

U.S. and Oklahoma Economic Outlook

OKC Society of CPAs

May 16, 2024



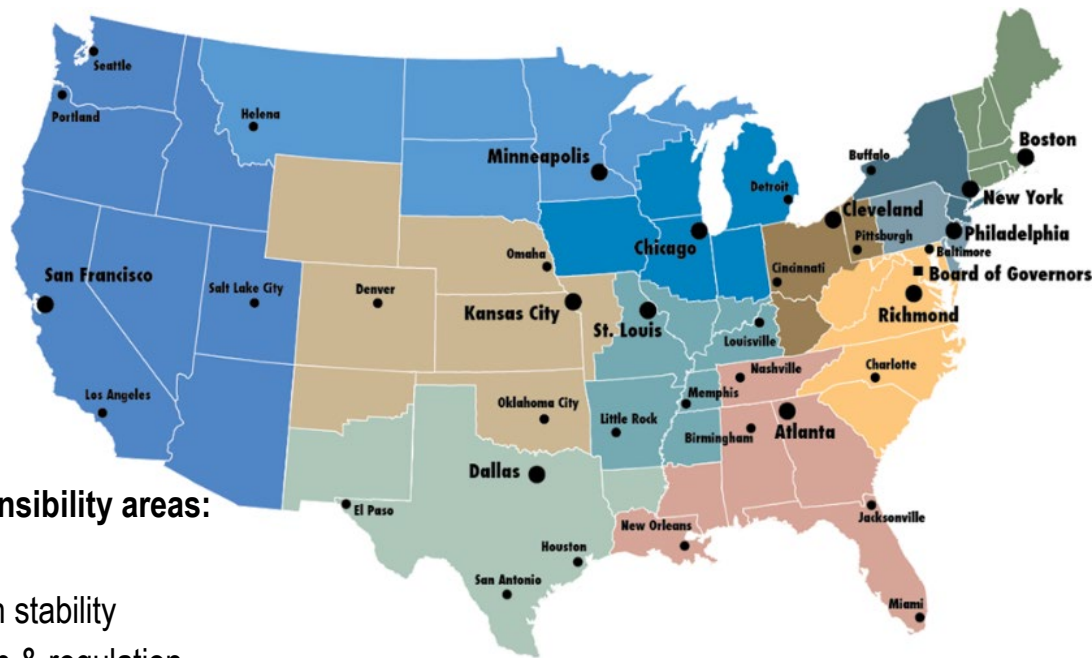
Megan Williams

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 and economic education programming for low/moderate income groups and students

- **2024 OKC Branch Board of Directors**

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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



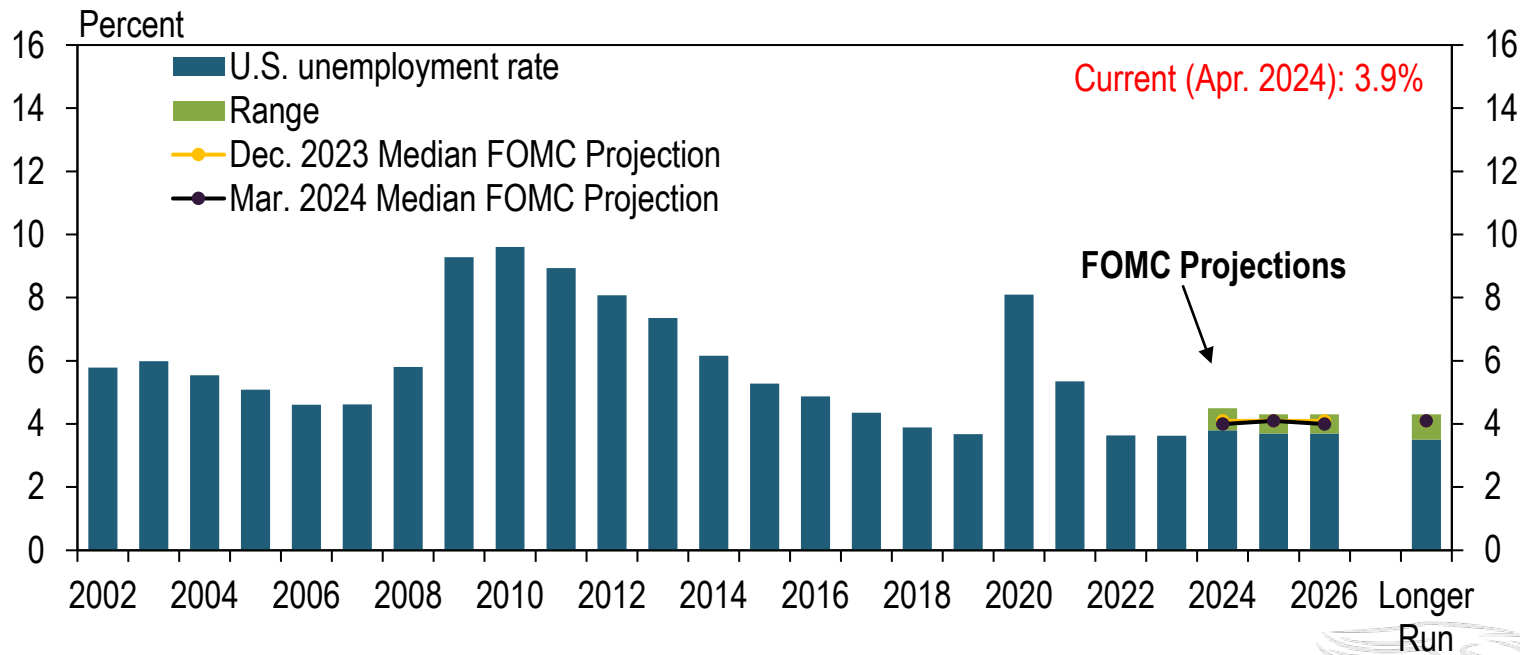
U.S. GDP growth slowed in Q1, and employment growth eased in April

