Texas Economy

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

Texas has a large and diverse workforce made up of 14.7 million workers.

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

- Texas employment grew 3.6 percent in May, and April growth was revised downward to 2.5 percent; this is down from 2022 growth at 4.1 percent.
  - Texas is still growing faster than the nation (U.S. job growth was 2.6 percent in May)
  - Service sector growth continued to moderate at the start of 2023 while manufacturing growth has flattened.
  - Unemployment rate declined sharply since April 2020 peak but has since increased. The rate edged up to 4.1 percent in May.
- The Dallas Fed’s Texas employment forecast indicates that jobs will increase 2.8 percent in 2023.
Early 2023 Texas Job Growth Holds Strong

*Seasonally adjusted, annualized rate.
NOTE: Last data points are annualized job growth for May 2023/Dec. 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
Job Growth Slower in Second Quarter

*Seasonally adjusted, annualized rate.
NOTE: Last data points are annualized job growth for May 2023/Mar. 2023.
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 Outpacing U.S. Across Most Sectors

Job growth (percent)*

- U.S. (May 2023/Dec. 2022)
- Texas (May 2023/Dec. 2022)

<table>
<thead>
<tr>
<th>Category</th>
<th>U.S.</th>
<th>Texas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>2.5%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Trade, Transp. &amp; Util.</td>
<td>1.3%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Prof. &amp; Bus. Serv. (15.5%)</td>
<td>3.6%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Gov't (14.7%)</td>
<td>4.2%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Educ. &amp; Health Serv. (13.5%)</td>
<td>4.2%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Leisure &amp; Hosp. (10.5%)</td>
<td>0.2%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Mfg. (6.8%)</td>
<td>0.8%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Fin. Activ. (6.5%)</td>
<td>2.1%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Constr. (5.8%)</td>
<td>2.2%</td>
<td></td>
</tr>
<tr>
<td>Other Serv. (3.4%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information (1.7%)</td>
<td>3.1%</td>
<td></td>
</tr>
<tr>
<td>Oil &amp; Gas, Mining Sup. (1.5%)</td>
<td>-2.7%</td>
<td>12.3%</td>
</tr>
</tbody>
</table>

*Seasonally adjusted, annualized rate.

NOTE: Numbers in parentheses 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.

Strong Growth in Oil and Gas, Other Services, Professional and Business Services

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

<table>
<thead>
<tr>
<th>Category</th>
<th>2022</th>
<th>2023 (May. 2023/Dec. 2022)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>3.6%</td>
<td>12.3%</td>
</tr>
<tr>
<td>Trade, Trans. &amp; Util.</td>
<td>3.2%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Prof. &amp; Bus. Serv.</td>
<td>3.0%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Gov't</td>
<td>3.0%</td>
<td>14.7%</td>
</tr>
<tr>
<td>Educ. &amp; Health Serv.</td>
<td>3.6%</td>
<td>10.5%</td>
</tr>
<tr>
<td>Leisure &amp; Hosp.</td>
<td>-0.1%</td>
<td>6.8%</td>
</tr>
<tr>
<td>Mfg.</td>
<td>2.9%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Fin. Act.</td>
<td>2.3%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Constr.</td>
<td>3.1%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Other Serv.</td>
<td>3.4%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Information</td>
<td>1.7%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Oil &amp; Gas Extract. &amp; Mining Sup.</td>
<td>1.5%</td>
<td></td>
</tr>
</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.
San Antonio Leading Metro Job Growth in 2023

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

- Texas: 3.6%
- Houston: 2.5%
- Dallas: 2.5%
- Austin: 2.8%
- Fort Worth: 3.8%
- San Antonio: 4.9%

*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
Texas Unemployment Rate Edges Up to 4.1 Percent in May

Unemployment rate (percent)*

*Seasonally adjusted.
NOTE: Data are through May 2023.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; FRB Dallas.
Texas Initial Unemployment Claims Climb in June

Weekly claims, indexed Jan. 2020 = 100

*Seasonally adjusted.
NOTE: Data through the week ending June 10, 2023.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; FRB Dallas.
Texas Job Forecast Points to 2.8 Percent Growth in 2023

*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
Rig Count Falls as Energy Prices Cool

*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 2023.


Federal Reserve Bank of Dallas
Texas produces 10% of U.S. manufactured goods

Manufacturing sector leading indicator of business cycle

Dallas Fed’s Texas Manufacturing Outlook Survey offers early look at turning points and insight on trends
Texas Manufacturing Production Growth Flattens

*Seasonally adjusted.

NOTE: Data through May 2023. Grey bar represents 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 23% 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.
Export Levels Moderating in Texas and Nationwide

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

NOTES: Seasonally adjusted, real dollars. Data through April 2023.
SOURCES: U.S. Census Bureau; Bureau of Labor Statistics; seasonal and other adjustments by FRB Dallas.
Texas Oil and Gas Exports Cool

*Seasonally adjusted, real dollars.

NOTE: Data through April 2023. Share of 2022 Texas exports in parentheses.

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

Index, Jan. 2012 = 100

- Oil and Gas (32.8%)
- Petroleum and Coal Products (17.4%)
- Computers and Electronics (11.5%)
- Chemicals (13.1%)
- Transportation Equipment (4.5%)
- Industrial Machinery (5.2%)

*Federal Reserve Bank of Dallas*
Service industry makes up the bulk of the Texas economy

Accounts for 71% of private-sector output in Texas

Dallas Fed’s Texas Service Sector Outlook Survey provides timely insight into this key sector
Texas Service Sector Revenue Growth Improves, Retail Sales Growth Rebounds

Index, 3-month moving average*

*Seasonally adjusted.
NOTES: Data through May 2023. The TROS is a component of TSSOS using information only from retail and wholesale trade sectors. Grey bar represents 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
Recent housing market strength fueled by economic growth and high net migration to the state.

Net migration to Texas averaged around 200 thousand people per year from 2010 to 2021.

Texas house prices are falling due to rising mortgage rates, which is suppressing demand.
Texas Home Sales Reduce and Inventories Hold

Total existing home sales*

Months supply of inventory*

*Seasonally adjusted.
NOTE: Data through April 2023.
SOURCES: Multiple Listing Service; seasonal and other adjustments by FRB Dallas.
Texas Median Home Prices Decline from Record Highs

Dollars (thousands), four-month moving average

<table>
<thead>
<tr>
<th>Metro Area</th>
<th>Median Price*</th>
<th>Y/Y % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austin</td>
<td>$446,294</td>
<td>-18.9%</td>
</tr>
<tr>
<td>Houston</td>
<td>$327,287</td>
<td>-6.6%</td>
</tr>
<tr>
<td>San Antonio</td>
<td>$320,769</td>
<td>-4.9%</td>
</tr>
<tr>
<td>Dallas-Fort Worth</td>
<td>$392,904</td>
<td>-8.7%</td>
</tr>
</tbody>
</table>

*Saisonally adjusted, real dollars. Table data through April; Houston data through March.

NOTE: Data are seasonally adjusted and through April 2023.

SOURCES: Multiple Listing Service; seasonal and other adjustments by FRB Dallas.
2023 Texas Economic Outlook

- Texas employment grew 3.6 percent in May, down from 2022 growth at 4.1 percent.
- Texas Business Outlook Surveys (TBOS) continued to signal sluggish growth, with contracting manufacturing production and slow service sector revenue growth in May.
- In 2023, the Dallas Fed expects jobs to increase 2.8 percent.
- For more information, see the December Texas Employment Forecast at https://www.dallasfed.org/research/forecast/2023/emp230616.