U.S. and Oklahoma Economic Outlook

Chad Wilkerson
Vice President and 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.
The “Fed” consists of three main entities:

- **Board of Governors:** 7 members appointed by U.S. President
- **Federal Reserve Banks:** 12 total; semi-independent by design
- **Federal Open Market Committee:** 19 members; 12 voting

Primary responsibility areas:

- Monetary policy
- Bank regulation
- Financial services
The Oklahoma City Branch of the Federal Reserve Bank of Kansas City

www.kansascityfed.org/oklahomacity

- 2020 was our Centennial
- 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 programming for low and moderate income groups, workforce focus
  - Economic education and public outreach programming
- 2021 OKC Fed Branch Board of Directors
  - Tina Patel (chair), Co-Owner & CFO, Promise Hotels, Tulsa
  - Walt Duncan, President, Duncan Oil Properties, Oklahoma City
  - Susan Plumb, Chair & CEO, Bank of Cherokee County, Tahlequah
  - Brady Sidwell, Principal, Sidwell Strategies, Enid
  - Chris Turner, President & CFO, First State Bank, Oklahoma City
  - Katrina Washington, Owner/Broker, Stratos Realty, Oklahoma City
  - Dana Weber, Chair & CEO, Webco Industries, Sand Springs
Overview

• The U.S. and Oklahoma economies are growing solidly again after stalling at the end of last year, and unemployment in the Norman area is down to 3.5%

• The pace and trajectory of economic recovery is still linked to pandemic and vaccine risks, but a strong bounce-back may continue

• Most sectors are growing in Oklahoma, but jobs remain below pre-pandemic levels, especially lower-paying ones
Apr. FOMC: “Amid progress on vaccinations and strong policy support... economic activity [has] strengthened.”

Change in Real GDP

Percent change

-4 -2 0 2 4 6 8 10


Real GDP
Range
Median

Current (Q1 2021): 6.4%
March FOMC Forecast

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

Sources: Bureau of Economic Analysis, FOMC
Apr. FOMC: “The ongoing public health crisis continues to weigh on... employment... [with] considerable risks.”

U.S. Unemployment Rate

Current (April 2021): 6.1%

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

Sources: U.S. Bureau of Labor Statistics, FOMC
Oklahoma unemployment is down to nearly 4%, and 90% of counties have lower unemployment than the U.S.

**Unemployment Rates**

March 2020

- U.S.: 4.5%
- Oklahoma: 3.2%
- Cleveland County: 2.7%

April 2020 (Peak)

- U.S.: 14.8%
- Oklahoma: 13.0%
- Cleveland County: 12.5%

March 2021

- U.S.: 6.0%
- Oklahoma: 4.2%
- Cleveland County: 3.5%

Sources: U.S. Bureau of Labor Statistics/Haver Analytics
The state’s labor force participation rate was only slightly below pre-pandemic levels, but down from 2015.
Still, jobs remain down from a year ago in both the nation and state

Nonfarm Payroll Employment Growth

Index, Jan. 1, 2010=100

Sources: U.S. Bureau of Labor Statistics, NBER recession shading
Consumer spending and retail and recreation foot traffic have rebounded in Oklahoma, but unevenly.

**Consumer Spending**

Percent change, from Jan. 2020

- U.S.: Arts and entertainment
- OK: Arts and entertainment
- OK: Total
- U.S.: Total

**Google Mobility Data**

Percent change from Jan. 2020

- OK Retail & Recreation
- U.S. Retail & Recreation
- OK Workplaces
- U.S. Workplaces

Note: All series shown as 7-day moving average.

Sources: Google Mobility Data, Open Table, Track the Recovery, Authors’ calculations
The vaccination rollout in Oklahoma has leveled off more than in the U.S., but cases are down considerably.
Regional factory and services activity are up, and future expectations are high, especially in manufacturing.

Sources: FRBKC Surveys
Oil prices have recently returned to profitable levels for most regional firms, while gas prices have stabilized.
COVID-19 hurt oil and gas activity in the region, but firms have become more optimistic about 2021
Low mortgage rates have contributed to strong housing activity in Oklahoma since last spring as well.
Still, many Oklahomans are at risk of eviction and are struggling to pay household expenses.
Job growth continues to vary widely by wage level, with the lowest-paying jobs down the most

![Employment by Income Level](image)

Sources: Paychex, Intuit, Earnin, Kronos, Track the Recovery, Authors’ calculations
Apr. FOMC: “Inflation has risen, largely reflecting transitory factors.”
Energy prices increased the most as a component of inflation recently, and other components have risen too.

*Goods excluding Food; Services excluding Energy.

Note: Relative Importance as Share of CPI shown in parenthesis.

Sources: BLS/Haver Analytics
Apr. FOMC: “The [FOMC] decided to… maintain this target until… maximum empl. and inflation… on track.”
The Fed’s balance sheet continues to steadily increase
Summary

• The U.S. and Oklahoma economies are growing solidly again after stalling at the end of last year, and unemployment in the Norman area is down to 3.5%

• The pace and trajectory of economic recovery is still linked to pandemic and vaccine risks, but a strong bounce-back may continue

• Most sectors are growing in Oklahoma, but jobs remain below pre-pandemic levels, especially lower-paying ones
Questions?

RECEIVE REGULAR UPDATES ABOUT
Oklahoma’s economy

For more analysis of the Oklahoma economy, regional manufacturing conditions and regional energy conditions, subscribe to receive e-mail alerts from the KANSAS CITY FED.

Visit kansascityfed.org/ealert to subscribe!