown the most, but remain more affordable than the metros

Typical Home Value Growth by County



Mortgage Payment to Income Ratio

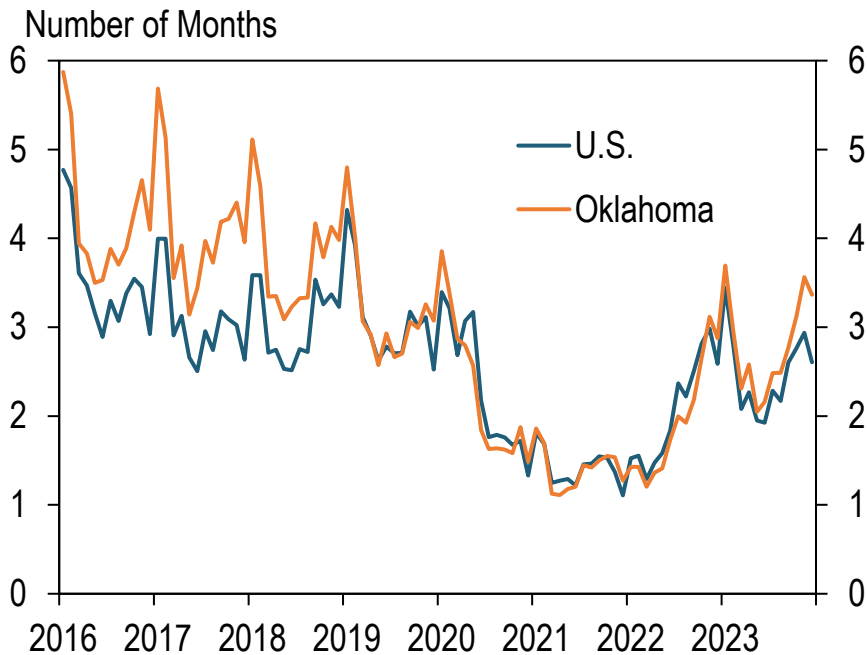


Notes: Median income for 2022 and 2023 is projected. 2023 data are from Q1. The mortgage payment assumes a 30-year mortgage with a 20% down payment and additional annual costs and taxes equaling 3% of the current home value.

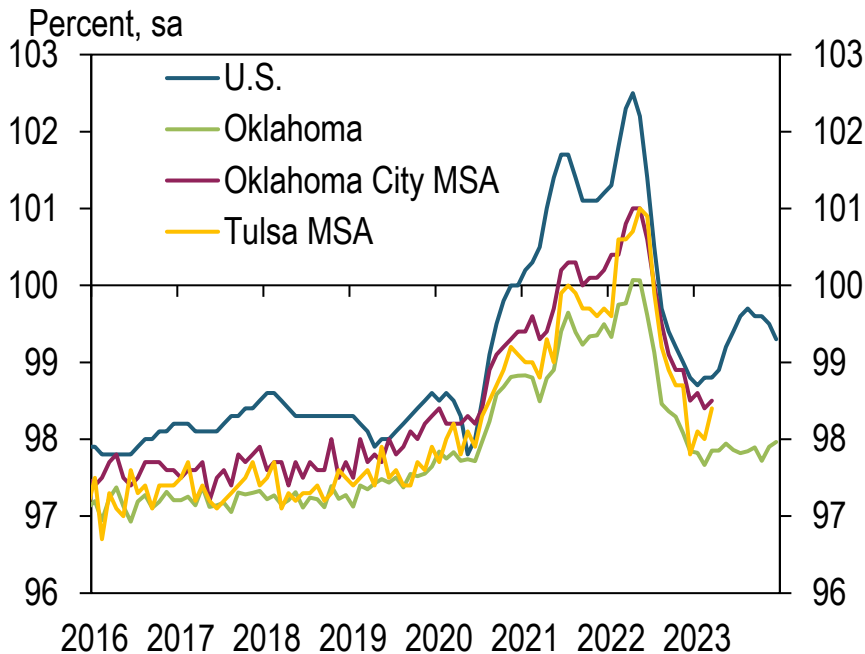
Sources: Zillow, Freddie Mac, Census Bureau, BLS/Haver Analytics, authors' calculations