Quarterly U.S. Economic Growth

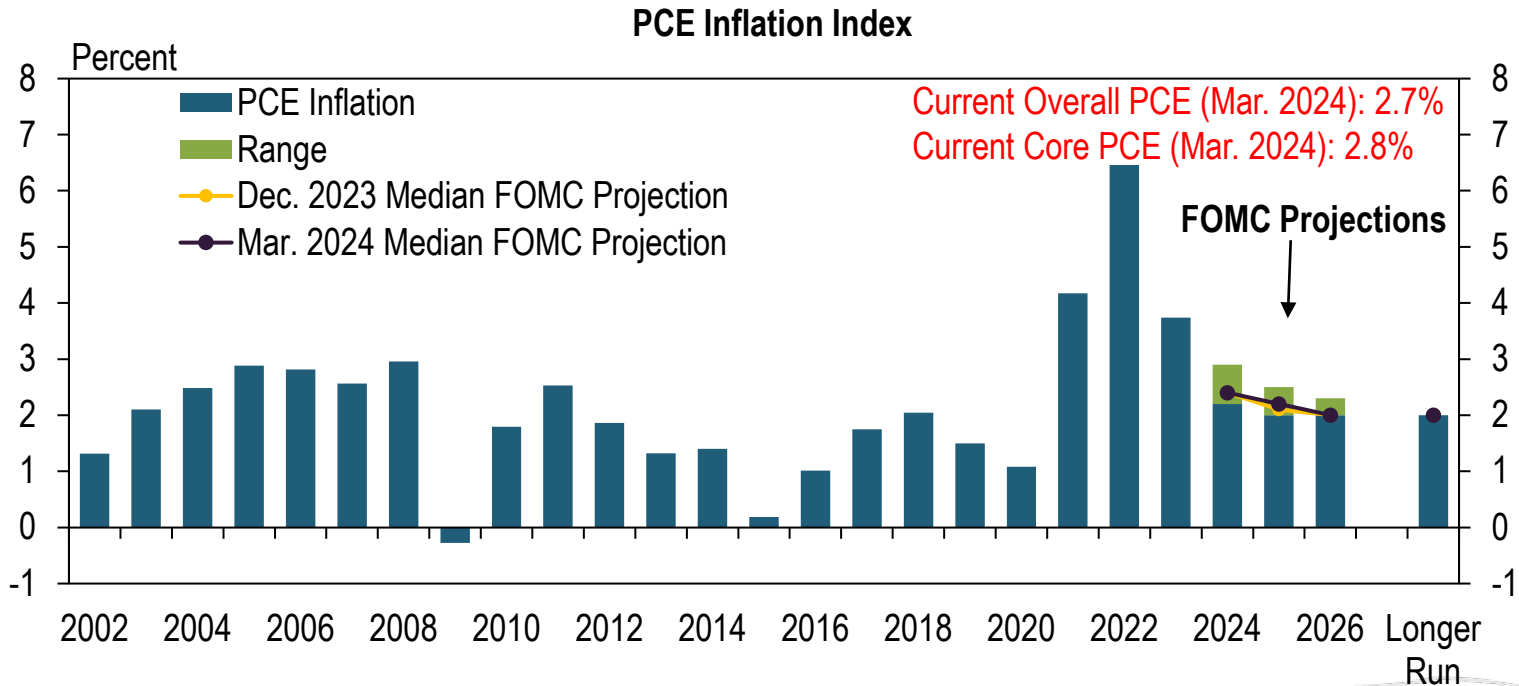


U.S. unemployment remains historically low and is projected to remain low in coming years

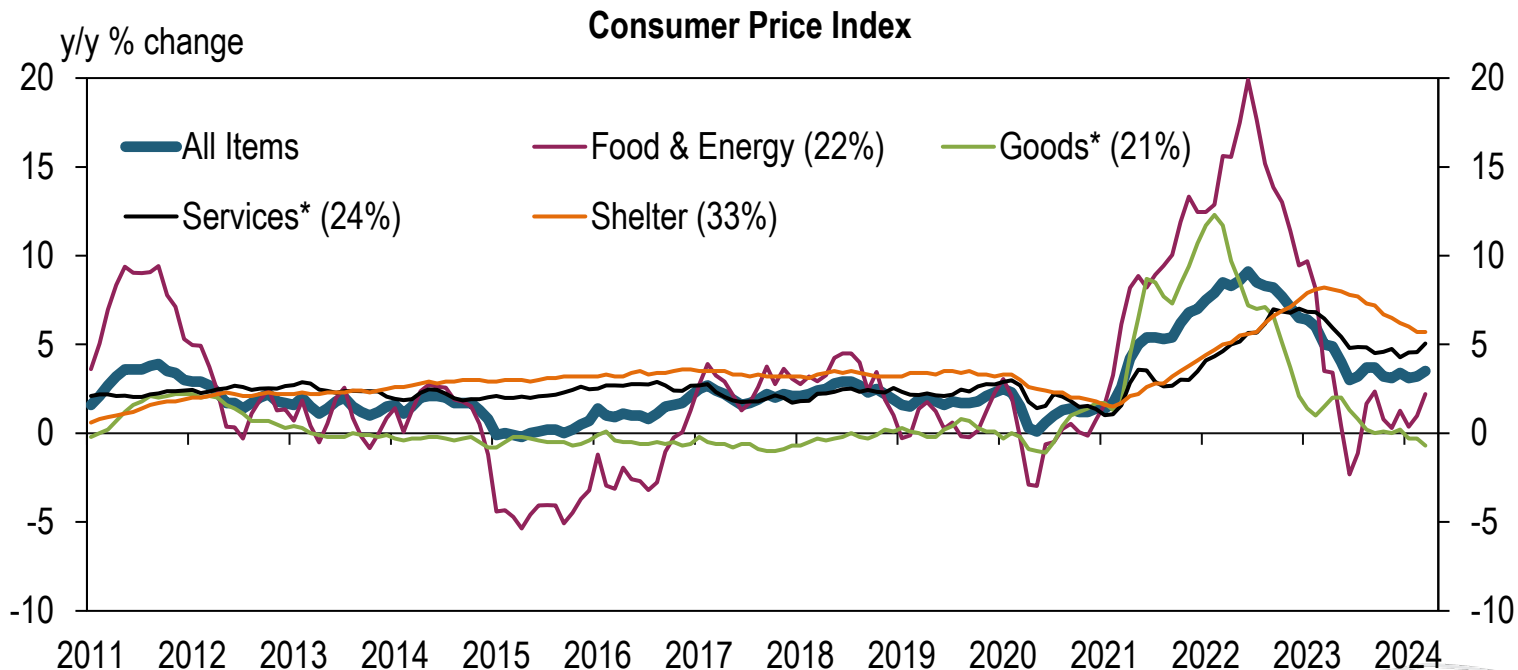
U.S. Unemployment Rate



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



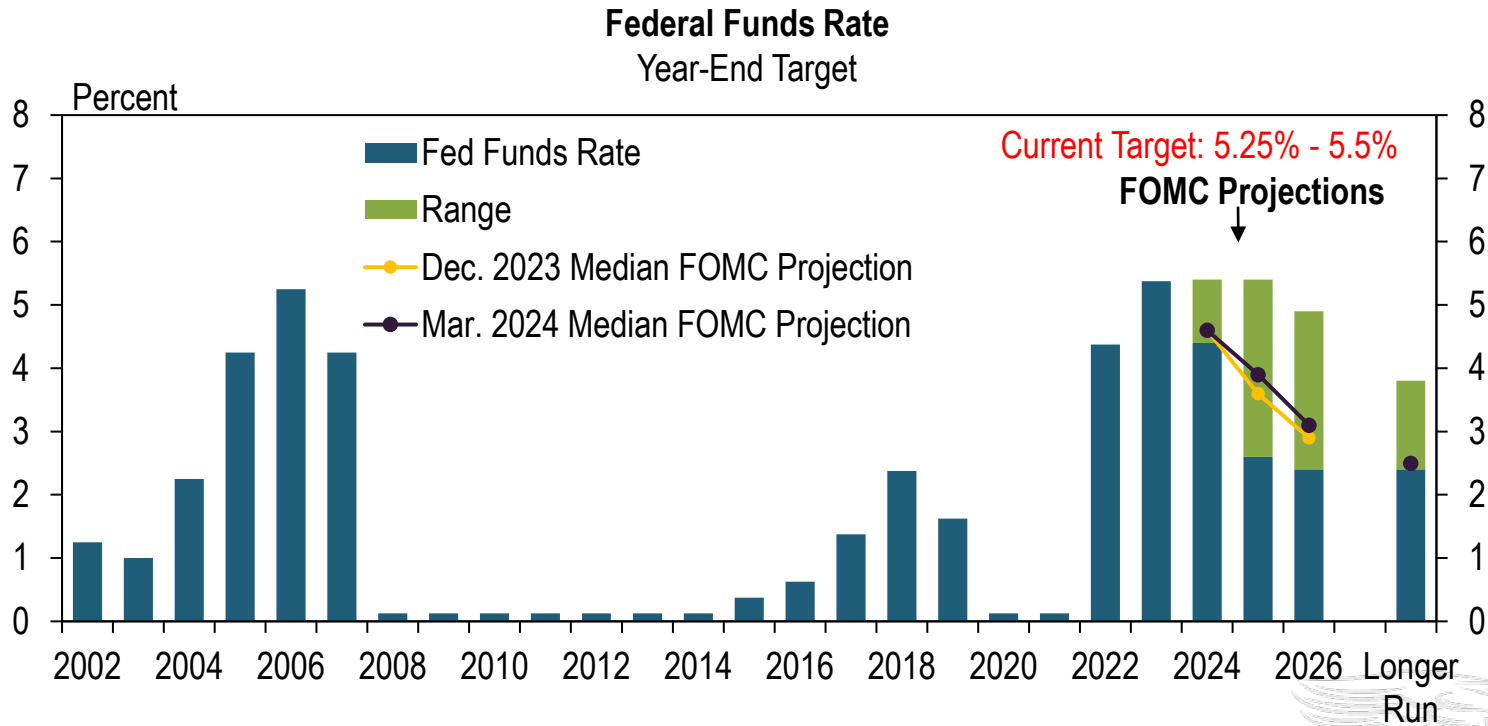
CPI inflation ticked up again to 3.5% in March, as goods prices fell but energy and services prices rose and shelter remains elevated



