

OKLAHOMA
State Treasurer

Economic Outlook

October 2026

October revenue gains led by gross production and sales taxes

October 2025 VS. 2026

Gross Production Tax
▲ $16.3M or 19.0%

Income Tax
▼ $32.3M or 5.7%

Sales & Use Tax
▲ $43.4M or 7.5%

Motor Vehicle Tax
▲ $2.9M or 4.1%

Other Tax Sources
▼ $0.3M or 0.2%

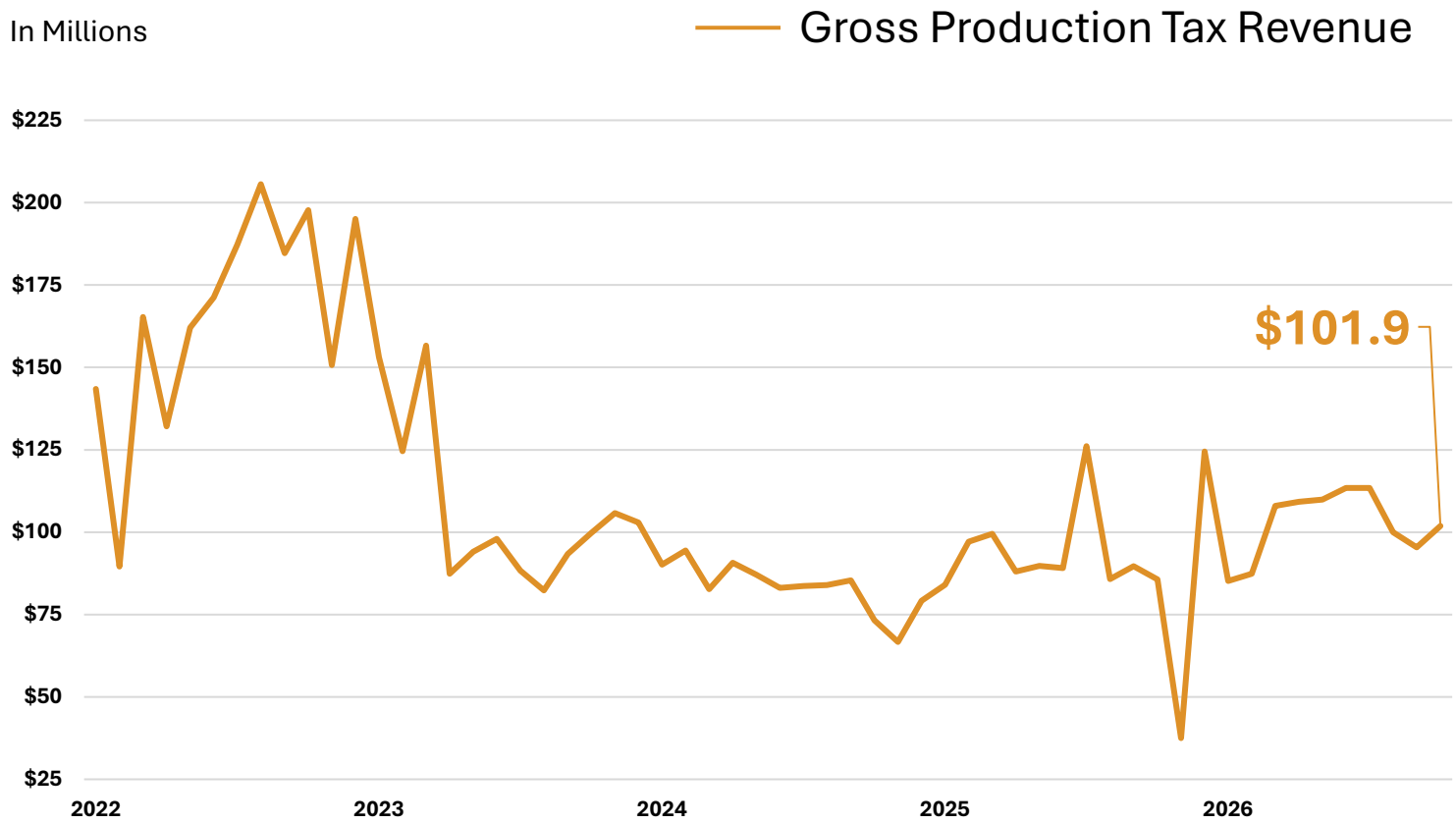
"Oklahoma continues to see encouraging growth across several major revenue sources, with manufacturing activity and the energy sector contributing to the state's economic performance. While some indicators reflect ongoing economic pressures, the broader picture shows continued strength in important areas of Oklahoma's economy."

