



Federal Reserve
Bank of Dallas

Texas Economic Performance and Outlook

(January 2024)

“Employment Growth Robust in 2023”

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Federal Reserve Bank of Dallas

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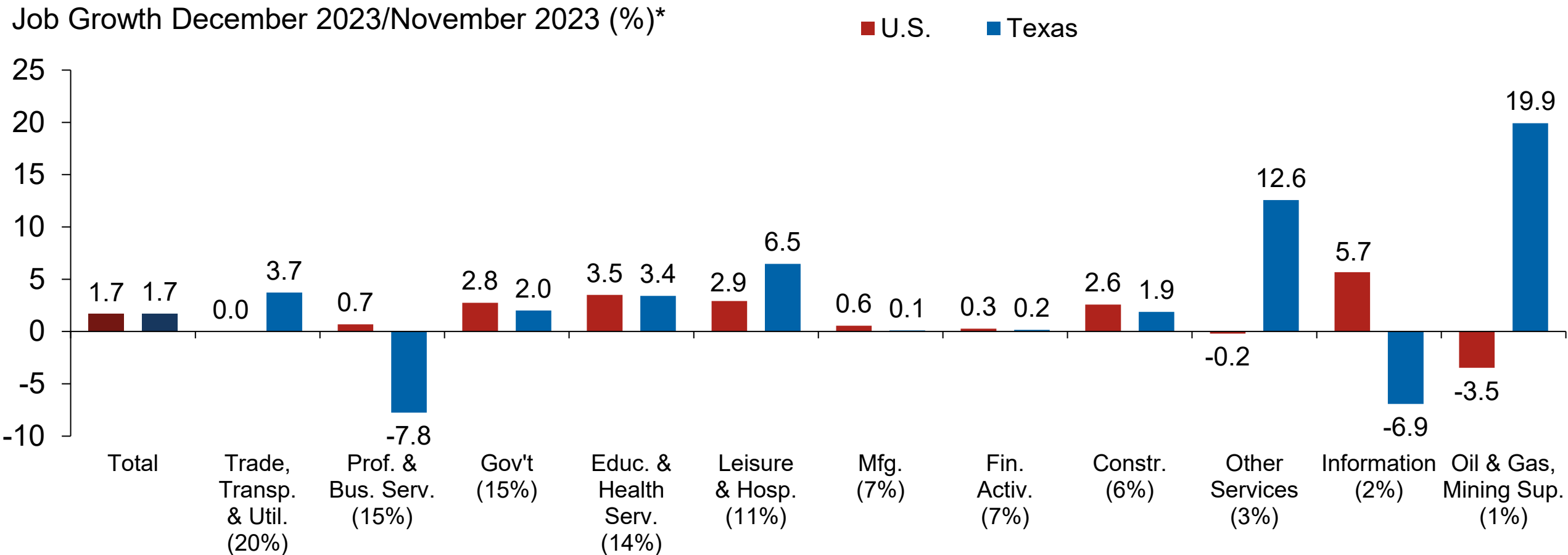
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What's New: Job Growth Slows in December

- Texas employment grew 1.7 percent in Dec. the same rate as the nation, while Nov. was revised down.
- 2023 job growth came in at a robust 3.1 percent (426,900 jobs)—a full percentage point above the state's long-term average and higher than the nation's 1.7 percent.
- Texas unemployment ticked down to 4.0 percent in December after holding steady for seven months at 4.1 percent
 - US unemployment rate held at 3.7 percent in December.
- December Texas Business Outlook Surveys (TBOS) show a modest expansion in both service revenue and manufacturing production
 - Texas firms report easing in wage, input cost, and selling price growth for 2024
 - Labor shortages are a retreating outlook concern among Texas firms
 - Fewer firms understaffed now than a year ago, and more overstaffed

Overall Economic Activity

Texas job growth slowed in December; significant gains seen in leisure & hospitality, other services and oil & gas



*Seasonally adjusted, annualized rate.

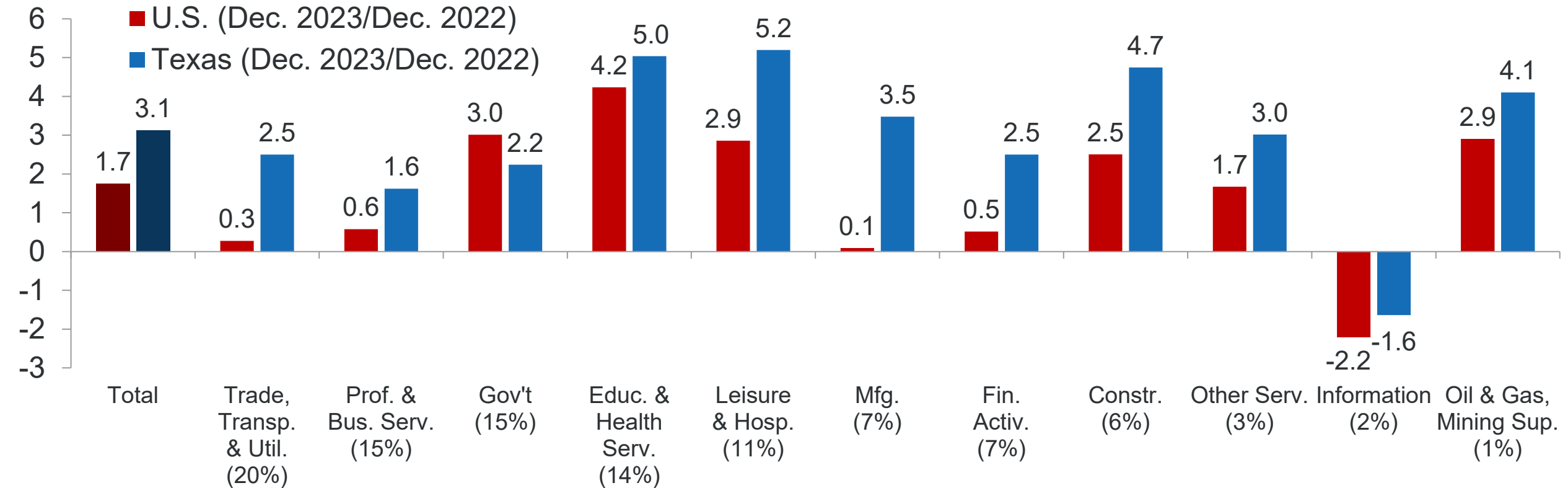
NOTE: Numbers in parenthesis indicate share of total state employment in December 2023.

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

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

Texas 2023 job growth outperforms U.S. across all private industries

Job Growth (%)*



*Seasonally adjusted, annualized rate.

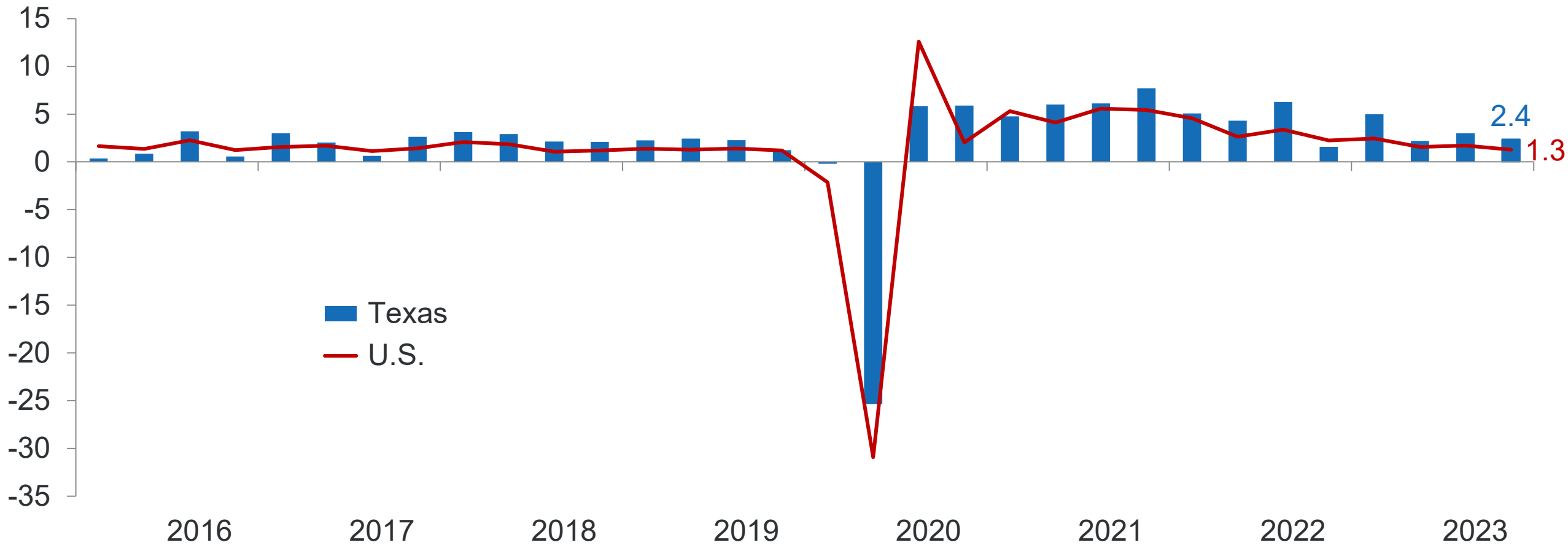
NOTE: Numbers in parentheses indicate share of total state employment for December 2023.

