# U.S. and Oklahoma Economic Outlook

## BancFirst Treasury Services

## August 19, 2026


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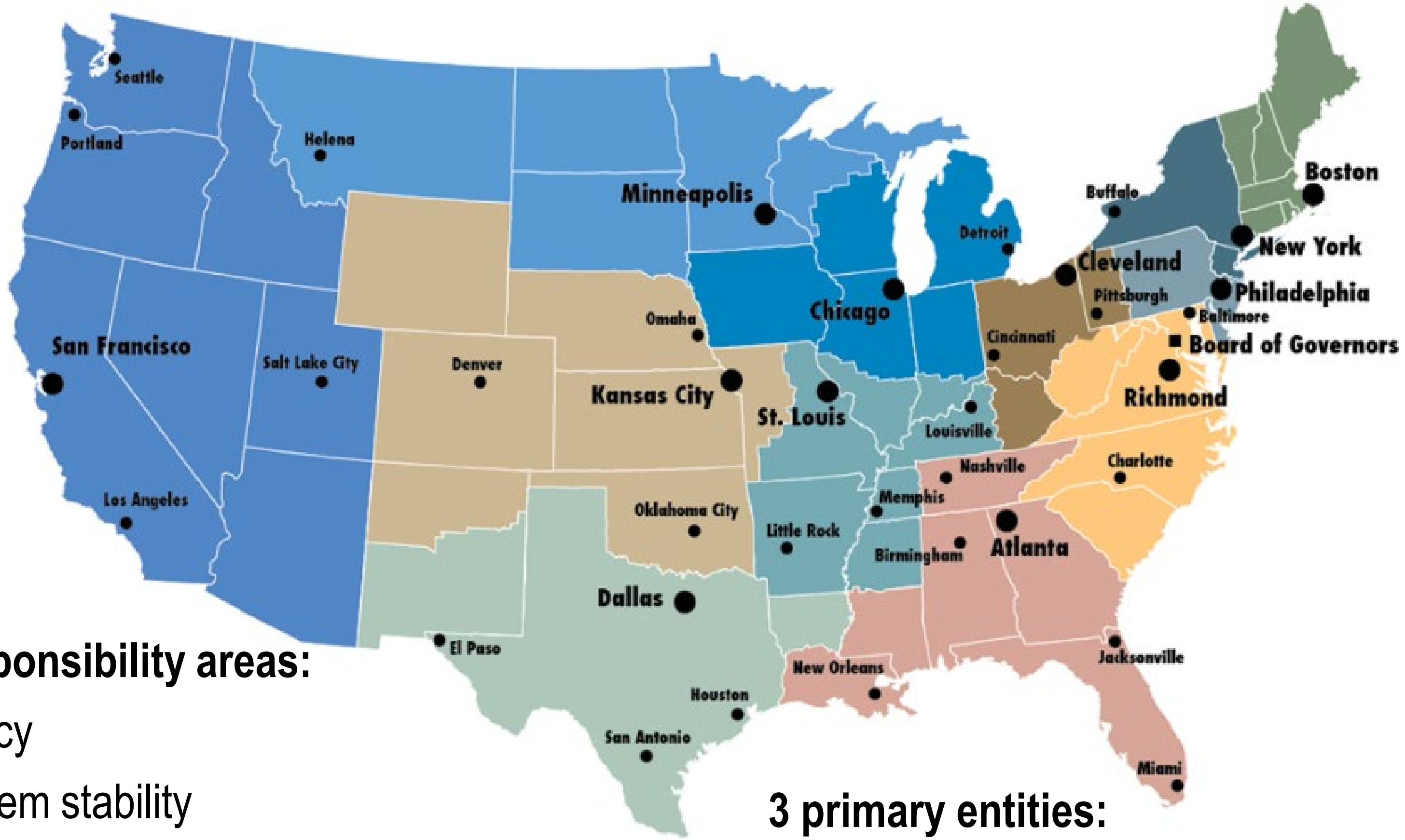
*Oklahoma City Branch Executive & Assistant Vice President*


*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

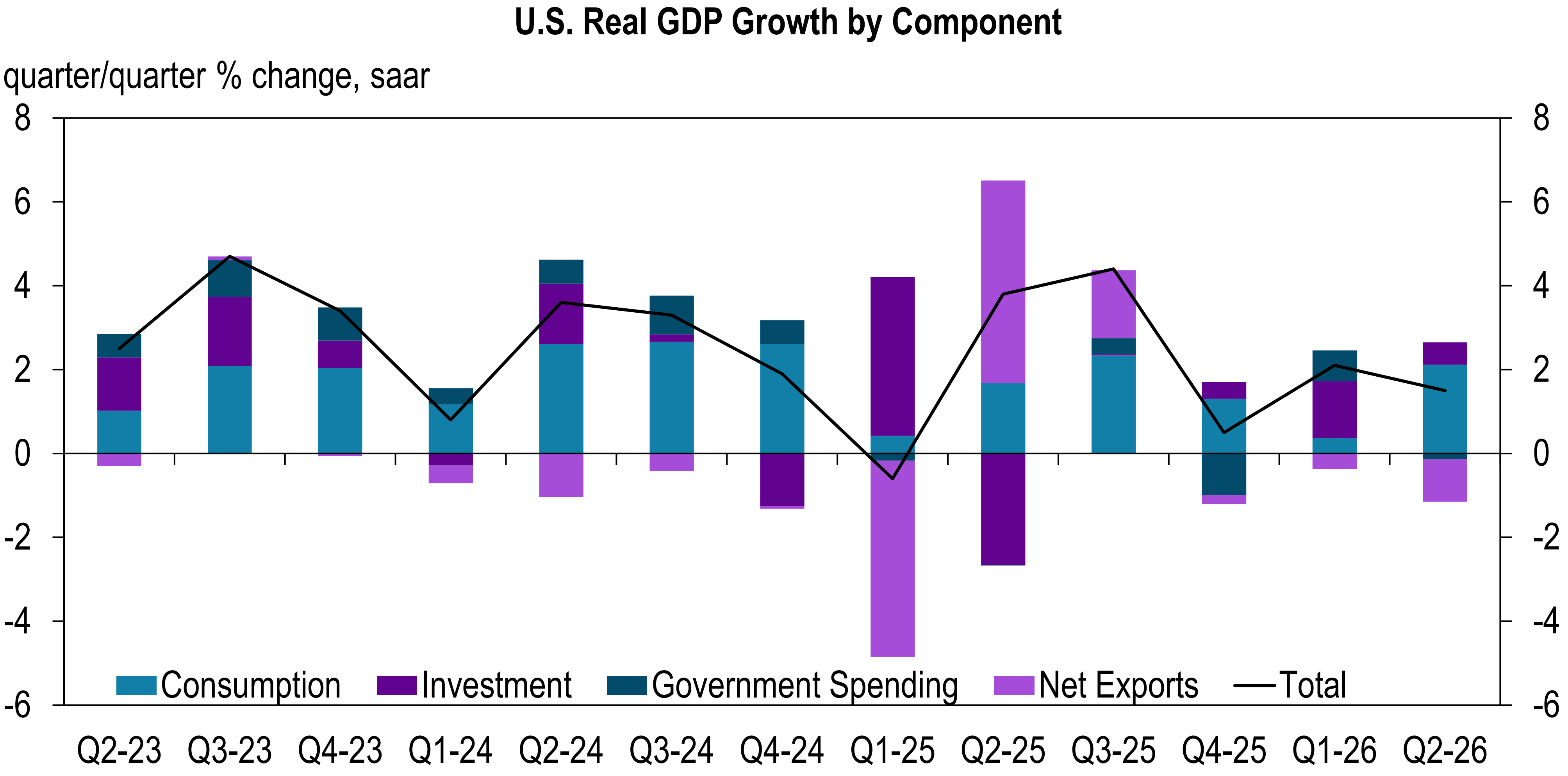
# The Oklahoma City Branch of the Federal Reserve Bank of Kansas City

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

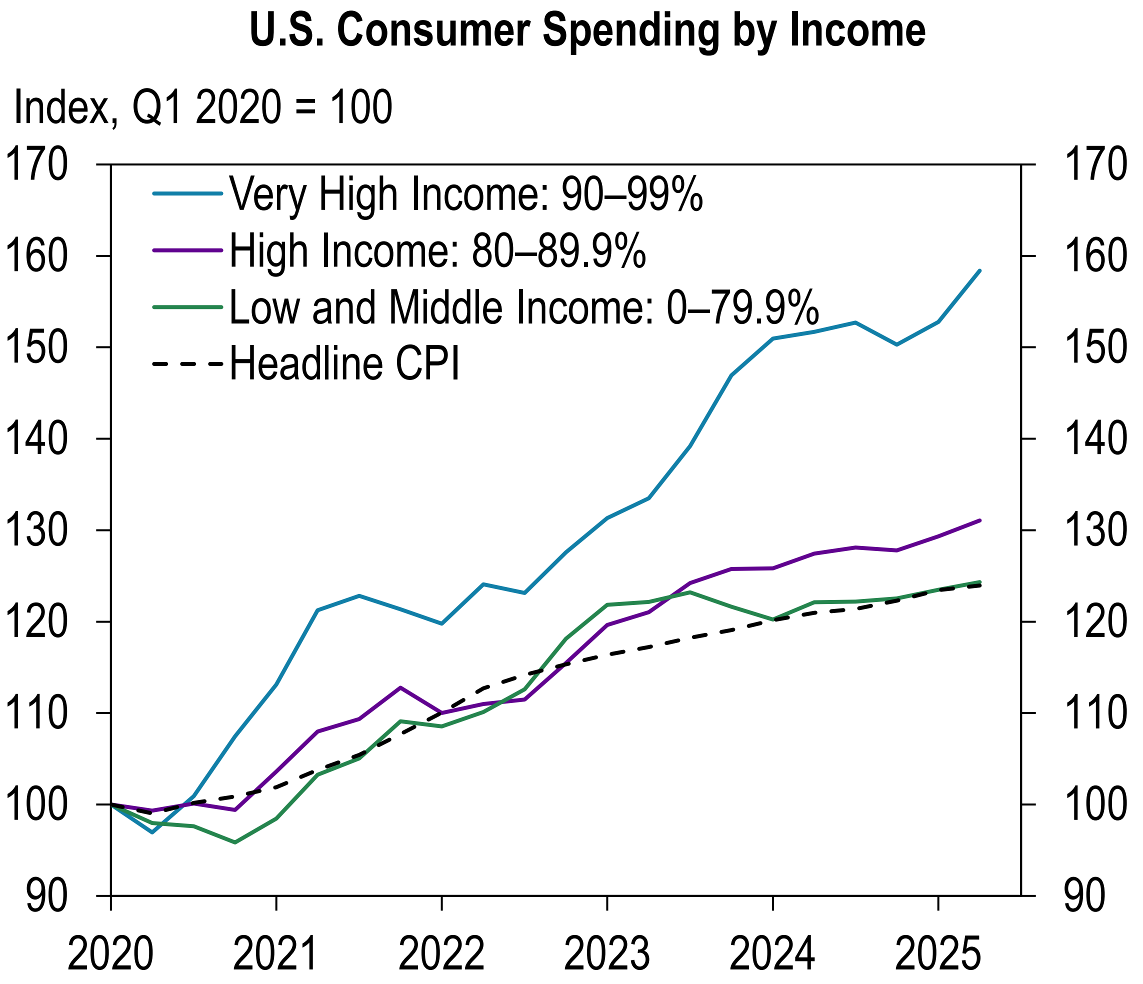
- **2026 OKC Branch Board of Directors**
  - **Rhonda Hooper (chair)**, President & CEO, Jordan Advertising, OKC
  - **Mark Burrage**, CEO, FirstBank, Antlers/Atoka
  - **Scott Case**, President, Case & Associates Properties, Tulsa
  - **Jason A. Garner**, President, Crawley Petroleum Corporation, OKC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

