The Federal Reserve System & Economic Outlook

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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.
Why was the Federal Reserve Created?

First Bank of the United States
(1791-1811)

Second Bank of the United States
(1816-1836)
Federal Reserve Act of 1913

President Woodrow Wilson signed the Federal Reserve Act into law on Dec. 23, 1913.
5 primary responsibility areas:
- Monetary policy
- Financial system stability
- Bank supervision & regulation
- Payment system safety & efficiency
- Consumer protection & community development

3 primary entities:
- **Board of Governors**: 7 members appointed by U.S. President
- **Federal Reserve Banks**: 12 total; semi-independent
- **Federal Open Market Committee**: 19 members; 12 voting
The Fed is Independent Within the Government

- Created by Congress
- Reports to Congress
- Does not receive any money from Federal budget
- Self-funded through Open Market Operations and providing services to financial institutions
Kansas City Fed – 10th District

- President serves on the Federal Open Market Committee
- The Kansas City Fed shares the rotation with the Minneapolis and San Francisco Feds
- The Kansas City Fed president votes again in 2025
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

- Katrina Washington (chair), Exec. Dir., Neighborhood Housing Services, OKC
- Mark Burrage, CEO, FirstBank, Atoka
- Walt Duncan, President, Duncan Oil Properties, OKC
- Rhonda Hooper, President & CEO, Jordan Advertising, OKC
- Terry Salmon, President, Computer System Designers, OKC
- Brady Sidwell, Principal, Sidwell Strategies, Enid
- Dana Weber, Chair & CEO, Webco Industries, Sand Springs
Oklahomans on Districtwide Fed Advisory Councils

- **Federal Advisory Council (FAC):**
  - Jill Castilla, CEO, Citizens Bank, Edmond

- **Economic Advisory Council (EAC):**
  - Scott Case, President, Case & Associates Properties, Tulsa
  - Clay Gaspar, COO, Devon Energy, Oklahoma City
  - Rebecca Thompson, CFO, AAON, Inc., Sand Springs

- **Community Development Advisory Council (CDAC):**
  - Michelle Bish, Executive Director, Northeast Workforce Development Board, Catoosa
  - Quintin Hughes, Sr., Program Director, Northeast Oklahoma City Renaissance, Inc., Oklahoma City
  - Cindy Logsdon, Executive Director/CEO, Citizen Potawatomi Community Development Corp., Shawnee

- **Community Depository Inst. Advisory Council (CDIAC):**
  - Barry Anderson, President, F&M Bank, Guthrie
  - Alicia Wade, President, Valliance Bank, Oklahoma City
Economic 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
- 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 remain resilient in the first half of 2023

Quarterly U.S. Economic Growth

Sources: BEA, BLS/Haver Analytics
GDP growth is expected to be somewhat sluggish in 2023 before rebounding to trend in 2024 and 2025

Change in Real GDP

Percent change

Real GDP
Range
June 2023 Median FOMC Projection

Current (Q2 2023): 2.4%

Sources: Bureau of Economic Analysis, FOMC

Note: Data and FOMC projections are for year-end.
U.S. unemployment remains historically low and is projected to rise only moderately in coming years

**U.S. Unemployment Rate**

- **U.S. unemployment rate**
- **Range**
- **June 2023 Median FOMC Projection**

Current (June 2023): 3.6%

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

Sources: U.S. Bureau of Labor Statistics, FOMC
Although inflation has come down from 2022 peaks and is expected to fall further, it remains elevated.

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

Sources: Bureau of Economic Analysis, FOMC
The Fed raised the federal funds rate by 25 bps in July, and the latest projections are shown.
Job openings still greatly exceed unemployed workers, keeping wage pressures from easing much, but have fallen slightly.
Jobs in Oklahoma have mostly continued to grow, while unemployment stays low

Source: U.S. Bureau of Labor Statistics
Energy and manufacturing jobs in OK are still below pre-pandemic but up during the past year

Oklahoma Job Growth by Industry

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

Sources: U.S. Bureau of Labor Statistics/Haver Analytics
Oil and gas drilling has fallen in Oklahoma with lower profitability, even more so than in the nation.

Source: Baker Hughes, EIA/Haver Analytics, FRBKC Surveys
Oklahoma farm income increased in Q1 2023, but is expected to decline, and drought has improved in the north and west.

Sources: FRBKC Ag Credit Survey, UNL/NOAA/CPC
Many people moved to OK from CA and TX, mostly to the metros but to many other parts of the state, too.
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.

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.
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