



Federal Reserve  
Bank of Dallas

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# **Texas Economic Performance and Outlook**

## **(November 2023)**

# **“Employment Growth Slows”**

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Federal Reserve Bank of Dallas  
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# What's New: Job Growth Slows in October

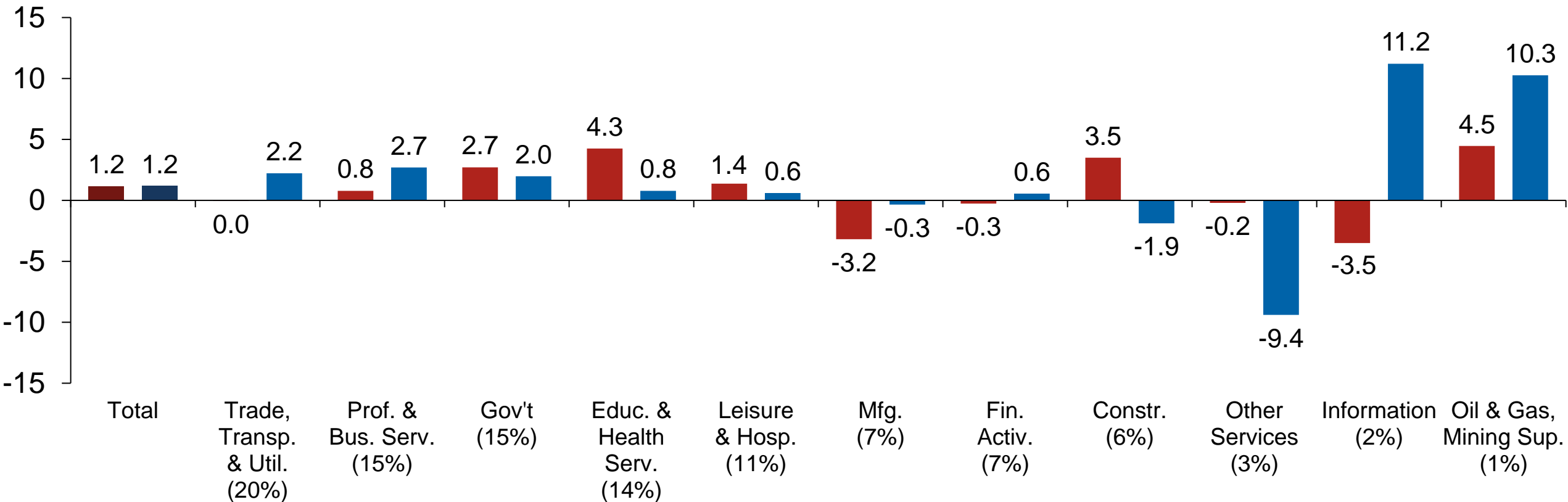
- Texas employment grew 1.2 percent in October, while September growth was revised up to 5.8 percent; Year to date growth is 3.4 percent, below 2022 growth of 4.3 percent.
  - Texas grew at the same pace as the nation in October.
- The Dallas Fed's Texas Employment Forecast indicates that jobs will increase 3.2 percent in 2023 (down from 3.3 percent last month).
  - The current forecast implies 2.2 percent growth (annualized) in the rest of the year.
- October Texas Business Outlook Surveys (TBOS) indicate positive but slower growth in both manufacturing and services sector activity.
- Large majority of Texas firms report no adverse impacts of difficulty seeking credit or they are not seeking credit
  - Little adverse impact in sales, production, or hiring
  - Little expectation of negative effects on sales, production or hiring

# Overall Economic Activity

# Texas employment growth decelerated in October; significant gains in information and oil & gas with large decline in other services

Job Growth October 2023/September 2023 (%)\*

■ U.S. ■ Texas



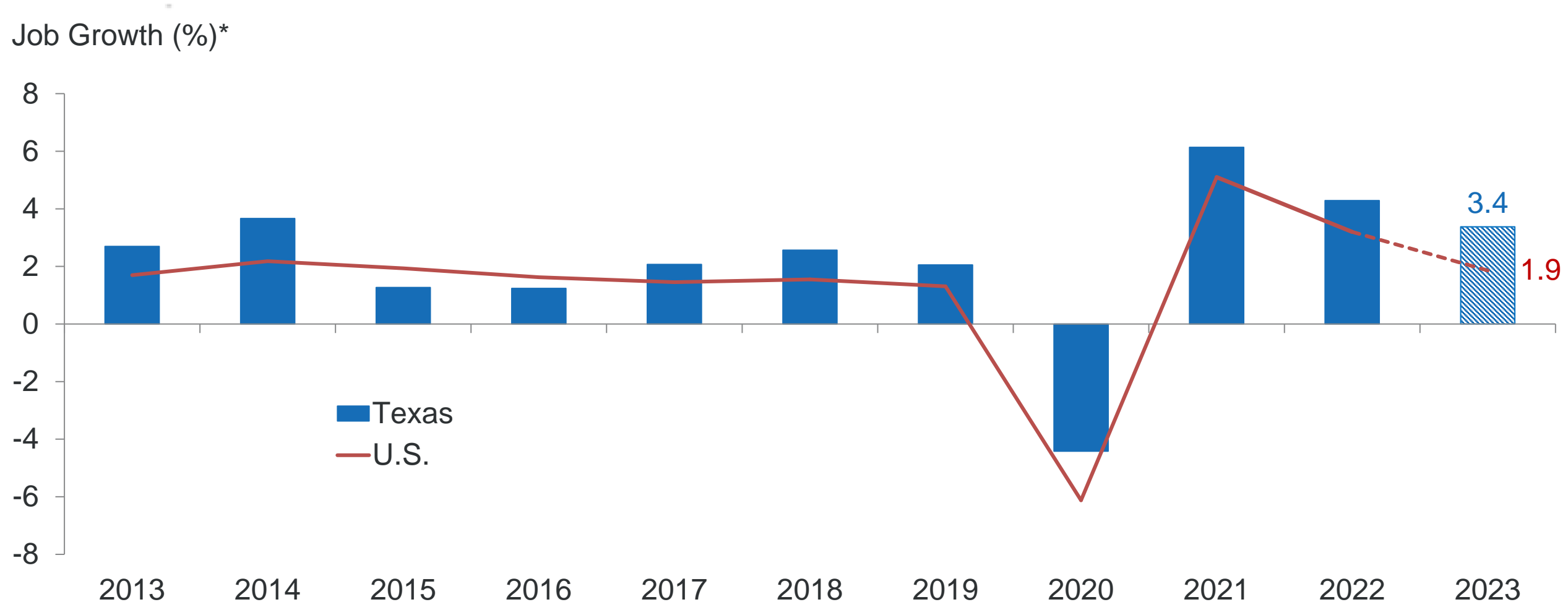
\*Seasonally adjusted, annualized rate.

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

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

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

# Texas annual job growth on track to exceed the nation



\*Seasonally adjusted, annualized rate.

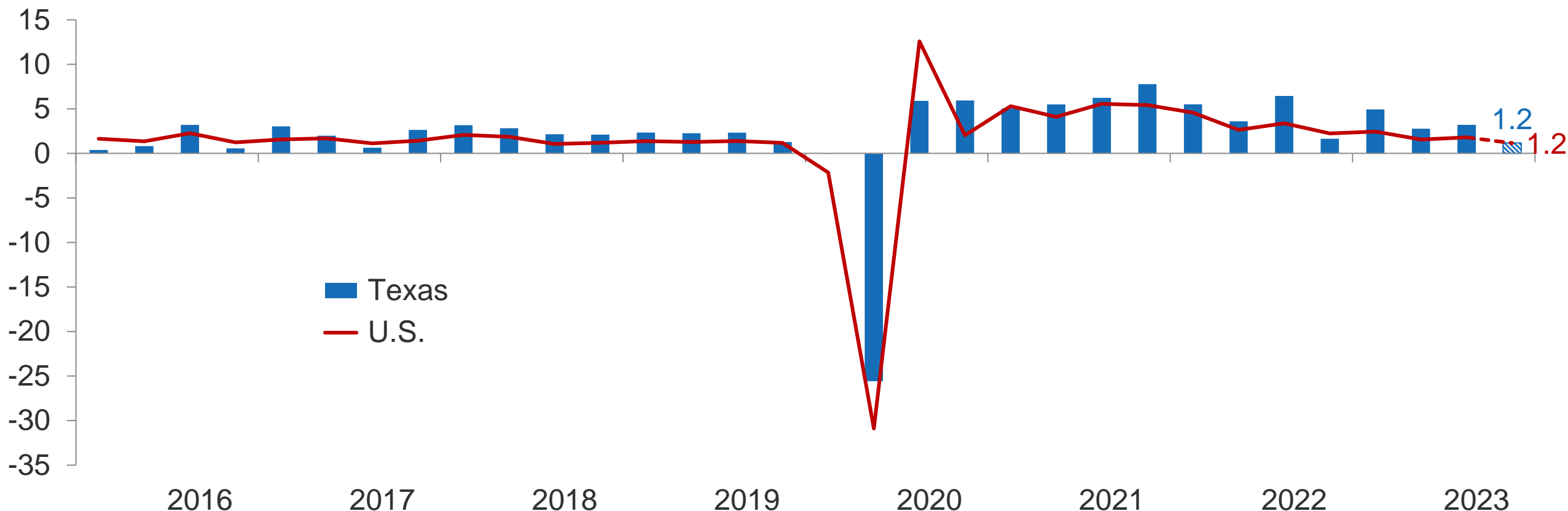
NOTES: Last data points are annualized job growth for Oct. 2023/Dec. 2022. Yearly growth is Dec/Dec.

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](#)

# Texas job growth decelerates to start the fourth quarter

Job Growth (%)\*



\*Seasonally adjusted, annualized rate.