Many homebuyers purchased homes above their list prices as supply waned during the pandemic

Months of Supply of Unsold Homes

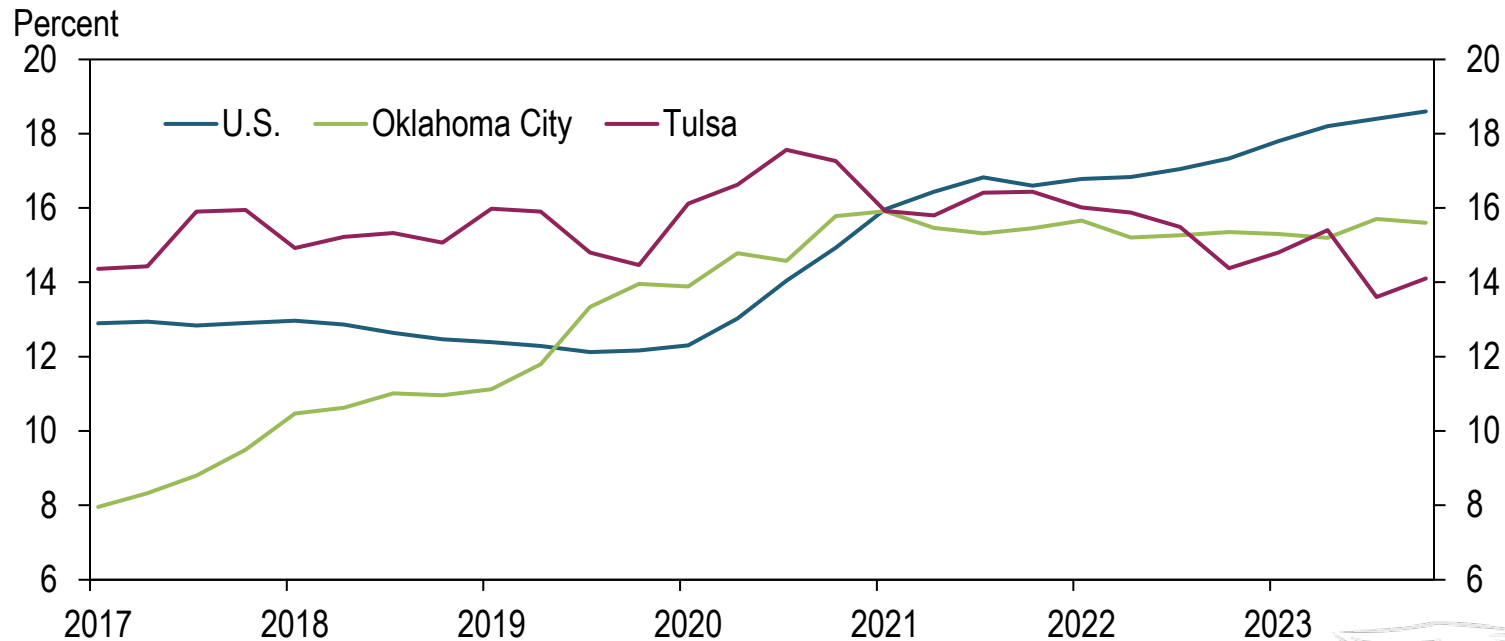


Average Sale to List Price Ratio



Office vacancy rates in Oklahoma have not risen like they have in the nation

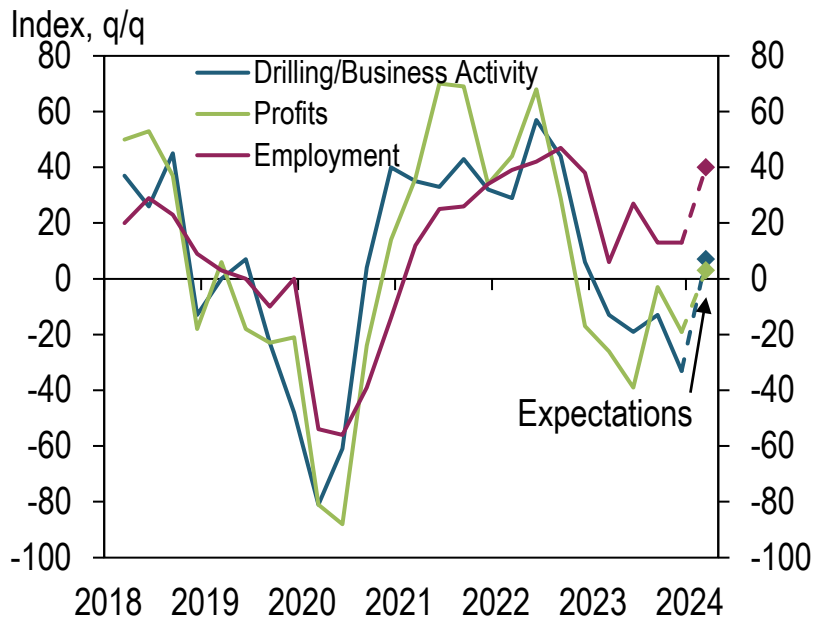
Office Vacancy Rates



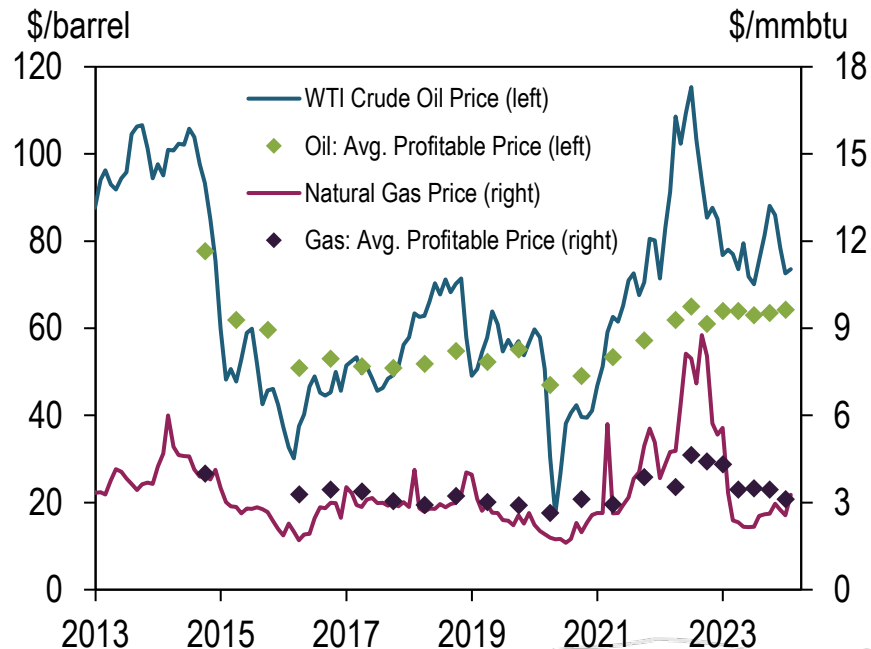
Source: CBRE-EA

Tenth District oil and gas activity continued to decline in Q3, but expectations rose as oil prices increased

