Texas Manufacturing Outlook Survey

October 30, 2017

Growth in Texas Manufacturing Activity Gains Momentum

What's New This Month

For this month's survey, Texas business executives were asked supplemental questions on credit availability. Results for these questions from the Texas Manufacturing Outlook Survey (TMOS), Texas Service Sector Outlook Survey (TSSOS) and Texas Retail Outlook Survey (TROS) have been released together.

Texas factory activity expanded at a faster pace in October, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, rose six points to 25.6 and reached its highest reading since April 2014.

Other measures of current manufacturing activity also indicated a pickup in growth. The new orders index climbed six points to a 10-year high of 24.8, and the growth rate of orders index moved up to 12.3. The capacity utilization index also pushed to its highest level in a decade at 22.5. Meanwhile, the shipments index moved down several points but remained positive and at a well-above-average level of 20.9

Perceptions of broader business conditions improved in October. The general business activity index increased to 27.6, its highest reading since 2006. The company outlook index posted its 14th consecutive positive reading, holding steady at an elevated 25.8.

Labor market measures suggested solid employment growth and longer workweeks this month. The employment index came in at 16.7, unchanged from September and still well above average. Less than 5 percent of firms noted net layoffs—something that has only been seen five other times since the start of the survey more than 13 years ago. The hours worked index moved down but remained positive at 13.7, indicating a continuing lengthening of workweeks.

Upward pressure on prices and wages continued in October. The raw materials prices and finished goods prices indexes edged down but remained elevated at 32.3 and 15.3, respectively. The wages and benefits index also moved down but remained relatively high, at 22.5.

Expectations regarding future business conditions remained highly optimistic. The index of future general business activity moved up four points to 38.5, while the index of future company outlook remained unchanged at 39.0. Other indexes of future manufacturing activity showed mixed movements but remained solidly in positive territory.

Next release: Monday, November 27

Data were collected Oct. 17–25, and 113 Texas manufacturers responded to the survey. The Dallas Fed conducts the Texas Manufacturing Outlook Survey monthly to obtain a timely assessment of the state's factory activity. Firms are asked whether output, employment, orders, prices and other indicators increased, decreased or remained unchanged over the previous month

Survey responses are used to calculate an index for each indicator. Each index is calculated by subtracting the percentage of respondents reporting a decrease from the percentage reporting an increase. When the share of firms reporting an increase exceeds the share reporting a decrease, the index will be greater than zero, suggesting the indicator has increased over the prior month. If the share of firms reporting a decrease exceeds the share reporting an increase, the index will be below zero, suggesting the indicator has decreased over the prior month. An index will be zero when the number of firms reporting an increase is equal to the number of firms reporting a decrease. Data have been seasonally adjusted as necessary.

Results Summary

Business Indicators Relating to Facilities and Products in Texas
Current (versus previous month)

Indicator	Oct Index	Sep Index	Change	Indicator Direction*	Trend** (Months)	% Reporting Increase	% Reporting No Change	% Reporting Decrease
Production	25.6	19.5	+6.1	Increasing	16	36.8	52.0	11.2
Capacity Utilization	22.5	15.8	+6.7	Increasing	16	34.8	52.9	12.3
New Orders	24.8	18.6	+6.2	Increasing	12	36.7	51.4	11.9
Growth Rate of Orders	12.3	9.7	+2.6	Increasing	10	23.8	64.7	11.5
Unfilled Orders	10.4	8.1	+2.3	Increasing	10	20.1	70.2	9.7
Shipments	20.9	27.4	–6.5	Increasing	11	33.0	54.9	12.1
Delivery Time	3.0	10.1	–7.1	Increasing	4	13.4	76.2	10.4
Materials Inventories	10.6	3.9	+6.7	Increasing	4	20.3	70.0	9.7
Finished Goods Inventories	9.9	–4.5	+14.4	Increasing	1	20.7	68.5	10.8
Prices Paid for Raw Materials	32.3	34.5	–2.2	Increasing	20	36.9	58.5	4.6
Prices Received for Finished Goods	15.3	17.5	–2.2	Increasing	15	18.7	77.9	3.4
Wages and Benefits	22.5	26.4	–3.9	Increasing	95	23.4	75.7	0.9
Employment	16.7	16.3	+0.4	Increasing	10	21.6	73.5	4.9
Hours Worked	13.7	18.4	–4.7	Increasing	12	21.0	71.7	7.3
Capital Expenditures	13.3	13.6	–0.3	Increasing	14	17.2	78.9	3.9

