



Federal Reserve
Bank of Dallas

Texas Economic Performance and Outlook

(March 2024)

“Employment Growth Decelerates”

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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.

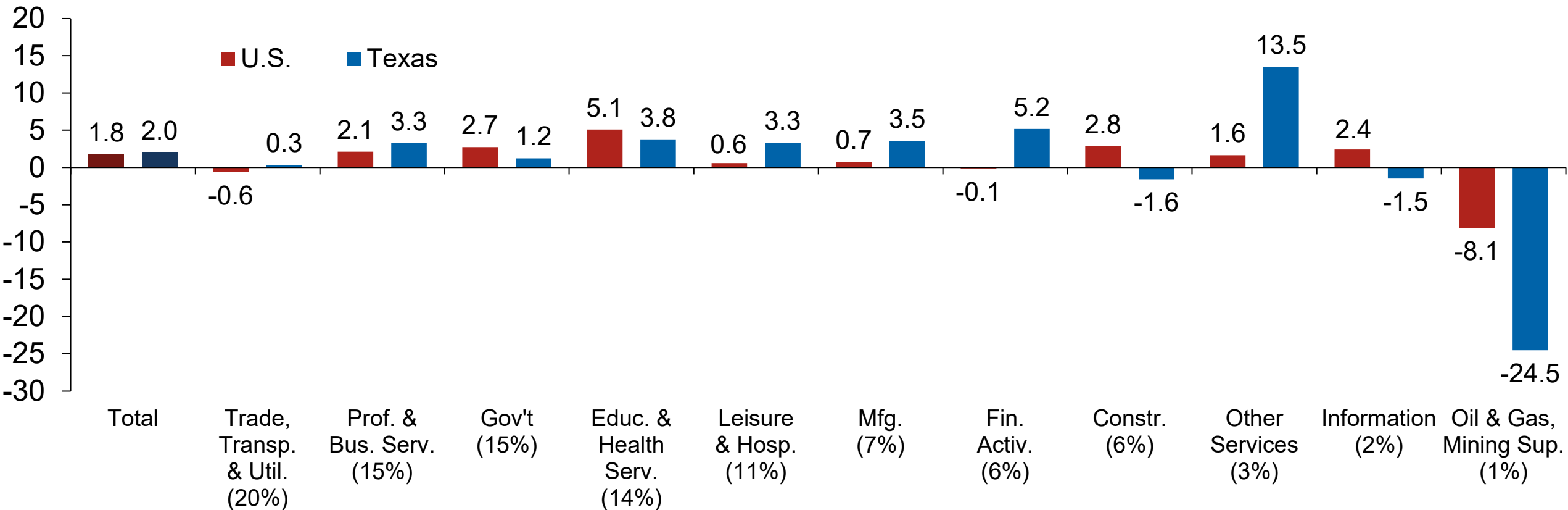
What's New: Job growth in January

- Texas employment grew 2.0 percent in Jan., while Dec. growth was revised up
 - Texas grew faster than the nation's 1.8 percent in January
- The Dallas Fed's Texas Employment Forecast indicates jobs will increase by 2.2 percent in 2024
- Texas unemployment was 3.9 percent in January
 - U.S. unemployment rate rose to 3.9 percent in February
- February Texas Business Outlook Surveys (TBOS) show improvement in both service sector and manufacturing activity
 - Texas firms were more bullish in demand expectations compared to last quarter
 - 52% of respondents expect demand to increase over the next six months, up from 38% in Nov. '23
 - 30% of firms have relied on hiring workers who moved to Texas from a different state
 - 15% of firms noted relying on hiring workers who moved to Texas from abroad

Overall Economic Activity

Texas payrolls grew moderately in January

Job Growth January 2024/December 2023 (%)*



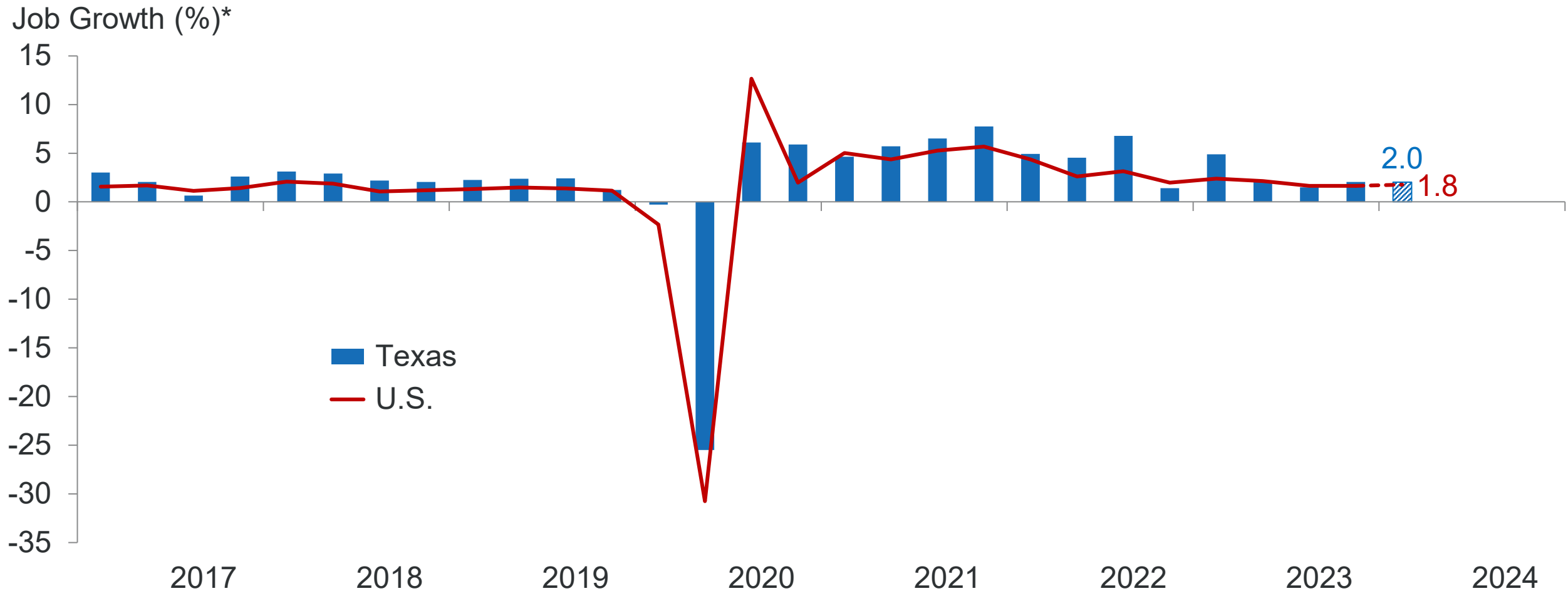
*Seasonally adjusted, annualized rate.

NOTE: Numbers in parenthesis indicate share of total state employment in January 2024.

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 job growth continues to outpaces the US



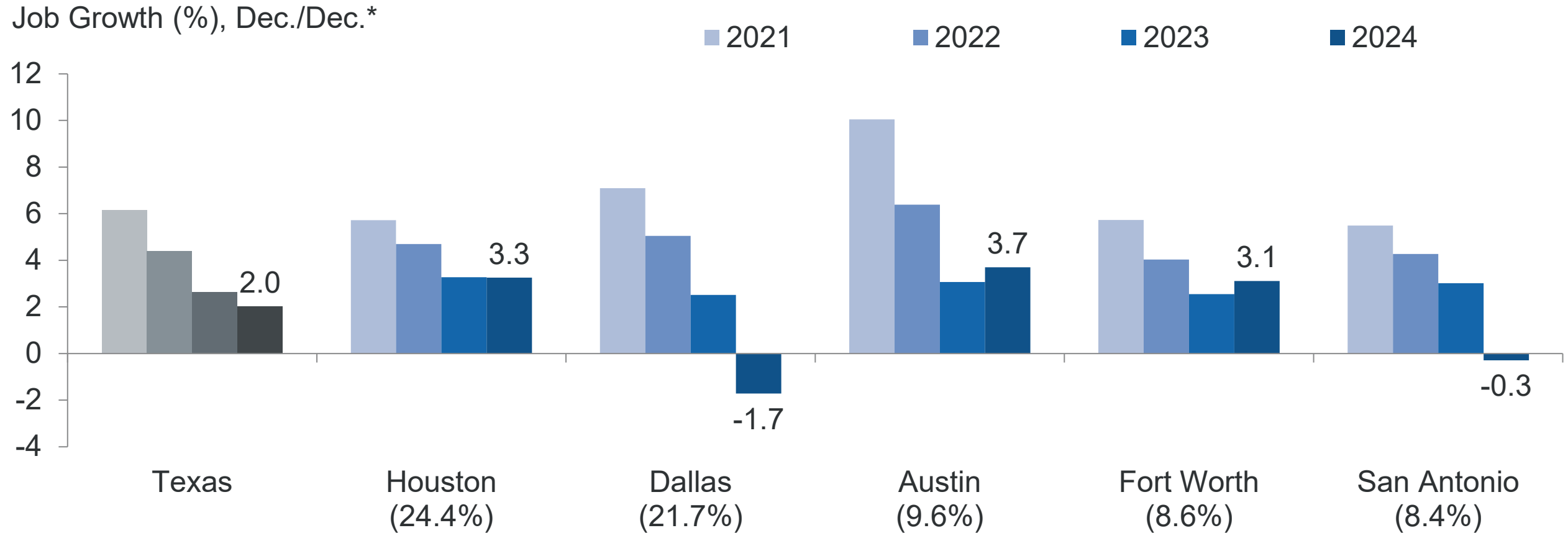
*Seasonally adjusted, annualized rate.

