

# U.S. and Oklahoma Economic Outlook

Oklahoma City Council of Petroleum Accountants Society

May 14, 2026

**Chase Farha**

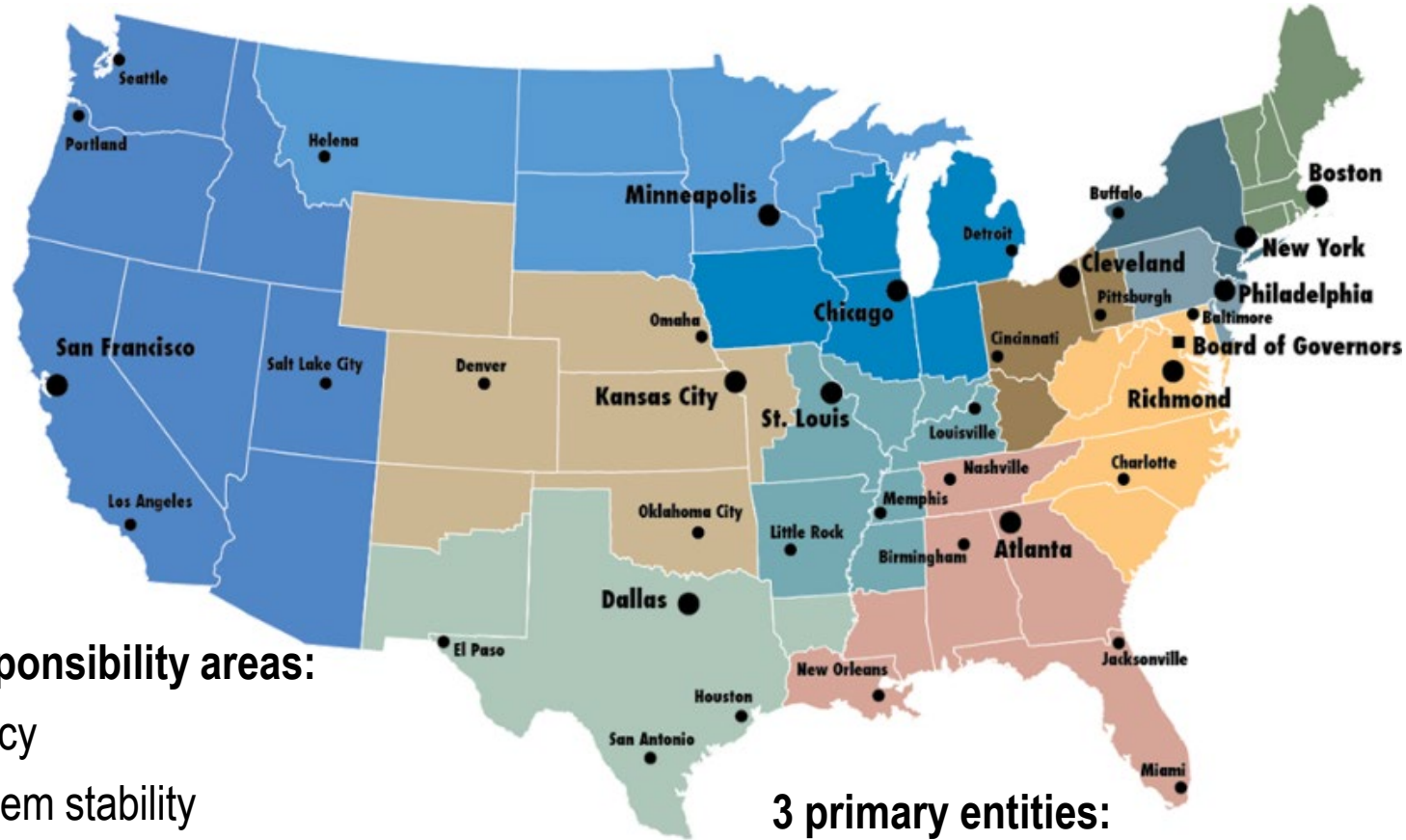
*Research Associate II*

\*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**

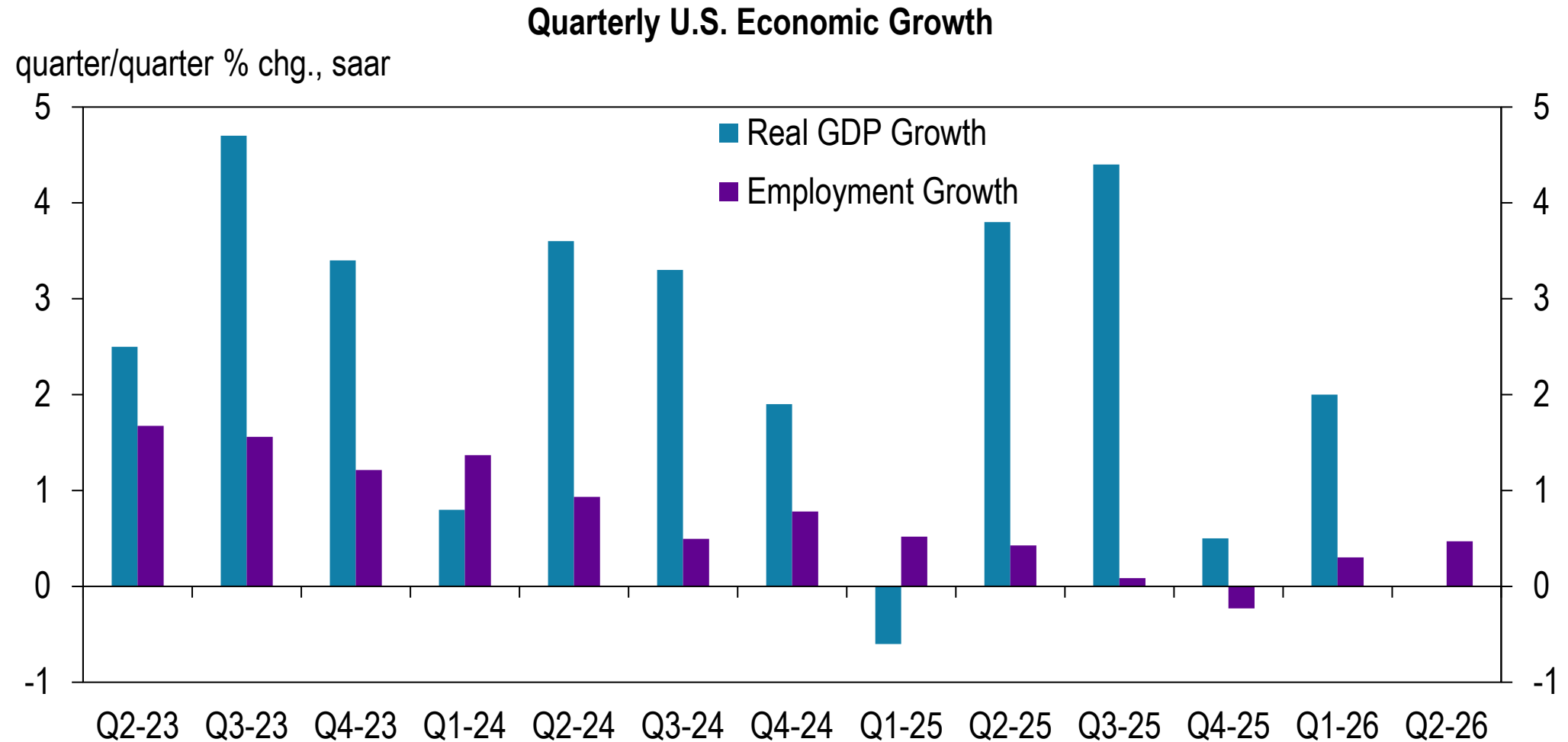
- **Rhonda Hooper (chair)**, President & CEO, Jordan Advertising, OKC
- **Mark Burrage**, CEO, FirstBank, Antlers/Atoka
- **Scott Case**, President, Case & Associates Properties, Tulsa
- **Jason A. Garner**, President, Crawley Petroleum Corporation, OKC
- **Terry Salmon**, President, Computer System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



# Overview

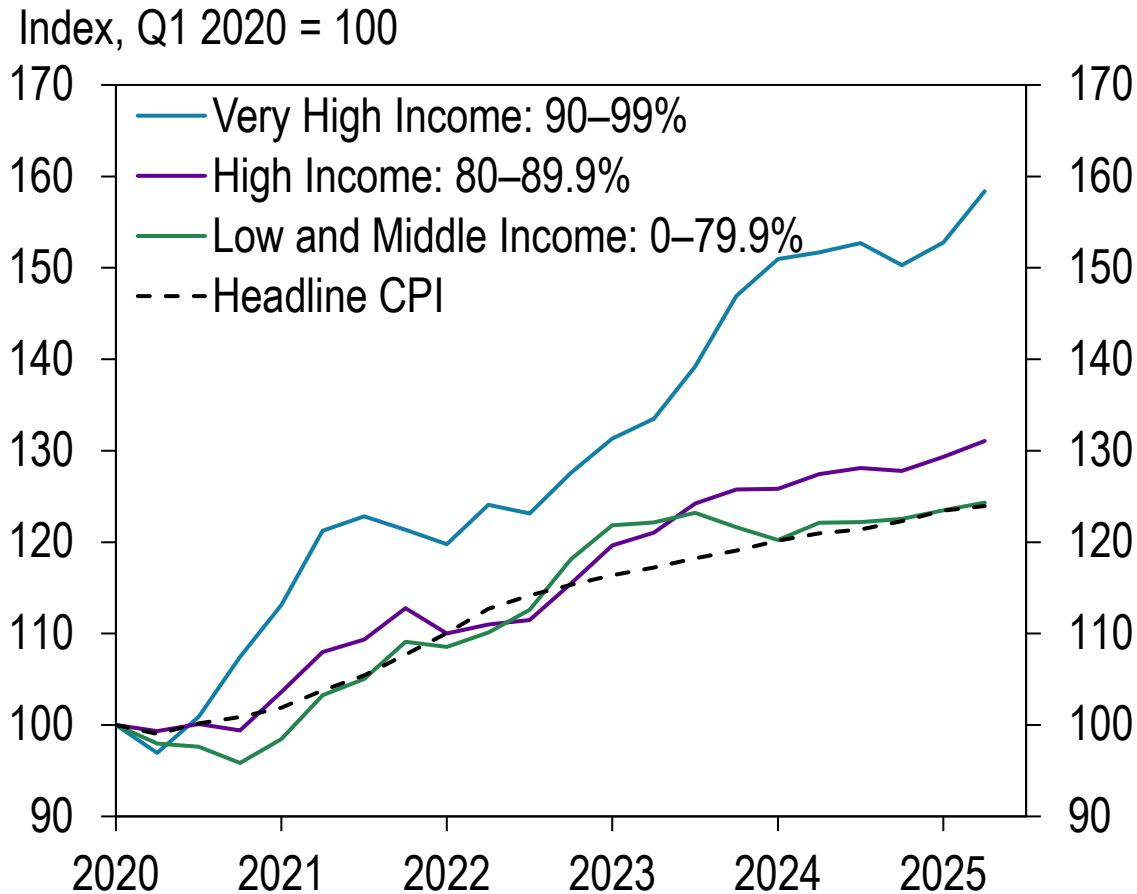
- U.S. economic growth remains solid, but is concentrated in certain sectors and segments of the population.
- The labor market is balanced, but softening, as labor supply and demand fall together. Unemployment is up slightly but remains near long-term averages.
- Inflation has come closer to the Fed's target, but has reaccelerated recently.
- Oklahoma lost jobs in 2025, and unemployment has ticked up but remains low.

