

U.S. and Oklahoma Economic Outlook

Bartlesville Downtown Financial Forum

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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.



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

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OKC BRANCH 100

- **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



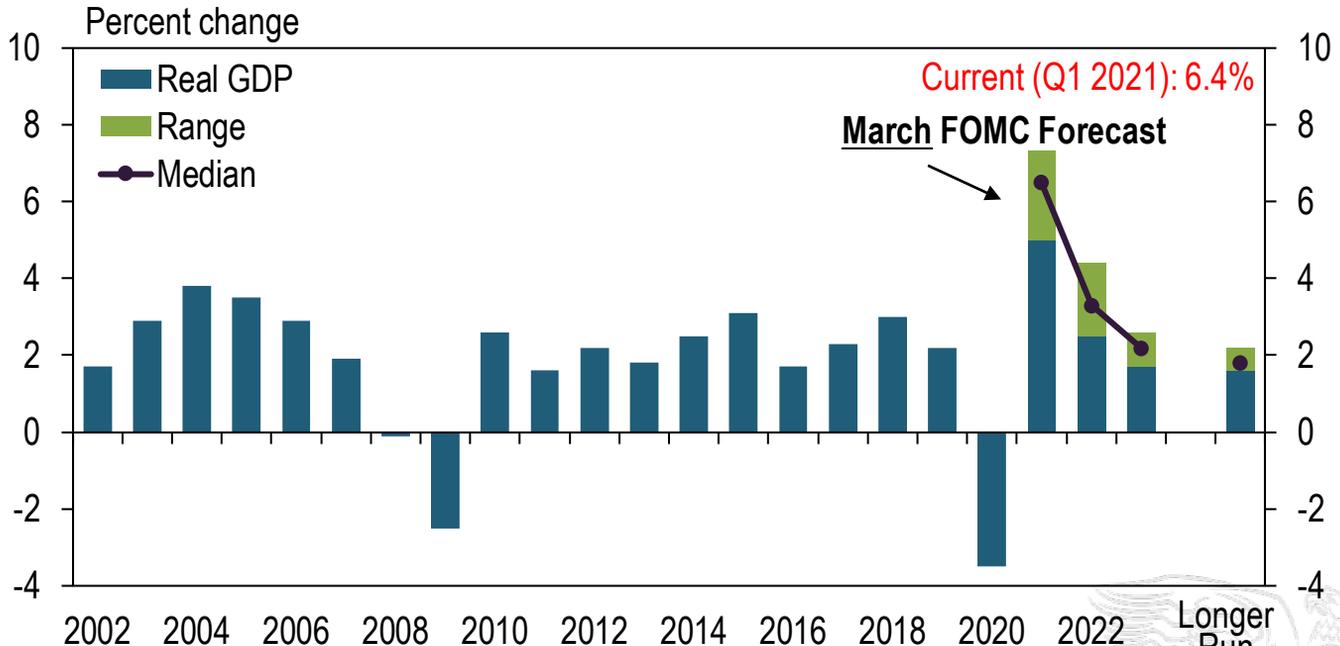
Overview

- The U.S. and Oklahoma economies are growing solidly again after stalling at the end of last year, and unemployment in the Bartlesville area is down to 4.1%
- 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



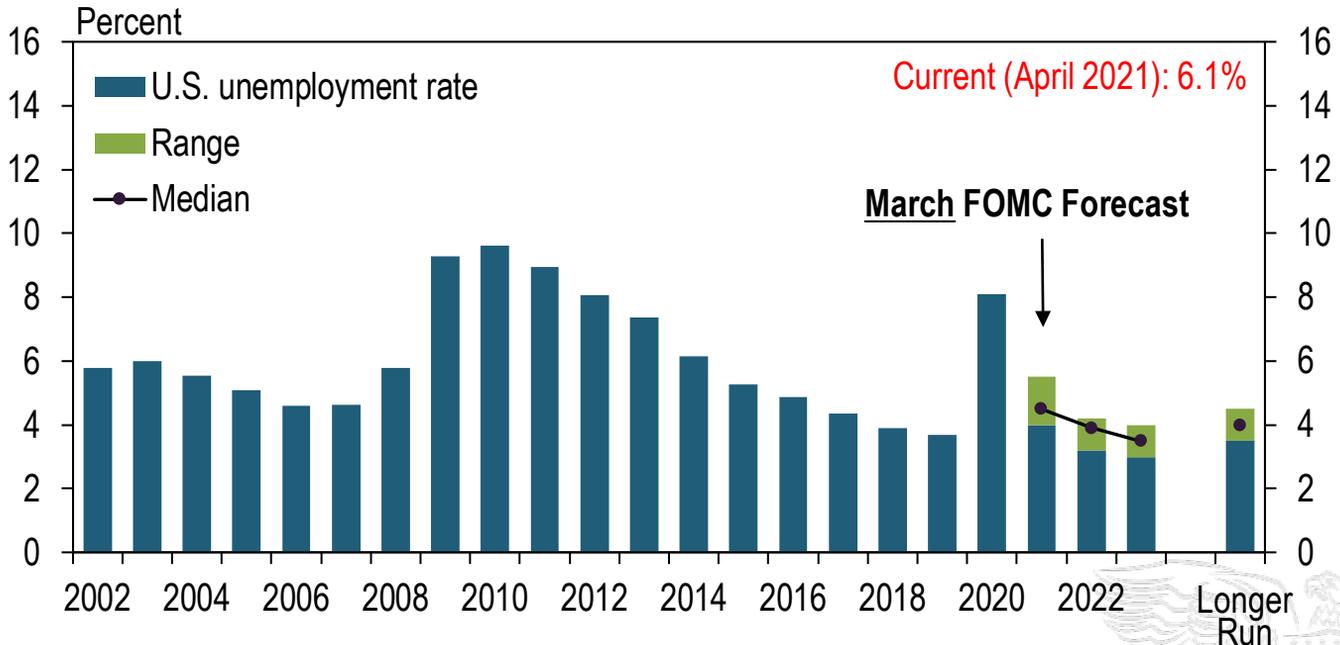
Apr. FOMC: “Amid progress on vaccinations and strong policy support... economic activity [has] strengthened.”

Change in Real GDP



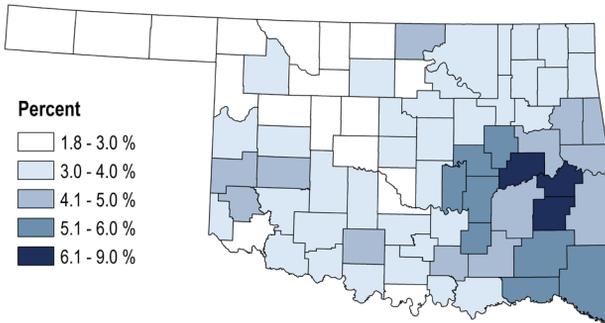
Apr. FOMC: “The ongoing public health crisis continues to weigh on... employment... [with] considerable risks.”

