Texas Manufacturing Outlook Survey

February 25, 2019

Texas Manufacturing Expansion Continues

What's New This Month

For this month's survey, Texas business executives were asked supplemental questions on employment expectations, the labor market and business activity. Results for these questions from the Texas Manufacturing Outlook Survey, Texas Service Sector Outlook Survey and Texas Retail Outlook Survey have been released together.

Texas factory activity continued to expand in February, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, slipped four points to 10.1, indicating a slight deceleration in output growth.

Most other measures of manufacturing activity also suggested continued but slower expansion in February. The new orders index fell five points to 6.9, its lowest reading in more than two years. Similarly, the capacity utilization index fell eight points to 7.1 and reached a two-year low. Meanwhile, the shipments index was largely unchanged at 10.7.

Perceptions of broader business conditions improved notably in February. The general business activity index rose 12 points to 13.1 after posting weak readings the prior two months. The company outlook index rose seven points to 14.2, a four-month high. The index measuring uncertainty regarding companies' outlooks retreated 12 points to 4.1, its lowest reading in nine months.

Labor market measures suggested stronger employment growth and little change in workweek length in February. The employment index rebounded from 6.6 to 12.6. Twenty-two percent of firms noted net hiring, compared with 9 percent noting net layoffs. The hours worked index came in at 1.8.

Upward pressure on prices and wages continued in February. The raw materials and finished goods prices indexes held steady at 21.8 and 5.2, respectively, roughly in line with average levels for these indexes. The wages and benefits index remained quite elevated at 28.9.

Expectations regarding future business conditions remained positive in February. The indexes of future general business activity and future company outlook rose to 17.7 and 26.7, respectively. Most other indexes for future manufacturing activity fell but remained solidly positive.

Next release: Monday, March 25

Data were collected Feb. 12–20, and 123 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	Feb Index	Jan Index	Change	Indicator Direction*	Trend** (Months)	% Reporting Increase	% Reporting No Change	% Reporting Decrease
Production	10.1	14.5	–4.4	Increasing	32	30.1	50.0	20.0
Capacity Utilization	7.1	14.8	–7.7	Increasing	32	28.7	49.7	21.6
New Orders	6.9	11.6	–4.7	Increasing	28	31.9	43.0	25.0
Growth Rate of Orders	3.4	1.2	+2.2	Increasing	26	24.9	53.6	21.5
Unfilled Orders	0.7	0.2	+0.5	Increasing	2	17.7	65.3	17.0
Shipments	10.7	11.4	–0.7	Increasing	27	32.7	45.4	22.0
Delivery Time	–1.3	–2.3	+1.0	Decreasing	3	12.2	74.3	13.5
Finished Goods Inventories	–2.5	5.4	–7.9	Decreasing	1	15.0	67.5	17.5
Prices Paid for Raw Materials	21.8	21.2	+0.6	Increasing	36	29.0	63.8	7.2
Prices Received for Finished Goods	5.2	6.4	–1.2	Increasing	31	14.3	76.6	9.1
Wages and Benefits	28.9	27.4	+1.5	Increasing	115	30.1	68.7	1.2
Employment	12.6	6.6	+6.0	Increasing	26	21.8	69.0	9.2
Hours Worked	1.8	3.6	–1.8	Increasing	28	15.8	70.2	14.0
Capital Expenditures	18.7	16.0	+2.7	Increasing	30	27.2	64.3	8.5

General Business Conditions

Current (versus previous month)

Indicator	Feb Index	Jan Index	Change	Indicator Direction*	Trend** (Months)	% Reporting Improved	% Reporting No Change	% Reporting Worsened
Company Outlook	14.2	7.1	+7.1	Improving	2	25.2	63.8	11.0
General Business Activity	13.1	1.0	+12.1	Improving	2	24.9	63.3	11.8

Indicator	Feb Index	Jan Index	Change	Indicator Direction*	Trend** (Months)	% Reporting Increase	% Reporting No Change	% Reporting Decrease
Outlook Uncertainty†	4.1	15.6	–11.5	Increasing	9	17.2	69.7	13.1