NOTES: Shown is quarterly job growth. Last data points are annualized job growth for Jan. 2024/Dec. 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)

Austin leads large metros in January job growth, declines seen in Dallas and San Antonio



*Seasonally adjusted, annualized rate.

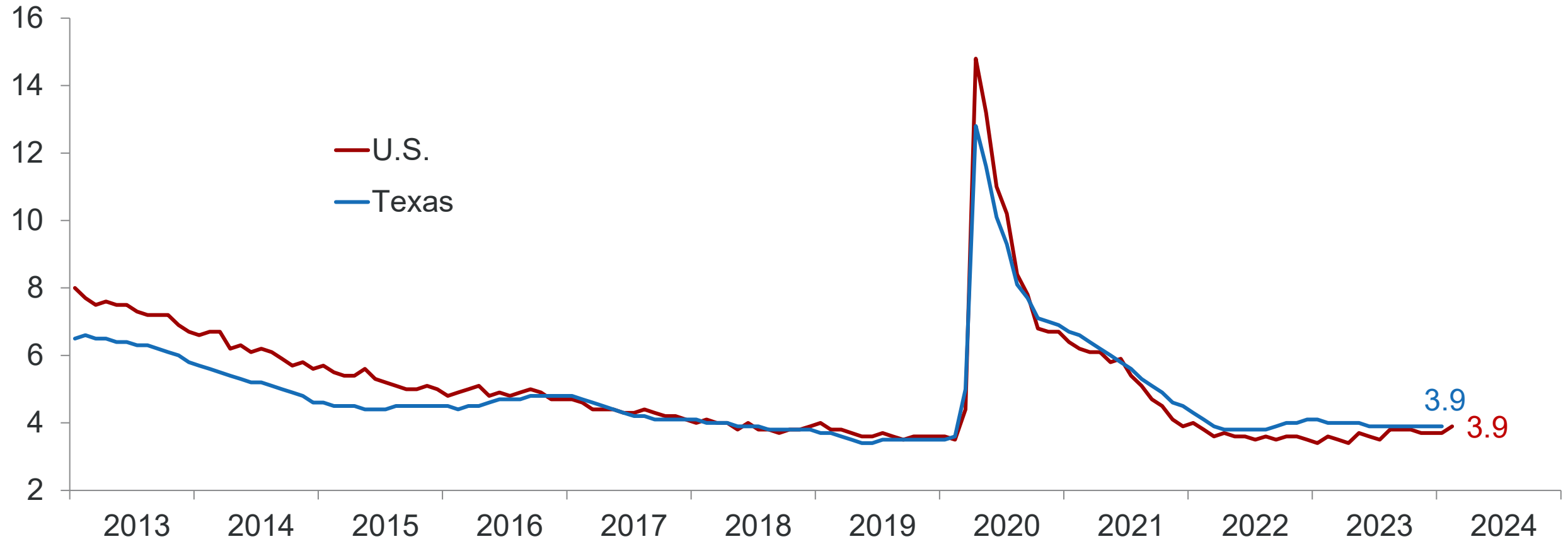
NOTE: Numbers in parenthesis indicate share of state employment for January 2024.

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)

Texas unemployment flat in January

Unemployment rate (%)*



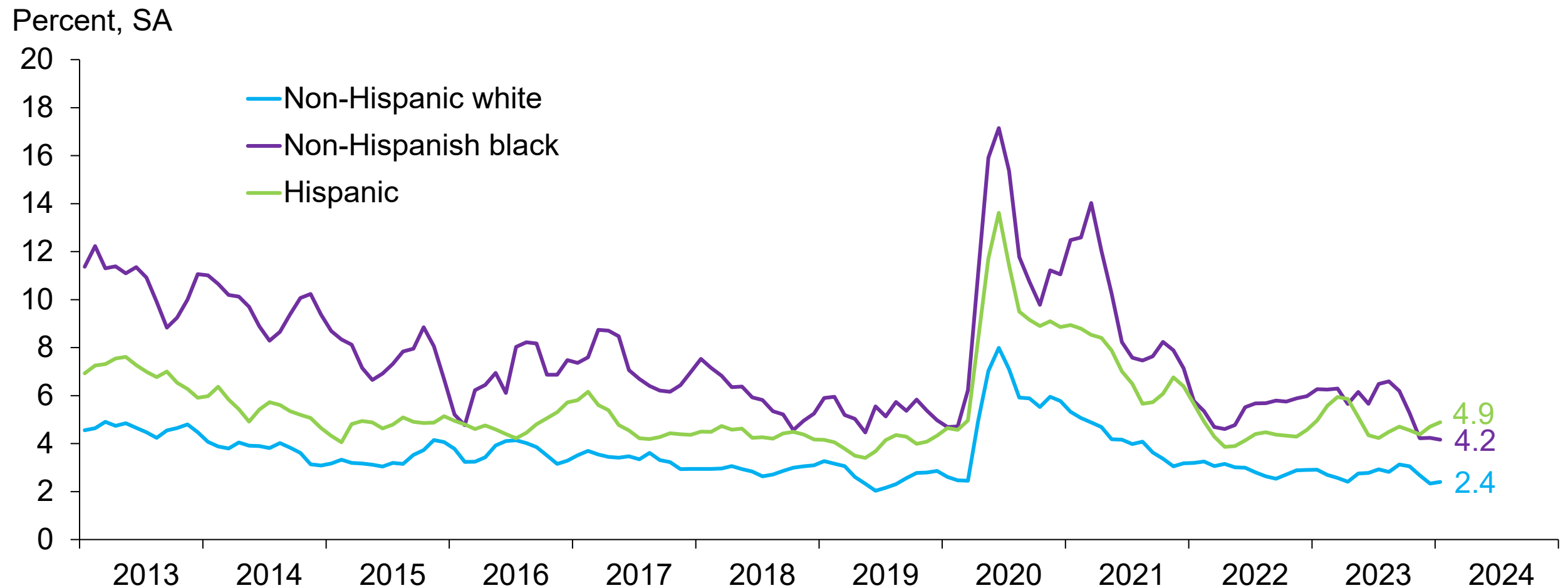
*Seasonally adjusted.

NOTE: Data are through February 2024 for the U.S. and January 2024 for Texas.

