

U.S. and Oklahoma Economic Outlook

Logan County Economic Development Council
May 17, 2023

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SVP & 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.



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

- **2023 OKC Branch Board of Directors**

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Overview

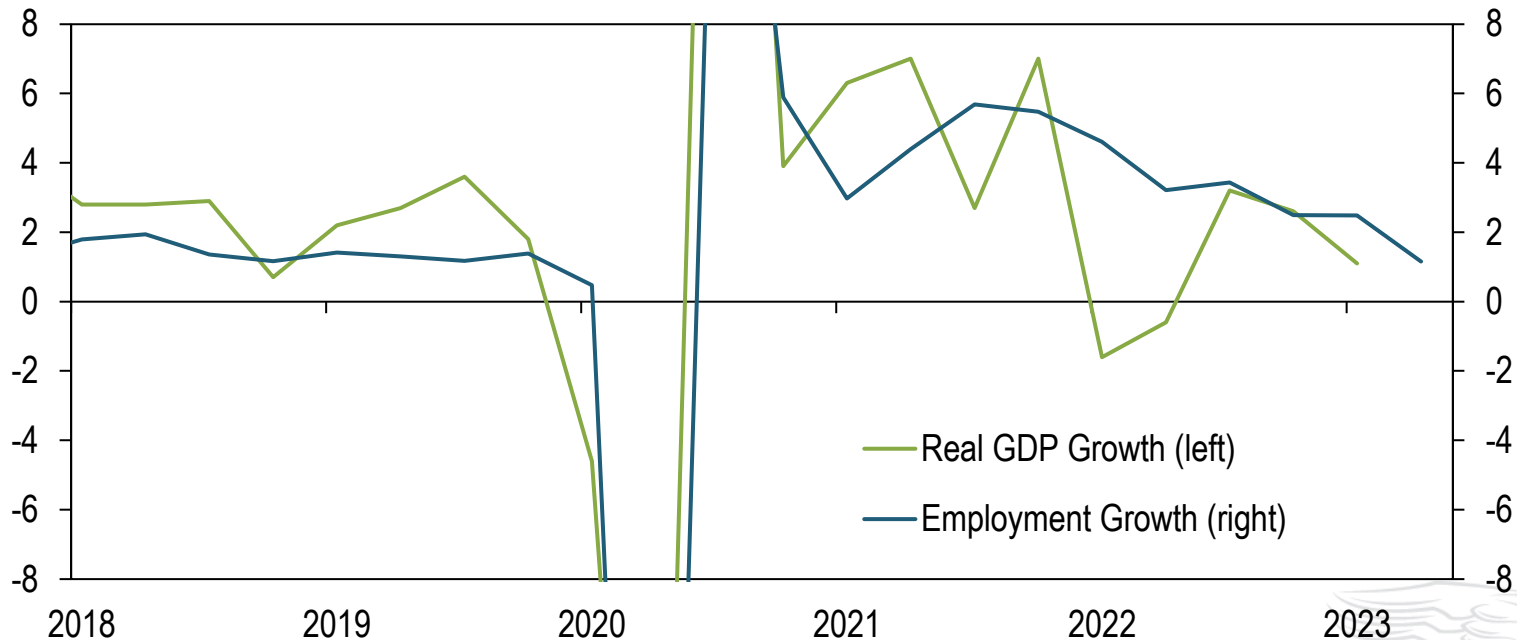
- U.S. economic growth has slowed in 2023 but remains positive, and unemployment remains very low
- Inflation remains too high, despite coming down from 2022 peaks
- Higher interest rates have created some challenges for banks
- Oklahoma's economy continues to recover, but jobs remain below pre-pandemic levels in some sectors, especially energy
- Oklahoma's population growth has outpaced the nation in recent years, driven by strong domestic in-migration



U.S. GDP and employment growth have slowed in early 2023, but remain positive

Quarterly U.S. Economic Growth

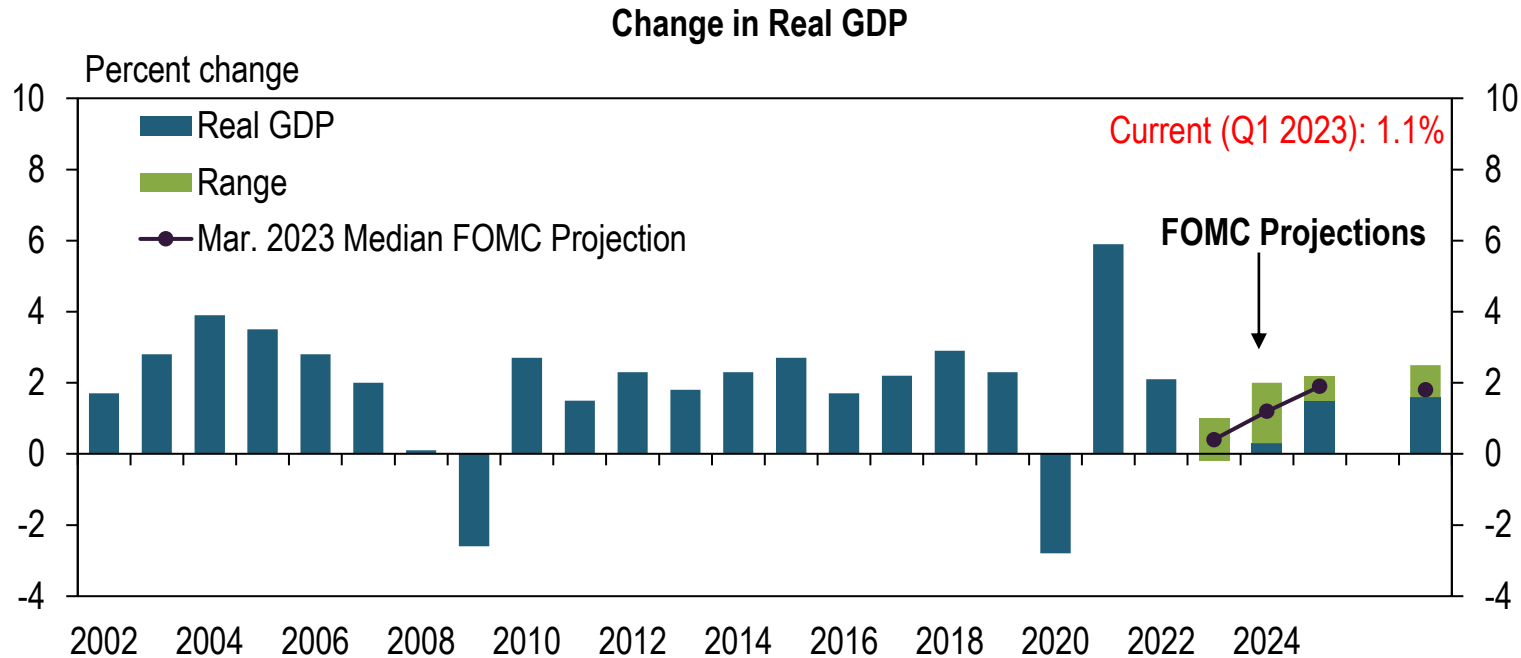
quarter/quarter annualized % chg.



