



Federal Reserve
Bank of Dallas

Texas Economic Performance and Outlook

(May 2024)

“Employment Growth Accelerates in April”

Laila Assanie, Pia Orrenius and Luis Torres

Federal Reserve Bank of Dallas

5/17/2024

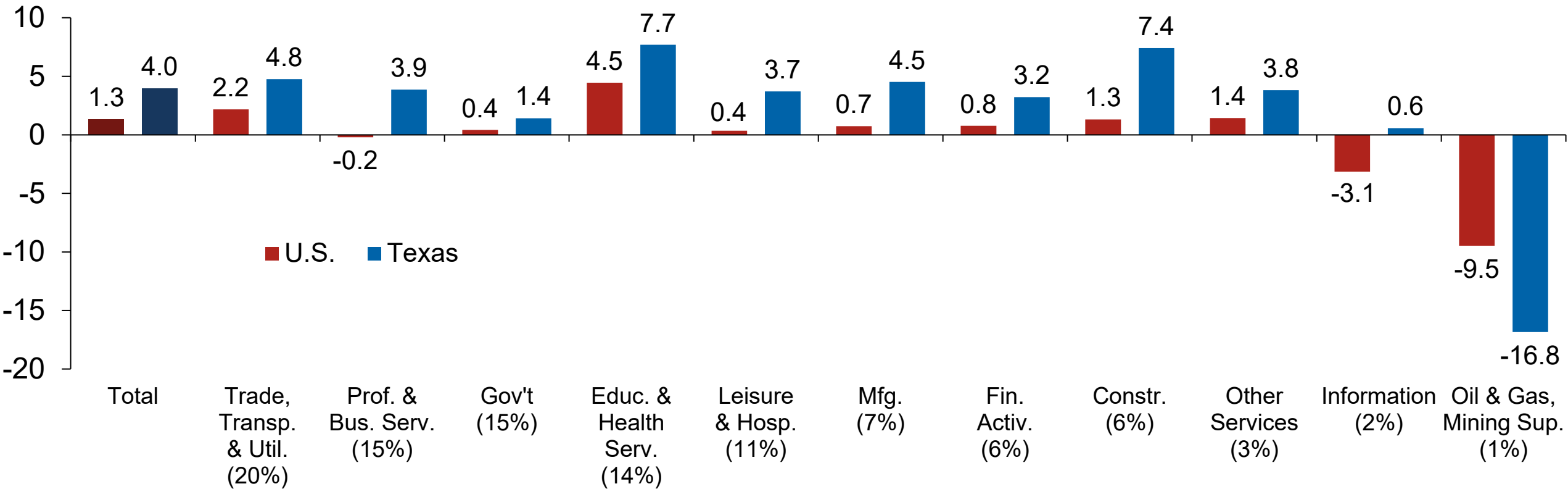
What's New: Job growth picks up in April, 2024 employment forecast revised up

- Texas employment rose 4.0% in April, faster than March's 1.5% increase
 - Texas job growth outpaced the nation's 1.3% rise in April
- The Dallas Fed's Texas Employment Forecast indicates jobs will increase by 2.6% in 2024
 - Forecast was 2.3% percent previously
- Year-to-date Texas employment growth is 2.9%, greater than the U.S. 1.9%
- Texas unemployment rose to 4.0% in April
 - U.S. unemployment rate ticked up to 3.9% in April
- April Texas Business Outlook Surveys (TBOS) show improvement in manufacturing production but flat service sector activity.
 - Many Texas firms have adopted AI technologies, but job losses expected to be limited

Overall Economic Activity

Texas job growth robust and broad-based in April except for oil & gas

Job Growth April 2024/March 2024 (%)*



*Seasonally adjusted, annualized rate.

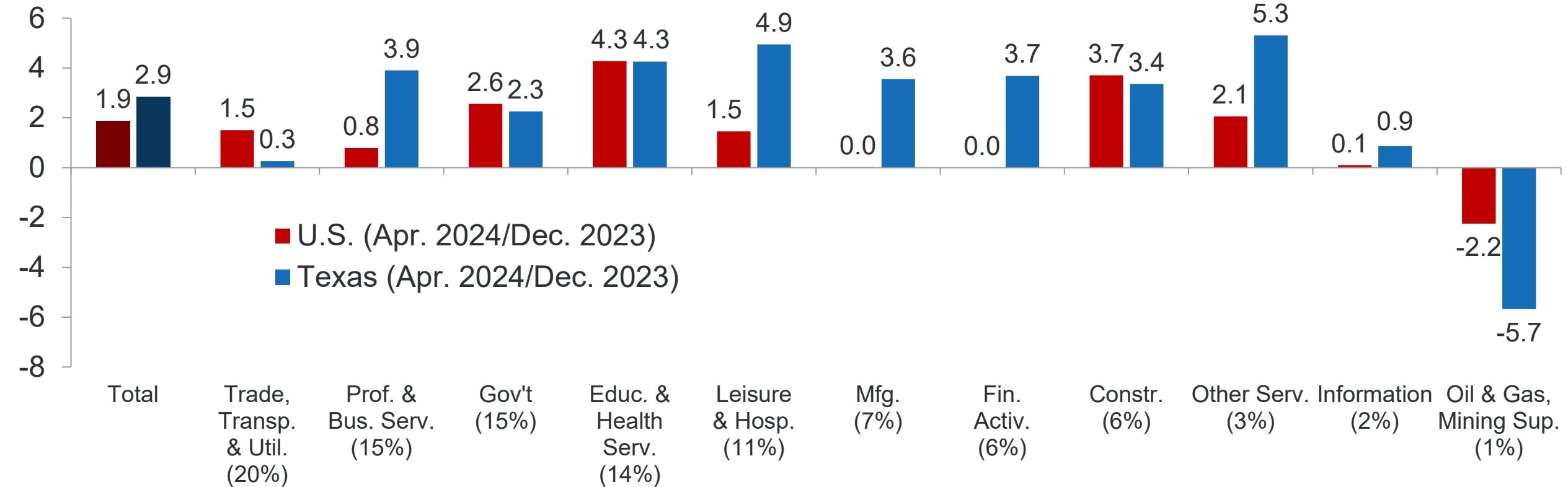
NOTE: Numbers in parenthesis indicate share of total state employment in April 2024.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; Federal Reserve Bank of Dallas.

DATA: [Texas Employment by Industry - Dallasfed.org](https://www.dallasfed.org/outlook/texas-employment-by-industry)

Texas employment expands broadly through April

Job Growth (%)*



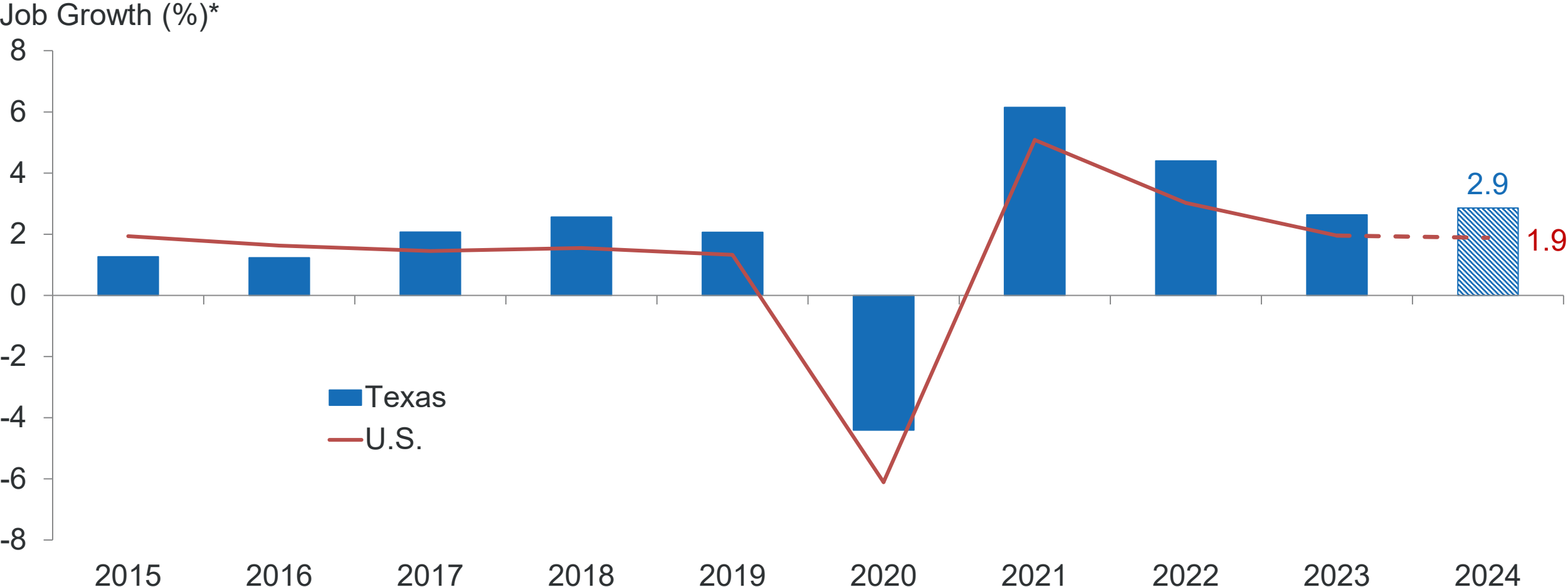
*Seasonally adjusted, annualized rate.

NOTE: Numbers in parentheses indicate share of total state employment for April 2024.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by Federal Reserve Bank of Dallas.

DATA: [Texas Employment by Industry - Dallasfed.org](https://dallasfed.org/research-and-data/texas-employment-by-industry)

Texas' 2024 job growth on track to exceed the nation



*Seasonally adjusted, annualized rate.

