



Federal Reserve
Bank of Dallas

Texas Economic Performance and Outlook
(August 2023)
**“Employment Growth Speeds Up as Economy
Remains Resilient”**

Pia Orrenius and Luis Torres
Federal Reserve Bank of Dallas
8/18/2023

DISCLAIMER: The views expressed are the authors' and do not necessarily reflect the views of the Federal Reserve Bank of Dallas or Federal Reserve System.

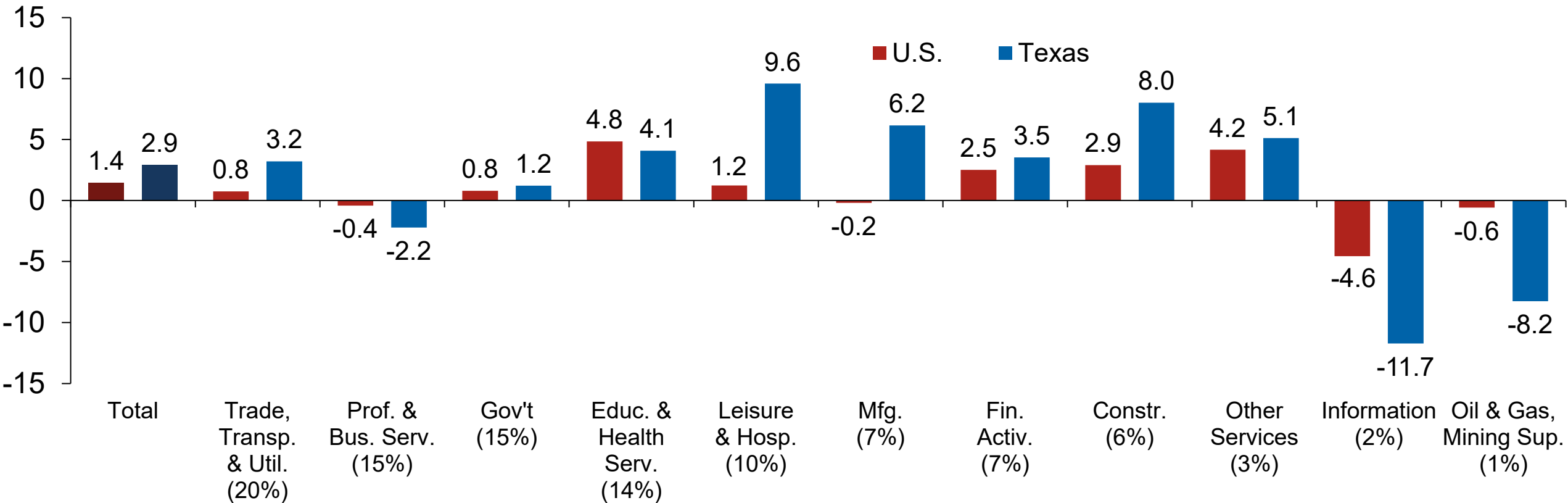
What's New: Job Growth Speeds Up in July

- Texas employment grew 2.9 percent in July, while June growth was revised up to 2.5 percent; Year to date growth is 3.3 percent, below 2022 growth of 4.1 percent.
 - Texas is still growing faster than the nation (U.S. job growth was 1.4 percent in July).
- The Dallas Fed's Texas Employment Forecast indicates that jobs will increase 3.0 percent in 2023 (up from 2.5 percent last month).
 - The current forecast implies 2.5 percent growth (annualized) in the rest of the year.
- Texas Business Outlook Surveys (TBOS) are sending mixed signals, with rebounding service sector growth but continued contraction in manufacturing production.
- Companies report strong hiring, especially for mid-skill workers.
 - Texas businesses report the biggest obstacles to hiring is still lack of applicants and workers demanding higher pay than is being offered.

Overall Economic Activity

Texas Employment Growth Speeds Up in July Led by Jobs in Leisure & Hospitality, Health and Construction

Job Growth July 2023/June 2023 (%)*



*Seasonally adjusted, annualized rate.

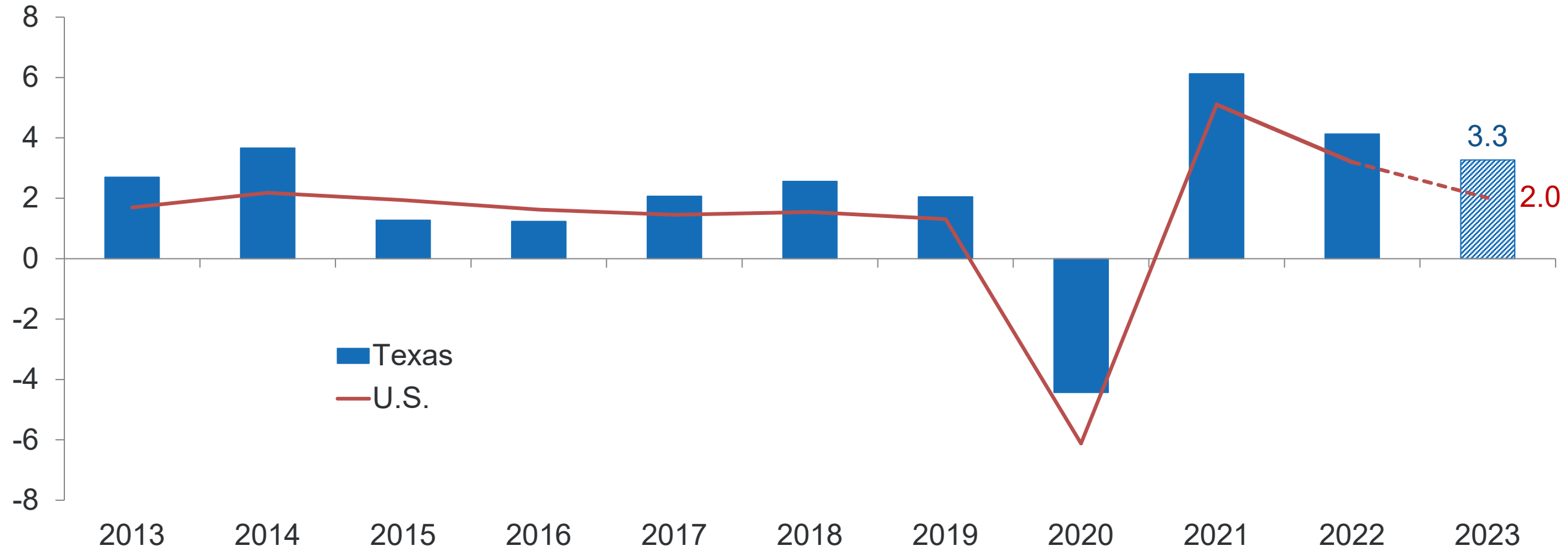
NOTE: Data are seasonally adjusted and rates are annualized. Numbers in parenthesis indicate share of total state employment in July 2023

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

DATA: [Texas Employment by Industry - Dallasfed.org](https://dallasfed.org/research/texas-employment-by-industry)

Texas Job Growth Outperforms Nation Annually, Except in Oil Bust Years (2015-16)

Job Growth (%)*



*Seasonally adjusted, annualized rate.

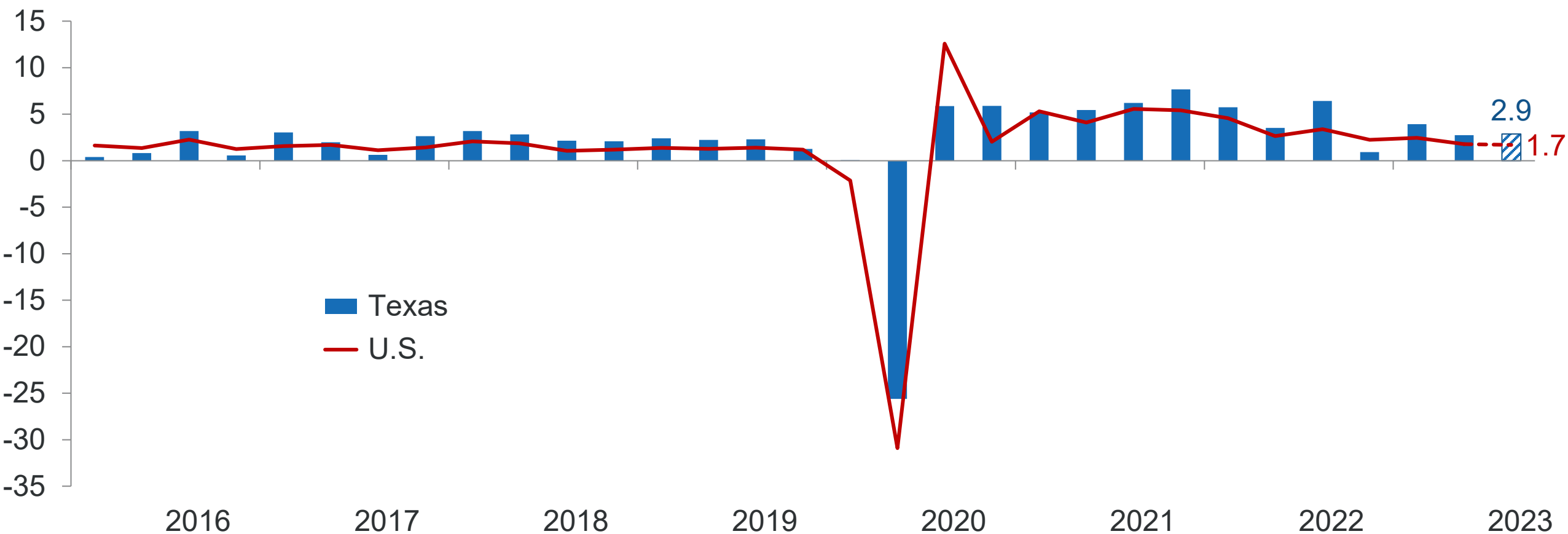
NOTE: Last data points are annualized job growth for Jul. 2023/Dec. 2022. Yearly growth is Dec/Dec.

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

DATA: [Texas Payroll Employment - Total Nonfarm - Dallasfed.org](#)

Texas Job Growth Ticks Up at the Start of Third Quarter

Job Growth (%)*



*Seasonally adjusted, annualized rate.