Sources: BEA, BLS/Haver Analytics

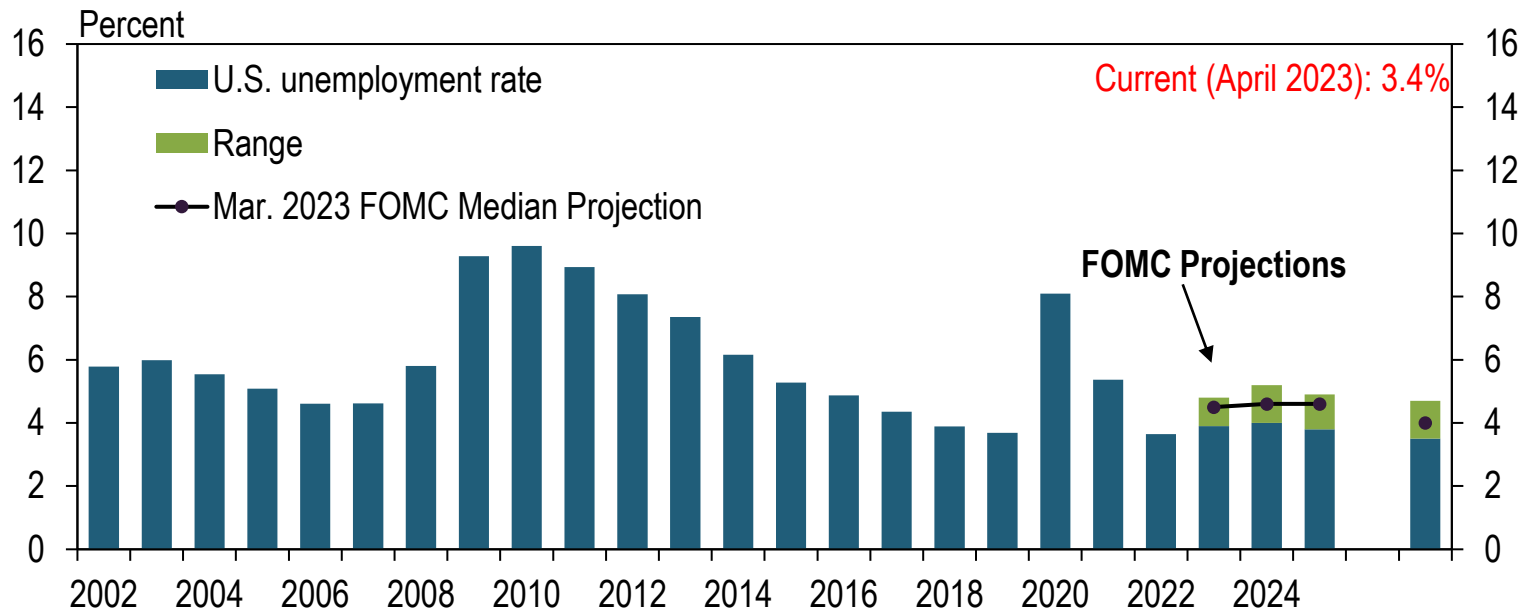


GDP growth is expected to be somewhat sluggish in 2023 before rebounding in 2024 and 2025

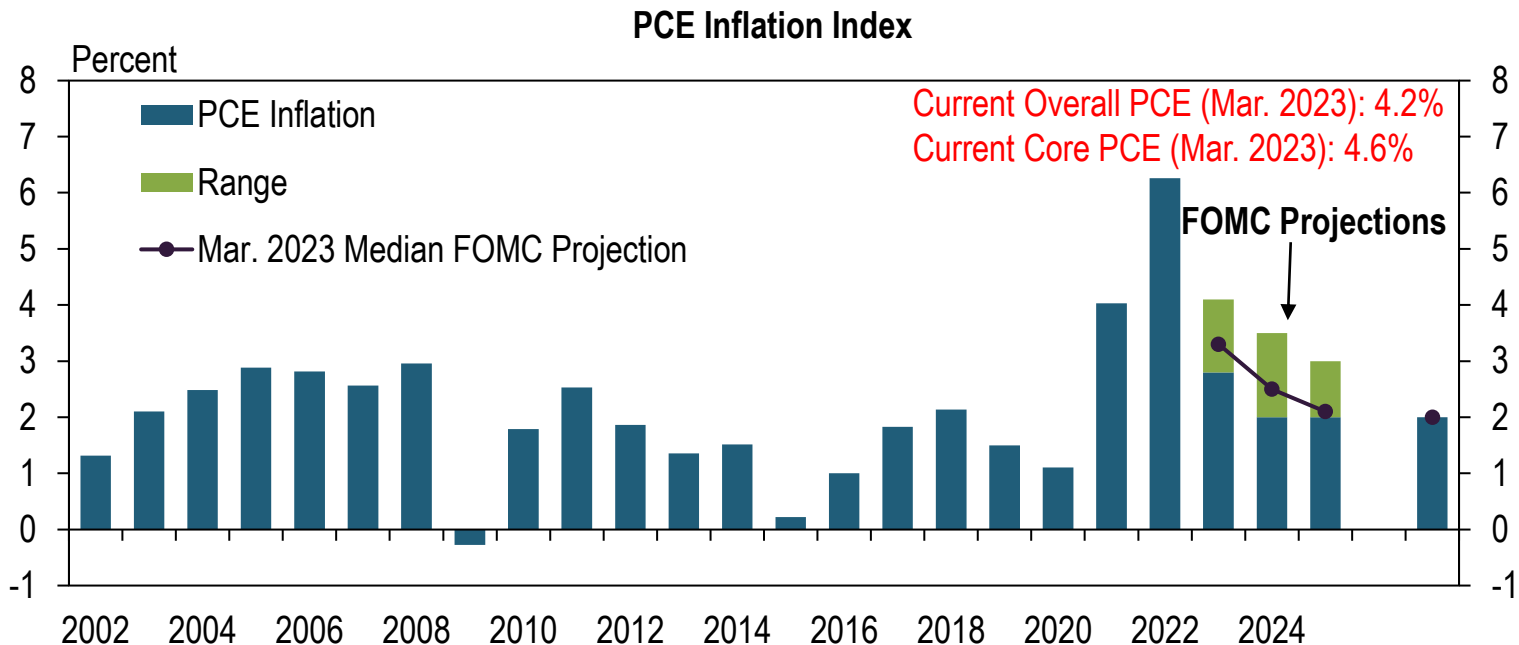


U.S. unemployment remains historically low and is projected to rise only moderately in coming years