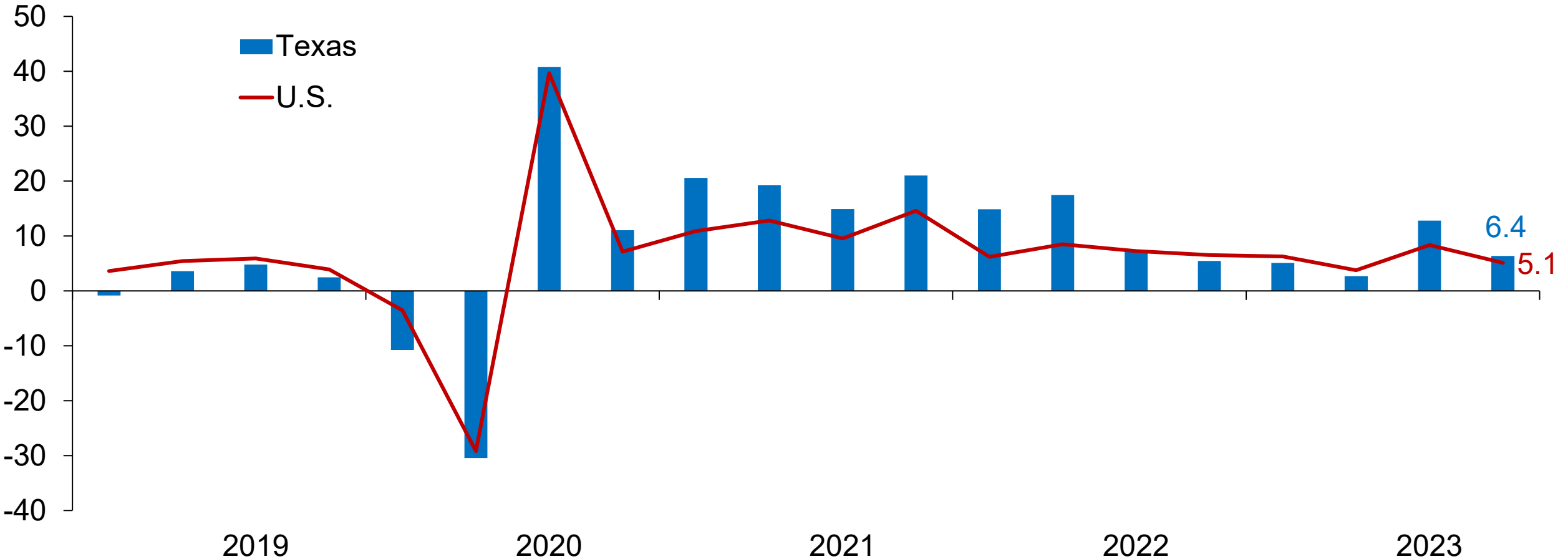
NOTES: Last data points are annualized job growth for April. 2024/Dec. 2023. Yearly growth is Dec/Dec.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by Federal Reserve Bank of Dallas.

DATA: [Texas Payroll Employment - Total Nonfarm - Dallasfed.org](https://dallasfed.org/research-and-data/texas-payroll-employment-total-nonfarm)

Texas GDP growth outpaced the U.S. in second half of 2023

Percent, Q/Q*



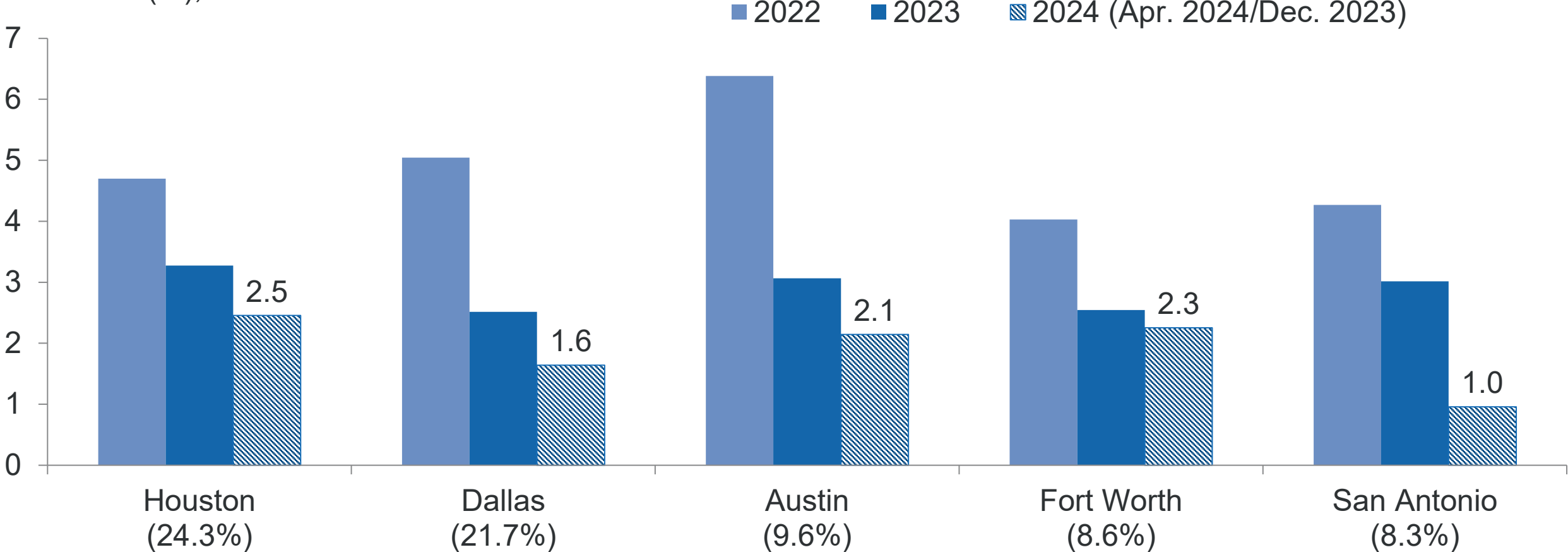
*Seasonally adjusted, annualized rate.

NOTE: Shown are quarterly, nominal GDP growth for the U.S. and GSP (gross state product) growth. Data are through Q4 2023.

SOURCES: Bureau of Economic Analysis; Federal Reserve Bank of Dallas.

Houston leads Texas major metros in YTD job gains

Job Growth (%), Dec./Dec.*



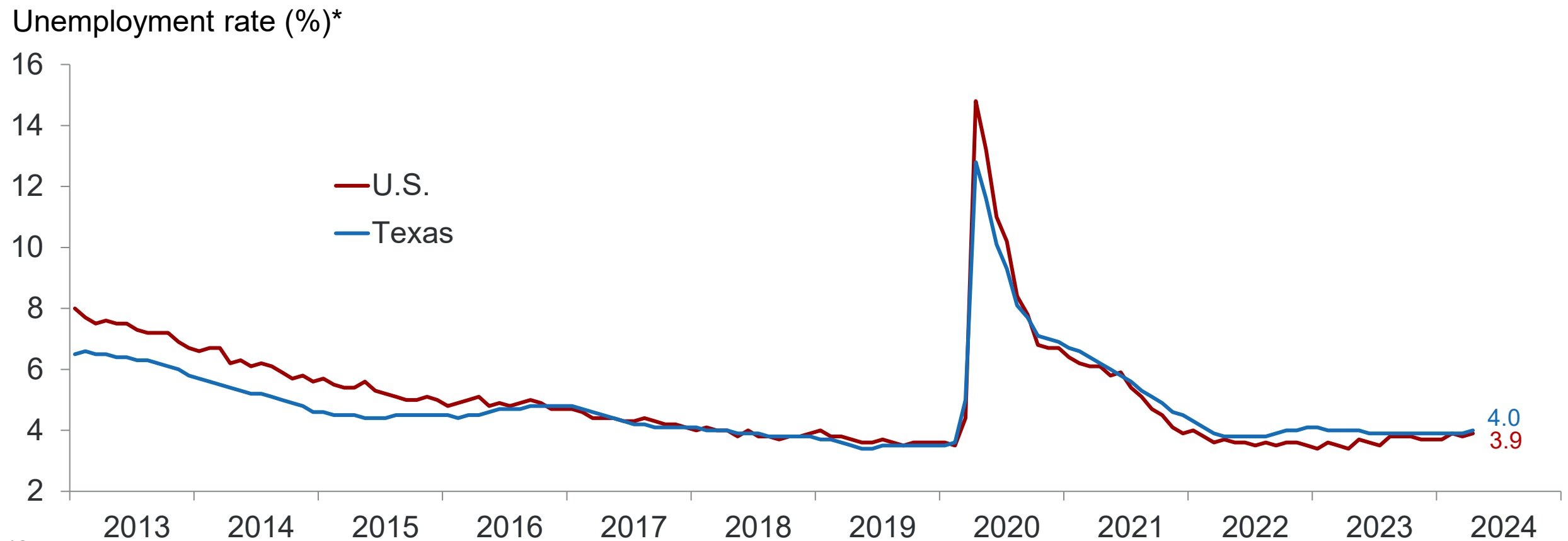
*Seasonally adjusted, annualized rate.

NOTE: Numbers in parenthesis indicate share of state employment for April 2024.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by Federal Reserve Bank of Dallas.

DATA: [Texas Employment Data - Dallasfed.org](https://www.dallasfed.org/research/economic-research/texas-employment-data)

Texas unemployment rate ticks up to 4 percent after holding steady for 10 months



*Seasonally adjusted.

