



Federal Reserve
Bank of Dallas

Texas Economic Performance and Outlook

(June 2024)

“Employment Growth Robust in May”

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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.

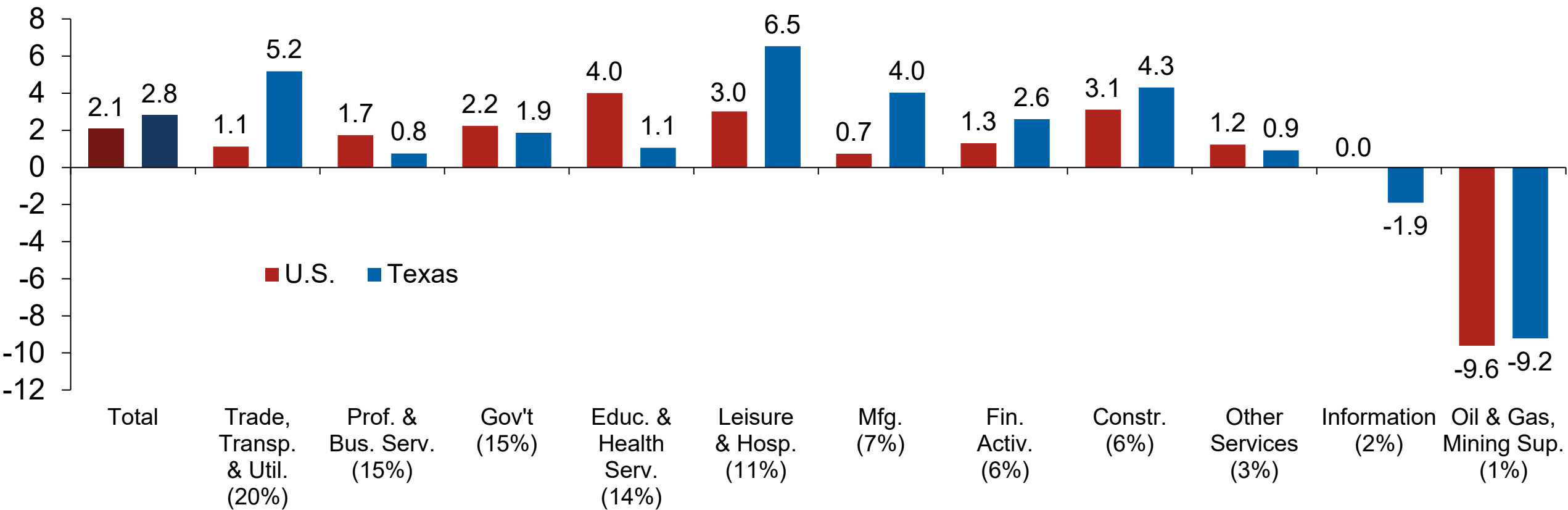
What's New: Job growth remains robust in May, 2024 employment forecast revised down slightly

- Texas employment rose 2.8% in May, slower than April's 3.4% increase
 - Texas job growth exceeded the nation's 2.1% increase in May
- The Dallas Fed's Texas Employment Forecast indicates jobs will increase by 2.4% in 2024
 - Forecast was 2.6% percent previously
- Year-to-date Texas employment growth is 2.8%, greater than the nation's 1.9% increase
- Texas unemployment remained at 4.0% in May
 - U.S. unemployment rate ticked up to 4.0% in May
- May Texas Business Outlook Surveys (TBOS) show a pickup in service sector activity but a decline in manufacturing output.
 - Most firms seeking credit report "no difficulty" doing so.
 - Among firms not seeking credit, many report having sufficient funds to meet short- and long-term needs.
 - Access to credit is by and large not impacting current sales.
 - Most firms don't expect access to credit to impact hiring over the next six months.

Overall Economic Activity

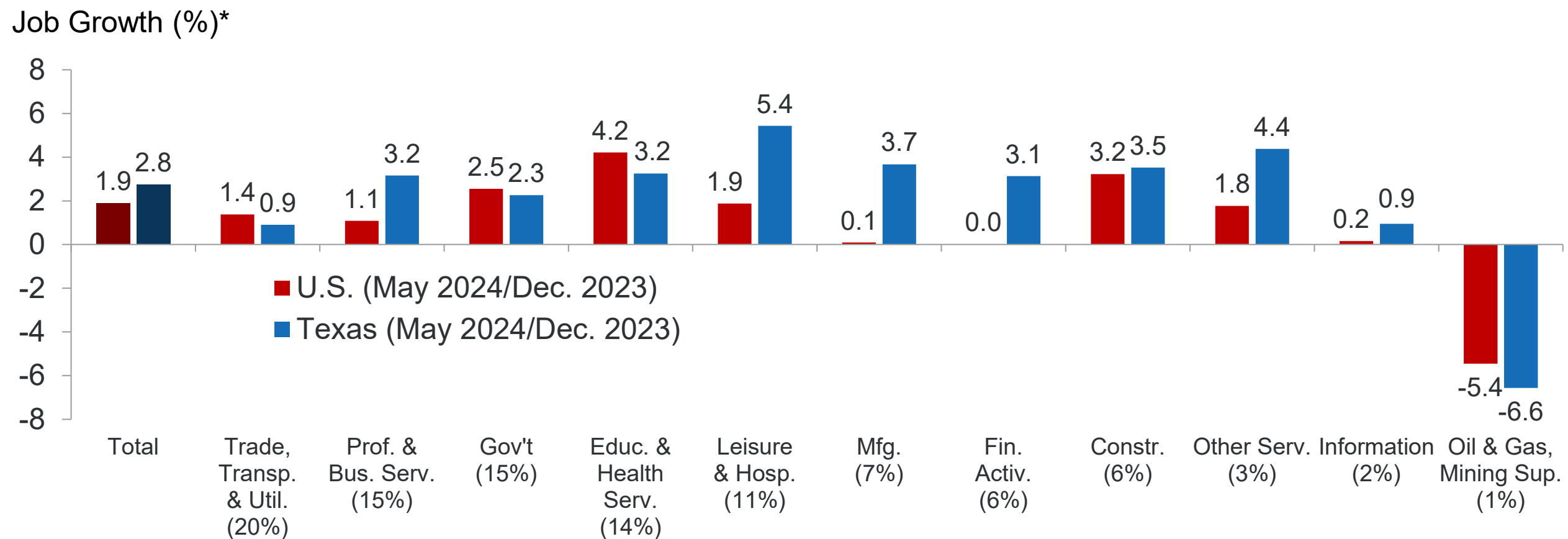
Texas job growth solid and generally broad-based in May

Job Growth May 2024/April 2024 (%)*



*Seasonally adjusted, annualized rate.
NOTE: Numbers in parenthesis indicate share of total state employment in May 2024.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; Federal Reserve Bank of Dallas.
DATA: [Texas Employment by Industry - Dallasfed.org](#)

YTD Texas employment growth led by leisure & hospitality and other services



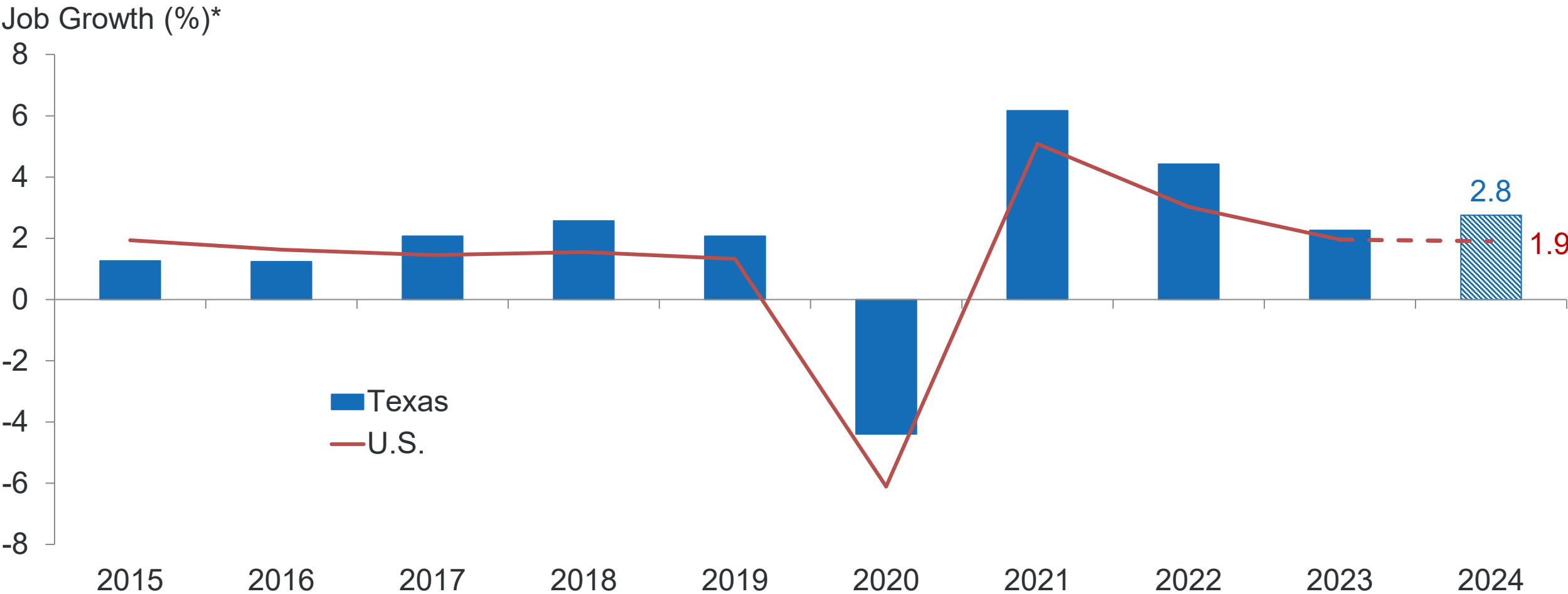
*Seasonally adjusted, annualized rate.

NOTE: Numbers in parentheses indicate share of total state employment for May 2024.

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' 2024 job growth on track to exceed the nation



*Seasonally adjusted, annualized rate.