U.S. Unemployment Rate

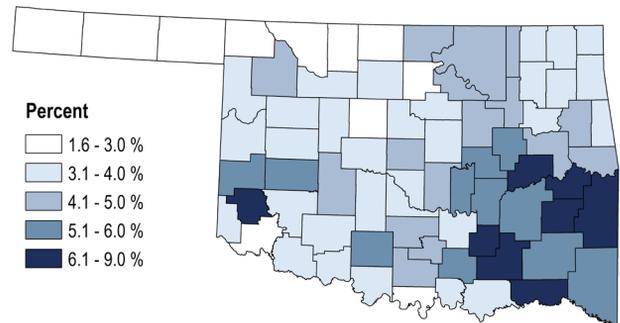


Oklahoma unemployment is down to nearly 4%, and 90% of counties have lower unemployment than the U.S.

**Unemployment Rates
March 2020**



**Unemployment Rates
March 2021**



March 2020

U.S.: 4.5%

Oklahoma: 3.2%

Washington County: 3.4%

April 2020 (Peak)

U.S.: 14.8%

Oklahoma: 13.0%

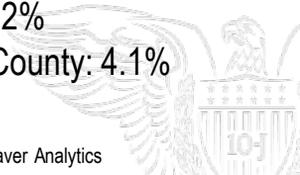
Washington County: 12.4%

March 2021

U.S.: 6.0%

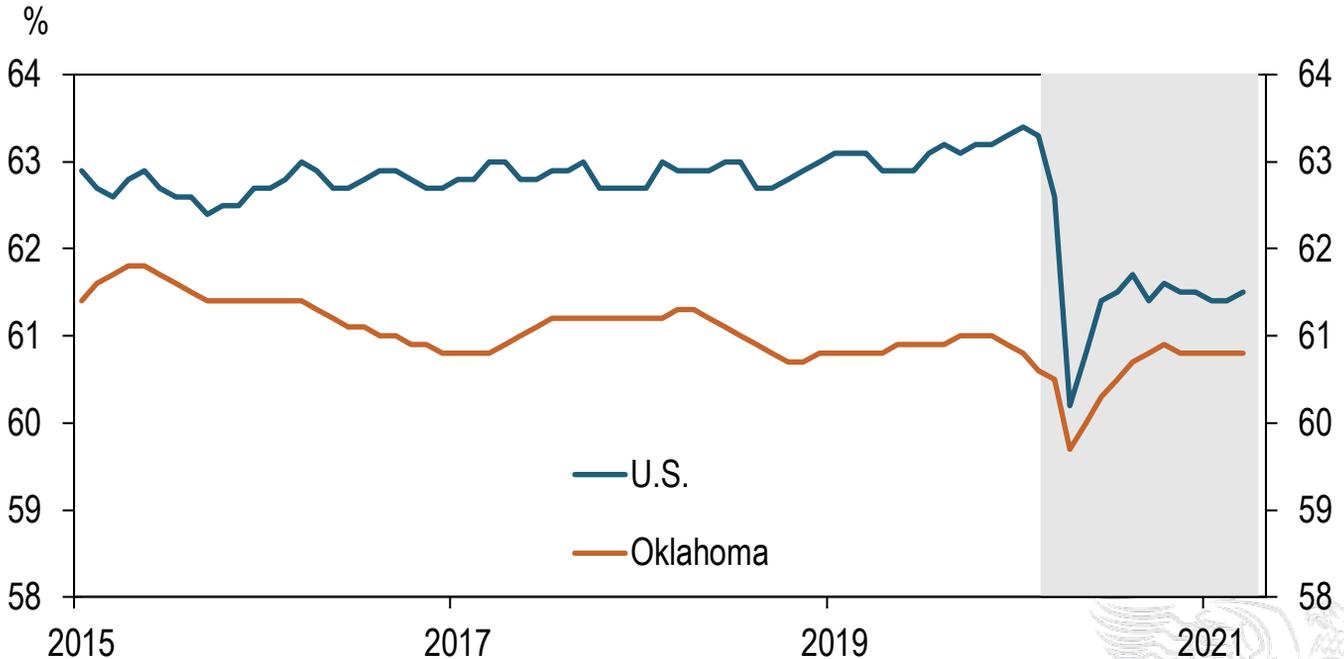
Oklahoma: 4.2%

Washington County: 4.1%



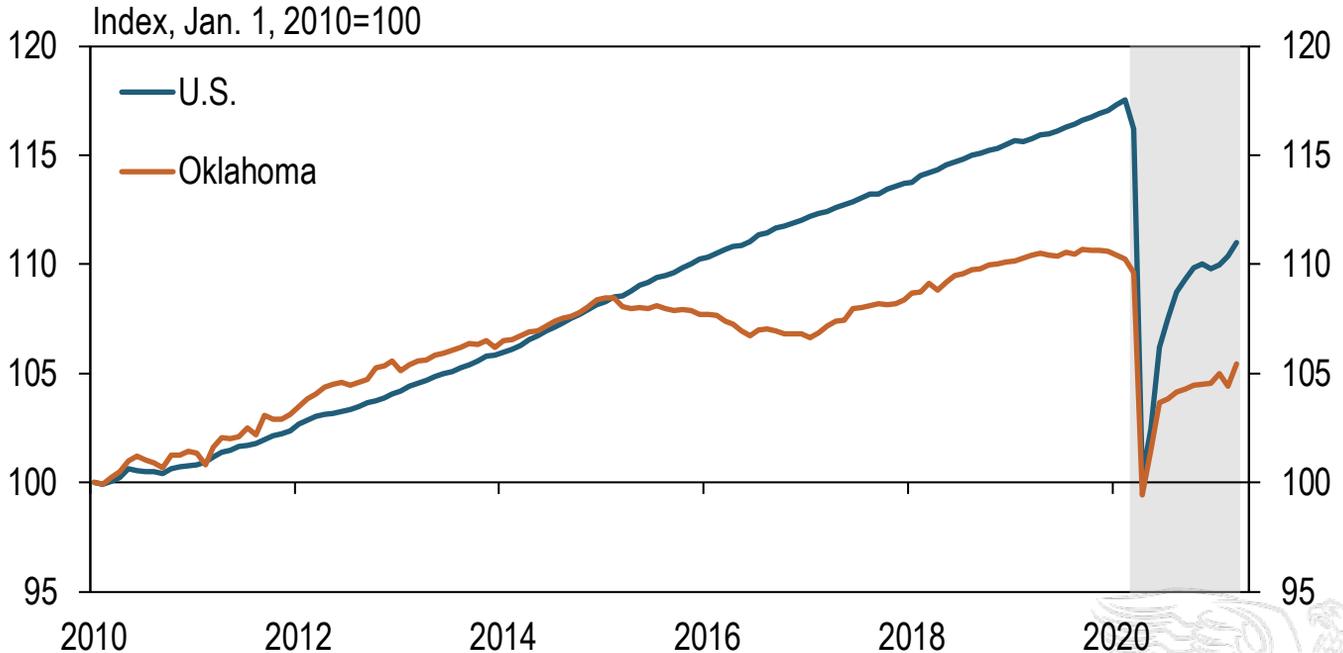
The state's labor force participation rate was only slightly below pre-pandemic levels, but down from 2015

