U.S. and Oklahoma Economic Outlook

Risk Management Association

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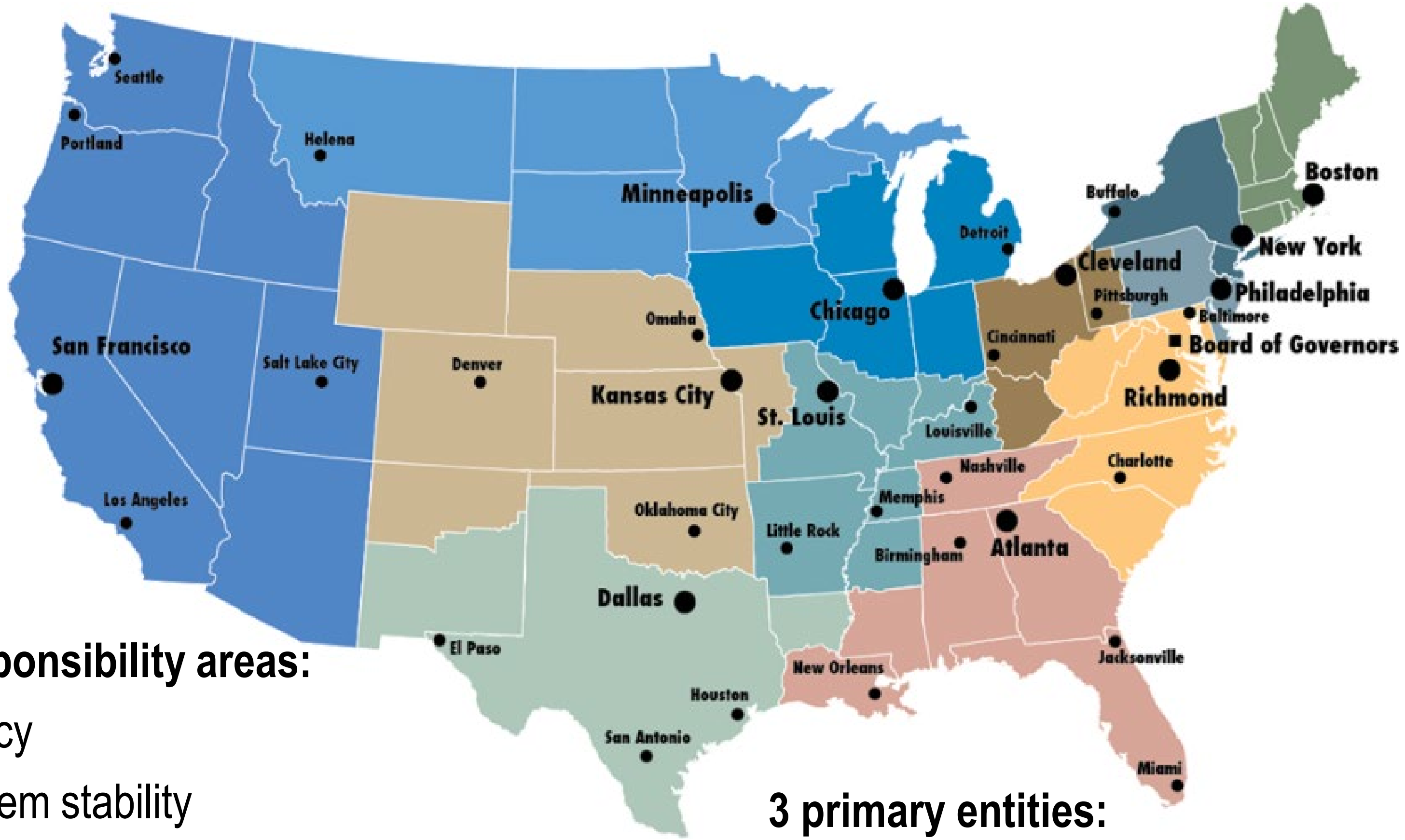
*The views expressed herein are those of the presenter only and do not necessarily reflect the views of the Federal Reserve Bank of Kansas City or the Federal Reserve System.

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

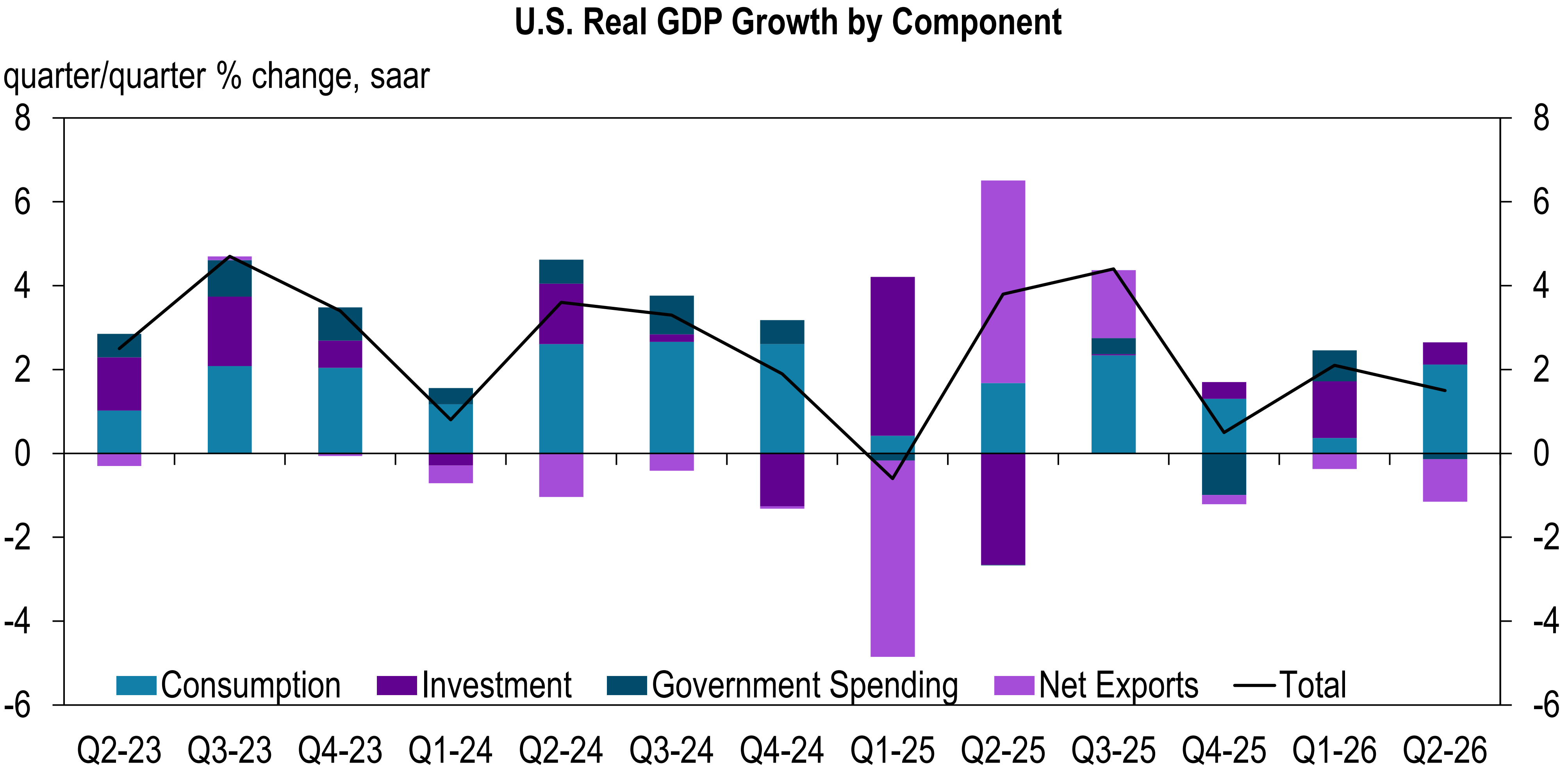
The Oklahoma City Branch of the Federal Reserve Bank of Kansas City

Link to OKC Branch website:
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 (~50 banks, ~160 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

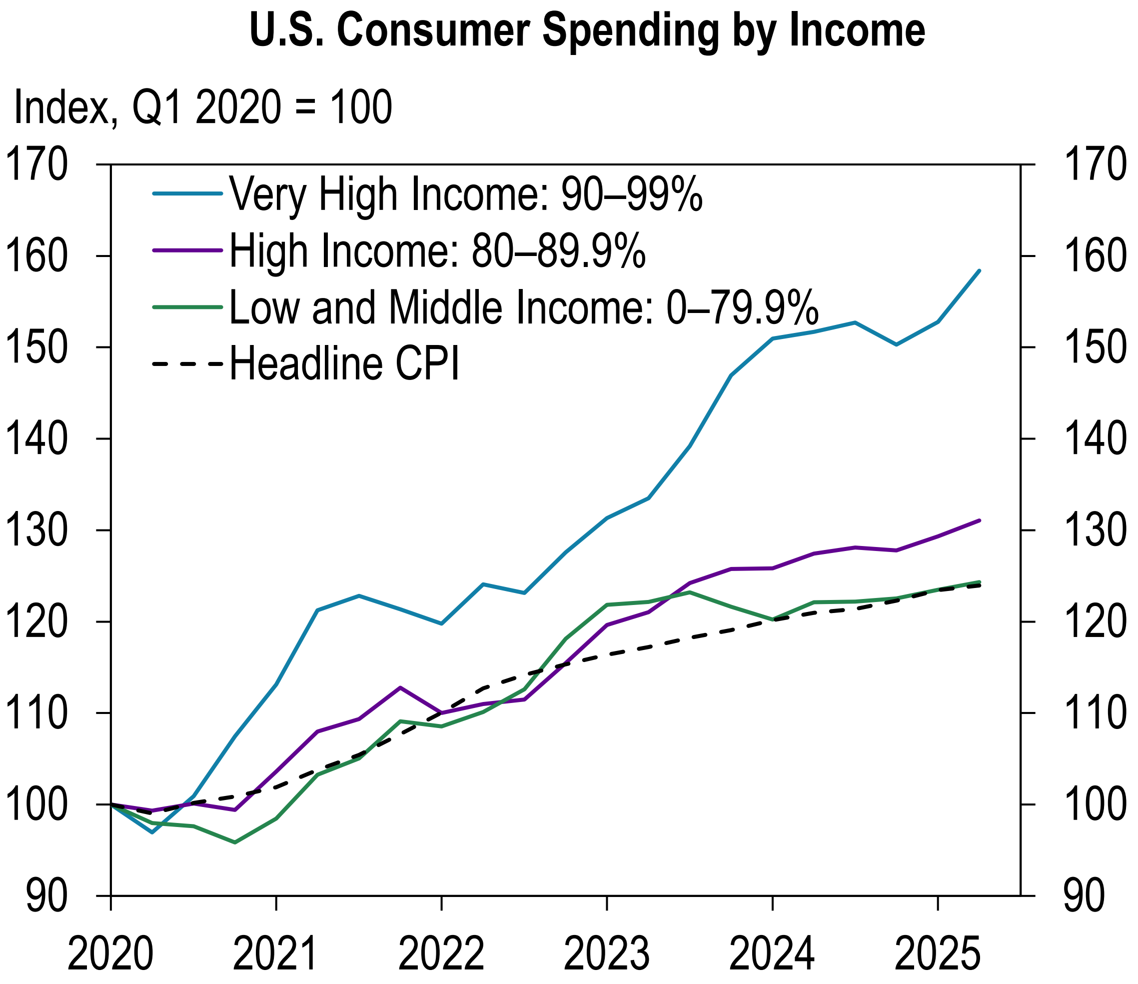
- **2026 OKC Branch Board of Directors**
  - **Rhonda Hooper (chair)**, President & CEO, Jordan Advertising, OKC
  - **Mark Burrage**, CEO, FirstBank, Antlers/Atoka
  - **Scott Case**, President, Case & Associates Properties, Tulsa
  - **Jason A. Garner**, President, Crawley Petroleum Corporation, OKC
  - **Terry Salmon**, President, Computer System Designers, OKC
  - **Brady Sidwell**, Principal, Sidwell Enterprises, Enid
  - **Rebecca Thompson**, Chief Accounting Officer, AAON, Inc., Tulsa