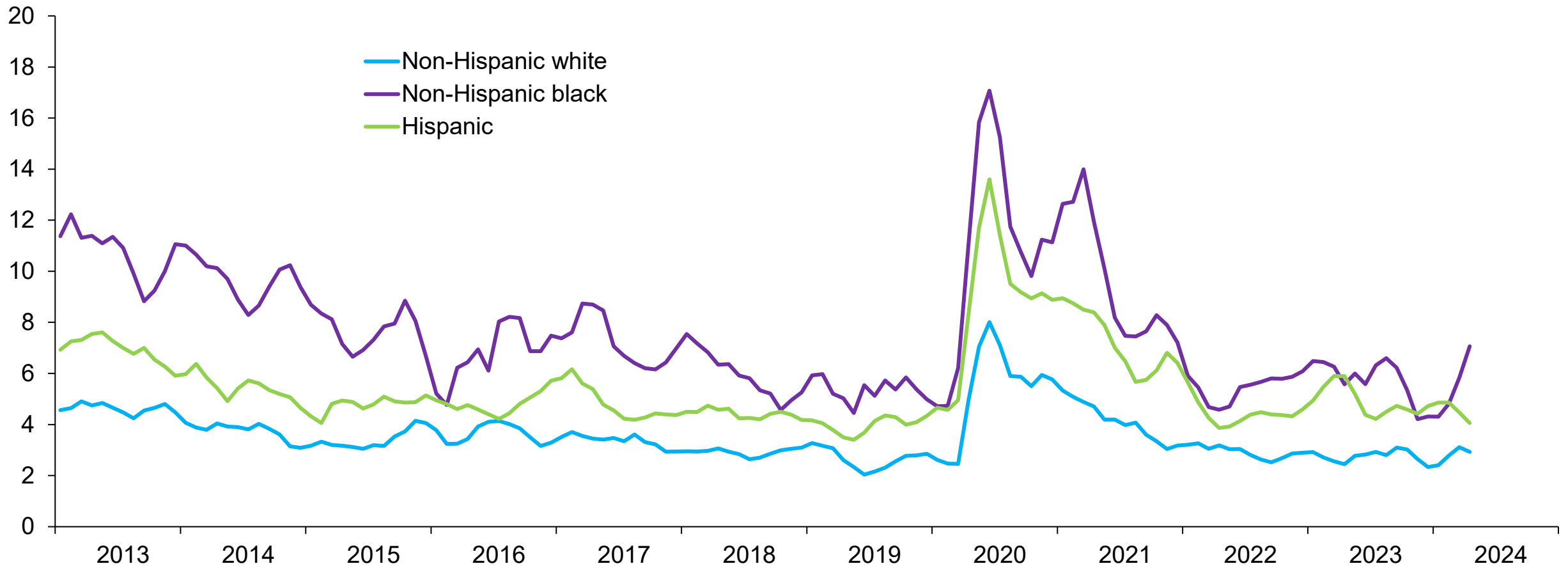
NOTE: Data are through April 2024.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; Federal Reserve Bank of Dallas.

DATA: [Texas Employment by Industry - Dallasfed.org](https://dallasfed.org/research-and-data/texas-employment-by-industry)

Unemployment rises for Blacks, but dips for Hispanics and Non-Hispanic Whites

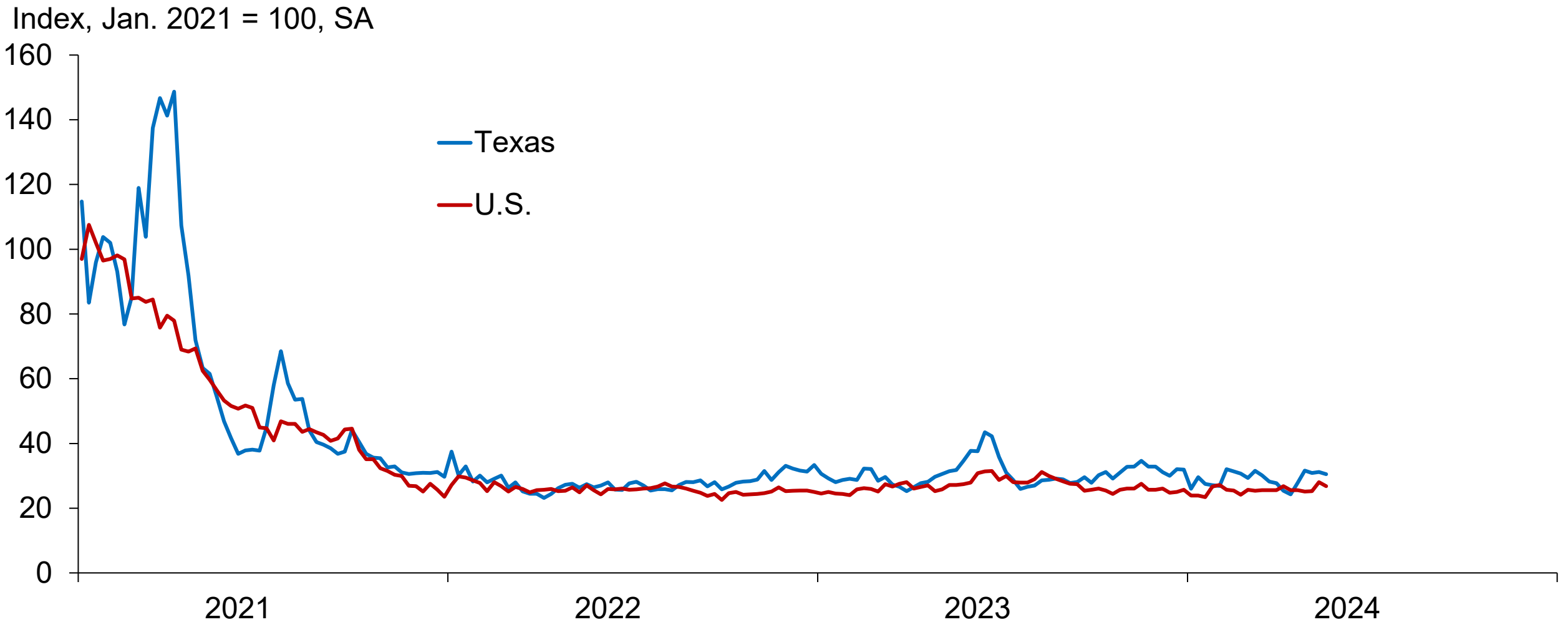
Percent, SA 3MMA



NOTES: Shown are Texas unemployment rates. Data is a 3MMA, seasonally adjusted and monthly through April 2024.

SOURCES: Current Population Survey, authors' calculations.

Total jobless claims flat

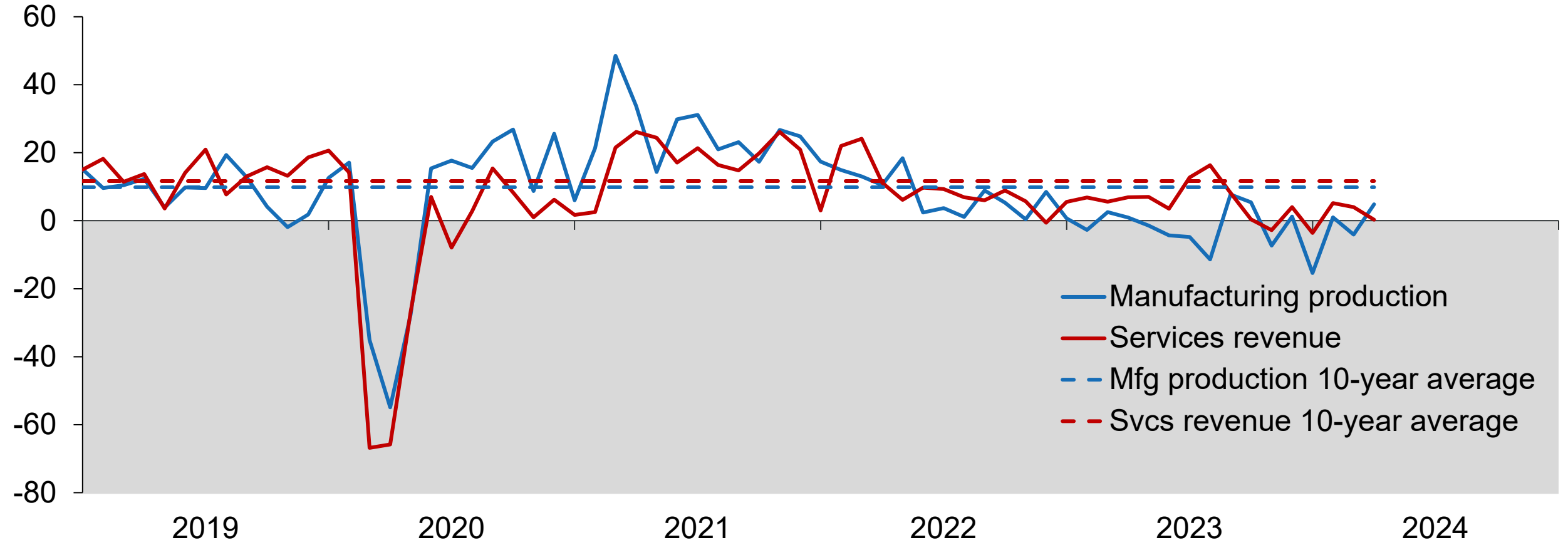


NOTE: Data are through the week ending May 11, 2024.

SOURCE: Department of Labor.