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)

Texas job growth continues to outpace US at year end

Job Growth (%)*



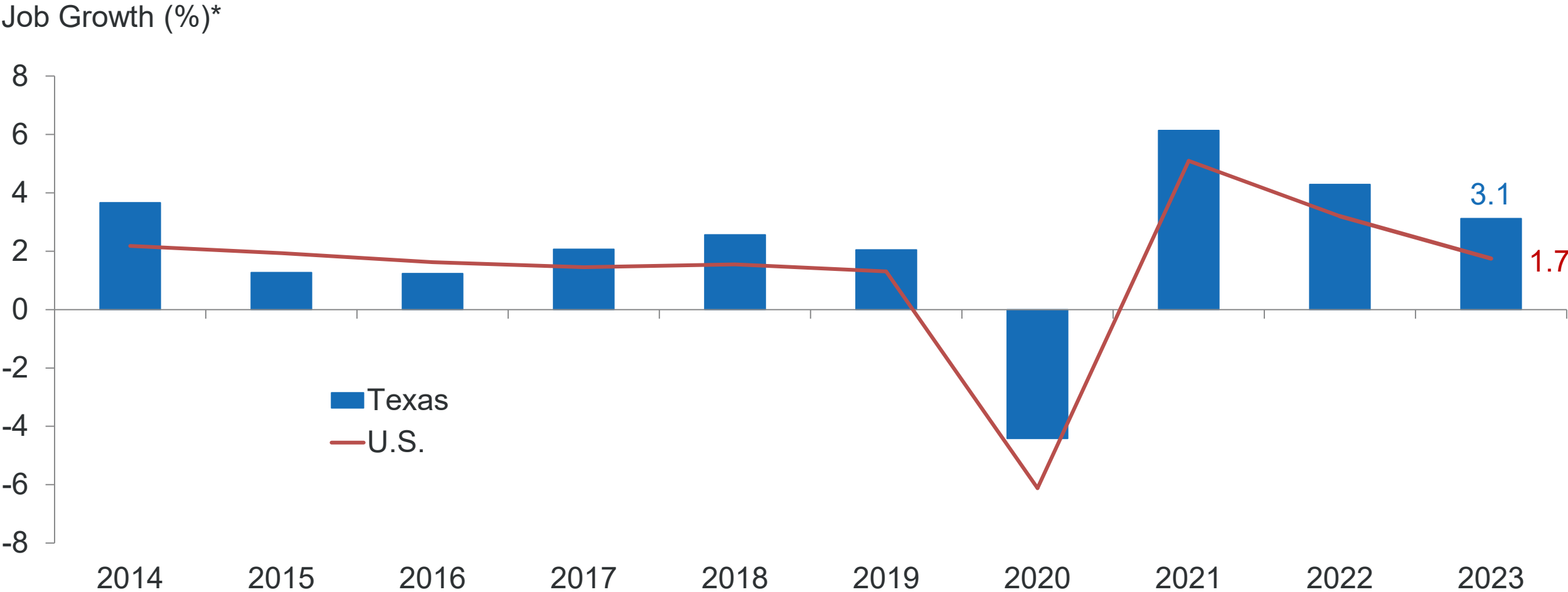
*Seasonally adjusted, annualized rate.

NOTES: Shown is quarterly job growth. Last data points are annualized job growth for Q4 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)

Texas' 2023 job growth exceeds the nation



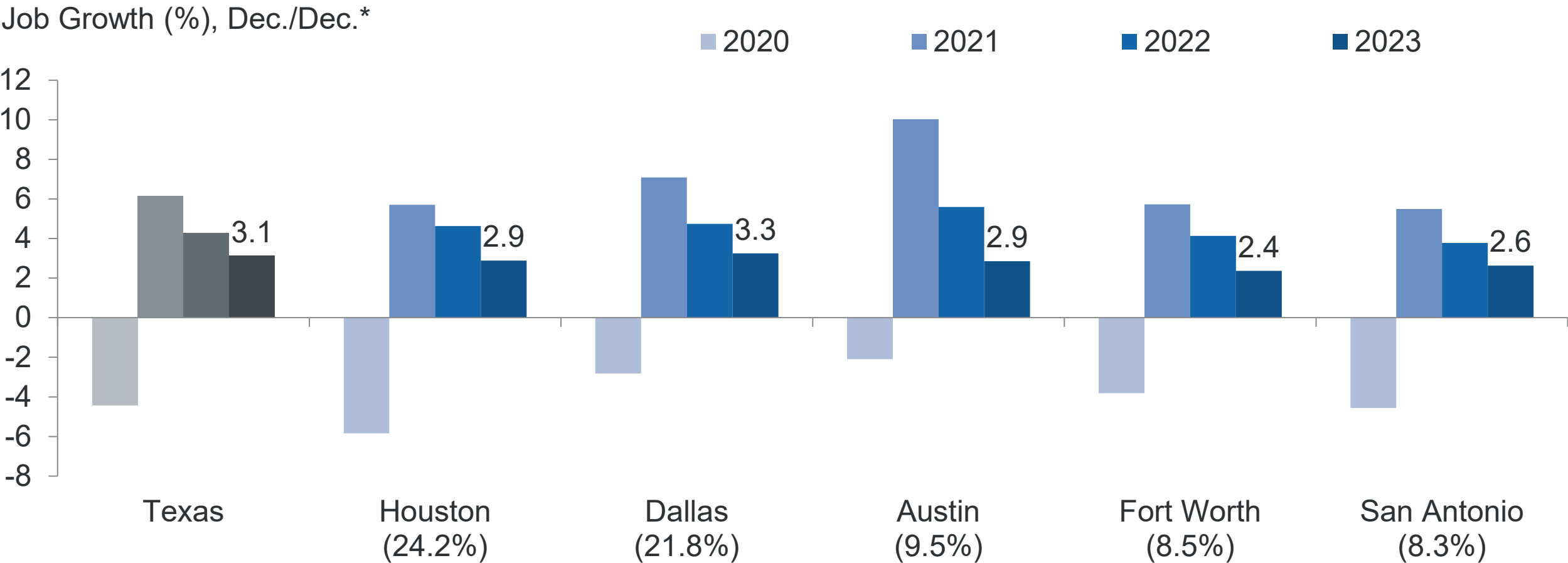
*Seasonally adjusted, annualized rate.

NOTES: Last data points are annualized job growth for Dec. 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](#)

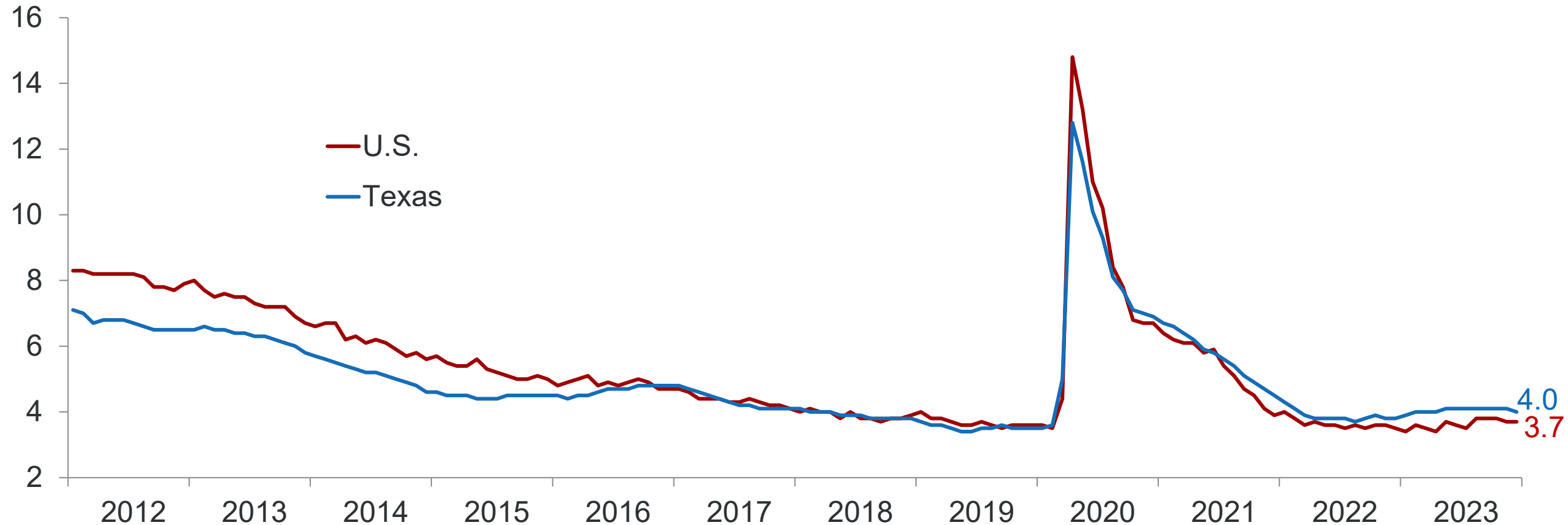
Dallas leads large metros in 2023 job growth



