U.S. and Oklahoma Economic Outlook

Southwestern Oklahoma State University

September 30, 2025

Megan Williams

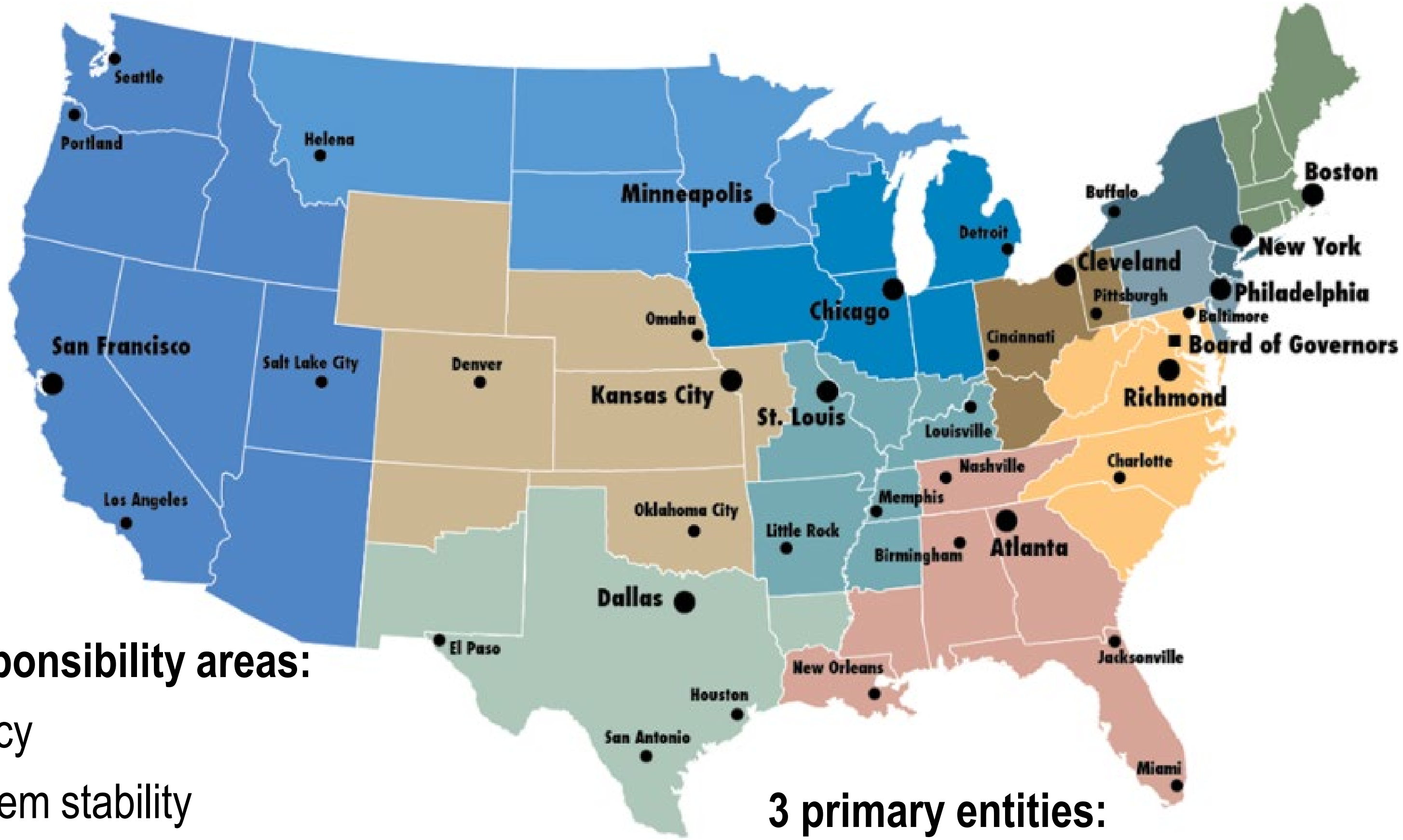
Associate Economist & Senior Manager

*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.

FEDERAL RESERVE BANK OF KANSAS CITY

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

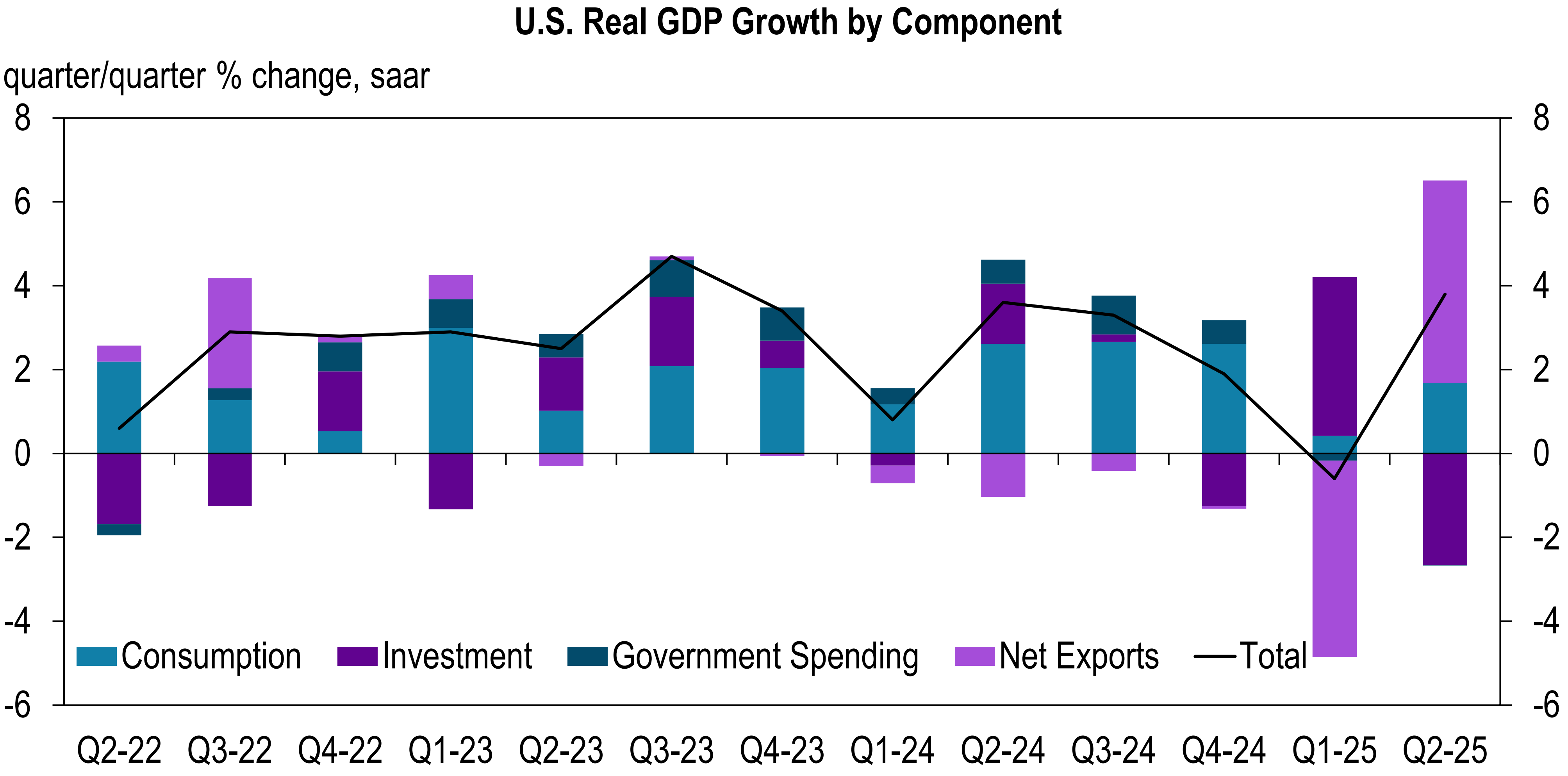
- **Functions and purposes ~ 50 staff**
  - Research on U.S. and Oklahoma economies; energy sector and business survey focus
  - Examinations of Oklahoma financial institutions (~45 banks, ~175 holding cos.)
  - Risk analysis and IT development for bank exams; exam assistance for other Fed offices
  - 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**, President, 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

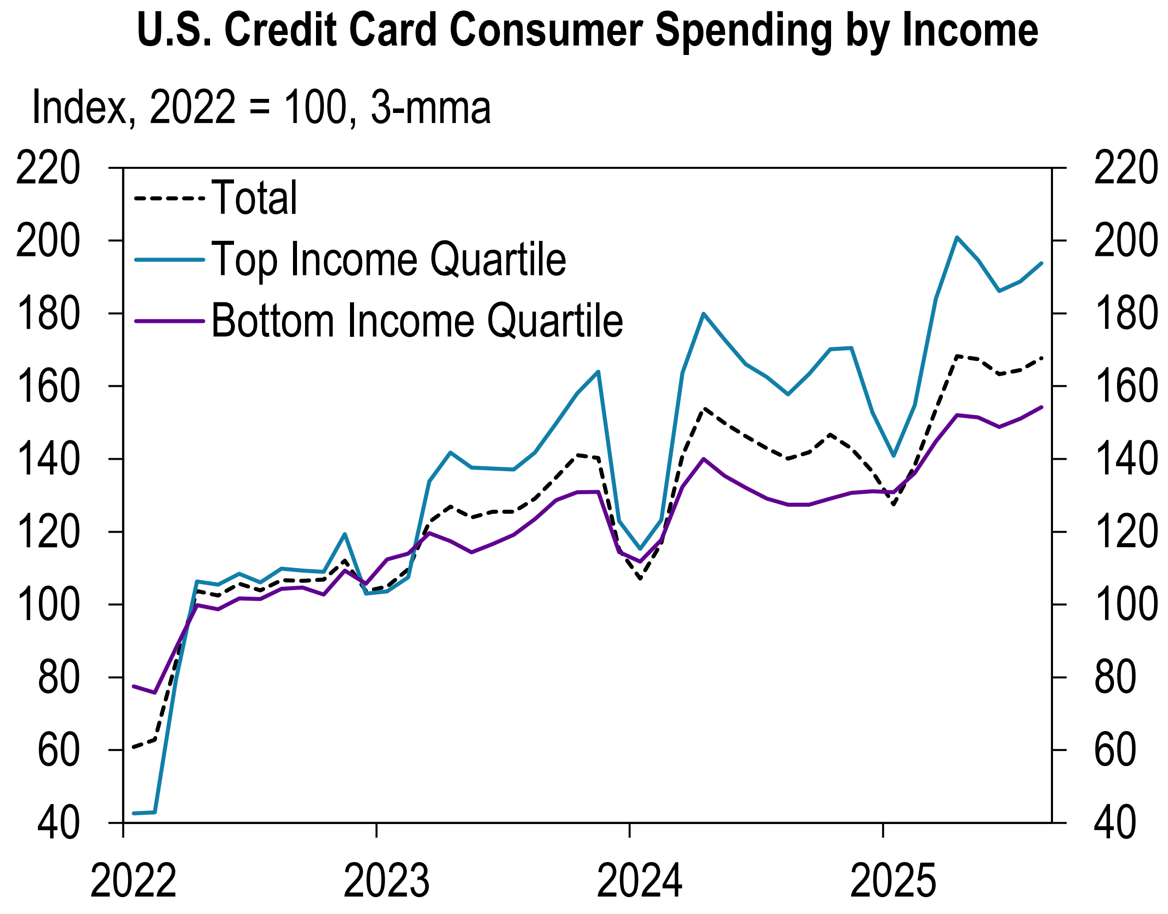
- U.S. economic growth remains solid, but is concentrated in certain sectors and segments of the population
- The labor market is balanced, but softening, as labor supply and demand fall together. Unemployment is up slightly but remains near long-term averages.
- Inflation has come closer to the Fed’s target, but goods inflation is rising
- Oklahoma job growth is solid but leveling off, 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

