



Federal Reserve
Bank of Dallas

**Texas Economic Performance and Outlook
(October, 2022)
“Slowing economic growth”**

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Federal Reserve Bank of Dallas

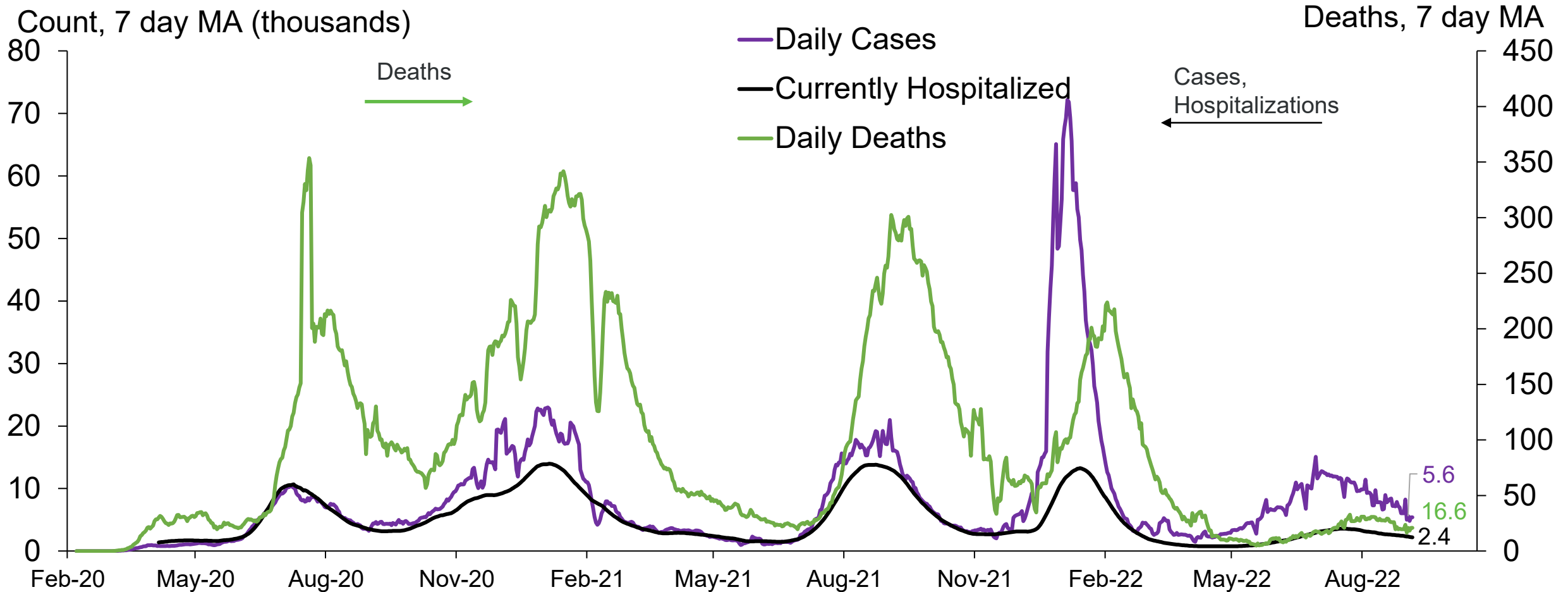
10/21/2022

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.

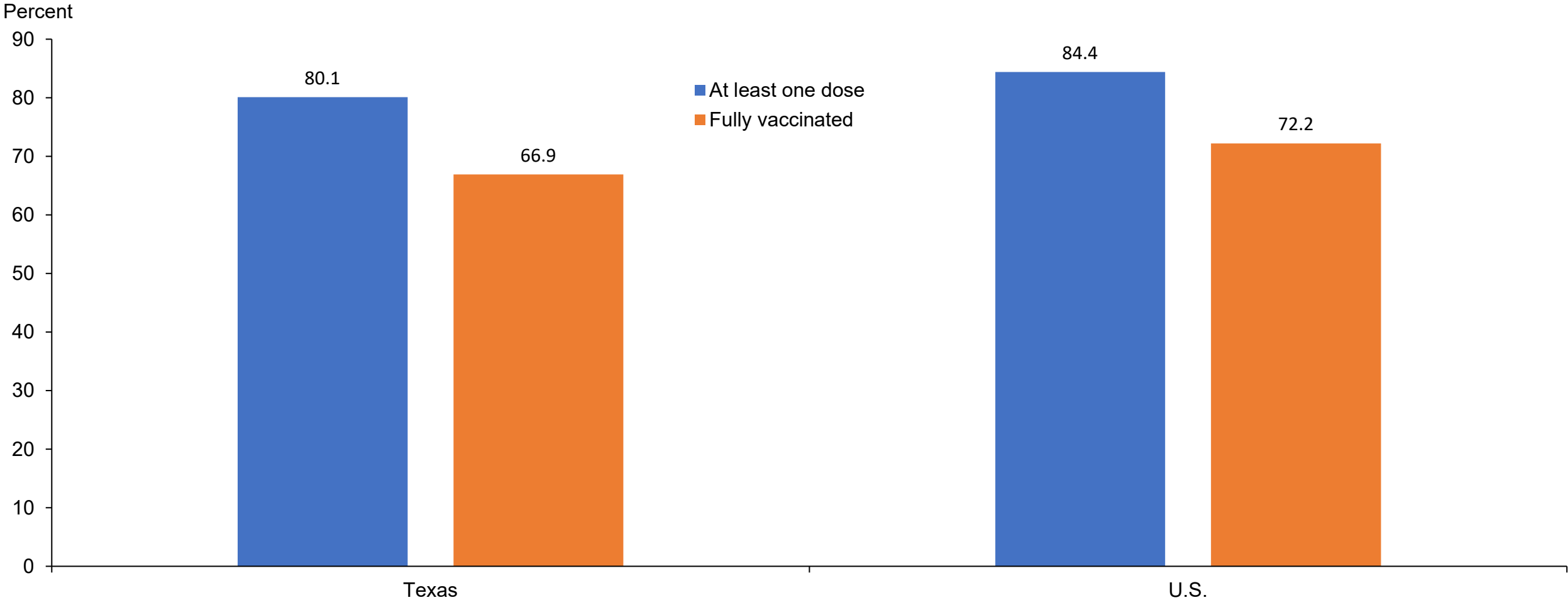
COVID-19 Update

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



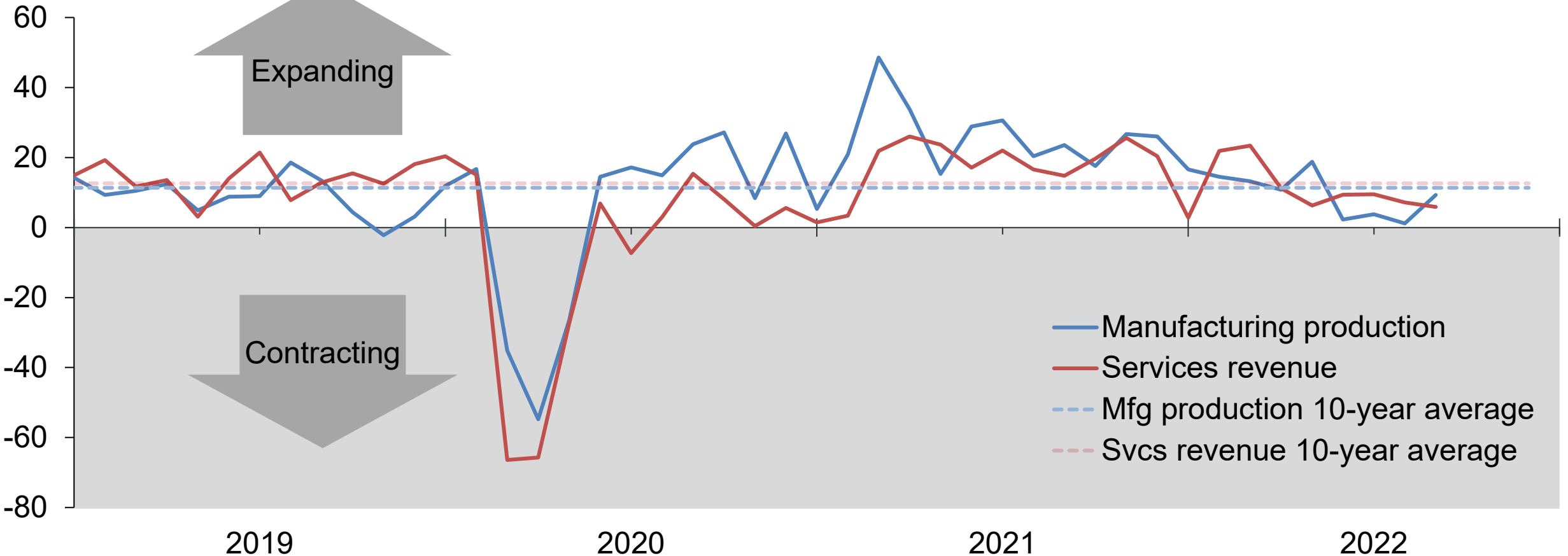
NOTE: Data as October 18, 2022. Data show vaccination rate for population over the age of 5.

