

# U.S. and Oklahoma Economic Outlook

University of Tulsa Conference of Accountants

May 20, 2025

Megan Williams

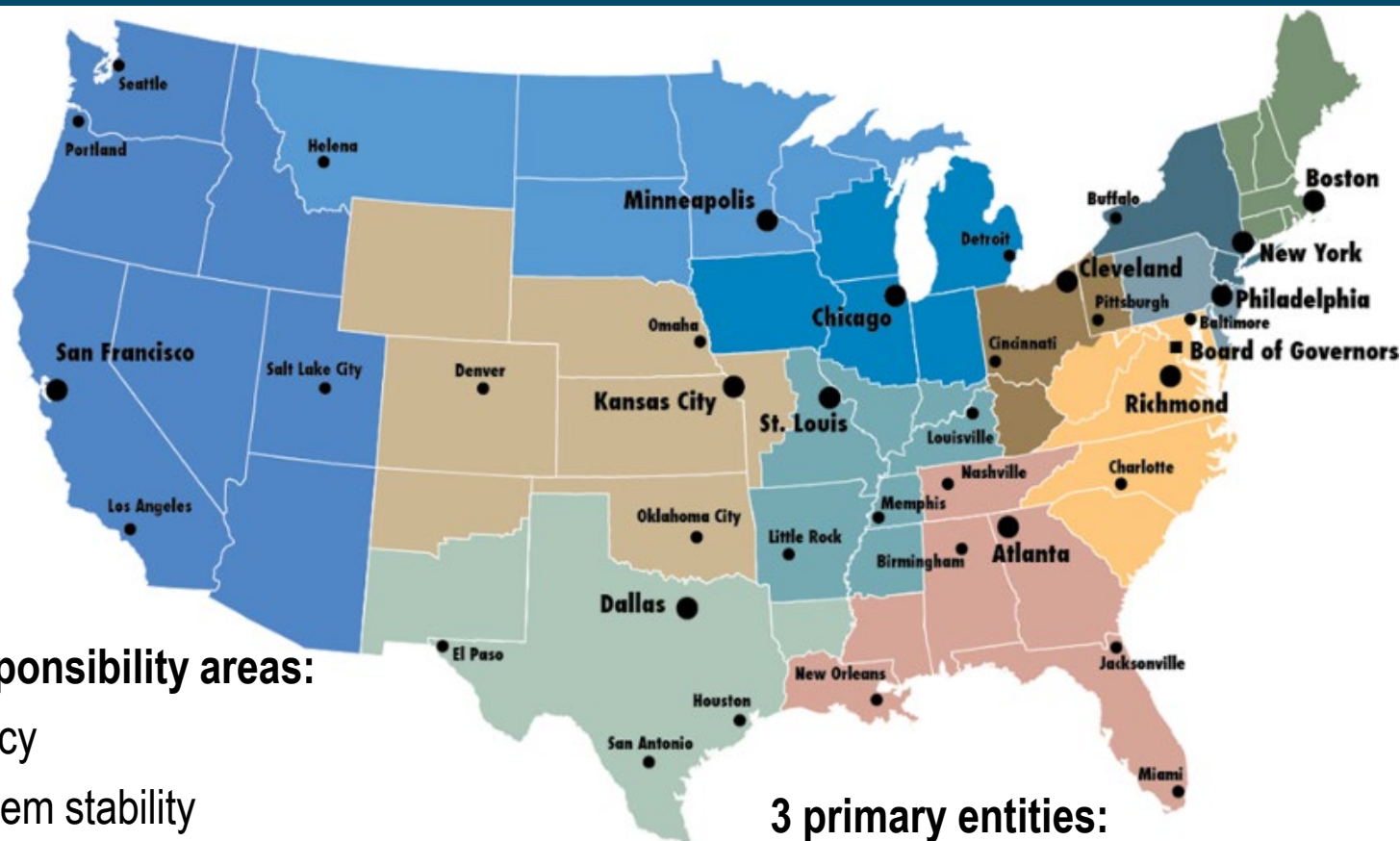
*Associate Economist & Senior Manager, Oklahoma City Branch*

\*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

[www.kansascityfed.org/oklahomacity](http://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

- **2025 OKC Branch Board of Directors**

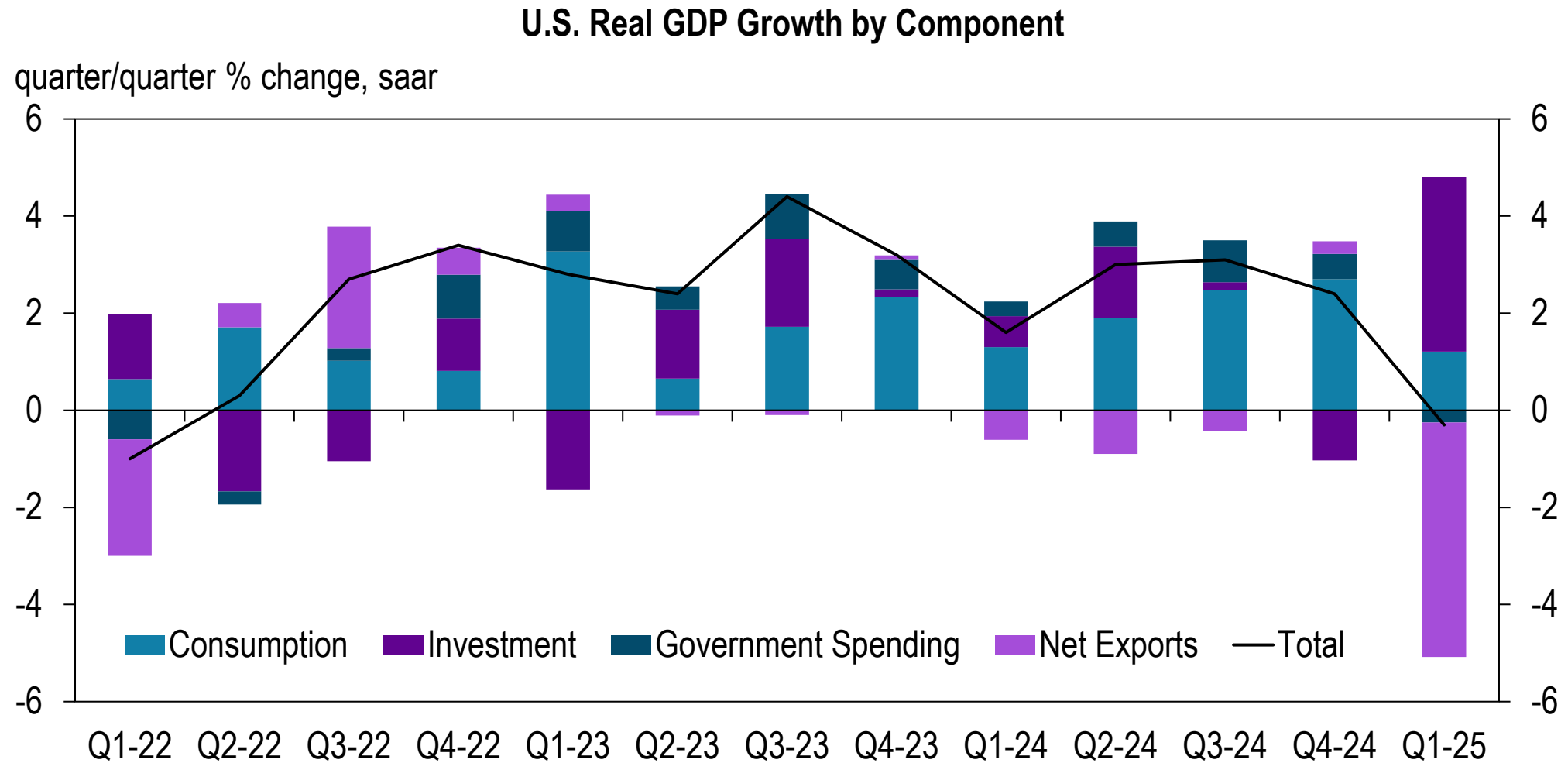
- **Rhonda Hooper (chair)**, President & CEO, Jordan Advertising, OKC
- **Mark Burrage**, CEO, FirstBank, Antlers/Atoka
- **Scott Case**, President, Case & Associates Properties, Tulsa
- **Jason A. Garner**, Crawley Petroleum Corporation, OKC
- **Terry Salmon**, President, Computer System Designers, OKC
- **Brady Sidwell**, Principal, Sidwell Enterprises, Enid
- **Rebecca Thompson**, CFO, Treasurer, & VP Finance, AAON, Inc., Tulsa

# Overview

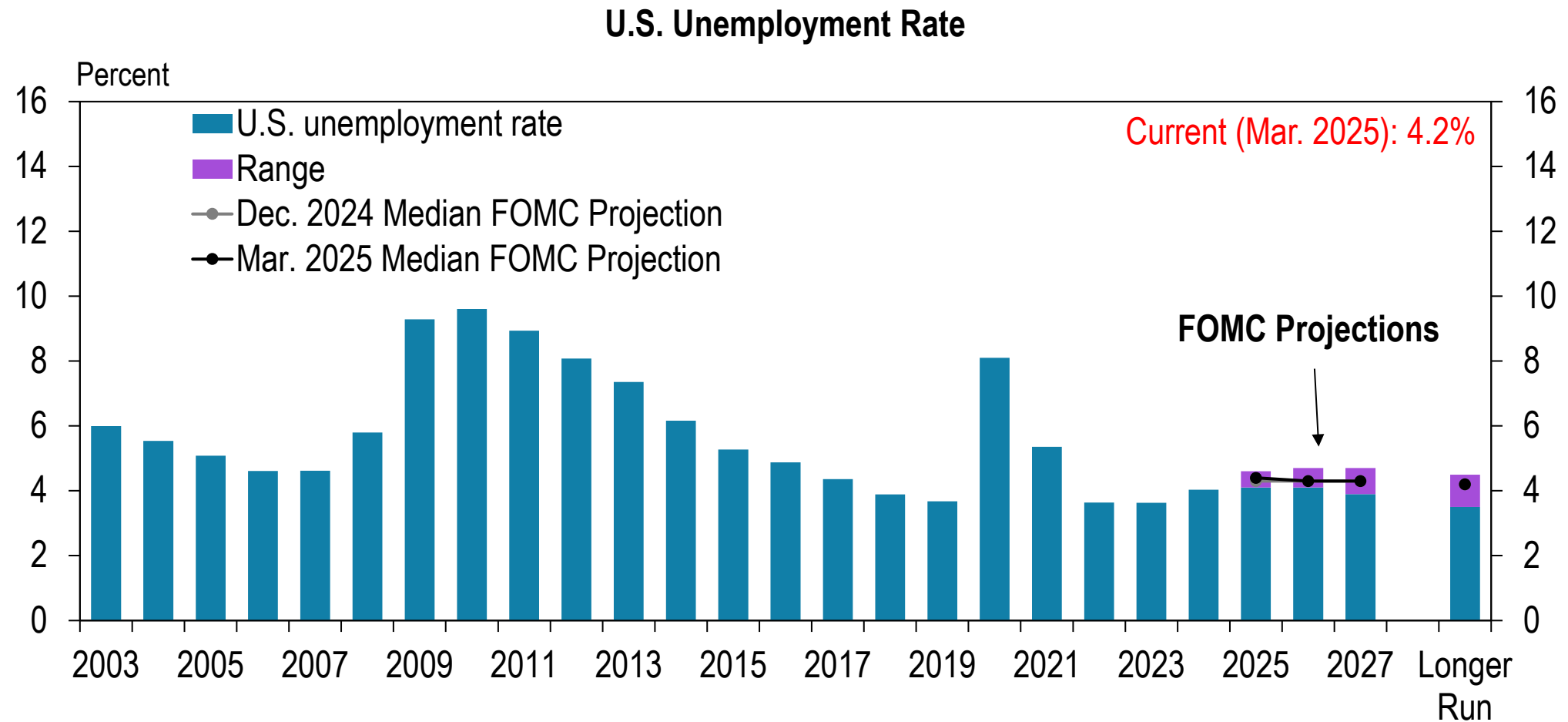
- U.S. GDP fell slightly in Q1 as firms front-loaded imports, and unemployment is up slightly but remains near long-term averages
- Inflation has come down to near 2%, and the labor market remains strong, but risks have increased for both
- Oklahoma's economy also continues to grow, and unemployment is low
- Oklahoma continues to see in-migration, and the state's labor force participation rate met the national average for the first time in over three decades



