

ECONOMIC UPDATE

US, OKLAHOMA, AND AGRICULTURE

Cortney Cowley, Oklahoma City Branch Executive and AVP
August 21, 2026



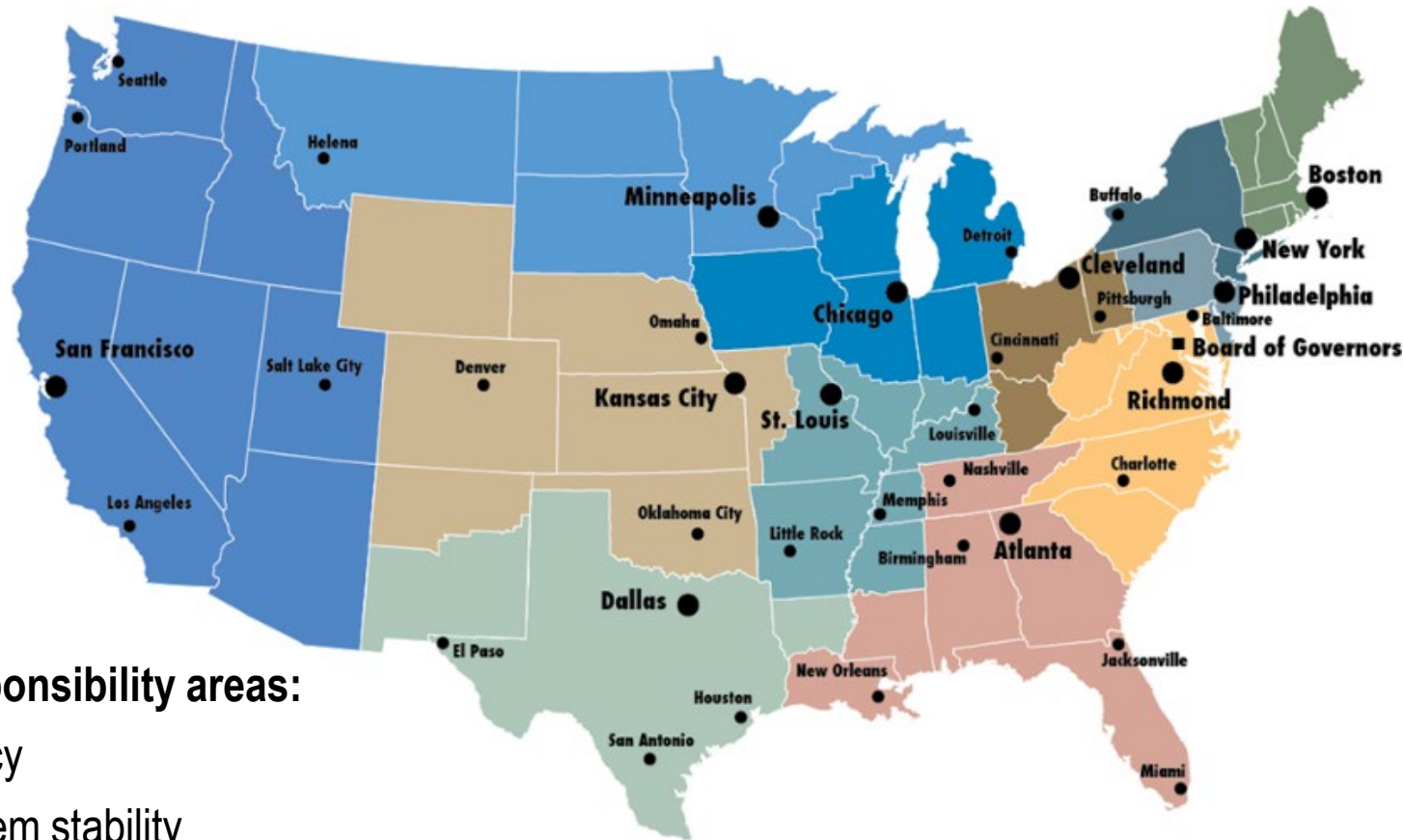
The views expressed here are those of the speaker and do not necessarily reflect the opinions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.



**Center FOR Agriculture
AND the EconomySM**

FEDERAL RESERVE BANK OF KANSAS CITY

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

Link to OKC Branch website:
www.kansascityfed.org/oklahomacity



- **Functions and purposes ~ 50 staff**

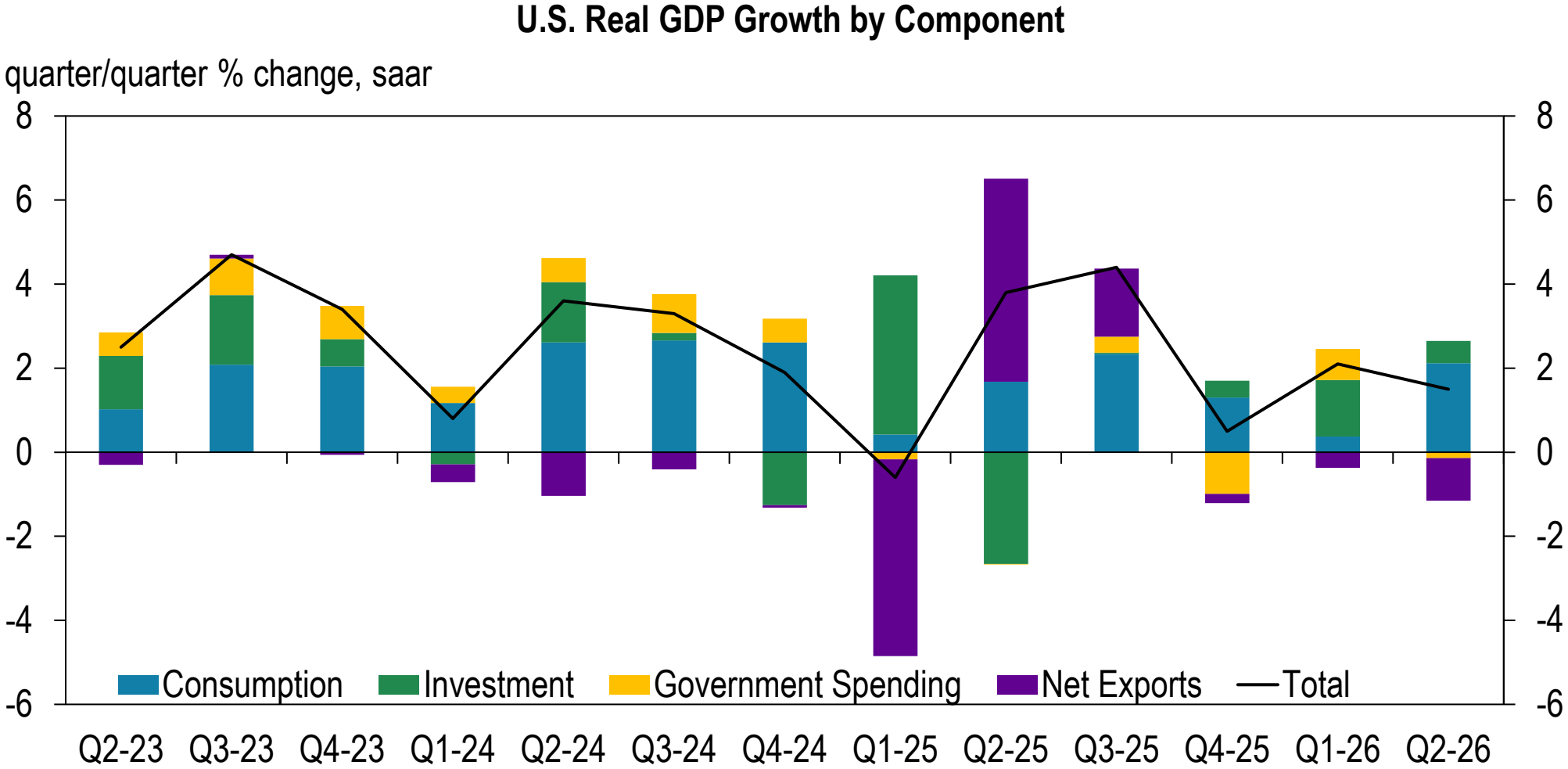
- Research on U.S. and Oklahoma economies; energy sector and business survey focus
- Examinations of Oklahoma financial institutions (~50 banks, ~160 holding cos.)
- Risk analysis and IT development for bank exams; exam assistance for other Fed offices
- Community development and economic education programming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

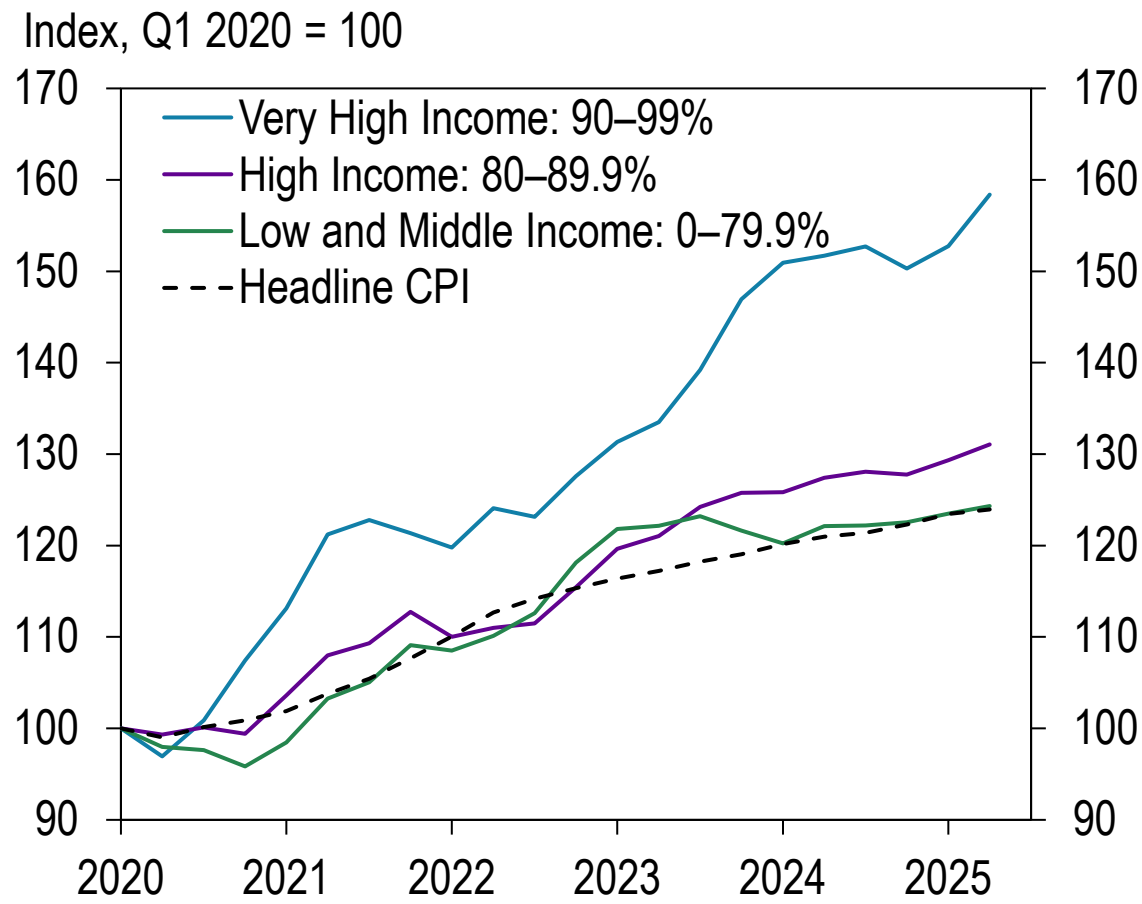


Sources: BEA/Haver Analytics

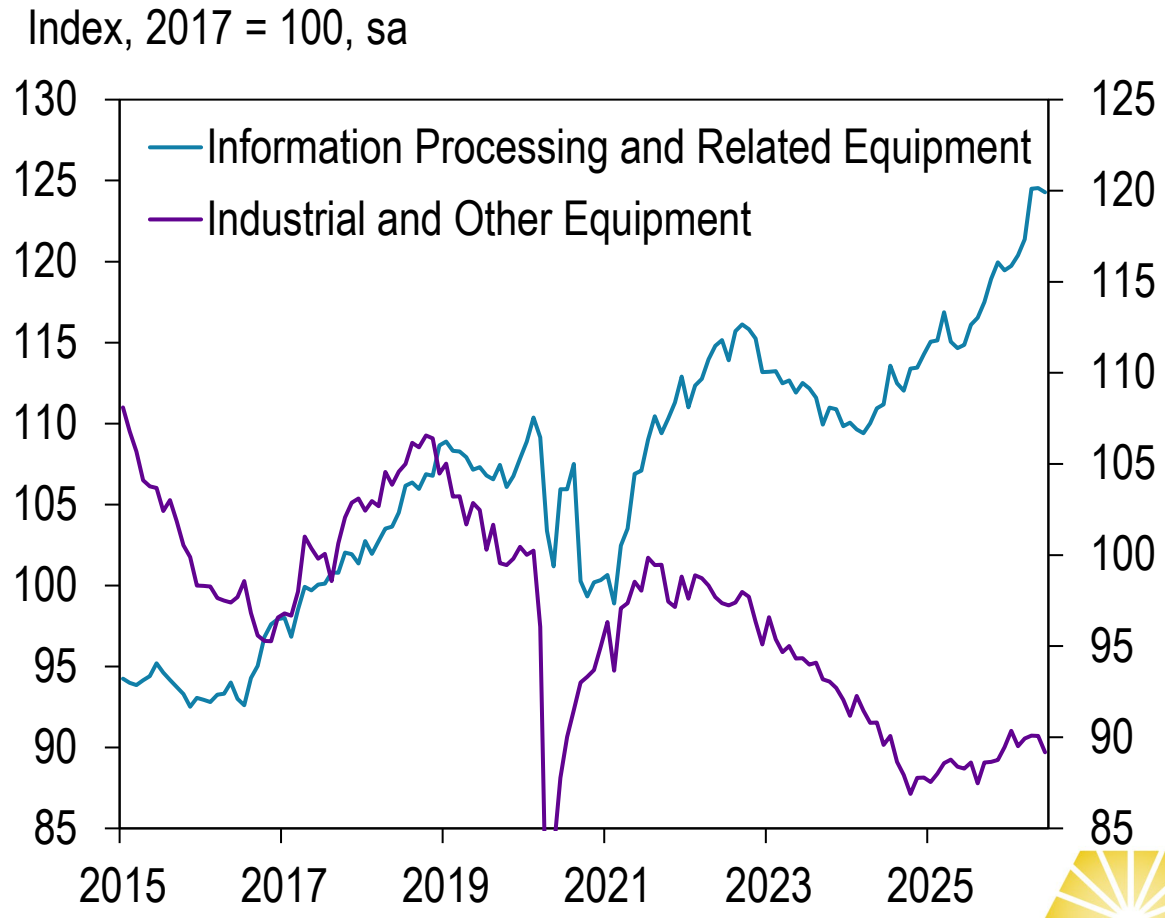


Current economic growth is supported by consumer spending from high earners and investment in tech-related sectors

