

U.S. and Oklahoma Economic Outlook

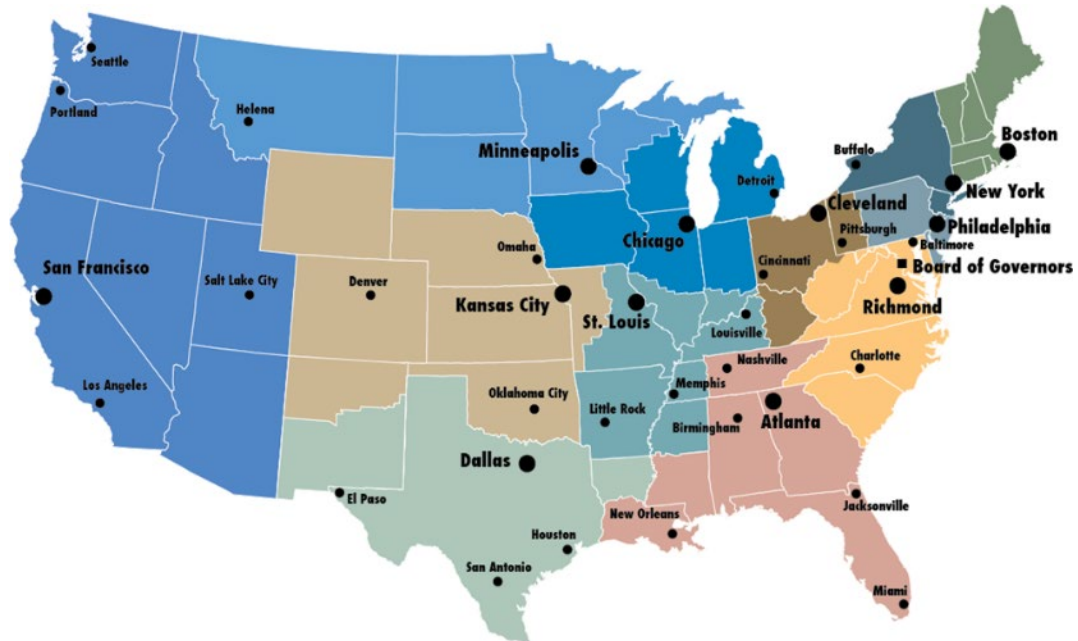
Urban League Young Professionals
September 9, 2022

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.



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

• 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/moderate income groups, workforce focus
- Economic education and public outreach programming

• 2022 OKC Branch Board of Directors

- **Katrina Washington (chair)**, Owner/Broker, Stratos Realty, OKC
- **Walt Duncan**, President, Duncan Oil Properties, OKC
- **Rhonda Hooper**, President & CEO, Jordan Advertising, OKC
- **Susan Plumb**, Chair & CEO, Bank of Cherokee Co., Tahlequah
- **Brady Sidwell**, Principal, Sidwell Strategies, Enid
- **Chris Turner**, COO, First National Bank, Shawnee/OKC
- **Dana Weber**, Chair & CEO, Webco Industries, Sand Springs



Oklahomans are also well represented on Districtwide Fed Boards and Councils

- **Kansas City Head Office Board:**
 - **Doug Stussi**, Executive Advisor, Love Family of Companies, Oklahoma City
- **Economic Advisory Council (EAC):**
 - **Clay Gaspar**, Exec. VP and COO, Devon Energy, Oklahoma City
 - **Peggy Simmons**, President and COO, Public Services Company of Oklahoma, Tulsa
- **Community Development Advisory Council (CDAC):**
 - **Raúl Font**, President, Latino Community Development Agency, Oklahoma City
 - **Cindy Logsdon**, Exec. Director and CEO, Citizen Potawatomi Community Development Corporation, Oklahoma City
- **Community Depository Institutions Advisory Council (CDIAC):**
 - **Mark Burrage**, CEO, FirstBank, Antlers
 - **Alicia Wade**, President and COO, Valliance Bank, Oklahoma City



