Your Texas Economy

Current through: Friday, May 22, 2020
Texas Economy

Texas produces 9 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
  - Payrolls grew 2.2 percent in 2019 (Dec./Dec.)
  - Unemployment began the year 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 declined
  - Sharp contraction in the energy sector
  - Unemployment claims have reached record highs, April unemployment rate rose to 12.8 percent
- The Dallas Fed’s Texas employment forecast predicts a 2020 employment decline of 11.7 percent.
Texas Jobs Have Declined Sharply So Far in 2020

*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
U.S. Leading Texas in Second Quarter Employment Declines

*Seasonally adjusted, annualized rate.
NOTE: Q2 data through April 2020.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by FRB Dallas.
DATA: https://www.dallasfed.org/research/econdata/tae000000.aspx
2020 Texas Job Declines Moderately Less Severe than U.S. through April

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.
Nevertheless, Texas Job Declines Broad-Based Across Sectors

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<thead>
<tr>
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<tbody>
<tr>
<td>Total</td>
<td>-24.8</td>
<td>-17.1</td>
<td>-21.9</td>
</tr>
<tr>
<td>Trade, Trans. &amp; Util. (20.3%)</td>
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<tr>
<td>Gov't (16.6%)</td>
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<tr>
<td>Prof. &amp; Bus. Serv. (14.5%)</td>
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<tr>
<td>Educ. &amp; Health Serv. (13.8%)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Leisure &amp; Hosp. (7.6%)</td>
<td>-74.1</td>
<td></td>
<td></td>
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<tr>
<td>Mfg. (7.4%)</td>
<td></td>
<td>-13.8</td>
<td>-21.0</td>
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<tr>
<td>Fin. Act. (6.8%)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Constr. (6.3%)</td>
<td></td>
<td>-21.0</td>
<td></td>
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<tr>
<td>Info. &amp; Other Serv. (4.9%)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Oil &amp; Gas Extract. &amp; Mining Sup.</td>
<td></td>
<td>-33.0</td>
<td>-29.5</td>
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<td>(1.7%)</td>
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</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.
Large Texas Metros Seeing Job Losses

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

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<tr>
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<tbody>
<tr>
<td>Texas</td>
<td>-24.8</td>
<td>-26.9</td>
<td>-25.2</td>
<td>-30.0</td>
</tr>
<tr>
<td>Houston (24.4%)</td>
<td>-24.8</td>
<td>-26.9</td>
<td>-25.2</td>
<td>-30.0</td>
</tr>
<tr>
<td>Dallas (21.1%)</td>
<td>-24.8</td>
<td>-26.9</td>
<td>-25.2</td>
<td>-30.0</td>
</tr>
<tr>
<td>Austin (8.6%)</td>
<td>-24.8</td>
<td>-26.9</td>
<td>-25.2</td>
<td>-30.0</td>
</tr>
<tr>
<td>Fort Worth (8.3%)</td>
<td>-24.8</td>
<td>-26.9</td>
<td>-25.2</td>
<td>-30.0</td>
</tr>
<tr>
<td>San Antonio (8.3%)</td>
<td>-24.8</td>
<td>-26.9</td>
<td>-25.2</td>
<td>-30.0</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 Rate Spikes in April

Unemployment rate (percent)*

*Seasonally adjusted.
NOTE: Data through April 2020.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; FRB Dallas.
Texas Initial Unemployment Claims Peaked in April, but Remain Very Elevated So Far in May

Weekly claims, indexed Jan. 2000 = 100

*Seasonally adjusted.
NOTE: Data through the week ending May 16, 2020.
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
Oil Prices, Drilling Activity Fell Sharply in April

NOTES: Oil price is dollars per barrel. Natural gas series is dollars per million Btu, multiplied by 10. Data through Apr. 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 Production in Decline

Index, 3-month moving average*

*Seasonally adjusted.
NOTE: Data through April 2020. Grey bars represent Texas 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 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 Declined Sharply in March

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 March 2020.
SOURCES: U.S. Census Bureau; Bureau of Labor Statistics; seasonal and other adjustments by FRB Dallas.
Texas Oil and Gas Exports Now Slipping After Extended Surge Following 2015 Removal of Oil Export Ban

Index, Jan. 2011 = 100

*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 Services Revenue and Retail Sales Plummet in the Wake of COVID-19

Index, 3-month moving average*

*Seasonally adjusted.

NOTES: Data through April 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
April Texas Home Sales Plunged, Although Inventories Remain Tight

Total existing home sales*

Months supply of inventory*

*Seasonally adjusted.
NOTE: Data through April 2020.
SOURCES: Multiple Listing Service; seasonal and other adjustments by FRB Dallas.
Texas Median Home Price Remains Near Record High

Dollars (thousands), four-month moving average*

<table>
<thead>
<tr>
<th>Metro Area</th>
<th>April Median Price*</th>
<th>Y/Y % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austin</td>
<td>$317,595</td>
<td>2.5%</td>
</tr>
<tr>
<td>Dallas</td>
<td>$298,512</td>
<td>3.1%</td>
</tr>
<tr>
<td>Houston</td>
<td>$247,484</td>
<td>2.0%</td>
</tr>
<tr>
<td>Ft. Worth</td>
<td>$253,783</td>
<td>6.9%</td>
</tr>
<tr>
<td>San Antonio</td>
<td>$239,789</td>
<td>5.7%</td>
</tr>
</tbody>
</table>

*Seasonally adjusted, real dollars.
NOTE: Data through April 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.
- As of mid-May, new unemployment claims since March have exceeded 2 million, suggesting an unemployment rate of around 20.6 percent.
- Leading indicators point to significant weakness in the state economy.
- While a rebound is expected in the second half of the year, 2020 employment is expected to decline 11.7 percent.
- For more information, see the May Texas Employment Forecast at https://www.dallasfed.org/research/forecast/2020/emp200522.aspx