



Federal Reserve  
Bank of Dallas

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

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Federal Reserve Bank of Dallas

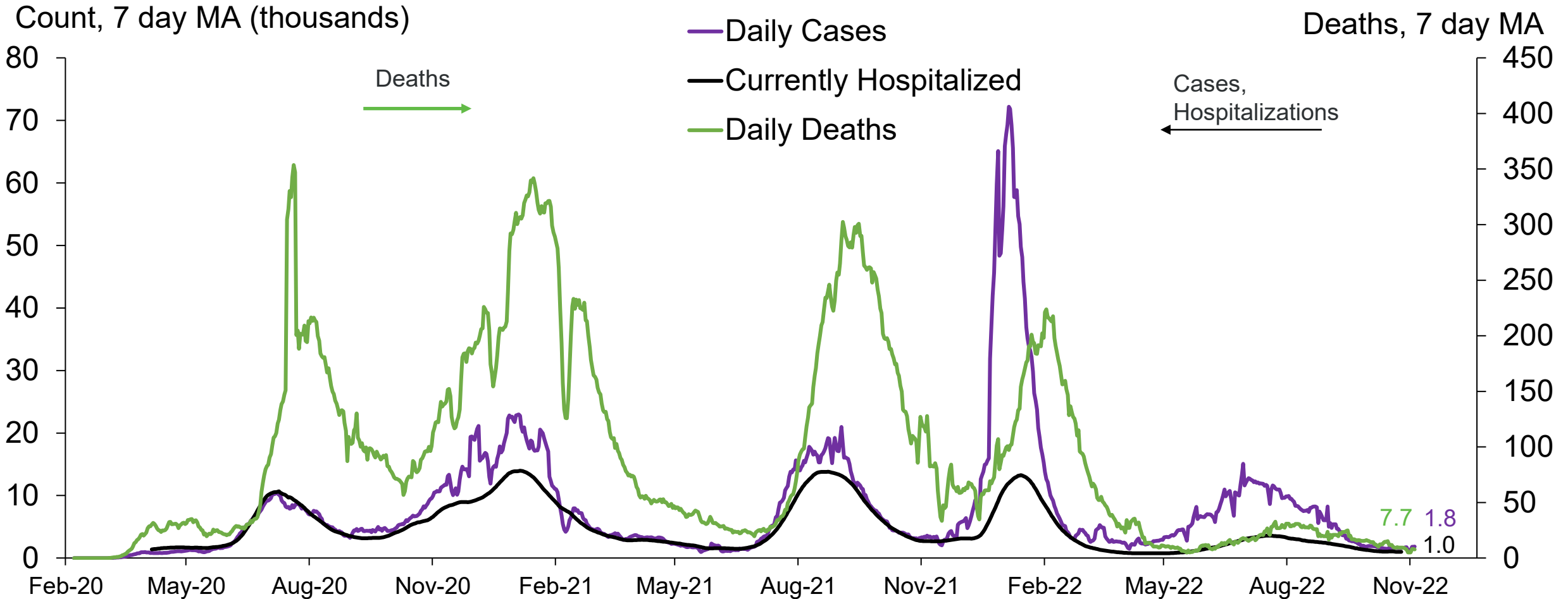
11/18/2022

# What's New...

- Texas job growth slowed to 2.9 percent in October and is 4.7 percent year-to-date. The state is growing faster than the nation, where jobs are up 3.3 percent year-to-date.
  - Texas employment is now forecast to grow 4.3 percent in 2022 (Dec./Dec.).
  - 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 and gas prices benefit the Texas economy on net and should result in growth this year at a pace that exceeds the nation. However, equipment and labor shortages are among the factors slowing the ramp up of oil and gas production.
- Risks to the outlook include inflation, higher interest rates, tight labor markets, supply chain bottlenecks, and spillover from the Russia-Ukraine war.

# COVID-19 Update

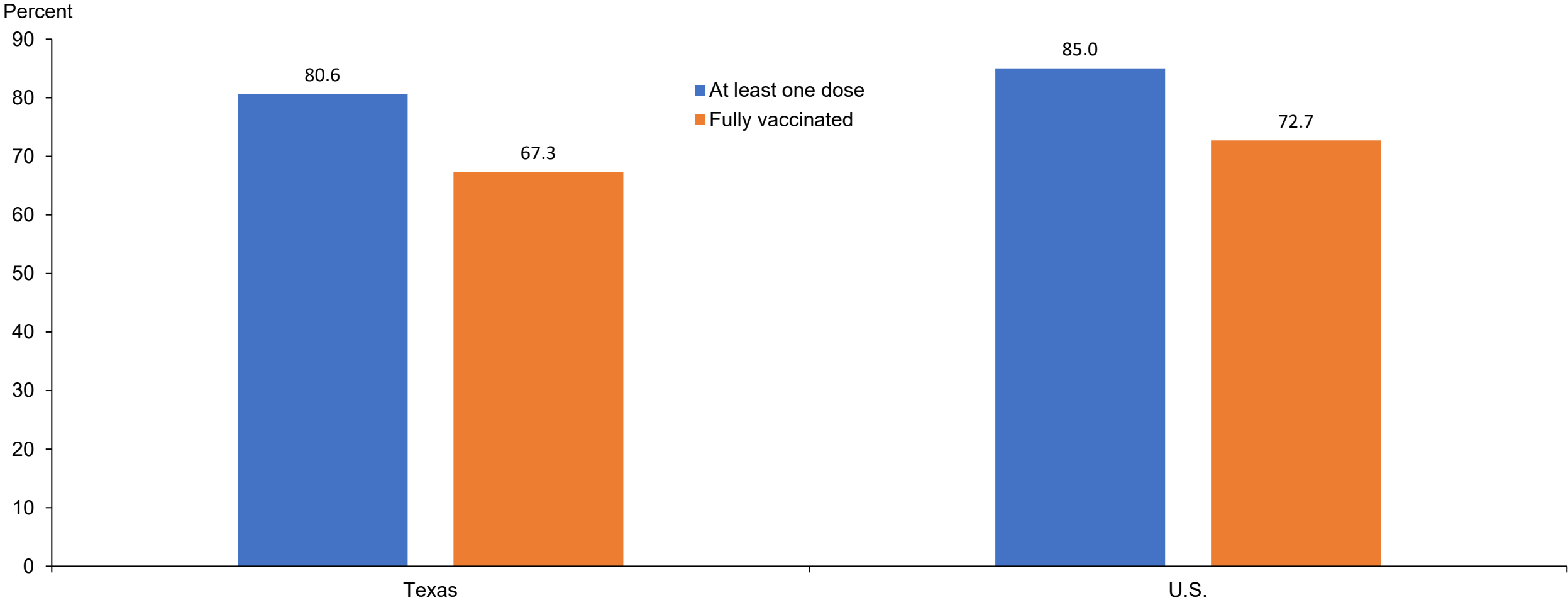
# Texas' reported COVID cases low, hospitalizations flat



NOTE: COVID cases and deaths data through November 17. Hospitalizations data through November 7.

SOURCE: New York Times, Texas DSHS.

# Over 80 percent of Texans have had at least one dose of the COVID vaccine

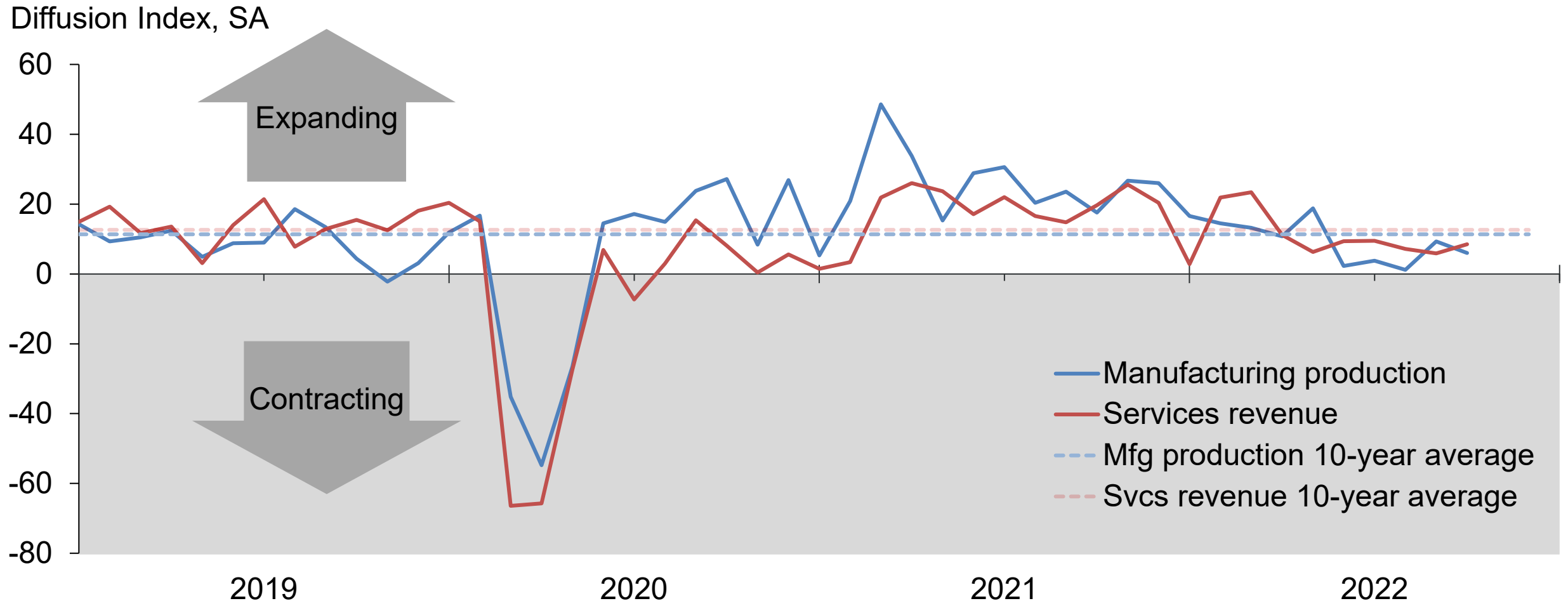


NOTE: Data as November 18, 2022. Data show vaccination rate for population over the age of 5.

