

# U.S. and Oklahoma Economic Outlook

American Petroleum Institute – Oklahoma City Chapter

May 14, 2026

**Cortney Cowley**

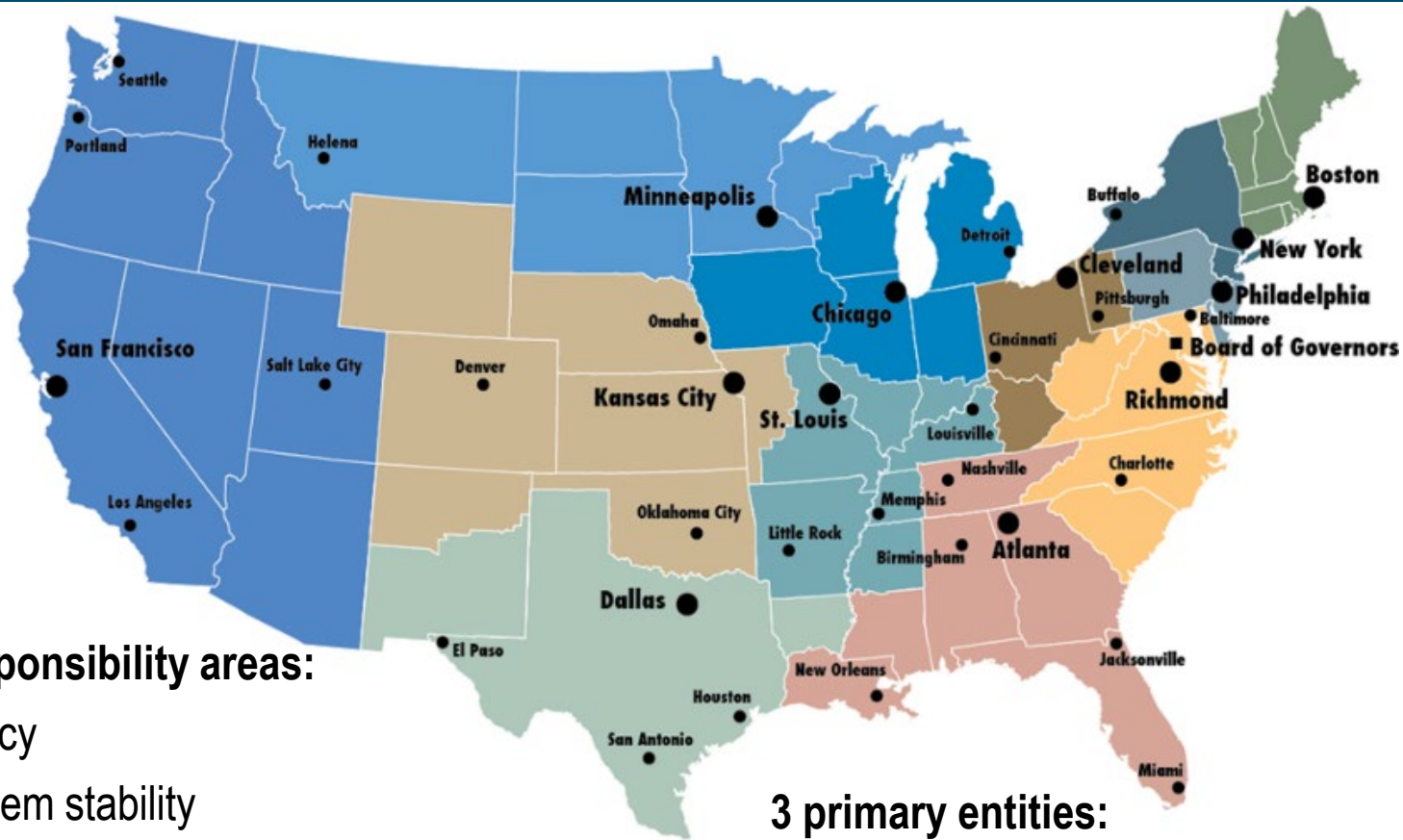
*AVP & Oklahoma City Branch Executive*

\*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](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

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U.S. economic growth remains solid but is concentrated in certain sectors and segments of the population.

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The labor market is balanced, but softening, as labor supply and demand fall together. Unemployment is up slightly but remains near long-term averages.

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Inflation has come closer to the Fed's target, but progress has stalled recently.

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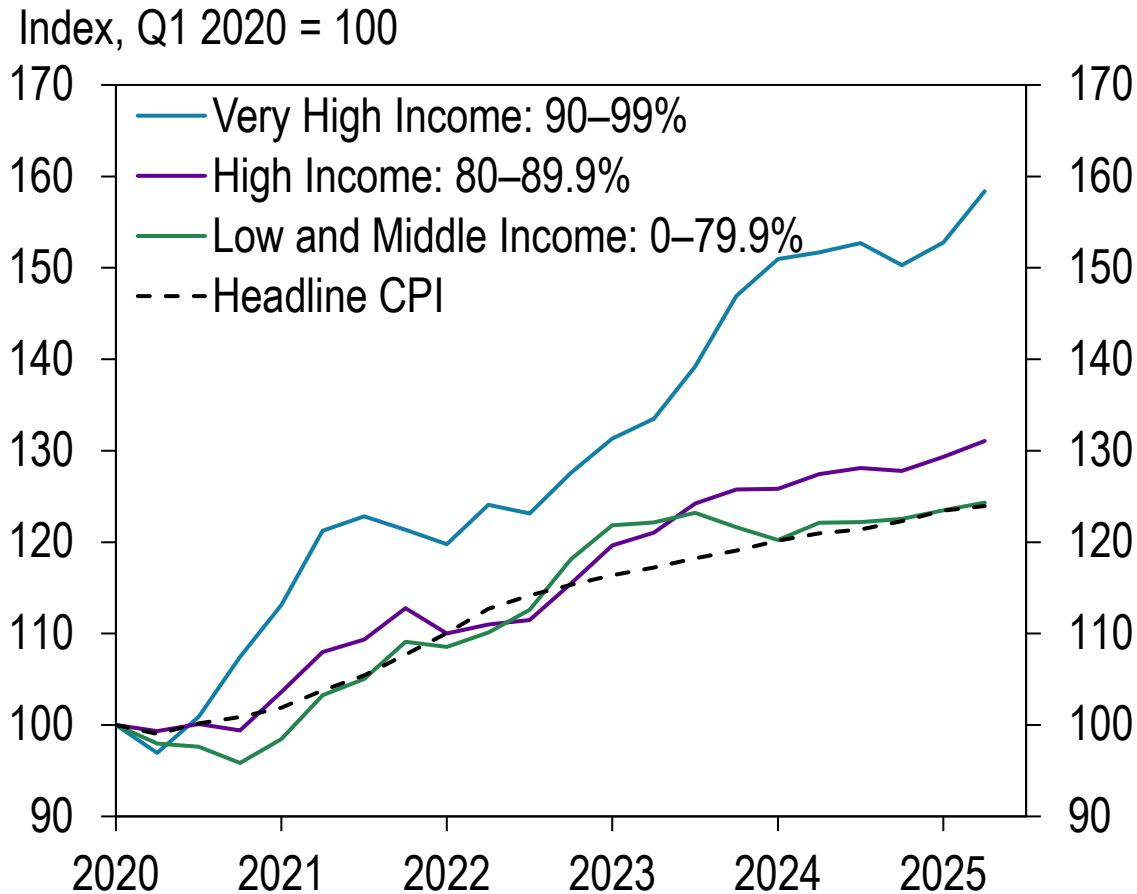
Oklahoma lost jobs in 2025, and unemployment has ticked up but remains low.