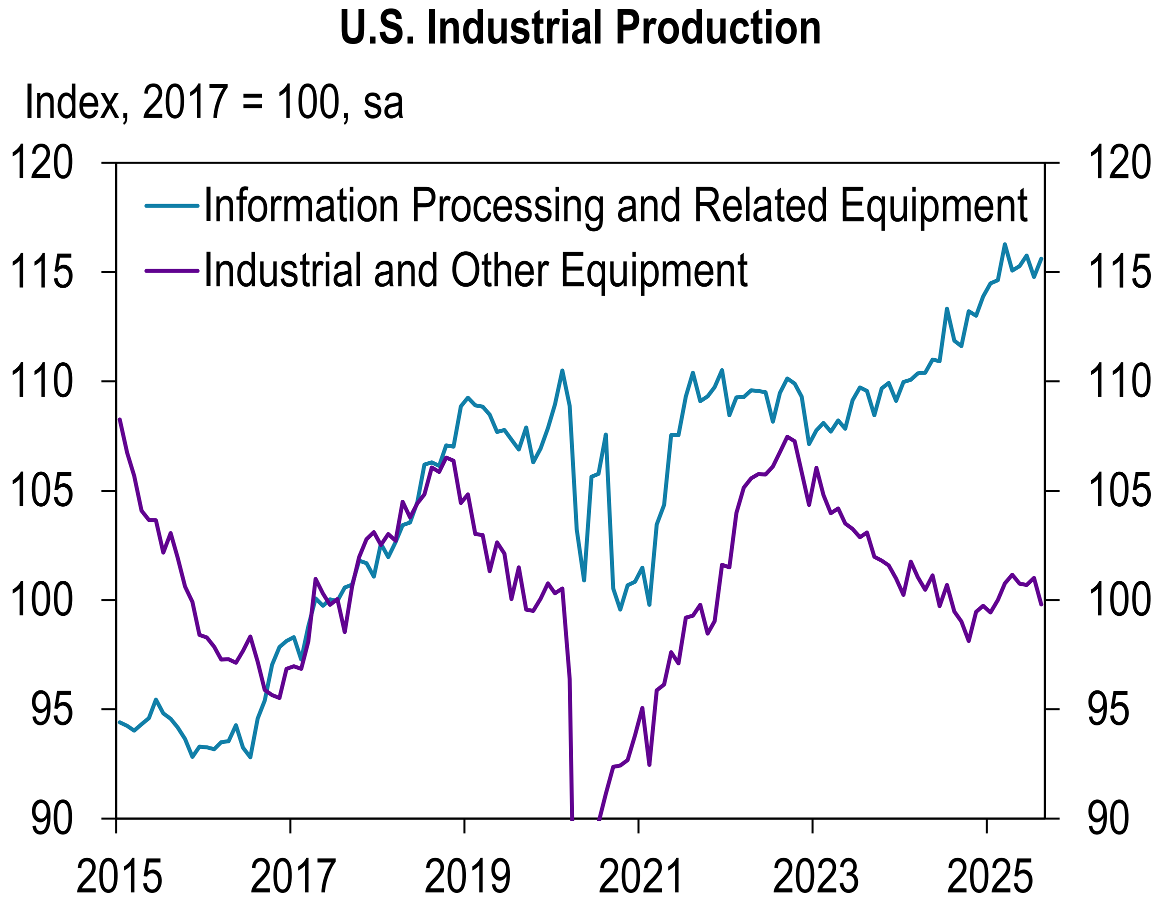
U.S. GDP growth grew 3.8% in Q2 following contraction in Q1 due to rebounds in next exports and consumption growth



Sources: BEA/Haver Analytics

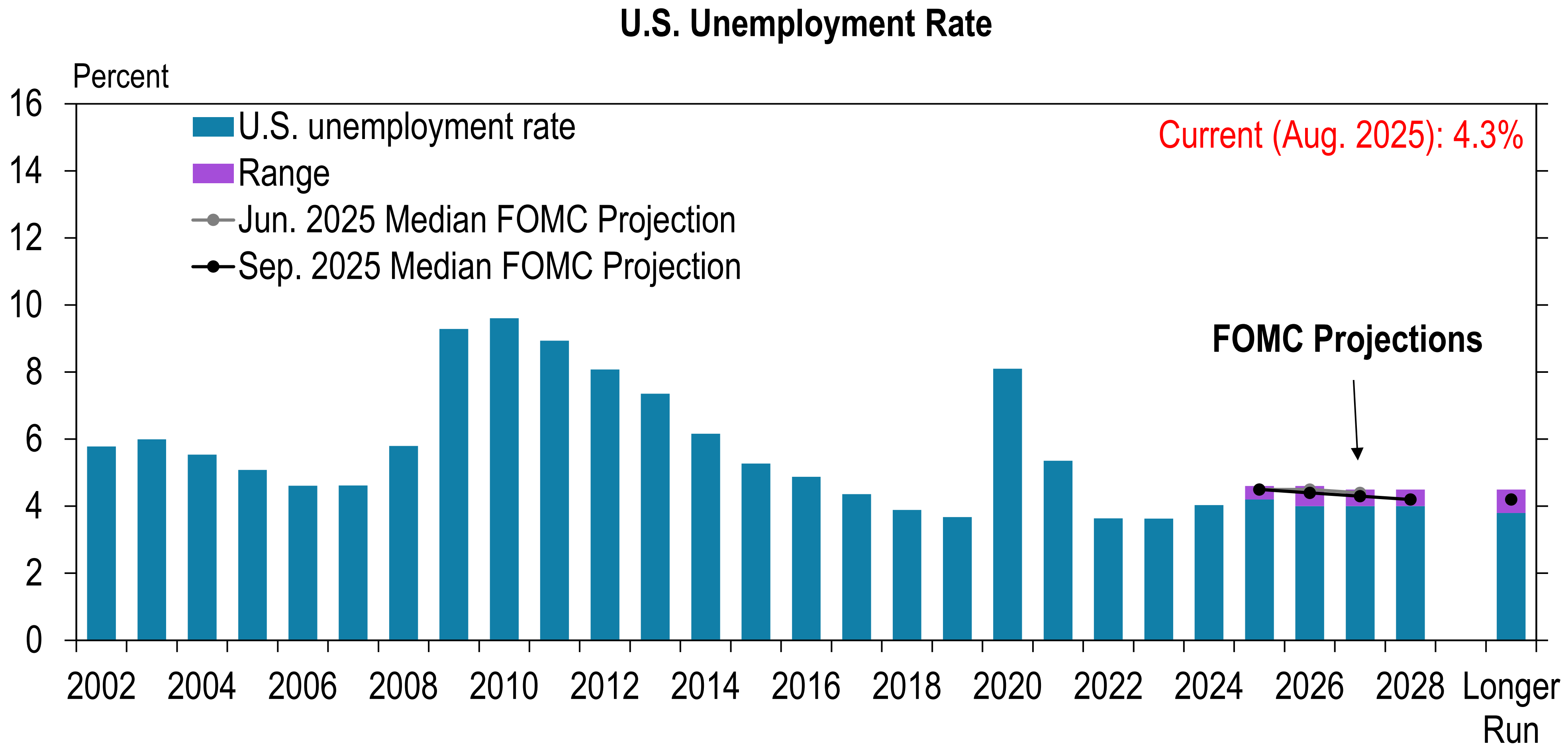
Current economic growth is supported by consumer spending from high earners and investment in tech-related sectors





Sources: Affinity Solutions/Opportunity Insights, Federal Reserve Board/Haver Analytics

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

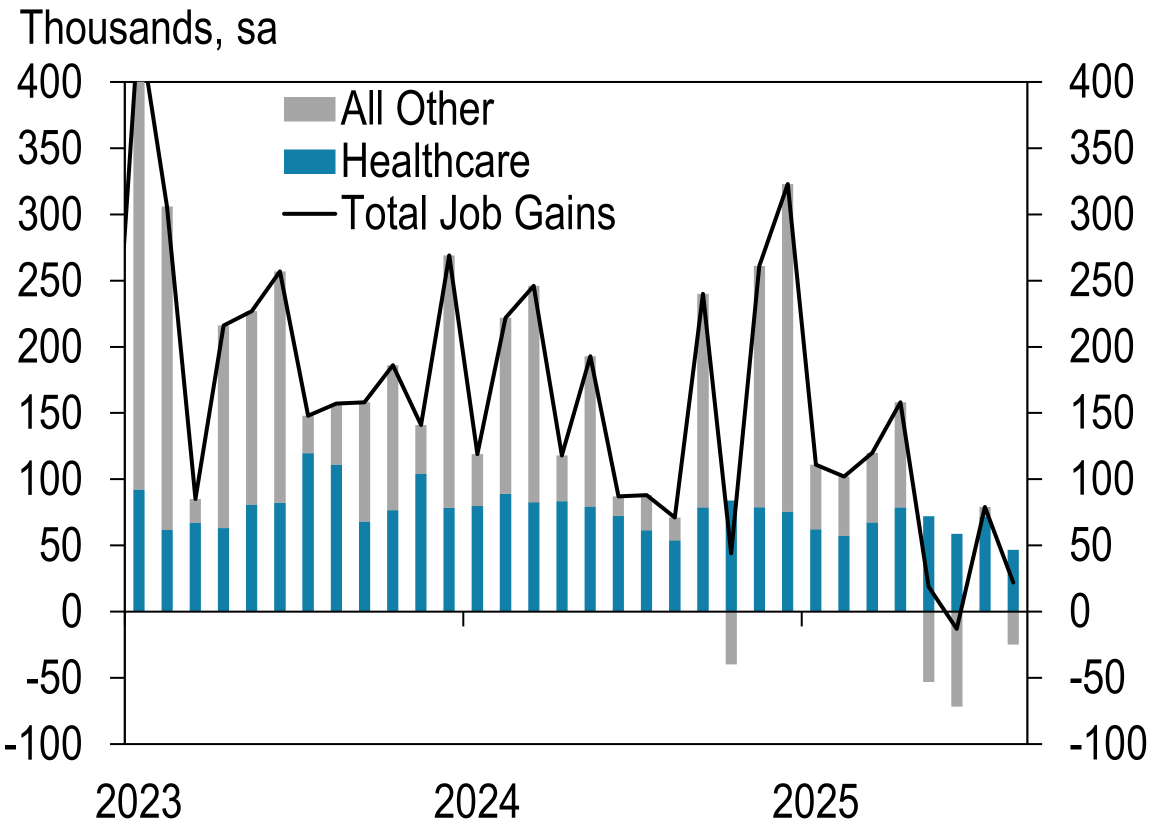


Note: Data and FOMC projections are for year-end.

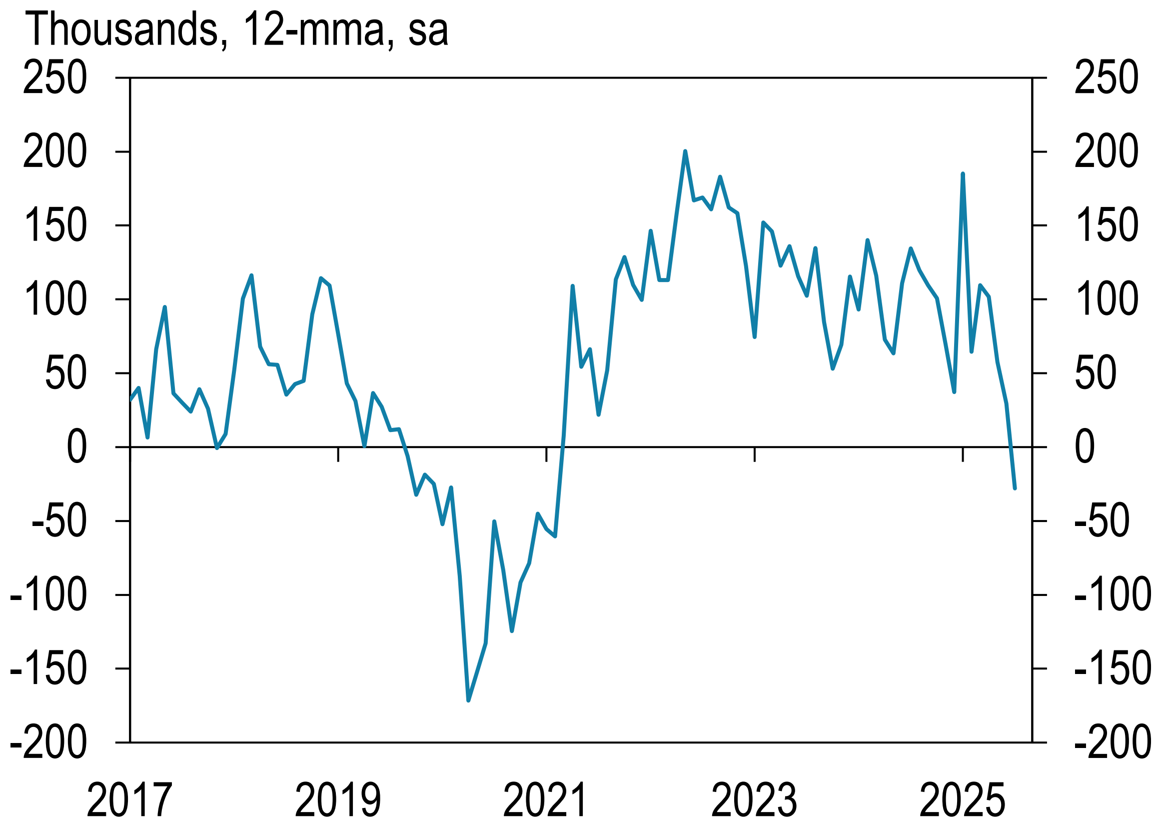
Sources: U.S. Bureau of Labor Statistics, FOMC

