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 in 2020 began 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 subdued but showing signs of improvement
  - Unemployment rate peaked at 13.5 percent in April, has trended down since and is 7.2 percent as of December
- The Dallas Fed's Texas employment forecast predicts 2021 employment to exceed the state’s long-run average of 2 percent
Texas Jobs Have Declined Sharply Following COVID-19 Pandemic

*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)
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/lae000000.aspx
2020 Job Losses Broad-Based Across Industries

Job growth 2020 YTD (percent)*

-6.2 -4.5 -2.7 -1.2 -5.6 -3.0 -3.8 -4.8 -4.3 -4.5 -0.8 -1.9 -5.1 -7.8 -9.9 -15.8 -27.3

-6.2 -4.5 -2.7 -1.2 -5.6 -3.0 -3.8 -4.8 -4.3 -4.5 -0.8 -1.9 -5.1 -7.8 -9.9 -15.8 -27.3


Total (20.3%)
Trade, Transp. & Util. (15.6%)
Gov't (15.6%)
Prof. & Bus. Serv. (14.8%)
Educ. & Health Serv. (13.8%)
Leisure & Hosp. (9.5%)
Mfg. (7.0%)
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.
Texas Seeing Sharpest Declines in Oil & Gas, Leisure & Hospitality Employment

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

-4.5  -1.2  -3.0  -3.1  -16.8  -4.5  -5.1  -9.9  -27.3


Total  Trade, Trans. & Util. (20.3%)  Gov't (15.6%)  Prof. & Bus. Serv. (14.8%)  Educ. & Health Serv. (13.8%)  Leisure & Hosp. (9.5%)  Mfg. (7.0%)  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.*

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<thead>
<tr>
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<tbody>
<tr>
<td>Texas</td>
<td>-4.5</td>
<td>-5.8</td>
<td>-4.2</td>
<td>-3.0</td>
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<tr>
<td>Houston</td>
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<td></td>
<td>(24.2%)</td>
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<td>Dallas</td>
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<td>(21.2%)</td>
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<td>Austin</td>
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<td></td>
<td>(8.9%)</td>
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<tr>
<td>Fort Worth</td>
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<td>(8.6%)</td>
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<tr>
<td>San Antonio</td>
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<td>(8.3%)</td>
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</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](https://www.dallasfed.org/research/econdata/tx-emp.aspx#tab3)
Texas Unemployment Rate Falls in December but Remains Sharply Elevated Compared to Pre-COVID Levels

Unemployment rate (percent)*

*Seasonally adjusted.
NOTE: Data through Dec. 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 Jan 2nd
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; FRB 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 Picks up Slightly on Energy Price Increases

NOTES: Oil price is dollars per barrel. Natural gas series is dollars per million Btu, multiplied by 10. Data through Dec. 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 Dec. 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 Nov. 2020.
SOURCES: U.S. Census Bureau; Bureau of Labor Statistics; seasonal and other adjustments by FRB Dallas.
Texas Oil and Gas Exports Increase Slightly in November but Remain Well Off of Pre-COVID Highs

*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 Slow at Yearend as COVID-19 Cases Surge

Index, 3-month moving average*

*Seasonally adjusted.

NOTES: Data through Dec. 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

Total existing home sales* - Months Supply of Inventory*

- Home sales
- Inventory

*Seasonally adjusted.
NOTE: Data through Nov. 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>November Median Price*</th>
<th>Y/Y % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austin</td>
<td>$367,511</td>
<td>17.4%</td>
</tr>
<tr>
<td>Dallas</td>
<td>$327,280</td>
<td>10.9%</td>
</tr>
<tr>
<td>Houston</td>
<td>$270,426</td>
<td>9.3%</td>
</tr>
<tr>
<td>Ft. Worth</td>
<td>$274,468</td>
<td>9.8%</td>
</tr>
<tr>
<td>San Antonio</td>
<td>$258,992</td>
<td>12.5%</td>
</tr>
</tbody>
</table>

*Seasonally adjusted, real dollars.
NOTE: Data through Nov. 2020.
SOURCES: Multiple Listing Service; seasonal and other adjustments by FRB Dallas.
2020 Texas Economic Outlook

- 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.
- While Texas employment fell 4.5 percent in 2020, 2021 employment is expected to grow at an above-average pace.
- For more information, see the December Texas Employment Forecast at [https://www.dallasfed.org/research/forecast/2020/emp201280.aspx](https://www.dallasfed.org/research/forecast/2020/emp201280.aspx)