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

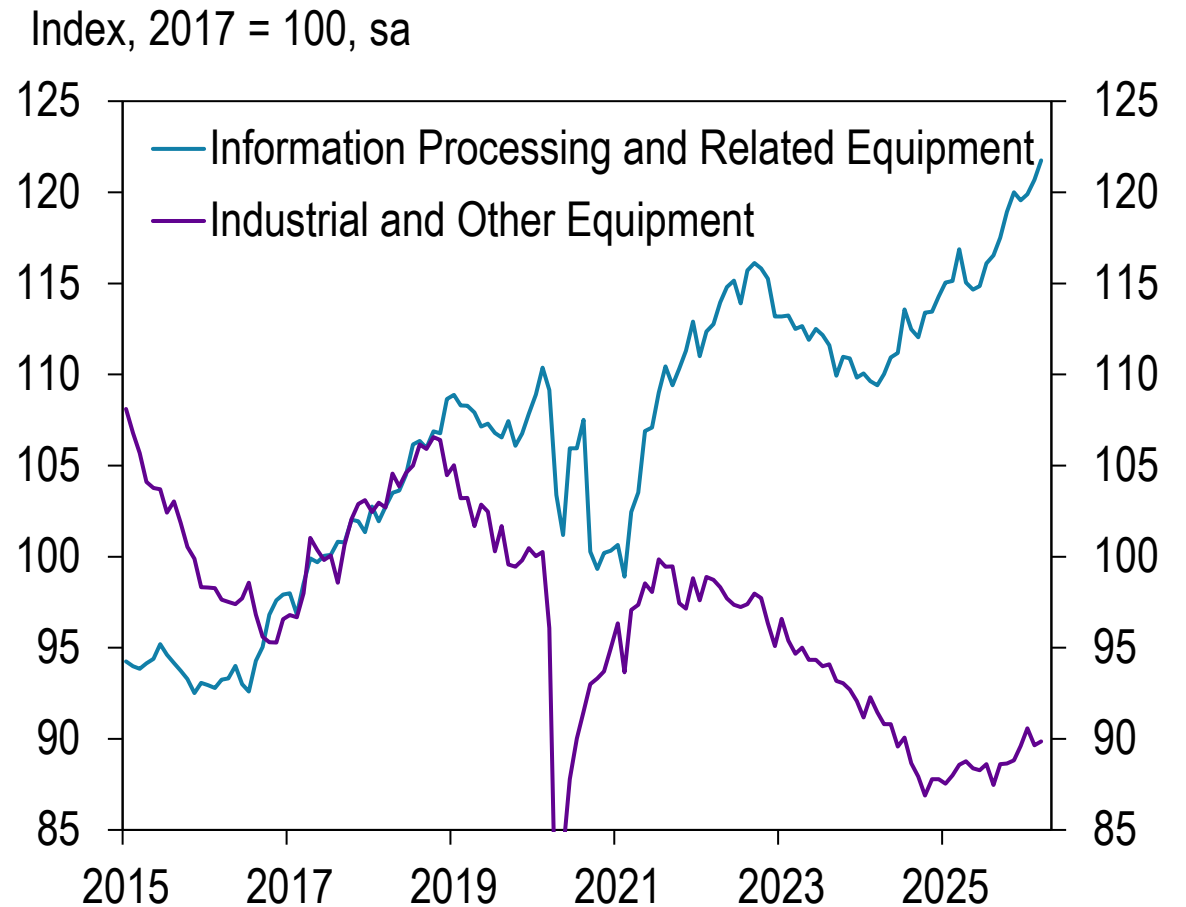


# Current economic growth is supported by consumer spending from high earners and investment in tech-related sectors

## U.S. Consumer Spending by Income

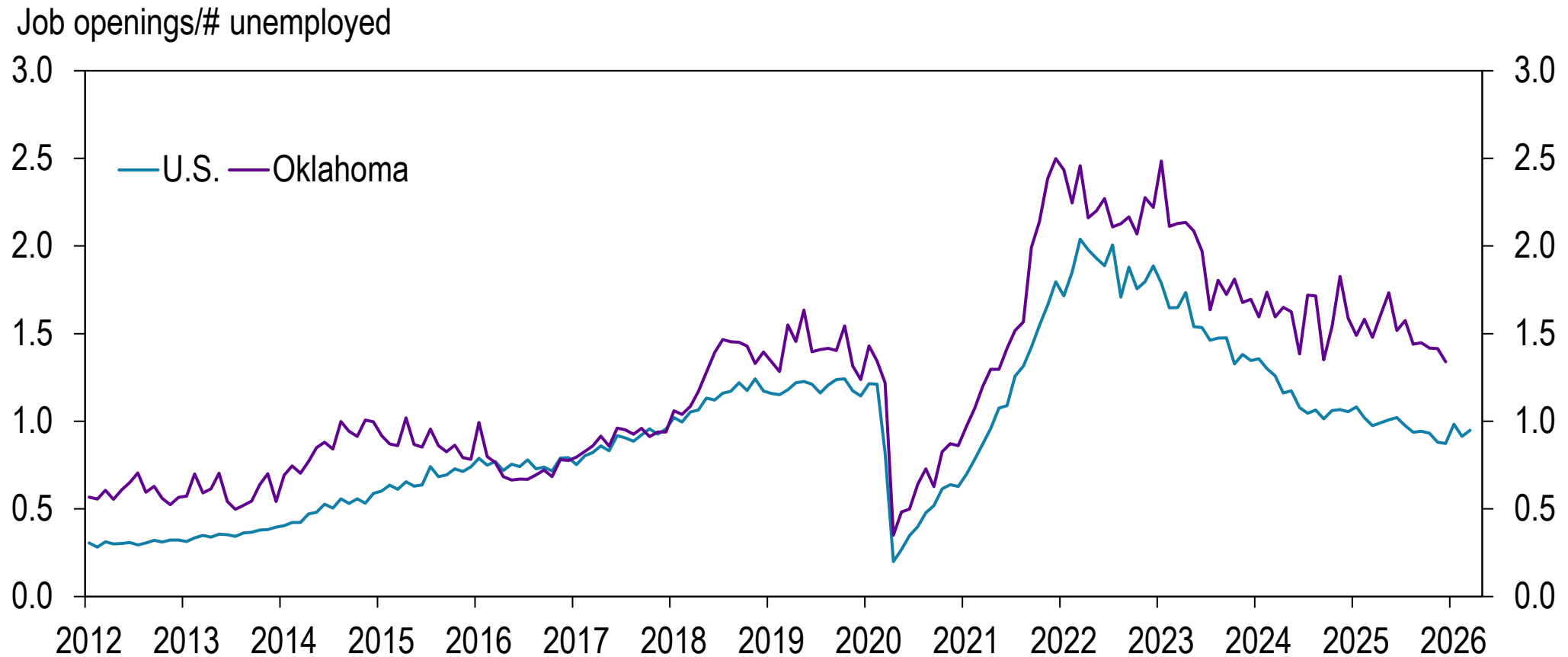


## U.S. Industrial Production

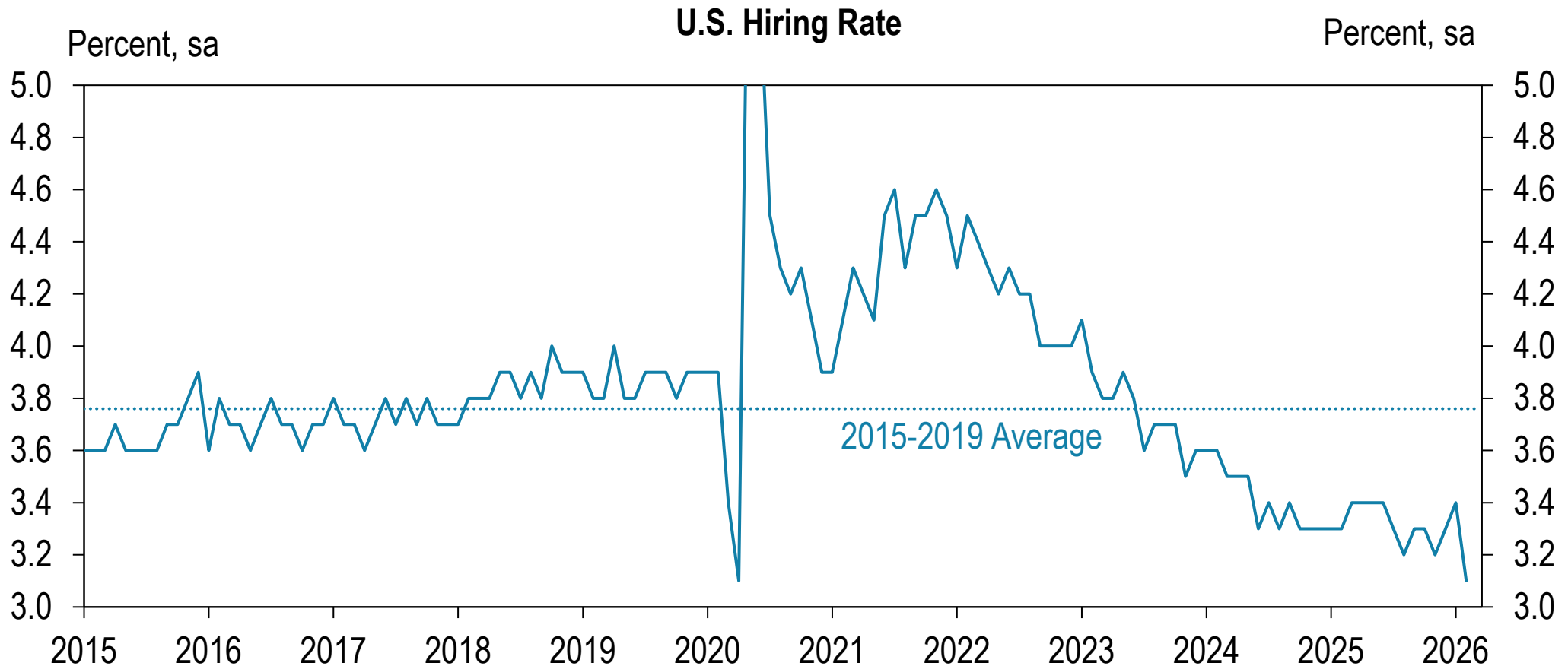


# Job openings still exceed unemployed workers in Oklahoma but have returned to near pre-pandemic levels

## Job Openings/Unemployment Ratio

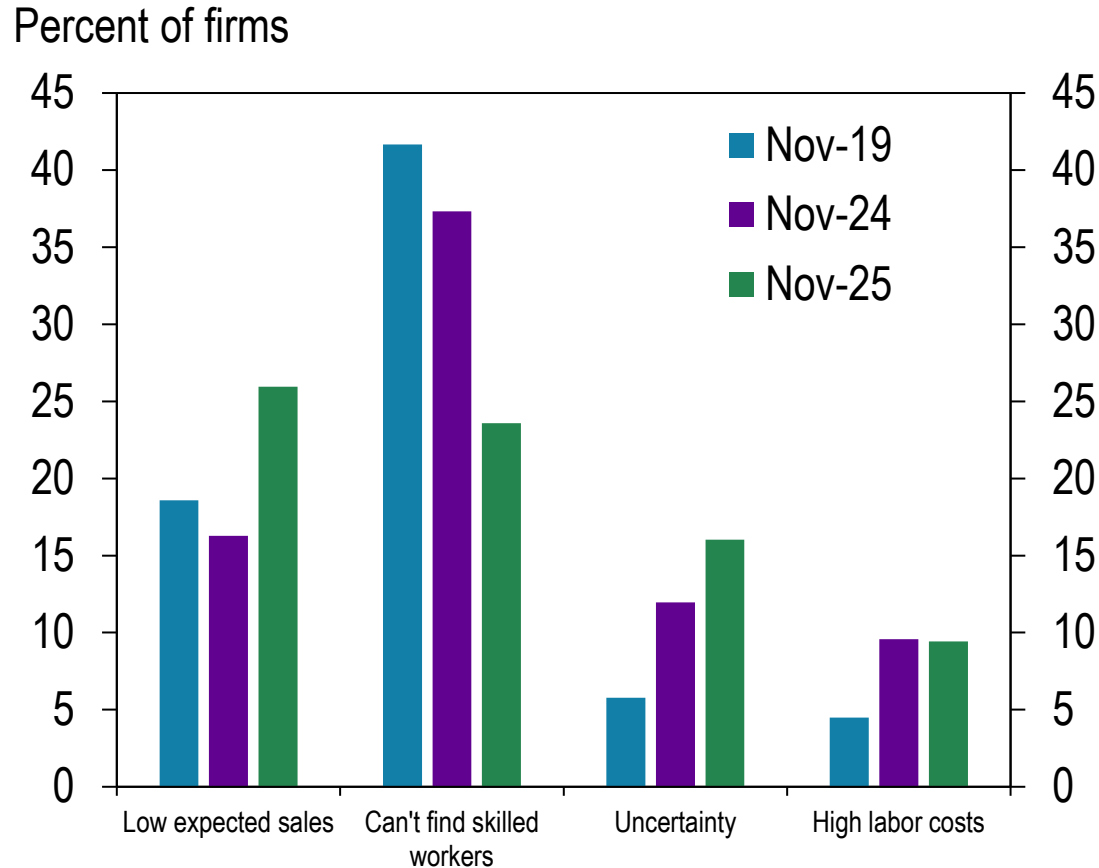


# Hiring in the United States has stayed steadily below pre-pandemic levels over the last year.

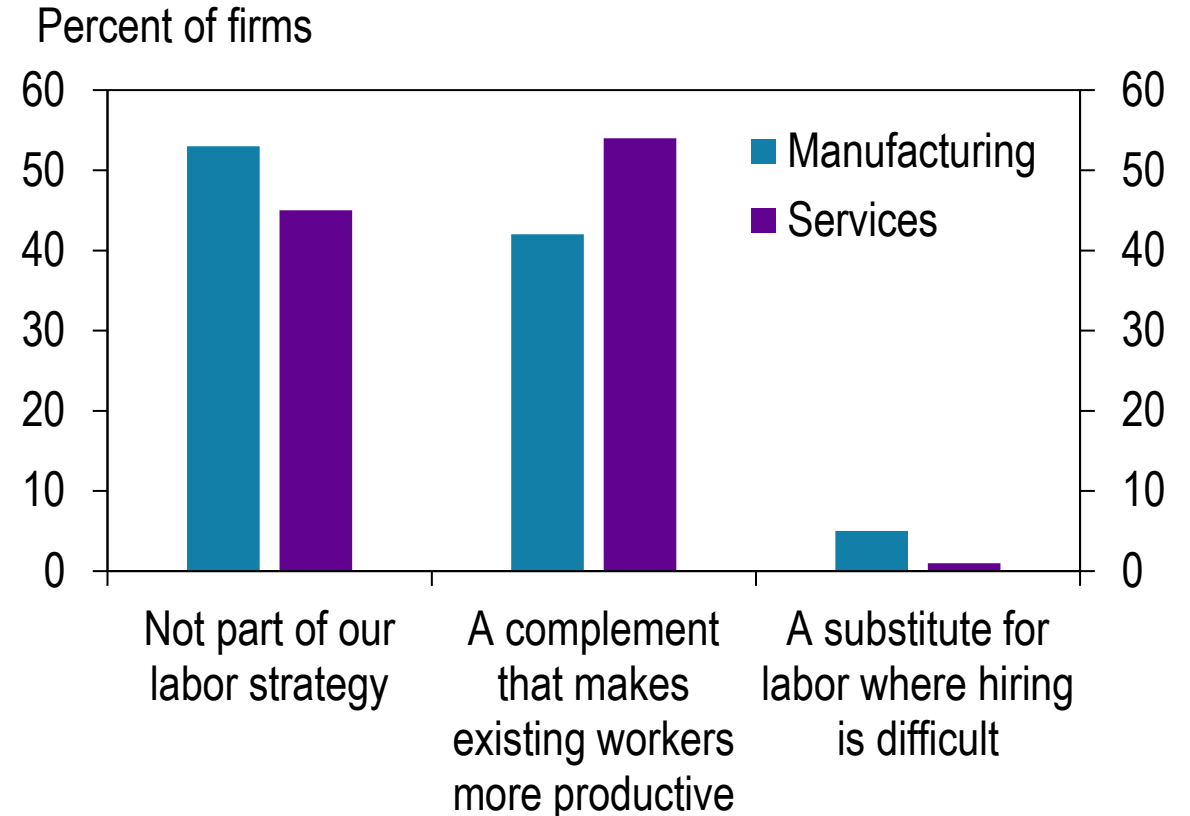


# Low expected demand and uncertainty have increased as the top factor restraining hiring, and firms do not cite AI as a replacement for labor

Tenth District Firms' Top Factors Restraining Hiring

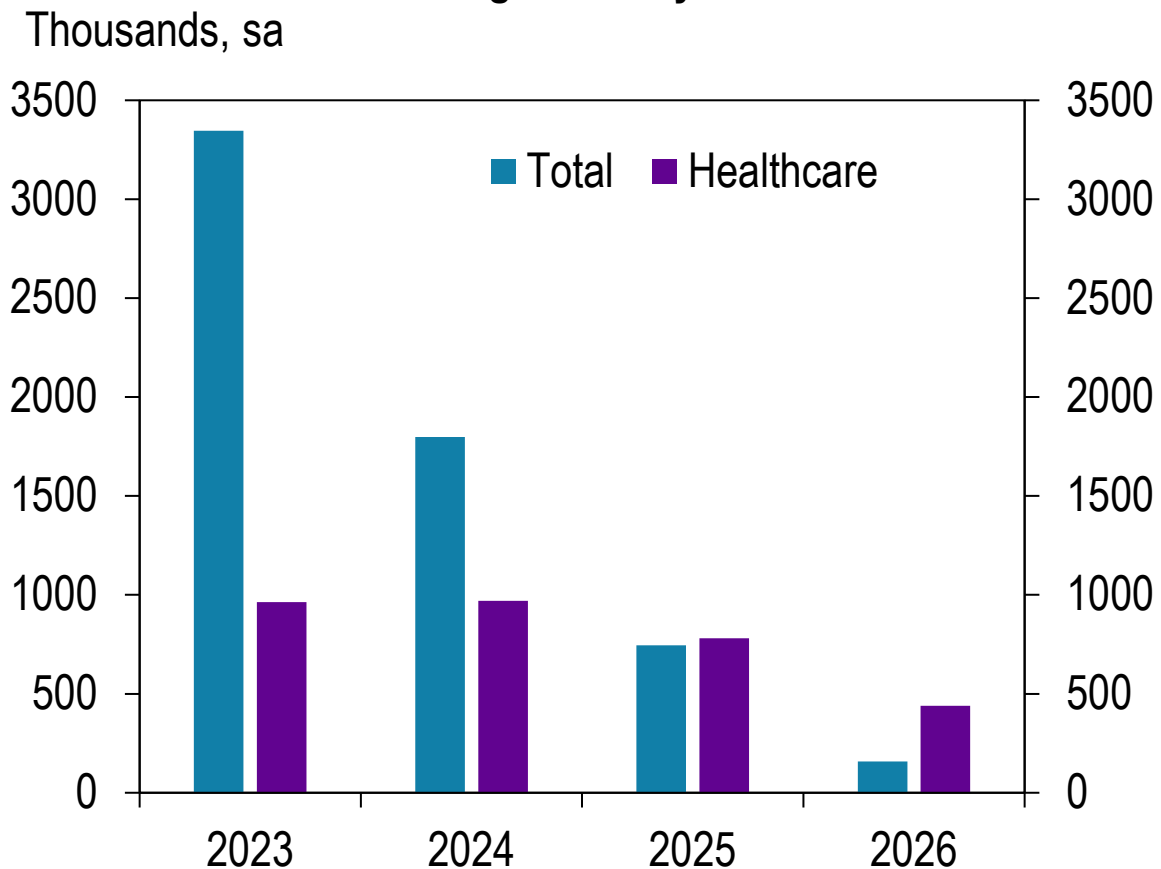


Jan. 2026: Which best describes how AI or technology fits into your firm's labor strategy?

