

U.S. and Oklahoma Economic Outlook

Oklahoma Jump\$tart Coalition

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*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.



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The Oklahoma City Branch of the Federal Reserve Bank of Kansas City

www.kansascityfed.org/oklahomacity

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- 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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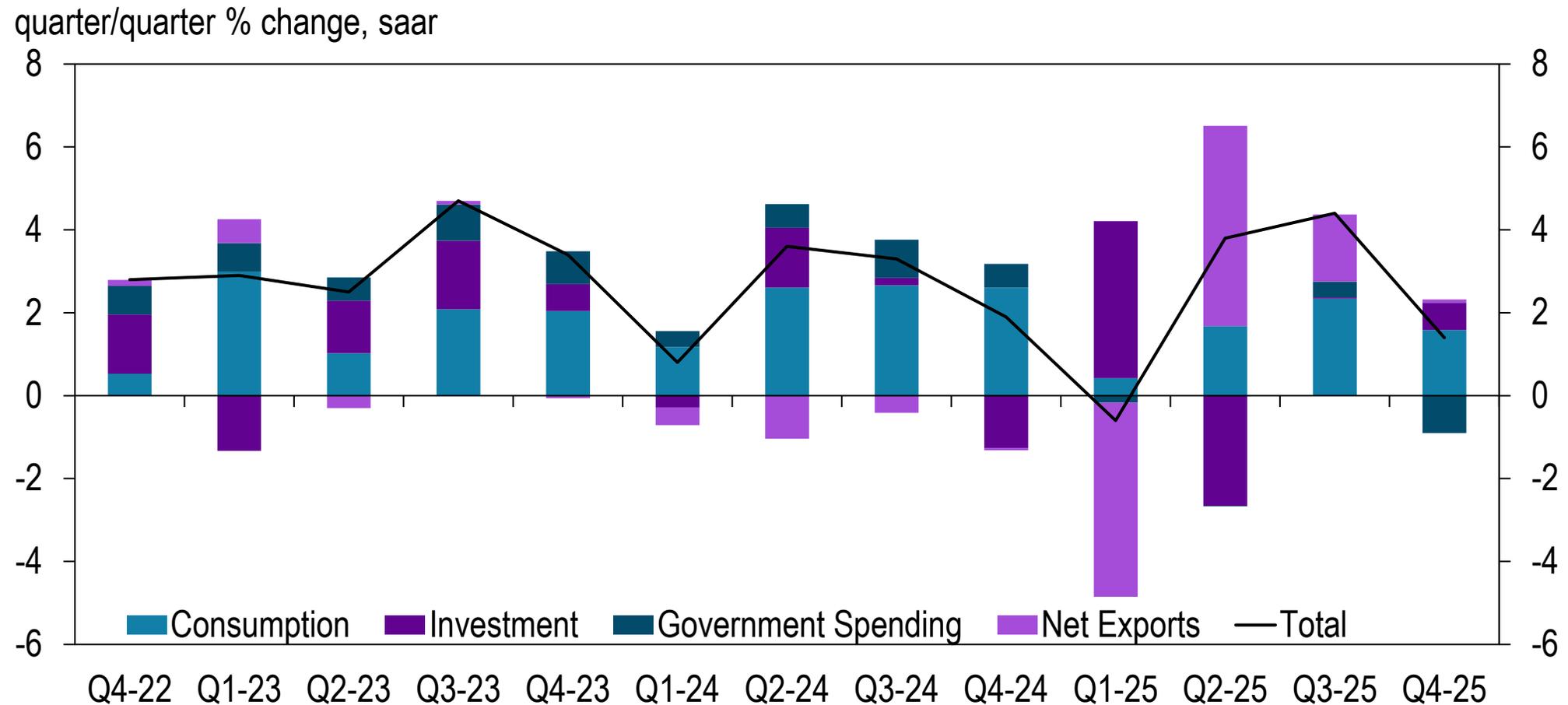


Overview

- U.S. economic growth 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 has risen
- Oklahoma job growth is solid but leveling off, and unemployment ticked up but remains low

U.S. GDP growth slowed to 1.4% in Q4 but consumption continues to increase

U.S. Real GDP Growth by Component

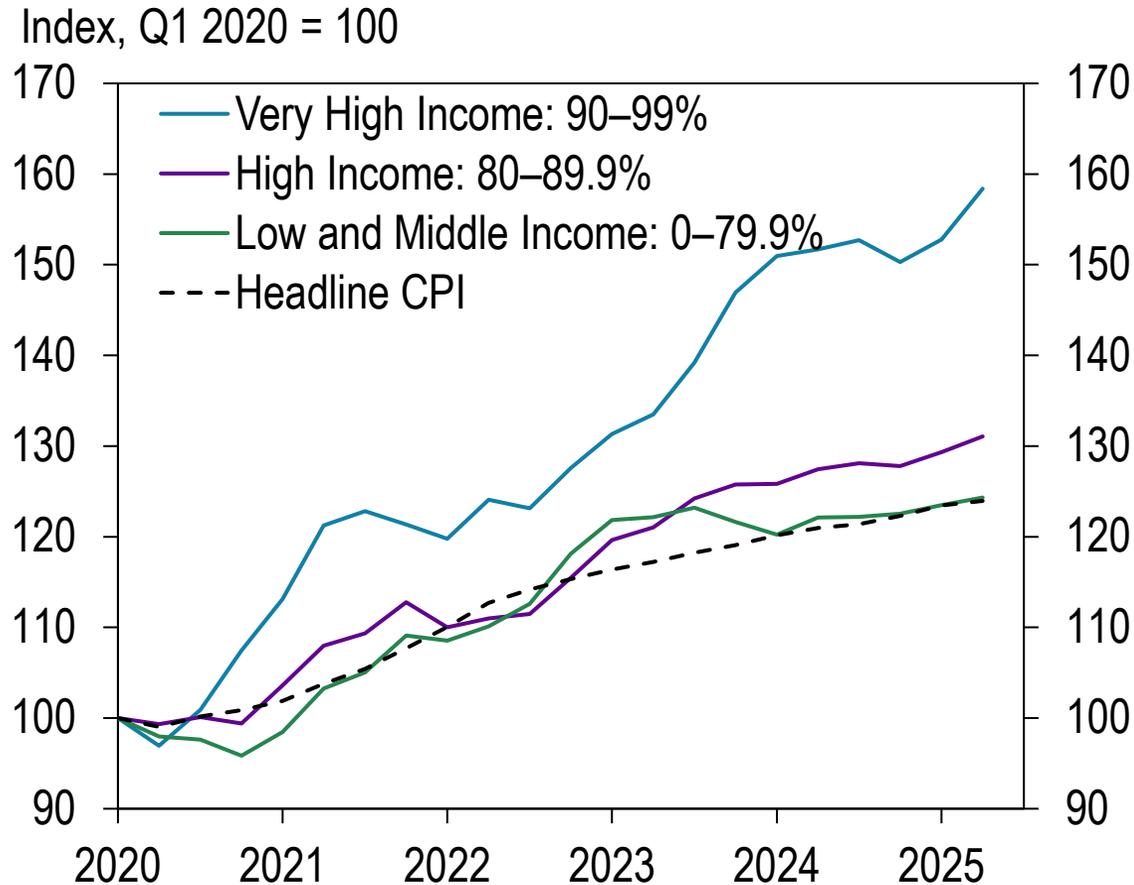


GDP accelerated in Q3 and employment growth has slowed considerably

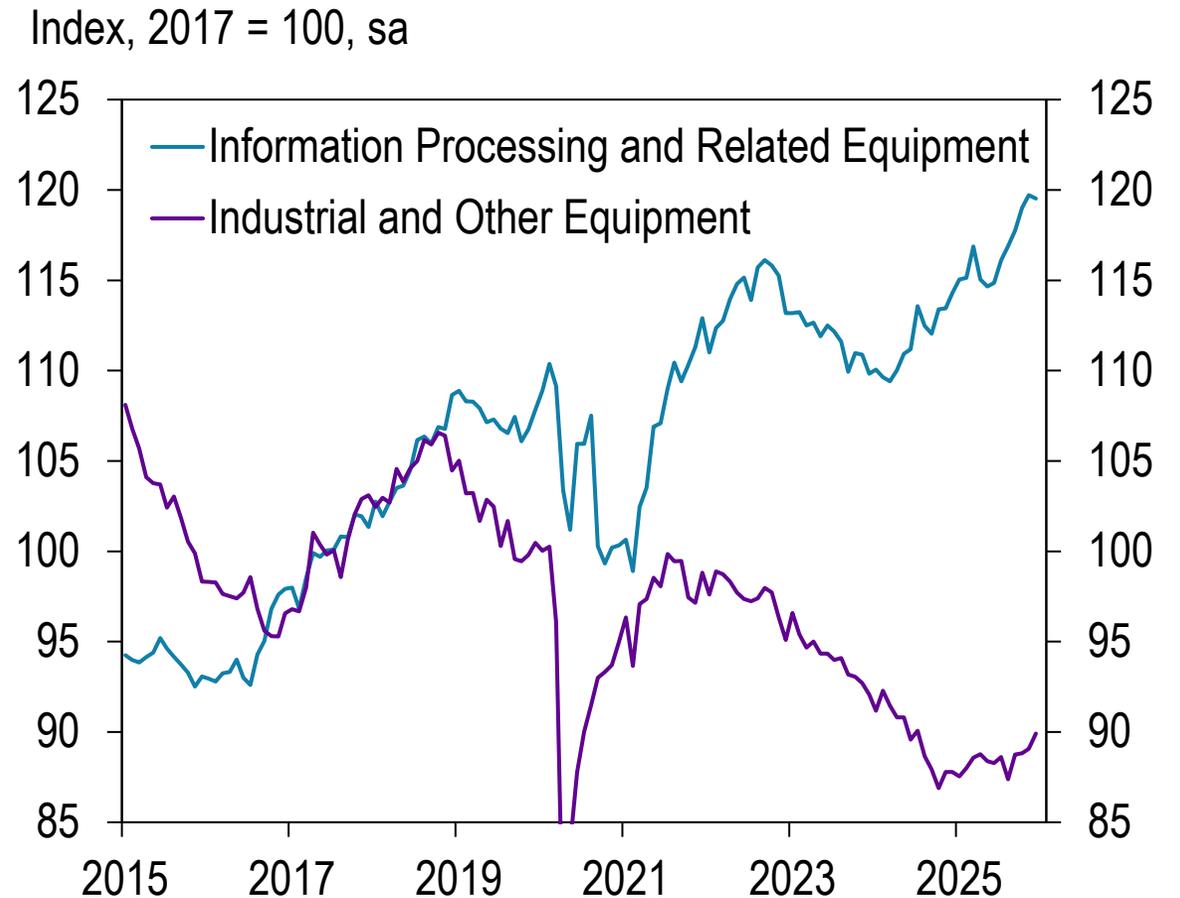


Current economic growth is supported by consumer spending from high earners and investment in tech-related sectors