U.S. Consumer Spending by Income



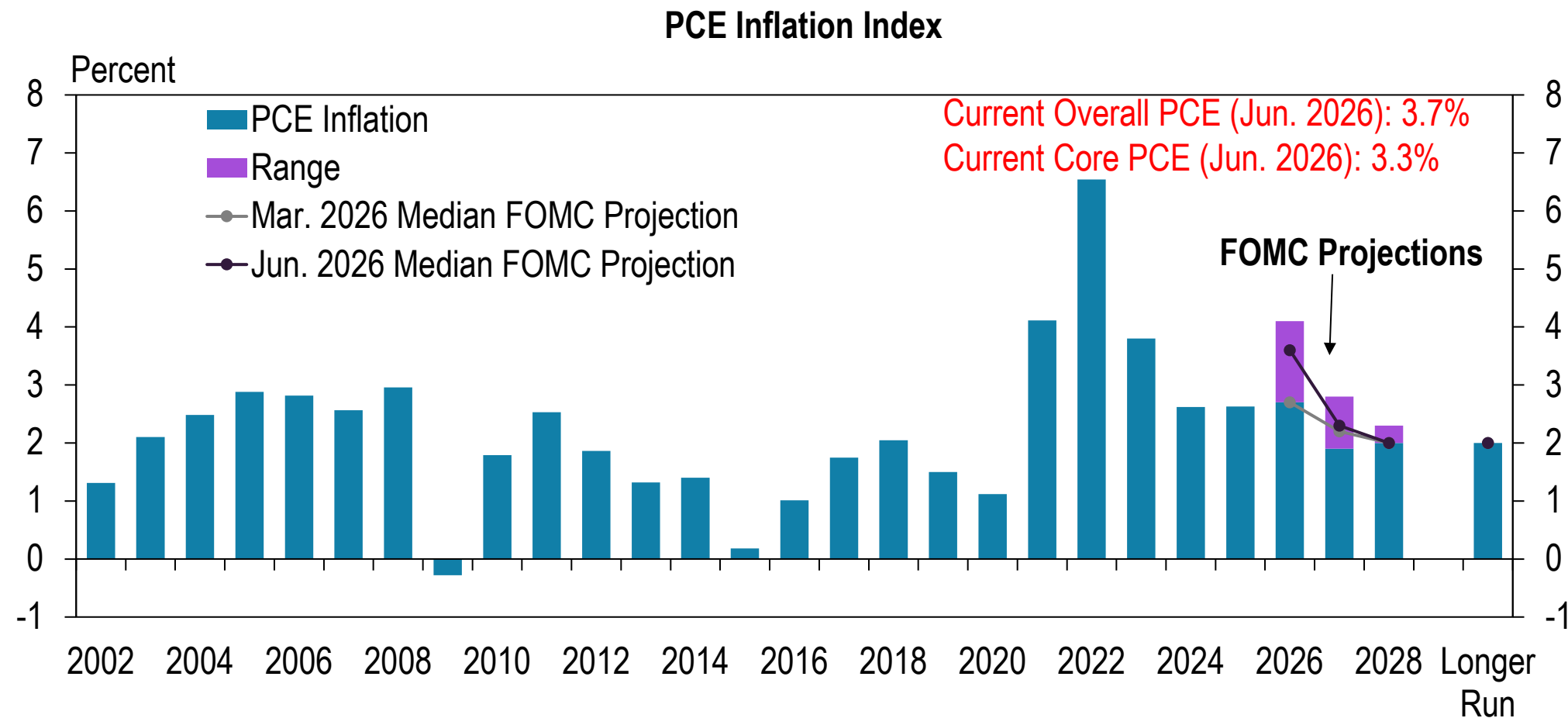
U.S. Industrial Production



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



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

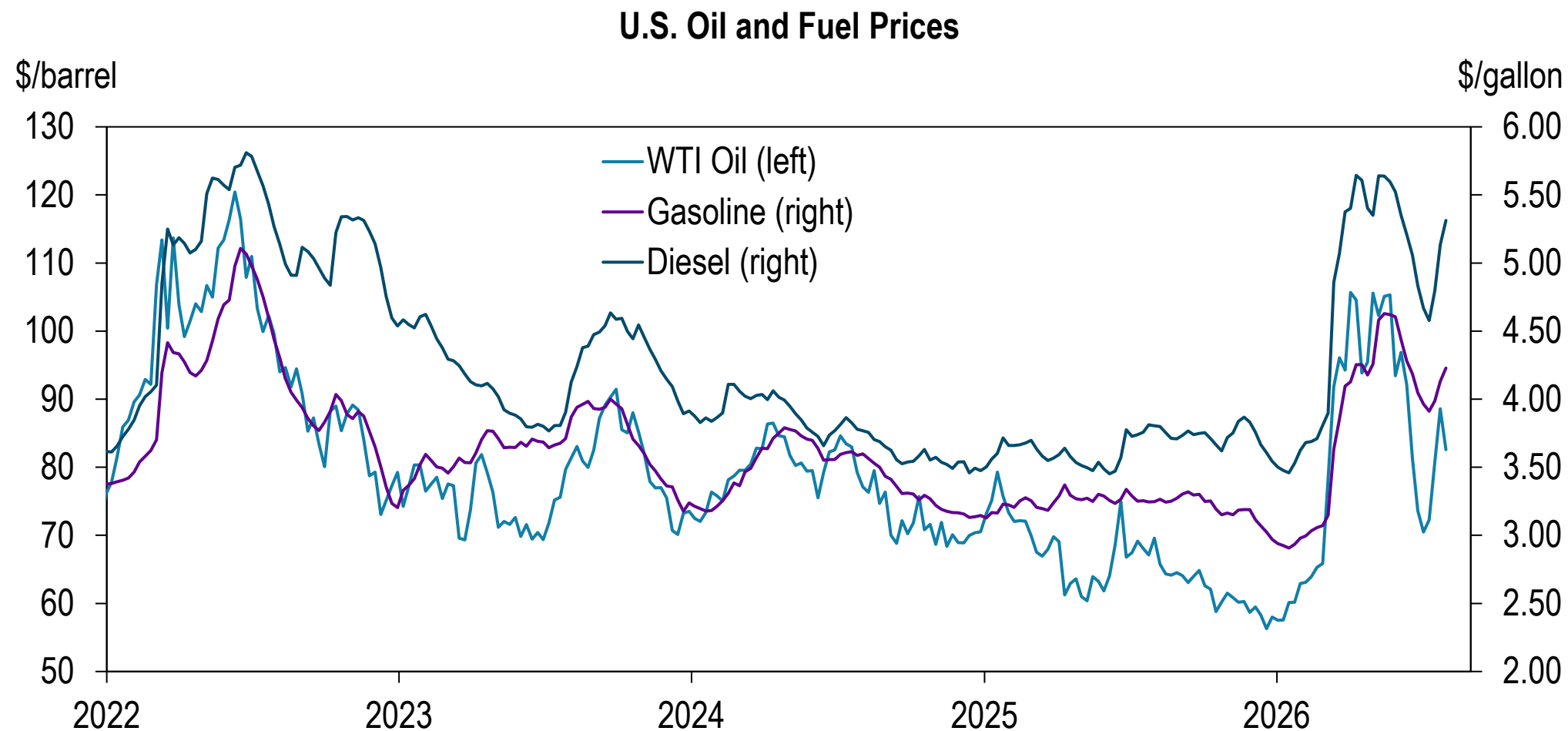


Note: Data and FOMC projections are for year-end.

Sources: Bureau of Economic Analysis, FOMC



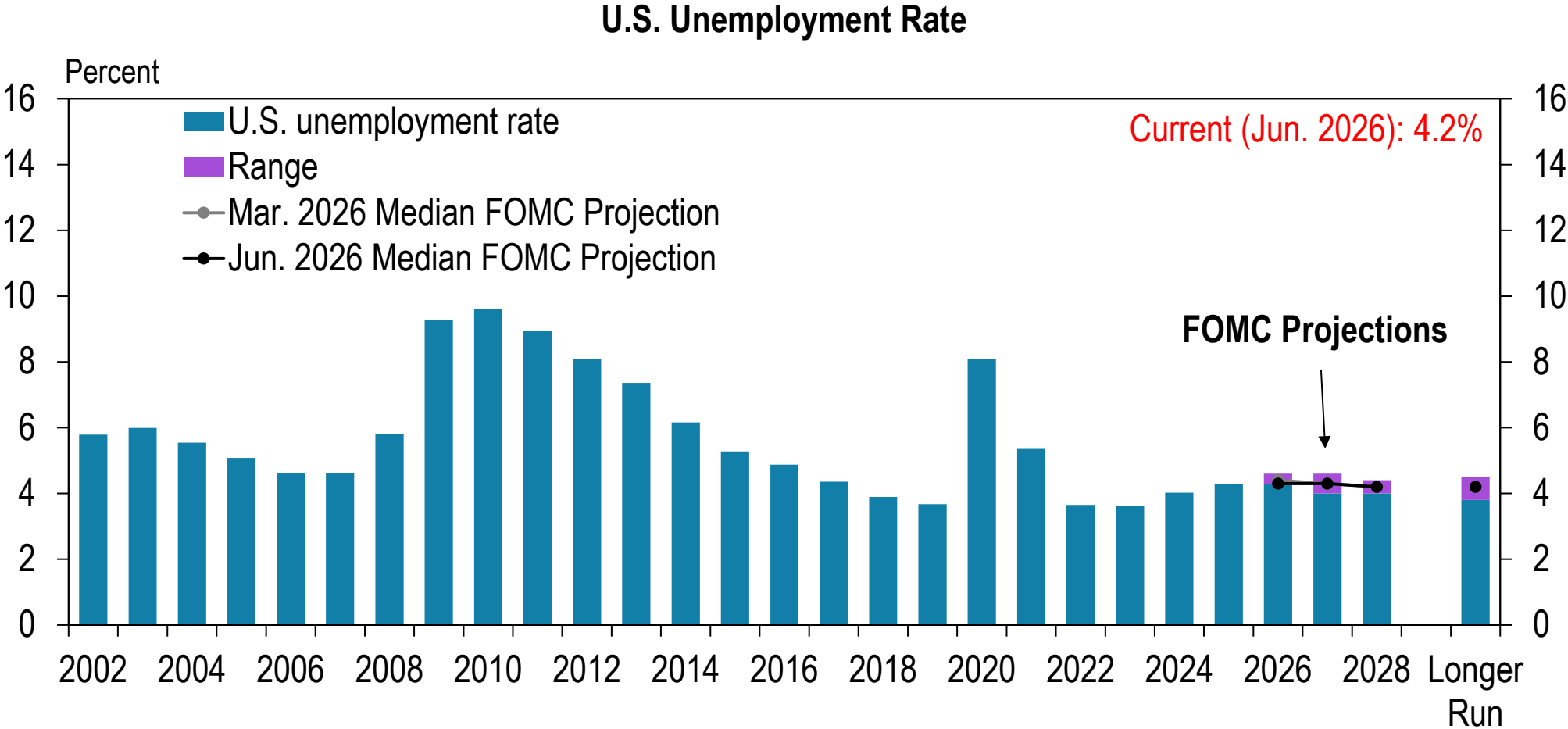
Fuel prices present upside risk to inflation



Sources: EIA/Haver Analytics



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



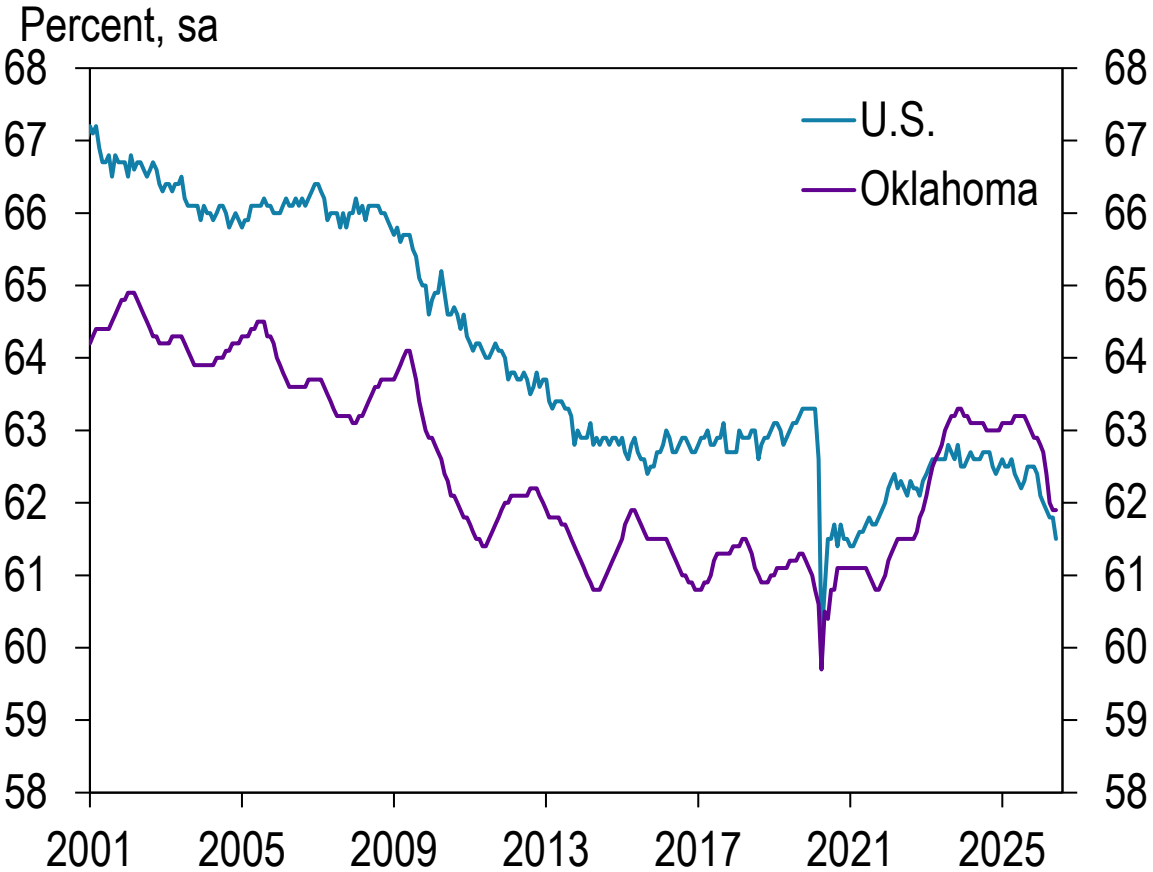
Note: Data and FOMC projections are for year-end.

