Overview of Texas Economy

▪ The Texas economy grew robustly in 2018.
  ▪ Last year’s job growth was 2.4 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 2.2 percent (Oct./Dec.).
▪ The Dallas Fed’s Texas employment forecast predicts 2.1 percent job growth in 2019, with a range of 1.8 to 2.4 percent (Dec./Dec.).
2019 Texas Job Growth Outpaces U.S.

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
Job Growth Slows Slightly From Strong Second Quarter

*Seasonally adjusted, annualized rate.

NOTE: Data through October 2019. Data for Q4 2019 is a partial quarter estimate.

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 Many Sectors

Job growth 2019 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.


Federal Reserve Bank of Dallas
Job Growth Mostly Broad Based So Far in 2019

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>2.2</td>
<td>1.4</td>
<td>0.7</td>
</tr>
<tr>
<td>Trade, Trans., &amp; Util. (15.3%)</td>
<td>2.2</td>
<td>2.9</td>
<td>2.4</td>
</tr>
<tr>
<td>Prof. &amp; Bus. Serv. (14.0%)</td>
<td>2.2</td>
<td>2.4</td>
<td>2.2</td>
</tr>
<tr>
<td>Educ. &amp; Health Serv. (13.6%)</td>
<td>3.9</td>
<td>6.1</td>
<td>6.1</td>
</tr>
<tr>
<td>Leisure &amp; Hosp. (10.9%)</td>
<td>2.2</td>
<td>3.9</td>
<td>6.1</td>
</tr>
<tr>
<td>Mfg. (7.1%)</td>
<td>6.1</td>
<td>6.1</td>
<td>6.1</td>
</tr>
<tr>
<td>Fin. Act. (6.3%)</td>
<td>6.1</td>
<td>6.1</td>
<td>6.1</td>
</tr>
<tr>
<td>Constr. (6.2%)</td>
<td>6.1</td>
<td>6.1</td>
<td>6.1</td>
</tr>
<tr>
<td>Info. &amp; Other Serv. (5.0%)</td>
<td>6.1</td>
<td>6.1</td>
<td>6.1</td>
</tr>
<tr>
<td>Oil &amp; Gas Extract. &amp; Mining Sup. (1.8%)</td>
<td>-1.8</td>
<td>-1.8</td>
<td>-1.8</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.

Most Large Texas Metros See Robust Job Growth in 2019

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

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Texas</td>
<td>2.2</td>
<td>2.1</td>
<td>1.9</td>
<td>3.6</td>
</tr>
<tr>
<td>Houston</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(24.7%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dallas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(21.0%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Austin</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(8.7%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>San Antonio</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(8.4%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fort Worth</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(8.4%)</td>
<td></td>
<td></td>
<td></td>
<td></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 Remains At Historic Low

Unemployment rate (percent)*

*Seasonally adjusted.
NOTE: Data through October 2019.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; FRB Dallas.
2019 Texas Job Growth Forecast is 2.1 percent

*Seasonally adjusted.
NOTES: Observed employment data through October 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
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 Flat, Rig Count Softens

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

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 Growth Picking Up

Index, 3-month moving average*

*Seasonally adjusted.
NOTE: Data through October 2019.
SOURCE: Federal Reserve Bank of Dallas Texas Manufacturing Outlook Survey (TMOS).
DATA: [https://www.dallasfed.org/research/surveys/tmos](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 Continue to Outperform Nation’s

Mexico is Texas’ top trading partner, receiving around 33% of the state’s exports.

*SSEasonally adjusted, real dollars.

NOTE: Data through September 2019.

SOURCES: U.S. Census Bureau; 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

*Seasonally adjusted, real dollars.

NOTE: Data through September 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 65% of private-sector activity in Texas

Dallas Fed’s Texas Service Sector Outlook Survey provides timely insight into this key sector
Texas Services Revenue Growth Steady, Retail Sales Pick Up

Index, 3-month moving average*

*Seasonally adjusted.

NOTES: Data through October 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](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 Elevated, Inventories Remain Flat

Total existing home sales*

Months supply of inventory*

*Seasonally adjusted.
NOTE: Data through September 2019.
SOURCES: Multiple Listing Service; seasonal and other adjustments by FRB Dallas.
Texas Median Home Price Near Record High

Dollars (thousands), four-month moving average*

<table>
<thead>
<tr>
<th>Metro Area</th>
<th>September Median Price*</th>
<th>Y/Y % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austin</td>
<td>$327,189</td>
<td>5.2%</td>
</tr>
<tr>
<td>Dallas</td>
<td>$296,228</td>
<td>1.5%</td>
</tr>
<tr>
<td>Houston</td>
<td>$246,184</td>
<td>3.2%</td>
</tr>
<tr>
<td>Ft. Worth</td>
<td>$246,547</td>
<td>4.0%</td>
</tr>
<tr>
<td>San Antonio</td>
<td>$235,322</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

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

Federal Reserve Bank of Dallas