April 29, 2019

Growth in Texas Manufacturing Activity Picks Up Slightly

What’s New This Month

For this month’s survey, Texas business executives were asked supplemental questions on revenue, income taxes and drivers of uncertainty. Results for these questions from the Texas Manufacturing Outlook Survey, Texas Service Sector Outlook Survey and Texas Retail Outlook Survey have been released together.

This month’s data release also includes annual seasonal factor revisions. In April of each year, the Federal Reserve Bank of Dallas revises the historical data for the Texas Manufacturing Outlook Survey after calculating new seasonal adjustment factors. Annual seasonal revisions result in slight changes in the seasonally adjusted series.

Texas factory activity continued to expand in April, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, ticked up two points to 12.4, indicating output growth accelerated slightly from March.

Other measures of manufacturing activity also suggested slightly faster expansion in April. The survey’s demand indicators bounced back after dipping last month: The new orders index rose eight points to 9.8, and the growth rate of orders index rose from -2.0 to 5.2. The capacity utilization index pushed to a seven-month high of 15.6, while the shipments index held fairly steady at 6.3.

Perceptions of broader business conditions continued to improve in April. The general business activity index remained positive for a third month in a row but fell five points to 2.0. Meanwhile, the company outlook index climbed two points to 6.3.

Labor market measures suggested weaker employment growth but slightly stronger growth in workweek length in April. The employment index fell eight points to 4.6, its lowest reading since the end of 2016. Nineteen percent of firms noted net hiring, while the share reporting net layoffs rose to 15 percent from 10 percent last month. The hours worked index came in at 8.1, up slightly from March.

Upward pressure on input costs abated somewhat in April, while pressure on selling prices and wages was about the same as it was last month. The raw materials prices index dropped 11 points to 7.9, its lowest reading in three years. The finished goods prices index held steady at 6.0, and the wages and benefits index inched down to 28.2, a still-elevated level.

Expectations regarding future business conditions remained positive in April, although the indexes showed mixed movements. The index of future general business activity remained at its March reading of 18.4, while the index of future company outlook edged up from 18.4 to 20.9. Most other indexes for future manufacturing activity declined this month but stayed in positive territory.

Next release: Tuesday, May 28
Data were collected April 16–24, and 106 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)**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Apr Index</th>
<th>Mar Index</th>
<th>Index Change</th>
<th>Indicator Direction</th>
<th>Trend** (Months)</th>
<th>% Reporting Increase</th>
<th>% Reporting No Change</th>
<th>% Reporting Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>12.4</td>
<td>10.5</td>
<td>+1.9</td>
<td>Increasing</td>
<td>34</td>
<td>29.9</td>
<td>52.6</td>
<td>17.5</td>
</tr>
<tr>
<td>Capacity Utilization</td>
<td>15.6</td>
<td>9.4</td>
<td>+6.2</td>
<td>Increasing</td>
<td>34</td>
<td>27.8</td>
<td>59.9</td>
<td>12.2</td>
</tr>
<tr>
<td>New Orders</td>
<td>9.8</td>
<td>2.2</td>
<td>+7.6</td>
<td>Increasing</td>
<td>30</td>
<td>30.9</td>
<td>48.0</td>
<td>21.1</td>
</tr>
<tr>
<td>Growth Rate of Orders</td>
<td>5.2</td>
<td>−2.0</td>
<td>+7.2</td>
<td>Increasing</td>
<td>1</td>
<td>23.5</td>
<td>58.2</td>
<td>18.3</td>
</tr>
<tr>
<td>Unfilled Orders</td>
<td>−0.4</td>
<td>−0.4</td>
<td>0.0</td>
<td>Decreasing</td>
<td>5</td>
<td>14.3</td>
<td>71.1</td>
<td>14.7</td>
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<tr>
<td>Shipment</td>
<td>6.3</td>
<td>5.8</td>
<td>+0.5</td>
<td>Increasing</td>
<td>29</td>
<td>27.2</td>
<td>52.0</td>
<td>20.9</td>
</tr>
<tr>
<td>Delivery Time</td>
<td>1.6</td>
<td>3.9</td>
<td>−2.3</td>
<td>Increasing</td>
<td>2</td>
<td>13.1</td>
<td>75.4</td>
<td>11.5</td>
</tr>
<tr>
<td>Finished Goods Inventories</td>
<td>−5.7</td>
<td>1.7</td>
<td>−7.4</td>
<td>Decreasing</td>
<td>1</td>
<td>13.2</td>
<td>67.9</td>
<td>18.9</td>
</tr>
<tr>
<td>Prices Paid for Raw Materials</td>
<td>7.9</td>
<td>18.9</td>
<td>−11.0</td>
<td>Increasing</td>
<td>37</td>
<td>18.4</td>
<td>71.2</td>
<td>10.5</td>
</tr>
<tr>
<td>Prices Received for Finished Goods</td>
<td>6.0</td>
<td>6.5</td>
<td>−0.5</td>
<td>Increasing</td>
<td>33</td>
<td>12.7</td>
<td>80.6</td>
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<tr>
<td>Wages and Benefits</td>
<td>28.2</td>
<td>30.0</td>
<td>−1.8</td>
<td>Increasing</td>
<td>117</td>
<td>31.9</td>
<td>64.4</td>
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<tr>
<td>Employment</td>
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<td>−7.6</td>
<td>Increasing</td>
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<td>19.2</td>
<td>66.2</td>
<td>14.6</td>
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<tr>
<td>Hours Worked</td>
<td>8.1</td>
<td>6.3</td>
<td>+1.8</td>
<td>Increasing</td>
<td>30</td>
<td>20.0</td>
<td>68.1</td>
<td>11.9</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>18.9</td>
<td>12.2</td>
<td>+6.7</td>
<td>Increasing</td>
<td>32</td>
<td>25.4</td>
<td>68.1</td>
<td>6.5</td>
</tr>
</tbody>
</table>

