

# U.S. and Oklahoma Economic Outlook

Oklahoma Credit Union Legislative Conference

April 15, 2025

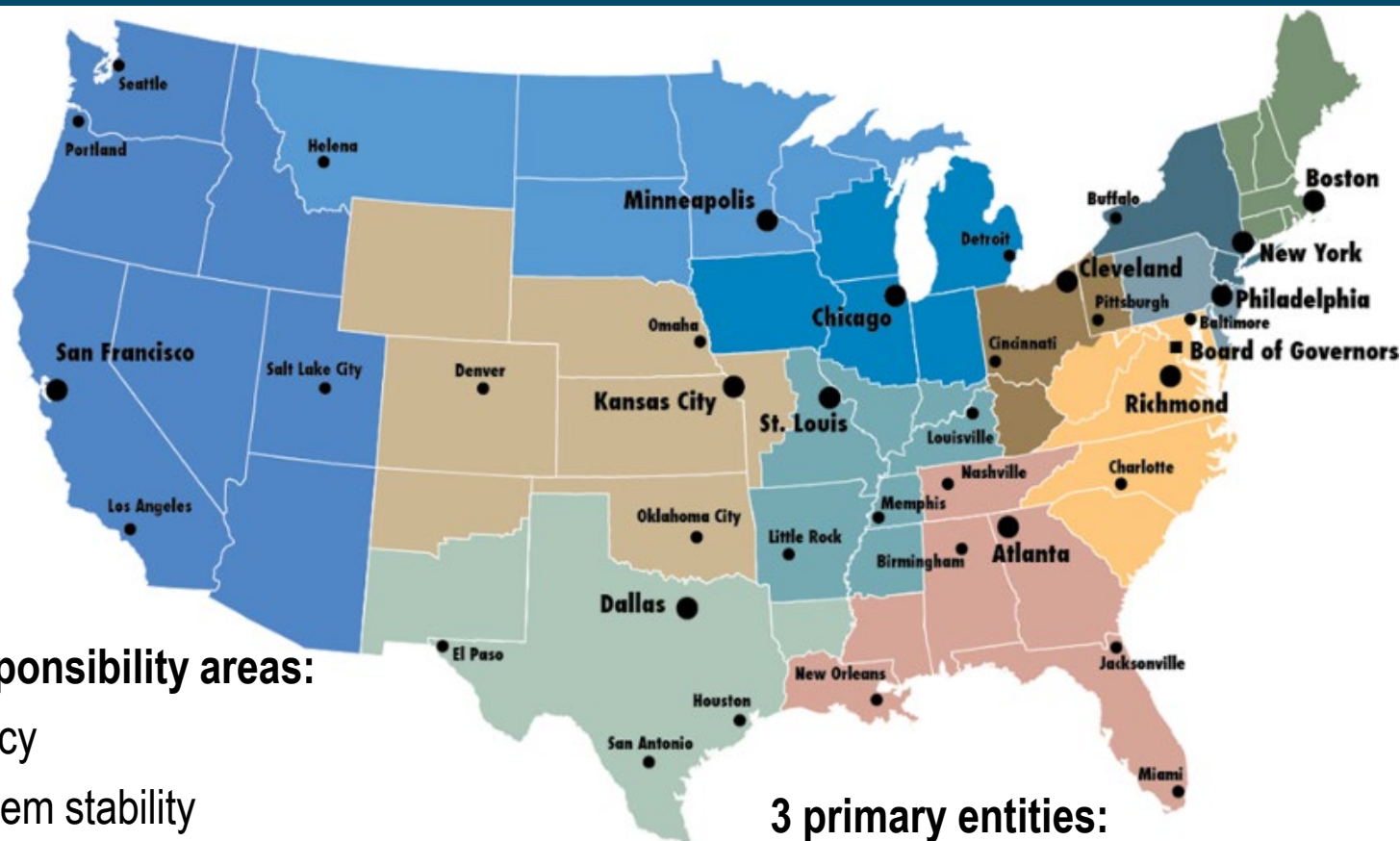
Cortney Cowley  
*AVP & Oklahoma City Branch Executive*

\*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.



Denver / Oklahoma City / Omaha

# 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

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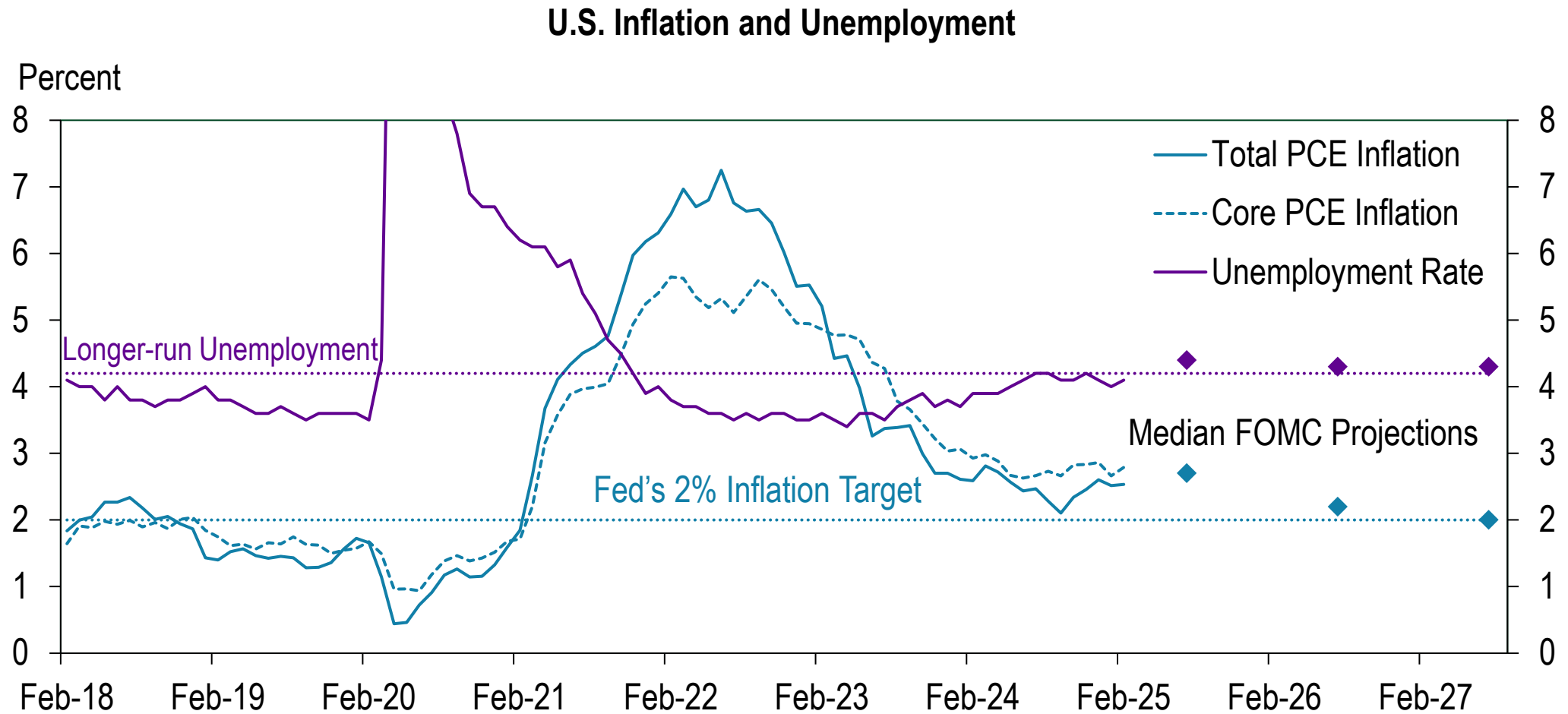


# Overview

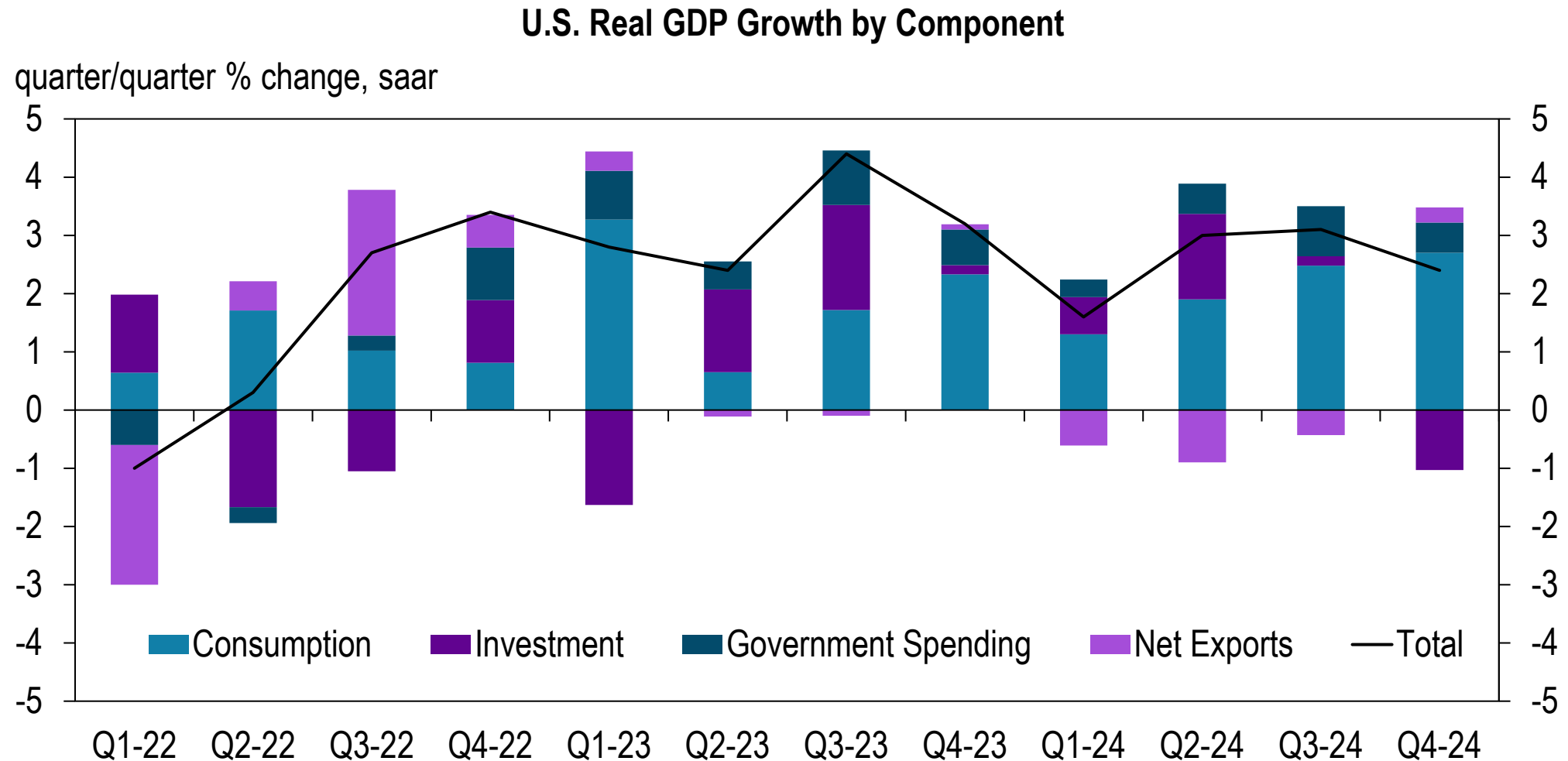
- U.S. economic growth has slowed but remained solid in 2024, and unemployment is up slightly but remains near long-term averages
- Inflation has come down to near 2%, and the labor market remains strong
  - But upside risks have increased for both
- Oklahoma's economy also continues to grow, and unemployment is low
- Oklahoma's labor force participation rate met the national average for the first time in over three decades, driven primarily by Native Americans