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

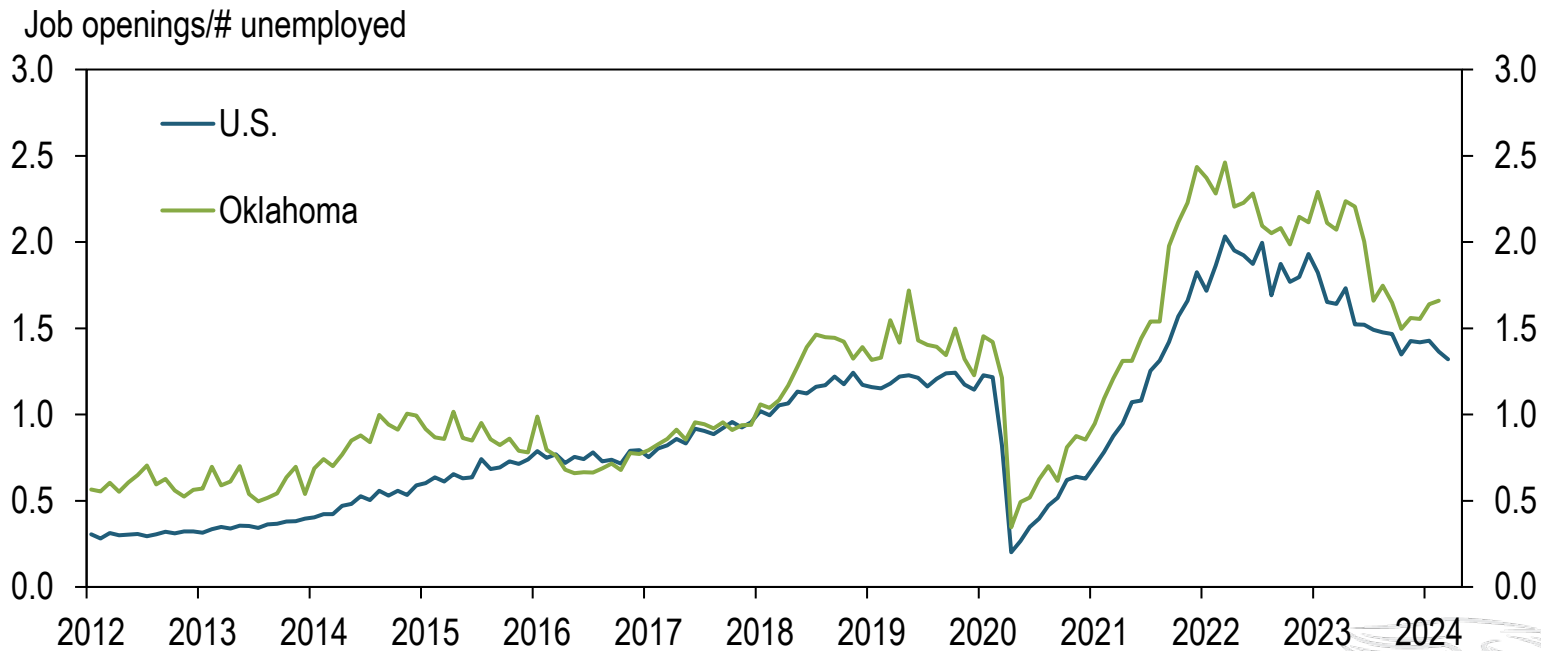


The Fed held the federal funds rate steady again in May, after raising future projections somewhat



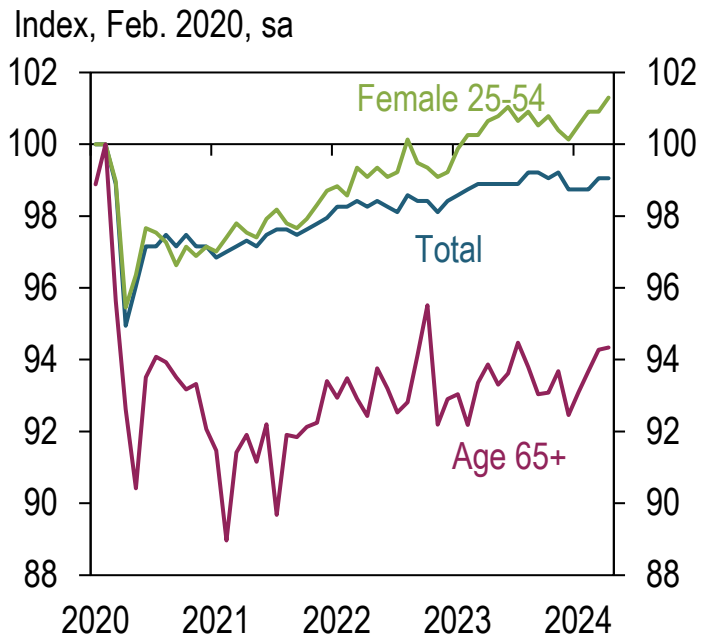
Job openings still exceed unemployed workers, but have returned to near pre-pandemic levels

Job Openings/Unemployment Ratio

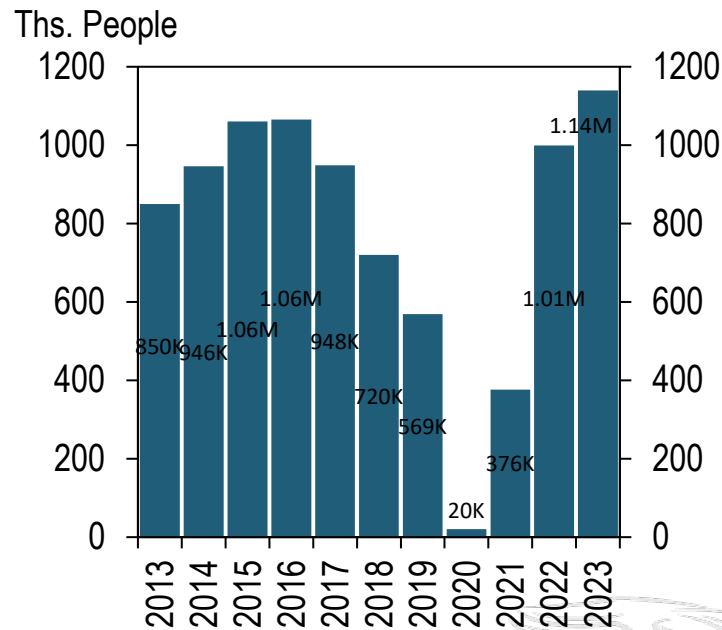


Labor force participation still lags, mostly due to older workers, while immigration rebounded last year after several low years

