U.S. and Oklahoma Economic Outlook

Oklahoma City Economic Forum

September 3, 2026

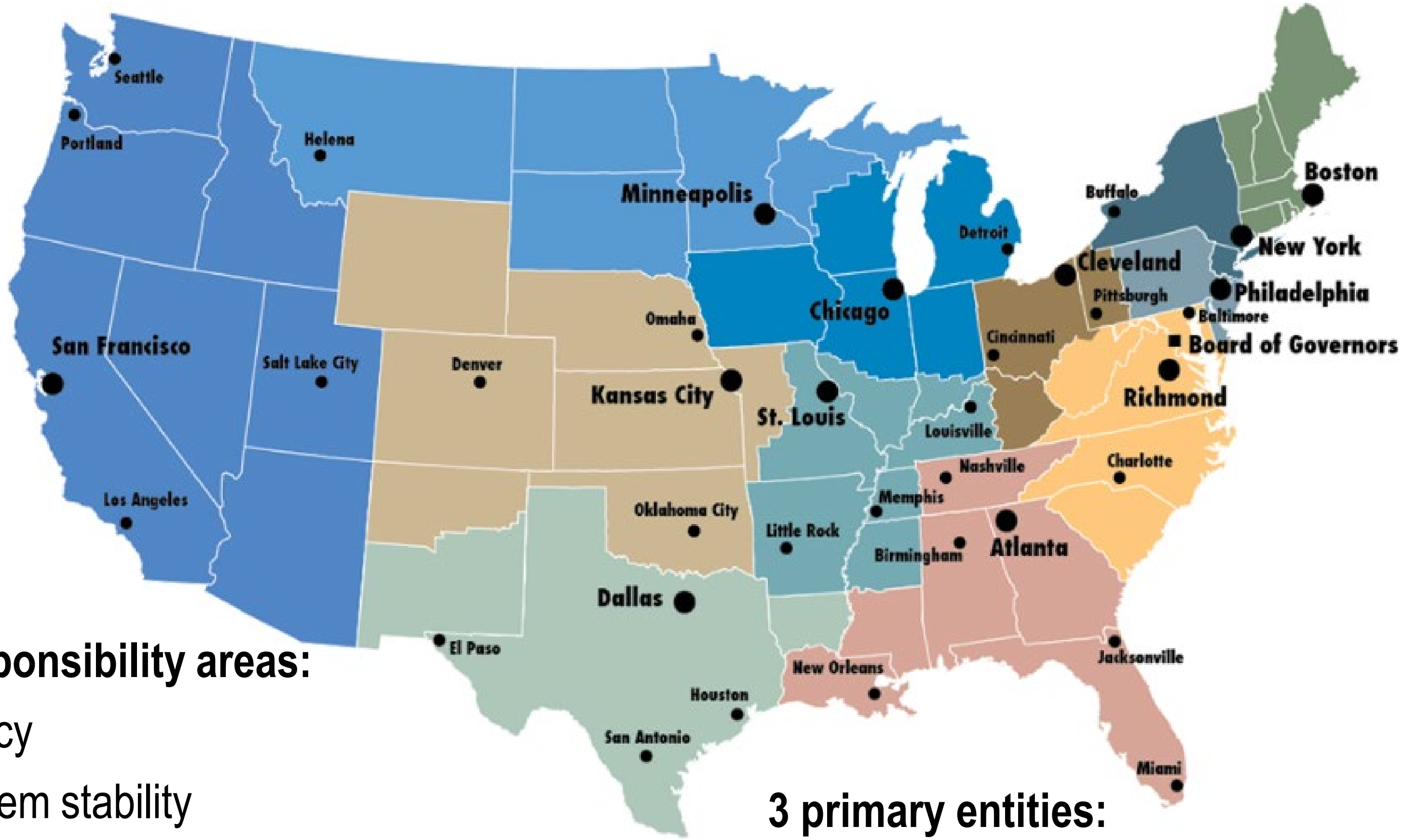
Cortney Cowley

AVP & Oklahoma City Branch Executive

FEDERAL RESERVE BANK OF KANSAS CITY

Denver / Oklahoma City / Omaha

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

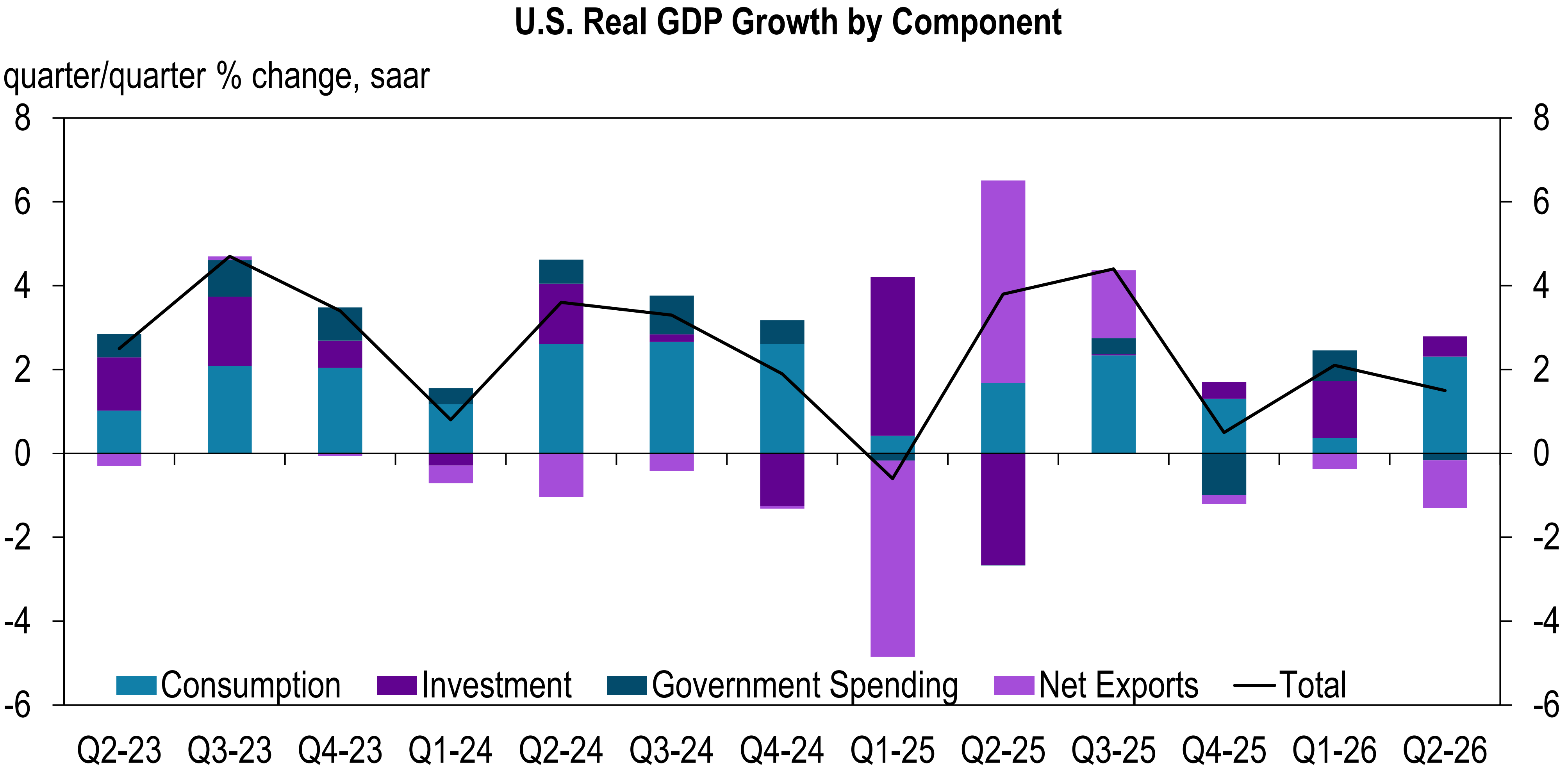
- **Functions and purposes ~ 50 staff**
  - Research on U.S. and Oklahoma economies; energy sector and business survey focus
  - Examinations of Oklahoma financial institutions (~50 banks, ~160 holding cos.)
  - Risk analysis and IT development for bank exams; exam assistance for other Fed offices
  - Community development and economic education programming for low/moderate income groups and students

- **2026 OKC Branch Board of Directors**
  - **Rhonda Hooper (chair)**, President & CEO, Jordan Advertising, OKC
  - **Mark Burrage**, CEO, FirstBank, Antlers/Atoka
  - **Scott Case**, President, Case & Associates Properties, Tulsa
  - **Jason A. Garner**, President, Crawley Petroleum Corporation, OKC
  - **Terry Salmon**, President, Computer System Designers, OKC
  - **Brady Sidwell**, Principal, Sidwell Enterprises, Enid
  - **Rebecca Thompson**, Chief Accounting Officer, AAON, Inc., Tulsa

Oklahomans on National and Tenth District Fed Advisory Councils

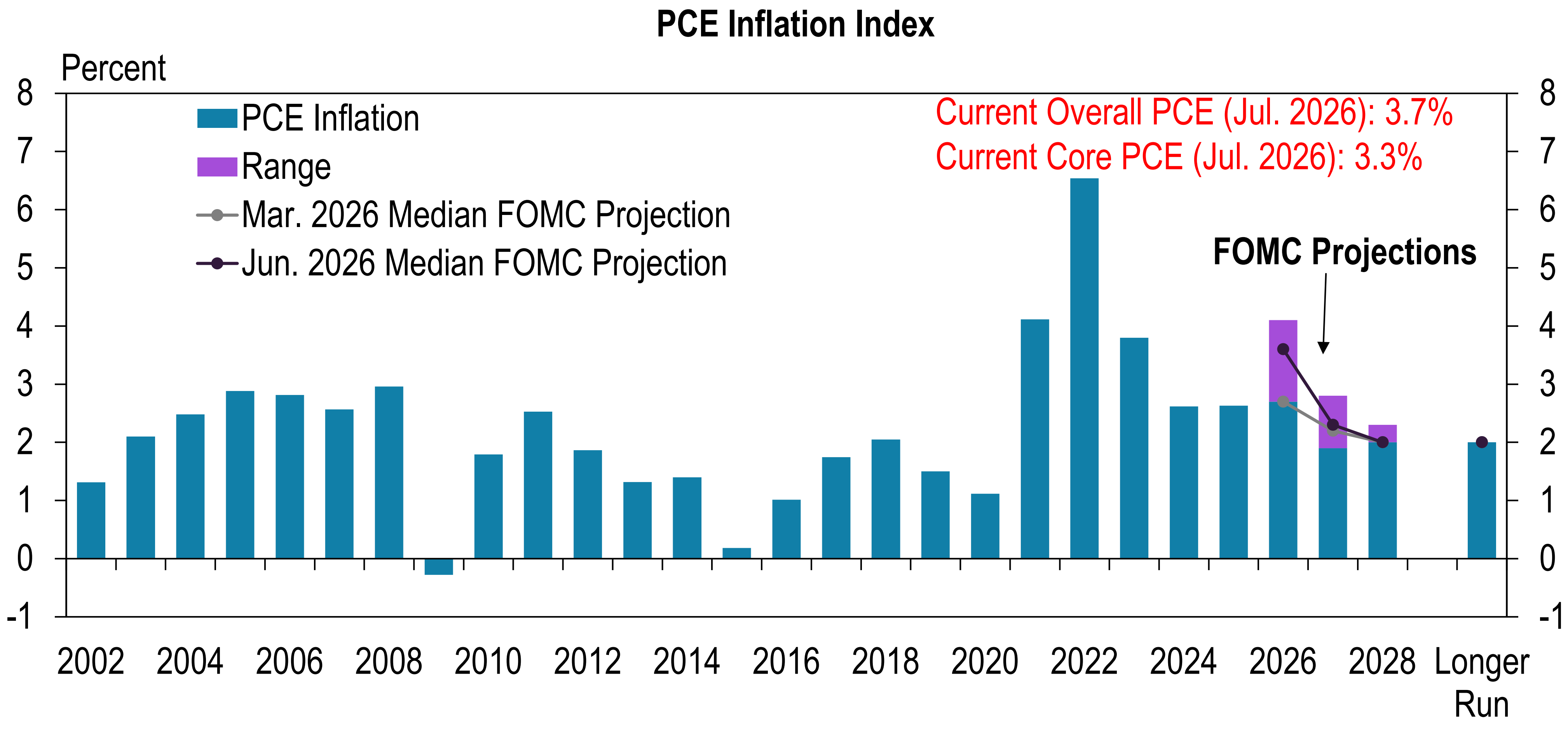
- **Kansas City Head Office Board of Directors (District):**
  - **Susan Chapman Plumb**, Board Chair & CEO, Local Bank, Tahlequah
- **Community Advisory Council (National):**
  - **Bruce Shultz (Chair)**, SVP of Community Development Banking, Gateway First Bank, Tulsa
- **10J Payments Advisory Group (District):**
  - **Christine McQueen**, SVP, BOK Financial, Tulsa
  - **Chelsea Puckett**, SVP of Strategic Payments Systems, Stride Bank, Enid
- **Economic Advisory Council (District):**
  - **Pancho Gonzalez**, CEO, Lopez Dorada Foods, Inc., Oklahoma City
  - **Dr. Marcie Mack**, Executive Direct, Enid Regional Development Alliance, Enid
  - **Robert "Sid" McAnnally**, CEO, ONE Gas, Tulsa
  - **David Nimmo**, CEO, Chickasaw Nation Industries, Norman
- **Federal Advisory Council (National)**
  - **Jill Castilla,** President and CEO, Citizens Bank of Edmond, Edmond
  - **Stacy Kymes,** President and CEO, BOK Financial, Tulsa
- **Community Development Advisory Council (District):**
  - **Andrea Frymire,** President and CEO, Housing for Communities, Inc., Oklahoma City
  - **Katrina Southard**, Executive Director, South-Central Oklahoma Workforce Board, Chickasha
- **Community Depository Inst. Advisory Council (District):**
  - **Jerold Phillips**, COO, Citizens Bank, Ardmore
  - **Misty Potter**, President and CEO, Oklahoma Capital Bank and CFO, Sooner Southwest Bancshares, Tulsa

U.S. GDP growth cooled to 1.5% in Q2, as business investment eased and the Iran conflict affected supply chains, but consumption remains strong