*Seasonally adjusted, annualized rate.
NOTE: Numbers in parenthesis indicate share of state employment for December 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 unemployment rate dips in December

Unemployment rate (%)*



*Seasonally adjusted.

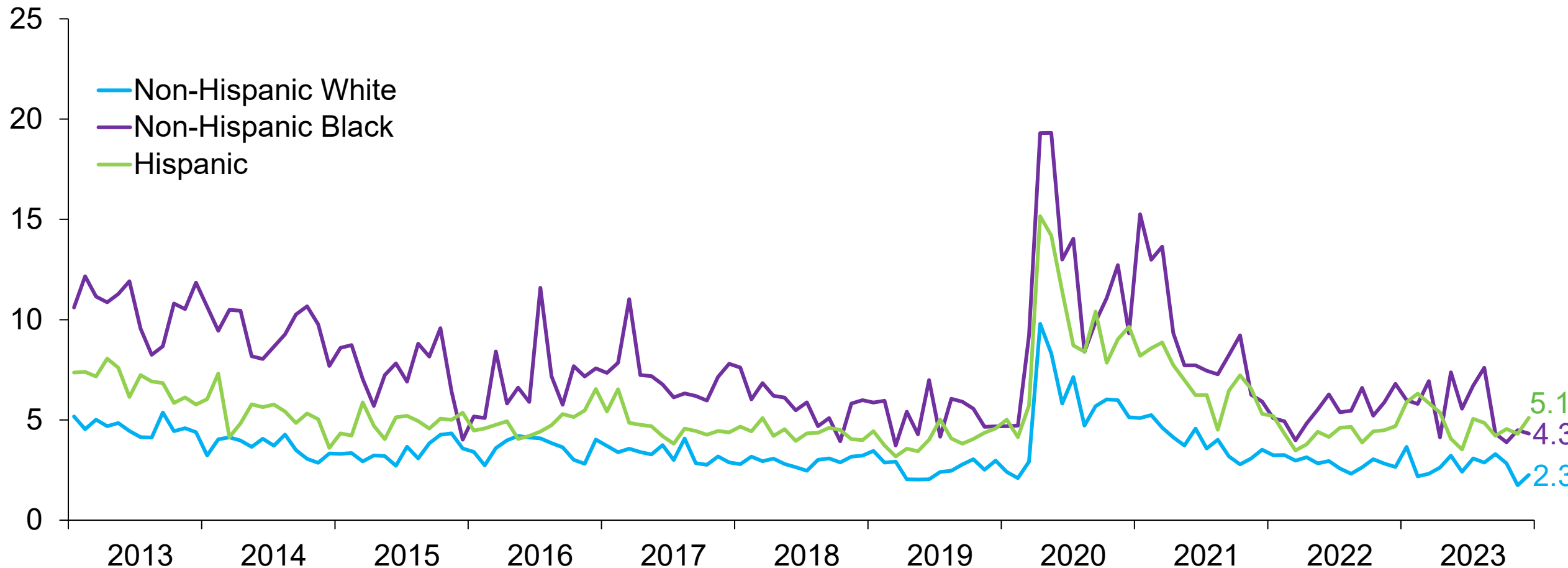
NOTE: Data are through December 2023.

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)

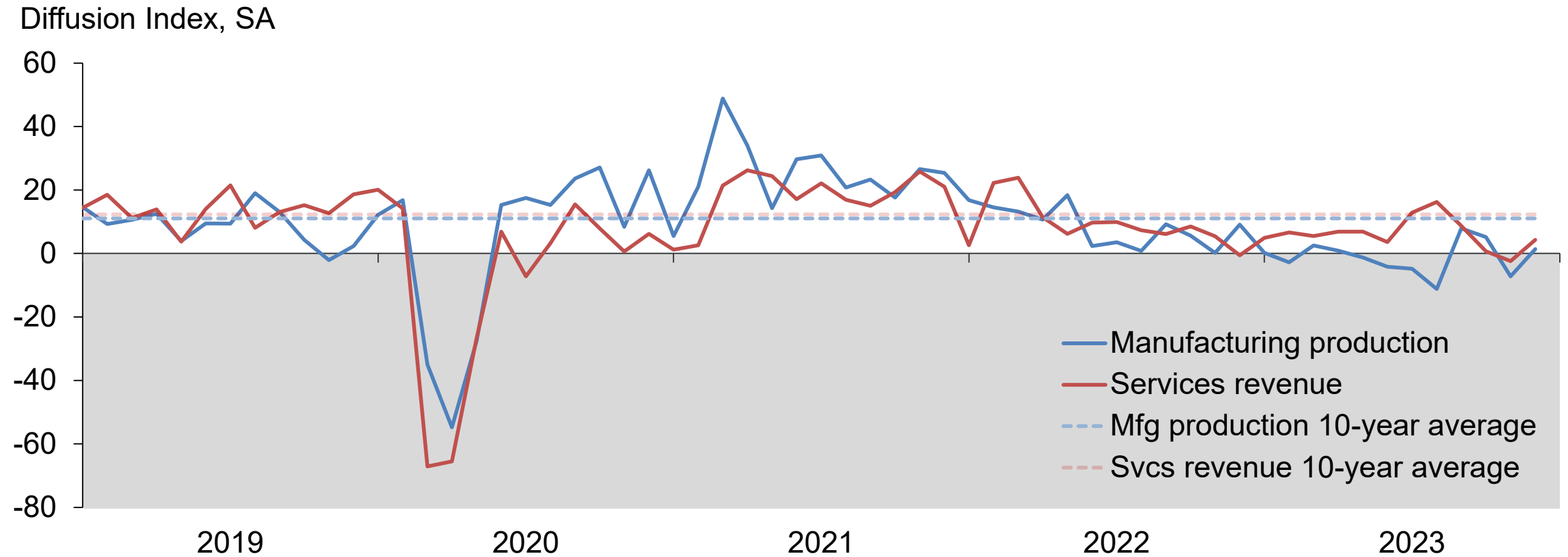
Unemployment rises for Hispanics and Non-Hispanic Whites

Percent, SA



NOTE: Last data points are December 2023 values.
SOURCE: Current Population Survey, authors' calculations.

Texas firms report expansion in manufacturing and service sector activity at year end