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

Indicator	Feb Index	Jan Index	Change	Indicator Direction	Trend* (Months)	% Reporting Increase	% Reporting No Change	% Reporting Decrease
Production	44.3	53.4	–9.1	Increasing	120	50.9	42.5	6.6
Capacity Utilization	40.1	48.2	–8.1	Increasing	120	48.9	42.3	8.8
New Orders	44.9	44.7	+0.2	Increasing	120	51.2	42.5	6.3
Growth Rate of Orders	30.8	38.5	–7.7	Increasing	120	37.6	55.6	6.8
Unfilled Orders	10.8	5.5	+5.3	Increasing	41	21.6	67.6	10.8
Shipments	44.7	43.7	+1.0	Increasing	120	51.2	42.3	6.5
Delivery Time	8.7	4.0	+4.7	Increasing	27	17.2	74.3	8.5
Finished Goods Inventories	5.4	8.6	–3.2	Increasing	16	20.4	64.6	15.0
Prices Paid for Raw Materials	23.7	31.8	–8.1	Increasing	119	32.5	58.8	8.8
Prices Received for Finished Goods	25.9	26.7	–0.8	Increasing	37	32.8	60.3	6.9
Wages and Benefits	47.0	47.7	–0.7	Increasing	177	48.0	51.0	1.0
Employment	33.2	39.4	–6.2	Increasing	75	38.4	56.4	5.2
Hours Worked	11.4	15.6	–4.2	Increasing	33	18.3	74.8	6.9
Capital Expenditures	24.0	34.2	–10.2	Increasing	111	34.6	54.8	10.6

General Business Conditions
Future (six months ahead)

Indicator	Feb Index	Jan Index	Change	Indicator Direction*	Trend** (Months)	% Reporting Increase	% Reporting No Change	% Reporting Worsened
Company Outlook	26.7	22.3	+4.4	Improving	37	34.6	57.5	7.9
General Business Activity	17.7	11.7	+6.0	Improving	33	28.9	59.9	11.2

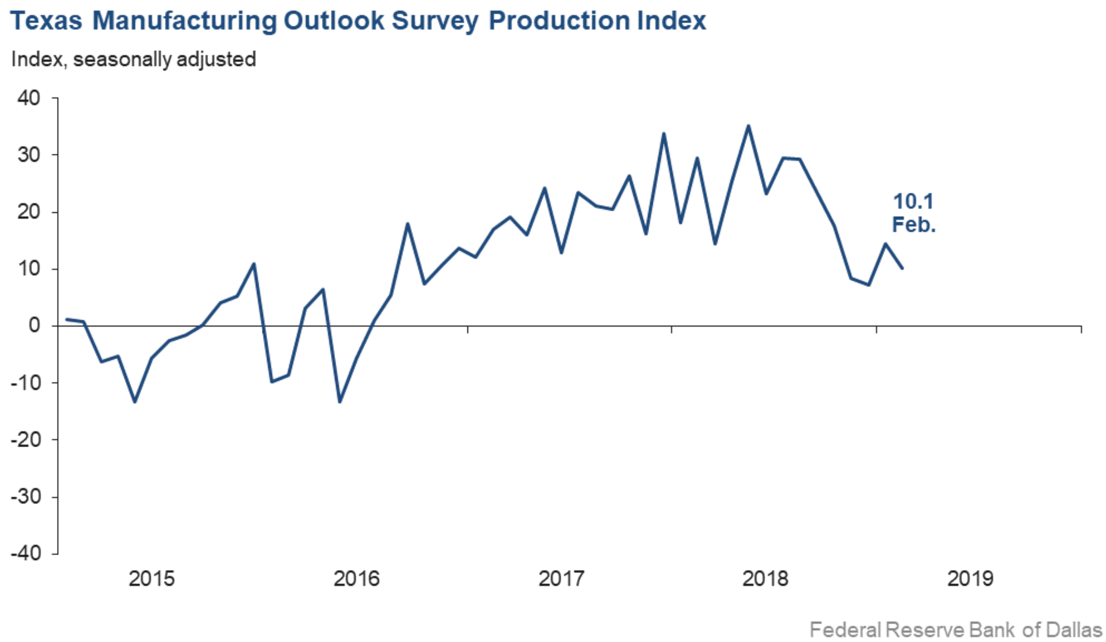
*Indicator direction refers to this month's index. If index is positive (negative), indicator is increasing (decreasing) or improving (worsening). If zero, indicator is unchanged.

**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.

Production Index



Comments from Survey Respondents

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

Primary Metal Manufacturing

- Our volume of shipments has decreased due to weather and a short shipping month in February. We thought after all the rain the past few months, shipments would increase in February, but they have not. The backlog remains, but few are taking deliveries.

Fabricated Metal Product Manufacturing

- We experienced a slight downturn in February incoming orders after a very strong January.
- We see a lack of demand at point of sale, but general business interest remains strong.
- January was slow with minimal inquires, but February has greatly improved with customer requests for proposals.