General Business Conditions
Current (versus previous month)

Indicator	Oct Index	Sep Index	Change	Indicator Direction*	Trend** (Months)	% Reporting Improved	% Reporting No Change	% Reporting Worsened
Company Outlook	25.8	25.6	+0.2	Improving	14	29.8	66.2	4.0
General Business Activity	27.6	21.3	+6.3	Improving	13	30.5	66.6	2.9

Business Indicators Relating to Facilities and Products in Texas
Future (six months ahead)

Indicator	Oct Index	Sep Index	Change	Indicator Direction*	Trend** (Months)	% Reporting Increase	% Reporting No Change	% Reporting Decrease
Production	46.0	46.5	–0.5	Increasing	104	50.9	44.2	4.9
Capacity Utilization	47.2	44.9	+2.3	Increasing	104	51.1	45.0	3.9
New Orders	45.3	48.7	–3.4	Increasing	104	51.2	42.9	5.9
Growth Rate of Orders	36.7	35.8	+0.9	Increasing	104	43.2	50.3	6.5
Unfilled Orders	10.1	9.7	+0.4	Increasing	25	19.4	71.3	9.3
Shipments	50.8	47.8	+3.0	Increasing	104	54.3	42.2	3.5
Delivery Time	0.5	1.0	–0.5	Increasing	11	11.4	77.7	10.9
Materials Inventories	3.7	10.8	–7.1	Increasing	11	20.7	62.3	17.0
Finished Goods Inventories	–0.9	10.5	–11.4	Decreasing	1	14.2	70.8	15.1
Prices Paid for Raw Materials	36.5	35.9	+0.6	Increasing	103	39.3	57.9	2.8
Prices Received for Finished Goods	18.9	20.0	–1.1	Increasing	21	25.5	67.9	6.6
Wages and Benefits	36.9	39.8	–2.9	Increasing	161	37.9	61.1	1.0
Employment	34.2	41.3	–7.1	Increasing	59	40.1	54.0	5.9
Hours Worked	13.8	17.2	–3.4	Increasing	17	21.3	71.2	7.5
Capital Expenditures	30.2	29.8	+0.4	Increasing	95	34.9	60.4	4.7

General Business Conditions
Future (six months ahead)

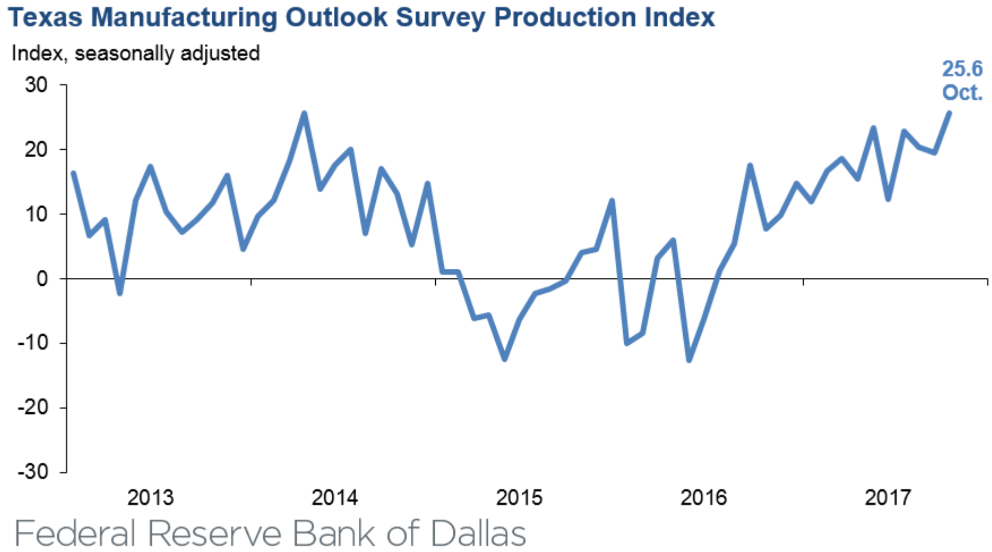
Indicator	Oct Index	Sep Index	Change	Indicator Direction*	Trend** (Months)	% Reporting Increase	% Reporting No Change	% Reporting Worsened
Company Outlook	39.0	39.9	–0.9	Improving	21	41.1	56.8	2.1
General Business Activity	38.5	34.5	+4.0	Improving	17	38.9	60.7	0.4

*Indicator direction refers to this month's index. If index is positive (negative), indicator is increasing (decreasing) or improving (worsening). If zero, indicator is unchanged.

