

Trends in the Texas Regional Economy

Summer Professional Development
International Marketplace



Federal Reserve
Bank of Dallas

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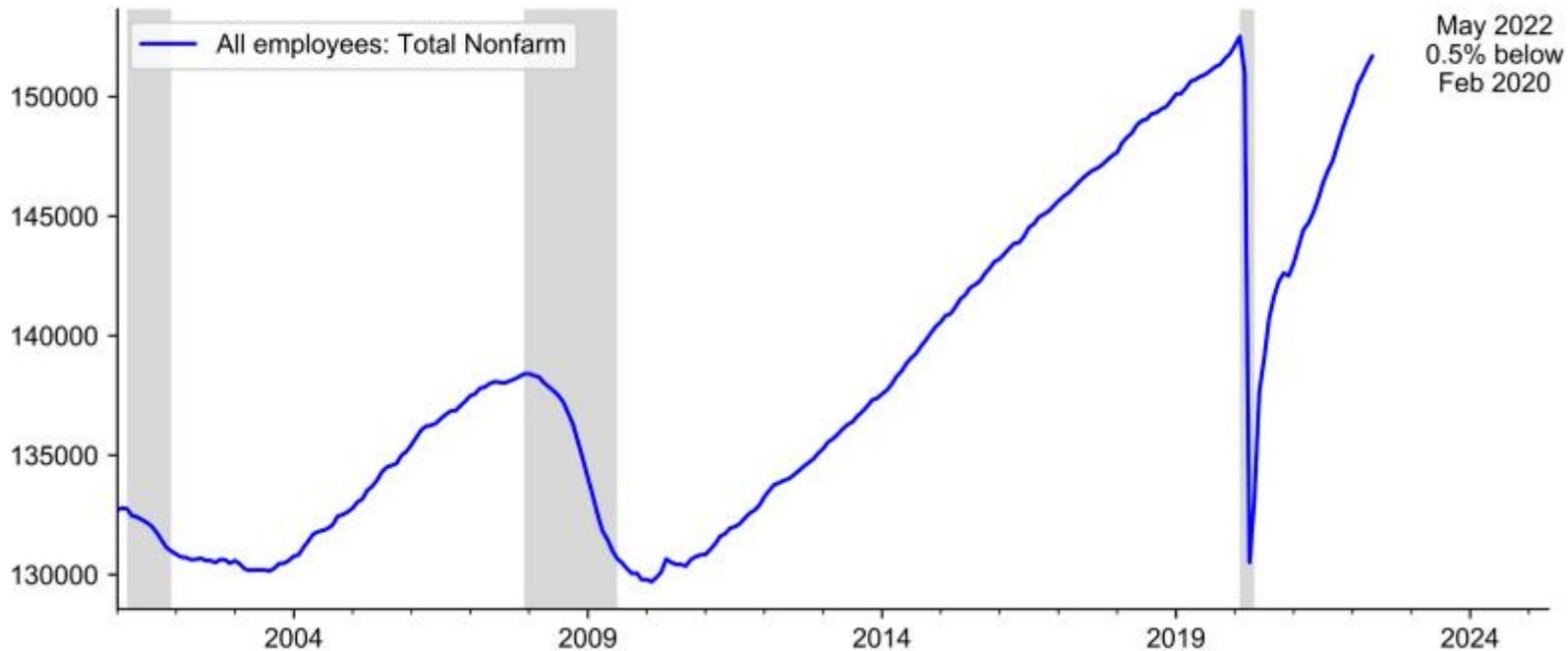
June 28, 2022

The views expressed are my own and do not necessarily reflect official positions of the Federal Reserve System.

The National Economy

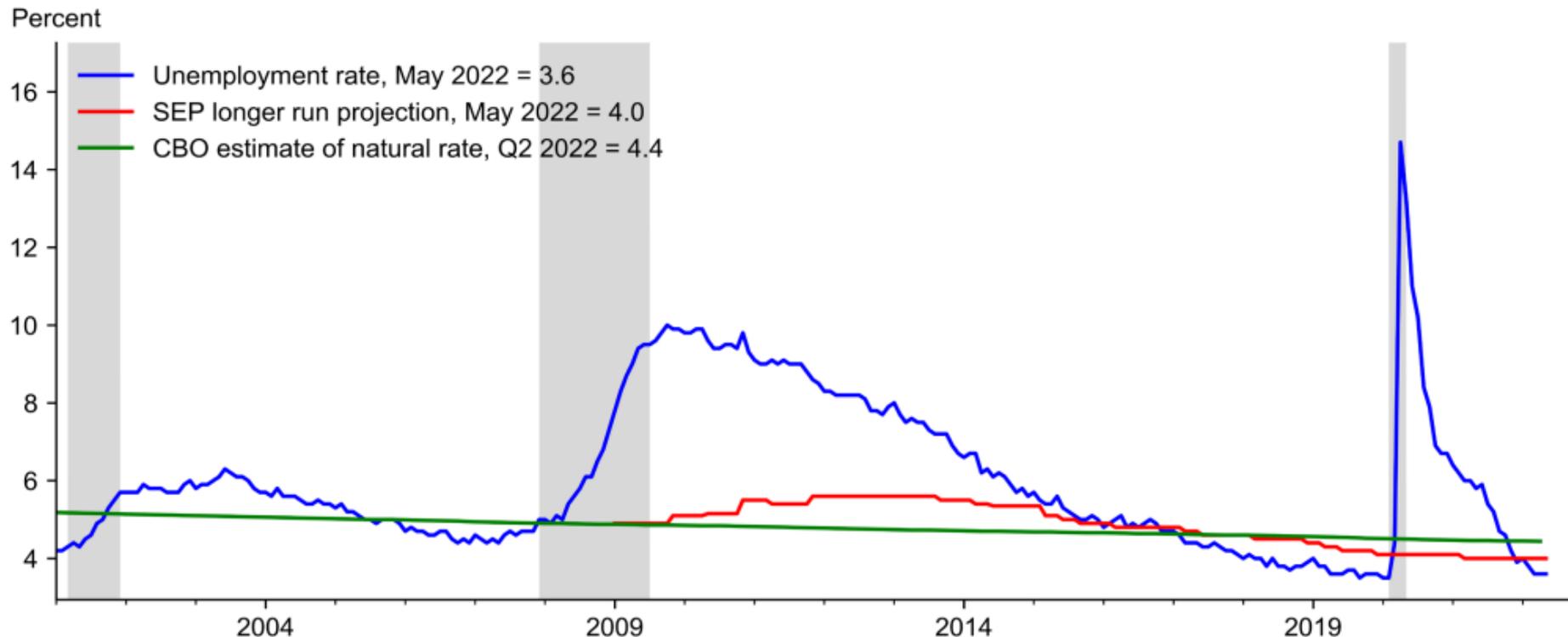
Level of Employment

Level (thousands)



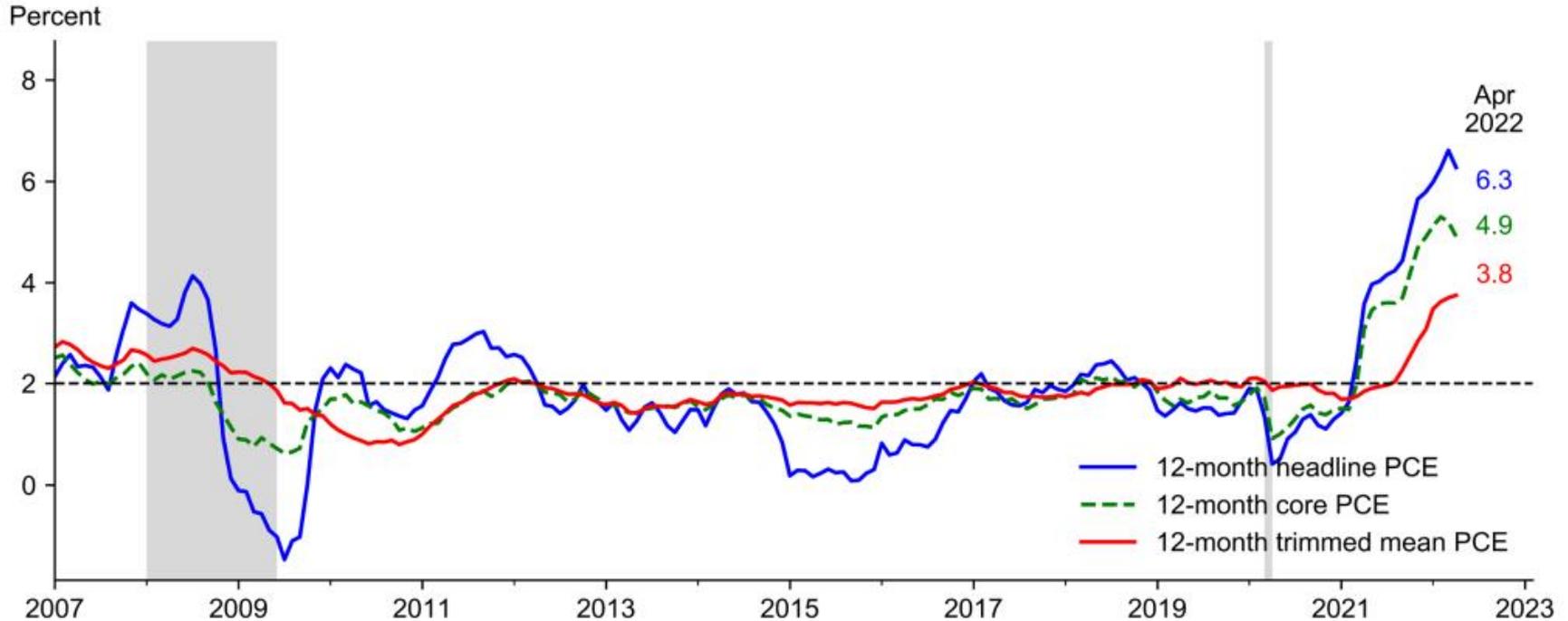
SOURCES: Bureau of Labor Statistics.

Unemployment Rate



SOURCES: Bureau of Labor Statistics; Federal Reserve Board.

PCE Inflation



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

The Regional Economy

Texas Economy



Texas produces 9 percent of U.S. GDP, second only to California



Texas has a large and diverse workforce made up of 14 million workers



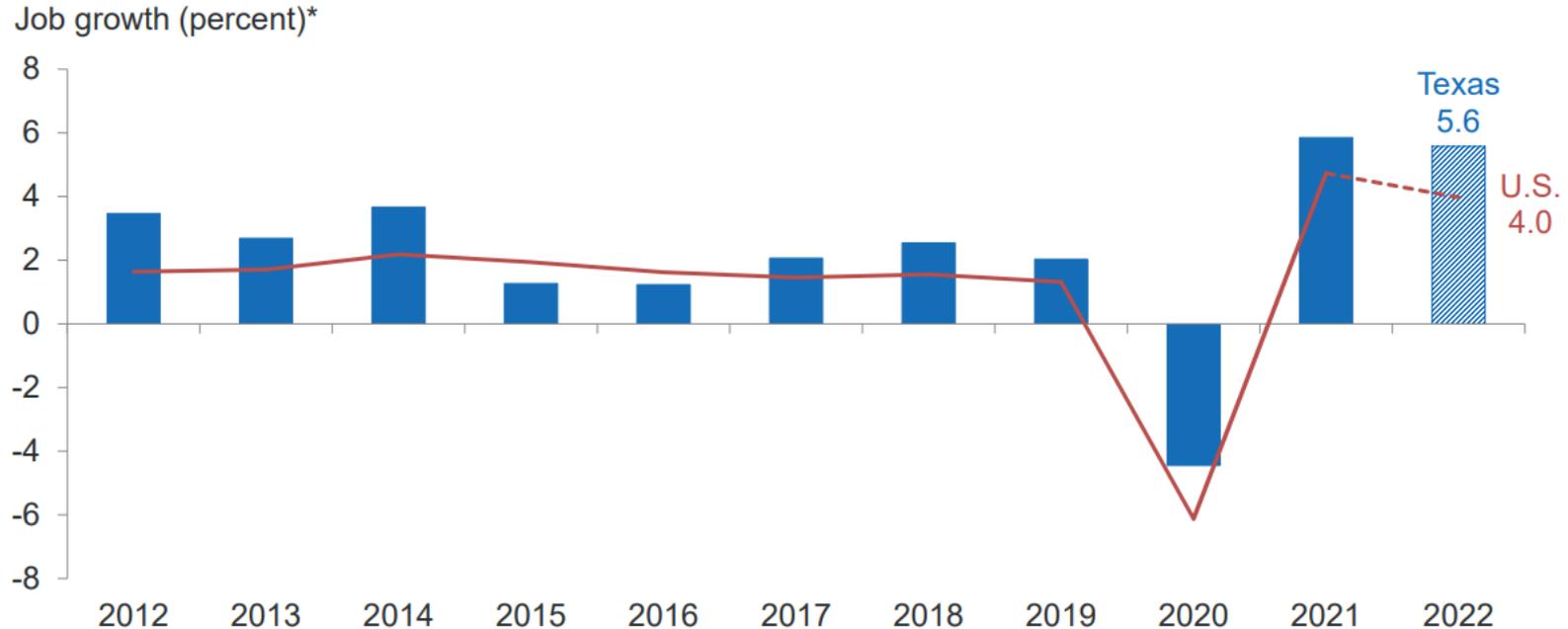
Texas is younger and faster growing than the nation



