

U.S. and Oklahoma Economic Outlook

Texoma Association of Total Rewards

May 29, 2025

Megan Williams

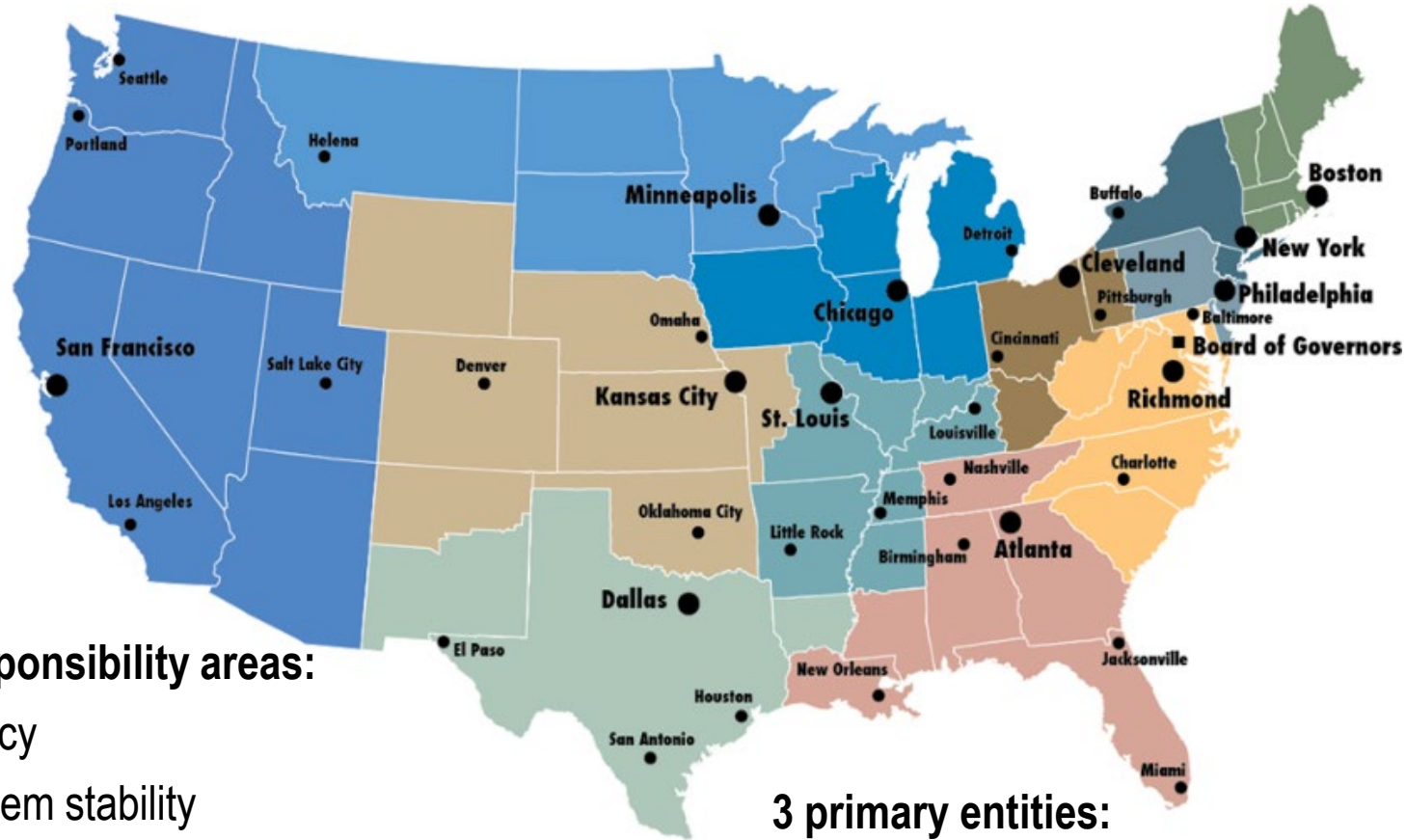
Associate Economist & Senior Manager, Oklahoma City Branch

*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

- **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

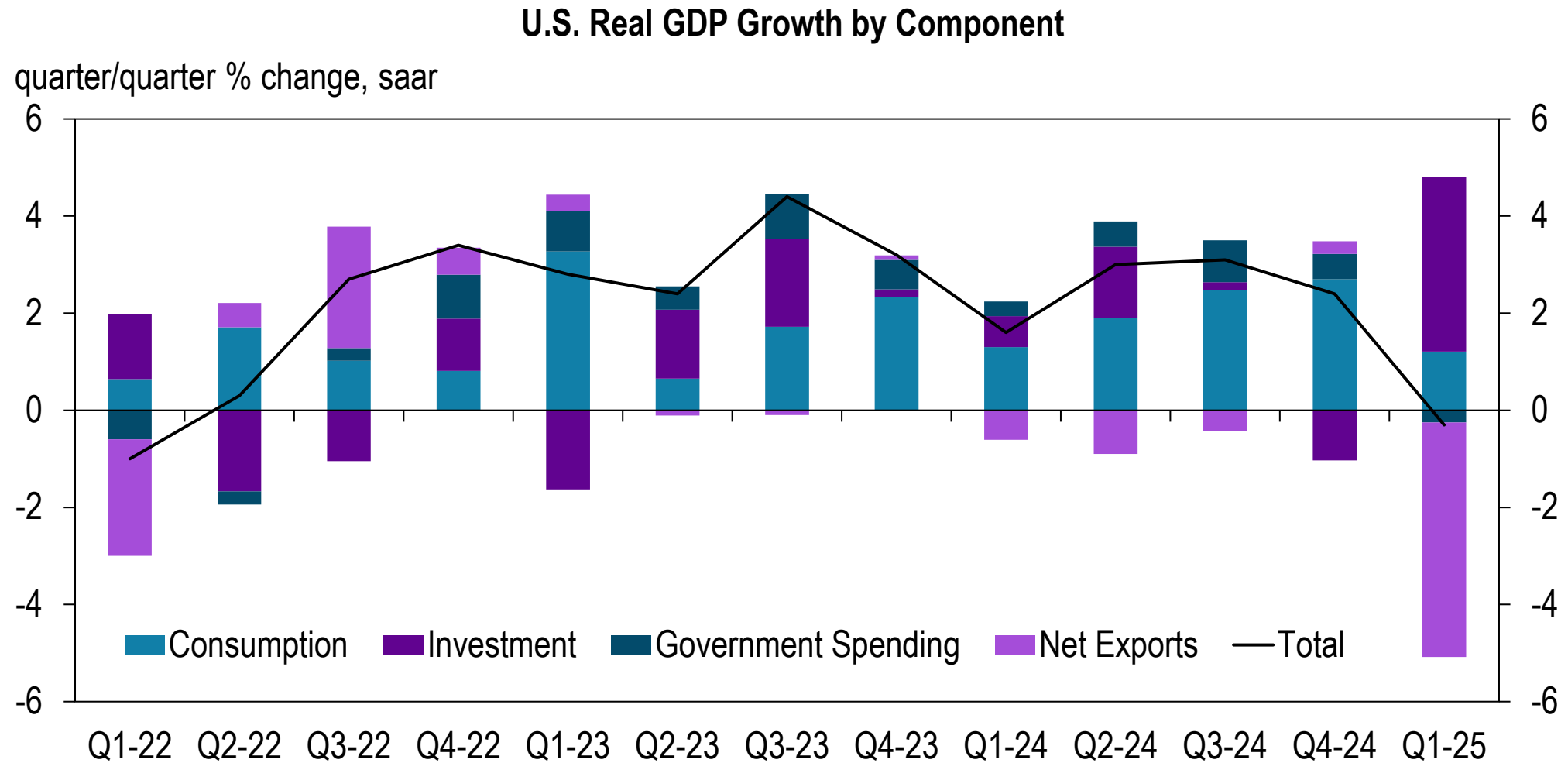
- **2025 OKC Branch Board of Directors**

- **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

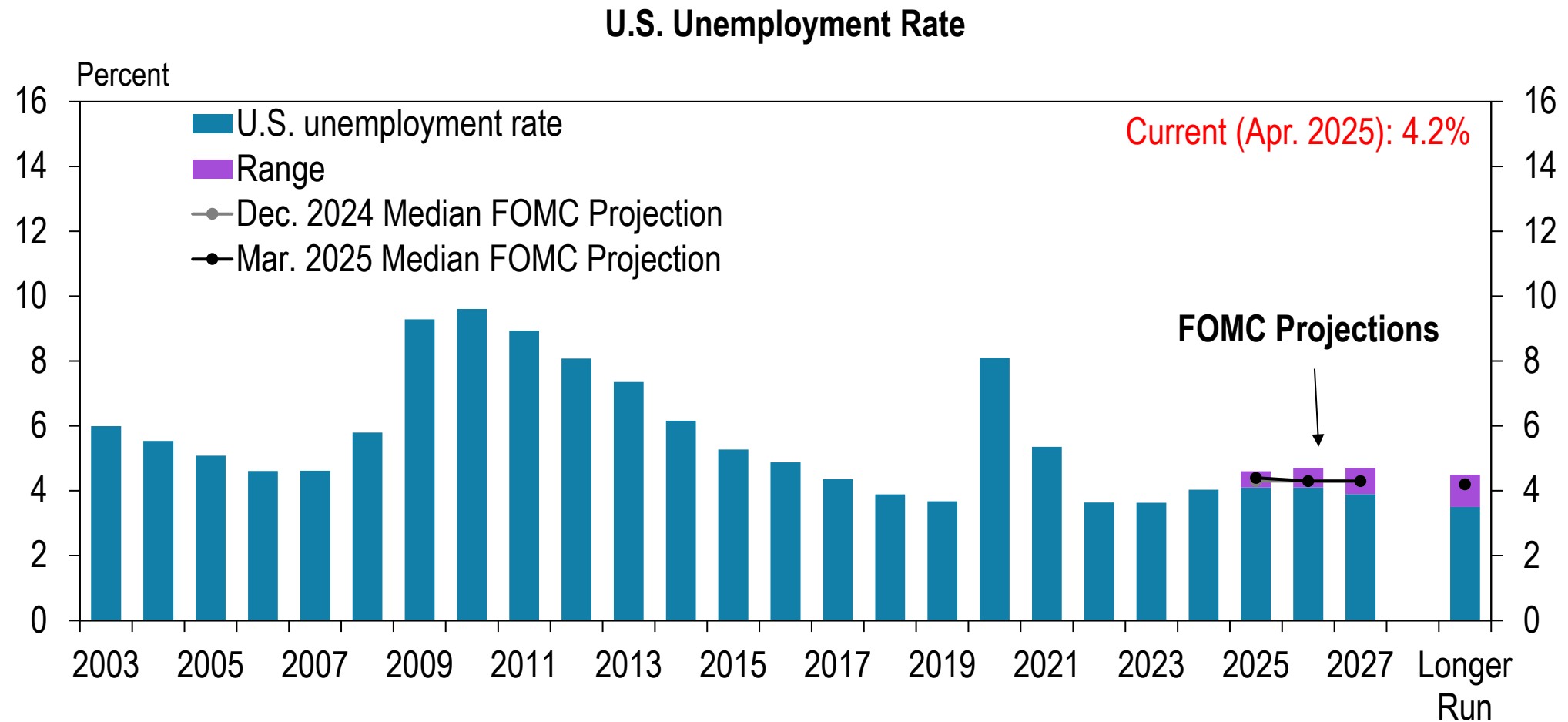
Overview

- 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



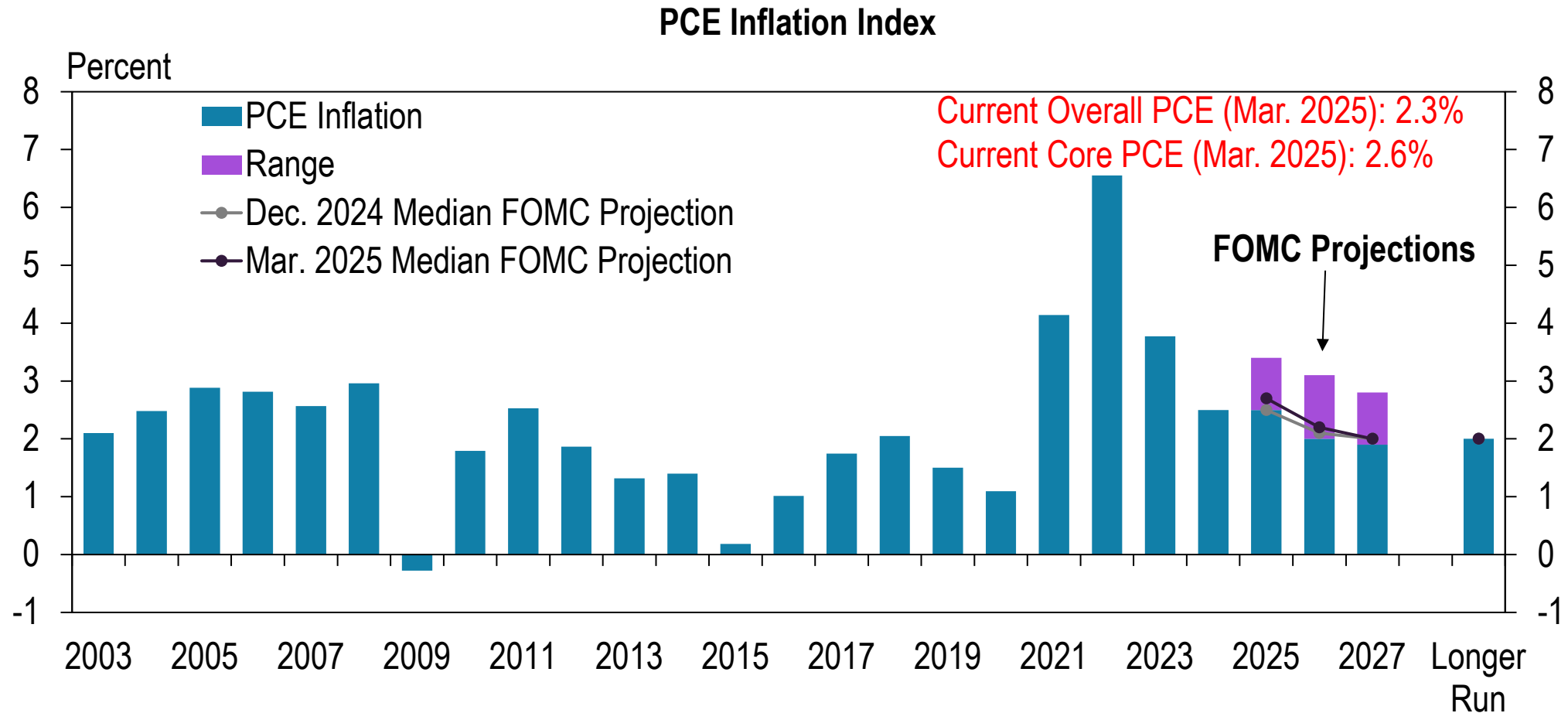
U.S. unemployment remains historically low and is projected to remain low moving forward



