

# U.S. and Oklahoma Economic Outlook

*Cameron University Banking Institute*

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Chase Farha  
*Research Associate*

\*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.



## Overview

- U.S. economic growth remained solid in late 2023 and early 2024, and unemployment is near 50-year lows
- Inflation remains too high, despite coming down from 2022 peaks
- The Fed has raised the overnight interest rate to over 5%
- Oklahoma's economy also continues to grow, and unemployment is low
- Oklahoma's population growth has outpaced the nation in recent years, driven by strong domestic in-migration

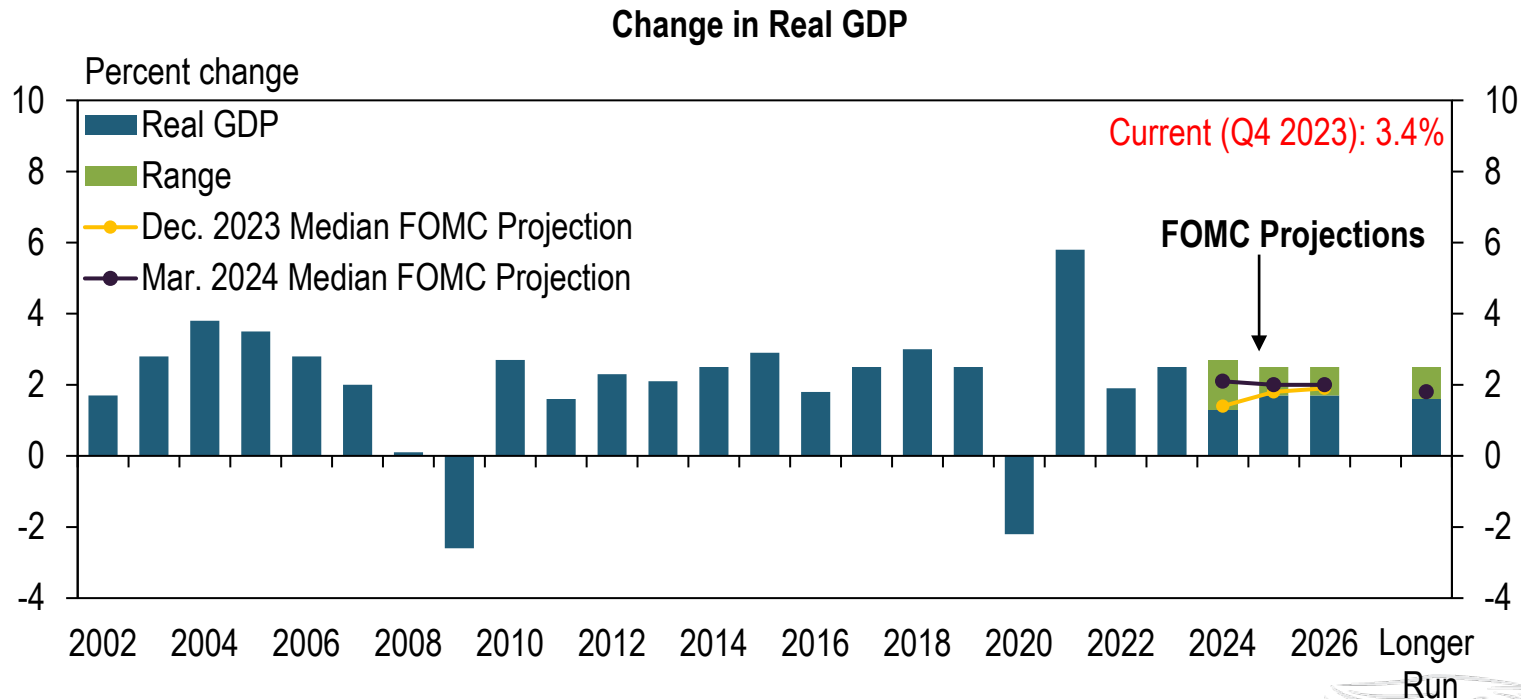


# U.S. GDP growth exceeded estimates in Q4, and 2024 employment growth remains strong

Quarterly U.S. Economic Growth