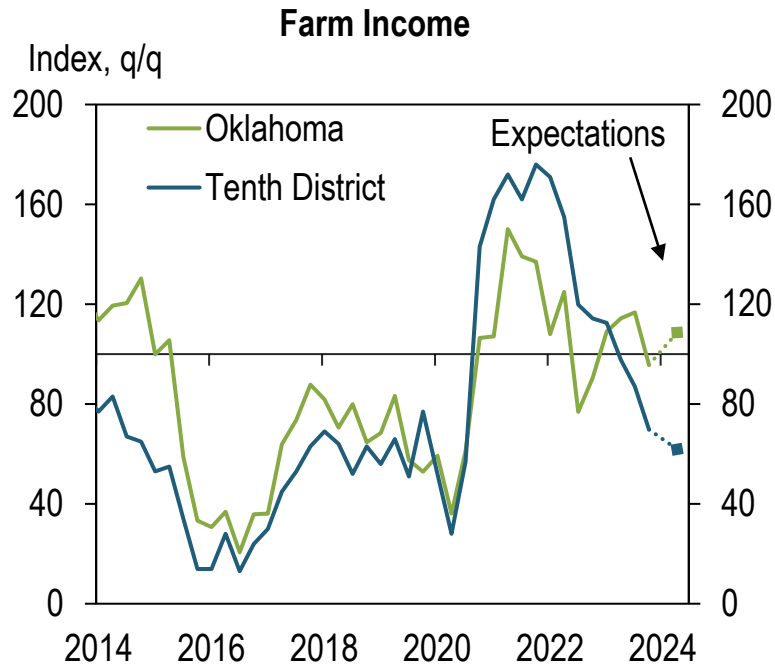
KC Fed Energy Survey Indexes



U.S. Energy Prices

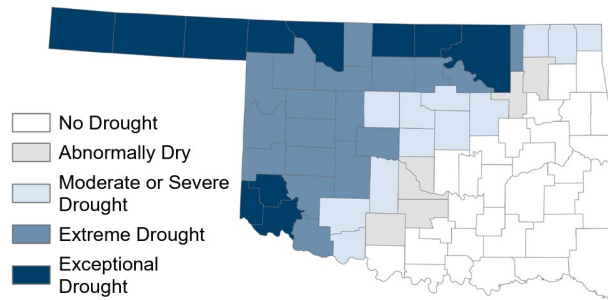


Oklahoma farm income declined less than border states in Q4 and is expected to rise, as drought conditions improved in the panhandle

