



State Economic Report

December 2025

"December closed out 2025 with a strong rebound in state revenues, reinforcing Oklahoma's long-term fiscal stability even as some indicators point to cooling business activity. The broader revenue picture remains steady as we head into 2026, with careful monitoring of economic conditions ahead."



STATE TREASURER
TODD RUSS

Monthly Comparison: December vs. November 2025



Income Tax
↑ \$207.0M or 51.7%



Gross Production Tax
↑ \$29.2M or 43.7%



Sales & Use Tax¹
↓ \$16.7M or 2.7%



Vehicle Tax
↑ \$12.3M or 19.9%



Other Tax Sources²
↓ \$12.7M or 9.8%

¹ County and municipality taxes

² Oklahoma Tax Commission gross taxes

GROSS PRODUCTION TAX (GPT) Oil & Gas Breakout	Gross Production Gas \$ 41.38M	Petroleum Gas \$ 611K
	Gross Production Oil \$ 81.23M	Petroleum Oil \$ 1.15M

GPT equals **\$124.5 million** in revenues for December, an overall increase over month of **\$86.9 million** or **231.6%**.

The sharp rebound reflects **higher production and improved pricing** following a weaker month, highlighting the volatility common in the energy market. Even with these swings, the strength seen in December reinforces the sector's ability to **recover quickly and continue supporting Oklahoma's economy**, particularly in energy-producing regions.



Personal Consumption Expenditures Price Index: SEPT +2.8% AUG. +2.7% JUNE +2.6%

September's inflation reading increase shows prices remain elevated but relatively stable compared to last year. While inflation is still above the Federal Reserve's target, the somewhat gradual **trend supports a cautious approach to interest rate cuts**, balancing economic growth and employment with the need to keep inflation under control.

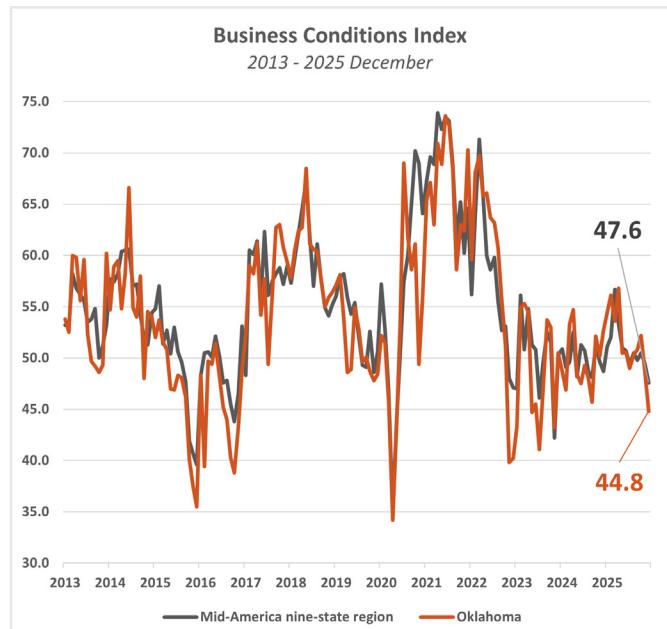
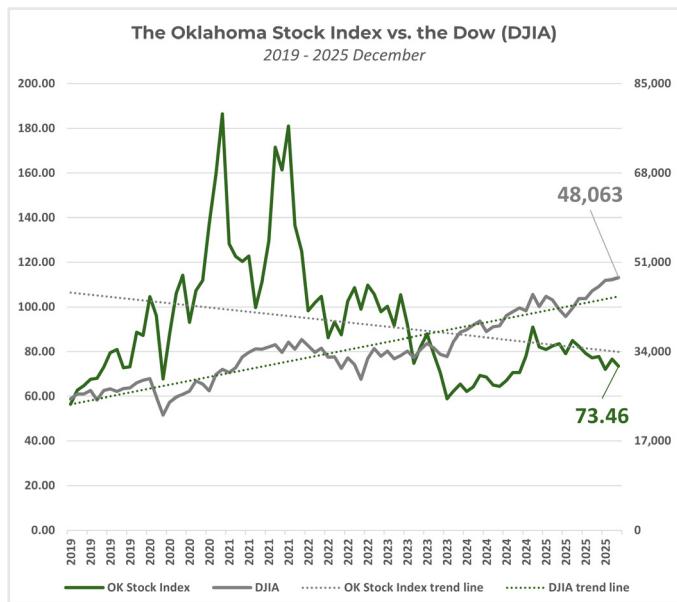
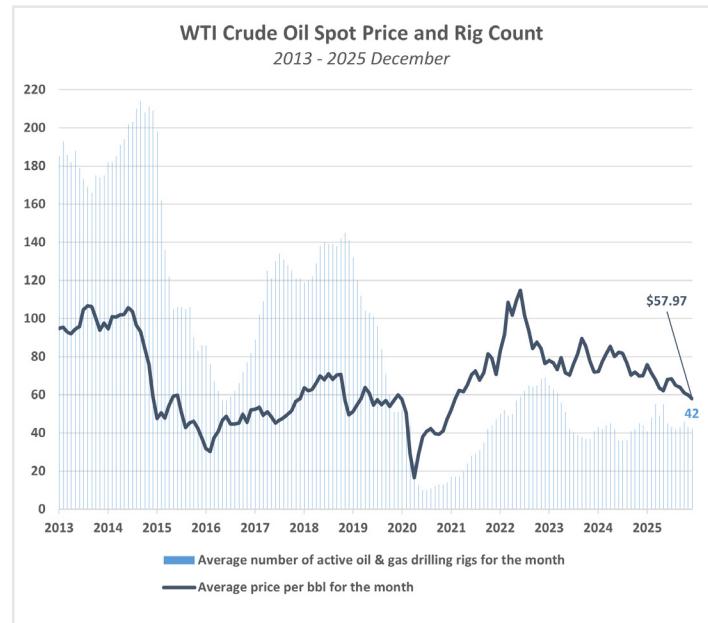
December capped a year of moderation in the energy sector. Oil prices trended lower through the fall, and producers responded by scaling back drilling while maintaining output from existing wells. The decline in gasoline prices helped **ease cost-of-living pressures for households**.