# Inflation and unemployment have come closer to the Fed's targets, but there are upside risks to both

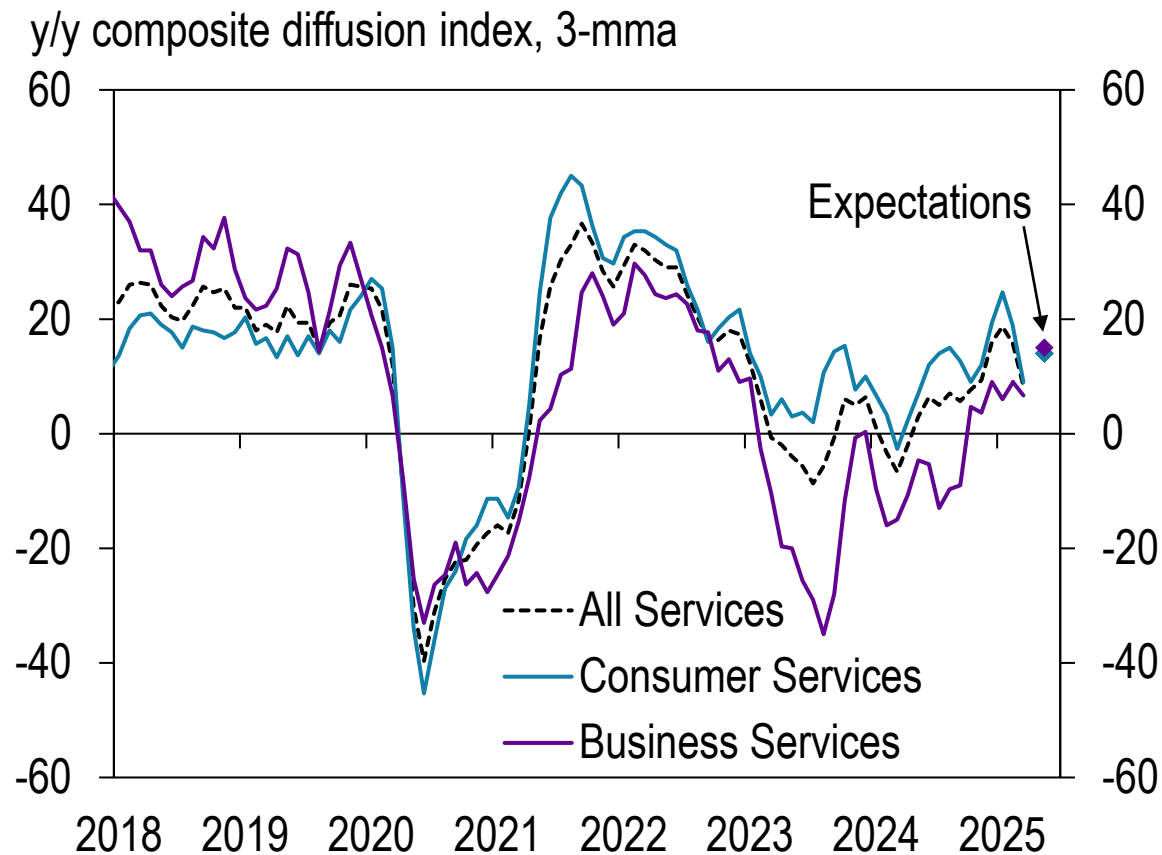


# U.S. economic growth remains healthy, primarily driven by consumption

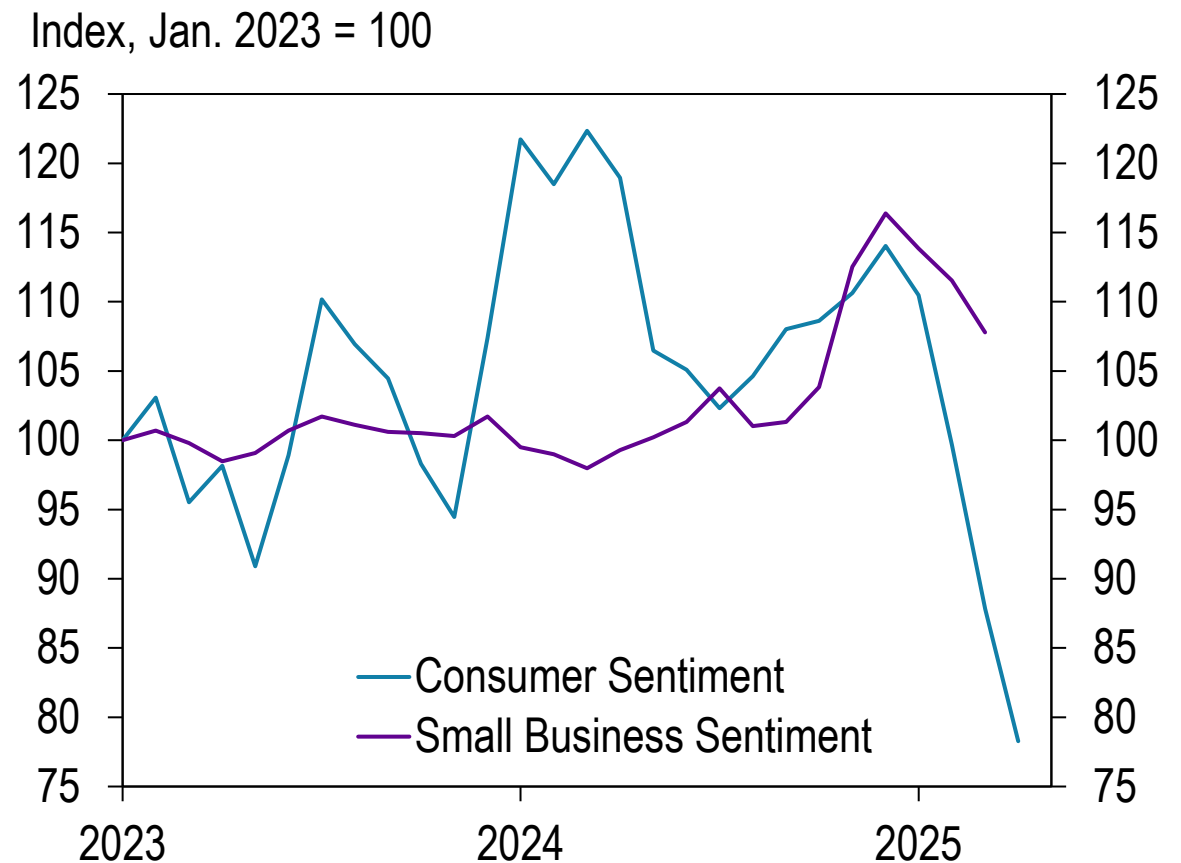


# Consumers have driven recent strength in the services sector, but their confidence has waned recently

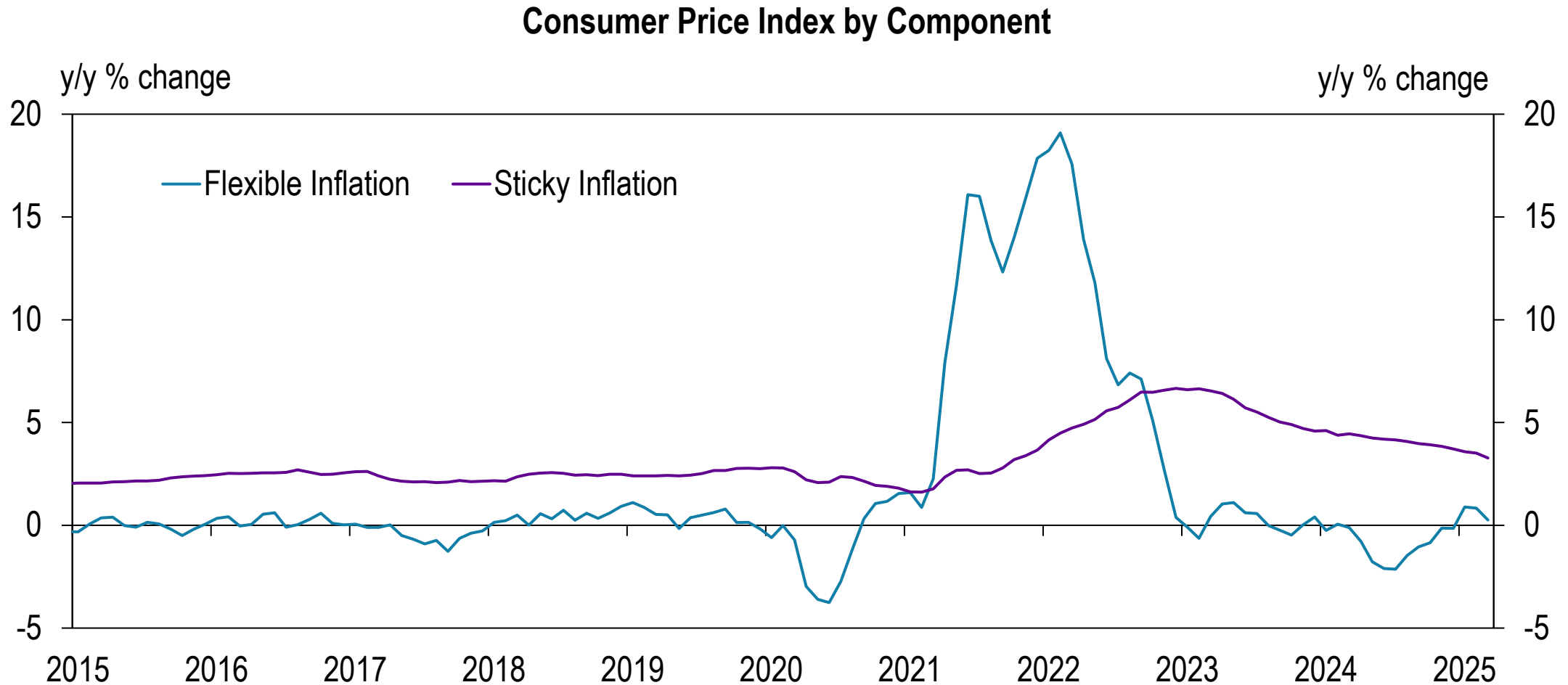
## KC Fed Services Composite Indexes



## U.S. Consumer and Business Sentiment

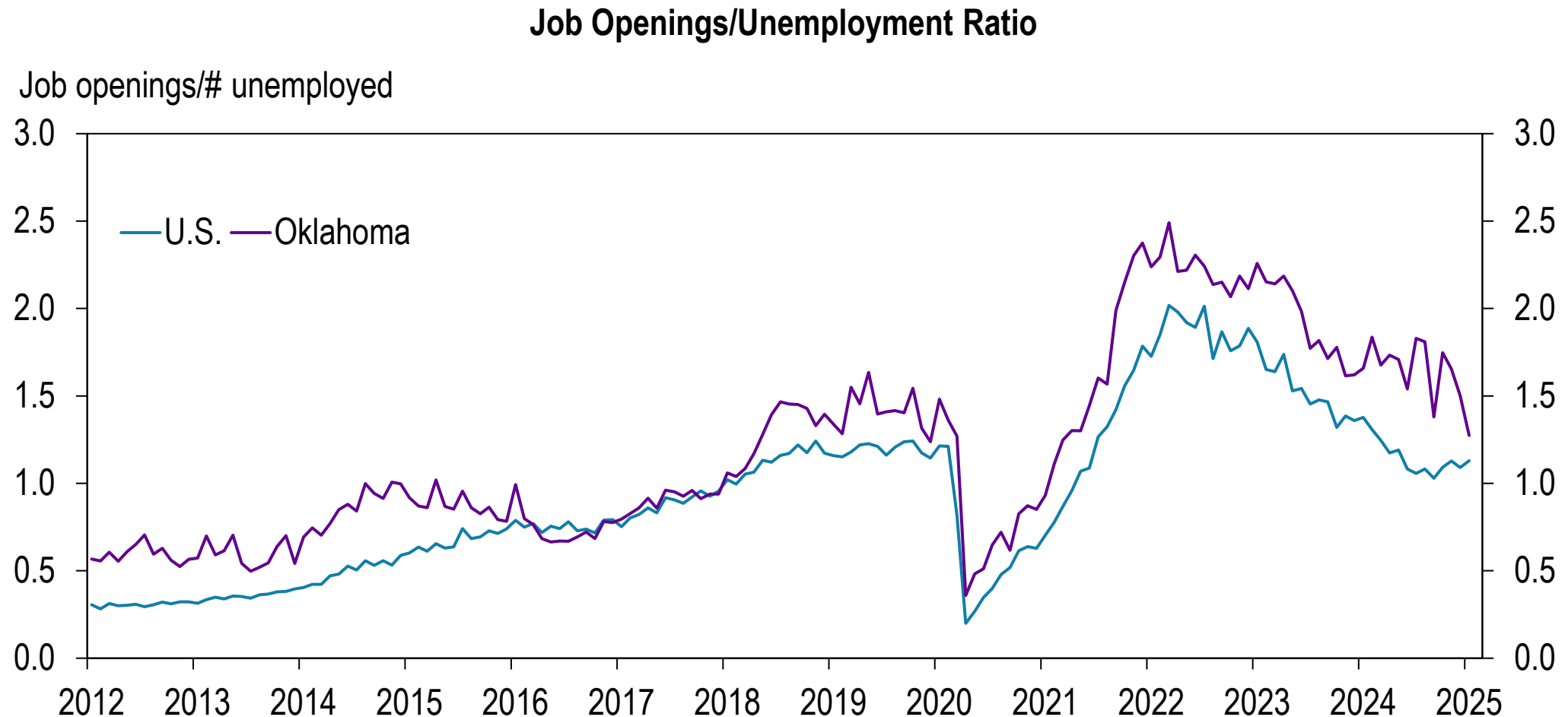