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 but flat for Non-Hispanics

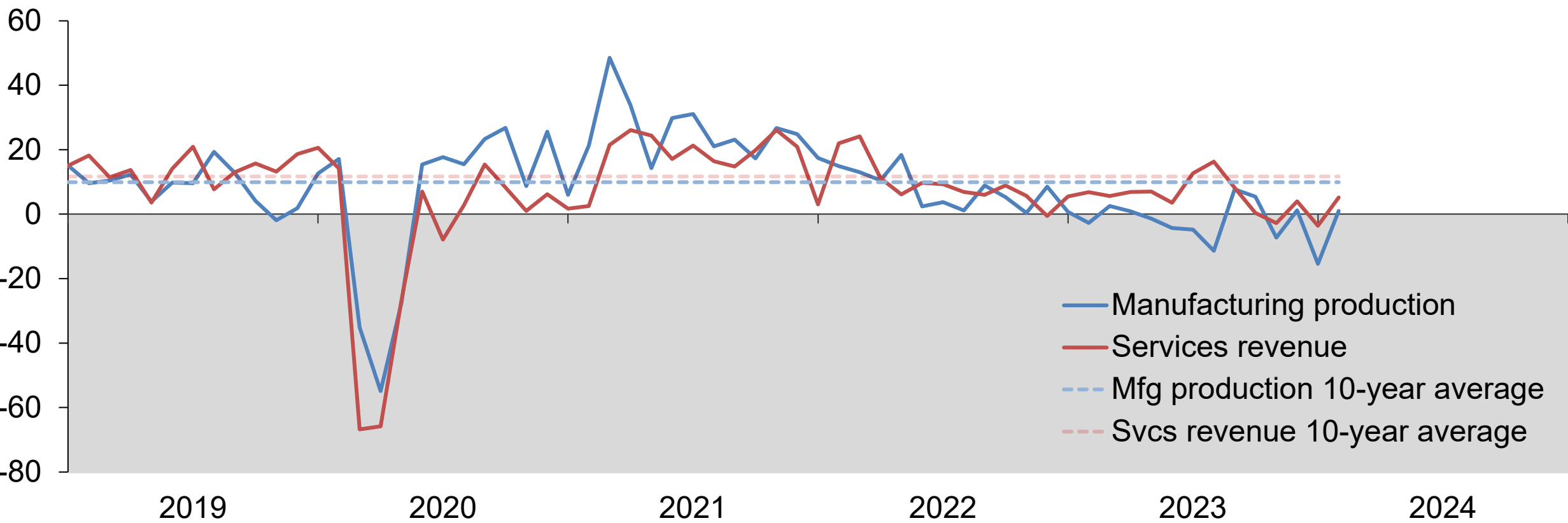


NOTE: Last data points are January 2024 values.

SOURCE: Current Population Survey, authors' calculations.

Manufacturing activity stabilizes in February and service sector revenues tick up

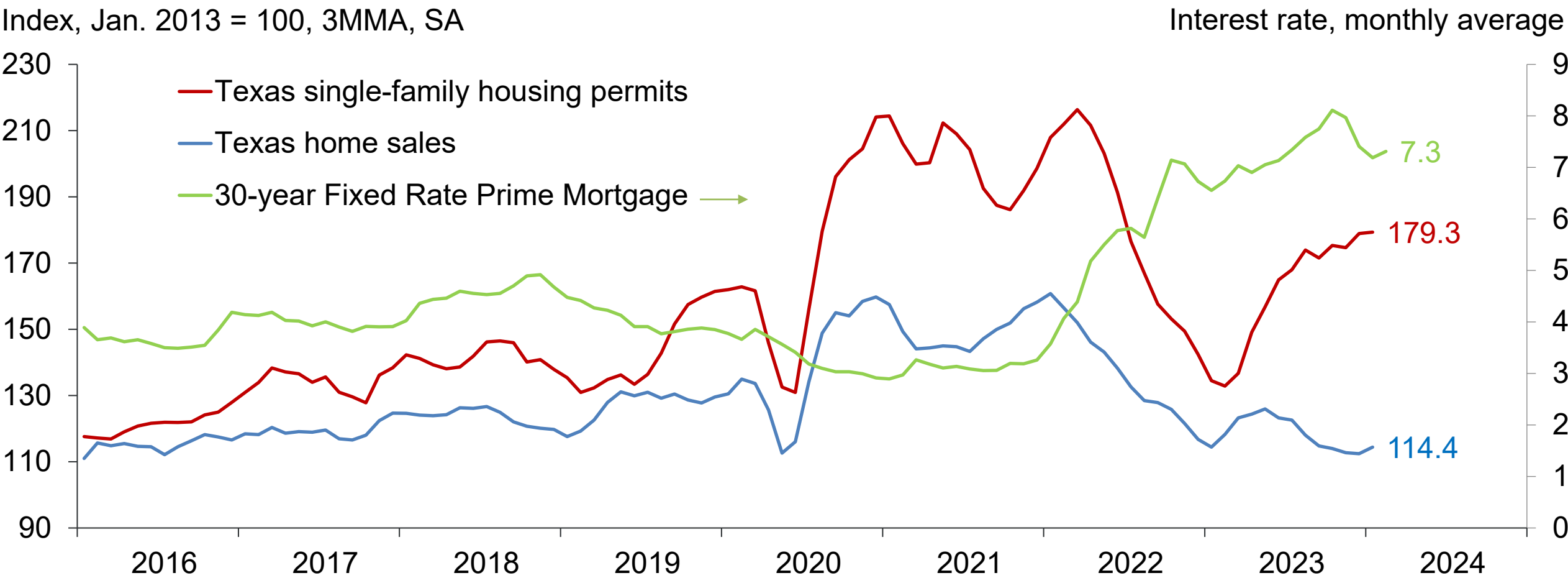
Diffusion Index, SA



NOTES: Data through February 2024. Shaded area represents contractionary territory.
SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Surveys.
DATA: [Surveys - Dallasfed.org](https://www.dallasfed.org/surveys)

Housing and Energy Industries

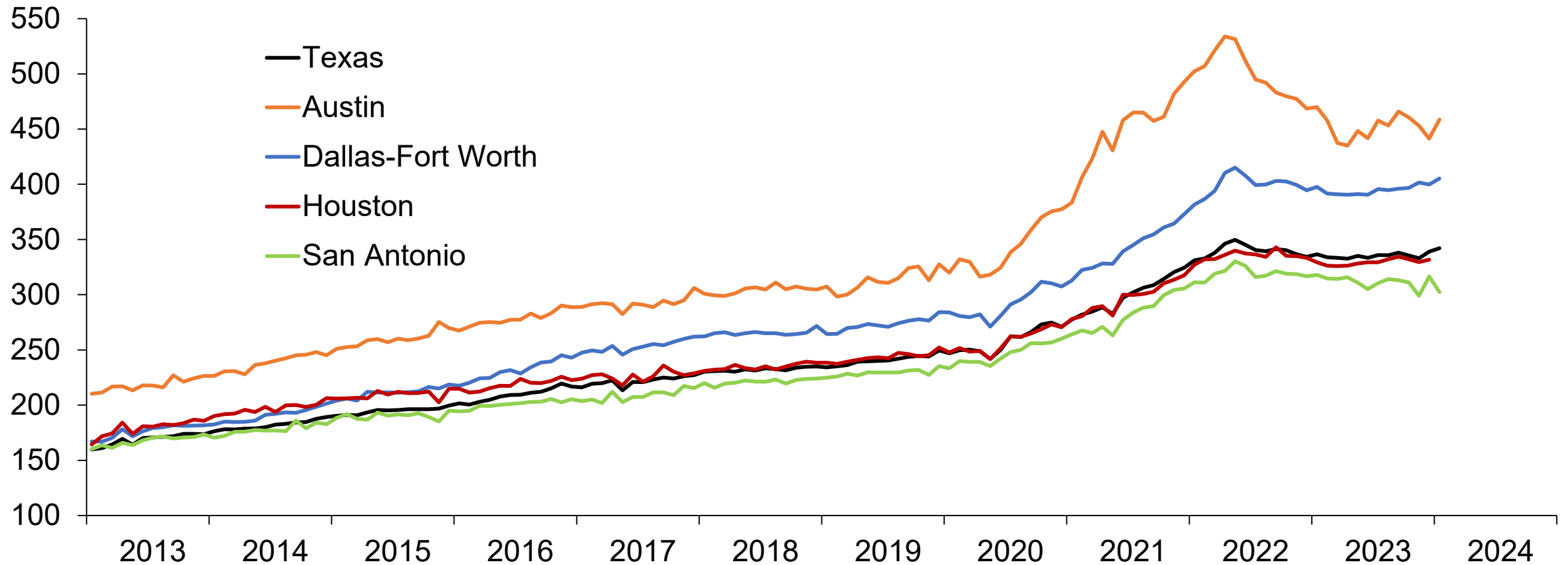
Housing: Texas home sales bottom, housing permits flat



NOTE: Data are monthly through February 2024 for interest rates and January 2024 for the rest.
SOURCES: MLS; A&M Real Estate Center; Freddie Mac Primary Mortgage Market Survey; U.S. Census.

