

U.S. and Oklahoma Economic Outlook

Broken Arrow Annual Economic Development Forecast Luncheon
November 8, 2023

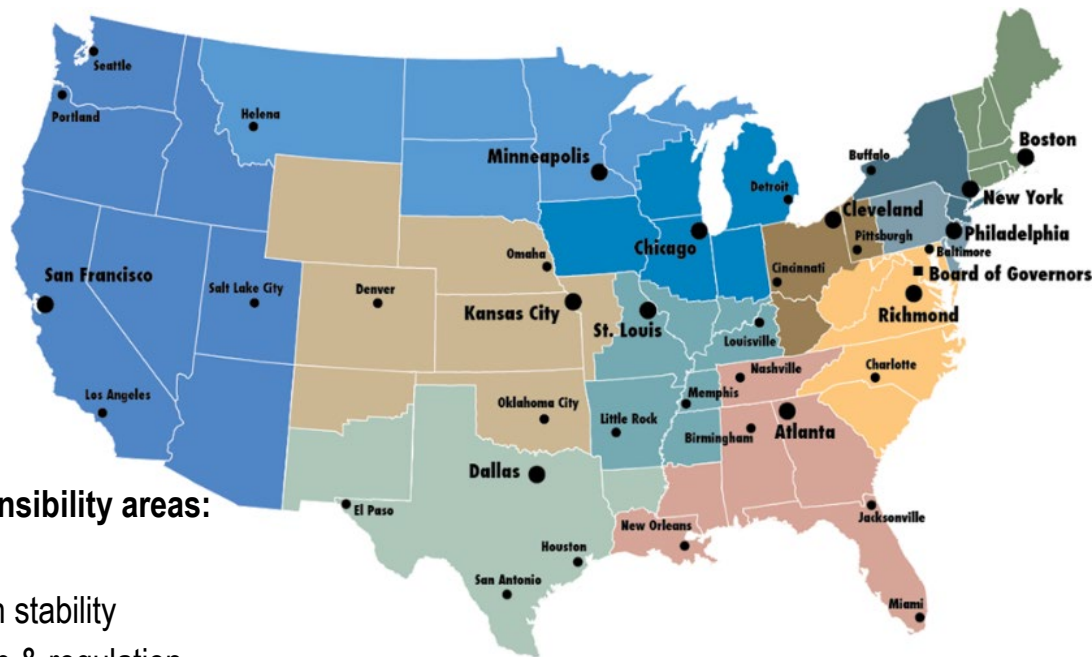
Cortney Cowley

Senior Economist

*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

- **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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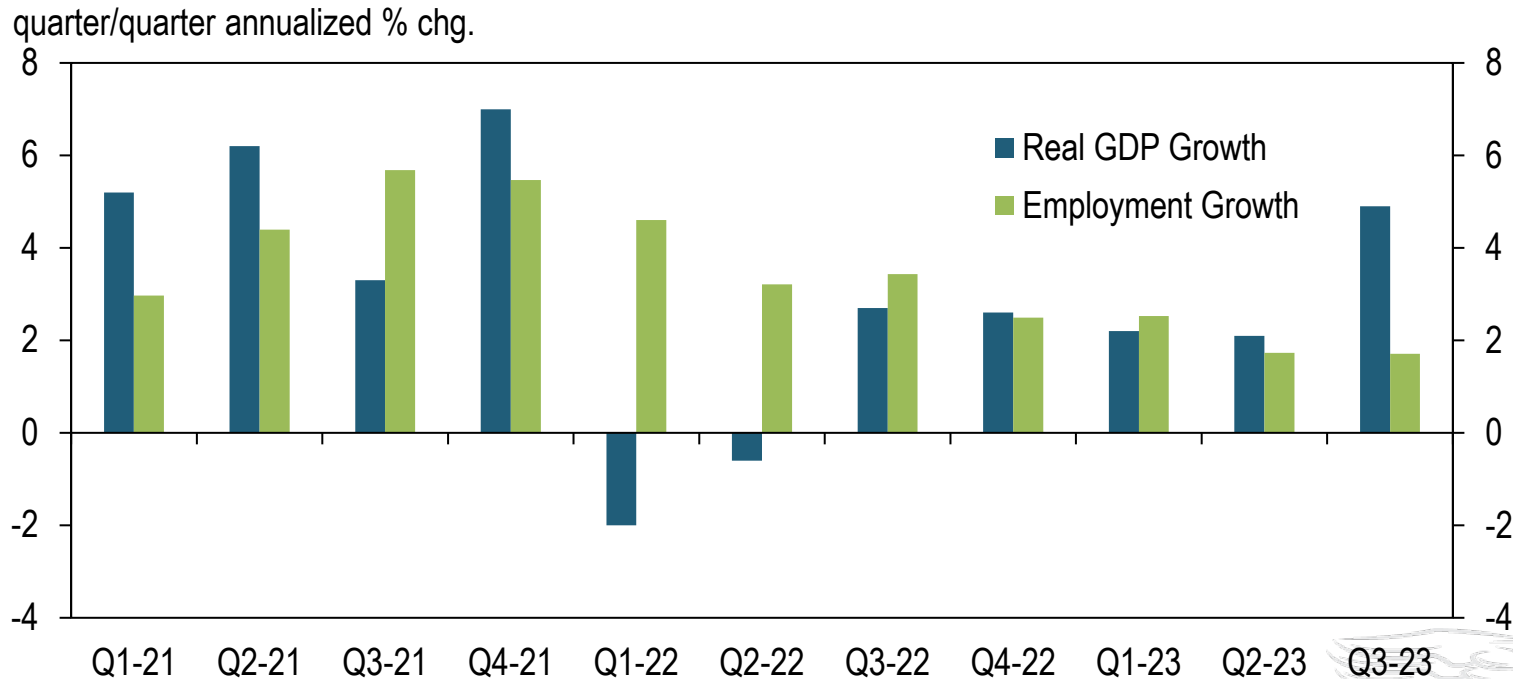
Overview

- 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
- 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 some sectors, especially energy
- Consumer spending remains strong, but reductions in government support may limit the ability of households to keep up with costs.

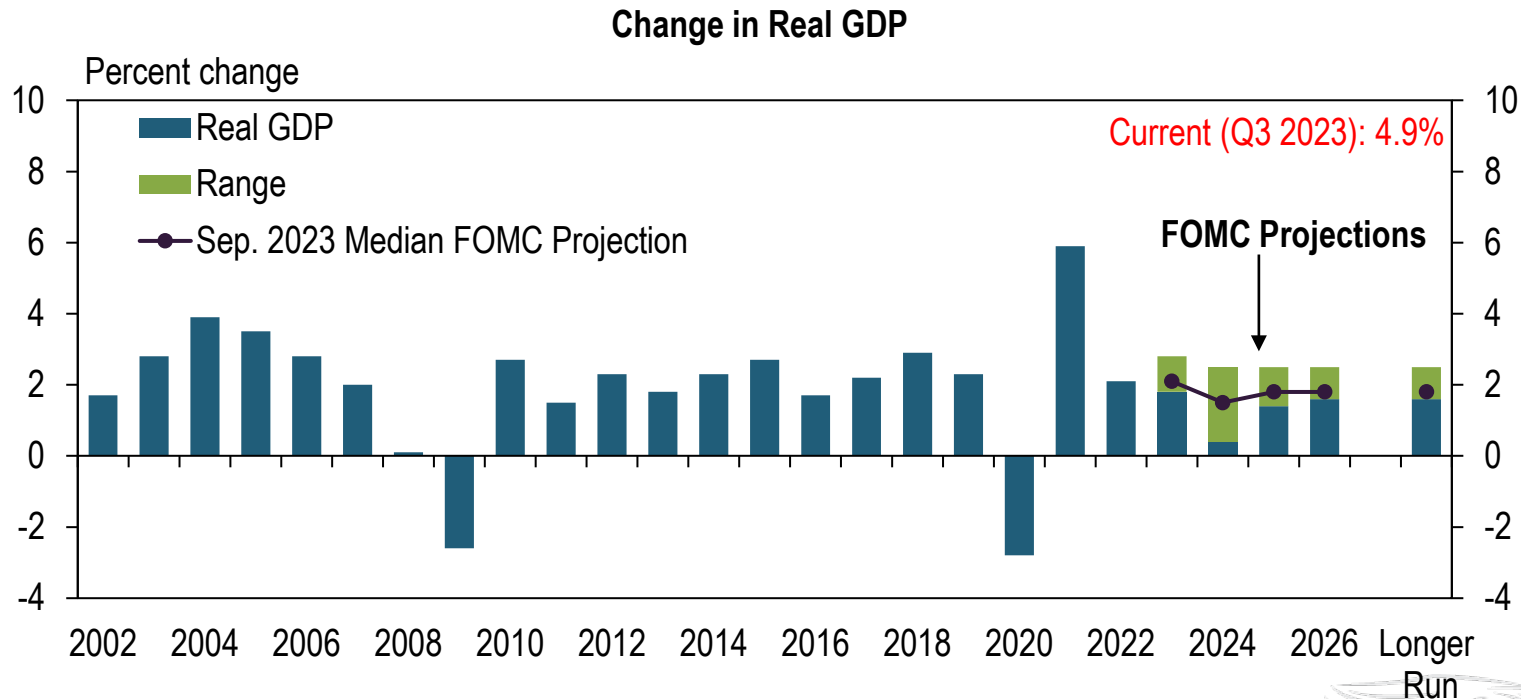


U.S. GDP growth exceeded estimates in Q3, and employment growth has slowed but remained positive