#### General Business Conditions

**Current (versus previous month)**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Apr Index</th>
<th>Mar Index</th>
<th>Index Change</th>
<th>Indicator Direction</th>
<th>Trend** (Months)</th>
<th>% Reporting Improved</th>
<th>% Reporting No Change</th>
<th>% Reporting Worsened</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Outlook</td>
<td>6.3</td>
<td>4.2</td>
<td>+2.1</td>
<td>Improving</td>
<td>4</td>
<td>21.9</td>
<td>62.5</td>
<td>15.6</td>
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<tr>
<td>General Business Activity</td>
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<td>6.9</td>
<td>−4.9</td>
<td>Improving</td>
<td>3</td>
<td>21.0</td>
<td>60.0</td>
<td>19.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicator</th>
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<th>% Reporting No Change</th>
<th>% Reporting Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outlook Uncertainty†</td>
<td>6.8</td>
<td>3.4</td>
<td>+3.4</td>
<td>Increasing</td>
<td>11</td>
<td>22.5</td>
<td>61.8</td>
<td>15.7</td>
</tr>
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</table>
### Business Indicators Relating to Facilities and Products in Texas

**Future (six months ahead)**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Apr Index</th>
<th>Mar Index</th>
<th>Change</th>
<th>Indicator Direction</th>
<th>Trend* (Months)</th>
<th>% Reporting Increase</th>
<th>% Reporting No Change</th>
<th>% Reporting Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>41.3</td>
<td>51.5</td>
<td>−10.2</td>
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<td>43.1</td>
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<td>Capacity Utilization</td>
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<td>Increasing</td>
<td>122</td>
<td>47.2</td>
<td>46.2</td>
<td>6.6</td>
</tr>
<tr>
<td>New Orders</td>
<td>35.9</td>
<td>42.7</td>
<td>−6.8</td>
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<td>−0.4</td>
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<td>11.9</td>
<td>78.0</td>
<td>10.1</td>
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<td>9.1</td>
<td>−13.2</td>
<td>Decreasing</td>
<td>1</td>
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<td>67.7</td>
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<td>64.0</td>
<td>11.0</td>
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<td>Prices Received for Finished Goods</td>
<td>8.0</td>
<td>20.0</td>
<td>−12.0</td>
<td>Increasing</td>
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<td>24.0</td>
<td>60.0</td>
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<tr>
<td>Wages and Benefits</td>
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<td>41.3</td>
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<tr>
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<td>33.4</td>
<td>37.5</td>
<td>−4.1</td>
<td>Increasing</td>
<td>77</td>
<td>39.5</td>
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<td>6.1</td>
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<td>26.2</td>
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<td>30.9</td>
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**Future (six months ahead)**

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<td>30.5</td>
<td>59.9</td>
<td>9.6</td>
</tr>
<tr>
<td>General Business Activity</td>
<td>18.4</td>
<td>18.4</td>
<td>0.0</td>
<td>Improving</td>
<td>35</td>
<td>30.1</td>
<td>58.3</td>
<td>11.7</td>
</tr>
</tbody>
</table>

*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.

†Added to survey in January 2019.

Data have been seasonally adjusted as necessary, with the exception of the outlook uncertainty index, which does not yet have a sufficiently long time series to test for seasonality.
Comments from Survey Respondents

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

Primary Metal Manufacturing

- There is a general feeling among our customers that even though business is still very good, the level of business will slow down this summer.

- The 2020 election cycle uncertainties are beginning to come into play, with several large customers starting to soften forecasts due to uncertainties in the energy and heavy equipment sectors. We typically see this in every presidential cycle; however, this started earlier than anticipated. Overall, the business climate remains somewhat positive but more conservative than expected. A key issue we continue to face is workforce shortages. The entire manufacturing sector faces this issue, and we welcome proposed legislation to boost apprenticeship programs and overall workforce development.

Fabricated Metal Product Manufacturing

- We have seen a definite slowdown in many sectors versus fourth quarter 2018, with April being the worst month year to date. This is along with price erosion in the steel world. This has dampened our outlook for 2019.

- We are losing business on delivery dates due to not having enough skilled personnel. Fabricators are still being very aggressive on pricing, and margins have decreased significantly as a result.

Nonmetallic Mineral Product Manufacturing

- Our system was taken down by a crypto virus. We are in recovery mode.

Machinery Manufacturing

- We are bidding and winning more new business since our ability to hire has improved. We are paying more, but it is paying dividends and we are not letting other companies take our trained employees away with higher offers anymore. Also, our employees see a much brighter future with our company and more opportunities to be promoted into better-paying positions. We are adding second shifts that require leaders and new workers. Once the second shifts are fully staffed, we will look at the next step, which is capital expenditures.

- Orders are picking up once again. We anticipate another bump in business after the Chinese trade negotiations are completed and a deal is reached.
Electrical Equipment, Appliance and Component Manufacturing
- The continued uncertainty surrounding tariffs and the trade wars seems to be fueling customer reluctance to initiate new large projects.

Printing and Related Support Activities
- Our company was sold in January. The new owner decided to increase prices. We will lose many of our clients to other competitors because in this market, pricing and quality are most important. I believe our company will go through many changes and some not for the good. I predict that by the end of this year, our company will be reduced to a very small print shop.

- We are very surprised and disappointed that we continue to be as slow as we are, and we are not sure what the cause of it is. We have just instituted an increase in our selling prices for the first time in a long time, so hopefully that will start to provide improvement at the bottom line, as all our other costs have increased. Meaningful property tax relief brought on by Austin paying more of the total school cost would be helpful, instead of forcing the local taxing authorities to limit the amount of increase each year. Governmental spending is simply out of control, and tax revenues are the only source of income to feed the beast.

Food Manufacturing
- A substantial part of the materials for our operations comes from other countries, including Bulgaria, China and Mexico. We are particularly sensitive to disruption of imports through the Mexican border. All the recent rhetoric on border closings, increased tariffs and other trade conflicts have increased significantly the uncertainty for our business.

Textile Product Mills
- We continue to be optimistic and work toward larger orders and bigger customers.

Apparel Manufacturing
- Future military apparel orders appear to be increasing in volume.

