Texas Economic Growth Weak in 2015 and 2016, Accelerating This Year

- In five years prior to 2015, growth in energy, construction and exports provided a strong stimulus to Texas.
- In 2015 and 2016, low oil prices and strong dollar reduced job growth – but Texas did better than other energy states.
- This year, Texas employment is growing much faster than 2016, faster than the nation and above trend.
- Pickup mostly due to a rebound in energy and manufacturing sectors.
- Jobs forecasted to grow 2.6 percent this year with a similar pace of activity next year.
2016 Texas Growth Was Below National Average

NOTE: Black bars represent large energy-producing states.
Texas Job Growth Has Improved This Year to 3rd Fastest Growing State

NOTES: Black bars represent large energy-producing states. Growth rates are seasonally adjusted and annualized.
Texas Economy Expanding Above Trend After Weak First Half of 2016
(Texas Business-Cycle Index)

NOTE: Shaded areas represent Texas recessions
SOURCE: Federal Reserve Bank of Dallas
I-35 Corridor Continues to Grow, Energy Metros Rebounding

Goods-Producing Industries Rebounding in 2017

(Job Growth 2015-2017)


Texas Manufacturing Outlook Survey Shows Significant Improvement This Year

Production Volume of New Orders

NOTE: Data are seasonally adjusted.
Recently Rig Count Has Flattened Out After Strong Growth Since Mid-2016

NOTE: Data are weekly, last data point is the week of Sept. 22, 2017.
SOURCES: Oil and Gas Journal, Baker Hughes.
Energy Survey Suggests Strong but Slightly Weaker Growth in Energy Activity in Second Half

NOTE: Data for uncertainty index and price forecast begin in Q1 2017.
SOURCE: Federal Reserve Bank of Dallas.
Texas Leading Index Components Mixed

Net contributions to change in the Texas Leading Index (May - July 2017)

- Net Change in Texas Leading Index: 0.93
- Texas Value of the Dollar: 0.74
- U.S. Leading Index: 0.40
- Real Oil Price: -0.25
- Well Permits: -0.15
- New Unemployment Claims: -0.05
- Texas Stock Index: -0.02
- Help Wanted Index: -0.15
- Average Weekly Hours: 0.42

NOTE: Seasonally adjusted.
SOURCE: Federal Reserve Bank of Dallas.
Texas Jobs Forecasted to Grow 2.0% to 3.0% in 2017 and 2018

Leading Index

Texas nonfarm employment and forecast (with 80% confidence band)

Estimates for Hurricane Harvey Impact Suggests Temporary Job Decline in September

Texas Employment

Millions of jobs, SA

SOURCES: Bureau of Labor Statistics; National Oceanic and Atmospheric Administration; authors’ calculations.
Summary

- In past two years Texas weakened sharply but continued to grow - did much better than 1980s and better than other energy states.
- In second half of 2016 energy and manufacturing sectors stabilized and job growth picked up.
  - In 2017 these sectors have rebounded.
- Texas likely to grow about 2.6 percent this year, similar rate next year.
- Biggest risk to the forecast is sharp decline in oil prices or exports.
Public Resources from the Dallas Fed:

- Southwest Economy
- Regional Economic Updates
- San Antonio and Austin Economic Indicators
- Texas Business Outlook Surveys
- Energy Survey
- National Economic Updates
- International Economic Updates
- Additional Research Publications and Data