STATE TREASURER
Todd Russ



Oil and natural gas revenues build on strong fall growth

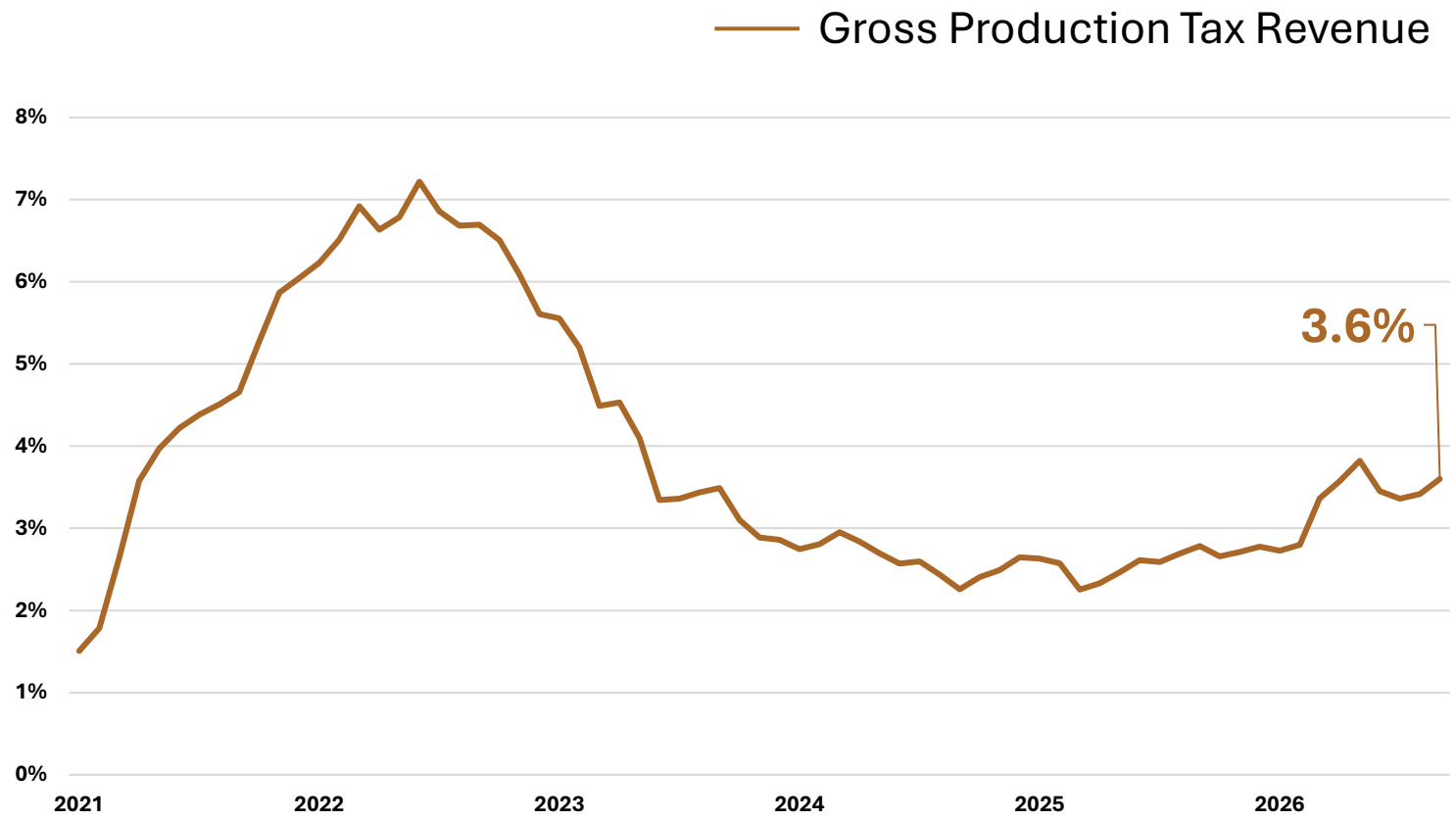
October Gross Production Tax revenue increased from the previous month and **posted a substantial gain** compared to the same month last year. The rolling 12-month trend also continued to strengthen, reflecting sustained improvement in overall revenue performance compared to the prior year. The combination of monthly and year-over-year growth points to **continued strength in Oklahoma's oil and natural gas sector**. While revenue can fluctuate with market conditions and production activity, the broader trend remains positive, reinforcing the industry's important contribution to state revenue and Oklahoma's economy.