Paper Manufacturing
- Currently, we are like a long-tailed cat in a room full of rocking chairs, and it seems like there are more chairs.

Miscellaneous Manufacturing
- When reviewing our financial performance over the last few years, the outlook for the company has significantly improved, in large part due to the change in taxes. During the Obama administration, our effective total-taxes-paid rate was over 70 percent, and now under the Trump administration, our effective total-taxes-paid rate is about 50 percent. This has allowed us to hire more people, increase compensation, pay larger bonuses, purchase more manufacturing equipment and make more investments. For those people who say that lower taxes do not help small and growing businesses, they are completely mistaken. Small and fast-growing businesses need as much after-tax profits for expansion and investments as possible to continue to be successful. If you want the private sector to expand and hire more people, it’s critical we have sufficient after-tax money to reinvest and justify putting more time and effort in our businesses. The fastest way to make people give up is seeing all their hard work and the results of their efforts redirected to wasteful and often counterproductive government spending and programs.

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

April 29, 2019

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

**Texas Business Outlook Surveys**

Data were collected April 16–24, and 363 Texas business executives responded to the surveys. See data files with a full history of results.

In 2018, approximately what share of your firm’s revenues came from customers in the following geographies?

- **45.6%** within your metropolitan area
- **21.4%** outside your metropolitan area but within Texas
- **28.0%** outside Texas but within the U.S.
- **5.0%** outside the U.S.

*NOTE: 353 responses.*
In 2018, what percentage of your firm’s revenues came directly from oil and gas-related business?

<table>
<thead>
<tr>
<th>Percentage</th>
<th>April '19 (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>52.1</td>
</tr>
<tr>
<td>1 to 9 percent</td>
<td>27.9</td>
</tr>
<tr>
<td>10 to 24 percent</td>
<td>8.4</td>
</tr>
<tr>
<td>25 to 49 percent</td>
<td>3.9</td>
</tr>
<tr>
<td>50 percent or more</td>
<td>7.8</td>
</tr>
</tbody>
</table>

NOTE: 359 responses.

In 2018, were your firm’s federal corporate income taxes as a share of earnings higher, lower or about the same as in 2017?

<table>
<thead>
<tr>
<th>Tax Share</th>
<th>April '19 (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher</td>
<td>15.4</td>
</tr>
<tr>
<td>Lower</td>
<td>35.4</td>
</tr>
<tr>
<td>About the same</td>
<td>49.3</td>
</tr>
</tbody>
</table>

NOTE: 345 responses.

What is your firm doing with money resulting from lower 2018 taxes? Please select all that apply.*

- Increasing capital investments | 57.0
- Raising wages | 44.6
- Paying down debt/increasing savings | 37.2
- Paying bonuses | 25.6
- Increasing hiring | 20.7
- Increasing dividends | 20.7
- Enhancing worker benefits | 17.4
- Doing something else? What? | 9.9
- Buying back stock | 4.1

*This question posed only to respondents who answered “lower” to the previous question.

NOTE: 121 responses.

What are the primary drivers of uncertainty regarding your firm’s outlook over the next six months?

These responses have been edited for publication.

**Petroleum and Coal Products Manufacturing**
- Trade tension and the domestic economy.

**Chemical Manufacturing**
- Level of economic activity outside the U.S.
- Balancing trade costs.
- Tariffs, labor, raw material pricing.
- Competition from outside the U.S.

**Primary Metal Manufacturing**
- The good times have lasted a long time. How much longer can they go on? The politicians in Washington, D.C., can kill any business boom by adopting stupid policies.
- Political uncertainties for the 2020 election cycle seem to be the primary uncertainties at this time.
- The cost of money for new development; the overall world economy; will owners keep building.
- Resolution of China trade negotiations and the 232 tariff status are unpredictable negatives. The agriculture market is weak and has impacted distributor and end-user buying. A harsh winter and late warming have delayed and, likely caused the loss of, spring sales.

**Fabricated Metal Product Manufacturing**
- Sustainability of the current economy.
- Price of oil.
- The economy is a big driver in our industry. The oil and gas market also plays a role in our success. When the cost of oil reaches a certain amount, the large companies will again open the facilities for improvement. Until that dollar threshold is reached, it is very difficult to get the oil and gas business.
- Ability to hire people as business increases; potential increase in tariffs.
- Increasing costs; shortage of skilled and unskilled labor.
- Overall political climate; uncertainty over steel tariff situation.
- With unemployment running around 3 percent, the labor market is nonexistent without offering exorbitant compensation to the leave current employer. Those left unemployed do not want to work and even if hired cannot be incentivized to be productive. There are a few older, experienced workers available; however, if hired, it must accepted that they will retire in short order and, therefore, it's hard to justify the training and onboarding expense. Again, right now, it's the labor market.

**Nonmetallic Mineral Product Manufacturing**
- Housing starts; nonresidential construction household formation; interest/mortgage rates.
- Recovering from crypto virus and rebuilding computer system; health of homebuilding industry.

**Machinery Manufacturing**
- Oil price volatility; consolidation of oil and gas producers.
- China trade negotiations, the cyclical nature of the electronics industry and, to a lesser extent, the upcoming elections in 2020.
- Oil prices.
- China tariffs; weakened sales for the first quarter; no real explanation for the weakened sales.
- Interest rates and the Democratic proposals to tax, tax, tax business. I'm reinvesting into my business every day to make it bigger and stronger financially. That's how I see it making it in the long term. The oil and gas business is not the best business since it is unpredictable over the long term. And the downturns are always very challenging.
- Acquisition by a new parent company.
- Trade, tariffs and border uncertainty ... essentially President Trump.
- Ability of the Democrats to effect antibusiness laws and regulations.

**Computer and Electronic Product Manufacturing**
- Trade tensions with China; tariff uncertainty.
- International volatility.
- The cost and availability of components, but this is easing.
Transportation Equipment Manufacturing
- Due to stiff competition from overseas, our customers will no longer sign long-term agreements. Therefore, our company must plan to make products available on short notice for smaller quantities with no definitive outlook into the future.
- Fuel prices.
- Oil price.