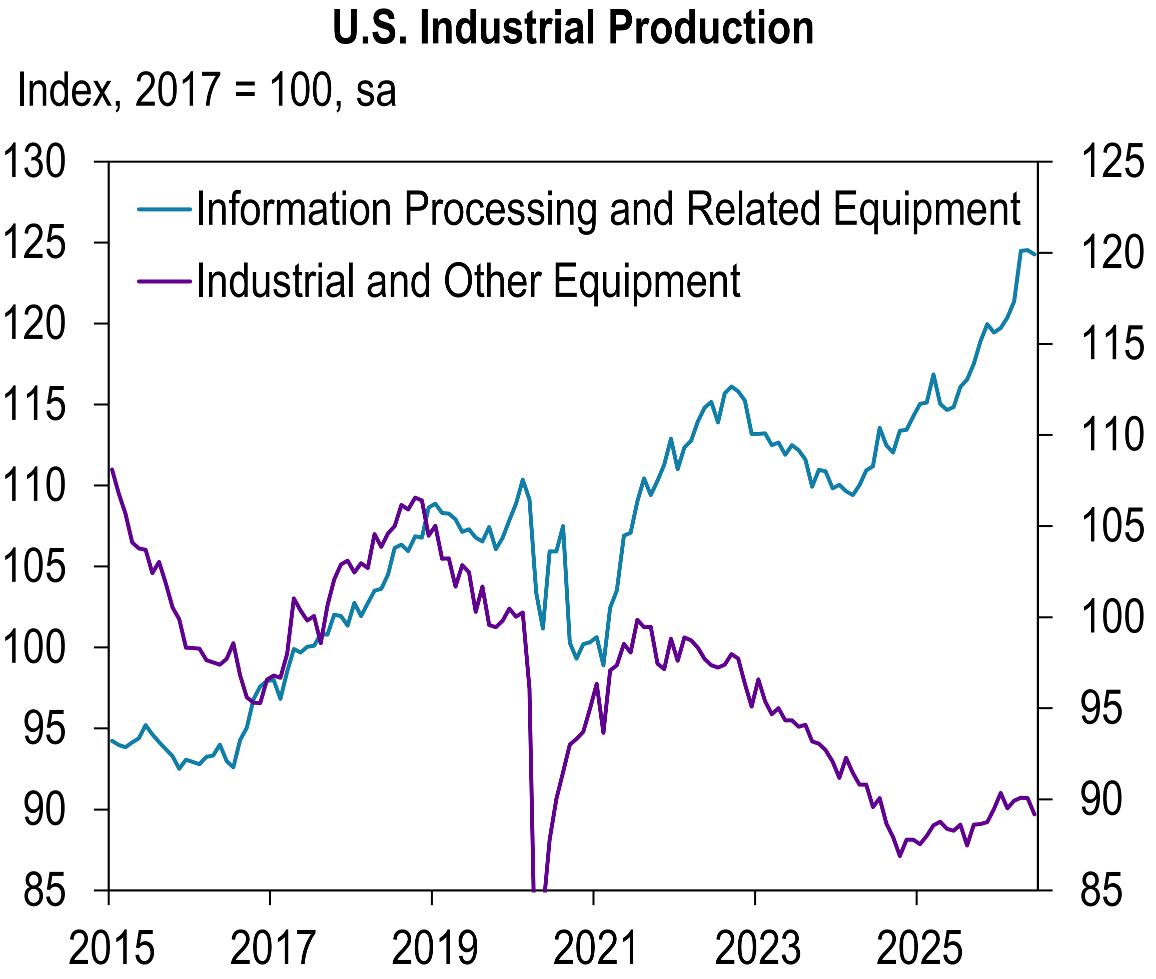
# U.S. GDP growth cooled to 1.5% in Q2, as business investment eased and the Iran conflict affected supply chains




Sources: BEA/Haver Analytics

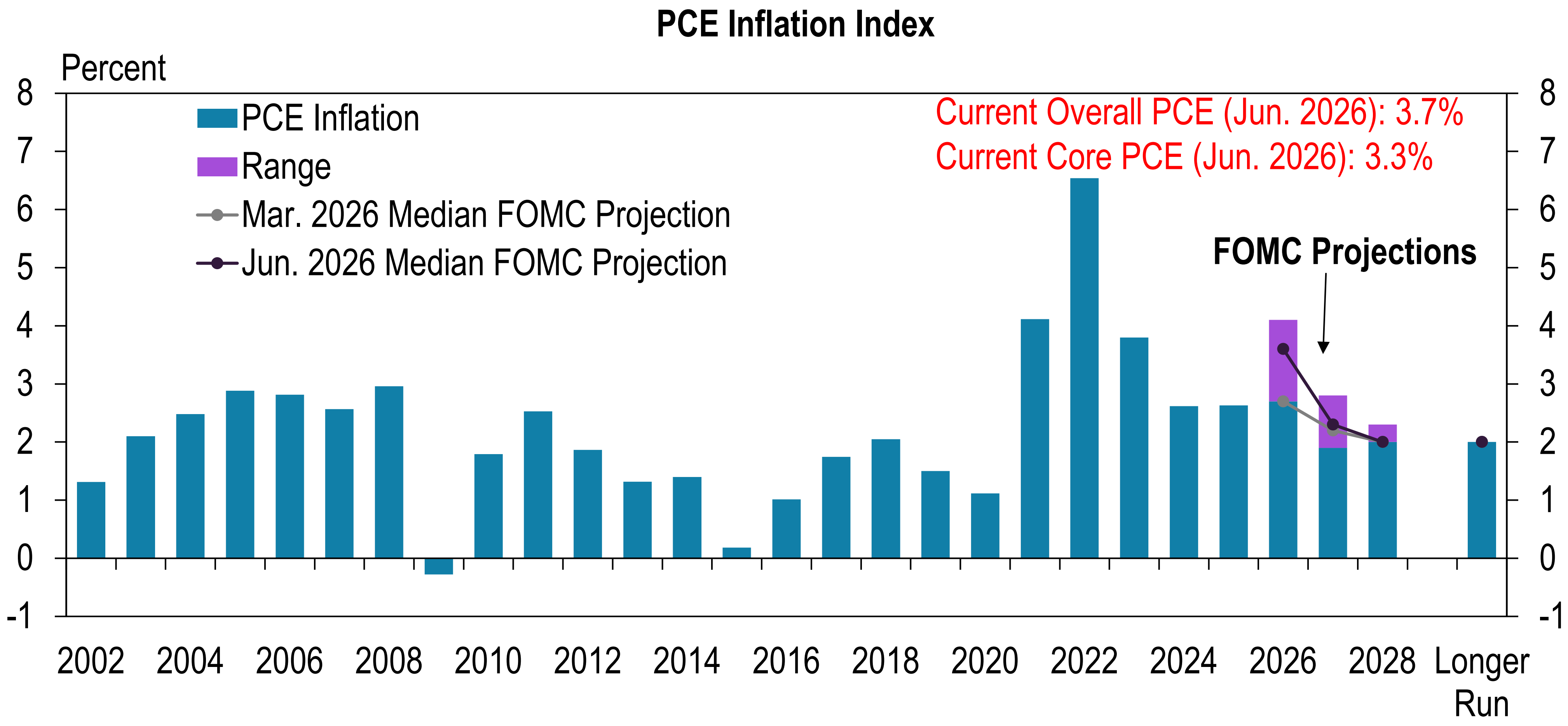
# Current economic growth is supported by consumer spending from high earners and investment in tech-related sectors




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

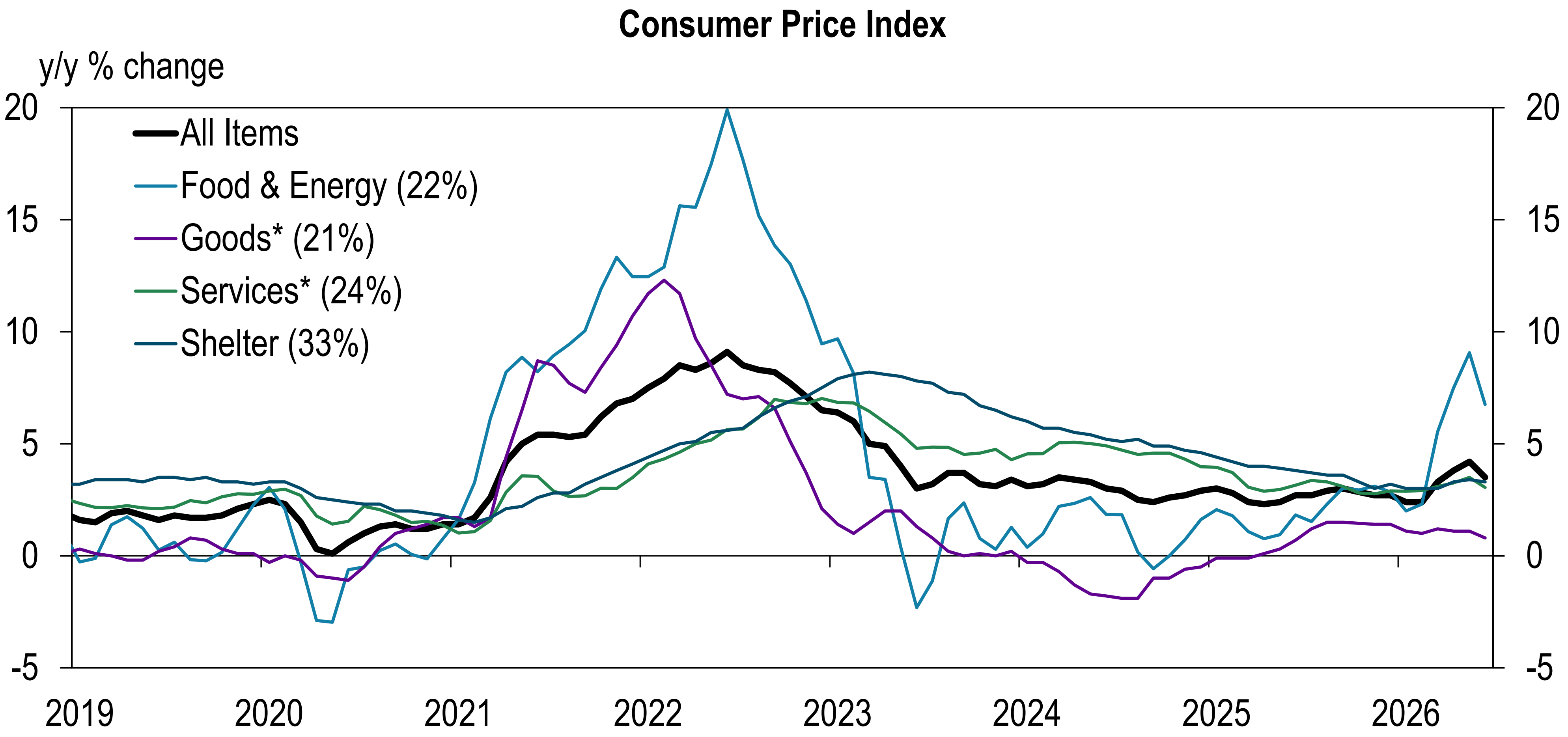
# Inflation is expected to remain elevated this year amid high energy prices and broader inflationary pressures




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

Sources: Bureau of Economic Analysis, FOMC

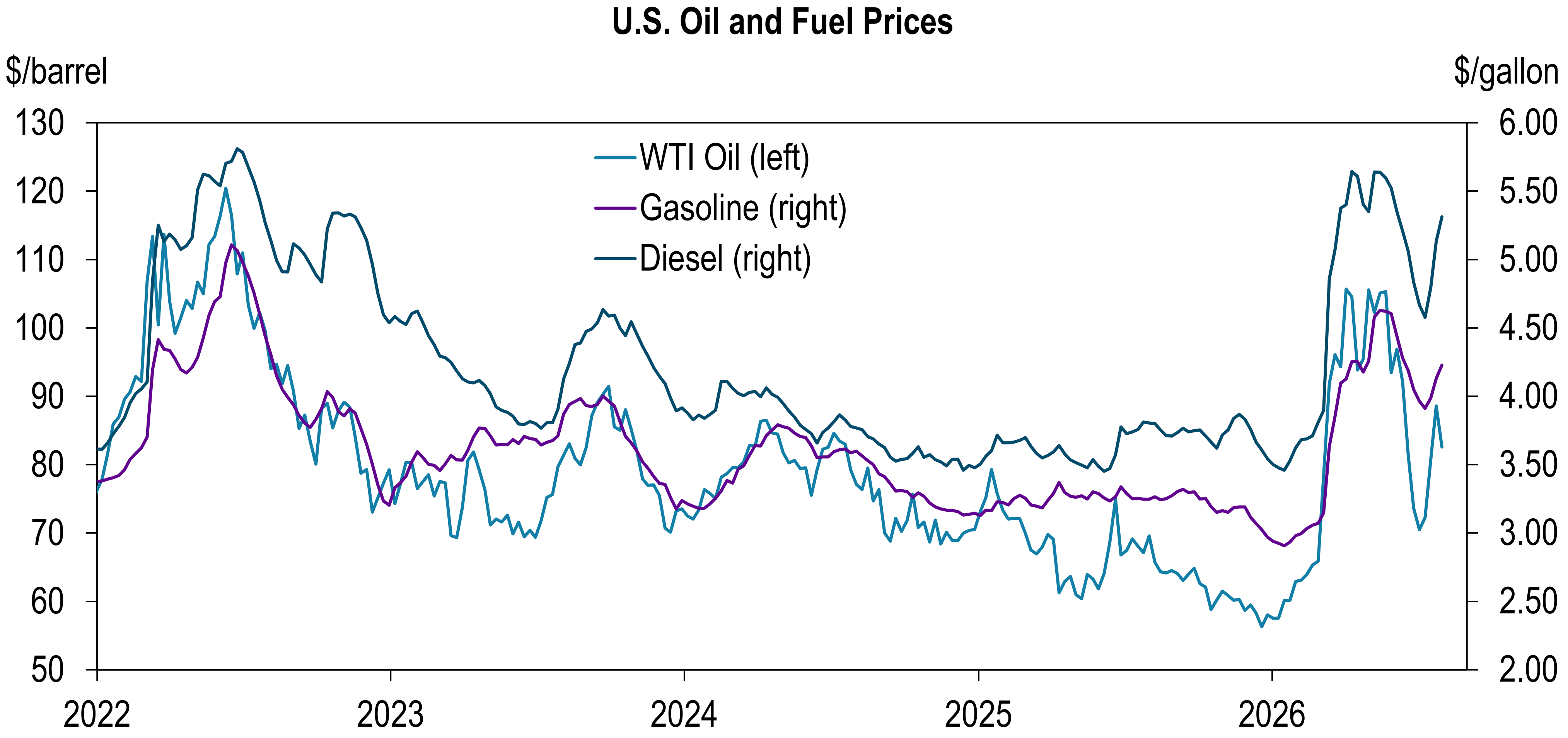
# CPI inflation cooled to 3.5% in June, as energy prices eased