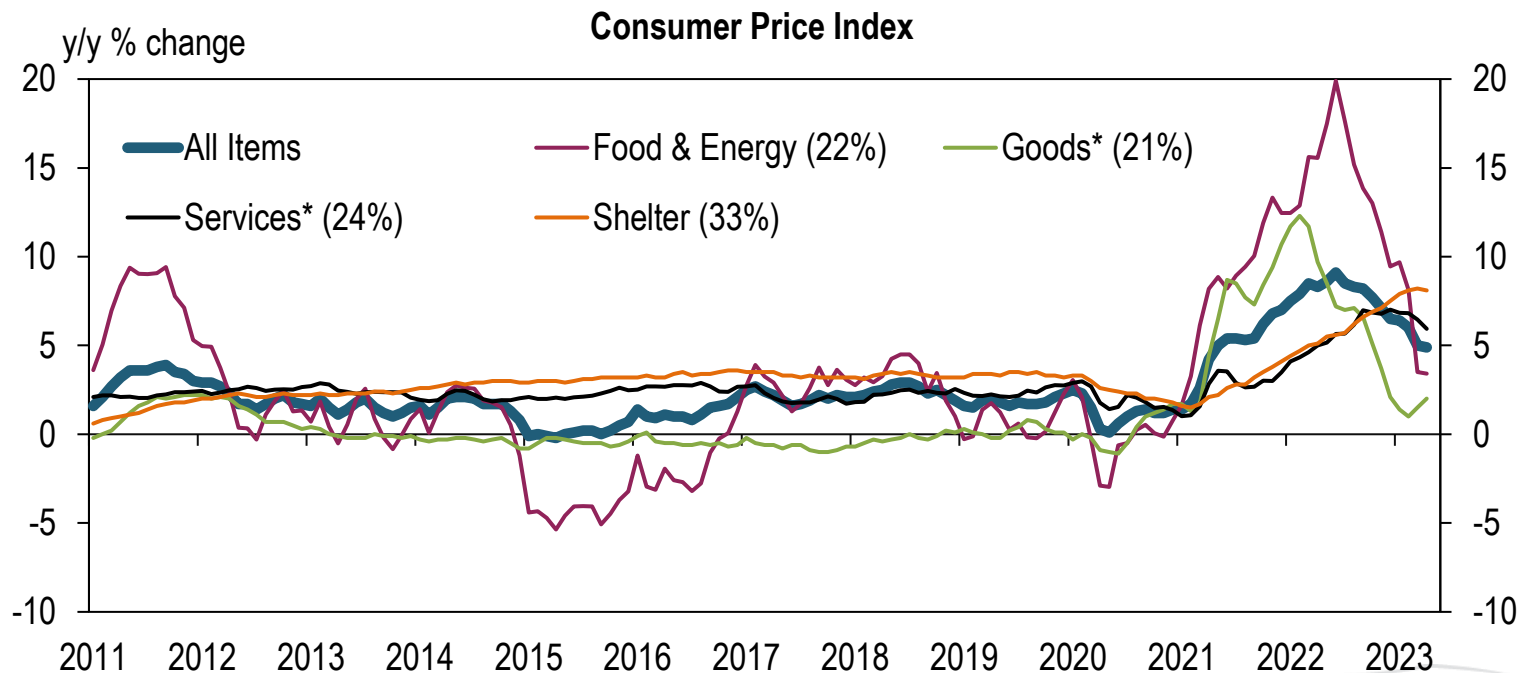
U.S. Unemployment Rate



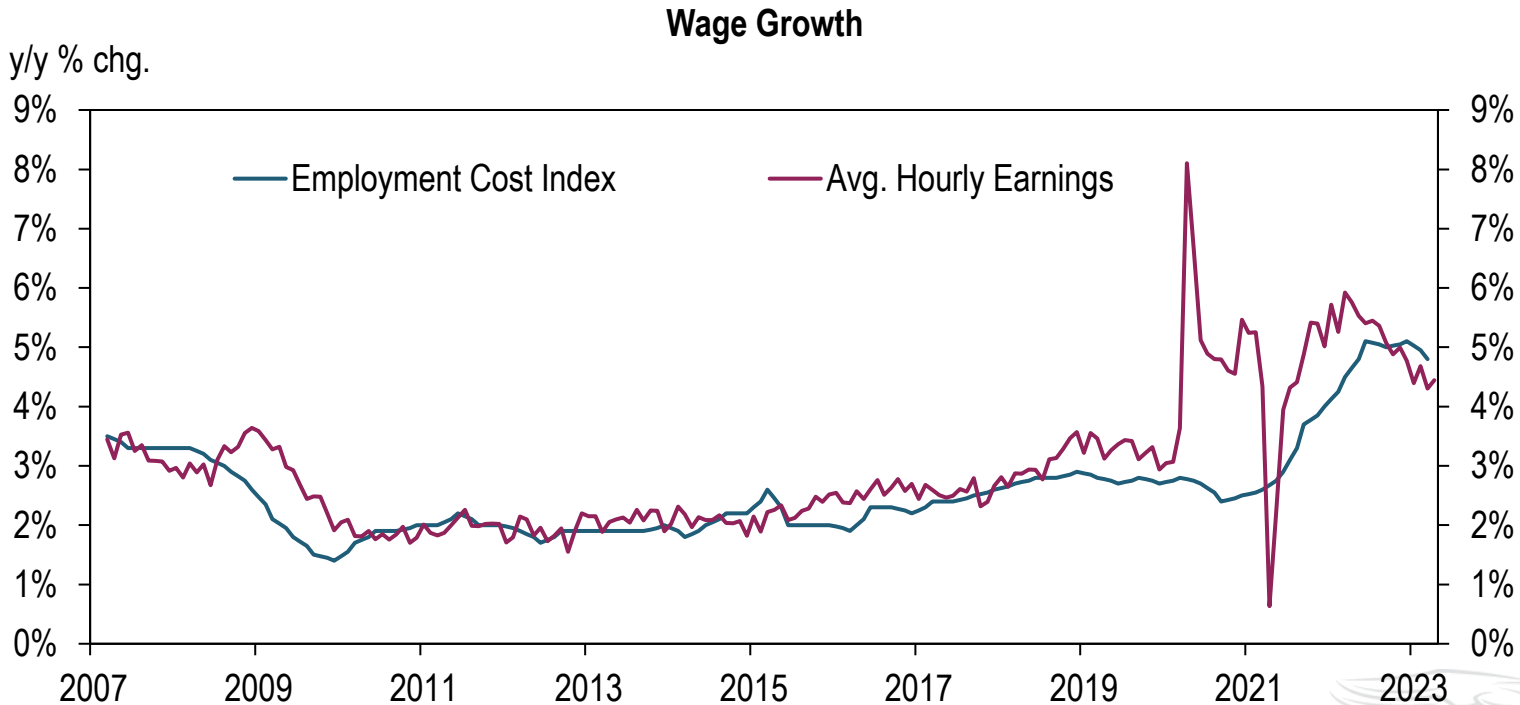
Meanwhile, although inflation has come down from its 2022 peaks and is expected to fall further, it remains elevated



CPI inflation eased again in April to 4.9%, but shelter and services inflation remains above 5%