# CPI inflation eased to 2.4% in March, as services and energy cooled and flexible inflation trends upward

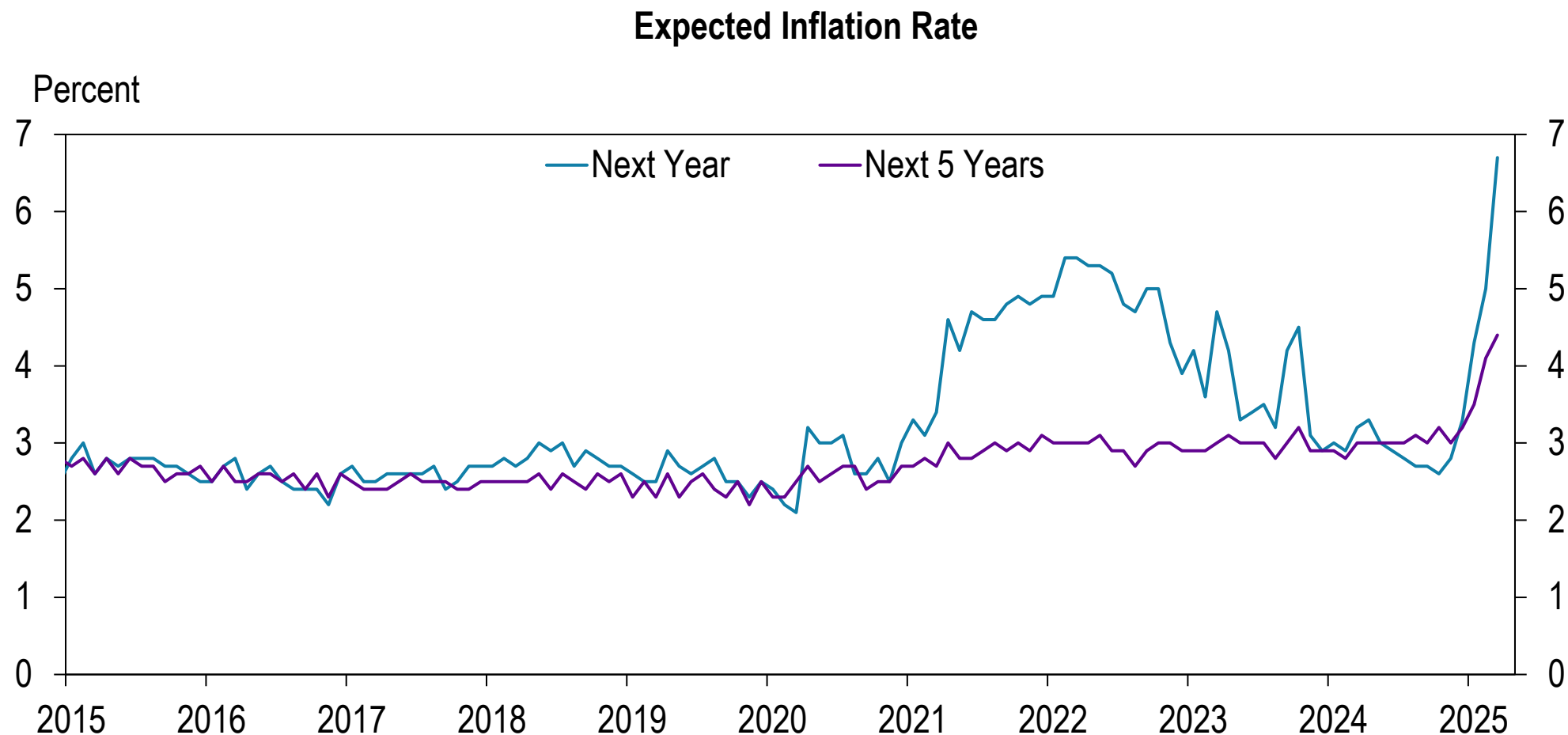




# Job openings still exceed unemployed workers, but have returned to near pre-pandemic levels



# Consumer inflation expectations have risen

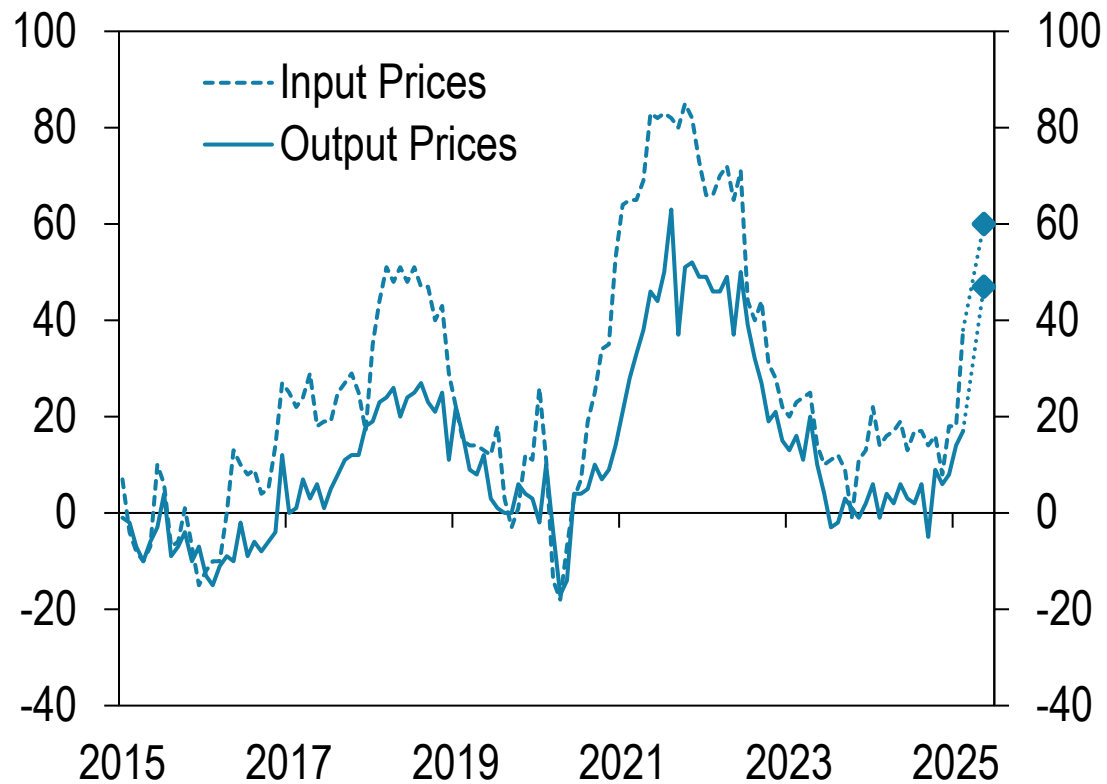


# Firms are also expecting higher prices

## Kansas City Fed Price Indexes

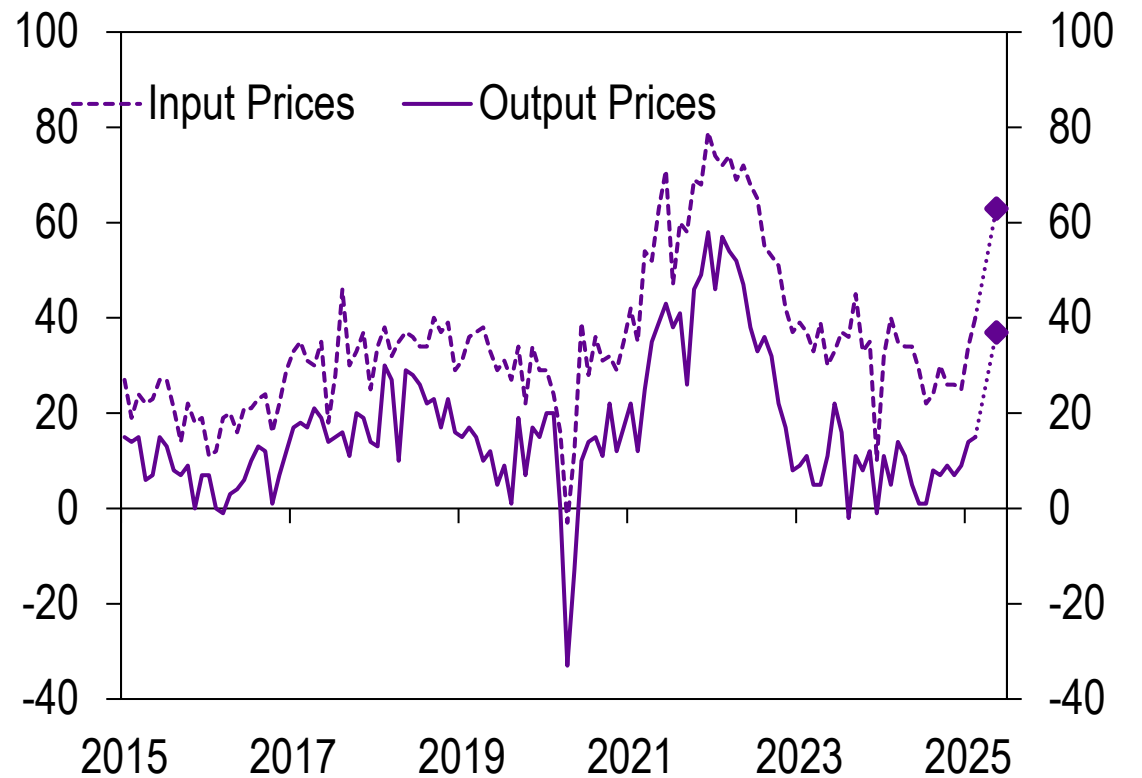
### Manufacturing Firms

m/m diffusion index, sa



