OKLAHOMA State Treasurer

State Economic Report

August 2025

"August showed steady economic activity in Oklahoma. Exports grew, unemployment remained low at 3.1%, and with inflation stabilizing, expectations for potential Fed rate cuts could ease borrowing costs. Overall, our economy remains resilient and stable."

STATE TREASURER
TODD RUSS

Monthly Comparison: **August 2025 vs. 2024**

Gross Production Tax
↑ $1.9M or 2.3%

Income Tax
↑ $18.8M or 5.1%

Sales & Use Tax[1]
↓ $11.0M or 1.8%

Vehicle Tax
↓ $8.5M or 10.7%

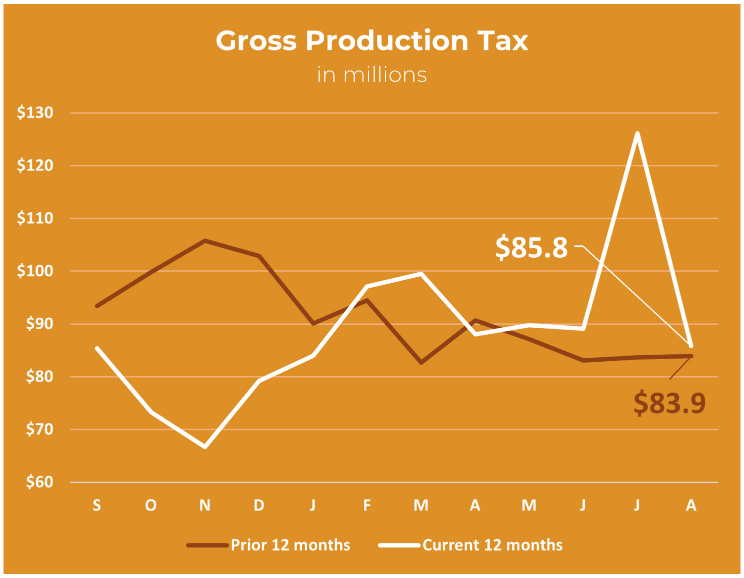
Other Tax Sources[2]
↓ $3.9M or 2.8%

[1] County and municipality taxes
[2] Oklahoma Tax Commission gross taxes

GROSS PRODUCTION TAX (GPT) Oil & Gas Breakout				
	Gross Production Gas	$ 39.65M	Petroleum Gas	$ 428.6K
	Gross Production Oil	$ 45.02M	Petroleum Oil	$ 537.9K

GPT equals **$85.8 million** in revenues for August, an overall increase over last year of **$1.9 million** or **2.3%.**

Gross Production Tax eased from July's sharp jump. The pullback highlights the **cyclical nature of the energy market**, where monthly swings often follow shifts in output and pricing. Even with this decline, **revenue remains consistent** with the broader trend of stability, **continuing to provide reliable support** for Oklahoma's energy-producing regions and state revenues.



Personal Consumption Expenditures Price Index: JULY +2.6%

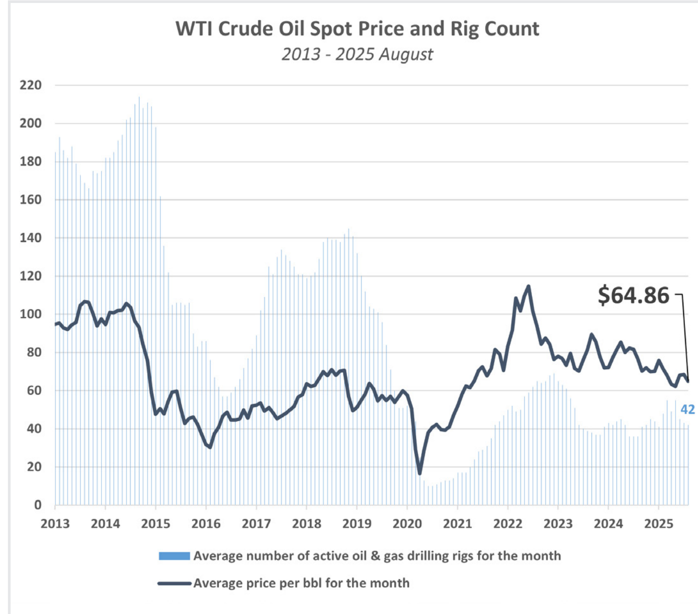
Price growth holding steady, a sign earlier pressures in the economy are easing. While inflation remains above the Fed's 2% target, the stability strengthens the case for a rate cut, which could provide relief to borrowers while keeping the economy on a steady path.

