

U.S. and Oklahoma Economic Outlook

Oklahoma AGA

August 15, 2025

Megan Williams

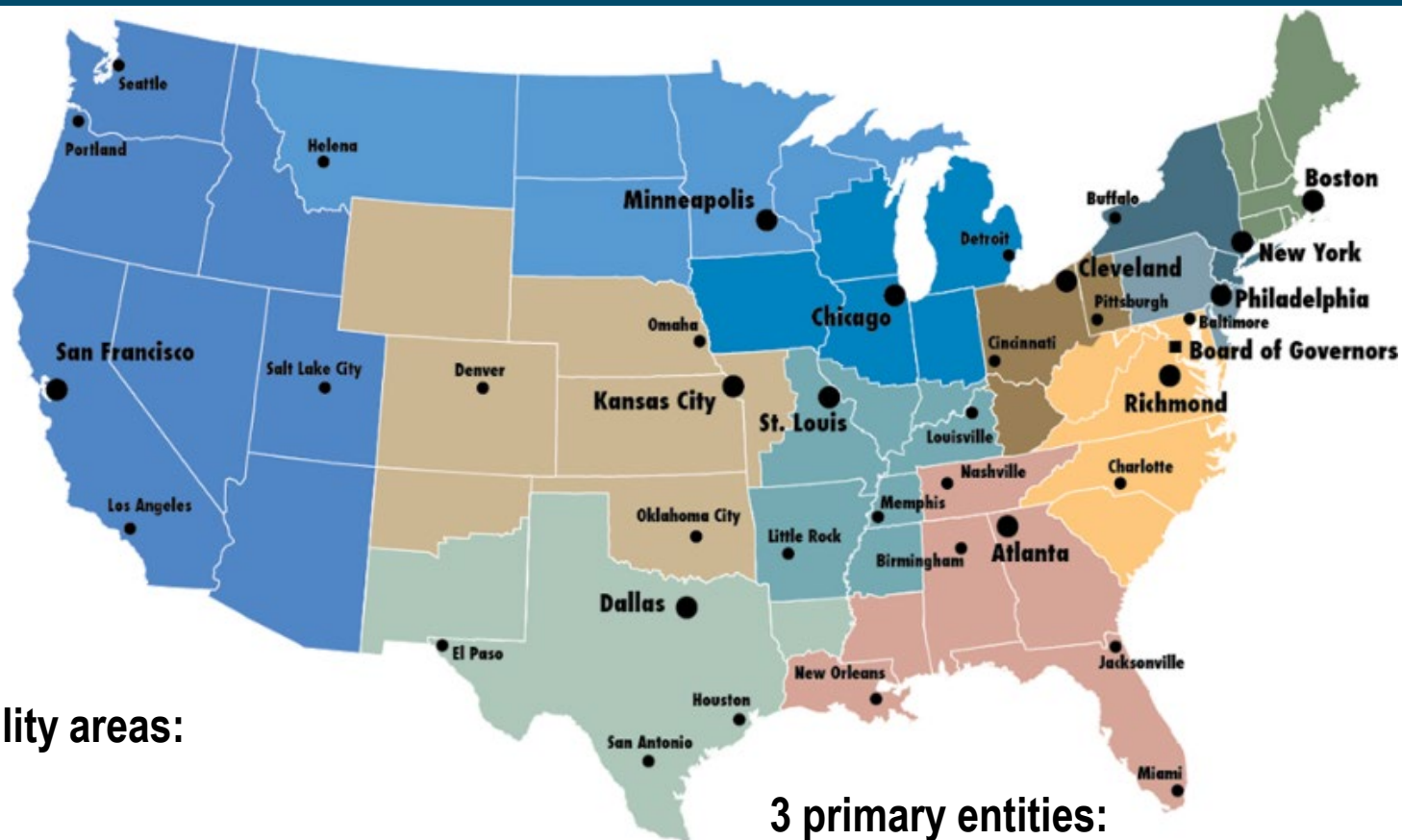
Senior Manager & Associate Economist

*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.



Denver / Oklahoma City / Omaha

Structure & Functions of the Federal Reserve



Primary responsibility areas:

- Monetary policy
- Bank supervision & regulation
- Payment system safety & efficiency

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**

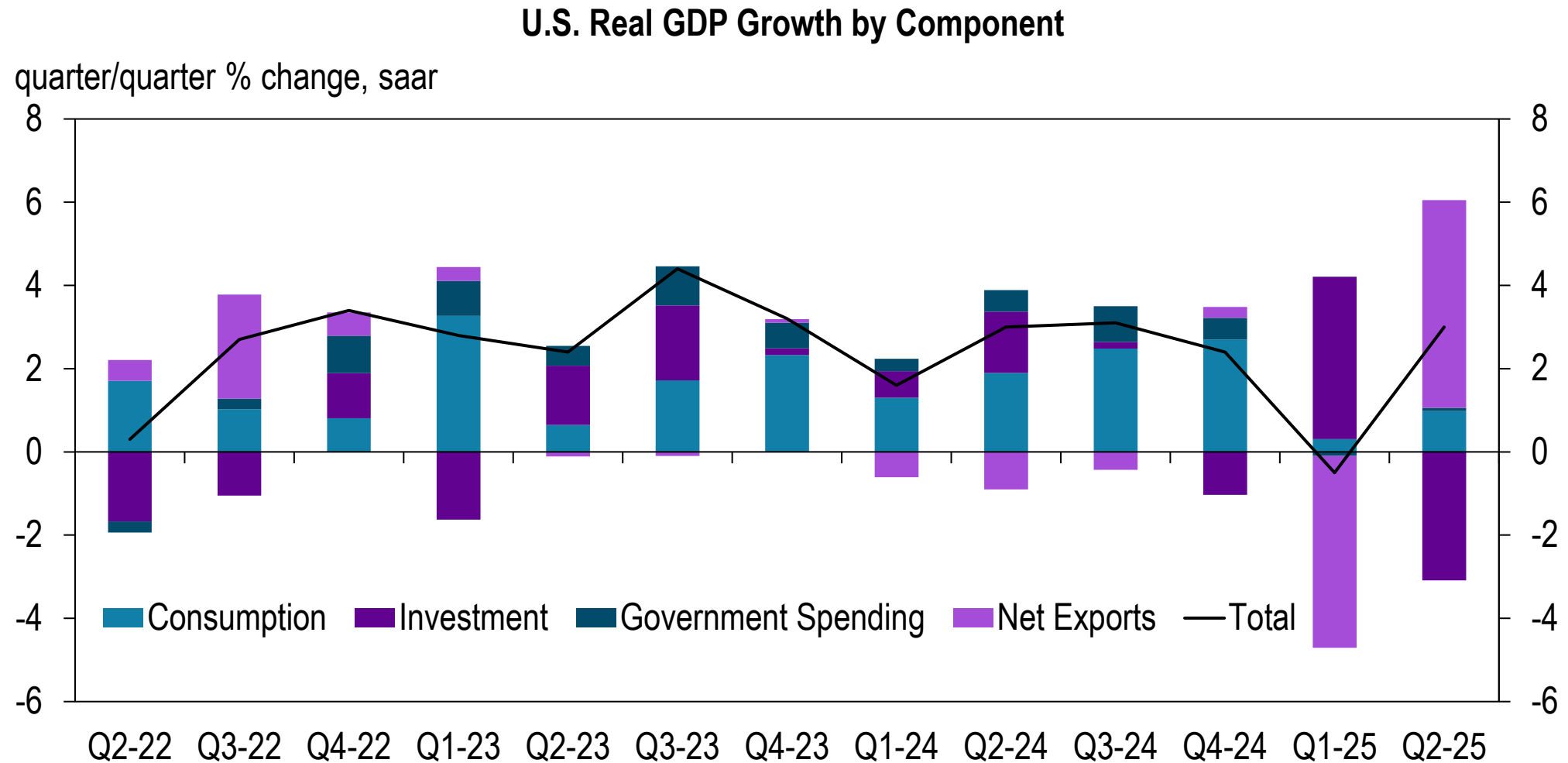
- Research on U.S. and Oklahoma economies; energy sector and business survey focus
- Examinations of Oklahoma financial institutions (~45 banks, ~175 holding cos.)
- Risk analysis and IT development for bank exams; exam assistance for other Fed offices
- Community development and economic education programming for low/moderate income groups and students

- **2025 OKC Branch Board of Directors**

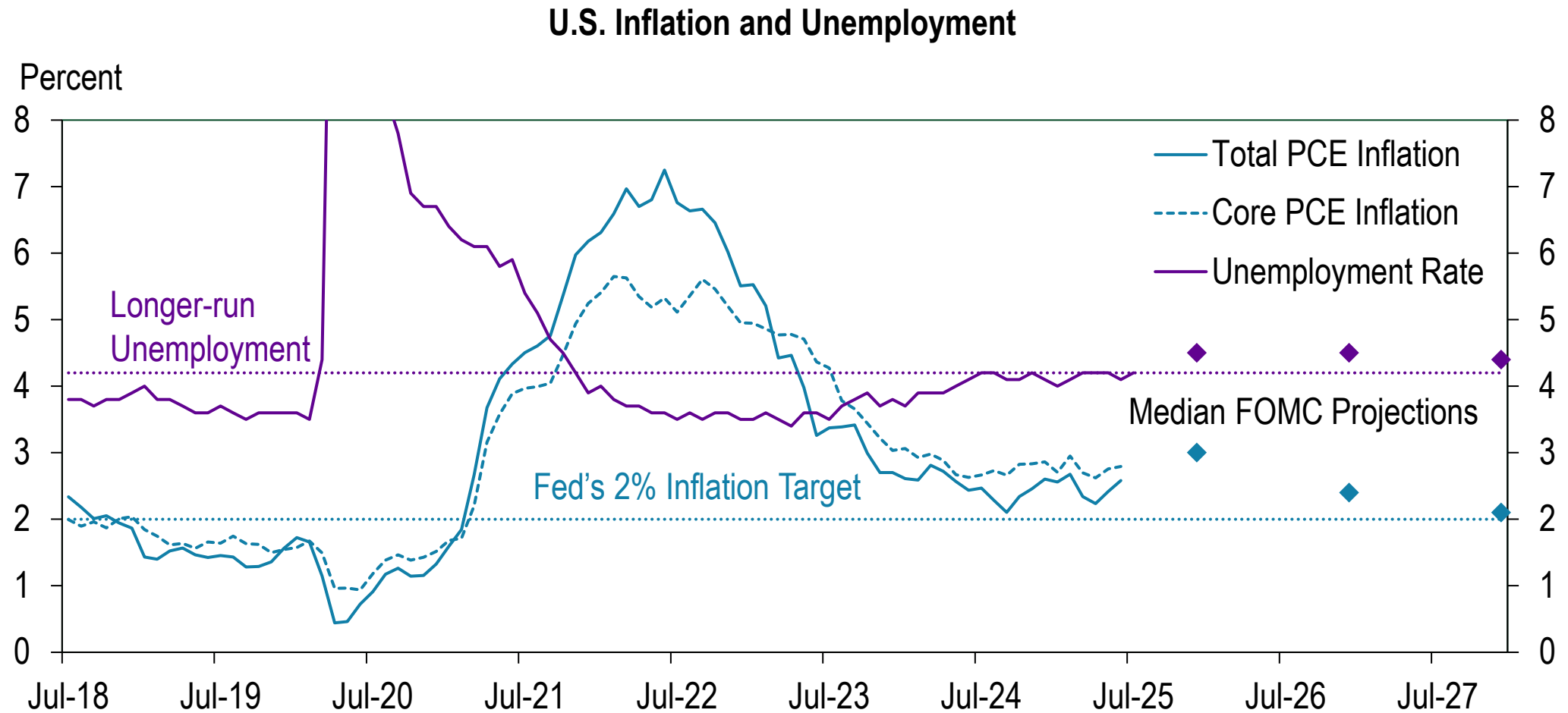
- **Rhonda Hooper (chair)**, President & CEO, Jordan Advertising, OKC
- **Mark Burrage**, CEO, FirstBank, Antlers/Atoka
- **Scott Case**, President, Case & Associates Properties, Tulsa
- **Jason A. Garner**, Crawley Petroleum Corporation, OKC
- **Terry Salmon**, President, Computer System Designers, OKC
- **Brady Sidwell**, Principal, Sidwell Enterprises, Enid
- **Rebecca Thompson**, CFO, Treasurer, & VP Finance, AAON, Inc., Tulsa



