



Federal Reserve  
Bank of Dallas

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# Your Texas Economy

Current through: Tuesday, June 22, 2021

# 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

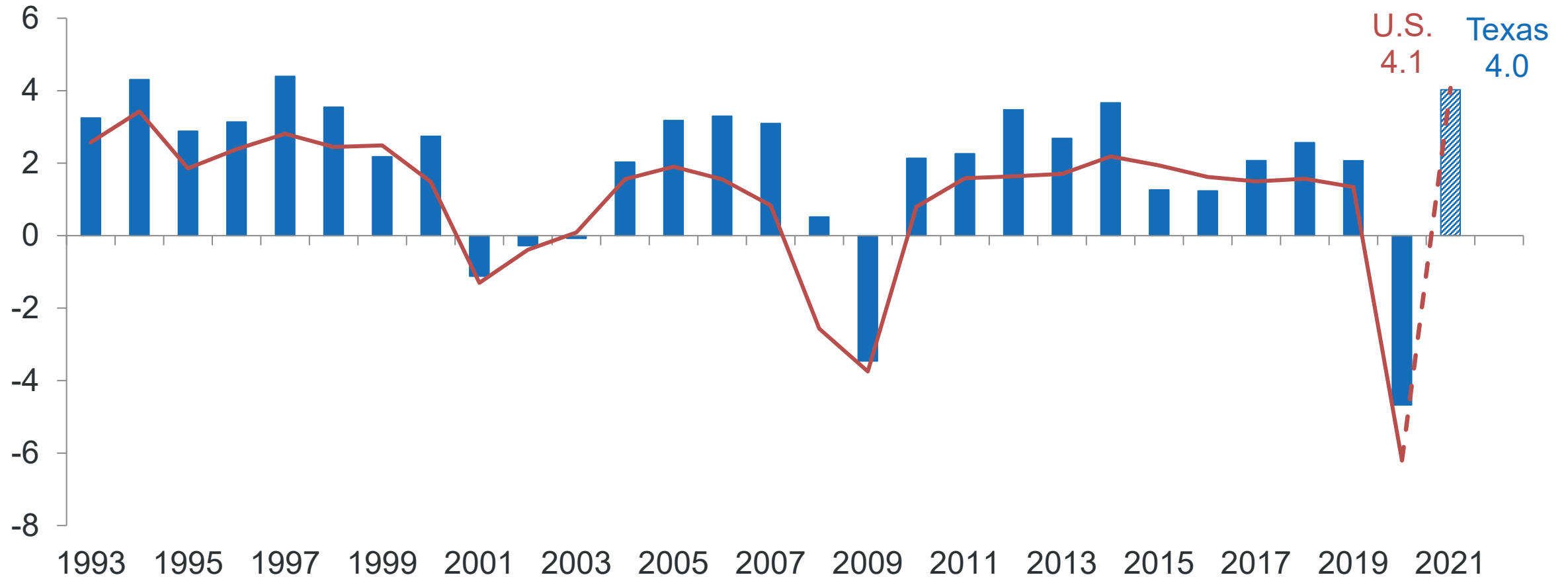


# Overview of Texas Economy

- The Texas economy has rebounded sharply following the COVID-19 pandemic, although employment remains well 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 is somewhat slower to recover.
  - Energy sector seeing a rebound in 2021
  - Unemployment rate declined sharply since April 2020 peak, 6.5 percent as of May
- The Dallas Fed's Texas employment forecast predicts 2021 growth of 4.1 percent

# Texas and U.S. Job Growth Strong in First Half of 2021

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



\*Seasonally adjusted, annualized rate.

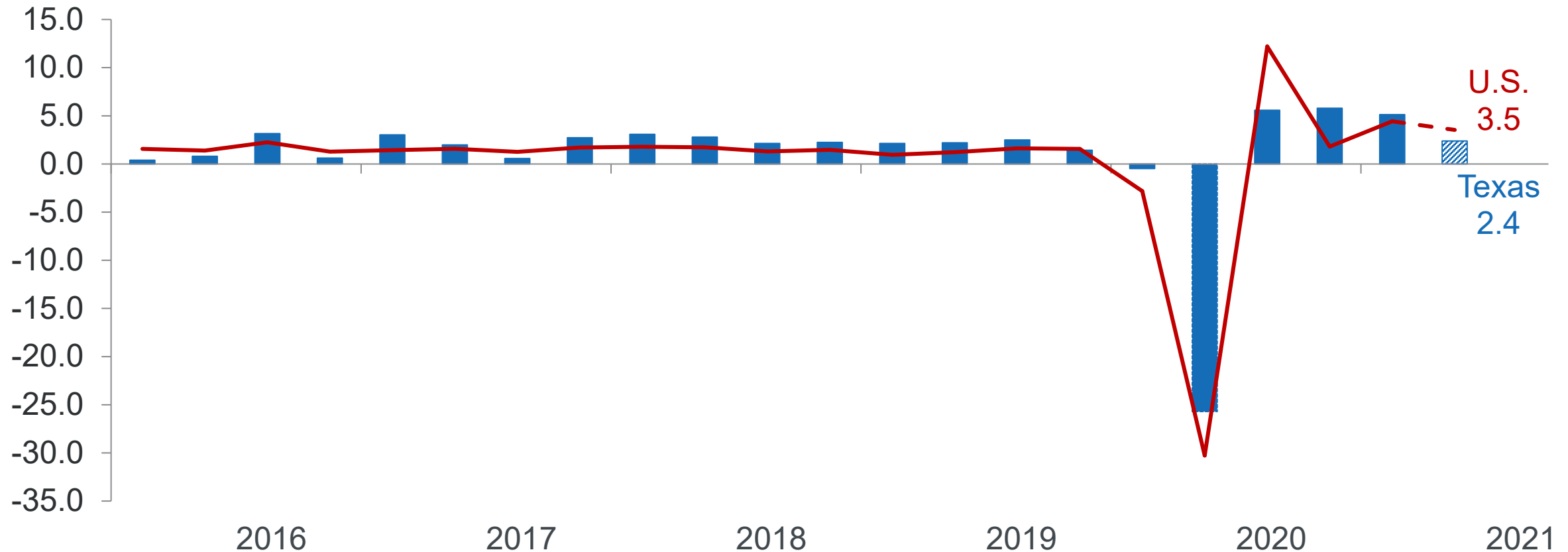
NOTE: Last data points are annualized job growth for Texas (May. 2021/Dec. 2020) and U.S. (May. 2021/Dec. 2020).