Overview of the Texas Economy

- The Texas economy has recovered strongly since the COVID-19 pandemic
 - Pandemic initially destroyed 1.4 million Texas jobs; all jobs were recovered by December 2021
 - Houston recovered in April 2022
 - Manufacturing output continues robust recovery, while growth in the service sector is slowing
 - Unemployment rate declined sharply since April 2020 peak, is 4.2 percent as of May 2022
- The Dallas Fed's Texas employment forecast predicts 2022 employment to grow 4.0 percent

Texas Job Growth Above U.S. So Far in 2022



*Seasonally adjusted, annualized rate. Partial year data is represented with a shaded bar/dashed line.

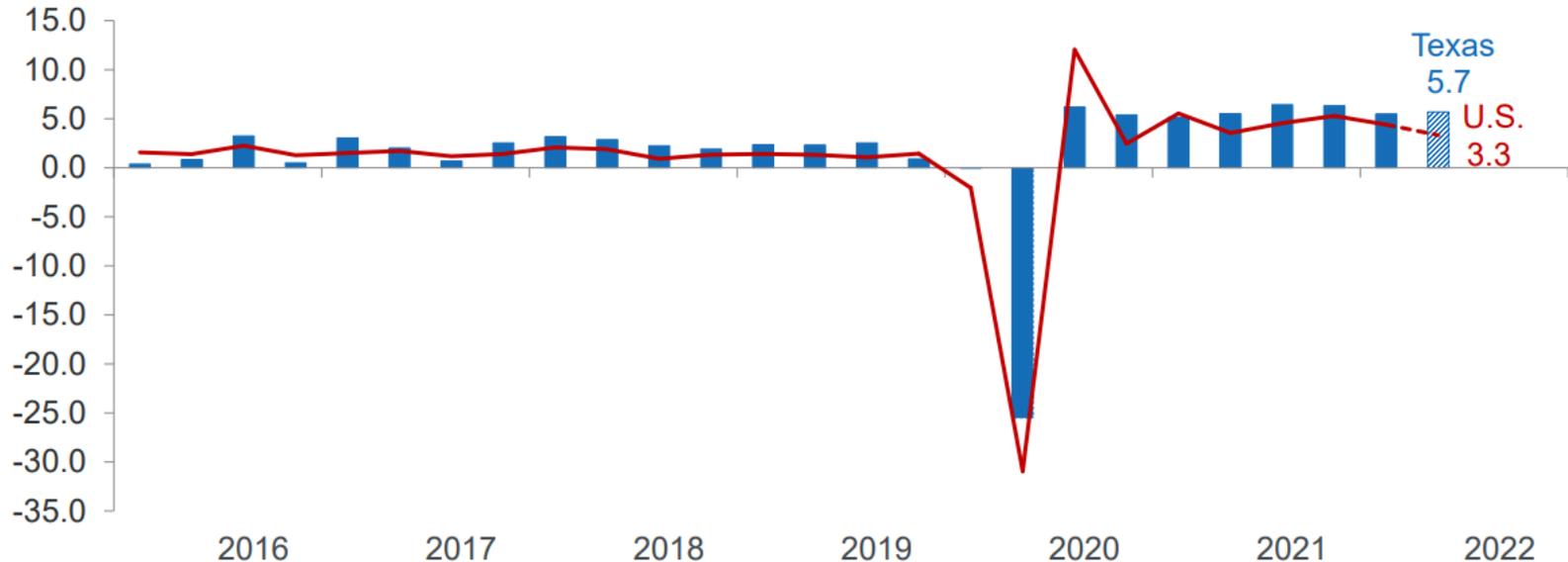
NOTE: Last data points are annualized job growth for Texas (May 2022/Dec. 2021) and U.S. (May 2022/Dec. 2021).

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

DATA: <https://www.dallasfed.org/research/econdata/tae000000.aspx>

Texas Job Growth Strong in 2nd Quarter 2022

Job growth (percent), quarter/quarter*



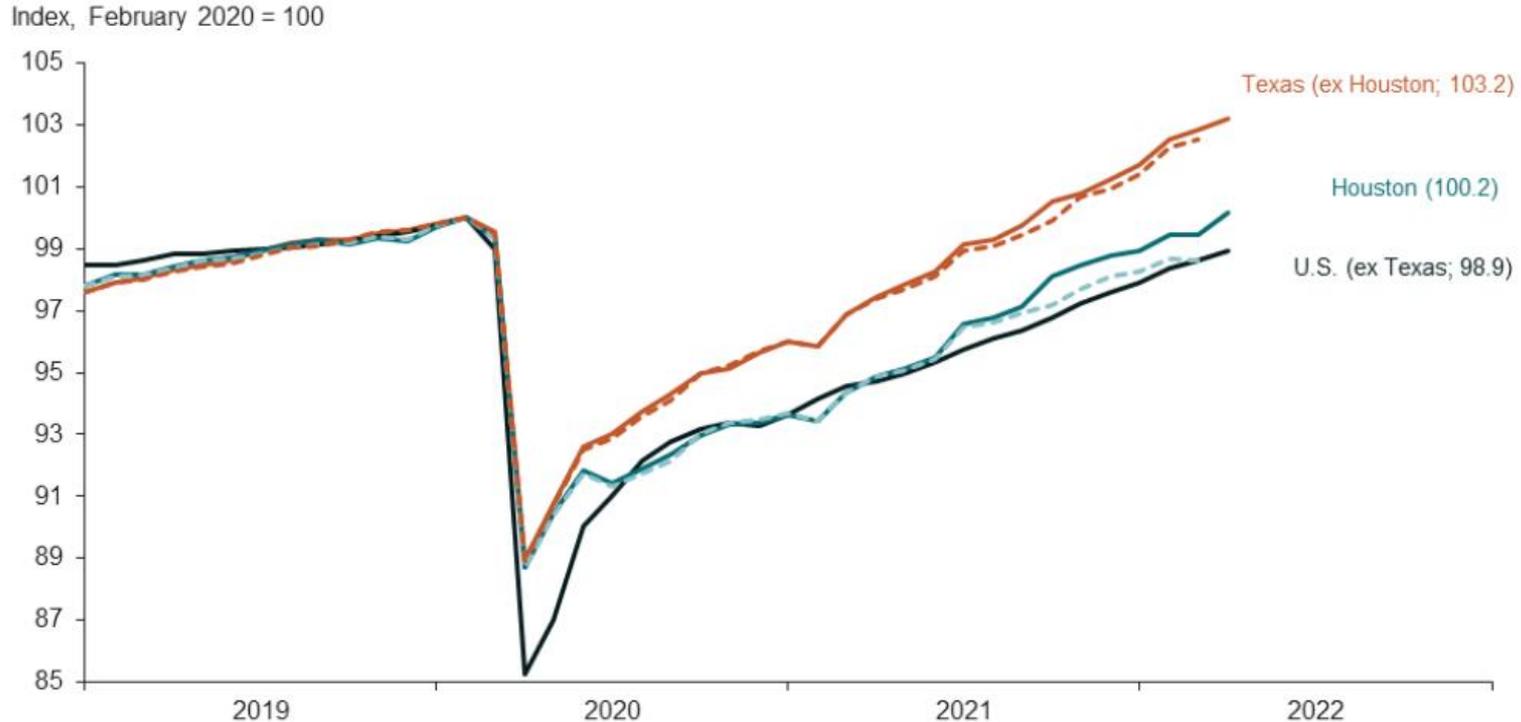
*Seasonally adjusted, annualized rate. Partial quarter data is represented with a shaded bar/dashed line.

NOTE: Last data points are annualized job growth for Texas (May 2022/Mar. 2022) and U.S. (May 2022/Mar. 2022).

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

DATA: <https://www.dallasfed.org/research/econdata/tae000000.aspx>

Texas & Houston Have Recovered From Pandemic Job Losses

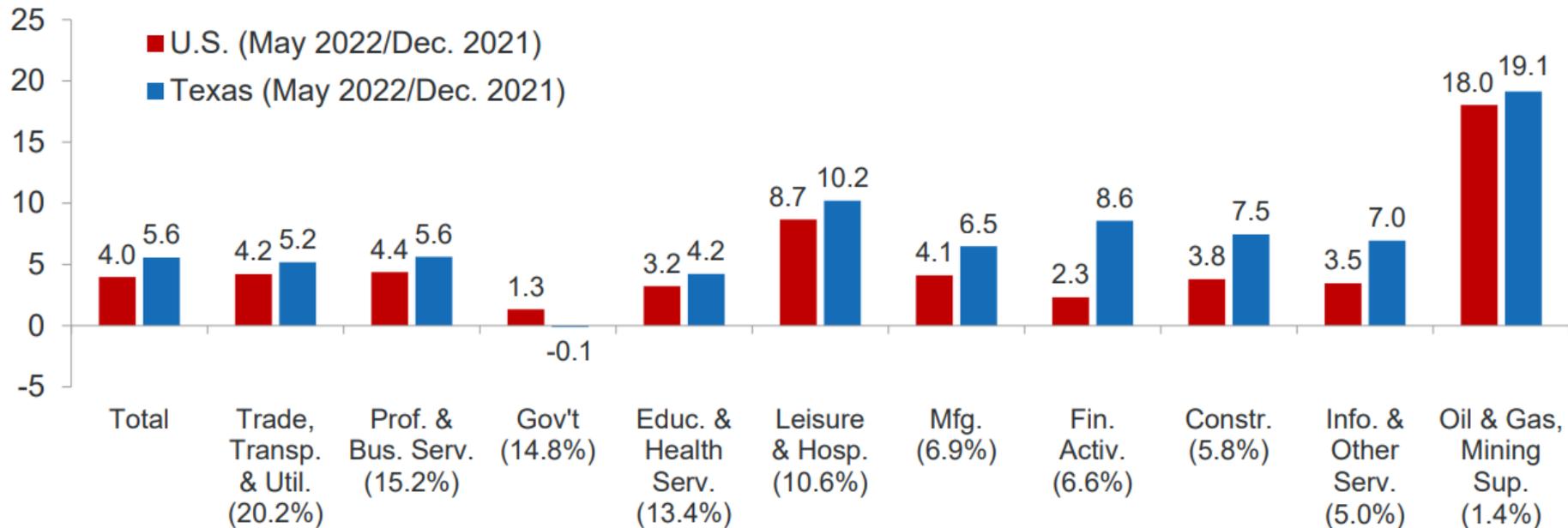


NOTE: Dashed lines are based on the Bureau of Labor Statistics' annual benchmark (released in March 2022) using administrative data for third quarter 2021. Solid lines are data based on the Dallas Fed's quarterly early benchmark update using administrative data for fourth quarter 2021.

