

# U.S. and Oklahoma Economic Outlook

*Oklahoma City Commercial Developers Association*

*November 20, 2024*

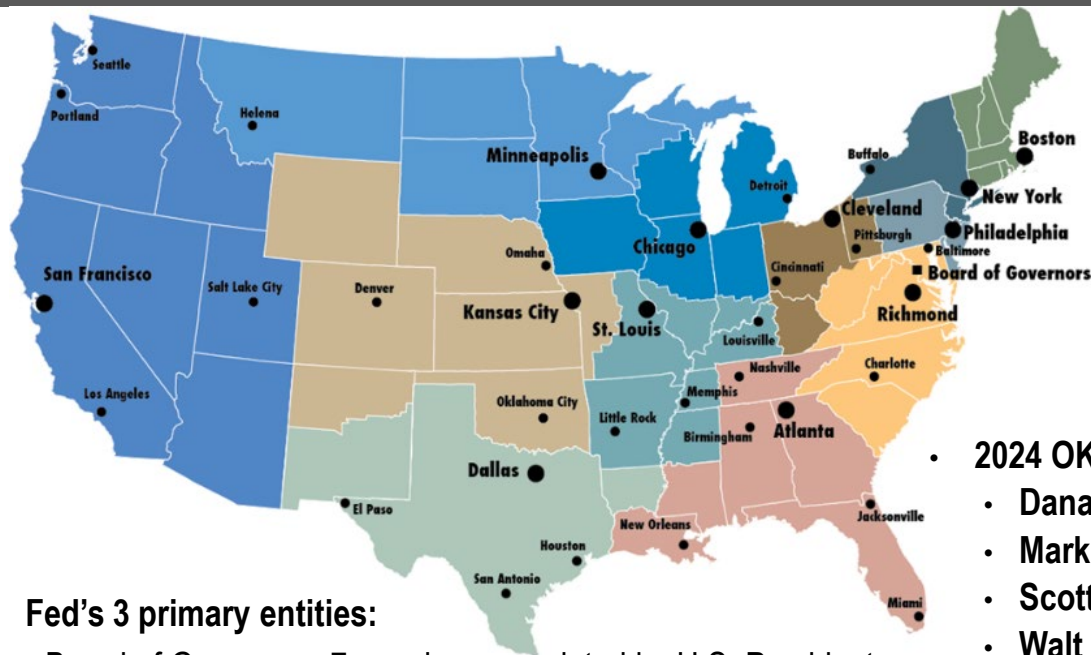


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SVP & Oklahoma City Branch Executive



\*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.

# Structure & Functions of the Federal Reserve



## Fed's 5 primary responsibility areas:

- Monetary policy
- Financial system stability
- Bank supervision & regulation
- Payment system safety & efficiency
- Consumer protection & community development

## • 2024 OKC Branch Board of Directors

- **Dana Weber (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

## Fed's 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

## Overview

- U.S. economic growth has slowed but remains solid in 2024, and unemployment is up slightly but remains near long-term averages
- Inflation has come down to near 2%, and the Fed has lowered interest rates
- 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

