Federal Reserve Bank of Dallas

Texas Economic Performance and Outlook

(July 2026)

“Employment growth accelerates in June”

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Federal Reserve Bank of Dallas

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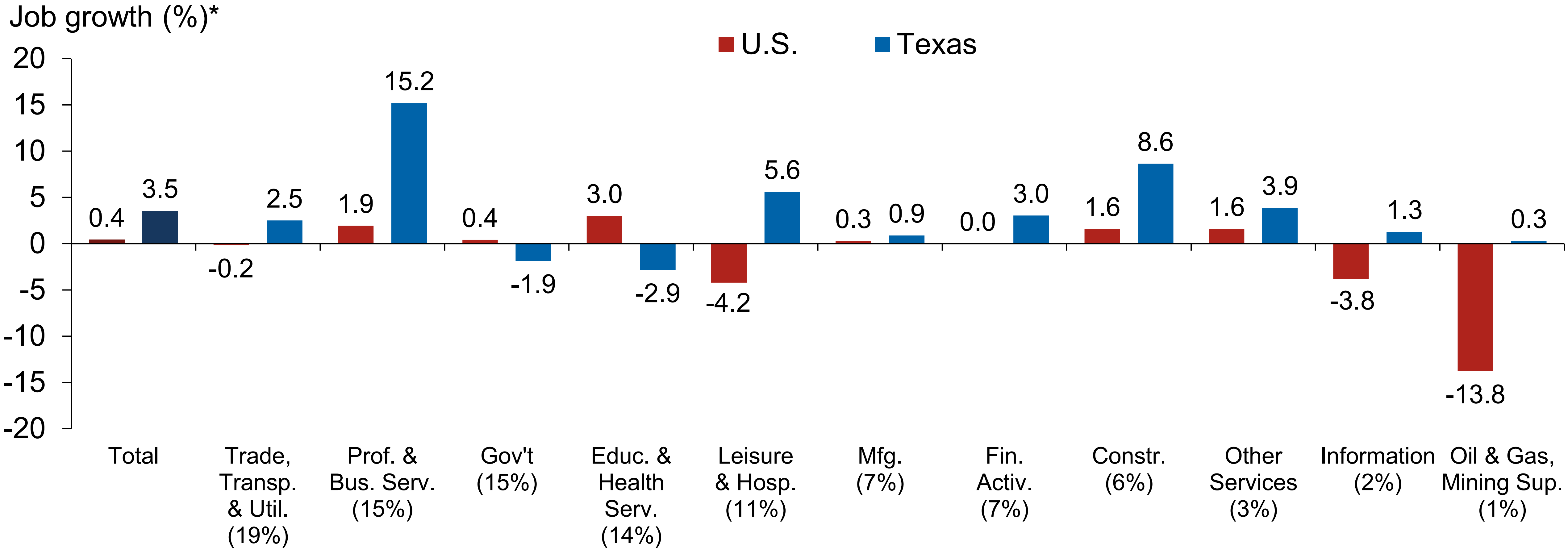
What’s New: Headcounts increase in June

- Texas employment grew 3.5% in June. May’s employment growth was revised up to 1.3%
  - U.S. job growth was 0.4% in June
- The Dallas Fed’s Texas Employment Forecast indicates jobs will increase by 2.0% in 2026
- Texas unemployment ticked up to 4.4% in June
  - U.S. unemployment was 4.2% in June
- June Texas Business Outlook Surveys (TBOS) indicate continued growth in manufacturing production and service sector activity
  - Firms report faster price and wage growth compared to last year
  - 12 months ahead, firms expect flat change in input and selling price, but rising wage growth
  - Over the last three months, firms cite inflation as their top concern followed by geopolitical uncertainty and the level of demand

Overall Economic Activity

Texas job growth led by professional and business services in June



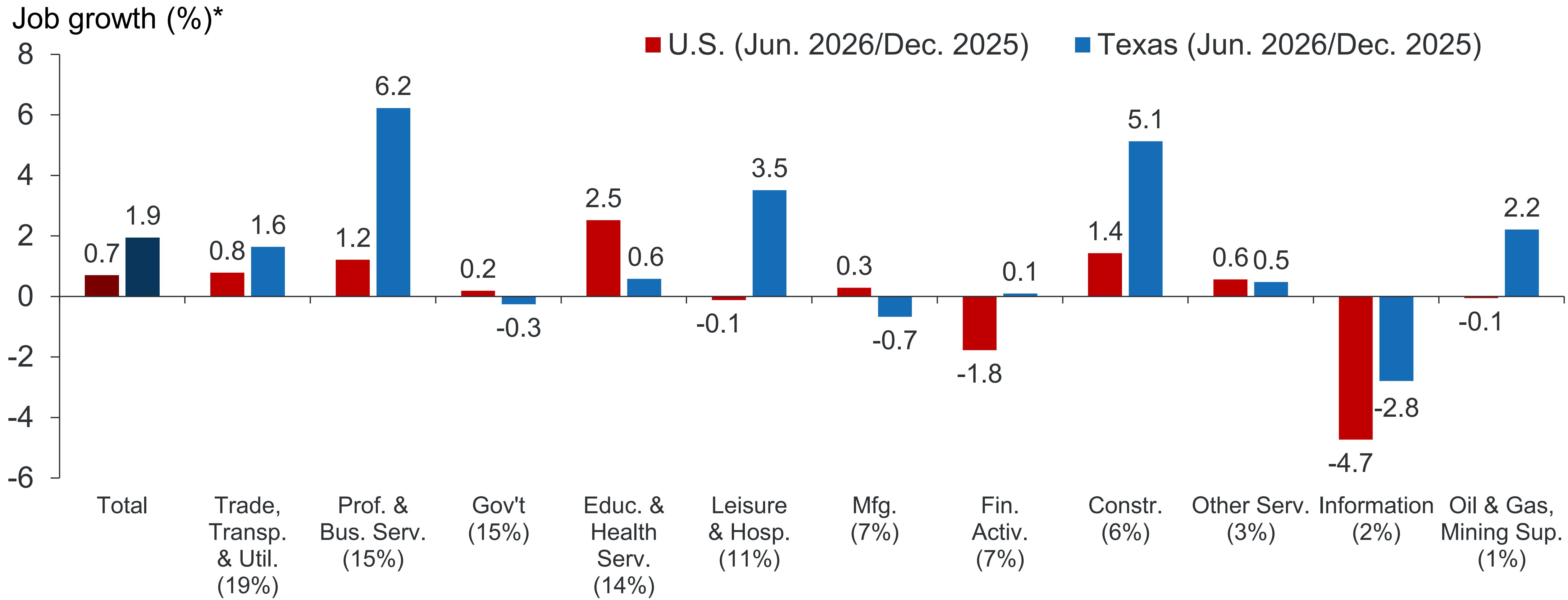
*Seasonally adjusted, annualized rate.

NOTES: Data are Jun. '26/May '26 employment growth by sector. Numbers in parenthesis indicate share of total state employment in June 2026.