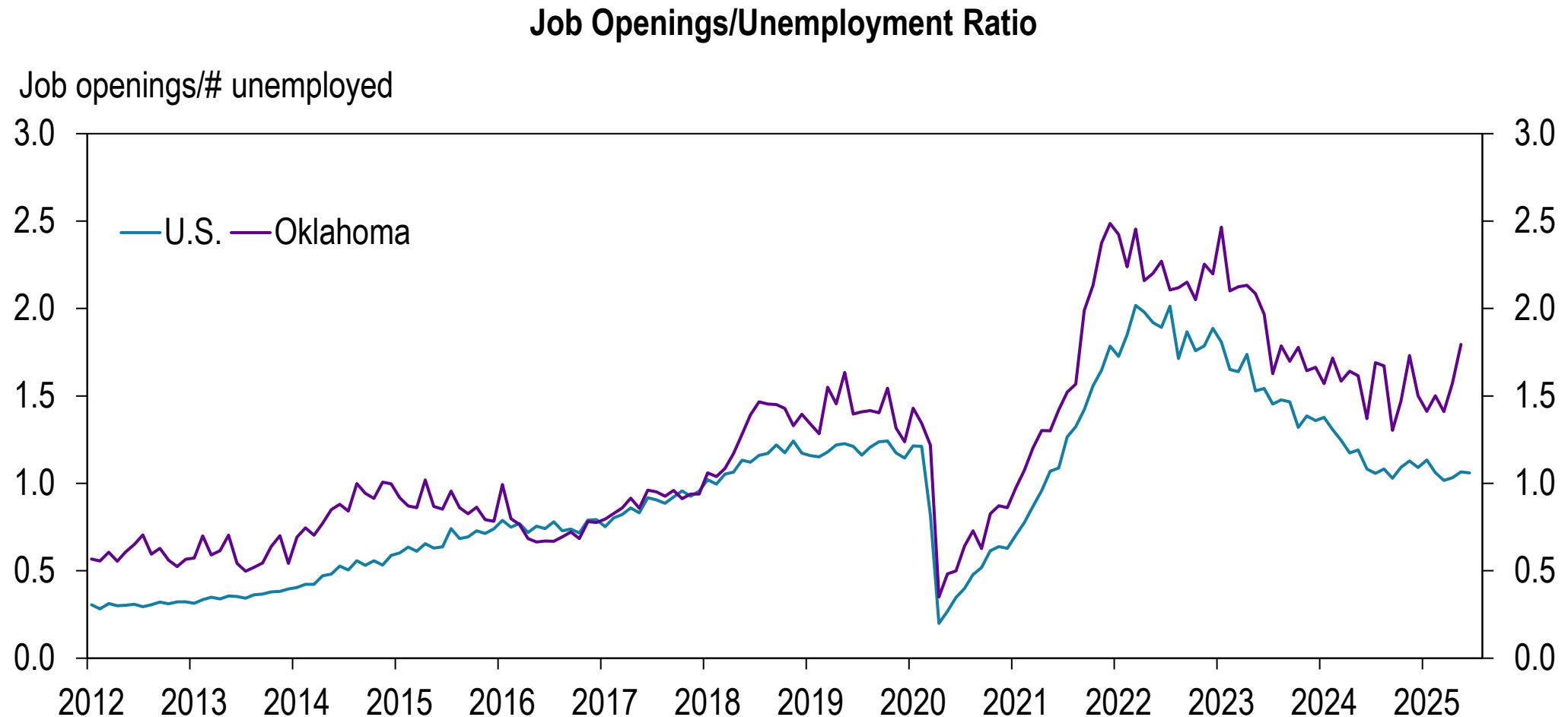
U.S. GDP grew by 3% in Q2, mostly due to a sharp pullback in imports



Inflation and unemployment have come closer to the Fed's targets, but there are upside risks to both

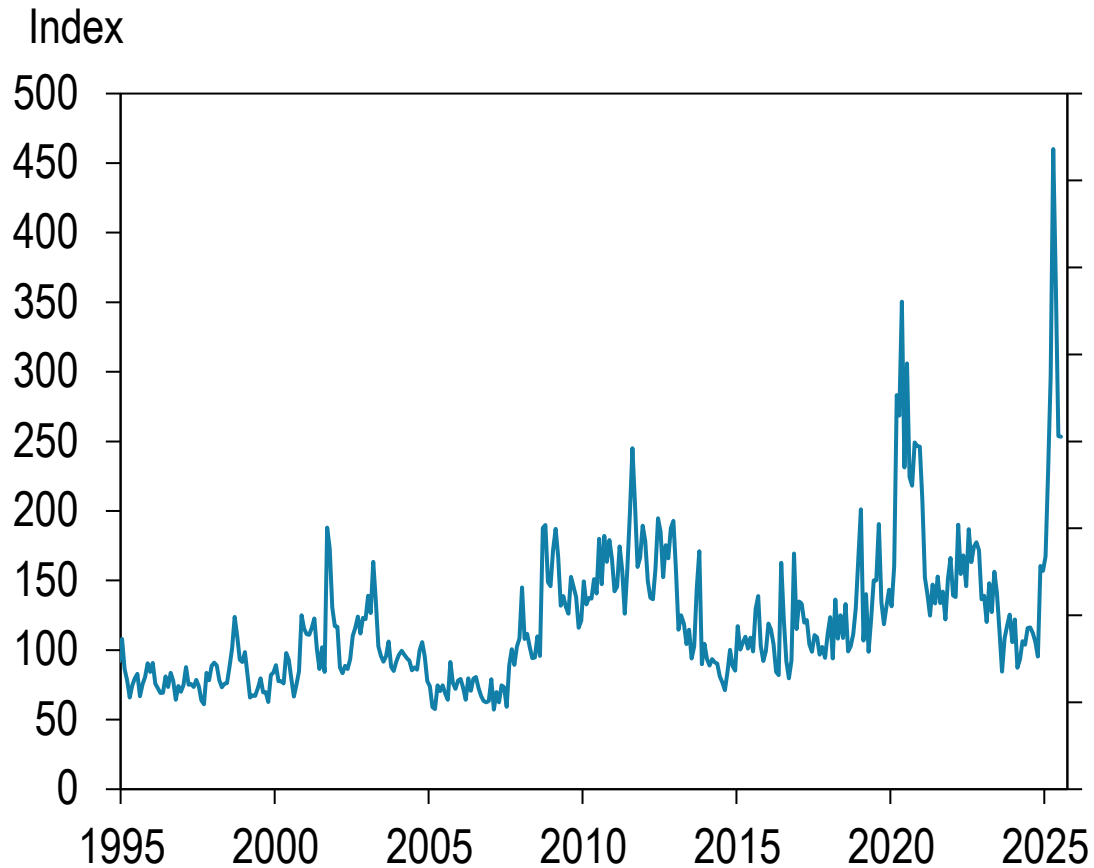


Job openings per worker have normalized in the nation, but still remain above average in Oklahoma