U.S. job gains have slowed in recent months and are largely concentrated in healthcare, partially due to less labor supply from immigration

U.S. Net Monthly Job Gains

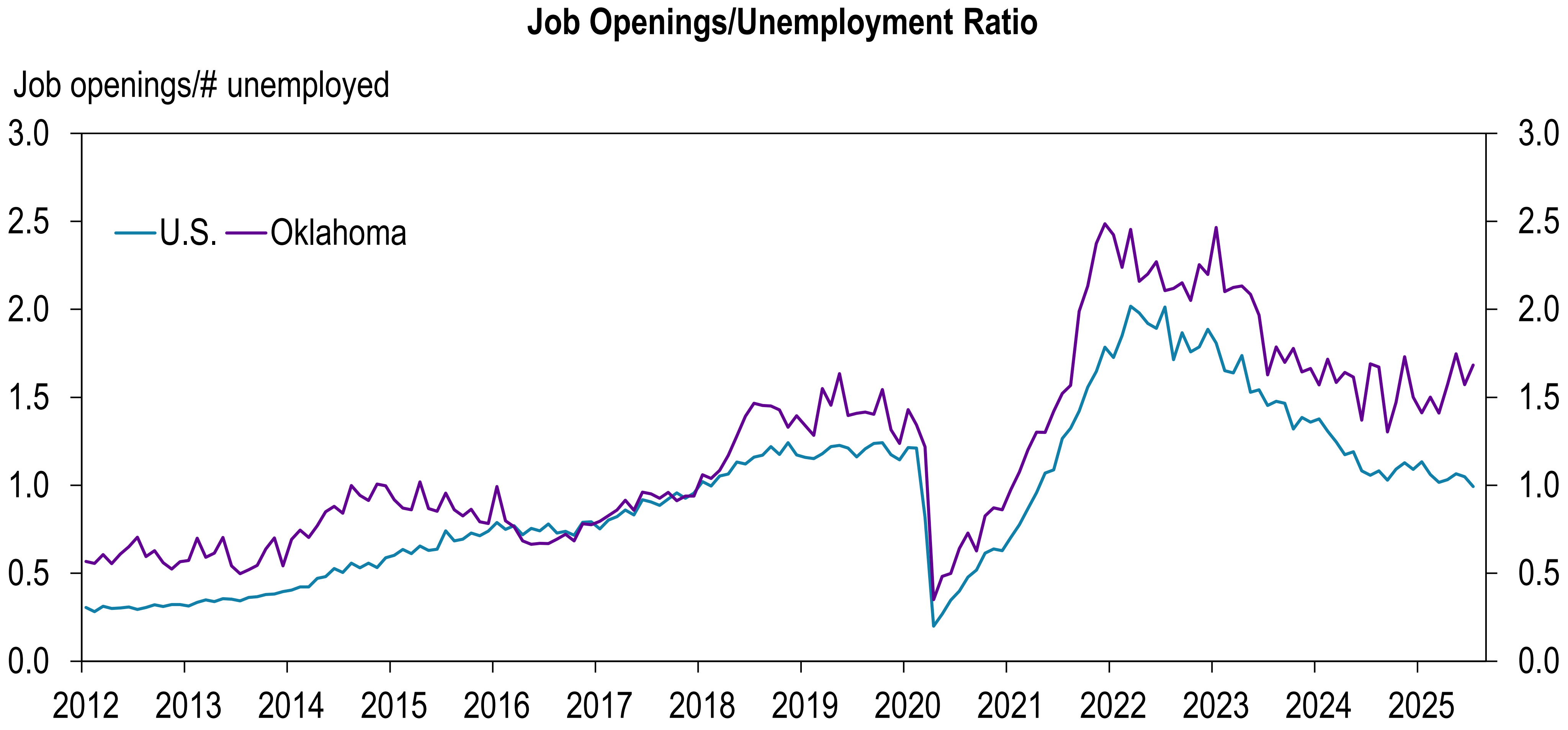


U.S. Net Immigration



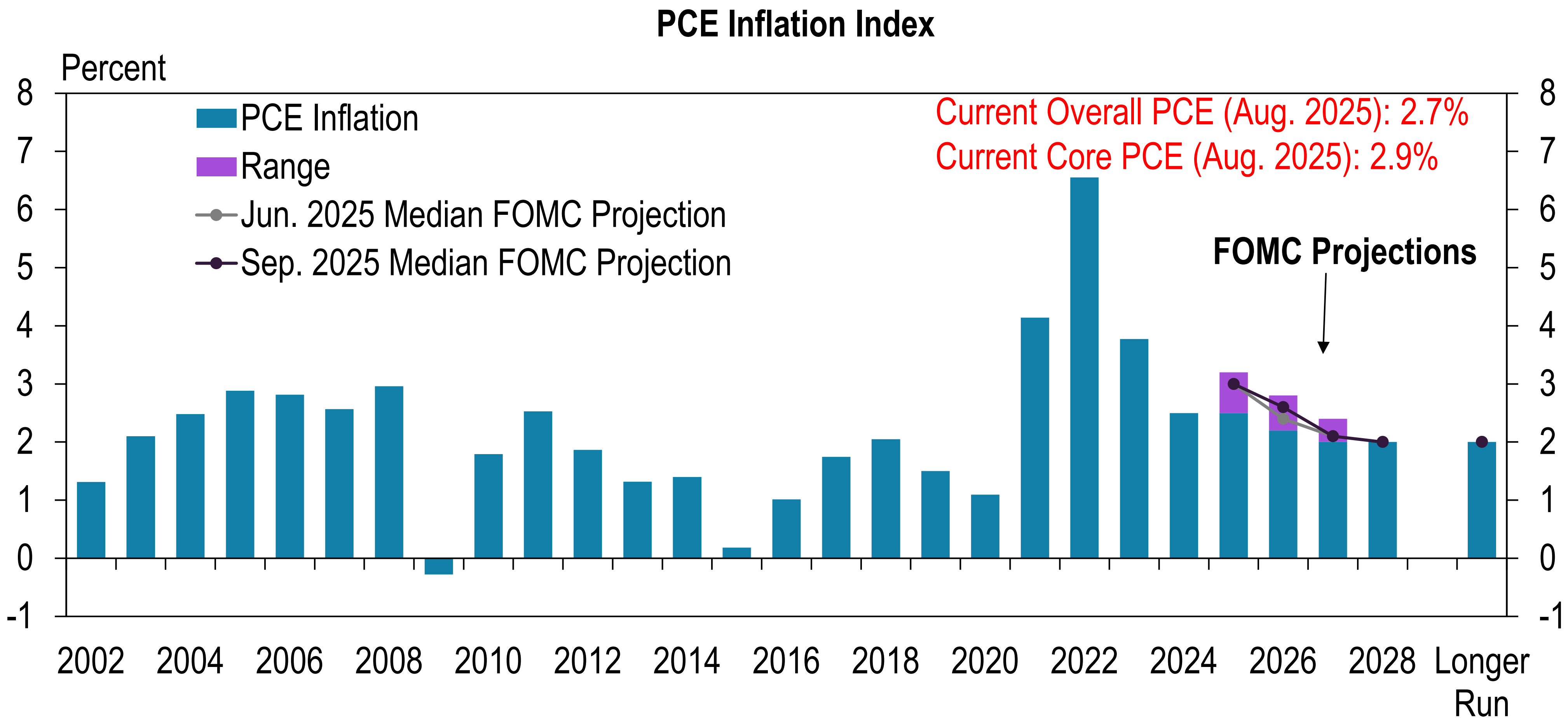
Sources: BLS/Haver Analytics, CPS, staff calculations

The labor market is balanced, but softening. Job openings still exceed unemployed workers in Oklahoma but have returned to near pre-pandemic levels



Source: U.S. Bureau of Labor Statistics/Haver Analytics

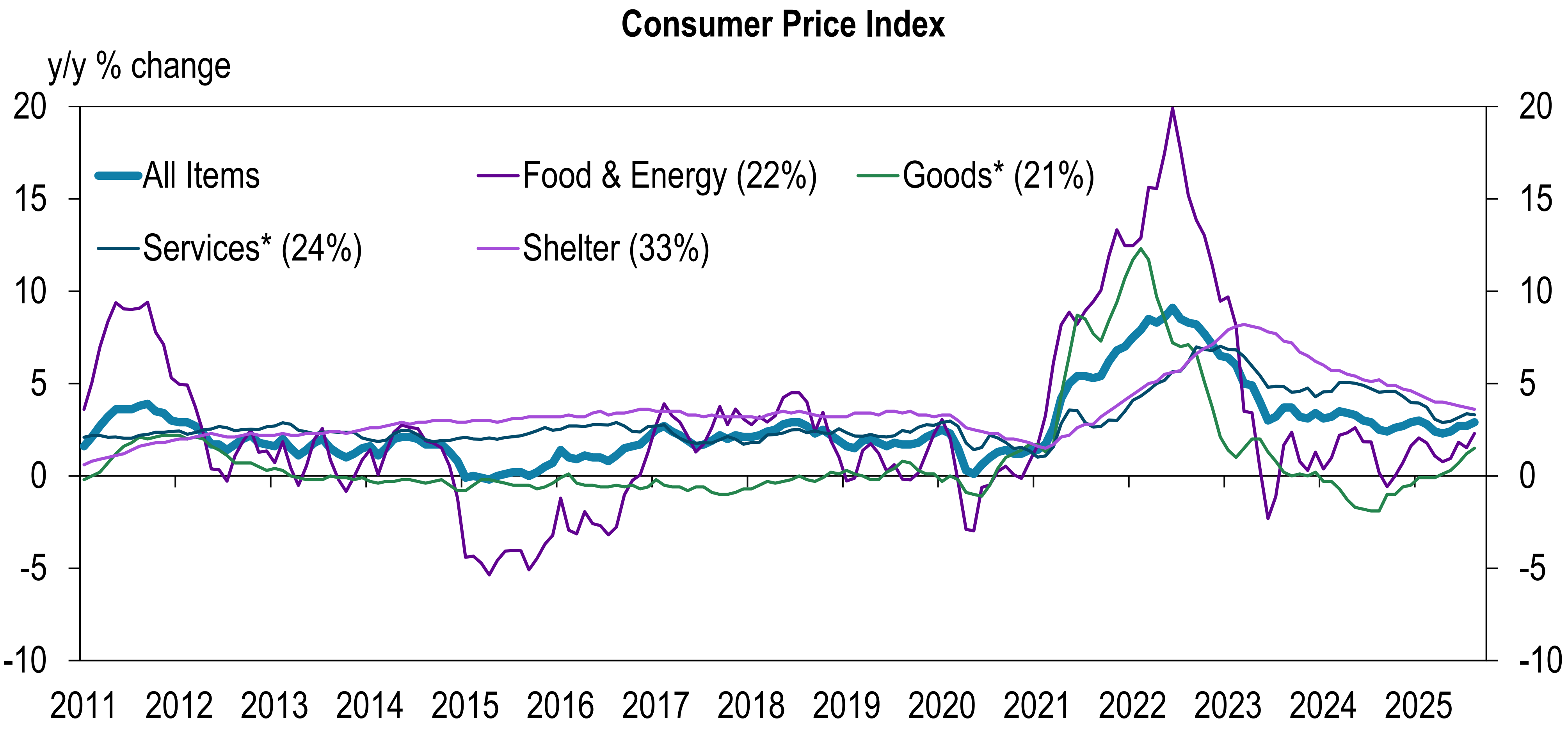
Inflation has come down from 2022 peaks, but is projected to tick up this year



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

Sources: Bureau of Economic Analysis, FOMC

CPI inflation ticked up to 2.9% in August, driven by increases in goods and energy prices