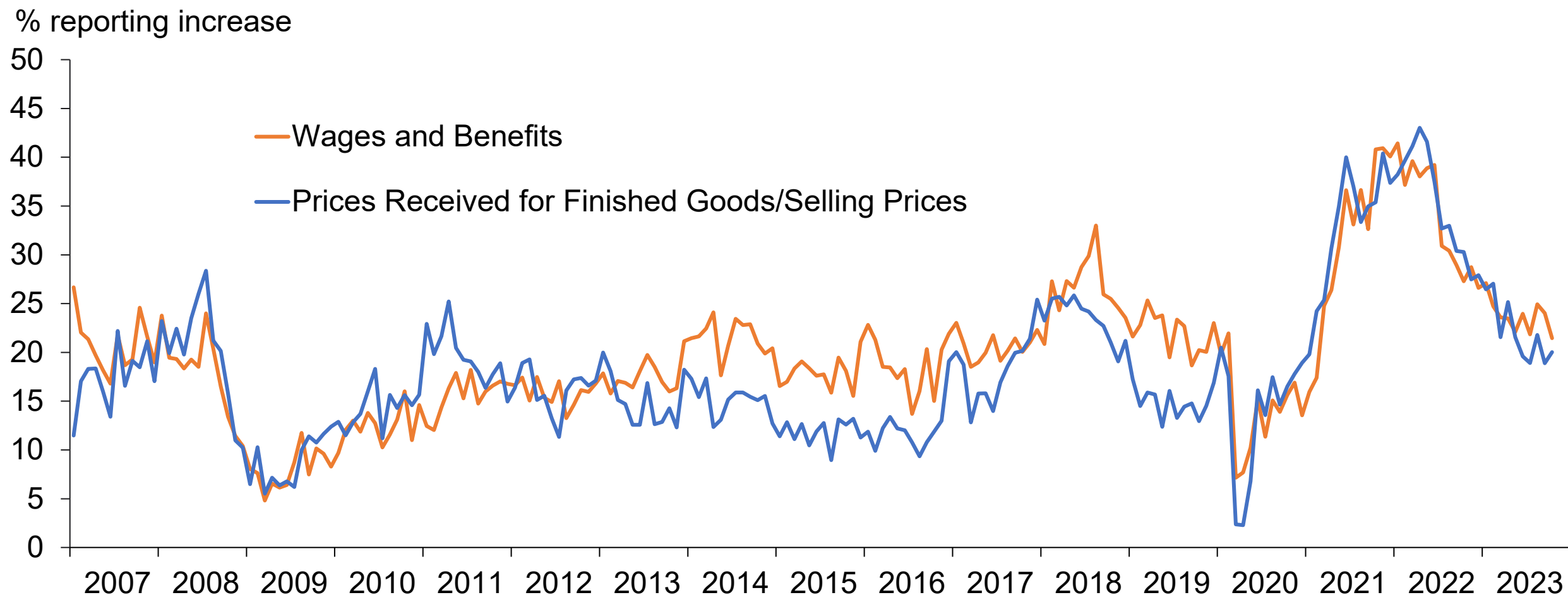


NOTES: Data through December 2023. Shaded area represents contractionary territory.

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

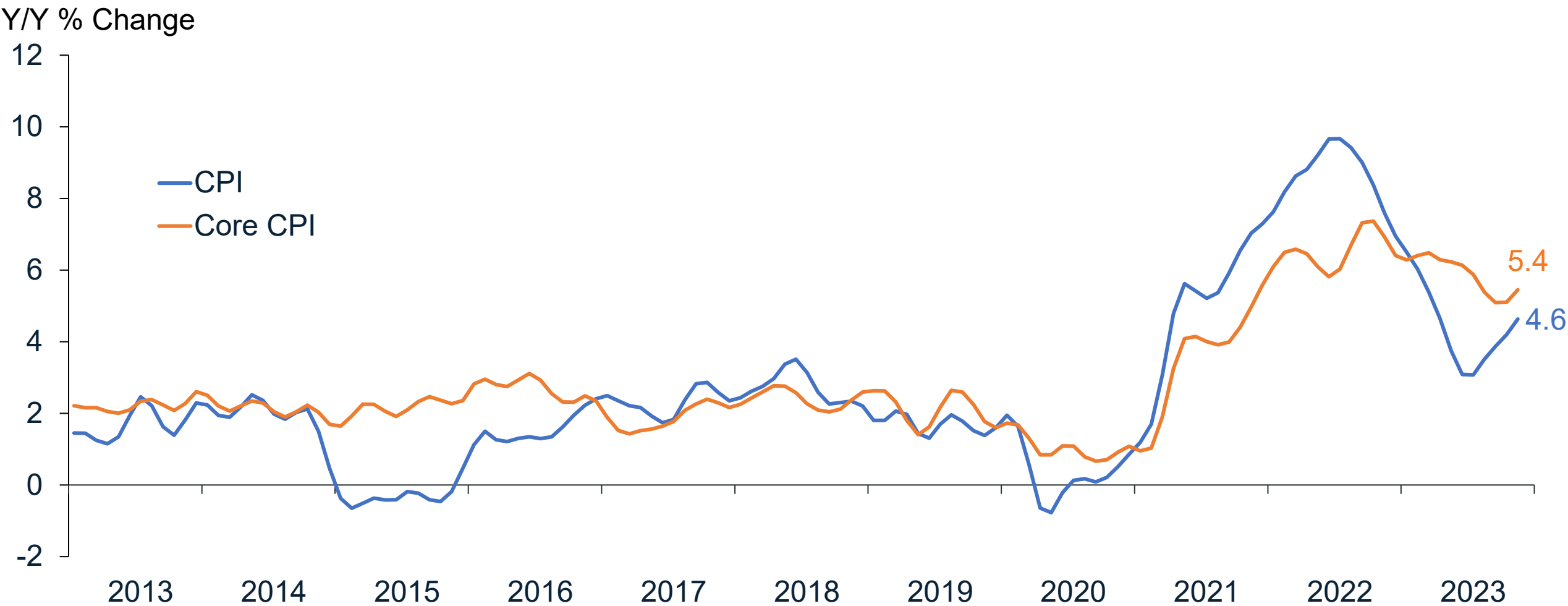
DATA: [Surveys - Dallasfed.org](https://surveys.dallasfed.org)

Fewer Texas firms raise wages and prices at yearend



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

Texas headline CPI rising since July; core CPI ticks up in Nov.



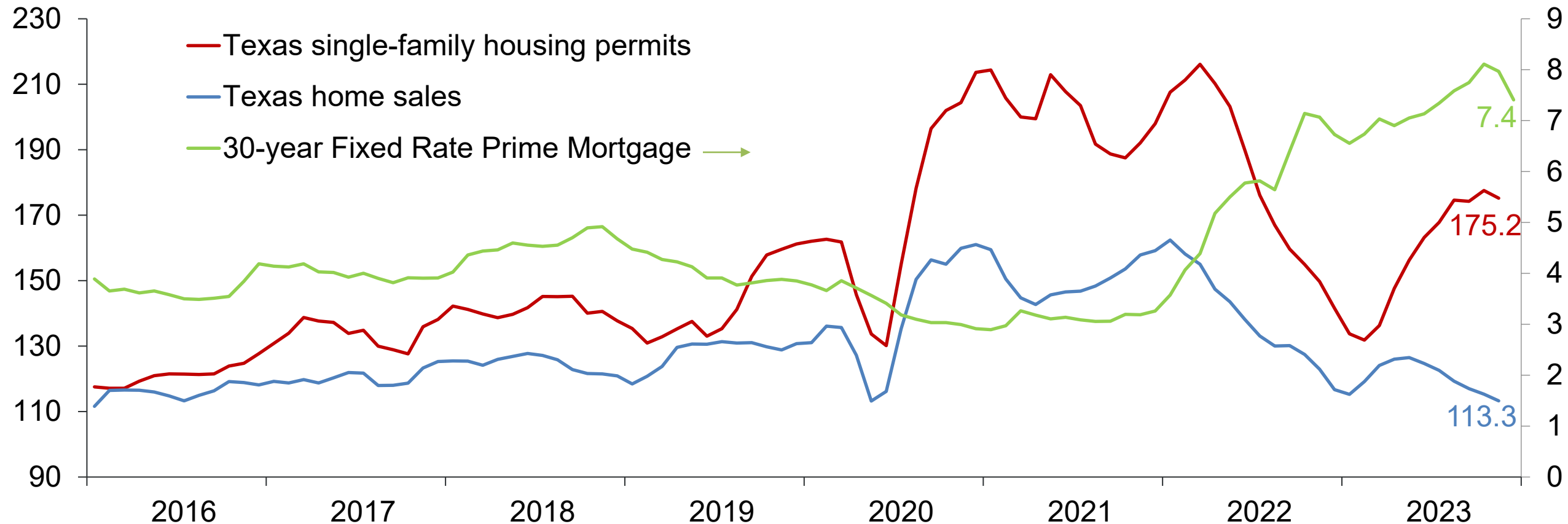
NOTES: CPI data through November 2023.
SOURCES: Bureau of Labor Statistics.