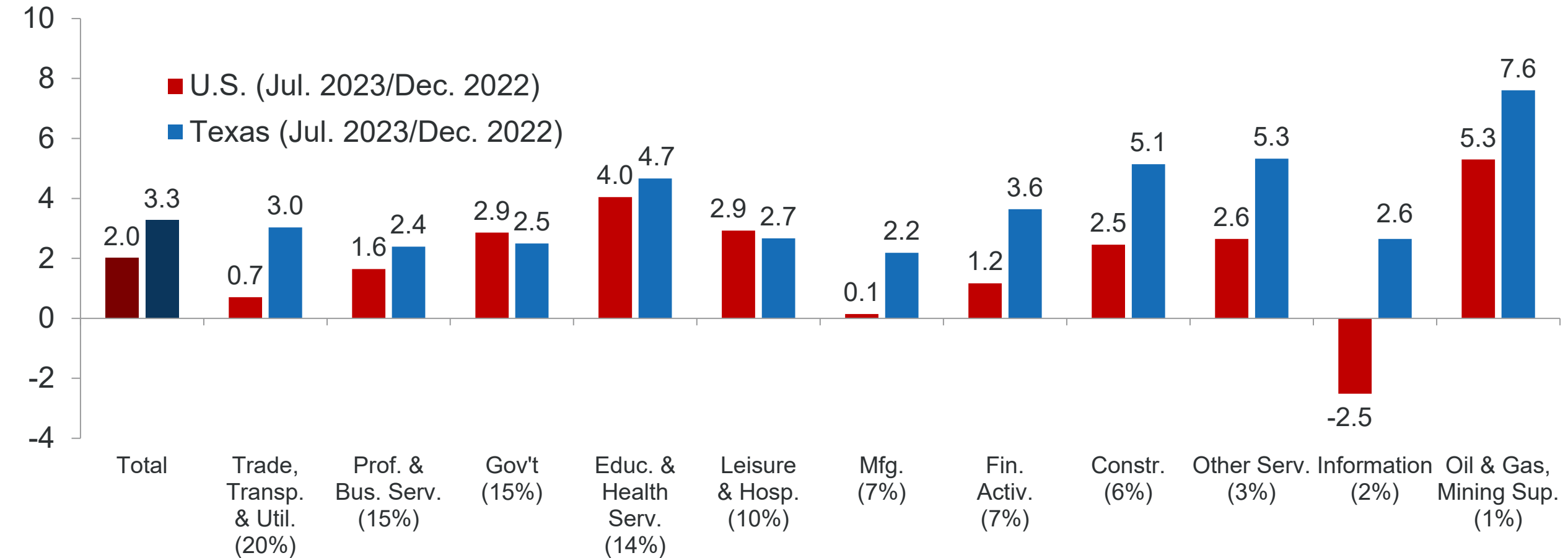
NOTE: Last data points are annualized job growth for Jul. 2023/Jun. 2023.

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

DATA: [Texas Payroll Employment - Total Nonfarm - Dallasfed.org](#)

Texas Year-to-Date Job Growth Ahead of U.S. in Most Industries

Job Growth (%)*



*Seasonally adjusted, annualized rate.

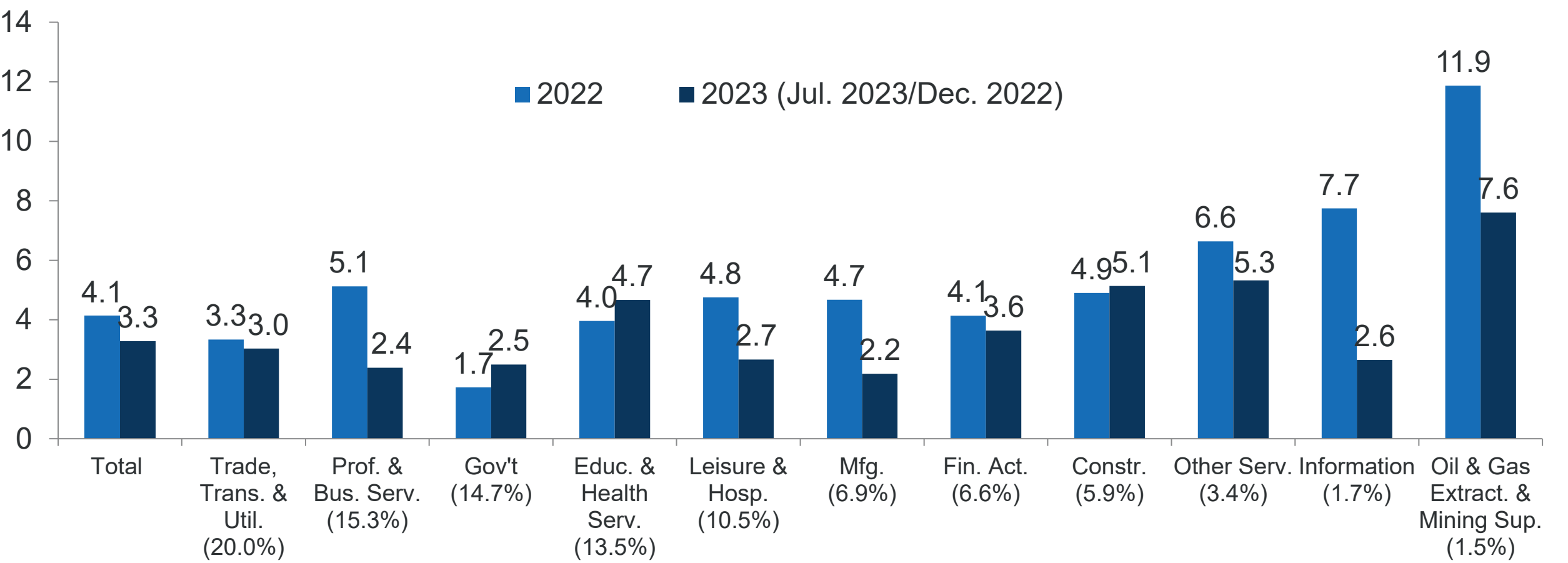
NOTE: Numbers in parentheses indicate share of total state employment for most recent monthly data.

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

DATA: [Texas Employment by Industry - Dallasfed.org](https://dallasfed.org/research/texas-employment-by-industry)

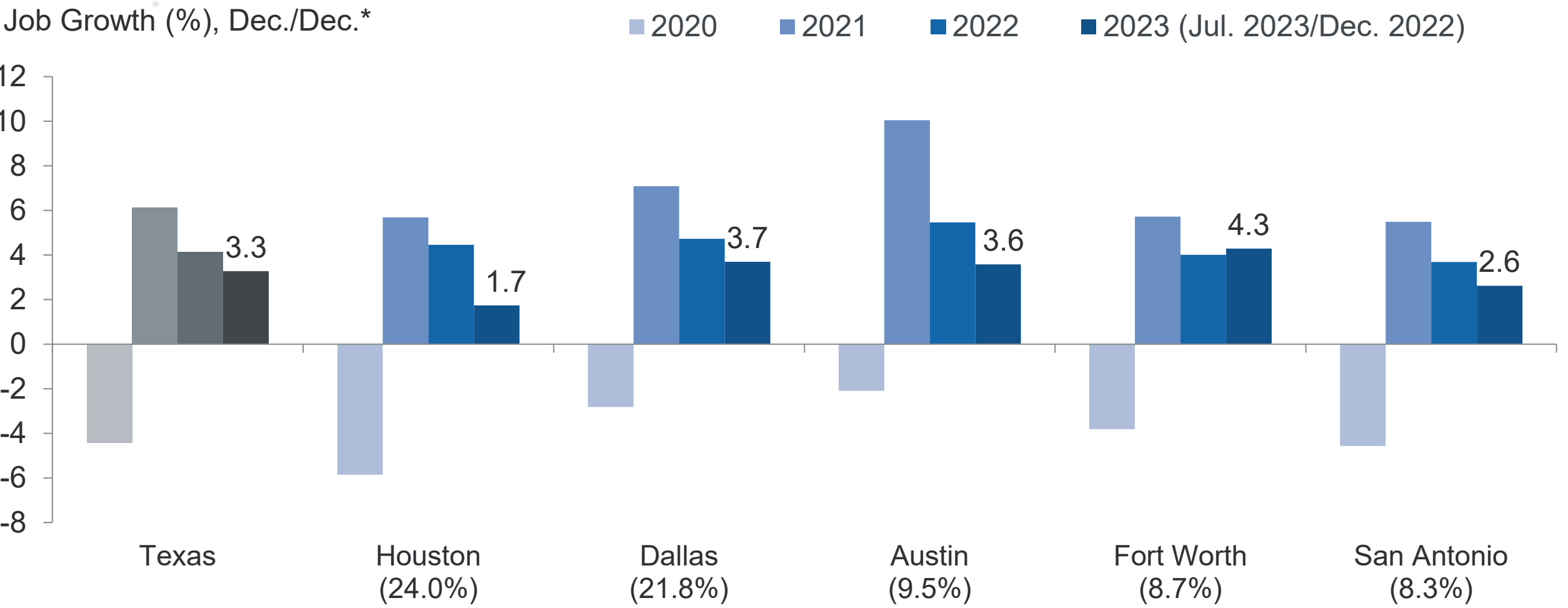
Compared to Last Year, Prof. & Bus. Serv., Mfg., High Tech and Oil & Gas Have Slowed the Most

Job Growth (%)*



*Seasonally adjusted, annualized rate.
NOTE: Numbers in parenthesis indicate share of total state employment for most recent monthly data.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by FRB Dallas.
DATA: [Texas Employment by Industry - Dallasfed.org](#)

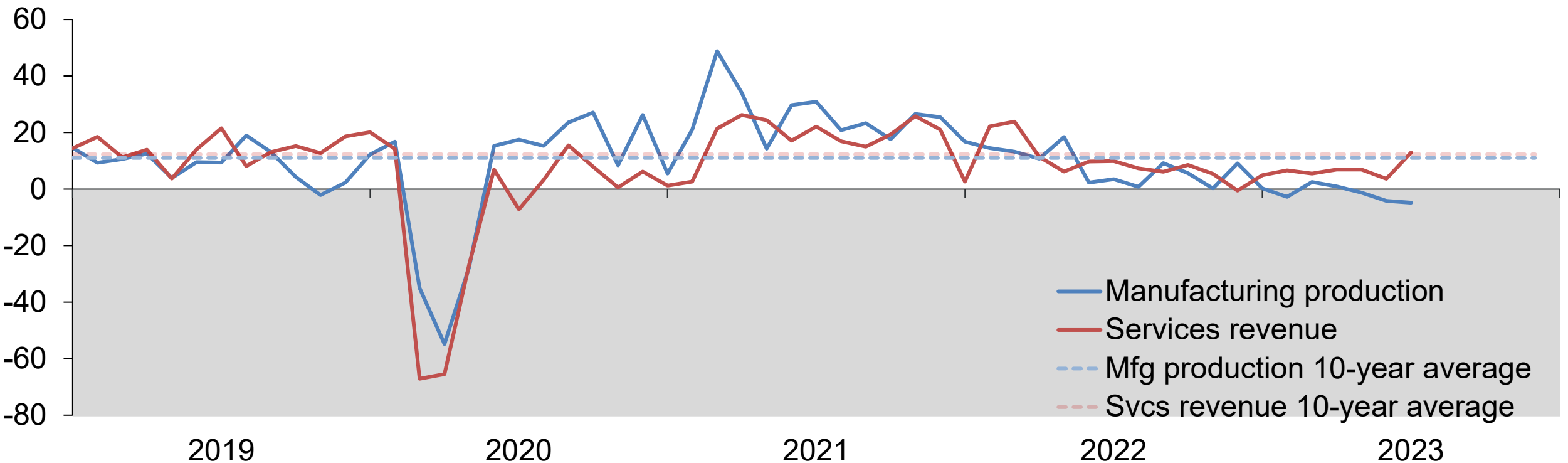
North Texas Metros Lead in Year-to-Date Job Growth in 2023