Labor Force Participation Rates, SA



Still, jobs remain down from a year ago in both the nation and state

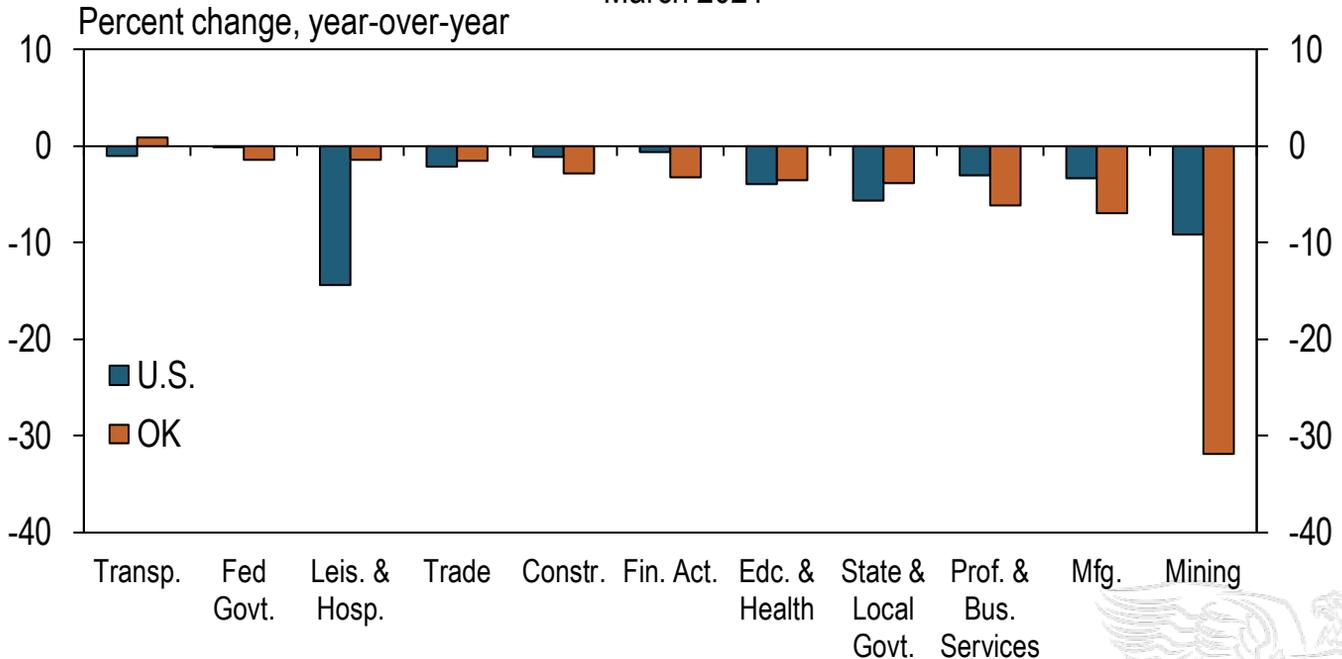
Nonfarm Payroll Employment Growth



State jobs are down most in mining, manufacturing, and professional services, in contrast to hospitality in U.S.

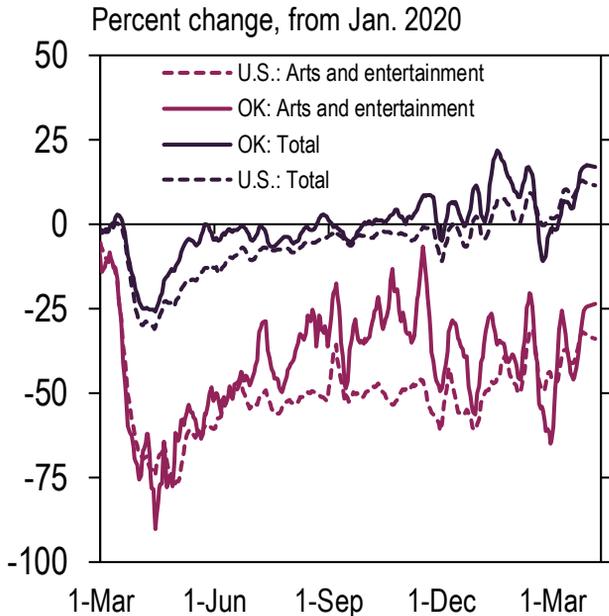
Job Growth by Industry

March 2021

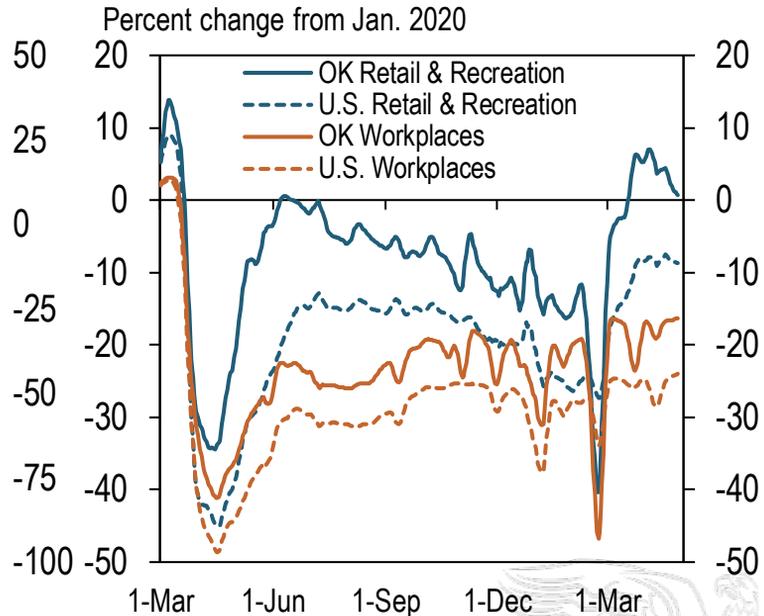


Consumer spending and retail and recreation foot traffic have rebounded in Oklahoma, but unevenly

