U.S. and Oklahoma Economic Outlook

Logan County Economic Development Council
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*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

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

5 primary responsibility areas:
• Monetary policy
• Financial system stability
• Bank supervision & regulation
• Payment system safety & efficiency
• Consumer protection & community development
• 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 Strategies, Enid
Oklahoma on National and Regional Fed Advisory Councils

- **Federal Advisory Council (National):**
  - Jill Castilla, CEO, Citizens Bank, Edmond

- **U.S. Community Advisory Council (National):**
  - Bruce Shultz, VP of Community Development Banking, Gateway First Bank, Tulsa

- **Economic Advisory Council (10th District):**
  - Jason Garner, President, Crawley Petroleum, Oklahoma City
  - David Nimmo, CEO, Chickasaw Nation Industries, Norman
  - Rebecca Thompson, CFO, AAON, Inc., Tulsa

- **Community Development Advisory Council (10th District):**
  - Michelle Bish, Executive Director, Northeast Workforce Development Board, Catoosa
  - Quintin Hughes, Sr., Program Director, Northeast Oklahoma City Renaissance, Inc., Oklahoma City
  - Cindy Logsdon, Executive Director/CEO, Citizen Potawatomi Community Development Corp., Shawnee

- **Community Depository Inst. Advisory Council (10th District):**
  - Barry Anderson, President, F&M Bank, Guthrie
  - Jerold Phillips, COO, Citizens Bank, Ardmore
Overview

- U.S. economic growth remained solid in late 2023 and 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
U.S. GDP growth exceeded estimates in Q4, and 2024 employment growth has only slowed slightly.

Quarterly U.S. Economic Growth

Sources: BEA, BLS/Haver Analytics
U.S. GDP growth is now expected to remain solid in 2024 and be around the longer-term trend in 2025 and 2026.
U.S. unemployment remains historically low and is projected to be near current levels in coming years.

U.S. Unemployment Rate

Current (Feb. 2024): 3.9%

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.

Current Overall PCE (Jan. 2024): 2.4%
Current Core PCE (Jan. 2024): 2.8%

Note: Data and FOMC projections are for year-end.
CPI inflation ticked back up to 3.2% in February, as energy and goods prices fell but shelter and services remain elevated.

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

Sources: BLS/Haver Analytics
Wage growth is a key factor keeping services inflation high, and has come down moderately from recent highs.

Note: Employment Cost Index data are interpolated between quarters.
Job openings still greatly exceed unemployed workers, but have fallen slightly, helping ease wage pressures

Source: Bureau of Labor Statistics
The Fed held the federal funds rate steady again in January, after raising future projections somewhat in March.

Federal Funds Rate
Year-End Target

Current Target: 5.25% - 5.5%

Sources: Bureau of Economic Analysis, FOMC

Note: Data and FOMC projections are for year-end.
The Fed also continues to reduce its balance sheet of high-quality securities.
Jobs in Oklahoma have leveled off in recent months above pre-pandemic levels, while unemployment remains very low.

Source: U.S. Bureau of Labor Statistics
Most Oklahoma sectors added jobs over the past year, but job growth varies widely relative to pre-pandemic levels.
Consumer spending on “experiences” in Oklahoma remains strong while purchases of goods have slowed, as has housing.
Oklahoma’s population grew in 2023 again, primarily due to elevated domestic migration, but also with increases in other components.
Many people moved to OK from CA and TX since the pandemic, mostly to the metros but to many other parts of the state, too.
Most parts of Oklahoma gained residents from other states on net, but suburban counties saw the most growth.
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.

Net Domestic Migration by Educational Attainment

Average Labor Force Participation Rate

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.
Summary

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Questions?

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