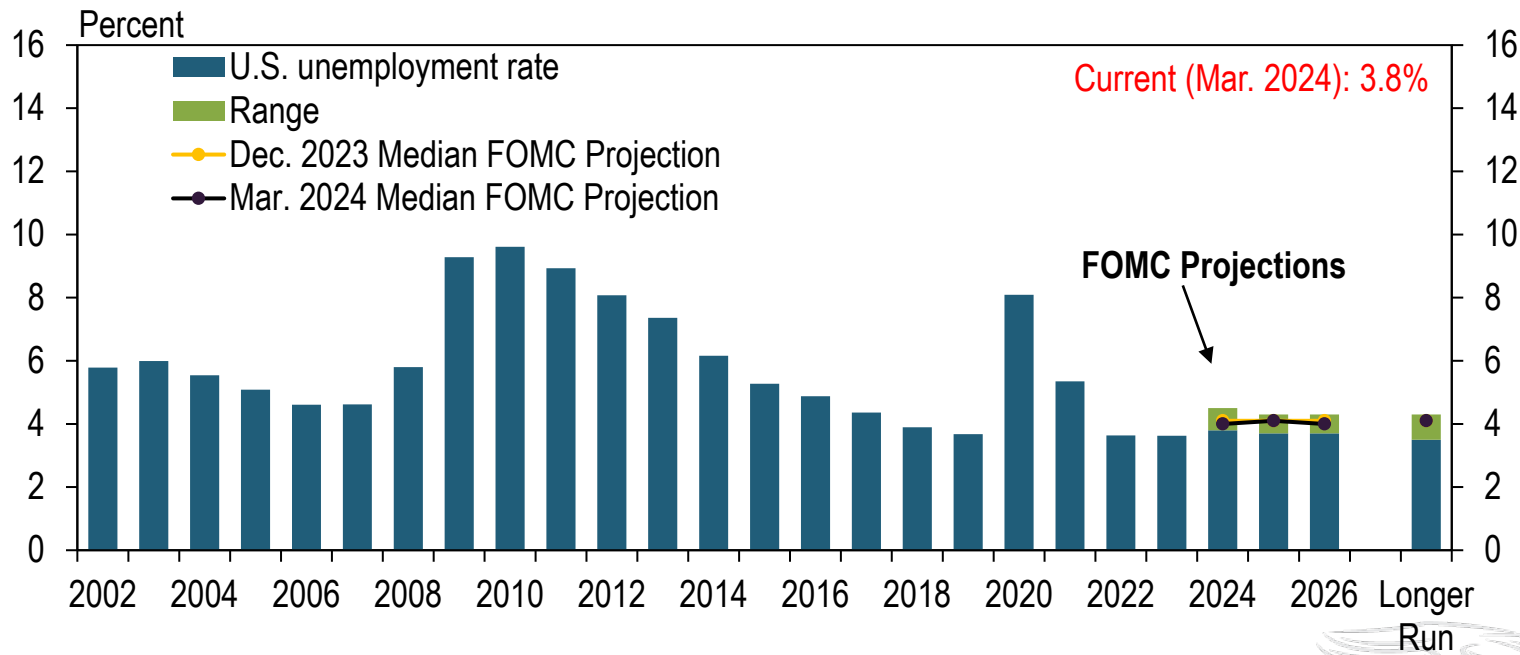


# U.S. GDP growth is now expected to remain solid in 2024 and be around the longer-term trend in 2025 and 2026

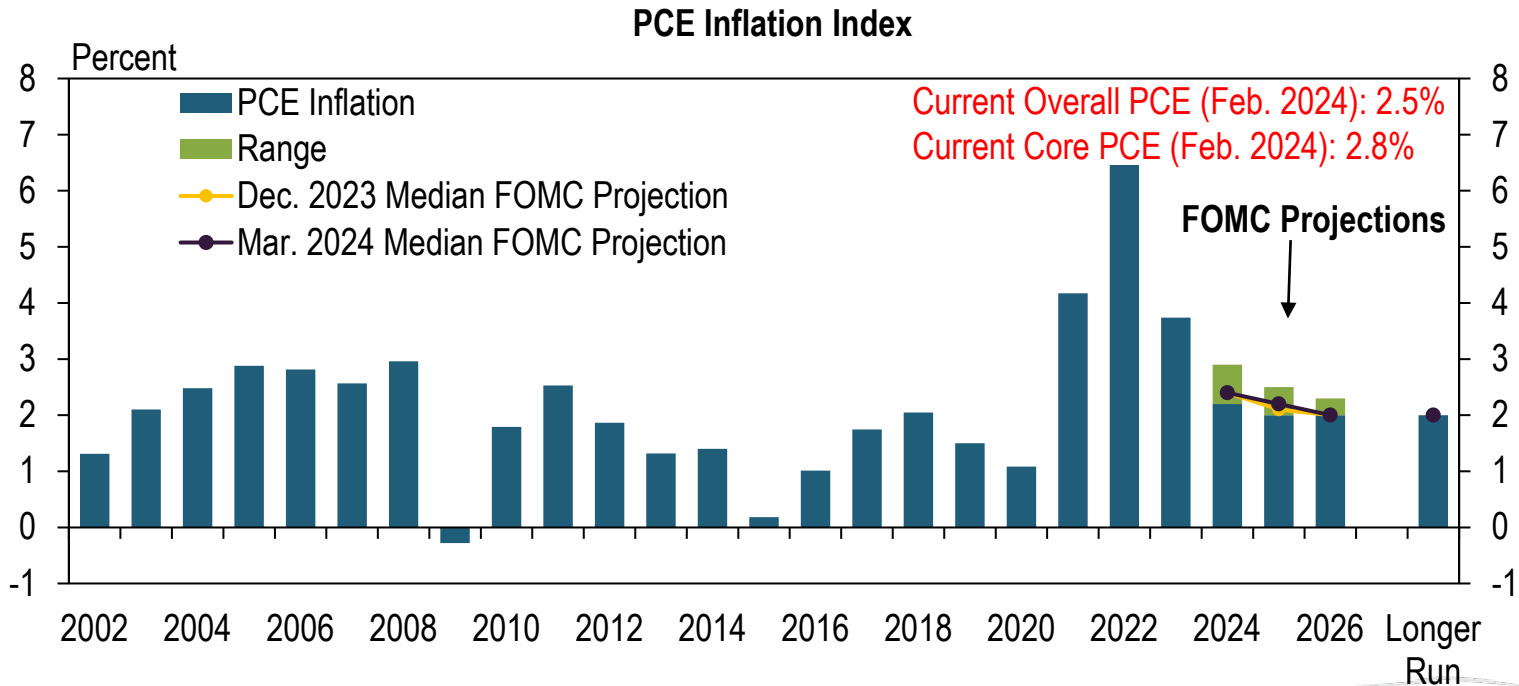


# U.S. unemployment remains historically low and is projected to remain low in coming years

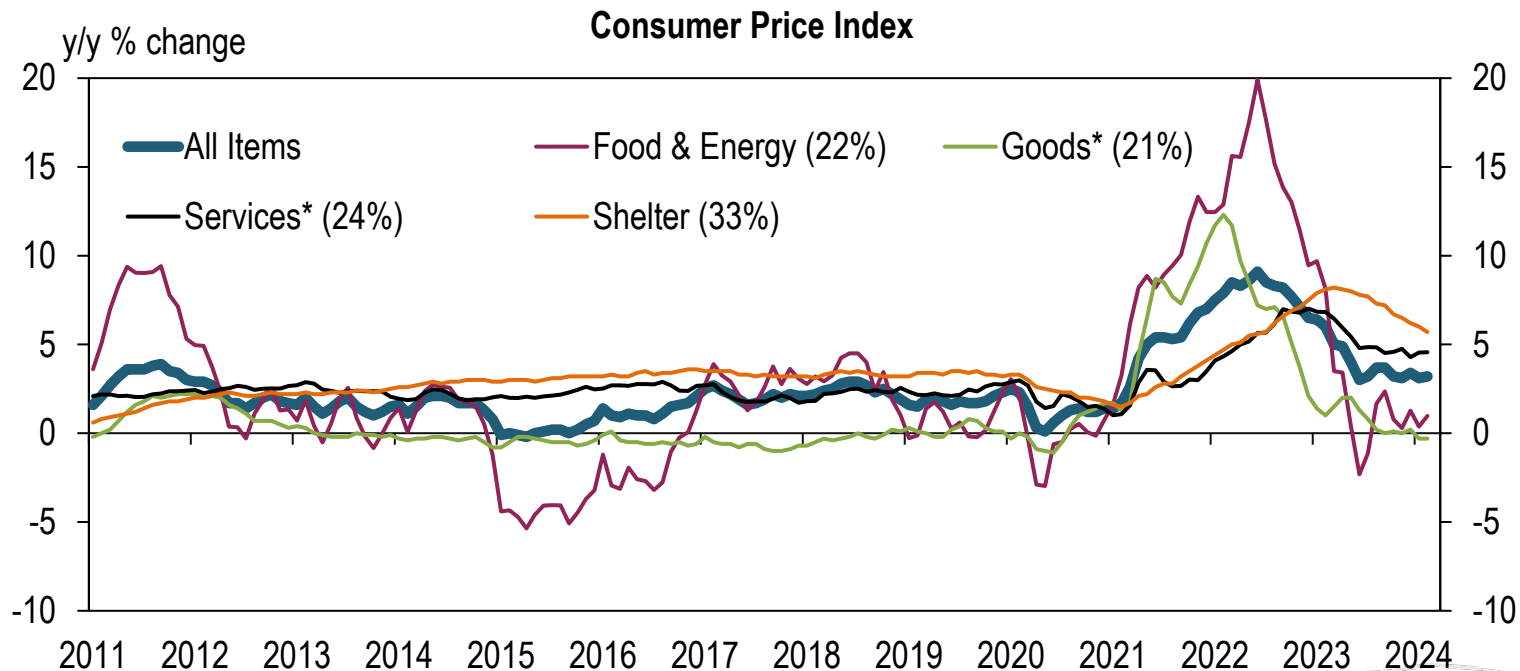
## U.S. Unemployment Rate



Although inflation has come down from 2022 peaks and is expected to fall further, it remains above longer-run levels



# CPI inflation ticked back up to 3.2% in February, as energy and goods prices fell but shelter and services remain elevated

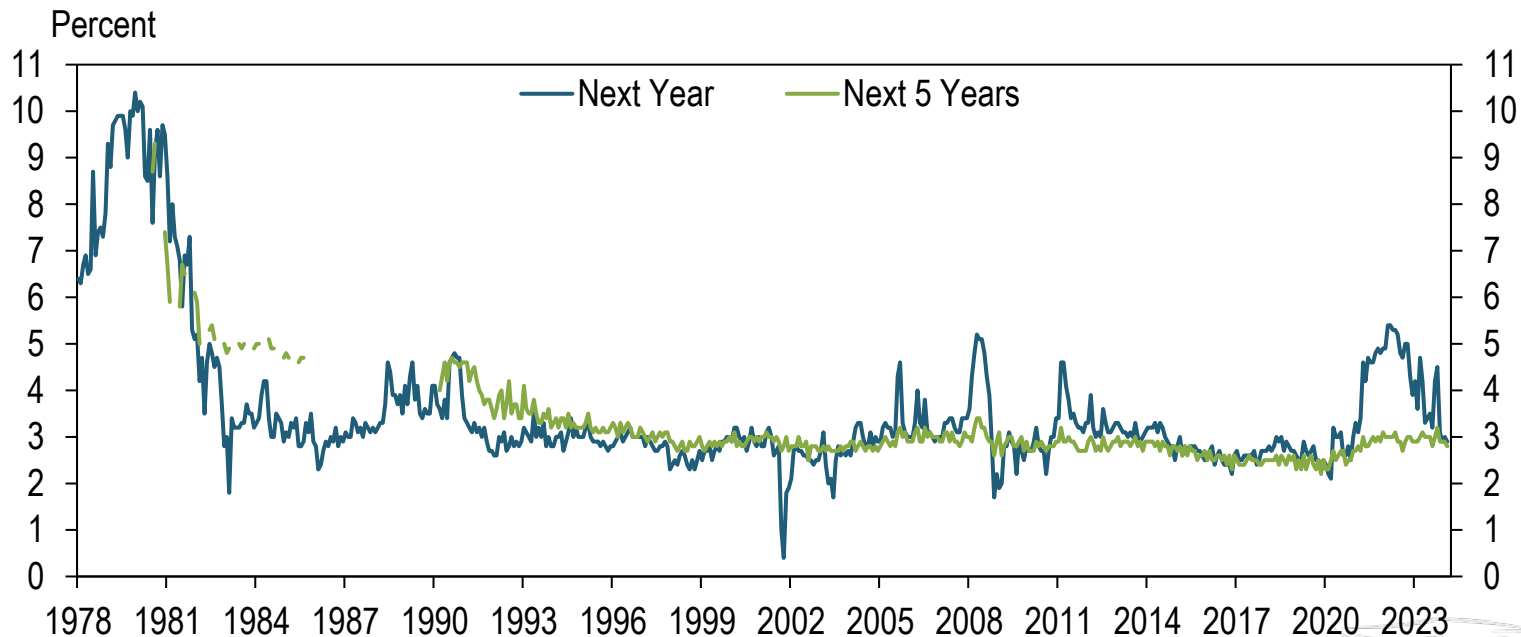


\*Goods excluding Food; Services excluding Energy.  
 Note: Relative Importance as Share of CPI shown in parenthesis.