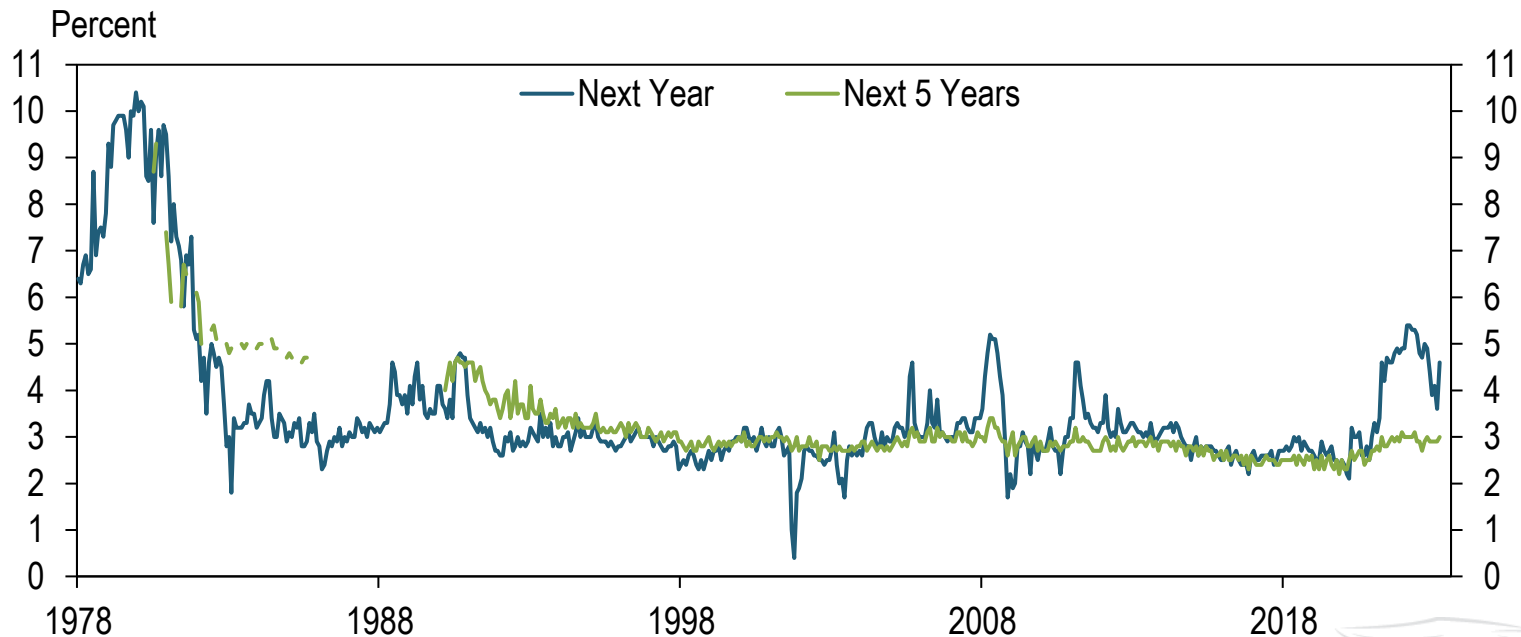


Wage growth is a key factor keeping services inflation high, and has come down moderately from recent highs

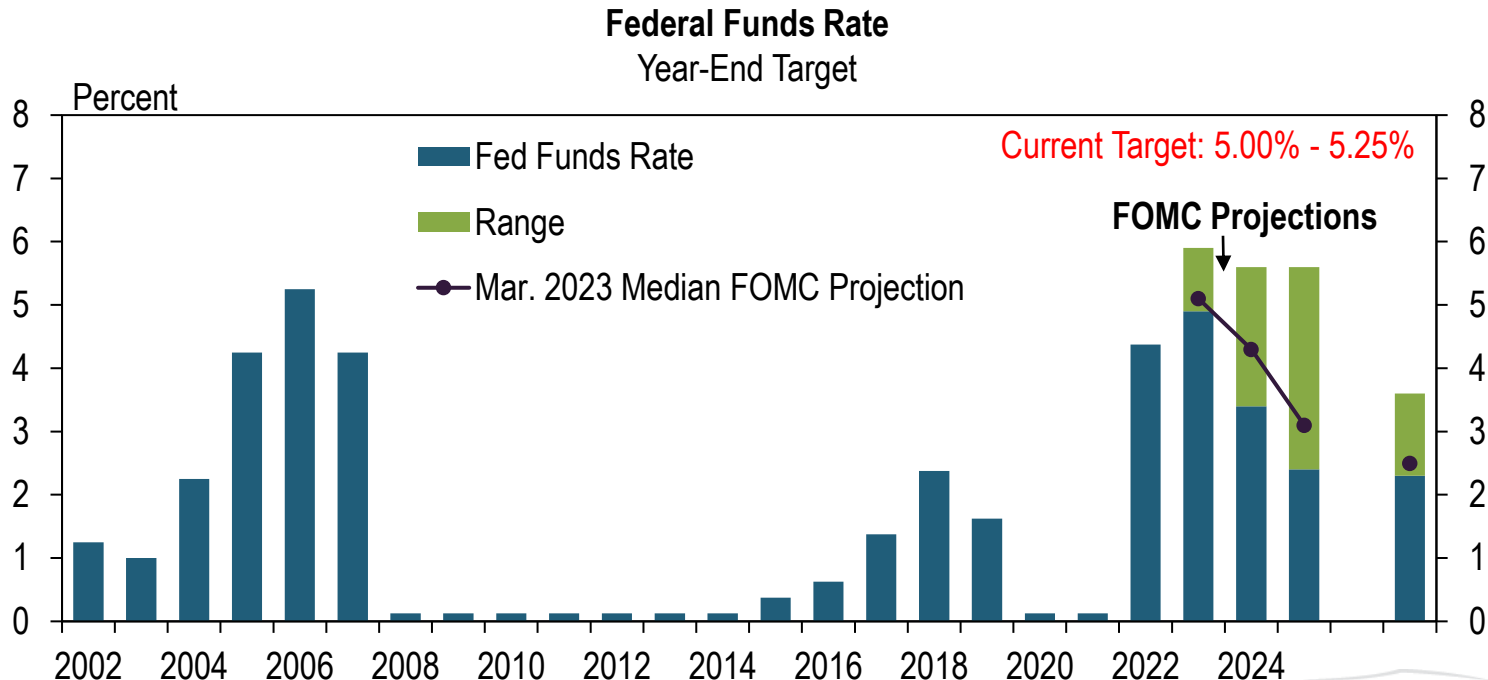


Longer-term inflation expectations remain anchored around their 20-year average, but consumers expect high inflation next year

Expected Inflation Rate

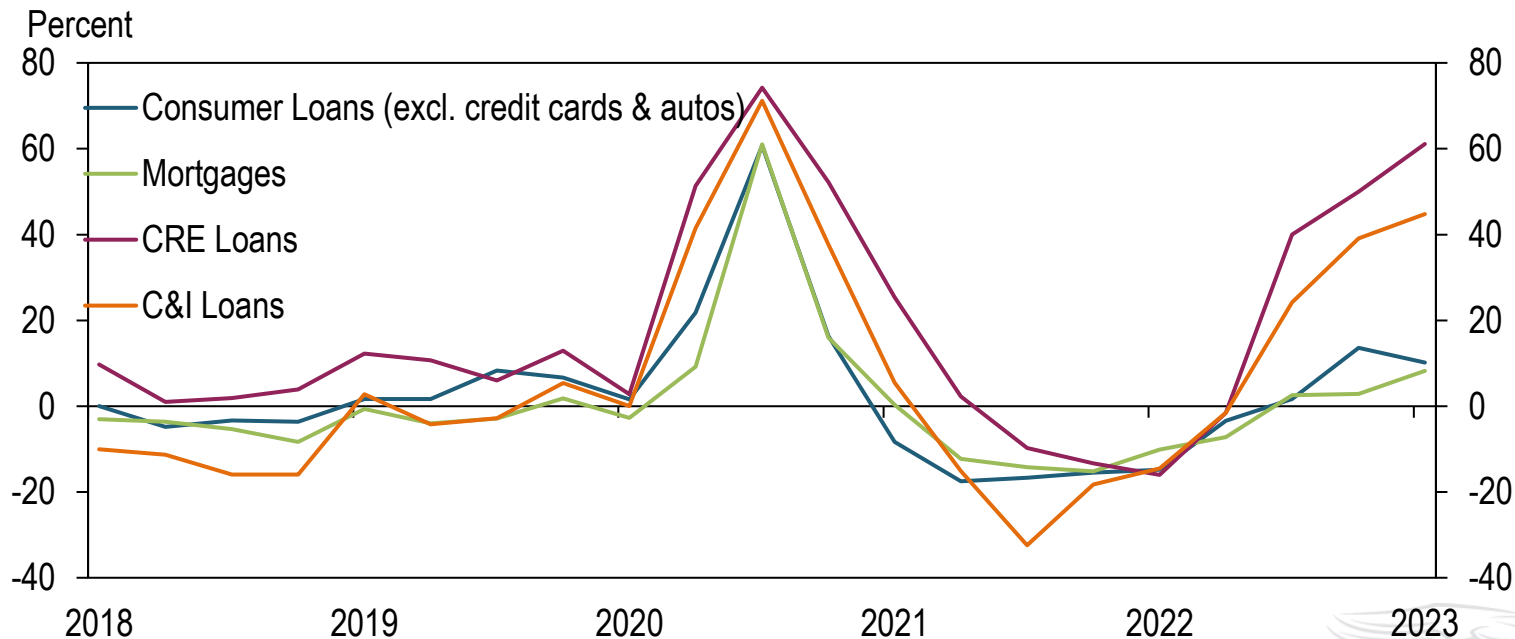


The Fed raised the federal funds rate by 25 basis points again this month, and the latest FOMC projections are shown



