OKLAHOMA
State Treasurer

Economic Outlook

August 2026

Oklahoma economic indicators show steady conditions

AUGUST 2025 VS. 2026

Gross Production Tax
▲ $14.2M or 16.5%

Income Tax
▲ $6.0M or 1.6%

Sales & Use Tax
▲ $36.1M or 6.1%

Motor Vehicle Tax
▼ $10.4M or 14.5%

Other Tax Sources
▲ $1.3M or 0.9%

"August's numbers show Oklahoma's economy continuing to move in a positive direction. Annual revenue has reached $18 billion, with growth across several major tax sources. We're also seeing some moderation in inflation, even as the labor market continues to cool."

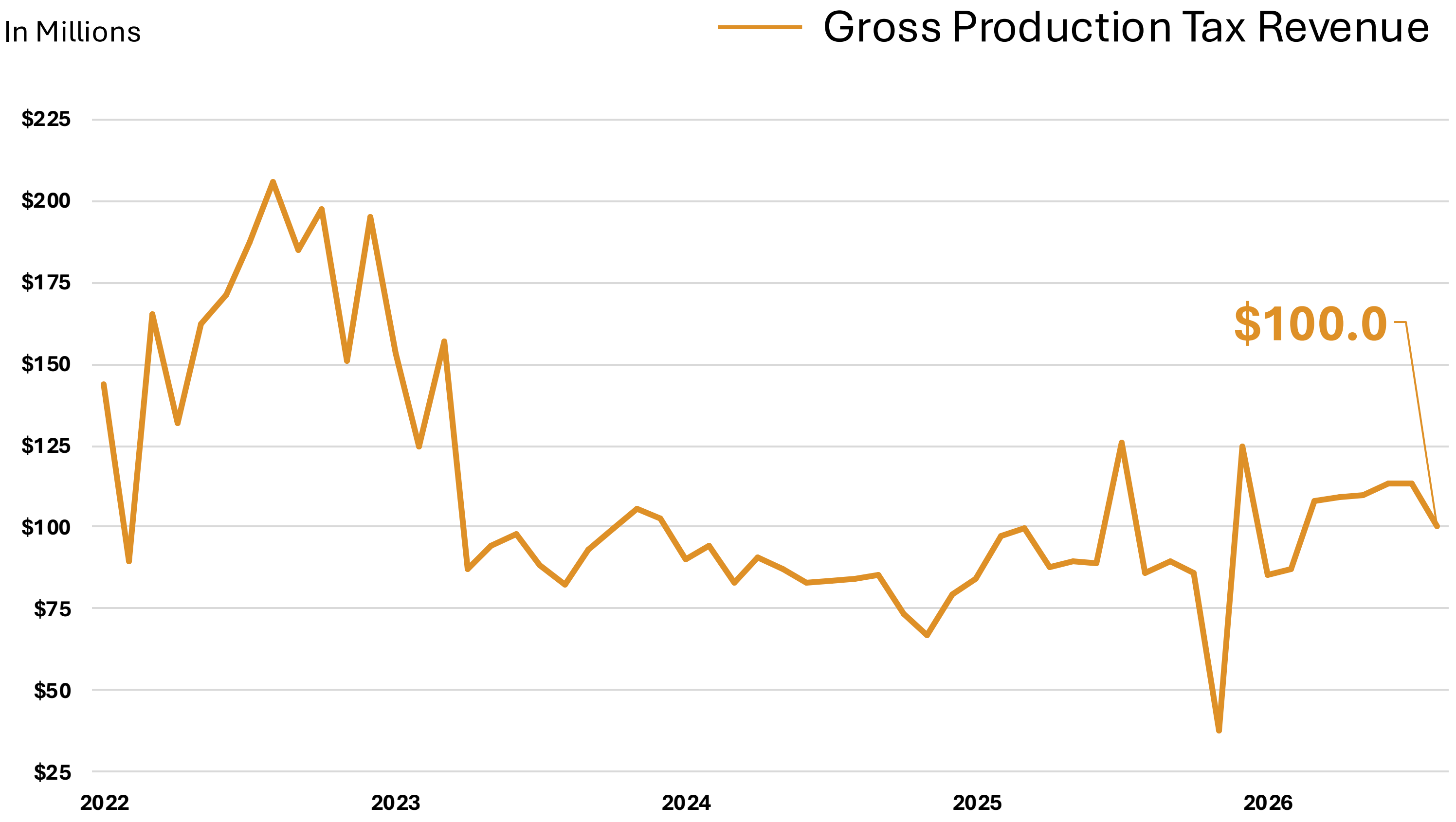
STATE TREASURER
Todd Russ

Oil and Natural Gas Revenues Continue Strong Year-Over-Year Growth

August Gross Production Tax revenue remained at a strong level, with a notable year-over-year increase and continued growth in the rolling 12-month trend.