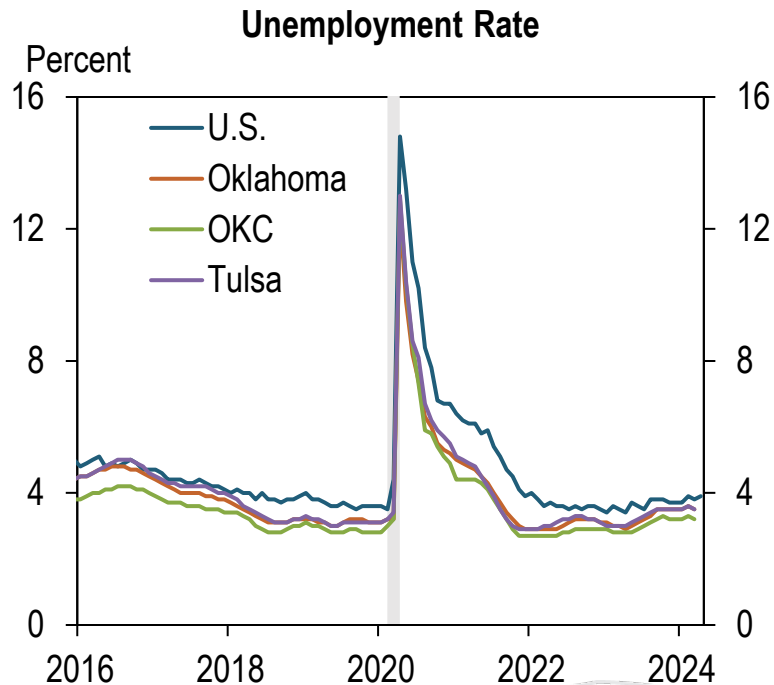
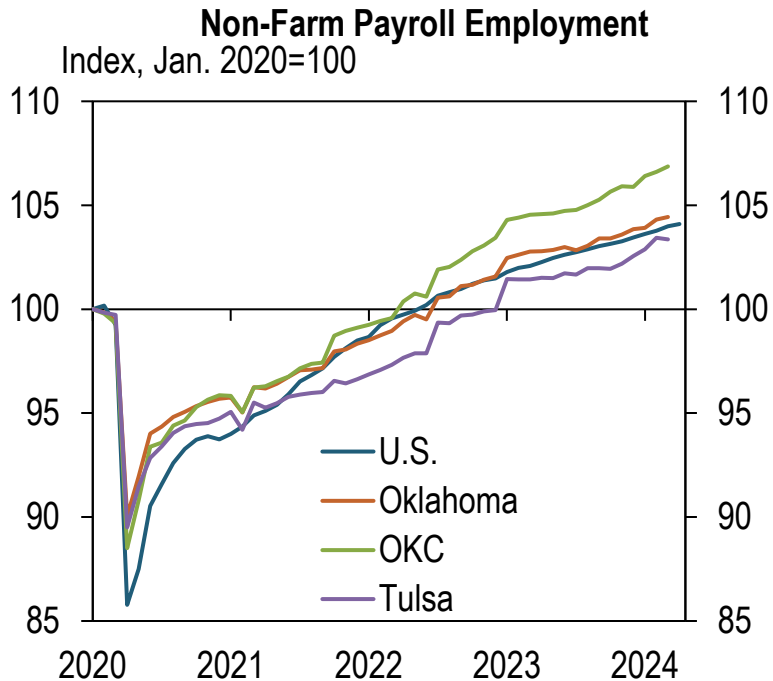
U.S. Labor Force Participation Rate



Net International Immigration to the U.S.

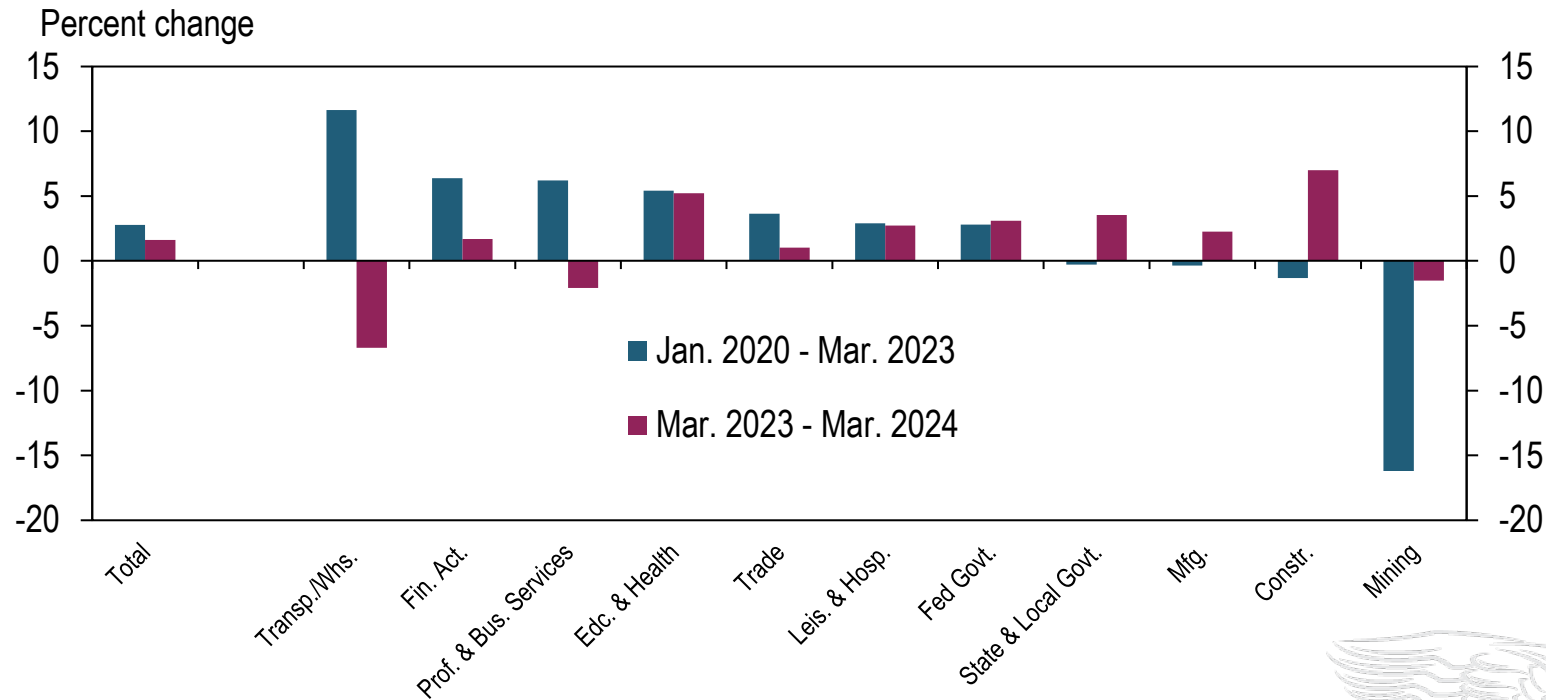


Jobs in Oklahoma have continued to grow in 2024, while unemployment remains very low



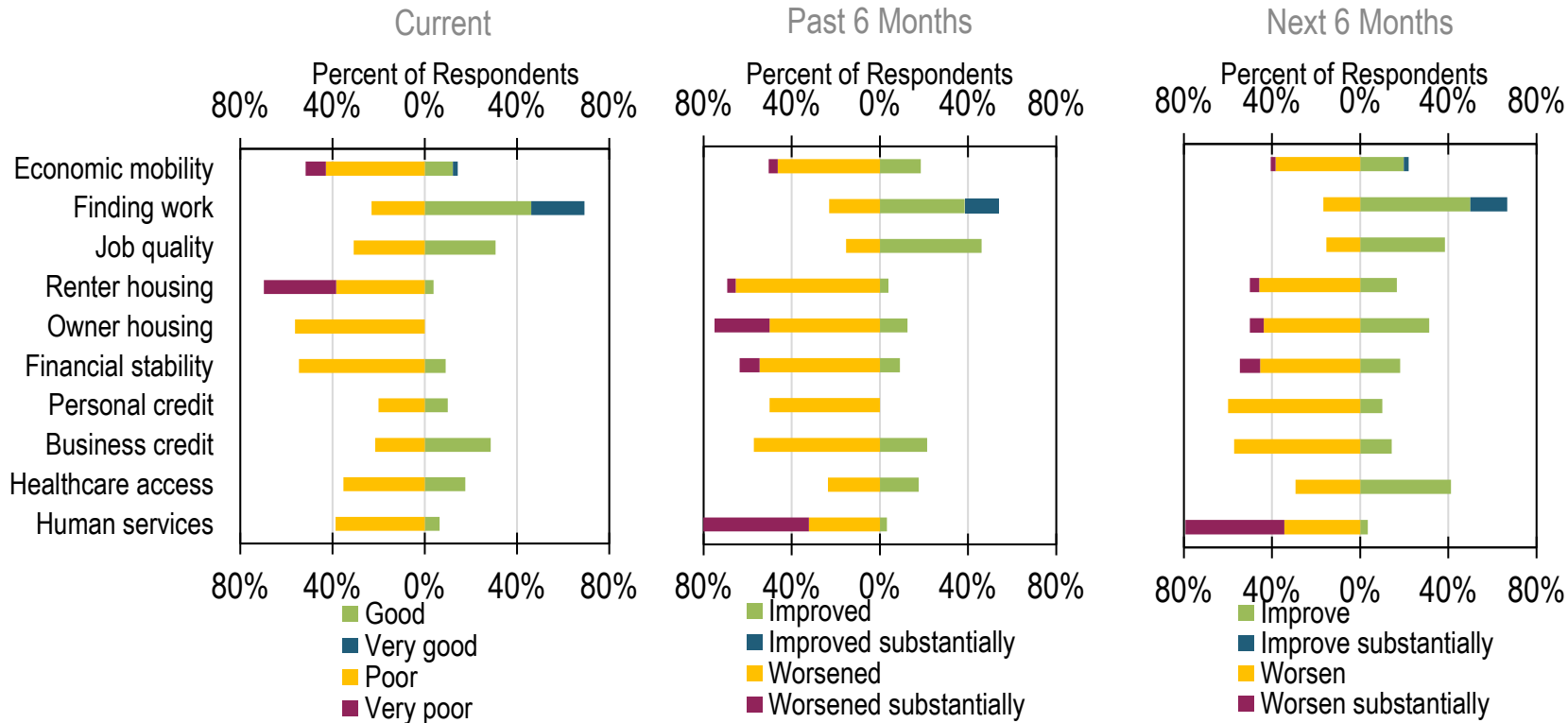
Most Oklahoma sectors added jobs over the past year, but job growth varies more relative to pre-pandemic levels