### Services Firms

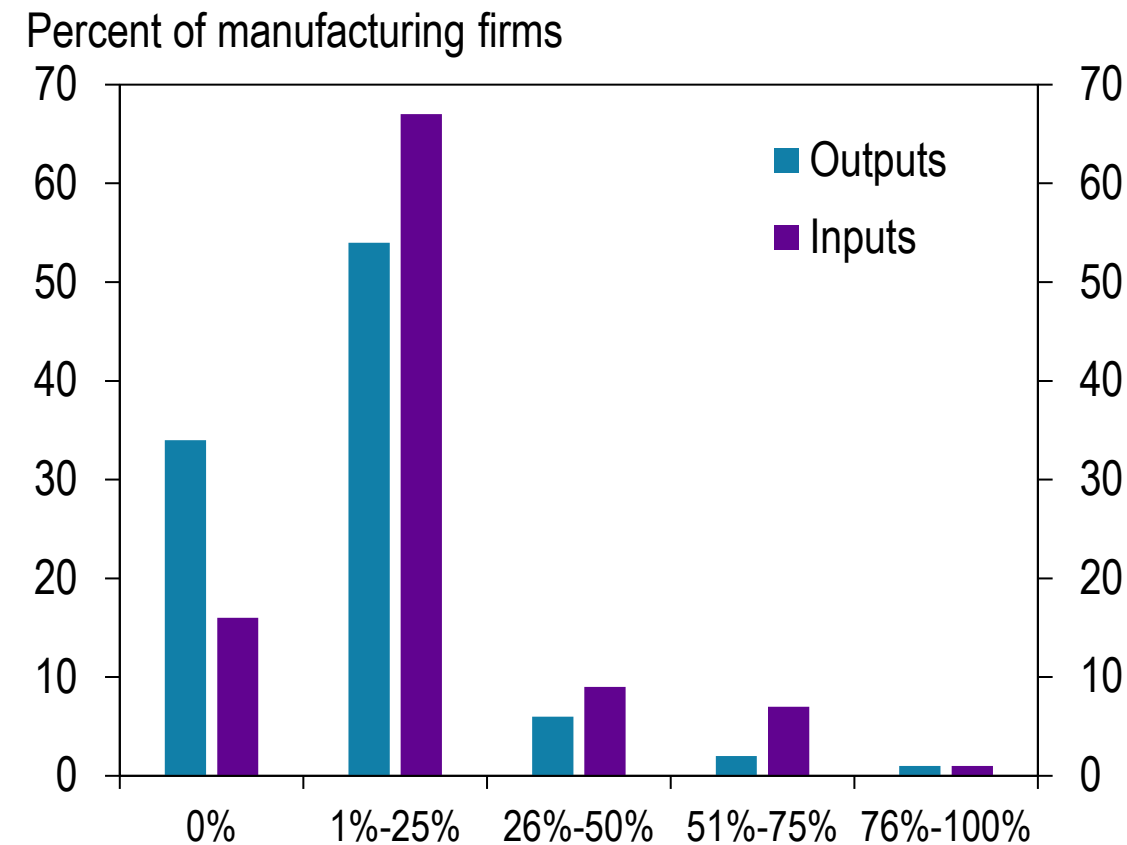
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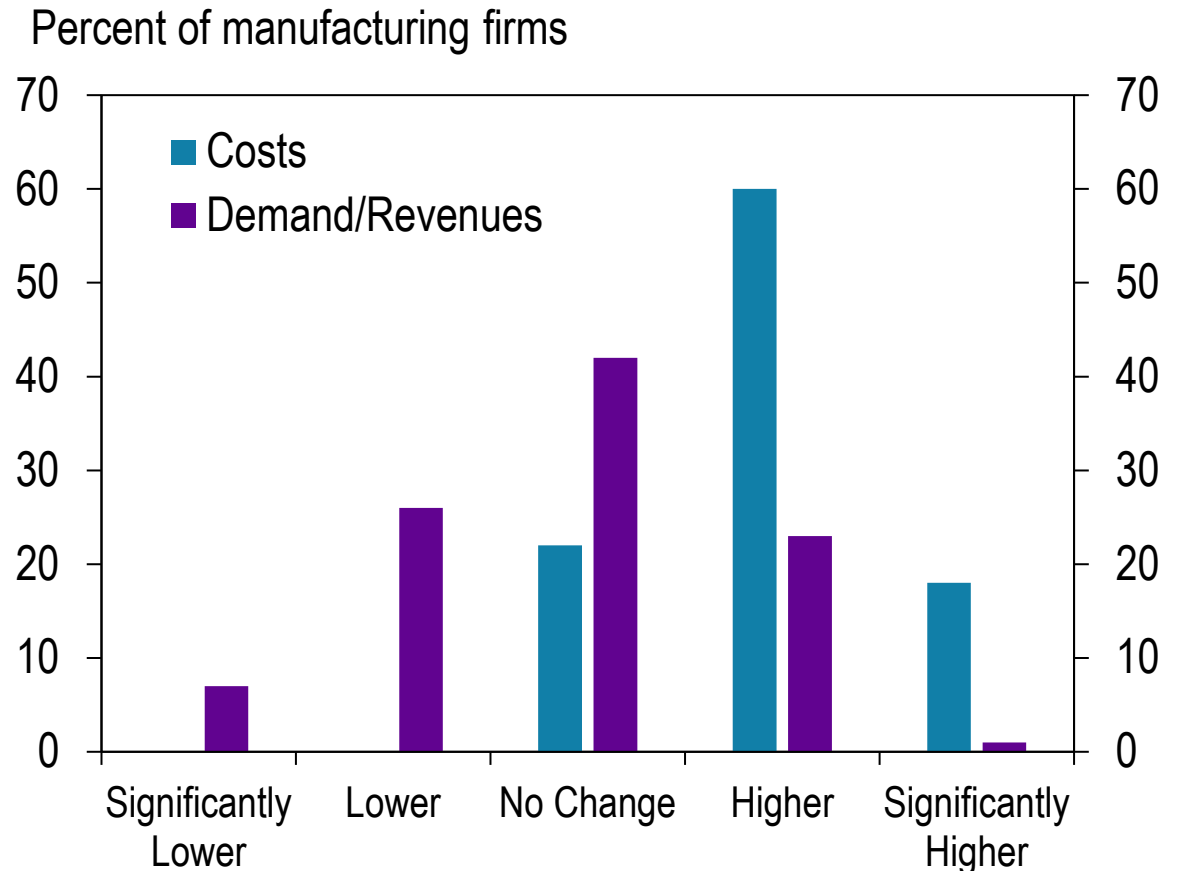
Source: Kansas City Fed

# Tenth District manufacturing firms are not heavily exposed to trade, and while most believe recent policies will increase costs, the outlook for demand is mixed

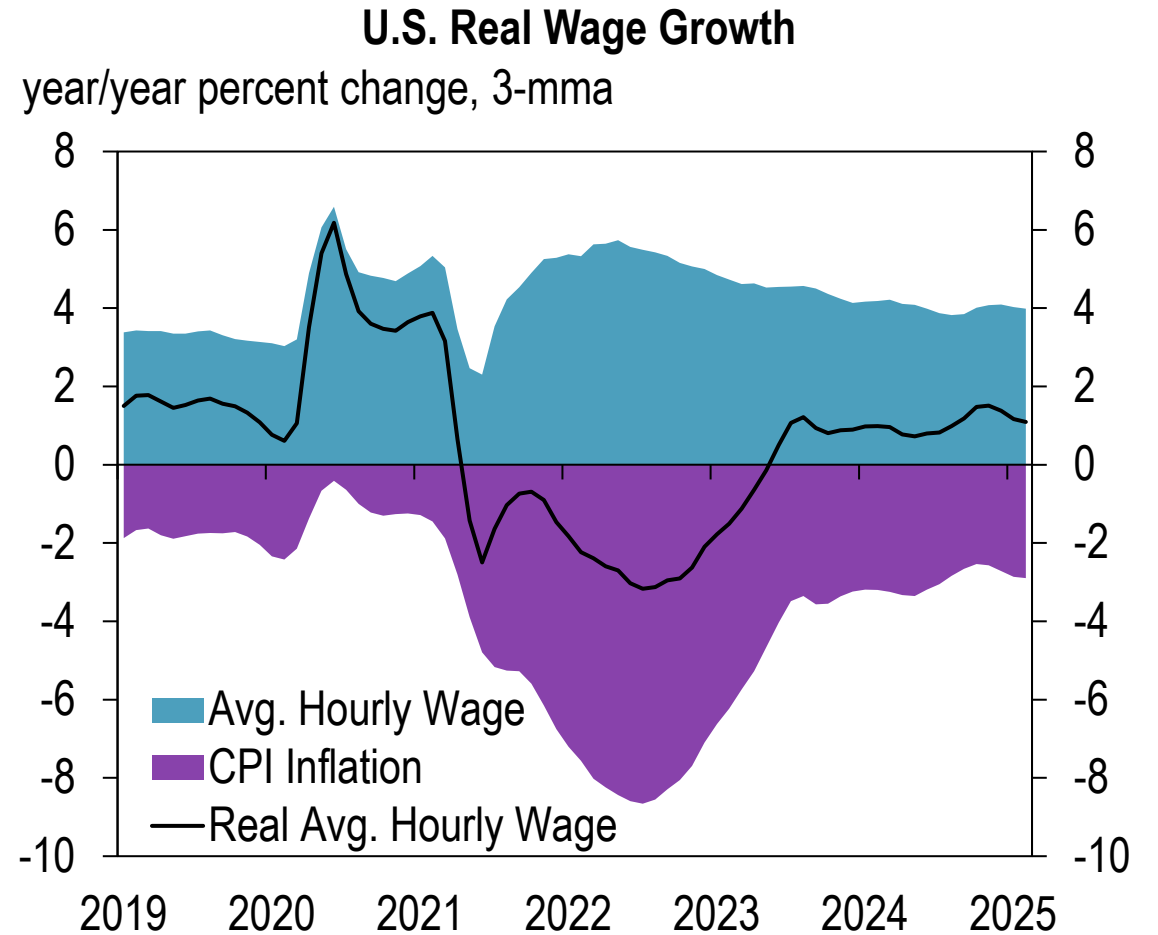
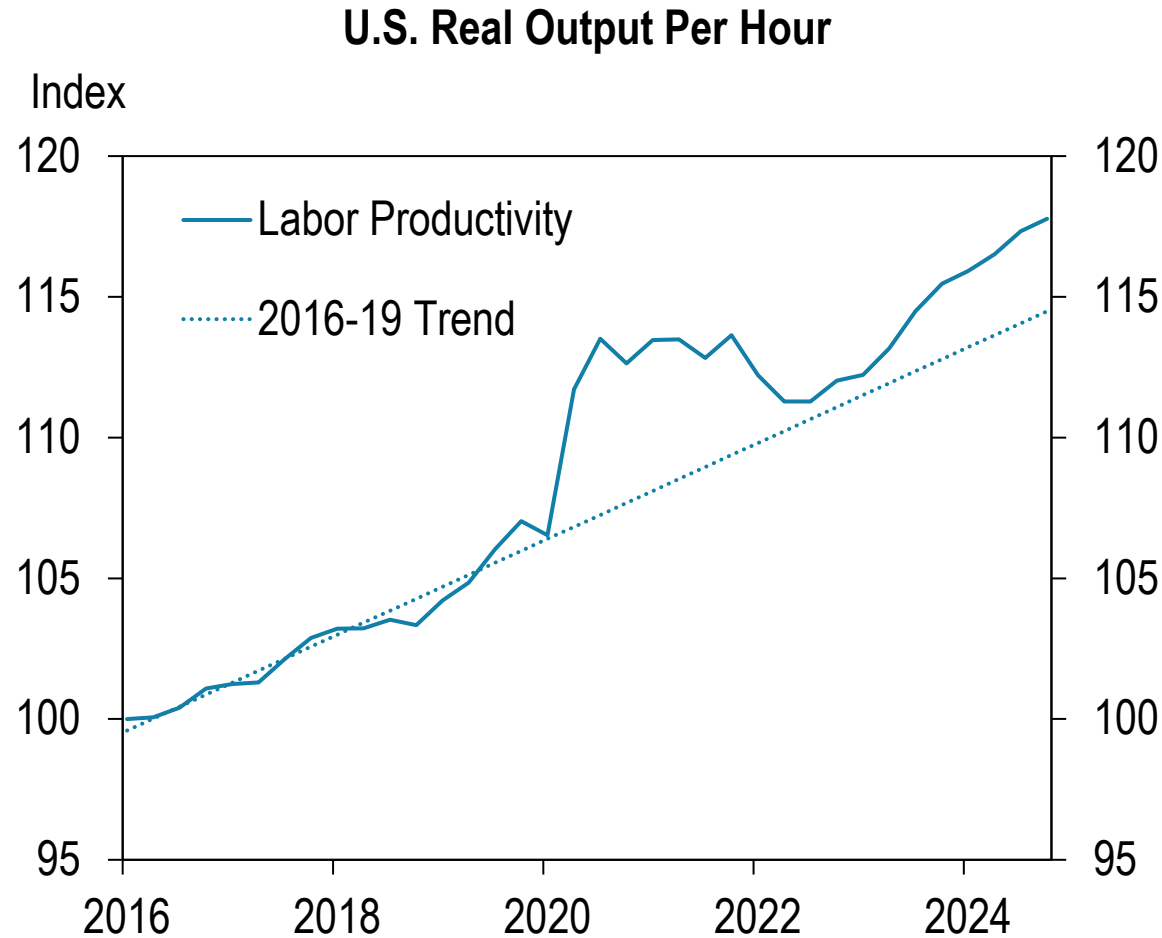
**Jan-25: About what share of your inputs/outputs do you source/sell outside the United States?**