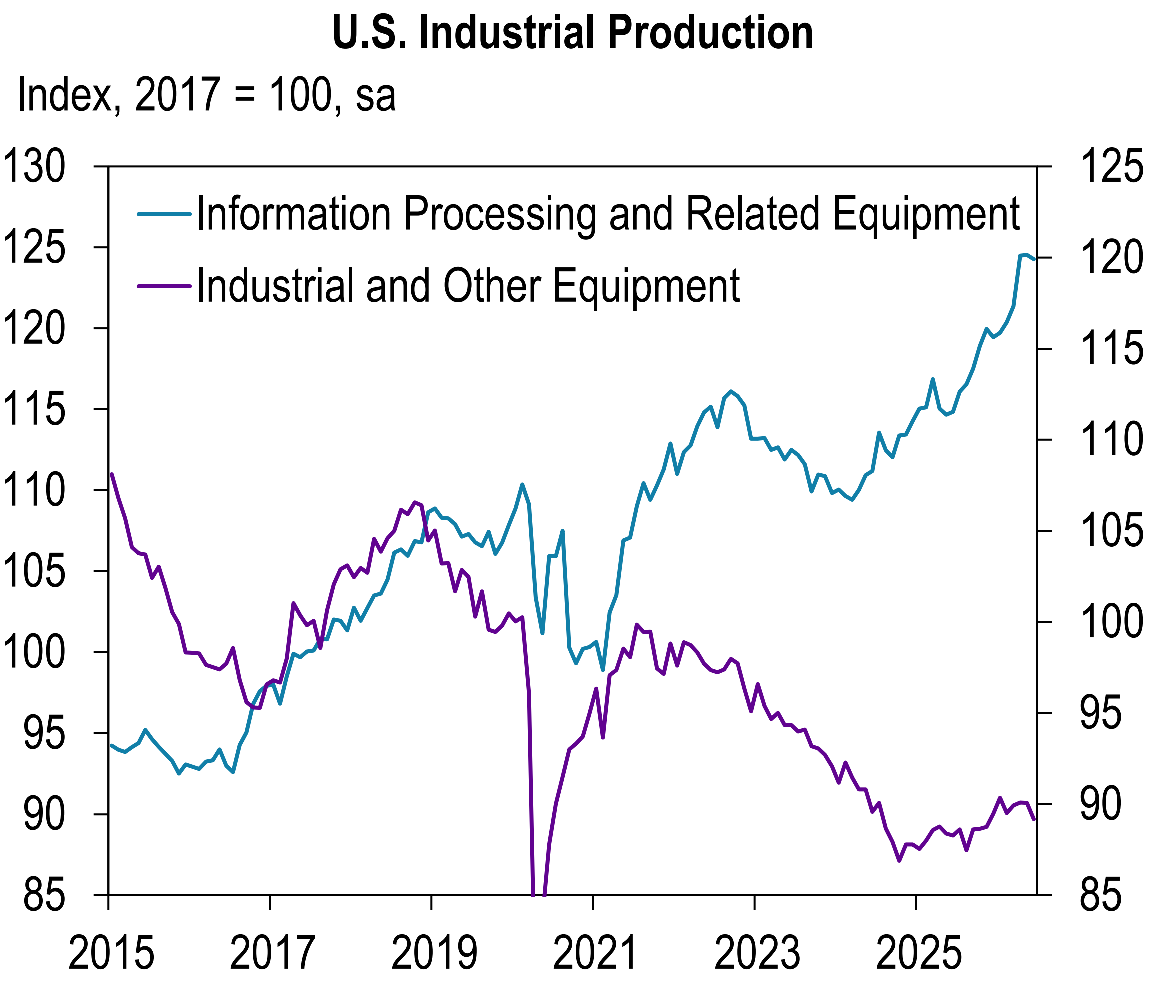
U.S. GDP growth cooled to 1.5% in Q2, as business investment eased and the Iran conflict affected supply chains



Sources: BEA/Haver Analytics

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

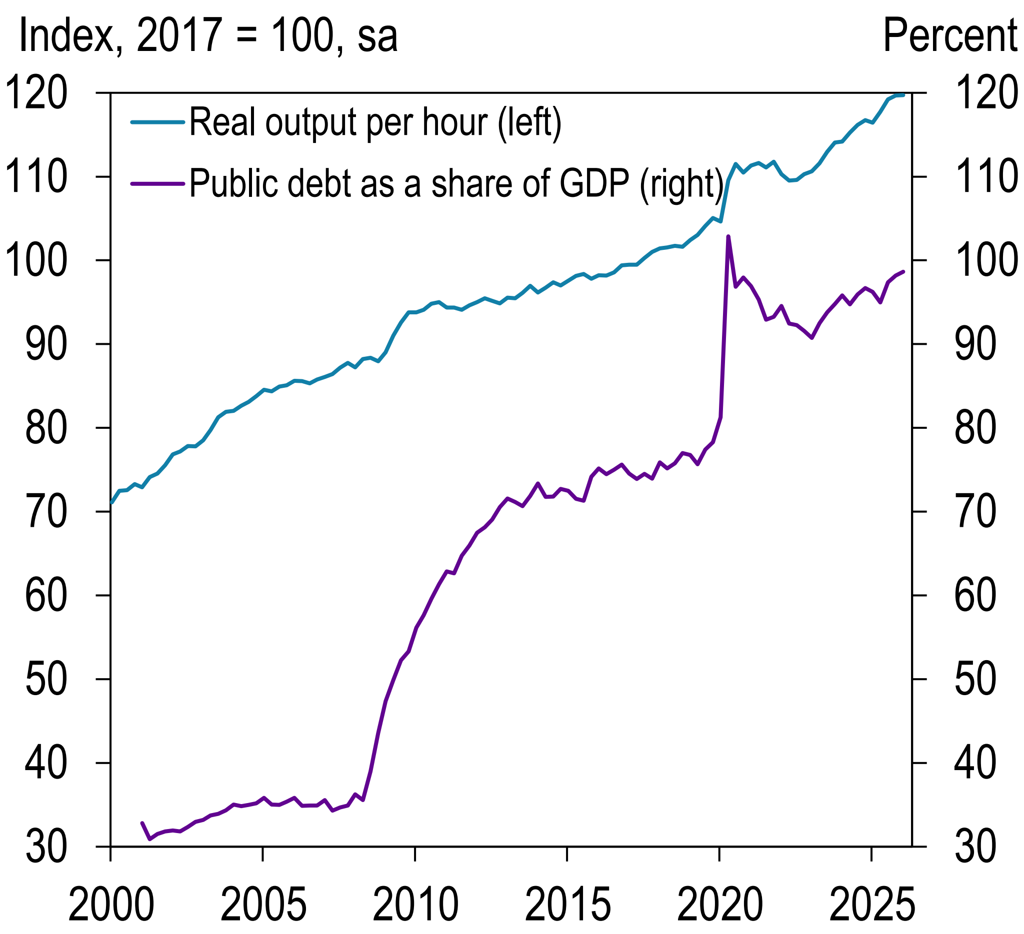




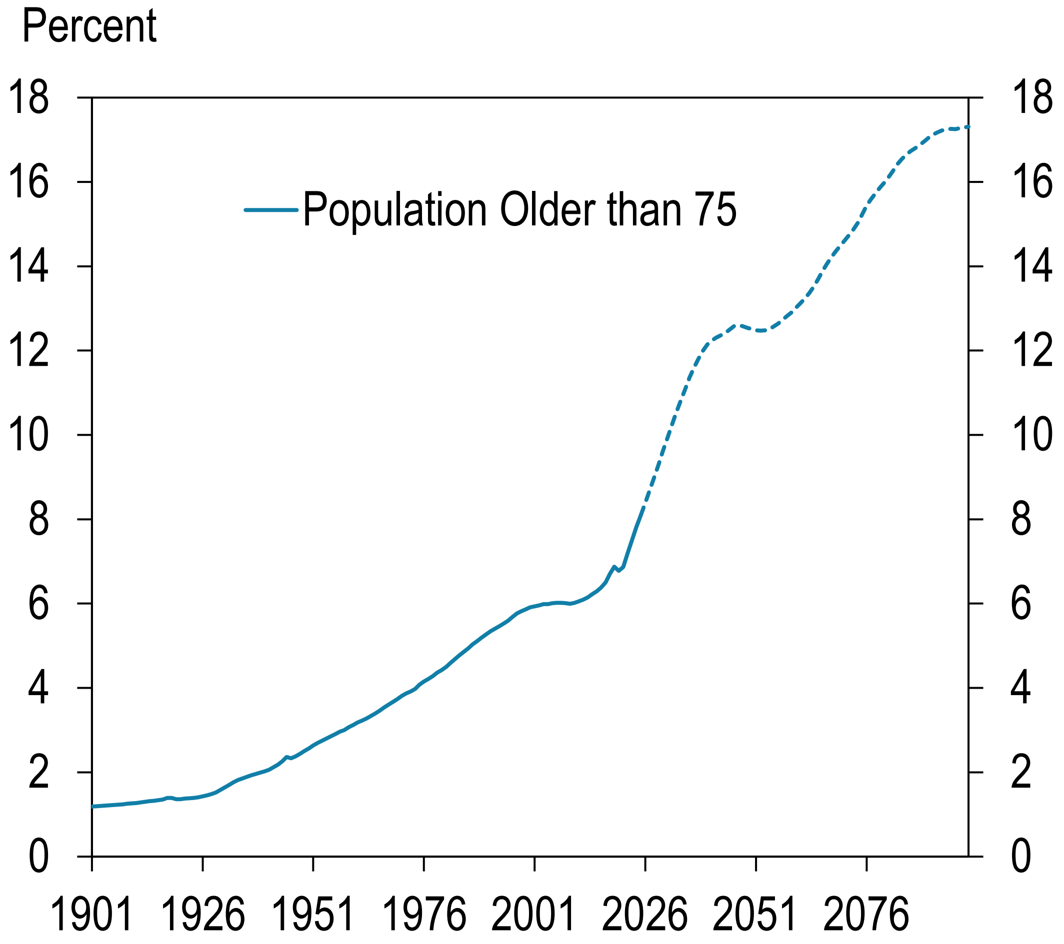
Sources: BEA, BLS, Moody's Analytics, Federal Reserve Board/Haver Analytics

Long-term, productivity and government debt could push interest rates higher, but demographic trends could push them lower

U.S. Productivity and Debt

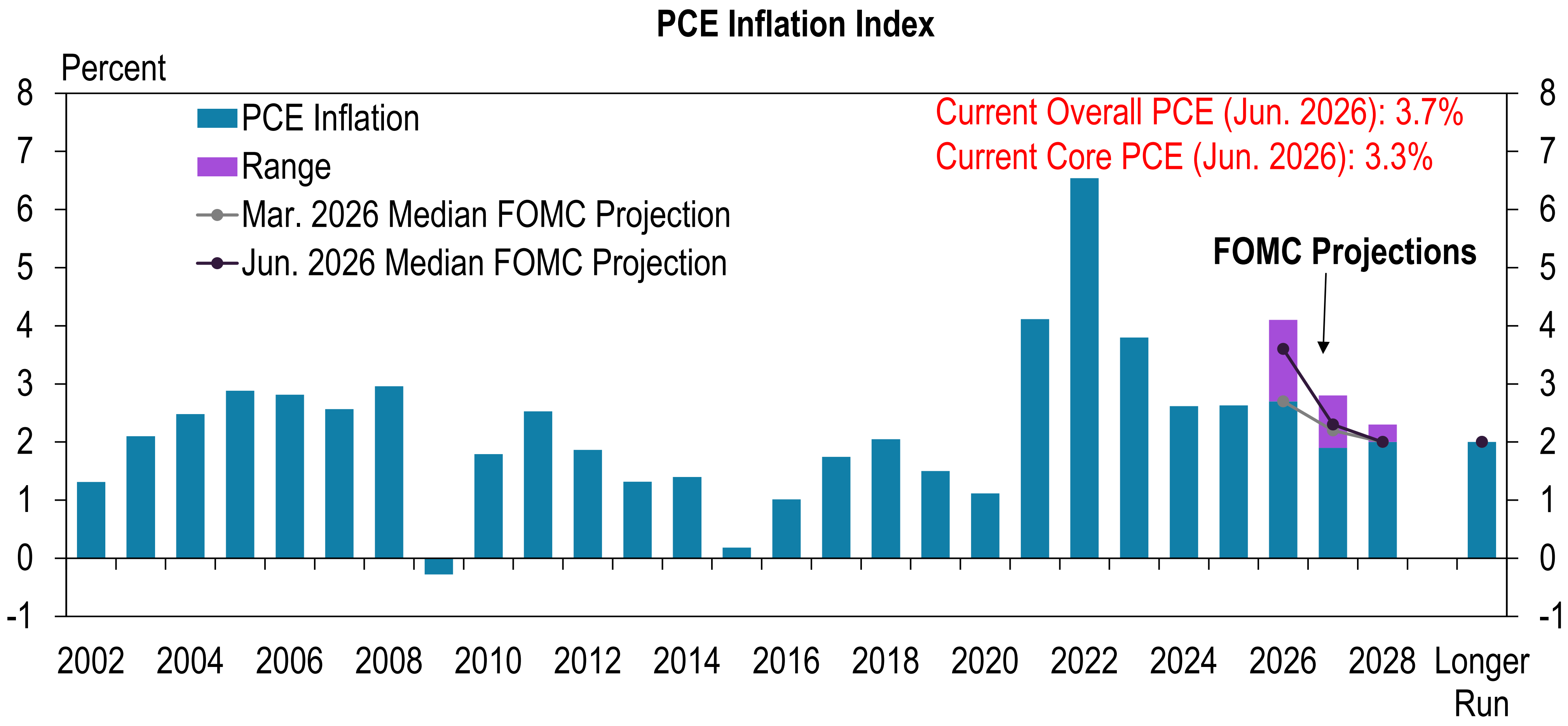


Share of Population Older than 75



Source: U.S. Bureau of Labor Statistics, Federal Reserve Board, Census Bureau/Haver Analytics