# GDP growth was solid in Q1, driven by business investment, and the labor market has cooled but posted growth

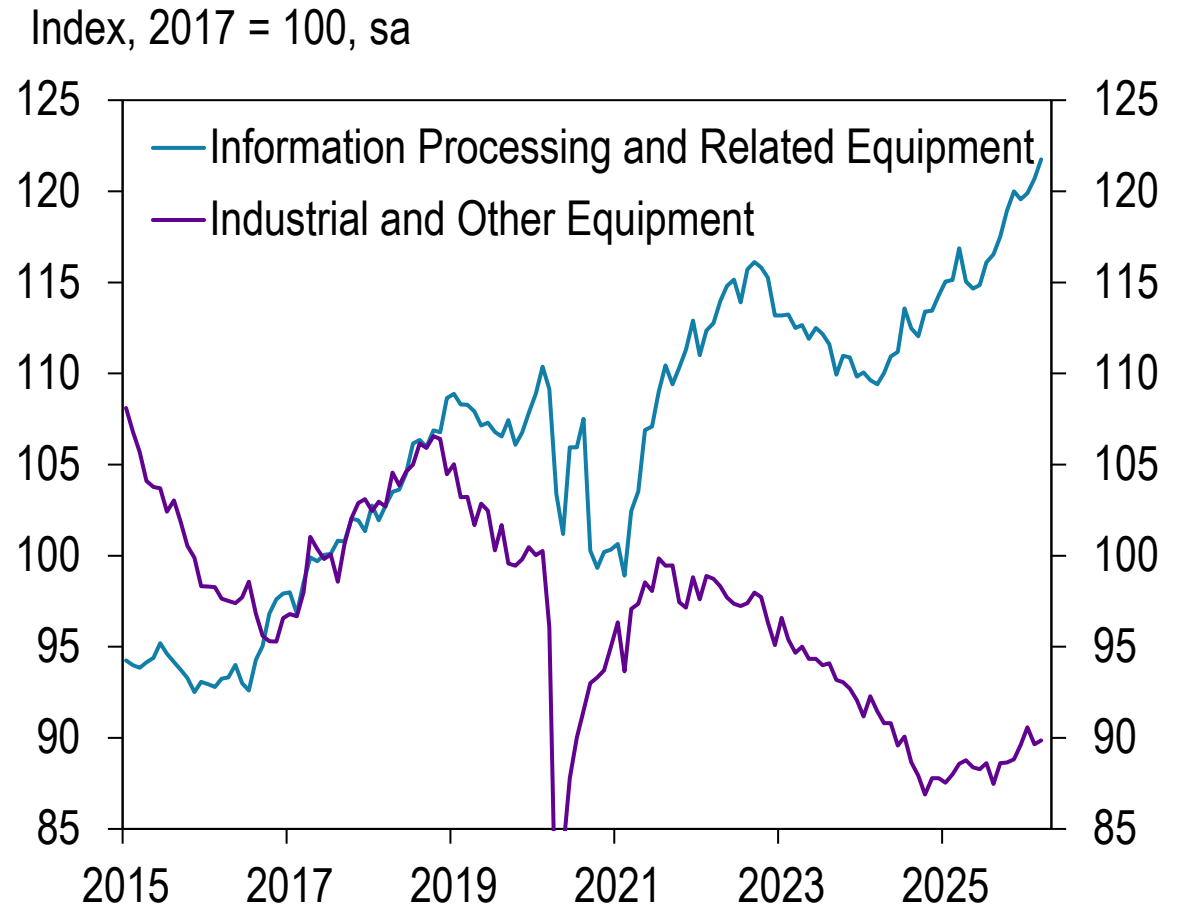


# Current economic growth is supported by consumer spending from high earners and investment in tech-related sectors

## U.S. Consumer Spending by Income

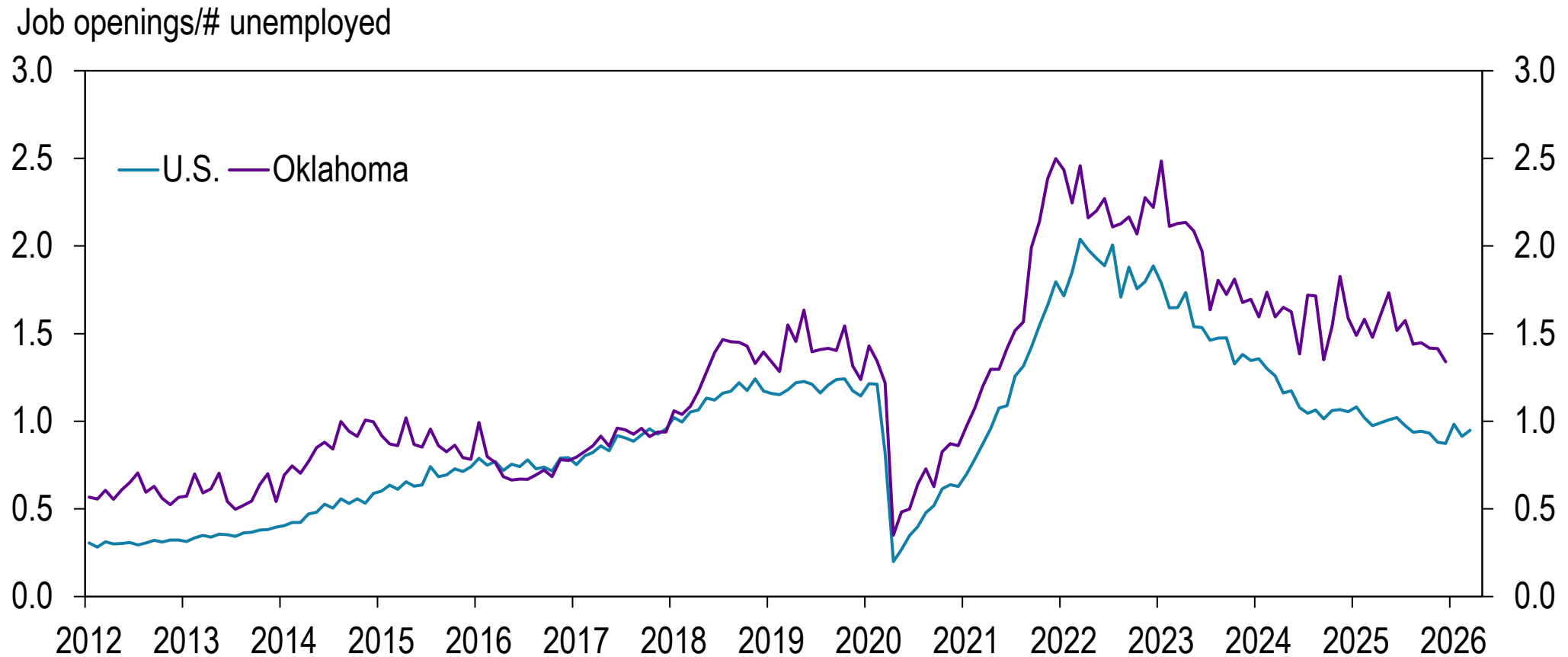


## U.S. Industrial Production



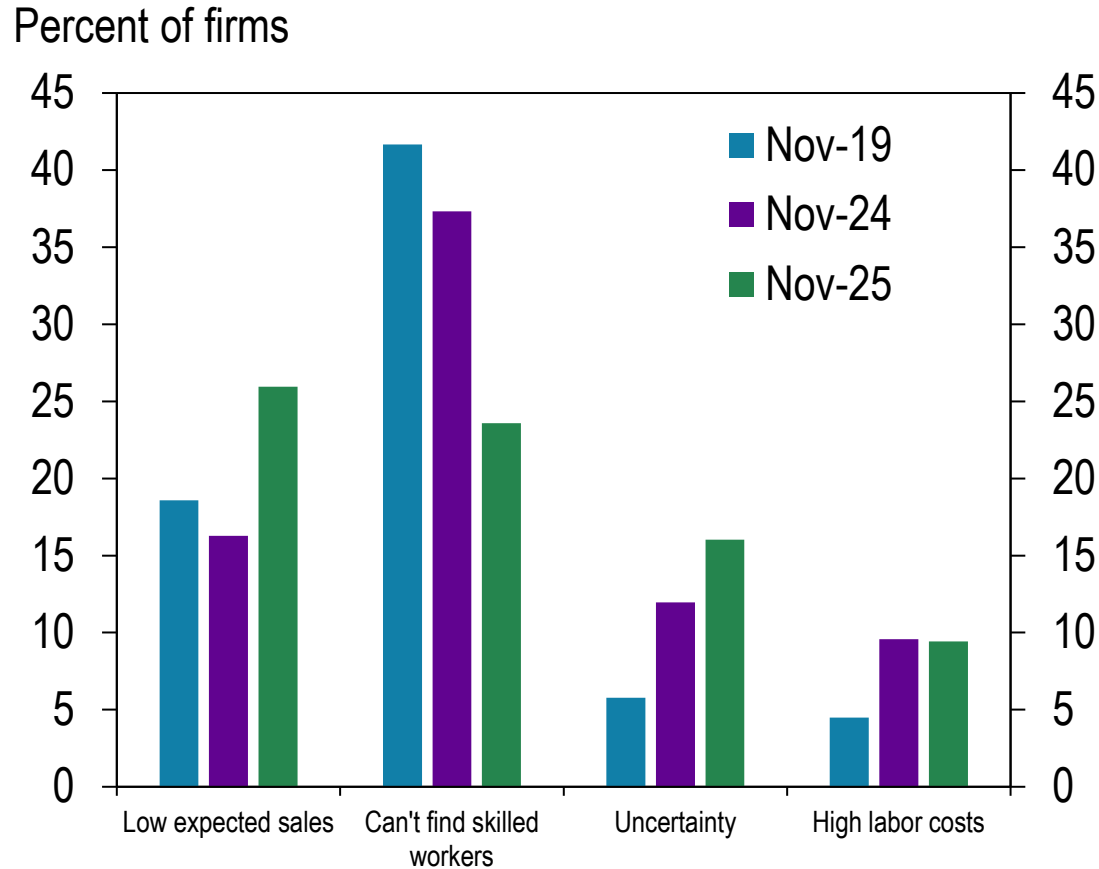
# Job openings still exceed unemployed workers in Oklahoma but have returned to near pre-pandemic levels

## Job Openings/Unemployment Ratio

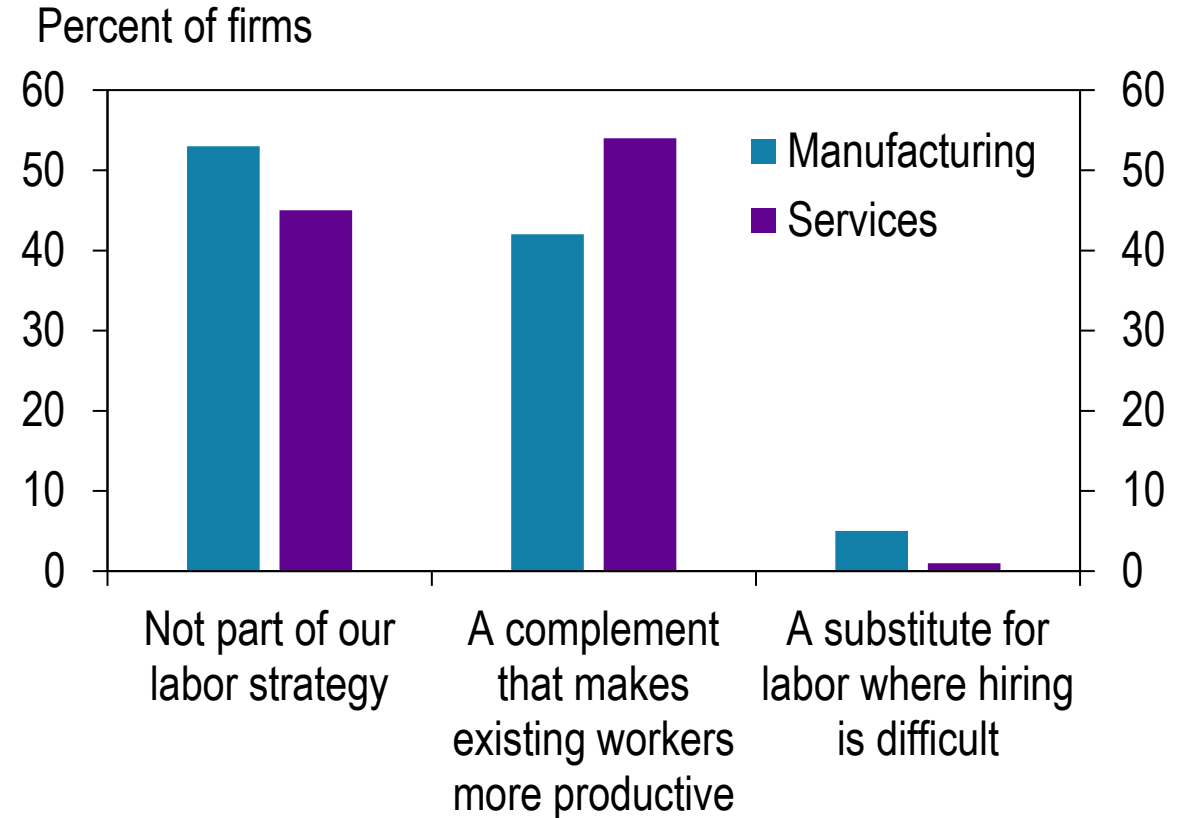


# Low expected demand and uncertainty have increased as the top factor restraining hiring, and firms do not cite AI as a replacement for labor

Tenth District Firms' Top Factors Restraining Hiring



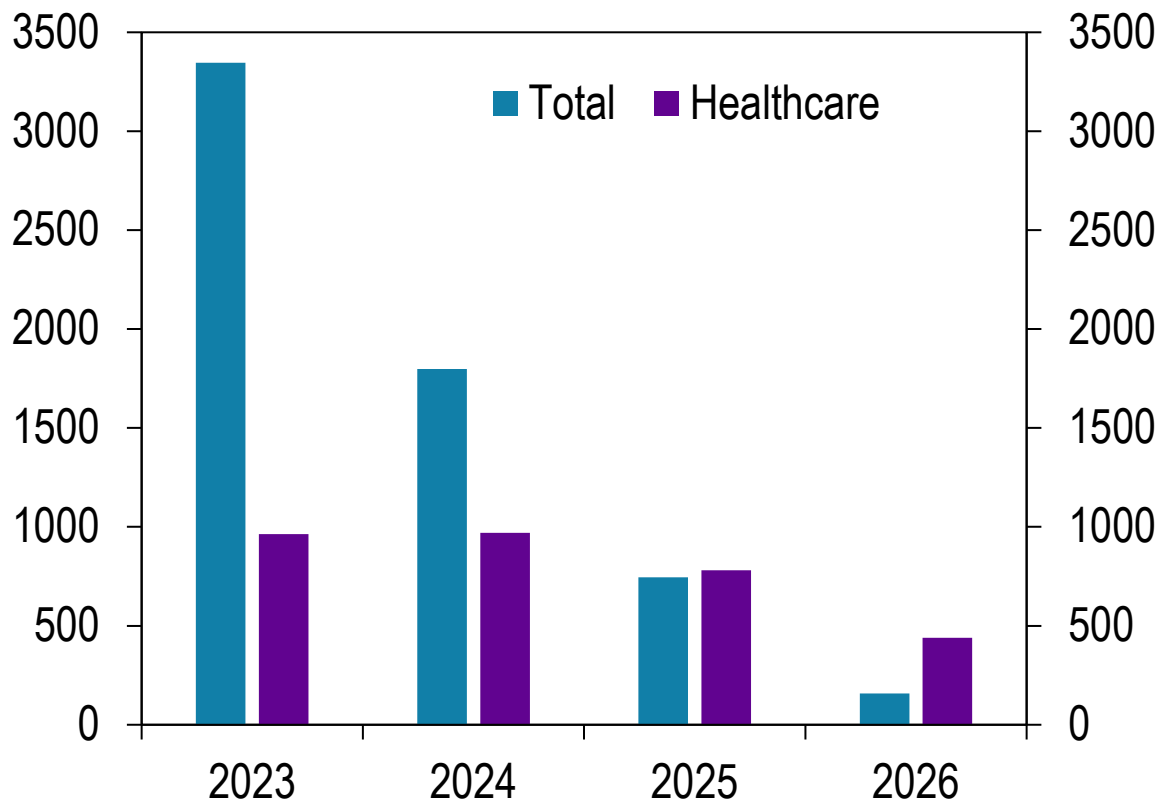
Jan. 2026: Which best describes how AI or technology fits into your firm's labor strategy?