House prices tick up

Median sales price, \$

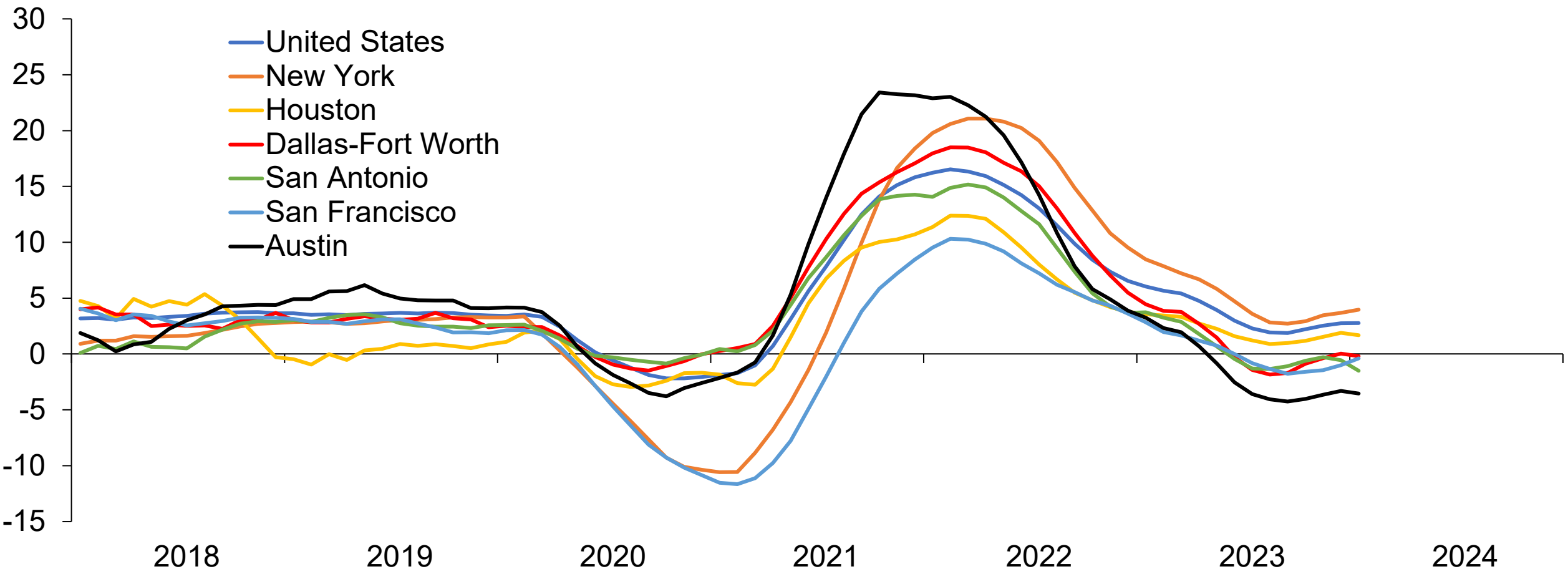


NOTES: Seasonally adjusted sales price, nominal. Data through December 2023 for Houston and January 2024 for the rest.

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

Apartment rents flat to down in most Texas markets

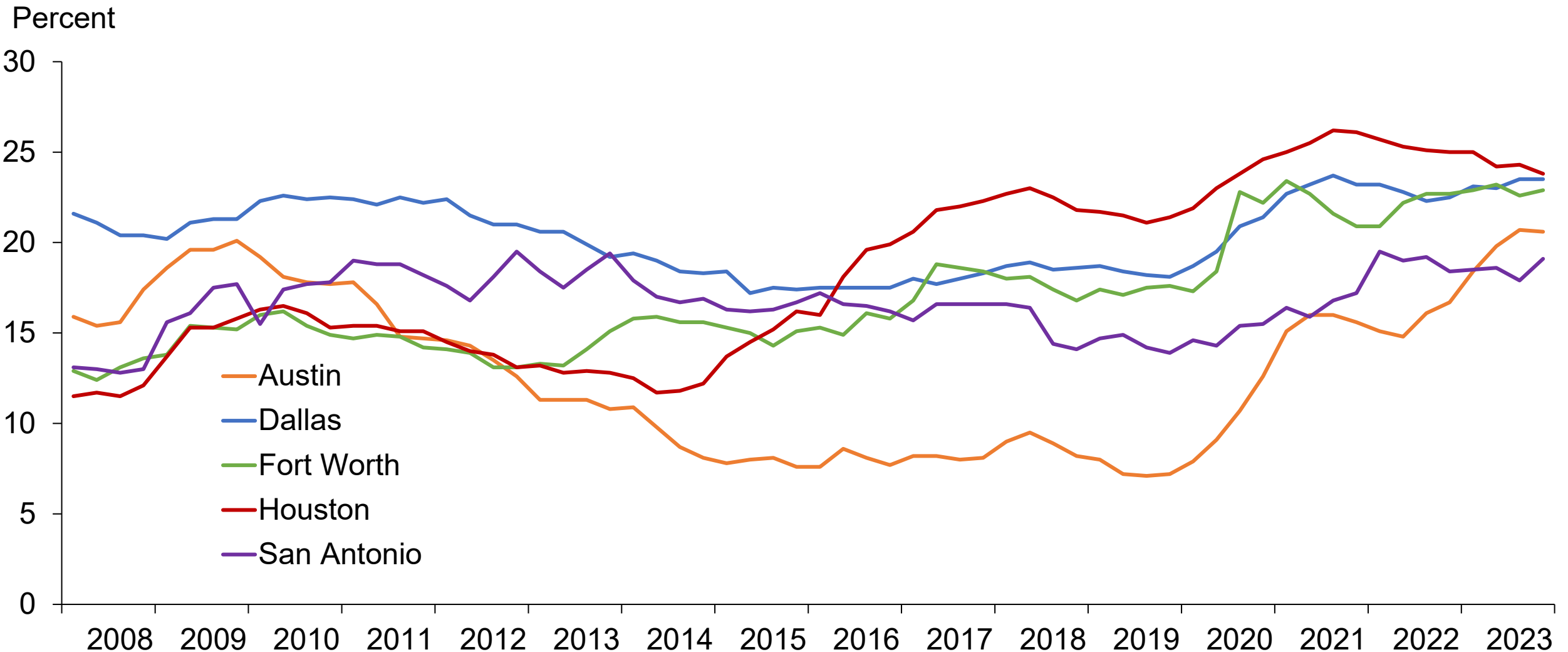
Percent, Y/Y



NOTES: Data are monthly, seasonally adjusted through January 2024. 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.