SOURCE: Bureau of Labor Statistics, adjustments by the Dallas Fed.

Texas Outpacing U.S. So Far in 2022

Job growth (percent)*



*Seasonally adjusted, annualized rate.

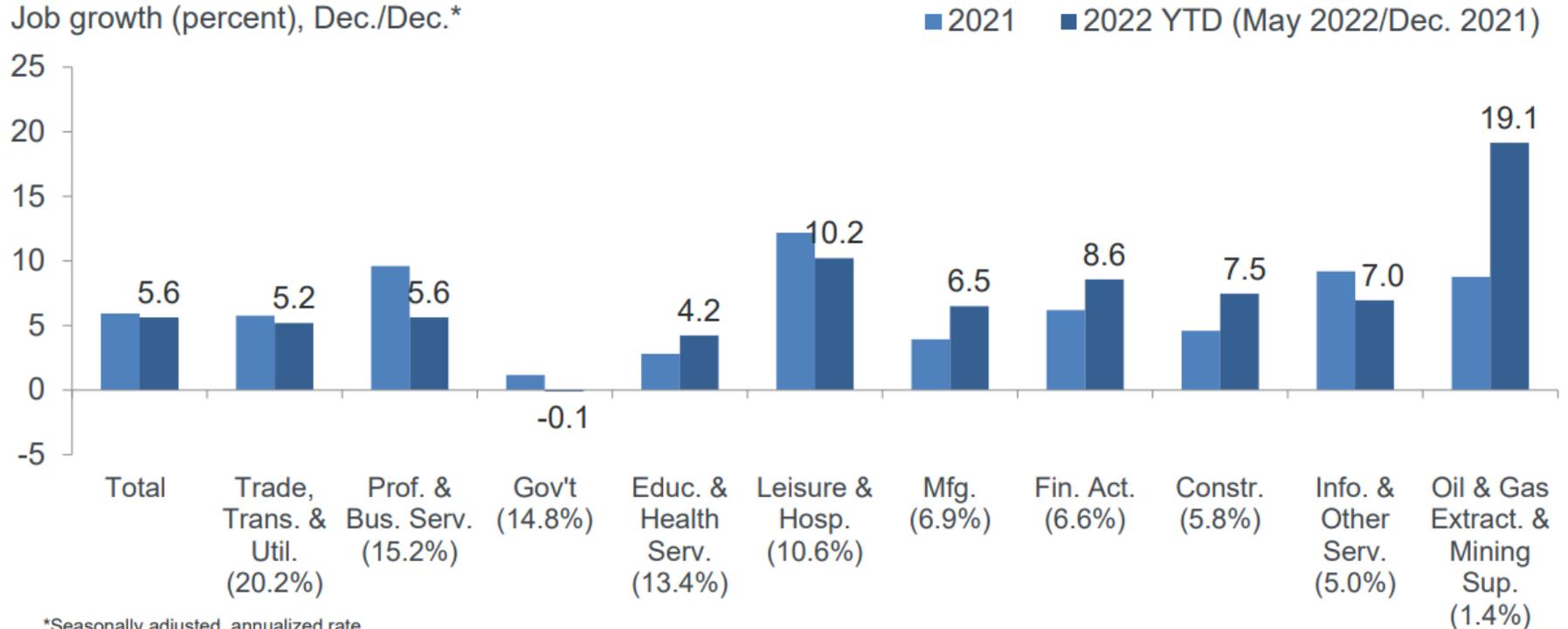
NOTE: Numbers in parenthesis indicate share of total state employment for most recent monthly data.

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

DATA: <https://www.dallasfed.org/research/econdata/tx-emp-ind.aspx>

Job Growth Broad-Based Across Texas Industries

Job growth (percent), Dec./Dec.*



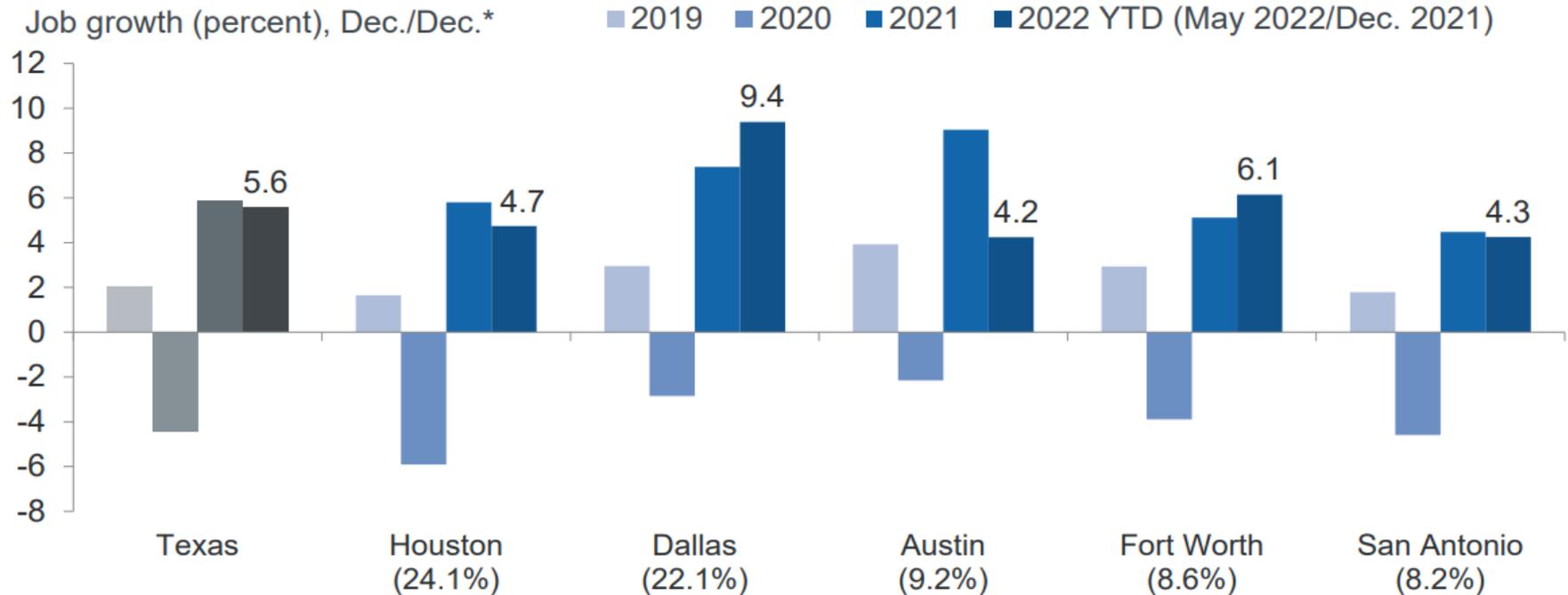
*Seasonally adjusted, annualized rate.

NOTE: Numbers in parenthesis indicate share of total state employment for most recent monthly data.

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

DATA: <https://www.dallasfed.org/research/econdata/tx-emp-ind.aspx>

Year-to-date Job Growth Strongest in Dallas & Fort Worth



*Seasonally adjusted, annualized rate.

NOTE: Numbers in parenthesis indicate share of state employment for most recent monthly data.

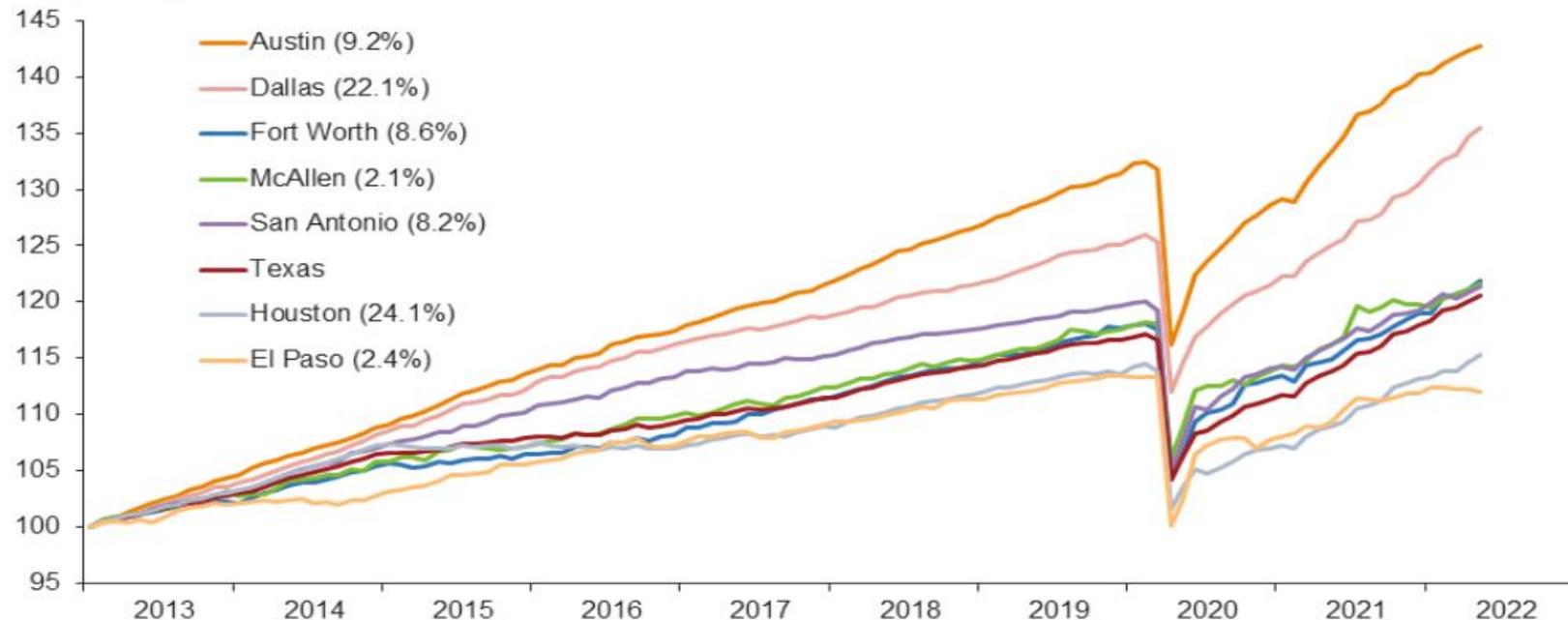
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by FRB Dallas.