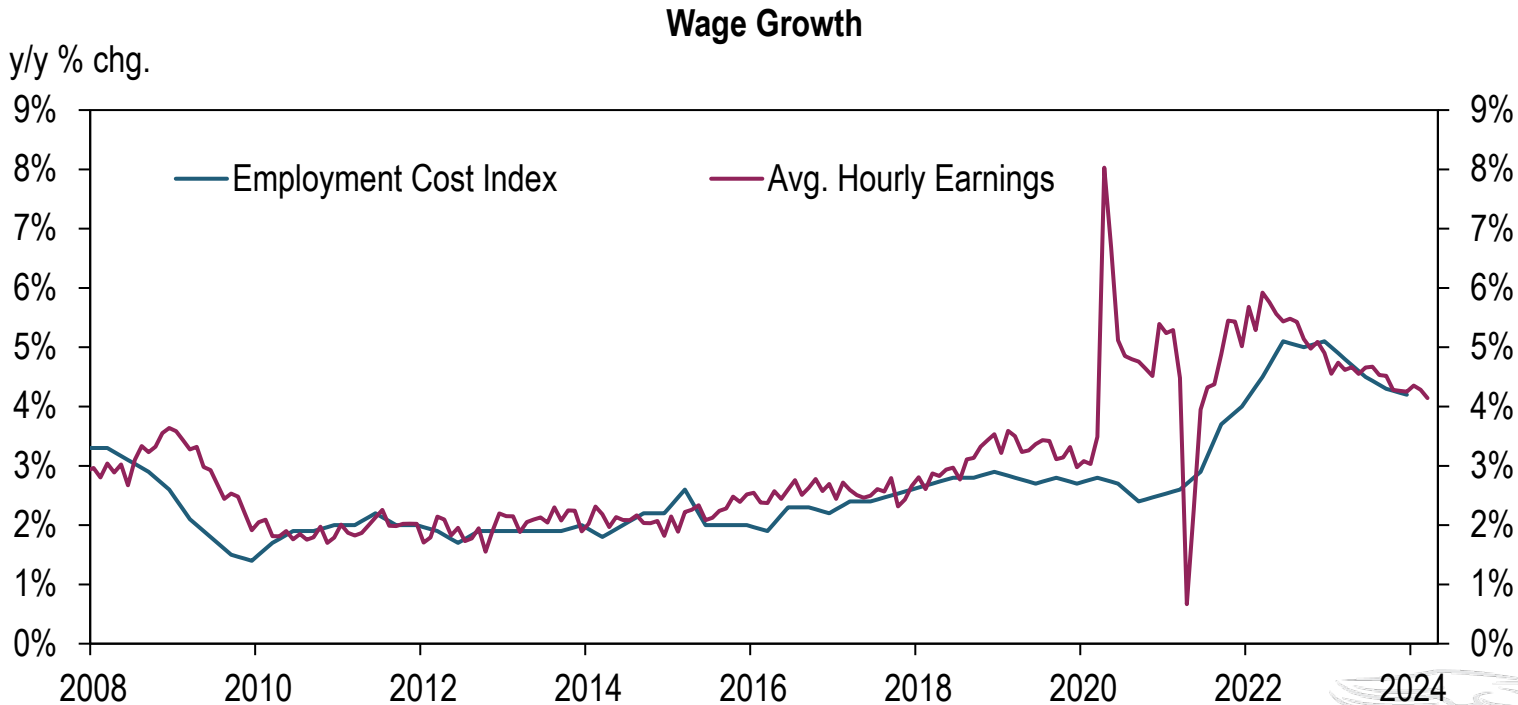
# Longer-term inflation expectations remain anchored around their 20-year average, and near-term expectations have normalized

**Expected Inflation Rate**



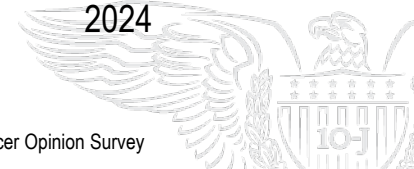
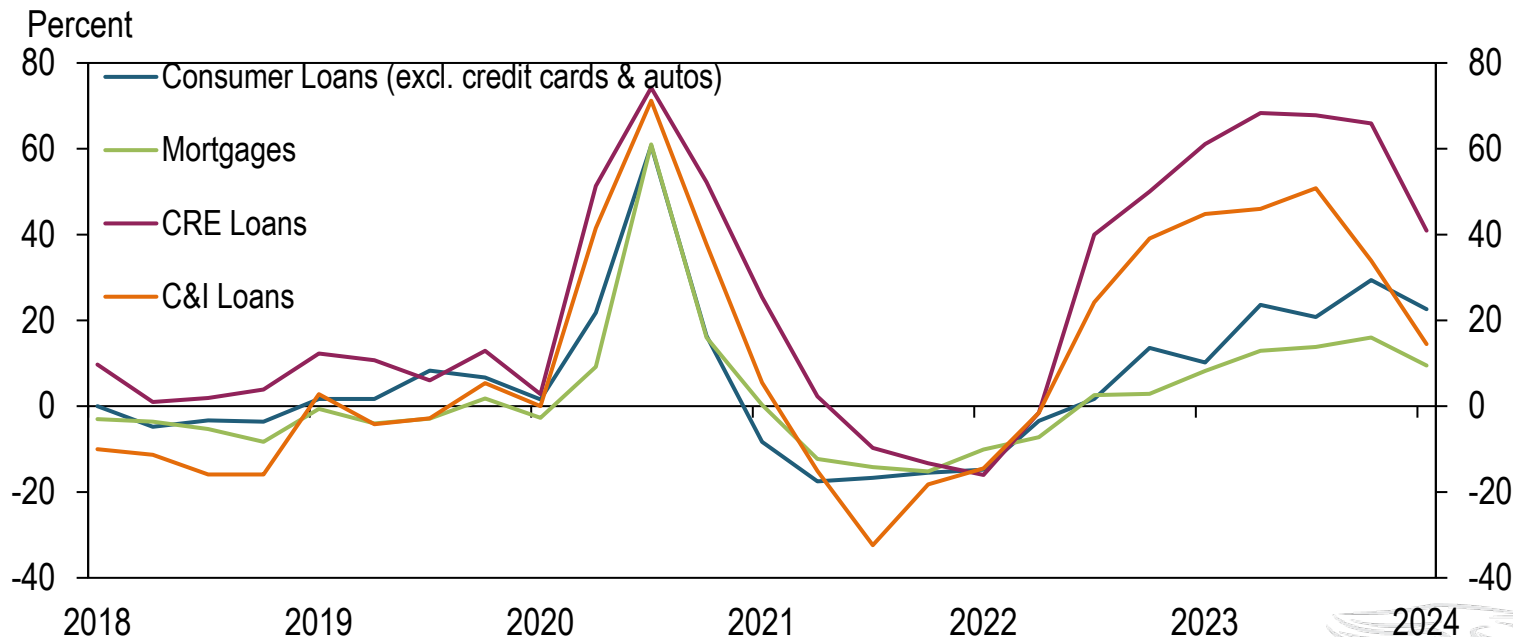