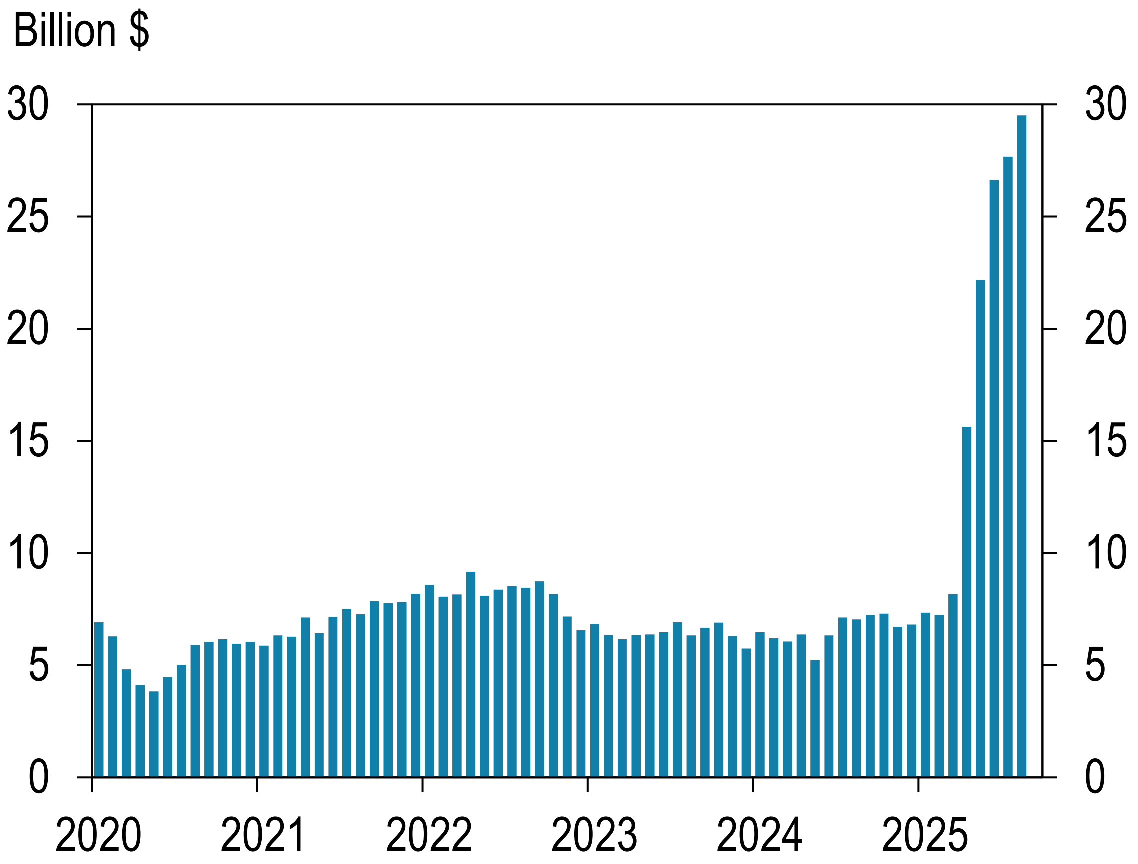


*Goods excluding Food; Services excluding Energy.
Note: Relative Importance as Share of CPI shown in parenthesis.

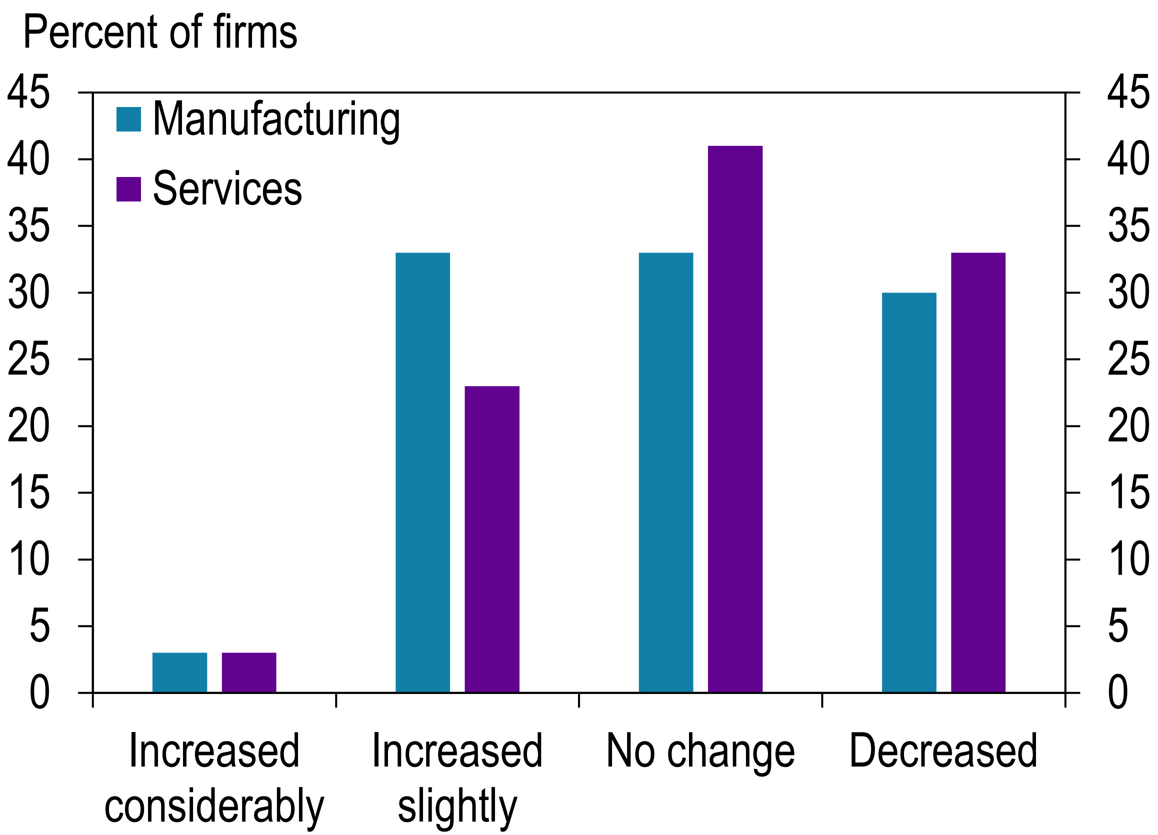
Sources: BLS/Haver Analytics

Someone is paying the tariffs, but their impact on consumer prices depends on the extent to which firms pass through cost increases

U.S. Customs Taxes Collected

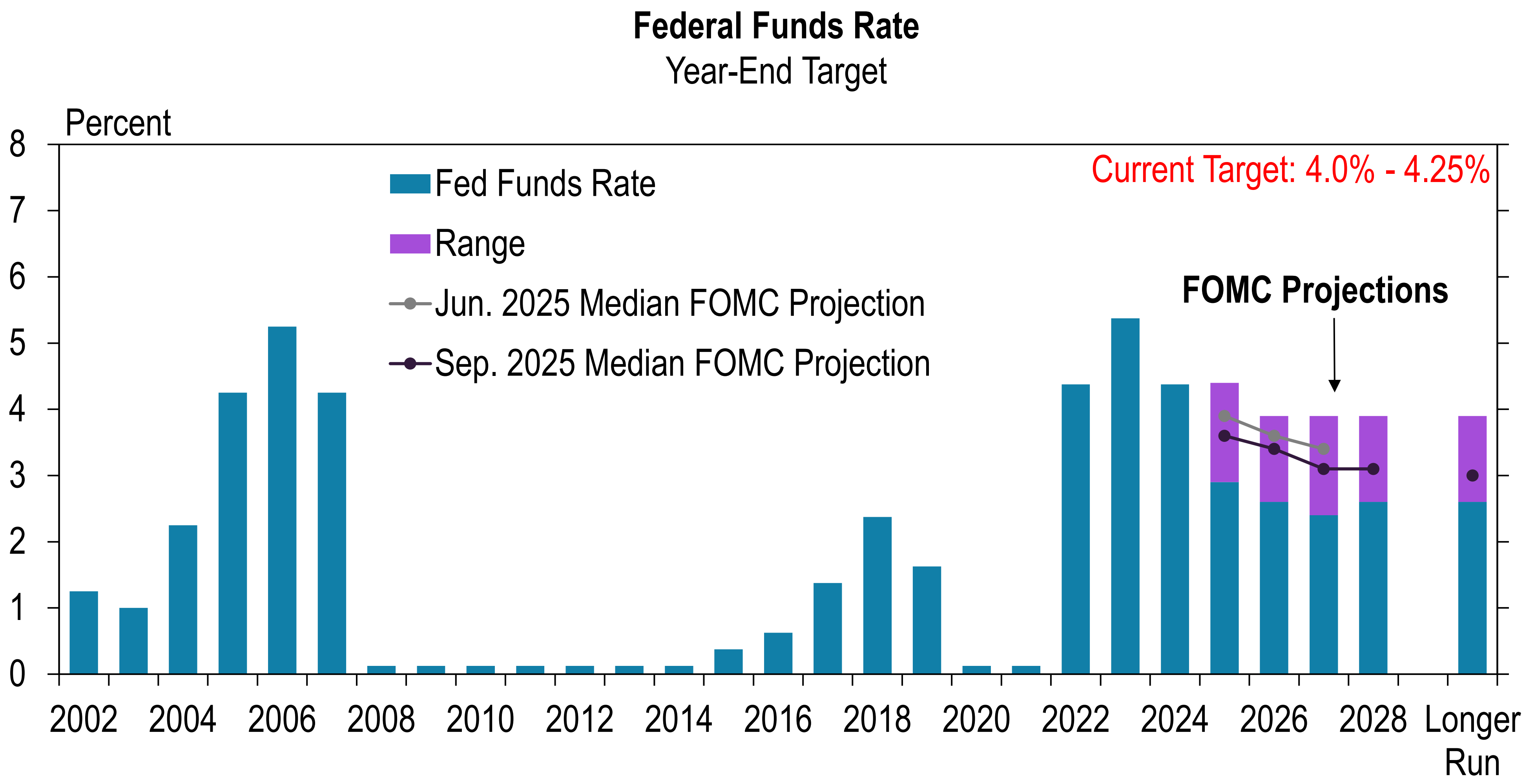


July-25: How has your firm's ability to pass through rising input prices changed in the last few months?



Sources: U.S. Treasury/Haver Analytics, Federal Reserve Bank of Kansas City

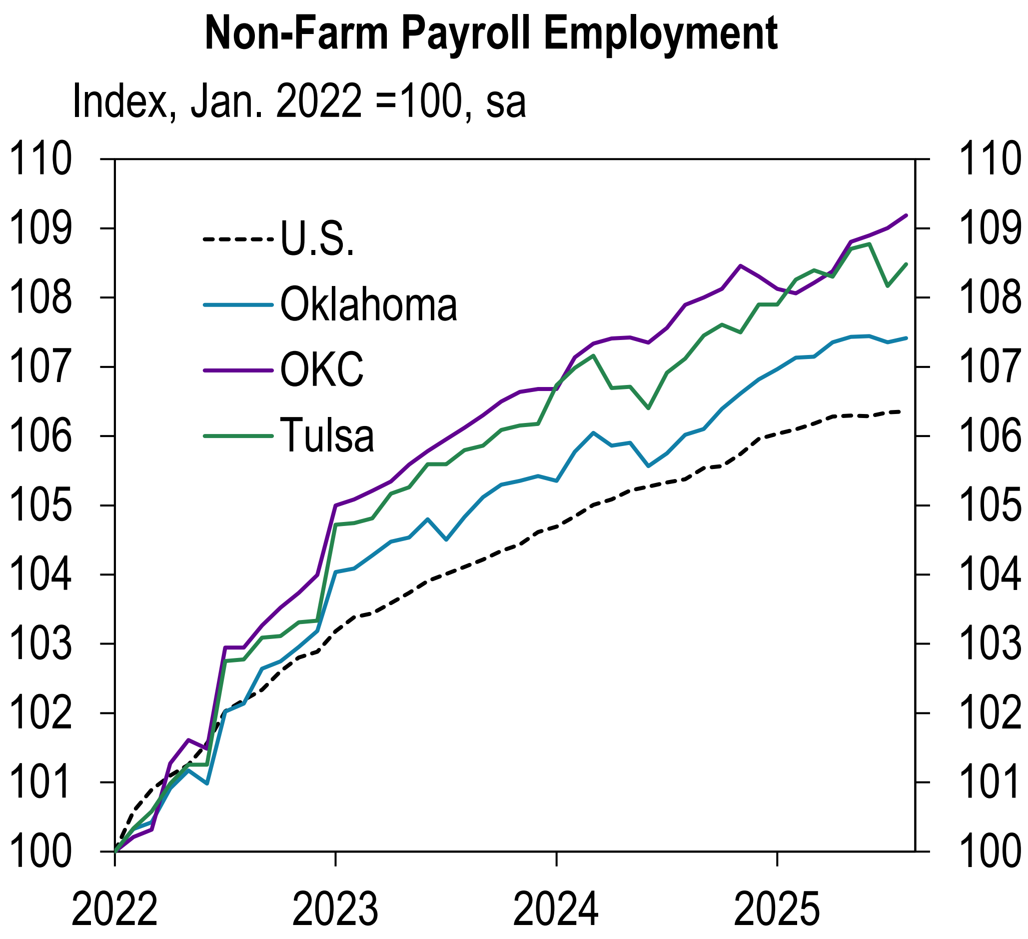
The Fed cut the federal funds rate by 25 basis points in September and lowered future projections