**Number of months moving in current direction.

Data have been seasonally adjusted as necessary.

Production Index



Comments from Survey Respondents

These comments are from respondents' completed surveys and have been edited for publication.

Chemical Manufacturing

- Our input for October is impacted by hurricane effects on the Gulf Coast—month/month improvements were driven by industrial shutdowns and a prolonged recovery effort.
- We are having huge problems getting raw materials following Hurricane Harvey. We could not get deliveries due to a lack of drivers when the material was available. These problems are continuing.

Primary Metal Manufacturing

- The uncertainty over the Occupational Safety and Health Administration (OSHA) silica rule and if the current administration will agree to open the rule for discussion has many in the foundry, construction, fracking, sand and gravel industries, etc., very concerned. The rule has now proven to be both economically and technologically infeasible, with cost estimates for compliance running 1,000 times the estimates provided by OSHA. This will be a negative factor going forward and will likely displace several industries if allowed to stand as is.

Fabricated Metal Product Manufacturing

- The shutdowns and damage as a result of Hurricane Harvey and to a lesser extent Hurricane Irma have caused refinery operators to reschedule a lot of their planned work into 2018. This delay is having an increased effect on pricing pressure for what work is available, and the small amount of project work is almost entirely being sourced offshore. We are planning on an extended period of extremely poor market conditions and are adjusting our capacity accordingly.
- Our facilities were severely flooded in Hurricane Harvey, so we had little production in September and are still in the process of repairing major production equipment.
- The global economies and the U.S. economy are very weak and uncertain—poor environment, business, etc.
- We saw a lull in orders in the third quarter and some into fourth due to hurricane activity along the Southwest and Southeast. However, this short-term lull is due only to weather and will pick up in the fourth quarter and first quarter of 2018.

Nonmetallic Mineral Product Manufacturing

- Public infrastructure spending drives the revenue cycle for our business. We need a long-term federal highway bill.
- We are seeing the effects of Hurricane Harvey on the activities of our customers.

Machinery Manufacturing

- We remain optimistic about the future, although things have slowed down significantly.

Computer and Electronic Product Manufacturing

- The world economy and high dollar have been a problem for our customers in the capital equipment industry.

Electrical Equipment, Appliance, and Component Manufacturing

- Things are generally good—not great. Hurricanes slowed down September and October, which are usually two of our best months. Competitors are pricing erratically, which is hurting profits.

Printing and Related Support Activities

- The rebound from Hurricane Harvey's impact on Houston business is still dragging. Some clients did not make it through and closed. Insurance companies are dragging out compensation on claims and slowing the recovery. Our mail volume from hundreds of customers is still down, and we are hoping that they will finally get their businesses repaired and begin to market their services again because the holiday season is upon us, and everyone knows they have to make it now or things will implode.
- We keep waiting for it to get busier, although we are very busy now, which is normal for this time of year. I see November and December possibly being slower than normal, which is concerning as we use the fat from these months to carry us through the lean winter months.

Beverage and Tobacco Product Manufacturing

- October is looking better than September, which was weak. The two months will probably net out to about flat compared with the prior year. We have at least made up our first-half decline and are now up 0.2 percent year to date. This is a slight improvement from the 1 to 2 percent annual declines we have experienced the last few years.

Apparel Manufacturing

- Military apparel sewing projects are anticipated to increase significantly.

Paper Manufacturing

- September and October were good months.

Questions regarding the Texas Manufacturing Outlook Survey can be addressed to Emily Kerr at emily.kerr@dal.frb.org.

Special Questions

October 30, 2017

Texas Business Outlook Surveys

Results below include responses from participants of all three surveys: Texas Manufacturing Outlook Survey (TMOS), Texas Service Sector Outlook Survey (TSSOS) and Texas Retail Outlook Survey (TROS).

Data were collected Oct. 17–25, and 377 Texas business executives responded to the surveys.

