

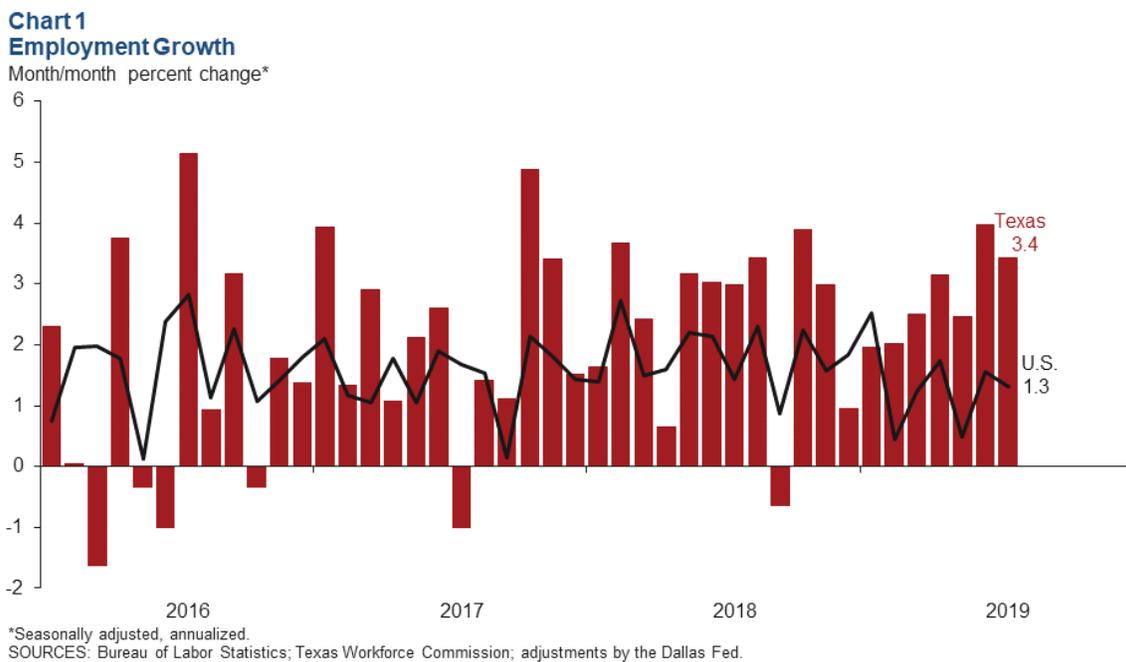
August 19, 2019

Texas' economic performance remains solid. The state saw robust job growth in July, and the unemployment rate held steady at a record low, indicating continued tightness in labor markets. The state's business-cycle index grew strongly. Texas exports dipped in June, as did permits for single-family housing construction.

Labor Market

Employment Growth Stays Healthy

Texas employment grew an annualized 3.4 percent in July following upwardly revised growth of 4.0 percent in June (*Chart 1*). Job growth remained higher than the state's long-run average of 2.1 percent. U.S. payrolls also grew during the month, but Texas continued to outpace the nation. The Dallas Fed's Texas Employment Forecast predicts 2.6 percent job growth this year (December/December), with an 80 percent confidence band of 1.9 percent to 3.3 percent. The U.S. and Texas unemployment rates held steady at 3.7 percent and 3.4 percent, respectively.