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

DATA: Texas Employment by Industry - Dallasfed.org

Texas employment growing at a healthy pace



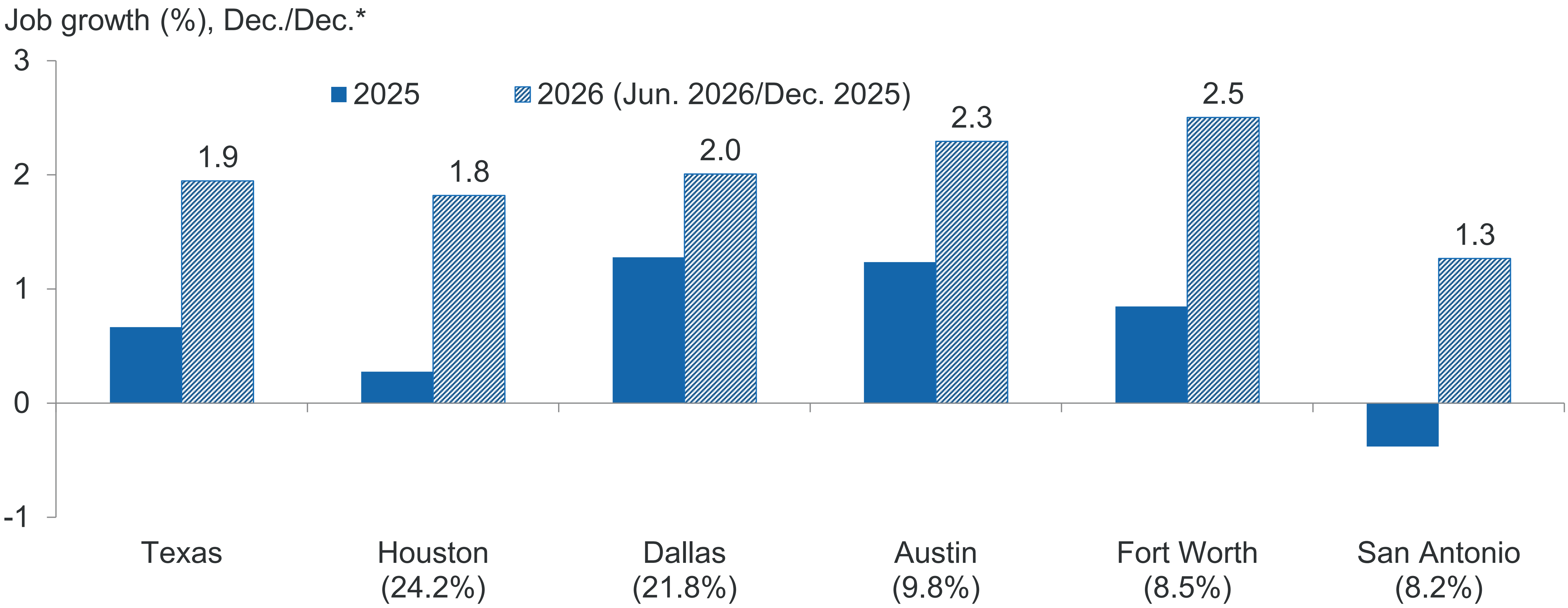
*Seasonally adjusted, annualized rate.

NOTE: Numbers in parentheses indicate share of total state employment for June 2026.

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

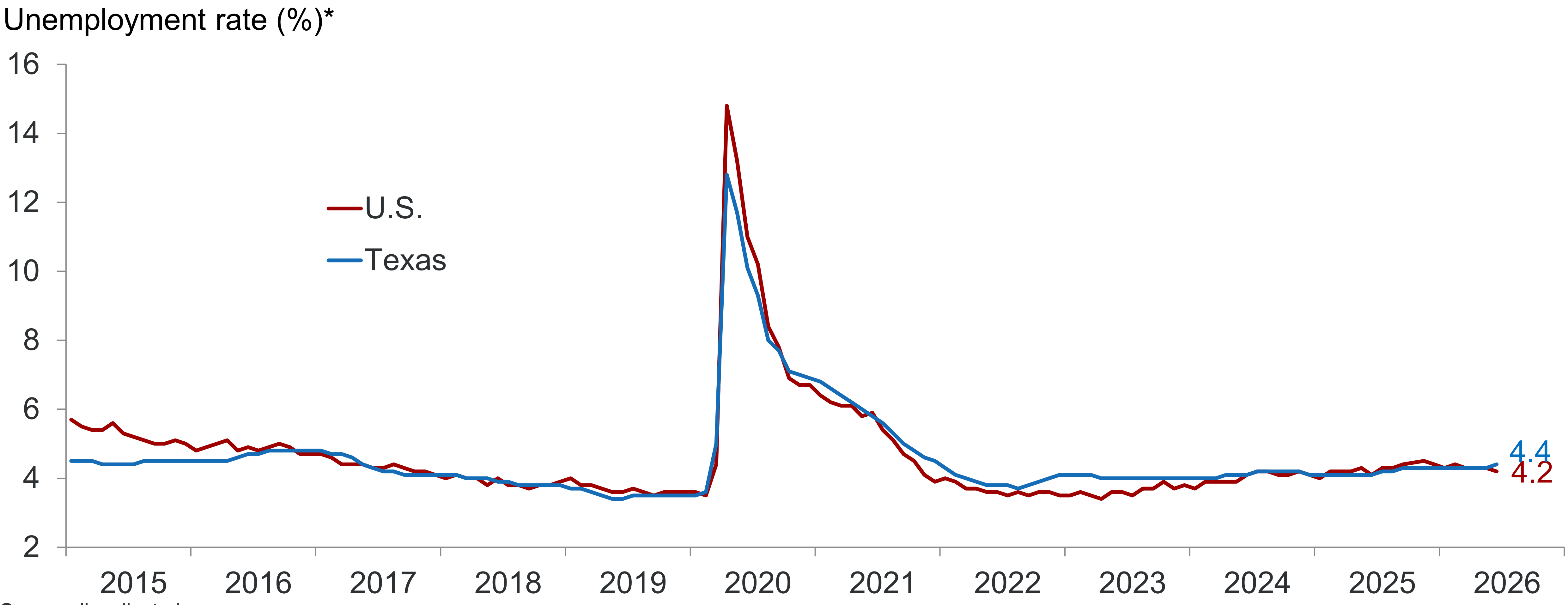
DATA: Texas Employment by Industry - Dallasfed.org

2026 job growth outpacing last year's increases



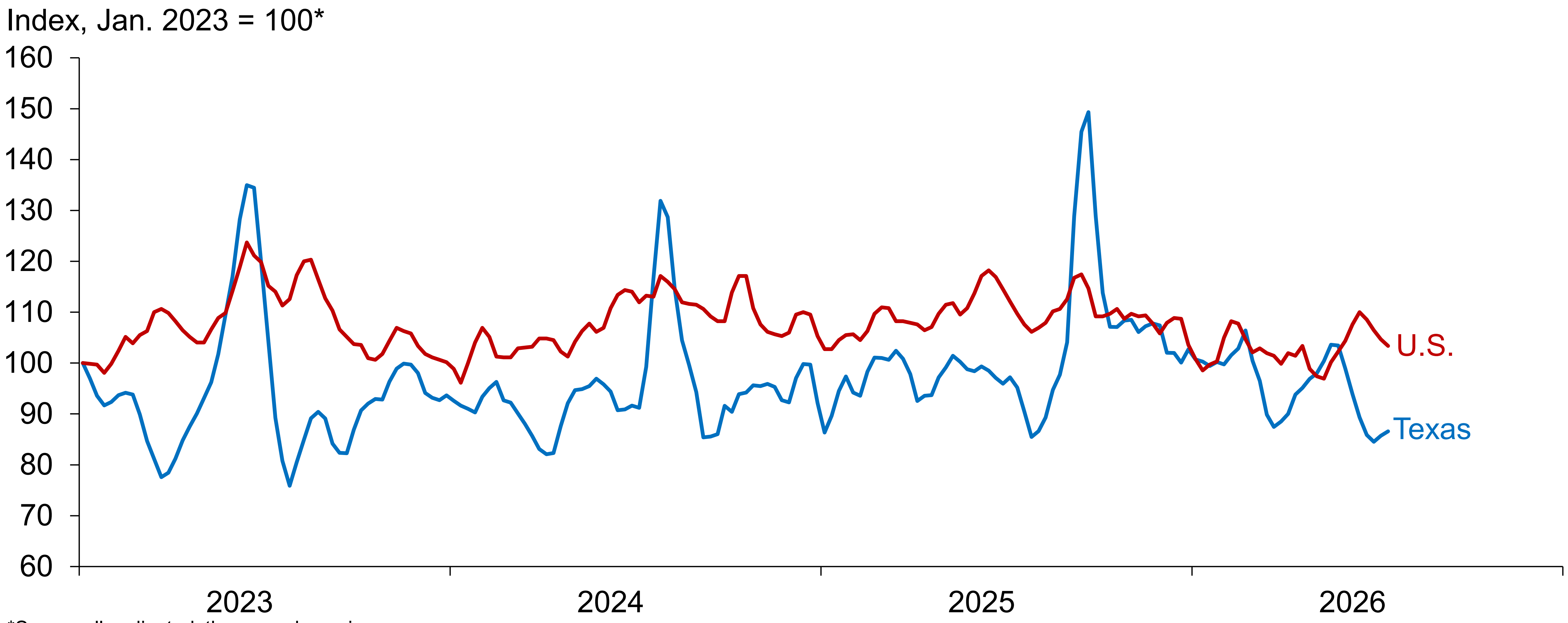
*Seasonally adjusted, annualized rate.
NOTE: Numbers in parenthesis indicate share of state employment for June 2026.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by Federal Reserve Bank of Dallas.
DATA: Texas Employment Data - Dallasfed.org