# U.S. GDP growth fell by 0.3% in Q1 as firms front-loaded imports, and consumption growth eased



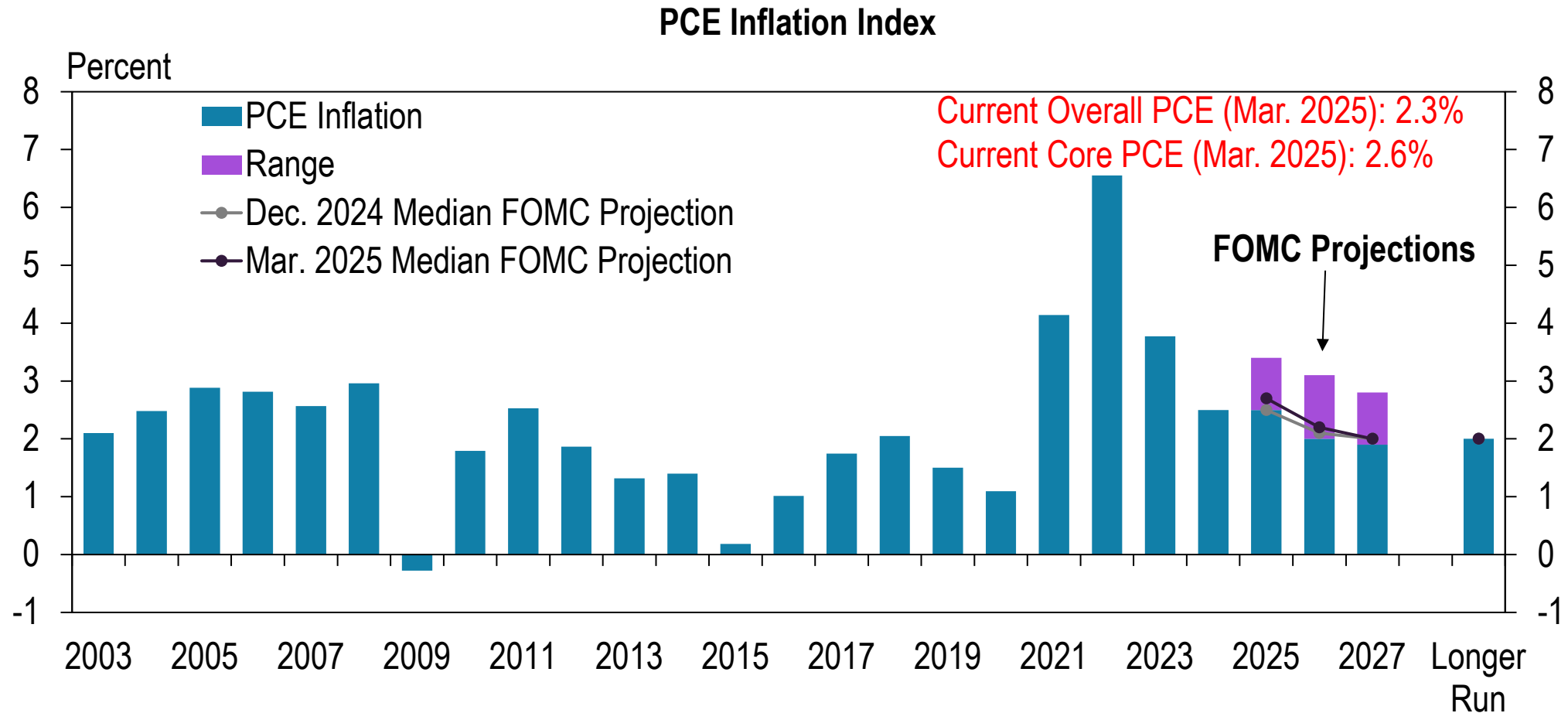
# U.S. unemployment remains historically low and is projected to remain low moving forward



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

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

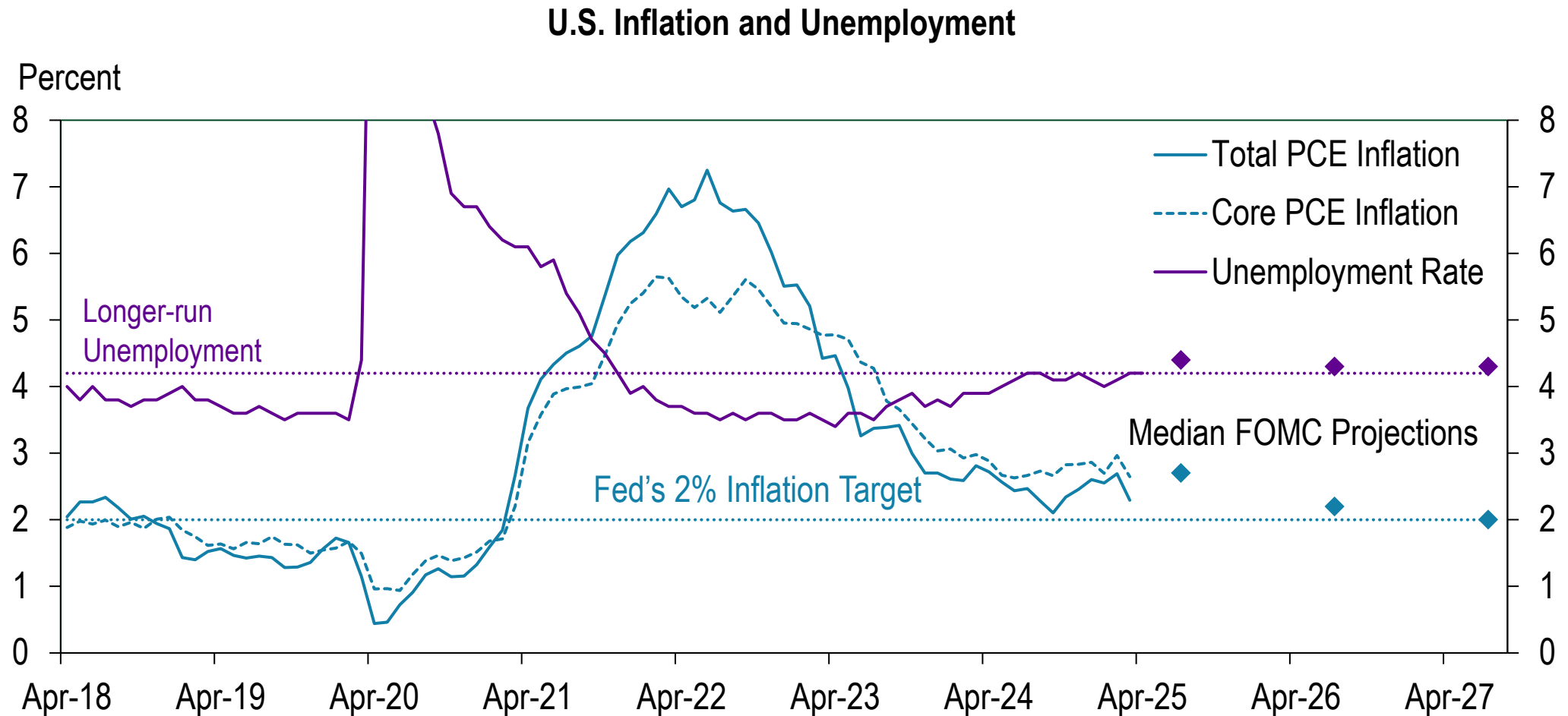
# Inflation has come down from 2022 peaks, but is projected to tick up this year



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

Sources: Bureau of Economic Analysis, FOMC

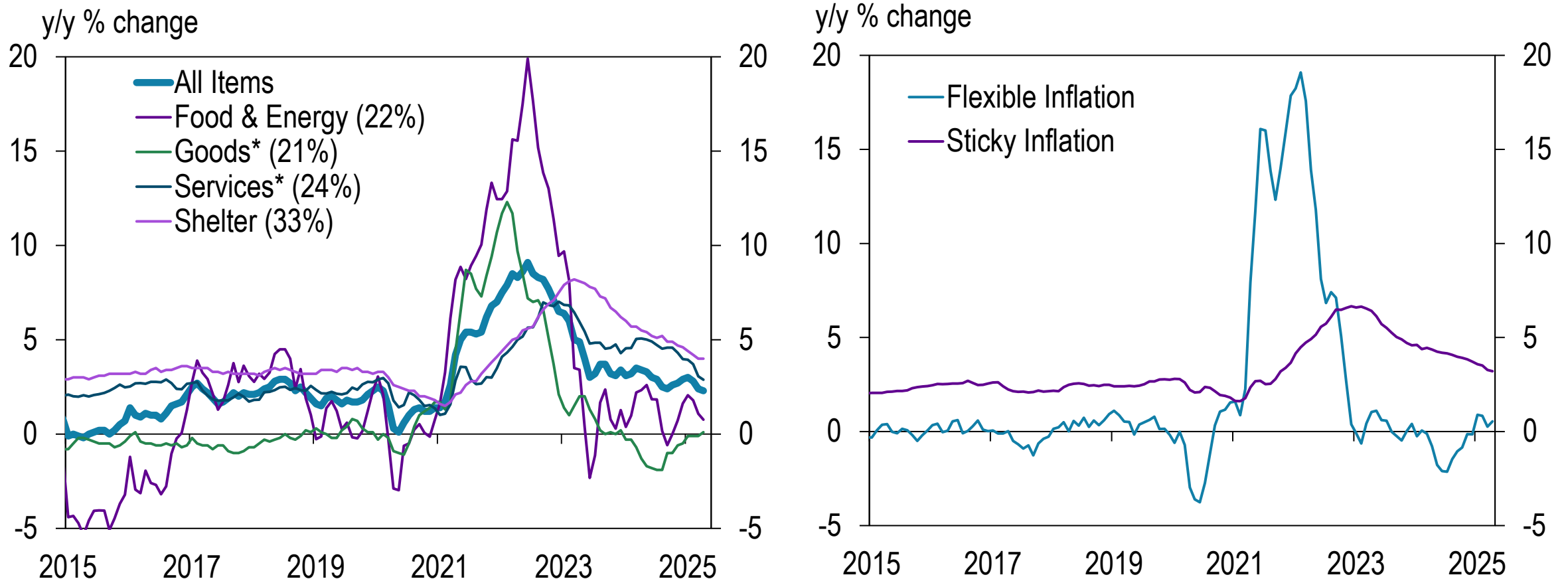
# Inflation and unemployment have come closer to the Fed's targets, but there are risks to both





# CPI inflation eased to 2.3% in April, as services and energy cooled and flexible inflation stays mostly flat

**Consumer Price Index by Component**

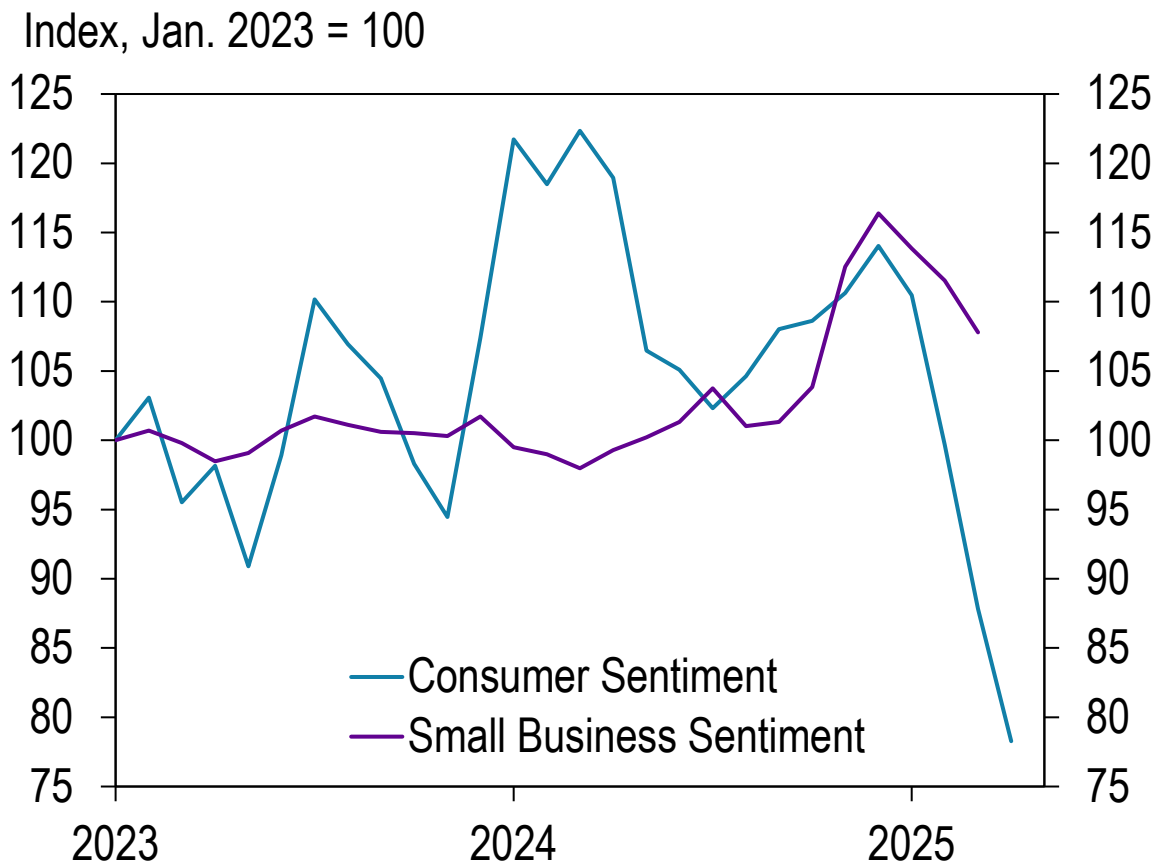


\*Goods excluding Food; Services excluding Energy.  
Note: Relative Importance as Share of CPI shown in parenthesis.