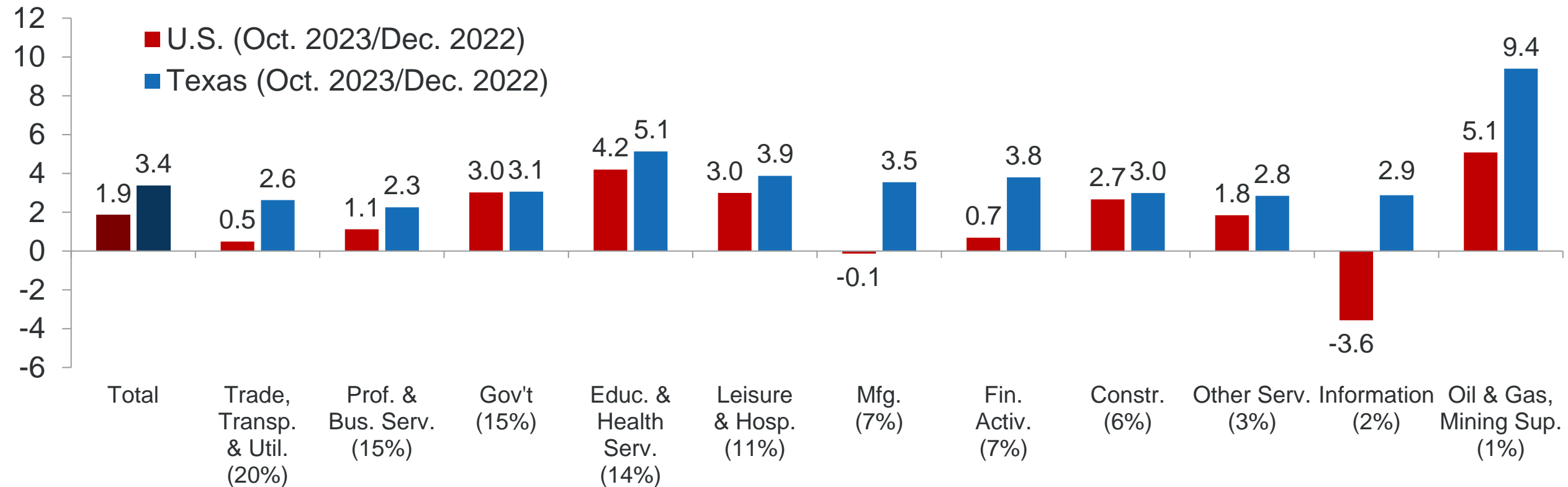
NOTES: Shown is quarterly job growth. Last data points are annualized job growth for Oct. 2023/Sep. 2023.

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/texas-payroll-employment-total-nonfarm)

# Texas year-to-date job growth ahead of U.S. across all industries

Job Growth (%)\*



\*Seasonally adjusted, annualized rate.

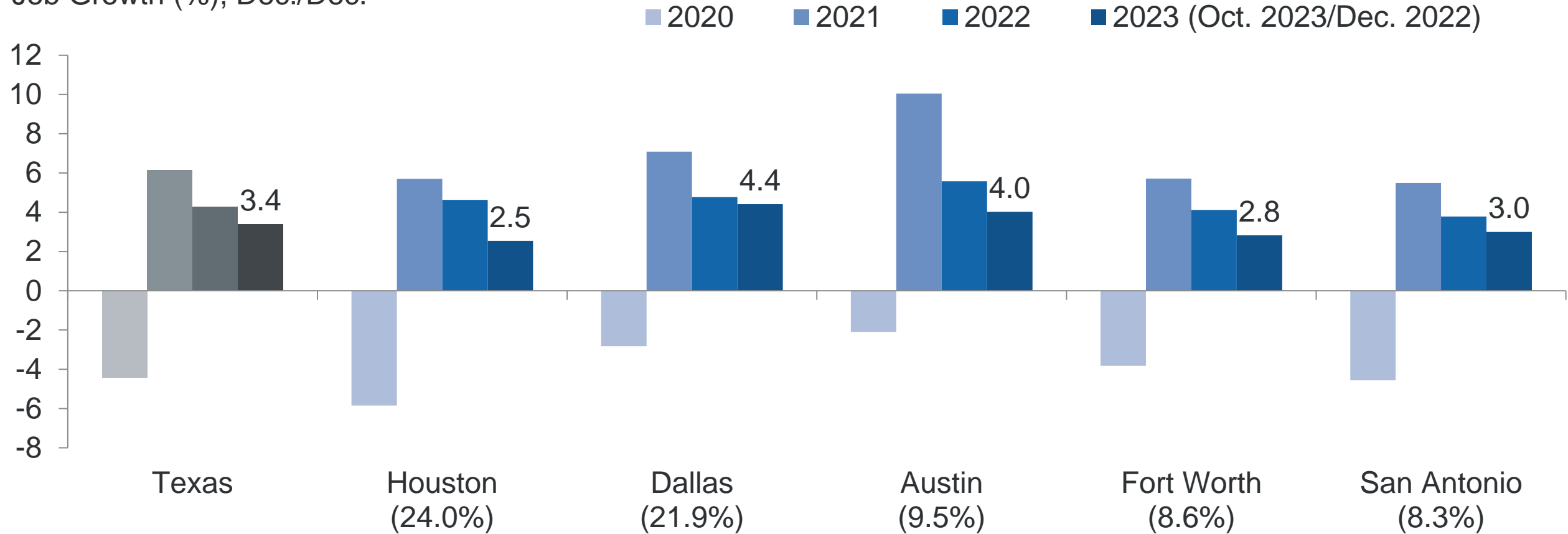
NOTE: Numbers in parentheses indicate share of total state employment for October 2023.

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/texas-employment-by-industry)

# Dallas leads 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 October 2023.

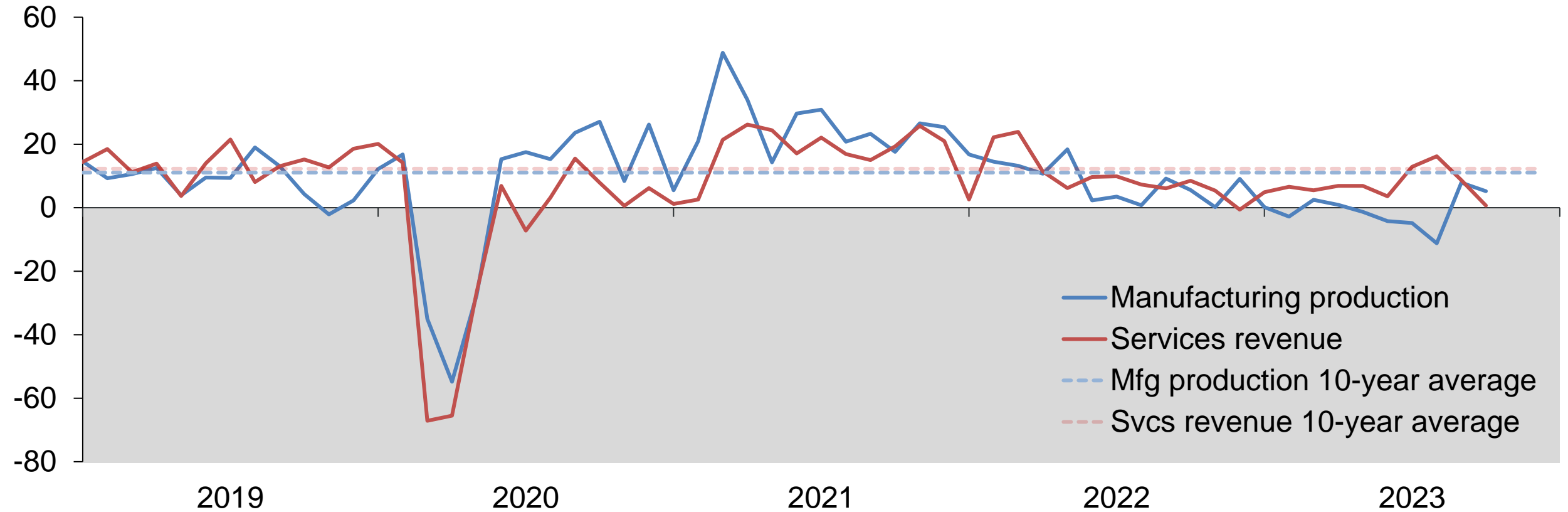
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by Federal Reserve Bank of Dallas.

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



# Texas firms report slower growth in manufacturing and services sector activity

Diffusion Index, SA



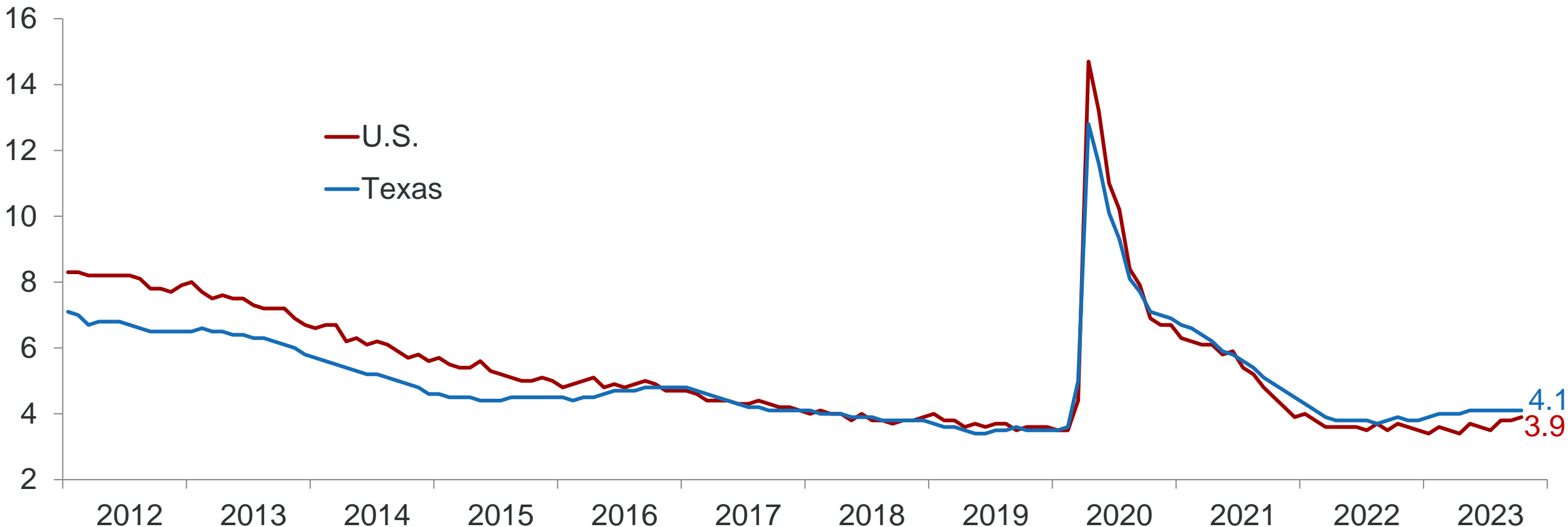
NOTES: Data through October 2023. Shaded area represents contractionary territory.