Activity rebounds in manufacturing in April, flat in the service sector

Diffusion Index, SA



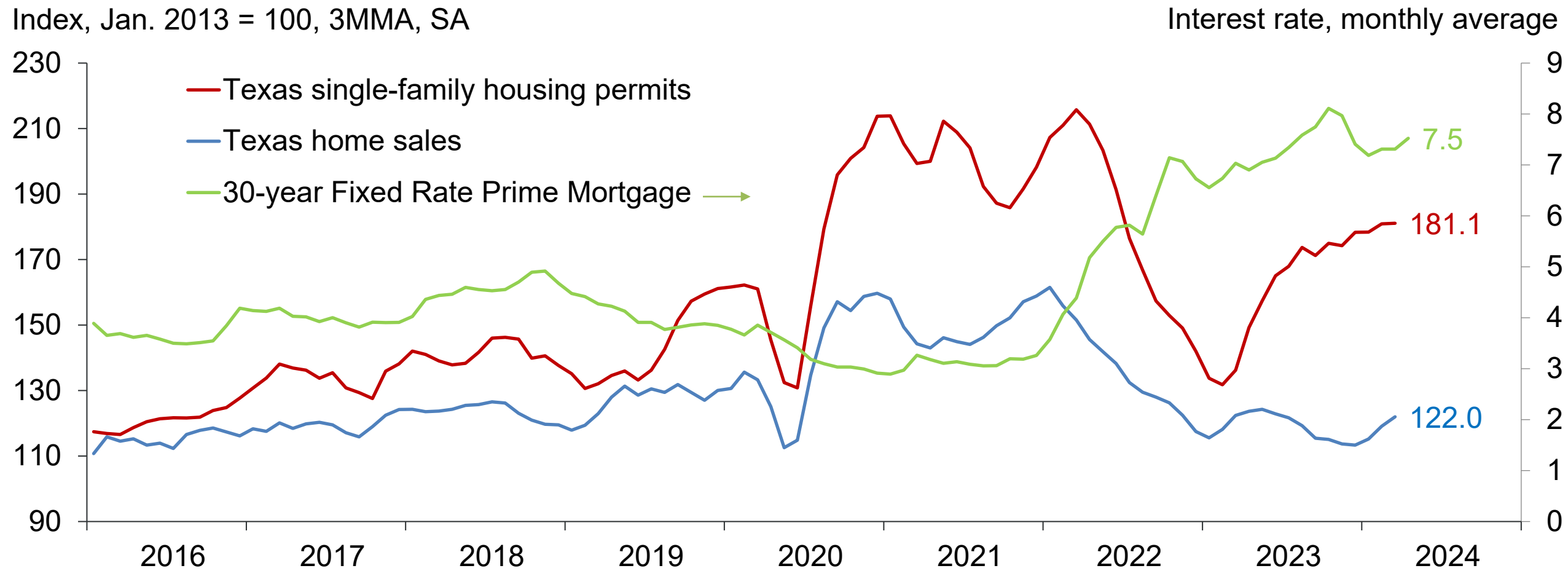
NOTES: Data through April 2024. Shaded area represents contractionary territory.

SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Surveys.

DATA: [Surveys - Dallasfed.org](https://www.dallasfed.org/outlook/surveys)

Real Estate, Finance and Energy

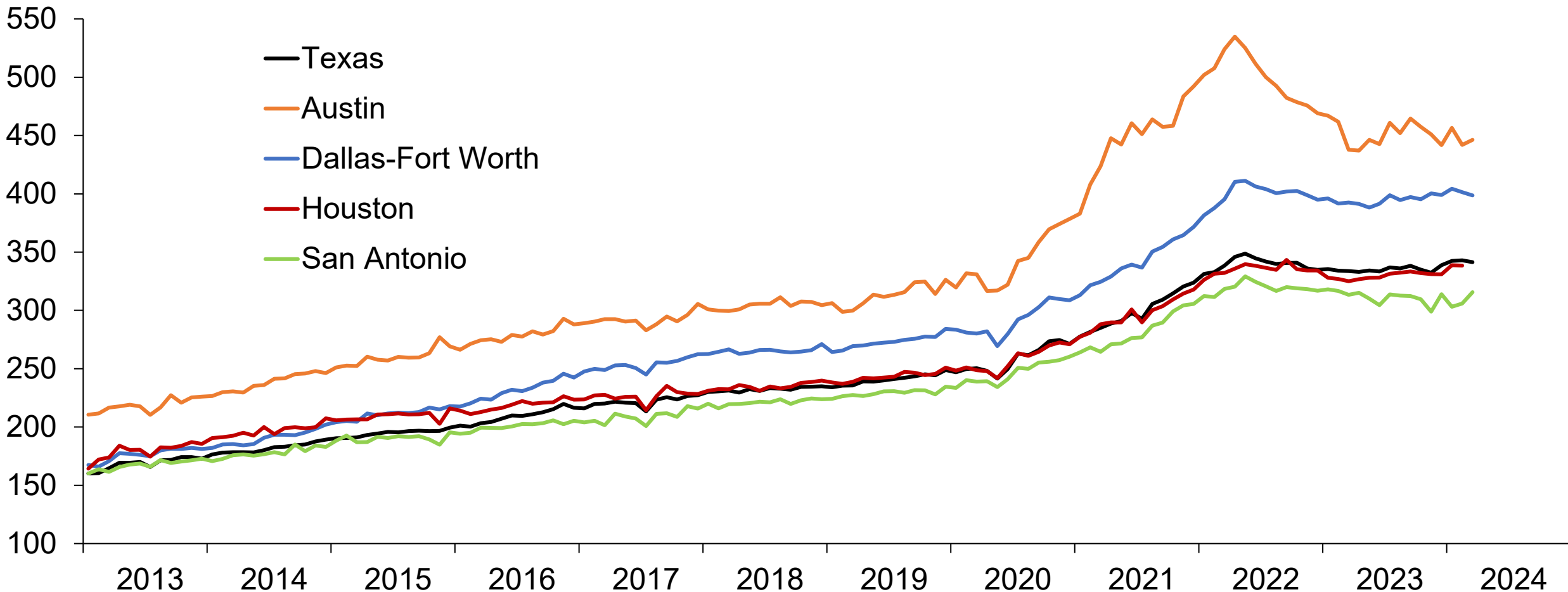
Texas home sales pick up despite higher mortgage rates, permits flat



NOTE: Data are monthly through March 2024 for housing permits and home sales and April 2024 for mortgage rates.
 SOURCES: MLS; A&M Real Estate Center; Freddie Mac Primary Mortgage Market Survey; U.S. Census.

House prices move sideways

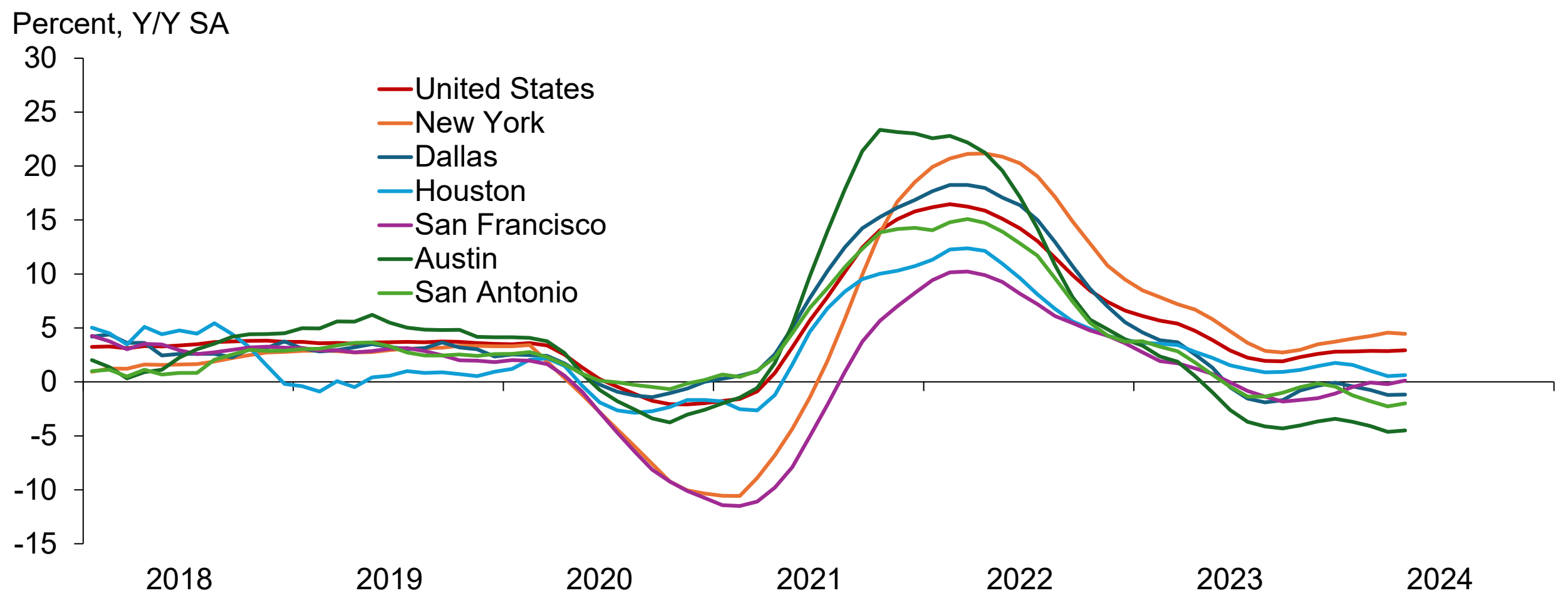
Median sales price, \$ SA



NOTES: Data through February 2024 for Houston and March 2024 for the rest.

SOURCES: Multiple Listing Service; seasonal and other adjustments by Federal Reserve Bank of Dallas.

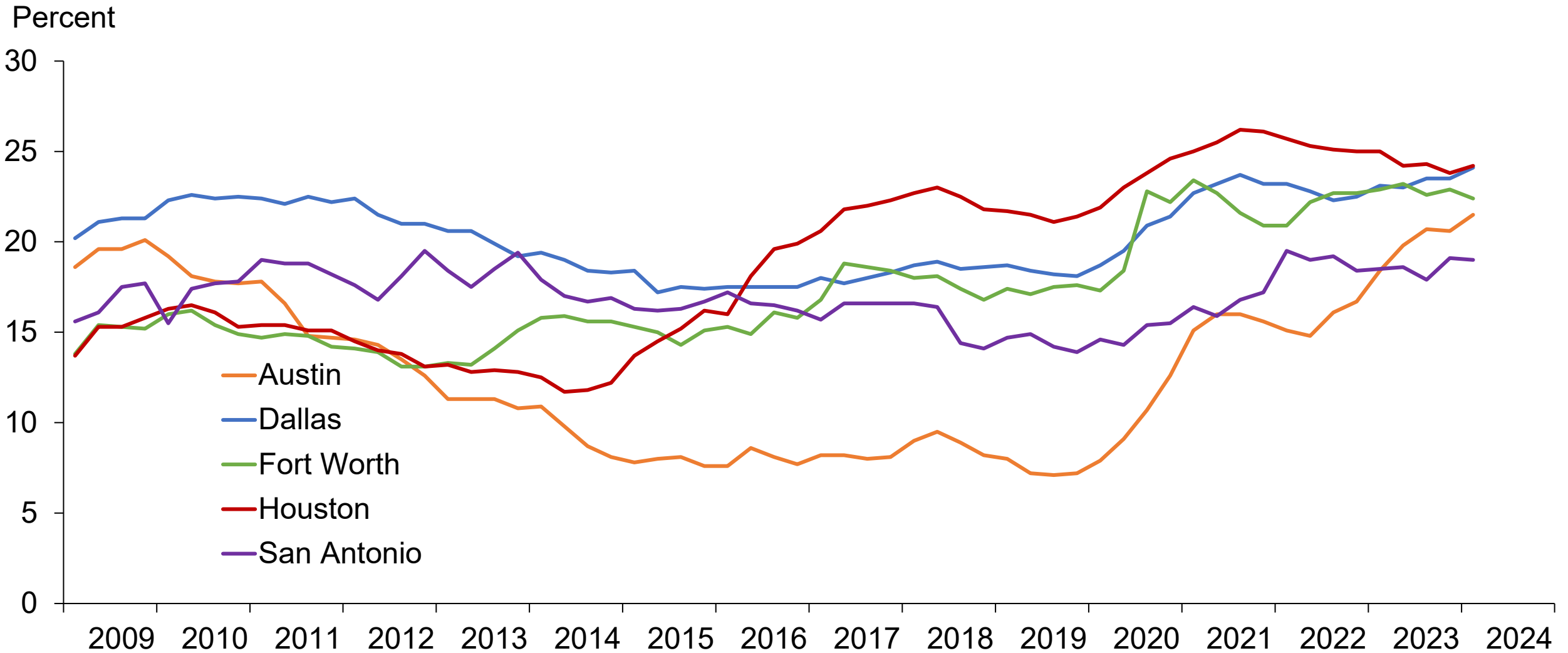
Apartment rents flat to down in major Texas metros