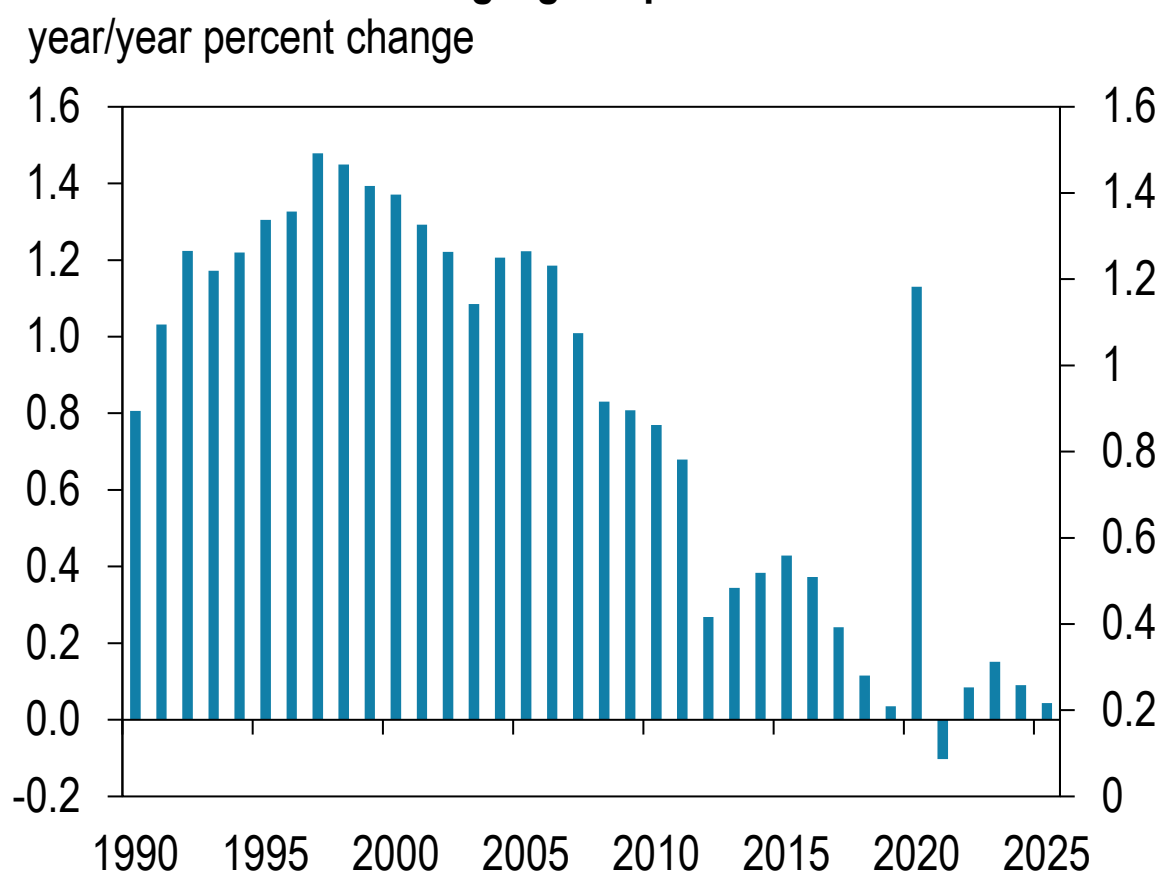


# U.S. job gains have slowed in recent months and are largely concentrated in healthcare, partially due to reduced labor supply

### U.S. Average Monthly Job Gains



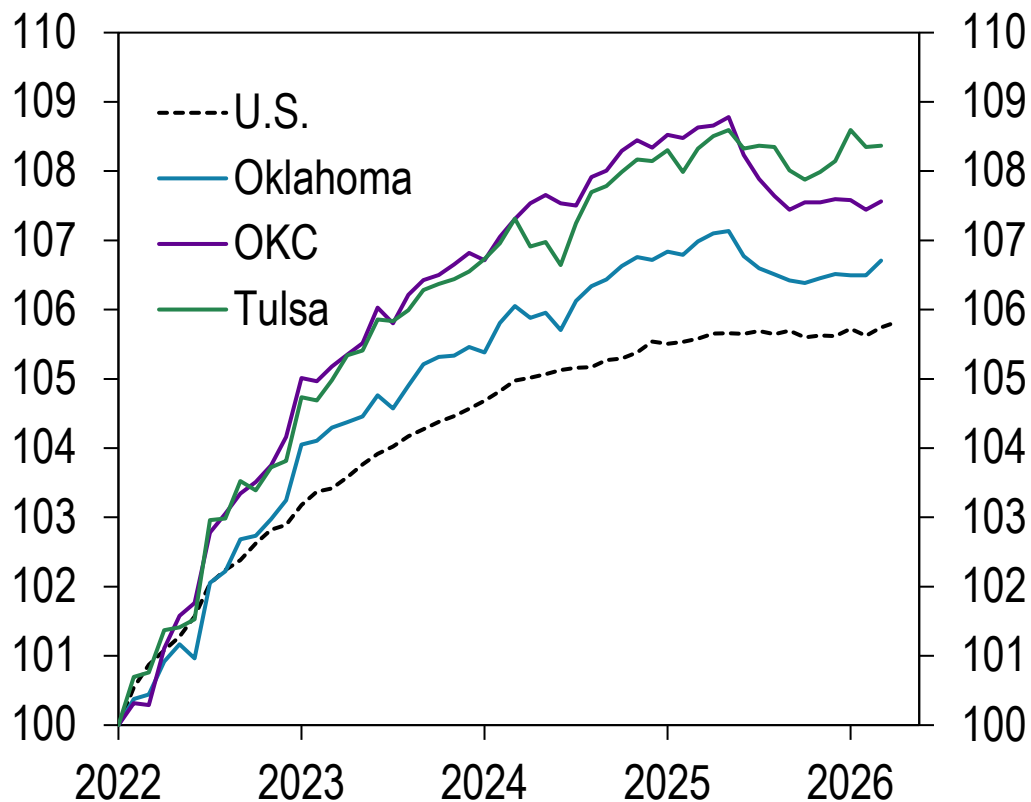
### U.S. Working-Age Population Growth



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

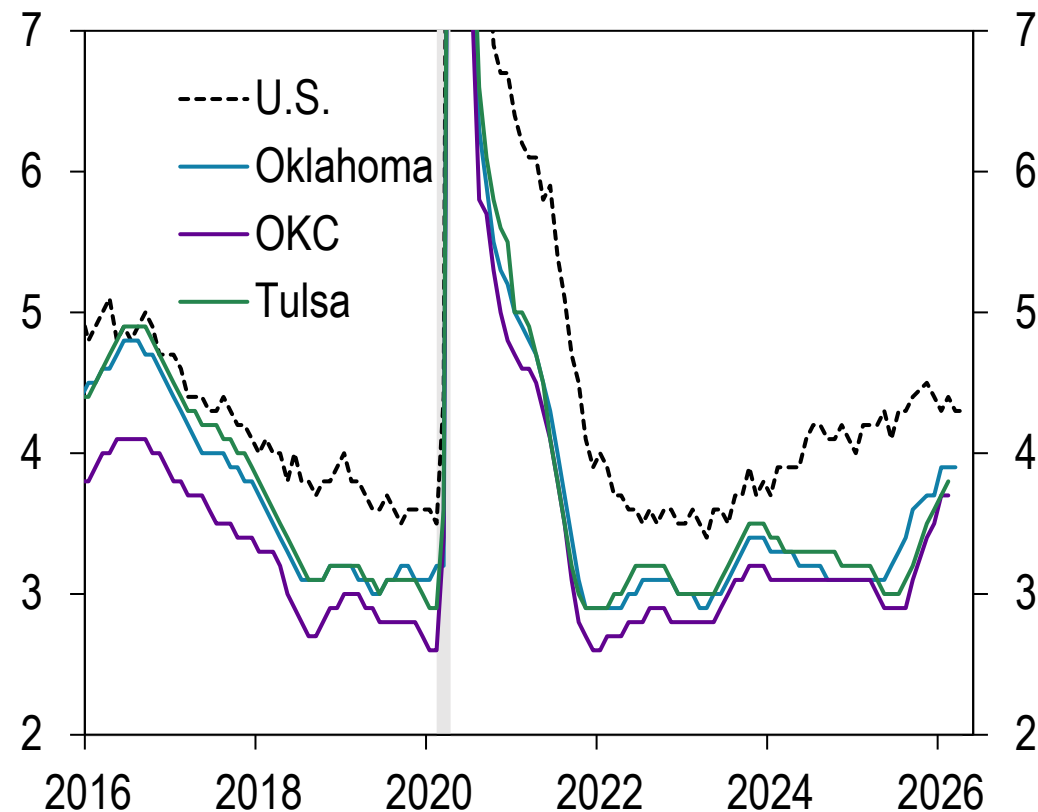
### Non-Farm Payroll Employment

Index, Jan. 2022 = 100, sa

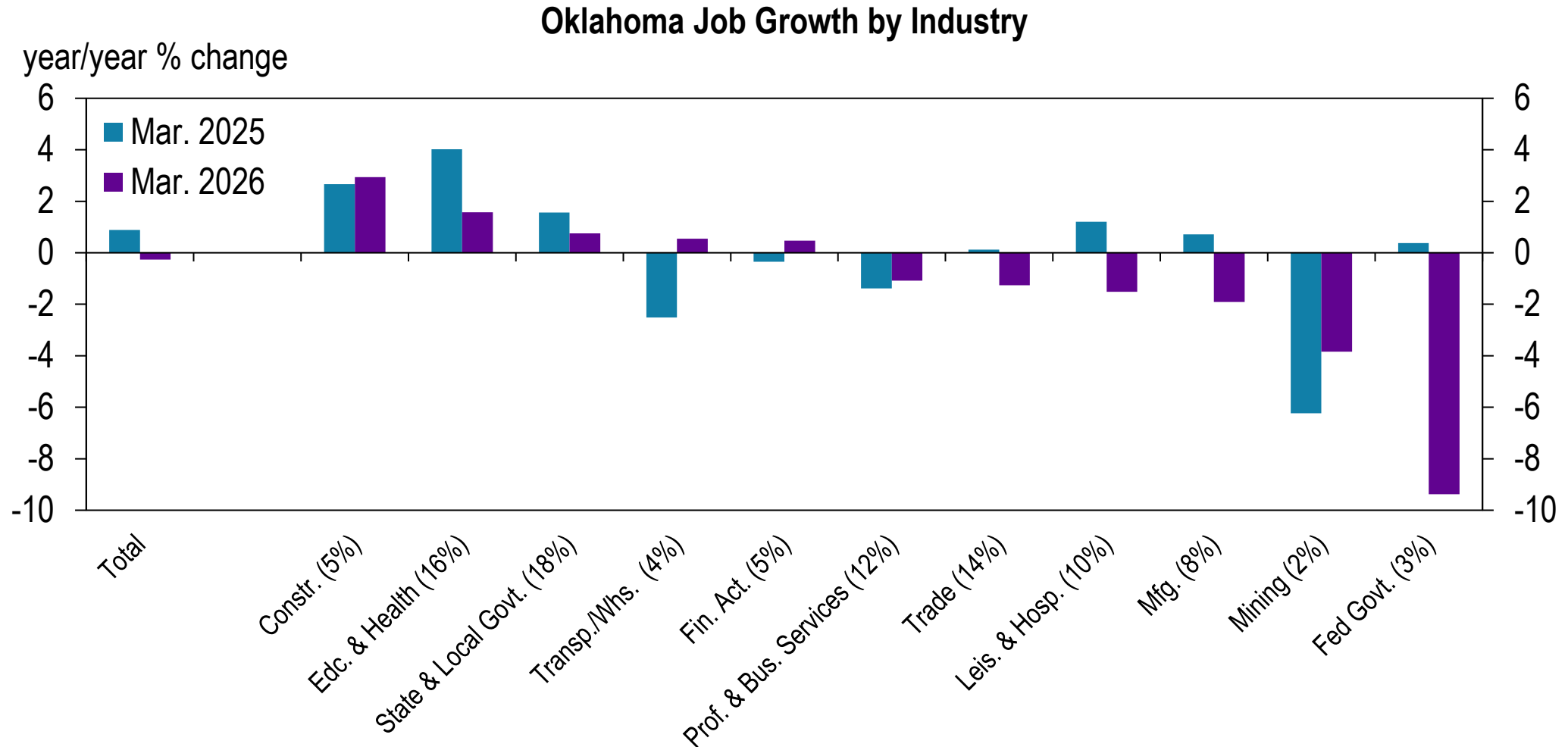


### Unemployment Rate

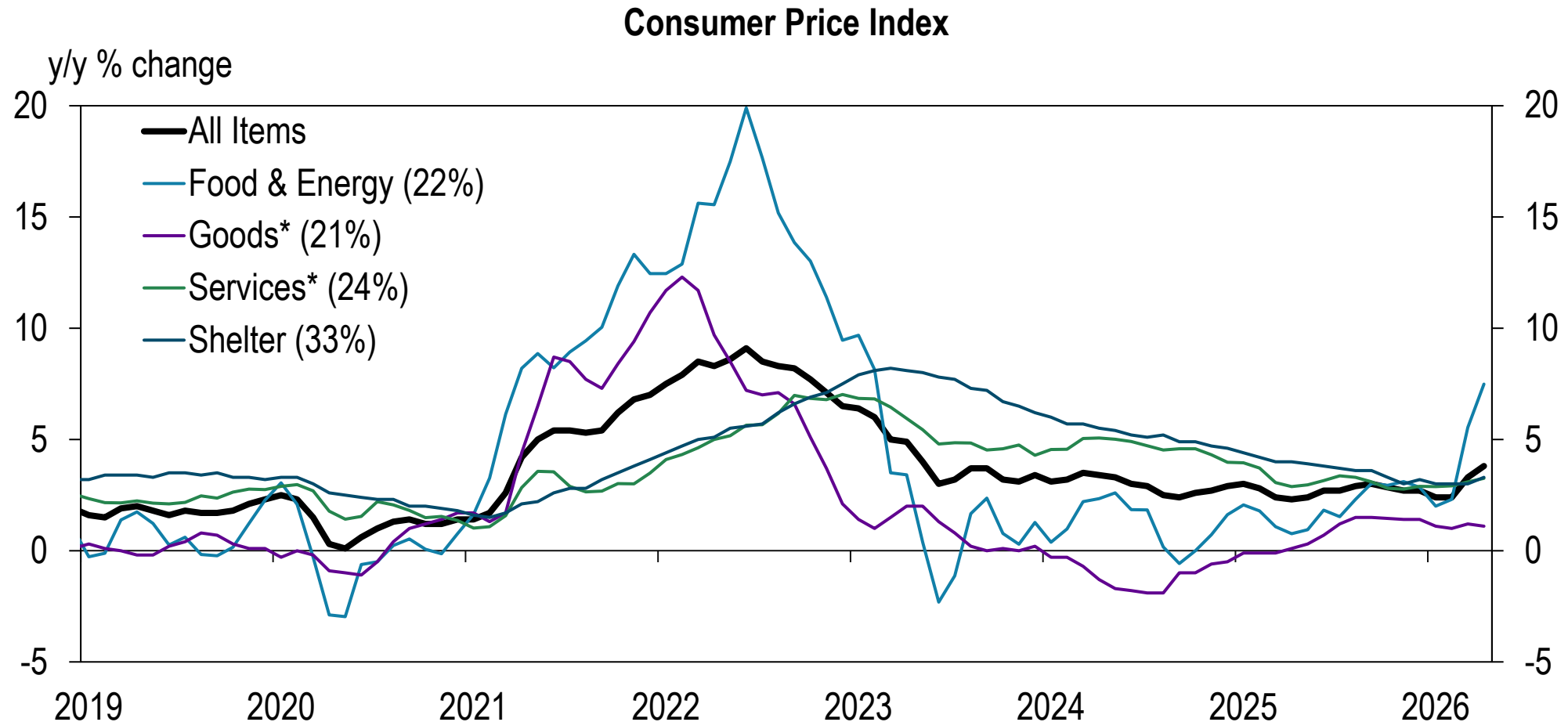
Percent



# Oklahoma jobs declined over the past year, driven by slower healthcare growth and declines in hospitality, manufacturing, and trade