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

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

# Texas unemployment rate holds at 4.1 percent in October

Unemployment Rate (%)\*



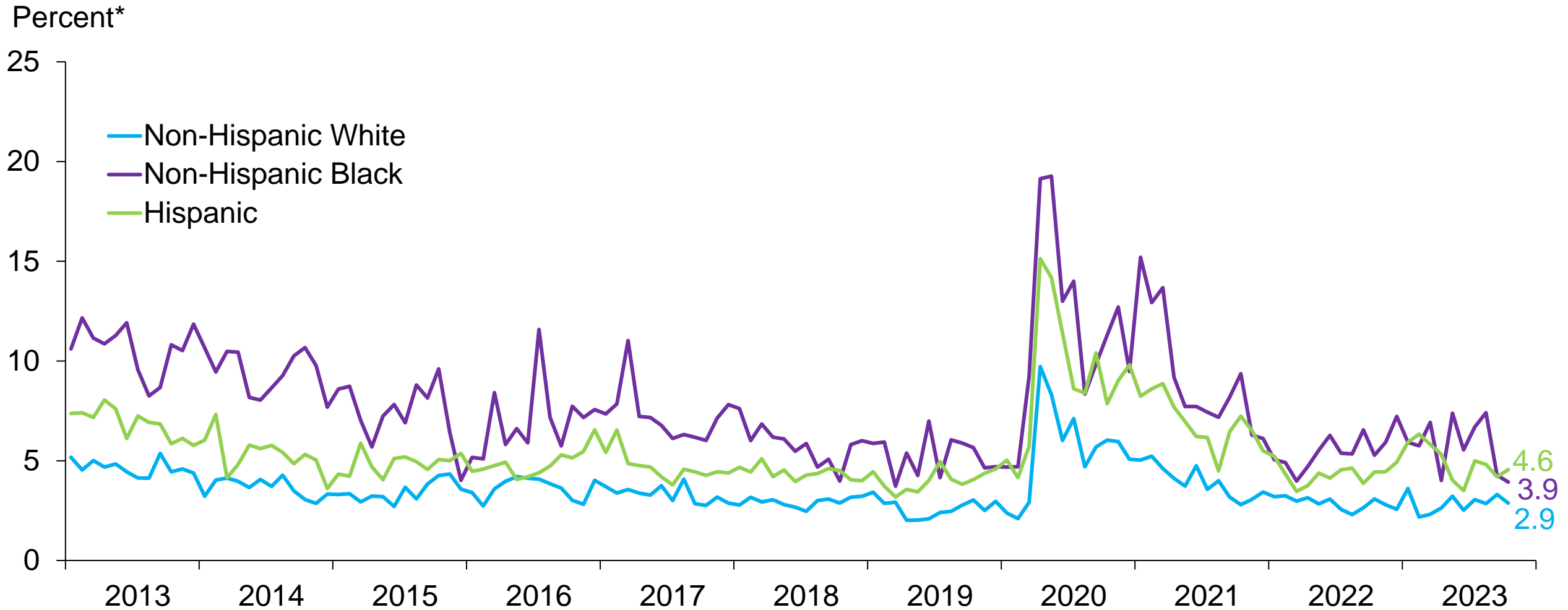
\*Seasonally adjusted.

NOTE: Data are through October 2023.

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

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

# Hispanic unemployment rate ticks up



\*Seasonally adjusted.

NOTE: Last data points are October 2023 values.

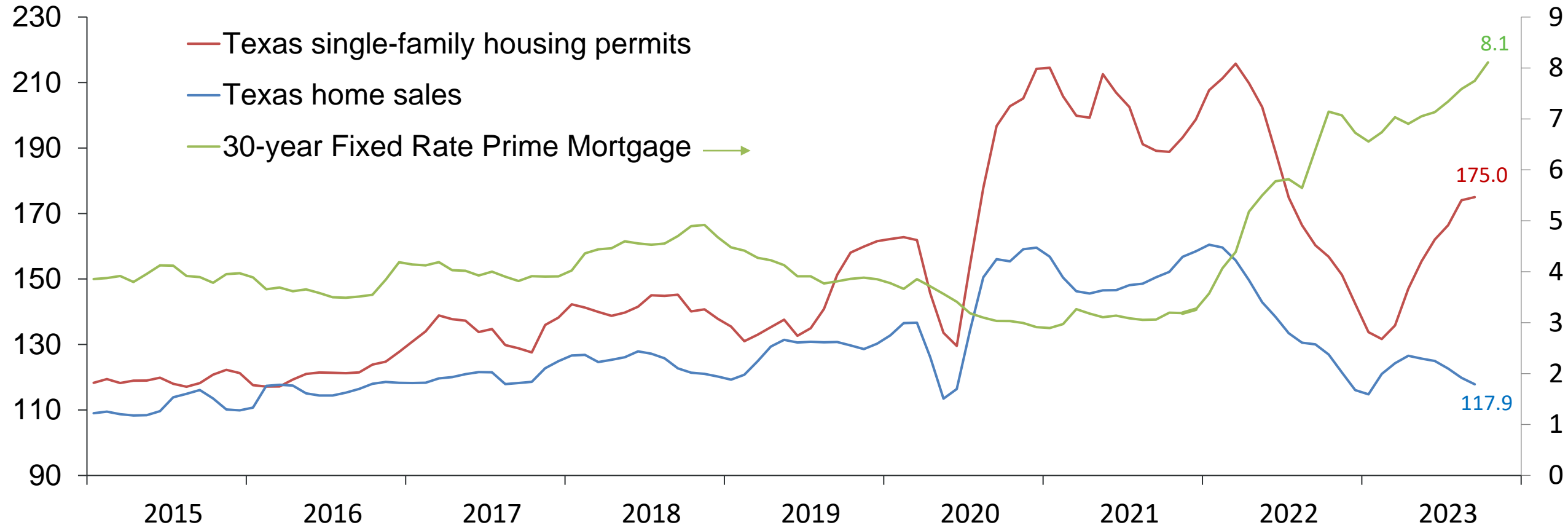
SOURCE: Current Population Survey, authors' calculations.

# Housing and Energy Industries

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

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

Interest Rate, Monthly Average

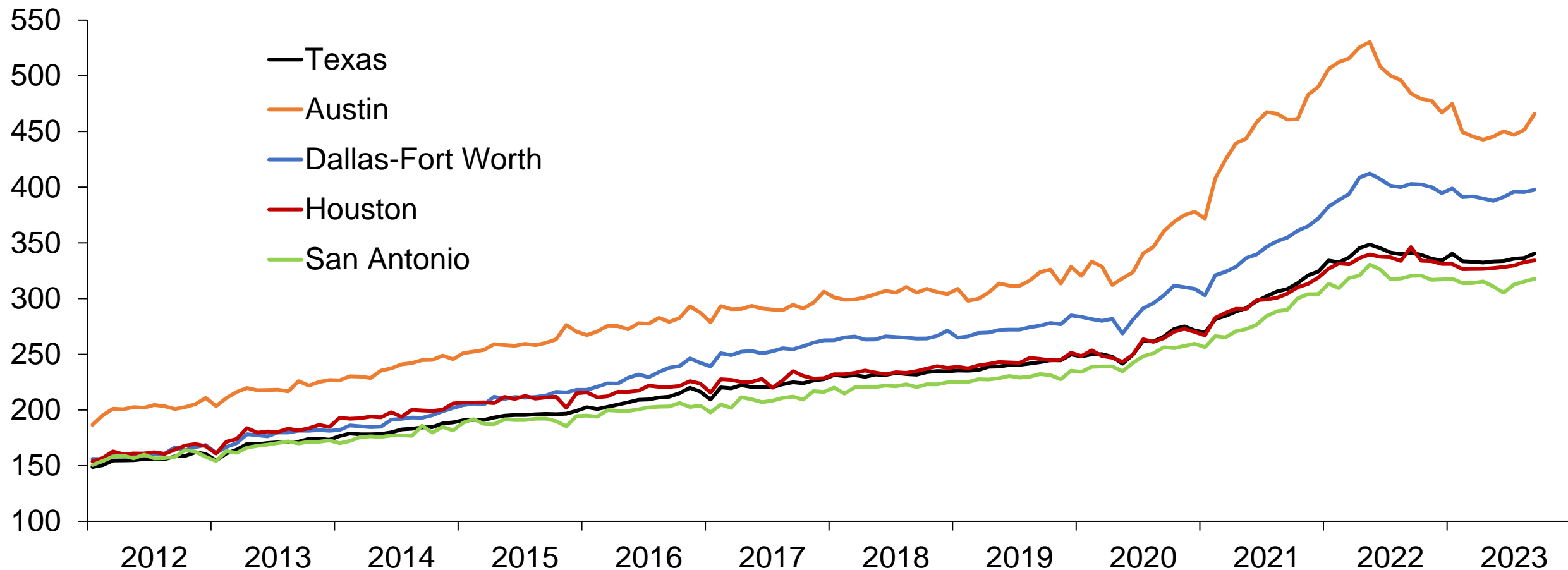


NOTES: Texas single-family housing permits and existing-home sales data through September 2023. Mortgage data through October 2023.