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

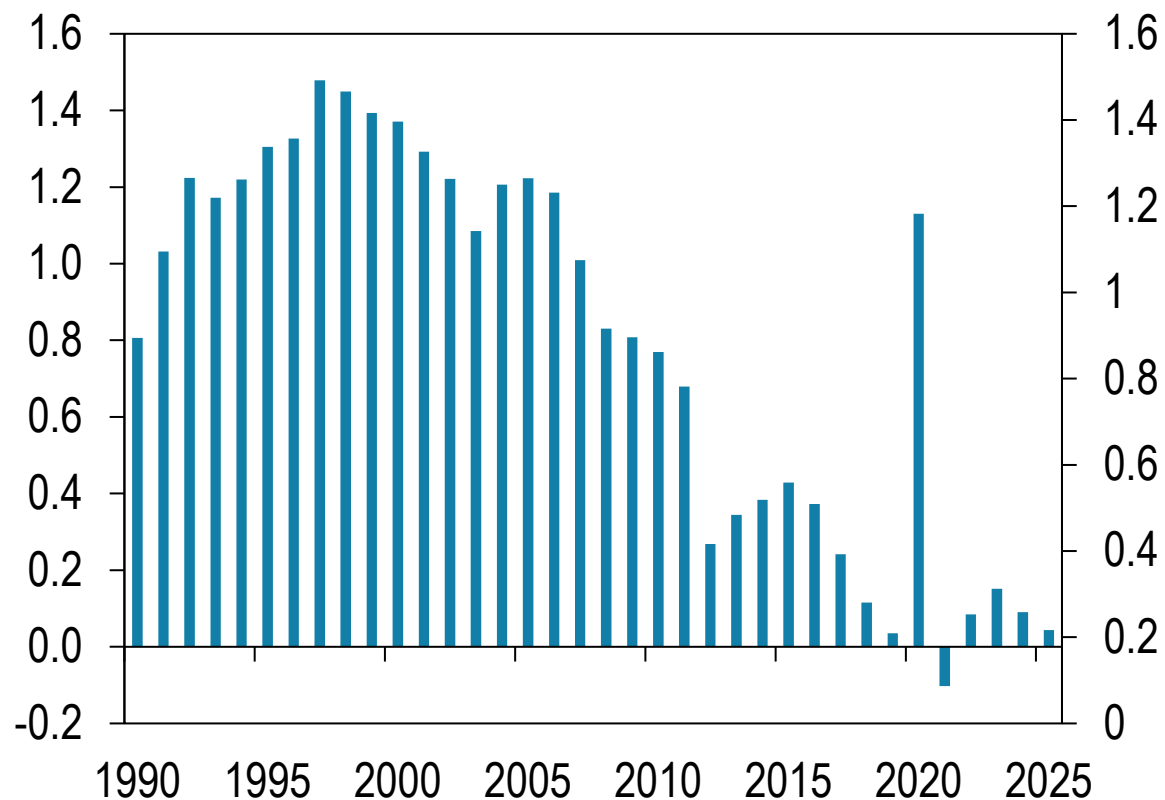
### U.S. Average Monthly Job Gains

Thousands, sa



### U.S. Working-Age Population Growth

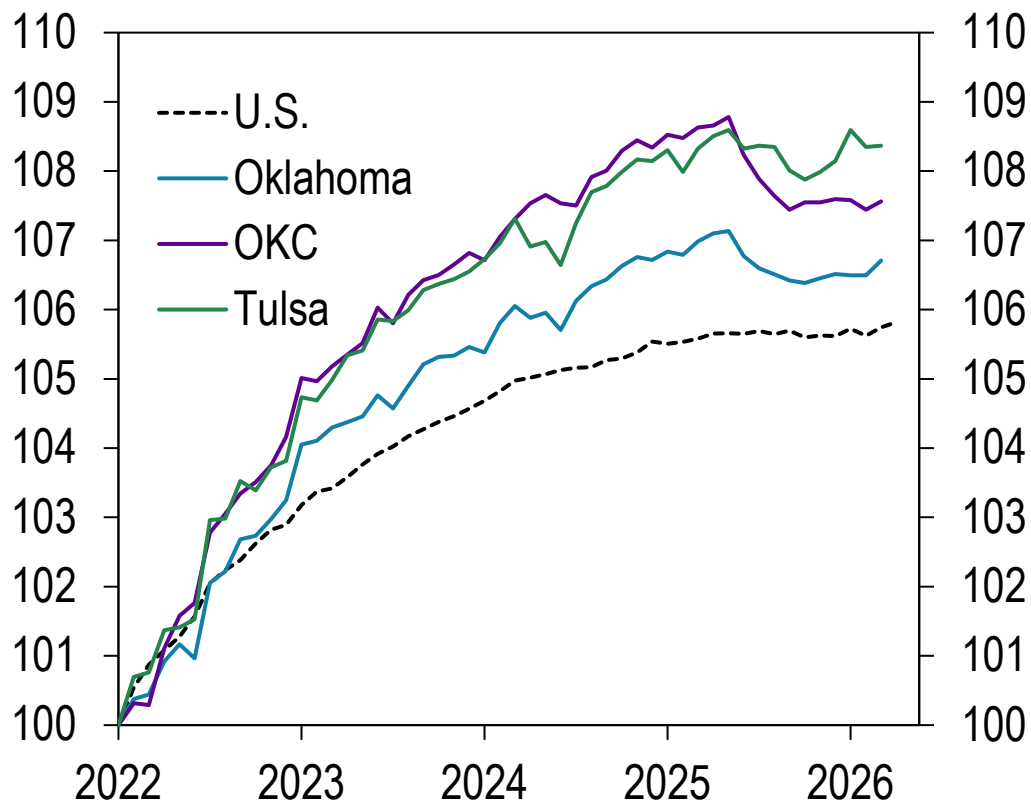
year/year percent change



# Oklahoma lost jobs in 2025, and unemployment increased but remains fairly low

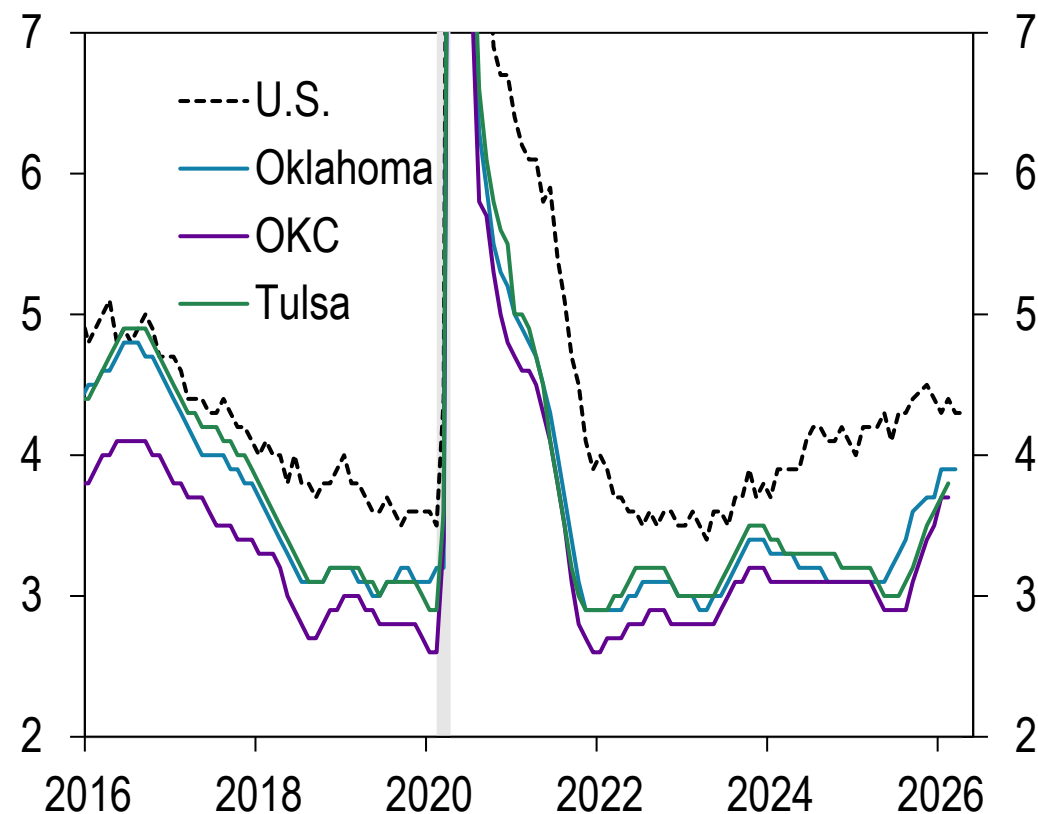
### Non-Farm Payroll Employment

Index, Jan. 2022 = 100, sa



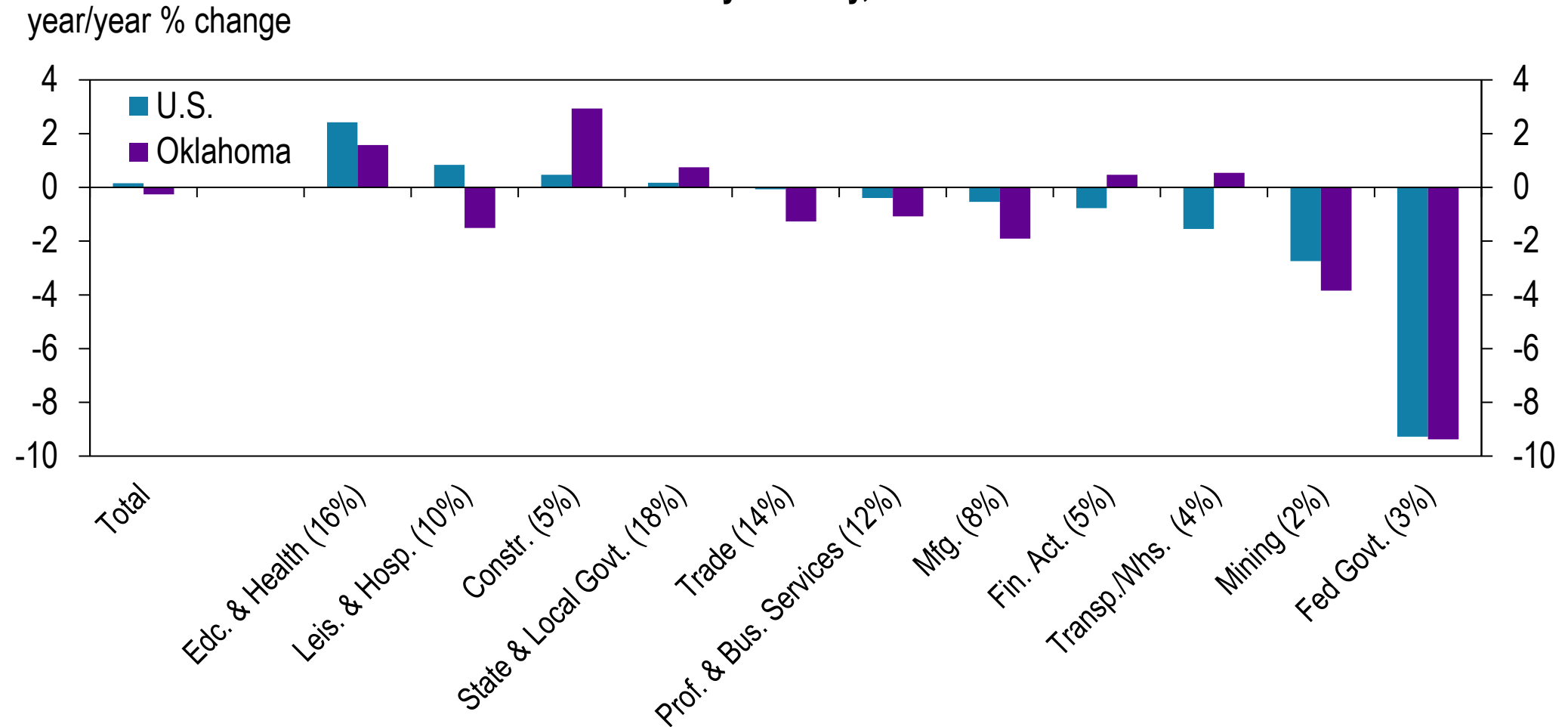
### Unemployment Rate

Percent



# Oklahoma's job growth underperformed the nation's, driven by slower healthcare growth and declines in hospitality, manufacturing, and trade

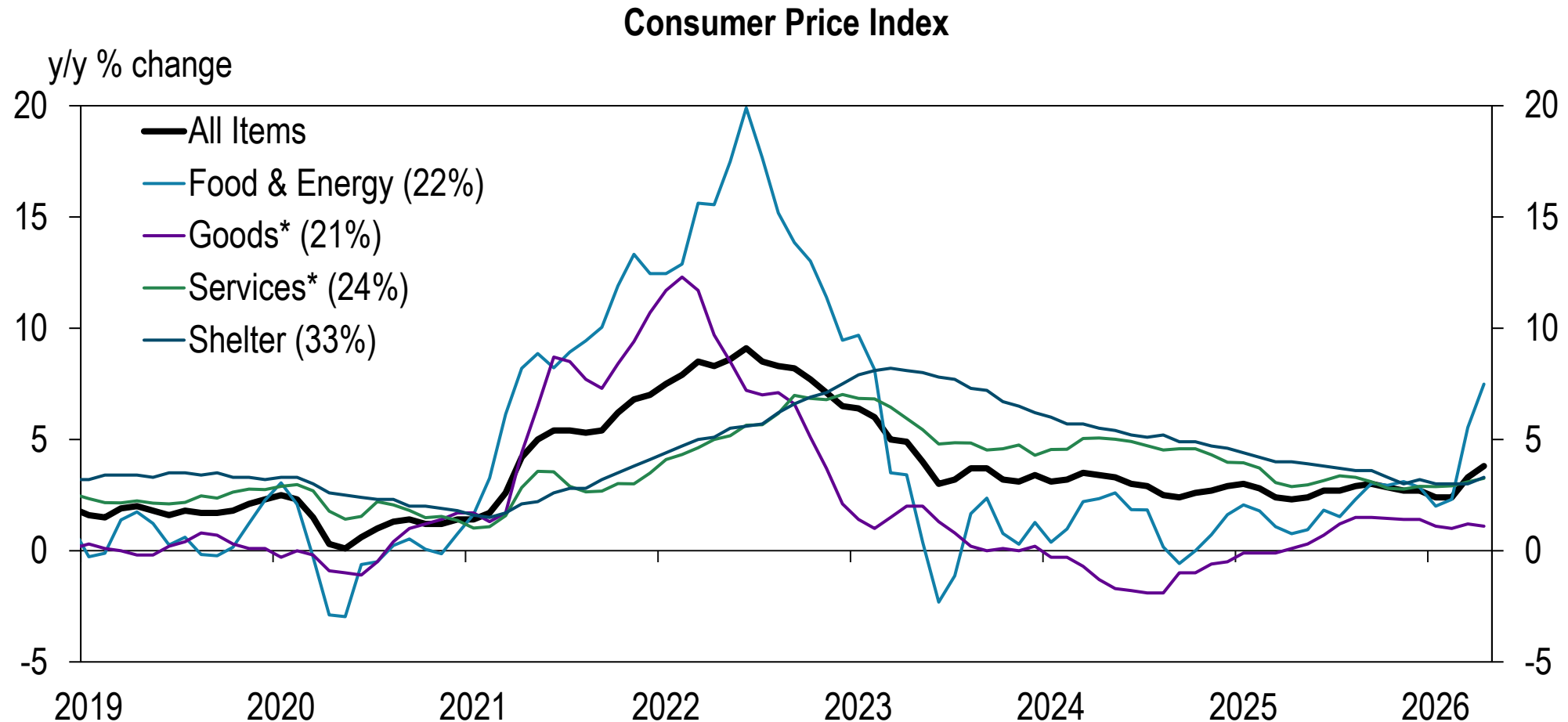
Job Growth by Industry, March 2026



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

Note: Parentheticals show the 2-year average share of Oklahoma's total employment.