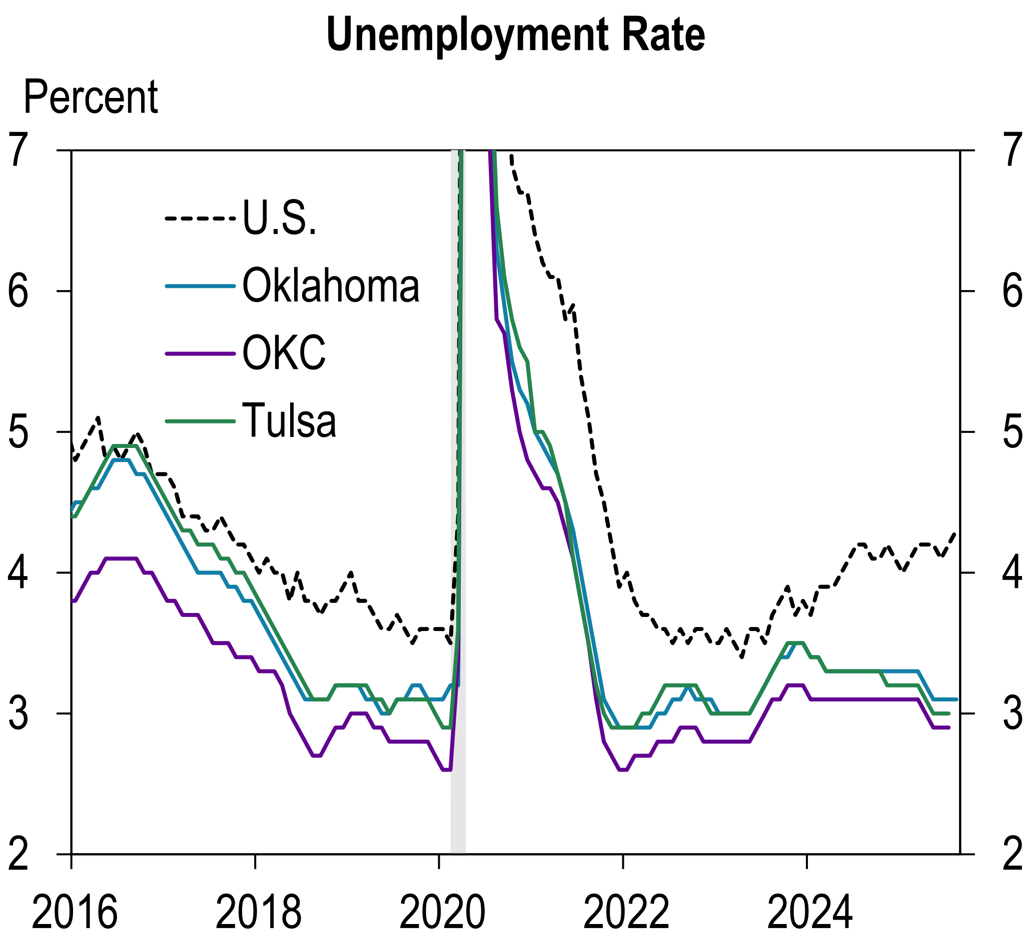


Note: Data and FOMC projections are for year-end.

Sources: FOMC/Haver Analytics

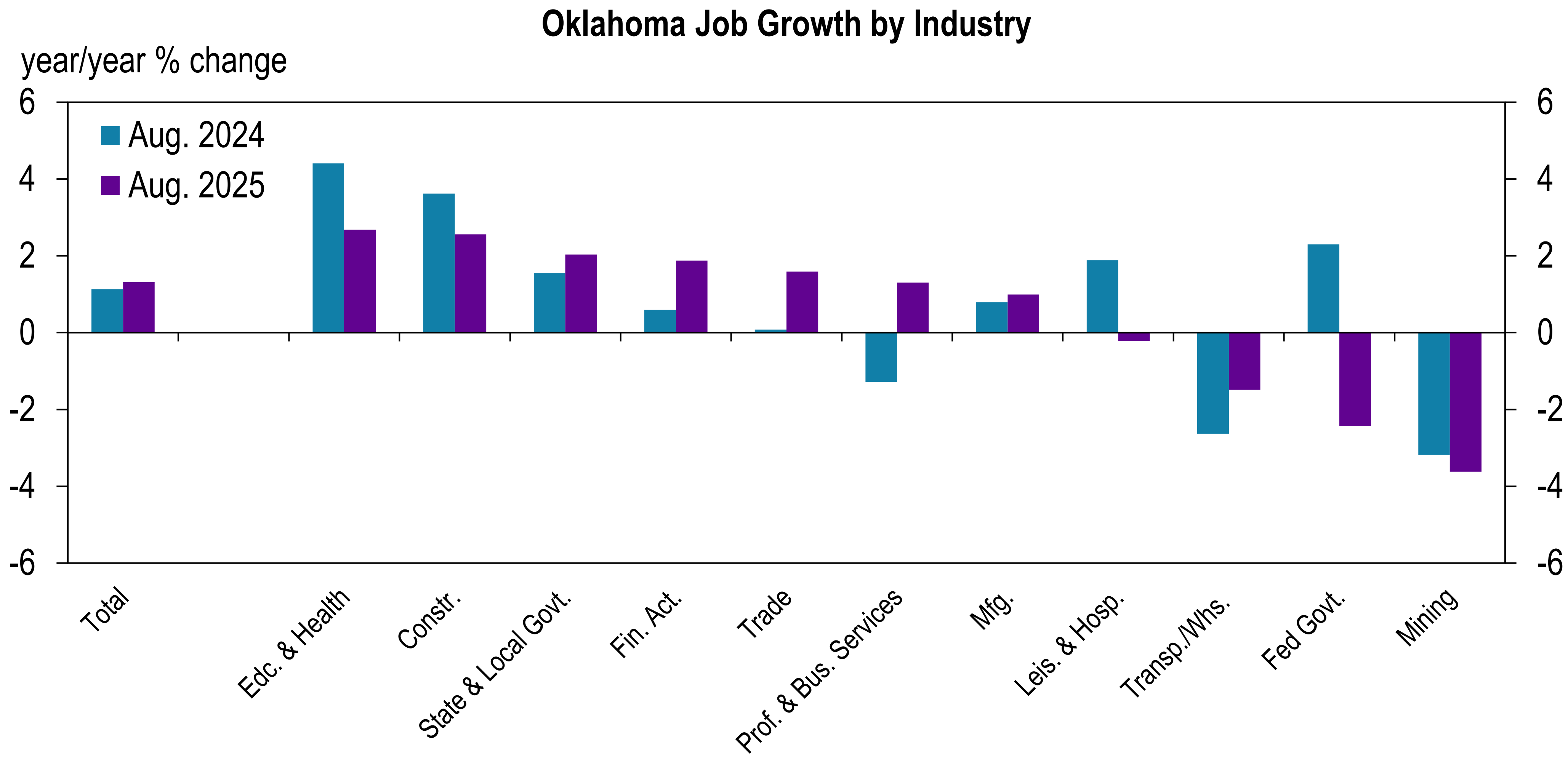
Jobs in Oklahoma have grown, but gains are leveling off, and unemployment remains very low





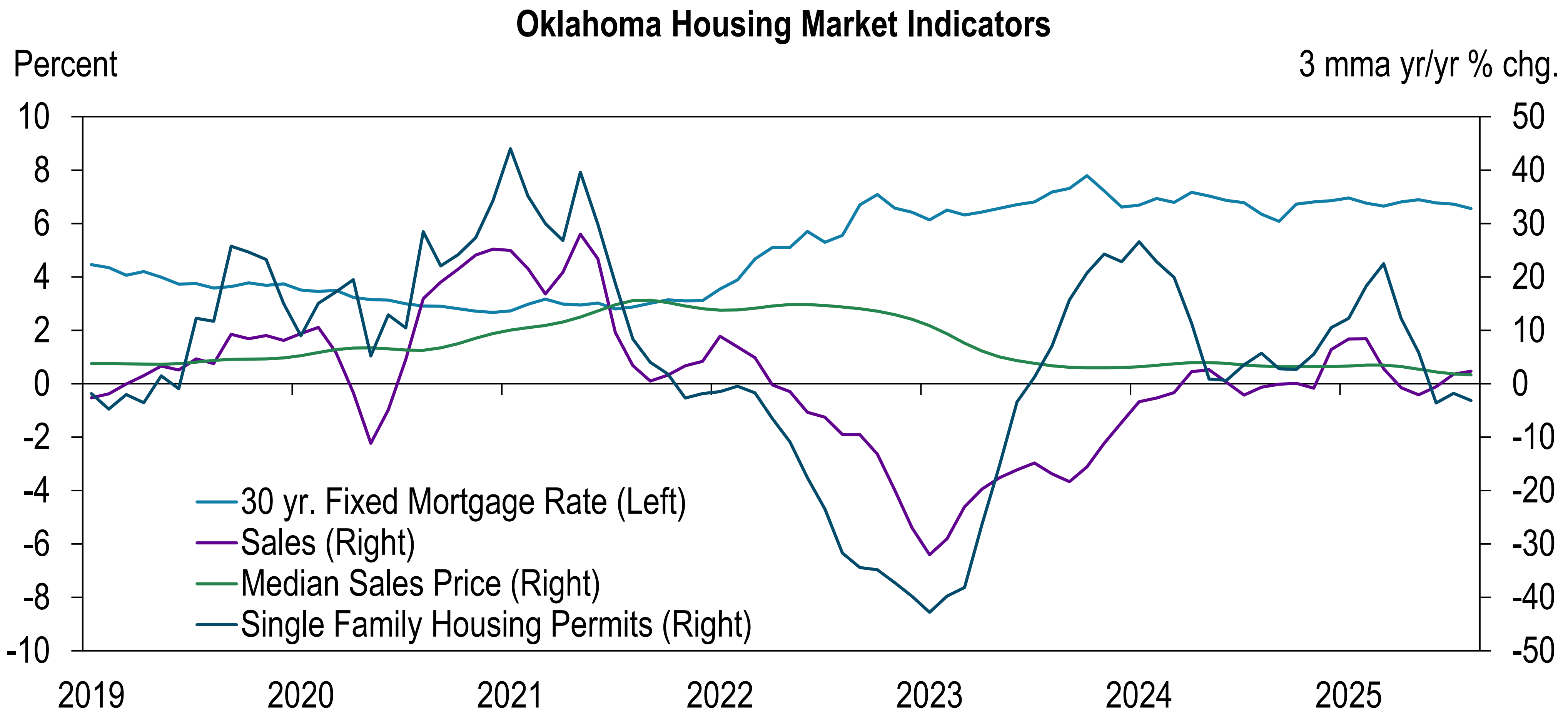
Source: U.S. Bureau of Labor Statistics

Oklahoma has added jobs over the past year, largely in the healthcare, construction, retail, and professional services sectors