Quarterly U.S. Economic Growth

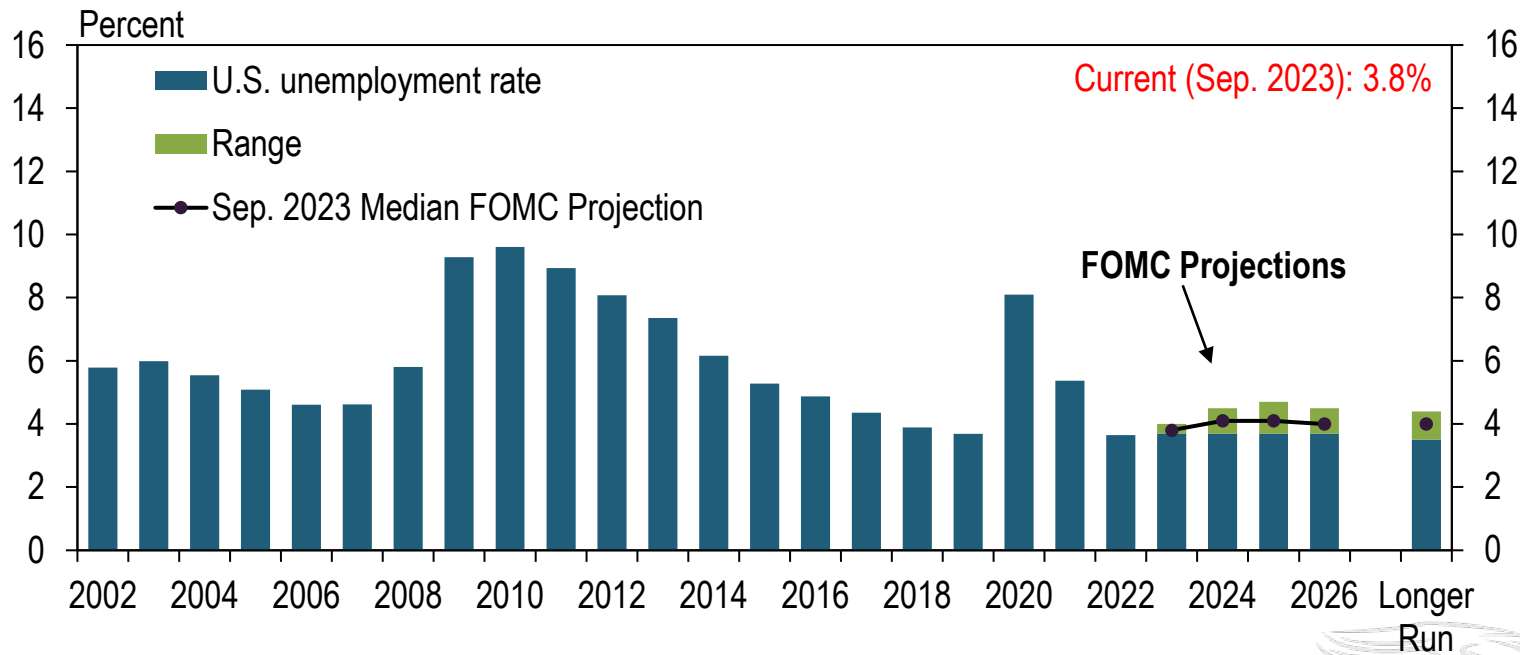


GDP growth is expected to slow in 2024 before rebounding to near trend in 2025 and 2026



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

U.S. Unemployment Rate

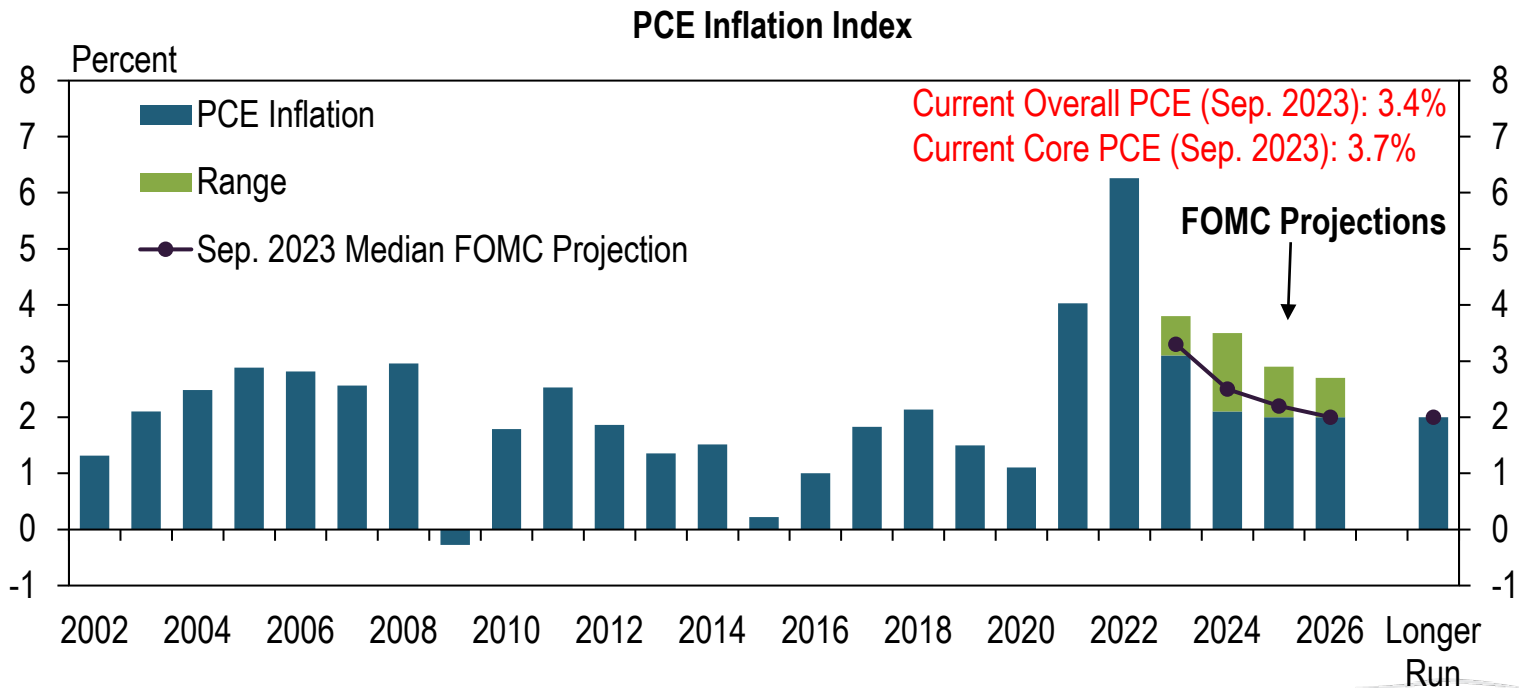


Note: Data and FOMC projections are for year-end.

