

Northwest Arkansas Fireside Chat



FEDERAL RESERVE BANK
of ST. LOUIS



FEDERAL RESERVE BANK
OF KANSAS CITY

Oklahoma and Arkansas Economic Outlook

Little Rock Fireside Chat

May 23, 2025

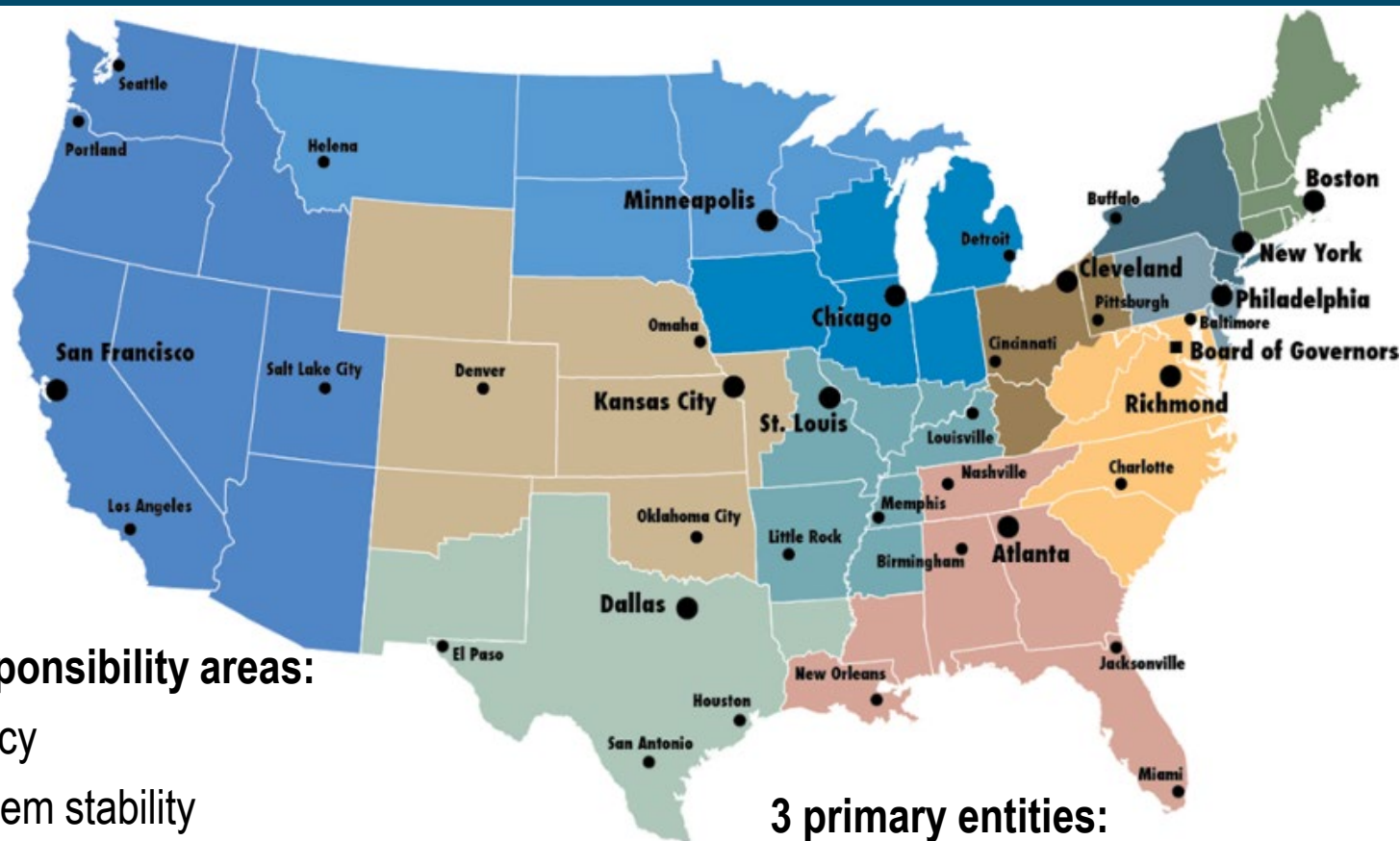
Cortney Cowley
AVP & Oklahoma City Branch Executive

*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

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

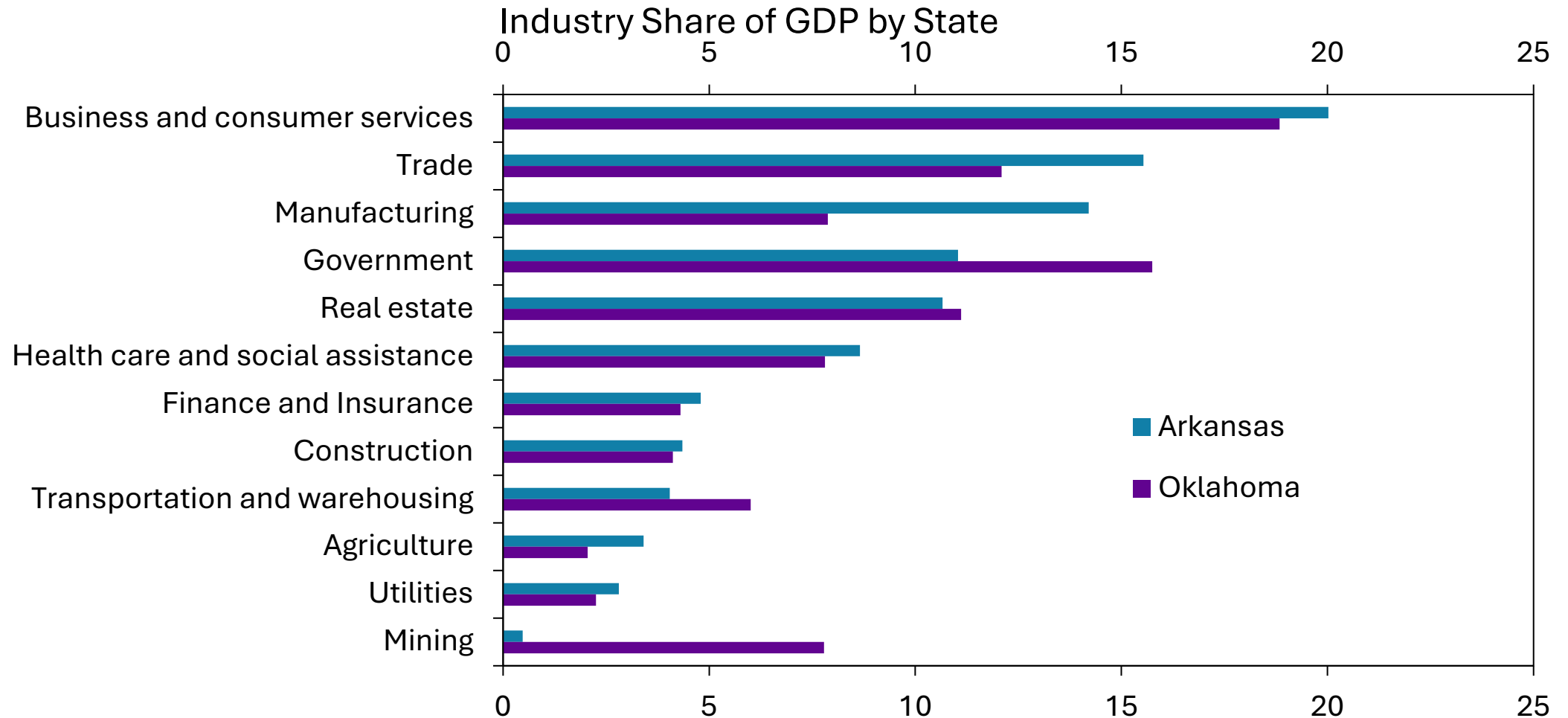
- **2025 OKC Branch Board of Directors**

