

# U.S. and Oklahoma Economic Outlook

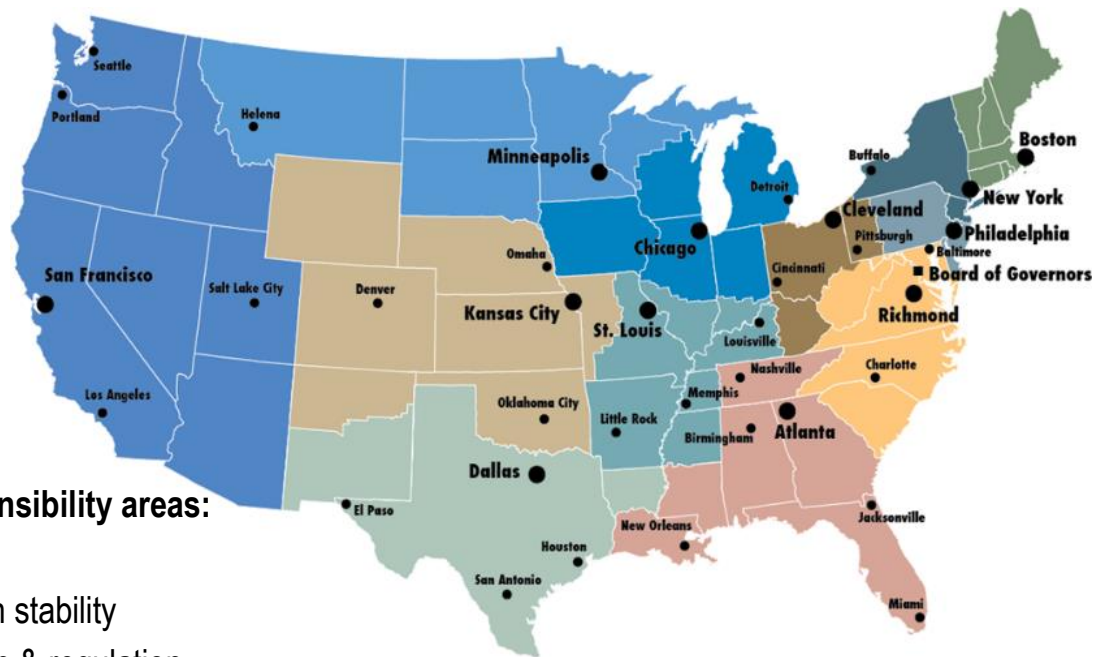
*Fortune Club*  
*November 21, 2023*

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



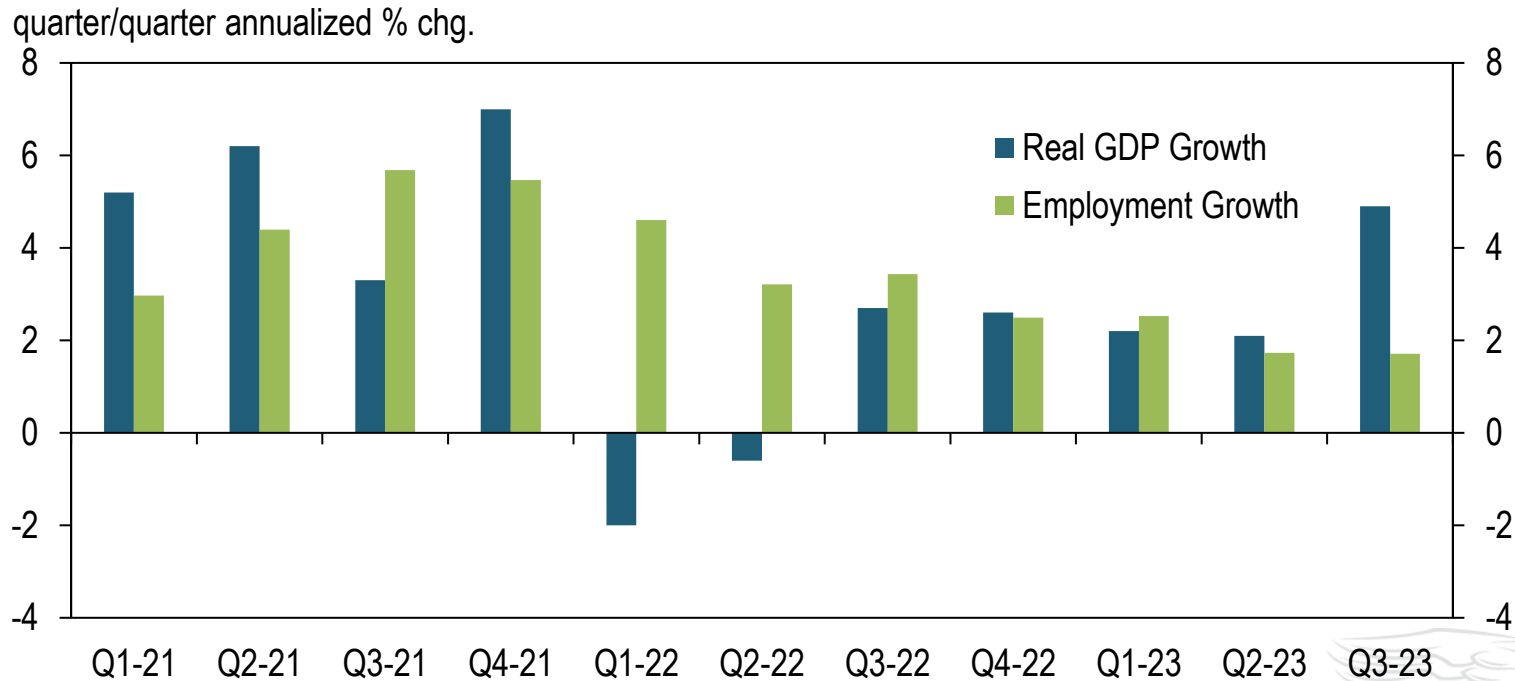
## Overview

- U.S. economic growth has continued in 2023, and unemployment remains low
- But inflation remains too high, despite coming down from 2022 peaks, and 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