DATA: <https://www.dallasfed.org/research/econdata/tx-emp.aspx#tab3>

Payroll Growth and Recovery Continues Across Most Major Metros

Employment Growth by Metro

Index, January 2013 = 100*



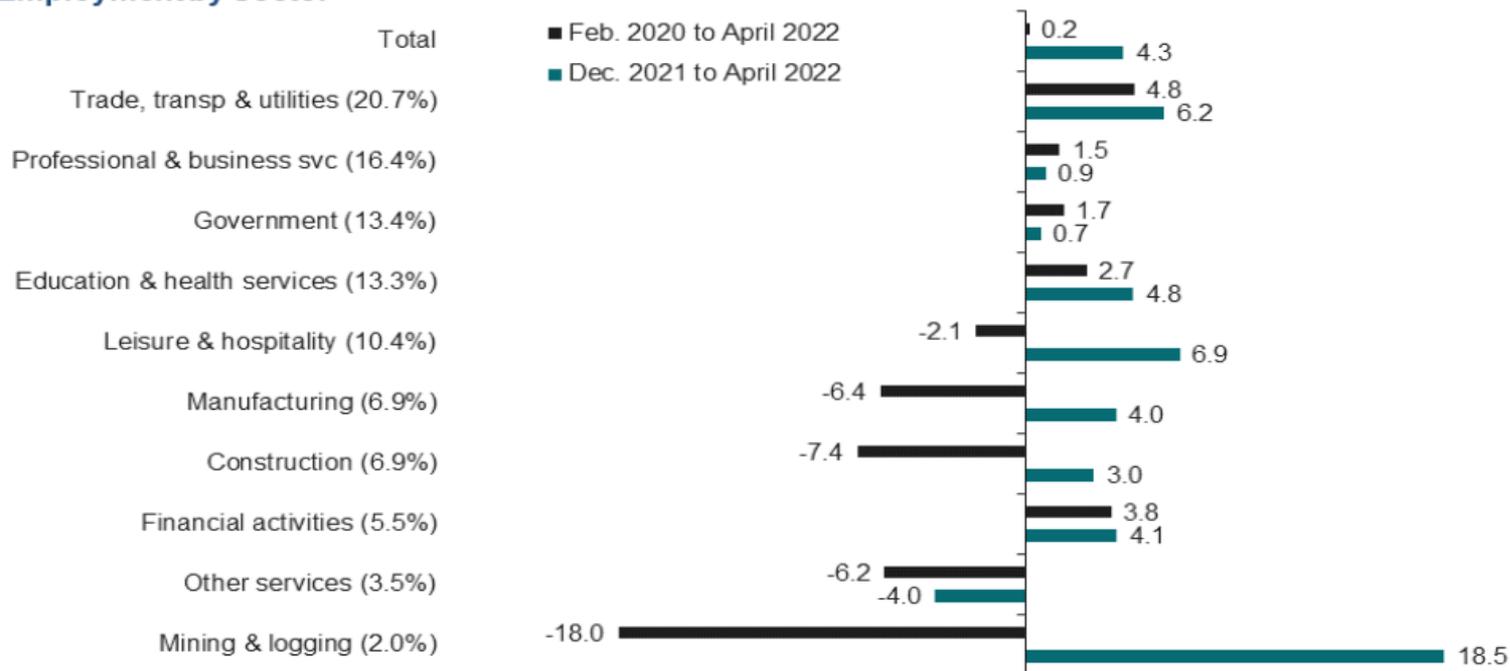
*Seasonally adjusted.

NOTE: Numbers in parentheses refer to the share of May 2022 Texas employment.

SOURCE: Bureau of Labor Statistics; Texas Workforce Commission; adjustments by the Dallas Fed.

In Houston, Services Continue to Lead Recovery & Mining Job Growth Soars

Employment by Sector

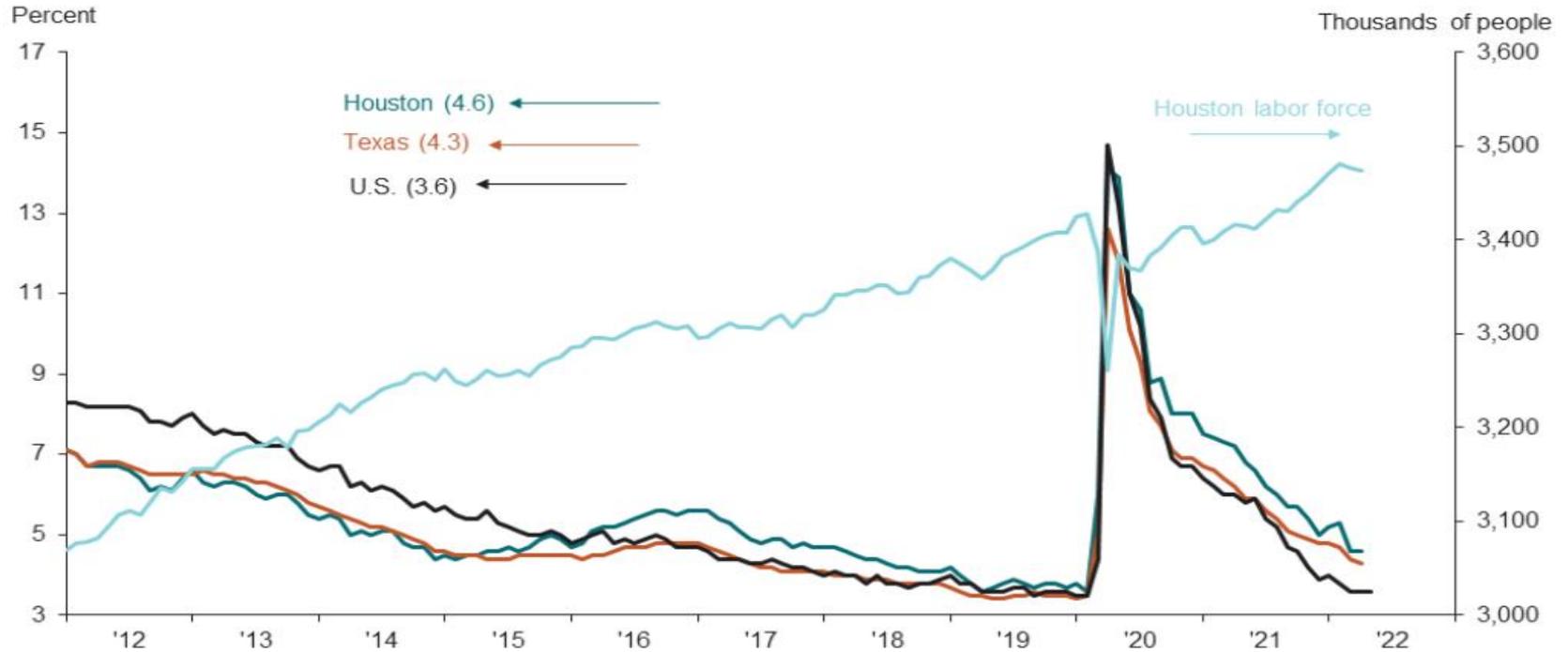


NOTE: The chart shows the percent change in payroll jobs by sector since February 2020 and the annualized year-to-date percent change by sector for April 2022. Numbers in parentheses represent the share of total employment in April 2022 and may not sum to 100 due to rounding.

SOURCE: Bureau of Labor Statistics; adjustments by the Dallas Fed.

Texas & Houston Unemployment Rate Trending Down, but Above U.S. Level

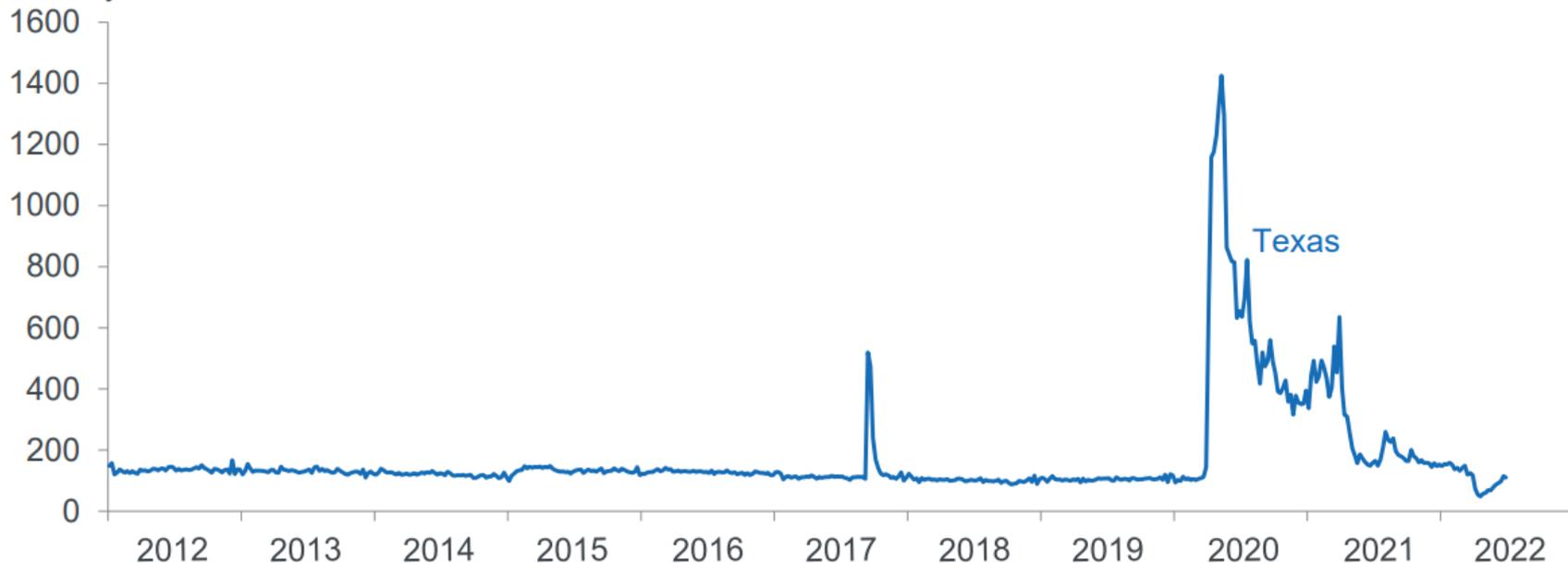
Unemployment Rate



SOURCE: Bureau of Labor Statistics.

Texas Initial Unemployment Claims Rising; Remains Below Pre-Pandemic Levels

Weekly claims, indexed Jan. 2000 = 100



*Seasonally adjusted.

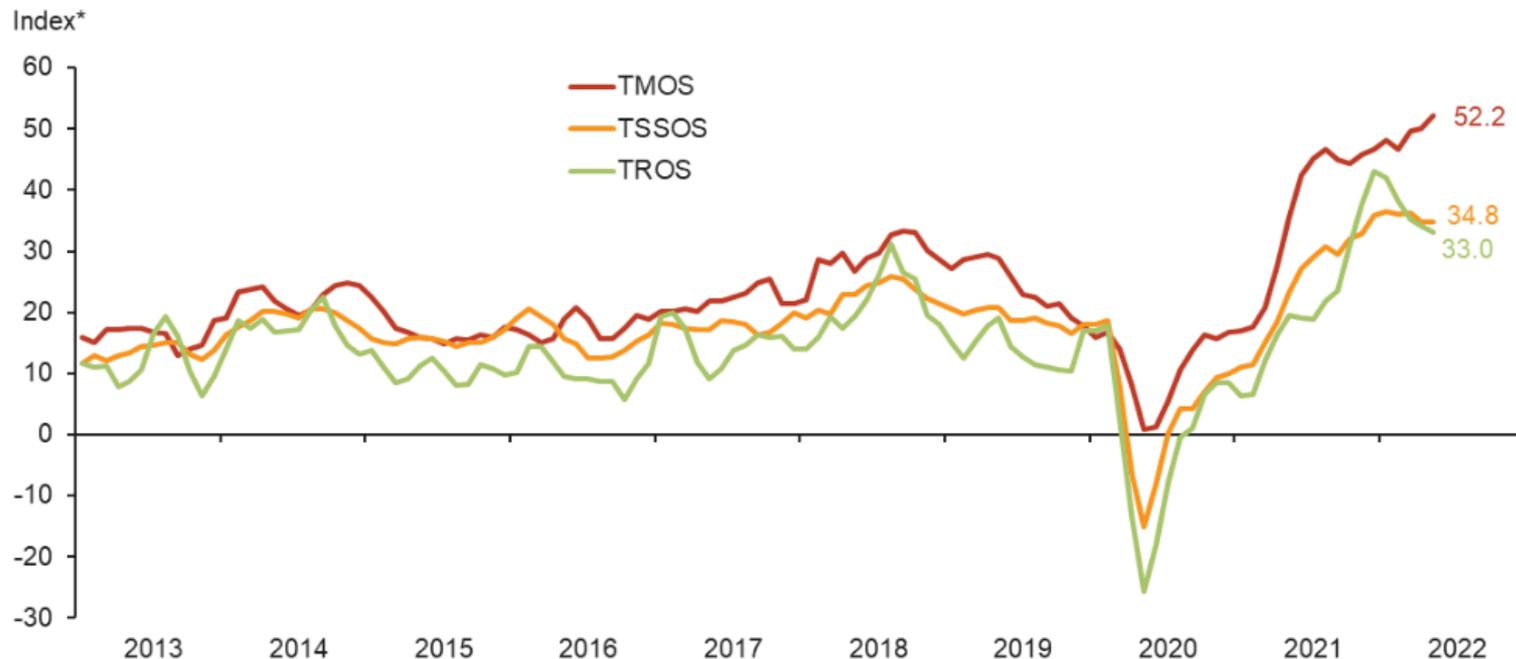
NOTE: Data through the week ending Jun. 11, 2022.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; FRB Dallas.