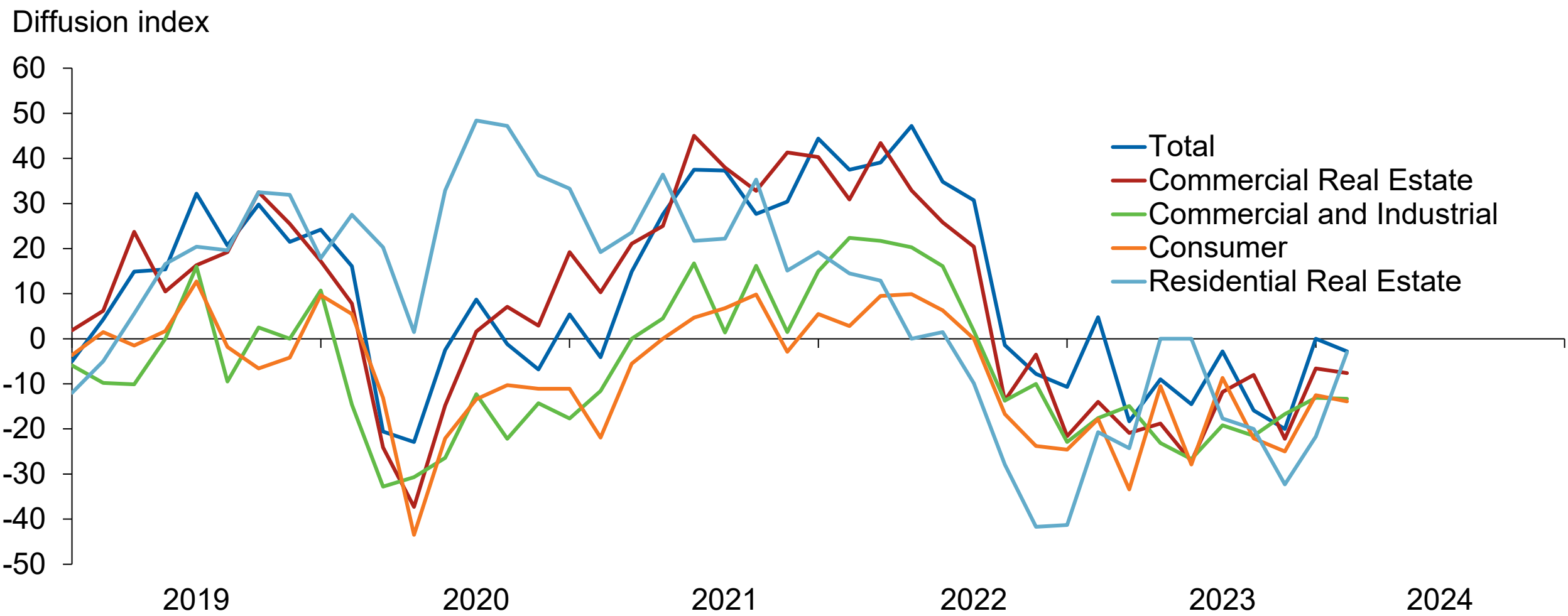
Office vacancy stabilizes across Texas



NOTE: Data through Q4 2023.

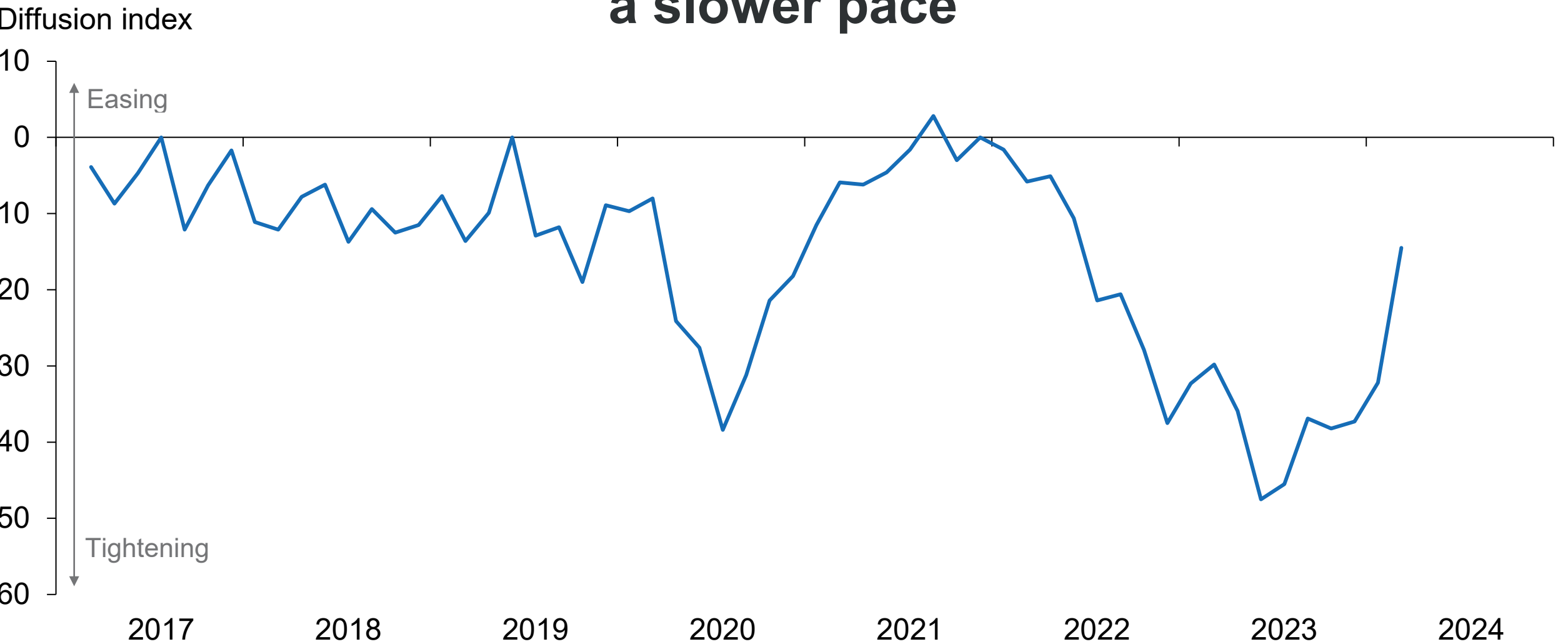
SOURCE: CBRE Econometric Advisors.

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



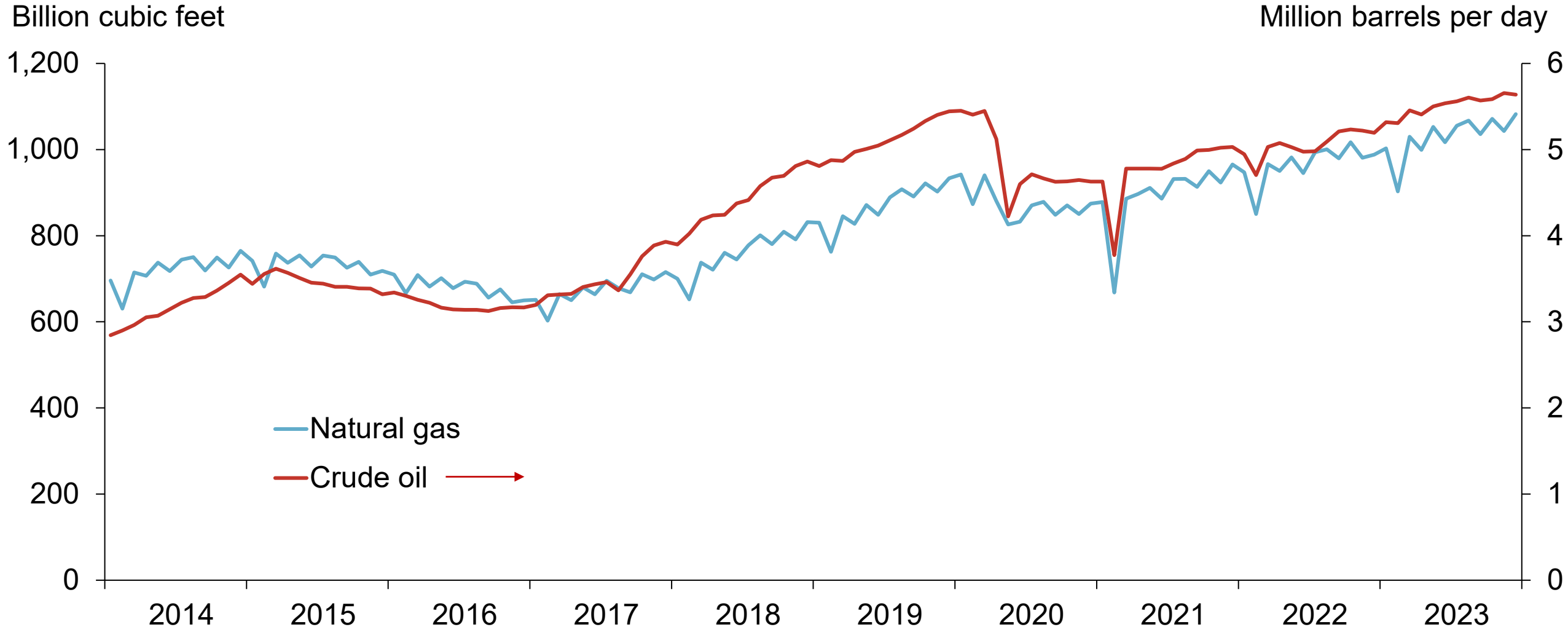
NOTE: Data through February 2024.
SOURCE: Federal Reserve Bank of Dallas' Banking Conditions Survey.

