

# U.S. and Oklahoma Economic Outlook

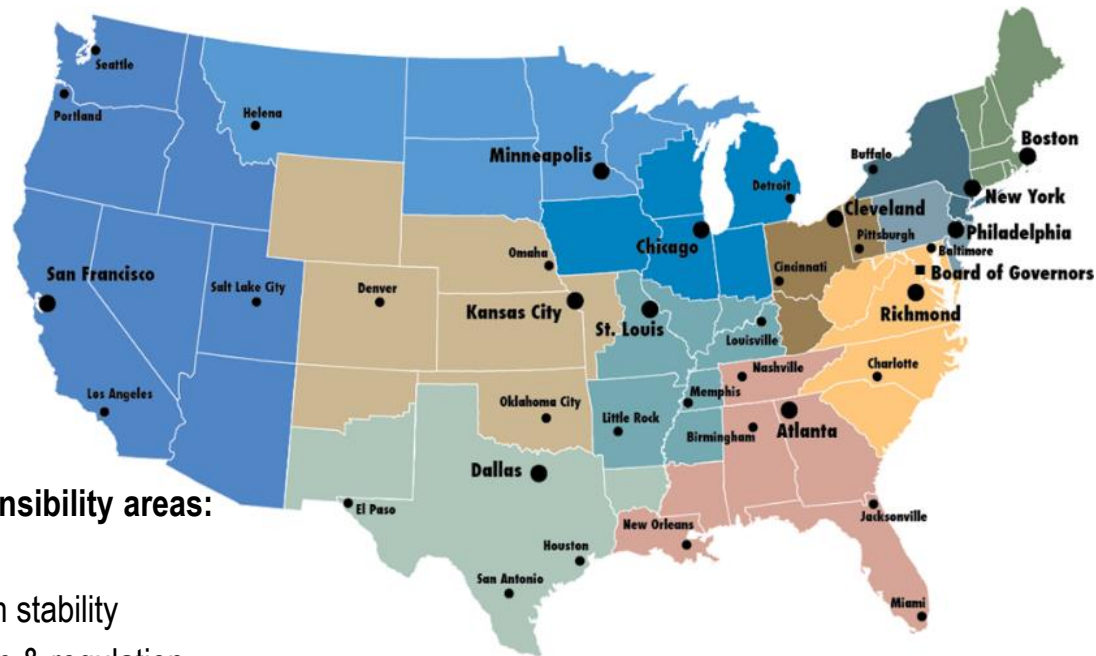
*Oklahoma Public Fund Trustee Education Conference*  
*September 28, 2023*

Chad Wilkerson  
*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.



# Structure & Functions of the Federal Reserve



## 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 Oklahoma City Branch of the Federal Reserve Bank of Kansas City

[www.kansascityfed.org/oklahomacity](http://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**

- **Katrina Washington (chair)**, Exec. Dir., Neighborhood Housing Services, OKC
- **Mark Burrage**, CEO, FirstBank, Antlers/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



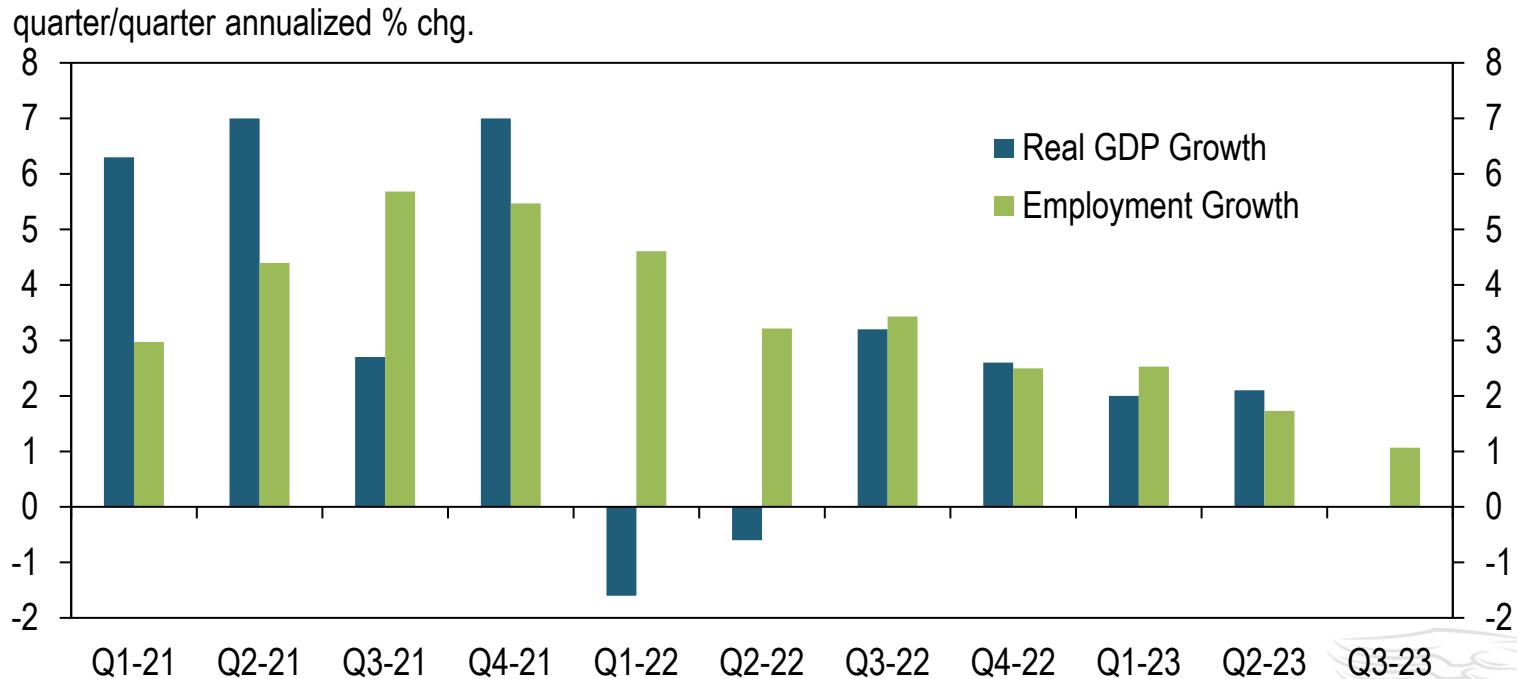
## Overview

- 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
- The Fed has raised the overnight interest rate to over 5%
- Oklahoma's economy continues to recover, but jobs remain below pre-pandemic levels in energy
- Oklahoma's population growth has outpaced the nation in recent years, driven by strong domestic in-migration



