

# U.S. and Oklahoma Economic Outlook

*Central Oklahoma Financial Planning Association*  
*January 17, 2024*

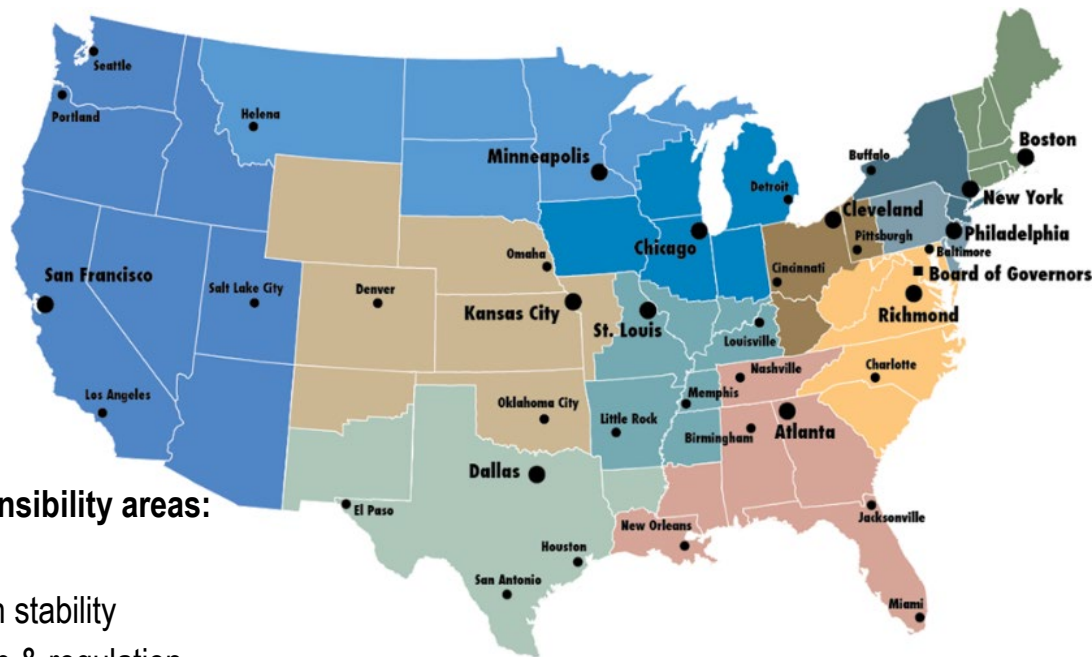
Megan Williams

*Senior Manager and Associate 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](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

- **2024 OKC Branch Board of Directors**

- **Dana Weber (chair)**, Chair & CEO, Webco Industries, Sand Springs
- **Mark Burrage**, CEO, FirstBank, Antlers/Atoka
- **Scott Case**, President, Case & Associates Properties, Tulsa
- **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

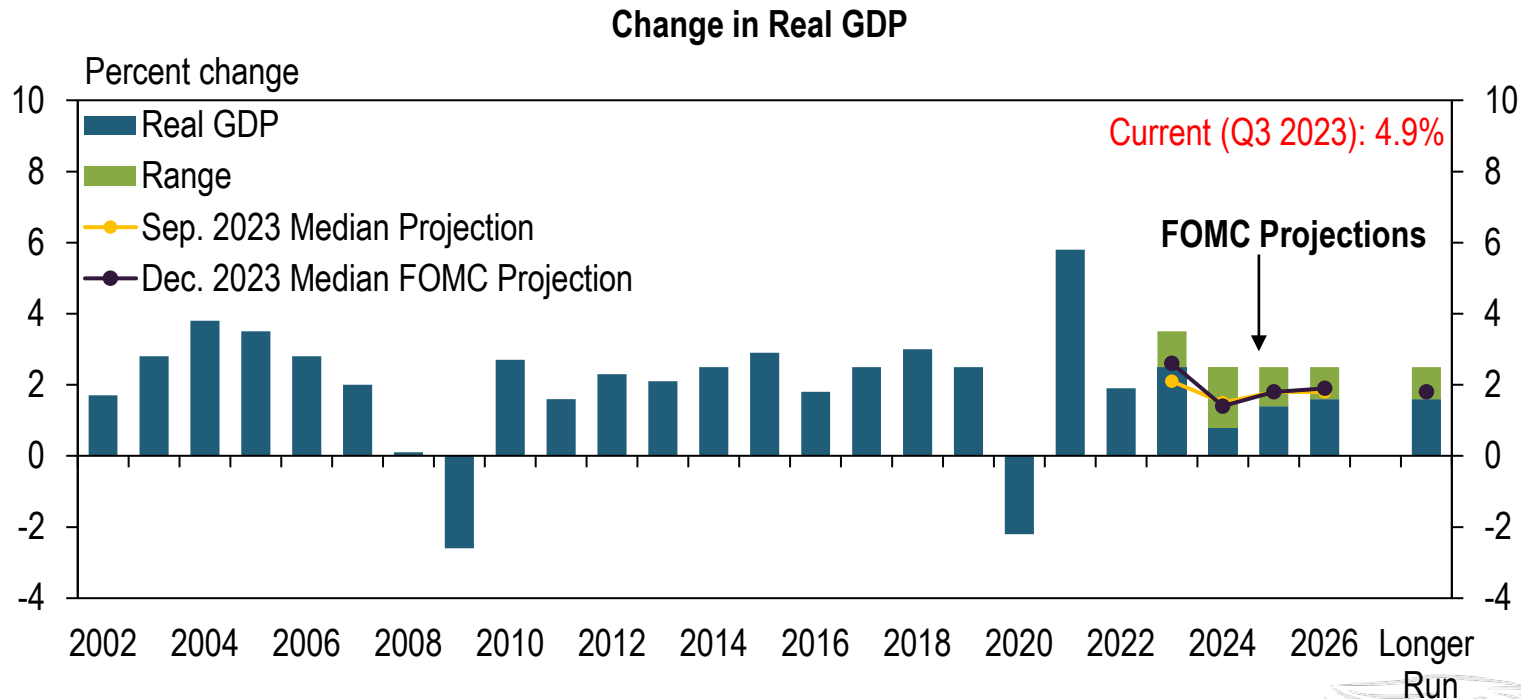


## Overview

- U.S. economic growth 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
- Oklahoma's population growth has outpaced the nation in recent years, driven by strong domestic in-migration