Texas unemployment ticks up slightly



*Seasonally adjusted.
NOTE: Data are through June 2026.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; Federal Reserve Bank of Dallas.
DATA: Texas Employment by Industry - Dallasfed.org

Texas initial unemployment claims tick up while the nation's fall in recent weeks

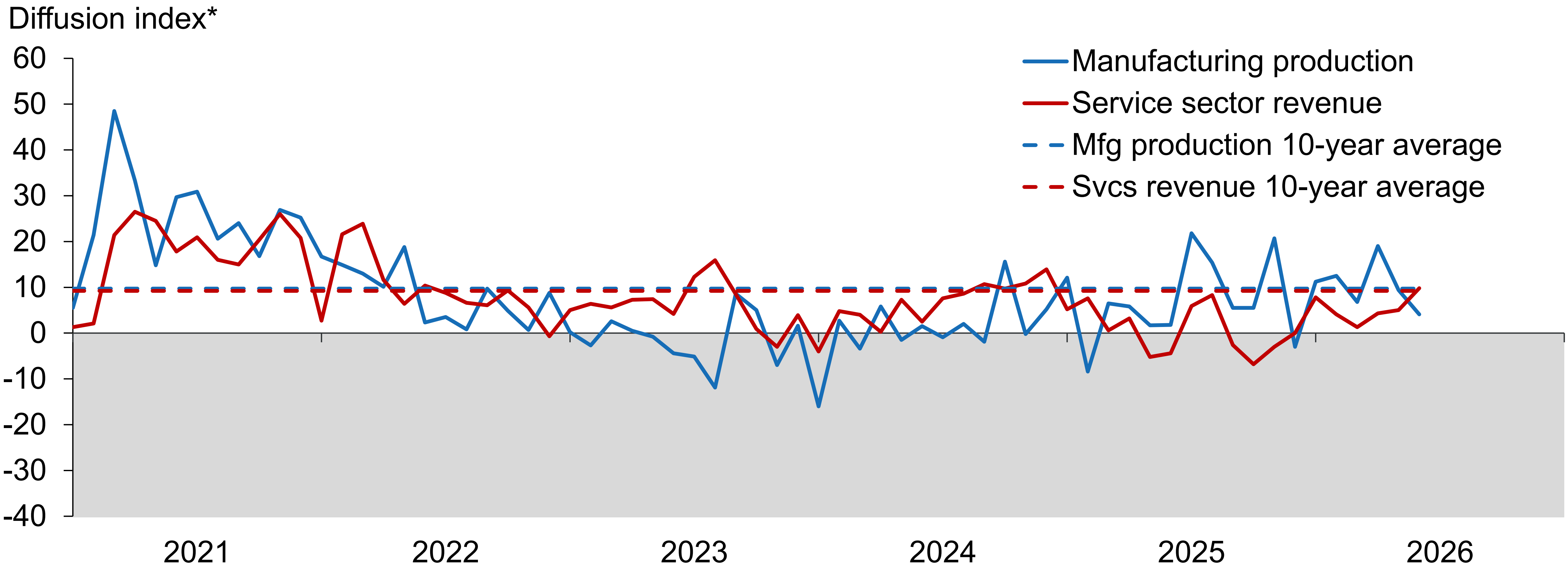


*Seasonally adjusted, three-week moving average.

NOTE: Data are through the week ending July 11th, 2026.

SOURCE: Department of Labor.

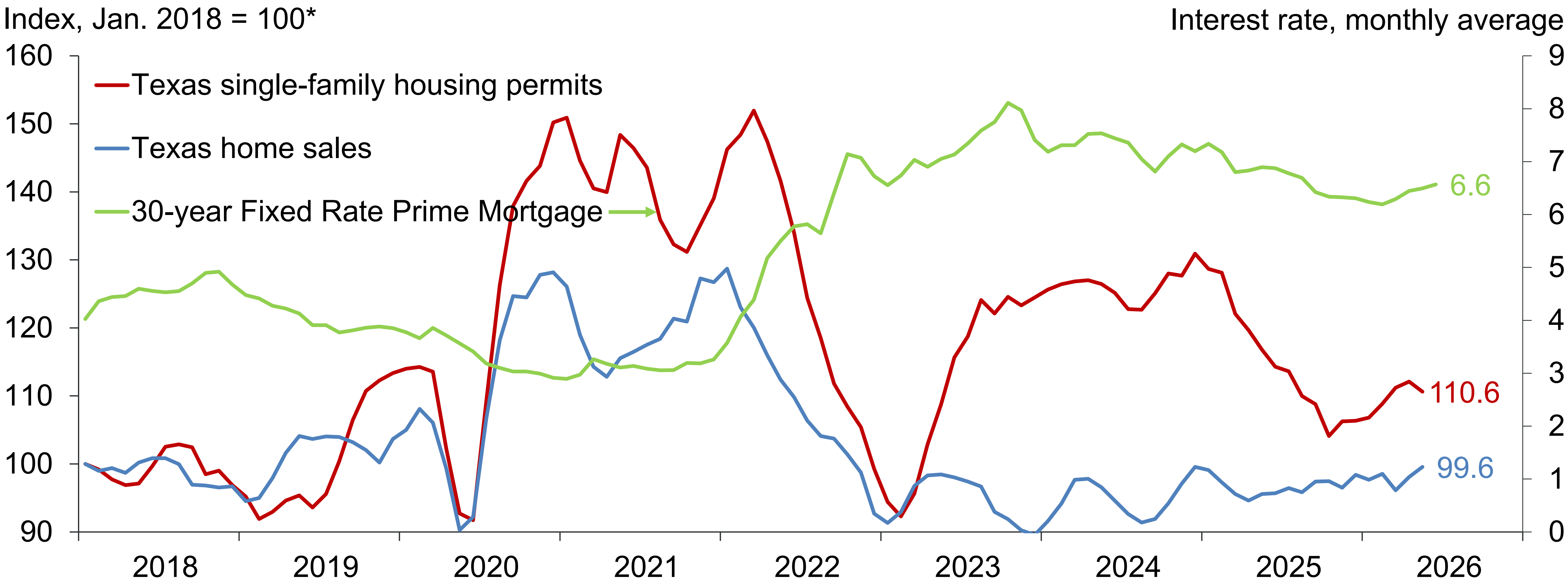
TBOS points to expanding economic activity in June



*Seasonally adjusted.
NOTES: Data are through June 2026. Shaded area represents contractionary territory.
SOURCE: Federal Reserve Bank of Dallas Texas Business Outlook Surveys.
DATA: Surveys - Dallasfed.org

