U.S. and Oklahoma Economic Outlook

Southwestern Oklahoma State University College of Business

September 22, 2026

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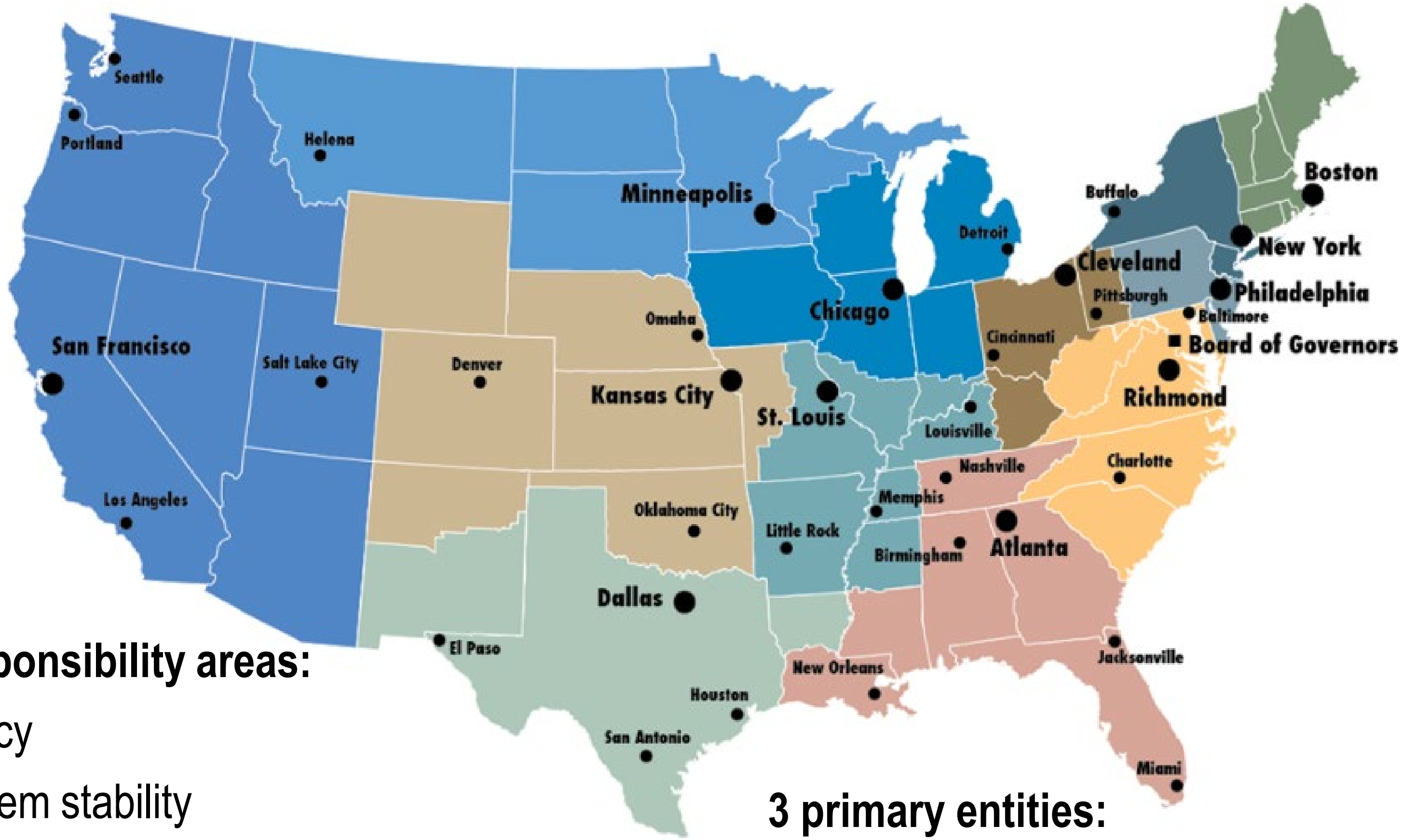
*The views expressed herein are those of the presenter only and do not necessarily reflect the views of the Federal Reserve Bank of Kansas City or the Federal Reserve System.

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:

- <u>Board of Governors</u>: 7 members appointed by U.S. President
- <u>Federal Reserve Banks</u>: 12 total; semi-independent
- <u>Federal Open Market Committee</u>: 19 members; 12 voting

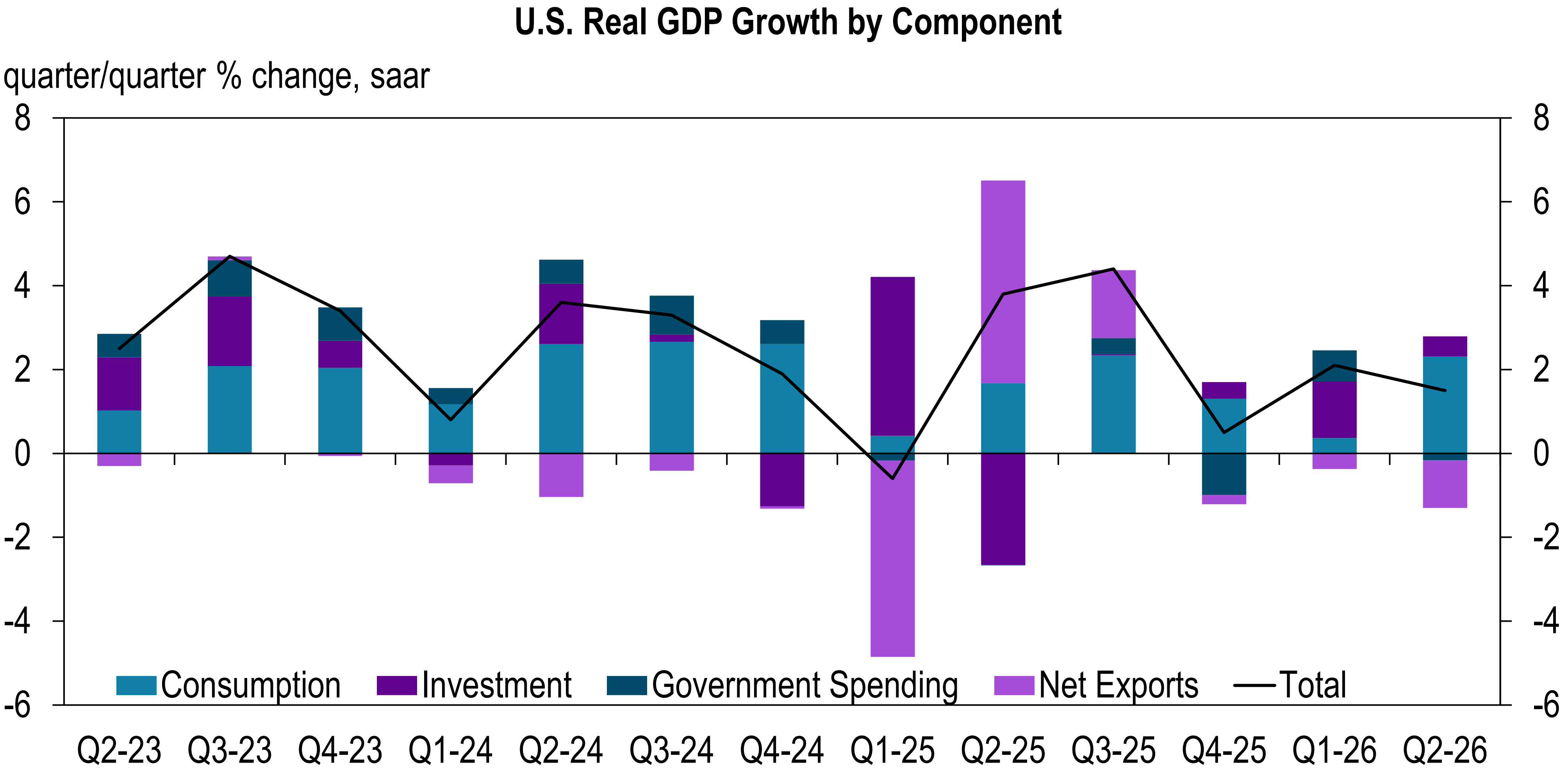
The Oklahoma City Branch of the Federal Reserve Bank of Kansas City

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

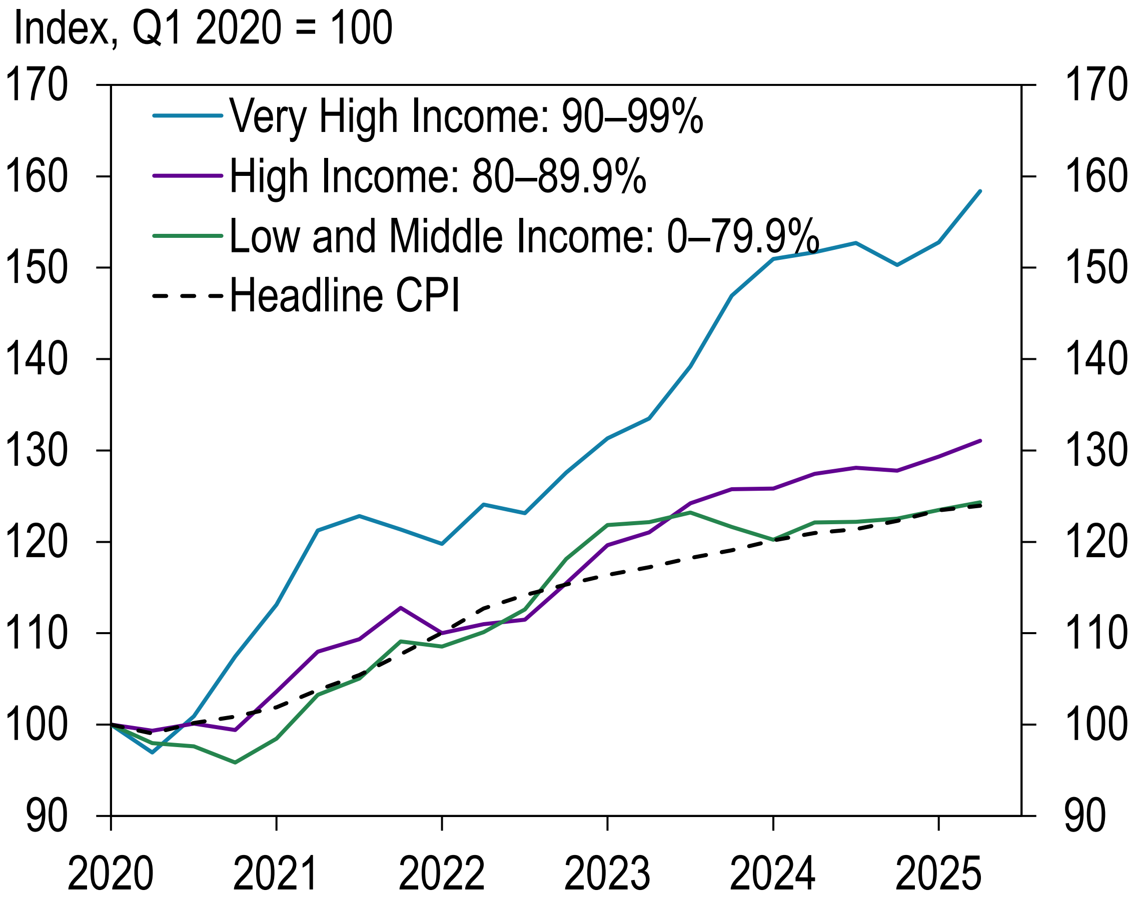
U.S. GDP growth cooled to 1.5% in Q2, as business investment eased and the Iran conflict affected supply chains, but consumption remains strong



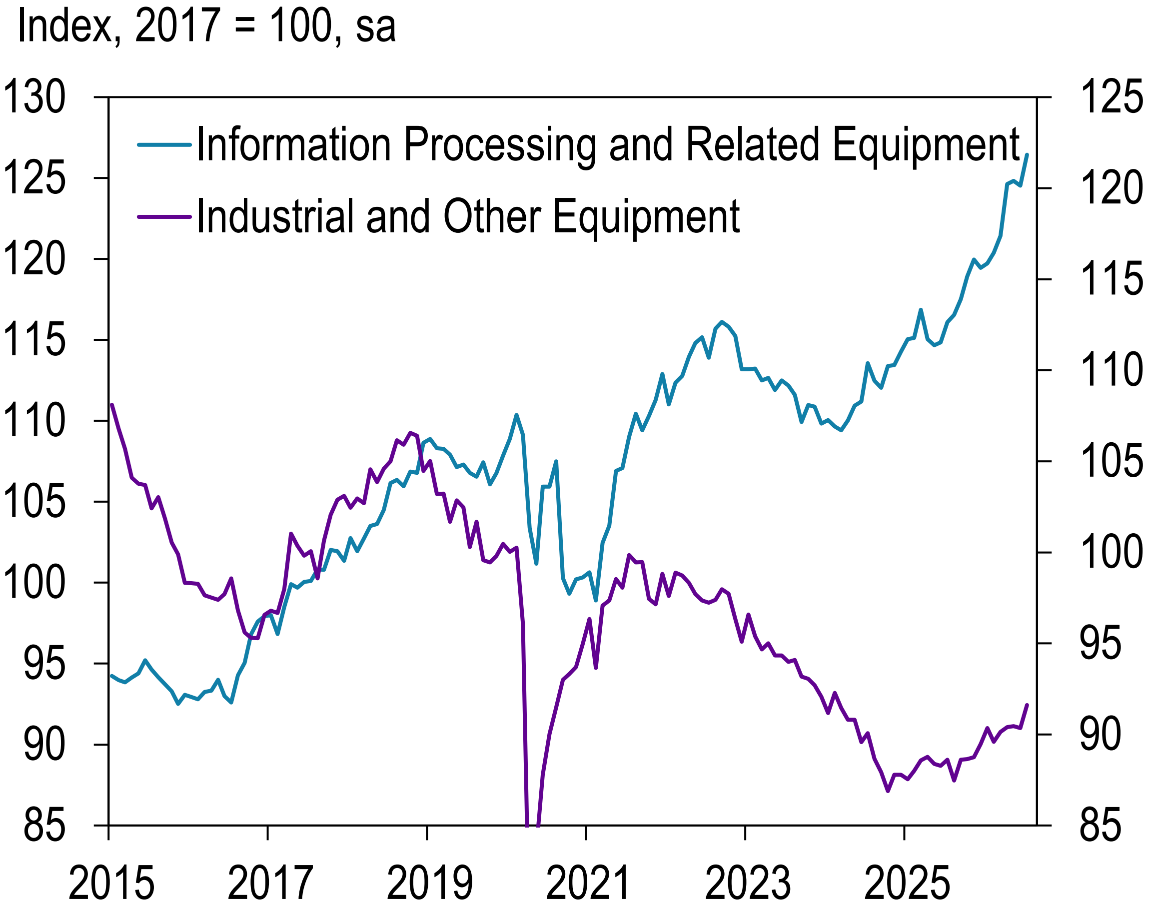
Sources: BEA/Haver Analytics

Current economic growth is supported by consumer spending from high earners and investment in tech-related sectors