*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

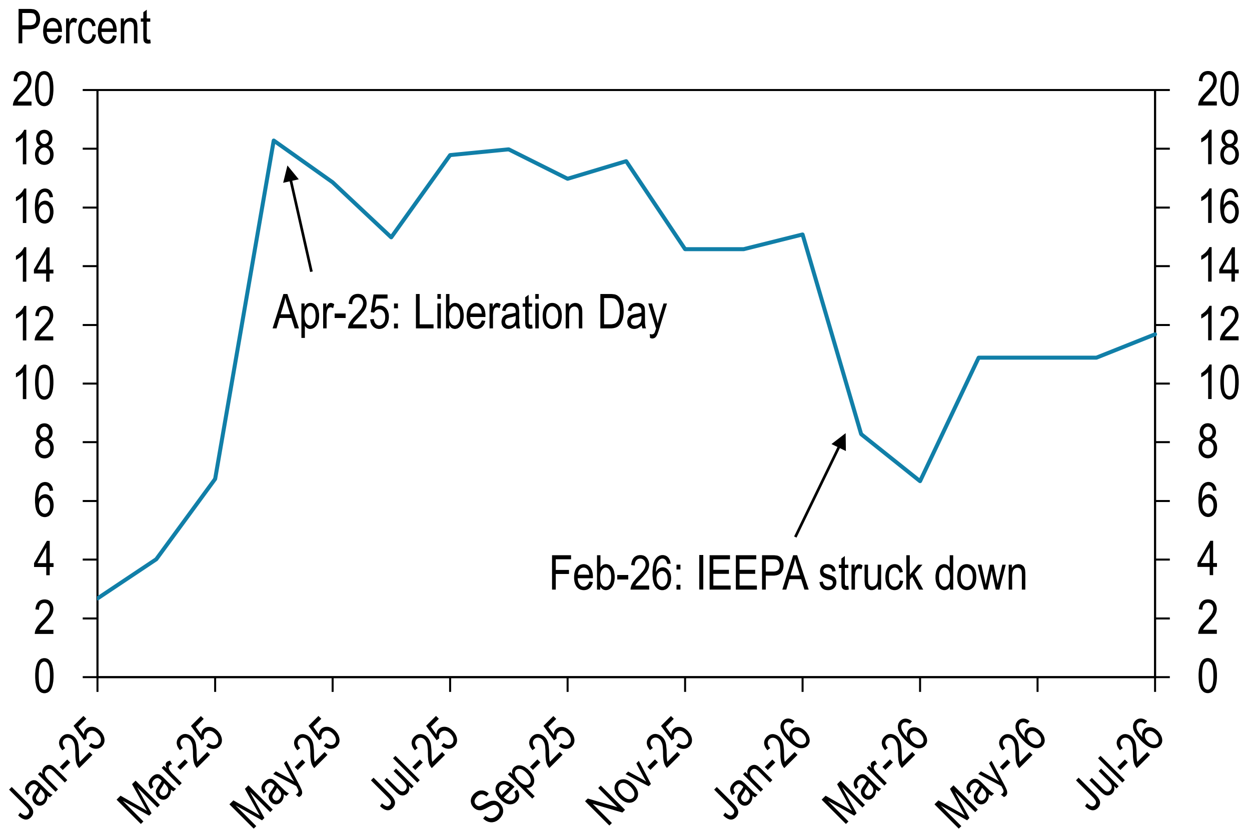




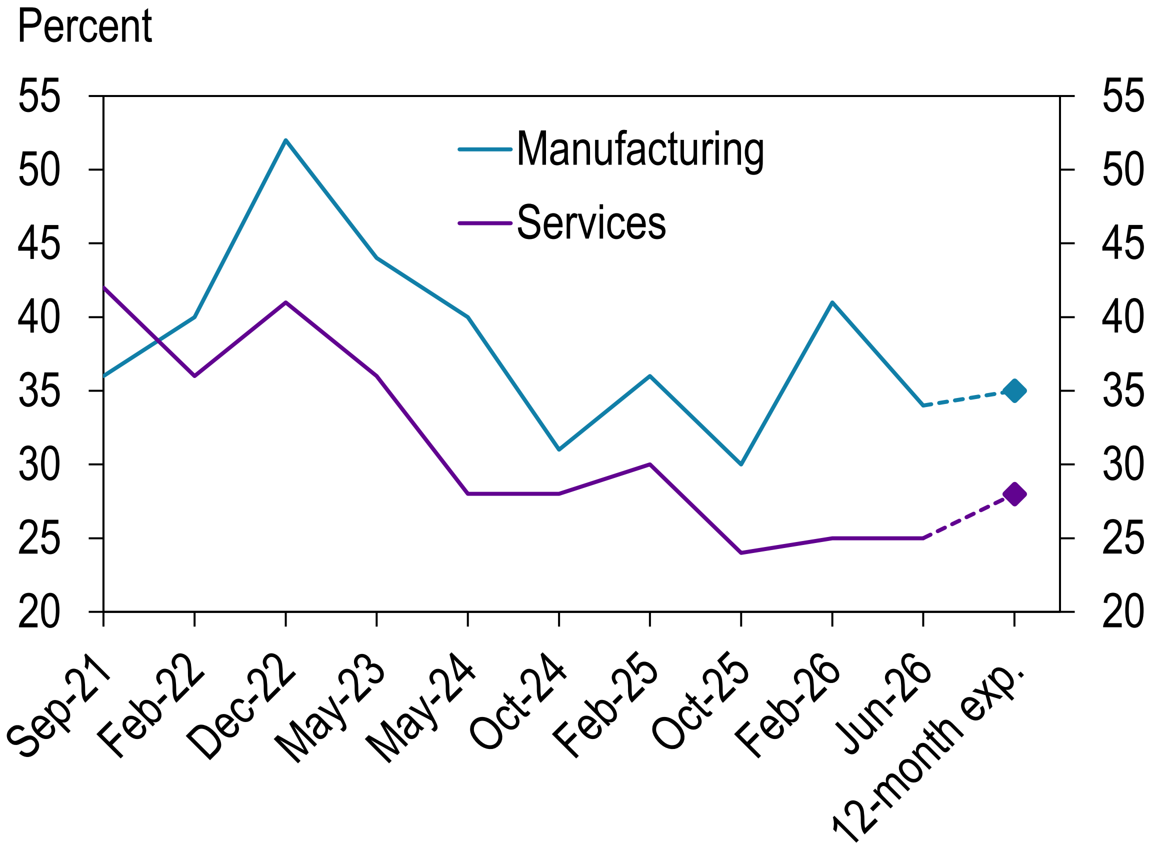

Sources: EIA/Haver Analytics

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

**U.S. Effective Tariff Rate**

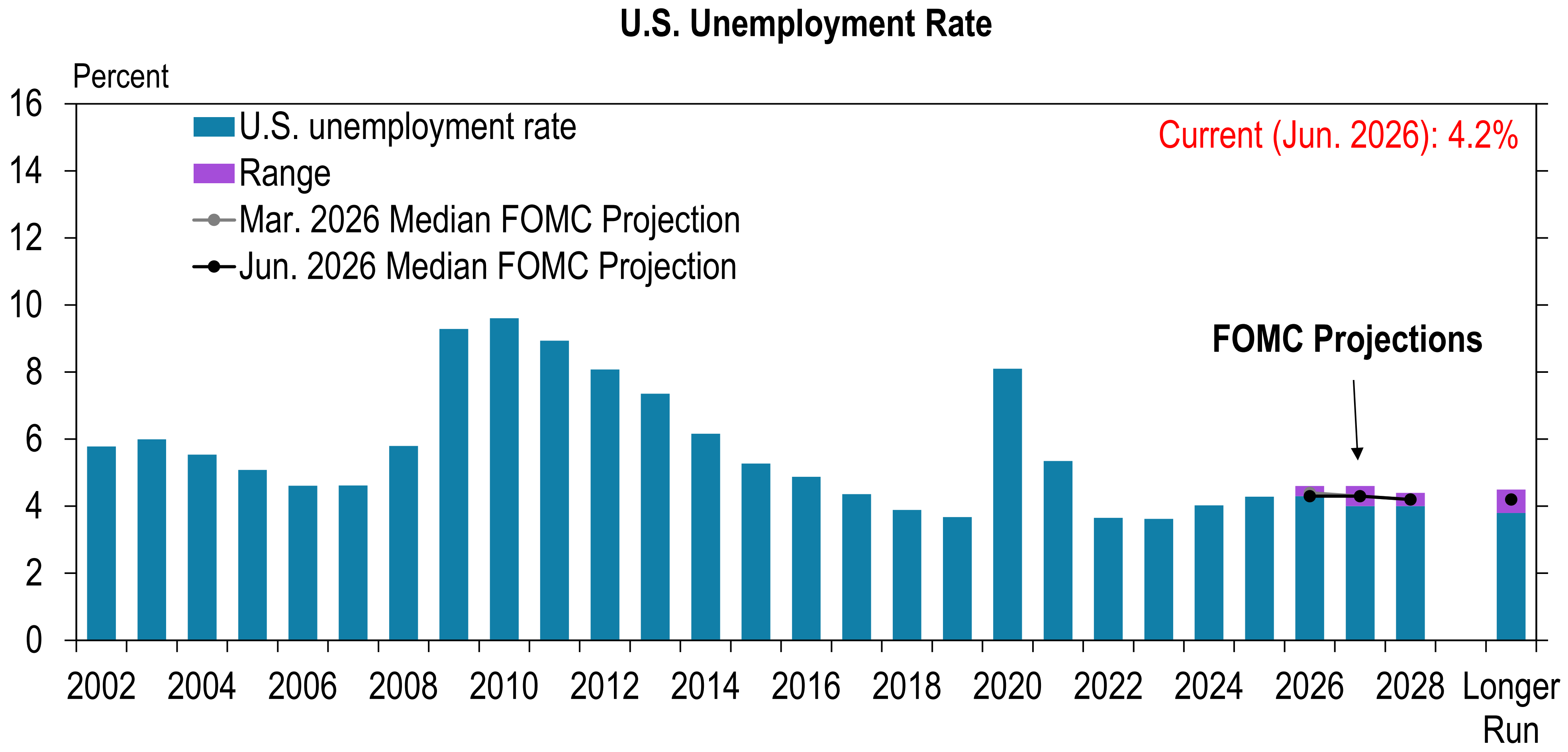



**Share of Tenth District Firms Passing Through More than 60% of Cost Increases**




Sources: Budget Lab at Yale, FRBKC

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

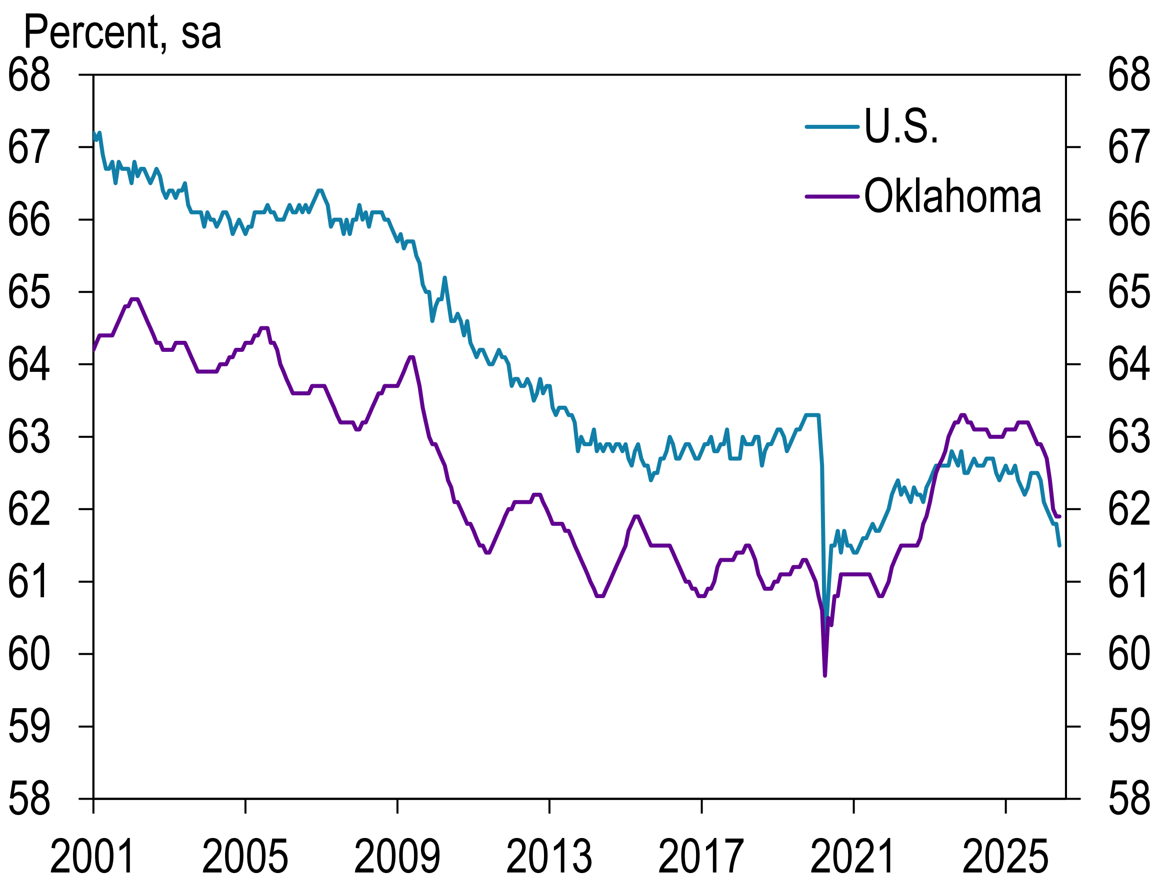



Note: Data and FOMC projections are for year-end.