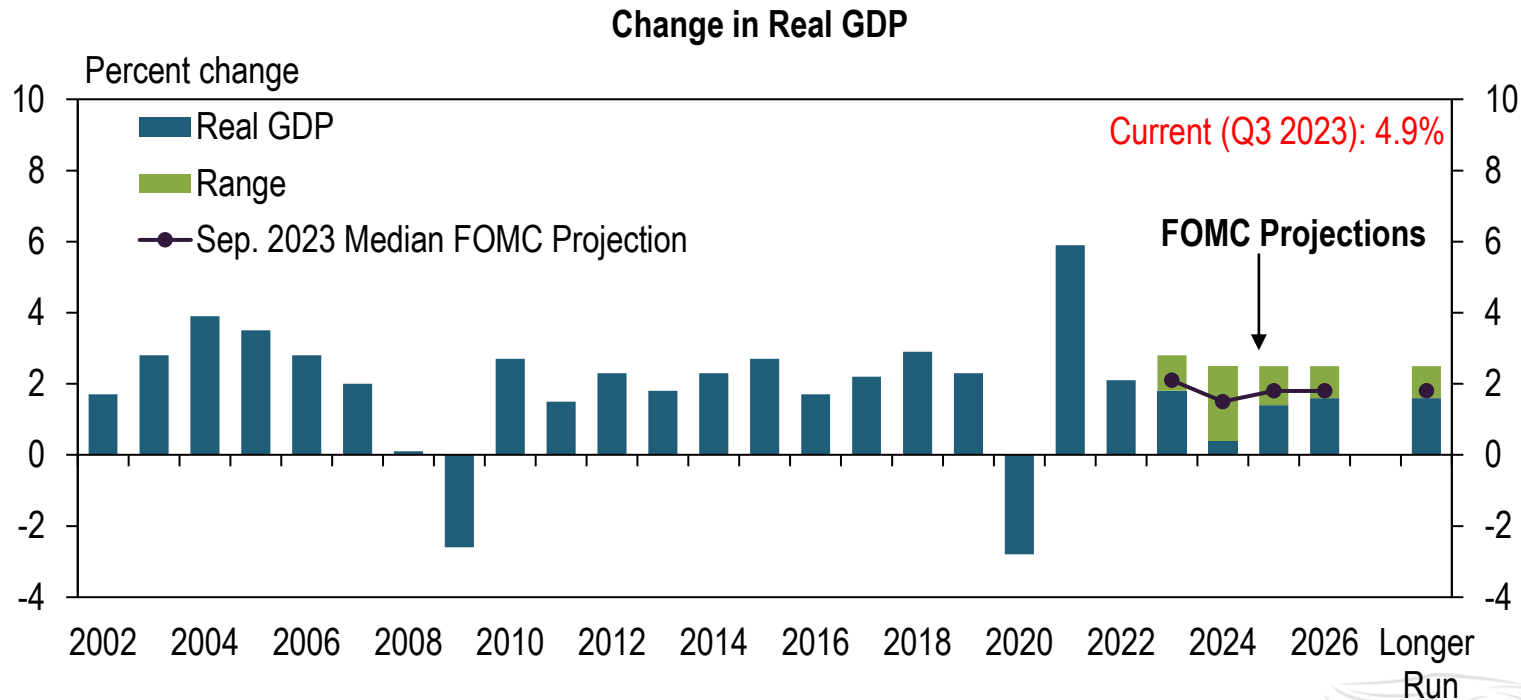


# U.S. GDP growth exceeded estimates in Q3, and employment growth has slowed but remained positive

Quarterly U.S. Economic Growth

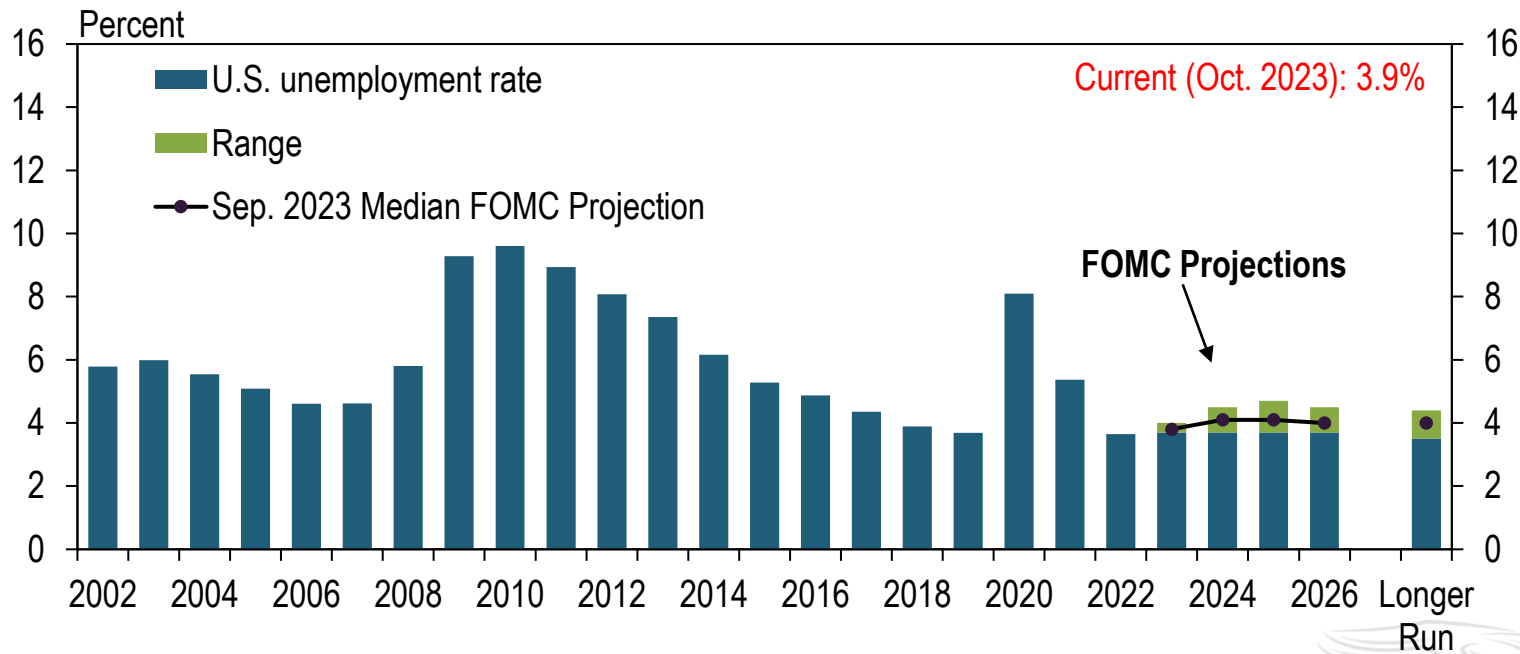


# GDP growth is expected to slow in 2024 before rebounding to near trend in 2025 and 2026



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

## U.S. Unemployment Rate



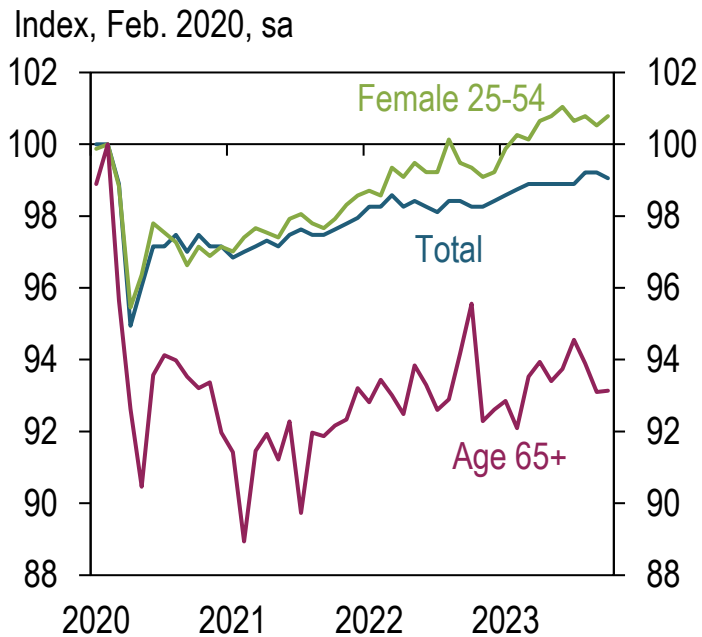
Note: Data and FOMC projections are for year-end.

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

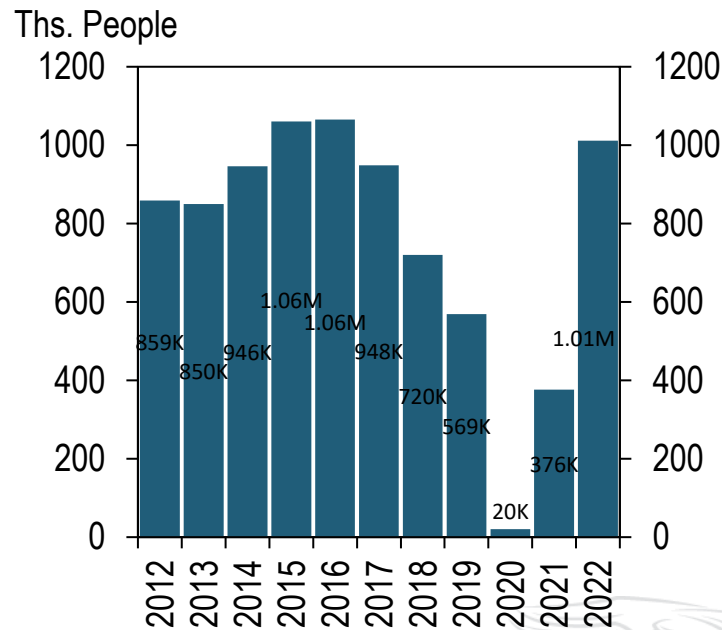


# Labor force participation still lags, mostly due to older workers, while immigration rebounded last year after several low years

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



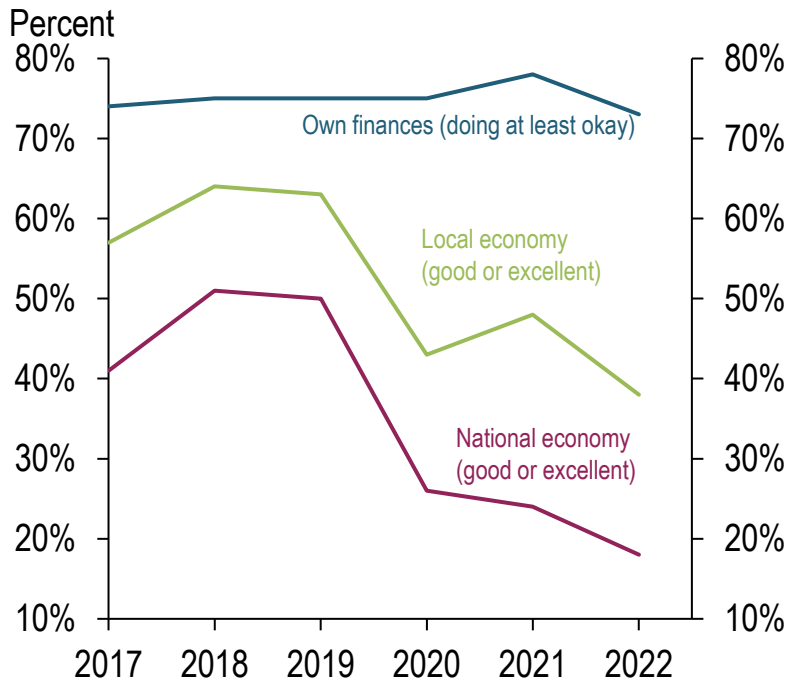
**Net International Immigration to the U.S.**