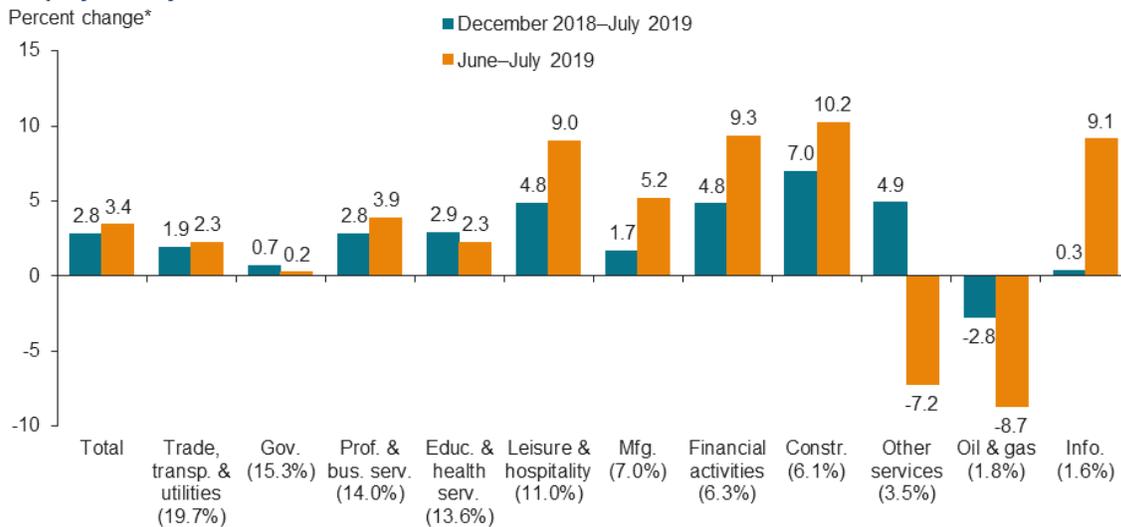


Among the major metros, the pace of employment growth was mixed. Growth softened in Houston, Fort Worth and Austin but strengthened in Dallas and San Antonio from June to July. El Paso shed jobs in July. Year to date, every major metro area has added jobs.

Employment Growth Mixed Across Industries

During the first seven months of 2019, employment expanded in most sectors, except in oil and gas (*Chart 2*). Gains were strongest in the construction sector but more modest in the information and government sectors. Growth in July was solid in most sectors, though it slowed in the government and education and health sectors and declined in the “other services” and oil and gas sectors and declined in the “other services” and oil and gas sectors.

Chart 2
Employment by Sector



*Seasonally adjusted, annualized rate.

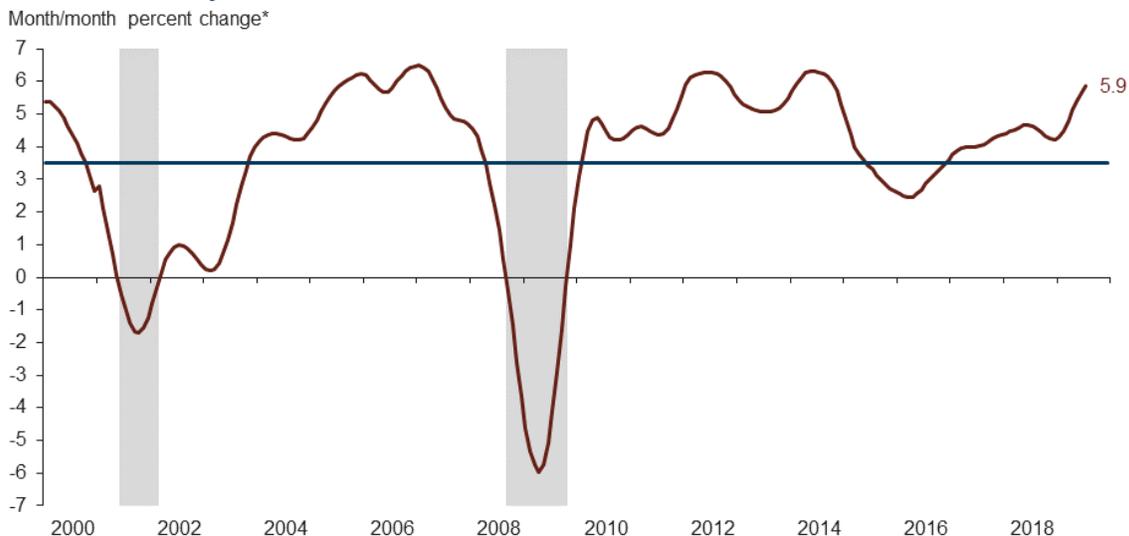
NOTE: Numbers in parentheses represent share of total employment in July 2019.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; adjustments by the Dallas Fed.