U.S. Consumer Spending by Income

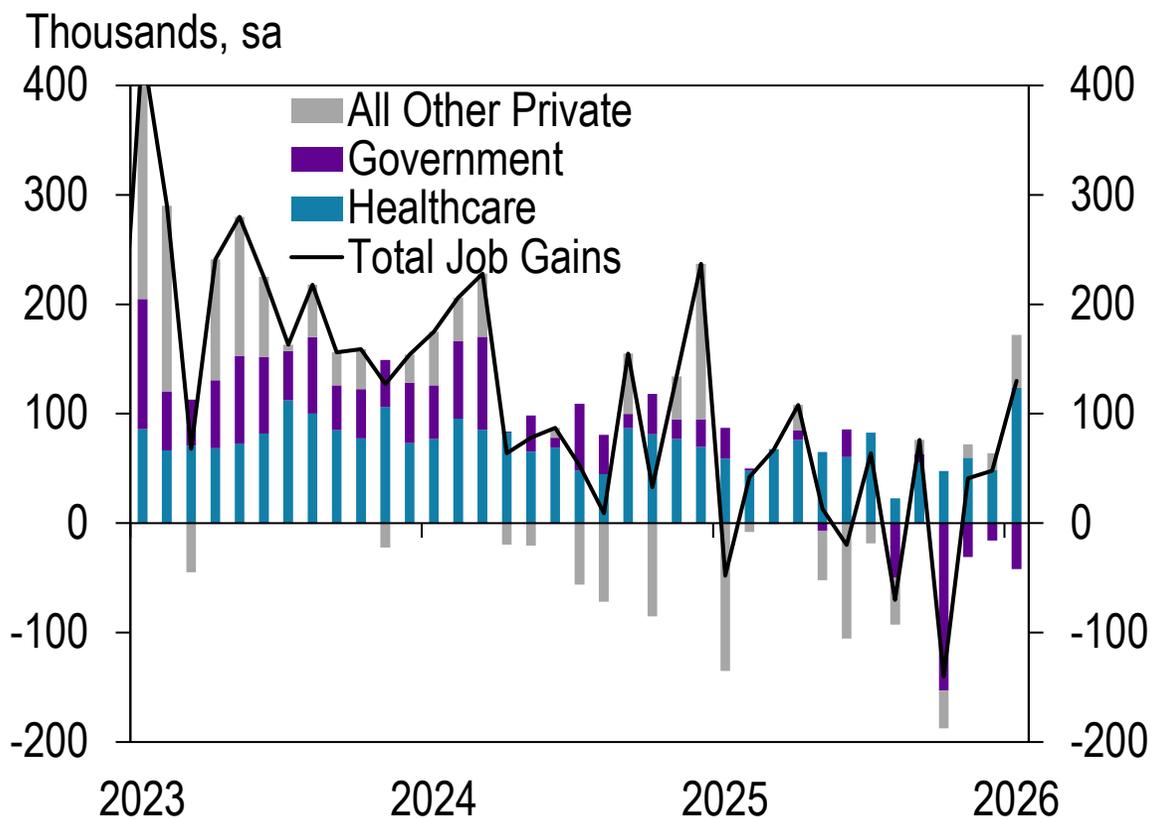


U.S. Industrial Production

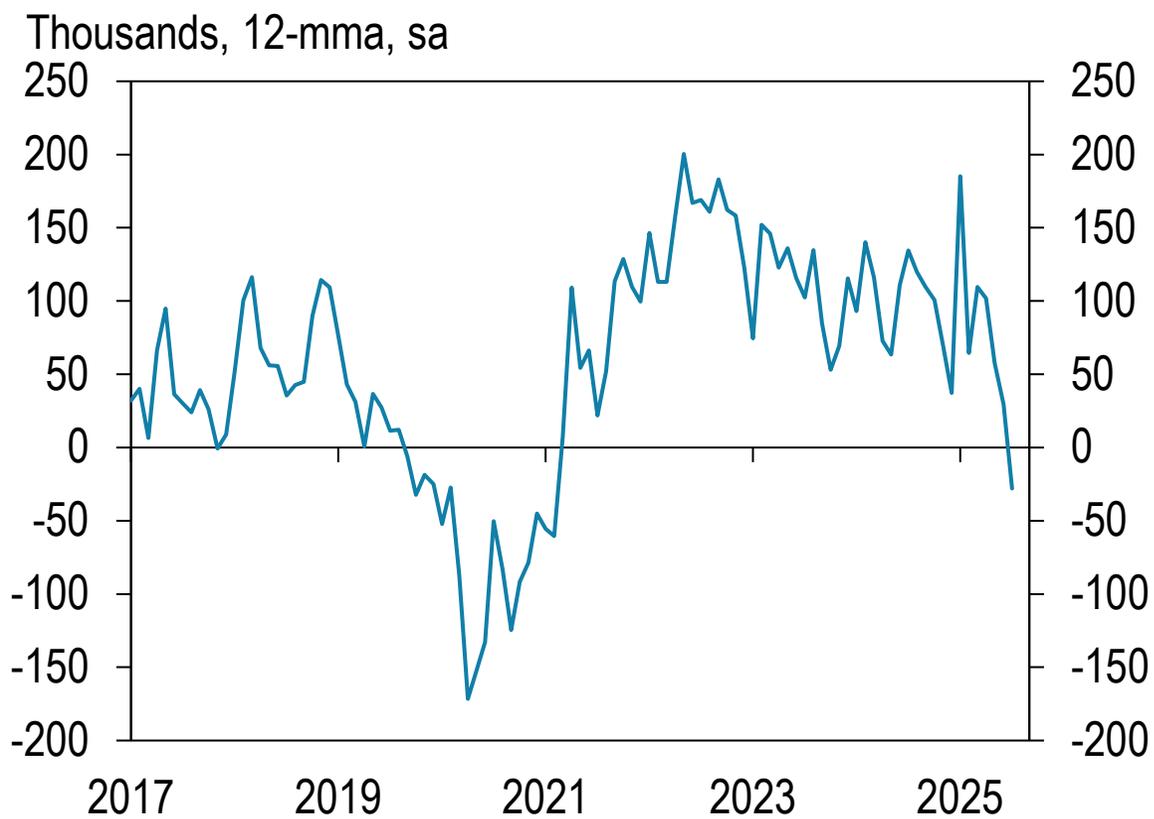


U.S. job gains have slowed in recent months and are largely concentrated in healthcare, partially due to reduced labor supply from immigration

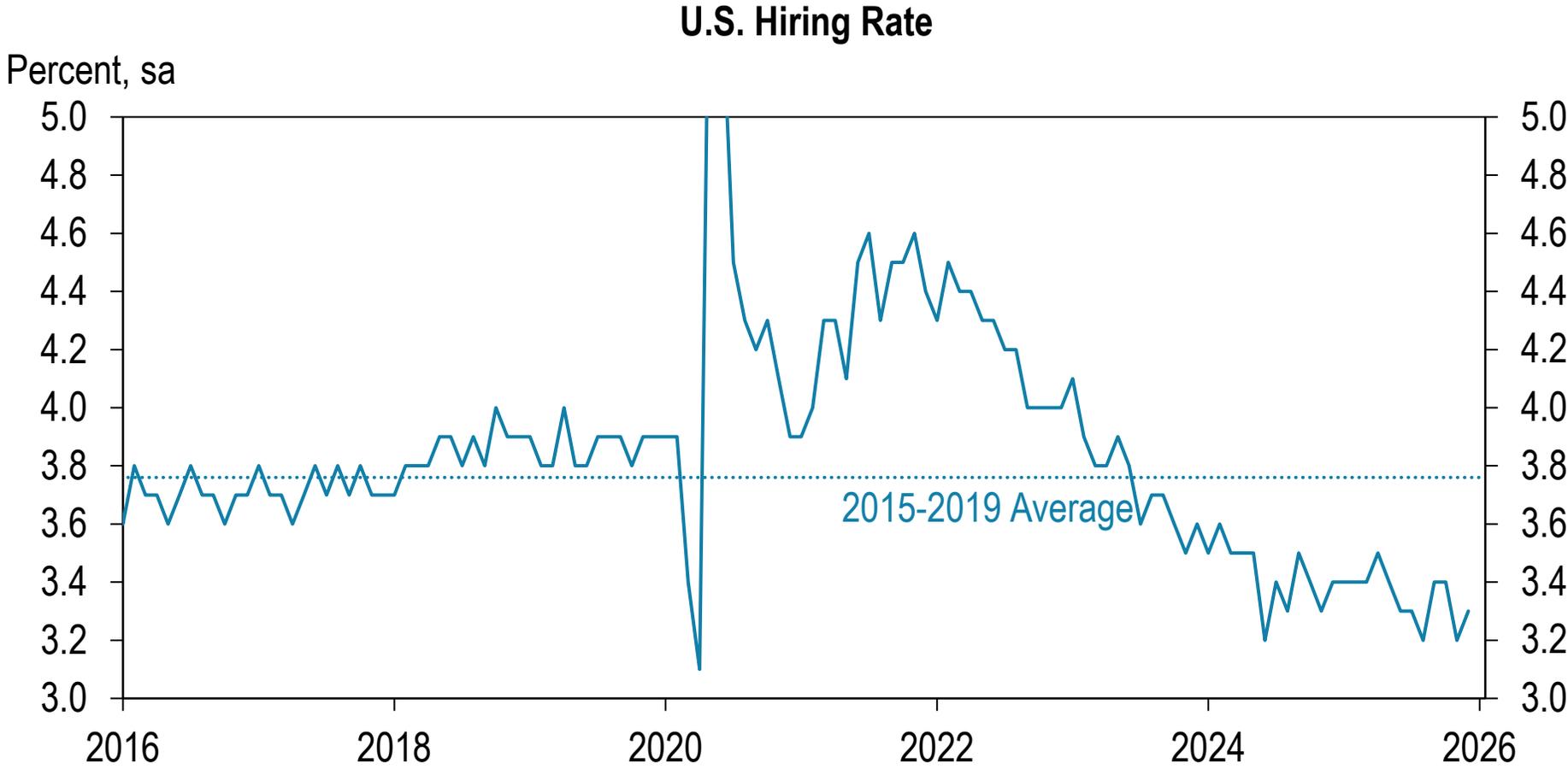
U.S. Net Monthly Job Gains



U.S. Net Immigration



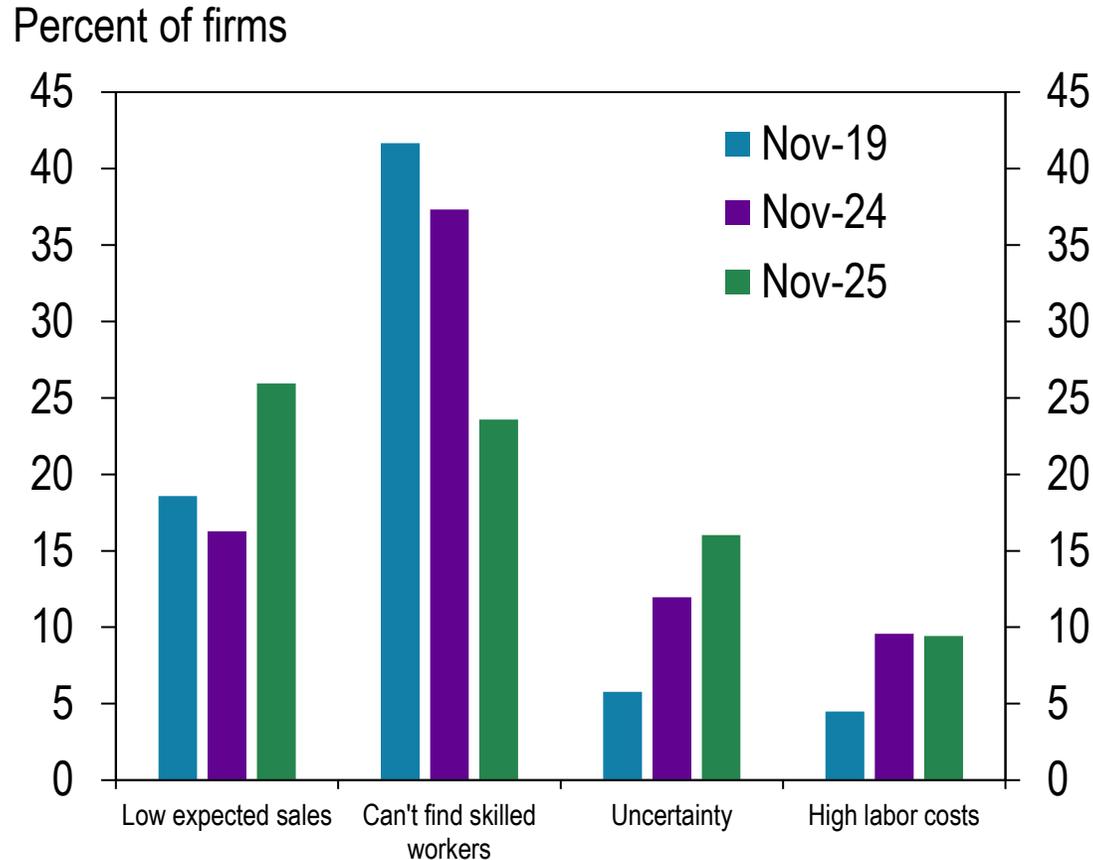
U.S. hiring has stayed below pre-pandemic levels over the last year



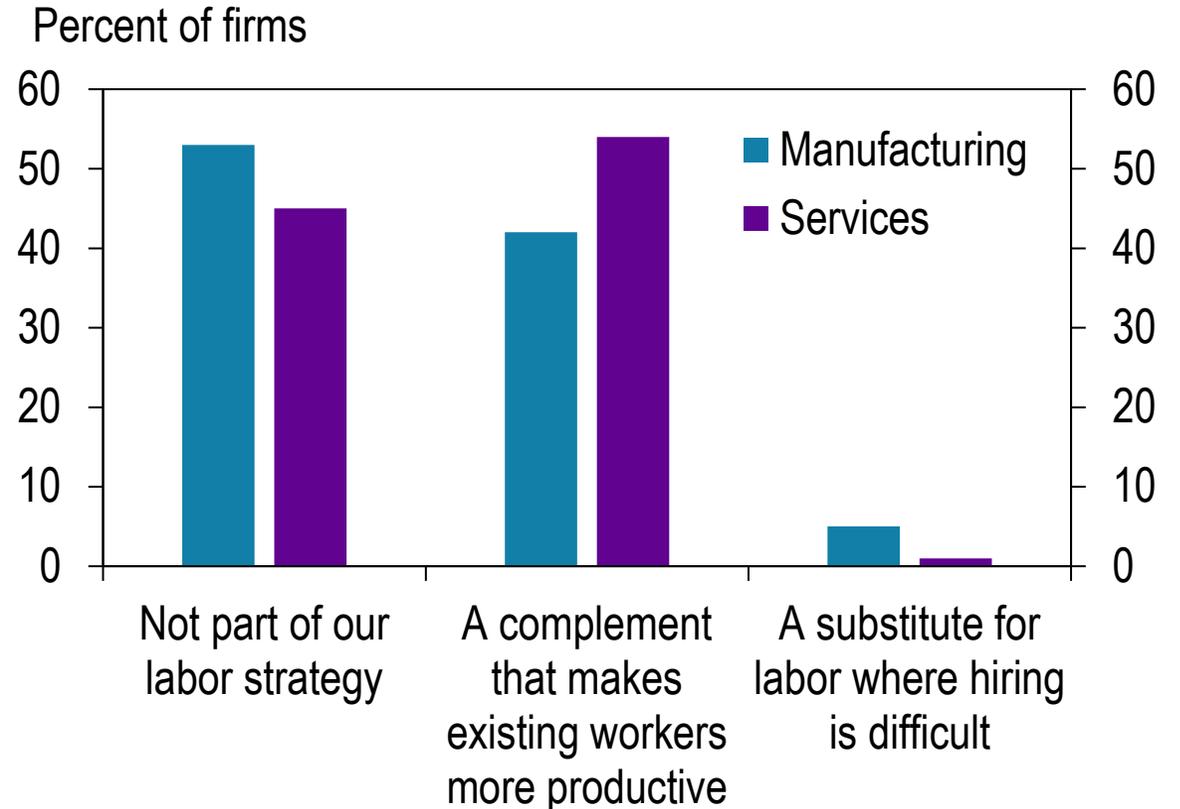
Sources: BLS/Haver Analytics

Low expected demand and uncertainty have increased as the top factor restraining hiring, and firms do not cite AI as a replacement for labor