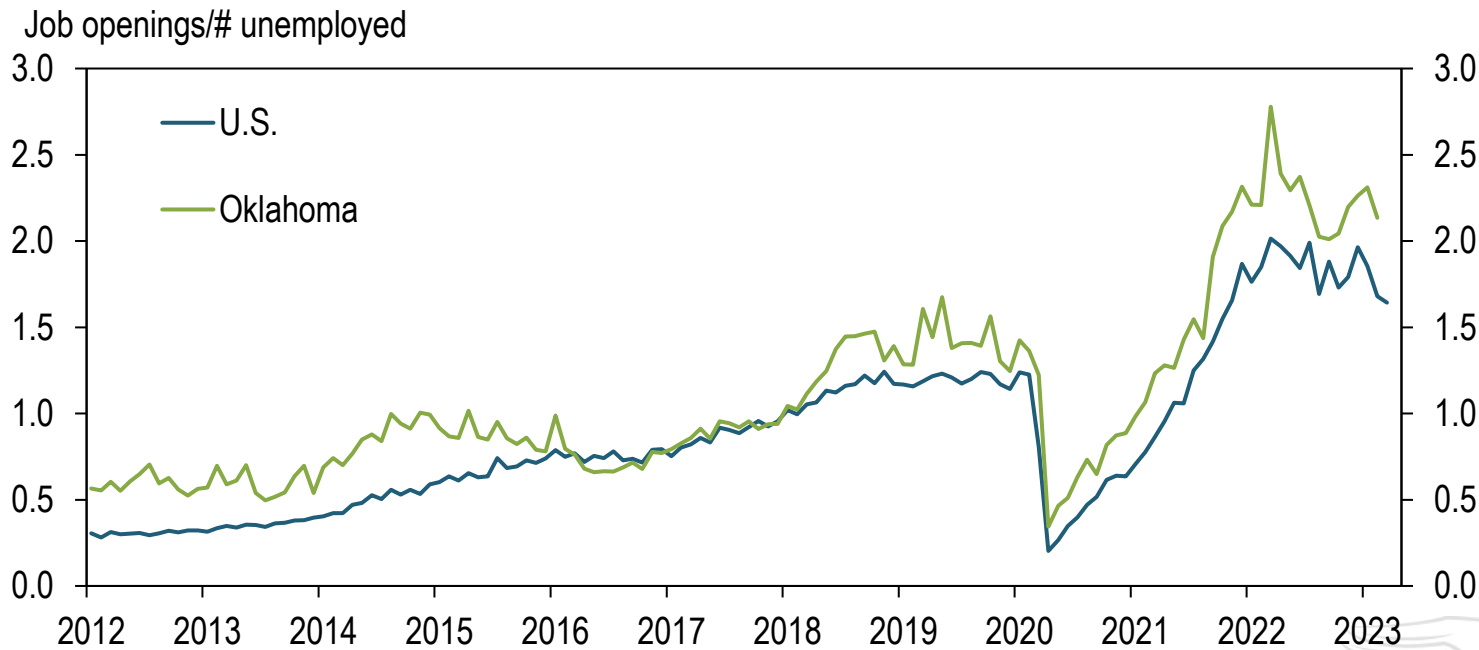
Banks have tightened lending standards in recent quarters, more for commercial loans than for consumer loans

Net Percent of Banks Tightening Standards



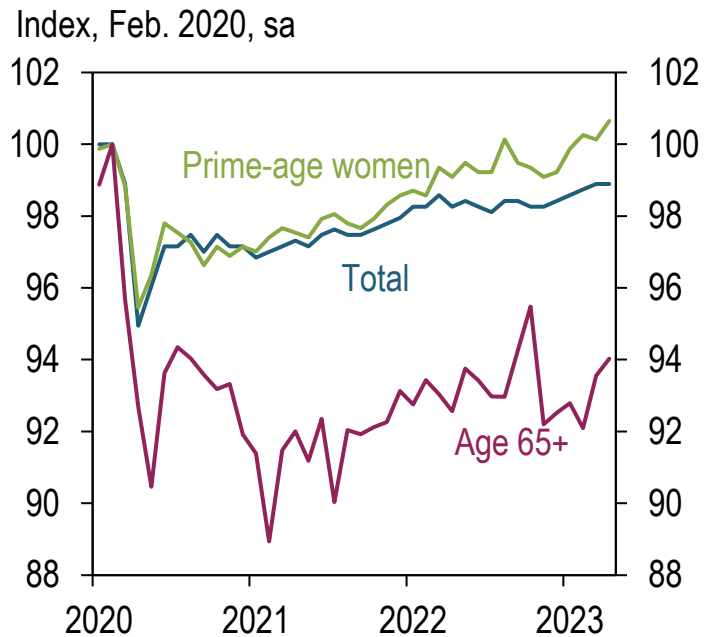
Job openings still greatly exceed unemployed workers, keeping wage pressures from easing much, but have fallen slightly

Job Openings/Unemployment Ratio

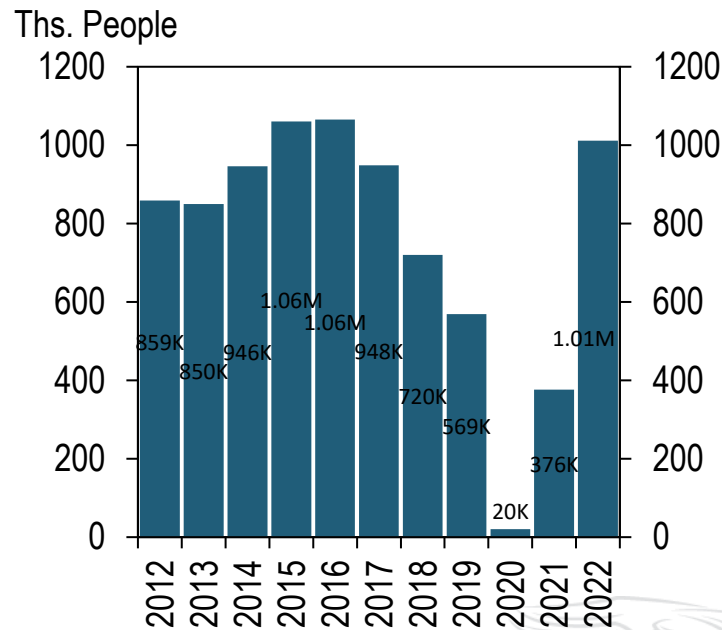


Labor force participation still lags due to older workers, while immigration rebounded after several low years