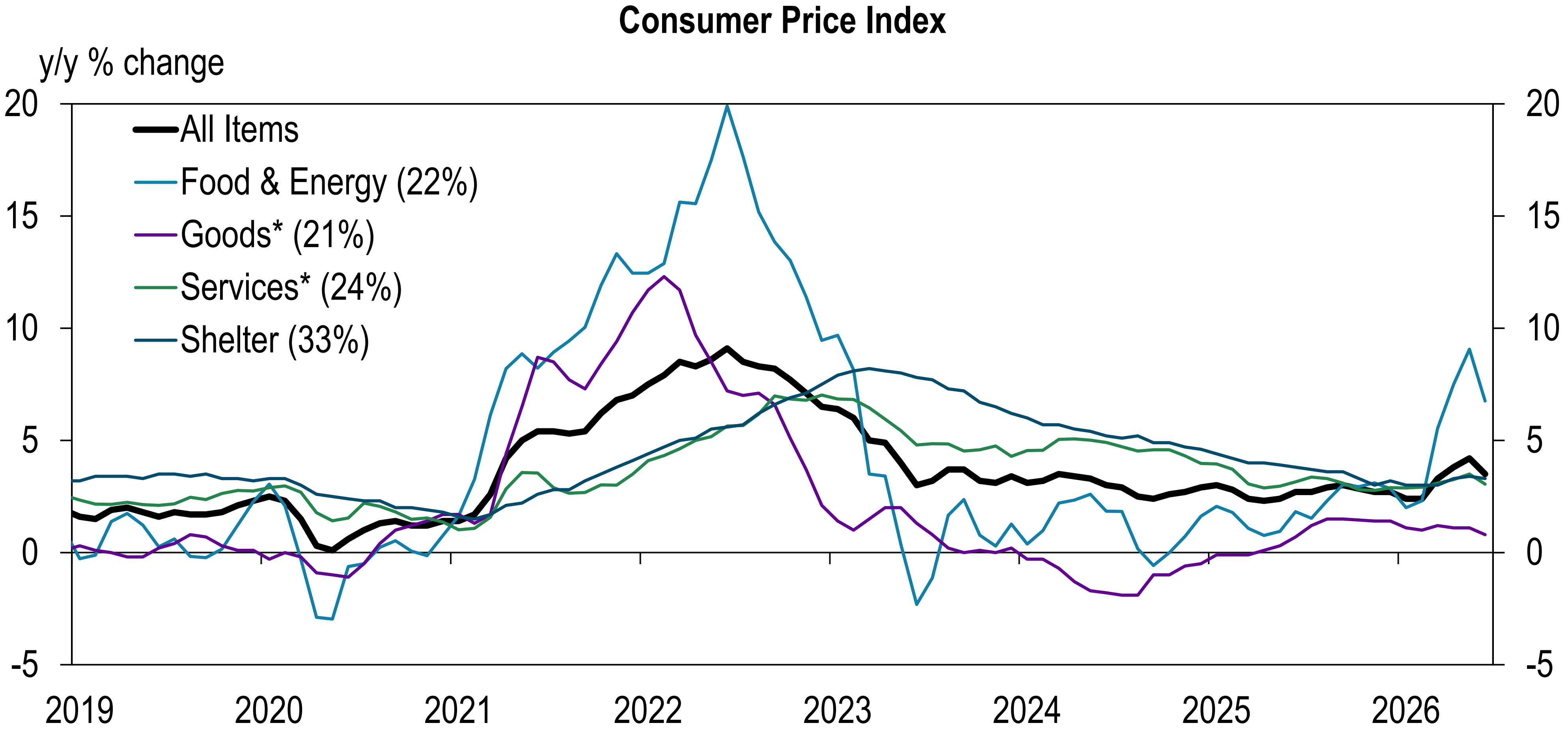
Inflation is expected to remain elevated this year amid high energy prices and broader inflationary pressures



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

Sources: Bureau of Economic Analysis, FOMC

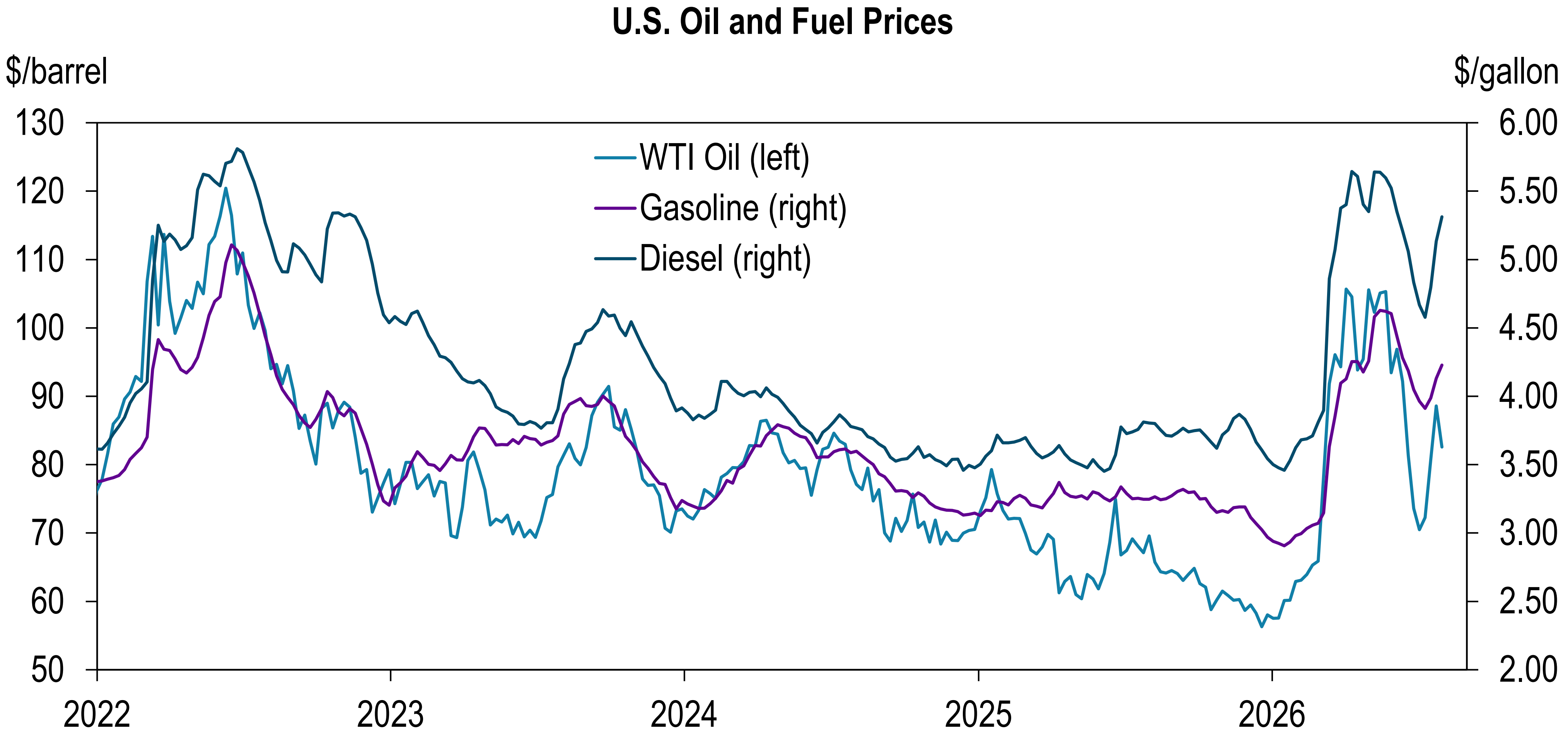
CPI inflation cooled to 3.5% in June, as energy prices eased



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

Sources: BLS/Haver Analytics

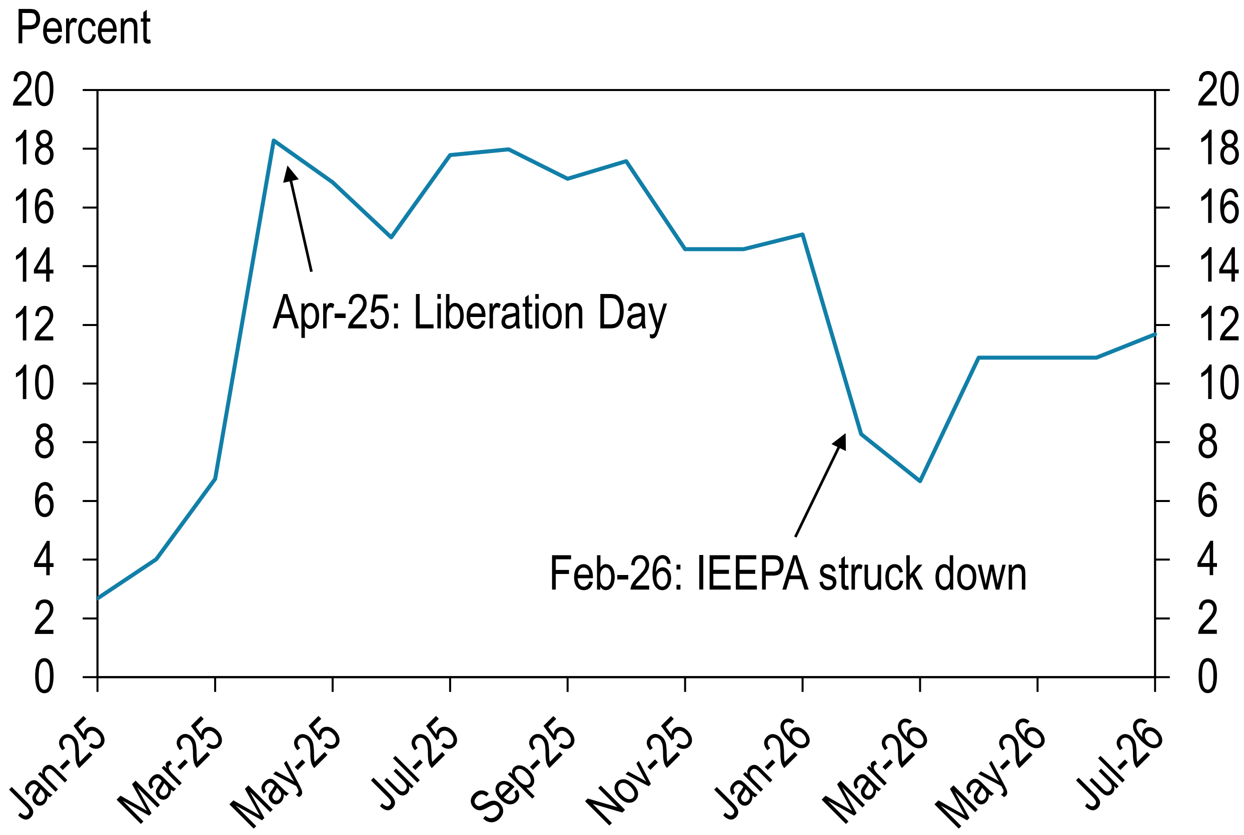
Fuel prices present upside risk to inflation



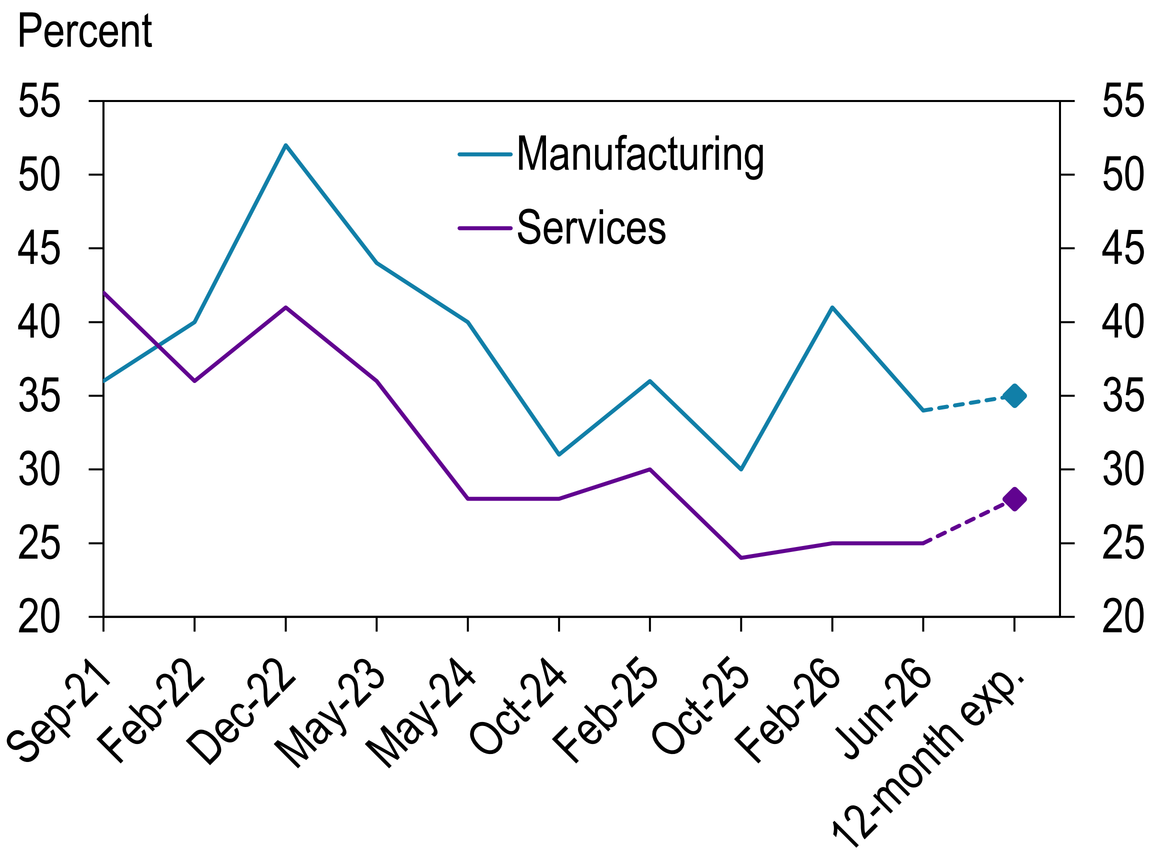
Sources: EIA/Haver Analytics

Tariffs remain elevated, but passthrough to the consumer is not expected to increase substantially