Chemical Manufacturing

- We have been raising inventories after a drawdown at the end of the year. Once we get to target levels, production will be curtailed.
- We feel the petrochemical business in the U.S. will remain strong, as it has for several years now. The largest risk seems to be the Chinese economy and the trade war with the U.S. The longer it continues, the greater the risk to the world economy, which would not immediately but ultimately affect the U.S. economy.
- A major customer serving the trucking industry pushed back orders by two weeks based on slowing production at their plant. Across all customer segments, activity has been very quiet in the past few weeks.
- Trying to deal with backlog and meet delivery dates has now become a challenge.

Machinery Manufacturing

- We are receiving larger orders and from new customers. Our competitors have stopped doing service work for our customers, and we picked up all of that business. This will increase our business in unintended ways for years to come. Their explanation was that their employees no longer wanted to travel, and the risk of all the driving was too great. As for capital expenditures, we are reducing them for 2019 and reducing our inventory substantially. I believe that cash in the bank will serve us much better.
- Tariffs distort a free market. It's just another example of central planning picking winners and losers.
- We've had a solid start to the new year, and if Chinese trade negotiations go well and an agreement is reached in March, we think the economy will take off again.
- Though we have seen an improvement in our business, we are still wary of the future. Our major customers have not generated much new business and are still simply maintaining their current equipment.
- We are hurting bad; we need work.

Computer and Electronic Product Manufacturing

- We are clearly seeing signs that trade tensions are impacting business.
- A firm U.S. budget greatly reduces our uncertainty for a large portion of the remaining year.
- The U.S. needs fair/free trade with South America.

Electrical Equipment, Appliance and Component Manufacturing

- We obtained an hourly pay survey and raised starting hourly pay at least 15 percent. We are getting more and better applicants. Lack of workers held back sales in 2017. We are addressing pay to get more help and reduce turnover. We are also implementing new procedures on the shop floor to increase productivity. Our construction end markets are doing very well, and our competitors are struggling and we plan to do better in 2019 coming off a very good 2018.

Transportation Equipment Manufacturing

- Right now, the general business level appears favorable. There are definitely some concerns going forward that next year's elections may carry with them an antibusiness bias, or that, more immediately, the proposed Green New Deal will have a chilling effect on business development. We already have to pay competitive wages and offer extremely competitive benefits to even attract decent new hires. Adding layers of arbitrary, bureaucratic complexity does not help me do better for my personnel. It takes money that I can spend on wage increases or improved benefits offerings and applies it to vague and nebulous departments into which money disappears in the name of "progress."

Furniture and Related Product Manufacturing

- We are seeing an unusually significant slowdown in February compared to typical seasonal trends. We had a very robust end of fourth quarter 2018 and, by late January and into February, we have seen a dramatic slowdown. We supply building materials to multifamily builders and, so far, we have not identified whether this is an overall trend or a dramatic blip on the screen.

Printing and Related Support Activities

- We are in the dreaded Winter Blues as far as slow activity. However, this year seems worse than prior winters, and we are 20 percent below incoming orders through four months of our current fiscal year as compared to last year at this time.

Food Manufacturing

- There is a shortage of skilled labor.
- Our outlook is improving due to lower-than-budgeted raw materials costs.

Textile Product Mills

- Business is booming, and our customers are writing bigger orders for a broader product assortment.

Apparel Manufacturing

- Our heavy apparel-sewing workload has stabilized at a very high level, so orders should be solid for the next 12 months.

Paper Manufacturing

- Slowness is starting to drag on. At this point, we are concerned but not worried. “Worried” will be for next month.

Miscellaneous Manufacturing

- No capital expenditures are planned for next five to seven years due to tightening credit, rising interest rates and volatility in the aluminum and steel markets.
- The Chinese tariff situation will decide our success in 2019. My customers will not want to pay to support the president's incoming charges.