- **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

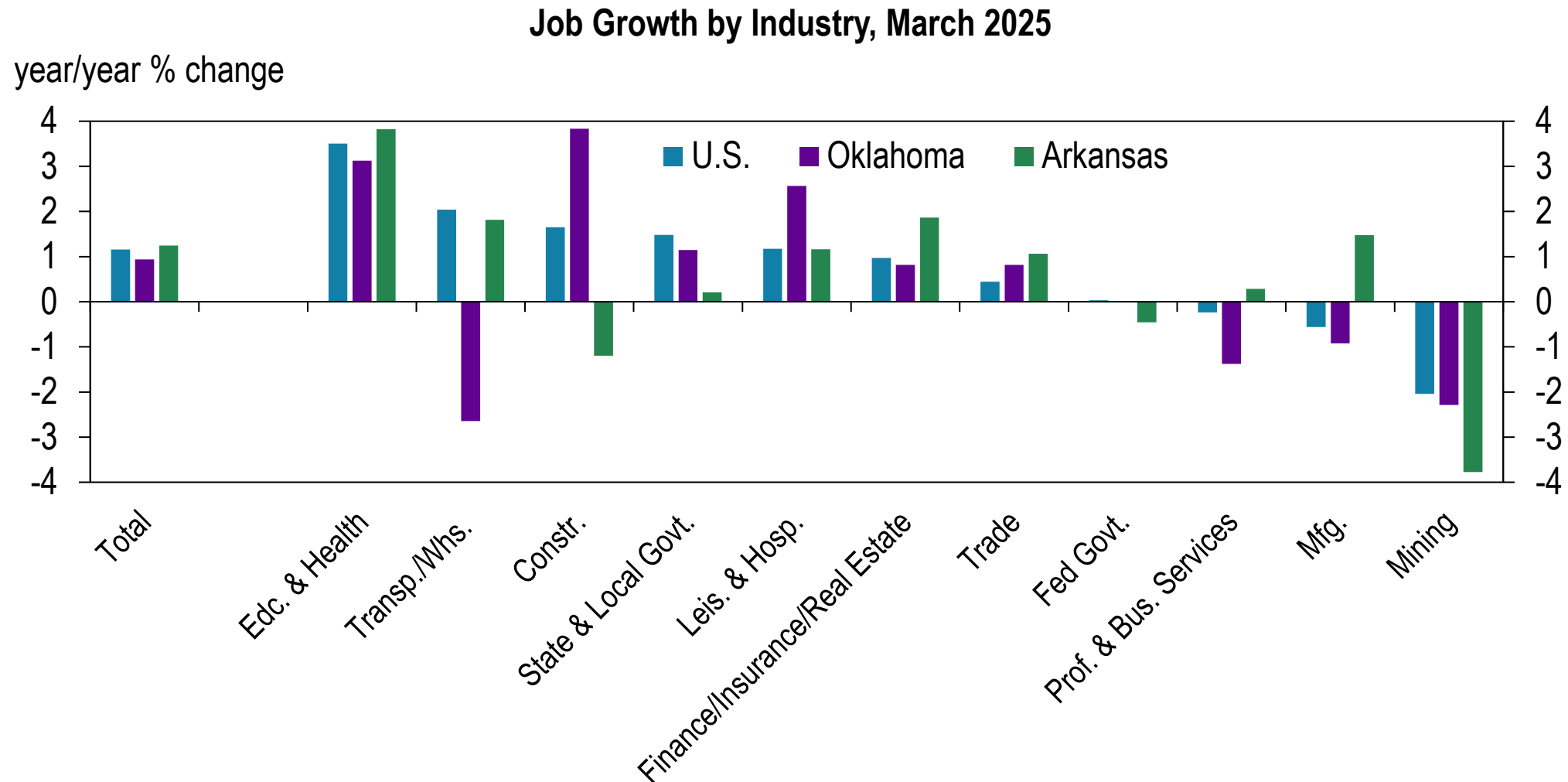
- Job growth remains strong in Oklahoma and Arkansas, particularly in education and health care.
- Input costs have increased for most firms, but services firms are not passing through cost increases as much as manufacturing firms
- First-time homeownership has become less affordable in Oklahoma and Arkansas, particularly in the scenic areas of the state.
- Oklahoma's labor force participation rate met the national average for the first time in over three decades, driven primarily by Native Americans

The economies in Arkansas and Oklahoma are somewhat similar, but with some notable differences.



Source: Bureau of Economic Analysis

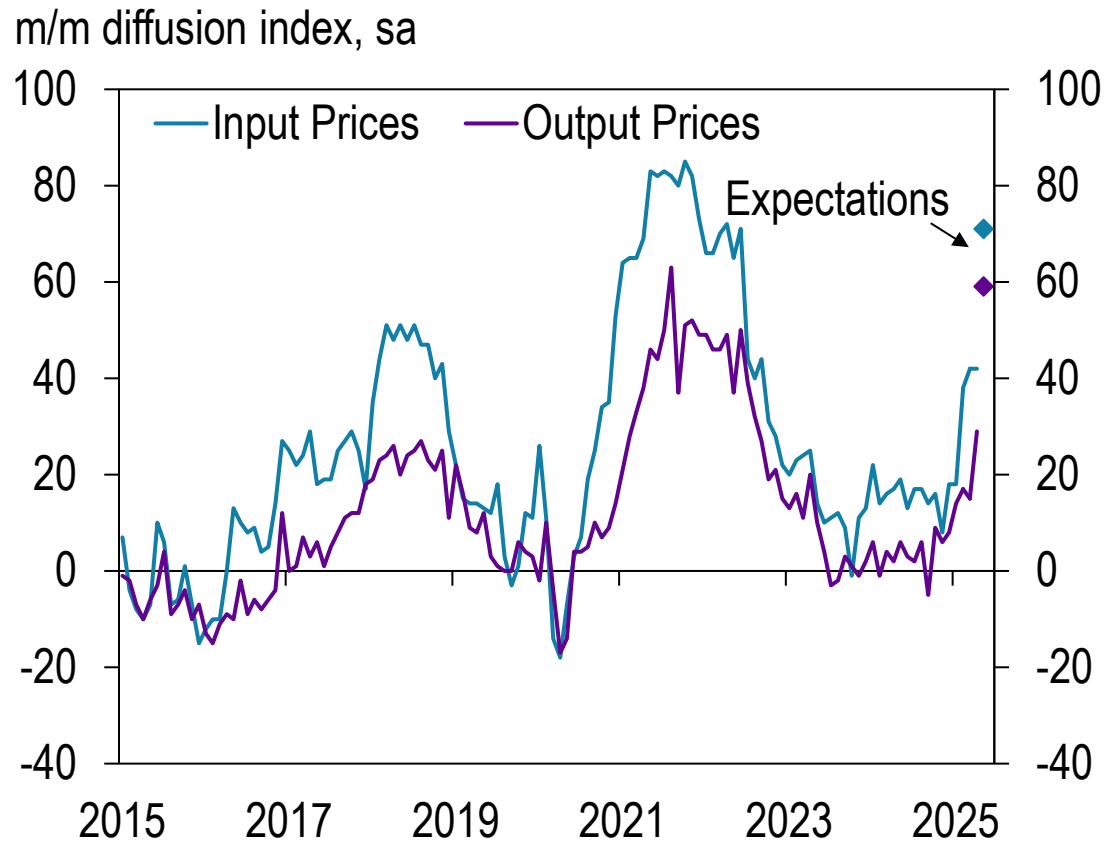
Oklahoma job growth outpaces the nation in construction and leisure/hospitality, while Arkansas job growth outpaces in finance/real estate, retail, and manufacturing