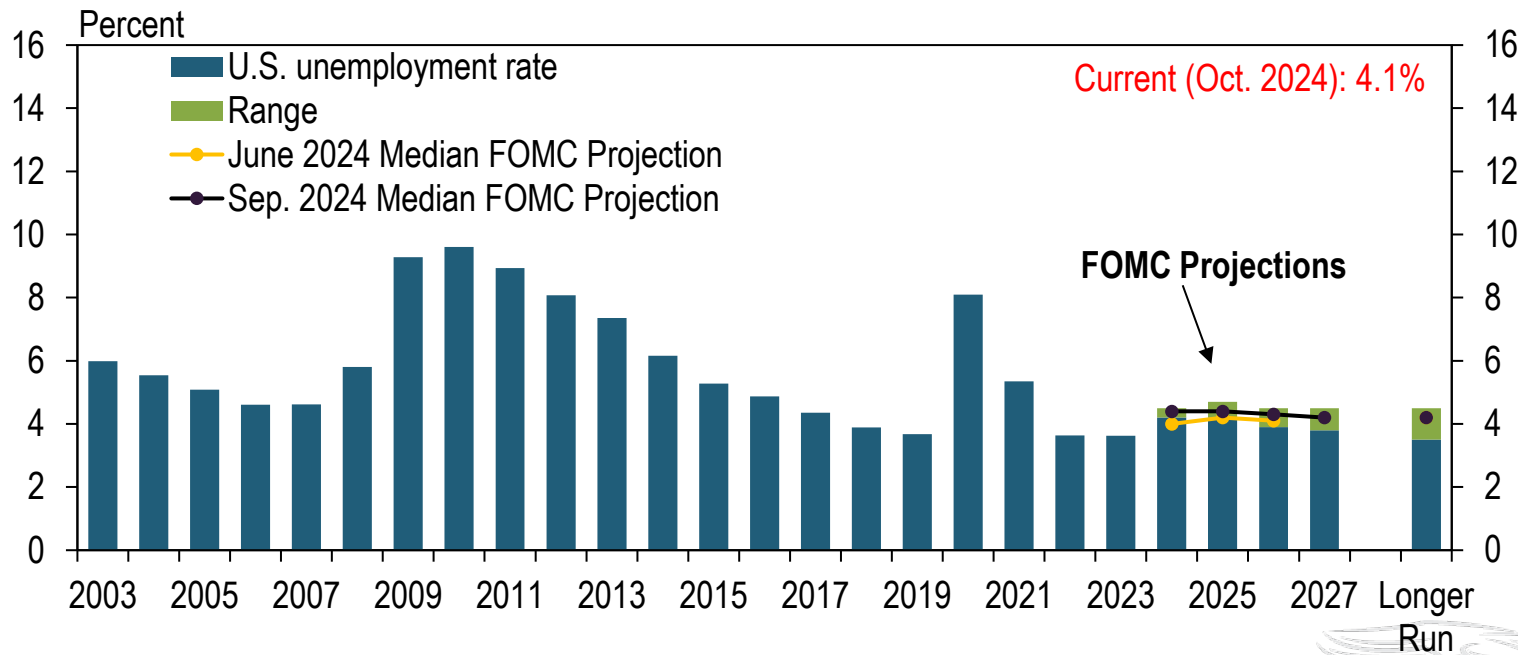


# U.S. GDP continues to grow while employment growth has cooled

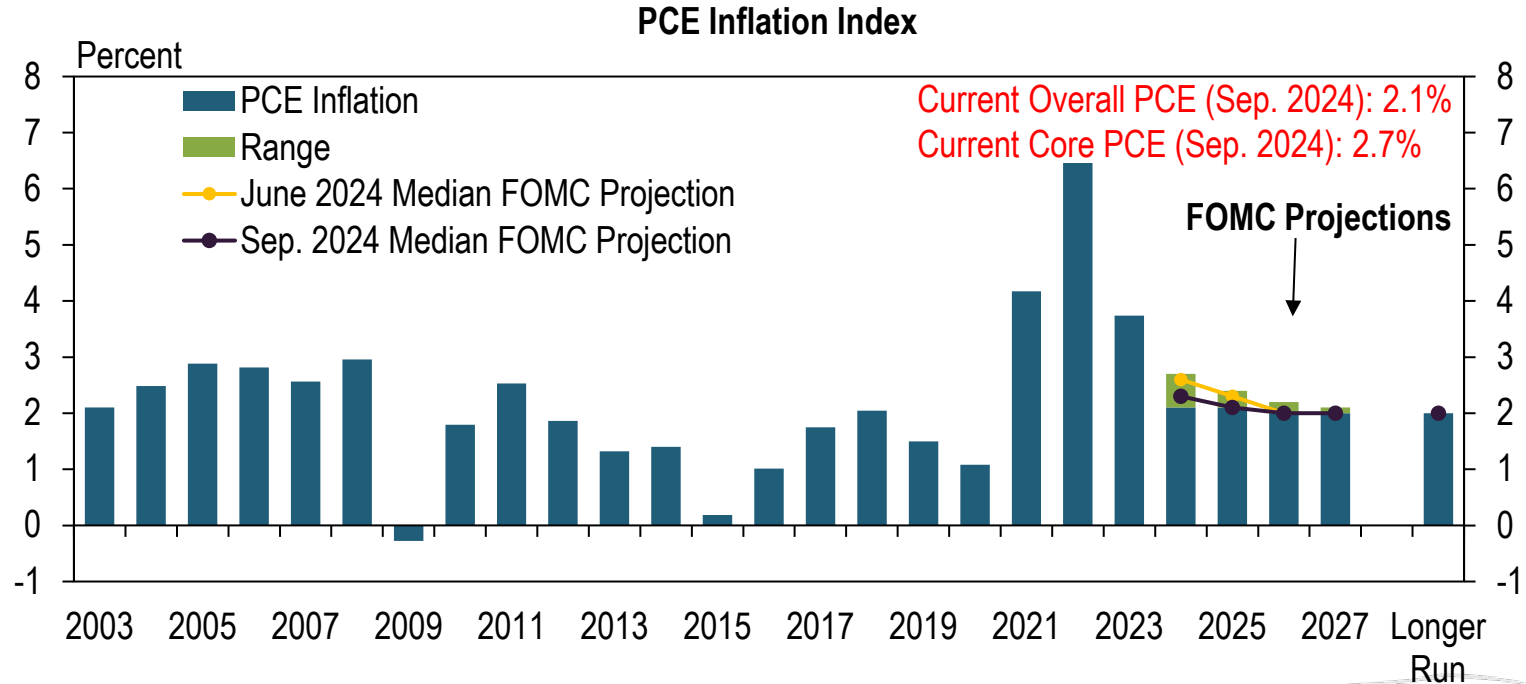


# U.S. unemployment remains historically low and is projected to remain low in coming years

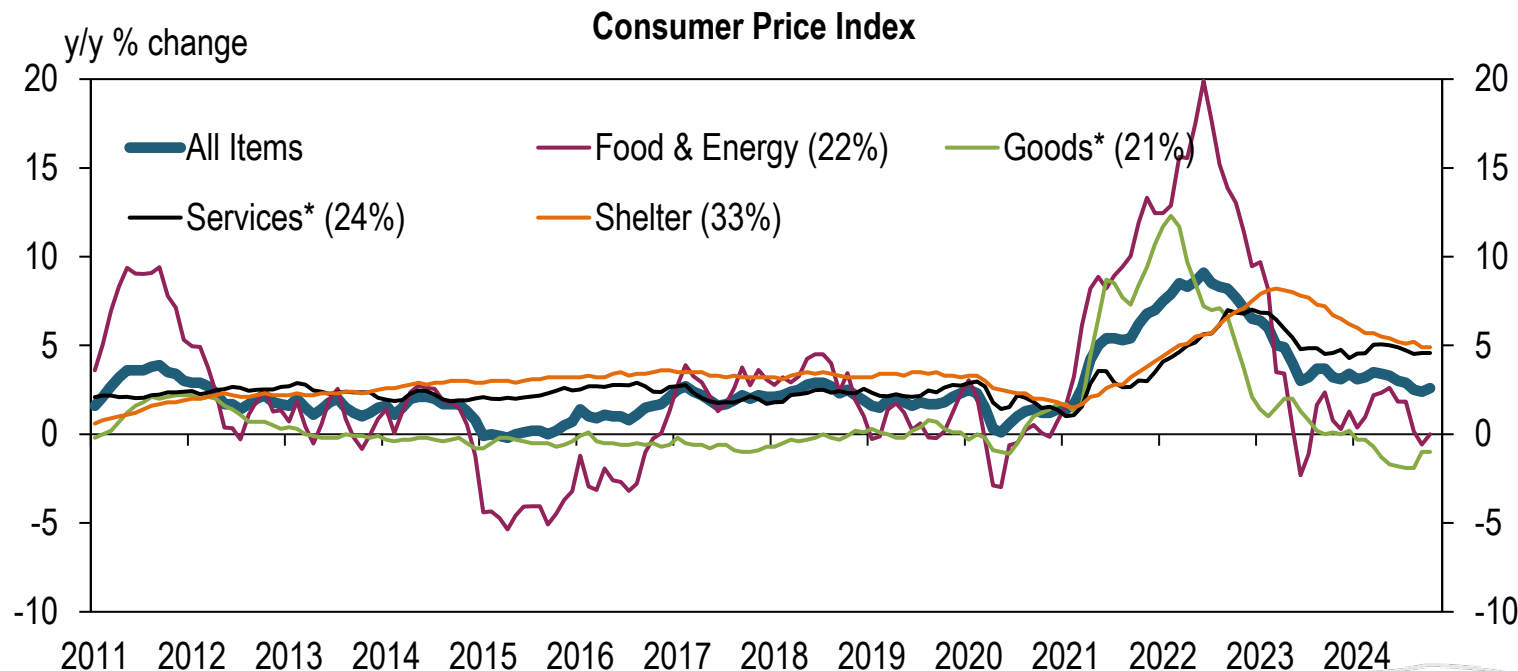
## U.S. Unemployment Rate



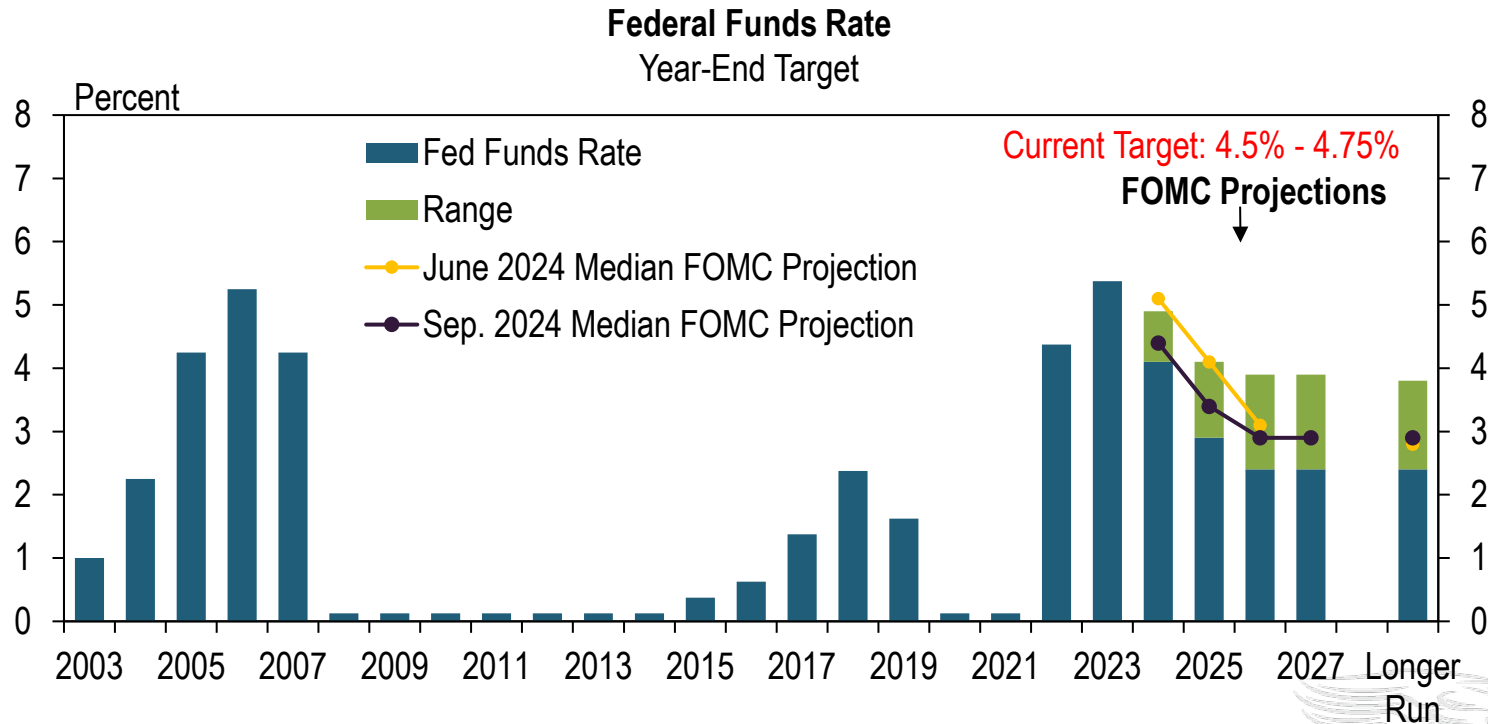
Although inflation has come down from 2022 peaks and is expected to fall further, it remains slightly above long-run levels