Tenth District Firms' Top Factors Restraining Hiring

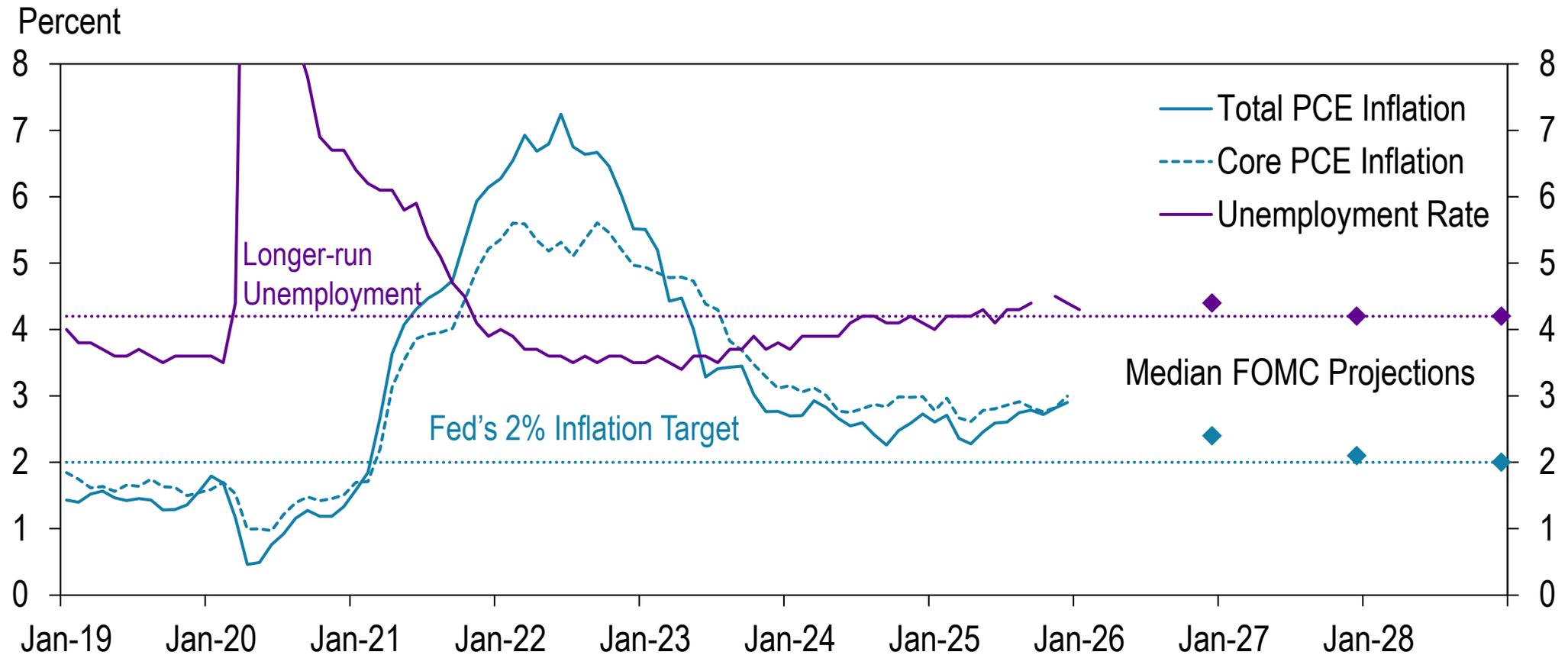


Jan. 2026: Which best describes how AI or technology fits into your firm's labor strategy?

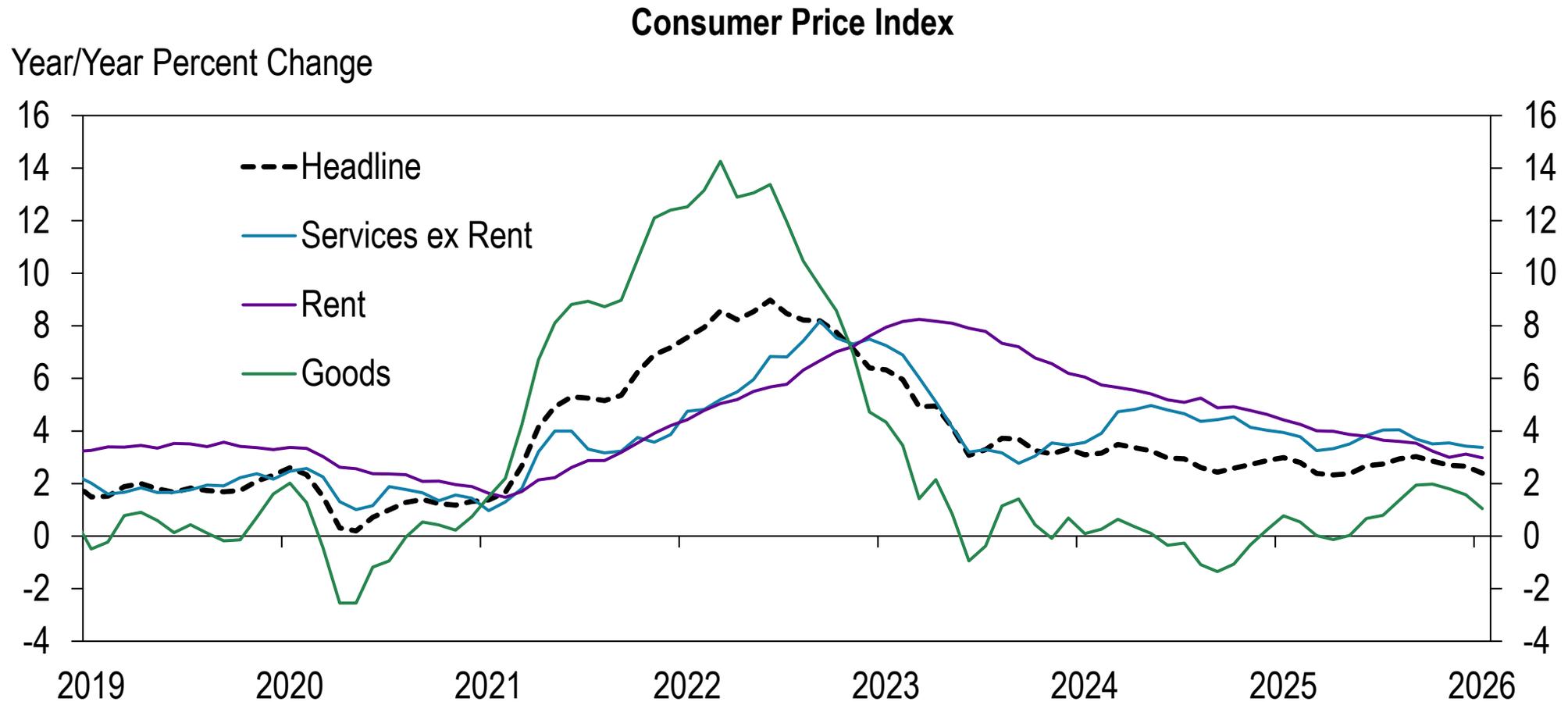


Inflation and unemployment have come closer to the Fed's targets, but there are upside risks to both

U.S. Inflation and Unemployment

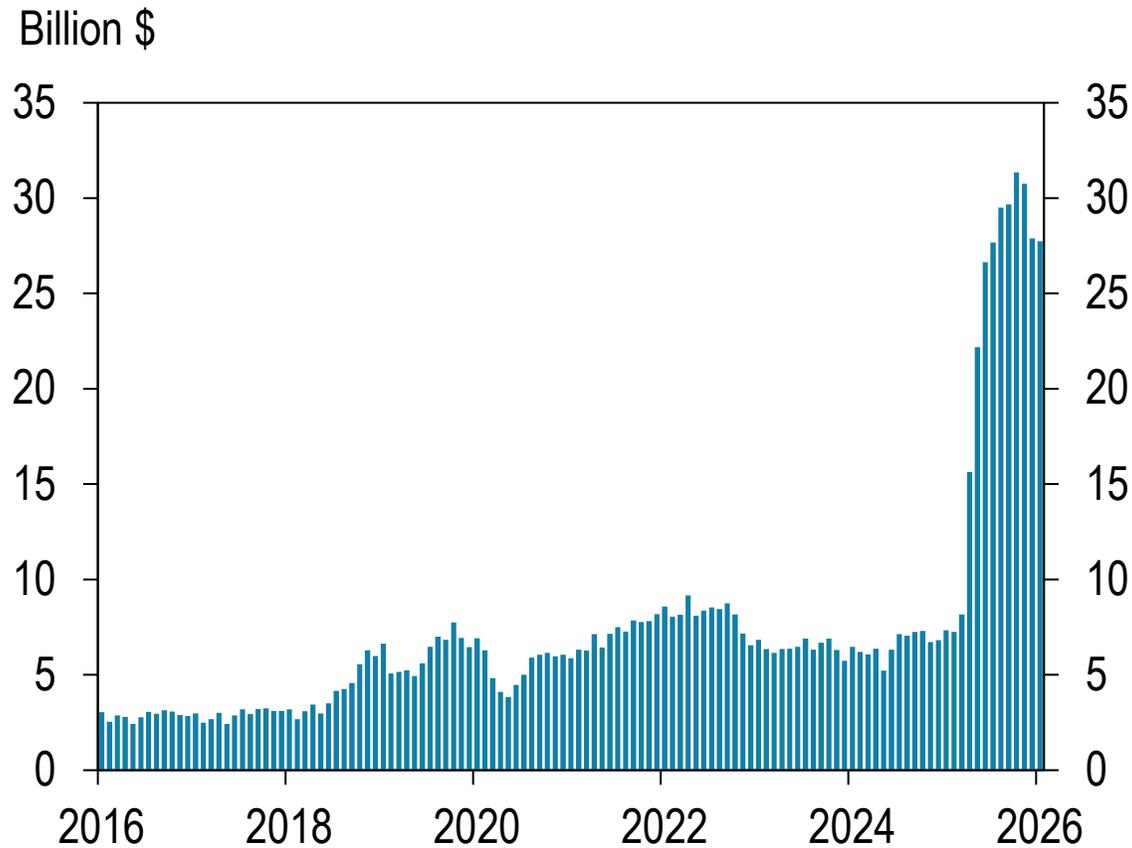


CPI inflation cooled to 2.4% in January, as goods inflation eased

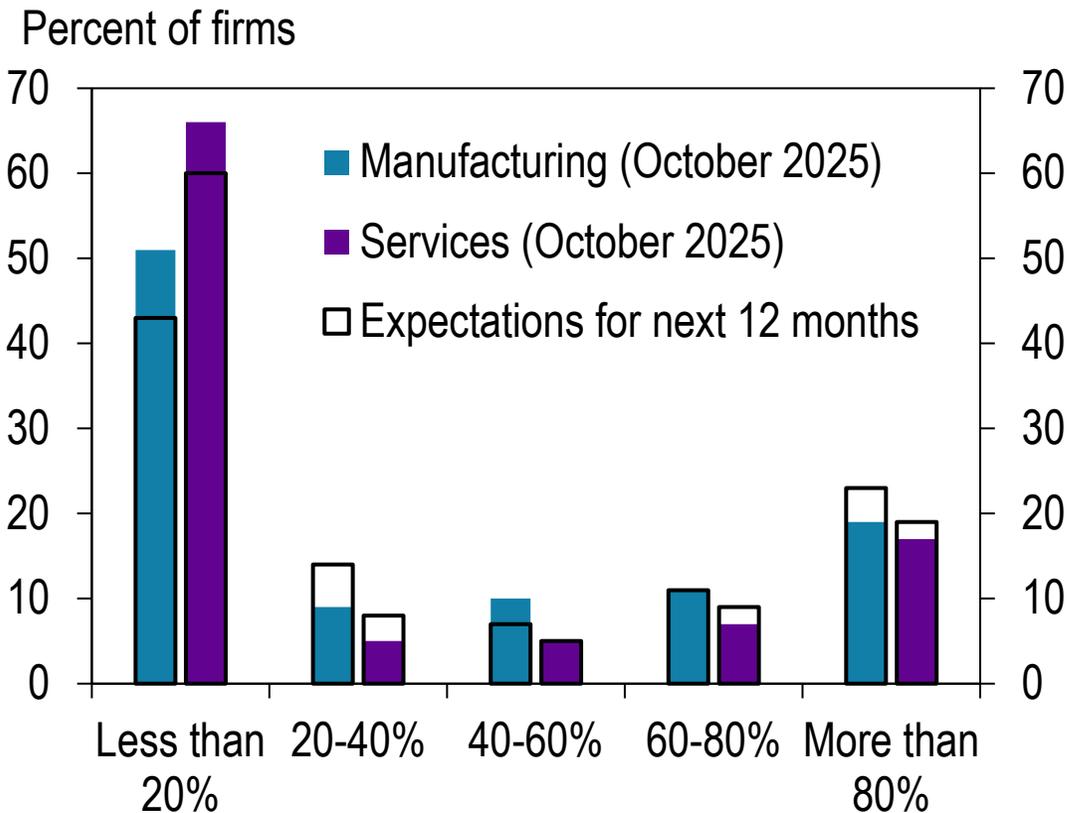


Someone is paying the tariffs, but their impact on consumer prices depends on the extent to which firms pass through cost increases

