



Federal Reserve
Bank of Dallas

Texas Economic Performance and Outlook
(October 2023)
“Employment Growth Rebounds, Inflation
Turns Up”

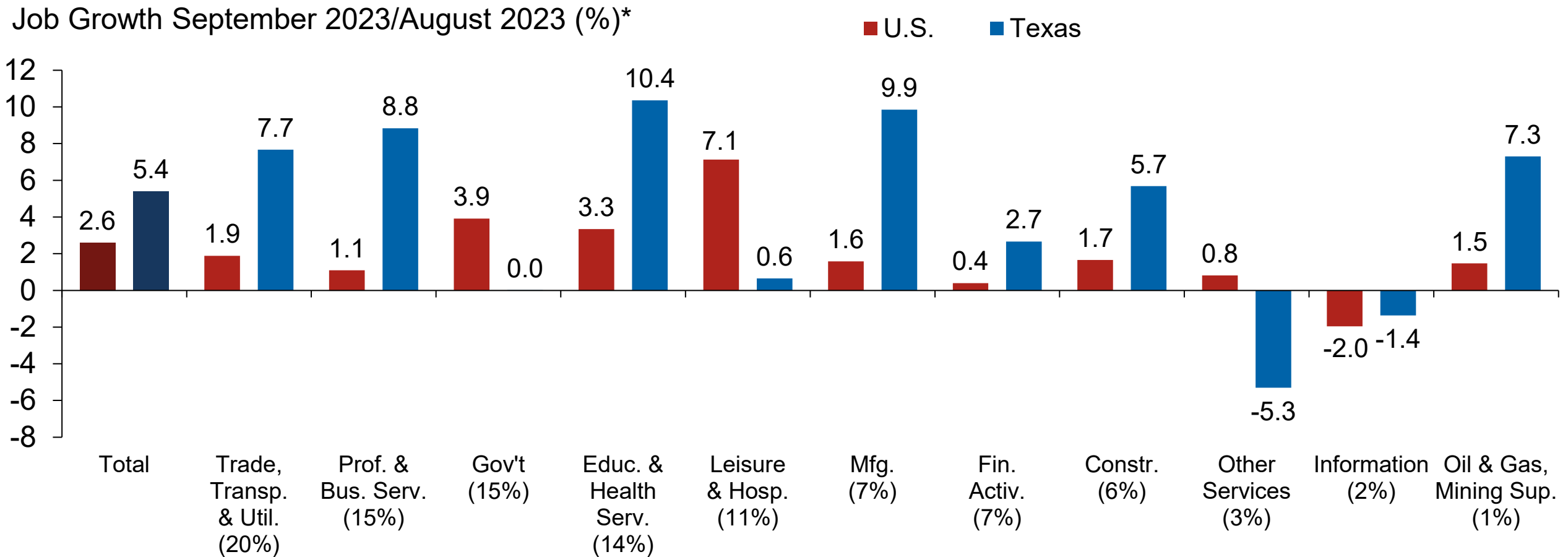
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Federal Reserve Bank of Dallas
10/20/2023

What's New: Job Growth Strengthens in September

- Texas employment grew 5.4 percent in September, while August growth was revised up to 1.3 percent; Year to date growth is 3.6 percent, below 2022 growth of 4.3 percent.
 - Texas grew faster than the nation (U.S. job growth was 2.6 percent in September).
- The Dallas Fed's Texas Employment Forecast indicates that jobs will increase 3.3 percent in 2023 (up from 2.9 percent last month).
 - The current forecast implies 2.5 percent growth (annualized) in the rest of the year.
- September Texas Business Outlook Surveys (TBOS) indicate a manufacturing production rebound along with continued service sector growth, albeit at a slower pace.
- The proportion of Texas companies reporting price and wage increases is moving sideways. And Texas headline CPI turned up in August.
- On federal industrial policy, 80 percent of companies surveyed report no/unknown impact from Federal IRA, CHIPS, and IIJA acts.
 - Of those that were impacted, 60 percent reported positive effects.

Overall Economic Activity

Texas employment growth accelerated in September; significant gains in education & health, manufacturing and professional business services



*Seasonally adjusted, annualized rate.

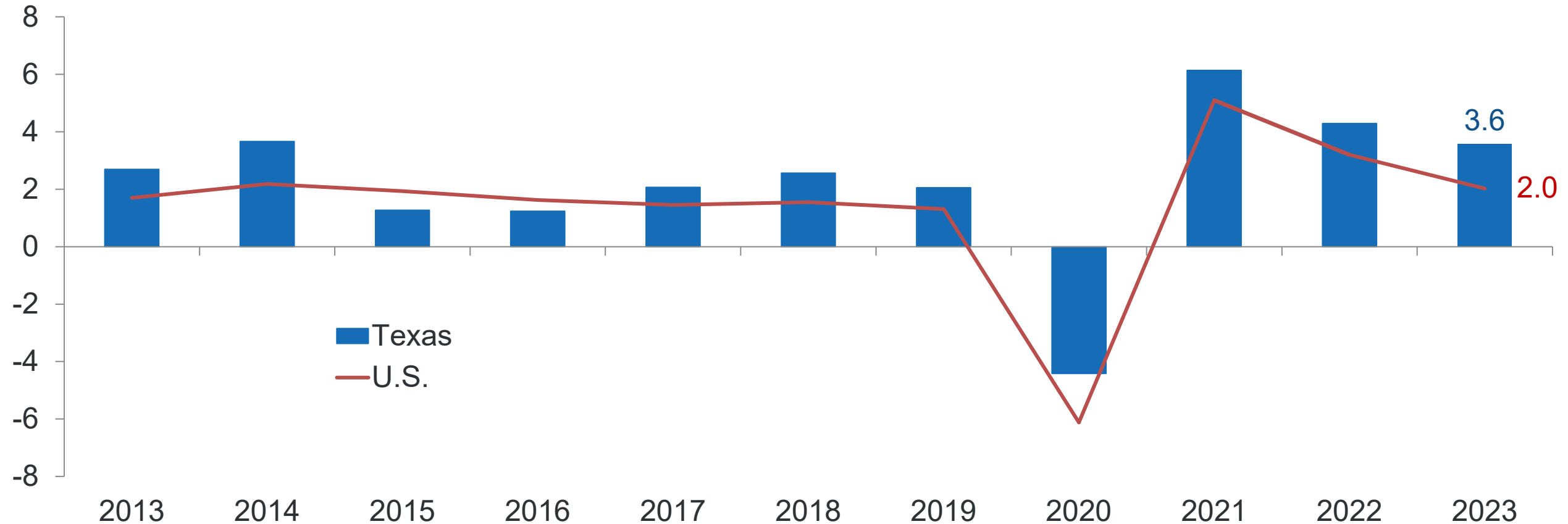
NOTE: Numbers in parenthesis indicate share of total state employment in September 2023

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; Federal Reserve Bank of Dallas.

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

Texas annual job growth continues ahead of the nation

Job Growth (%)*



*Seasonally adjusted, annualized rate.

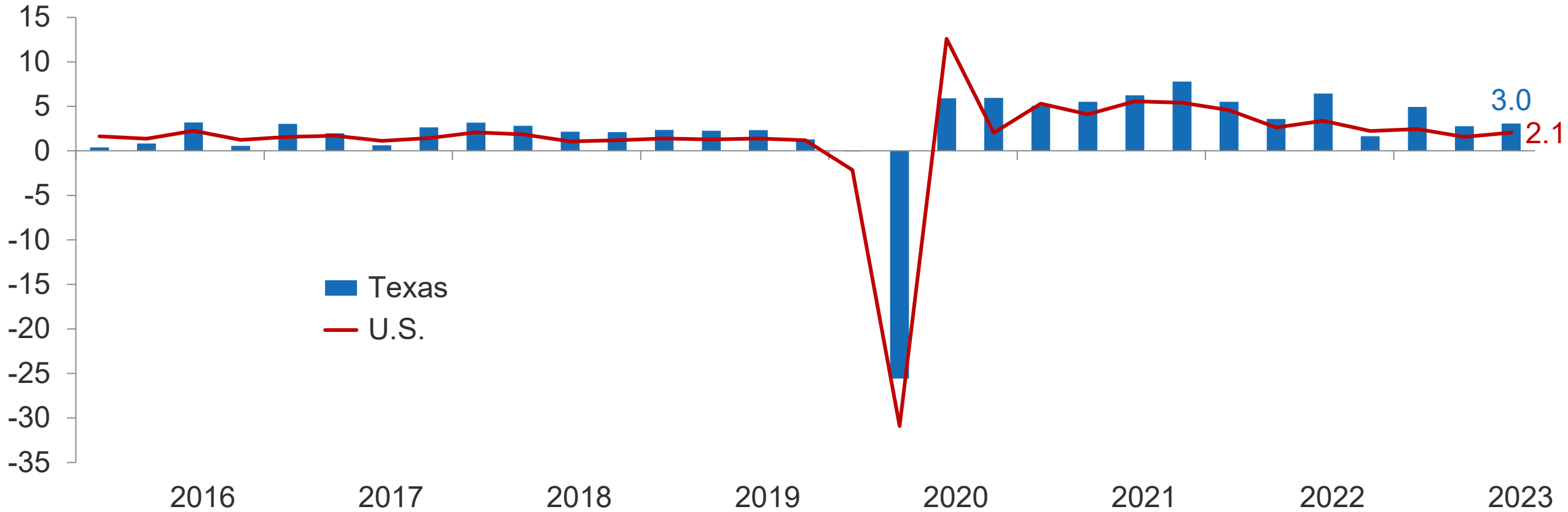
NOTES: Last data points are annualized job growth for Sep. 2023/Dec. 2022. Yearly growth is Dec/Dec.