SOURCE: Texas DSHS, CDC.

# Overall Economic Activity

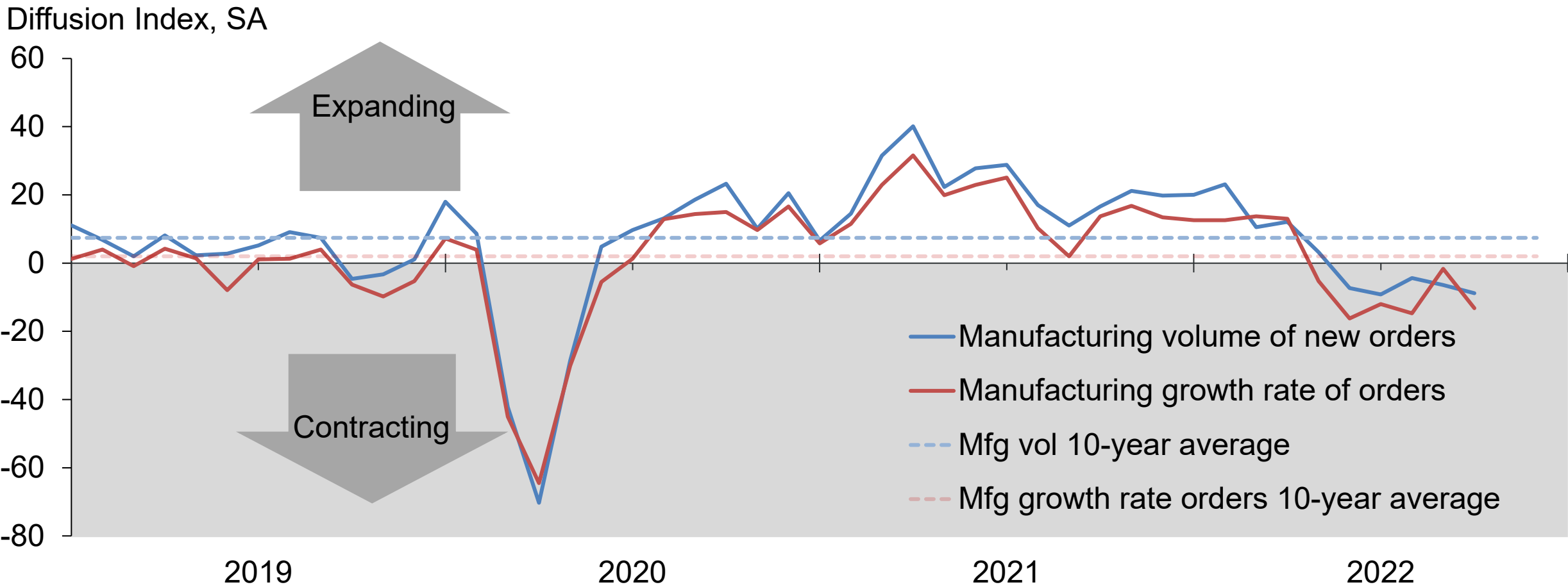
# Growth in manufacturing production and services revenue remain below long-term averages, according to Texas businesses



NOTE: Data through October 2022.

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

# Texas manufacturing: New orders continue to decline in October

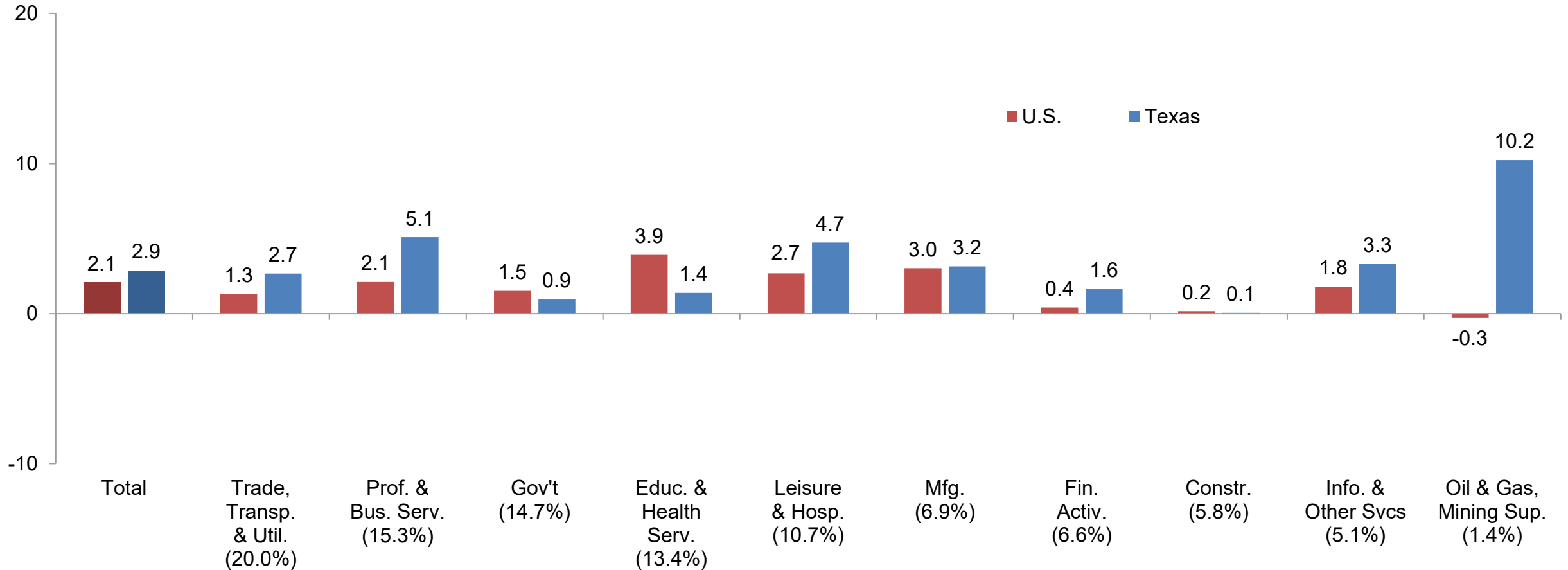


NOTE: Data through October 2022.  
SOURCE: Federal Reserve Bank of Dallas, Texas Business Outlook Survey



# Texas job growth widespread in October

Job growth October 2022/September 2022 (percent)

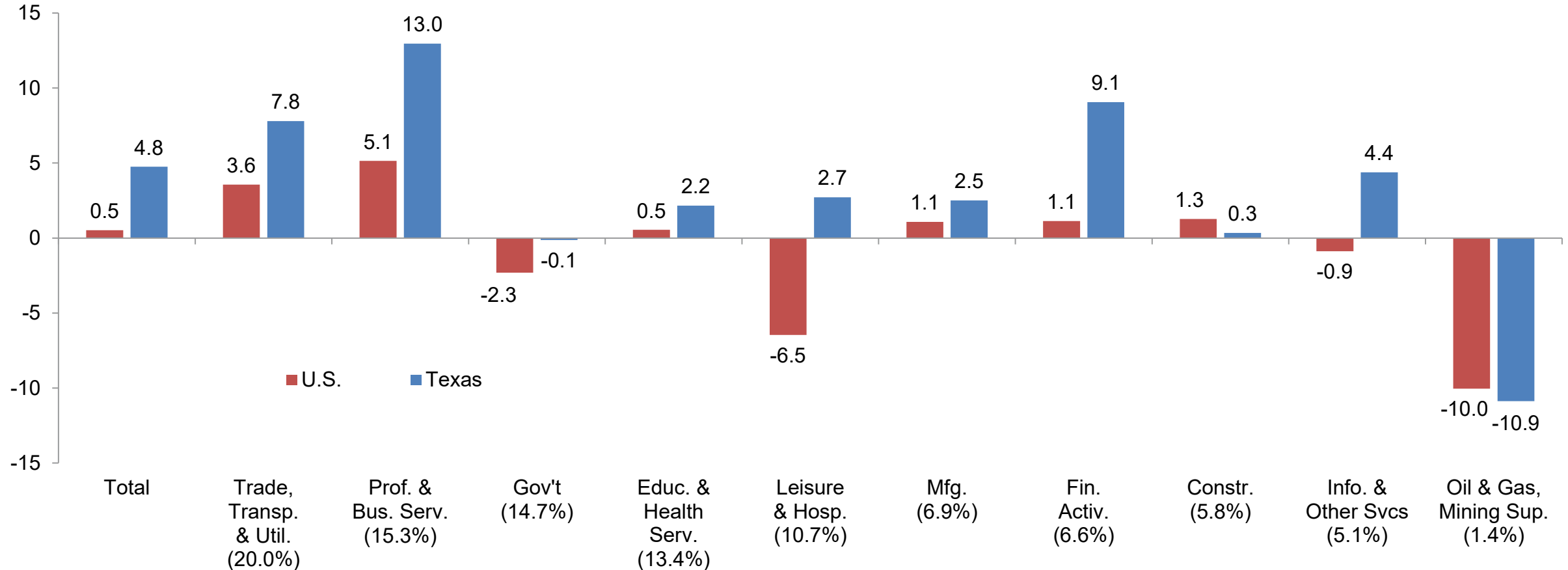


NOTE: Data show October 2022/September 2022 annualized growth. Numbers in parentheses indicate share of total state employment for October.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; FRB Dallas.