Graph Source: Oklahoma State Treasurer

PCE Inflation Rises to 3.6% in September

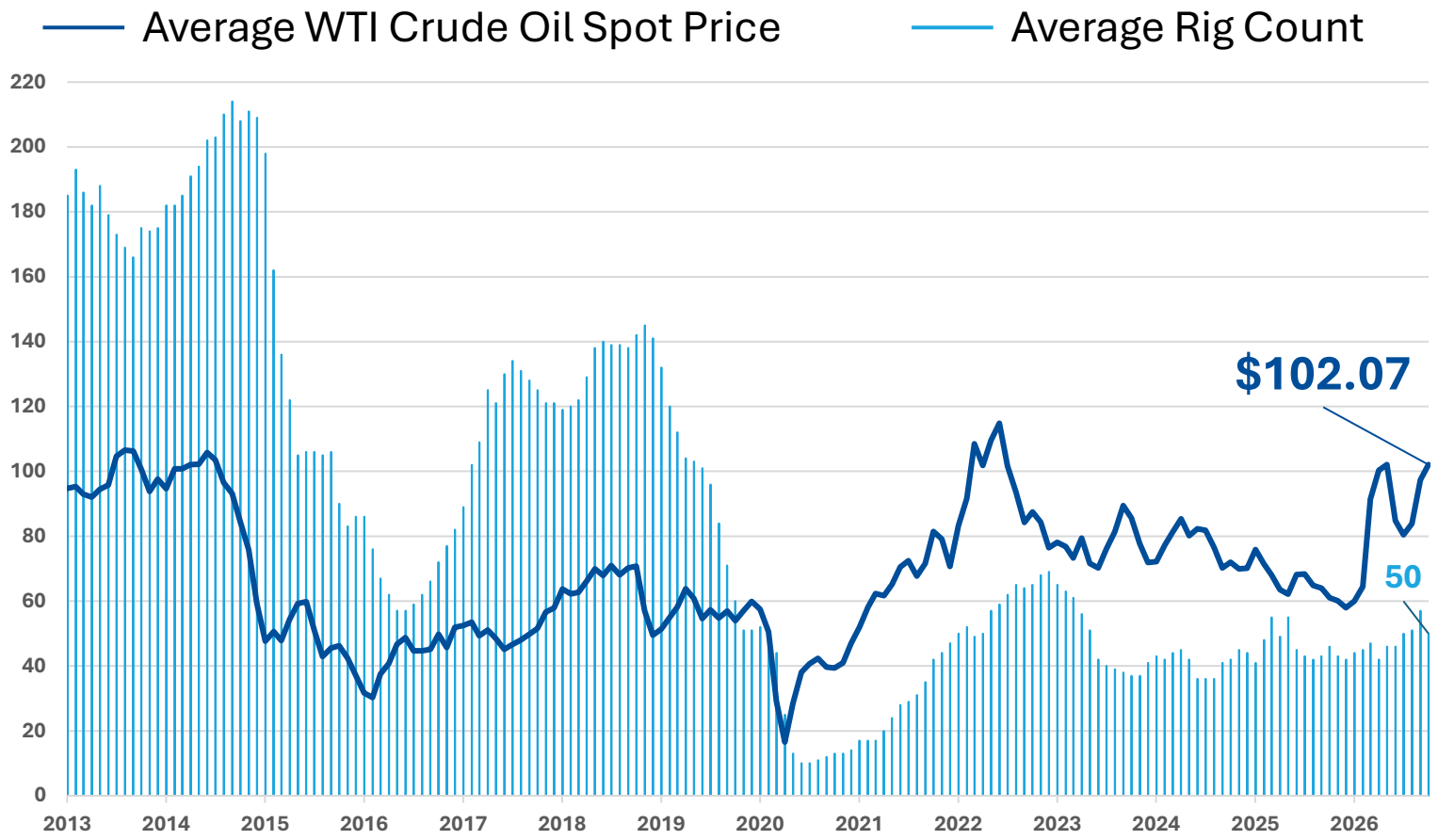
The Personal Consumption Expenditures (PCE) price index increased 3.6% in September compared with the same month last year, up from 3.4% in August. The increase reflects **renewed upward pressure on consumer prices**, with the index also rising 0.5% from the previous month. Core PCE inflation, which excludes food and energy, reached 3.1% year over year, indicating that price pressures extend beyond more volatile categories. With both measures remaining above the Federal Reserve's 2% target, inflation continues to present a challenge for policymakers as they weigh the direction of interest rates.



