



Federal Reserve
Bank of Dallas

Texas Economic Outlook: Cruising in Third Gear

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10/19/17

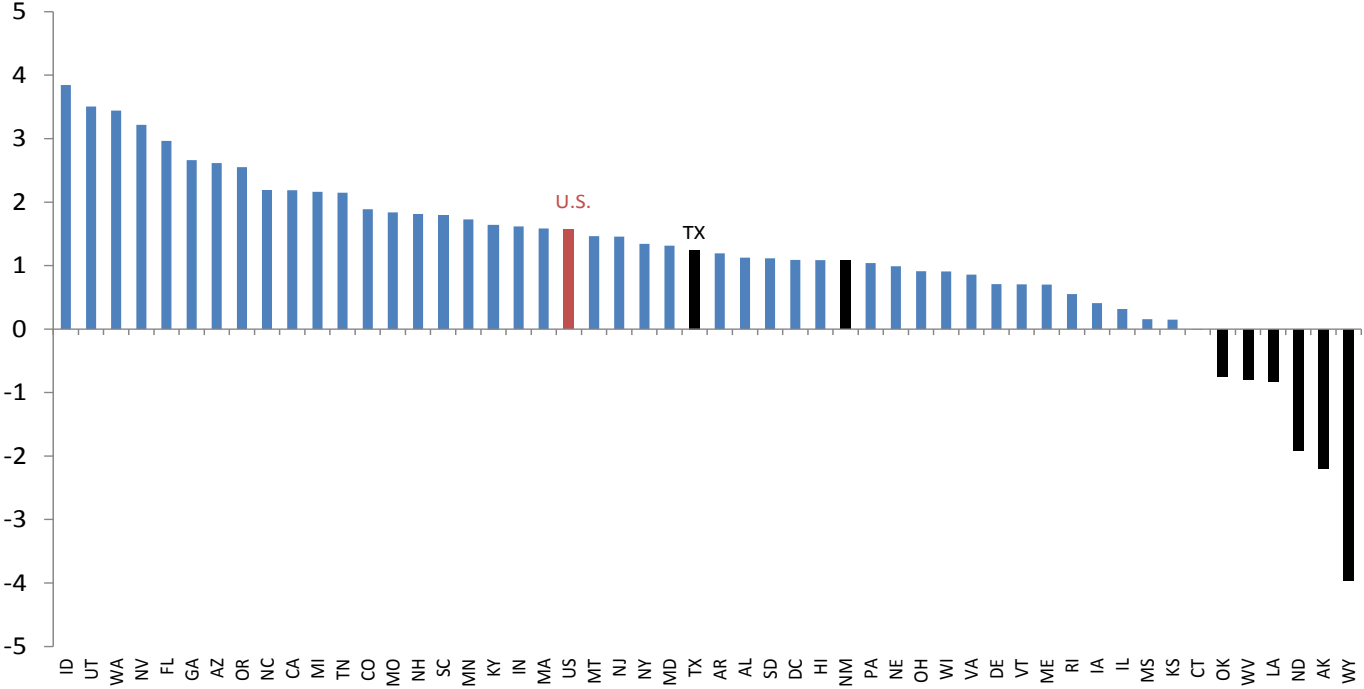
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Texas Economic Growth Weak in 2015 and 2016, Accelerating This Year