# CPI inflation ticked up to 2.6% in October, as goods and commodity prices fell while services and shelter remain elevated

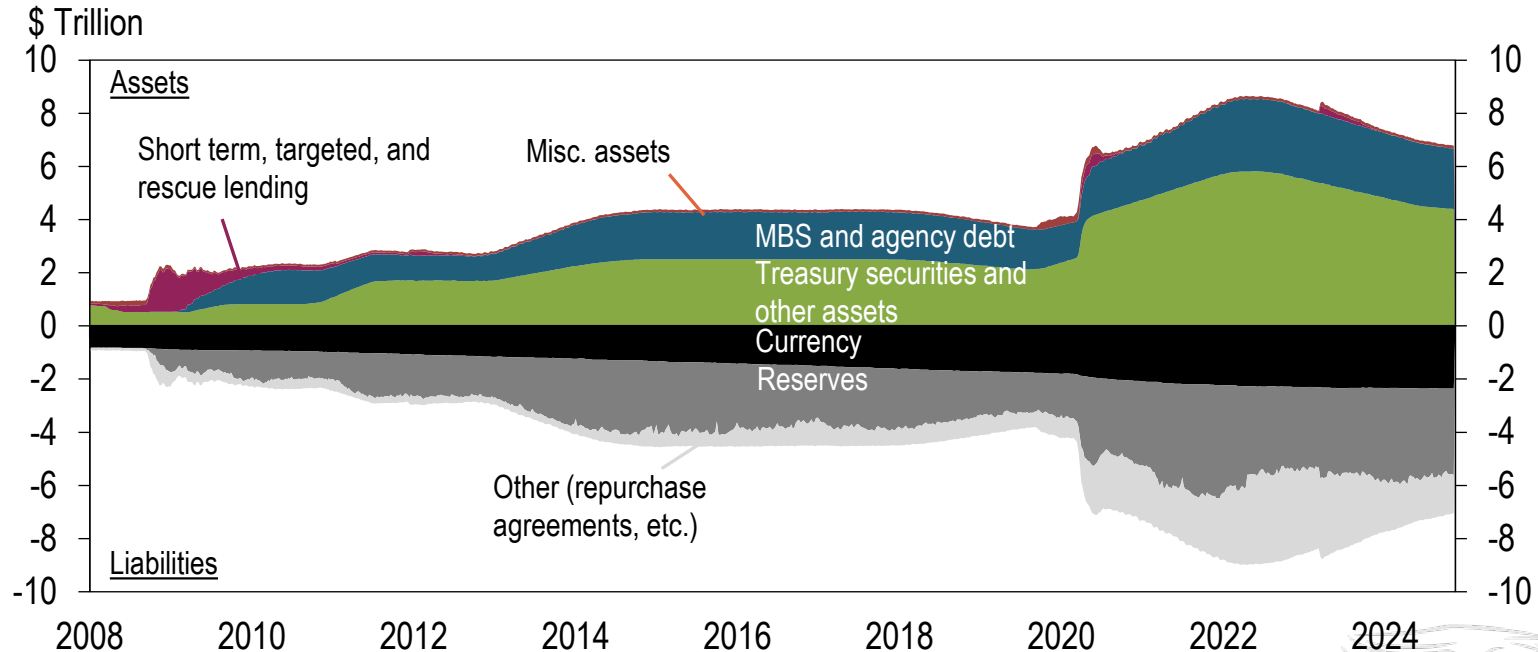


# The Fed lowered the federal funds rate again in September, and the latest projections are shown



The Fed also continues to reduce its balance sheet of high-quality securities, but diminished the planned pace in May