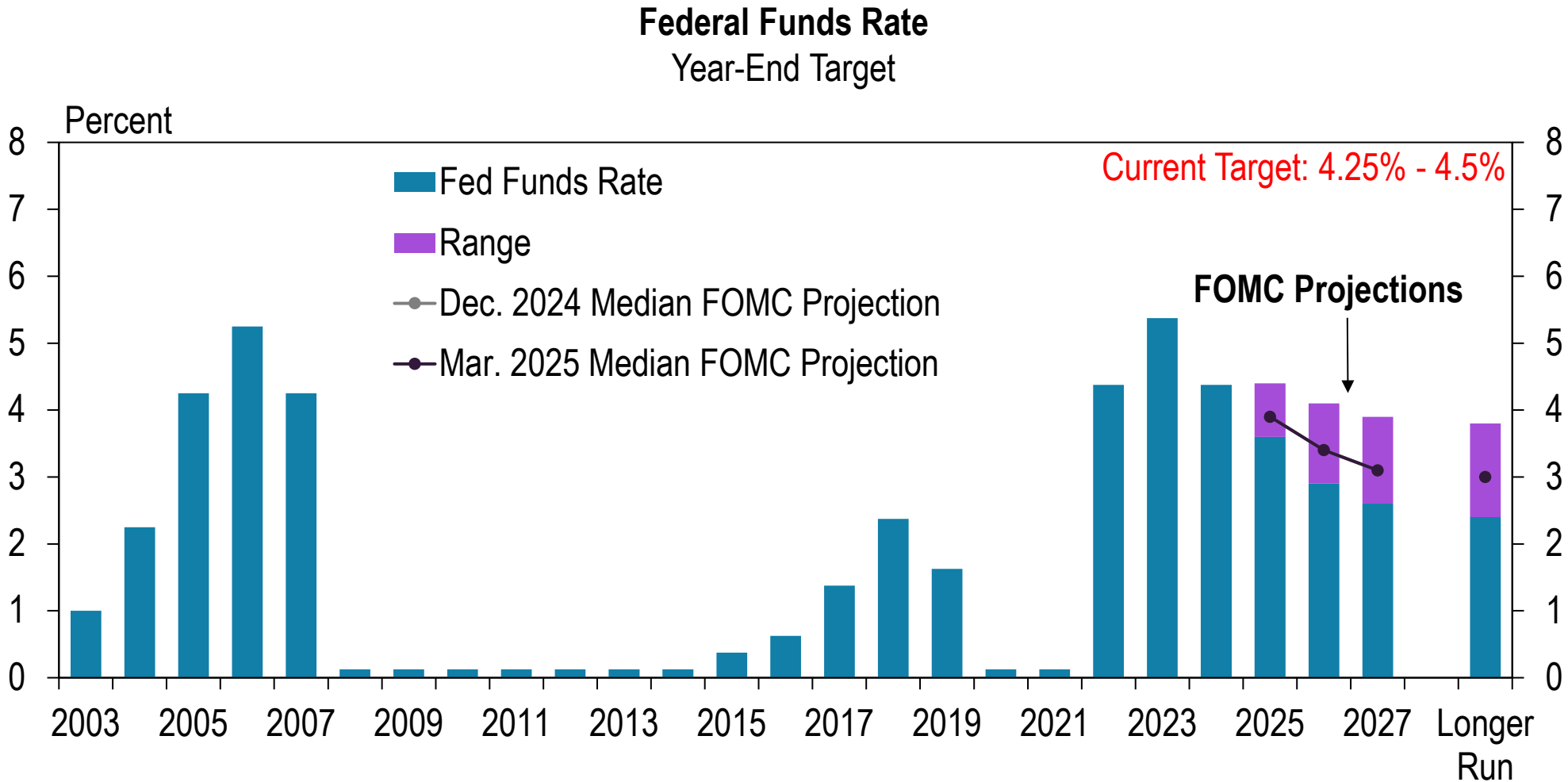
**Feb-25: How do you believe recent trade policy changes will affect costs and demand/revenues for your business over the next year?**



# A balanced labor market supported by above-trend productivity has generated real wage gains



# The Fed held the federal funds rate steady in March, and the median projection was unchanged

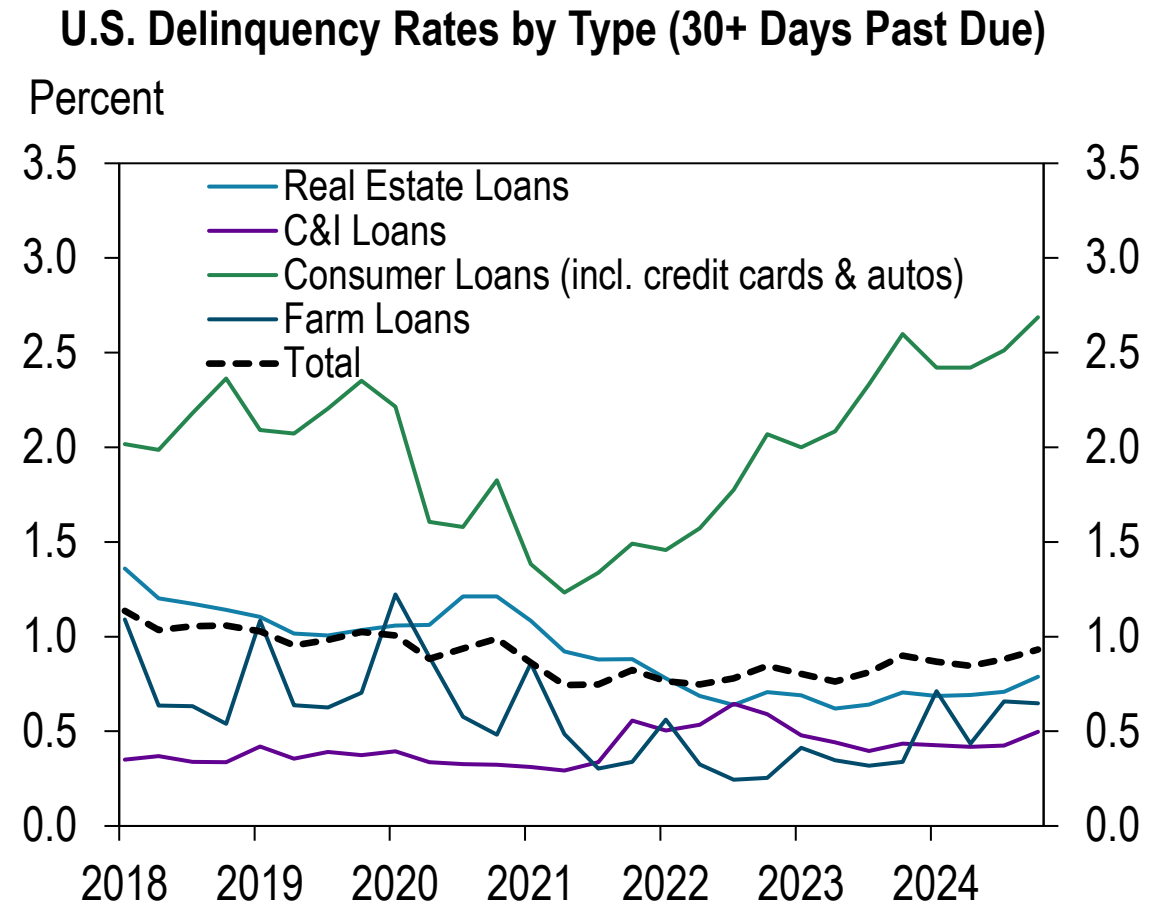
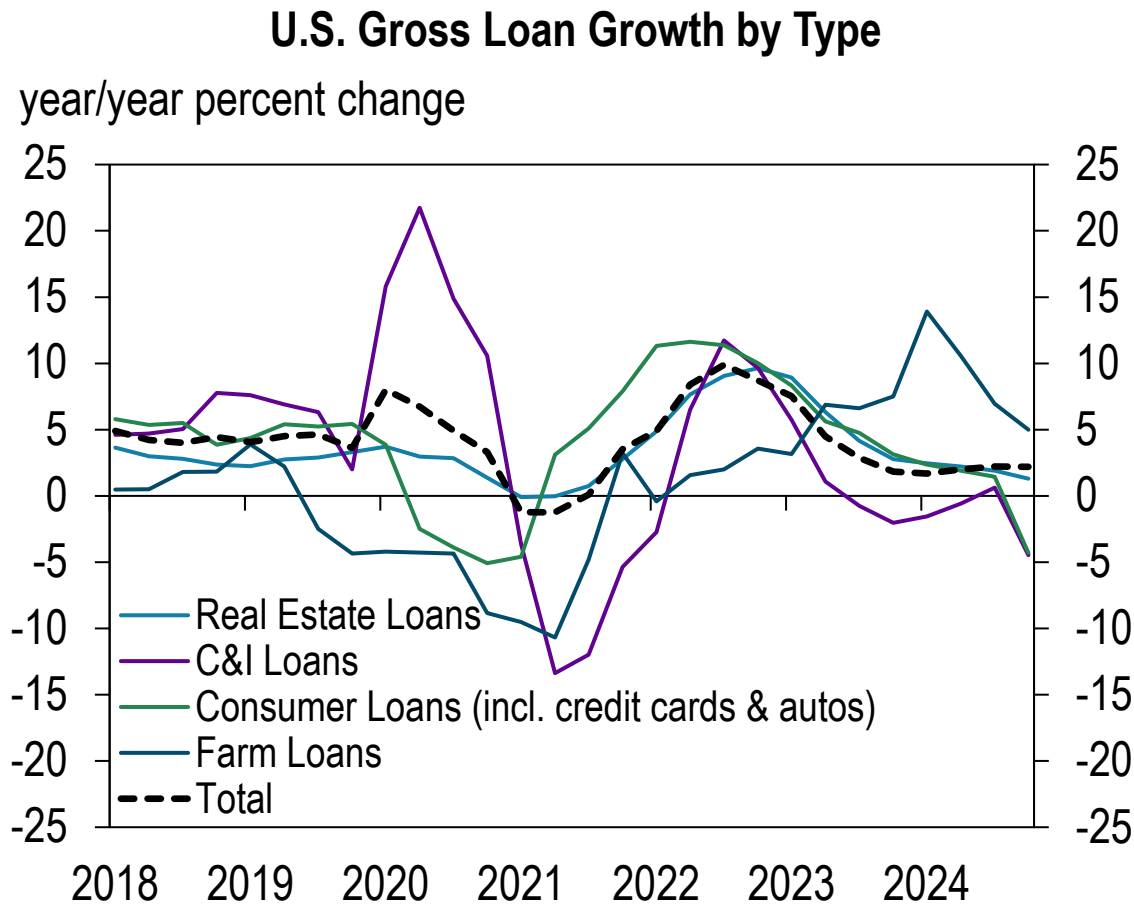


Note: Data and FOMC projections are for year-end.

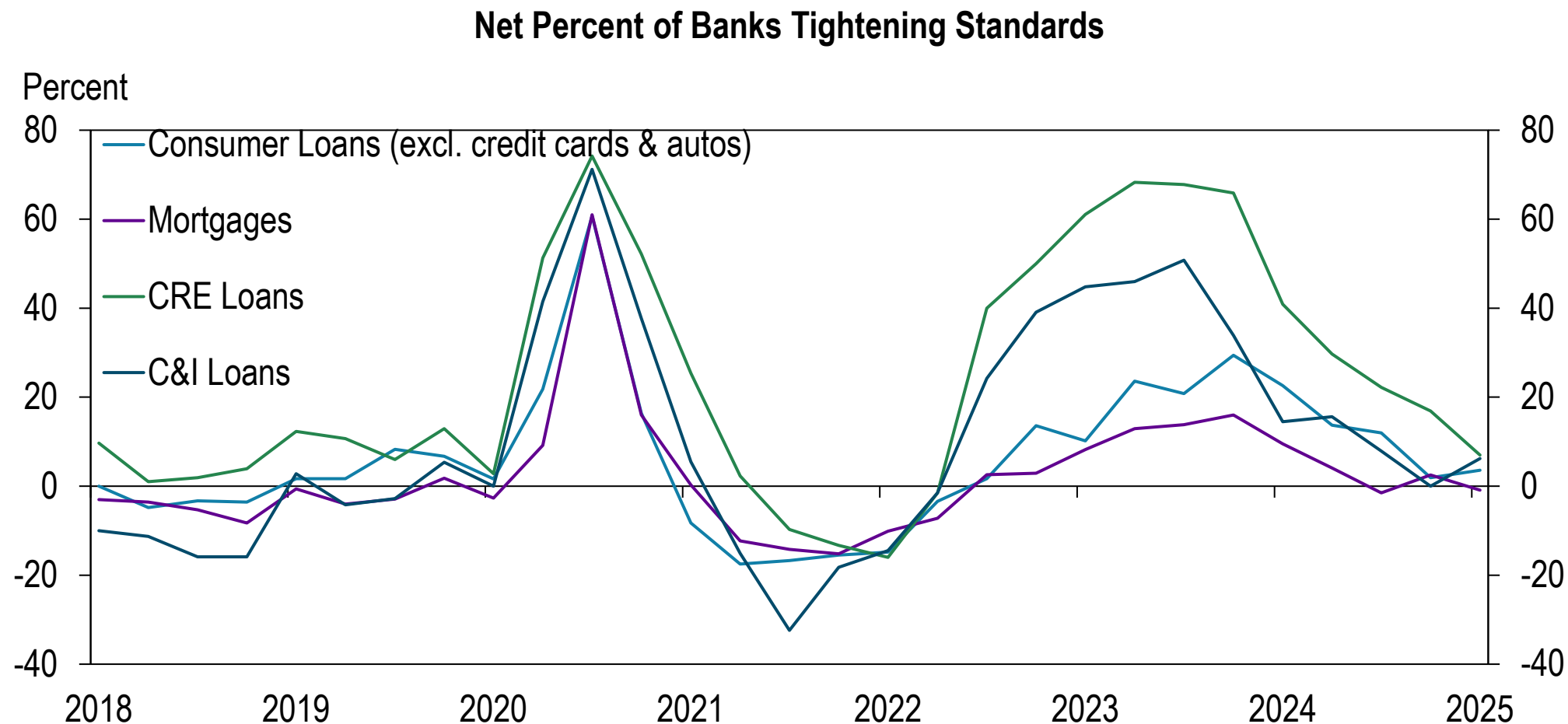
Sources: Bureau of Economic Analysis, FOMC