U.S. Effective Tariff Rate

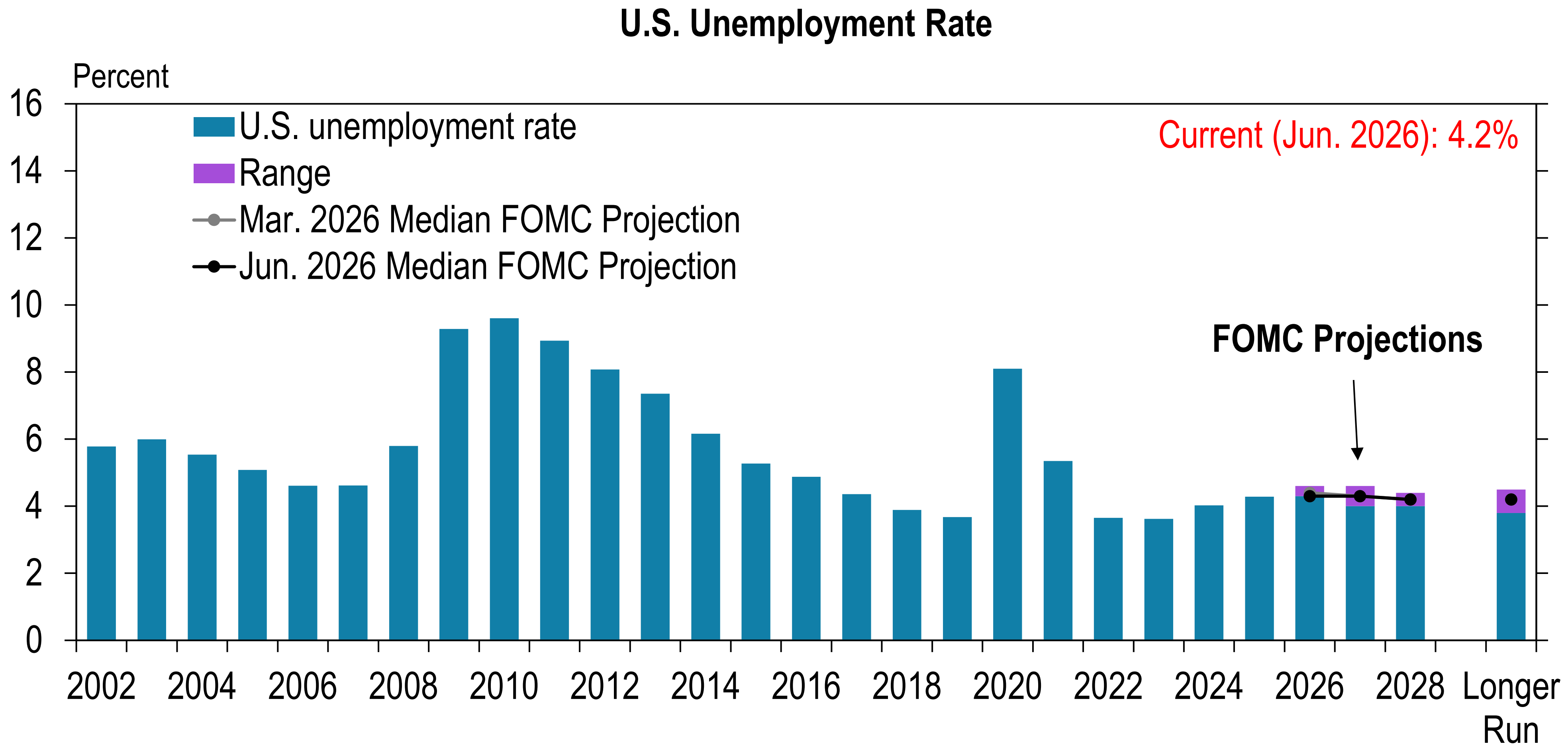


Share of Tenth District Firms Passing Through More than 60% of Cost Increases



Sources: Budget Lab at Yale, FRBKC

U.S. unemployment is at its long-run average and is projected to remain low moving forward

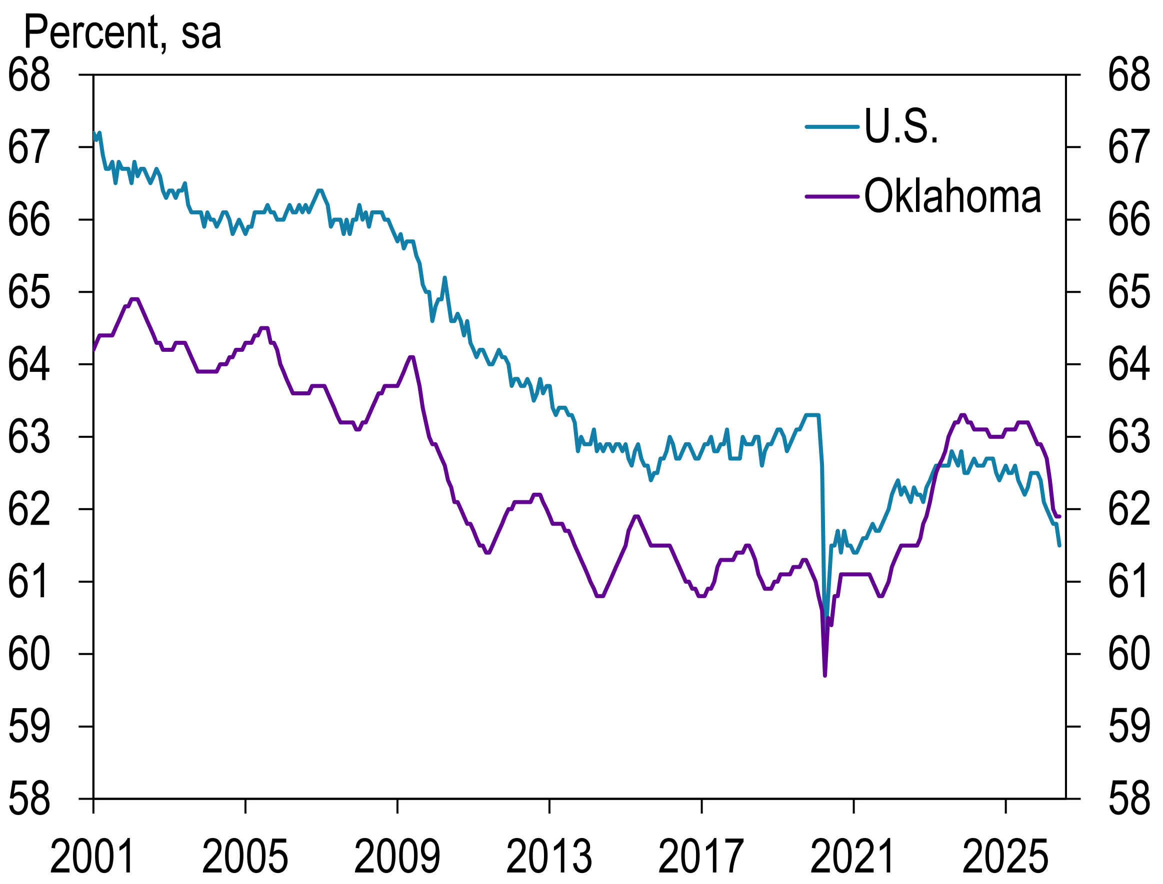


Note: Data and FOMC projections are for year-end.

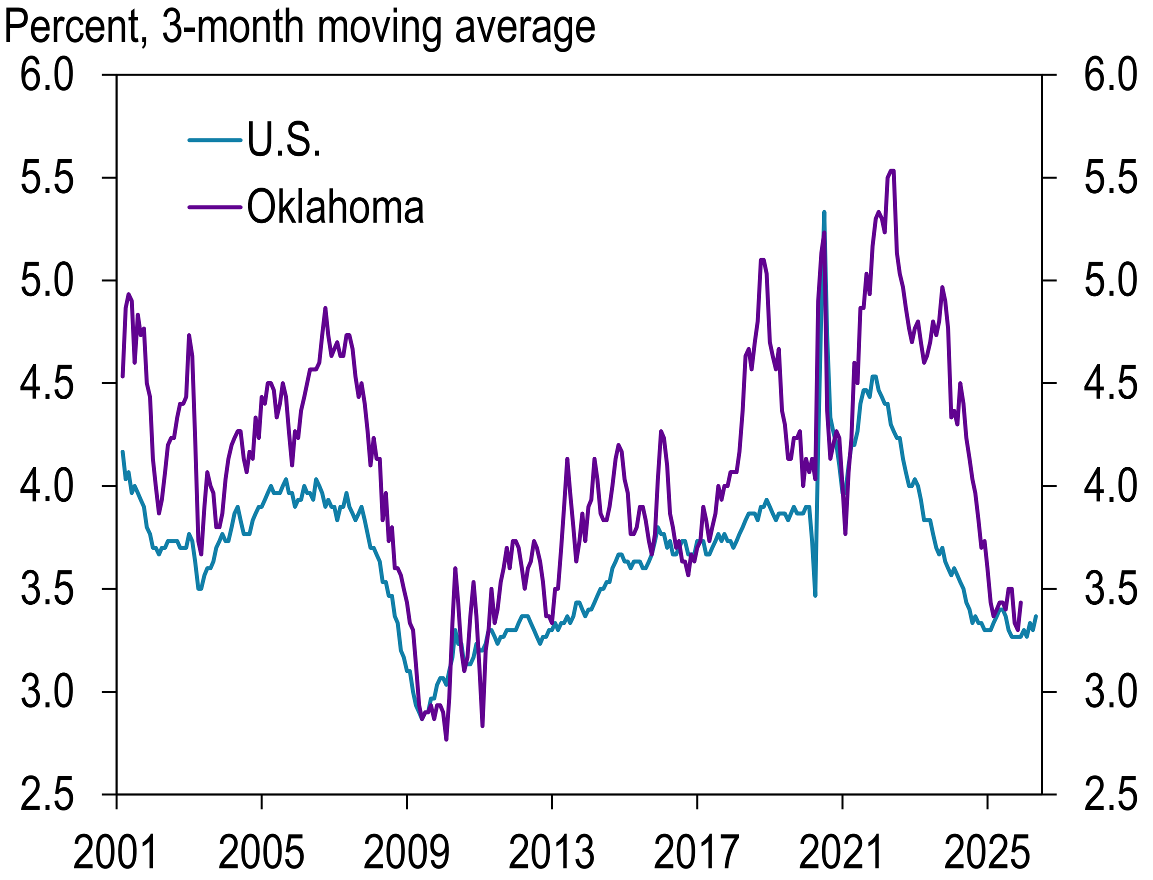
Sources: U.S. Bureau of Labor Statistics, FOMC

Both labor supply and demand have softened in the past year, but hiring in the U.S. has picked up in 2026