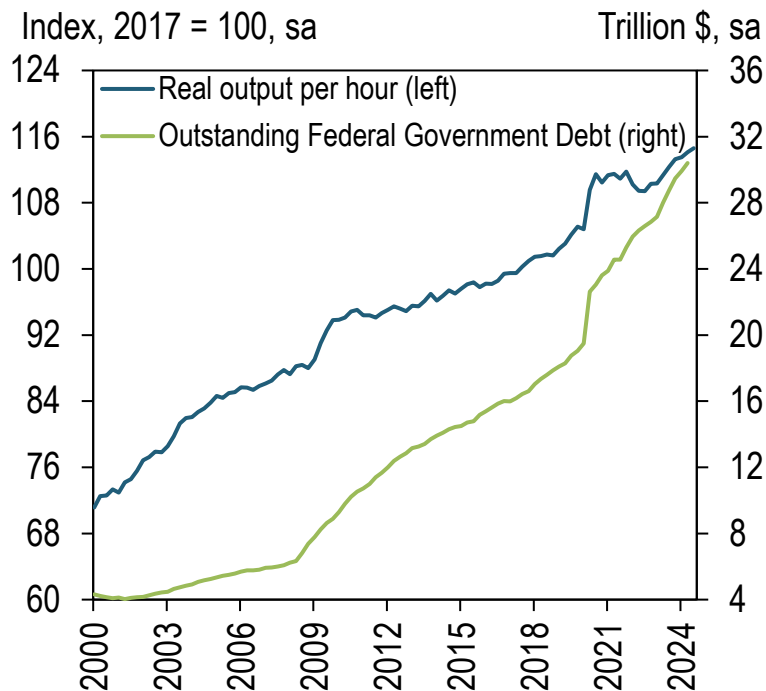
**Federal Reserve Balance Sheet**



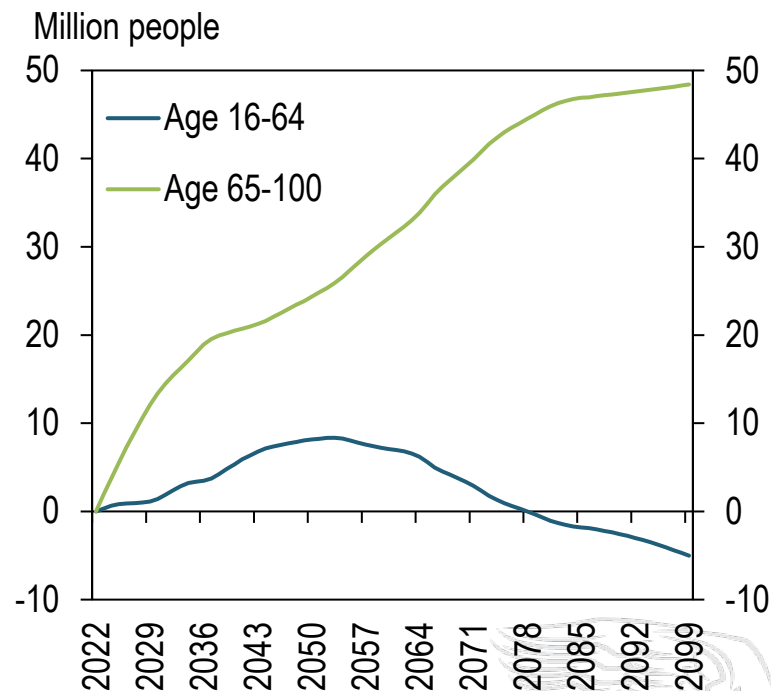
Source: Federal Reserve Board

# Long-term, productivity and government debt could push interest rates higher, but demographic trends could push them lower