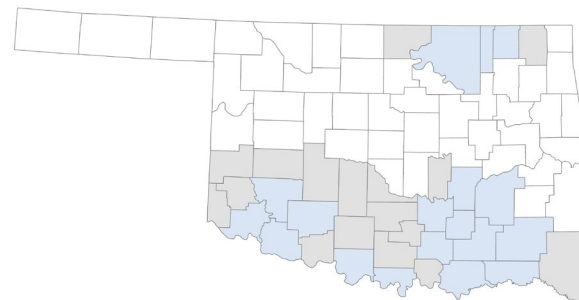


Oklahoma Drought Map

5/16/2023

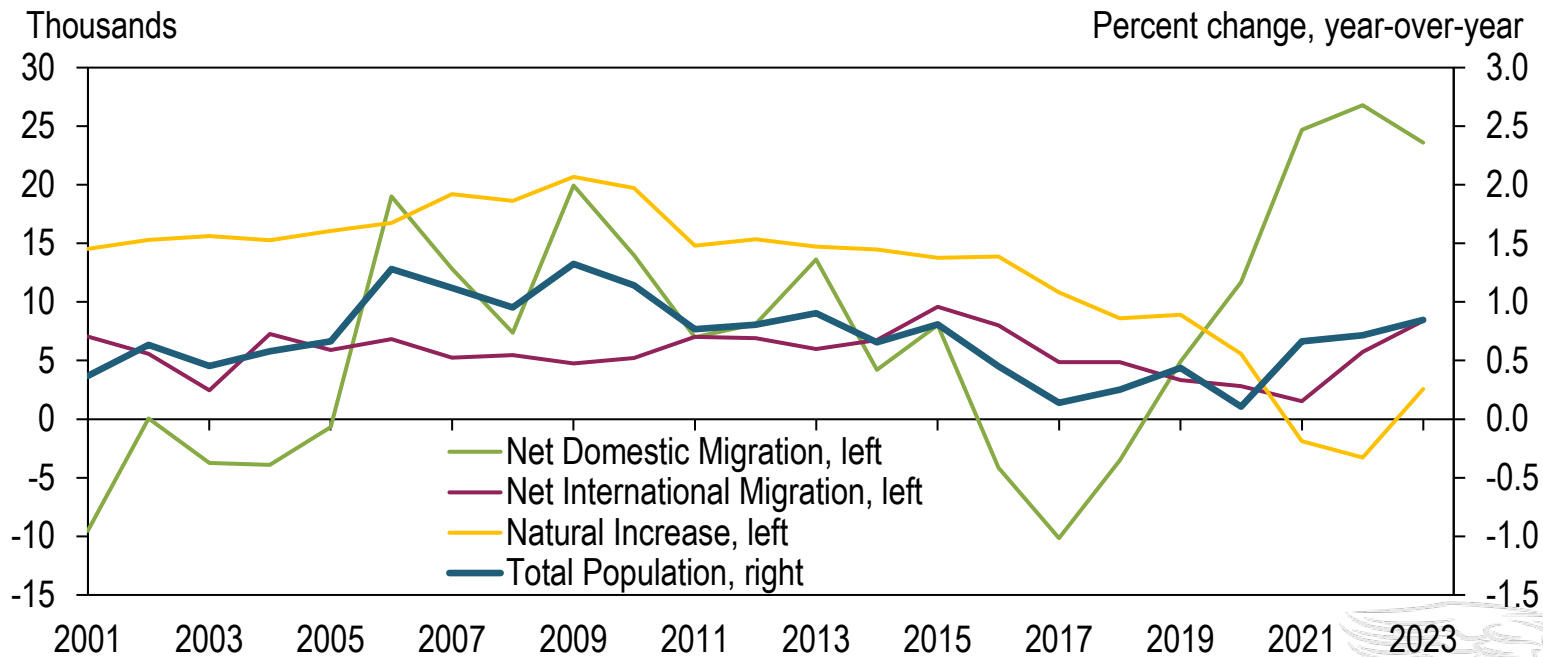


1/30/2024



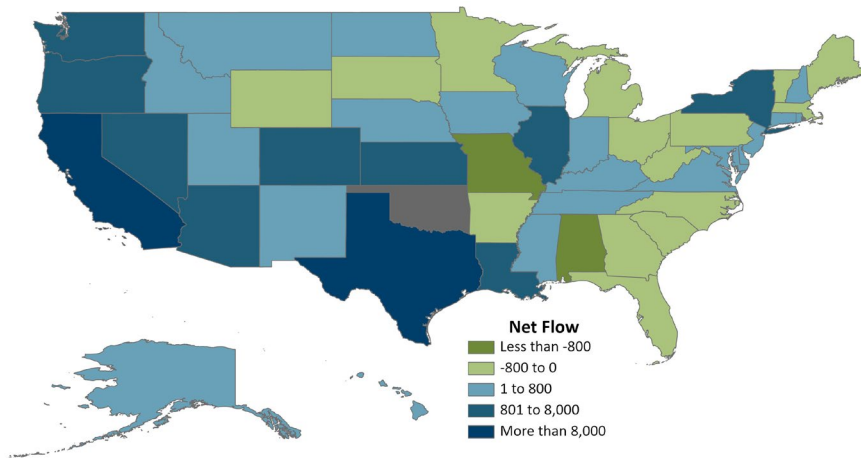
Oklahoma's population grew in 2023 again, primarily due to elevated domestic