Sources: BEA/Haver Analytics

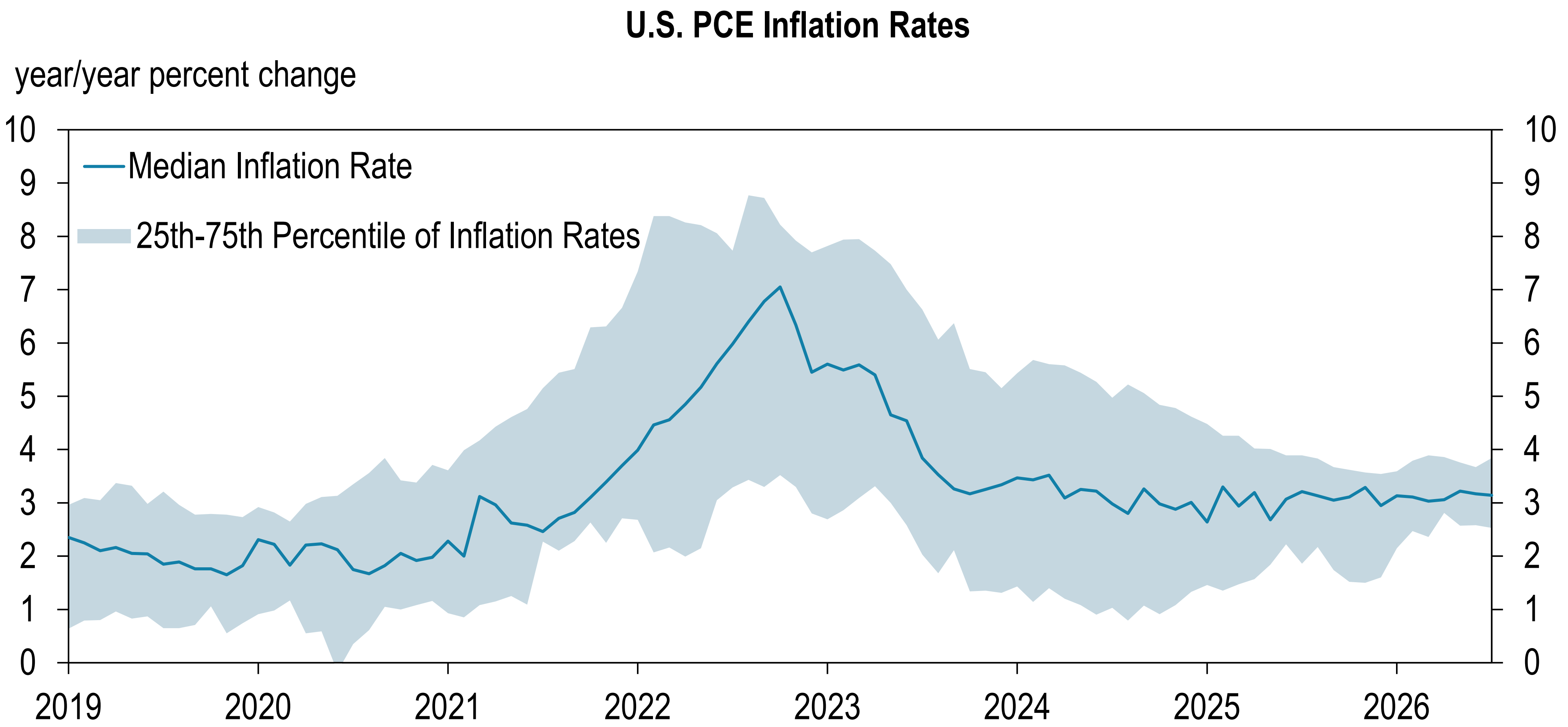
Inflation is expected to remain elevated this year amid high energy prices and broader inflationary pressures



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

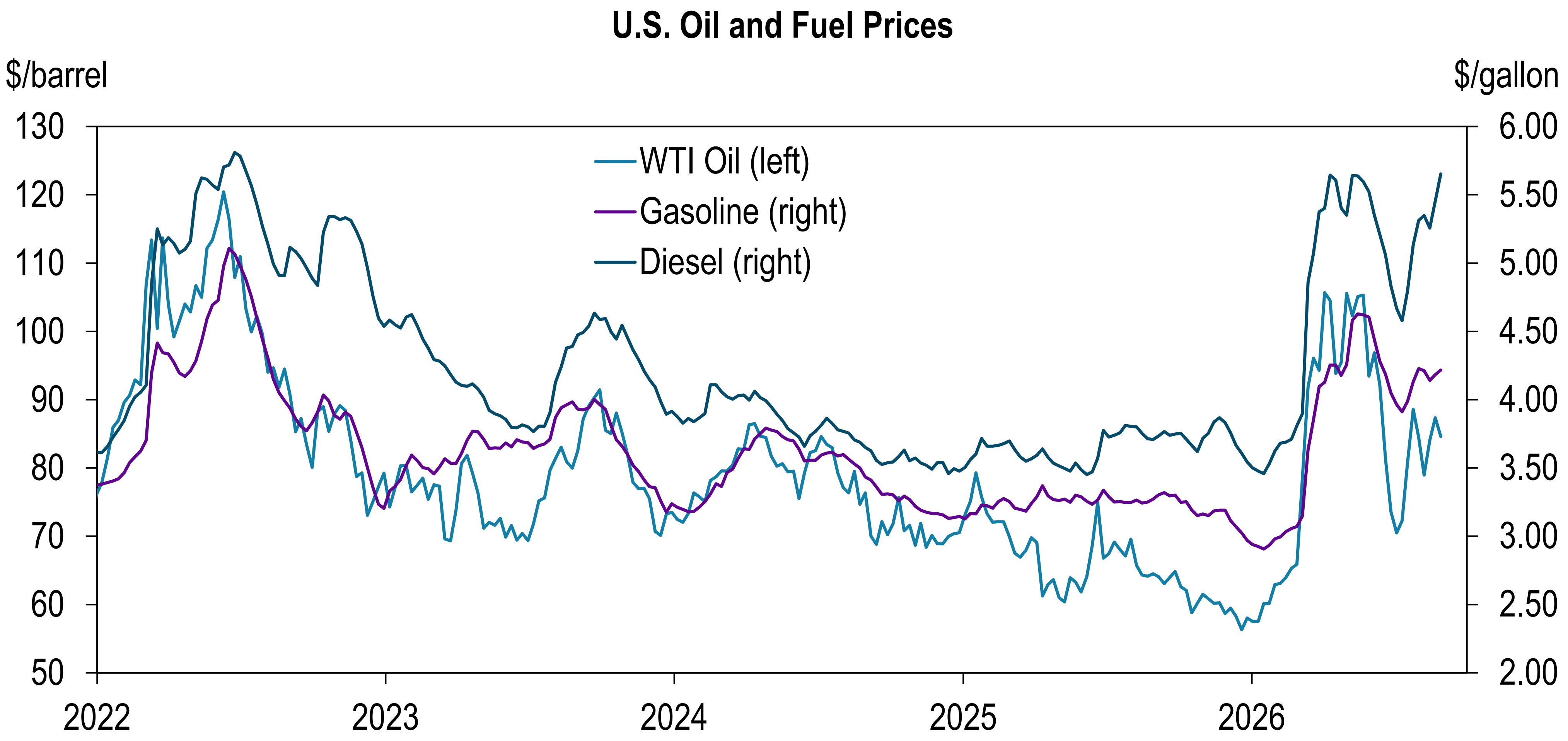
Sources: Bureau of Economic Analysis, FOMC

Broad inflationary pressures persist



Sources: BEA, Federal Reserve Bank of San Francisco/Haver Analytics

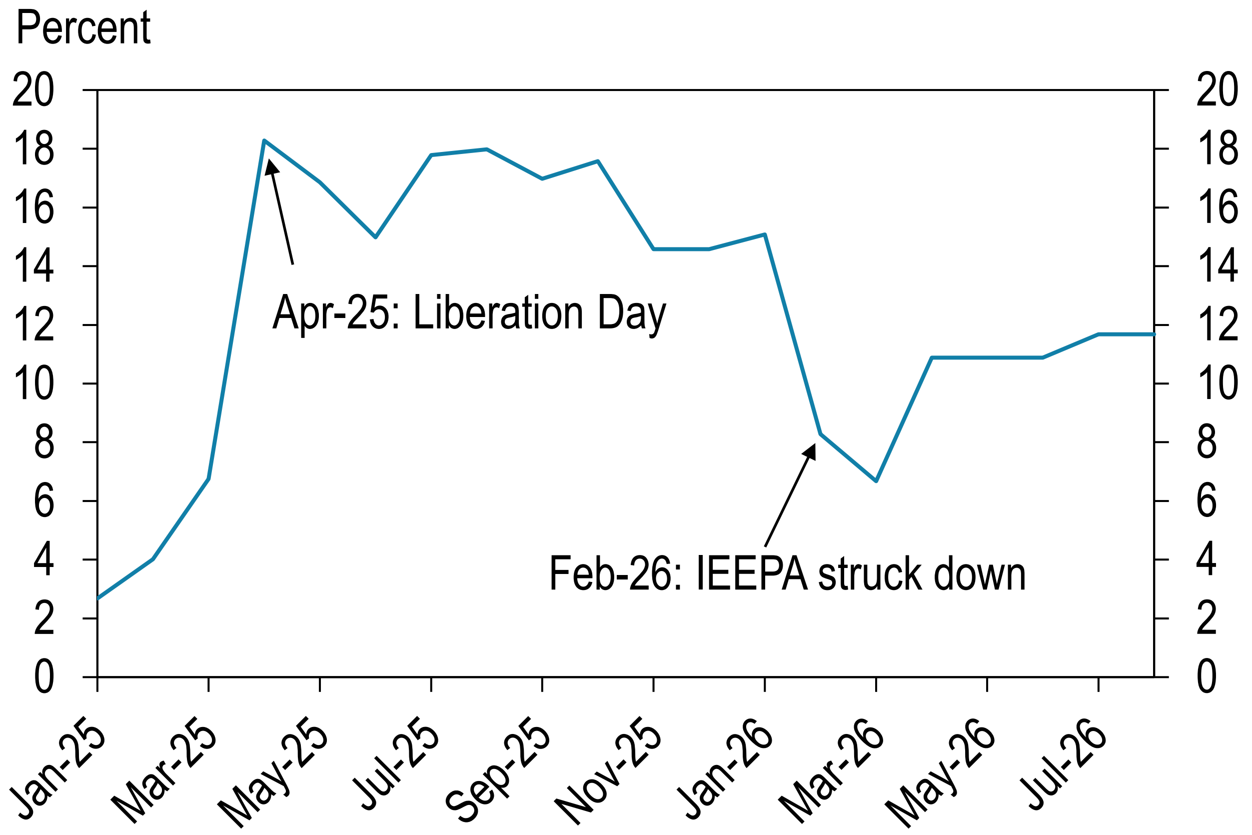
Fuel prices present upside risk to inflation



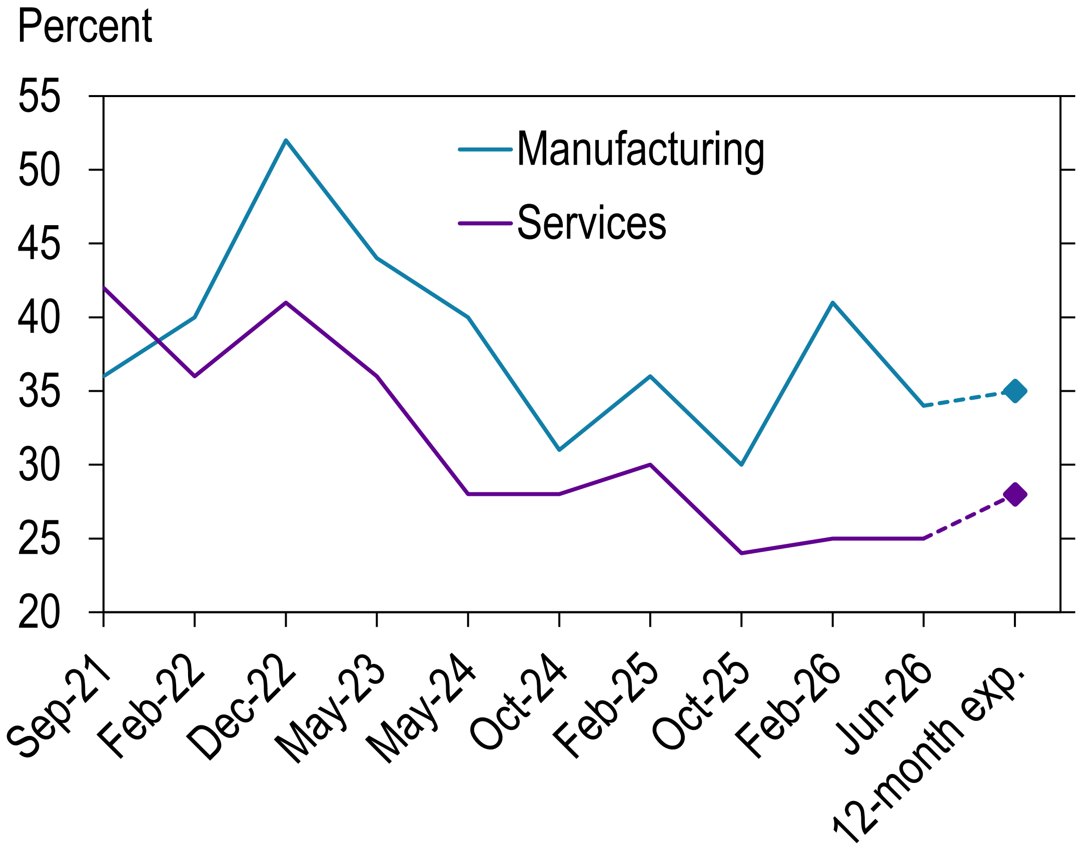
Sources: EIA/Haver Analytics

Tariffs remain elevated, but passthrough to the consumer is not expected to increase substantially