For Oklahoma, GPT revenues remain supported by **steady production levels** despite weaker pricing. While lower oil prices may temper growth heading into the new year, disciplined operations and existing production seem to provide a stable base revenue.

Nationally, markets remain strong, supported by **solid corporate earnings** and growing expectations that interest rates could ease if economic conditions soften. Investor focus remains on incoming economic data and Federal Reserve guidance.

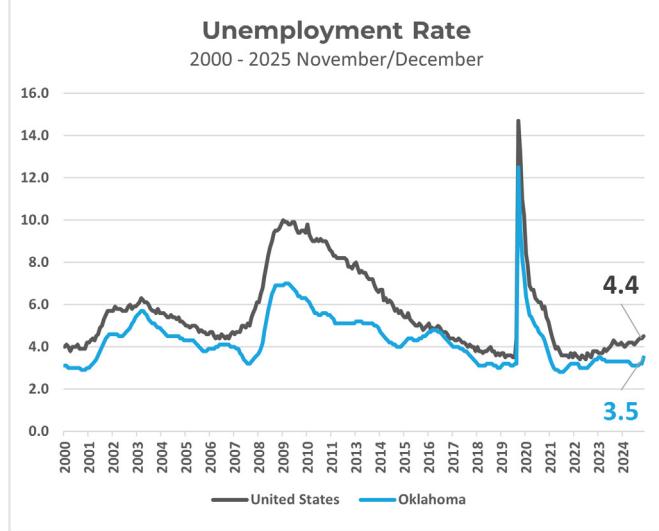
Locally, the Oklahoma Stock Index moved lower, reflecting continued caution among investors. Energy prices, commodity trends, and regulatory pressures remain key factors shaping whether the index stabilizes or continues to face headwinds.

The further decline below growth neutral points to a deepening slowdown in manufacturing, driven by weakening demand, reduced production, and continued labor market softening as earlier tariff-related purchasing fades. Delivery times have eased but remain elevated, suggesting supply chain frictions persist even as activity contracts. Slowing exports and rising unemployment claims indicate manufacturers are increasingly defensive, closing out the year under modest economic headwinds.

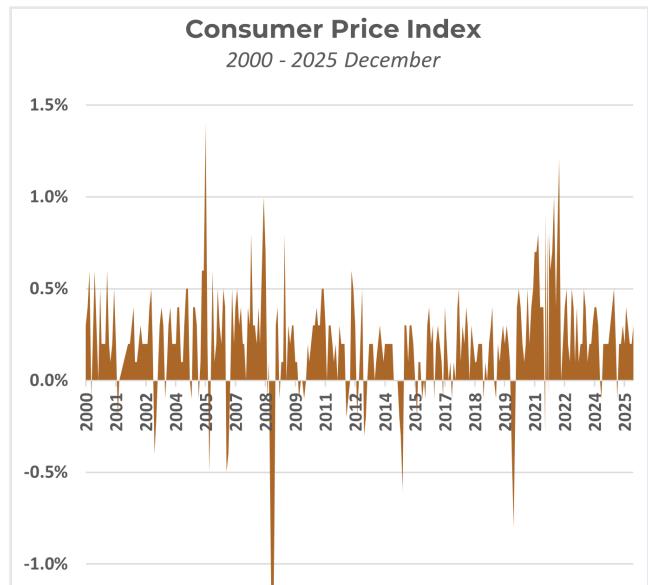


The unemployment rate is **4.4%** for the U.S. decreasing **0.2%** over the last month. Oklahoma also rose to **3.5%** increasing **0.3%** over the last two months.

Job growth **remains steady nationwide**, with non-farm payrolls continuing to expand and Oklahoma maintaining a **position near the top tier** for percentage gains over the past 12 months. Manufacturing activity is slowing, and rising unemployment in some regions signals caution as 2026 begins.



CPI hit **2.7%** in December, an increase of **0.3%** over three months from September to December, marking the **eighth consecutive increase**. Inflation pressures remained broad-based, with shelter, food, and energy leading the gains. Vehicles and communication services, saw smaller increases, **providing limited relief**. Core CPI remained elevated, reflecting persistent underlying price growth across goods and services. The sustained upward trend over eight straight months highlights the durability of inflationary pressures as 2025 closes and signals a cautious outlook into 2026.



The average 30-year fixed-rate mortgage fell to **6.15%** in December, **marking the lowest level of 2025** and continuing the steady decline from previous months. **Borrowing costs remain relatively low**, providing some relief for homebuyers, though affordability, limited inventory, and buyer confidence continue to challenge the market.

Following the Fed's recent rate cuts in September and October 2025, **mortgage rates have settled at lower levels**, and markets are watching for any further adjustments supporting homebuyer activity.