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 2<sup>nd</sup> Quarter Job Growth Moderating, Slower than National Average

Job growth (percent), quarter/quarter\*



\*Seasonally adjusted, annualized rate.

NOTE: Last data points are annualized job growth for Texas (May. 2021/Mar. 2020) and U.S. (May. 2021/Mar. 2020).

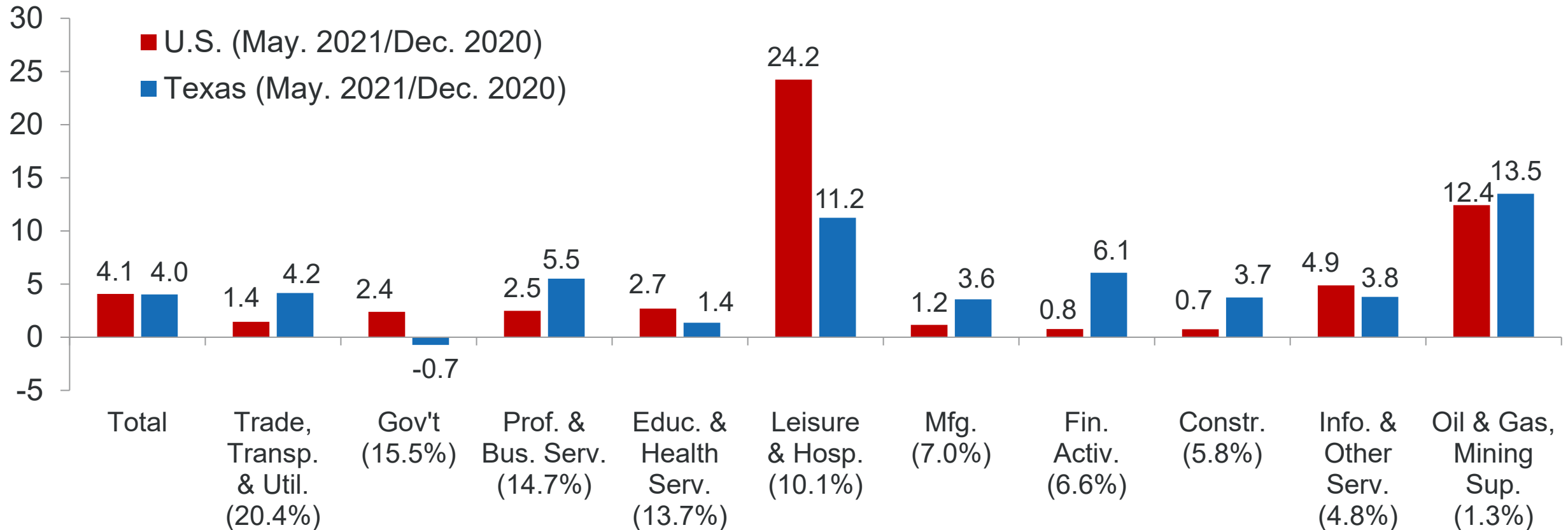
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by FRB Dallas.

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)\*



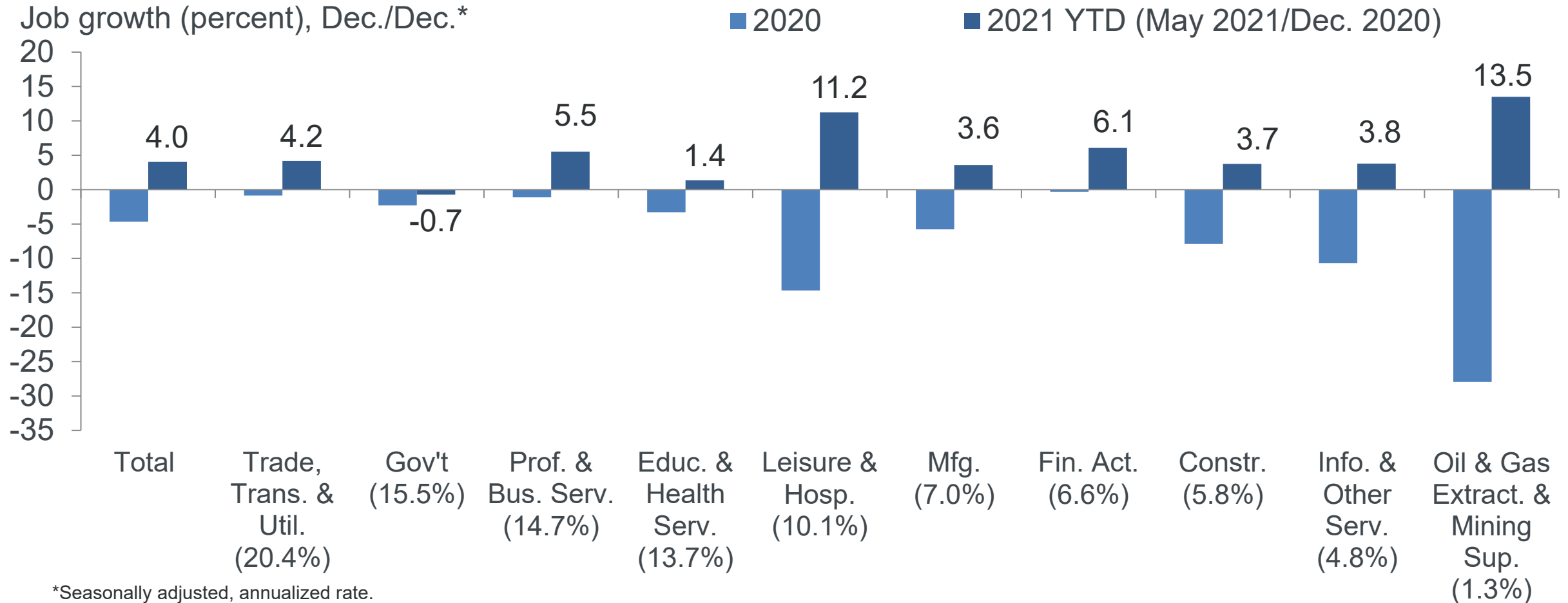
\*Seasonally adjusted, annualized rate.