U.S. Consumer Spending by Income



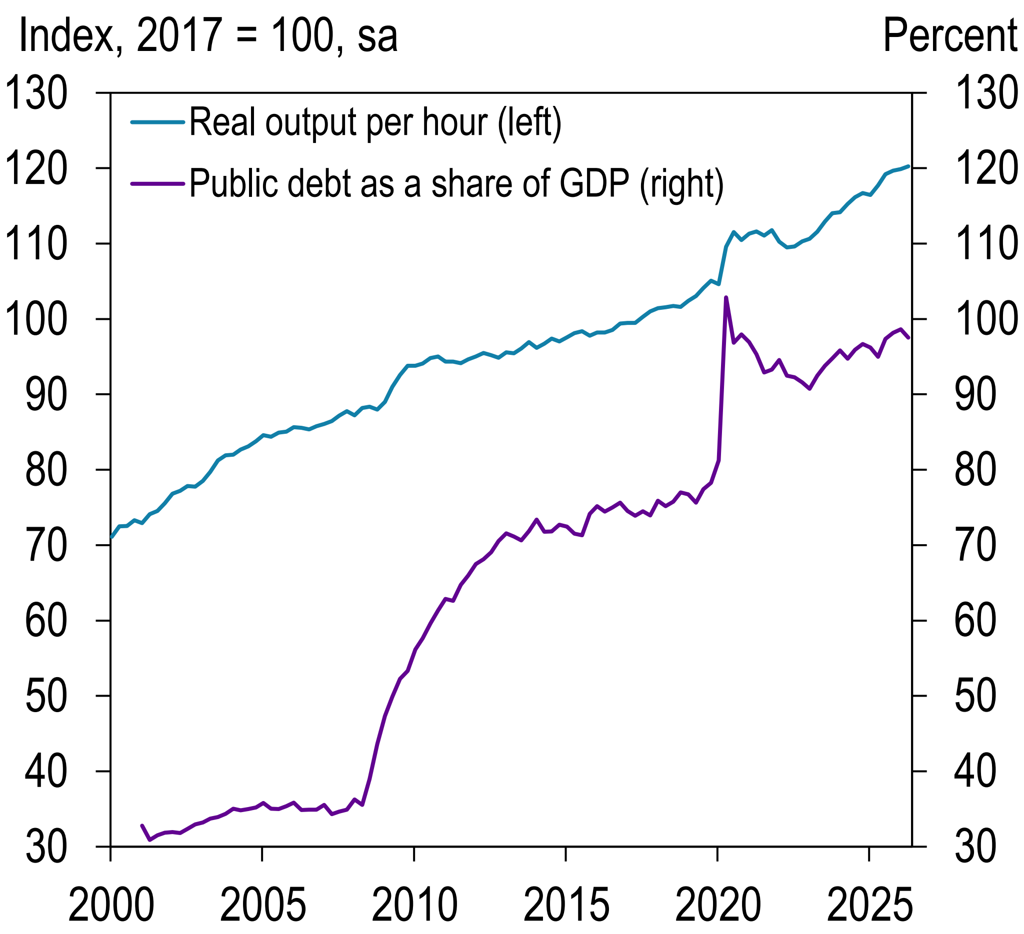
U.S. Industrial Production



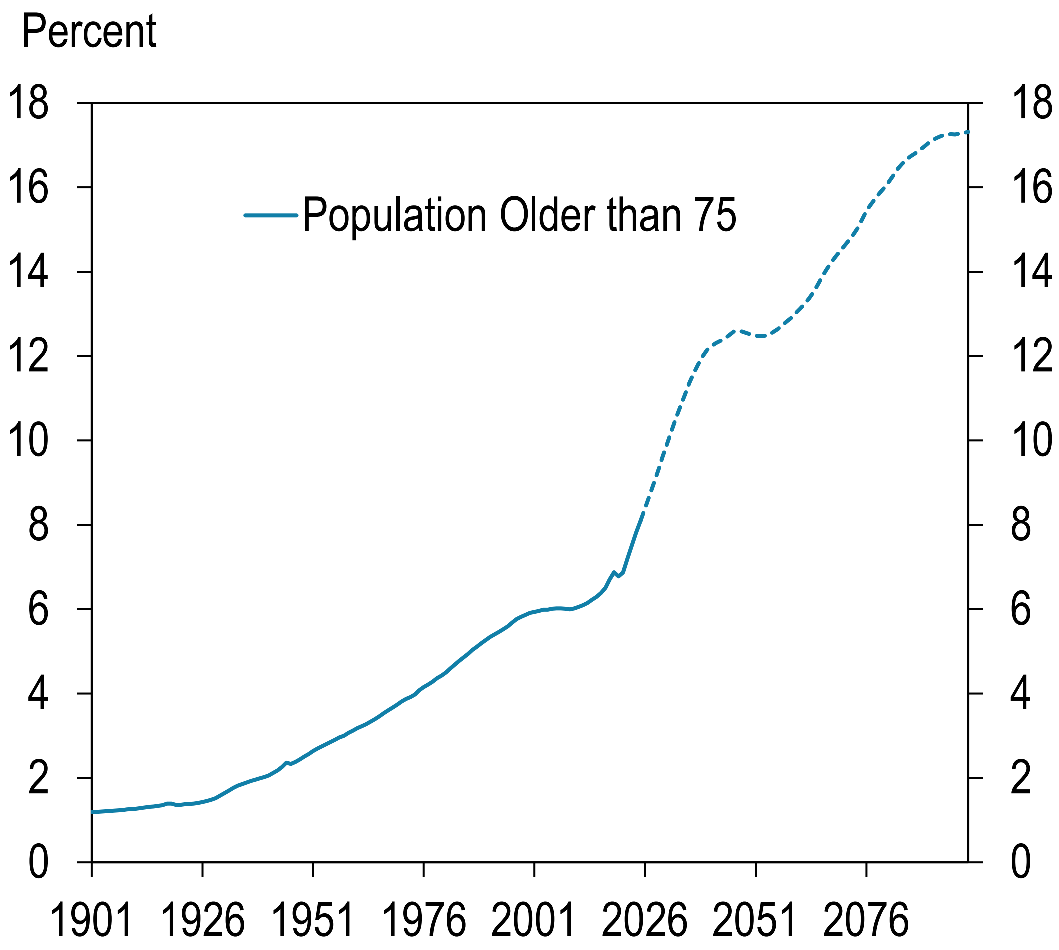
Sources: BEA, BLS, Moody's Analytics, Federal Reserve Board/Haver Analytics

Long-term, productivity and government debt could push interest rates higher, but demographic trends could push them lower

U.S. Productivity and Debt

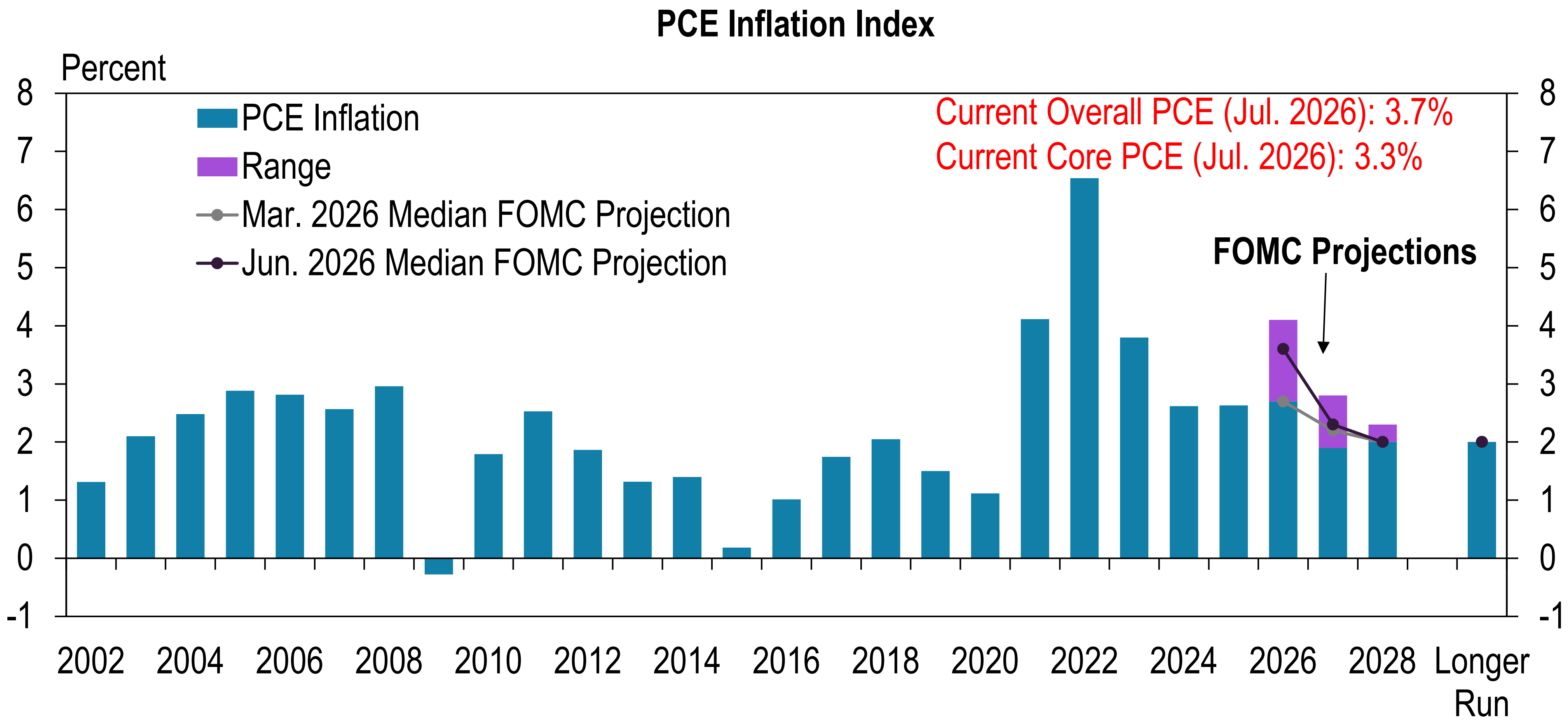


Share of Population Older than 75



Source: U.S. Bureau of Labor Statistics, Federal Reserve Board, Census Bureau/Haver Analytics

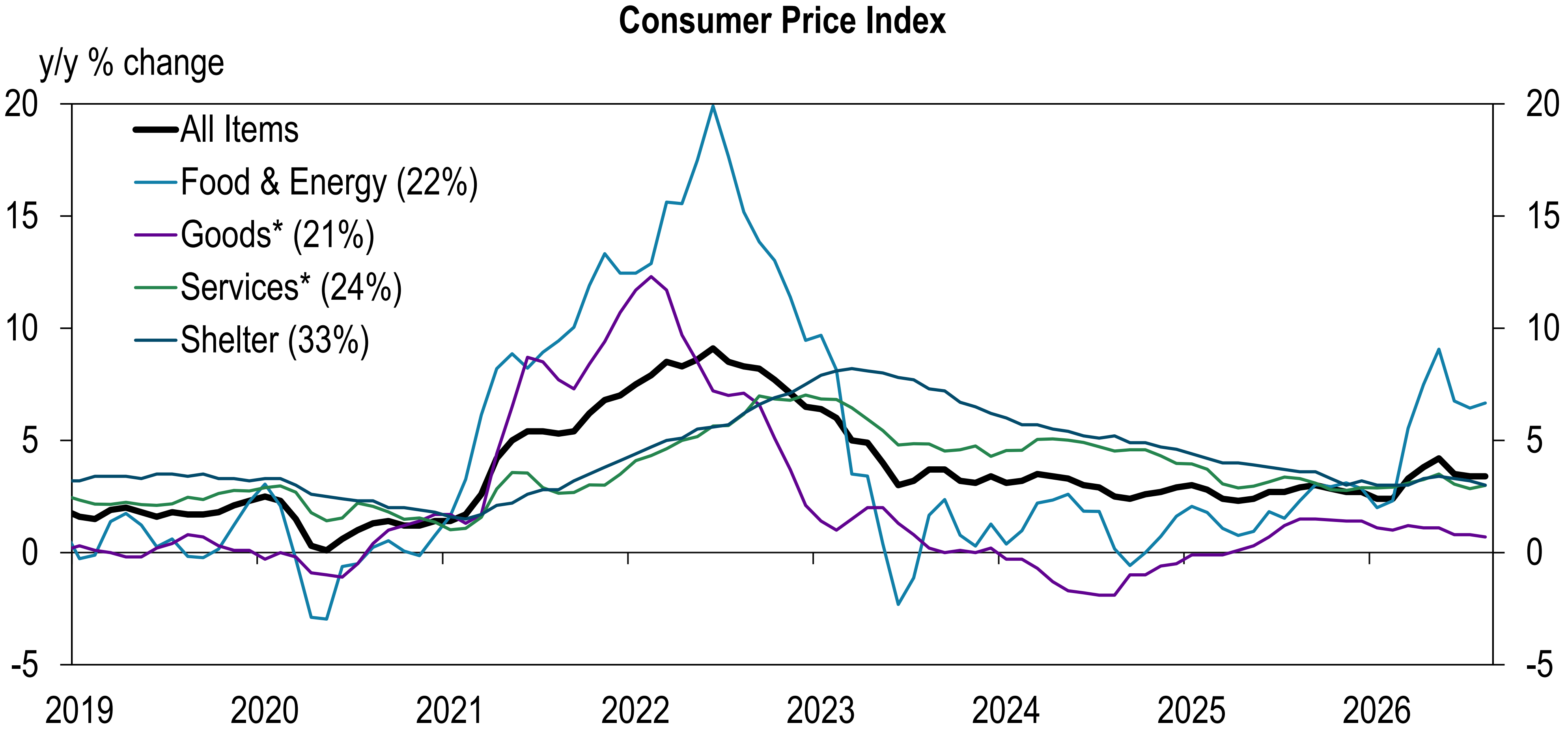
Inflation is expected to remain elevated this year amid high energy prices and broader inflationary pressures