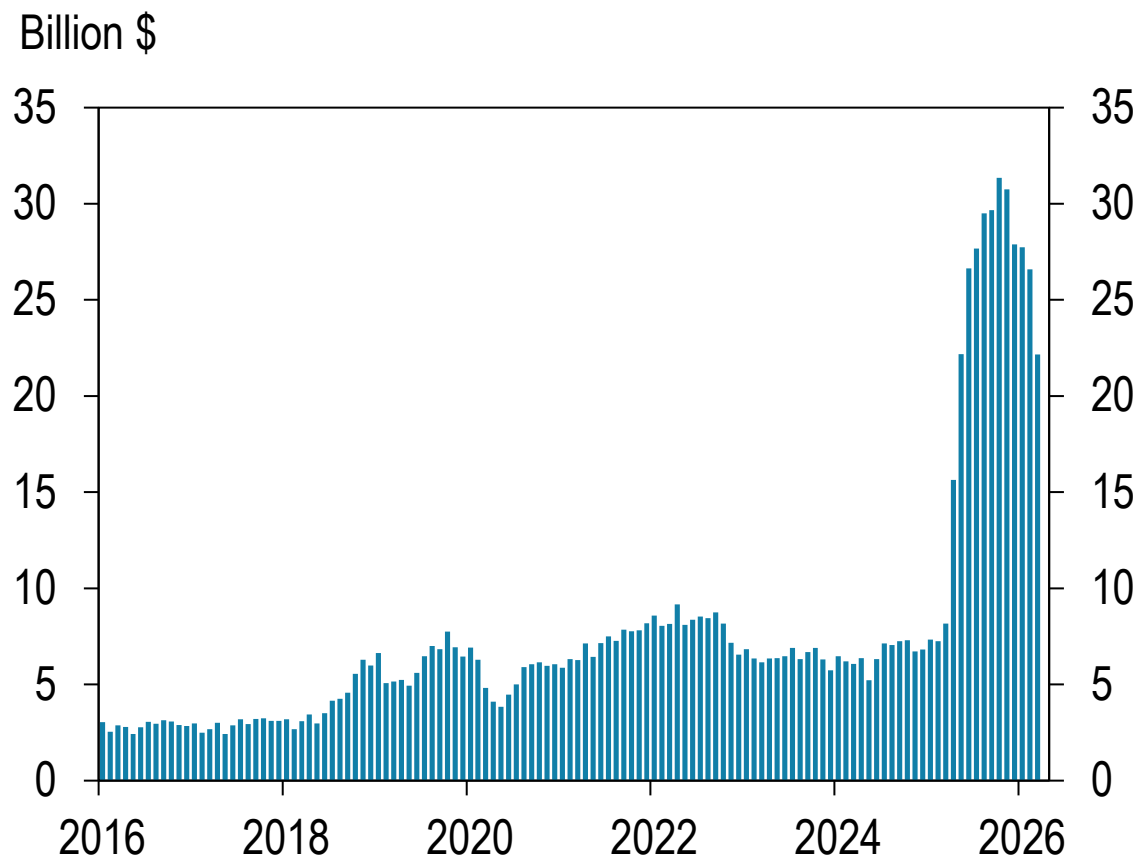
# CPI inflation accelerated to 3.8% in April, as energy prices increased and progress on services and shelter inflation stalled



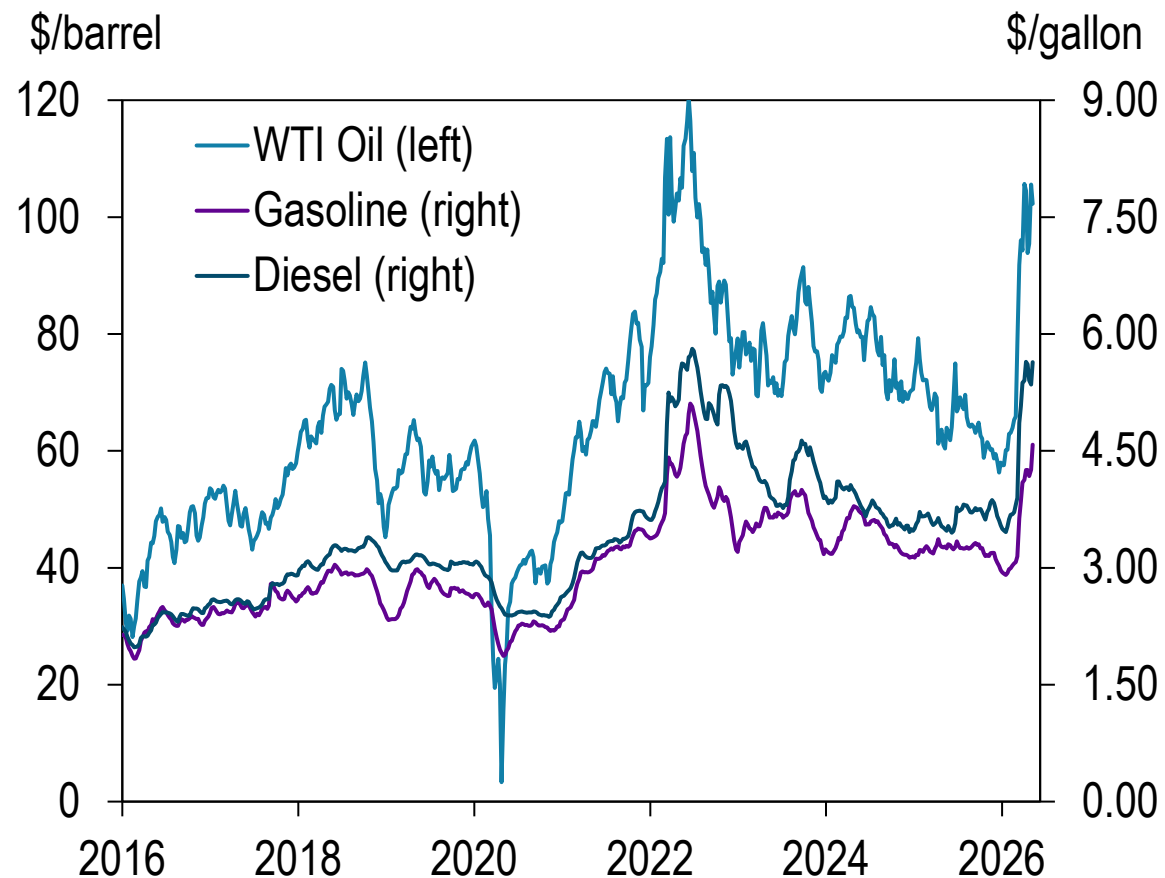
\*Goods excluding Food; Services excluding Energy.  
Note: Relative Importance as Share of CPI shown in parenthesis.

# Customs taxes collected and fuel prices are elevated, presenting upside risk to inflation

## U.S. Customs Taxes Collected

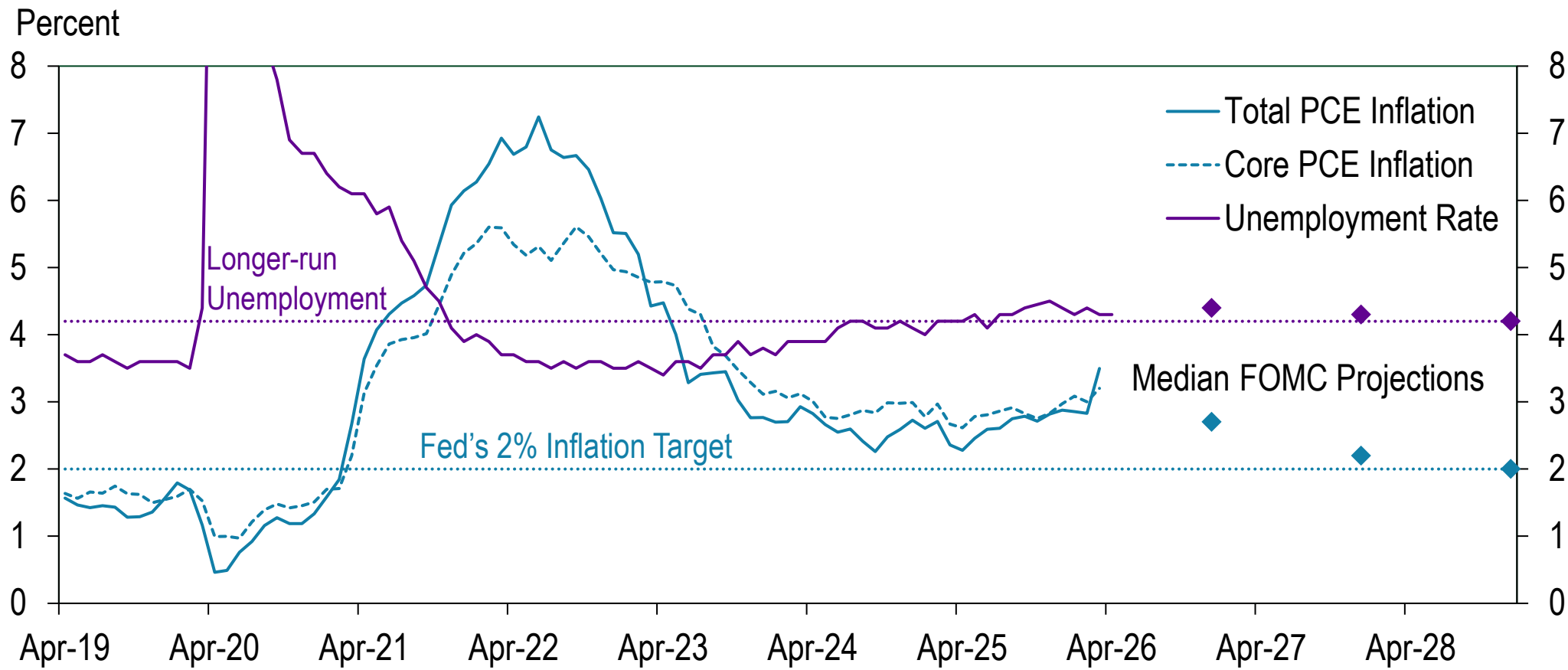


## U.S. Oil and Fuel Prices



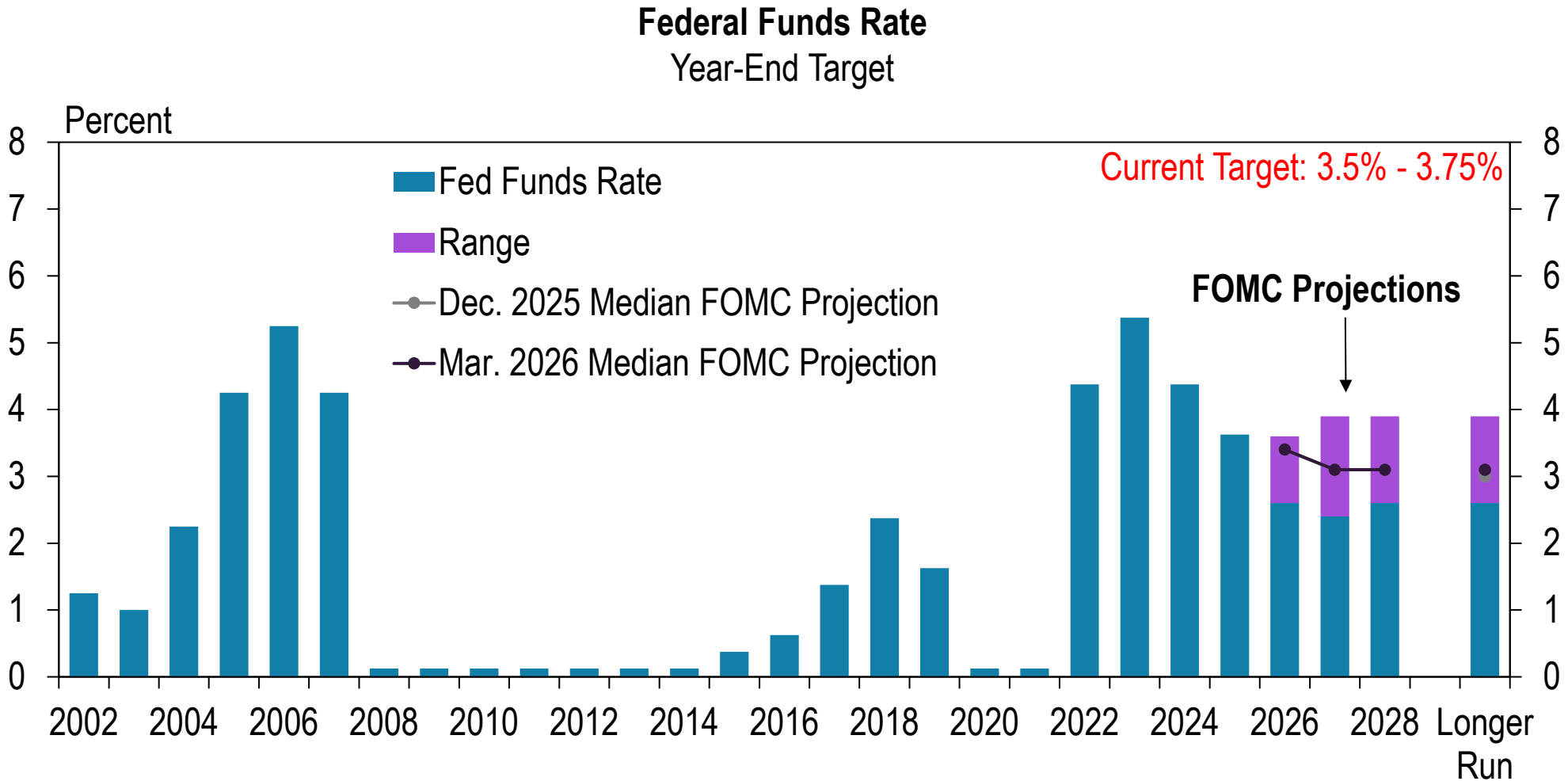
# Inflation and unemployment have come closer to the Fed's targets, but inflation has accelerated