## U.S. Productivity and Debt

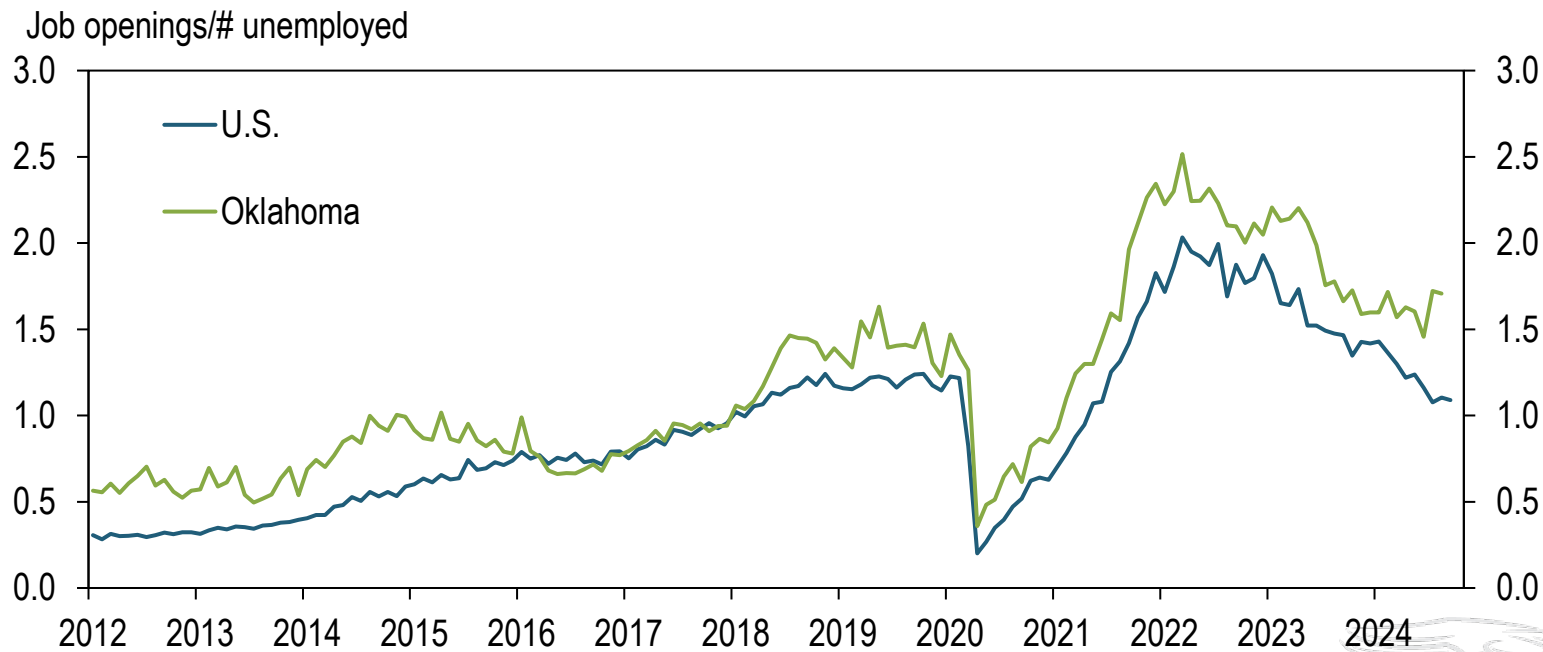


## U.S. Projected Population Change from 2022

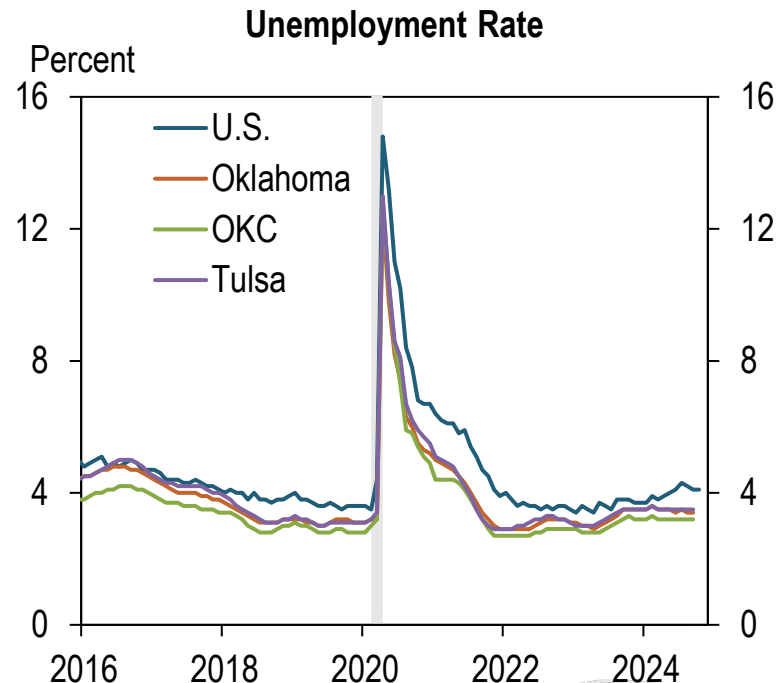
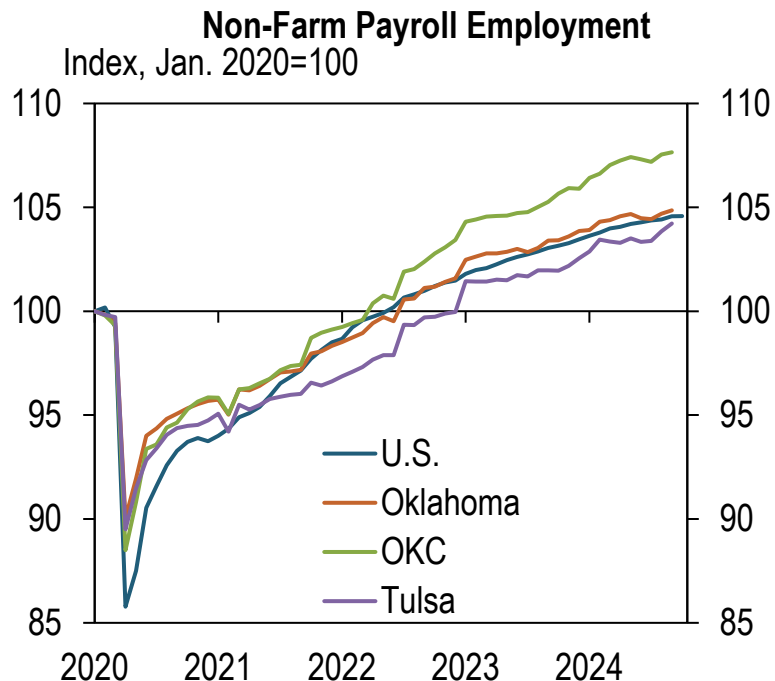