SOURCE: Texas DSHS, CDC.

Overall Economic Activity

Growth in manufacturing production and services revenue below long-term averages in September, according to Texas businesses

Diffusion Index, SA

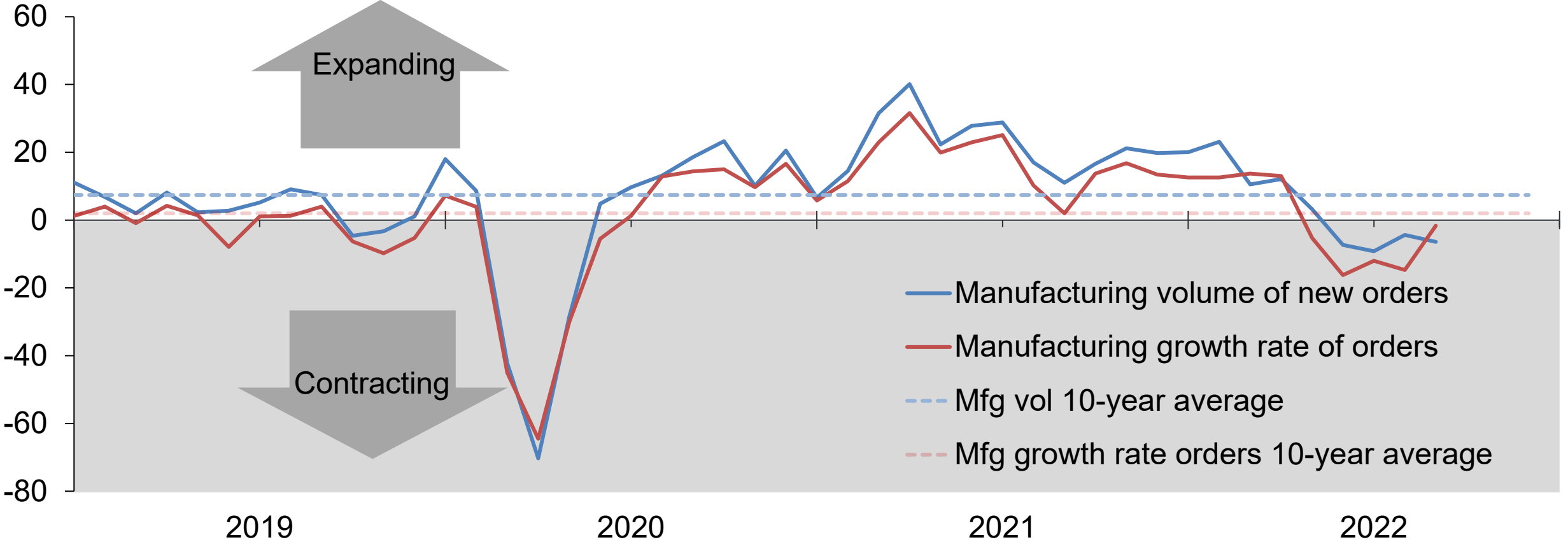


NOTE: Data through September 2022.

SOURCE: Federal Reserve Bank of Dallas, Texas Business Outlook Survey

Texas Manufacturing: New orders continuing to decline in September

Diffusion Index, SA

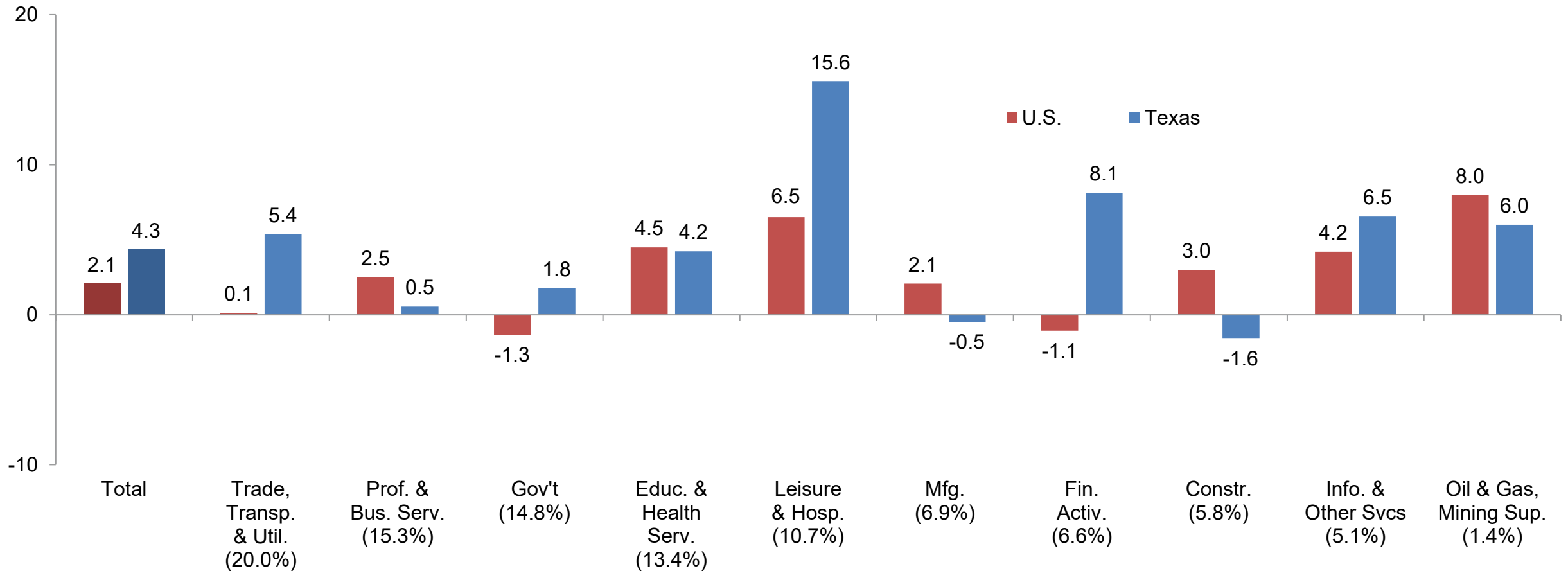


NOTE: Data through September 2022.

SOURCE: Federal Reserve Bank of Dallas, Texas Business Outlook Survey

Texas job growth increased in September, led by leisure and hospitality

Job growth September 2022/August 2022 (percent)

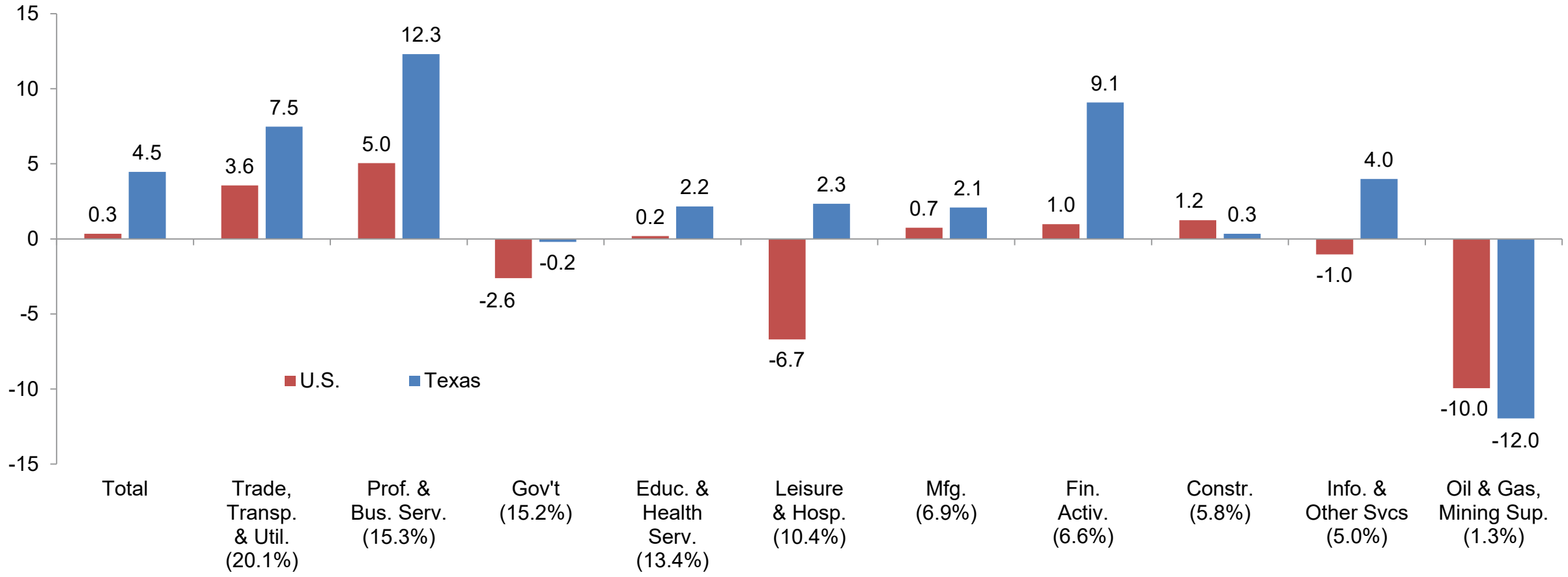


NOTE: Data show September 2022/August 2022 annualized growth. Numbers in parentheses indicate share of total state employment for August.