While revenue declined from July, the broader trend continues to **show stronger performance** than the previous year, reflecting sustained activity in Oklahoma's oil and natural gas sector.

The longer-term **growth provides continued support for state revenue** and energy-producing communities across Oklahoma.

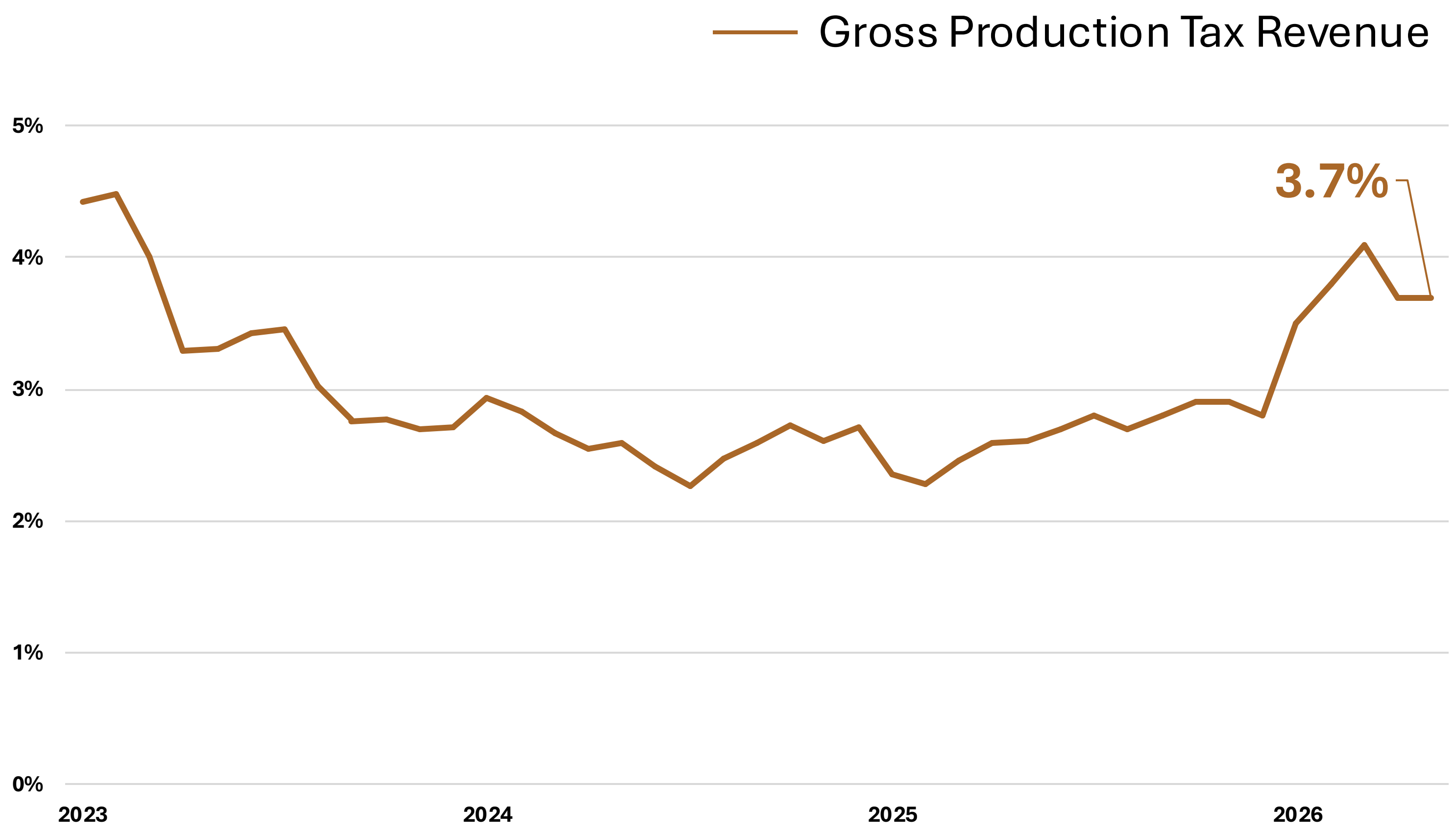


Graph Source: Oklahoma State Treasurer

PCE Inflation Holds Steady at 3.7% in July

The Personal Consumption Expenditures (PCE) price index increased 3.7% in July compared to the same month one year ago, matching June's rate. The **steady reading follows a moderation** from 4.4% in May and suggests that the pace of annual price growth has leveled off after rising earlier this year.