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

DATA: [Texas Payroll Employment - Total Nonfarm - Dallasfed.org](https://dallasfed.org/research-and-data/texas-payroll-employment-total-nonfarm)

Third quarter Texas job growth accelerates

Job Growth (%)*



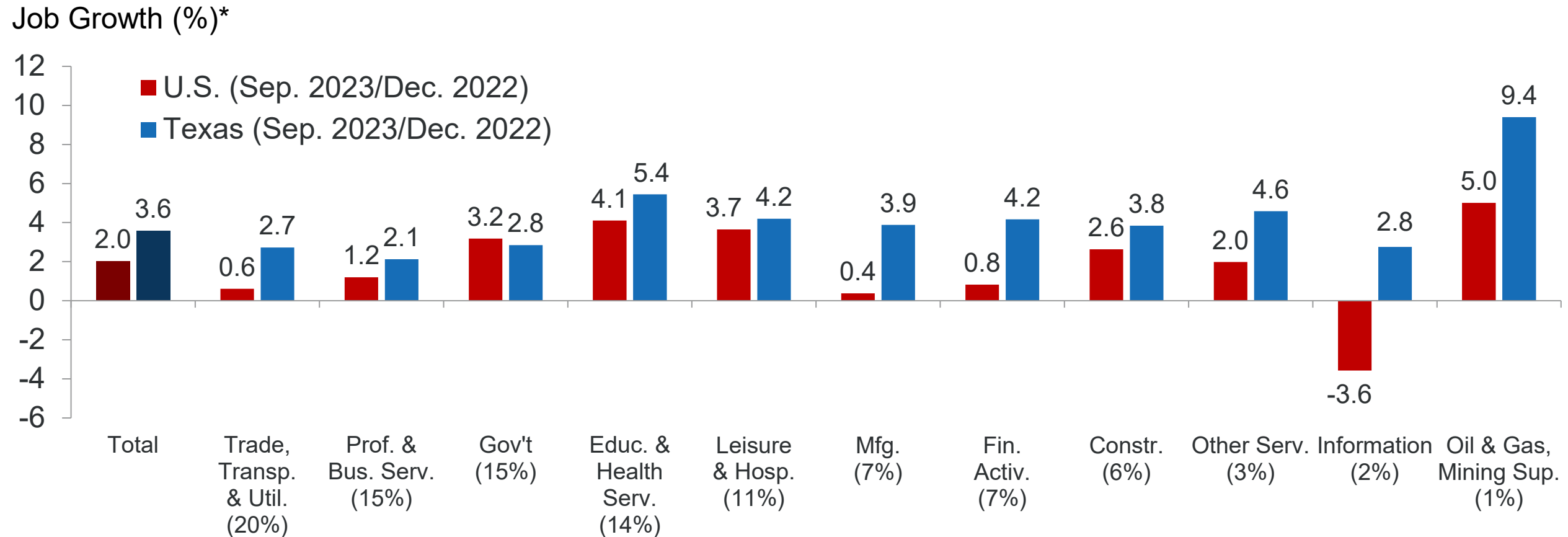
*Seasonally adjusted, annualized rate.

NOTES: Shown is quarterly job growth. Last data points are annualized job growth for Sep. 2023/Jun. 2023.

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

DATA: [Texas Payroll Employment - Total Nonfarm - Dallasfed.org](https://dallasfed.org/research-and-data/texas-payroll-employment-total-nonfarm)

Texas year-to-date job growth in the private sector ahead of U.S.



*Seasonally adjusted, annualized rate.

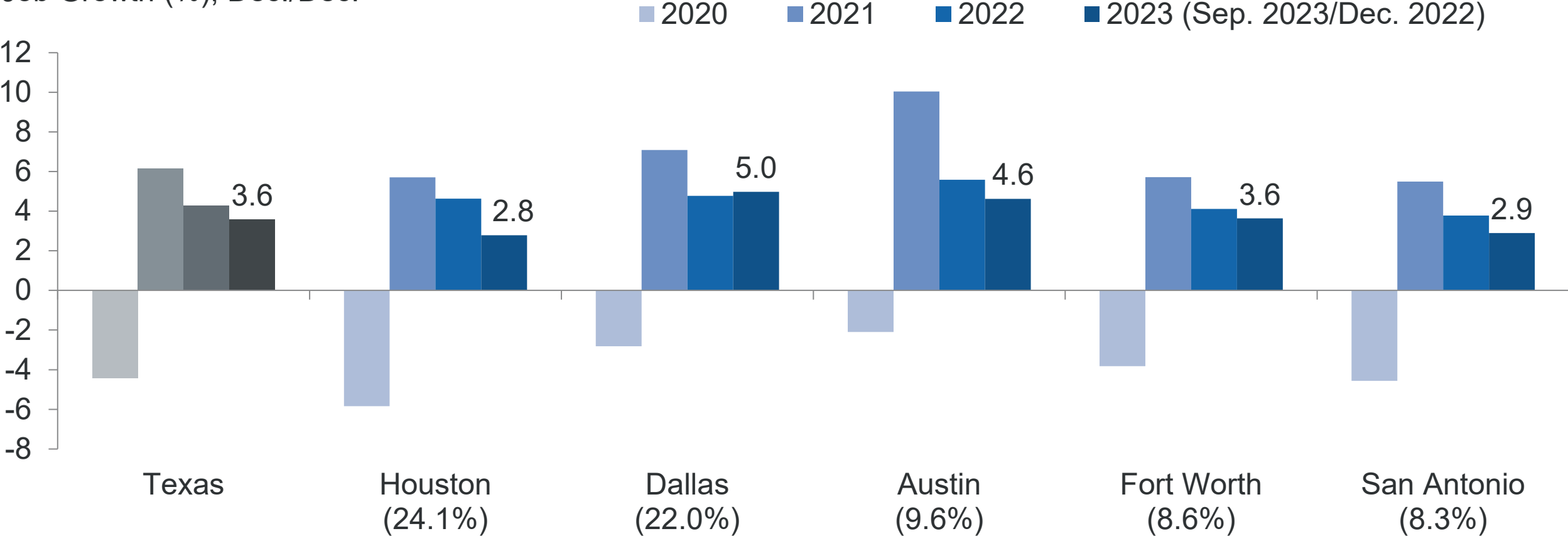
NOTE: Numbers in parentheses indicate share of total state employment for September 2023.

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

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

Dallas still leading year-to-date job growth in 2023

Job Growth (%), Dec./Dec.*



*Seasonally adjusted, annualized rate.

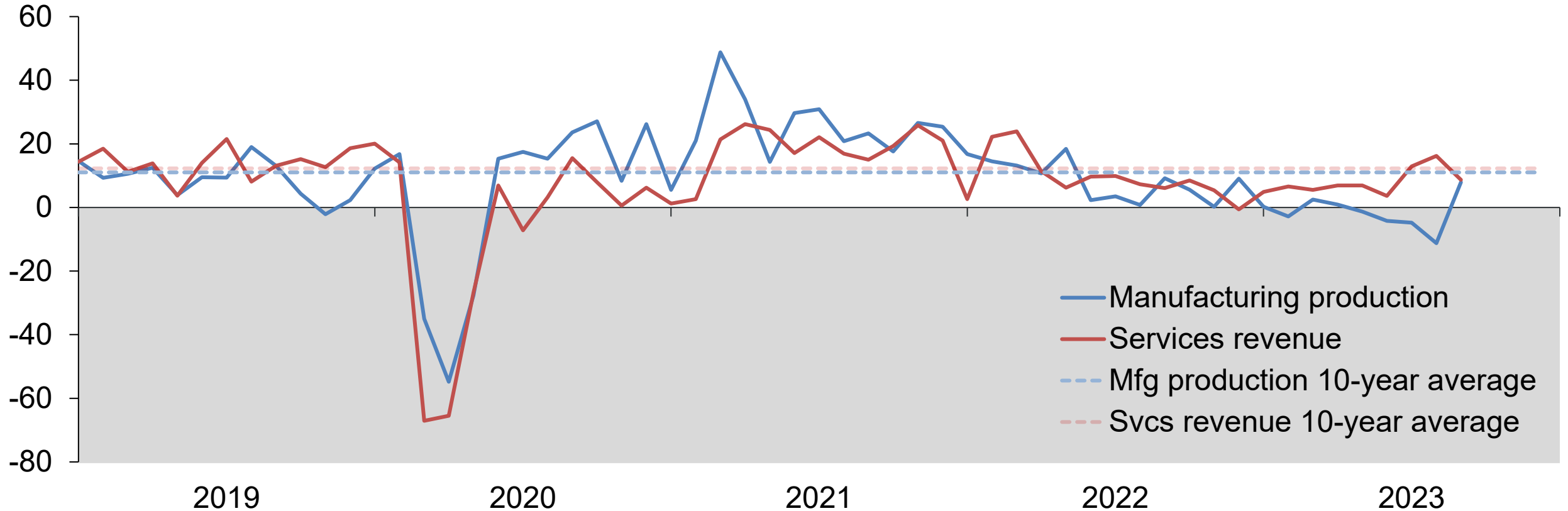
NOTE: Numbers in parenthesis indicate share of state employment for September 2023.