*Seasonally adjusted, annualized rate.
NOTE: Numbers in parenthesis indicate share of state employment for most recent monthly data.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by FRB Dallas.
DATA: [Texas Employment Data - Dallasfed.org](https://dallasfed.org/research/texas-employment-data)

Texas Firms Report Service Sector Rebound in July but Manufacturing Growth in Negative Territory

Diffusion Index, SA



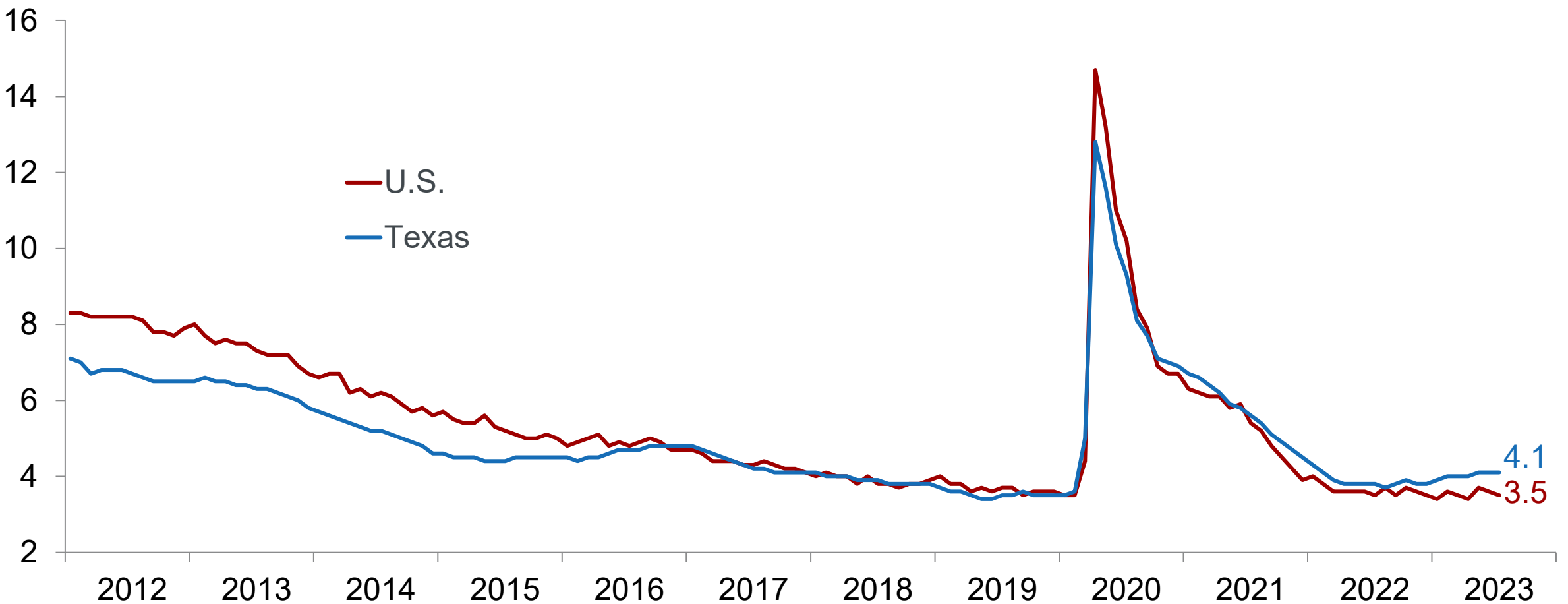
NOTES: Data through July 2023. Shaded area represents contractionary territory.

SOURCE: FRB Dallas Texas Business Outlook Surveys.

DATA: [Surveys - Dallasfed.org](https://surveys.dallasfed.org)

Texas Unemployment Rate Holds at 4.1 Percent in July

Unemployment Rate (%)*



*Seasonally adjusted.

NOTE: Data are through July 2023.

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

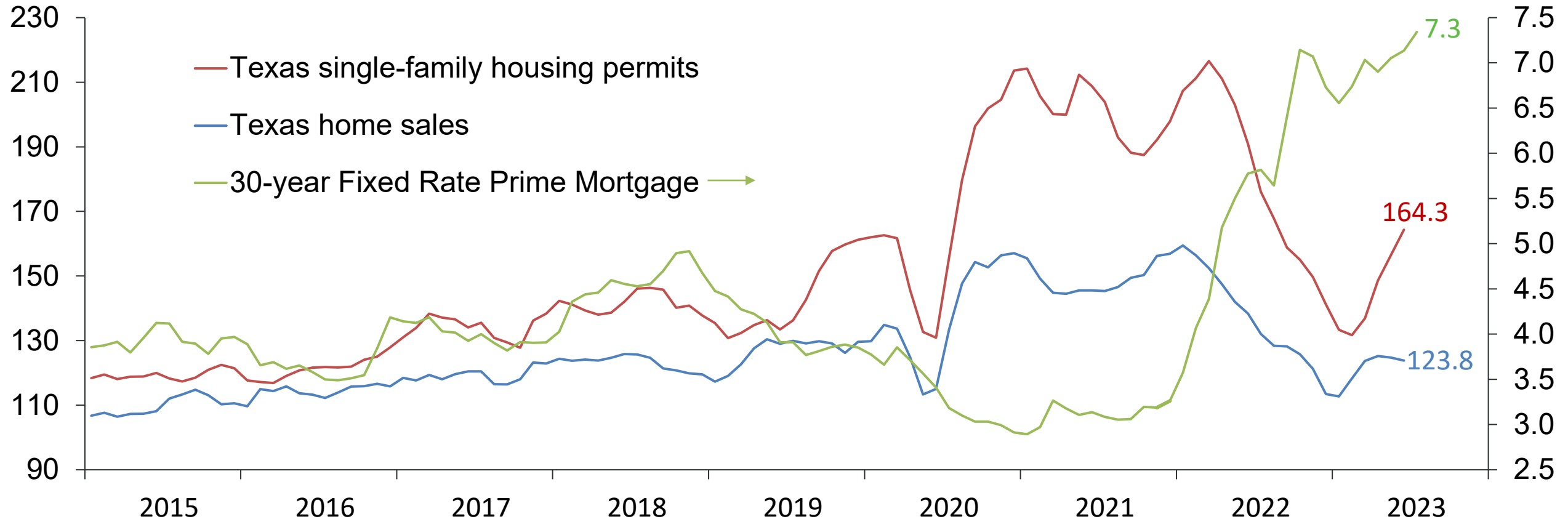
DATA: [Texas Employment by Industry - Dallasfed.org](https://dallasfed.org/research/texas-employment-by-industry)

Housing and Energy Industries

Housing: Single-Family Building Permits Rising While Existing-Home Sales Decline Slightly

Index, Jan. 2013 = 100, 3MMA, SA

Interest Rate, Monthly Average

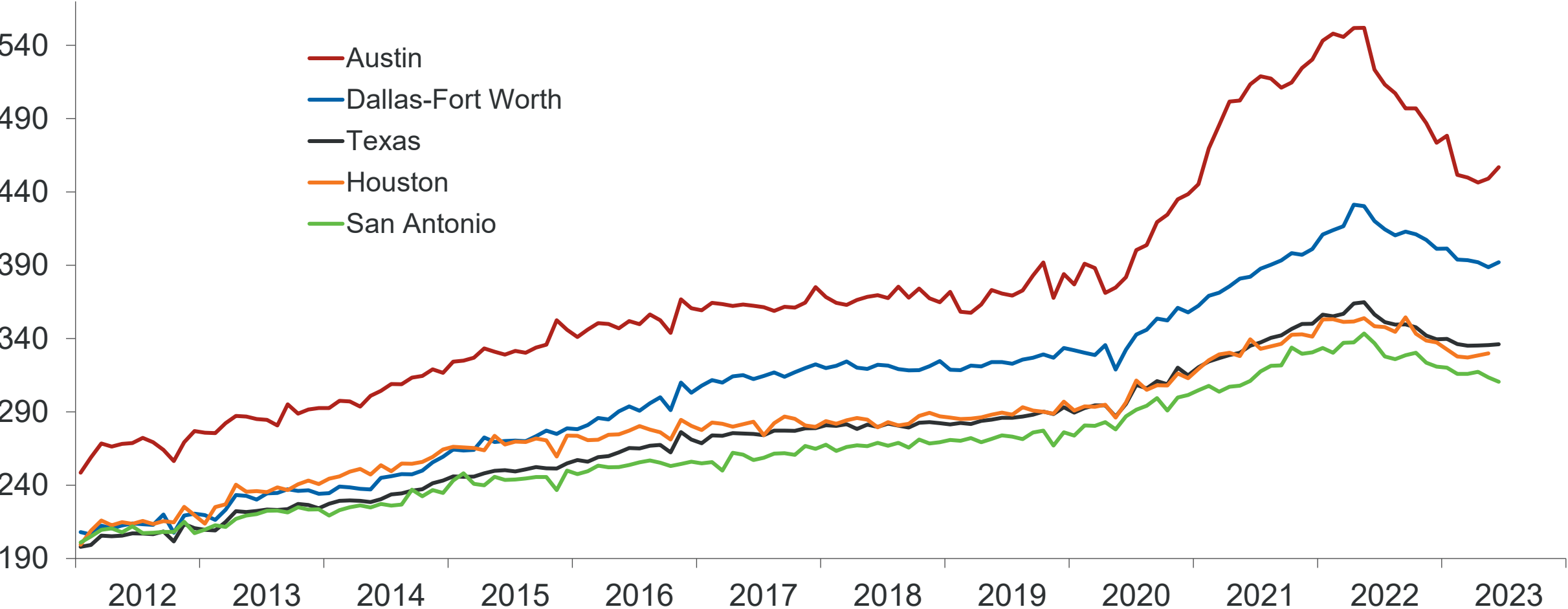


NOTES: Texas single-family housing permits and existing-home sales data through June 2023. Mortgage data through July 2023.

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

Texas House Prices Turning the Corner and Headed Up?