# Wage growth is a key factor keeping services inflation high, and has come down moderately from recent highs

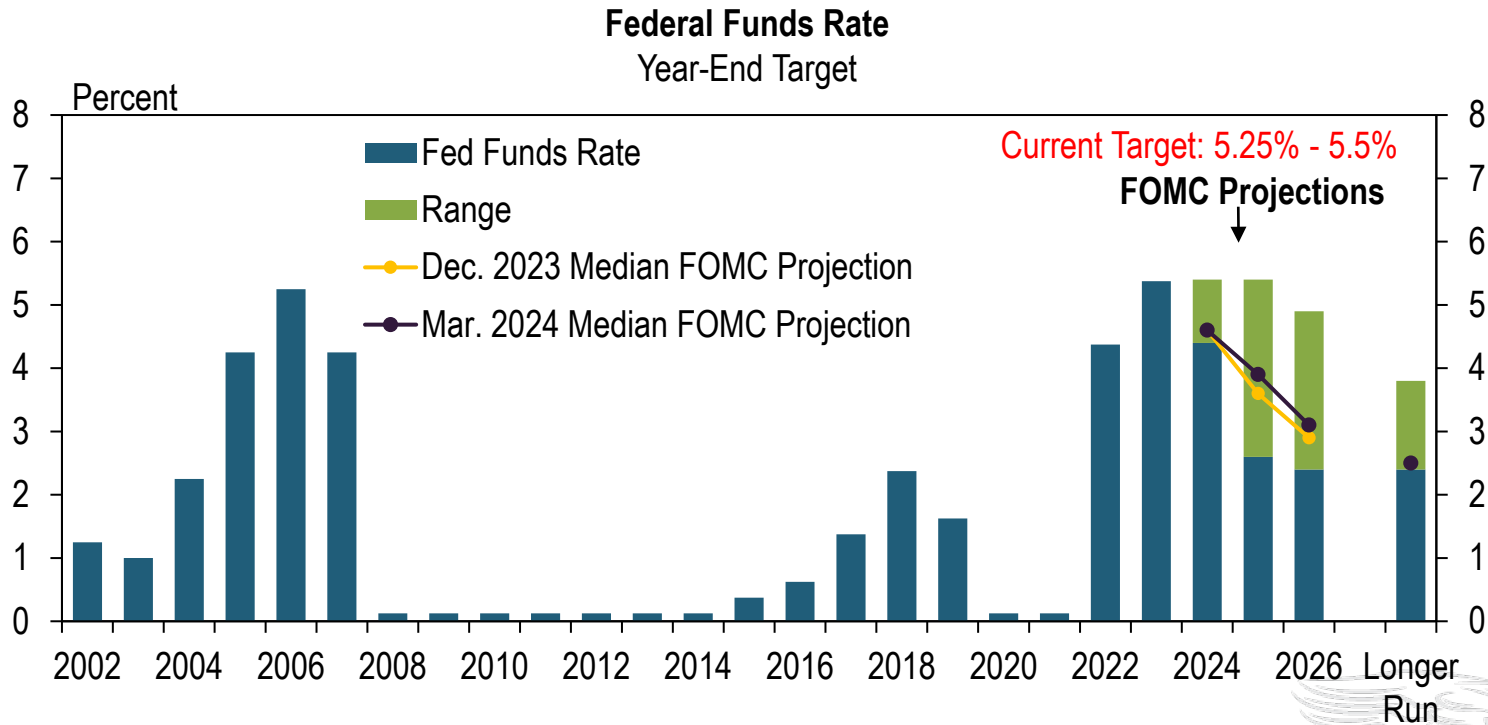


# Banks have tightened lending standards more for commercial loans than consumer loans, but conditions eased somewhat in Q1