Oklahoma Job Growth by Industry



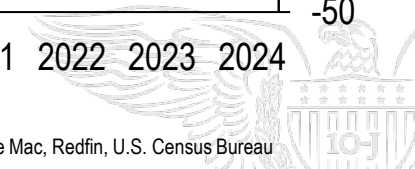
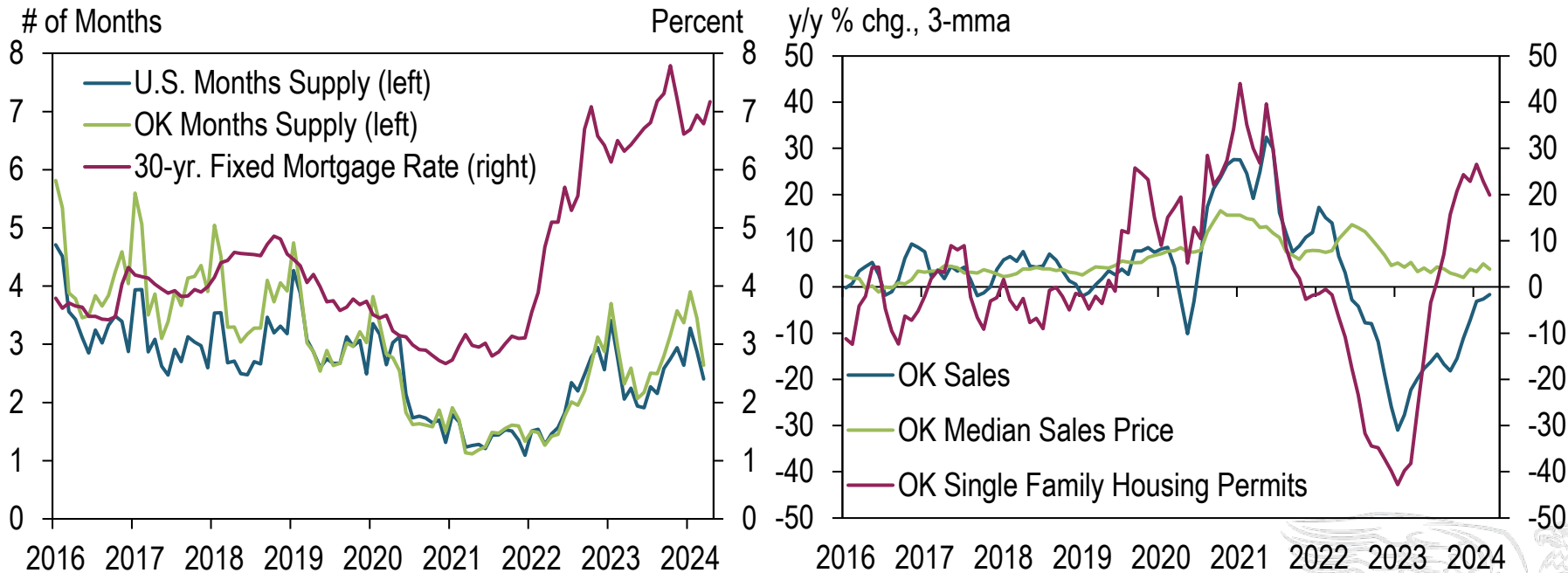
The ability to find work has been good for LMI communities and job quality has improved, but most other conditions have been poor

Tenth District Low- and Moderate-Income Community Conditions, Fall 2023



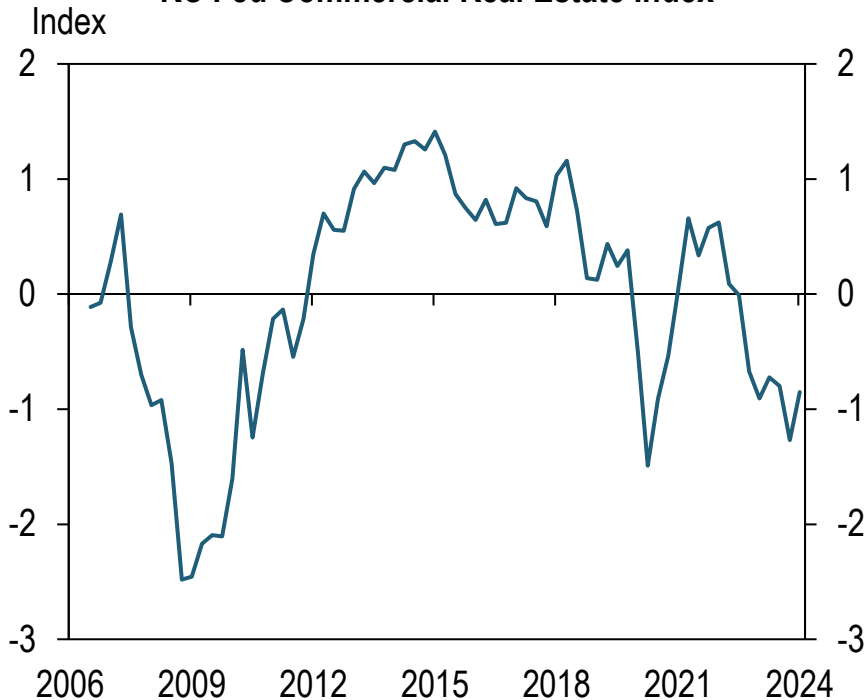
Oklahoma's housing market has slowed over the past two years, but supply has returned to pre-pandemic levels and demand is picking up

Oklahoma Housing Market Indicators

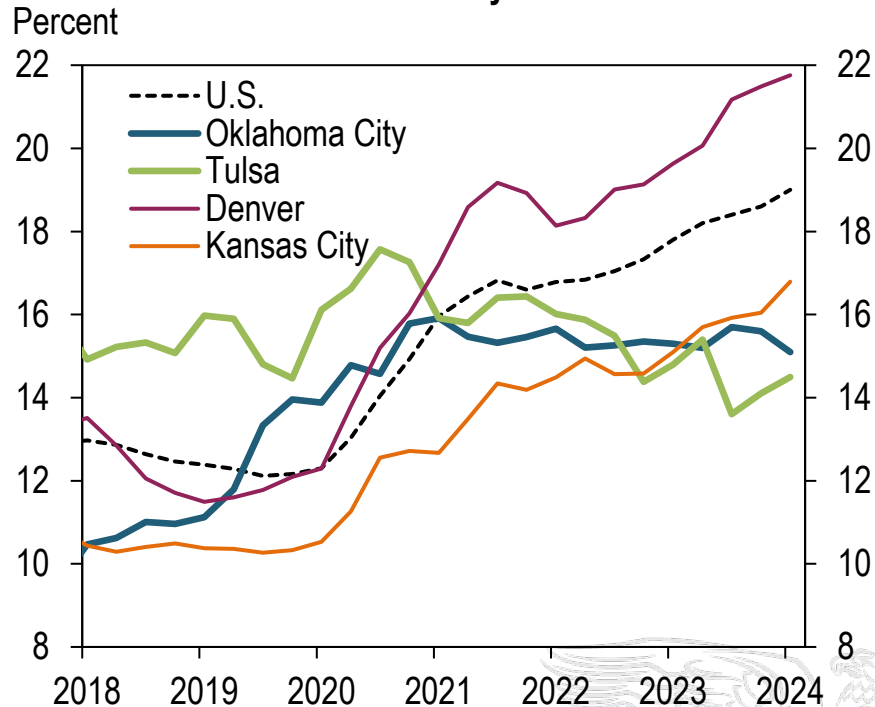


CRE activity has deteriorated in the region, but office vacancy rates in Oklahoma have not risen like in neighboring markets