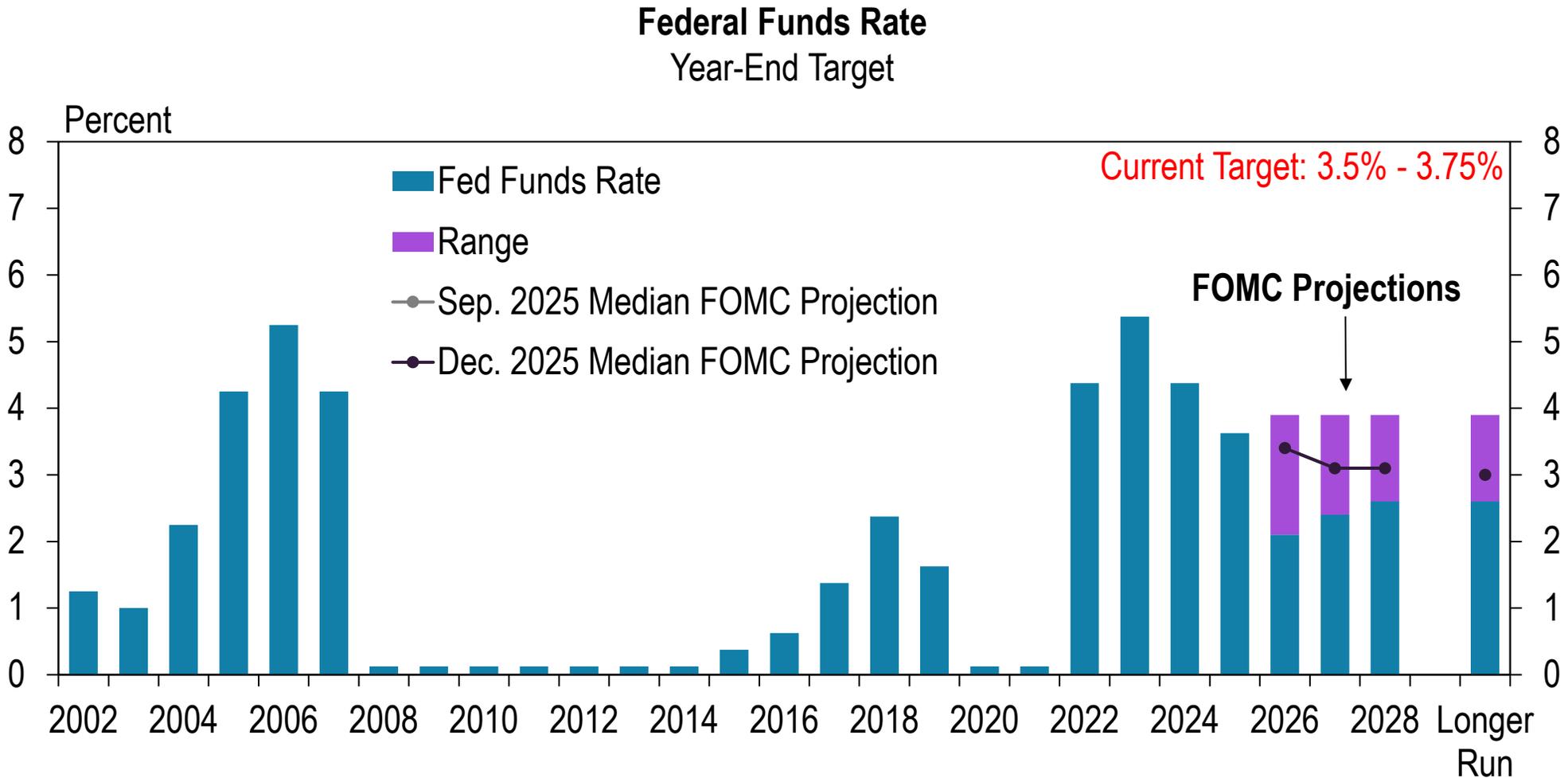
U.S. Customs Taxes Collected



Oct-25: If your firm is facing rising input costs, how much are you able to pass through to the customer?



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

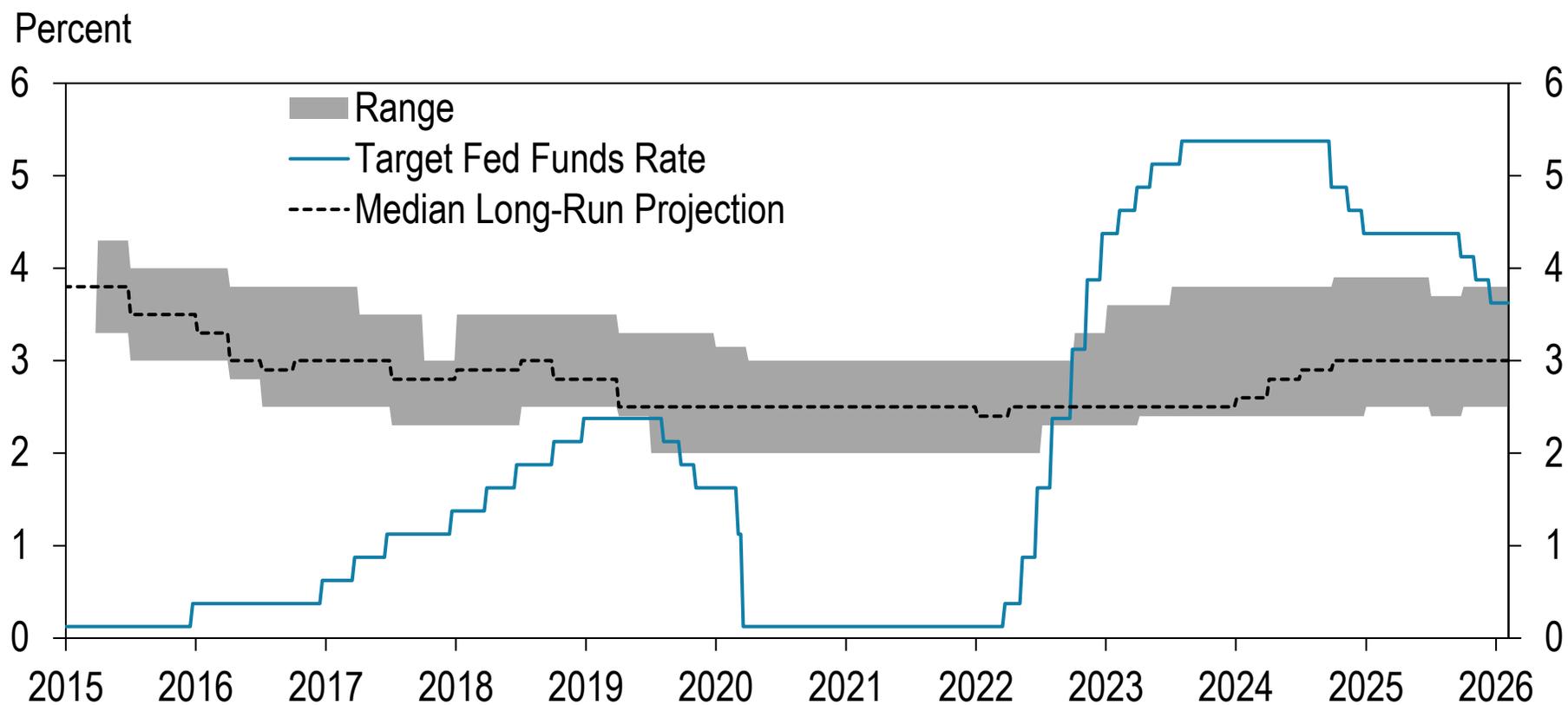


Note: Data and FOMC projections are for year-end.

Source: FOMC

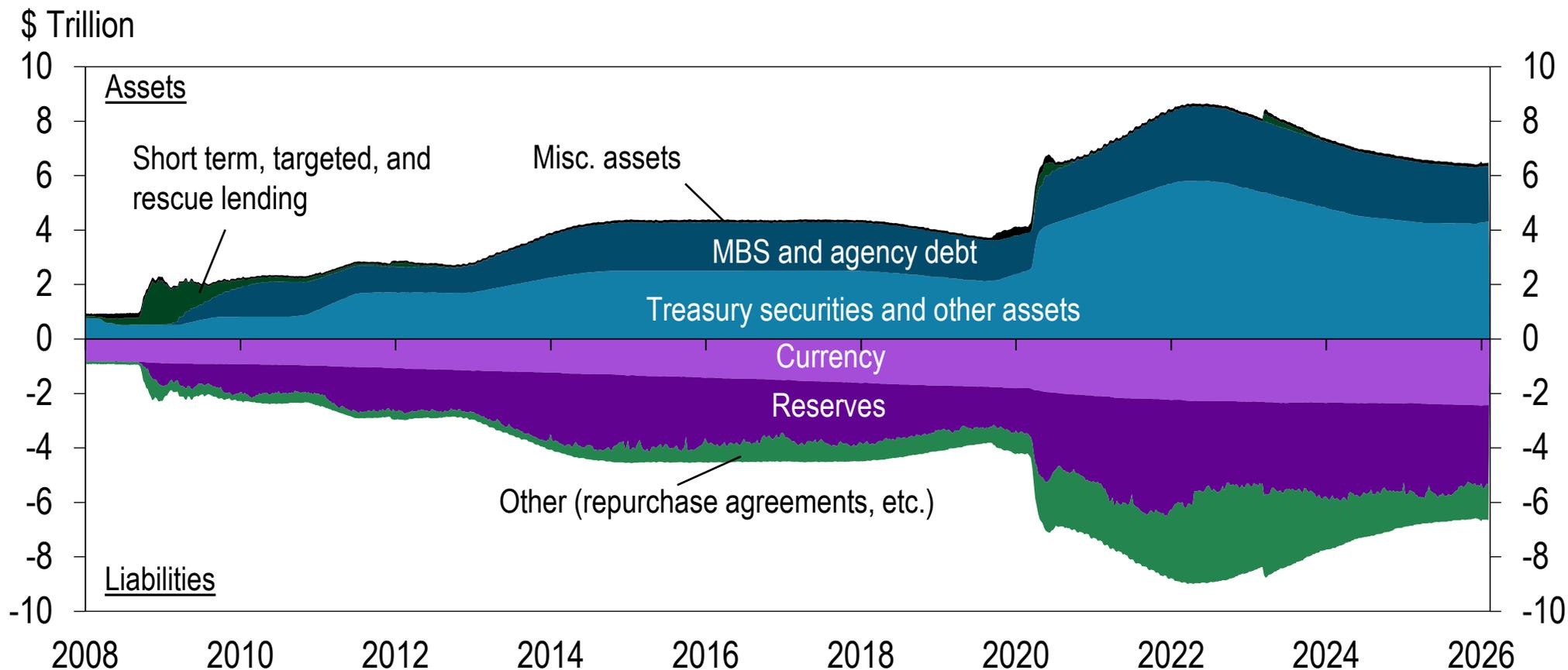
Monetary policy is likely restrictive, but perhaps only modestly

Target Federal Funds Rate and Long-Run Rate



The FOMC also started purchases of short-term Treasury securities to maintain an ample supply of bank reserves

