

# U.S. and Oklahoma Economic Outlook

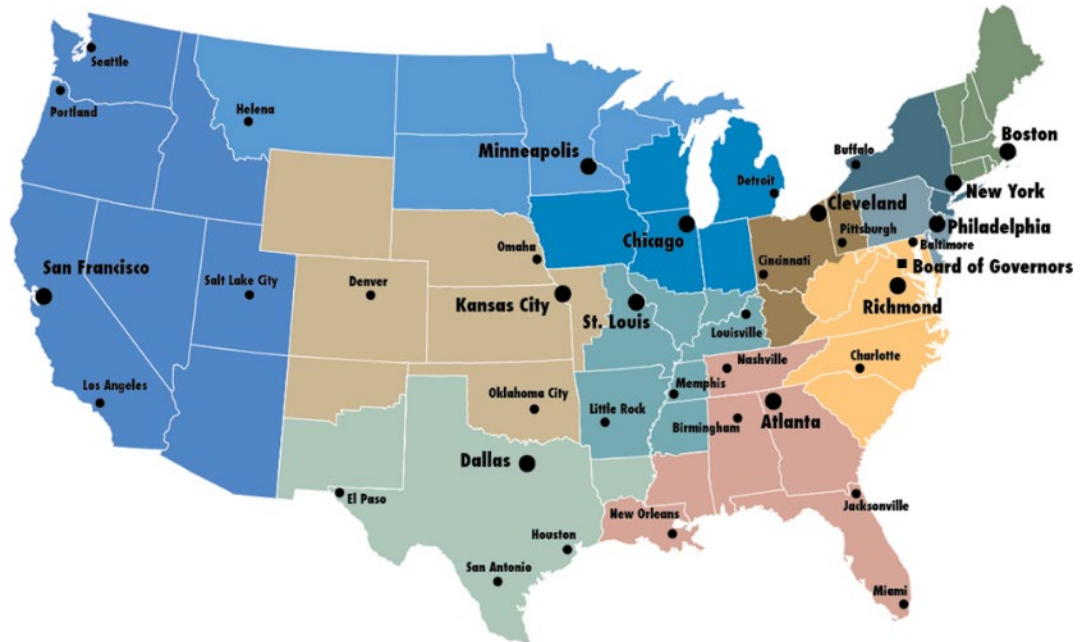
*Oklahoma's Credit Union*  
*October 21, 2021*

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*Associate Economist and Manager*

\*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.



# Structure & Functions of the Federal Reserve



## 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](http://www.kansascityfed.org/oklahomacity)

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



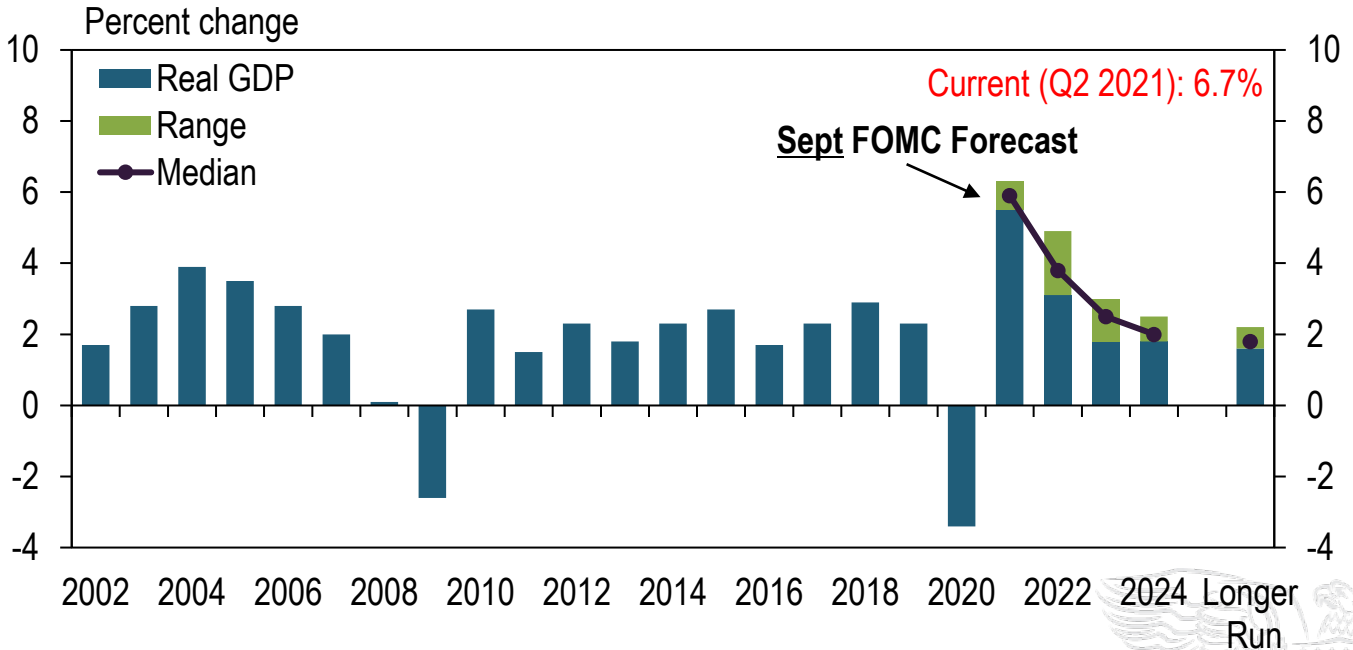
# Overview

- The national economy continues to recover, with strong GDP and job growth in 2021, but above normal inflation
- Regional businesses are optimistic, despite rising prices and labor shortages, and energy activity is up
- Oklahoma jobs are still down from pre-pandemic levels, though, especially in energy
- The latest surge in COVID cases and hospitalizations has not resulted in much slowdown in economic activity



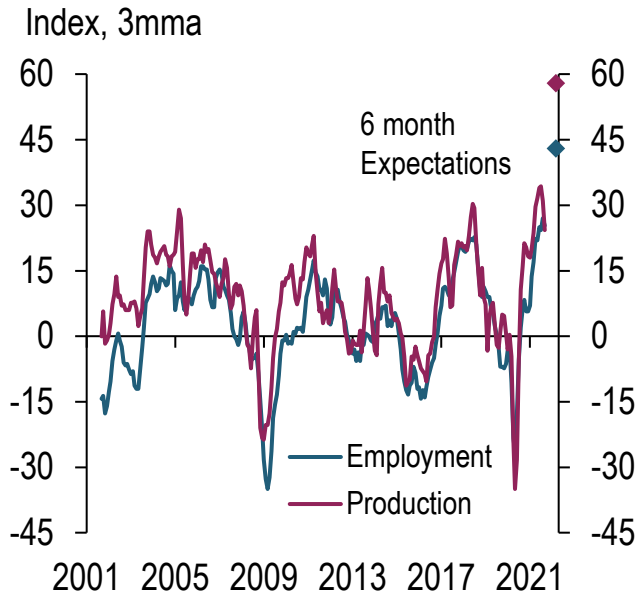
# Sept FOMC: “Indicators of economic activity and employment have continued to strengthen.”