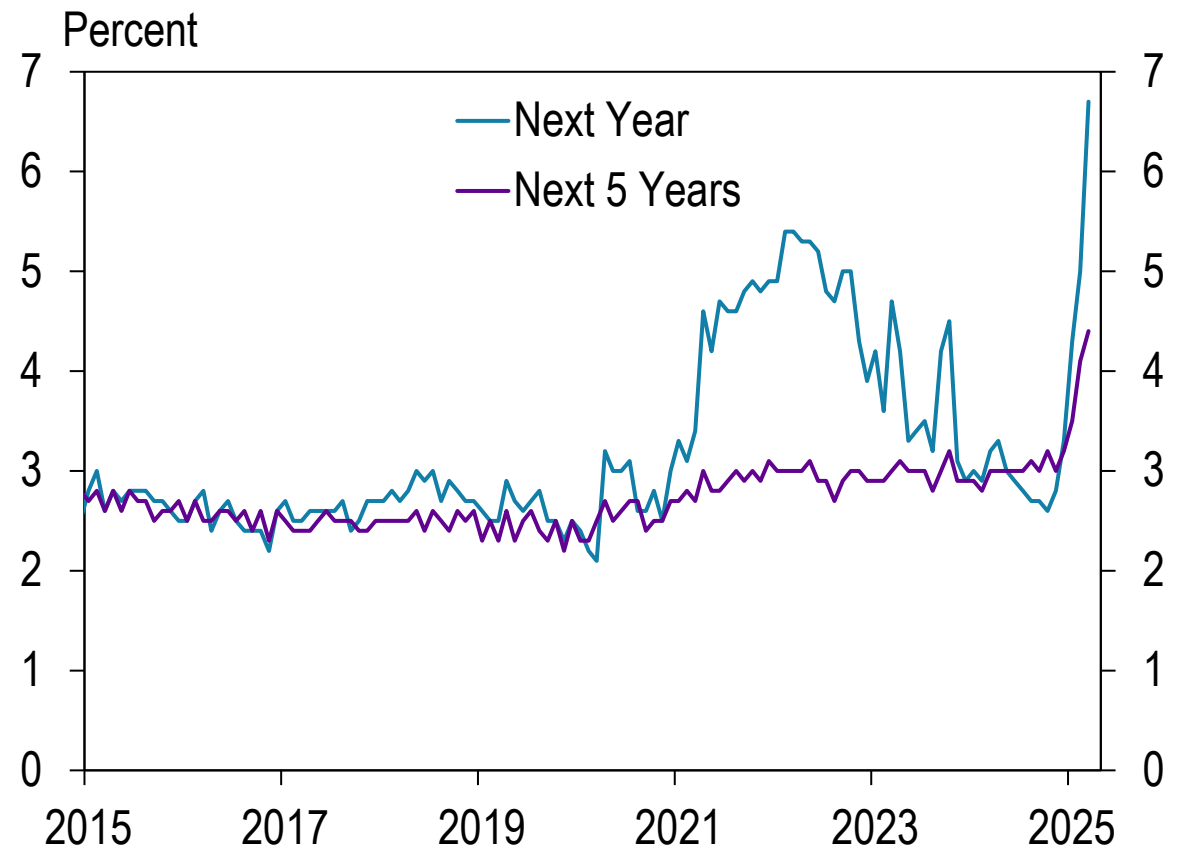
Sources: BLS, Atlanta Fed/Haver Analytics

# Consumer confidence has fallen sharply, while inflation expectations reached 40-year highs

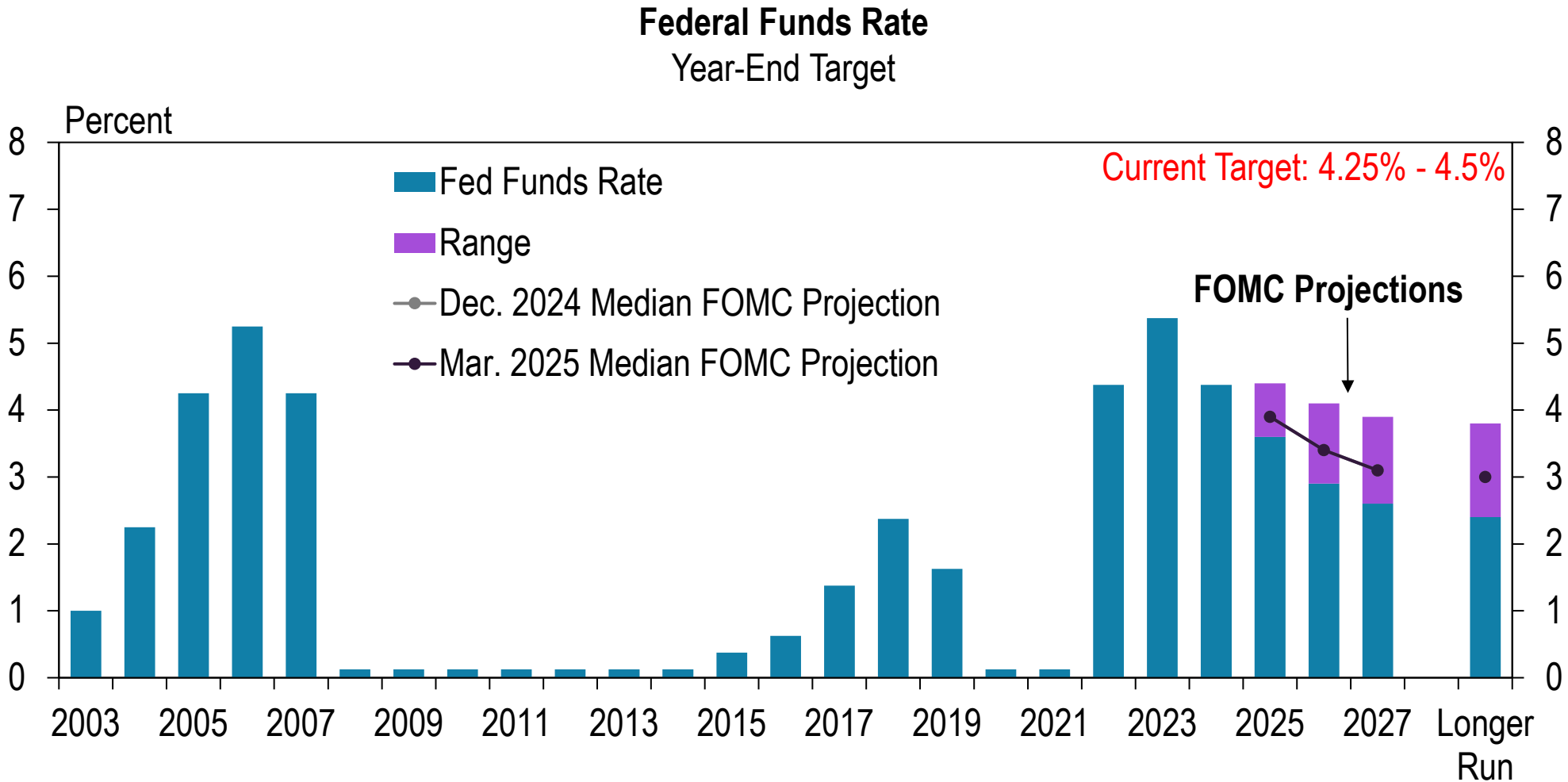
## U.S. Consumer and Business Sentiment



## Expected Inflation Rate



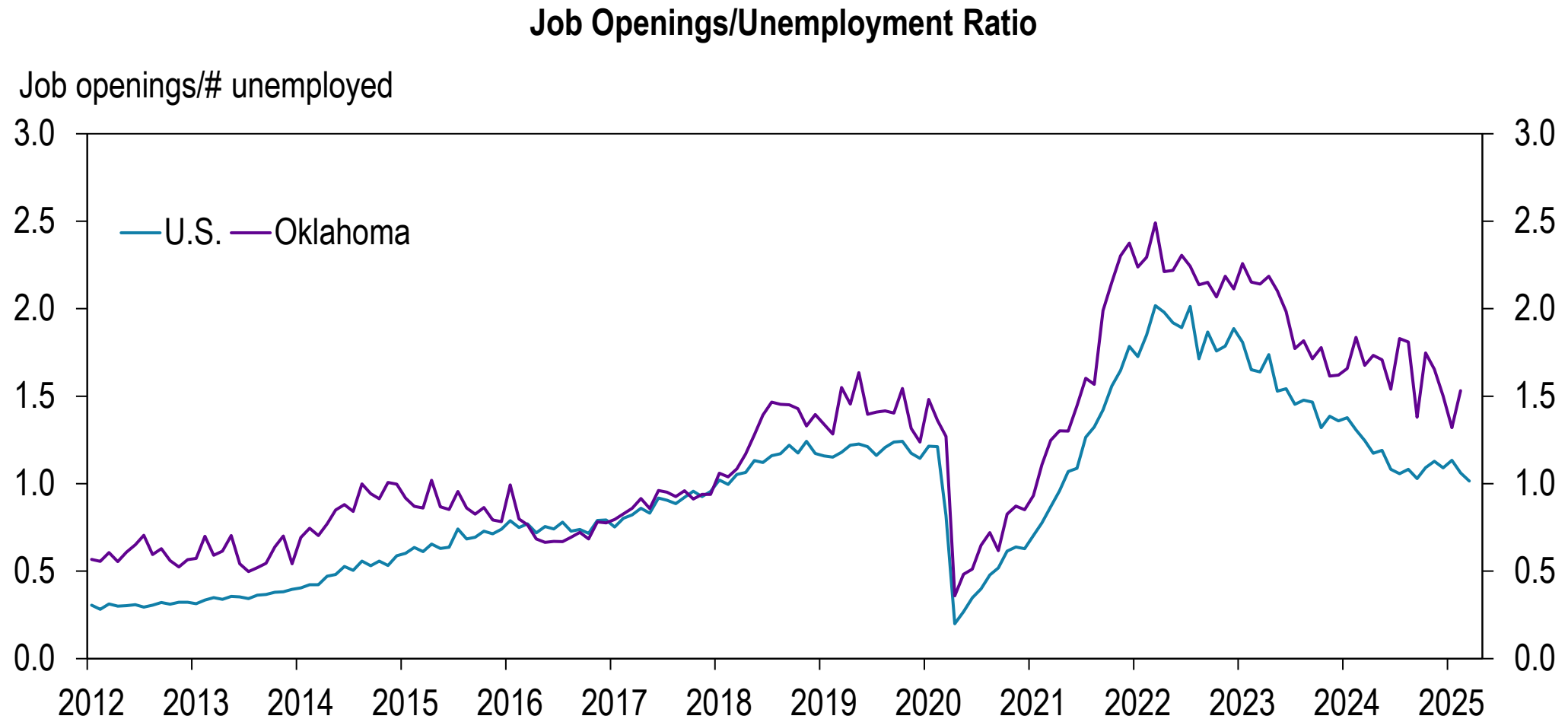
# The Fed held the federal funds rate steady in May, and the latest projections are shown