DATA: <https://www.dallasfed.org/research/econdata/tx-emp-ind.aspx>

Texans' Wages are Up Significantly Since 2020

Texas Business Outlook Surveys' Wages and Benefits Indexes

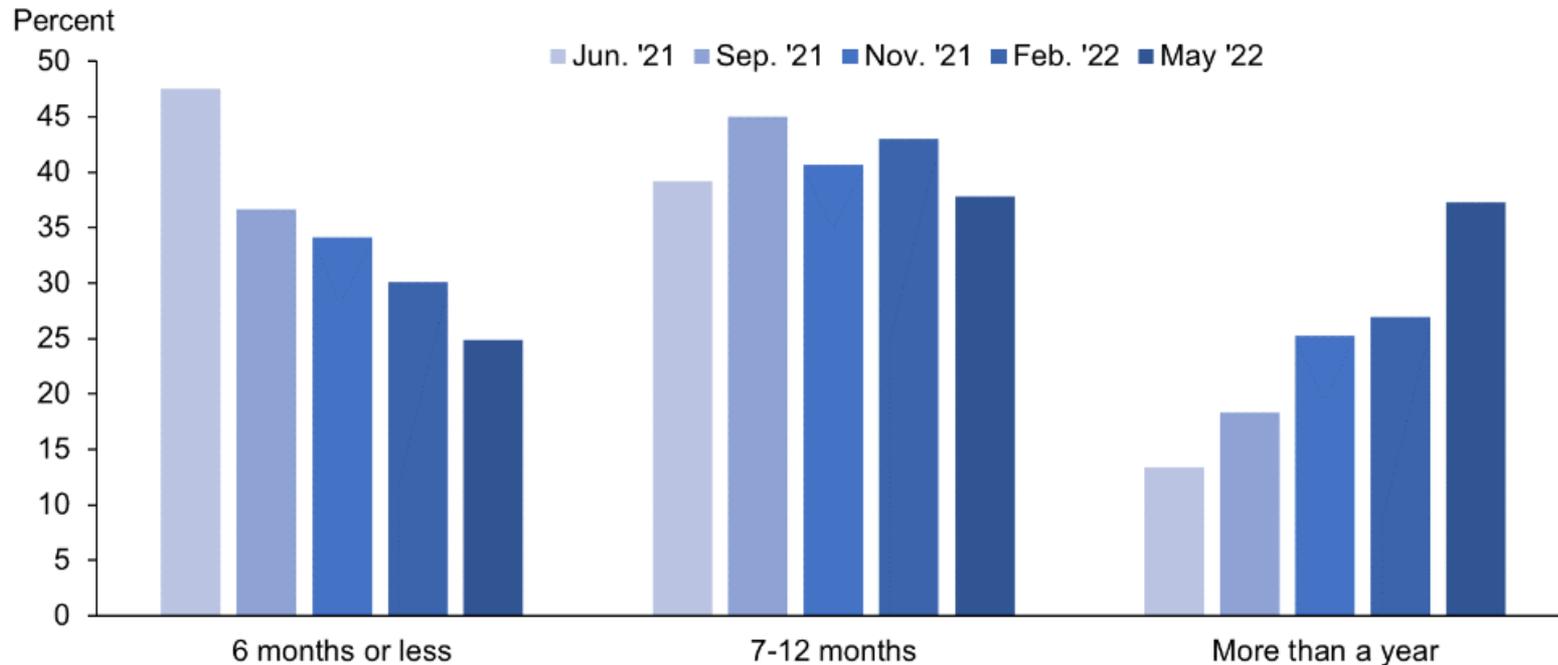


*Seasonally adjusted, three-month moving average.

NOTE: TMOS is the Texas Manufacturing Outlook Survey; TSSOS is the Texas Service Sector Outlook Survey; TROS is the Texas Retail Outlook Survey.

SOURCE: Dallas Fed.

When Do You Expect Supply Chains to Return to Normal?

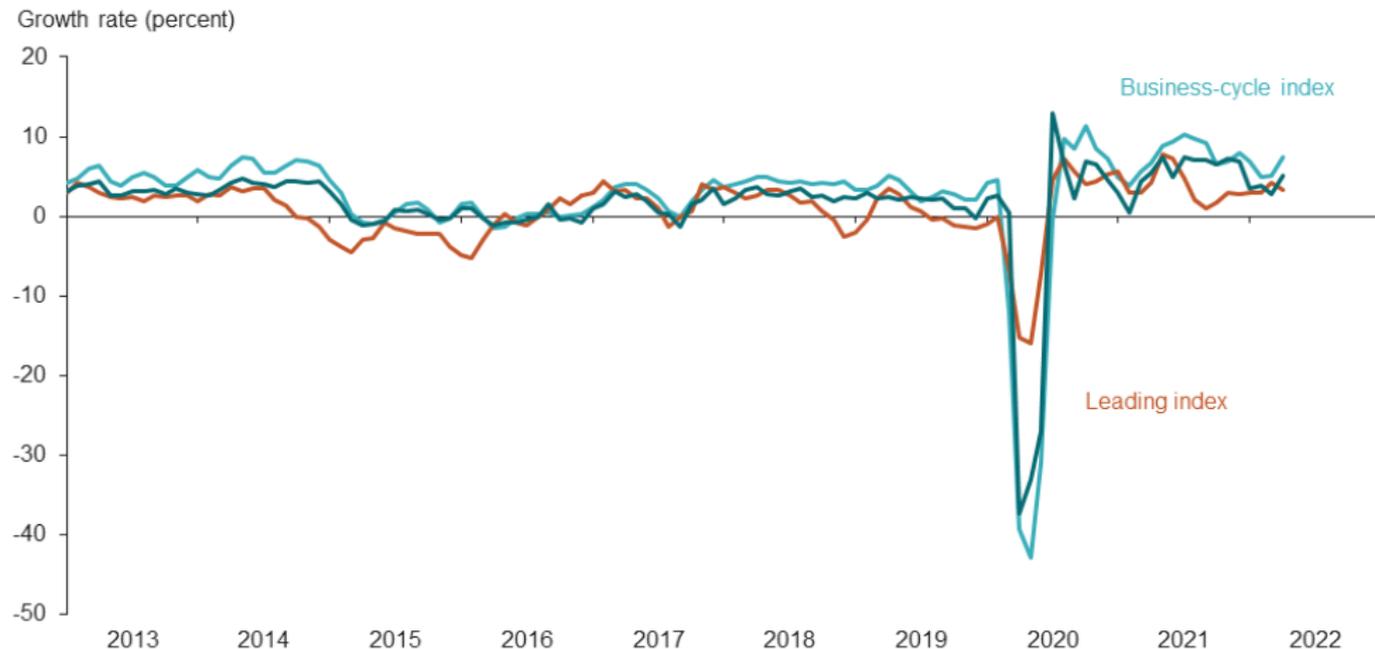


NOTES: Data as of May 2022. Question only posed to firms reporting supply-chain disruptions or delays.

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

Houston Business Cycle Indexes Strong

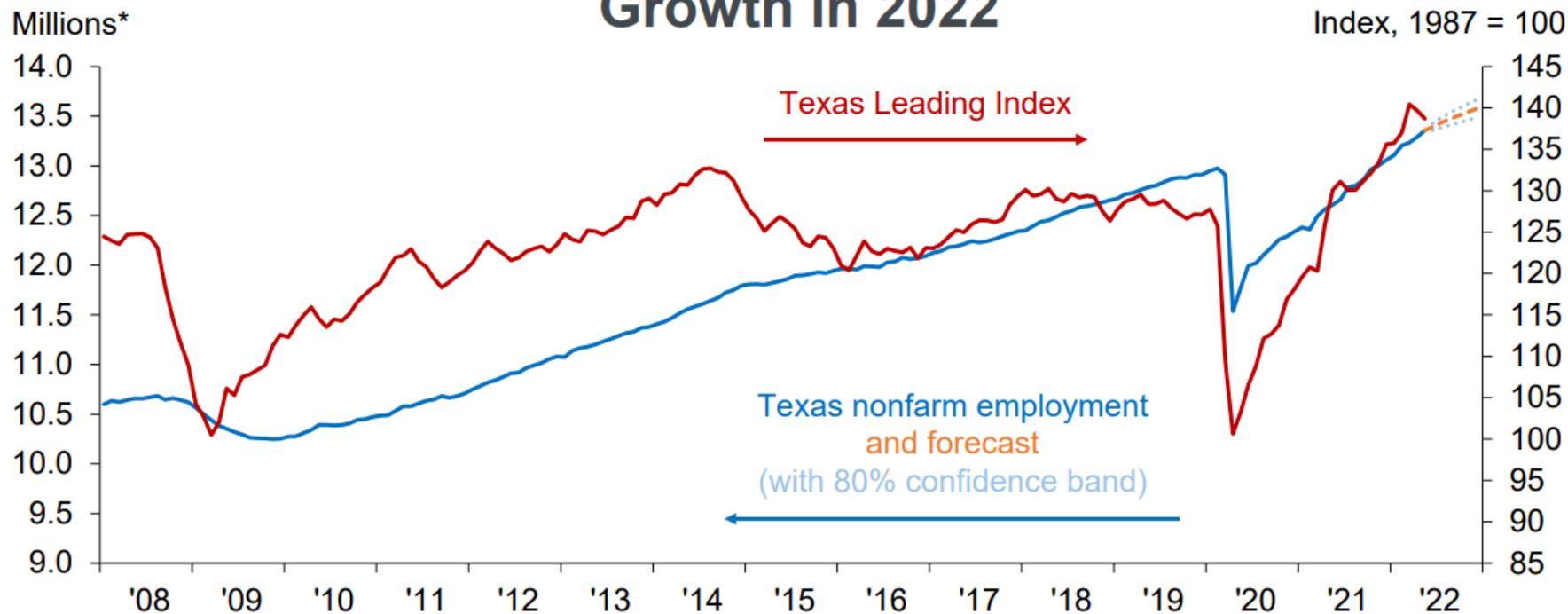
Houston Business-Cycle and Leading Indexes



NOTE: Data are annualized three-month growth rates.

SOURCE: Dallas Fed.