While inflation remains elevated, the stabilization in recent months provides a more **measured outlook for price pressures**. The trend will remain important as the Federal Reserve weighs interest rate policy and the broader economic outlook.

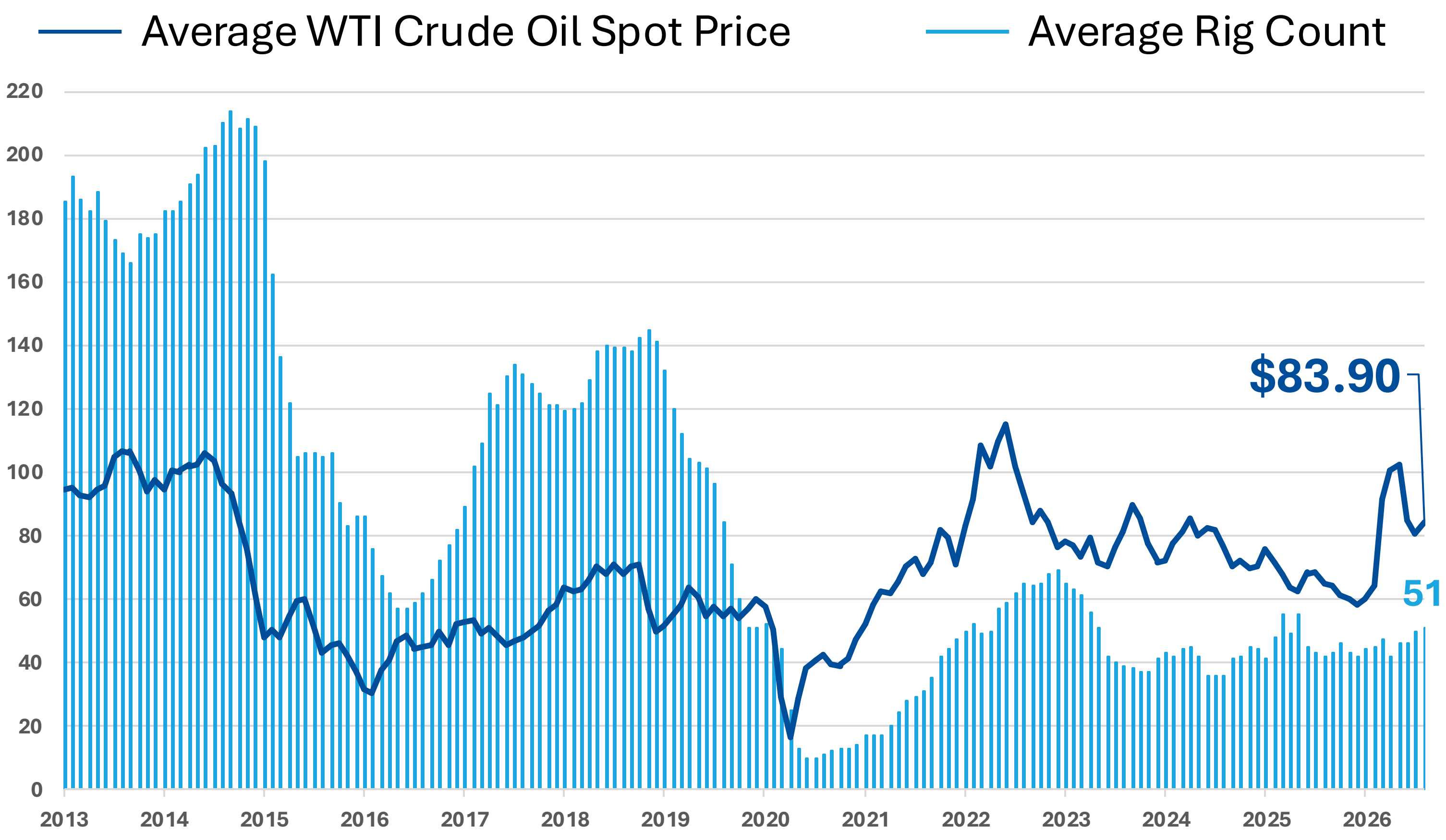


Graph Source: Bureau of Economic Analysis

Energy sector maintains strength as fuel costs ease

August continued to show strength in Oklahoma's energy sector, with sustained oil prices and increased drilling activity supporting producer revenues and the outlook for gross production tax. The modest decline in gasoline prices offers some relief to consumers, although **fuel costs remain a notable source of household and inflationary pressure**. Continued energy-sector activity provides a positive contribution to Oklahoma's economy as summer ends.