## U.S. Inflation and Unemployment



Sources: BEA, BLS, FRB/Haver Analytics

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

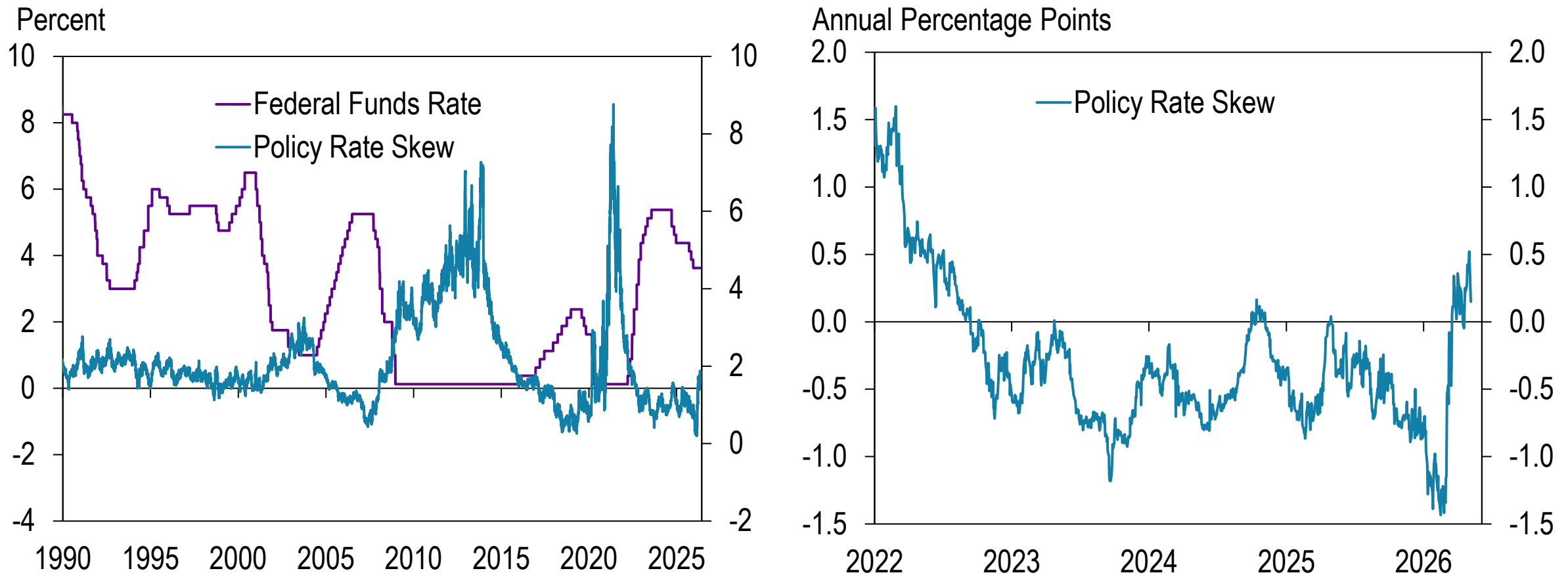


Note: Data and FOMC projections are for year-end.

Sources: Bureau of Economic Analysis, FOMC

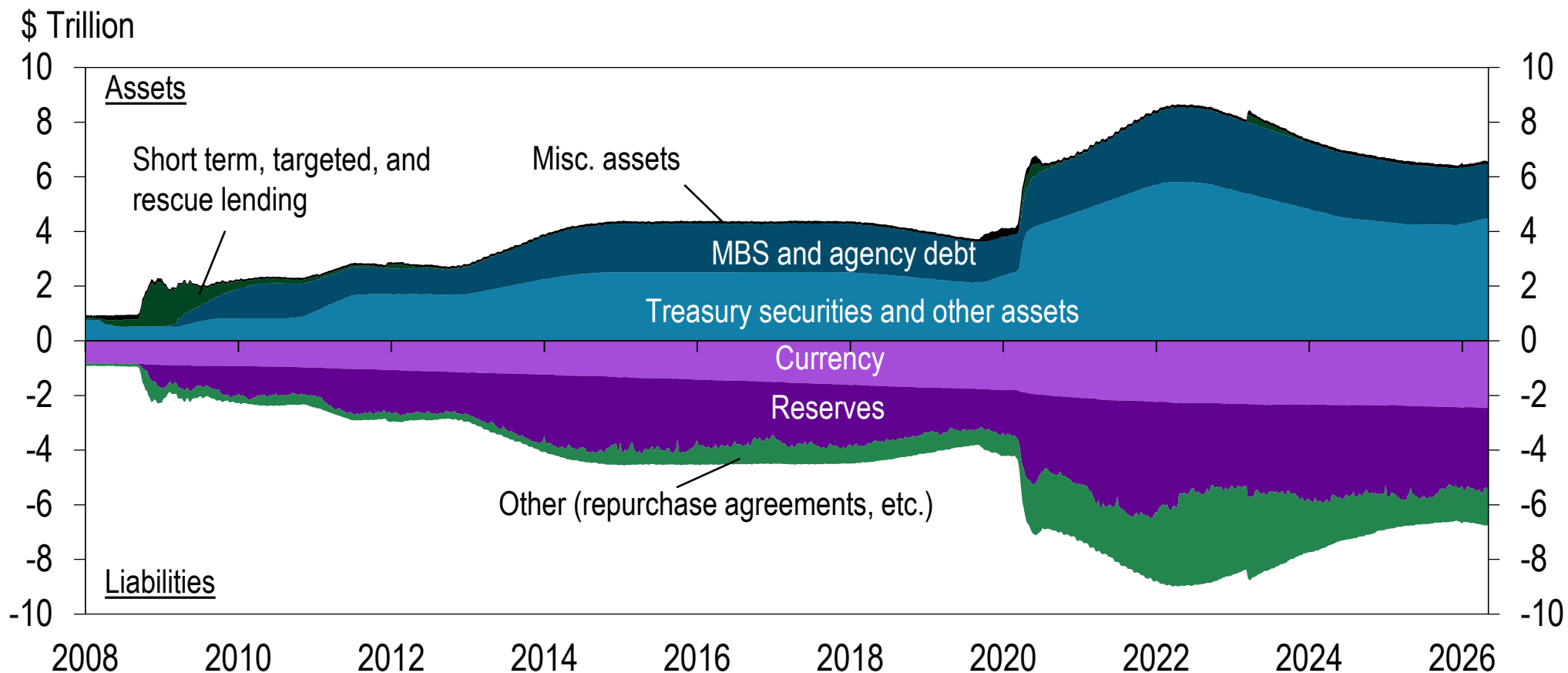
# The Kansas Fed's policy rate skew increased above zero following the Iran conflict, indicating markets see upside risk for interest rates

## Kansas City Fed Policy Rate Skew



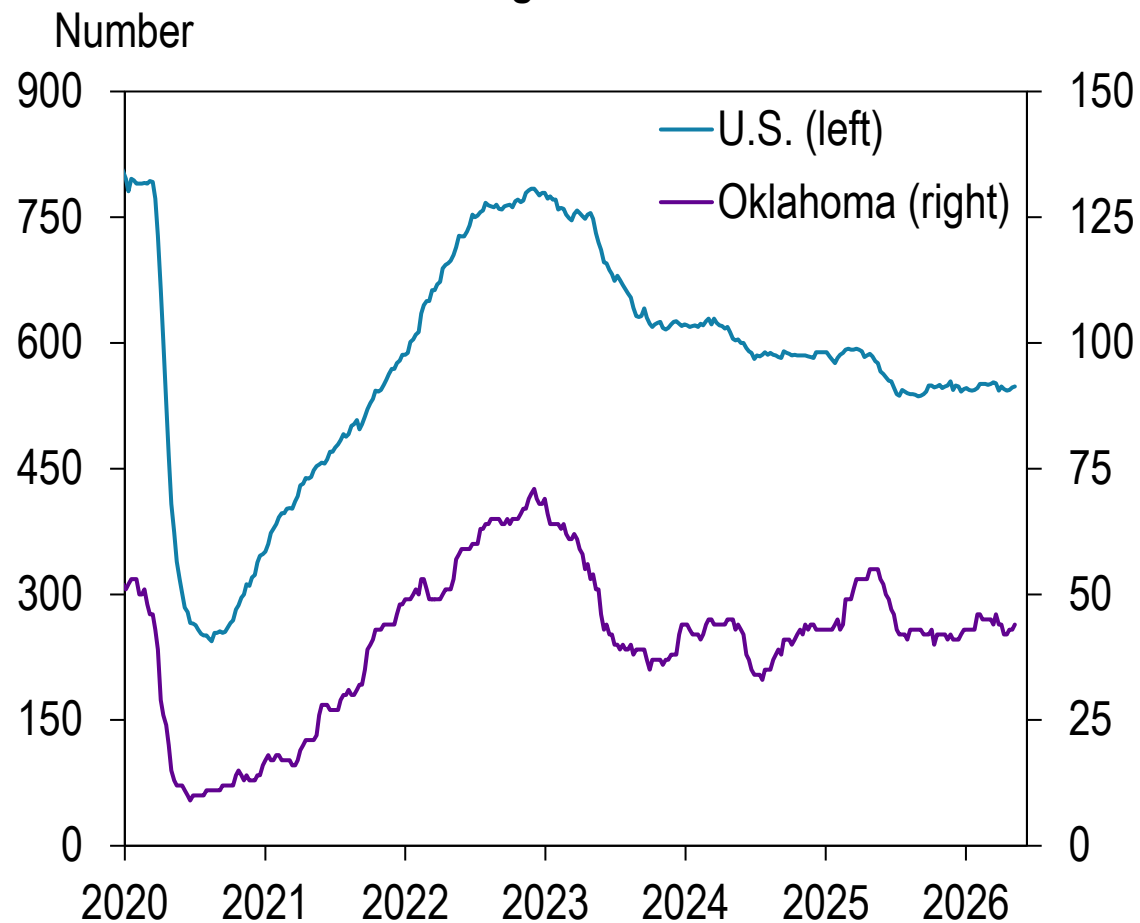
# The FOMC also started purchases of short-term Treasury securities to maintain an ample supply of bank reserves

## Federal Reserve Balance Sheet



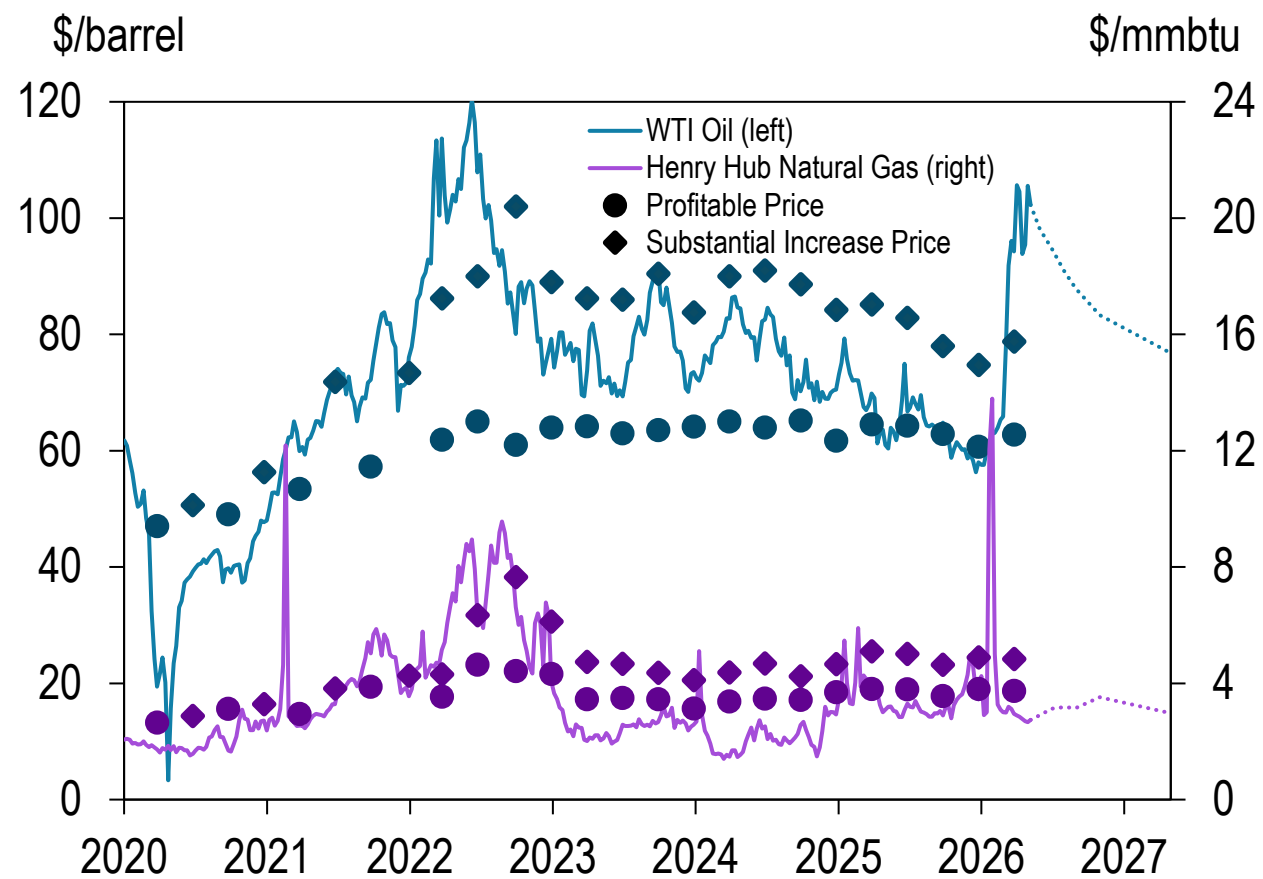
# Oil prices have surged since the Middle Eastern conflict, but are not yet expected to sustain levels supporting a substantial increase in drilling