Labor Force Participation Rates



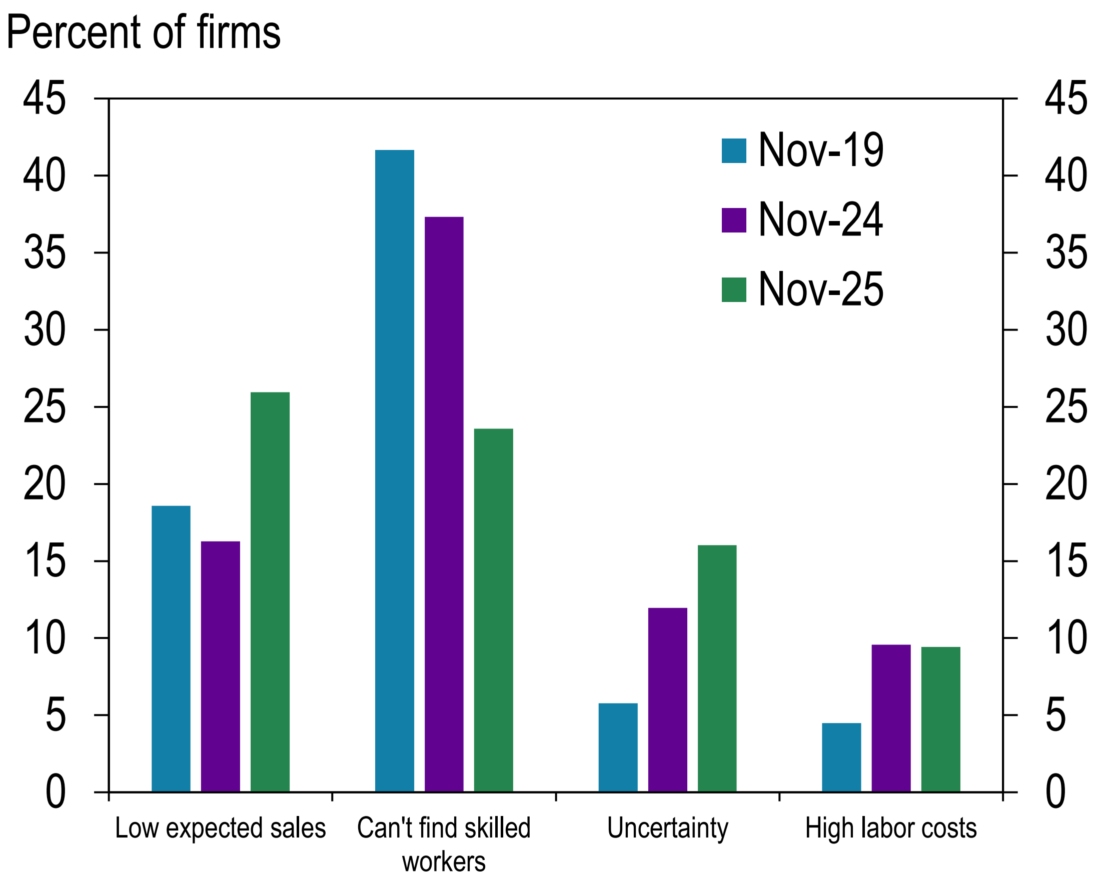
Hiring Rates



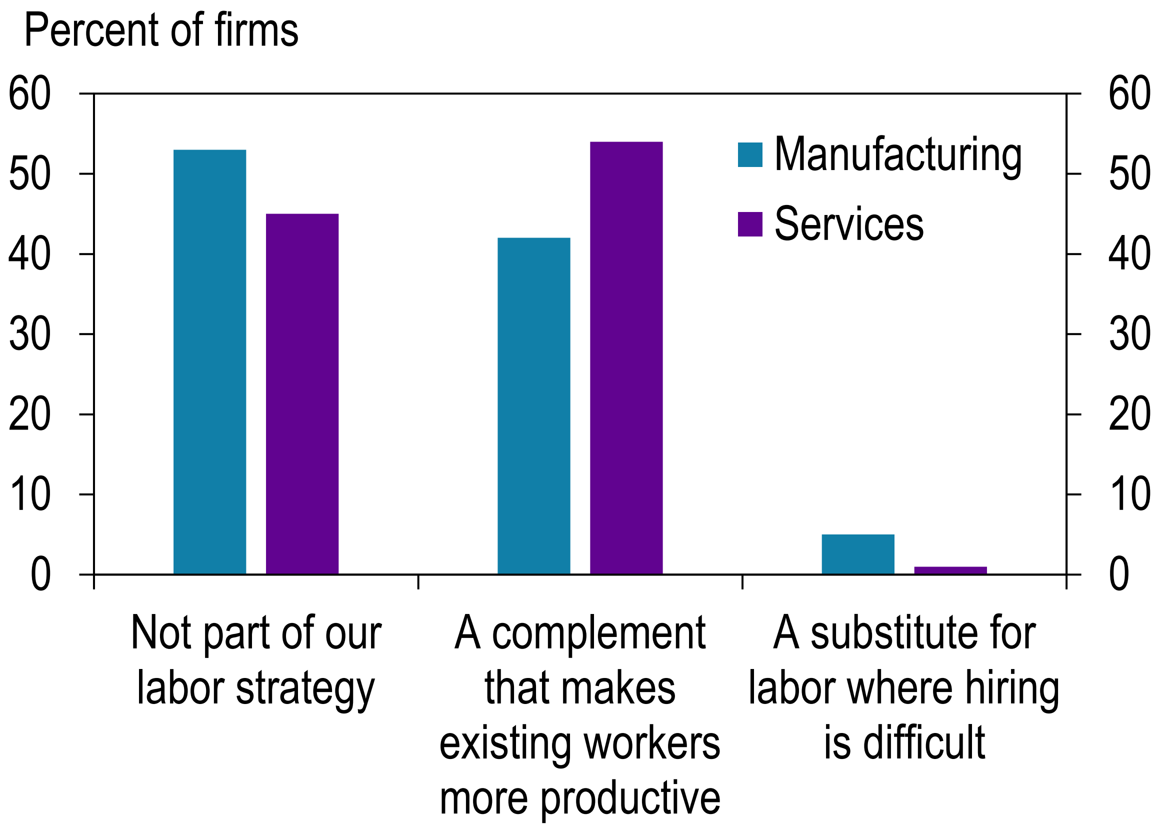
Source: U.S. Bureau of Labor Statistics/Haver Analytics

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

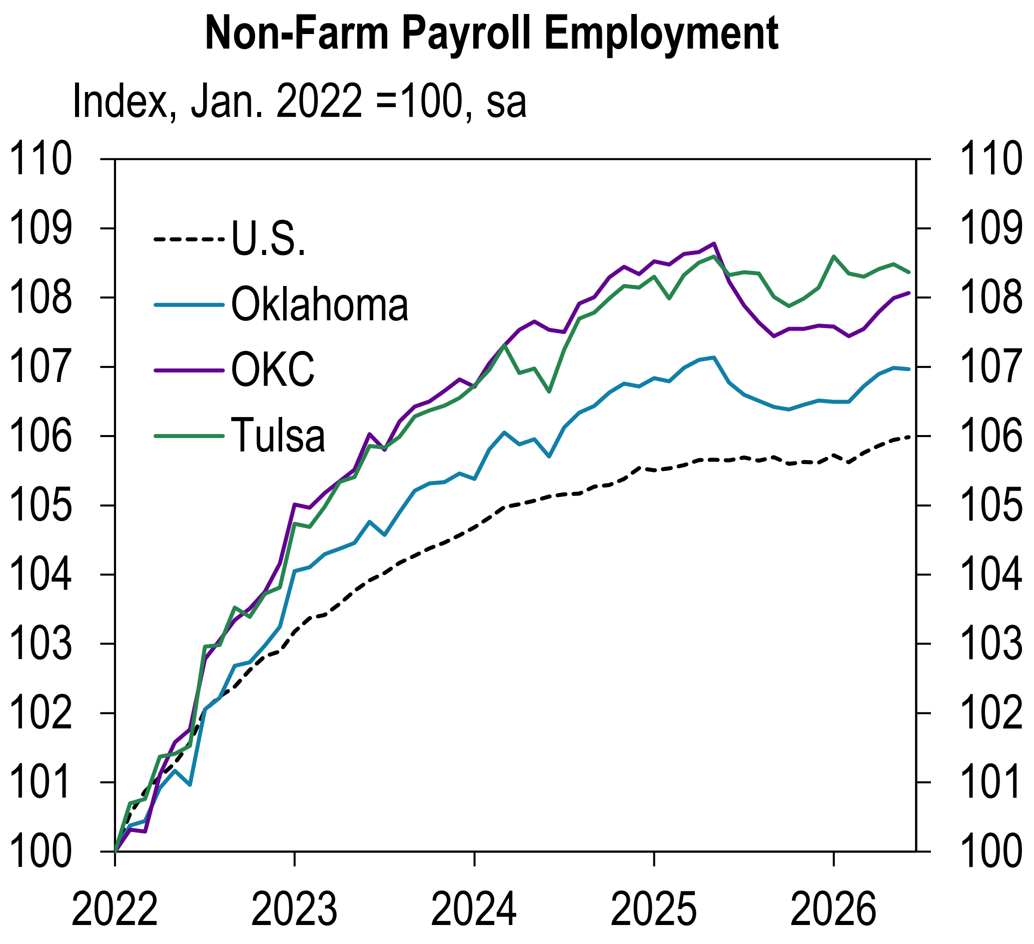


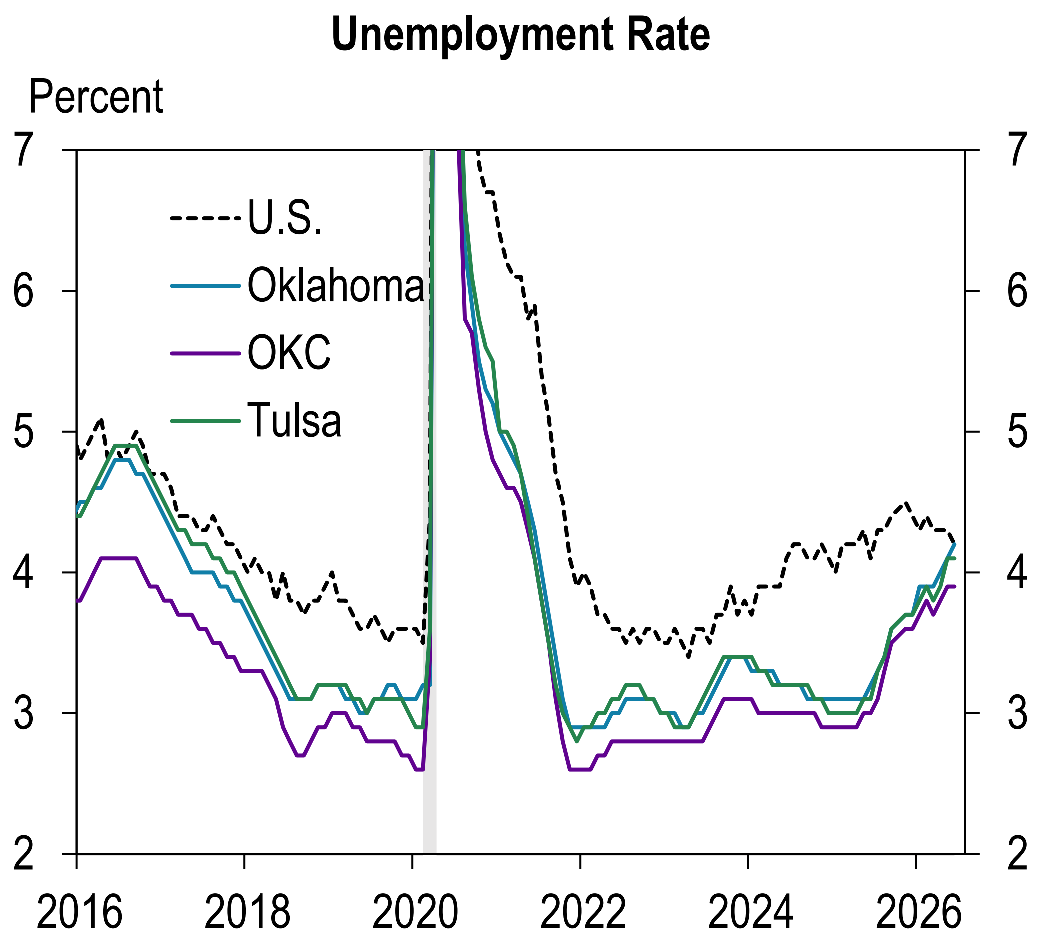
Jan. 2026: Which best describes how AI or technology fits into your firm's labor strategy?



Source: FRBKC

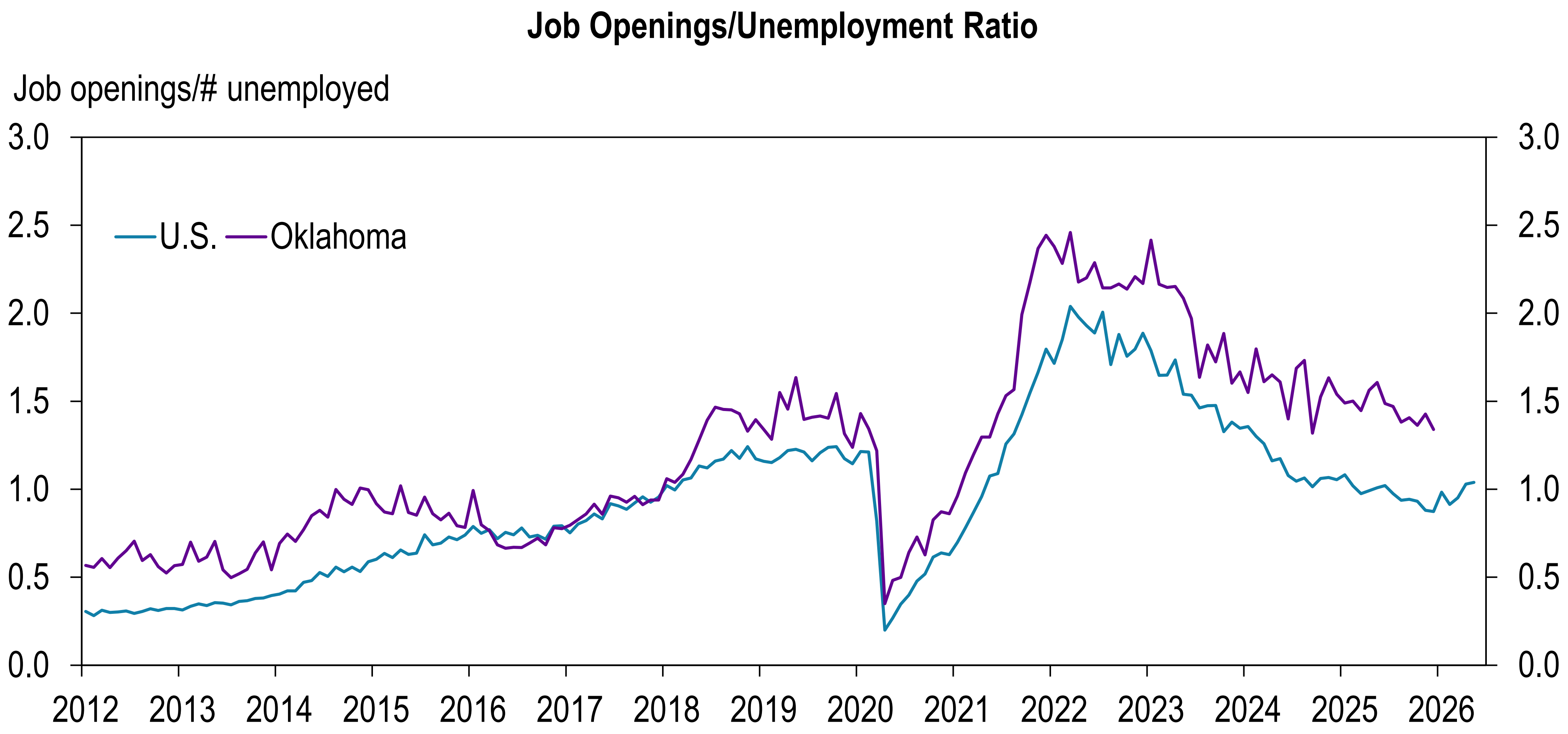
Job growth in Oklahoma slowed in 2025, and the unemployment rate has met the national average for the first time in a decade