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

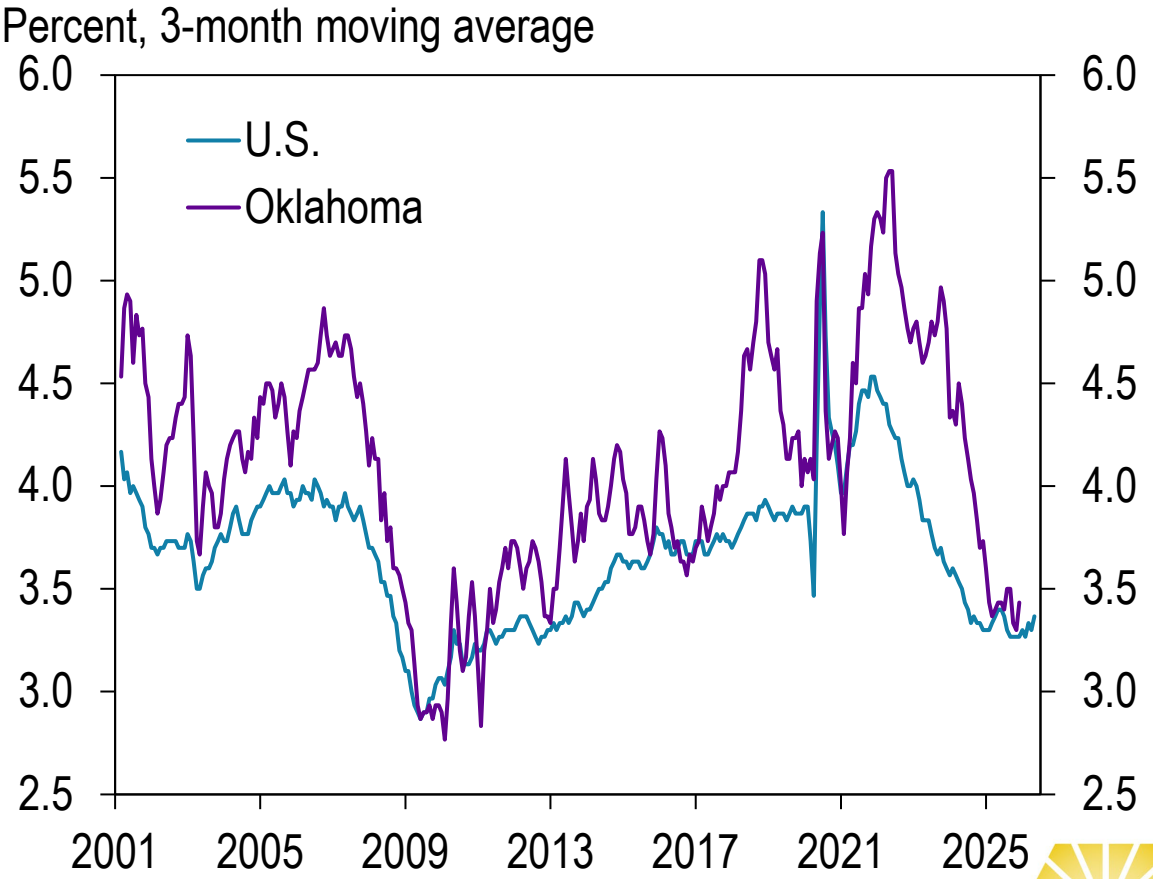


Both labor supply and demand have softened in the past year, but hiring in the U.S. has picked up in 2026

Labor Force Participation Rates



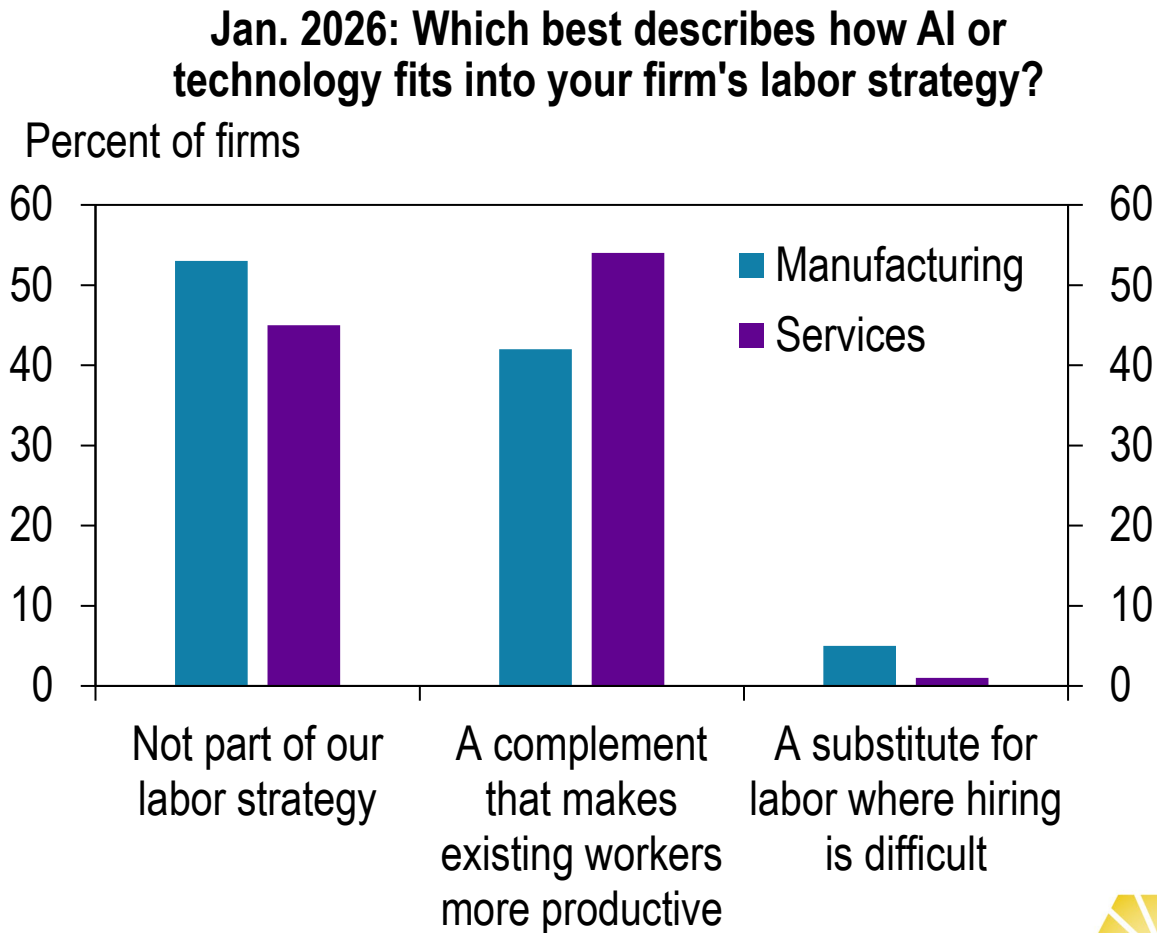
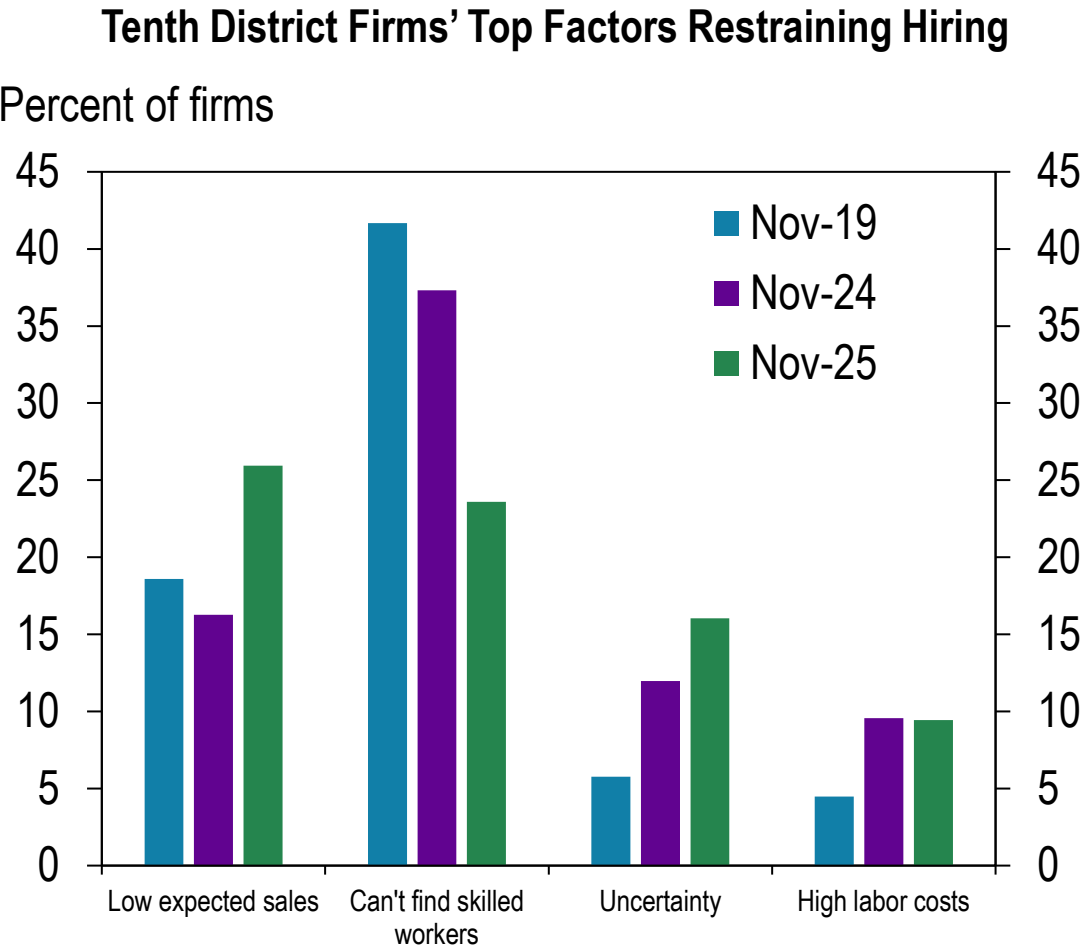
Hiring Rates



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

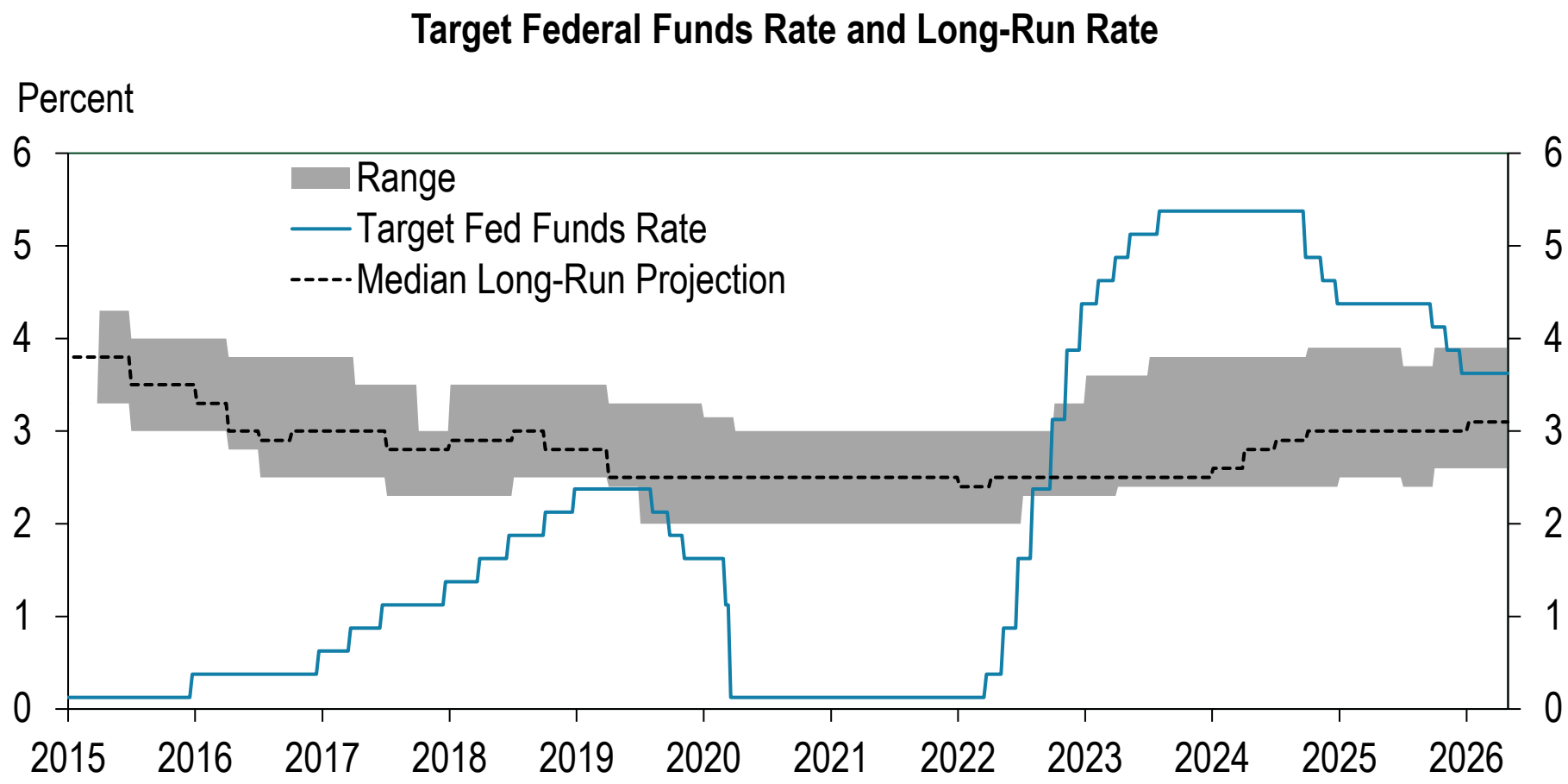


Low expected demand and uncertainty have increased as the top factor restraining hiring, and firms were not citing AI as a replacement for labor earlier in the year



Source: FRBKC

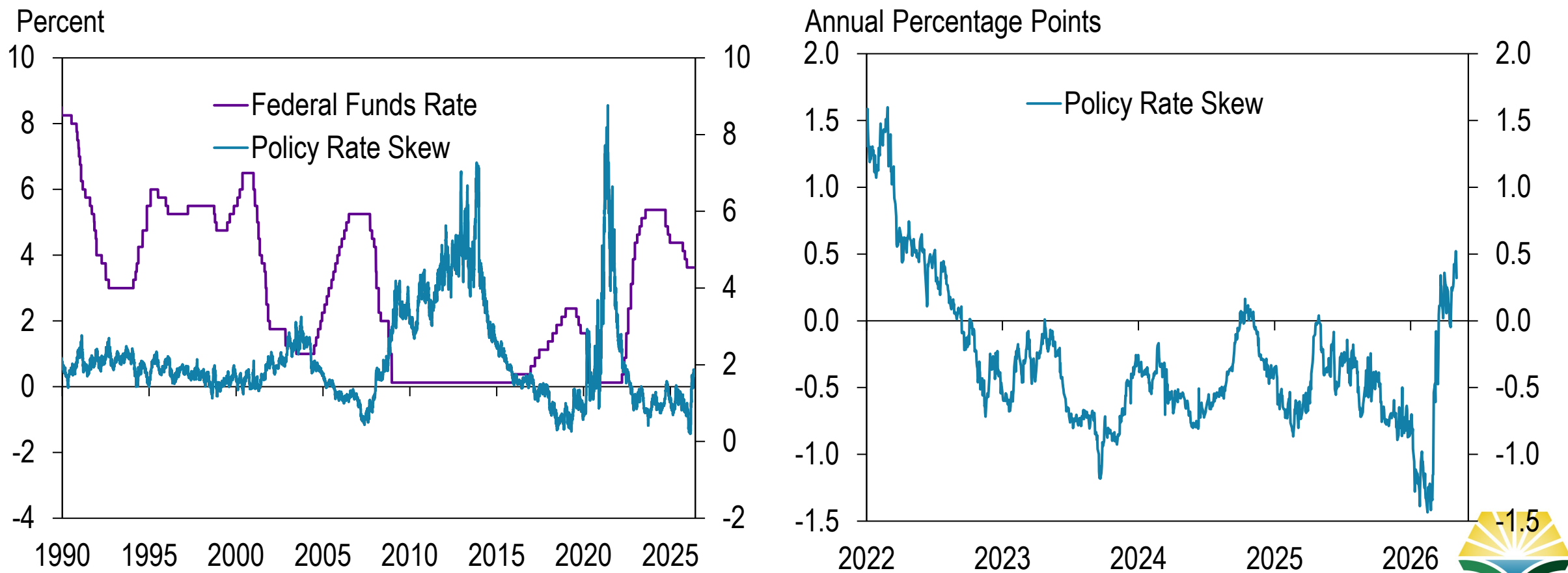
Monetary policy is likely restrictive, but perhaps only modestly