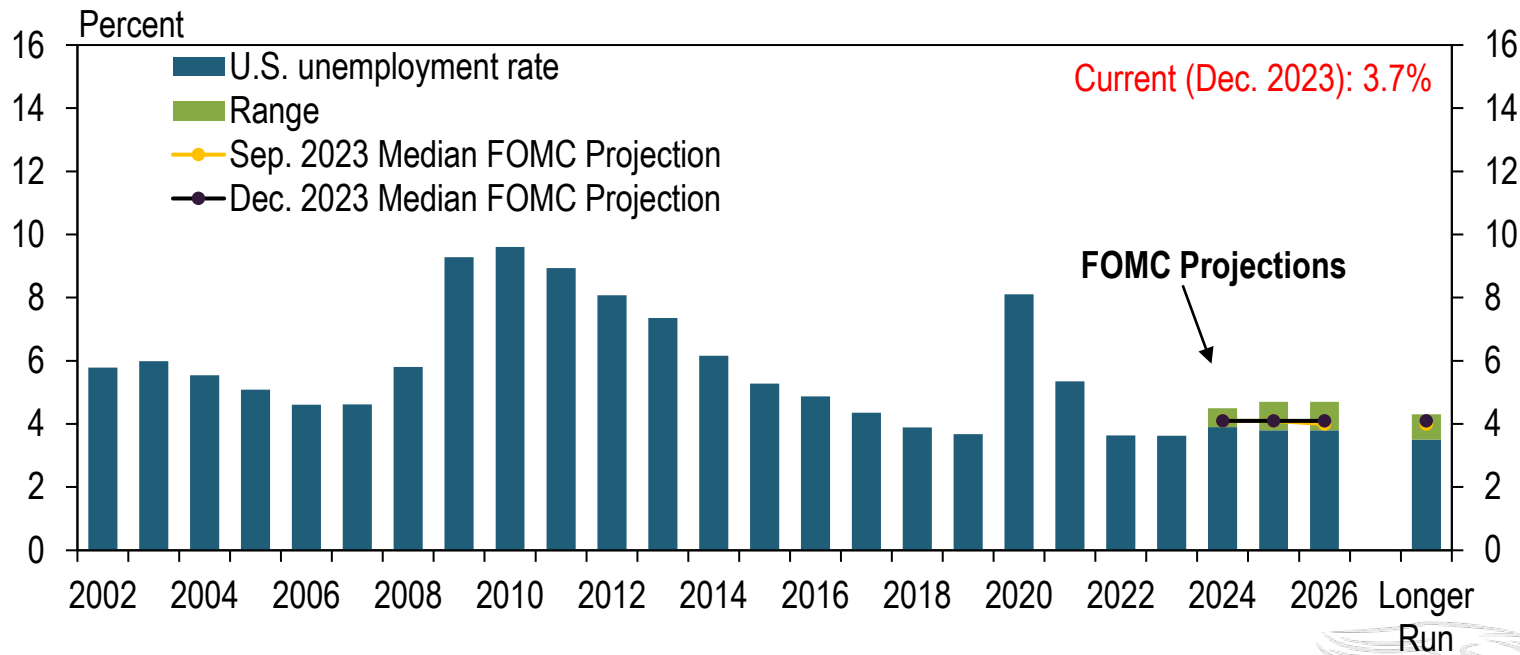


# U.S. GDP growth is expected to slow in 2024 before rebounding to near trend in 2025 and 2026

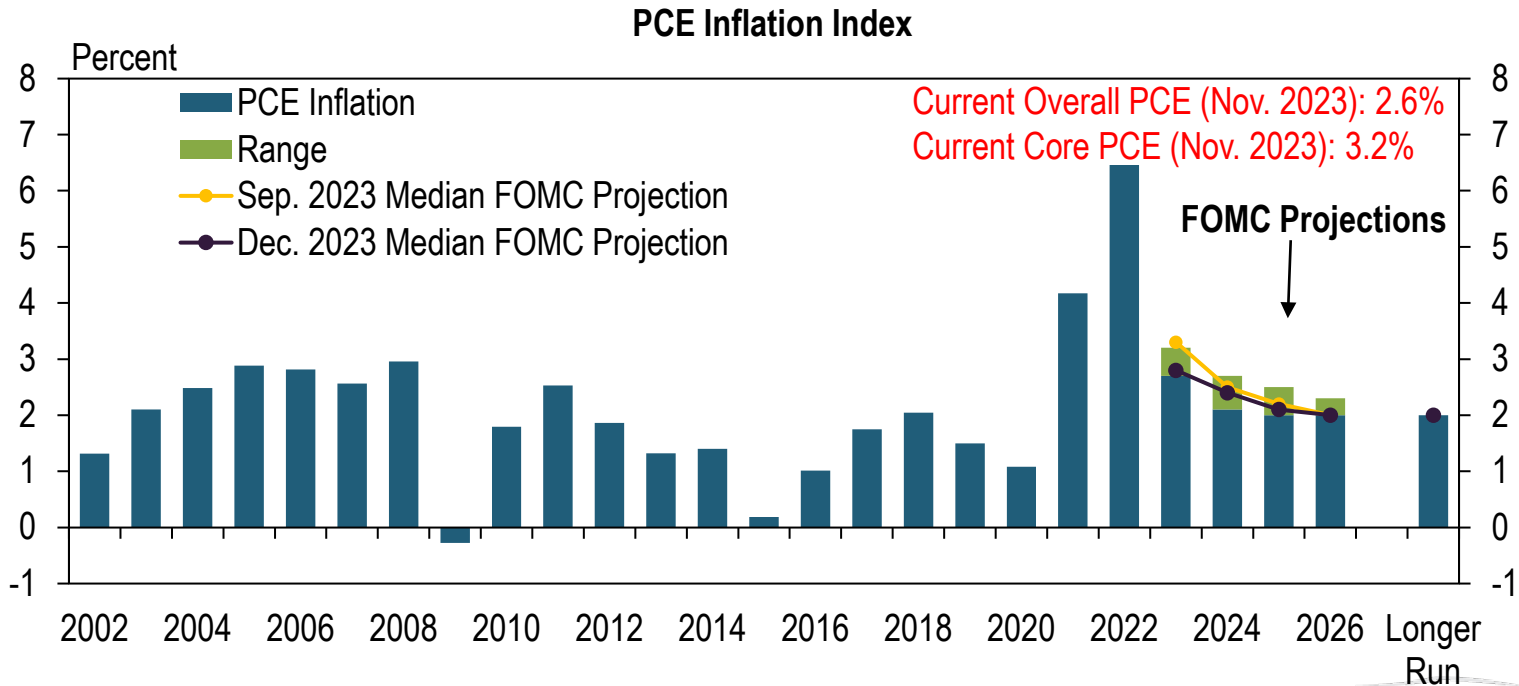


# U.S. unemployment remains historically low and is projected to rise only moderately in coming years

## U.S. Unemployment Rate

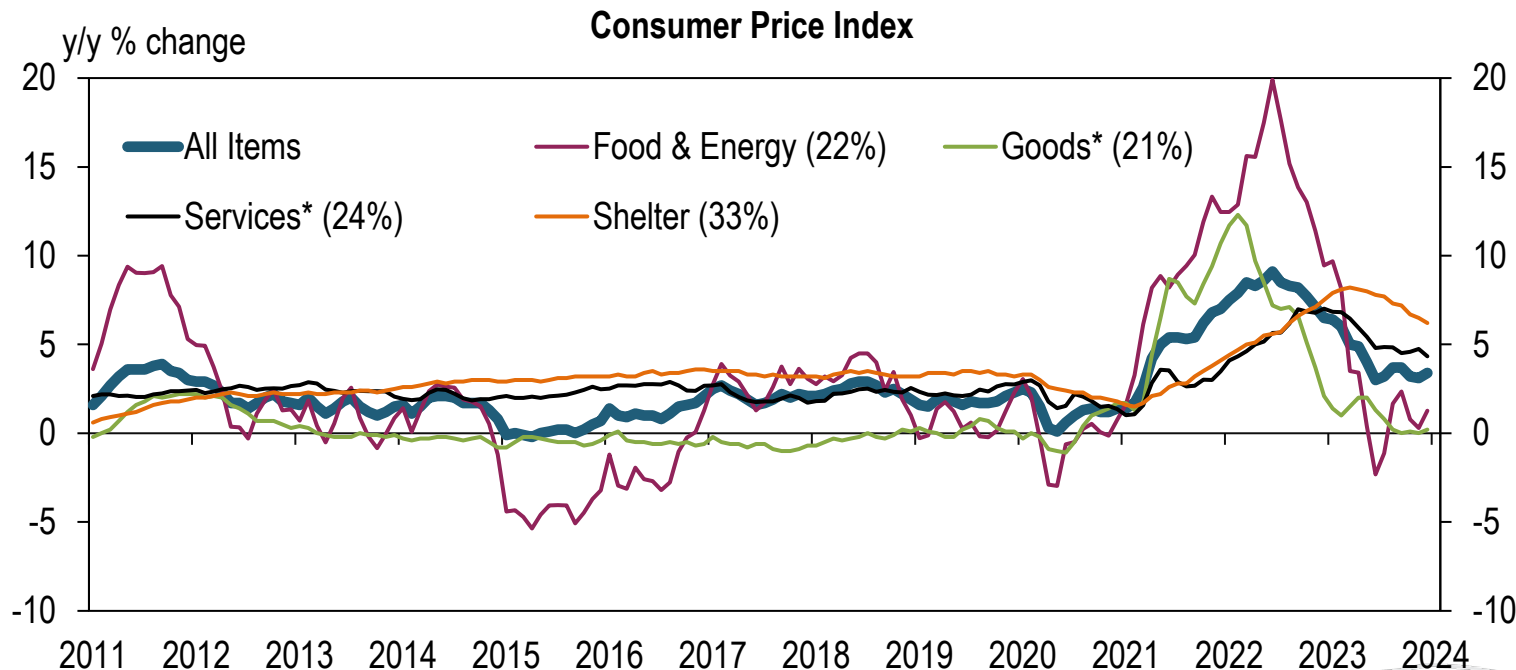