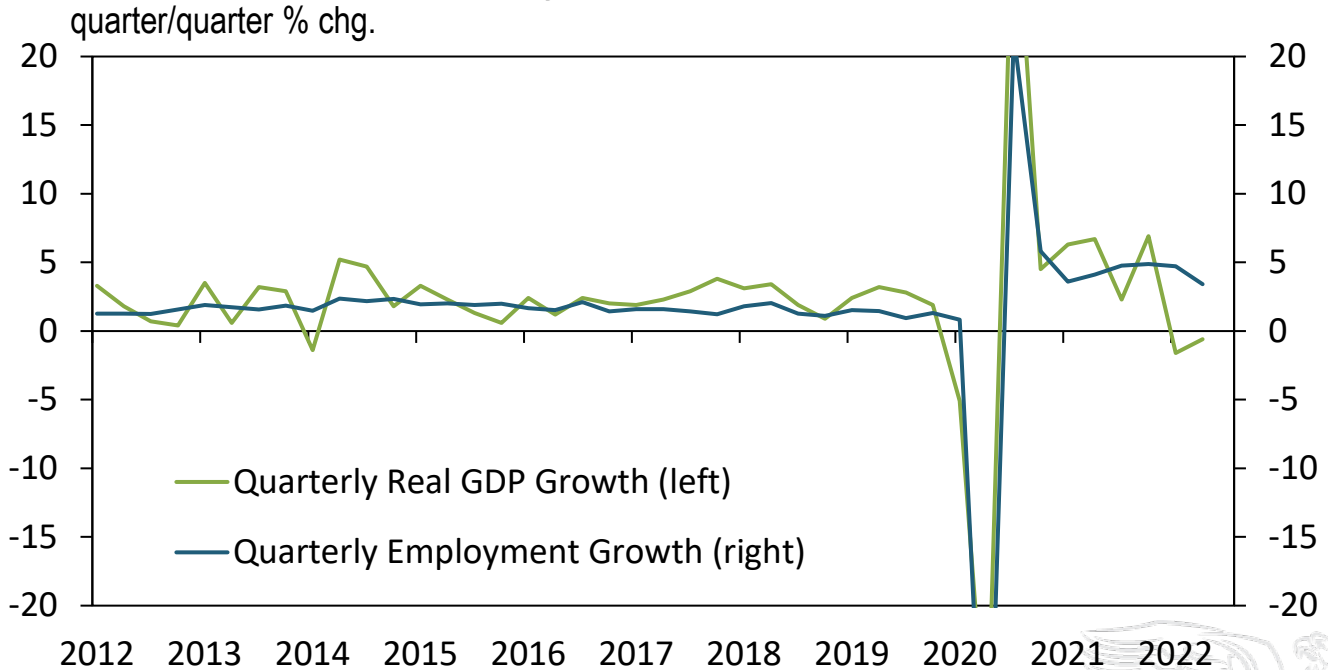
Overview

- U.S. economic indicators are mixed, with strong job growth but sluggish output, while inflation remains too high
- Several factors have boosted inflation over the past year, and several factors should help bring it back down
- Oklahoma's economy continues to recover, but jobs remain below pre-pandemic levels in some sectors, especially energy
- Oklahoma had record in-migration in 2021, helping offset record deaths and hopefully boosting the future workforce



GDP growth has been modestly negative for 2 quarters, while job growth remains well above pre-COVID pace

Quarterly U.S. Economic Growth

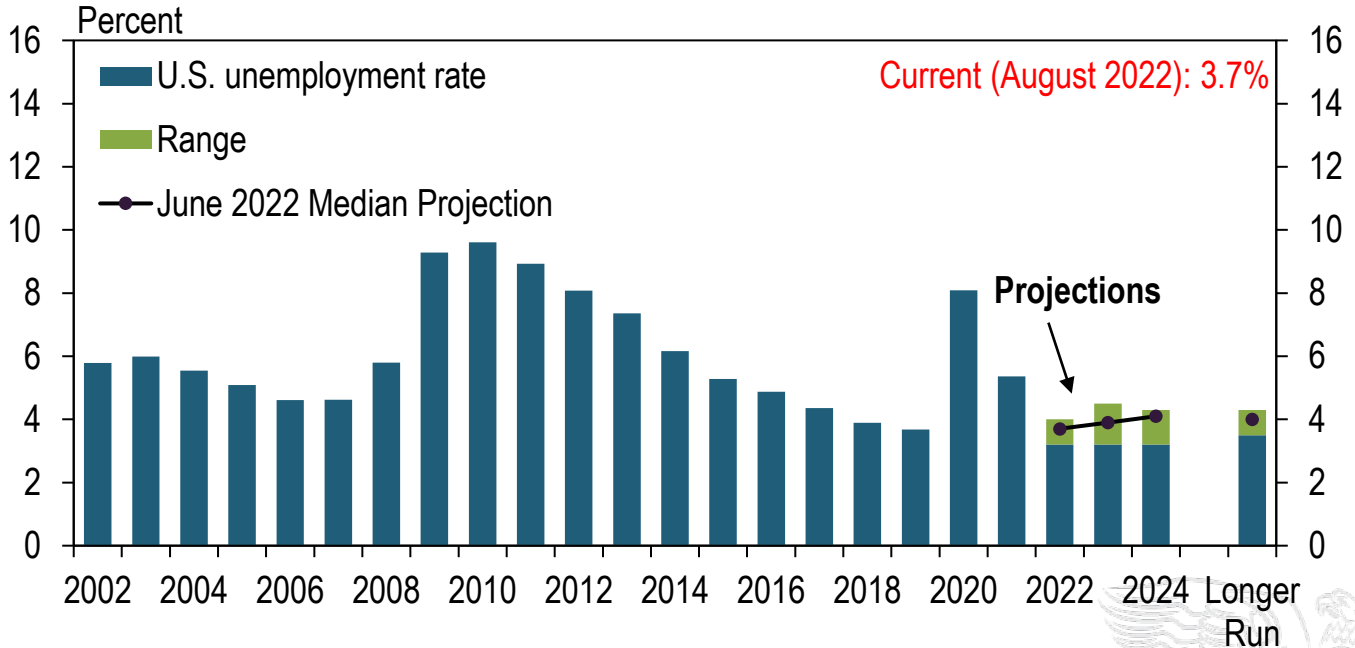


Sources: BEA, BLS/Haver Analytics



U.S. unemployment remains historically low and is projected to edge up only slightly in coming years

