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 national economy continues to recover, with strong GDP and job growth so far in 2021

• Regional businesses are optimistic, despite rising prices and labor shortages, and energy activity is up

• Employment is still down from pre-pandemic levels, though, especially in the energy sector and in lower-paying jobs

• The latest surge in COVID cases and hospitalizations presents a risk to some Oklahoma sectors
July FOMC: “Indicators of economic activity and employment have continued to strengthen.”

Change in Real GDP

Percent change

-4 -2 0 2 4 6 8 10

Real GDP
Range
Median

Current (Q2 2021): 6.5%
June FOMC Forecast

Longer Run

Note: Data and FOMC projections are for year-end.
Sources: Bureau of Economic Analysis, FOMC
Surveys show that business activity in Oklahoma’s region has continued to expand, with strong outlooks.
This is despite input and output prices continuing to rise at historic rates.
July FOMC: “Inflation has risen, largely reflecting transitory factors.”

PCE Inflation Index

Current Overall PCE (July 2021): 4.0%
Current Core PCE (July 2021): 3.5%

Note: Data and FOMC projections are for year-end.
All major categories of prices are rising, but with sizable variation across and within categories.

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

Sources: BLS/Haver Analytics
The median FOMC projection is for U.S. unemployment to fall to 4.5% by year-end.

U.S. Unemployment Rate

Current (July 2021): 5.4%

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

Sources: U.S. Bureau of Labor Statistics, FOMC
Unemployment in Oklahoma has fallen by even more, and the Tulsa metro area’s rate was 3.6% in June.

Sources: U.S. Bureau of Labor Statistics, NBER recession shading
Labor force participation is almost at pre-pandemic levels in Oklahoma, although still down from 2015.

Many firms in our region are automating more quickly due to labor shortages

June 2021 Survey SQ: "Because of labor shortages, has your firm invested or plan to invest in labor-saving automation strategies?"

- Yes, at a faster pace than in the past
- Yes, but similar to the past
- Yes, but at a slower pace than in the past
- No, we have not invested in labor-saving technology

Source: FRBKC Surveys
July FOMC: “The [FOMC] decided to… maintain this target until… maximum empl. and inflation… on track.”

Federal Funds Rate
Year-End Target

Current Target: 0 - 0.25%

June FOMC Forecast

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

Sources: Bureau of Economic Analysis, FOMC
Oklahoma and metro jobs are down most in mining and professional services, in contrast to hospitality in U.S.

Sources: U.S. Bureau of Labor Statistics/Haver Analytics
U.S. and Oklahoma job growth continues to vary widely by wage level, with the lowest-paying jobs down most.

Employment by Income Level

Index, Jan. 2020=0

Sources: Paychex, Intuit, Earnin, Kronos, Track the Recovery, Authors' calculations
Energy activity is up along with oil (and natural gas) prices, and expectations for future activity remain solid.
COVID-19 cases and hospitalizations have increased again, and faster in Oklahoma than the rest of the U.S.
The percentage of fully vaccinated Oklahomans lags the rest of the U.S. by a considerable margin.

Source: Dept. Human Services, Johns Hopkins, Authors' calculations
Past COVID surges have hurt foot traffic in Oklahoma, but with less impact on consumer spending

**Google Mobility Data**

Percent change from Jan 3-Feb 6, 2020

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

**Consumer Spending**

Percent change, from Jan. 2020

- OK: Accommodation and food service
- U.S.: Accommodation and food service
- OK: Arts and entertainment
- U.S.: Arts and entertainment
- OK: Total
- U.S.: Total

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

Sources: Affinity, Google Mobility Data, Track the Recovery, Authors’ calculations
Summary

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Questions?

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Oklahoma’s economy

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