# U.S. GDP and employment have slowed but remained positive through mid-2023

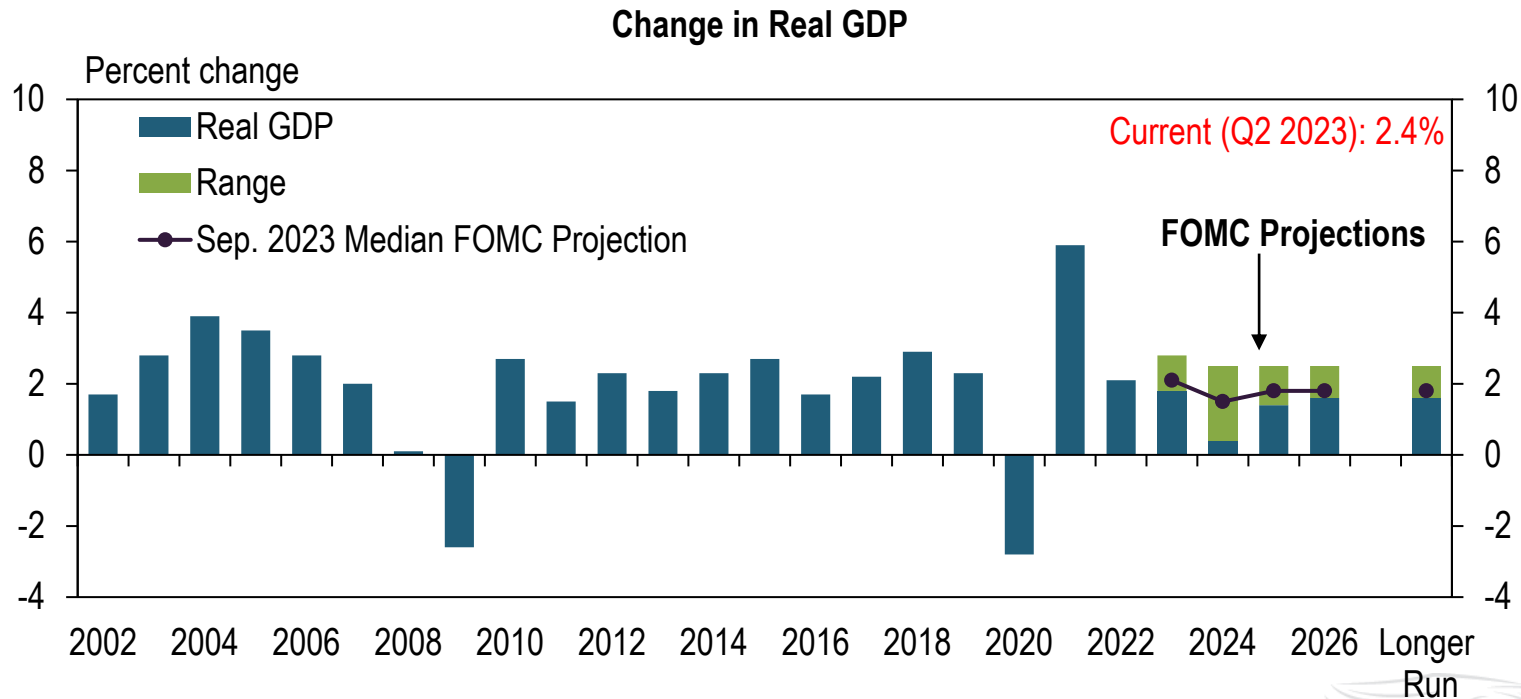
Quarterly U.S. Economic Growth



Sources: BEA, BLS/Haver Analytics

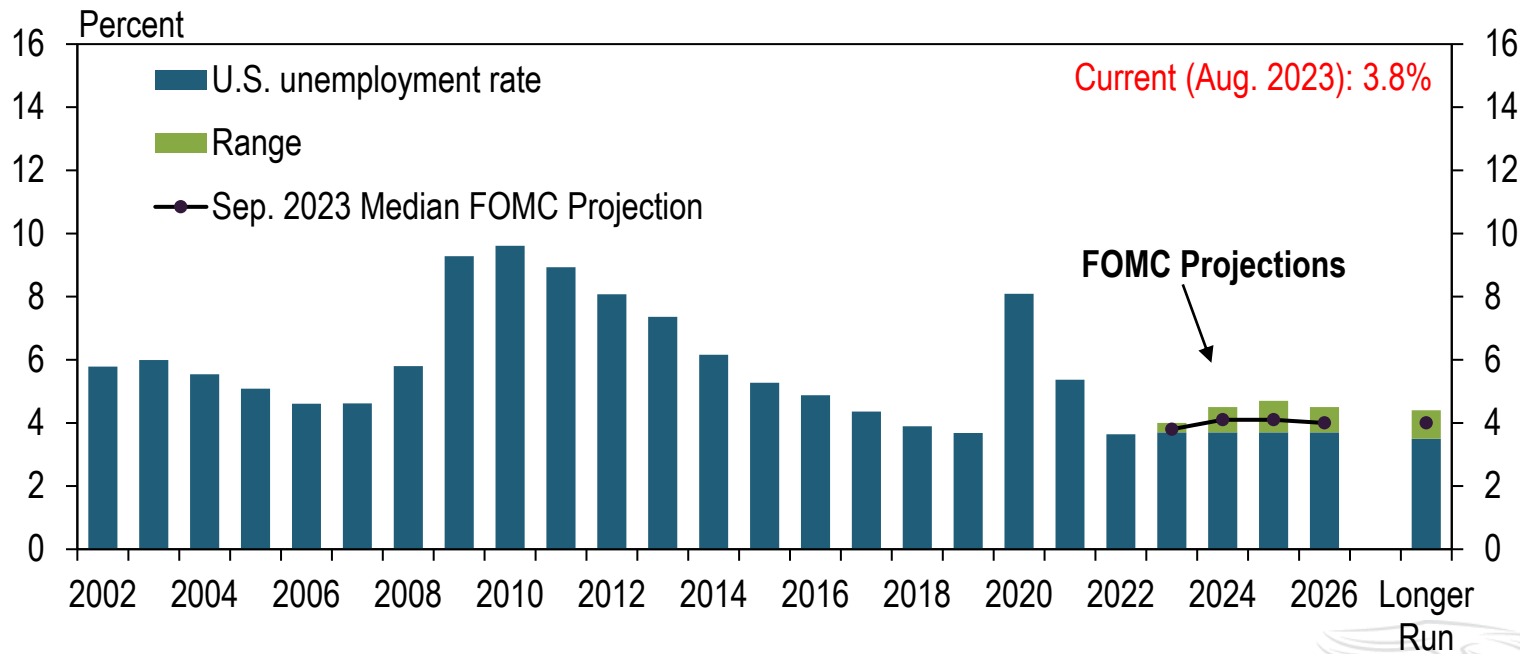


# GDP growth is expected to slow in 2024 before rebounding to near trend in 2025 and 2026



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

## U.S. Unemployment Rate

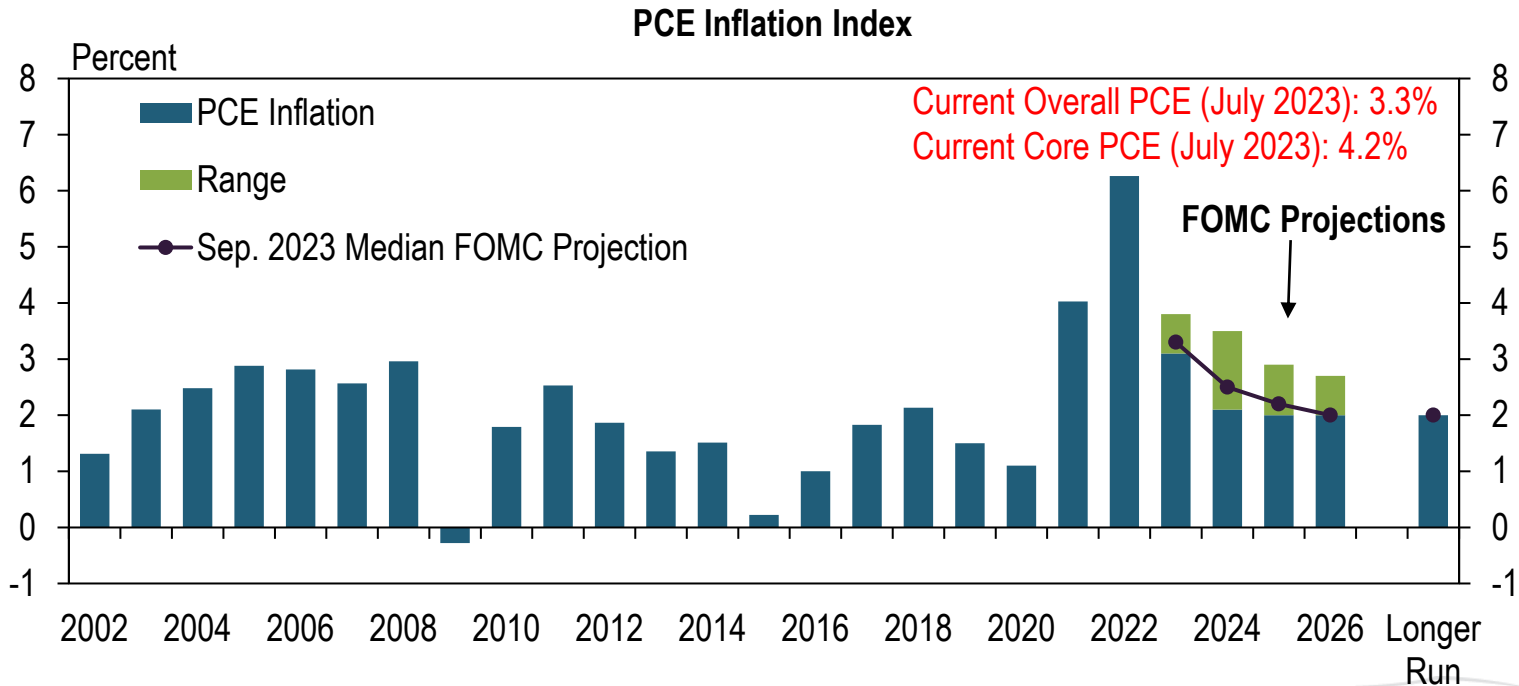


Note: Data and FOMC projections are for year-end.