Consumer Spending

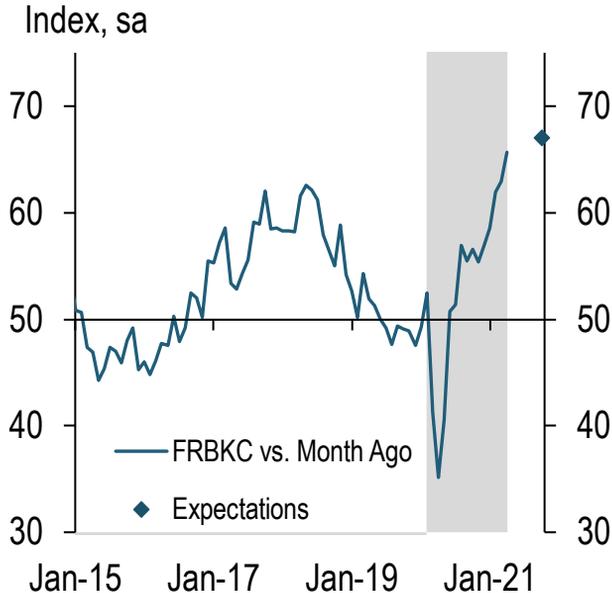


Google Mobility Data

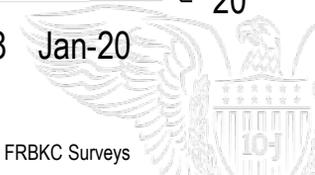
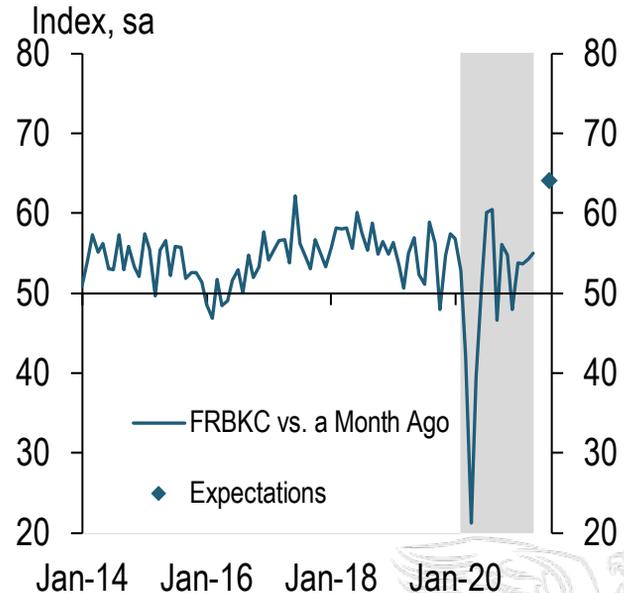


Regional factory and services activity are up, and future expectations are high, especially in manufacturing