The national average declined to **$4.192 per gallon**, providing some relief, though fuel costs remain elevated compared with the beginning of the year.

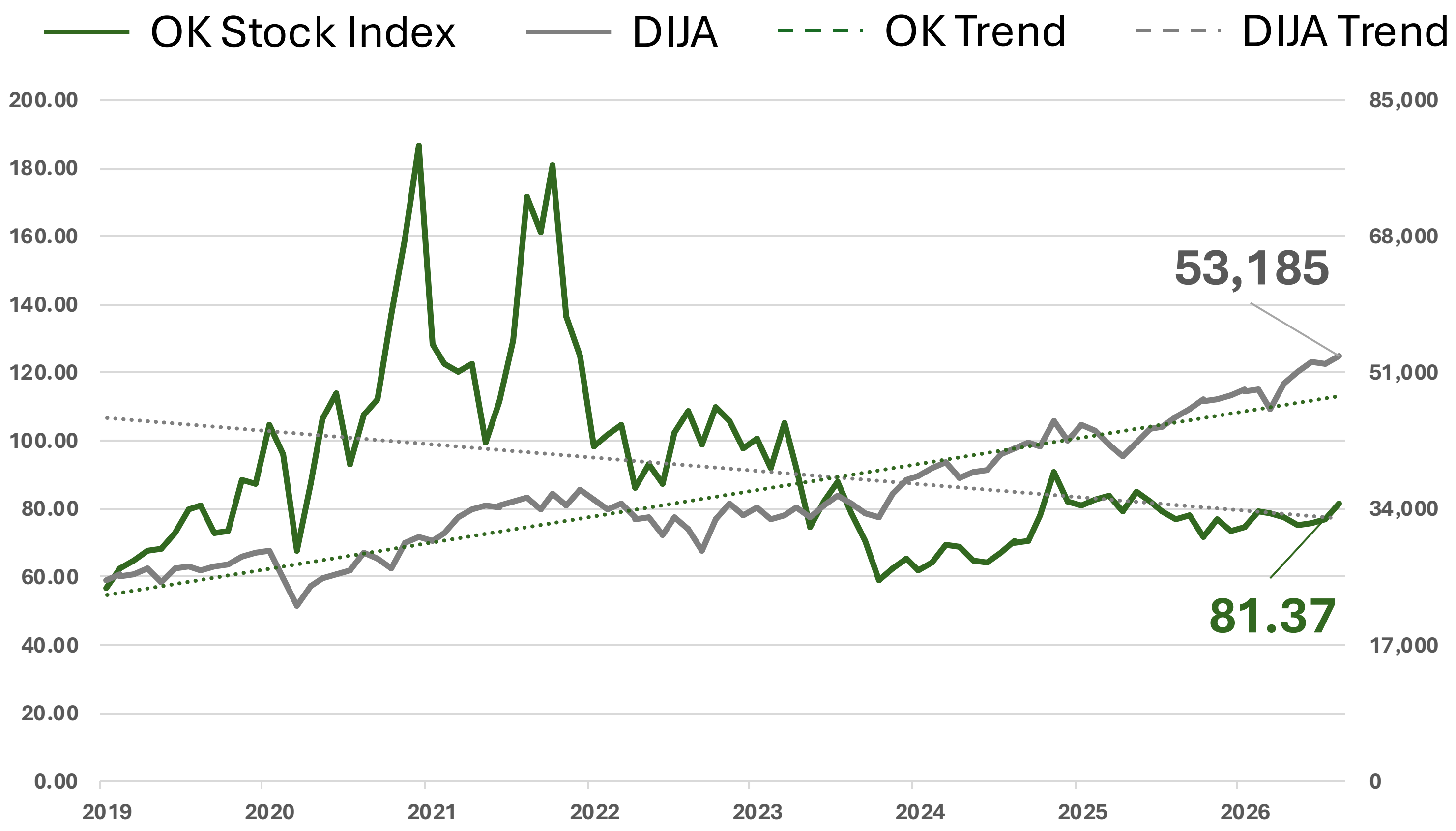


Graph Sources: Energy Information Administration and Baker Hughes

Markets rise as Oklahoma index gains momentum

Nationally, **markets continued to strengthen**, with the Dow reaching new highs amid solid corporate earnings and continued investor confidence. **Attention remains focused on economic data** and Federal Reserve guidance as investors assess the outlook for interest rates.