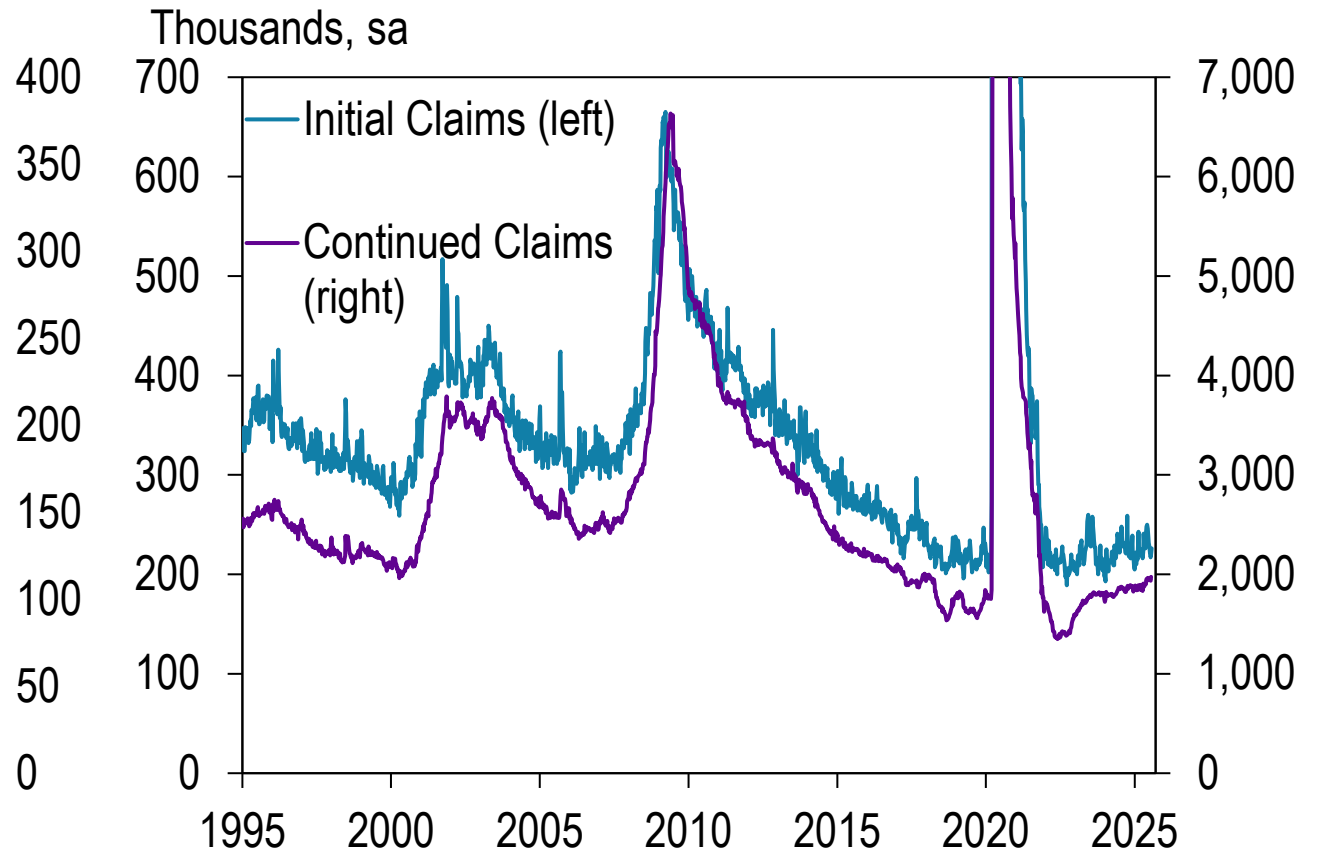


Uncertainty has increased, but the labor market holds

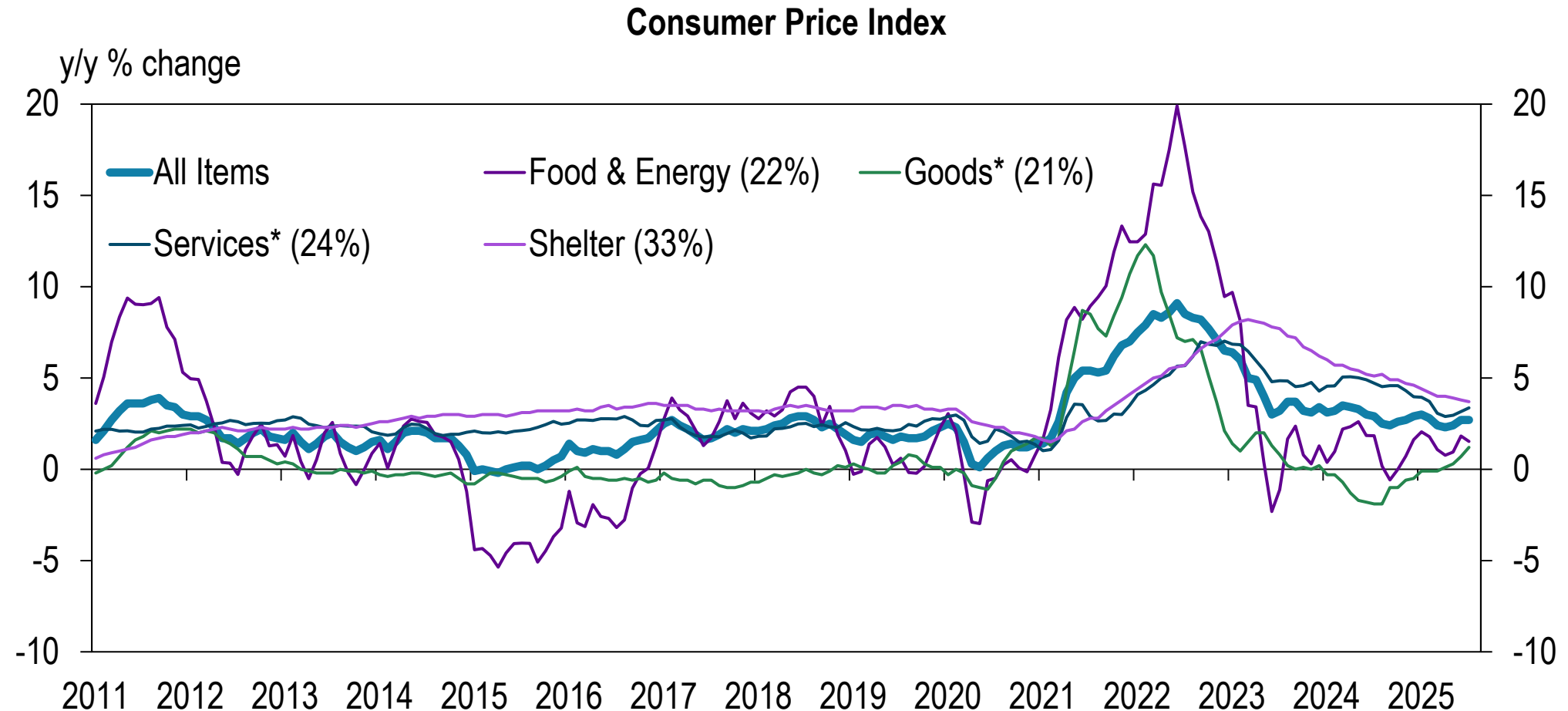
Economic Policy Uncertainty



Unemployment Claims



CPI inflation remained at 2.7% in July, as goods and services prices rose while shelter and energy cooled



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

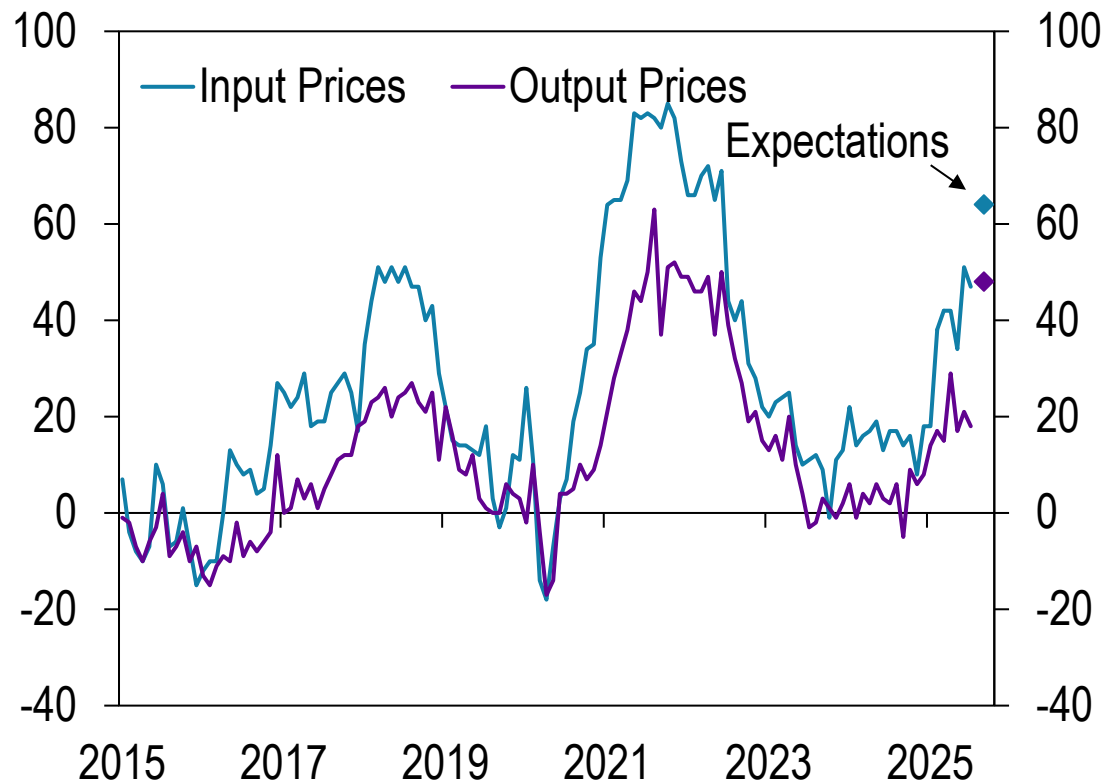
Sources: BLS/Haver Analytics

Tenth District firms have faced higher costs, and some have raised output prices accordingly

Kansas City Fed Price Indexes

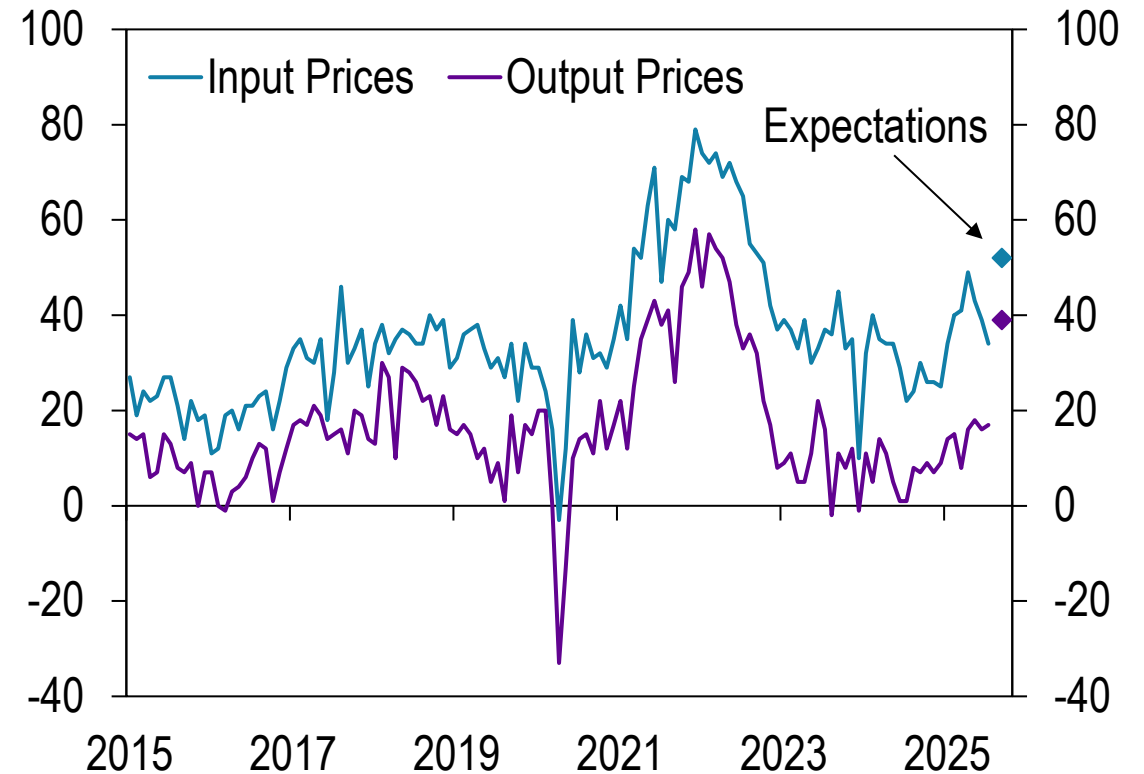
Manufacturing Firms

m/m diffusion index, sa



Services Firms

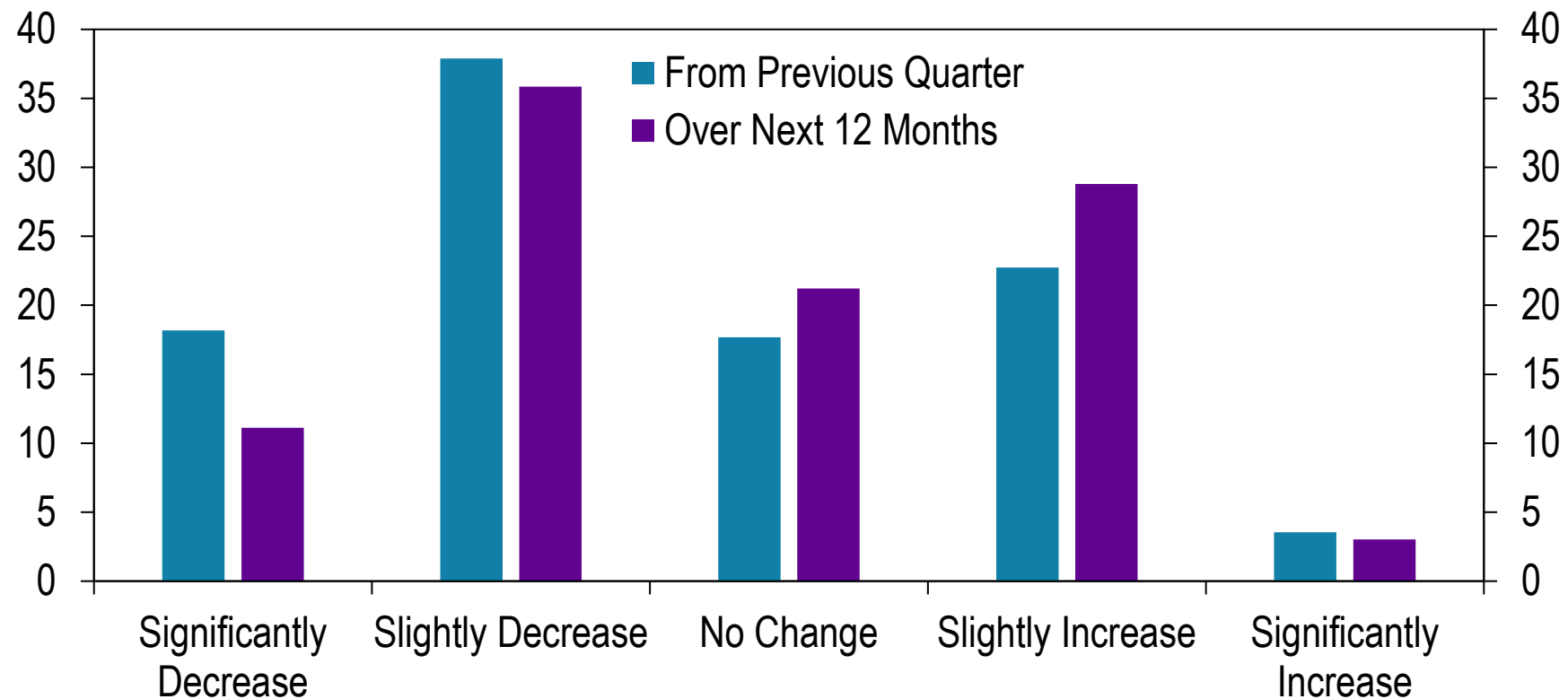
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Tenth District firms report lower profit margins amid cost increases, and do not expect much relief in the coming months

July 2025: How did profit margins change for your firm over the previous quarter, and how will they change in the next 12 months?