- 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

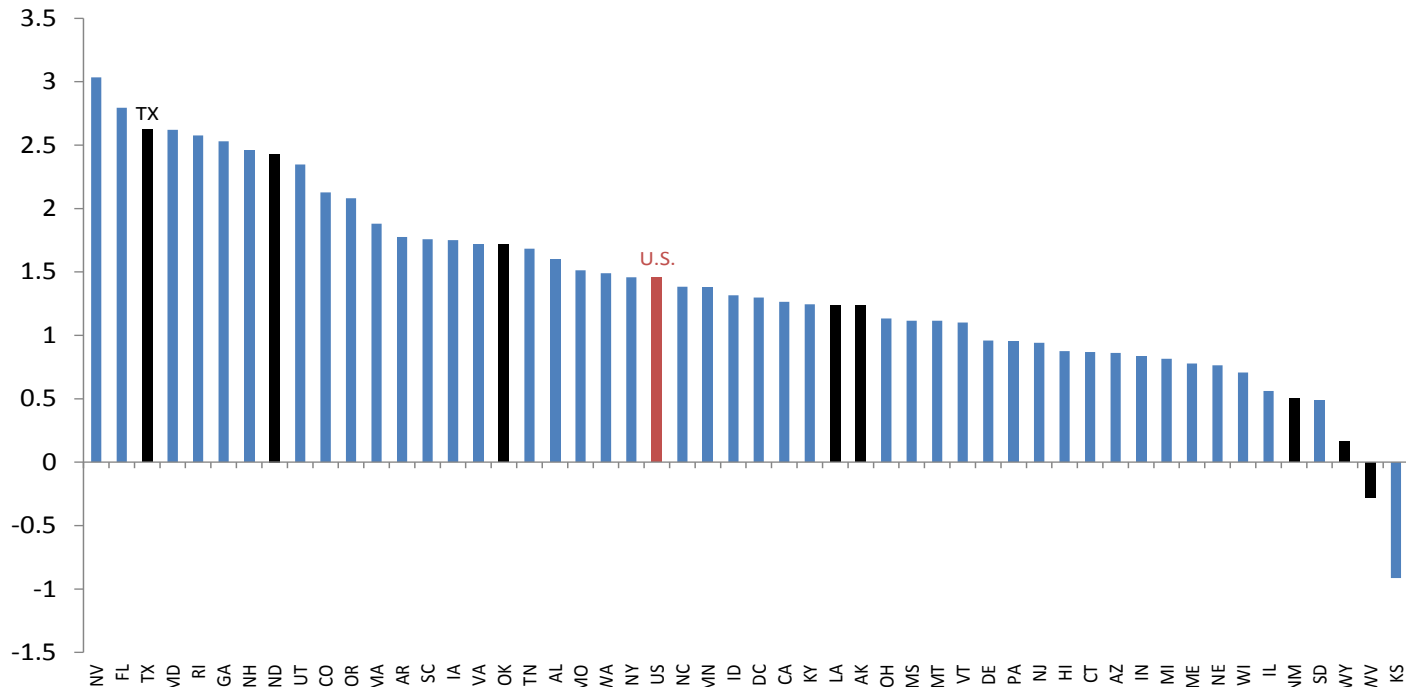
Percent Change,
Dec. 2015 - Dec. 2016



NOTE: Black bars represent large energy-producing states.
SOURCE: Bureau of Labor Statistics.