Locally, the Oklahoma Stock Index posted a stronger gain, reflecting **improving investor sentiment** after several months of weakness. Energy markets, commodity prices, and regulatory developments remain important factors that could influence whether the Oklahoma index sustains its upward momentum.

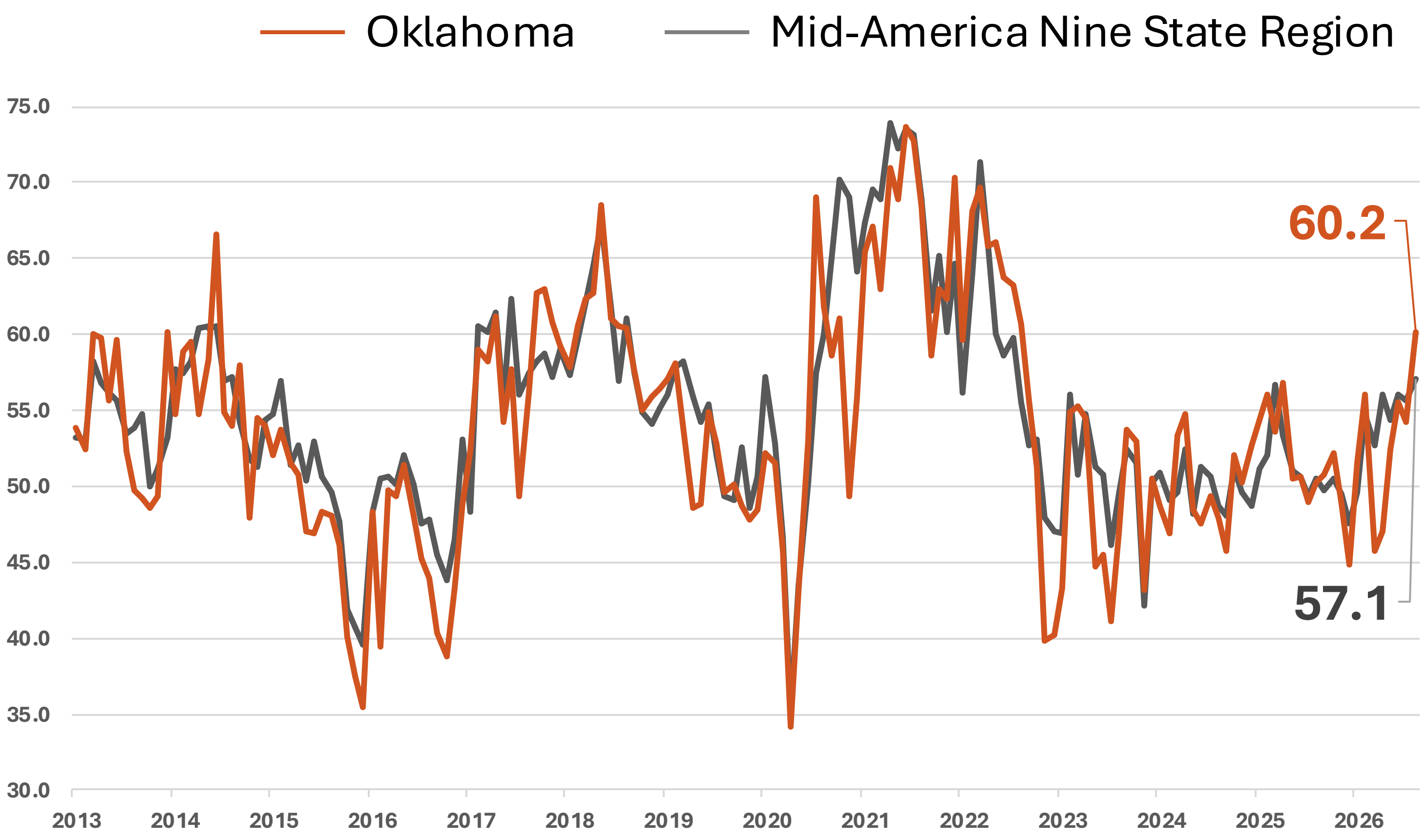


Graph Sources: Oklahoma State Treasurer and Yahoo Finance

Manufacturing growth accelerates in August

August's Business Conditions Index climbed well above growth neutral, **signaling a significant strengthening in manufacturing activity.** Stronger orders, production, inventories and employment point to broad-based expansion, while improving employment conditions suggest manufacturers are beginning to rebuild their workforce.