Sources: U.S. Bureau of Labor Statistics/Haver Analytics

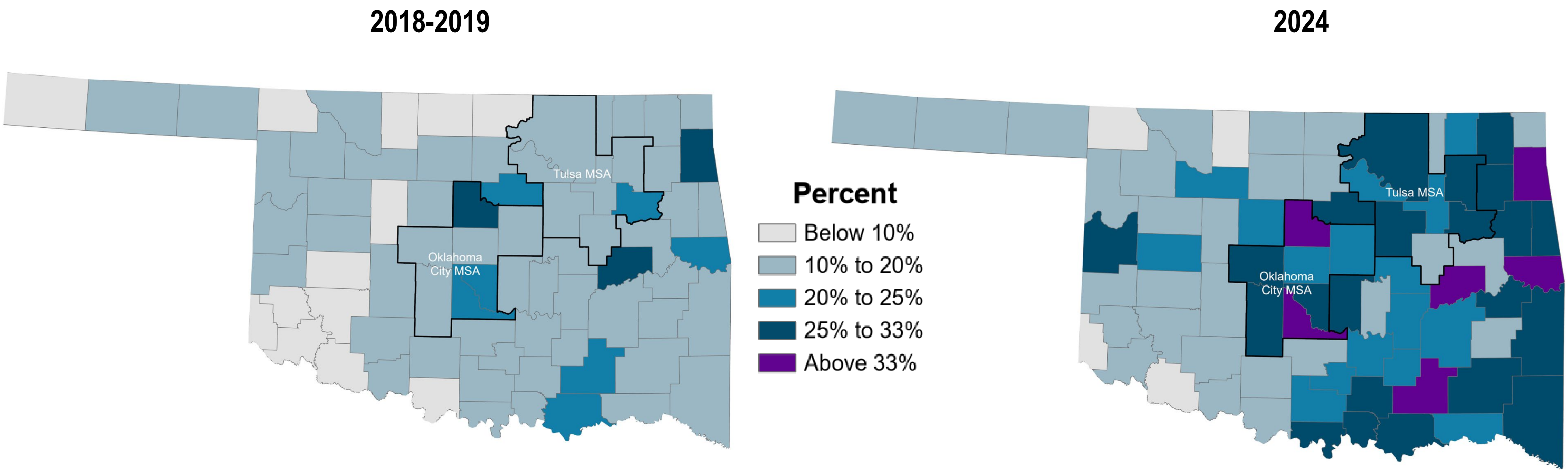
The Oklahoma housing market eased with higher interest rates, but home prices have held up and permits have risen



Sources: Freddie Mac, Zillow, Redfin, U.S. Census Bureau

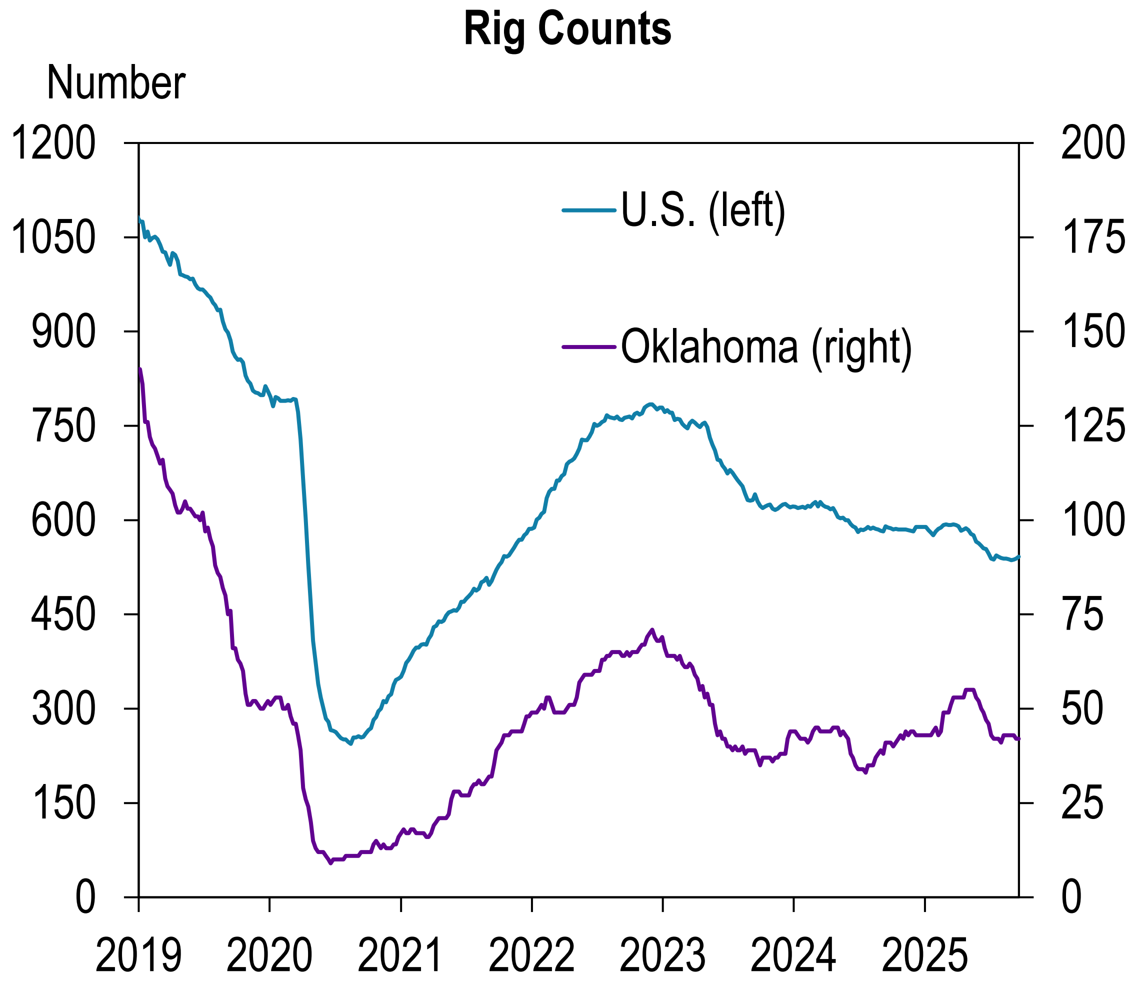
Homeownership for first-time buyers became less affordable across Oklahoma in recent years

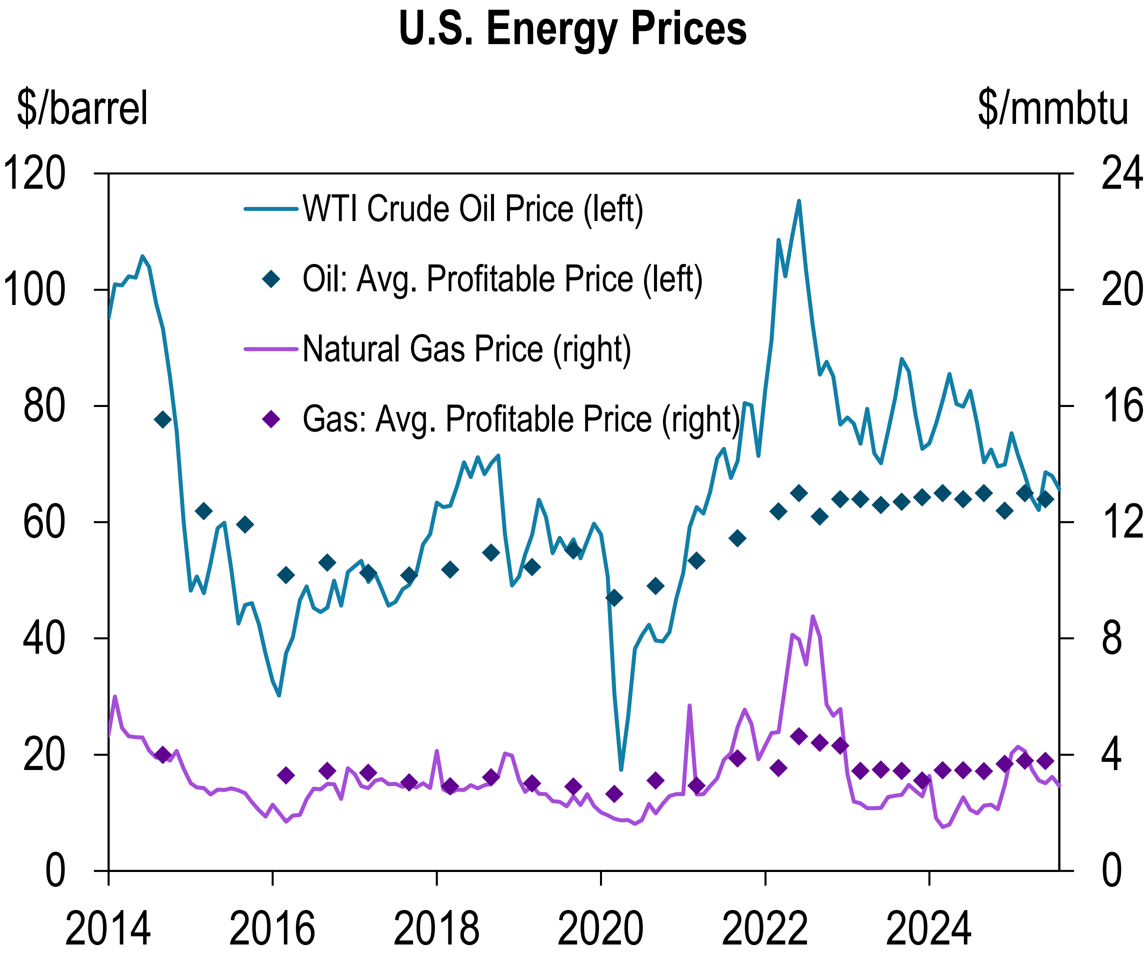
First-Time Homeownership Costs as a Share of Household Income



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

Drilling activity increased in Oklahoma in H1 2025 due to rising natural gas prices, but has cooled more recently with falling oil prices