1. **How do borrowing conditions facing your firm compare to those six months ago?**

	Oct. '14 (percent)	Oct. '15 (percent)	Oct. '16 (percent)	Oct. '17 (percent)
Eased substantially	1.8	0.7	0.5	1.9
Eased somewhat	11.8	7.0	7.8	7.2
No change	48.0	47.4	46.5	47.2
Tightened somewhat	5.5	12.3	9.1	5.8
Tightened substantially	2.6	2.0	3.4	2.1
Not applicable—haven't sought credit	30.3	30.8	32.7	35.8

2. **How does the cost of credit compare to what it was six months ago?**

	Oct. '14 (percent)	Oct. '15 (percent)	Oct. '16 (percent)	Oct. '17 (percent)
Increased substantially	0.7	0.3	0.8	0.8
Increased somewhat	12.1	13.6	16.6	26.3
No change	48.5	48.7	44.3	32.6
Decreased somewhat	7.0	5.6	6.2	3.7
Decreased substantially	1.1	1.3	0.8	0.5
Not applicable—haven't sought credit	30.5	30.5	31.3	36.1

3. **To what extent is your business having difficulty obtaining financing for desired long-term uses such as capital expenditures?**

	Oct. '14 (percent)	Oct. '15 (percent)	Oct. '16 (percent)	Oct. '17 (percent)
No difficulty	43.0	42.0	43.5	38.8
Some difficulty	14.1	15.9	12.6	9.3
Substantial difficulty	3.3	2.4	2.4	3.7
Extreme difficulty	0.7	0.3	0.5	2.4
Not applicable—haven't sought credit	38.9	39.3	41.1	45.7

4. **To what extent is your business having difficulty obtaining financing for desired short-term uses such as paying workers and acquiring inventories of material or supplies?**

	Oct. '14 (percent)	Oct. '15 (percent)	Oct. '16 (percent)	Oct. '17 (percent)
No difficulty	42.4	41.4	38.1	40.9
Some difficulty	7.8	9.2	9.2	7.8
Substantial difficulty	3.0	1.7	2.6	2.4
Extreme difficulty	1.5	0.0	0.5	1.1
Not applicable—haven't sought credit	45.4	47.8	49.6	47.8

5. **Has your firm's production and/or sales been adversely affected by difficulty obtaining credit?**

	Oct. '14 (percent)	Oct. '15 (percent)	Oct. '16 (percent)	Oct. '17 (percent)
Yes—significantly	2.9	0.7	1.6	1.1
Yes—somewhat	8.5	8.1	7.9	9.2
No	35.7	40.3	37.3	39.1
Not applicable—haven't had problems obtaining credit	15.8	13.8	13.6	8.4
Not applicable—haven't sought credit	37.1	37.2	39.6	42.3

6. **Has your firm reduced hiring and/or increased layoffs due to difficulty obtaining credit?**

	Oct. '14 (percent)	Oct. '15 (percent)	Oct. '16 (percent)	Oct. '17 (percent)
Yes—significantly	0.7	0.0	0.8	0.5
Yes—somewhat	5.5	7.6	5.2	4.0
No	44.1	42.4	44.8	44.5
Not applicable—haven't had problems obtaining credit	13.6	13.2	11.1	9.1
Not applicable—haven't sought credit	36.0	36.8	38.1	41.8

Texas Manufacturing Outlook Survey

Data were collected Oct. 17–25, and 109 Texas manufacturers responded to the surveys.

1. **How do borrowing conditions facing your firm compare to those six months ago?**

	Oct. '14 (percent)	Oct. '15 (percent)	Oct. '16 (percent)	Oct. '17 (percent)
Eased substantially	0.0	0.0	0.0	1.8
Eased somewhat	13.5	6.3	8.8	11.0
No change	53.9	47.9	50.9	43.1
Tightened somewhat	4.5	9.4	9.6	3.7
Tightened substantially	3.4	3.1	5.3	5.5
Not applicable—haven't sought credit	24.7	33.3	25.4	34.9

2. **How does the cost of credit compare to what it was six months ago?**

	Oct. '14 (percent)	Oct. '15 (percent)	Oct. '16 (percent)	Oct. '17 (percent)
Increased substantially	1.1	0.0	1.8	0.9
Increased somewhat	15.7	17.7	10.5	24.8
No change	48.3	44.8	53.5	33.9
Decreased somewhat	6.7	3.1	7.9	4.6
Decreased substantially	1.1	2.1	0.9	1.8
Not applicable—haven't sought credit	27.0	32.3	25.4	33.9

3. **To what extent is your business having difficulty obtaining financing for desired long-term uses such as capital expenditures?**