However, the state's manufacturing sector remains below last year's employment level, with **durable goods manufacturers accounting for a significant share of recent job losses**.

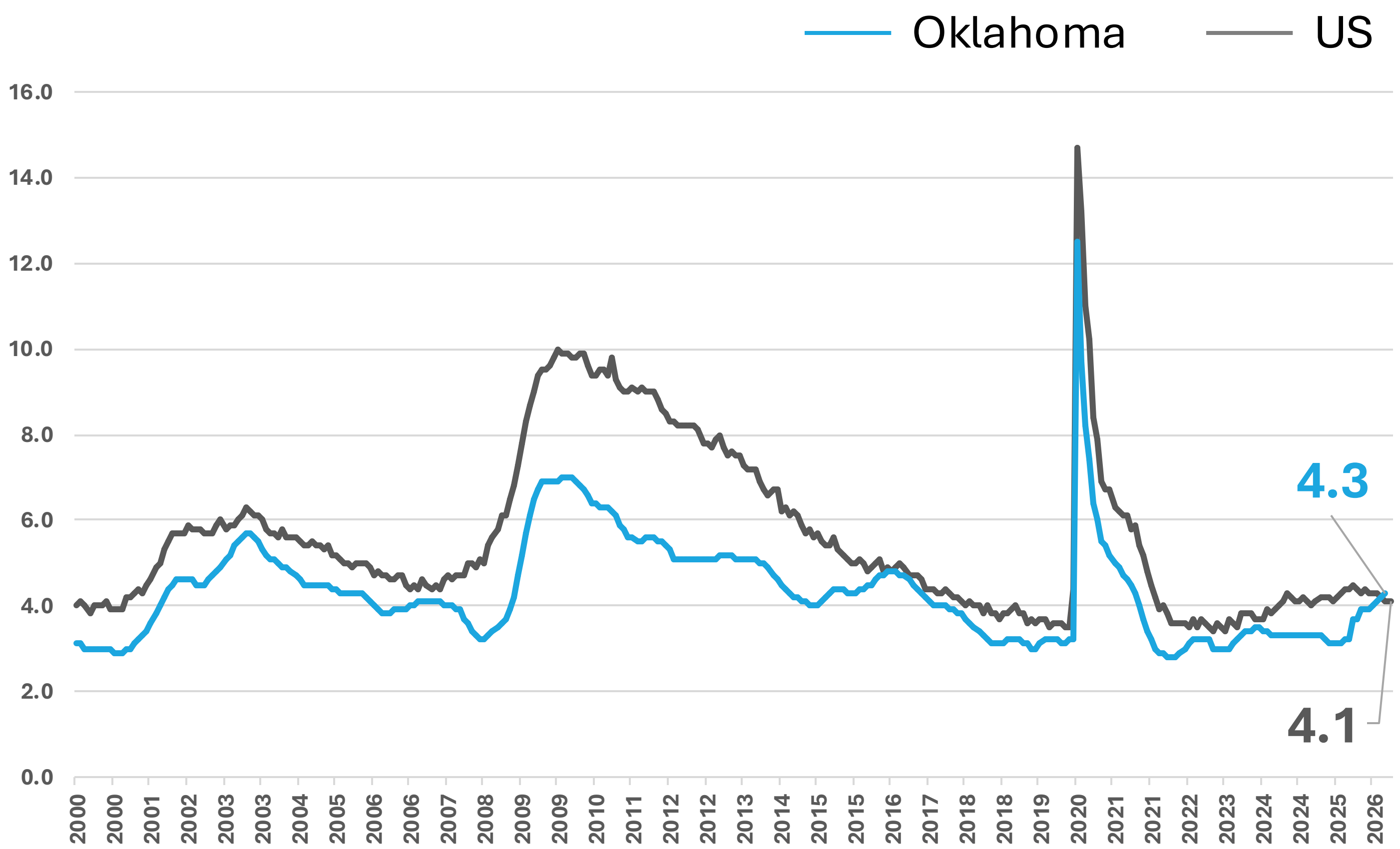


Graph Source: Creighton Business Index

Labor market remains resilient despite gradual cooling

The unemployment rate for the U.S. decreased to 4.1% in July, while Oklahoma increased slightly to 4.2%. The **labor market continues to show resilience**, with employment levels remaining strong despite a gradual moderation in job growth. **Non-farm payroll employment continues to expand nationally**, although gains have become more measured across several industries.