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

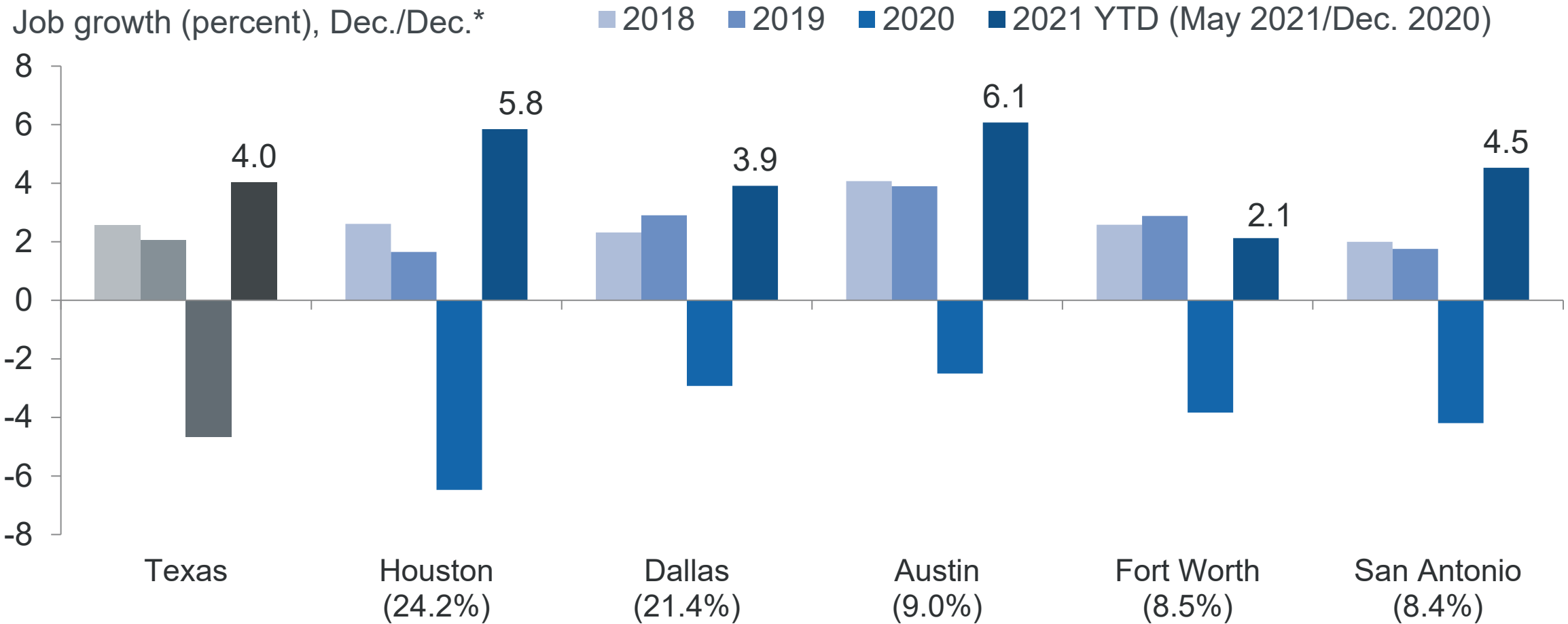
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by FRB Dallas.

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

# Texas Seeing Strong Rebound in Oil & Gas and Leisure & Hospitality Employment in 2021



# Texas Metros see Strong Job Growth in 2021



\*Seasonally adjusted, annualized rate.

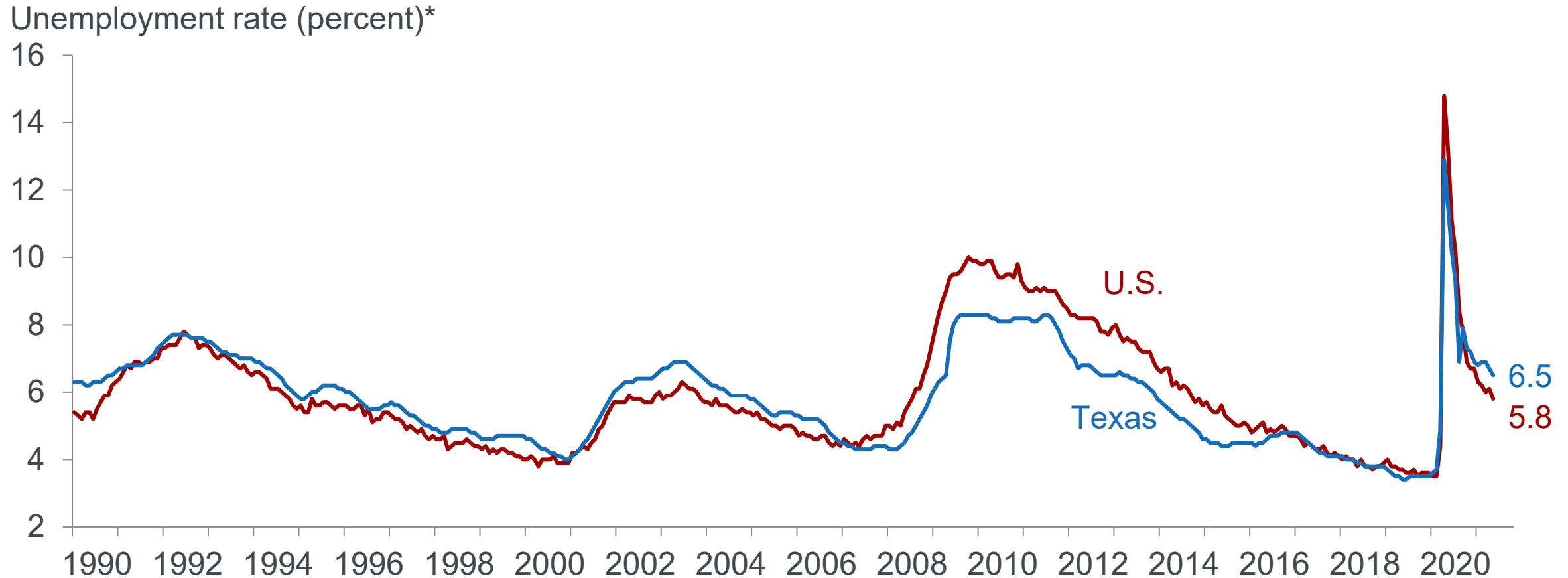
NOTE: Numbers in parenthesis indicate share of state employment for most recent monthly data.