Printing and Related Support Activities
- Technology is primary. The other is price increases.
- The economy.

Food Manufacturing
- World food crisis; federal funding; redirecting relief payments for humanitarian food relief we produce.
- Trade negotiations with China and the European Union.
- That somehow Democrats will raise taxes. We elected to become a C-corp (from an S-corp) following the implementation of the new tax rates, and we are committed to investing those additional earnings to grow our business.
- Our business is highly dependent on sourcing several materials from Bulgaria, China and Mexico. So the following issues have sharply driven up uncertainty for us: U.S.—Mexico border logistics disruptions, increasing tariffs and antitrade rhetoric.
- Slowing sales; increased pressure on retaining skilled workforce.
- Cost of raw materials; availability of workers.
- Price of fuel.

Textile Product Mills
- Tariffs and import policy continue to be a concern. We are watching these closely as we look for new cut-and-sew houses to help us grow. One year ago, we thought we would look to Mexico for cut and sew, but now we are looking locally—even though it has a higher cost, we feel that we have more control over timelines and delivery windows.

Paper Manufacturing
- Lower demand.

Furniture and Related Product Manufacturing
- Brick-and-mortar retail market.

Miscellaneous Manufacturing
- Political instability, socialism, government overspending, increasing taxes, increasing regulation and increasing trade tariffs in foreign markets.
- Health care, since we sell medical equipment.

Support Activities for Mining
- Oil price trends.

Utilities
- Trade wars.

Specialty Trade Contractors
- Revenues will increase because we perform service on HVAC equipment. Service events are higher margins than replacing equipment. We are seeing people delaying capital expenditures and spending on repairs.
Truck Transportation
- Rising interest rates; geopolitical instability; overheated long-term economy.
- Finding enough qualified drivers and mechanics.
- Finding qualified labor/drivers for our industry; expenses are going up faster than price increases.

Pipeline Transportation
- Competition and uncertainty created by Washington.

Support Activities for Transportation
- U.S. border conflicts.
- Cotton season starts in August.
- Grain exports to China; tax credits related to wind products (towers, blades, etc., imports).

Publishing Industries (Except Internet)
- Geopolitical in many different aspects, plus regulatory in the EU [European Union] first, then the U.S. and Asia around data/information and interfaces/rights often associated somehow with security and/or privacy from platforms and networks often using services as barter for data/knowledge.

Data Processing, Hosting and Related Services
- We are not so concerned about the next six months. We are very concerned about next year with all of the election angst/uncertainty. We’re thinking it will shut down or at least delay decision-making on major purchases.

Credit Intermediation and Related Activities
- Regulatory changes.
- General economic activity; interest rates.

Securities, Commodity Contracts, and Other Financial Investments and Related Activities
- Lack of ability to hire employees.
- Employment levels; ability to find qualified candidates; mortgage/interest rates.
- Increases in cost of our labor, materials, supplies, transportation, insurance and property taxes. We haven't been able to really pass these costs along in our selling prices.

Insurance Carriers and Related Activities
- Variability in interest rates and spreads on corporate bonds and mortgages (all affect our annuity sales and investment yield); political discourse and legislation regarding health insurance, which affect our health insurance product; costs of medical care, especially very high-cost treatments.
- Job growth.

Real Estate
- Oil price fall; the Democrats and Republicans unable to govern.
- Consumer demand for housing.
- Border closures; tariffs; upcoming elections; health care uncertainty.

Professional, Scientific and Technical Services
- Finding qualified people that want to become dedicated and loyal employees despite very good wages.
- We are dependent upon new construction but are diversified across housing, commercial, office and industrial sector. Slowdowns like 2001–02 have some but minor effect with no reduction in staff. The 2008 drying up of capital had dynamic effect on both revenue and staff reduction.
- Industry mergers and acquisitions activity; global economic growth.
- Energy prices; stock market correction; recession fears; instability in the federal government.
- Uncertainty in the price of oil and gas; possibility of a recession.
- Continued market instability—economically and politically.
- Slowed growth in the economy and declining leading indicators for manufacturing sectors; uncertainty created by tariffs; uncertainty that will result from upcoming federal elections.
- General business climate.
- USMCA (U.S.–Mexico–Canada Agreement); availability of labor; technological changes in the automotive industry; federal policy.
- No outside drivers.
- How America is and will be perceived.
- Ability to achieve targeted growth.
- Geopolitical issues no doubt are concerning, and this administration's performance is almost comical in fashion. In all honesty, the extremes to which parties appear to be migrating is very concerning. There seems to be no middle, no possibility of compromise, and that is alarming. Also, a concern that consumer contributions to the economy domestically weaken—which could occur due to a number of factors—and we slide as a result; GDP falls and perhaps we do experience some level of recession. We may have a decent 2019, but I see weakening into 2020 and perhaps beyond, particularly as we see some instability introduced as the election cycle heats up and the expected circus on both sides begins performing. (I think overseas factors will play into it as well with Brexit, general EU [European Union] issues and perhaps some expected shocks in Asia. Economic strength in China is not as good as predicted.) I do not think the Fed [Federal Reserve] will impact triggering the negative as much as other elements of our political failings will. The Fed is likely to get blamed though.
- Congressional action; 2020 elections; Democrats' socialism.
- Our older product line is not bringing enough returning customers.

Management of Companies and Enterprises
- Regulations; economy; labor force; competitors.
- Oil and gas prices and export capacity. The political climate in D.C. is unsettling, and the perpetual talk for the past two presidencies of impeachment, disrespect and rancor simply are wearing the general public out. Seems as if the population is growing tired of partisan politics, but we continue to reelect polarizing politicians. Compliance whiplash is a reality depending on which party is in power. It causes unrest in the business climate.

Administrative and Support Services
- The military aviation sector is a big part of our service work. It seems to be somewhat unsteady in the past few months. The "uncertainty" that is being talked up is having an effect on our customers' willingness to take on new business.
- Political discontent; international unrest.
- Political uncertainty.