**Net Percent of Banks Tightening Standards**

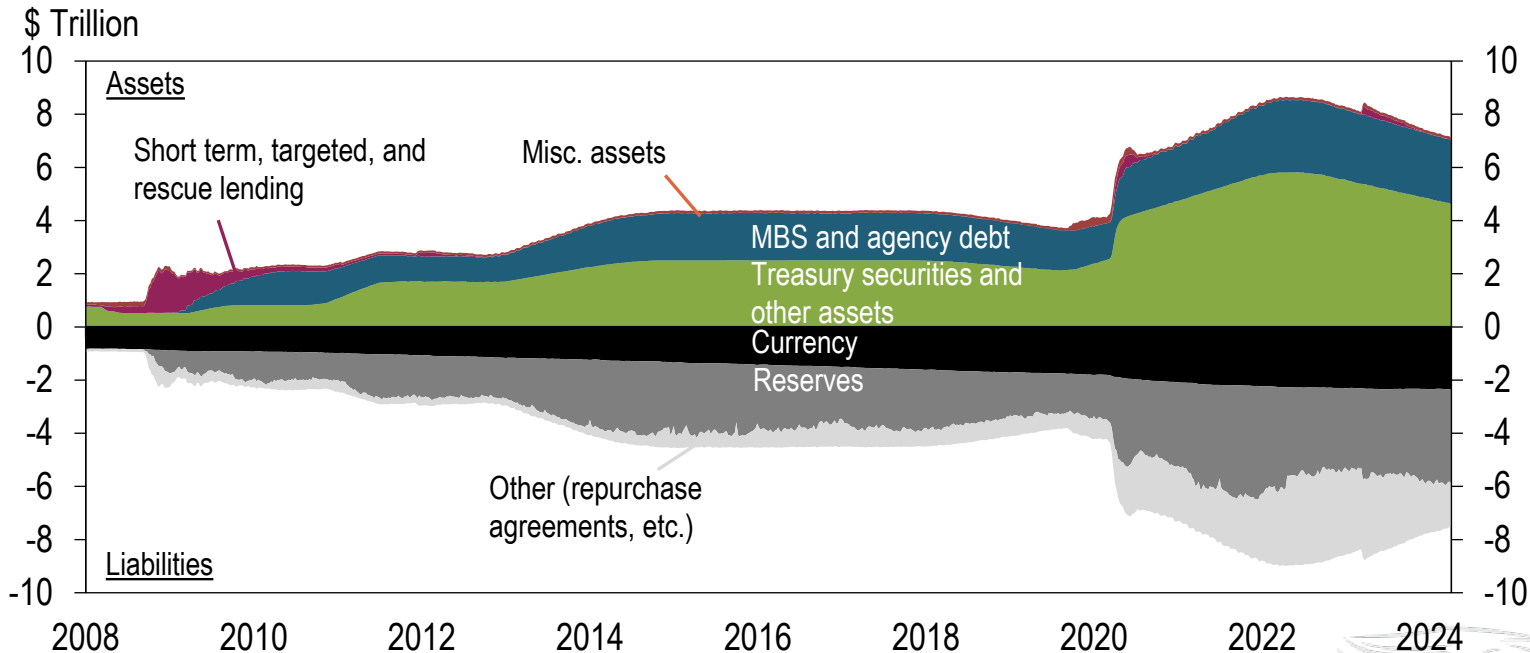


# The Fed held the federal funds rate steady again in March, after raising future projections somewhat



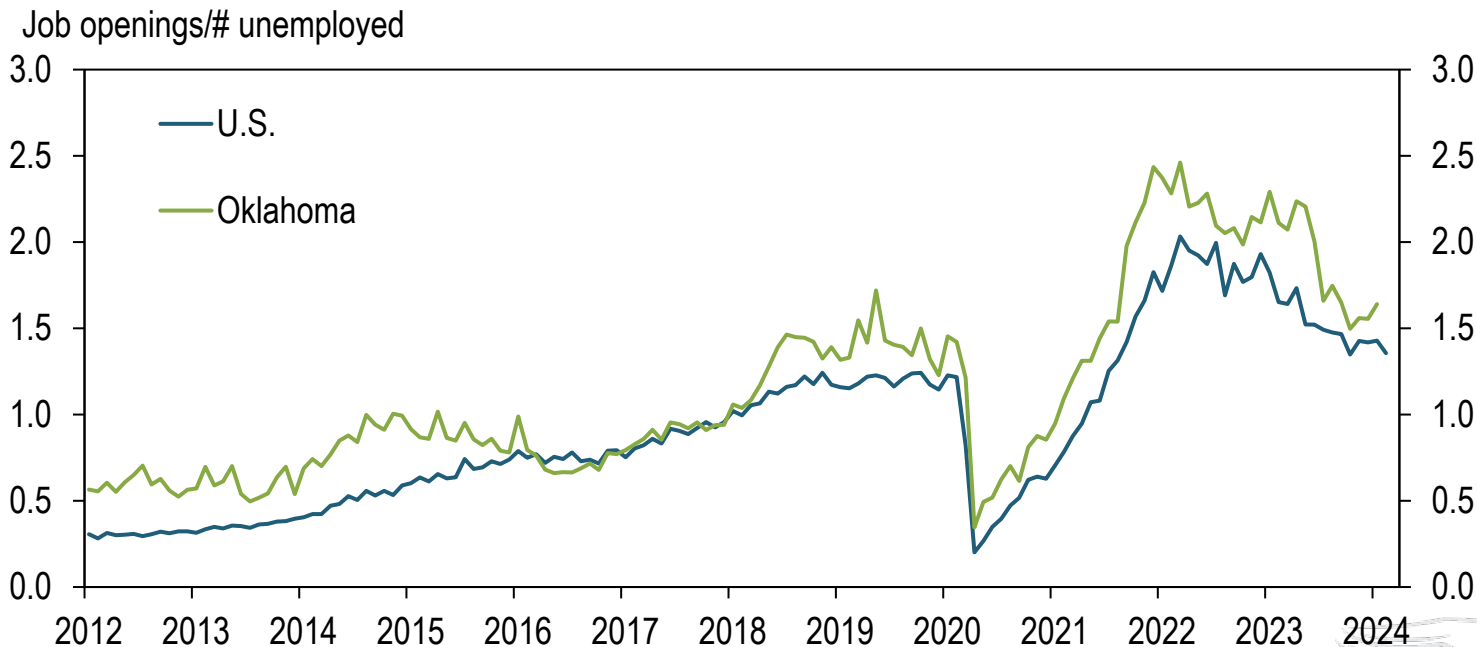
# The Fed also continues to reduce its balance sheet of high-quality securities

**Federal Reserve Balance Sheet**



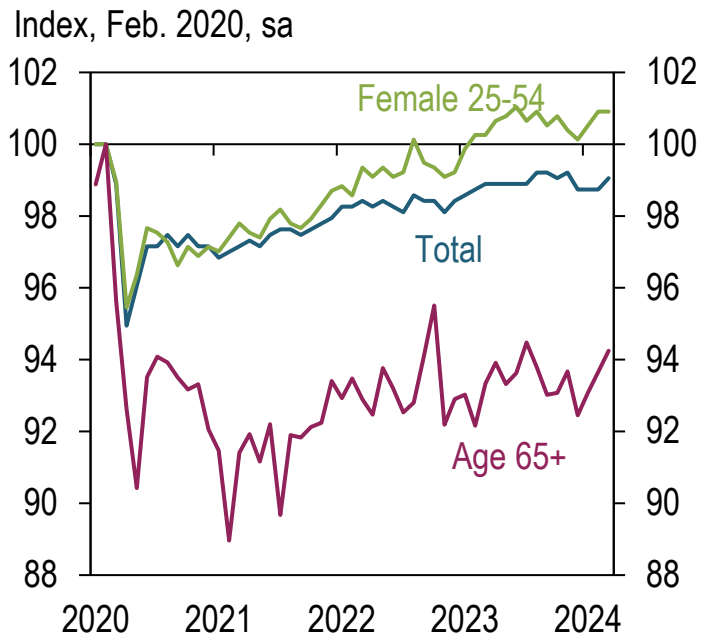
# Job openings still greatly exceed unemployed workers, but have fallen slightly, helping ease wage pressures

**Job Openings/Unemployment Ratio**

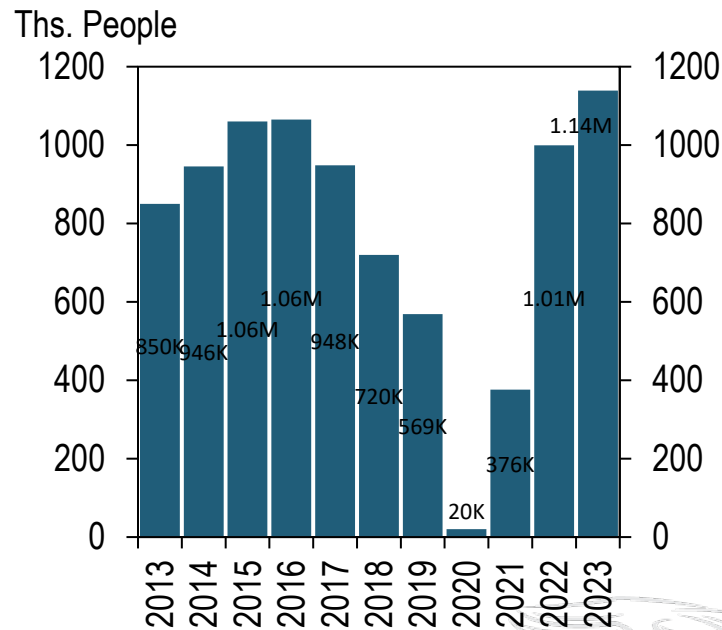


# Labor force participation still lags, mostly due to older workers, while immigration rebounded last year after several low years

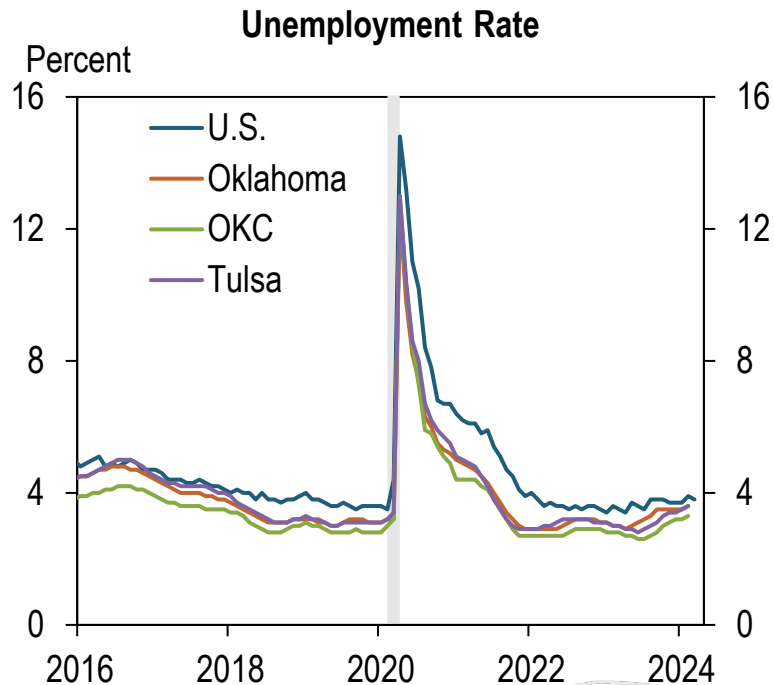
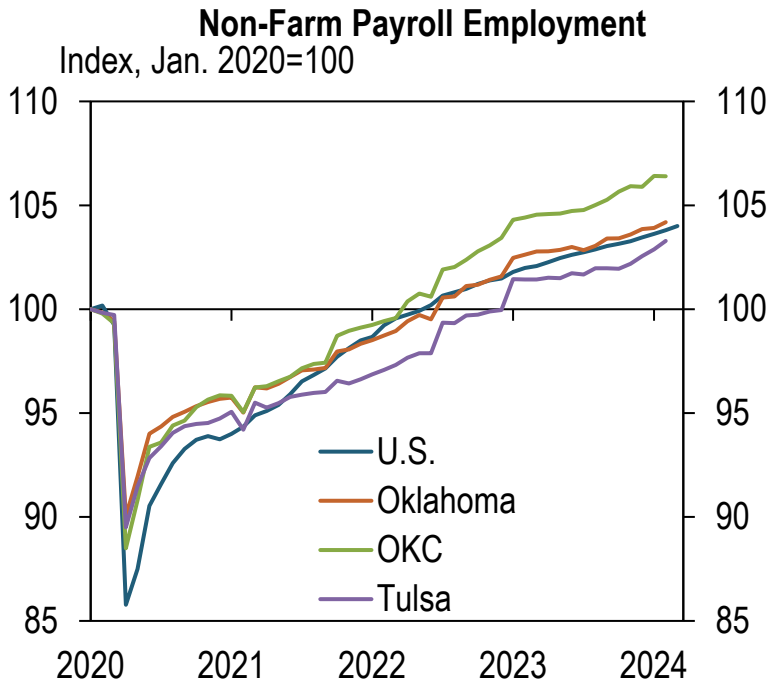
**U.S. Labor Force Participation Rate**



