Texas Economy

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

Texas has a large and diverse workforce made up of 12 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 1.8 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 remain elevated after falling from record highs in April
  - Unemployment rate rose to 13.5 percent in April before declining to 8.0 percent in July
- The Dallas Fed’s Texas employment forecast predicts a 2020 employment decline of 5.2 percent.
Texas Jobs Have Declined Sharply Following COVID-19 Pandemic

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 and U.S. Job Declines Steepen in the Second 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
2020 Job Losses Broad-Based Across Industries in Texas and U.S.

Job growth 2020 YTD (percent)*

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Total</td>
<td>-39.4</td>
<td>-45.0</td>
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<tr>
<td>Trade, Transp. &amp; Util. (16.0%)</td>
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<td>Gov't (19.9%)</td>
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<tr>
<td>Prof. &amp; Bus. Serv. (14.4%)</td>
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<td>Educ. &amp; Health Serv. (13.8%)</td>
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<td>Leisure &amp; Hosp. (7.2%)</td>
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<td>Mfg. (6.6%)</td>
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<tr>
<td>Fin. Activ. (4.9%)</td>
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<tr>
<td>Constr. (6.0%)</td>
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<tr>
<td>Info. &amp; Other Serv. (14.4%)</td>
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<tr>
<td>Oil &amp; Gas, Mining Sup. (14.4%)</td>
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<td>-10.0</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.

Texas Oil and Gas Sector Seeing Sharpest Declines in Employment

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<tr>
<td>Total</td>
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<tr>
<td>Trade, Trans. &amp; Util.</td>
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<tr>
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<td>Fin. Act.</td>
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<tr>
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<tr>
<td>Info. &amp; Other Serv.</td>
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<td></td>
<td>-15.8</td>
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<td>Oil &amp; Gas Extract. &amp; Mining Sup.</td>
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<td></td>
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*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.

All Large Texas Metros Seeing Job Losses

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

Texas (24.3%)
-10.4

Houston (21.3%)
-12.7

Dallas (21.3%)
-9.6

Austin (8.9%)
-9.7

Fort Worth (8.6%)
-9.8

San Antonio (8.5%)
-9.7

*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 Improved in July But Remains Elevated

Unemployment rate (percent)*

*Seasonally adjusted.
NOTE: Data through Jul. 2020
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; FRB Dallas.
Texas Initial Unemployment Claims Have Declined since April Peak but Remain Elevated

Weekly claims, indexed Jan. 2000 = 100

*Seasonally adjusted.
NOTE: Data through the week ending Aug. 15th
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; FRB Dallas.
Texas Employment Forecast Predicts 5.2 Percent Decline in 2020

NOTE: Data through Jul. 2020. Forecast scenario estimates Texas payroll employment from August to December 2020 based on US GDP growth estimates in the second half of 2020, direct COVID-19 impacts in March and April, and WTI prices following the futures contract curve as of 8/21.


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 Continued to Weaken Despite Uptick in Oil Prices

NOTES: Oil price is dollars per barrel. Natural gas series is dollars per million Btu, multiplied by 10. Data through Jul. 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 Seeing Slight Expansion Following Steep Declines

Index, 3-month moving average*

*Seasonally adjusted.
NOTE: Data through Jul. 2020. Grey bars represent Texas recessions
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.
Texas Exports Have Declined Sharply since February

Index, Jan. 2008=100*

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

*Seasonally adjusted, real dollars.
SOURCES: U.S. Census Bureau; Bureau of Labor Statistics; seasonal and other adjustments by FRB Dallas.
Texas Oil and Gas Exports Now Slipping After Extended Surge Following 2015 Removal of Oil Export Ban

*Seasonally adjusted, real dollars.


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

Federal Reserve Bank of 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 Remain Weak

Index, 3-month moving average*

*Seasonally adjusted.

NOTES: Data through Jul. 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

Federal Reserve Bank of Dallas
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 Rebounded and Inventories Remain Tight

Total existing home sales*

Months Supply of Inventory*

Home sales

Inventory

*Seasonally adjusted.
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>July Median Price*</th>
<th>Y/Y % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austin</td>
<td>$344,760</td>
<td>8.9%</td>
</tr>
<tr>
<td>Dallas</td>
<td>$313,418</td>
<td>6.4%</td>
</tr>
<tr>
<td>Houston</td>
<td>$261,182</td>
<td>6.8%</td>
</tr>
<tr>
<td>Ft. Worth</td>
<td>$256,689</td>
<td>5.7%</td>
</tr>
<tr>
<td>San Antonio</td>
<td>$251,446</td>
<td>8.0%</td>
</tr>
</tbody>
</table>

*Seasonally adjusted, real dollars.


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 and April caused a significant decline in output and employment.
- Leading indicators point to significant weakness in the state economy.
- While recent data have shown some recovery, 2020 employment is forecasted to decline 5.2 percent.
- For more information, see the June Texas Employment Forecast at https://www.dallasfed.org/research/forecast/2020/emp200717.aspx