# Although inflation has come down from 2022 peaks and is expected to fall further, it remains elevated





# CPI inflation ticked back up to 3.4% in December, as energy price growth rose and shelter inflation eased

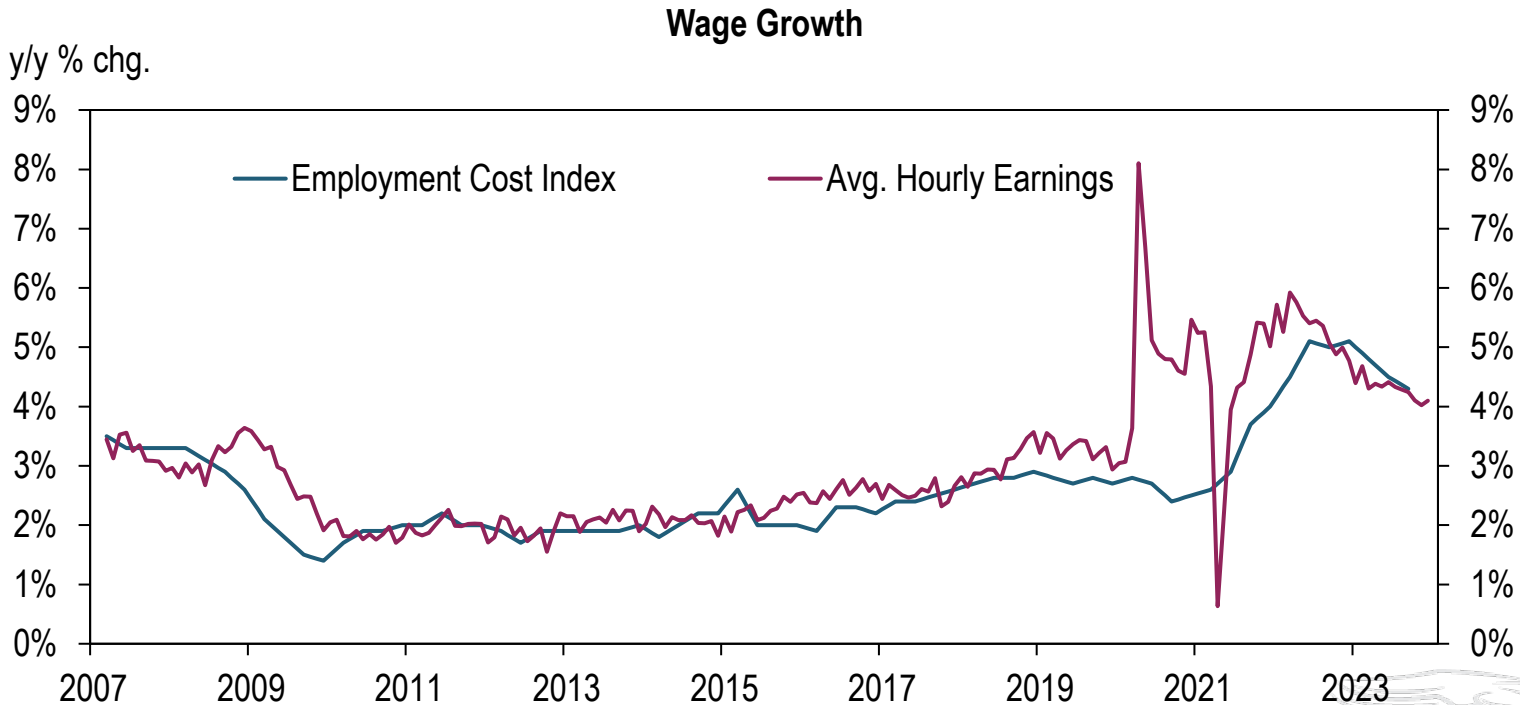


\*Goods excluding Food; Services excluding Energy.  
 Note: Relative Importance as Share of CPI shown in parenthesis.