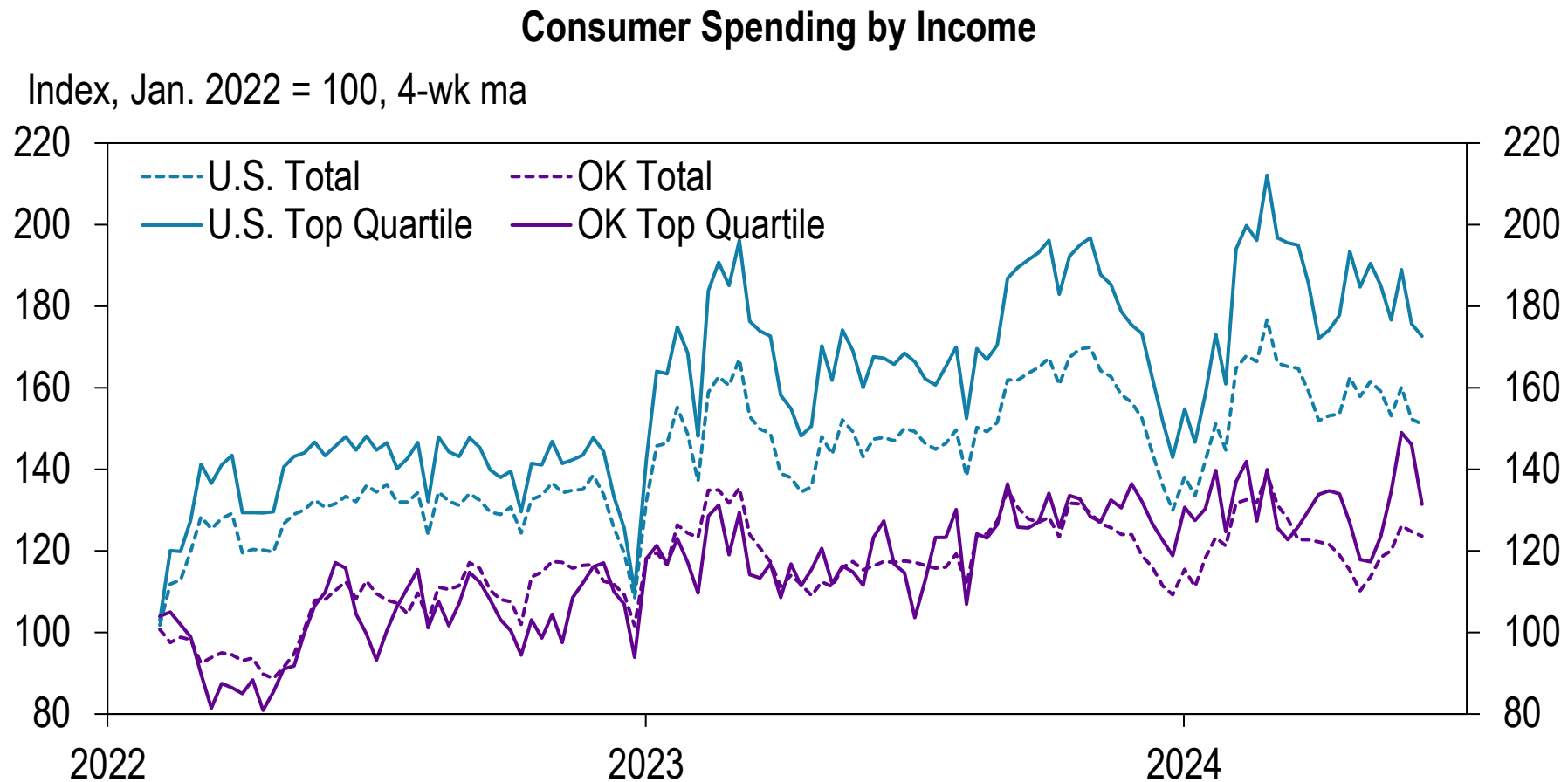
# Lending activity continued to increase in Q4 2024, but consumer delinquency rates have risen from pandemic lows



# Banks' lending standards have only tightened slightly in Q1

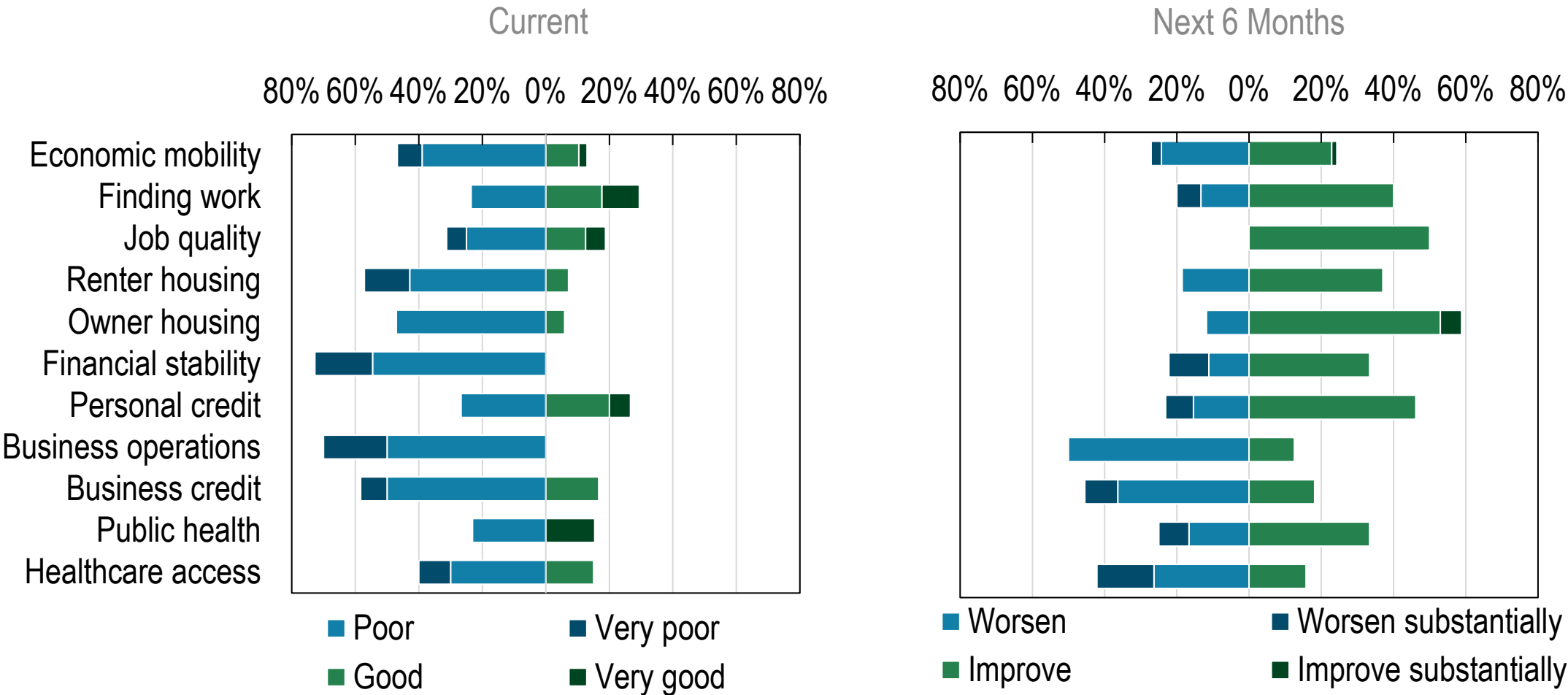


# U.S. consumer spending has outpaced Oklahoma's, supported by elevated spending among top earners



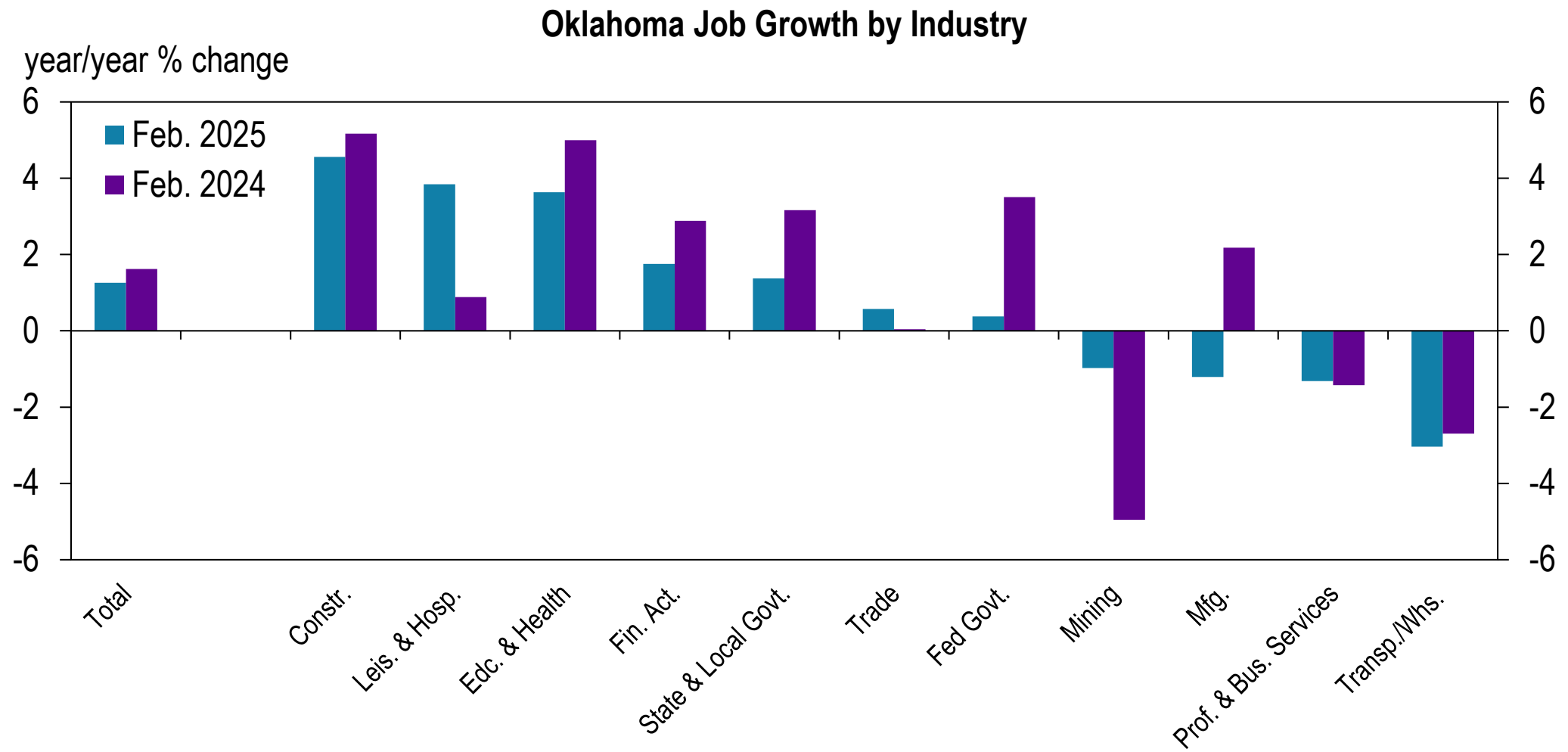
# Overall conditions have been poor for LMI communities, but are expected to improve in the next six months