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



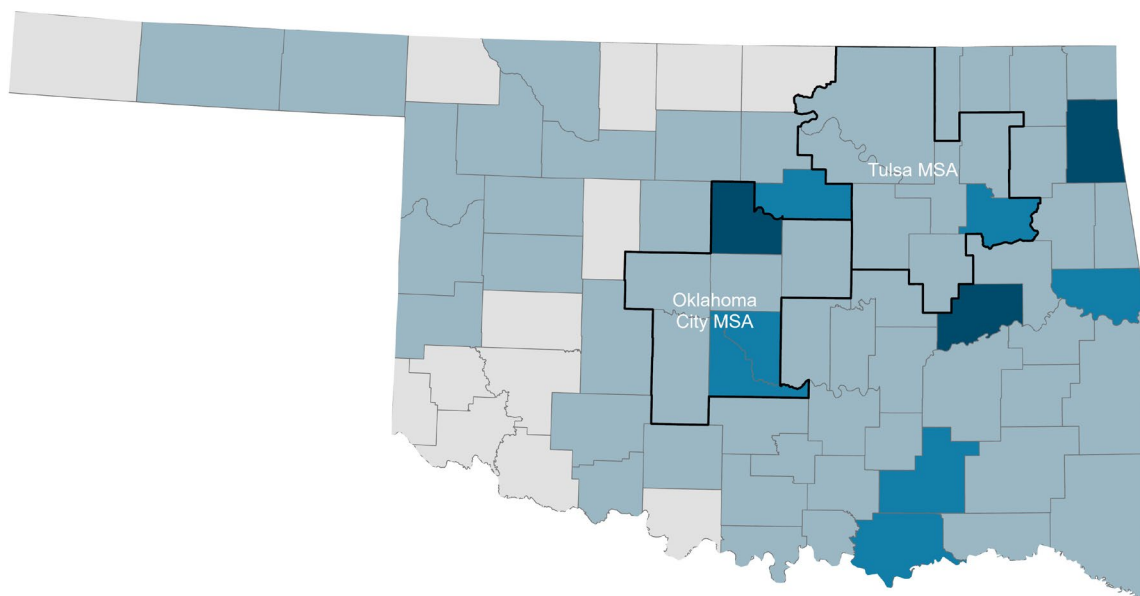
\*Goods excluding Food; Services excluding Energy.  
Note: Relative Importance as Share of CPI shown in parenthesis.

Sources: BLS/Haver Analytics

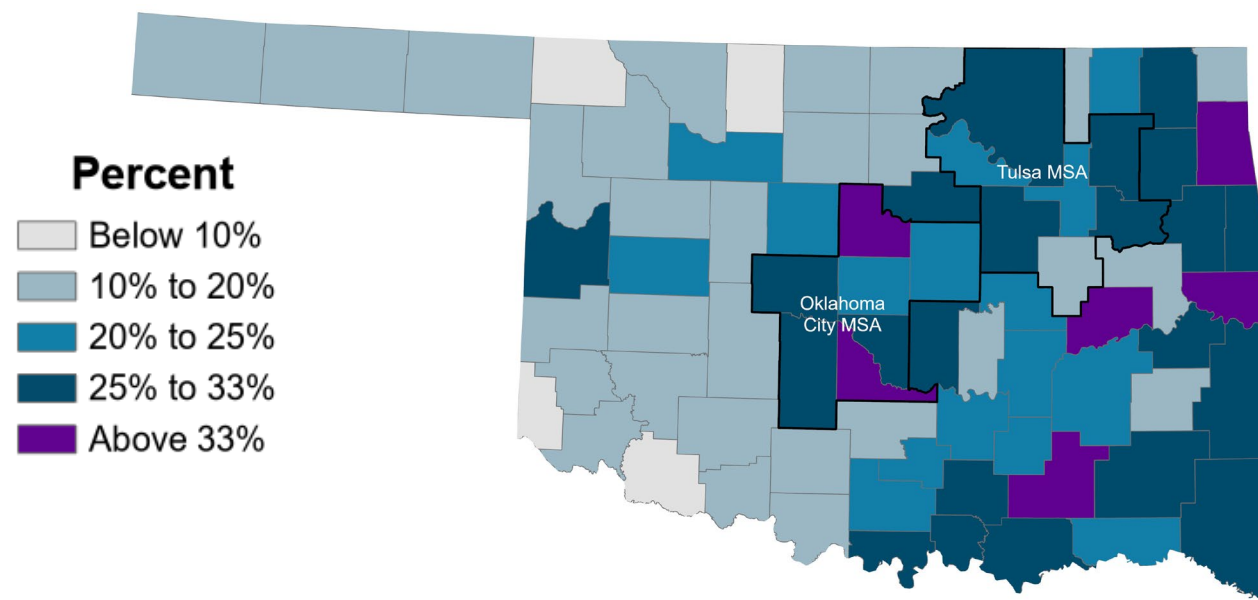
# Homeownership for first-time buyers became less affordable across Oklahoma in recent years

## First-Time Homeownership Costs as a Share of Household Income

2018-2019



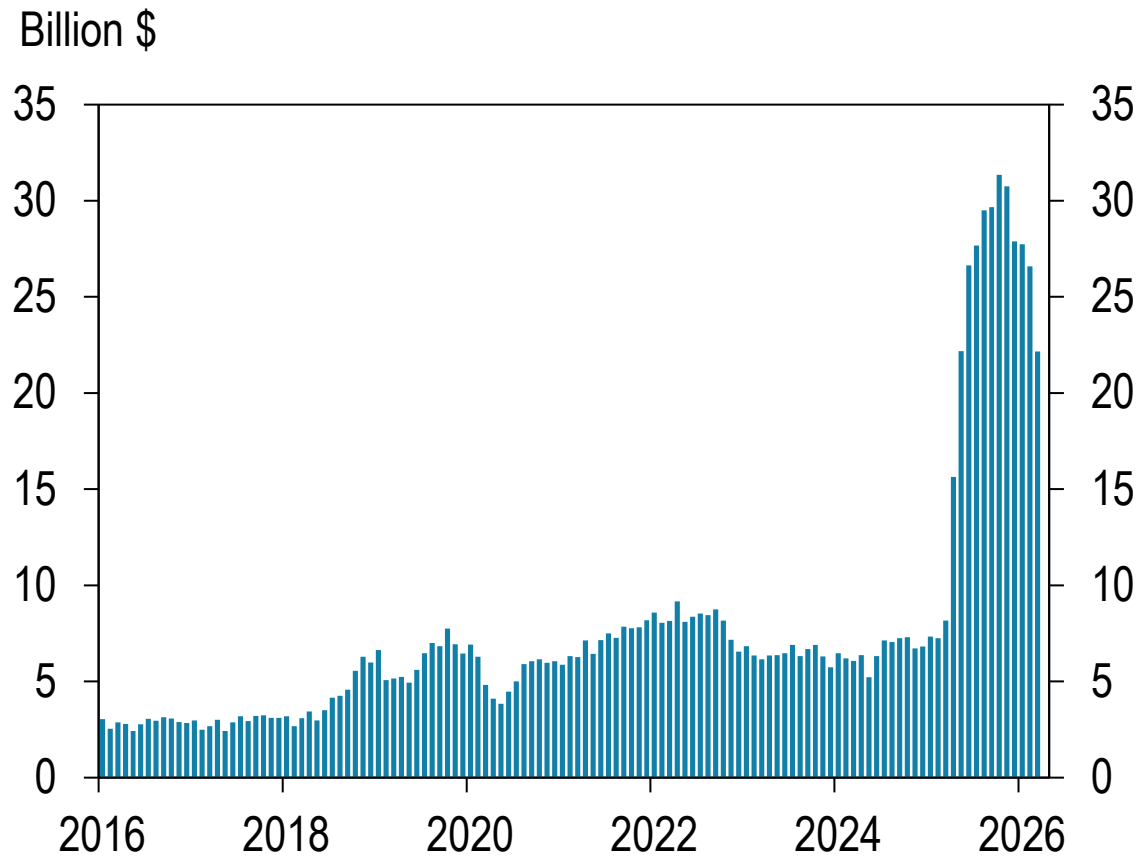
2024



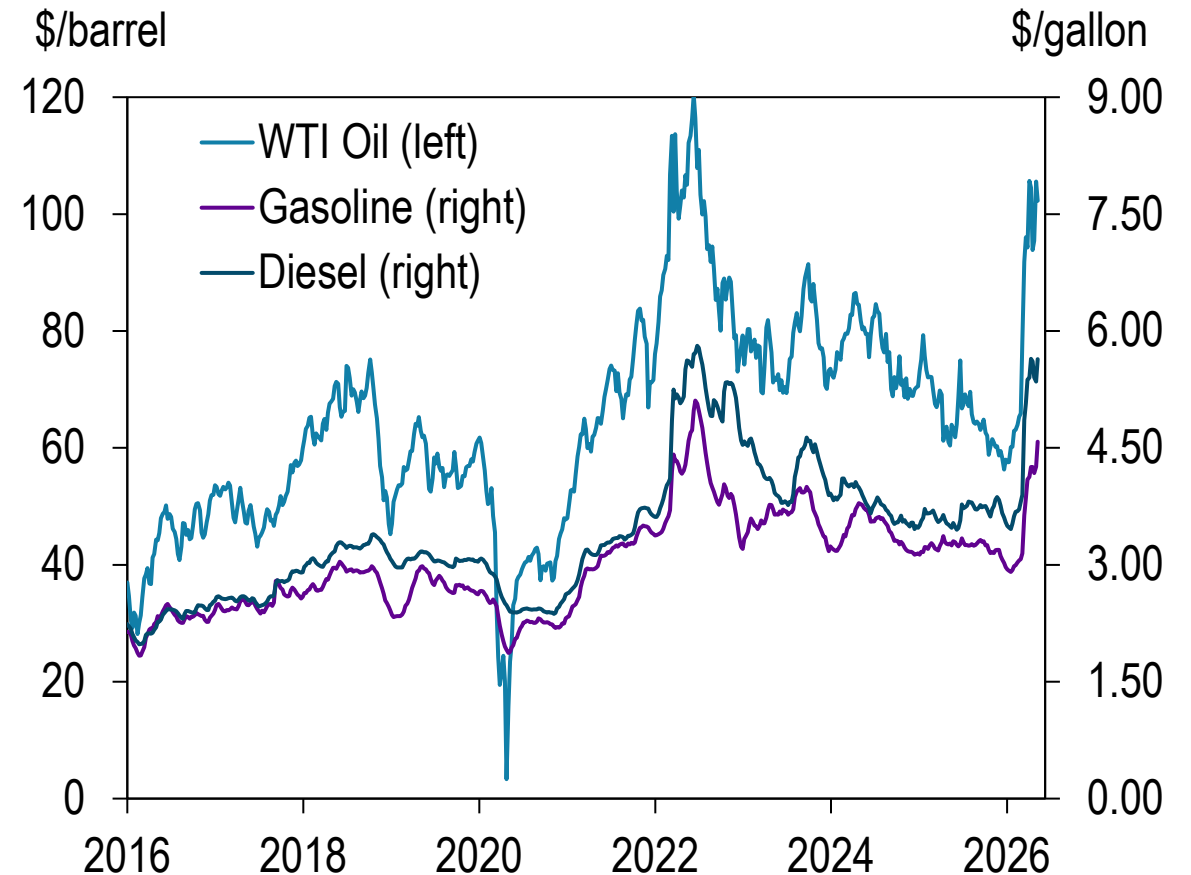
Notes: Costs include mortgage payment, insurance, and maintenance. 2024 data through October.  
Sources: Zillow, BLS, U.S. Census Bureau (IPUMS NHGIS), WSJ (Haver Analytics), staff calculations