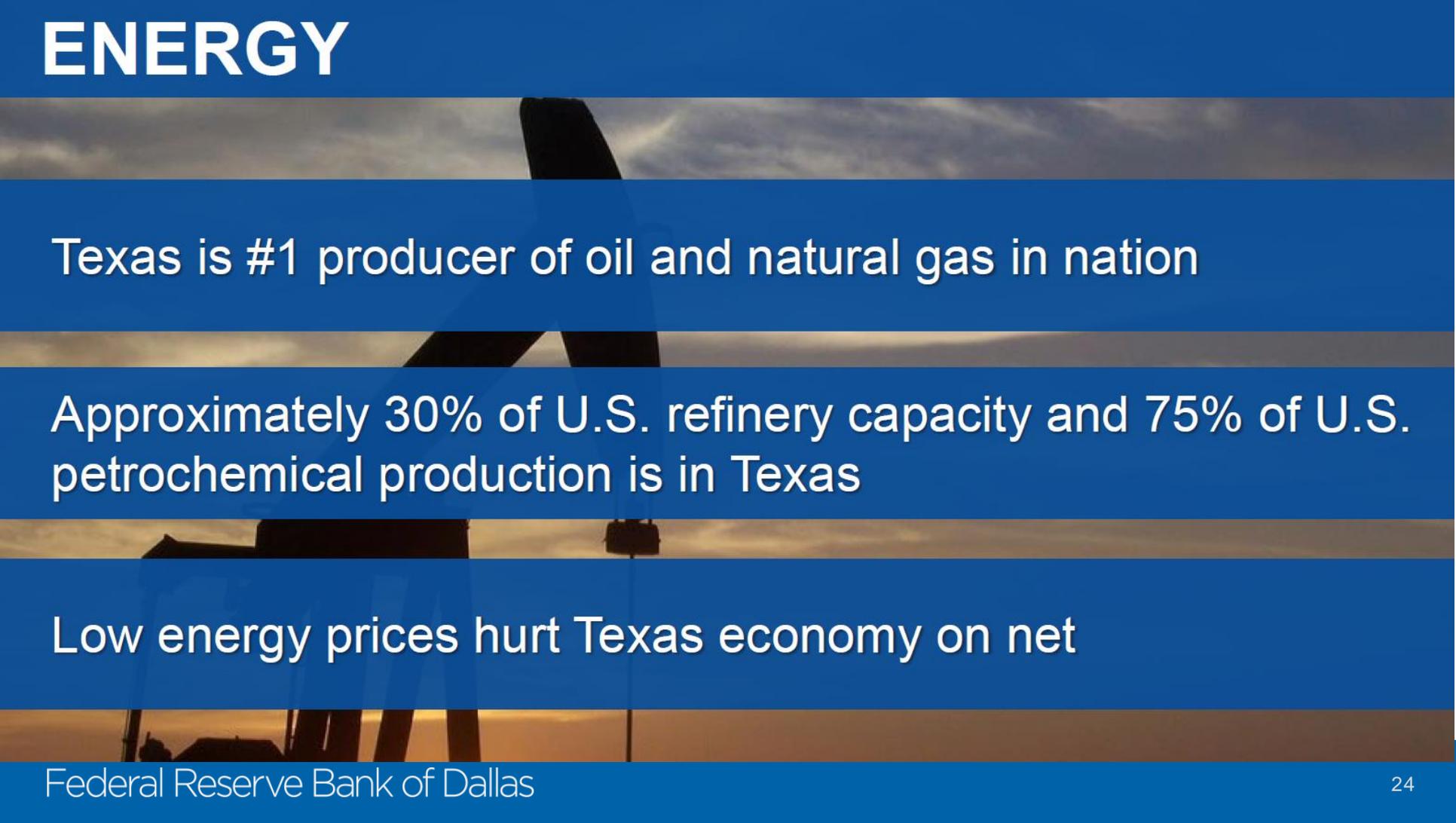
Texas Employment Growth Forecast Predicts 4.0 Percent Growth in 2022



*Seasonally adjusted.

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

ENERGY

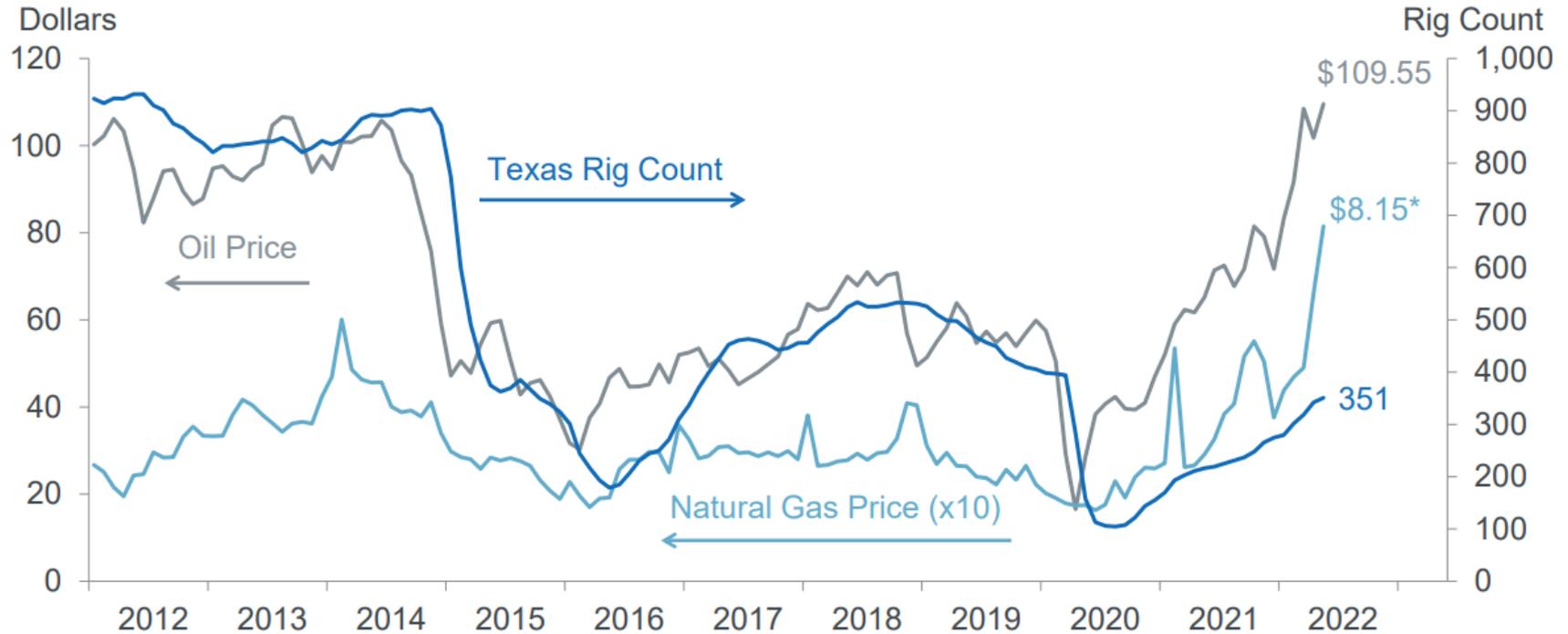


Texas is #1 producer of oil and natural gas in nation

Approximately 30% of U.S. refinery capacity and 75% of U.S. petrochemical production is in Texas

Low energy prices hurt Texas economy on net

Drilling Activity Trending Upward Amidst High Energy Prices



*Latest labeled natural gas price is dollars per million Btu, while the series is dollars per million Btu multiplied by 10.

NOTES: Oil price is dollars per barrel. Data through May 2022.

SOURCES: *Wall Street Journal*; Baker Hughes; U.S. Energy Information Administration.

MANUFACTURING



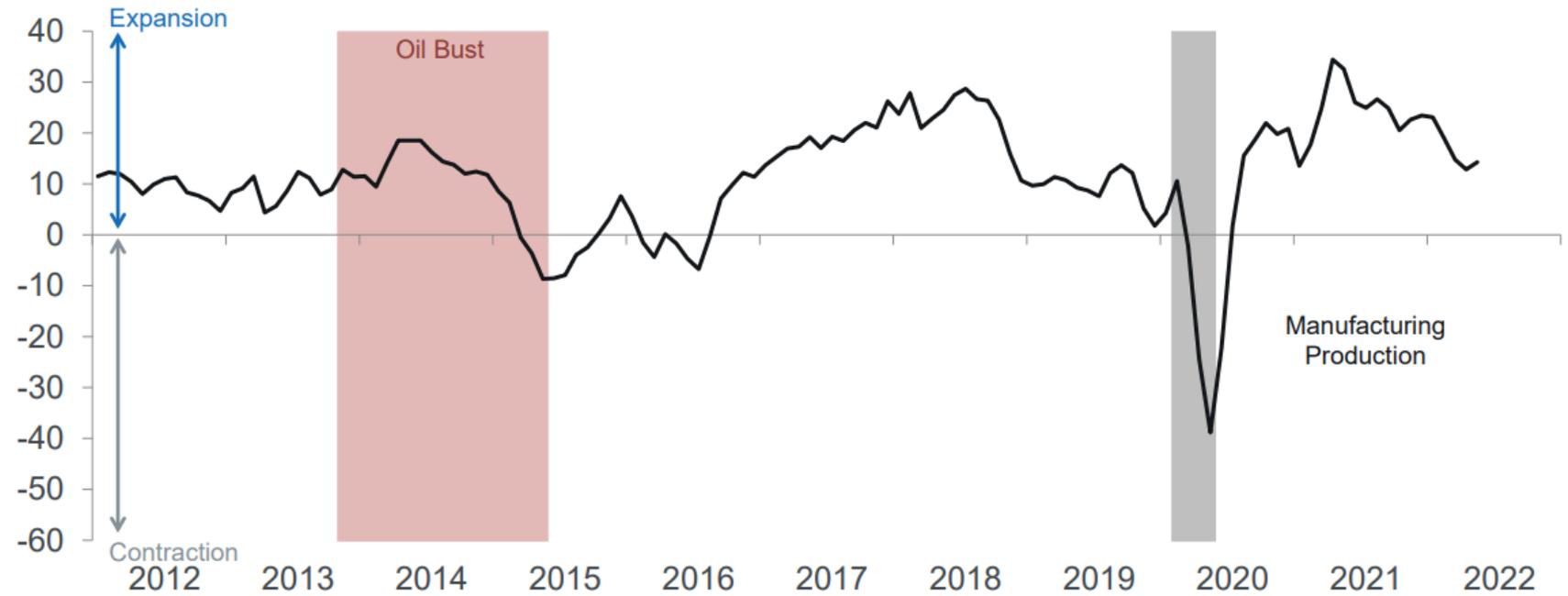
Texas produces 9% of U.S. manufactured goods

Manufacturing sector leading indicator of economic growth

Dallas Fed's Texas Manufacturing Outlook Survey offers early look at turning points and insight on trends

Texas Manufacturing Activity Continuing to Grow

Index, 3-month moving average*



Manufacturing Production

*Seasonally adjusted.
NOTE: Data through May 2022. Grey bars represent recessions.
SOURCE: Federal Reserve Bank of Dallas Texas Manufacturing Outlook Survey (TMOS).
DATA: <https://www.dallasfed.org/research/surveys/tmos>