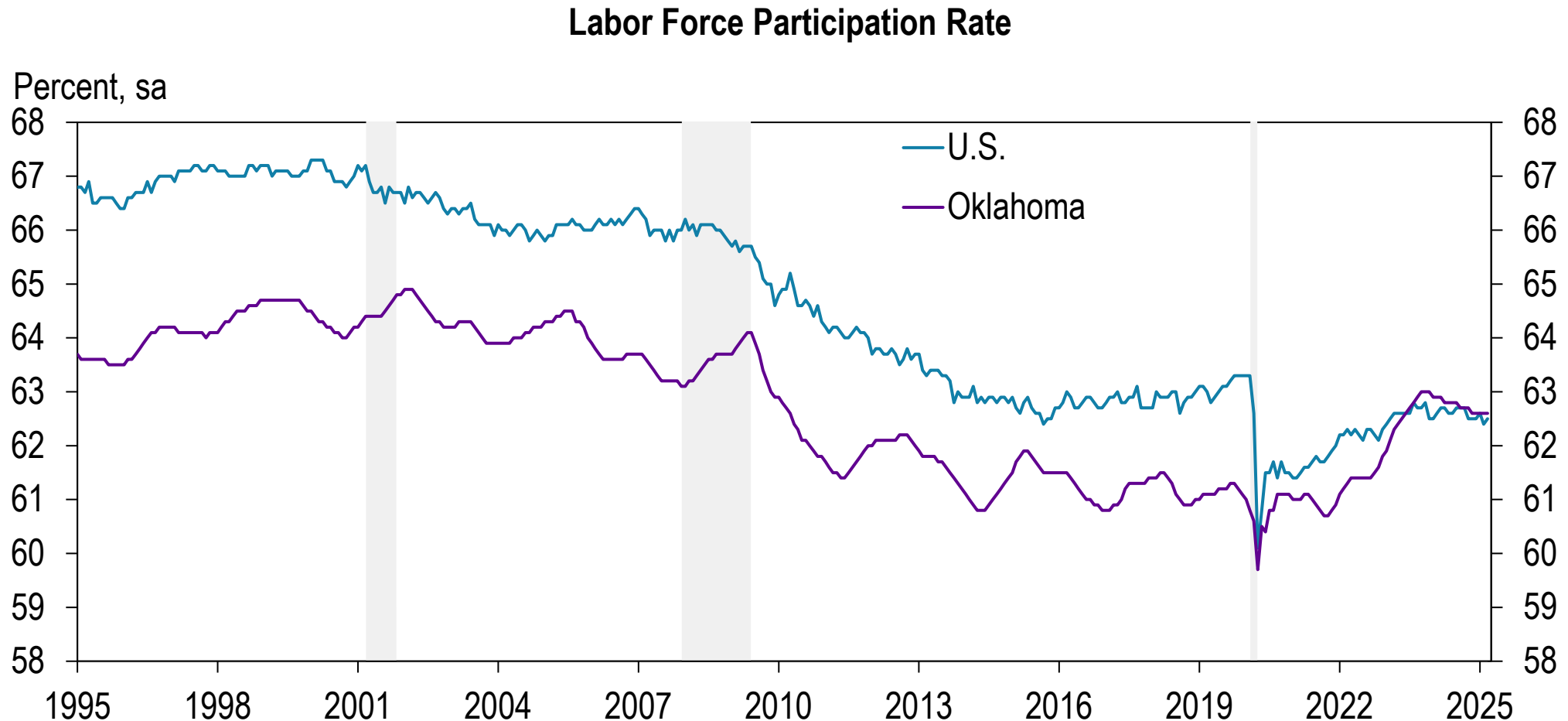
Note: Data and FOMC projections are for year-end.

Sources: Bureau of Economic Analysis, FOMC

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



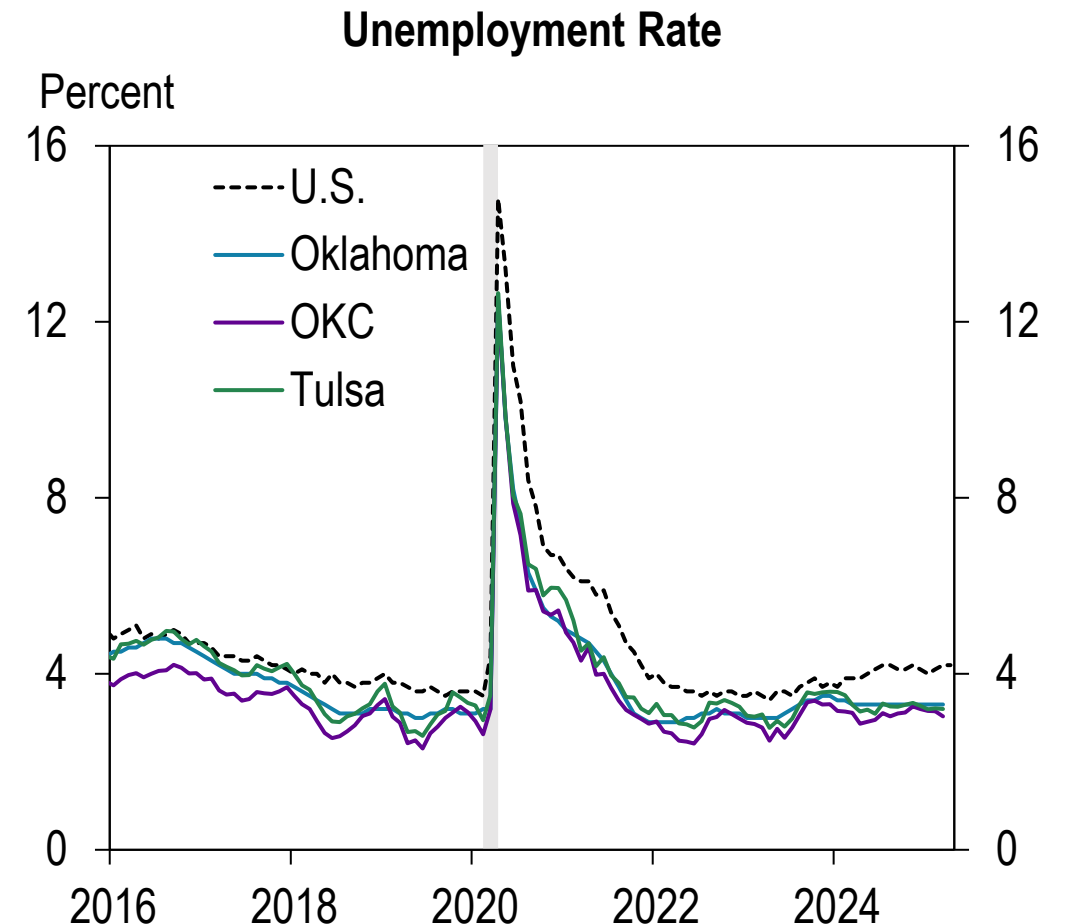
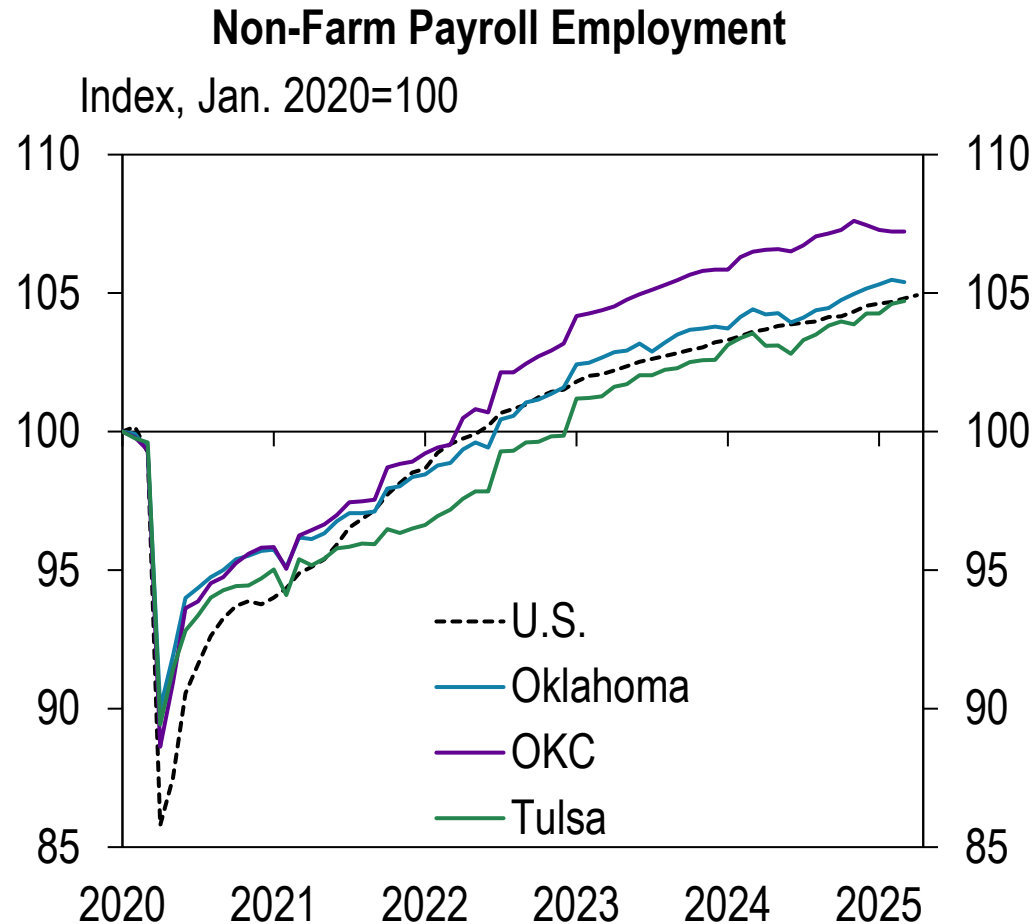
# Oklahoma's labor force participation rate has been higher than the U.S. since June 2023



Note: Shading denotes NBER-defined recessions.