U.S. Effective Tariff Rate

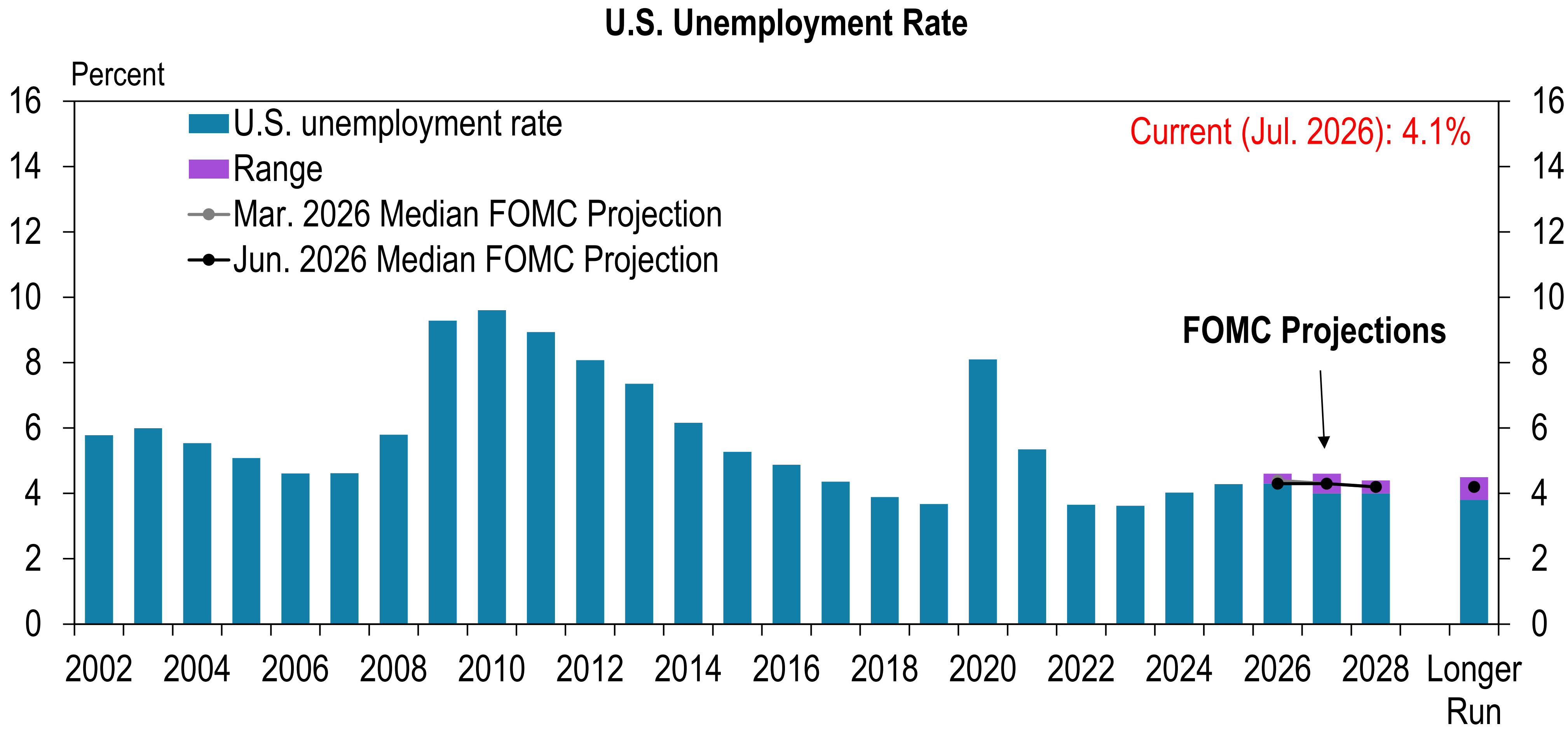


Share of Tenth District Firms Passing Through More than 60% of Cost Increases



Sources: Budget Lab at Yale, FRBKC

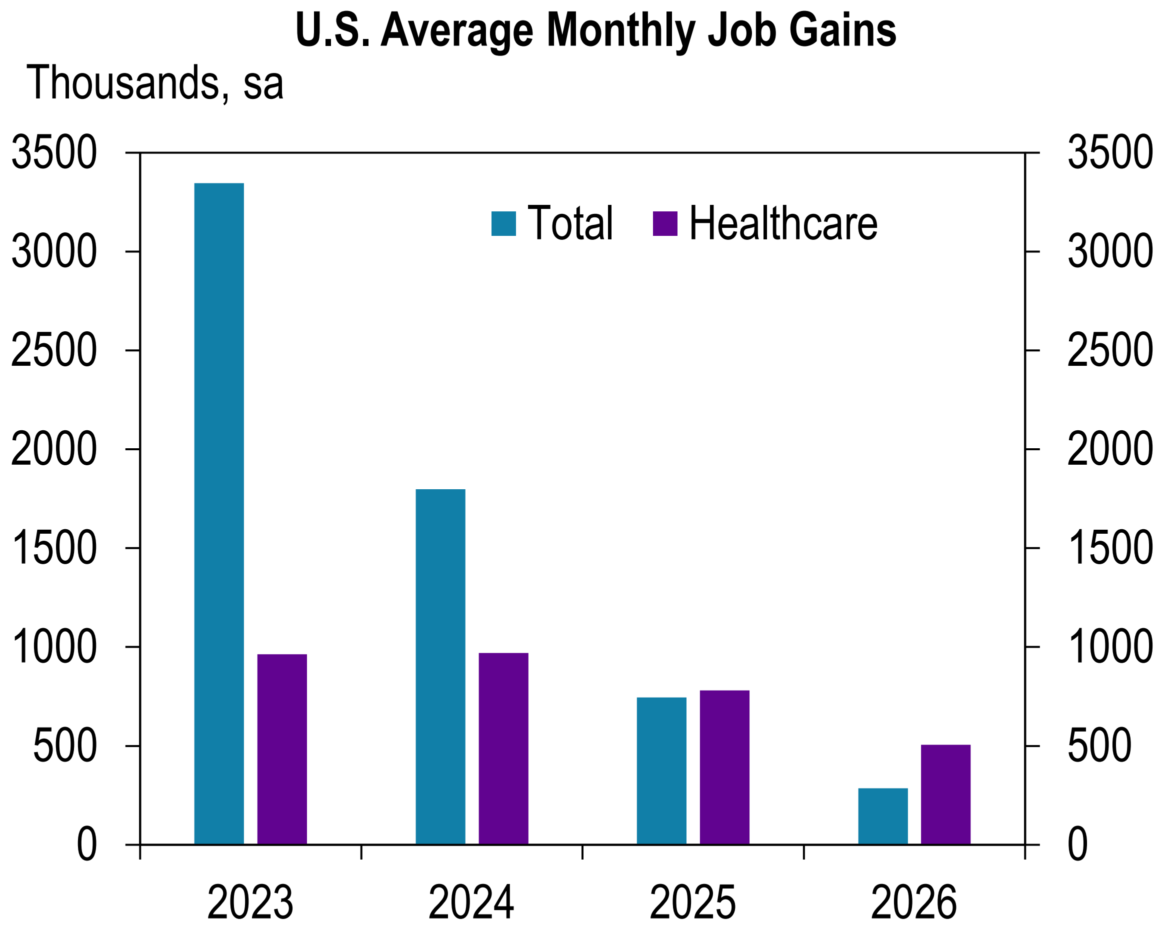
U.S. unemployment is at its long-run average and is projected to remain low moving forward

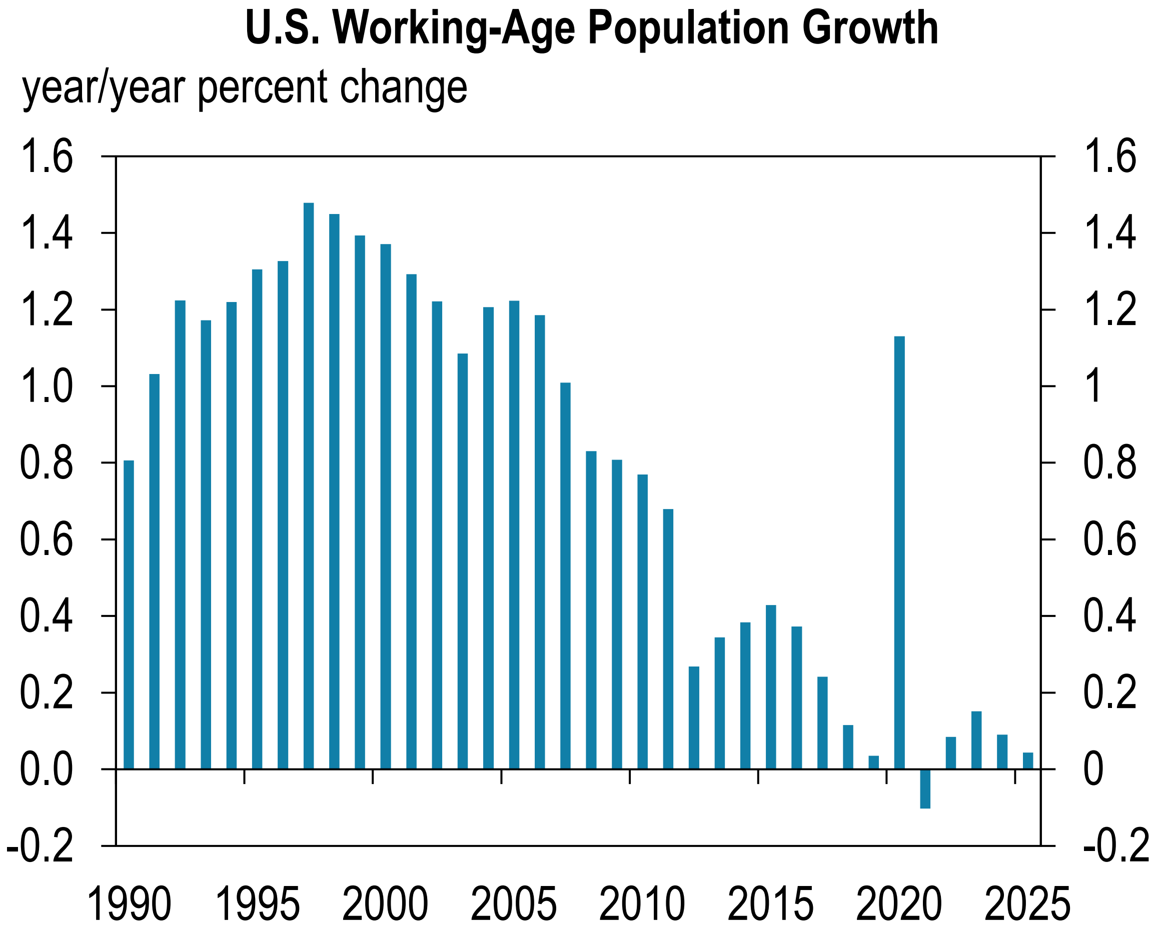


Note: Data and FOMC projections are for year-end.

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

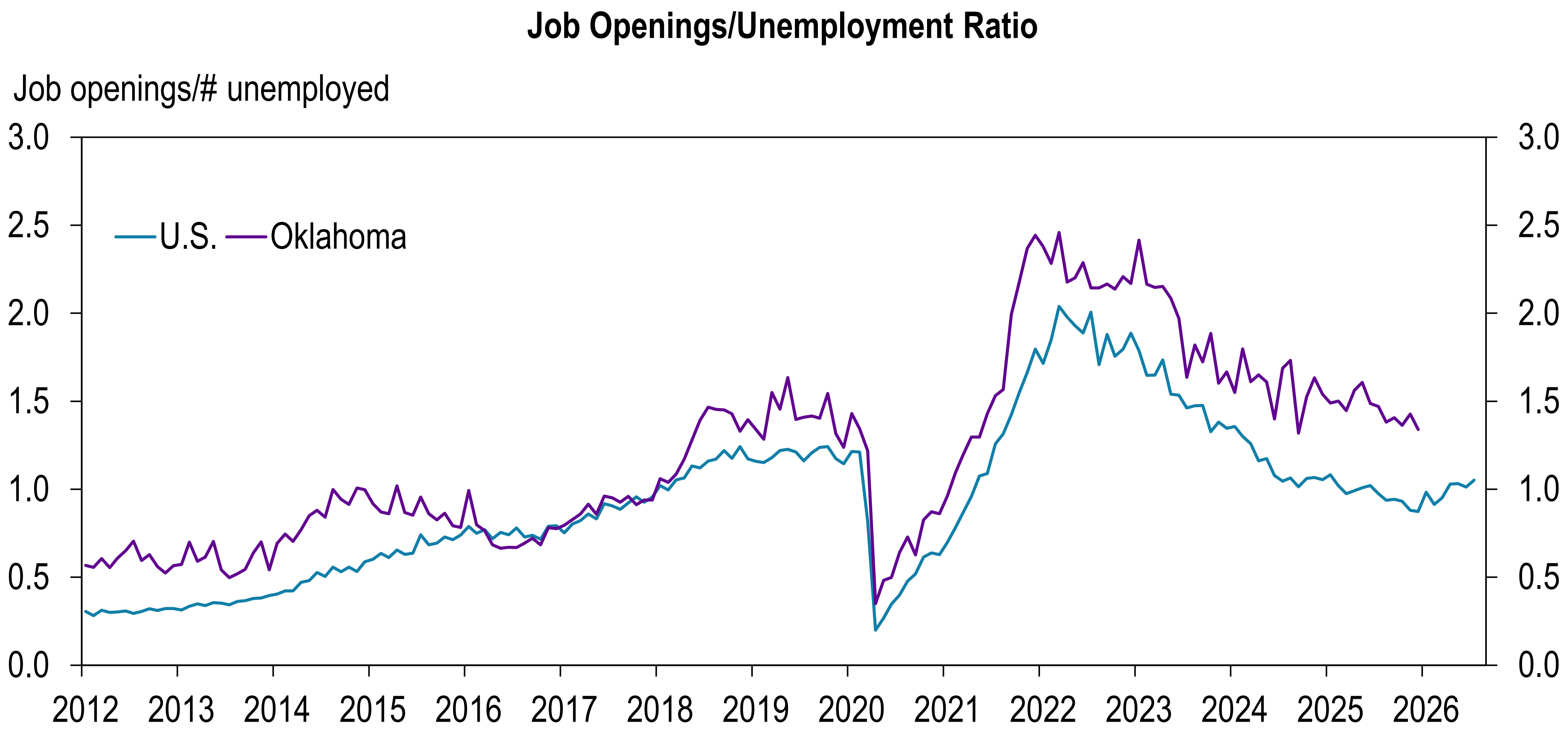
U.S. job gains have slowed in recent months and are largely concentrated in healthcare, partially due to reduced labor supply