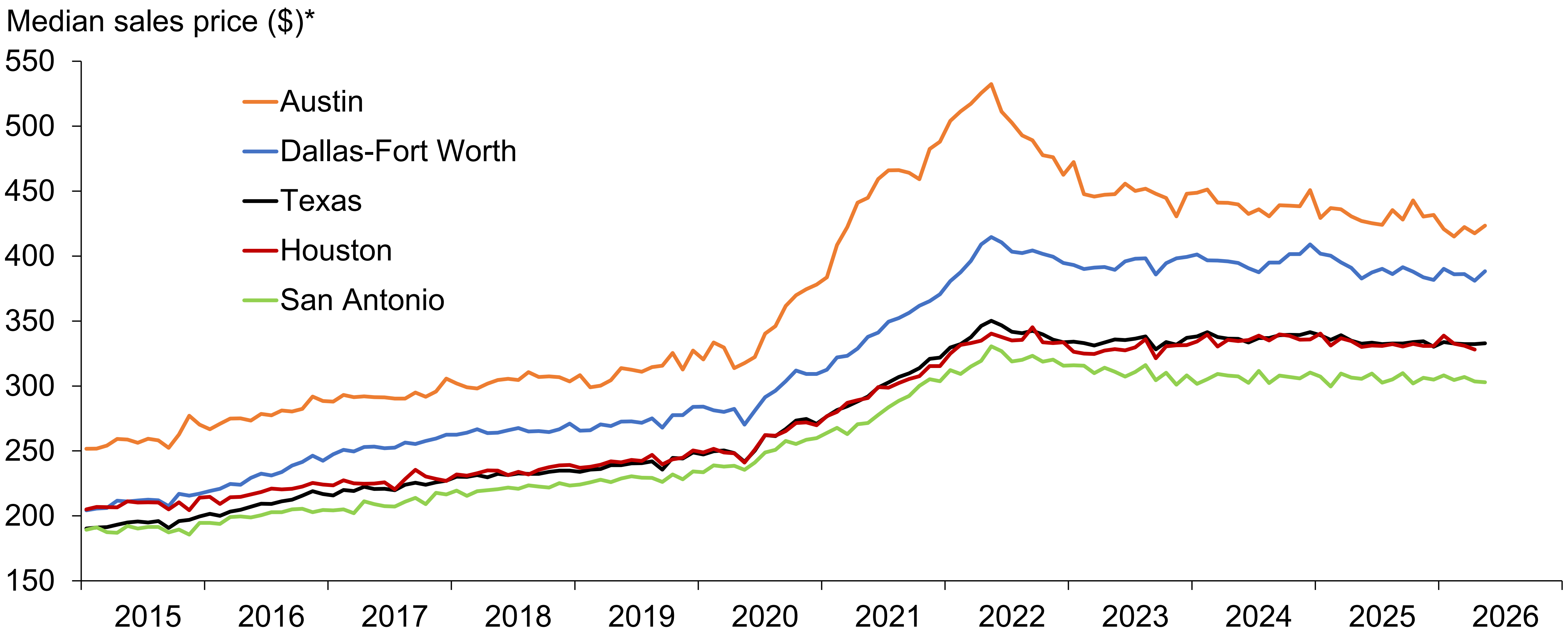
Real Estate, Energy and Finance

Texas home sales and mortgage rates rise, permits fall



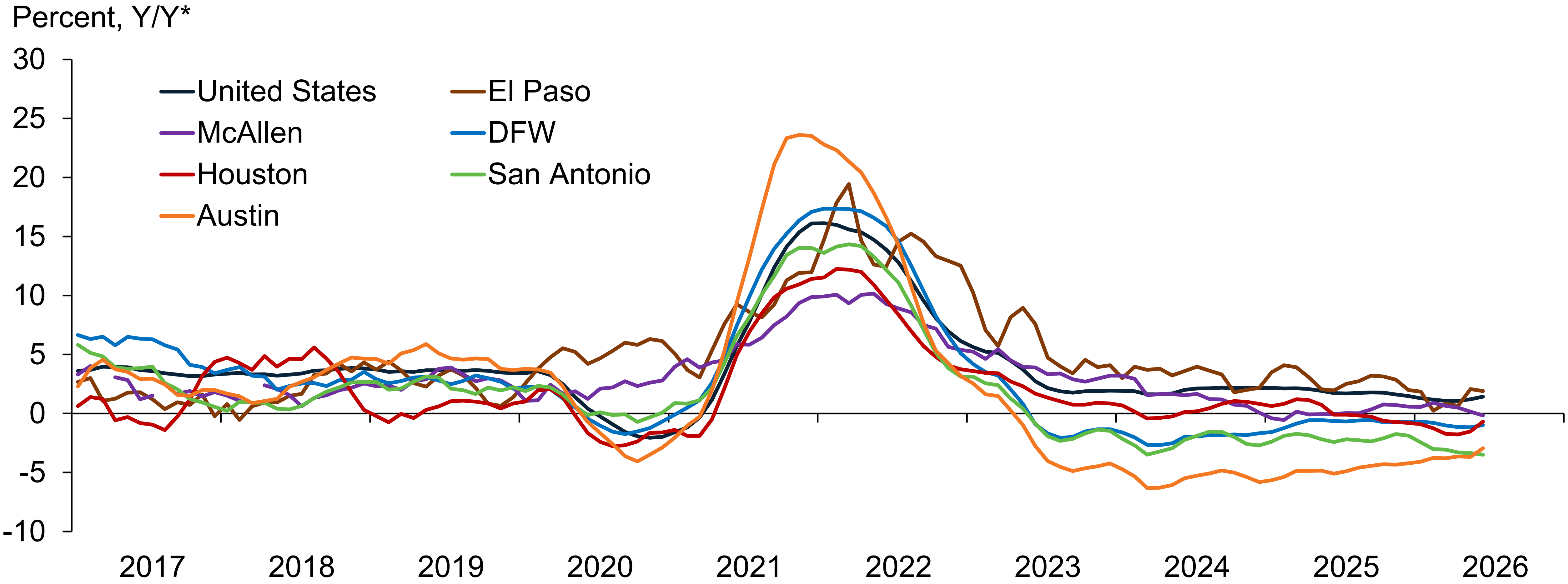
*Seasonally adjusted, three-month moving average.
NOTES: Permits and home sale data are through May 2026; mortgage rates data are through June 2026.
SOURCES: U.S. Census; Multiple Listing Service; *Wall Street Journal*.

Texas median home prices flat in May



*Seasonally adjusted.
NOTES: Data are monthly through April 2026 for Houston; May 2026 for the rest.
SOURCES: Multiple Listing Service; seasonal and other adjustments by Federal Reserve Bank of Dallas.

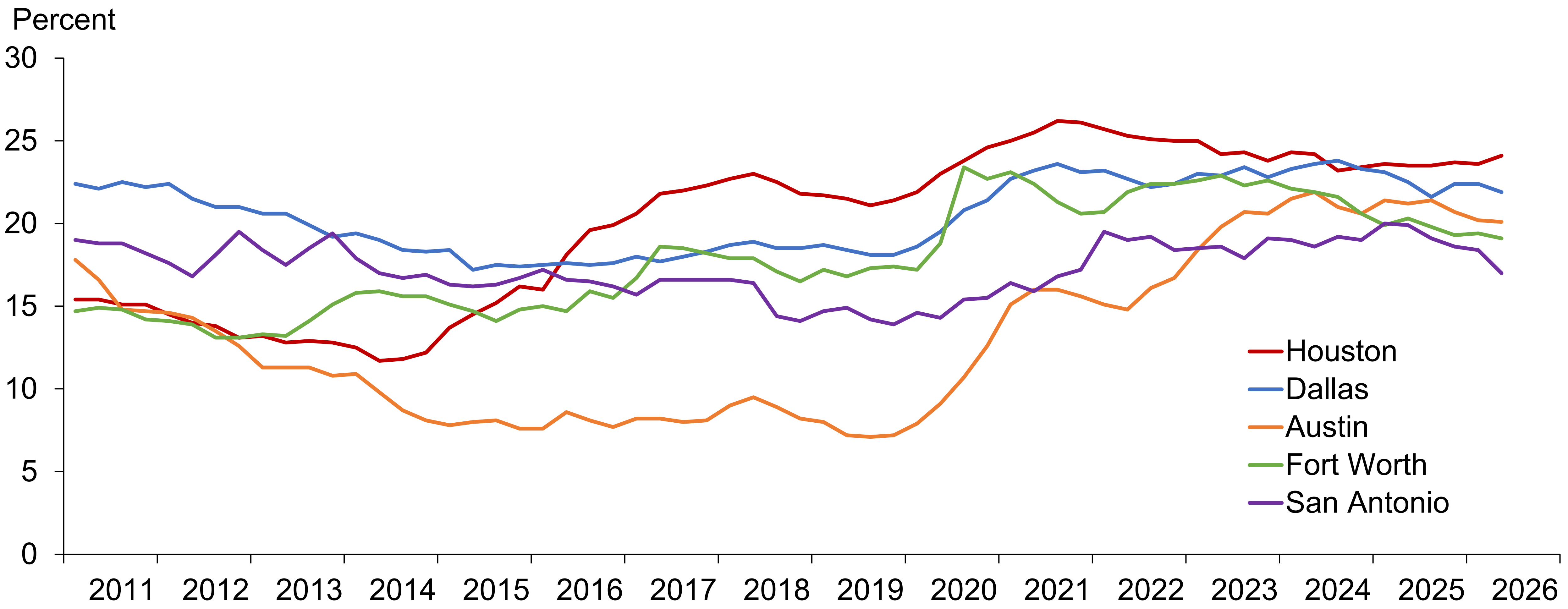
Apartment rents continue falling across most Texas major metros



*Smoothed and seasonally adjusted.
NOTE: Data are monthly through June 2026.
SOURCE: Zillow.