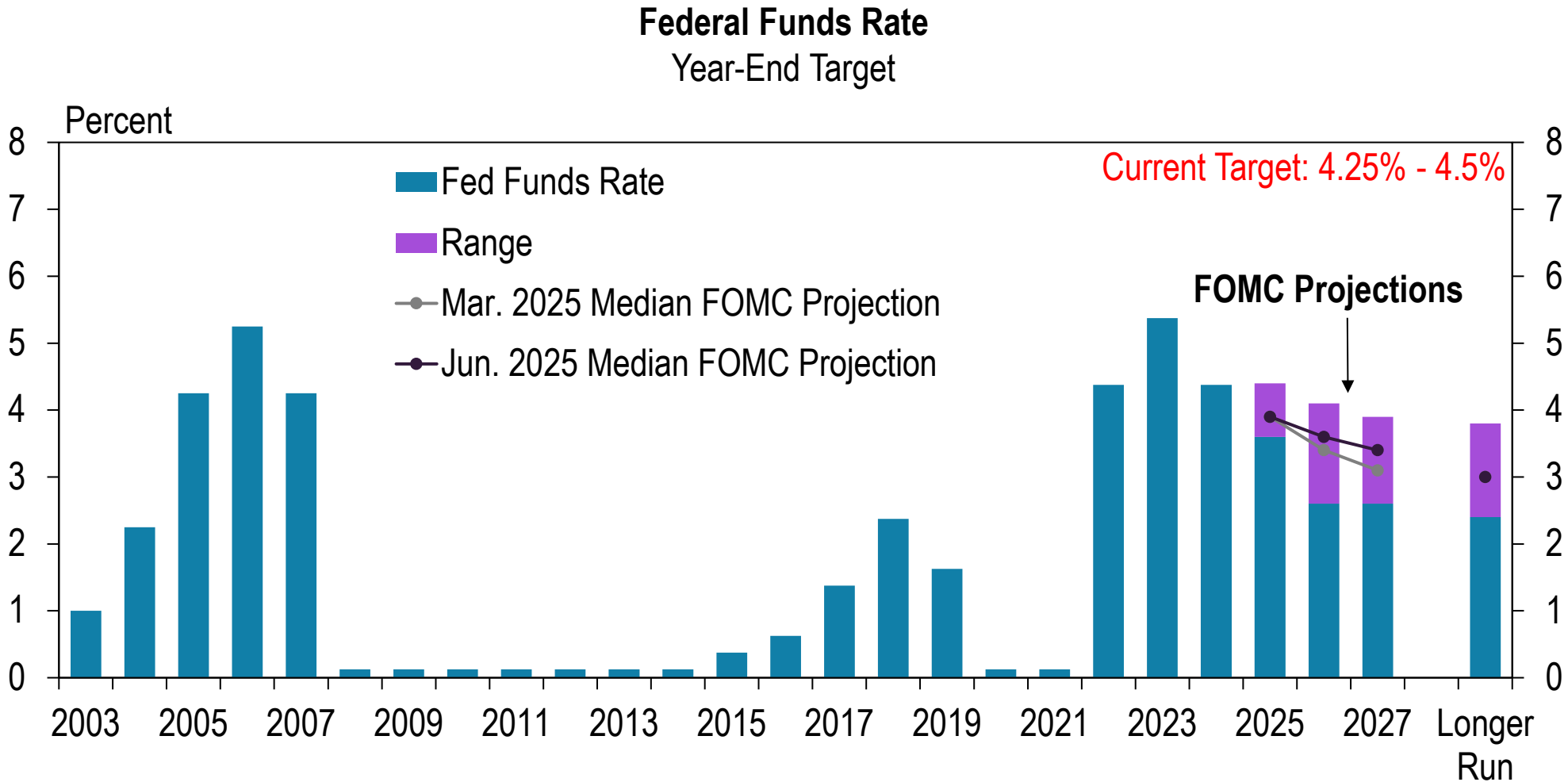
Percent of firms



Note: Responses aggregate manufacturing and services firms.

Source: Federal Reserve Bank of Kansas City

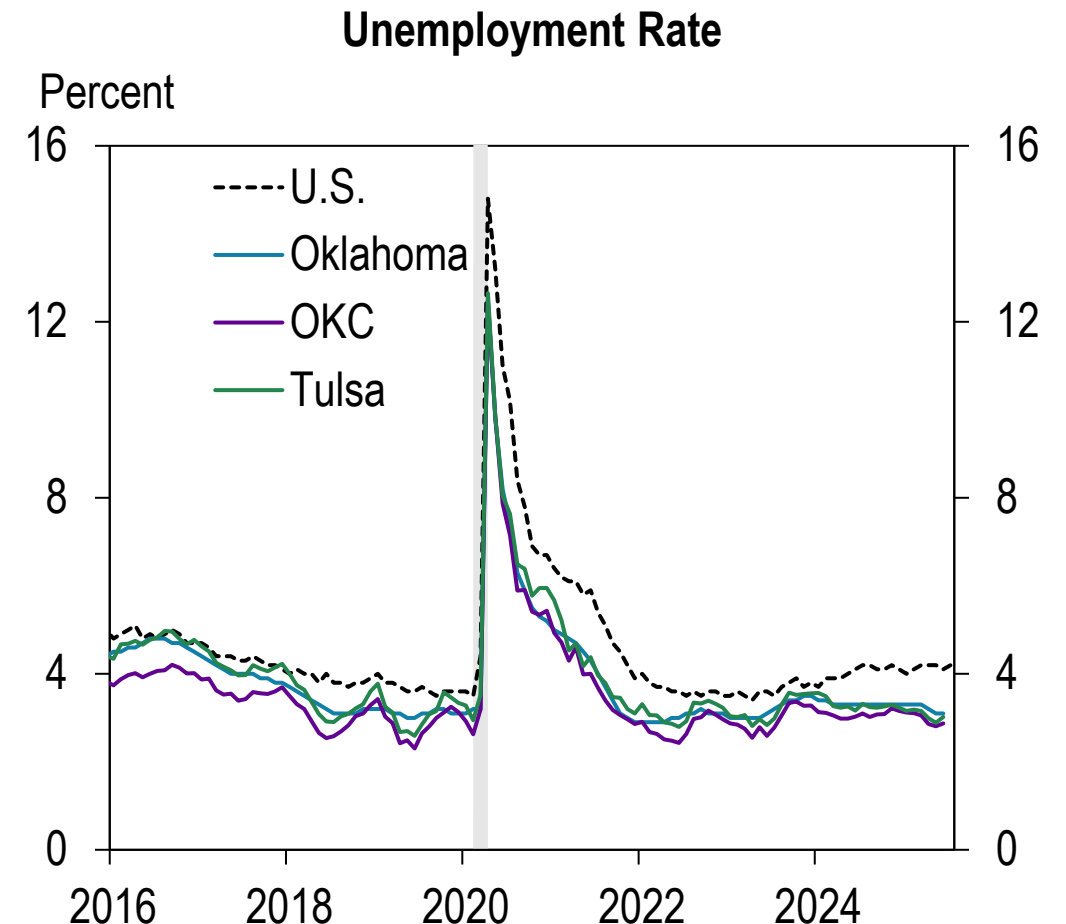
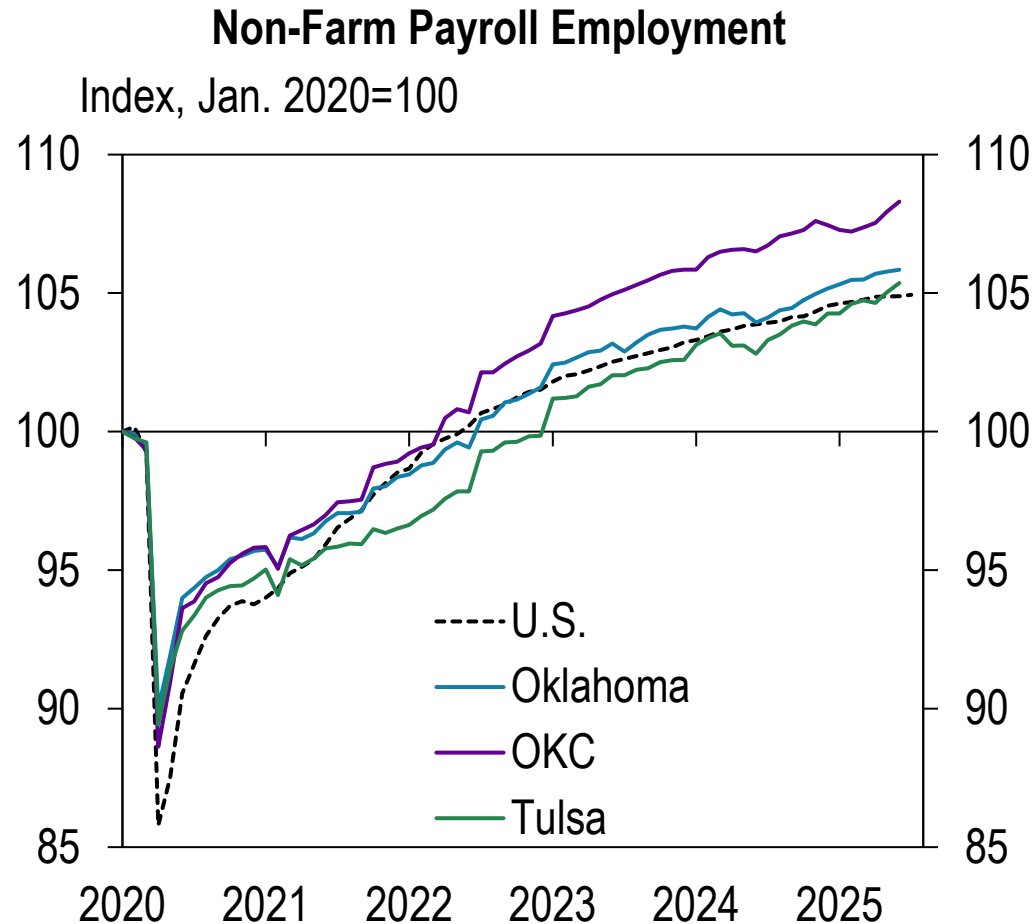
The Fed held the federal funds rate steady in June, and the latest projections are shown