Waste Management and Remediation Services
- Export market to China, which has a huge impact on the scrap business. While our company does not directly sell material to China, the lack of exports sold to China has a ripple effect throughout the entire recycling industry.

Educational Services
- Changing educational laws in the legislature and educational funding.

Ambulatory Health Care Services
- Greater government involvement in health care.
Nursing and Residential Care Facilities

- Building of additional seniors housing communities. If supply continues to grow, it could negatively impact the occupancy of our communities and the rates we are able to charge.

Performing Arts, Spectator Sports and Related Industries

- Politics and world events.

Accommodation

- The U.S. economy and how the oil and gas industry performs.
- Economic policies—thank God for Mr. Powell [Federal Reserve Chairman]. I don’t feel the current administration has much of a strategy.

Food Services and Drinking Places

- Wages; labor.
- Price of oil impacting ability to attract and retain labor in West Texas.
- The economy and market saturation in the hospitality industry as well as labor shortage.

Repair and Maintenance

- Health care costs; regulations (OSHA [Occupational Safety and Health Administration], EPA [Environmental Protection Agency], DOT [Department of Transportation]).
- Lower in-store retail sales means fewer store openings. Without new stores, our product is not needed. Online retail sales are hurting our business. Our product sales price is decreasing, while our costs for labor and materials are increasing.

Religious, Grantmaking, Civic, Professional and Similar Organizations

- The impact of growing national debt on the long-term viability of the U.S. economy and the seeming inability of politicians to bring debt under control.
- Medical reimbursements.
- As a nonprofit organization, we have seen a steady decrease in monetary support.
- Oil prices.

Merchant Wholesalers, Durable Goods

- Federal political outlook and the changing state political shift.
- Right now, we don’t have any big drivers for our business. In the past, business was driven by environmental needs, independent power needs, etc. Now, we are focused on replacement of old boilers.
- Problems with tariffs and changes in the market.

Merchant Wholesalers, Nondurable Goods

- The trade war with China.
- Sourcing employees; agricultural commodity prices; keeping farmers and ranchers in business; managing lower margins with increased cost (labor and input).

Motor Vehicle and Parts Dealers

- Our business is the automobile retail and service business. We will be reducing new-vehicle inventory as much as the manufacturers’ quotas will permit. We will increase parts and accessory inventories to keep up with increasing service business.

General Merchandise Stores

- Tariff issues; impact on pricing.
Nonstore Retailers

- Competitive pressure to reduce pricing to customers impacting our ability to retain existing customer base; ability to hire and retain qualified labor to service customers.

- Political climate.

NOTES: Survey respondents were given the opportunity to provide comments. These comments can be found on the individual survey Special Questions results pages.
Texas Manufacturing Outlook Survey

Data were collected April 16–24, and 99 Texas manufacturers responded to the surveys. See data files with a full history of results.

In 2018, approximately what share of your firm’s revenues came from customers in the following geographies?

![Pie Chart]

SOURCE: Federal Reserve Bank of Dallas, Texas Manufacturing Outlook Survey.

NOTE: 97 responses.

In 2018, what percentage of your firm’s revenues came directly from oil and gas-related business?

<table>
<thead>
<tr>
<th>Category</th>
<th>April '19 (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>54.1</td>
</tr>
<tr>
<td>1 to 9 percent</td>
<td>22.4</td>
</tr>
<tr>
<td>10 to 24 percent</td>
<td>5.1</td>
</tr>
<tr>
<td>25 to 49 percent</td>
<td>2.0</td>
</tr>
<tr>
<td>50 percent or more</td>
<td>16.3</td>
</tr>
</tbody>
</table>

NOTE: 98 responses.

In 2018, were your firm’s federal corporate income taxes as a share of earnings higher, lower or about the same as in 2017?

<table>
<thead>
<tr>
<th>Category</th>
<th>April '19 (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher</td>
<td>13.4</td>
</tr>
<tr>
<td>Lower</td>
<td>42.3</td>
</tr>
<tr>
<td>About the same</td>
<td>44.3</td>
</tr>
</tbody>
</table>

NOTE: 97 responses.
What is your firm doing with money resulting from lower 2018 taxes? Please select all that apply.*

<table>
<thead>
<tr>
<th>Activity</th>
<th>April '19 (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increasing capital investments</td>
<td>78.0</td>
</tr>
<tr>
<td>Raising wages</td>
<td>56.1</td>
</tr>
<tr>
<td>Paying down debt/increasing savings</td>
<td>46.3</td>
</tr>
<tr>
<td>Paying bonuses</td>
<td>29.3</td>
</tr>
<tr>
<td>Increasing hiring</td>
<td>22.0</td>
</tr>
<tr>
<td>Enhancing worker benefits</td>
<td>17.1</td>
</tr>
<tr>
<td>Increasing dividends</td>
<td>17.1</td>
</tr>
<tr>
<td>Doing something else? What?</td>
<td>9.8</td>
</tr>
<tr>
<td>Buying back stock</td>
<td>2.4</td>
</tr>
</tbody>
</table>

*This question posed only to respondents who answered ‘lower’ to the previous question.

NOTE: 41 responses.

What are the primary drivers of uncertainty regarding your firm’s outlook over the next six months?

These responses have been edited for publication.

**Petroleum and Coal Products Manufacturing**
- Trade tension and the domestic economy.

**Chemical Manufacturing**
- Level of economic activity outside the U.S.
- Balancing trade costs.
- Tariffs, labor, raw material pricing.
- Competition from outside the U.S.

**Primary Metal Manufacturing**
- The good times have lasted a long time. How much longer can they go on? The politicians in Washington, D.C., can kill any business boom by adopting stupid policies.
- Political uncertainties for the 2020 election cycle seem to be the primary uncertainties at this time.
- The cost of money for new development; the overall world economy; will owners keep building.
- Resolution of China trade negotiations and the 232 tariff status are unpredictable negatives. The agriculture market is weak and has impacted distributor and end-user buying. A harsh winter and late warming have delayed and, likely caused the loss of, spring sales.