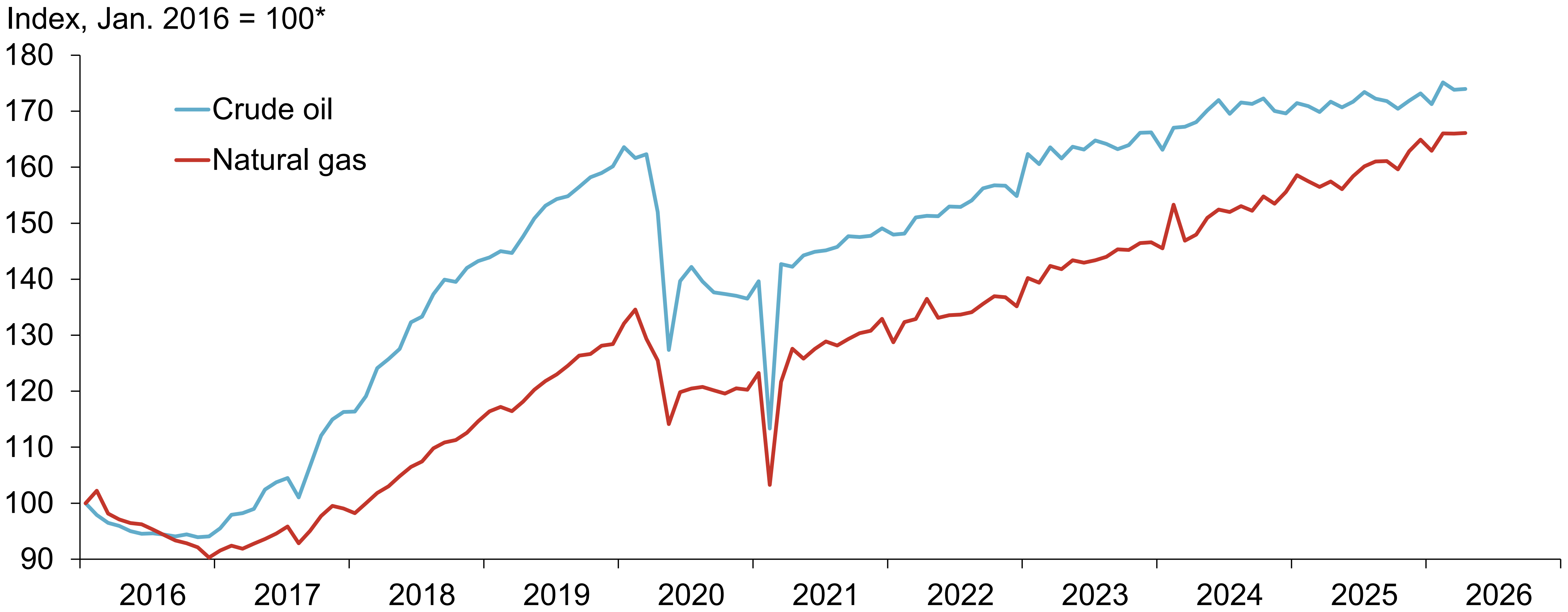
Office vacancy rates tick up in Houston, down elsewhere

(Q2 2026)



NOTE: Data are quarterly through Q2 2026.
SOURCE: CBRE Econometric Advisors.

Texas oil and gas production flat in April



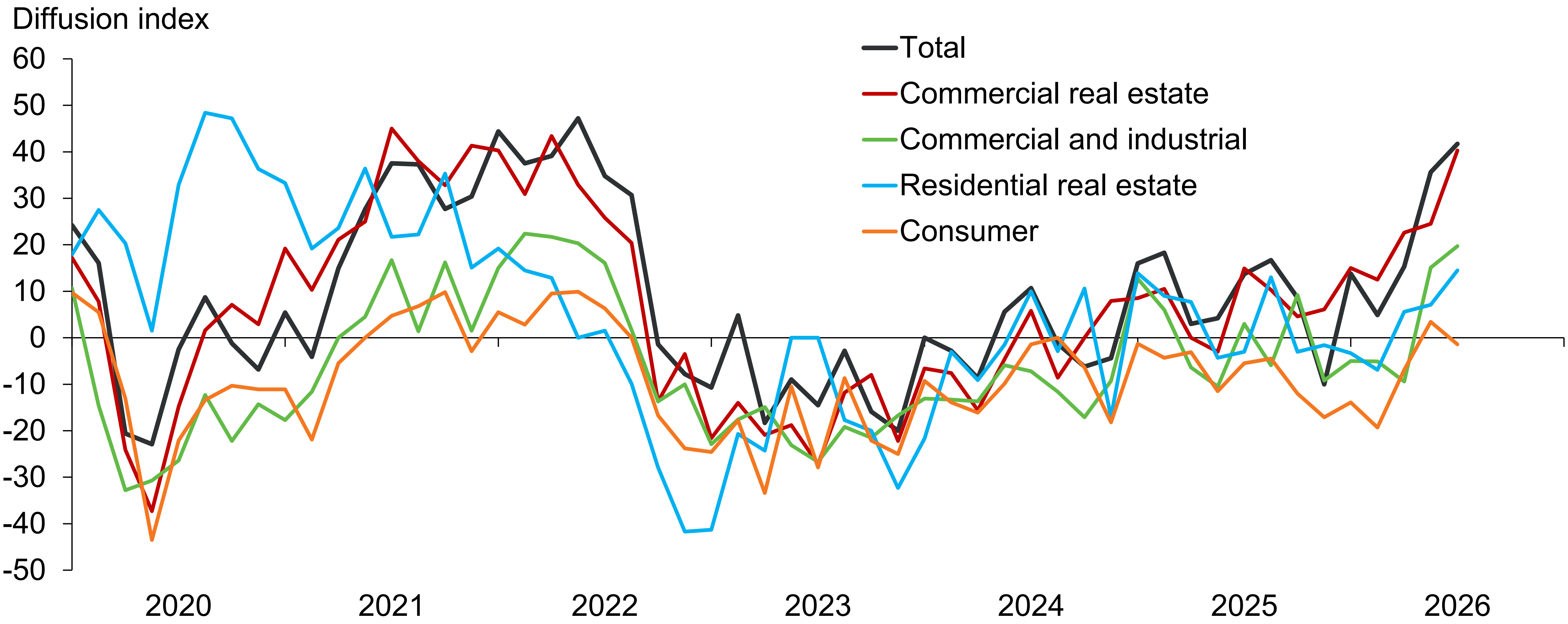
*Seasonally adjusted.

NOTES: Shown are crude oil and natural gas marketed production through April 2026. Production of natural gas are based on billion cubic feet while crude oil is based on million barrels per day.

SOURCE: Energy Information Administration.

Total loan volumes expand strongly in June 2026

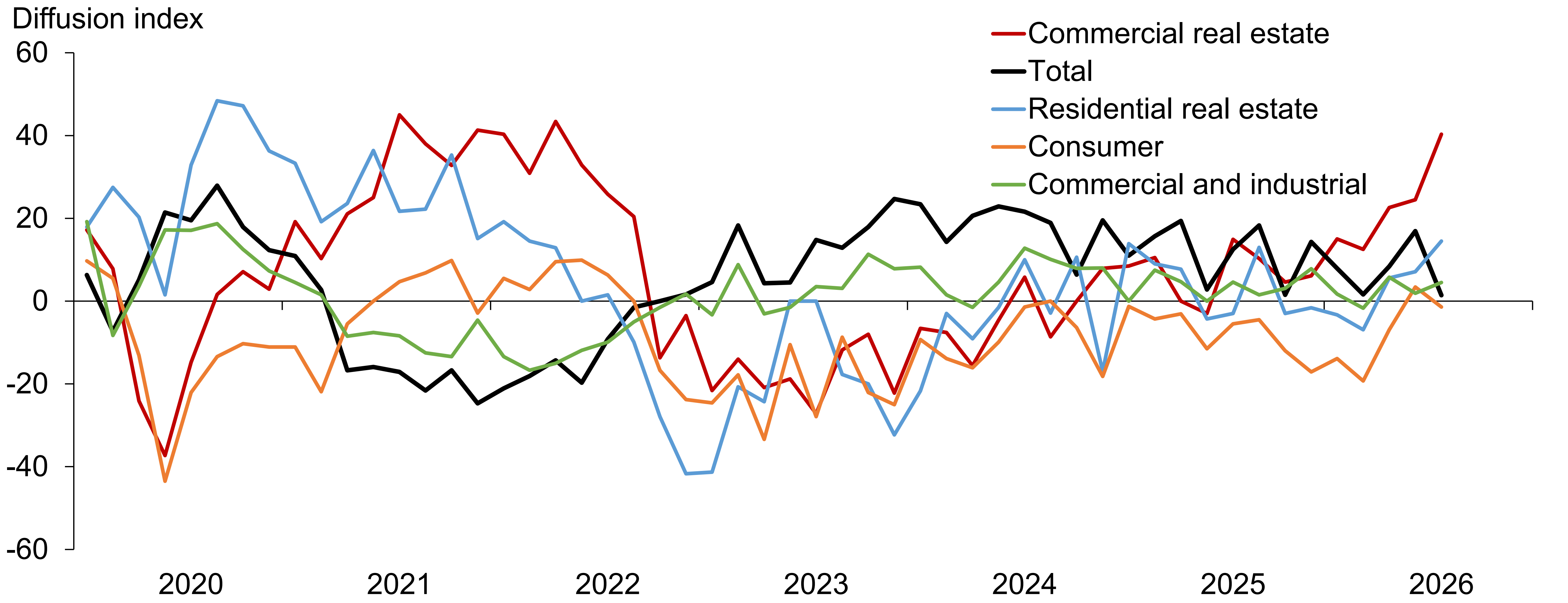
(11th District banks)