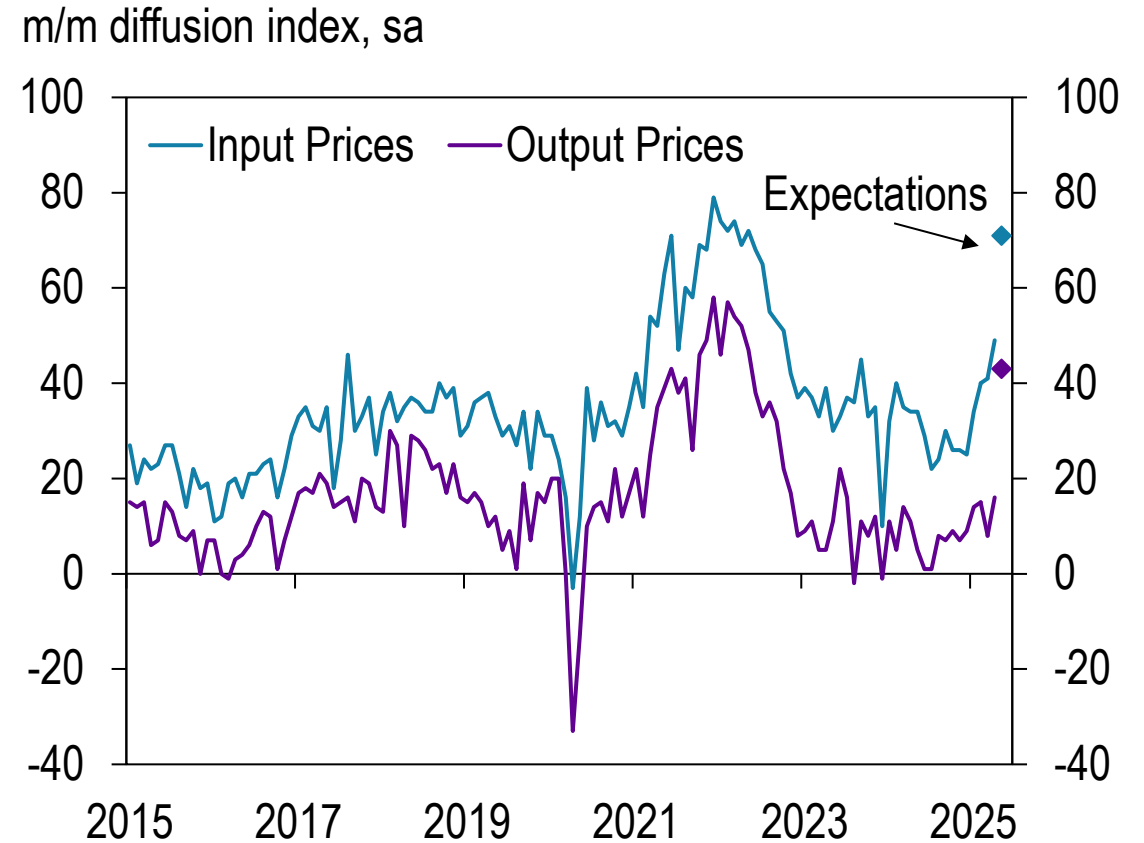
Tenth District firms have faced higher costs, and some have raised output prices accordingly