Credit standards continue to tighten at Texas banks though at a slower pace



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

Texas oil and gas production eclipses pre-pandemic peak

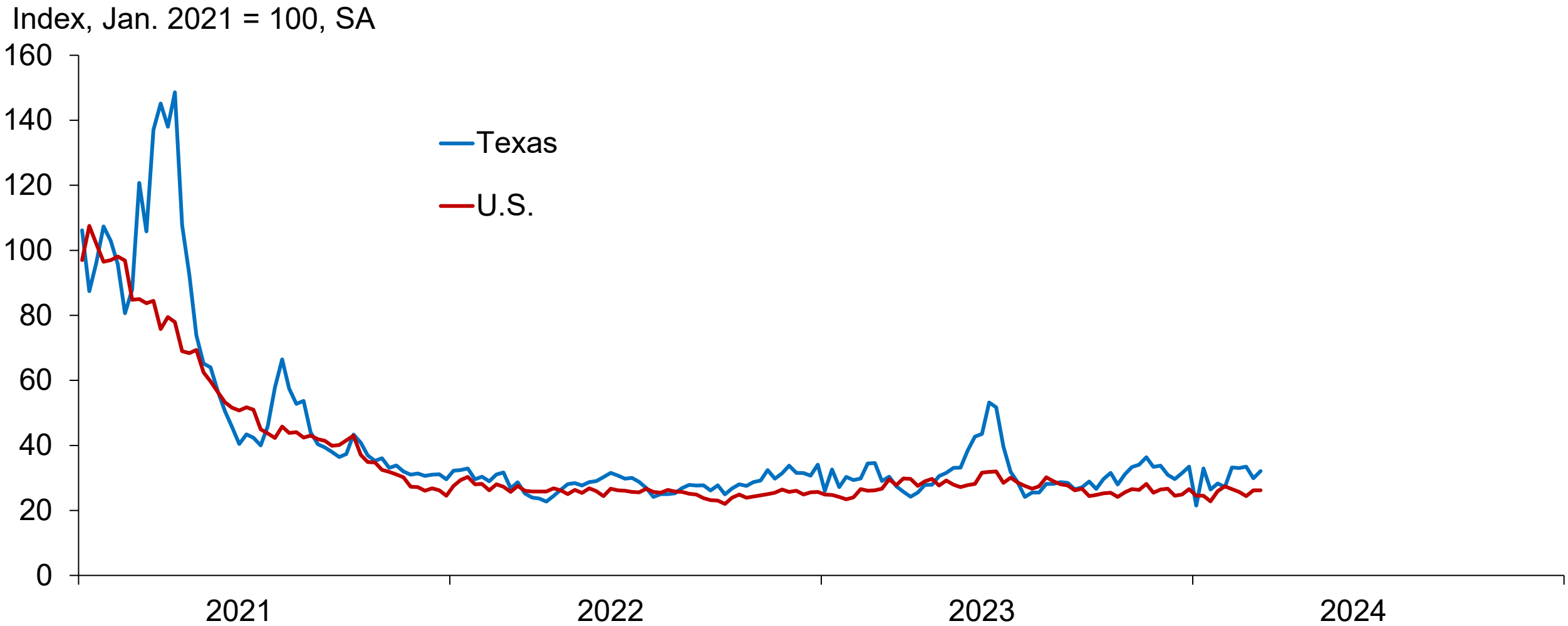


NOTE: Shown are crude oil and natural gas marketed production through December 2023.

SOURCE: Energy Information Administration.

High-Frequency Data

Texas total jobless claims flat

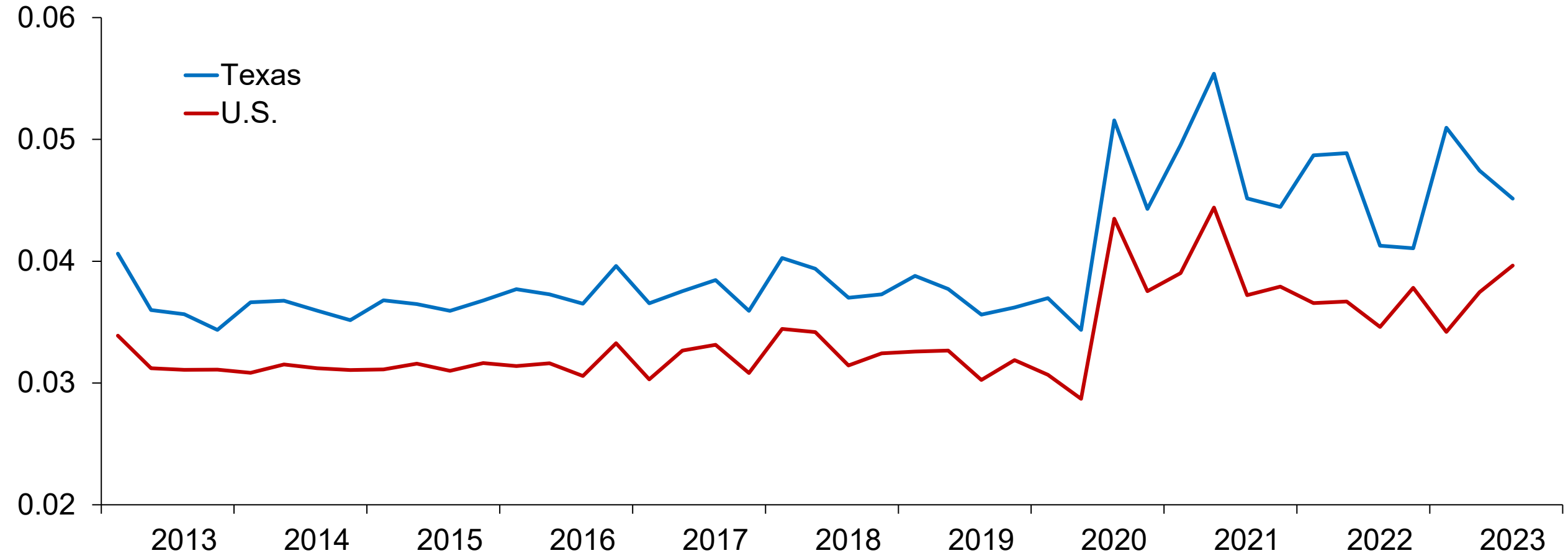


NOTE: Data are through the week ending Mar. 2, 2024.

SOURCE: Department of Labor.

Rate of business formation in Texas moderates but remains above the nation

Business applications per business establishments

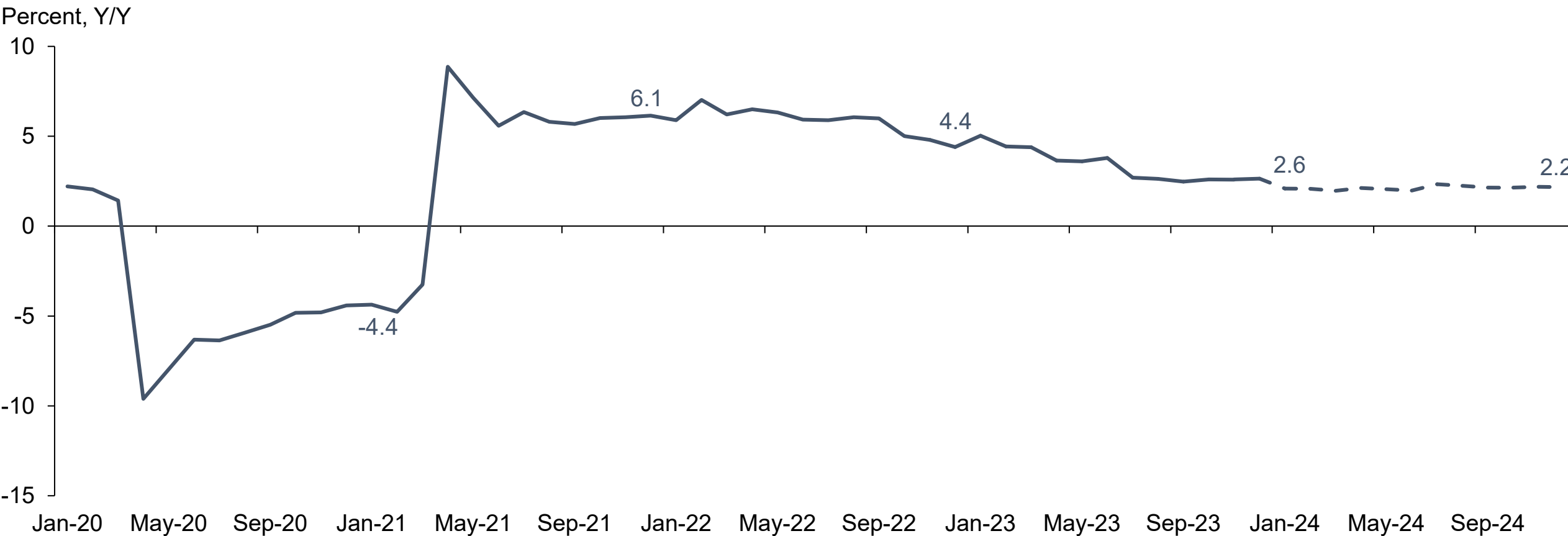


NOTES: Data are quarterly through Q3 2023. Business applications data are missing for the first week of January 2021.