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

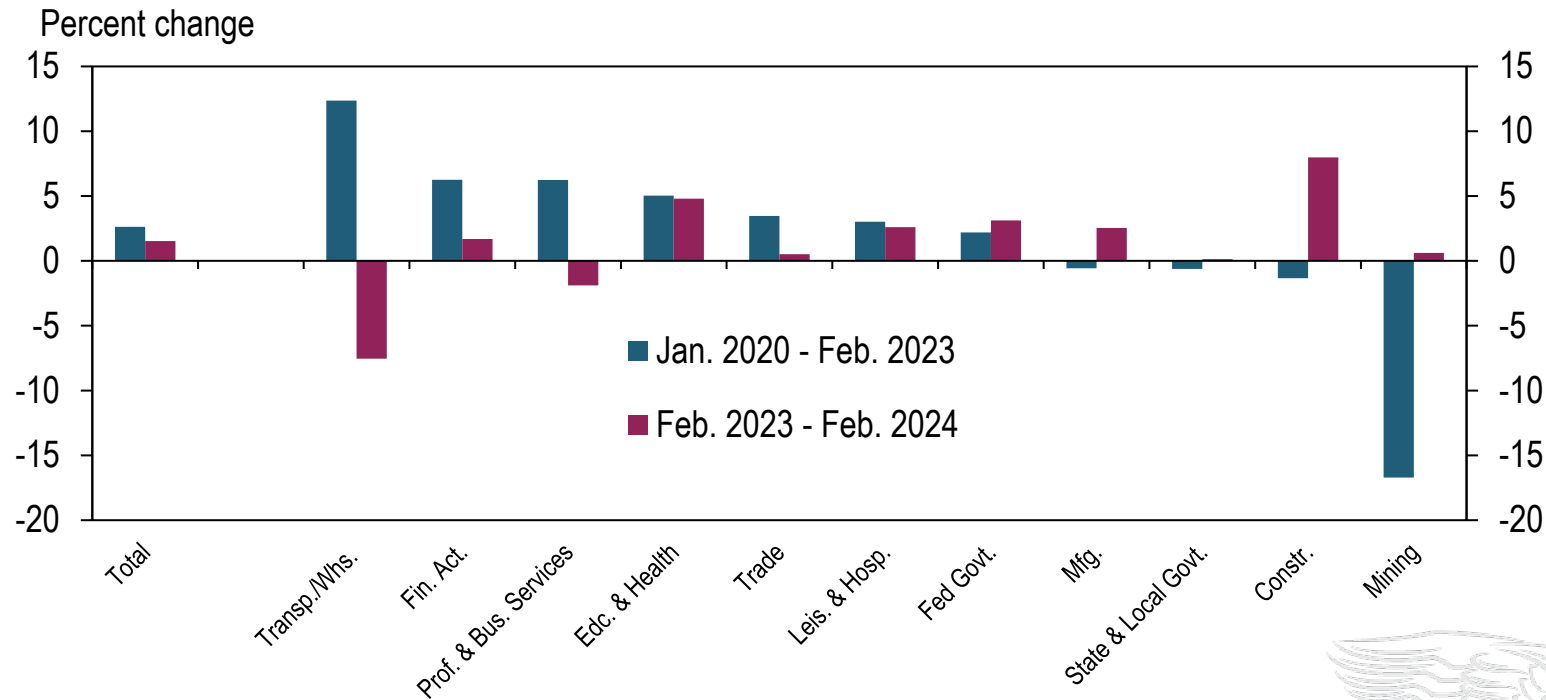


# Jobs in Oklahoma have leveled off in recent months above pre-pandemic levels, while unemployment remains very low



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

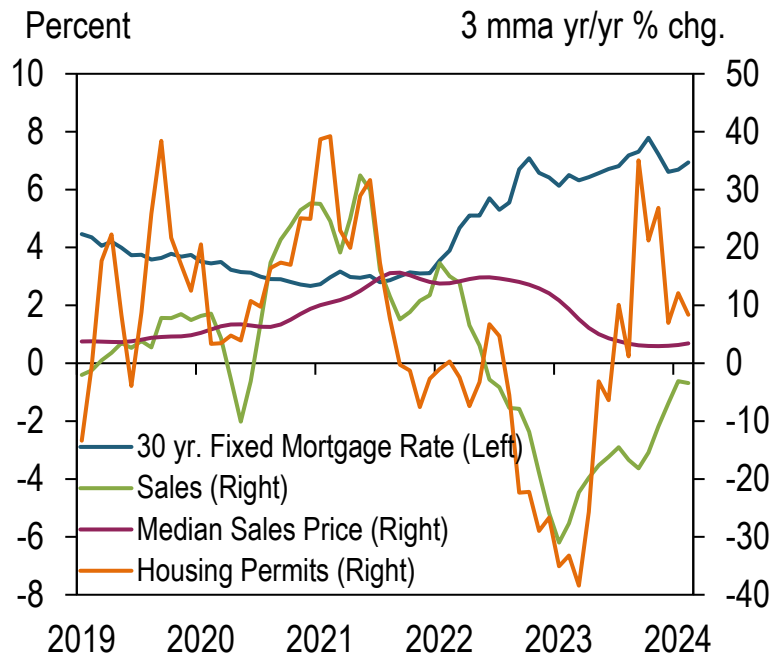
Oklahoma Job Growth by Industry



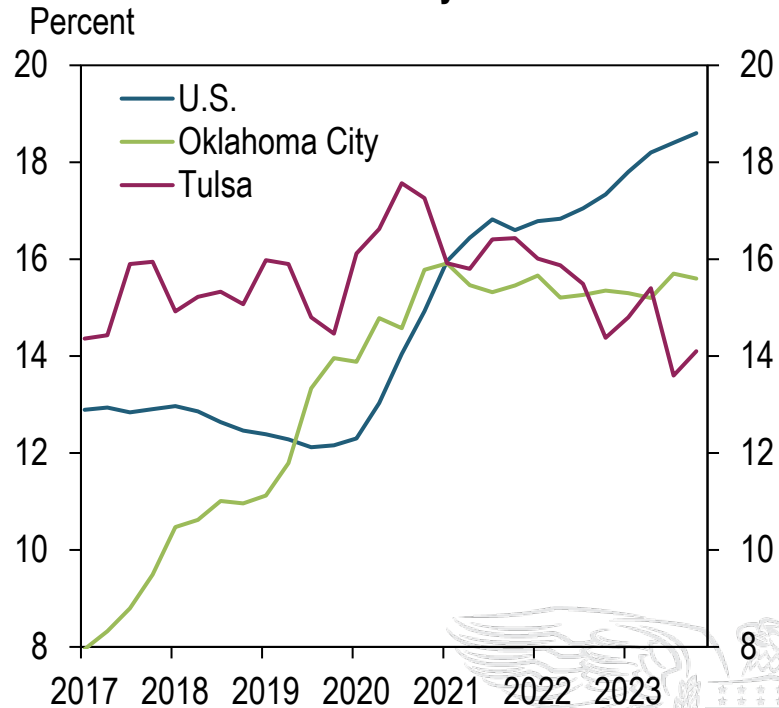


# The housing market has slowed in Oklahoma, but office vacancy rates have not risen like they have in the nation

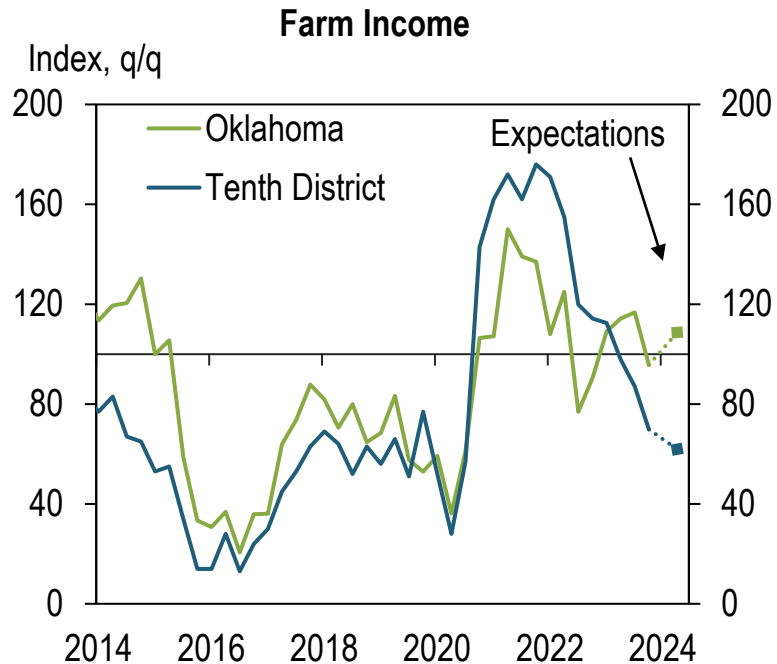