June +2.6%
May +2.4%
April +2.2%

Change From Month One Year Ago

August brought **renewed price pressure** on crude and another decline in drilling activity, **underscoring producers' caution in committing new capital**. Gasoline costs ticked higher but remain stable near the low-$3.20s nationally, **keeping inflationary pressure modest**.

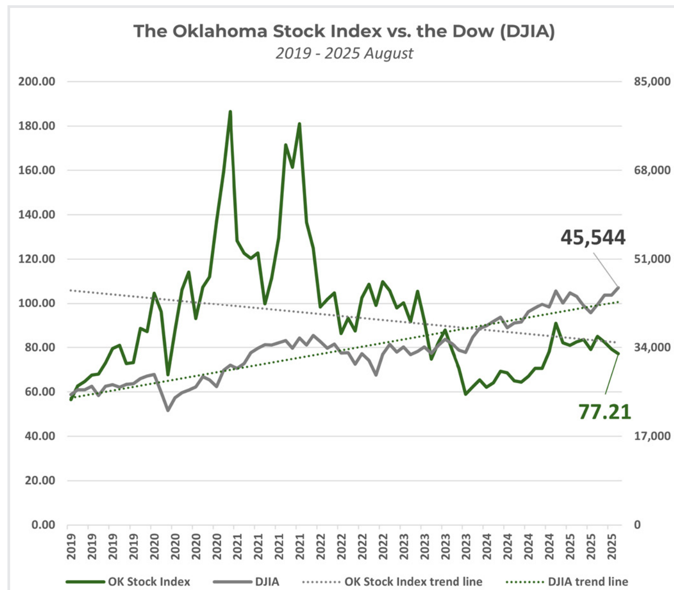
For Oklahoma, GPT revenues remain a bright spot, though with oil prices down and rigs easing, future growth will depend **more on efficient production than on expanding drilling**.



Nationally, markets are rallying on the expectation that **interest rates will ease soon**, helped by persistent but manageable inflation and deteriorating labor-market strength. That's **lifting risk assets**.

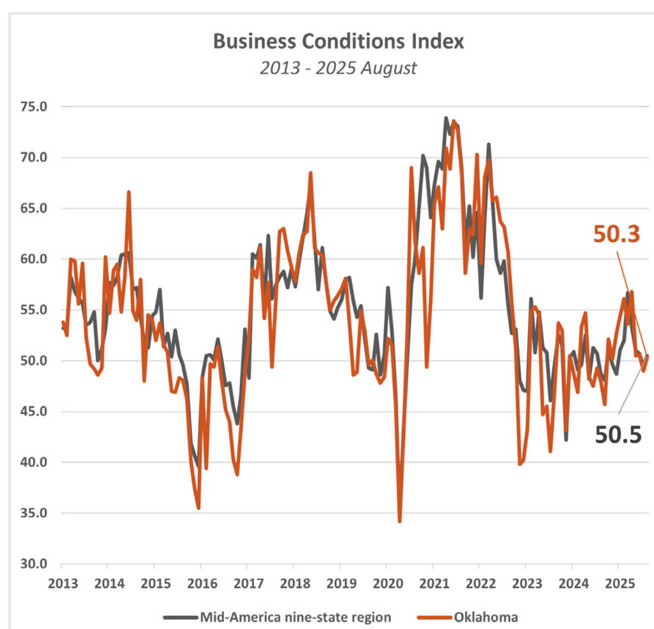
Locally, the index is taking a breather. Investors are more cautious, especially around sectors **sensitive to energy, regulations, and cost pressures**.

Going forward, any continued weakness in national economic reports (jobs, inflation) will **increase expectations for rate cuts**.