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

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

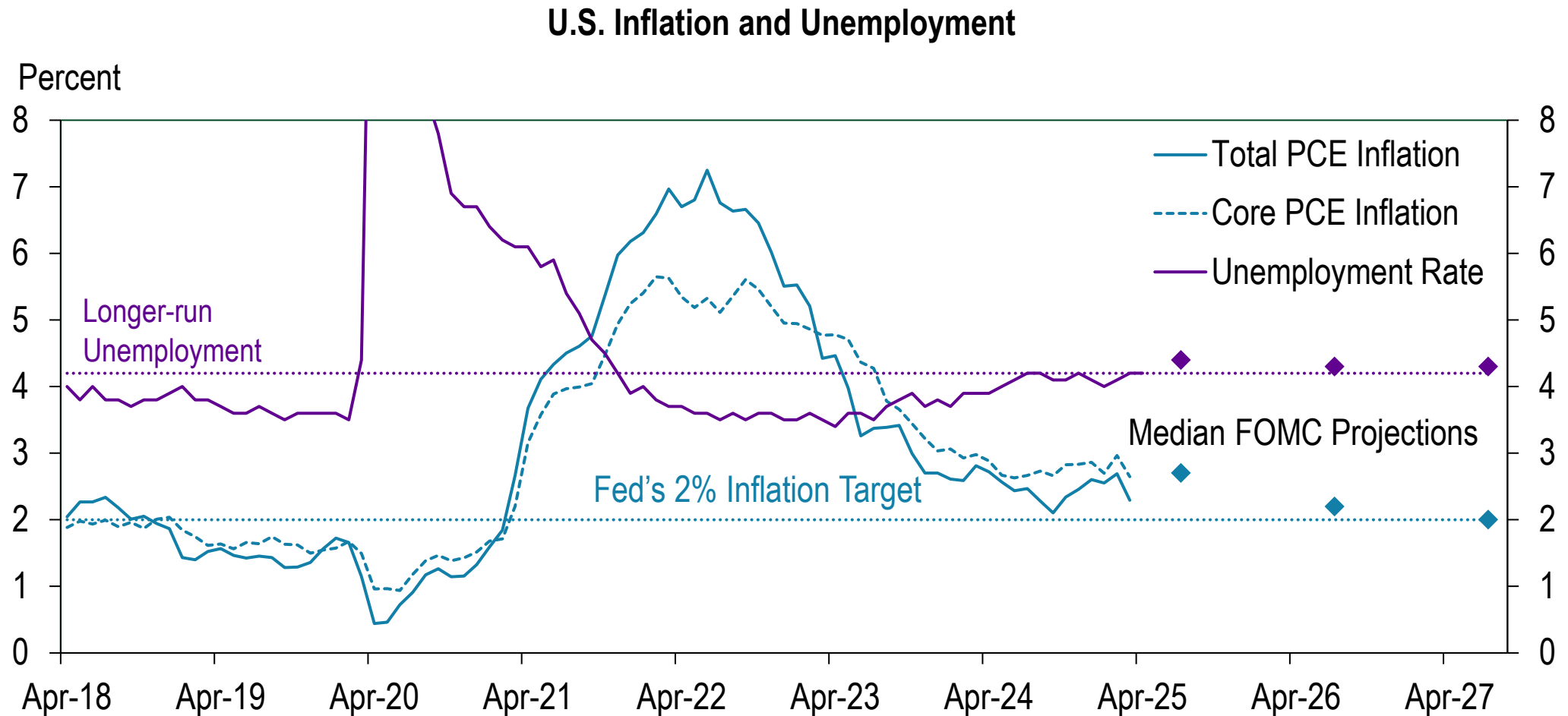
Inflation has come down from 2022 peaks, but is projected to tick up this year



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

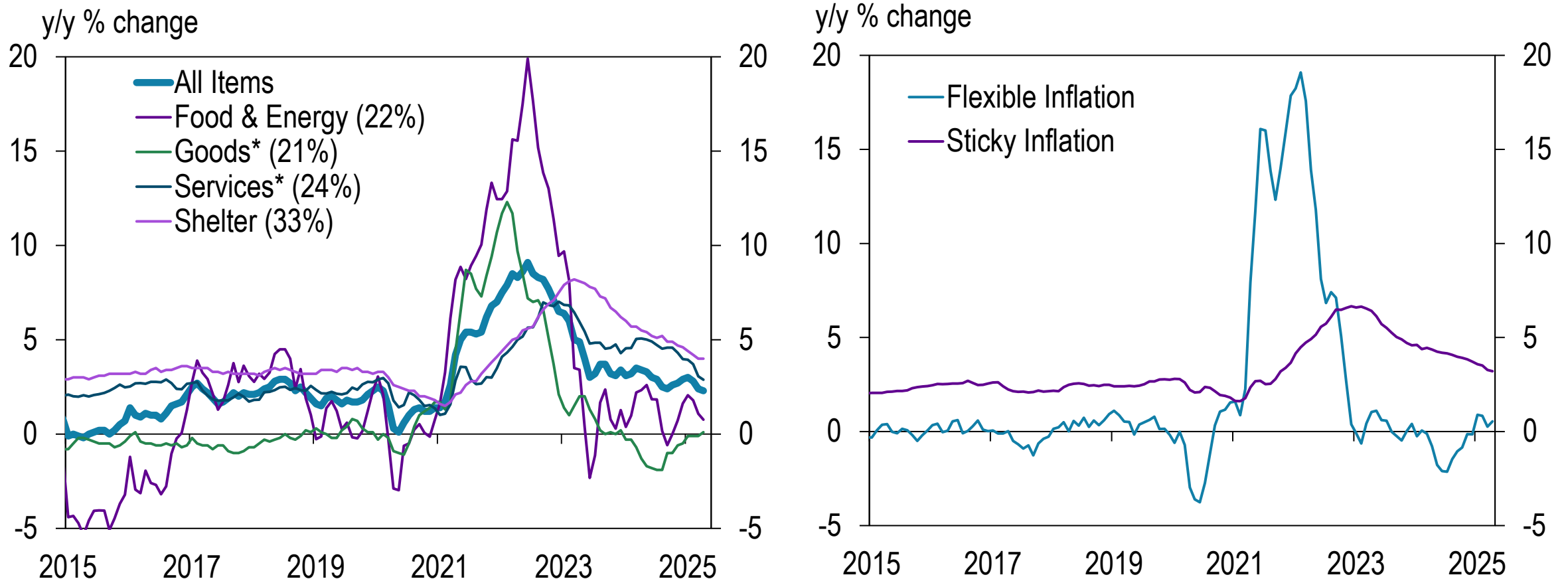
Sources: Bureau of Economic Analysis, FOMC

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

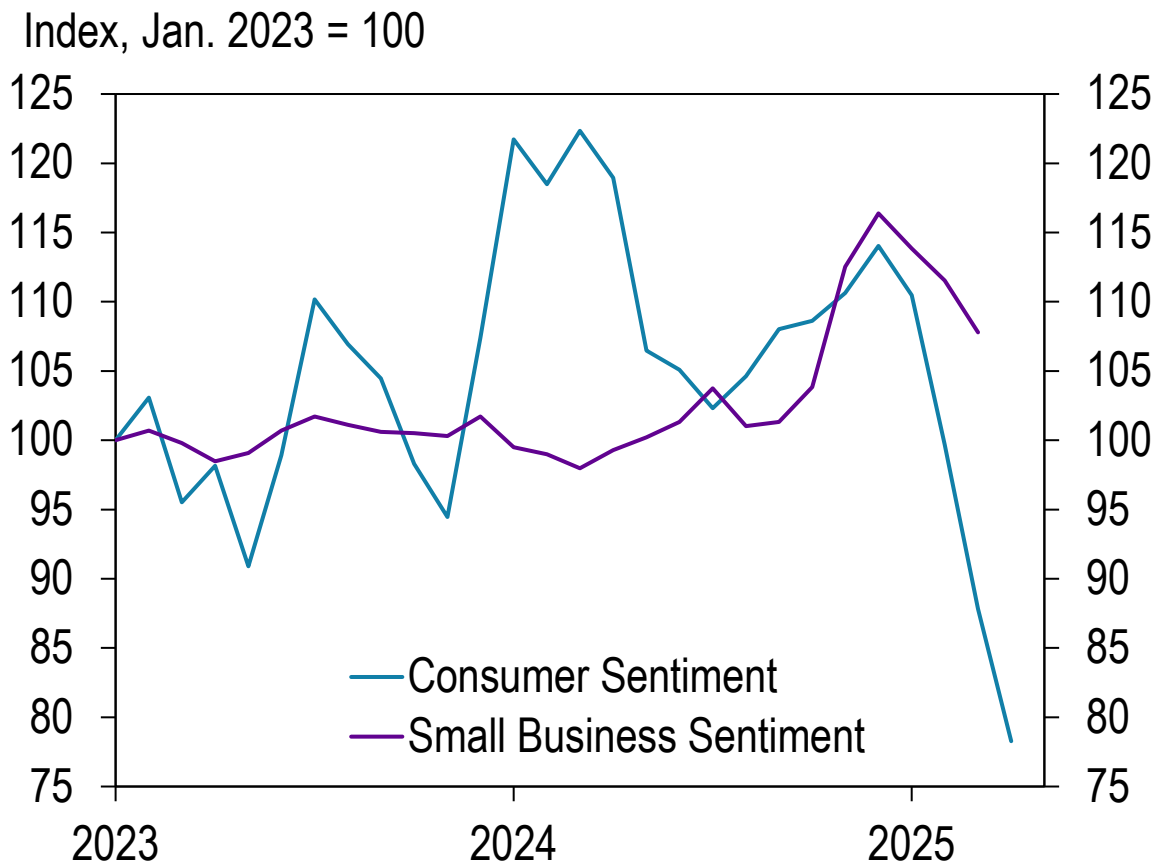


*Goods excluding Food; Services excluding Energy.
Note: Relative Importance as Share of CPI shown in parenthesis.