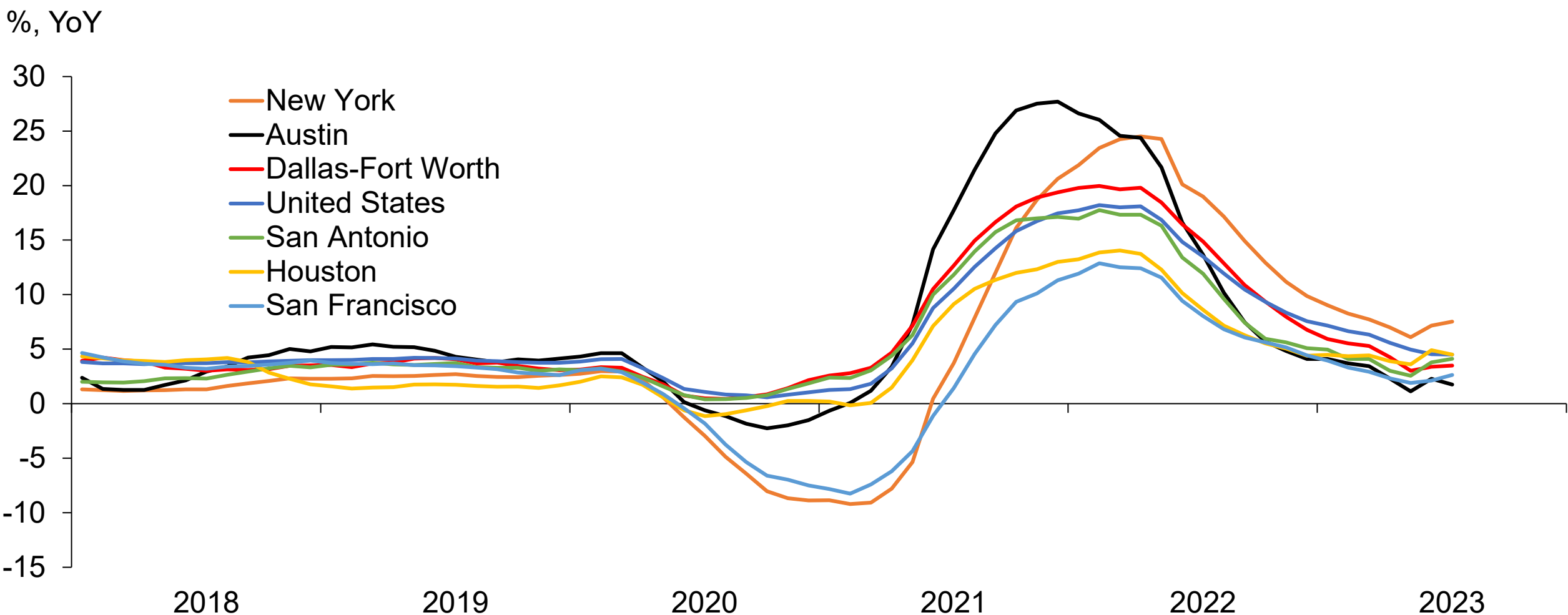
Thousands of Dollars, SA



NOTES: Seasonally adjusted sales price, nominal. Data through May 2023 for Houston. June 2023 for the rest.

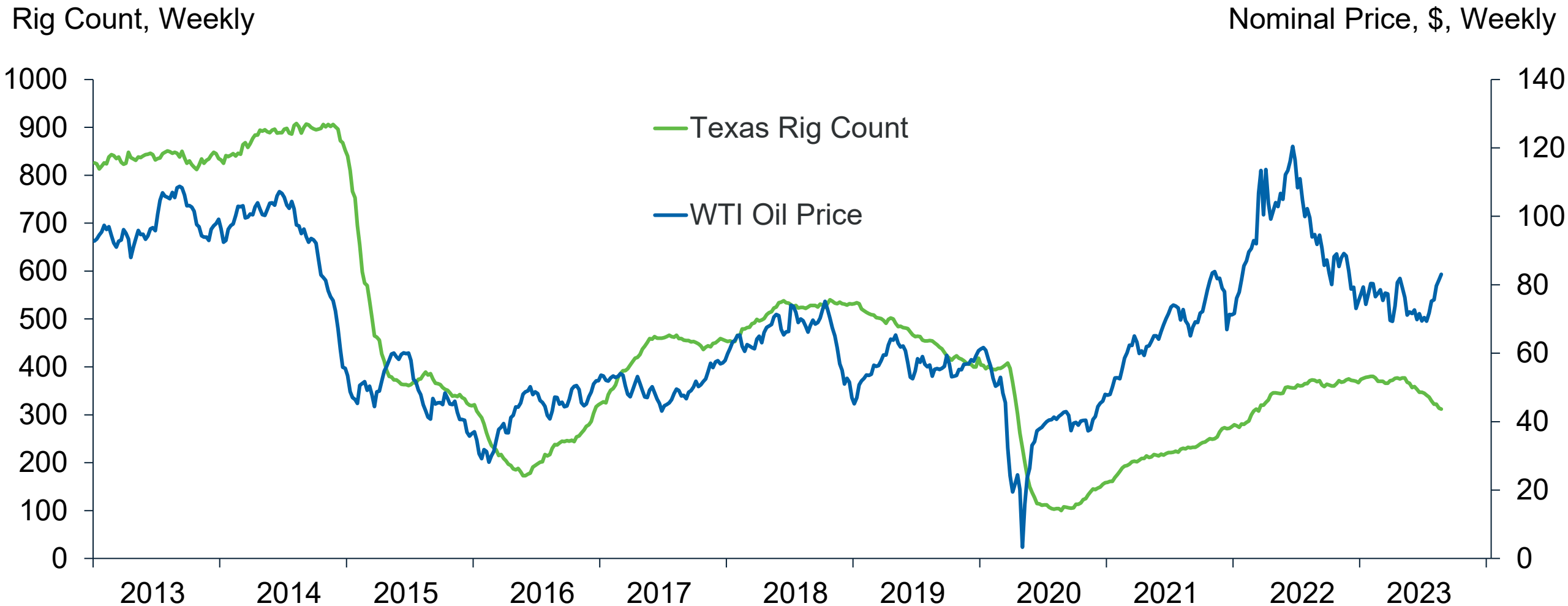
SOURCES: Multiple Listing Service, seasonal and other adjustments by FRB Dallas.

Apartment Rent Growth Flat to Down in Texas Metros in July (New Leases)



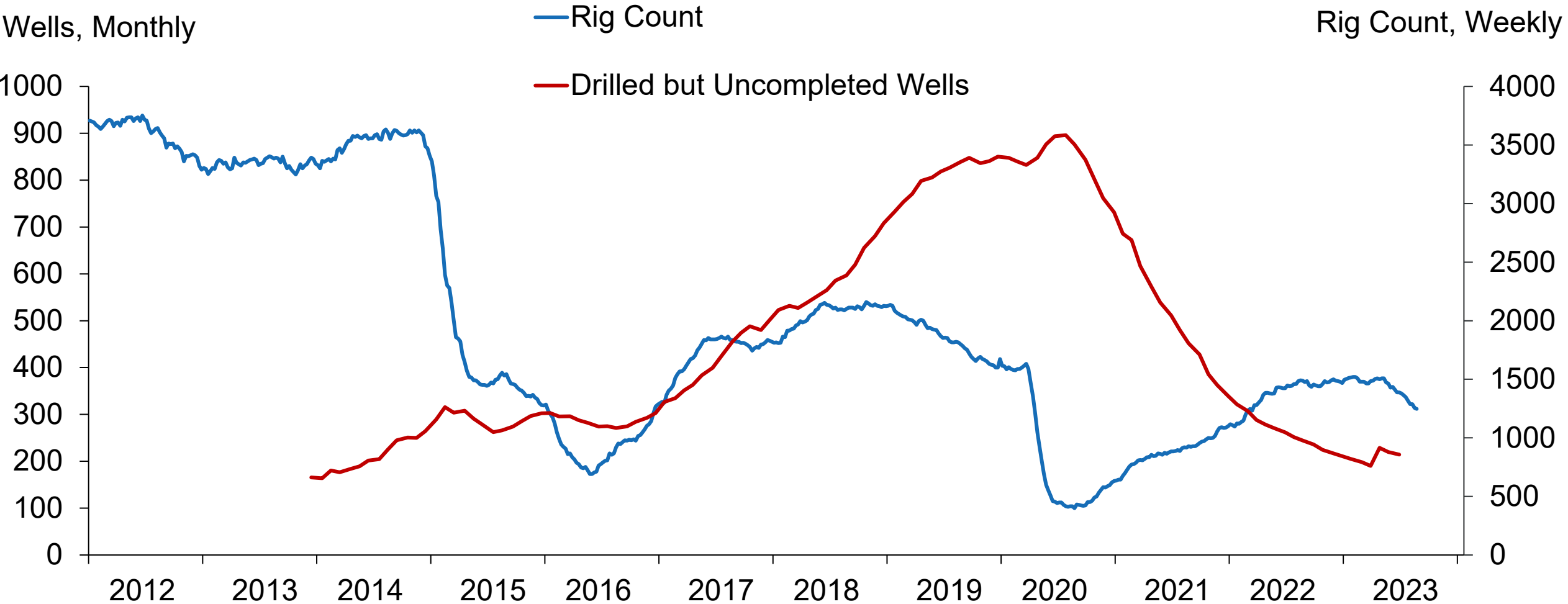
NOTE: Data are seasonally adjusted and are through July 2023.

Rig Count Declines While Oil Prices Increase



NOTES: Data are weekly through August 11th, 2023.
SOURCES: Energy Information Administration; Baker Hughes.

DUCs Are Low Too, Won't Make Up For Lagging Rig Count

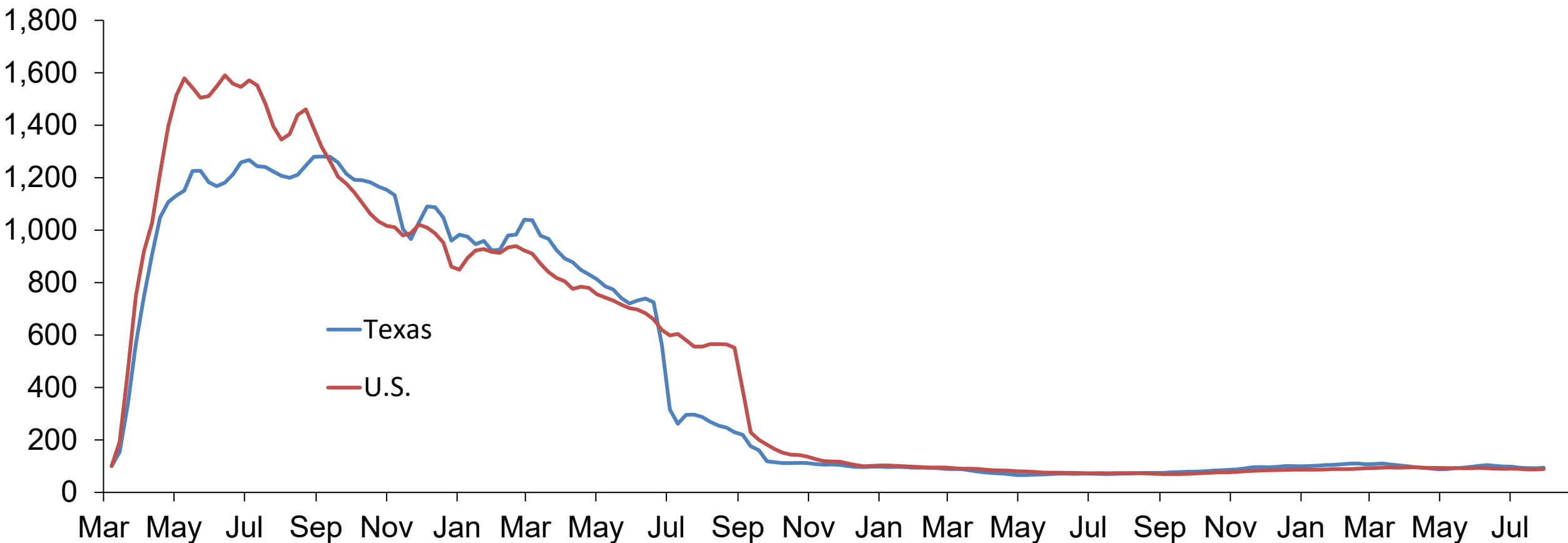


NOTES: Well data through June 2023. Rig count data through August 11th, 2023. Rig count is for Texas, drilled but uncompleted wells are for Permian Basin.
SOURCES: Energy Information Administration; Baker Hughes.