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

DATA: [Texas Employment Data - Dallasfed.org](https://www.dallasfed.org/research/texas-employment-data)

Texas firms report manufacturing rebound, continued growth in services

Diffusion Index, SA



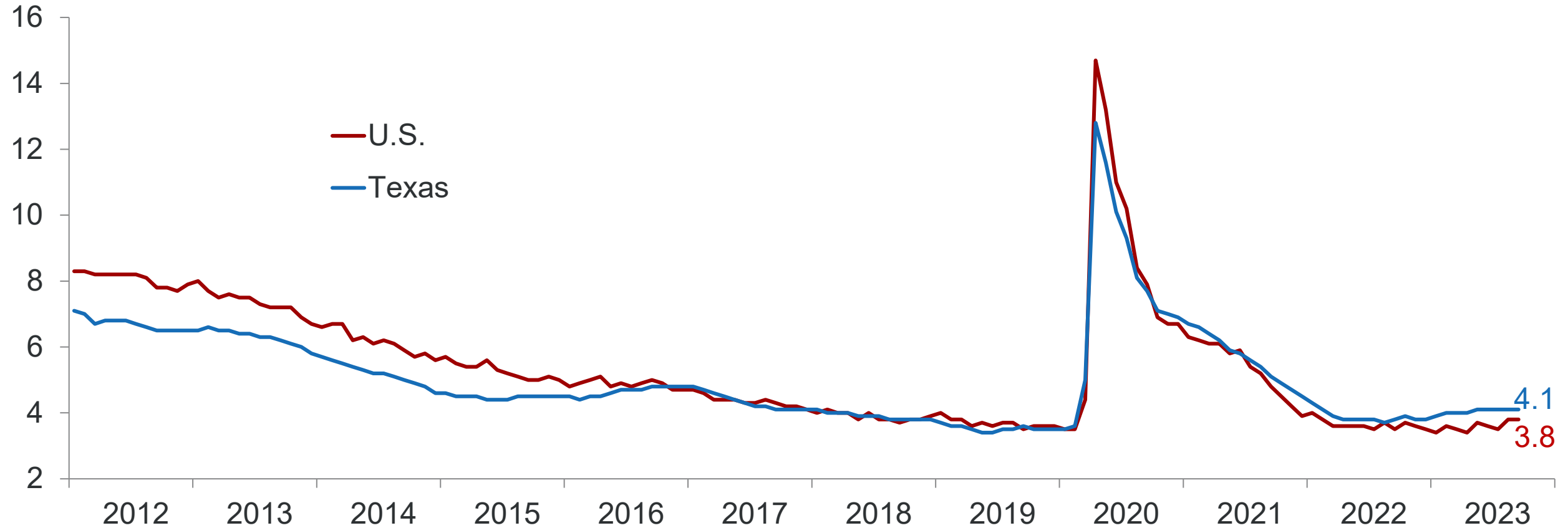
NOTES: Data through September 2023. Shaded area represents contractionary territory.

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

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

Texas unemployment rate holds at 4.1 percent in September

Unemployment Rate (%)*



*Seasonally adjusted.

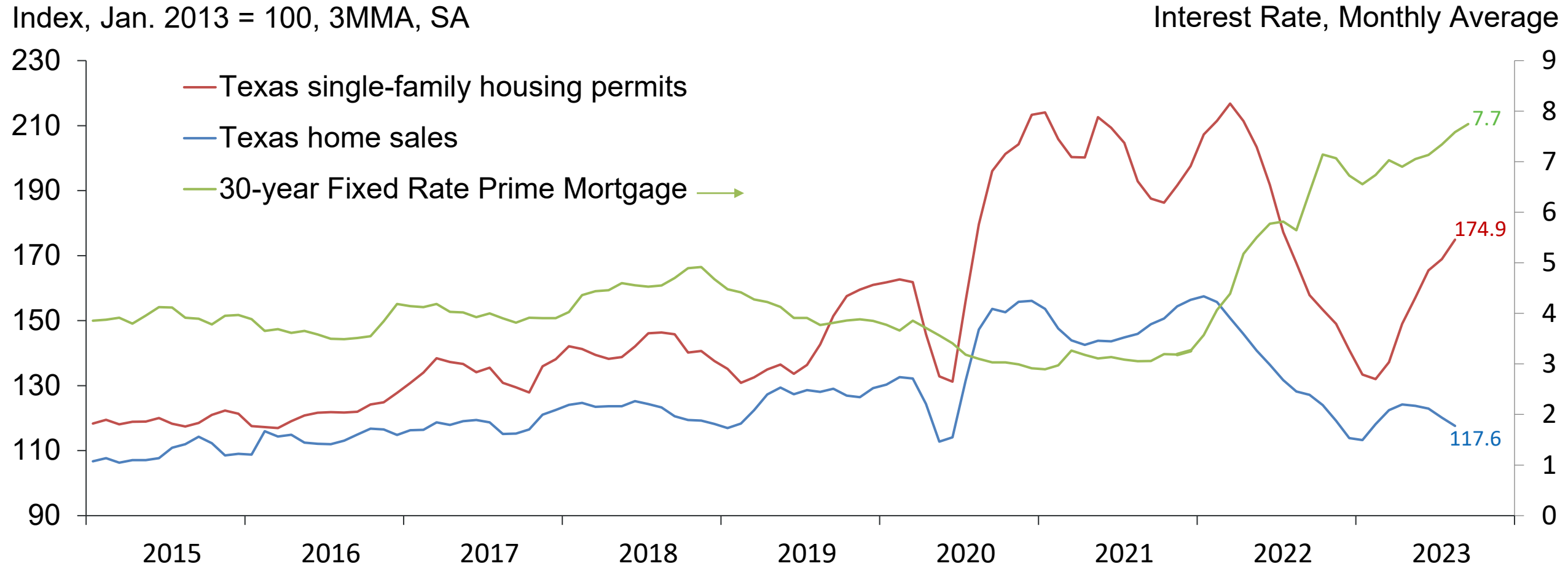
NOTE: Data are through September 2023.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; Federal Reserve Bank of Dallas.

DATA: [Texas Employment by Industry - Dallasfed.org](https://www.dallasfed.org/topics/employment)

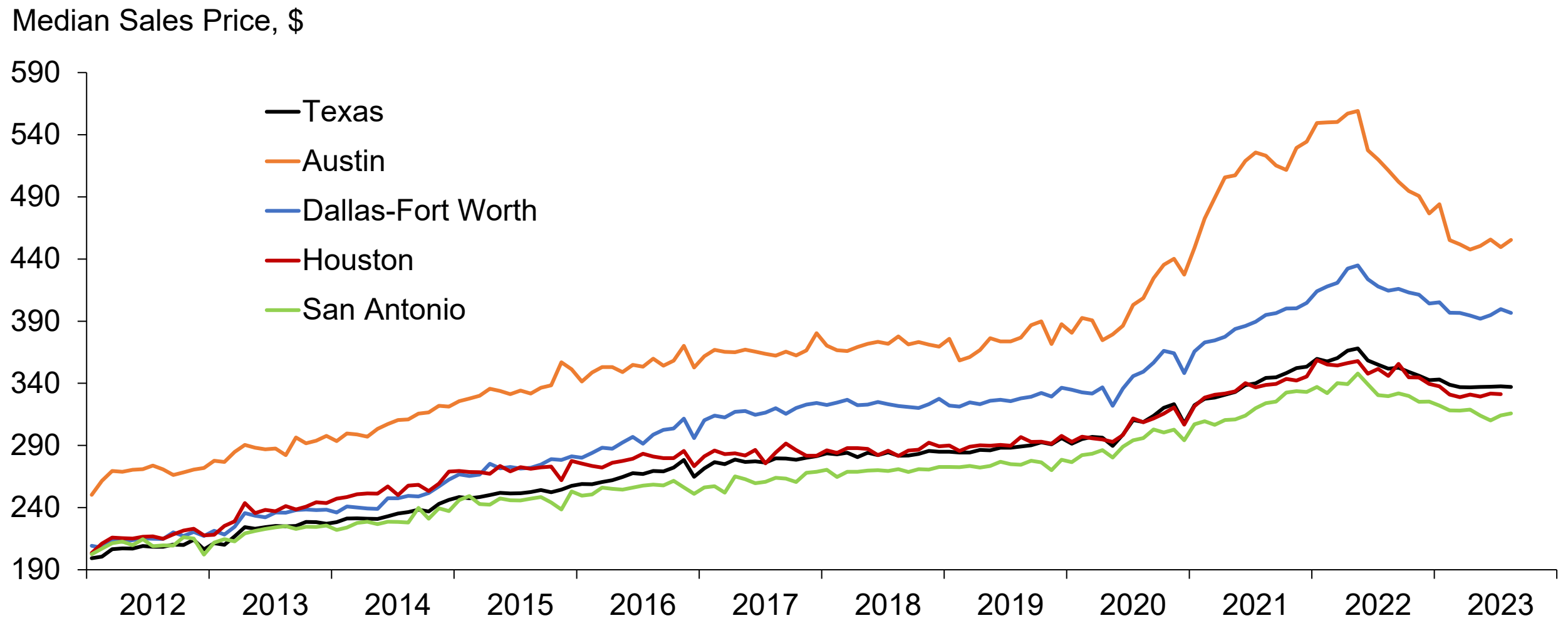
Housing and Energy Industries

Housing: single-family building permits rising while existing-home sales decline further



NOTES: Texas single-family housing permits and existing-home sales data through August 2023. Mortgage data through September 2023.
 SOURCES: MLS; A&M Real Estate Center; Freddie Mac Primary Mortgage Market Survey; U.S. Census.