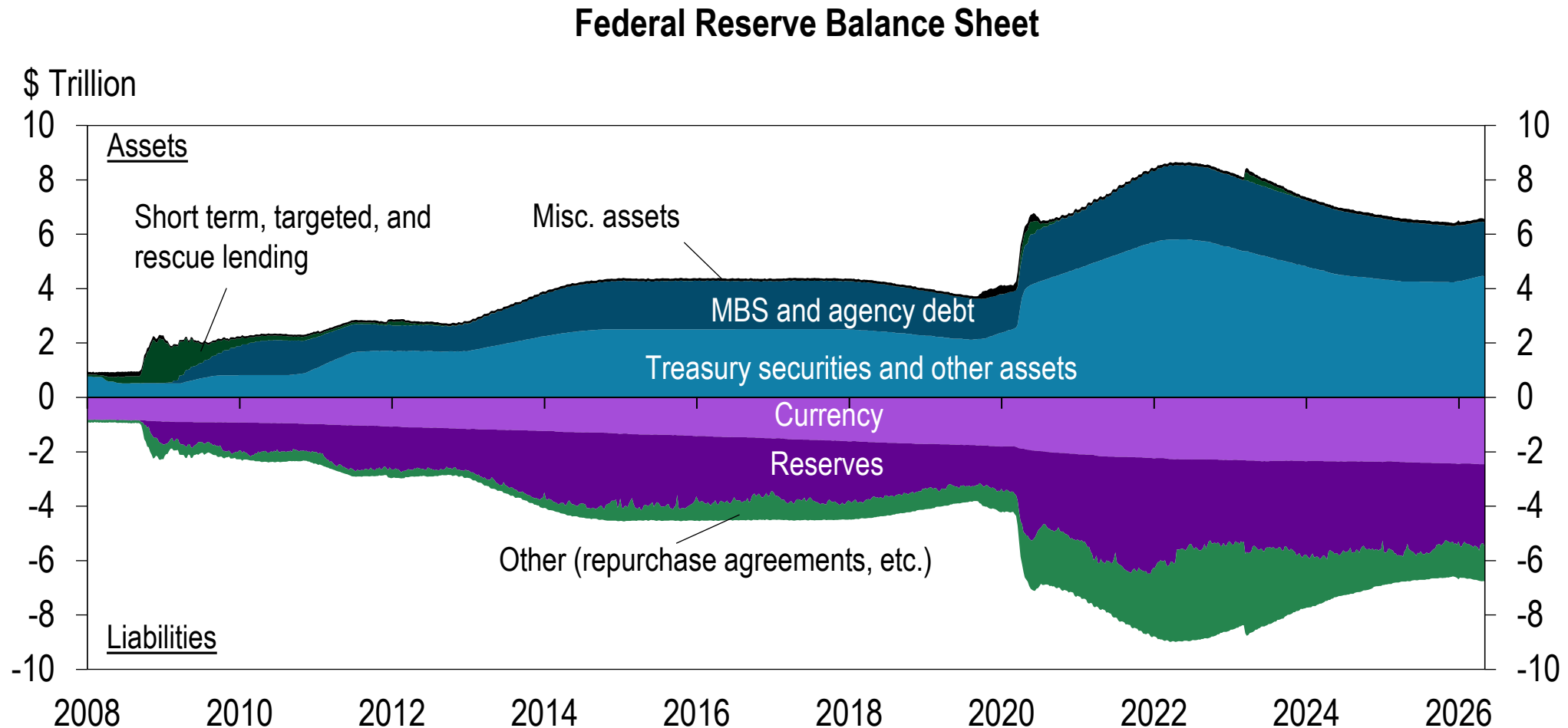
Source: FOMC

The Kansas Fed's policy rate skew increased above zero following the Iran conflict, indicating markets see upside risk for interest rates

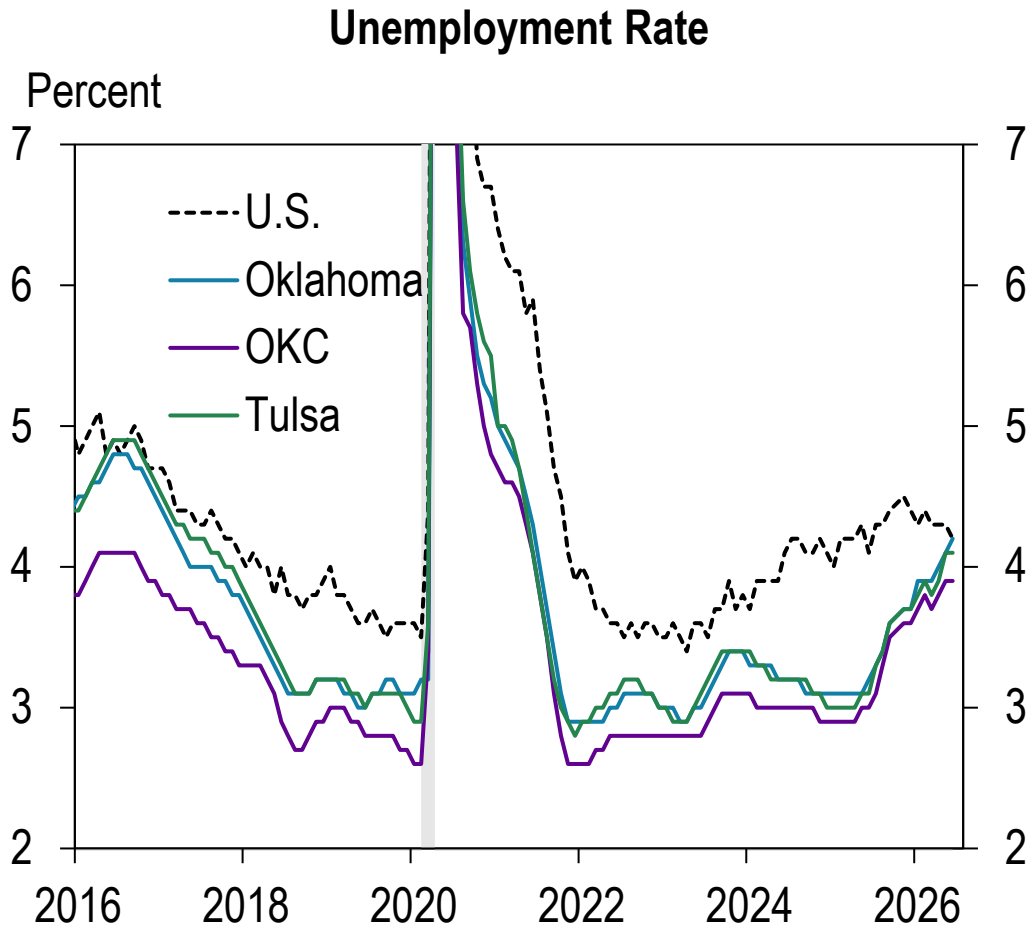
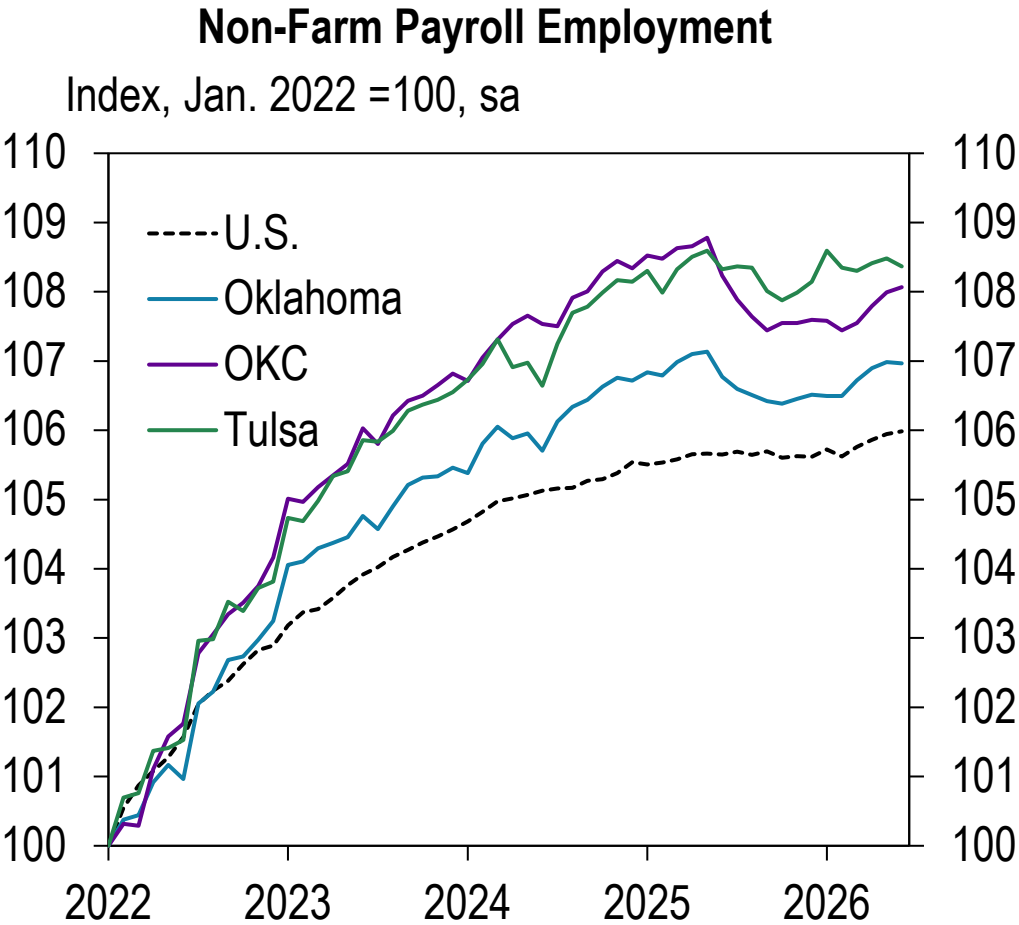
Kansas City Fed Policy Rate Skew



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



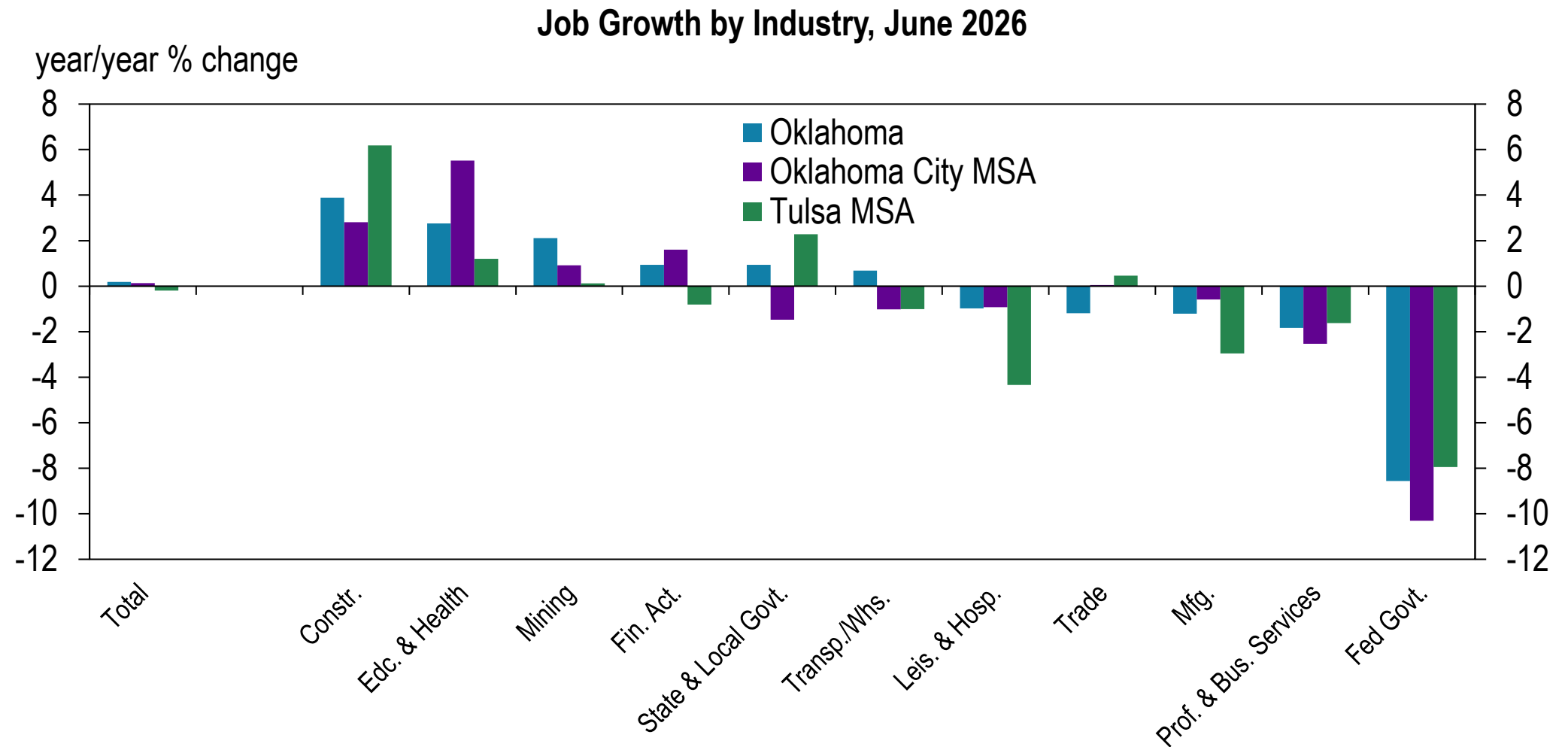
Job growth in Oklahoma slowed in 2025, and the unemployment rate has met the national average for the first time in a decade