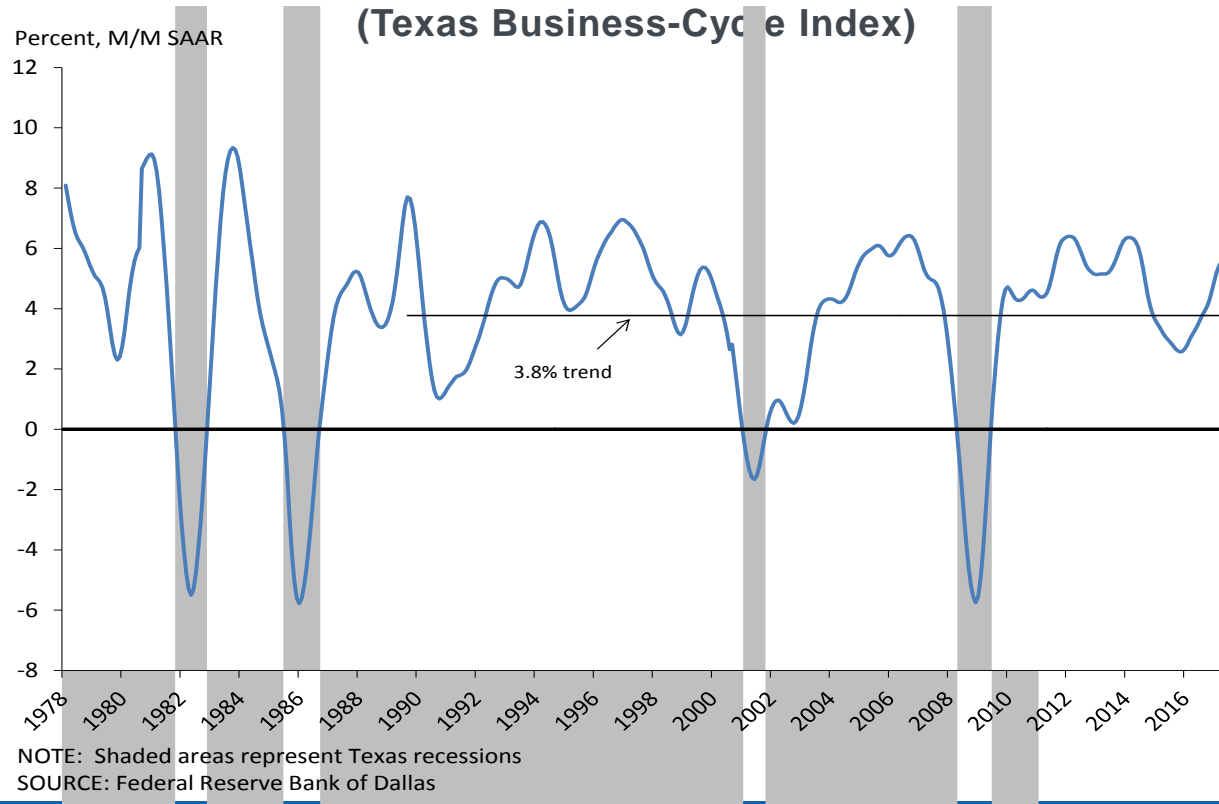
Texas Job Growth Has Improved This Year to 3rd Fastest Growing State