House prices move sideways across Texas

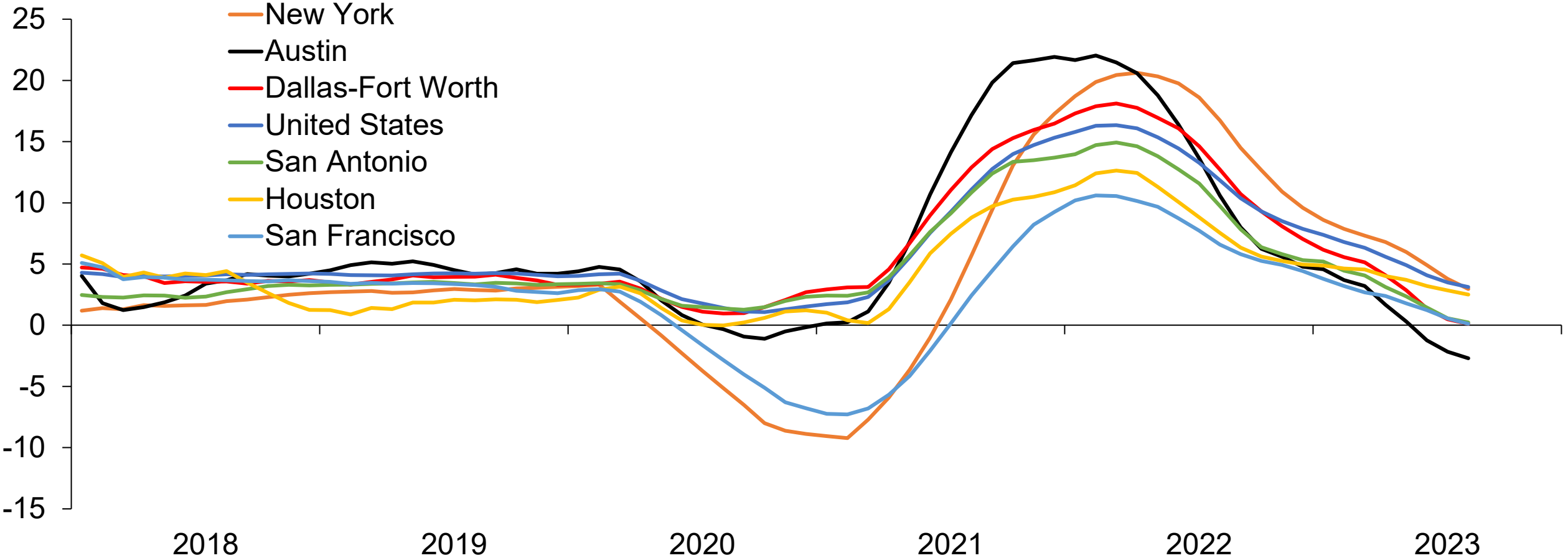


NOTES: Seasonally adjusted sales price, nominal. Data through July 2023 for Houston. August 2023 for the rest.

SOURCES: Multiple Listing Service; seasonal and other adjustments by Federal Reserve Bank of Dallas.

Apartment rent growth down across the country

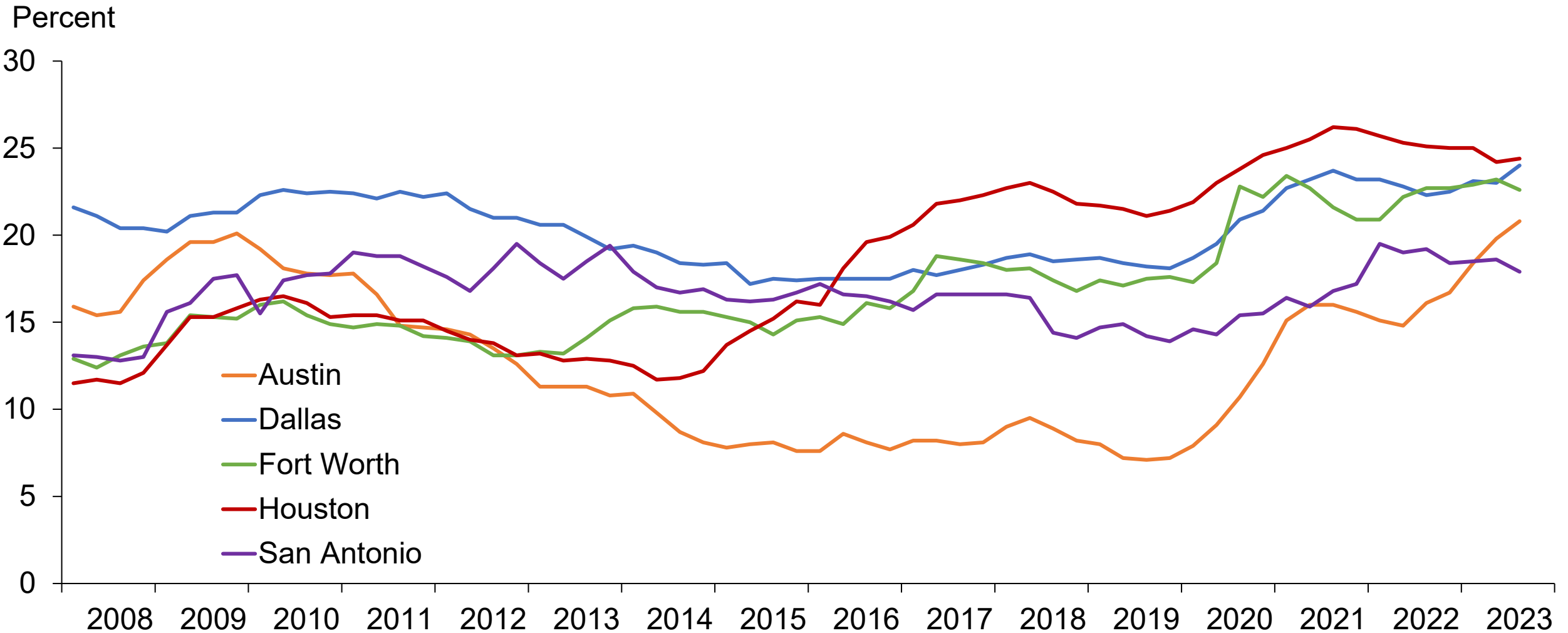
Percent, Y/Y



NOTES: Data are monthly, seasonally adjusted through August 2023. New York is missing March through September 2020 data. San Francisco is missing June through October 2020 data. Missing data are linearly interpolated.

SOURCE: Zillow.

Office vacancy stabilizes but not in Austin

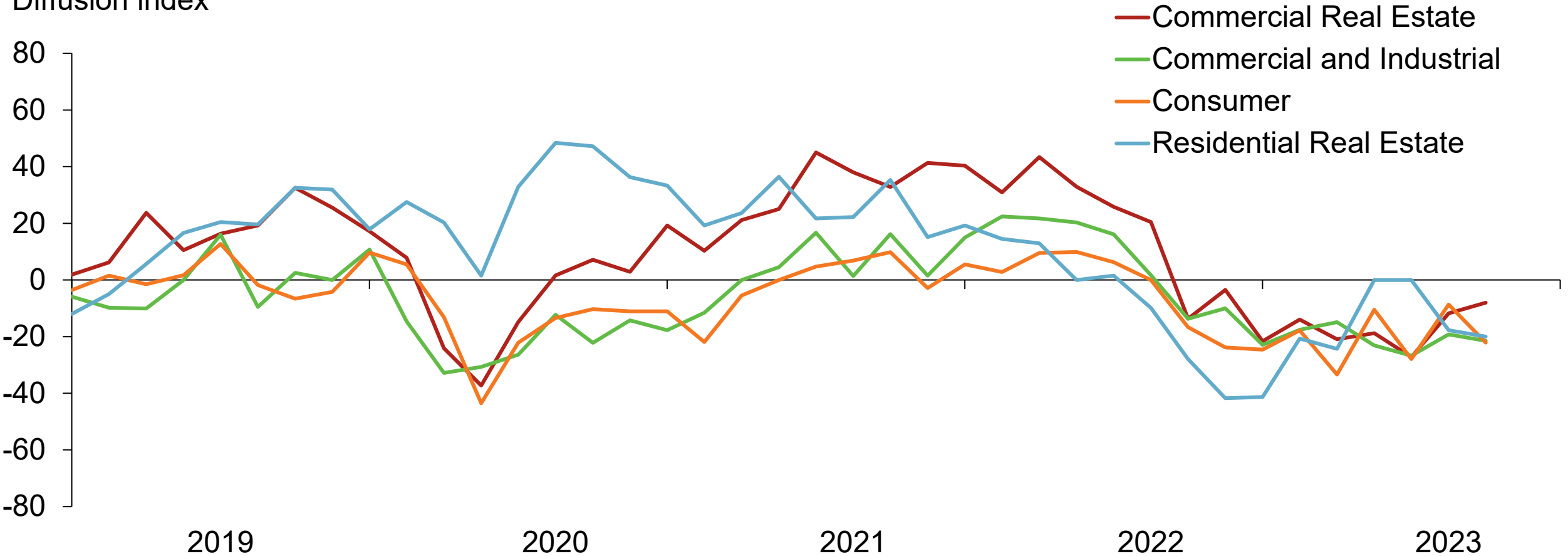


NOTE: Data through Q3 2023.