# Job openings still exceed unemployed workers, but have returned to pre-pandemic levels

## Job Openings/Unemployment Ratio

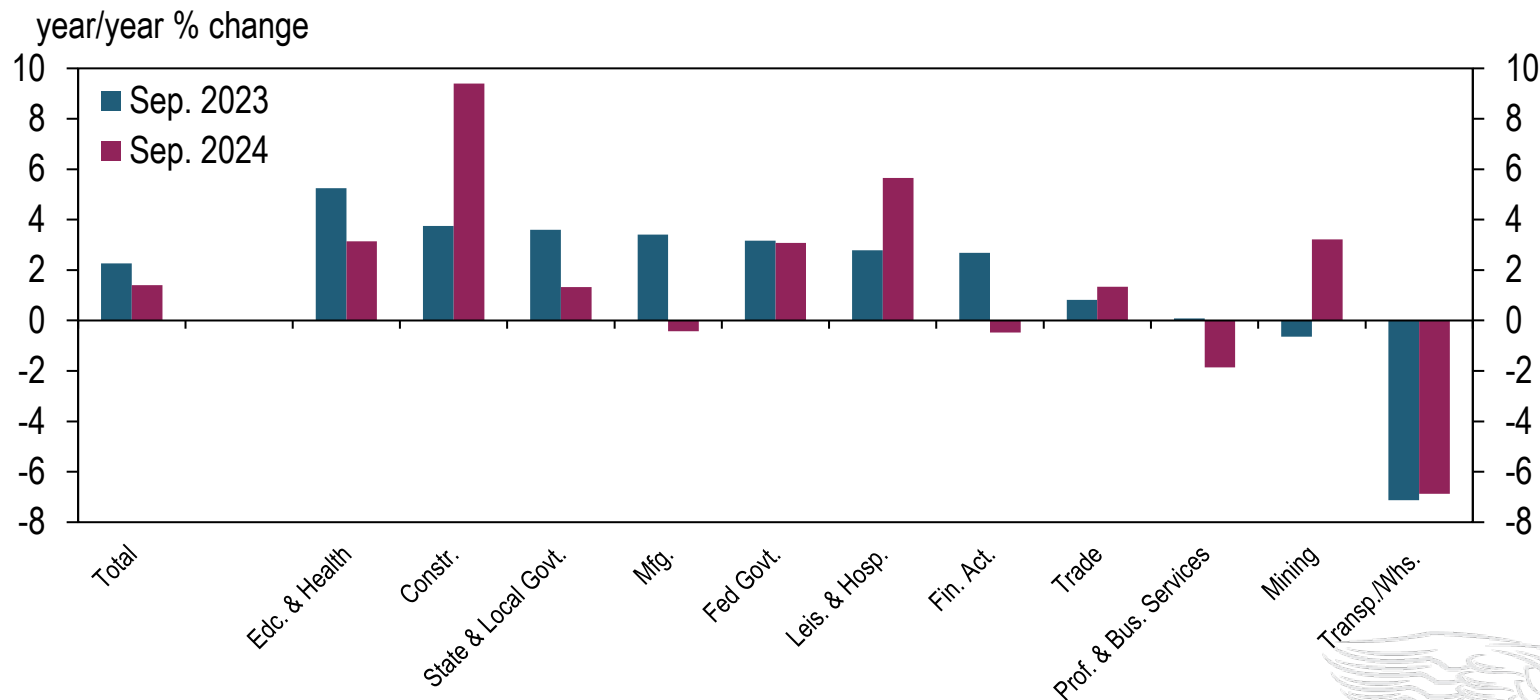


# Jobs in Oklahoma have continued to grow in 2024, while unemployment remains very low



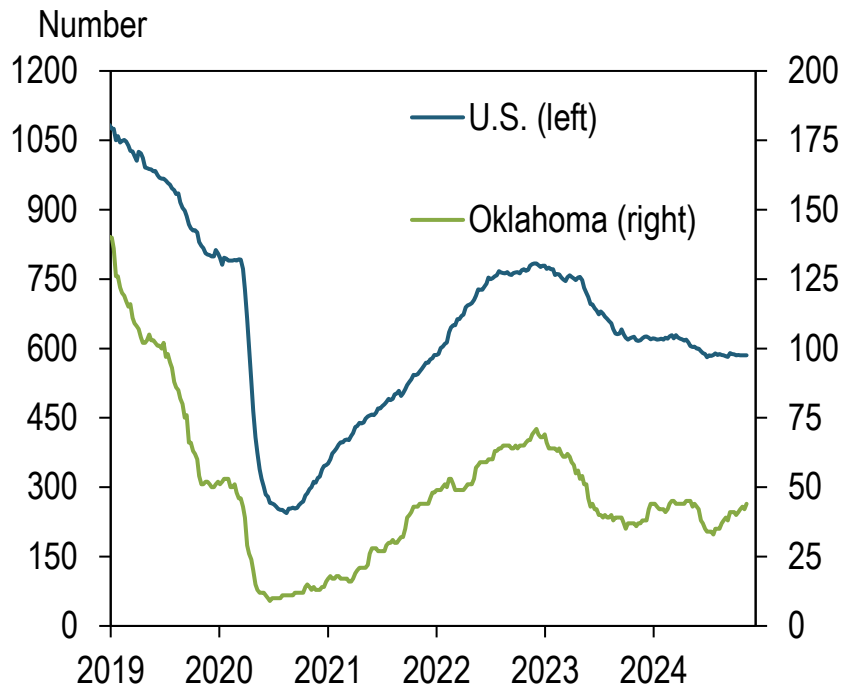
# Most OK sectors added jobs over the past year but growth has shifted to the construction, leisure & hospitality, and mining sectors

