What’s New…

- Texas job growth rebounded in September to 4.3 percent and is 4.8 percent year-to-date. The state is growing faster than the nation where jobs are up 3.4 percent year-to-date.
  - Texas employment is now forecast to grow 4.4 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 remains in expansion but is 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 October 19. Hospitalizations data through October 16.
SOURCE: New York Times, Texas DSHS.
Over 80 percent of Texans have had at least one dose of the COVID vaccine

NOTE: Data as October 18, 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 September, according to Texas businesses.

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

Diffusion Index, SA

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

Federal Reserve Bank of Dallas
Texas job growth increased in September, led by leisure and hospitality

NOTE: Data show September 2022/August 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.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Texas</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>0.3</td>
<td>4.5</td>
</tr>
<tr>
<td>Trade, Transp. &amp; Util.</td>
<td>3.6</td>
<td>7.5</td>
</tr>
<tr>
<td>(20.1%)</td>
<td>(15.3%)</td>
<td></td>
</tr>
<tr>
<td>Prof. &amp; Bus. Serv.</td>
<td>5.0</td>
<td>12.3</td>
</tr>
<tr>
<td>(15.2%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gov't</td>
<td>-2.6</td>
<td>-0.2</td>
</tr>
<tr>
<td>(15.2%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Educ. &amp; Health Serv.</td>
<td>0.2</td>
<td>2.2</td>
</tr>
<tr>
<td>(10.4%)</td>
<td>(13.4%)</td>
<td></td>
</tr>
<tr>
<td>Leisure &amp; Hosp.</td>
<td>2.3</td>
<td>6.7</td>
</tr>
<tr>
<td>(6.9%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mfg.</td>
<td>0.7</td>
<td>2.1</td>
</tr>
<tr>
<td>(5.8%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fin. Activ.</td>
<td>1.0</td>
<td>9.1</td>
</tr>
<tr>
<td>(5.0%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constr.</td>
<td>1.2</td>
<td>1.2</td>
</tr>
<tr>
<td>(6.6%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Info. &amp; Other Svcs</td>
<td>0.3</td>
<td>4.0</td>
</tr>
<tr>
<td>(10.4%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oil &amp; Gas, Mining Sup.</td>
<td>-1.0</td>
<td>-10.0</td>
</tr>
<tr>
<td>(13.4%)</td>
<td></td>
<td></td>
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</tbody>
</table>
Major metros have recovered all jobs lost in pandemic; some smaller metros still catching up

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

NOTES: Data refer to September 2022/Feb. 2020 non-annualized job growth. Numbers in parentheses refer to share of state employment in September 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 over 6 percent in September

NOTES: Texas single-family housing permits through August 2022, Home sales and Mortgage data through September 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

NOTES: Seasonally adjusted sales price presented in August 2022 dollars. Data through August 2022.

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
Oil prices slip from recent highs, rigs flatten

NOTES: Data are weekly through October 14, 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 October 5th, 2022.
SOURCES: OpenTable.
New business applications increased sharply during the pandemic, remain elevated.

NOTES: Data through October 8th
SOURCES: US Census Bureau

Federal Reserve Bank of Dallas
Total jobless claims below pre-pandemic level in Texas

NOTES: Unemployment claims data through the week ending September 17 and include states UI and federal PUA, PEUC and EB when available.

SOURCES: Department of Labor.
Weekly economic conditions index points toward slower economic growth

NOTES: Texas data through September 24, US data through October 15
SOURCE: University of Notre Dame
Texas job postings trending down slightly but remain well above pre-pandemic levels

% change from Feb. '20

NOTE: U.S. and Texas data daily through October 14th, 2022.
SOURCE: Indeed.
Outlook for 2022
Dallas Fed 2022 Texas jobs forecast now 4.4 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 10/21/22.
Texas company outlooks continue to deteriorate in September

NOTE: Data through September 2022.
SOURCE: Federal Reserve Bank of Dallas, Texas Business Outlook Survey
Manufacturers are most concerned with inflation, services firms with labor shortages, retail with supply chains

NOTES: Respondents were asked, "What are the primary concerns around your firm's outlook over the next six months, if any? Please select up to three." Services does not include retail.
SOURCE: Texas Business Outlook Survey, September 2022
Supply-chain disruptions remain widespread but there are some early signs of easing

Share of firms experiencing supply-chain disruptions (percent)

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

- Wages and Benefits
- Price Received for Finished Goods/Selling Price

NOTE: Percent reporting increase was constructed by weighing the respective component of TMOS, TSSOS, and TROS according to GDP shares. Data through Sep. 2022.
Firms continue to have difficulty passing through most or all higher costs to customers

Share of firms (percent)

<table>
<thead>
<tr>
<th>Month</th>
<th>None/Some</th>
<th>Most/All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec. '18</td>
<td>73.6</td>
<td>26.4</td>
</tr>
<tr>
<td>Aug. '19</td>
<td>85.0</td>
<td>15.0</td>
</tr>
<tr>
<td>'May. '21</td>
<td>74.4</td>
<td>25.6</td>
</tr>
<tr>
<td>Jul. '21</td>
<td>78.8</td>
<td>21.3</td>
</tr>
<tr>
<td>Dec. '21</td>
<td>64.8</td>
<td>35.2</td>
</tr>
<tr>
<td>May '22</td>
<td>75.4</td>
<td>24.6</td>
</tr>
<tr>
<td>Aug '22</td>
<td>77.4</td>
<td>22.7</td>
</tr>
</tbody>
</table>

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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