NOTES: Data are monthly through April 2024. New York is missing March through September 2020 data. San Francisco is missing June through October 2020 data. Missing data are linearly interpolated.

SOURCE: Zillow.

Office vacancy rises in most major Texas metros



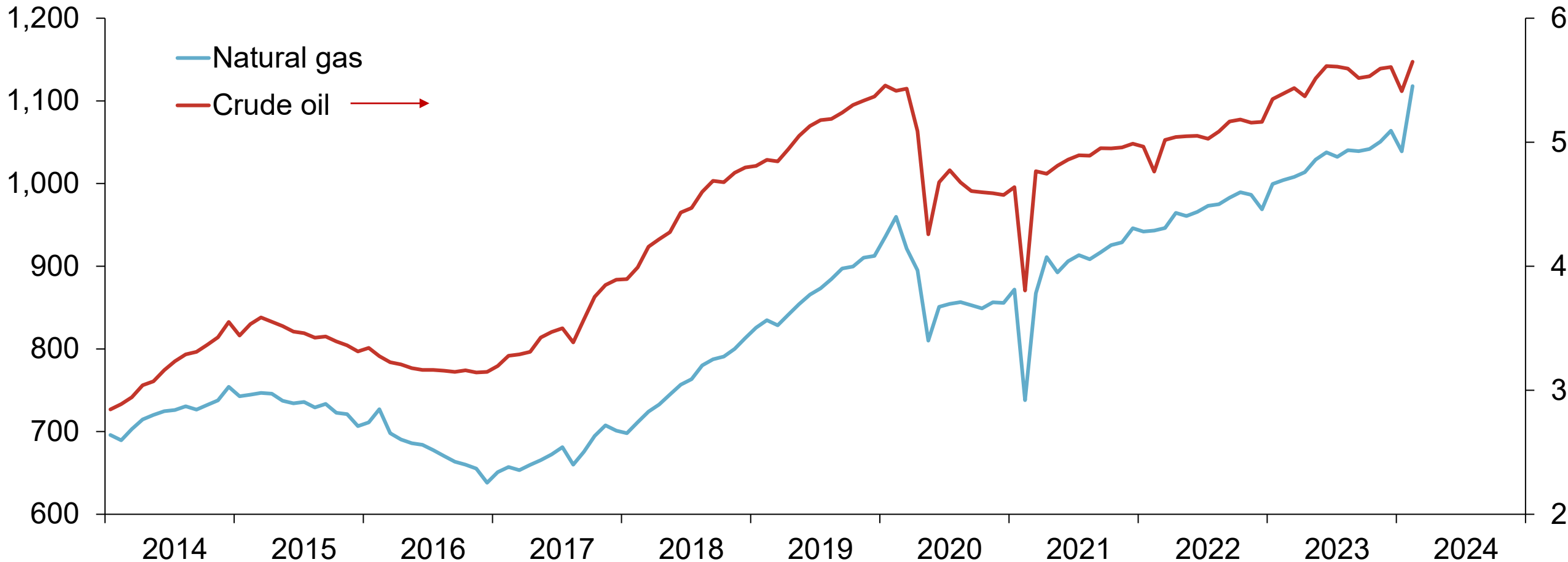
NOTE: Data through Q1 2024.

SOURCE: CBRE Econometric Advisors.

Texas oil and gas production climbs in February

Billion cubic feet

Million barrels per day

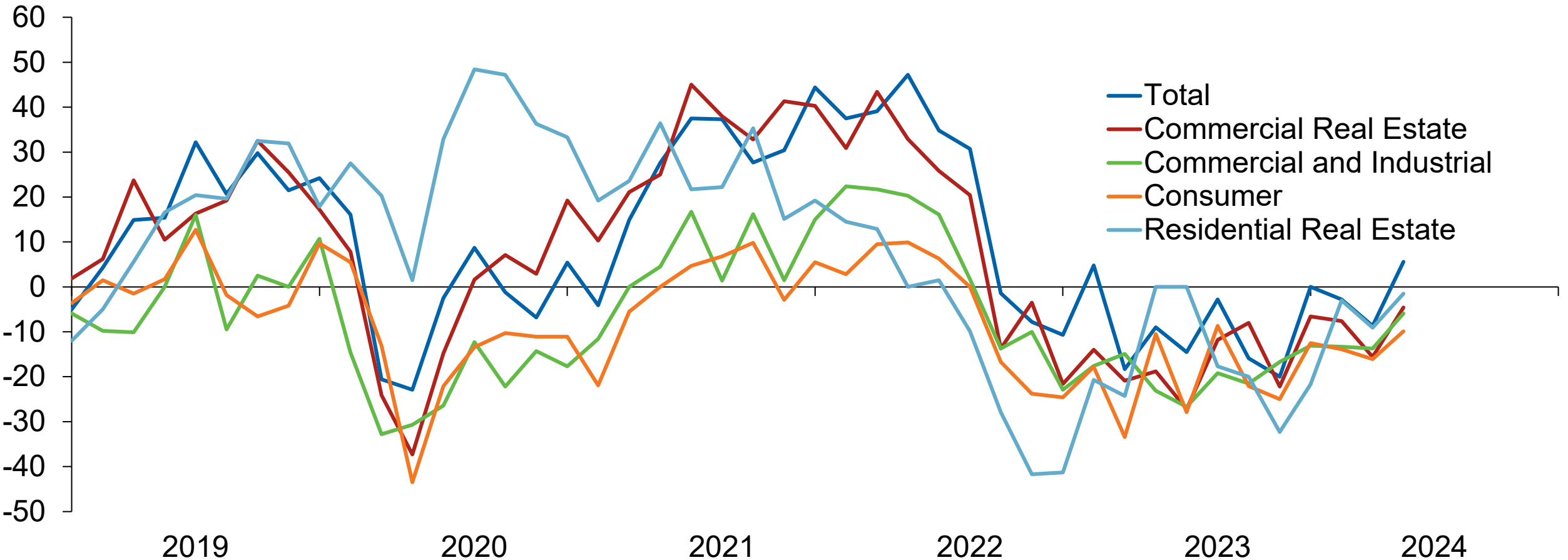


NOTE: Shown are seasonally adjusted crude oil and natural gas marketed production through February 2024.

SOURCE: Energy Information Administration.

Overall loan volumes edge up in May, according to 11th District bankers

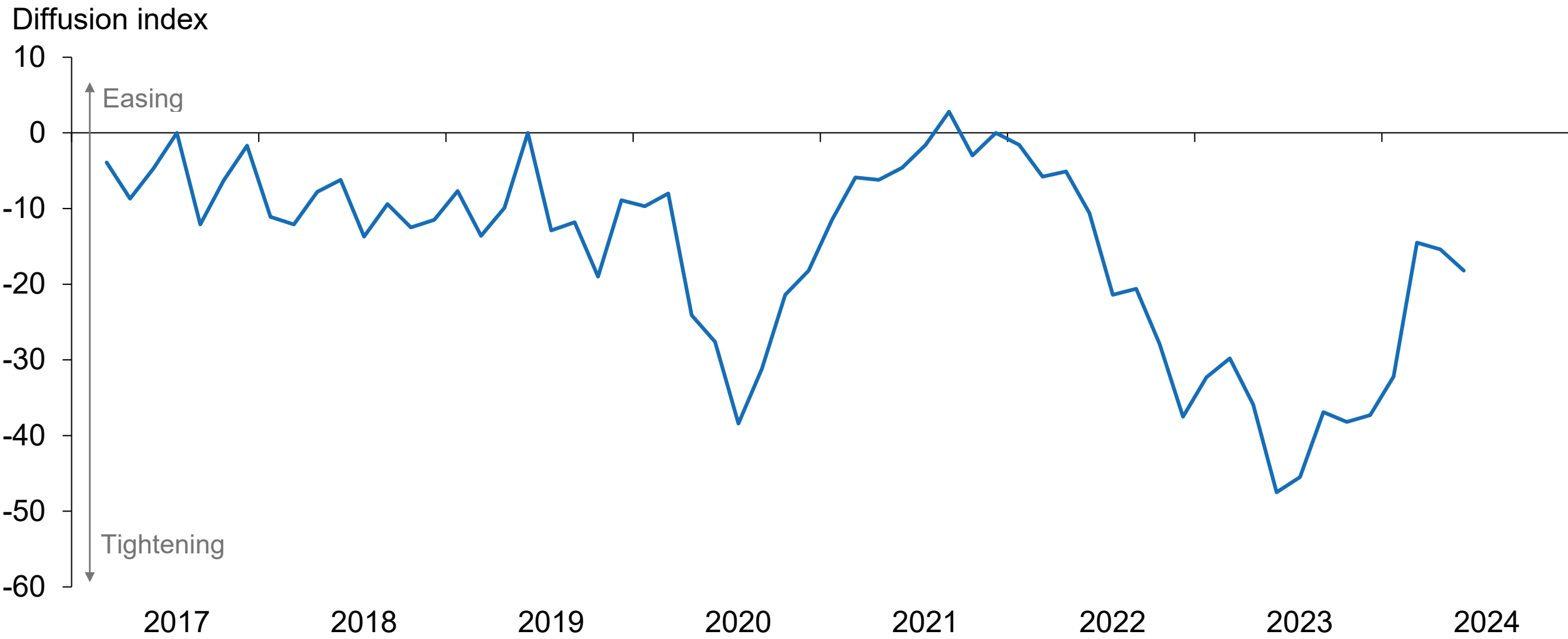
Diffusion index



NOTE: Data through May 2024.