# 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

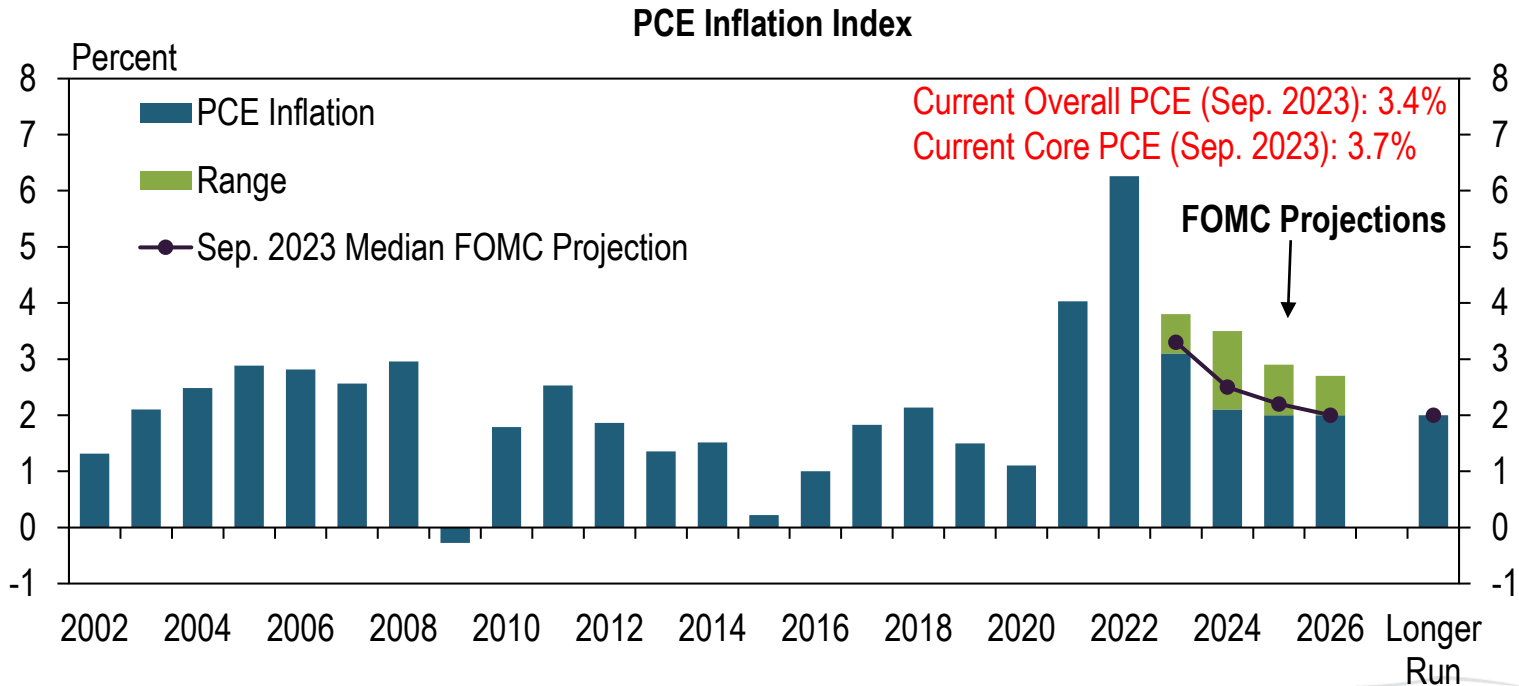


## Financial Well-Being by Income (October 2022)

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

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

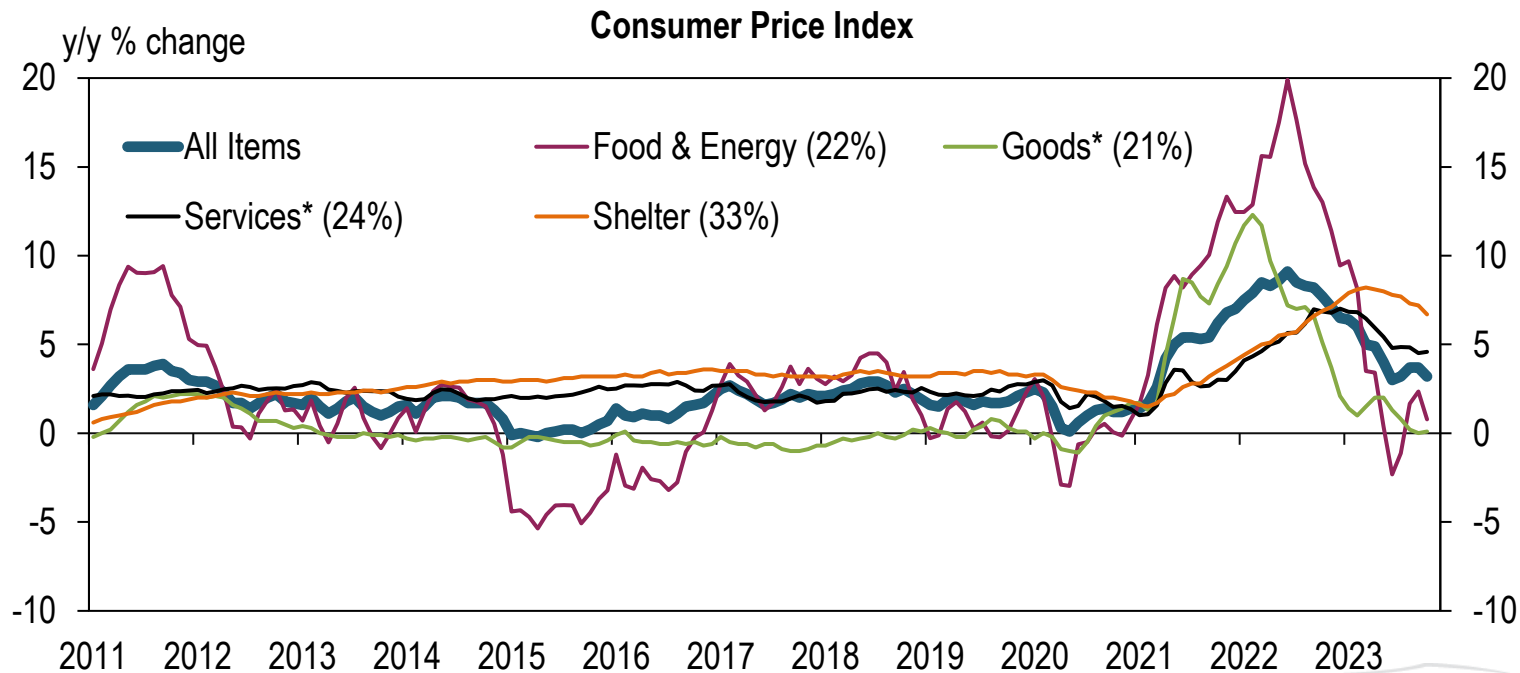


Note: Data and FOMC projections are for year-end.

Sources: Bureau of Economic Analysis, FOMC



# CPI inflation fell to 3.2% in October, with shelter and energy price growth easing

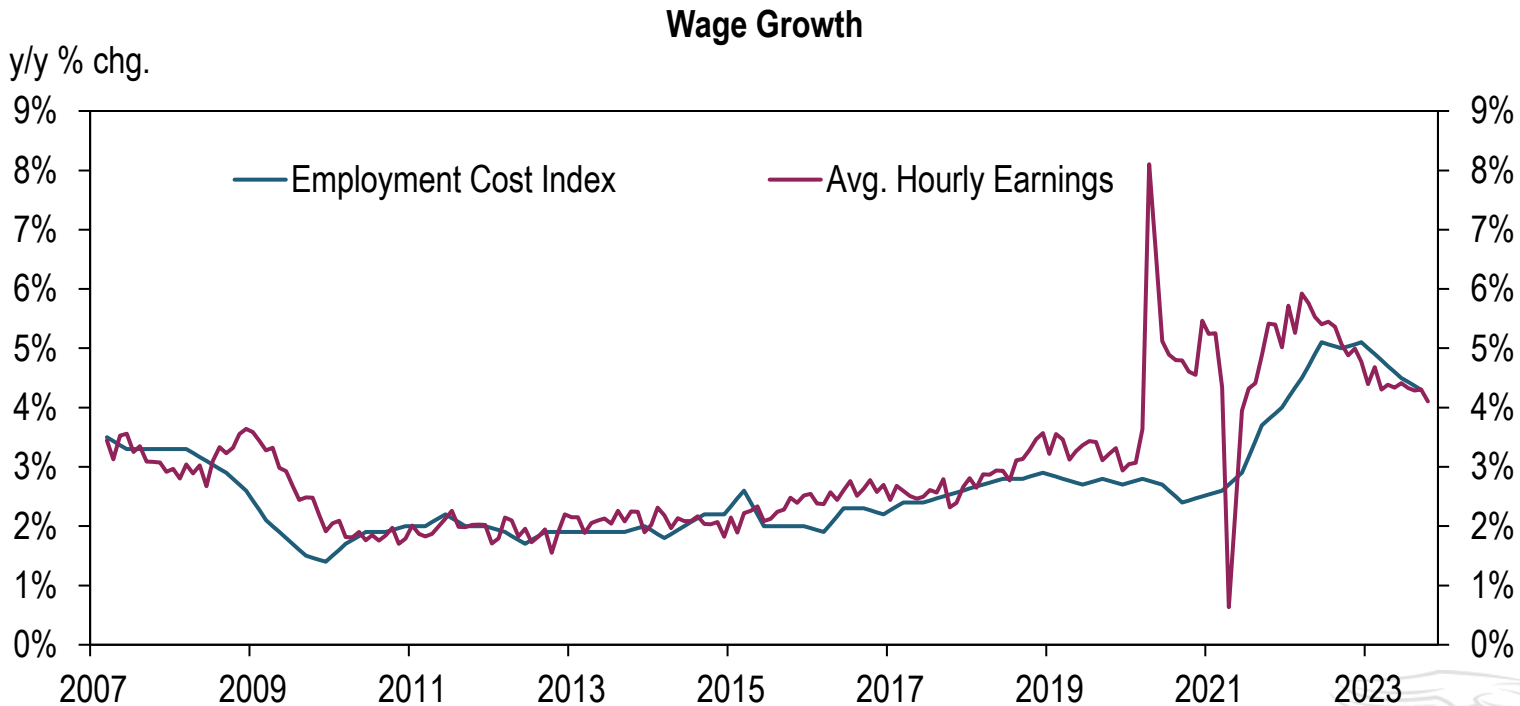


\*Goods excluding Food; Services excluding Energy.  
 Note: Relative Importance as Share of CPI shown in parenthesis.