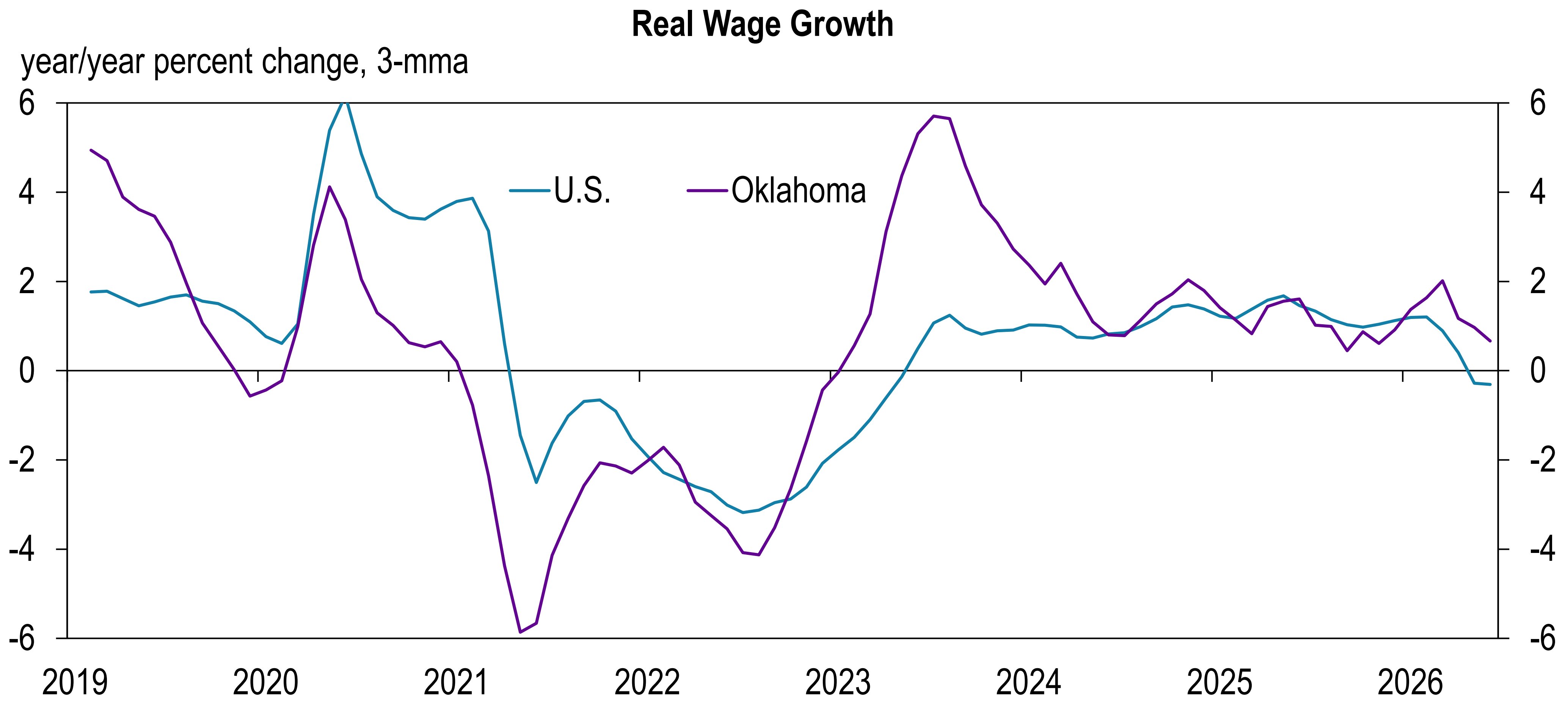
Source: U.S. Bureau of Labor Statistics/Haver Analytics

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



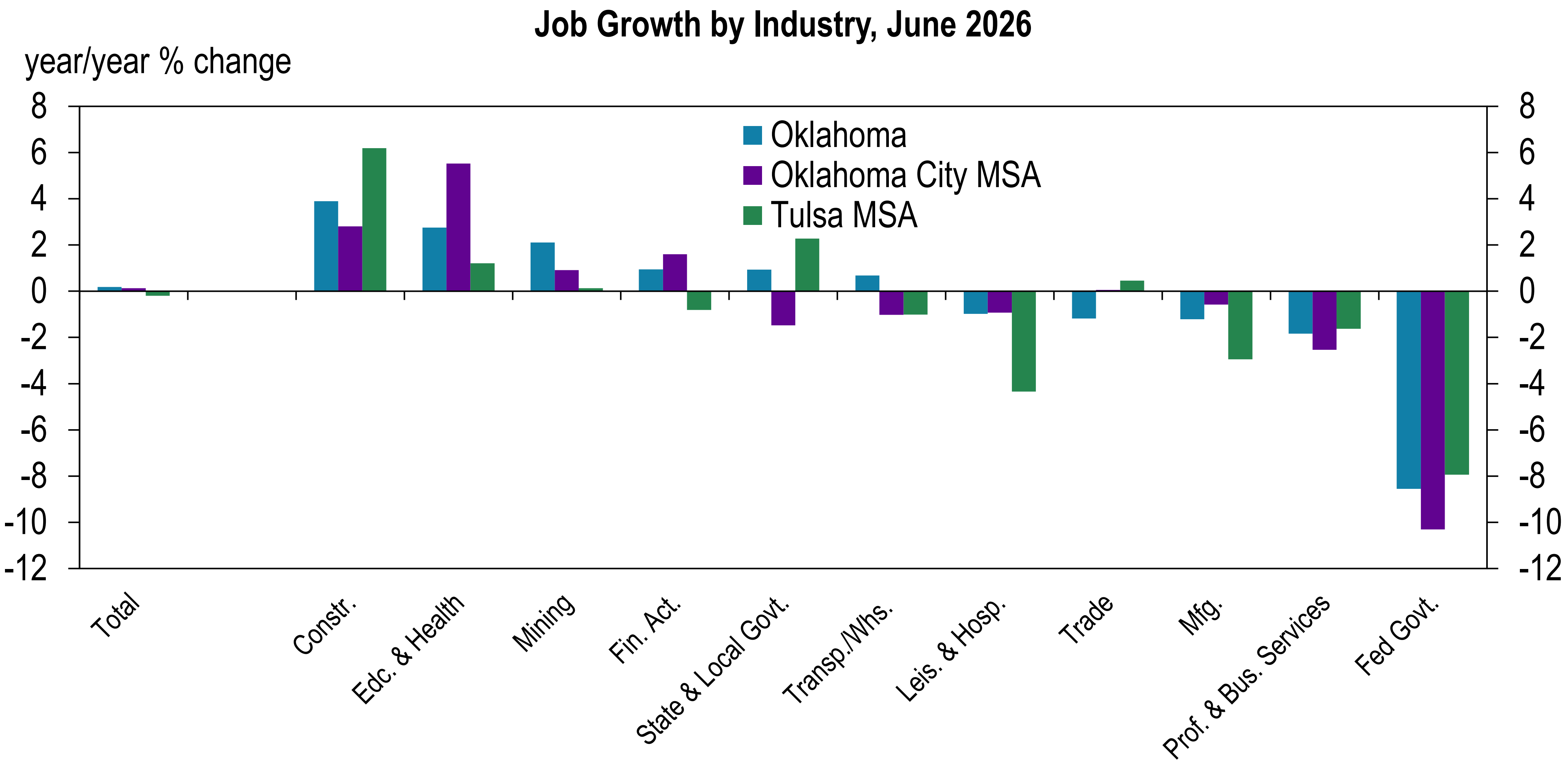
Source: Bureau of Labor Statistics

Wage growth has slowed recently, but continues to outpace the nation in Oklahoma



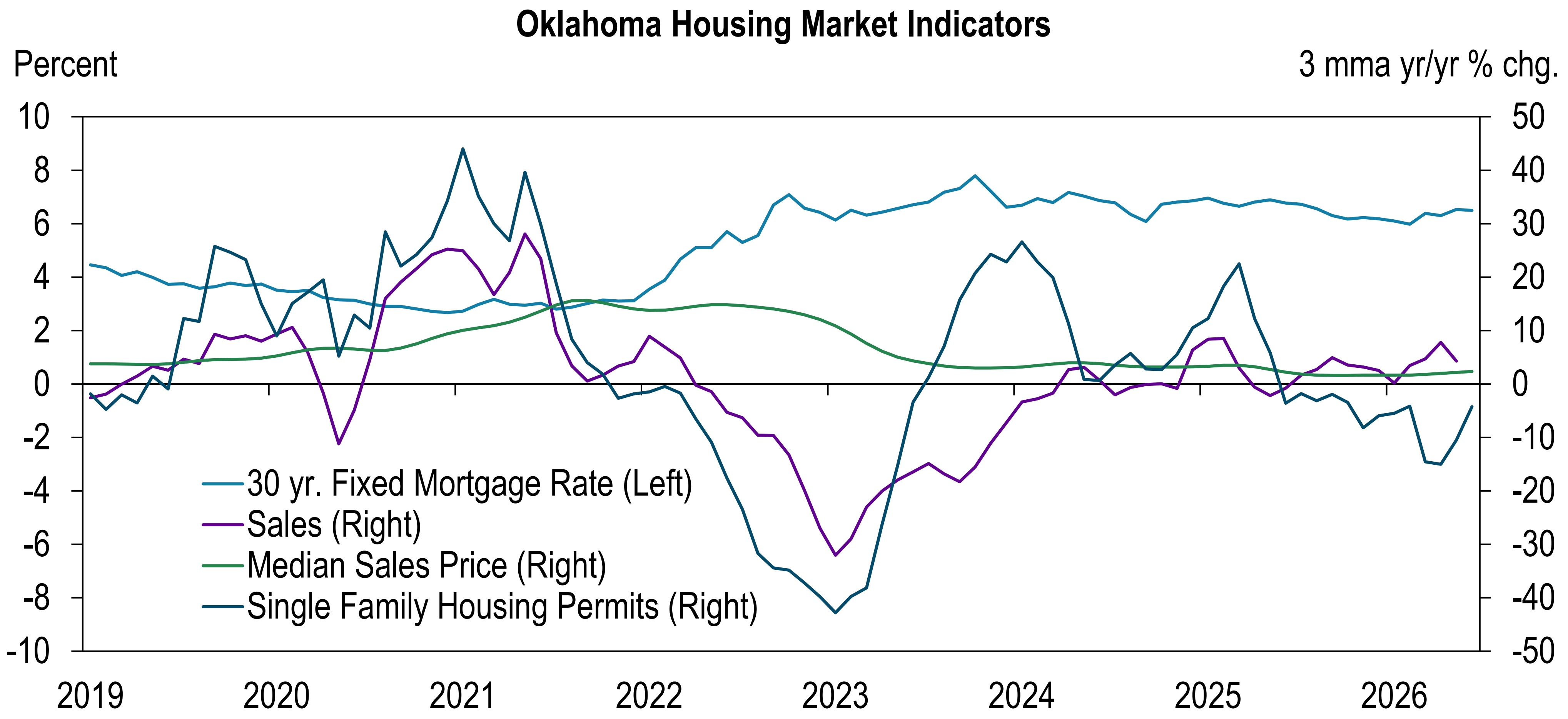
Note: U.S. wage growth is deflated by U.S. CPI. Oklahoma wage growth is deflated by South West Central CPI, including OK, TX, LA, and AR.
Sources: U.S. BLS/Haver Analytics

Oklahoma City’s job gains underperformed the state average over the past year, with increases in healthcare and declines in hospitality and manufacturing



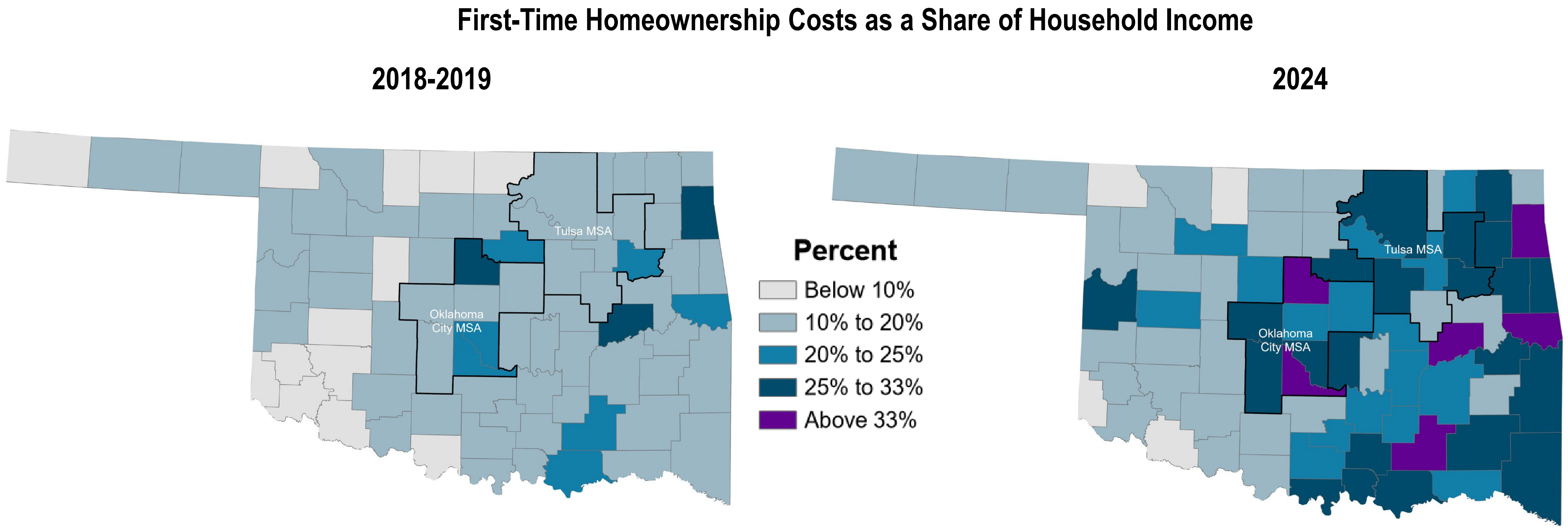
Sources: U.S. Bureau of Labor Statistics/Haver Analytics