# In Texas and nation, most sectors have now recovered jobs lost in the pandemic

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



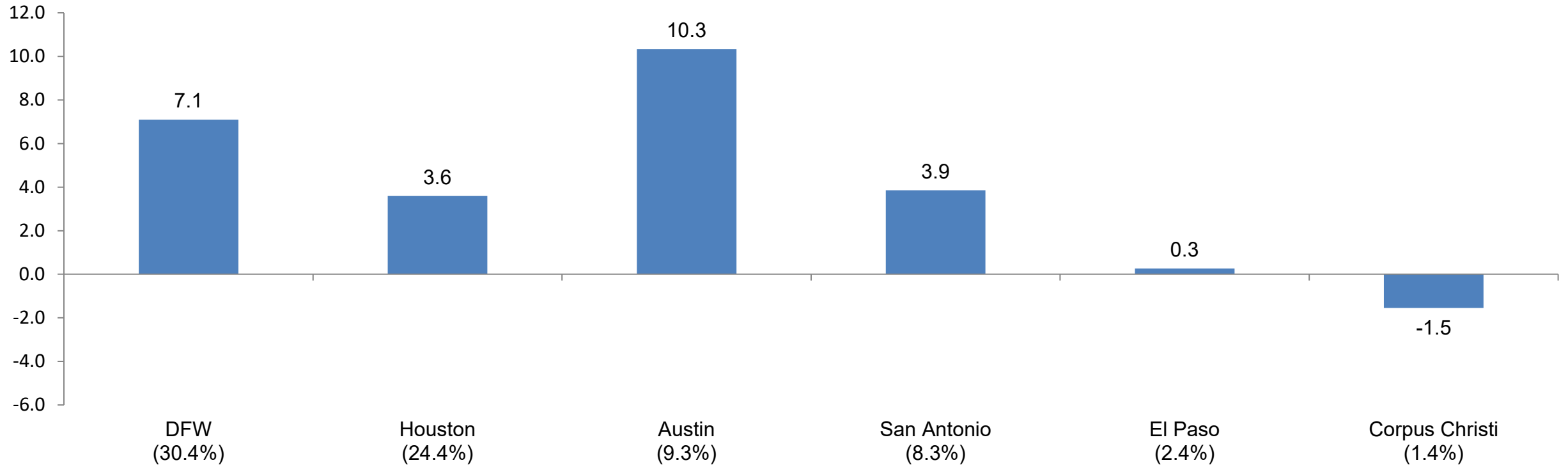
NOTE: Data show October 2022/Feb. 2020 non-annualized job growth. Numbers in parenthesis indicate share of total state employment for October.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; FRB Dallas.

# Major metros have recovered jobs lost during the pandemic; some smaller metros still catching up

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

Percent change, SA

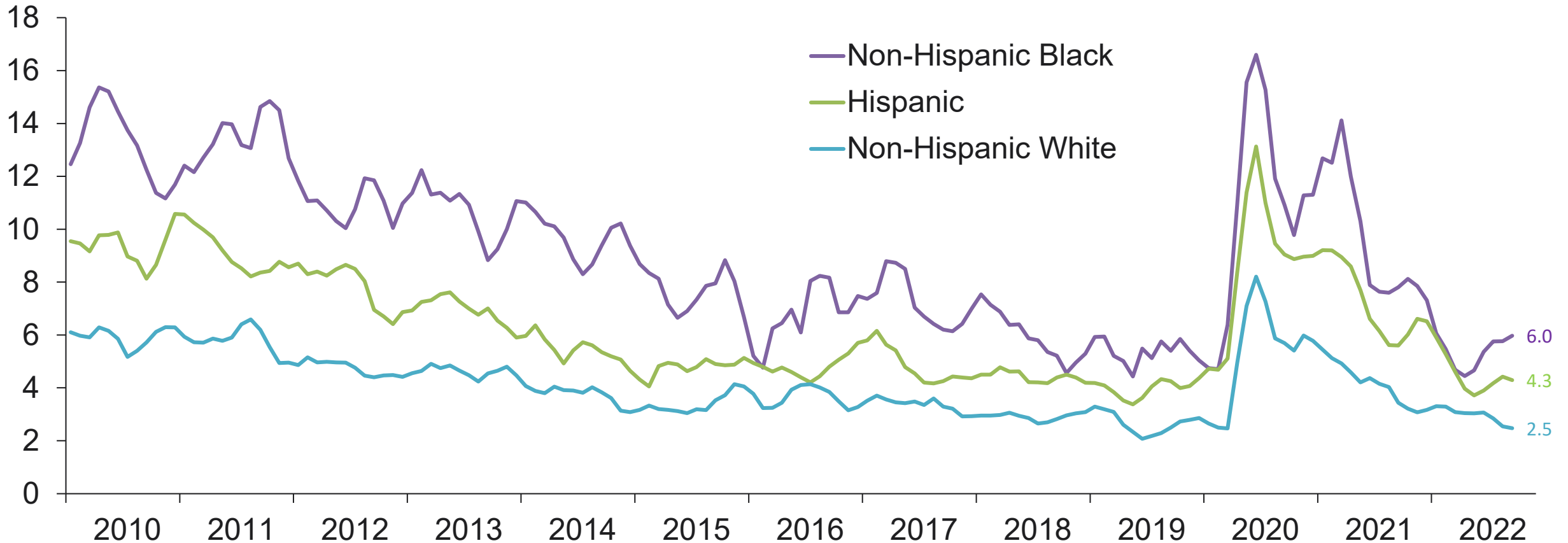


NOTES: Data refer to October 2022/Feb. 2020 non-annualized job growth. Numbers in parentheses refer to share of state employment in October 2022.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by FRB Dallas.

# Black unemployment rate ticking up in Texas

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



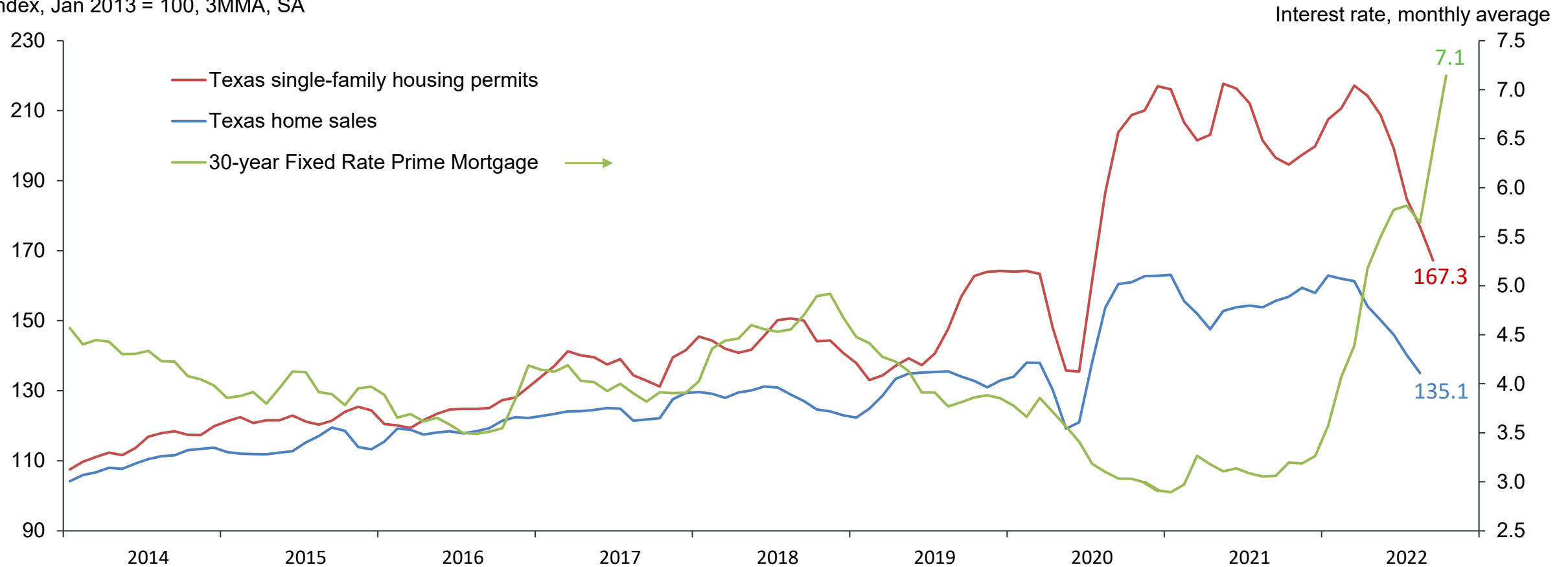
NOTE: Last data point September 2022.