Housing and Energy Industries

Housing: mortgage rates turn down, single-family building permits and Texas home sales decline

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

Interest rate, monthly average

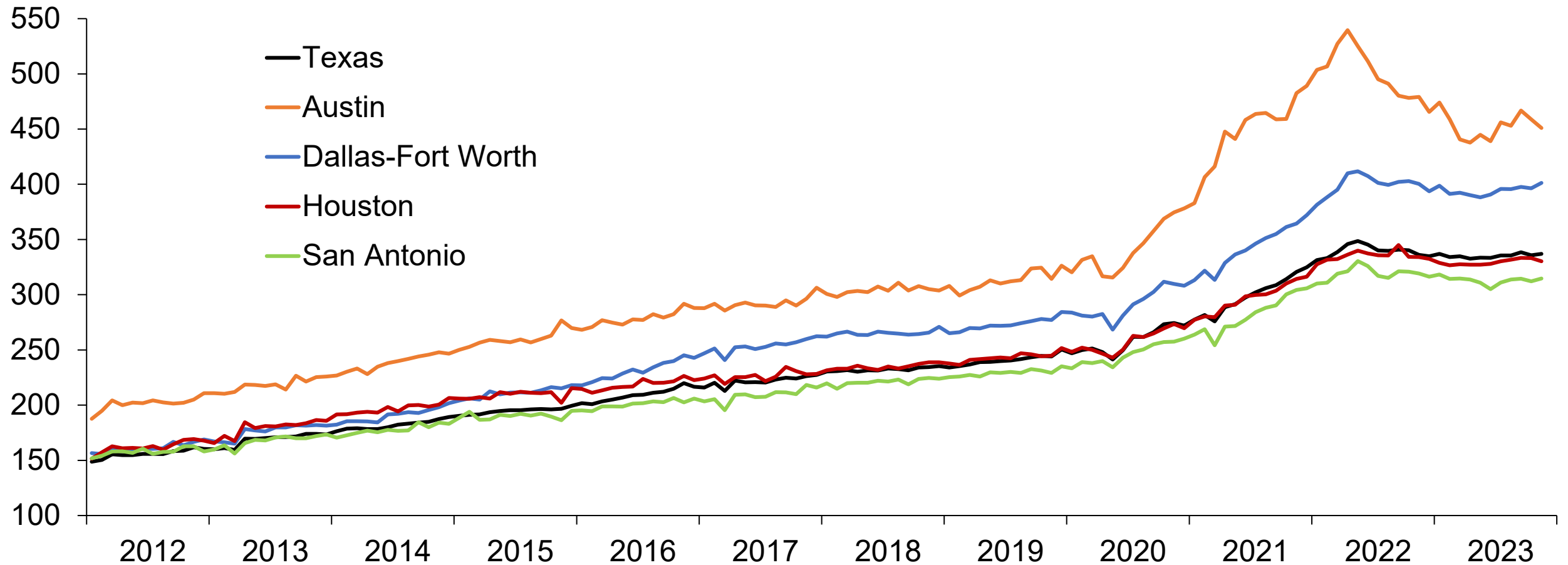


NOTE: Data are monthly through December 2023 for interest rates and November 2023 for the rest.

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

House prices largely hold steady

Median sales price, \$

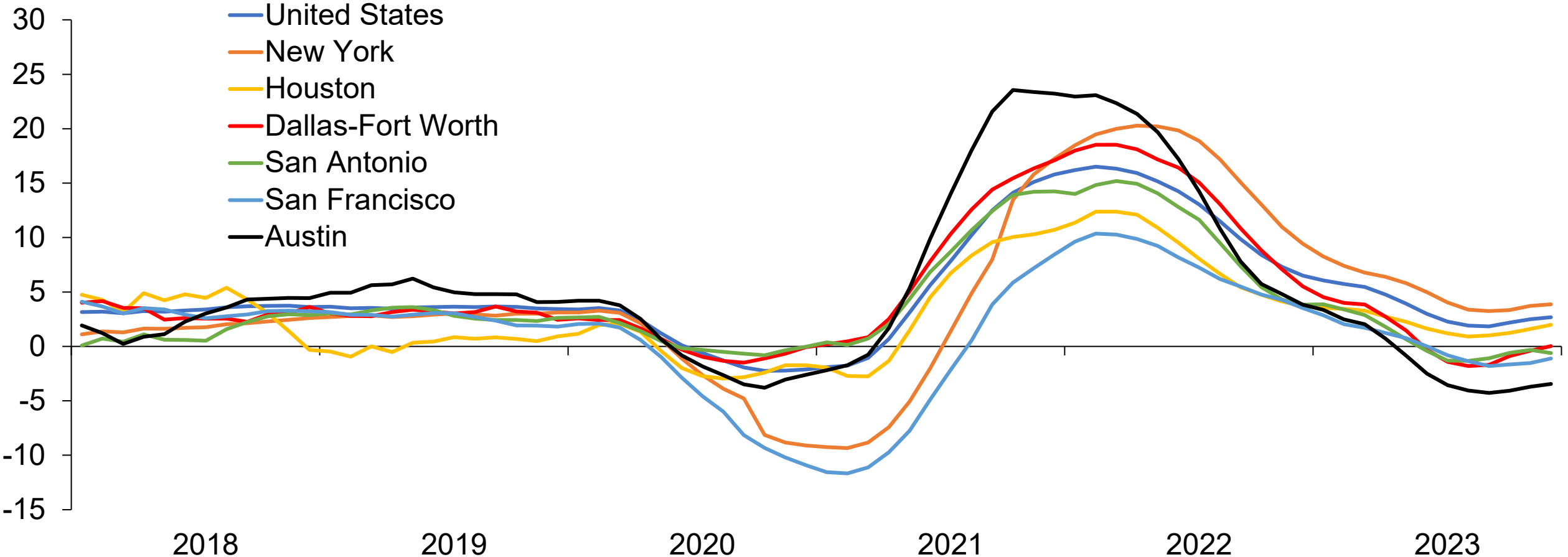


NOTES: Seasonally adjusted sales price, nominal. Data through October 2023 for Houston and November 2023 for the rest.