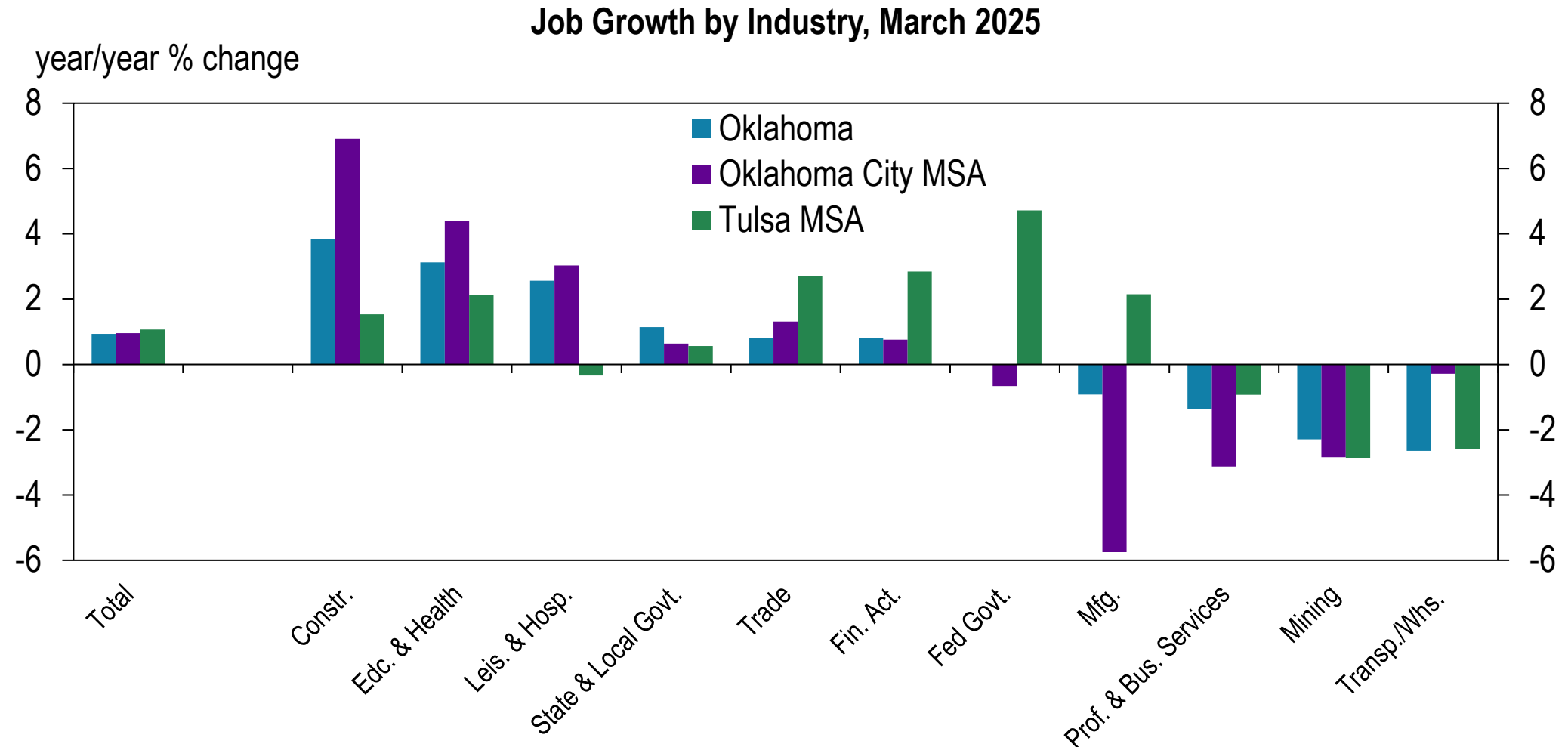
Sources: BLS, NBER/Haver Analytics

# Jobs in Oklahoma have continued to grow in 2025, while unemployment remains very low

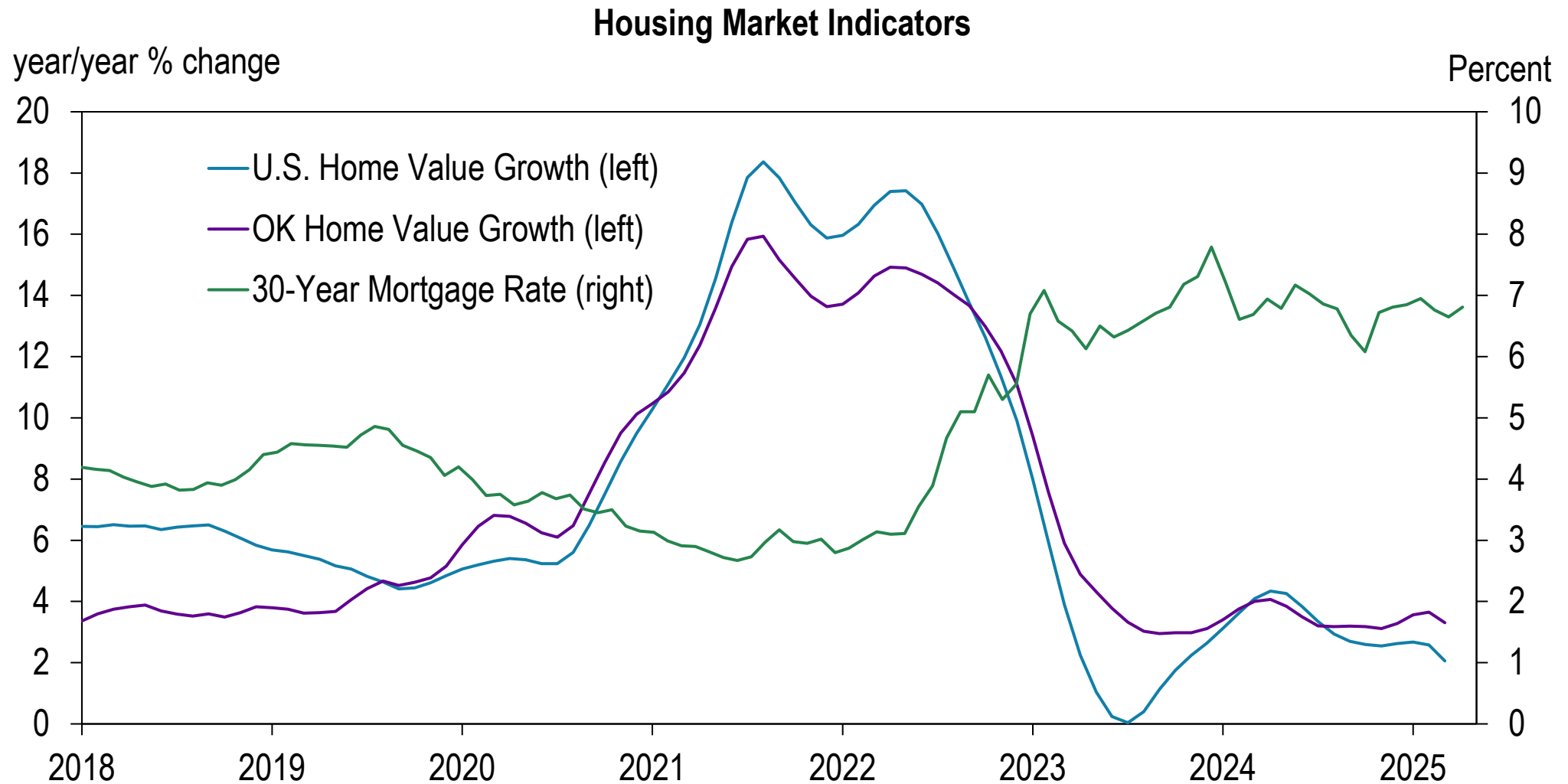




# Most industries have added jobs across the state, particularly in construction, health care, and hospitality



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

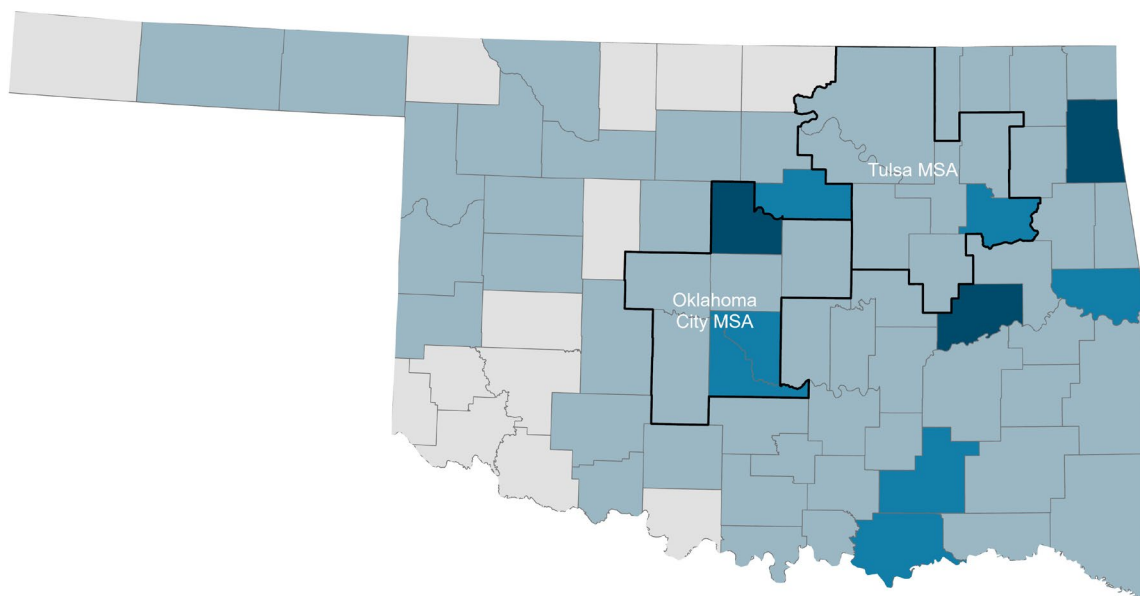


Sources: Freddie Mac, Zillow/Haver Analytics

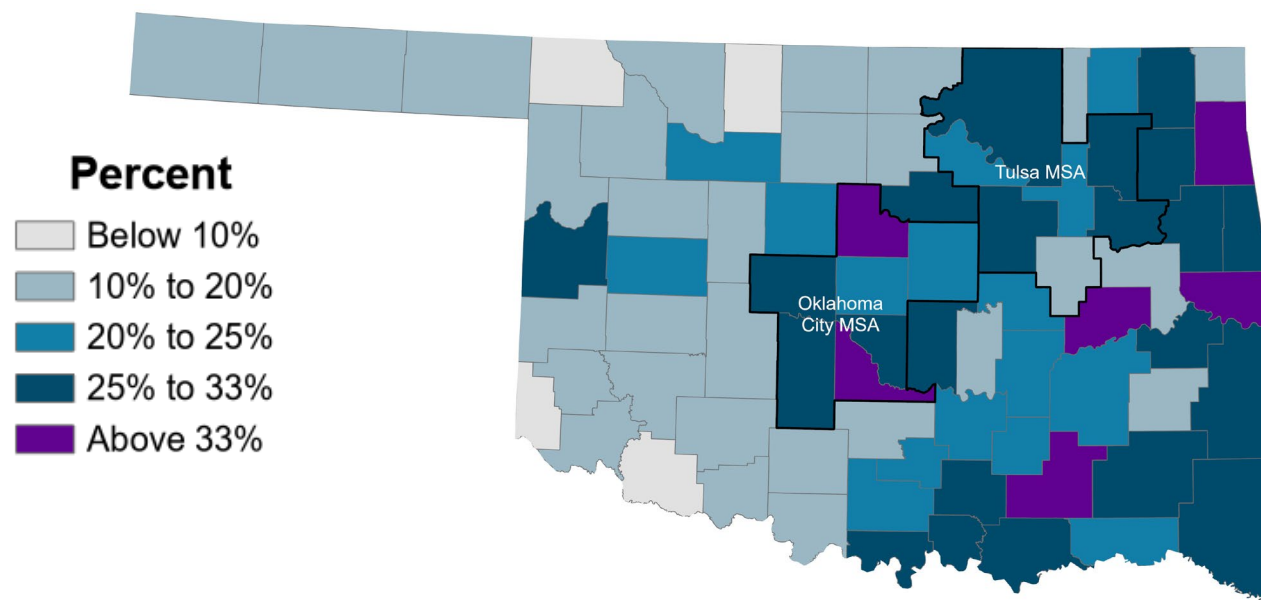
# Homeownership for first-time buyers became less affordable across Oklahoma in recent years

