

September 24, 2019

The Texas economy continues to expand. While job growth decelerated in August, the unemployment rate held at a record low, indicating continued tightness in labor markets. Loan delinquency rates ticked down in the second quarter. Texas exports and construction spending picked up in July.

## Labor Market

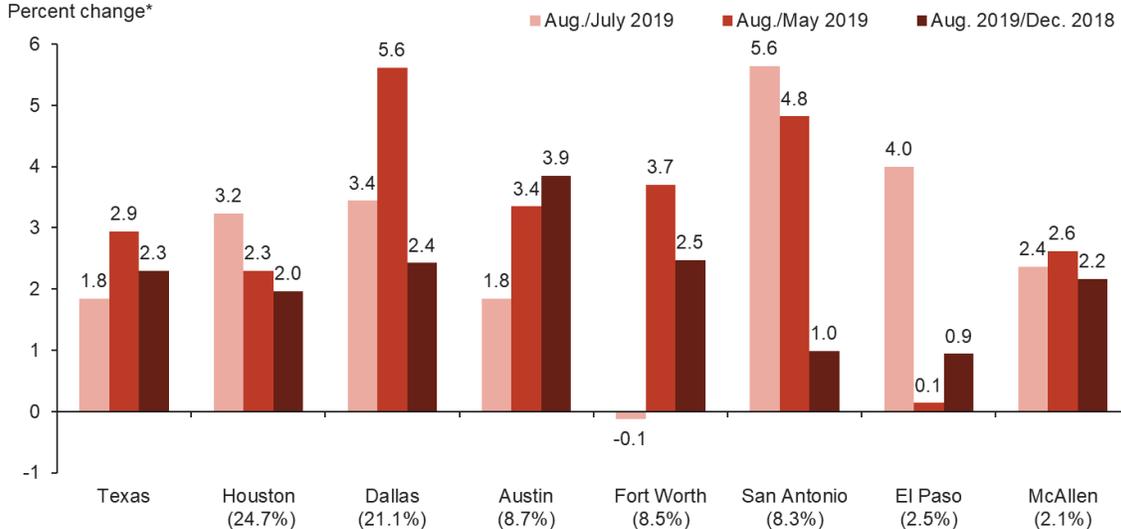
### Employment Growth Decelerates

Texas employment grew an annualized 1.8 percent in August following downwardly revised growth of 3.0 percent in July (*Chart 1*). Job growth slipped below the state's long-run average of 2.1 percent for the first time in five months. U.S. payrolls also grew during the month, with Texas continuing to outpace the nation. The Dallas Fed's Texas Employment Forecast predicts 2.3 percent job growth this year (December/December), with an 80 percent confidence band of 1.7 percent to 2.9 percent. The U.S. and Texas unemployment rates held steady in August at 3.7 percent and 3.4 percent, respectively.

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

**Chart 1  
Employment**

Percent change\*



\*Seasonally adjusted, annualized rate.

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

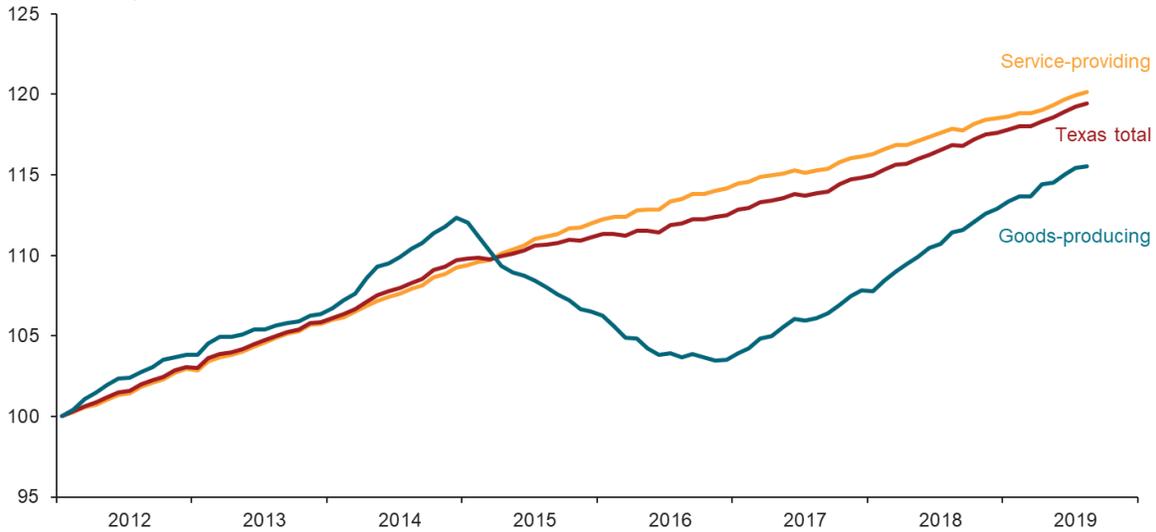
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; adjustments by the Dallas Fed.