## Rig Counts



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

## U.S. Energy Prices

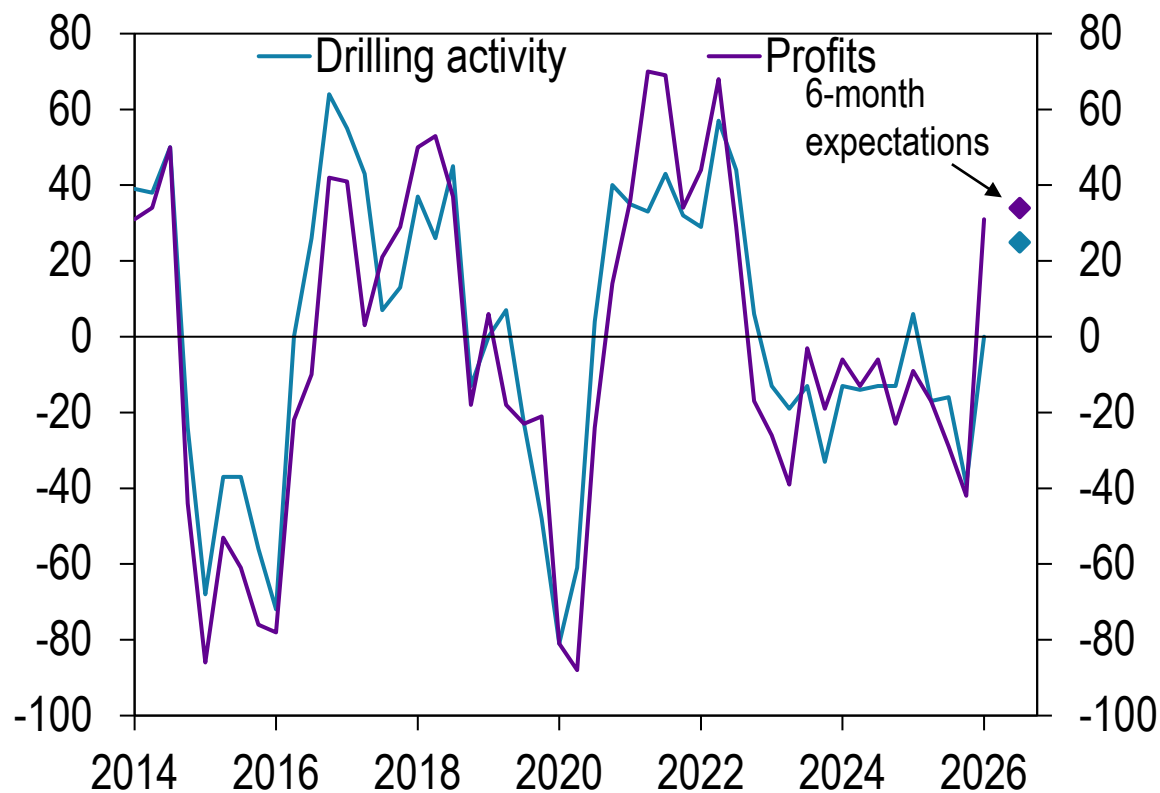


Note: Dotted lines show CME futures prices as of May 11.

# Most District oil and gas firms have yet to increase activity despite higher profits, as prices may not sustain levels need to increase drilling for all firms

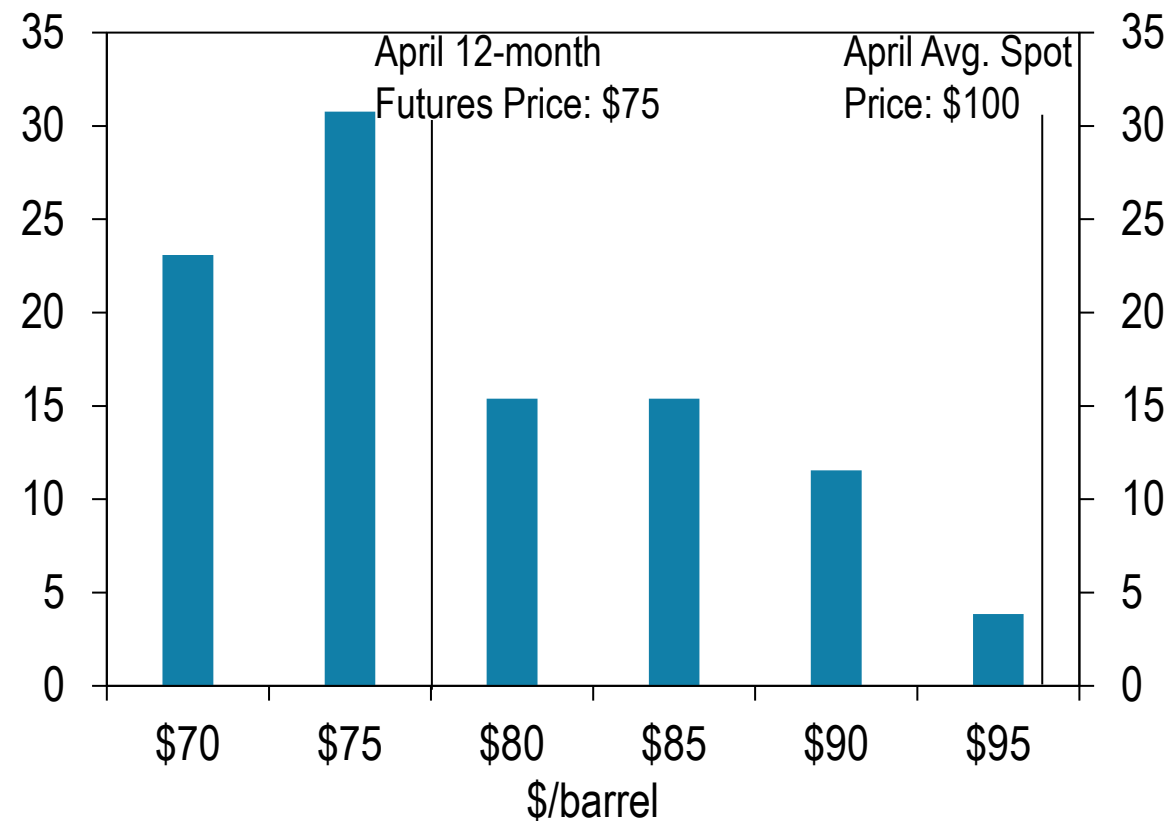
## Kansas City Fed Energy Survey Indicators

quarter/quarter diffusion index



## WTI Oil Price Needed for a Substantial Increase in Drilling, March 2026

Percent of firms

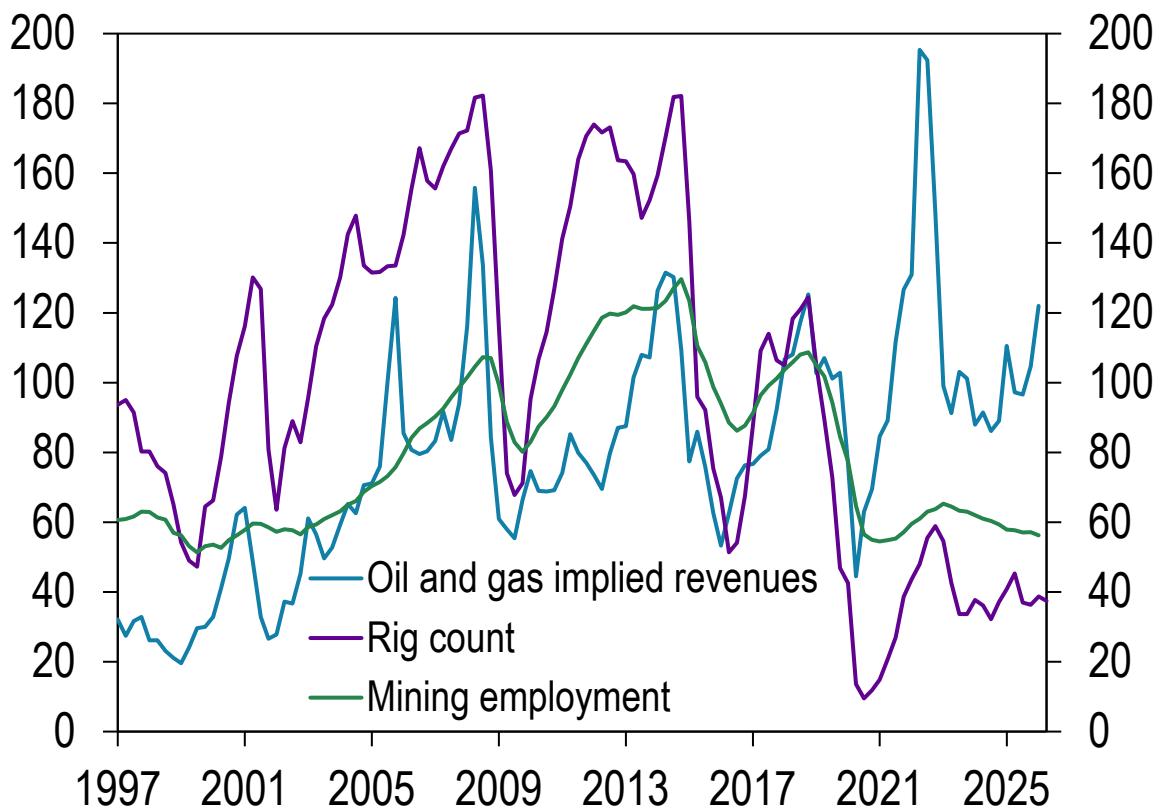


Source: FRBKC Surveys, EIA, CME/Haver Analytics

# The broader economic impact of the oil prices shock may be limited by lower greater drilling productivity, industry capital discipline, and higher gasoline prices

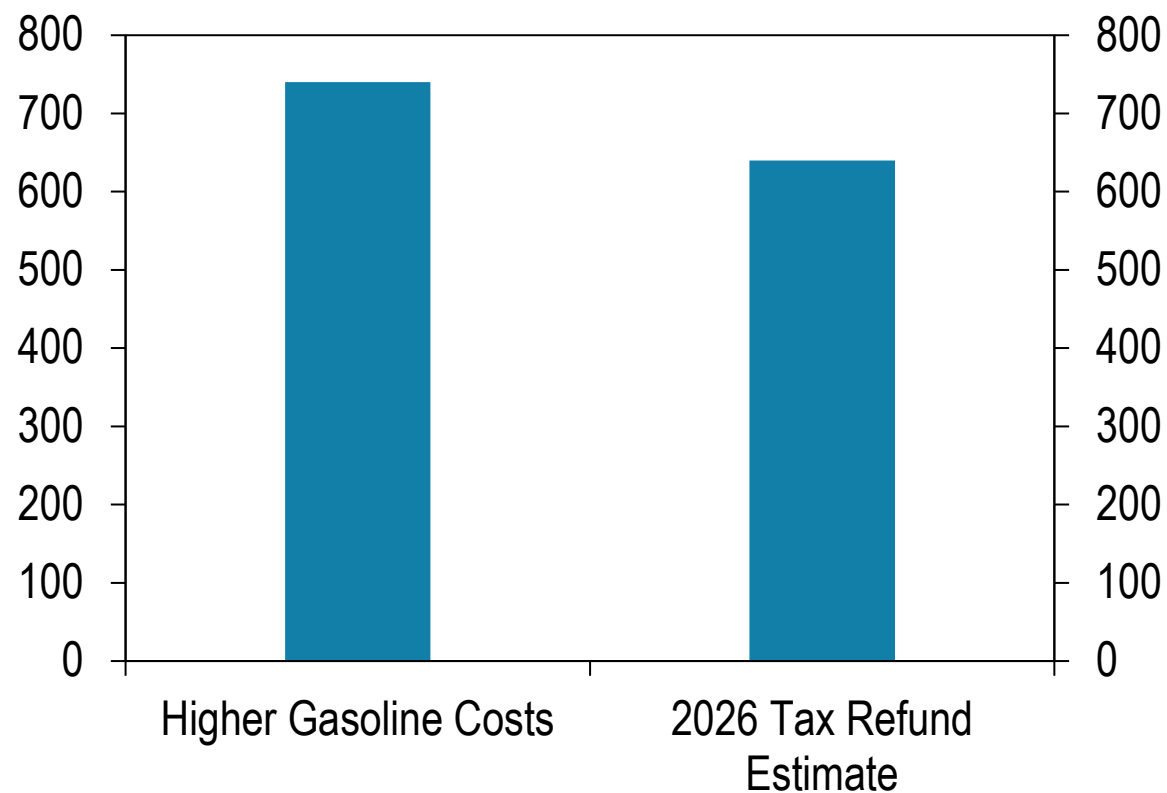
### Oklahoma Energy Indicators

Index, 2017-19 Avg. = 100



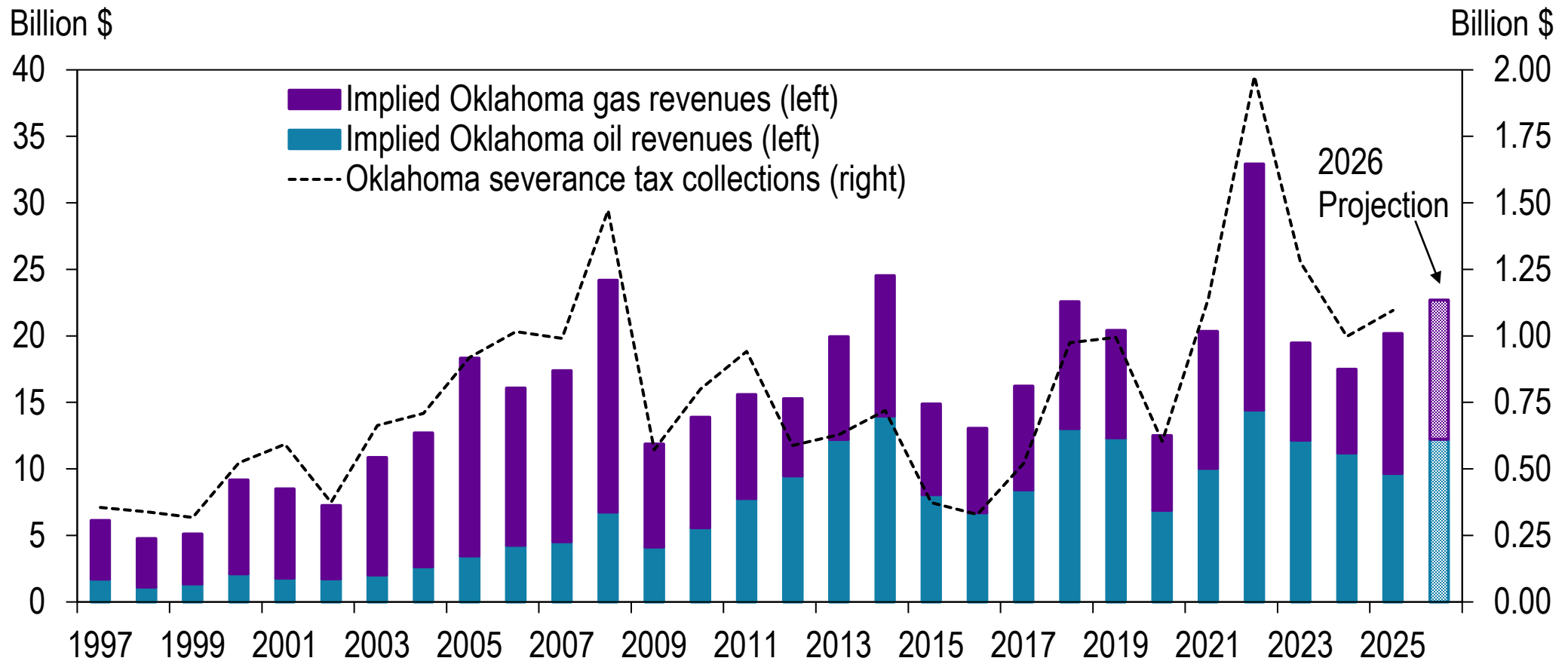
### U.S. Annualized Increases in Gasoline Costs and Tax Refund Estimates