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

2018-2019



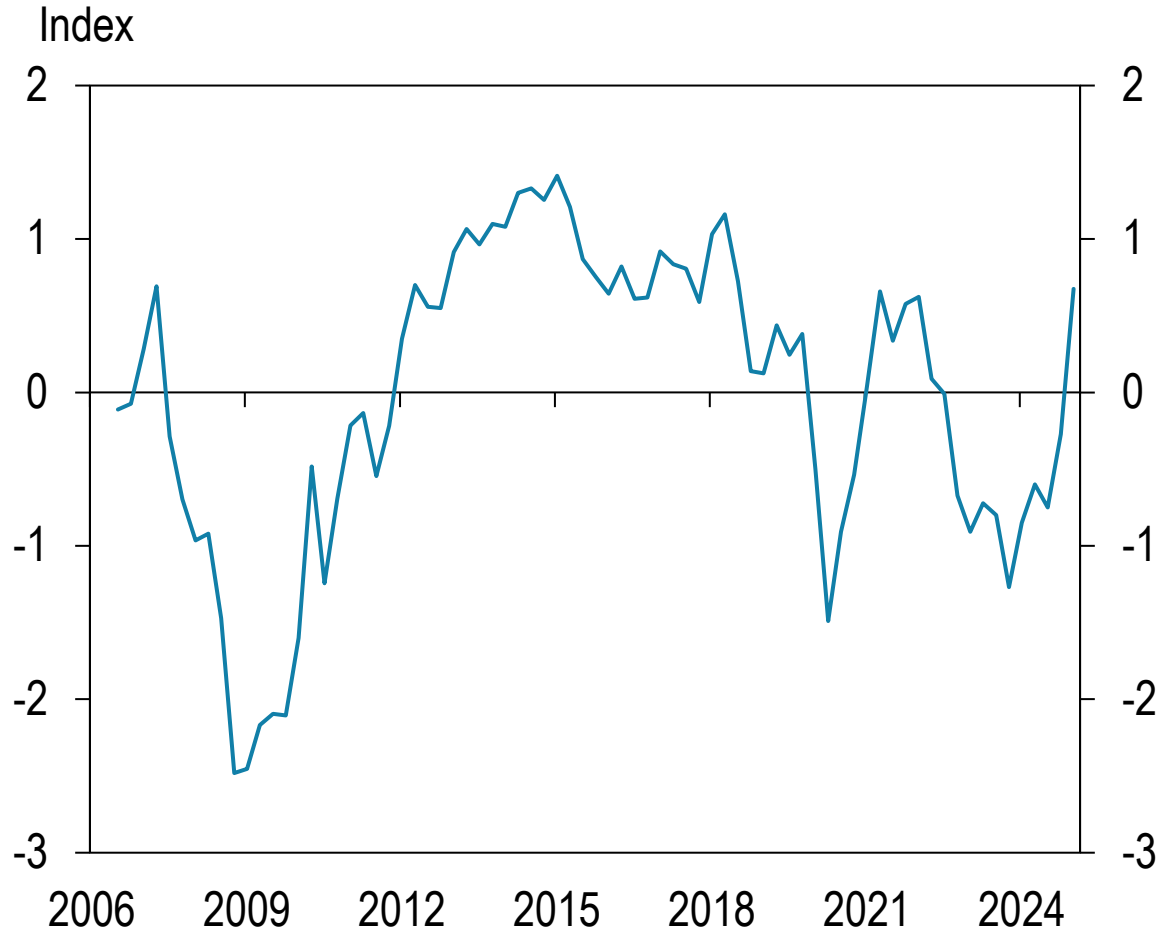
2024



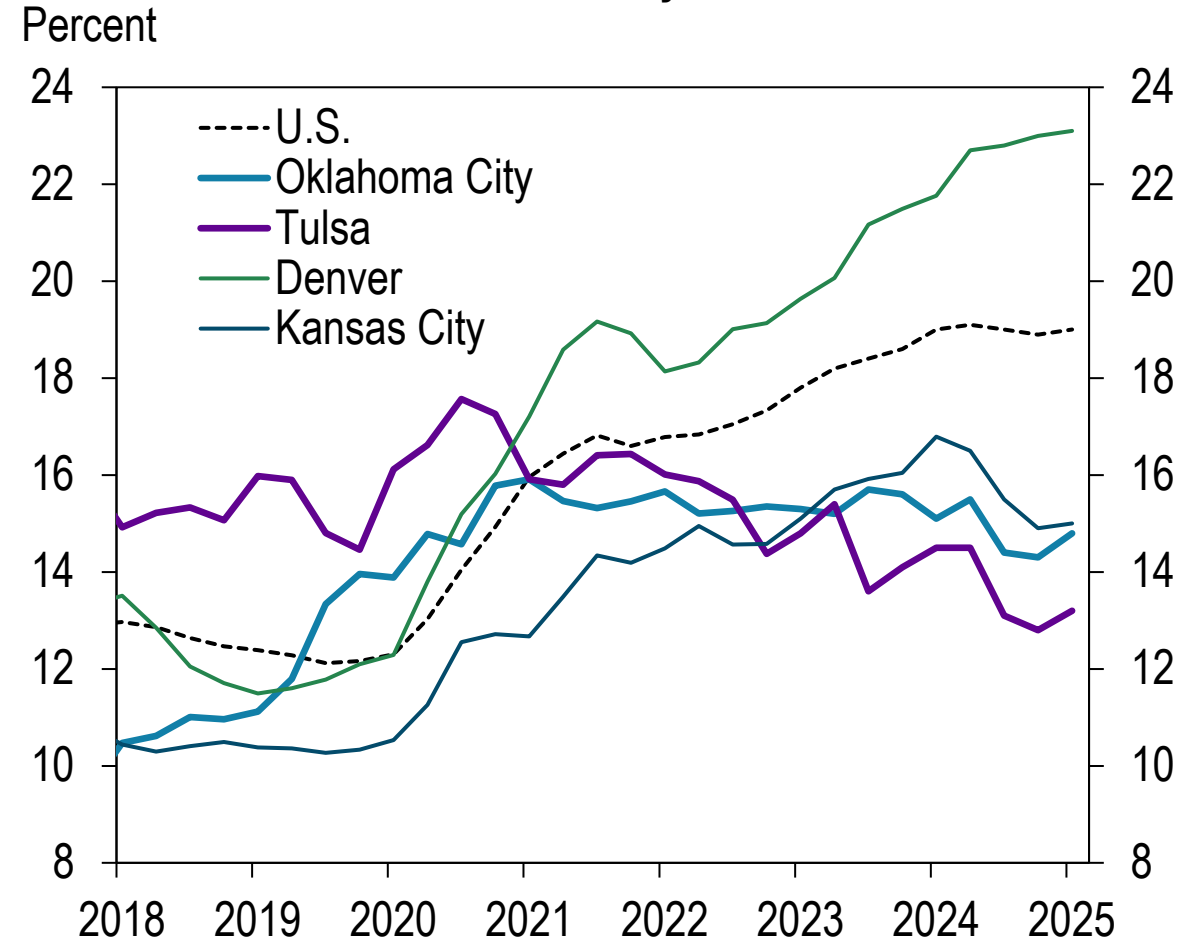
Notes: Costs include mortgage payment, insurance, and maintenance. 2024 data through October.  
Sources: Zillow, BLS, U.S. Census Bureau (IPUMS NHGIS), WSJ (Haver Analytics), staff calculations

# CRE activity in the region recovered in Q1, and office vacancy rates in Oklahoma have not risen like in neighboring markets