High-Frequency Data

Texas Total Jobless Claims Are Flat

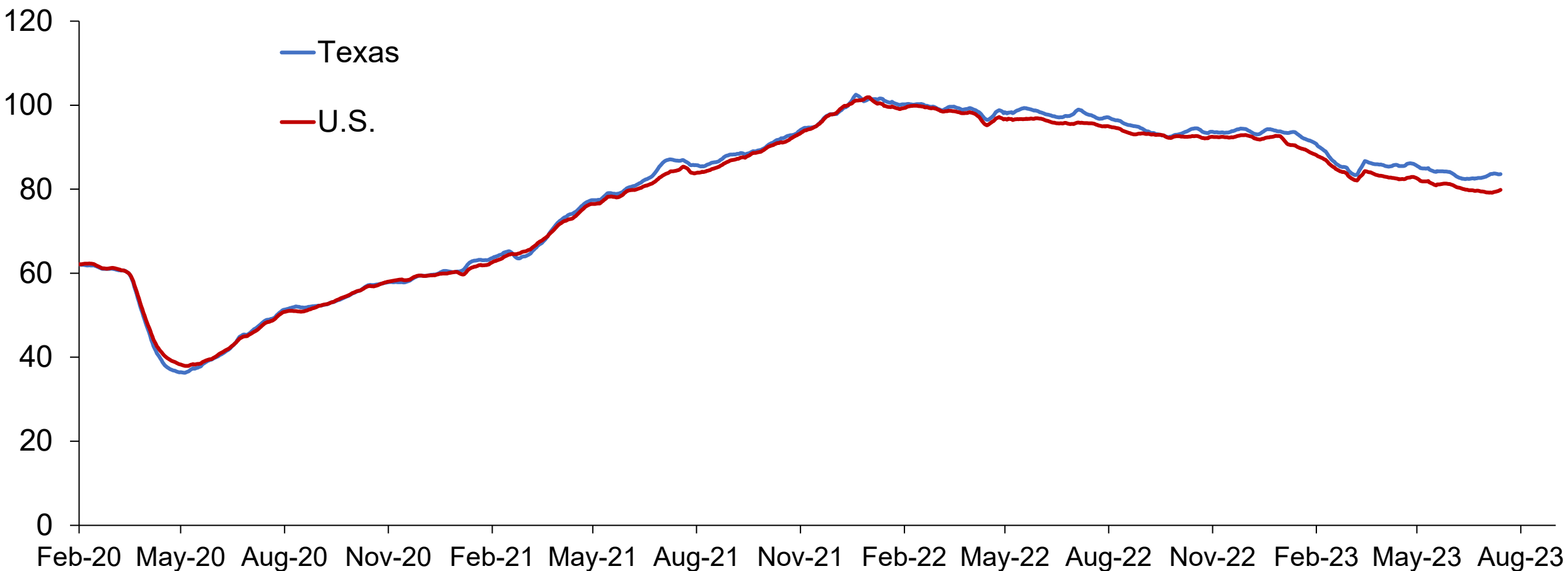
2 Week Moving Average, Index, Second Week of Mar. 2020 = 100



NOTES: Total (initial and continuing) unemployment claims data through the week ending August 5th and include states UI and federal PUA, PEUC and EB when available.
SOURCES: Department of Labor.

Texas and US Job Postings Flat to Up in Early August

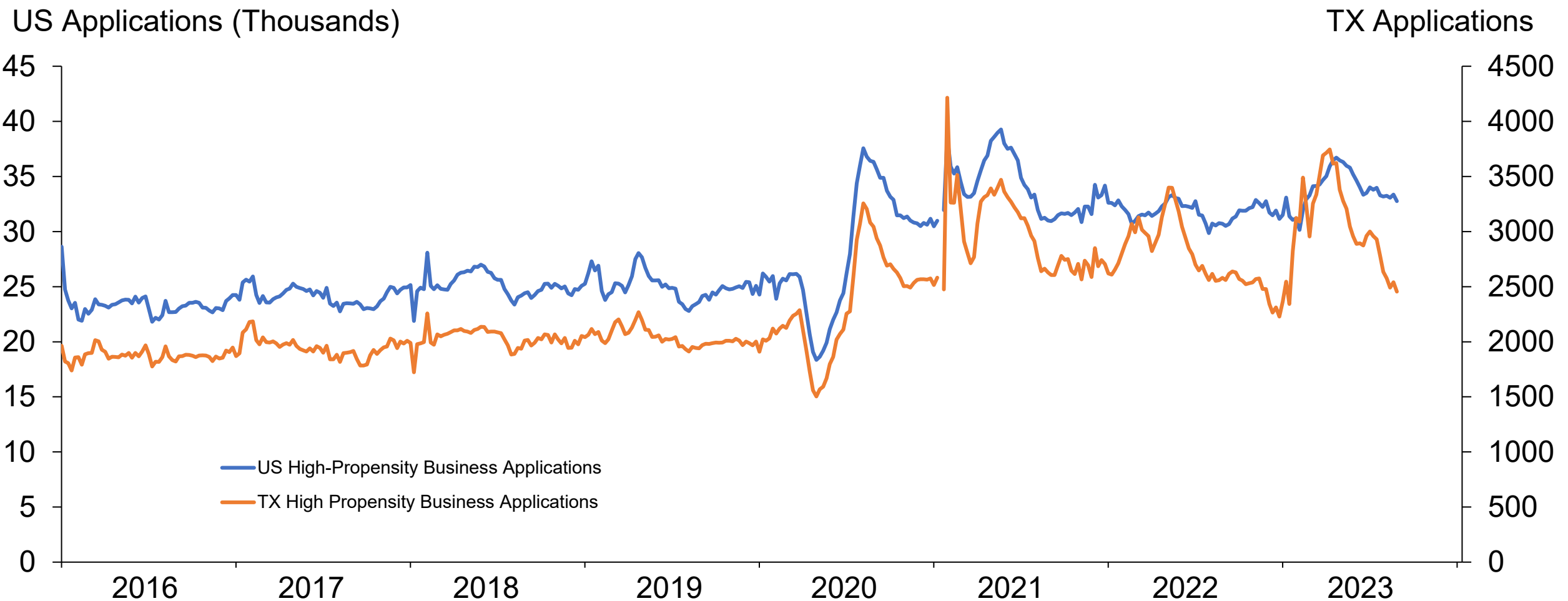
% Change From Jan. 2022



NOTE: U.S. and Texas data daily through August 11th, 2023.

SOURCE: Indeed.

New Business Applications Are Still High but Trending Down Faster in Texas

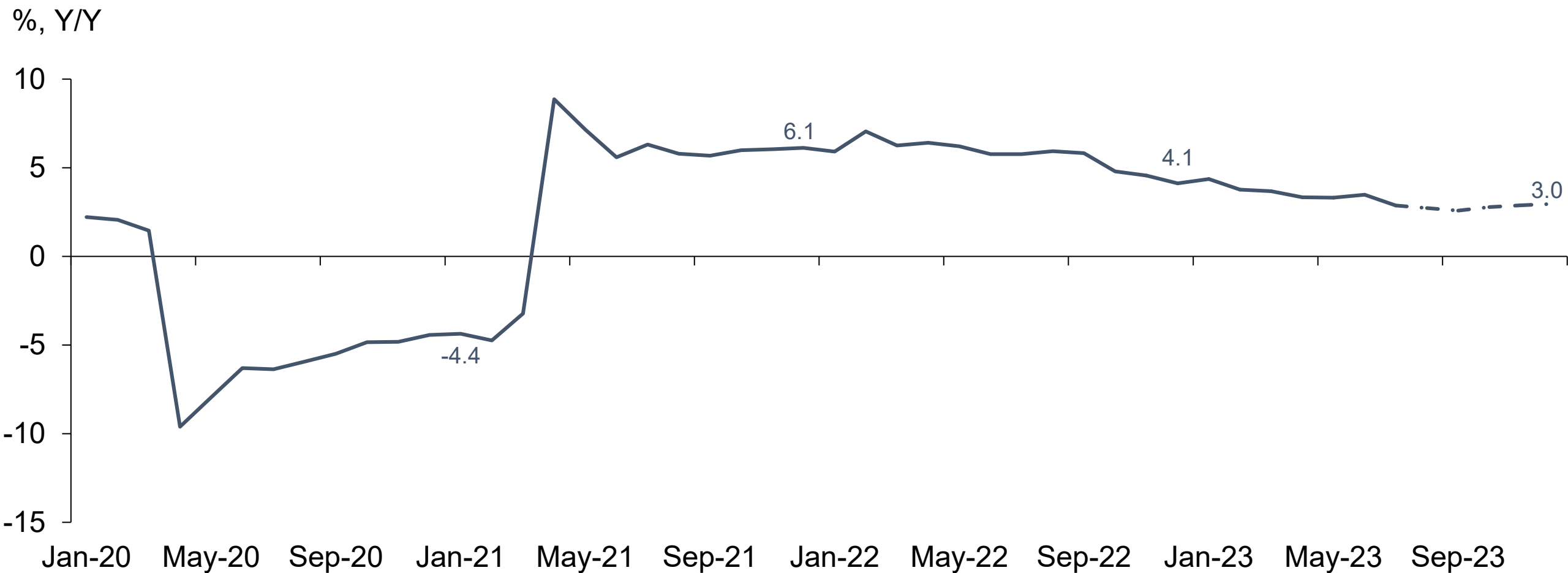


NOTE: Data through July 14th.