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

Job growth Sep. 2022/Feb. 2020 (percent)



NOTE: Data show September 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 (Sep. 2022/Feb. 2020)

Percent change, SA

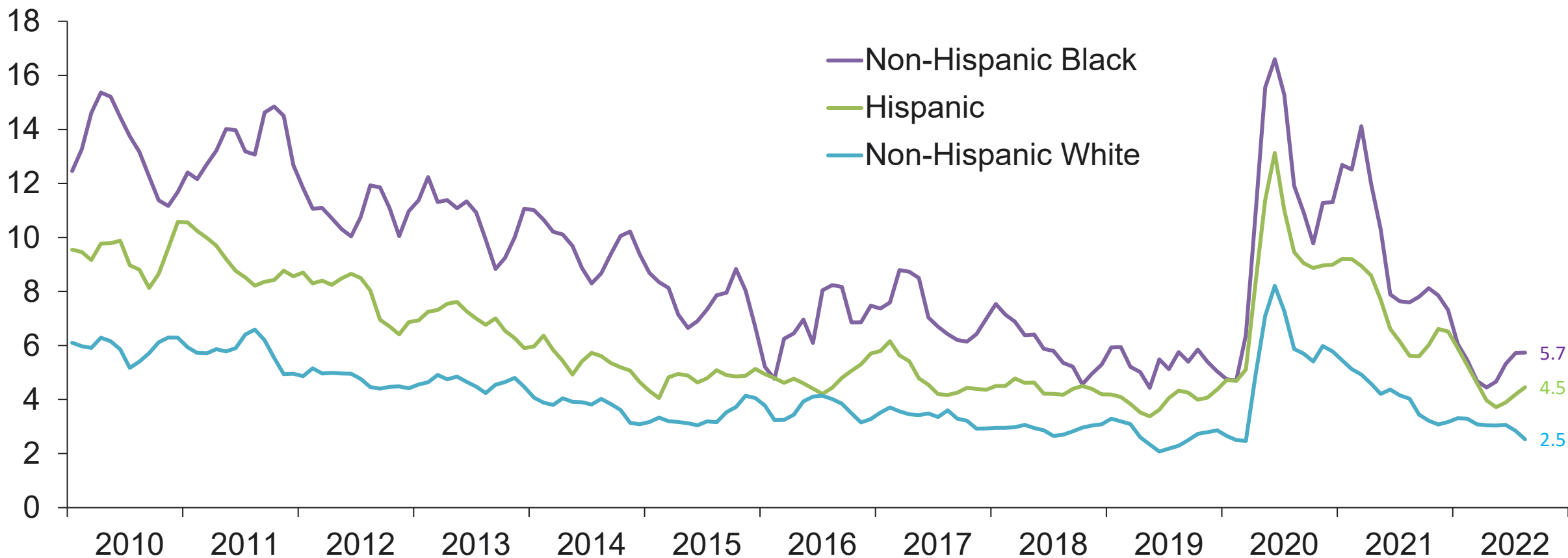


NOTES: Data refer to September 2022/Feb. 2020 non-annualized job growth. Numbers in parentheses refer to share of state employment in September 2022.

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.



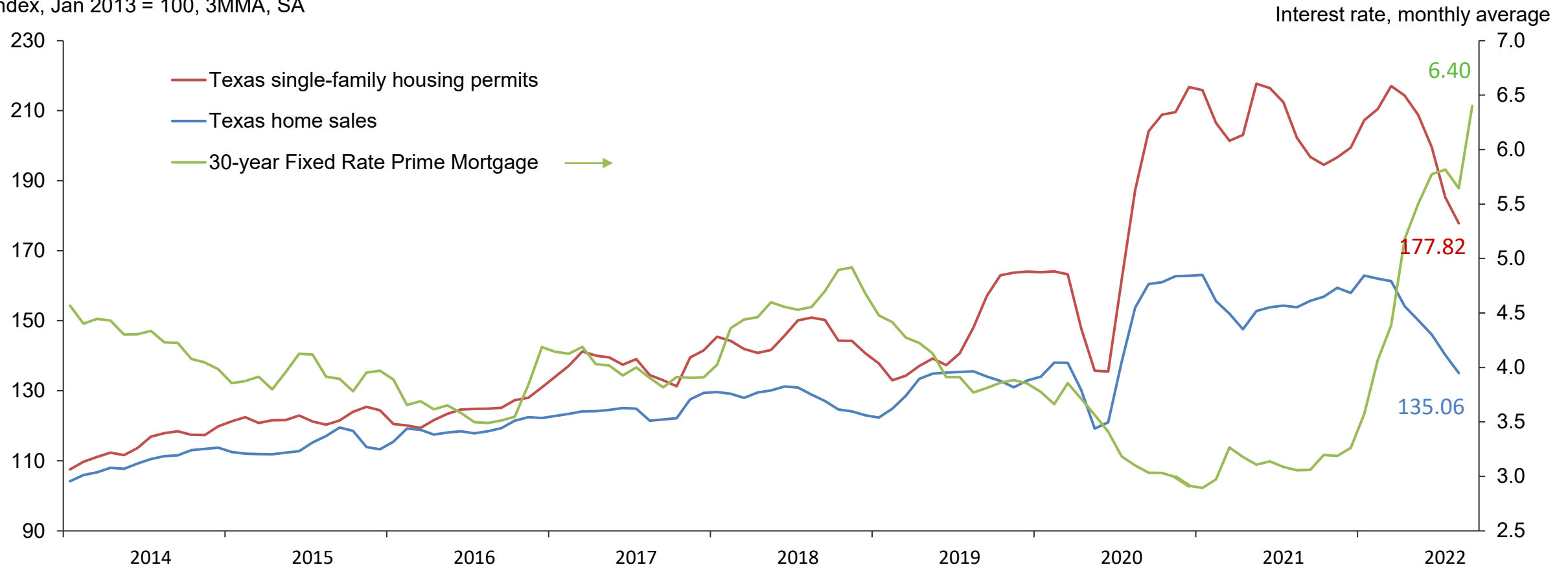
NOTE: Last data point August 2022.

SOURCE: Current Population Survey, authors' calculations.

Housing and Energy Industries

Housing: Single-family building permits and sales continue to decline with mortgage rate over 6 percent in September

Index, Jan 2013 = 100, 3MMA, SA

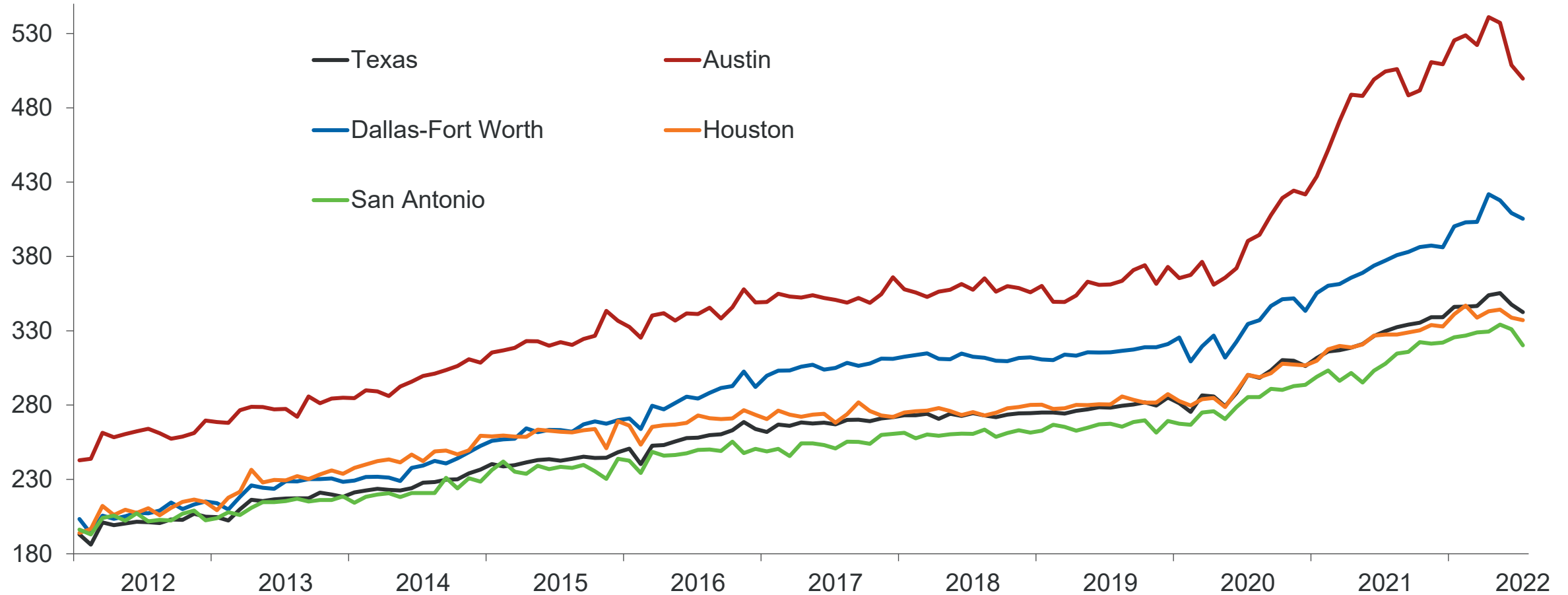


NOTES: Texas single-family housing permits through August 2022, Home sales and Mortgage data through September 2022.