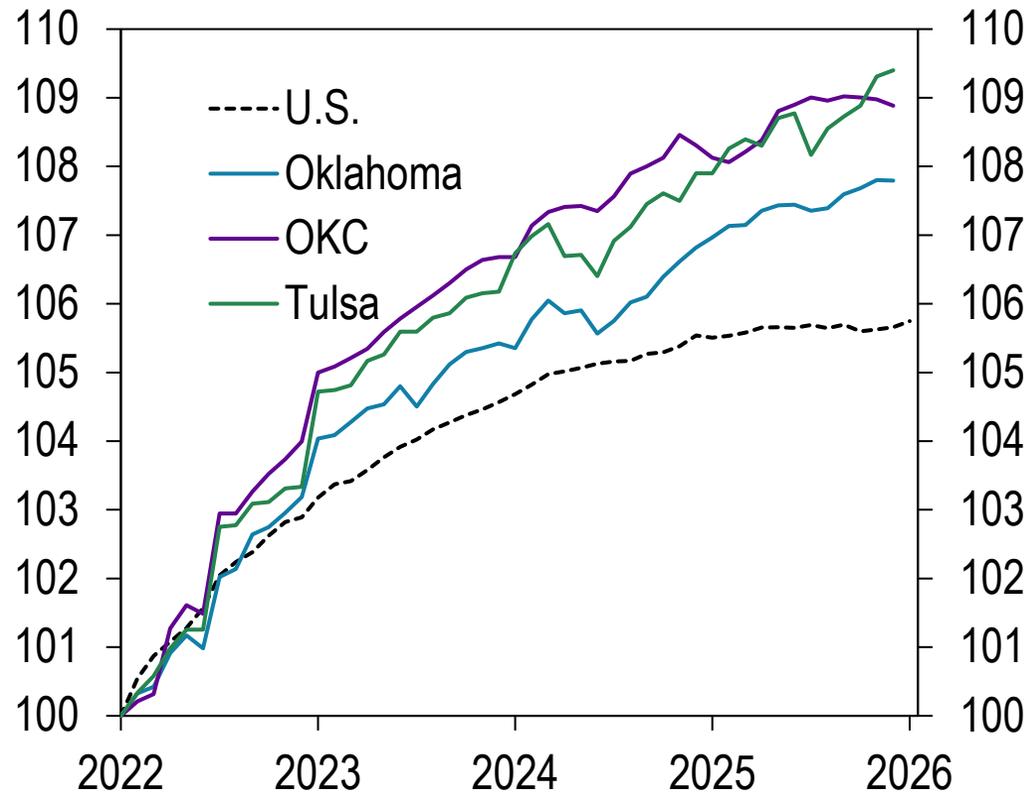
Federal Reserve Balance Sheet



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

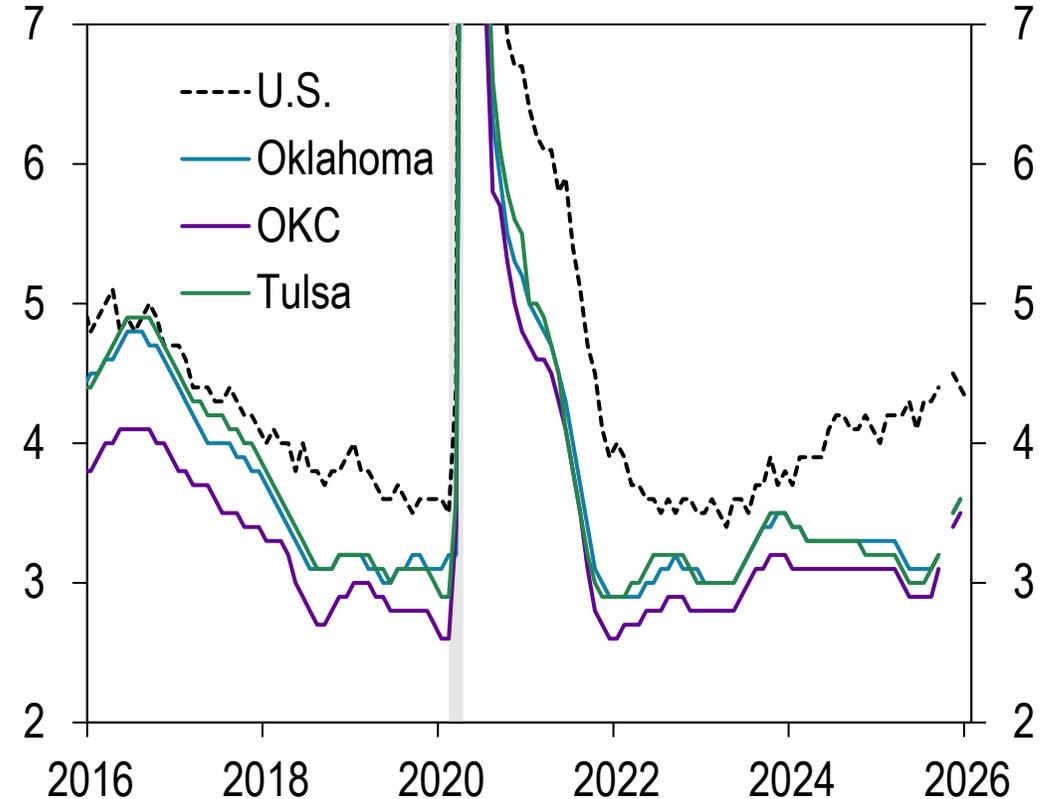
Non-Farm Payroll Employment

Index, Jan. 2022 = 100, sa



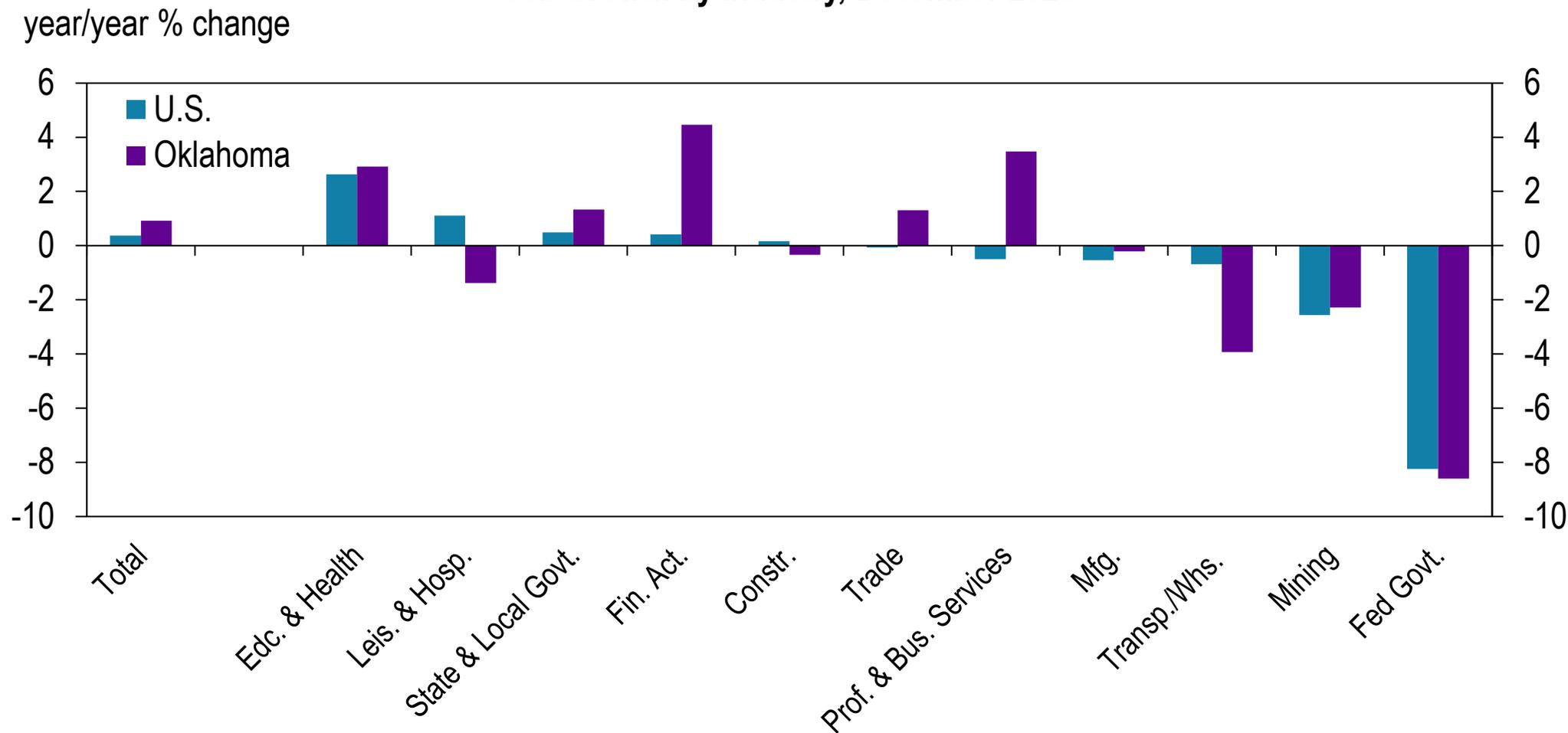
Unemployment Rate

Percent



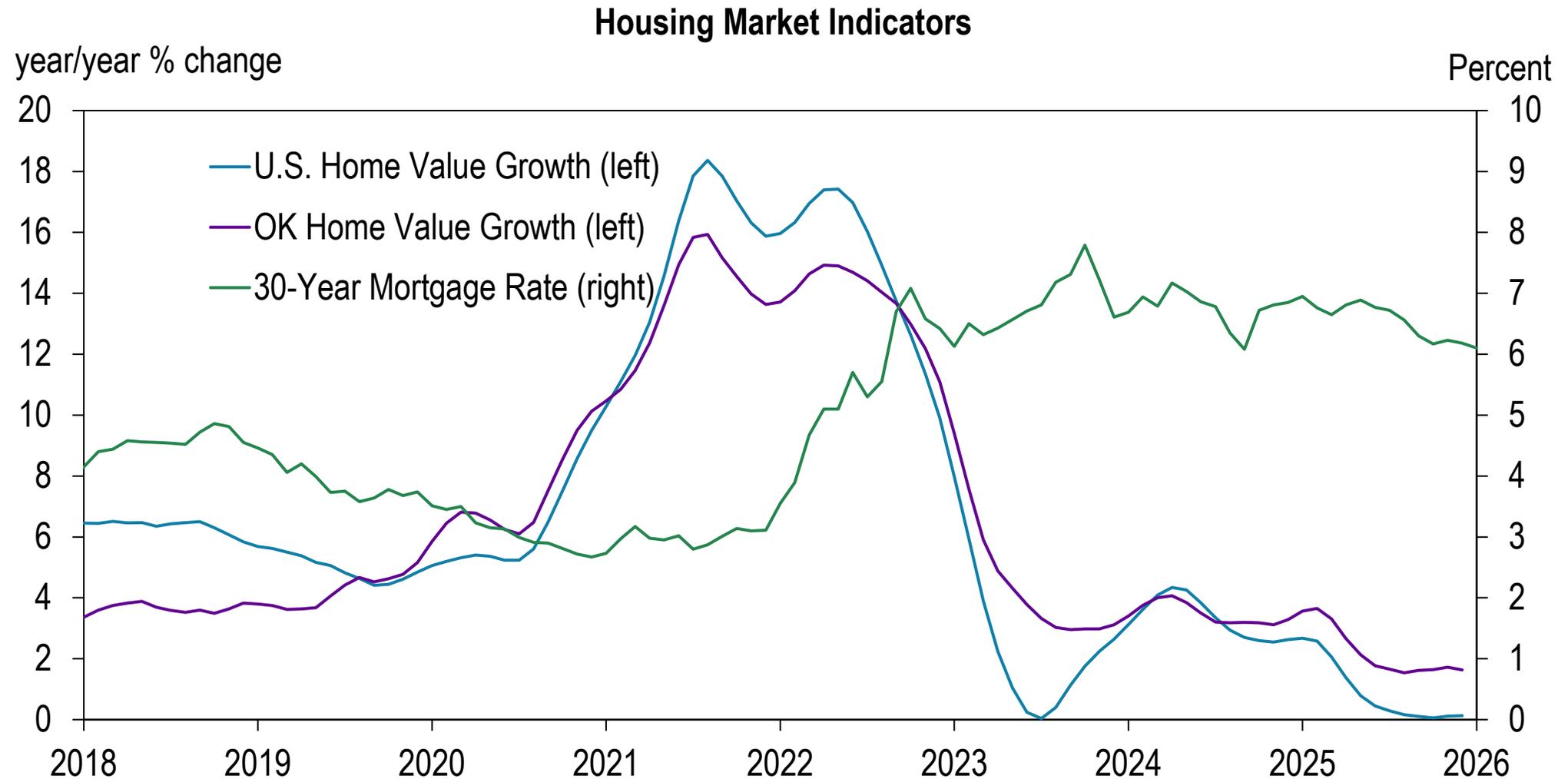
Oklahoma's job growth slightly outperformed the nation's over the past year, driven by construction, business services, and retail