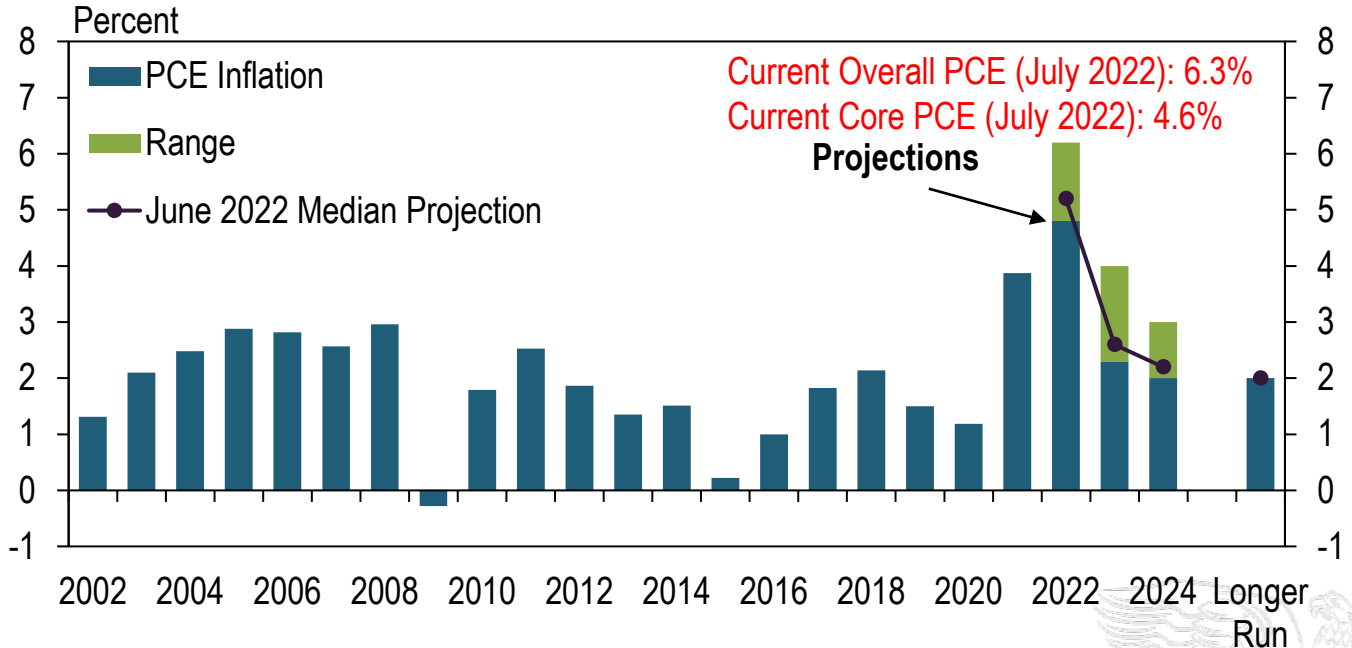
U.S. Unemployment Rate





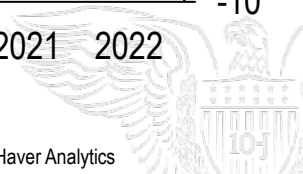
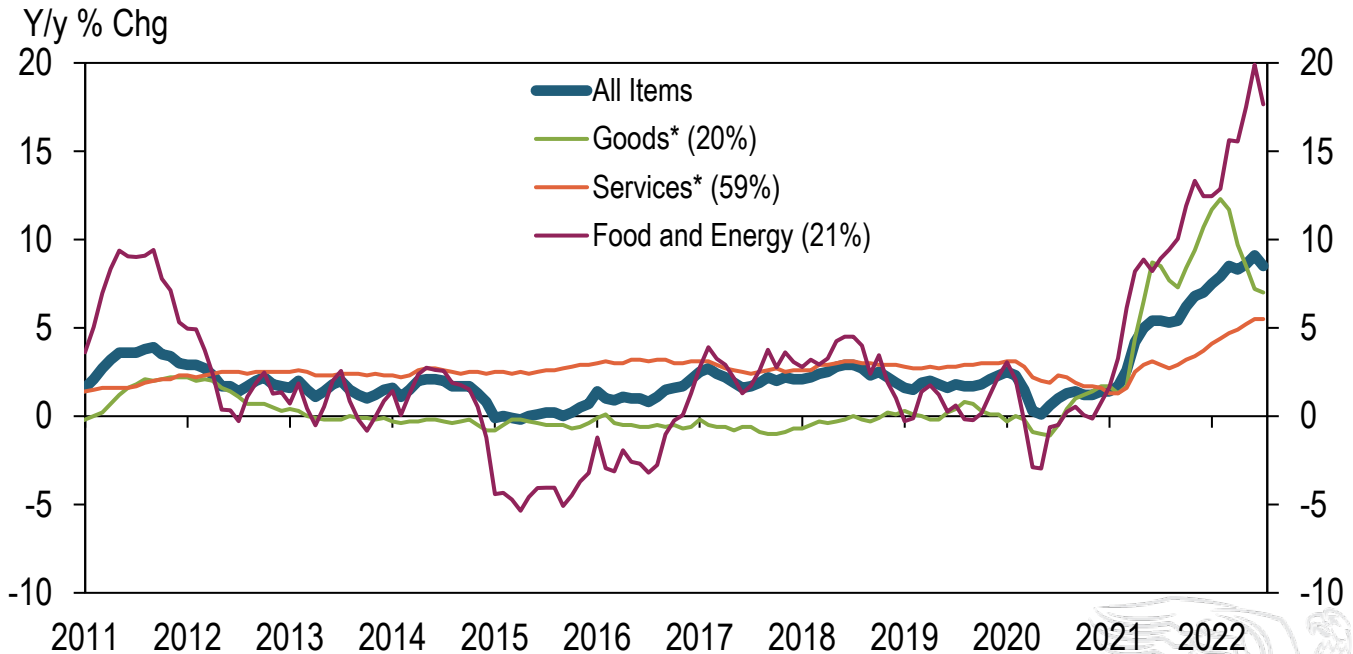
Meanwhile, inflation has moved well above the Fed's 2% target but is expected to ease heading forward