U.S. Low- and Moderate-Income Community Conditions, December 2024

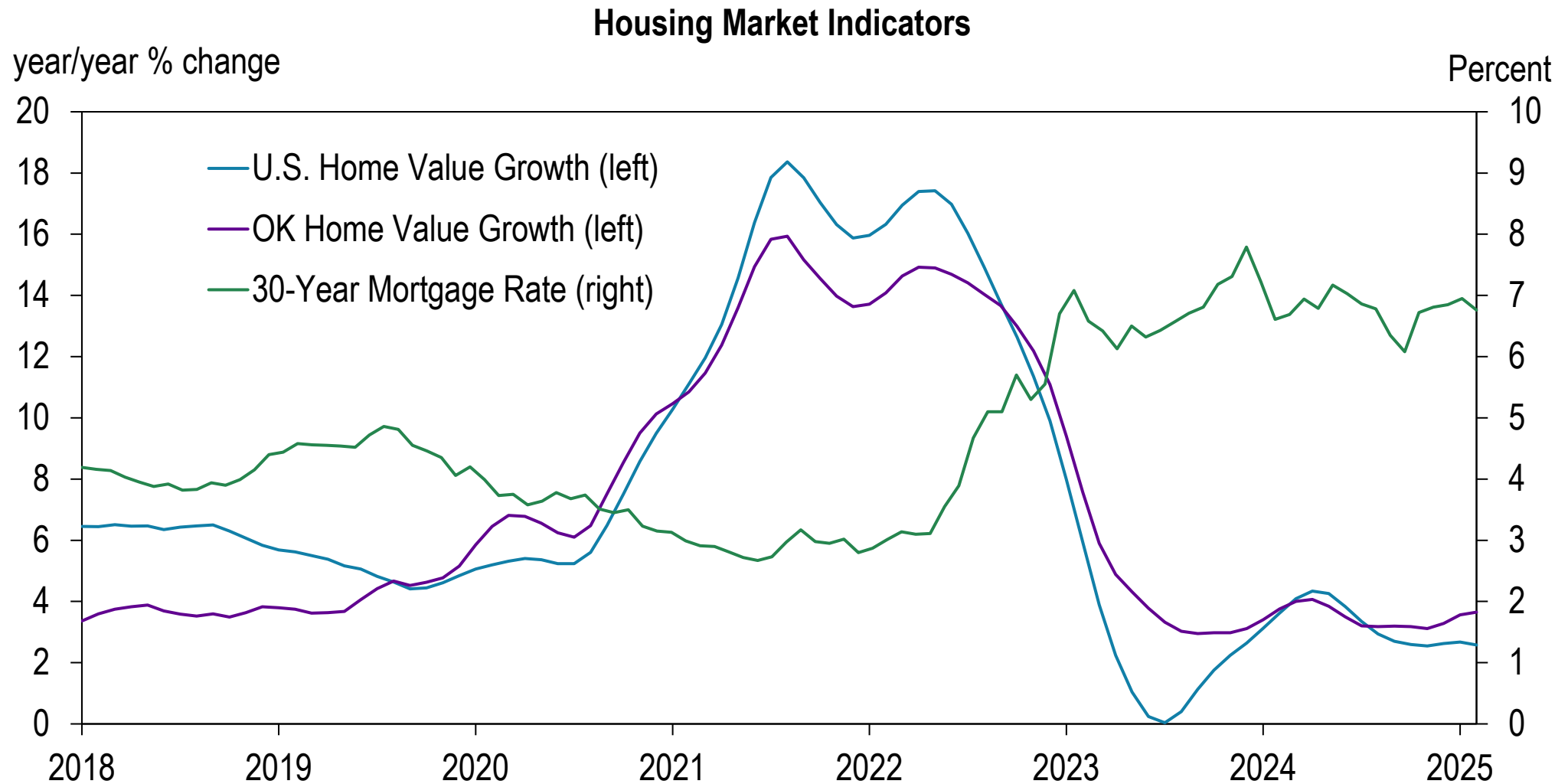


Source: FRS Community Conditions Survey

# Most sectors in Oklahoma added jobs over the past year, with strength in construction, education & health, and leisure & hospitality



# Home values spiked following the pandemic, but growth has eased with higher interest rates



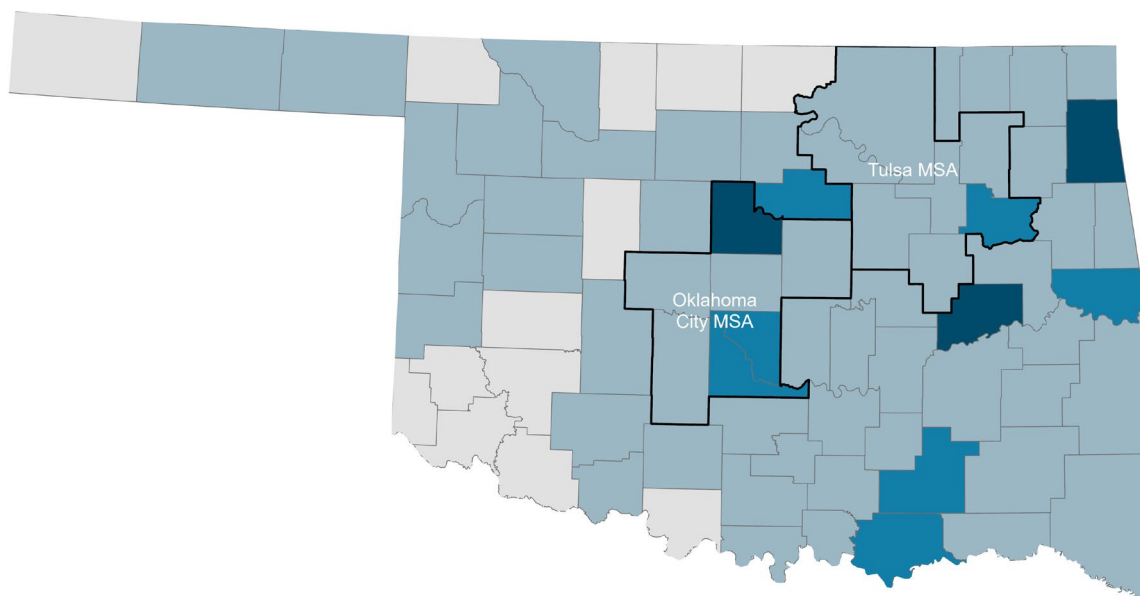
Sources: Freddie Mac, Zillow/Haver Analytics



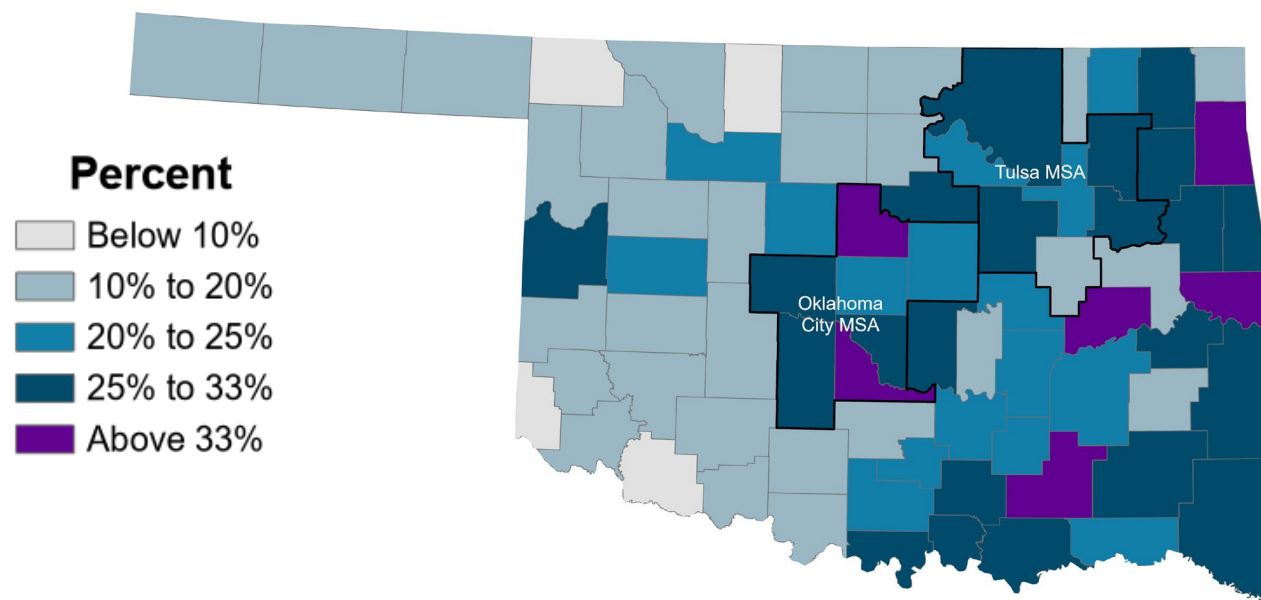
# Homeownership for first-time buyers became less affordable across Oklahoma in recent years

## First-Time Homeownership Costs as a Share of Household Income

2018-2019



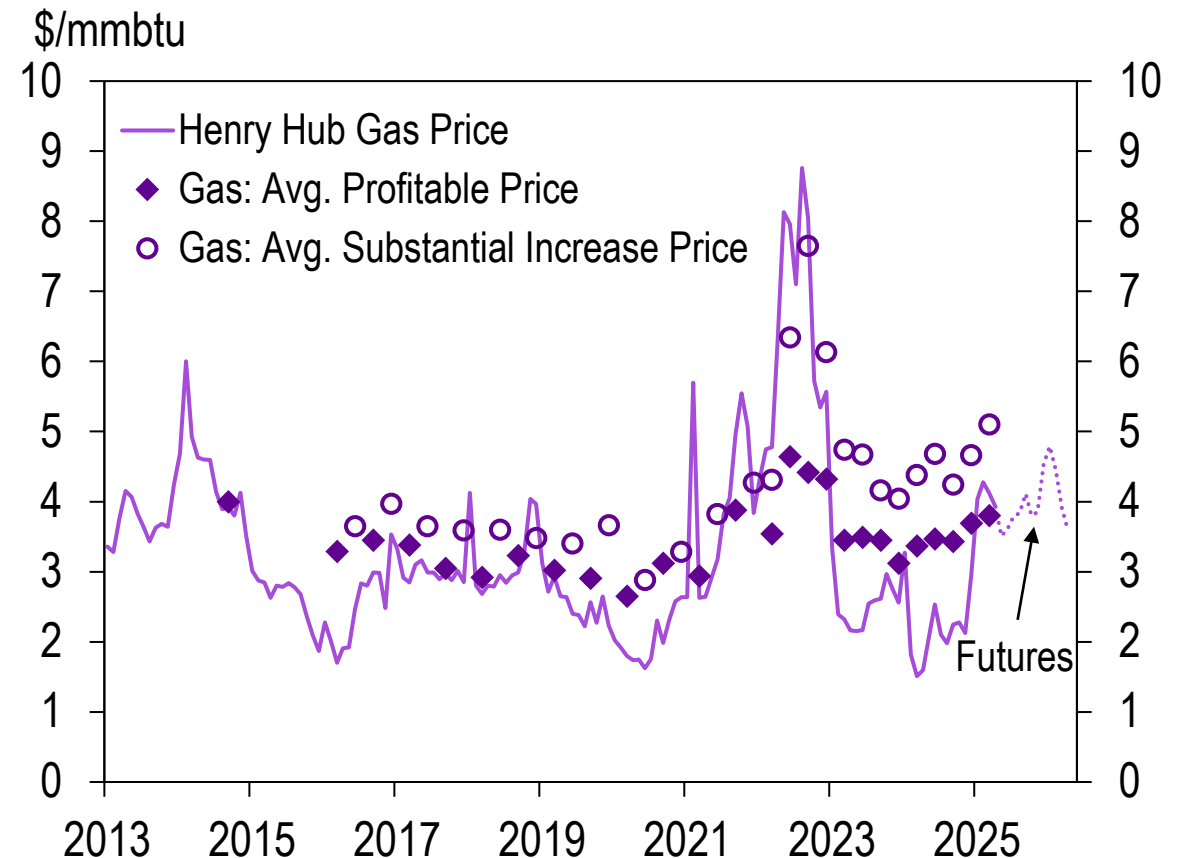
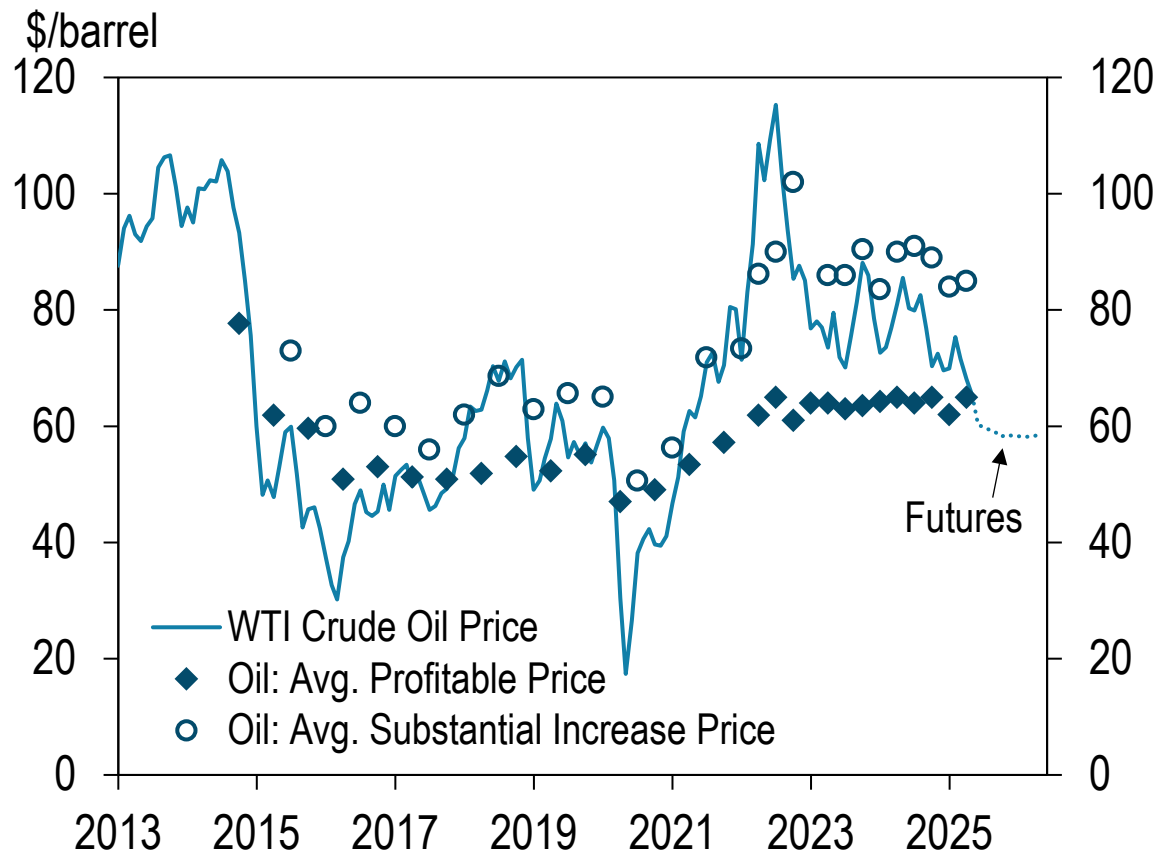
2024