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

Texas **Business** Outlook Surveys

Special Questions

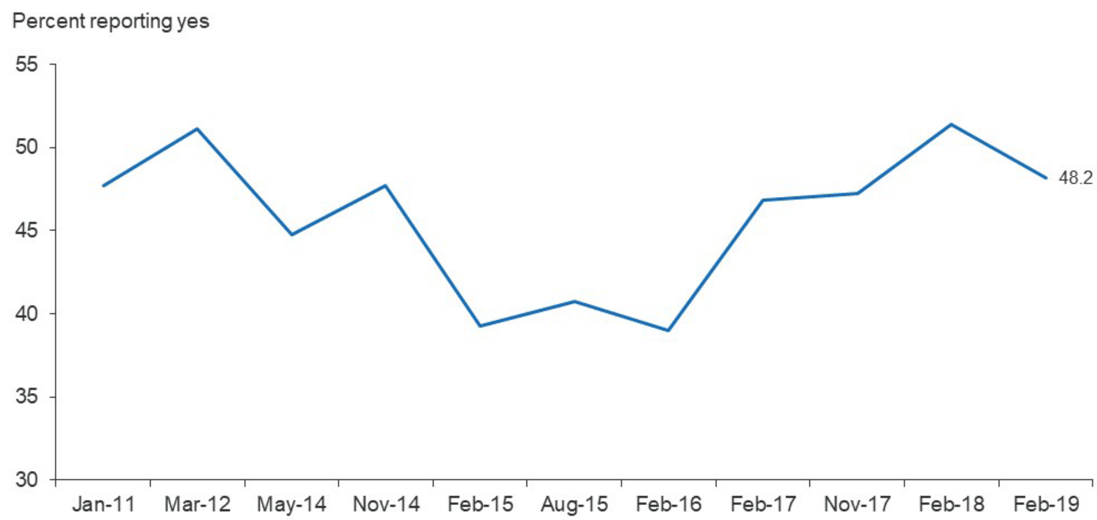
February 25, 2019

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 Feb. 12–20, and 384 Texas business executives responded to the surveys.
See data files with a full history of results.

Do you expect your firm to increase employment over the next six to 12 months?



NOTE: Data shown are for months when special questions were asked.
SOURCE: Federal Reserve Bank of Dallas Texas Business Outlook Surveys.

Do you expect your firm to increase employment, leave employment unchanged, or decrease employment over the next six to 12 months?

	Feb. '15 (percent)	Feb. '16 (percent)	Feb. '17 (percent)	Feb. '18 (percent)	Feb. '19 (percent)
Increase	39.3	39.0	46.9	51.4	48.2
Leave unchanged	45.0	43.8	43.1	39.2	44.3
Decrease	15.7	17.2	10.1	9.4	7.6

Are you having problems finding qualified workers when hiring?

	Feb. '15 (percent)	Feb. '16 (percent)	Feb. '17 (percent)	Feb. '18 (percent)	Feb. '19 (percent)
Yes	66.4	62.9	63.4	64.8	65.3
No	33.6	37.1	36.6	35.2	34.7

If you are trying to fill *low-skill* positions, are you having problems finding qualified workers?*

	Feb. '19 (percent)
Yes	80.5
No	19.5

If you are trying to fill *mid-skill* positions, are you having problems finding qualified workers?*

	Feb. '19 (percent)
Yes	86.0
No	14.0

If you are trying to fill *high-skill* positions, are you having problems finding qualified workers?*

	Feb. '19 (percent)
Yes	77.1
No	22.9

Is year-to-date production/revenue at your firm stronger, weaker, or about the same as expected?

	Feb. '19 (percent)
Stronger	28.1
Weaker	17.6
About the same	54.3

If your firm has experienced weaker-than-expected production/revenue, which factors are the primary drivers? Please select up to three.**

	Feb. '19 (percent)
Increased uncertainty causing customers to reduce demand	49.2
Lower oil prices and/or pipeline capacity constraints slowing energy activity	23.0
Weaker global economy hurting global demand	19.7
Tariffs hurting global demand	19.7
Tariffs hurting domestic demand (through higher input costs and prices)	19.7
Higher interest rates slowing construction/housing activity	18.0
Labor constraints limiting capacity	13.1
Higher cost of credit hurting financing needs	9.8
Stronger dollar hurting global demand	0.0
Other	27.9

