Texas Economy

Texas produces 8 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
  - Payroll jobs 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 begun to recover after steep declines in the second quarter
  - Energy sector activity remains weak
  - Unemployment rate peaked at 13.5 percent in April, has since declined to 6.9 percent in October
- The Dallas Fed’s Texas employment forecast predicts a 2020 employment decline of 5.6 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. Jobs Rebound in the Third and Fourth Quarters, But Not Enough to Offset Second Quarter Declines

*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

Job growth 2020 YTD (percent)*

-7.5 -6.5 -4.5 -3.2 -6.1 -3.4 -6.1 -5.9 -4.2 -23.8 -22.1 -5.9 -5.1 -1.3 -1.0 -3.3 -6.8 -9.2 -12.8 -32.2

- Total
- Trade, Transp. & Util. (20.2%)
- Gov't (15.8%)
- Prof. & Bus. Serv. (14.6%)
- Educ. & Health Serv. (13.9%)
- Leisure & Hosp. (9.4%)
- Mfg. (7.1%)
- Fin. Activ. (6.6%)
- Constr. (6.0%)
- Info. & Other Serv. (4.8%)
- Oil & Gas, Mining Sup. (1.3%)

*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.

Federal Reserve Bank of Dallas
Texas Seeing Sharpest Declines in Oil & Gas, Leisure & Hospitality Employment

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

-3.2 -2.1 -4.2
-3.4
-2.1
-4.2
-5.1
-1.0
-6.8
-12.8
-32.2

Total  Trade, Trans. & Util. (20.2%)  Gov’t (15.8%)  Prof. & Bus. Serv. (14.6%)  Educ. & Health Serv. (13.9%)  Leisure & Hosp. (9.4%)  Mfg. (7.1%)  Fin. Act. (6.6%)  Constr. (6.0%)  Info. & Other Serv. (4.8%)  Oil & Gas Extract. & Mining Sup. (1.3%)

*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 See Year-to-Date Job Losses

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

-6.5  -7.5  -5.9  -5.2  -6.2  -8.0

Texas  Houston  Dallas  Austin  Fort Worth  San Antonio

(24.3%)  (21.3%)  (8.9%)  (8.6%)  (8.3%)

*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 Falls in October

Unemployment rate (percent)*

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

Weekly claims, indexed Jan. 2000 = 100

*Seasonally adjusted.
NOTE: Data through the week ending Nov. 14th
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; FRB Dallas.
Texas Employment Forecast Predicts 5.6 Percent Decline in 2020

NOTE: Data through Oct. 2020
*Seasonally adjusted.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; Federal Reserve Bank of Dallas

Texas Leading Index

Texas nonfarm employment and forecast

NOTE: Data through Oct. 2020
*Seasonally adjusted.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; Federal Reserve Bank of Dallas

Federal Reserve Bank of 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
Drilling Activity Stabilizes at Low Levels

NOTES: Oil price is dollars per barrel. Natural gas series is dollars per million Btu, multiplied by 10. Data through Oct. 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 Recovery in Recent Months

Index, 3-month moving average*

*Seasonally adjusted.

NOTE: Data through Oct. 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 Begin to Level Off Following Brief Recovery

Index, Jan. 2008=100*

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

*Seasonally adjusted, real dollars.
NOTE: Data through Sept. 2020.
SOURCES: U.S. Census Bureau; Bureau of Labor Statistics; seasonal and other adjustments by FRB Dallas.
Texas Oil and Gas Exports Weaken in September After Rebounding from May Low

*Seasonally adjusted, real dollars.


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 Seeing a Modest Recovery

Index, 3-month moving average*

*Seasonally adjusted.

NOTES: Data through Oct. 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.
Texas Home Sales Exceed Pre-COVID Levels, Inventories Very Tight

*Seasonally adjusted.
NOTE: Data through Sept. 2020.
SOURCES: Multiple Listing Service; seasonal and other adjustments by FRB Dallas.
Texas Median Home Price Rises to Record Highs

Dollars (thousands), four-month moving average*

<table>
<thead>
<tr>
<th>Metro Area</th>
<th>September Median Price*</th>
<th>Y/Y % Change</th>
</tr>
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<tbody>
<tr>
<td>Austin</td>
<td>$358,425</td>
<td>10.4%</td>
</tr>
<tr>
<td>Dallas</td>
<td>$325,236</td>
<td>9.5%</td>
</tr>
<tr>
<td>Houston</td>
<td>$265,108</td>
<td>6.8%</td>
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<tr>
<td>Ft. Worth</td>
<td>$269,144</td>
<td>7.6%</td>
</tr>
<tr>
<td>San Antonio</td>
<td>$260,766</td>
<td>10.2%</td>
</tr>
</tbody>
</table>

*Seasonally adjusted, real dollars.
NOTE: Data through Sep. 2020.
SOURCES: Multiple Listing Service; seasonal and other adjustments by FRB Dallas.
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 5.6 percent.

For more information, see the November Texas Employment Forecast at https://www.dallasfed.org/research/forecast/2020/emp201120.aspx