Job Growth by Industry, December 2025



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

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

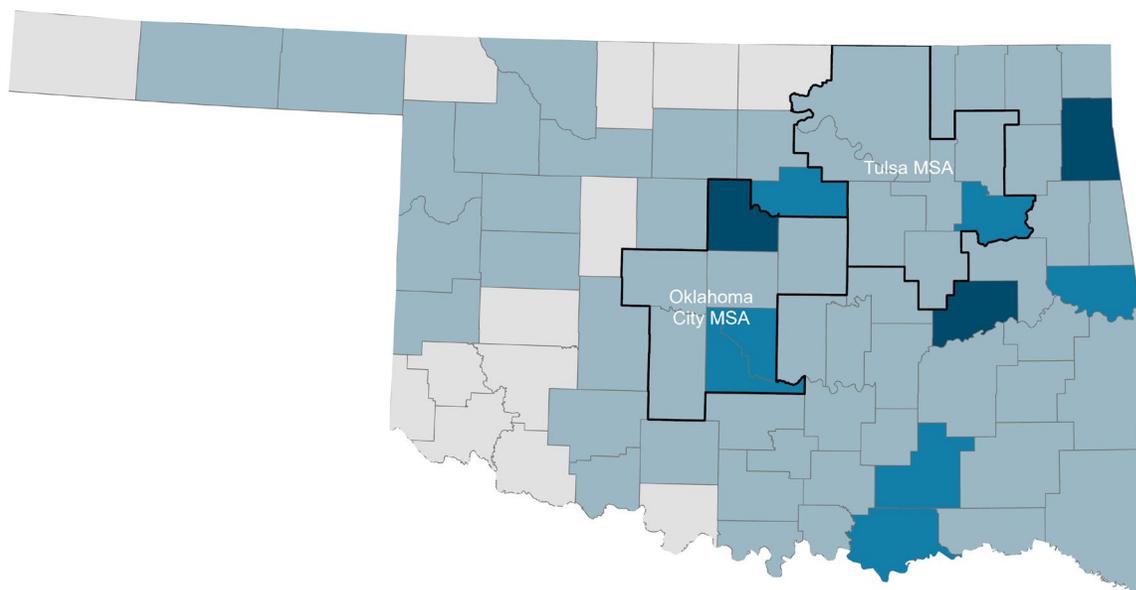


Sources: Freddie Mac, Zillow/Haver Analytics

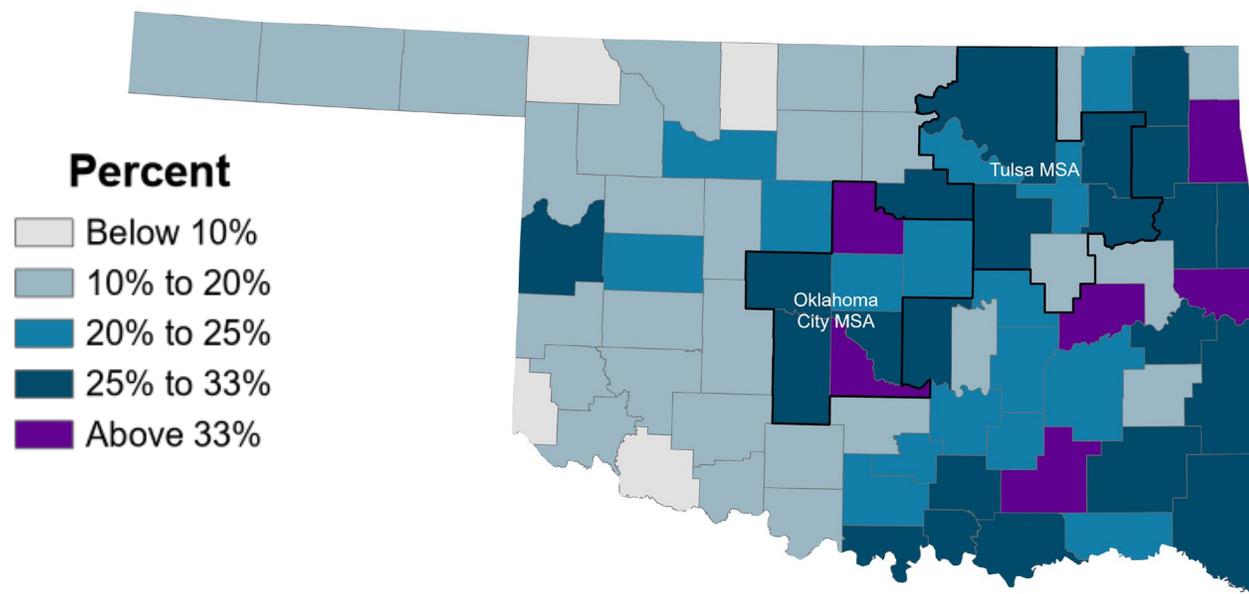
Homeownership for first-time buyers became less affordable across Oklahoma in recent years

First-Time Homeownership Costs as a Share of Household Income

2018-2019

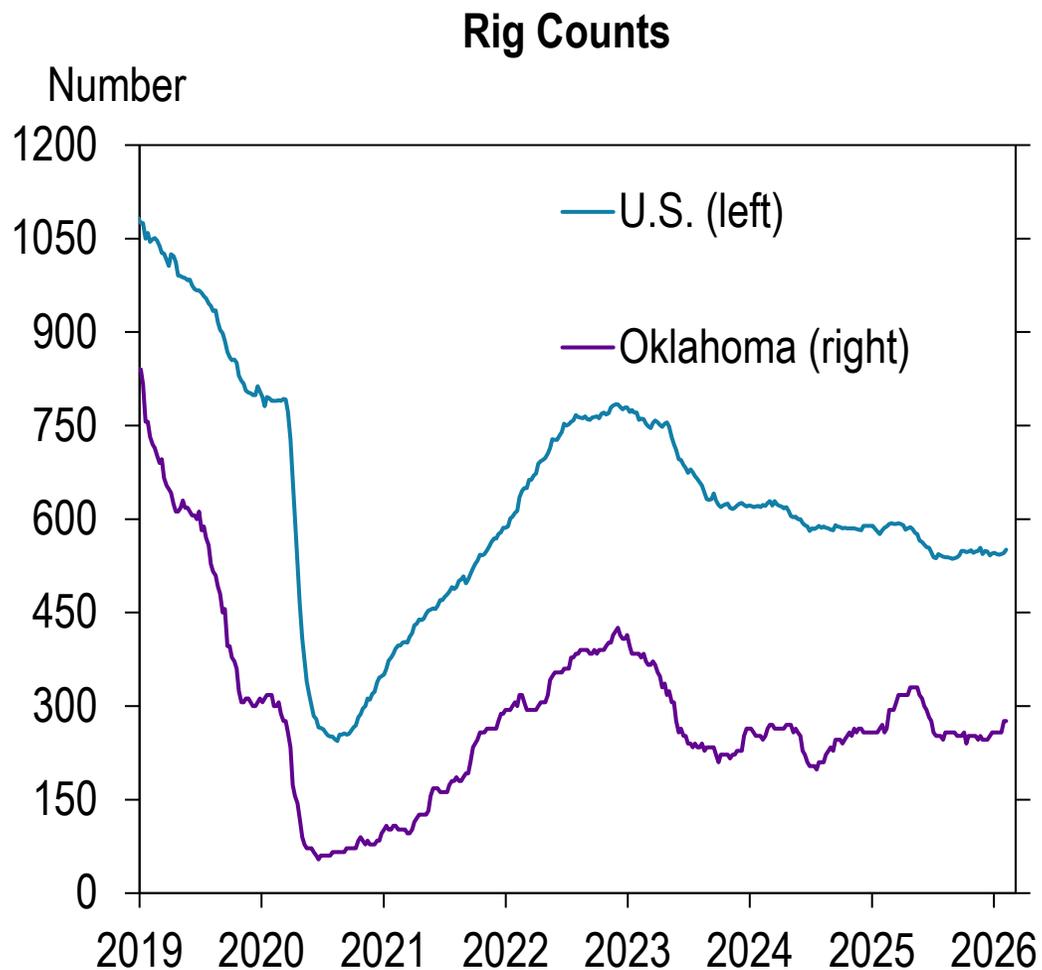


2024

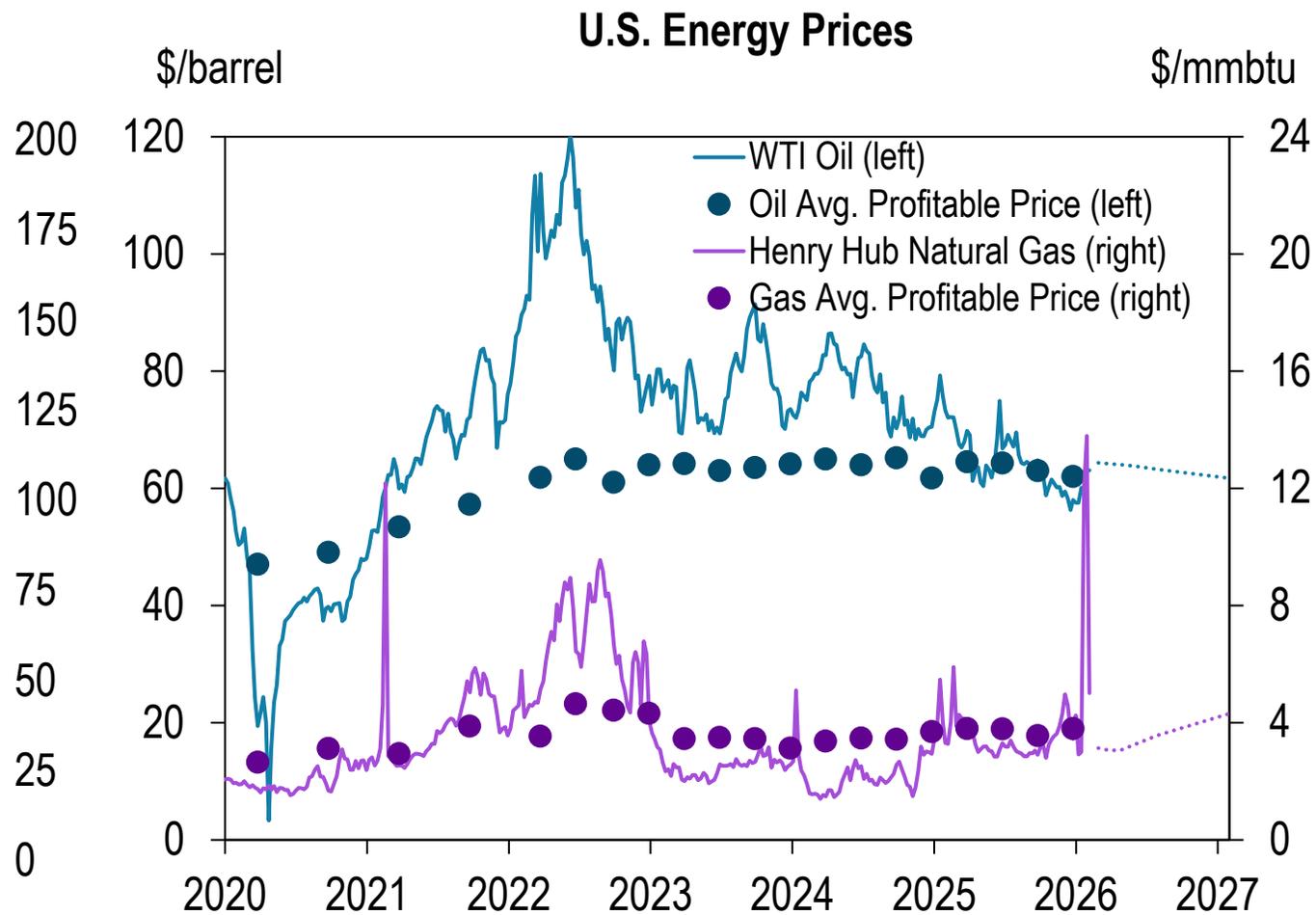


Notes: Costs include mortgage payment, insurance, and maintenance. 2024 data through October.
Sources: Zillow, BLS, U.S. Census Bureau (IPUMS NHGIS), WSJ (Haver Analytics), staff calculations

Drilling activity is mostly flat in Oklahoma as both oil and natural gas prices are near their breakeven levels



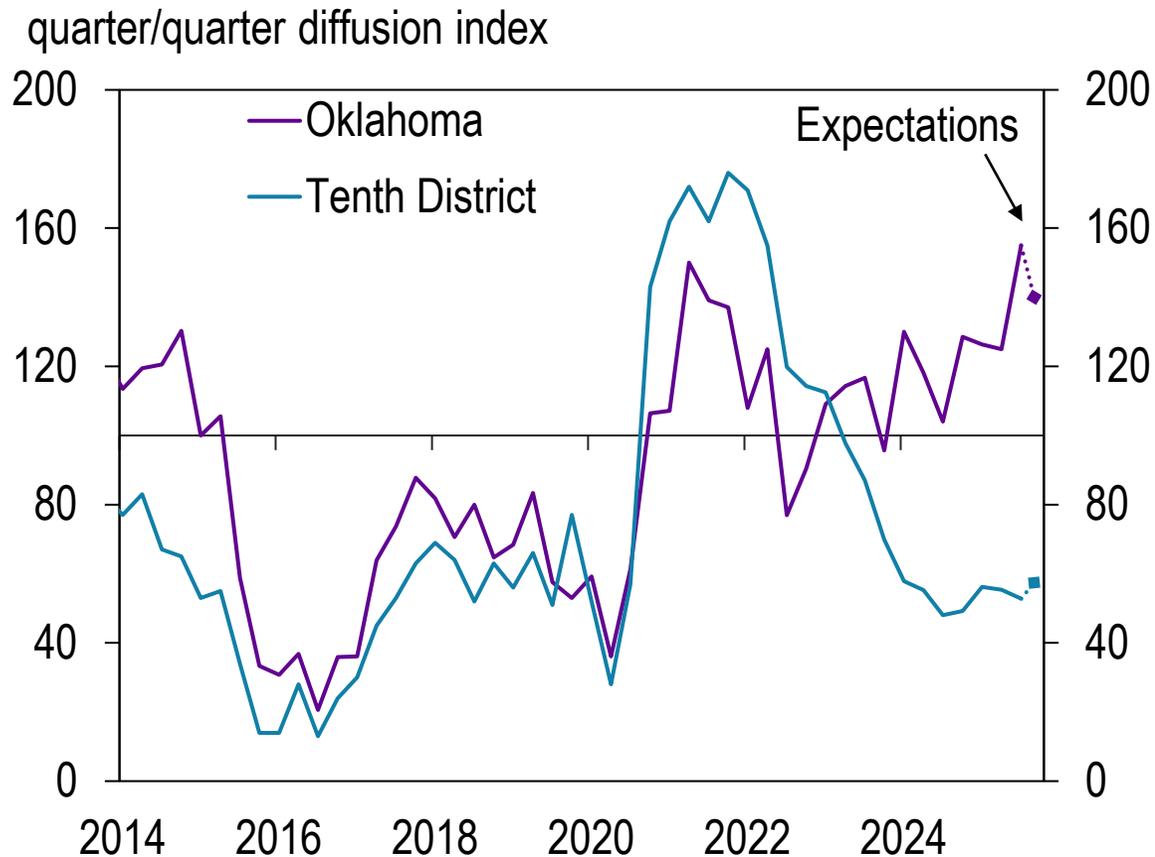
Source: Baker Hughes, EIA/Haver Analytics, FRBKC Surveys



