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

• 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
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 Oklahoma Regional Alliance, Tahlequah
  - 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 positive 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.
U.S. unemployment remains historically low and is projected to remain low in coming years

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.

*Goods excluding Food; Services excluding Energy.
Note: Relative Importance as Share of CPI shown in parenthesis.
Wage growth is a key factor keeping services inflation high, and has come down moderately from recent highs.

**Wage Growth**

Note: Employment Cost Index data are interpolated between quarters.
The Fed held the federal funds rate steady again in May, after raising future projections again in June.

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.

Source: Bureau of Labor Statistics
Labor force participation still lags, mostly due to older workers, while immigration rebounded last year after several low years.
The ability to find work has been good for lower income communities and job quality has improved, but most other conditions have been poor.
Most Americans would not call the economy good or excellent, and their own financial well-being fell slightly last year and varies widely by income.

Financial Well-Being by Income (October 2023)

<table>
<thead>
<tr>
<th>Family Income</th>
<th>2019</th>
<th>2023</th>
<th>2019</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $25,000</td>
<td>44</td>
<td>46</td>
<td>35</td>
<td>40</td>
</tr>
<tr>
<td>$25,000 to $49,999</td>
<td>63</td>
<td>57</td>
<td>58</td>
<td>58</td>
</tr>
<tr>
<td>$50,000 to $99,999</td>
<td>78</td>
<td>74</td>
<td>75</td>
<td>75</td>
</tr>
<tr>
<td>$100,000 or more</td>
<td>91</td>
<td>91</td>
<td>90</td>
<td>92</td>
</tr>
</tbody>
</table>

*Note: This percent includes those who would cover expense with cash and those who would pay off their credit card statement at the end of the month.

Source: Survey of Household Economics and Decision Making, Federal Reserve Board (released May 2024)
Job recovery in Northeast Oklahoma has caught up to the state and nation, but unemployment is higher than average in some areas.

Non-Farm Payroll Employment

Unemployment Rate by County, April 2024

Source: U.S. Bureau of Labor Statistics
Northeast Oklahoma jobs are more concentrated in oil & gas, public administration, utilities, and manufacturing than the state and nation.

<table>
<thead>
<tr>
<th>Industry</th>
<th>NORA Region</th>
<th>Oklahoma</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining, quarrying, and oil and gas extraction</td>
<td>5.7</td>
<td>4.8</td>
</tr>
<tr>
<td>Public administration</td>
<td>2.7</td>
<td>1.5</td>
</tr>
<tr>
<td>Utilities</td>
<td>2.2</td>
<td>1.7</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1.6</td>
<td>1.0</td>
</tr>
<tr>
<td>Retail</td>
<td>1.5</td>
<td>1.1</td>
</tr>
<tr>
<td>Agriculture, forestry, and fishing</td>
<td>1.3</td>
<td>0.7</td>
</tr>
<tr>
<td>Construction</td>
<td>1.2</td>
<td>1.0</td>
</tr>
<tr>
<td>Accommodation and food service</td>
<td>1.1</td>
<td>1.1</td>
</tr>
<tr>
<td>Other services (except public administration)</td>
<td>0.9</td>
<td>0.8</td>
</tr>
<tr>
<td>Transportation and warehousing</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>Administrative and waste services</td>
<td>0.8</td>
<td>1.0</td>
</tr>
<tr>
<td>Finance and insurance</td>
<td>0.7</td>
<td>0.8</td>
</tr>
<tr>
<td>Health care and social assistance</td>
<td>0.7</td>
<td>0.9</td>
</tr>
<tr>
<td>Real estate</td>
<td>0.7</td>
<td>0.9</td>
</tr>
<tr>
<td>Wholesale</td>
<td>0.6</td>
<td>0.9</td>
</tr>
<tr>
<td>Arts, entertainment, and recreation</td>
<td>0.6</td>
<td>1.4</td>
</tr>
<tr>
<td>Information</td>
<td>0.6</td>
<td>0.6</td>
</tr>
<tr>
<td>Education</td>
<td>0.5</td>
<td>1.0</td>
</tr>
<tr>
<td>Professional, scientific, and technical services</td>
<td>0.3</td>
<td>0.7</td>
</tr>
<tr>
<td>Management</td>
<td>0.1</td>
<td>0.8</td>
</tr>
</tbody>
</table>
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.
Oil and gas drilling has fallen in Oklahoma as oil prices remain high while natural gas prices have sunk this year.

Source: Baker Hughes, EIA/Haver Analytics, FRBKC Surveys
Oklahoma farm income grew in Q1 while it declined in border states, partially due to higher cattle prices.
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 northeast Oklahoma has seen home value growth above the state average, and some northeast areas have higher home values too.

**Typical Home Value by County**

- May 2024

**Typical Home Value Growth by County**

- Jan. 2020 to May 2024

---

Source: Zillow
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**

![Map showing net migration to Oklahoma](image)

![Graph showing net migration by region](image)

**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.

**Net Domestic Migration, 2000 to 2020**

**Net Domestic Migration, 2020 to 2023**

Sources: U.S. Census Bureau, authors’ calculations
All of northeast Oklahoma had population growth and net domestic in-migration since 2020, including some counties with the fastest inflows.
All industries had a net gain of residents since 2020, reversing some previous trends, and most new workers do not work remotely.
• U.S. economic growth has slowed but remains positive 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
RECEIVE REGULAR UPDATES ABOUT

Oklahoma’s economy

For more analysis of the Oklahoma economy, regional manufacturing conditions and regional energy conditions, subscribe to receive e-mail alerts from the KANSAS CITY FED.

Visit kansascityfed.org/ealert to subscribe!