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

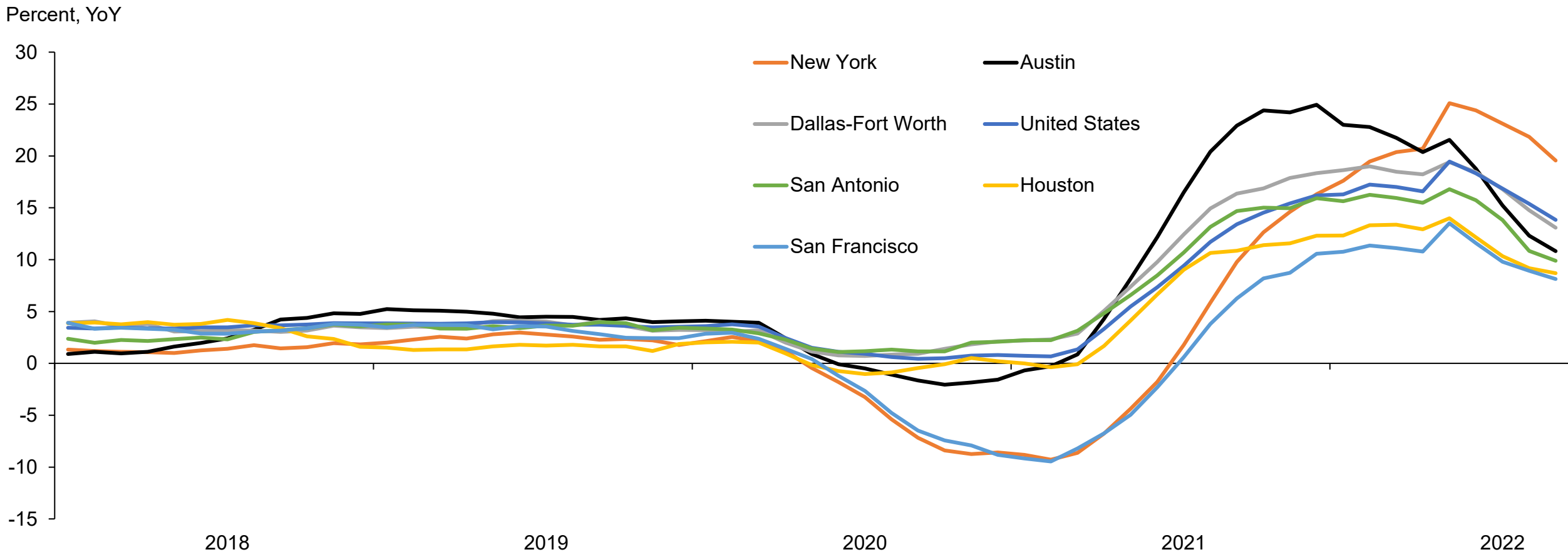
Thousands of 2022 dollars, SA



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.

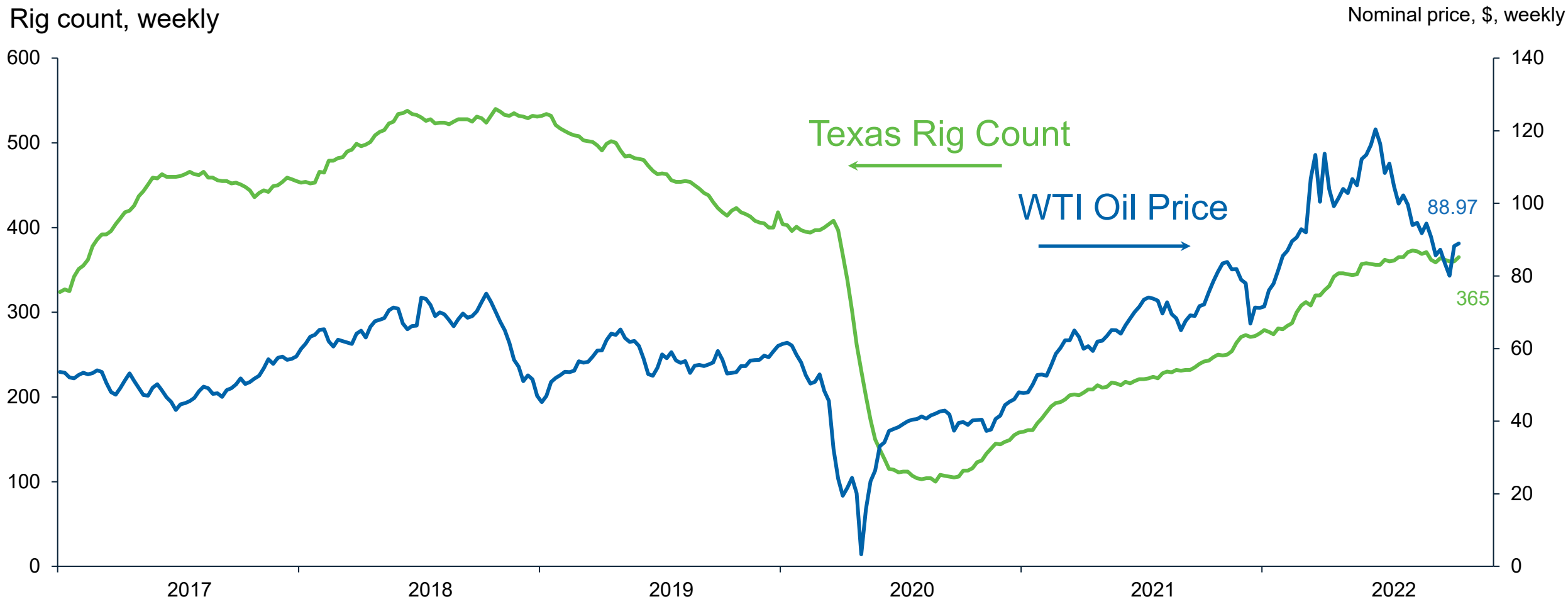
Rents: Apartment rent decelerating; Austin and DFW rent increases now slightly below national average (new leases)



NOTE: Data through August 2022.

SOURCE: Zillow

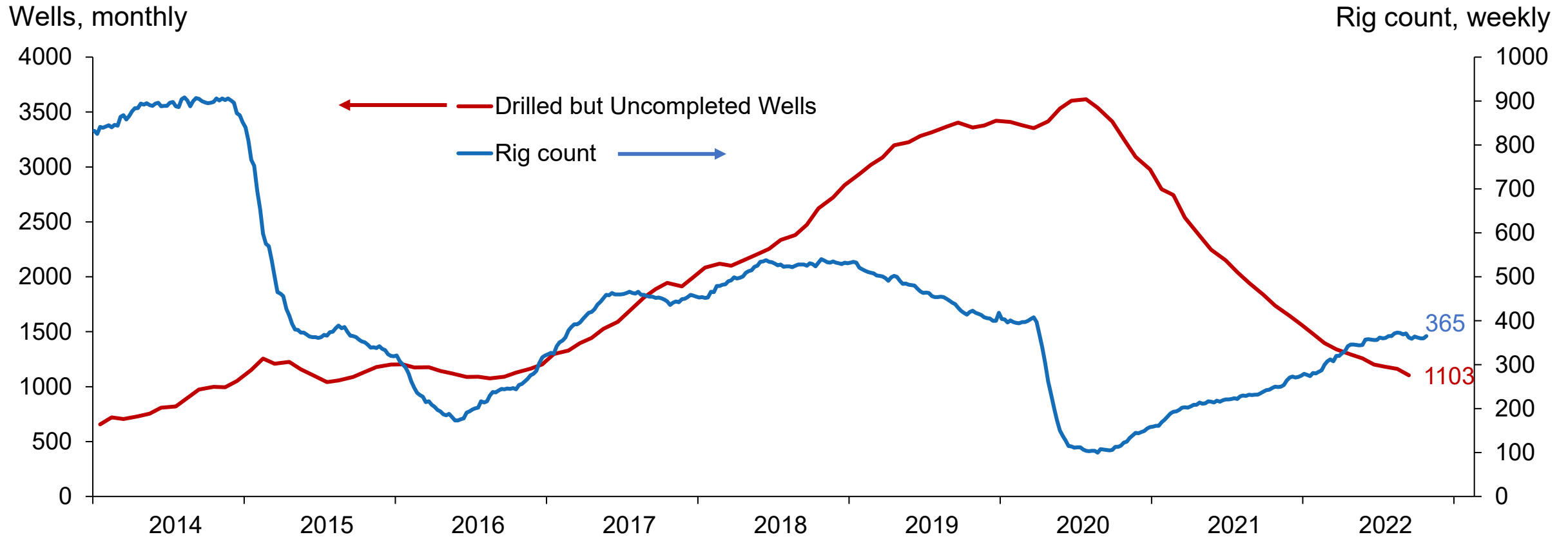
Oil prices slip from recent highs, rigs flatten



NOTES: Data are weekly through October 14, 2022.