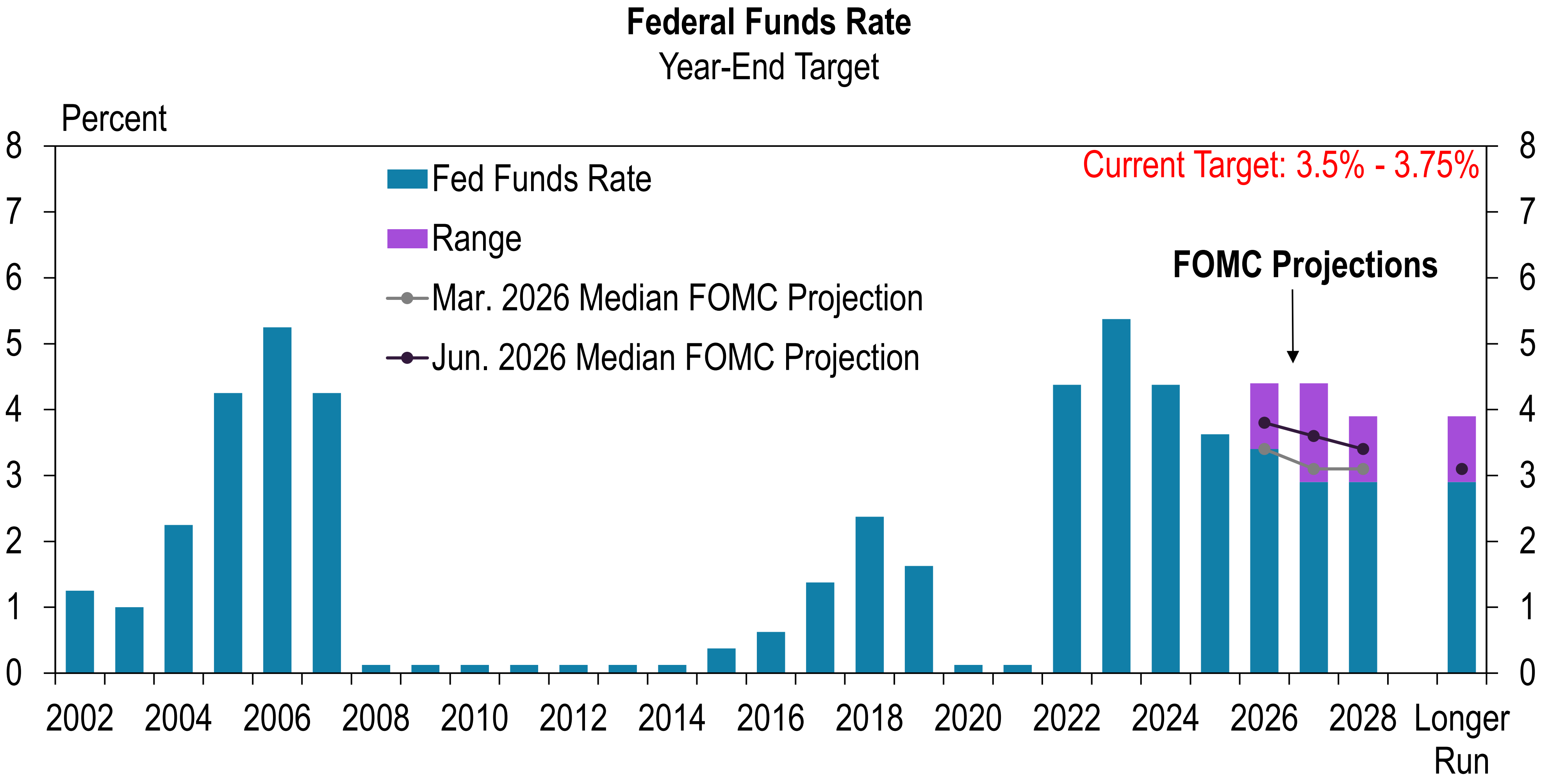
Sources: BLS, Census/Haver Analytics

The U.S. labor market remains balanced



Source: Bureau of Labor Statistics

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

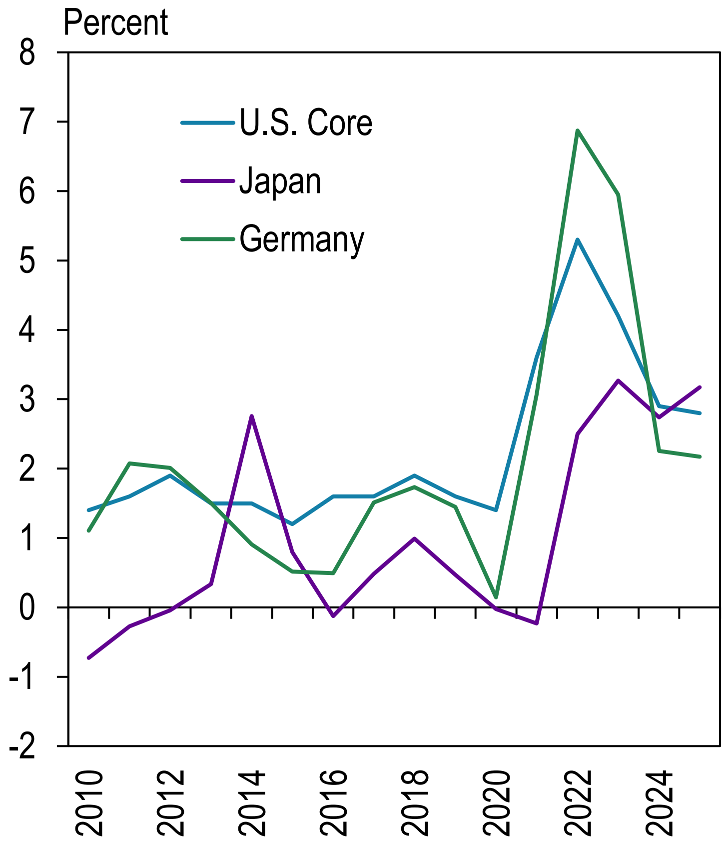


Note: Data and FOMC projections are for year-end.

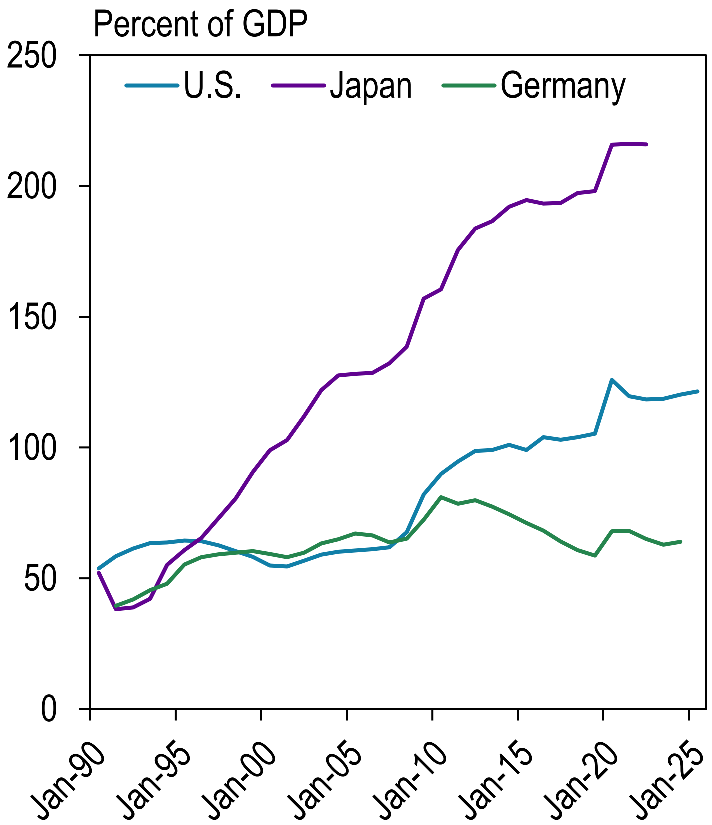
Sources: Bureau of Economic Analysis, FOMC

Interest rates have increased alongside "sticky" inflation and higher government debt.

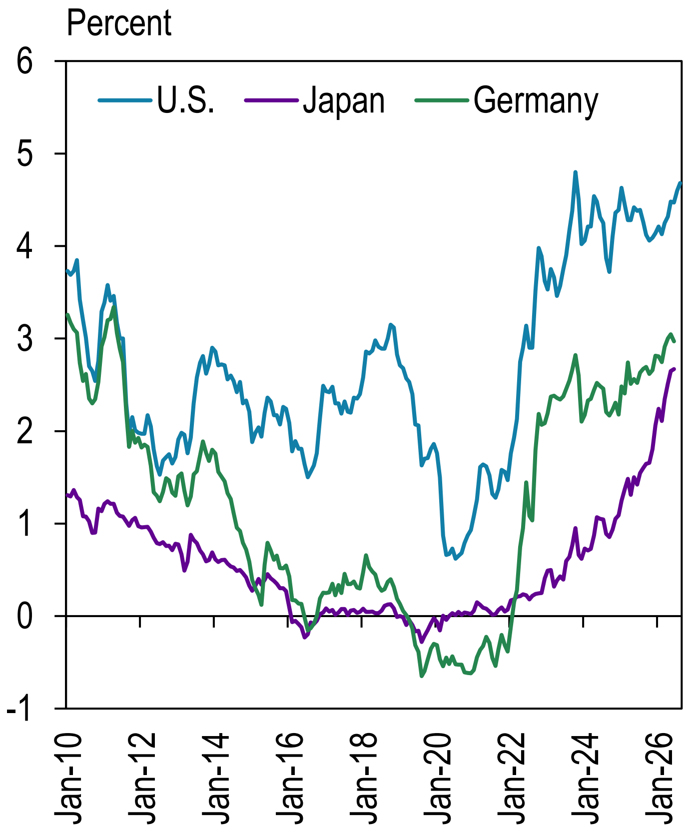
Inflation



Government Debt



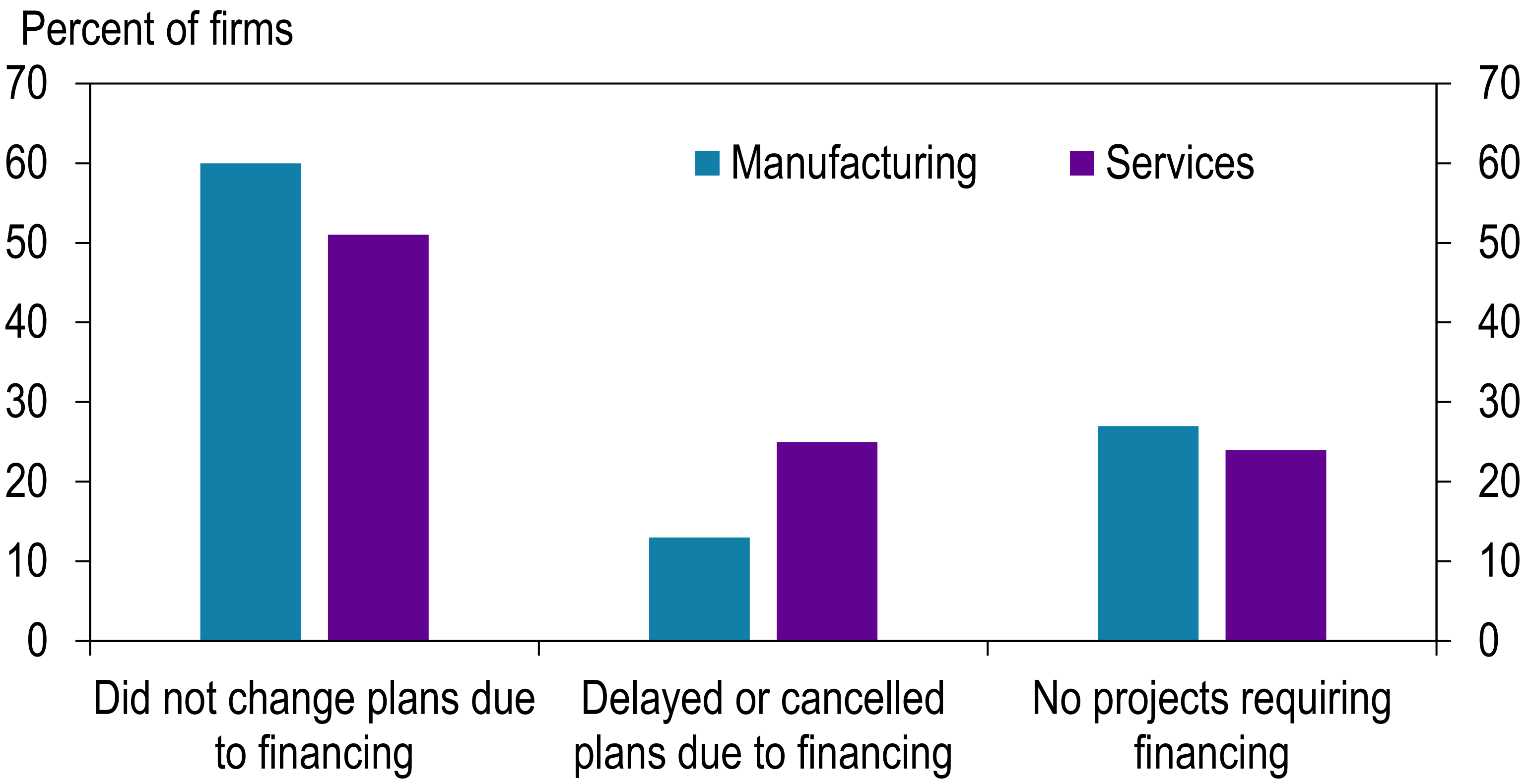
Yield on 10-Year Government Bonds



Sources: Federal Reserve, Bureau of Economic Analysis, U.S. Treasury, OECD, World Bank

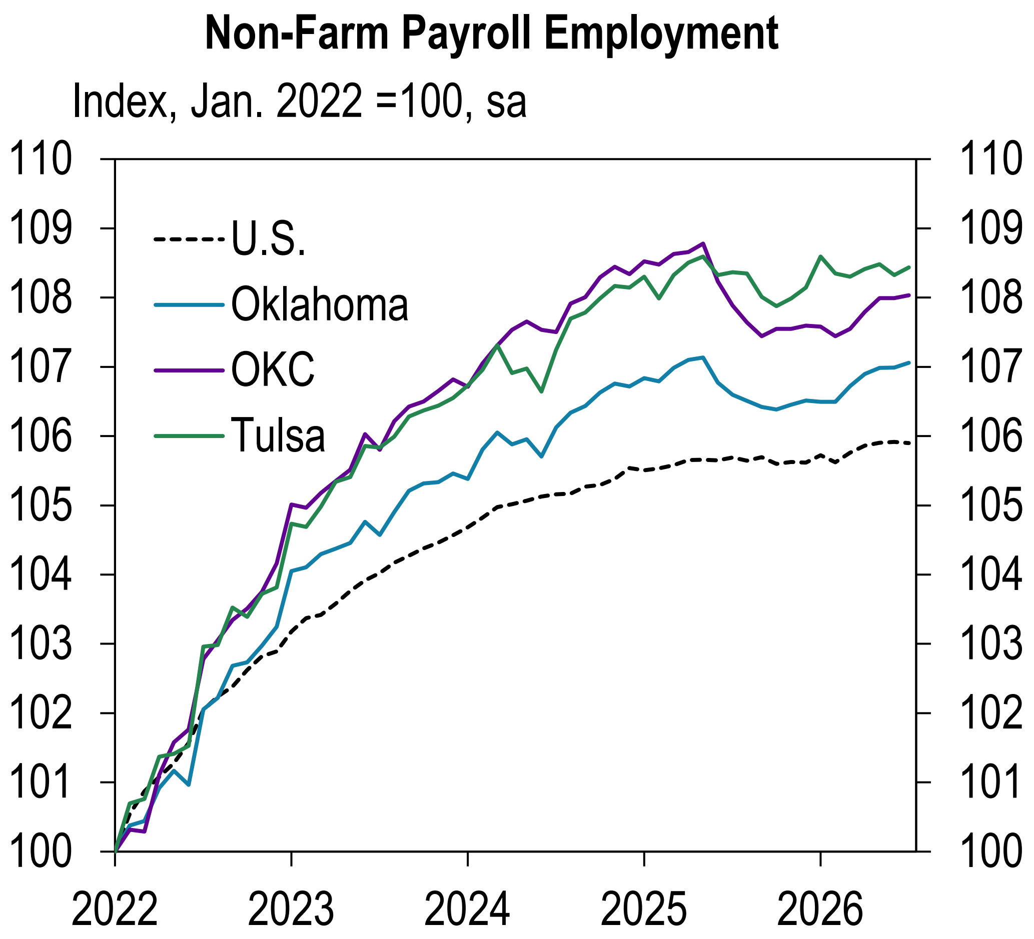
Over half of Tenth District firms report their projects are not restricted by interest rates