SOURCE: Federal Reserve Bank of Dallas' Banking Conditions Survey.

Texas banks report continued tightening of credit standards

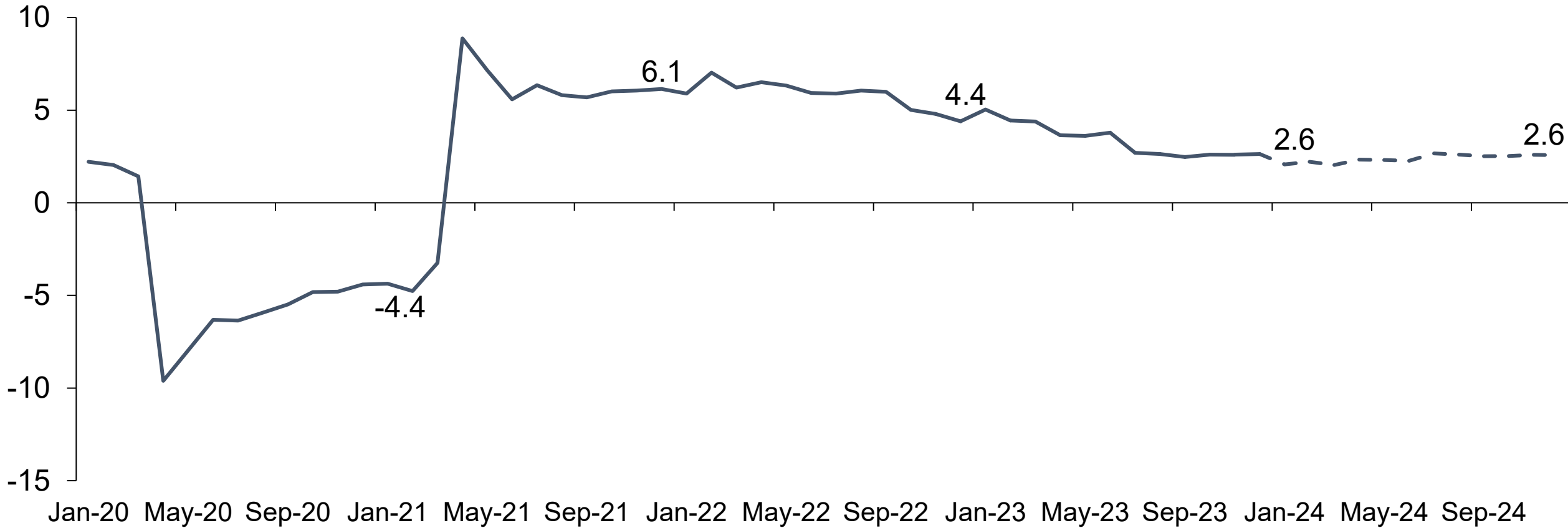


NOTES: Includes credits and terms. Data are through May 2024.
SOURCE: Federal Reserve Bank of Dallas' Banking Conditions Survey.

Outlook for 2024

The Texas employment forecast indicates 2.6% growth in 2024 mirroring 2023 increase

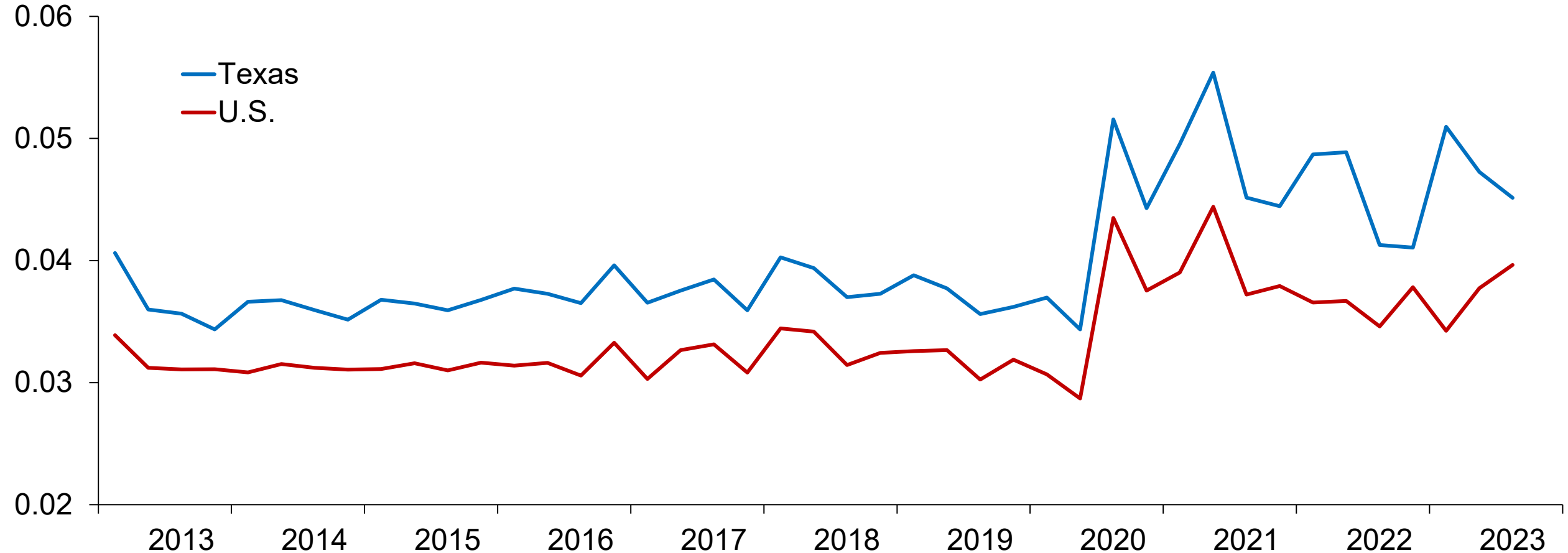
Percent, Y/Y



NOTE: The Dallas Fed Texas Employment Forecast is based on the average of four models. Three models are VARs where Texas payroll employment is regressed on WTI oil prices, the US leading index and the Texas leading index, respectively. The fourth model is a regression of payroll employment on lags of payroll employment, expectations for U.S. GDP growth, WTI oil prices, and four COVID-19 dummy variables (March-June 2020).

Rate of business formation in Texas slows but remains above the nation

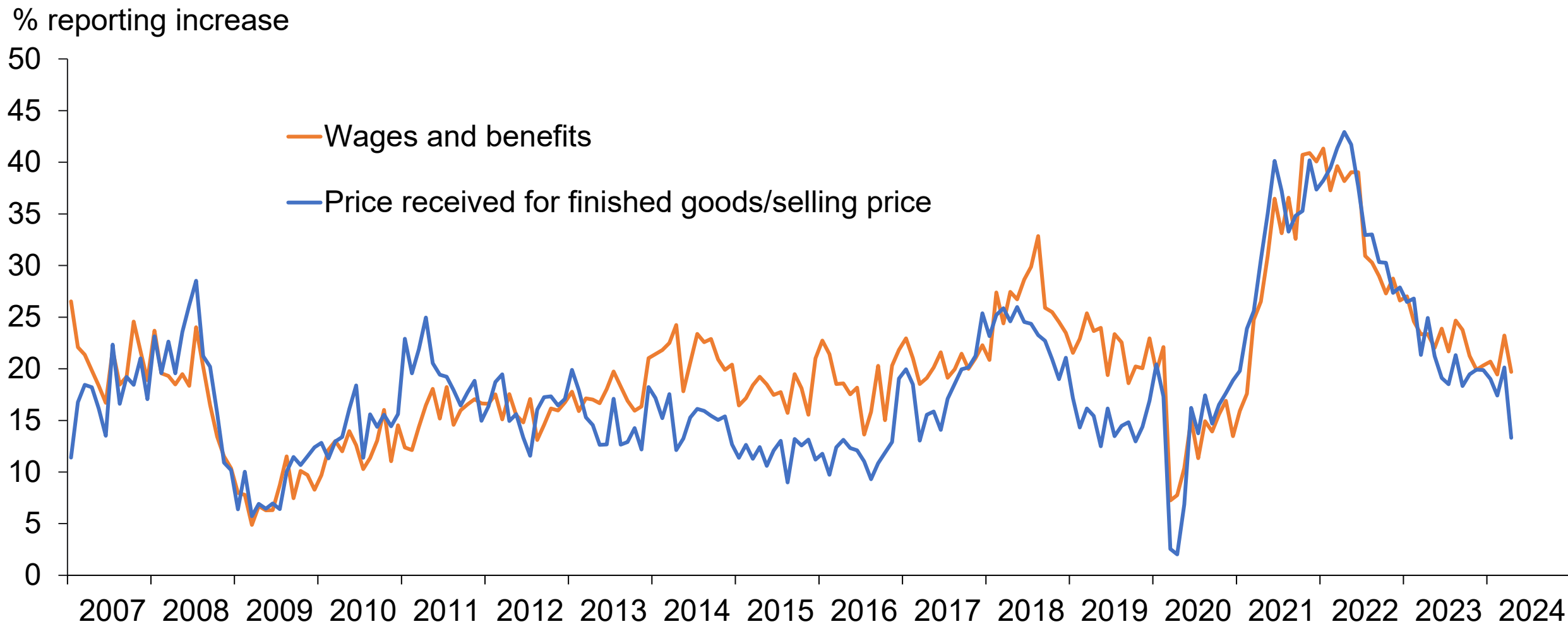
Business applications per business establishments



NOTES: Data are quarterly through Q3 2023. Business applications data are missing for the first week of January 2021.