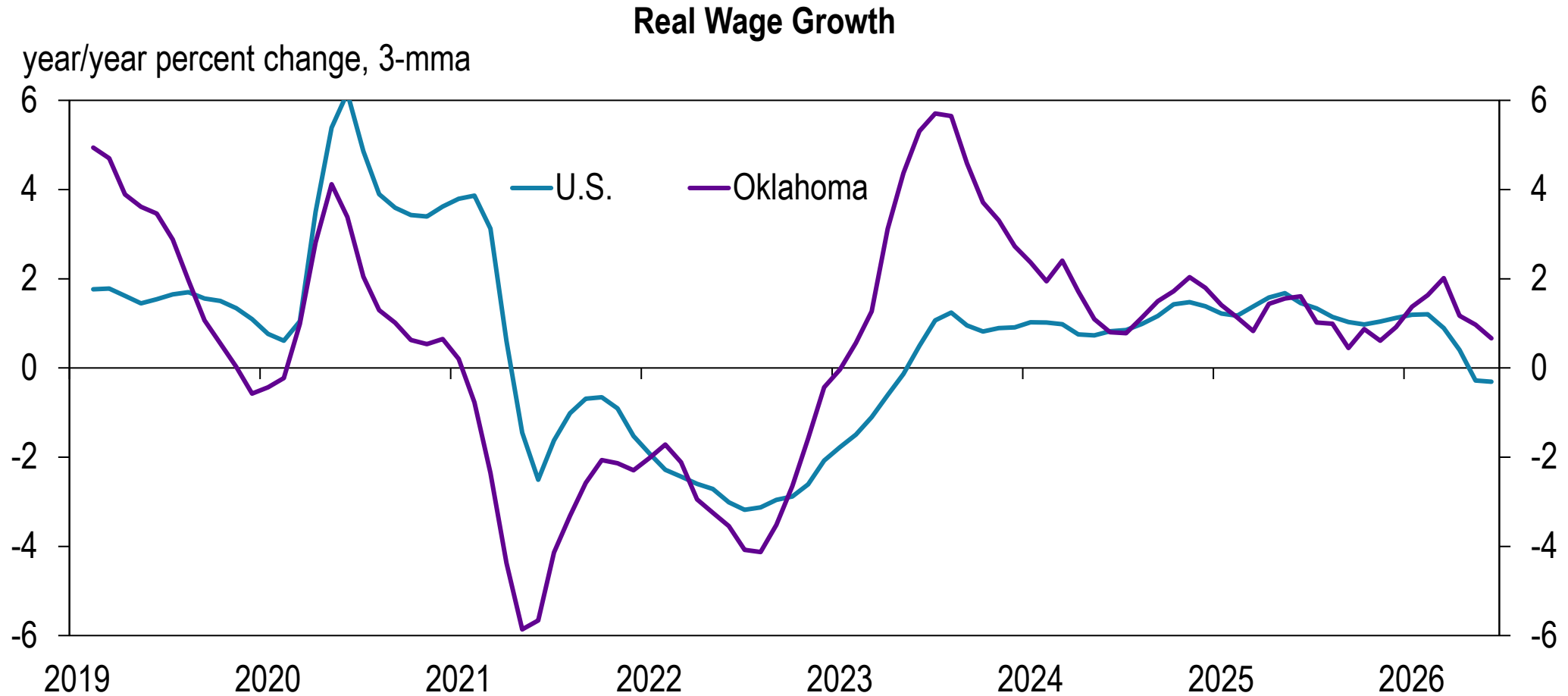
Source: U.S. Bureau of Labor Statistics/Haver Analytics



Oklahoma job growth slowed over the past year, with increases in healthcare and declines in hospitality and manufacturing



Wage growth has slowed recently, but continues to outpace the nation in Oklahoma



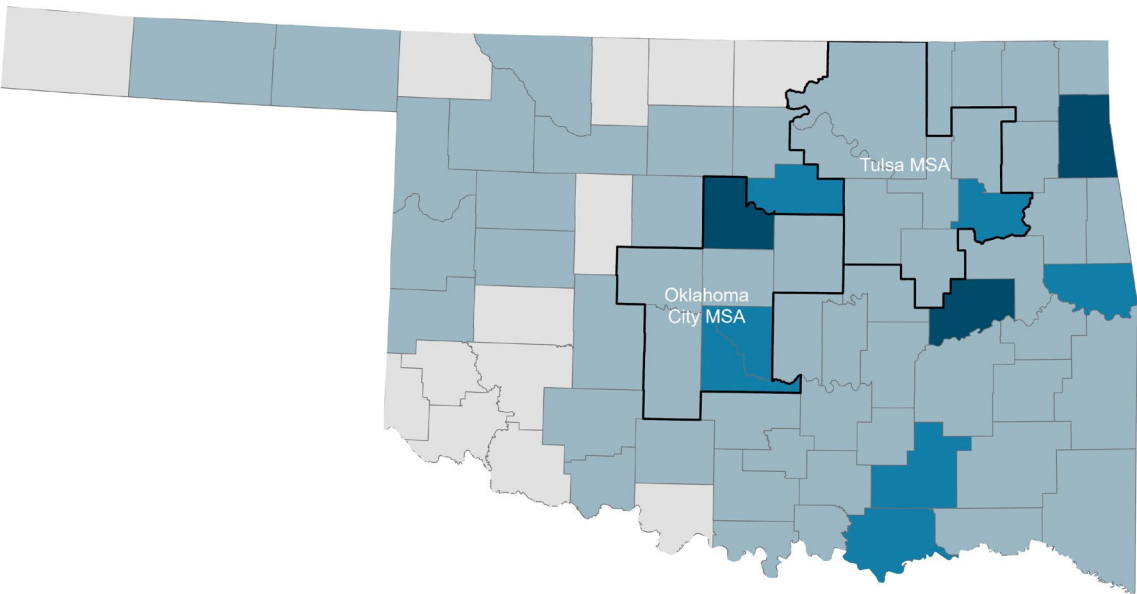
Note: U.S. wage growth is deflated by U.S. CPI. Oklahoma wage growth is deflated by South West Central CPI, including OK, TX, LA, and AR.
Sources: U.S. BLS/Haver Analytics



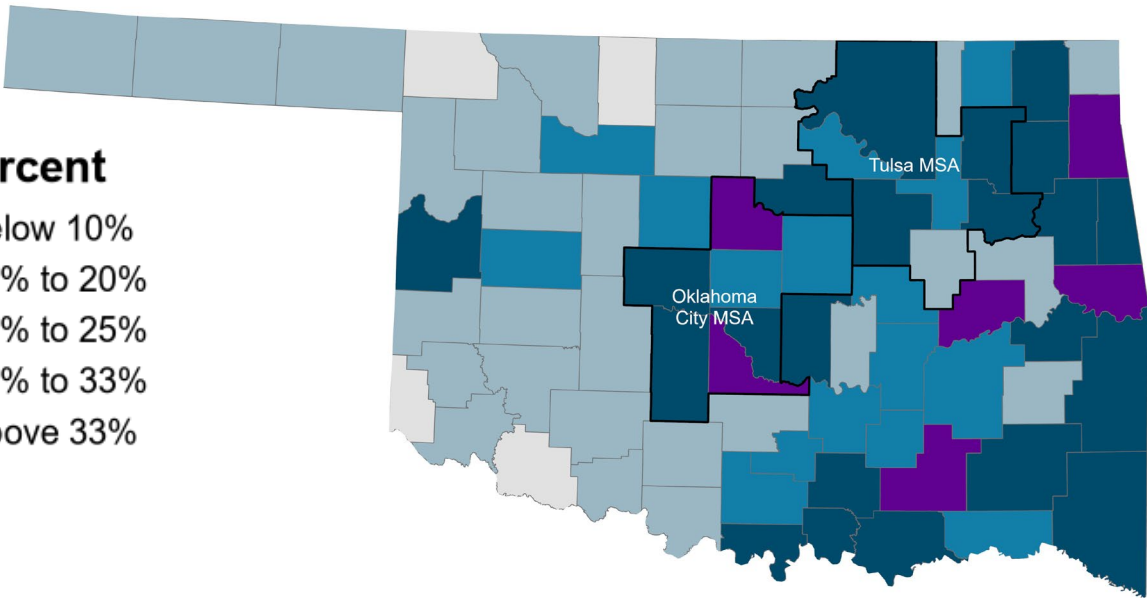
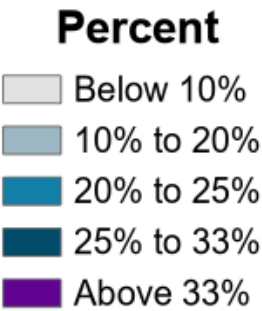
Homeownership for first-time buyers became less affordable across Oklahoma in recent years

First-Time Homeownership Costs as a Share of Household Income

2018-2019



2024



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

Federal Reserve Mission

We work in the public's interest by supporting economic and financial stability.

Monetary Policy

Contribute to the formulation and implementation of monetary policy that promotes financial stability and sustainable economic growth; price stability fosters these goals.

Supervision and Regulation

Provide supervisory and regulatory oversight to financial institutions by fostering a sound, accessible and competitive financial system that inspires trust.

Financial Services

Promote a safe and efficient payments mechanism, while providing high-quality, innovative financial services to depository institutions, the U.S. Treasury, and the public.





Center **FOR** Agriculture **AND** the Economy

FEDERAL RESERVE BANK OF KANSAS CITY

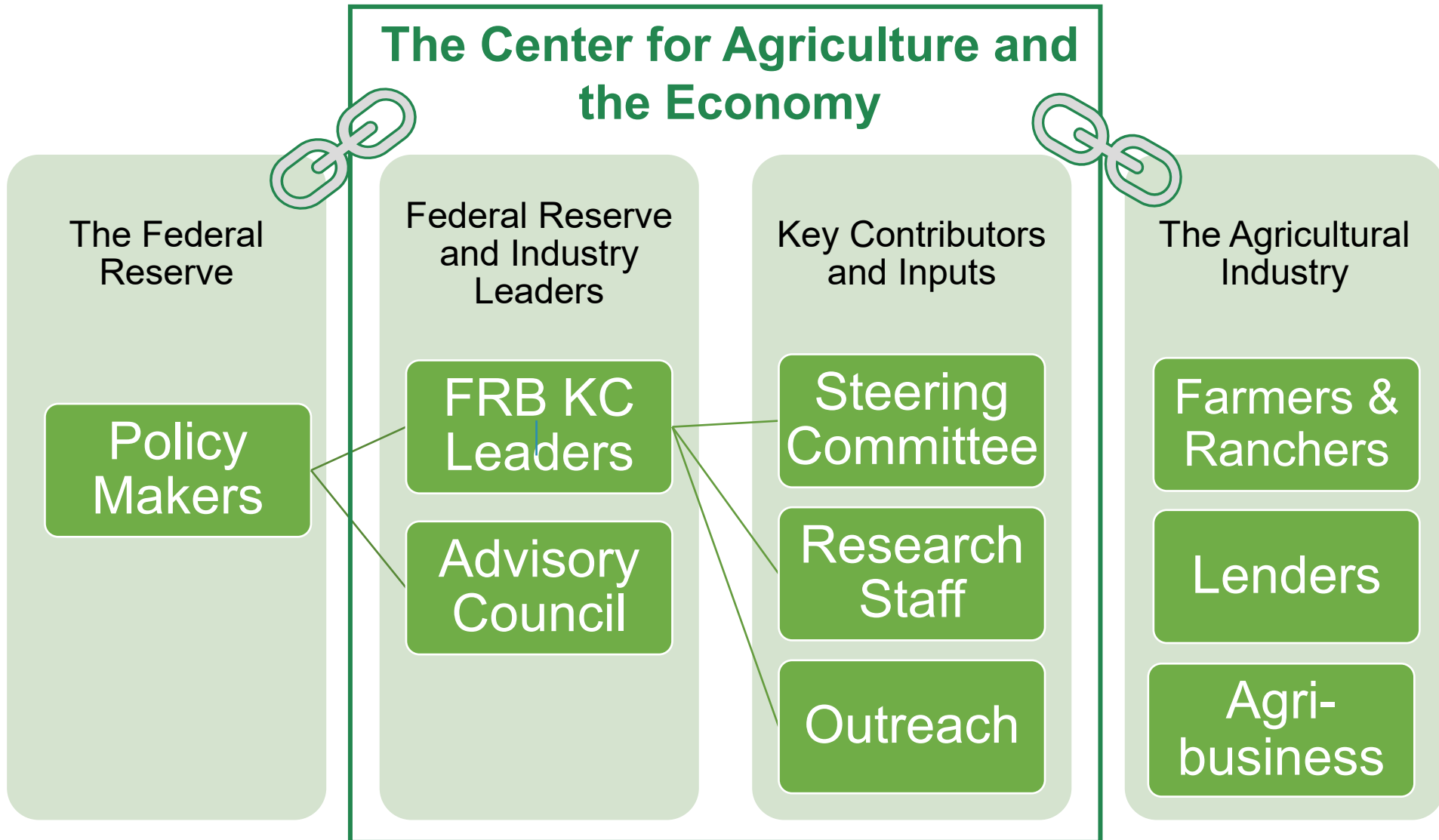
In 2025, we launched the **Center for Agriculture and the Economy** to ensure that economic developments related to agriculture and rural communities are well understood and incorporated into policy discussions.

Receive regular updates about the agricultural economy:

Subscribe to receive email alerts when the Kansas City Fed releases new research and information. Scan the QR code or visit www.kansascityfed.org/ealert.

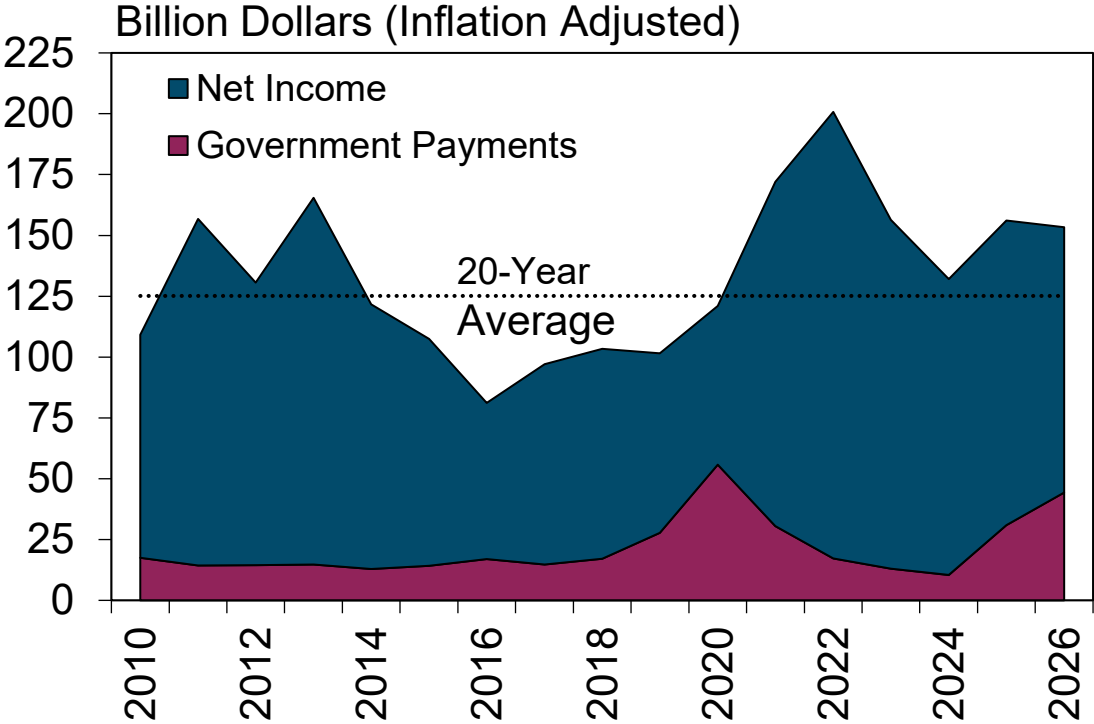


The Center serves as a link between the agricultural industry and our nation's Central Bank.