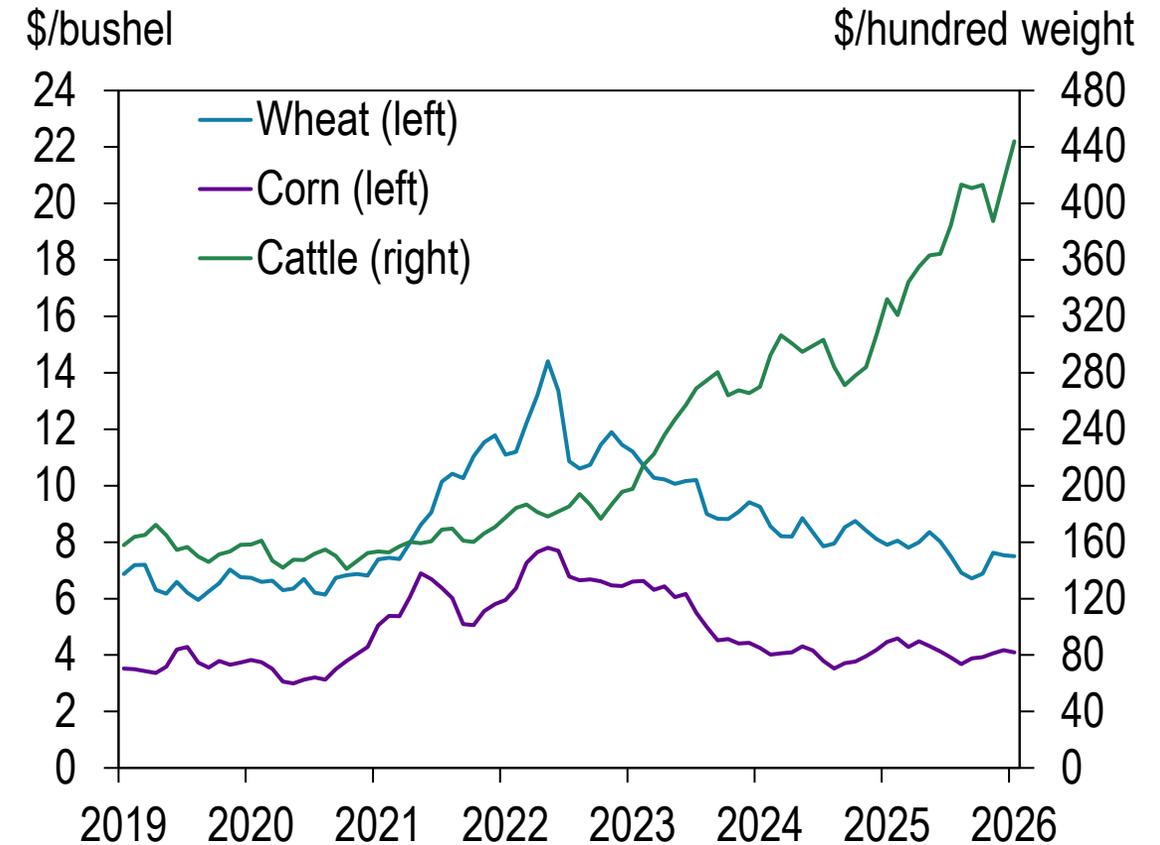
Note: Dotted lines show NYM futures prices.

Oklahoma farm income grew in Q3 while it declined in other District states, partially due to higher cattle prices

Farm Income

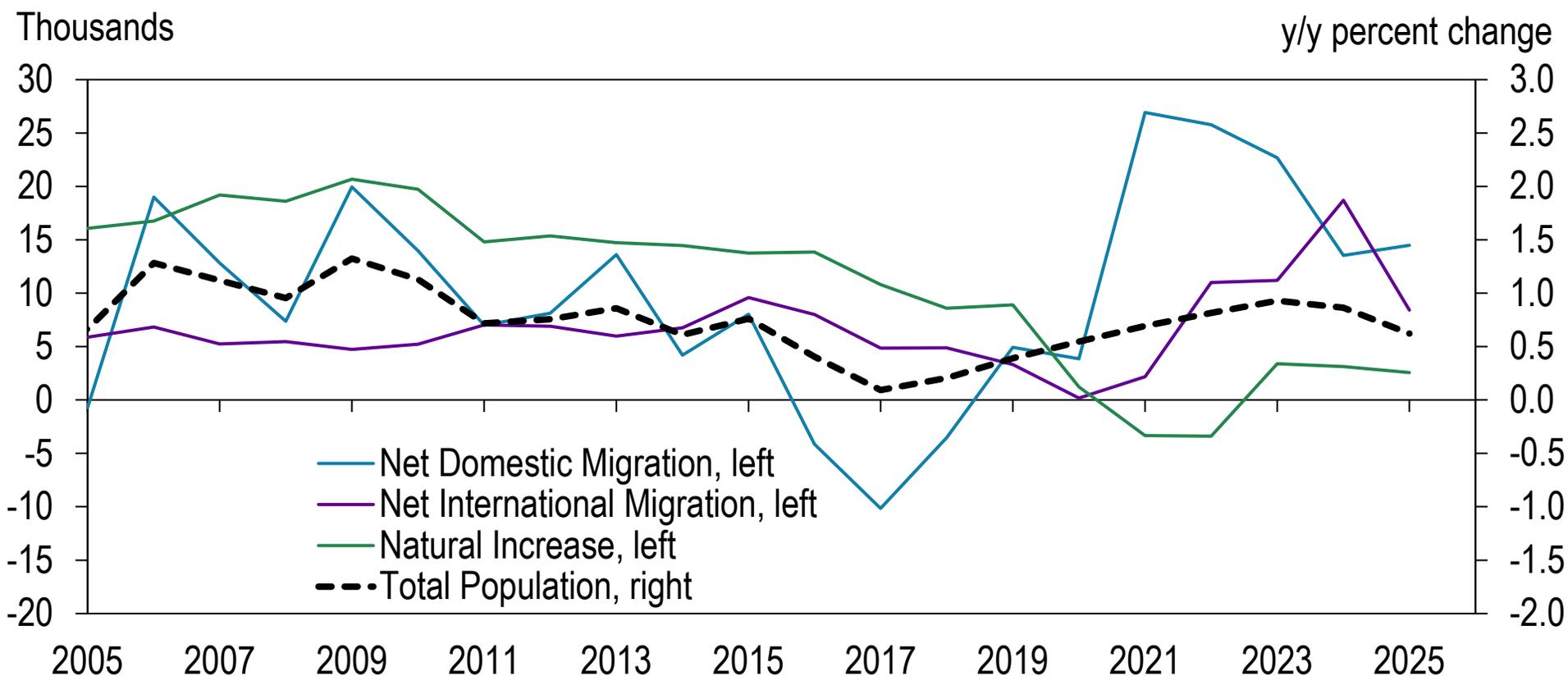


Agricultural Commodity Prices



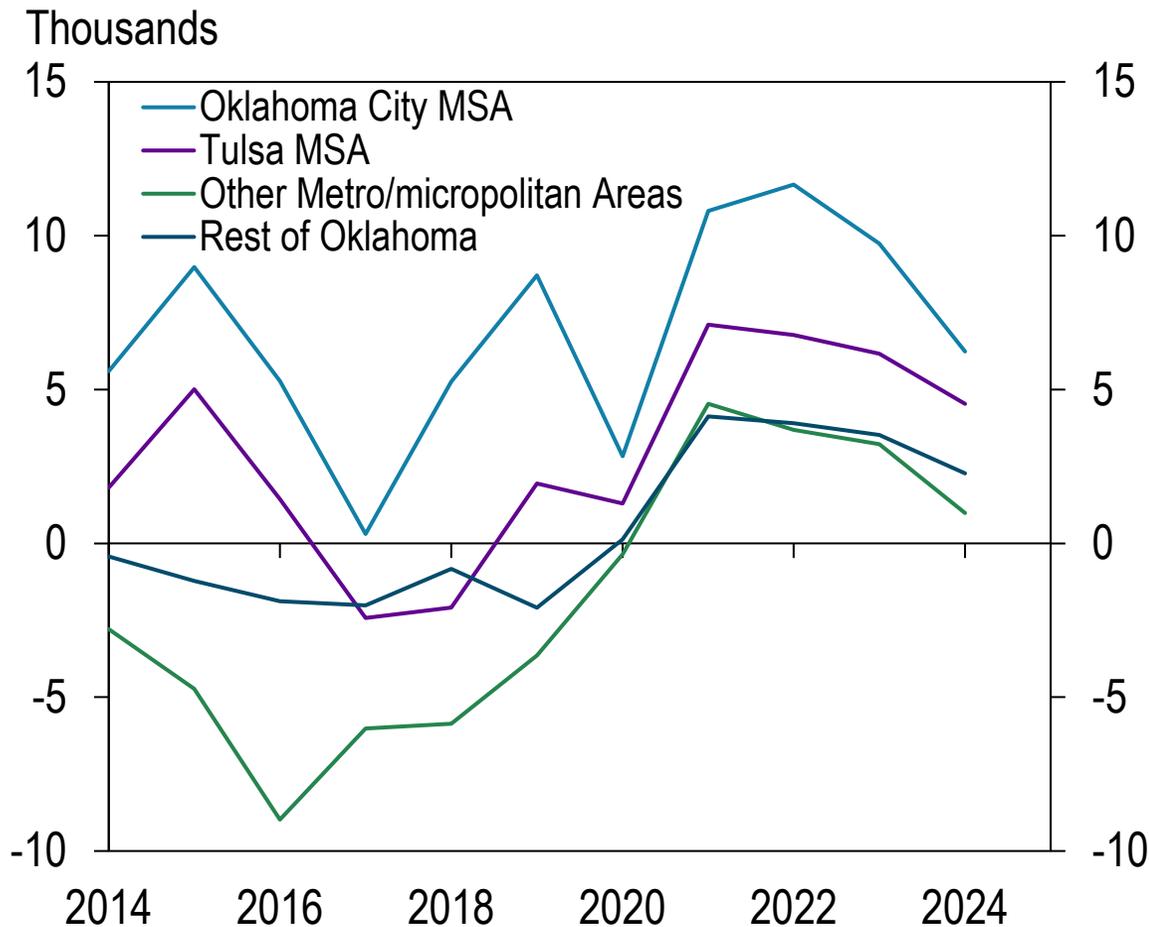
Oklahoma's population grew at a slightly slower pace in 2025, as net international migration cooled near historical norms

Oklahoma Population Change by Component

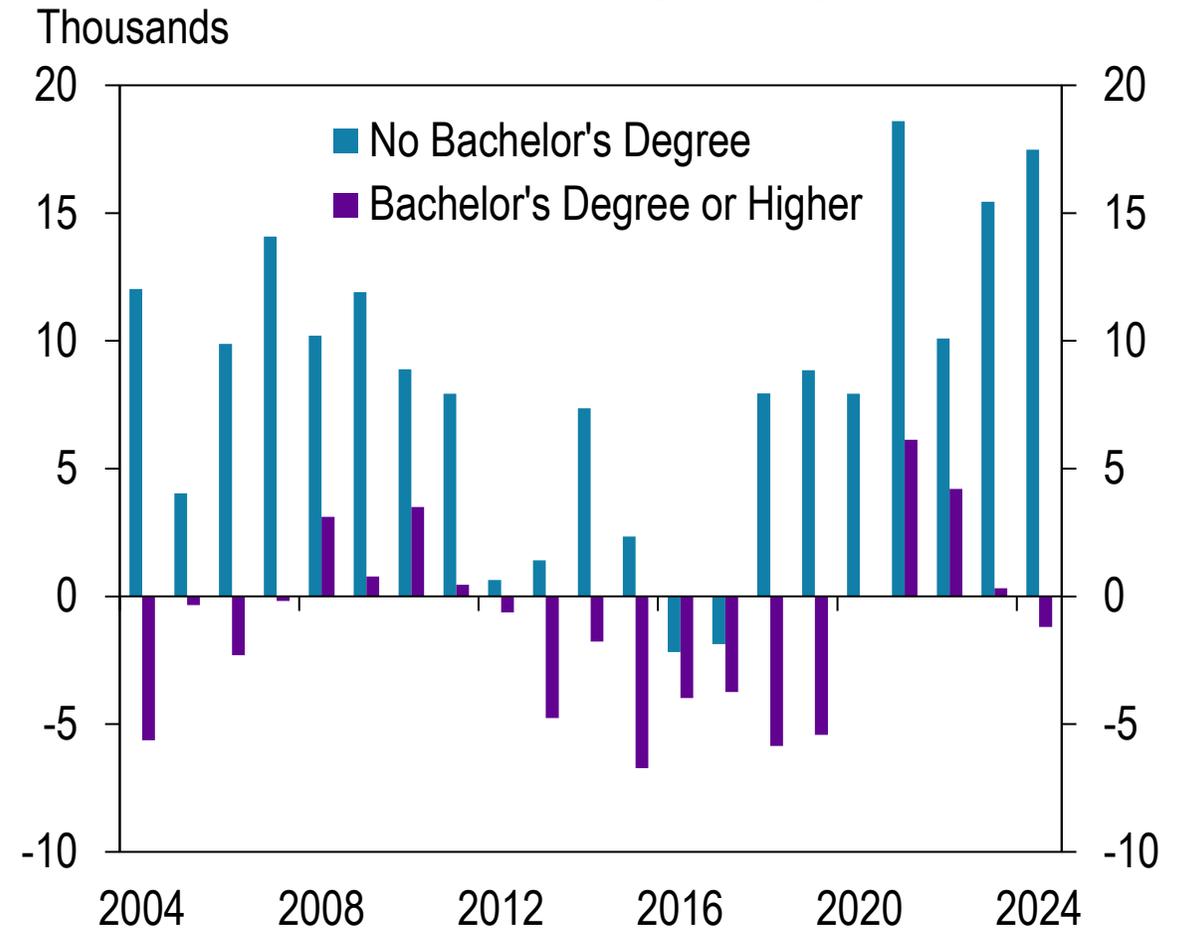


Both metropolitan and rural areas have gained residents on net, and the surge of college graduates into the state reversed in 2024

