Overview of Texas Economy

- The Texas economy grew robustly in 2018.
  - Last year’s job growth was 2.3 percent (Dec./Dec).
  - In 2014 job growth was very strong due to the oil boom, but in 2015 and 2016 job growth was much weaker due to the oil bust.
- So far in 2019, Texas employment growth is 2.3 percent (May/Dec.).
- The Dallas Fed’s Texas employment forecast predicts 2.3 percent job growth in 2019, with a range of 1.4 to 3.2 percent (Dec./Dec.).
2019 Texas Job Growth Near Long-term Trend

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

*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
Recent Acceleration in Job Growth Follows Moderate First Quarter Expansion

*Seasonally adjusted, annualized rate.

NOTE: Last data points are partial quarter job growth (May 2019/Mar. 2018).

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

DATA: https://www.dallasfed.org/research/econdata/tae000000.aspx
2019 Texas Job Growth Outpaces U.S. in Most Sectors

Job growth 2019 YTD (percent)*


Total: 2.3%
Trade, Transp. & Util. (19.6%): 1.3%
Gov't (15.4%): 0.9%
Prof. & Bus. Serv. (14.1%): 0.3%
Educ. & Health Serv. (13.6%): 0.7%
Leisure & Hosp. (10.9%): 2.0%
Mfg. (7.0%): 2.6%
Fin. Activ. (6.2%): 2.6%
Constr. (6.0%): 3.2%
Info. & Other Serv. (5.1%): 1.0%
Oil & Gas, Mining Sup. (1.9%): 0.6%

*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.
Job Growth Broad Based So Far in 2019

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

- Total: 2.3
- Trade, Trans. & Util. (15.4%): 0.9
- Gov't (14.1%): 0.7
- Prof. & Bus. Serv. (13.6%): 3.9
- Educ. & Health Serv. (10.9%): 2.6
- Leisure & Hosp. (7.0%): 3.2
- Mfg. (6.2%): 0.8
- Fin. Act. (6.0%): 4.1
- Constr. (5.1%): 5.5
- Info. & Other Serv. (4.1%): 2.7
- Oil & Gas Extract. & Mining Sup. (1.9%): 0.5

*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.

Most Large Texas Metros See Robust Job Growth in 2019

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

- Texas (24.8%)
- Houston (21.1%)
- Dallas (8.6%)
- Austin (8.4%)
- San Antonio (8.3%)
- Fort Worth (8.3%)

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*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 Reaches Historic Low

Unemployment rate (percent)*

*Seasonally adjusted.
NOTE: Data through May 2019.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; FRB Dallas.
2019 Texas Job Growth Forecast is 2.3 percent

*Seasonally adjusted.
NOTES: Observed employment data through May 2019. Shaded region represents the 80 percent confidence band around the forecast.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; FRB Dallas.
DATA:  http://www.dallasfed.org/research/forecast/index.cfm

2019 Texas job growth forecast is above the long-term average of 2.1 percent.
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 Tick Down, Rig Count Softens

- **Oil Price**: $60.83
- **Natural Gas Price**: $2.64
- **Texas Rig Count**: 498

**NOTES**: Oil price is dollars per barrel. Natural gas price is dollars per million Btu, multiplied by 10. Data through May 2019.

**SOURCES**: Wall Street Journal; Baker Hughes; U.S. Energy Information Administration.
MANUFACTURING

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 Expanding at a Slower Pace

Index, 3-month moving average*

*Seasonally adjusted.
NOTE: Data through May 2019.
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 19% 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 Remain Elevated After Steady Growth

Mexico is Texas’ top trading partner, receiving around 35% of the state’s exports.

Index, Jan. 2008=100*

*Seasonally adjusted, real dollars.
NOTE: Data through April 2019.
SOURCES: U.S. Census Bureau; WISERTrade; Bureau of Labor Statistics; seasonal and other adjustments by FRB Dallas.
Texas Oil and Gas Exports Surged Following Removal of the Oil Export Ban in 2015

Index, Jan. 2010=100*

- Oil and gas (23.5%)
- Petroleum and coal products (15.1%)
- Transportation equipment (7.7%)
- Computers and electronics (14.8%)
- Chemicals (13.8%)
- Machinery ex. electrical (7%)

*Seasonally adjusted, real dollars.

NOTE: Data through April 2019. Share of 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 over 60% of private-sector activity in Texas.

Dallas Fed’s Texas Service Sector Outlook Survey provides timely insight into this key sector.
Texas Services Revenue Moderating, Retail Sales Flat

Index, 3-month moving average*

*Seasonally adjusted.

NOTES: Data through May 2019. The TROS is a component of TSSOS using information only from retail and wholesale trade sectors.

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 Edge Down, Inventories Remain Flat

- **Total existing home sales**
- **Months supply of inventory**

*Seasonally adjusted.

NOTE: Data through May 2019.

SOURCES: Multiple Listing Service; seasonal and other adjustments by FRB Dallas.
Texas Median Home Price Sets New Record High

Dollars (thousands), four-month moving average*

<table>
<thead>
<tr>
<th>Metro Area</th>
<th>May Median Price*</th>
<th>Y/Y % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austin</td>
<td>$316,195</td>
<td>2.9%</td>
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<tr>
<td>Dallas</td>
<td>$290,177</td>
<td>1.4%</td>
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<tr>
<td>Houston</td>
<td>$239,563</td>
<td>0.6%</td>
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<tr>
<td>Ft. Worth</td>
<td>$239,761</td>
<td>1.9%</td>
</tr>
<tr>
<td>San Antonio</td>
<td>$227,493</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

*Seasonally adjusted, real dollars.
NOTE: Data through May 2019.
SOURCES: Multiple Listing Service; seasonal and other adjustments by FRB Dallas.