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

Sources: Bureau of Economic Analysis, FOMC

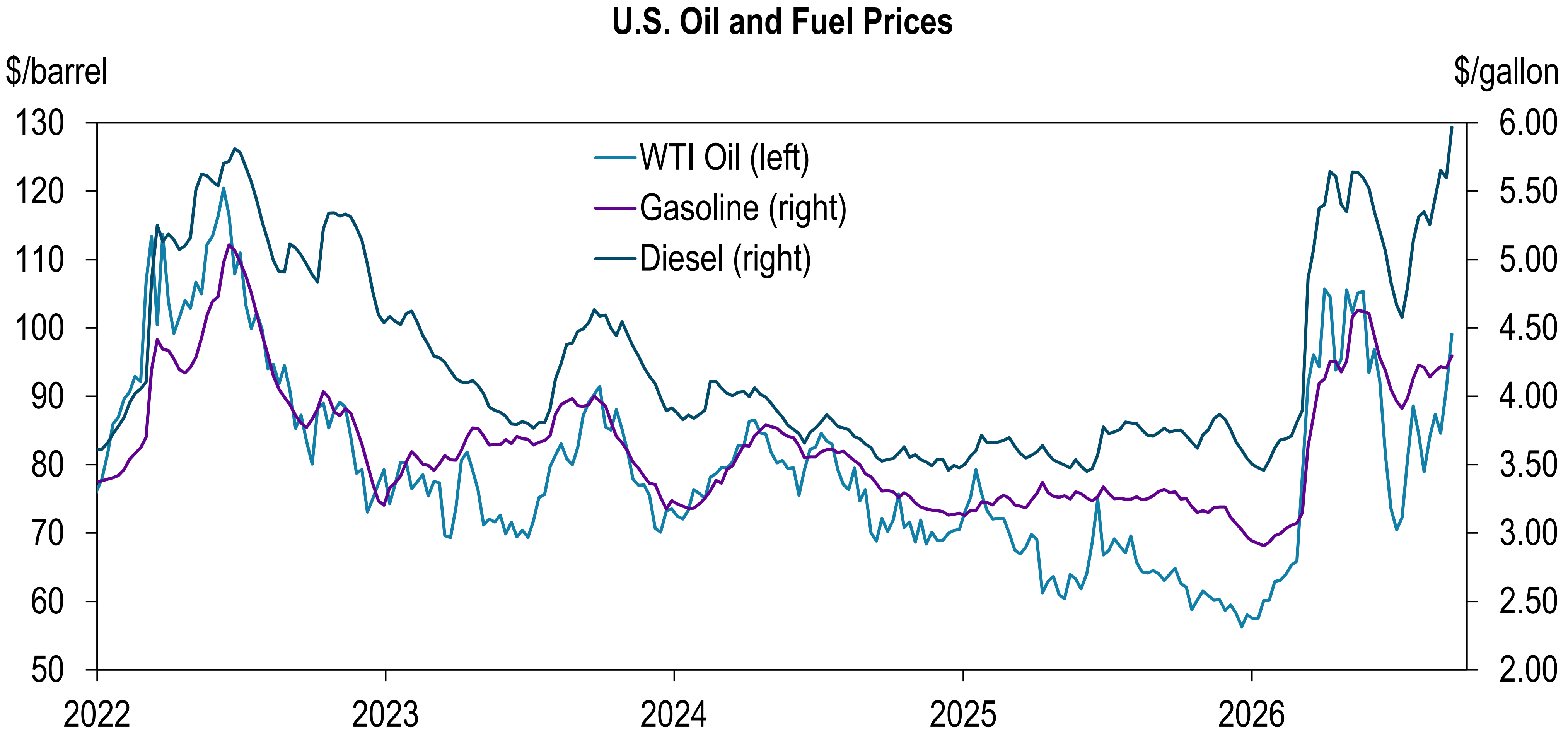
CPI remained at 3.4% in August, as energy prices accelerated and other categories stayed elevated



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

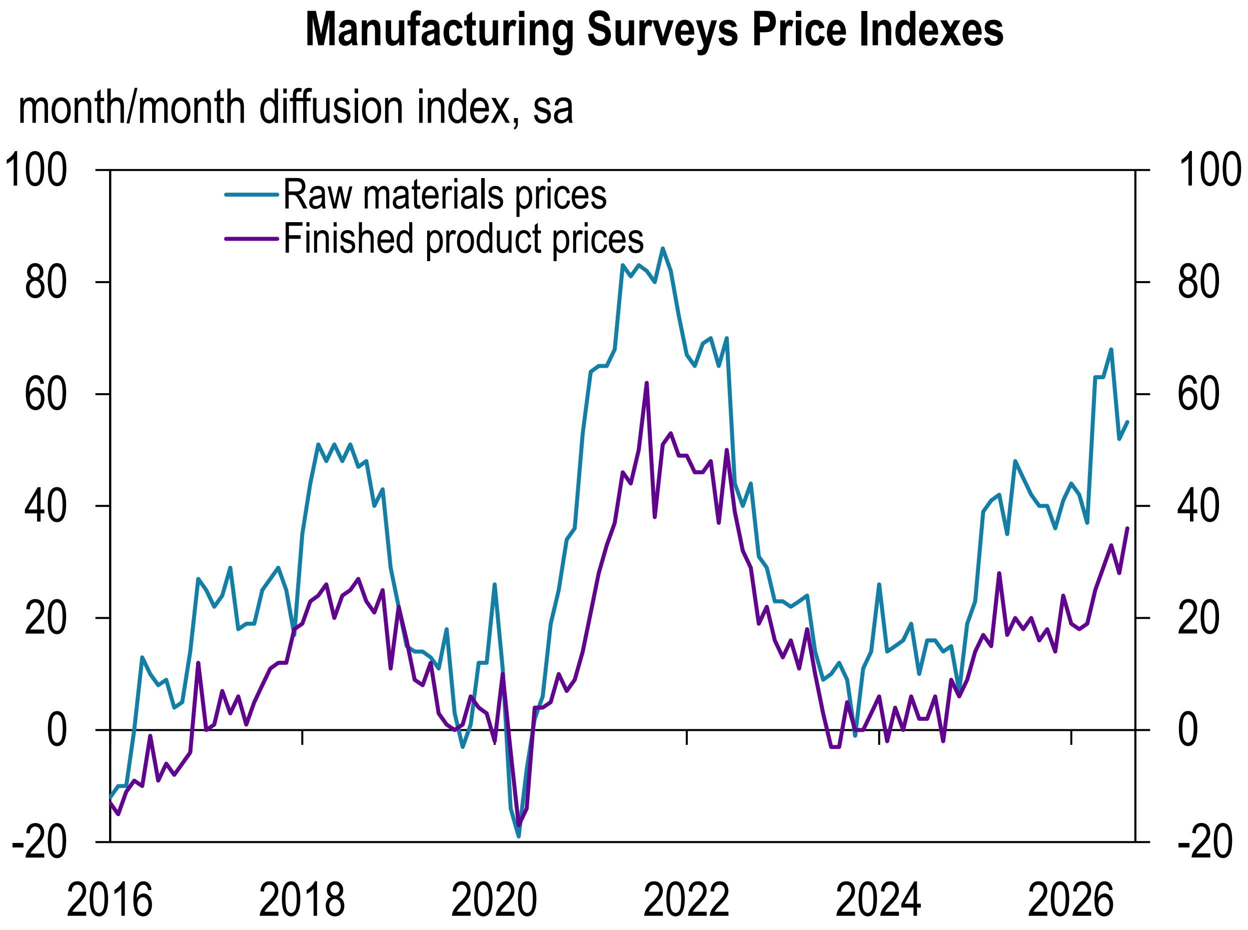
Sources: BLS/Haver Analytics

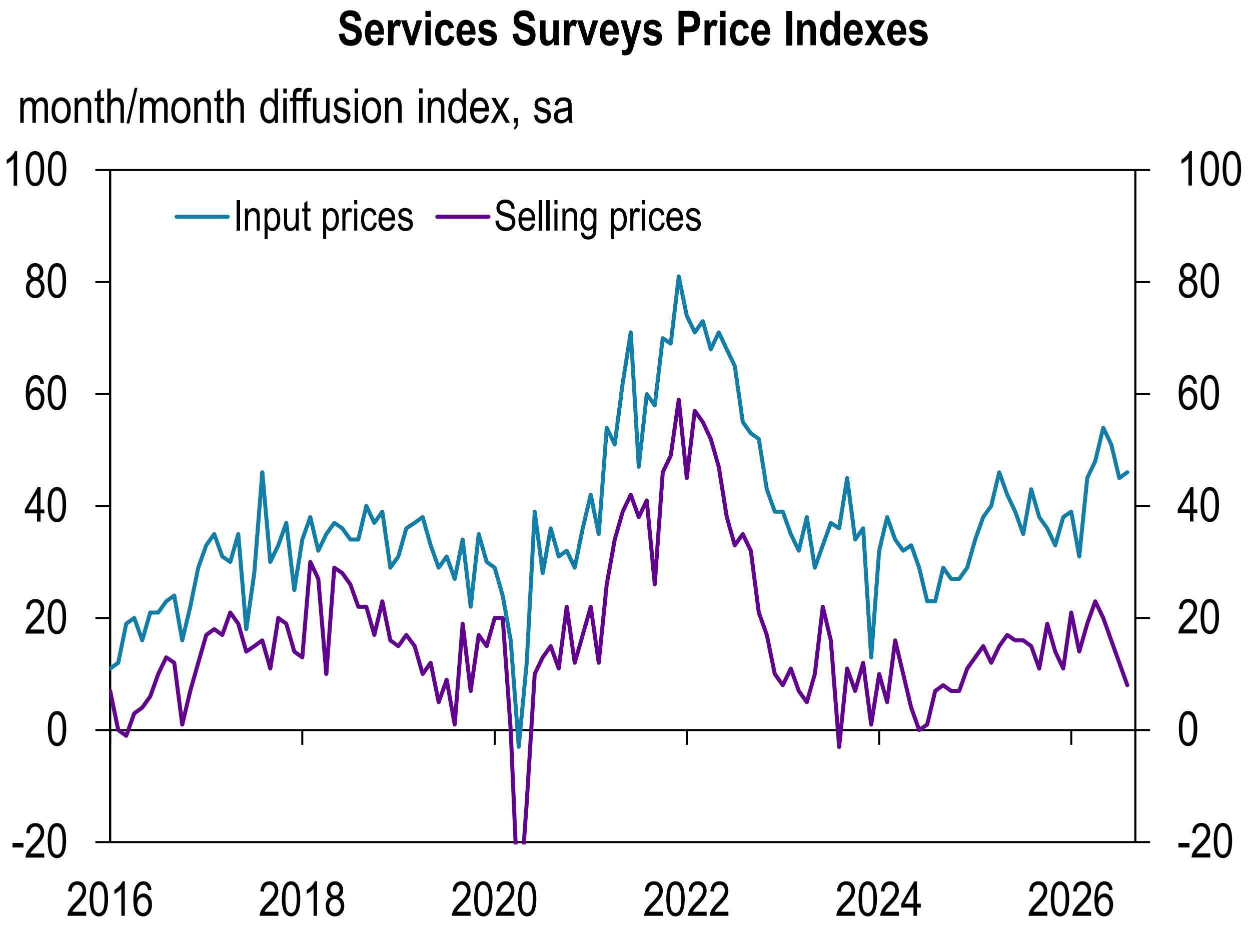
Fuel prices present upside risk to inflation