migration, also with increases in other components

Oklahoma Population Change by Component

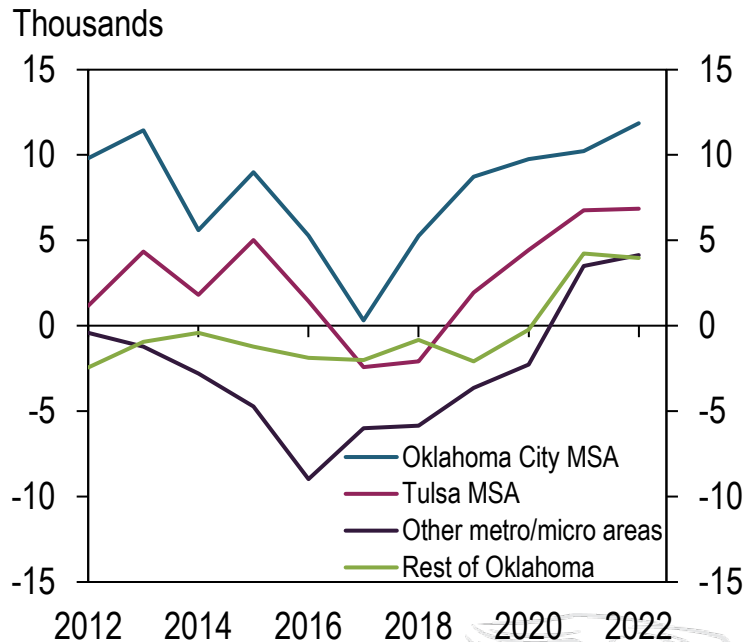


Many people moved to OK from CA and TX since the pandemic, mostly to the metros but also to many other parts of the state