SOURCE: CBRE Econometric Advisors.

Loan volumes keep declining, according to 11th District bankers

Diffusion index

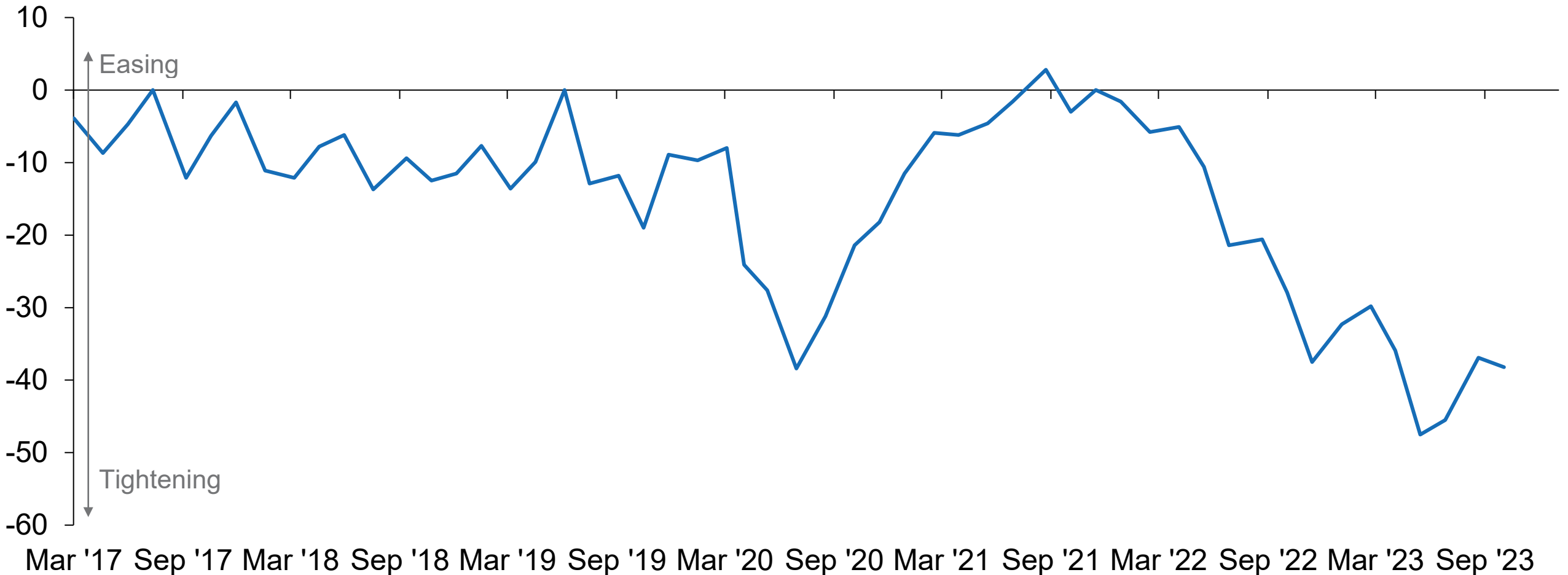


NOTE: Data through October 2023.

SOURCE: Federal Reserve Bank of Dallas' Banking Conditions Survey.

Tight credit standards continue in Texas banks

Diffusion index



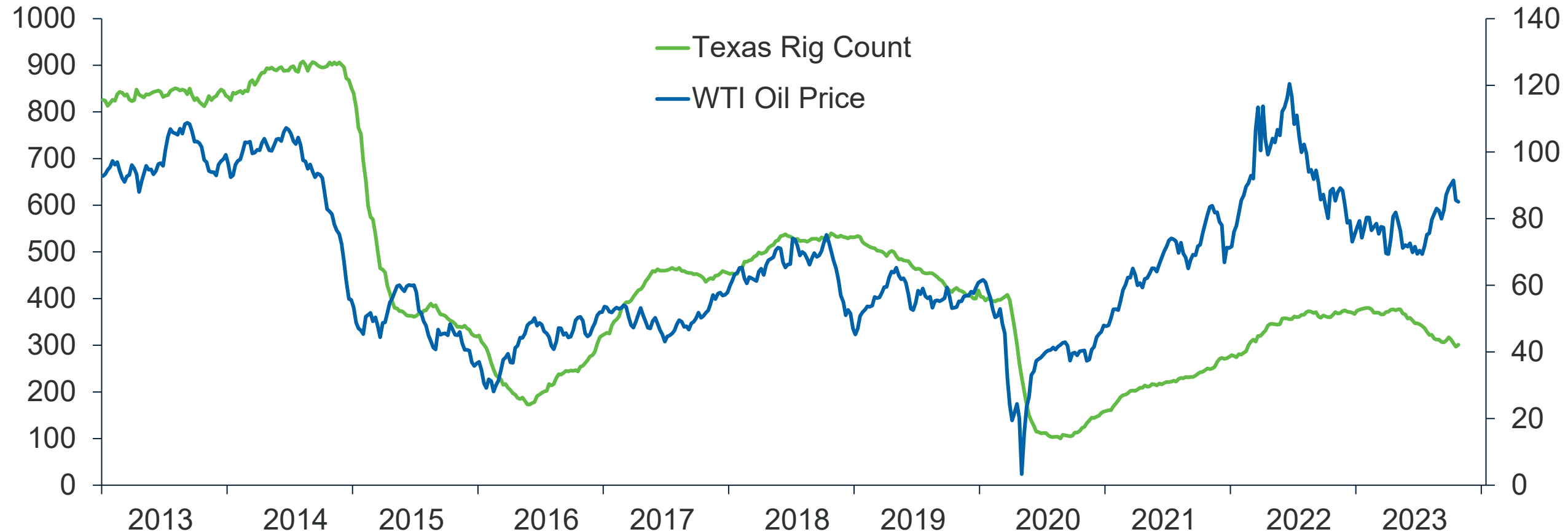
NOTE: Includes credits and terms. Data are through October 2023.

SOURCS: Federal Reserve Bank of Dallas' Banking Conditions Survey.

Oil prices tick down from recent high while rig count falls

Rig Count, Weekly

Nominal Price, \$, Weekly



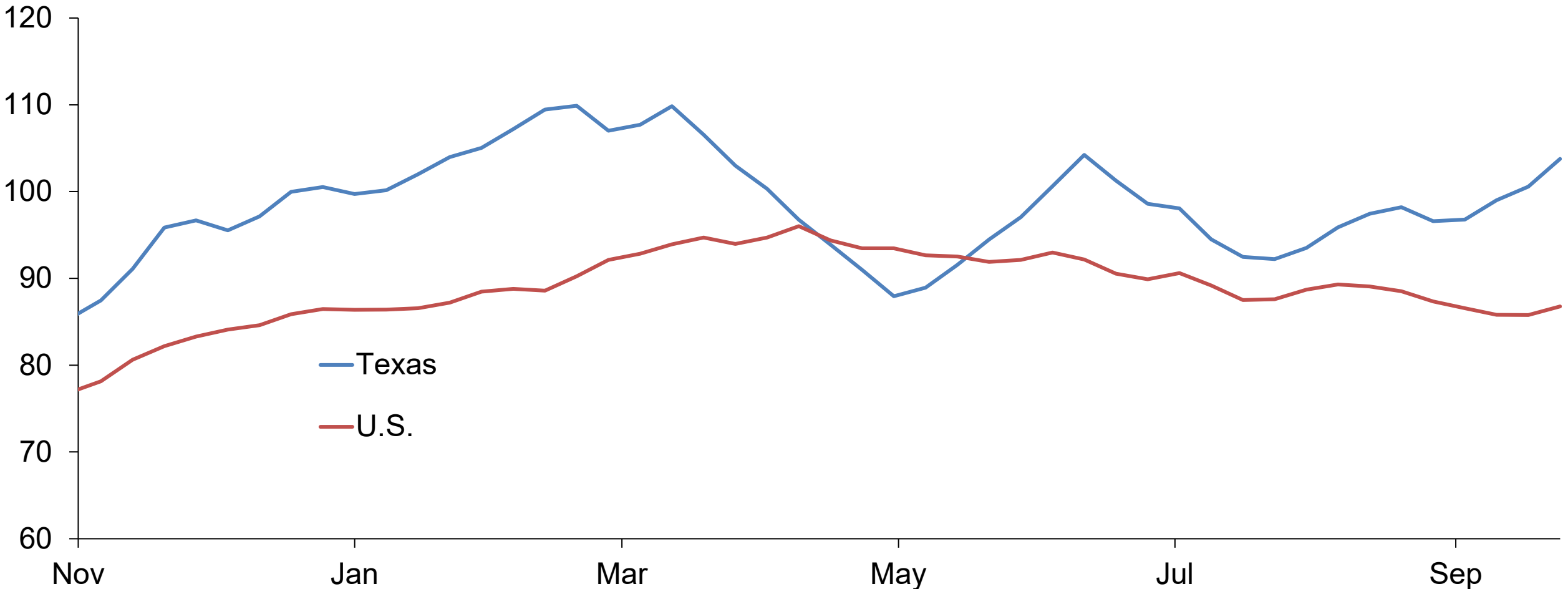
NOTES: Data are weekly through October 13th, 2023.

SOURCES: Energy Information Administration; Baker Hughes.