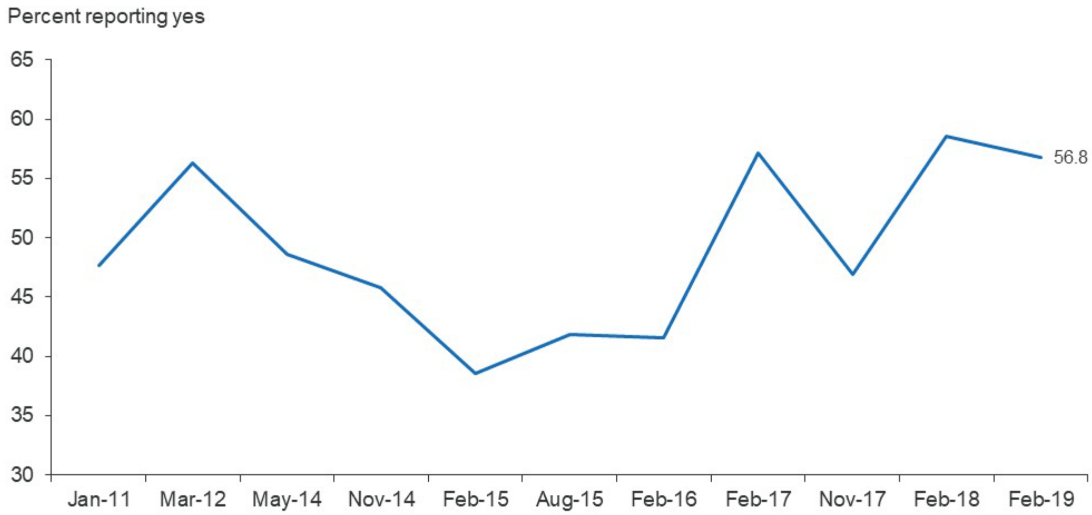
*This question was posed only to firms that noted they are having problems finding qualified workers when hiring.
**This question was posed only to firms that responded that their year-to-date production/revenue was weaker than expected.
NOTES: Survey respondents were given the opportunity to provide comments. These comments can be found on the individual survey Special Questions results pages

Texas Manufacturing Outlook Survey

Data were collected Feb. 12–20, and 118 Texas manufacturers responded to the survey.

See data files with a full history of results.

Do you expect your firm to increase employment over the next six to 12 months?



NOTE: Data shown are for months when special questions were asked.
SOURCE: Federal Reserve Bank of Dallas Texas Manufacturing Outlook Survey.

Do you expect your firm to increase employment, leave employment unchanged, or decrease employment over the next six to 12 months?

	Feb. '15 (percent)	Feb. '16 (percent)	Feb. '17 (percent)	Feb. '18 (percent)	Feb. '19 (percent)
Increase	38.6	41.6	57.1	58.6	56.8
Leave unchanged	43.4	44.2	33.0	35.4	38.1
Decrease	18.1	14.2	9.8	6.1	5.1

Are you having problems finding qualified workers when hiring?

	Feb. '15 (percent)	Feb. '16 (percent)	Feb. '17 (percent)	Feb. '18 (percent)	Feb. '19 (percent)
Yes	69.9	66.1	68.5	69.7	66.9
No	30.1	33.9	31.5	30.3	33.1

If you are trying to fill *low-skill* positions, are you having problems finding qualified workers?*

	Feb. '19 (percent)
Yes	83.8
No	16.2

If you are trying to fill *mid-skill* positions, are you having problems finding qualified workers?*

	Feb. '19 (percent)
Yes	83.1
No	16.9

If you are trying to fill *high-skill* positions, are you having problems finding qualified workers?*

	Feb. '19 (percent)
Yes	70.3
No	29.7

Is year-to-date production/revenue at your firm stronger, weaker, or about the same as expected?

	Feb. '19 (percent)
Stronger	35.0
Weaker	23.1
About the same	41.9

If your firm has experienced weaker-than-expected production/revenue, which factors are the primary drivers? Please select up to three.**

	Feb. '19 (percent)
Increased uncertainty causing customers to reduce demand	50.0
Tariffs hurting global demand	30.8
Tariffs hurting domestic demand (through higher input costs and prices)	30.8
Weaker global economy hurting global demand	15.4
Lower oil prices and/or pipeline capacity constraints slowing energy activity	15.4
Higher cost of credit hurting financing needs	11.5
Higher interest rates slowing construction/housing activity	11.5
Labor constraints limiting capacity	7.7
Stronger dollar hurting global demand	0.0
Other	26.9

*This question was posed only to firms that noted they are having problems finding qualified workers when hiring.

**This question was posed only to firms that responded that their year-to-date production/revenue was weaker than expected

Special Questions Comments

These comments have been edited for publication.

Primary Metal Manufacturing

- Our biggest issue now is finding enough good people to staff the factory floor.

Fabricated Metal Product Manufacturing

- Skilled and semi-skilled workers are difficult to find.

Chemical Manufacturing

- We decreased employment in early January but don't expect further cuts.