Overall, **unemployment remains relatively low**, while slower hiring and softer business activity point to a labor market that is cooling without showing signs of a significant downturn.

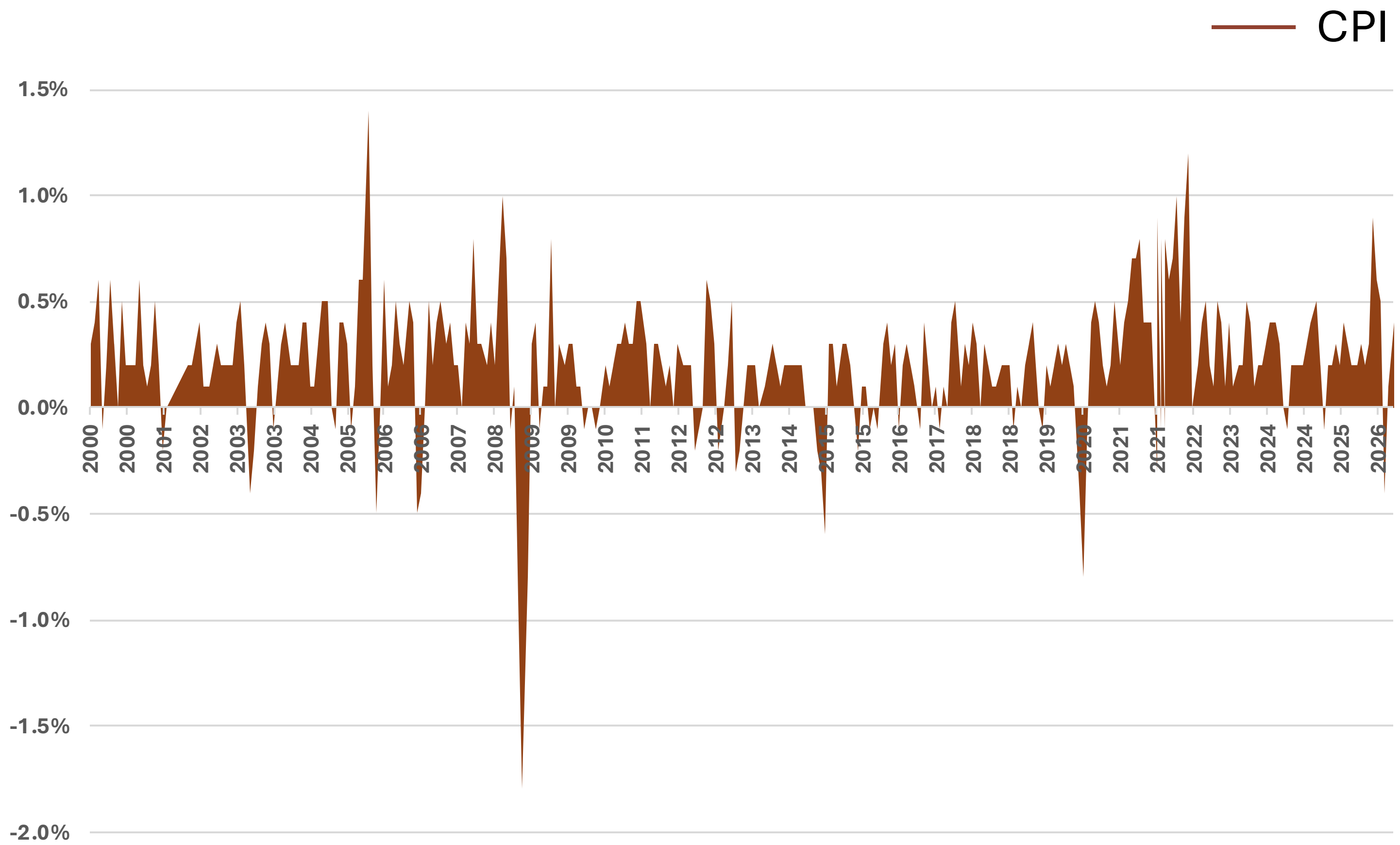


Graph Source: US Bureau of Labor Statistics

Inflationary pressures strengthen in August

CPI increased 0.4% in August, following a 0.1% increase in July and **signaling renewed upward pressure on prices**. The acceleration reflects continued price pressures across key consumer categories, keeping inflation elevated. Shelter and other core costs remain important contributors to overall price growth, while increases in food and energy add to household expenses.