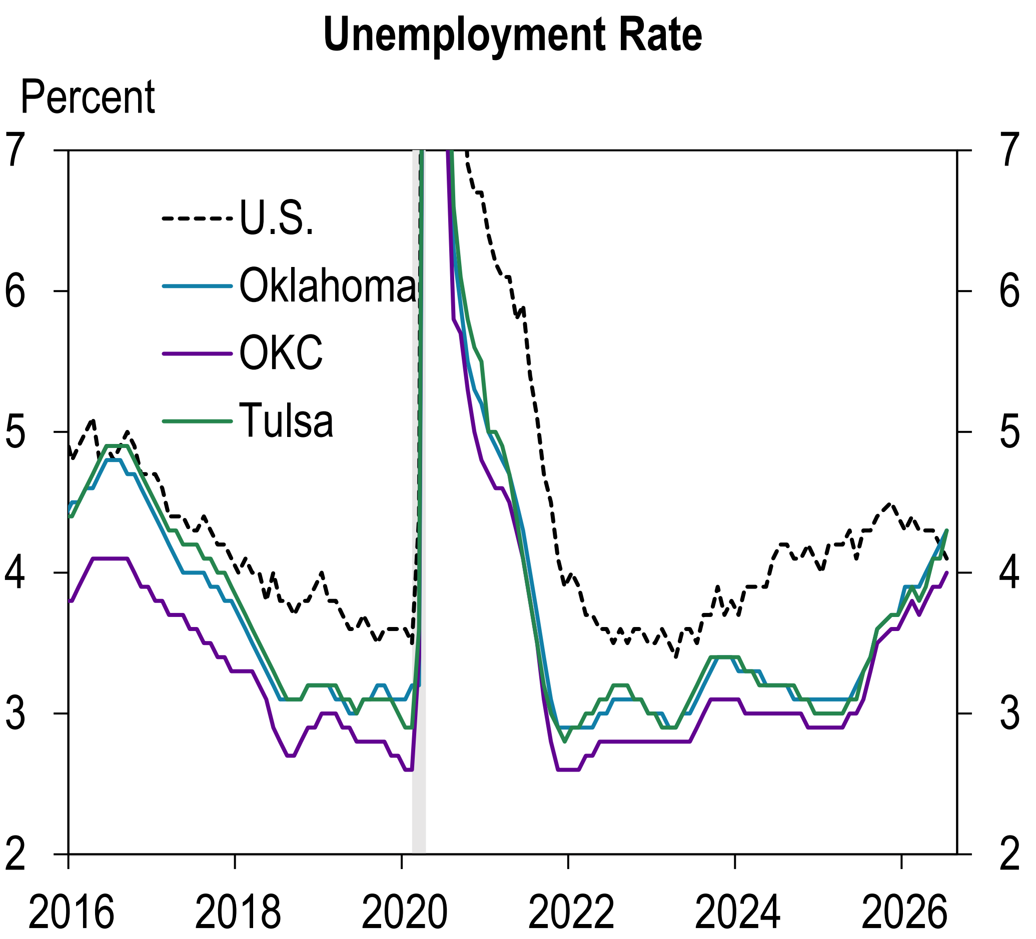
August 2026: Since the beginning of the year, has the cost of interest caused an adjustment to projects that have typically used financing?



Source: Kansas City Fed

Oklahoma has recovered job losses from 2025, but unemployment has surpassed the U.S. average

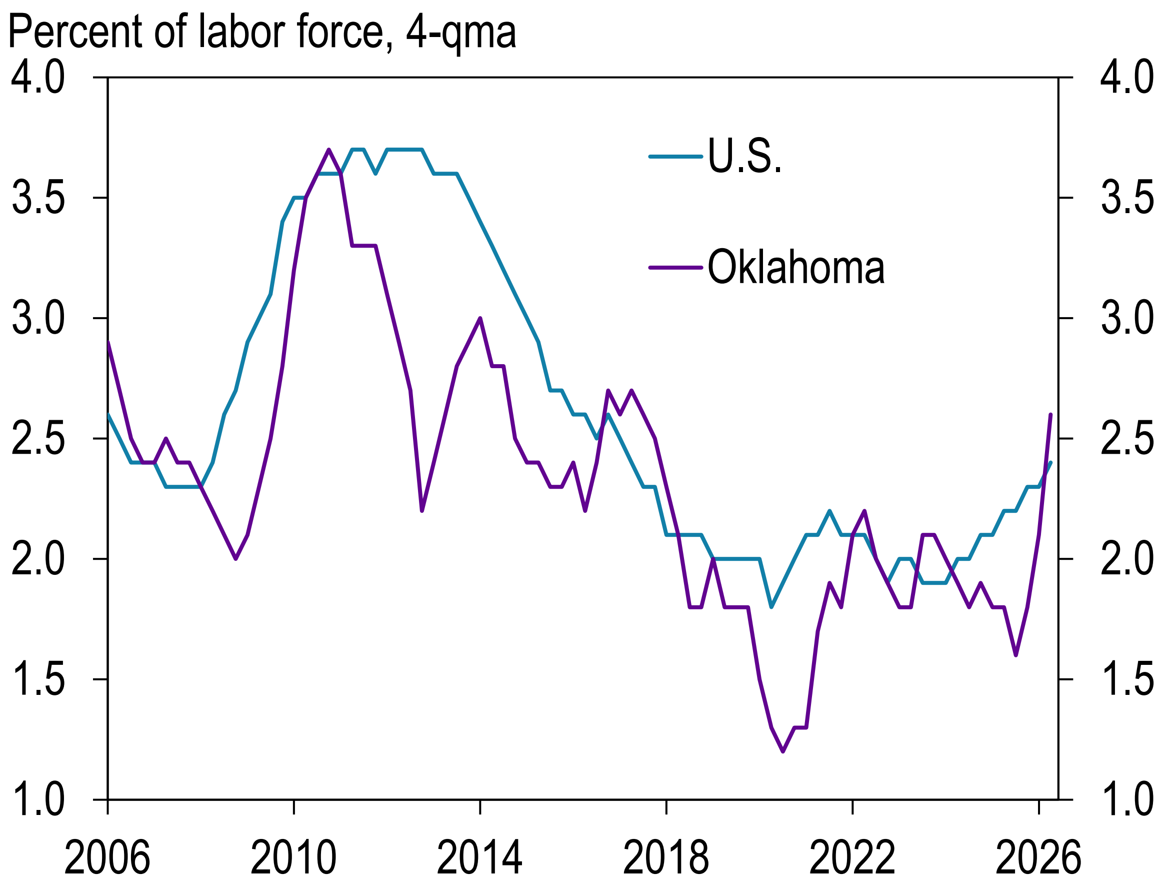




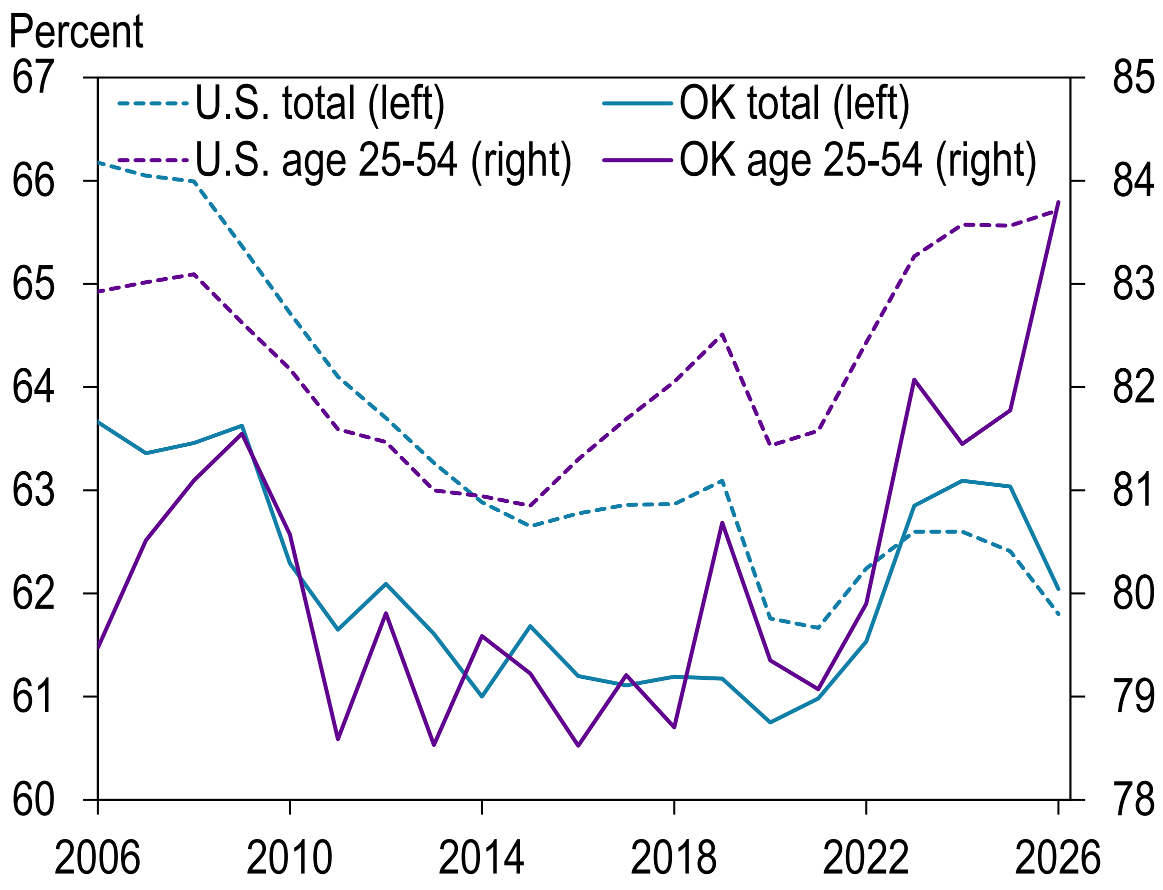
Source: U.S. Bureau of Labor Statistics/Haver Analytics

Unemployment gains are driven by new entrants into the labor force

Unemployment from Labor Force Entrants



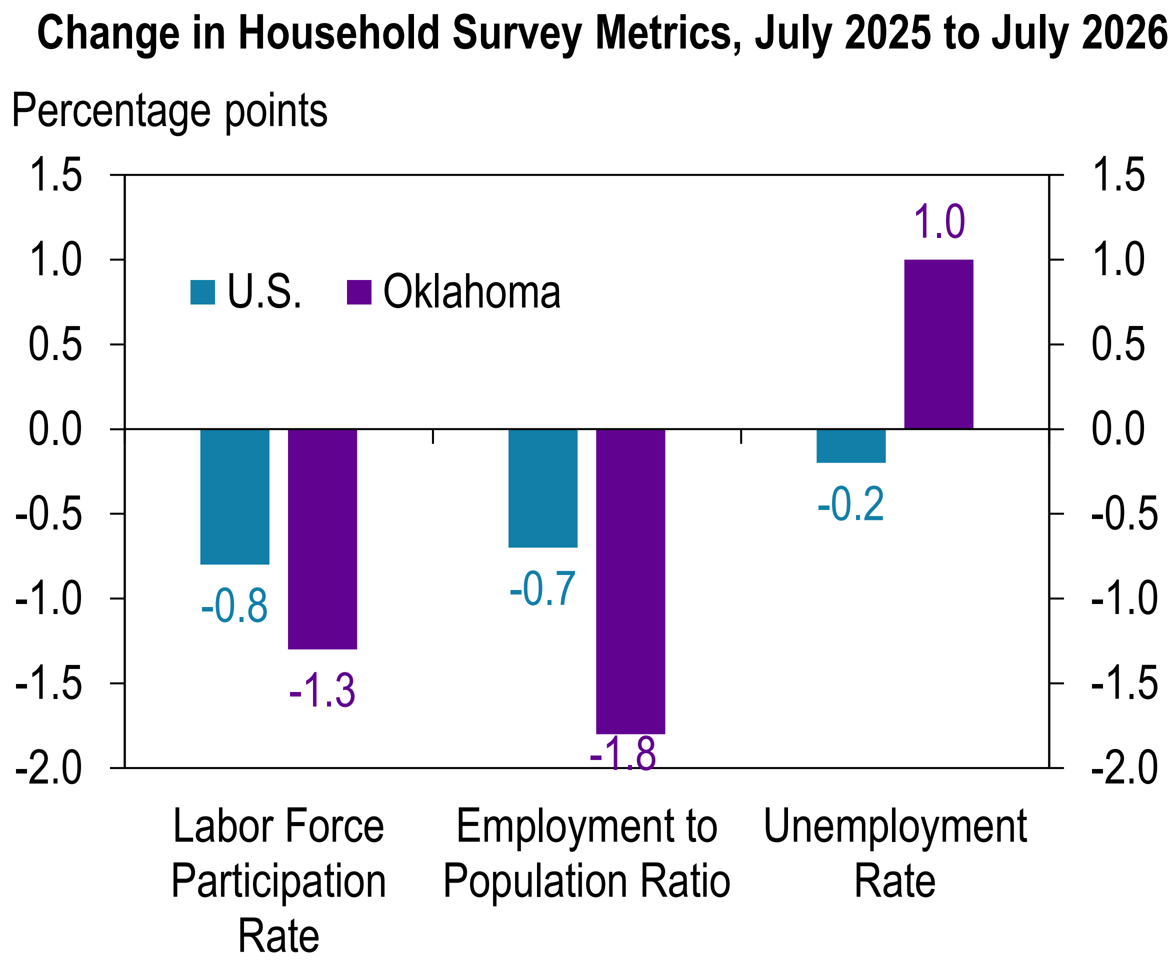
Labor Force Participation by Age

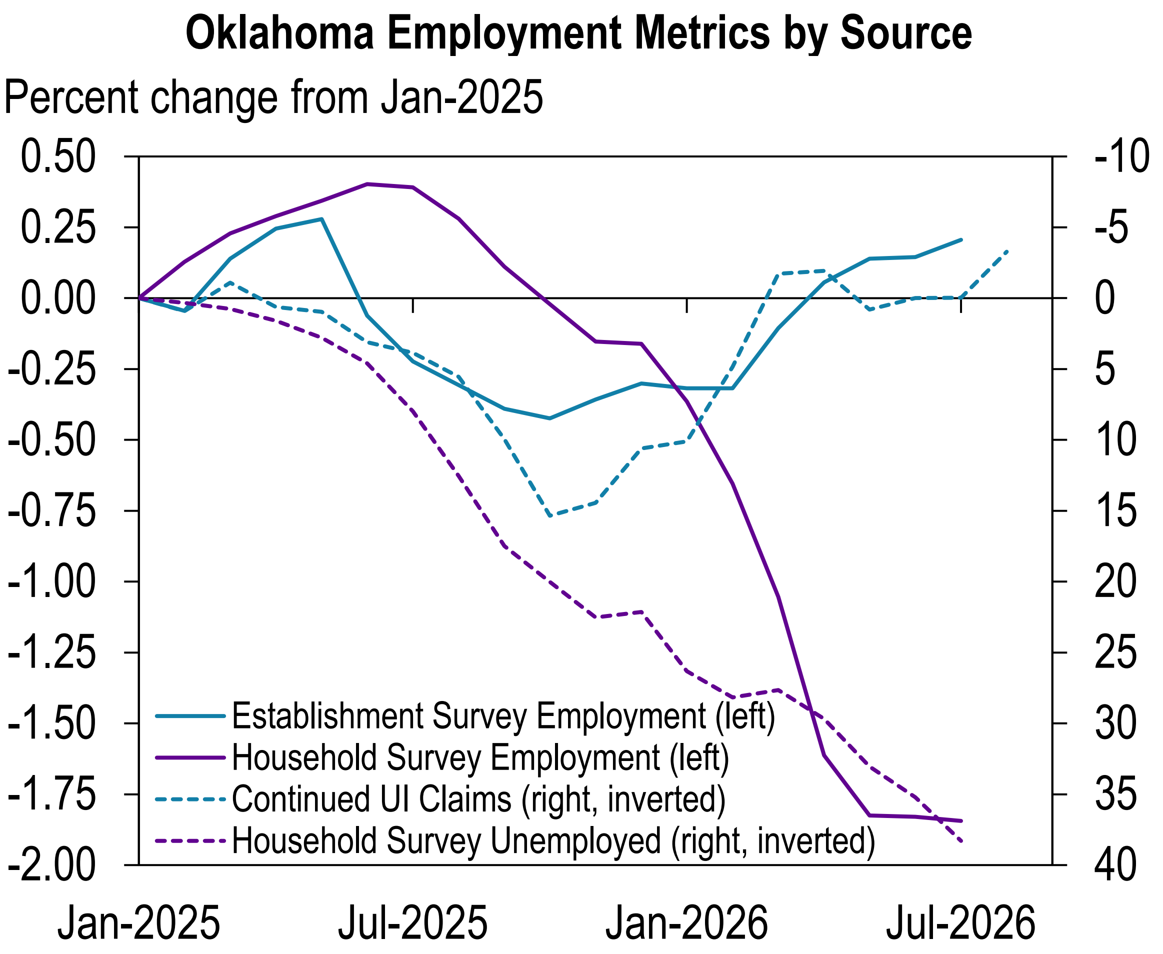


Note: Left chart is calculated by proxy of the difference between U3 and U2 unemployment rates.