Sources: EIA/Haver Analytics

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

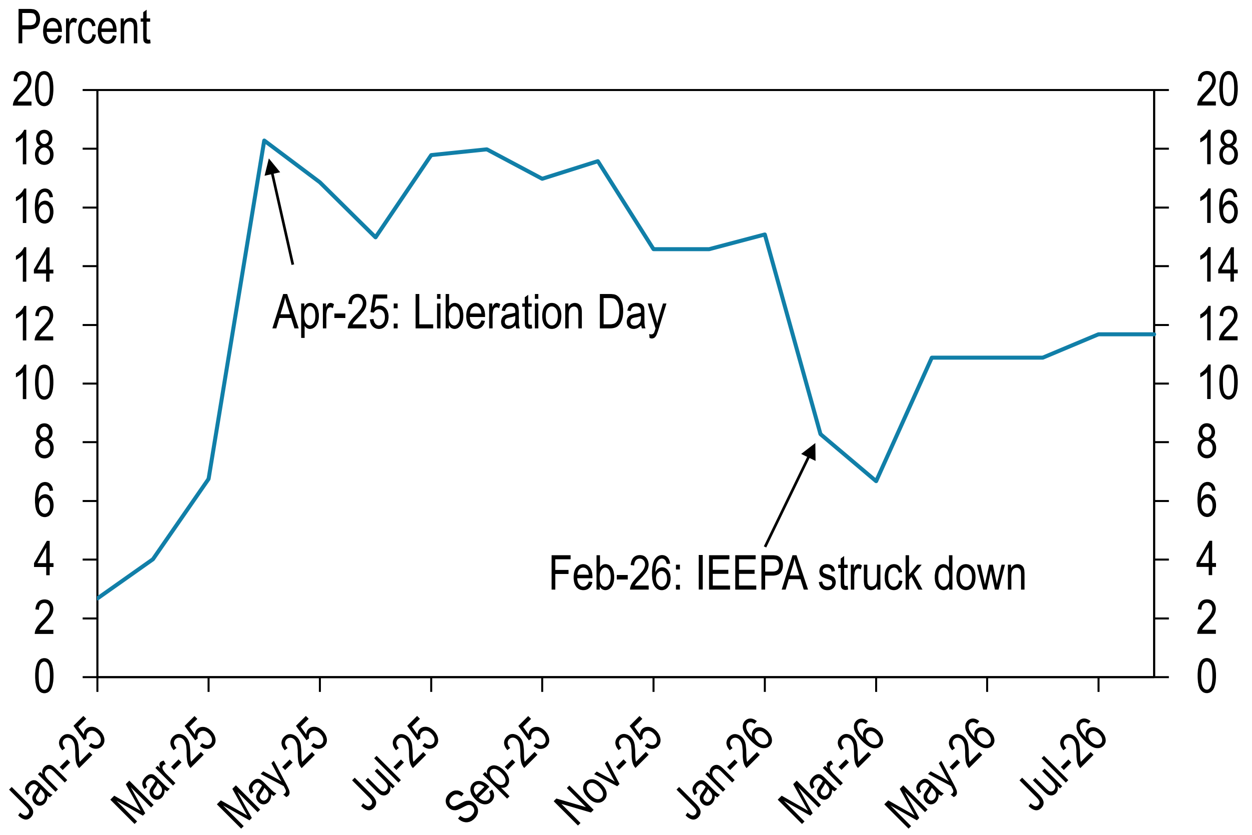




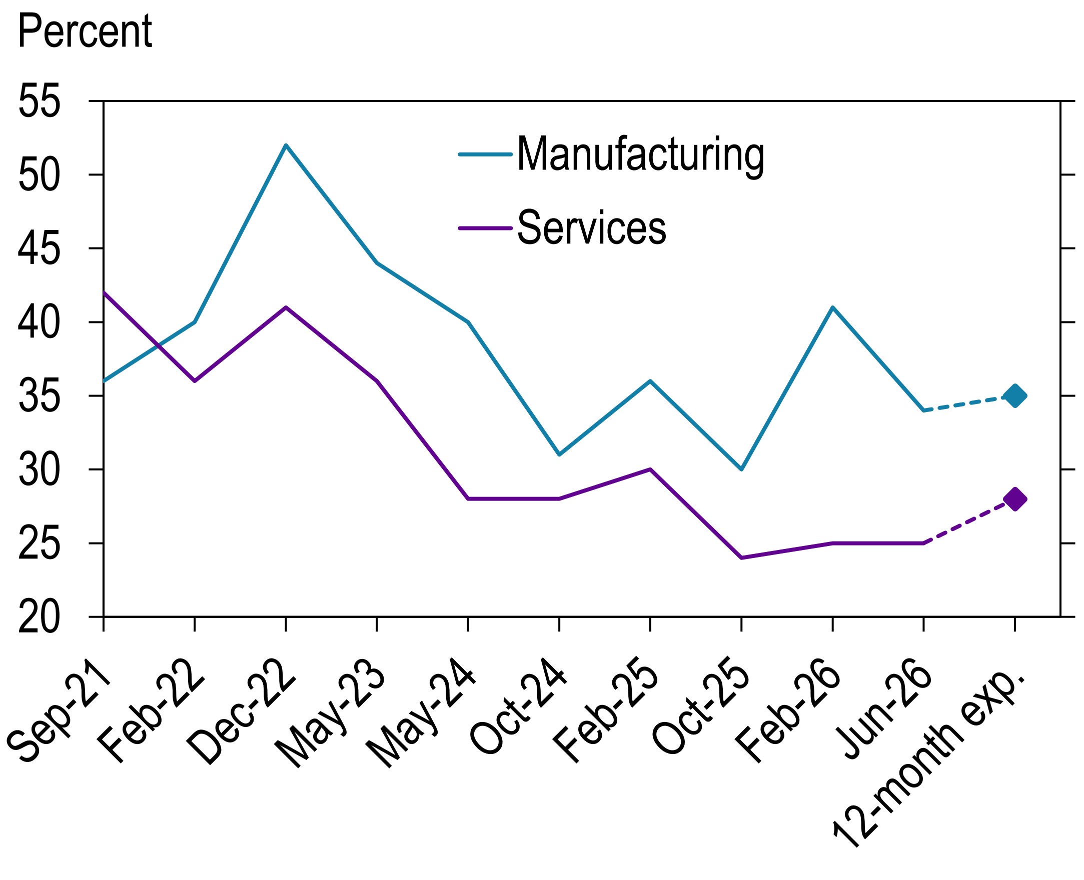
Sources: Kansas City Fed/Haver Analytics

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

U.S. Effective Tariff Rate

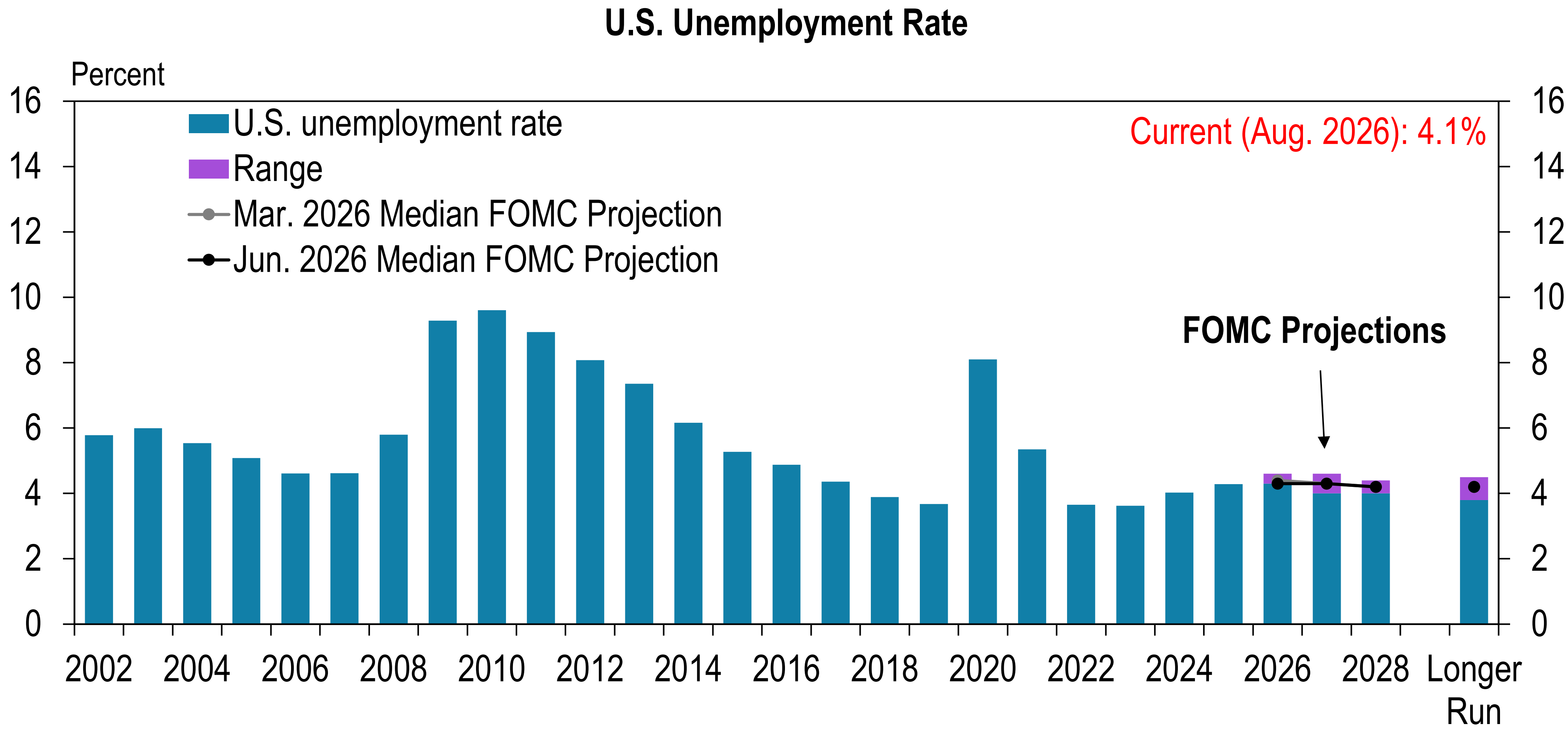


Share of Tenth District Firms Passing Through More than 60% of Cost Increases



Sources: Budget Lab at Yale, FRBKC

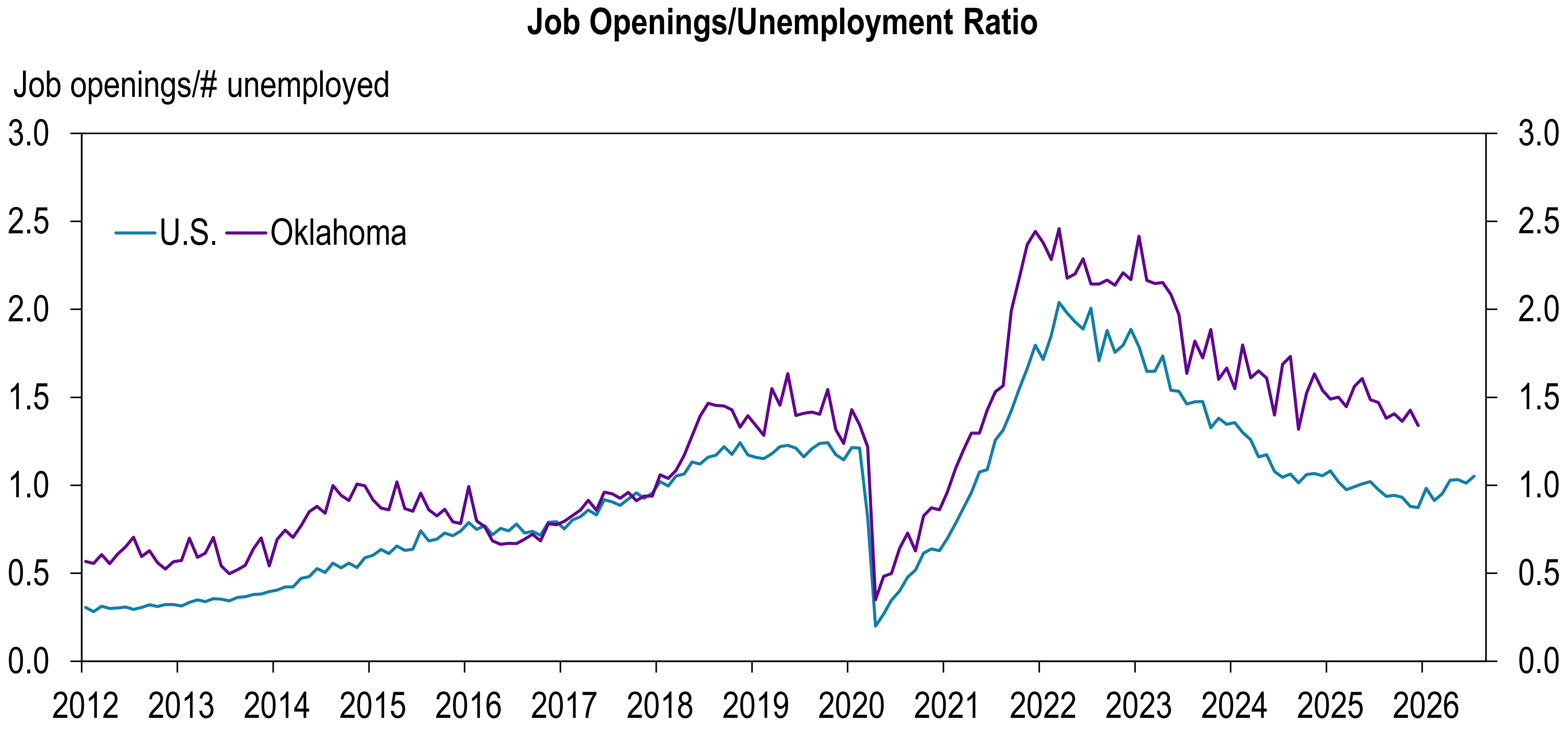
U.S. unemployment is at its long-run average and is projected to remain low moving forward



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

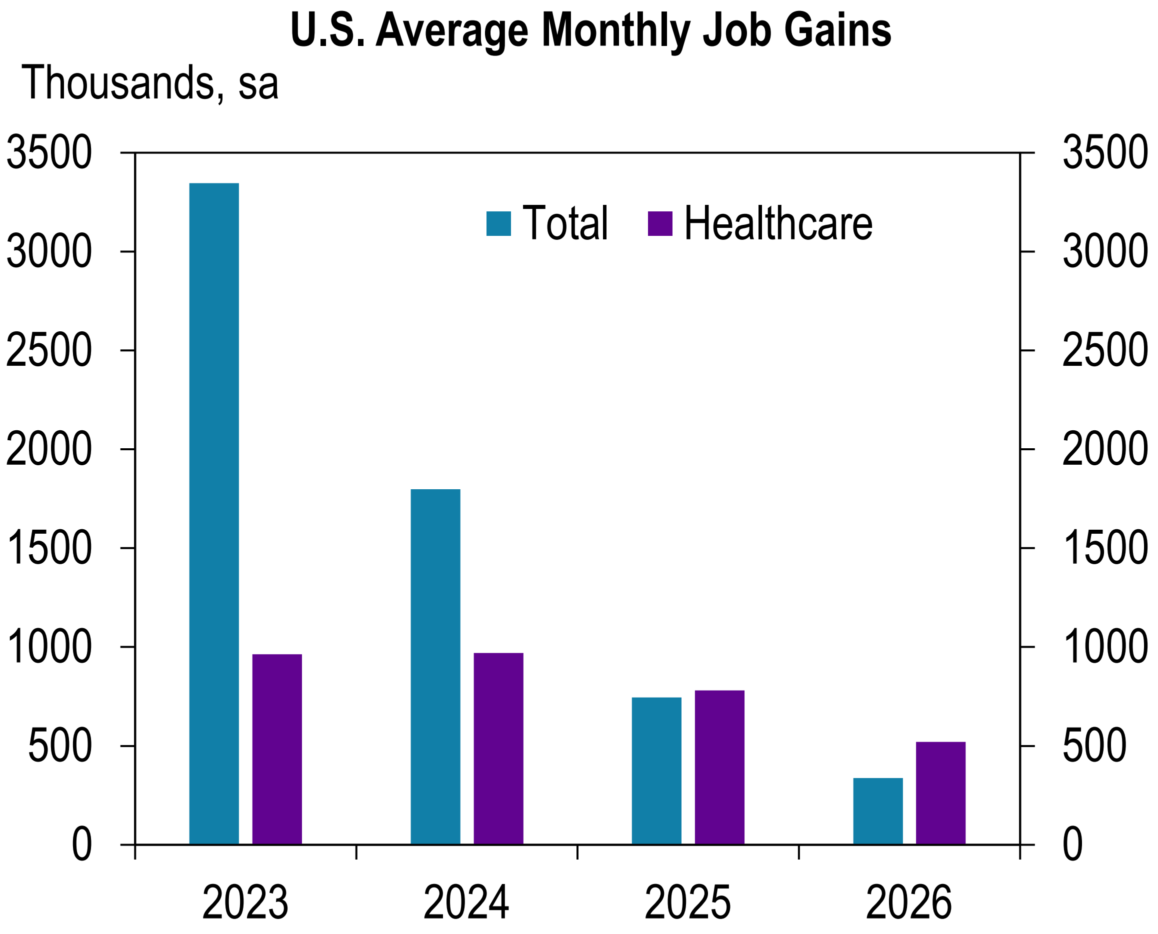
Sources: U.S. Bureau of Labor Statistics, FOMC