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

## U.S. Customs Taxes Collected

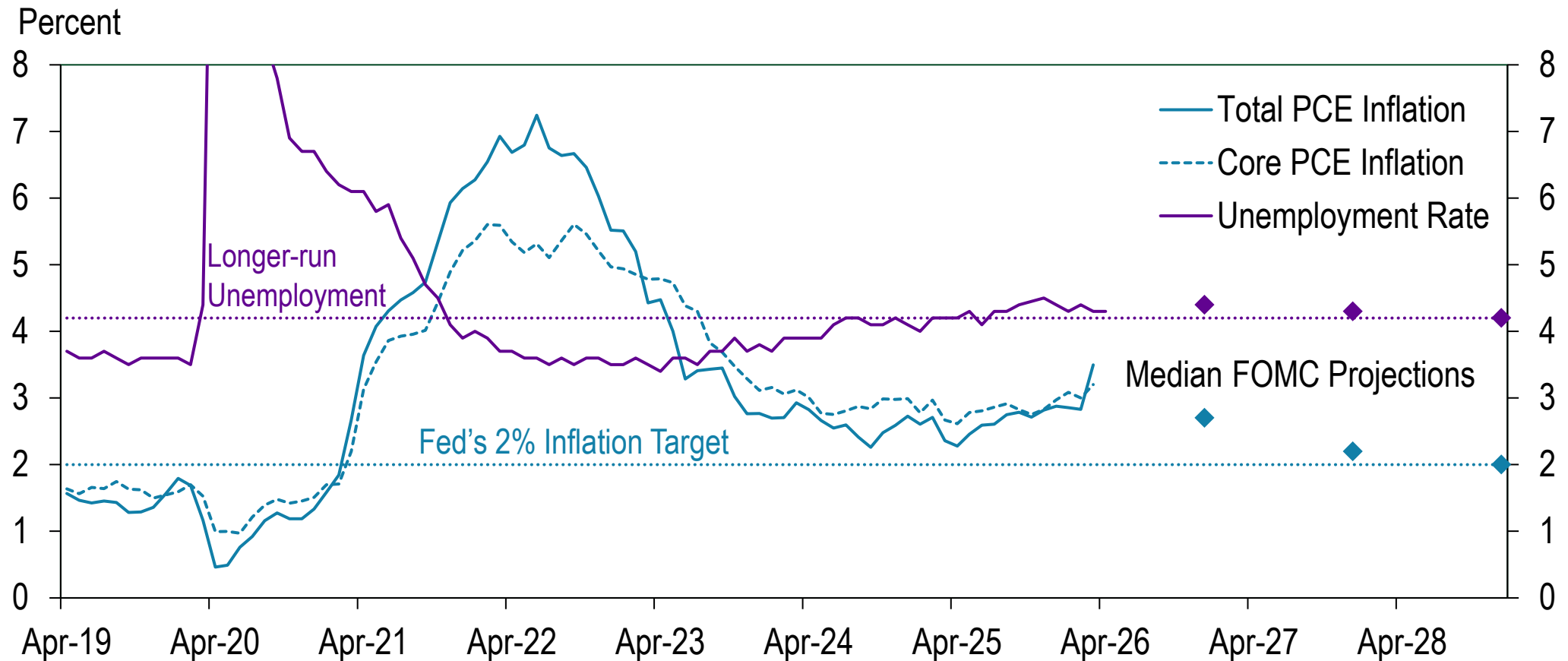


## U.S. Oil and Fuel Prices

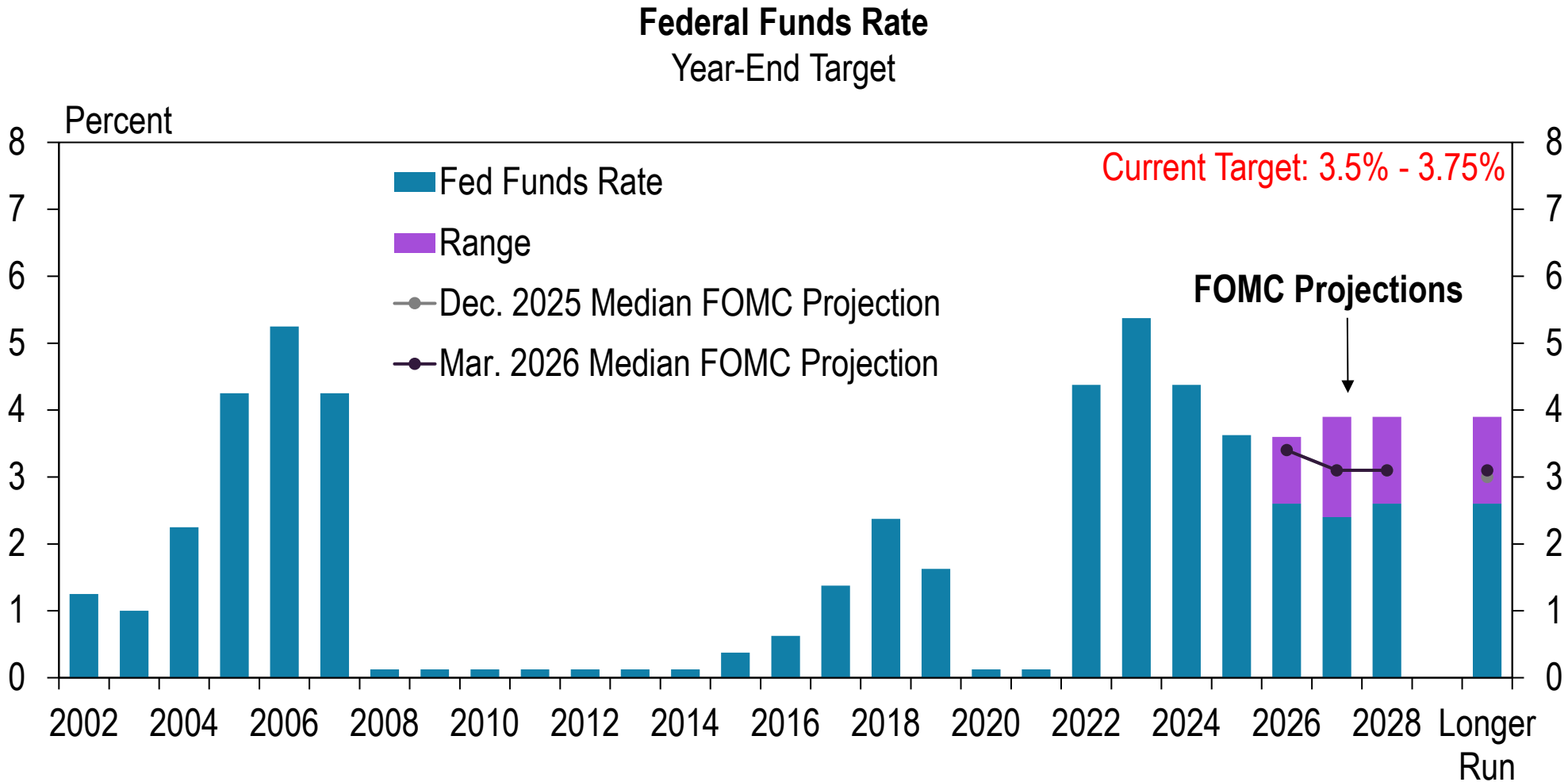


# Inflation and unemployment have come closer to the Fed's targets, but progress on inflation has stalled

## U.S. Inflation and Unemployment



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

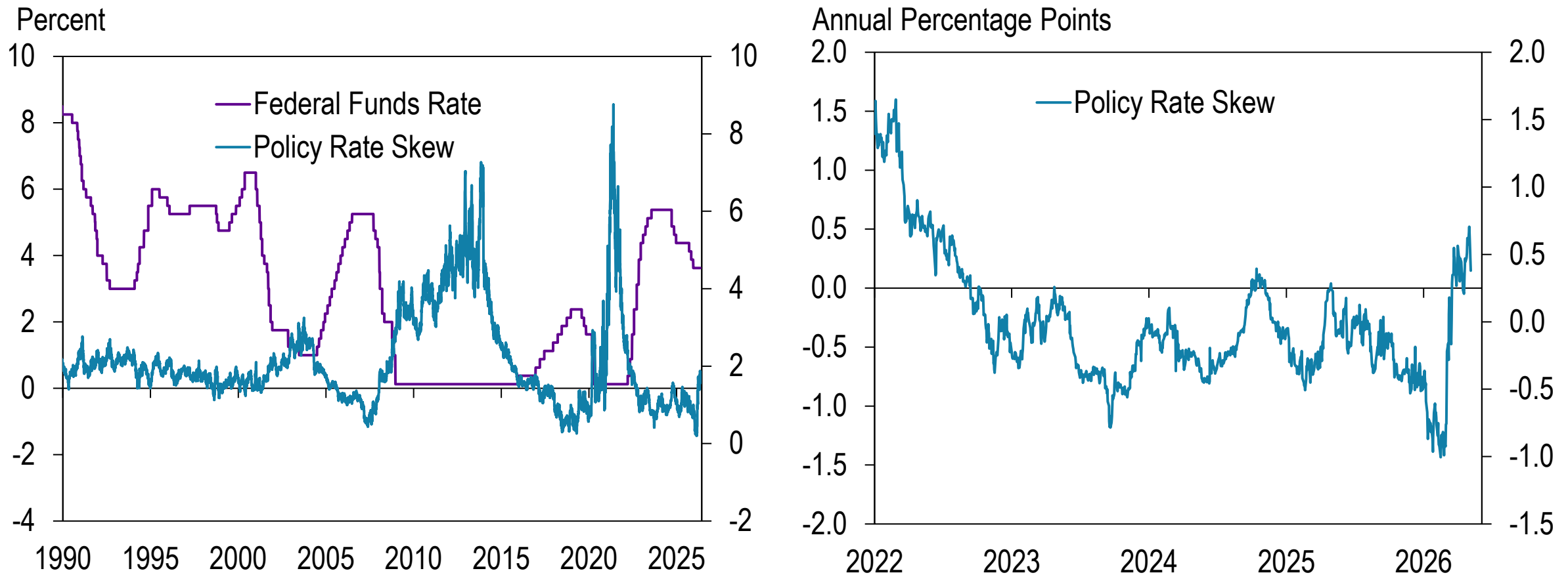


Note: Data and FOMC projections are for year-end.

Sources: Bureau of Economic Analysis, FOMC

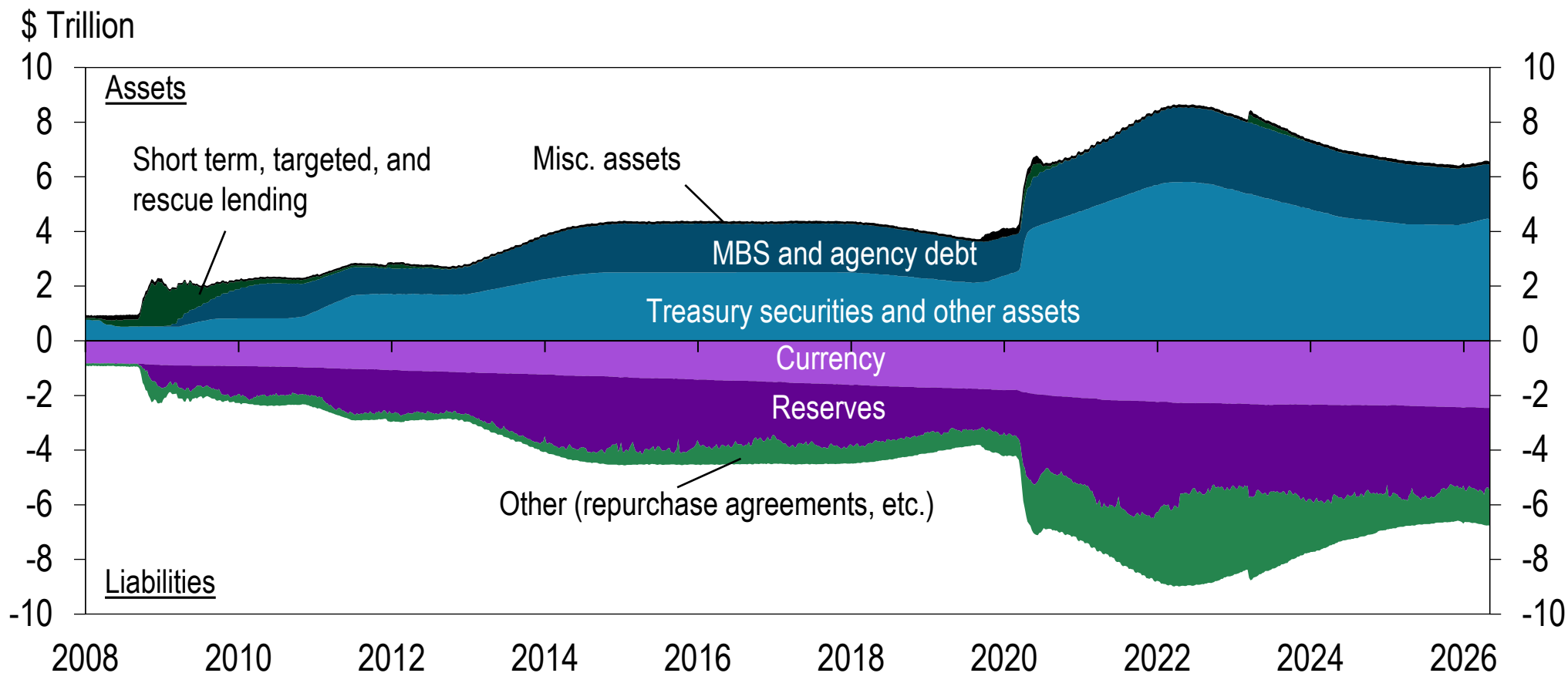
# The Kansas Fed's policy rate skew increased above zero following the Iran conflict, indicating markets see upside risk for interest rates

