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.


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 2nd Quarter Job Growth Moderating, Slower than National Average

Job growth (percent), quarter/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
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.

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

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

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>4.0</td>
<td>13.5</td>
</tr>
<tr>
<td>Trade, Trans. &amp; Util. (20.4%)</td>
<td>4.2</td>
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</tr>
<tr>
<td>Gov't (15.5%)</td>
<td></td>
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<tr>
<td>Prof. &amp; Bus. Serv. (14.7%)</td>
<td>-0.7</td>
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<tr>
<td>Educ. &amp; Health Serv. (13.7%)</td>
<td>5.5</td>
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<tr>
<td>Leisure &amp; Hosp. (10.1%)</td>
<td>1.4</td>
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<tr>
<td>Mfg. (7.0%)</td>
<td>11.2</td>
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<tr>
<td>Fin. Act. (6.6%)</td>
<td>3.6</td>
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<tr>
<td>Constr. (5.8%)</td>
<td>6.1</td>
<td></td>
</tr>
<tr>
<td>Info. &amp; Other Serv. (4.8%)</td>
<td>3.7</td>
<td></td>
</tr>
<tr>
<td>Oil &amp; Gas Extract. &amp; Mining Sup. (1.3%)</td>
<td>3.8</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.

Texas Metros see Strong Job Growth in 2021

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

- Texas: 4.0 (24.2%)
- Houston: 5.8 (21.4%)
- Dallas: 3.9 (9.0%)
- Austin: 6.1 (8.5%)
- Fort Worth: 2.1 (8.4%)
- San Antonio: 4.5 (8.4%)

*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](https://www.dallasfed.org/research/econdata/tx-emp.aspx#tab3)
Texas Unemployment Rate Trending Down But Remains Elevated Compared to Pre-COVID Levels

Unemployment rate (percent)*

*Seasonally adjusted.


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

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

Weekly claims, indexed Jan. 2000 = 100

*Seasonally adjusted.

NOTE: Data through the week ending Jun. 12th.

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

Texas Employment Forecast Predicts 4.1 Percent Growth in 2021

Millions*

*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
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.


Federal Reserve Bank of Dallas
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
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.

Mexico is Texas’ top trading partner, receiving around 30% of the state’s exports.
Texas Oil and Gas Exports Have Rebounded to Pre-COVID Levels

*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 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
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*

<table>
<thead>
<tr>
<th>Metro Area</th>
<th>December Median Price*</th>
<th>Y/Y % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austin</td>
<td>$375,676</td>
<td>12.8%</td>
</tr>
<tr>
<td>Dallas</td>
<td>$327,891</td>
<td>7.2%</td>
</tr>
<tr>
<td>Houston</td>
<td>$274,191</td>
<td>6.6%</td>
</tr>
<tr>
<td>Ft. Worth</td>
<td>$279,856</td>
<td>10.1%</td>
</tr>
<tr>
<td>San Antonio</td>
<td>$265,105</td>
<td>8.5%</td>
</tr>
</tbody>
</table>

*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