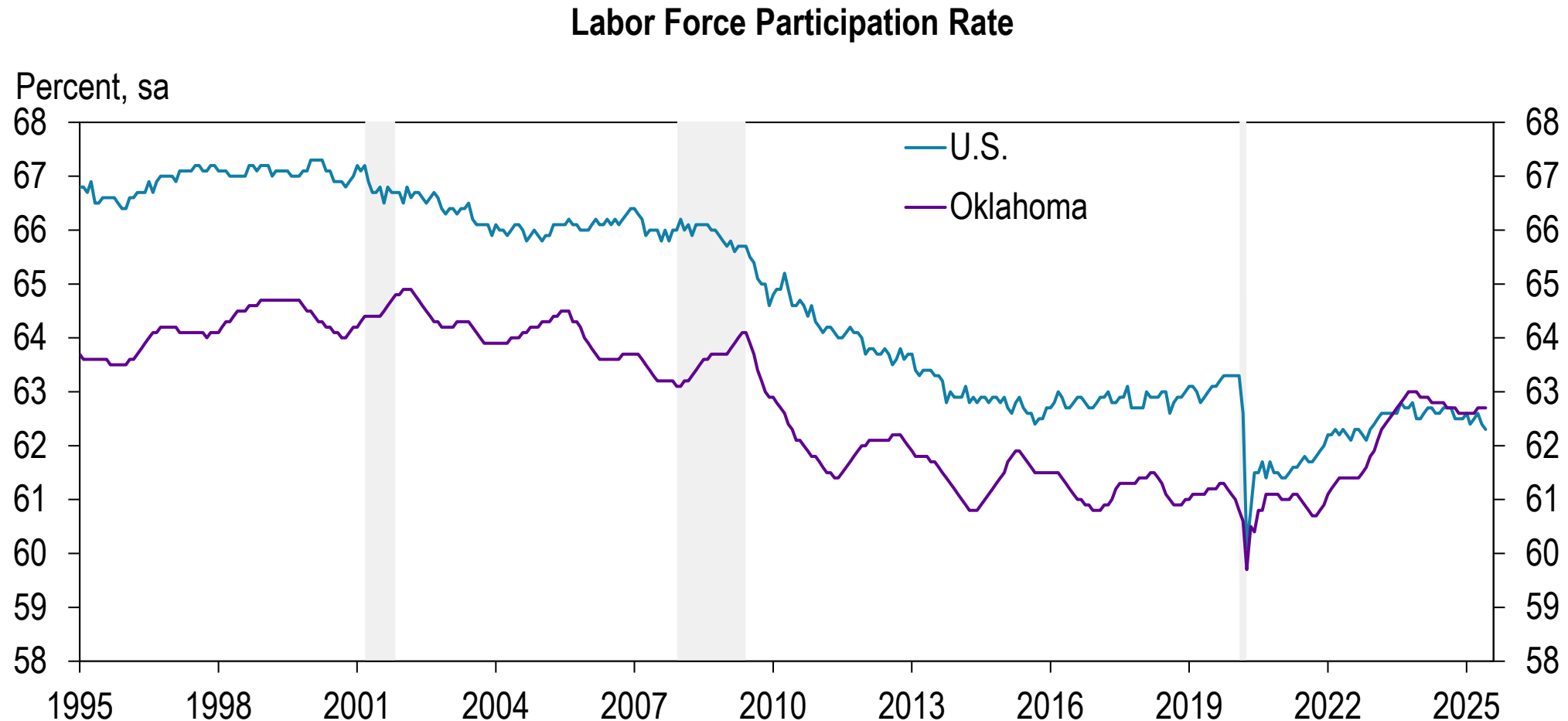
Note: Data and FOMC projections are for year-end.

Sources: Bureau of Economic Analysis, FOMC

Jobs in Oklahoma have continued to grow in 2025, while unemployment remains very low



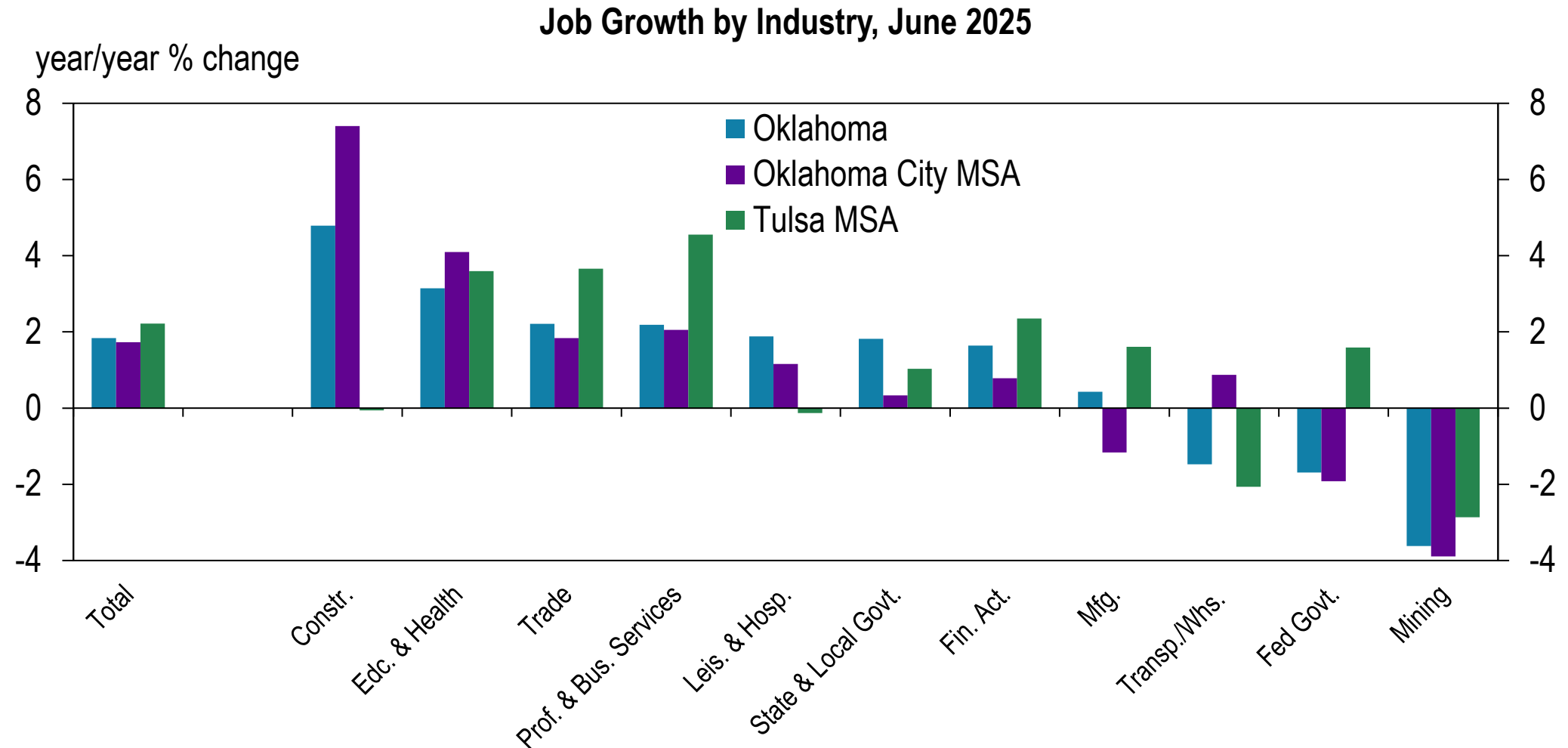
Oklahoma's labor force participation rate has been higher than the U.S. since June 2023



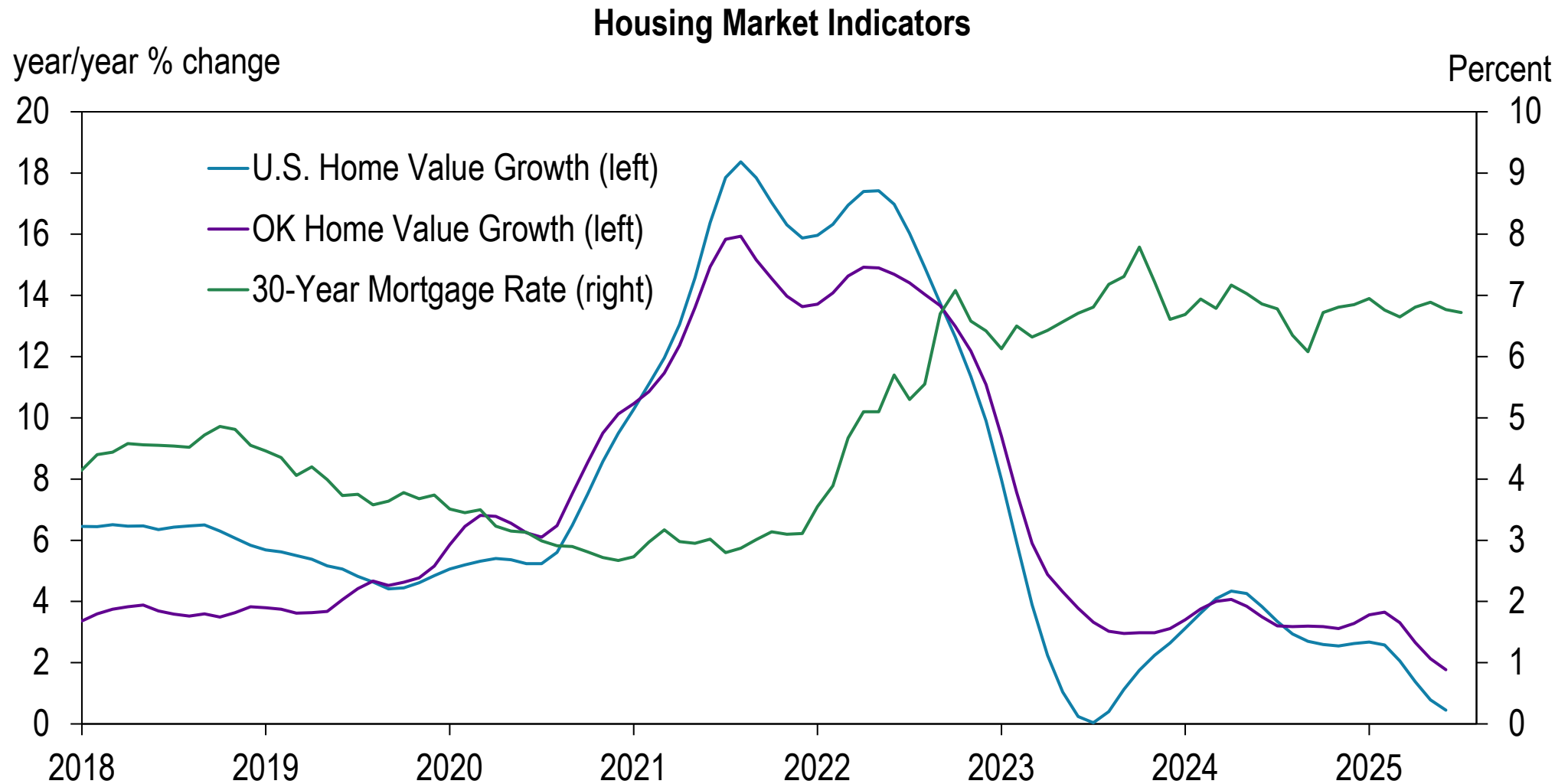
Note: Shading denotes NBER-defined recessions.