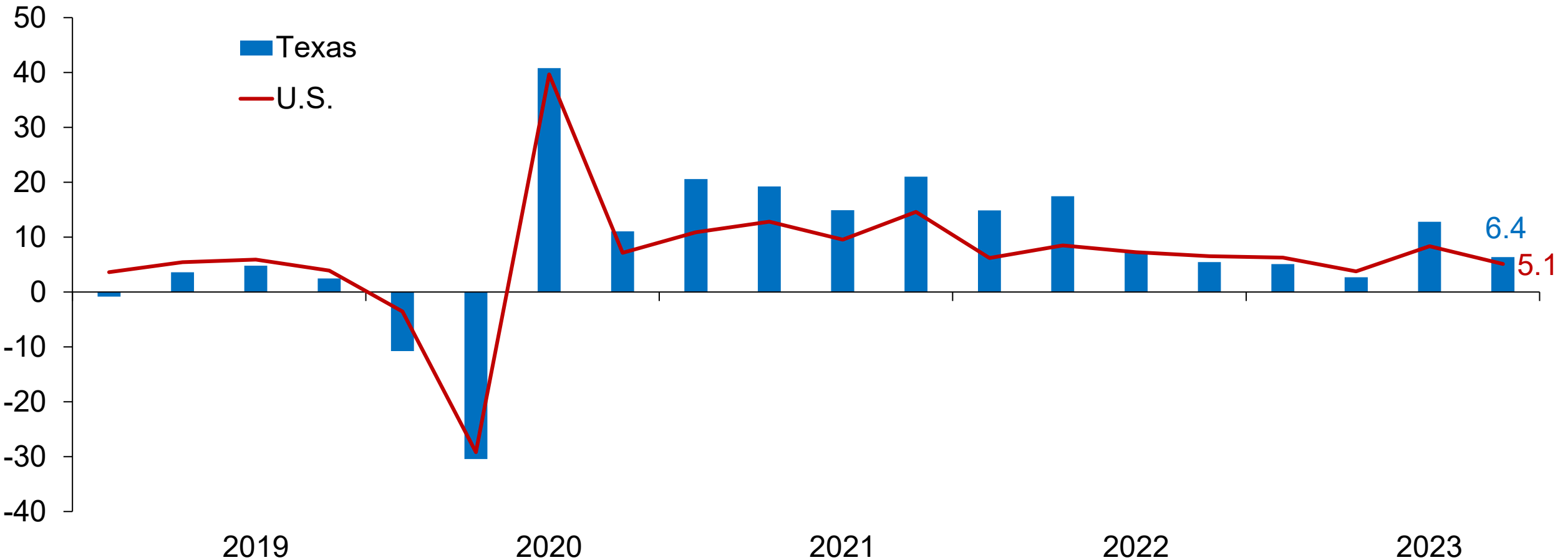
NOTES: Last data points are annualized job growth for May. 2024/Dec. 2023. Yearly growth is Dec/Dec.

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 GDP growth outpaced the U.S. in second half of 2023

Percent, Q/Q*



*Seasonally adjusted, annualized rate.

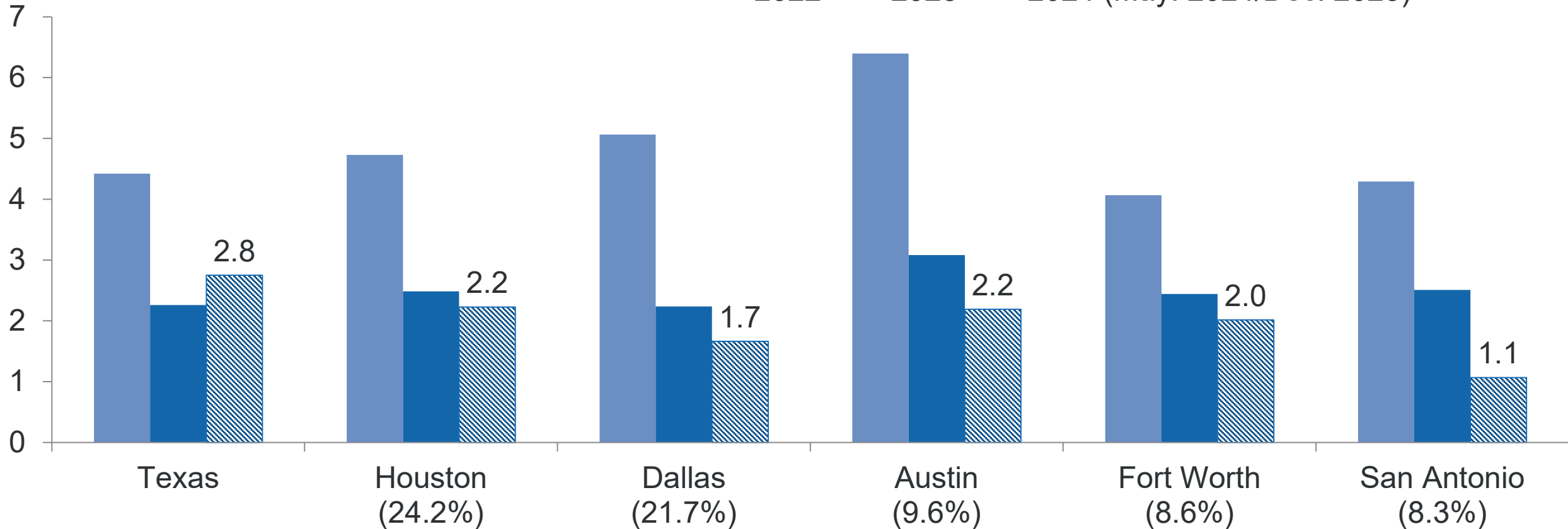
NOTE: Shown are quarterly, nominal GDP growth for the U.S. and GSP (gross state product) growth. Data are through Q4 2023.

SOURCES: Bureau of Economic Analysis; Federal Reserve Bank of Dallas.

Austin and Houston lead Texas major metros in YTD job growth

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

■ 2022 ■ 2023 ■ 2024 (May. 2024/Dec. 2023)



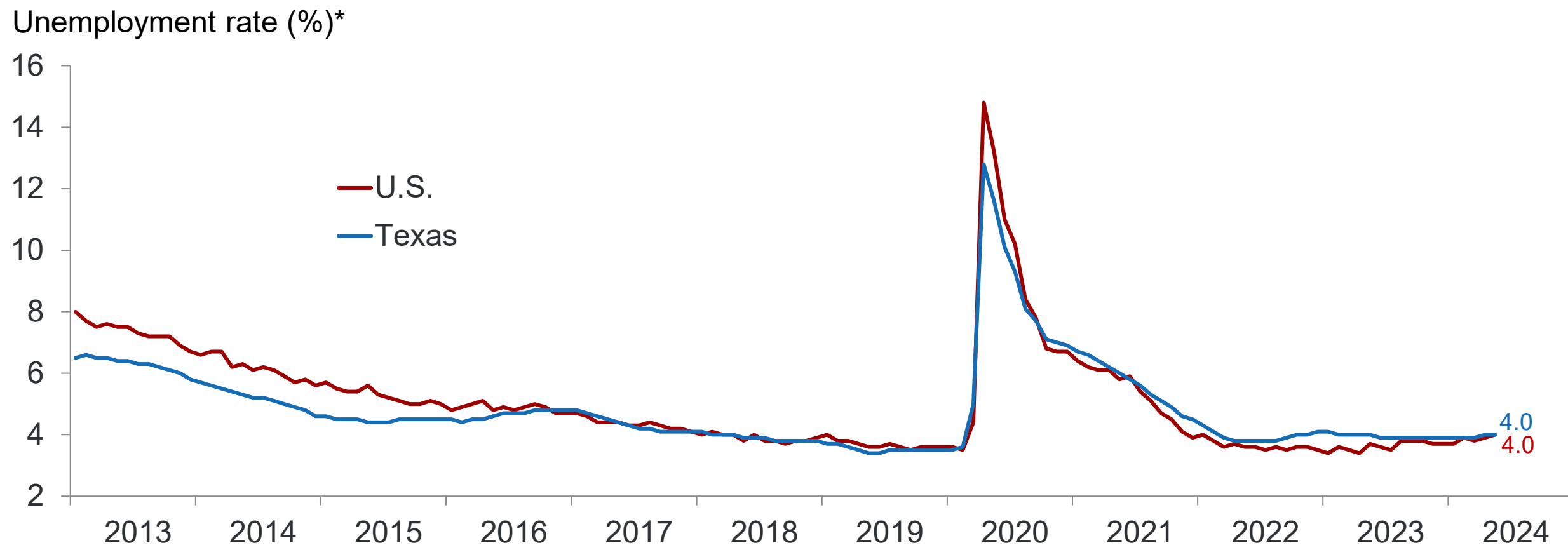
*Seasonally adjusted, annualized rate.

NOTE: Numbers in parenthesis indicate share of state employment for May 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-data)

Texas and U.S. unemployment rate at 4.0 percent in May



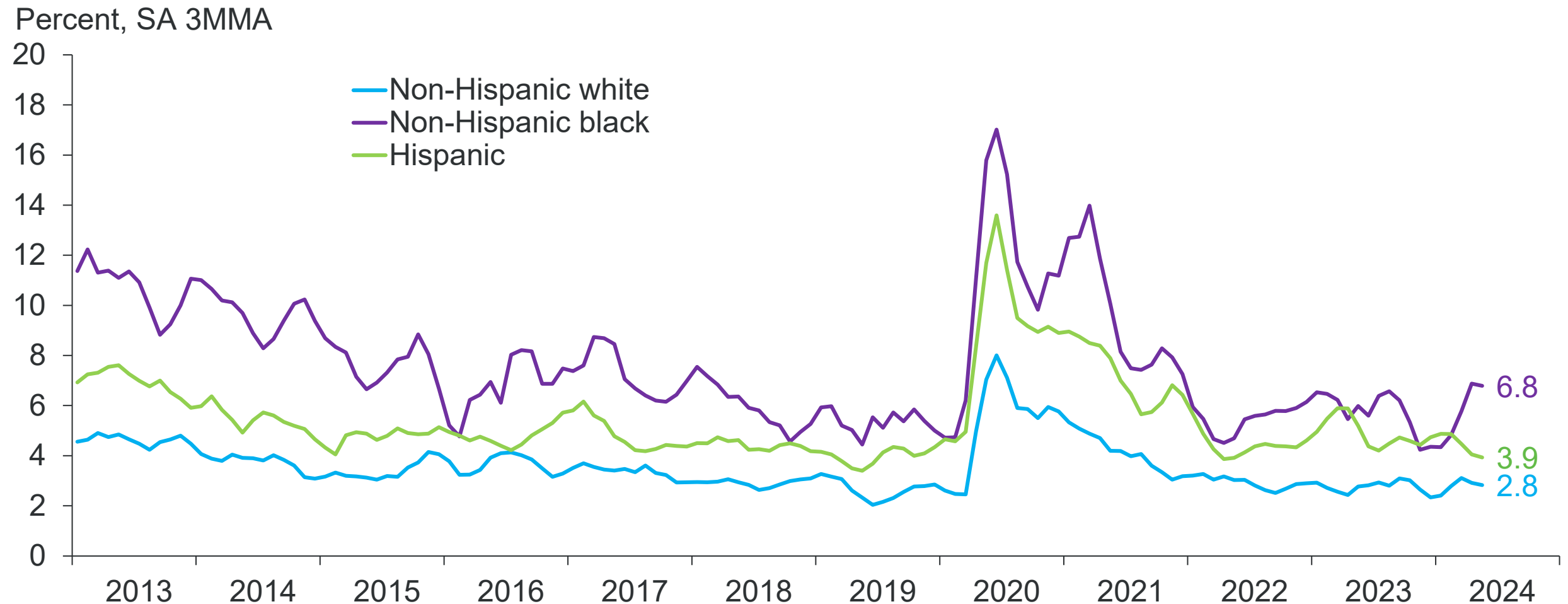
*Seasonally adjusted.