Sources: U.S. Bureau of Labor Statistics/Haver Analytics, staff calculations

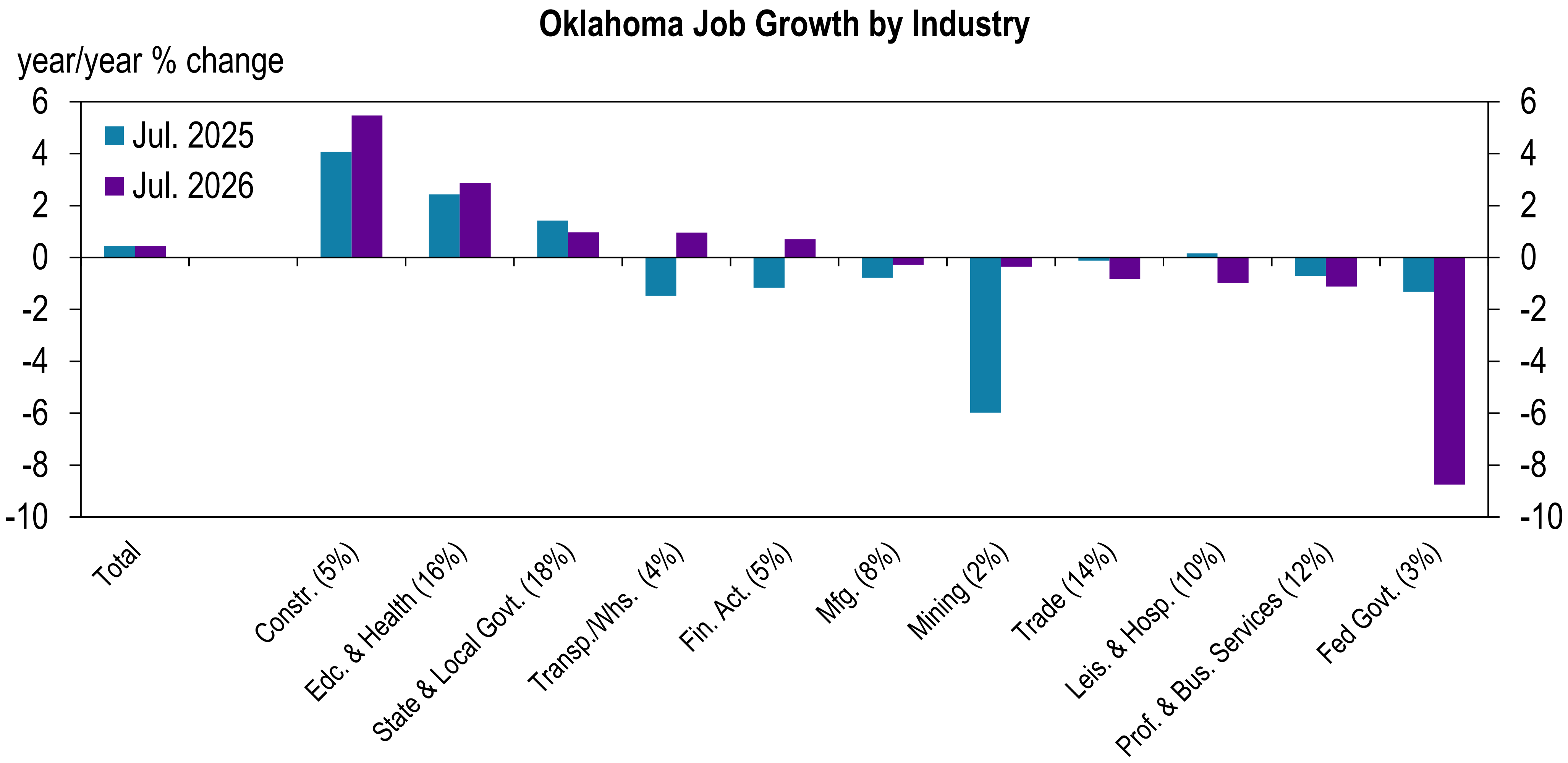
Oklahoma's job losses outpaced decreases in labor supply, but some sources indicate a recovery in 2026





Source: U.S. Bureau of Labor Statistics, DOL/Haver Analytics

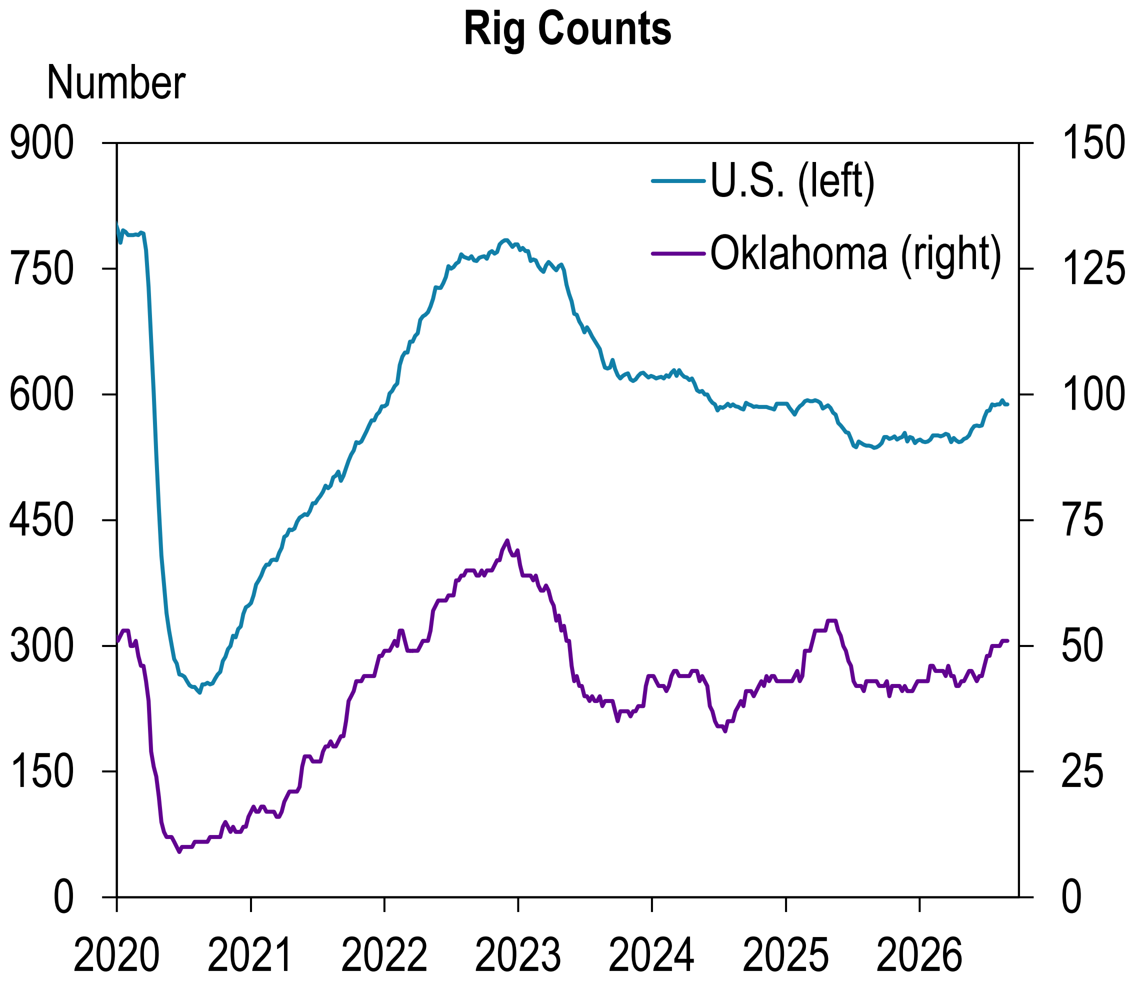
Oklahoma job growth picked up in construction, healthcare, and warehousing, while declining in retail, hospitality, and professional services



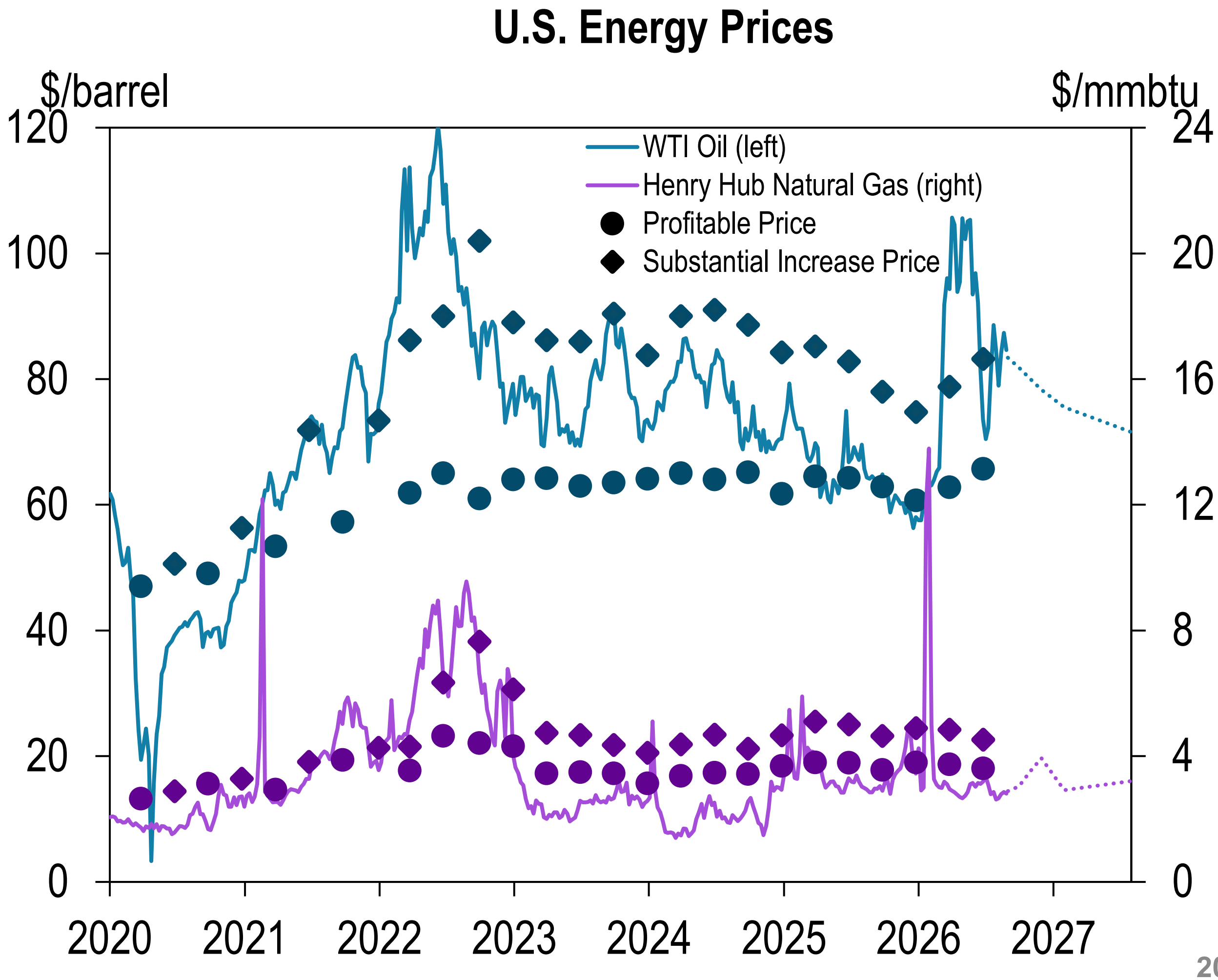
Sources: U.S. Bureau of Labor Statistics/Haver Analytics

Note: Parentheticals show the 2-year average share of Oklahoma's total employment.

