U.S. and Oklahoma Economic Outlook

*Bixby Metro Chamber of Commerce
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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.
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
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

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Overview

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

Quarterly U.S. Economic Growth

Sources: BEA, BLS/Haver Analytics
U.S. unemployment remains historically low and is projected to remain low in coming years.

Current (Apr. 2024): 3.9%

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

Note: Data and FOMC projections are for year-end.
Job openings still exceed unemployed workers, but have returned to near pre-pandemic levels

Source: Bureau of Labor Statistics
Labor force participation still lags, mostly due to older workers, while immigration rebounded last year after several low years.
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 (Mar. 2024): 2.7%
Current Core PCE (Mar. 2024): 2.8%

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

Sources: Bureau of Economic Analysis, FOMC
CPI inflation ticked up again to 3.5% in March, as goods prices fell but energy and services prices rose and shelter remains elevated.
The Fed held the federal funds rate steady again in May, after raising future projections somewhat.
The Fed also continues to reduce its balance sheet of high-quality securities, but diminished the planned pace in May.
Jobs in Oklahoma have continued to grow in 2024, while unemployment remains very low.
Most Oklahoma sectors added jobs over the past year, but job growth varies more relative to pre-pandemic levels.
The ability to find work has been good for LMI communities and job quality has improved, but most other conditions have been poor.

<table>
<thead>
<tr>
<th>Economic mobility</th>
<th>Finding work</th>
<th>Job quality</th>
<th>Renter housing</th>
<th>Owner housing</th>
<th>Financial stability</th>
<th>Personal credit</th>
<th>Business credit</th>
<th>Healthcare access</th>
<th>Human services</th>
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<tbody>
<tr>
<td>Current</td>
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<td>Percent of Respondents</td>
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- **Good**
- **Very good**
- **Poor**
- **Very poor**

Source: FRBKC Community Conditions Survey
Oklahoma’s housing market has slowed over the past two years, but supply has returned to pre-pandemic levels and demand is picking up.

Oklahoma Housing Market Indicators

- U.S. Months Supply (left)
- OK Months Supply (left)
- 30-yr. Fixed Mortgage Rate (right)

Sources: Freddie Mac, Redfin, U.S. Census Bureau
Office vacancy rates in Oklahoma have not risen like they have in the nation.

Office Vacancy Rates

Source: CBRE-EA
Oil and gas drilling has fallen in Oklahoma with lower profitability, even moreso than in the nation.

**Rig Counts**

- **U.S. (left)**
- **Oklahoma (right)**

**U.S. Energy Prices**

- **WTI Crude Oil Price (left)**
- **Oil: Avg. Profitable Price (left)**
- **Natural Gas Price (right)**
- **Gas: Avg. Profitable Price (right)**

Source: Baker Hughes, EIA/Haver Analytics, FRBKC Surveys
Oklahoma farm income declined less than border states in Q423, partially due to rising cattle prices.

**Farm Income**

- Index, q/q
- Oklahoma
- Tenth District
- Expectations

**Agricultural Commodity Prices**

- $/bushel
- Wheat (left)
- Corn (left)
- Cattle (right)
- $/hundred weight

Sources: FRBKC Ag Credit Survey, Wall Street Journal/Haver Analytics
Oklahoma’s population grew in 2023 again, primarily due to elevated domestic migration, but also with increases in other components.
Almost all the migration to OK was from the western U.S., especially CA and TX, and the state had “brain gain” but has not yet made up losses from the 2010s

Note: Sample shown in map is limited to age 25+.
Since 2020, non-metropolitan areas in 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

Sources: U.S. Census Bureau, authors’ calculations
All industries and occupations had a net gain of residents since 2020, reversing some previous trends, with most workers on-site.
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Questions?

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