## KC Fed Commercial Real Estate Index



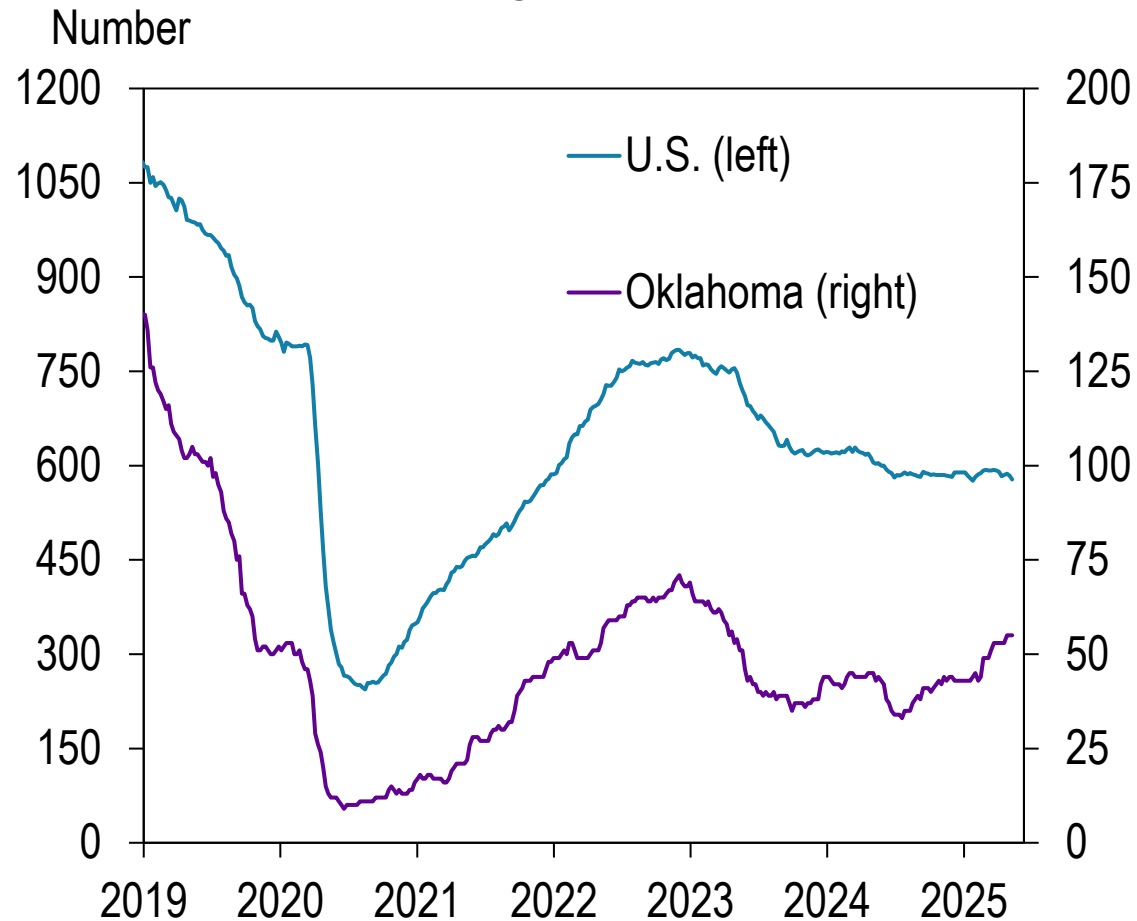
## Office Vacancy Rates



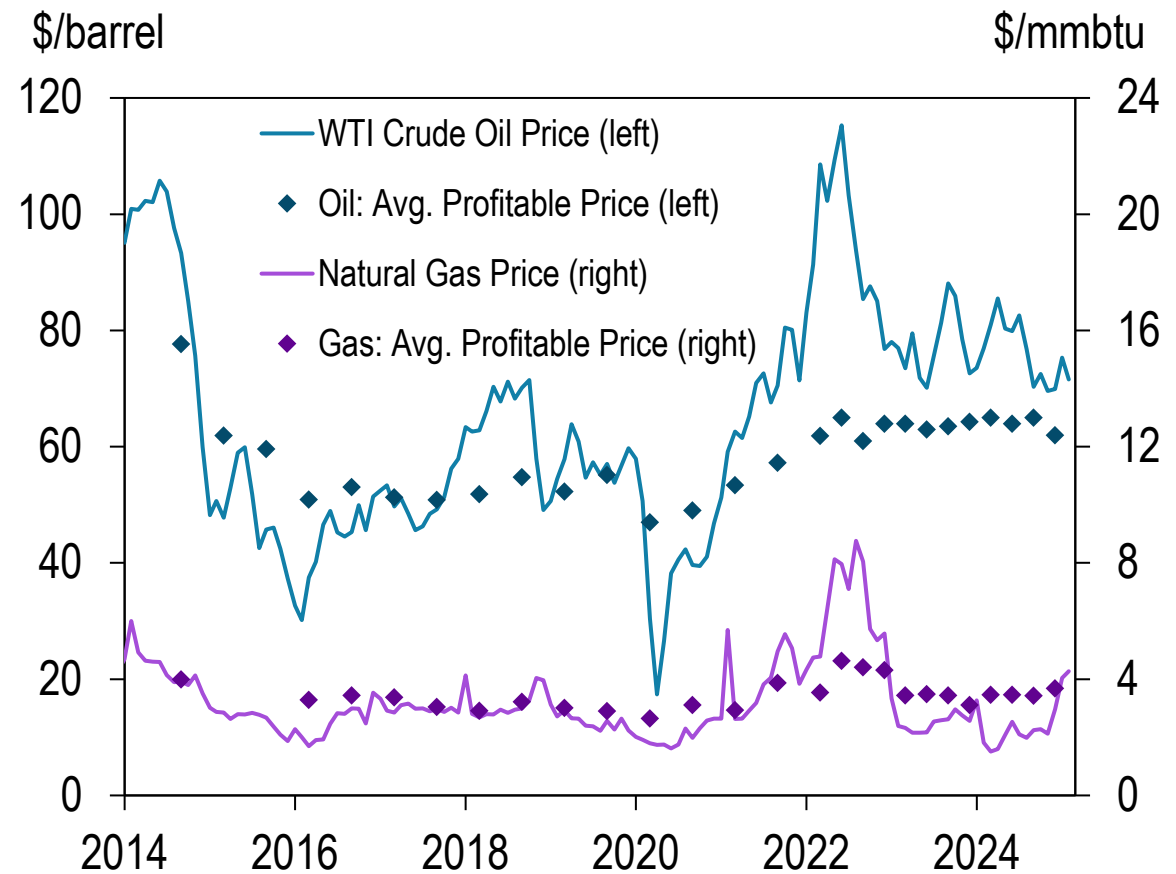
Sources: CBRE-EA, FRBKC

# Oil and gas drilling has picked up somewhat in Oklahoma as natural gas prices rise from all-time lows

## Rig Counts

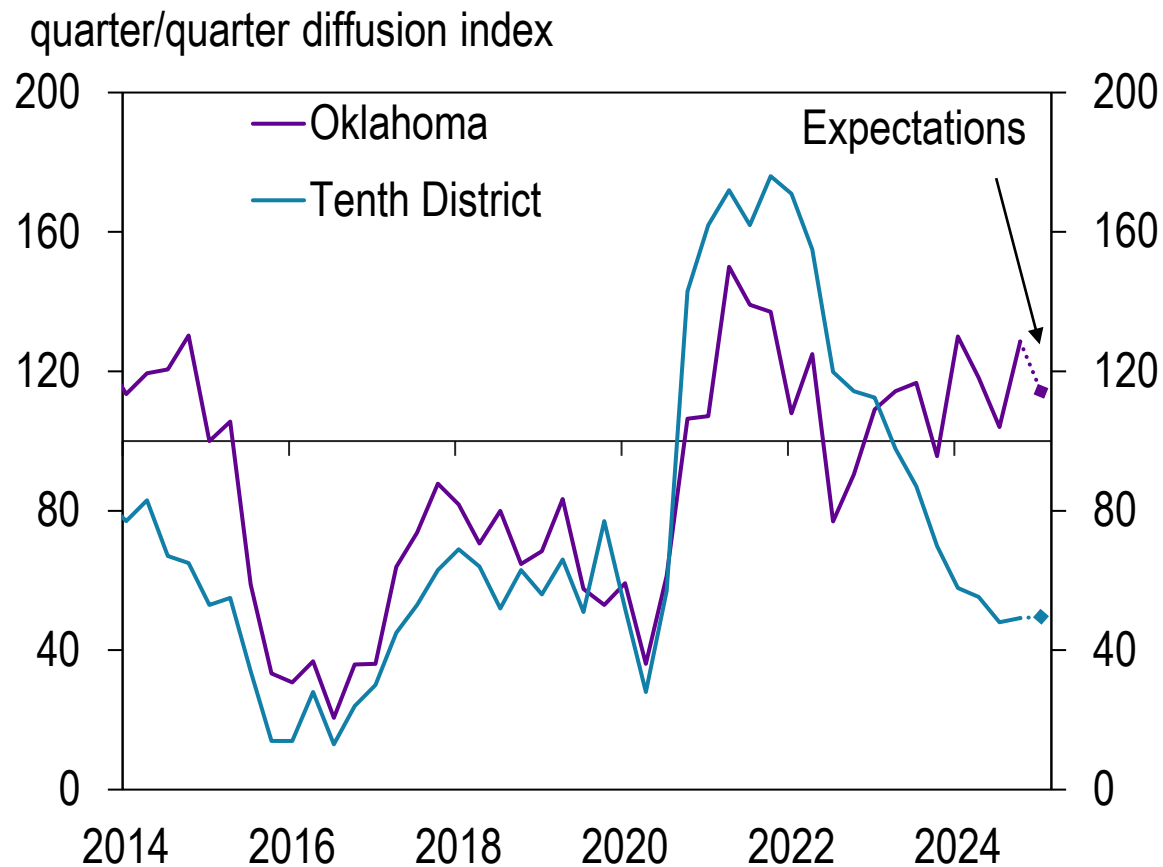


## U.S. Energy Prices

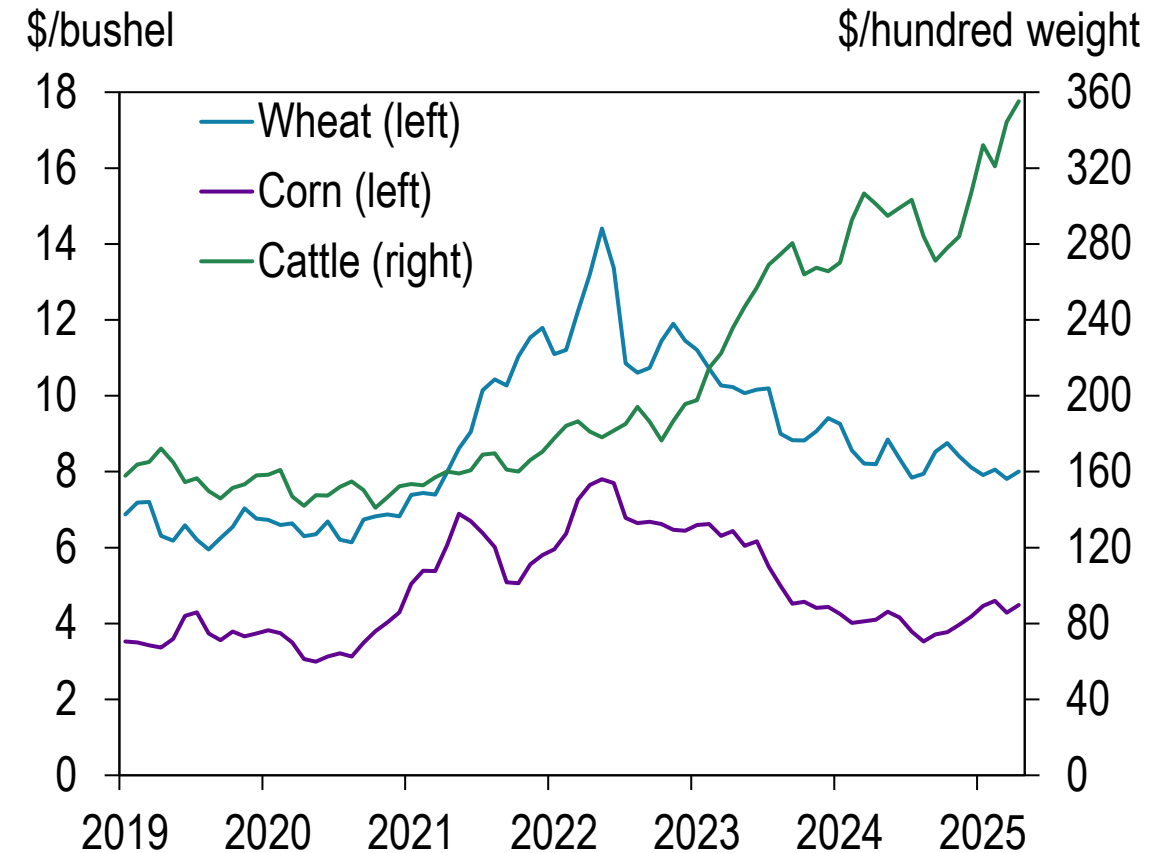


# Oklahoma farm income grew in Q4 while it declined in other District states, partially due to higher cattle prices

## Farm Income

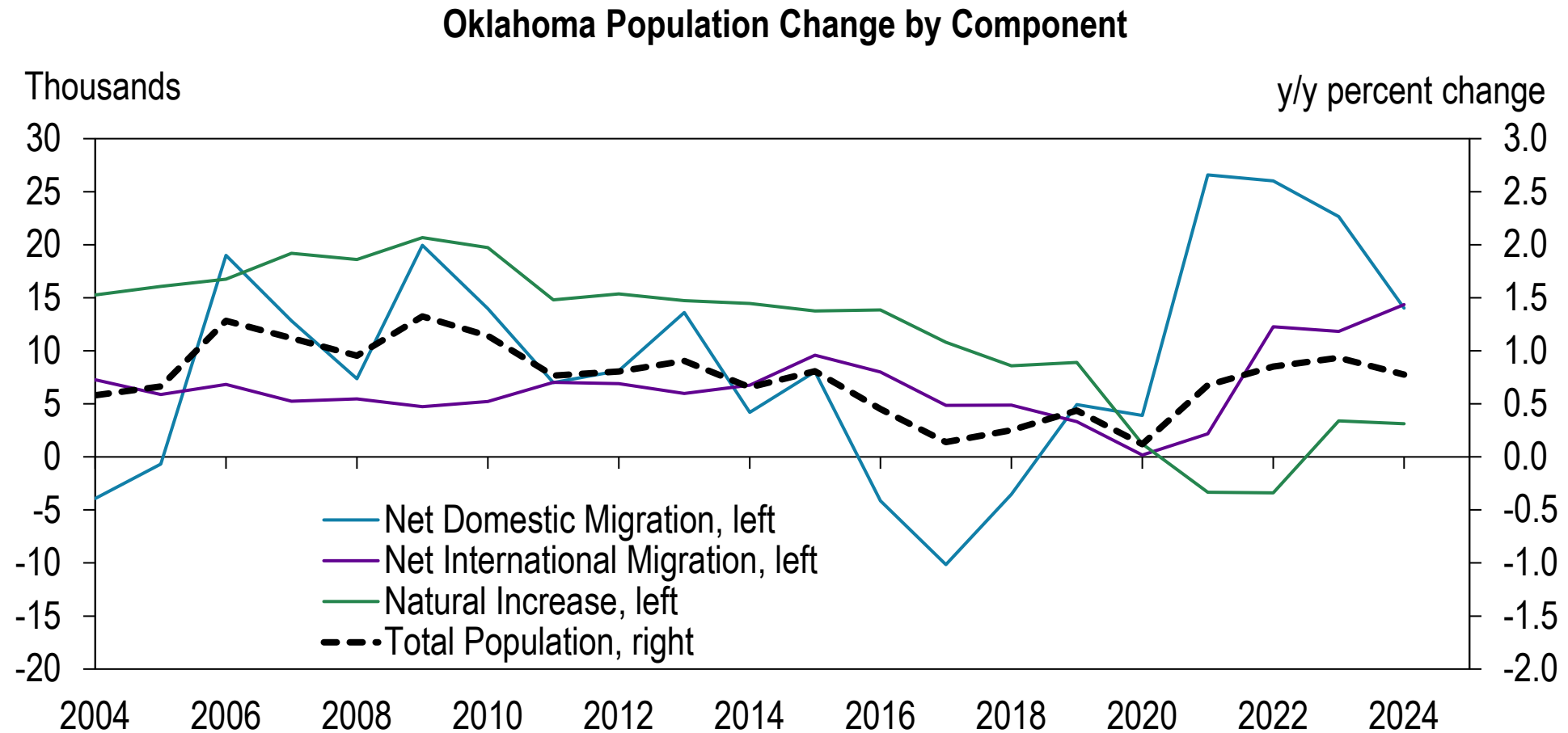


## Agricultural Commodity Prices



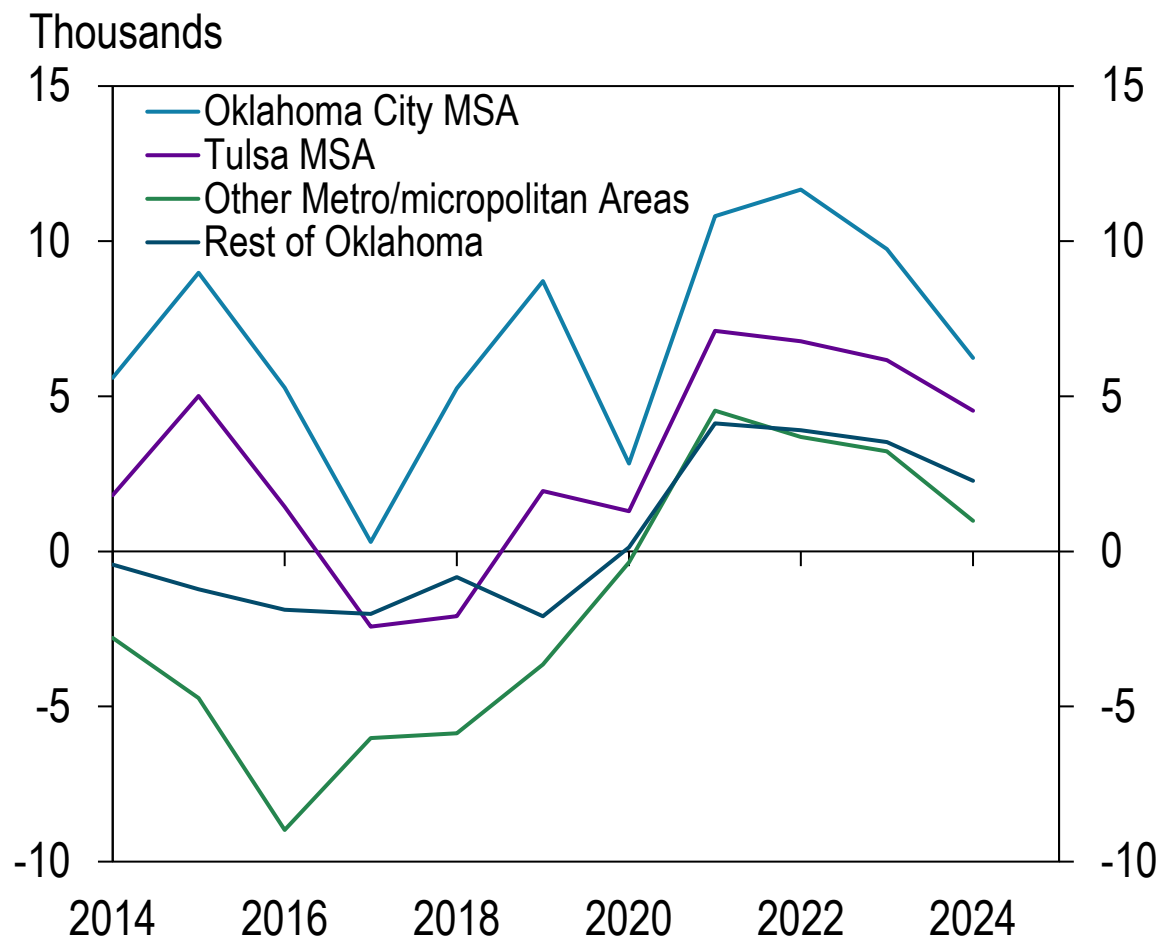


# Oklahoma's population grew at a slightly slower pace in 2024, as net domestic migration slowed from pandemic-era highs

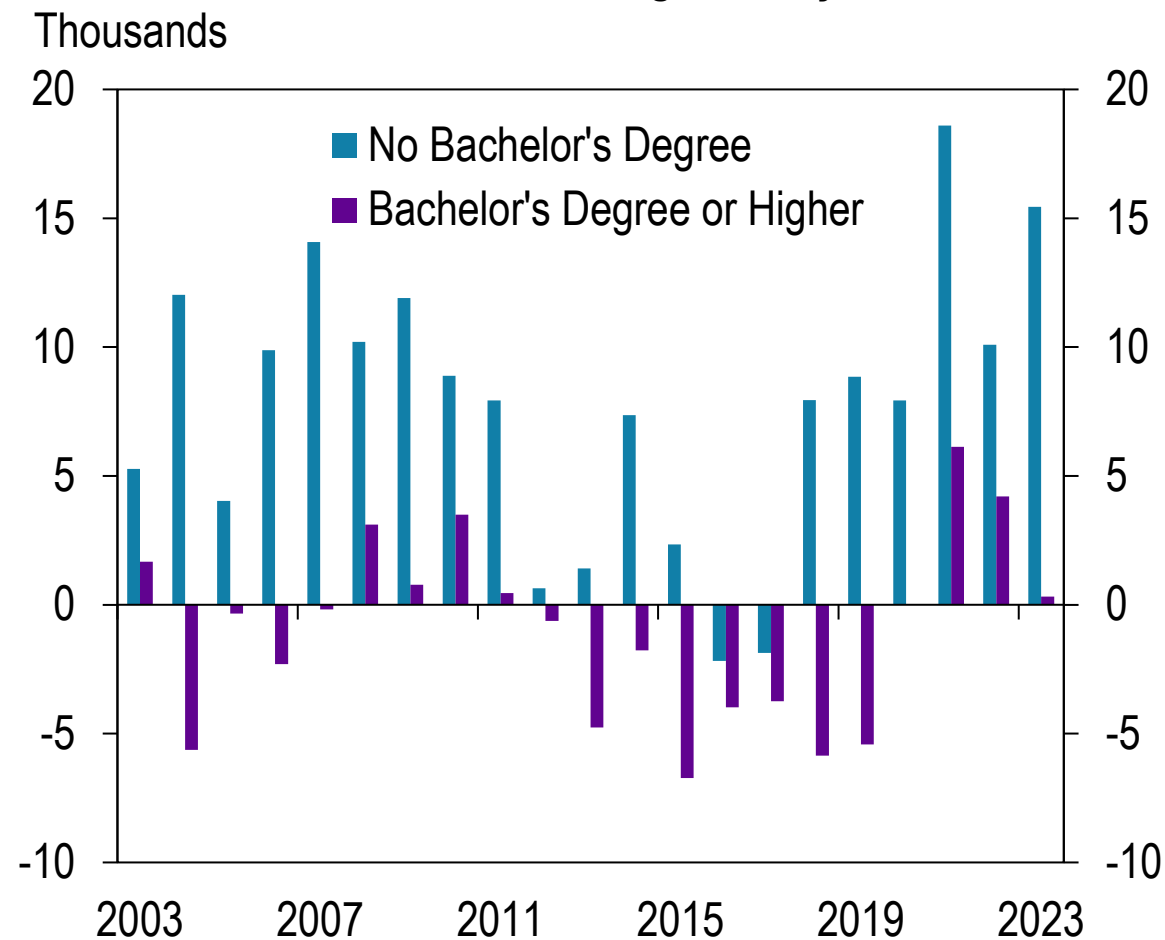


# Both metropolitan and rural areas have gained residents on net, and the surge of college graduates into the state cooled in 2023

## Oklahoma Net Domestic Migration



## Oklahoma Net Domestic Migration by Education

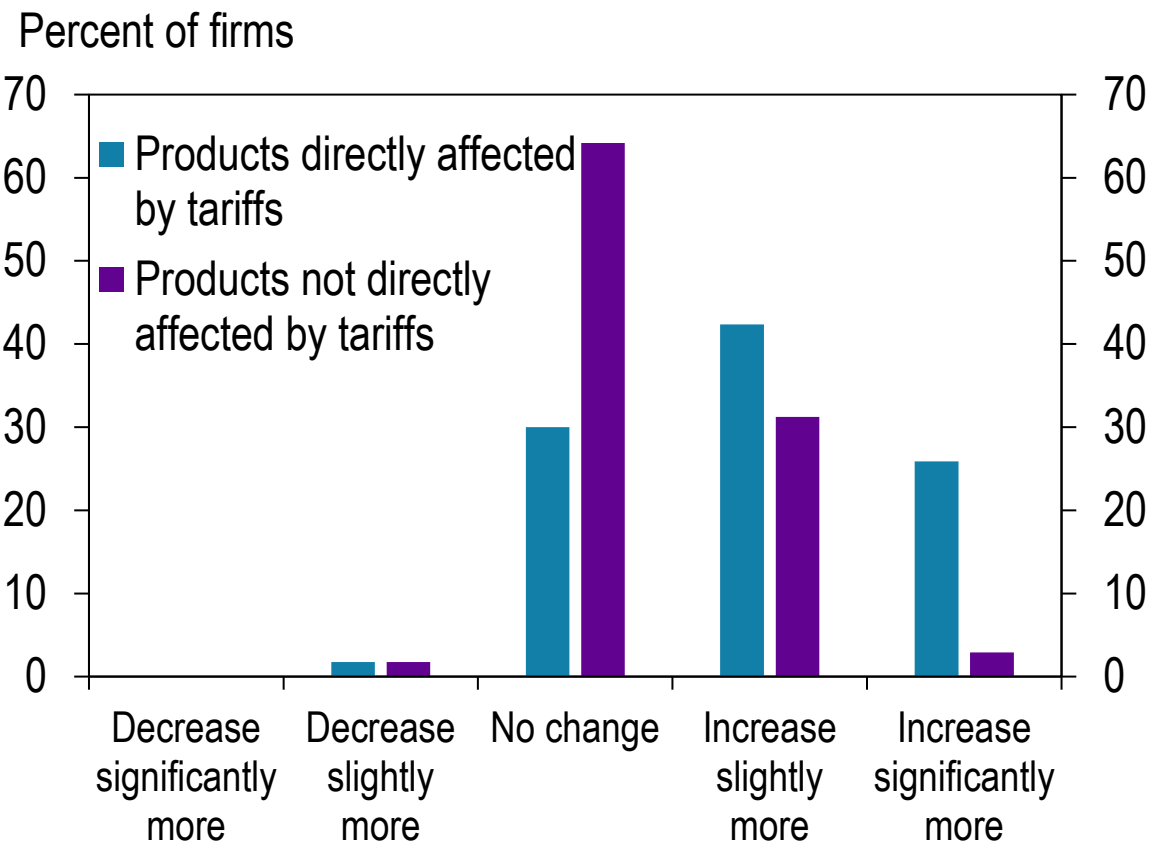


