Texas Economy

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

Texas has a large and diverse workforce made up of nearly 14.6 million workers.

Texas is younger and growing faster than the nation.
Overview of Texas Economy

- The Texas economy has recovered strongly since the COVID-19 pandemic.
  - Pandemic initially destroyed 1.4 million Texas jobs; all jobs were recovered by November 2021.
  - Manufacturing and service sector growth has moderated in recent months following strong 2021.
  - Unemployment rate declined sharply since April 2020 peak. The rate was 4.0 percent in November 2022, unchanged from October.
- The Dallas Fed’s Texas employment forecast predicts 2022 employment to grow 3.5 percent as of December this year.
Texas Job Growth Remains Above U.S. So Far in 2022

*Seasonally adjusted, annualized rate. Partial year data is represented with a shaded bar/dashed line.


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

DATA: https://www.dallasfed.org/research/econdata/tae000000.aspx
Dip in Early 4th Quarter Texas Job Growth

*Seasonally adjusted, annualized rate. Partial quarter data is represented with a shaded bar/dashed line.


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)*

- Texas (Nov. 2022/Dec. 2021)

<table>
<thead>
<tr>
<th>Sector</th>
<th>U.S. (%)</th>
<th>Texas (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>3.2</td>
<td>3.5</td>
</tr>
<tr>
<td>Trade, Transp. &amp; Util.</td>
<td>2.1</td>
<td>2.8</td>
</tr>
<tr>
<td>Prof. &amp; Bus. Serv.</td>
<td>3.2</td>
<td>4.4</td>
</tr>
<tr>
<td>Gov't</td>
<td>1.4</td>
<td>1.0</td>
</tr>
<tr>
<td>Educ. &amp; Health Serv.</td>
<td>4.0</td>
<td>2.9</td>
</tr>
<tr>
<td>Leisure &amp; Hosp.</td>
<td>6.5</td>
<td>7.7</td>
</tr>
<tr>
<td>Mfg.</td>
<td>3.3</td>
<td>4.3</td>
</tr>
<tr>
<td>Fin. Activ.</td>
<td>1.7</td>
<td>2.6</td>
</tr>
<tr>
<td>Constr.</td>
<td>3.0</td>
<td>1.7</td>
</tr>
<tr>
<td>Info. &amp; Other Serv.</td>
<td>4.0</td>
<td>3.8</td>
</tr>
<tr>
<td>Oil &amp; Gas, Mining Sup.</td>
<td>12.8</td>
<td>12.9</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.

2022 Texas Job Growth Falls Short of 2021 in Most Industries

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

**2021** | **2022 YTD (Nov 2022/Dec. 2021)**
---|---
Total | 3.5 | 2.8
Trade, Trans. & Util. (20.1%) | 4.4 | 1.0
Prof. & Bus. Serv. (15.3%) | 2.9 | 1.7
Gov't (14.8%) | 1.0 | 2.6
Educ. & Health Serv. (13.4%) | 4.3 | 3.8
Leisure & Hosp. (10.8%) | 7.7 | 12.9
Mfg. (6.9%) | 2.6 | 1.7
Fin. Act. (6.5%) | 4.3 | 3.8
Constr. (5.7%) | 2.6 | 1.7
Info. & Other Serv. (5.0%) | 3.8 | 12.9
Oil & Gas Extract. & Mining Sup. (1.4%) | 12.9 | 12.9

*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.

Year-to-date Job Growth Strongest in Austin

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

<table>
<thead>
<tr>
<th>City</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas</td>
<td>3.9</td>
<td>3.7</td>
<td>3.5</td>
</tr>
<tr>
<td>Houston</td>
<td>4.7</td>
<td>3.7</td>
<td>3.5</td>
</tr>
<tr>
<td>Dallas</td>
<td>4.7</td>
<td>3.9</td>
<td>3.7</td>
</tr>
<tr>
<td>Austin</td>
<td>3.3</td>
<td>3.3</td>
<td>3.3</td>
</tr>
<tr>
<td>Fort Worth</td>
<td>3.3</td>
<td>3.3</td>
<td>3.3</td>
</tr>
<tr>
<td>San Antonio</td>
<td>3.3</td>
<td>3.3</td>
<td>3.3</td>
</tr>
</tbody>
</table>

*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 Holds at 4 Percent

Unemployment rate (percent)*

*Seasonally adjusted.

NOTE: Data through Nov. 2022.

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

Texas Initial Unemployment Claims Rising

Weekly claims, indexed Jan. 2020 = 100

*SSeasonally adjusted.
NOTE: Data through the week ending Dec. 3, 2022.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; FRB Dallas.
Texas Employment Growth Forecast Predicts 3.5 Percent Growth in 2022

*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
Energy Prices Continue to Fall As Rig Count Edges Up

*Dollars Rig Count

Oil Price

Natural Gas Price (x10)

*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 November 2022.

Federal Reserve Bank of Dallas
Texas produces 9% 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 Production Growth Moderates

Index, 3-month moving average*

*Seasonally adjusted.
NOTE: Data through November 2022. Grey bars represent 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 24% 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 Downshifting in Texas and Nationwide

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 October 2022.
SOURCES: U.S. Census Bureau; Bureau of Labor Statistics; seasonal and other adjustments by FRB Dallas.
Texas Oil and Gas Export Growth Cooling

Index, Jan. 2012 = 100

- Oil and Gas (33.2%)
- Petroleum and Coal Products (17.6%)
- Computers and Electronics (11.2%)
- Chemicals (13.2%)
- Transportation Equipment (5.4%)
- Industrial Machinery (5.1%)

*Seasonally adjusted, real dollars.

NOTE: Data through October 2022. Share of total year-to-date 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 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 Revenue Growth Moderating, Retail Sales Continue to Decline

Index, 3-month moving average*

*Seasonally adjusted.
NOTES: Data through November 2022. 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
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 Fall; Inventories Rise from Historically Low Levels

*Seasonally adjusted.
NOTE: Data through October 2022.
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>$492,724</td>
<td>-1.9%</td>
</tr>
<tr>
<td>Houston</td>
<td>$345,712</td>
<td>4.1%</td>
</tr>
<tr>
<td>San Antonio</td>
<td>$322,614</td>
<td>-1.2%</td>
</tr>
<tr>
<td>Dallas-Fort Worth</td>
<td>$405,131</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

*Seasonally adjusted, real dollars. Austin, San Antonio, and DFW data is from October; Houston data is from September.
NOTE: Data through October 2022.
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 2020 caused a significant decline in output and employment, followed by a sharp rebound.

While Texas employment fell 4.5 percent in 2020, employment grew 6.0 percent in 2021. However, 2022 employment is projected to moderate to 3.5 percent.

For more information, see the December Texas Employment Forecast at https://www.dallasfed.org/research/forecast/2022/emp221216.aspx