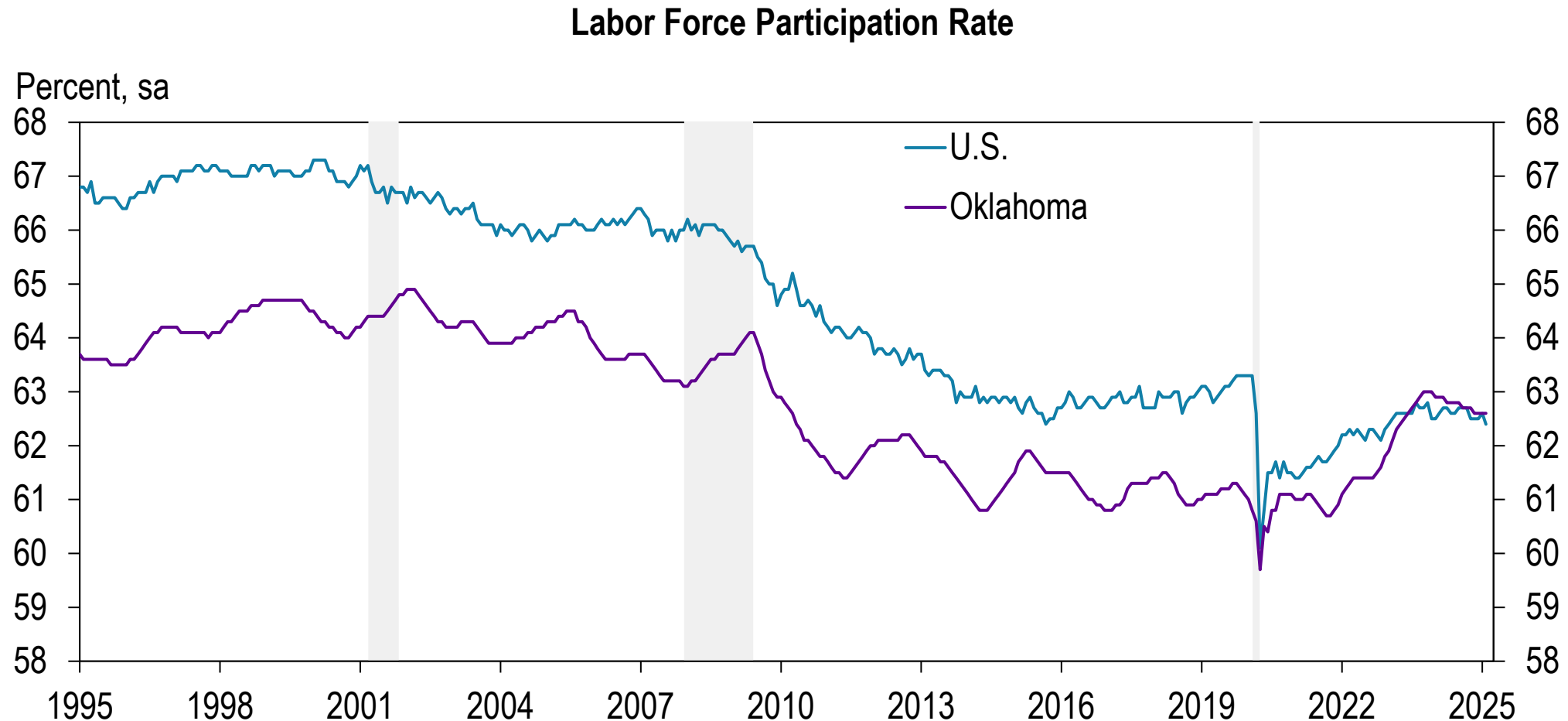
Notes: Costs include mortgage payment, insurance, and maintenance. 2024 data through October.  
Sources: Zillow, BLS, U.S. Census Bureau (IPUMS NHGIS), WSJ (Haver Analytics), staff calculations

# Oil prices have stayed rangebound but fell recently, while natural gas prices rose above profitable levels

## U.S. Energy Prices



# Oklahoma's labor force participation rate has been higher than the U.S. since June 2023

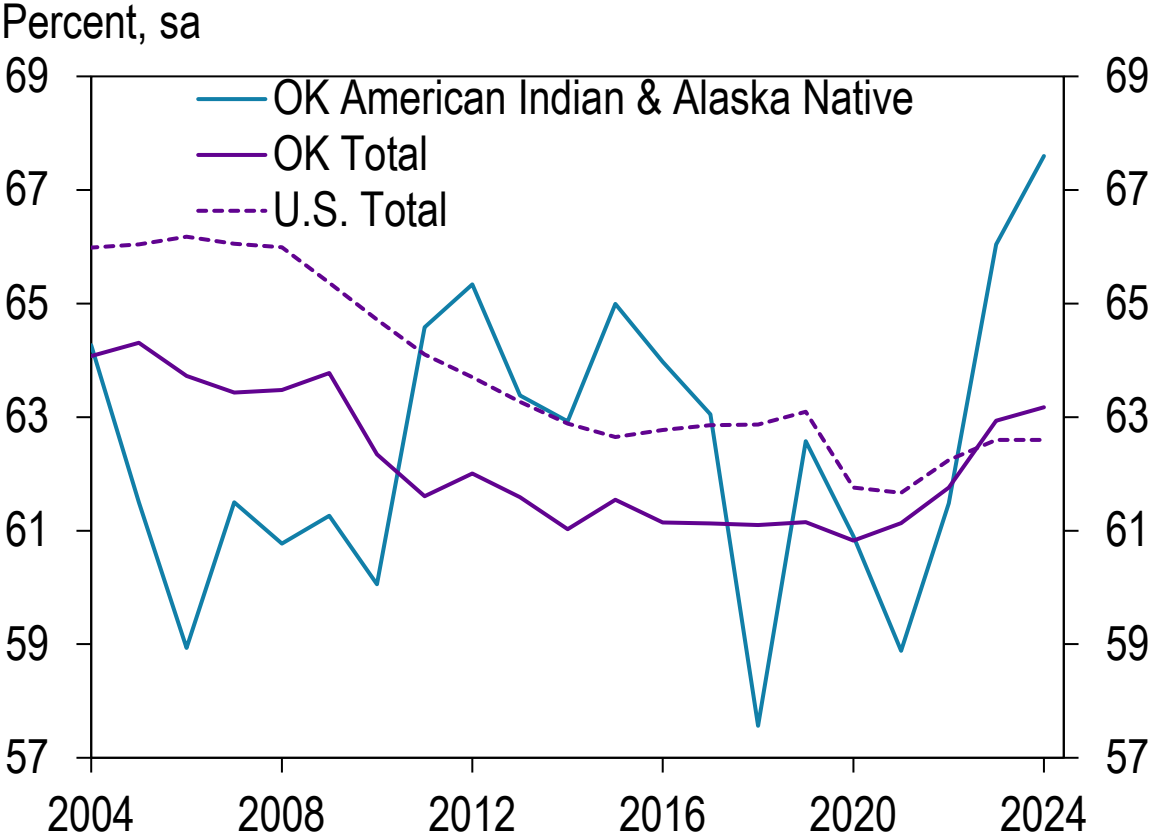


Note: Shading denotes NBER-defined recessions.

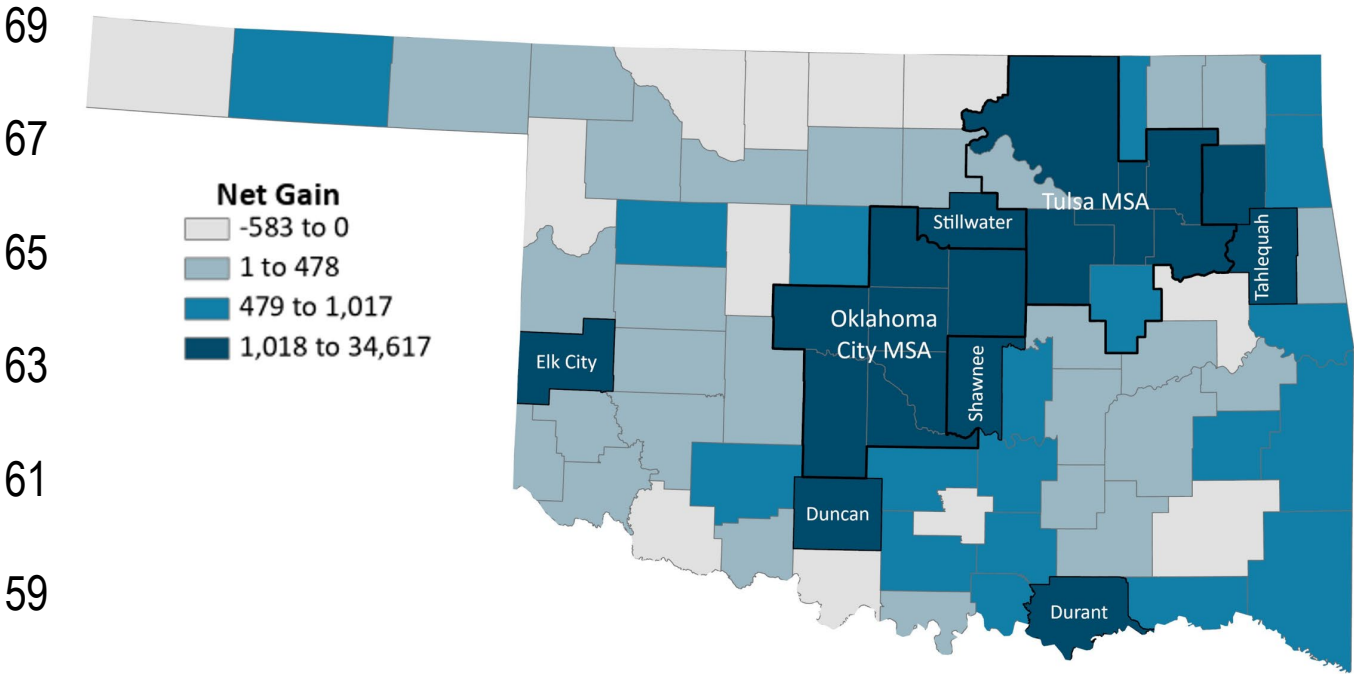
Sources: BLS, NBER/Haver Analytics

# Oklahoma's Native American participation reached its highest level in over two decades, and the tribal-heavy southeastern corner of the state gained workers

Labor Force Participation Rate



Labor Force Gains by County, 2021-H1 2024



Note: 2024 rates are the average monthly rate for H1 2024 (January to June).

Sources: BLS, CPS, staff calculations

# Summary

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# Questions?

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