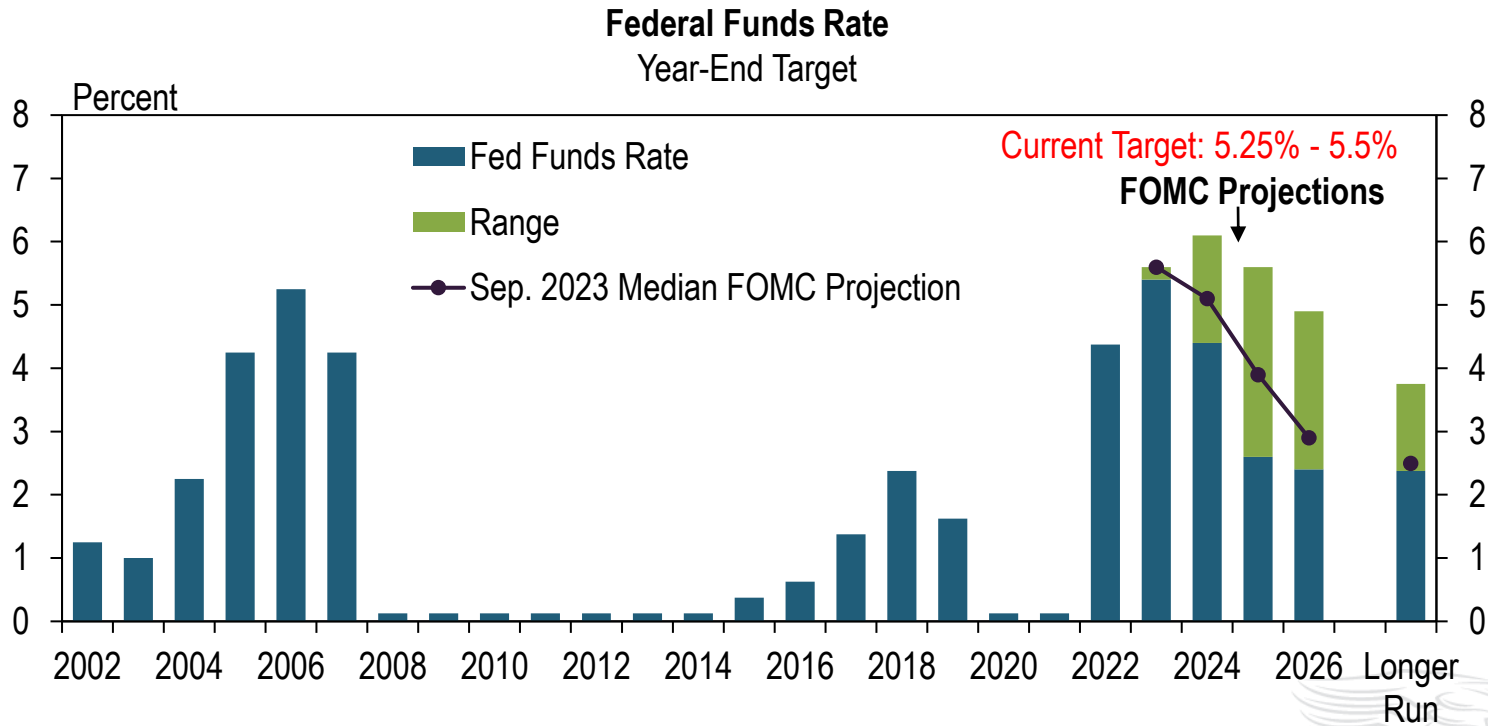
Sources: BLS/Haver Analytics



# Wage growth is a key factor keeping services inflation high, but has come down moderately in 2023



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



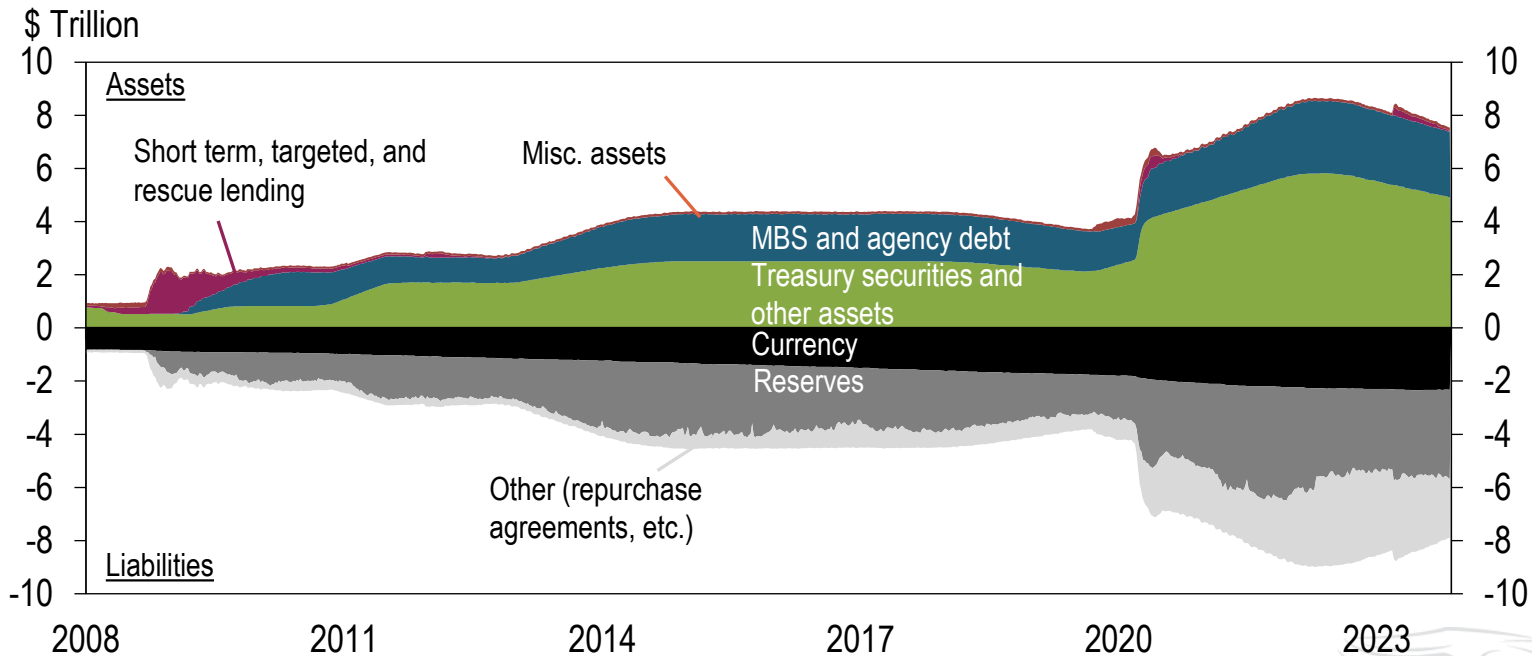
Note: Data and FOMC projections are for year-end.

Sources: Bureau of Economic Analysis, FOMC



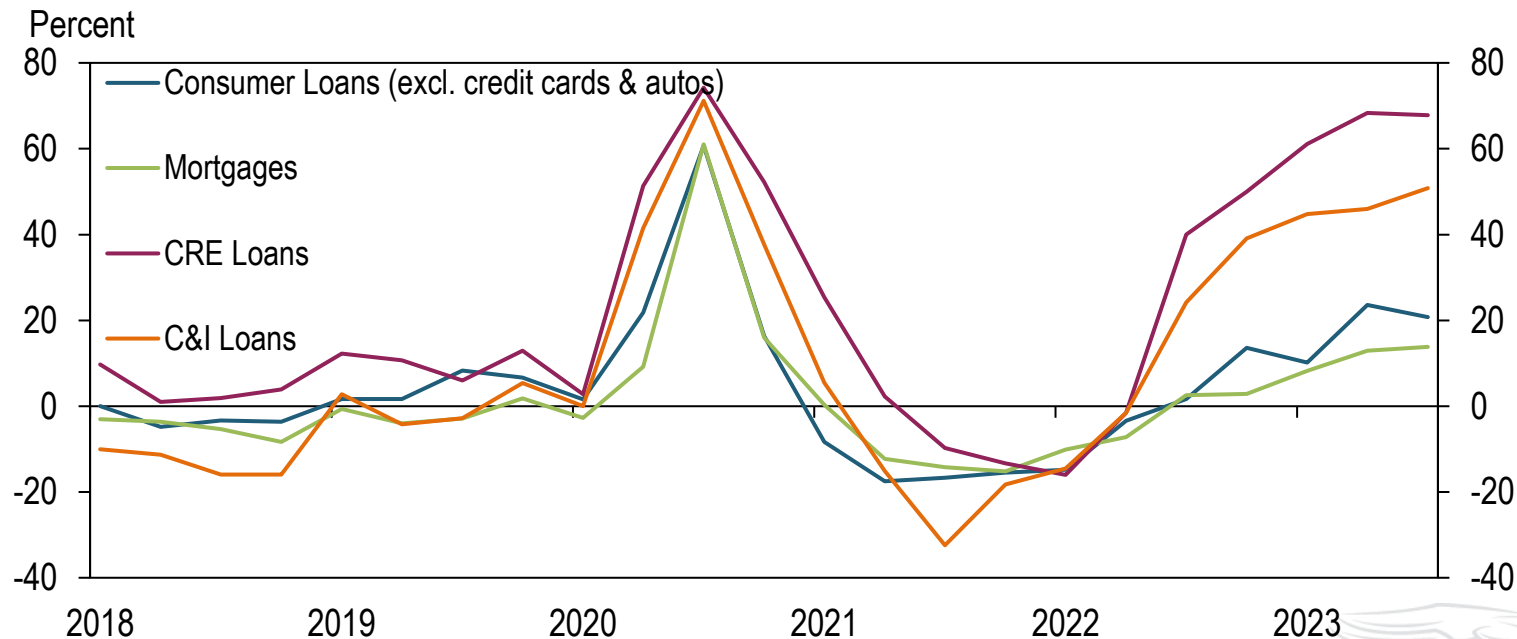
# The Fed also continues to reduce its balance sheet of high-quality securities