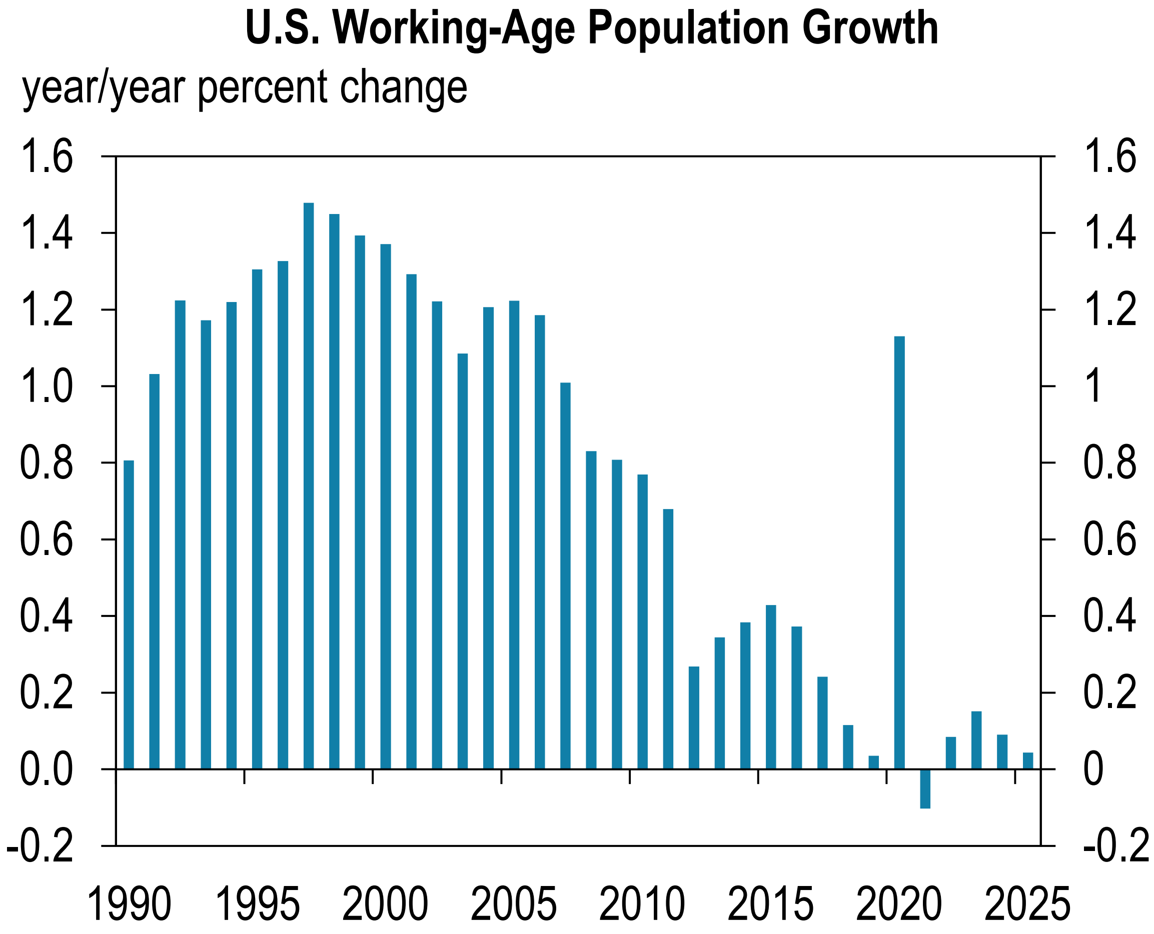
The U.S. labor market remains balanced



Source: Bureau of Labor Statistics

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

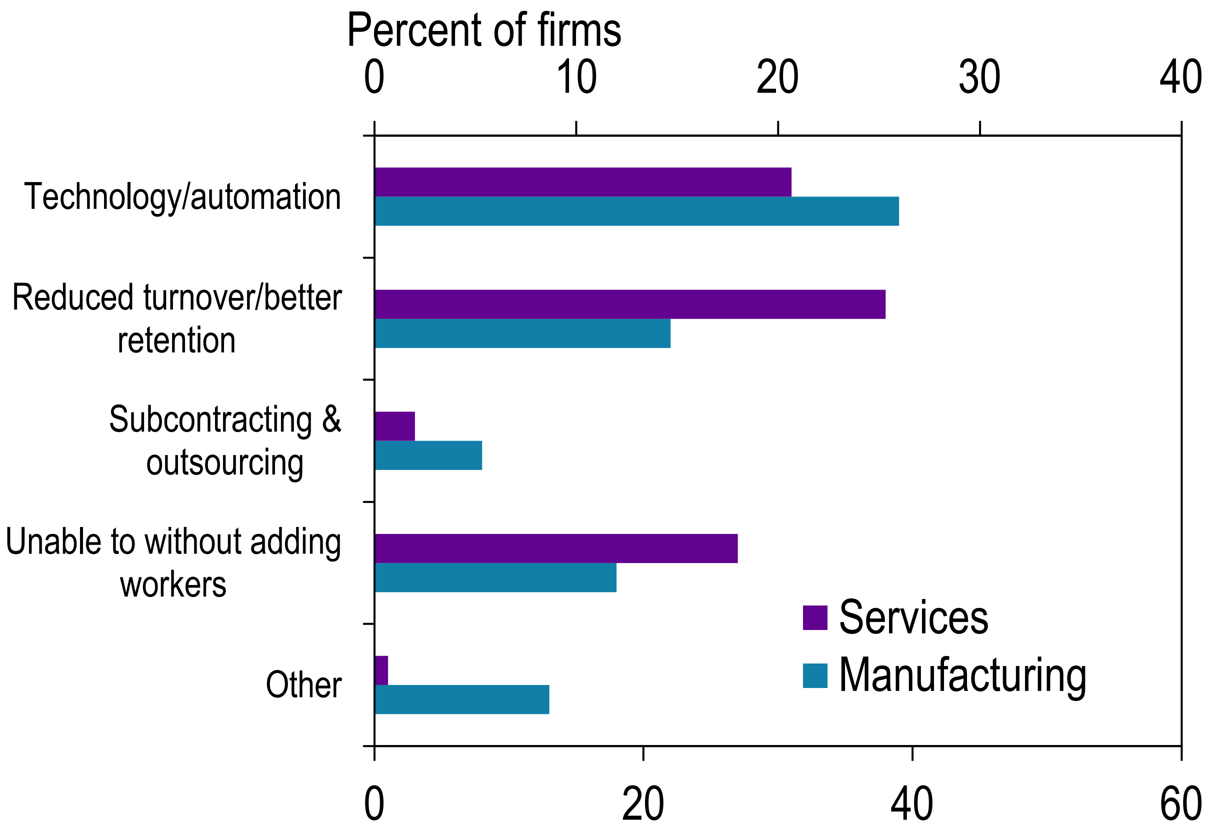




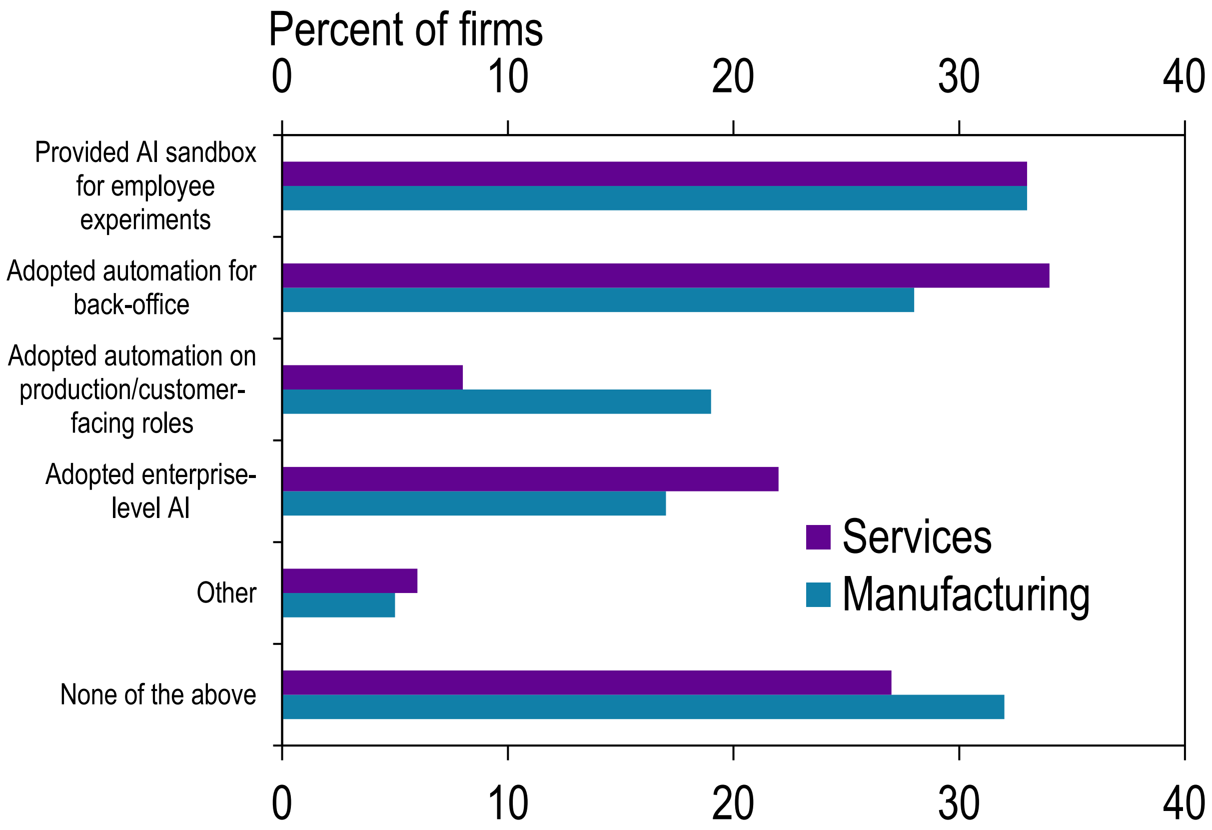
Sources: BLS, Census/Haver Analytics

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?