Migration to Oklahoma During 2020 - 2023



Oklahoma Net Domestic Migration



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

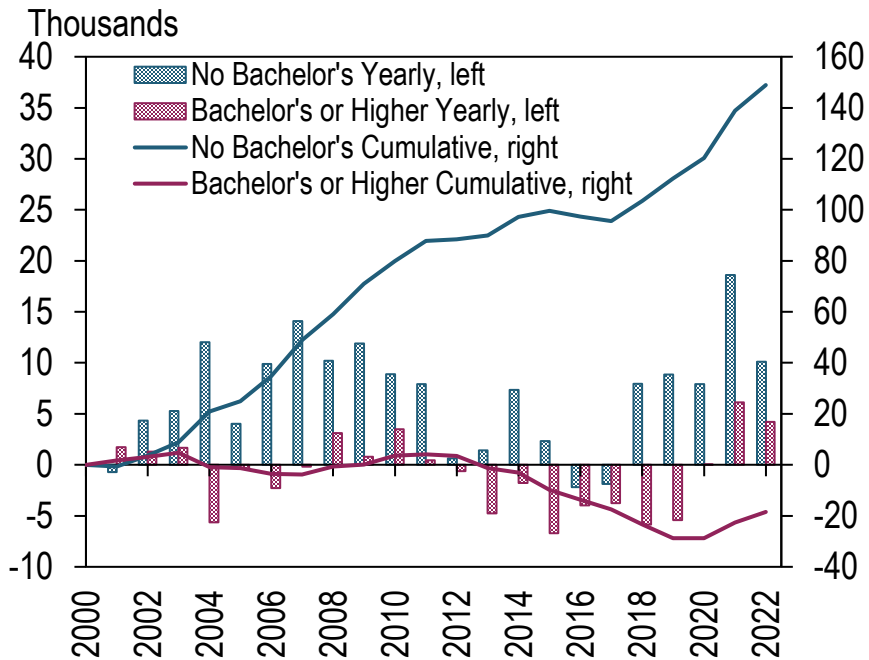
Sources: FRBNY CCP/Equifax, U.S. Census Bureau



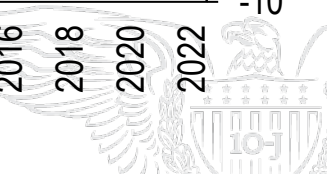
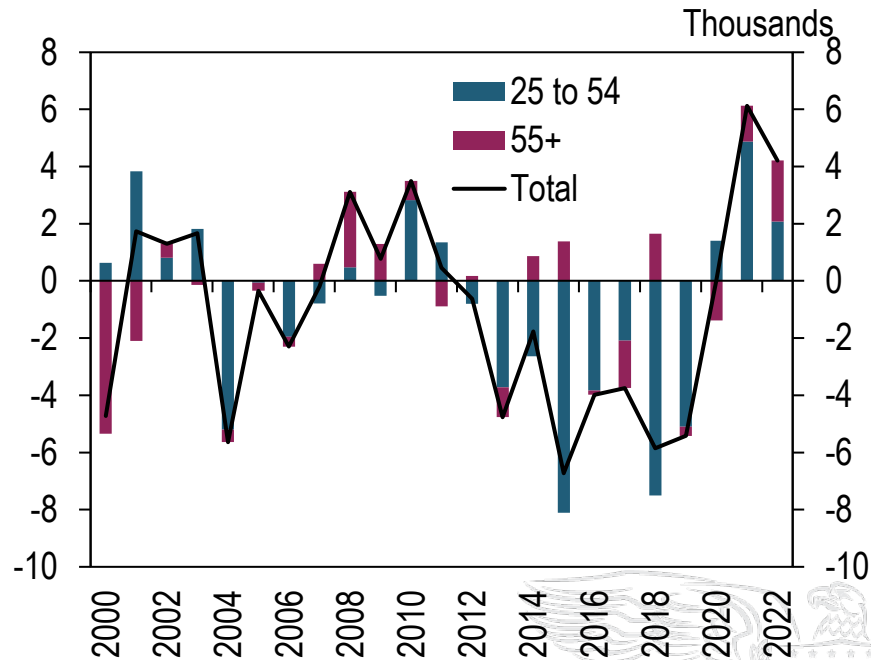
The state had net inflow of prime-age college graduates since the pandemic, but has not yet fully made up previous “brain drain” losses from the 2010s