Manufacturing Survey Composite Indexes

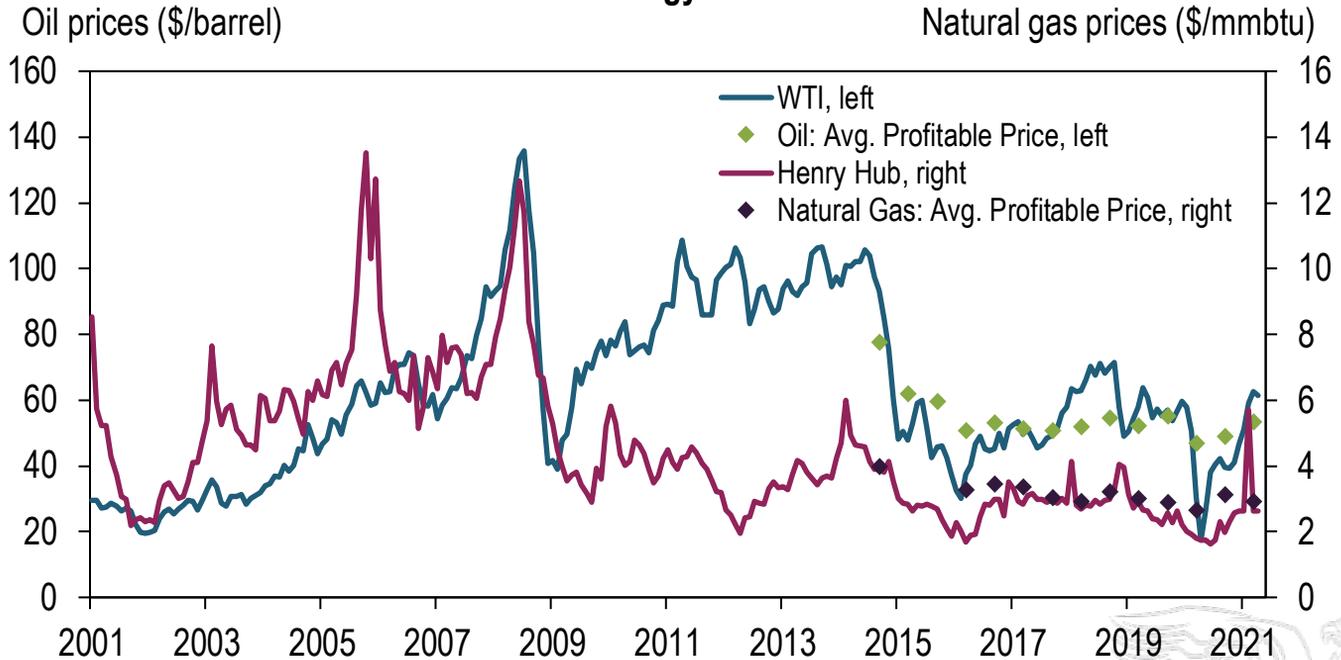


Services Survey Composite Indexes



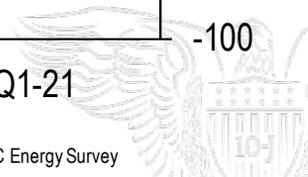
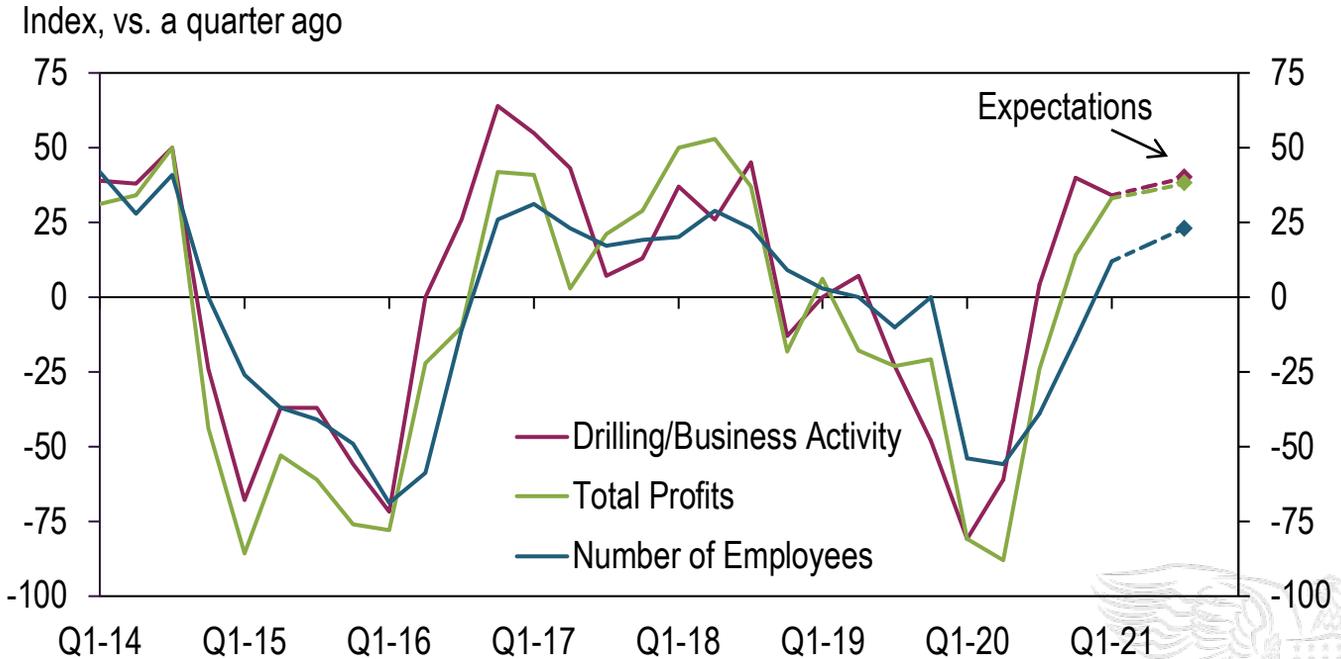
Oil prices have recently returned to profitable levels for most regional firms, while gas prices have stabilized

Energy Prices



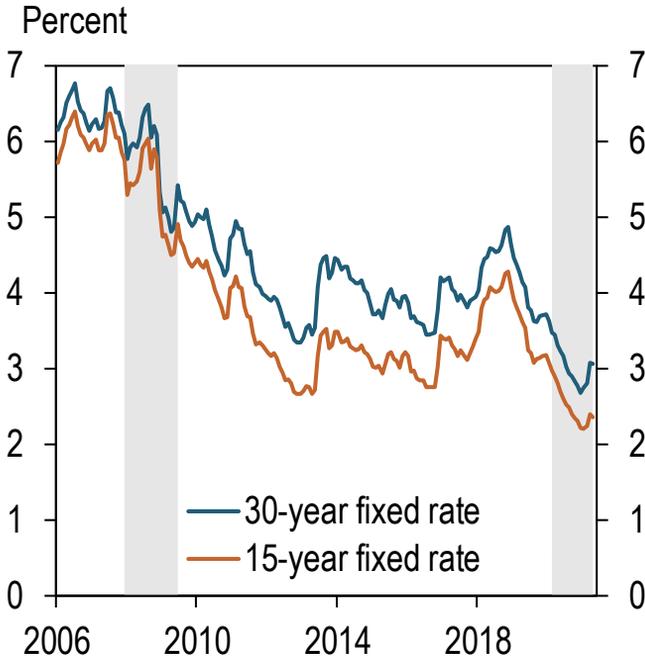
COVID-19 hurt oil and gas activity in the region, but firms have become more optimistic about 2021

FRBKC Energy Survey Indexes

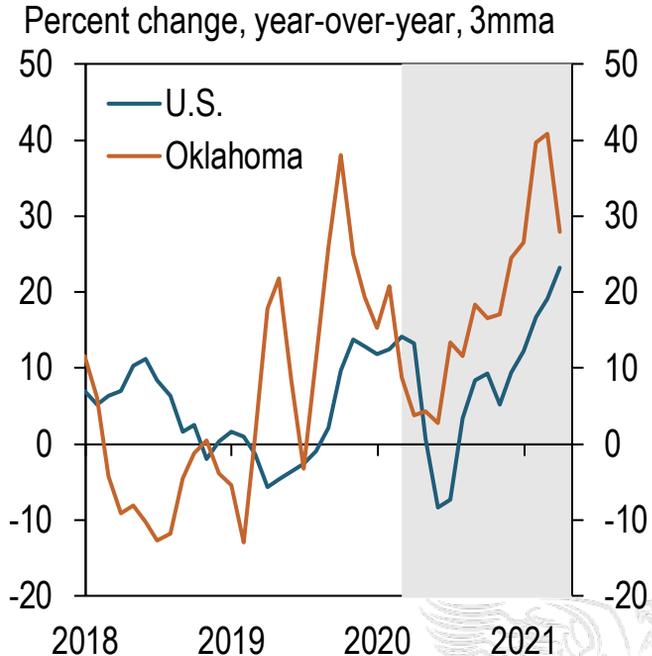


Low mortgage rates have contributed to strong housing activity in Oklahoma since last spring as well