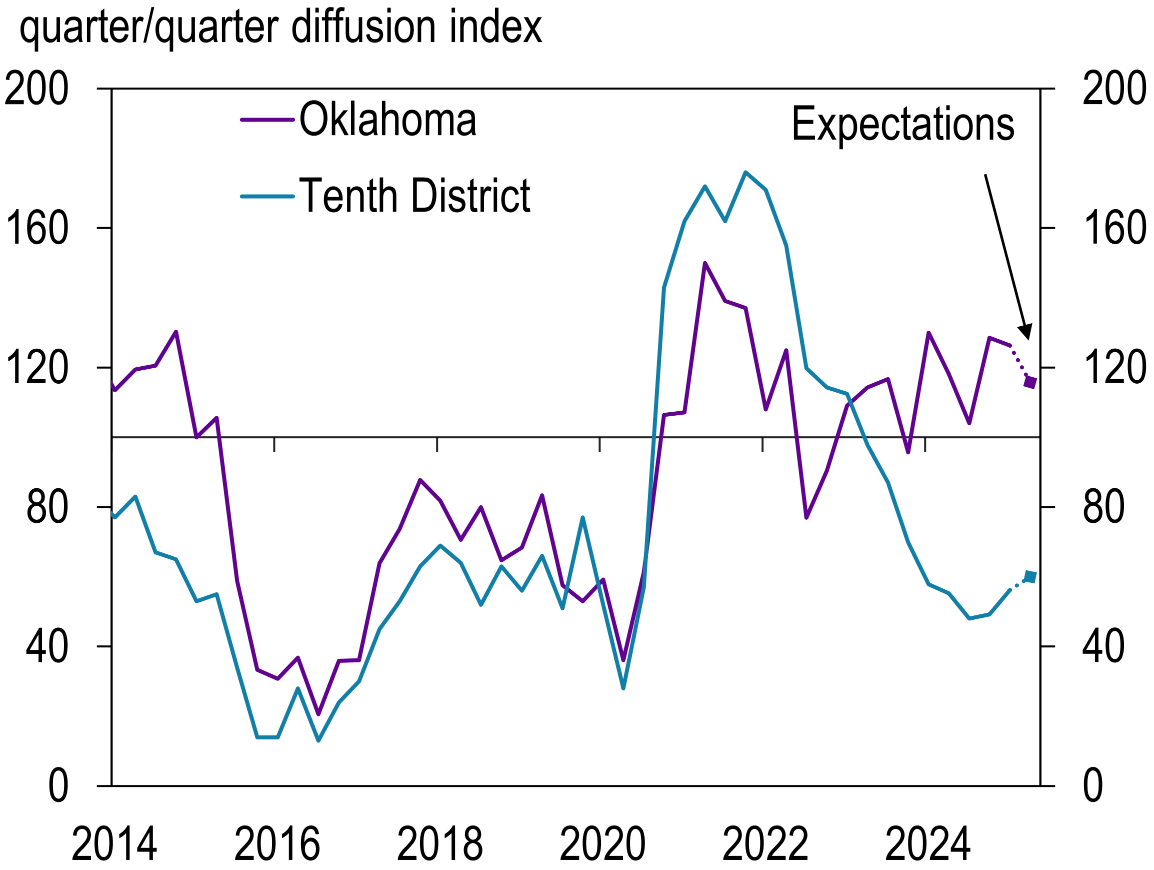




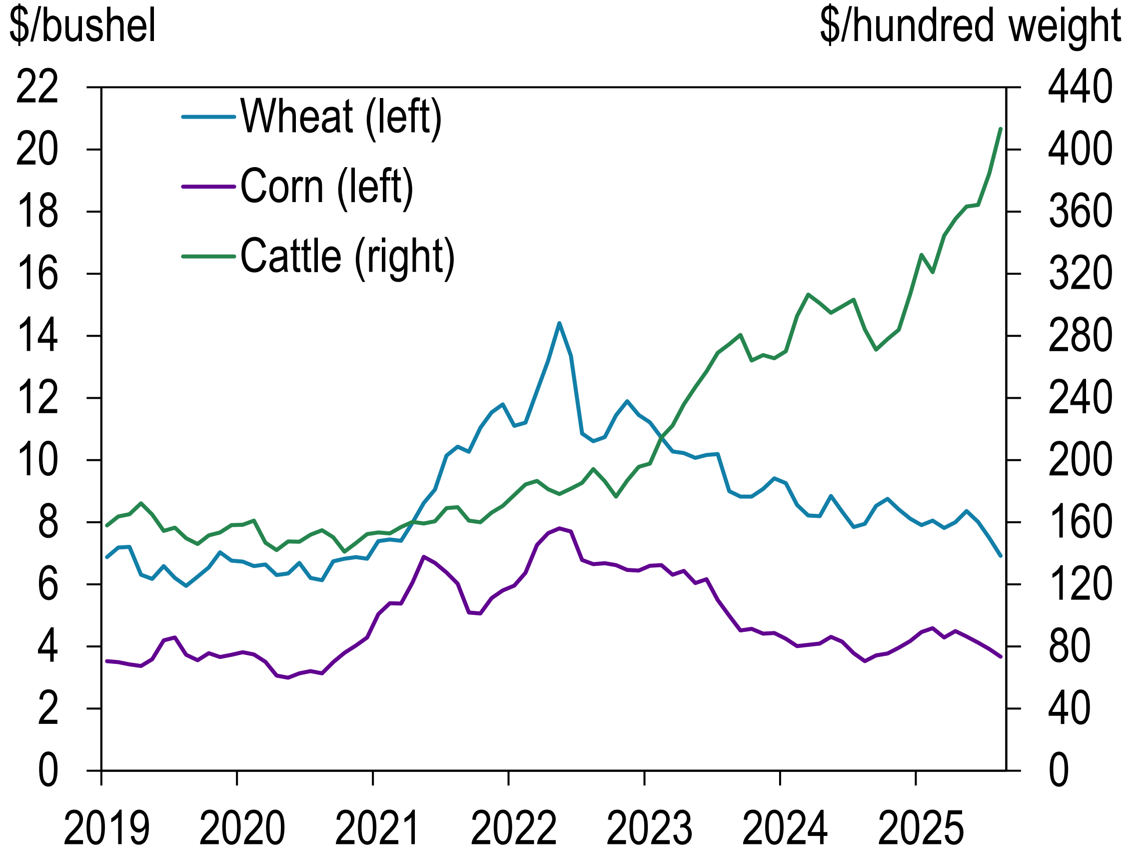
Source: Baker Hughes, EIA/Haver Analytics, FRBKC Surveys

Oklahoma farm income grew in Q1 while it declined in other District states, partially due to higher cattle prices

Farm Income

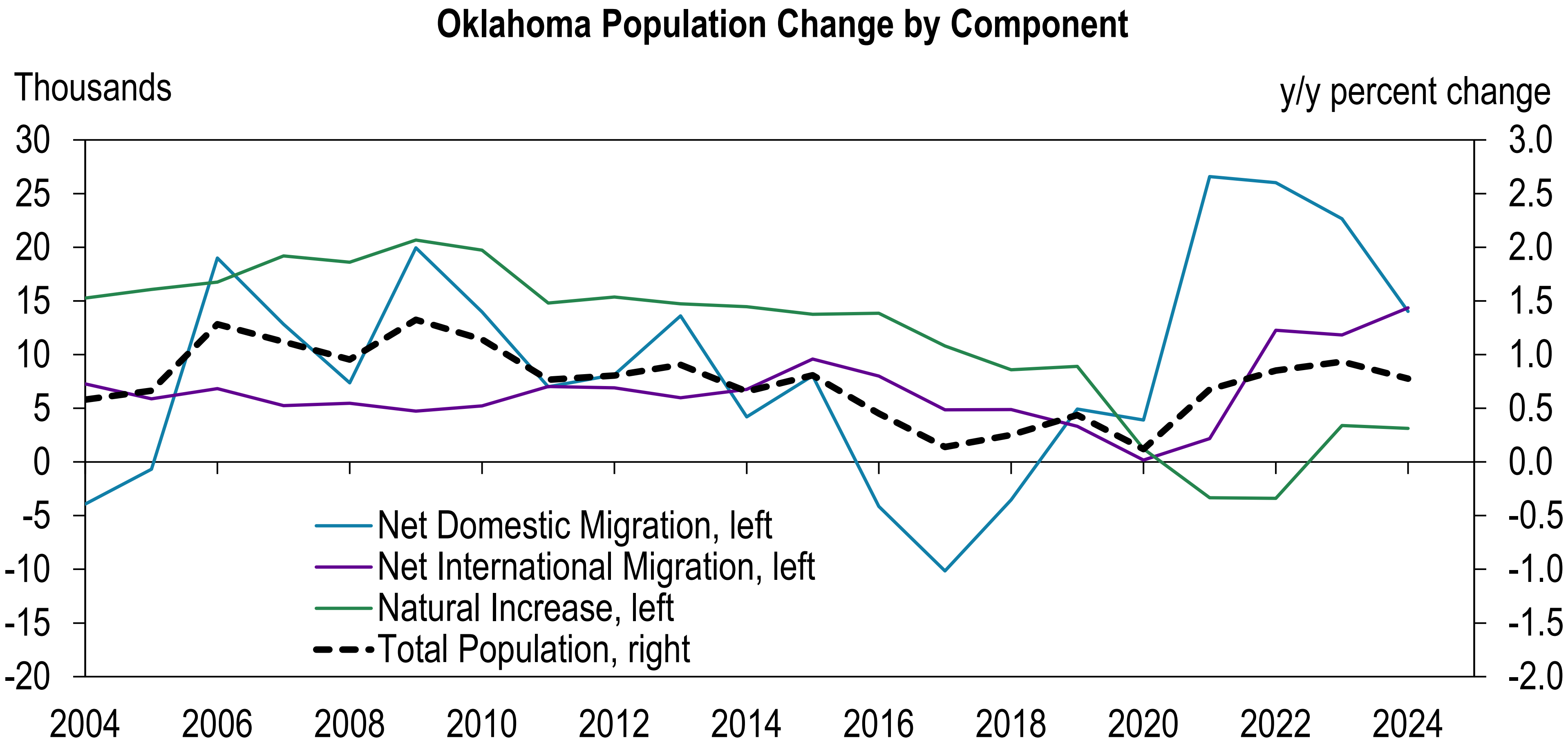


Agricultural Commodity Prices



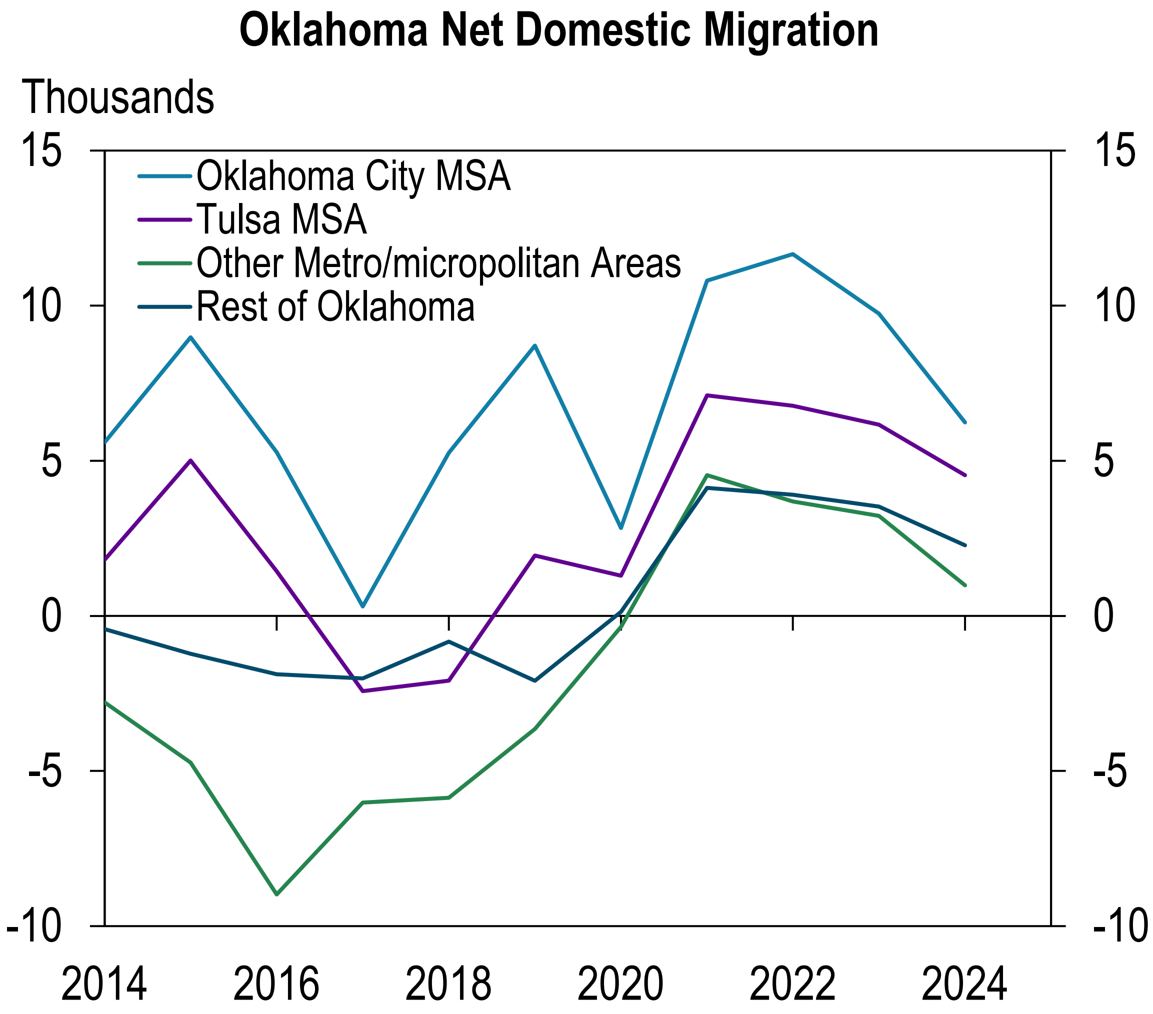
Sources: FRBKC Ag Credit Survey, Wall Street Journal/Haver Analytics