Note: Sample shown in right chart is limited to age 25+.

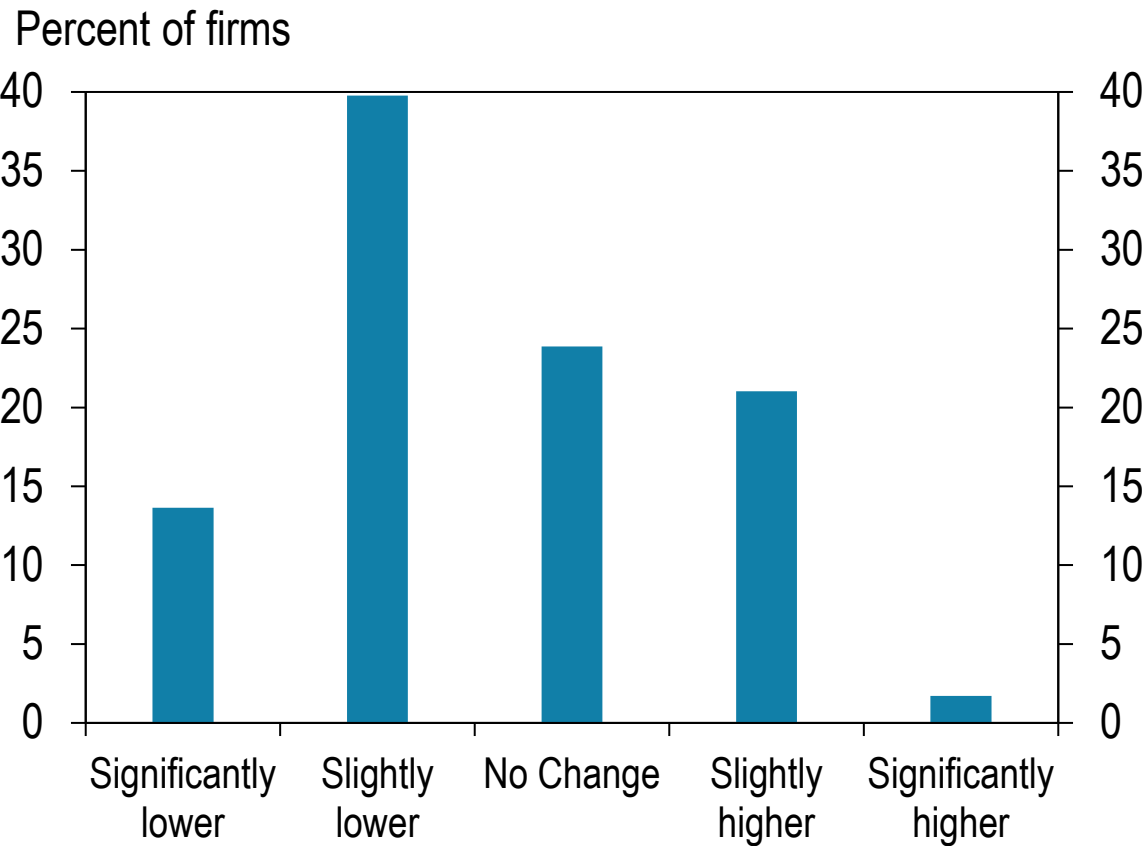
Sources: U.S. Census Bureau, ACS 1-year estimates/IPUMS USA, University of Minnesota, [www.ipums.org](http://www.ipums.org), authors' calculations

# Most Tenth District firms expect to increase prices further due to recent trade policy, but their outlook for demand is still mixed

**Apr-25: How do you expect to adjust prices this year compared to your pricing strategy at the beginning of the year?**



**Apr-25: What are your expectations for demand for your firm's products in 2025 compared to a few months ago?**



# Summary

- U.S. GDP fell slightly in Q1 as firms front-loaded imports, and unemployment is up slightly but remains near long-term averages
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# Questions?

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