SOURCE: U.S. Census Bureau.

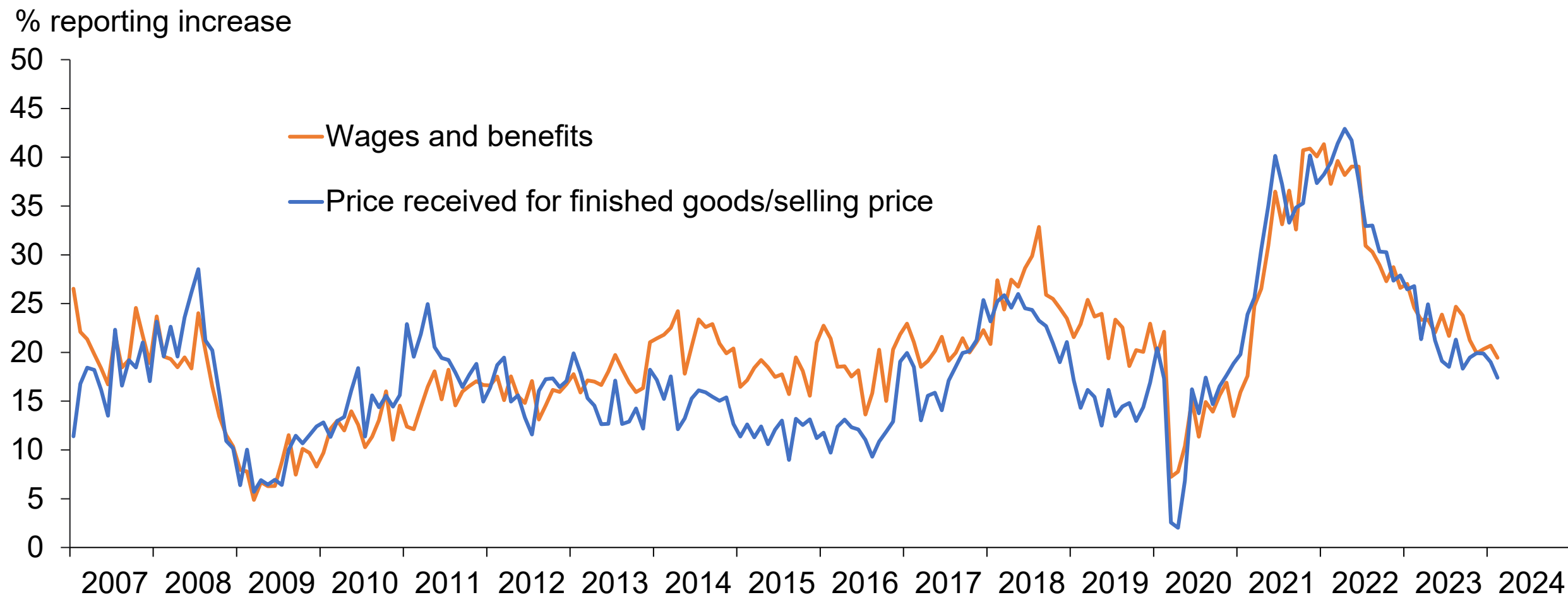
Outlook for 2024

The Texas employment forecast indicates 2.2% growth in 2024 after rising 2.6% in 2023



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).

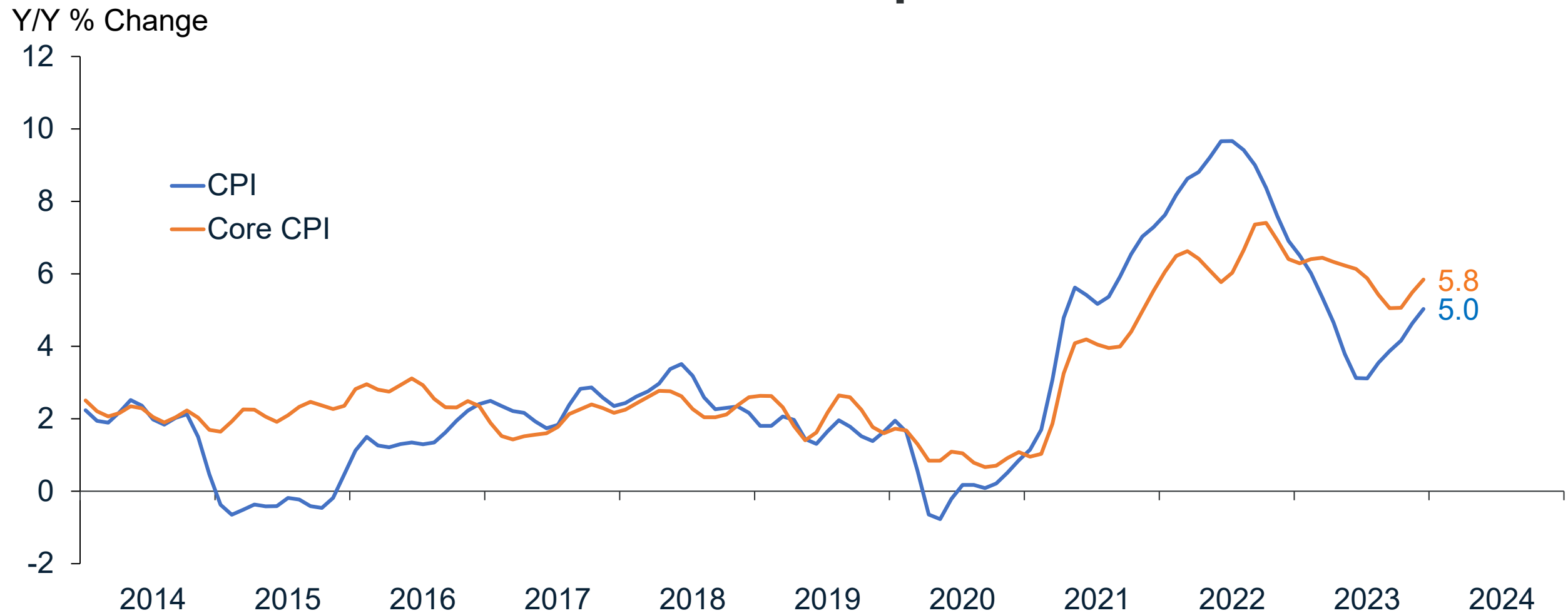
Fewer Texas firms raise wages and prices in February



NOTES: Percent reporting increase was constructed by weighting the respective component of TMOS and TSSOS according to GDP shares. Data through February 2024.

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

Texas headline CPI rising since mid-2023, core CPI ticks up in Dec.