Machinery Manufacturing

- Revenue has surpassed our expectations because our competitors are ending the services they used to provide. And our current customers are buying in bigger quantities. Our past support of our customers is paying off in a big way, and they are depending on us for products and services more than ever since they have more work than they expected. Our hiring has increased dramatically, but finding the right people is harder even when we offer higher wages.

Computer and Electronic Product Manufacturing

- We have moderate challenges finding all levels of workers, but the greatest challenge is with our highly skilled positions.

Electrical Equipment, Appliance, and Component Manufacturing

- We were below market in pay due in part to not fully grasping where the market was. We have taken strong measures to correct that, and it appears to be working well since implementing them in January.

Transportation Equipment Manufacturing

- Although our company has always primarily purchased domestic manufactured steel, when tariffs were imposed on imports of steel, the domestic steel mills immediately increased their pricing by 20–22 percent, thereby creating unfavorable competition from foreign manufacturers.

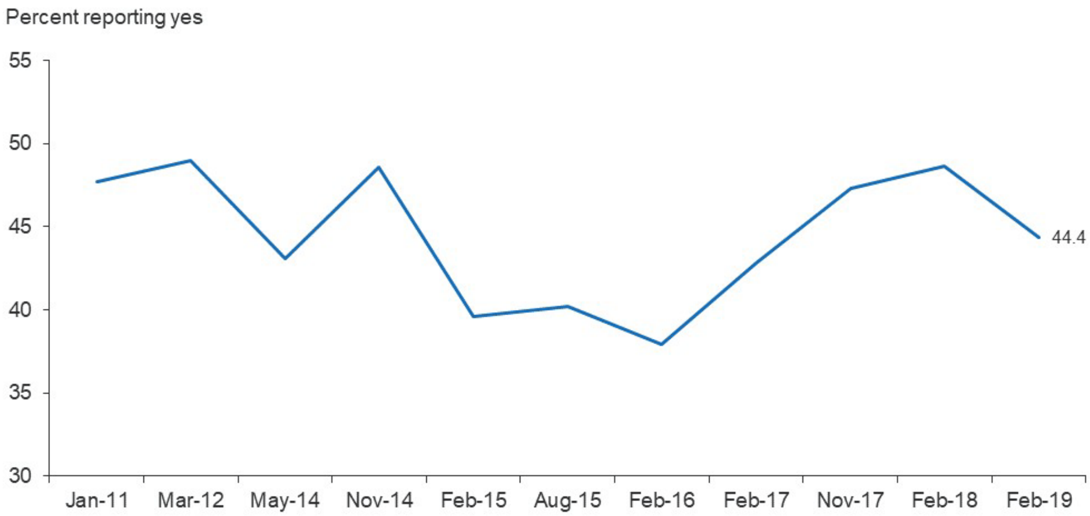
Printing and Related Support Activities

- I think the economy is not doing as well as people think, and in the graphic arts industry that we serve, that is definitely the case.

Texas Service Sector Outlook Survey

Data were collected Feb. 12–20, and 266 Texas business executives responded to the survey.
See data files with a full history of results.

Do you expect your firm to increase employment over the next six to 12 months?



NOTE: Data shown are for months when special questions were asked.
SOURCE: Federal Reserve Bank of Dallas Texas Service Sector Outlook Survey.

Do you expect your firm to increase employment, leave employment unchanged, or decrease employment over the next six to 12 months?

	Feb. '15 (percent)	Feb. '16 (percent)	Feb. '17 (percent)	Feb. '18 (percent)	Feb. '19 (percent)
Increase	39.6	37.9	42.8	48.7	44.4
Leave unchanged	45.7	43.6	47.0	40.7	47.0
Decrease	14.7	18.4	10.2	10.6	8.6

Are you having problems finding qualified workers when hiring?

	Feb. '15 (percent)	Feb. '16 (percent)	Feb. '17 (percent)	Feb. '18 (percent)	Feb. '19 (percent)
Yes	65.0	61.7	61.4	62.9	64.5
No	35.0	38.3	38.6	37.1	35.5

If you are trying to fill *low-skill* positions, are you having problems finding qualified workers?*

	Feb. '19 (percent)
Yes	78.6
No	21.4

If you are trying to fill *mid-skill* positions, are you having problems finding qualified workers?*

	Feb. '19 (percent)
Yes	87.5
No	12.5

If you are trying to fill *high-skill* positions, are you having problems finding qualified workers?*

	Feb. '19 (percent)
Yes	80.3
No	19.7

Is year-to-date production/revenue at your firm stronger, weaker, or about the same as expected?