Mortgage Rates

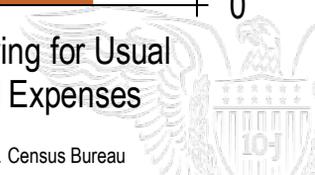
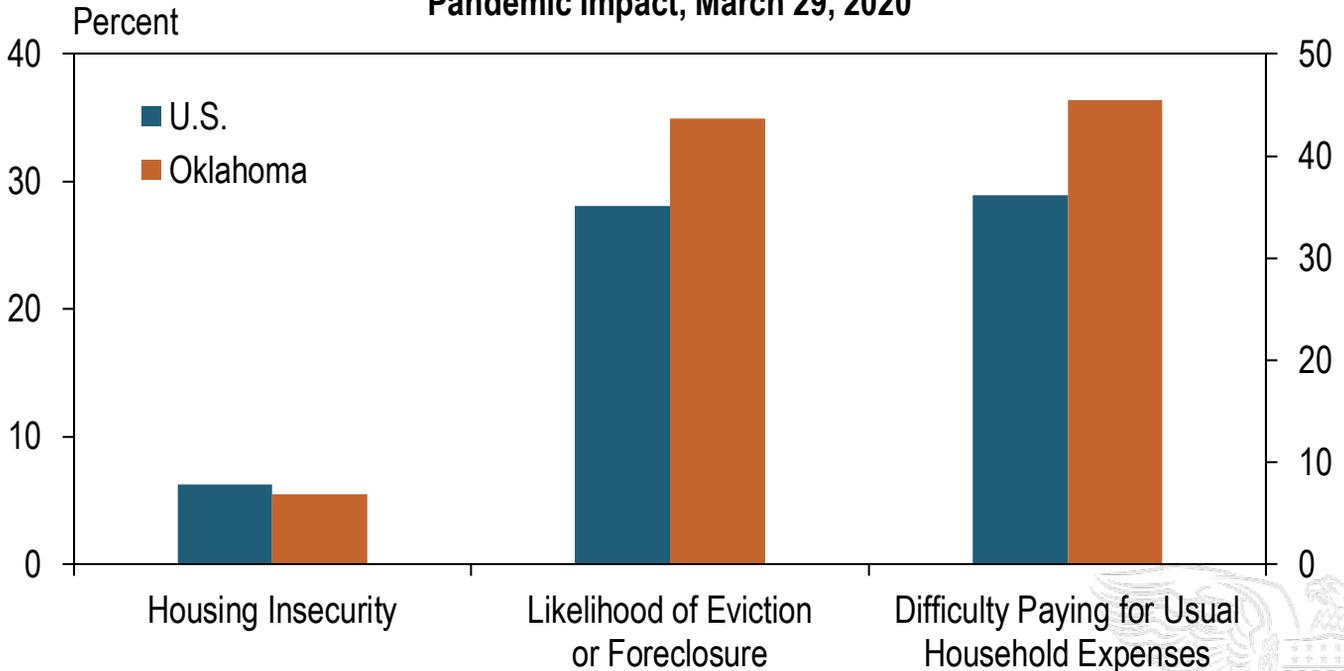


New Housing Permits



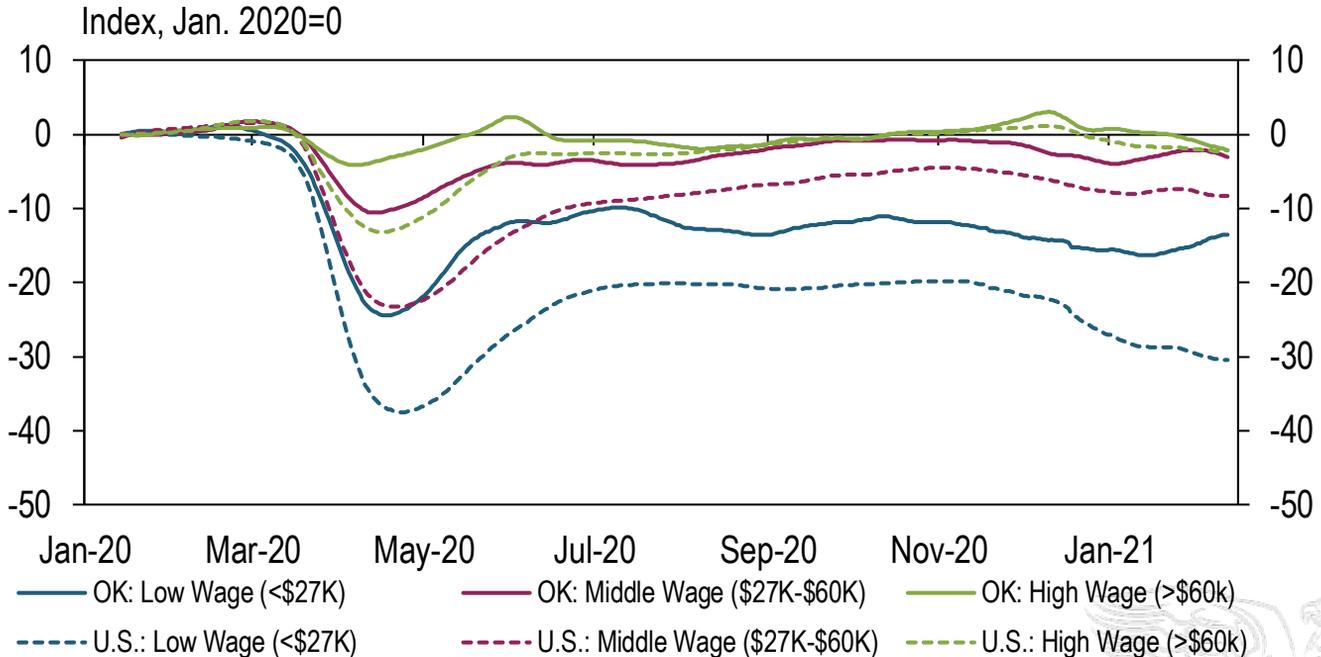
Still, many Oklahomans are at risk of eviction and are struggling to pay household expenses

Household Pulse Survey
Pandemic Impact, March 29, 2020



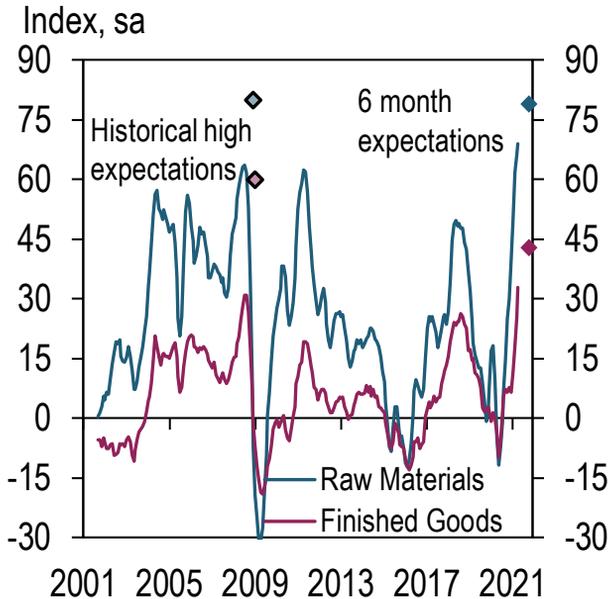
Job growth continues to vary widely by wage level, with the lowest-paying jobs down the most