**Federal Reserve Balance Sheet**



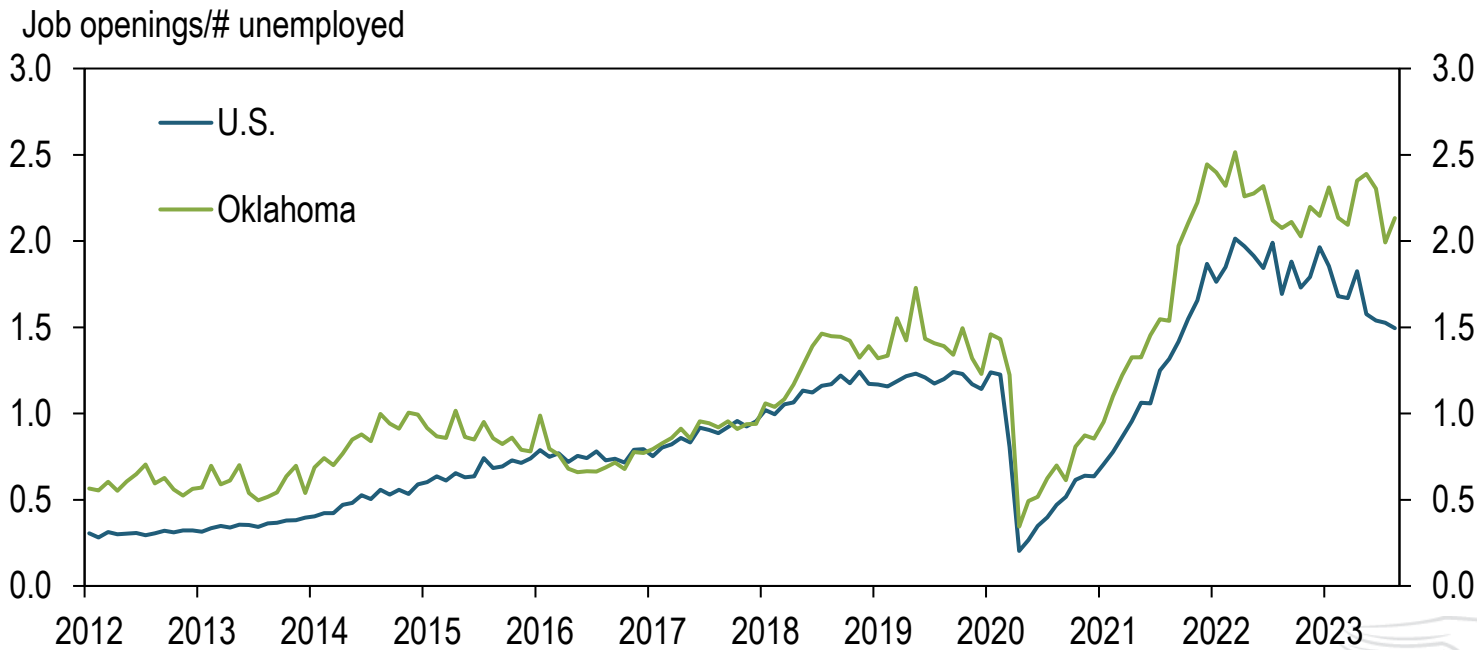
# Banks have tightened commercial lending standards

**Net Percent of Banks Tightening Standards**



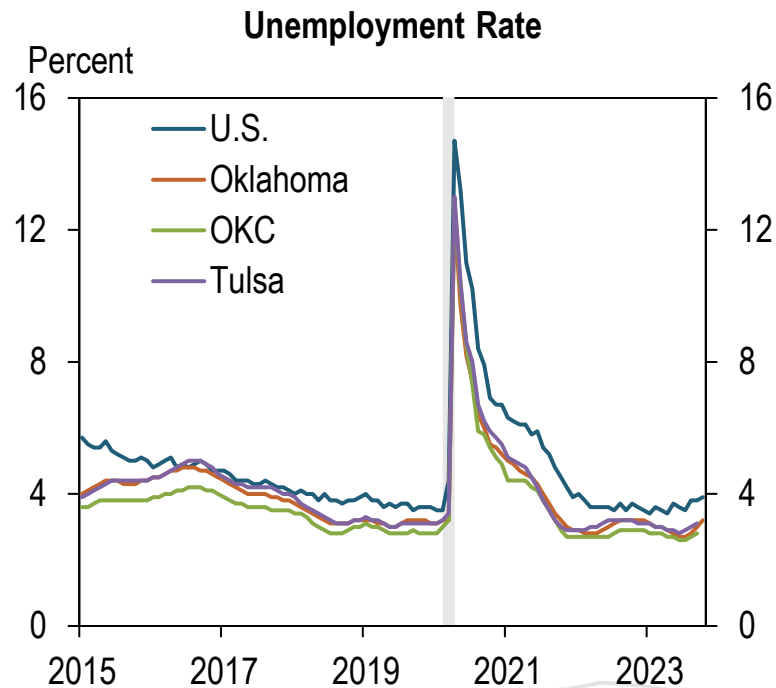
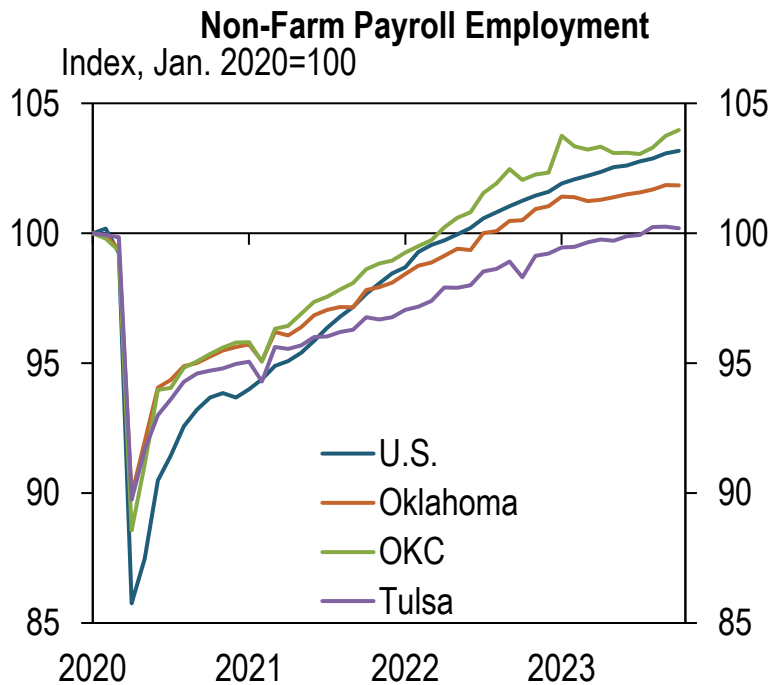
# Job openings still greatly exceed unemployed workers, but have fallen slightly at the national level, helping ease wage pressures