SOURCES: Energy Information Administration; Baker Hughes.

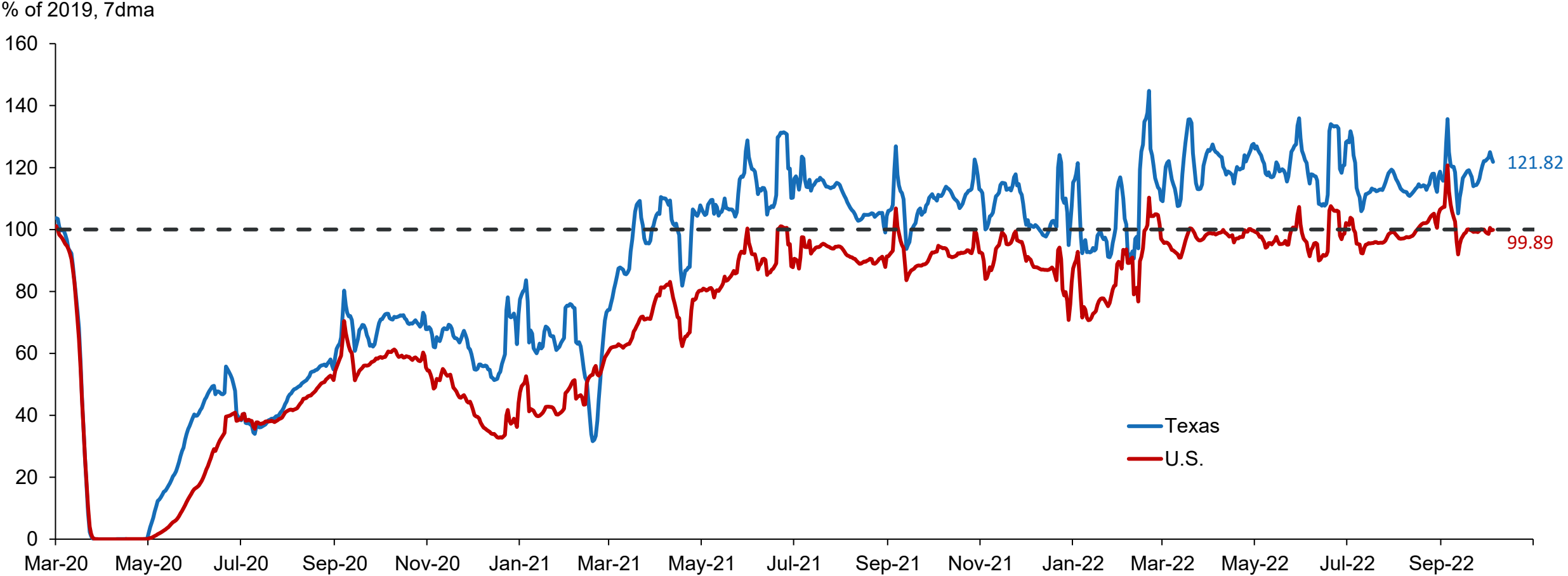
Energy: Running out of DUCs? Few DUCs suggest rig count must pick up further to spur oil and gas production



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

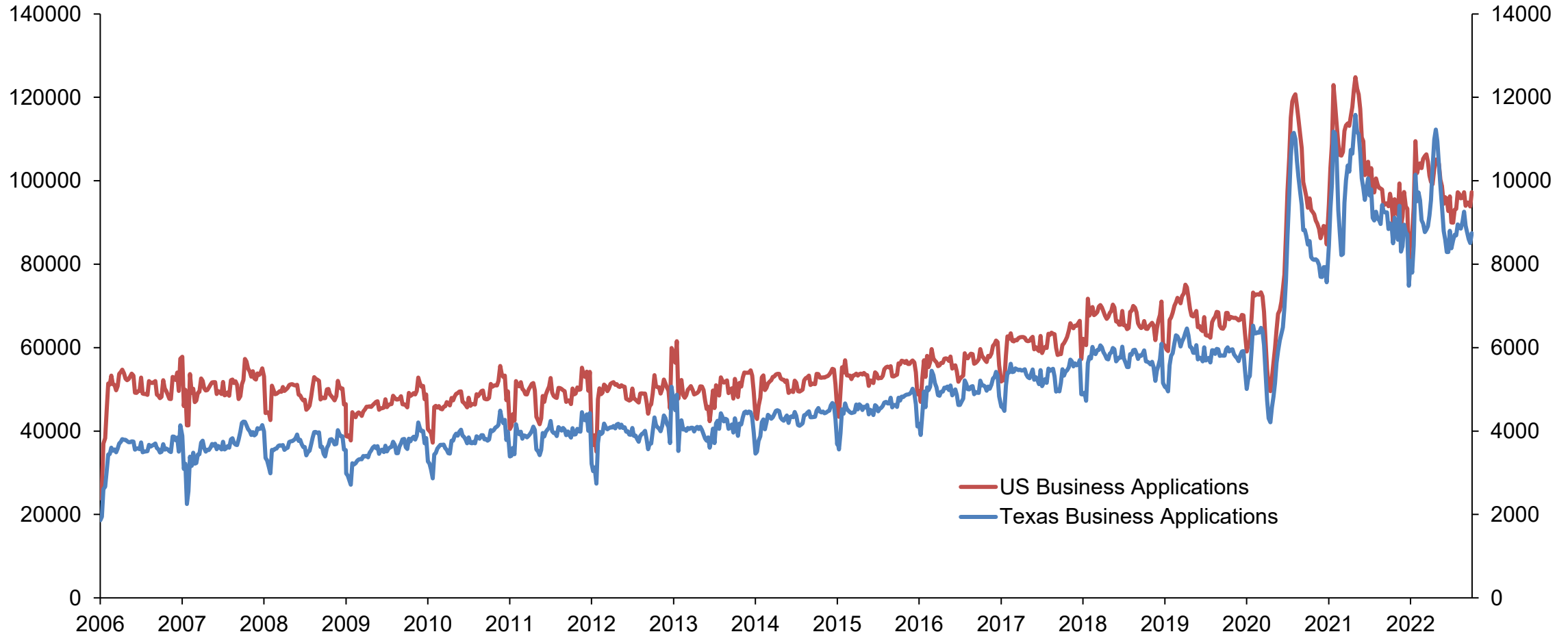


NOTES: Dining out data up to October 5th, 2022.
SOURCES: OpenTable.

New business applications increased sharply during the pandemic, remain elevated

US Applications, SA, 4WMA

TX Applications, SA, 4WMA



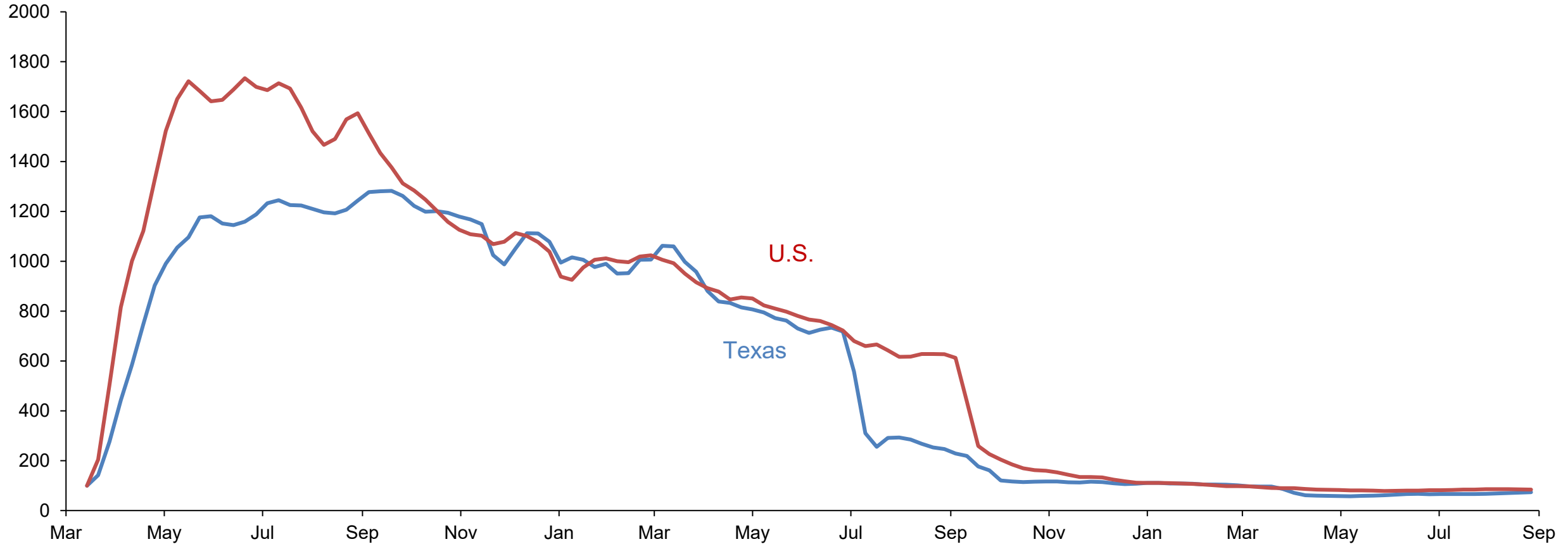
NOTES: Data through October 8th

SOURCES: US Census Bureau

Total jobless claims below pre-pandemic level in Texas

Total claims, state and federal (initial and continuing)