Sources: BLS, NBER/Haver Analytics

Most industries have added jobs across the state, particularly in construction, health care, and hospitality



Home values spiked following the pandemic, but growth has eased with higher interest rates

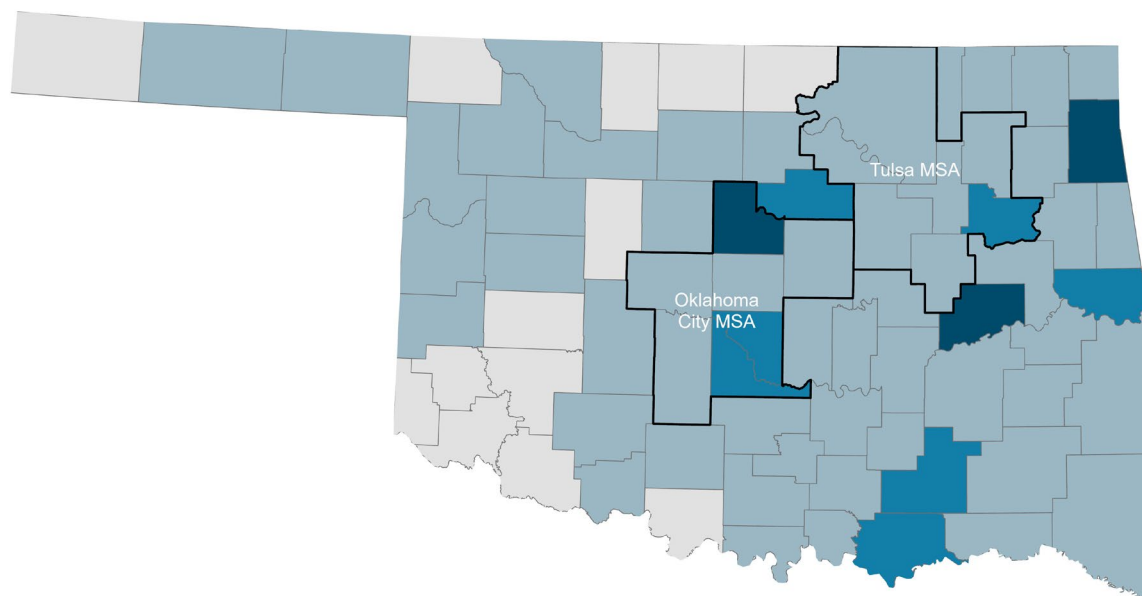


Sources: Freddie Mac, Zillow/Haver Analytics

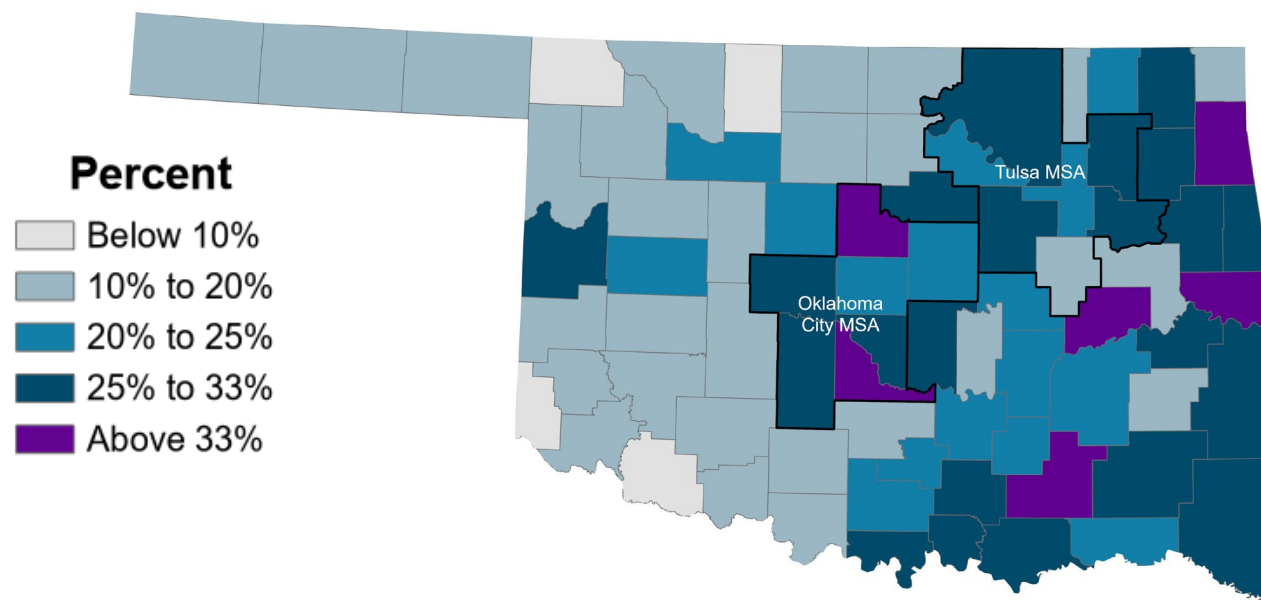
Homeownership for first-time buyers became less affordable across Oklahoma in recent years, particularly in the eastern part of the state

First-Time Homeownership Costs as a Share of Household Income

2018-2019

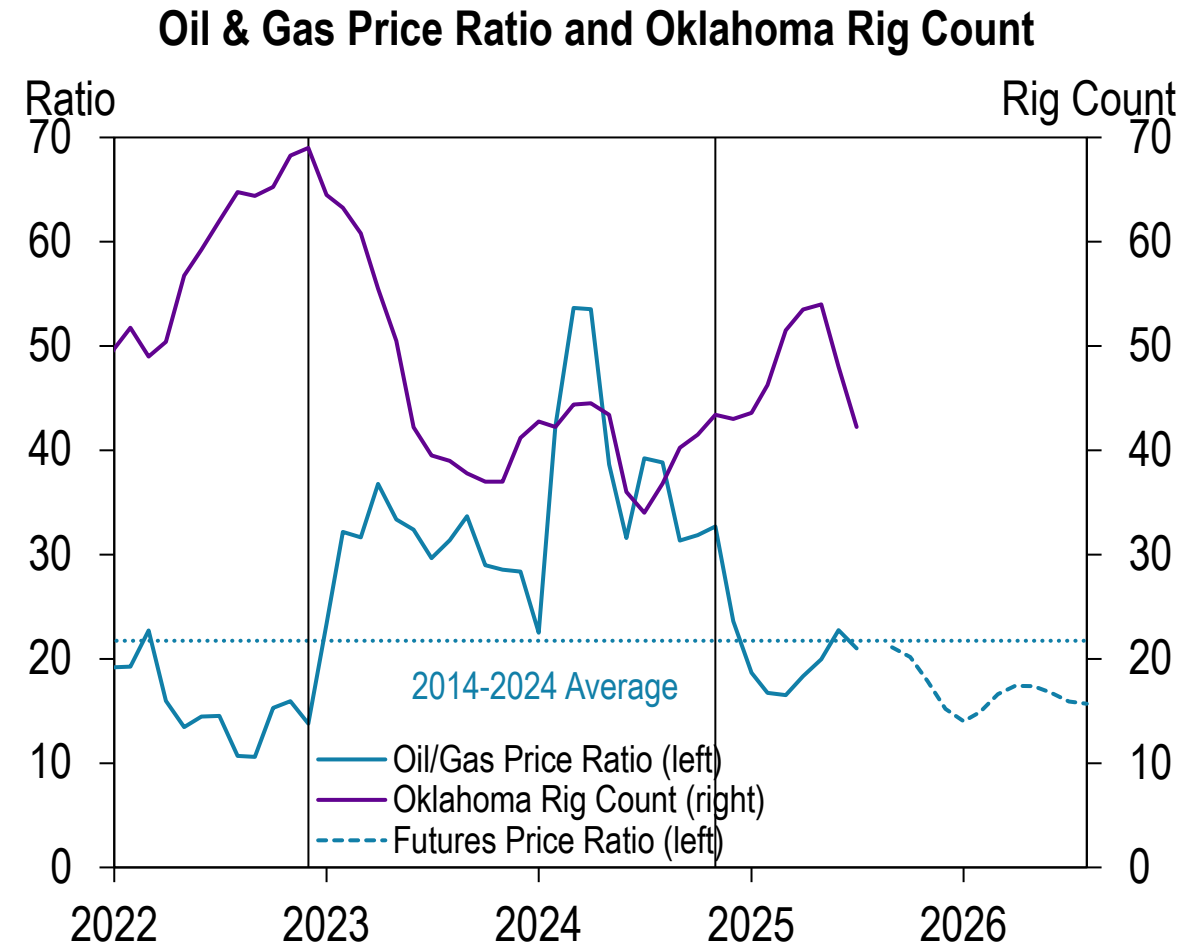
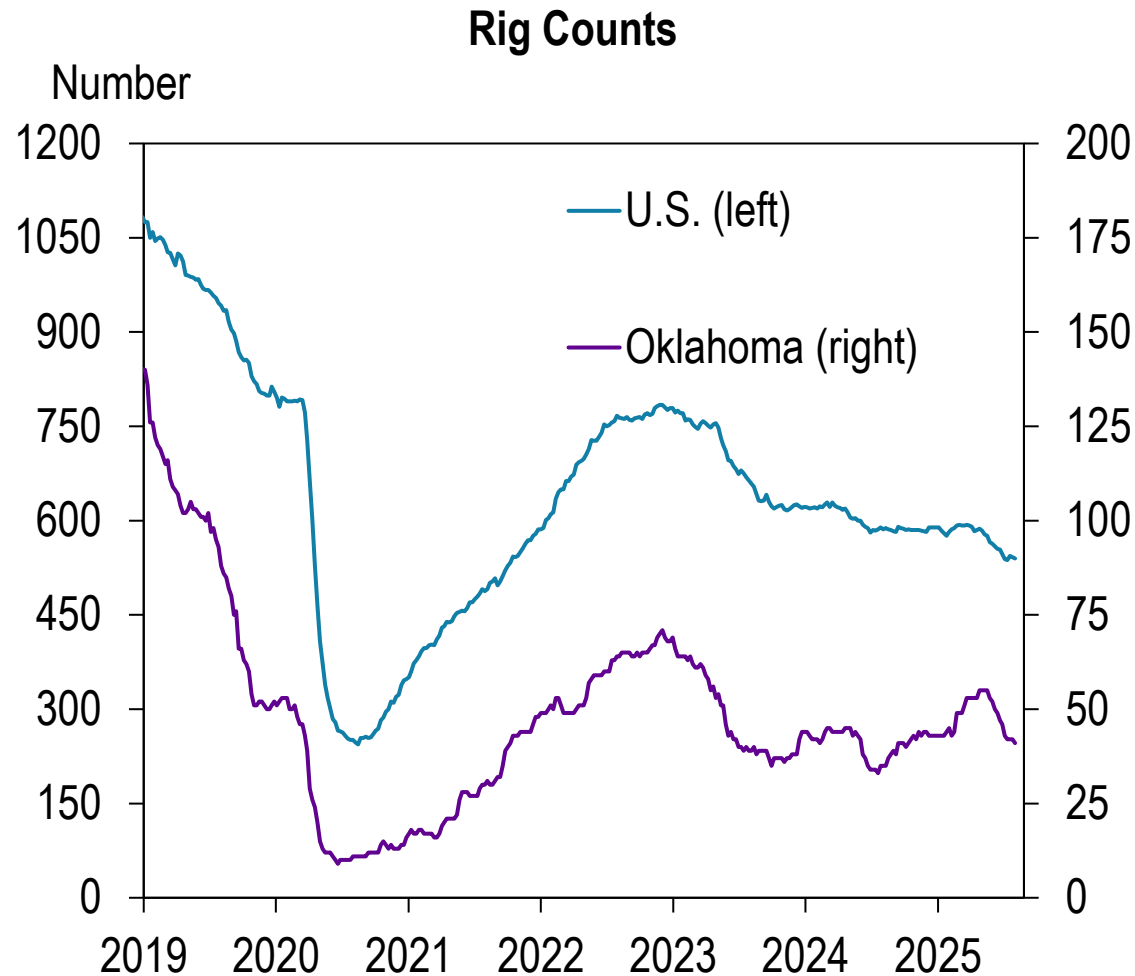