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

# House prices tick up across Texas

Median Sales Price, \$

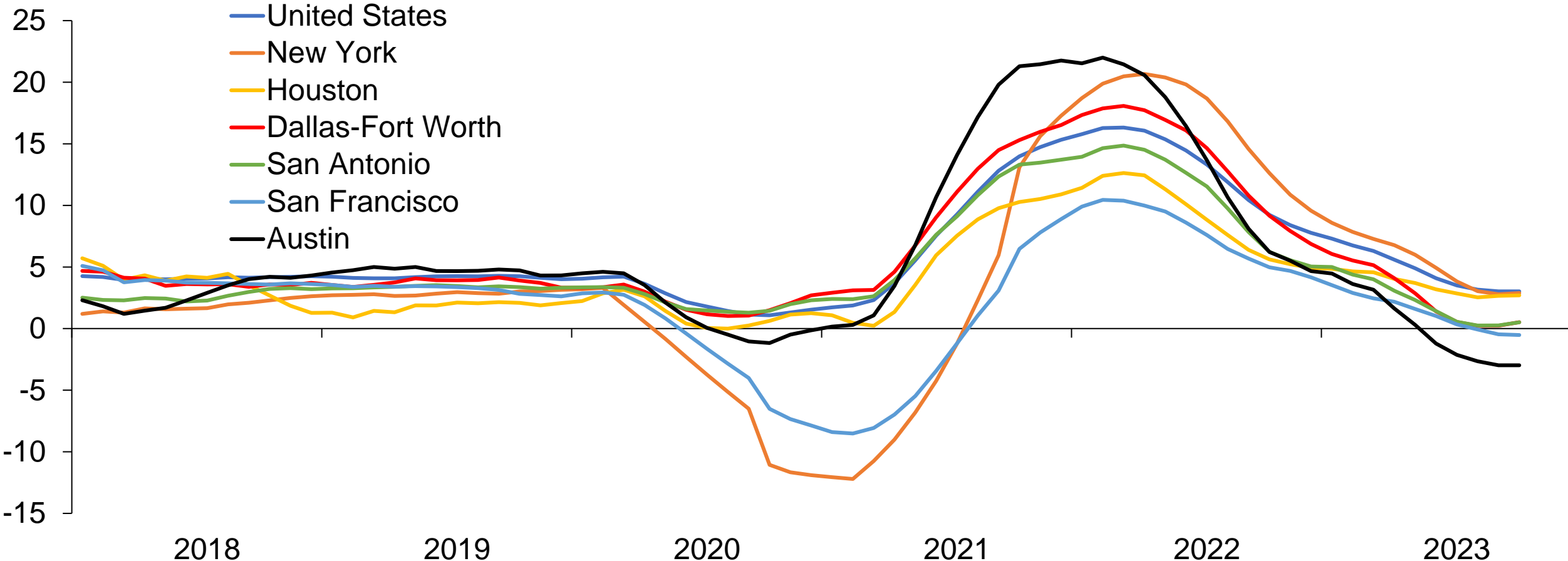


NOTES: Seasonally adjusted sales price, nominal. Data through September 2023.

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

# Apartment rent growth stabilize across the country

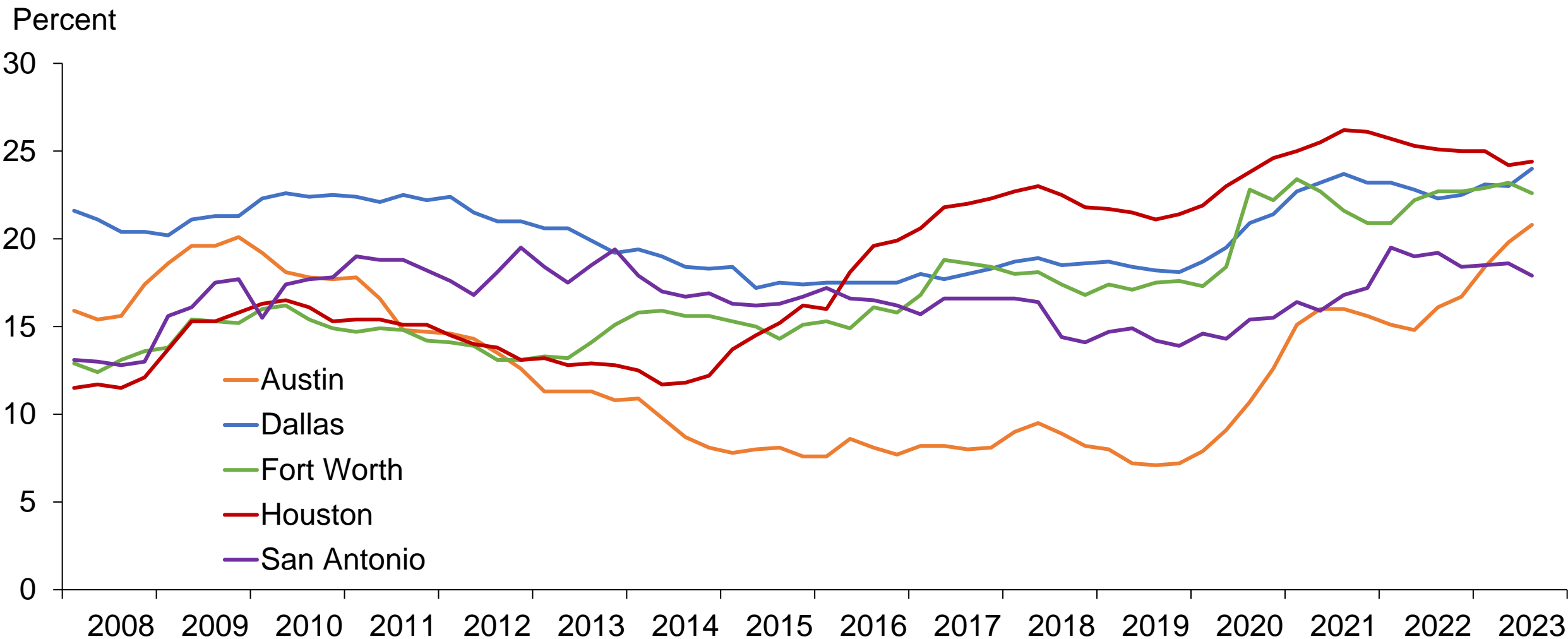
Percent, Y/Y



NOTES: Data are monthly, seasonally adjusted through October 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

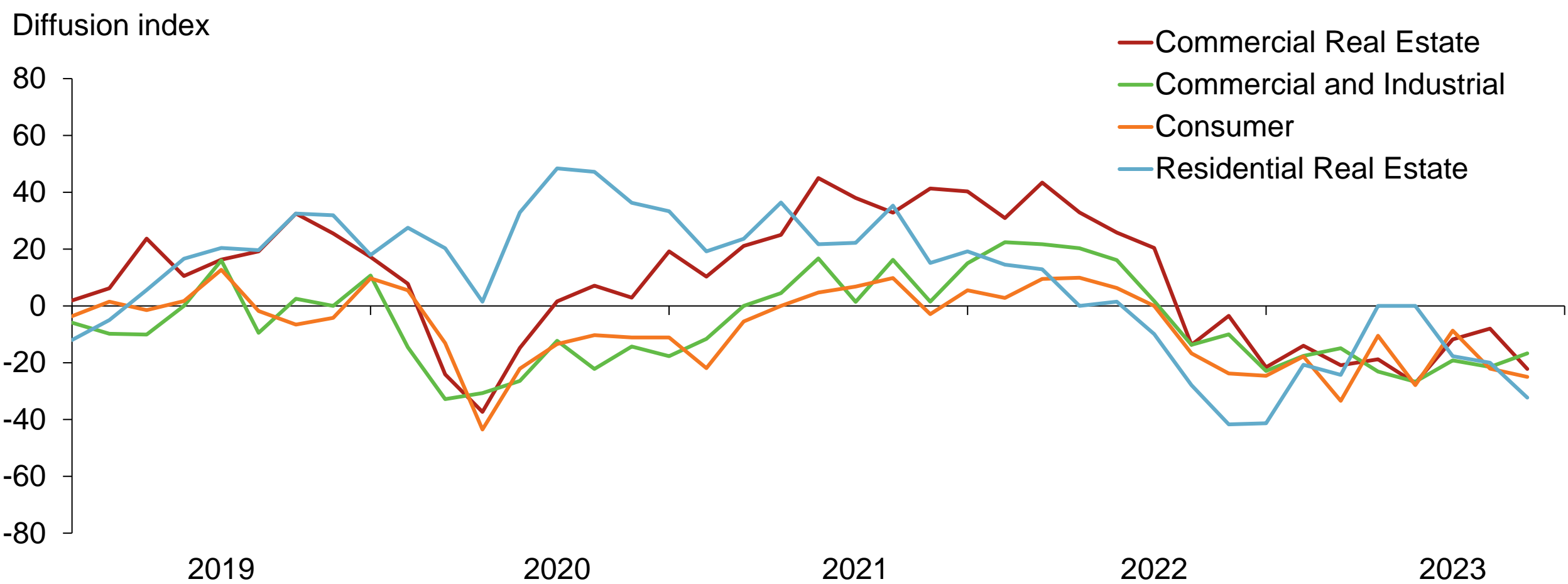


NOTE: Data through Q3 2023.

SOURCE: CBRE Econometric Advisors.