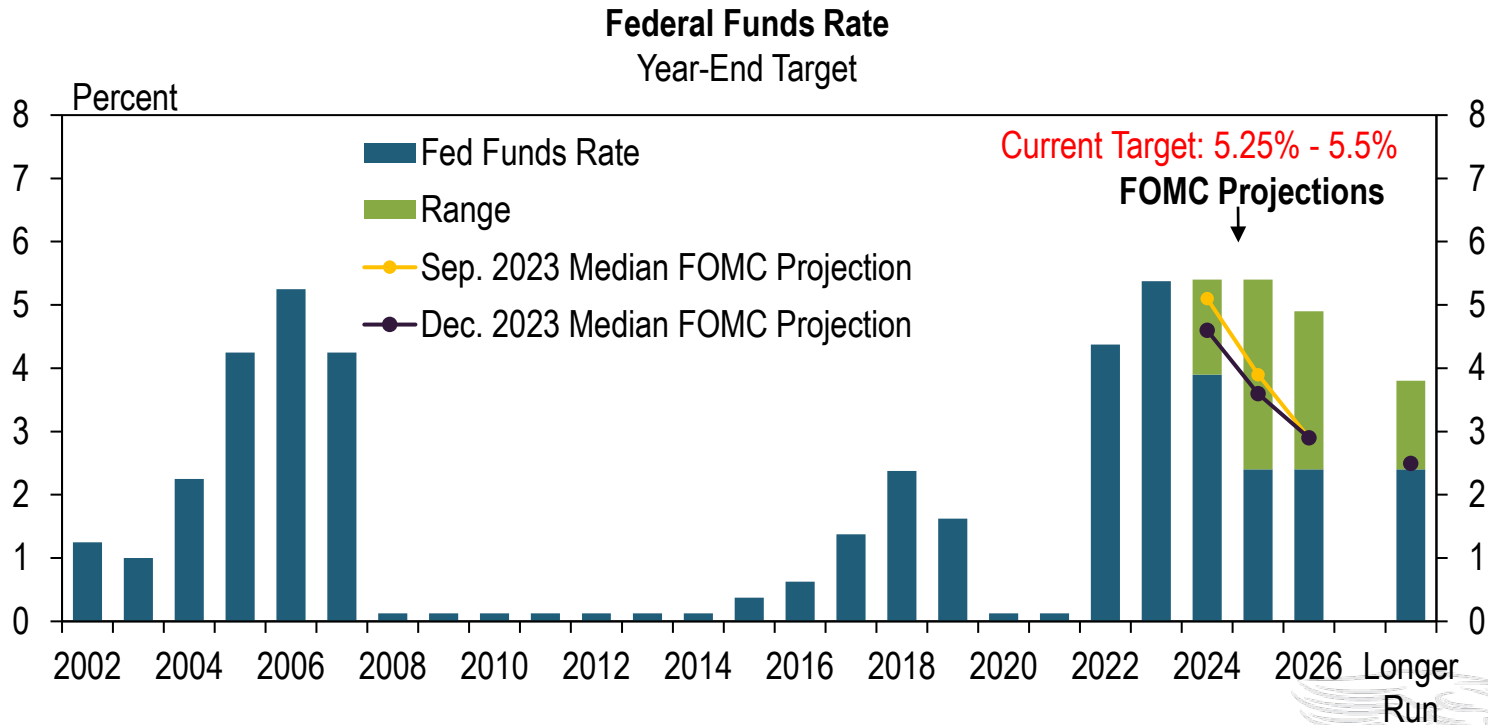




# Wage growth is a key factor keeping services inflation high, and has come down moderately from recent highs

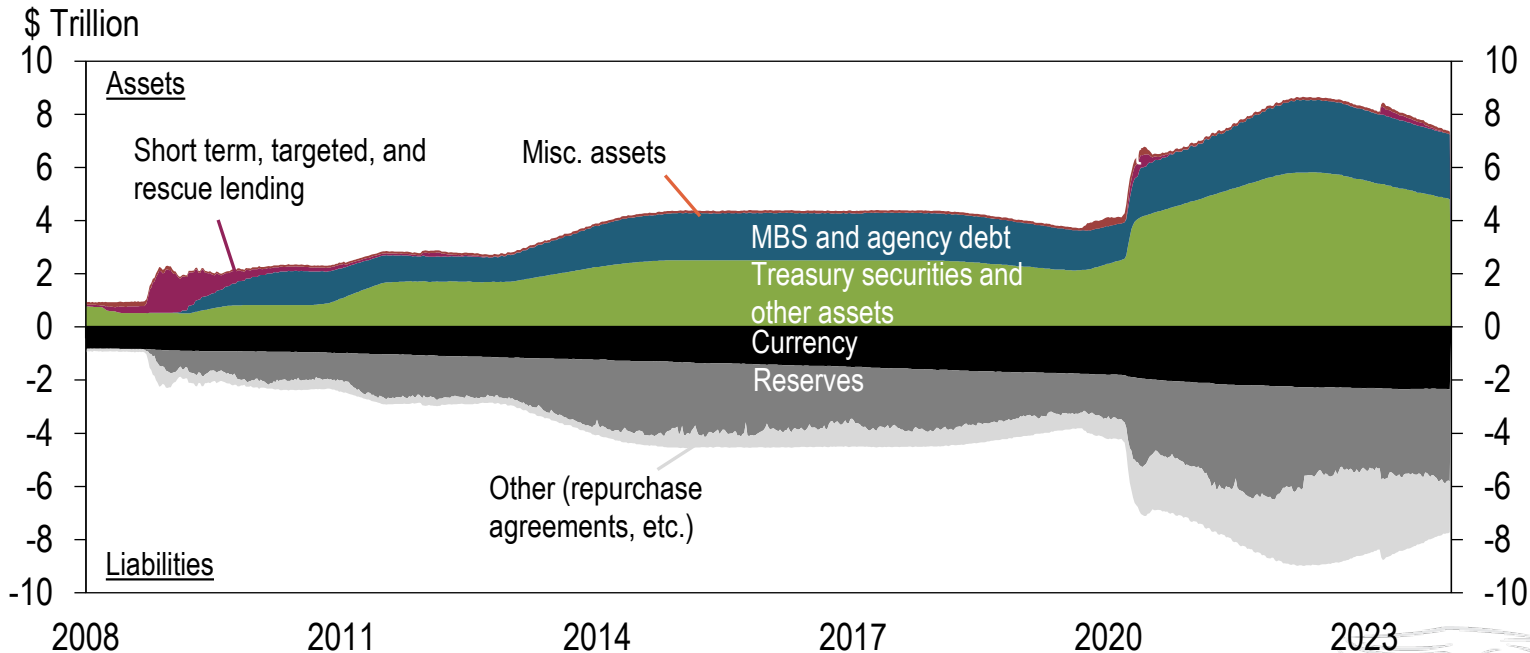


# The Fed held the federal funds rate steady again in December, and lowered future projections somewhat



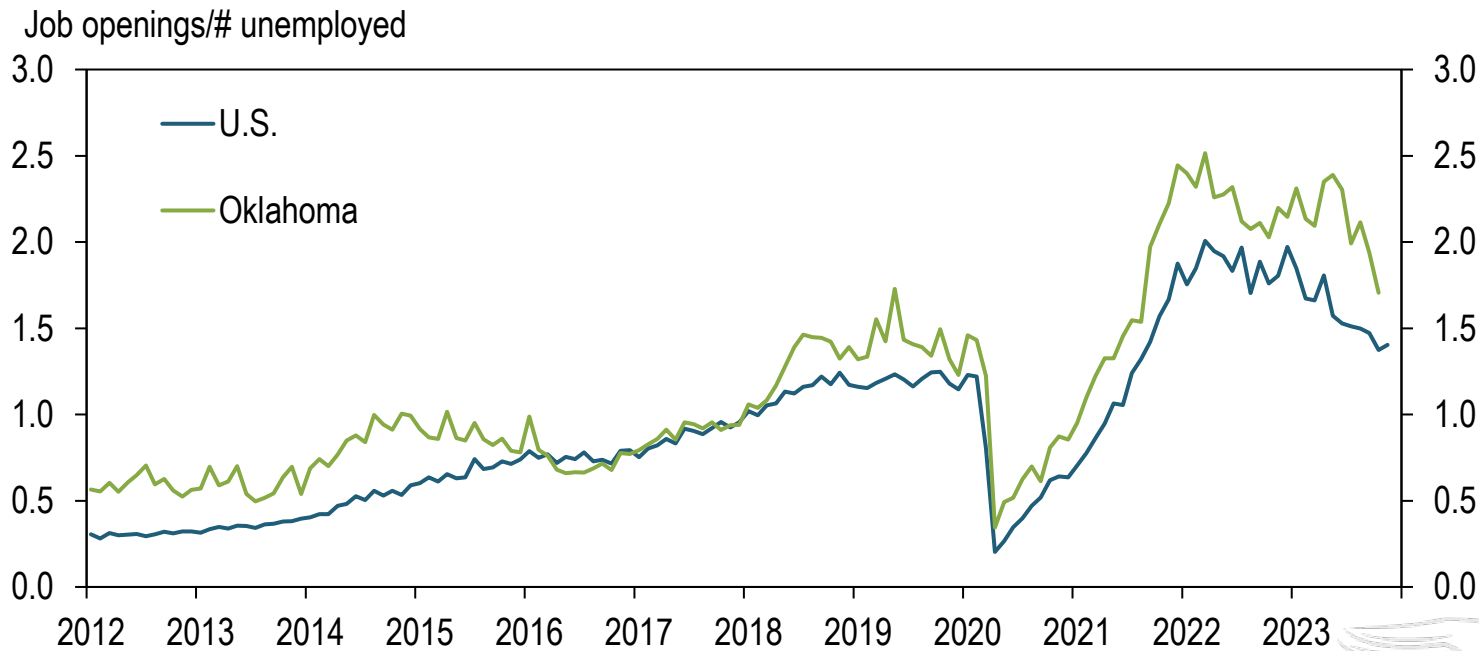
# The Fed also continues to reduce its balance sheet of high-quality securities

**Federal Reserve Balance Sheet**



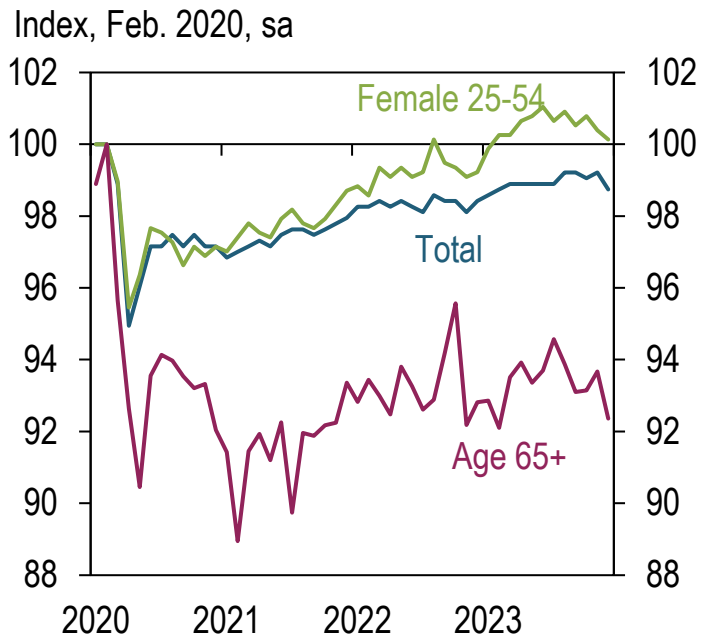
# Job openings still greatly exceed unemployed workers, but have fallen slightly, helping ease wage pressures

**Job Openings/Unemployment Ratio**

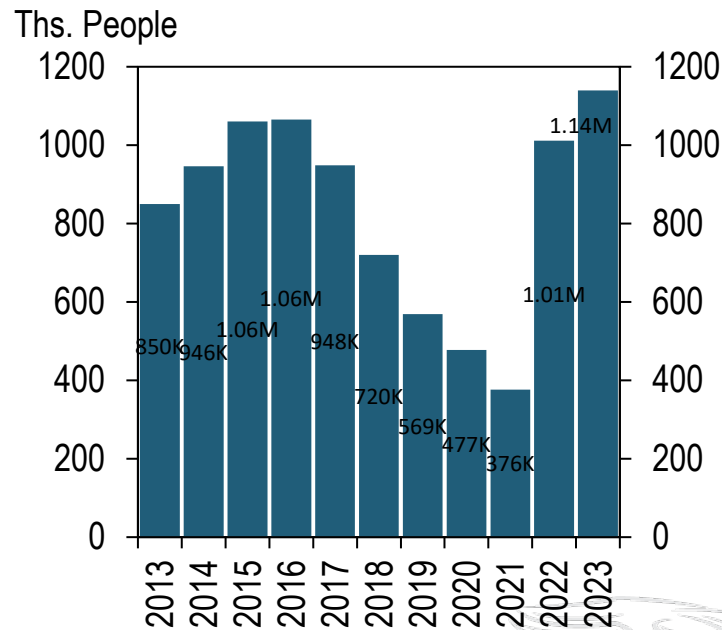


# Labor force participation still lags, mostly due to older workers, while immigration rebounded last year after several low years