Kansas City Fed Price Indexes

Manufacturing Firms



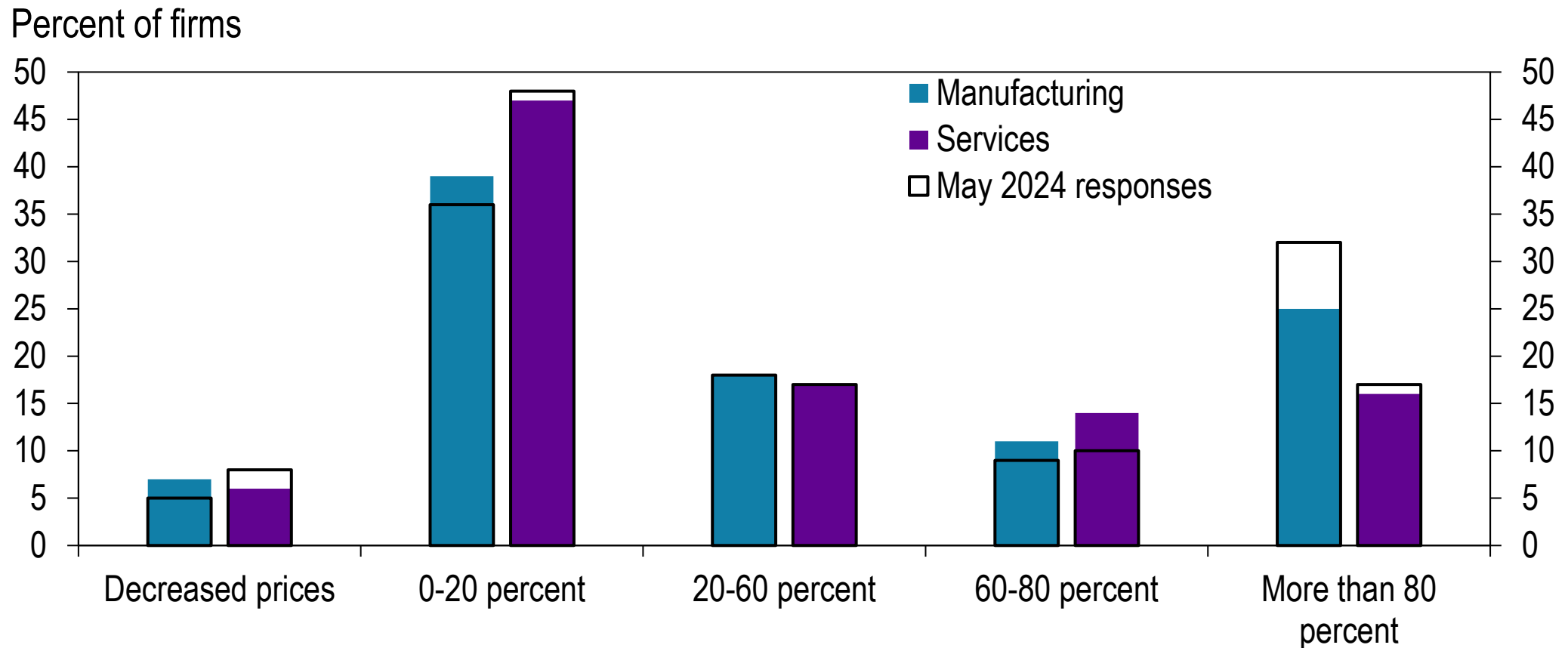
Services Firms



Source: Kansas City Fed

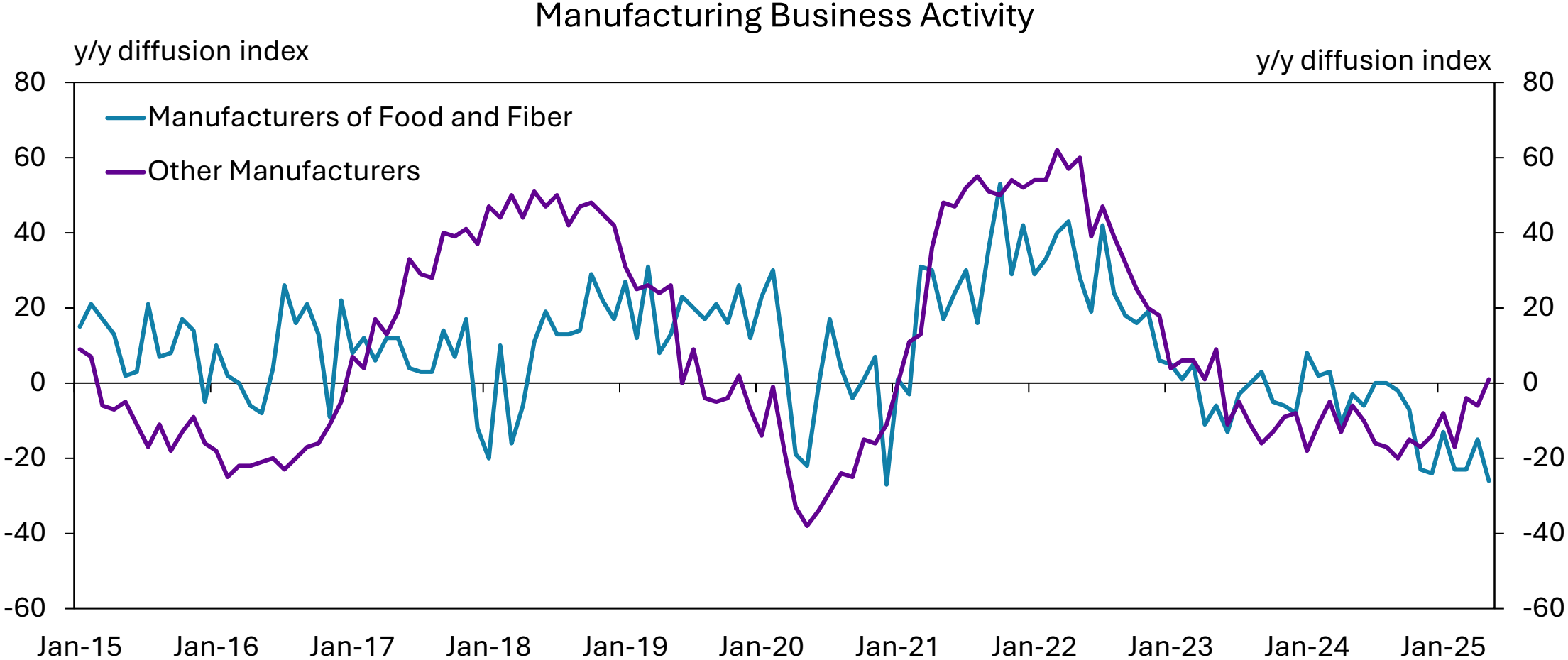
Tenth District manufacturing firms have greater passthrough ability than services firms, but it has decreased from last year

Feb. 2025: What share of your firm's cost increases are you able to pass through to customers in the form of higher prices?



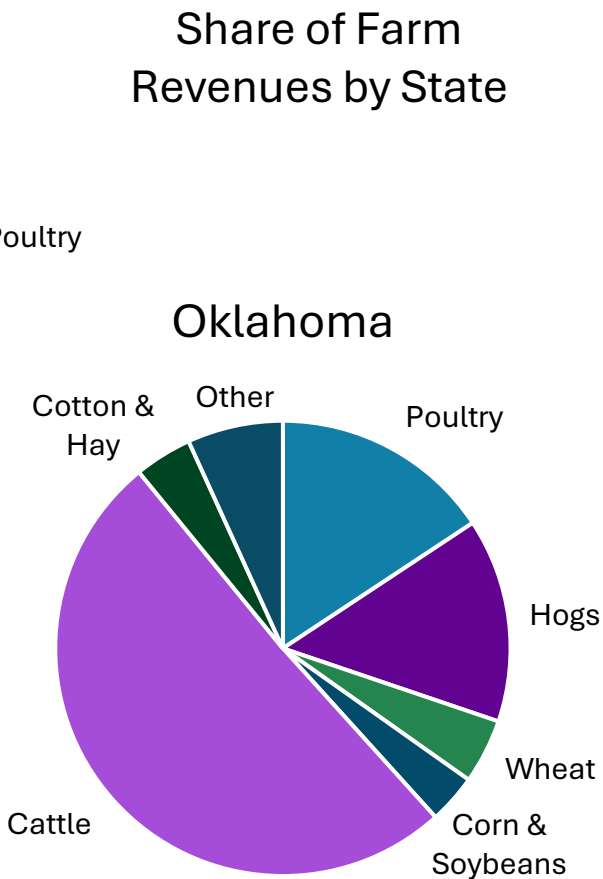
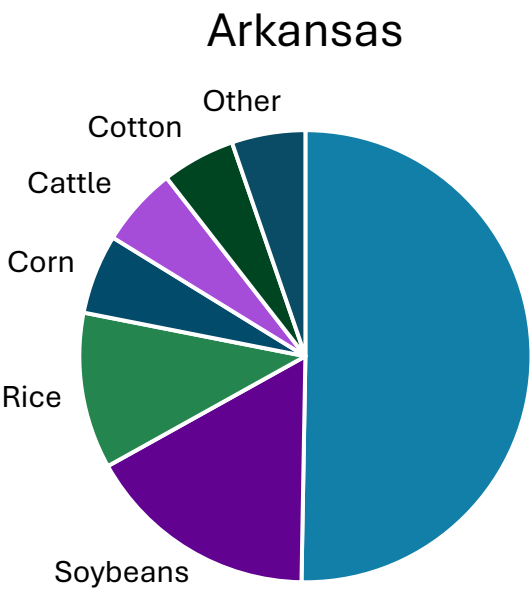
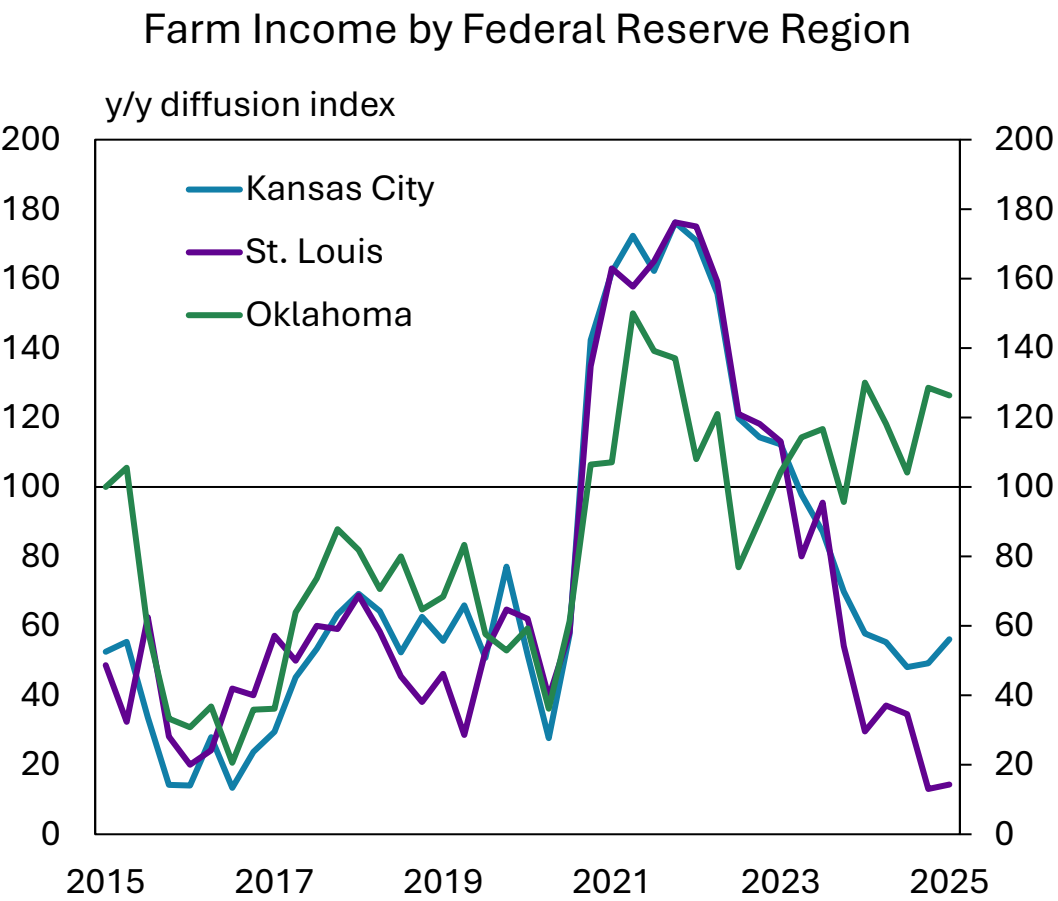
Source: Kansas City Fed