SOURCE: U.S. Census Bureau.

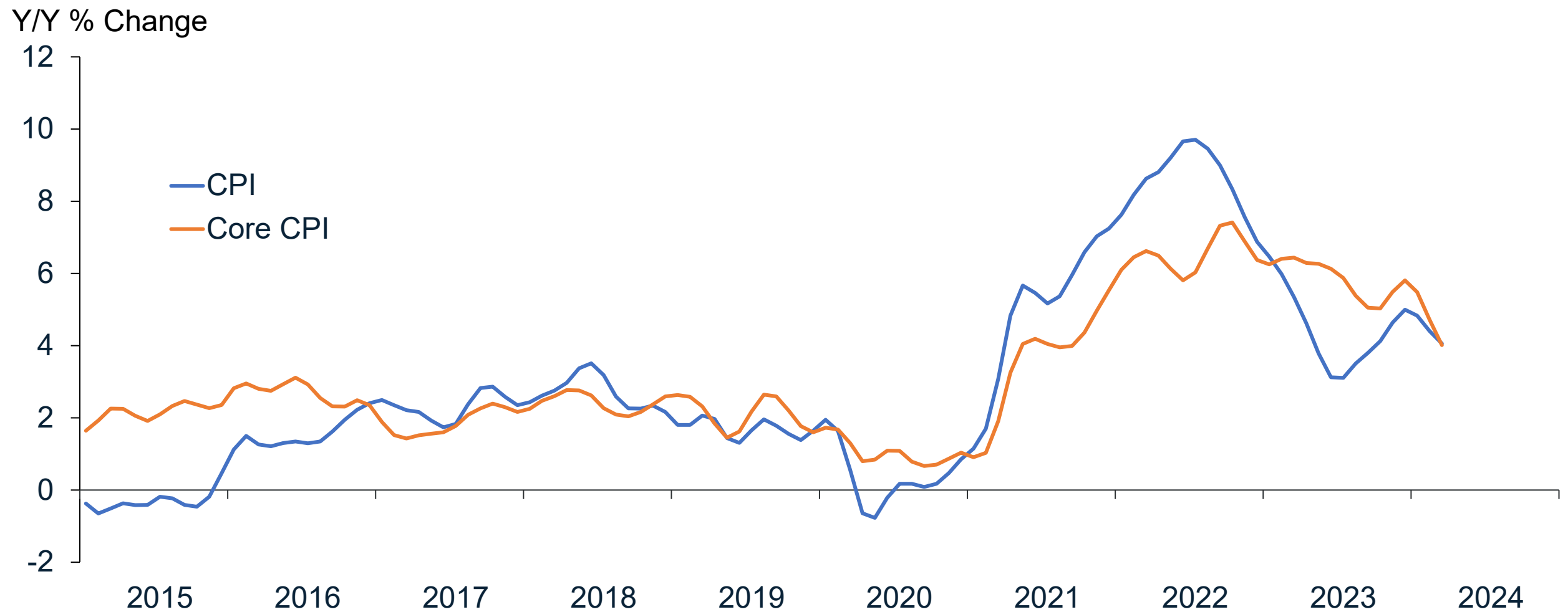
Share of Texas firms reporting an increase in prices and wages declines in April



NOTES: Percent reporting increase was constructed by weighting the respective component of TMOS and TSSOS according to GDP shares. Data through April 2024.

SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Surveys.

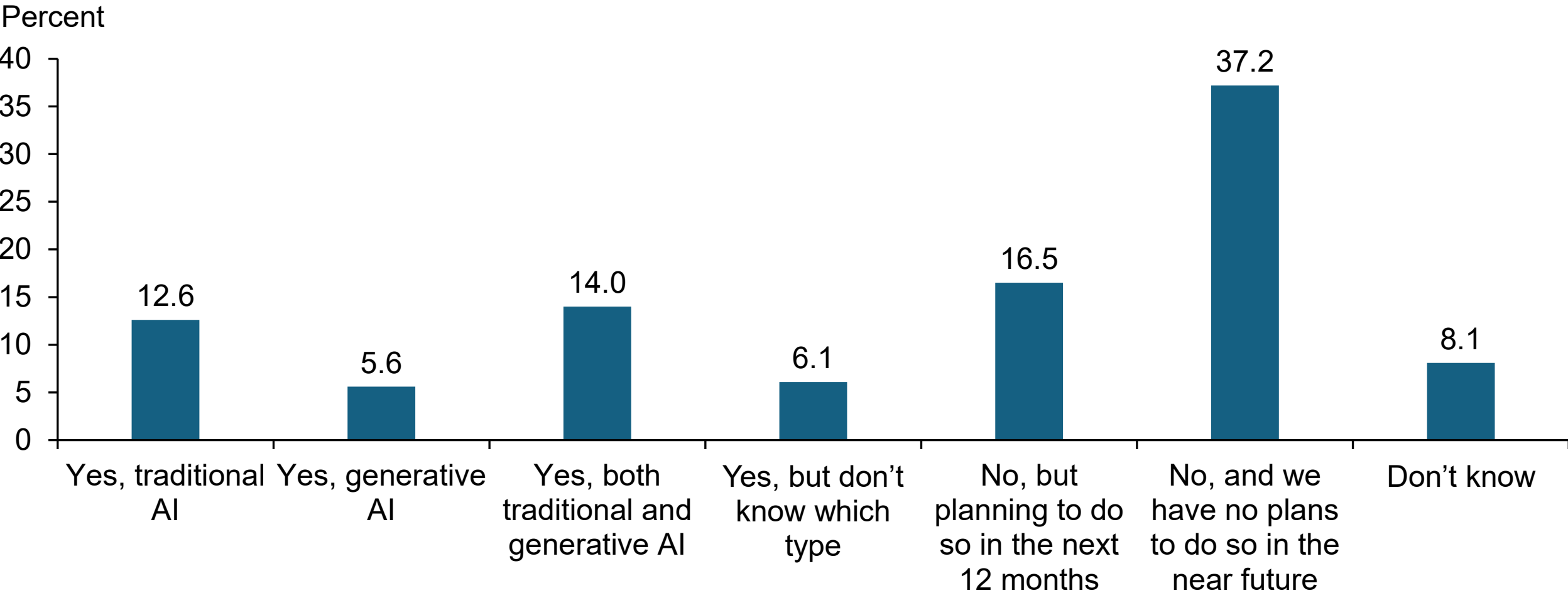
Texas CPI dips further in March



NOTE: CPI data through March 2024.
SOURCE: Bureau of Labor Statistics.

Survey Special Questions

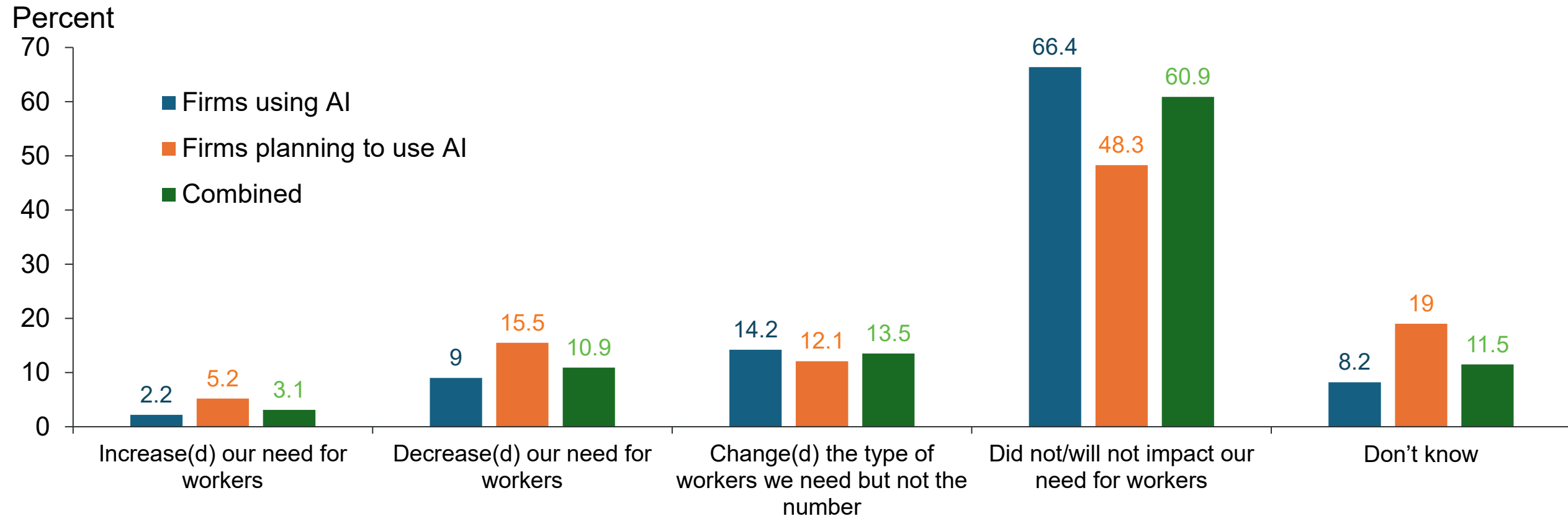
Over half of Texas firms are either using or planning to use AI in the near term



NOTE: Participants were asked, "Is your firm currently using AI?" N = 358 respondents in April.

SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Surveys.