High-Frequency Data

Texas jobless claims turn up

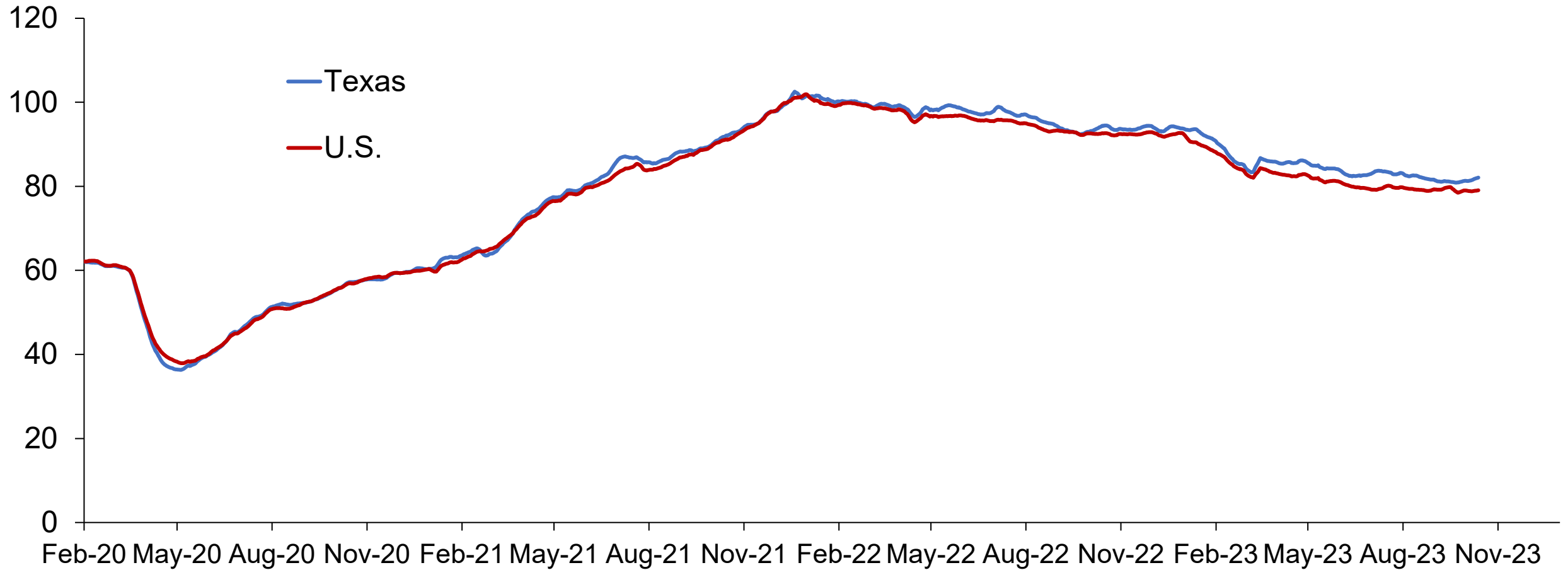
2-Week Moving Average, Index, Second Week of Mar. 2020 = 100



NOTES: Total (initial and continuing) unemployment claims data through the week ending September 30th and include states UI and federal PUA, PEUC and EB when available.
SOURCE: Department of Labor.

Texas and U.S. job postings trend down

% Change from Jan. 2022



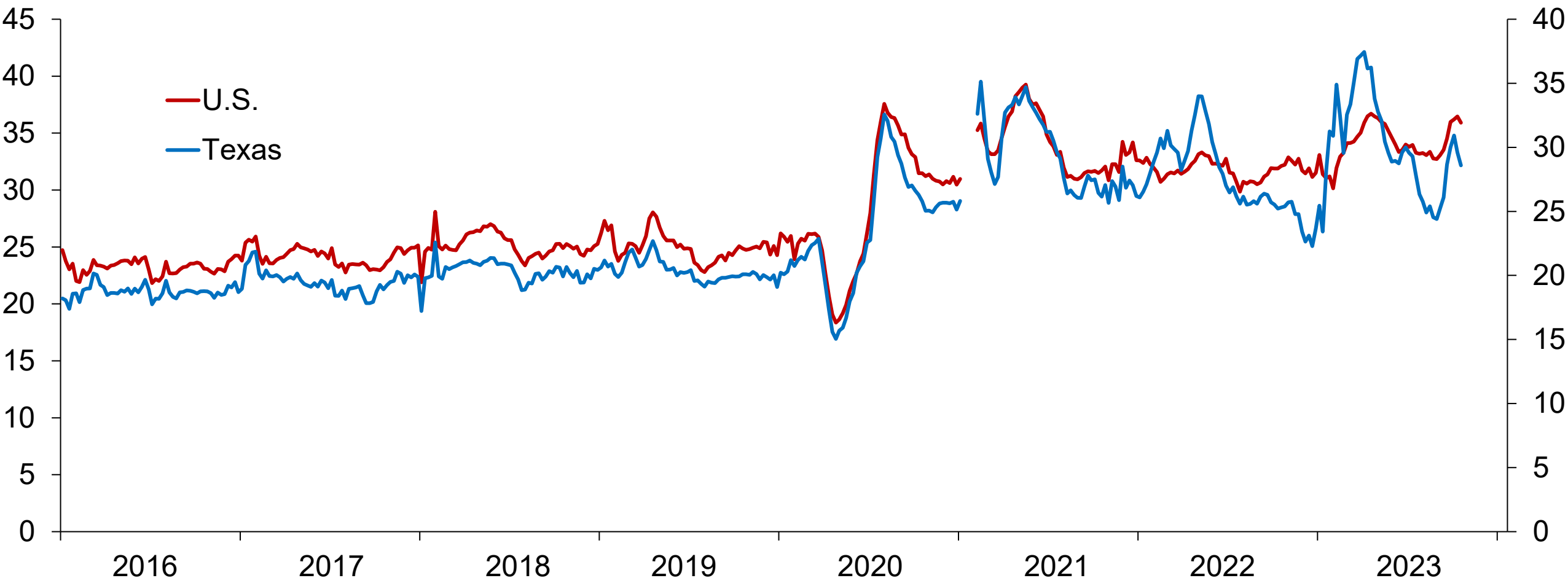
NOTE: U.S. and Texas data daily through October 13th, 2023.

SOURCE: Indeed.

New business applications tick down in Texas and US

U.S. Applications (Thousands)

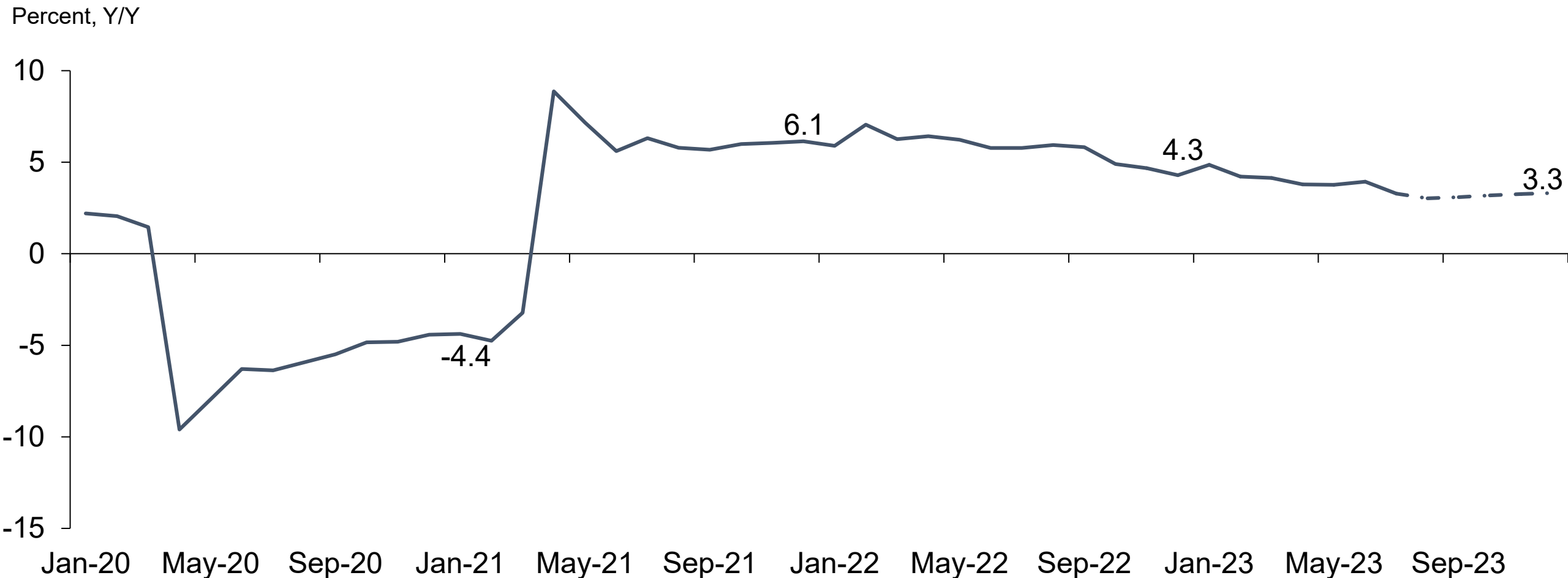
Texas Applications (Hundreds)