Business activity in the production of manufactured food and fiber products has diverged slightly from other types of manufacturing.



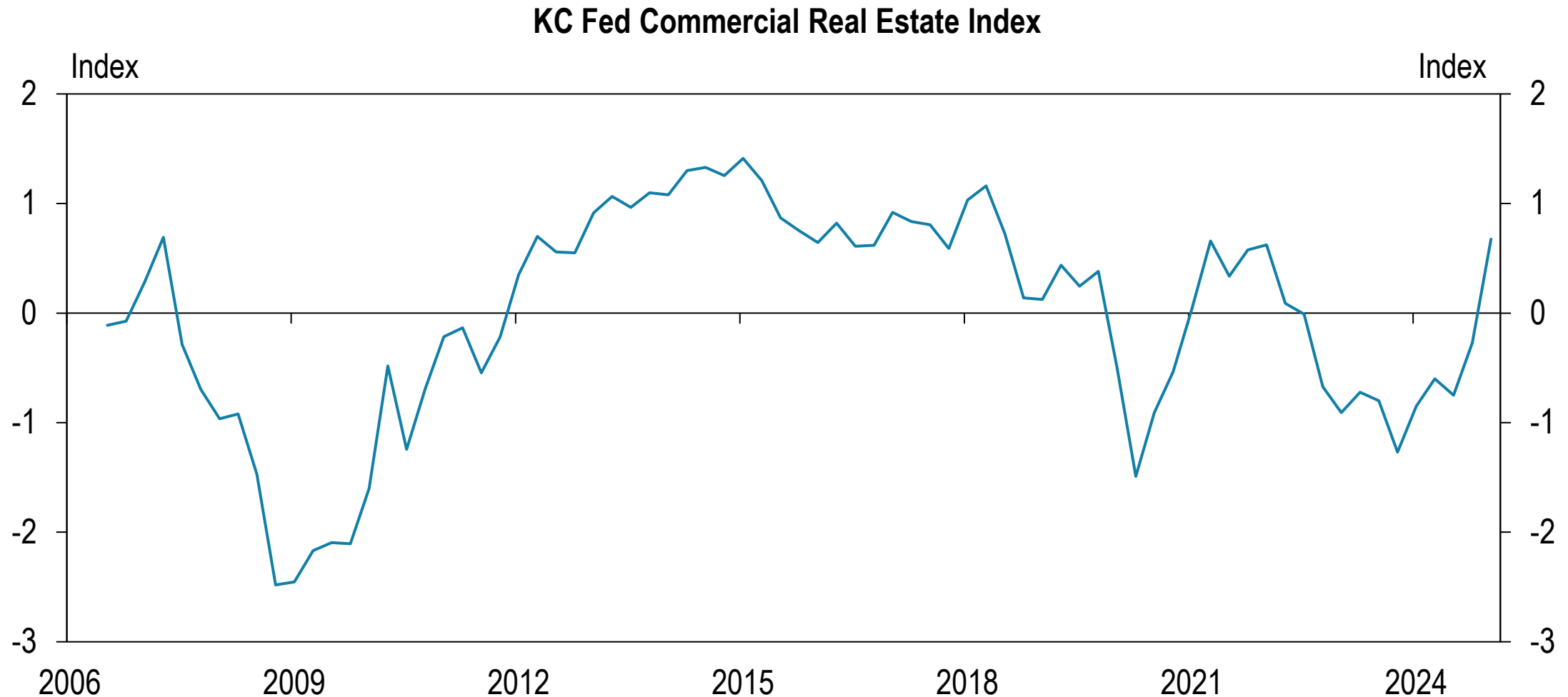
Source: Federal Reserve Bank of Kansas City

The agricultural sectors in the St. Louis and Kansas City Fed regions have weakened, with the exception of areas concentrated in cattle production.