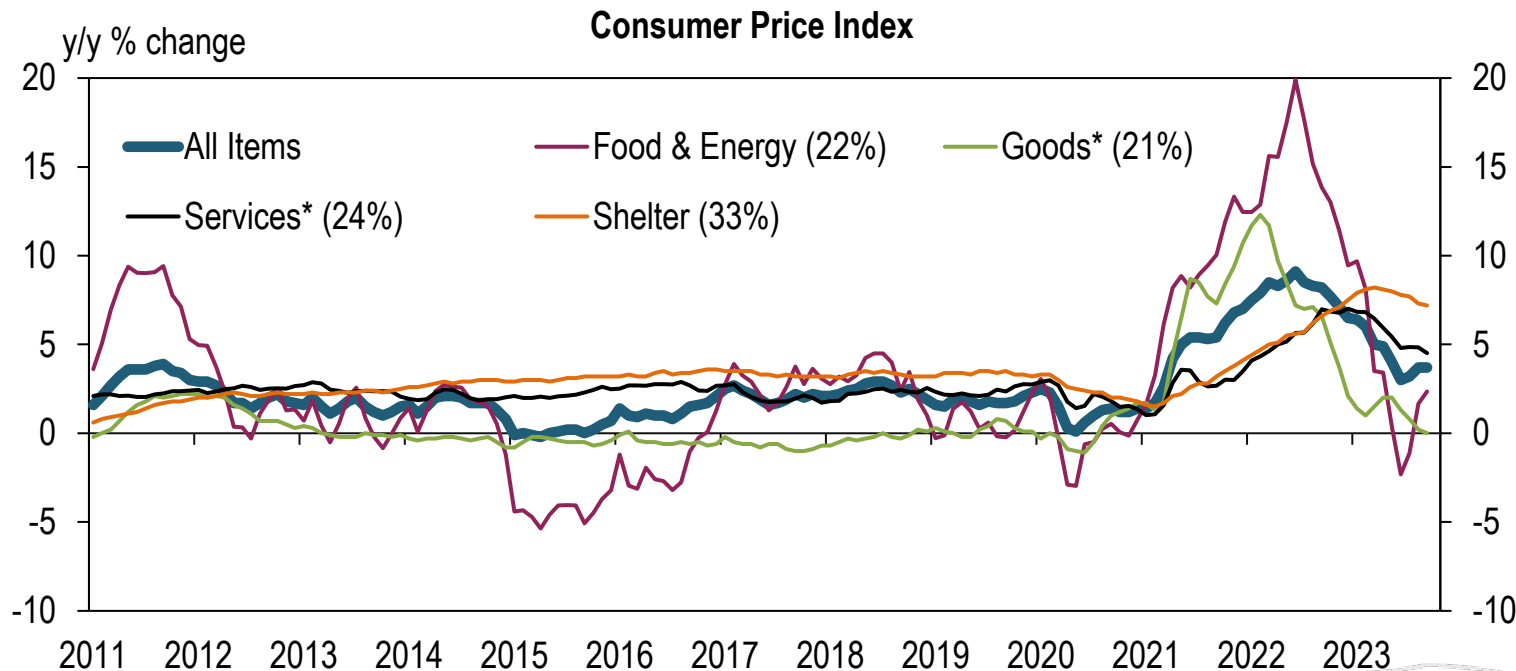
Sources: U.S. Bureau of Labor Statistics, FOMC



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



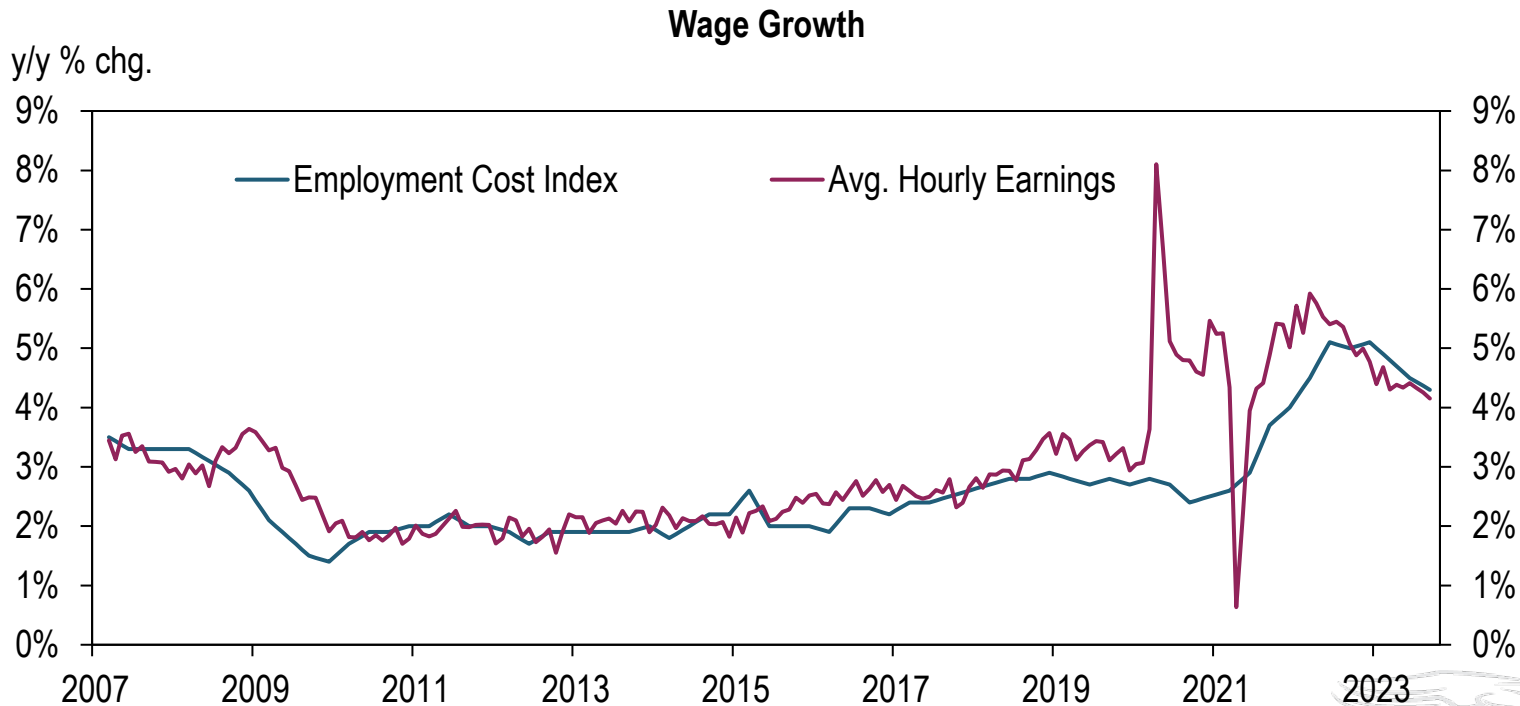
CPI inflation stayed at 3.7% in September, with shelter and services inflation and energy prices rising



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

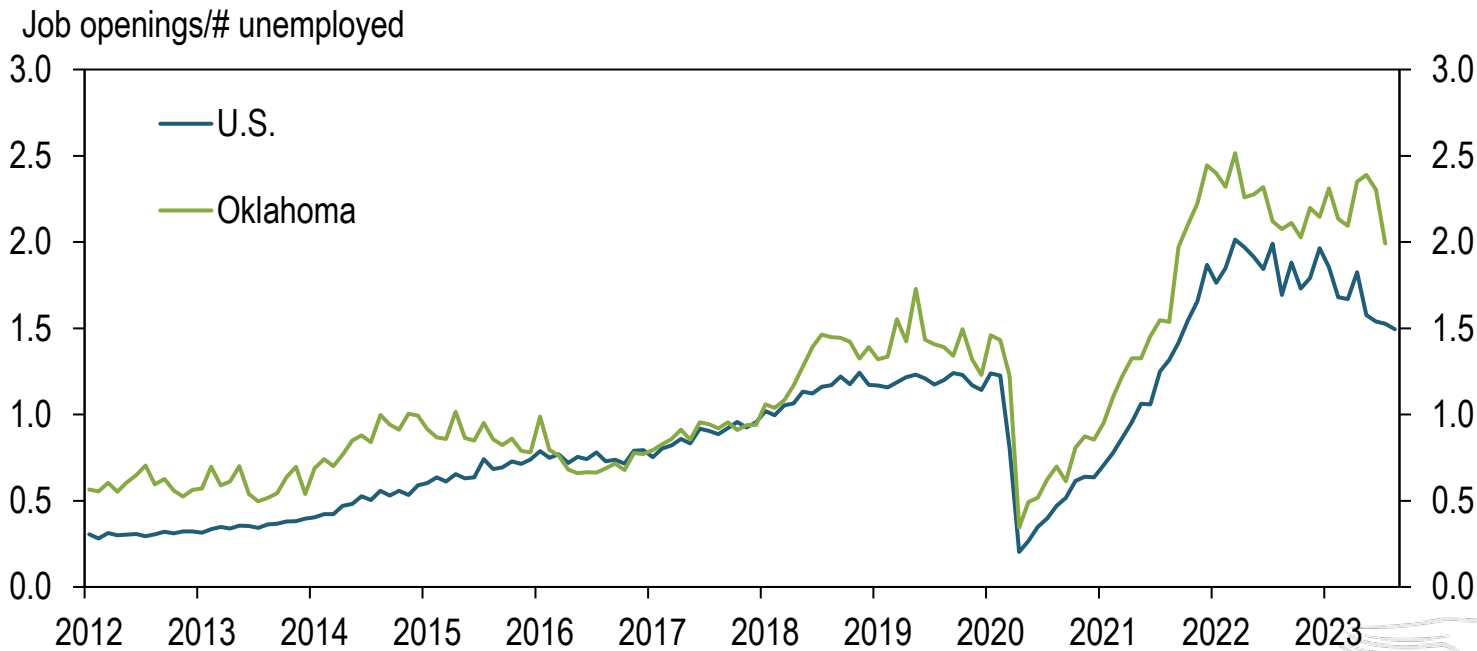


Wage growth is a key factor keeping services inflation elevated, and has come down moderately from recent highs