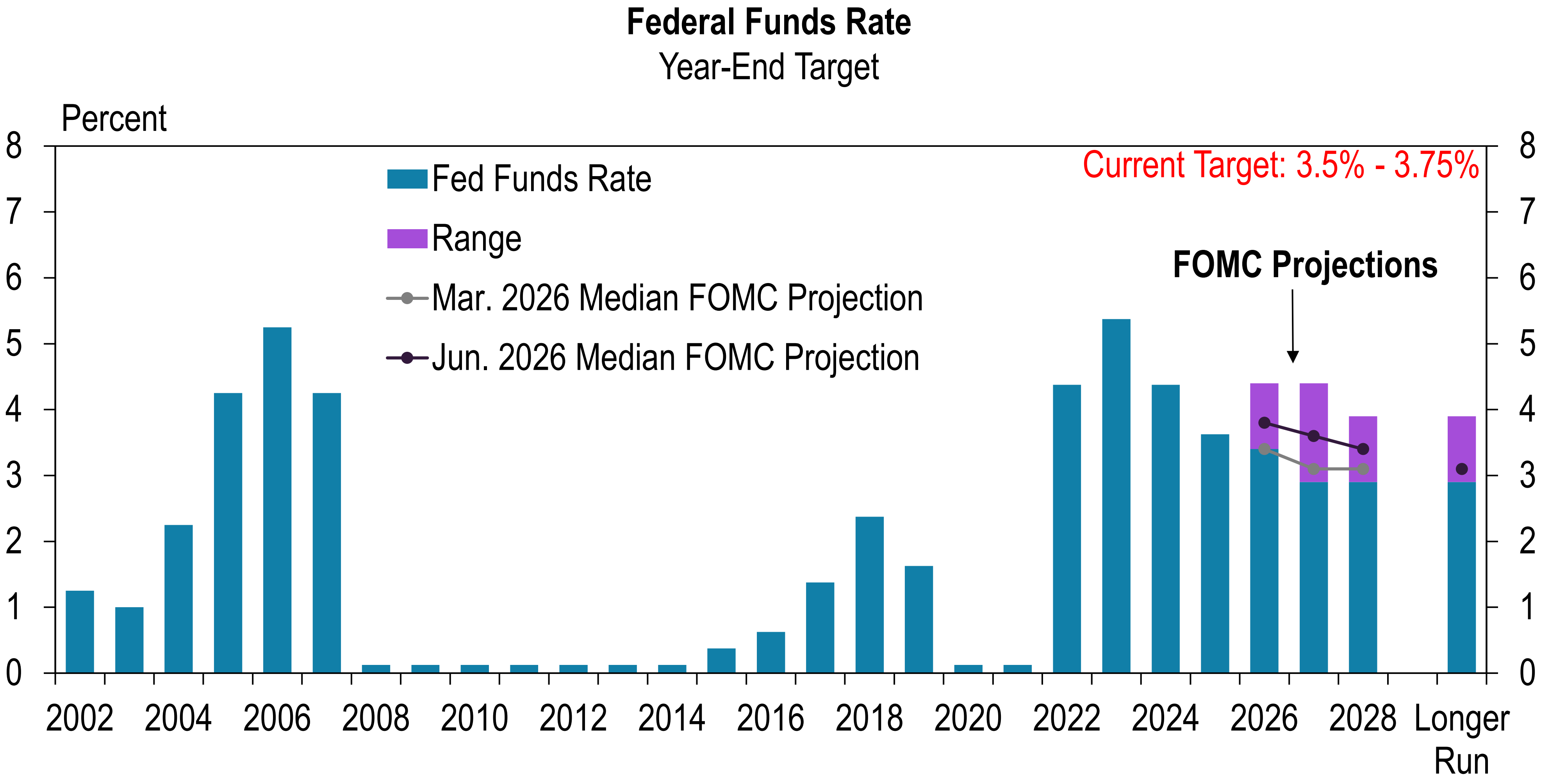


August 2026: Companies' Use of Technology



Source: Kansas City Fed

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

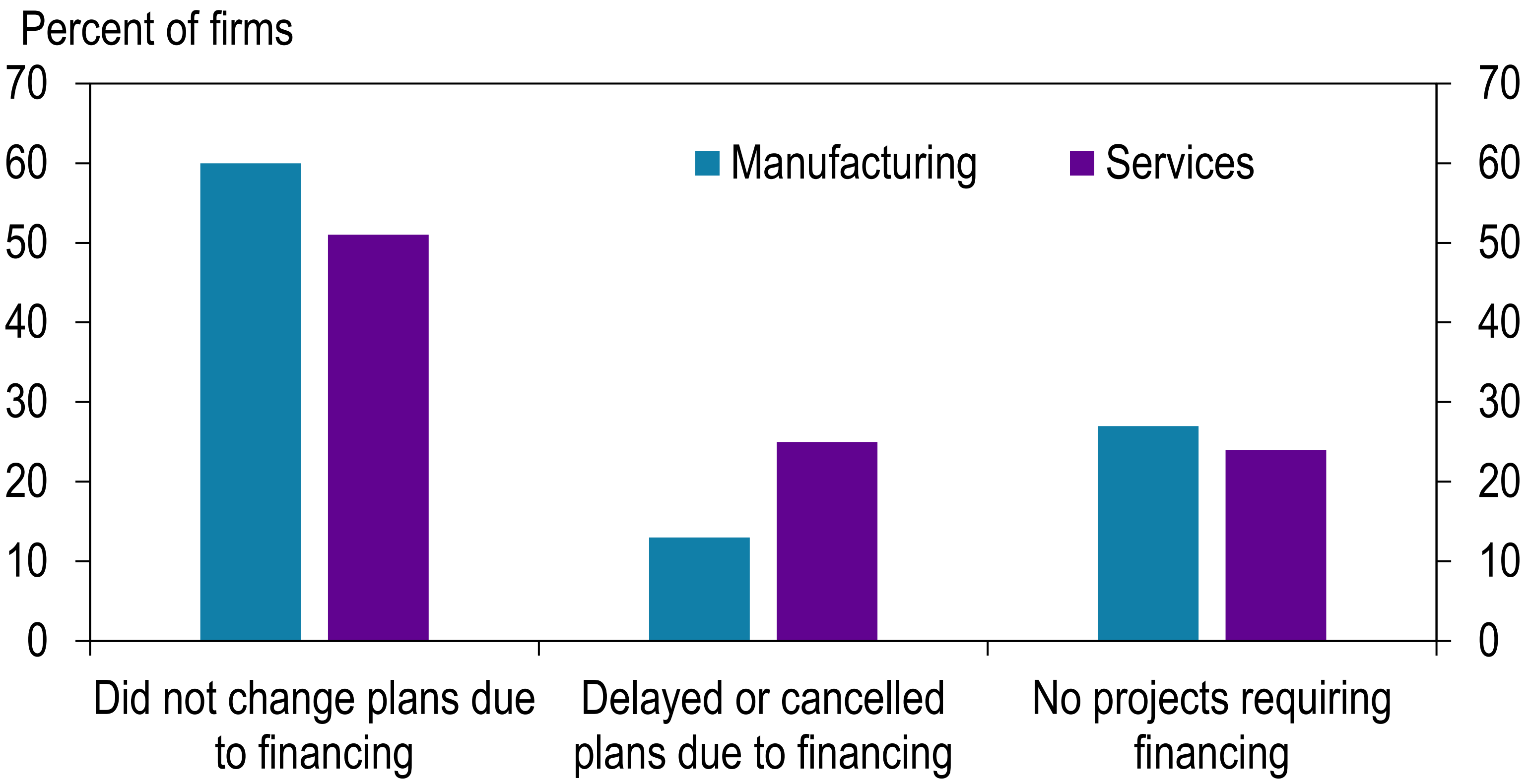


Note: Data and FOMC projections are for year-end.

Sources: Bureau of Economic Analysis, FOMC

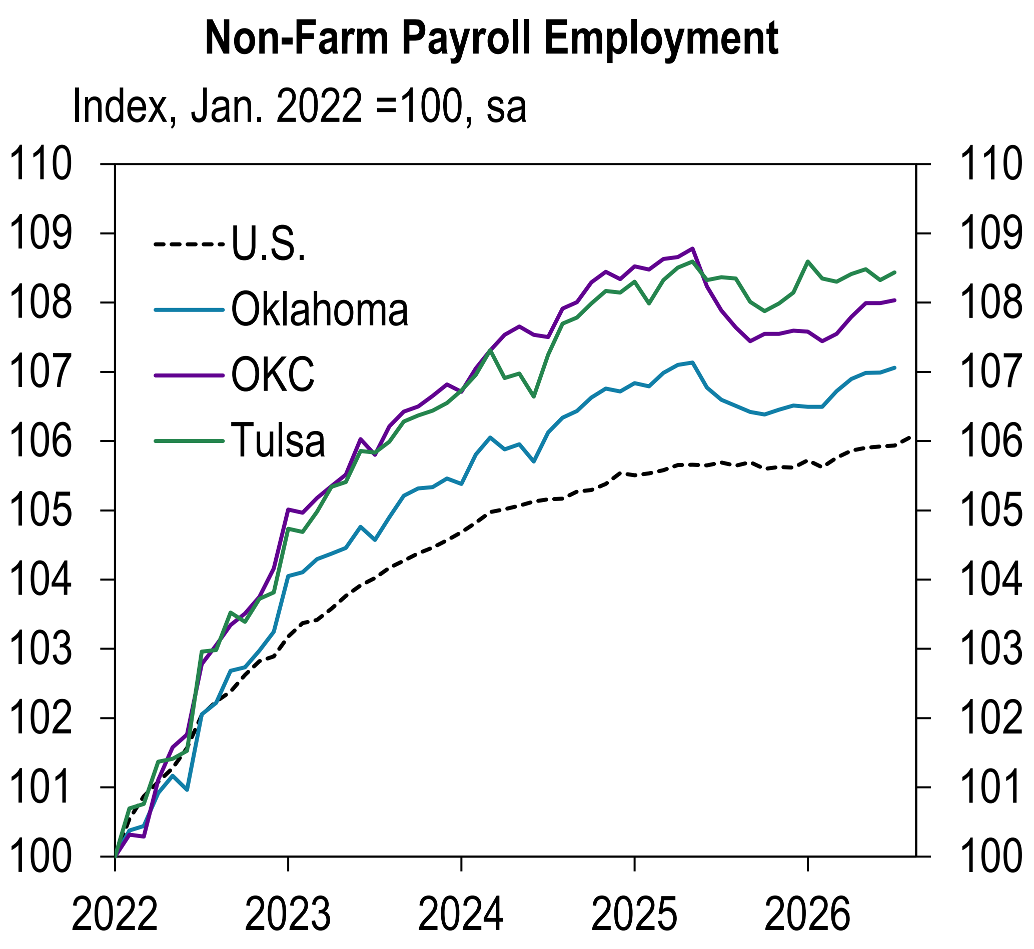
Over half of Tenth District firms report their projects are not restricted by interest rates

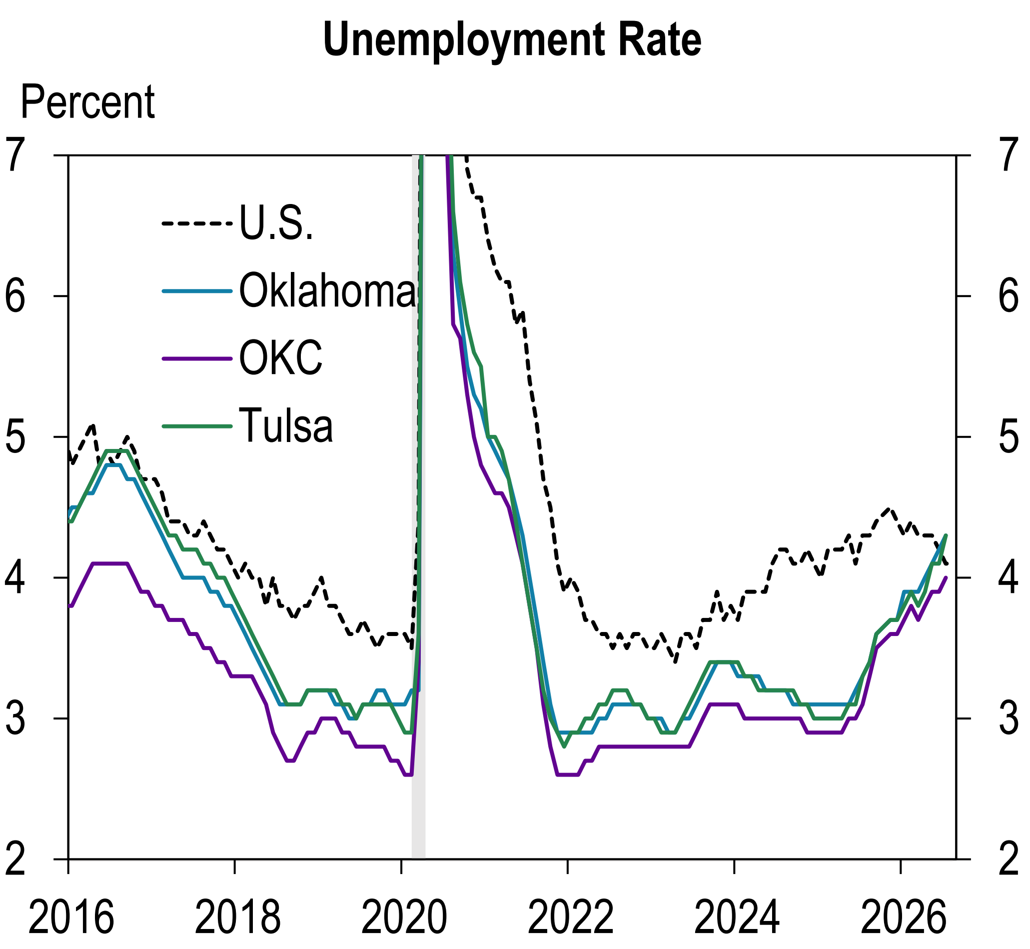
August 2026: Since the beginning of the year, has the cost of interest caused an adjustment to projects that have typically used financing?



Source: Kansas City Fed

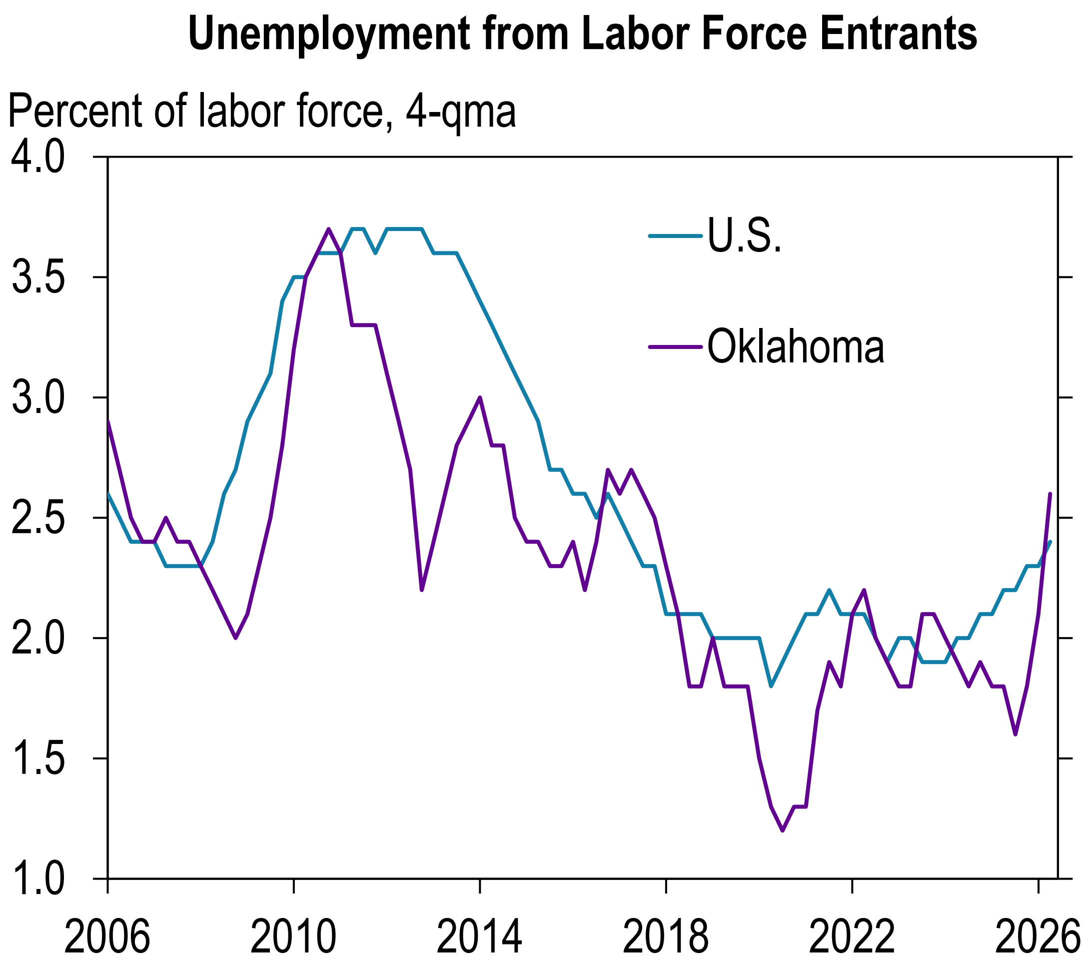
Oklahoma has recovered job losses from 2025, but unemployment has surpassed the U.S. average