**Fabricated Metal Product Manufacturing**
- Sustainability of the current economy.
- Price of oil.
- The economy is a big driver in our industry. The oil and gas market also plays a role in our success. When the cost of oil reaches a certain amount, the large companies will again open the facilities for improvement. Until that dollar threshold is reached, it is very difficult to get the oil and gas business.
- Ability to hire people as business increases; potential increase in tariffs.
- Increasing costs; shortage of skilled and unskilled labor.
- Overall political climate; uncertainty over steel tariff situation.
With unemployment running around 3 percent, the labor market is nonexistent without offering exorbitant compensation to the leave current employer. Those left unemployed do not want to work and even if hired cannot be incentivized to be productive. There are a few older, experienced workers available; however, if hired, it must accepted that they will retire in short order and, therefore, it's hard to justify the training and onboarding expense. Again, right now, it's the labor market.

**Nonmetallic Mineral Product Manufacturing**
- Housing starts; nonresidential construction household formation; interest/mortgage rates.
- Recovering from crypto virus and rebuilding computer system; health of homebuilding industry.

**Machinery Manufacturing**
- Oil price volatility; consolidation of oil and gas producers.
- China trade negotiations, the cyclical nature of the electronics industry and, to a lesser extent, the upcoming elections in 2020.
- Oil prices.
- China tariffs; weakened sales for the first quarter; no real explanation for the weakened sales.
- Interest rates and the Democratic proposals to tax, tax, tax business. I'm reinvesting into my business every day to make it bigger and stronger financially. That's how I see it making it in the long term. The oil and gas business is not the best business since it is unpredictable over the long term. And the downturns are always very challenging.
- Acquisition by a new parent company.
- Trade, tariffs and border uncertainty ... essentially President Trump.
- Ability of the Democrats to enact antitrust laws and regulations.

**Computer and Electronic Product Manufacturing**
- Trade tensions with China; tariff uncertainty.
- International volatility.
- The cost and availability of components, but this is easing.

**Transportation Equipment Manufacturing**
- Due to stiff competition from overseas, our customers will no longer sign long-term agreements. Therefore, our company must plan to make products available on short notice for smaller quantities with no definitive outlook into the future.
- Fuel prices.
- Oil price.

**Printing and Related Support Activities**
- Technology is primary. The other is price increases.
- The economy.

**Food Manufacturing**
- World food crisis; federal funding; redirecting relief payments for humanitarian food relief we produce.
- Trade negotiations with China and the European Union.
- That somehow Democrats will raise taxes. We elected to become a C-corp (from an S-corp) following the implementation of the new tax rates, and we are committed to investing those additional earnings to grow our business.
- Our business is highly dependent on sourcing several materials from Bulgaria, China and Mexico. So the following issues have sharply driven up uncertainty for us: U.S.—Mexico border logistics disruptions, increasing tariffs and antitrust rhetoric.
- Slowing sales; increased pressure on retaining skilled workforce.
- Cost of raw materials; availability of workers.
- Price of fuel.
Textile Product Mills
- Tariffs and import policy continue to be a concern. We are watching these closely as we look for new cut-and-sew houses to help us grow. One year ago, we thought we would look to Mexico for cut and sew, but now we are looking locally—even though it has a higher cost, we feel that we have more control over timelines and delivery windows.

Paper Manufacturing
- Lower demand.

Furniture and Related Product Manufacturing
- Brick-and-mortar retail market.

Miscellaneous Manufacturing
- Political instability, socialism, government overspending, increasing taxes, increasing regulation and increasing trade tariffs in foreign markets.
- Health care, since we sell medical equipment.
Special Questions Comments
These comments have been edited for publication.

Primary Metal Manufacturing
- Wages and benefits have really increased, and we expect this trend to continue. Even if growth stops or business slows down, the demand for good employees is going to continue.

Fabricated Metal Product Manufacturing
- We file as an S corporation. However, our Texas margin taxes have increased due to the method the taxes are calculated with.
- We have several locations within Texas. Most of our sales are not in metropolitan areas.
Texas Service Sector Outlook Survey

Data were collected April 16–24, and 264 Texas business executives responded to the surveys. See data files with a full history of results.

In 2018, approximately what share of your firm’s revenues came from customers in the following geographies?

![Pie chart showing revenue sources]

- Within your metropolitan area: 21.8%
- Outside your metropolitan area but within Texas: 55.5%
- Outside Texas but within the U.S.: 20.0%
- Outside the U.S.: 2.8%

SOURCE: Federal Reserve Bank of Dallas, Texas Service Sector Outlook Survey.

NOTE: 256 responses.

In 2018, what percentage of your firm’s revenues came directly from oil and gas-related business?

<table>
<thead>
<tr>
<th>Percentage Range</th>
<th>April '19 (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>51.3</td>
</tr>
<tr>
<td>1 to 9 percent</td>
<td>29.9</td>
</tr>
<tr>
<td>10 to 24 percent</td>
<td>9.6</td>
</tr>
<tr>
<td>25 to 49 percent</td>
<td>4.6</td>
</tr>
<tr>
<td>50 percent or more</td>
<td>4.6</td>
</tr>
</tbody>
</table>

NOTE: 261 responses.

In 2018, were your firm’s federal corporate income taxes as a share of earnings higher, lower or about the same as in 2017?

<table>
<thead>
<tr>
<th>Tax Share Comparison</th>
<th>April '19 (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher</td>
<td>16.1</td>
</tr>
<tr>
<td>Lower</td>
<td>32.7</td>
</tr>
<tr>
<td>About the same</td>
<td>51.2</td>
</tr>
</tbody>
</table>

NOTE: 248 responses.
What is your firm doing with money resulting from lower 2018 taxes? Please select all that apply.*

<table>
<thead>
<tr>
<th>Activity</th>
<th>April '19 (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increasing capital investments</td>
<td>46.3</td>
</tr>
<tr>
<td>Raising wages</td>
<td>38.8</td>
</tr>
<tr>
<td>Paying down debt/increasing savings</td>
<td>32.5</td>
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<tr>
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<td>23.8</td>
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<tr>
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</tr>
<tr>
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<td>5.0</td>
</tr>
</tbody>
</table>

*This question posed only to respondents who answered ‘lower’ to the previous question.
NOTE: 80 responses.