NOTE: Data are weekly through October 7th.
SOURCE: U.S. Census

Outlook for 2023

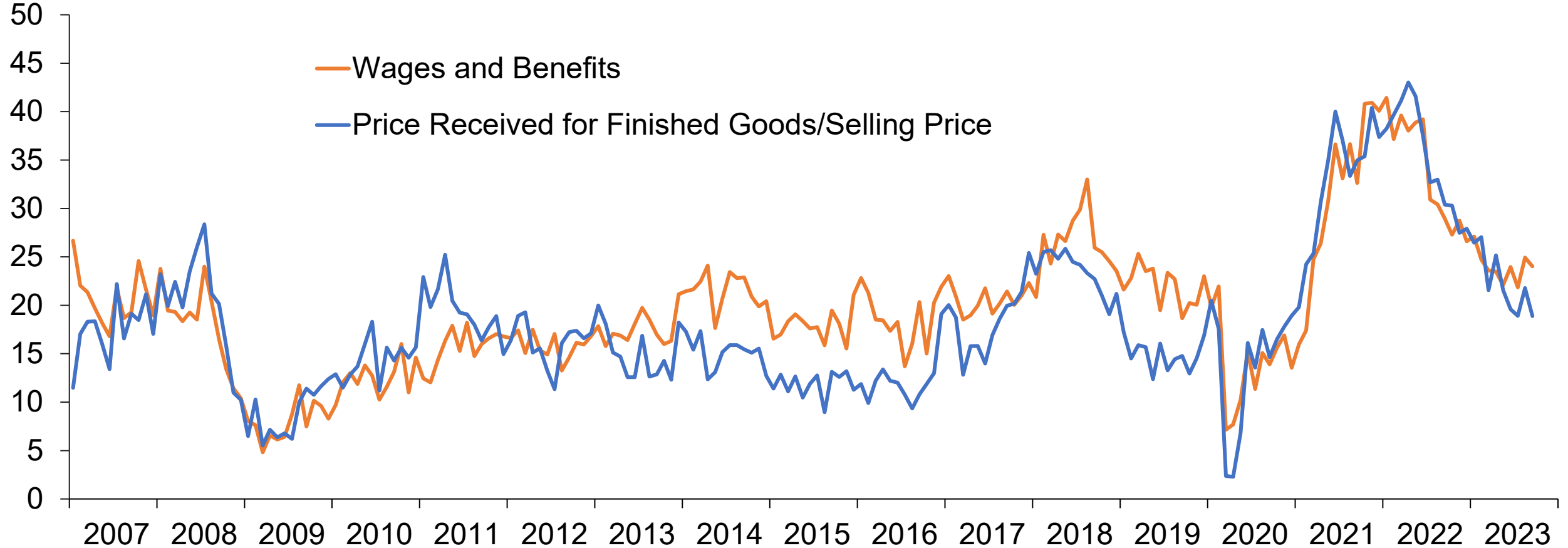
The Texas employment forecast indicates a 3.3 percent rise in 2023 after rising 4.3 in 2022



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 may have bottomed for now

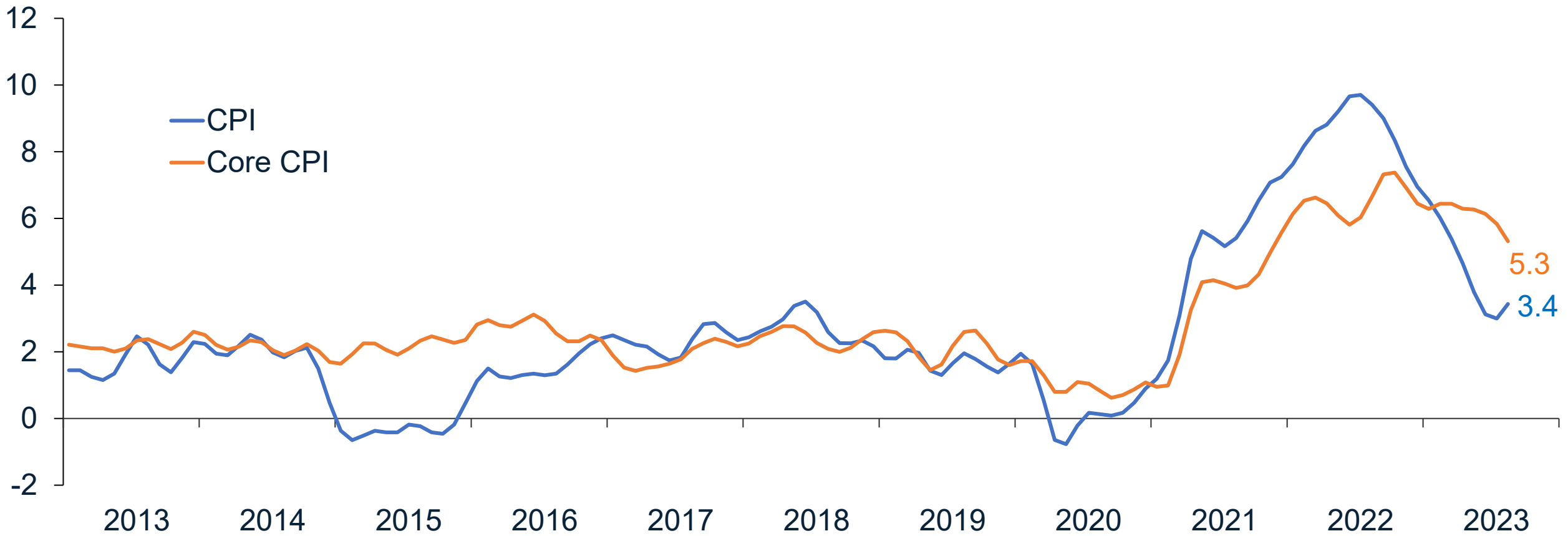
% Reporting Increase



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

Texas headline CPI turns up in August; core CPI high but trending down

Y/Y % Change

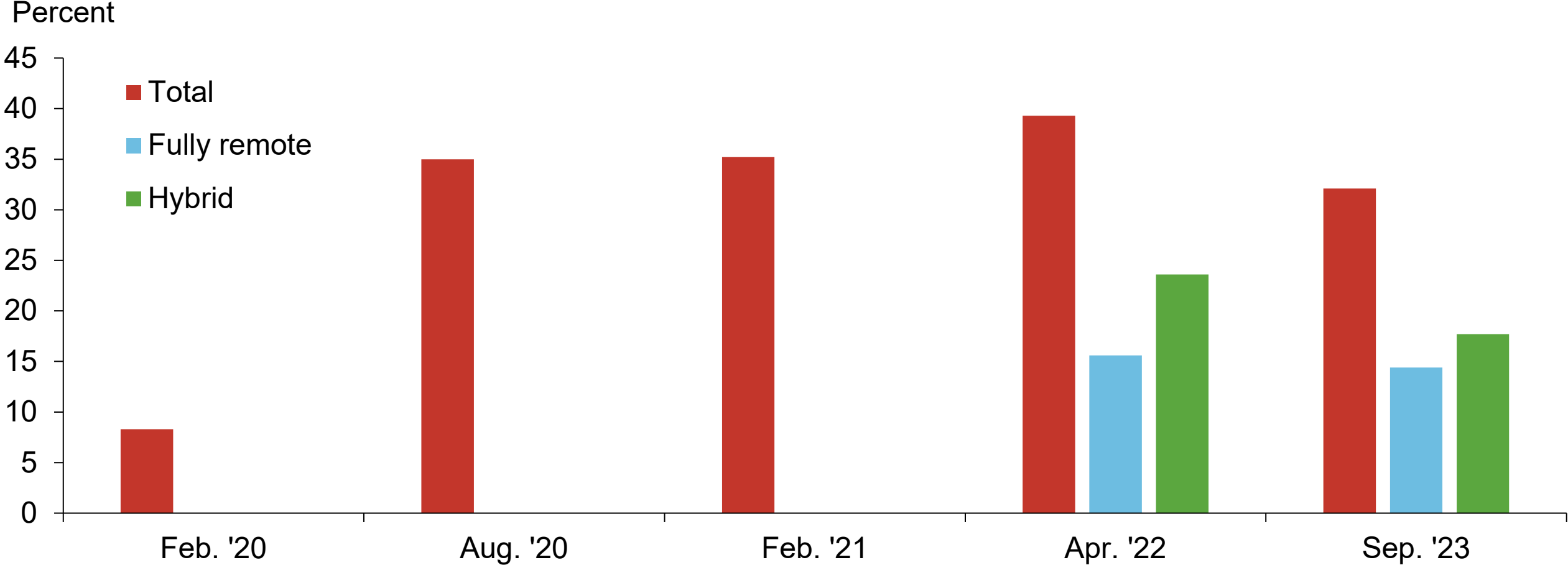


NOTES: CPI data through August 2023.

SOURCES: Bureau of Labor Statistics.