NOTE: Data are through May 2024.

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)

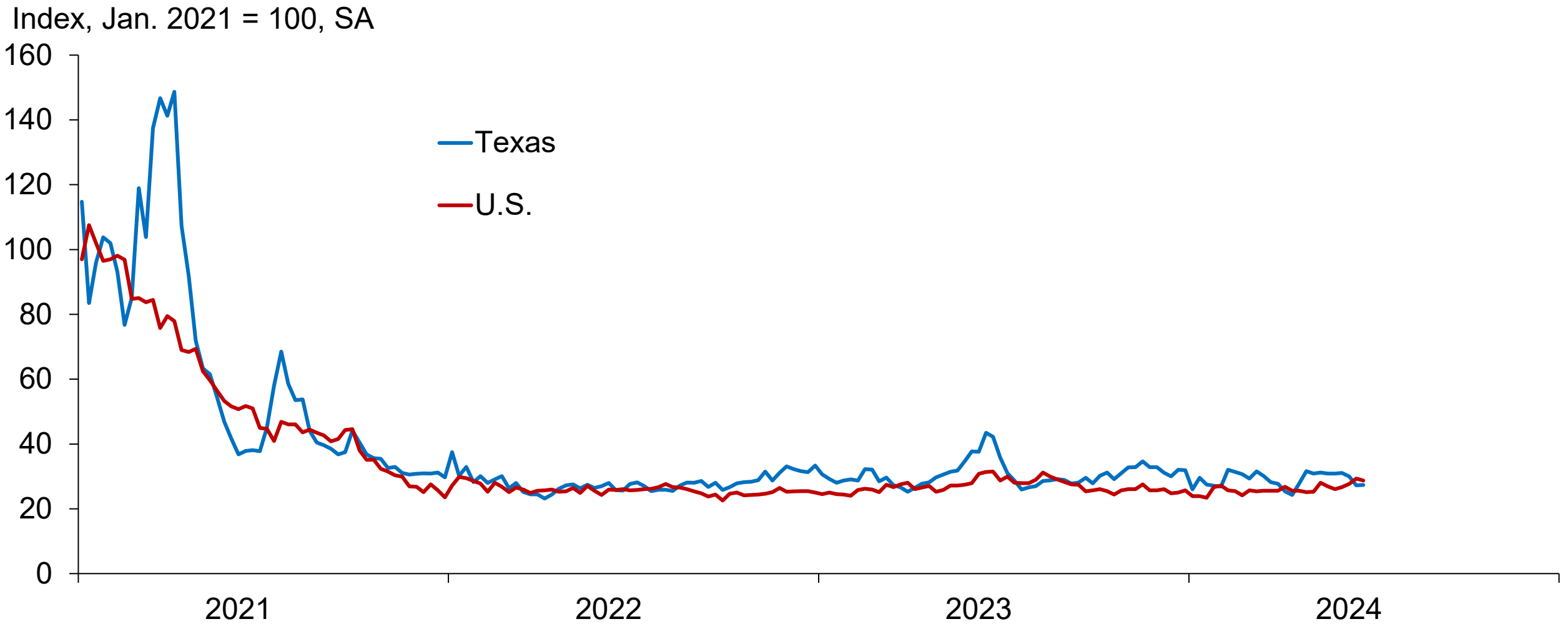
Unemployment dips for Blacks, Hispanics and Non-Hispanic Whites



NOTE: Data are monthly through May 2024.

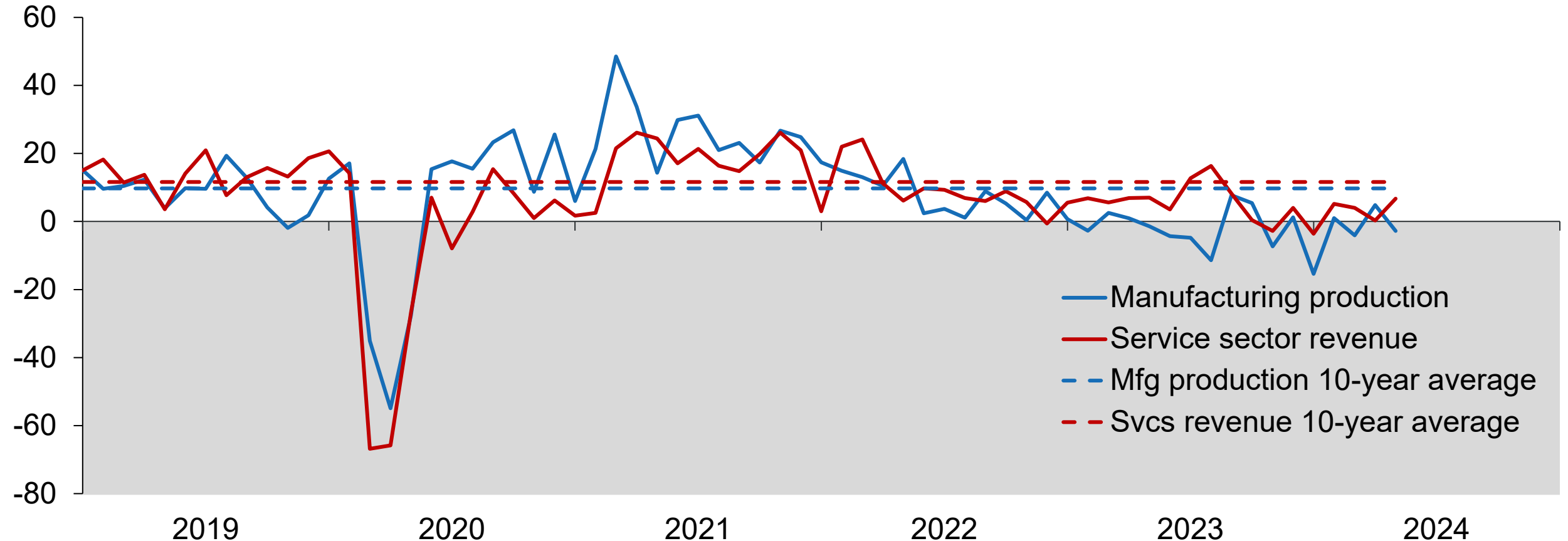
SOURCES: Current Population Survey, authors' calculations.

Total jobless claims flat in mid-June



Activity rebounds in service sector but manufacturing output dips in May

Diffusion Index, SA



NOTES: Data through May 2024. Shaded area represents contractionary territory.

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

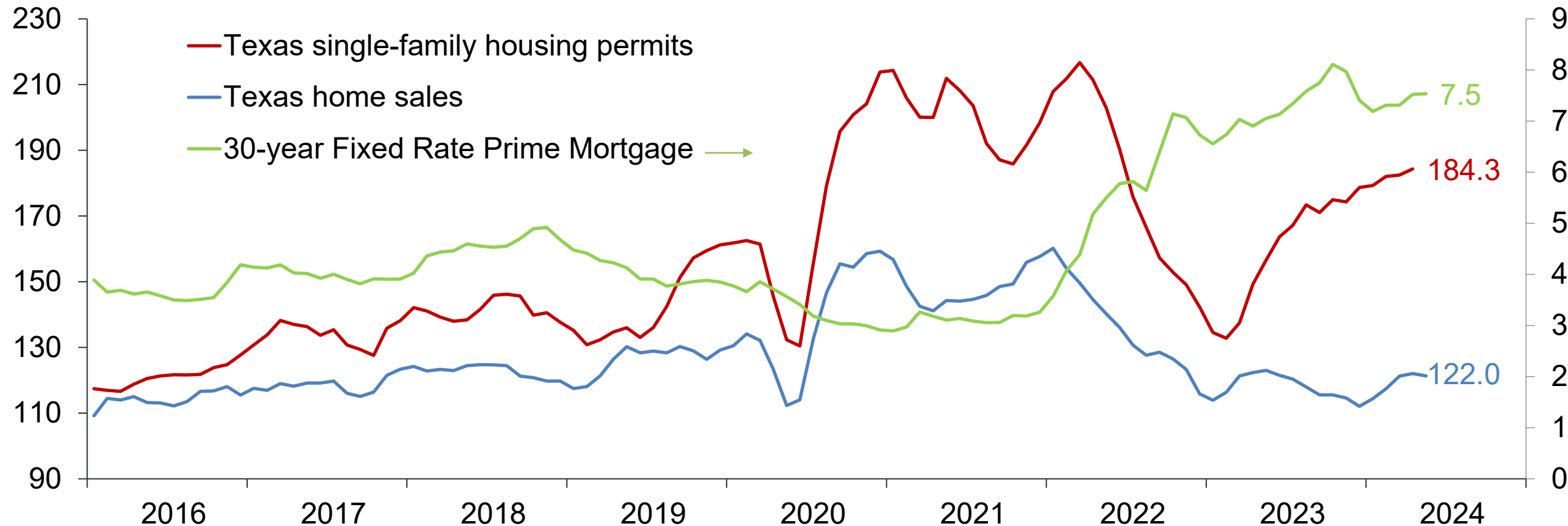
DATA: [Surveys - Dallasfed.org](https://surveys.dallasfed.org)

