Texas Economy

Texas produces 8 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 Texas Economy

- The Texas economy has rebounded sharply following the COVID-19 pandemic, although employment remains below pre-pandemic levels.
  - Payroll jobs declined 4.7 percent in 2020 (Dec./Dec.) after growing 2.1 percent in 2019.
  - Unemployment surged to 12.9 percent in April 2020 following a near-record low of 3.7 percent in February.
- Initial steep declines in state economic activity following the virus outbreak were followed by a significant rebound in activity.
  - Manufacturing output is recovering sharply, though service sector has been somewhat slower to recover.
  - Energy sector seeing a rebound in 2021.
  - Unemployment rate declined sharply since April 2020 peak, 6.5 percent as of June
- The Dallas Fed’s Texas employment forecast predicts 2021 growth of 5.6 percent
Texas and U.S. Job Growth Strong in First Half of 2021

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

*Seasonally adjusted, annualized rate.
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 2nd Quarter Job Growth Moderating, Slower than National Average

Job growth (percent), quarter/quarter*

*Seasonally adjusted, annualized rate.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by FRB Dallas.
DATA: https://www.dallasfed.org/research/econdata/tae000000.aspx
2021 Year-to-Date Sees Broad-Based Job Growth Across Private Industries

Job growth 2020 YTD (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.


Federal Reserve Bank of Dallas
Texas Seeing Strong Rebound in Oil & Gas and Leisure & Hospitality Employment in 2021

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

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Total</td>
<td>4.4</td>
<td>15.6</td>
</tr>
<tr>
<td>Trade, Trans. &amp; Util. (20.4%)</td>
<td>4.4</td>
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<tr>
<td>Gov't (15.5%)</td>
<td>5.2</td>
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<tr>
<td>Prof. &amp; Bus. Serv. (14.6%)</td>
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<tr>
<td>Educ. &amp; Health Serv. (13.7%)</td>
<td>1.8</td>
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<tr>
<td>Leisure &amp; Hosp. (10.3%)</td>
<td>14.6</td>
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<tr>
<td>Mfg. (6.9%)</td>
<td>3.6</td>
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<tr>
<td>Fin. Act. (6.6%)</td>
<td>5.4</td>
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<tr>
<td>Constr. (5.8%)</td>
<td>1.5</td>
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<tr>
<td>Info. &amp; Other Serv. (4.8%)</td>
<td>4.1</td>
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<tr>
<td>Oil &amp; Gas Extract. &amp; Mining Sup. (1.4%)</td>
<td></td>
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</tbody>
</table>

*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.

Texas Metros see Strong Job Growth in 2021

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

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<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Texas</td>
<td>-8</td>
<td>-6</td>
<td>-4</td>
<td>-2</td>
</tr>
<tr>
<td>Houston</td>
<td>4.4</td>
<td>5.0</td>
<td>4.7</td>
<td>5.9</td>
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<tr>
<td>Dallas</td>
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<td></td>
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<td></td>
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</tr>
<tr>
<td>San Antonio</td>
<td>1.6</td>
<td>2.0</td>
<td>5.5</td>
<td>5.5</td>
</tr>
</tbody>
</table>

*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](https://www.dallasfed.org/research/econdata/tx-emp.aspx#tab3)
Texas Unemployment Rate Trending Down But Remains Elevated Compared to Pre-COVID Levels

Unemployment rate (percent)*

*Seasonally adjusted.


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

Texas Initial Unemployment Claims Fall to Lowest Levels Since Start of the Pandemic

Weekly claims, indexed Jan. 2000 = 100

*Seasonally adjusted.
NOTE: Data through the week ending Jul. 17th.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; FRB Dallas.
Texas Employment Forecast Predicts 5.6 Percent Growth in 2021

*Seasonally adjusted.

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 Picks up on Energy Price Increases

NOTES: Oil price is dollars per barrel. Natural gas series is dollars per million Btu, multiplied by 10. Data through Jun. 2021.
Texas produces 10% 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 Growing at a Rapid Pace

Index, 3-month moving average*

*Seasonally adjusted.


SOURCE: Federal Reserve Bank of Dallas Texas Manufacturing Outlook Survey (TMOS).

DATA: https://www.dallasfed.org/research/surveys/tmos
Texas is the top exporting state and accounts for 20% 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.
Mexico is Texas’ top trading partner, receiving around 30% of the state’s exports.

*SSeasonally adjusted, real dollars.
NOTE: Data through May 2021.
SOURCES: U.S. Census Bureau; Bureau of Labor Statistics; seasonal and other adjustments by FRB Dallas.
Texas Oil and Gas Exports Have Rebounded to Pre-COVID Levels

*Seasonally adjusted, real dollars.

NOTE: Data through May 2021. Share of Texas’ 2020 exports in parentheses.

SOURCES: U.S. Census Bureau; Bureau of Labor Statistics; seasonal and other adjustments by FRB Dallas.
Service industry makes up the bulk of the Texas economy

Accounts for 70% of private-sector output in Texas

Dallas Fed's Texas Service Sector Outlook Survey provides timely insight into this key sector
Robust Texas Service Sector Recovery Continuing, Retail Activity Weakens Slightly

Index, 3-month moving average*

*Seasonally adjusted.

NOTES: Data through Jul. 2021. 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
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 Slip in Recent Months as Inventories Continue to Tighten

Total existing home sales*

*Seasonally adjusted.
SOURCES: Multiple Listing Service; seasonal and other adjustments by FRB Dallas.
Texas Median Home Prices Continue to Reach Record Highs

Dollars (thousands), four-month moving average*

<table>
<thead>
<tr>
<th>Metro Area</th>
<th>December Median Price*</th>
<th>Y/Y % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austin</td>
<td>$381,725</td>
<td>12.7%</td>
</tr>
<tr>
<td>Dallas</td>
<td>$332,959</td>
<td>7.0%</td>
</tr>
<tr>
<td>Houston</td>
<td>$278,253</td>
<td>6.5%</td>
</tr>
<tr>
<td>Ft. Worth</td>
<td>$284,464</td>
<td>10.1%</td>
</tr>
<tr>
<td>San Antonio</td>
<td>$268,845</td>
<td>8.5%</td>
</tr>
</tbody>
</table>

*Seasonally adjusted, real dollars.
SOURCES: Multiple Listing Service; seasonal and other adjustments by FRB Dallas.
The rapid onset of COVID-19 and shelter-in-place measures across Texas in March and April 2020 caused a significant decline in output and employment, followed by a sharp rebound.

While Texas employment fell 4.7 percent in 2020, 2021 employment is expected to grow 5.6 percent, with a return to pre-pandemic employment levels by year-end.

For more information, see the Texas Employment Forecast at https://www.dallasfed.org/research/forecast/2021/emp210716.aspx