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
Overview

• U.S. economic indicators are mixed, with solid 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 energy activity has expanded solidly in 2022, as oil and gas prices remain elevated, and population is growing
GDP growth has been modestly negative for 2 quarters, while job growth remains well above pre-COVID pace.
GDP growth is expected to be below trend this year before moving to its long-term trend in coming years.

Change in Real GDP

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

Sources: Bureau of Economic Analysis, FOMC
U.S. unemployment remains historically low and is projected to edge up only slightly in coming years.

U.S. Unemployment Rate

Current (August 2022): 3.7%

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

Sources: U.S. Bureau of Labor Statistics, FOMC
Meanwhile, inflation has moved well above the Fed’s 2% target but is expected to ease heading forward.

Note: Data and FOMC projections are for year-end. 
Sources: Bureau of Economic Analysis, FOMC
CPI inflation did ease slightly in July/August as goods and energy prices fell, but other prices kept rising

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

Sources: BLS/Haver Analytics
Why is inflation high? Demand has been strong, driven by stimulus, higher wages and higher household wealth.

**U.S. Retail Sales and Food Services**

**U.S. Wage Growth**

Sources: BEA, FRB Atlanta
Why is inflation high? Supply is constrained by a shift in consumption and disruptions to labor supply

U.S. Consumption

Index, Feb. 2020

U.S. Employment

Thousands

Sources: BEA, BLS/Haver Analytics
Where is inflation going? Demand is easing as stimulus fades and consumers react to higher prices.
Where is inflation going? Longer-term inflation expectations remain around their 20-year average

Expected Inflation Rate

Source: University of Michigan/Haver Analytics
The Fed raised the federal funds rate by 75 basis points in September, with more increases expected.

Federal Funds Rate
Year-End Target

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

Sources: Bureau of Economic Analysis, FOMC
The Fed has also begun to reduce its balance sheet of securities, further tightening policy.
The number of job openings still greatly exceeds the number of unemployed workers but has leveled off.
Labor force participation has improved in the nation and state, but lags pre-COVID due to older workers.
Jobs in Oklahoma are back to around pre-COVID levels, and unemployment has ticked up but is still very low.

**Non-Farm Payroll Employment**

Index, Jan. 2020=100

**Unemployment Rate**

Percent

Source: U.S. Bureau of Labor Statistics
Oklahoma employment is still down from pre-COVID levels in energy and office support-related industries

### Oklahoma Industries Shedding the Most Jobs Since 2019

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Support Activities for Mining</td>
<td>17,000</td>
<td>-12,300</td>
<td>-42% -12% -49% 24%</td>
<td>$76,446</td>
</tr>
<tr>
<td>Machinery Manufacturing</td>
<td>22,300</td>
<td>-5,000</td>
<td>-18% -9% -26% 2%</td>
<td>$66,618</td>
</tr>
<tr>
<td>Other Admin., Support, &amp; Waste Mgmt. Services</td>
<td>23,600</td>
<td>-4,600</td>
<td>-16% 17% -2% -10%</td>
<td>$52,700</td>
</tr>
<tr>
<td>Other Mining &amp; Logging (excl. Support Activities)</td>
<td>14,900</td>
<td>-4,000</td>
<td>-21% -29% -44% 9%</td>
<td>$137,359</td>
</tr>
<tr>
<td>Other Private Services</td>
<td>50,800</td>
<td>-4,000</td>
<td>-7% 22% 13% 0%</td>
<td>$42,173</td>
</tr>
<tr>
<td>Heavy &amp; Civil Engineering Construction</td>
<td>16,600</td>
<td>-3,600</td>
<td>-18% 36% 11% 2%</td>
<td>$59,563</td>
</tr>
<tr>
<td>Nursing &amp; Residential Care Facilities</td>
<td>31,300</td>
<td>-3,500</td>
<td>-10% 1% -9% -1%</td>
<td>$32,832</td>
</tr>
<tr>
<td>Fabricated Metal Manufacturing</td>
<td>21,000</td>
<td>-3,100</td>
<td>-13% 0% -13% 4%</td>
<td>$59,069</td>
</tr>
<tr>
<td>Information</td>
<td>16,800</td>
<td>-3,000</td>
<td>-15% -12% -26% -7%</td>
<td>$65,990</td>
</tr>
<tr>
<td>Local Government (excl. Educ. &amp; Indian Tribes)</td>
<td>73,600</td>
<td>-3,000</td>
<td>-4% 2% -2% 1%</td>
<td>$48,172</td>
</tr>
</tbody>
</table>