SOURCE: U.S. Census

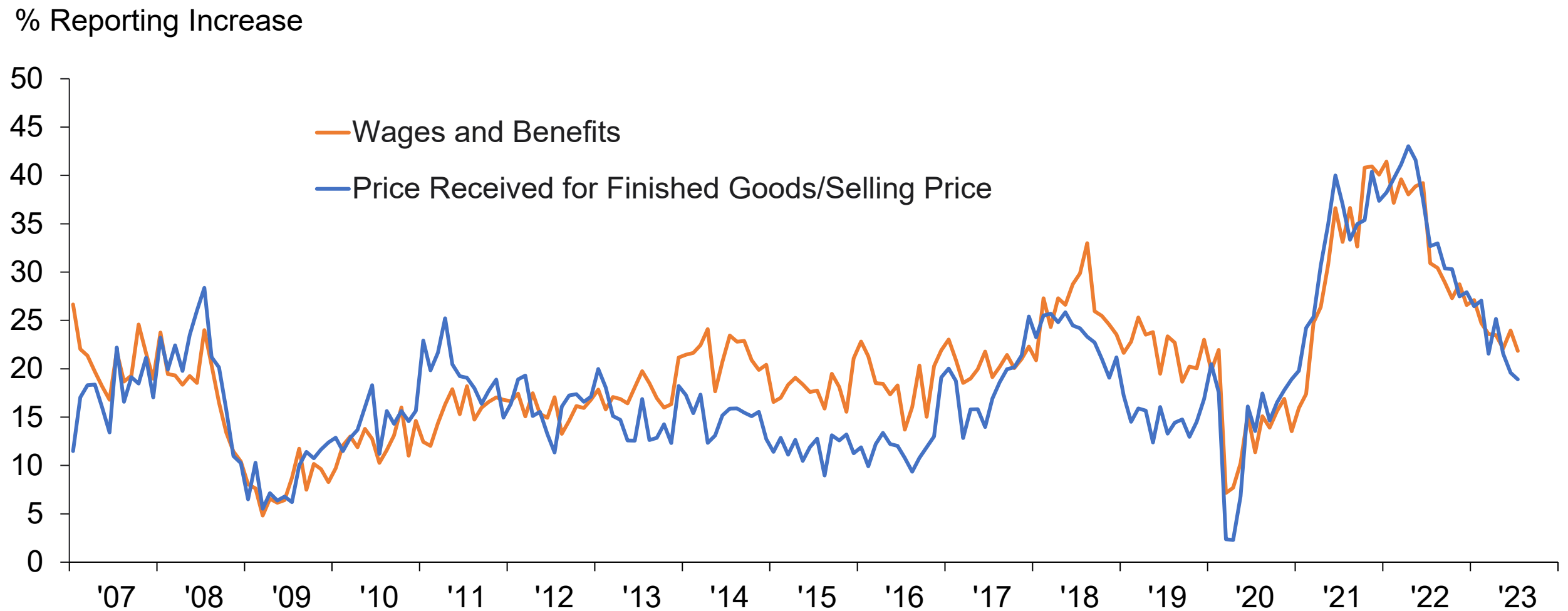
Outlook for 2023

The Texas Employment Forecast Indicates That Jobs Will Increase 3 Percent in 2023 After Rising 4.1 in 2022



NOTE: 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 lags of payroll employment, expectations for U.S. GDP growth, WTI oil prices, and four COVID-19 dummy variables (March-June 2020).

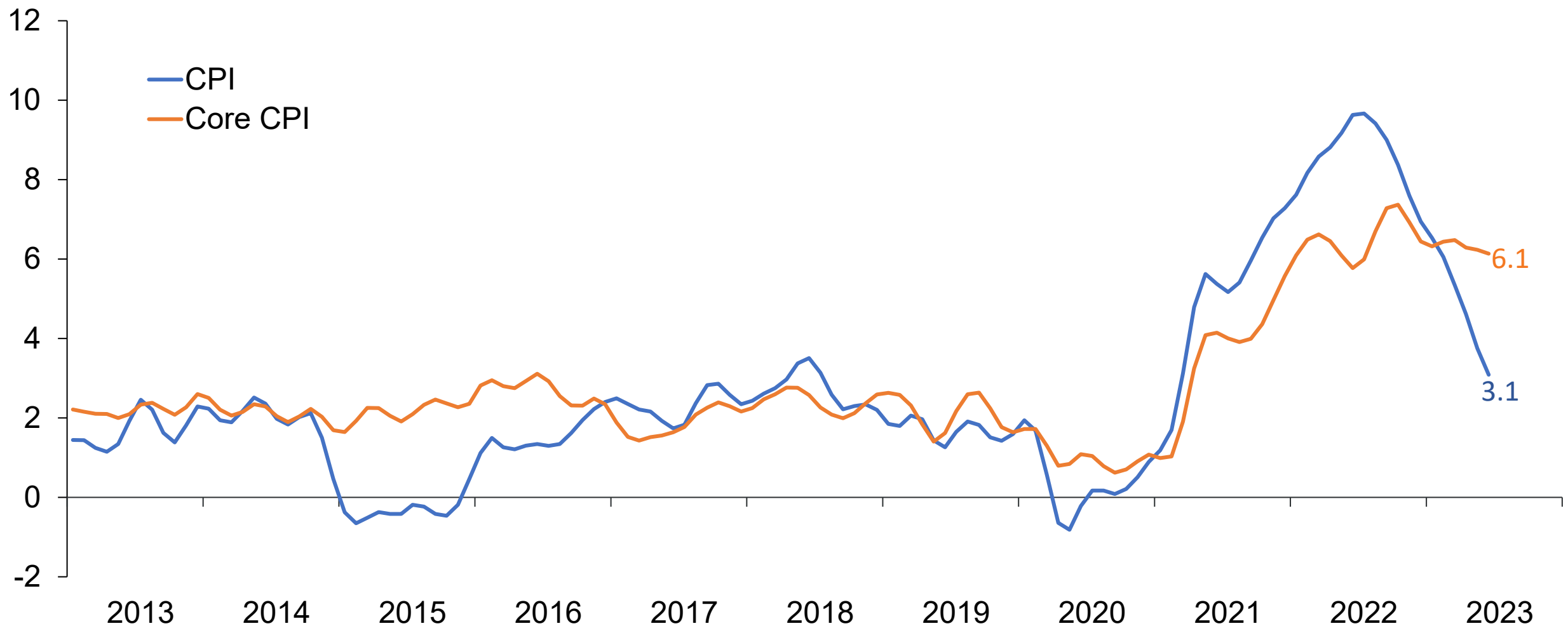
Share of Texas Firms Raising Prices and Wages Declining



NOTE: Percent reporting increase was constructed by weighing the respective component of TMOS, TSSOS, and TROS according to GDP shares. Data through July 2023.
SOURCE: FRB Dallas Texas Business Outlook Surveys.

CPI Inflation in Texas is Falling Fast While Core CPI is Not

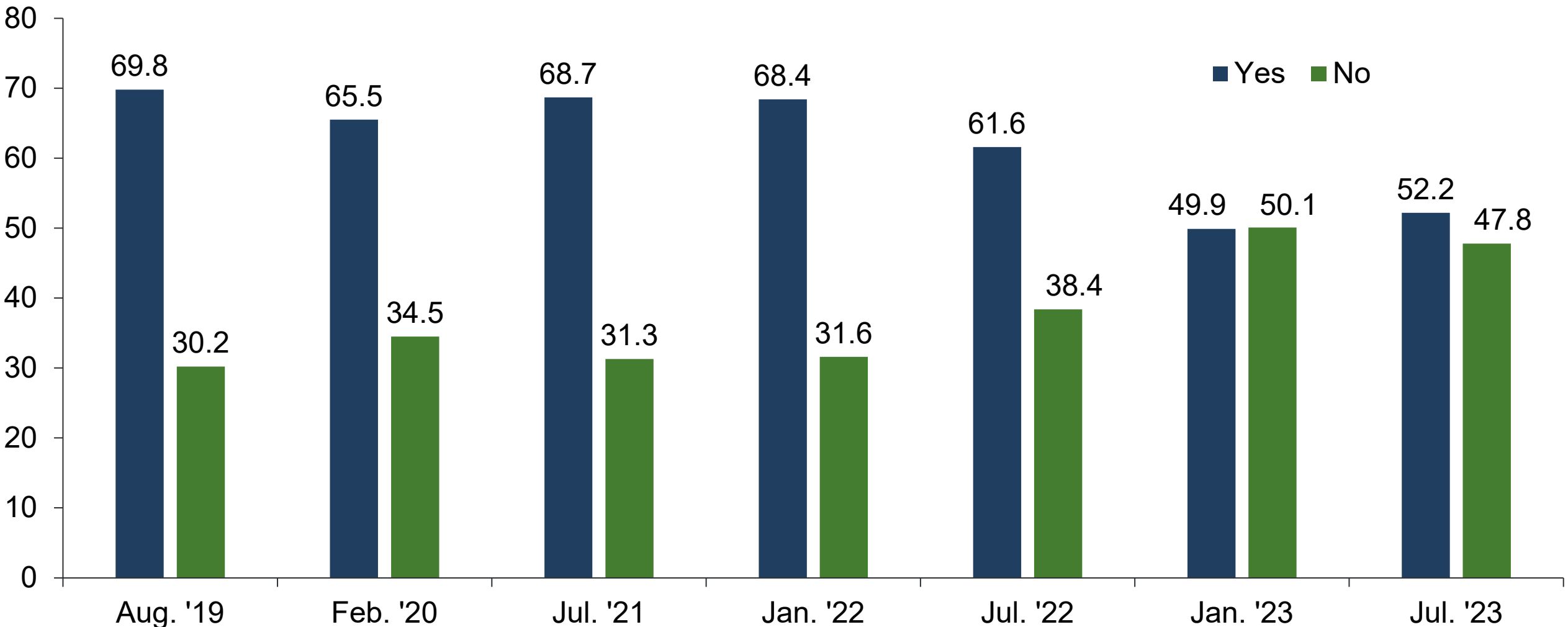
Y/Y % Change



NOTES: Texas CPI data through June 2023.

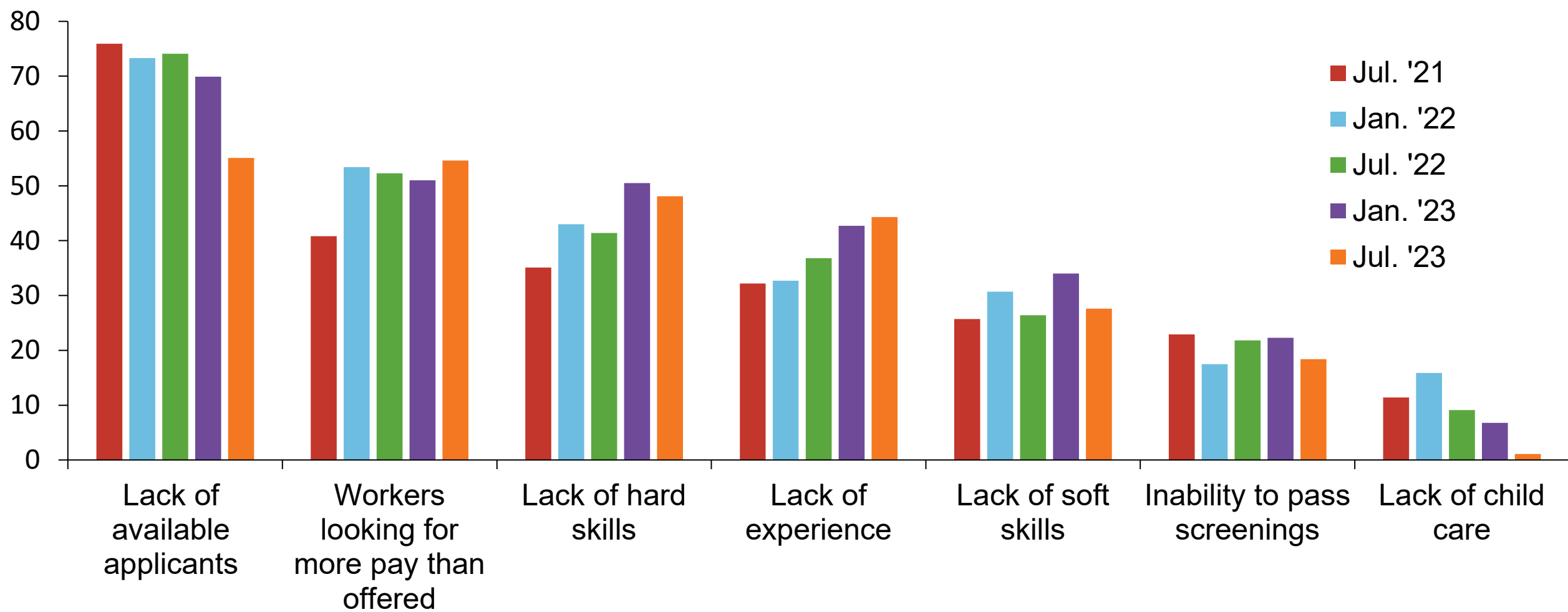
SOURCES: Bureau of Labor Statistics.