Change in Real GDP

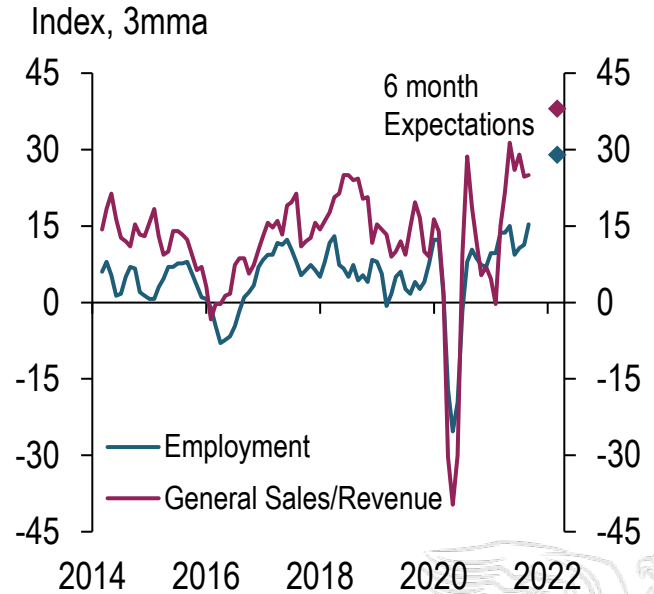


# Surveys show that business activity in Oklahoma's region has expanded further, with strong outlooks

## KC Fed Manufacturing Survey

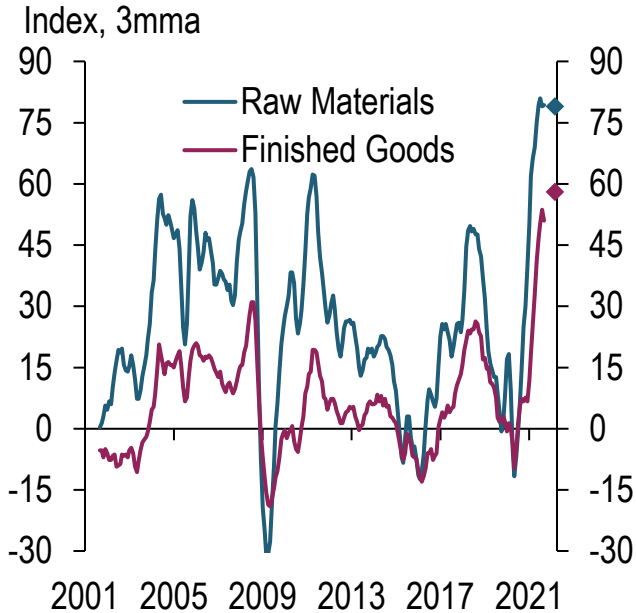


## KC Fed Services Survey

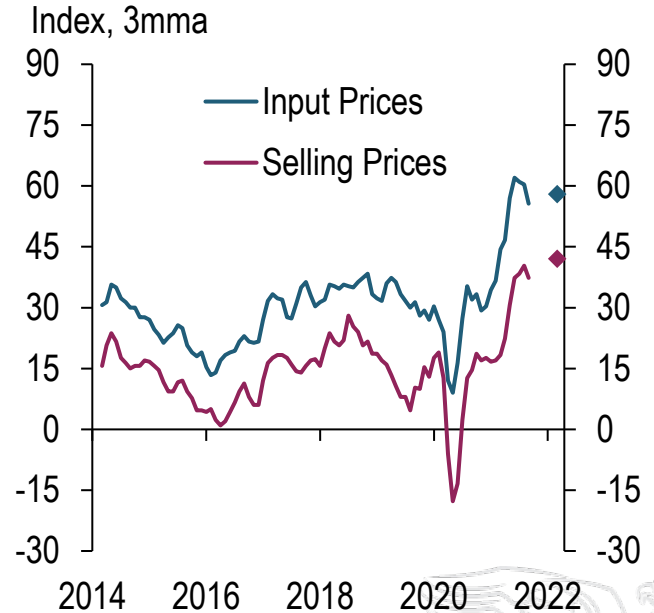


# This is despite input and output prices continuing to rise near record high