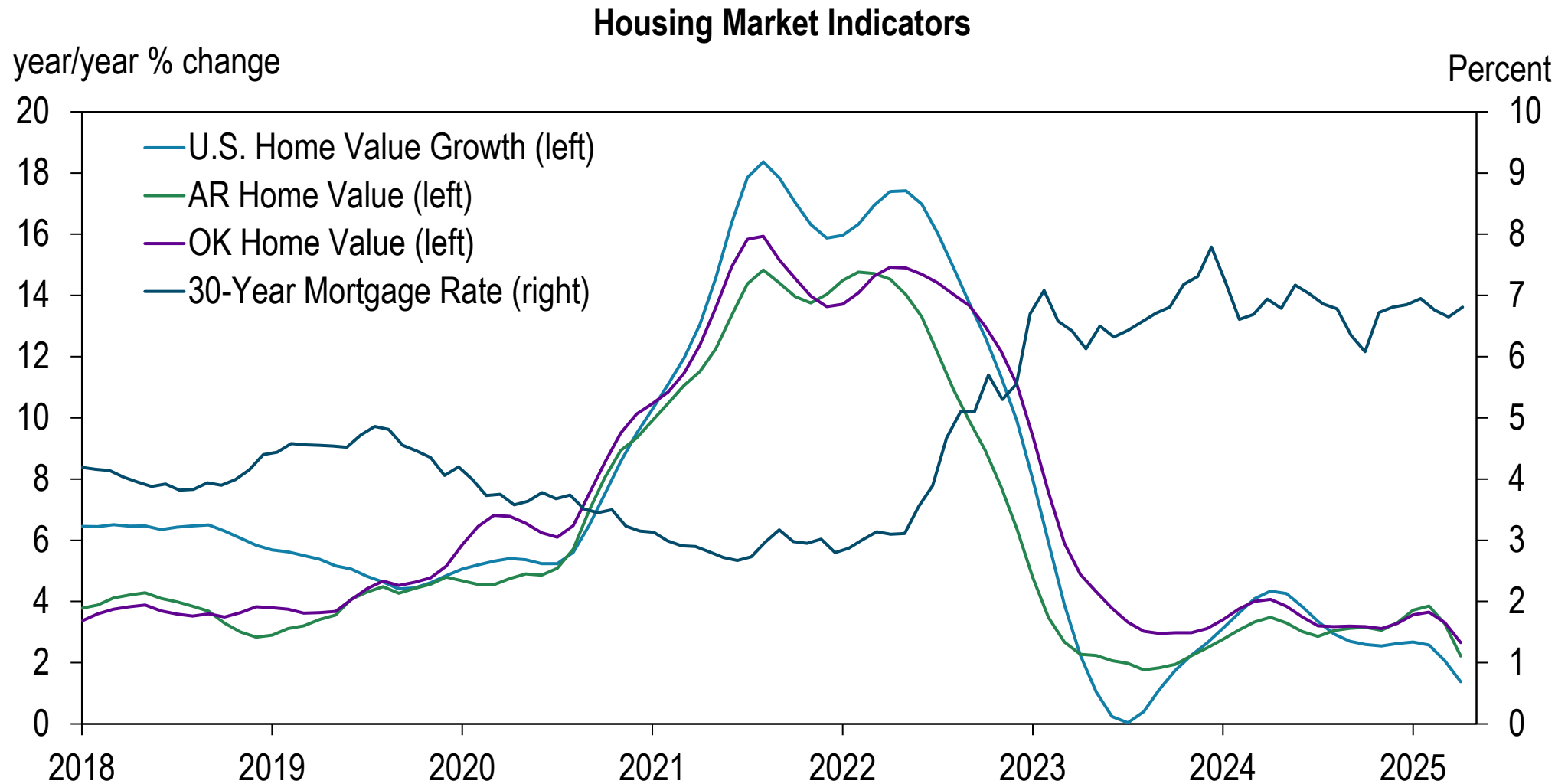
Sources: Federal Reserve Bank of Kansas City and USDA

Commercial real estate activity in the region recovered in Q1, and CRE loan growth slowed to an 11-year low



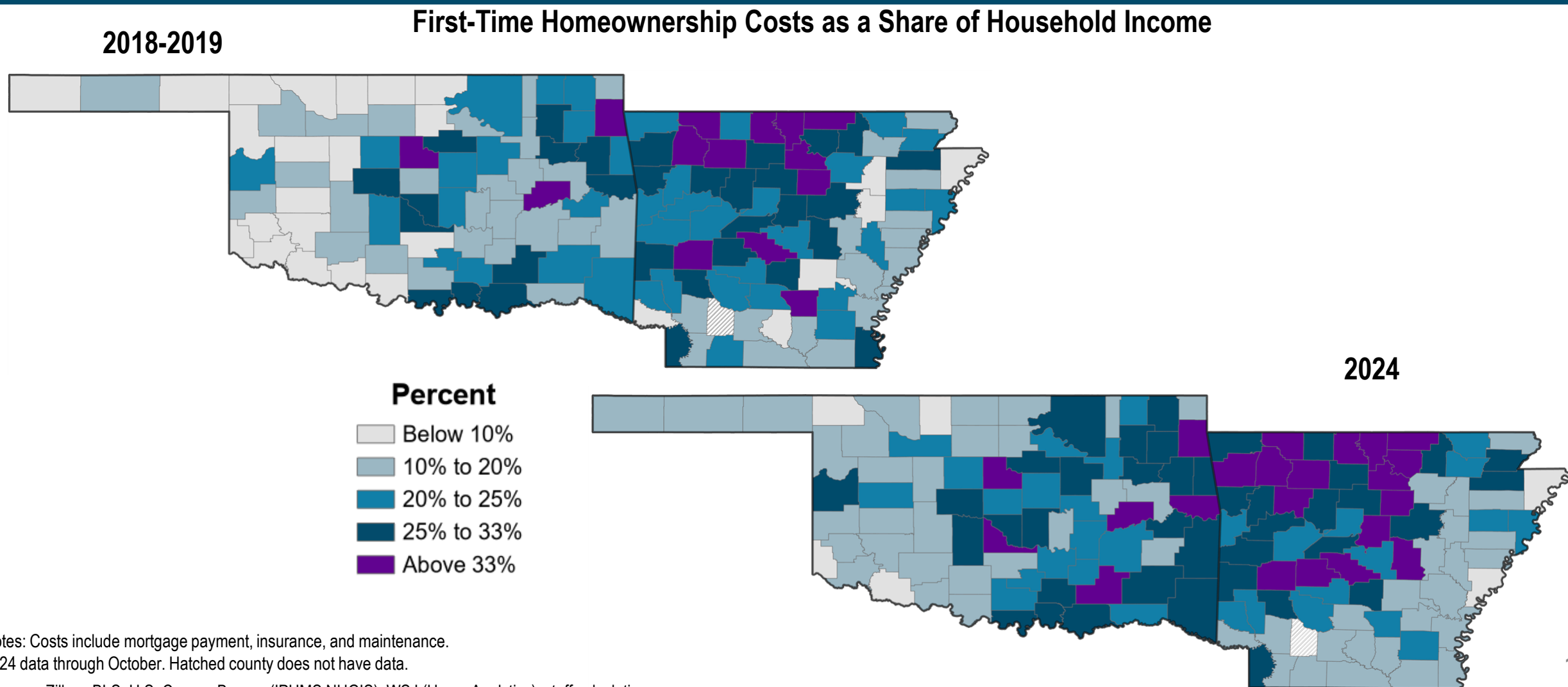
Sources: Federal Reserve Banks of Kansas City and St. Louis

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 and Arkansas, and is particularly unaffordable in the scenic parts of the states