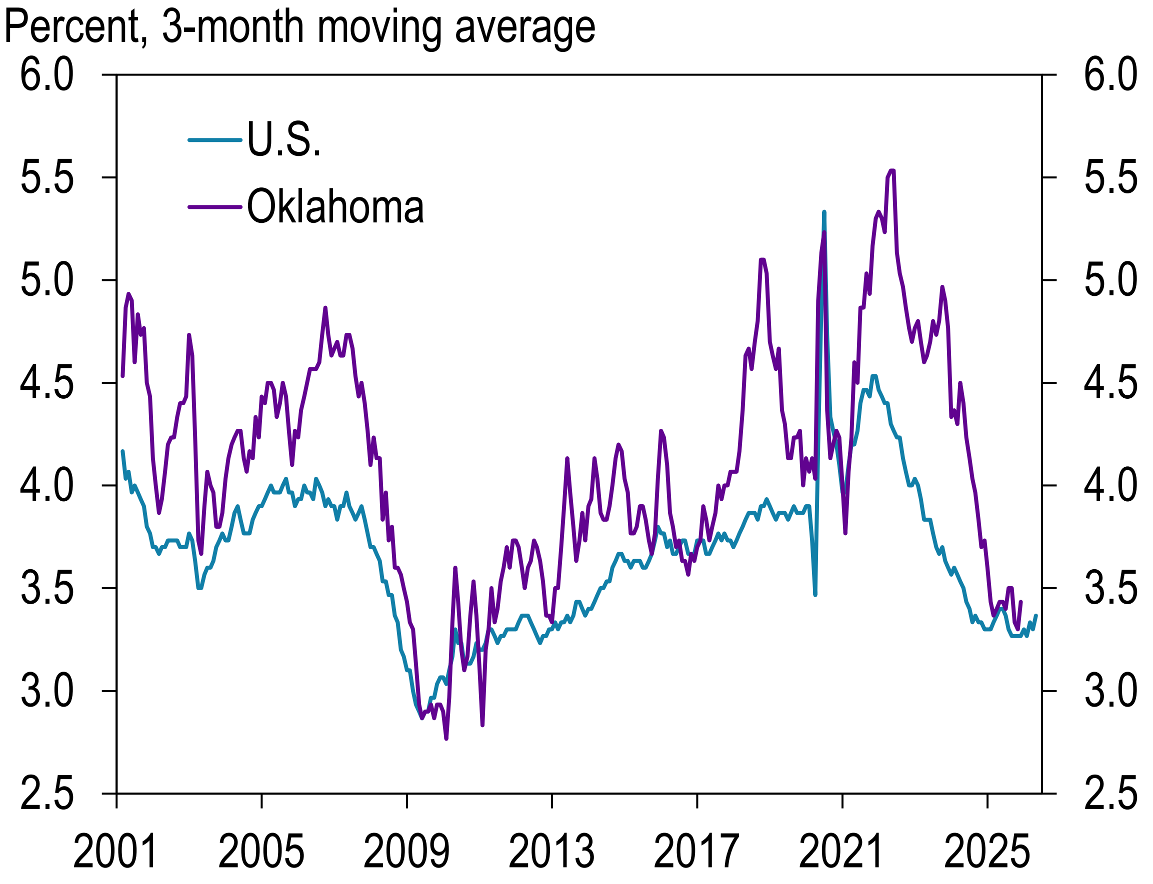
Sources: U.S. Bureau of Labor Statistics, FOMC

# 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**

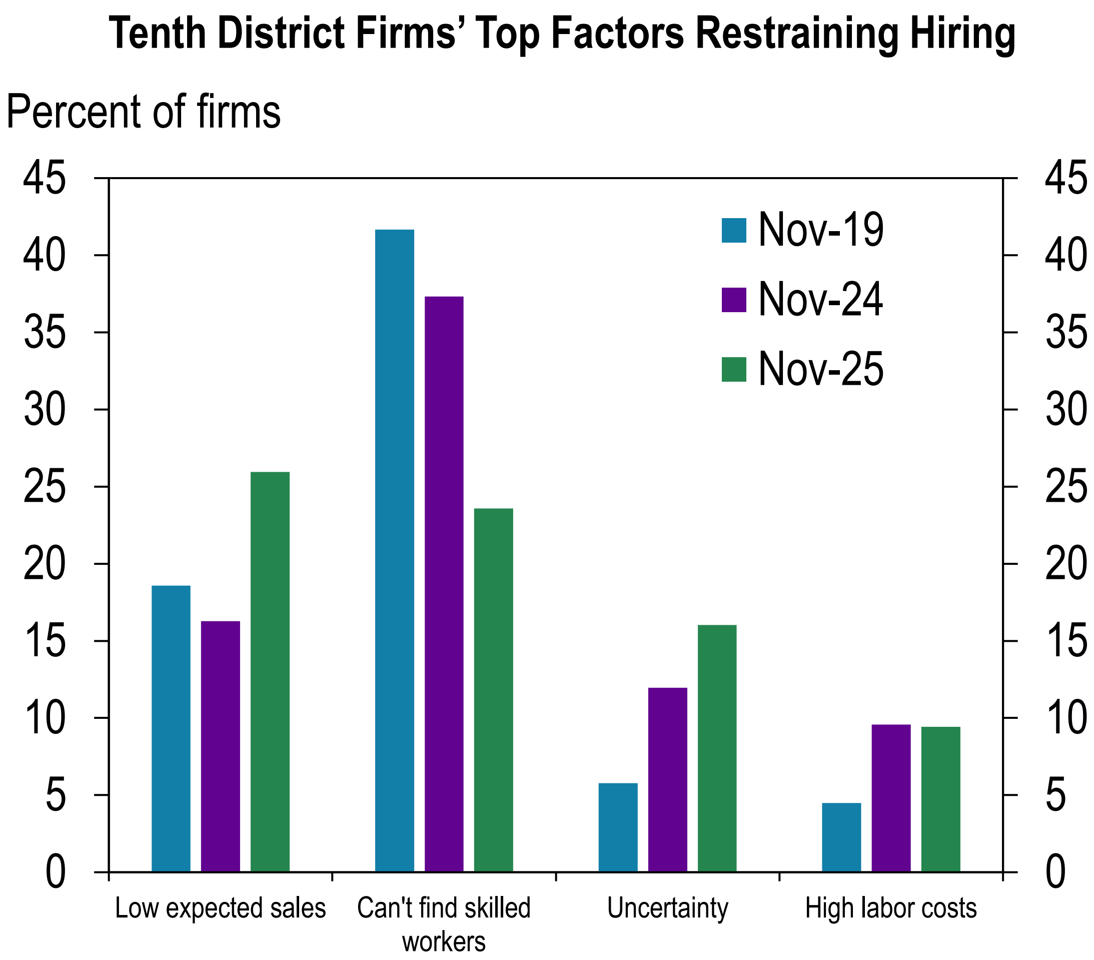


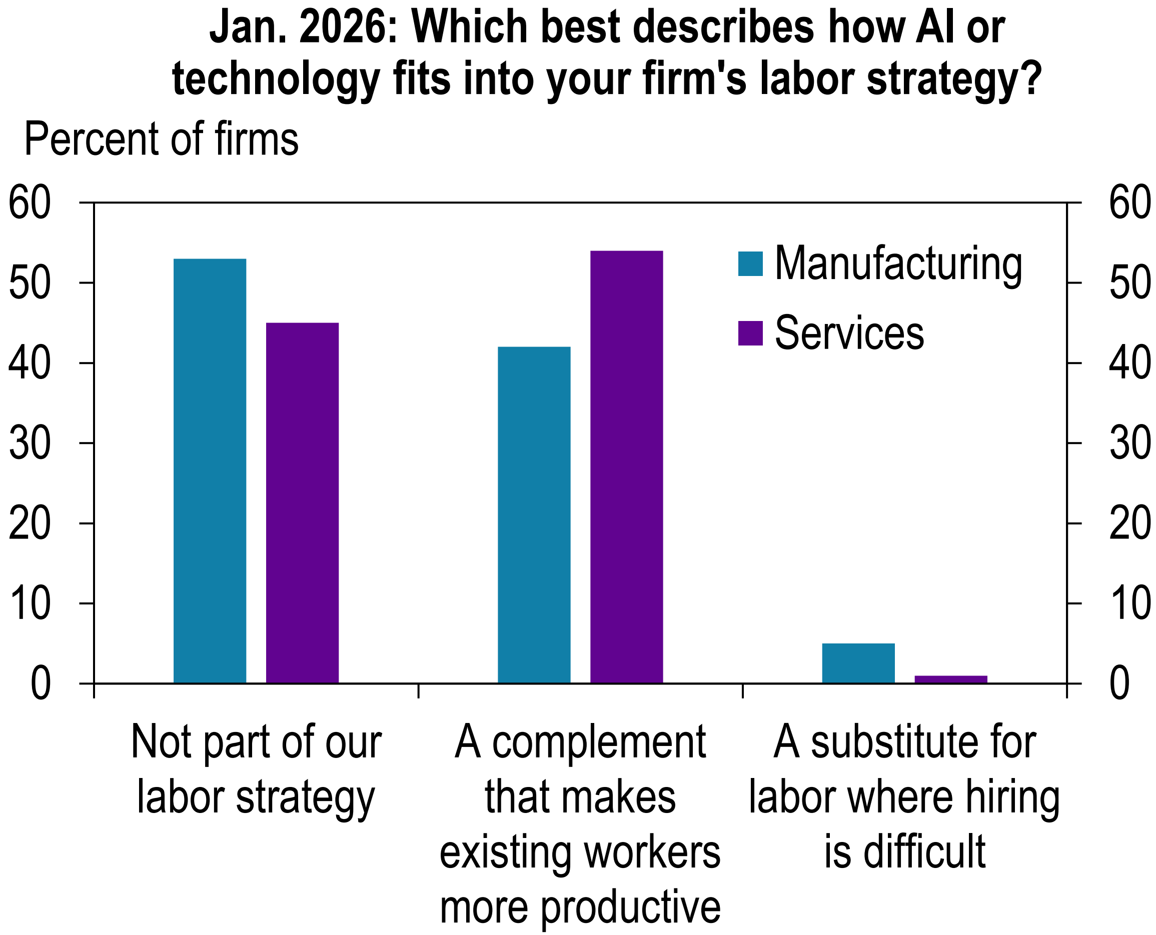

**Hiring Rates**




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

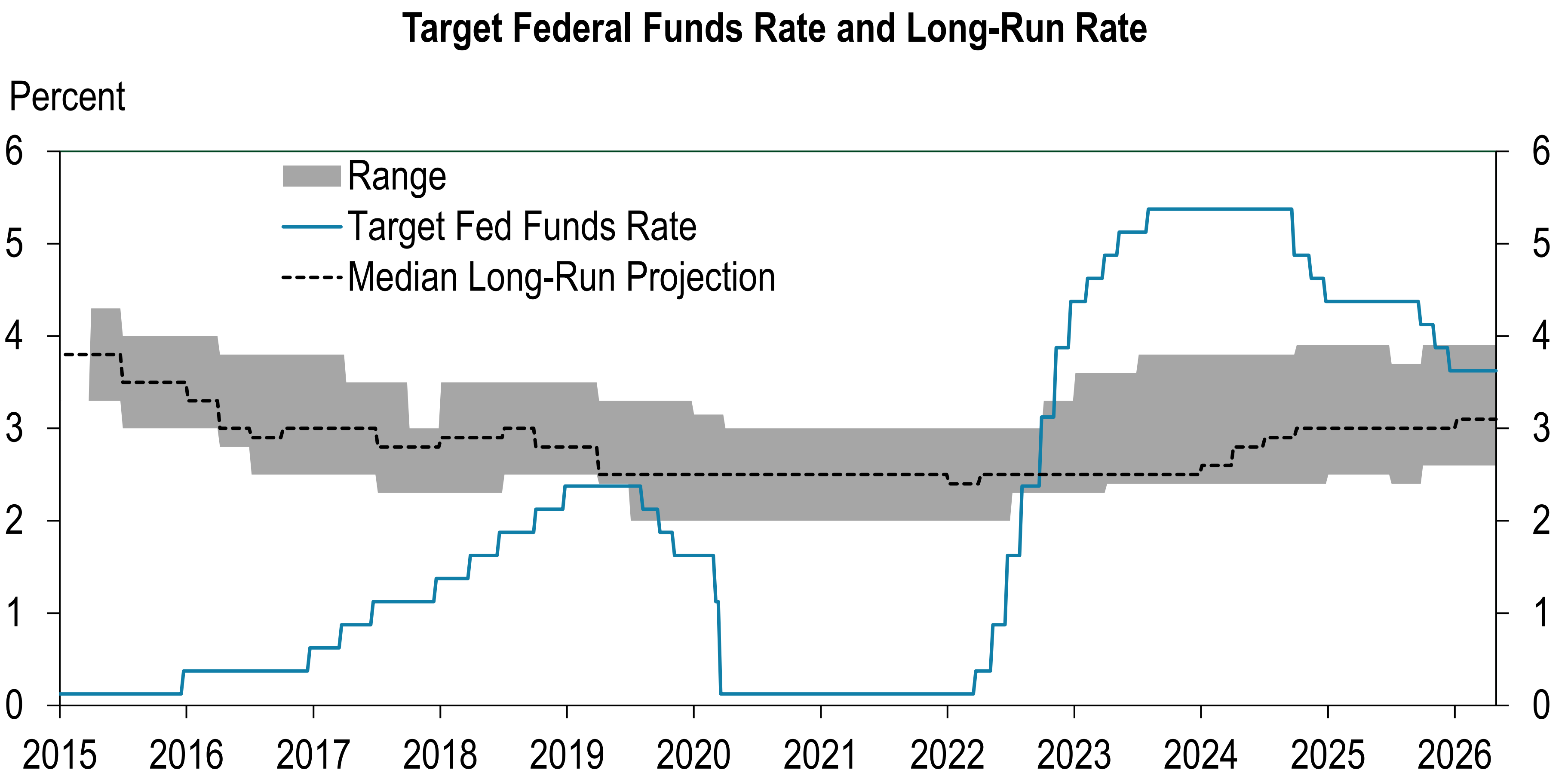
# Low expected demand and uncertainty have increased as the top factor restraining hiring, and firms do not cite AI as a replacement for labor