Dollars



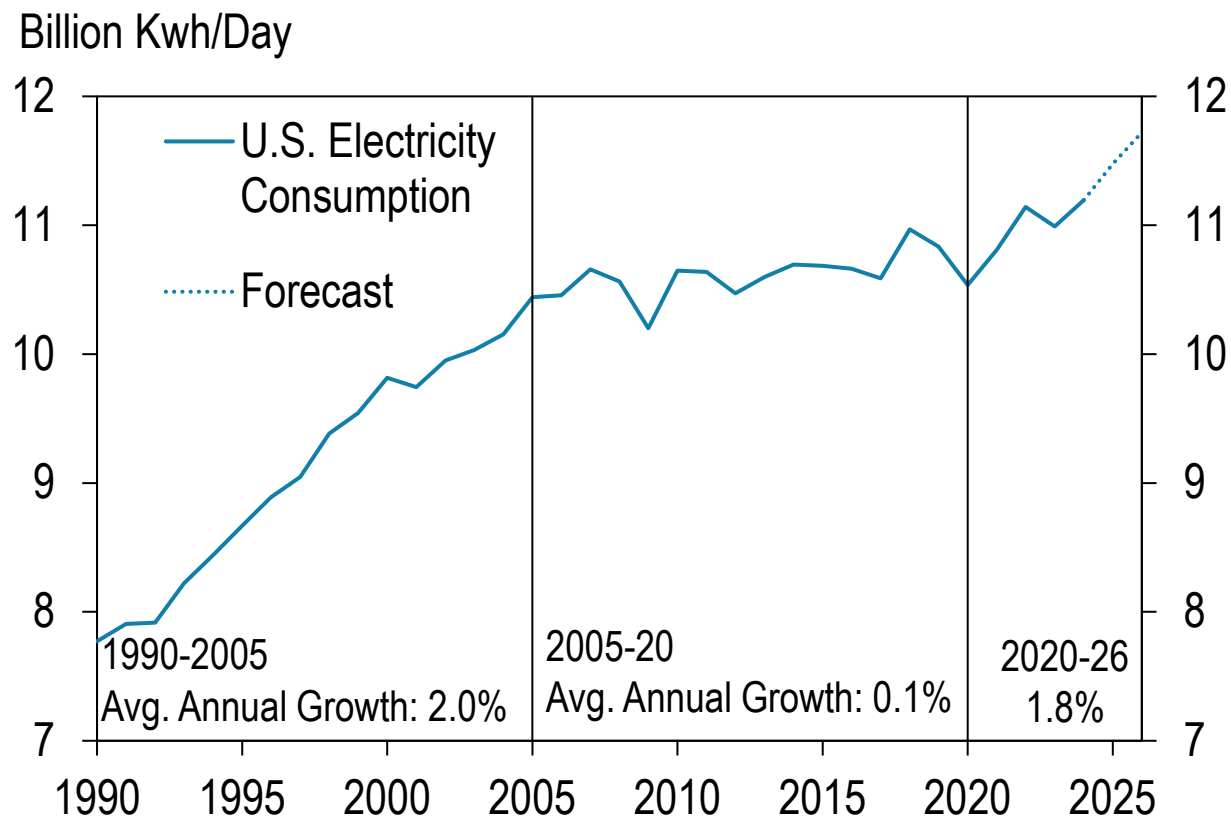
# Natural gas prices likely need to be higher to support a substantial increase in Oklahoma severance tax revenues

Oklahoma Oil & Gas Revenues and Taxes

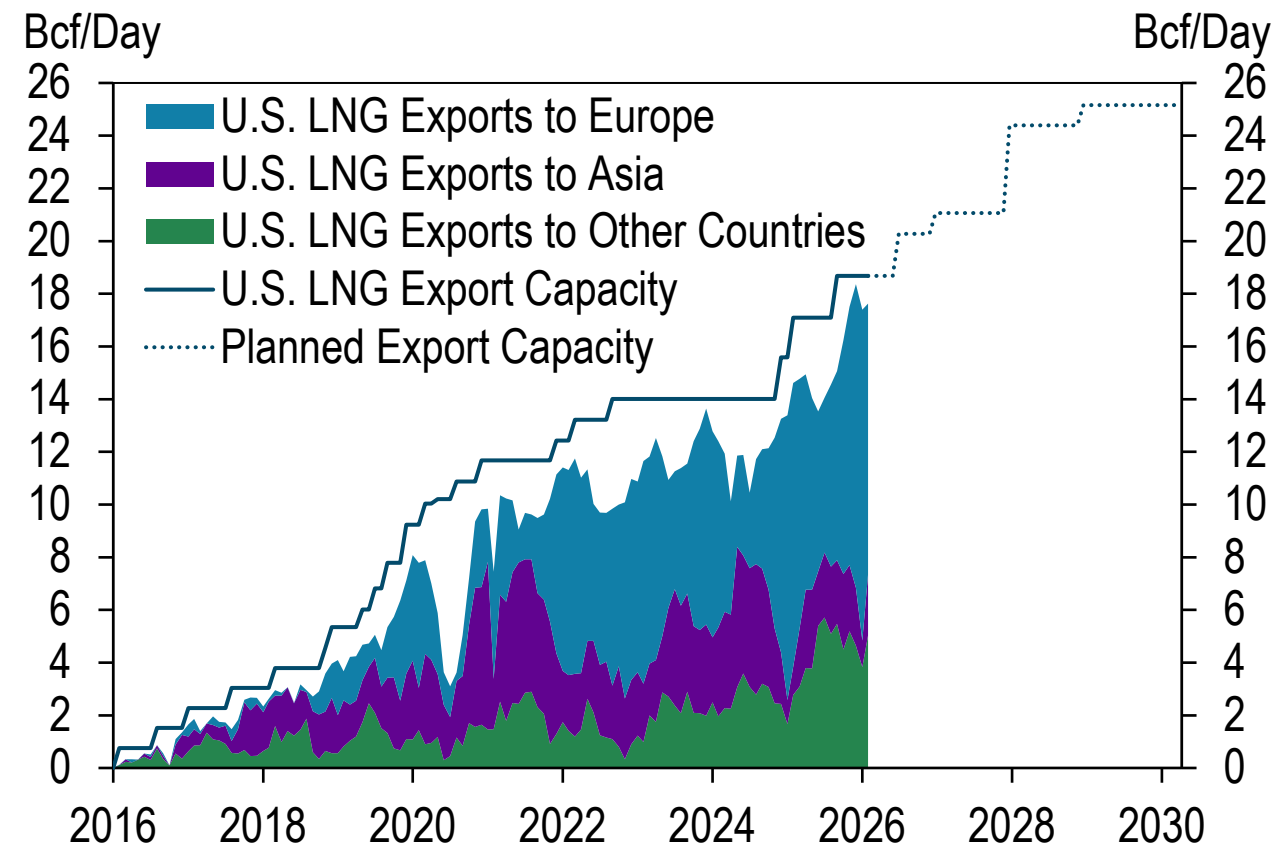


# U.S. natural gas can supply rising electricity demand domestically and abroad, boosting the long-run outlook for prices