Real Estate, Finance and Energy

Texas home sales dip due to high mortgage rates, permits increase further

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

Interest rate, monthly average

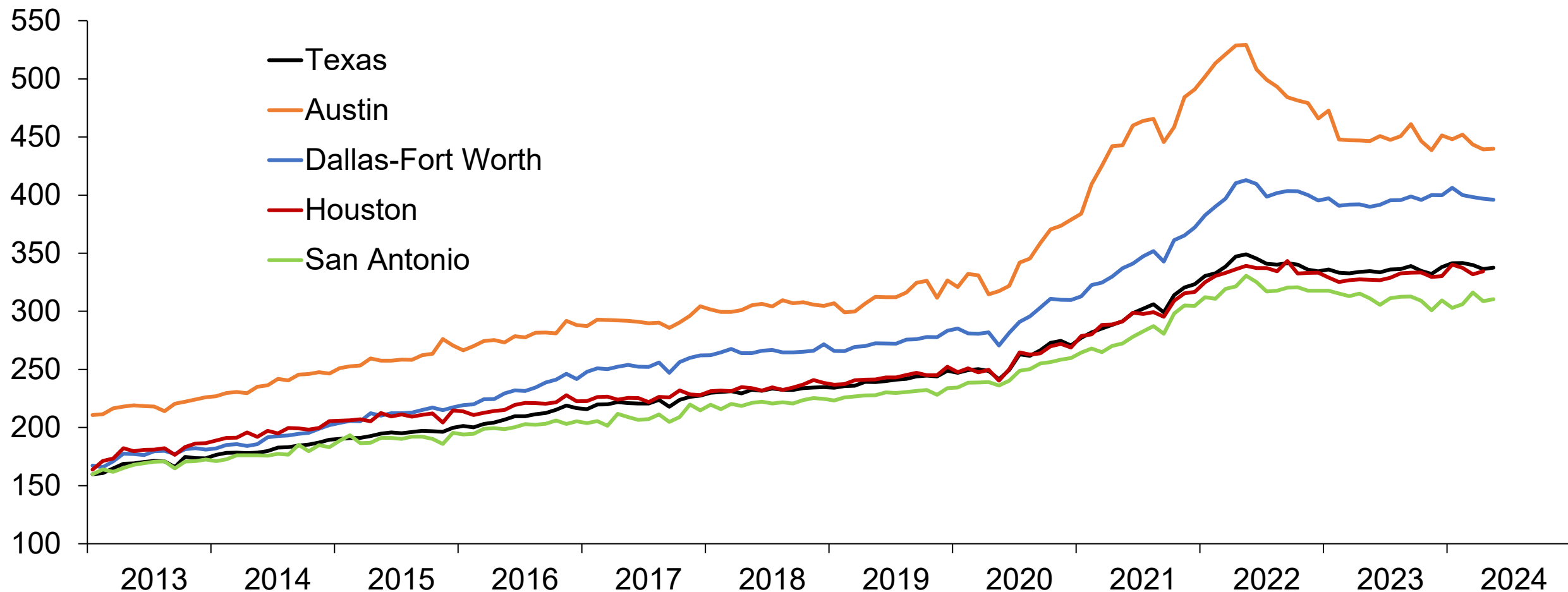


NOTE: Data are monthly through April 2024 for housing permits and May 2024 for home sales and mortgage rates.

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

Home prices largely unchanged

Median sales price, \$ SA

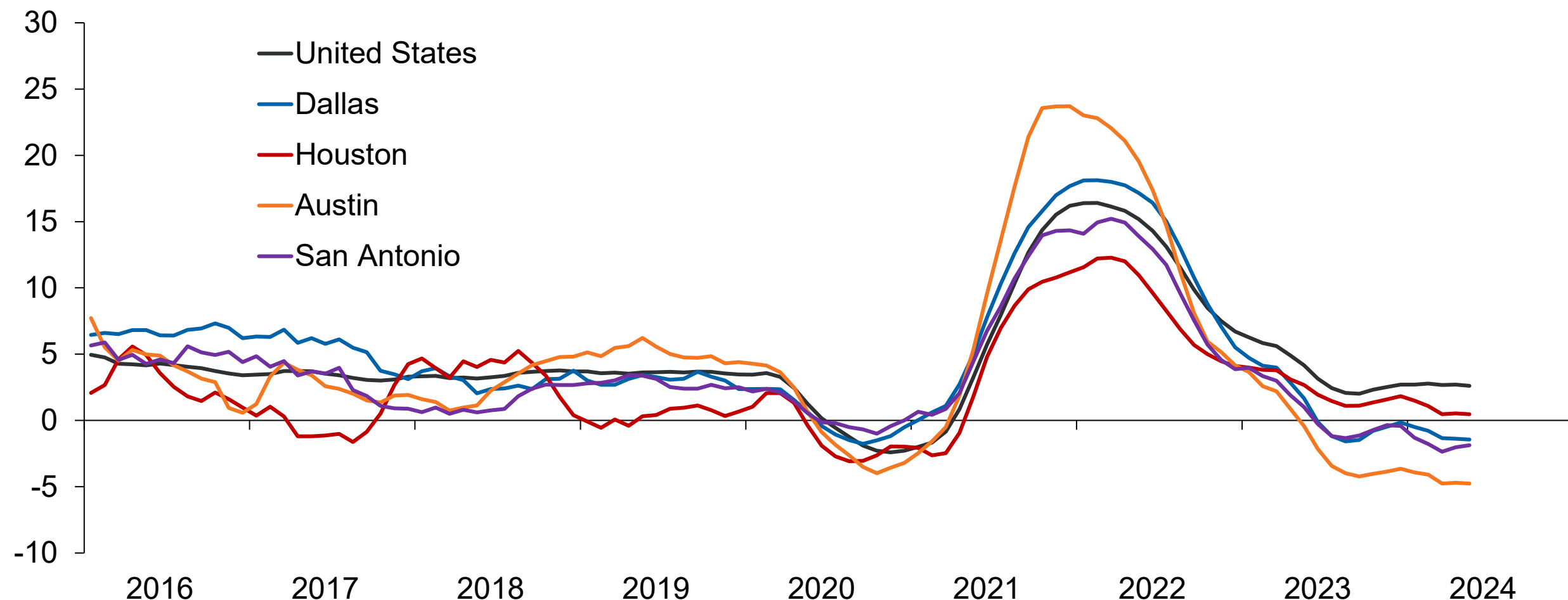


NOTES: Data through May 2024. Houston data are through April 2024.

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

Apartment rents flat to down in major Texas metros

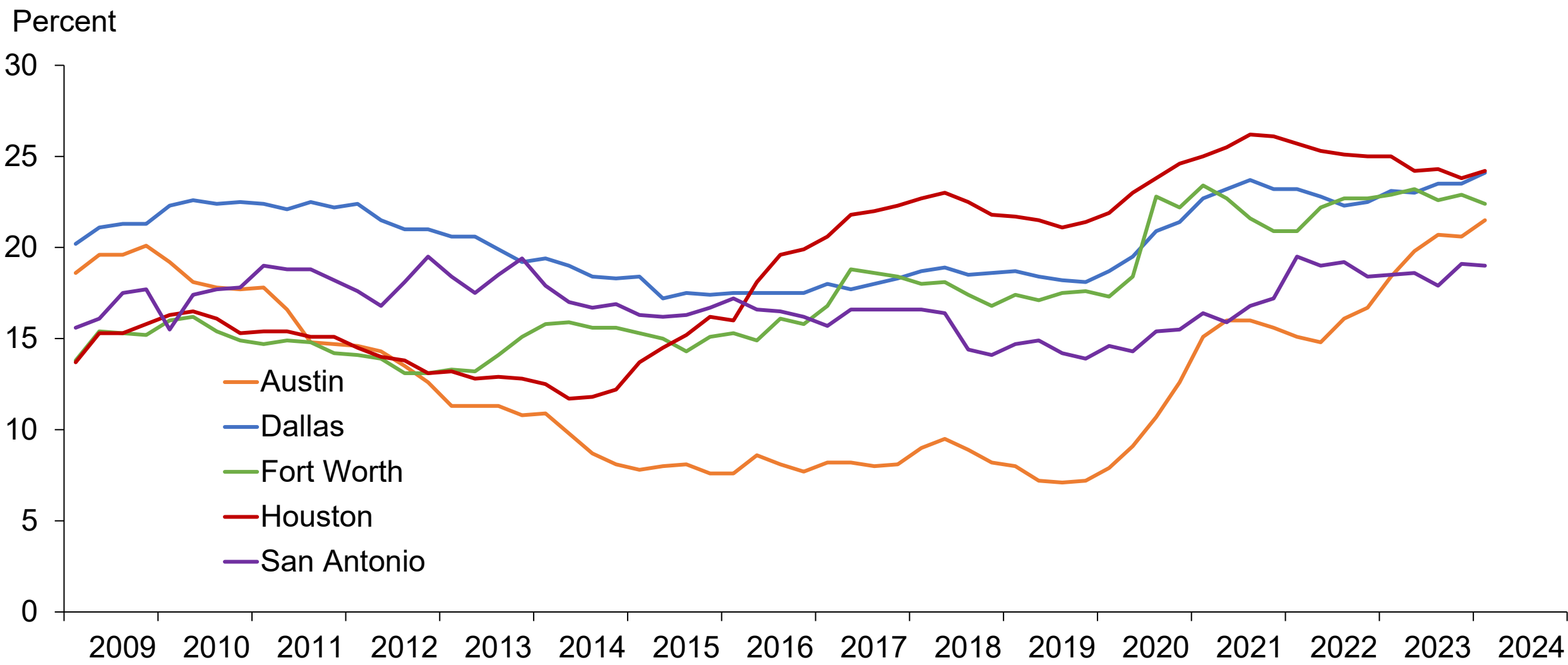
Percent, Y/Y SA



NOTE: Data are monthly through May 2024.

SOURCE: Zillow.