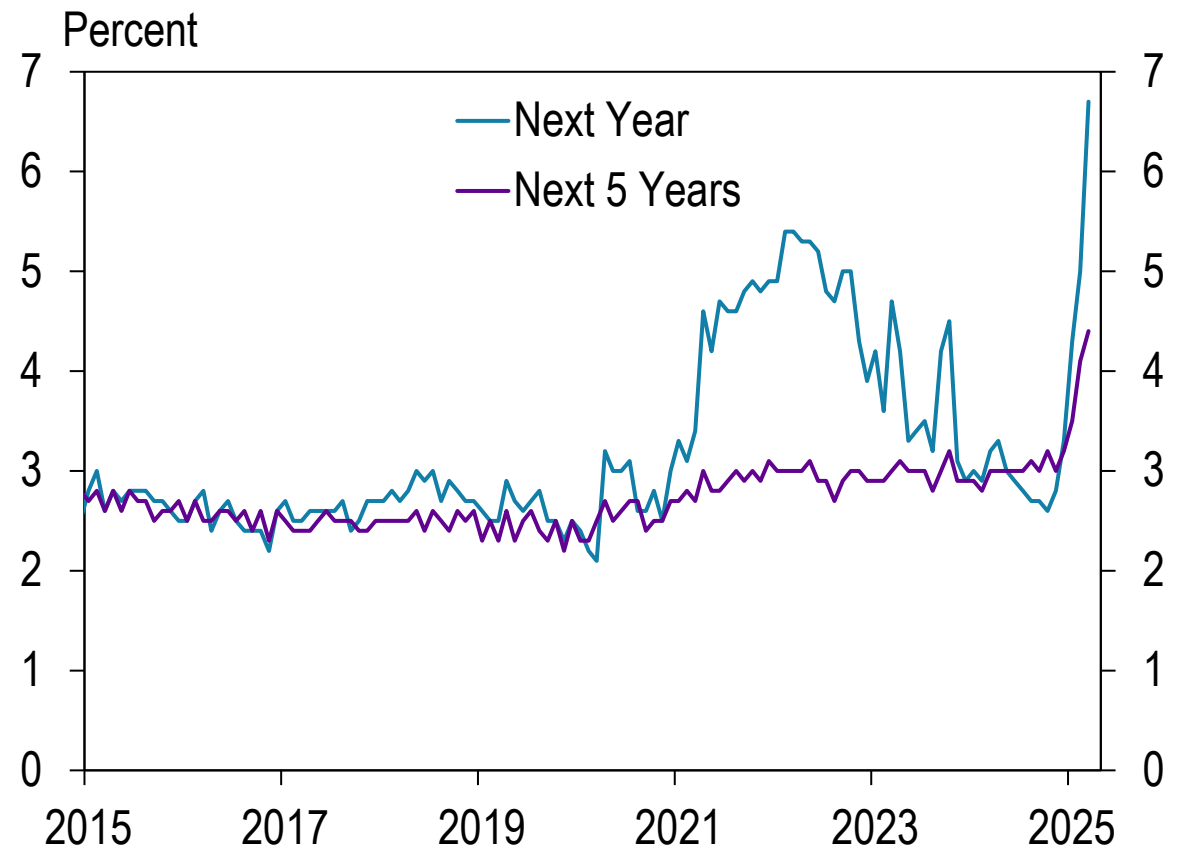
Sources: BLS, Atlanta Fed/Haver Analytics

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

U.S. Consumer and Business Sentiment



Expected Inflation Rate

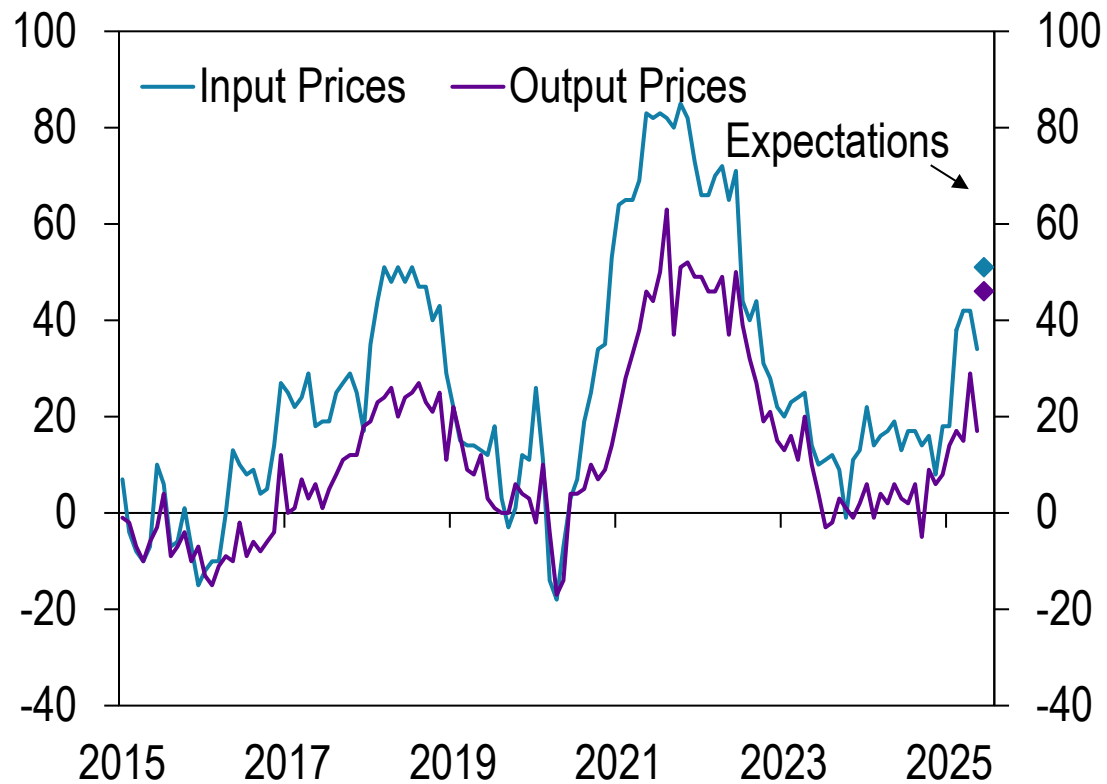


Tenth District firms have faced higher costs, and some have raised output prices accordingly

Kansas City Fed Price Indexes

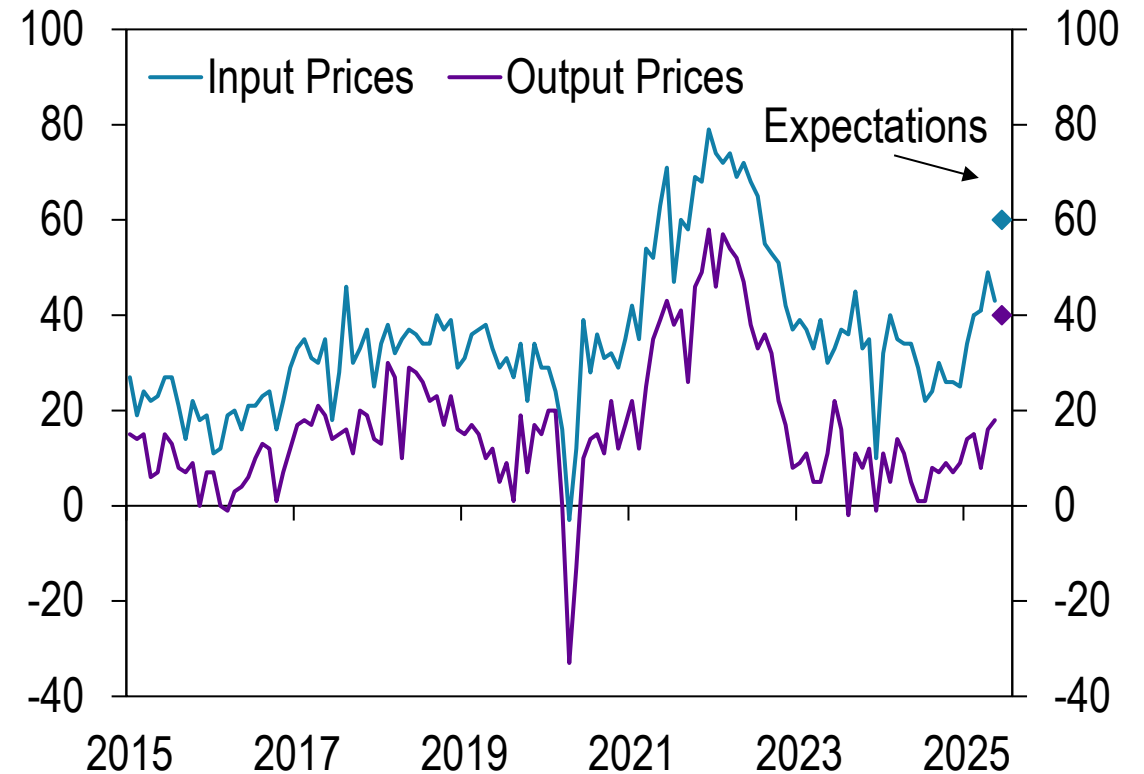
Manufacturing Firms

m/m diffusion index, sa



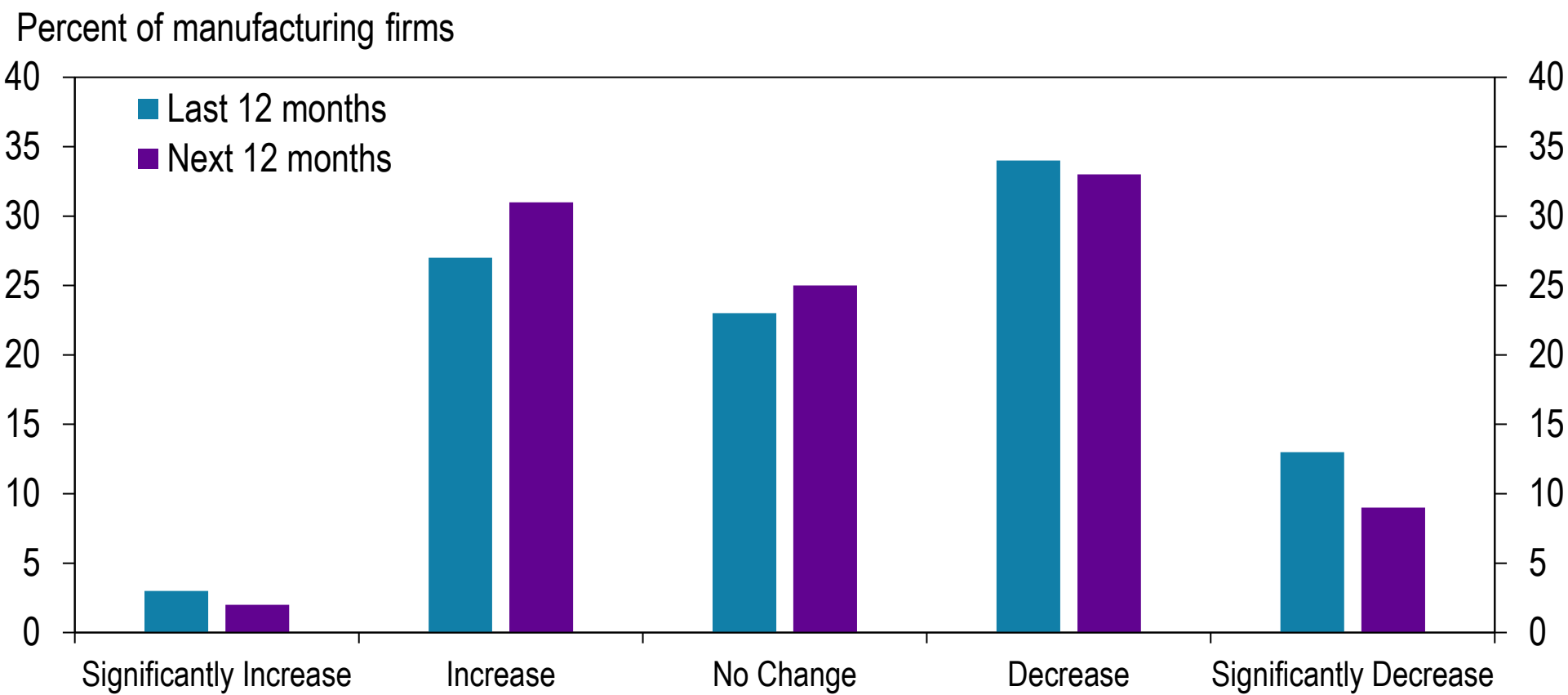
Services Firms

m/m diffusion index, sa

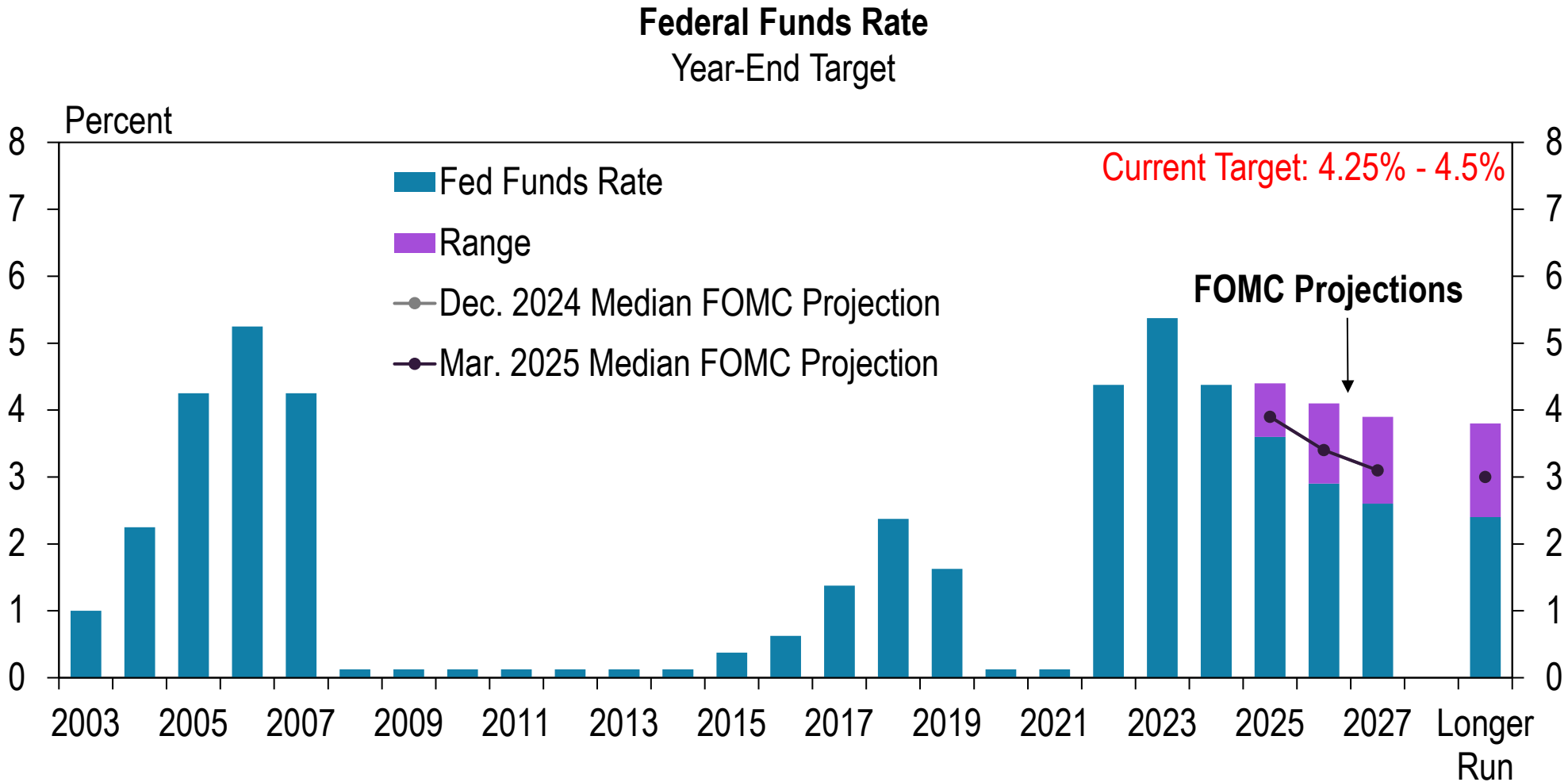


Despite cost pressures, District manufacturing firms' expectations for their profit margins going forward are mixed

Mar-25: How did profit margins change for your firm over the last 12 months, and how do you expect them to change over the next 12 months?