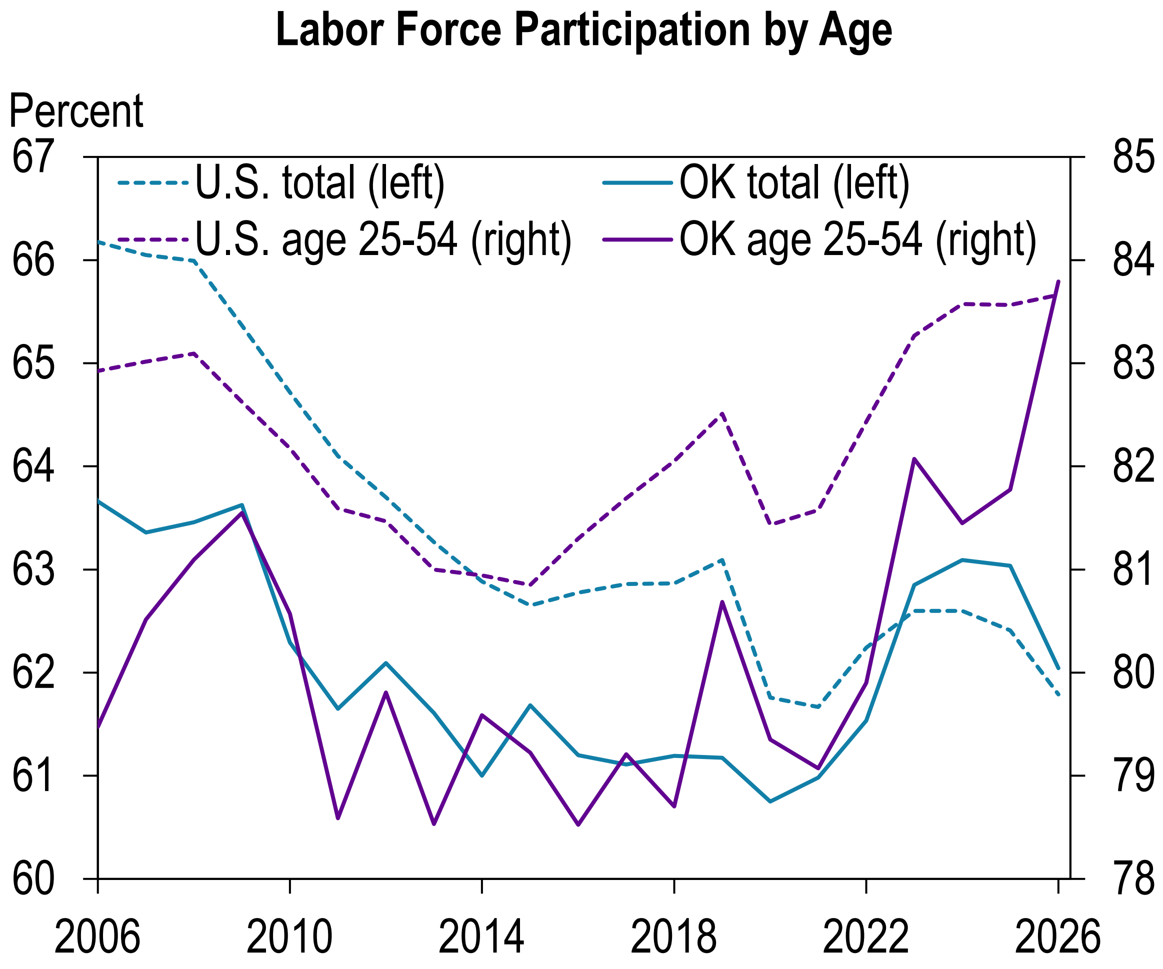




Source: U.S. Bureau of Labor Statistics/Haver Analytics

Unemployment gains are driven by new entrants into the labor force

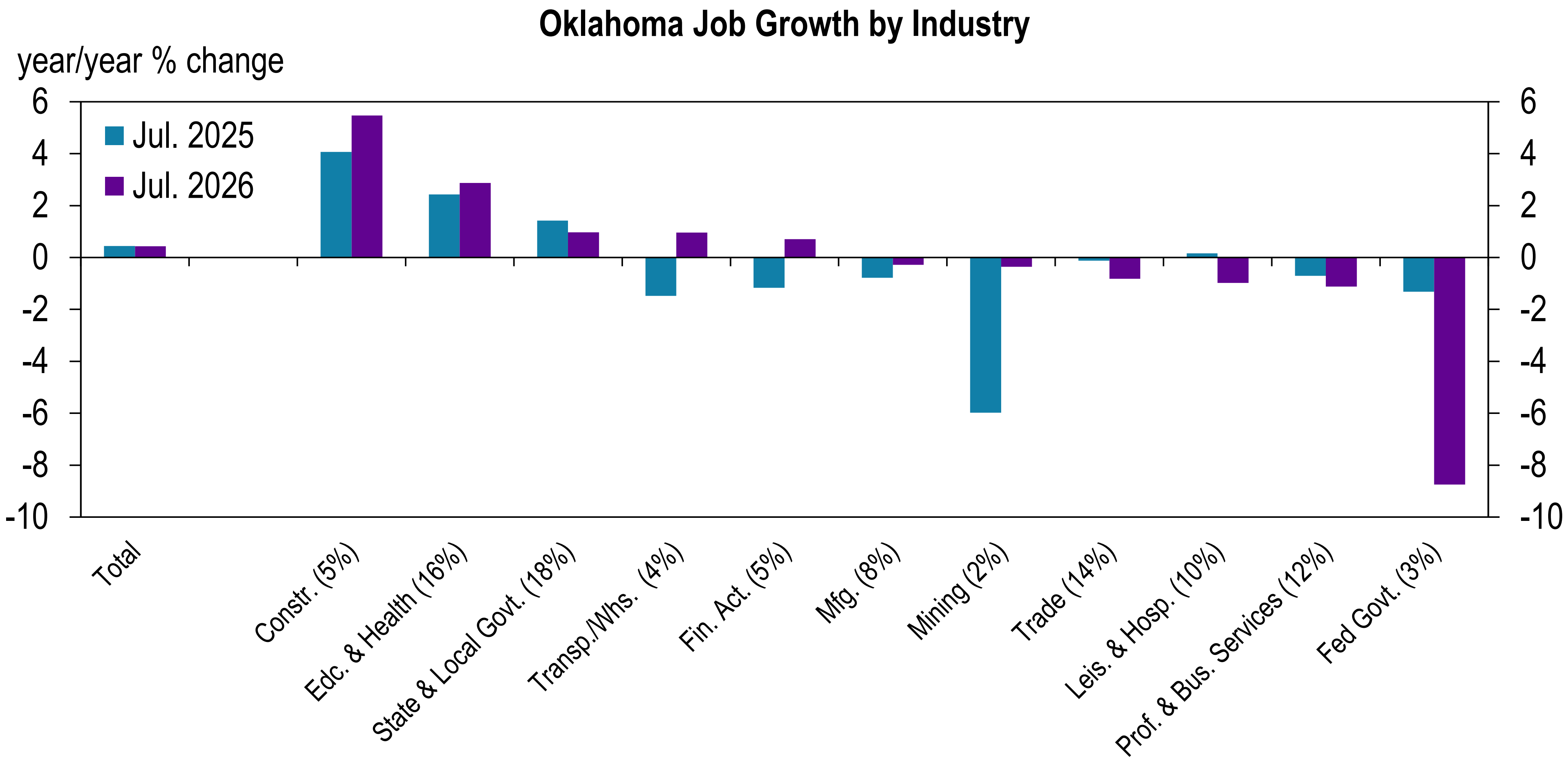




Note: Left chart is calculated by proxy of the difference between U3 and U2 unemployment rates.

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

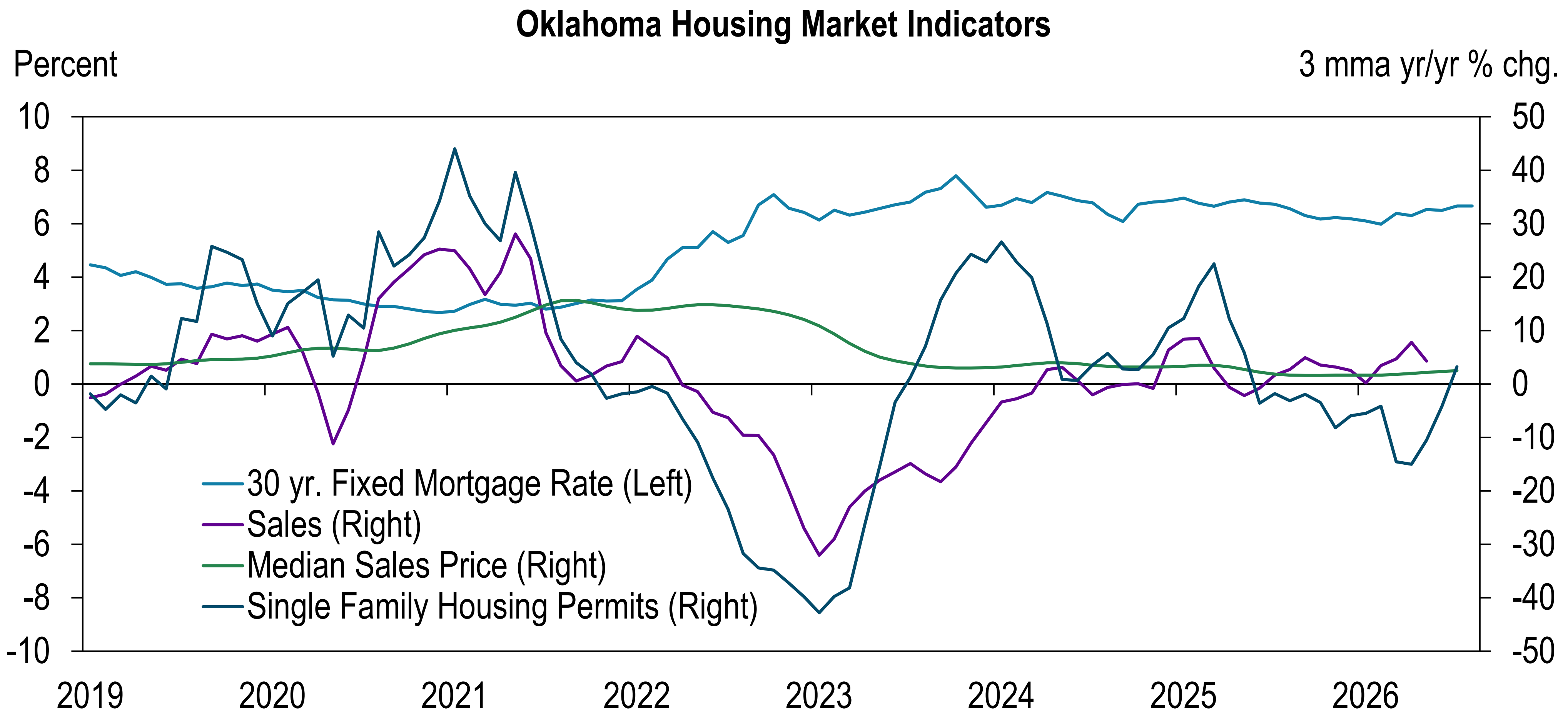
Oklahoma job growth picked up in construction, healthcare, and warehousing, while declining in retail, hospitality, and professional services



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

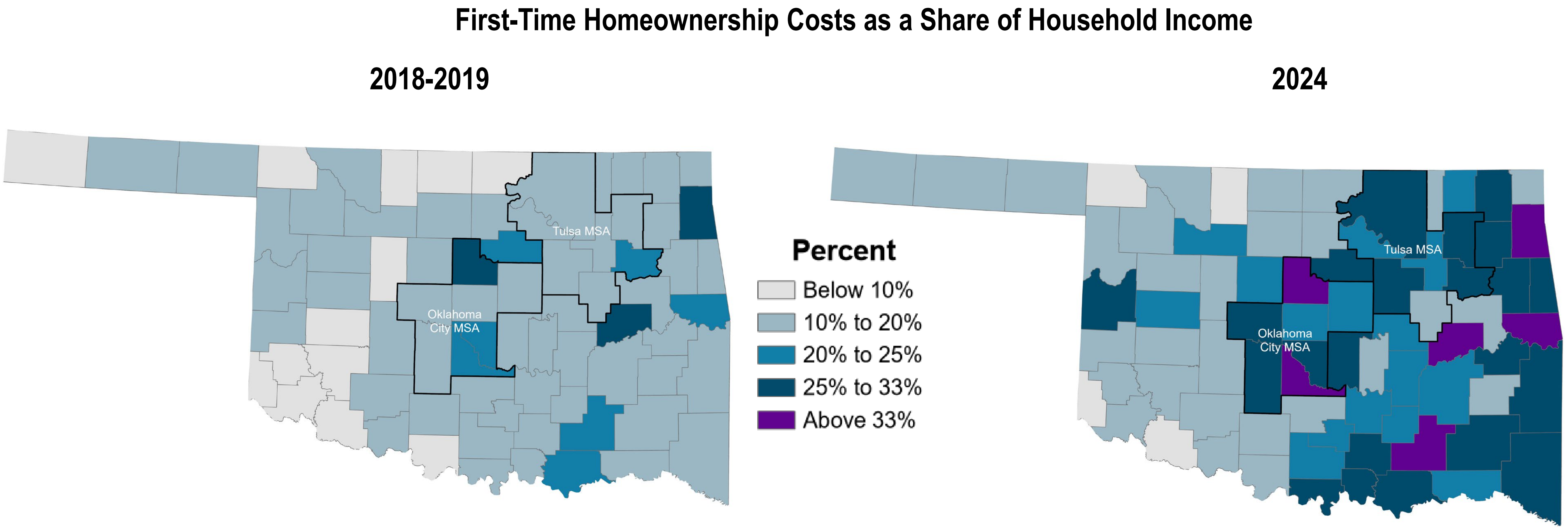
Note: Parentheticals show the 2-year average share of Oklahoma's total employment.