Rig counts have increased recently as oil prices surpass levels needed to increase drilling, and are expected to remain above breakevens

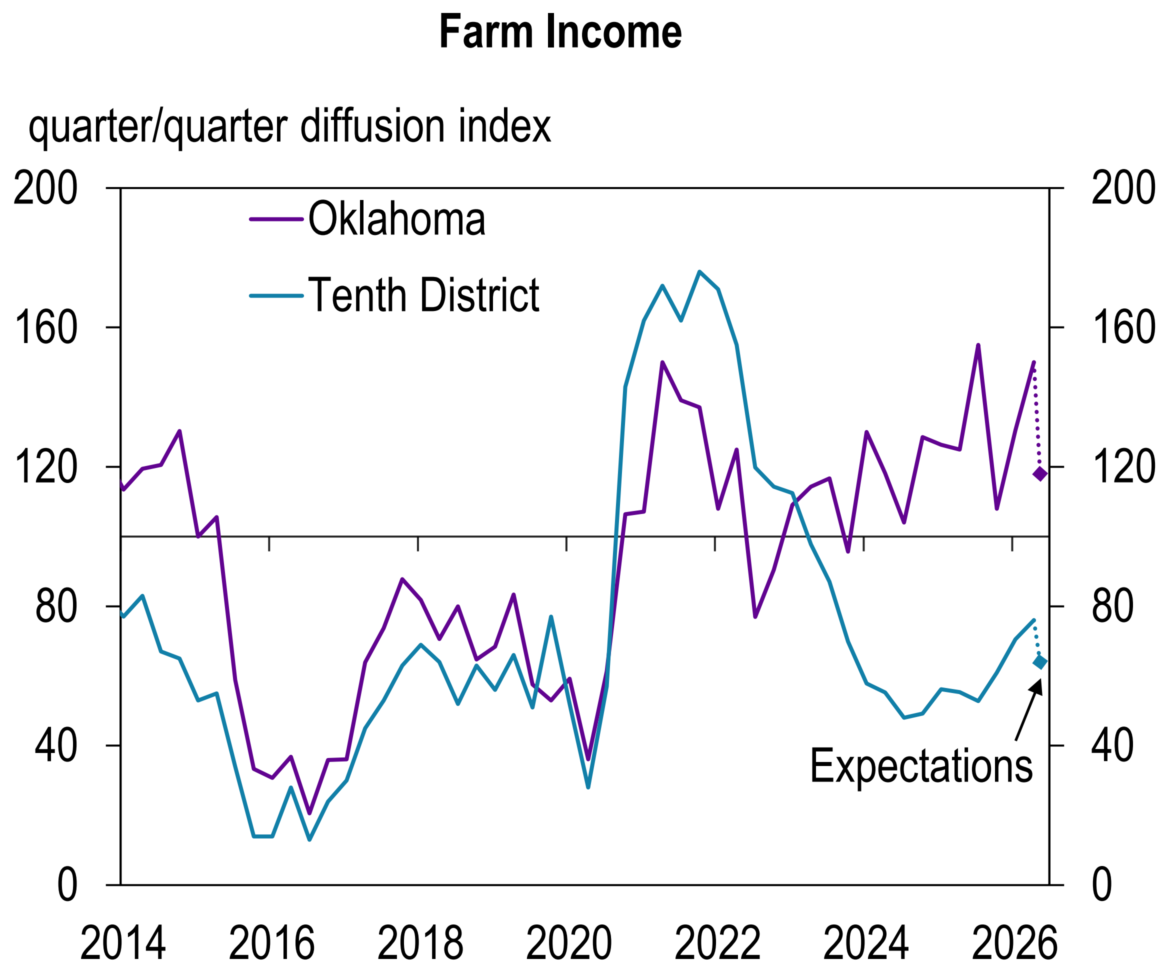


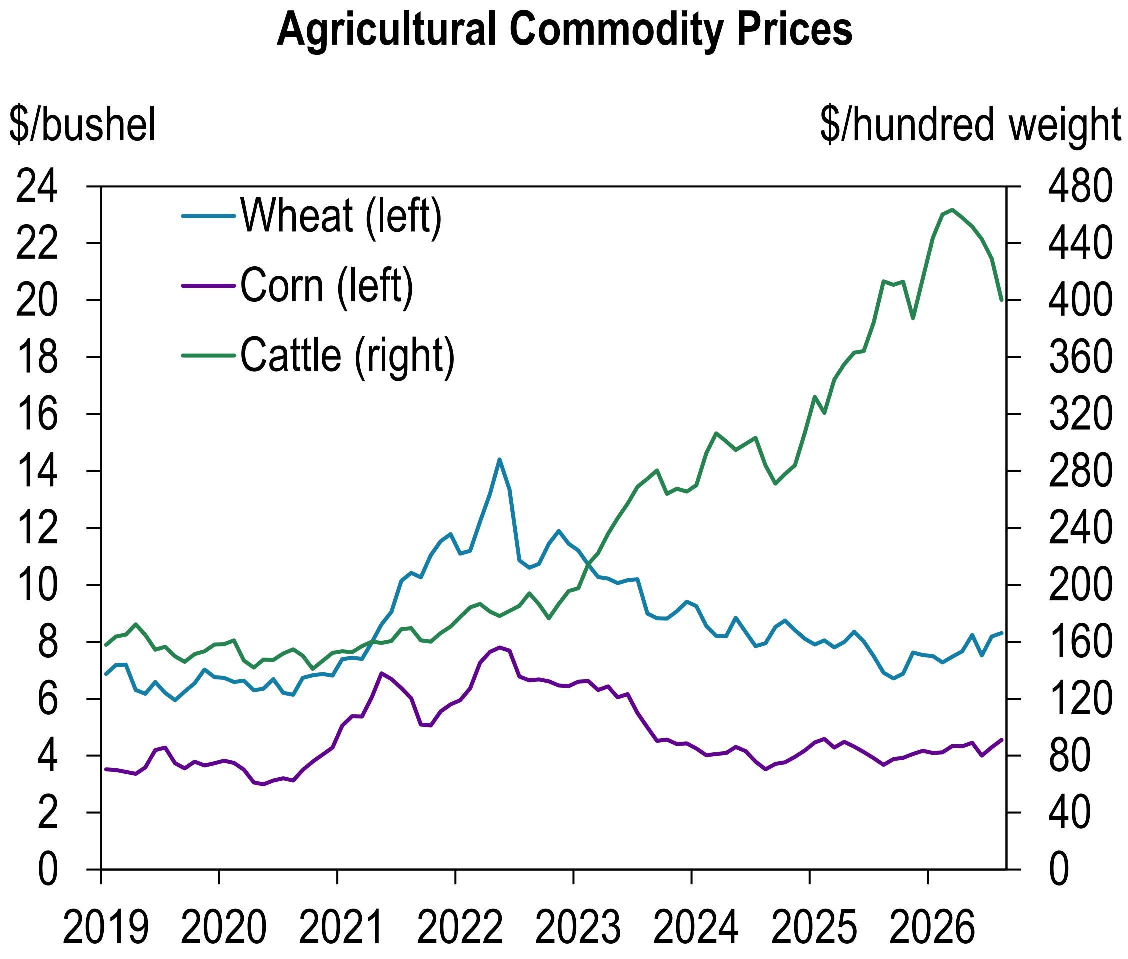
Source: Baker Hughes, EIA/Haver Analytics, FRBKC Surveys



Note: Dotted lines show CME futures prices as of August 28.

Oklahoma farm income grew in Q2 while it declined in other District states, partially due to higher cattle prices





Sources: FRBKC Ag Credit Survey, Wall Street Journal/Haver Analytics

Questions?

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Oklahoma's economy

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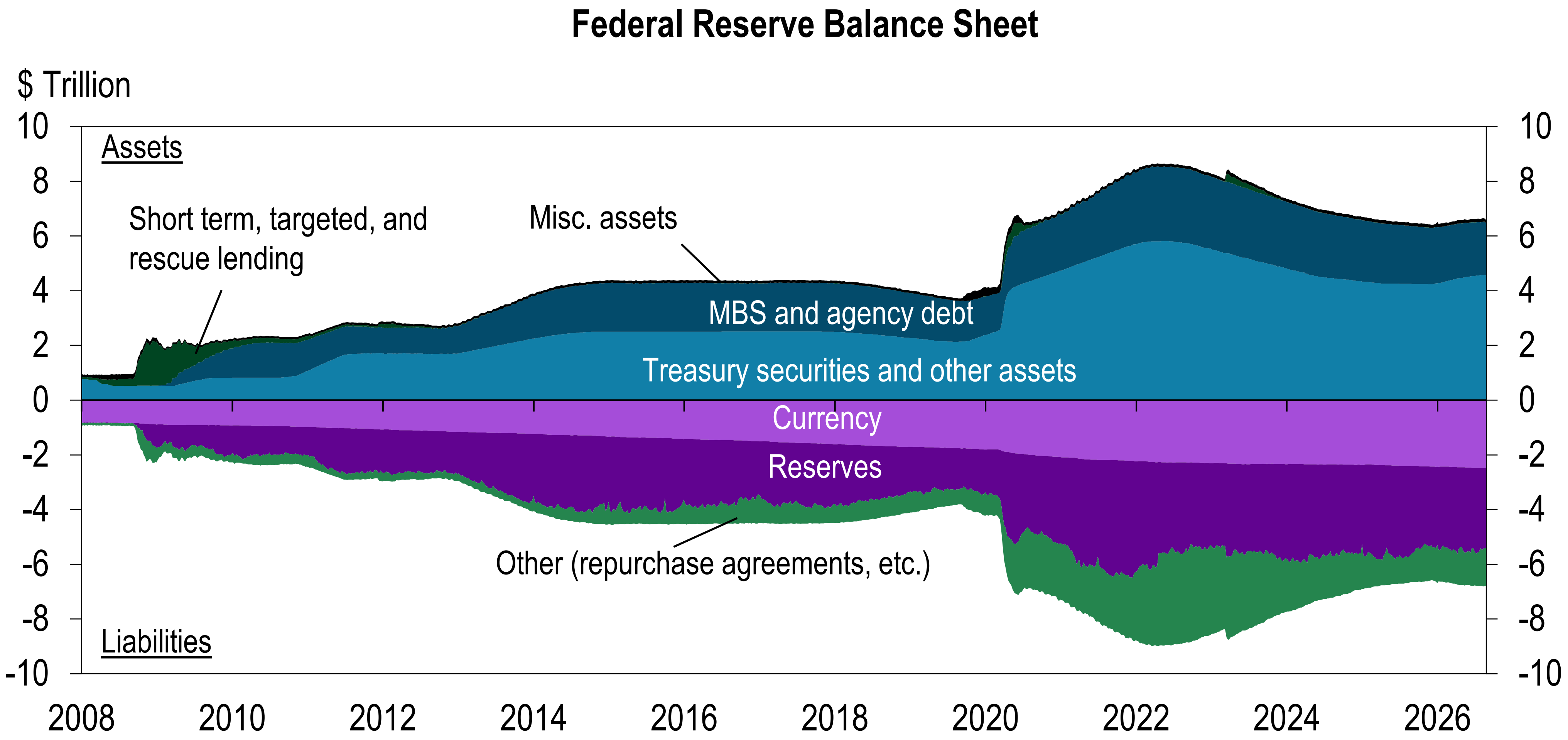
Appendix

Denver / Oklahoma City / Omaha

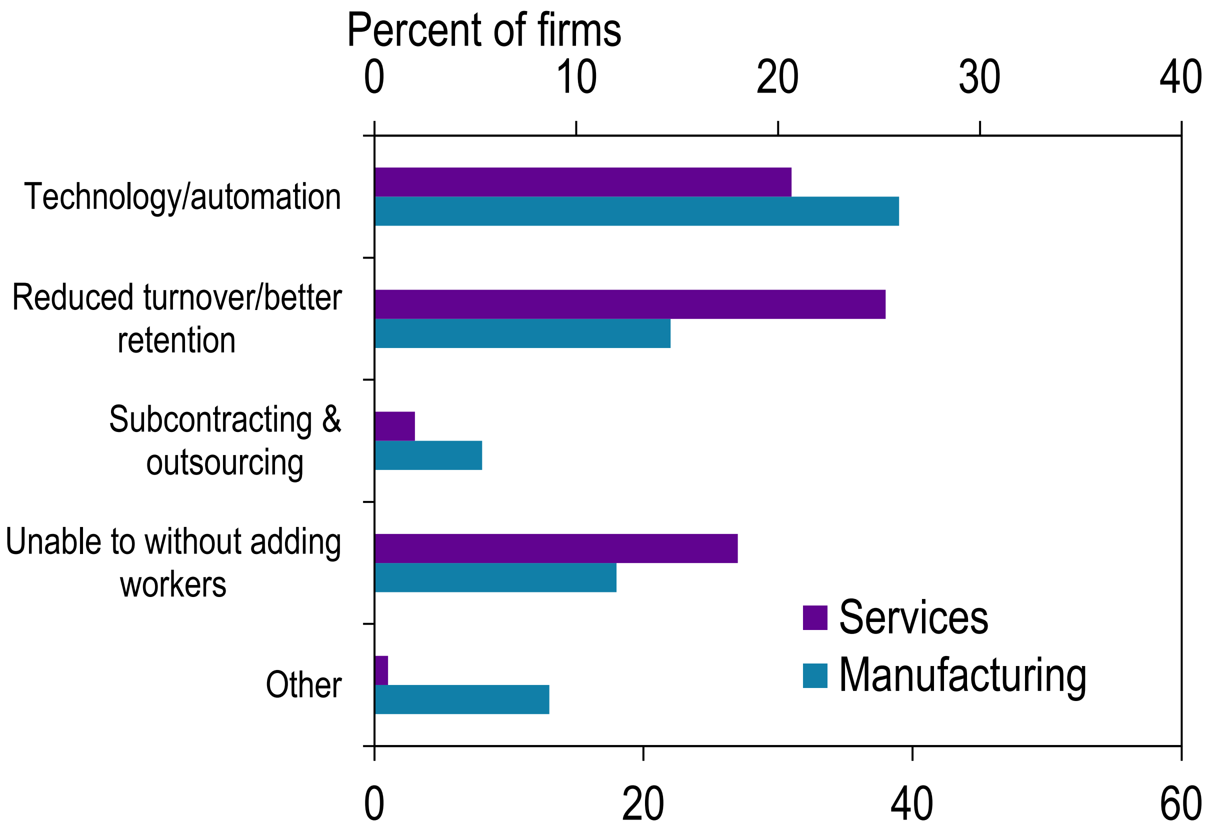
The FOMC has started purchases of short-term Treasury securities to maintain an ample supply of bank reserves



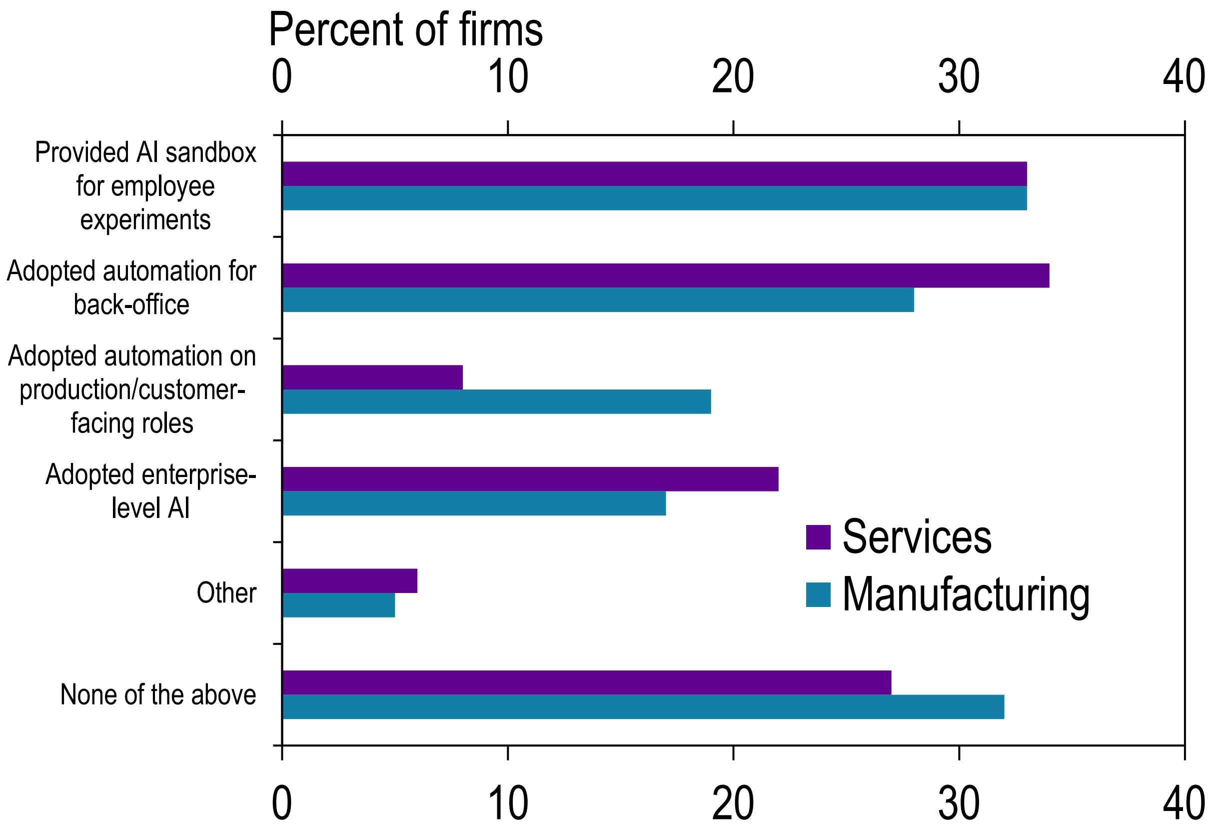
Source: Federal Reserve Board

Technology and better retention has allowed some firms to do more with the same or fewer workers

August 2026: What is the primary factor enabling you to increase production without adding workers?