Source: FRBKC

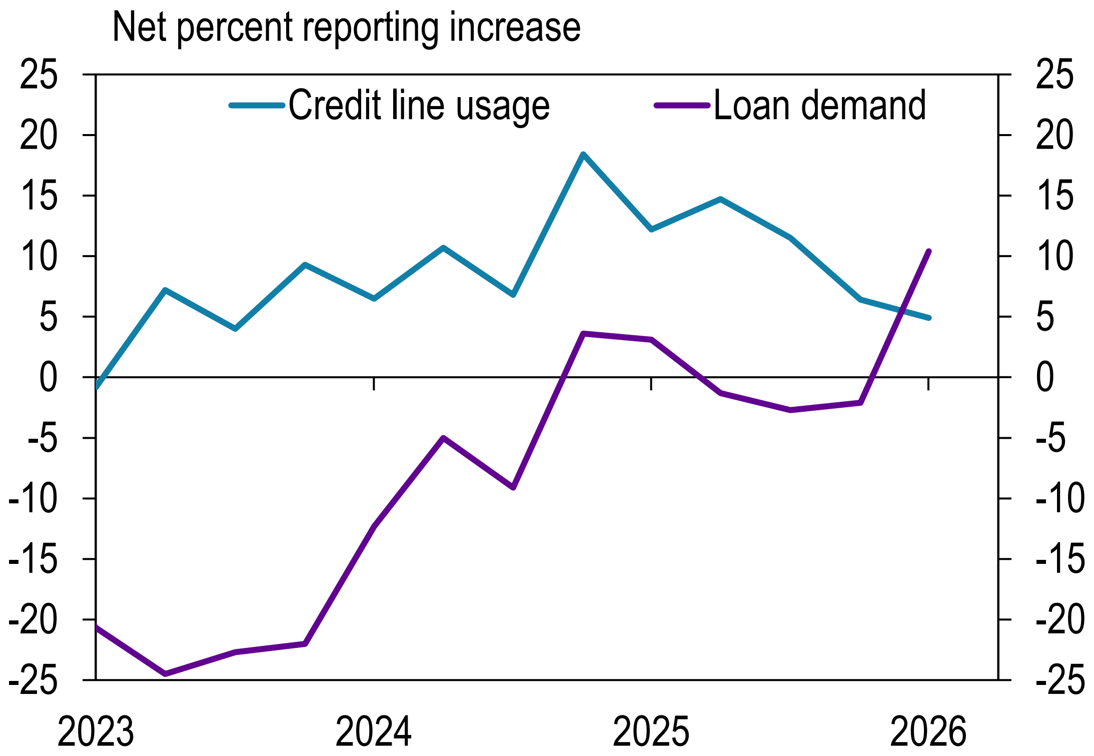
# Monetary policy is likely restrictive, but perhaps only modestly



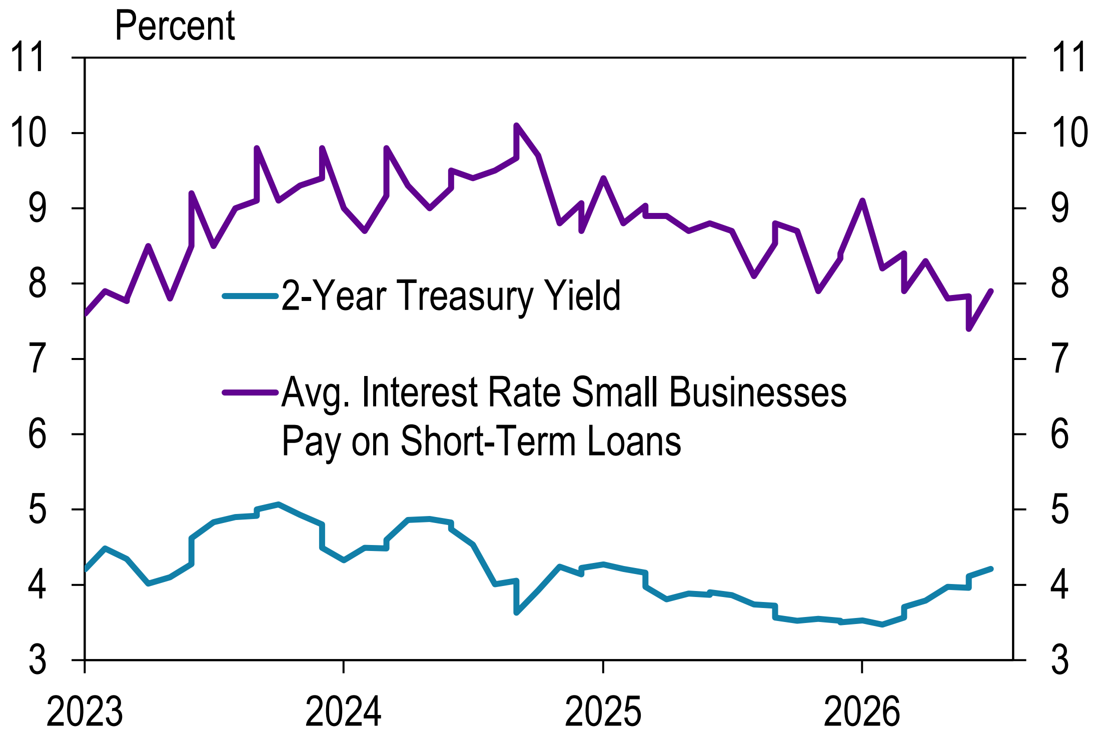

Source: FOMC

# Interest rates on short-term business loans have trended downward since peaking in 2024, but movements in Treasury yields suggest that some tightening may be occurring.

**Small Business Lending Indicators**

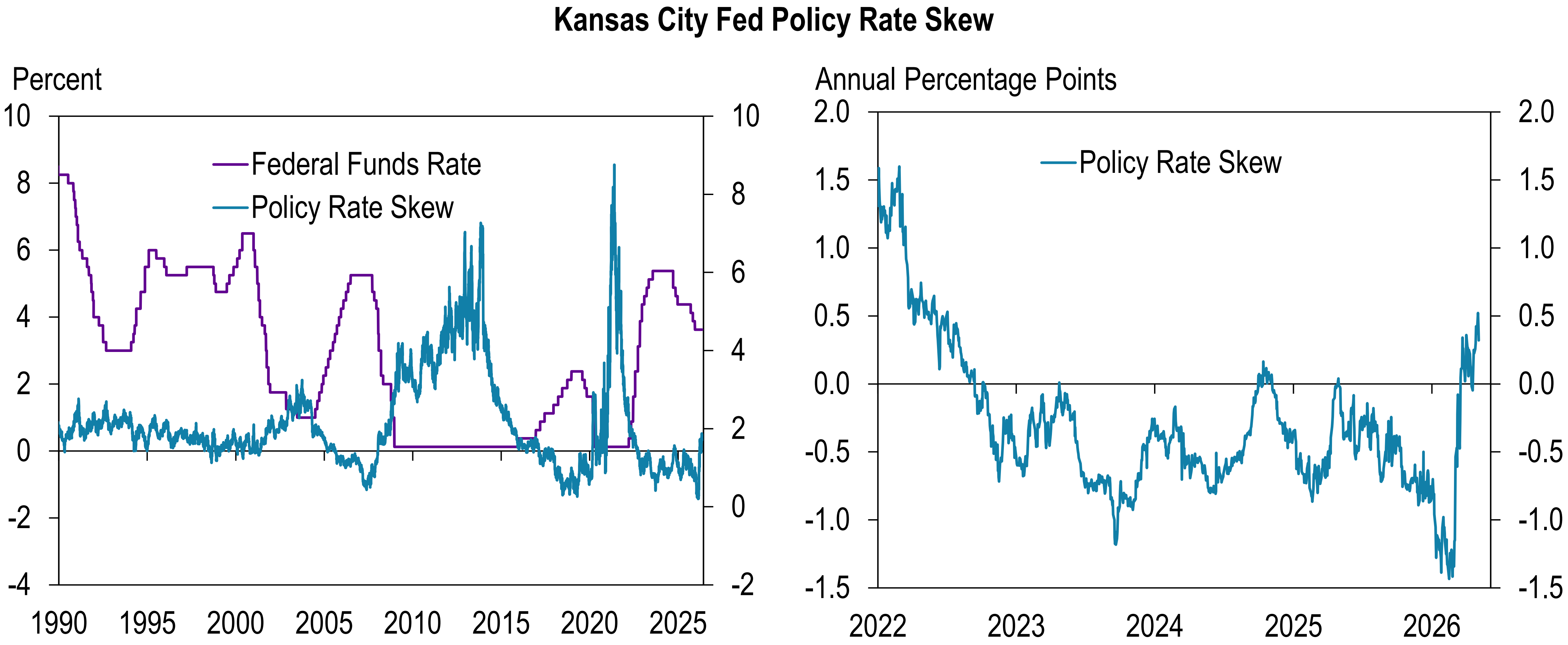



**2-Year Treasury Yield and Small Business Borrowing Costs**



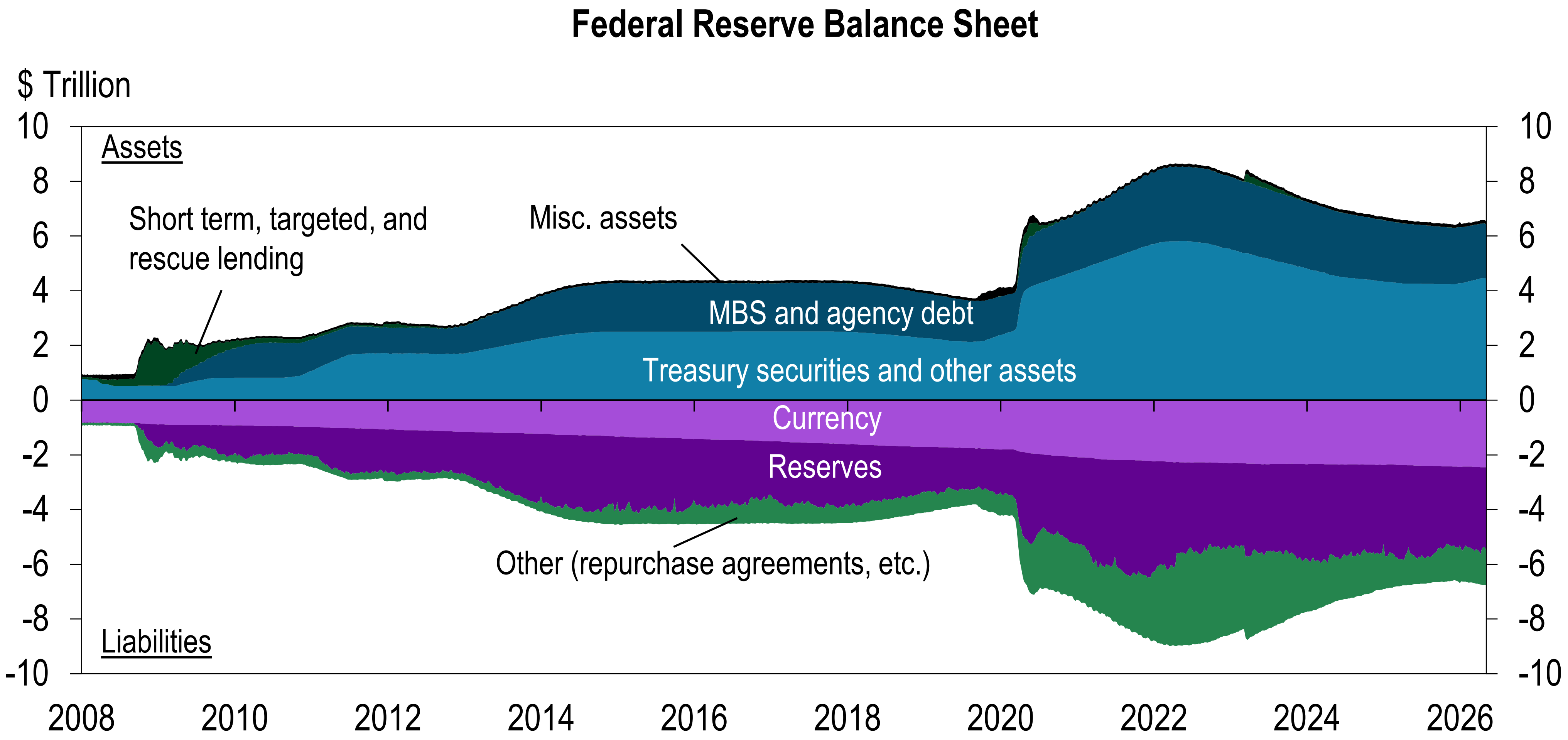

Sources: Federal Reserve Bank of Kansas City (Haver Analytics), U.S. Treasury, National Federation of Independent Business (Haver Analytics)