Office vacancy rises in most major Texas metros

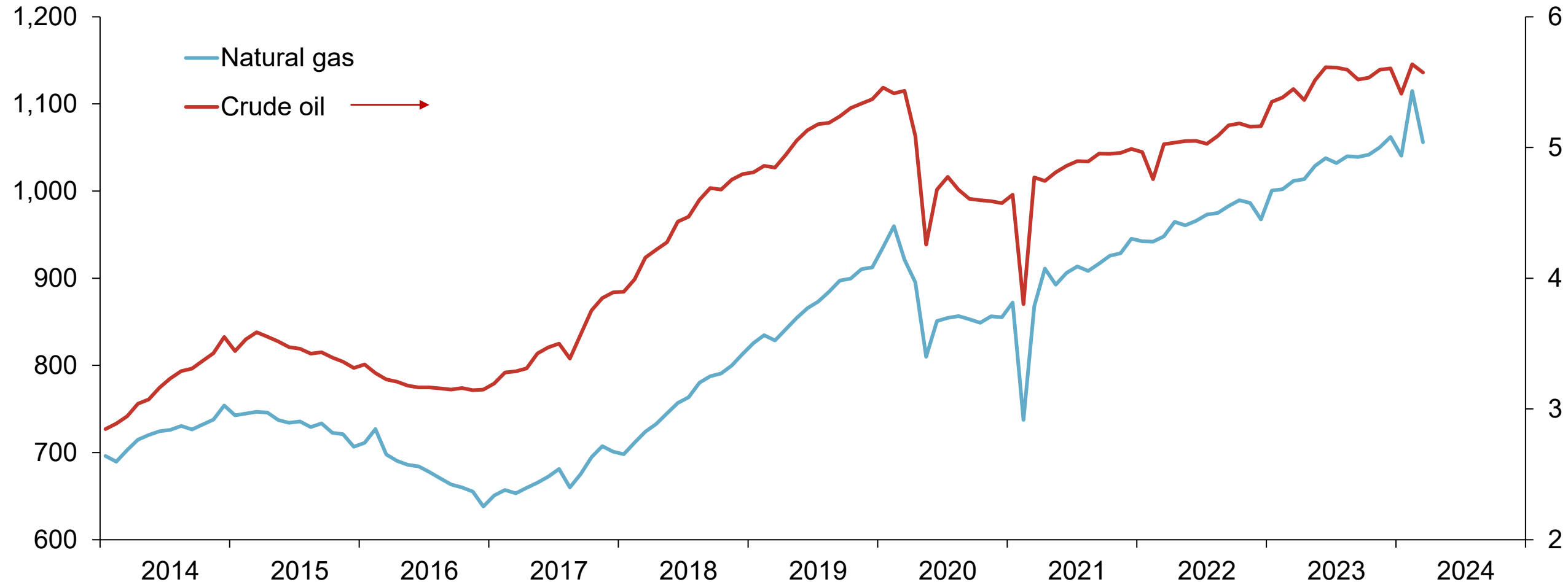


NOTE: Data through Q1 2024.
SOURCE: CBRE Econometric Advisors.

Texas oil and gas production falls in March

Billion cubic feet

Million barrels per day

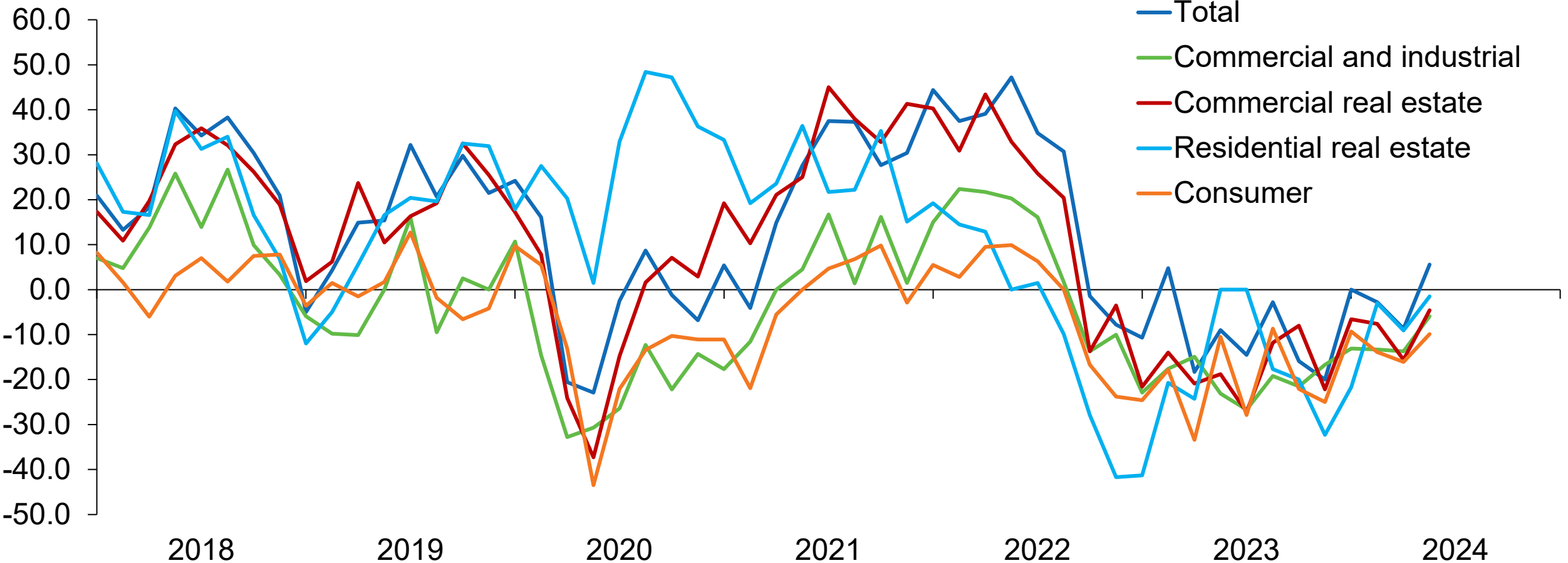


NOTE: Shown are seasonally adjusted crude oil and natural gas marketed production through March 2024.

SOURCE: Energy Information Administration.

Overall loan volumes edge up in May, according to 11th District bankers

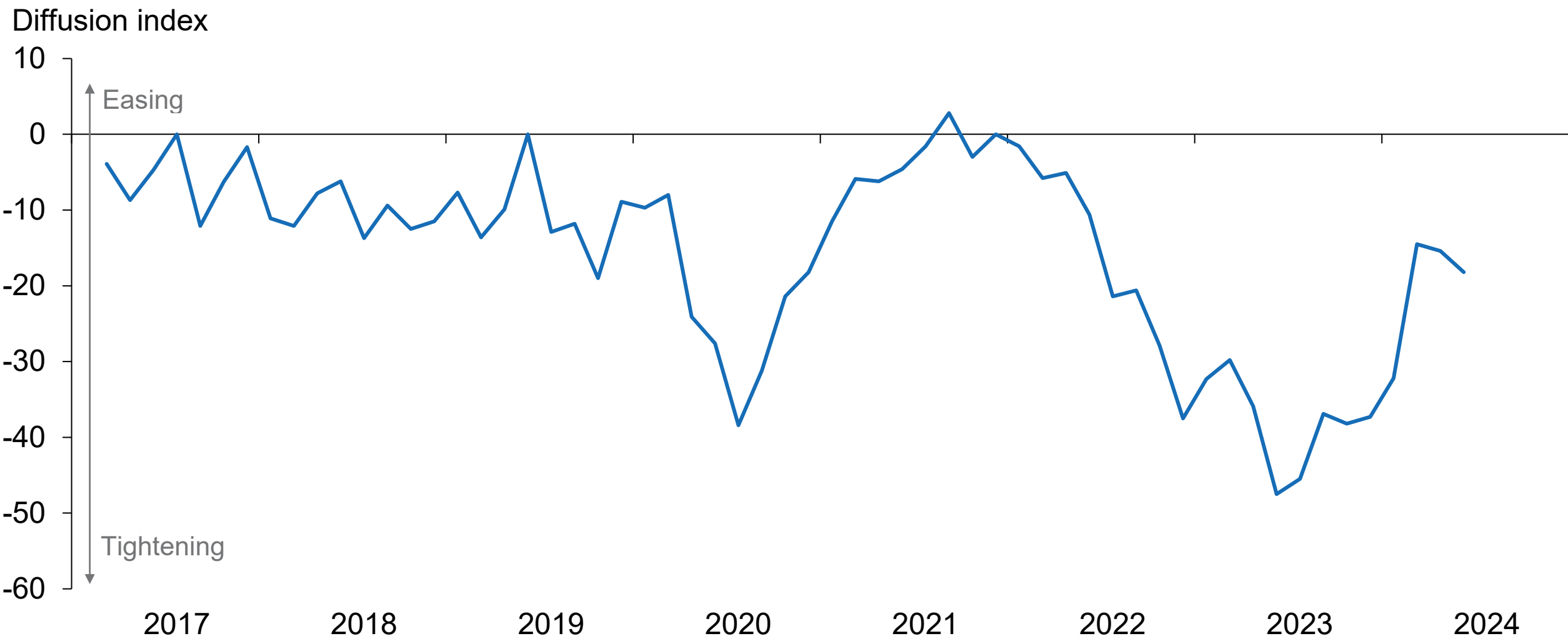
Diffusion index



NOTE: Data through May 2024.

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

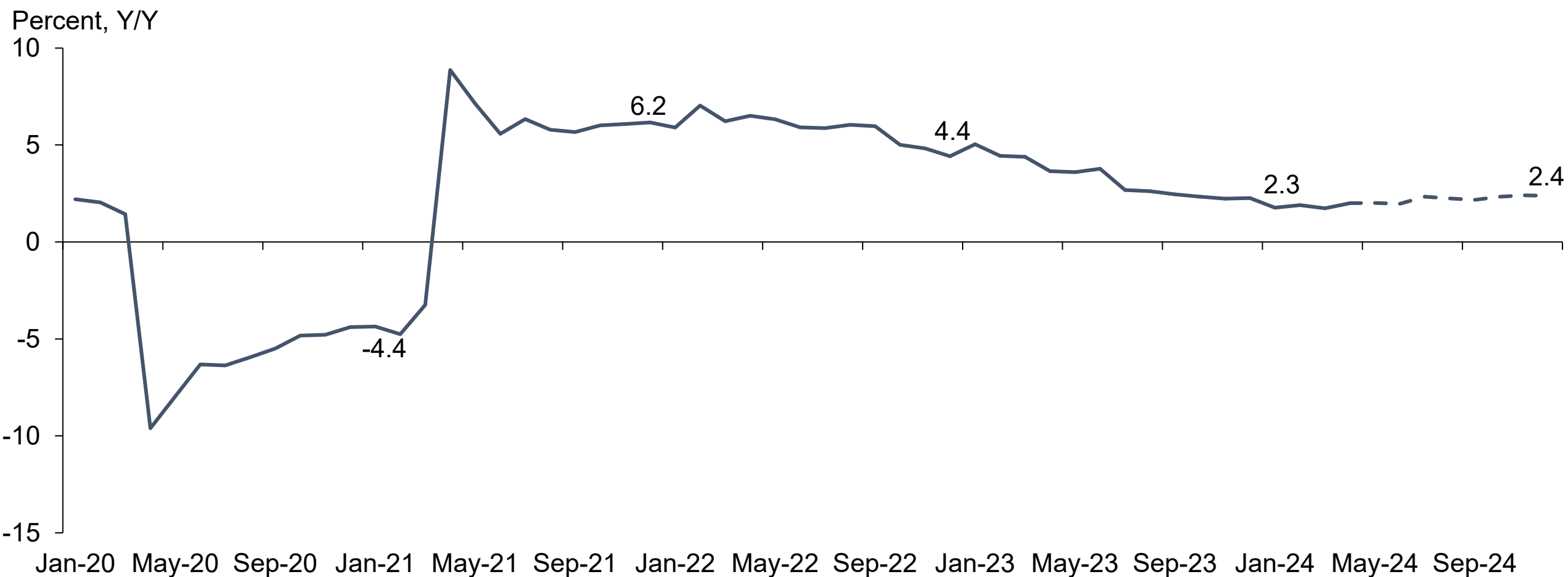
Texas banks report continued tightening of credit standards