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

Source: U.S. Bureau of Labor Statistics
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

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Transportation &amp; Warehousing (excl. Truck Transp.)</td>
<td>50,400</td>
<td>16,000</td>
<td>47%</td>
<td>50%</td>
<td>119%</td>
<td>7%</td>
<td>$48,919</td>
</tr>
<tr>
<td>Employment Services</td>
<td>49,700</td>
<td>7,300</td>
<td>17%</td>
<td>3%</td>
<td>21%</td>
<td>21%</td>
<td>$42,530</td>
</tr>
<tr>
<td>Retail Trade (excl. Autos, Food/Beverage, General Merch.)</td>
<td>92,900</td>
<td>6,300</td>
<td>7%</td>
<td>5%</td>
<td>13%</td>
<td>3%</td>
<td>$31,870</td>
</tr>
<tr>
<td>Limited Service Restaurants &amp; Other Eating Places</td>
<td>74,500</td>
<td>5,300</td>
<td>8%</td>
<td>17%</td>
<td>26%</td>
<td>7%</td>
<td>$17,508</td>
</tr>
<tr>
<td>Indian Tribes</td>
<td>54,200</td>
<td>4,000</td>
<td>8%</td>
<td>26%</td>
<td>36%</td>
<td>10%</td>
<td>$52,346</td>
</tr>
<tr>
<td>Accounting, Tax Prep., Bookkeeping, &amp; Payroll Services</td>
<td>17,800</td>
<td>2,500</td>
<td>16%</td>
<td>26%</td>
<td>47%</td>
<td>5%</td>
<td>$73,133</td>
</tr>
<tr>
<td>Food Manufacturing</td>
<td>19,500</td>
<td>1,800</td>
<td>10%</td>
<td>16%</td>
<td>27%</td>
<td>8%</td>
<td>$48,376</td>
</tr>
<tr>
<td>Credit Intermediation &amp; Related Activities</td>
<td>33,800</td>
<td>1,700</td>
<td>5%</td>
<td>0%</td>
<td>6%</td>
<td>6%</td>
<td>$68,217</td>
</tr>
<tr>
<td>Building Equipment Contractors</td>
<td>28,100</td>
<td>1,600</td>
<td>6%</td>
<td>22%</td>
<td>29%</td>
<td>7%</td>
<td>$54,473</td>
</tr>
<tr>
<td>Insurance Carriers &amp; Related Activities</td>
<td>22,800</td>
<td>1,600</td>
<td>8%</td>
<td>-4%</td>
<td>4%</td>
<td>7%</td>
<td>$69,274</td>
</tr>
</tbody>
</table>

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Source: U.S. Bureau of Labor Statistics
Oklahoma farm income has been moderately positive while energy activity continues to rise with high prices

**Farm Income**

Index, q/q

- Oklahoma
- Tenth District

**Drilling Rig Counts**

Source: FRBKC Ag Credit Survey; Baker Hughes
Oil prices have eased lately but remain highly profitable for most regional firms

Energy Prices

Sources: EIA/Haver Analytics, FRBKC Energy Survey
The sharp rise in U.S. natural gas prices pales in comparison to European and Asian prices.

Sources: EIA, IMF, St. Louis Fed
U.S. liquified natural gas export capacity is set to increase with international demand in coming years

U.S. LNG Export Capacity by Project

Source: EIA

BCF/Day


Plaquemines
Corpus Christi Stage III
Golden Pass
Calcasieu Pass
Freeport
Cameron
Elba Island
Corpus Christi
Cove Point
Sabine Pass

Sep. 2022

Source: EIA
Oklahoma’s population grew in 2021 despite a historic increase in deaths, due to massive in-migration

Source: U.S. Census Bureau
Many people moved to OK from CA and TX, mostly to the metros but to many other parts of the state, too.

Net Domestic Migration to Oklahoma 2020 and 2021

Oklahoma Net Domestic Migration

Note: Vintage 2020 population estimates through 2020.

Sources: FRBNY CCP/Equifax, U.S. Census Bureau
Summary

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Questions?

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