The slight rebound of Business Conditions Index above 50 signals that **manufacturing activity is holding steady**, though the weakness in new orders and employment suggests firms remain cautious. **Export growth continues to provide momentum**, helping offset softer domestic demand and slow hiring as the industry heads into the fall.

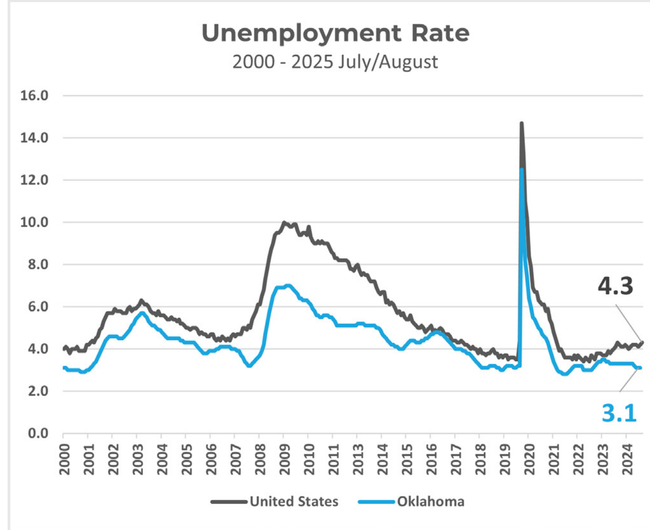
The Oklahoma manufacturing sector exported **$3.5 billion** in goods for the first half of 2025, compared to **$3.3 billion** for the same period in 2024, for a **4.5% gain**, according to ITA data.



Unemployment rates **continue to be steady,** the U.S increasing **0.1%** over last month and OK remaining at **3.1** for the last three months.

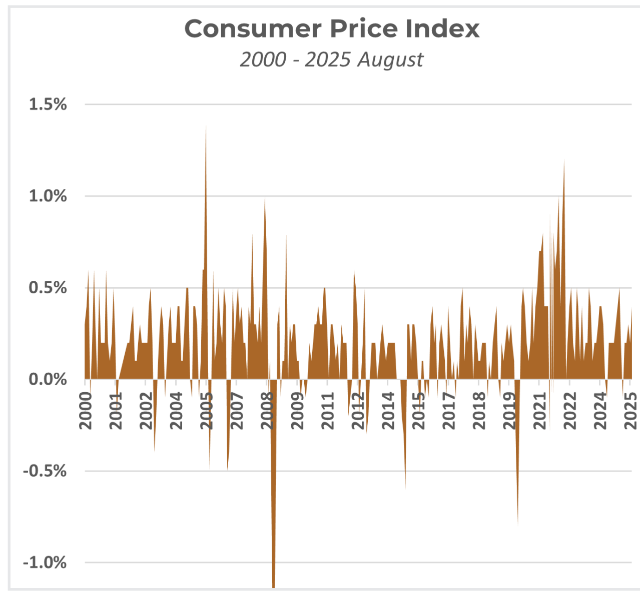
As rates remains very low jobs continue to grow, with non-farm payroll employment with **Oklahoma tied 10th** in the nation for **percentage gain** over the last 12 months and in or near the top 10 for all of 2025.

Nationwide unemployment fell in **2** states, rose in **1** and remained unchanged in **47**.



CPI hit **2.9%** in August, an increase of **0.4%** in price level within the current month, **marking the fifth consecutive monthly increase**. Inflation pressures broadened, with shelter, food, and energy **remaining the primary drivers of higher costs**. Gasoline and electricity prices climbed, while grocery and restaurant prices continued to edge up, keeping household budgets under strain.

The persistence of core inflation signals that **price growth remains rooted**, likely reinforcing the Federal Reserve's cautious stance on interest rate cuts.



The weekly average 30-year fixed rate **decreased slightly** over last month continuing a **steady downward trend** as markets anticipate possible Fed action.

Easing borrowing costs offer some relief, but homebuyers still face obstacles tied to affordability and limited supply.

While the Fed's 2024 rate cuts set **expectations for more rapid declines**, mortgage rates remain slow to adjust, with **long-term outlook** shaped by inflation risks, market volatility, and global economic pressures.