	Feb. '19 (percent)
Stronger	25.0
Weaker	15.2
About the same	59.8

If your firm has experienced weaker-than-expected production/revenue, which factors are the primary drivers? Please select up to three.**

	Feb. '19 (percent)
Increased uncertainty causing customers to reduce demand	48.6
Lower oil prices and/or pipeline capacity constraints slowing energy activity	28.6
Weaker global economy hurting global demand	22.9
Higher interest rates slowing construction/housing activity	22.9
Labor constraints limiting capacity	17.1
Tariffs hurting global demand	11.4
Tariffs hurting domestic demand (through higher input costs and prices)	11.4
Higher cost of credit hurting financing needs	8.6
Stronger dollar hurting global demand	0.0
Other	28.6

*This question was posed only to firms that noted they are having problems finding qualified workers when hiring.

**This question was posed only to firms that responded that their year-to-date production/revenue was weaker than expected

Special Questions Comments

These comments have been edited for publication.

Utilities

- We need more high-skilled immigration. There simply aren't enough U.S. citizens to fill these positions.

Specialty Trade Contractors

- Revenue is up because we have increased margins because our industry is facing a lack of labor, which means there is more work available at higher margins. We can pick and choose the work we want to do.

Pipeline Transportation

- Our increase in employment is associated with new assets being placed into service for which construction commenced about two years ago.

Support Activities for Transportation

- Revenues will increase upon settlement of the China grain tariff. Exports of grain decreased in 2018 and have not recovered at this location due to China being a major customer.

Data Processing, Hosting and Related Services

- We are using all recruiting tools available to hire talented people. We are paying more in wages and increasing benefits to attract folks. There just aren't enough in the workforce. We are considering recruiting out of state even though we're hesitant to do so.

Credit Intermediation and Related Activities

- Planning for succession of management in rural markets is a challenge requiring planning in advance of positions coming open. Typically, this results in an overlap of management placement, creating an increase in salary cost for a period of time.

Rental and Leasing Services

- Finding, hiring and retaining positions like heavy-equipment technicians, parts personnel, branch managers and equipment salesmen is very challenging. With so many jobs available today, good employees leave for falsely perceived better opportunities that will be gone as soon as the economy turns down (no later than next year … hope we make it that long!). We would provide better benefits to our already-excellent package, but there are aspects of the Affordable Care Acts that make benefit expenses nondeductible if you exceed an arbitrary level, limiting the benefits our company can provide to its 689 employees.

Professional, Scientific and Technical Services

- We estimate 2019 will be a stronger business year than 2018 for us.
- We are in need of an additional 75–100 entry-level employees but are not confident we will find them.

Waste Management and Remediation Services

- We will screen several candidates for all skill levels but find applicants are not as qualified as they believe they are for the particular opening. We also shy away from applicants who may have been at several jobs within a short period of time.

Educational Services

- We are not attempting to hire.

Hospitals

- Our reimbursements are deteriorating despite the growing economy. Bad debt is at record levels.

Nursing and Residential Care Facilities

- We are hopeful that the lack of certified nurse aides looking for jobs will improve once they've spent their tax refunds.

Amusement, Gambling and Recreation Industries

- There are many times that we have to limit reservations because we do not have enough qualified cooks and waiters to take care of the demand. It is our policy to try and manage the expectations and provide a good experience rather than try and overbook and have people disappointed.

Accommodation

- We do not necessarily have an issue finding qualified workers as much as those who want to work.