## U.S. Electricity Consumption

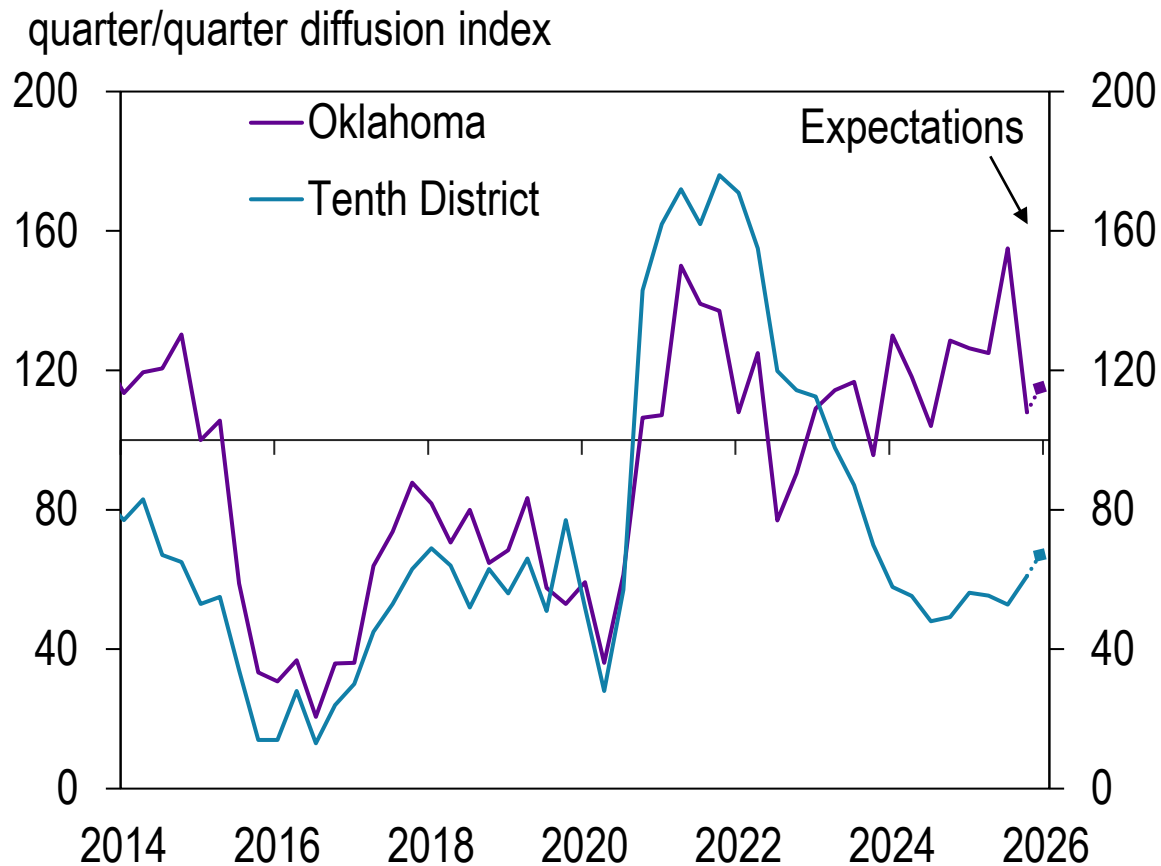


## U.S. Liquefied Natural Gas Exports

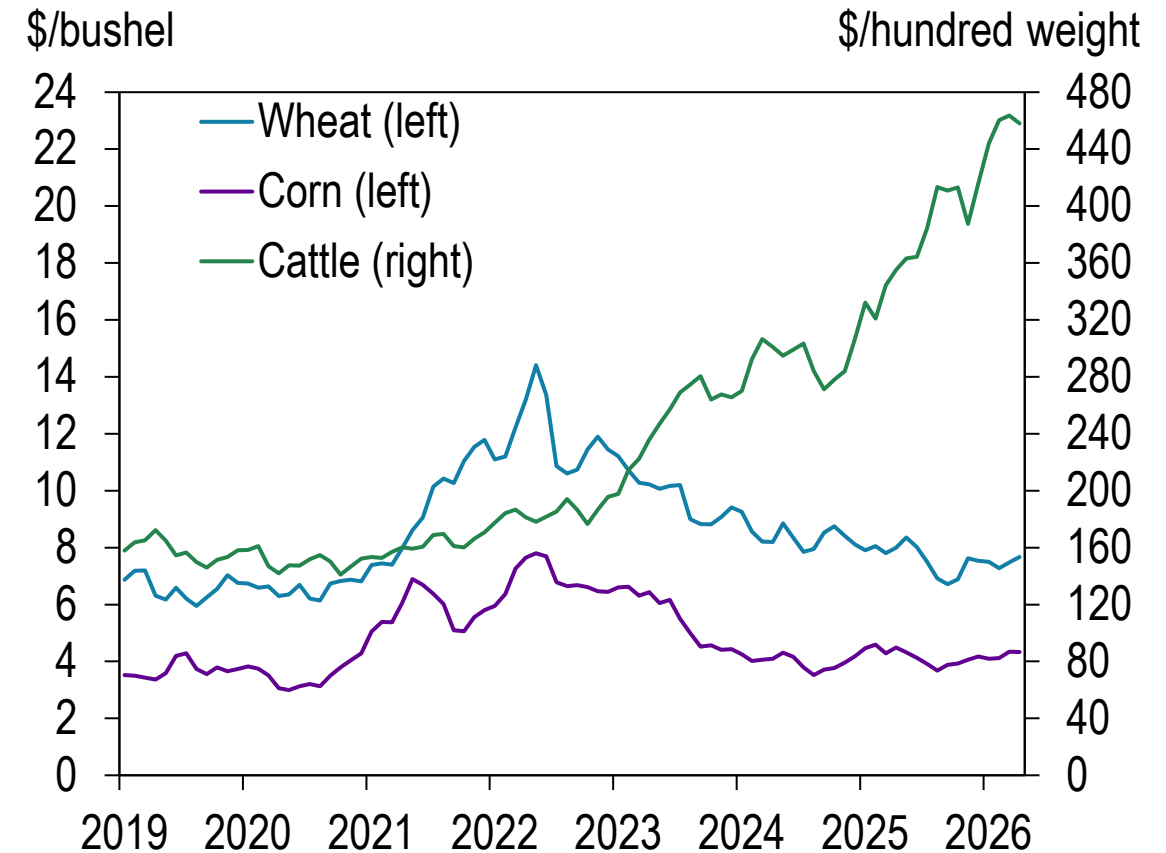


# Oklahoma farm income grew in Q4 while it declined in other District states, partially due to higher cattle prices

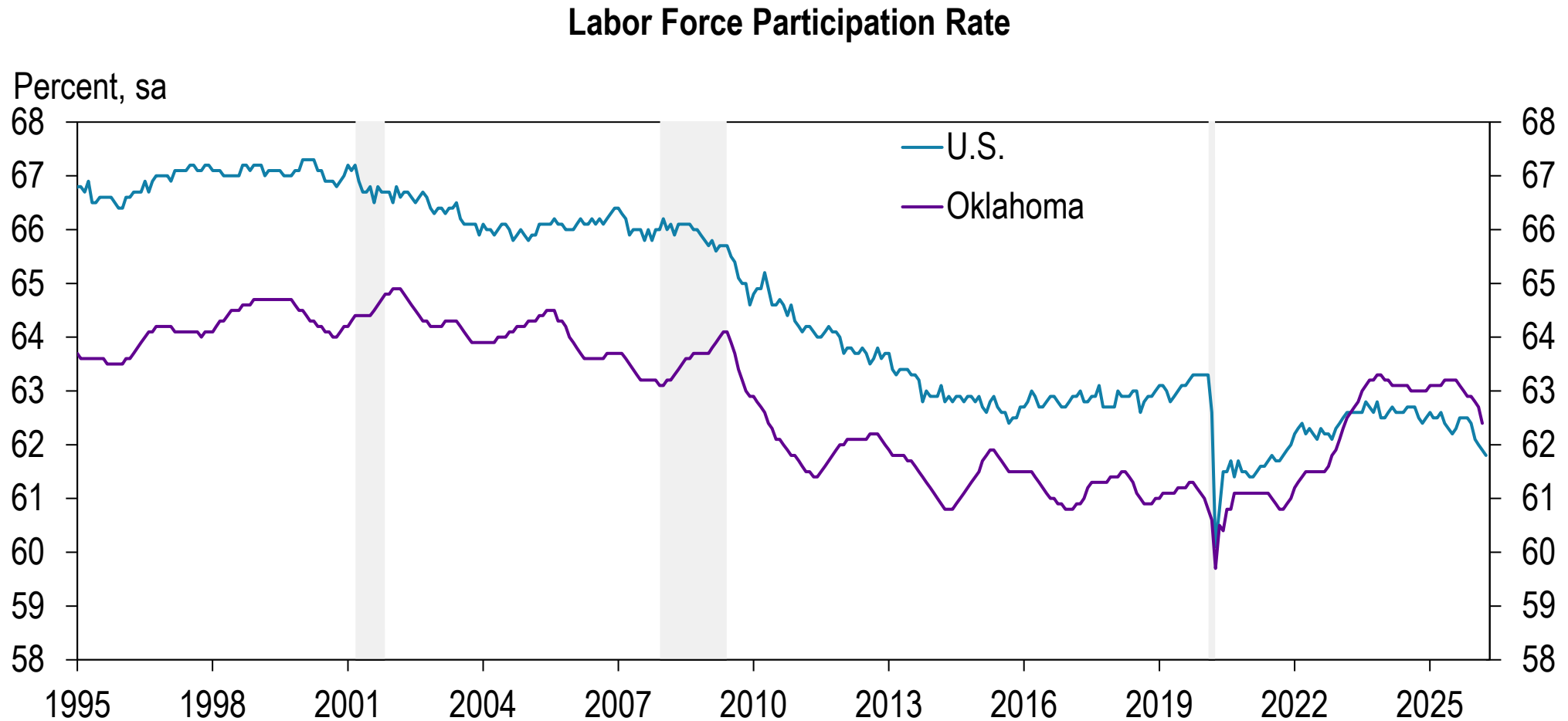
## Farm Income



## Agricultural Commodity Prices



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

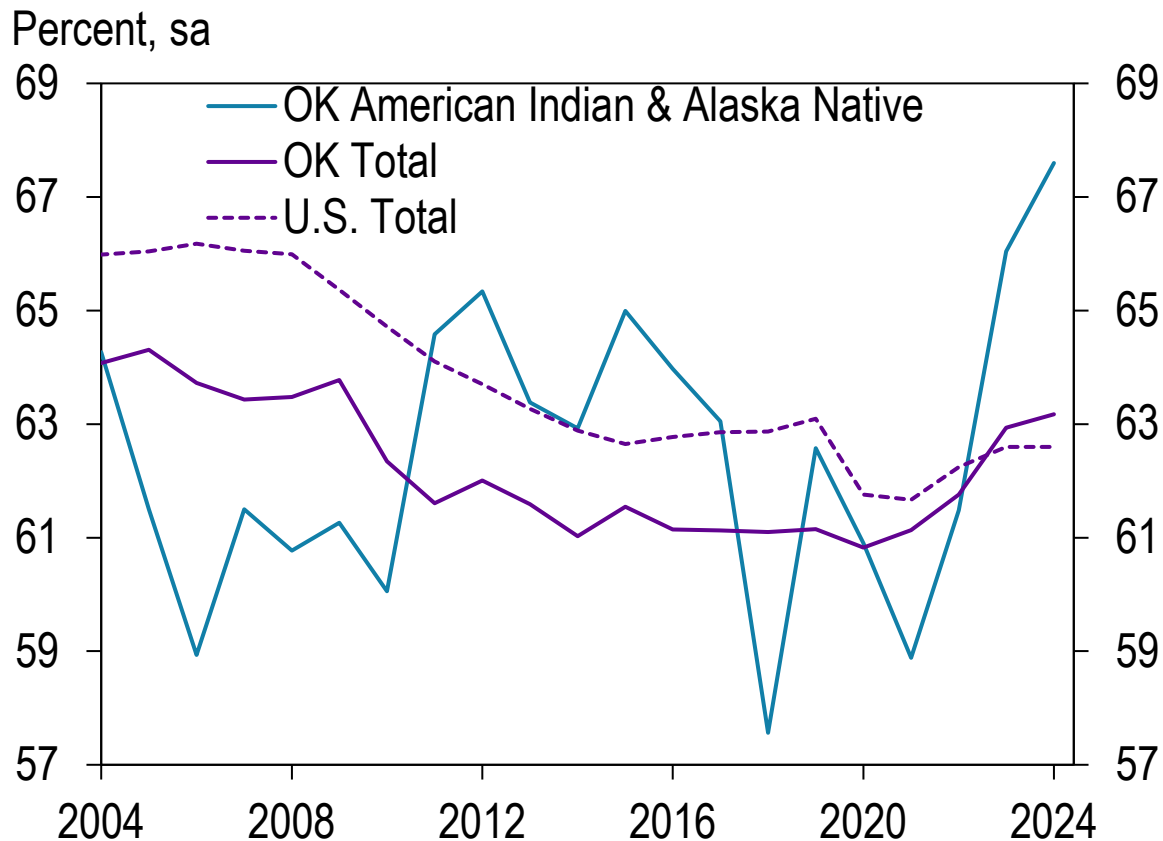


Note: Shading denotes NBER-defined recessions.

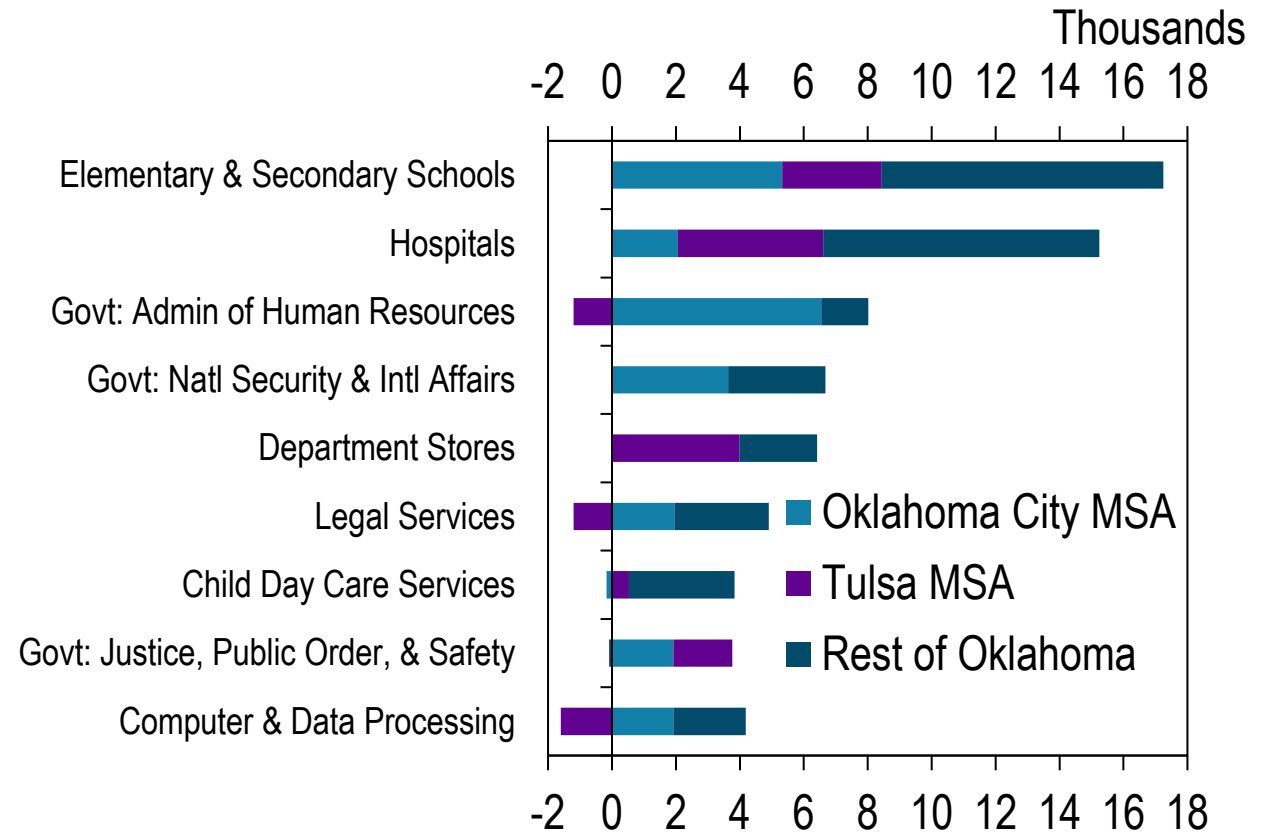
Sources: BLS, NBER/Haver Analytics

# 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



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

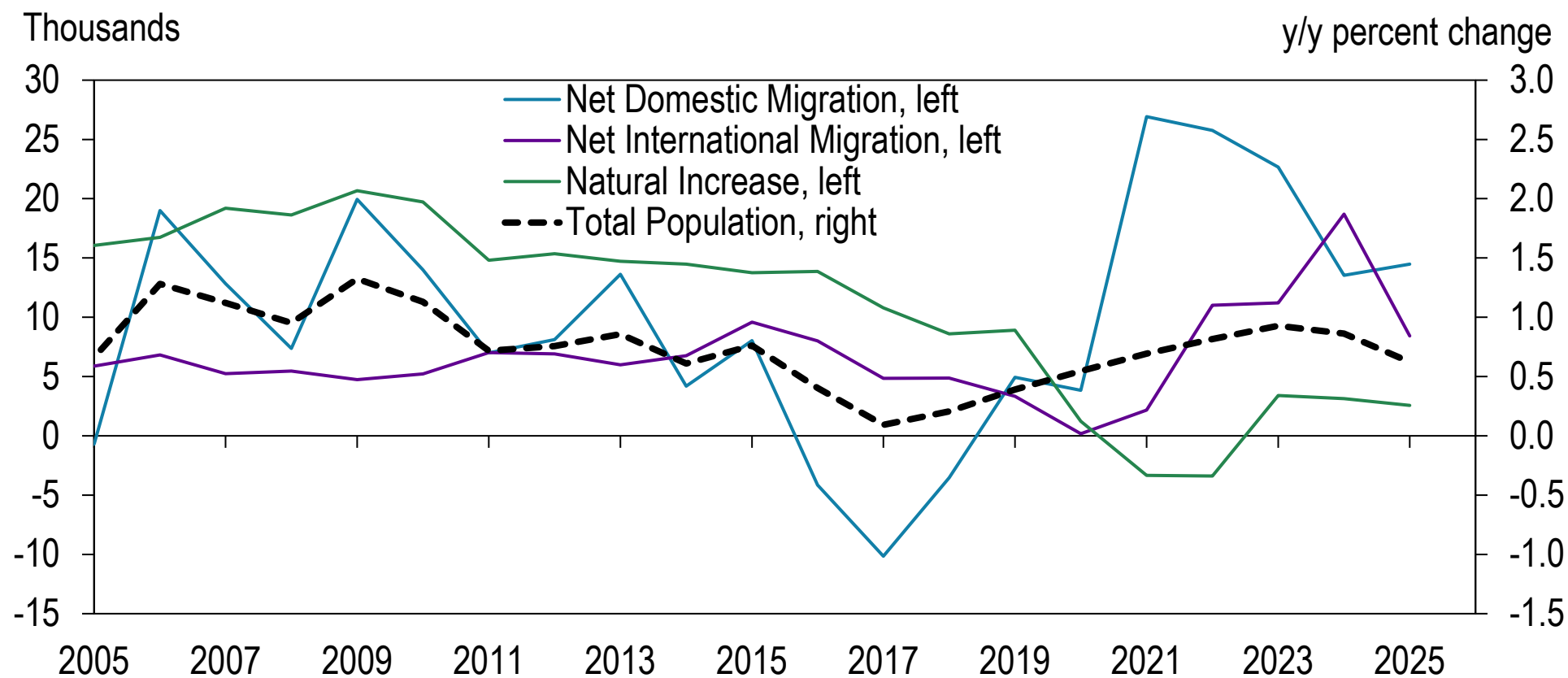


Note: 2024 rates are the average monthly rate for H1 2024 (January to June).

Sources: BLS, CPS, staff calculations

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

## Oklahoma Population Change by Component



# Thank you!

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