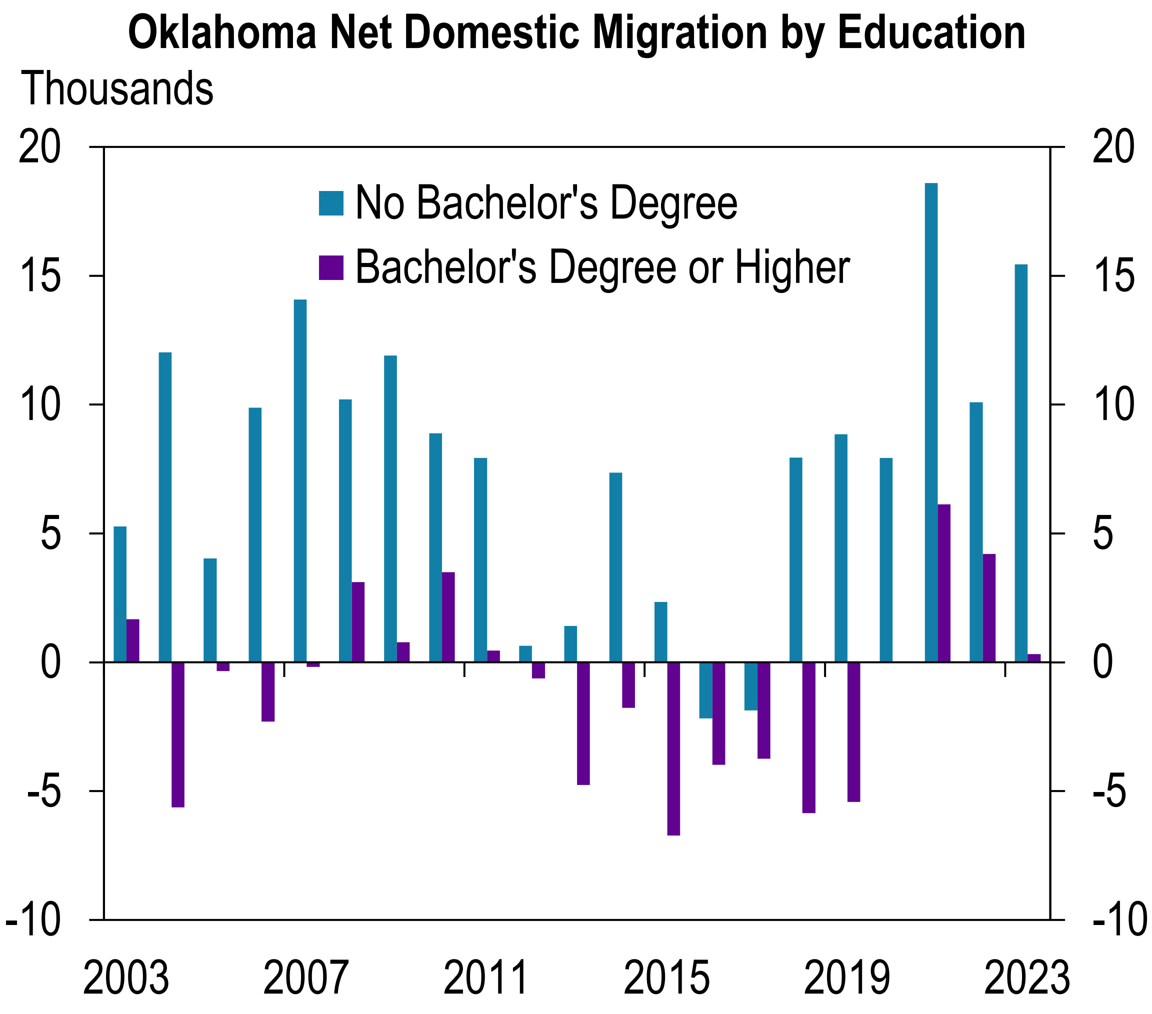
Oklahoma's population grew at a slightly slower pace in 2024, as net domestic migration slowed from pandemic-era highs



Source: U.S. Census Bureau

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

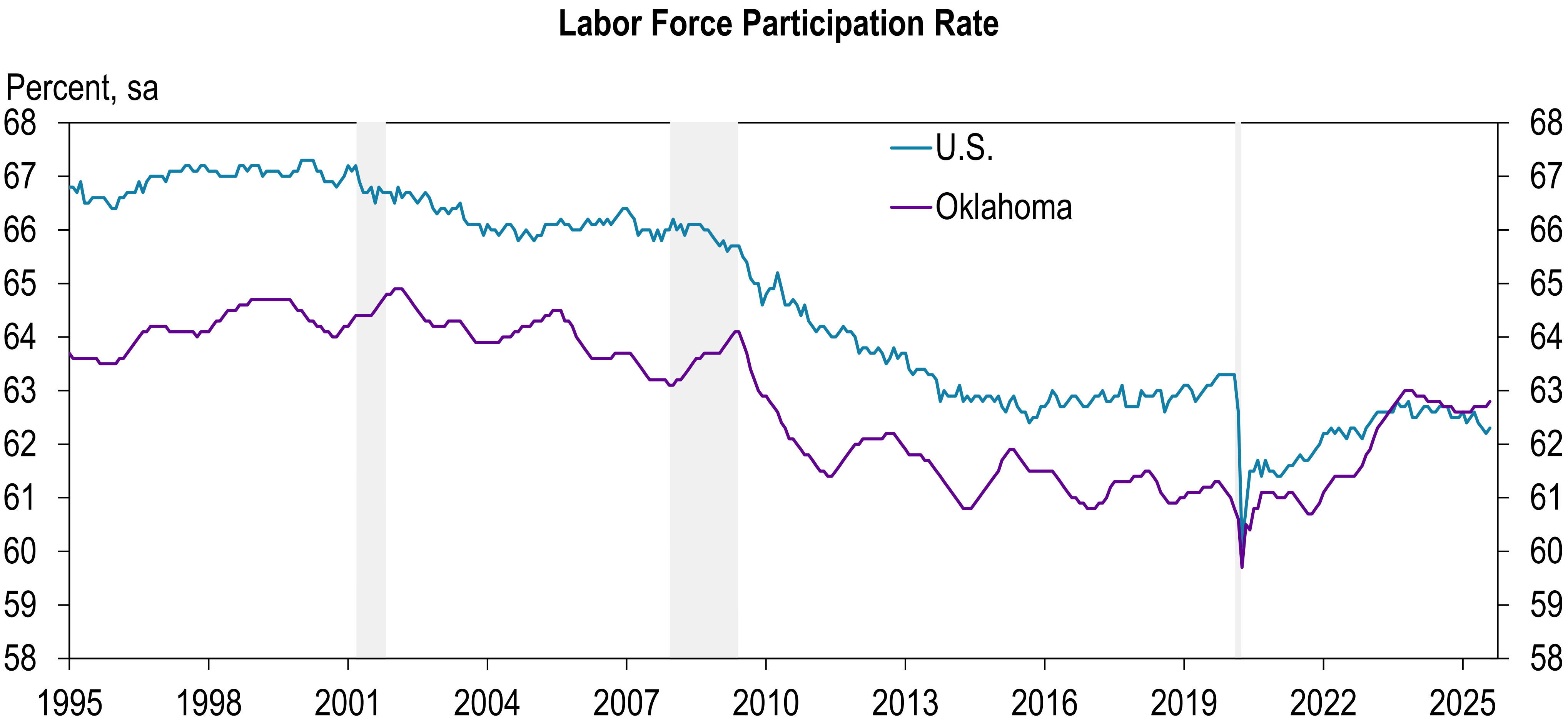




Note: Sample shown in right chart is limited to age 25+.

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

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

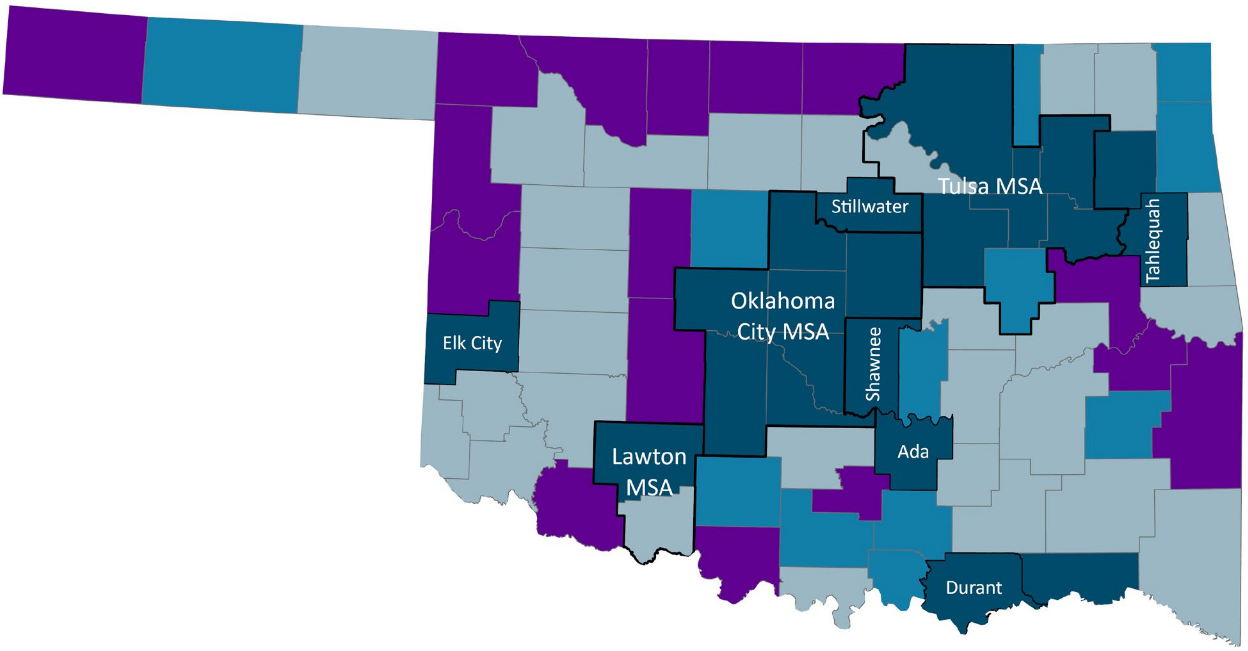


Note: Shading denotes NBER-defined recessions.

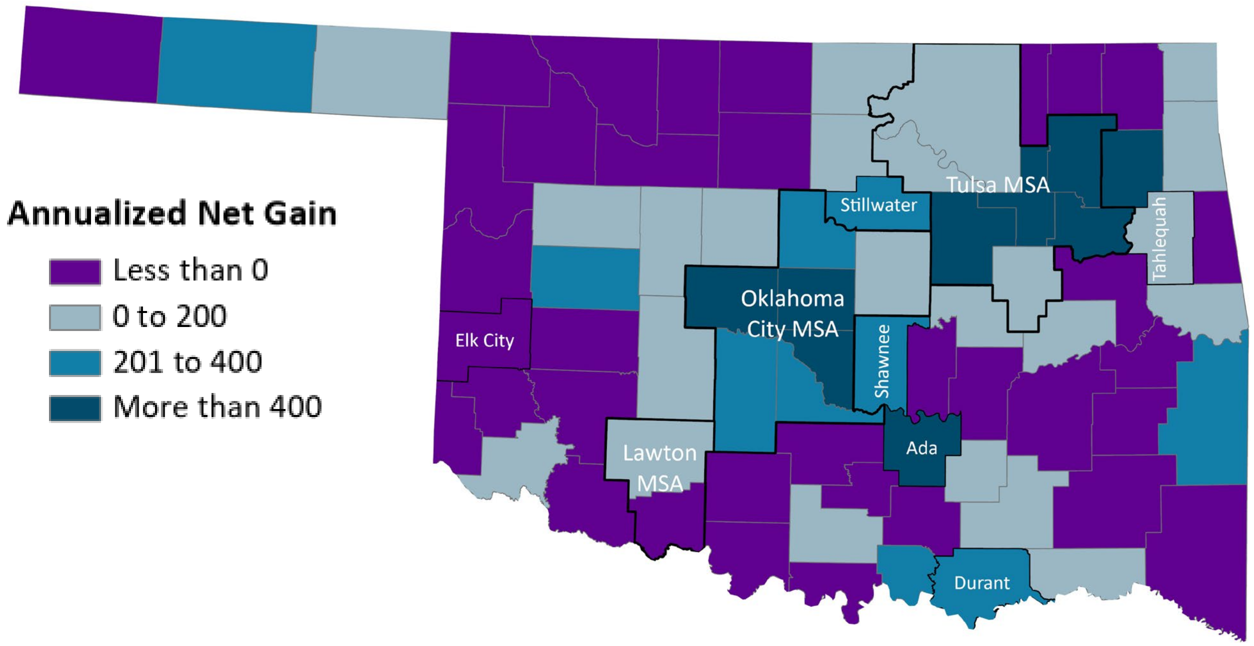
Sources: BLS, NBER/Haver Analytics

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 Gains by County, 2021-H1 2024



Labor Force Gains by County, H1 2024-H1 2025



Sources: BLS, CPS, staff calculations

Summary

- U.S. economic growth remains solid, but is concentrated in certain sectors and segments of the population
- The labor market is balanced, but softening, as labor supply and demand fall together. Unemployment is up slightly but remains near long-term averages.
- Inflation has come closer to the Fed’s target, but goods inflation is rising
- Oklahoma job growth is solid but leveling off, 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

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/ealert* to subscribe!