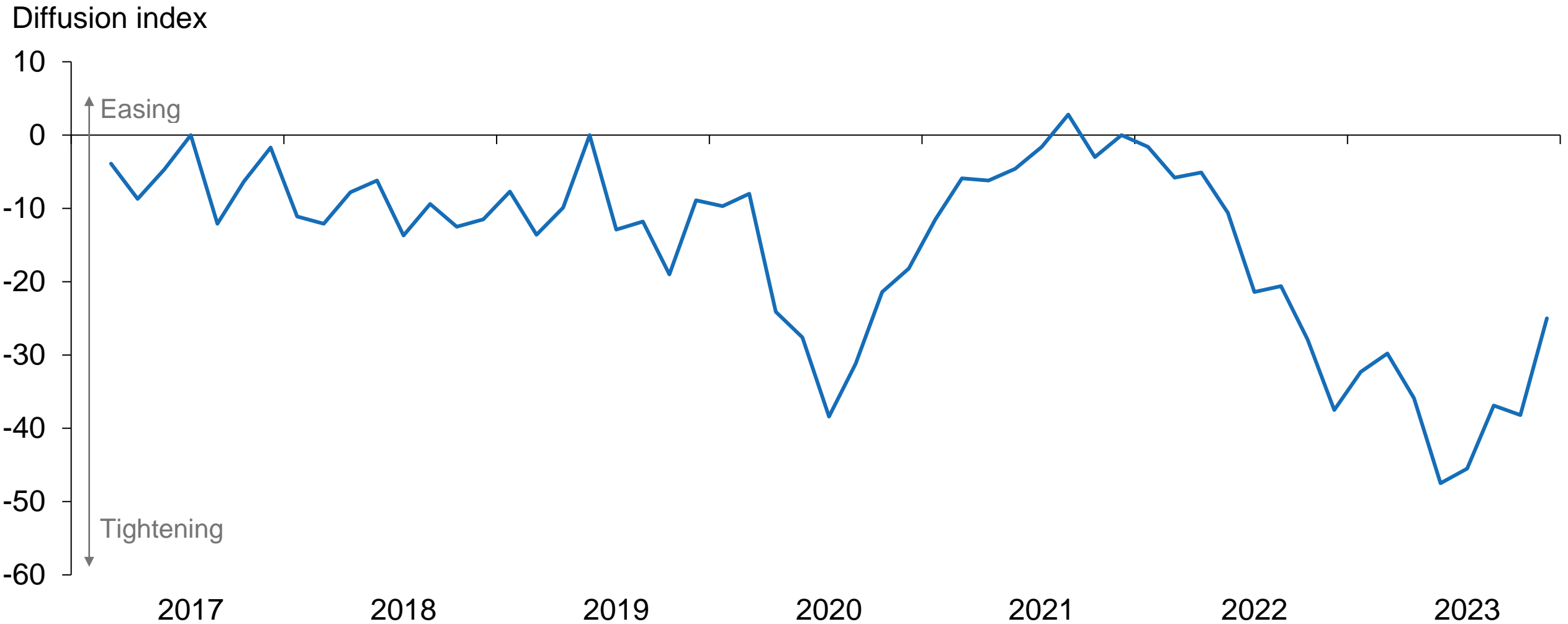


# Loan volumes keep declining, according to 11<sup>th</sup> District bankers

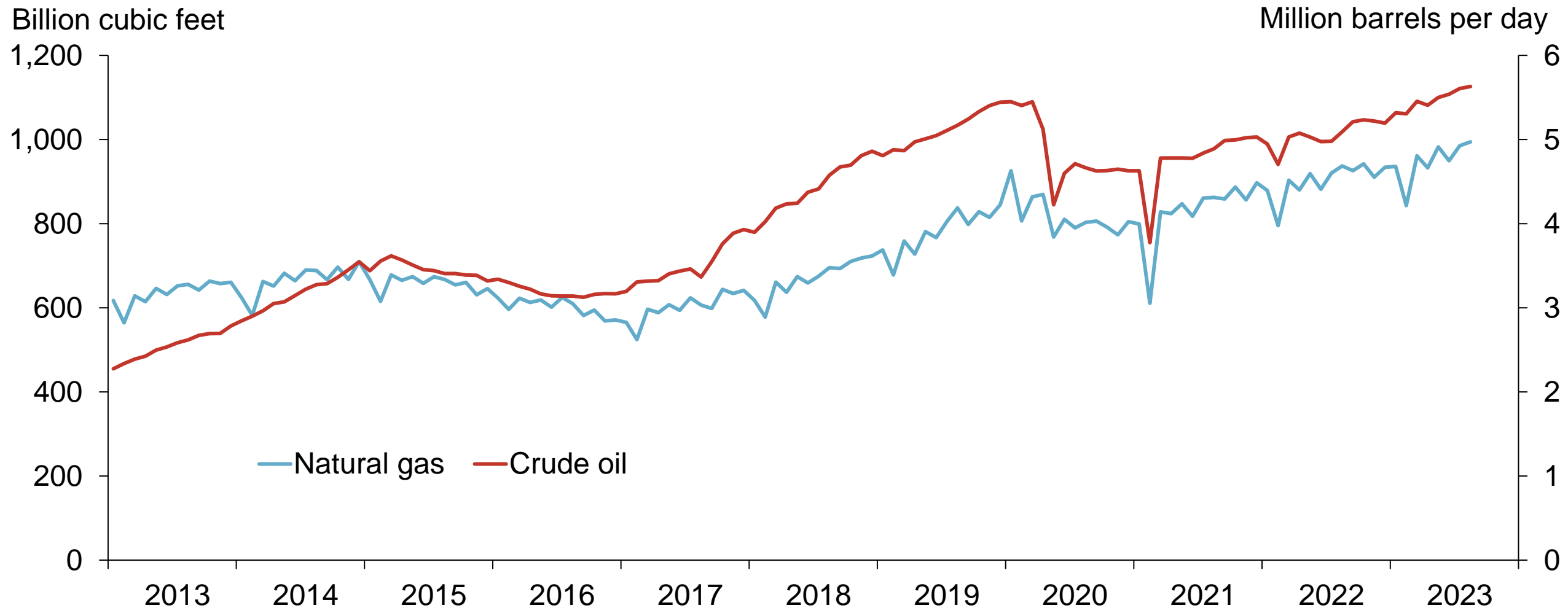


NOTE: Data through November 2023.  
SOURCE: Federal Reserve Bank of Dallas' Banking Conditions Survey.

# Credit standards continue to tighten in Texas banks



# Oil and gas production on the rise



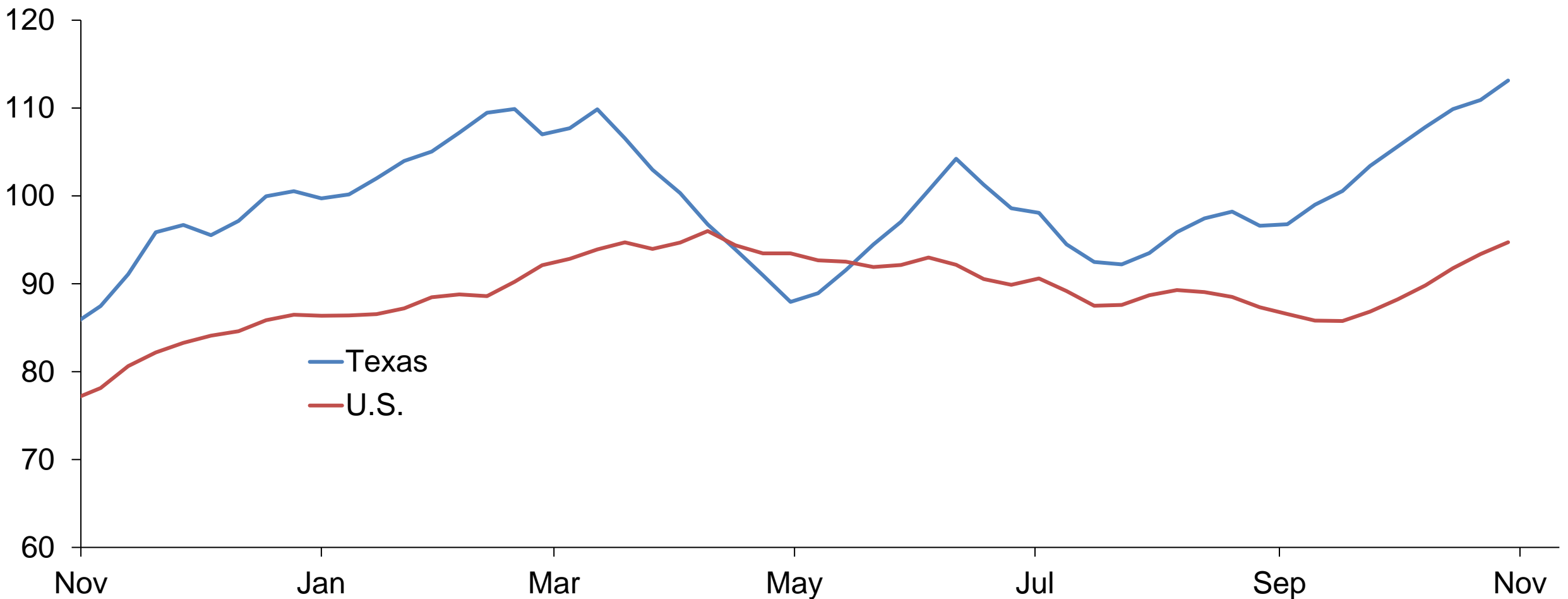
NOTE: Shown are crude oil and natural gas marketed production through August 2023.

SOURCE: Energy Information Administration.

# High-Frequency Data

# Texas jobless claims turn up

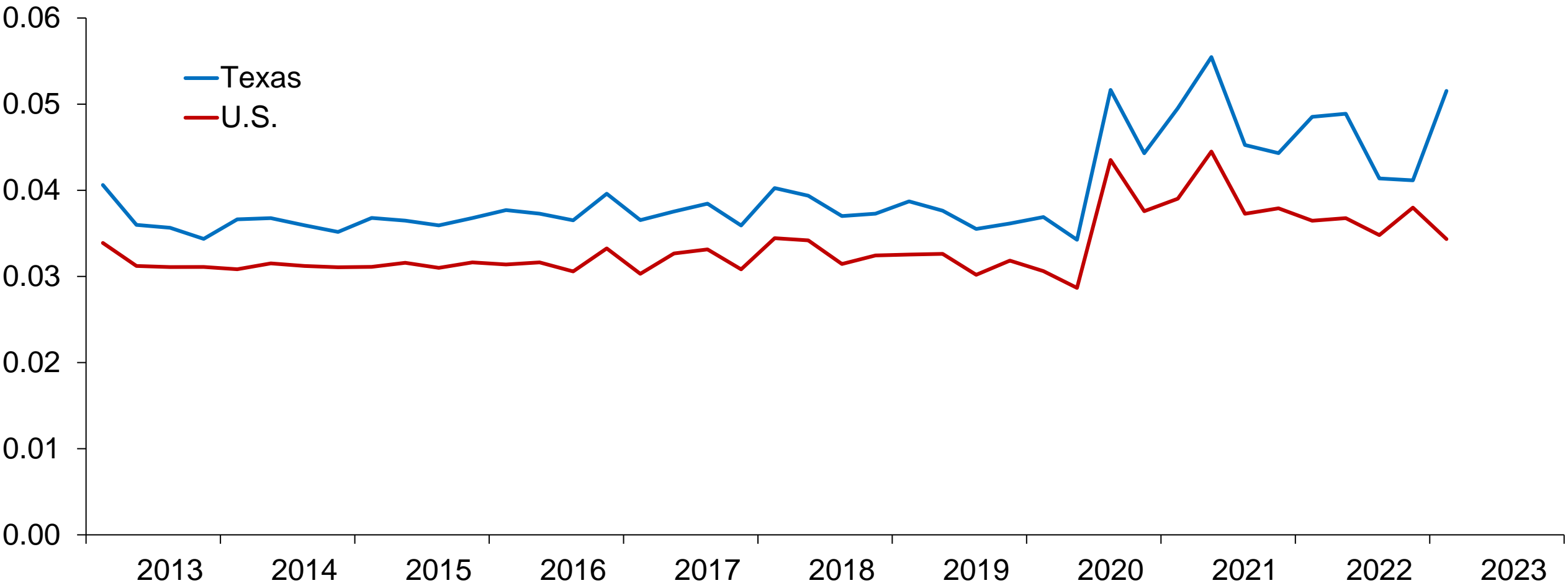
2-Week Moving Average, Index, Second Week of Mar. 2020 = 100



NOTES: Total (initial and continuing) unemployment claims data through the week ending November 4<sup>th</sup> and include states UI and federal PUA, PEUC and EB when available.  
SOURCE: Department of Labor.