NOTE: Data through June 2026.
SOURCE: Federal Reserve Bank of Dallas Banking Conditions Survey.

CRE nonperforming loan volumes rise fastest in June 2026

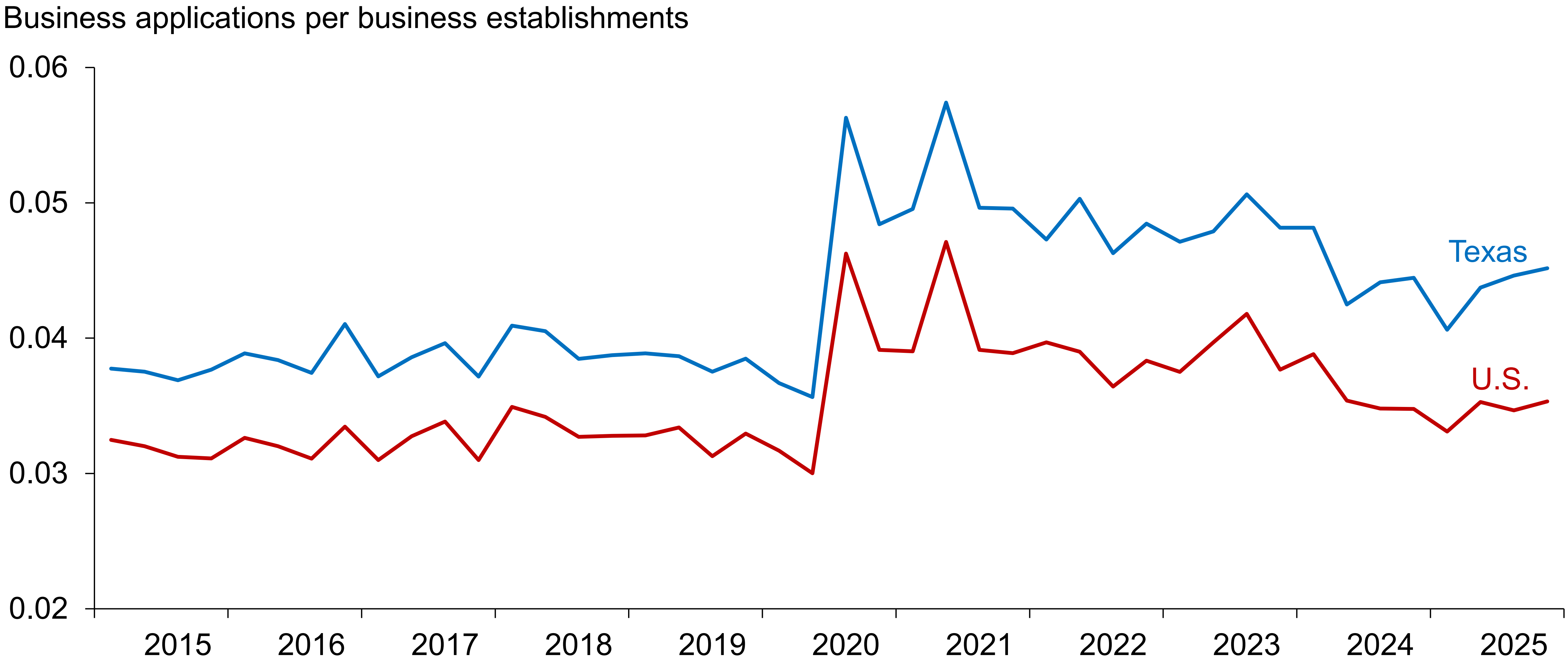
(11th District banks)



NOTE: Data through June 2026.
SOURCE: Federal Reserve Bank of Dallas Banking Conditions Survey.