The latest data suggests **inflation has not yet settled into a consistently moderating trend**, with August's increase reversing some of the easing seen earlier in the summer.



Graph Source: US Bureau of Labor Statistics

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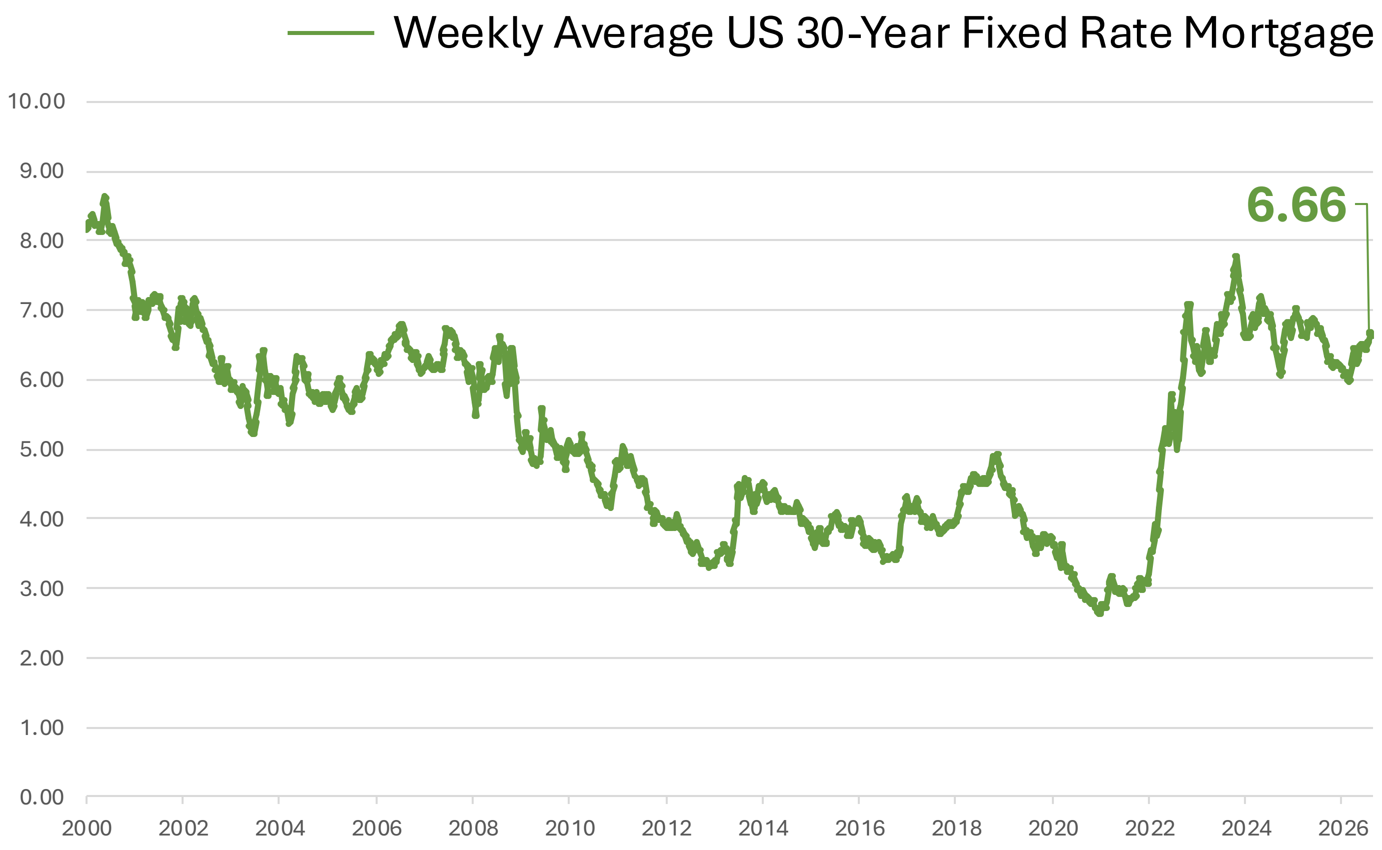
Mortgage rates hold in August

The average 30-year fixed-rate mortgage remained relatively steady in August 2026 after rising through July, with rates fluctuating only slightly throughout the month. Borrowing costs remain elevated compared with the lows reached earlier in 2026, **continuing to weigh on housing affordability and buyer confidence**.

Recent movements reflect **changing inflation expectations and financial market conditions**, while the outlook for borrowing costs will depend on how economic conditions develop in the months ahead.



Graph Source: FRED

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