rates

### Manufacturing Survey

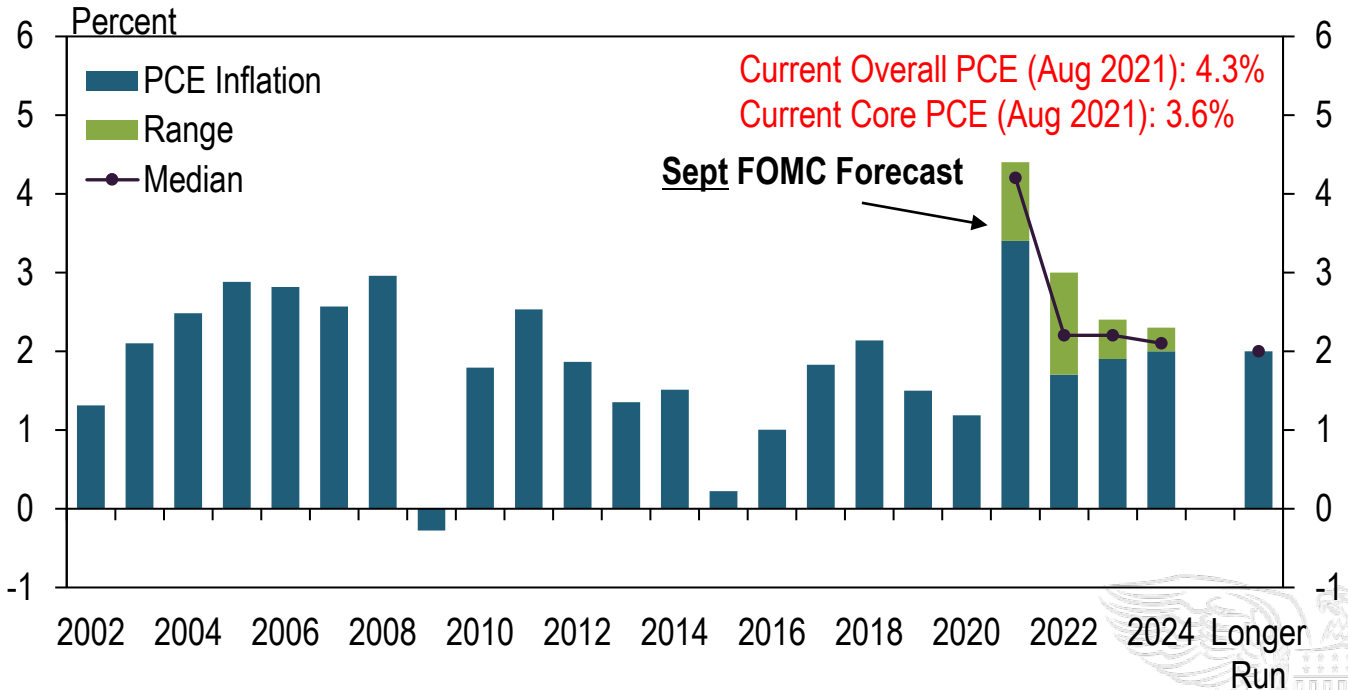


### Services Survey



# Sept FOMC: “Inflation is elevated, largely reflecting transitory factors.”

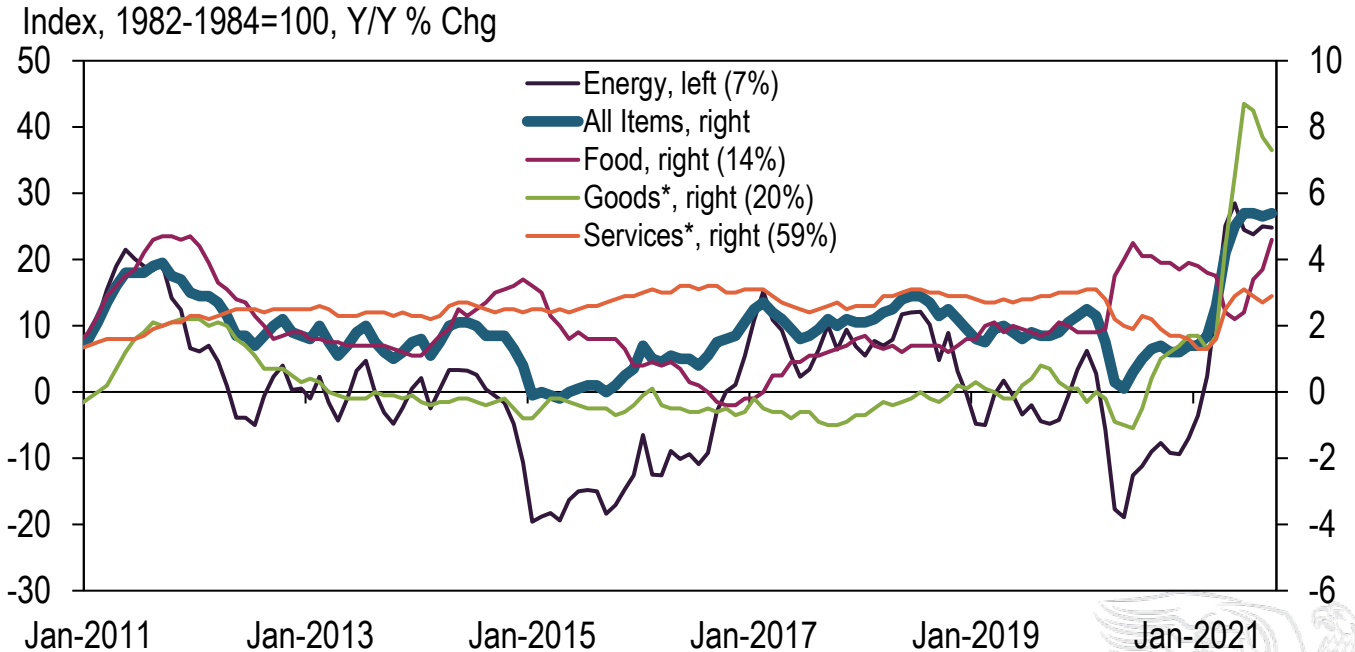
PCE Inflation Index





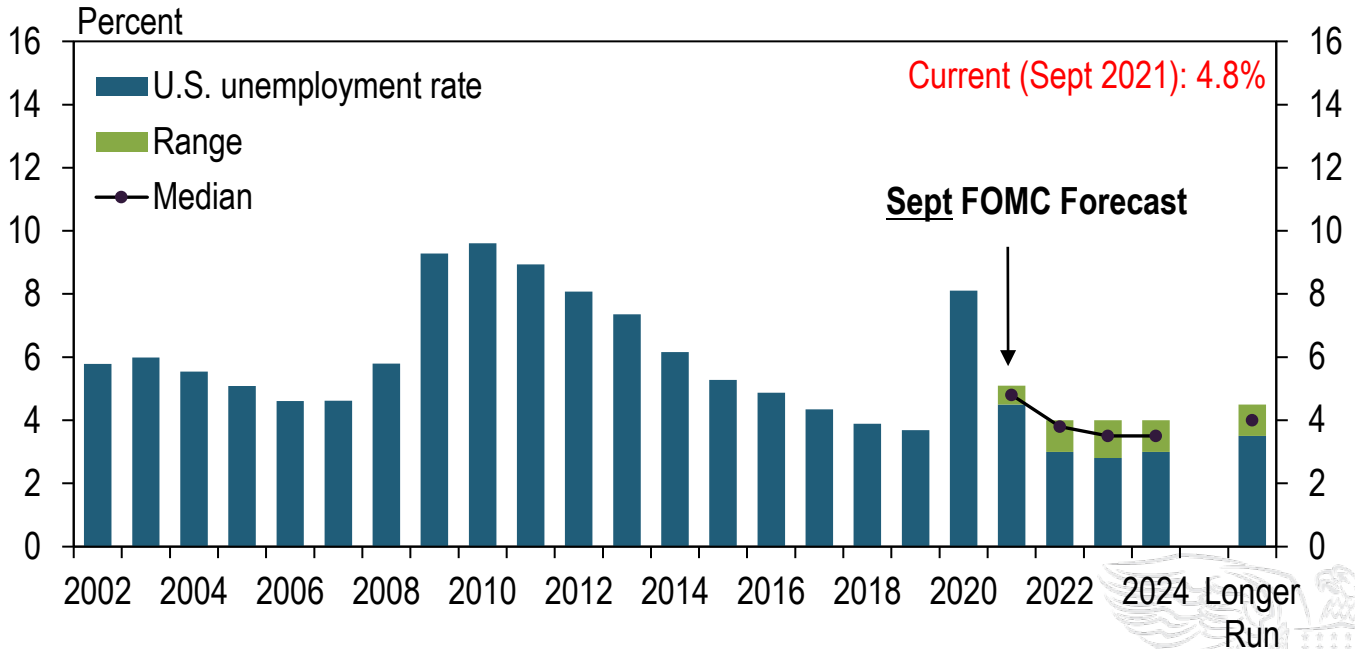
# Year-over-year CPI growth leveled in July and August, at just over 5%, following sizable previous increases