SOURCE: Current Population Survey, authors' calculations.

# Housing and Energy Industries

# Housing: Single-family building permits and sales continue to decline, with mortgage rate over 7 percent in October

Index, Jan 2013 = 100, 3MMA, SA

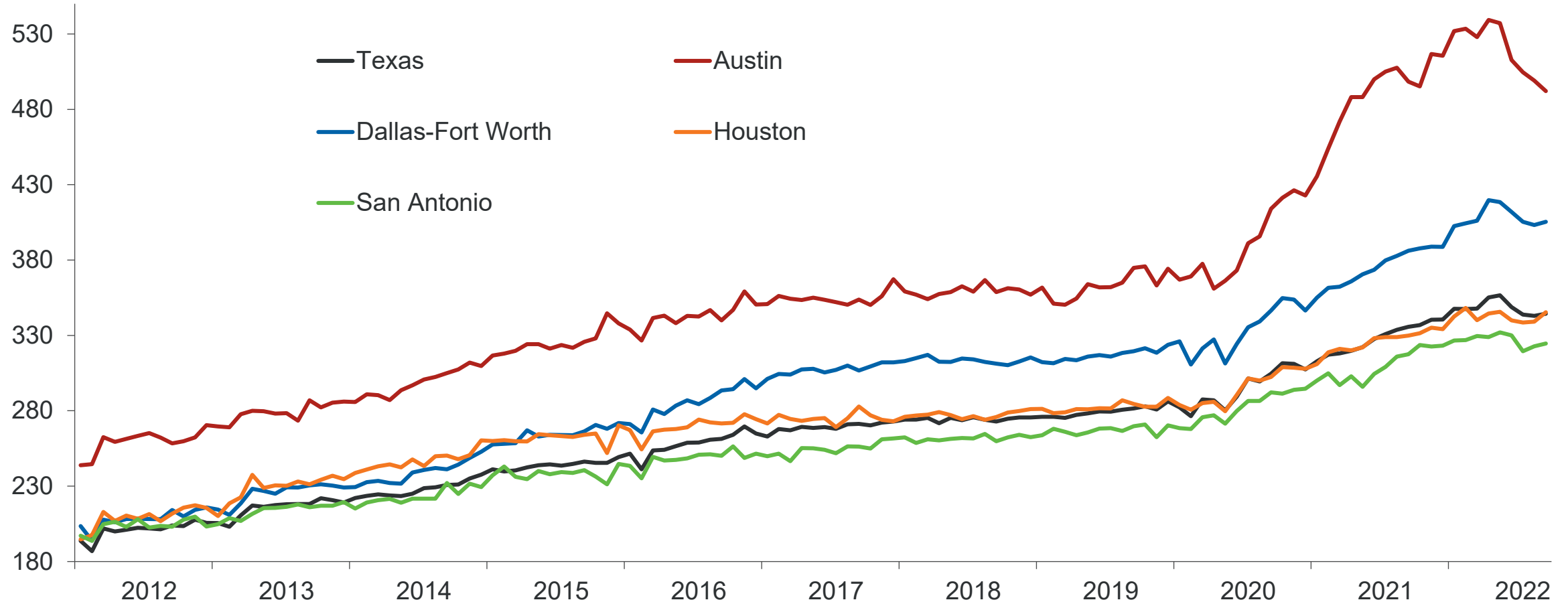


NOTES: Texas single-family housing permits through October 2022, Home sales through September 2022, Mortgage data through October 2022.

SOURCES: MLS; A&M Real Estate Center; Freddie Mac Primary Mortgage Market Survey; U.S. Census.

# Texas home prices stabilizing in most metros after recent declines

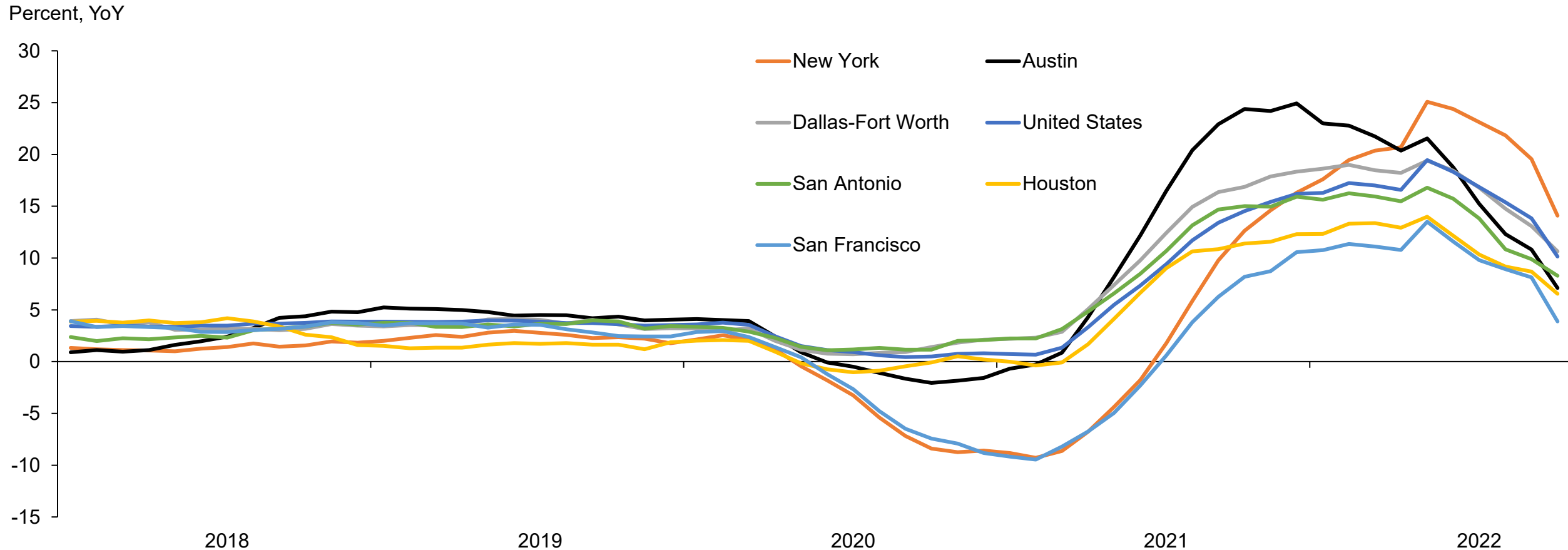
Thousands of 2022 dollars, SA



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

SOURCES: Multiple Listing Service, seasonal and other adjustments by FRB Dallas.

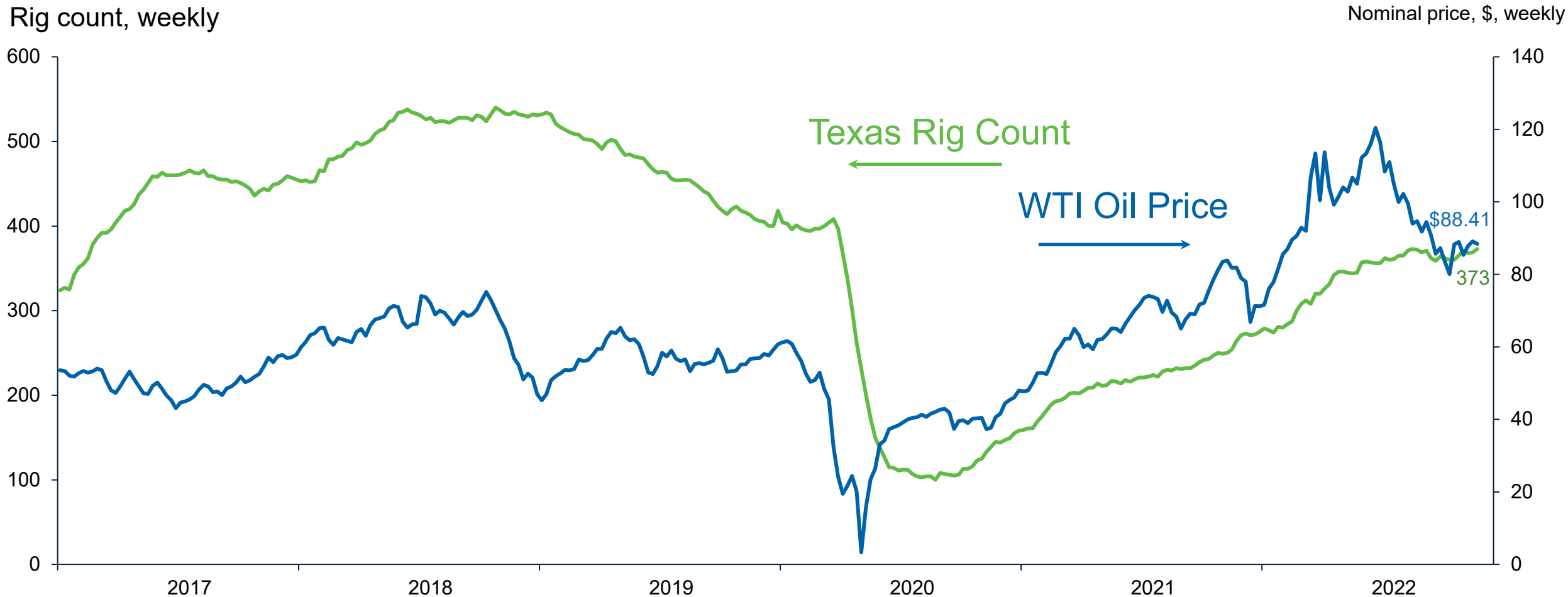
# Rents: Apartment rent decelerating; most TX metros growing slower than national average (new leases)