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

Apartment rent growth subdued

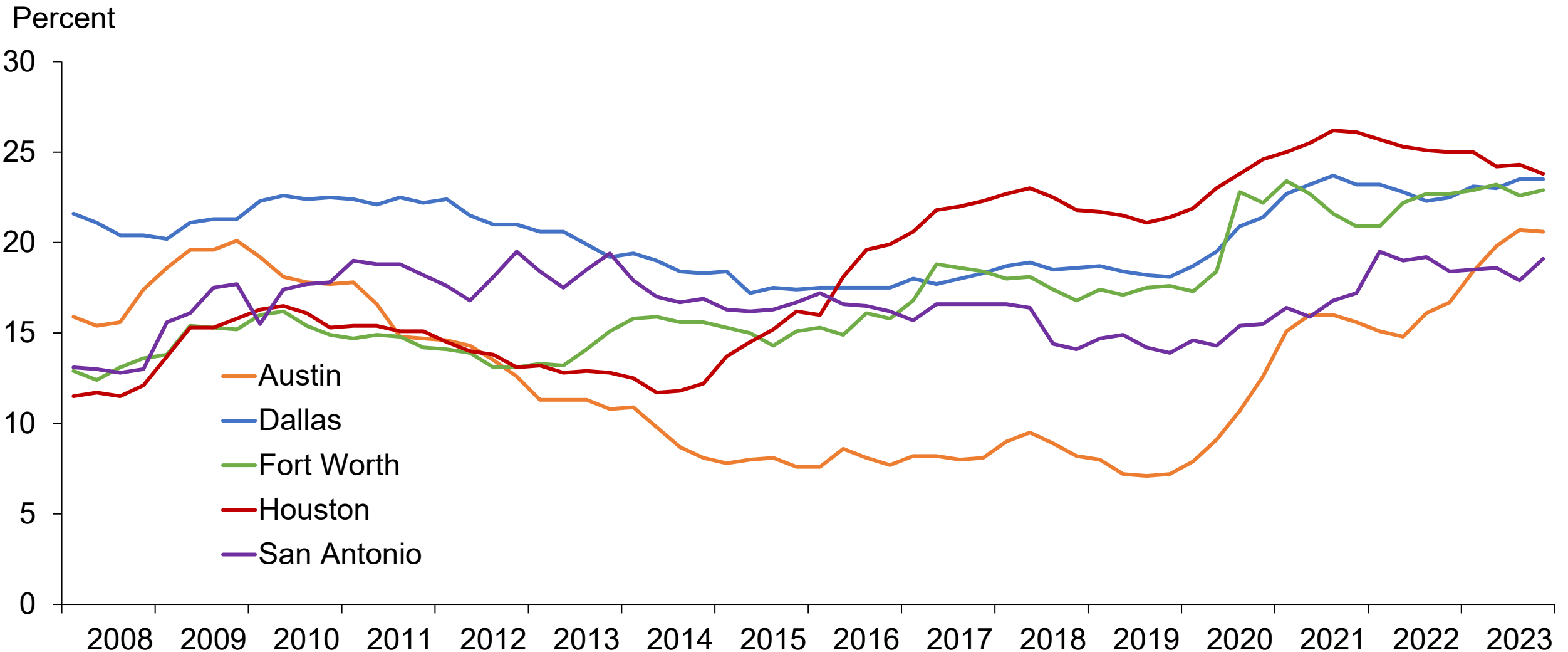
Percent, Y/Y



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

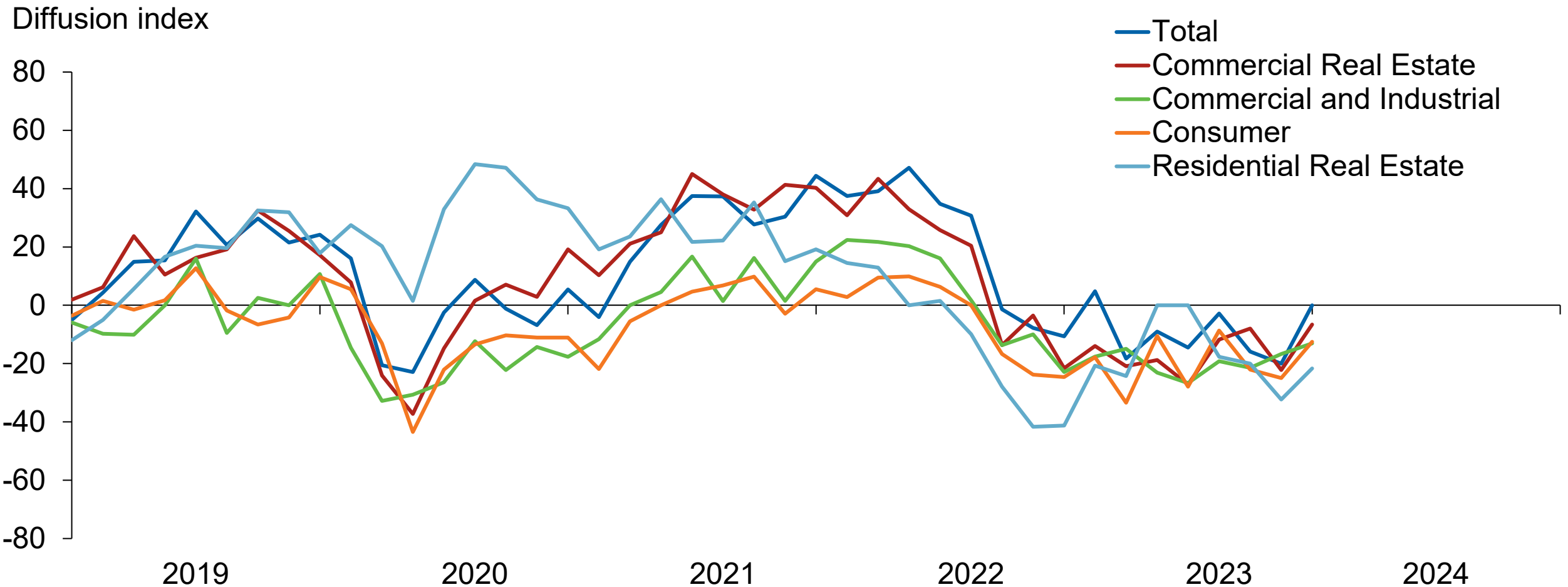
SOURCE: Zillow.

Office vacancy stabilizes across Texas



NOTE: Data through Q4 2023.
SOURCE: CBRE Econometric Advisors.

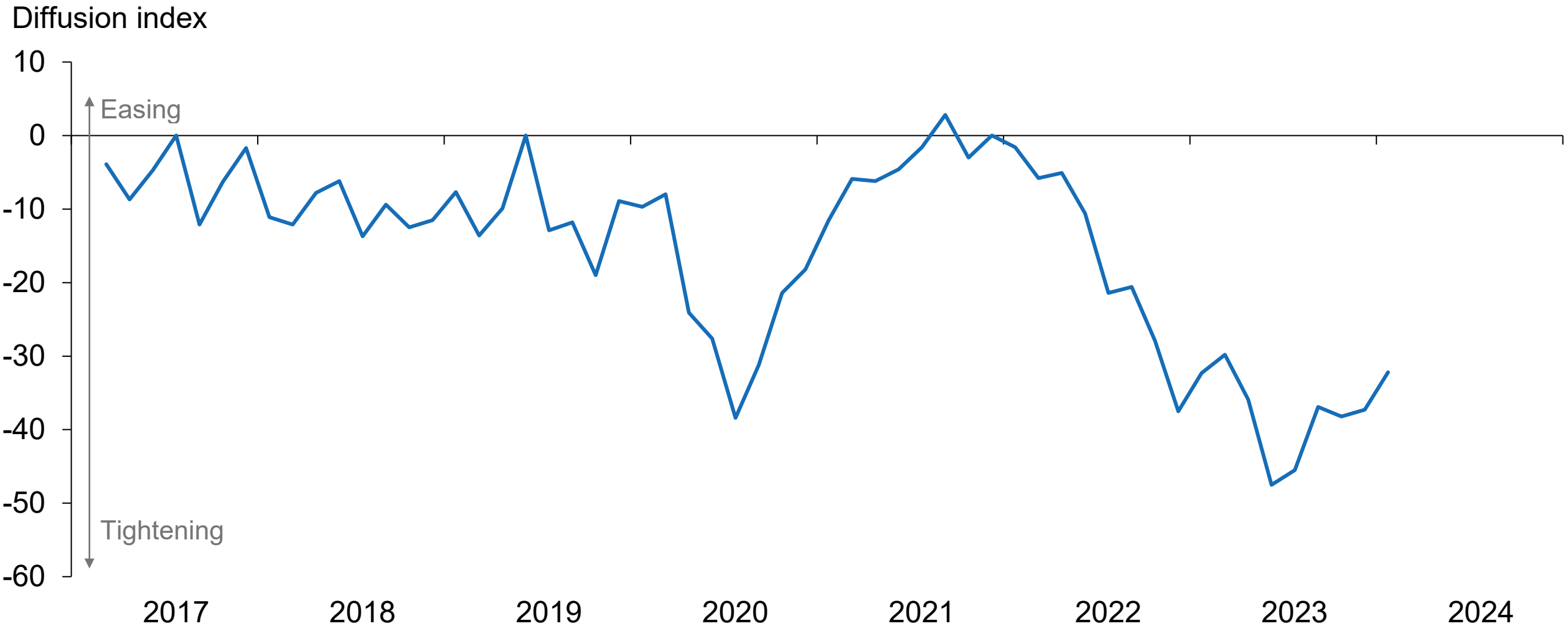
Overall loan volumes flat in January, according to 11th District bankers



NOTE: Data through January 2024.

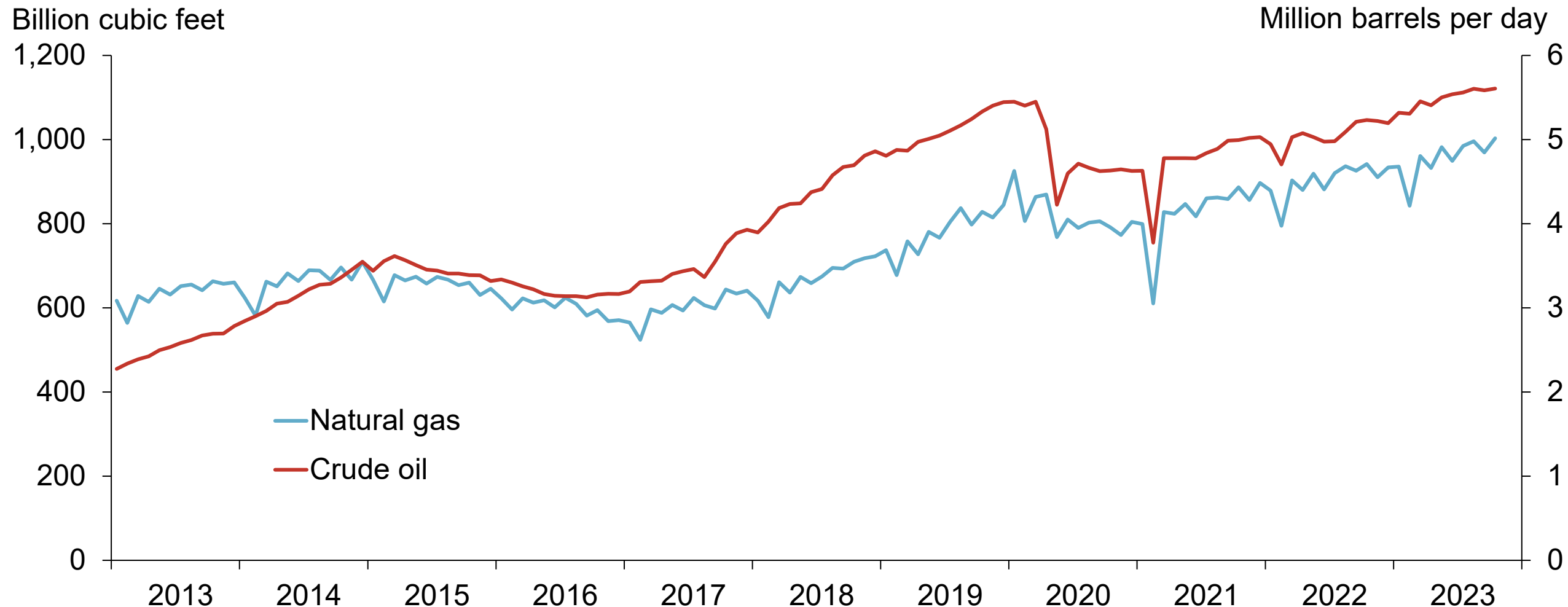
SOURCE: Federal Reserve Bank of Dallas' Banking Conditions Survey.