Sources: U.S. Bureau of Labor Statistics, FOMC

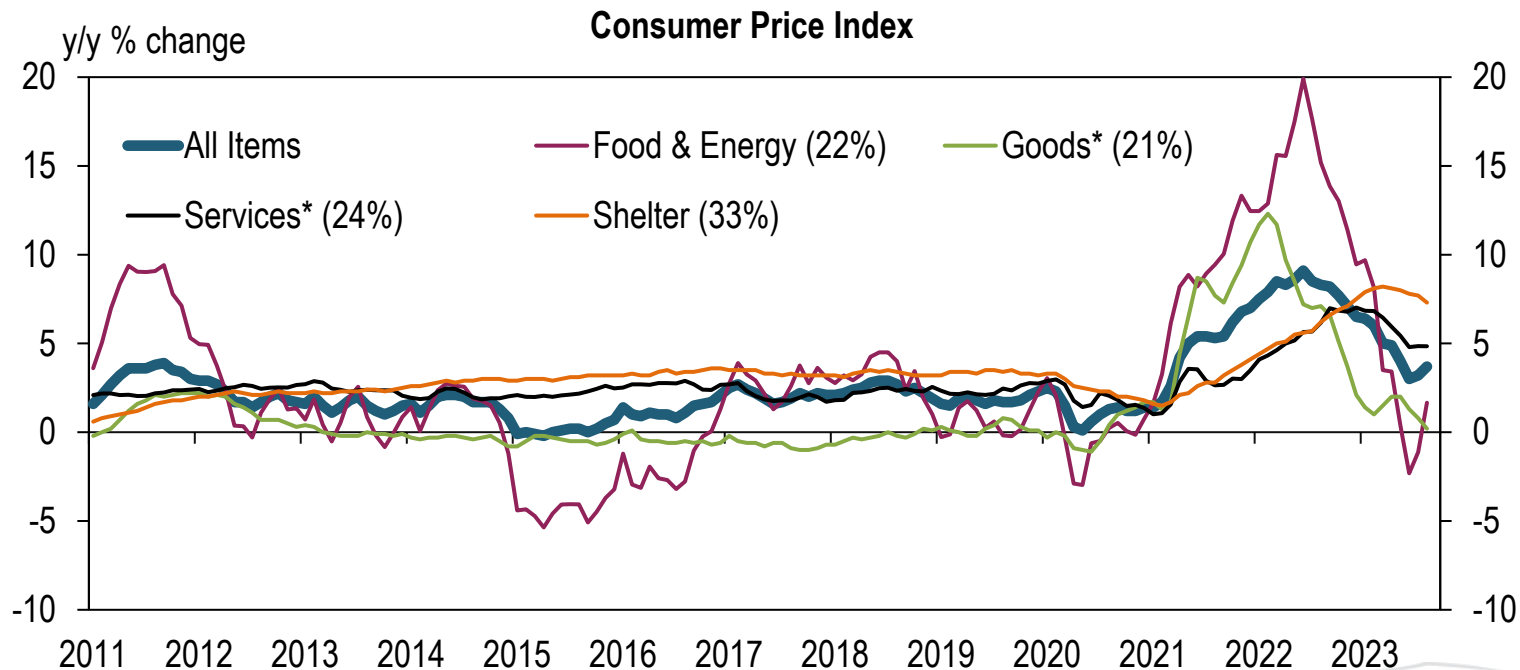


# Although inflation has come down from 2022 peaks and is expected to fall further, it remains elevated





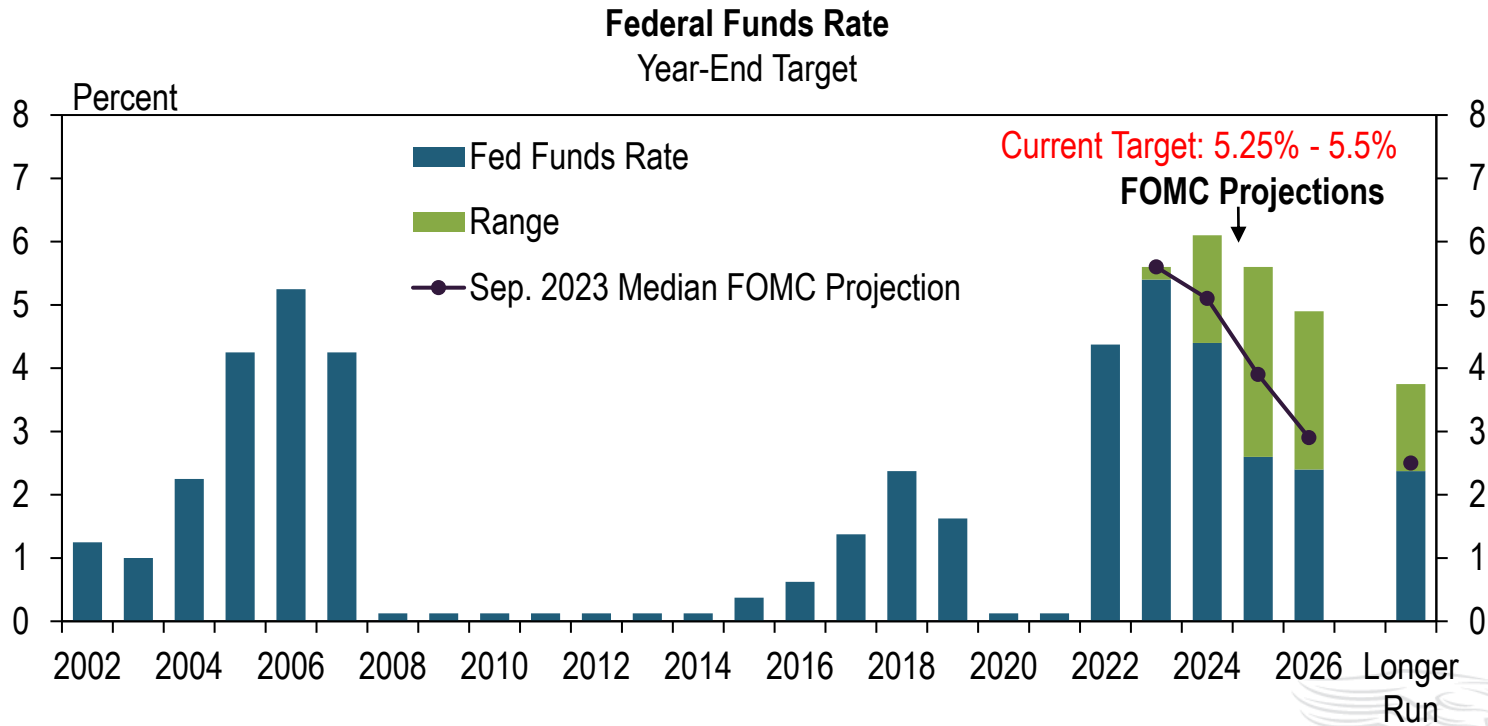
# CPI inflation ticked up from 3.2% to 3.7% in July, with shelter and services inflation still elevated and energy prices rising again