## Kansas City Fed Policy Rate Skew



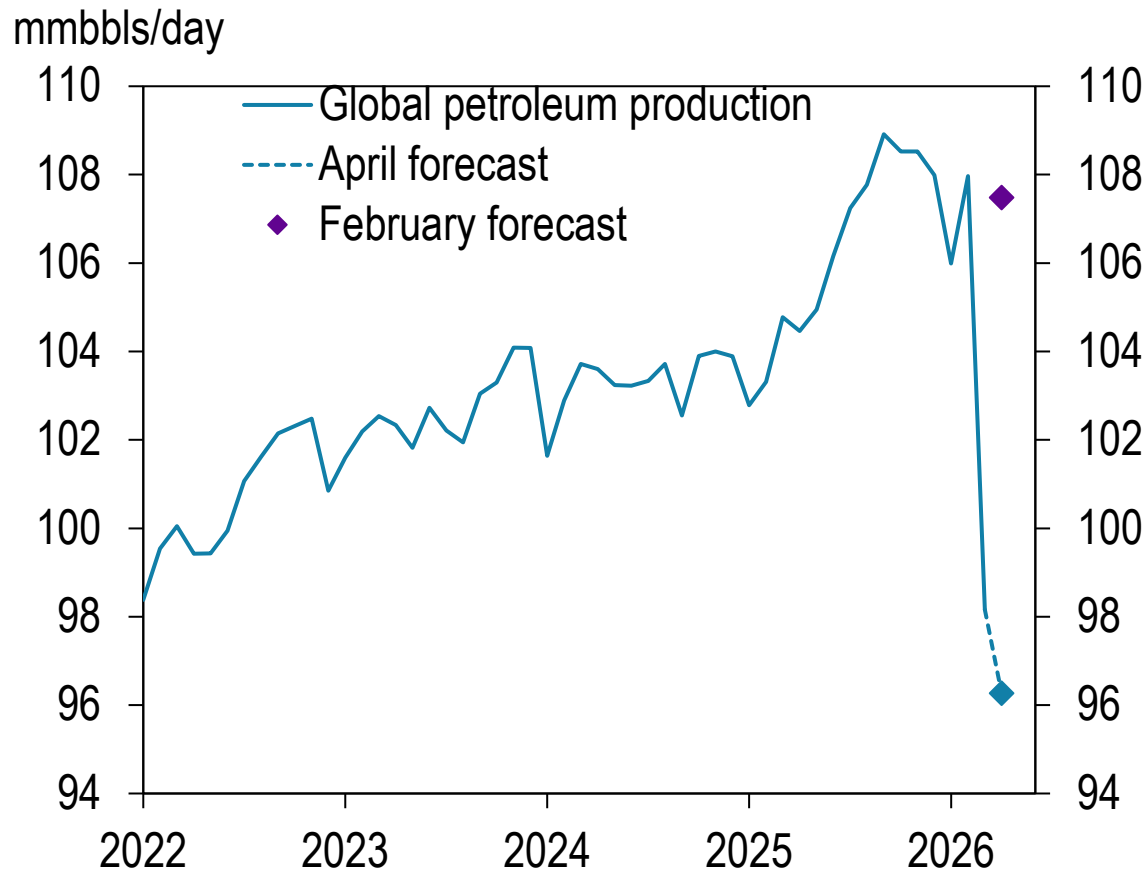
# The FOMC also started purchases of short-term Treasury securities to maintain an ample supply of bank reserves

## Federal Reserve Balance Sheet

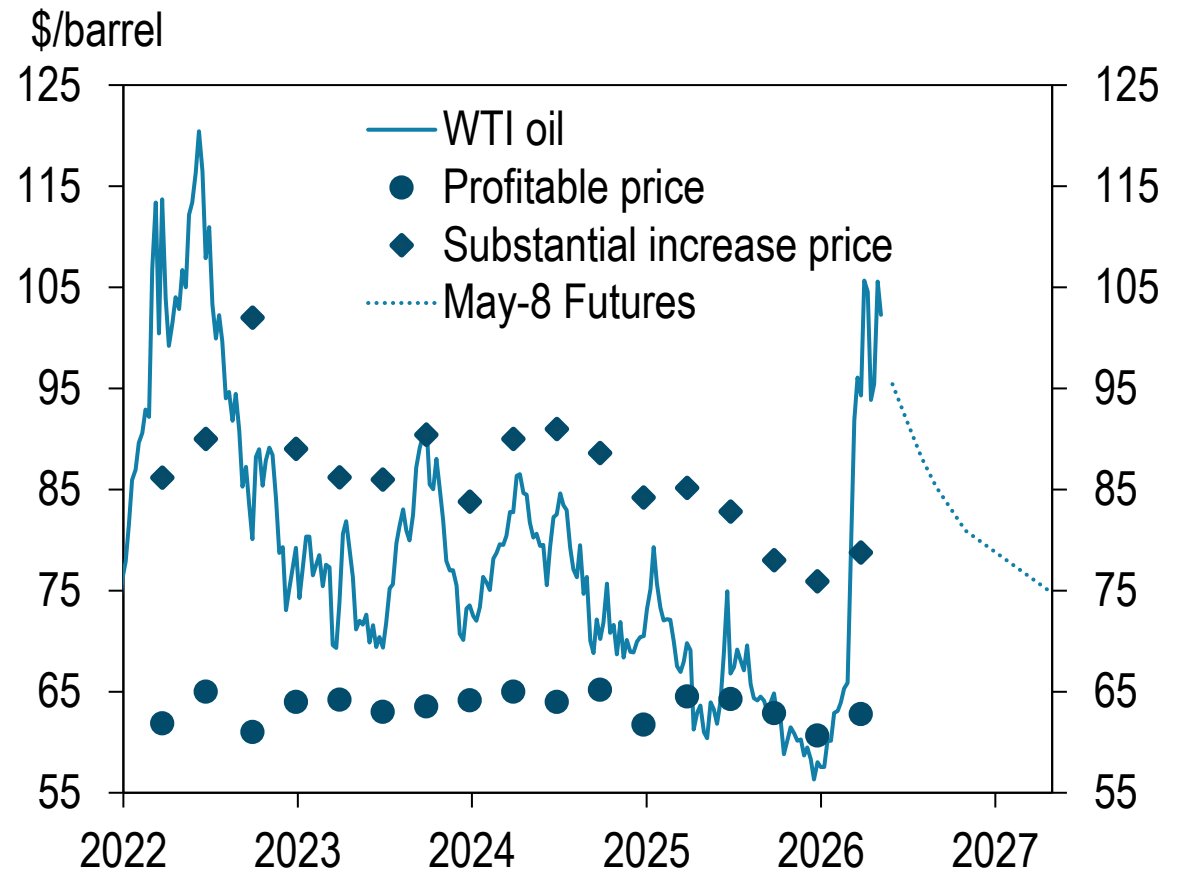


# Global oil production declined over 9% amid the closure of the Strait of Hormuz, resulting in oil prices to increase over \$100

### Global Petroleum Production

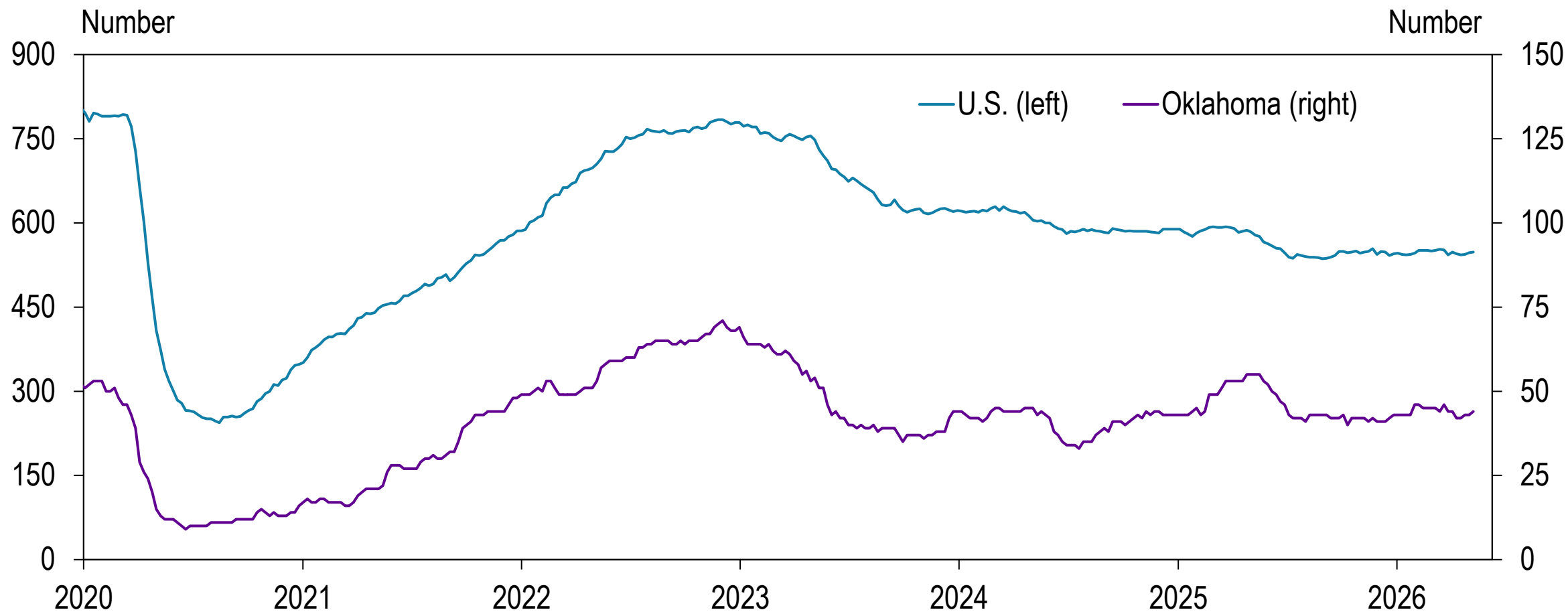


### U.S. Oil Prices



Although oil prices have surged since the Middle Eastern conflict, they are not yet expected to sustain levels supporting a substantial increase in drilling

### Rig Counts



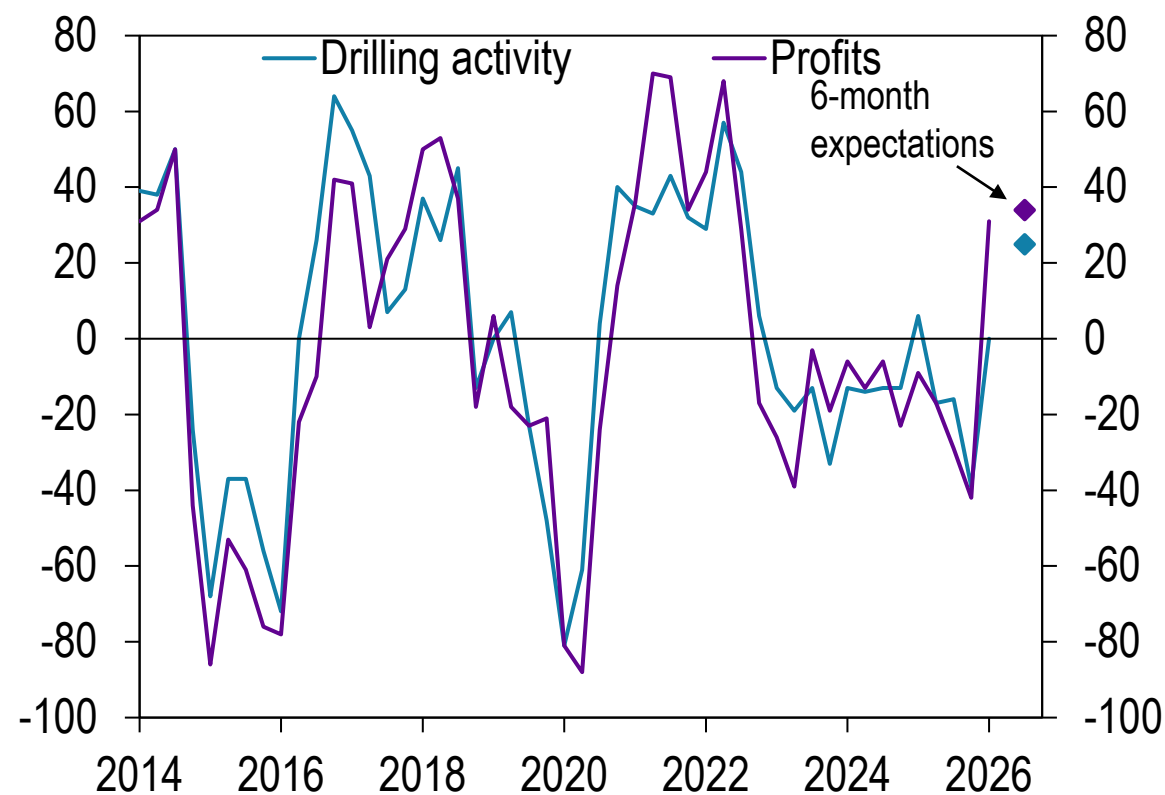
Source: Baker Hughes, EIA/Haver Analytics, FRBKC Surveys

Note: Dotted lines show CME futures prices as of May 8.