Oklahoma Net Domestic Migration by Educational Attainment

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



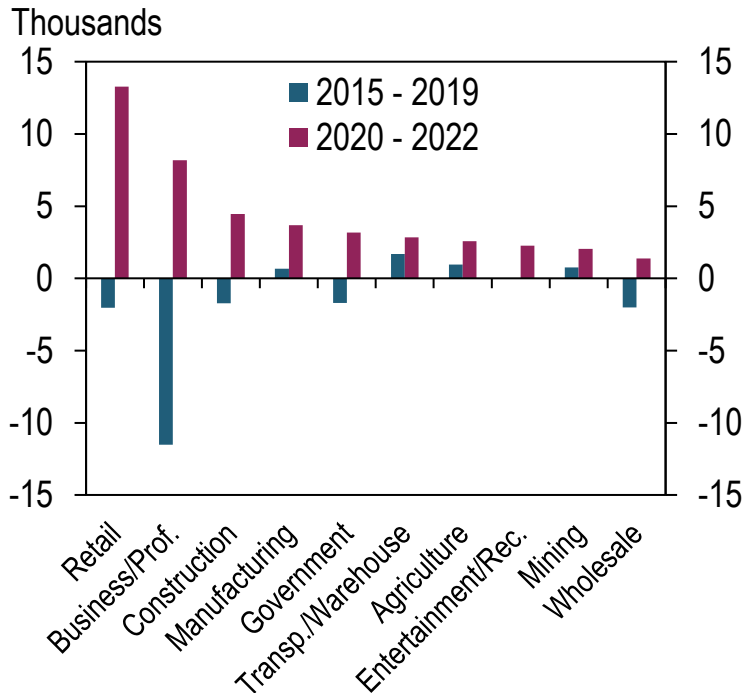
Migration of Bachelor's Holders by Age



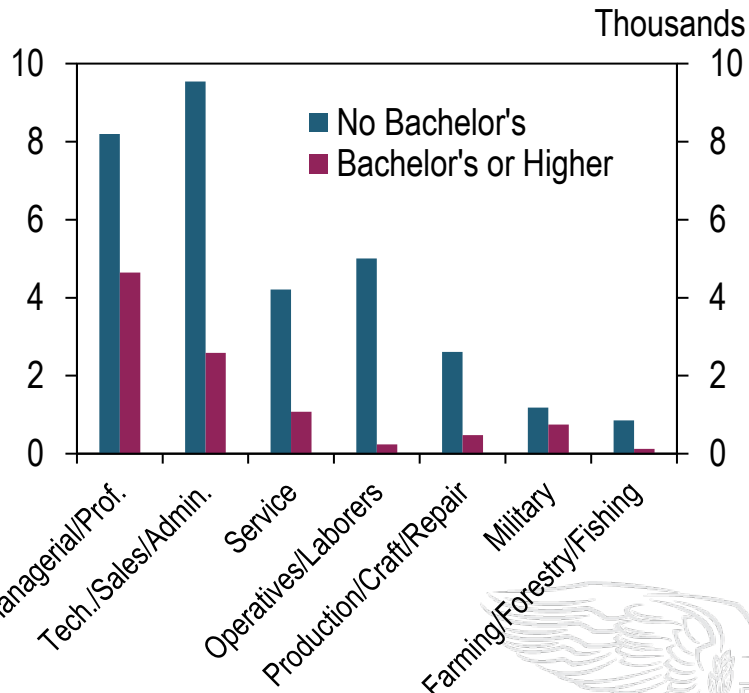
All industries and occupations had a net gain of residents since 2020, reversing some previous trends, with sizable numbers of college grads