**Job Openings/Unemployment Ratio**



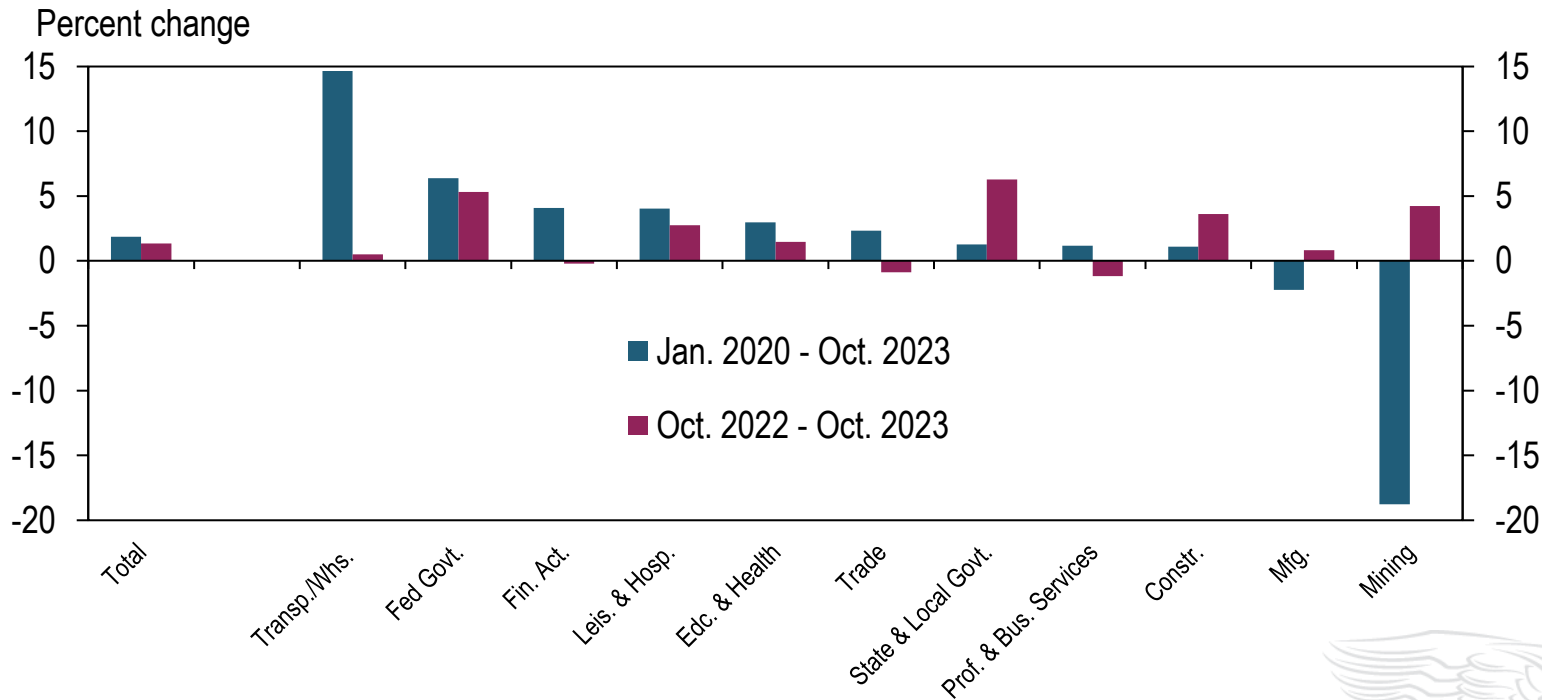


# Jobs in Oklahoma continue to grow, while unemployment remains very low



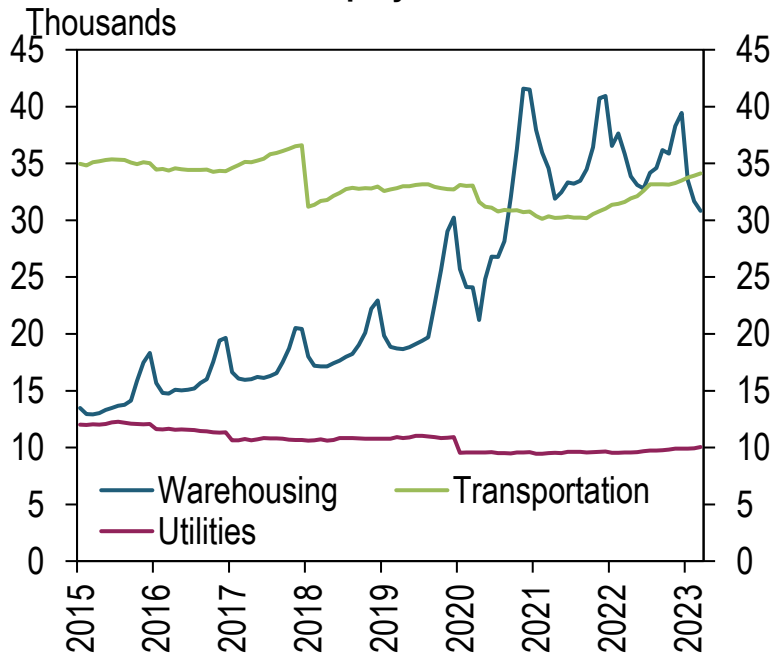
# Most Oklahoma sectors added jobs over the past year, but job growth varies widely relative to pre-pandemic levels

Oklahoma Job Growth by Industry

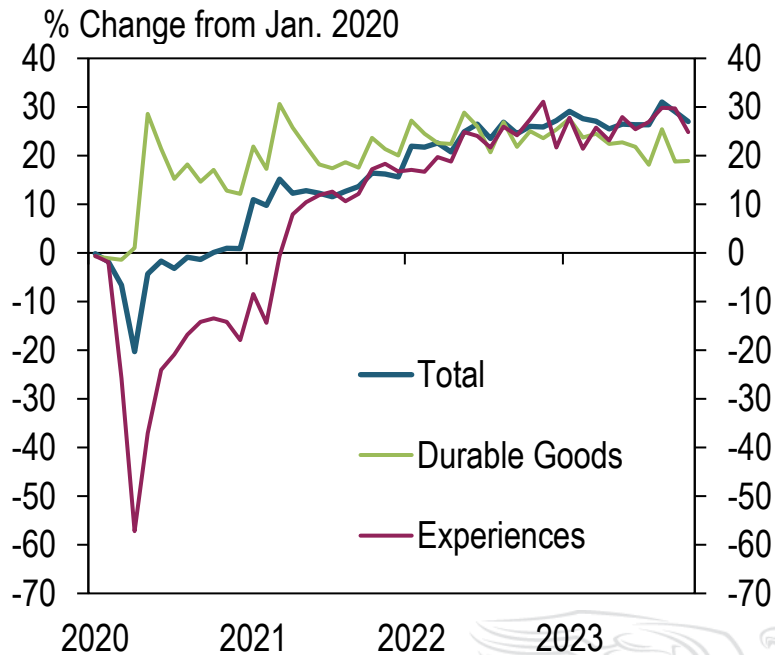


# The warehousing industry has boomed in Oklahoma over the past decade as consumers spent more on goods

### Oklahoma Transportation, Warehousing, & Utilities Employment



### Oklahoma Consumer Spending Growth

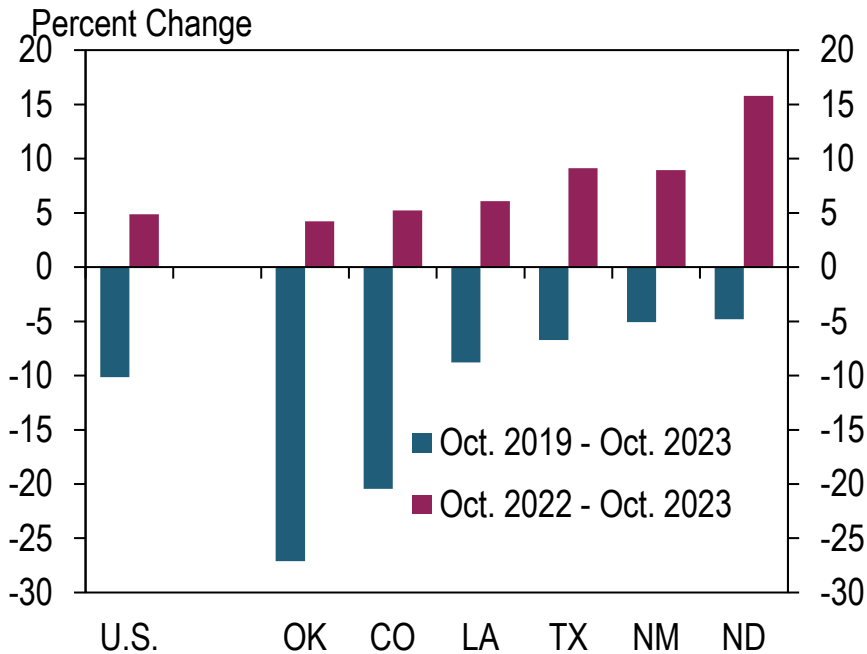


Note: Warehousing jobs are defined as all jobs in the NAICS 49 category, which include the private *Postal Service* (491), *Messengers & Couriers* (492), and *Warehousing & Storage* (493).

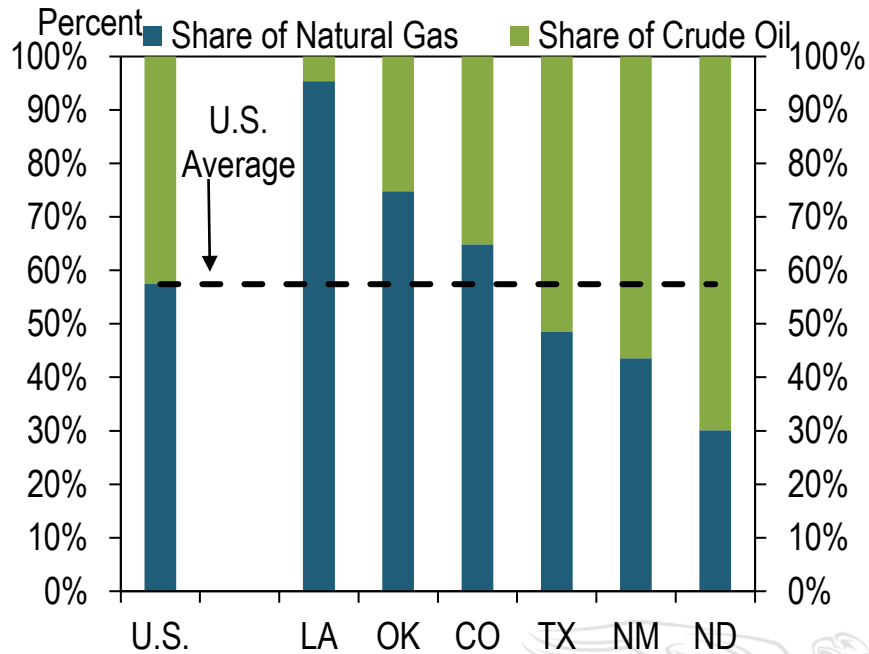
Note: Experiences consumer spending growth is calculated as an average of Accommodation & Food Service and Arts, Entertainment, & Recreation spending growth weighted by Personal Consumption Expenditures.  
Sources: BLS QCEW, Affinity Solutions/Track the Recovery, BEA, authors' calculations

# Oklahoma and Colorado have had outsized declines in mining jobs in recent years, in part due to high concentrations of natural gas