## Consumer Price Index



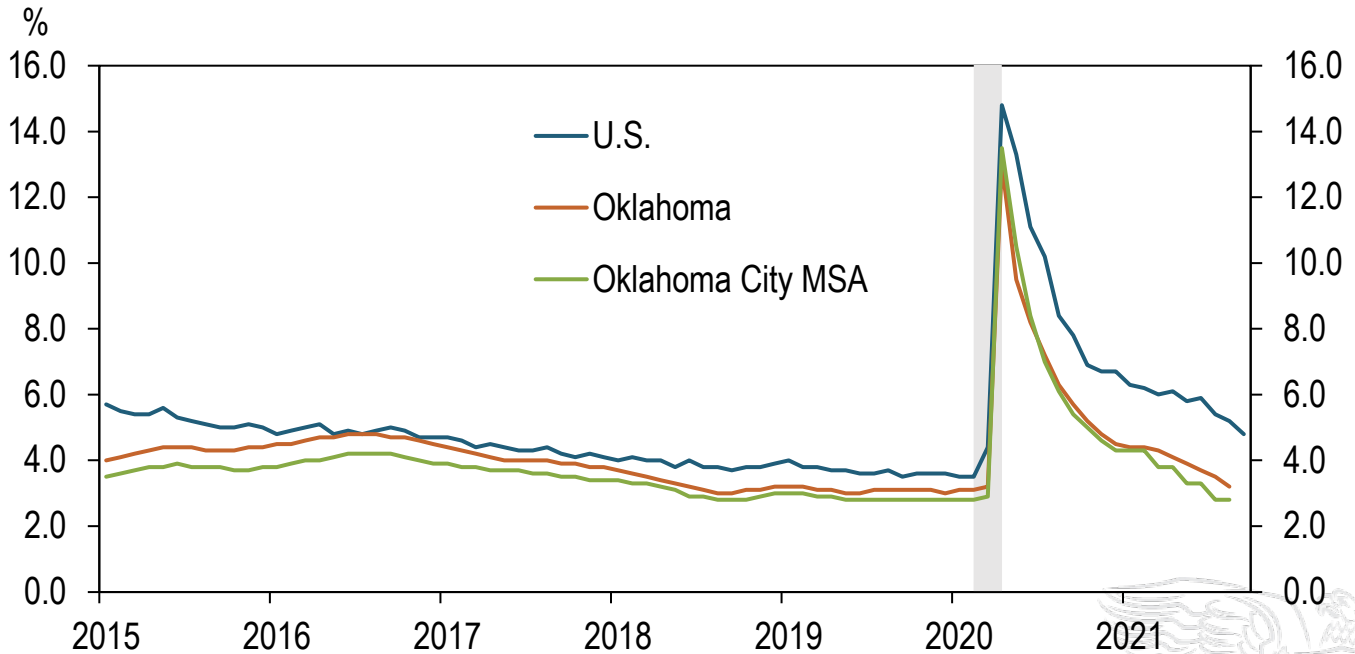
# The median FOMC projection is for a U.S. unemployment rate of 4.8% at year-end

U.S. Unemployment Rate



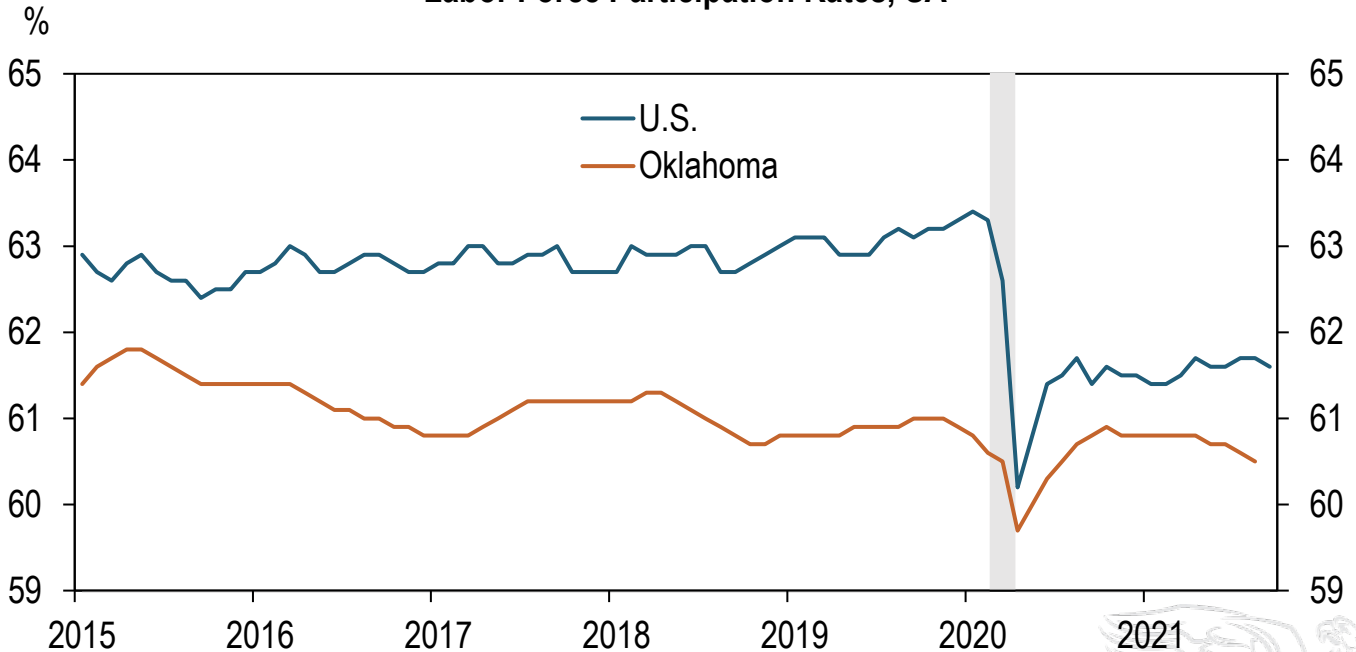
# Unemployment in Oklahoma has fallen more, and metro jobless rates were at pre-COVID levels in August