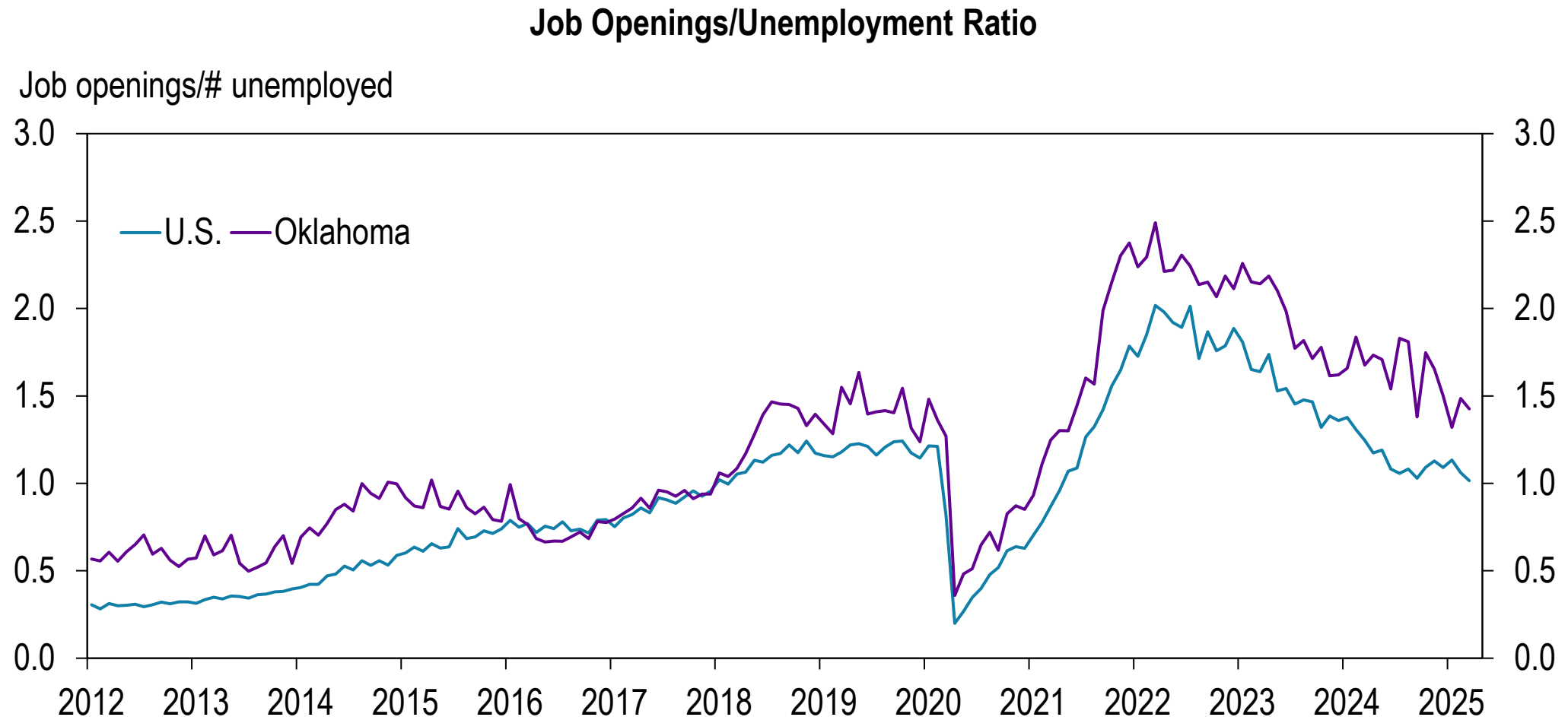
The Fed held the federal funds rate steady in May, and the latest projections are shown



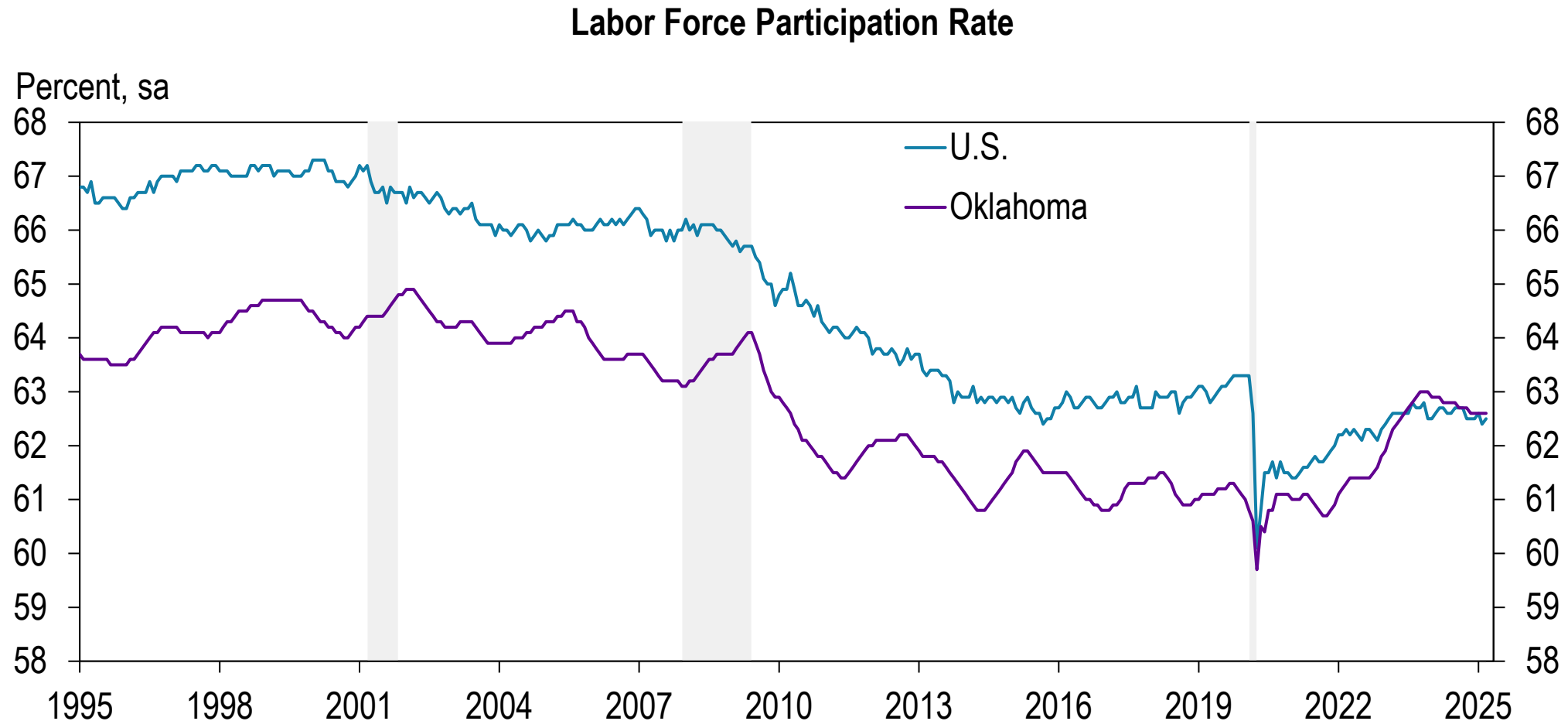
Note: Data and FOMC projections are for year-end.

Sources: Bureau of Economic Analysis, FOMC

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



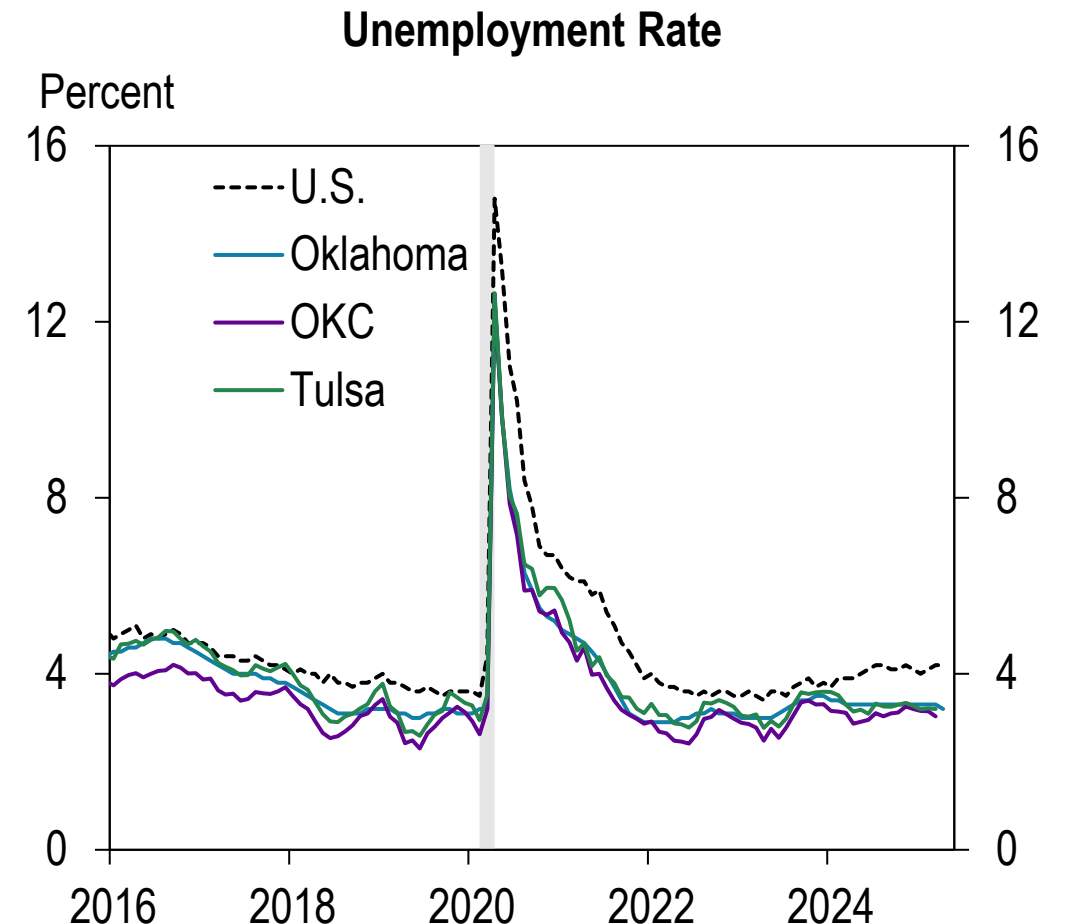
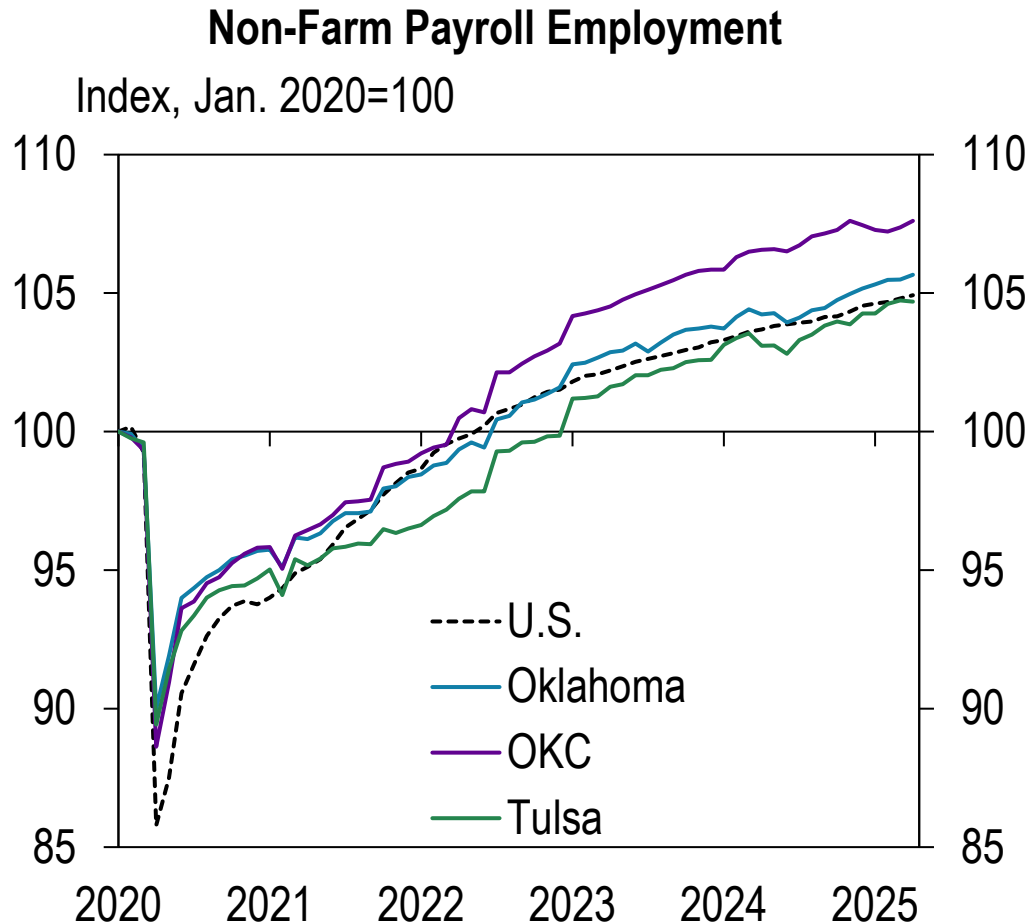
Oklahoma's labor force participation rate has been higher than the U.S. since June 2023