### Oklahoma Housing Market Indicators



### Office Vacancy Rates

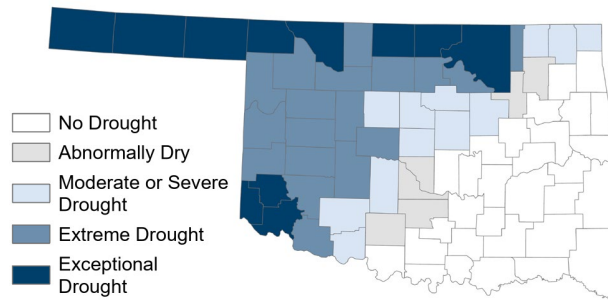


# Oklahoma farm income declined less than border states in Q4 and is expected to rise, as drought conditions improved in the panhandle

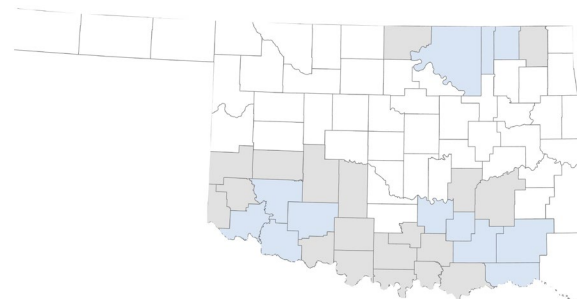


### Oklahoma Drought Map

5/16/2023

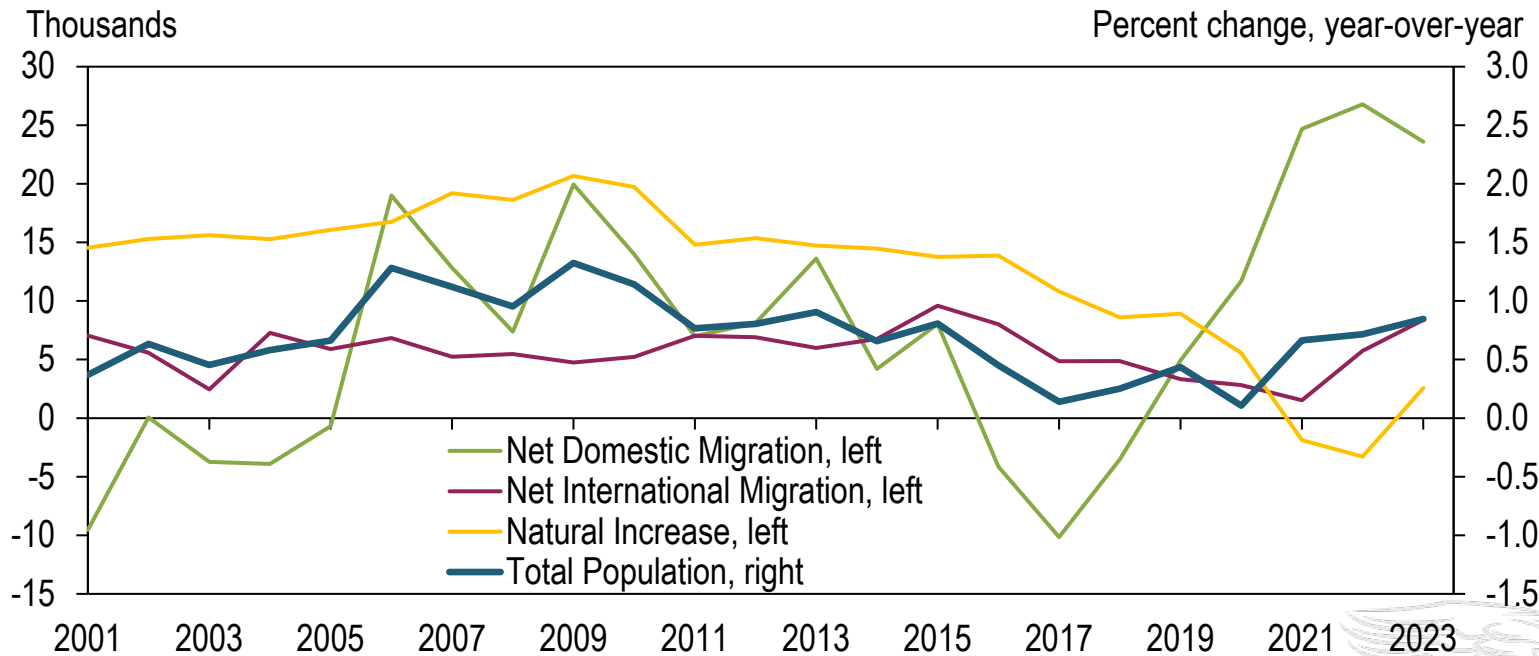


2/20/2024



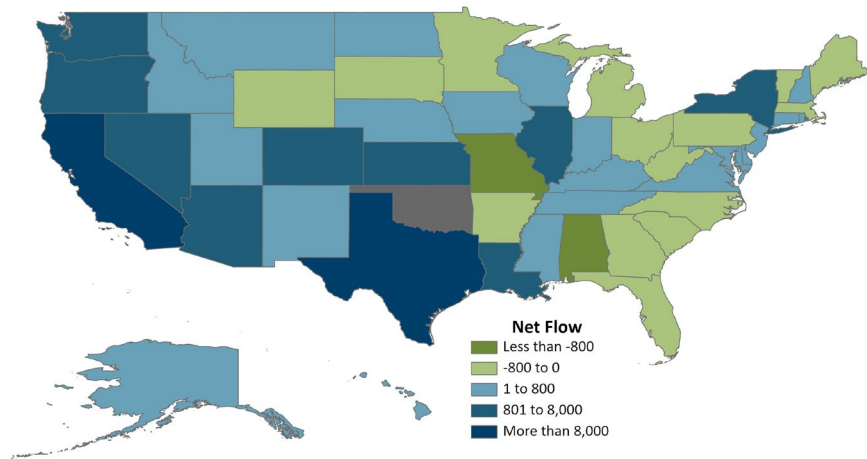
# Oklahoma's population grew in 2023 again, primarily due to elevated domestic migration, but also with increases in other components