Unemployment Rate



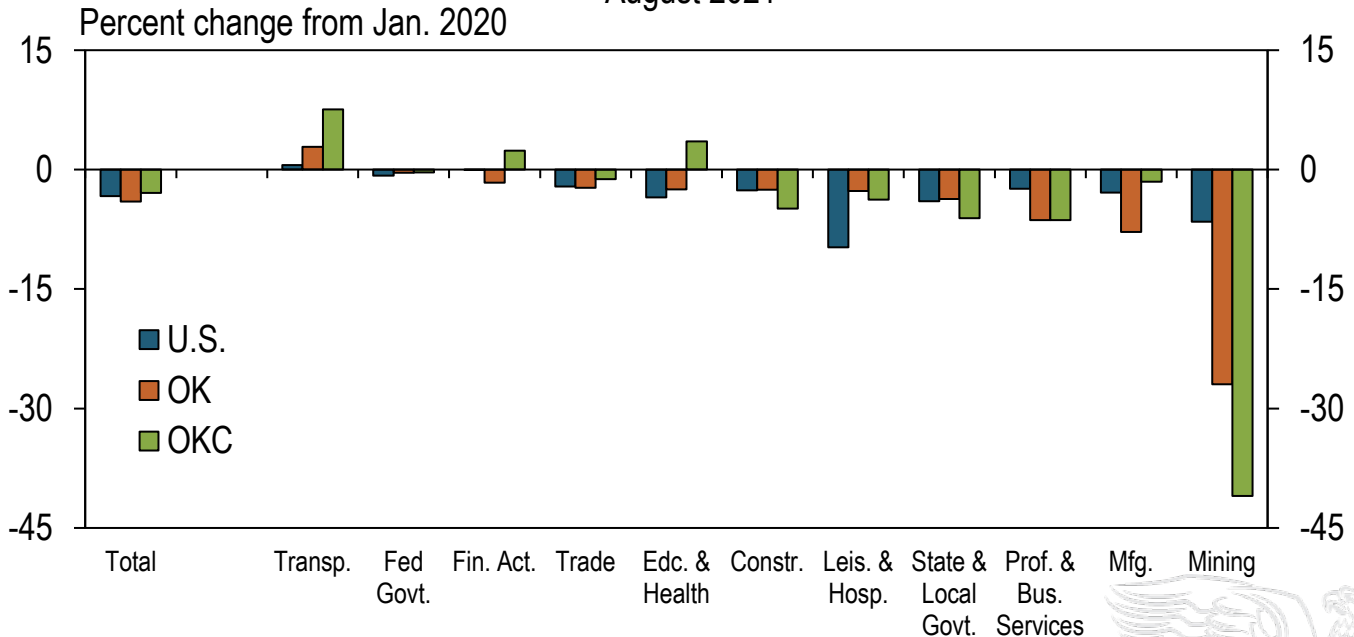
# Labor force participation is also almost at pre-pandemic levels in Oklahoma, although it has eased recently

Labor Force Participation Rates, SA



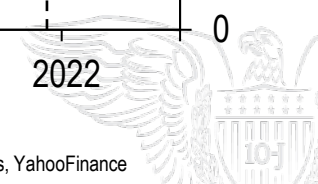
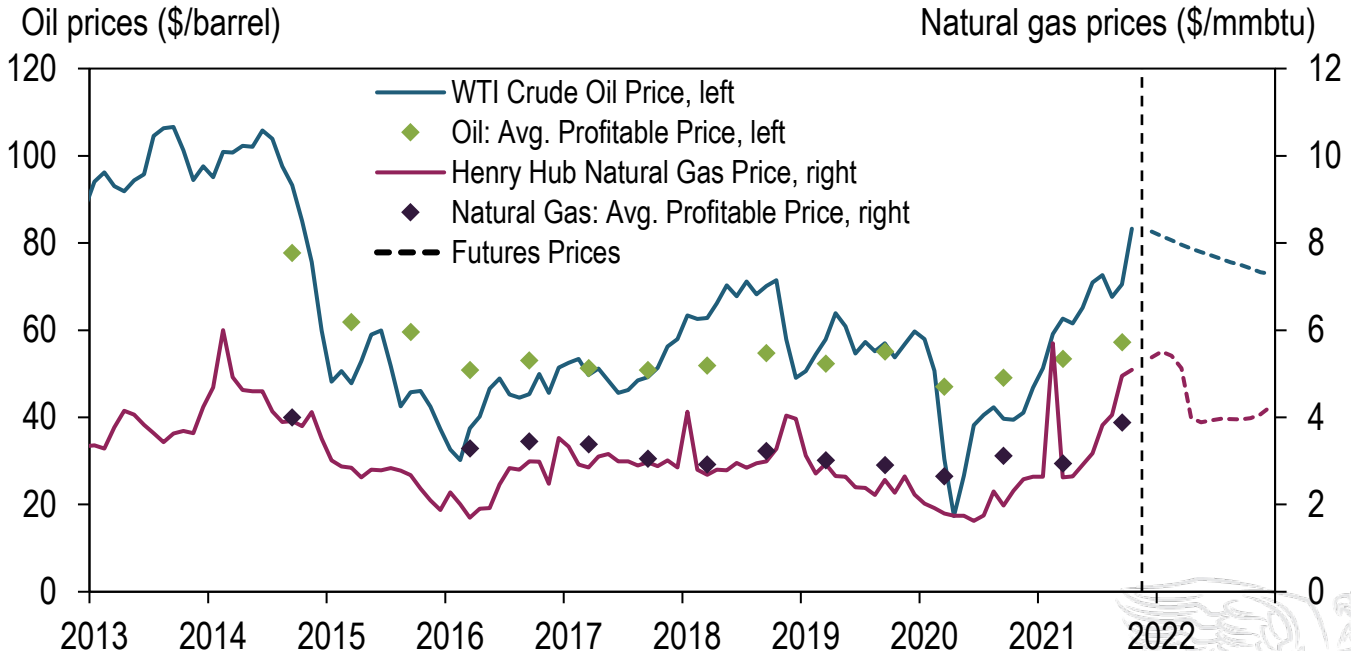
# Still, jobs in some sectors, especially mining (oil and gas), remain down considerably from early 2020