### Employment Growth Sluggish Across Sectors

In August, Texas employment growth slowed in both the service-providing and goods-producing sectors (*Chart 2*). Growth in the service-providing sector was an annualized 1.9 percent, outpacing the goods-producing sector's 1.4 percent increase. Year to date, however, job growth in both sectors remains above its long-run average.

**Chart 2**  
**Employment Growth by Sector**

Index, January 2012 = 100\*



\*Seasonally adjusted.

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

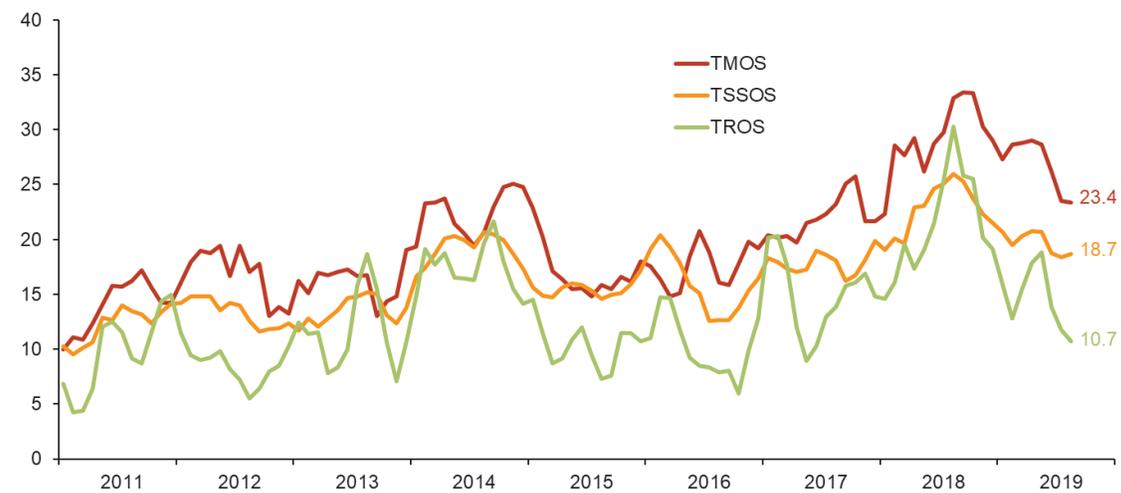
During the first eight months of 2019, employment expanded in all major industries except oil and gas. Gains continued to be strongest in the construction sector. Growth in August was muted across most industries, though it picked up in the government and education and health sectors. The oil and gas, information, and professional and business services sectors saw job losses.

## Texas Business Outlook Surveys

Wages continue to rise, according to the Texas Business Outlook Surveys (*Chart 3*). The wages and benefits indexes for all three surveys remained positive and ticked up in August. The three-month moving averages of the wage and benefits indexes have moderated from the highs seen in late 2018 but remain above their postrecession and long-run averages.

**Chart 3**  
**Texas Business Outlook Survey Wages and Benefits Indexes**

Index\*



\*Seasonally adjusted, three-month moving average.