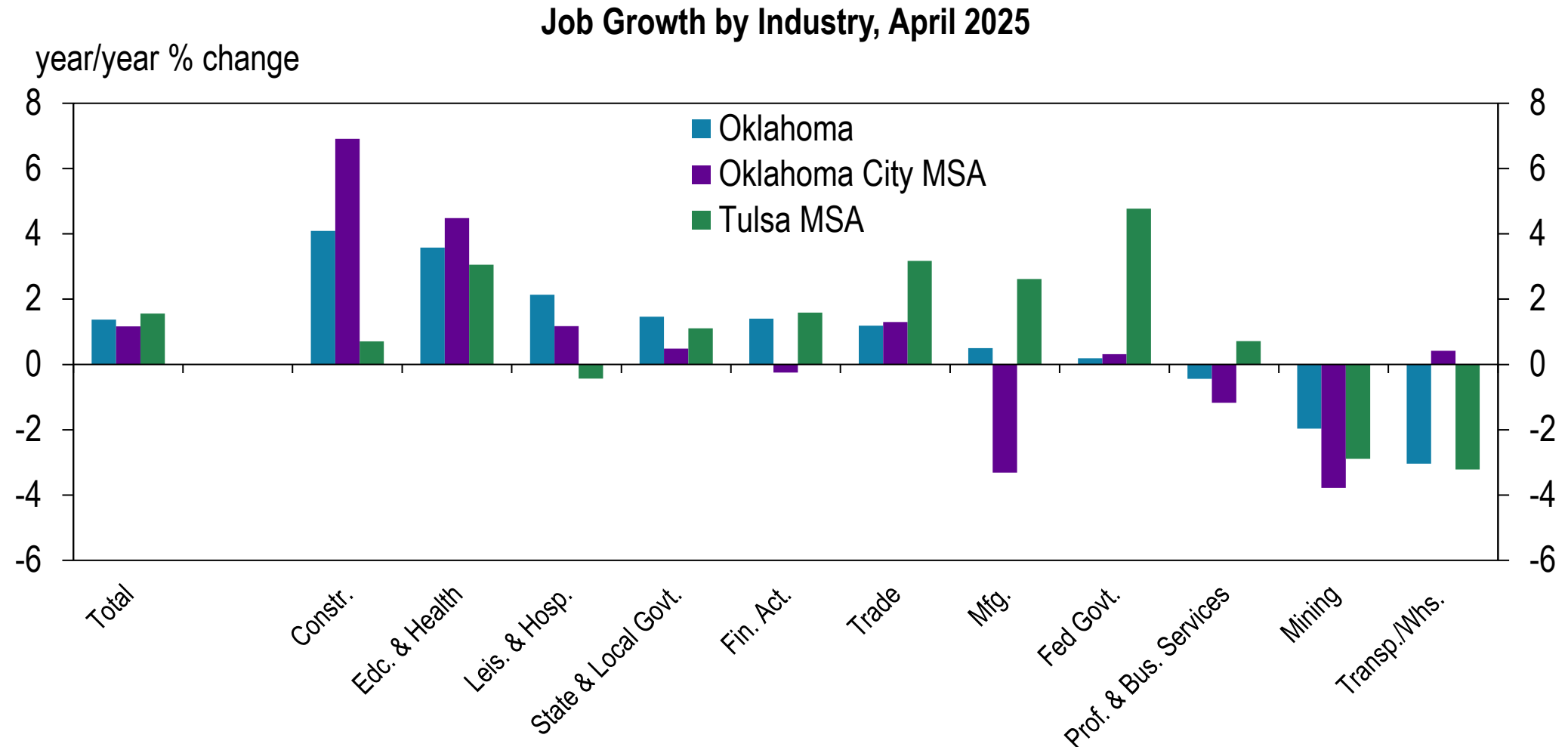
Note: Shading denotes NBER-defined recessions.

Sources: BLS, NBER/Haver Analytics

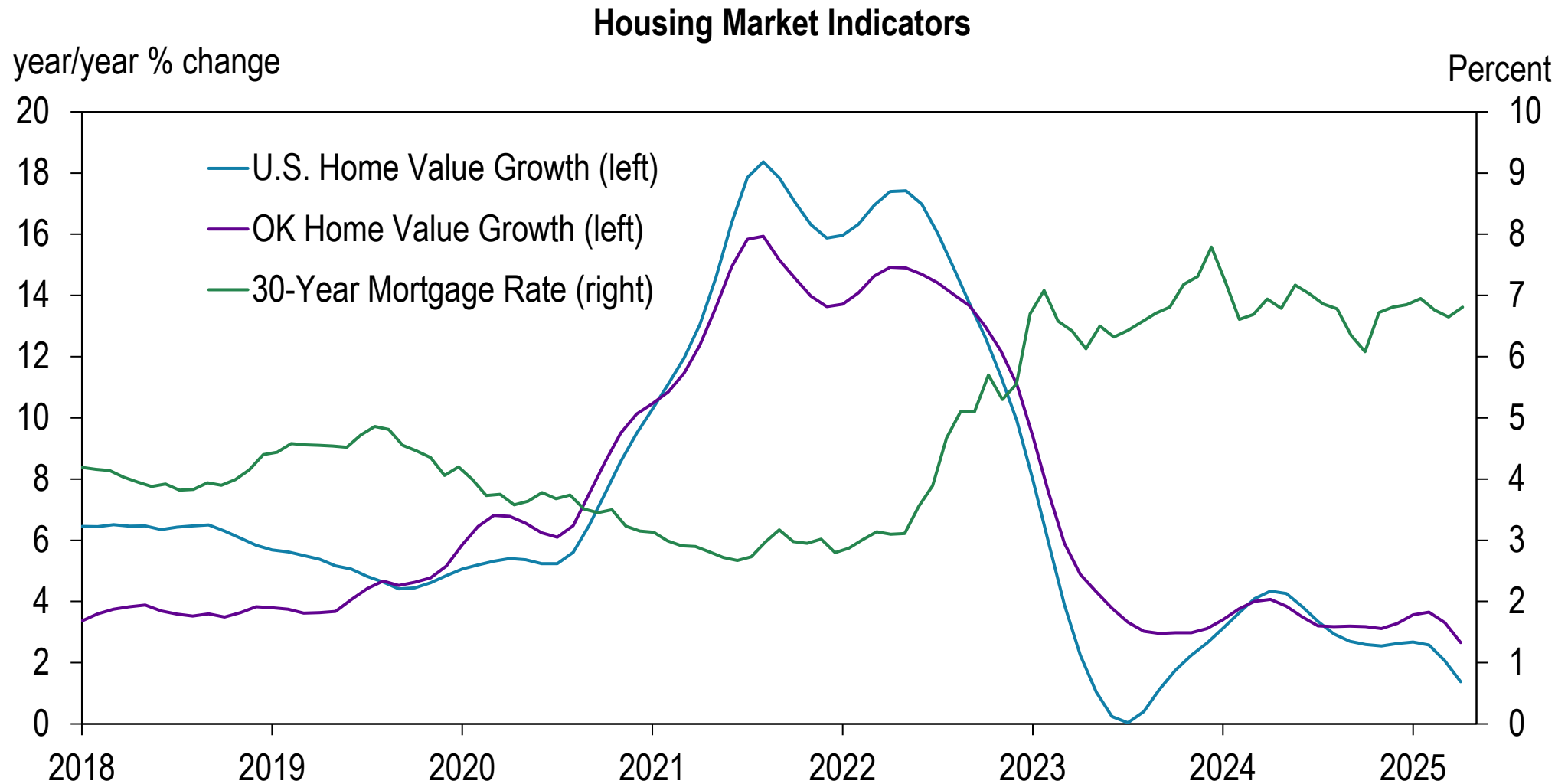
Jobs in Oklahoma have continued to grow in 2025, while unemployment remains very low



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

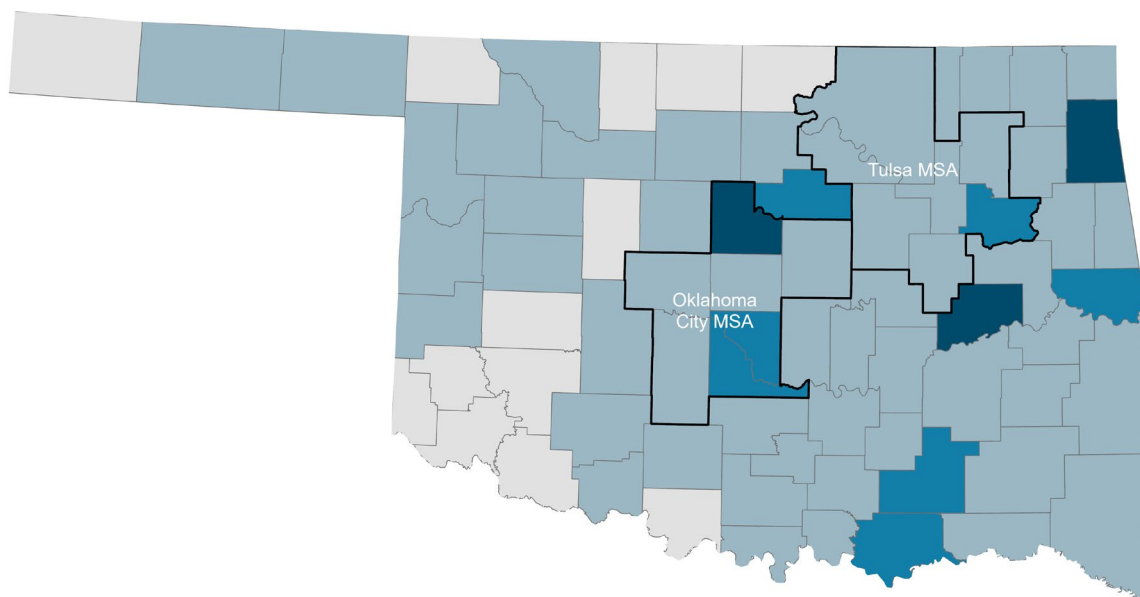


Sources: Freddie Mac, Zillow/Haver Analytics

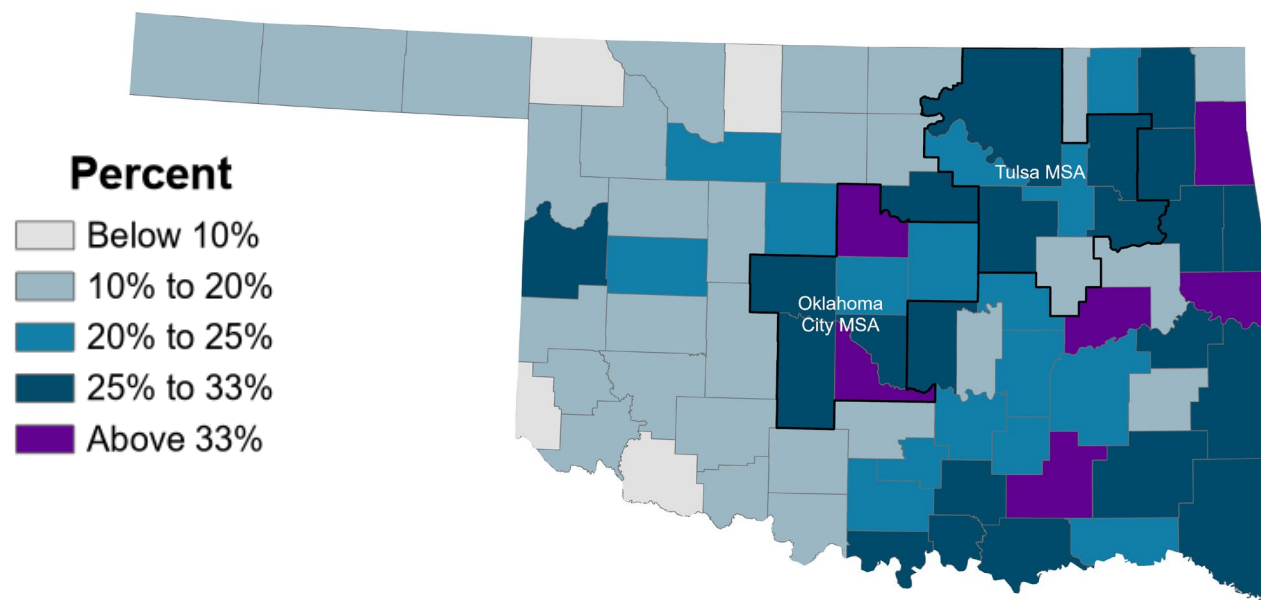
Homeownership for first-time buyers became less affordable across Oklahoma in recent years

