U.S. and Oklahoma Economic Outlook

Oklahoma’s Credit Union
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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 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

Percent change

- Real GDP
- Range
- Median

Current (Q2 2021): 6.7%

Sept FOMC Forecast

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 expanded further, with strong outlooks.
This is despite input and output prices continuing to rise near record high rates.

**Manufacturing Survey**

- Raw Materials
- Finished Goods

**Services Survey**

- Input Prices
- Selling Prices

Source: FRBKC Surveys
Sept FOMC: “Inflation is elevated, largely reflecting transitory factors.”

**PCE Inflation Index**

Current Overall PCE (Aug 2021): 4.3%
Current Core PCE (Aug 2021): 3.6%

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

Sources: Bureau of Economic Analysis, FOMC
Year-over-year CPI growth leveled in July and August, at just over 5%, following sizable previous increases.
The median FOMC projection is for a U.S. unemployment rate of 4.8% at year-end.

U.S. Unemployment Rate

Current (Sept 2021): 4.8%

Sept FOMC Forecast

Note: Data and FOMC projections are for year-end.
Sources: U.S. Bureau of Labor Statistics, FOMC
Unemployment in Oklahoma has fallen more, and metro jobless rates were at pre-COVID levels in August.

Unemployment Rate

- U.S.
- Oklahoma
- Oklahoma City MSA

Sources: U.S. Bureau of Labor Statistics, NBER recession shading
Labor force participation is also almost at pre-pandemic levels in Oklahoma, although it has eased recently.
Still, jobs in some sectors, especially mining (oil and gas), remain down considerably from early 2020.
Oil and natural gas prices have risen considerably, and are highly profitable for most regional firms.

Sources: EIA/Haver Analytics, FRBKC Surveys, YahooFinance
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

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

Sources: Dept. Human Services, Johns Hopkins, Our World in Data
Our vaccination rate lags markedly, but has increased, and retail foot traffic inched up in early October.

Fully Vaccinated
(Share of Total Population)

<table>
<thead>
<tr>
<th>Month</th>
<th>% of Pop.</th>
</tr>
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<tbody>
<tr>
<td>Jan-21</td>
<td>0</td>
</tr>
<tr>
<td>Mar-21</td>
<td>10</td>
</tr>
<tr>
<td>May-21</td>
<td>20</td>
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<tr>
<td>Jul-21</td>
<td>30</td>
</tr>
<tr>
<td>Sep-21</td>
<td>40</td>
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</tbody>
</table>

U.S. and Oklahoma vaccination rates compared.

Google Mobility Data

Percent change from Jan 3-Feb 6, 2020

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

Note: Mobility shown as 7-day moving average. Sources: Dept. Human Services, Johns Hopkins, Google Mobility Data/Track the Recovery.
Consumer spending and sales tax receipts have held up with online purchases and stimulus

**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

**Oklahoma Monthly Tax Revenues**

Percent change, year-over-year

- OKC Sales Tax
- OK Sales Tax
- Tulsa City Sales Tax

Note: Spending shown as 7-day moving average.

Sources: Affinity/Track the Recovery, Oklahoma Treasury, Authors’ calculations
Sept FOMC: “The [FOMC] decided to... maintain this target until... maximum empl. and inflation... on track.”

Federal Funds Rate
Year-End Target

Percent

Fed Funds Rate
Range
Median

Current Target: 0 - 0.25%

Sept FOMC Forecast

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

Sources: Bureau of Economic Analysis, FOMC
The Fed’s balance sheet continues to steadily increase
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Questions?

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