Graph Source: Bureau of Economic Analysis

Energy sector maintains momentum as fuel costs ease

October brought continued strength to Oklahoma's energy sector, with higher oil prices supporting producer revenues and the outlook for gross production tax (GPT) revenue. Although drilling activity moderated, sustained oil prices suggest **producers continue to see favorable market conditions**. The energy industry remains an important contributor to Oklahoma's economy, supporting jobs, business activity and state finances. Continued strength in the sector may provide additional support for state revenue in the months ahead, while the modest decline in gasoline prices offers some relief to households facing elevated fuel costs.

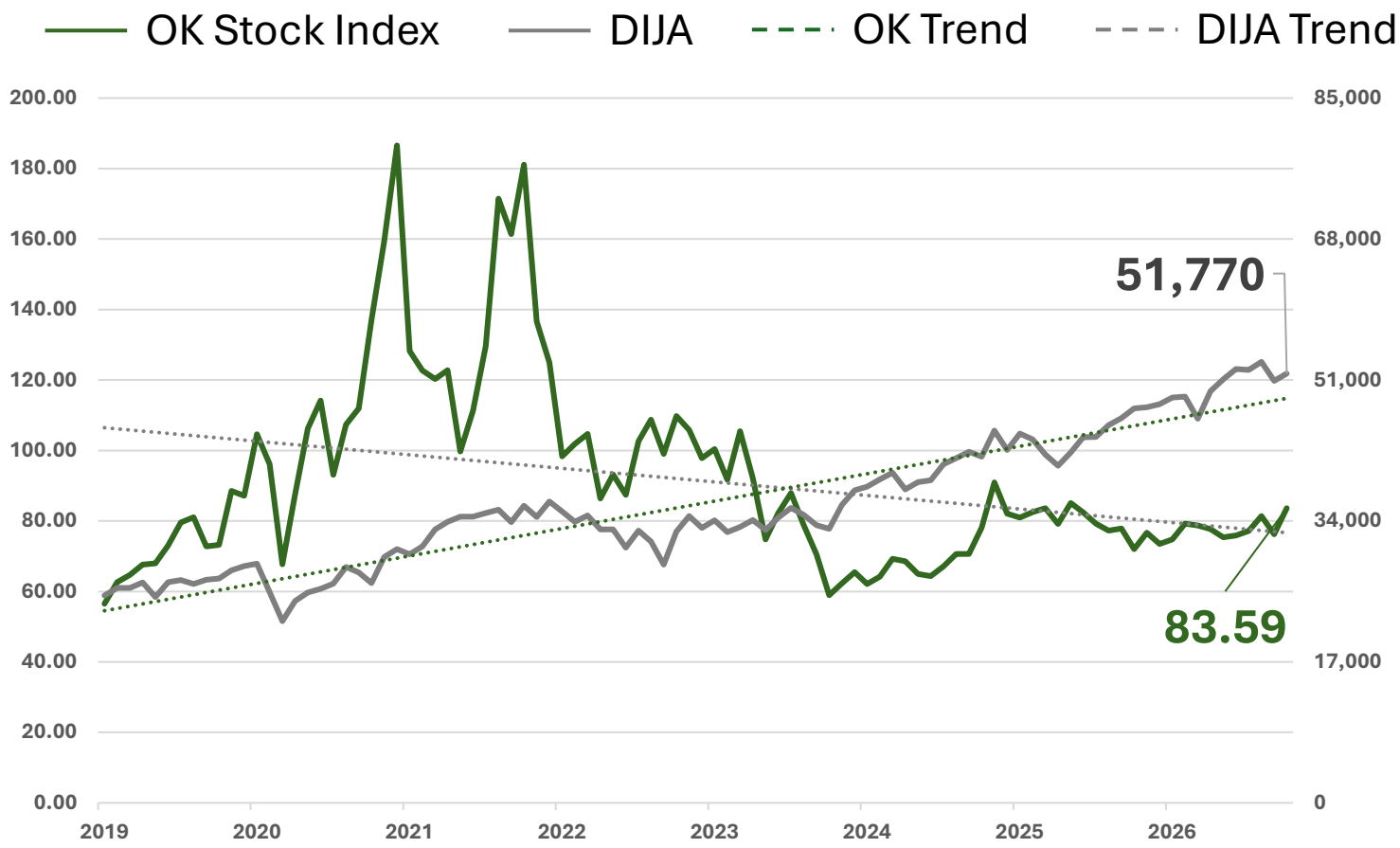


Graph Sources: Energy Information Administration and Baker Hughes

Oklahoma stock index rebounds alongside national markets

Nationally, DIJA posted a modest gain, even as broader markets faced **pressure from technology stocks and concerns about inflation and interest rates.** Investors shifted toward more traditional and defensive sectors, while corporate earnings and Federal Reserve policy remained central to the market outlook.