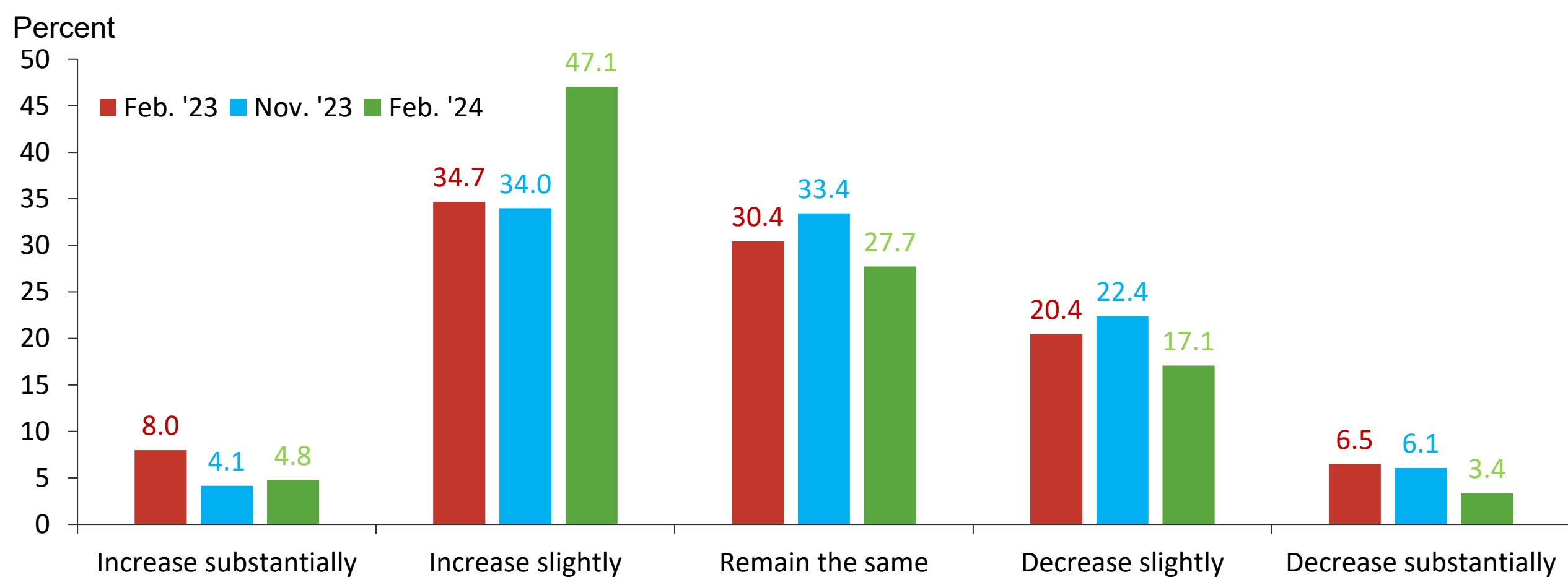


NOTE: CPI data through December 2023.

SOURCE: Bureau of Labor Statistics.

Survey Special Questions

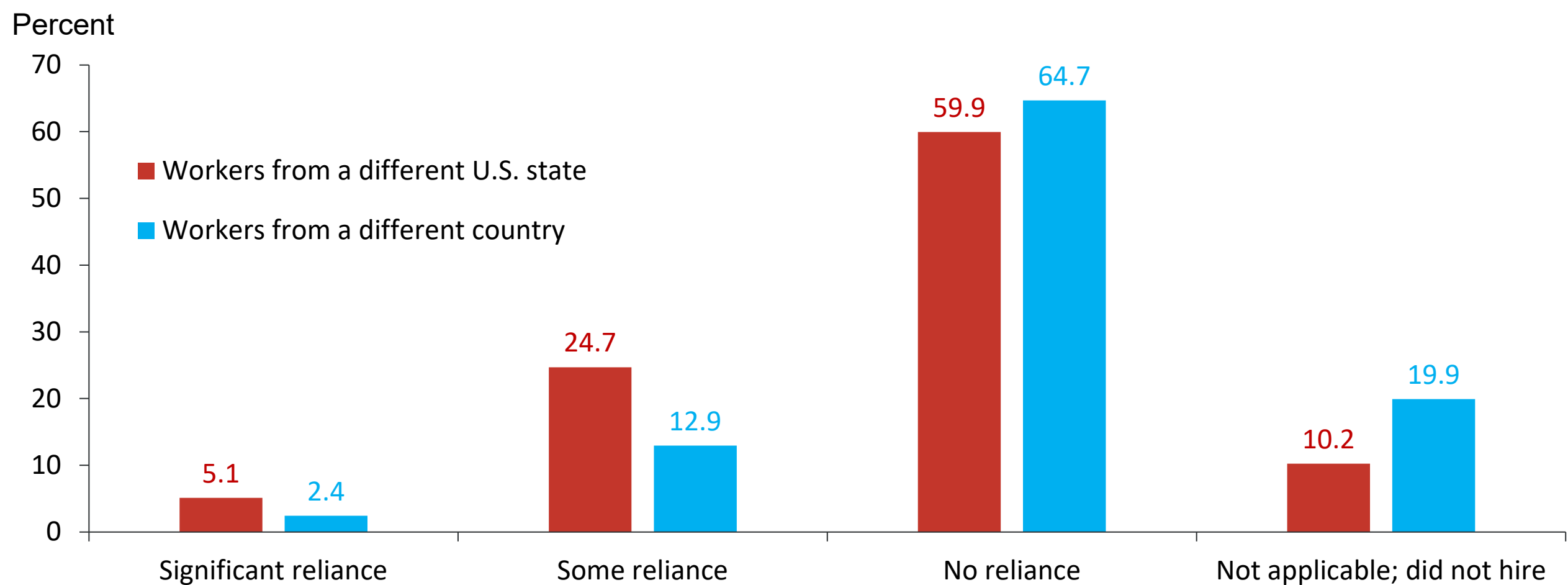
52% of Texas firms expect an increase in demand over the next six months, up from 38% in November



NOTES: Firms were asked, "How do you expect demand for your firm's goods and/or services over the next six months to compare with the past six months, aside from normal seasonal variation?". N = 357 in February 2024. In Feb. '23 the question asked about 2023 versus 2022.

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

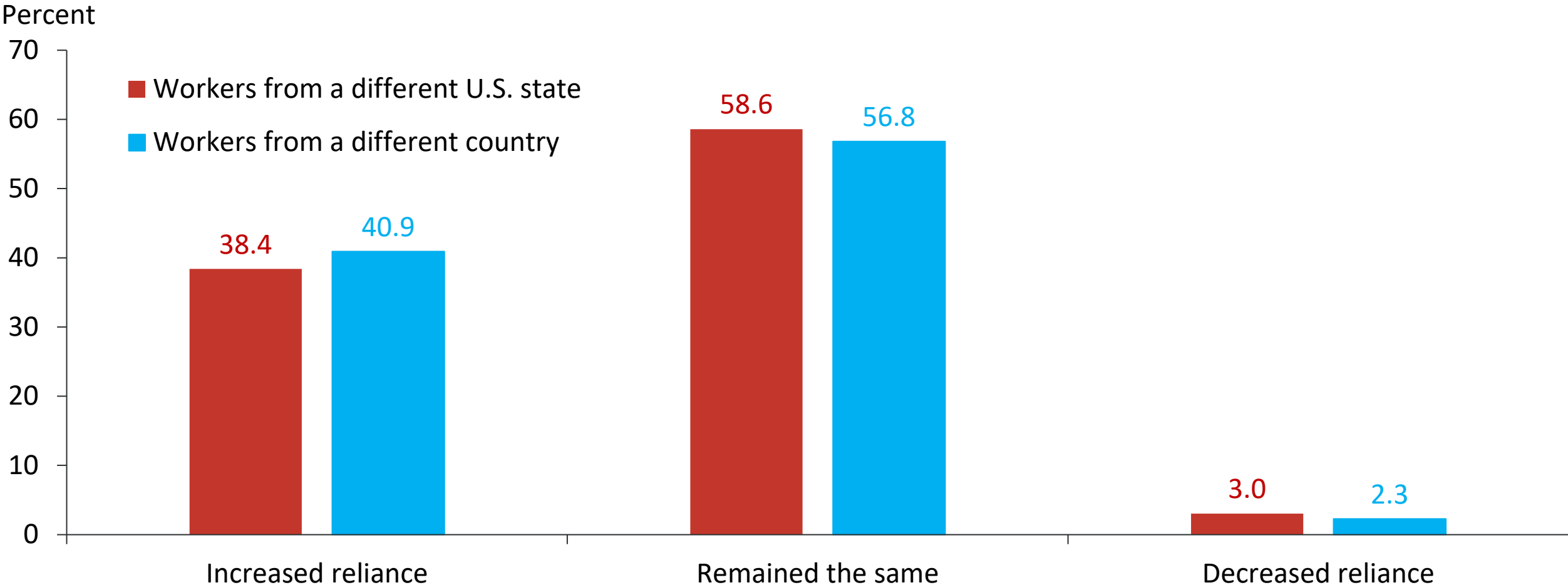
Several firms report relying on migrant workers



NOTES: Firms were asked, "Over the past year, to what extent has your firm relied on hiring workers who moved to Texas from either a different U.S. state or a different country?". N = 332 in February 2024.

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

Reliance on migrant workers flat to up for many firms over the past year



NOTES: Firms were asked, "Over the past year, how has your reliance on these workers changed?". N = 99 in February 2024. This question was only posed to those answering "significant reliance" or "some reliance" to the previous question.

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

Thank you!
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information**



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