Percent Change,
Dec. 2016 - Aug. 2017

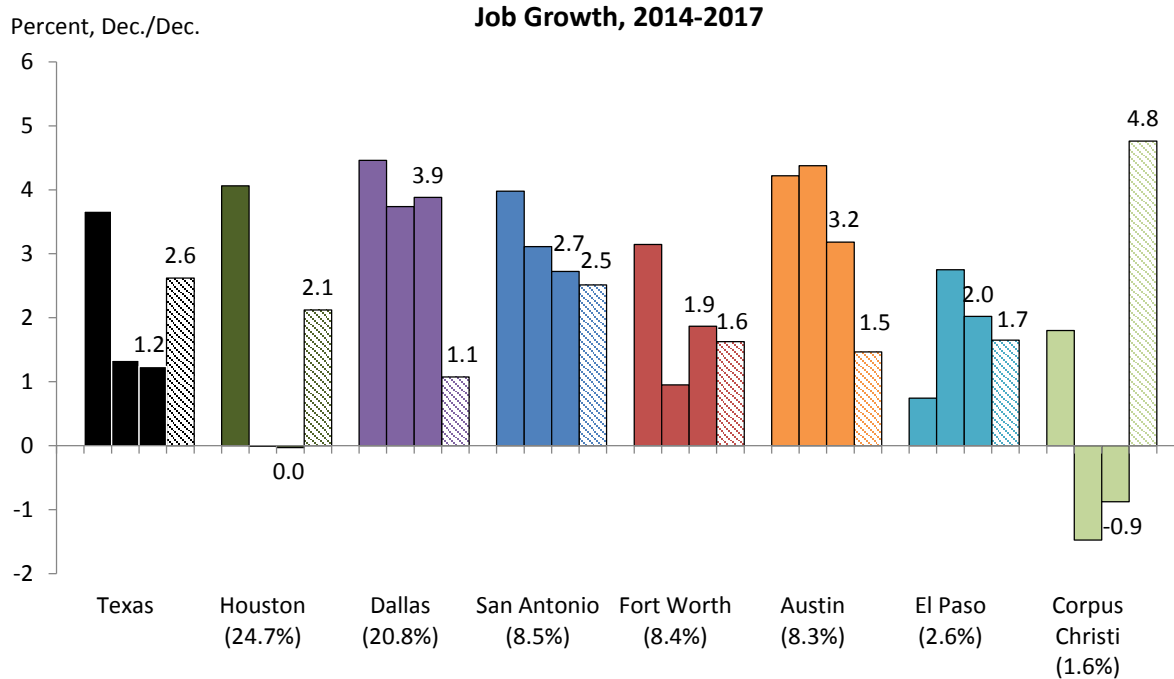


NOTES: Black bars represent large energy-producing states. Growth rates are seasonally adjusted and annualized.
SOURCE: Bureau of Labor Statistics.

Texas Economy Expanding Above Trend After Weak First Half of 2016



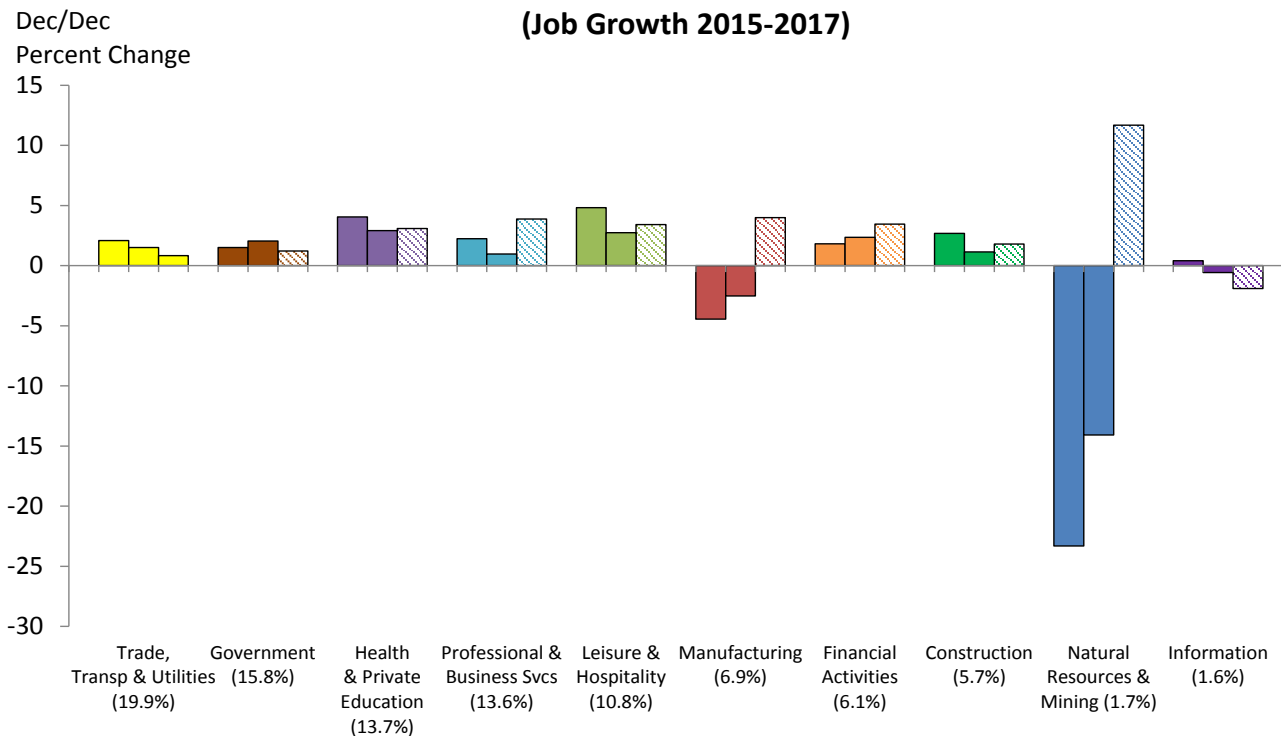
I-35 Corridor Continues to Grow, Energy Metros Rebounding



NOTE: Striped bars represent annualized growth Aug. 2017/Dec. 2016. Figures in parentheses represent shares of total state employment.