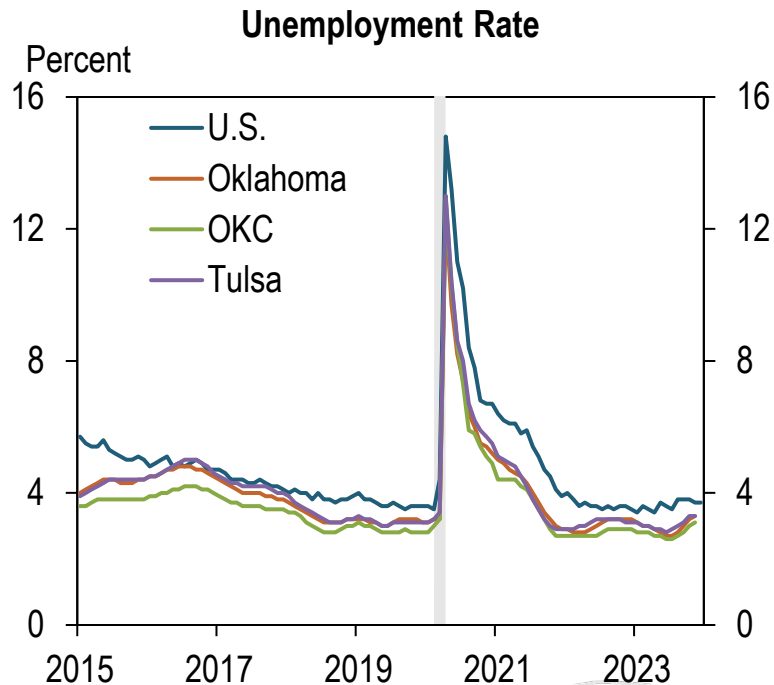
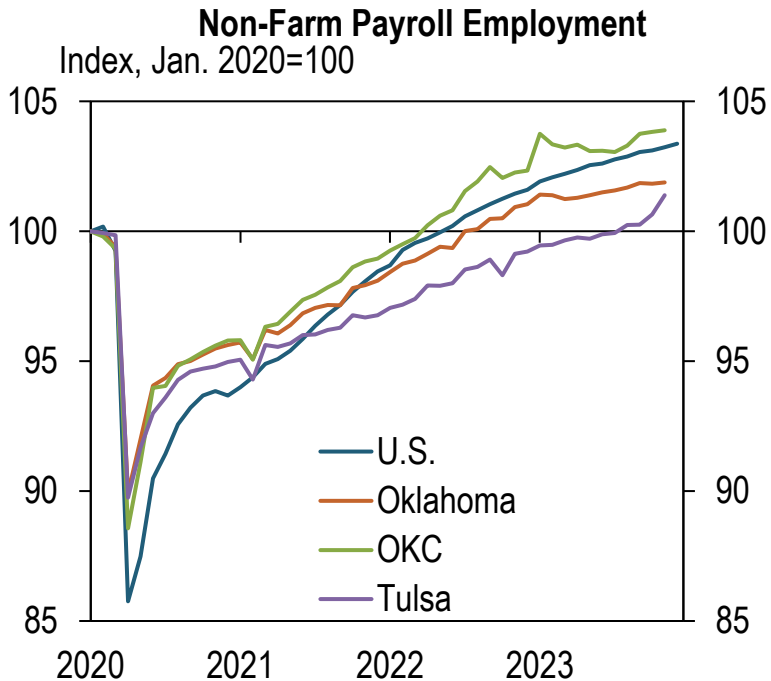
**U.S. Labor Force Participation Rate**