# Texas rate of business formation exceeds the nation's

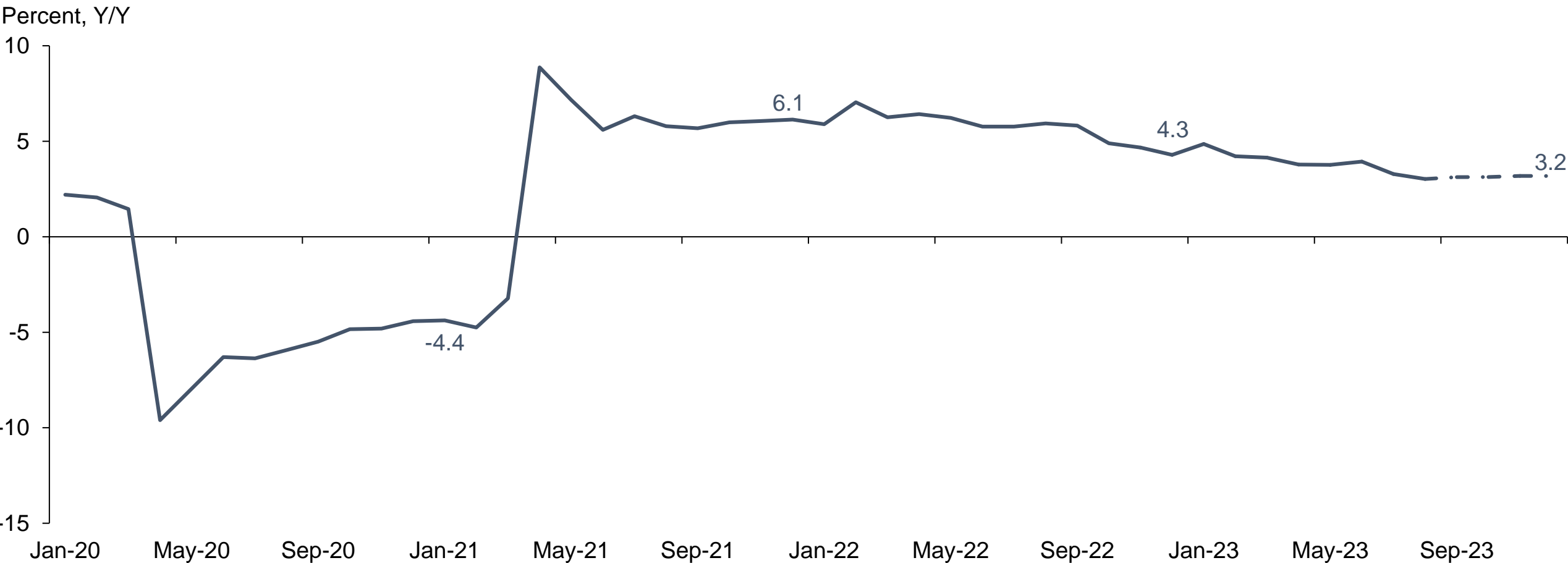
Business applications per business establishments



NOTES: Data are quarterly through Q1 2023. Business applications data are missing for the first week of January 2021.  
SOURCE: U.S. Census Bureau.

## **Outlook for 2023**

# The Texas employment forecast indicates a 3.2 percent rise in 2023 after rising 4.3 in 2022

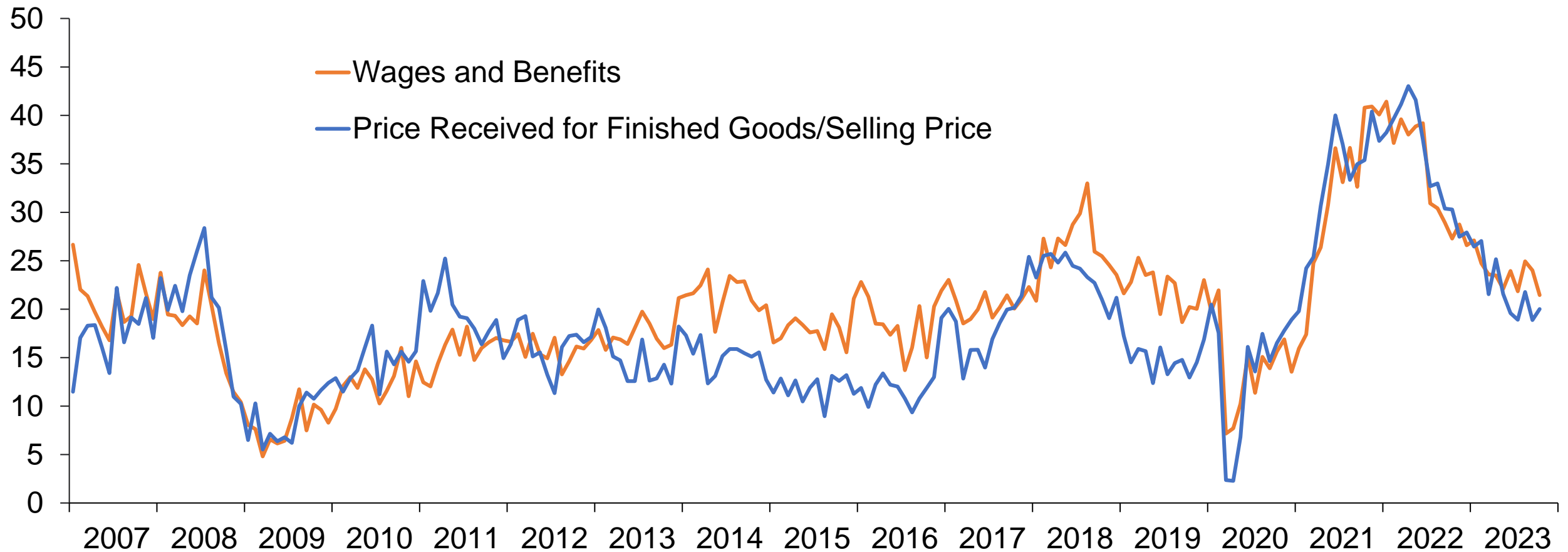


NOTE: The Dallas Fed Texas Employment Forecast is based on the average of four models. Three models are VARs where Texas payroll employment is regressed on WTI oil prices, the US leading index and the Texas leading index, respectively. The fourth model is a regression of payroll employment on lags of 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