	Oct. '14 (percent)	Oct. '15 (percent)	Oct. '16 (percent)	Oct. '17 (percent)
No difficulty	47.2	42.4	45.5	38.9
Some difficulty	16.9	17.4	8.9	10.2
Substantial difficulty	5.6	3.3	4.5	5.6
Extreme difficulty	0.0	1.1	0.9	1.9
Not applicable—haven't sought credit	30.3	35.9	40.2	43.5

4. **To what extent is your business having difficulty obtaining financing for desired short-term uses such as paying workers and acquiring inventories of material or supplies?**

	Oct. '14 (percent)	Oct. '15 (percent)	Oct. '16 (percent)	Oct. '17 (percent)
No difficulty	50.6	48.4	42.1	41.7
Some difficulty	6.9	16.1	10.5	8.3
Substantial difficulty	4.6	0.0	3.5	2.8
Extreme difficulty	1.1	0.0	0.9	0.0
Not applicable—haven't sought credit	36.8	35.5	43.0	47.2

5. **Has your firm's production and/or sales been adversely affected by difficulty obtaining credit?**

	Oct. '14 (percent)	Oct. '15 (percent)	Oct. '16 (percent)	Oct. '17 (percent)
Yes—significantly	1.1	0.0	2.7	0.9
Yes—somewhat	11.2	10.6	8.9	10.2
No	32.6	35.1	38.4	37.0
Not applicable—haven't had problems obtaining credit	23.6	20.2	16.1	11.1
Not applicable—haven't sought credit	31.5	34.0	33.9	40.7

6. **Has your firm reduced hiring and/or increased layoffs due to difficulty obtaining credit?**

	Oct. '14 (percent)	Oct. '15 (percent)	Oct. '16 (percent)	Oct. '17 (percent)
Yes—significantly	0.0	0.0	0.9	0.9
Yes—somewhat	4.5	9.4	7.0	2.8
No	43.8	36.5	43.0	42.6
Not applicable—haven't had problems obtaining credit	21.3	18.8	13.2	12.0
Not applicable—haven't sought credit	30.3	35.4	36.0	41.7

Special Questions Comments

These comments have been edited for publication.

Primary Metal Manufacturing

- Credit is not the issue. Making a reasonable profit is. If a business is profitable, it can borrow.

Fabricated Metal Product Manufacturing

- Our company is well-capitalized, with excess cash and no debt.

Machinery Manufacturing

- We have not utilized much credit other than our revolving line of credit, and those terms have not changed. Our bank has anecdotally told us it is willing to provide capital loans if needed.

Computer and Electronic Product Manufacturing

- Very low visibility from customers has impaired showing lenders our ability to maintain consistent order taking. Customers are struggling to get long-term commitment from clients all over the world due to a slow world economy and a high dollar.

Electrical Equipment, Appliance and Component Manufacturing

- We have no debt and $100 million in cash.

Printing and Related Support Activities

- The last two months, our company has improved on sales volume. We hope this trend continues. The market seems to have more money in budgets for printing. It could be an increase due to the time of year as well. We will not know for sure until we see January and February sales.

Apparel Manufacturing

- Other than our typical line of credit, we have been able to finance all of our needs internally.

Texas Service Sector Outlook Survey

Data were collected Oct. 17–25, and 268 Texas business executives responded to the surveys.

1. **How do borrowing conditions facing your firm compare to those six months ago?**

	Oct. '14 (percent)	Oct. '15 (percent)	Oct. '16 (percent)	Oct. '17 (percent)
Eased substantially	2.7	1.0	0.7	1.9
Eased somewhat	11.0	7.3	7.4	5.6
No change	45.1	47.1	44.6	48.9
Tightened somewhat	6.0	13.6	8.9	6.7
Tightened substantially	2.2	1.5	2.6	0.7
Not applicable—haven't sought credit	33.0	29.6	35.8	36.2

2. **How does the cost of credit compare to what it was six months ago?**

	Oct. '14 (percent)	Oct. '15 (percent)	Oct. '16 (percent)	Oct. '17 (percent)
Increased substantially	0.5	0.5	0.4	0.7
Increased somewhat	10.4	11.7	19.1	26.9
No change	48.6	50.5	40.4	32.1
Decreased somewhat	7.1	6.8	5.5	3.4
Decreased substantially	1.1	1.0	0.7	0.0
Not applicable—haven't sought credit	32.2	29.6	33.8	36.9