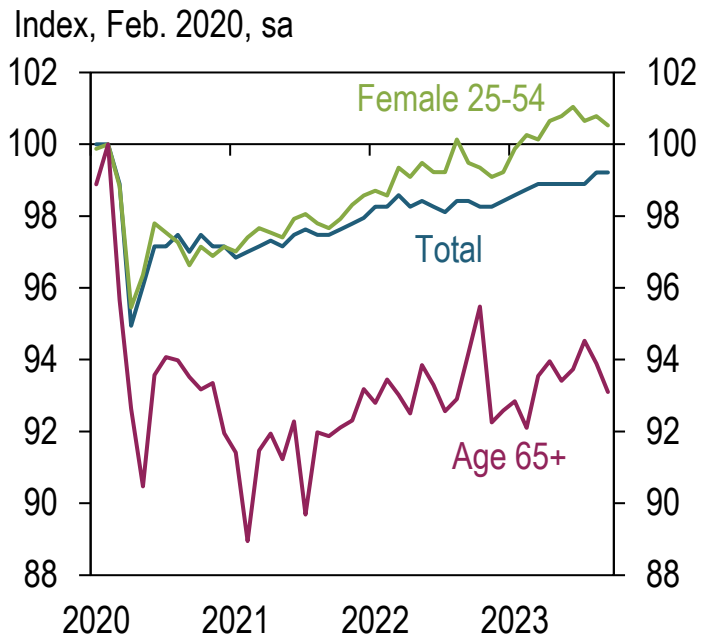
Job openings still greatly exceed unemployed workers but have fallen slightly at the national level, helping ease wage pressures

Job Openings/Unemployment Ratio

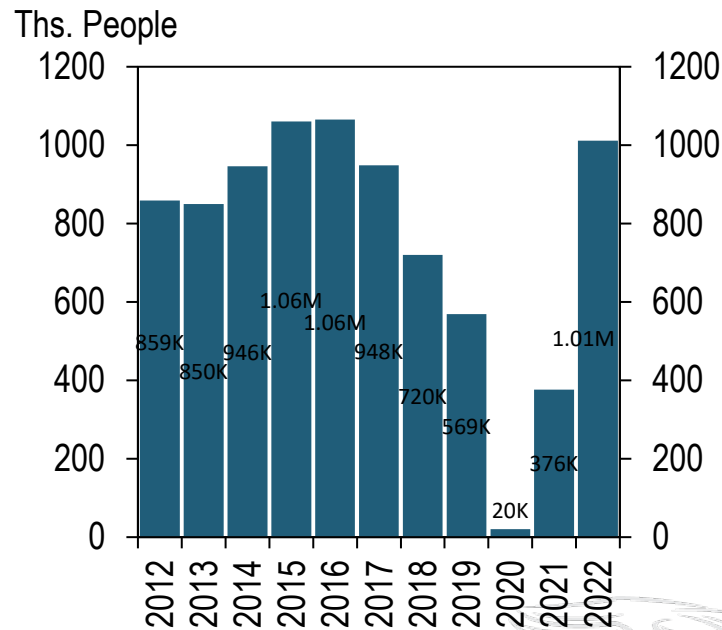


Labor force participation still lags, mostly due to older workers, while immigration rebounded last year after several low years

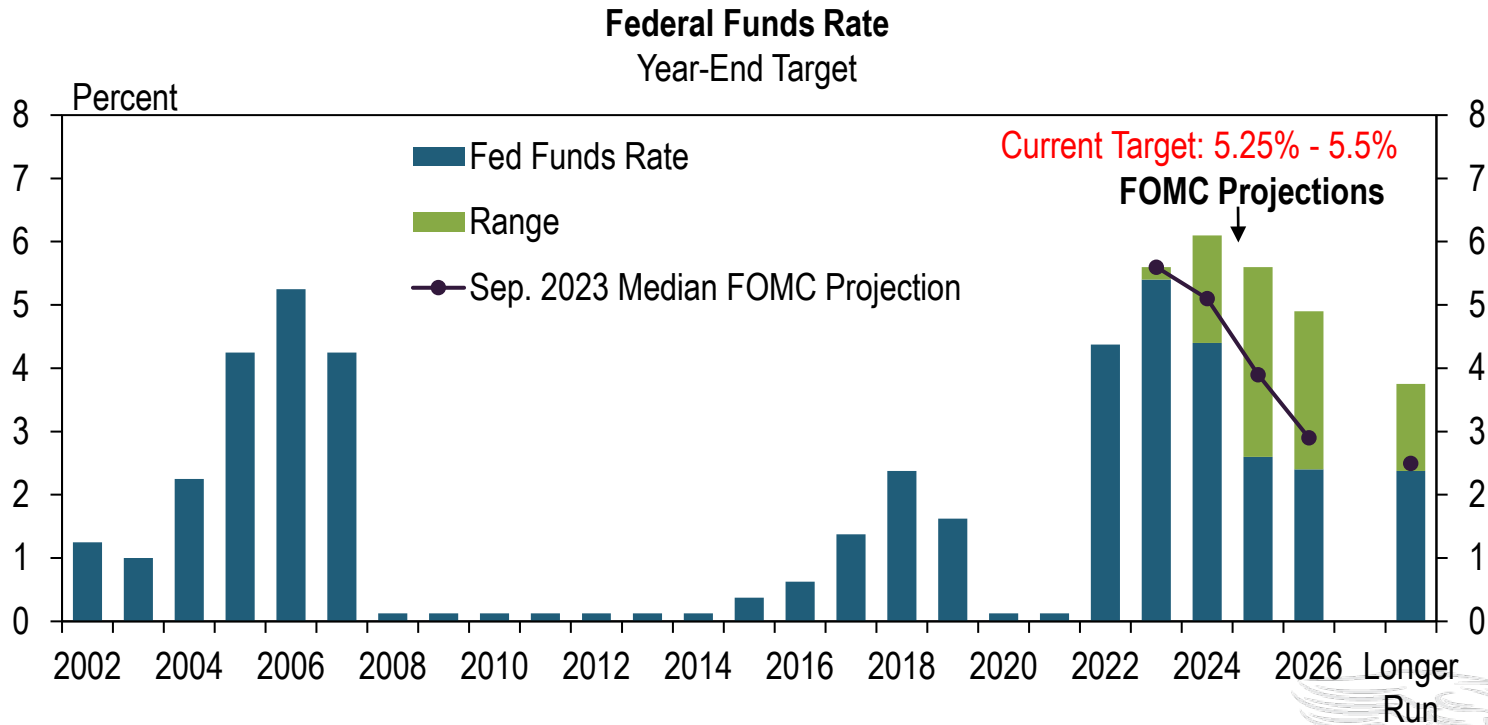
U.S. Labor Force Participation Rate



Net International Immigration to the U.S.