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



# The Fed held the federal funds rate steady in September, and the latest projections are shown



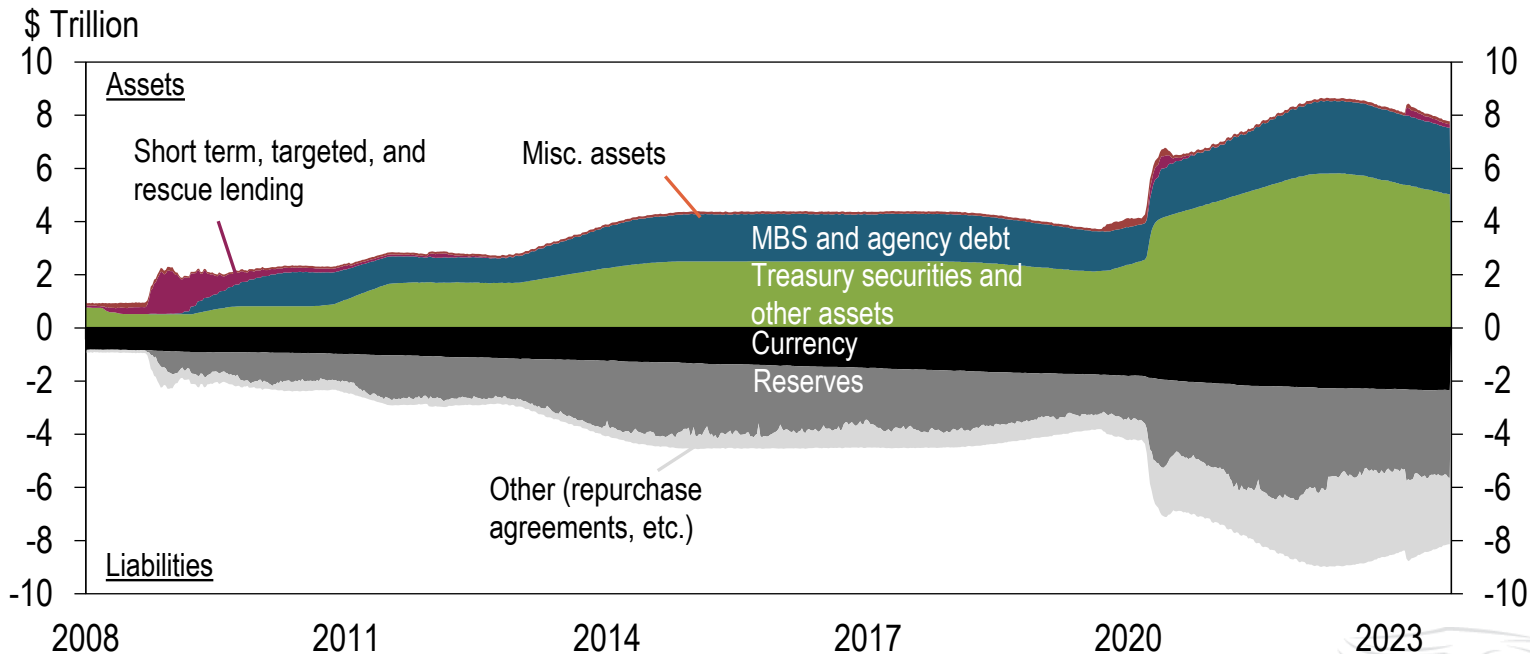
Note: Data and FOMC projections are for year-end.

Sources: Bureau of Economic Analysis, FOMC



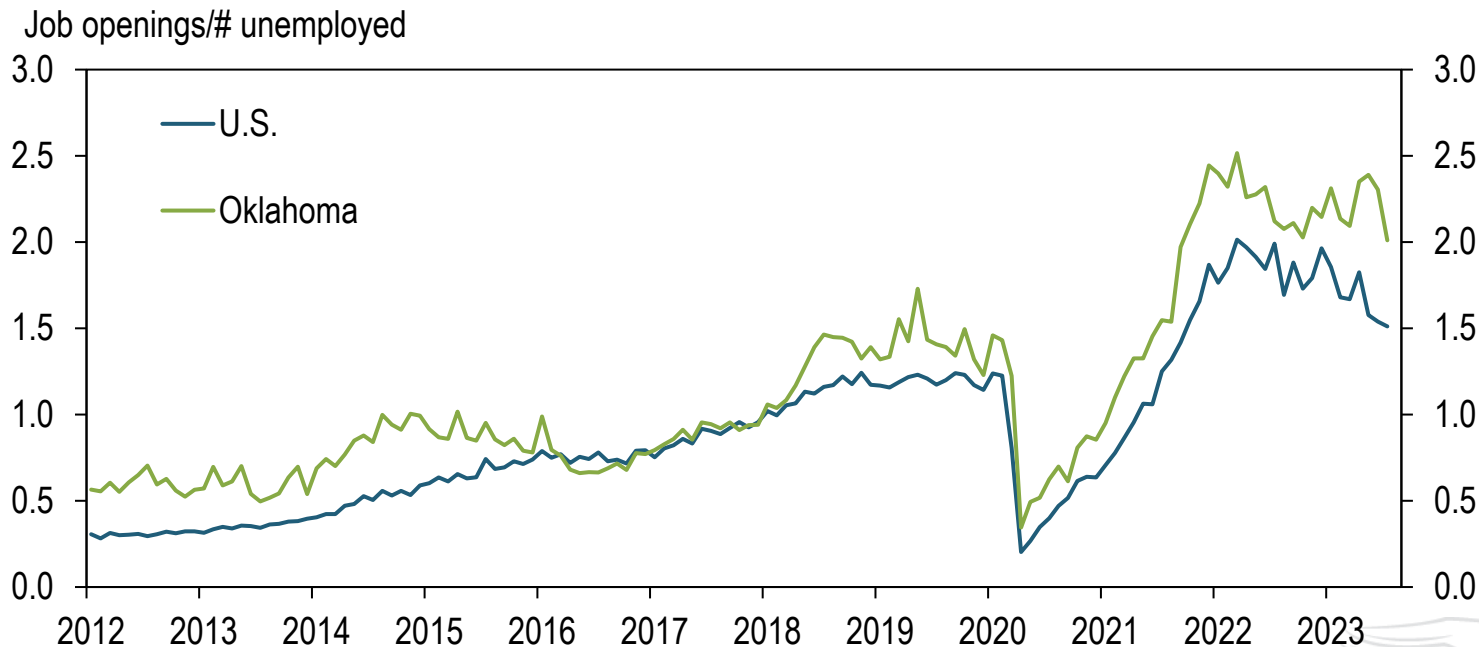
# The Fed also continues to reduce its balance sheet of high-quality securities

**Federal Reserve Balance Sheet**



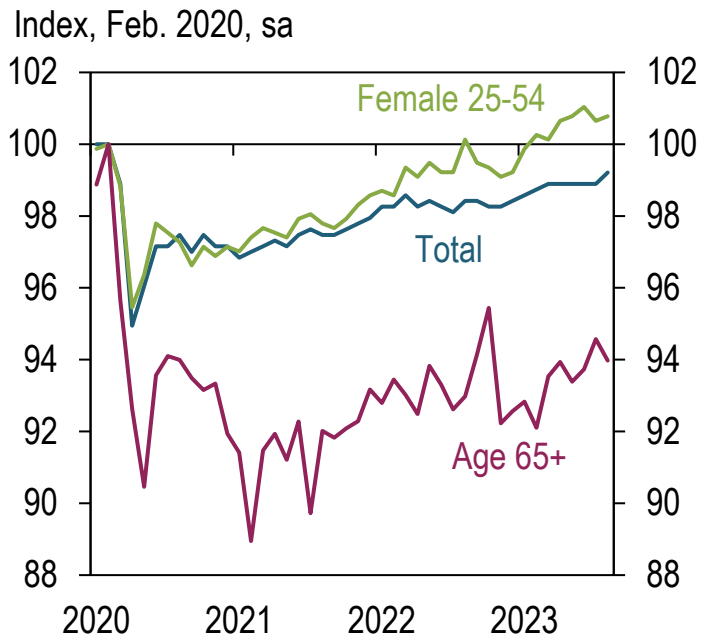
# Job openings still greatly exceed unemployed workers, but have edged down lately, helping ease wage pressures