## Oklahoma Job Growth by Industry

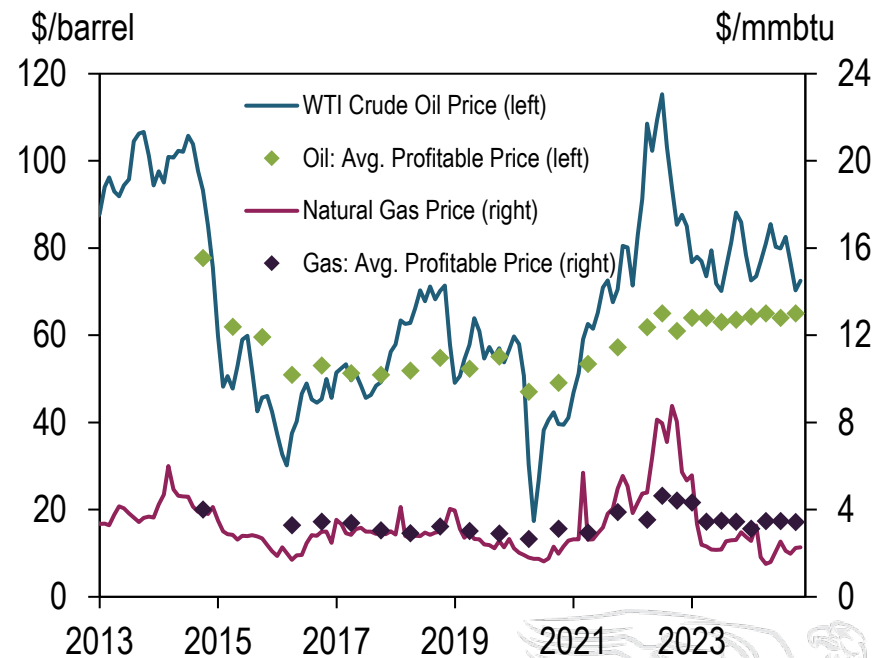


# Oil and gas rigs have risen somewhat in Oklahoma as drilling remains profitable for oil, but not for natural gas

## Rig Counts

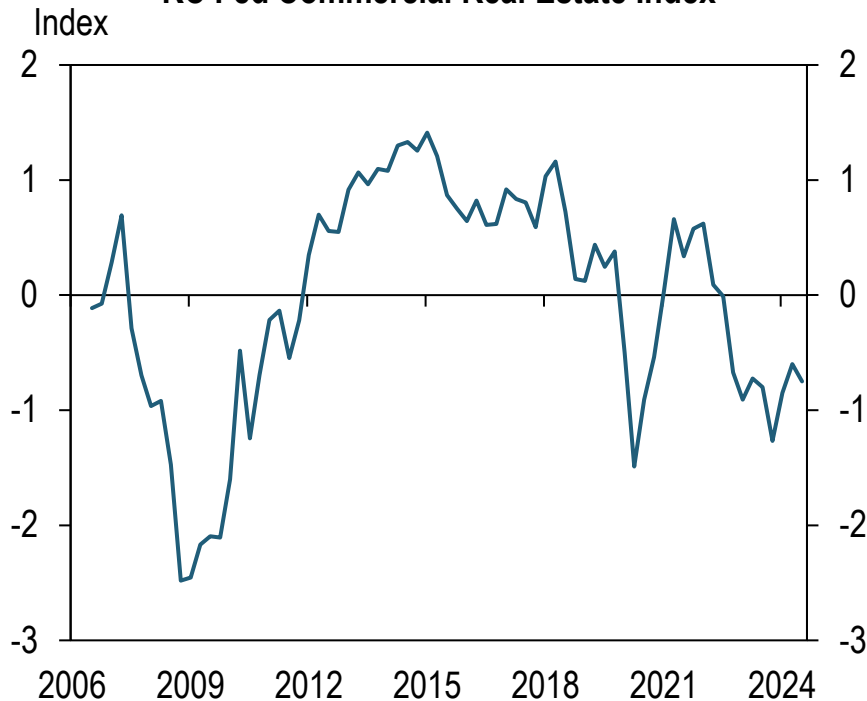


## U.S. Energy Prices

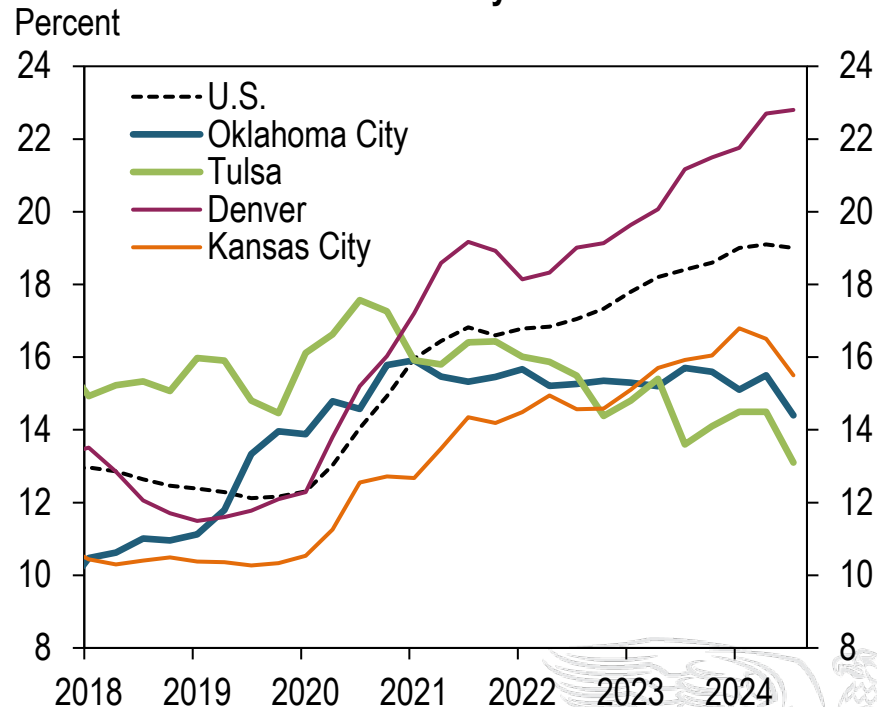


# CRE activity has deteriorated in the region, but office vacancy rates in Oklahoma have actually edged down in 2024

## KC Fed Commercial Real Estate Index

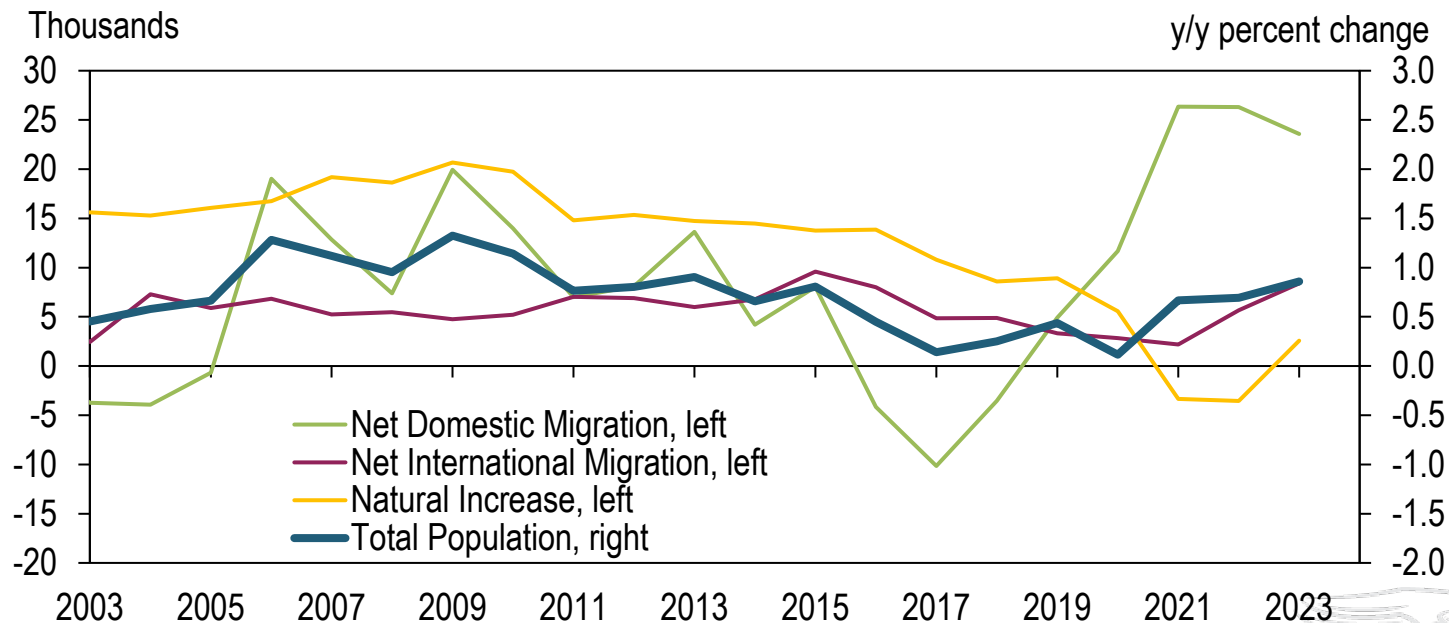


## Office Vacancy Rates



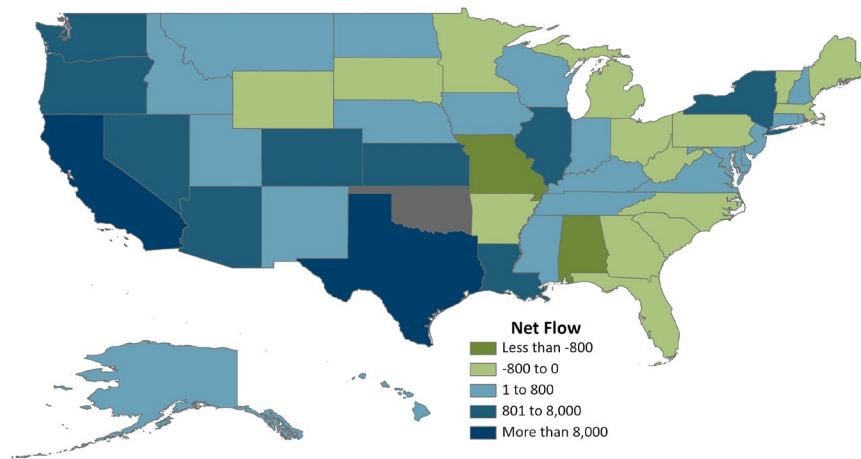
# Oklahoma's population grew again in 2023, primarily due to elevated domestic migration, but also with increases in other components

## Oklahoma Population Change by Component

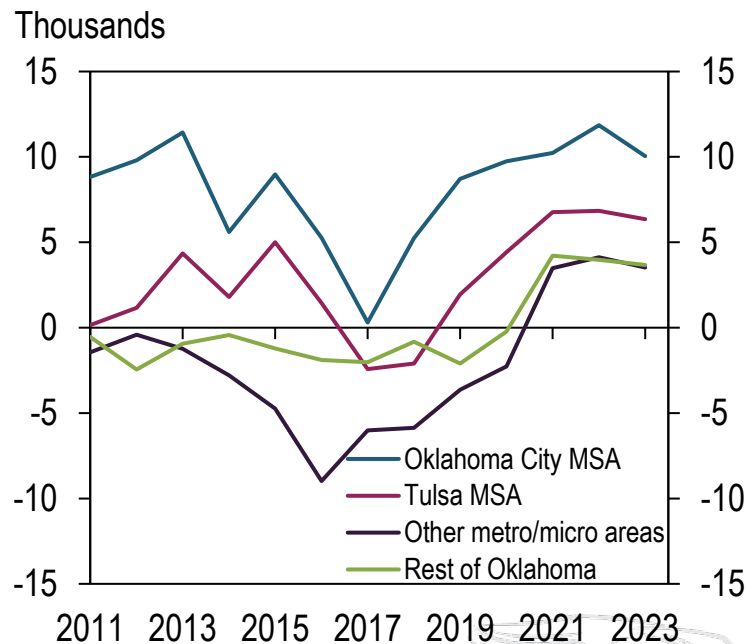