NOTE: Data through October 2022.  
SOURCE: Zillow



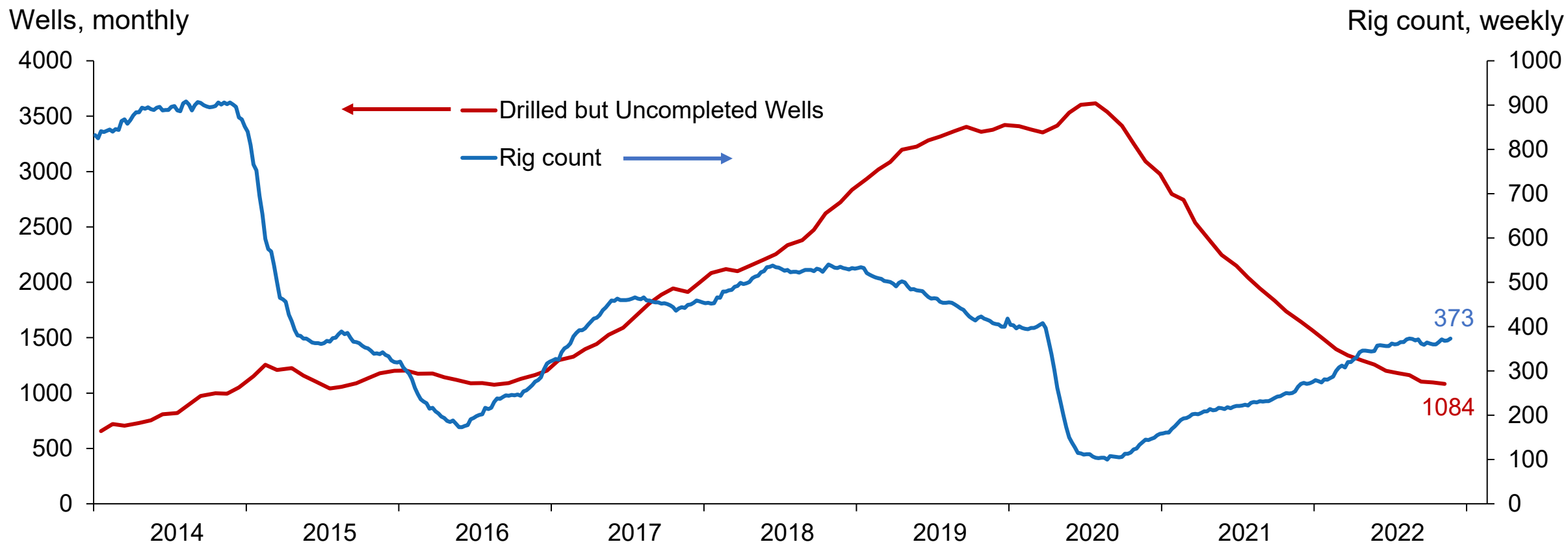
# Energy: Oil prices remain above \$85, rigs increase



NOTES: Data are weekly through Nov 11, 2022.

SOURCES: Energy Information Administration; Baker Hughes.

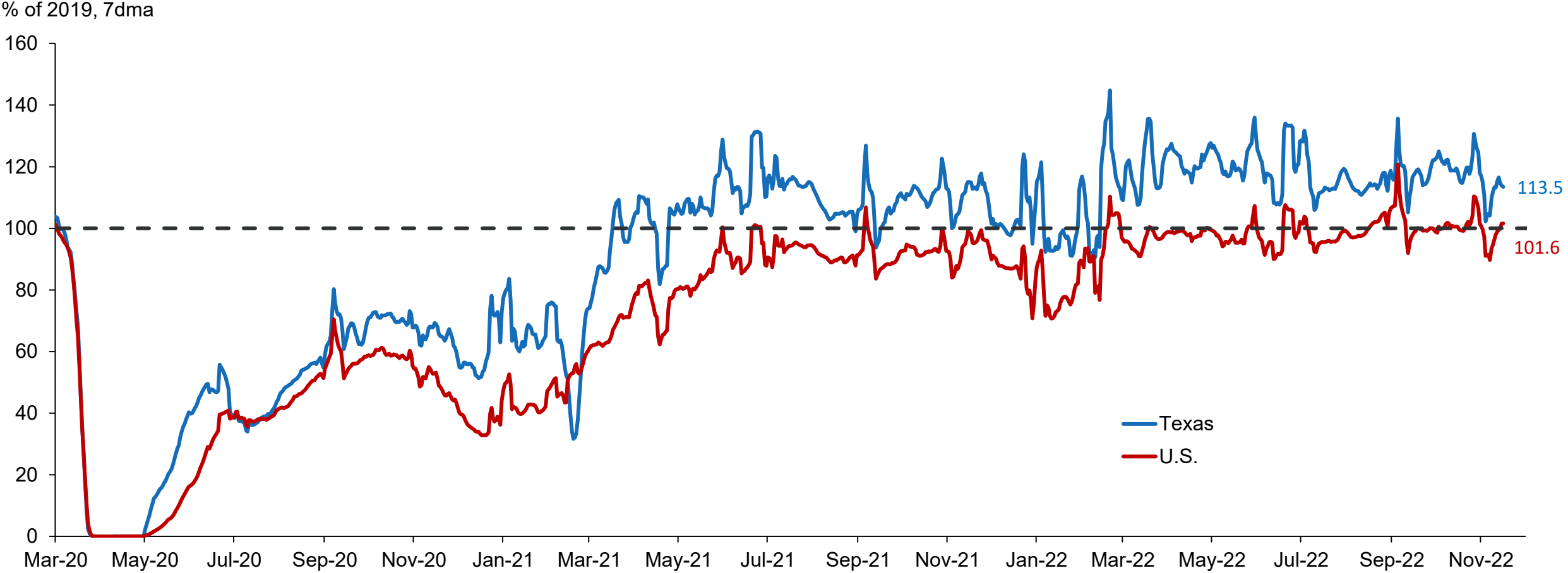
# Few DUCs suggest rig count must pick up further to spur oil and gas production



NOTES: Well data through October 2022. Rig count data through November 11, 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

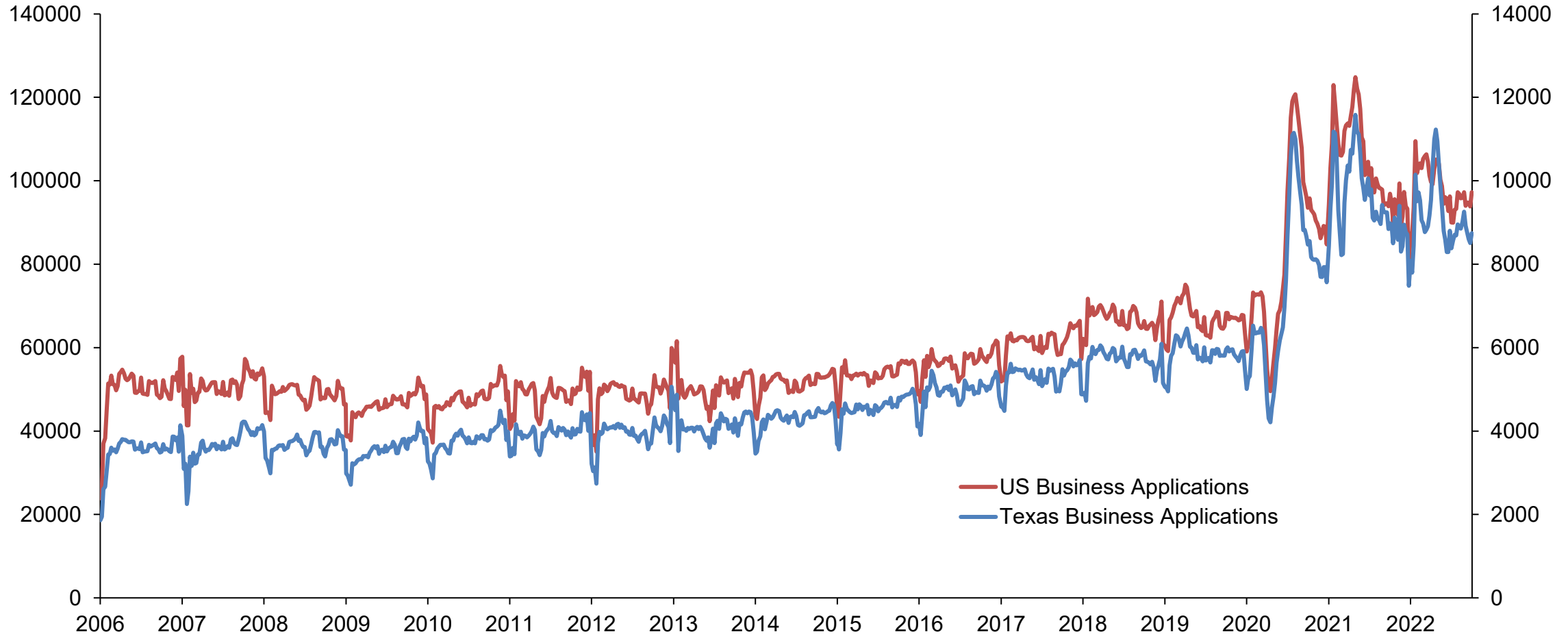


NOTES: Dining out data up to October 5th, 2022.  
SOURCES: OpenTable.