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 Trending Down But Remains Elevated Compared to Pre-COVID Levels



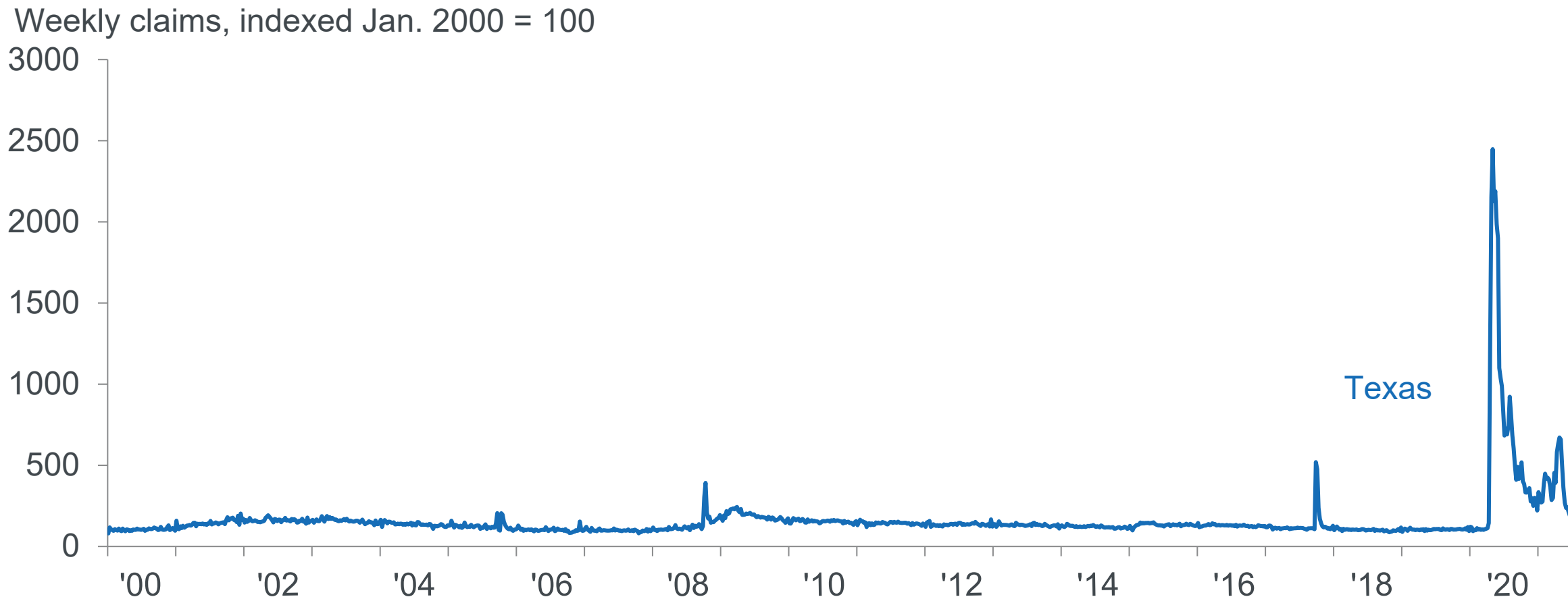
\*Seasonally adjusted.

NOTE: Texas Data through May 2021, U.S. data through May 2021.

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

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

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



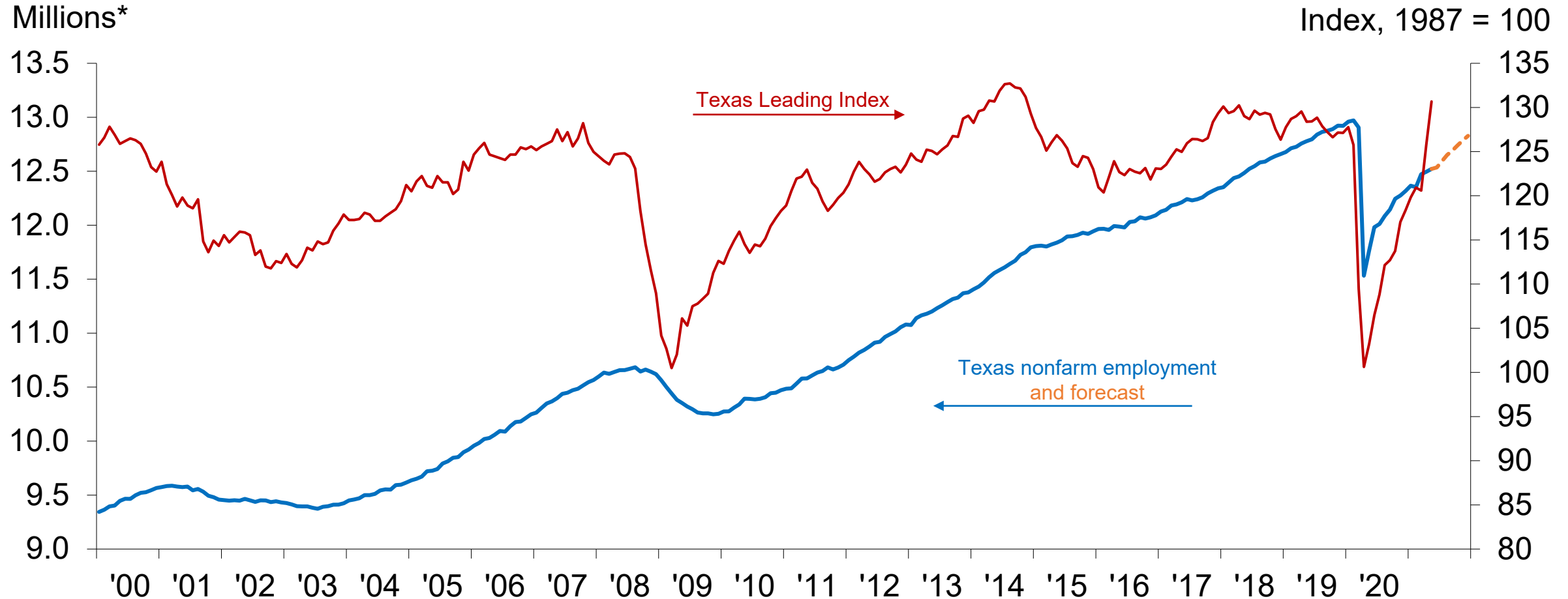
\*Seasonally adjusted.