Oklahoma Net Domestic Migration



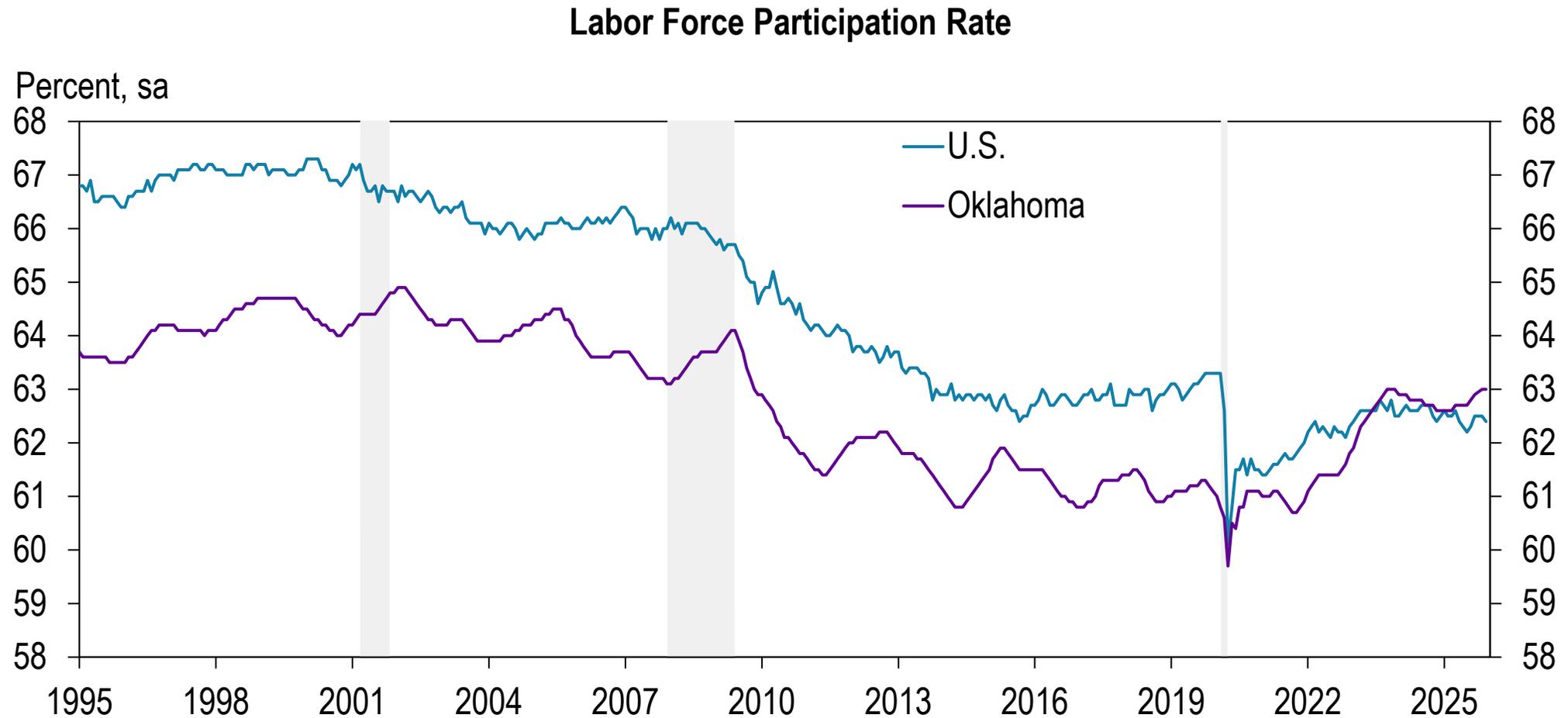
Oklahoma Net Domestic Migration by Education



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

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

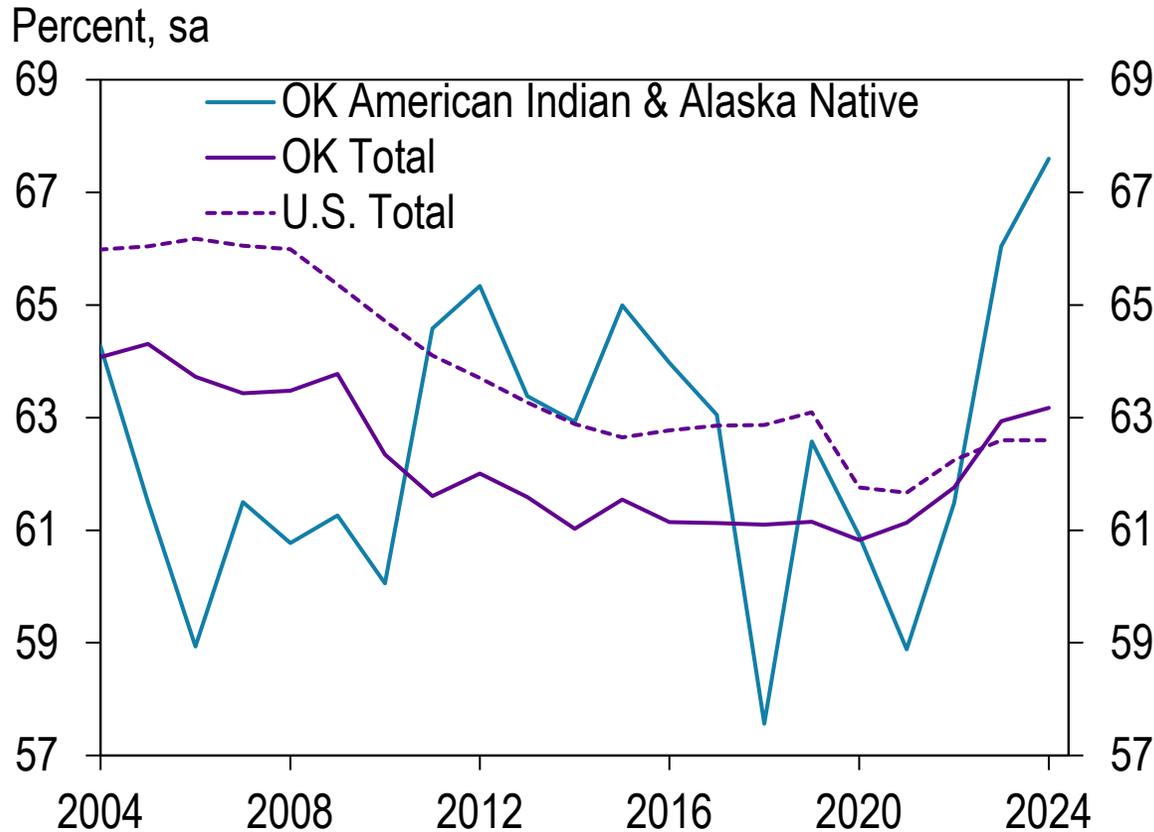


Note: Shading denotes NBER-defined recessions.

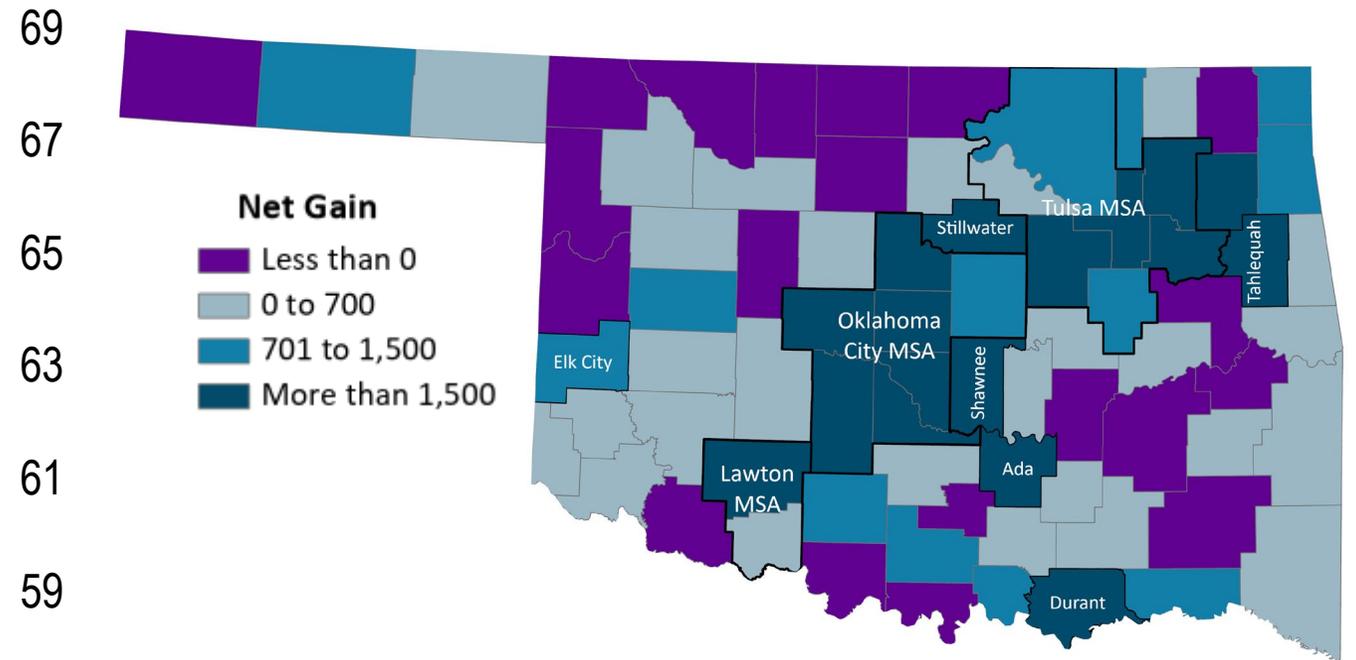
Sources: BLS, NBER/Haver Analytics

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 2025

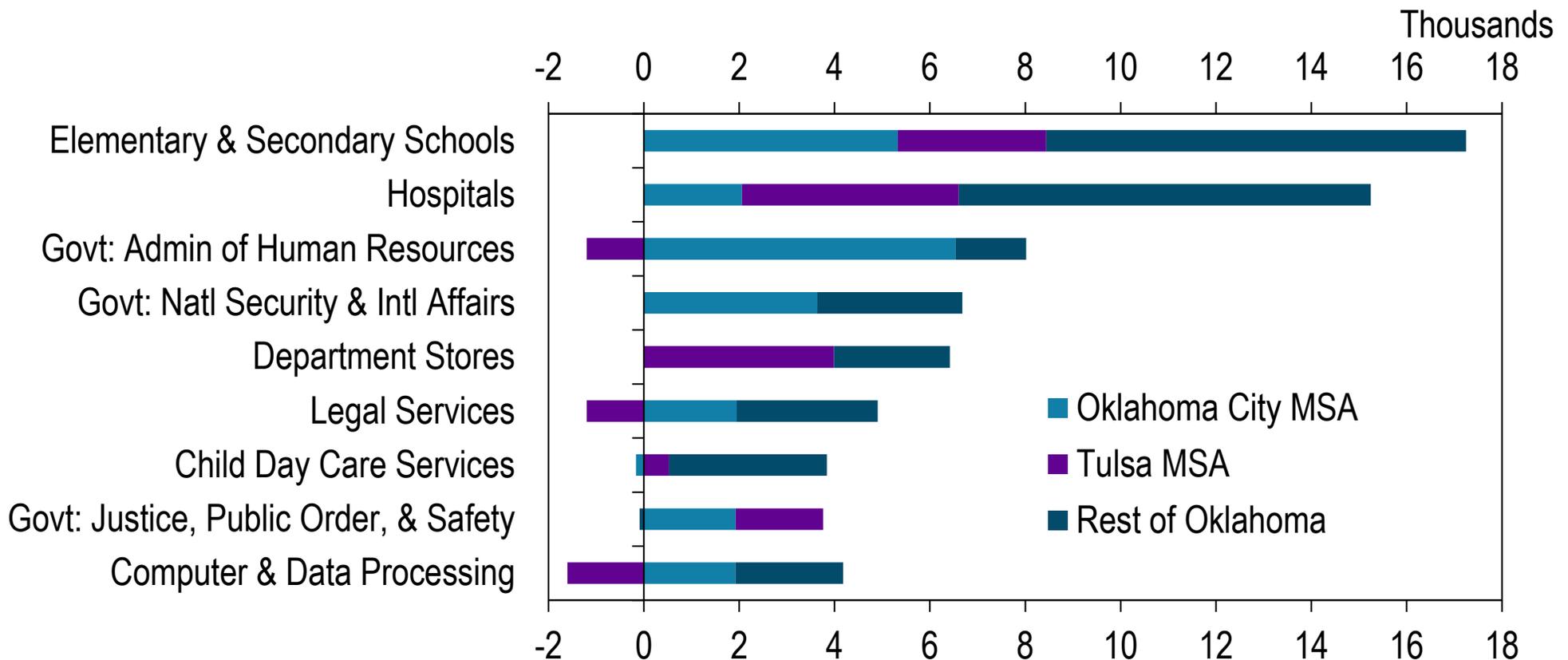


Note: 2024 rates are the average monthly rate for H1 2024 (January to June).

Sources: BLS, CPS, staff calculations

Job gains for Native Americans have primarily been concentrated in schools, hospitals, and government since 2021

OK American Indian/Alaska Native Job Gains in Top Industries by Area, 2021-H1 2024



Notes: Industries are based off the Census Bureau's 1990 Industry Classification. Elementary & Secondary Schools (SIC code 8211) include private and public schools. Administration of human resources (SIC code 94) entails government agencies that administer educational, public health, social, and veterans' resources.

Sources: CPS, staff calculations

Questions?

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