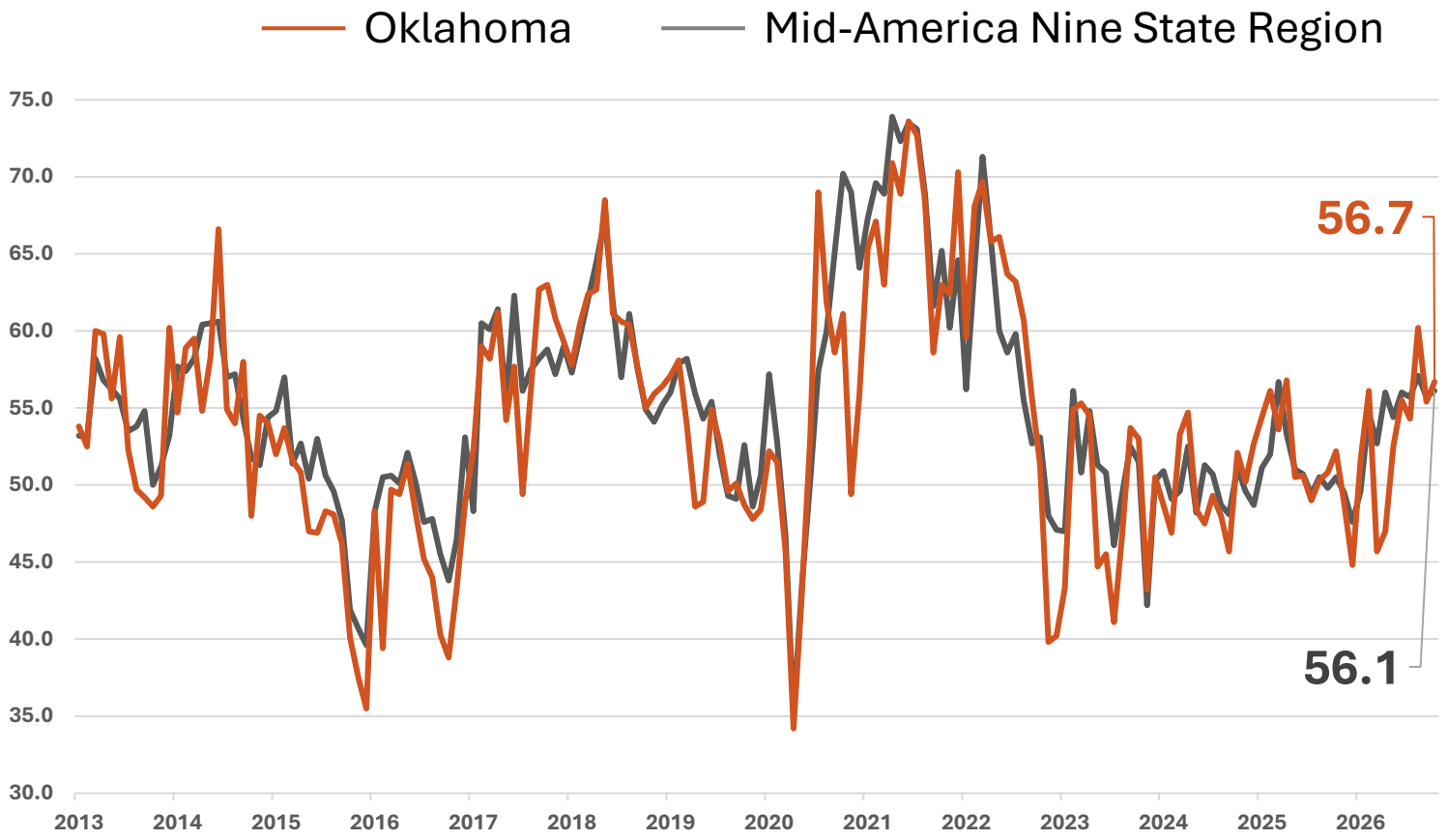
Locally, the Oklahoma Stock Index recorded a stronger recovery, reversing much of its previous month's decline. The improvement **points to renewed momentum** among Oklahoma-based stocks, though energy prices, commodity trends and regulatory developments will continue to influence the index's performance.