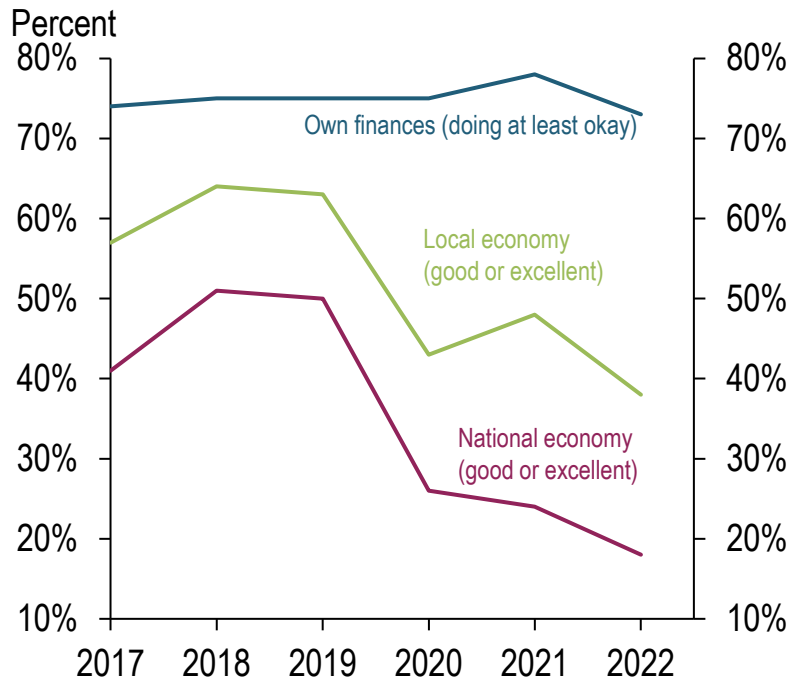


The Fed held the federal funds rate steady again in October, and the latest projections are shown



Most Americans would not call the economy good or excellent, and their own financial well-being fell last year and varies widely by income

Assessment of Financial & Economic Well-Being



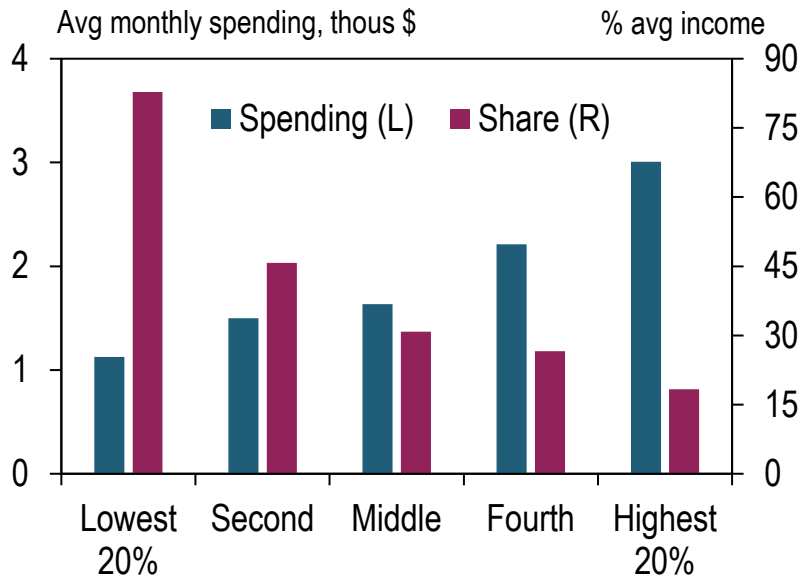
Financial Well-Being by Income (October 2022)

Percent

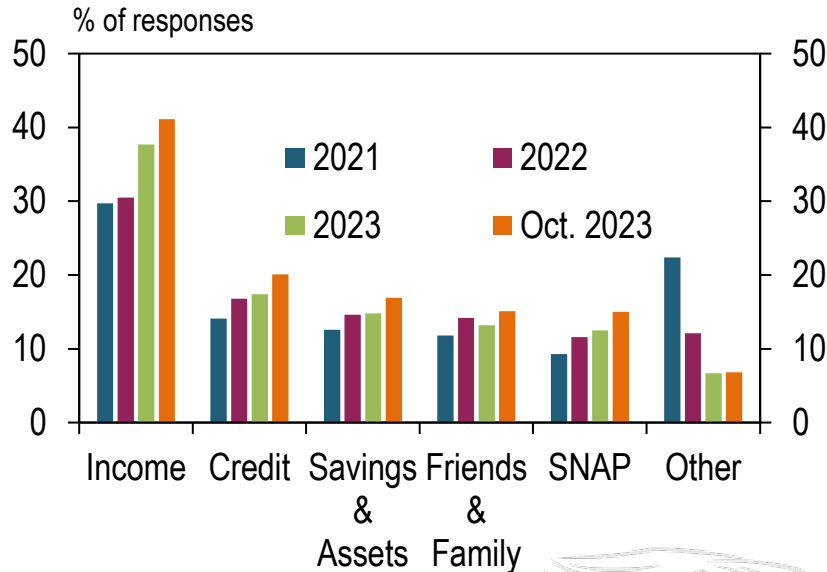
Family Income	Percent doing at least okay financially		Percent able to pay this month's bills	
	2019	2022	2019	2022
Less than \$25,000	51	54	65	58
\$25,000 to \$49,999	66	61	76	71
\$50,000 to \$99,999	84	78	86	83
\$100,000 or more	95	93	93	91

Risks are growing, especially for low- and moderate-income households, as costs remain high and government support recedes.

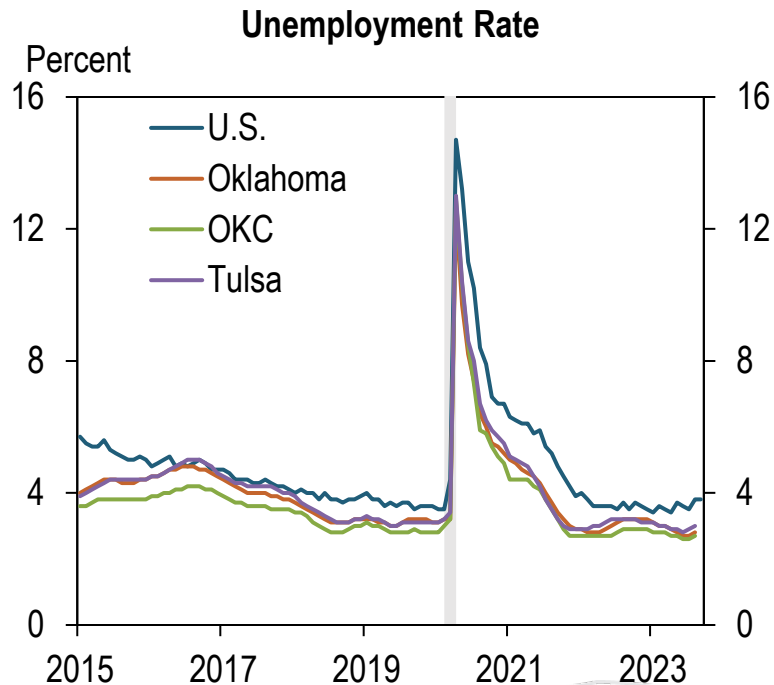
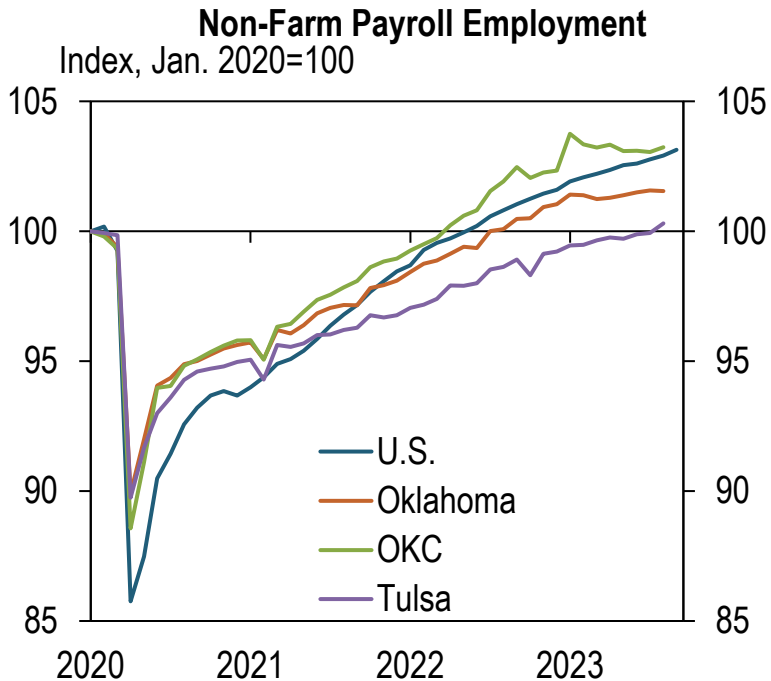
Household Food, Fuel, and Housing Expenditures in the Tenth District