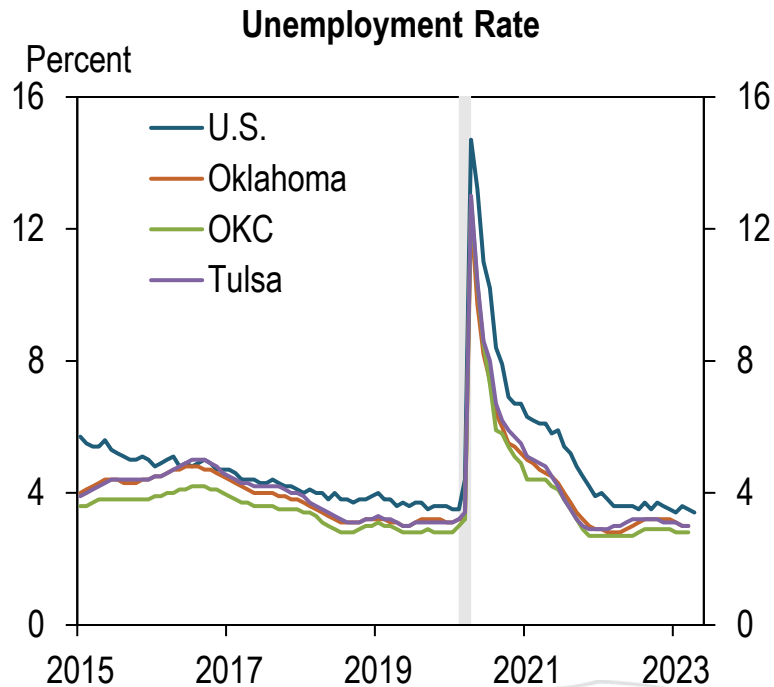
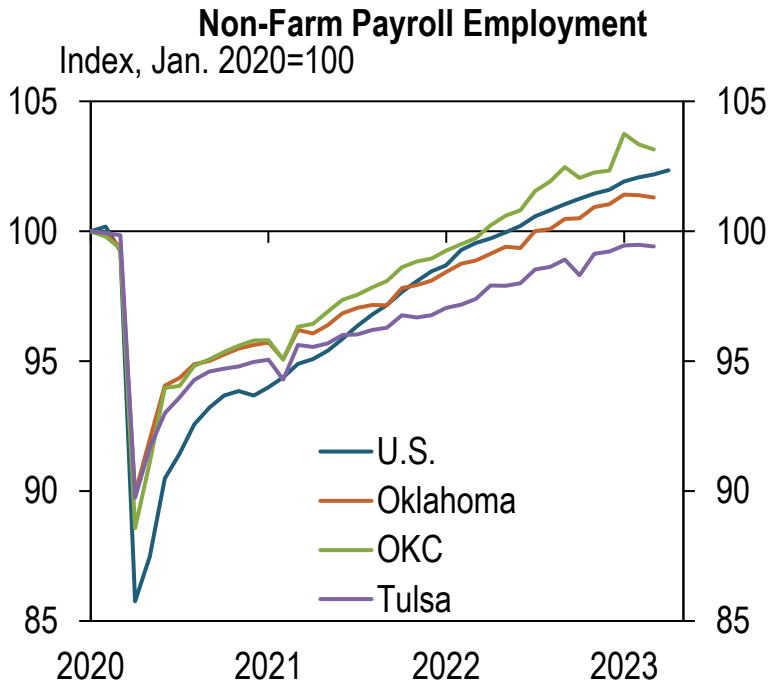
U.S. Labor Force Participation Rate



Net International Migration to the U.S.