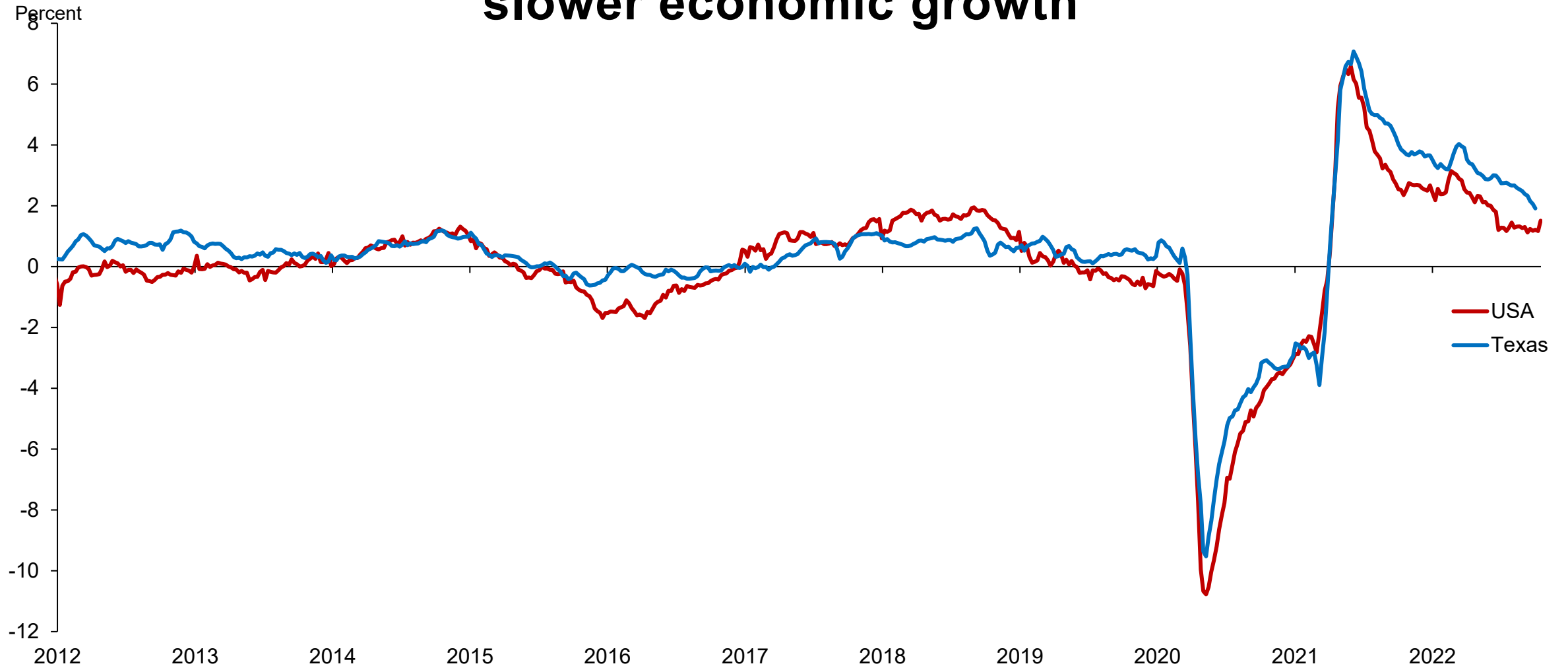
2 week moving average, Index, second week of March = 100



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.

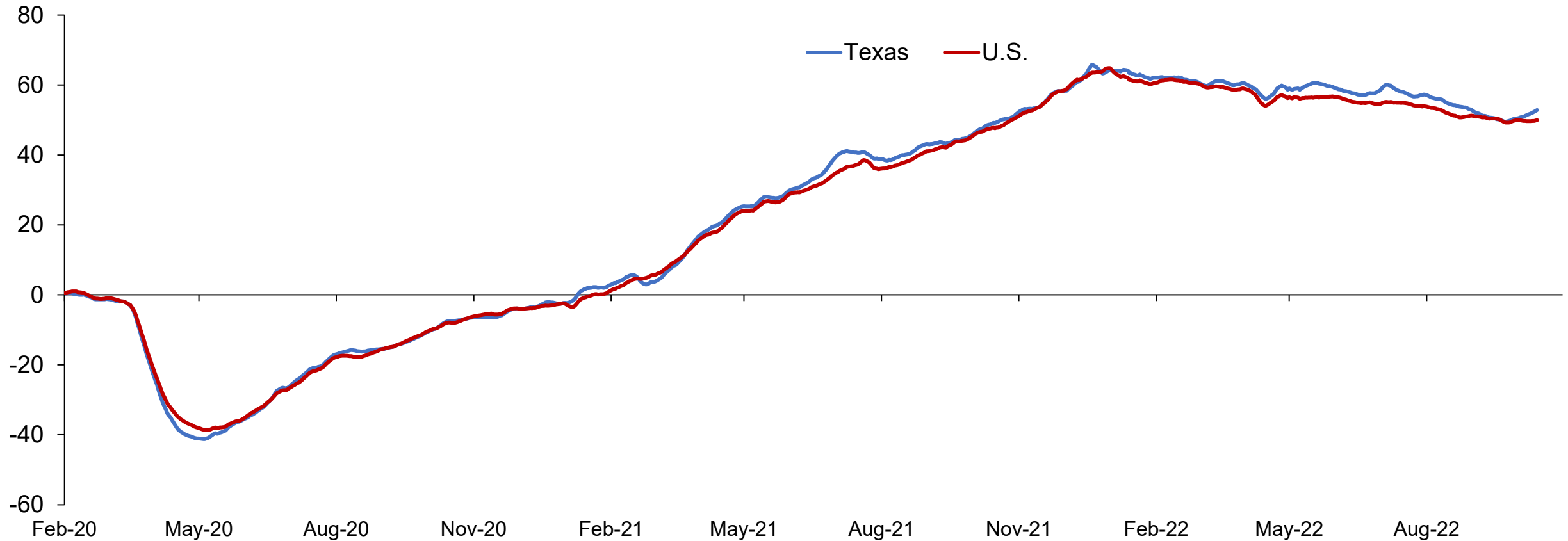
Weekly economic conditions index points toward slower economic growth



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

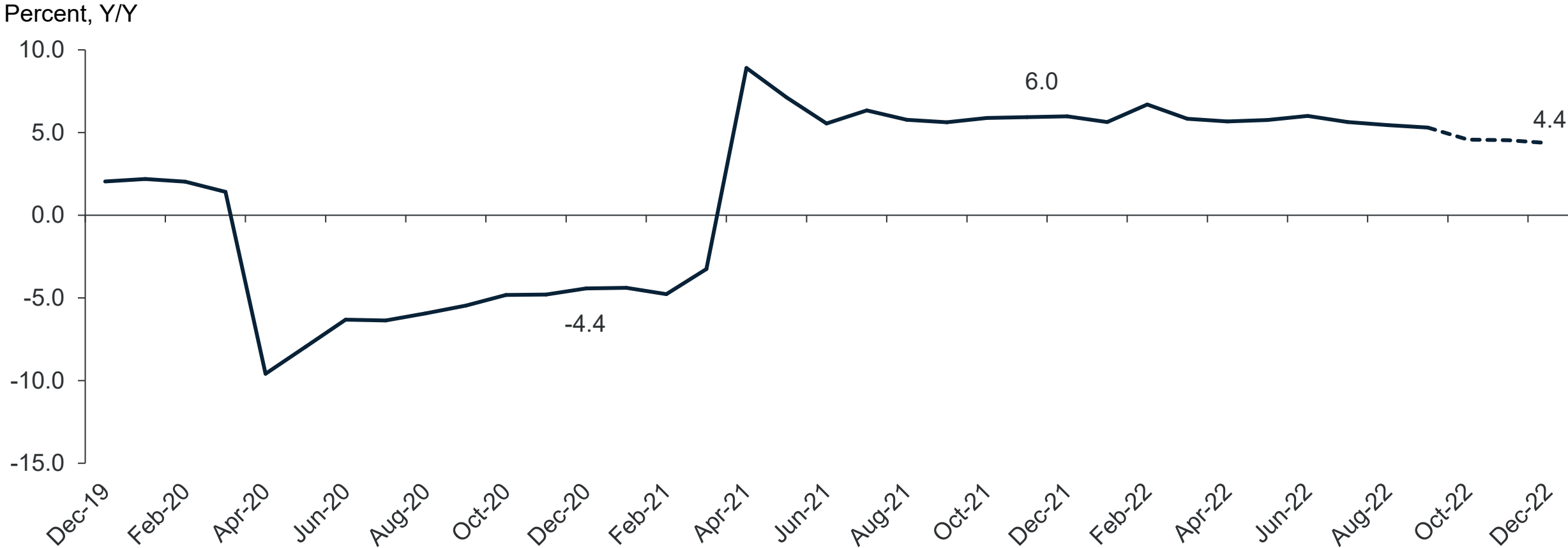


NOTE: U.S. and Texas data daily through October 14th, 2022.