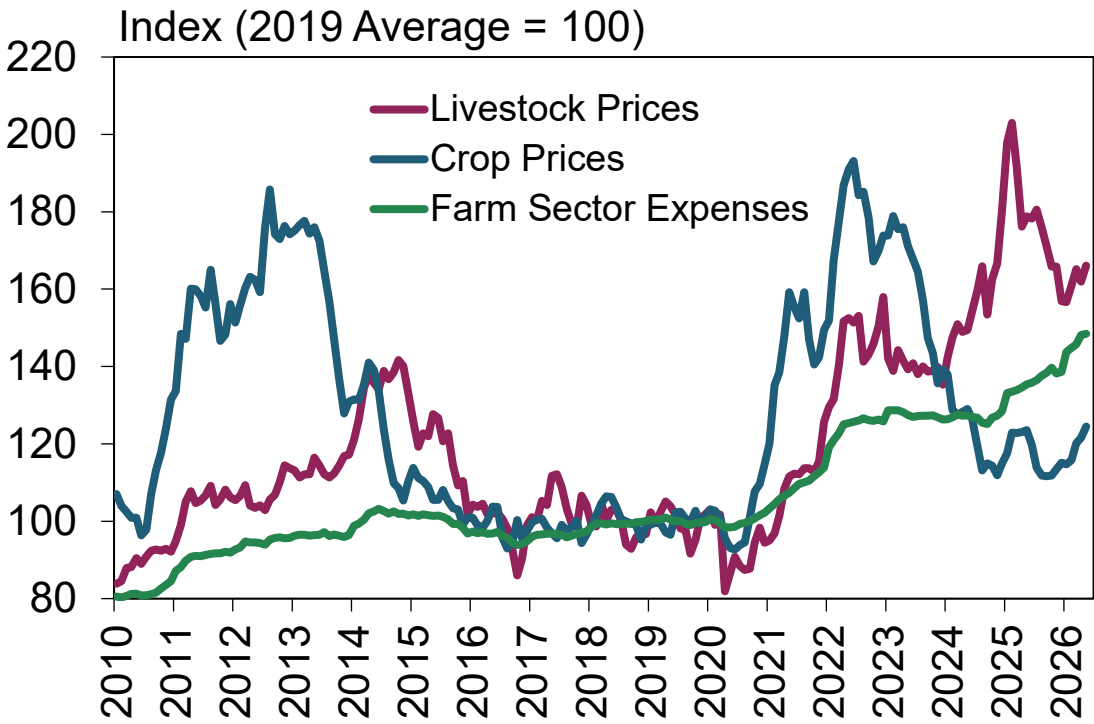


The outlook for farm income in 2026 appears strong but is complicated by notable disparities and risks.

U.S. Net Farm Income



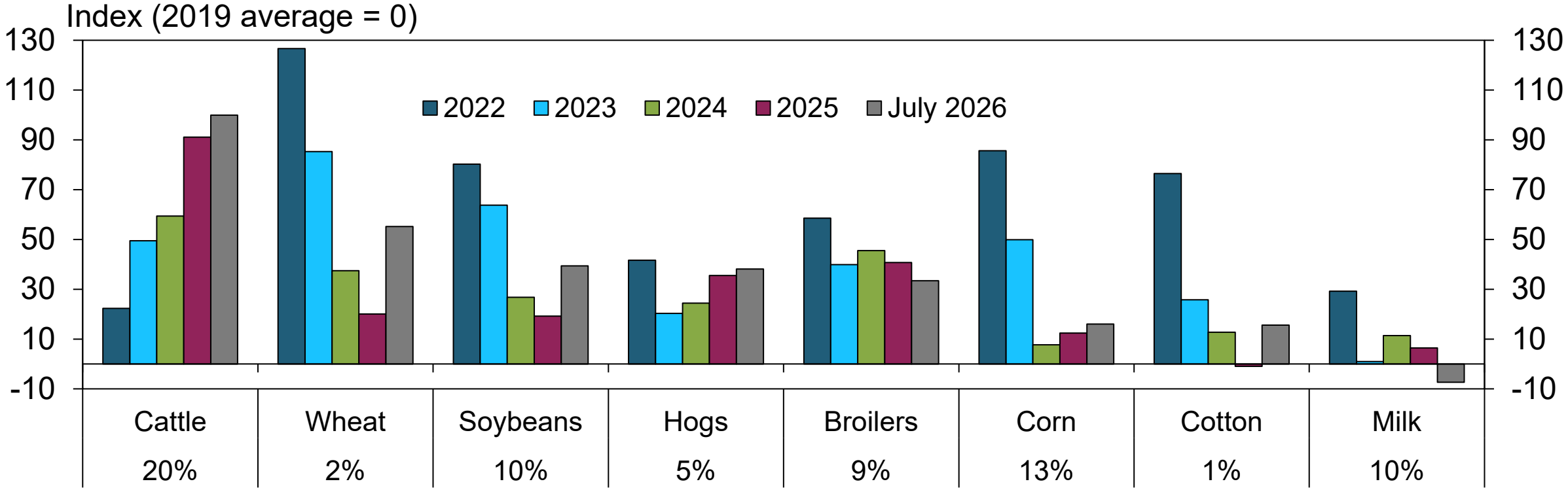
U.S. Ag Commodity Prices and Expenses



Notes: Net farm income and government payments are the USDA forecast as of February 5, 2026.
Sources: USDA, and Federal Reserve Bank of Kansas City staff calculations

Cattle prices are exceptionally strong. Crop prices are relatively low but have increased in recent months.

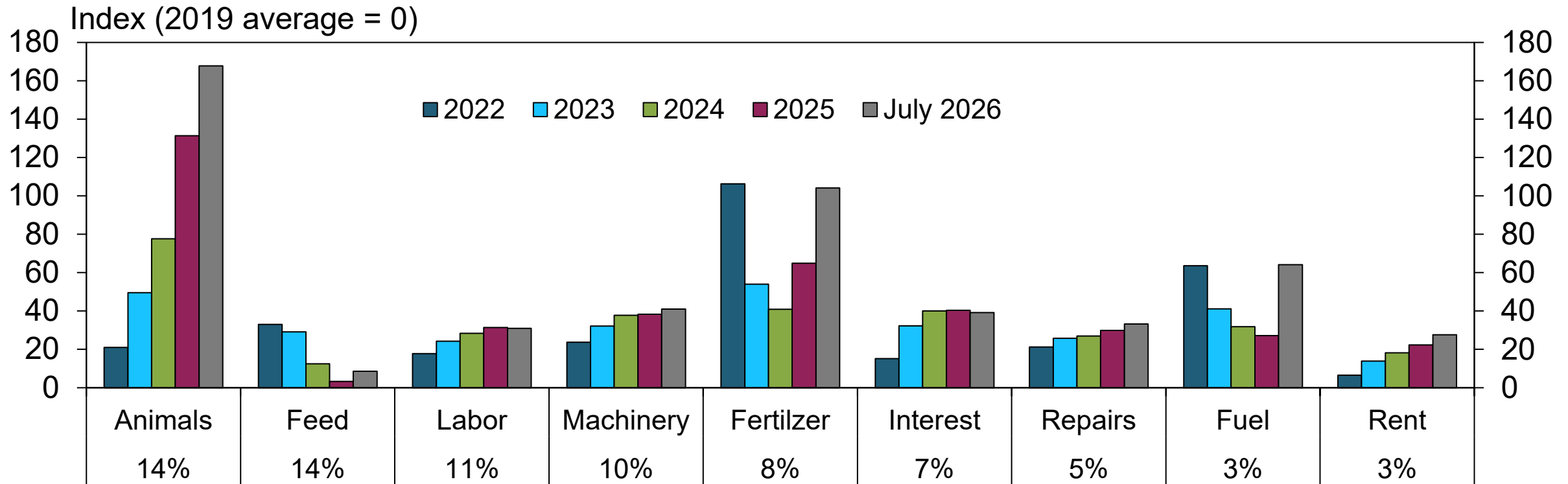
Agricultural Commodity Prices



Note: The numbers below each commodity denote the average share of U.S. farm cash receipts attributed to each commodity.
Sources: The Wall Street Journal, USDA, and Federal Reserve Bank of Kansas City staff calculations

Broad cost pressures and recent fertilizer and fuel price spikes are keeping production expenses elevated.

Agricultural Production Expenses

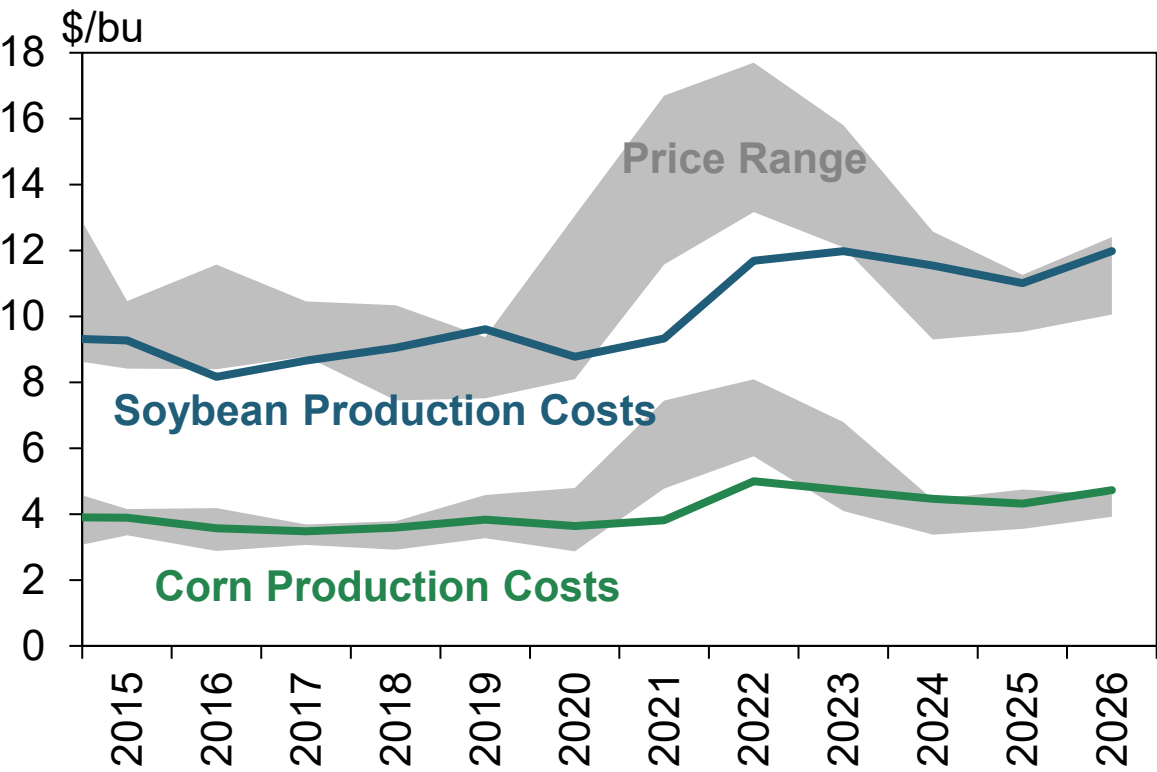


Note: The numbers below each expense category denote the average share of U.S. farm production expenses attributed to each category.
Sources: USDA and Federal Reserve Bank of Kansas City staff calculations

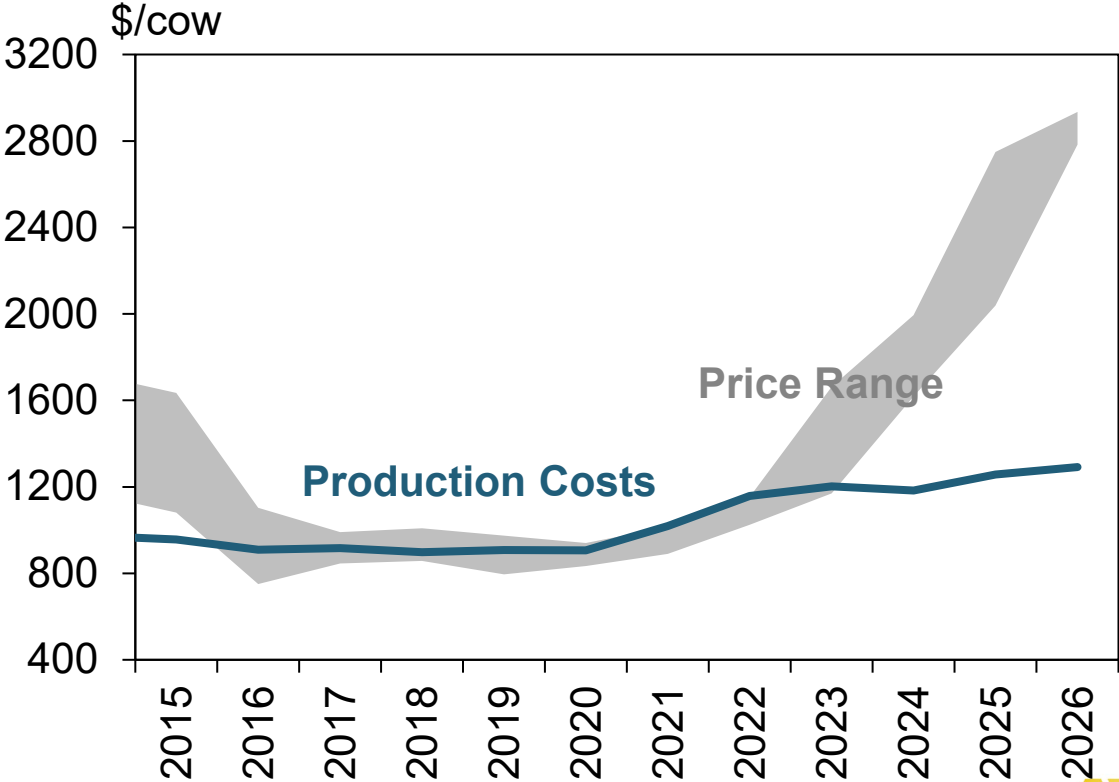


Crop profits are limited alongside elevated costs while opportunities for cattle producers are strong.