Food Services and Drinking Places

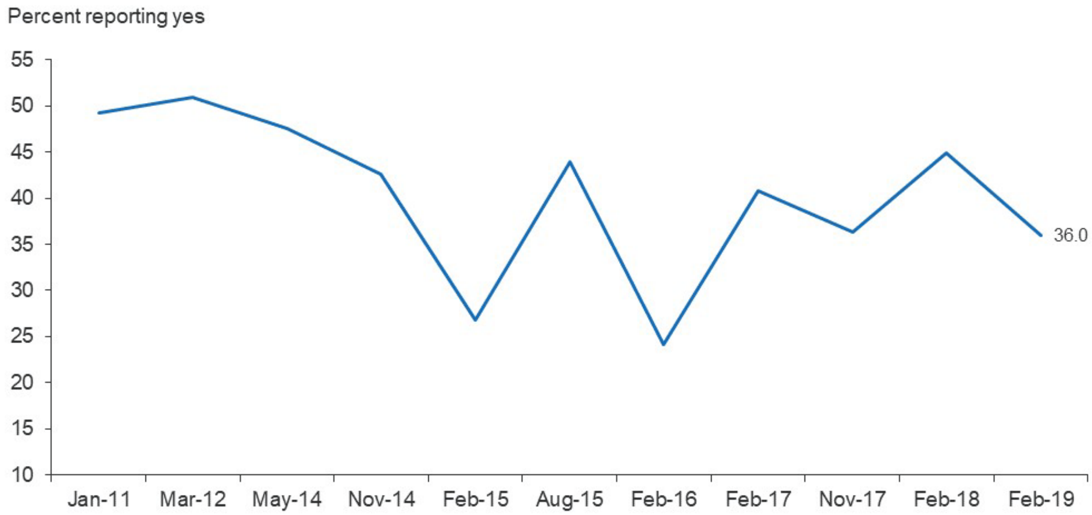
- We have a hard time finding folks that want to work in the restaurant sector at all levels. Our turnover has become higher in recent years due to better economic conditions. I do suspect that this may change if the economy starts to slow down.
- We have trouble finding qualified workers in certain areas where our stores are located. The more affluent areas are the bigger concerns. Near the border we are still able to hire fairly easily.

Texas Retail Outlook Survey

Data were collected Feb. 12–20, and 50 Texas retailers responded to the survey.

See data files with a full history of results.

Do you expect your firm to increase employment over the next six to 12 months?



NOTE: Data shown are for months when special questions were asked.
SOURCE: Federal Reserve Bank of Dallas Texas Retail Outlook Survey.

Do you expect your firm to increase employment, leave employment unchanged, or decrease employment over the next six to 12 months?

	Feb. '15 (percent)	Feb. '16 (percent)	Feb. '17 (percent)	Feb. '18 (percent)	Feb. '19 (percent)
Increase	26.8	24.1	40.7	44.9	36.0
Leave unchanged	53.7	56.9	50.0	36.7	54.0
Decrease	19.5	19.0	9.3	18.4	10.0

Are you having problems finding qualified workers when hiring?

	Feb. '15 (percent)	Feb. '16 (percent)	Feb. '17 (percent)	Feb. '18 (percent)	Feb. '19 (percent)
Yes	75.6	67.2	76.4	75.5	65.3
No	24.4	32.8	23.6	24.5	34.7

If you are trying to fill *low-skill* positions, are you having problems finding qualified workers?*

	Feb. '19 (percent)
Yes	76.0
No	24.0

If you are trying to fill *mid-skill* positions, are you having problems finding qualified workers?*

	Feb. '19 (percent)
Yes	85.7
No	14.3

If you are trying to fill *high-skill* positions, are you having problems finding qualified workers?*

	Feb. '19 (percent)
Yes	70.4
No	29.6

Is year-to-date production/revenue at your firm stronger, weaker, or about the same as expected?

	Feb. '19 (percent)
Stronger	20.4
Weaker	12.2
About the same	67.3

If your firm has experienced weaker-than-expected production/revenue, which factors are the primary drivers? Please select up to three.**

	Feb. '19 (percent)
Increased uncertainty causing customers to reduce demand	66.7
Weaker global economy hurting global demand	33.3
Higher cost of credit hurting financing needs	16.7
Tariffs hurting domestic demand (through higher input costs and prices)	16.7
Higher interest rates slowing construction/housing activity	16.7
Lower oil prices and/or pipeline capacity constraints slowing energy activity	16.7
Labor constraints limiting capacity	0.0
Stronger dollar hurting global demand	0.0
Tariffs hurting global demand	0.0
Other	33.3

*This question was posed only to firms that noted they are having problems finding qualified workers when hiring.

**This question was posed only to firms that responded that their year-to-date production/revenue was weaker than expected

Special Questions Comments

These comments have been edited for publication.

Motor Vehicle and Parts Dealers

- It's getting harder to find job applicants that can pass a drug test.
- We are expanding our facility. This added capacity will create a need for added personnel.
- One of our retail centers will relocate to a new facility in 2019, and we will hire additional people to accommodate anticipated growth.
- Skilled auto technicians are extremely hard to find, causing wages to increase substantially due to poaching from other dealers.
- Improved quality of managers is responsible for our stronger revenue results.

Building Material and Garden Equipment and Supplies Dealers

- It's a seasonally slow time of year for our business. Demand was weaker during the government shutdown, but it appears to have picked back up in early February.

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