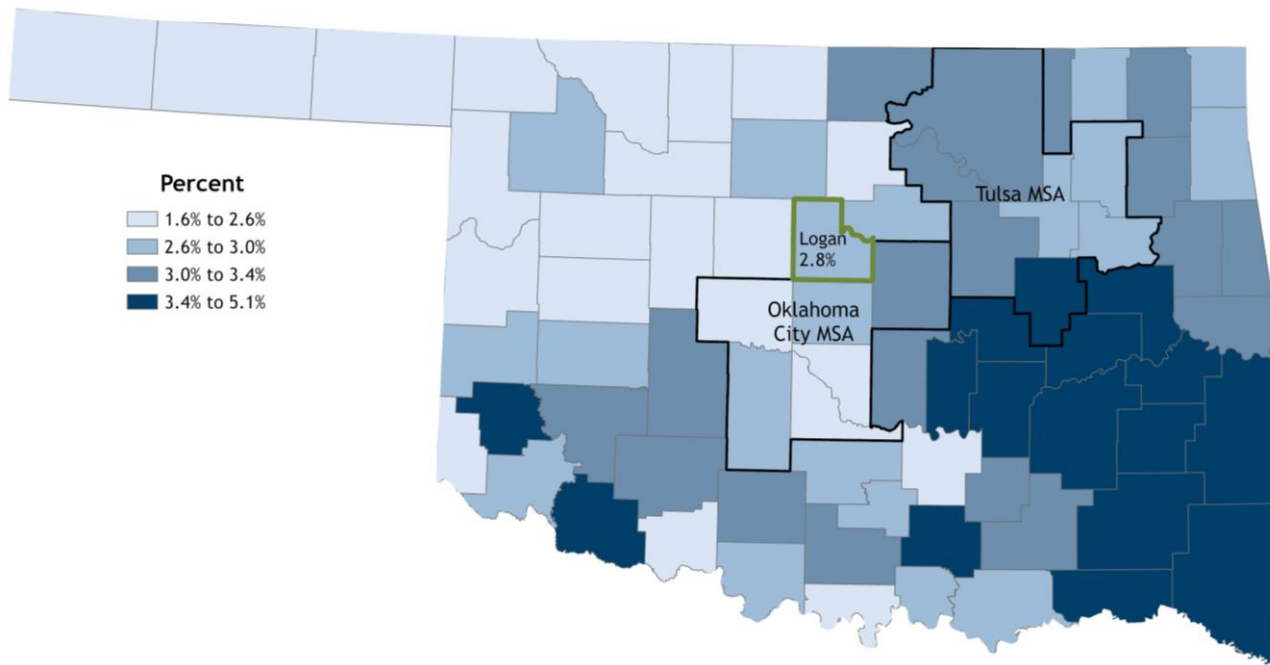


Jobs in Oklahoma have exceeded pre-Covid levels, while unemployment stays low



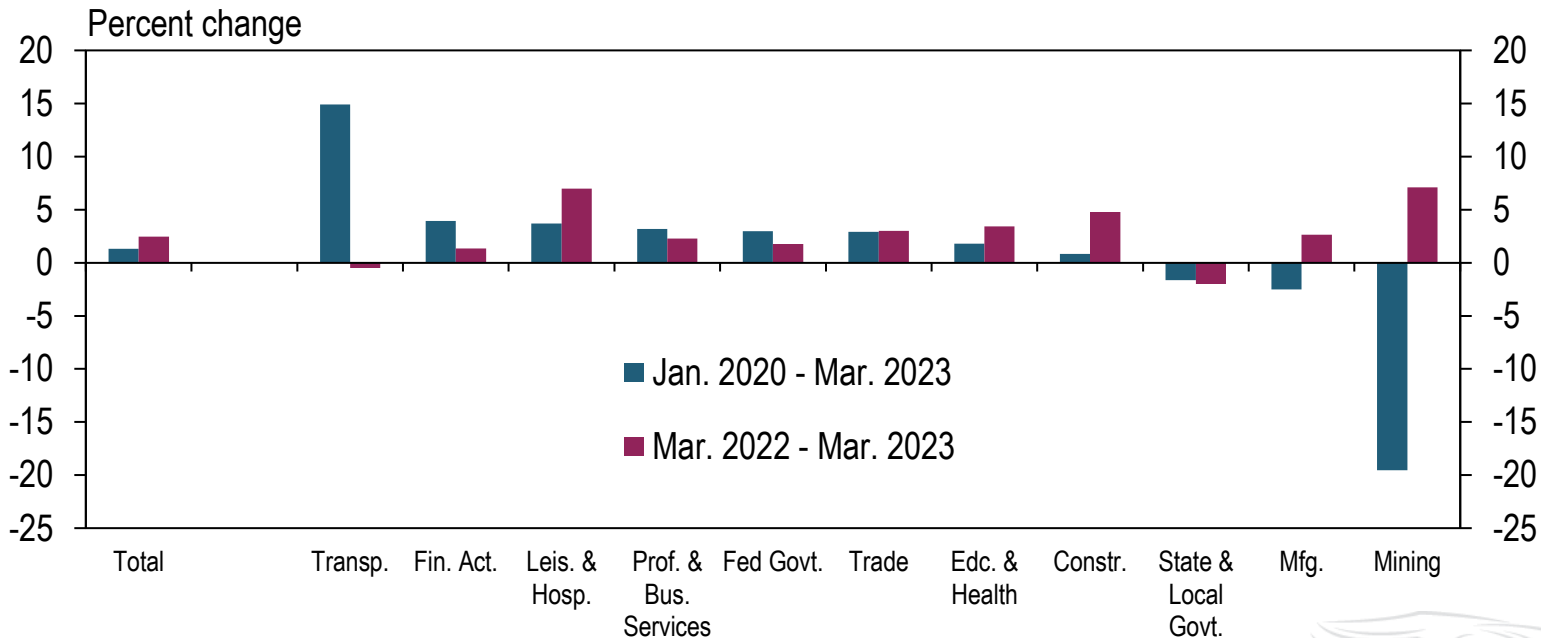
Logan County and other OKC metro counties were in the second quartile of unemployment rates for the state at 2.8% in March

March 2023 Unemployment Rate by County



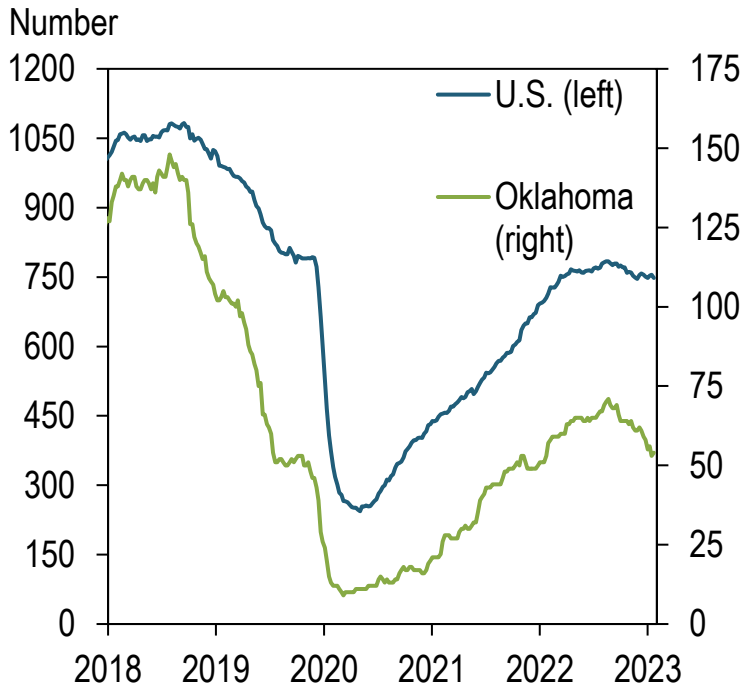
Energy and manufacturing jobs in OK are still below pre-pandemic but up during the past year

Oklahoma Job Growth by Industry

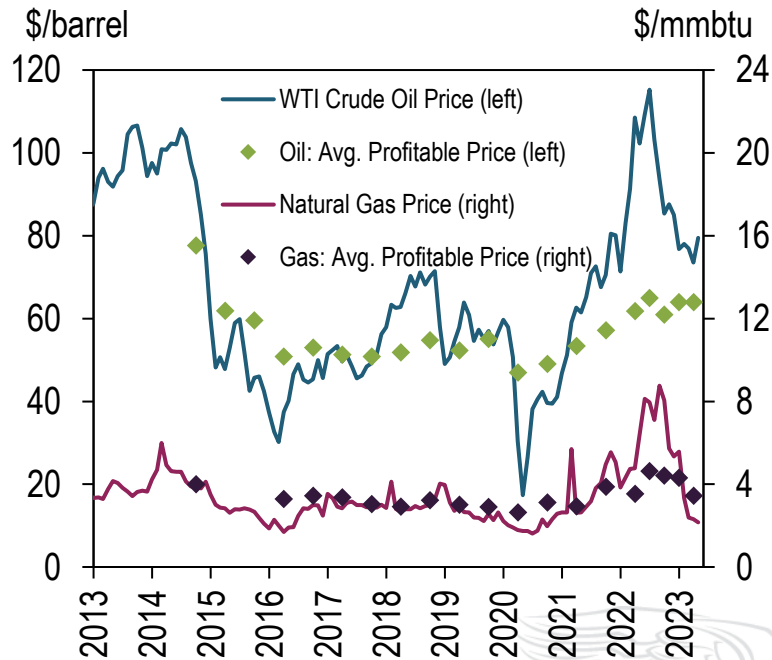


Oil and gas drilling has begun to fall in Oklahoma with lower profitability, moreso than in the nation