# 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

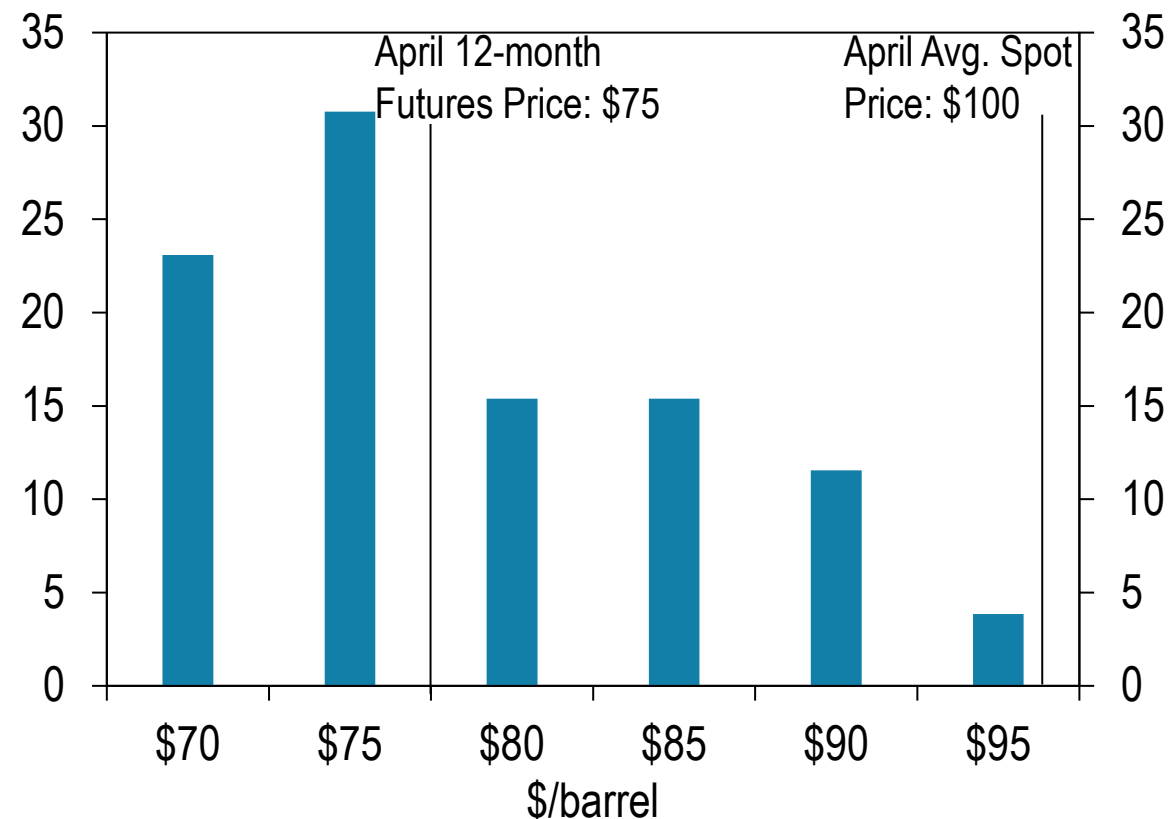
quarter/quarter diffusion index



Source: FRBKC Surveys, EIA, CME/Haver Analytics

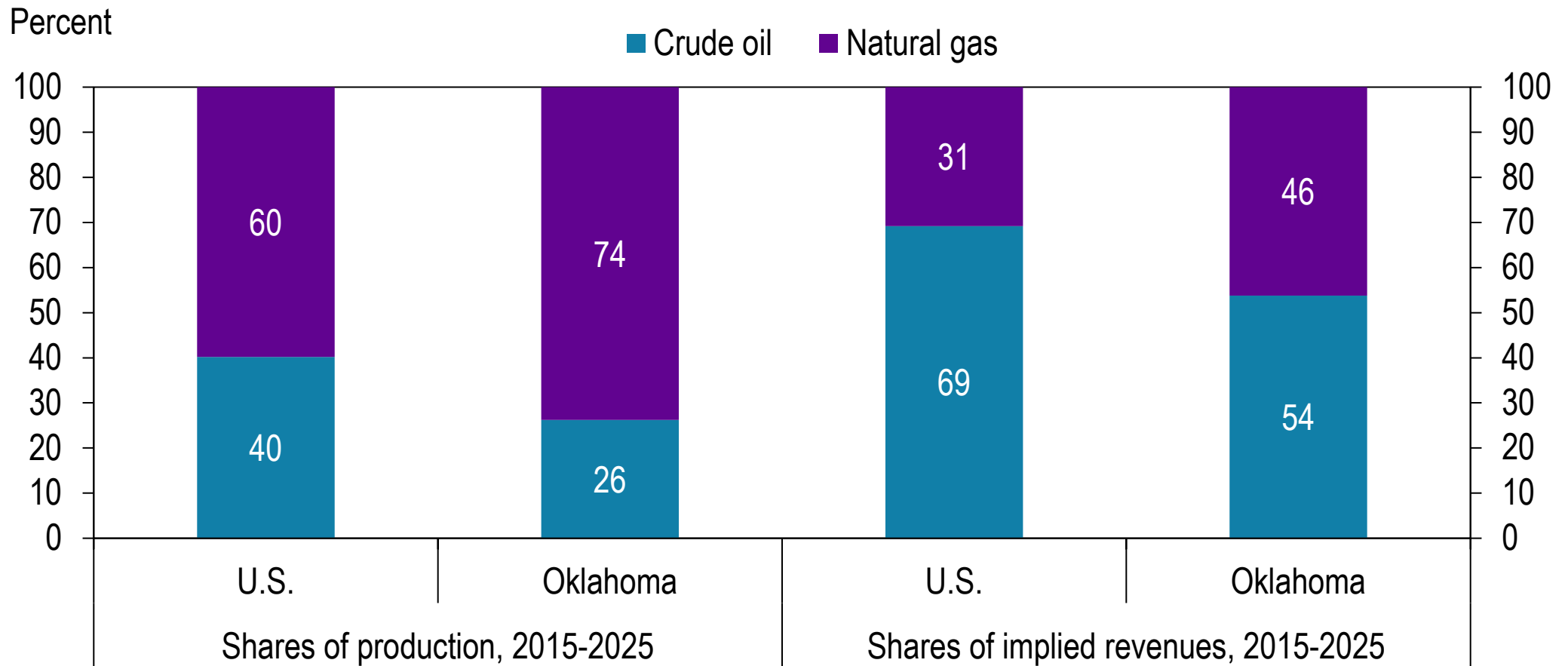
## WTI Oil Price Needed for a Substantial Increase in Drilling, March 2026

Percent of firms



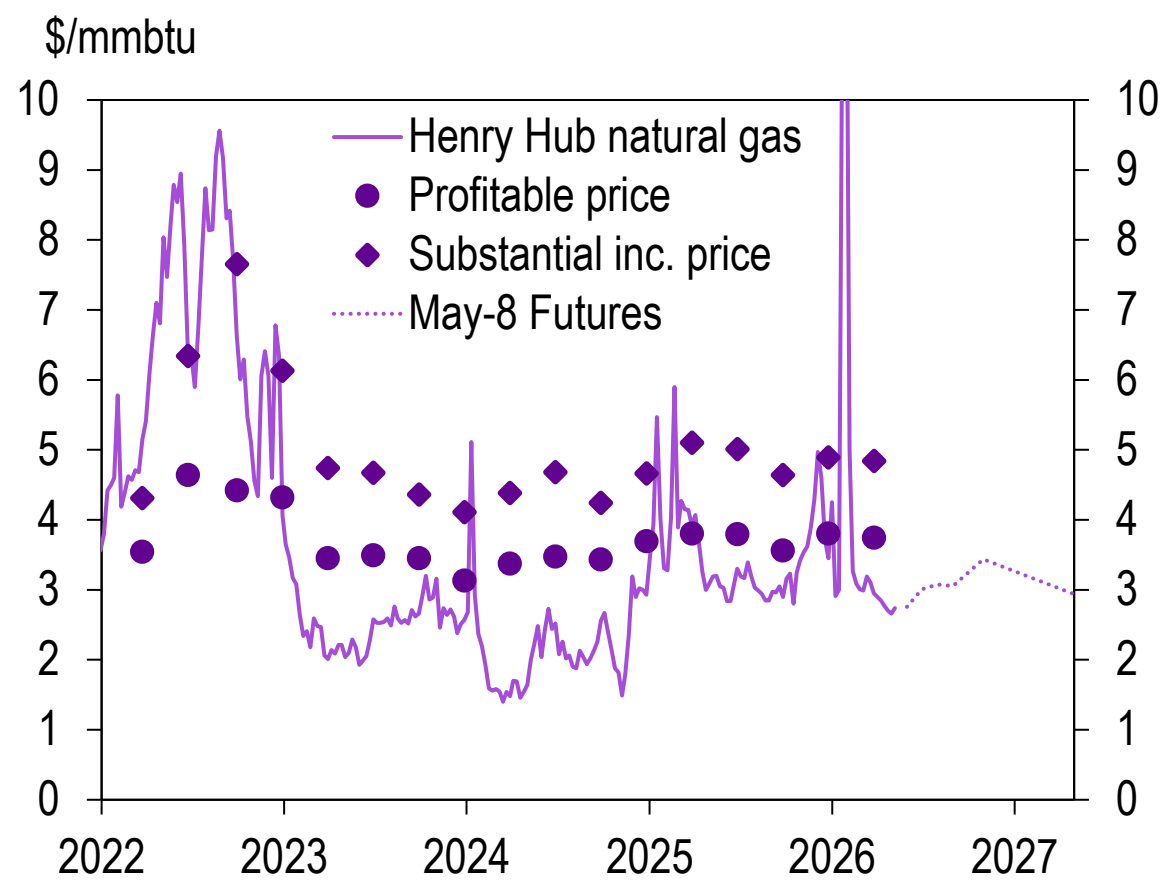
# Oklahoma's production and revenues are more concentrated in natural gas than the U.S.

## Shares of Fossil Fuel Production and Revenues by Type

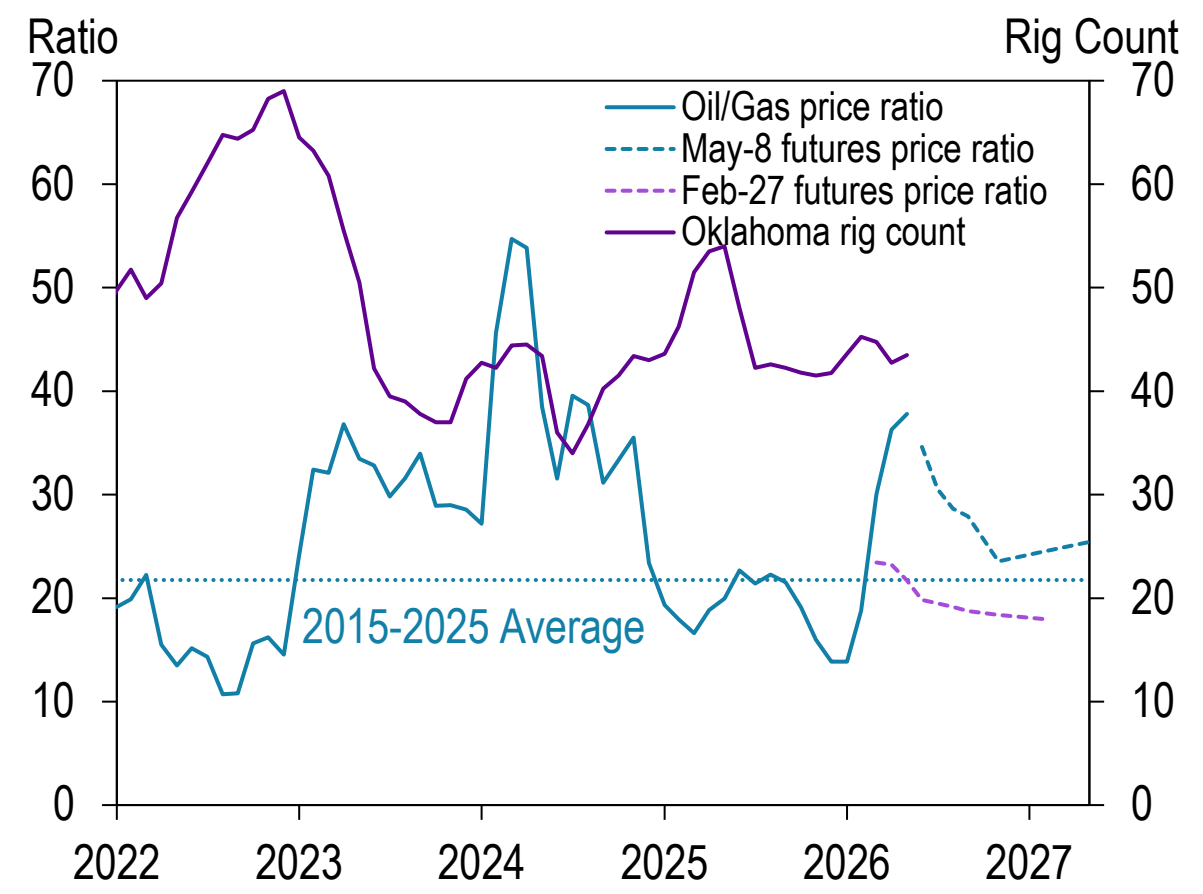


# Oil prices have increased relative to natural gas prices since the conflict, clouding the drilling outlook for Oklahoma

### U.S. Natural Gas Prices



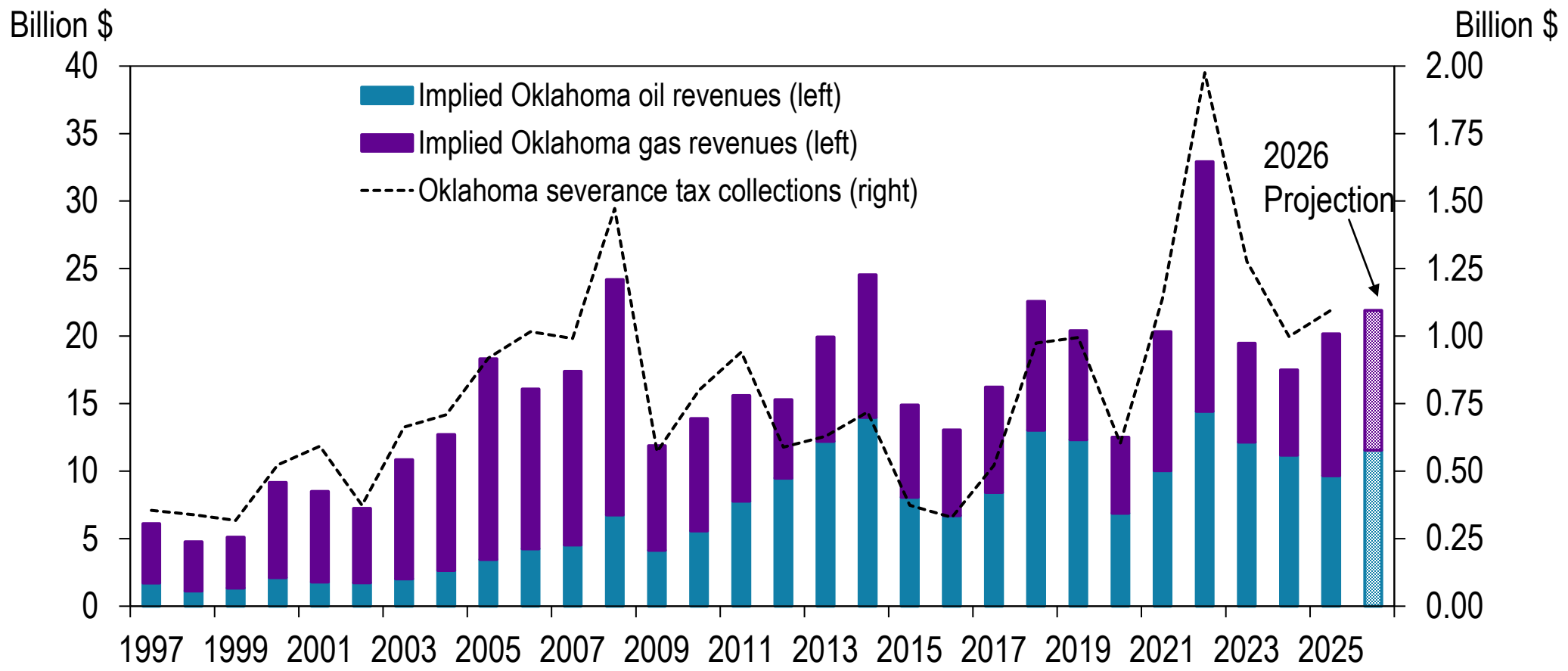
### Oil/Gas Price Ratio and Oklahoma Rig Count