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



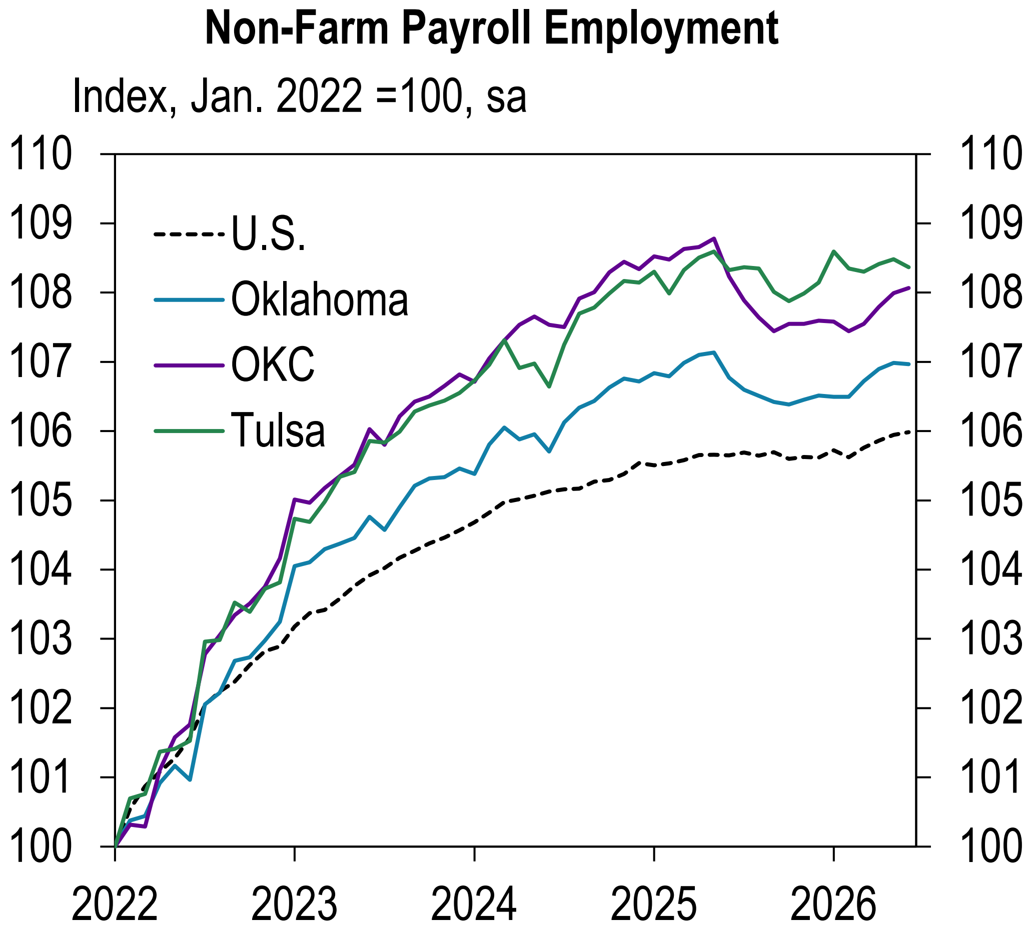

Sources: Federal Reserve Board, Bundick, Doh, & Smith (2024), CME Group

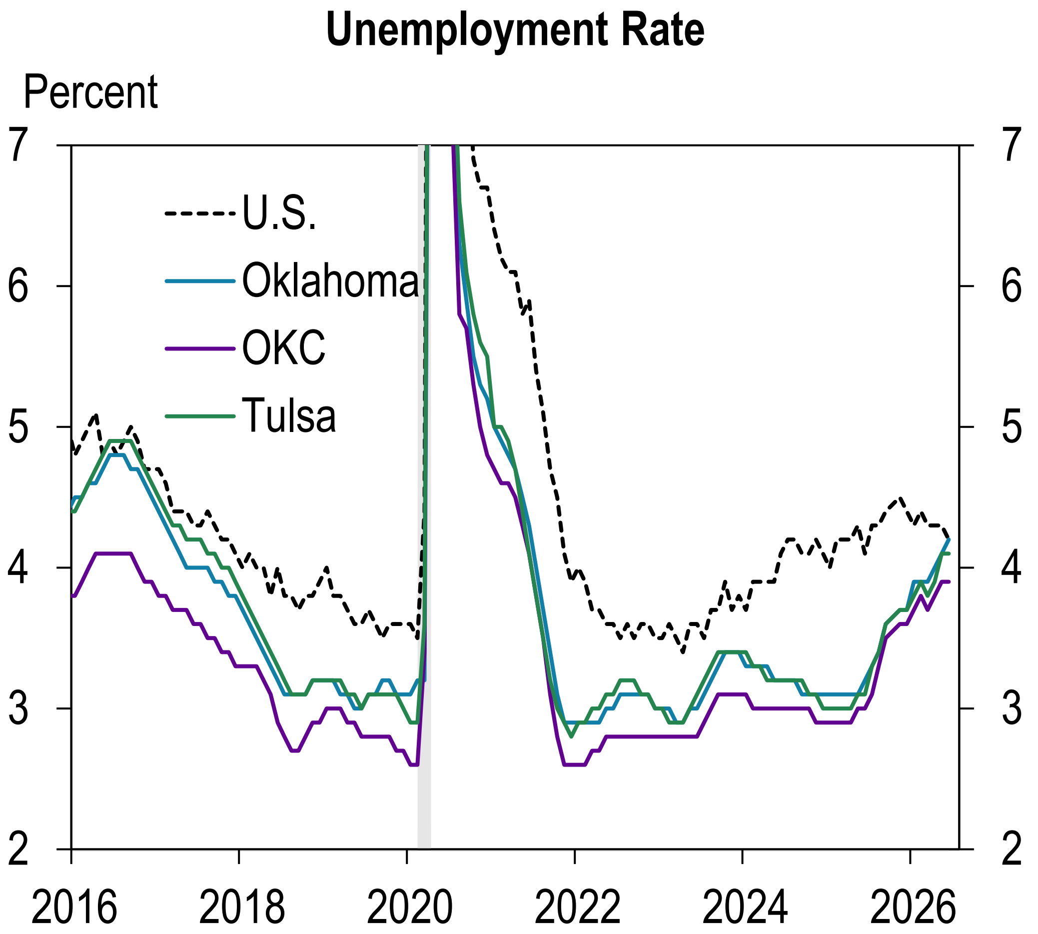
# The FOMC also started purchases of short-term Treasury securities to maintain an ample supply of bank reserves




Source: Federal Reserve Board

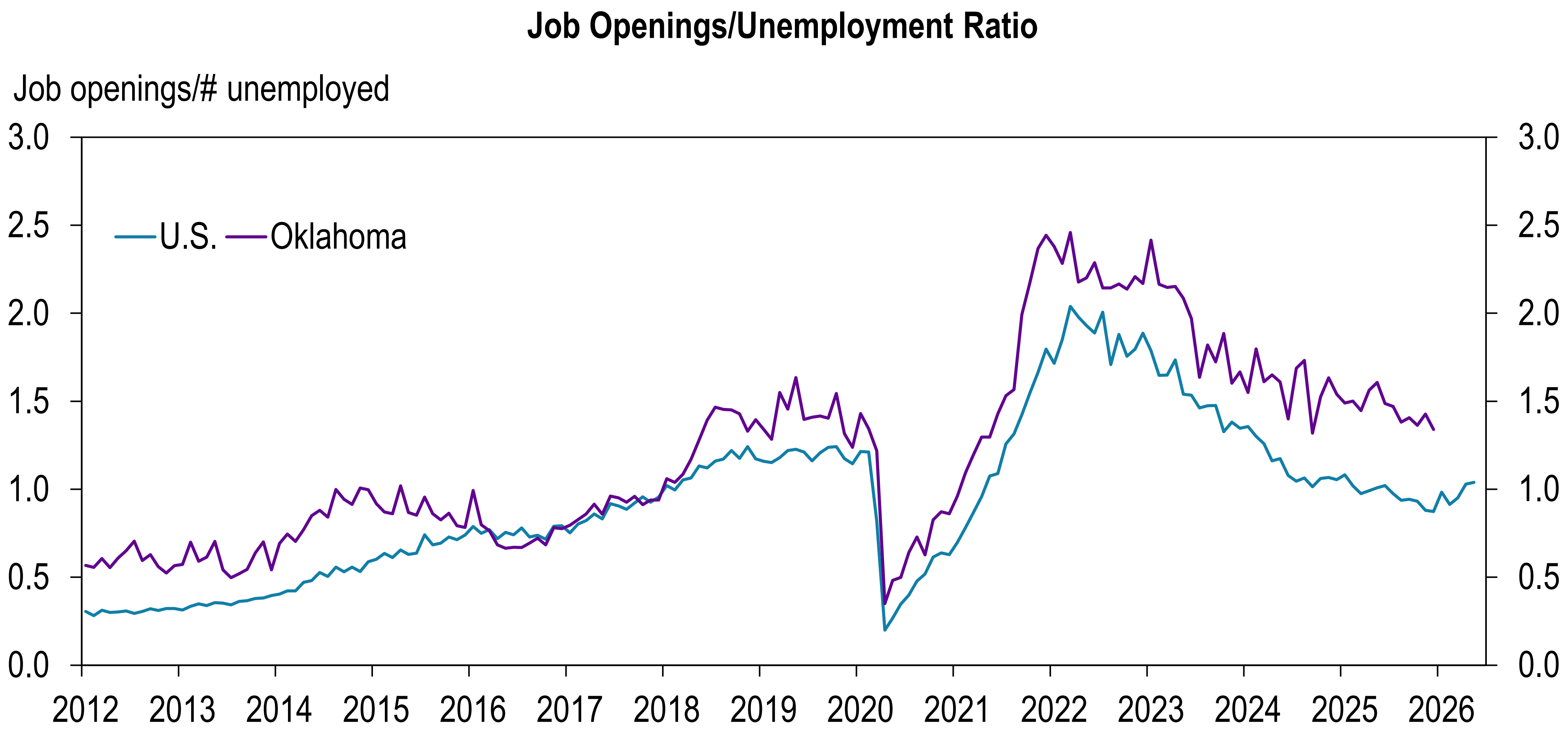
# Job growth in Oklahoma slowed in 2025, and the unemployment rate has met the national average for the first time in a decade




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

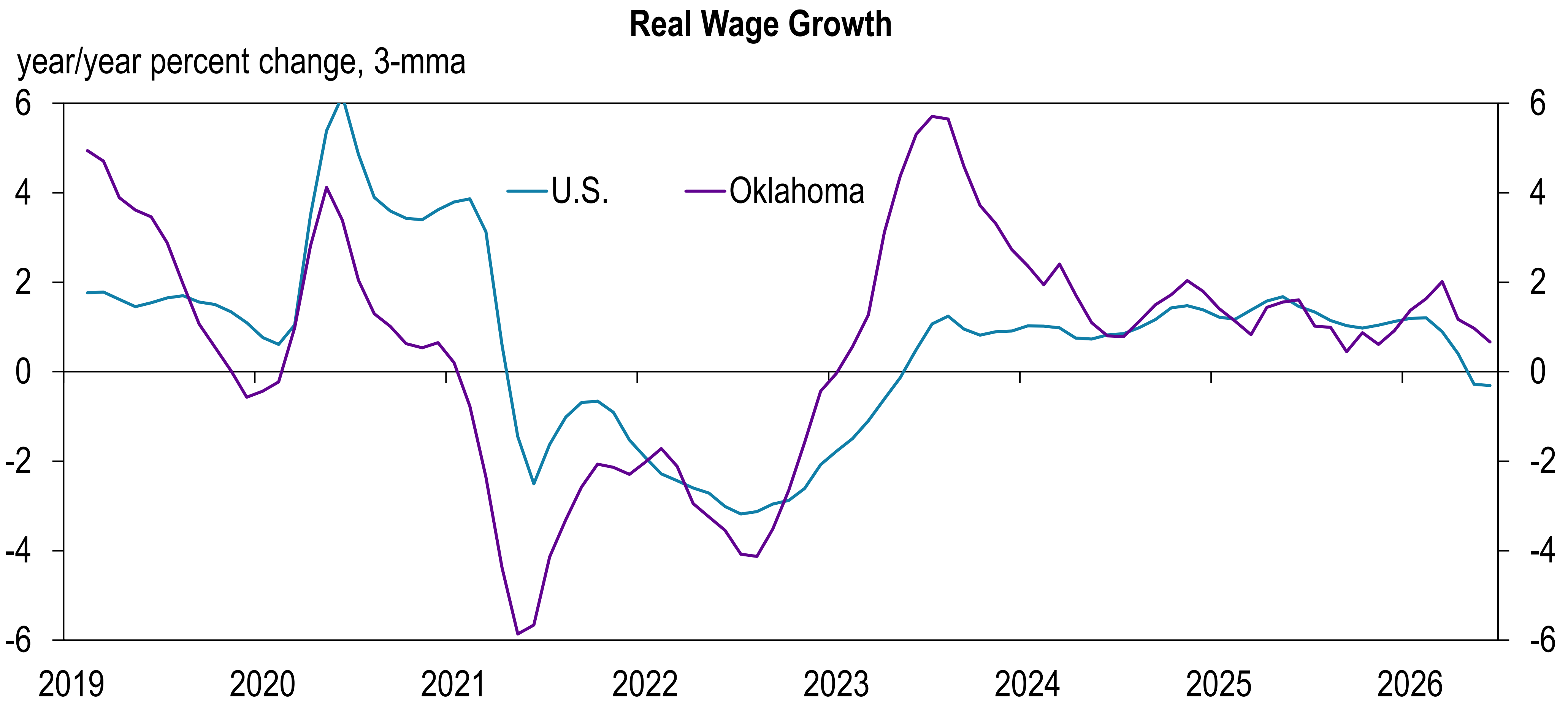
# Job openings still exceed unemployed workers in Oklahoma but have returned to near pre-pandemic levels





