Federal Reserve
Bank of Dallas

Your Texas Economy

Current through: Friday, October 20, 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 15.1 million workers.

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

- Texas employment grew 5.4 percent annualized in September – a more rapid pace than August (1.3 percent). Employment grew 4.3 percent in 2022.
  - U.S. job growth in September (2.6 percent) was lower than Texas. Texas job growth in 2023 is still outpacing the nation.
  - Service sector revenue grew at a slower pace, while manufacturing production turned positive.
  - Unemployment rate declined sharply since April 2020 peak but has since increased. The rate held at 4.1 percent in September.
- The Dallas Fed’s Texas employment forecast indicates that jobs will increase 3.3 percent in 2023.
Texas Job Growth Holds Above U.S. in 2023

*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](https://www.dallasfed.org/research/econdata/tae000000.aspx)
Job Growth Strengthened in Third 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
Texas Job Growth Outpacing U.S. Across Every Sector Except Government

Job growth (percent)*

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<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>2.0</td>
<td>3.6</td>
</tr>
<tr>
<td>Trade, Transp. &amp; Util.</td>
<td>0.6</td>
<td>2.7</td>
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<tr>
<td>Prof. &amp; Bus. Serv.</td>
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<td>2.1</td>
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<td>Gov't (14.6%)</td>
<td>3.2</td>
<td>2.8</td>
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<tr>
<td>Educ. &amp; Health Serv. (13.6%)</td>
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<td>5.4</td>
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<td>Leisure &amp; Hosp. (10.6%)</td>
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<td>Other Serv. (3.4%)</td>
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<tr>
<td>Information (1.7%)</td>
<td>9.4</td>
<td>5.0</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, Education and Health Services

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

<table>
<thead>
<tr>
<th>Industry</th>
<th>2022</th>
<th>2023 (Sep. 2023/Dec. 2022)</th>
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<tbody>
<tr>
<td>Total</td>
<td>3.6</td>
<td>9.4</td>
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<tr>
<td>Trade, Trans. &amp; Util. (19.8%)</td>
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<tr>
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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.


Federal Reserve Bank of Dallas
Dallas Leading Metro Job Growth in 2023

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

- Texas: 3.6%
- Houston (24.1%)
- Dallas (22.0%)
- Austin (9.6%)
- Fort Worth (8.6%)
- San Antonio (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 Holds at 4.1 Percent in September

Unemployment rate (percent)*

*Seasonally adjusted.
NOTE: Data are through September 2023.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; FRB Dallas.
Uptick in Texas Initial Unemployment Claims in October

Weekly claims, indexed Jan. 2020 = 100

*Seasonally adjusted.
NOTE: Data through the week ending October 7, 2023.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; FRB Dallas.
Texas Job Forecast Points to 3.3 Percent Growth in 2023

Texas Leading Index

Texas nonfarm employment and forecast

*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 Stabilizes, Oil and Natural Gas Prices Rise

*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 September 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 Growth Turns Positive

*Seasonally adjusted.

NOTE: Data through September 2023. Grey bar represents recession.

SOURCE: Federal Reserve Bank of Dallas Texas Manufacturing Outlook Survey (TMOS).

DATA: https://www.dallasfed.org/research/surveys/tmos
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
Mexico is Texas’ top trading partner, receiving around 30% of the state’s exports.
Texas Oil and Gas Exports Spike

*Seasonally adjusted, real dollars.

NOTE: Data through August 2023; petroleum data through July 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 72% 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 Grows at a Slower Pace, Retail Sales Revenue Contracts

Index*

*Seasonally adjusted.

NOTES: Data through September 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 was almost 350 thousand people from 2021 to 2022*

Texas house prices are falling due to rising mortgage rates, which is suppressing demand

*From July 2021 to July 2022
Home Sales and Inventories Slightly Increase

Total existing home sales*

Months supply of inventory*

*Seasonally adjusted.
NOTE: Data through August 2023.
SOURCES: Multiple Listing Service; seasonal and other adjustments by FRB Dallas.
Texas Median Home Prices Have Stabilized After Declining 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>$455,396</td>
<td>-10.9%</td>
</tr>
<tr>
<td>Houston</td>
<td>$331,271</td>
<td>-5.8%</td>
</tr>
<tr>
<td>San Antonio</td>
<td>$315,794</td>
<td>-4.2%</td>
</tr>
<tr>
<td>Dallas-Fort Worth</td>
<td>$396,570</td>
<td>-4.3%</td>
</tr>
</tbody>
</table>

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

- Texas employment has grown 3.6 percent in 2023, down from 4.3 percent growth in 2022.
- In 2023, the Dallas Fed expects jobs to increase 3.3 percent.
- For more information, see the December Texas Employment Forecast at https://www.dallasfed.org/research/forecast/2023/emp231020.