**Job Openings/Unemployment Ratio**

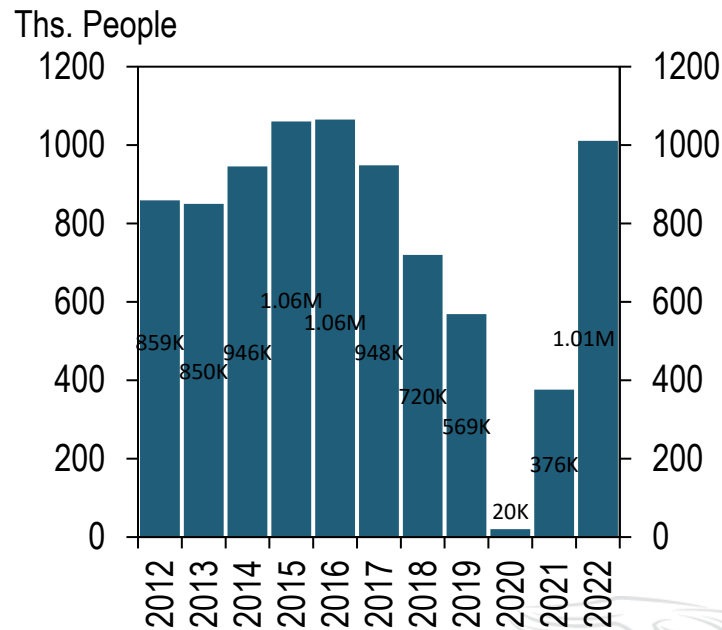


# Labor force participation still lags, mostly due to older workers, while immigration rebounded last year after several low years

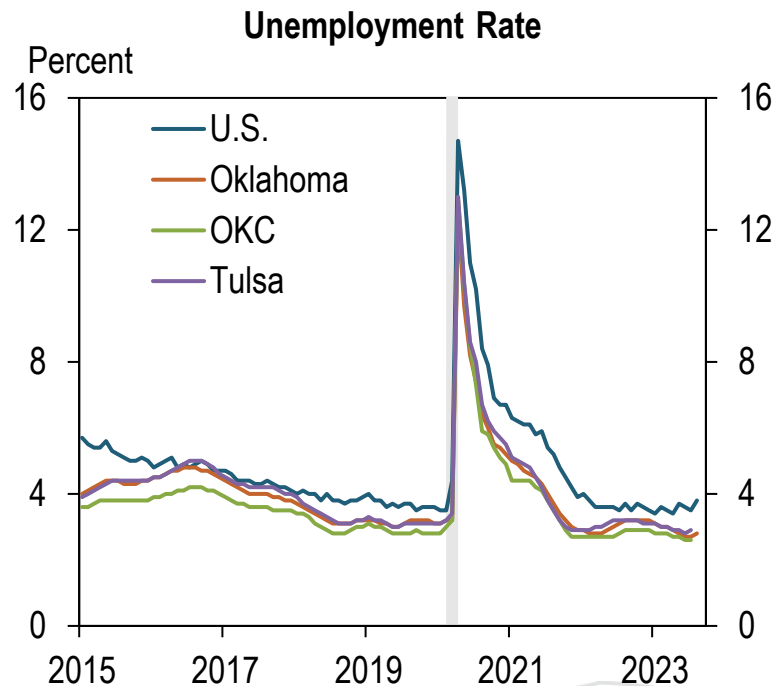
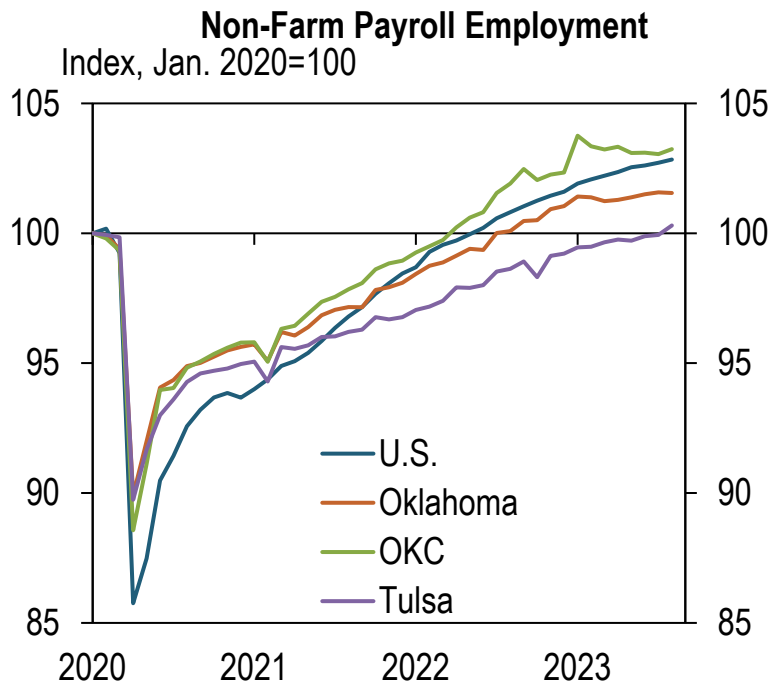
**U.S. Labor Force Participation Rate**



**Net International Immigration to the U.S.**

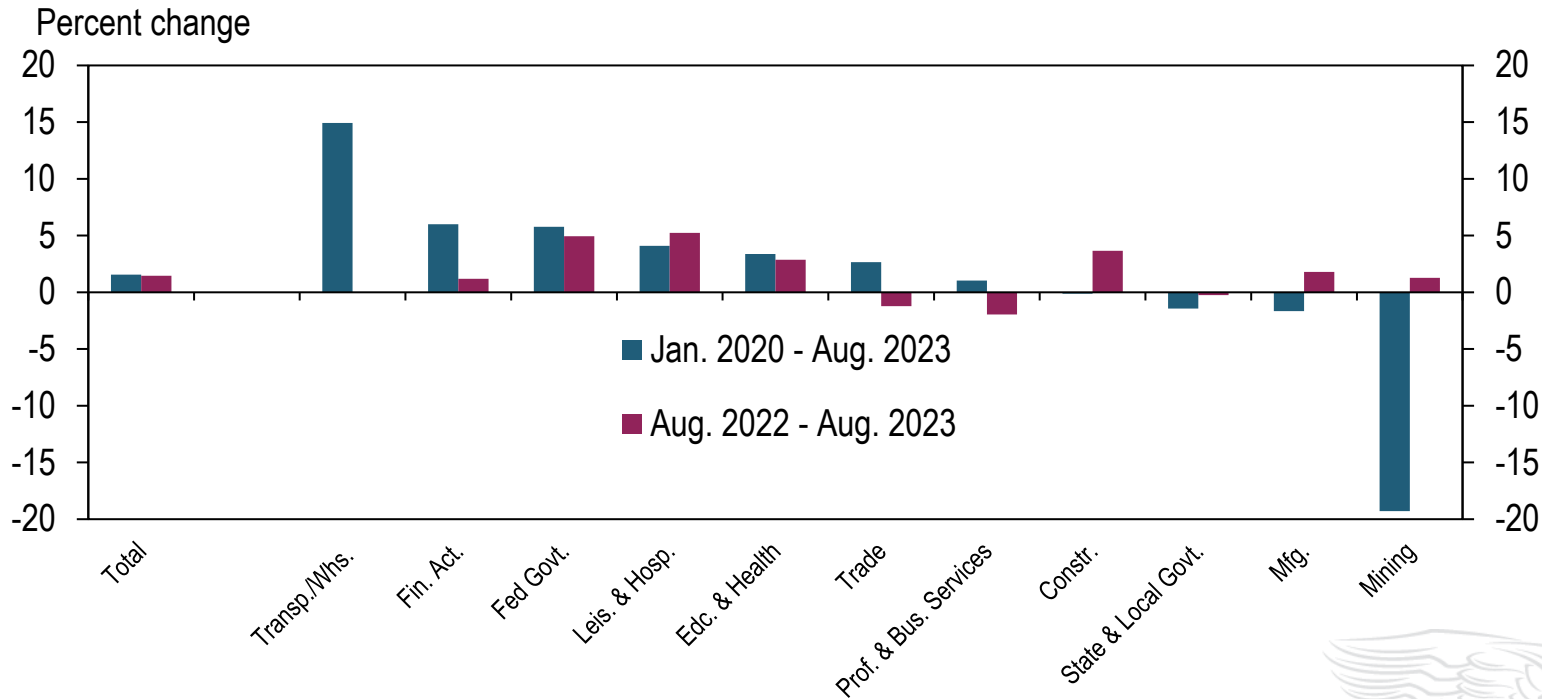


# Job growth in Oklahoma has slowed in recent months but is above pre-pandemic levels, while unemployment remains very low



