Your Texas Economy

Federal Reserve
Bank of Dallas

Current through: Friday, July 21, 2023
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

- Texas employment grew 2.1 percent in June, and May growth was revised upward to 3.2 percent; this is down from 2022 growth at 4.1 percent.
  - Texas is still growing faster than the nation (U.S. job growth was 1.6 percent in June)
  - Service sector growth continued to moderate in the first half of 2023 while manufacturing production slowed further.
  - Unemployment rate declined sharply since April 2020 peak but has since increased. The rate held at 4.1 percent in June.
- The Dallas Fed’s Texas employment forecast indicates that jobs will increase 2.5 percent in 2023.
Texas Job Growth Holds Strong in First Half of 2023

Job growth (percent)*

*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
Job Growth Slower in Second Quarter

Job growth (percent)*

*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 Job Growth Outpacing U.S. Across Most Sectors

Job growth (percent)*

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Total</td>
<td>2.2</td>
<td>3.2</td>
</tr>
<tr>
<td>Trade, Transp. &amp; Util.</td>
<td>3.0</td>
<td>2.1</td>
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<tr>
<td>Prof. &amp; Bus. Serv.</td>
<td>3.5</td>
<td>3.4</td>
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<tr>
<td>Gov't (14.7%)</td>
<td>2.7</td>
<td>3.5</td>
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<tr>
<td>Educ. &amp; Health Serv. (13.5%)</td>
<td>3.9</td>
<td>4.4</td>
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<td>Leisure &amp; Hosp. (10.4%)</td>
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<tr>
<td>Mfg. (6.8%)</td>
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<tr>
<td>Fin. Activ. (6.6%)</td>
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<tr>
<td>Constr. (5.9%)</td>
<td>2.3</td>
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<tr>
<td>Other Serv. (3.4%)</td>
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<tr>
<td>Information (1.7%)</td>
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<tr>
<td>Oil &amp; Gas, Mining Sup. (1.5%)</td>
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*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 Oil and Gas, Information**

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

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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.

DFW Leading Metro Job Growth in 2023

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

*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 4.1 Percent in June

Unemployment rate (percent)*

*Seasonally adjusted.

NOTE: Data are through June 2023.

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

Texas Initial Unemployment Claims Ease in July

Weekly claims, indexed Jan. 2020 = 100

*Seasonally adjusted.
NOTE: Data through the week ending July 15, 2023.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; FRB Dallas.
Texas Job Forecast Points to 2.5 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 Falls 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 June 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 Contracts

Index, 3-month moving average*

*Seasonally adjusted.
NOTE: Data through June 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.
Export Levels Moderate in Texas

Index, Jan. 2012=100*

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

NOTES: Seasonally adjusted, real dollars. Data through May 2023.

SOURCES: U.S. Census Bureau; Bureau of Labor Statistics; seasonal and other adjustments by FRB Dallas.
Texas Oil and Gas Exports Fall

Index, Jan. 2012 = 100

*Seasonally adjusted, real dollars.

NOTE: Data through May 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 Continues, Retail Sales Revenue Contracts

Index, 3-month moving average*

*Seasonally adjusted.

NOTES: Data through June 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
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 Hold

Total existing home sales*  

Months supply of inventory*

*Seasonally adjusted.  
NOTE: Data through June 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>$456,851</td>
<td>-12.7%</td>
</tr>
<tr>
<td>Houston</td>
<td>$329,925</td>
<td>-6.8%</td>
</tr>
<tr>
<td>San Antonio</td>
<td>$310,606</td>
<td>-7.8%</td>
</tr>
<tr>
<td>Dallas-Fort Worth</td>
<td>$392,023</td>
<td>-6.7%</td>
</tr>
</tbody>
</table>

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

- Texas employment has grown 3.2 percent in 2023, down from 4.1 percent growth in 2022 growth.
- In 2023, the Dallas Fed expects jobs to increase 2.5 percent. Employment growth is expected to slow in the second half of 2023.
- For more information, see the December Texas Employment Forecast at https://www.dallasfed.org/research/forecast/2023/emp230721.