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

Outlook for 2024

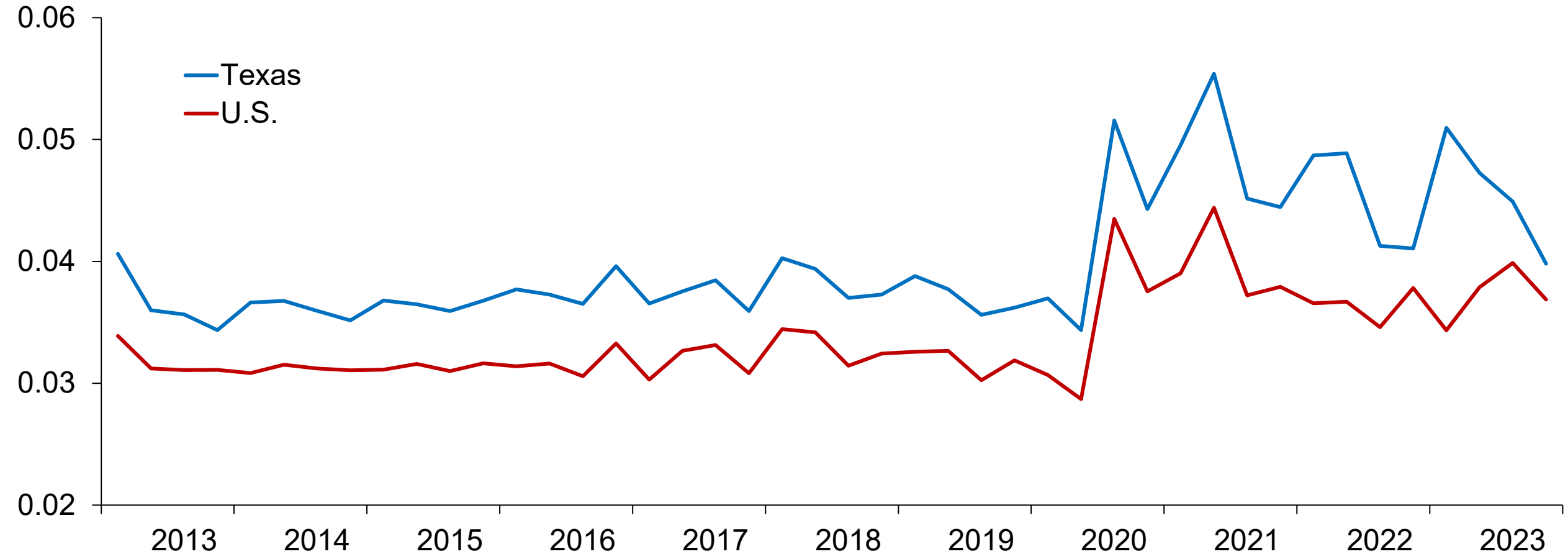
The Texas employment forecast indicates 2.4% growth in 2024 above long-run trend



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).

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

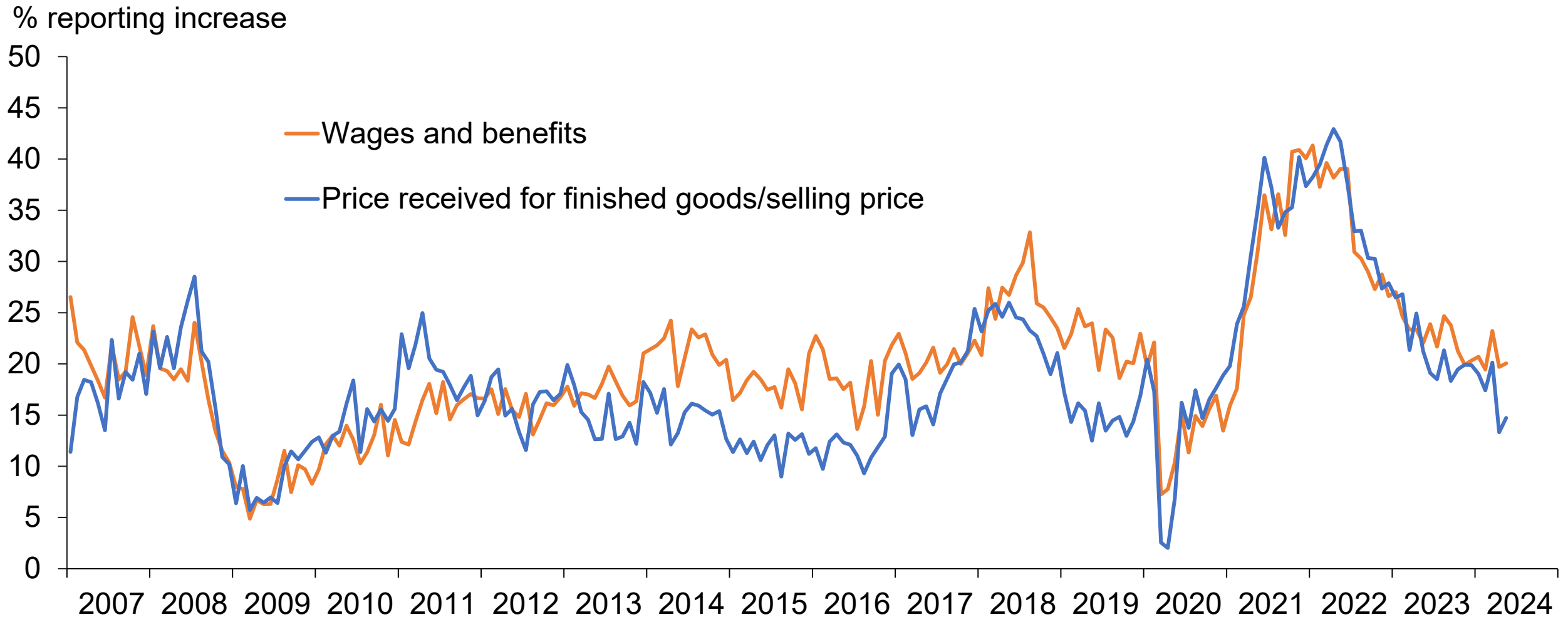
Business applications per business establishments



NOTES: Data are quarterly through Q4 2023. Business applications data are missing for the first week of January 2021.

SOURCE: U.S. Census Bureau.

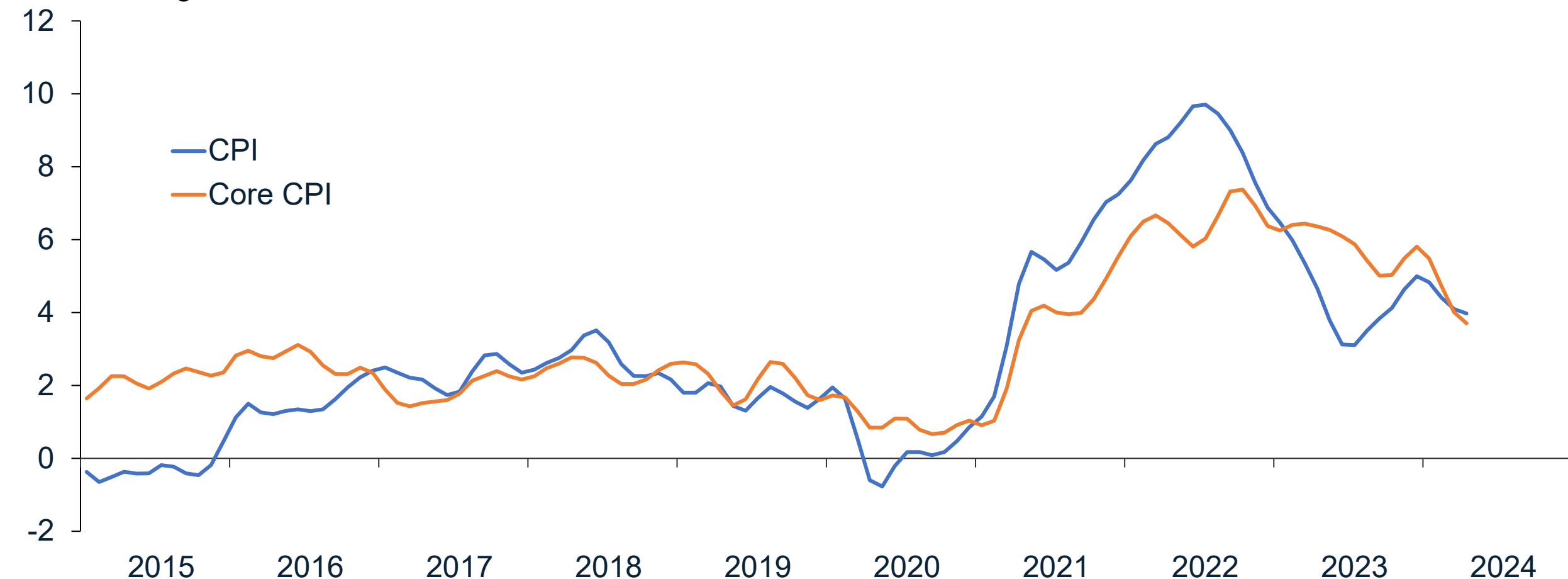
Share of Texas firms reporting an increase in prices and wages tickup in May



NOTES: Percent reporting increase was constructed by weighting the respective component of TMOS and TSSOS according to GDP shares. Data through April 2024.
SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Surveys.