EXPORTS



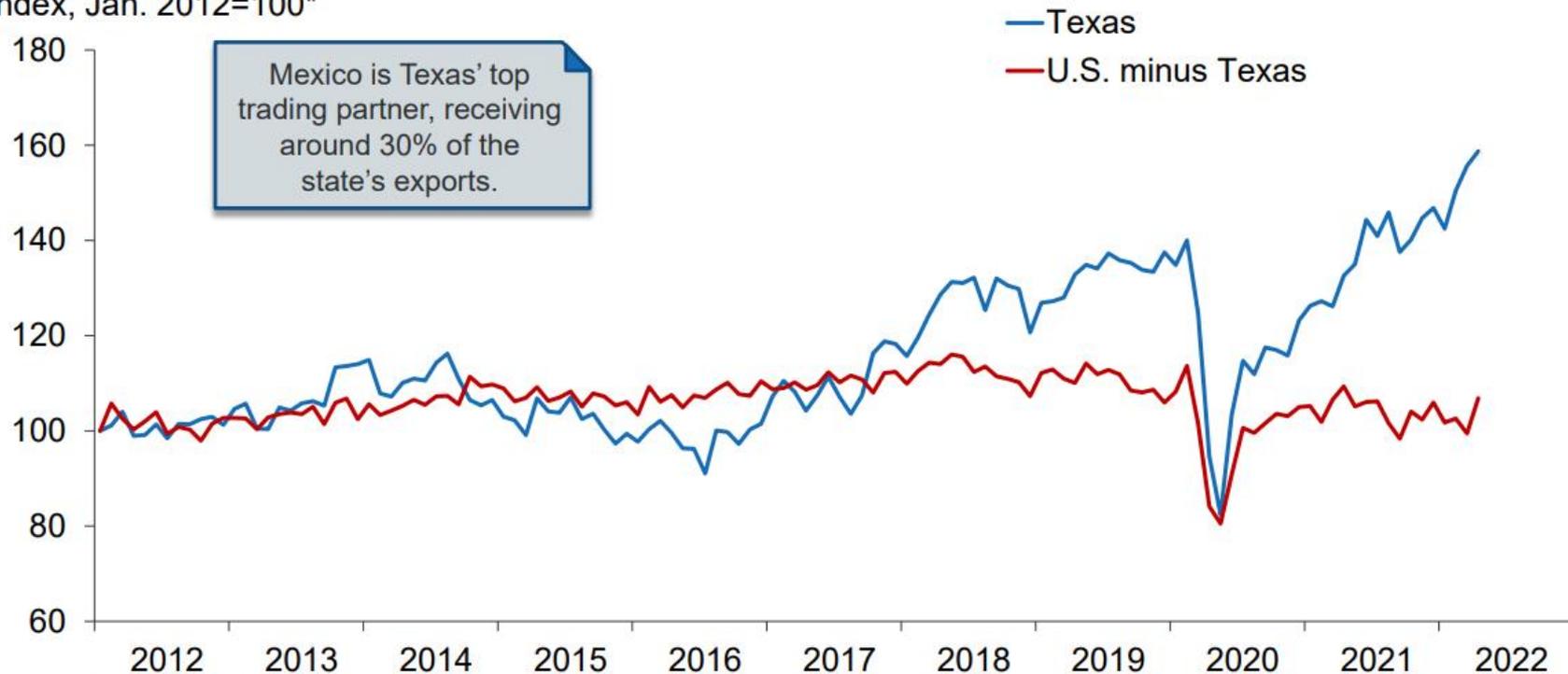
Texas is the top exporting state and accounts for 24% of U.S. exports

Gulf coast ports are major exporters of oil and gas, oil products and petrochemicals

Texas-Mexico border ports also process over half of state exports

Texas Exports Reach Record High in April

Index, Jan. 2012=100*



Mexico is Texas' top trading partner, receiving around 30% of the state's exports.

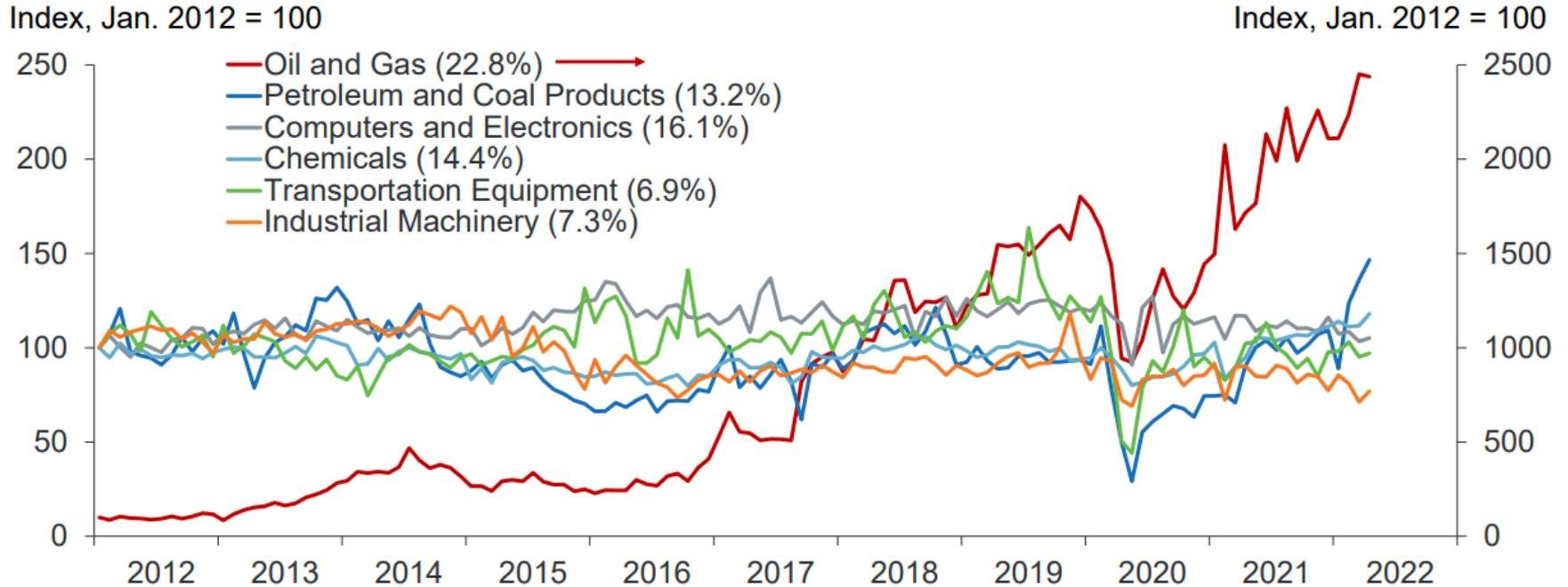
— Texas
— U.S. minus Texas

*Seasonally adjusted, real dollars.

NOTE: Data through Apr. 2022.

SOURCES: U.S. Census Bureau; Bureau of Labor Statistics; seasonal and other adjustments by FRB Dallas.

Texas Oil and Gas Export Growth Holding At Elevated Levels

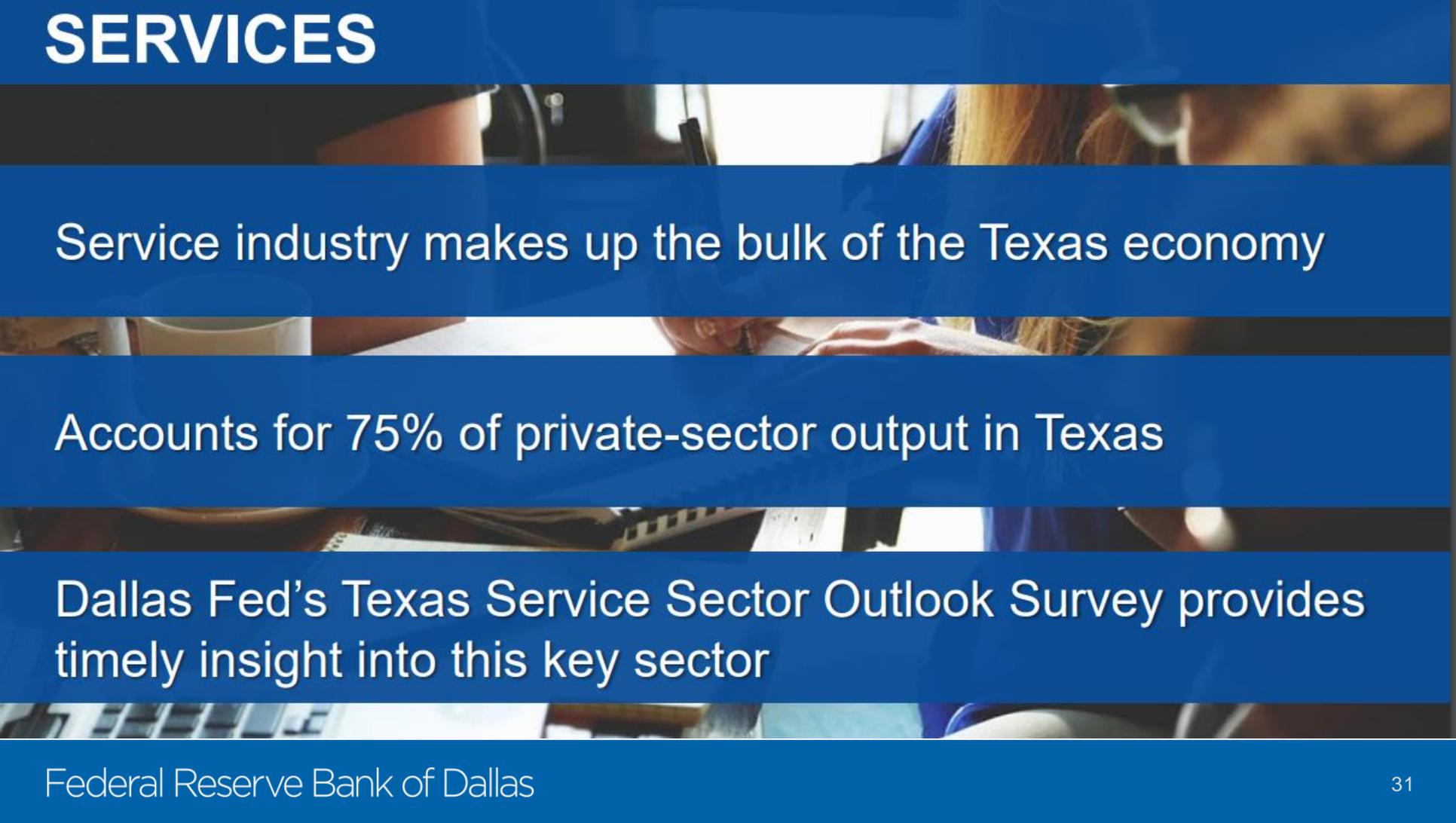


*Seasonally adjusted, real dollars.

NOTE: Data through Apr. 2022. Share of 2021 Texas exports in parentheses.

SOURCES: U.S. Census Bureau; Bureau of Labor Statistics; seasonal and other adjustments by FRB Dallas.

SERVICES

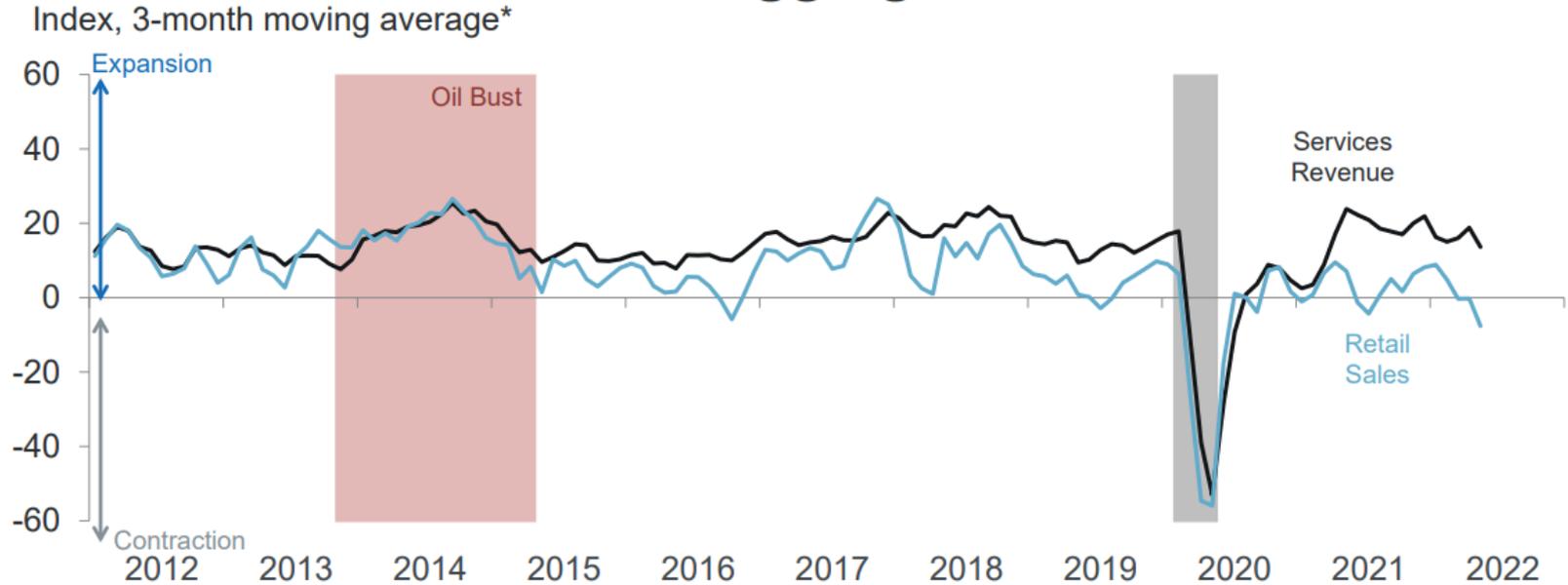


Service industry makes up the bulk of the Texas economy

Accounts for 75% of private-sector output in Texas

Dallas Fed's Texas Service Sector Outlook Survey provides timely insight into this key sector

Texas Service Sector Growth Remains Steady, Retail Sales Lagging



*Seasonally adjusted.

