Texas Economic Performance and Outlook
“More signs of slowing economic growth”
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Texas job growth slowed sharply in August to zero percent but is 4.9 percent year-to-date. The state is growing faster than the nation where jobs are up 3.5 percent year-to-date.

- Texas employment is now forecast to grow 4.2 percent in 2022 (Dec/Dec). At this pace, growth in the rest of the year should average 3.0 percent.
- Job growth, including the forecast, remain above Texas’ trend which is 2 percent.

Texas economy currently in robust expansion but slowing.

- According to the Dallas Fed’s Texas Business Outlook Surveys, economic activity is growing at a below-average pace.
- Higher oil & gas prices benefit the Texas economy on net and should result in growth this year at a pace that exceeds the nation. That said, equipment and labor shortages are among the factors slowing the ramp up of oil and gas production.

Risks to the outlook include spillover from the Russia-Ukraine war, including slower global growth, but also tight labor markets, supply chain bottlenecks, rising inflation, and higher interest rates.
COVID-19 Update
Texas’ reported COVID cases low, hospitalizations flat

NOTE: COVID cases and deaths data through Sep. 14. Hospitalizations data through Sep. 11.
SOURCE: New York Times, Texas DSHS.
Nearly 80 percent of Texans have had at least one dose of the COVID vaccine

NOTE: Data as September 12, 2022. Data show vaccination rate for population over the age of 5.
SOURCE: Texas DSHS, CDC.
Overall Economic Activity
Growth in manufacturing production and services revenue below long-term averages in August, according to Texas businesses.

NOTE: Data through August 2022.
SOURCE: Federal Reserve Bank of Dallas, Texas Business Outlook Survey.
Texas Manufacturing: New orders, growth rate of new orders continuing to decline in August

Diffusion Index, SA

Expanding

Contracting

NOTE: Data through August 2022.
SOURCE: Federal Reserve Bank of Dallas, Texas Business Outlook Survey

Federal Reserve Bank of Dallas
Texas job growth slowed to zero August – trade, professional services, construction, and health care declined

NOTE: Data show August 2022/July 2022 annualized growth. Numbers in parentheses indicate share of total state employment for August.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; FRB Dallas.
In Texas and nation, most sectors have now recovered the jobs they lost in the pandemic

NOTE: Data show August 2022/Feb. 2020 non-annualized job growth. Numbers in parenthesis indicate share of total state employment for July.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; FRB Dallas.
Major metros have recovered all jobs lost in pandemic; some smaller metros still catching up

Employment Change by Major Metro (Aug. 2022/Feb. 2020)

NOTES: Data refer to August 2022/Feb. 2020 non-annualized job growth. Numbers in parentheses refer to share of state employment in August 2022.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by FRB Dallas.
Black, Hispanic unemployment rates ticking up in Texas

Pct., seasonally adjusted, 3-mo. moving avg.

NOTE: Last data point August 2022.
Housing and Energy Industries
Housing: Single-family building permits and sales continue to decline with mortgage rate near 6 percent in August

NOTES: Texas single-family housing permits through July 2022, Home sales and Mortgage data through August 2022.
SOURCES: MLS; A&M Real Estate Center; Freddie Mac Primary Mortgage Market Survey; U.S. Census.
Texas home prices buckle under high mortgage rates, slowing sales

SOURCES: Multiple Listing Service, seasonal and other adjustments by FRB Dallas.
Rents: Apartment rent decelerating; Austin and DFW rent increases now slightly below national average (new leases)

NOTE: Data through August 2022.
SOURCE: Zillow
Energy activity plateauing as oil prices slip from recent highs

NOTES: Data are weekly through September 15, 2022.
SOURCES: Energy Information Administration; Baker Hughes.
Energy: Running out of DUCs? Few DUCs suggest rig count must pick up further to spur oil and gas production

NOTES: Well data through August 2022. Rig count data through September 9th, 2022. Rig count is for Texas, drilled but uncompleted wells are for Permian Basin. SOURCES: Energy Information Administration; Baker Hughes.
High-Frequency Data
Texas restaurant reservations remain above pre-pandemic levels

NOTES: Dining out data up to September 14th, 2022.
SOURCES: OpenTable.
New business applications increased sharply during the pandemic, remain elevated.

NOTE: Data through September 10. SOURCES: U.S. Census Bureau.
Total jobless claims below pre-pandemic level in Texas

NOTES: Unemployment claims data through the week ending August 27 and include states UI and federal PUA, PEUC and EB when available.

SOURCES: Department of Labor.
Texas job postings trending down slightly but remain well above pre-pandemic levels

% change from Feb. '20

Texas
U.S.

NOTE: U.S. and Texas data daily through Sep. 9th, 2022.
SOURCE: Indeed.
Texas borrower still looks healthy: 
Loan delinquencies are mostly flat to down

NOTES: Seriously delinquent loans (90+ days). Data through June 2022.
SOURCE: FRBNY Consumer Credit Panel.
Outlook for 2022
Dallas Fed 2022 Texas jobs forecast now 4.2 percent; 2021 employment grew 6 percent

NOTE: Forecast scenario estimates Texas payroll employment for 2022 are based on IHME monthly hospitalization projections for COVID-19 in Texas, direct COVID-19 impacts in March-June 2020, US GDP growth estimates for 2022, and WTI prices following the futures contract curve as of 9/16/22.
Texas company outlooks continue to deteriorate in August

NOTE: Data through August 2022.
SOURCE: Federal Reserve Bank of Dallas, Texas Business Outlook Survey
Lack of applicants tops list of hiring impediments

Lack of available applicants/no applicants
Workers looking for more pay than is offered
Lack of technical competencies (hard skills)
Lack of experience
Lack of workplace competencies (soft skills)
Inability to pass drug test and/or background check
Lack of child care, including school interruptions
Fear of COVID-19 infection

NOTES: Respondents were asked, "Are there any impediments to hiring or recalling workers? Please select all that apply."
Share of Texas firms reporting extreme difficulty filling positions moderating for low- and mid-skilled

NOTES: Respondents who indicated they were hiring at a certain skill level were asked, "How difficult is it to find workers to fill these positions?" The percent responding "very" are shown here, out of 159 responses for low-skilled, 184 for mid-skilled, and 156 for high-skilled. 


Federal Reserve Bank of Dallas
Supply-chain disruptions remain widespread but there are some early signs of easing

NOTES: Data from Aug. 2022. Firms were asked, “Are you currently experiencing any supply-chain disruptions or delays?”

August saw first net improvement in supply chains in over a year

NOTES: Respondents were asked, "How have these supply-chain disruptions or delays changed over the past month?" Share reporting "no change" not shown.
Inflation is high but share of Texas firms raising prices, wages falling

Percent Reporting Increase

NOTE: Percent reporting increase was constructed by weighing the respective component of TMOS, TSSOS, and TROS according to GDP shares. Data through August 2022.

Firms continue to have difficulty passing through most or all higher costs to customers

NOTE: Firms were asked “If costs (including wages) are increasing, to what extent are you passing the higher costs on to customers in the way of price increases?”

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