What are the primary drivers of uncertainty regarding your firm’s outlook over the next six months?
These responses have been edited for publication.

Support Activities for Mining
  ▪ Oil price trends.

Utilities
  ▪ Trade wars.

Specialty Trade Contractors
  ▪ Revenues will increase because we perform service on HVAC equipment. Service events are higher margins than replacing equipment. We are seeing people delaying capital expenditures and spending on repairs.

Truck Transportation
  ▪ Rising interest rates; geopolitical instability; overheated long-term economy.
  ▪ Finding enough qualified drivers and mechanics.
  ▪ Finding qualified labor/drivers for our industry; expenses are going up faster than price increases.

Pipeline Transportation
  ▪ Competition and uncertainty created by Washington.

Support Activities for Transportation
  ▪ U.S. border conflicts.
  ▪ Cotton season starts in August.
  ▪ Grain exports to China; tax credits related to wind products (towers, blades, etc., imports).

Publishing Industries (Except Internet)
  ▪ Geopolitical in many different aspects, plus regulatory in the EU [European Union] first, then the U.S. and Asia around data/information and interfaces/rights often associated somehow with security and/or privacy from platforms and networks often using services as barter for data/knowledge.
Data Processing, Hosting and Related Services
- We are not so concerned about the next six months. We are very concerned about next year with all of the election angst/uncertainty. We’re thinking it will shut down or at least delay decision-making on major purchases.

Credit Intermediation and Related Activities
- Regulatory changes.
- General economic activity; interest rates.

Securities, Commodity Contracts, and Other Financial Investments and Related Activities
- Lack of ability to hire employees.
- Employment levels; ability to find qualified candidates; mortgage/interest rates.
- Increases in cost of our labor, materials, supplies, transportation, insurance and property taxes. We haven't been able to really pass these costs along in our selling prices.

Insurance Carriers and Related Activities
- Variability in interest rates and spreads on corporate bonds and mortgages (all affect our annuity sales and investment yield); political discourse and legislation regarding health insurance, which affect our health insurance product; costs of medical care, especially very high-cost treatments.
- Job growth.

Real Estate
- Oil price fall; the Democrats and Republicans unable to govern.
- Consumer demand for housing.
- Border closures; tariffs; upcoming elections; health care uncertainty.

Professional, Scientific and Technical Services
- Finding qualified people that want to become dedicated and loyal employees despite very good wages.
- We are dependent upon new construction but are diversified across housing, commercial, office and industrial sector. Slowdowns like 2001–02 have some but minor effect with no reduction in staff. The 2008 drying up of capital had dynamic effect on both revenue and staff reduction.
- Industry mergers and acquisitions activity; global economic growth.
- Energy prices; stock market correction; recession fears; instability in the federal government.
- Uncertainty in the price of oil and gas; possibility of a recession.
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- Slowed growth in the economy and declining leading indicators for manufacturing sectors; uncertainty created by tariffs; uncertainty that will result from upcoming federal elections.
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- No outside drivers.
- How America is and will be perceived.
- Ability to achieve targeted growth.
Geopolitical issues no doubt are concerning, and this administration's performance is almost comical in fashion. In all honesty, the extremes to which parties appear to be migrating is very concerning. There seems to be no middle, no possibility of compromise, and that is alarming. Also, a concern that consumer contributions to the economy domestically weaken—which could occur due to a number of factors—and we slide as a result; GDP falls and perhaps we do experience some level of recession. We may have a decent 2019, but I see weakening into 2020 and perhaps beyond, particularly as we see some instability introduced as the election cycle heats up and the expected circus on both sides begins performing. (I think overseas factors will play into it as well with Brexit, general EU [European Union] issues and perhaps some expected shocks in Asia. Economic strength in China is not as good as predicted.) I do not think the Fed [Federal Reserve] will impact triggering the negative as much as other elements of our political failings will. The Fed is likely to get blamed though.

- Congressional action; 2020 elections; Democrats' socialism.
- Our older product line is not bringing enough returning customers.

**Management of Companies and Enterprises**
- Regulations; economy; labor force; competitors.
- Oil and gas prices and export capacity. The political climate in D.C. is unsettling, and the perpetual talk for the past two presidencies of impeachment, disrespect and rancor simply are wearing the general public out. Seems as if the population is growing tired of partisan politics, but we continue to reelect polarizing politicians. Compliance whiplash is a reality depending on which party is in power. It causes unrest in the business climate.

**Administrative and Support Services**
- The military aviation sector is a big part of our service work. It seems to be somewhat unsteady in the past few months. The "uncertainty" that is being talked up is having an effect on our customers' willingness to take on new business.
- Political discontent; international unrest.
- Political uncertainty.

**Waste Management and Remediation Services**
- Export market to China, which has a huge impact on the scrap business. While our company does not directly sell material to China, the lack of exports sold to China has a ripple effect throughout the entire recycling industry.

**Educational Services**
- Changing educational laws in the legislature and educational funding.

**Ambulatory Health Care Services**
- Greater government involvement in health care.

**Nursing and Residential Care Facilities**
- Building of additional seniors housing communities. If supply continues to grow, it could negatively impact the occupancy of our communities and the rates we are able to charge.

**Performing Arts, Spectator Sports and Related Industries**
- Politics and world events.

**Accommodation**
- The U.S. economy and how the oil and gas industry performs.
- Economic policies—thank God for Mr. Powell [Federal Reserve Chairman]. I don't feel the current administration has much of a strategy.

**Food Services and Drinking Places**
- Wages; labor.
- Price of oil impacting ability to attract and retain labor in West Texas.
The economy and market saturation in the hospitality industry as well as labor shortage.

**Repair and Maintenance**
- Health care costs; regulations (OSHA [Occupational Safety and Health Administration], EPA [Environmental Protection Agency], DOT [Department of Transportation]).
- Lower in-store retail sales means fewer store openings. Without new stores, our product is not needed. Online retail sales are hurting our business. Our product sales price is decreasing, while our costs for labor and materials are increasing.