## Oklahoma Population Change by Component

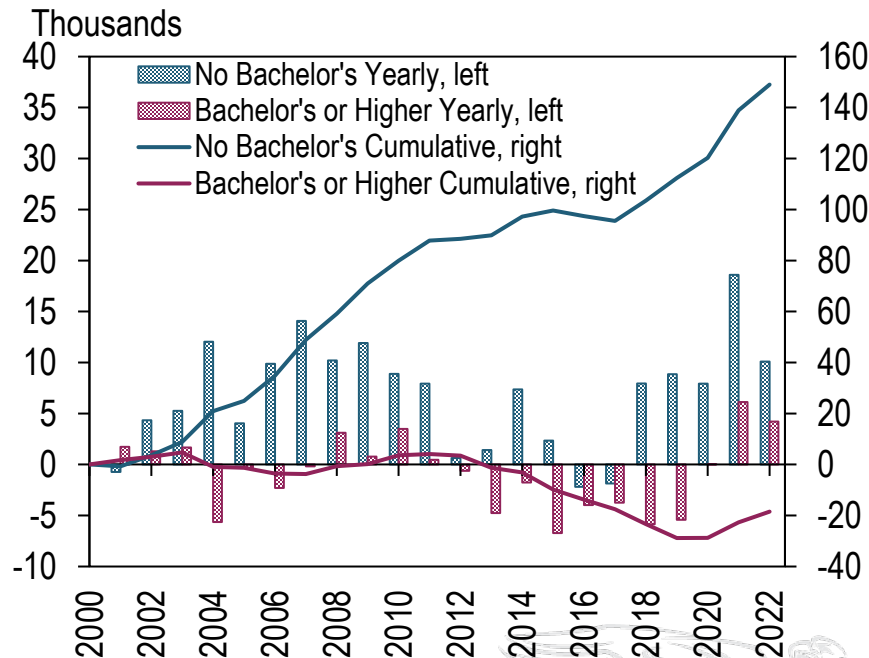


Almost all the migration to OK was from the western U.S., especially CA and TX, and the state had “brain gain” but has not yet made up losses from the 2010s

Migration to Oklahoma During 2020 - 2023



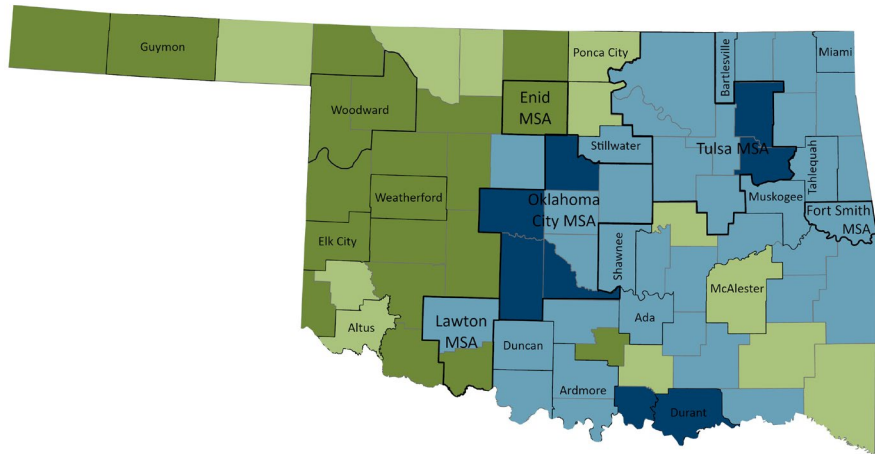
Oklahoma Net Domestic Migration by Education



# Suburban counties of the OKC and Tulsa MSAs have seen the largest population growth since 2020

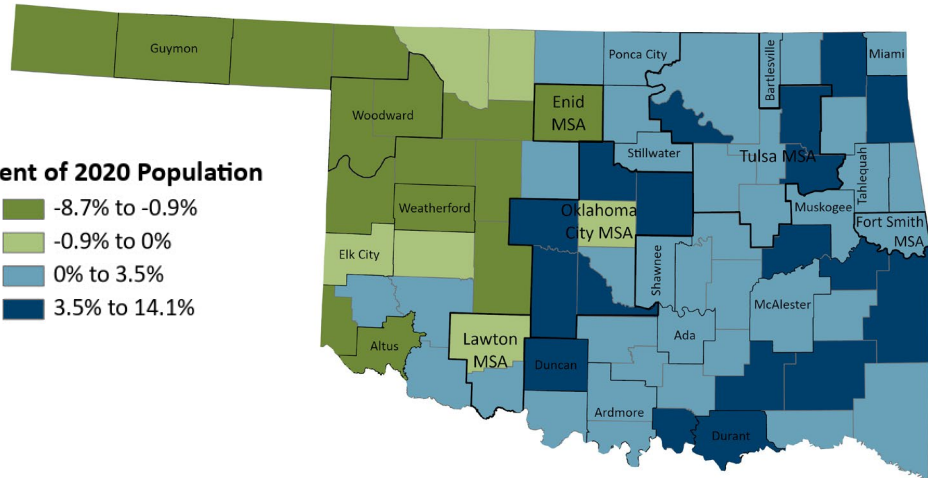
2020 – 2023 Total Population Change by County

2020 – 2023 Net Domestic Migration by County



Percent of 2020 Population

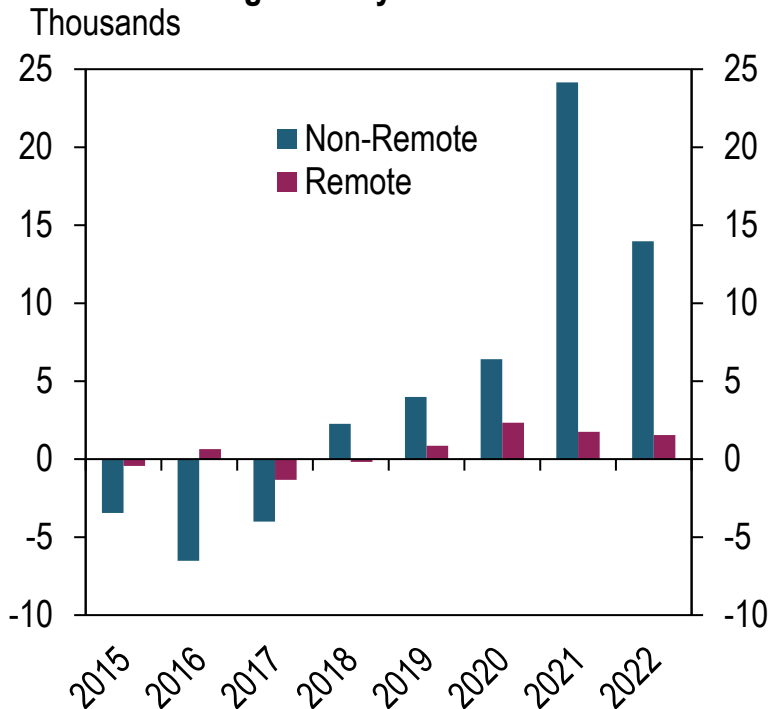
- 8.7% to -0.9%
- 0.9% to 0%
- 0% to 3.5%
- 3.5% to 14.1%



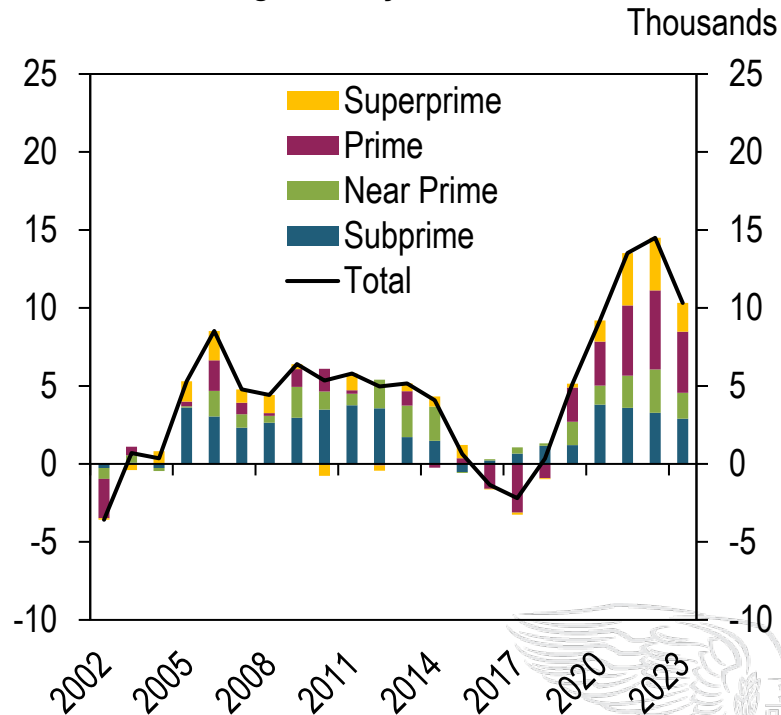
# Remote workers were part of the gains since 2020, but not the driving factor, and over half of the new residents are prime borrowers

## Oklahoma Net Domestic Migration

### Migration by Work Location



### Migration by Credit Score



## Summary

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# Questions?

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