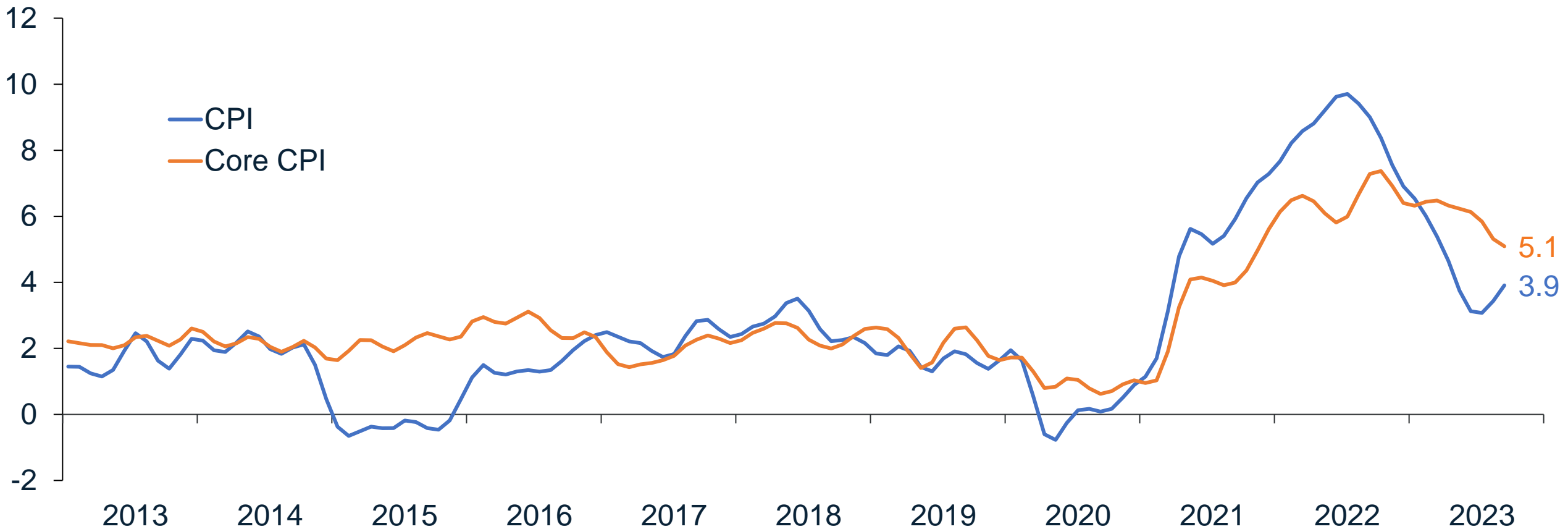
% Reporting Increase



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

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

Y/Y % Change



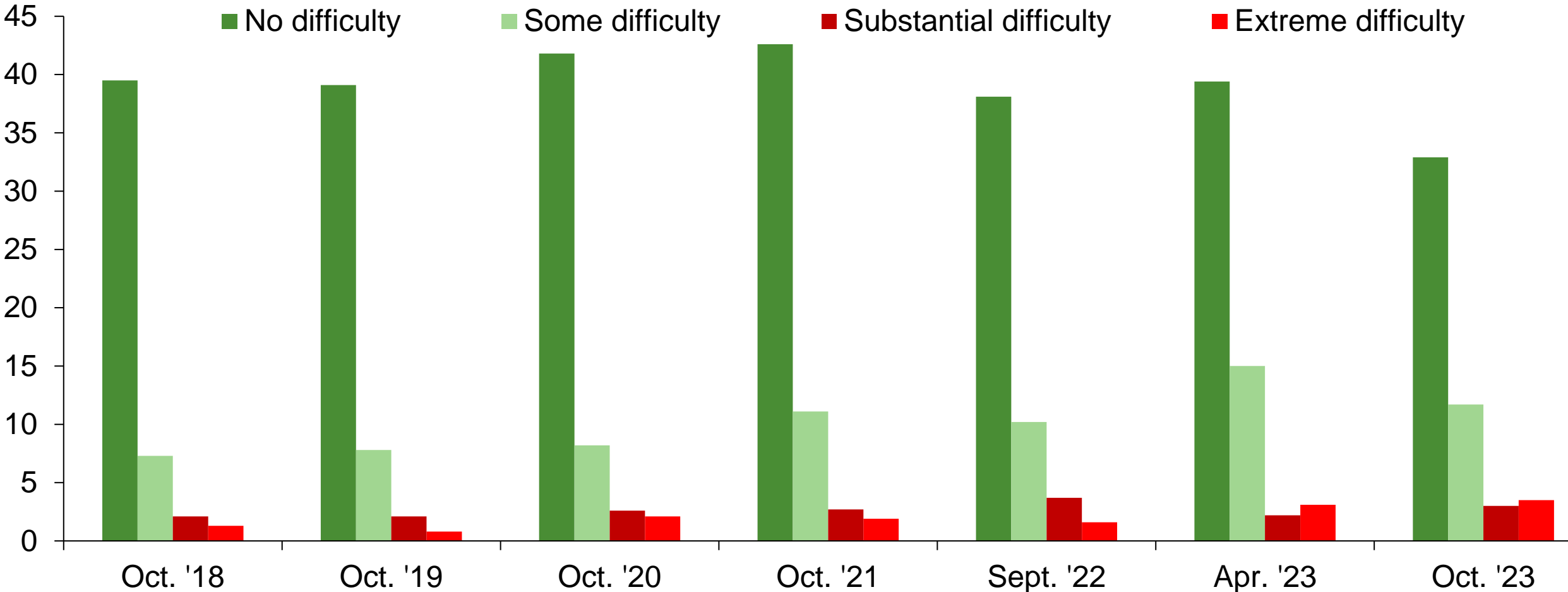
NOTES: CPI data through September 2023.

SOURCES: Bureau of Labor Statistics.

# Survey Special Questions

# Fewer Texas firms report “no difficulty” obtaining short-term financing

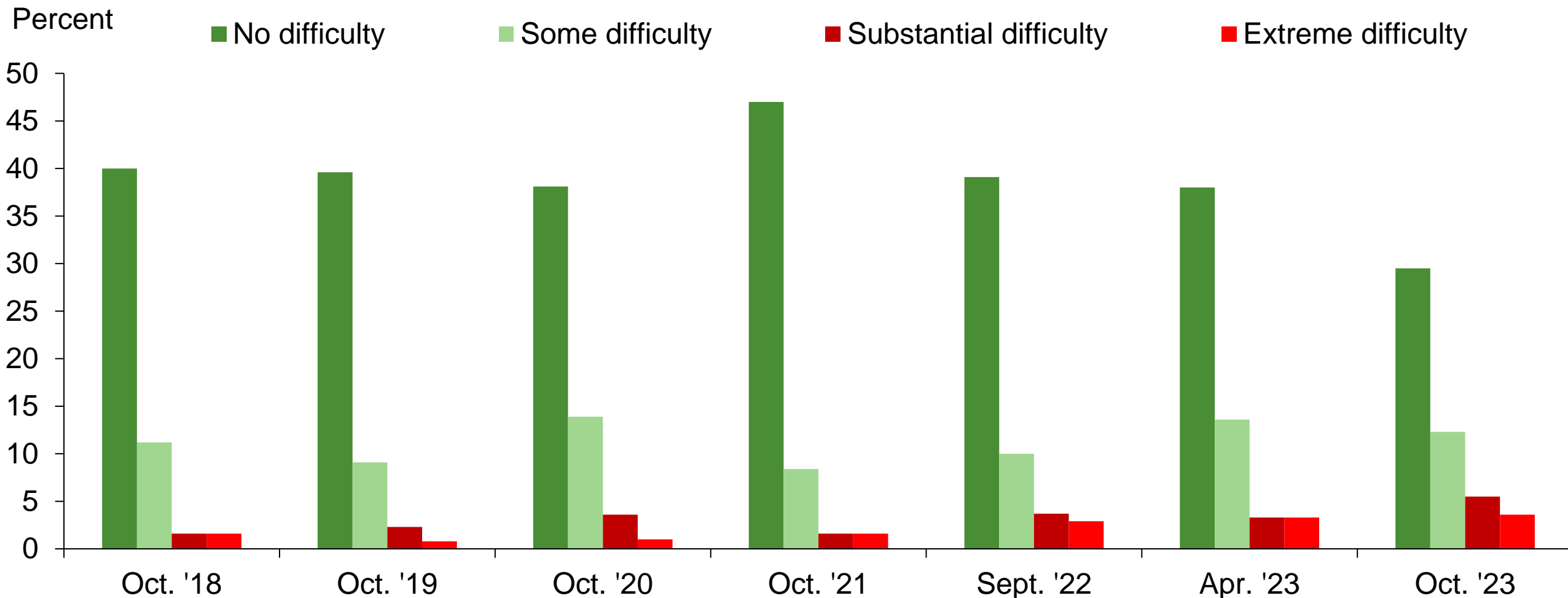
Percent



NOTES: 368 responses in October 2023. Participants were asked, "To what extent is your business having difficulty obtaining financing for desired short-term uses such as paying workers and acquiring inventories of material or supplies?"

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

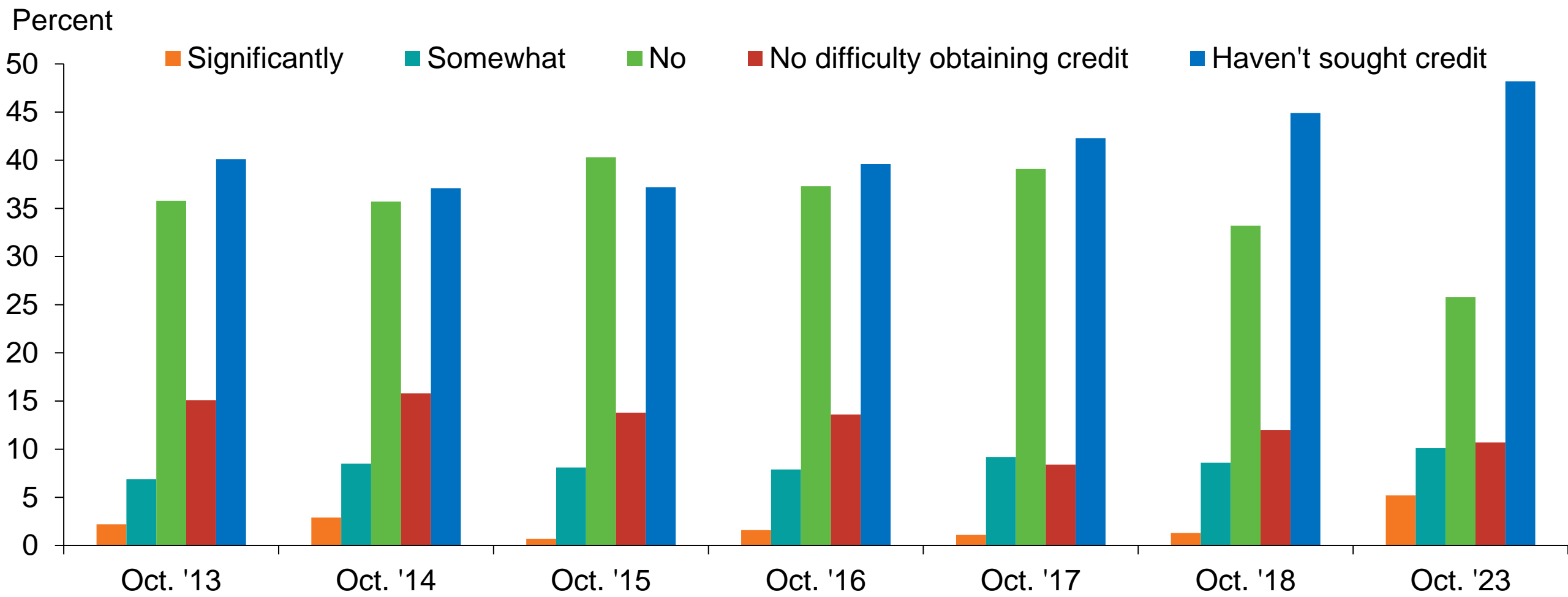
# Fewer Texas firms report “no difficulty” obtaining long-term financing



NOTES: 366 responses in October 2023. Participants were asked, "To what extent is your business having difficulty obtaining financing for desired long-term uses such as capital expenditures?"