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

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

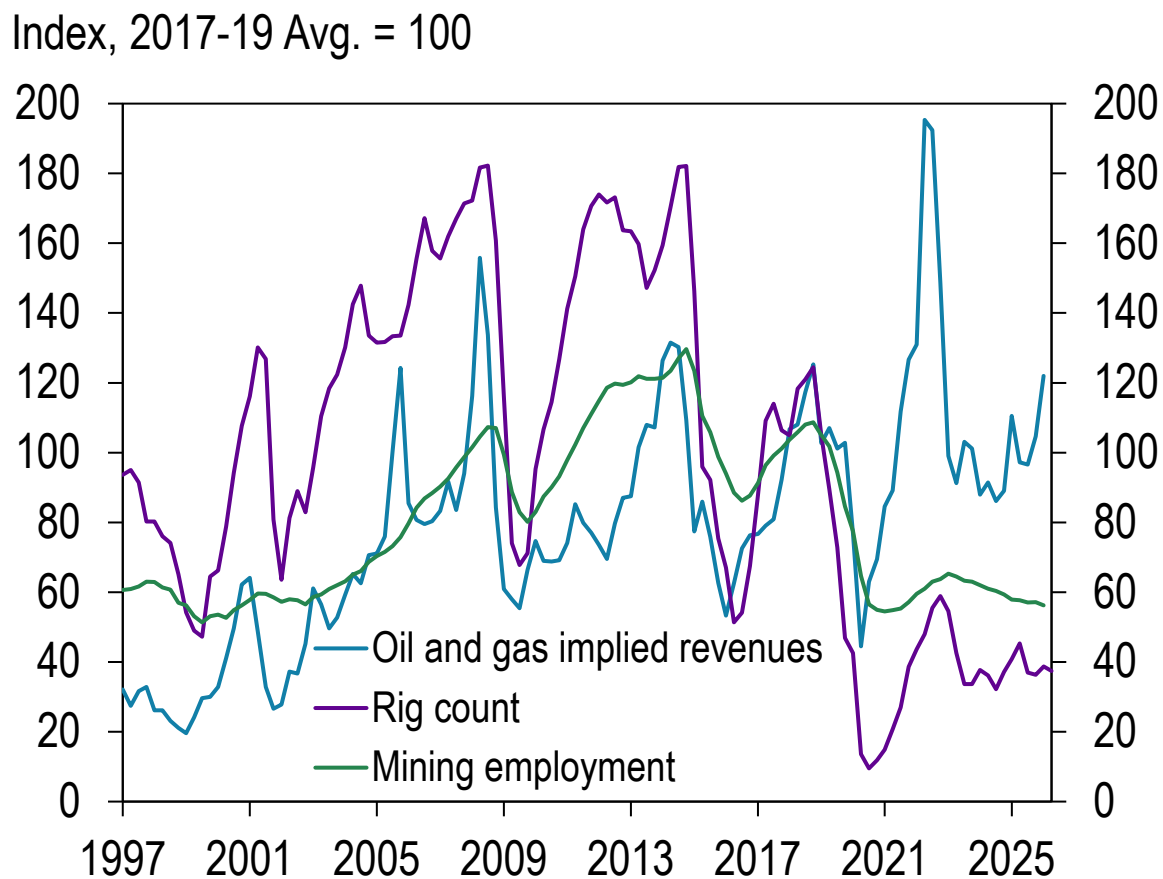
Oklahoma Oil & Gas Revenues and Taxes



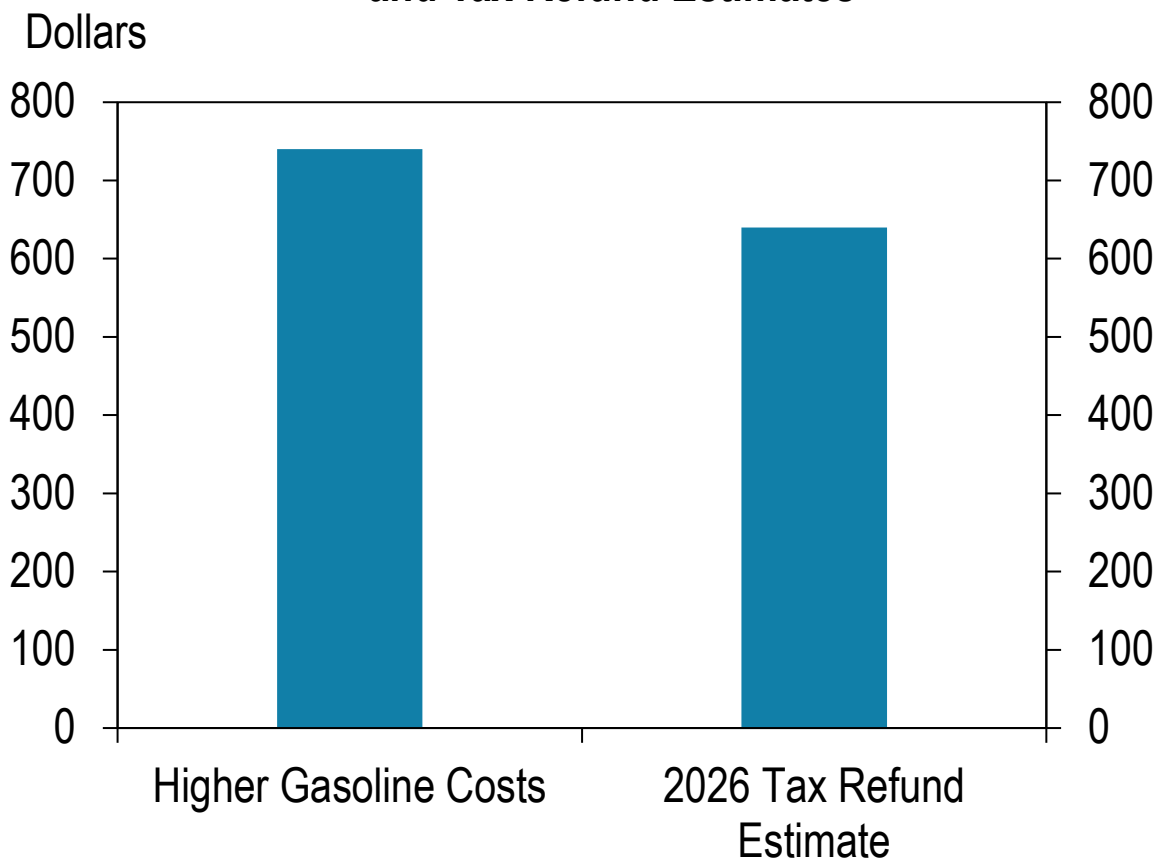
Sources: EIA, Census/Haver Analytics, staff calculations

# 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

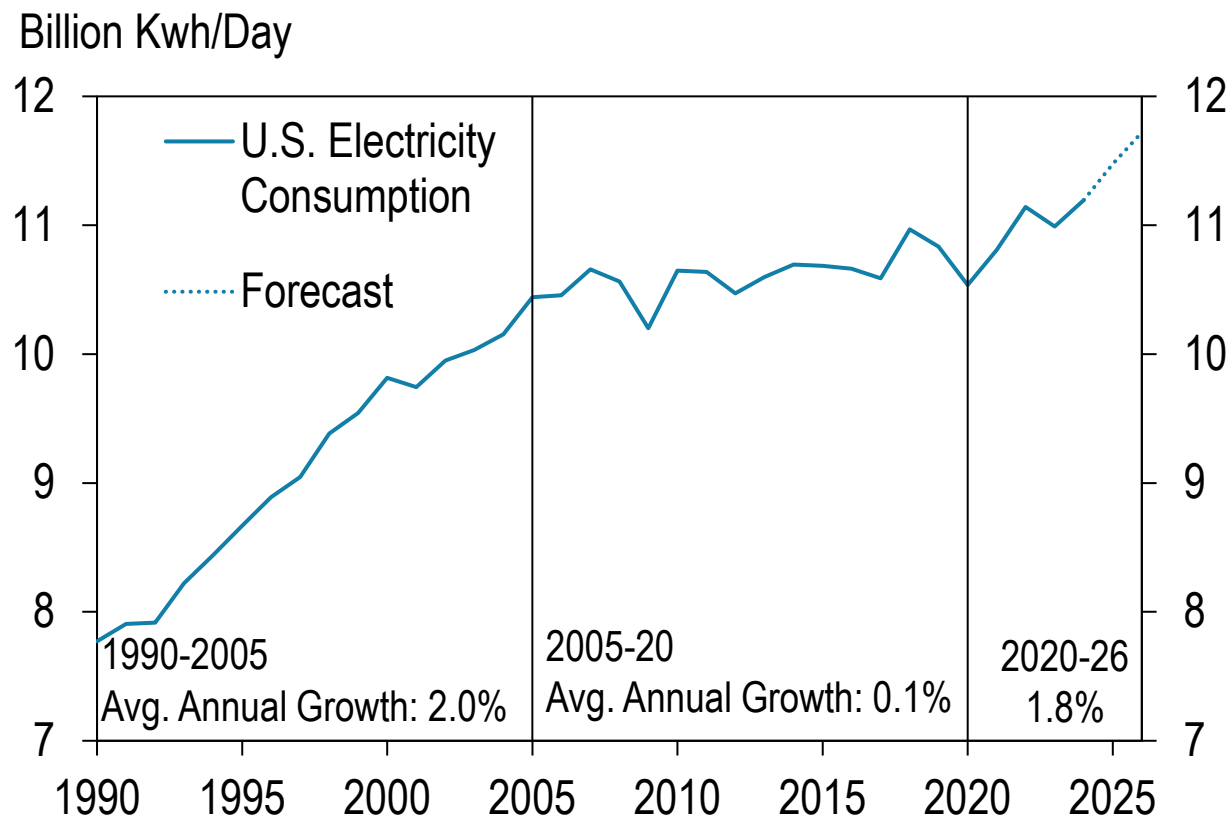


### U.S. Annualized Increases in Gasoline Costs and Tax Refund Estimates

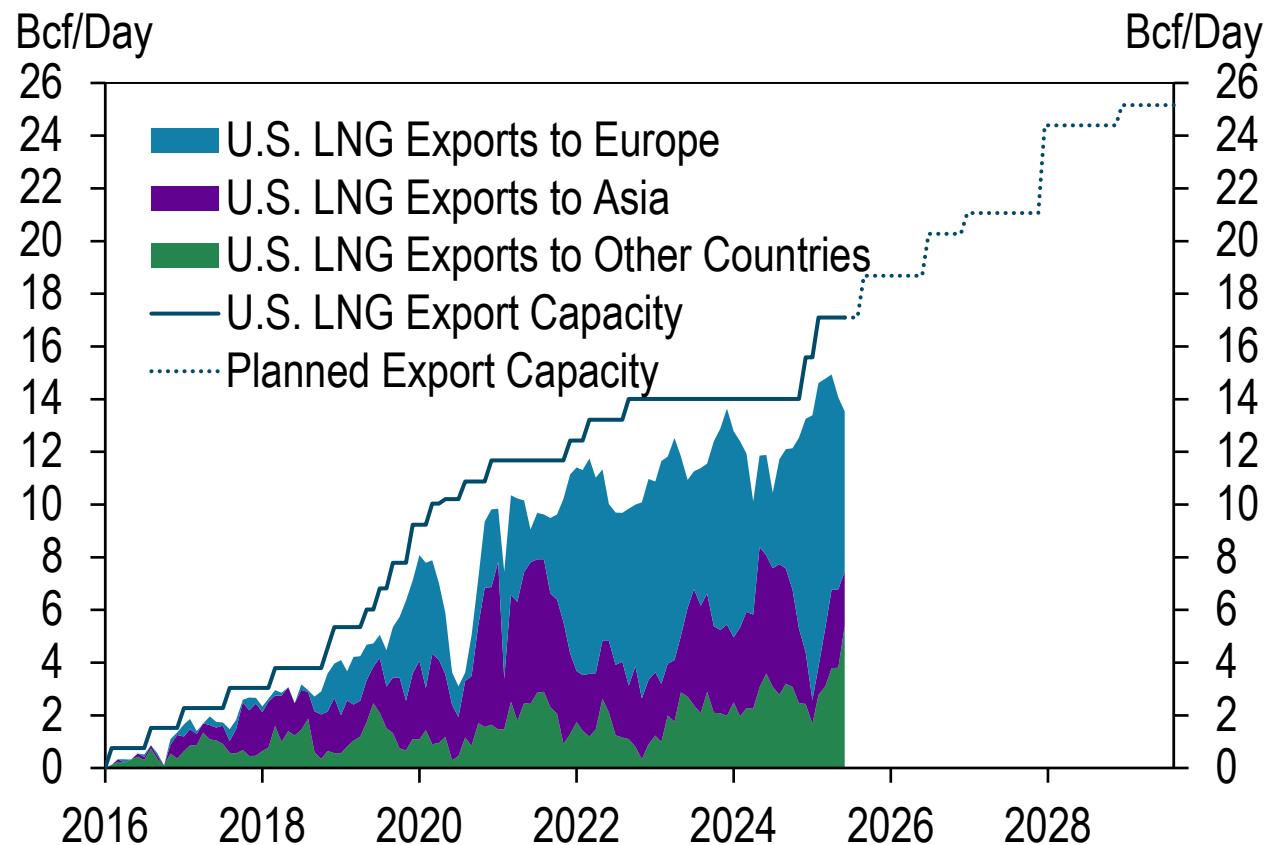


# In the longer term, U.S. natural gas can supply rising electricity demand domestically and abroad, boosting the outlook for prices

## U.S. Electricity Consumption



## U.S. Liquefied Natural Gas Exports





# Thank you!

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