KC Fed Commercial Real Estate Index

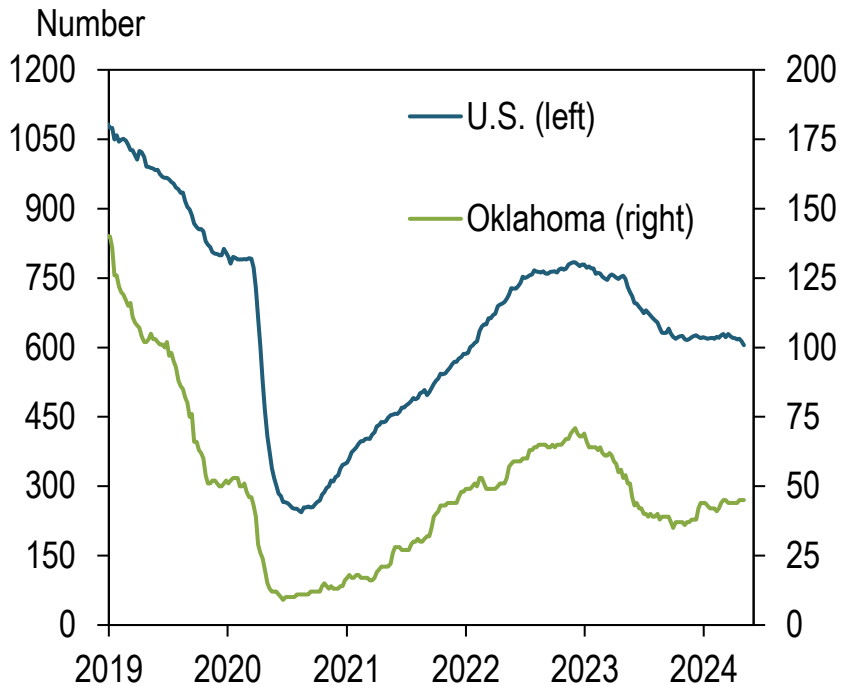


Office Vacancy Rates

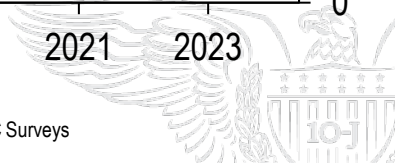
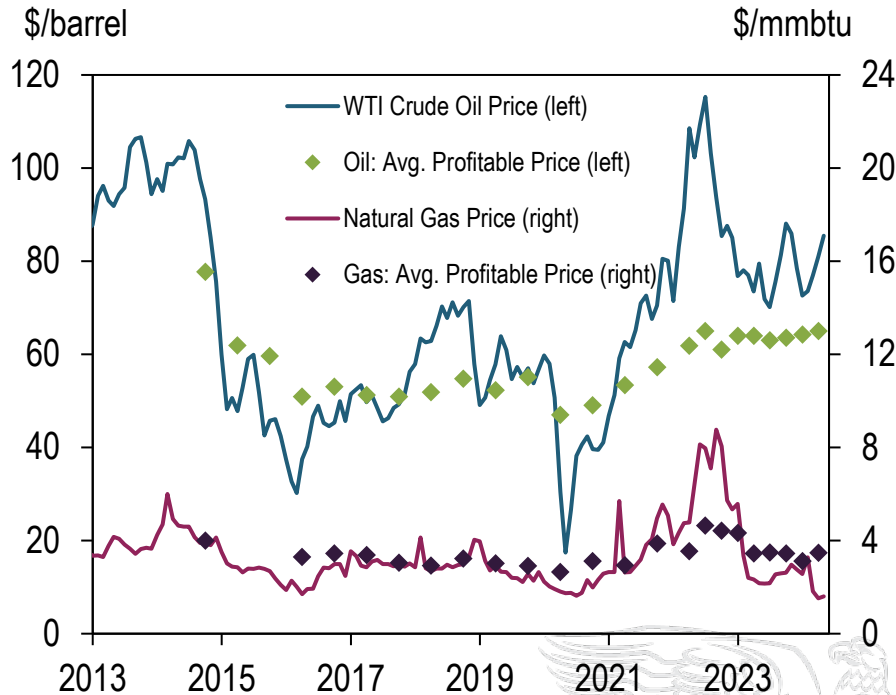


Oil and gas drilling has fallen in Oklahoma with lower profitability, even moreso than in the nation

Rig Counts

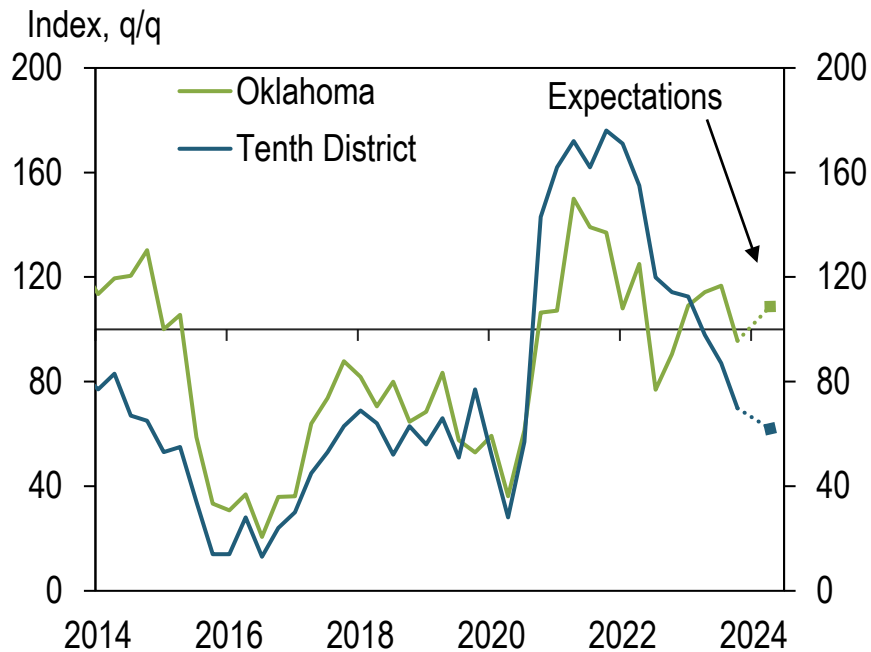


U.S. Energy Prices

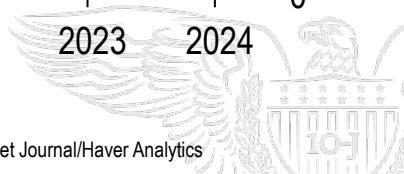
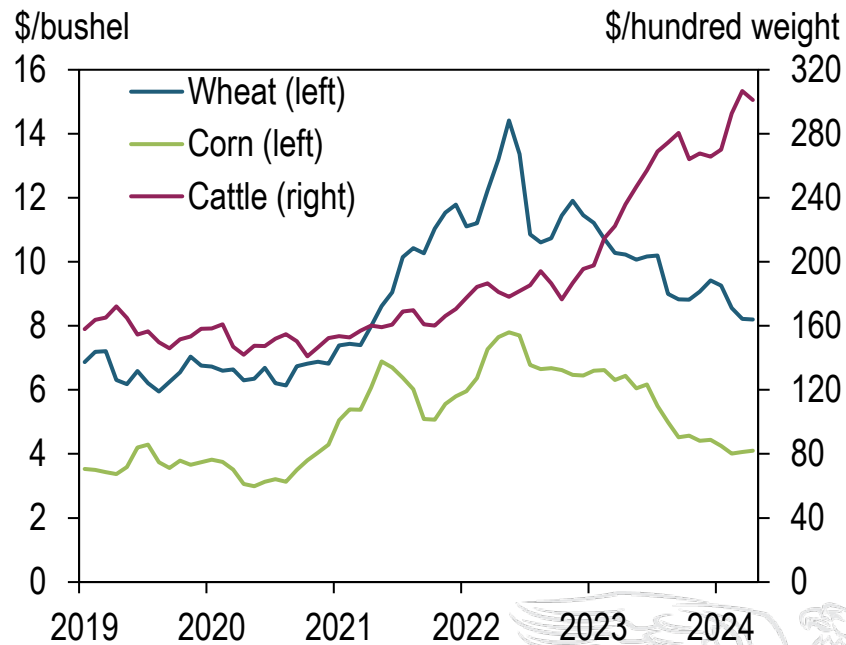