Corn and Soybean Profit Margin Opportunities



Cow/Calf Profit Margin Opportunities



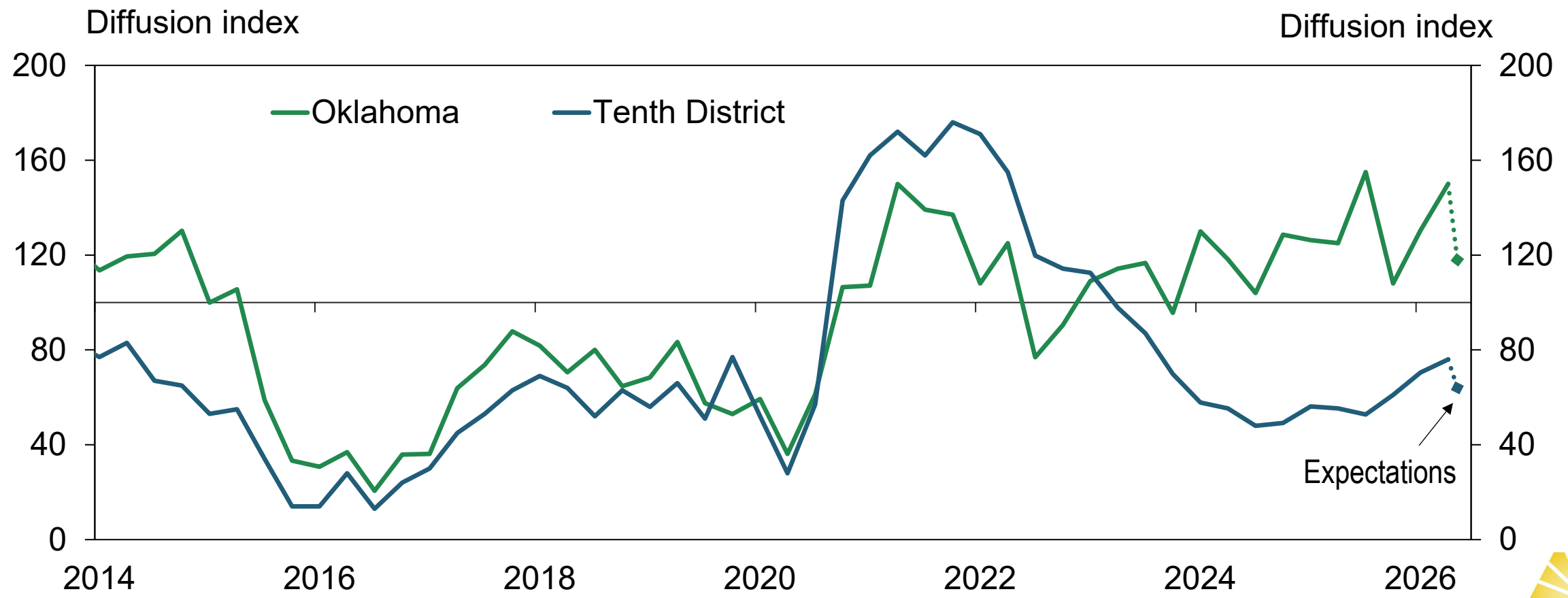
Note: Production costs are estimated using the USDA cost and return estimates and forecasts with national average yields and prices. The cost of production excludes the opportunity costs of unpaid labor. Figures for 2026 are forecasts.

Sources: USDA; CME Group; Haver Analytics; Federal Reserve Bank of Kansas City staff calculations



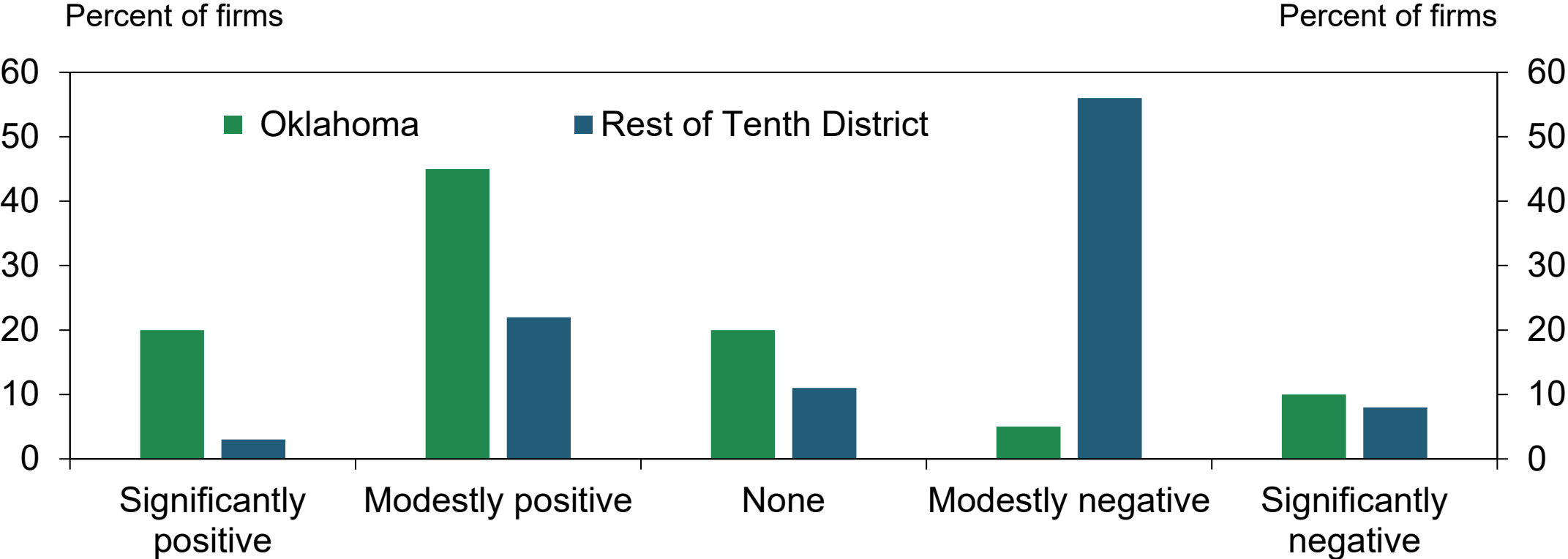
Oklahoma farm income has continued to grow, while it has declined in other District states, partially due to higher cattle prices

Farm Income



Furthermore, areas with a greater concentration in cattle production saw more positive outcomes in the broader economy.

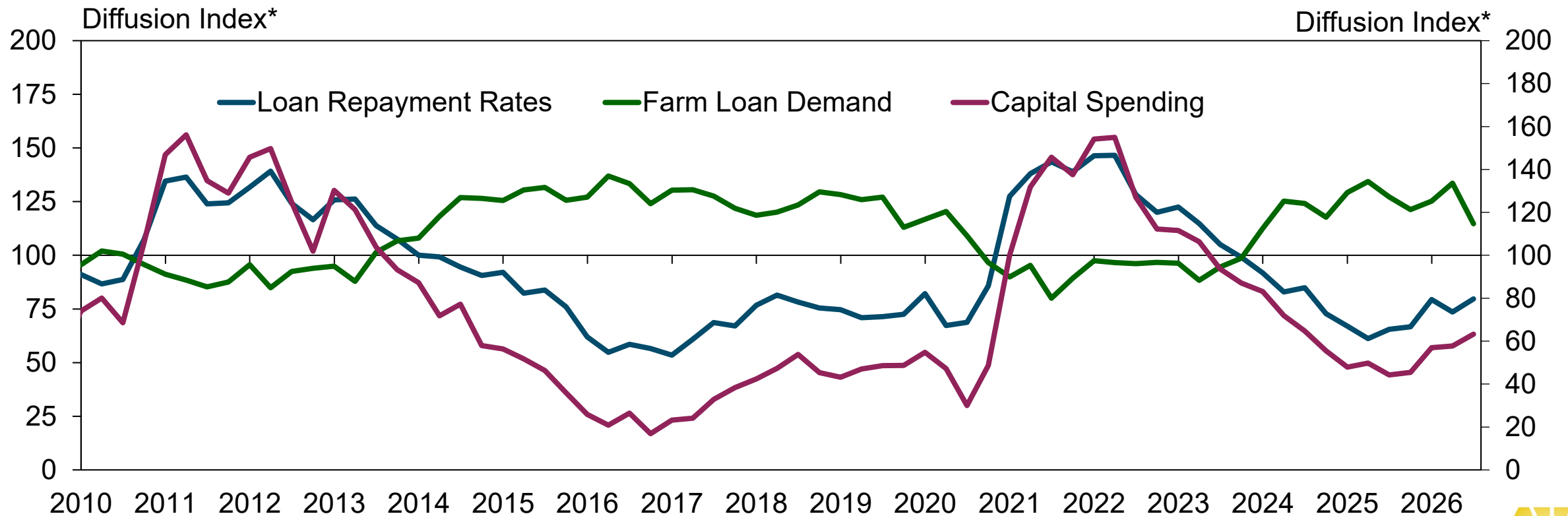
Effect of The Ag Economy On the Broader Economy, Q3 2025



Note: Agricultural lenders were asked, “How have recent agricultural economic conditions affected broader economic conditions and business activity in your lending area?”
Source: Federal Reserve Bank of Kansas City Ag Credit Survey

Agricultural credit conditions have tightened alongside ongoing challenges in the crop sector.

Indicators of Agricultural Credit Conditions: Federal Reserve Surveys

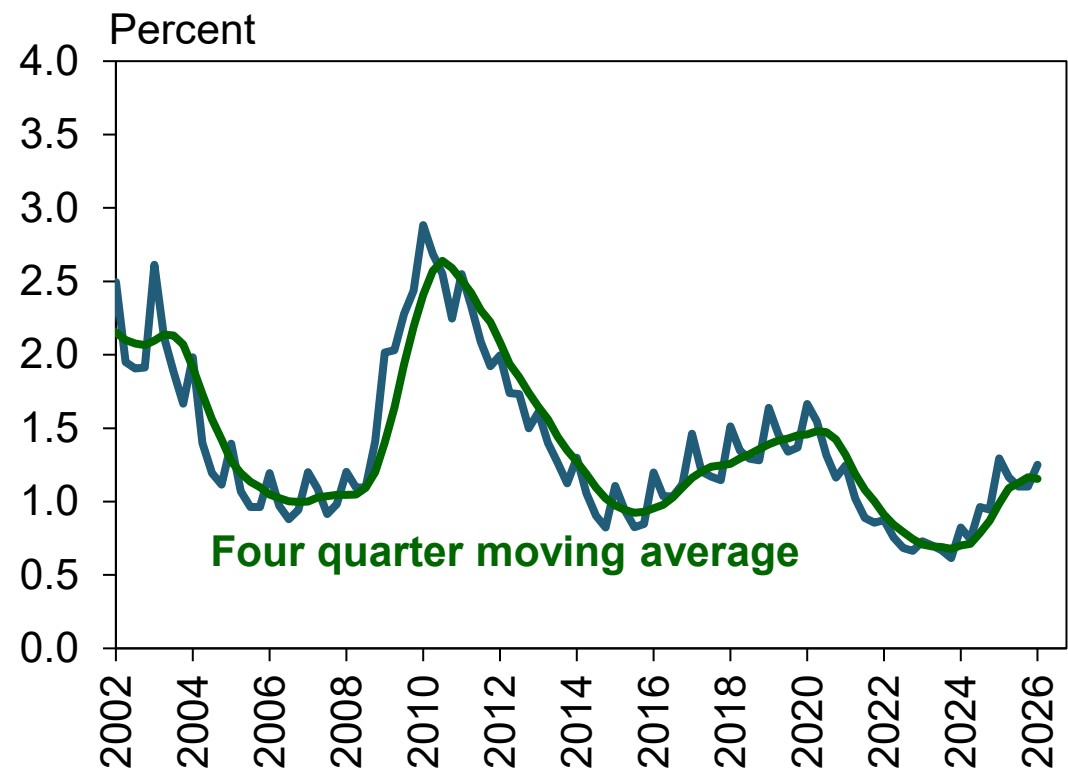


*The index numbers are computed by subtracting the percentage of lenders who responded "lower" from the percentage who responded "higher" and adding 100.
Source: Federal Reserve Bank of Kansas City Survey of Agricultural Credit Conditions

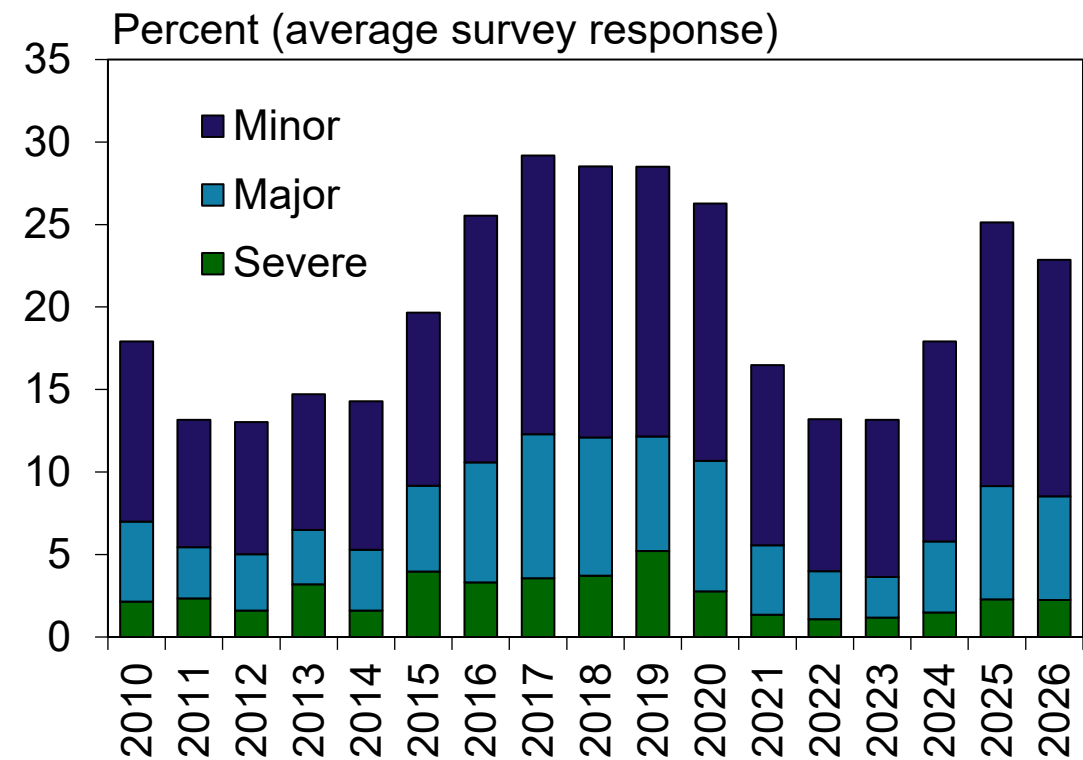


Overall, however, deterioration of financial conditions in the U.S. farm sector has been modest.

U.S. Farm Loan Delinquency Rates



Degree of Farm Loan Repayment Issues*

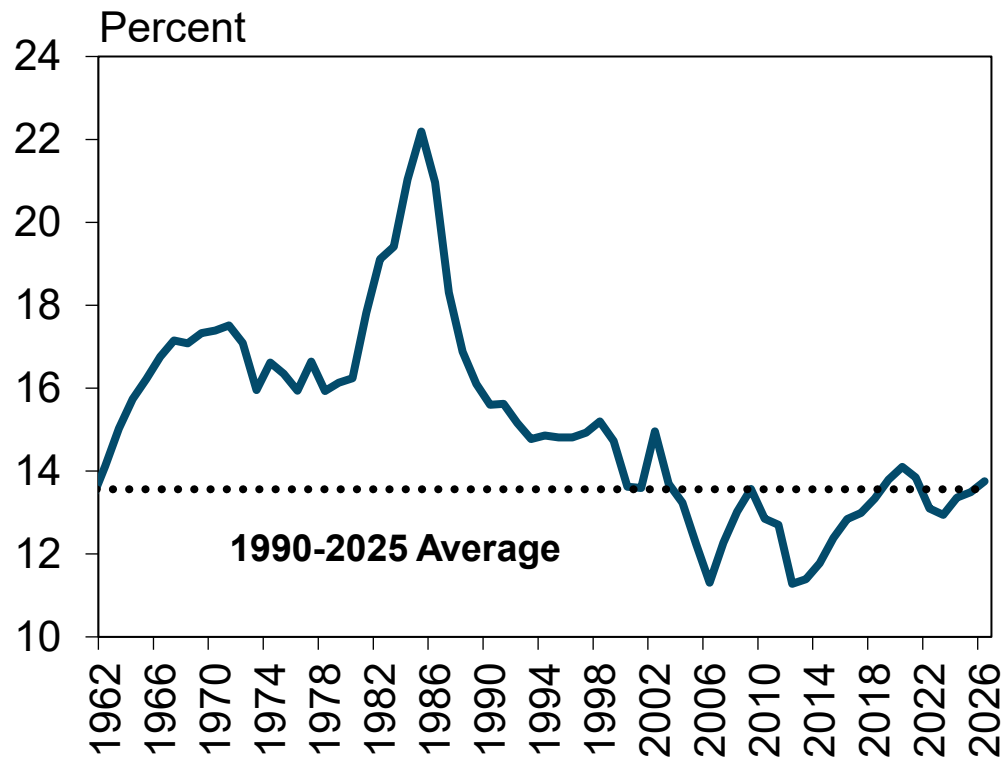


*Agricultural lenders answered the following question: Please indicate the percentage of the dollar amount of your bank's farm loan portfolio that currently falls within each of the following repayment classifications (none, minor, major or severe).