Job Growth by Industry  
August 2021

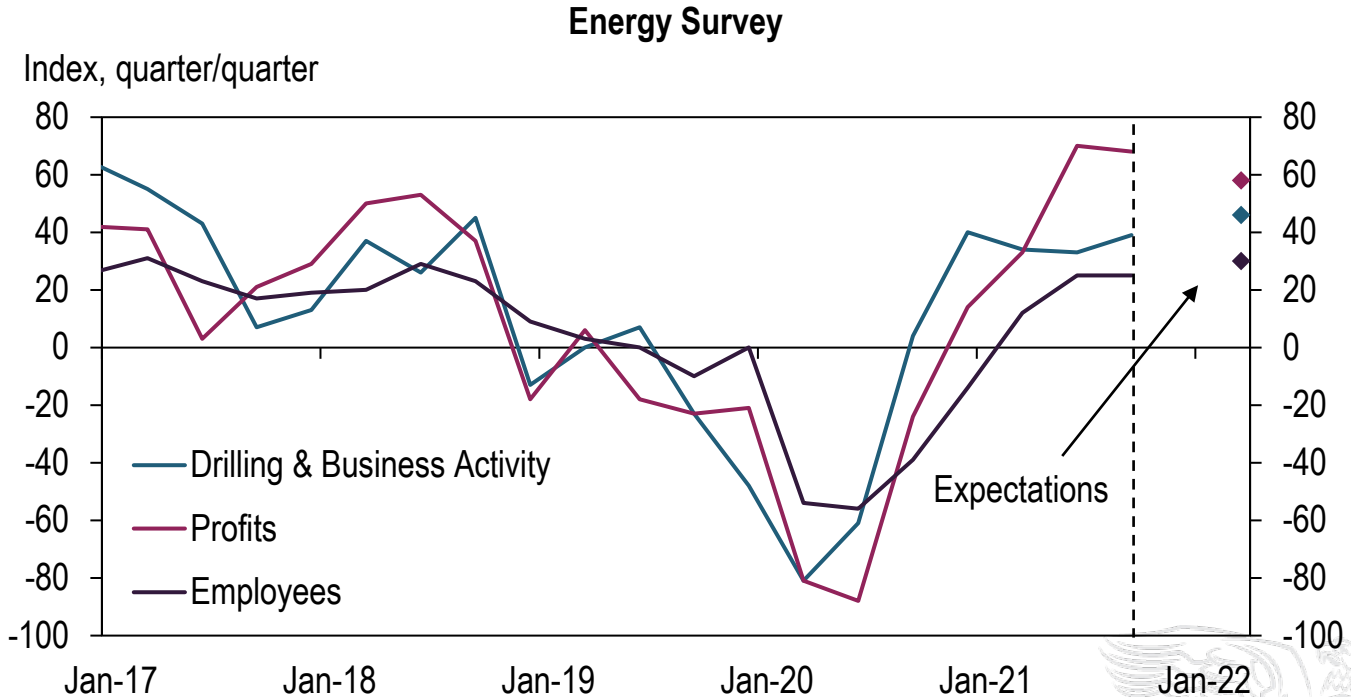


# Oil and natural gas prices have risen considerably, and are highly profitable for most regional firms

## Energy Prices

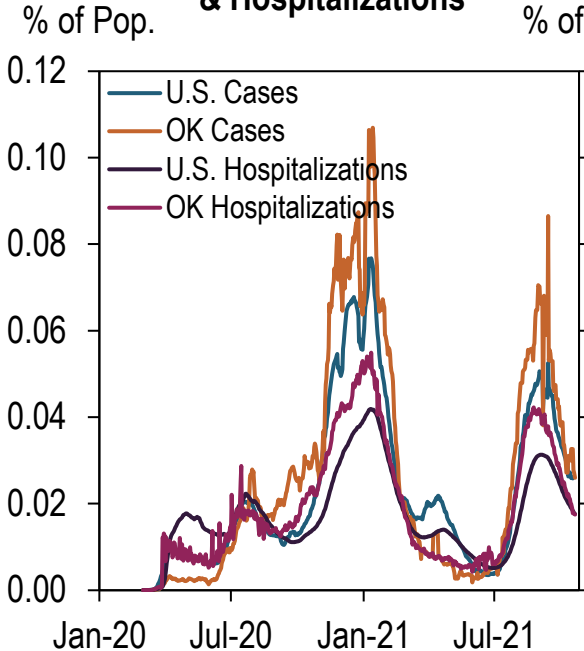


# As a result, energy activity is rising again, and expectations for future activity remain solid

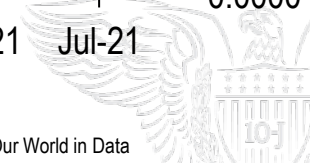
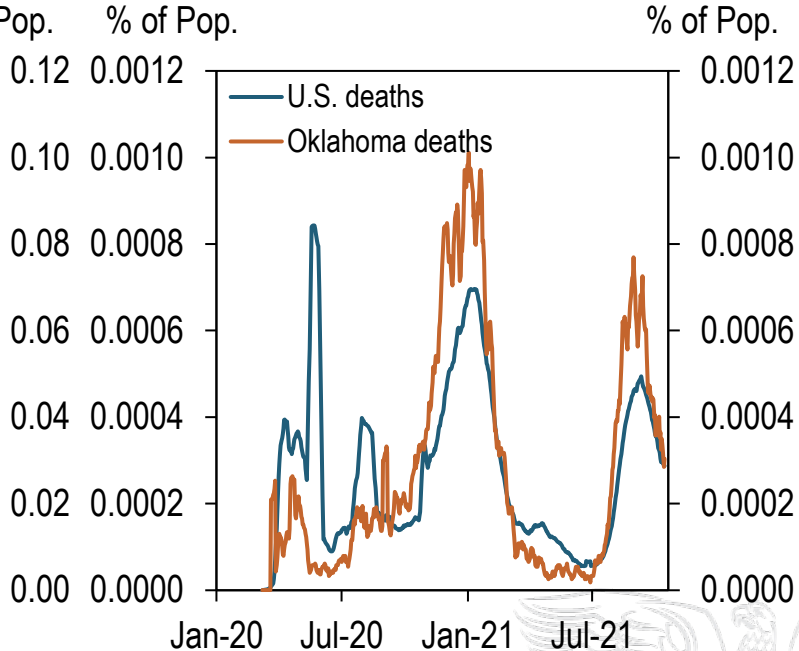


