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

- The Texas economy has recovered strongly since the COVID-19 pandemic.
  - Pandemic initially destroyed 1.4 million Texas jobs; all jobs were recovered by November 2021.
  - Service sector growth continued to moderate at the start of 2023 while manufacturing growth slowed.
  - Unemployment rate declined sharply since April 2020 peak but has since increased. The rate held at 4 percent in April.
- The Dallas Fed’s Texas employment forecast indicates that jobs will increase 2.6 percent in 2023.
Early 2023 Texas Job Growth Holds Strong

Job growth (percent)*

-8 -6 -4 -2 0 2 4 6 8


*Seasonally adjusted, annualized rate.
NOTE: Last data points are annualized job growth for Apr. 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
April Job Growth below First Quarter

*Seasonally adjusted, annualized rate.

NOTE: Last data points are annualized job growth for Apr. 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)*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>2.2</td>
<td>3.7</td>
</tr>
<tr>
<td>Trade, Transp. &amp; Util.</td>
<td>1.2</td>
<td>3.0</td>
</tr>
<tr>
<td>Prof. &amp; Bus. Serv.</td>
<td>1.7</td>
<td>3.7</td>
</tr>
<tr>
<td>Gov't</td>
<td>3.2</td>
<td>2.9</td>
</tr>
<tr>
<td>Educ. &amp; Health Serv.</td>
<td>3.8</td>
<td>1.7</td>
</tr>
<tr>
<td>Leisure &amp; Hosp.</td>
<td>4.1</td>
<td>6.8</td>
</tr>
<tr>
<td>Mfg.</td>
<td>0.4</td>
<td>1.0</td>
</tr>
<tr>
<td>Fin. Activ.</td>
<td>0.7</td>
<td>2.1</td>
</tr>
<tr>
<td>Constr.</td>
<td>2.1</td>
<td>1.7</td>
</tr>
<tr>
<td>Other Serv.</td>
<td>2.4</td>
<td>2.8</td>
</tr>
<tr>
<td>Information &amp; Mining Sup.</td>
<td>-2.3</td>
<td>8.5</td>
</tr>
<tr>
<td>Total</td>
<td>10.0</td>
<td>12.5</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 Other Services, Leisure and Hospitality

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>3.7</td>
<td>8.5</td>
</tr>
<tr>
<td>Trade, Trans. &amp; Util.</td>
<td>3.0</td>
<td>5.5</td>
</tr>
<tr>
<td>Prof. &amp; Bus. Serv. (15.4%)</td>
<td>3.7</td>
<td>5.5</td>
</tr>
<tr>
<td>Gov't (14.6%)</td>
<td>2.9</td>
<td>2.8</td>
</tr>
<tr>
<td>Educ. &amp; Health Serv. (13.5%)</td>
<td>4.1</td>
<td>8.5</td>
</tr>
<tr>
<td>Leisure &amp; Hosp. (10.6%)</td>
<td>6.8</td>
<td>6.8</td>
</tr>
<tr>
<td>Mfg. (6.9%)</td>
<td>1.0</td>
<td>2.1</td>
</tr>
<tr>
<td>Fin. Act. (6.5%)</td>
<td>2.1</td>
<td>2.8</td>
</tr>
<tr>
<td>Constr. (5.7%)</td>
<td>2.8</td>
<td>5.5</td>
</tr>
<tr>
<td>Other (3.4%)</td>
<td>5.5</td>
<td>5.5</td>
</tr>
<tr>
<td>Serv. Information (1.7%)</td>
<td>5.5</td>
<td>5.5</td>
</tr>
<tr>
<td>Oil &amp; Gas Extract. &amp; Mining Sup. (1.4%)</td>
<td>5.5</td>
<td>5.5</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.

Fort Worth Leading Metro Job Growth in Early 2023

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas</td>
<td>3.7</td>
<td>2.1</td>
<td>2.9</td>
<td>2.7</td>
</tr>
<tr>
<td>Houston</td>
<td></td>
<td></td>
<td></td>
<td>4.5</td>
</tr>
<tr>
<td>Dallas</td>
<td></td>
<td></td>
<td></td>
<td>4.3</td>
</tr>
<tr>
<td>Austin</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fort Worth</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>San Antonio</td>
<td></td>
<td></td>
<td></td>
<td></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
Texas Unemployment Rate Holds at 4 Percent in April

Unemployment rate (percent)*

*Seasonally adjusted.

NOTE: Data are through Apr. 2023.

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

Texas Initial Unemployment Claims Moderate in May

Weekly claims, indexed Jan. 2020 = 100

*Seasonally adjusted.

NOTE: Data through the week ending May 13, 2023.

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

Texas Job Forecast Points to 2.6 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 Stabilizing 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 April 2023.
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 Stops

Index*

Expansion

Oil Bust

Contraction

*Seasonally adjusted.

NOTE: Data through April 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.
Texas Oil and Gas Export Growth Increasing

Index, Jan. 2012 = 100

*Seasonally adjusted, real dollars.

NOTE: Data through March 2023. Share of 2022 Texas 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 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 Moderating, Retail Sales Continue to Decline

*Seasonally adjusted.
NOTES: Data through April 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](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 Slightly Improve

Total existing home sales*

Months supply of inventory*

*Seasonally adjusted.
NOTE: Data through March 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>$448,864</td>
<td>-17.6%</td>
</tr>
<tr>
<td>Houston</td>
<td>$324,385</td>
<td>-6.7%</td>
</tr>
<tr>
<td>San Antonio</td>
<td>$316,676</td>
<td>-5.9%</td>
</tr>
<tr>
<td>Dallas-Fort Worth</td>
<td>$392,617</td>
<td>-5.4%</td>
</tr>
</tbody>
</table>

*Seasonally adjusted, real dollars. Table data through March.
NOTE: Data are seasonally adjusted and through March 2023.
SOURCES: Multiple Listing Service; seasonal and other adjustments by FRB Dallas.
2023 Texas Economic Outlook

- 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 employment grew 6.1 percent in 2021, growth slowed to 4.8 percent in 2022.
- In 2023, the Dallas Fed expects jobs to increase 2.6 percent.
- For more information, see the December Texas Employment Forecast at https://www.dallasfed.org/research/forecast/2023/emp230519.