NOTE: Data through the week ending Jun. 12<sup>th</sup>.

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

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

# Texas Employment Forecast Predicts 4.1 Percent Growth in 2021



\*Seasonally adjusted.

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

# ENERGY

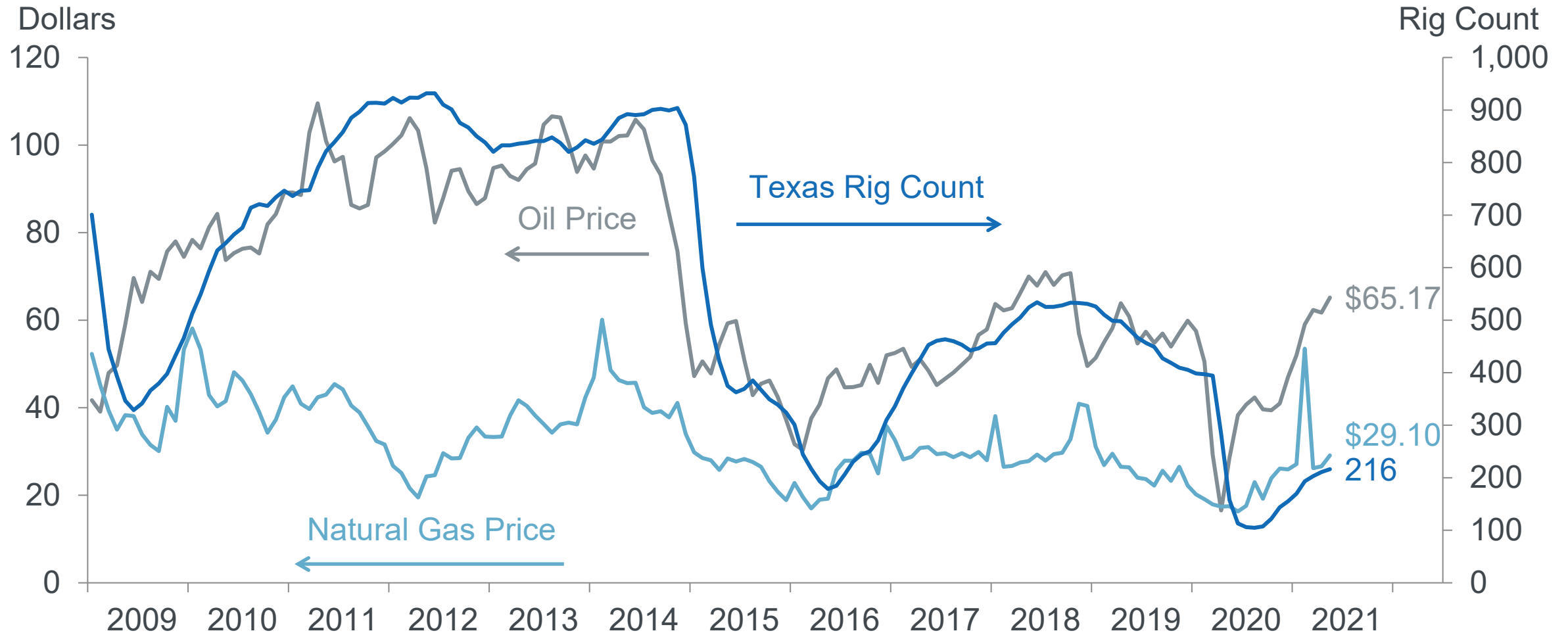
The background of the slide features a silhouette of an oil pumpjack against a sunset sky. The sky transitions from a deep blue at the top to a warm orange and yellow near the horizon. The pumpjack is a large, dark structure with a long arm and a bucket at the end, positioned in the center-left of the frame.

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 May 2021.

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

# MANUFACTURING



Texas produces 10% of U.S. manufactured goods

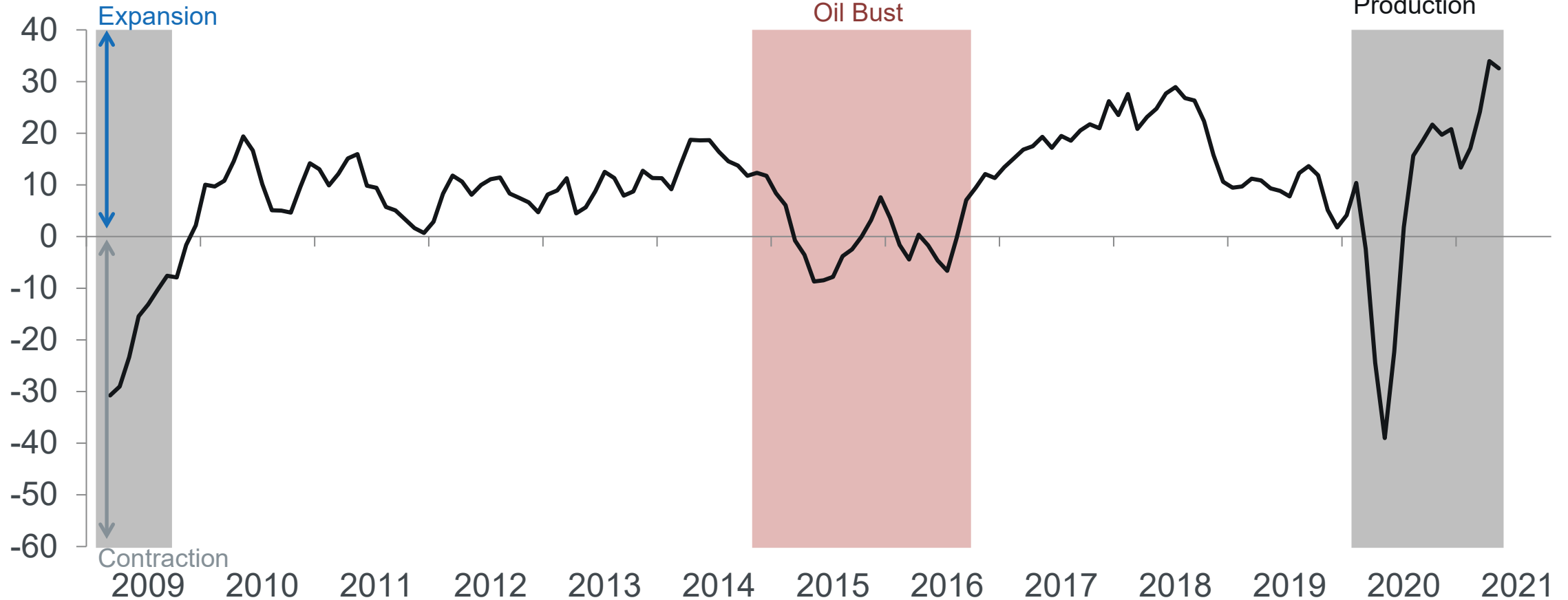
Manufacturing sector leading indicator of economic growth