Texas Business-Cycle Index

The Texas Business-Cycle Index, a composite of the unemployment rate, state payroll employment and gross state product, measures underlying economic activity in the state. This index grew an annualized 5.9 percent in July, increasing for the seventh straight month following a six-month period of slowing growth (*Chart 3*).

Chart 3
Texas Business-Cycle Index



*Annualized rate.

NOTES: The horizontal line is the average from January 2000 to December 2018. Gray bars indicate Texas recessions.

SOURCE: Dallas Fed.

Energy

The rig count and oil and natural gas prices slipped in the week ending Aug. 9. Year over year, the Texas rig count has fallen 13.0 percent, while oil and natural gas prices have dropped 21.5 percent and 27.9 percent, respectively (*Chart 4*). All three are also below their 2018 averages. Natural gas prices in particular have lost ground, plummeting to their lowest level since the 2015–16 energy bust. Oil prices are 29.1 percent lower than the post-oil-bust peak of \$75.13.

Chart 4
Energy Prices



NOTES: Data are through the week ending Aug. 9, 2019. Btu is British thermal units. Oil price is for West Texas Intermediate crude oil. Post-oil-bust high prices are labeled.

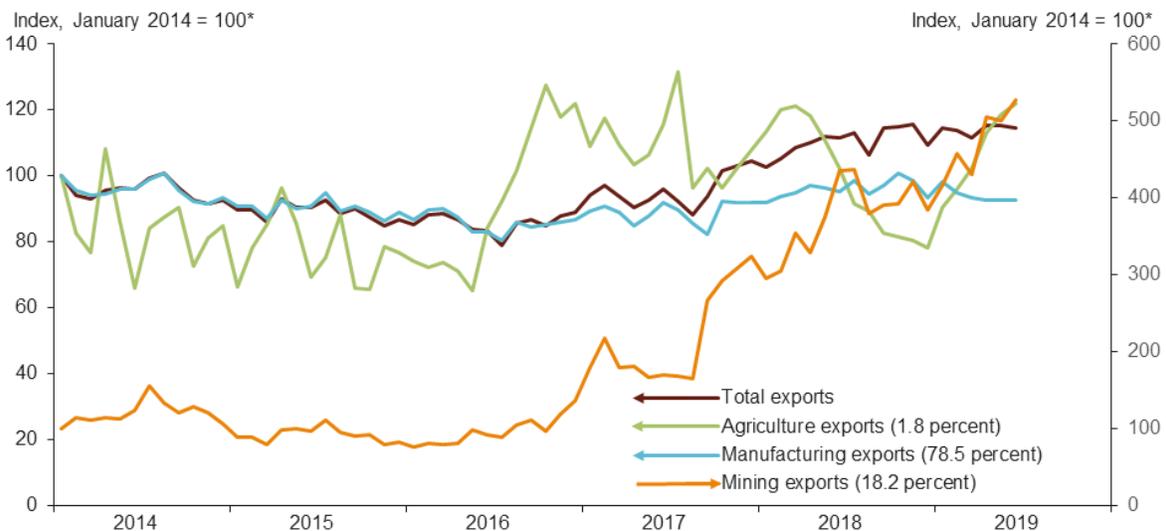
SOURCES: Energy Information Administration; *Wall Street Journal*.

Exports

Texas exports fell 0.7 percent in June, while exports from the rest of the U.S. were down 4.3 percent. Texas' manufacturing exports edged down 0.2 percent in the month, while mining exports rose 5.6 percent and agriculture exports grew 2.6 percent, reaching a two-year high.