3. **To what extent is your business having difficulty obtaining financing for desired long-term uses such as capital expenditures?**

	Oct. '14 (percent)	Oct. '15 (percent)	Oct. '16 (percent)	Oct. '17 (percent)
No difficulty	40.9	41.9	42.6	38.8
Some difficulty	12.7	15.3	14.1	9.0
Substantial difficulty	2.2	2.0	1.5	3.0
Extreme difficulty	1.1	0.0	0.4	2.6
Not applicable—haven't sought credit	43.1	40.9	41.5	46.6

4. **To what extent is your business having difficulty obtaining financing for desired short-term uses such as paying workers and acquiring inventories of material or supplies?**

	Oct. '14 (percent)	Oct. '15 (percent)	Oct. '16 (percent)	Oct. '17 (percent)
No difficulty	38.5	38.1	36.3	40.5
Some difficulty	8.2	5.9	8.6	7.6
Substantial difficulty	2.2	2.5	2.2	2.3
Extreme difficulty	1.6	0.0	0.4	1.5
Not applicable—haven't sought credit	49.5	53.5	52.4	48.1

5. **Has your firm's production and/or sales been adversely affected by difficulty obtaining credit?**

	Oct. '14 (percent)	Oct. '15 (percent)	Oct. '16 (percent)	Oct. '17 (percent)
Yes—significantly	3.8	1.0	1.1	1.1
Yes—somewhat	7.1	6.9	7.4	8.7
No	37.2	42.6	36.8	39.9
Not applicable—haven't had problems obtaining credit	12.0	10.8	12.6	7.2
Not applicable—haven't sought credit	39.9	38.7	42.0	43.0

6. **Has your firm reduced hiring and/or increased layoffs due to difficulty obtaining credit?**

	Oct. '14 (percent)	Oct. '15 (percent)	Oct. '16 (percent)	Oct. '17 (percent)
Yes—significantly	1.1	0.0	0.7	0.4
Yes—somewhat	6.0	6.8	4.4	4.5
No	44.3	45.1	45.6	45.3
Not applicable—haven't had problems obtaining credit	9.8	10.7	10.2	7.9
Not applicable—haven't sought credit	38.8	37.4	39.1	41.9

Special Questions Comments

These comments have been edited for publication.

Data Processing, Hosting and Related Services

- We planned to hire additional workers much more rapidly, but impactful amounts of credit and/or equity financing are hard to obtain. Therefore, our current workforce is working longer hours and we will hire as revenue increases permit.

Securities, Commodity Contracts, and Other Financial Investments and Related Activities

- Our company has sufficient resources for immediate needs. However, our customers and suppliers do not have resources and are experiencing some trouble financing their businesses. These are indirect factors in our situation.

Rental and Leasing Services

- Where credit does impact our revenues and our business is acquiring customer credit and financing to purchase pieces of heavy equipment. That financing continues to be harder and harder to find and has more and more strings attached to it. If we can't get it financed for our customer, we cannot sell it.

Real Estate

- Our biggest issue is finding labor, specifically experienced, qualified real estate agents.

Telecommunications

- Our company currently has zero bank debt and collects approximately $40 million in revenue, with 120 employees, and is able to cover operating and capital expenditures. The recent flood damage will probably require our investors to increase their equity positions through an infusion of cash or require us to obtain a multimillion dollar loan from a bank. Flood damage and the oil economy together will require an infusion of cash for the next nine months.

Professional, Scientific and Technical Services

- The pain of applying for credit through a bank is simply not worth it. Their goal seems to be to make it so arduous that the customer gives up and goes away. It is much easier to finance with credit cards.

- Getting venture capital equity investment is still hard. That's what is needed to improve in the U.S. for small companies like ours. Bank borrowing is available, but the capital we are allowed to borrow is not enough. We need four times more capital than banks allow us to borrow. We are a software technology company, and capital limits us on how fast and how big we can grow.

Administrative and Support Services

- Our company has a very strong balance sheet and substantial cash on hand. We have a credit line available that we don't use, so it's easy to get credit if we want it.

Ambulatory Health Care Services

- Banks and other lending companies have been more aggressive in reaching out to see if we need their credit/lending services. Current rates are still significantly less than they were when we last financed an acquisition in 2012.
- We are fortunate in that our doctors can generate sufficient cash flow to meet needs of operations and capital improvements. We have no financing needs until we decide to expand or replace our surgery center.