2024



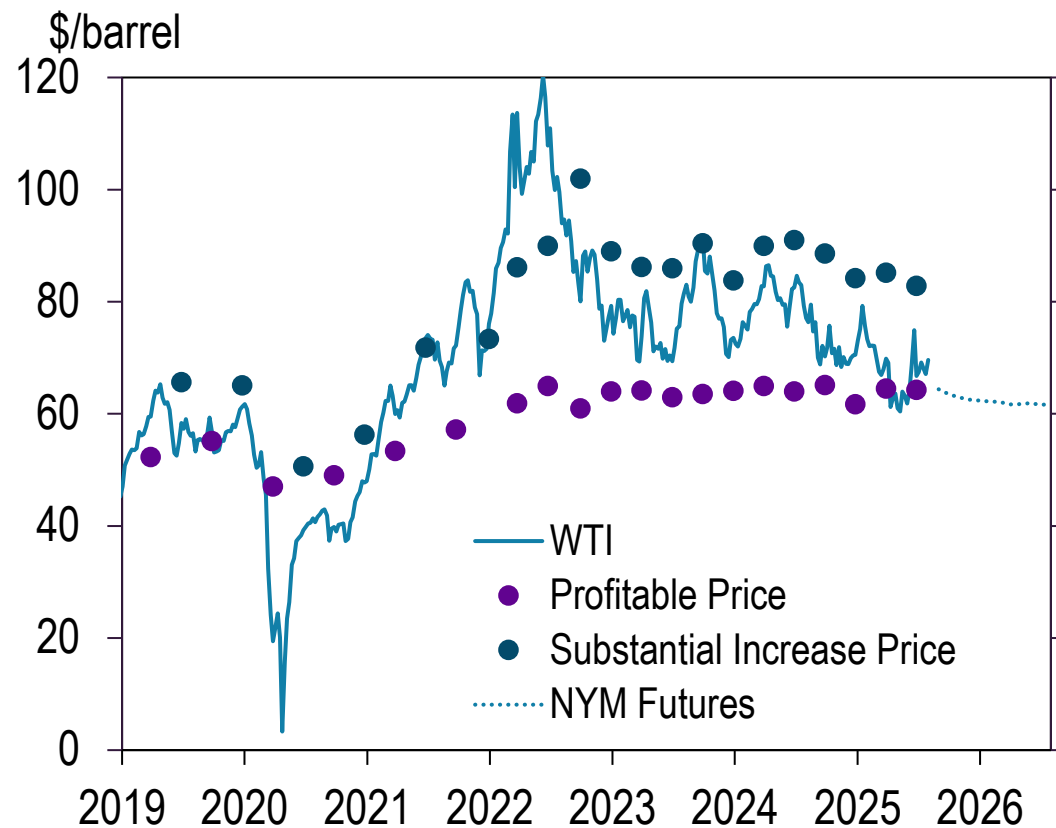
Notes: Costs include mortgage payment, insurance, and maintenance. 2024 data through October.
Sources: Zillow, BLS, U.S. Census Bureau (IPUMS NHGIS), WSJ (Haver Analytics), staff calculations

Drilling activity increased in Oklahoma in 2025 as gas price rose relative to oil, but has cooled more recently has this trend reversed

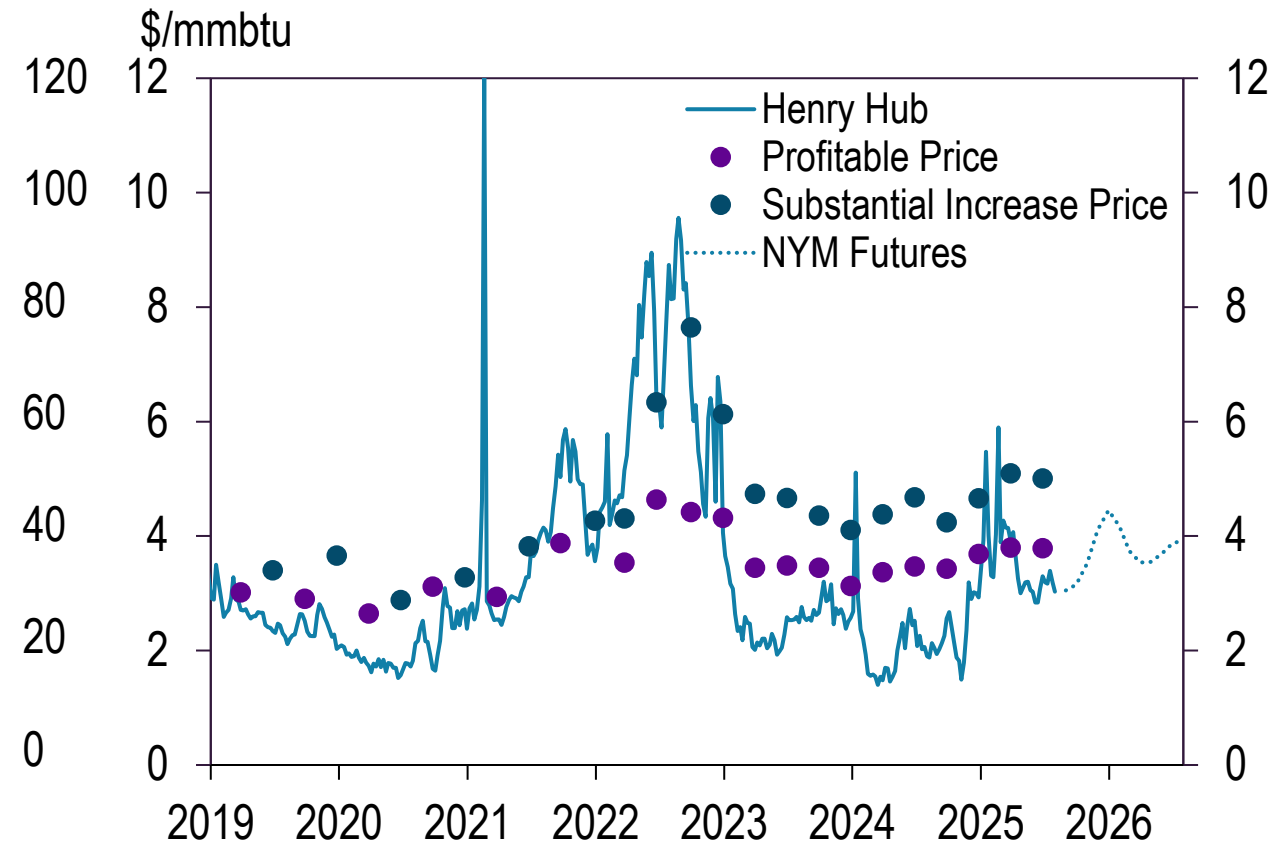


Natural gas prices have fallen back below profitable levels in recent weeks but are expected to rise, while oil prices have rebounded somewhat

U.S. Oil Prices

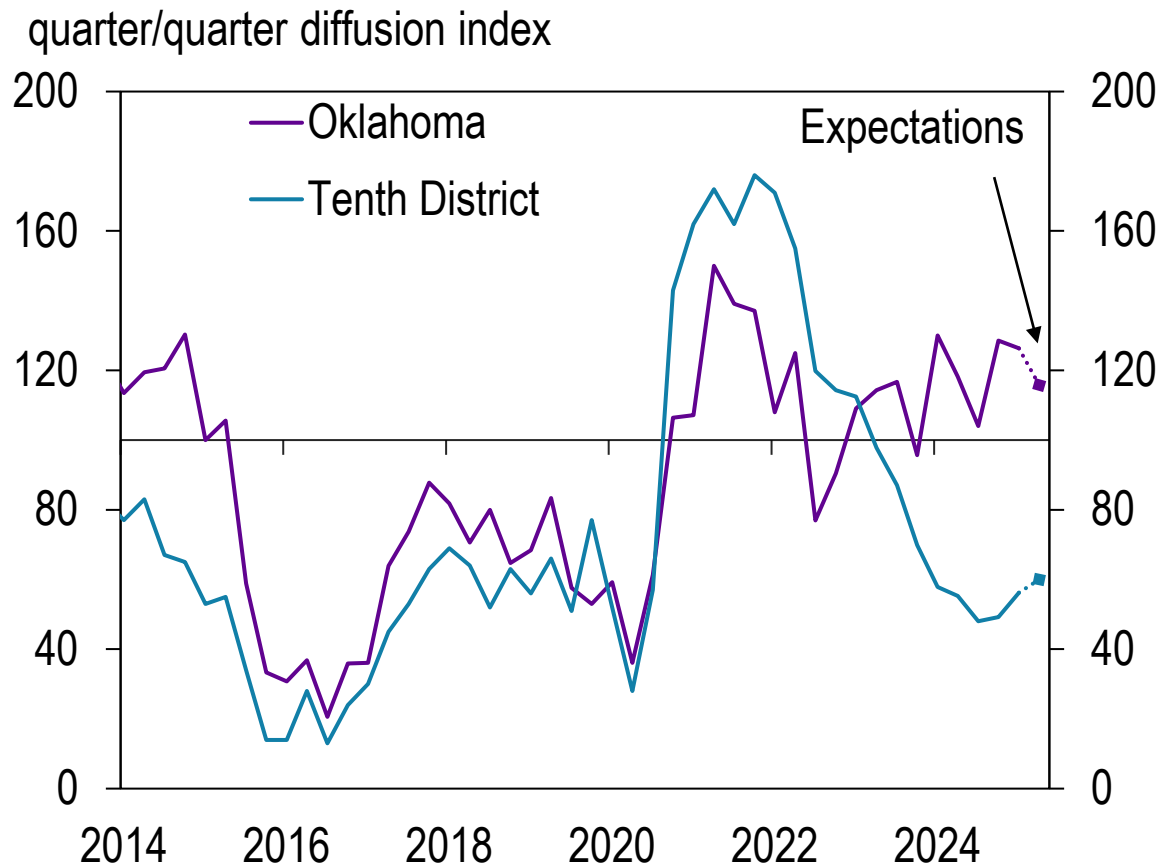


U.S. Natural Gas Prices

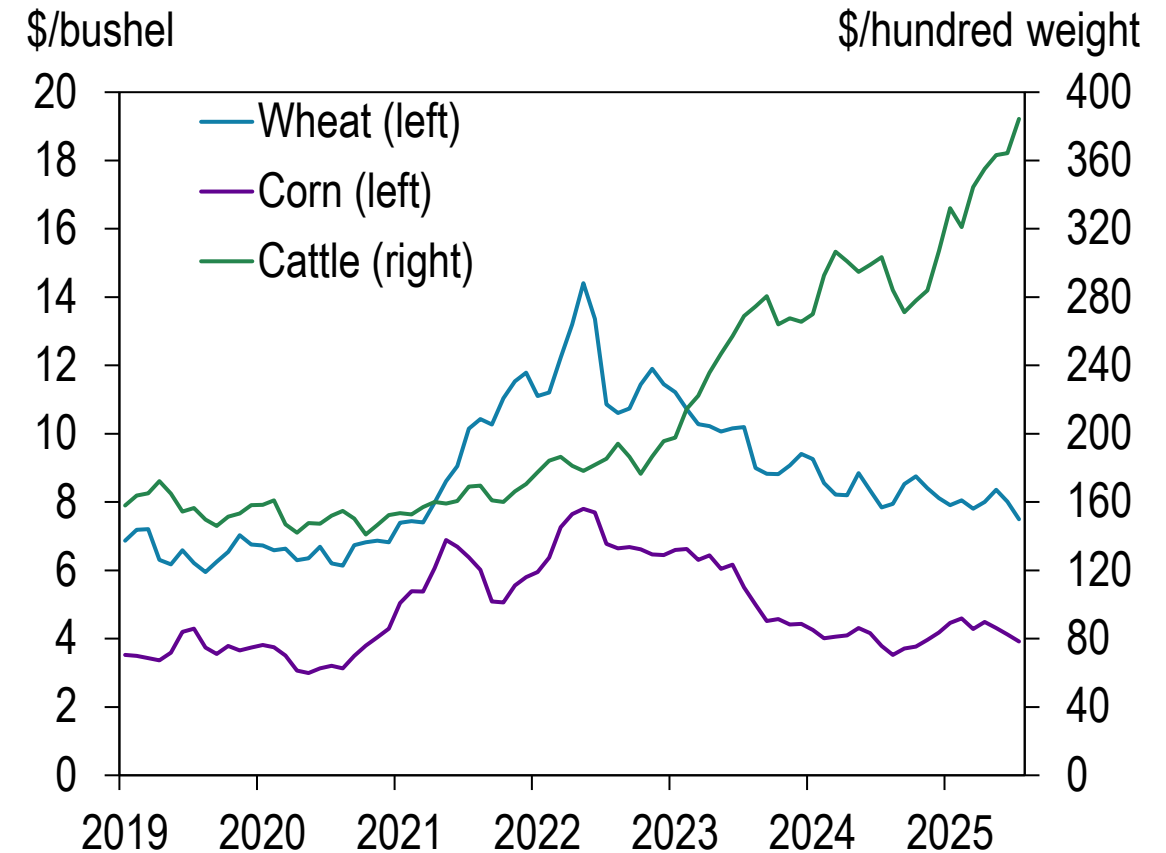


Oklahoma farm income grew in Q1 while it declined in other District states, partially due to higher cattle prices