First-Time Homeownership Costs as a Share of Household Income

2018-2019



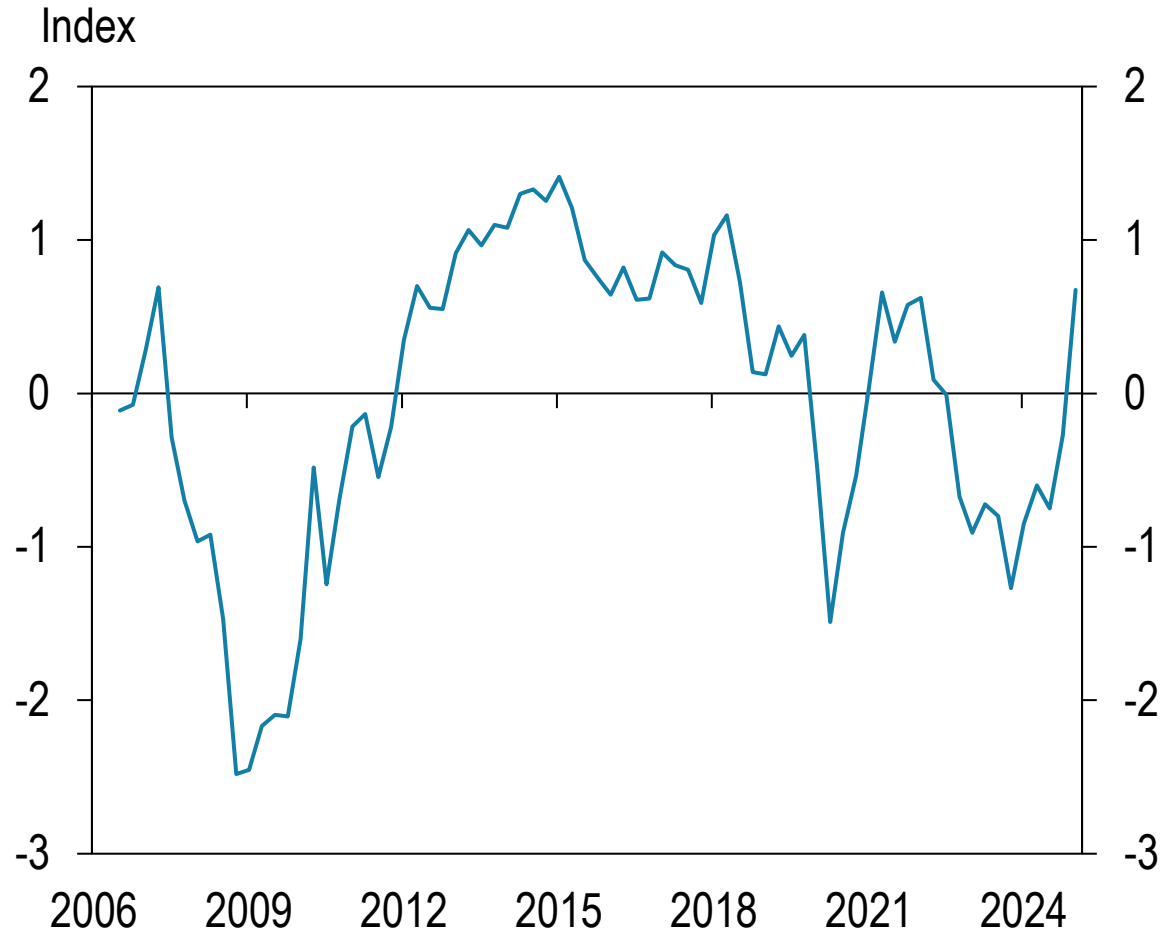
2024



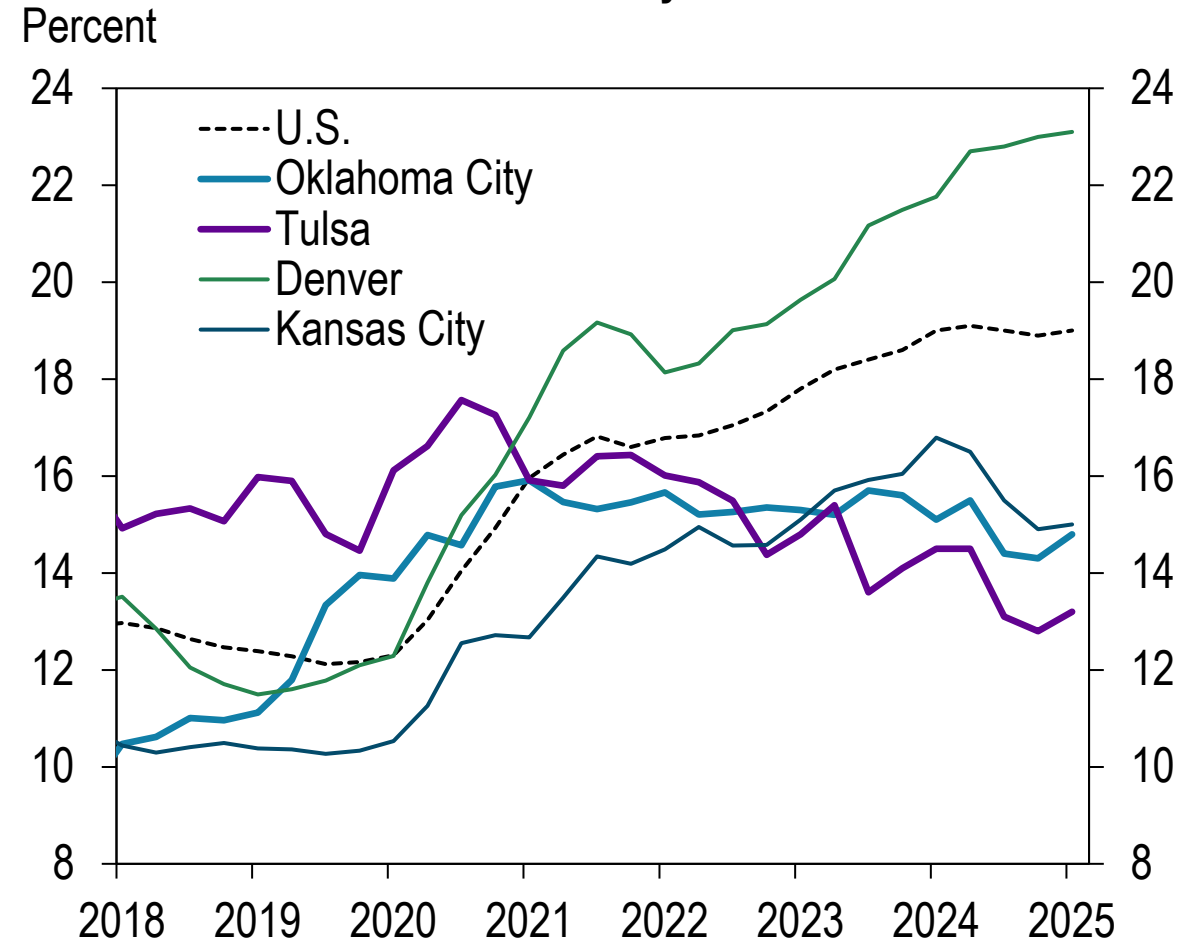
Notes: Costs include mortgage payment, insurance, and maintenance. 2024 data through October.
Sources: Zillow, BLS, U.S. Census Bureau (IPUMS NHGIS), WSJ (Haver Analytics), staff calculations