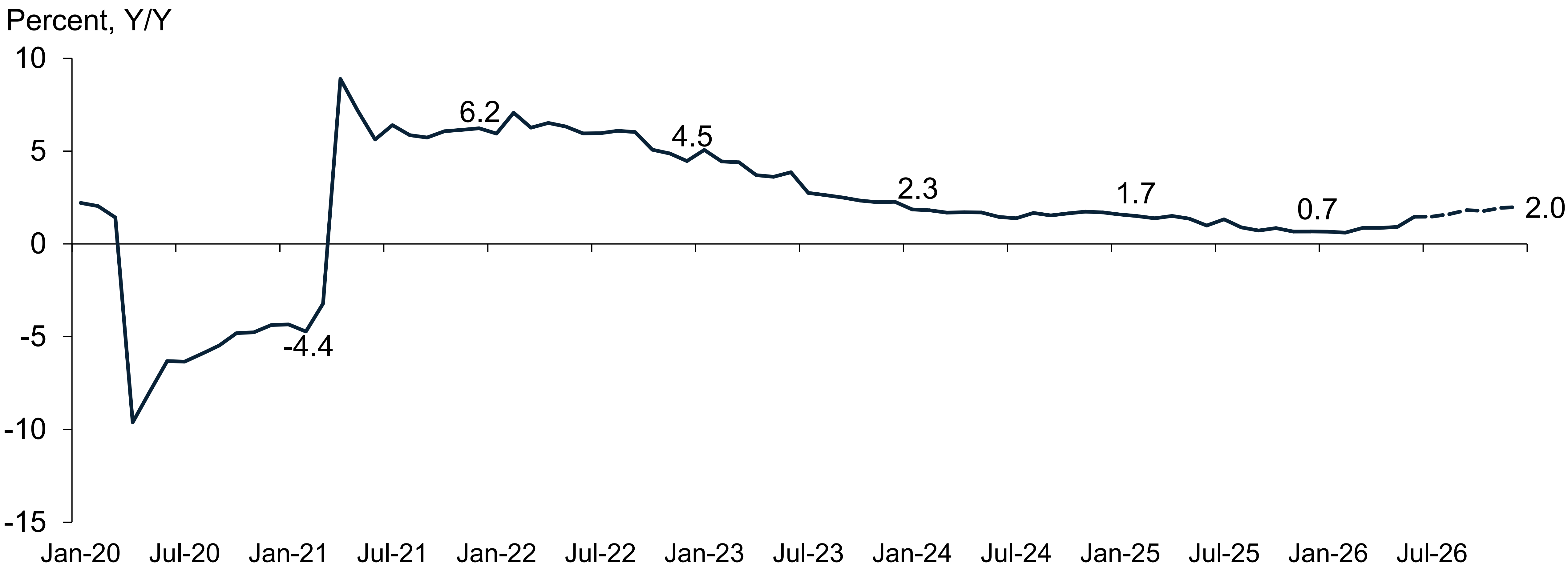
Outlook

Rate of business formation picked up in Q4 2025



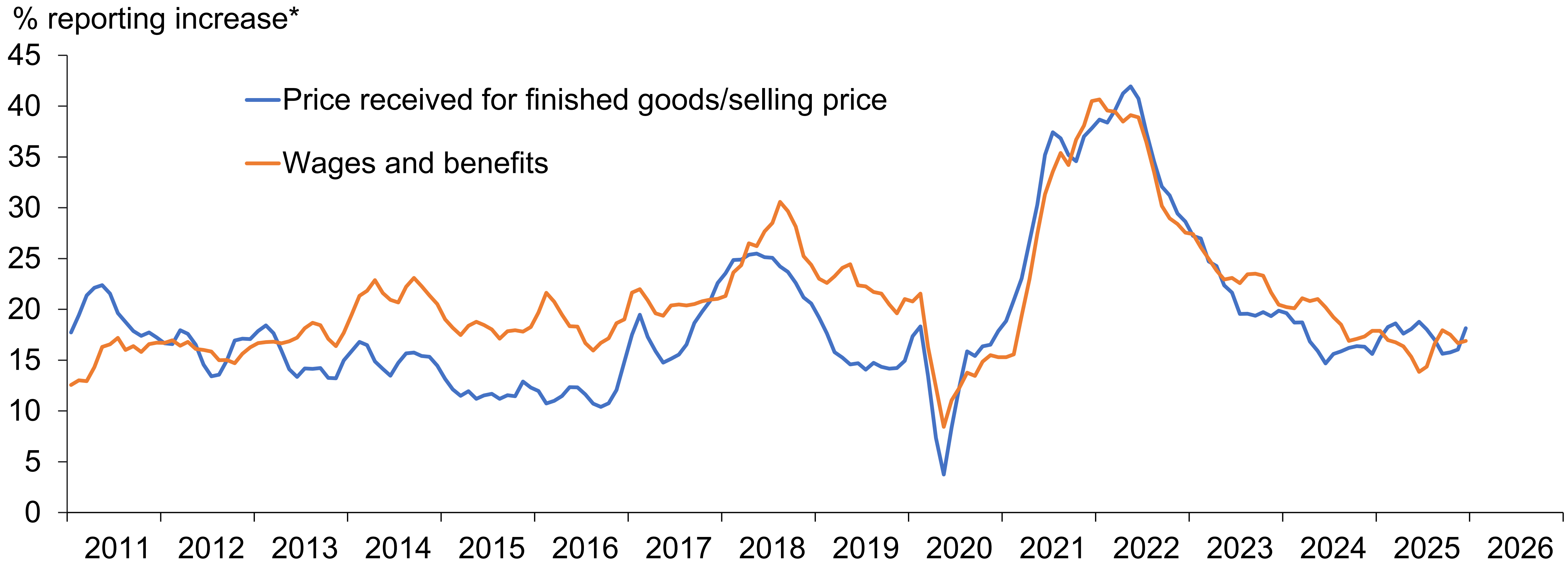
NOTES: Data are quarterly through Q4 2025. Business applications data are missing for the first week of January 2021.
SOURCE: U.S. Census Bureau.

The Texas employment forecast indicates 2.0% growth in 2026 (range 1.5%-2.5%)



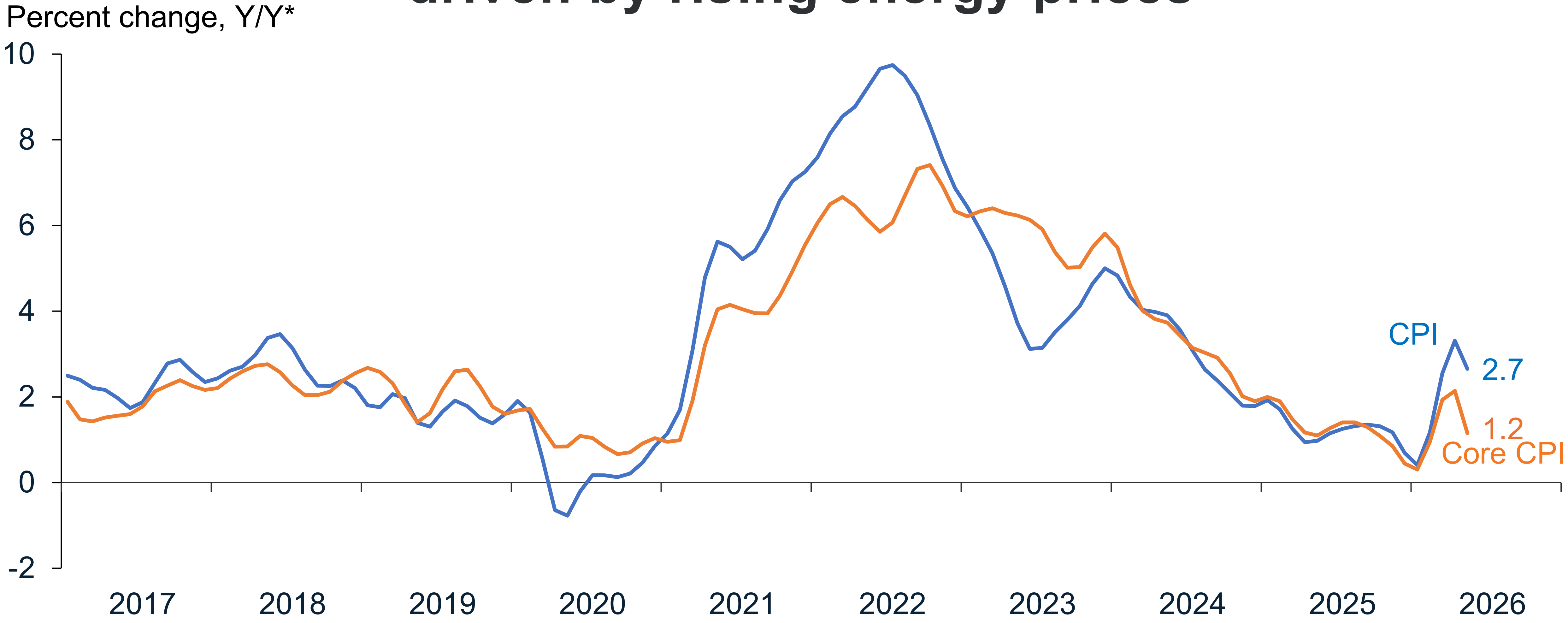
NOTE: The Dallas Fed Texas Employment Forecast is based on the average of four models. Three models are VARs where Texas payroll employment is regressed on WTI oil prices, the US leading index and the Texas leading index, respectively. The fourth model is a regression of payroll employment on lags of payroll employment, expectations for U.S. GDP growth, WTI oil prices, and four COVID-19 dummy variables (March-June 2020).

Share of Texas firms reporting an increase in selling prices rise in June



*Seasonally adjusted, three month-moving average.
NOTES: Percent reporting increase was constructed by weighting the respective component of TMOS and TSSOS according to GDP shares. Data through June 2026.
SOURCE: Federal Reserve Bank of Dallas Texas Business Outlook Surveys.

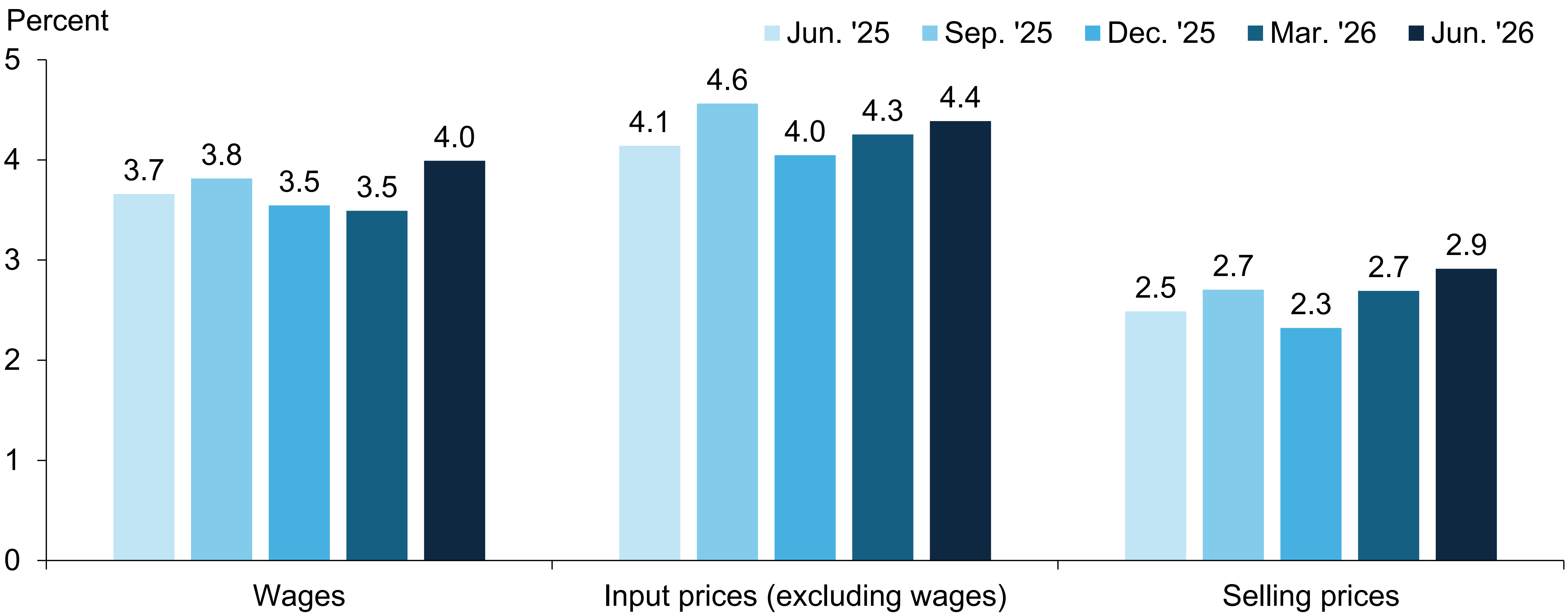
Texas CPI decelerates in May, driven by rising energy prices