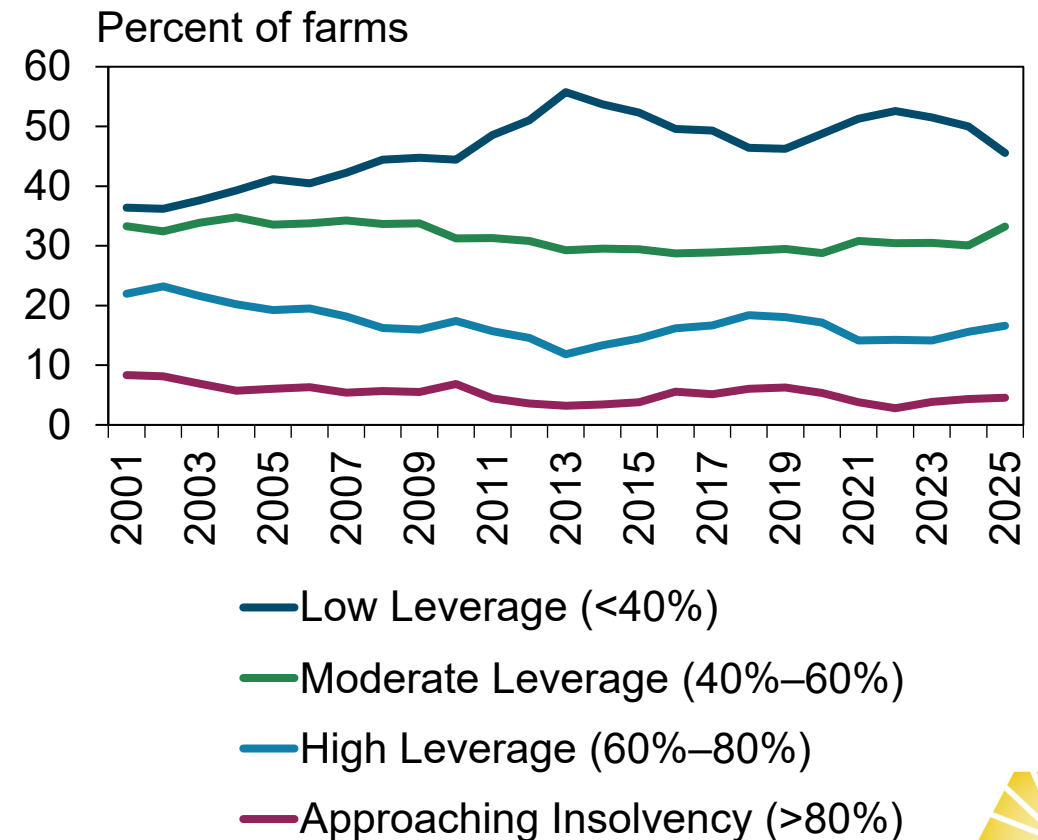
Sources: Commercial Bank Reports of Condition and Income, Farm Credit Administration, and Federal Reserve Bank of Kansas City Survey of Agricultural Credit Conditions

Farm solvency is near historic norms with many operations maintaining a strong financial position.

Farm Sector Debt-to-Asset Ratio

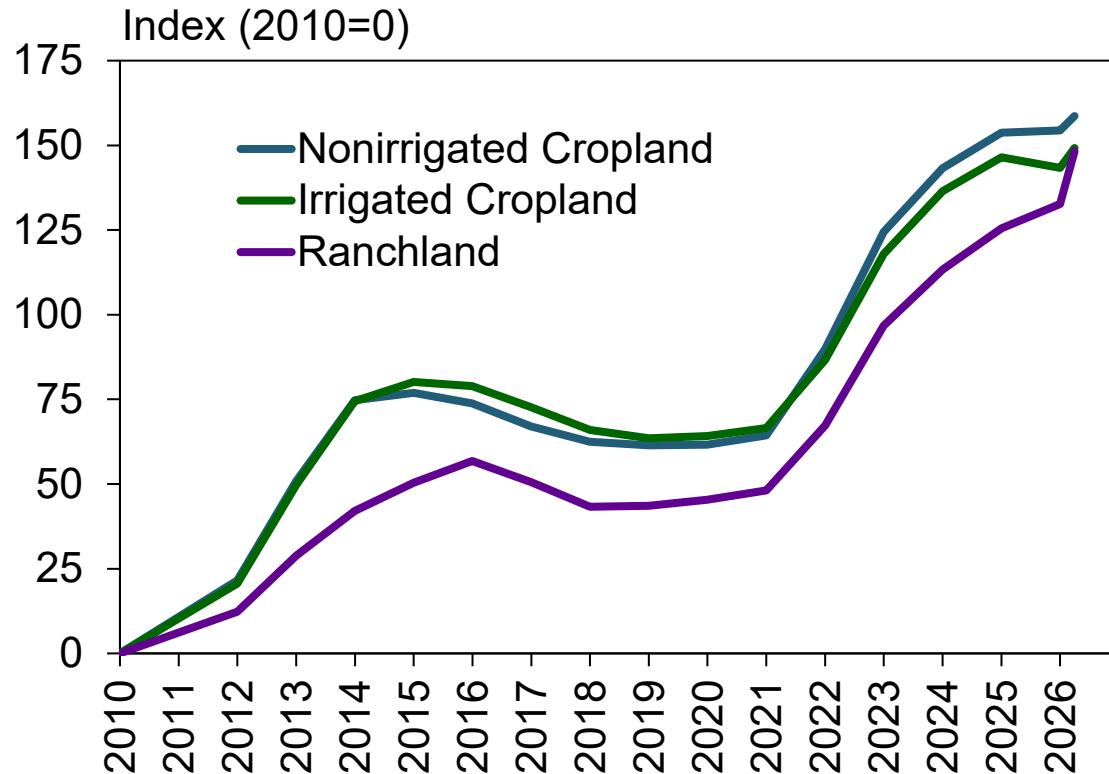


Share of Farms by Debt-to-Asset Ratio

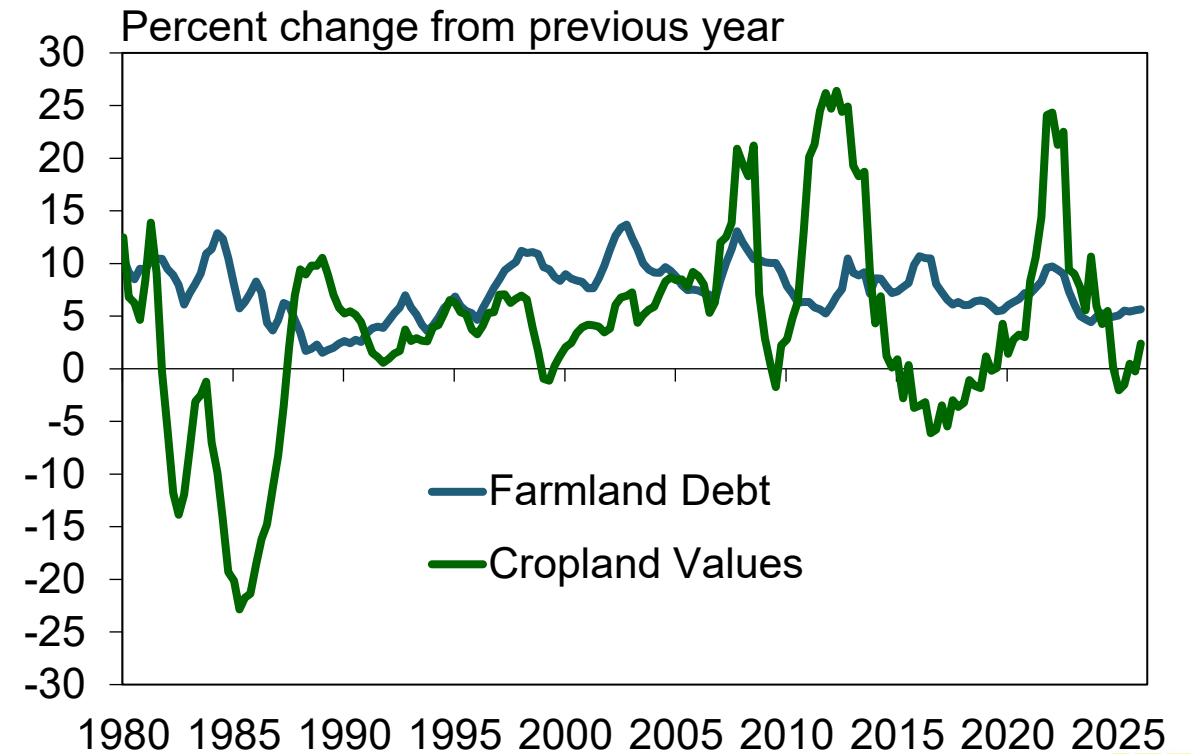


Farmland values have been resilient and debt accumulation continues to signal gradual deterioration in financial conditions.

Farm Real Estate Values



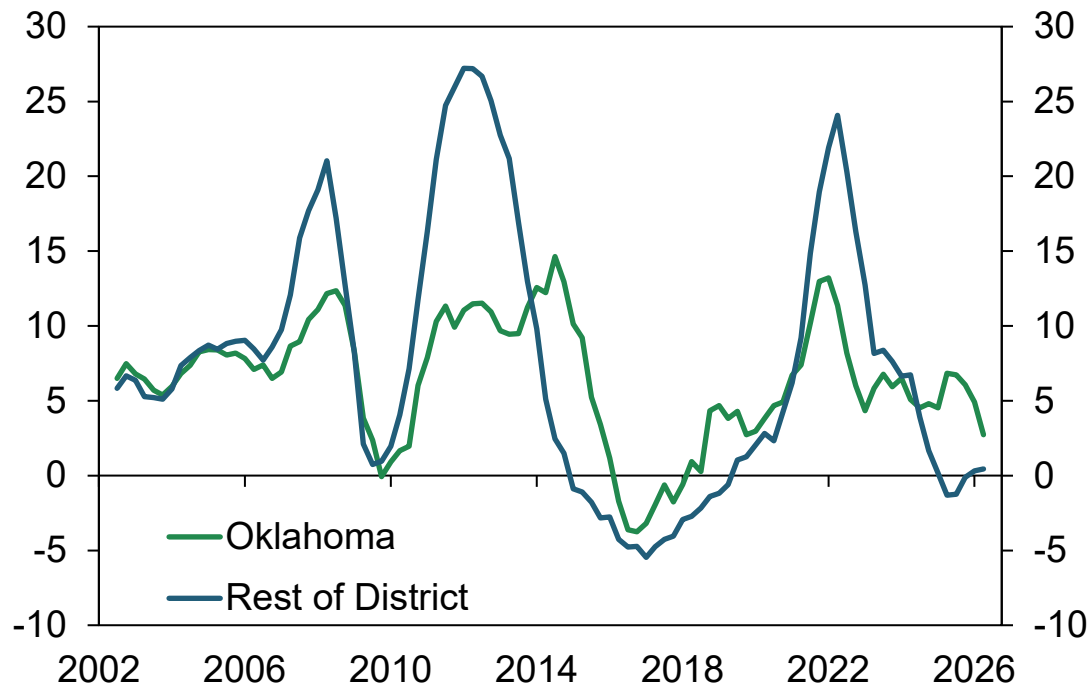
Farmland Debt and Cropland Values



Furthermore, farmland values have held stronger in Oklahoma than in other parts of the region.

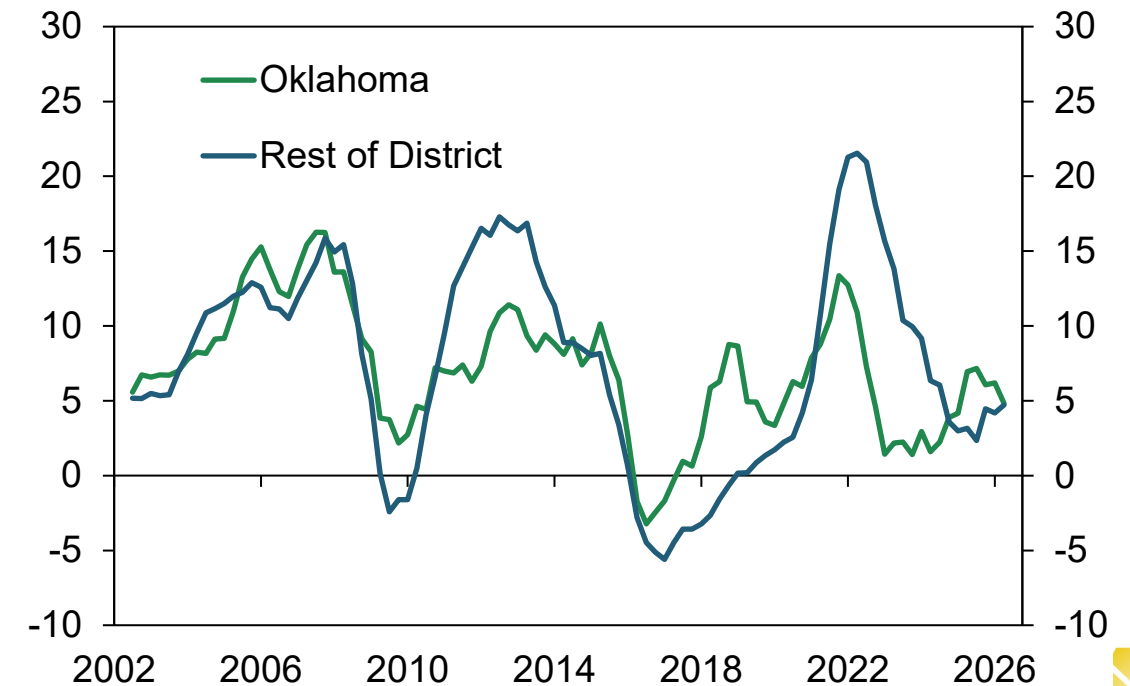
Nonirrigated Cropland

year/year percent change, 4-quarter moving average



Ranchland

year/year percent change, 4-quarter moving average





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Federal Reserve Bank of Kansas City

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