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



# Texas Manufacturing Activity Accelerates in Recent Months

Index, 3-month moving average\*



\*Seasonally adjusted.

NOTE: Data through May 2021. Grey bars represent Texas recessions.

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

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

# EXPORTS

A background image showing a white semi-truck on a road. The truck is positioned in the upper half of the frame, with its trailer extending towards the right. The road is paved and has white lane markings. The background is a clear blue sky.

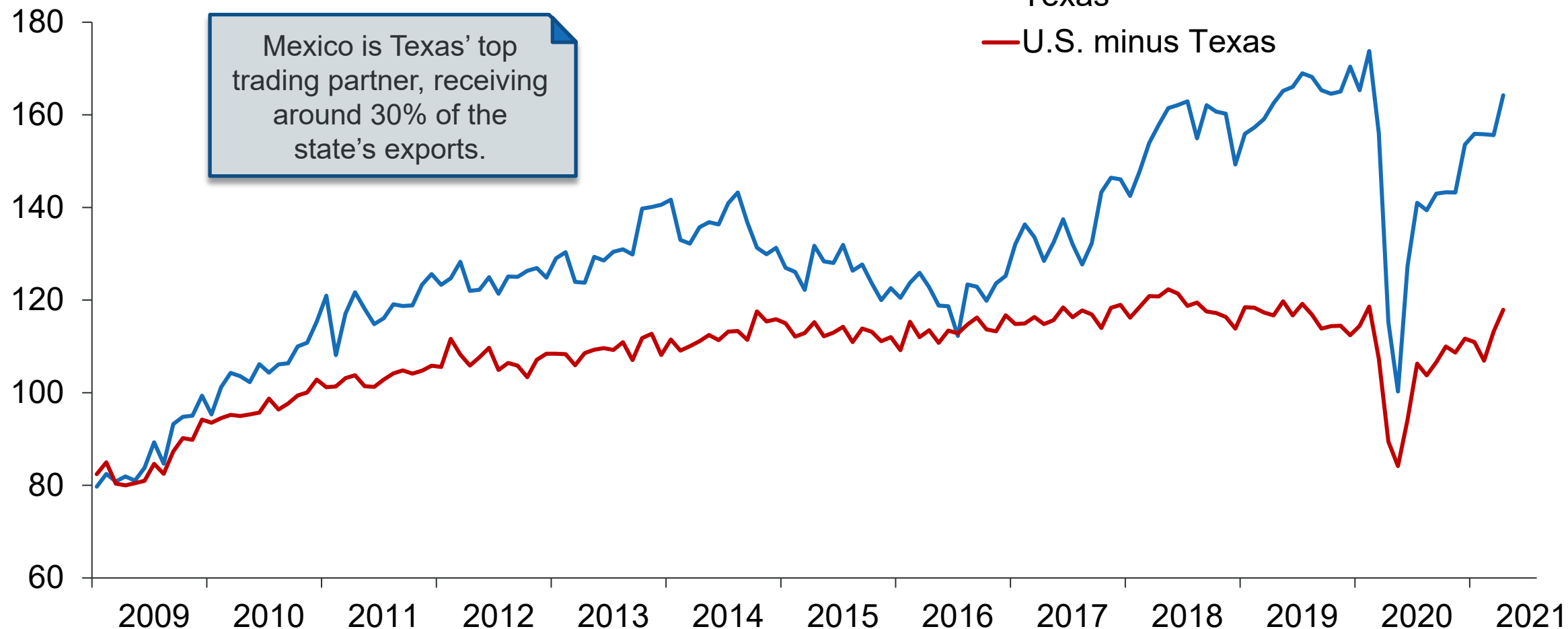
Texas is the top exporting state and accounts for 20% of U.S. exports

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

# Texas Exports Pick Up in April

Index, Jan. 2008=100\*



\*Seasonally adjusted, real dollars.