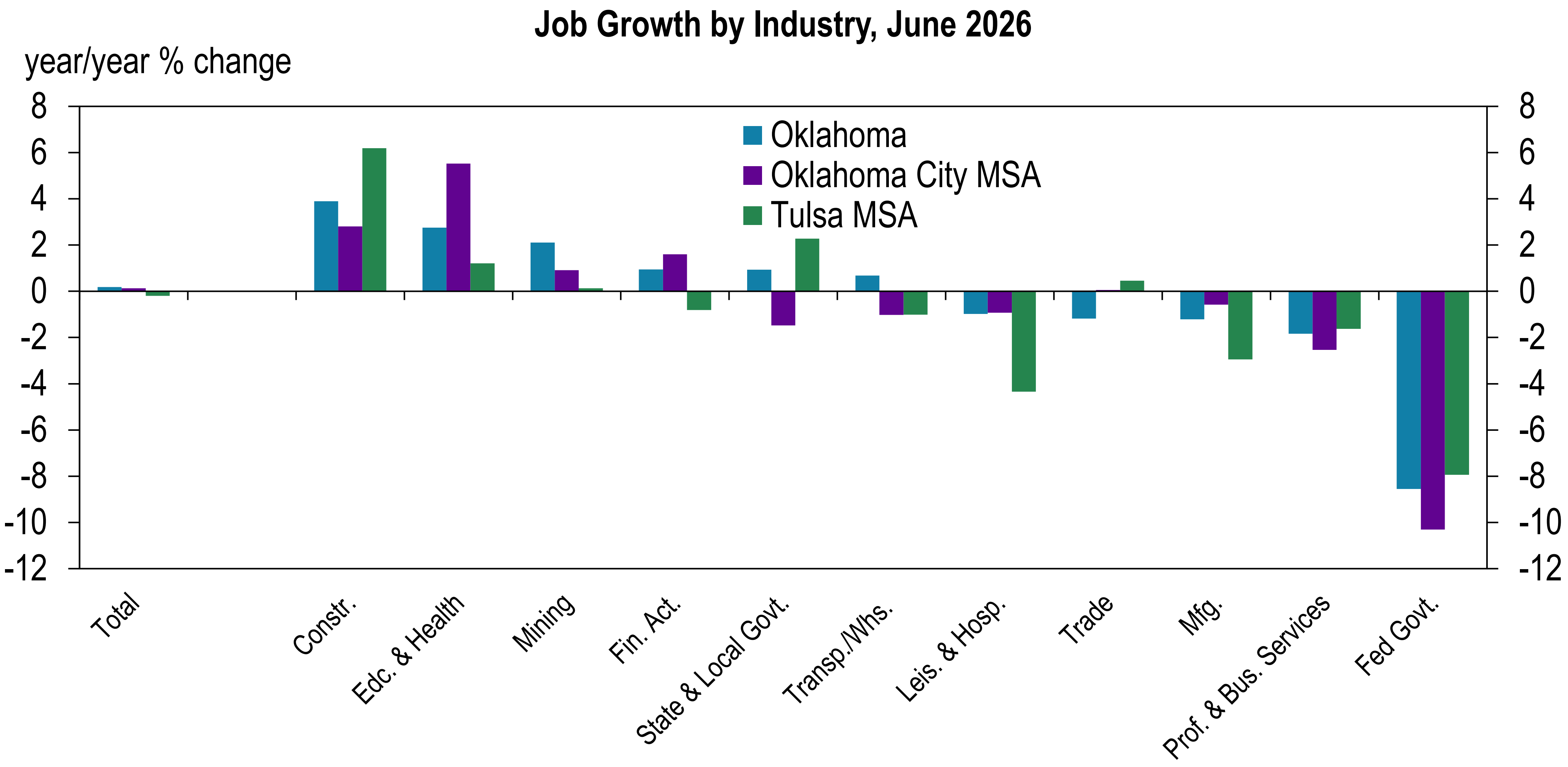

Source: Bureau of Labor Statistics

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



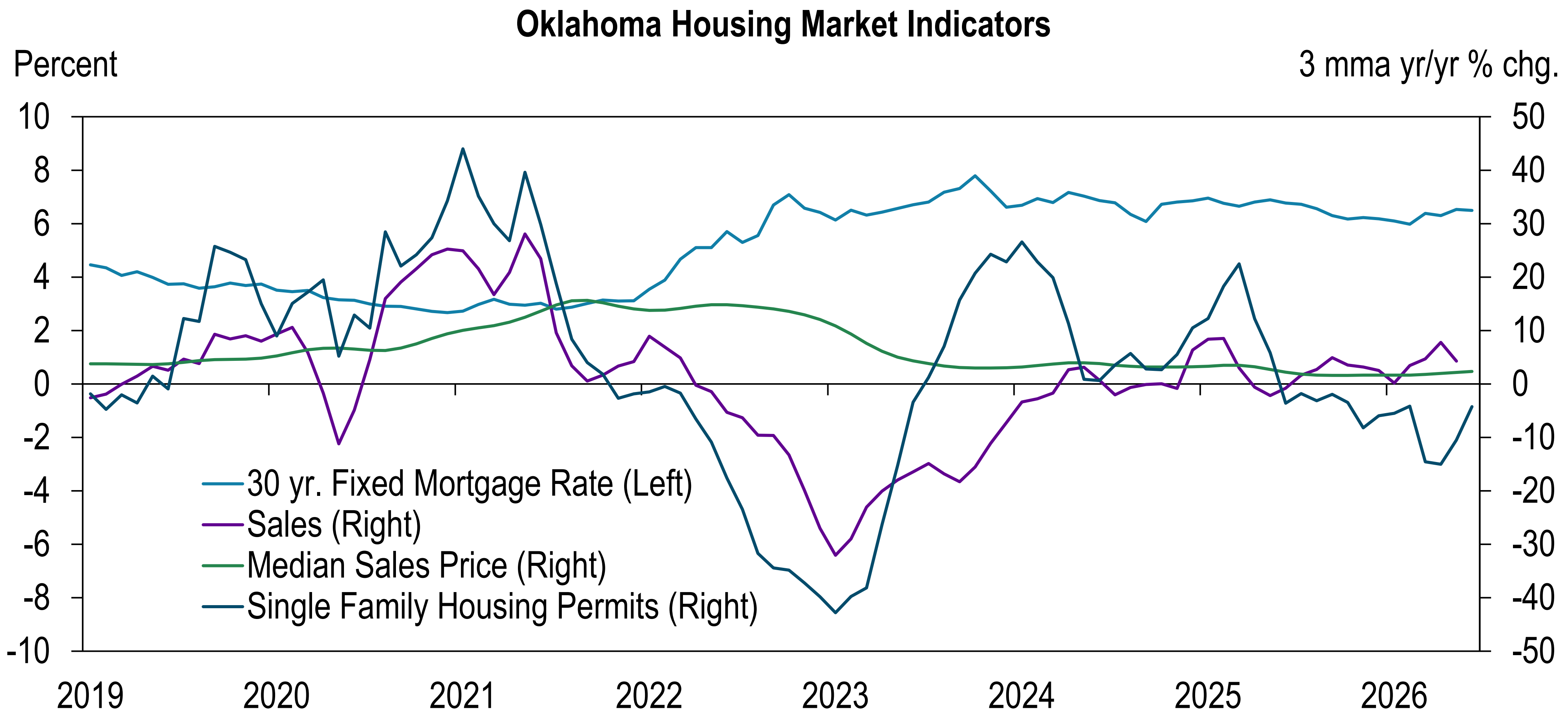

Note: U.S. wage growth is deflated by U.S. CPI. Oklahoma wage growth is deflated by South West Central CPI, including OK, TX, LA, and AR.
Sources: U.S. BLS/Haver Analytics

# Oklahoma job growth slowed over the past year, with increases in healthcare and declines in hospitality and manufacturing




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

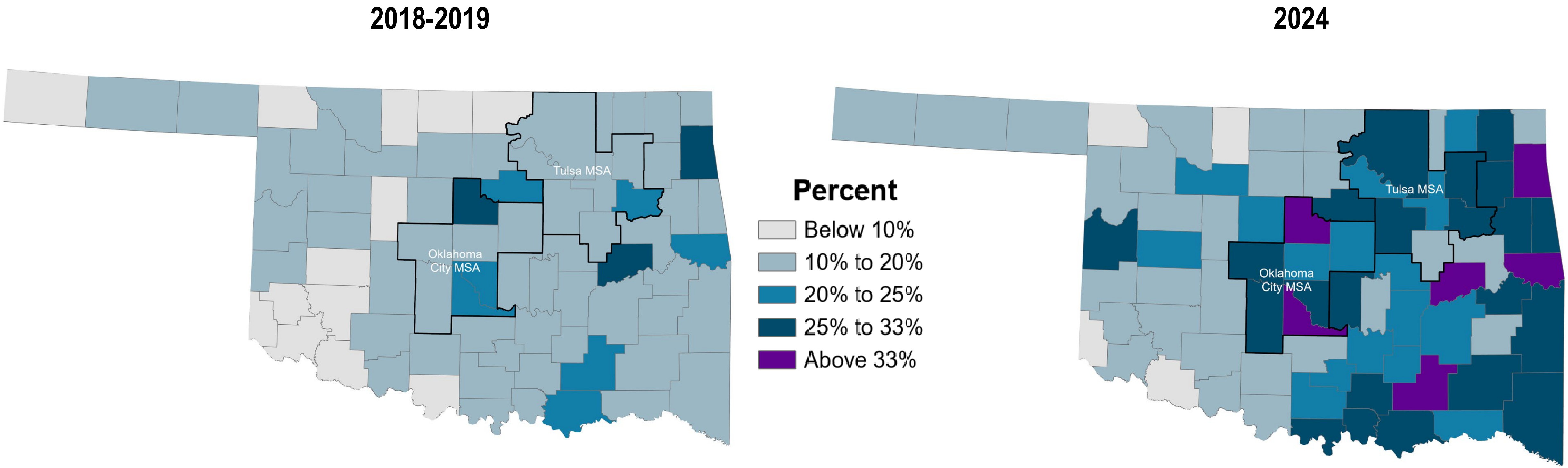
# The Oklahoma housing market has stalled with higher for longer mortgage rates, although permits may be picking up




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

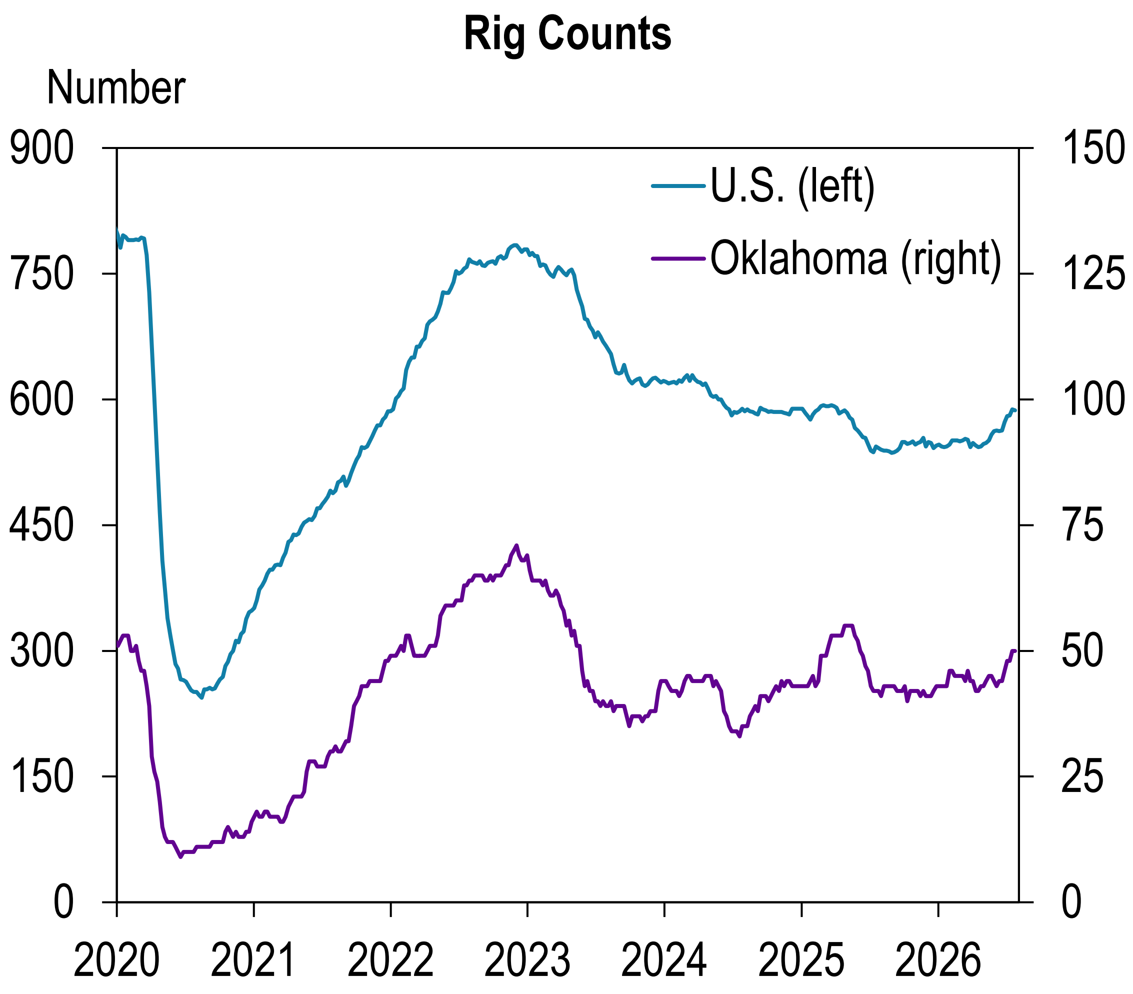
# Homeownership for first-time buyers became less affordable across Oklahoma in recent years