PCE Inflation Index



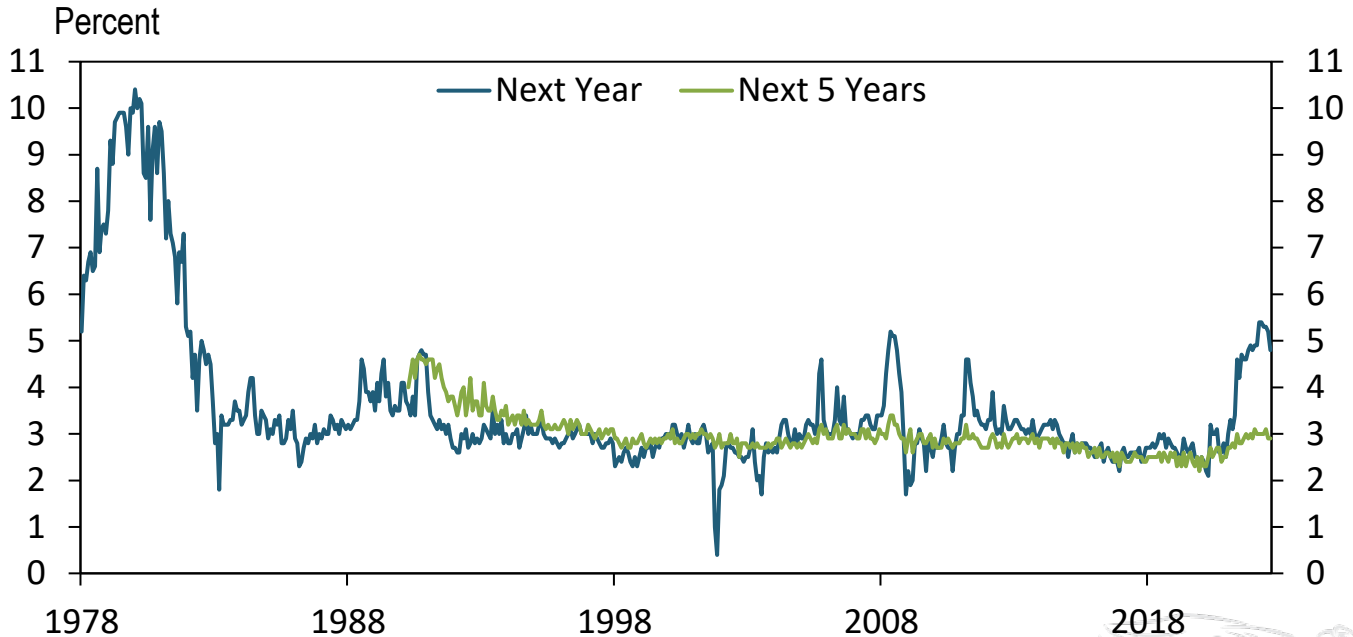
CPI inflation did ease slightly in July, to 8.5%, as goods inflation continued to drop and food/energy prices fell