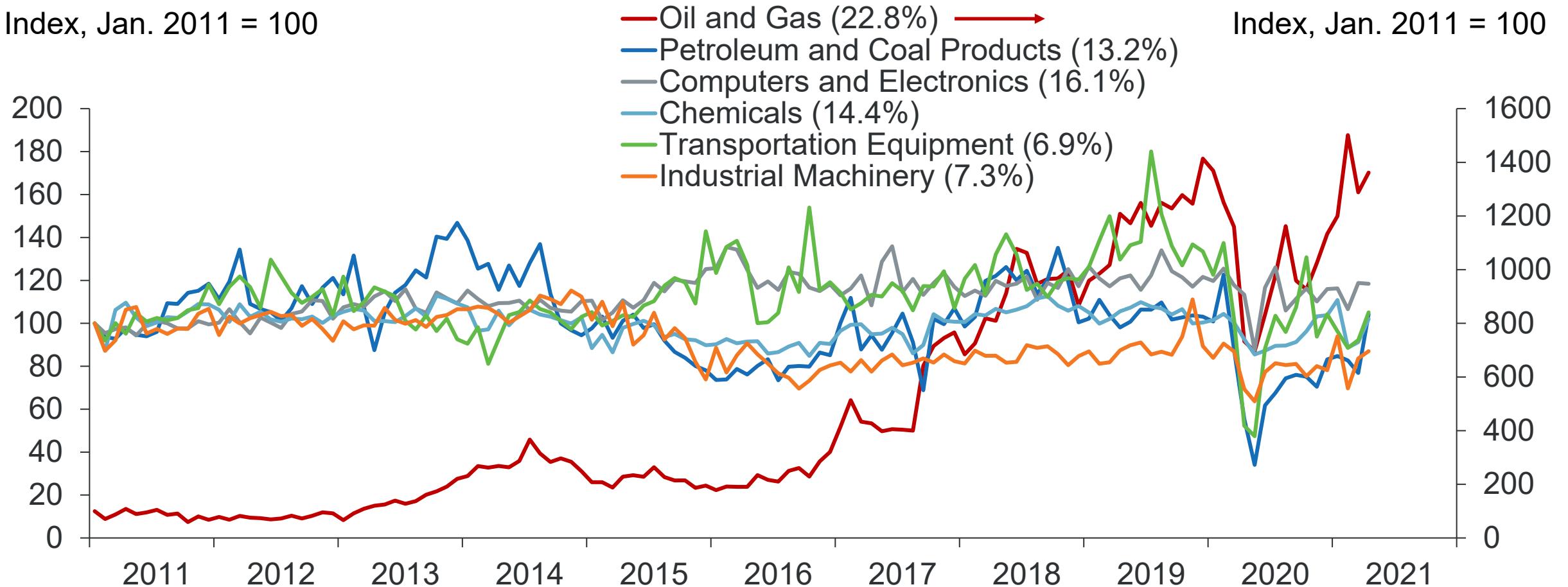
NOTE: Data through Apr. 2021.

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

Index, Jan. 2011 = 100

Index, Jan. 2011 = 100



\*Seasonally adjusted, real dollars.

NOTE: Data through Apr. 2021. Share of Texas' 2020 exports in parentheses.

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



# SERVICES

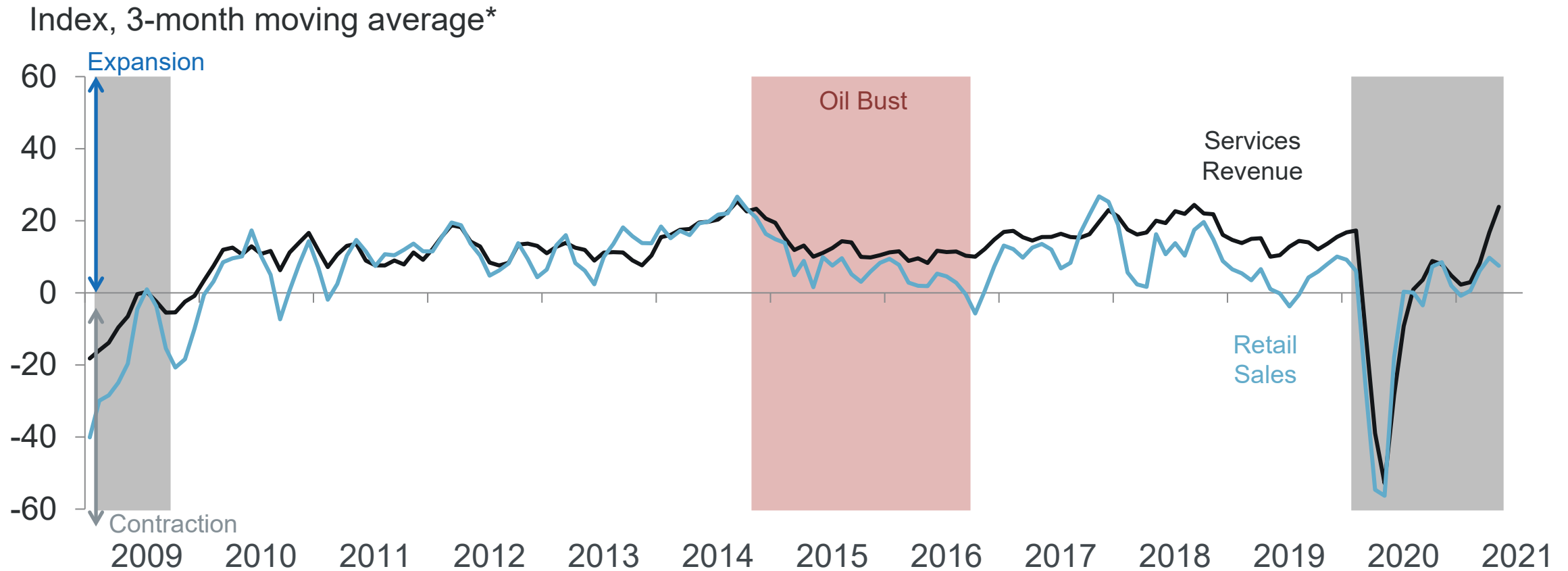


Service industry makes up the bulk of the Texas economy

Accounts for 70% of private-sector output in Texas

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

# Texas Service Sector and Retail Recovery Continues in May



\*Seasonally adjusted.

