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**
  - **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 Enterprises, Enid
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

Quarterly U.S. Economic Growth

Sources: BEA, BLS/Haver Analytics
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

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%

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

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.
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.
The Fed held the federal funds rate steady again in May, after raising future projections again in June.
The Fed also continues to reduce its balance sheet of high-quality securities, but diminished the planned pace in May.
Job openings still exceed unemployed workers, but have returned to near pre-pandemic levels nationally.

Source: Bureau of Labor Statistics
The ability to find work has been good for lower income communities and job quality has improved, but most other conditions have been poor.
Jobs in Oklahoma have continued to grow in 2024, while unemployment remains very low.
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.
Home values spiked following the pandemic, but growth has eased with higher interest rates

Sources: Freddie Mac, Zillow/Haver Analytics
CRE activity has deteriorated in the region, but office vacancy rates in Oklahoma have not risen like in neighboring markets.
Oil and gas drilling has fallen in Oklahoma as oil prices remain high, while natural gas prices have sunk this year.

**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
The oil & gas sector’s share of Oklahoma’s economic output has decreased somewhat over the past decade.
Oklahoma farm income grew in Q1 while it declined in border states, partially due to higher cattle prices.

Sources: FRBKC Ag Credit Survey, Wall Street Journal/Haver Analytics
Oklahoma’s population grew again in 2023, 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.

Migration to Oklahoma During 2020 - 2023

Oklahoma Net Domestic Migration

Thousands

Note: Sample shown in map is limited to age 25+.  
Sources: FRBNY CCP/Equifax, U.S. Census Bureau
Oklahoma also finally had net inflow of prime-age college graduates in recent years, and new residents have higher participation in the labor market.

**Net Domestic Migration by Educational Attainment**

- **Thousands**
- **2002** to **2022**
- **No Bachelor’s Degree**
- **Bachelor’s Degree or Higher**

**Average Labor Force Participation Rate**

- **Percent**
- **2002** to **2022**
- **In-migrants**
- **All Oklahomans**

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
Oklahoma has seen the largest change in net domestic migration of nurses, retail salespeople, and teachers since 2020

<table>
<thead>
<tr>
<th>Occupation</th>
<th>2020-2022</th>
<th>2015-2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nurses</td>
<td>3,043</td>
<td>-1,203</td>
<td>4,246</td>
</tr>
<tr>
<td>Retail Salespersons</td>
<td>2,151</td>
<td>-1,780</td>
<td>3,931</td>
</tr>
<tr>
<td>Postsecondary Teachers</td>
<td>1,682</td>
<td>-1,681</td>
<td>3,363</td>
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<tr>
<td>Elementary/Middle School Teachers</td>
<td>642</td>
<td>-2,441</td>
<td>3,083</td>
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<tr>
<td>Cashiers</td>
<td>2,475</td>
<td>-416</td>
<td>2,891</td>
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<tr>
<td>Administrative Assistants</td>
<td>1,116</td>
<td>-1,752</td>
<td>2,868</td>
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<tr>
<td>Computer Scientists/Web Developers</td>
<td>2,002</td>
<td>-454</td>
<td>2,456</td>
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<tr>
<td>Construction Managers</td>
<td>901</td>
<td>-1,281</td>
<td>2,182</td>
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<tr>
<td>Human Resources</td>
<td>1,373</td>
<td>-737</td>
<td>2,110</td>
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<tr>
<td>Designers</td>
<td>485</td>
<td>-1,453</td>
<td>1,938</td>
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<tr>
<td>Military</td>
<td>599</td>
<td>-957</td>
<td>1,556</td>
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<tr>
<td>Lawyers and Judges</td>
<td>-35</td>
<td>-1,292</td>
<td>1,365</td>
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<tr>
<td>Production Clerks</td>
<td>73</td>
<td>-1,292</td>
<td>1,365</td>
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<tr>
<td>Freight/Material Movers</td>
<td>5</td>
<td>-1,307</td>
<td>1,312</td>
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<tr>
<td>Construction Equipment Operators</td>
<td>1,051</td>
<td>-223</td>
<td>1,274</td>
</tr>
</tbody>
</table>

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.
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Questions?

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