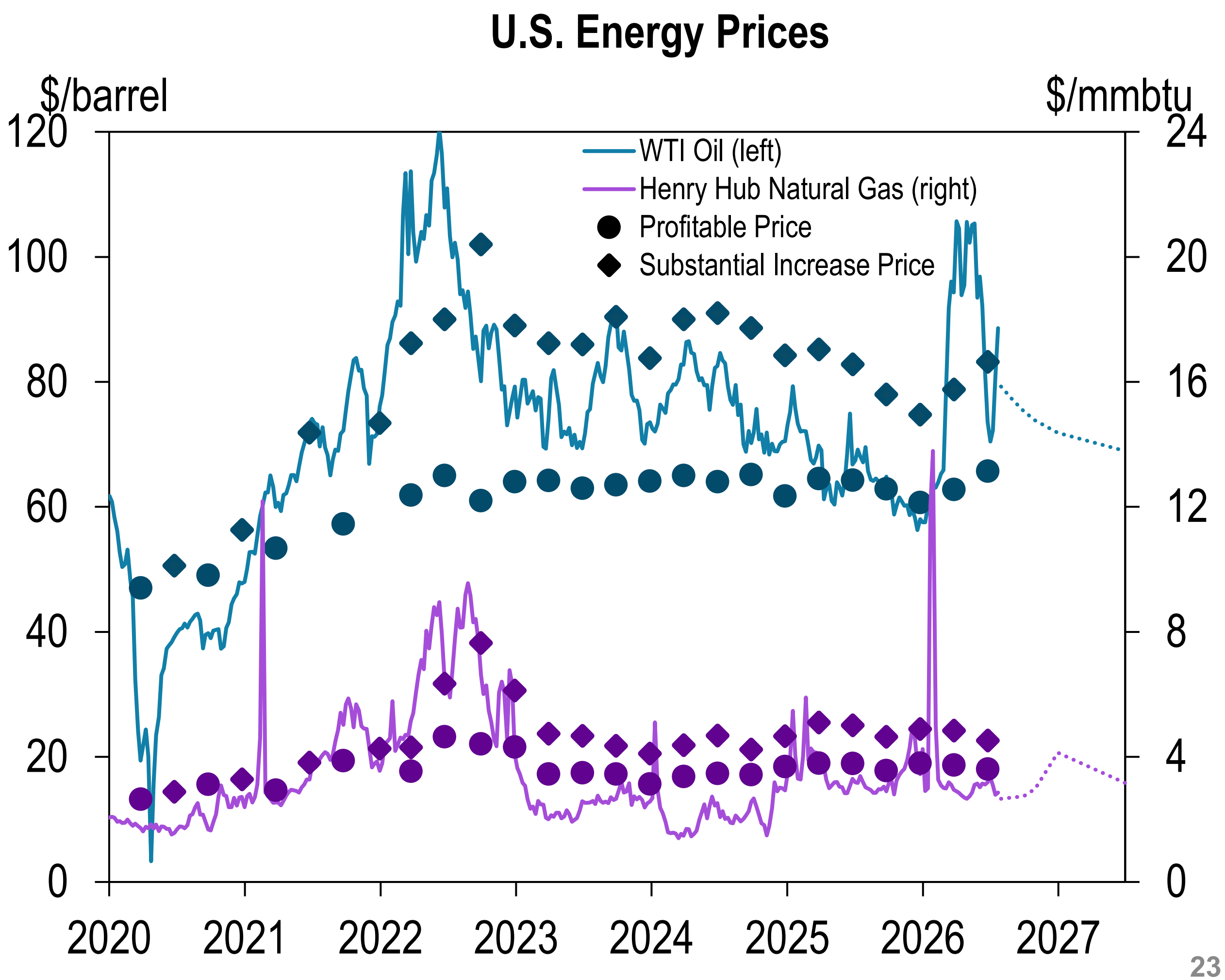
**First-Time Homeownership Costs as a Share of Household Income**




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

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



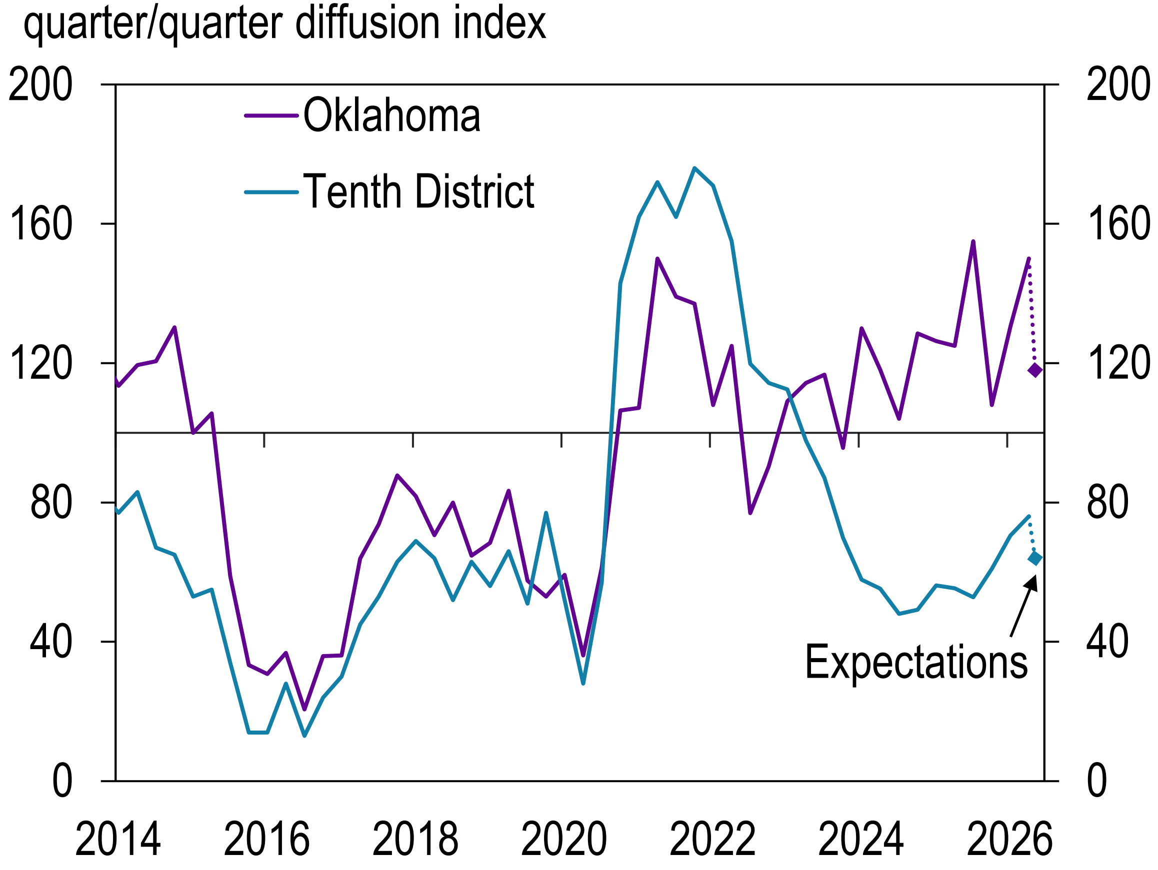




Source: Baker Hughes, EIA/Haver Analytics, FRBKC Surveys

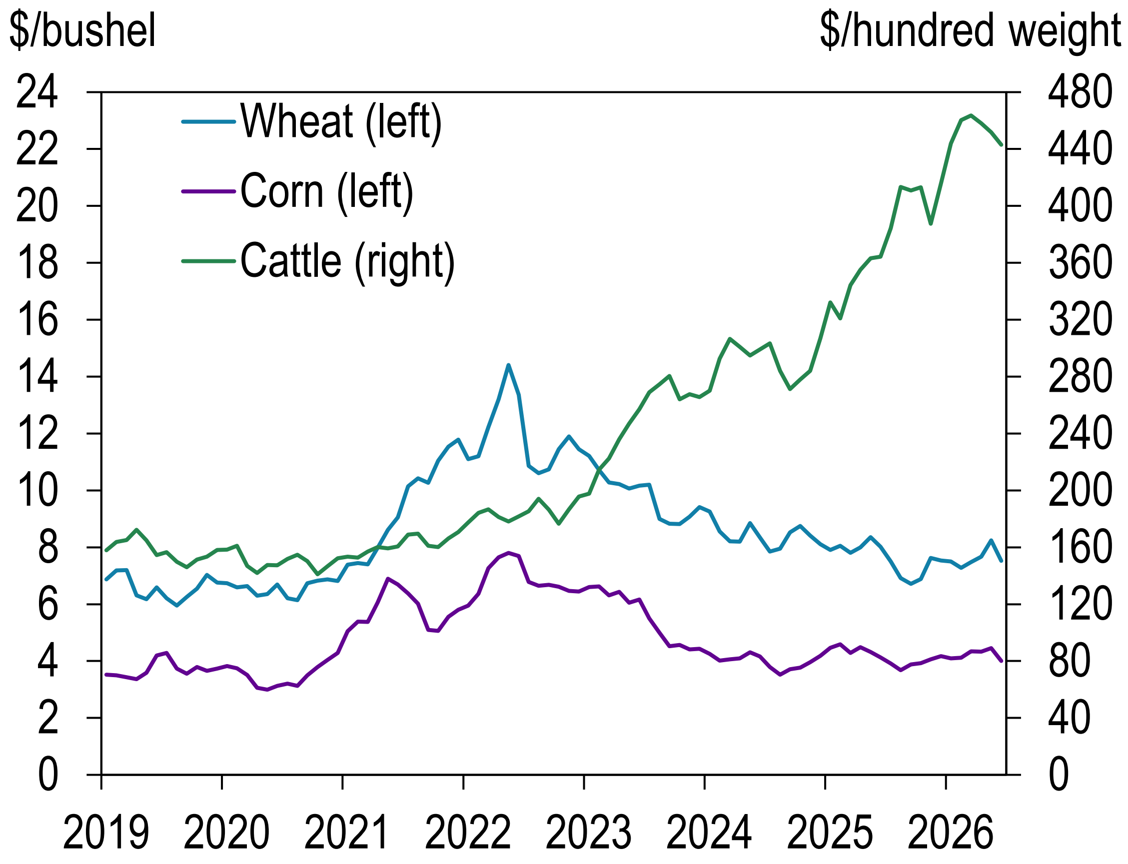
Note: Dotted lines show CME futures prices as of July 28.

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

### Farm Income

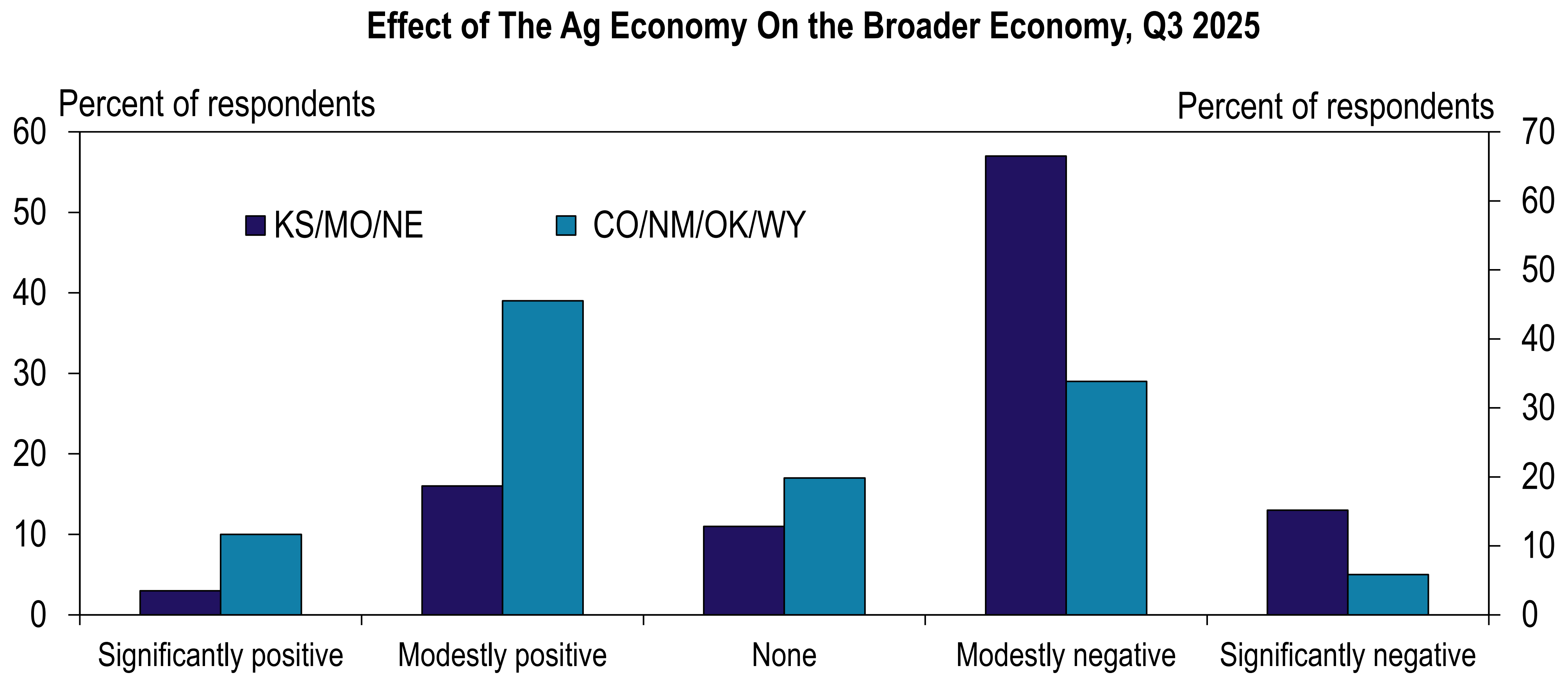



### Agricultural Commodity Prices




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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