Oklahoma Net Domestic Migration

In-migration by Industry and Time Period



In-migration by Occupation and Education, 2020 - 2022

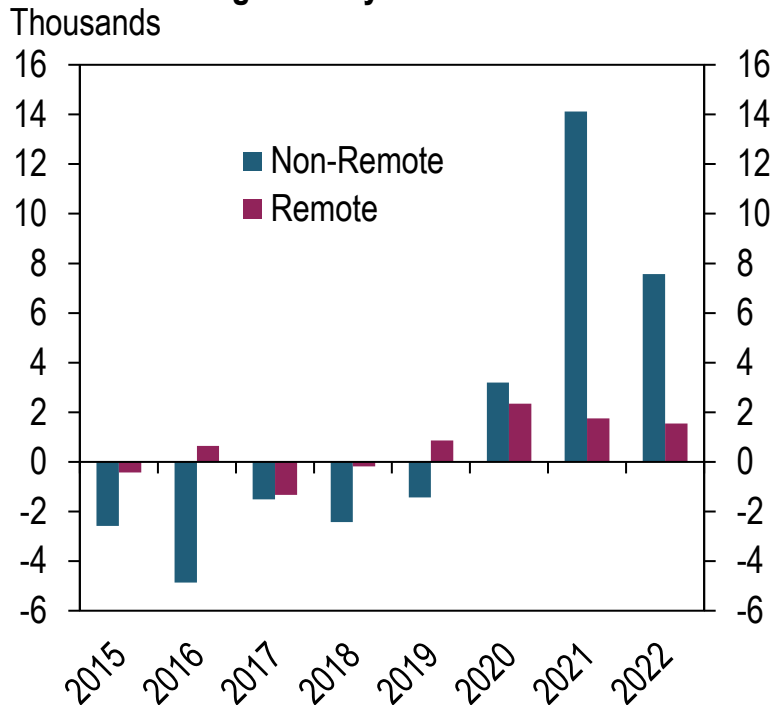


Note: Sample is limited to employed individuals age 25+.
Sources: ACS 1-year estimates/IPUMS USA, University of Minnesota, www.ipums.org, authors' calculations

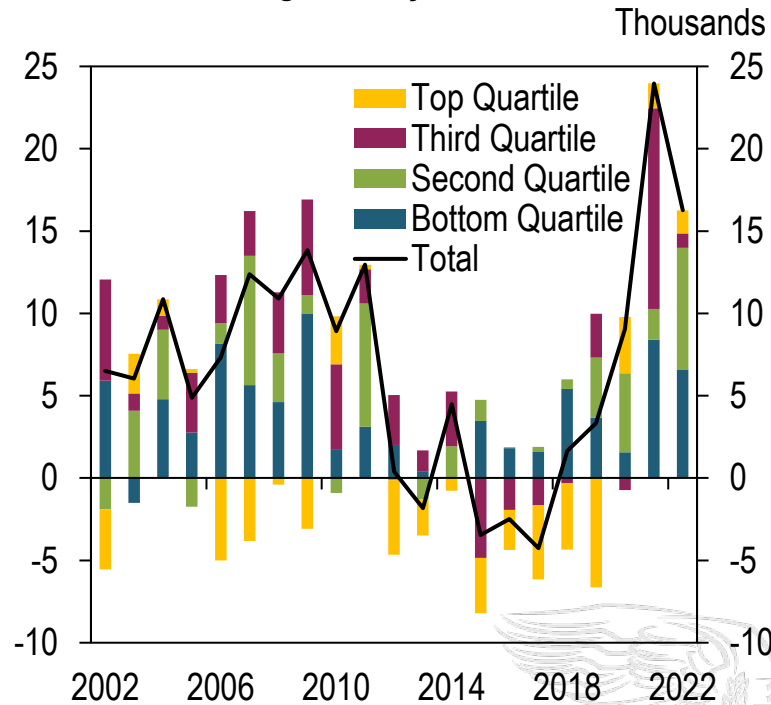
Remote workers were part of the gains since 2020, but not the driving factor, and Oklahoma also stopped losing high earners to other states

Oklahoma Net Domestic Migration

Migration by Remote Work



Migration by Income



Summary

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