*Seasonally adjusted.
NOTE: CPI data through May 2026.
SOURCE: Bureau of Labor Statistics.

Texas Business Outlook Surveys Special Questions

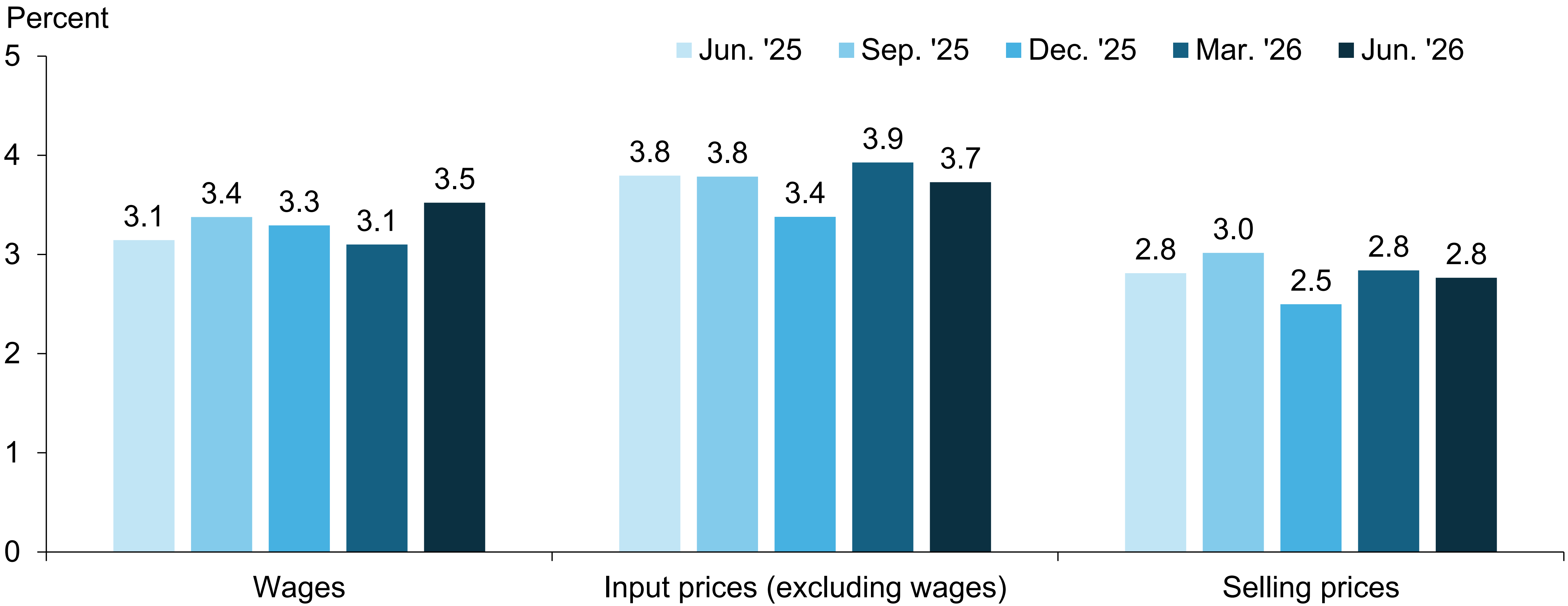
TBOS firms report increasing wage and price growth



NOTES: Executives from 246 Texas businesses answered this question during the survey collection period, June 16-24, 2026. Shown are averages, calculated as trimmed means with the lowest and highest 5 percent of responses omitted.

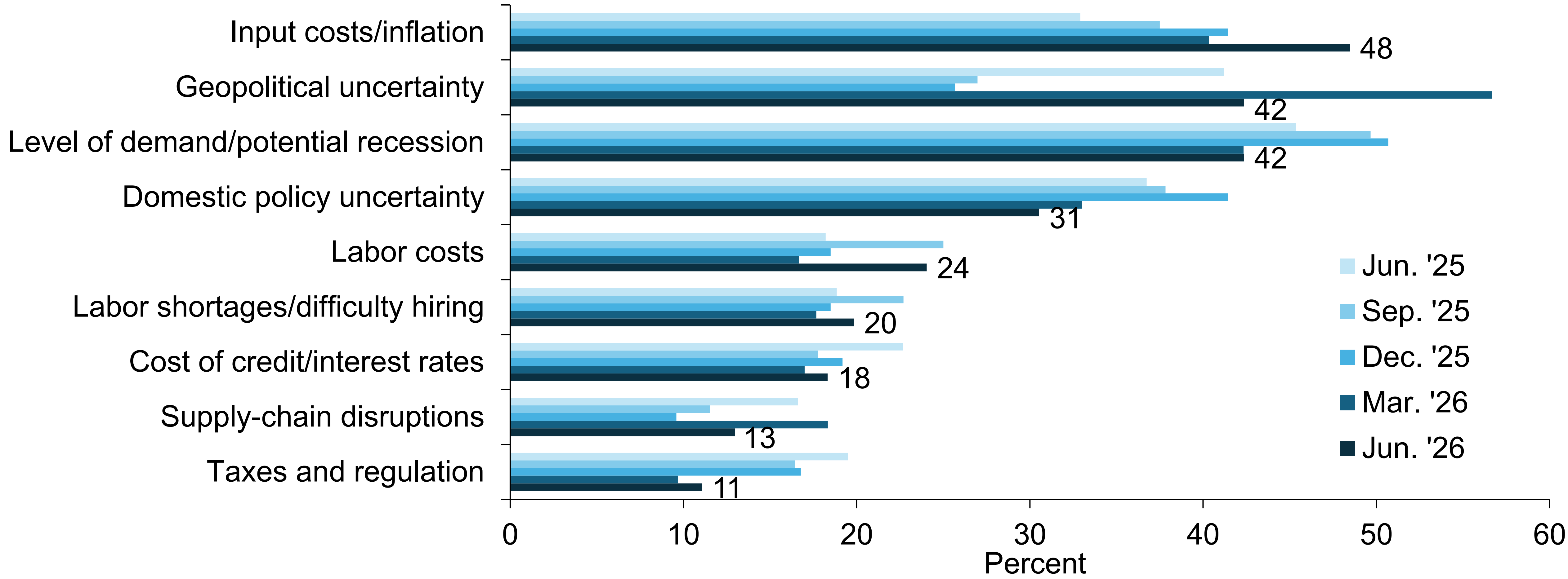
SOURCE: Federal Reserve Bank of Dallas Texas Business Outlook Surveys.

Wage growth expectations moved up, Input and selling price growth expectations little changed



NOTES: Executives from 246 Texas businesses answered this question during the survey collection period, June 16-24, 2026. Shown are averages, calculated as trimmed means with the lowest and highest 5 percent of responses omitted.
SOURCE: Federal Reserve Bank of Dallas Texas Business Outlook Surveys.

Inflation rose to the most widely-cited outlook concern



NOTES: Executives from 262 Texas businesses answered this question during the survey collection period, June 16-24, 2026. The shares reporting other (7 percent in Jun. '26) and none (2 percent) are not shown.
SOURCE: Federal Reserve Bank of Dallas Texas Business Outlook Surveys.

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