Consumer Price Index



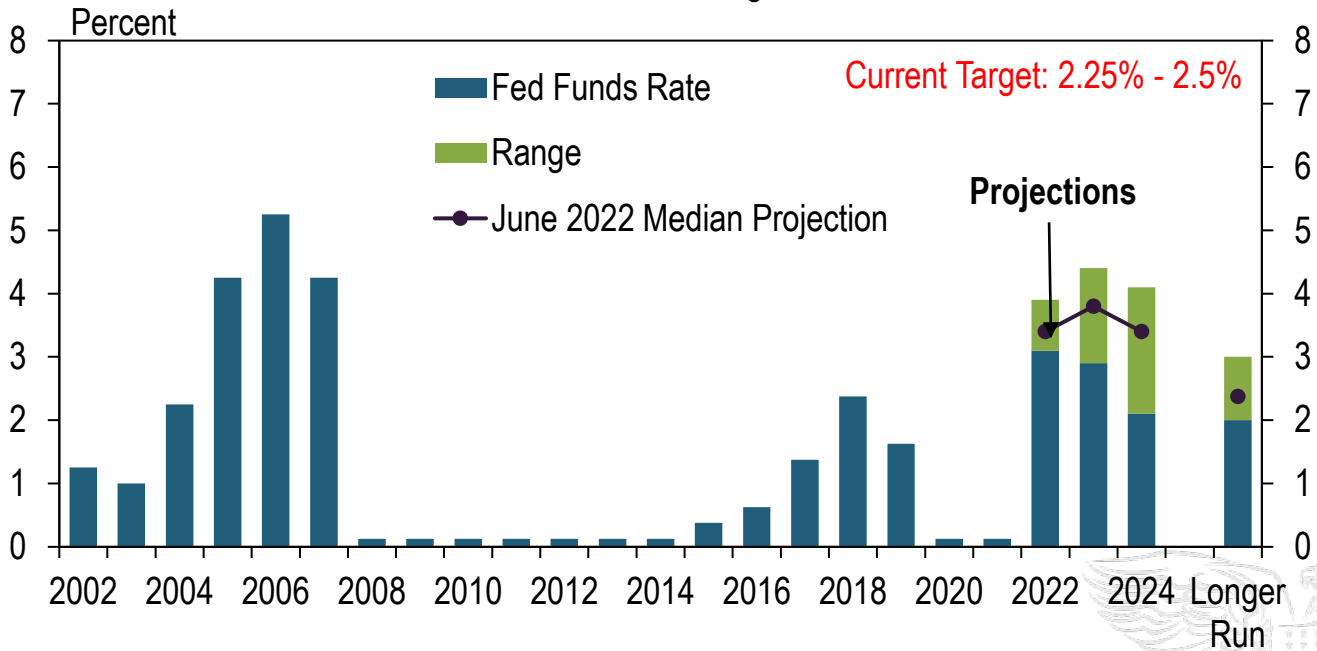
But longer-term inflation expectations remain pretty well anchored

Expected Inflation Rate



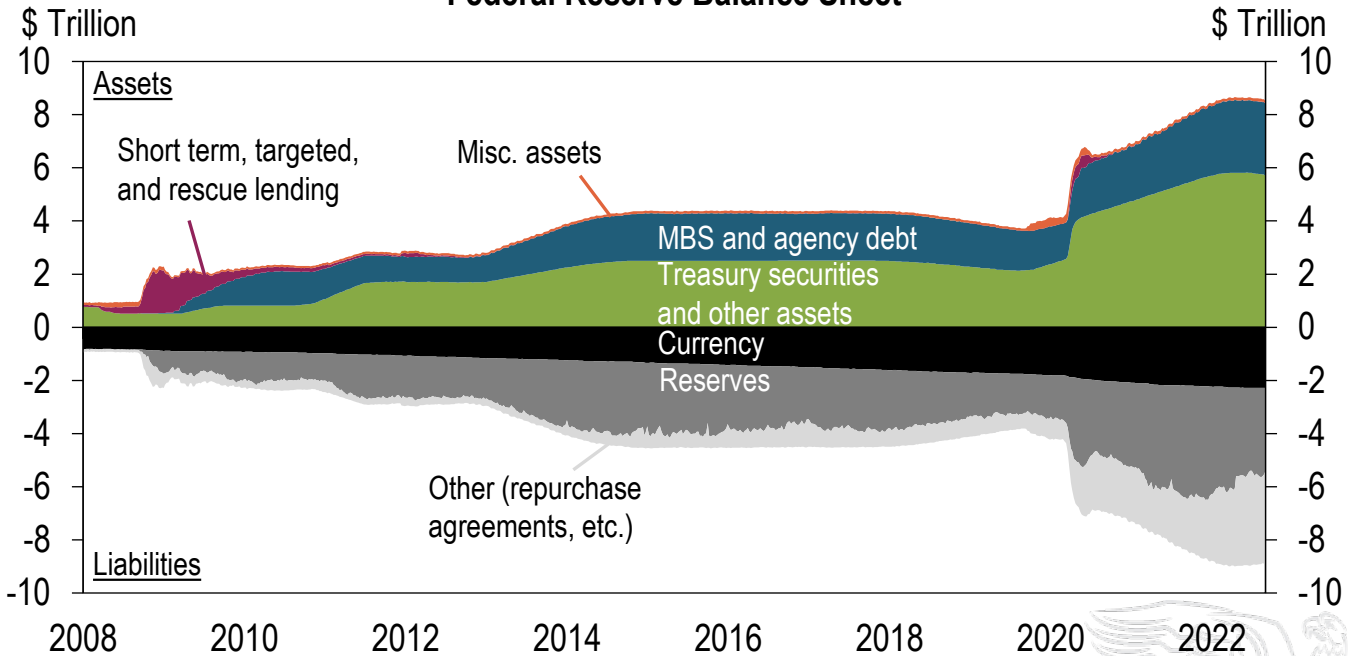
The Fed raised the federal funds rate target 75 bp in July, with more increases expected in 2022 and 2023