Texas Firms' Hiring Cools in 2023, Still Strong



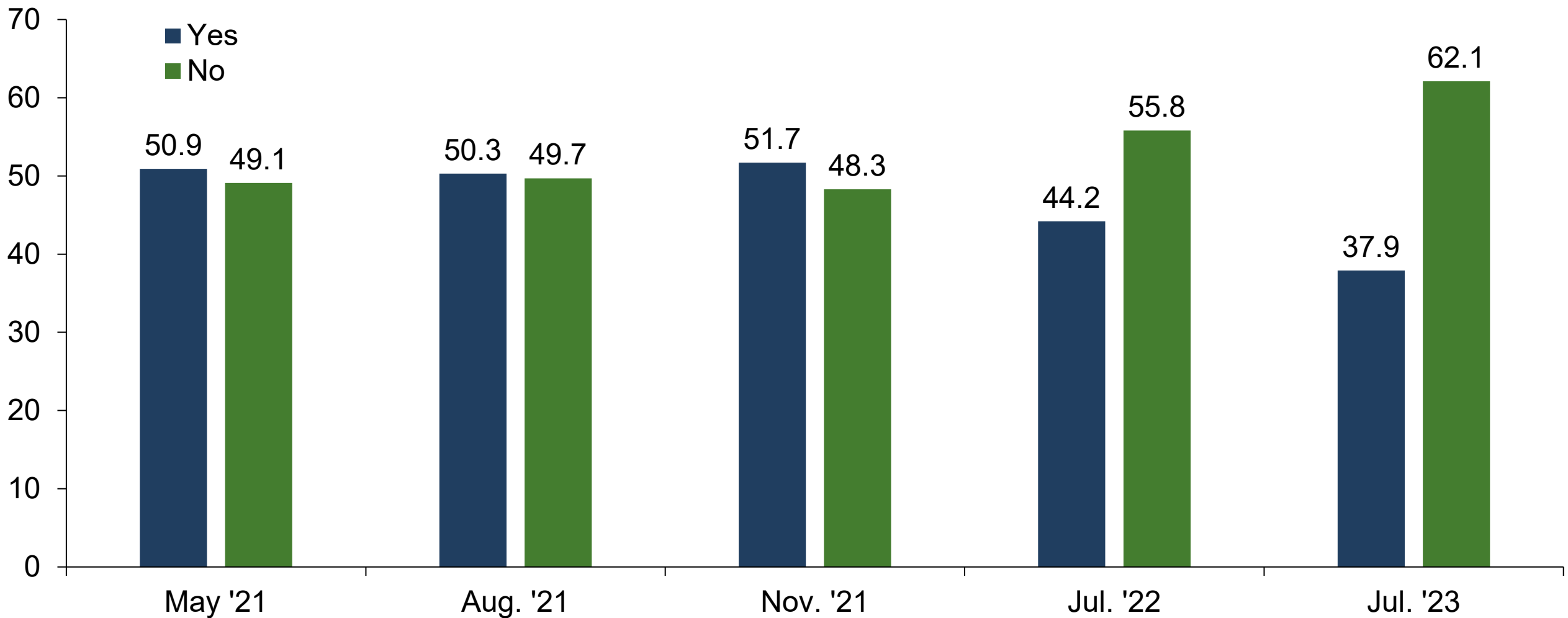
NOTE: Participants were asked, "Are you currently trying to hire or recall workers?" N = 358 in July.
SOURCE: FRB Dallas Texas Business Outlook Surveys.

Biggest Obstacles to Hiring is Lack of Applicants and Demands for Higher Pay



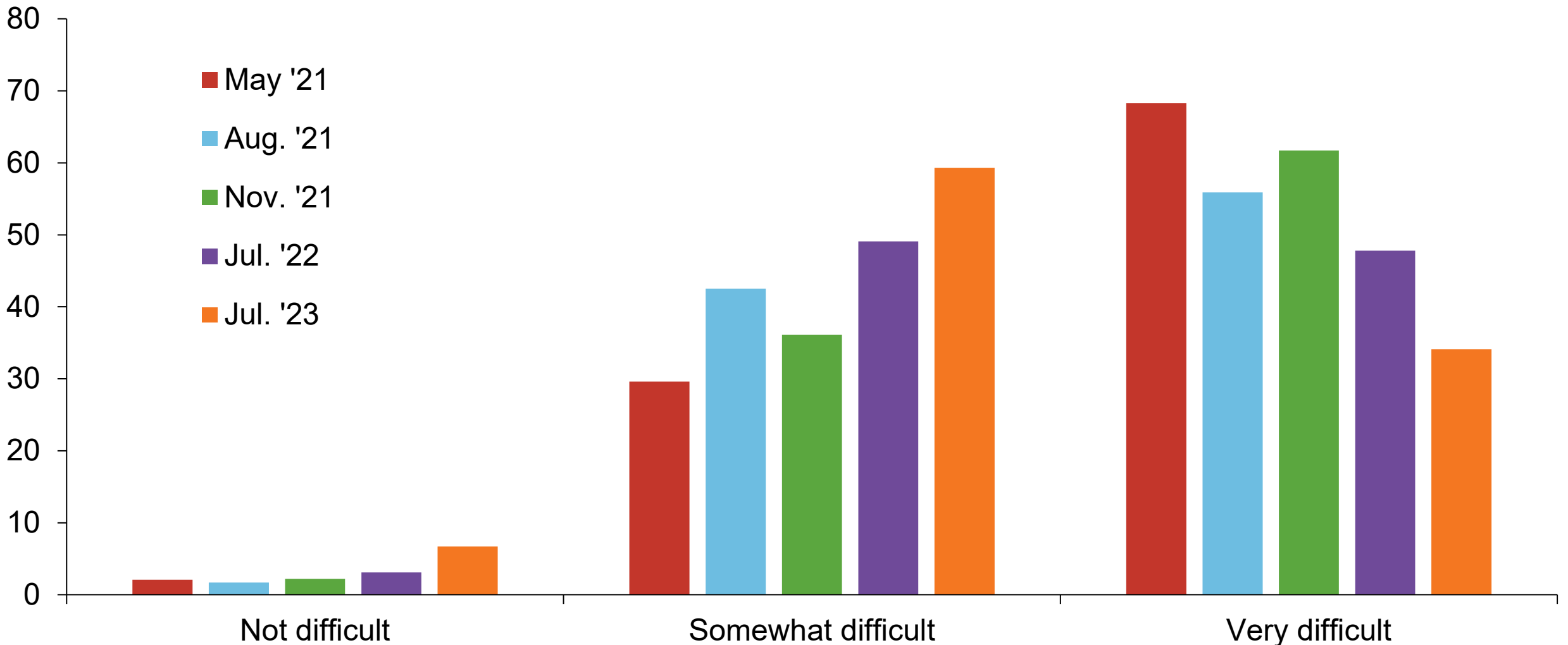
NOTE: Participants were asked, "Are there any impediments to hiring or recalling workers?" N = 185. This question was only posed to those currently trying to hire or recall workers.
SOURCE: FRB Dallas Texas Business Outlook Surveys.

Fewer Firms Hiring Low-Skill Workers



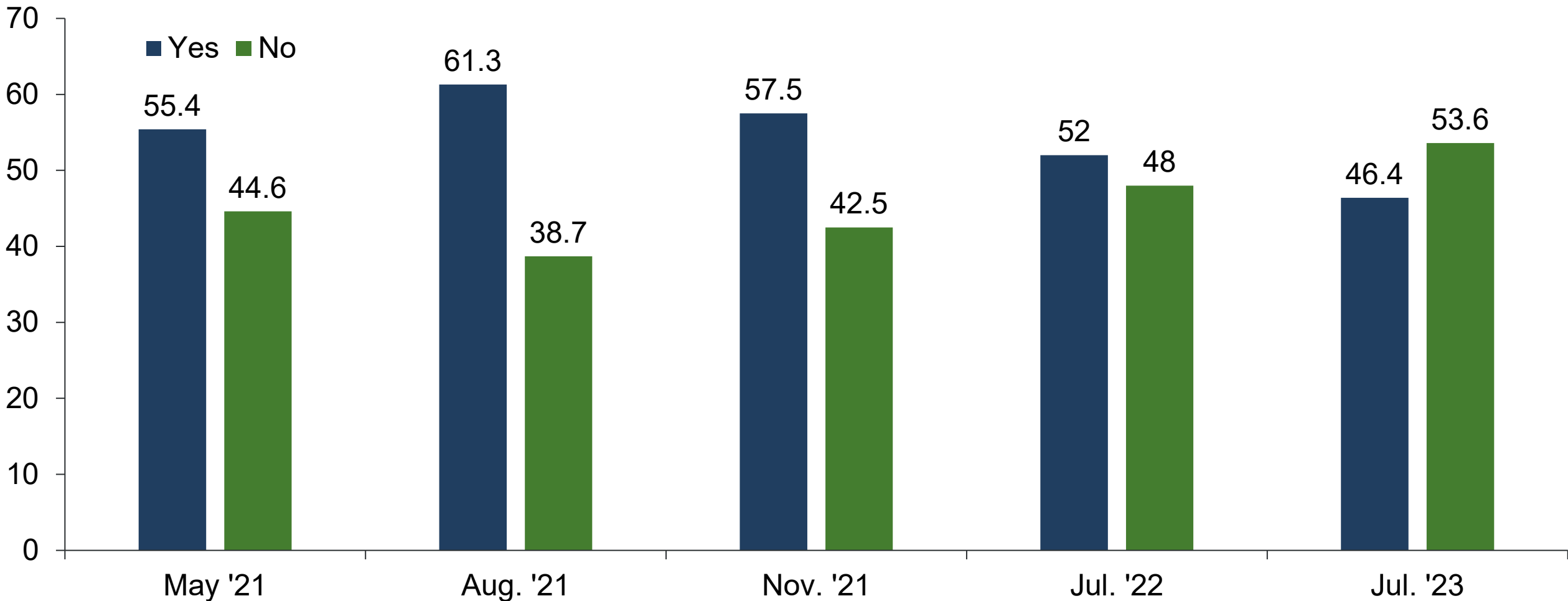
NOTES: Participants were asked, "Are you currently trying to fill low-skill positions (roles typically requiring a high school diploma or less and minimal work ethic)?" N = 359.
SOURCE: FRB Dallas Texas Business Outlook Surveys.