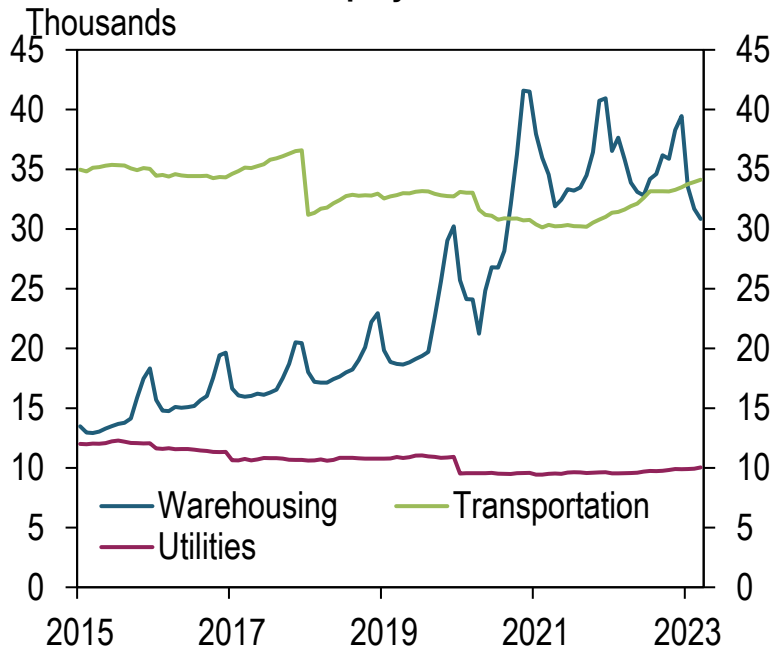
# Most Oklahoma sectors added jobs over the past year, but job growth varies widely relative to pre-pandemic levels

Oklahoma Job Growth by Industry

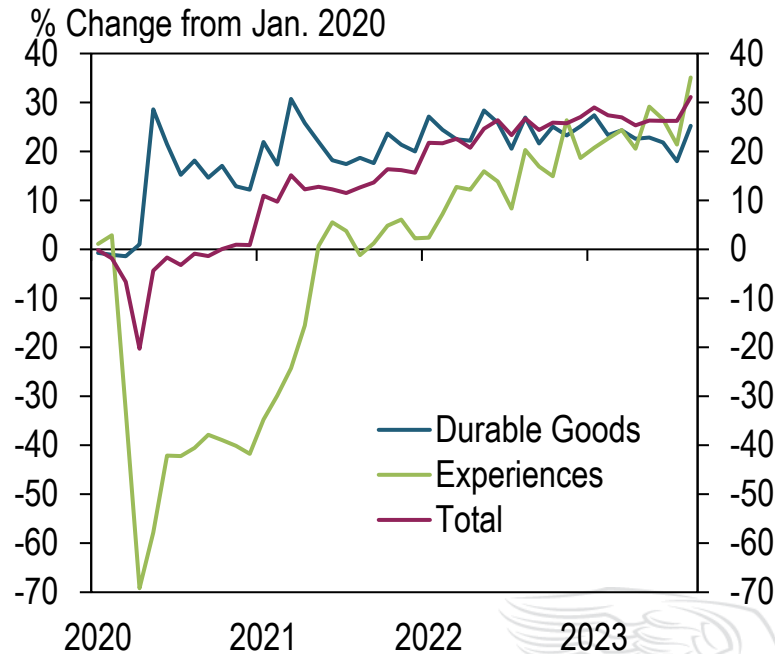


# The warehousing industry has boomed in Oklahoma over the past decade as consumers spent more on goods, but has cooled a bit

### Oklahoma Transportation, Warehousing, & Utilities Employment



### Oklahoma Consumer Spending Growth

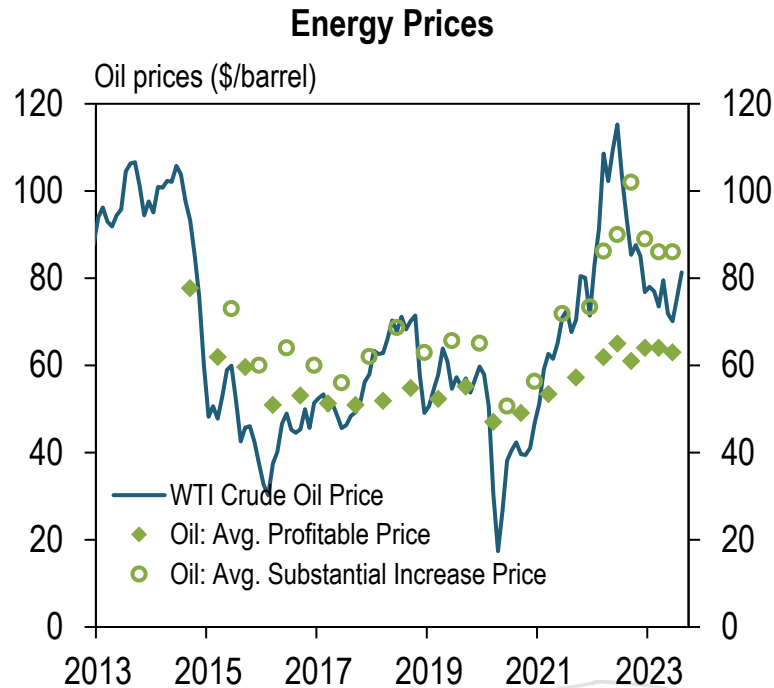
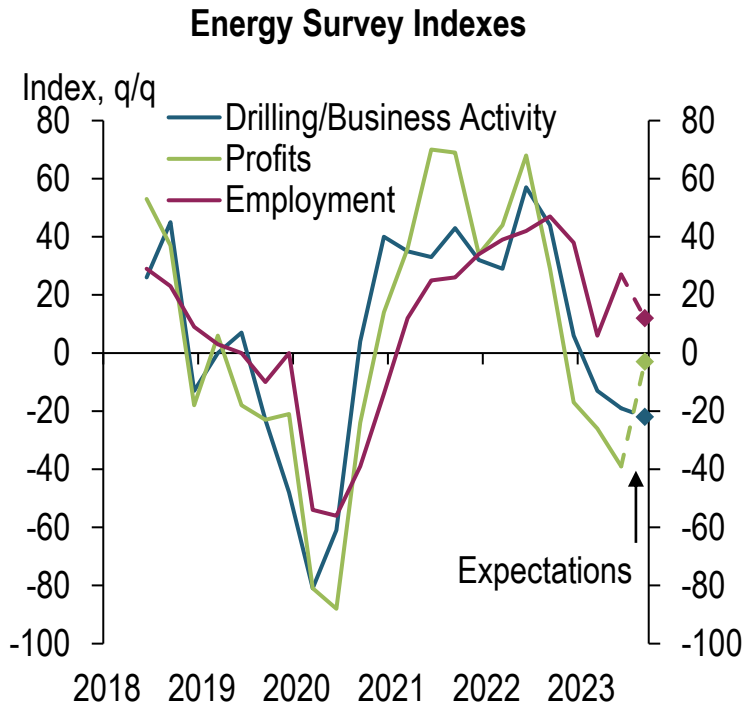


Note: Warehousing jobs are defined as all jobs in the NAICS 49 category, which include the private *Postal Service* (491), *Messengers & Couriers* (492), and *Warehousing & Storage* (493).