Credit standards continue to tighten at Texas banks



NOTES: Includes credits and terms. Data are through January 2024.
SOURCE: Federal Reserve Bank of Dallas' Banking Conditions Survey.

Texas oil and gas production exceeds pre-pandemic peak



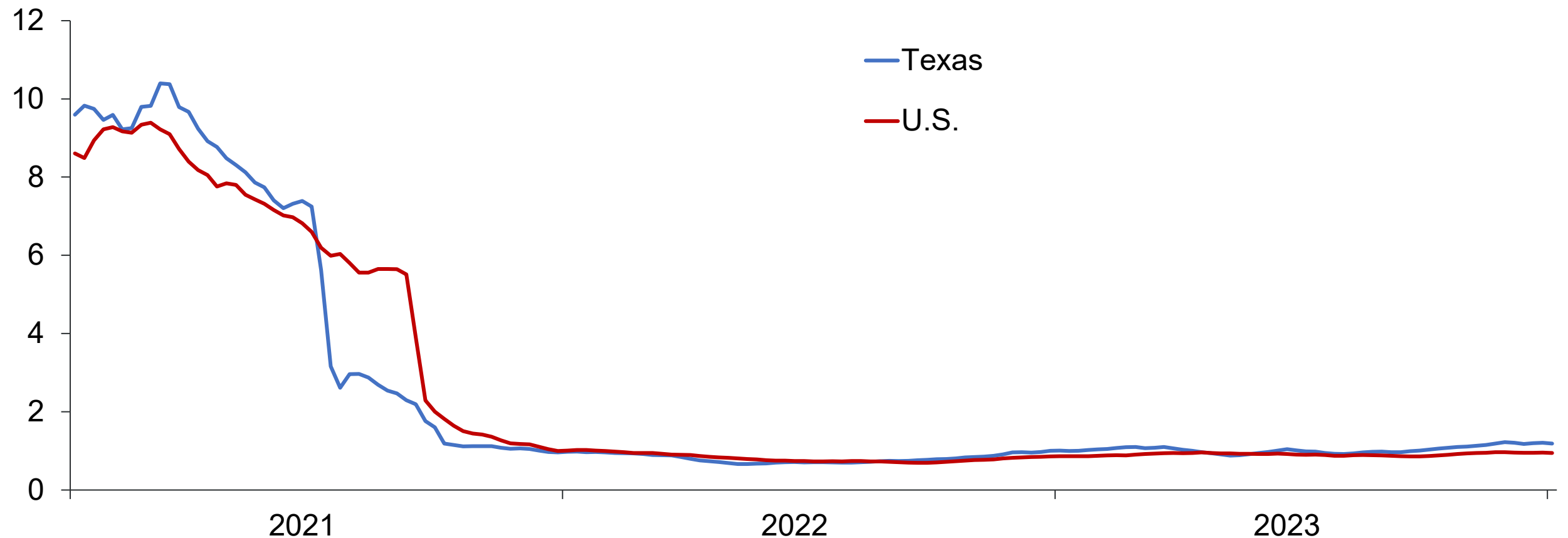
NOTE: Shown are crude oil and natural gas marketed production through October 2023.

SOURCE: Energy Information Administration.

High-Frequency Data

Texas total jobless claims flat

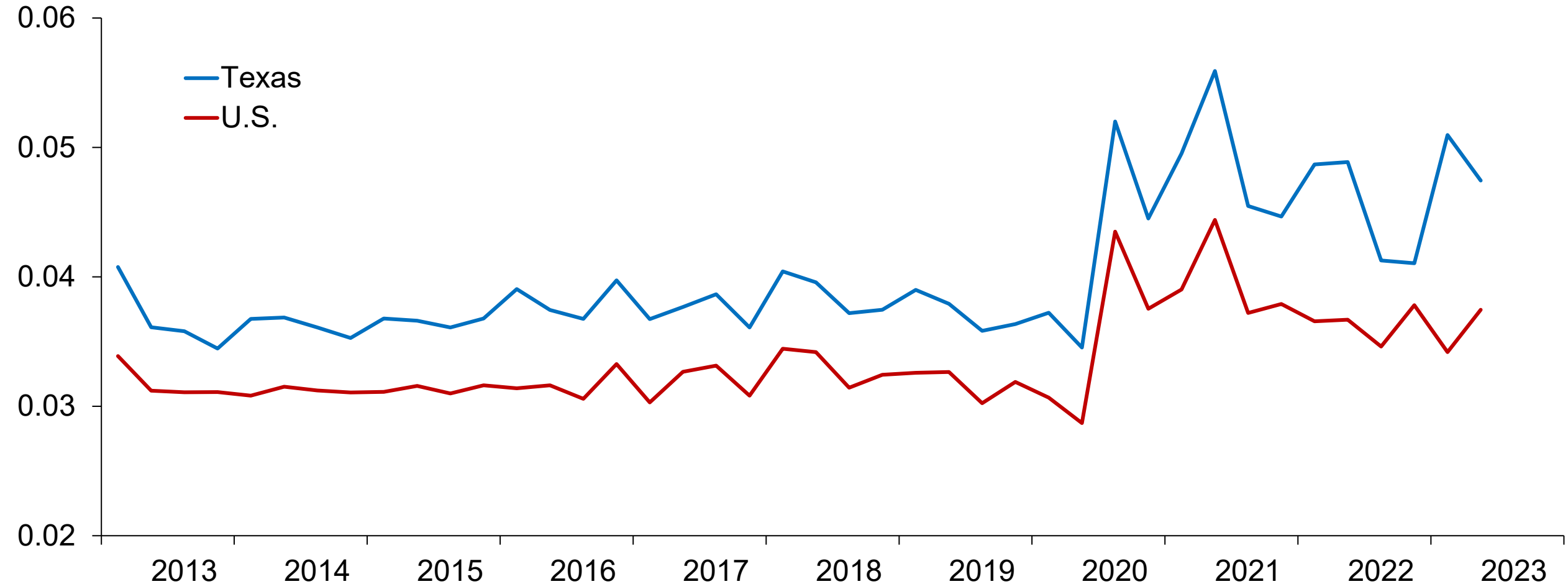
2 Week Moving Average, Index, Second Week of Mar. 2020 = 100 (hundreds)