Texas CPI falls through April

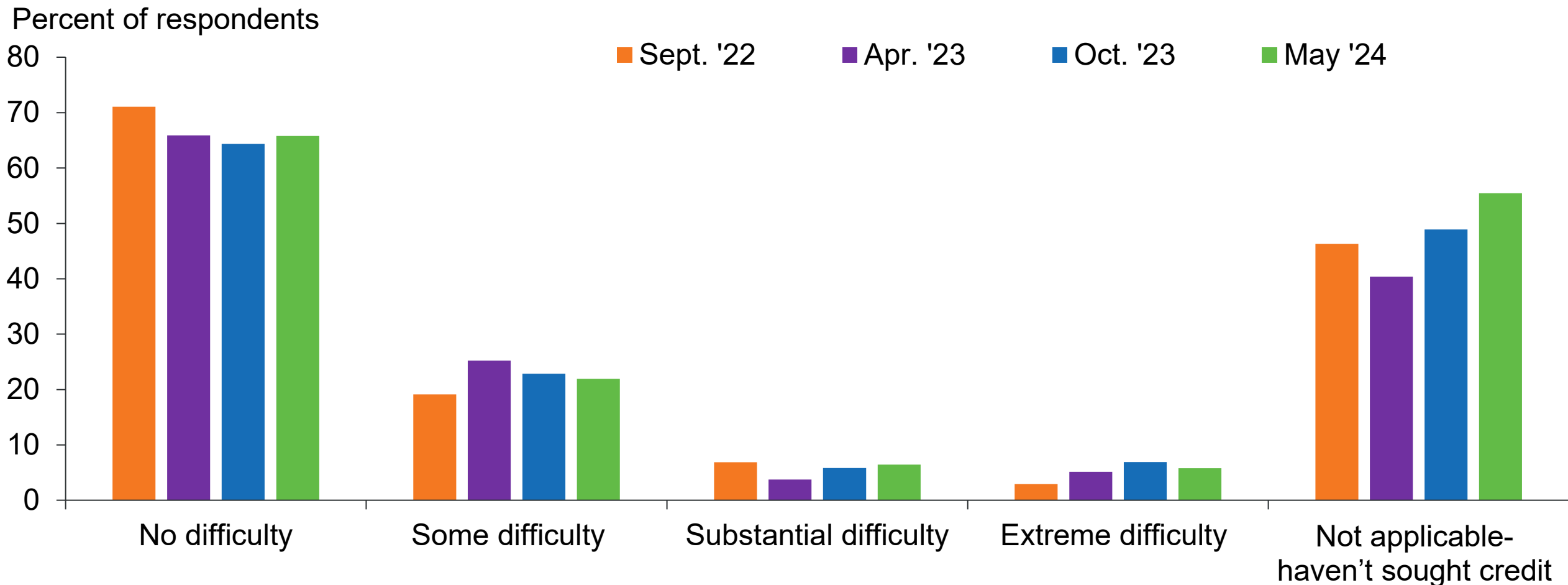
Y/Y % Change



NOTE: CPI data through April 2024.
SOURCE: Bureau of Labor Statistics.

Survey Special Questions

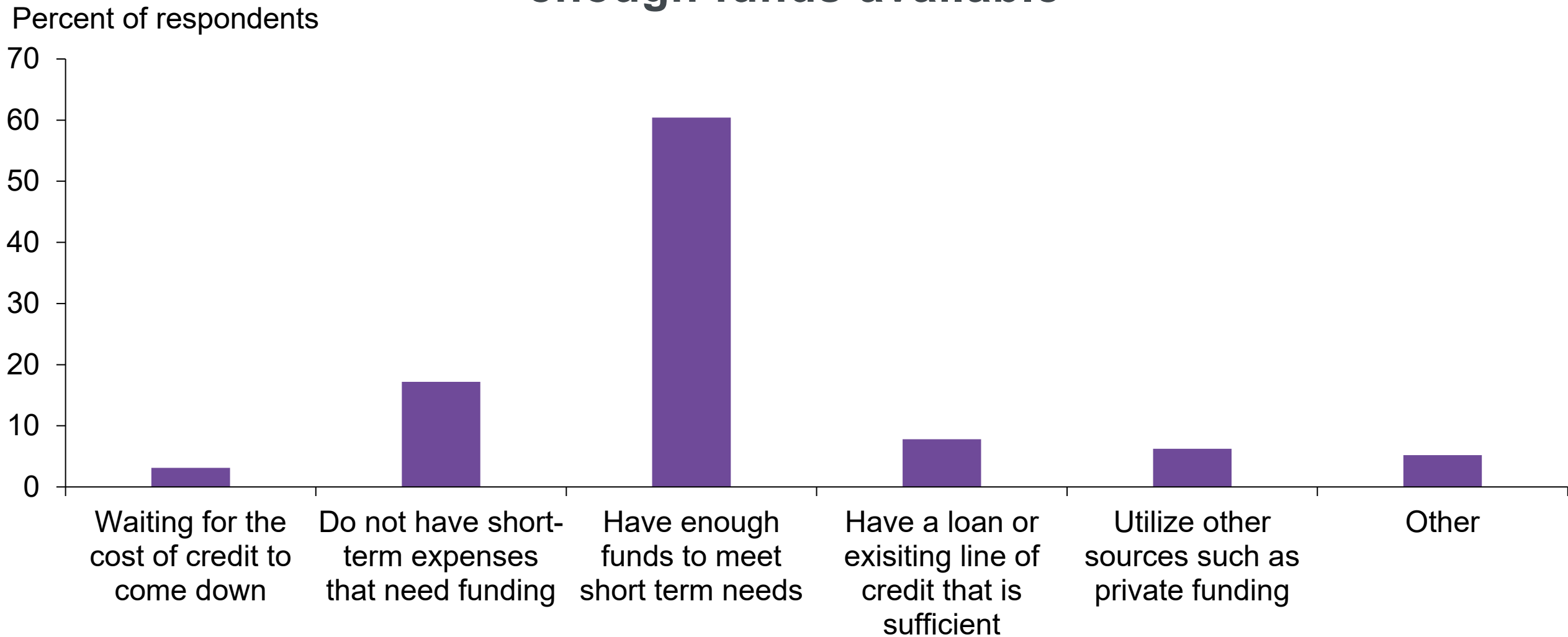
Fewer firms seek credit for short-term uses, share reporting "no difficulty" ticks up



NOTE: Respondents 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?" N = 349 in May 2024. **Other categories' calculations exclude respondents that answered "Not applicable—haven't sought credit."**

SOURCE: Dallas Fed's Texas Business Outlook Surveys.

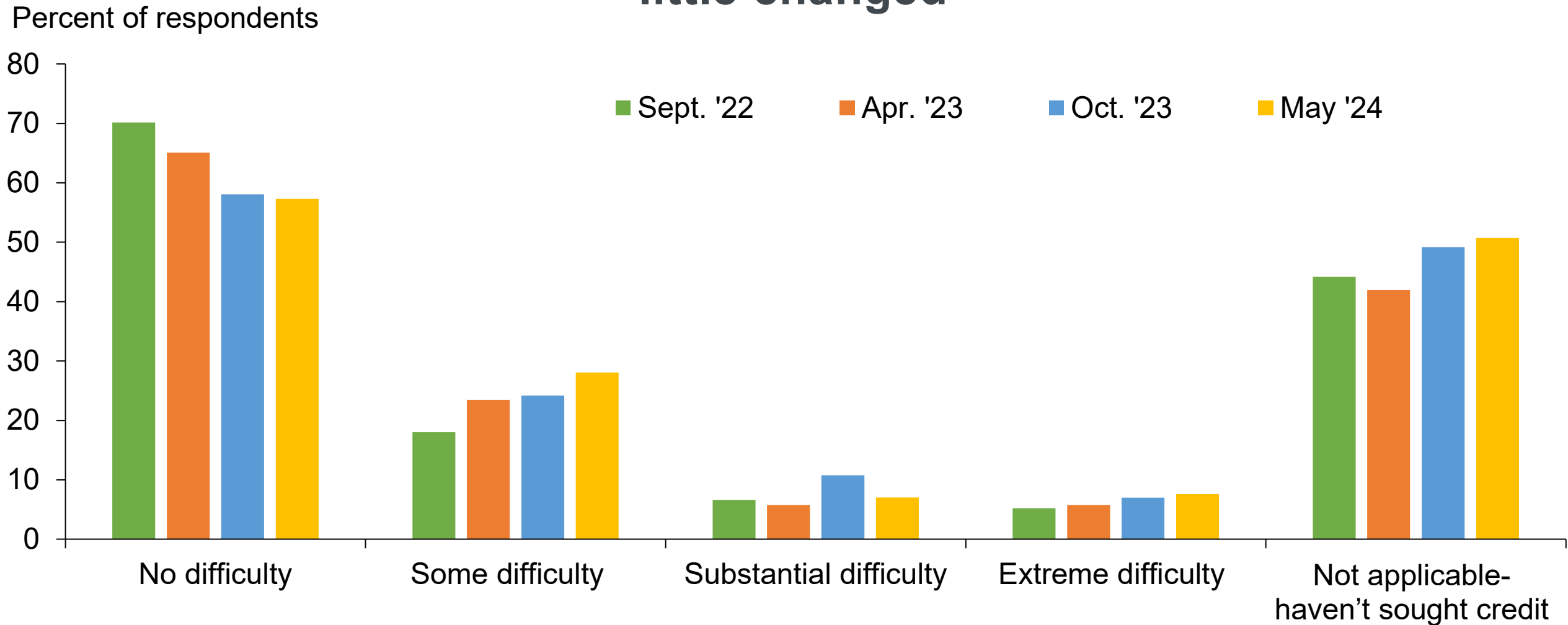
Most firms not seeking credit for short-term uses say they have enough funds available



NOTE: Data are for May '24. Respondents were asked, "Why has your business not sought credit for short-term use?" N = 193.

SOURCE: Dallas Fed's Texas Business Outlook Surveys.