The Oklahoma housing market has stalled with higher for longer mortgage rates, although permits may be picking up



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

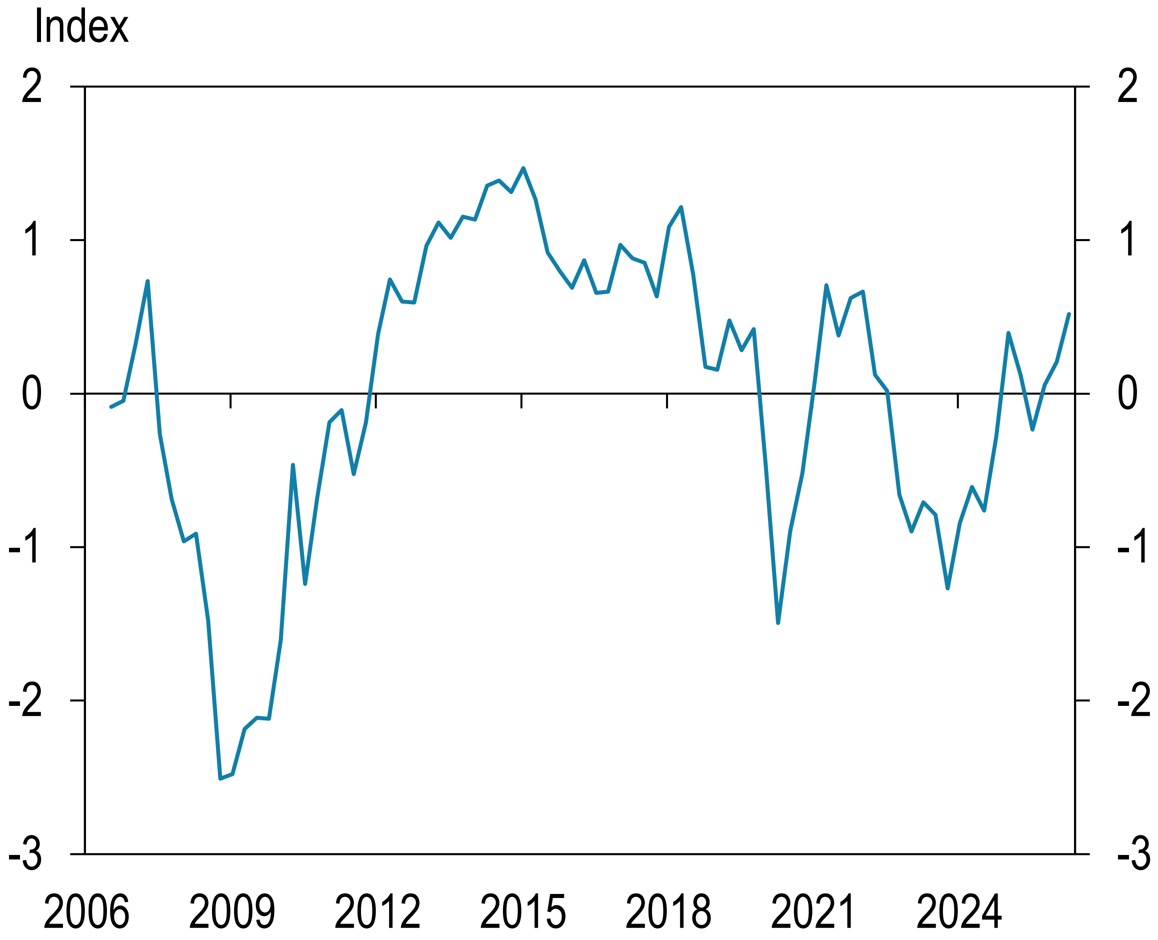
Homeownership for first-time buyers became less affordable across Oklahoma in recent years



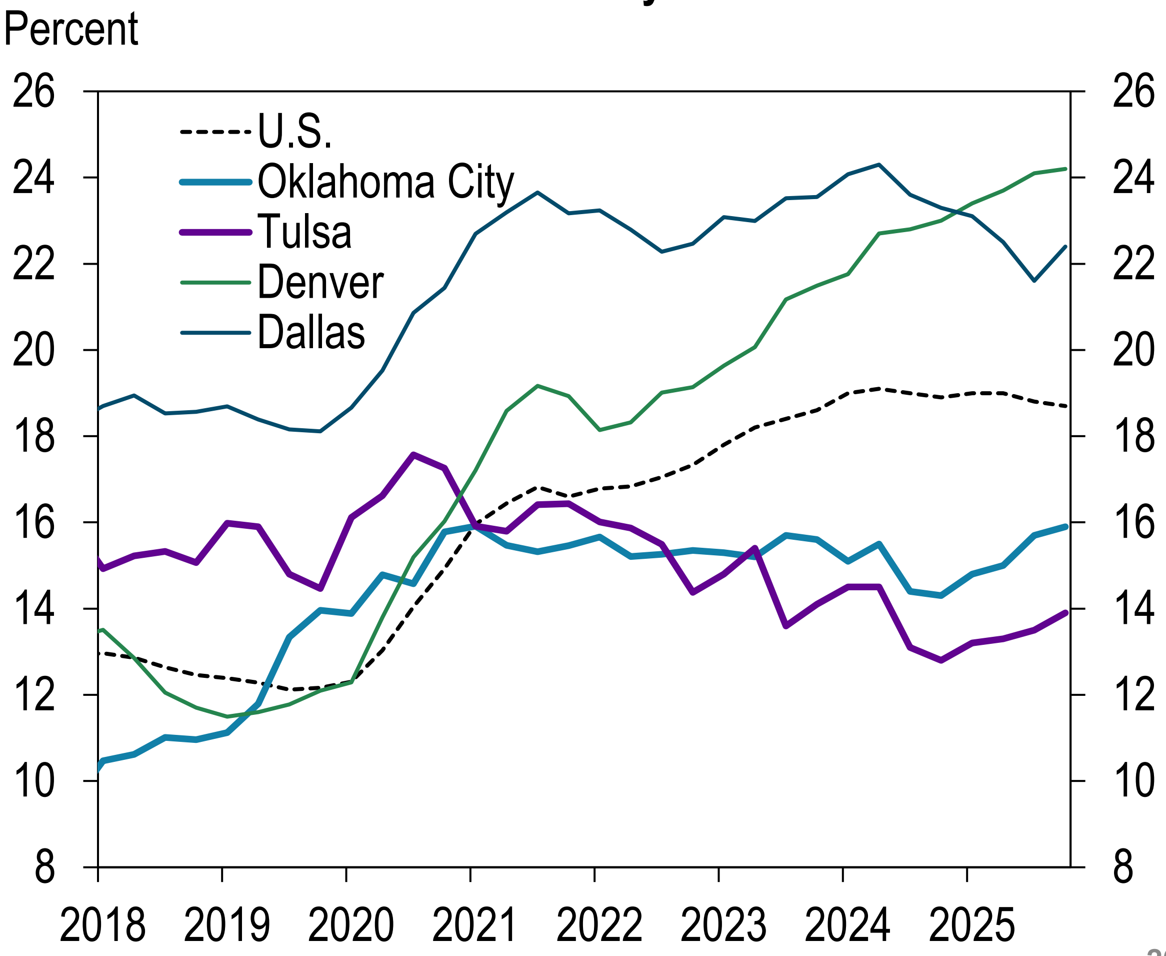
Notes: Costs include mortgage payment, insurance, and maintenance. 2024 data through October.
Sources: Zillow, BLS, U.S. Census Bureau (IPUMS NHGIS), WSJ (Haver Analytics), staff calculations

CRE activity has picked up, and office vacancy rates in Oklahoma have not risen like in other markets