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

Rate of business formation in Texas exceeds the nation

Business applications per business establishments

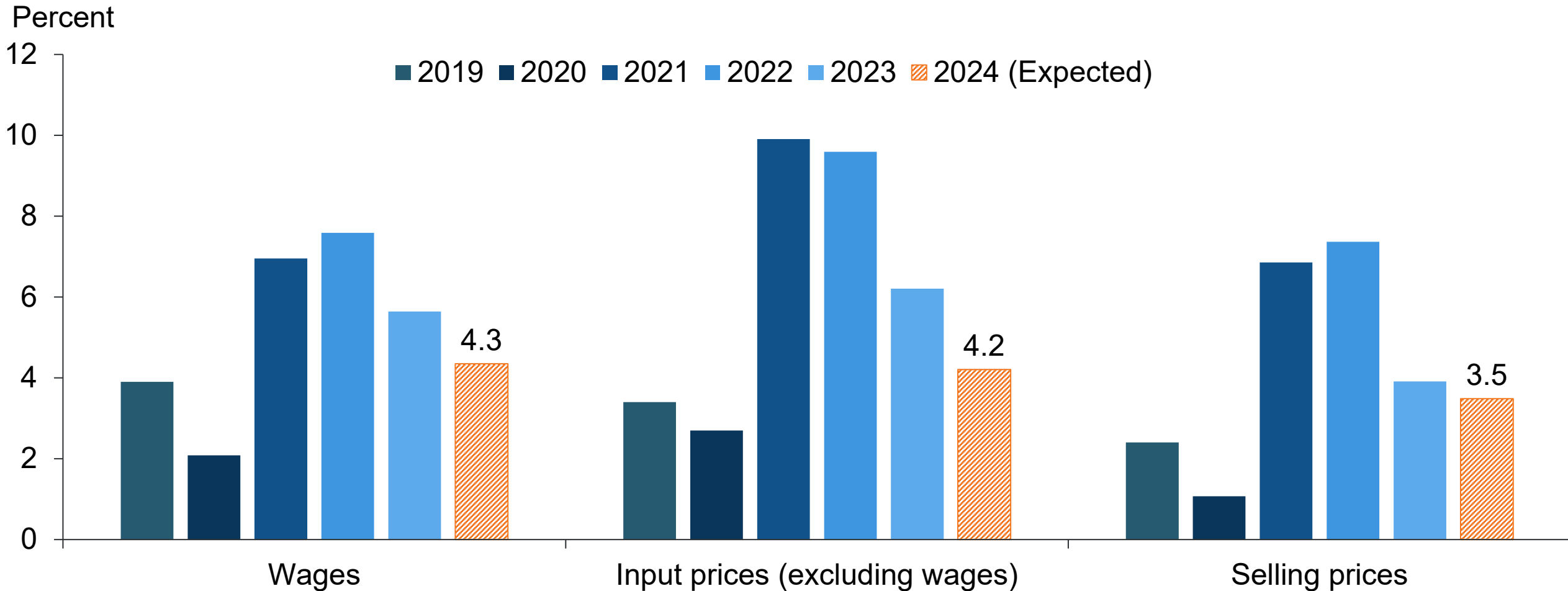


NOTES: Data are quarterly through Q2 2023. Business applications data are missing for the first week of January 2021.

SOURCE: U.S. Census Bureau.

Survey Special Questions

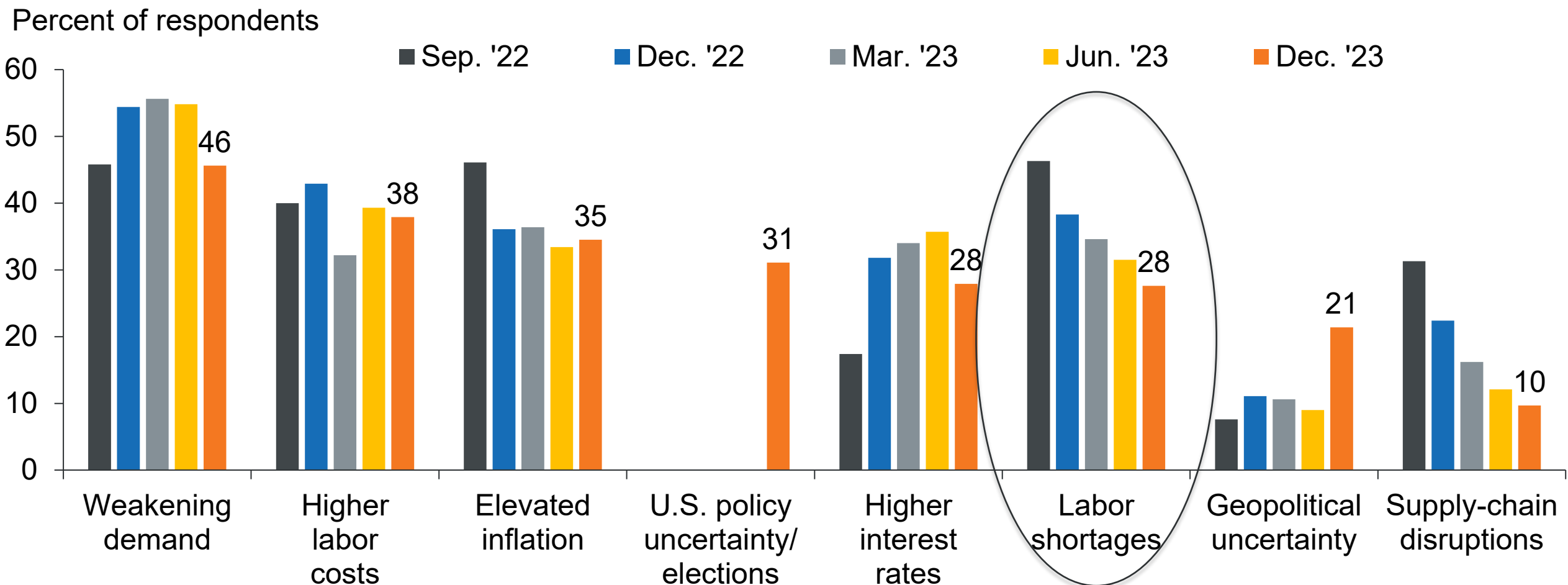
Firms expect wage and price growth to ease in 2024



NOTES: Firms were asked, "What annual percent change in wages and input prices did your firm experience this year, and what do you expect for next year? Also, by how much did your firm change selling prices this year, and by how much do you expect to change selling prices next year?" N = 317 responses in December. Shown are actual wage and price increases for 2019-2023 and expectations for 2024. Averages are calculated as trimmed means with the lowest and highest 5 percent of responses omitted.

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

Labor shortages are a retreating outlook concern among Texas firms

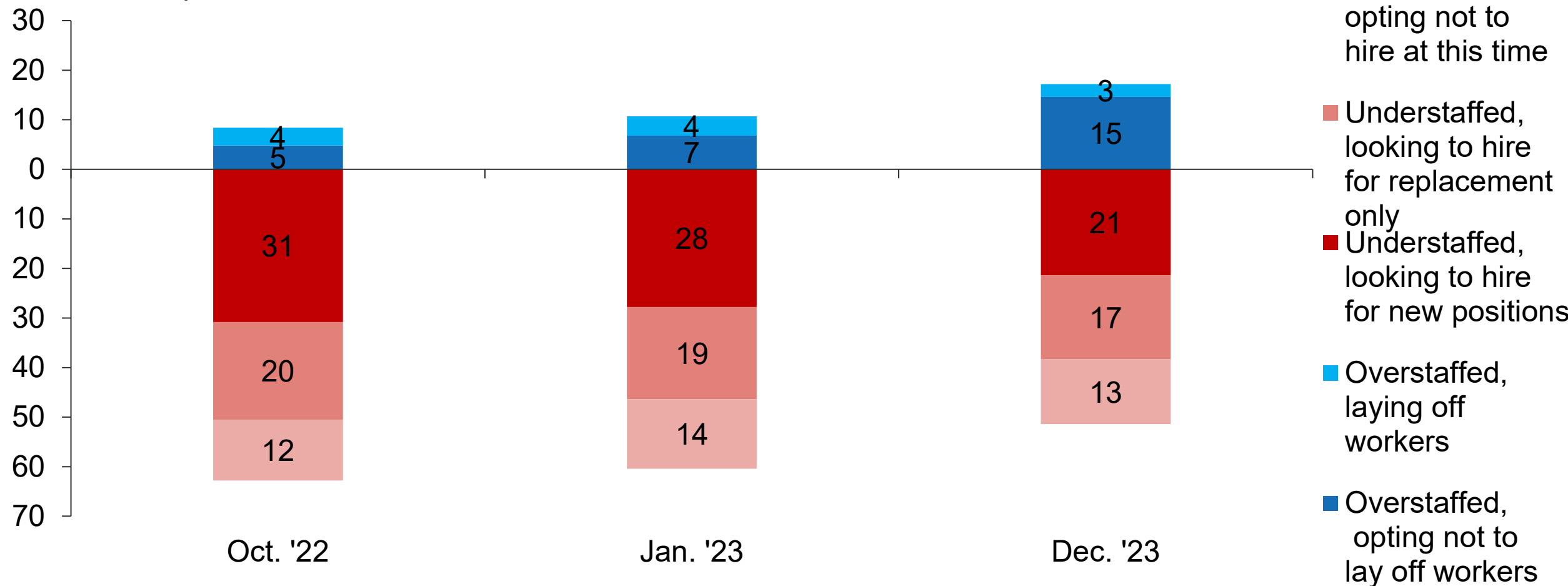


NOTES: Firms were asked, "What are the primary concerns around your firm's outlook over the next six months, if any?" and could select up to 3 concerns. N = 351 in December 2023, and not all possible responses are shown.

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

Fewer firms understaffed now than a year ago, and more overstaffed

Percent of respondents



NOTES: Firms were asked, "What is your assessment of your firm's current employment situation in light of your six-month outlook?" Shares reporting "We are at our ideal staffing level," which represented 30 percent of respondents in Dec. '23, 23 percent in Jan. '23, and 21 percent in Oct. '22, not shown.

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

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