Federal Funds Rate
Year-End Target



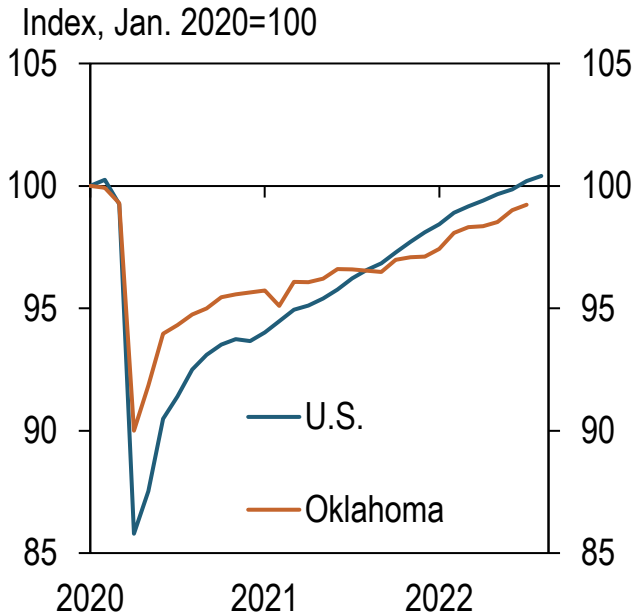
The Fed has also begun to reduce its balance sheet of securities, further tightening policy

Federal Reserve Balance Sheet

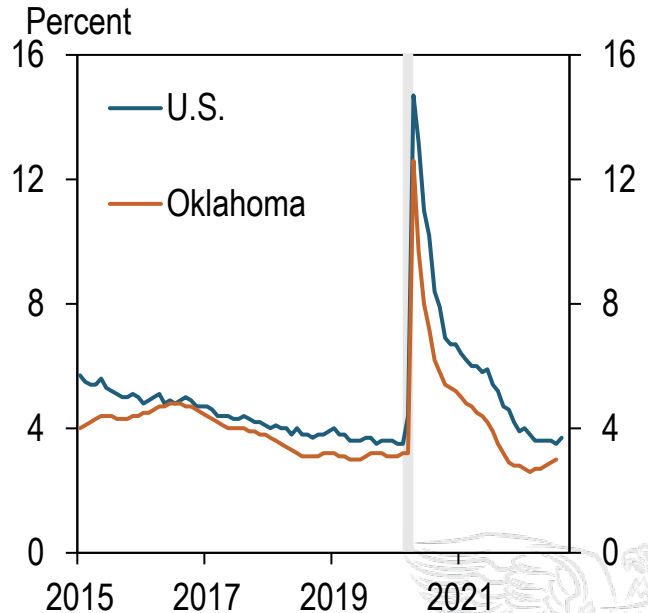


Jobs in Oklahoma are back to around pre-COVID levels, and unemployment is very low in the state