Employment by Income Level

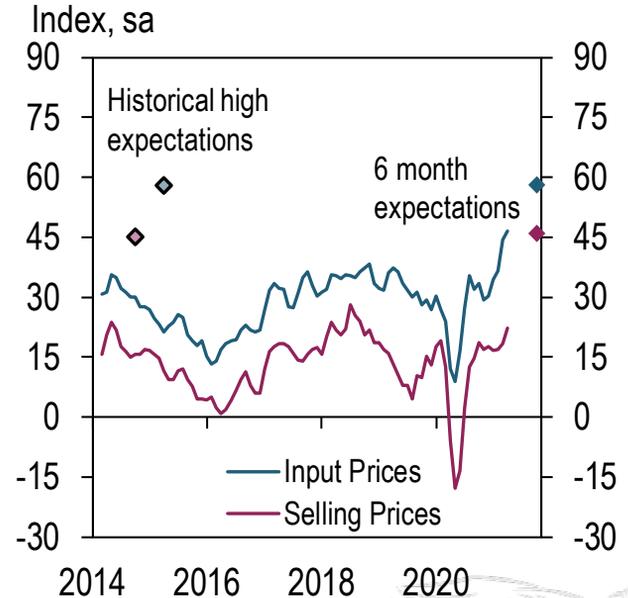


Monthly price indexes for regional manufacturing and services companies are near record highs

Manufacturing Prices

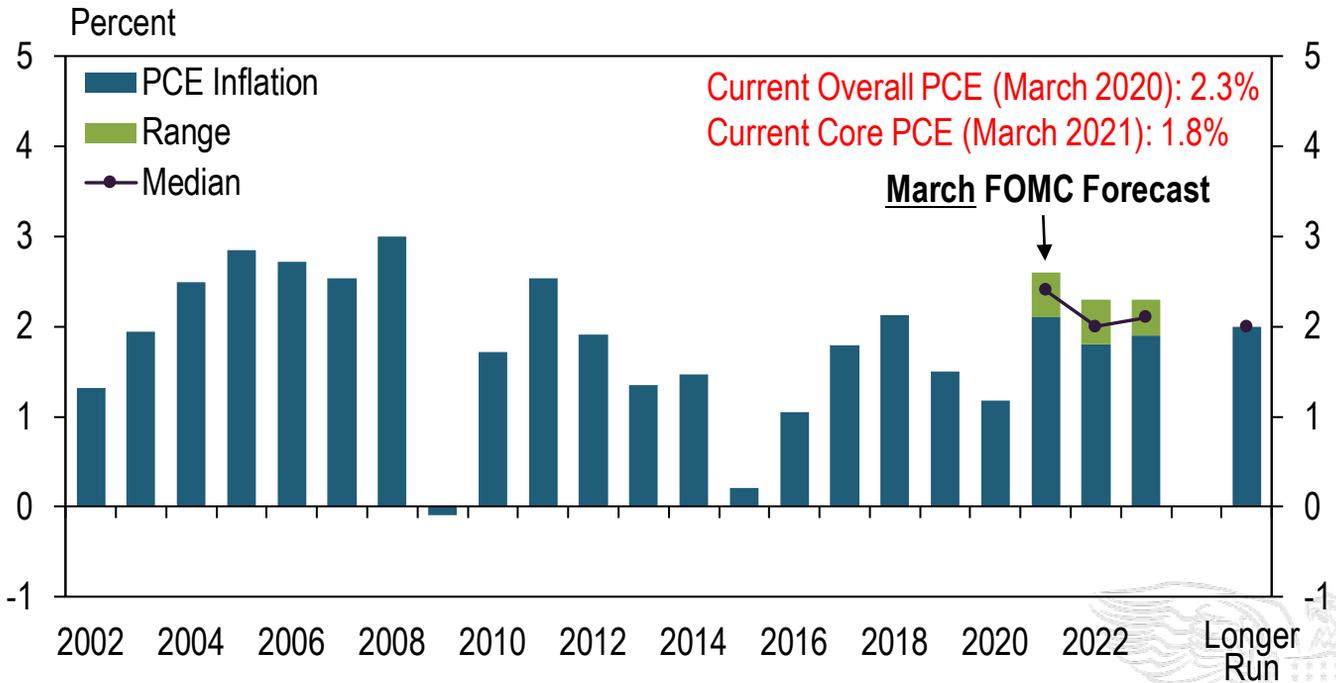


Services Prices



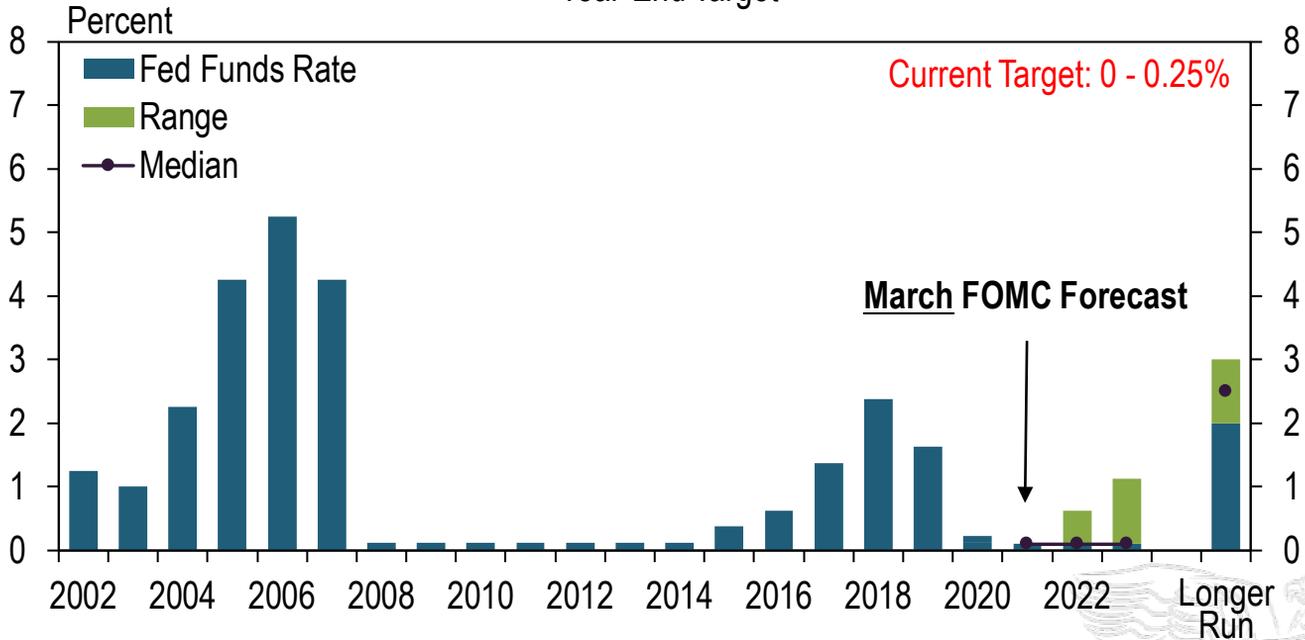
Apr. FOMC: “Inflation has risen, largely reflecting transitory factors.”