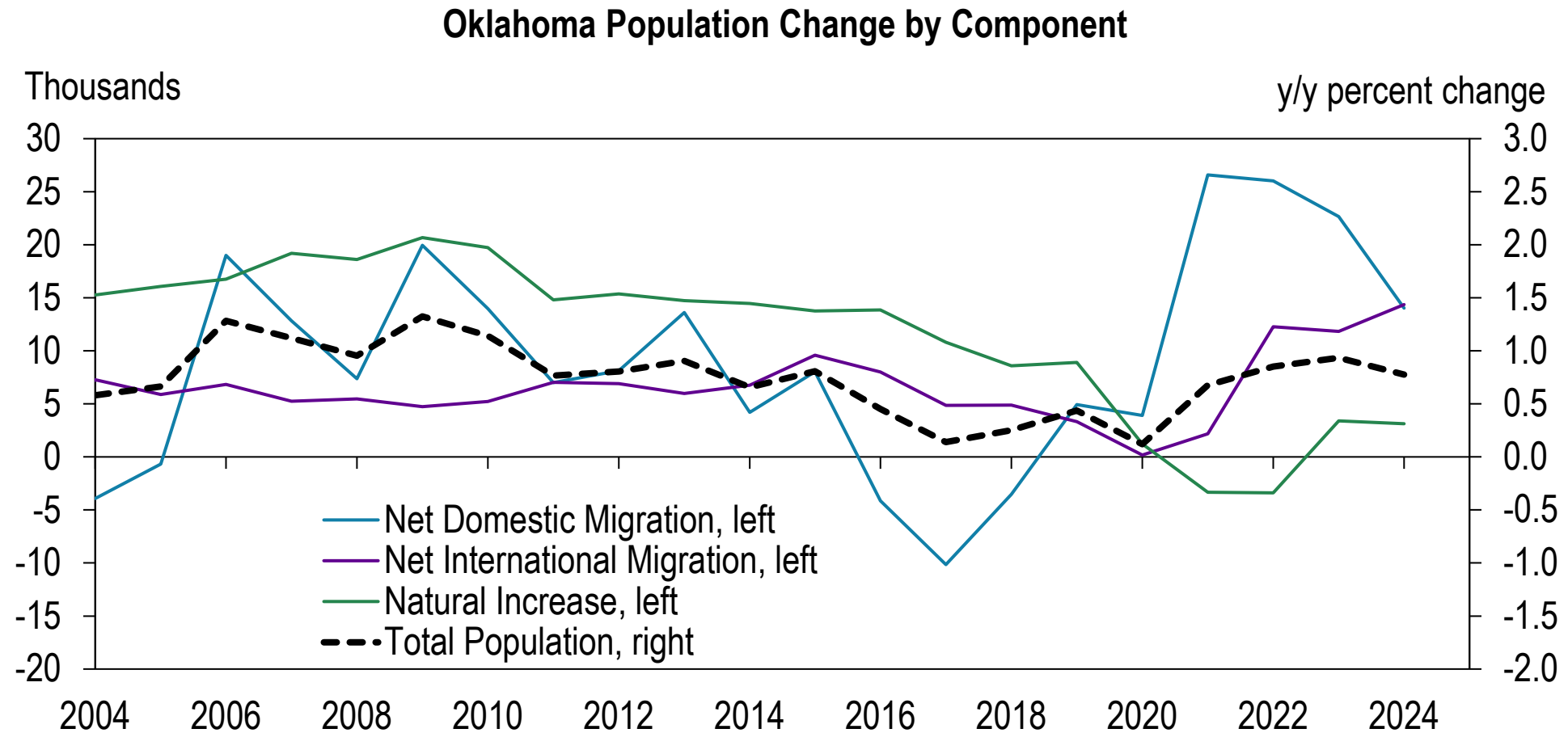
Farm Income



Agricultural Commodity Prices

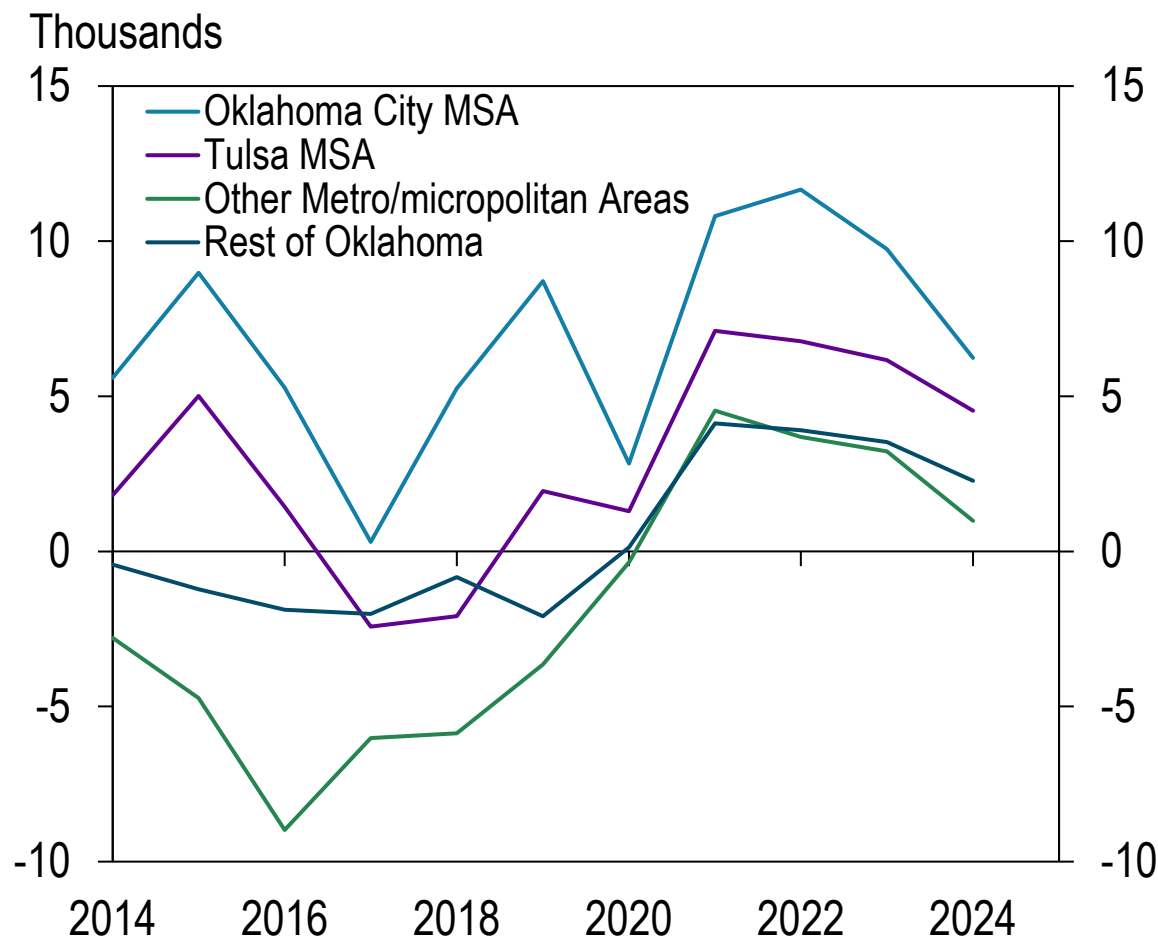


Oklahoma's population grew at a slightly slower pace in 2024, as net domestic migration slowed from pandemic-era highs

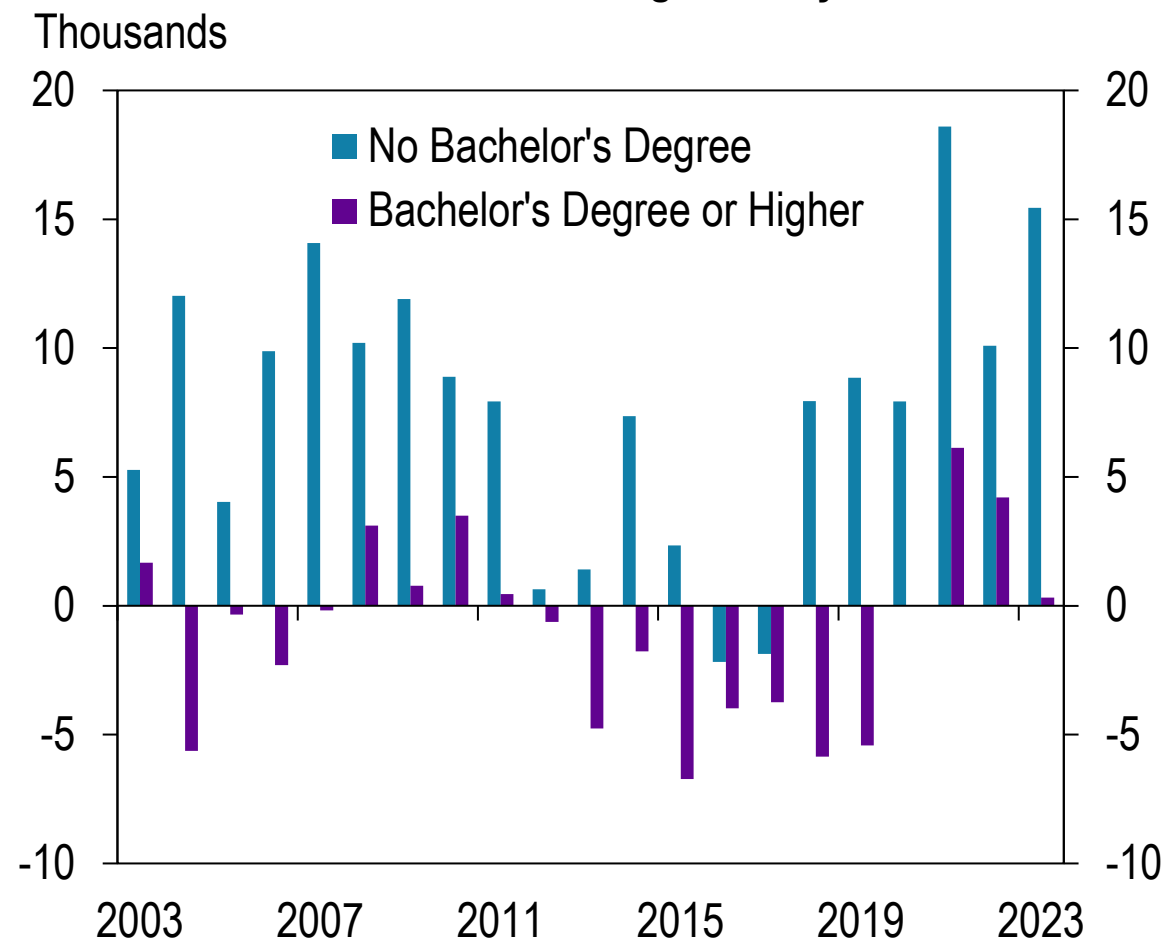


Both metropolitan and rural areas have gained residents on net, and the surge of college graduates into the state cooled in 2023

Oklahoma Net Domestic Migration



Oklahoma Net Domestic Migration by Education



Note: Sample shown in right chart is limited to age 25+.

Sources: U.S. Census Bureau, ACS 1-year estimates/IPUMS USA, University of Minnesota, www.ipums.org, authors' calculations

Summary

- U.S. GDP grew by 3% in Q2 as firms pulled back on imports
- Unemployment is up slightly but remains near long-term averages
- Inflation has come down to near 2%, but there may be upside risks
- Oklahoma's economy also continues to grow, and unemployment is low

Questions?

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