**Mining Employment Growth by State**

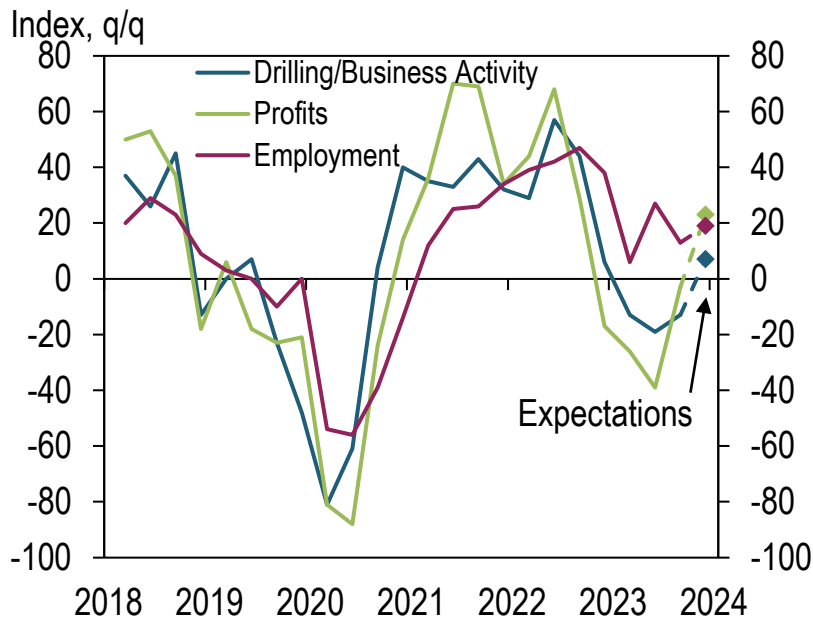


**2023 Average Oil & Gas Production Composition**

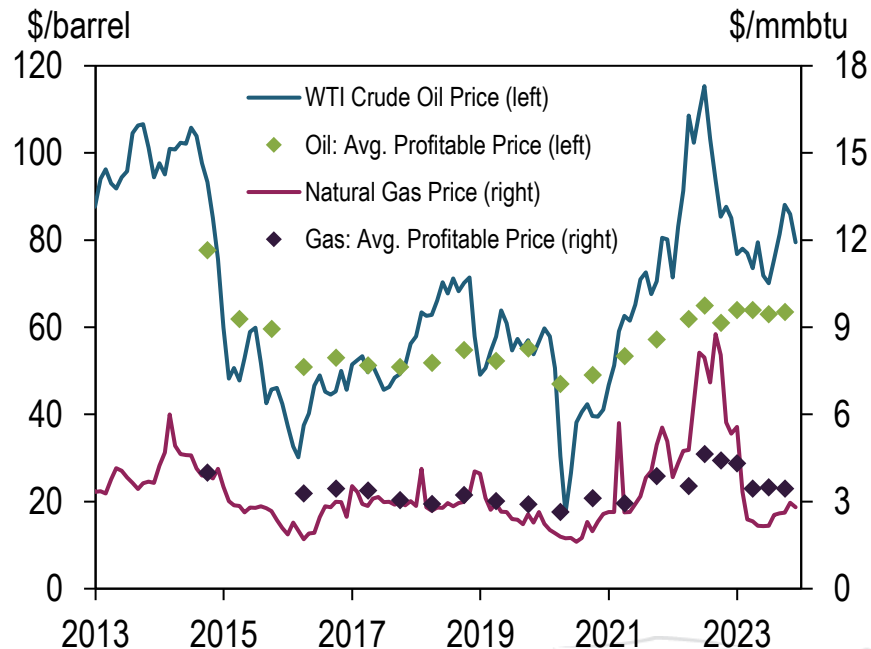


# Tenth District oil and gas activity continued to decline in Q3, but expectations rose as oil prices increased

**KC Fed Energy Survey Indexes**

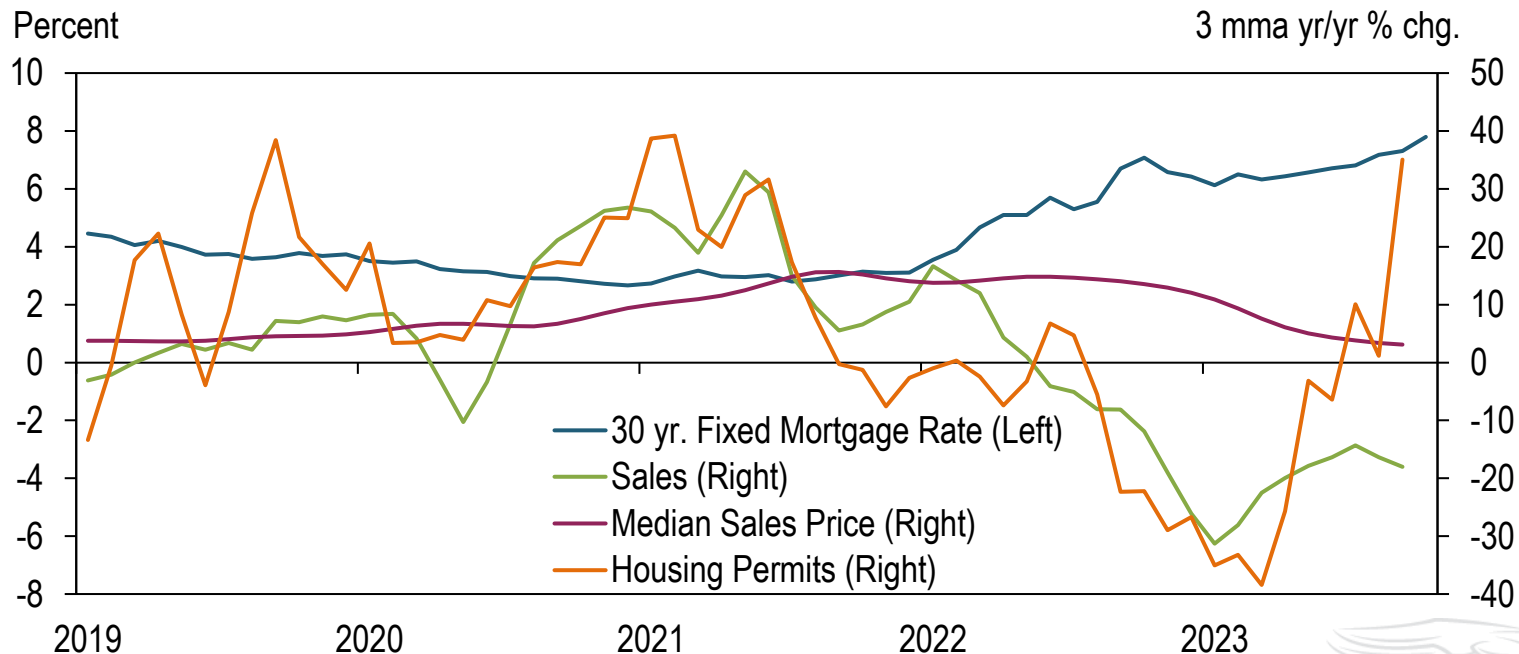


**U.S. Energy Prices**



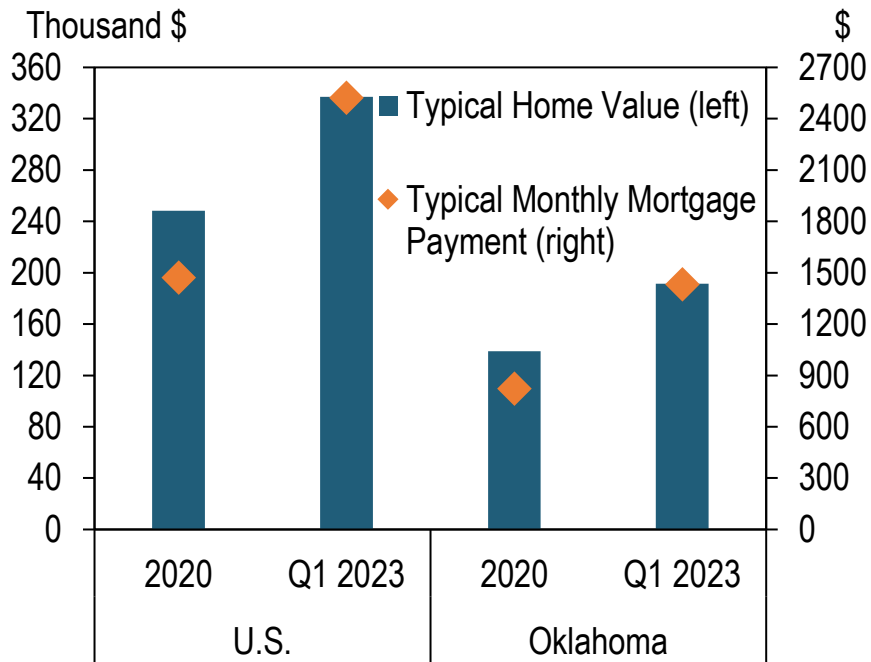
# The Oklahoma housing market eased with higher interest rates, but home prices have held up and permits have risen

Oklahoma Housing Market Indicators

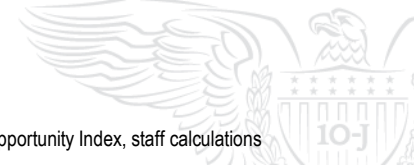
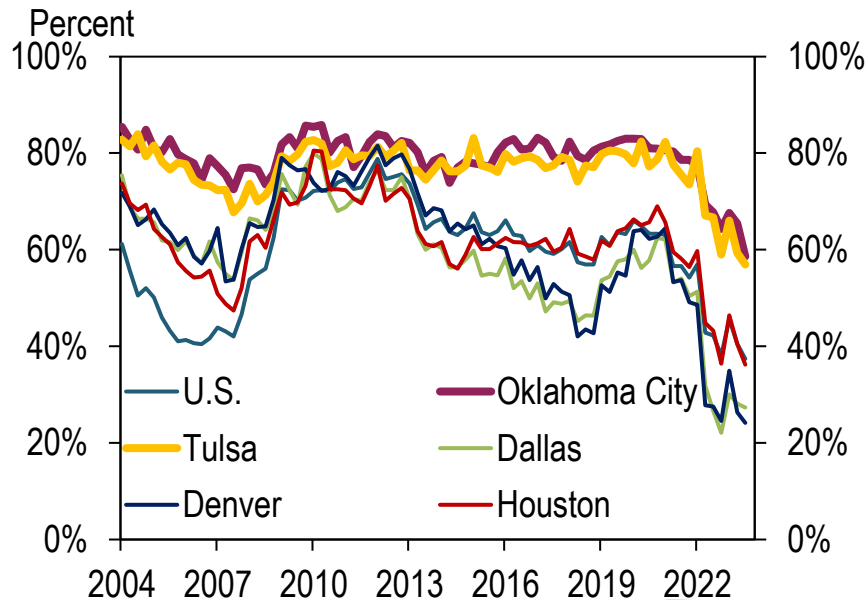