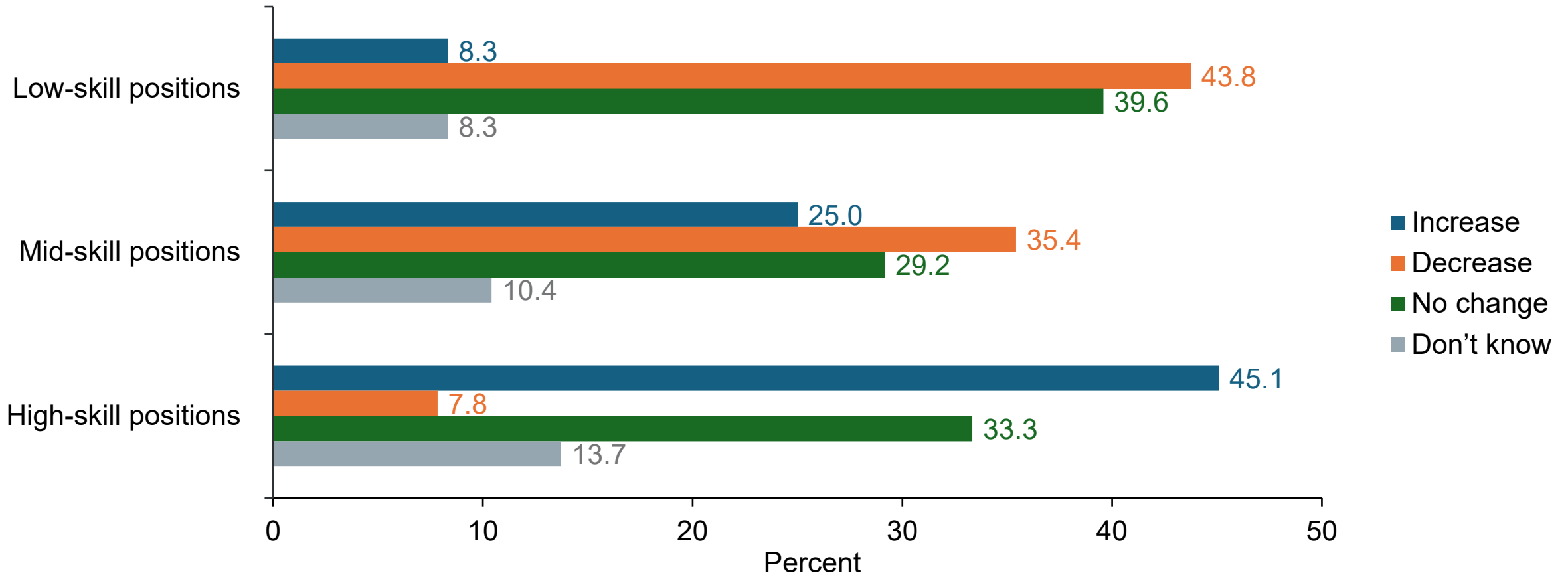
Majority of Texas firms note that use of AI did not/will not impact their headcount



NOTE: Respondents selecting any version of "Yes" in question 1 were asked, "On net, how has the use of AI affected employment at your firm?" and response choices were in past tense. Respondents selecting, "No, but planning to do so in the next 12 months" in question 1 were asked, "On net, how do you expect the use of AI to affect employment at your firm?" and response choices were in future tense. Results are displayed separately as well as combined. N=134 responding firms use AI, and N=58 plan to use AI.

SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Surveys.

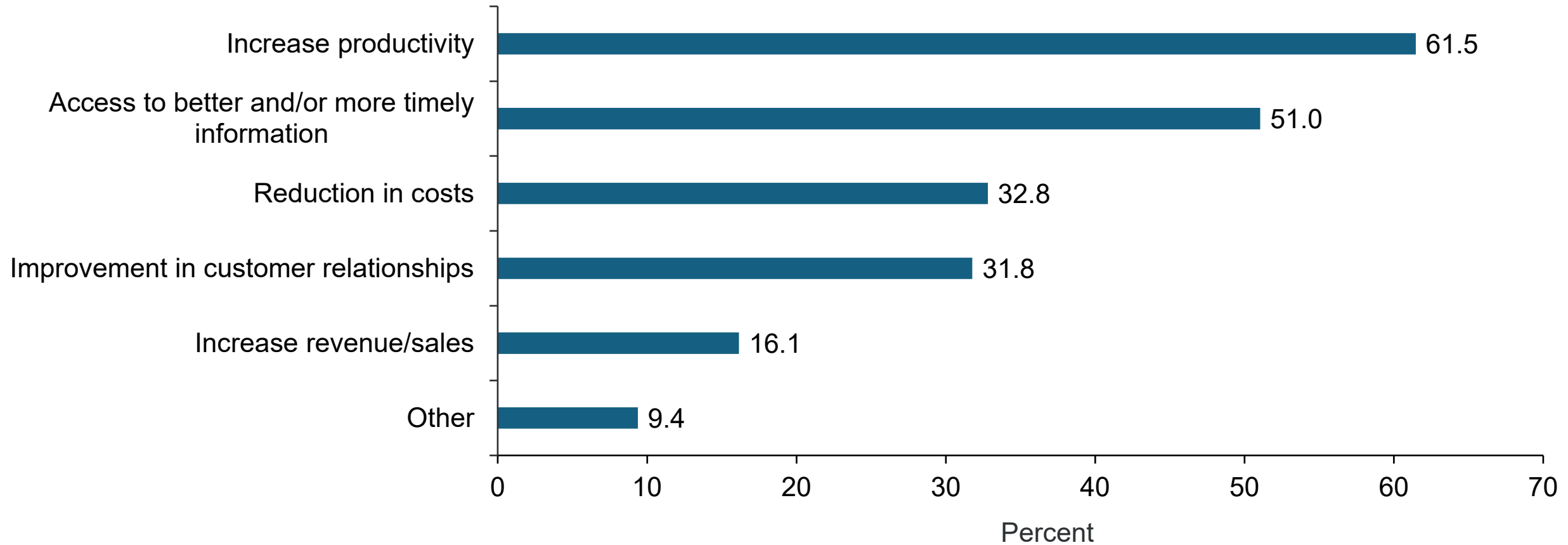
Texas businesses expect increased demand for high-skilled workers due to implementation of AI



NOTES: Shown values come from the sum of the responses from firms to two questions, "Please indicate the change in employment/workers by skill level due to the use of AI." and "Please indicate the expected change in employment/workers by skill level due to the use of AI.". N=51 in April.

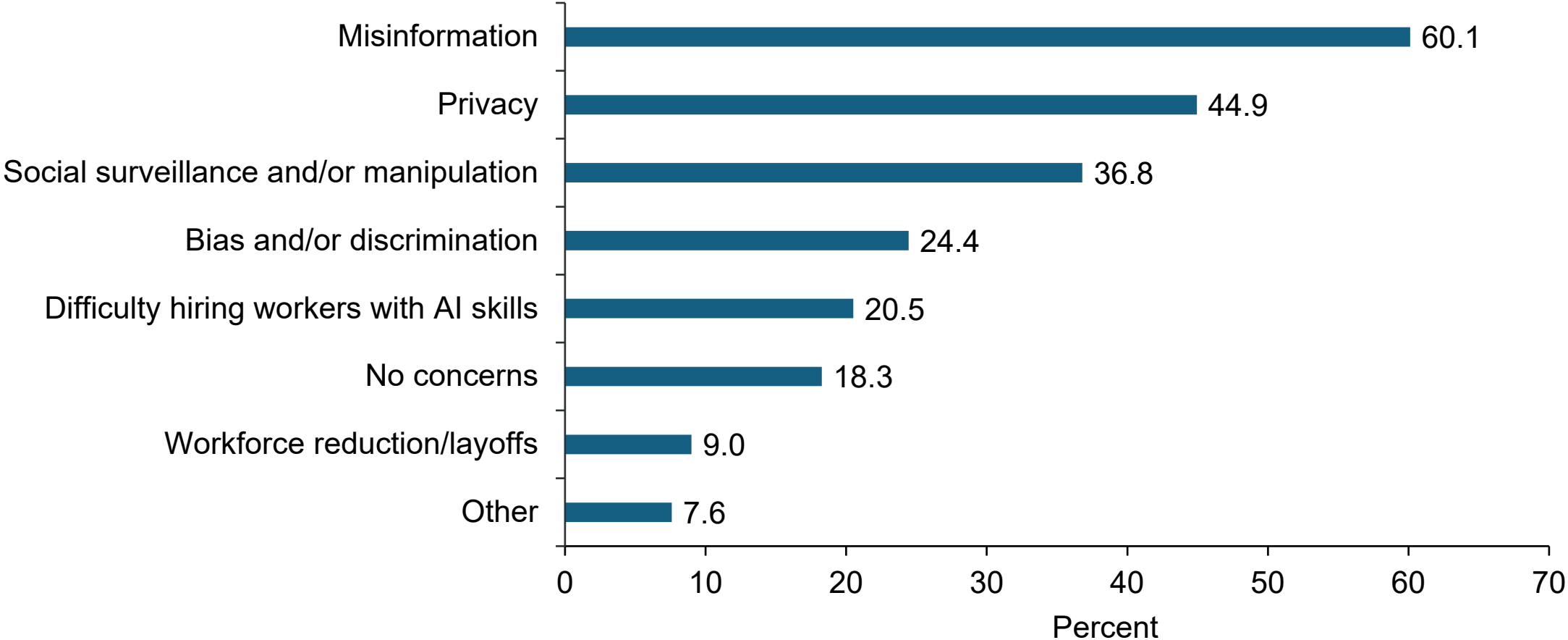
SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Survey.

Increase in productivity and improved access to information are most widely cited by Texas firms as benefits of AI



NOTES: Shown values come from the sum of the responses from firms to two questions, "What benefits has your firm experienced from using AI? Please select all that apply." and "What benefits does your firm expect to experience from using AI? Please select all that apply." N=192 in April.
SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Survey.

Misinformation and privacy are the top concerns regarding AI use among Texas firms



NOTES: Shown values come from responses from firms to the question, "What concerns do you have regarding the use of AI, if any? Please select all that apply.". N=356 in April.

SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Survey.

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