Graph Sources: Oklahoma State Treasurer and Yahoo Finance

Manufacturing growth strengthens in October

October's Business Conditions Index rose to 56.7, **signaling stronger expansion in Oklahoma's manufacturing sector**. New orders, production and employment all improved, pointing to broad-based growth and continued momentum heading into the final months of the year. However, manufacturing employment remains a weak spot, with the sector losing 800 jobs over the past 12 months even as the rest of the state economy added jobs. This contrast suggests manufacturing growth has yet to translate into broader workforce gains.

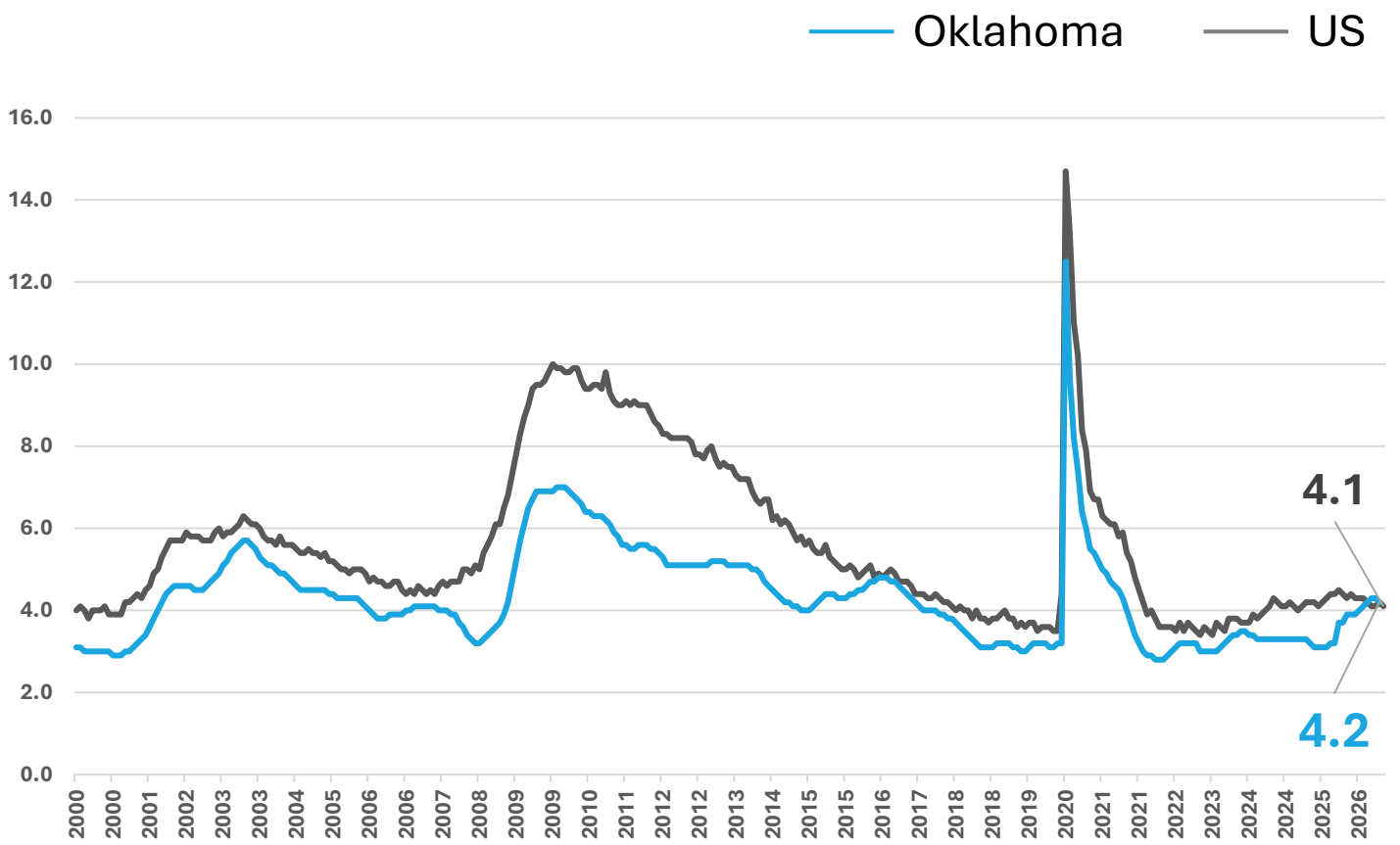


Graph Source: Creighton Business Index

Labor market remains steady amid slower job growth

The national unemployment rate held steady in October, while Oklahoma's September rate remained unchanged from the prior month. Labor **market conditions continue to show resilience**, though job growth has moderated and hiring has slowed from the pace seen in recent years.