Methods Used by Low-Income Households to Meet Spending Needs

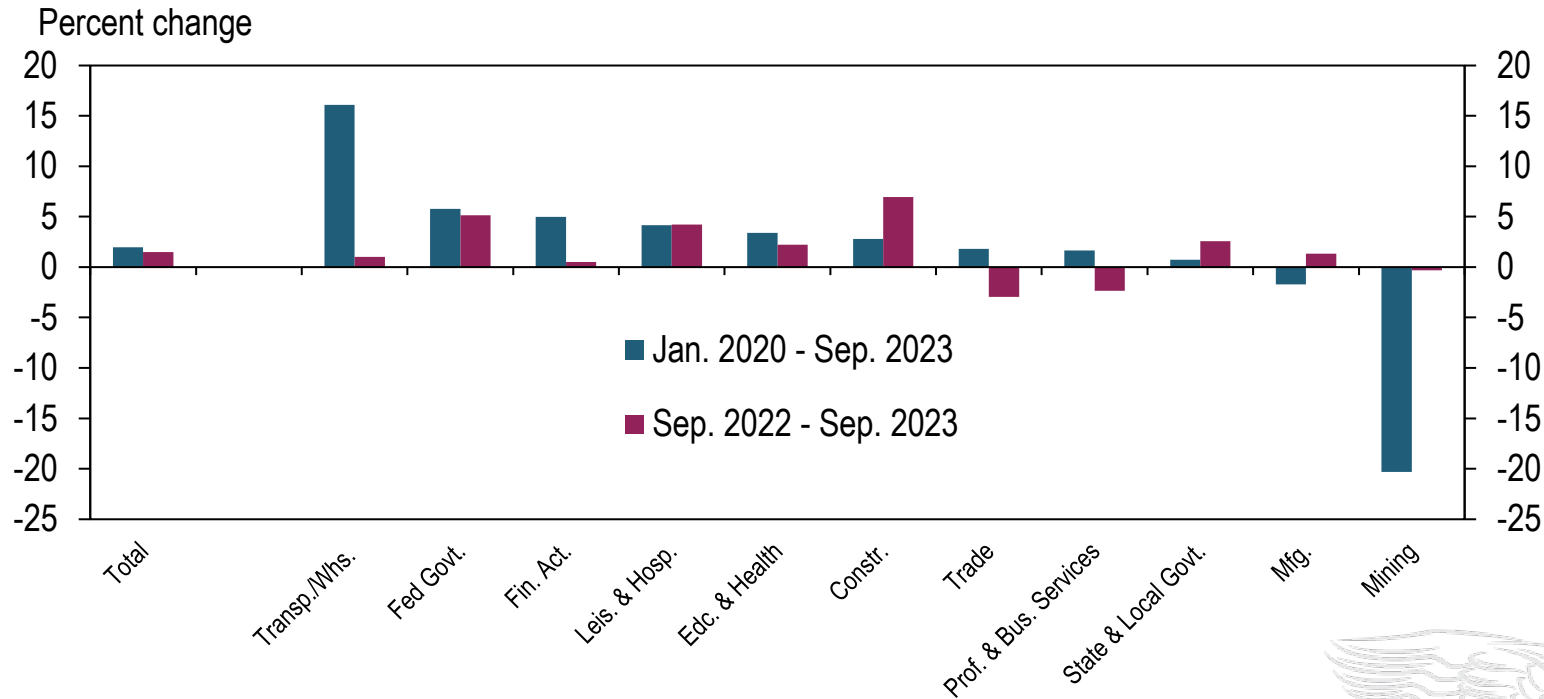


Jobs in Oklahoma have leveled off in recent months at above pre-pandemic levels, while unemployment remains very low

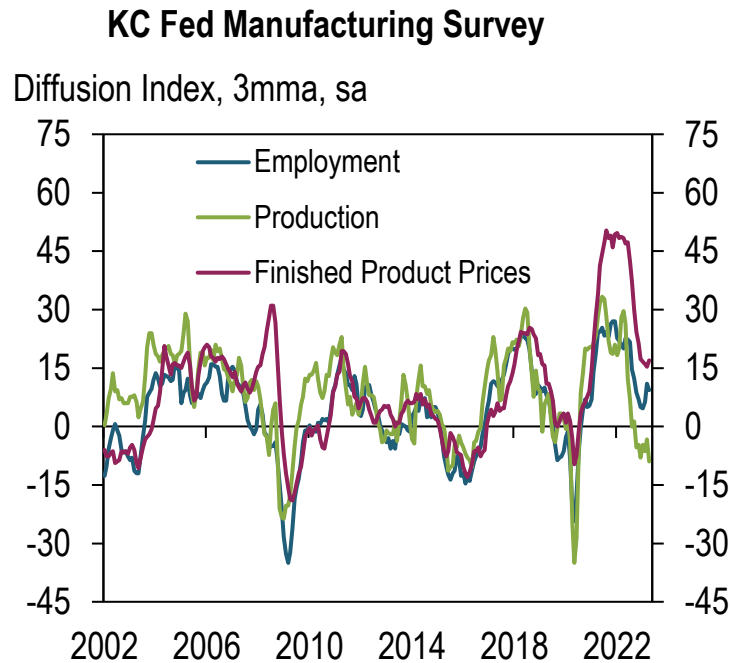
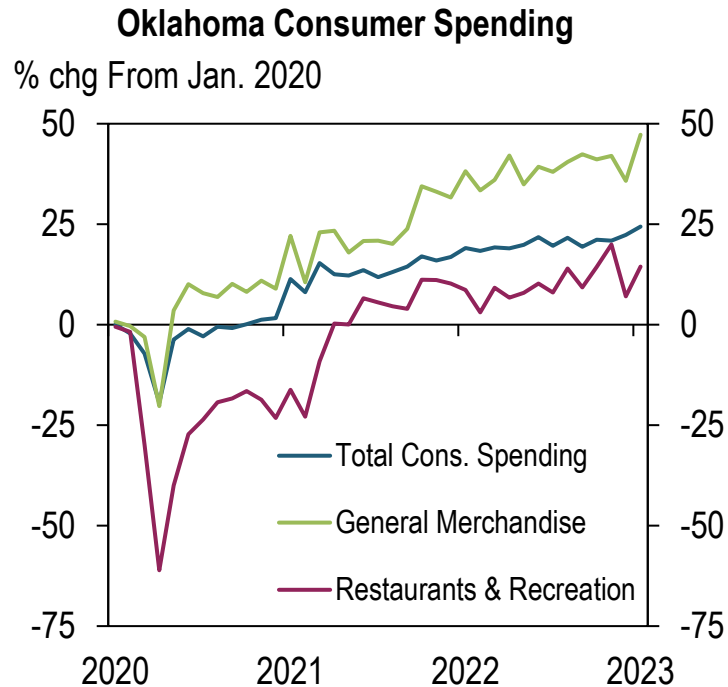


Most Oklahoma sectors added jobs over the past year, but job growth varies widely relative to pre-pandemic levels

Oklahoma Job Growth by Industry

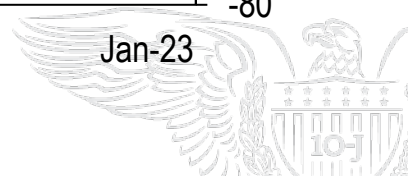
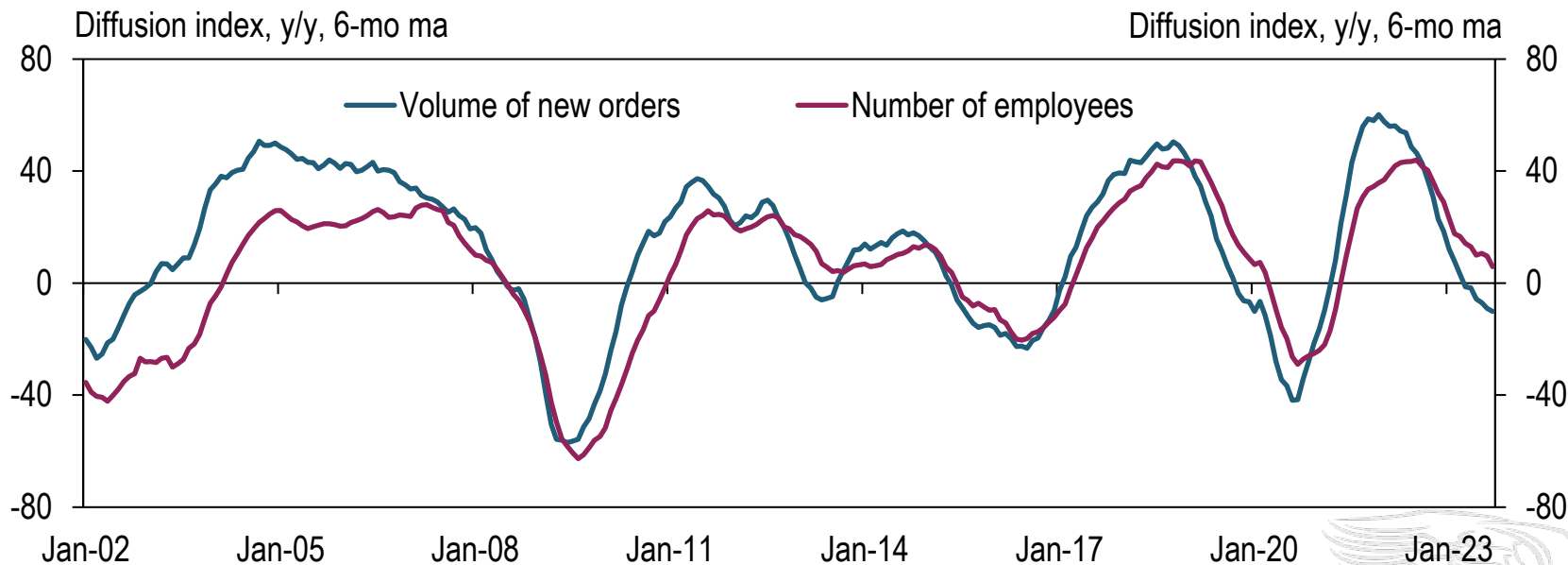