The Oklahoma housing market has stalled with higher for longer mortgage rates, although permits may be picking up



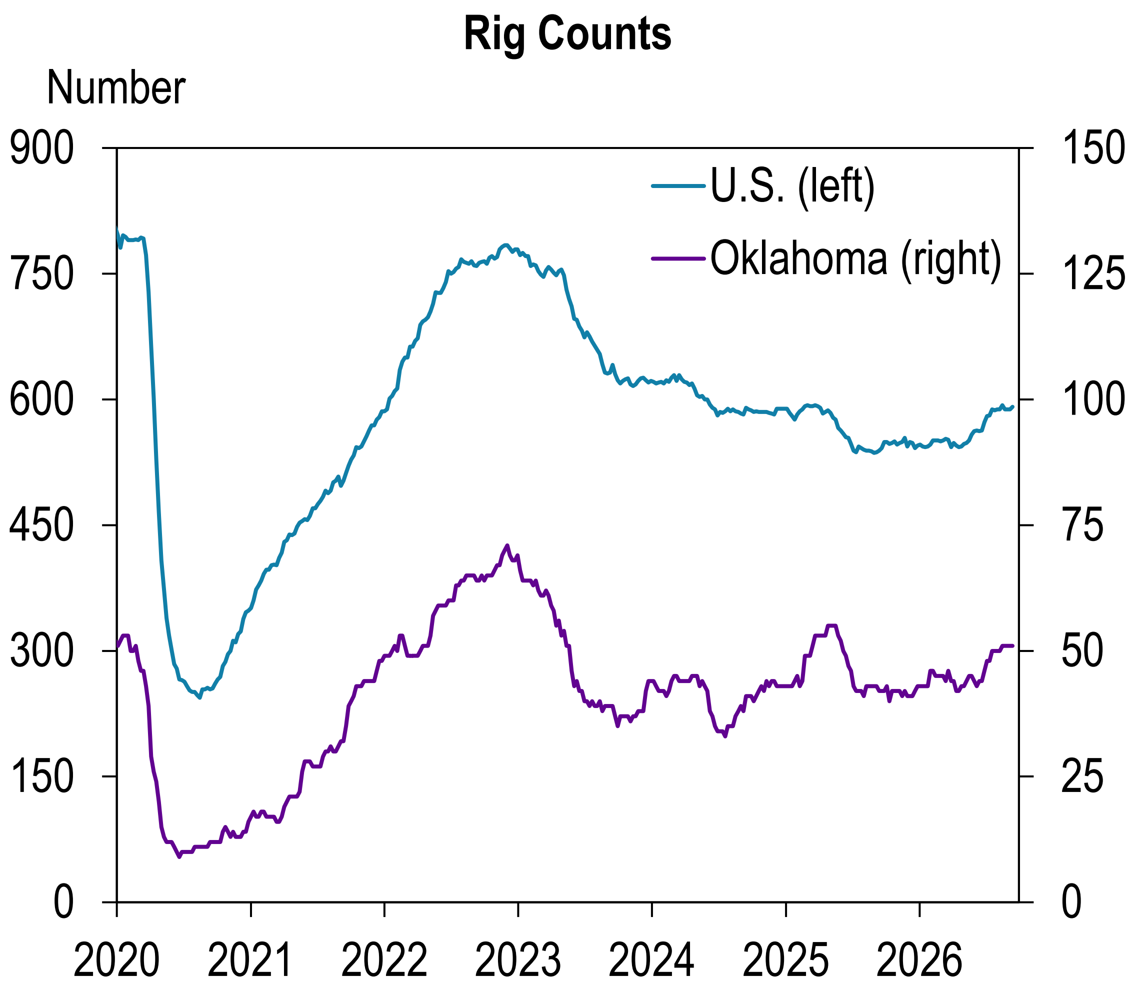
Sources: Freddie Mac, Zillow, Redfin, U.S. Census Bureau

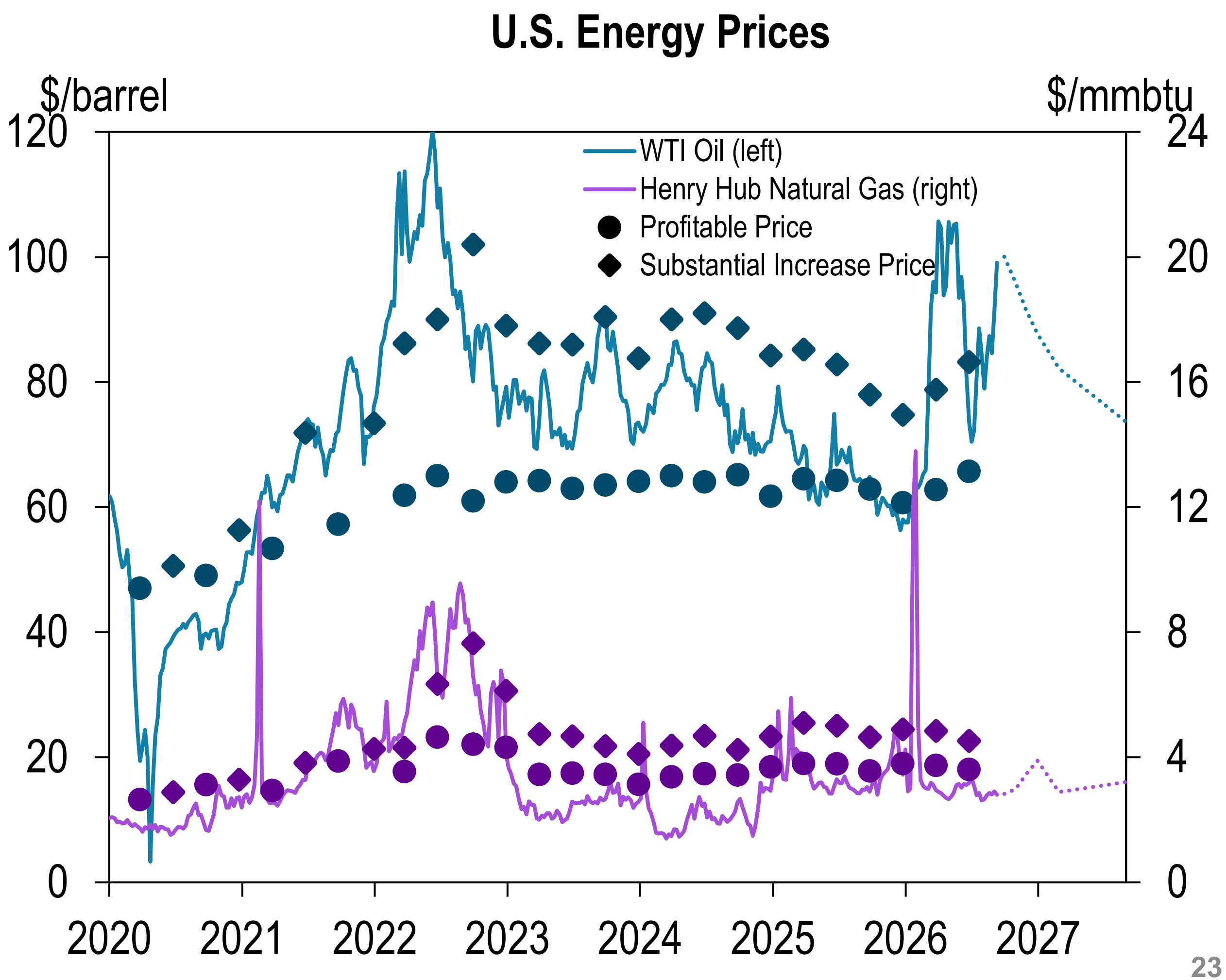
Homeownership for first-time buyers became less affordable across Oklahoma in recent years



Notes: Costs include mortgage payment, insurance, and maintenance. 2024 data through October.
Sources: Zillow, BLS, U.S. Census Bureau (IPUMS NHGIS), WSJ (Haver Analytics), staff calculations

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

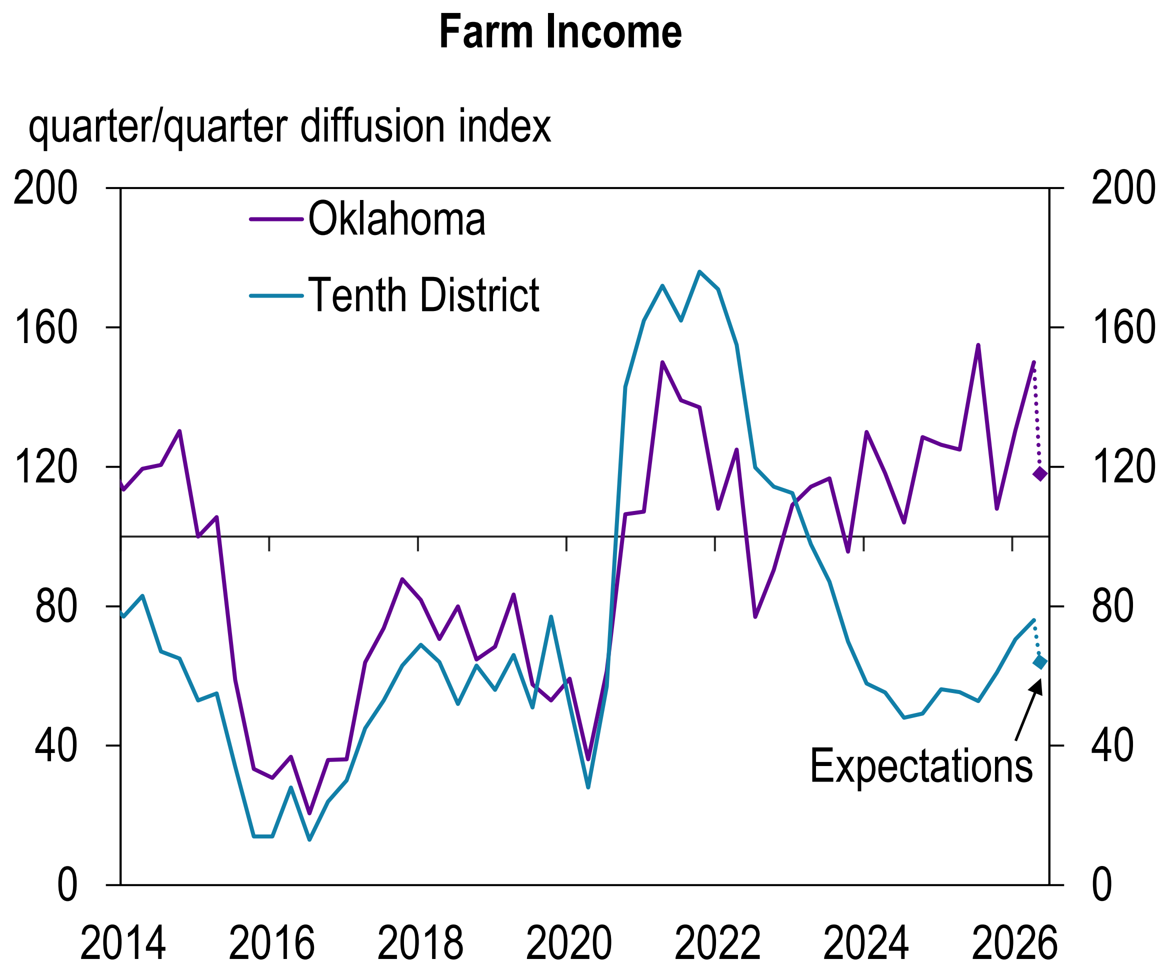


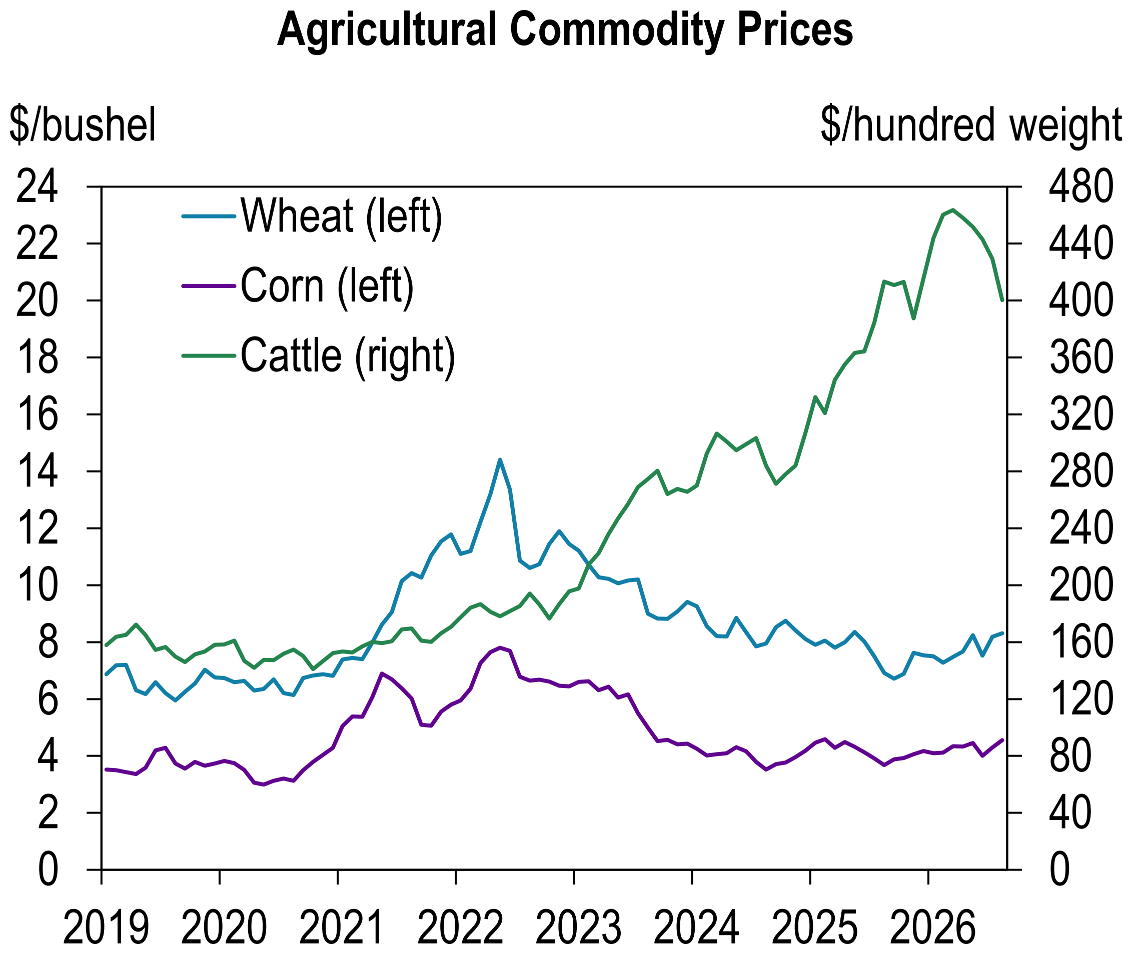


Source: Baker Hughes, EIA/Haver Analytics, FRBKC Surveys

Note: Dotted lines show CME futures prices as of September 11.

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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