Share reporting "no difficulty" seeking credit for long-term uses little changed

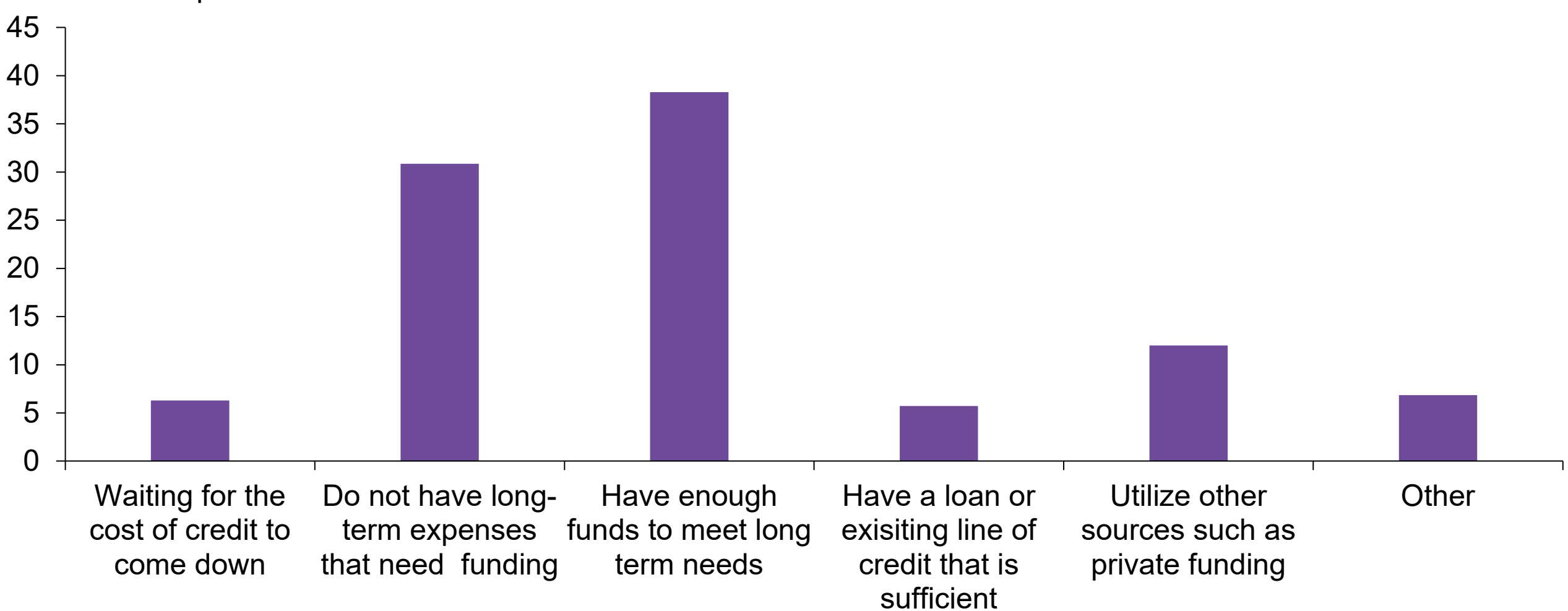


NOTE: Respondents were asked, "To what extent is your business having difficulty obtaining financing for desired long-term uses such as capital expenditures?" N = 348 in May 2024. Other categories' calculations exclude respondents that answered "Not applicable—haven't sought credit."

SOURCE: Dallas Fed's Texas Business Outlook Surveys.

Many firms not seeking credit for long-term uses report having access to funds to meet business needs

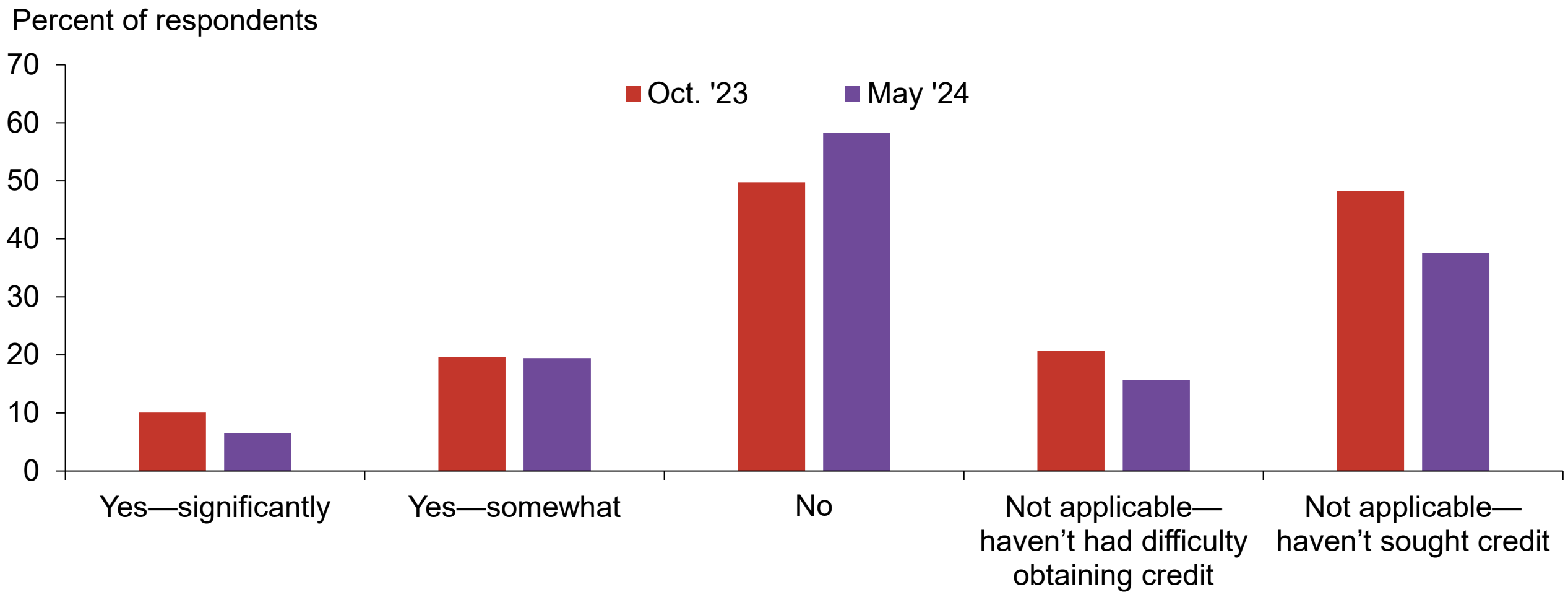
Percent of respondents



NOTE: Data are for May '24. Respondents were asked, "Why has your business not sought credit for long-term use?" N = 176.

SOURCE: Dallas Fed's Texas Business Outlook Surveys.

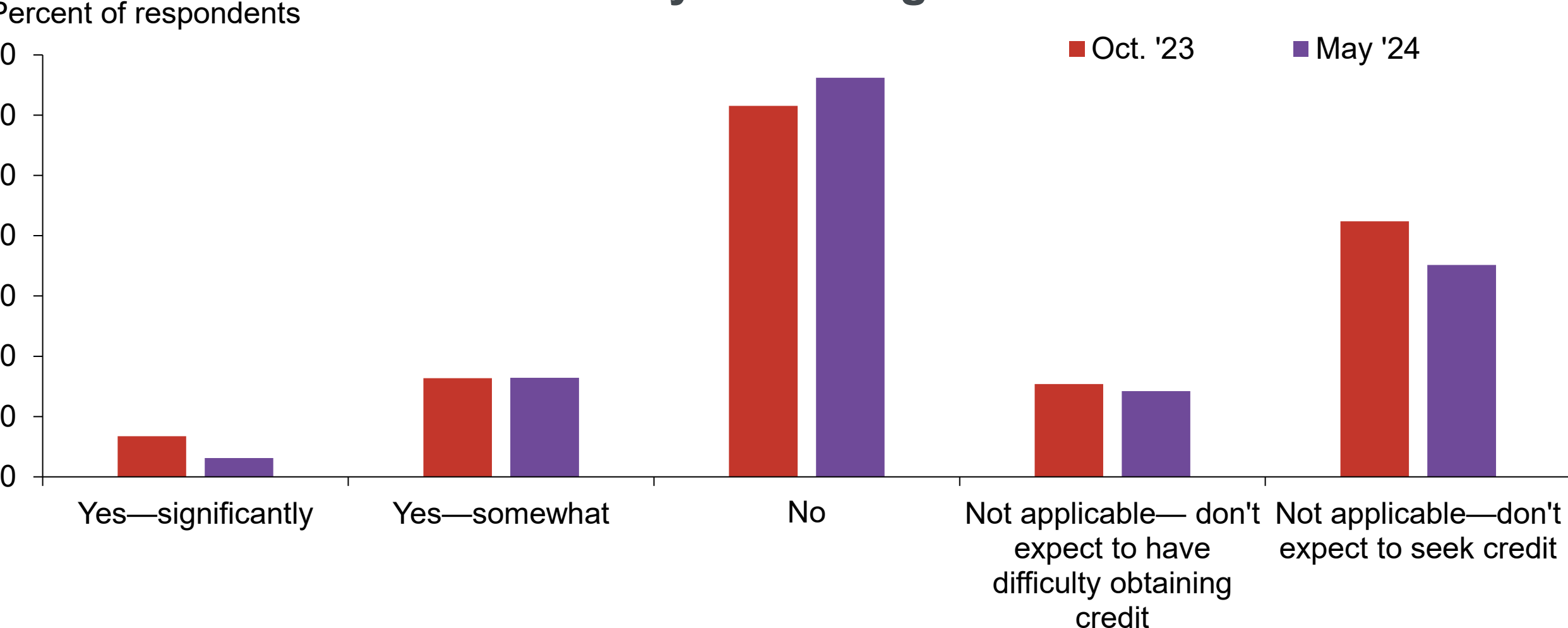
Numerous firms note that sales have not been impacted by access to credit



NOTE: Respondents were asked, "Has your firm's production and/or sales been adversely affected by difficulty obtaining credit?" N = 347 in May 2024. Other categories' calculations exclude respondents that answered "Not applicable—haven't sought credit."

SOURCE: Dallas Fed's Texas Business Outlook Surveys.

Few firms expect hiring to be impacted over the next six months by difficulty obtaining credit



NOTE: Respondents were asked, "Over the next six months, do you expect your firm to reduce hiring and/or increase layoffs due to difficulty obtaining credit?" N = 348 in May 2024. Other categories' calculations exclude respondents that answered "Not applicable—don't expect to seek credit."

SOURCE: Dallas Fed's Texas Business Outlook Surveys.

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