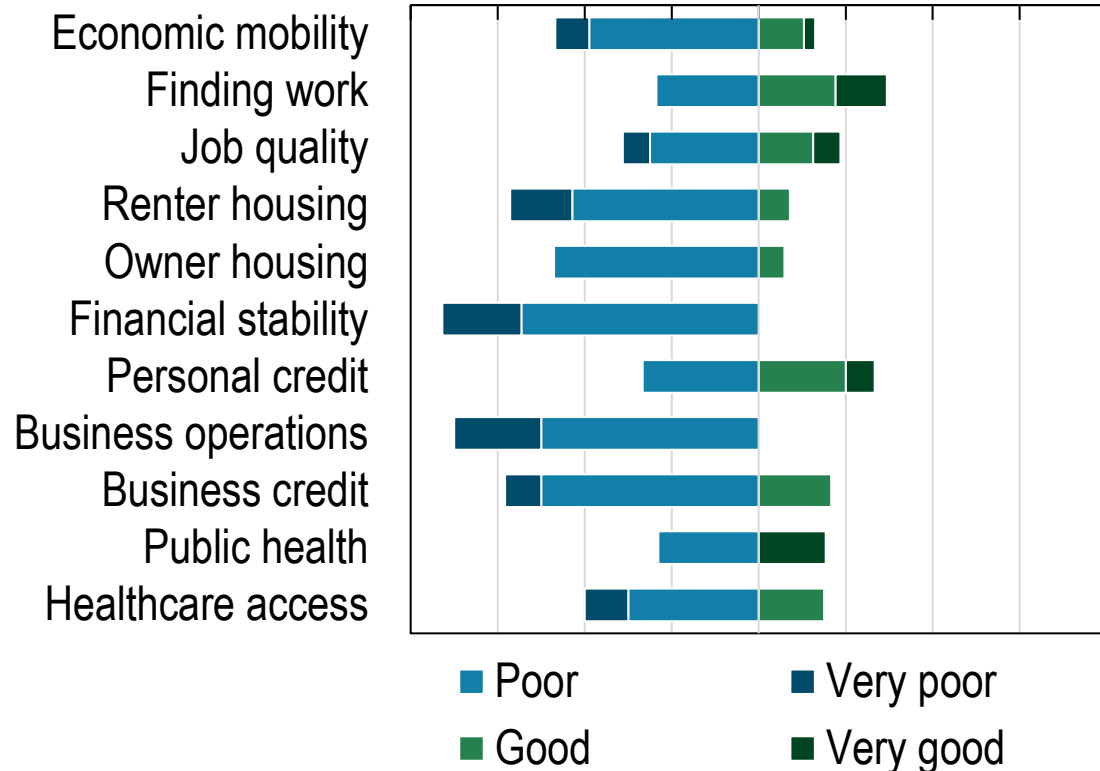


Overall conditions have been poor for LMI communities, but are expected to improve in the next six months