OK consumer spending continues to rise, while regional factory production has slowed



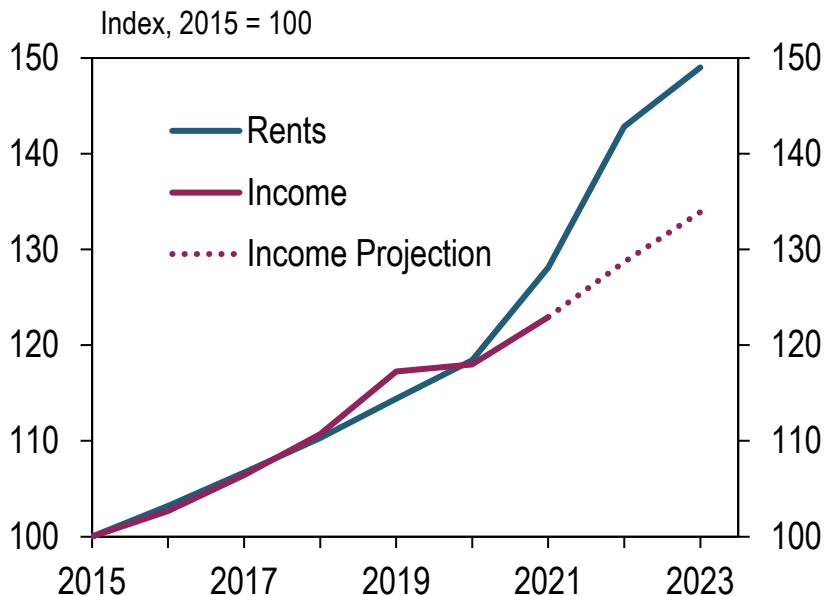
We have started to see some slowing in sales relative to a year ago, but businesses are reluctant to let go of workers.

Manufacturing New Orders and Employment

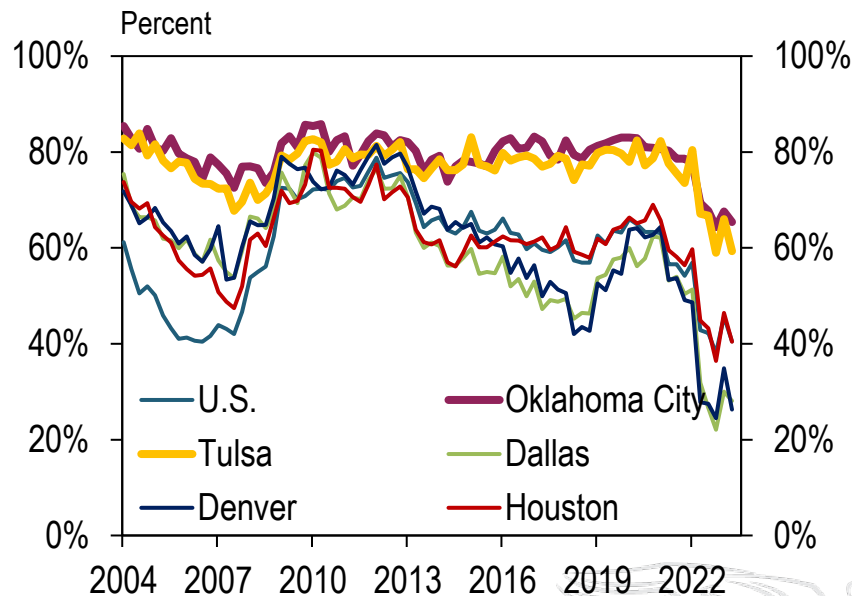


Much higher rental rates and home prices than a few years ago have greatly increased housing costs, but Oklahoma is still relatively affordable

District Housing Affordability

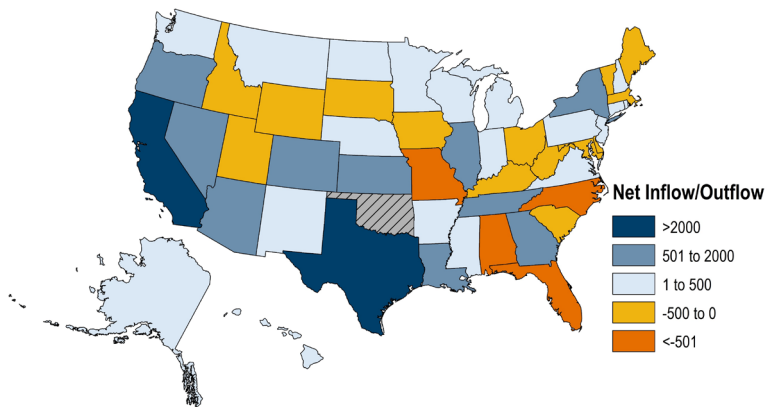


Share of Affordable Homes

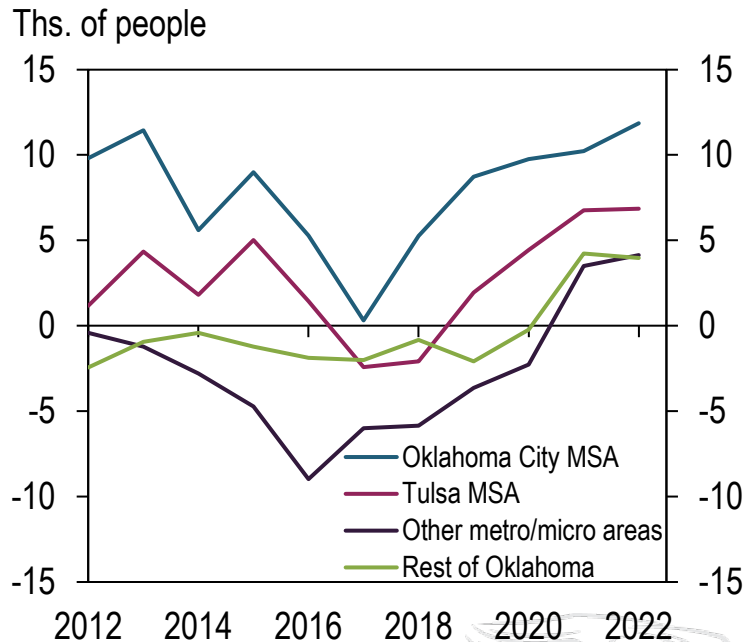


Many people moved to OK from CA and TX, mostly to the metros but to many other parts of the state, too

**Net Domestic Migration to Oklahoma
2020 and 2021**

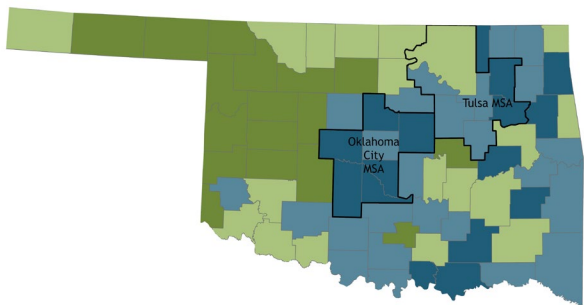


Oklahoma Net Domestic Migration

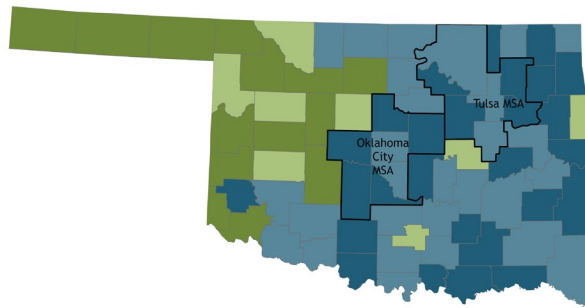


The OKC and Tulsa metros—along with several eastern and southern nonmetro counties—have grown the most