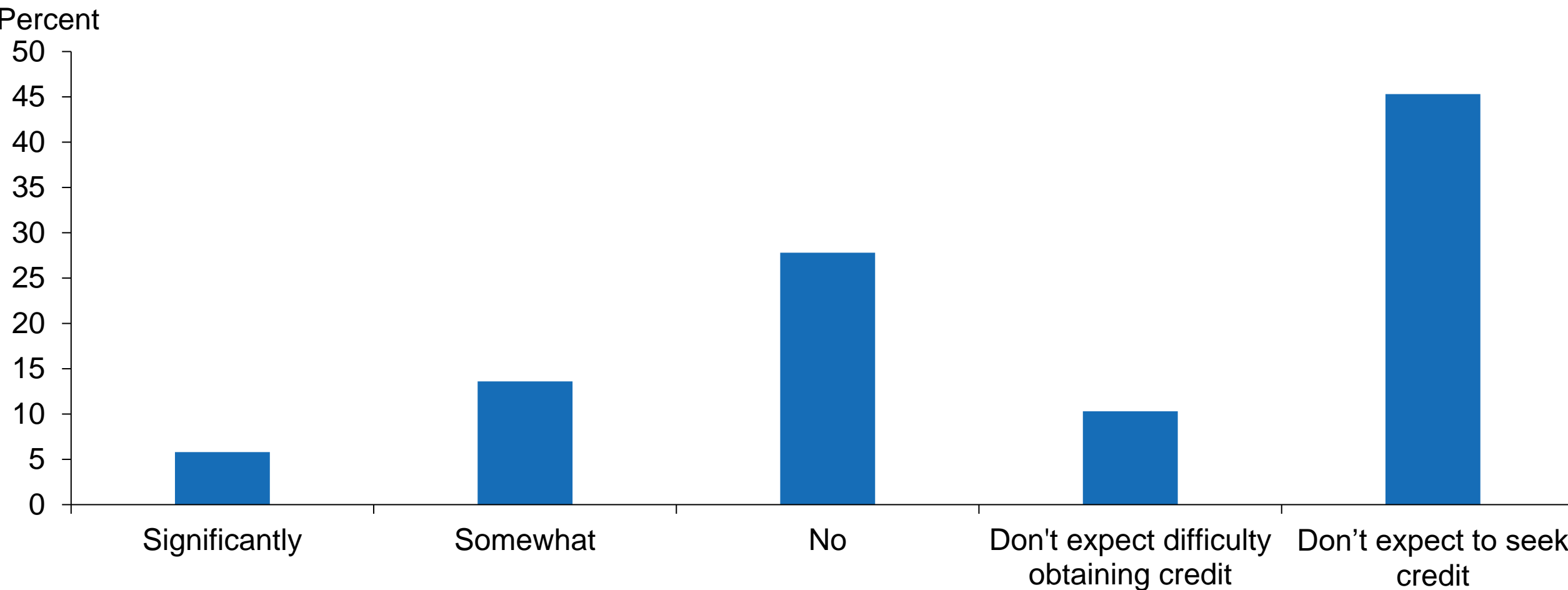
SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Surveys.

# Slightly higher share of Texas firms report being adversely affected by difficulty obtaining credit



NOTES: 365 responses in October 2023. Participants were asked, "Has your firm's production and/or sales been adversely affected by difficulty obtaining credit?"  
SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Surveys.

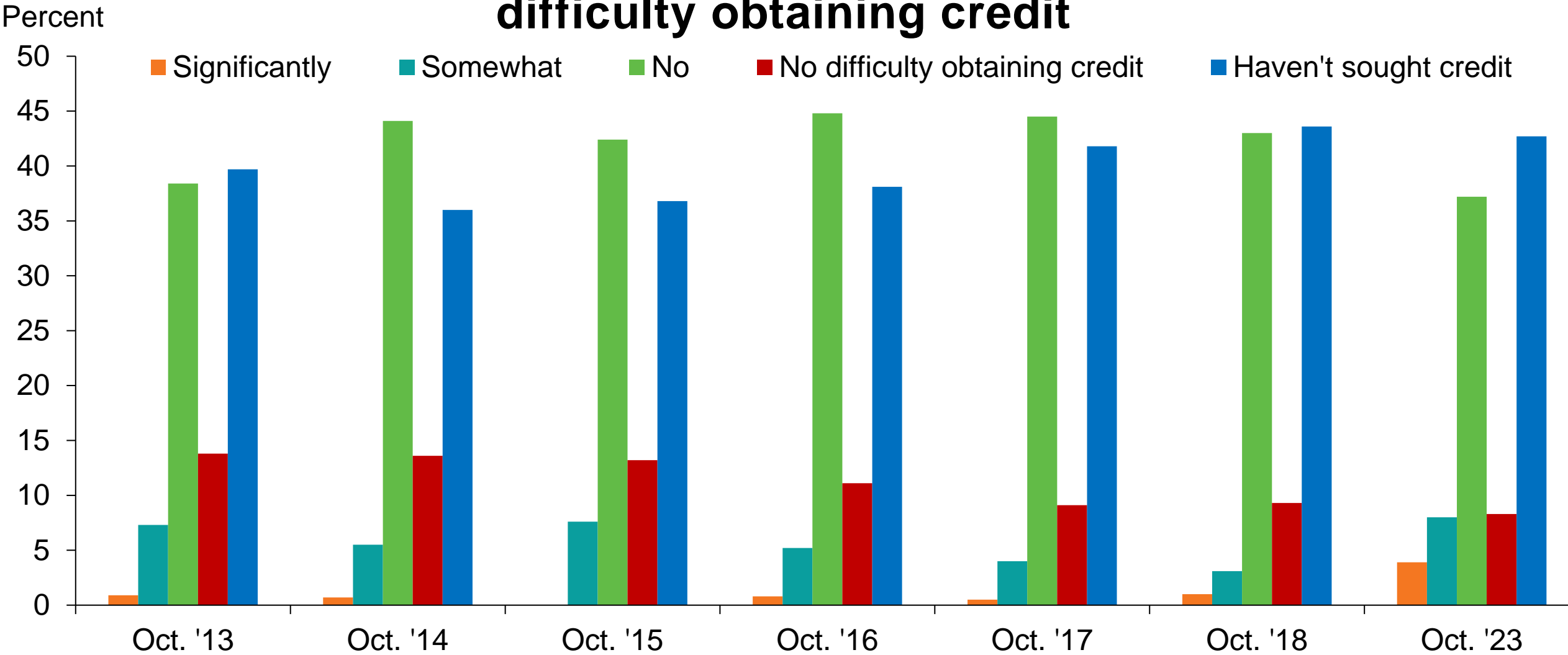
# Few Texas firms expect adverse effects on sales/production due to difficulty obtaining credit



NOTES: 360 responses in October 2023. Participants were asked, "Over the next six months, do you expect your firm's production and/or sales to be adversely affected by difficulty obtaining credit?"

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

# Slightly higher share of Texas firms report reduced hiring due to difficulty obtaining credit

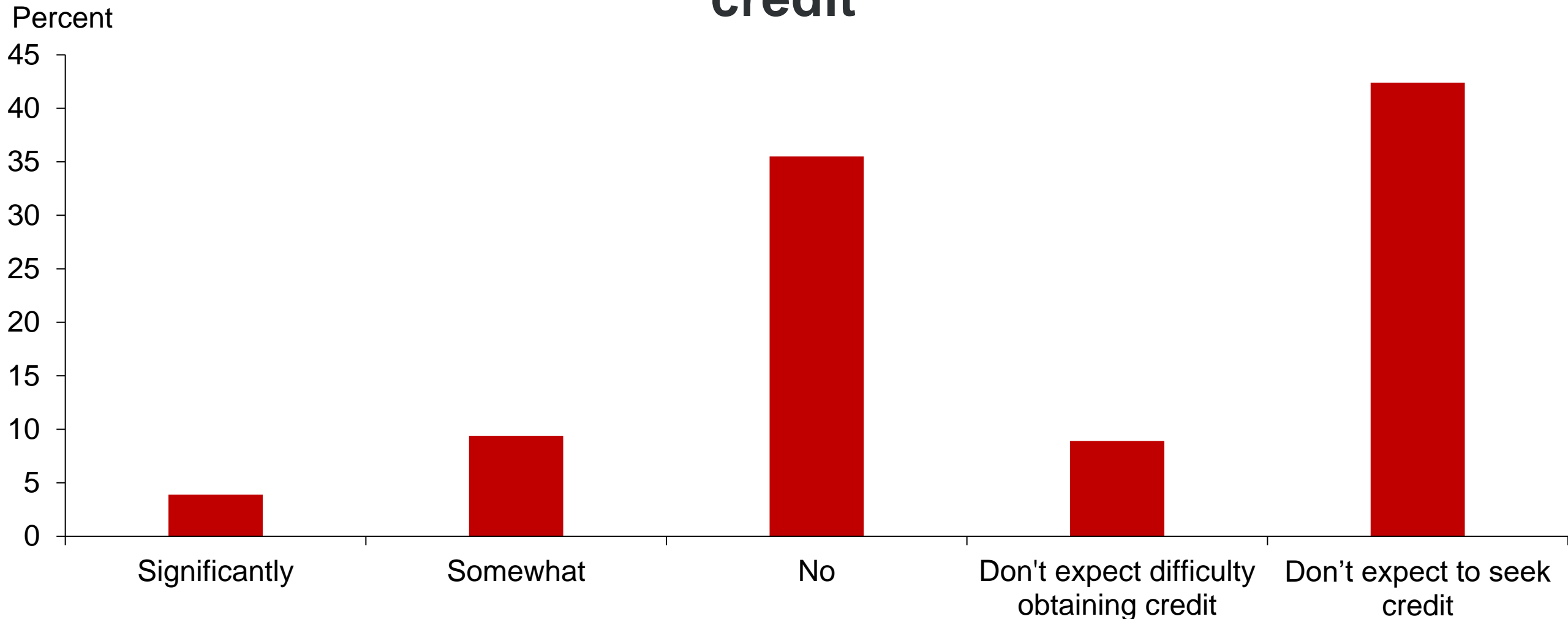


NOTES: 363 responses in October 2023. Participants were asked, "Has your firm reduced hiring and/or increased layoffs due to difficulty obtaining credit?"

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



# Few firms expect reduced hiring due to difficulty obtaining credit



NOTES: 361 responses in October 2023. Participants were asked, "Over the next six months, do you expect your firm to reduce hiring and/or increase layoffs due to difficulty obtaining credit?"

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

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