Oklahoma farm income declined less than border states in Q423, partially due to higher cattle prices

Farm Income

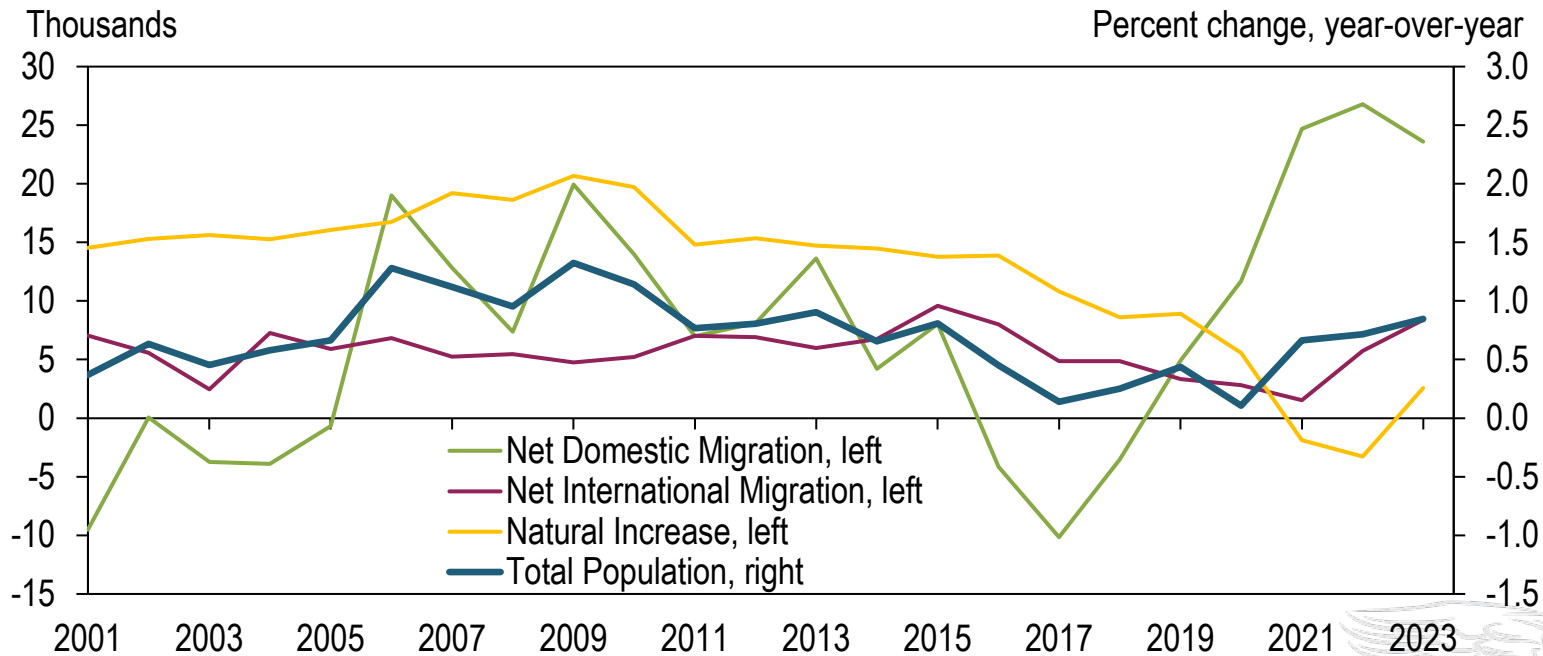


Agricultural Commodity Prices



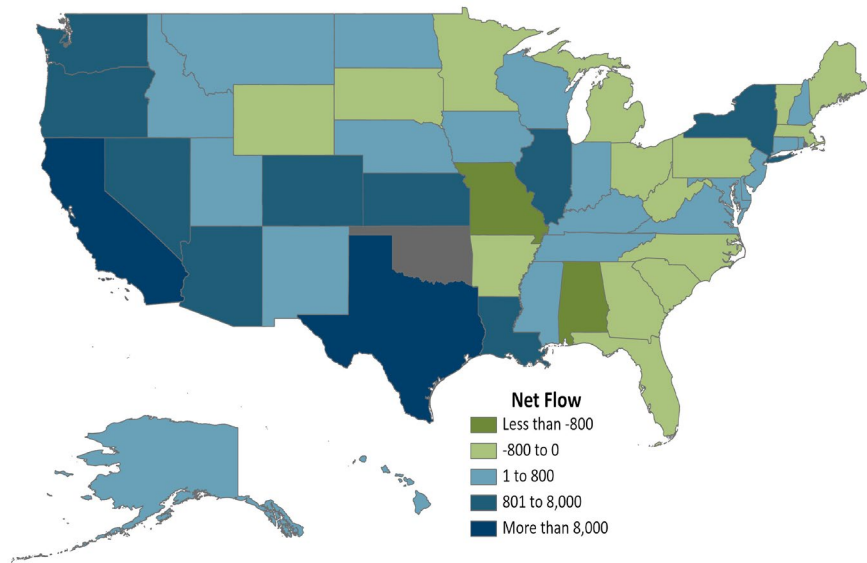
Oklahoma's population grew in 2023 again, primarily due to elevated domestic migration, but also with increases in other components

Oklahoma Population Change by Component

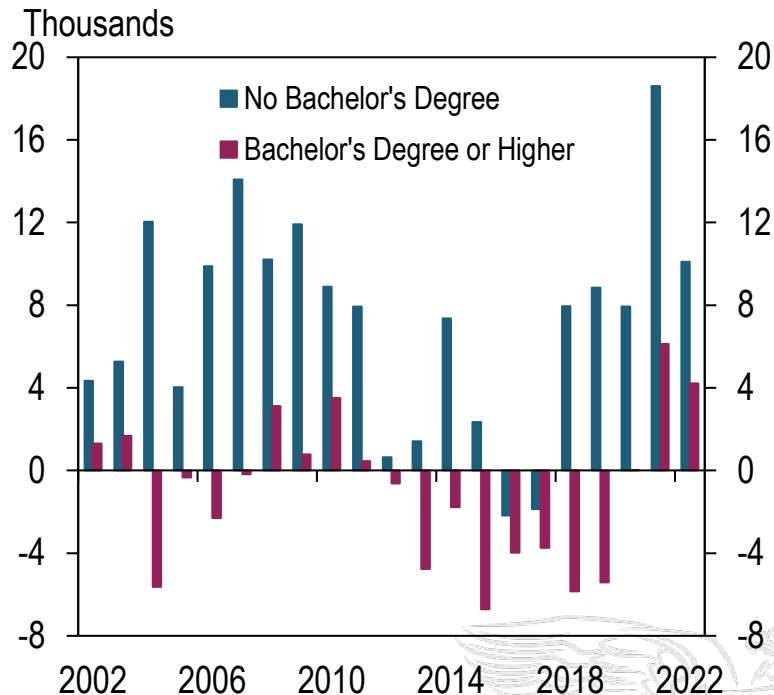


Almost all the migration to OK was from the western U.S., especially CA and TX, and the state had “brain gain” but has not yet made up losses from the 2010s