# New business applications increased sharply during the pandemic, remain elevated

US Applications, SA, 4WMA

TX Applications, SA, 4WMA



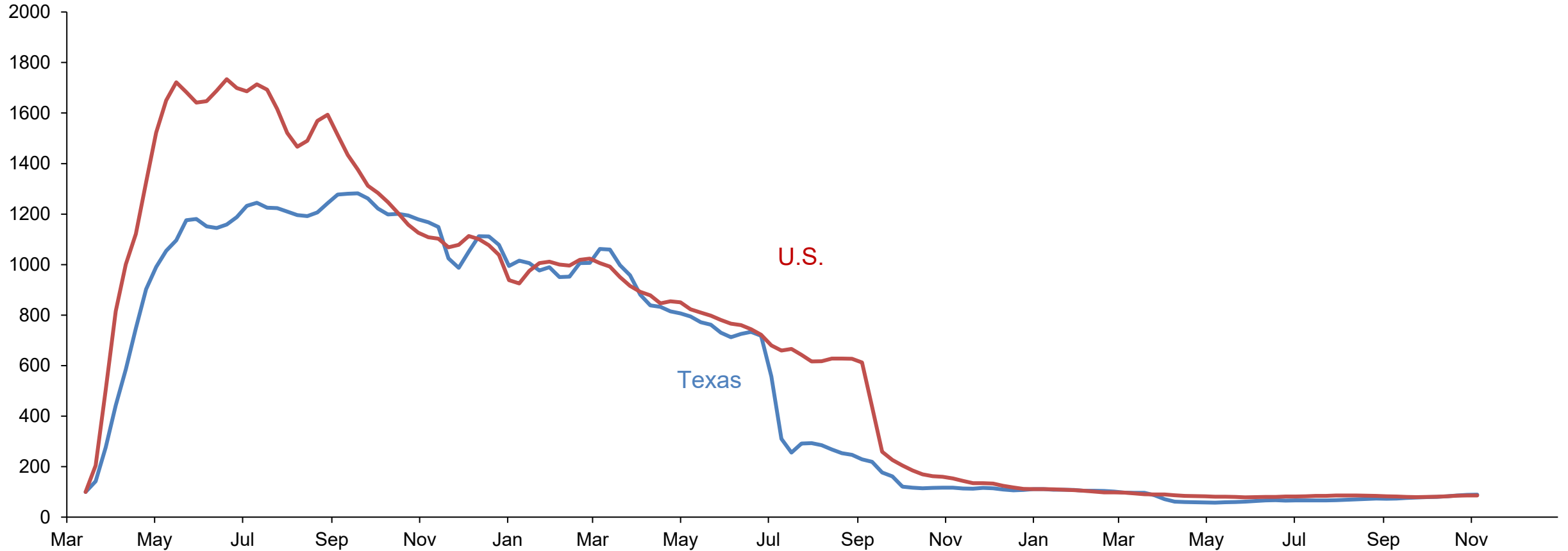
NOTES: Data through November 12th

SOURCES: US Census Bureau

# Total jobless claims below pre-pandemic level in Texas

## Total claims, state and federal (initial and continuing)

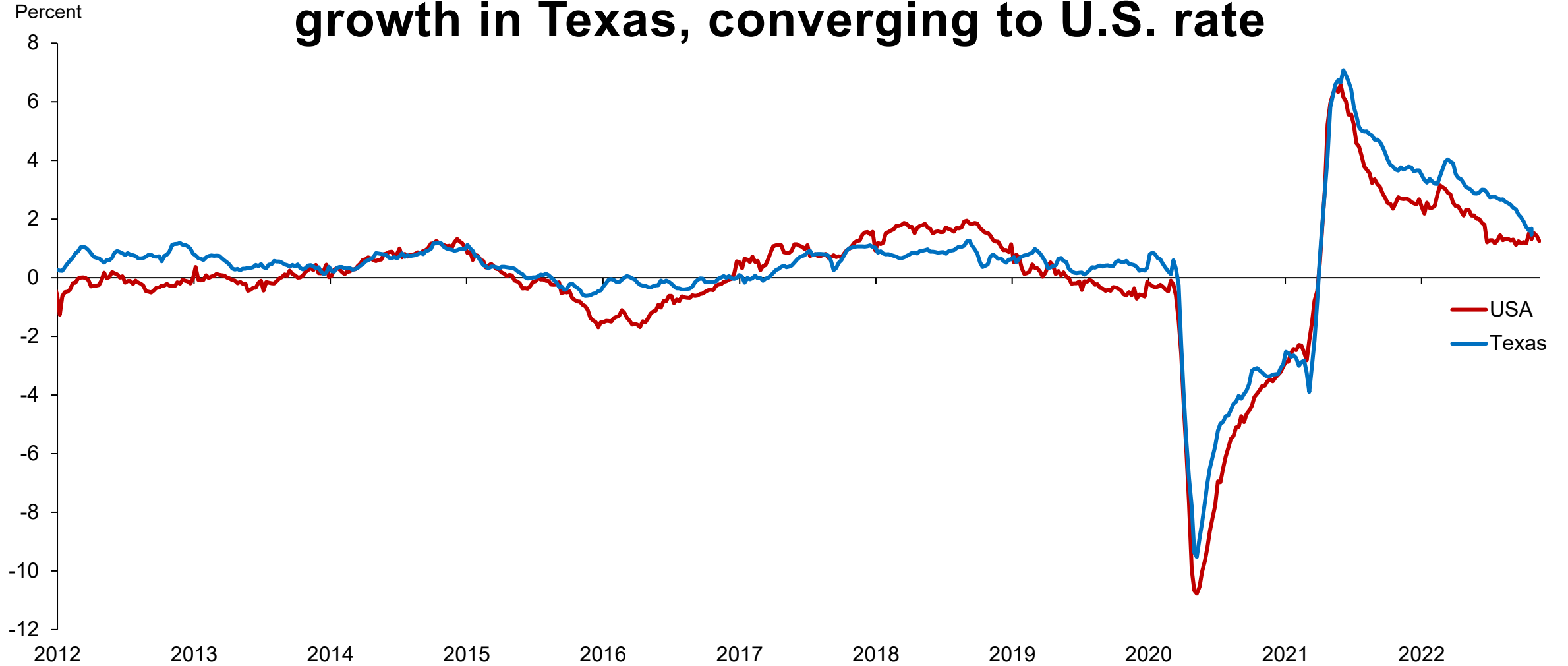
2 week moving average, Index, second week of March = 100



NOTES: Unemployment claims data through the week ending November 12 and include states UI and federal PUA, PEUC and EB when available.

SOURCES: Department of Labor.