Non-Farm Payroll Employment

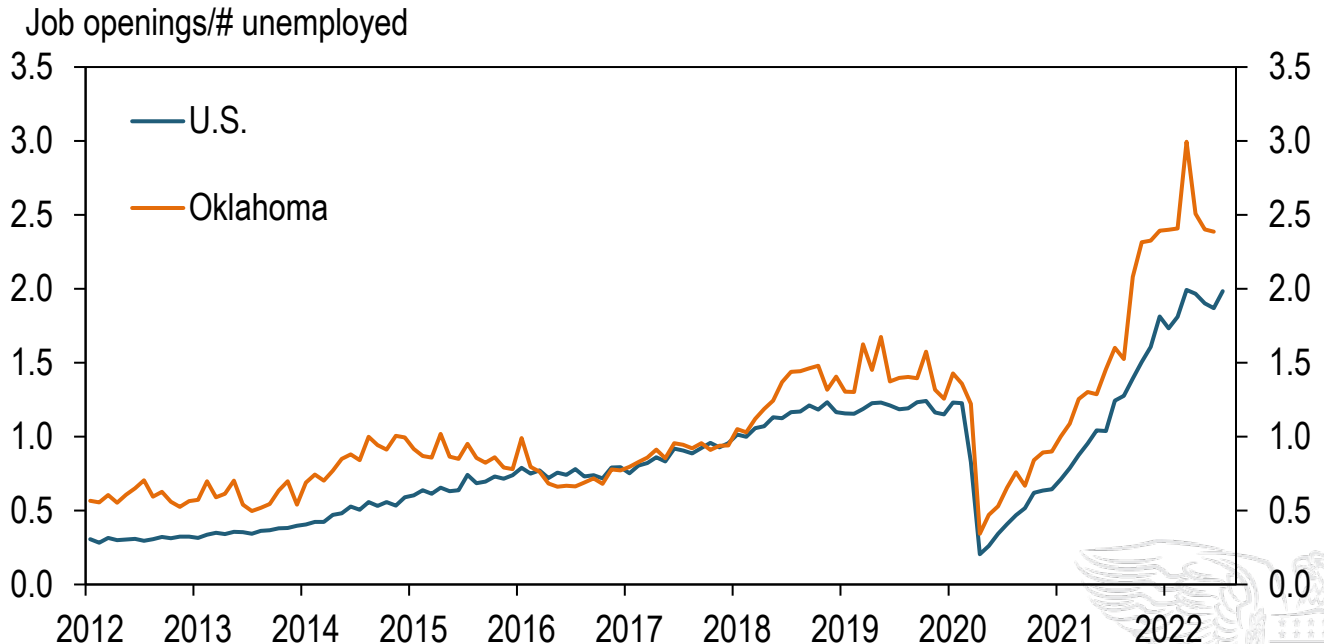


Unemployment Rate



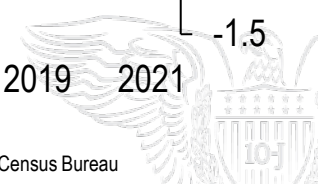
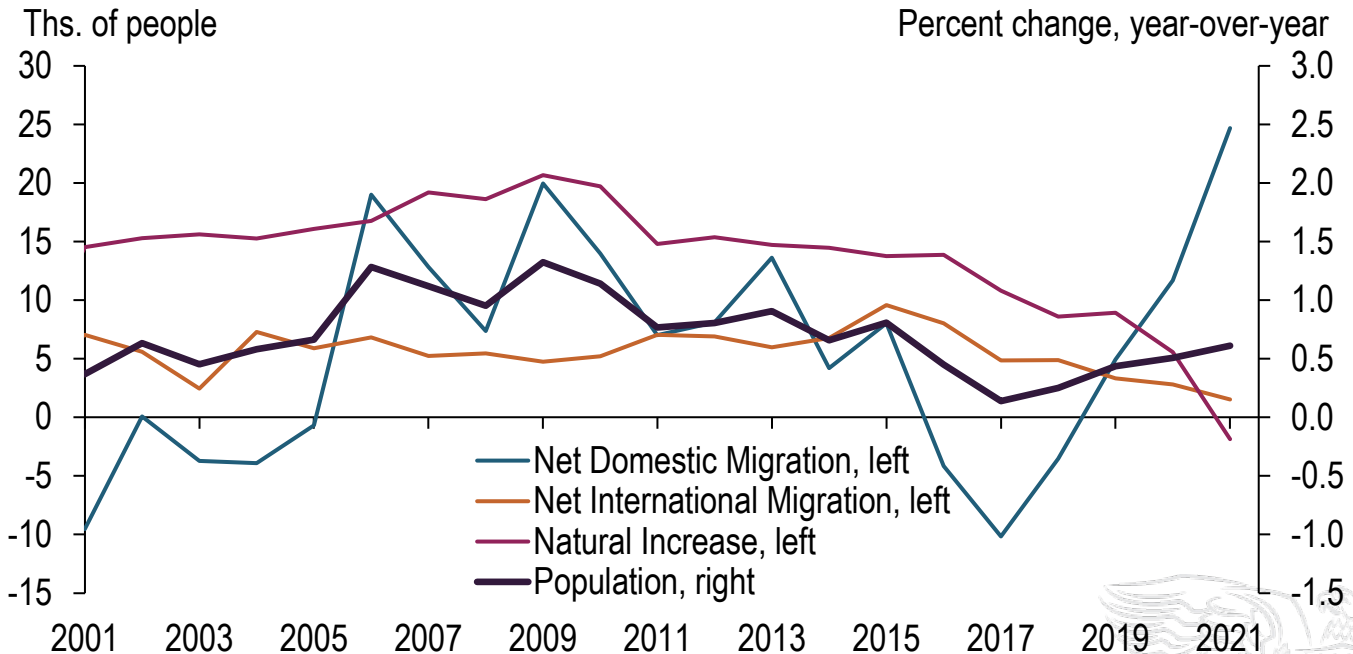
The number of job openings still greatly exceeds the number of unemployed workers but has leveled off

Job Openings/Unemployment Ratios



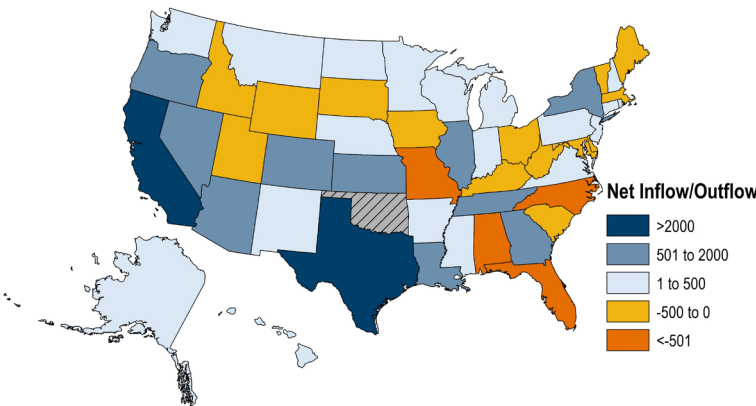
Oklahoma's population grew in 2021 despite a historic increase in deaths, due to massive in-migration