Survey Special Questions

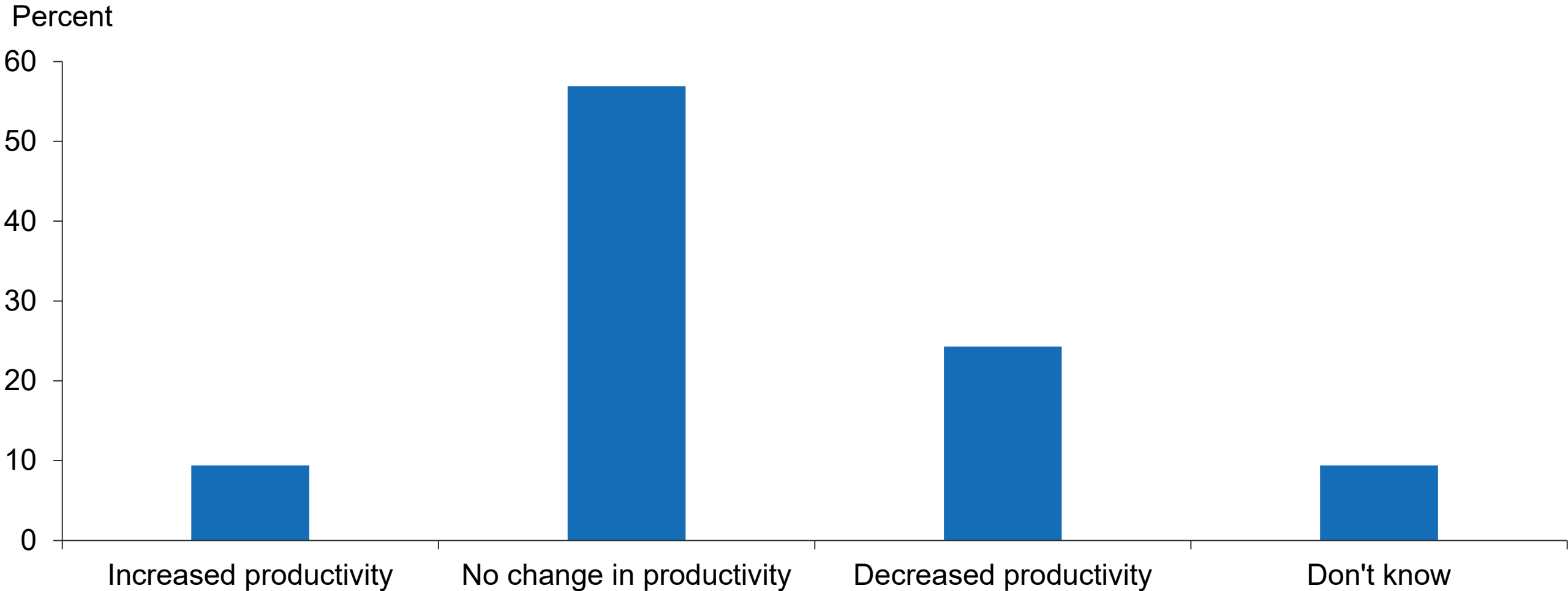
A third of Texas workers are still working remotely post-pandemic



NOTES: 335 responses. Shown are averages, calculated as the mean of received responses. Prior to Apr. '22 respondents were not asked to break out fully remote versus hybrid, and responses could be lower as a result if respondents had in mind only workers working mostly remotely. Responses for Feb. '20 are from an Aug. '20 question asking, "What share of your employees were working remotely in February (pre-COVID-19)?"

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

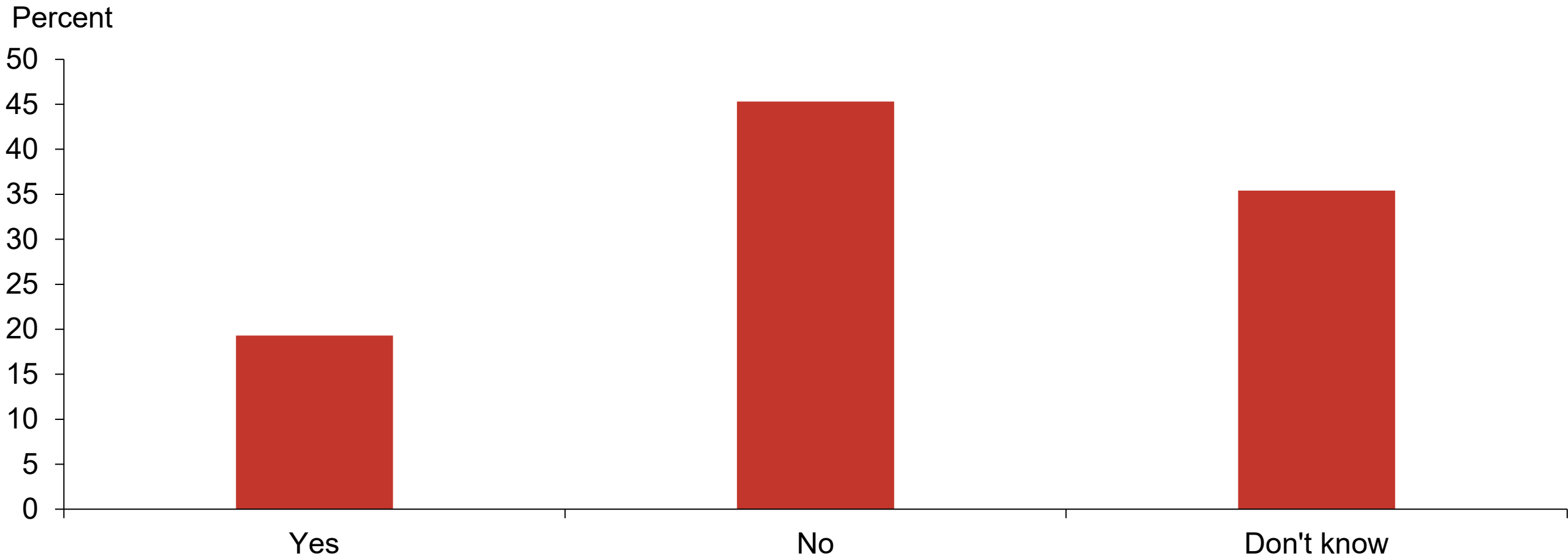
One-quarter of Tx firms see lower productivity due to remote work, while 9 percent see higher productivity



NOTES: 181 responses. These calculations exclude respondents that answered "Not applicable; our share of remote employees has not increased," which represented 47.5 percent of responses. Participants were asked, "If the share of remote employees has increased since prior to the pandemic, how has it affected your firm's productivity overall?"

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

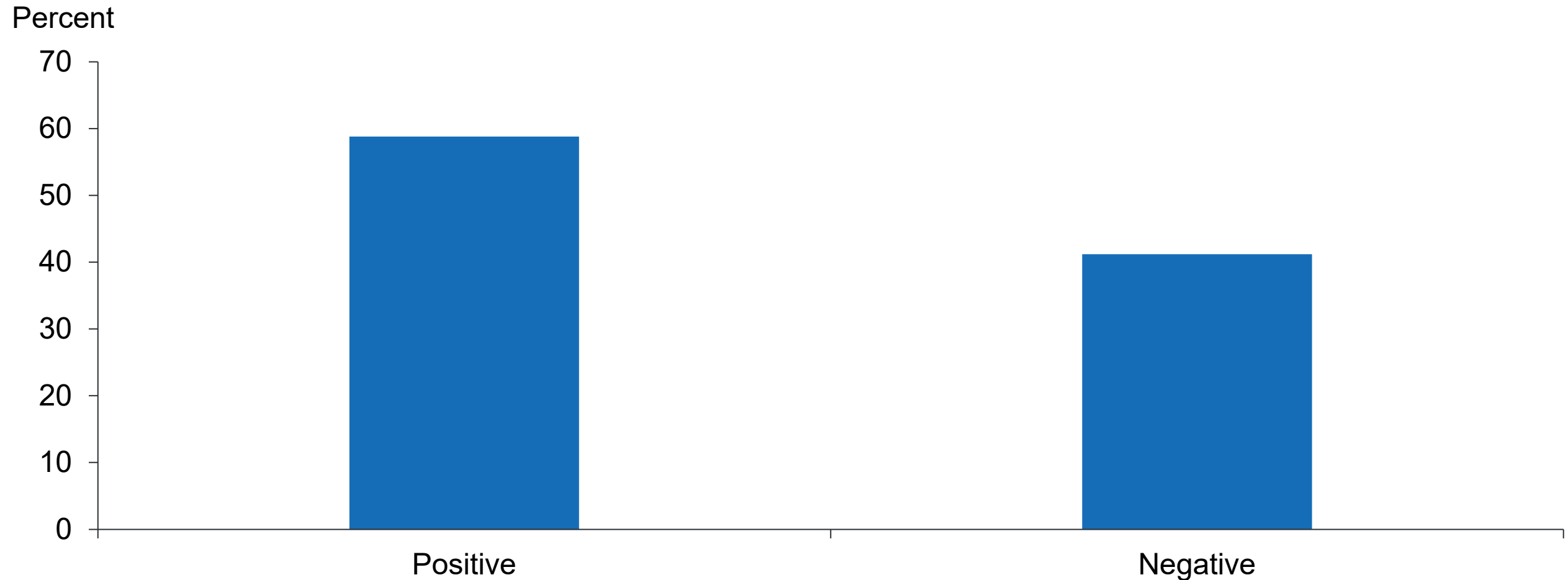
Industrial policy: One-fifth of Texas firms are impacted by recent federal government legislation



NOTES: 353 responses. Participants were asked, "Has your firm been impacted, or do you expect to be impacted, by recent federal government legislation, including the IRA (Inflation Reduction Act), CHIPS Act (Creating Helpful Incentives to Produce Semiconductors and Science), or the IIJA (Infrastructure Investment and Jobs Act)?"

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

Mixed impacts from recent legislation on industrial policy



NOTES: 68 responses. Participants were asked, "On net, is the impact on your firm positive or negative?" This question was only posed to those who answered "Yes" to the previous question.

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

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