# Weekly economic conditions index points toward slower growth in Texas, converging to U.S. rate

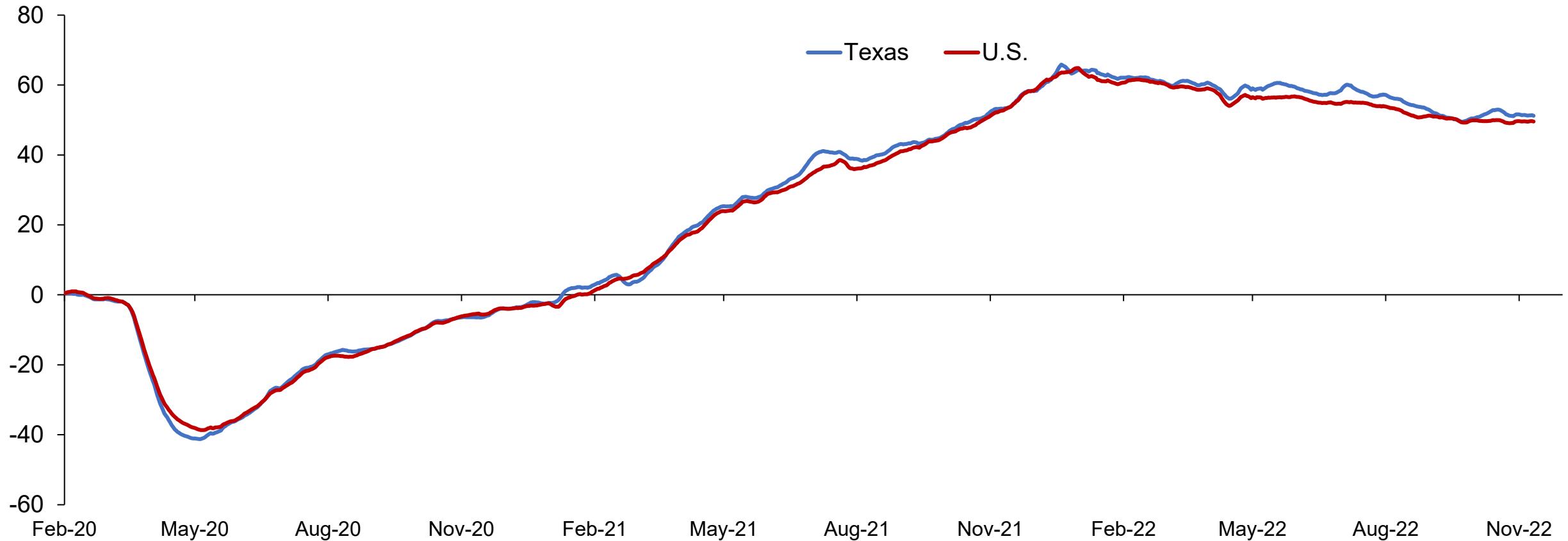


NOTES: Texas data through October 29, US data through November 12

SOURCE: University of Notre Dame

# Texas job postings trending down slightly but remain well above pre-pandemic levels

% change from Feb. '20



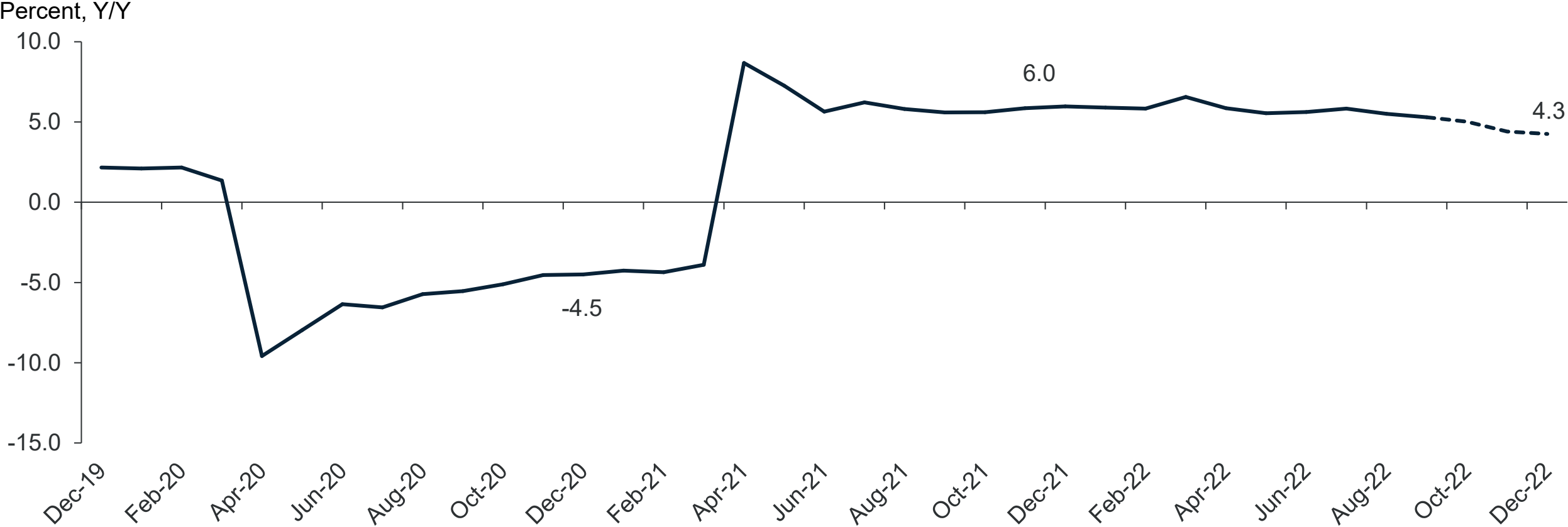
NOTE: U.S. and Texas data daily through October 14<sup>th</sup>, 2022.

SOURCE: Indeed.



# Outlook for 2022

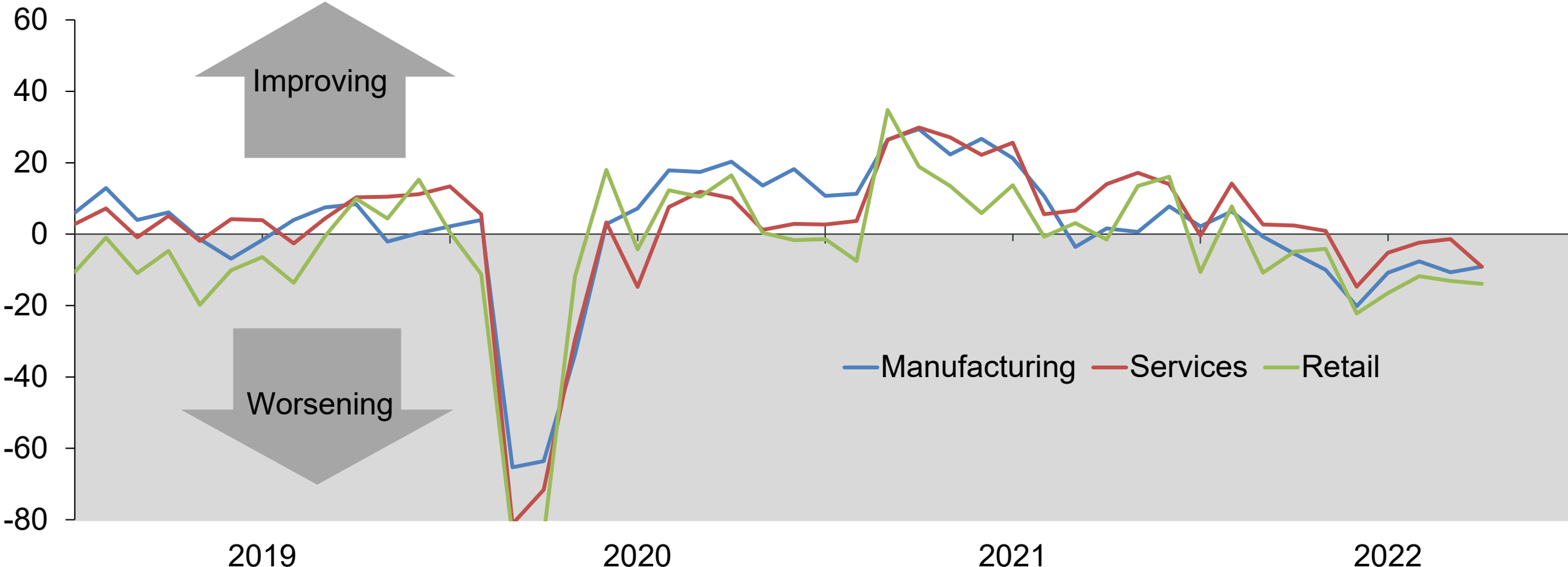
# Dallas Fed 2022 Texas jobs forecast now 4.3 percent



The Dallas Fed Texas Employment Forecast is based on the average of four models. Three models are VARs where Texas payroll employment is regressed on WTI oil prices, the US leading index and the Texas leading index, respectively. The fourth model is a regression of payroll employment on expectations for U.S. GDP growth and WTI oil prices, four COVID-19 dummy variables (March-June, 2020) and projected Texas COVID-19 hospitalizations from the Institute for Health and Metrics Evaluation.

# Texas company outlooks continue to deteriorate in October

Diffusion Index, SA

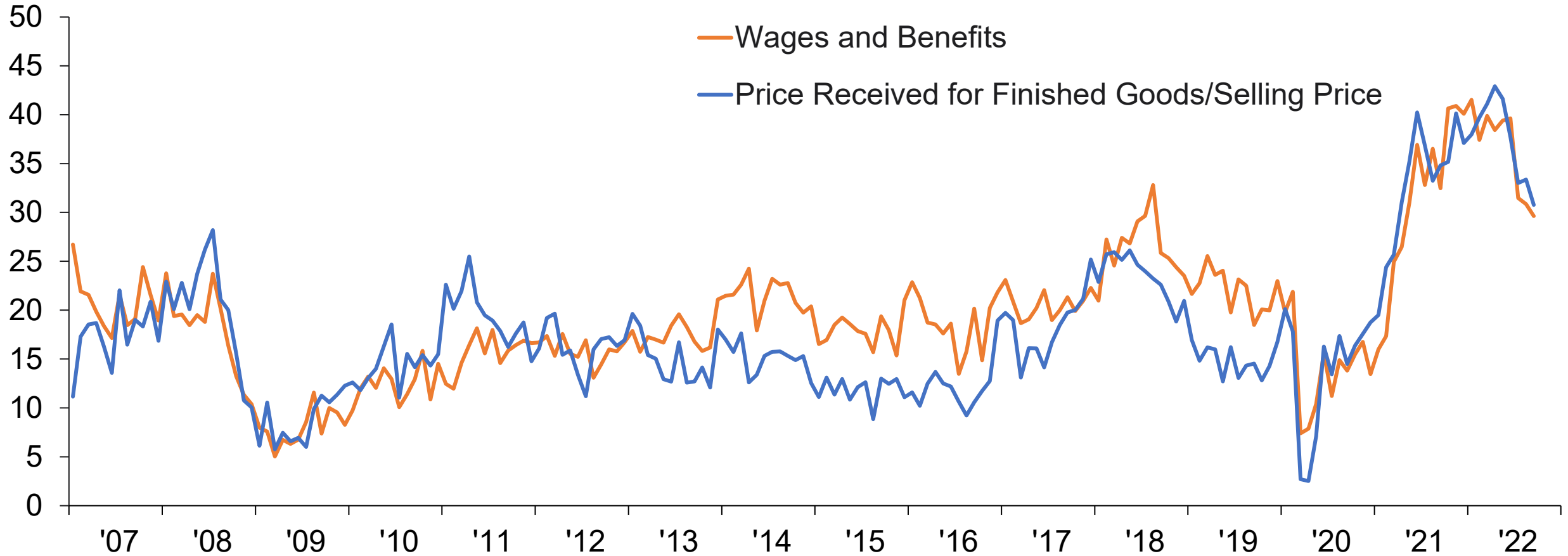


NOTE: Data through October 2022.