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

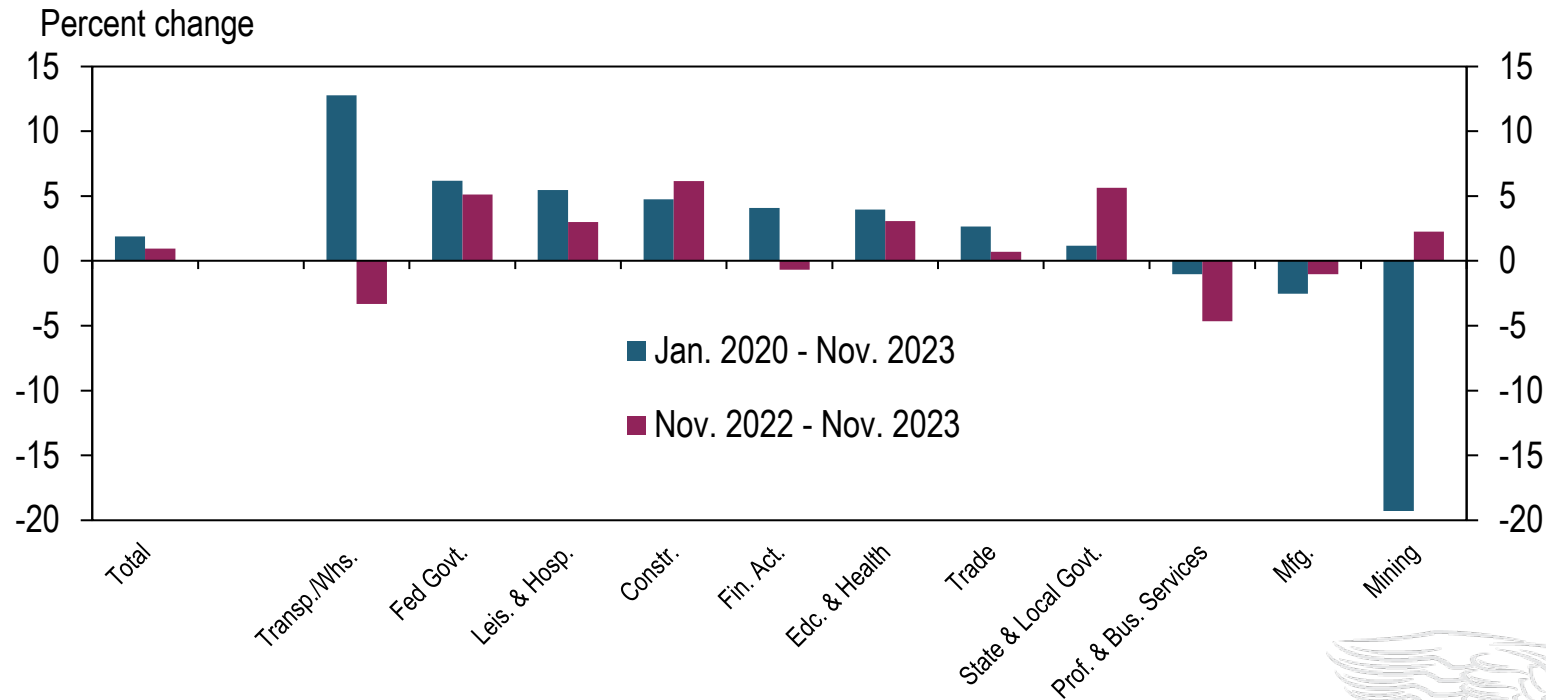


# Jobs in Oklahoma have leveled off in recent months above pre-pandemic levels, while unemployment remains very low



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

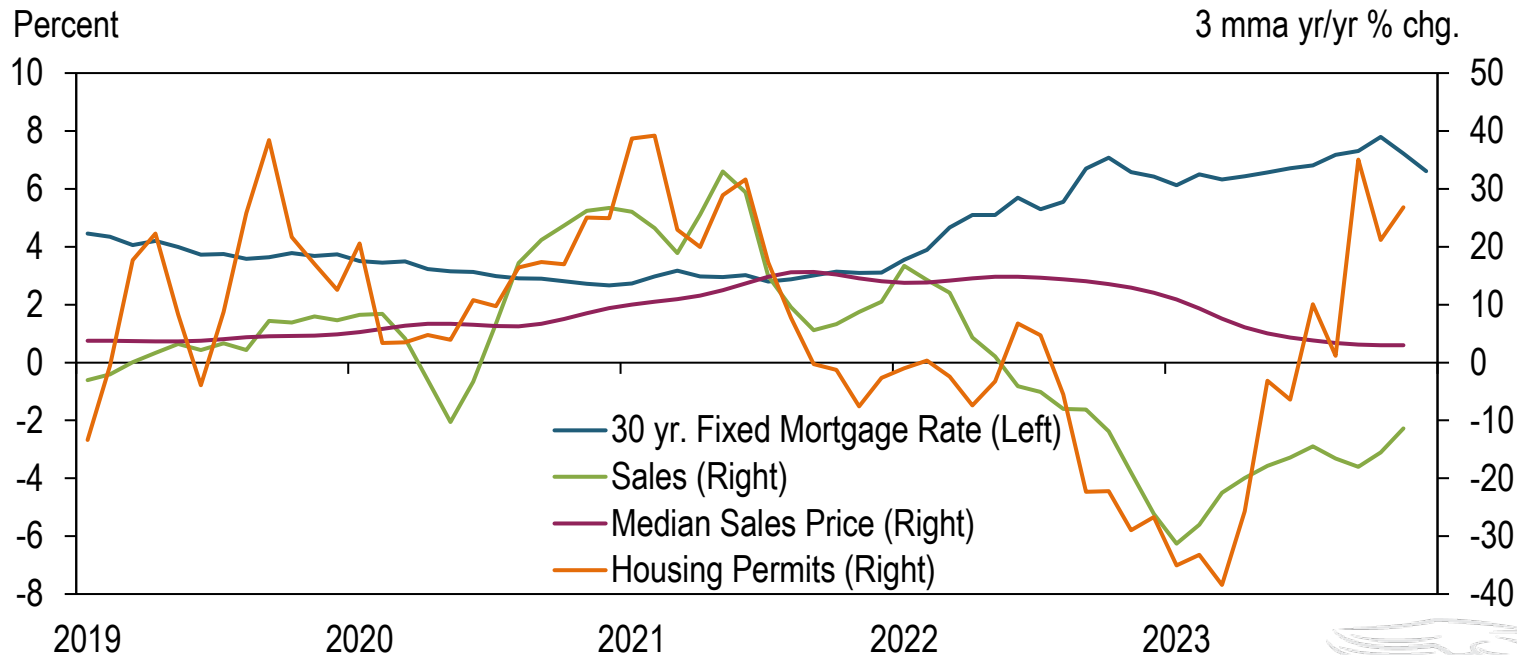
Oklahoma Job Growth by Industry





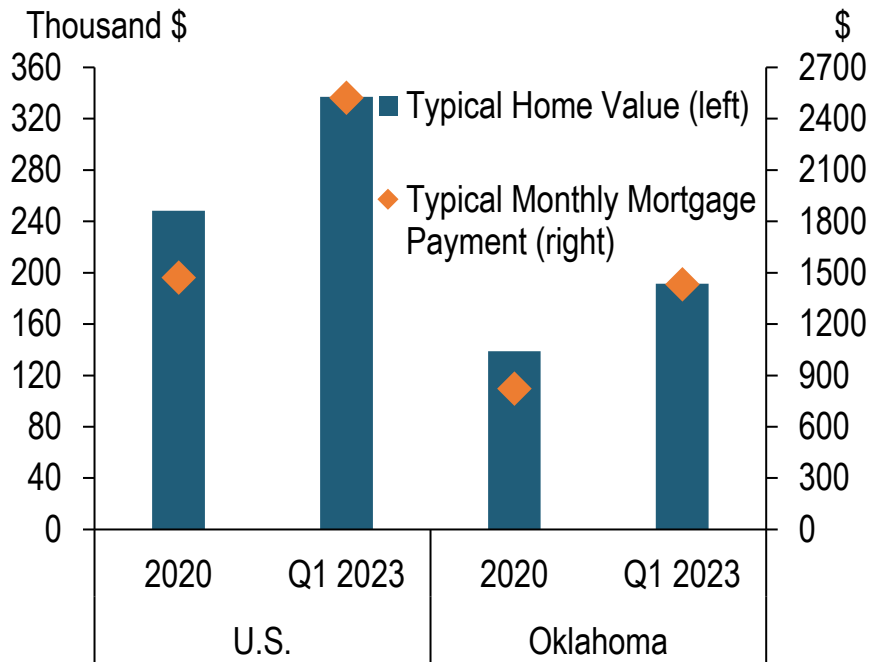
# The Oklahoma housing market eased with higher interest rates, but home prices have held up and permits have risen

Oklahoma Housing Market Indicators

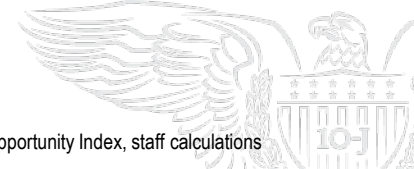
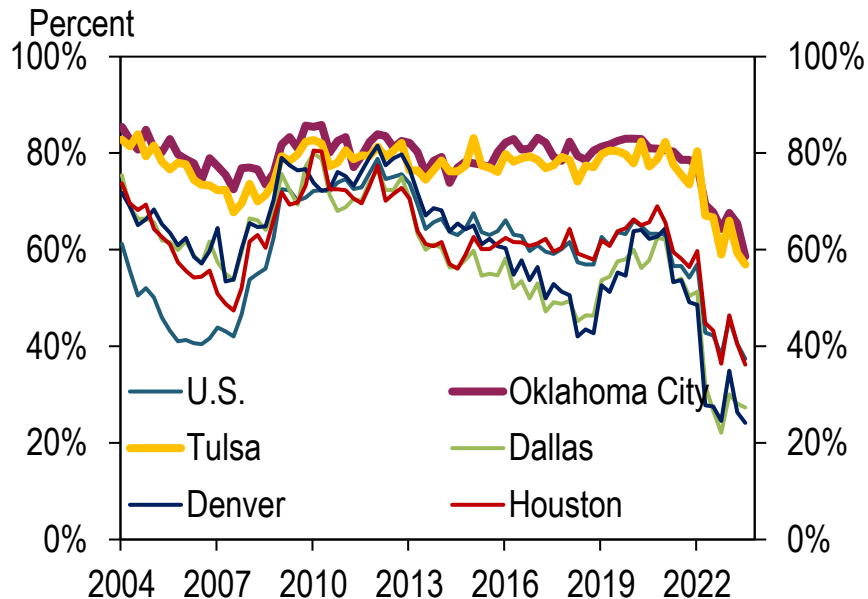


# Much higher mortgage rates and home prices than a few years ago have greatly increased housing costs, but Oklahoma is still relatively affordable