Migration to Oklahoma During 2020 - 2023



Oklahoma Net Domestic Migration by Education

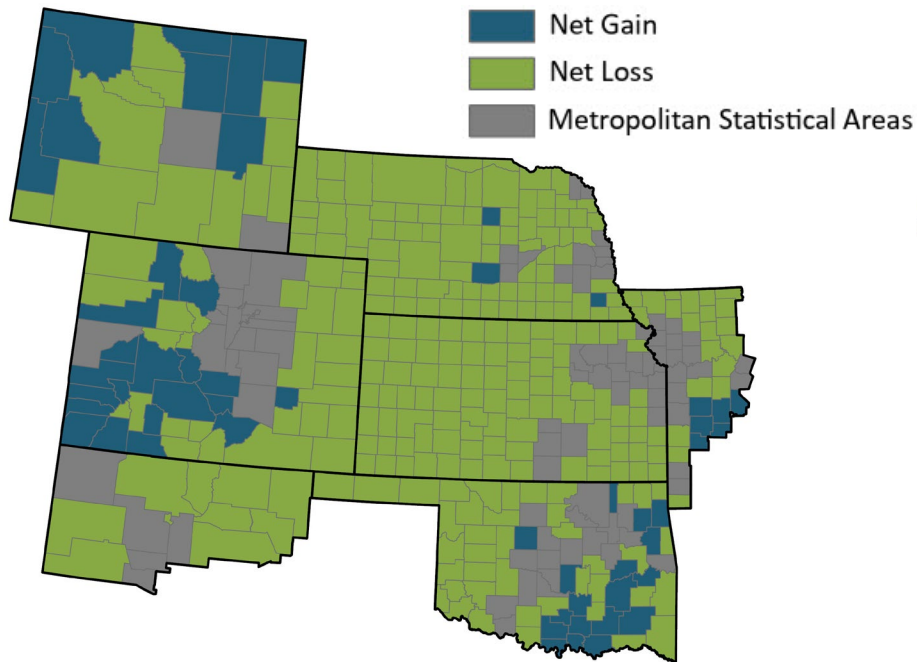


Note: Sample shown in map is limited to age 25+.

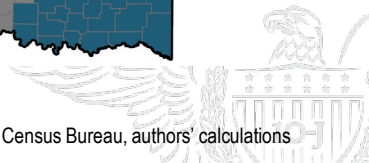
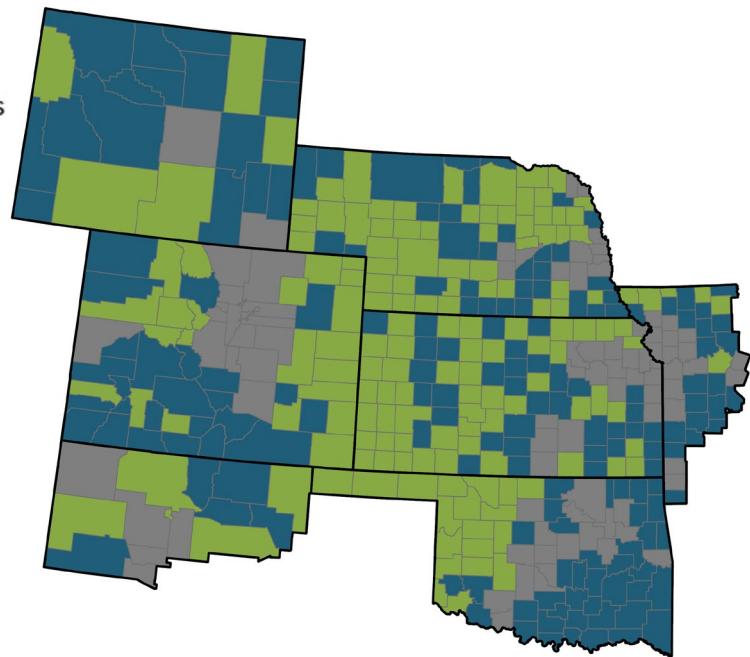
Sources: FRBNY CCP/Equifax, ACS 1-year estimates/IPUMS USA, University of Minnesota, www.ipums.org, authors' calculations

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

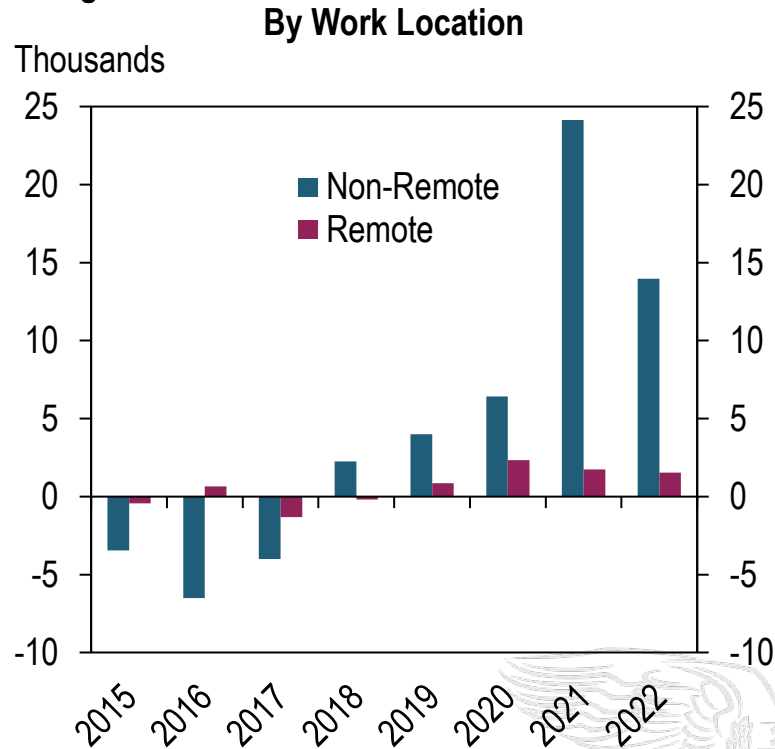
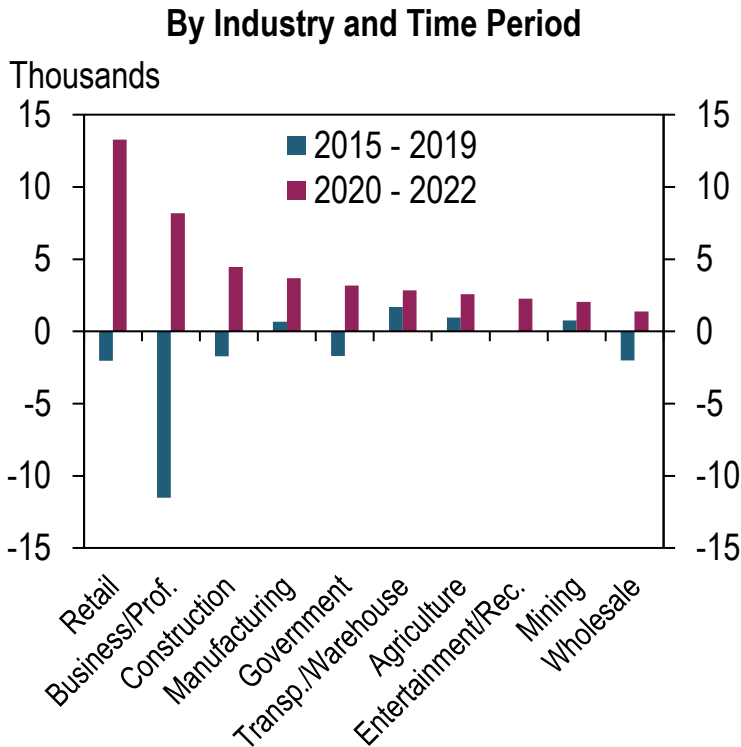


Net Domestic Migration, 2020 to 2023



All industries and occupations had a net gain of residents since 2020, reversing some previous trends, with most workers on-site

Oklahoma Net Domestic Migration



Summary

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Questions?

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