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

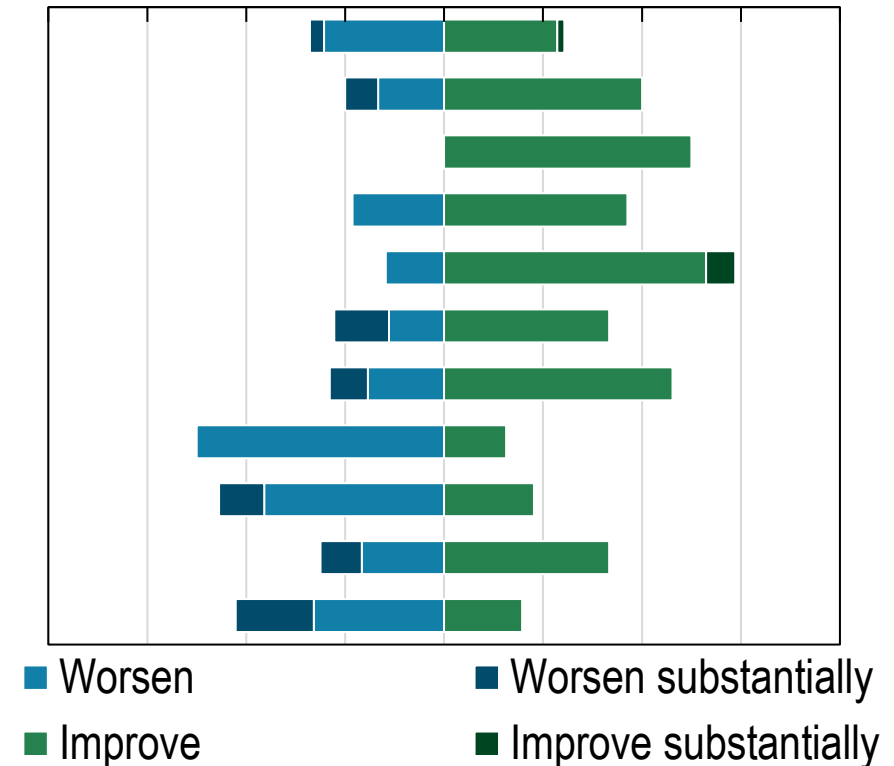
Current

80% 60% 40% 20% 0% 20% 40% 60% 80%



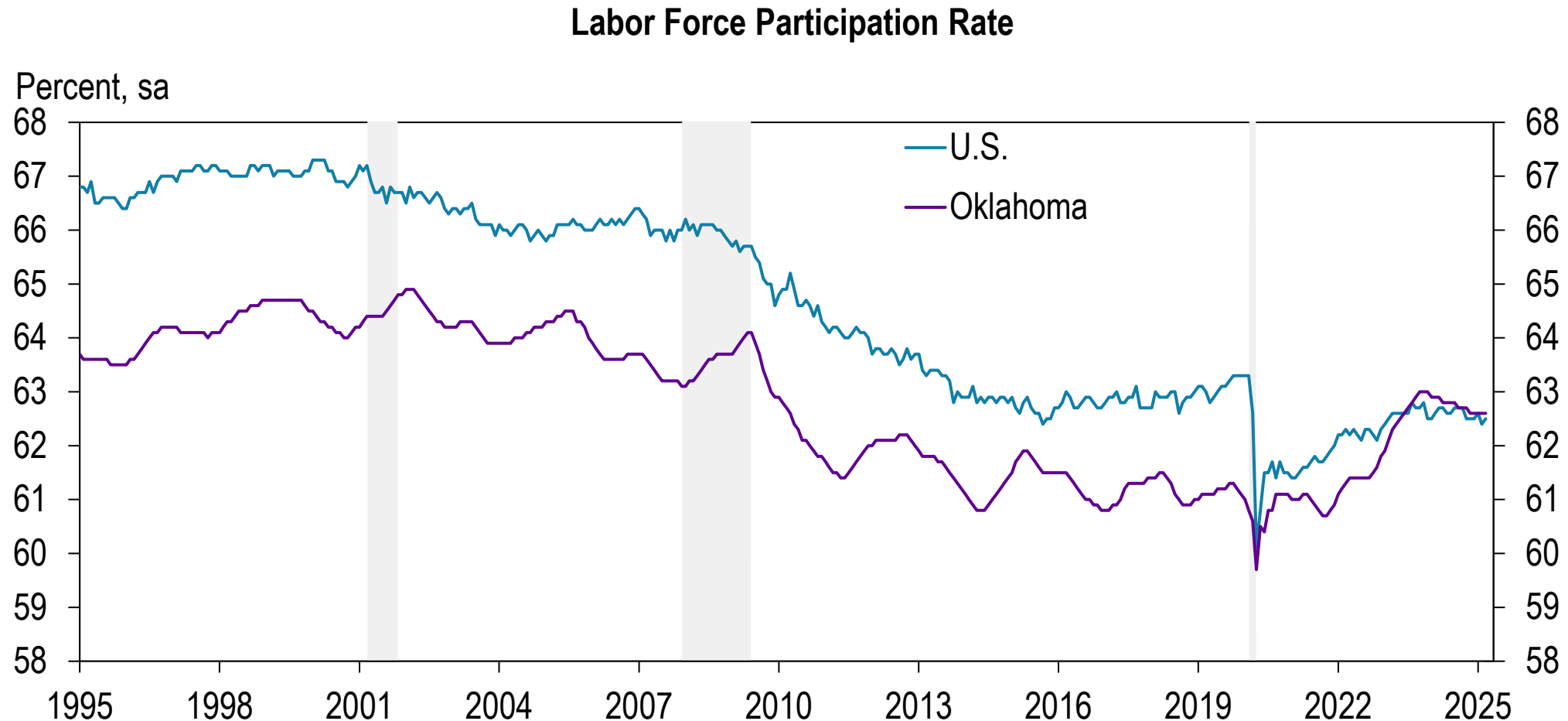
Next 6 Months

80% 60% 40% 20% 0% 20% 40% 60% 80%



Source: FRS Community Conditions Survey

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

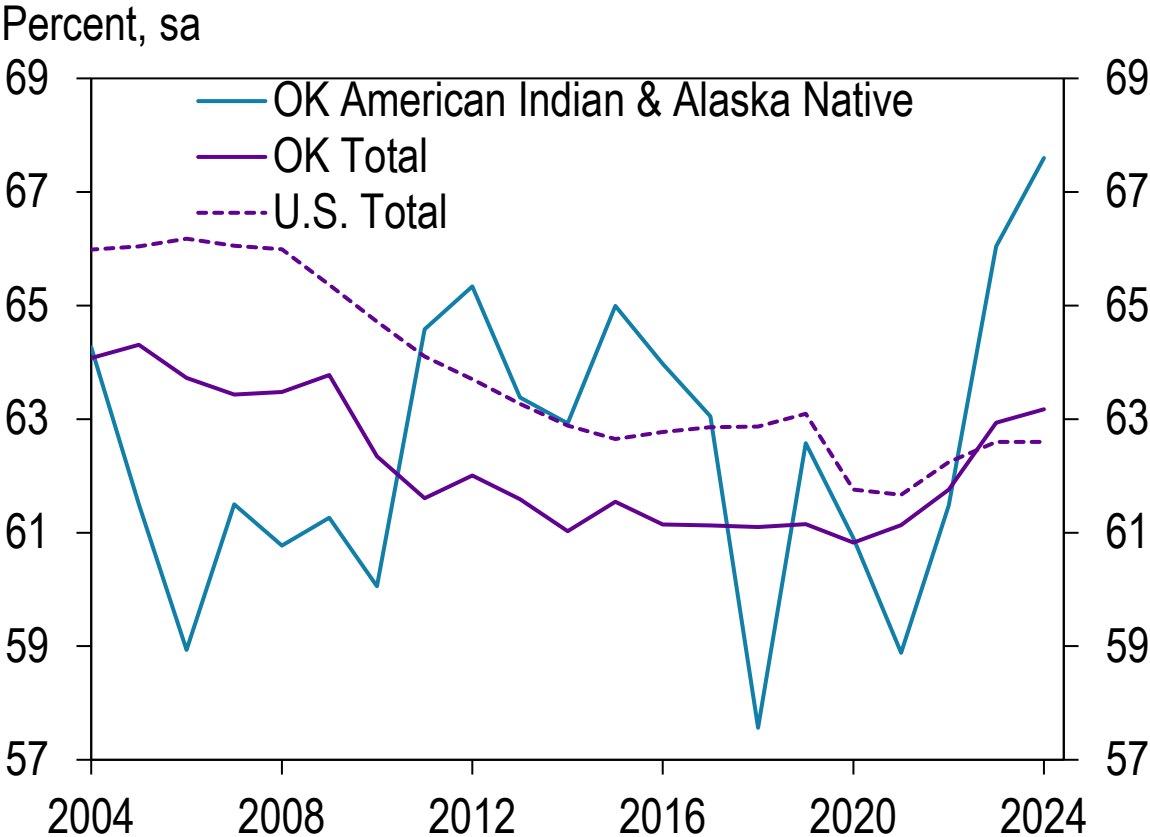


Note: Shading denotes NBER-defined recessions.

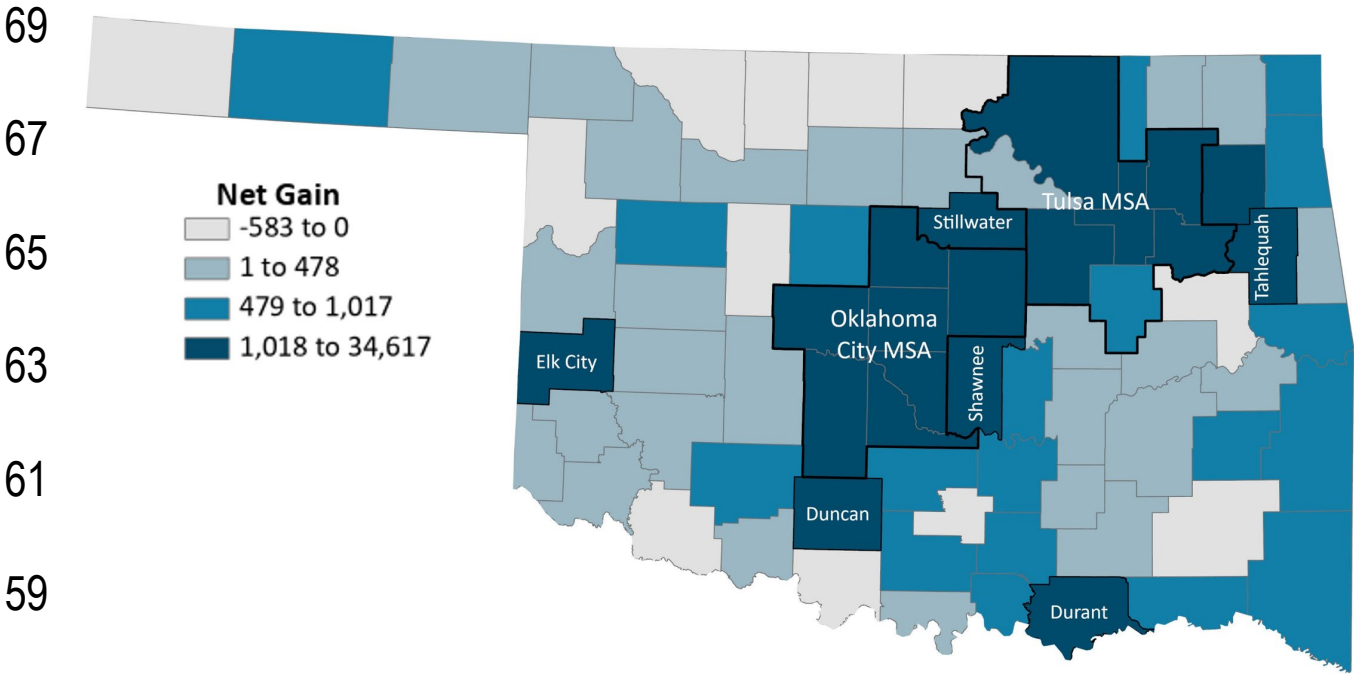
Sources: BLS, NBER/Haver Analytics

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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