### Housing Affordability Indicators

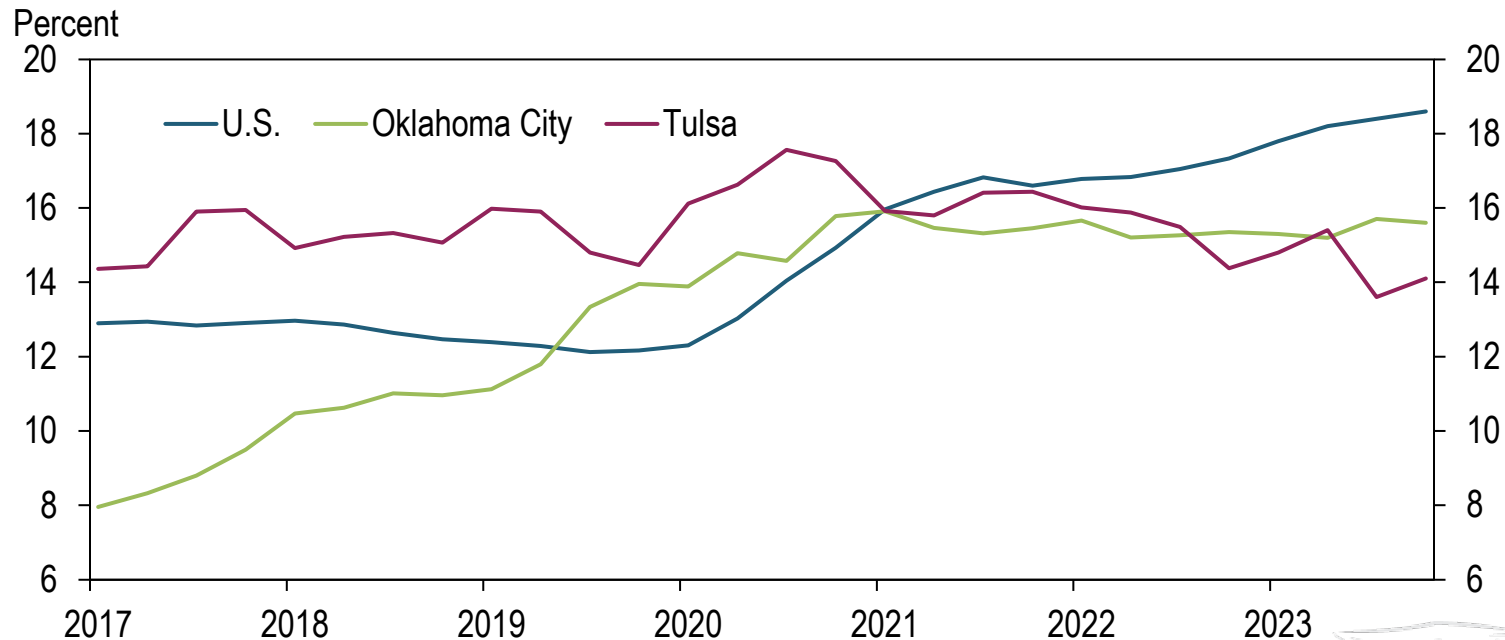


### Share of Affordable Homes



# Office vacancy rates in Oklahoma have not risen like they have in the nation

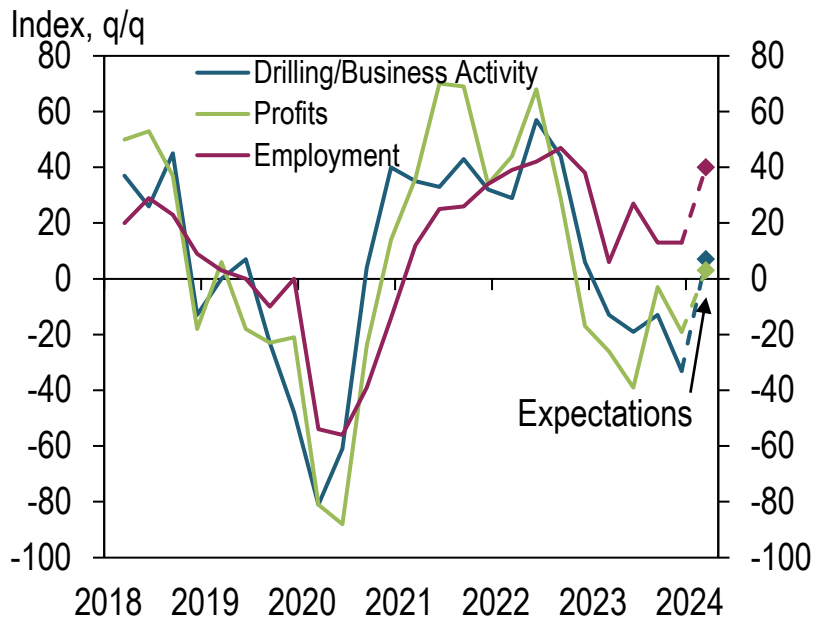
Office Vacancy Rates



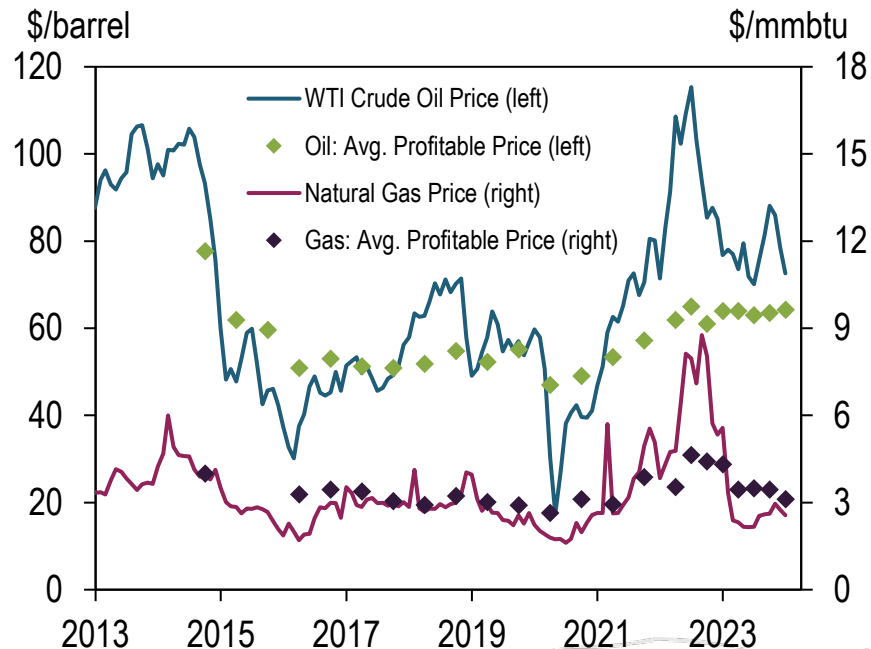
Source: CBRE-EA

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

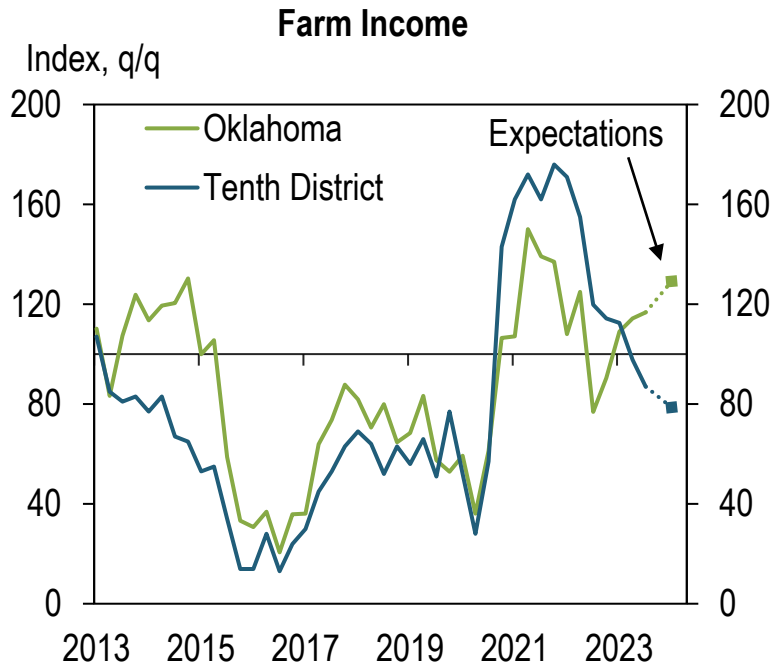
**KC Fed Energy Survey Indexes**



**U.S. Energy Prices**

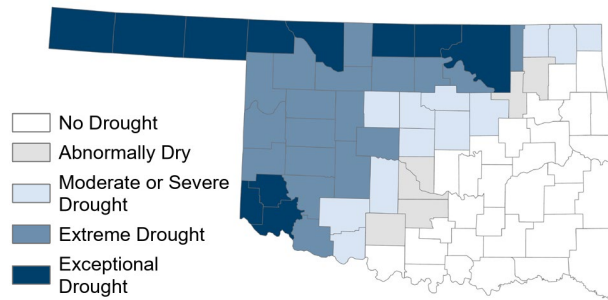


# Oklahoma farm income increased in Q3 2023 and was expected to rise further, as drought conditions improved in the panhandle

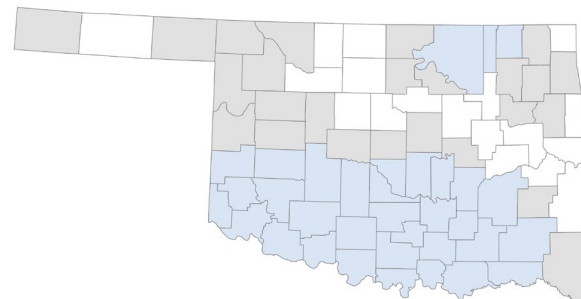


### Oklahoma Drought Map

5/16/2023

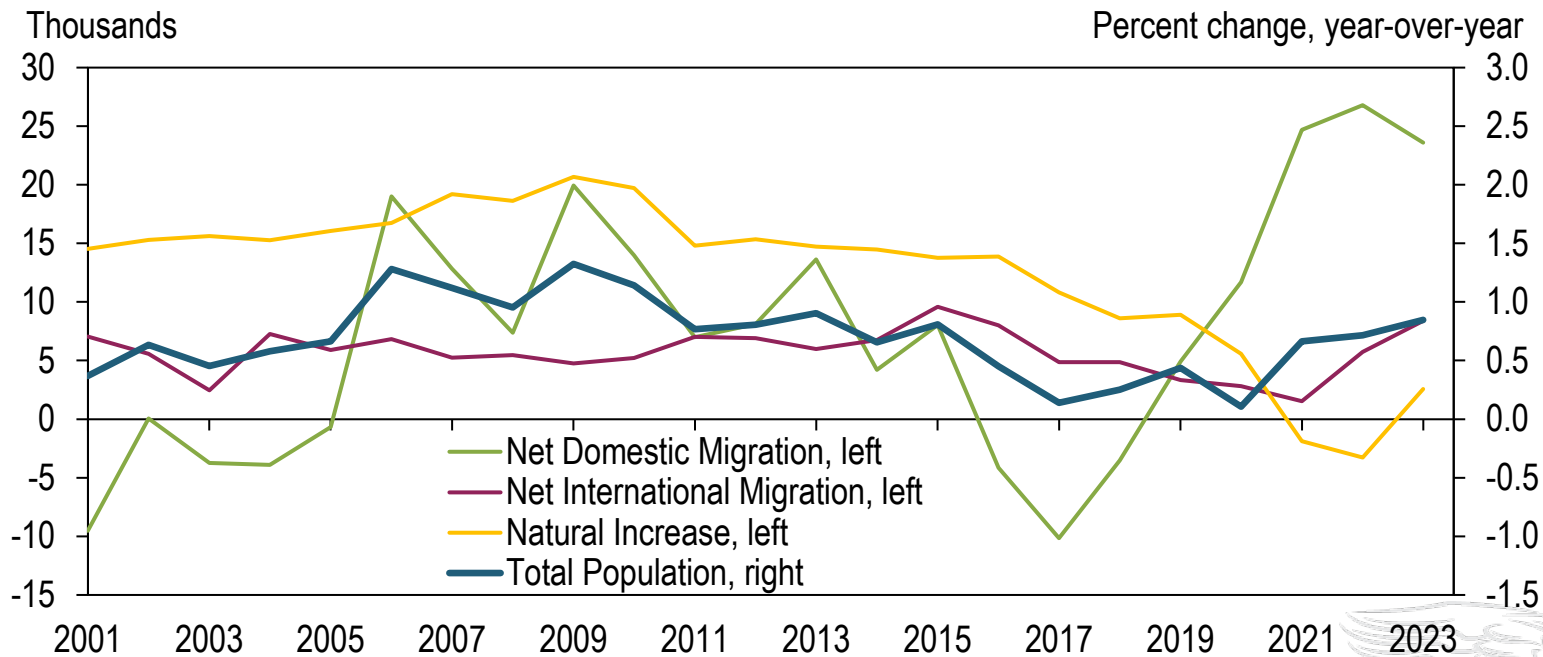


1/2/2024



# Oklahoma's population grew in 2023 again, primarily due to elevated domestic migration, also with increases in other components