Employment trends suggest the economy is **adjusting to more measured growth**, with conditions varying across industries. Overall, the labor market remains stable, even as businesses take a more cautious approach to hiring.

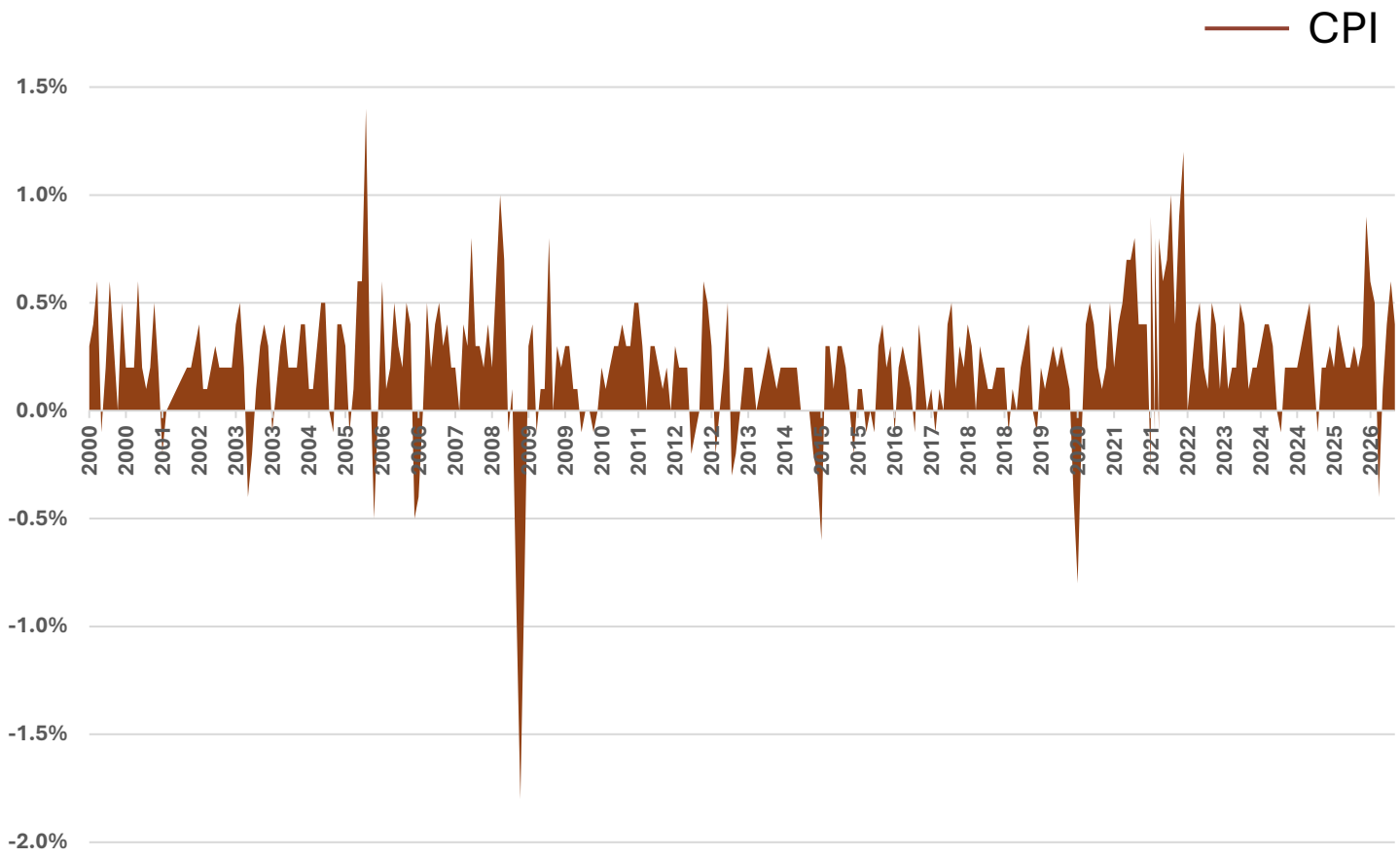


Graph Source: US Bureau of Labor Statistics

Monthly inflation increases moderate in October

The Consumer Price Index increased 0.4% in October on a seasonally adjusted basis, following a 0.6% increase in September. Although the monthly increase was smaller than the previous month, it indicates that **upward pressure on consumer prices remains**. The annual CPI figure for October has not yet been officially released, limiting the ability to assess the broader year-over-year trend.