Oklahoma Population Changes by Component, 2001-2021

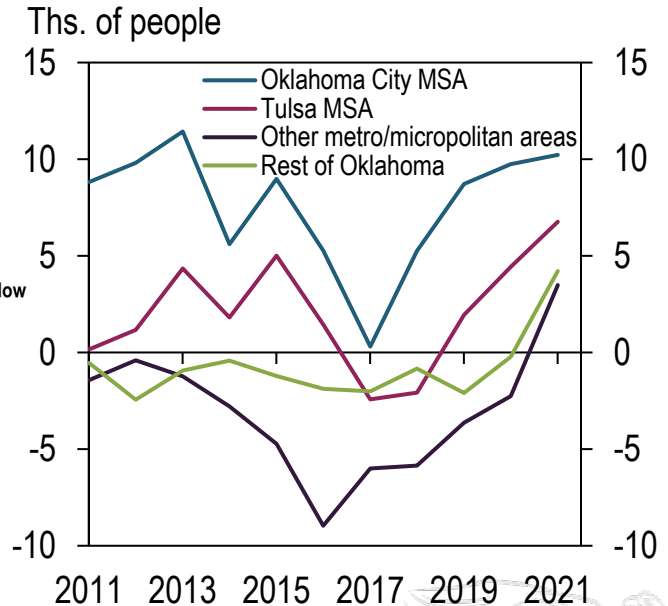


Many people moved to OK from CA and TX, mostly to the metros but some other parts of the state, too

Net Domestic Migration to Oklahoma
2020 and 2021



Oklahoma Net Domestic Migration



Oklahoma employment is still down from pre-COVID levels in energy and office support-related industries

Oklahoma Industries Shedding the Most Jobs Since 2019

| Industry Name | July 2022 Oklahoma Employment | Oklahoma Empl. Change Since July 2019 | Percent Change in Oklahoma Employment | | | | Oklahoma Avg. Annual Pay 2021 |
|---|-------------------------------------|---|---------------------------------------|---------------------------|--------------------|--------------------|-------------------------------------|
| | | | Since July 2019 | July 2012 to July 2019 | Since July 2012 | Since July 2021 | |
| Support Activities for Mining | 17,000 | -12,300 | -42% | -12% | -49% | 24% | \$76,446 |
| Machinery Manufacturing | 22,300 | -5,000 | -18% | -9% | -26% | 2% | \$66,618 |
| Other Admin., Support, & Waste Mgmt. Services | 23,600 | -4,600 | -16% | 17% | -2% | -10% | \$52,700 |
| Other Mining & Logging (excl. Support Activities) | 14,900 | -4,000 | -21% | -29% | -44% | 9% | \$137,359 |
| Other Private Services | 50,800 | -4,000 | -7% | 22% | 13% | 0% | \$42,173 |
| Heavy & Civil Engineering Construction | 16,600 | -3,600 | -18% | 36% | 11% | 2% | \$59,563 |
| Nursing & Residential Care Facilities | 31,300 | -3,500 | -10% | 1% | -9% | -1% | \$32,832 |
| Fabricated Metal Manufacturing | 21,000 | -3,100 | -13% | 0% | -13% | 4% | \$59,069 |
| Information | 16,800 | -3,000 | -15% | -12% | -26% | -7% | \$65,990 |
| Local Government (excl. Educ. & Indian Tribes) | 73,600 | -3,000 | -4% | 2% | -2% | 1% | \$48,172 |

Note: **Green** indicates jobs paid above overall Oklahoma average pay of \$51,350 in 2021

Red indicates jobs paid below overall Oklahoma average pay of \$51,350 in 2021



But warehouse and finance-related jobs are above pre-COVID levels, as are many retail and restaurant jobs

Oklahoma Industries Adding the Most Jobs Since 2019

| Industry Name | July 2022 Oklahoma Employment | Oklahoma Empl. Change Since July 2019 | Percent Change in Oklahoma Employment | | | | Oklahoma Avg. Annual Pay 2021 |
|---|-------------------------------|---------------------------------------|---------------------------------------|------------------------|-----------------|-----------------|-------------------------------|
| | | | Since July 2019 | July 2012 to July 2019 | Since July 2012 | Since July 2021 | |
| Transportation & Warehousing (excl. Truck Transp.) | 50,400 | 16,000 | 47% | 50% | 119% | 7% | \$48,919 |
| Employment Services | 49,700 | 7,300 | 17% | 3% | 21% | 21% | \$42,530 |
| Retail Trade (excl. Autos, Food/Beverage, General Merch.) | 92,900 | 6,300 | 7% | 5% | 13% | 3% | \$31,870 |
| Limited Service Restaurants & Other Eating Places | 74,500 | 5,300 | 8% | 17% | 26% | 7% | \$17,508 |
| Indian Tribes | 54,200 | 4,000 | 8% | 26% | 36% | 10% | \$52,346 |
| Accounting, Tax Prep., Bookkeeping, & Payroll Services | 17,800 | 2,500 | 16% | 26% | 47% | 5% | \$73,133 |
| Food Manufacturing | 19,500 | 1,800 | 10% | 16% | 27% | 8% | \$48,376 |
| Credit Intermediation & Related Activities | 33,800 | 1,700 | 5% | 0% | 6% | 6% | \$68,217 |
| Building Equipment Contractors | 28,100 | 1,600 | 6% | 22% | 29% | 7% | \$54,473 |
| Insurance Carriers & Related Activities | 22,800 | 1,600 | 8% | -4% | 4% | 7% | \$69,274 |

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Summary

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Questions?

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