# Much higher mortgage rates and home prices than a few years ago have greatly increased housing costs, but Oklahoma is still relatively affordable

### Housing Affordability Indicators

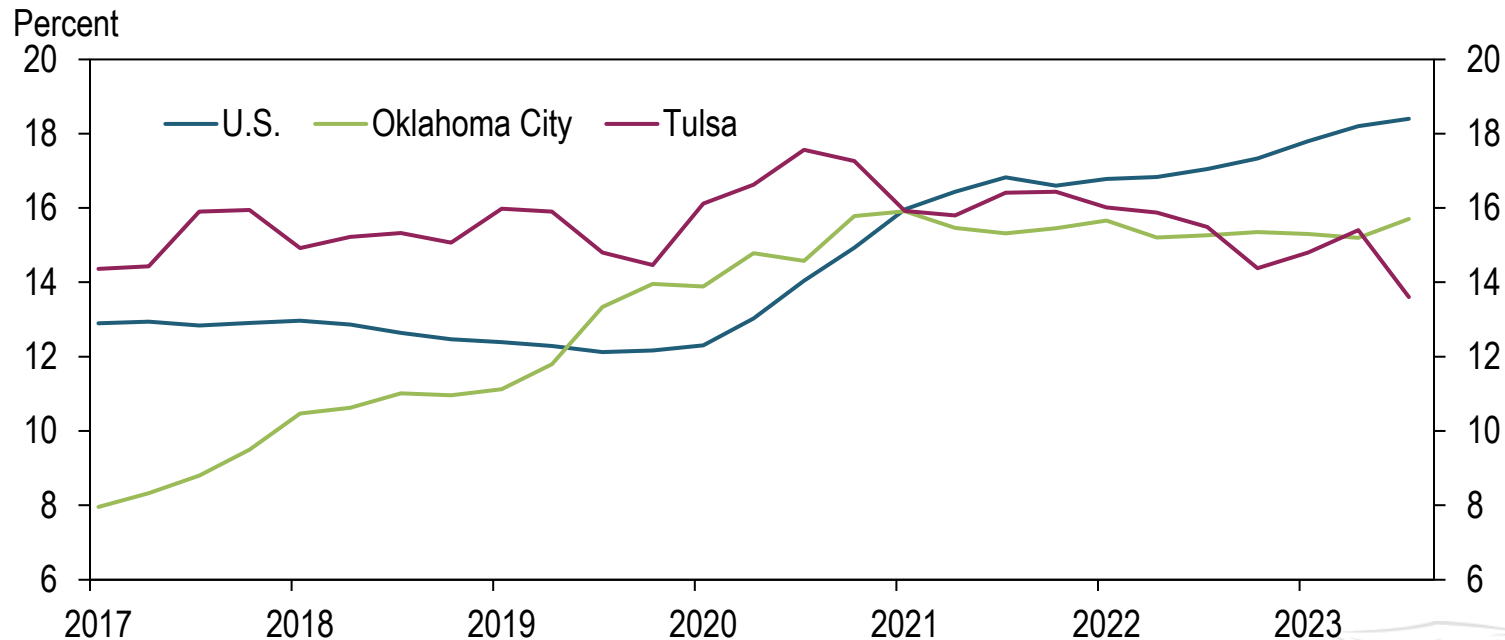


### Share of Affordable Homes



# Office vacancy rates in Oklahoma have not risen like they have in the nation, and dropped in Tulsa in Q3

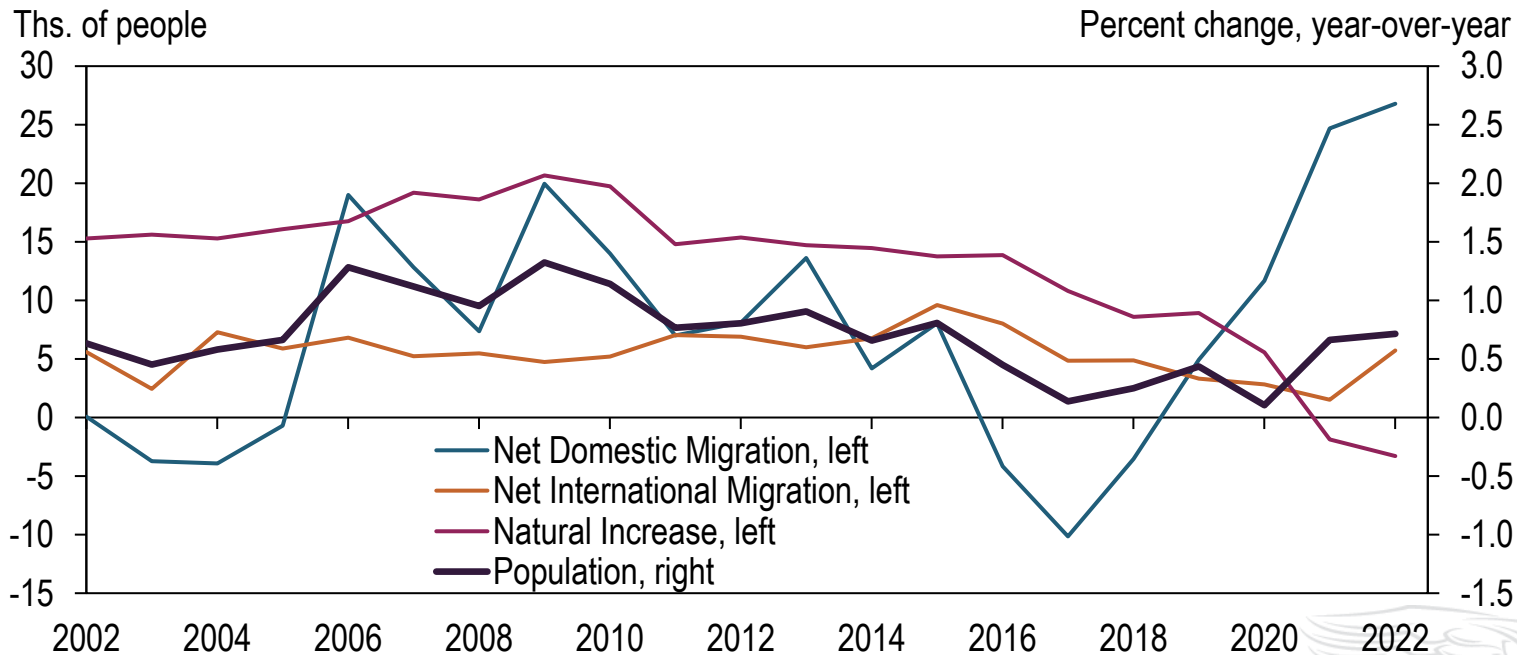
Office Vacancy Rates





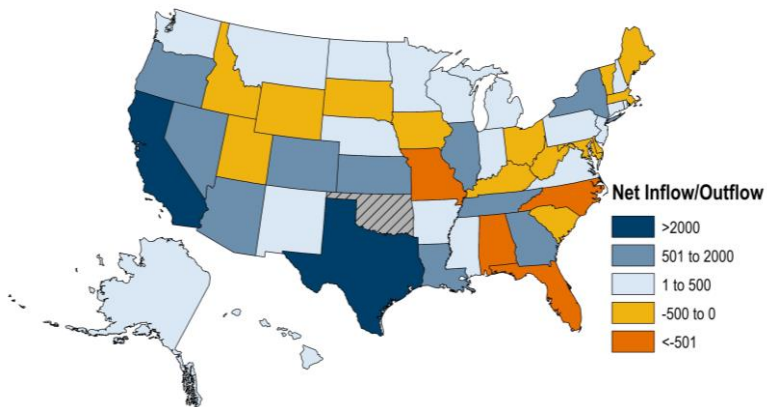
# Oklahoma's population grew in 2021 & 2022, despite a historic increase in deaths, due to massive in-migration

Oklahoma Population Changes by Component, 2001-2022

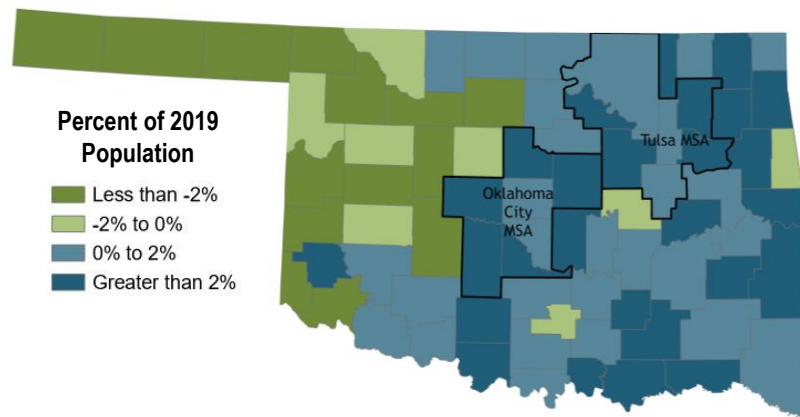


# Many people moved to OK from CA and TX, mostly to the metros but to many other parts of the state, too

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



**2019-22 Net Domestic Migration by County**



## Summary

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# Questions?

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