NOTES: Data through May 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>



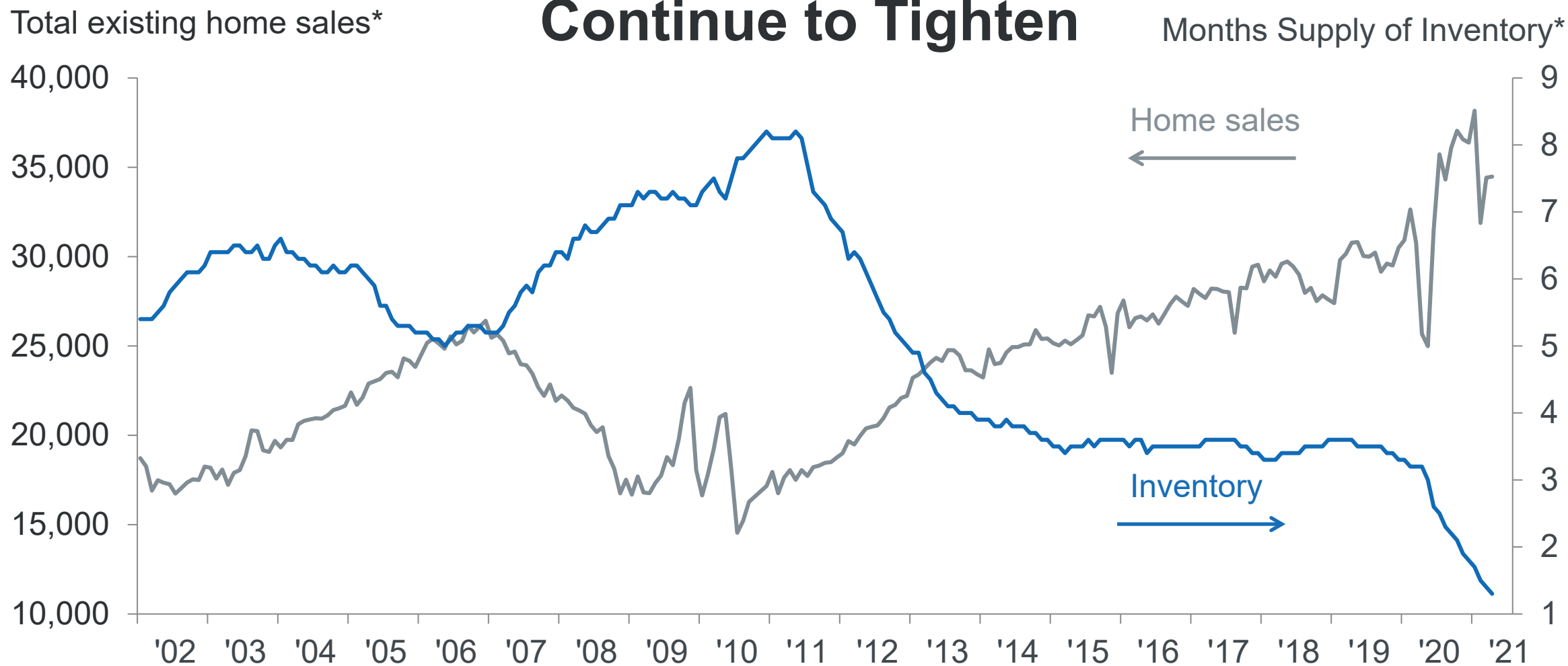
# HOUSING

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 Slip in Recent Months as Inventories Continue to Tighten



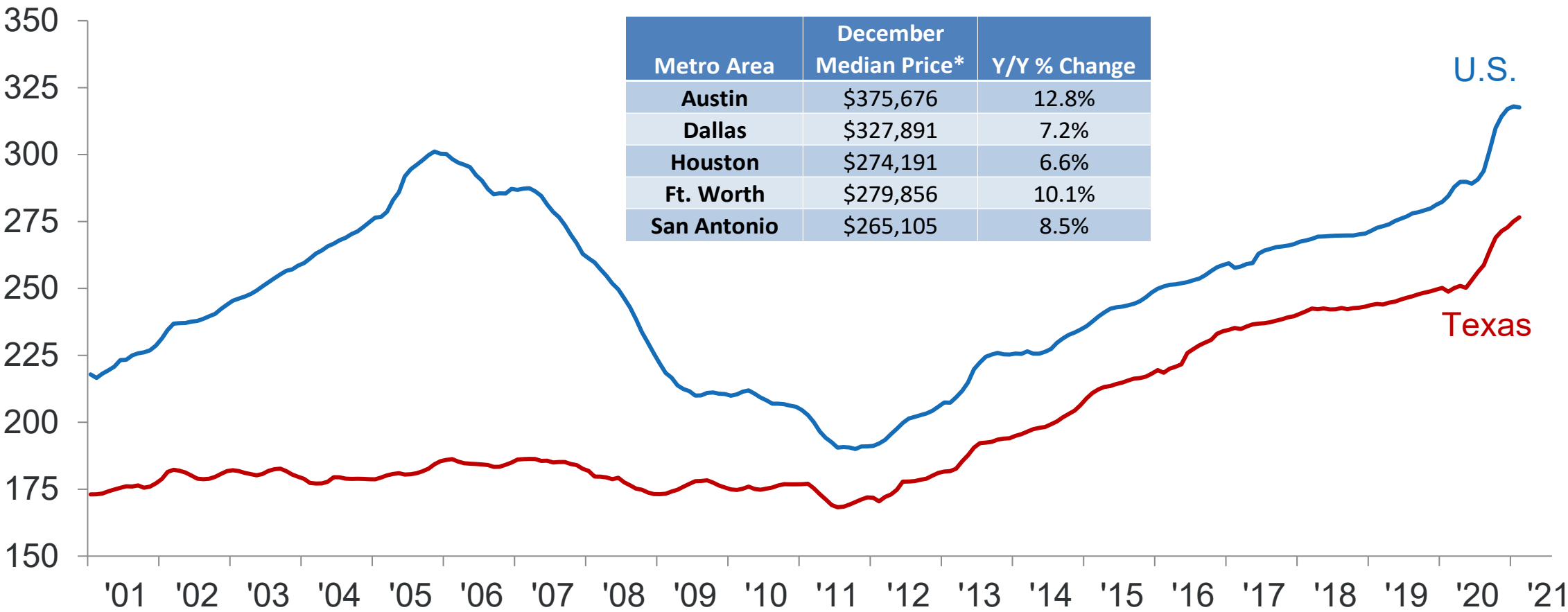
\*Seasonally adjusted.

NOTE: Data through Apr. 2021.

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\*



\*Seasonally adjusted, real dollars.  
NOTE: Data through Apr. 2021.  
SOURCES: Multiple Listing Service; seasonal and other adjustments by FRB Dallas.

# 2021 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 Texas employment fell 4.5 percent in 2020, 2021 employment is expected to grow 4.1 percent, with a return to pre-pandemic employment levels 2022.
  - With an expected increase in COVID-19 hospitalizations in Q3, the 2021 forecast has weakened from previous estimates.
- For more information, see the Texas Employment Forecast at <https://www.dallasfed.org/research/forecast/2021/emp210618.aspx>



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**[www.dallasfed.org/research/texas](http://www.dallasfed.org/research/texas)**