KC Fed Commercial Real Estate Index

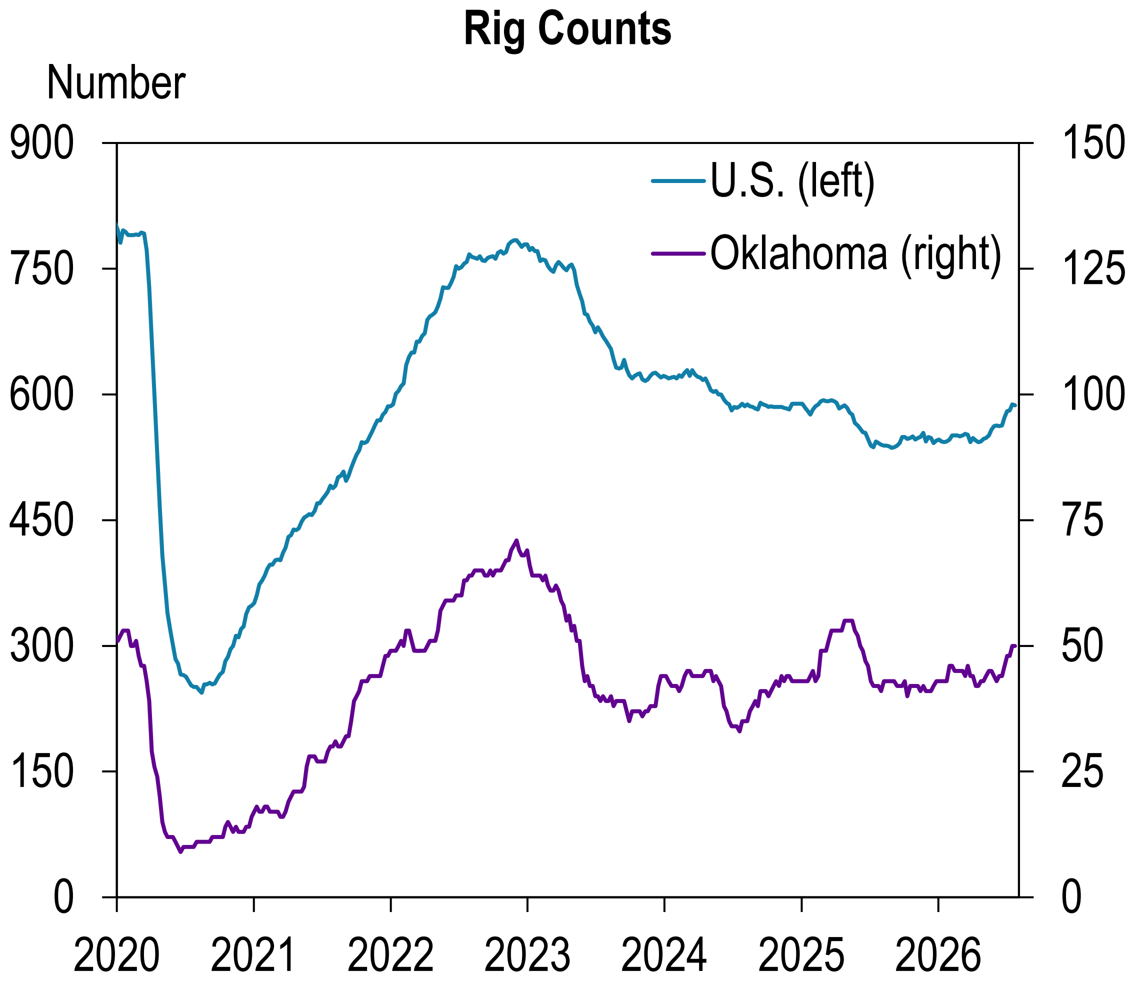


Office Vacancy Rates

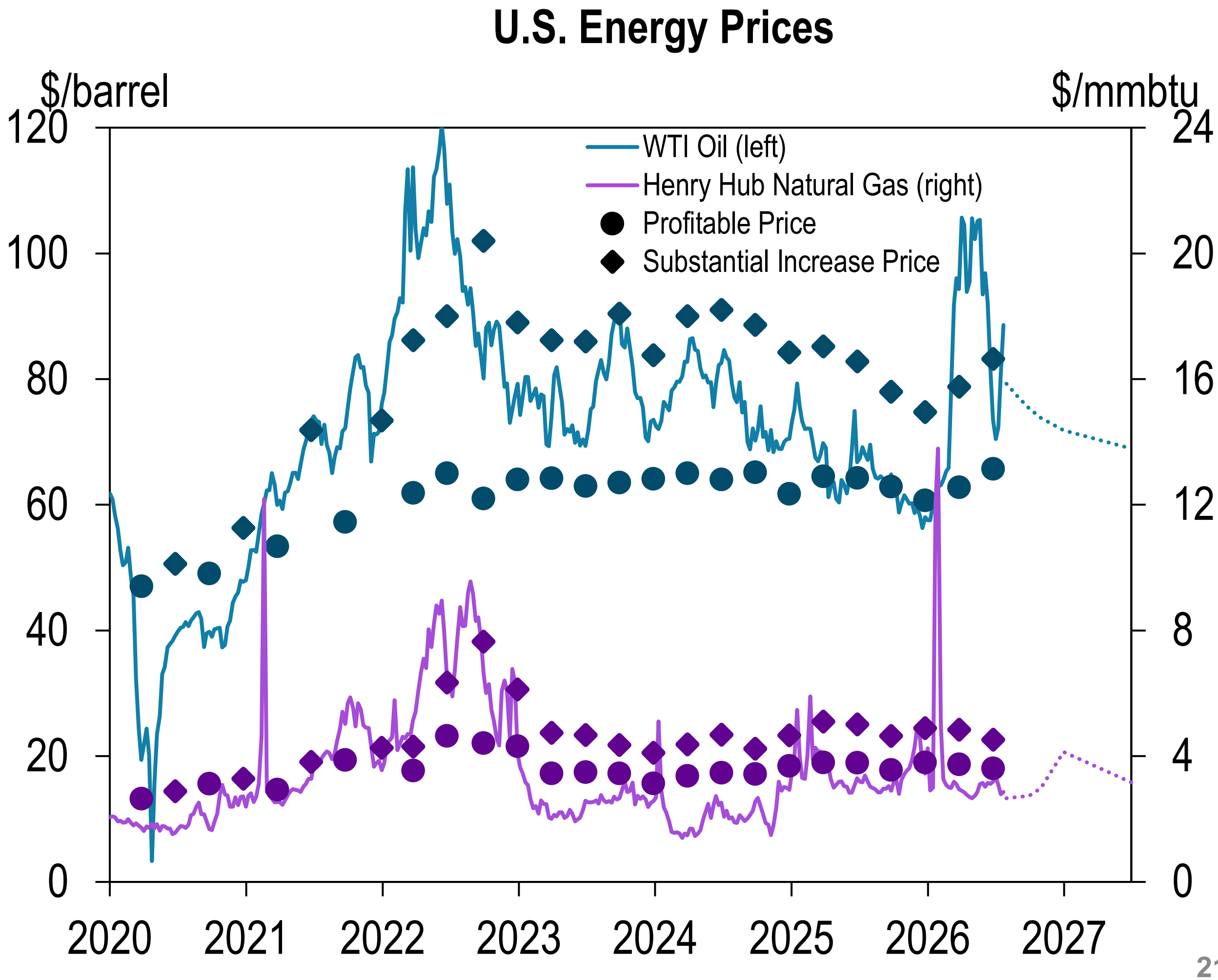


Sources: CBRE-EA, FRBKC

Rig counts have increased recently as oil prices surpass levels needed to increase drilling, and are expected to remain above breakevens

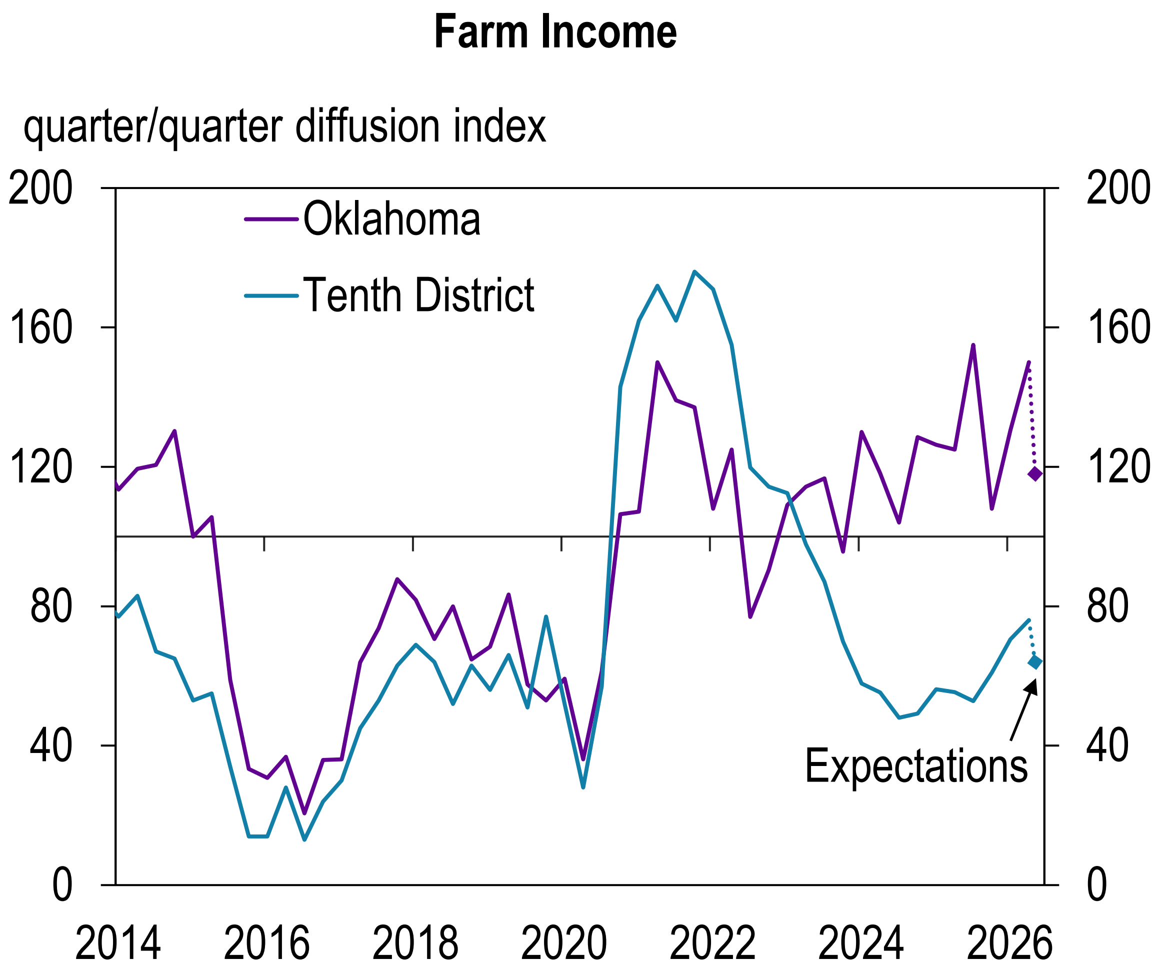


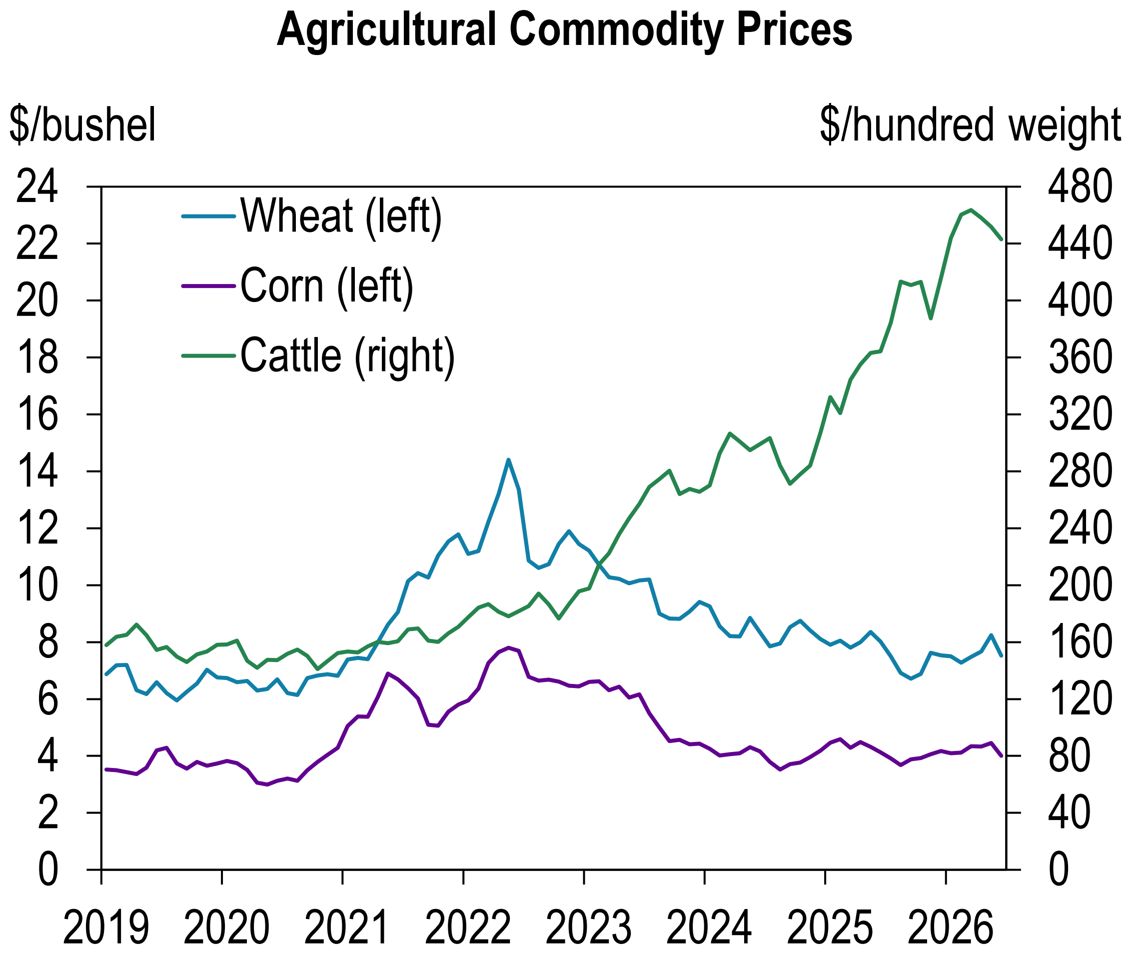
Source: Baker Hughes, EIA/Haver Analytics, FRBKC Surveys



Note: Dotted lines show CME futures prices as of July 28.

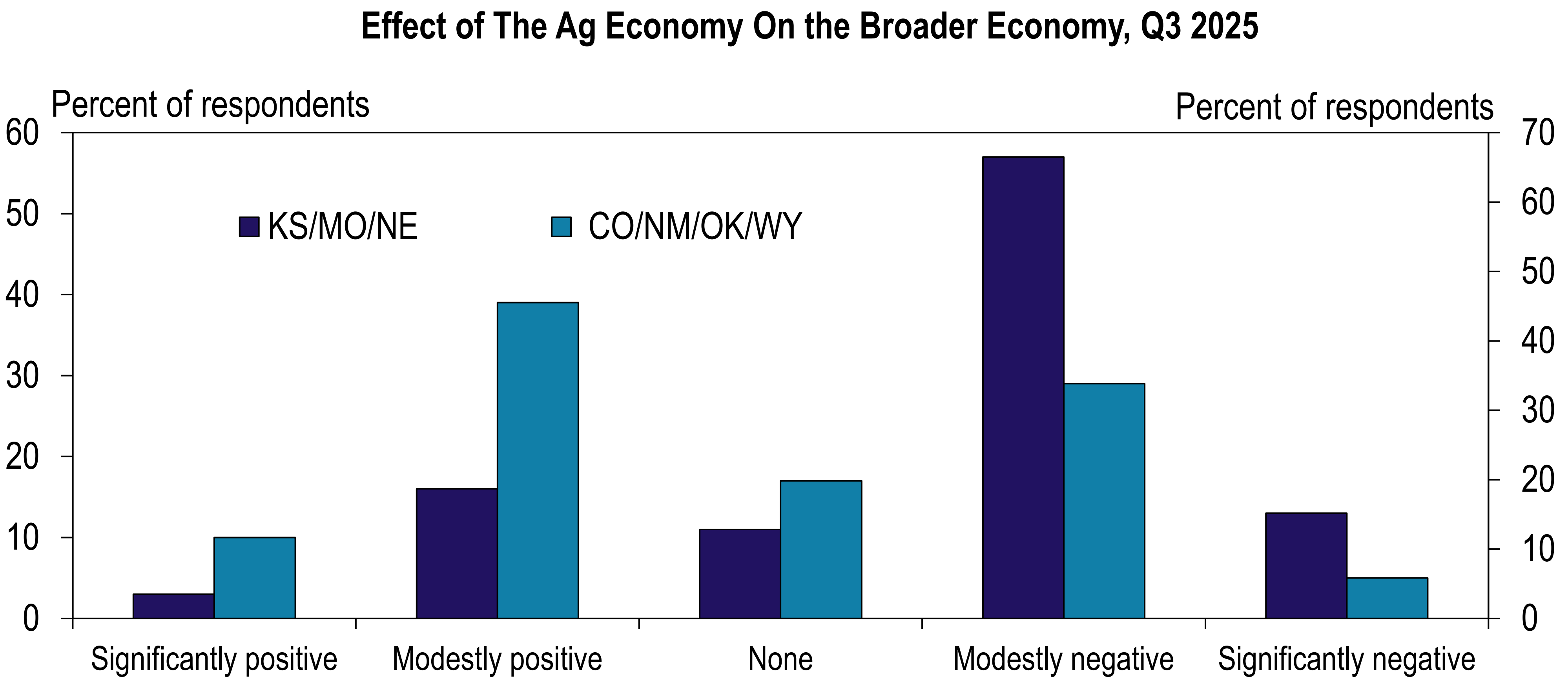
Oklahoma farm income grew in Q2 while it declined in other District states, partially due to higher cattle prices





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

Furthermore, areas with a greater concentration in cattle production saw more positive outcomes in the broader economy.



Note: Agricultural lenders were asked, “How have recent agricultural economic conditions affected broader economic conditions and business activity in your lending area?”
Source: Federal Reserve Bank of Kansas City Ag Credit Survey

Thank you!

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