Texas Retail Outlook Survey

Data were collected Oct. 17–25, and 57 Texas retailers responded to the surveys.

1. **How do borrowing conditions facing your firm compare to those six months ago?**

	Oct. '14 (percent)	Oct. '15 (percent)	Oct. '16 (percent)	Oct. '17 (percent)
Eased substantially	4.3	0.0	0.0	0.0
Eased somewhat	10.9	6.7	5.4	5.3
No change	52.2	51.1	57.1	59.6
Tightened somewhat	6.5	20.0	3.6	1.8
Tightened substantially	0.0	0.0	3.6	1.8
Not applicable—haven't sought credit	26.1	22.2	30.4	31.6

2. **How does the cost of credit compare to what it was six months ago?**

	Oct. '14 (percent)	Oct. '15 (percent)	Oct. '16 (percent)	Oct. '17 (percent)
Increased substantially	2.1	0.0	0.0	1.8
Increased somewhat	14.9	13.3	19.3	33.3
No change	55.3	55.6	45.6	31.6
Decreased somewhat	6.4	4.4	5.3	0.0
Decreased substantially	0.0	2.2	0.0	0.0
Not applicable—haven't sought credit	21.3	24.4	29.8	33.3

3. **To what extent is your business having difficulty obtaining financing for desired long-term uses such as capital expenditures?**

	Oct. '14 (percent)	Oct. '15 (percent)	Oct. '16 (percent)	Oct. '17 (percent)
No difficulty	54.3	57.8	57.9	49.1
Some difficulty	15.2	11.1	10.5	7.0
Substantial difficulty	0.0	2.2	1.8	1.8
Extreme difficulty	0.0	0.0	0.0	1.8
Not applicable—haven't sought credit	30.4	28.9	29.8	40.4

4. **To what extent is your business having difficulty obtaining financing for desired short-term uses such as paying workers and acquiring inventories of material or supplies?**

	Oct. '14 (percent)	Oct. '15 (percent)	Oct. '16 (percent)	Oct. '17 (percent)
No difficulty	59.6	53.5	50.0	50.0
Some difficulty	8.5	7.0	10.3	8.9
Substantial difficulty	2.1	4.7	1.7	0.0
Extreme difficulty	0.0	0.0	0.0	1.8
Not applicable—haven't sought credit	29.8	34.9	37.9	39.3

5. **Has your firm's production and/or sales been adversely affected by difficulty obtaining credit?**

	Oct. '14 (percent)	Oct. '15 (percent)	Oct. '16 (percent)	Oct. '17 (percent)
Yes—significantly	2.1	0.0	0.0	0.0
Yes—somewhat	6.4	6.8	5.4	8.9
No	51.1	56.8	46.4	41.1
Not applicable—haven't had problems obtaining credit	19.1	11.4	17.9	10.7
Not applicable—haven't sought credit	21.3	25.0	30.4	39.3

6. **Has your firm reduced hiring and/or increased layoffs due to difficulty obtaining credit?**

	Oct. '14 (percent)	Oct. '15 (percent)	Oct. '16 (percent)	Oct. '17 (percent)
Yes—significantly	0.0	0.0	0.0	0.0
Yes—somewhat	8.5	8.9	3.4	3.5
No	57.4	53.3	55.2	49.1
Not applicable—haven't had problems obtaining credit	12.8	13.3	12.1	8.8
Not applicable—haven't sought credit	21.3	24.4	29.3	38.6

Special Questions Comments

These comments have been edited for publication.

Motor Vehicle and Parts Dealers

- We are disappointed that interest rates are increasing.

Building Material and Garden Equipment and Supplies Dealers

- I have lots of equity, so I don't have any credit problems.

Nonstore Retailers

- Our business has been on a decline due to some internal management issues, and we lost our bank financing due to not meeting debt covenants. Fortunately, our owners are able to personally finance our company and have refocused their attention to improving business results. The current condition of our financial statements has not yet impacted our ability to obtain customers, but I expect this to be an issue when we next bid on request-for-proposal business and have to provide our financials.

Questions regarding the Texas Manufacturing Outlook Survey can be addressed to Emily Kerr at emily.kerr@dal.frb.org, and questions regarding the Texas Service Sector Outlook Survey or the Texas Retail Outlook Survey can be addressed to Amy Jordan at amy.jordan@dal.frb.org.