# COVID-19 cases, hospitalizations, and deaths have declined from their peaks but remain high

**Number of New COVID Cases & Hospitalizations**



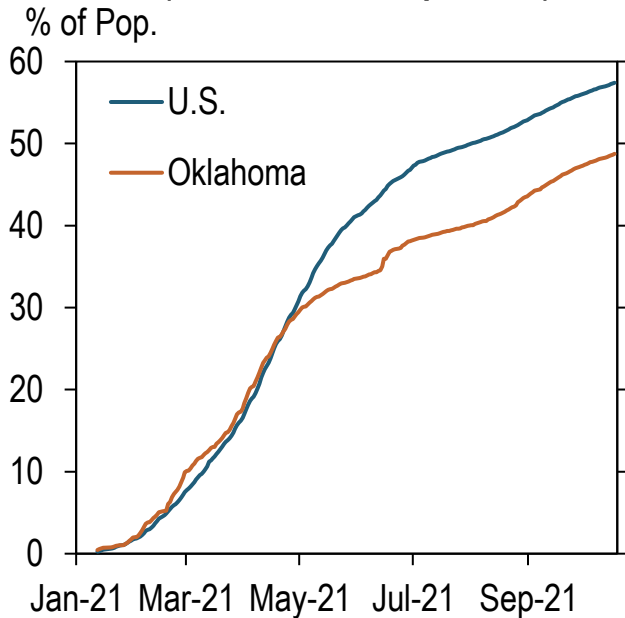
**Current COVID-19 Deaths**



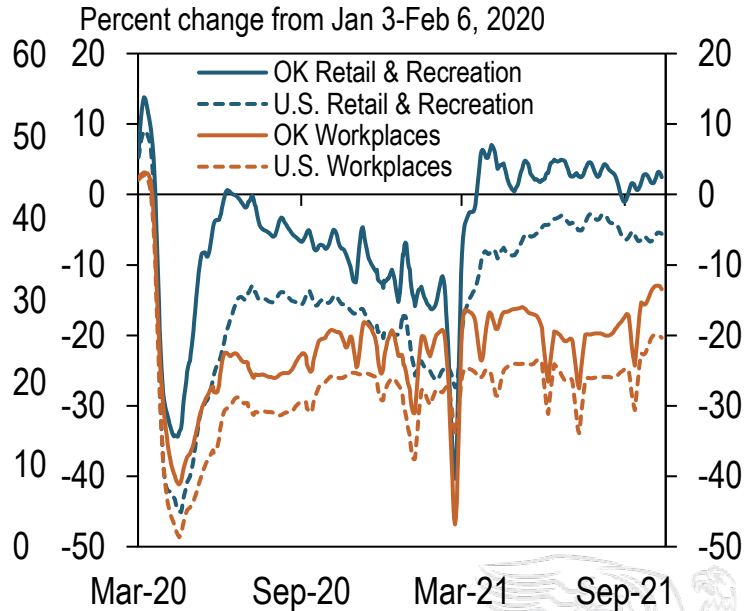


# Our vaccination rate lags markedly, but has increased, and retail foot traffic inched up in early October

**Fully Vaccinated**  
(Share of Total Population)



**Google Mobility Data**



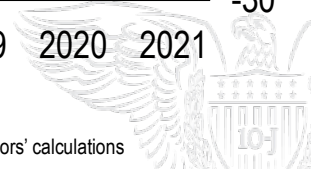
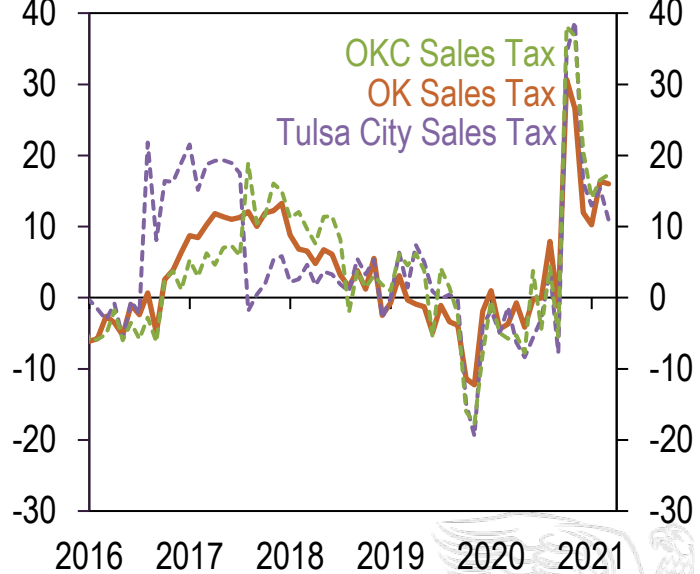
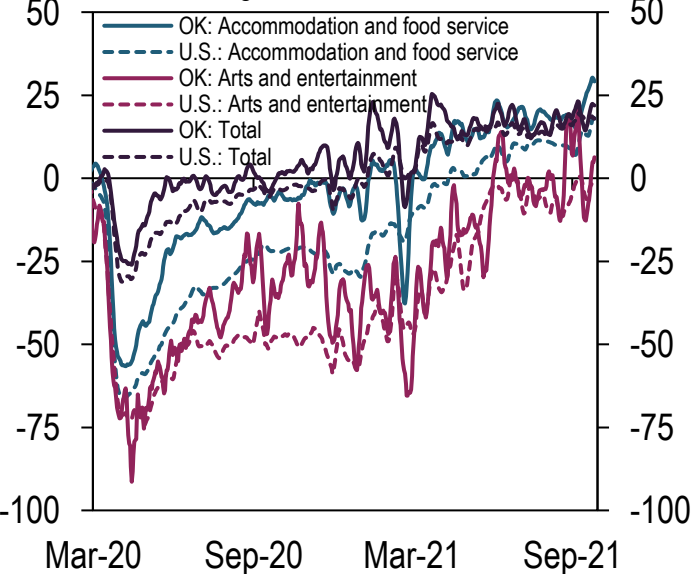
# Consumer spending and sales tax receipts have held up with online purchases and stimulus