PCE Inflation Index



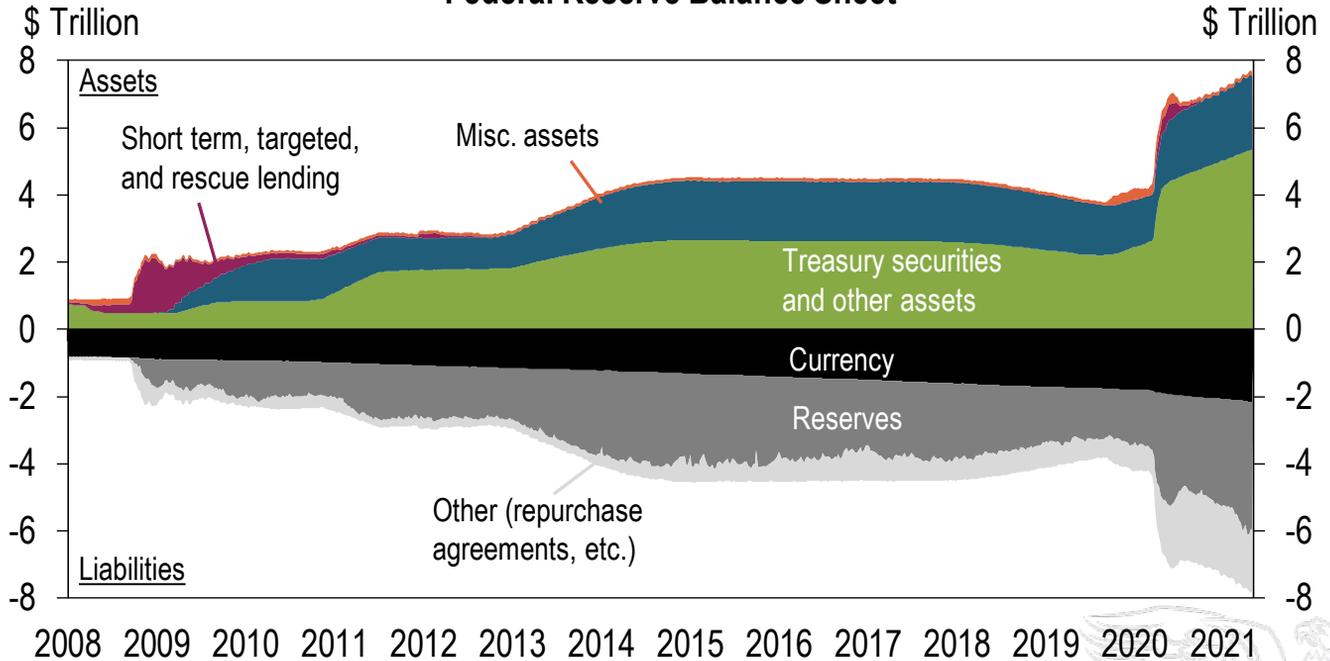
Apr. FOMC: “The [FOMC] decided to... maintain this target until... maximum empl. and inflation... on track.”

Federal Funds Rate
Year-End Target



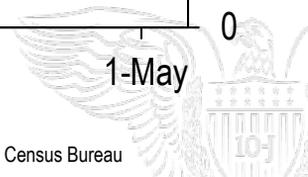
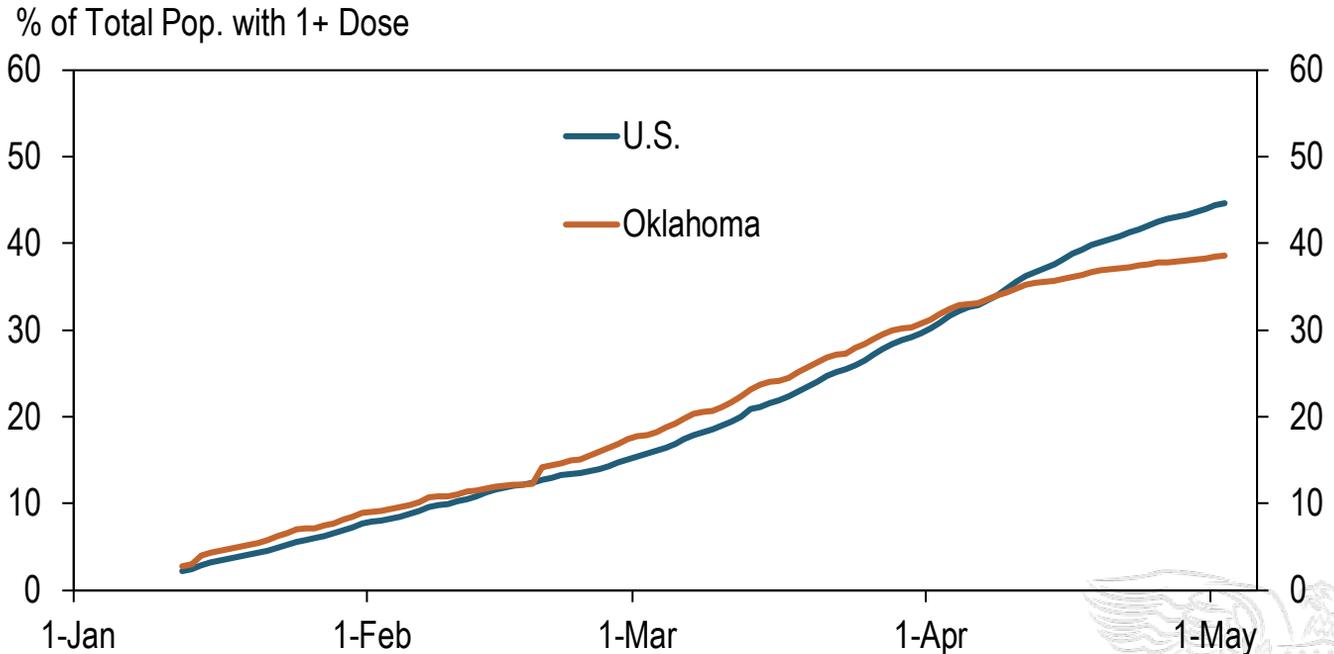
The Fed's balance sheet continues to steadily increase

Federal Reserve Balance Sheet



Initially, the vaccination rollout in Oklahoma outpaced the rest of the U.S., but since has leveled off

Vaccination Rates by Population, May 2, 2021



Summary

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