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



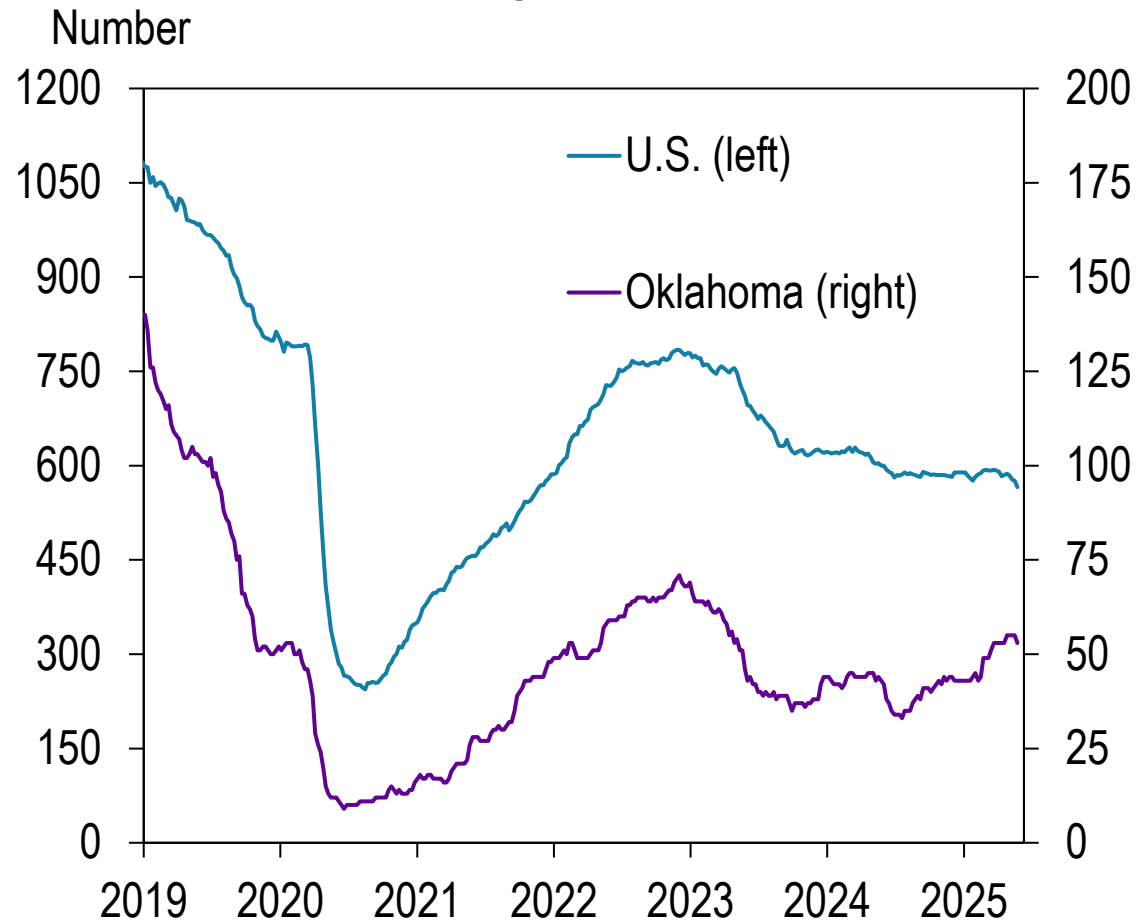
Office Vacancy Rates



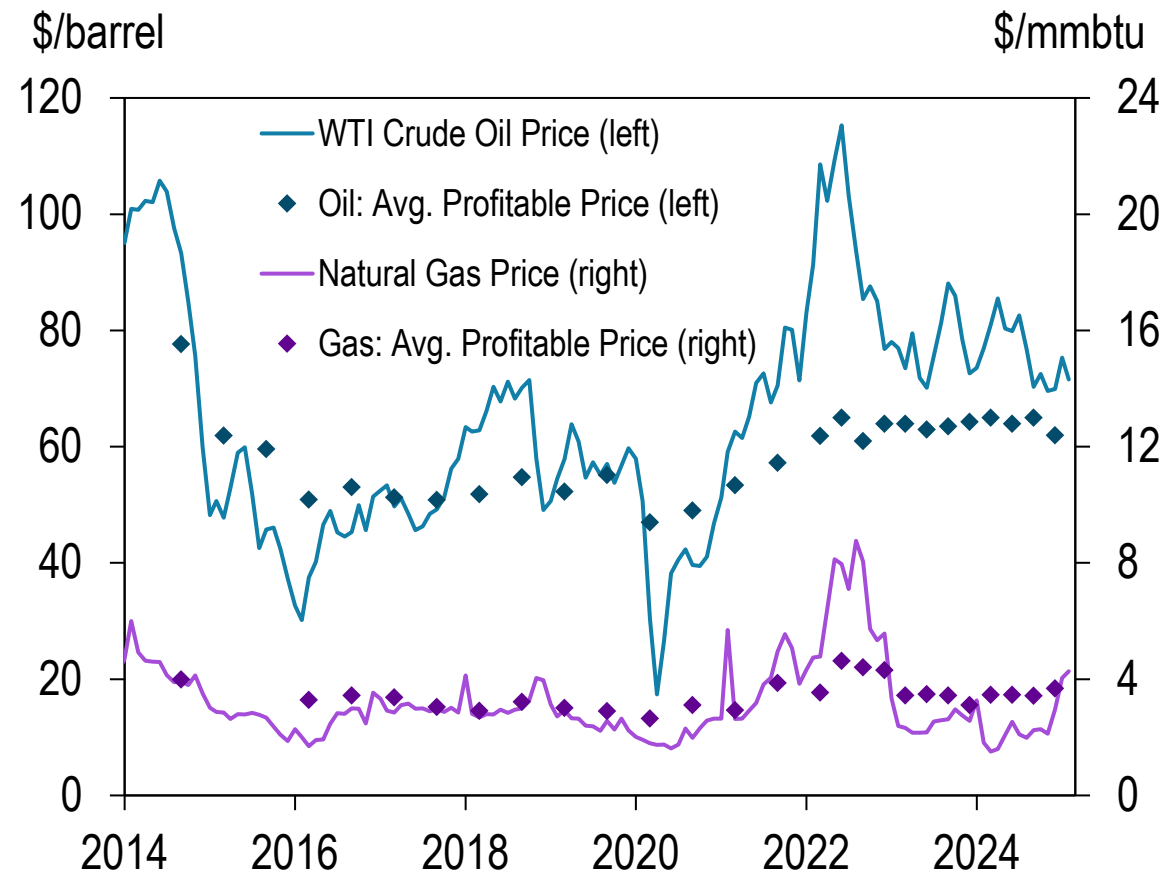
Sources: CBRE-EA, FRBKC

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

Rig Counts

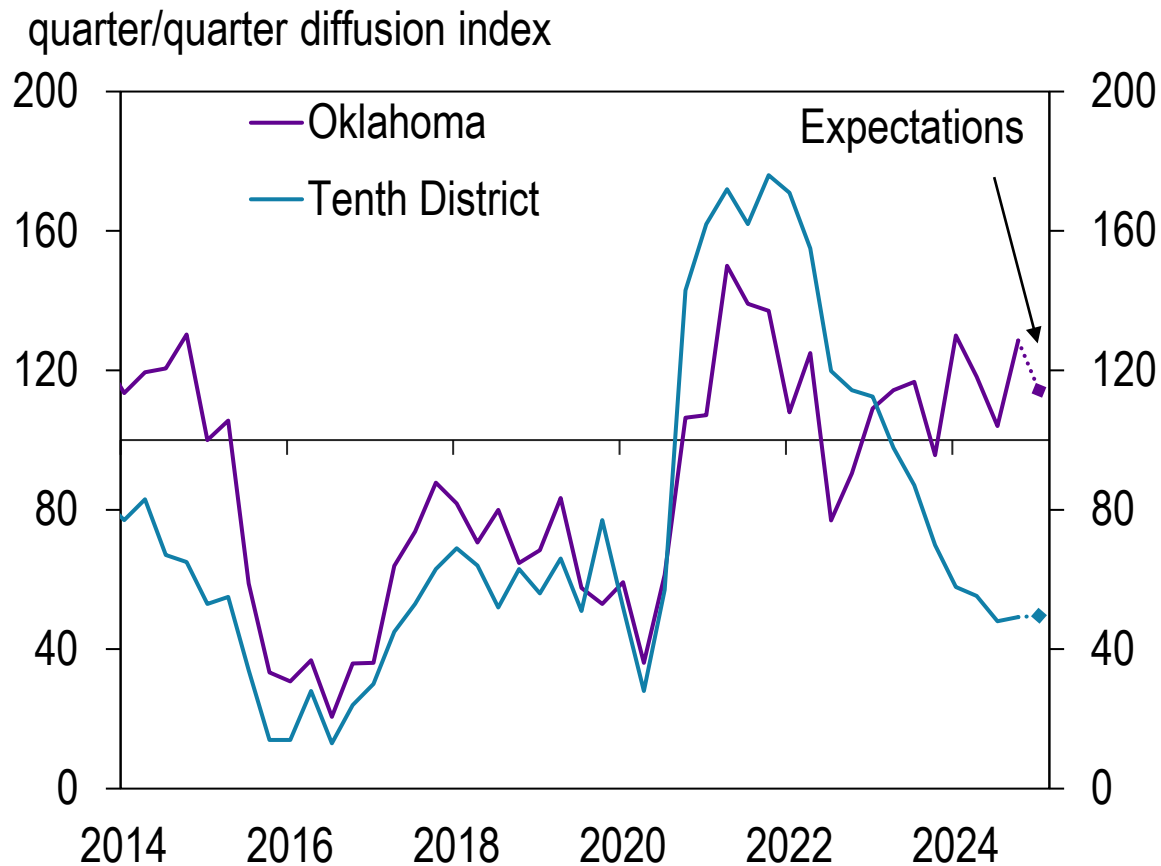


U.S. Energy Prices

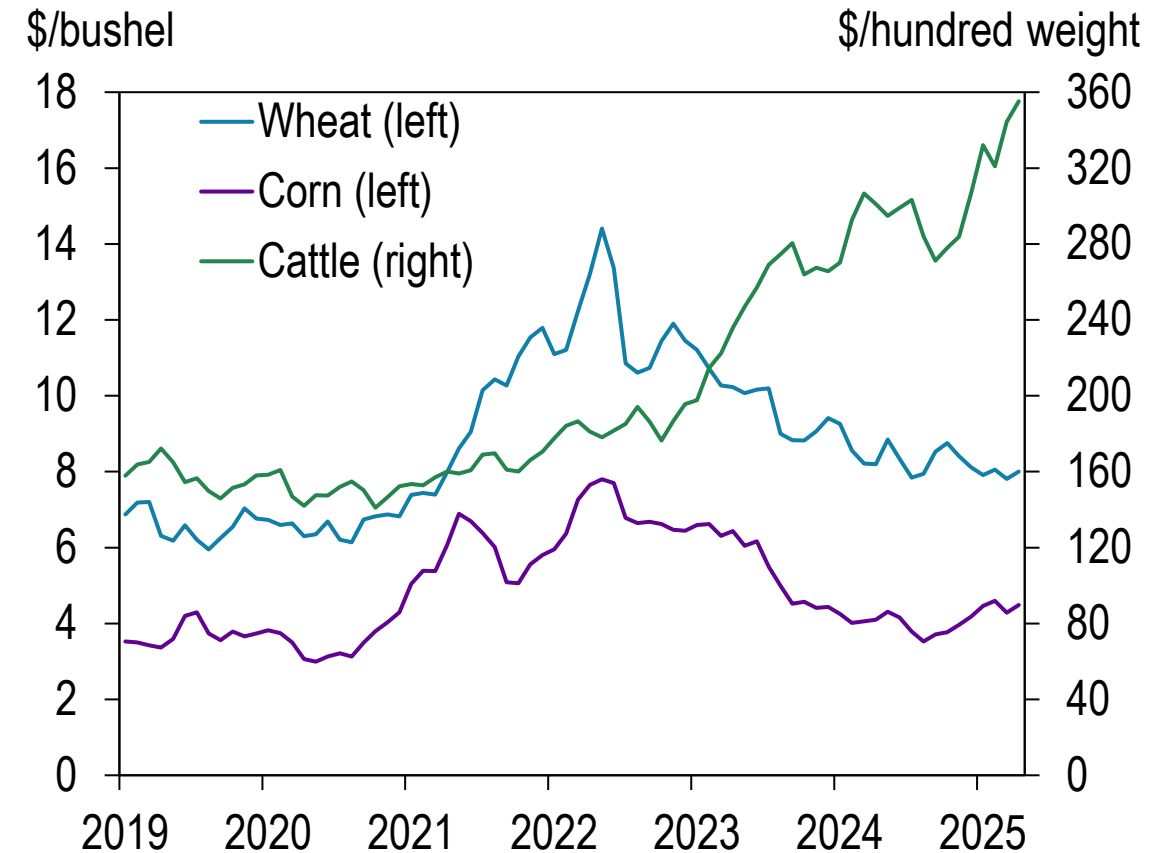


Oklahoma farm income grew in Q4 while it declined in other District states, partially due to higher cattle prices