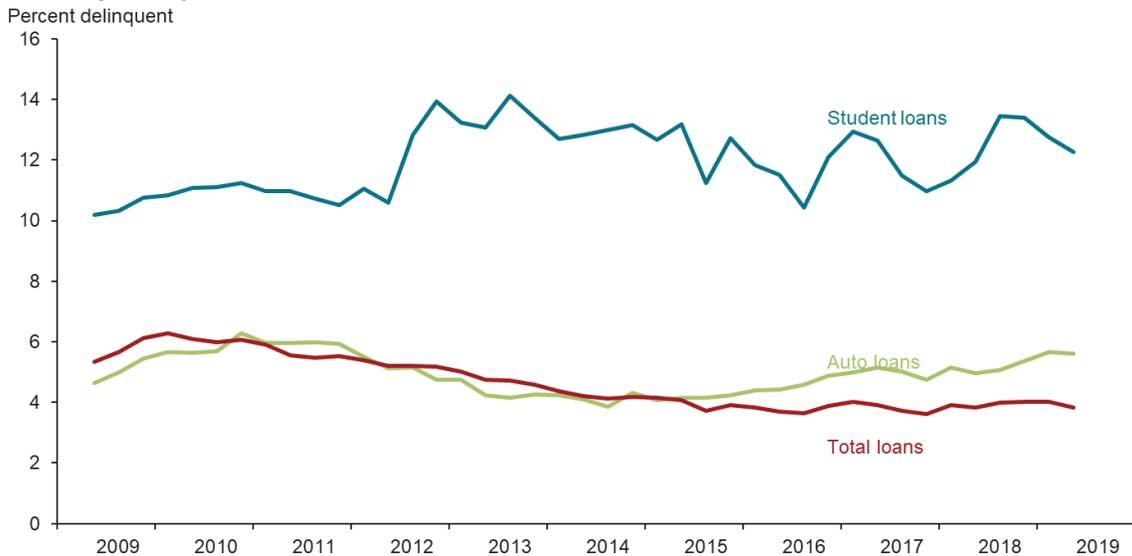
NOTE: TMOS is the Texas Manufacturing Outlook Survey; TSSOS is the Texas Service Sector Outlook Survey; TROS is the Texas Retail Outlook Survey.

SOURCE: Dallas Fed.

## Consumer Loan Delinquencies

Delinquency rates for consumer loans in Texas dipped in the second quarter of this year (*Chart 4*). The decline was most pronounced for student loans, which fell to 12.3 percent from 13.4 percent in third quarter 2018. Auto loan delinquencies, which have been slowly rising since the second half of last year, dipped in the most recent quarter. In Texas, overall consumer loan delinquencies fell to 3.8 percent in the second quarter from 4.0 percent in fourth quarter 2018.

**Chart 4**  
**Seriously Delinquent Texas Consumer Loans**



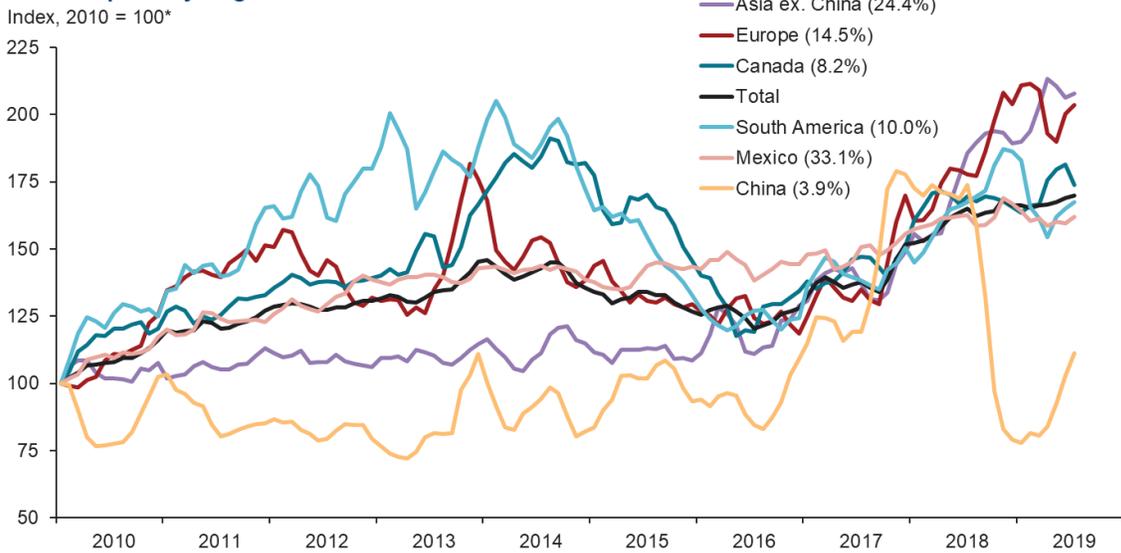
NOTES: Data through June 30, 2019. Seriously delinquent loans are loans which are 90+ days late.  
SOURCES: Federal Reserve Bank of New York Consumer Credit Report; Equifax.