NOTES: Data through May 2022. The TROS is a component of TSSOS using information only from retail and wholesale trade sectors. Grey bars represent Texas recession.

SOURCES: Federal Reserve Bank of Dallas Texas Service Sector Outlook Survey (TSSOS) and Texas Retail Outlook Survey (TROS).

DATA: <https://www.dallasfed.org/research/surveys/tssos>

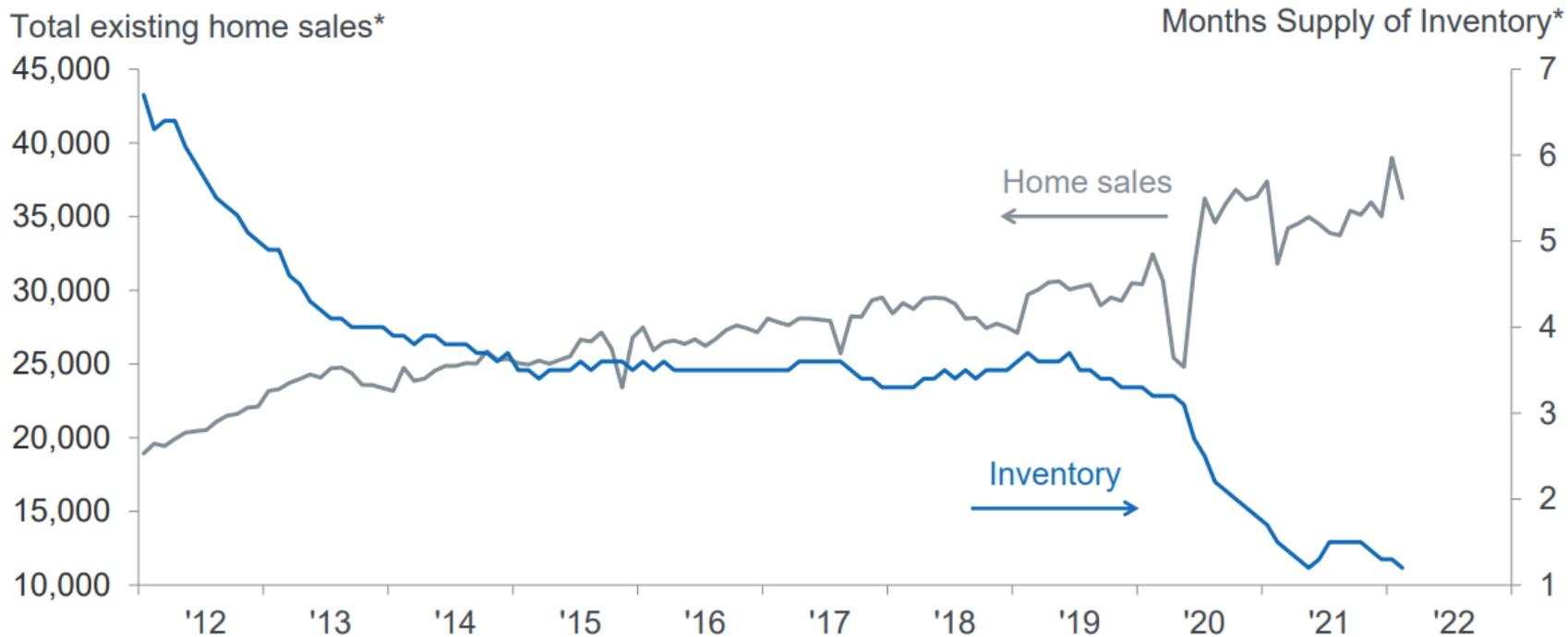
HOUSING

Texas house prices have tracked the nation since the Great Recession

Single-family housing sector was slow to recover

Housing markets currently tight in most of the state

Texas Home Sales Moderate as Inventories Remain Tight



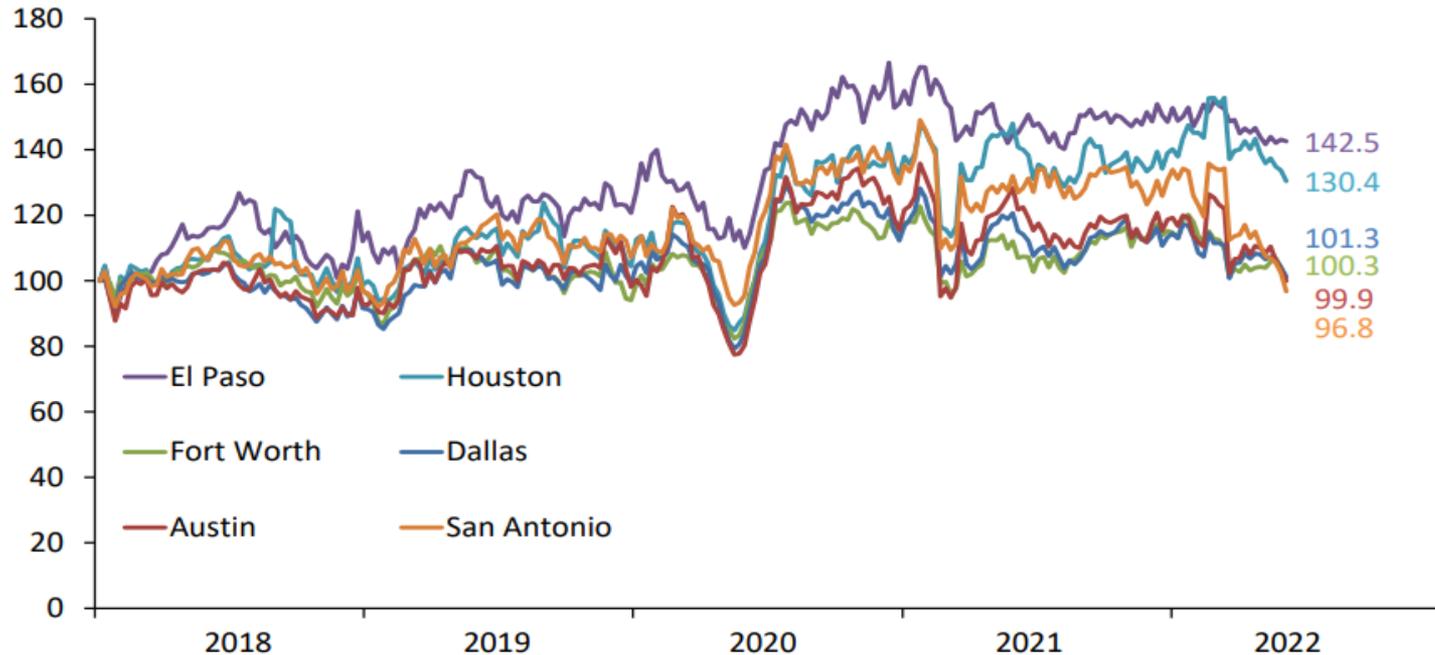
*Seasonally adjusted.

NOTE: Data through Apr. 2022.

SOURCES: Multiple Listing Service; seasonal and other adjustments by FRB Dallas.

Home Sales Dip in May, June

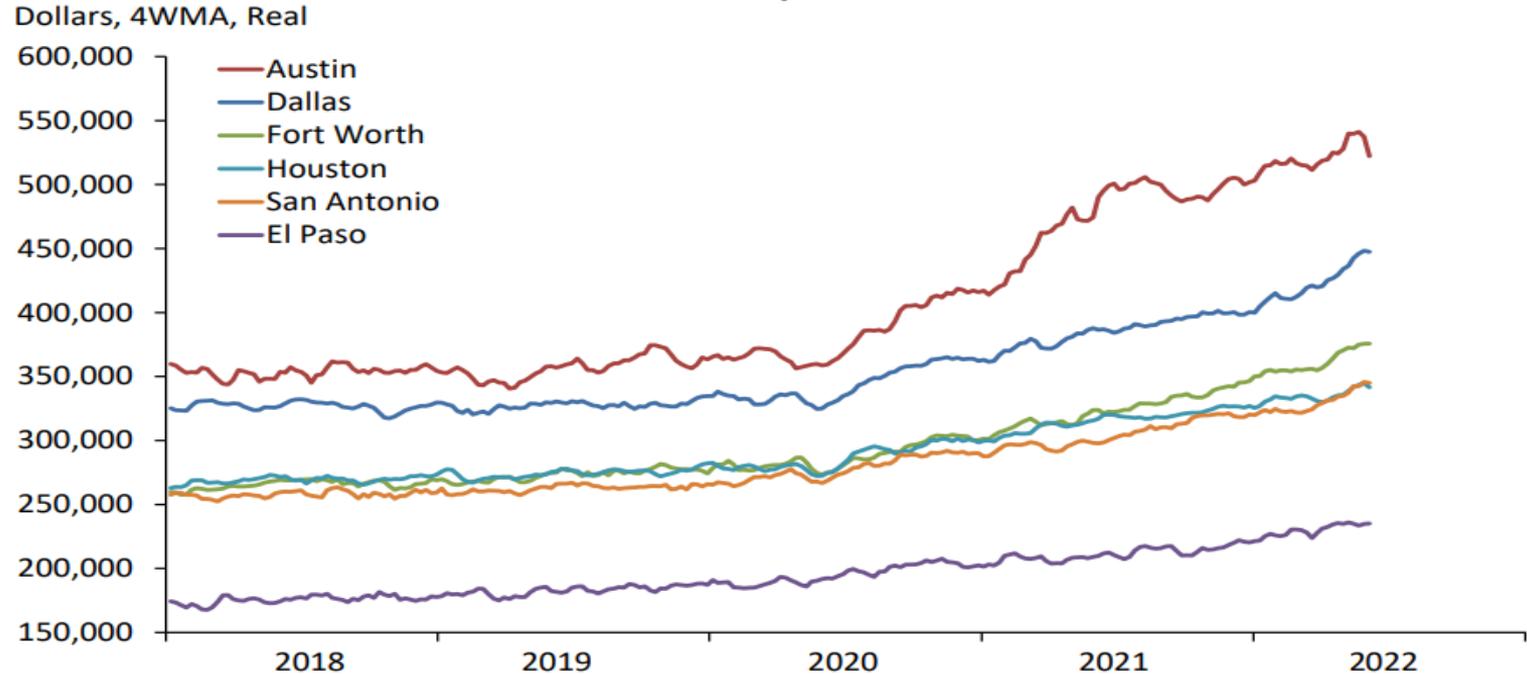
Index Jan. 2018 = 100, 4WMA



NOTE: Data reflect seasonally-adjusted, four-week moving average of total home sales indexed to January 2018. Total sales are the number of homes with a sale date during a given time period. Last observation is June 5, 2022.

SOURCE: Redfin Weekly Housing Market Data; adjustments by Dallas Fed.

Median Home Prices Stabilize



NOTE: Data reflect the four-week moving average of inflation and seasonally-adjusted median sale price. Median sales price is the final home sale price covering all homes with a sale date during a given time period where 50% of the sales were above this price and 50% were below this price. Last observation is June 5, 2022.

We need your input!

*Be part of a survey that
gauges regional business
activity and informs
monetary policy making.*



Texas **Manufacturing**
Outlook Survey



Texas **Service Sector**
Outlook Survey



Texas **Retail**
Outlook Survey