Firms face less difficulty finding low-skill labor



NOTES: Participants were asked, "How difficult is it to find workers to fill these positions?" N = 135 in July. This questions was posed only to those trying to fill low-skill positions.
SOURCE: FRB Dallas Texas Business Outlook Surveys.

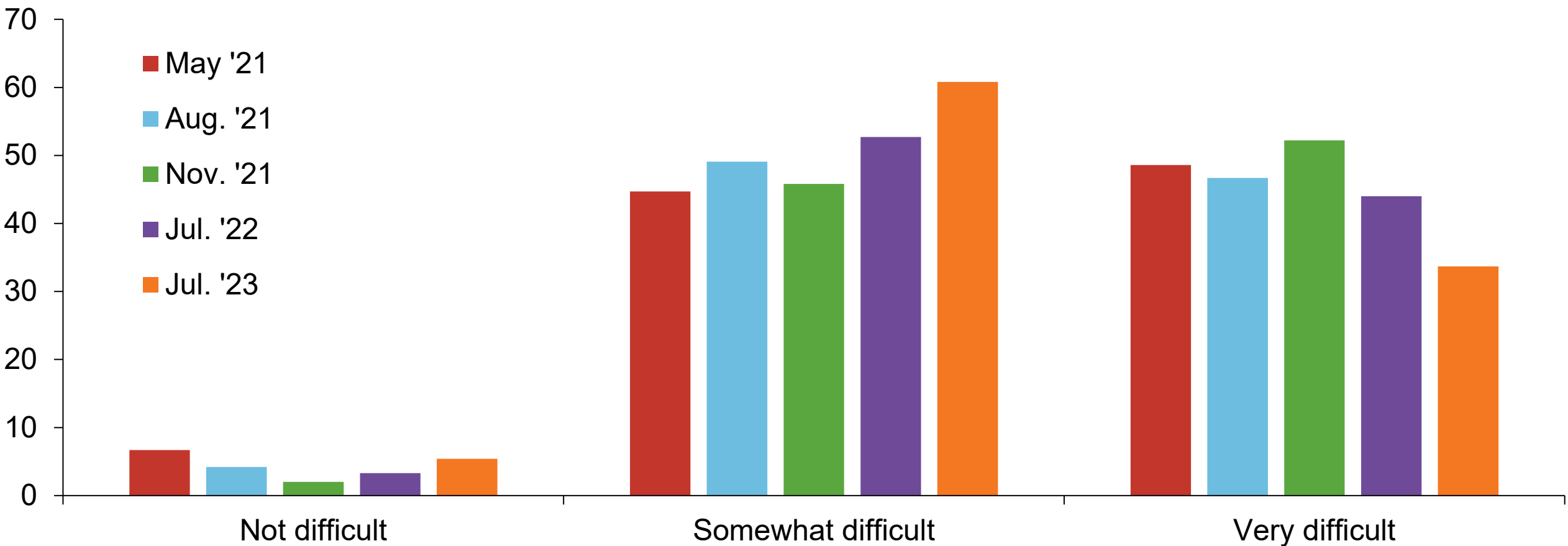
Demand for Mid-Skill Workers is More Resilient than for Low- and High-Skill



NOTES: Participants were asked, "Are you currently trying to fill mid-skill positions (roles typically requiring some college or technical training)?" N = 358.

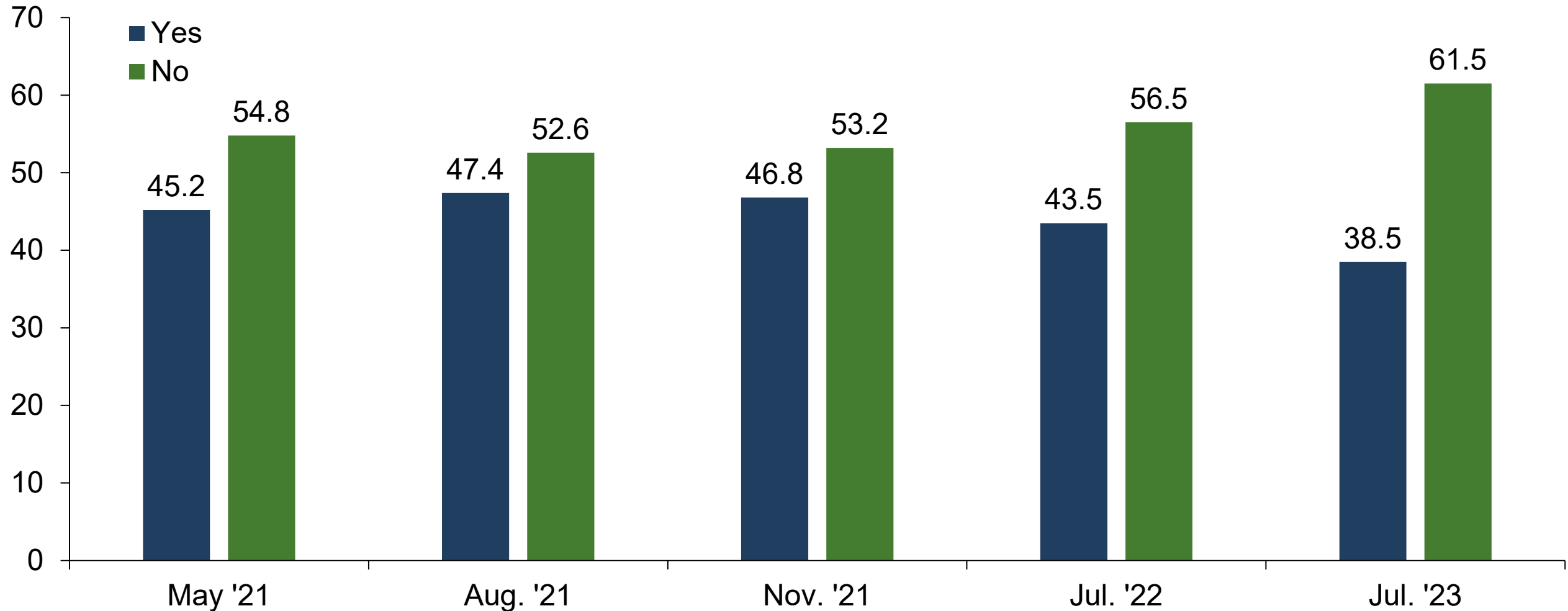
SOURCE: FRB Dallas Texas Business Outlook Surveys.

Firms face some difficulties finding mid-skill workers



NOTES: Participants were asked, "How difficult is it to find workers to fill these positions?" N = 166. This question was posed only to those trying to fill mid-skill positions.
SOURCE: FRB Dallas Texas Business Outlook Surveys.

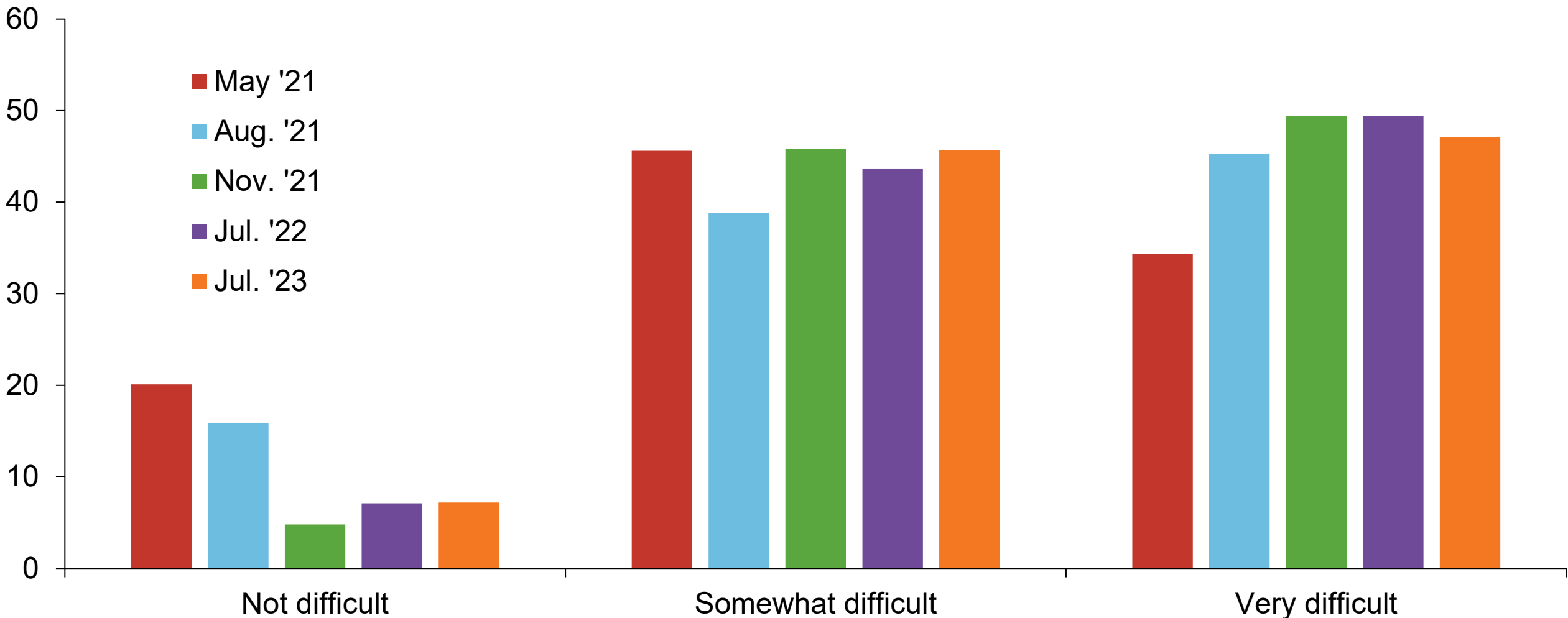
Most firms not hiring high-skilled workers



NOTES: Participants were asked, "Are you currently trying to fill high-skill positions (roles typically requiring a college degree or higher)?" N = 358.

SOURCES: FRB Dallas Texas Business Outlook Surveys.

Firms face most difficulty in filling high-skilled positions



NOTES: Participants were asked, "How difficult was it to find workers to fill these positions?" N = 138. This questions was posed only to those trying to fill high-skill positions.
SOURCE: FRB Dallas Texas Business Outlook Surveys.

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