## Consumer Spending

## Oklahoma Monthly Tax Revenues

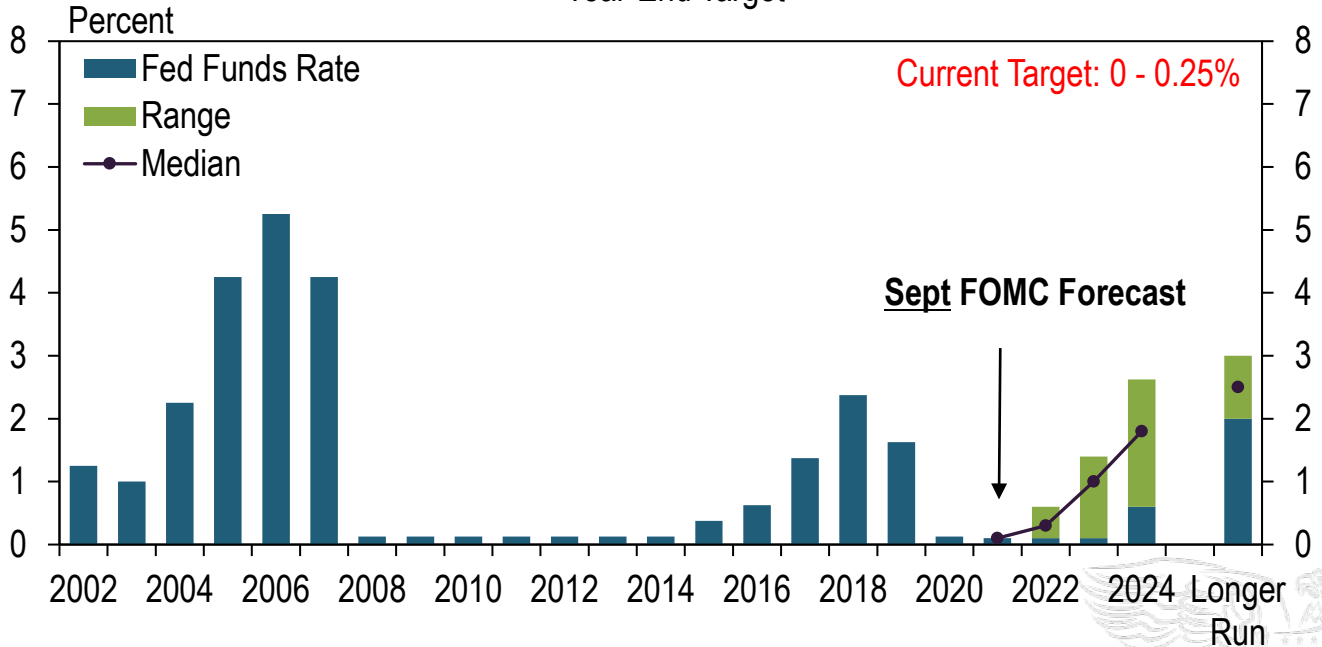
Percent change, from Jan. 2020

Percent change, year-over-year



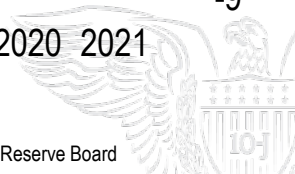
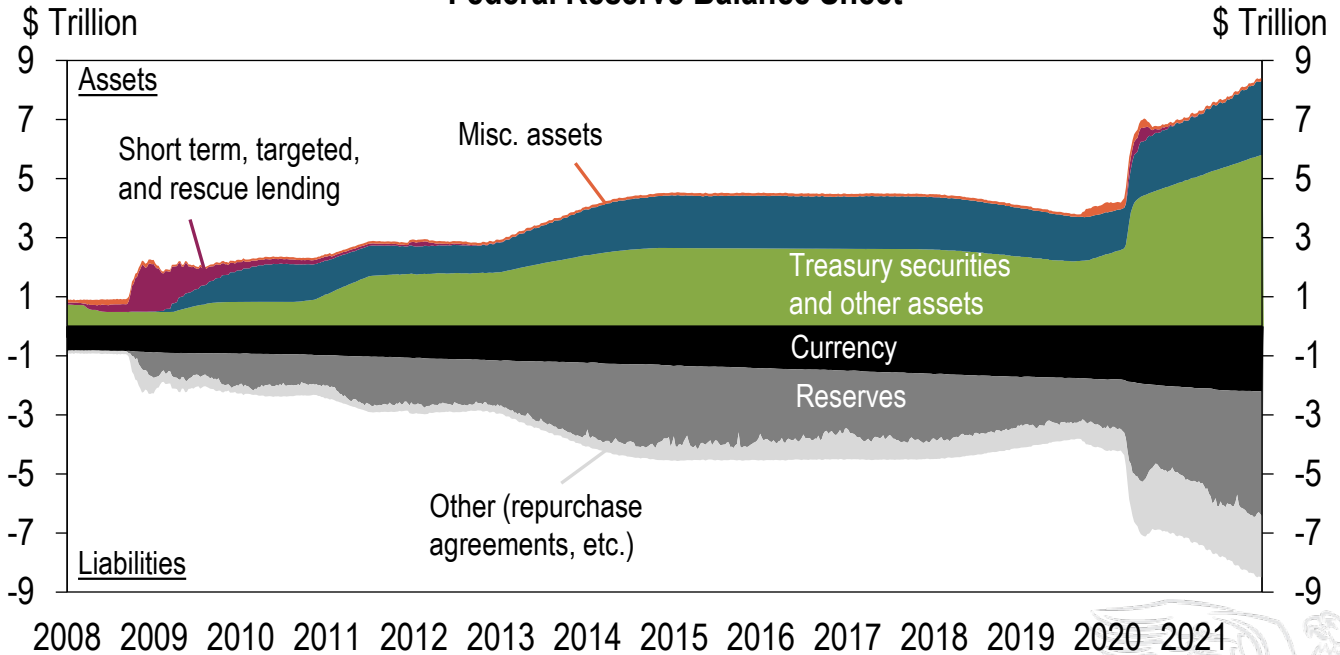
# Sept FOMC: “The [FOMC] decided to... maintain this target until... maximum empl. and inflation... on track.”

Federal Funds Rate  
Year-End Target



# The Fed's balance sheet continues to steadily increase

Federal Reserve Balance Sheet



# Summary

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# Questions?

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