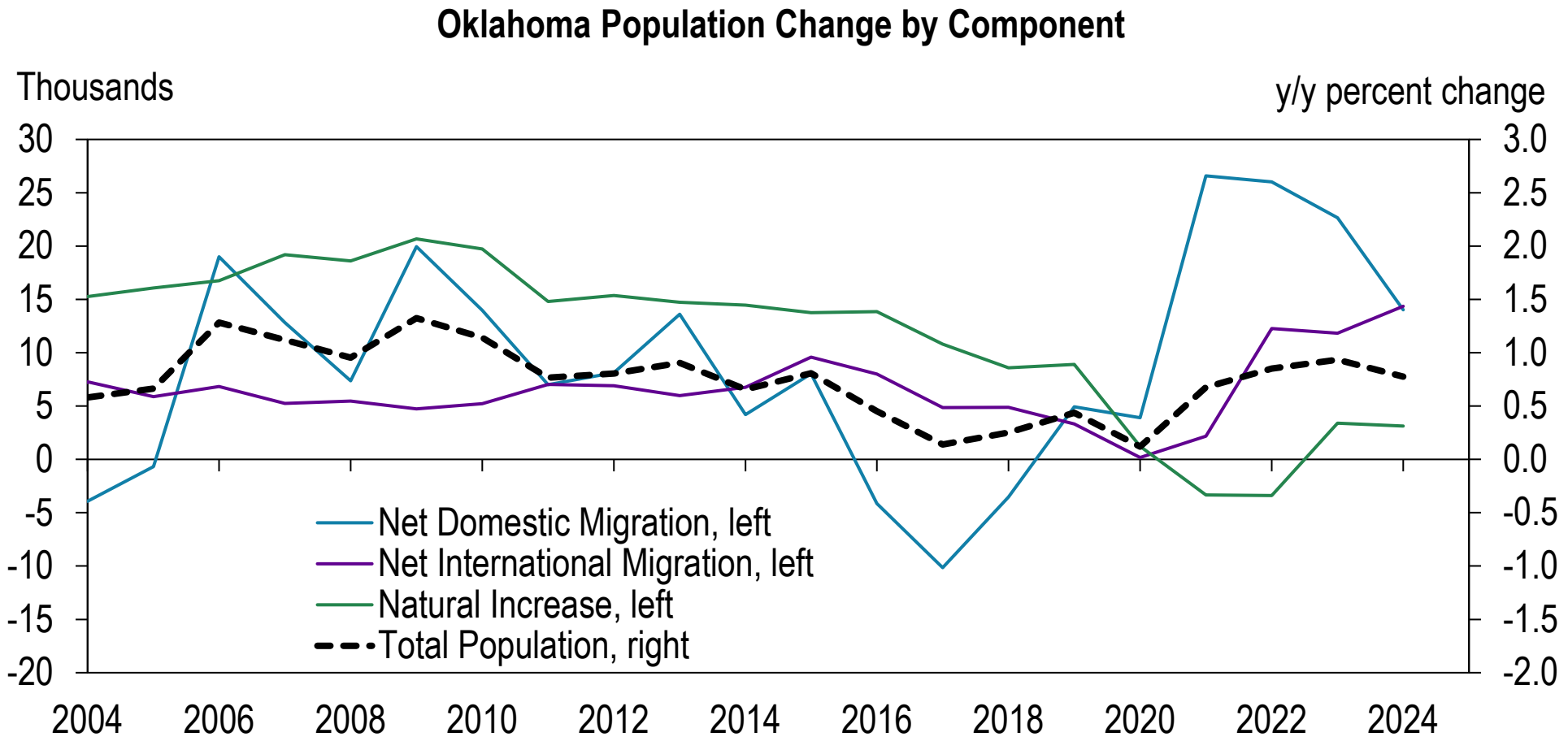
Farm Income



Agricultural Commodity Prices

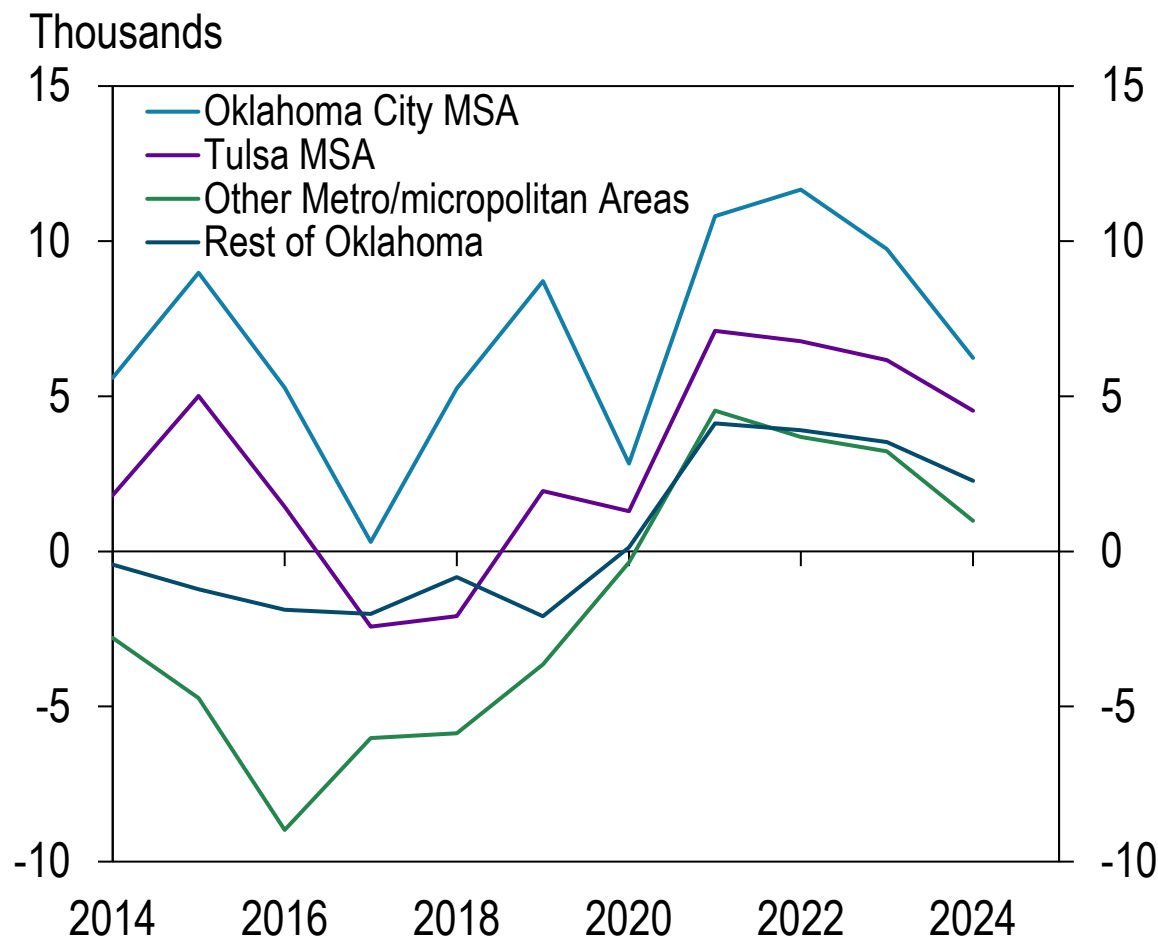


Oklahoma's population grew at a slightly slower pace in 2024, as net domestic migration slowed from pandemic-era highs

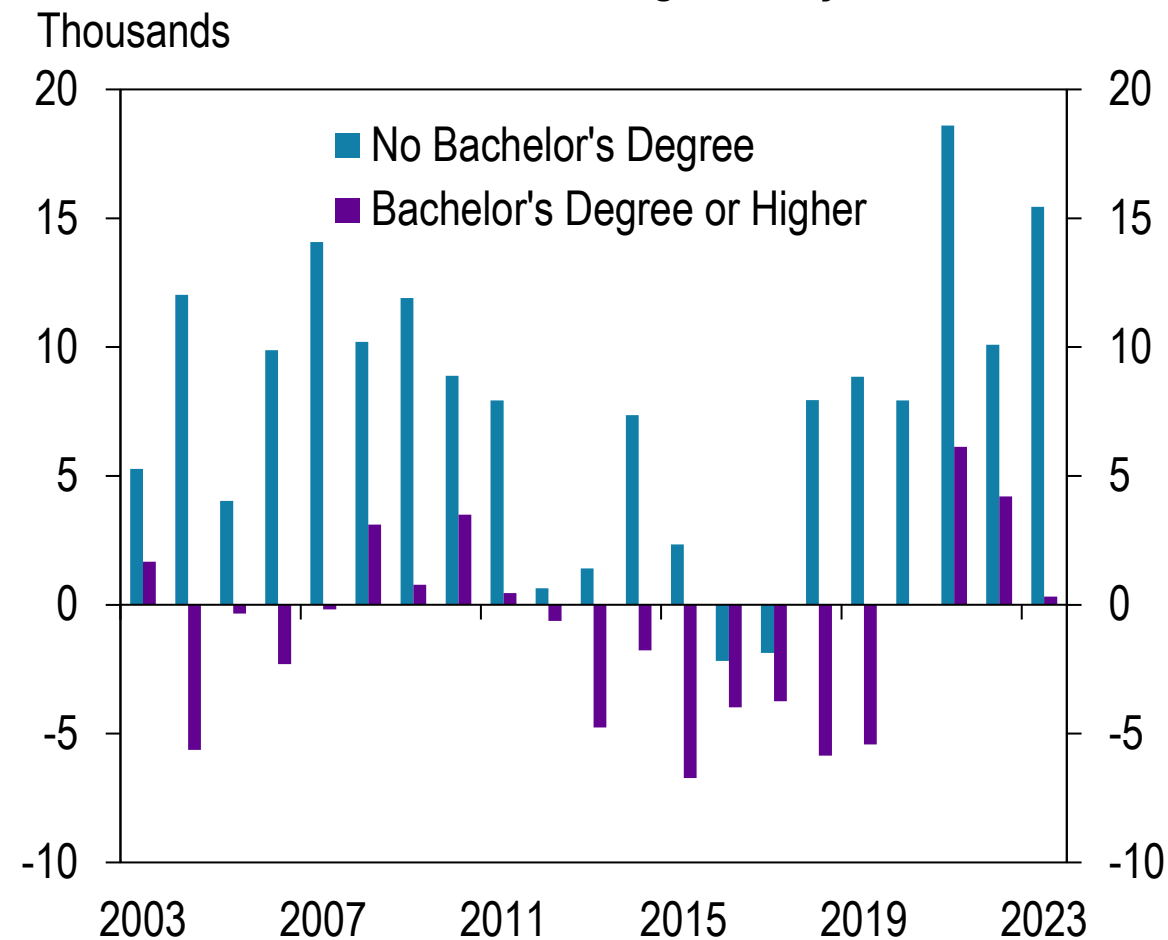


Both metropolitan and rural areas have gained residents on net, and the surge of college graduates into the state cooled in 2023

Oklahoma Net Domestic Migration



Oklahoma Net Domestic Migration by Education

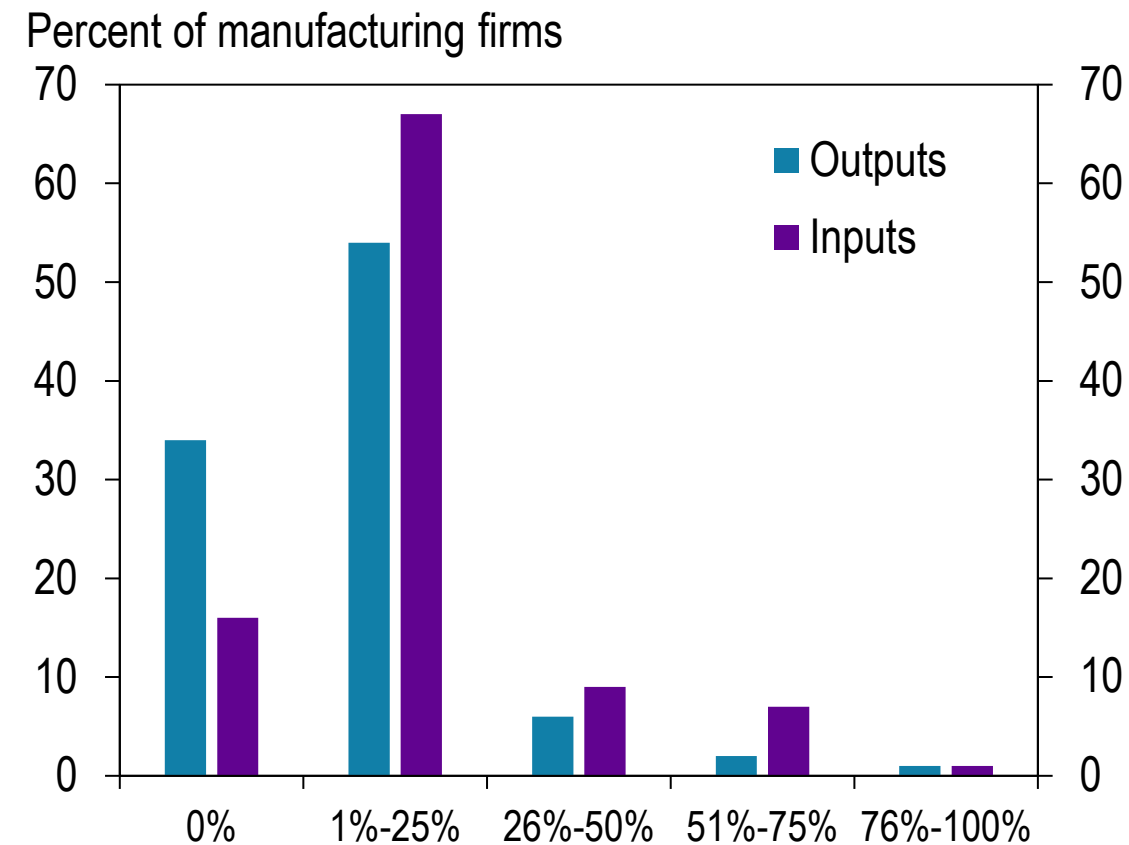


Note: Sample shown in right chart is limited to age 25+.

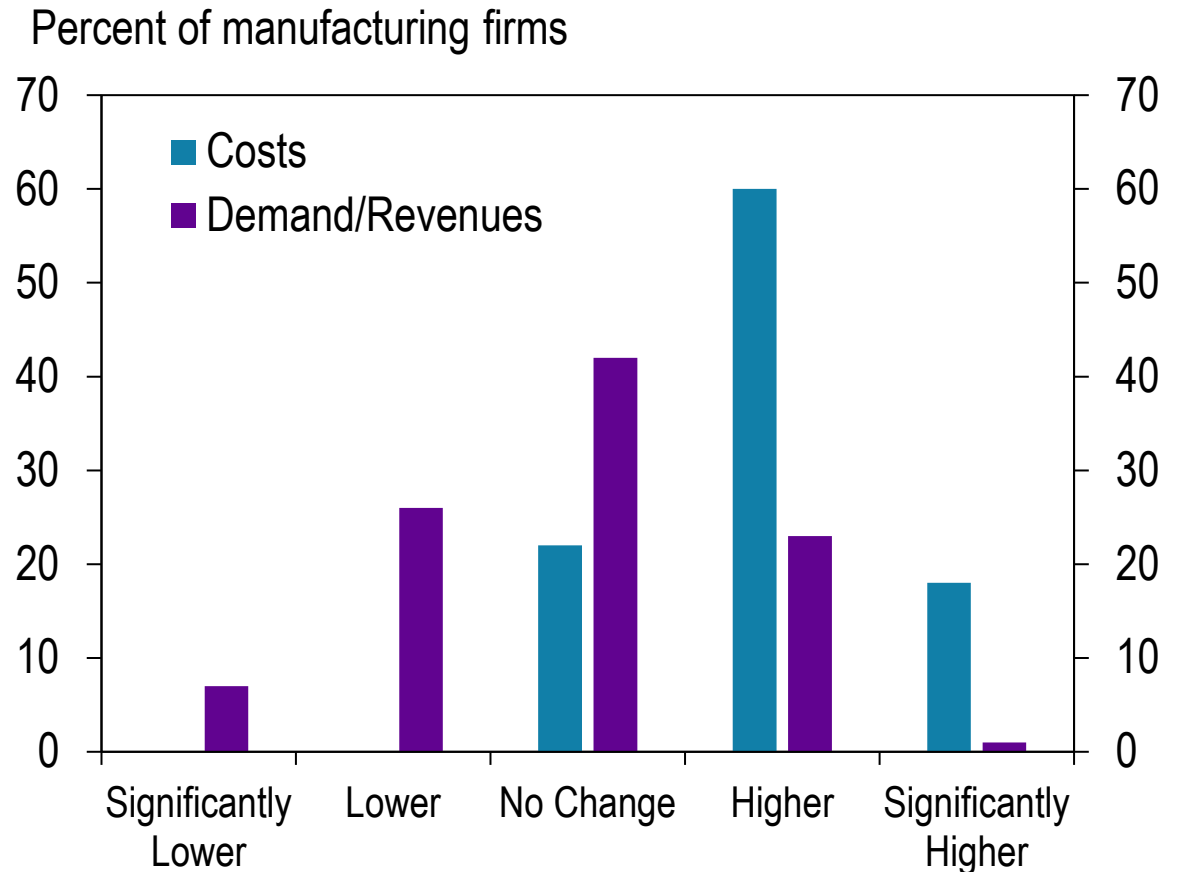
Sources: U.S. Census Bureau, ACS 1-year estimates/IPUMS USA, University of Minnesota, www.ipums.org, authors' calculations

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?



Summary

- 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

Questions?

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/lealert* to subscribe!

