U.S. and Oklahoma Economic Outlook

Ardmore Economic Forum
June 18, 2024

Chad Wilkerson
SVP & Oklahoma City Branch Executive

*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
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 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, Atoka/Antlers
  - 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 Enterprises, Enid
Oklahomans on National and Regional Fed Advisory Councils

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

- **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 has slowed but 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, including to rural areas
U.S. GDP growth slowed in Q1, and employment growth has eased in Q2.
U.S. GDP growth is still expected to remain solid in 2024 and be around the longer-term trend in 2025 and 2026.

**Change in Real GDP**

- **Percent change**
  - Real GDP
  - Range
  - Mar. 2024 Median FOMC Projection
  - June 2024 Median FOMC Projection

**FOMC Projections**

- **Current (Q1 2024): 1.3%**

**Sources:** Bureau of Economic Analysis, FOMC

Note: Data and FOMC projections are for year-end.
U.S. unemployment remains historically low and is projected to remain low in coming years.

**U.S. Unemployment Rate**

Current (May 2024): 4.0%

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

Note: Data and FOMC projections are for year-end.
Although inflation has come down from 2022 peaks and is expected to fall further, it remains above longer-run levels.

Current Overall PCE (Apr. 2024): 2.7%
Current Core PCE (Apr. 2024): 2.8%

FOMC Projections

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

Sources: Bureau of Economic Analysis, FOMC
CPI inflation ticked down to 3.3% in May, as goods prices fell but energy prices rose while services and shelter remain elevated.
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.

Sources: BLS/Haver Analytics
The Fed held the federal funds rate steady again in May, after raising future projections slightly in June.

Federal Funds Rate
Year-End Target

Current Target: 5.25% - 5.5%

FOMC Projections

Mar. 2024 Median FOMC Projection
June 2024 Median FOMC Projection

Note: Data and FOMC projections are for year-end.
Sources: Bureau of Economic Analysis, FOMC
Job openings still exceed unemployed workers, but have returned to near pre-pandemic levels nationally.
The ability to find work has been good for lower income communities and job quality has improved, but most other conditions have been poor.

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**Tenth District Low- and Moderate-Income Community Conditions, 2nd Half 2023**

<table>
<thead>
<tr>
<th>Current</th>
<th>Next 6 Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of Respondents</td>
<td>Percent of Respondents</td>
</tr>
<tr>
<td>Economic mobility</td>
<td>Good</td>
</tr>
<tr>
<td>Finding work</td>
<td>Very good</td>
</tr>
<tr>
<td>Job quality</td>
<td>Poor</td>
</tr>
<tr>
<td>Renter housing</td>
<td>Poor</td>
</tr>
<tr>
<td>Owner housing</td>
<td>Poor</td>
</tr>
<tr>
<td>Financial stability</td>
<td>Poor</td>
</tr>
<tr>
<td>Personal credit</td>
<td>Poor</td>
</tr>
<tr>
<td>Business credit</td>
<td>Poor</td>
</tr>
<tr>
<td>Healthcare access</td>
<td>Poor</td>
</tr>
<tr>
<td>Human services</td>
<td>Poor</td>
</tr>
</tbody>
</table>

Source: FRBKC Community Conditions Survey
Jobs in Ardmore have nearly recovered from pandemic losses, and unemployment remains historically low.
Ardmore jobs are more concentrated in oil & gas, retail, and manufacturing than is the case for the nation

### Ardmore MSA Industry Location Quotients

<table>
<thead>
<tr>
<th>Industry</th>
<th>Q4 2023</th>
<th>Q4 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining, quarrying, and oil and gas extraction</td>
<td>12.4</td>
<td>10.9</td>
</tr>
<tr>
<td>Retail</td>
<td>1.8</td>
<td>1.3</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1.5</td>
<td>1.7</td>
</tr>
<tr>
<td>Transportation and warehousing</td>
<td>1.4</td>
<td>1.9</td>
</tr>
<tr>
<td>Utilities</td>
<td>1.4</td>
<td>1.3</td>
</tr>
<tr>
<td>Accommodation and food services</td>
<td>1.3</td>
<td>1.1</td>
</tr>
<tr>
<td>Real estate</td>
<td>1.1</td>
<td>0.7</td>
</tr>
<tr>
<td>Other services (except public administration)</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Health care and social assistance</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Wholesale</td>
<td>0.9</td>
<td>1.1</td>
</tr>
<tr>
<td>Construction</td>
<td>0.8</td>
<td>1.1</td>
</tr>
<tr>
<td>Agriculture, forestry, and fishing</td>
<td>0.8</td>
<td>0.6</td>
</tr>
<tr>
<td>Finance and insurance</td>
<td>0.8</td>
<td>0.7</td>
</tr>
<tr>
<td>Administrative and waste services</td>
<td>0.7</td>
<td>0.7</td>
</tr>
<tr>
<td>Public administration</td>
<td>0.7</td>
<td>1.0</td>
</tr>
<tr>
<td>Professional, scientific, and technical services</td>
<td>0.4</td>
<td>0.6</td>
</tr>
<tr>
<td>Information</td>
<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Arts, entertainment, and recreation</td>
<td>0.3</td>
<td>0.4</td>
</tr>
<tr>
<td>Education</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Management</td>
<td>0.1</td>
<td>0.1</td>
</tr>
</tbody>
</table>

Source: BLS QCEW
Most OK sectors added jobs over the past year but the pace of job growth has slowed, driven by less energy, transportation, and professional services activity.

Oklahoma Job Growth by Industry

Sources: U.S. Bureau of Labor Statistics/Haver Analytics
Home values spiked following the pandemic, but growth has eased with higher interest rates

Housing Market Indicators

- U.S. Home Value Growth (left)
- OK Home Value Growth (left)
- 30-Year Mortgage Rate (right)

Sources: Freddie Mac, Zillow/Haver Analytics
Much of south central Oklahoma has seen home value growth above the state average, and areas bordering Texas have higher values.

Typical Home Value Growth by County
Jan. 2020 to May 2024

Typical Home Value by County
May 2024

Source: Zillow
Oklahoma farm income grew in Q1 while it declined in border states, partially due to higher cattle prices.
Oklahoma’s population grew again in 2023, primarily due to elevated domestic migration, but also with increases in other components.

### Oklahoma Population Change by Component

- **Net Domestic Migration, left**
- **Net International Migration, left**
- **Natural Increase, left**
- **Total Population, right**

**Source:** U.S. Census Bureau
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.

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

Sources: FRBNY CCP/Equifax, U.S. Census Bureau
Since 2020, many non-metropolitan areas of Oklahoma and nearby states experienced net inflows of new residents for the first time in two decades.
Ardmore had a large inflow of new residents from other states since 2020, as well as from other parts of Oklahoma.
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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