Texas exports rose 5.3 percent in the first half of this year compared with the first half of 2018, while exports from the rest of the U.S. edged down 2.0 percent (*Chart 5*). Texas agriculture exports were down 6.4 percent and manufacturing exports dipped 0.9 percent compared with last year, while mining exports shot up 35.5 percent to their highest level since the series began in 2002. Manufacturing exports from the rest of the U.S. were weak over the same period, dipping 5.2 percent in June to their lowest level in five years.

Chart 5
Texas Exports



*Seasonally adjusted, real dollars.

NOTE: Numbers in parentheses refer to share of 2018 exports.

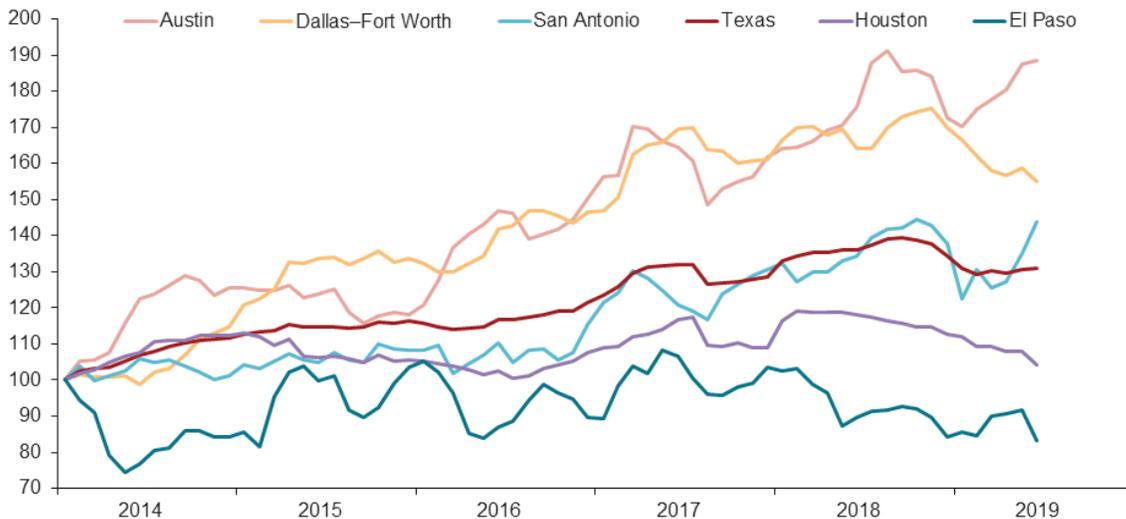
SOURCES: Census Bureau; Bureau of Labor Statistics.

Housing

Single-family housing permits dropped 6.1 percent in June, though the five-month moving average was flat (*Chart 6*). Relative to the first half of 2018, single-family housing permits issued in Texas through June faltered 5.0 percent. Housing permits in the major metros also trended downward in June. The five-month moving averages were more mixed among the metros, with Dallas–Fort Worth, El Paso and Houston trending down, and San Antonio and Austin ticking up. Year to date, single-family permits issued in all major metros except Austin are down relative to the same period last year.

Chart 6
Single-Family Housing Permits

Index, January 2014 = 100*



*Seasonally adjusted, five-month moving average.
SOURCE: Census Bureau.

Texas multifamily permits also slipped in June, though year to date they are up 1.0 percent when compared with the first half of 2018. Metros again showed mixed results; multifamily permits issued in Austin and Dallas–Fort Worth were down in the first half compared with the first half of 2018, but El Paso, Houston and San Antonio saw increases.

NOTE: Data may not match previously published numbers due to revisions.

About Texas Economic Indicators

Questions can be addressed to Carlee Crocker at carlee.crocker@dal.frb.org. *Texas Economic Indicators* is published every month on the Monday after Texas employment data are released.