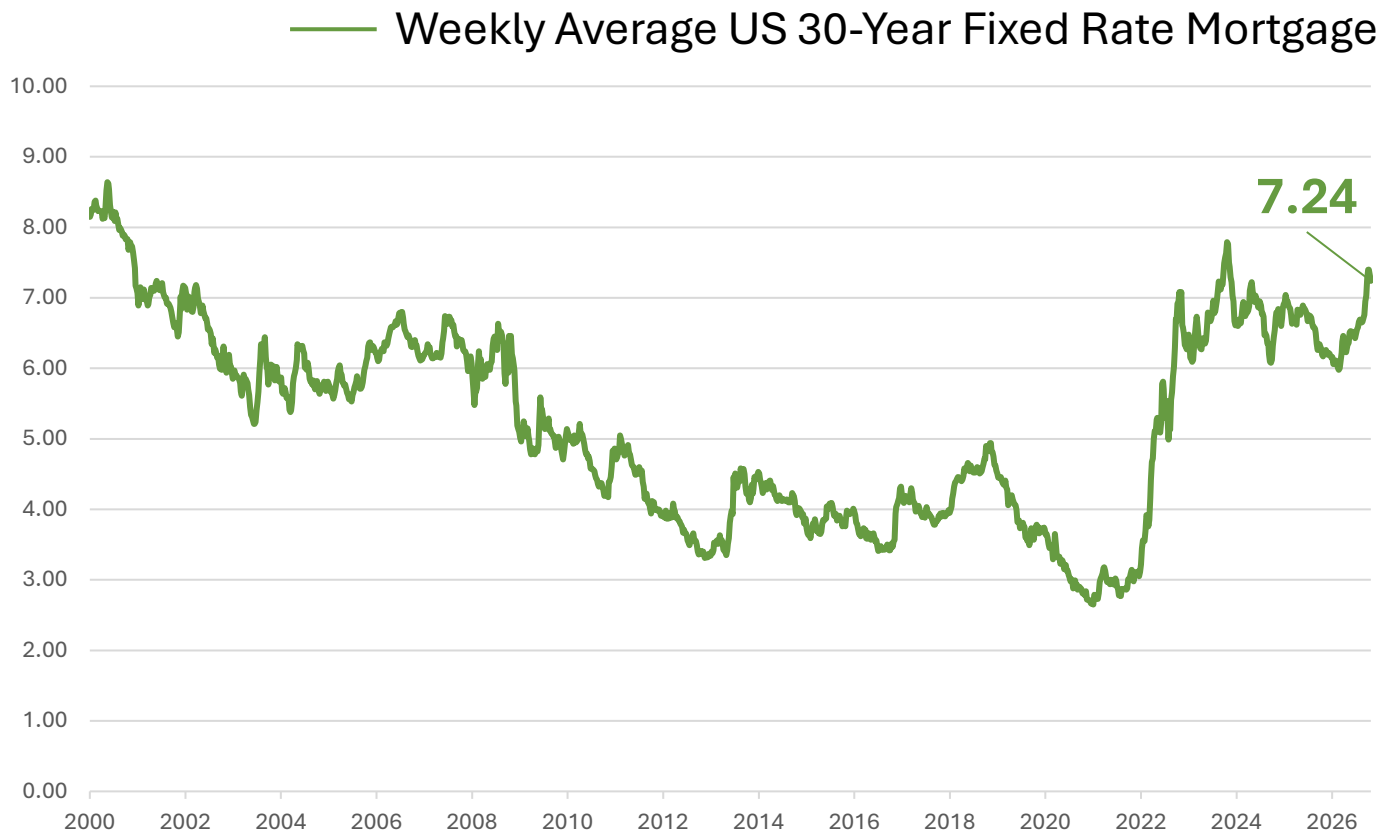
The latest monthly data nevertheless suggests that consumers continue to face rising costs, underscoring the importance of monitoring price trends across key household expenses.



Graph Source: US Bureau of Labor Statistics

Mortgage rates remain elevated despite late-month decline

The average 30-year fixed-rate mortgage climbed to 7.40% during October 2026 before easing slightly in the final weeks of the month. Despite that late-month decline, **rates remain elevated, adding to borrowing costs** and creating continued challenges for prospective homebuyers. Higher mortgage rates can affect affordability, buyer confidence and overall housing demand, particularly as households weigh financing costs against home prices and available inventory. Looking ahead, inflation trends, financial market conditions and the broader economic outlook will continue to influence the direction of mortgage rates.



Graph Source: FRED