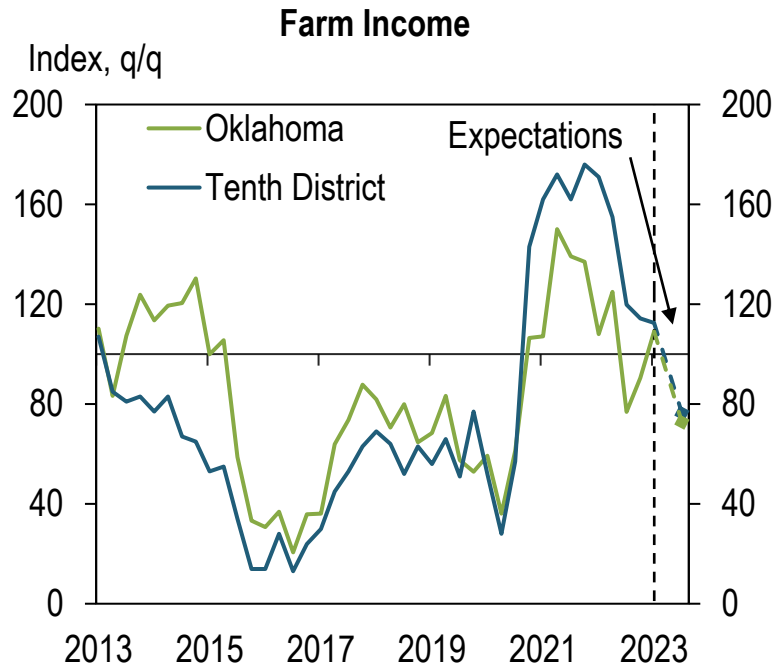
Rig Counts



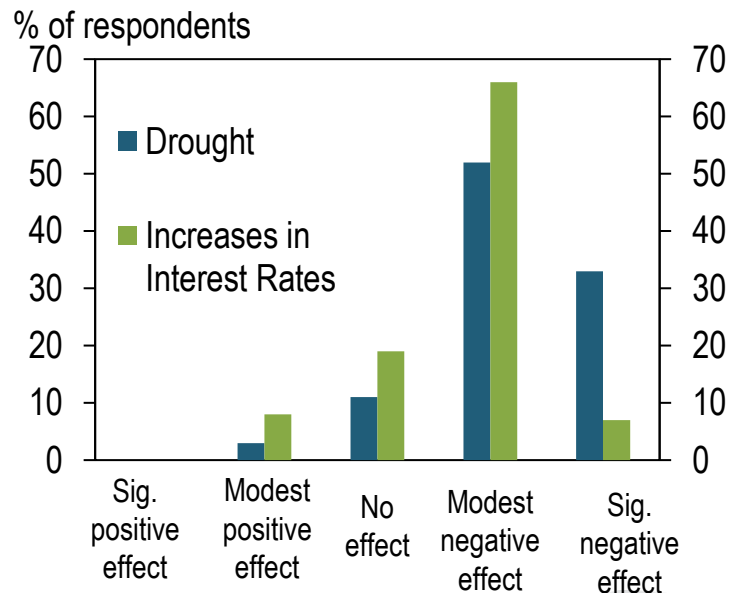
U.S. Energy Prices



Oklahoma farm income increased in Q1 2023, but is expected to decline due to drought and increases in interest rates

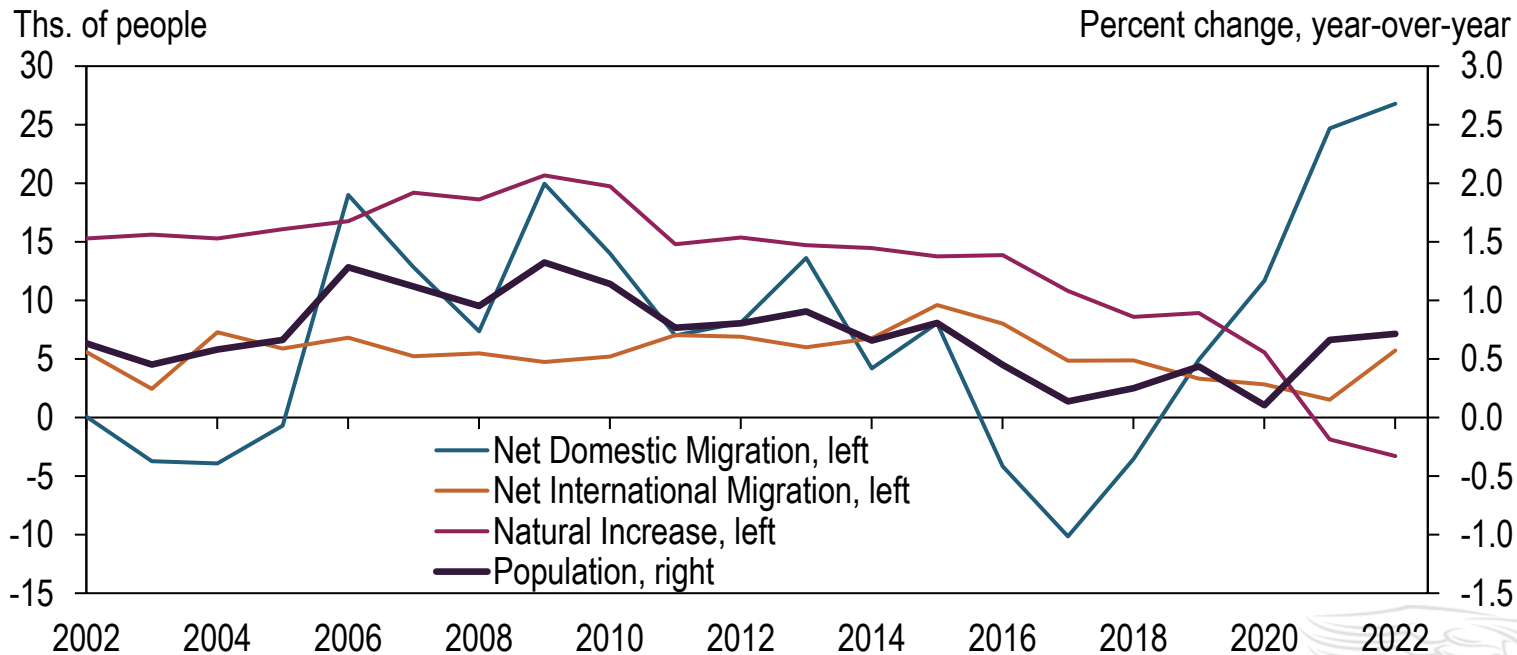


Q3 2022: Effects of Drought & Interest Rates on Financial Conditions of Farm Borrowers



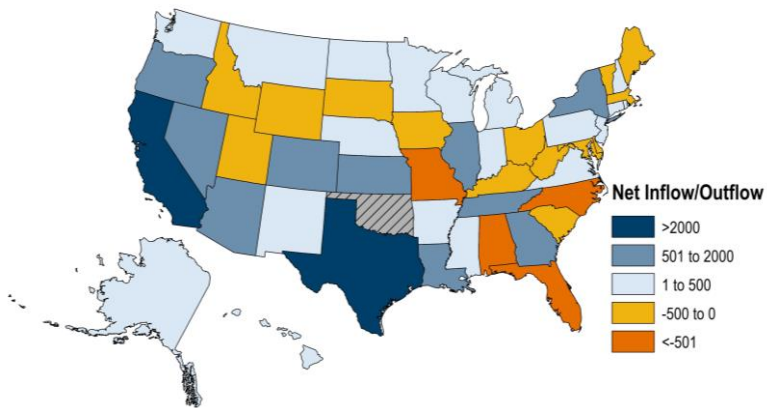
Oklahoma's population grew in 2021 & 2022, despite a historic increase in deaths, due to massive in-migration

Oklahoma Population Changes by Component, 2001-2022

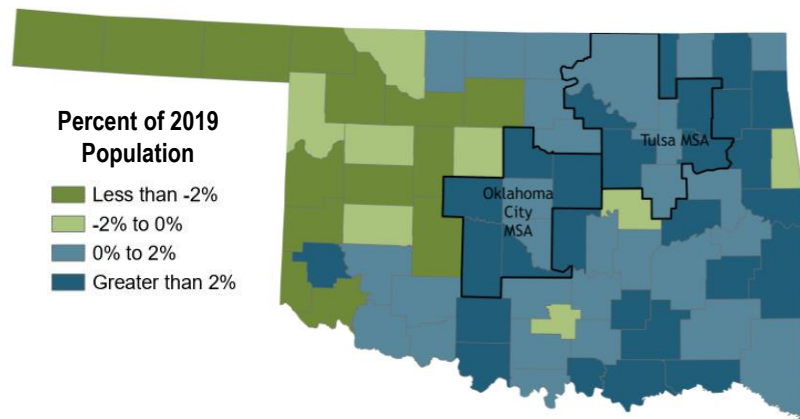


Many people moved to OK from CA and TX, mostly to the metros but to many other parts of the state, too

Net Domestic Migration to Oklahoma 2020 and 2021



2019-22 Net Domestic Migration by County



Summary

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