Federal Reserve
Bank of Dallas

Your Texas Economy

Current through: Tuesday, April 21, 2020
Texas produces 9 percent of U.S. GDP, second only to California.

Texas has a large and diverse workforce made up of 13 million workers.

Texas is younger and faster growing than the nation.
Overview of Texas Economy

- The Texas economy has declined in the wake of the COVID-19 pandemic after steady growth in 2019 and early 2020
  - Payrolls grew 2.2 percent in 2019 (Dec./Dec.)
  - Unemployment began the year at a near-record low of 3.5 percent.
- With the virus outbreak and subsequent containment measures, along with energy price declines, the state outlook turned negative in March
  - Services and manufacturing output has declined
  - Sharp contraction in the energy sector
  - Unemployment claims have reached record highs
- The Dallas Fed’s Texas employment forecast predicts 2020 job losses, likely in excess of the national average
Texas Job Growth Outpaces U.S. So Far in 2020

*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
First Quarter Growth Dragged Down by March Decline

*Seasonally adjusted, annualized rate.
NOTE: Q1 data through March 2020.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by FRB Dallas.
DATA: https://www.dallasfed.org/research/econdata/lae000000.aspx
2020 Texas Job Growth Outperforming U.S. In Most Industries So Far

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.

Nevertheless, Texas Job Growth Weakening Across Most Sectors Compared to 2019

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Total</td>
<td>2.3</td>
<td>3.2</td>
<td>-2.4</td>
</tr>
<tr>
<td>Trade, Trans. &amp; Util. (19.6%)</td>
<td>0.9</td>
<td>0.5</td>
<td>-1.2</td>
</tr>
<tr>
<td>Gov't (15.4%)</td>
<td>2.3</td>
<td>3.2</td>
<td>-2.4</td>
</tr>
<tr>
<td>Prof. &amp; Bus. Serv. (14.2%)</td>
<td>0.5</td>
<td>0.5</td>
<td>2.1</td>
</tr>
<tr>
<td>Educ. &amp; Health Serv. (13.6%)</td>
<td>0.5</td>
<td>0.5</td>
<td>2.1</td>
</tr>
<tr>
<td>Leisure &amp; Hosp. (10.8%)</td>
<td>-1.2</td>
<td>2.1</td>
<td>-1.2</td>
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<tr>
<td>Mfg. (7.0%)</td>
<td>2.1</td>
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<tr>
<td>Fin. Act. (6.3%)</td>
<td></td>
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<tr>
<td>Constr. (6.1%)</td>
<td></td>
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<tr>
<td>Info. &amp; Other Serv. (5.2%)</td>
<td></td>
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<tr>
<td>Oil &amp; Gas Extract. &amp; Mining Sup. (1.7%)</td>
<td>4.7</td>
<td>1.0</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.

Most Large Texas Metros Beginning to See Job Losses

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

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Texas</td>
<td>0.9</td>
<td>1.9</td>
<td>-0.7</td>
<td>-3.3</td>
</tr>
<tr>
<td>Houston (24.7%)</td>
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</tr>
<tr>
<td>Dallas (21.1%)</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Austin (8.7%)</td>
<td></td>
<td></td>
<td>-1.3</td>
<td>-1.8</td>
</tr>
<tr>
<td>Fort Worth (8.4%)</td>
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<tr>
<td>San Antonio (8.4%)</td>
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</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 Spikes Above National Average

Unemployment rate (percent)*

*Seasonally adjusted.
NOTE: Data through March 2020.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; FRB Dallas.
Texas Initial Unemployment Claims Surge to Record Highs

Weekly claims, indexed Jan. 2000 = 100

*Seasonally adjusted.
NOTE: Data through the week ending April 11, 2020.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; FRB Dallas.
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
Oil Prices Plummet in March

NOTES: Oil price is dollars per barrel. Natural gas series is dollars per million Btu, multiplied by 10. Data through Mar. 2020.

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 Production in Decline

Index, 3-month moving average*

*Seasonally adjusted.

NOTE: Data through March 2020. Grey bars represent Texas recession.

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.
February Texas Exports Continued to Outperform Nation’s

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

*Seasonally adjusted, real dollars.
NOTE: Data through February 2020.
SOURCES: U.S. Census Bureau; Bureau of Labor Statistics; seasonal and other adjustments by FRB Dallas.
Texas Oil and Gas Exports Surged Following Removal of the Oil Export Ban in 2015

*Seasonally adjusted, real dollars.

NOTE: Data through February 2020. Share of Texas’ 2019 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
Texas Services Revenue and Retail Sales Plummet in the Wake of COVID-19

Index, 3-month moving average*

*Seasonally adjusted.

NOTES: Data through March 2020. 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
February Texas Home Sales Elevated, Inventories Dipping

Total existing home sales*  

*Seasonally adjusted.  
NOTE: Data through February 2020.  
SOURCES: Multiple Listing Service; seasonal and other adjustments by FRB Dallas.
Texas Median Home Price Remains Near Record High

Dollars (thousands), four-month moving average*

<table>
<thead>
<tr>
<th>Metro Area</th>
<th>March Median Price*</th>
<th>Y/Y % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austin</td>
<td>$338,143</td>
<td>10.0%</td>
</tr>
<tr>
<td>Dallas</td>
<td>$298,093</td>
<td>2.8%</td>
</tr>
<tr>
<td>Houston</td>
<td>$248,377</td>
<td>2.3%</td>
</tr>
<tr>
<td>Ft. Worth</td>
<td>$248,209</td>
<td>2.5%</td>
</tr>
<tr>
<td>San Antonio</td>
<td>$242,772</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

*Seasonally adjusted, real dollars.
NOTE: Data through March 2020.
SOURCES: Multiple Listing Service; seasonal and other adjustments by FRB Dallas.
2020 Texas Economic Outlook

- The rapid onset of COVID-19 and shelter-in-place measures across Texas in March have caused a significant decline in output and employment.
- As of mid-April, new unemployment claims have exceeded 1 million, suggesting an unemployment rate in excess of 12 percent.
- Leading indicators suggest continued weakness in the state economy moving forward.
- For more information, see the Texas Employment Forecast at https://www.dallasfed.org/research/forecast/2020/emp200417.aspx