Many people moved to OK from CA and TX since the pandemic, mostly to the metros but to many other parts of the state, too

Migration to Oklahoma During 2020 - 2023

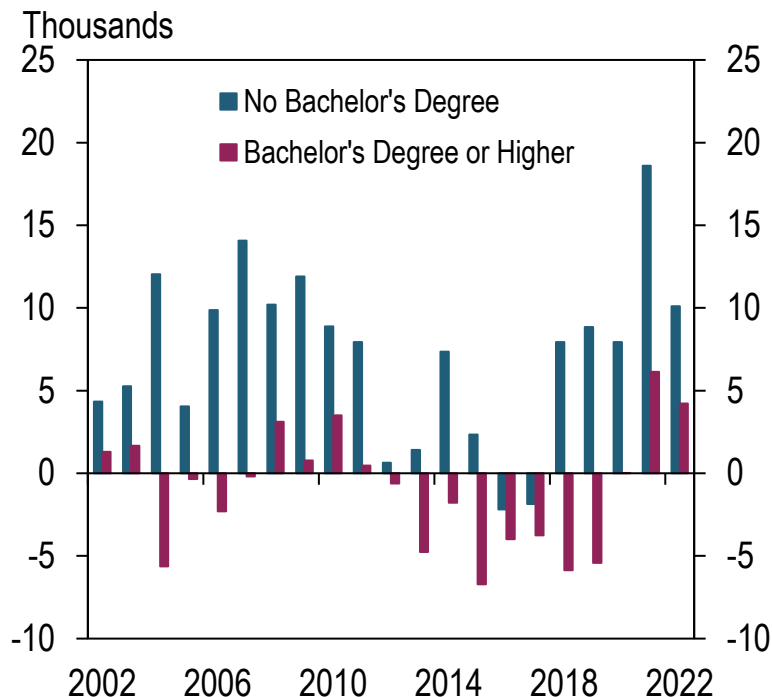


Oklahoma Net Domestic Migration

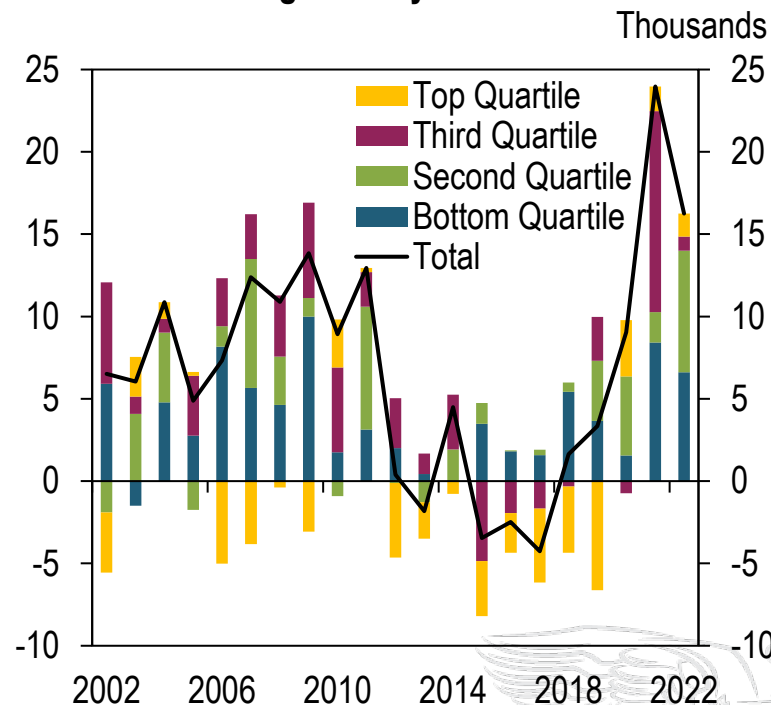


Oklahoma also finally had net inflow of prime-age college graduates with higher incomes in recent years, but has not yet fully made up for losses from the 2010s

### Net Domestic Migration by Educational Attainment



### Migration by Income



## Summary

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# Questions?

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