SOURCE: Indeed.

Outlook for 2022

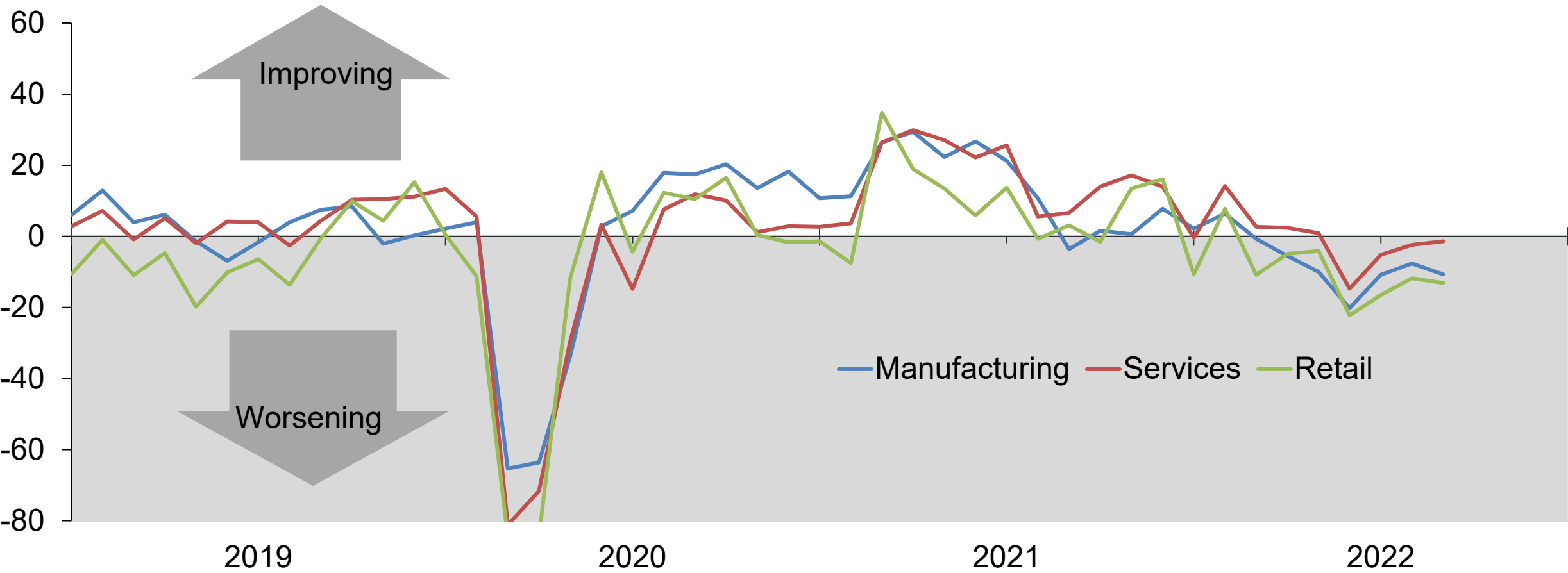
Dallas Fed 2022 Texas jobs forecast now 4.4 percent; 2021 employment grew 6 percent



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

Diffusion Index, SA

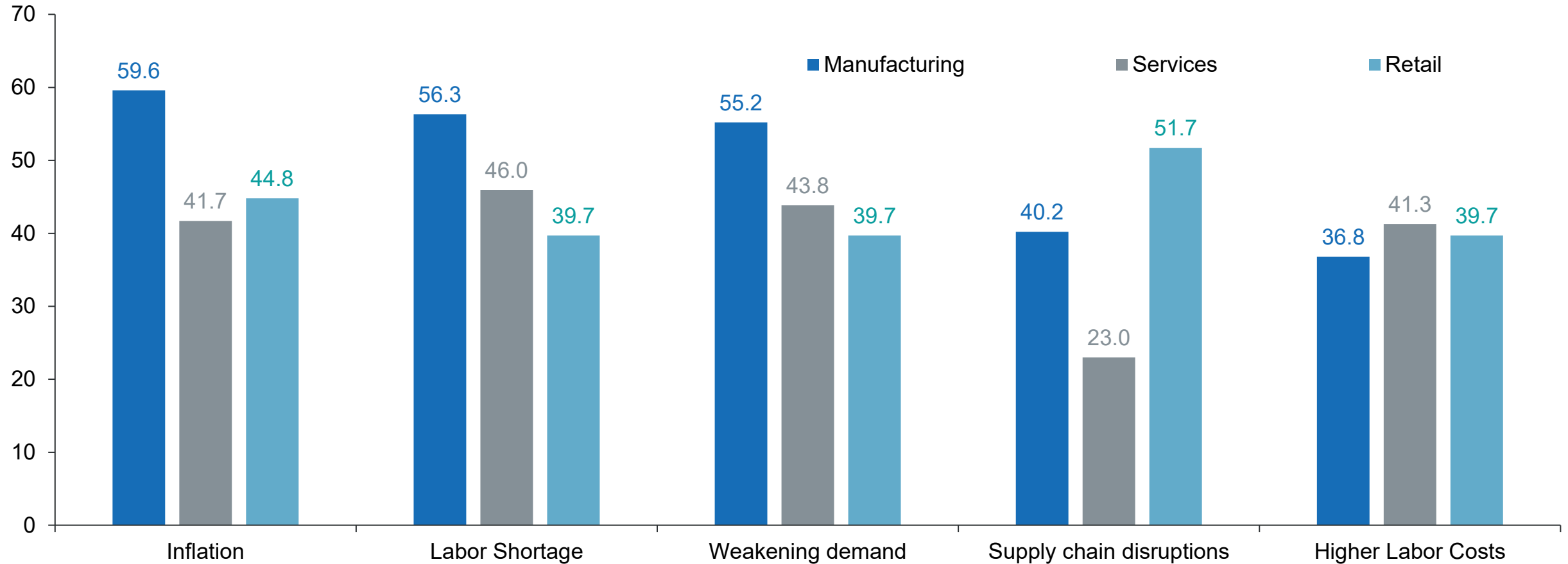


NOTE: Data through September 2022.

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

Percent of respondents



NOTES: Respondents were asked, "What are the primary concerns around your firm's outlook over the next six months, if any?"

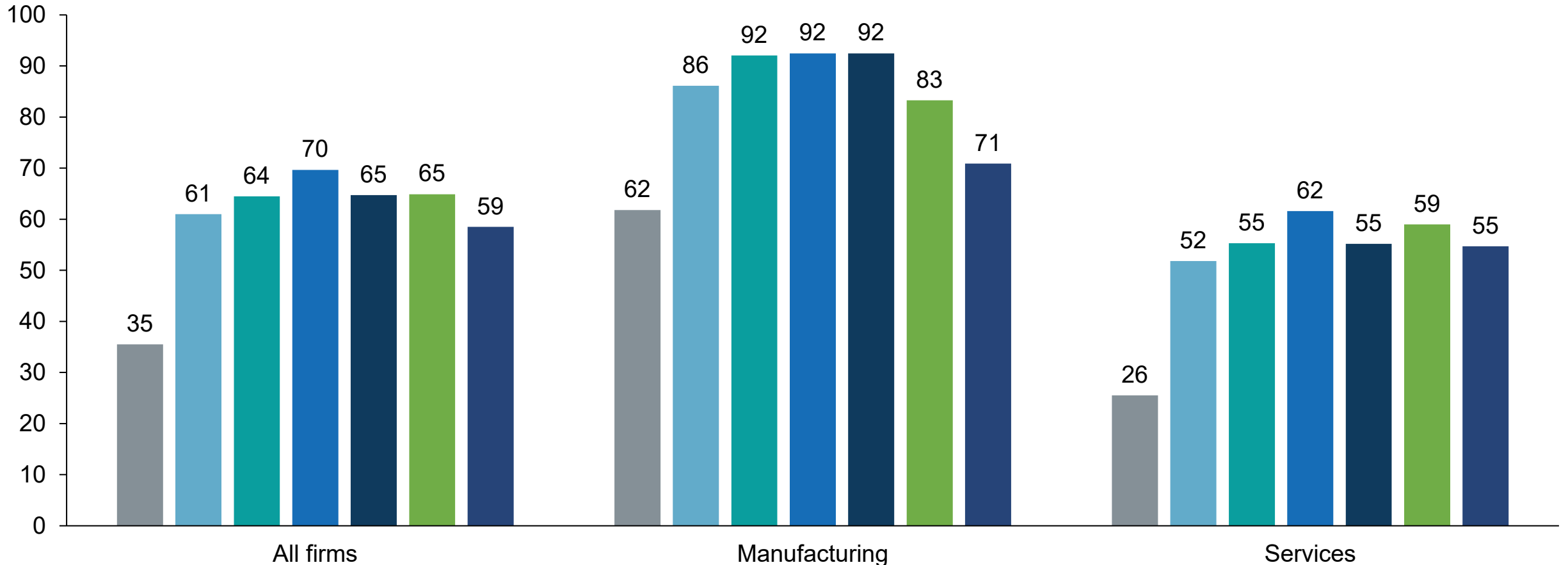
Please select up to three." Services does not include retail.