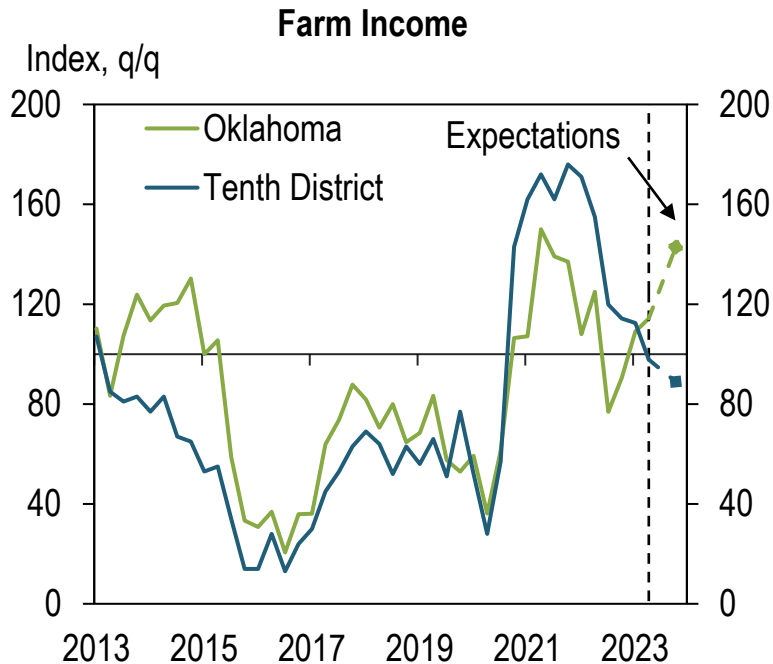
Note: Experiences consumer spending growth is calculated as an average of Accommodation & Food Service and Arts, Entertainment, & Recreation spending growth weighted by Personal Consumption Expenditures. Sources: BLS QCEW, Affinity Solutions/Track the Recovery, BEA, authors' calculations



# Energy activity continued to decline in Q2 as profit margins have been squeezed

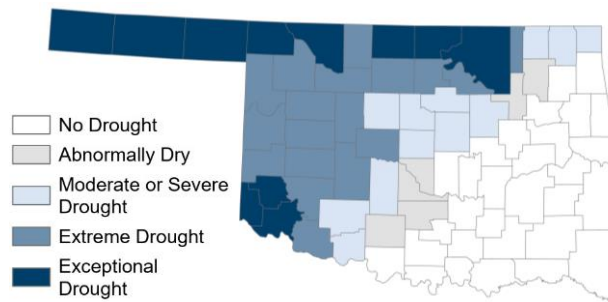


# Oklahoma farm income increased in Q2 2023 and was expected to rise further, as drought conditions improved in some areas

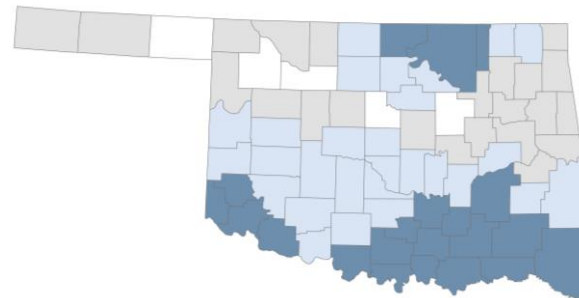


### Oklahoma Drought Map

5/16/2023

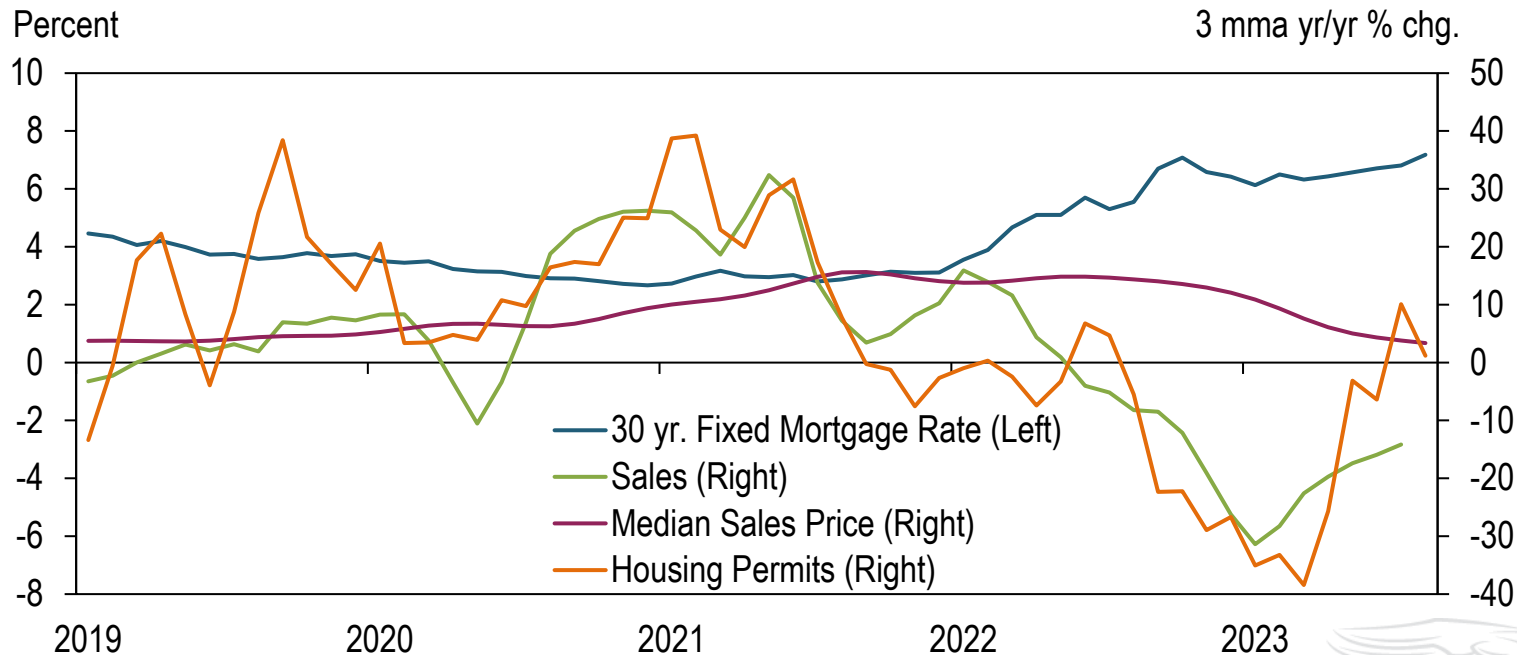


9/19/2023



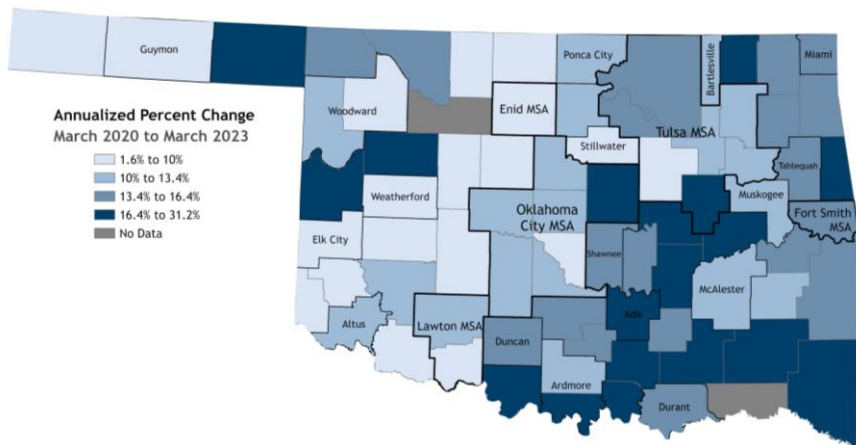
# The Oklahoma housing market eased with higher interest rates, but home prices have held up and permits have risen