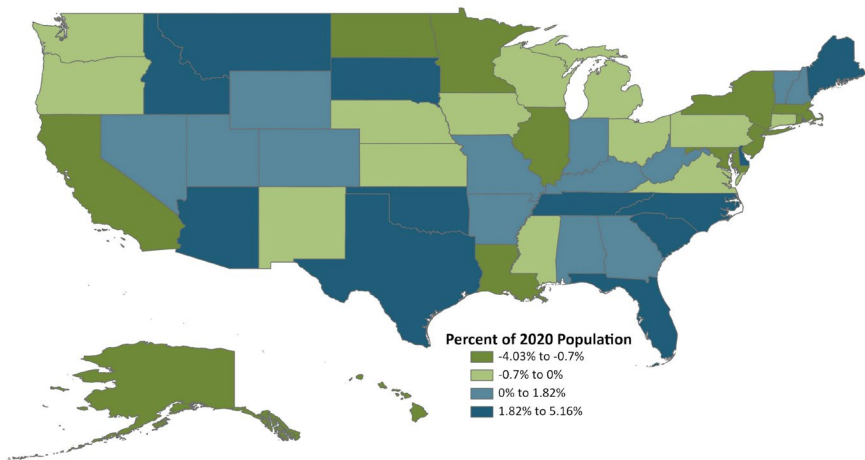
## Oklahoma Population Change by Component



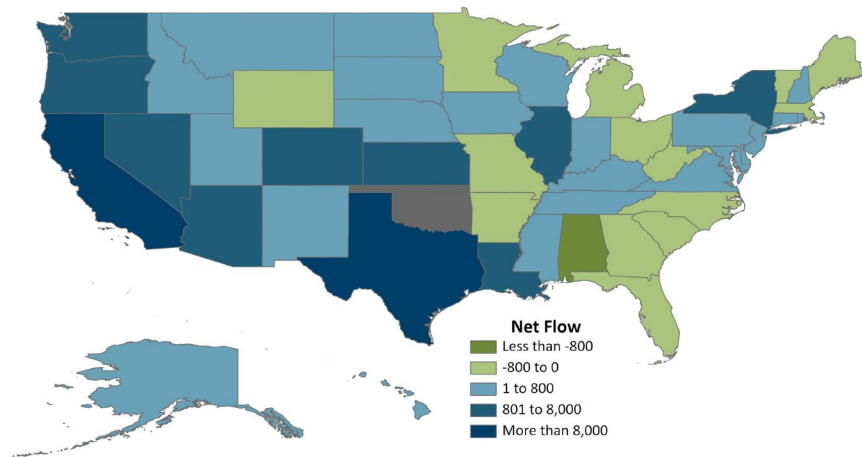
# Oklahoma had the 12<sup>th</sup> highest rate of domestic migration post-pandemic and in 2023, gaining the most residents from California and Texas

## Net Domestic Migration by State

Migration by State, 2020 to 2023



Migration to Oklahoma During 2020 - Q3 2023

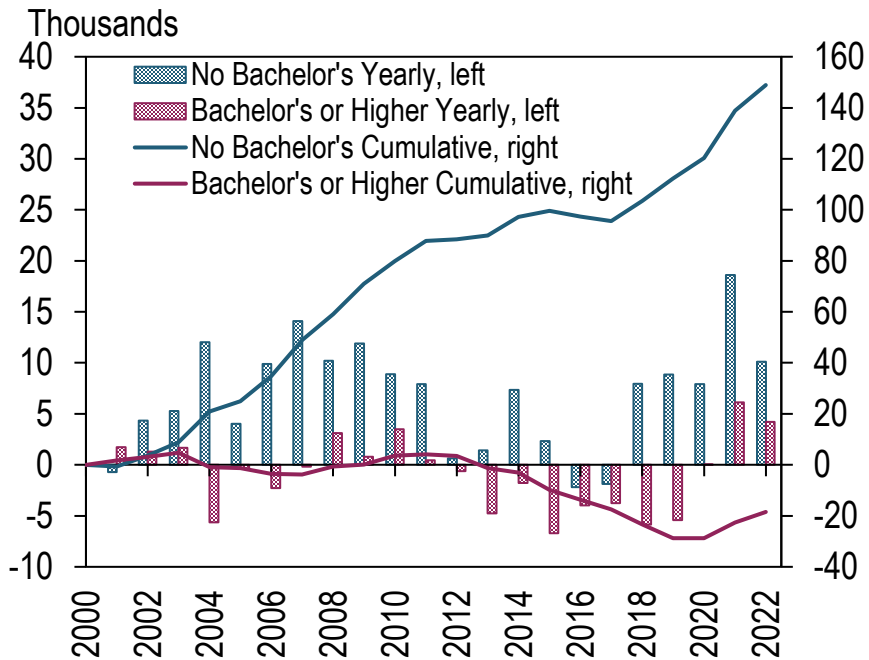




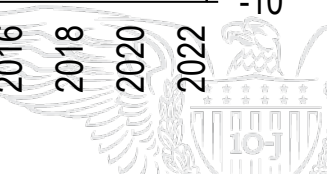
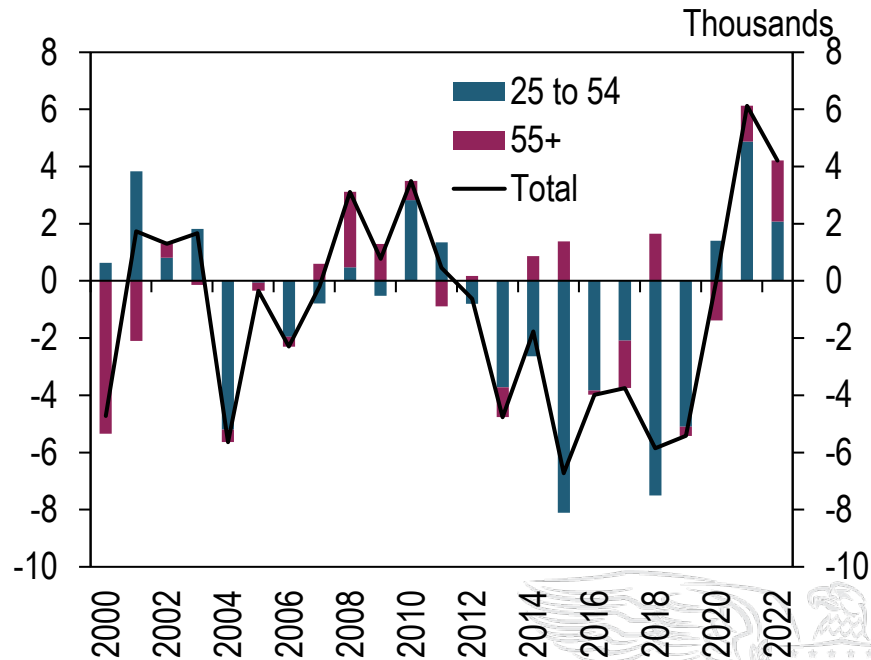
The state had net inflow of prime-age college graduates since the pandemic, but has not yet fully made up previous “brain drain” losses from the 2010s

### Oklahoma Net Domestic Migration by Educational Attainment

Bachelor's Degree vs. Non-Bachelor's Degree



Migration of Bachelor's Holders by Age



## Summary

- U.S. economic growth 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
- Oklahoma's population growth has outpaced the nation in recent years, driven by strong domestic in-migration



# Questions?

RECEIVE REGULAR UPDATES ABOUT  
*Oklahoma's economy*

For more analysis of the Oklahoma economy, regional manufacturing conditions and regional energy conditions, subscribe to receive e-mail alerts from the KANSAS CITY FED.

Visit *[kansascityfed.org/lealert](https://kansascityfed.org/lealert)* to subscribe!