**Religious, Grantmaking, Civic, Professional and Similar Organizations**
- The impact of growing national debt on the long-term viability of the U.S. economy and the seeming inability of politicians to bring debt under control.
- Medical reimbursements.
- As a nonprofit organization, we have seen a steady decrease in monetary support.
- Oil prices
Special Questions Comments

These comments have been edited for publication.

Pipeline Transportation
- In many cases, customers are based in Houston, but the revenue sources are outside Houston.

Support Activities for Transportation
- The port is a governmental enterprise and is not subject to federal income tax.

Insurance Carriers and Related Activities
- Much of our growth is coming from new marketing initiatives in larger cities like San Antonio. Unfortunately, the market for new business growth is in the larger metro areas.

Real Estate
- Increasing wages and benefits and hiring are not a result of the lower taxes as much as they are due to the competitive employment environment and the natural growth of our business.
- We do not know the impact of federal tax changes at this time.

Professional, Scientific and Technical Services
- Our taxes are lower, based on our estimates, but we had to file an extension because we still have work to do before we can determine actual taxes owed. We may not be able to file our final return until September or October.
- We lack marketing funds to promote more and benefit from the good overall economy. We are spending money in research and development to add new products to our portfolio.
- Given we are a partnership, corporate taxes really aren't an issue.

Administrative and Support Services
- I have not filed 2018 taxes yet, so I really don't know—I'm guessing an improvement, but it is too hard to tell at this point in time.
- The economy has the potential to grow, but we need to continue to invest in technology and training. We must keep our cost structure in line in order to make these investments. The level of overregulation in the economy will have a stagnating effect on business in general and act like an additional tax.

Ambulatory Health Care Services
- As a subchapter S corporation, earnings pass through to personal income. However, as a targeted group by the latest tax bill, we will not benefit from the 20 percent business tax deduction, and the capping of deductions of property taxes effectively offsets any slight reduction in the overall personal tax rate.

Nursing and Residential Care Facilities
- Approximately 7.5 percent of our total income is made up from charitable contributions from the oil and gas industry.
Texas Retail Outlook Survey

Data were collected April 16–24, and 53 Texas retailers responded to the surveys. See data files with a full history of results.

In 2018, approximately what share of your firm’s revenues came from customers in the following geographies?

![Pie chart showing share of revenues from different geographies.]

**SOURCE:** Federal Reserve Bank of Dallas, Texas Retail Outlook Survey.

NOTE: 52 responses.

In 2018, what percentage of your firm’s revenues came directly from oil and gas-related business?

<table>
<thead>
<tr>
<th>Percentage</th>
<th>April ’19 (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>53.8</td>
</tr>
<tr>
<td>1 to 9 percent</td>
<td>25.0</td>
</tr>
<tr>
<td>10 to 24 percent</td>
<td>13.5</td>
</tr>
<tr>
<td>25 to 49 percent</td>
<td>3.8</td>
</tr>
<tr>
<td>50 percent or more</td>
<td>3.8</td>
</tr>
</tbody>
</table>

NOTE: 52 responses.

In 2018, were your firm’s federal corporate income taxes as a share of earnings higher, lower or about the same as in 2017?

<table>
<thead>
<tr>
<th>Tax Status</th>
<th>April ’19 (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher</td>
<td>7.8</td>
</tr>
<tr>
<td>Lower</td>
<td>43.1</td>
</tr>
<tr>
<td>About the same</td>
<td>49.0</td>
</tr>
</tbody>
</table>

NOTE: 51 responses.
What is your firm doing with money resulting from lower 2018 taxes? Please select all that apply.*

<table>
<thead>
<tr>
<th>Activity</th>
<th>April '19 (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increasing capital investments</td>
<td>50.0</td>
</tr>
<tr>
<td>Raising wages</td>
<td>36.4</td>
</tr>
<tr>
<td>Paying down debt/increasing savings</td>
<td>36.4</td>
</tr>
<tr>
<td>Increasing dividends</td>
<td>27.3</td>
</tr>
<tr>
<td>Enhancing worker benefits</td>
<td>22.7</td>
</tr>
<tr>
<td>Paying bonuses</td>
<td>18.2</td>
</tr>
<tr>
<td>Increasing hiring</td>
<td>13.6</td>
</tr>
<tr>
<td>Buying back stock</td>
<td>4.5</td>
</tr>
<tr>
<td>Doing something else? What?</td>
<td>4.5</td>
</tr>
</tbody>
</table>

*This question posed only to respondents who answered ‘lower’ to the previous question.

NOTE: 22 responses.

What are the primary drivers of uncertainty regarding your firm’s outlook over the next six months?

These responses have been edited for publication.

**Merchant Wholesalers, Durable Goods**
- Federal political outlook and the changing state political shift.
- Right now, we don't have any big drivers for our business. In the past, business was driven by environmental needs, independent power needs, etc. Now, we are focused on replacement of old boilers.
- Problems with tariffs and changes in the market.

**Merchant Wholesalers, Nondurable Goods**
- The trade war with China.
- Sourcing employees; agricultural commodity prices; keeping farmers and ranchers in business; managing lower margins with increased cost (labor and input).

**Motor Vehicle and Parts Dealers**
- Our business is the automobile retail and service business. We will be reducing new-vehicle inventory as much as the manufacturers' quotas will permit. We will increase parts and accessory inventories to keep up with increasing service business.

**General Merchandise Stores**
- Tariff issues; impact on pricing.

**Nonstore Retailers**
- Competitive pressure to reduce pricing to customers impacting our ability to retain existing customer base; ability to hire and retain qualified labor to service customers.
- Political climate.
Special Questions Comments
These comments have been edited for publication.

Building Material and Garden Equipment and Supplies Dealers
- We are glad to see that the Fed [Federal Reserve] has paused raising interest rates. Increases in the rates hurt small business as they increase the cost of capital.

General Merchandise Stores
- We are a retailer. Approximately 11 percent of our total company sales is retail sales of gasoline.

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