## Exports

Texas exports rose 2.2 percent in July, while exports from the rest of the U.S. jumped 4.7 percent (*Chart 5*). Texas exports to Africa, China, Europe and Canada dipped, while exports to South America, Mexico and Asia (excluding China) ticked up.

Texas exports expanded 5.0 percent in the first seven months of the year compared with the same period in 2018, while exports from the rest of the U.S. slipped 1.7 percent (*Chart 5*). Texas exports to Asia (excluding China) advanced 23.1 percent, and exports to Europe rose 17.5 percent over the same period. Exports to China slumped 59.9 percent from their peak in mid-2018 to the end of 2018, but have partially recovered over the past few months.

**Chart 5**  
**Texas Exports by Region**

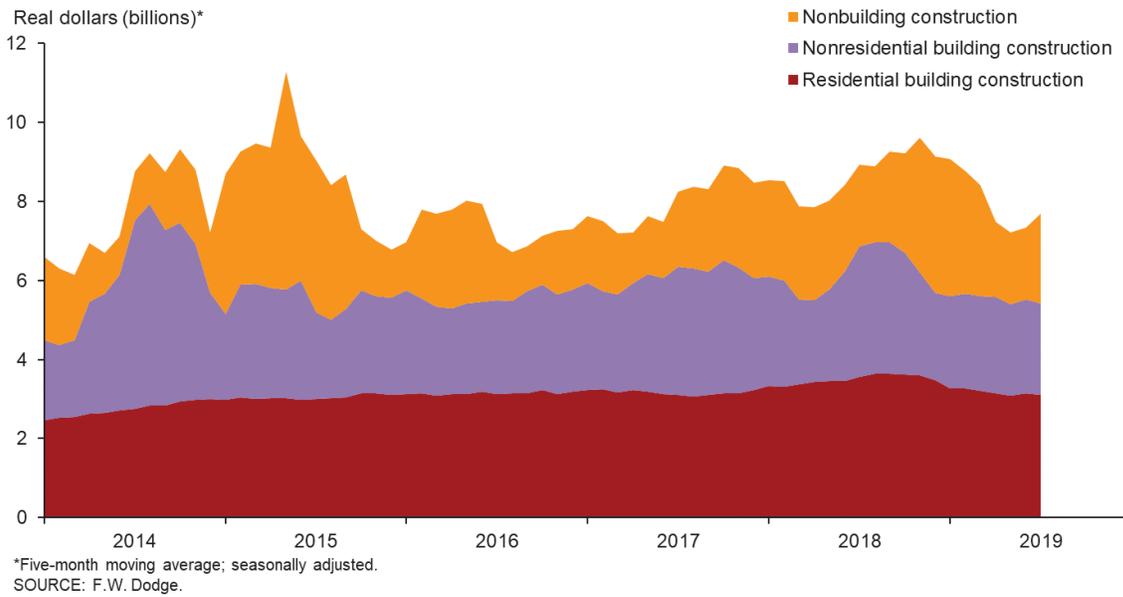


\*Three-month moving average, real dollars, seasonally adjusted.  
NOTE: Numbers in parentheses refer to share of July 2019 Texas exports.  
SOURCES: Census Bureau; Bureau of Labor Statistics.

## Construction

Texas construction spending ticked up 7.4 percent in July to \$9.2 billion, while the five-month moving average rose 4.7 percent (*Chart 6*). The five-month moving average of nonbuilding construction jumped 24.5 percent, residential construction slipped 1.7 percent and nonresidential building spending dipped 2.0 percent. Relative to the first seven months of 2018, total construction spending is down 9.4 percent. Despite this, Texas construction spending remains well above its long-run (January 2000–December 2018) average of \$6.1 billion.

**Chart 6**  
**Construction Contract Values**



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

#### About Texas Economic Indicators

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