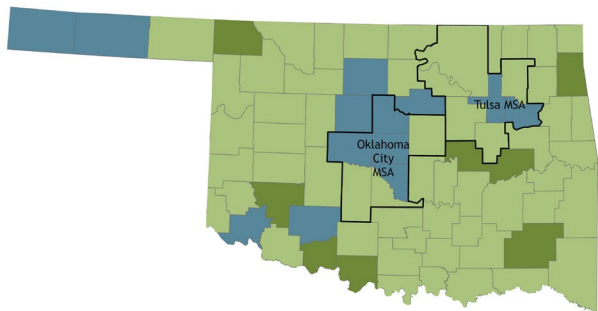
2019-22 County Population Change



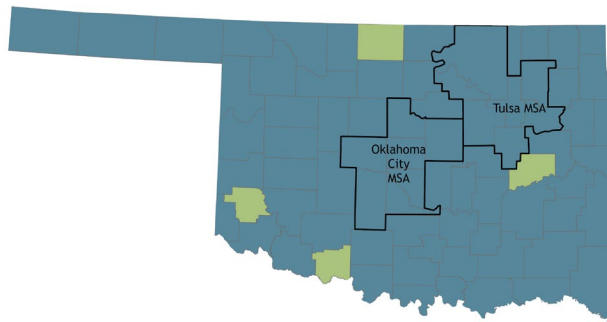
2019-22 Net Domestic Migration by County



2019-22 Natural Population Increase by County



2019-22 Net International Migration by County



Legend

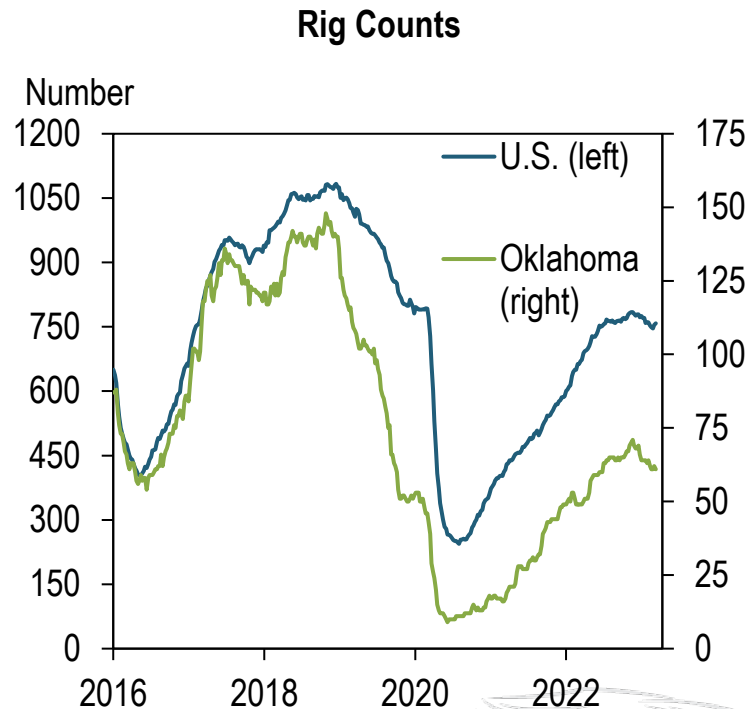
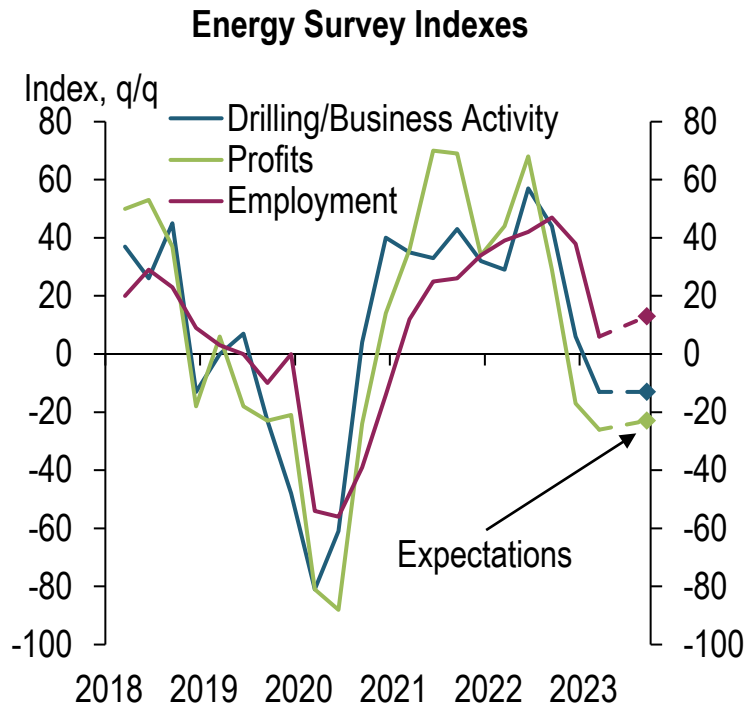
Percent of 2019 Population

- Less than -2%
- 2% to 0%
- 0% to 2%
- Greater than 2%

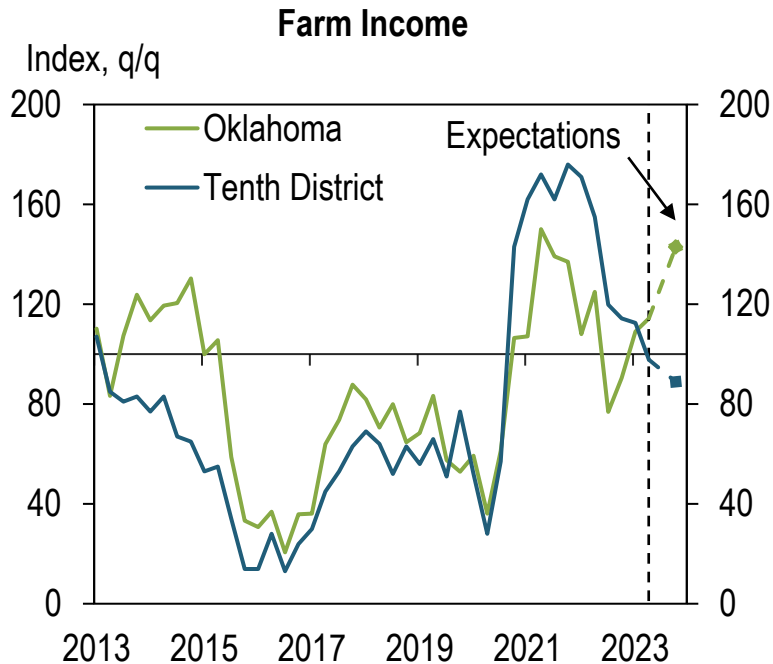


Source: U.S. Census Bureau

Activity & rig counts have begun to edge down in Oklahoma and the nation with lower profitability

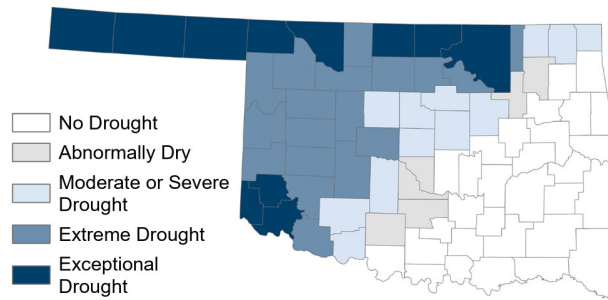


Oklahoma farm income increased in Q2 2023 and was expected to rise further, as drought conditions improved in the panhandle

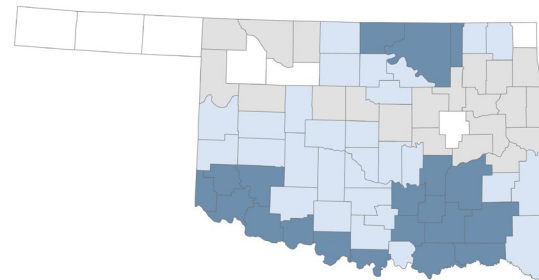


Oklahoma Drought Map

5/16/2023



10/10/2023



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Questions?

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