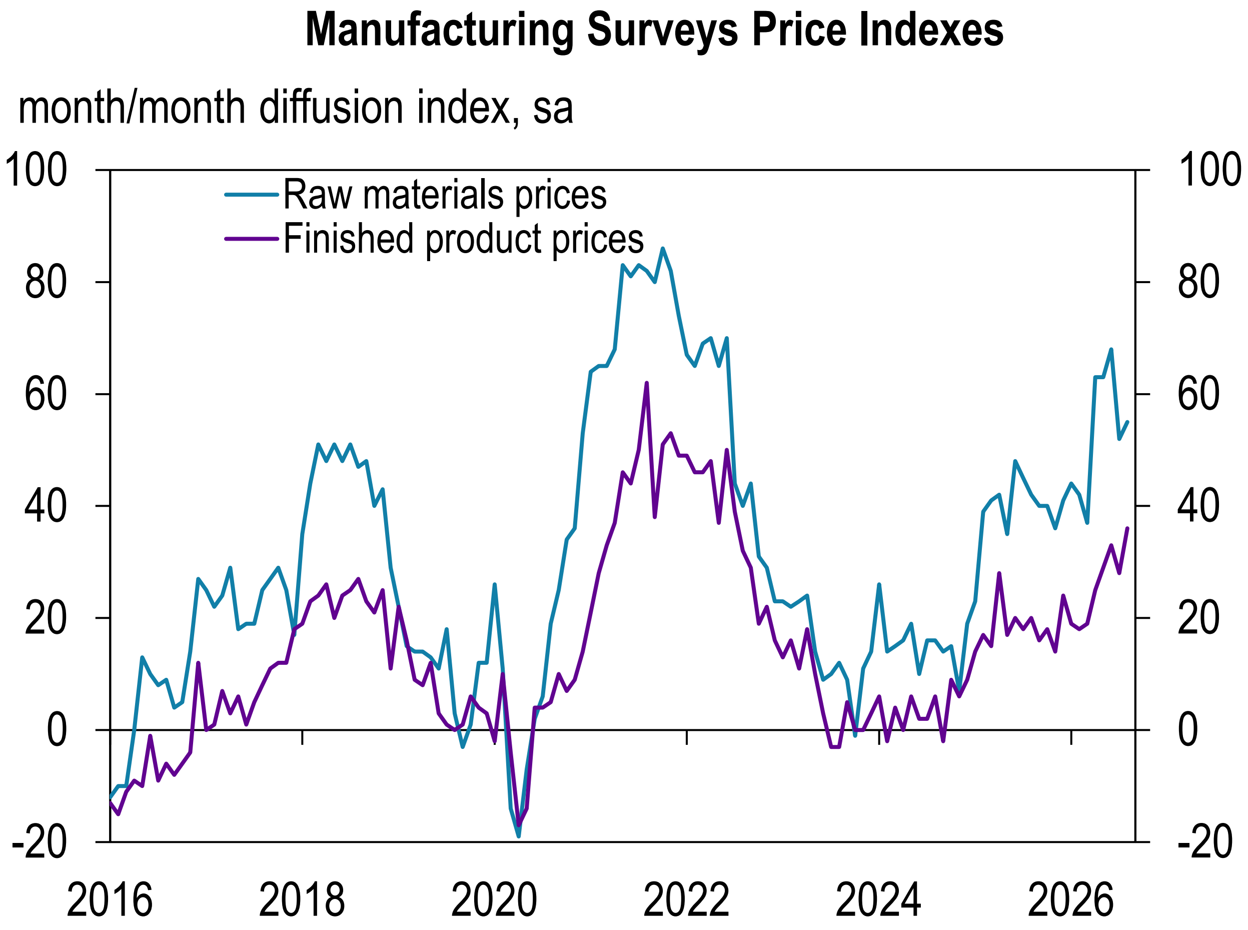


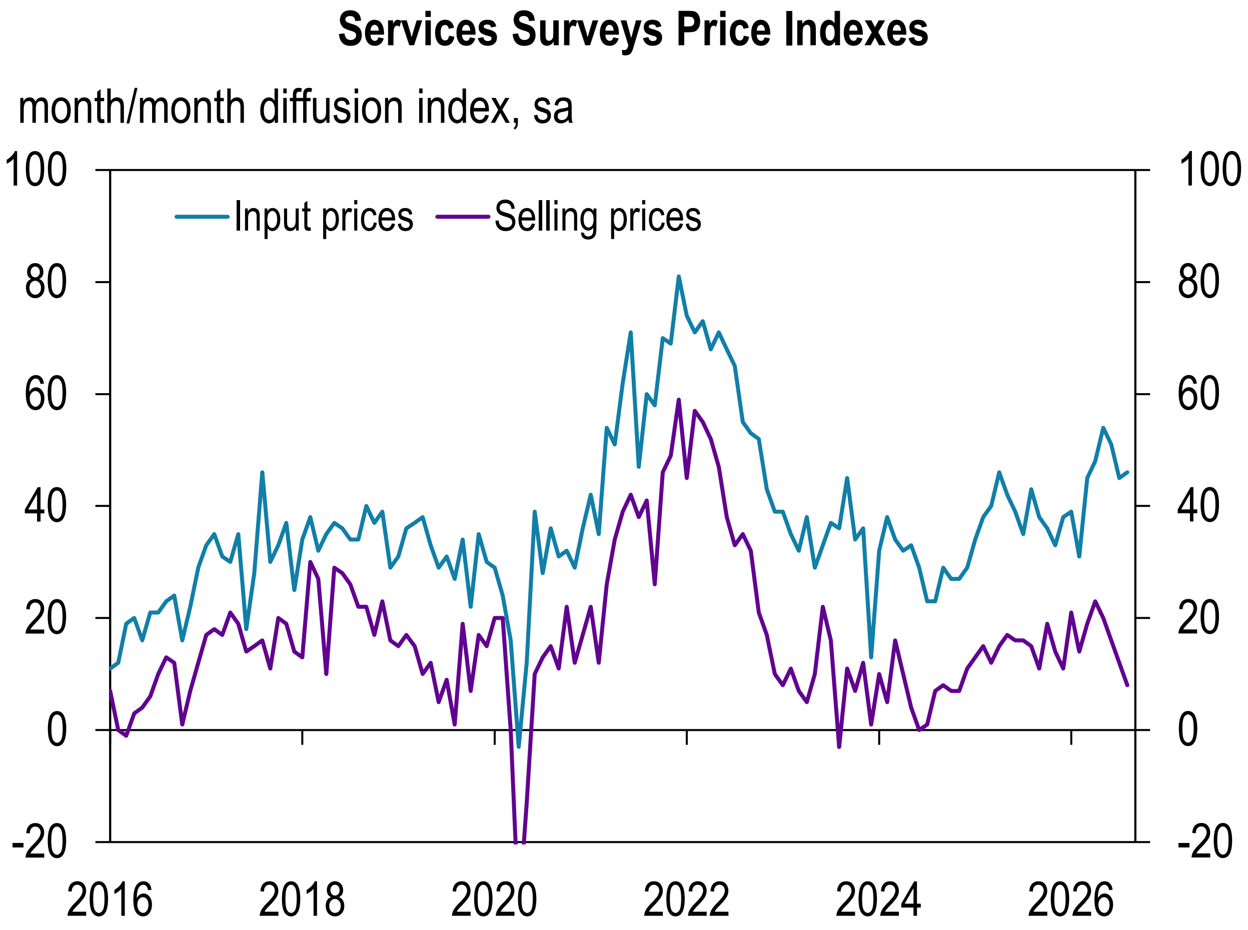
August 2026: Companies' Use of Technology



Source: Kansas City Fed

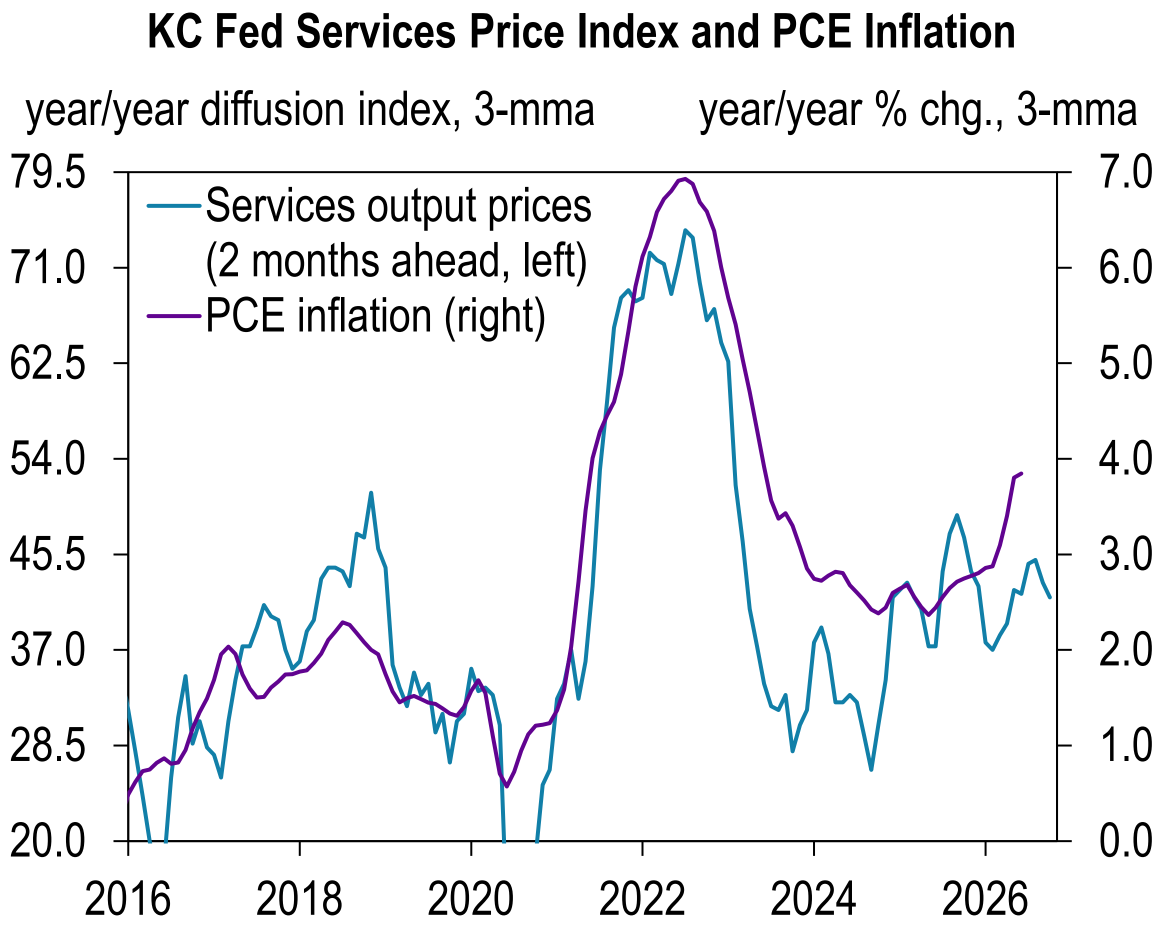
Manufacturing and services firms are experiencing cost pressures, and some are raising prices accordingly

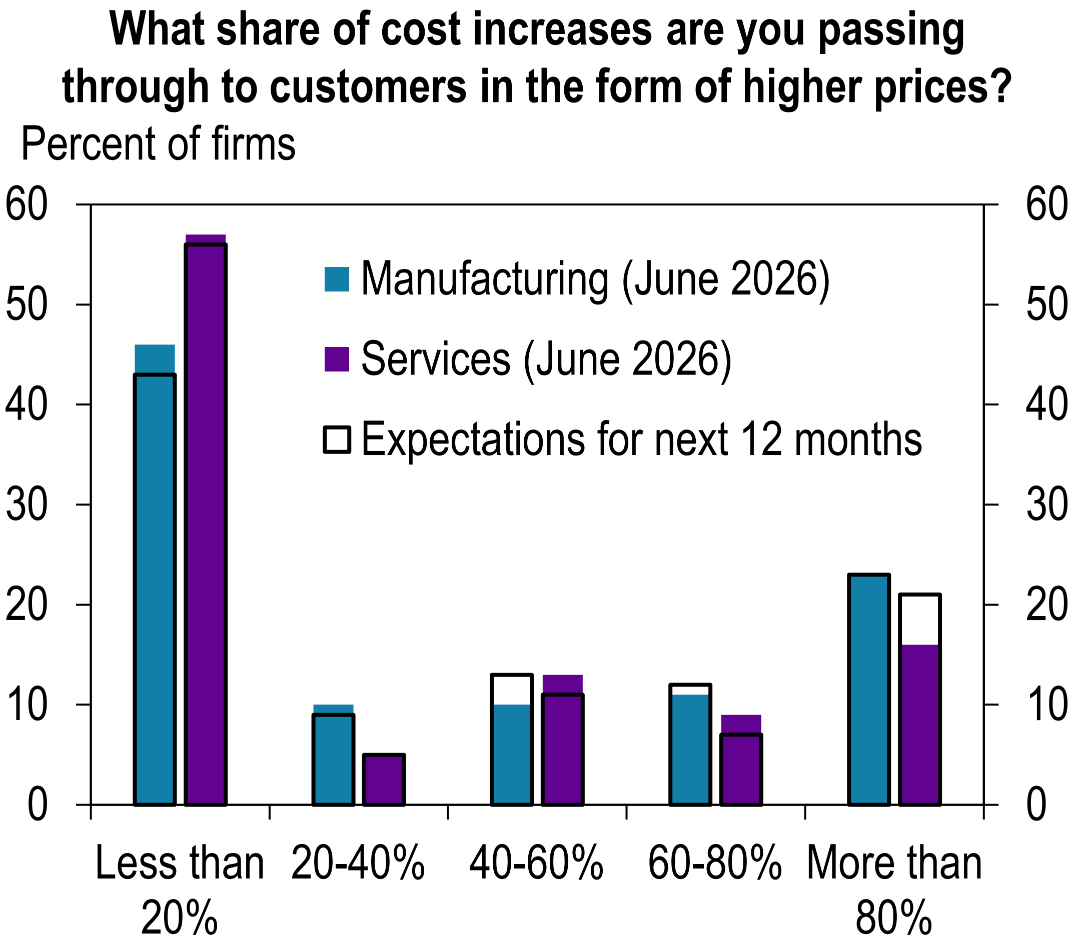




Sources: Kansas City Fed/Haver Analytics

The KC Fed services output price index leads inflation, and many firms are passing very little costs through





Source: Kansas City Fed, BEA/Haver Analytics