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

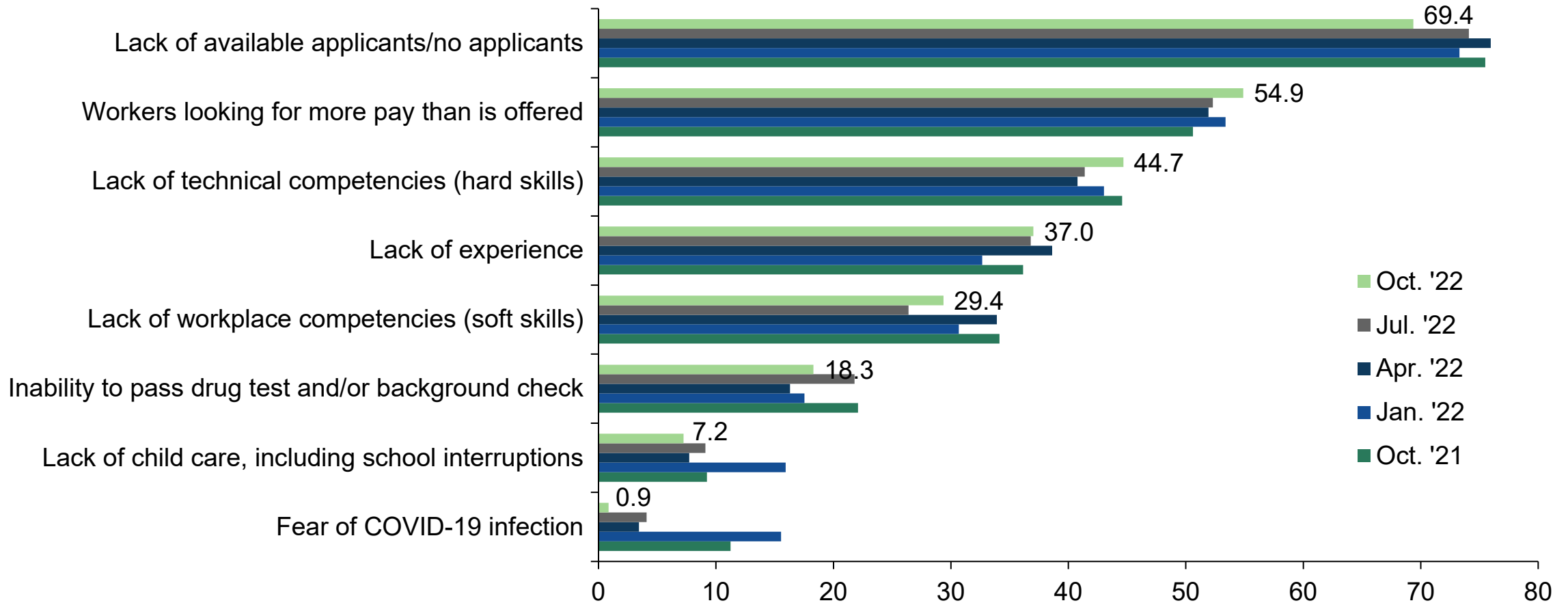
# Inflation is high but share of Texas firms raising prices, wages falling

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 Oct. 2022.  
SOURCE: Texas Business Outlook Surveys, Federal Reserve Bank of Dallas.

# Lack of applicants tops list of hiring impediments

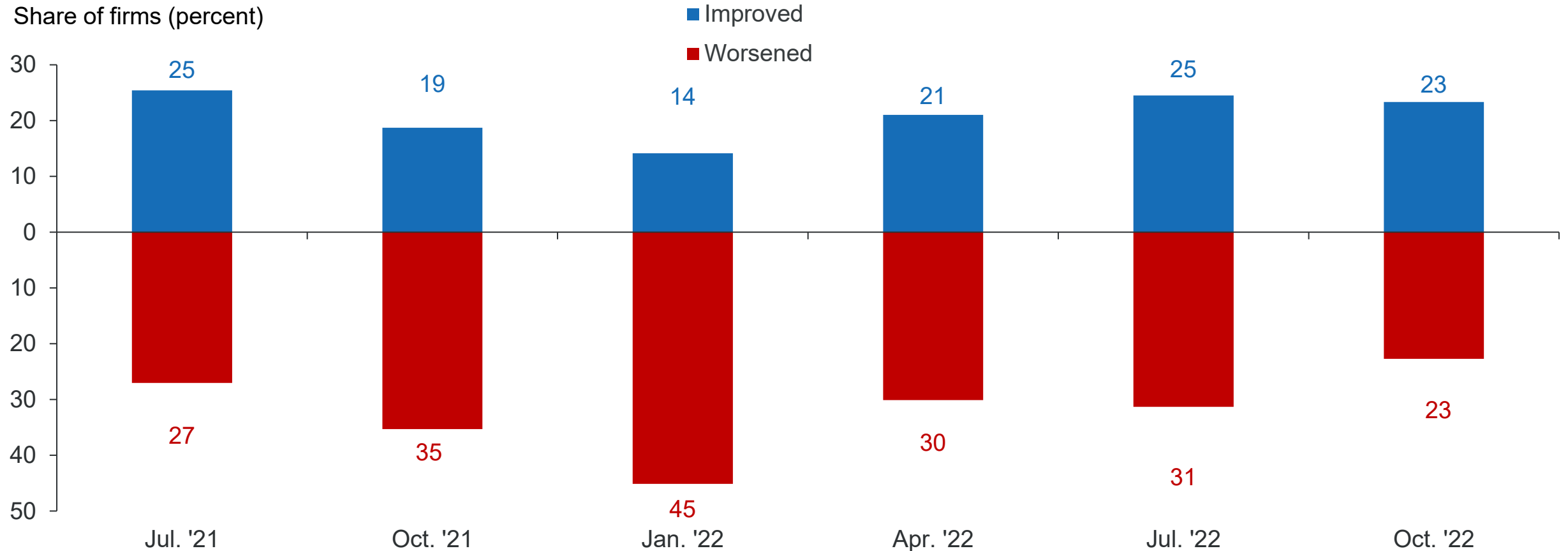


NOTES: Respondents were asked, "Are there any impediments to hiring or recalling workers? Please select all that apply."

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

# Availability of applicants no longer worsening

Share of firms (percent)

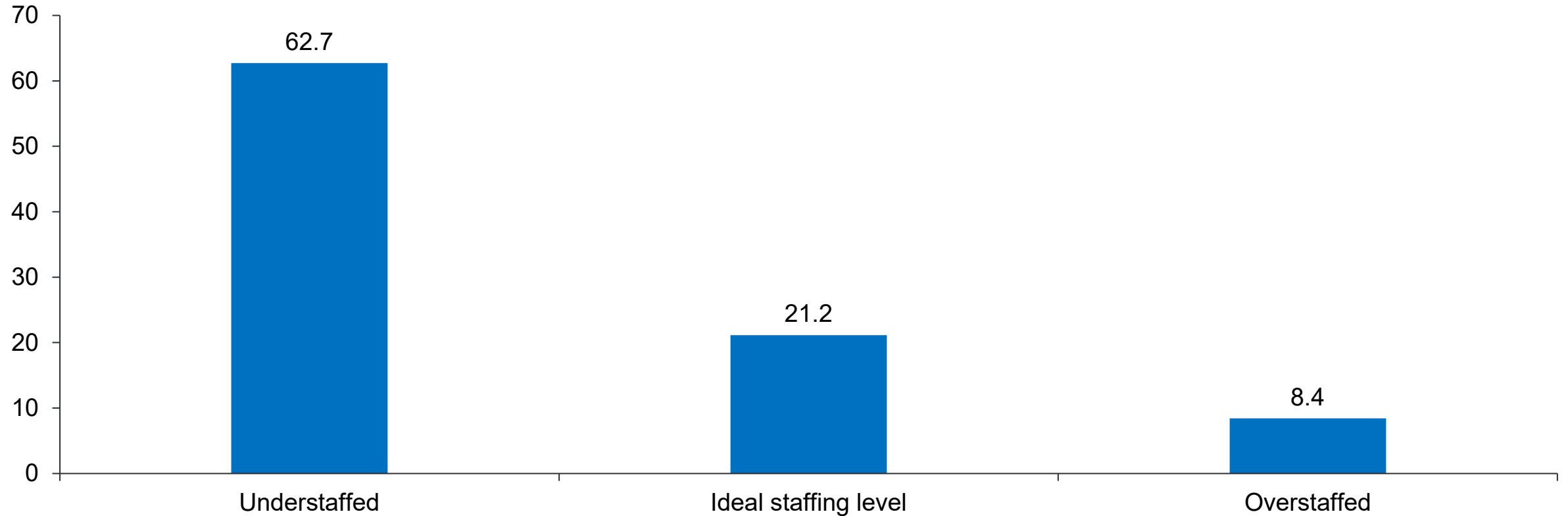


NOTES: Respondents were asked, "How has the availability of applicants changed over the past month?" Share reporting "no change" not shown.

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

# High share of firms are currently understaffed

Share of firms (percent)



NOTES: Respondents were asked, "What is your assessment of your firm's current employment situation in light of your six-month outlook? Percent reporting "other" not shown.  
SOURCE: Federal Reserve Bank of Dallas Texas Business Outlook Surveys.

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