Oklahoma Housing Market Indicators

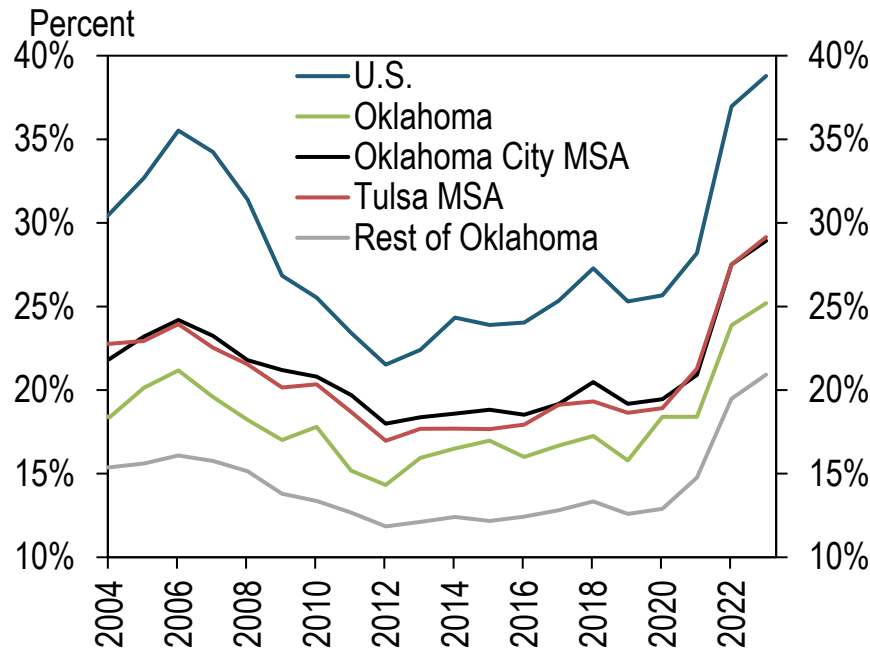


# Home prices in parts of rural Oklahoma have grown the most, but remain more affordable than the metros

### Typical Home Value Growth by County



### Mortgage Payment to Income Ratio

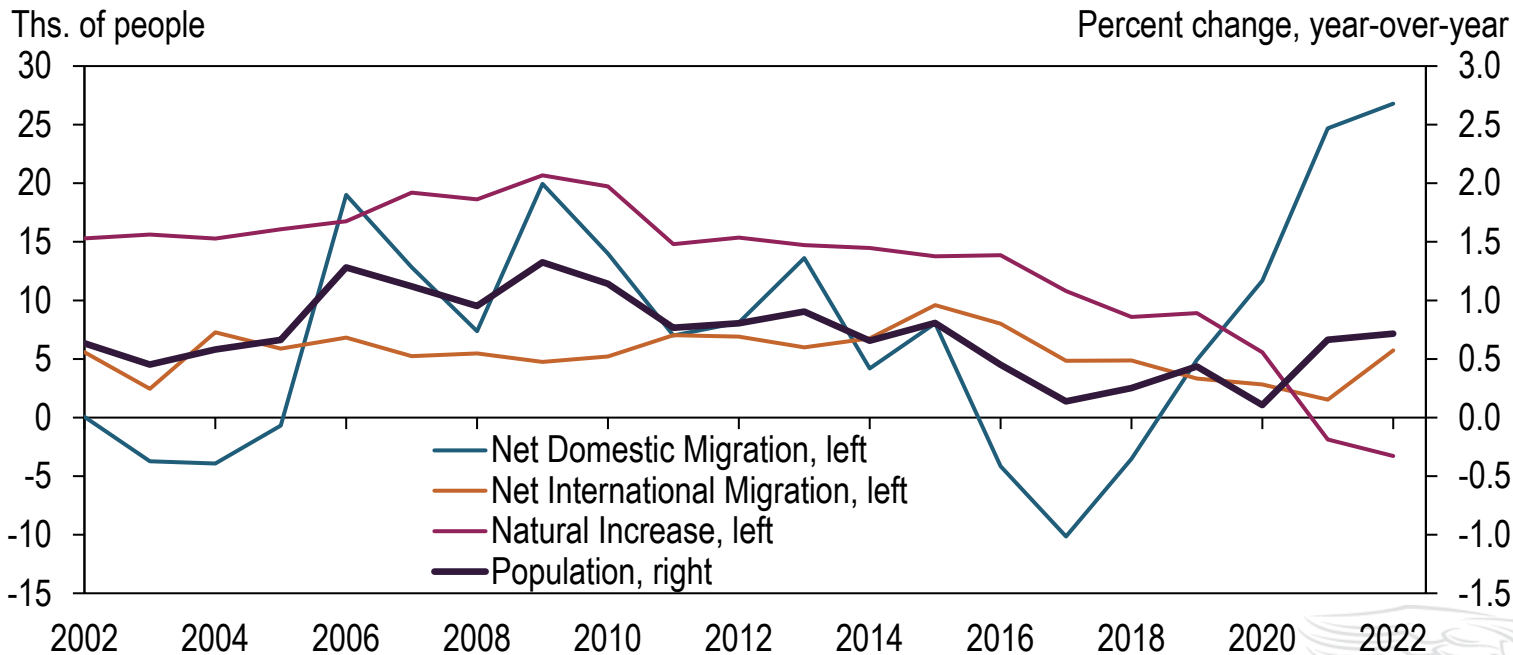


Notes: Median income for 2022 and 2023 is projected. 2023 data are from Q1. The mortgage payment assumes a 30-year mortgage with a 20% down payment and additional annual costs and taxes equaling 3% of the current home value.

Sources: Zillow, Freddie Mac, Census Bureau, BLS/Haver Analytics, authors' calculations

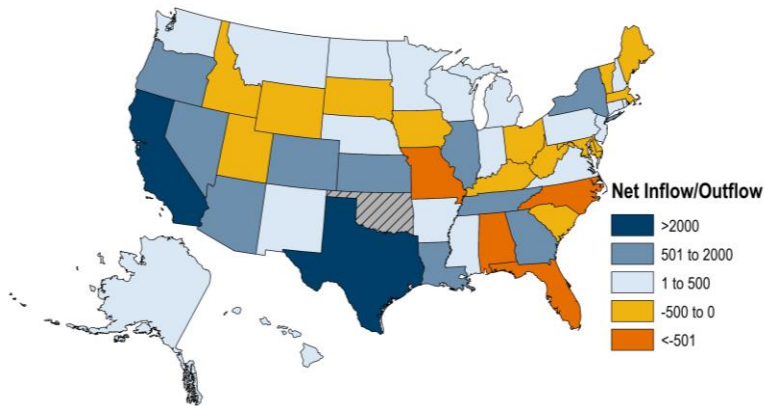
# Oklahoma's population grew in 2021 & 2022, despite a historic increase in deaths, due to massive in-migration

Oklahoma Population Changes by Component, 2001-2022

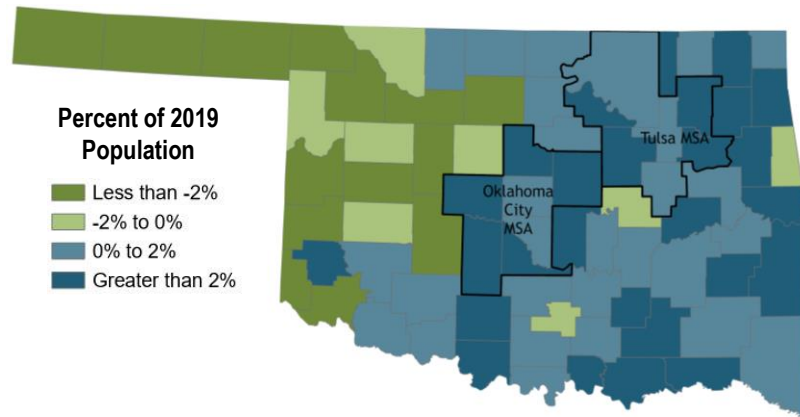


# Many people moved to OK from CA and TX, mostly to the metros but to many other parts of the state, too

### Net Domestic Migration to Oklahoma 2020 and 2021



### 2019-22 Net Domestic Migration by County



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# Questions?

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