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)

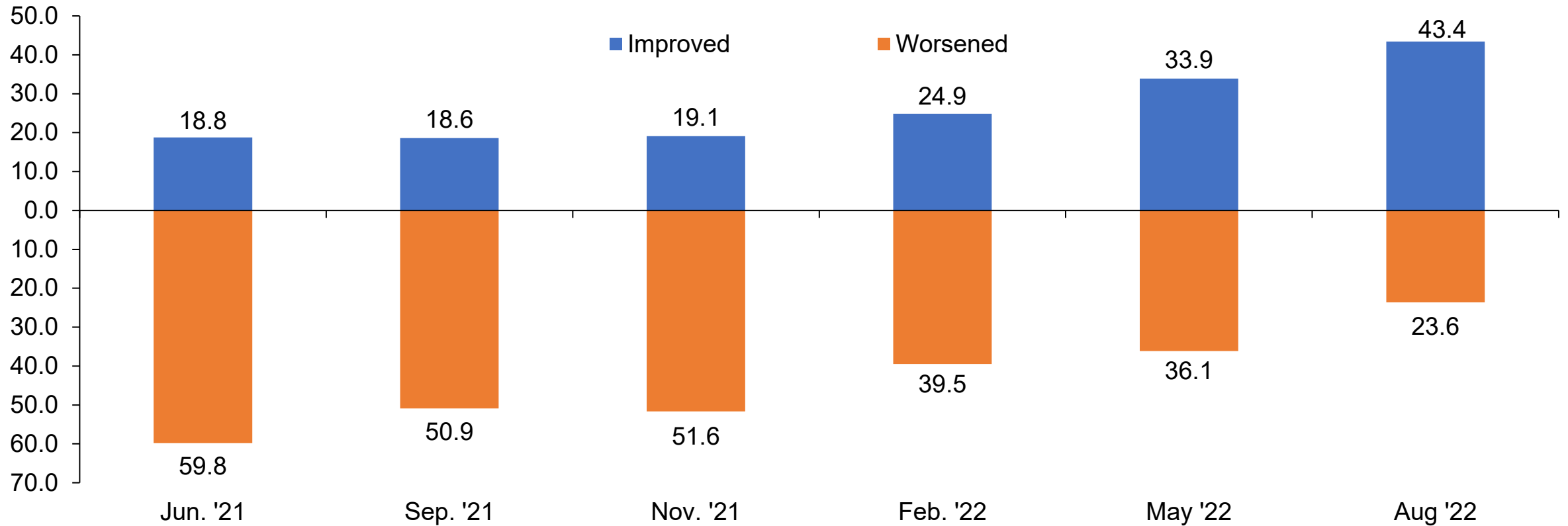
■ Feb. '21 ■ Jun. '21 ■ Sep. '21 ■ Nov. '21 ■ Feb. '22 ■ May '22 ■ Aug '22



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

SOURCE: Federal Reserve Bank of Dallas Texas Business Outlook Surveys.

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

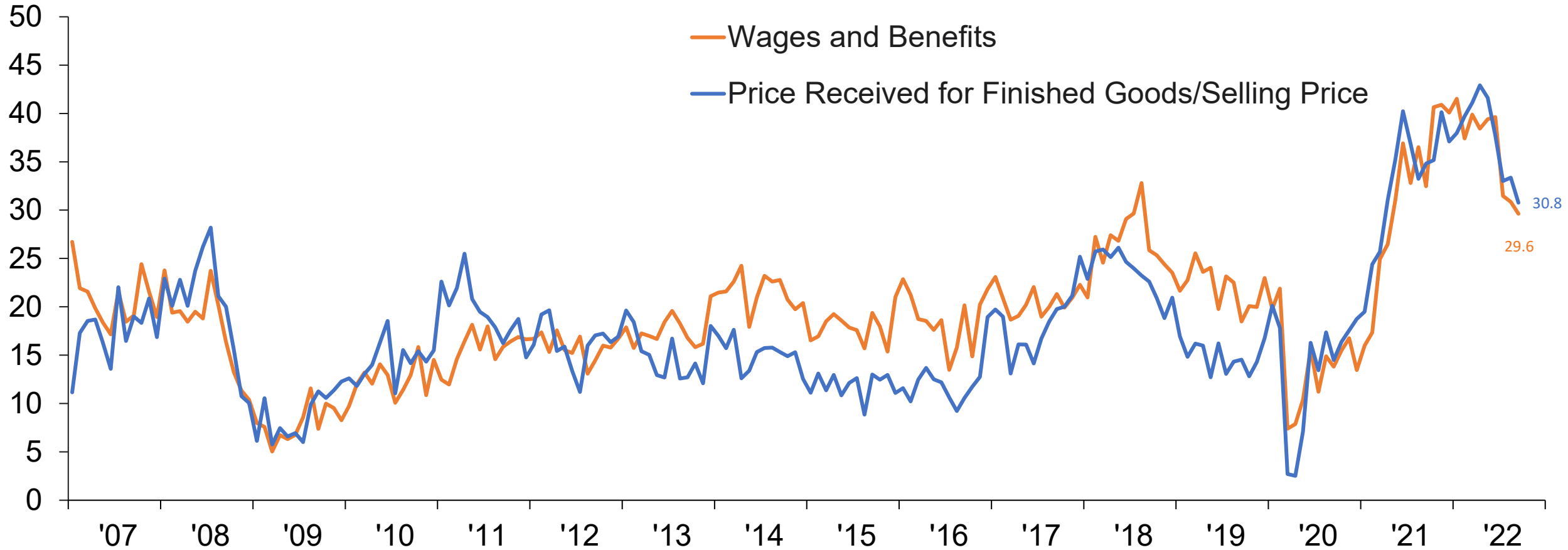


NOTES: Respondents were asked, "How have these supply-chain disruptions or delays changed over the past month?" Share reporting "no change" not shown.

SOURCE: Federal Reserve Bank of Dallas Texas Business Outlook Surveys.

Inflation is high but share of Texas firms raising prices, wages falling

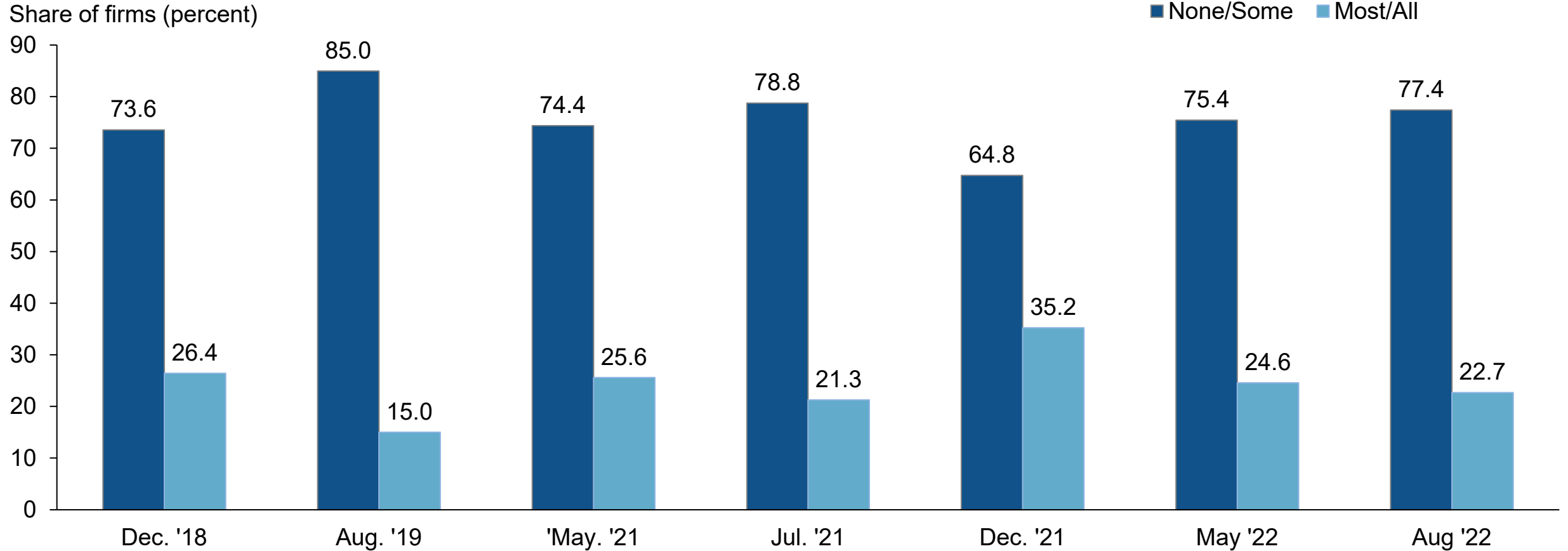
Percent Reporting Increase



NOTE: Percent reporting increase was constructed by weighing the respective component of TMOS, TSSOS, and TROS according to GDP shares. Data through Sep. 2022.
SOURCE: Texas Business Outlook Surveys, Federal Reserve Bank of Dallas.

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

Share of firms (percent)



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?"

SOURCE: Federal Reserve Bank of Dallas Texas Business Outlook Surveys.

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