SOURCES: Bureau of Labor Statistics, Federal Reserve Bank of Dallas.

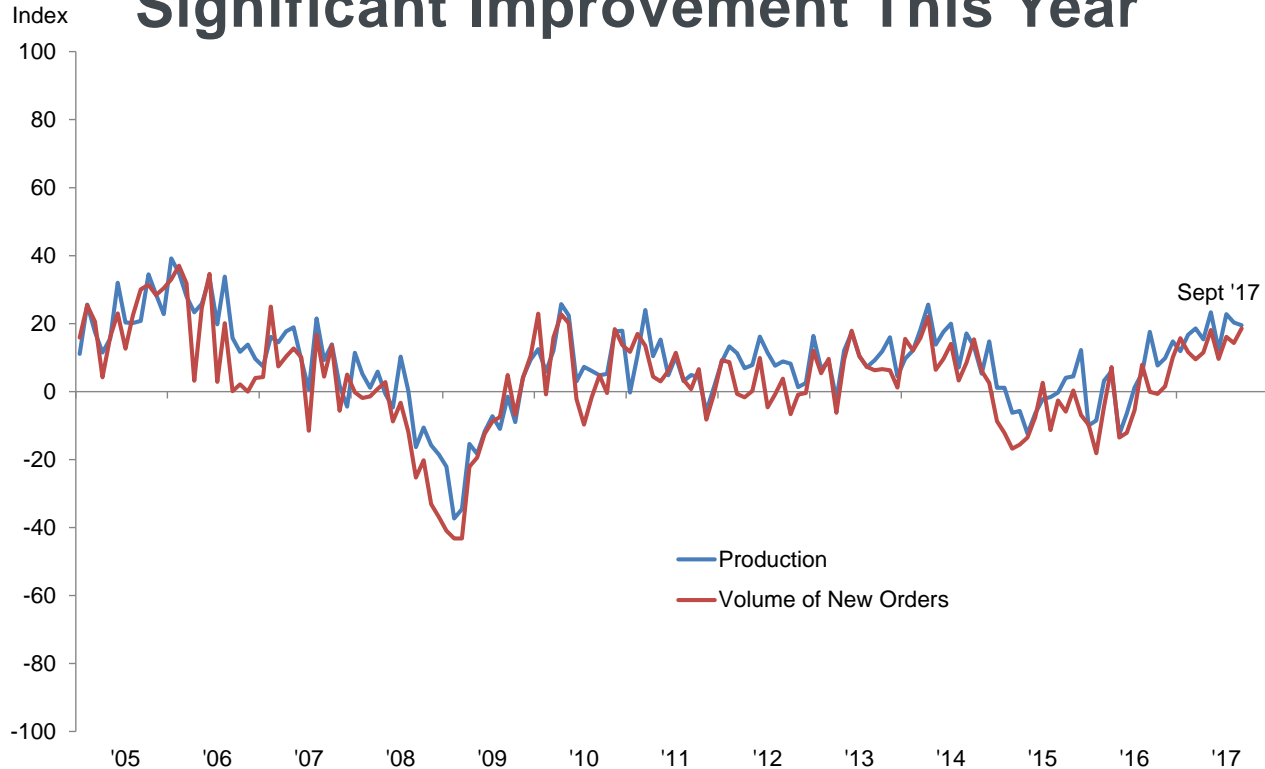
Goods-Producing Industries Rebounding in 2017



NOTE: Striped bars are annualized growth Aug. 2017/Dec. 2016. Figures in parentheses represent shares of total nonfarm employment.

SOURCES: Bureau of Labor Statistics, adjustments by Federal Reserve Bank of Dallas.

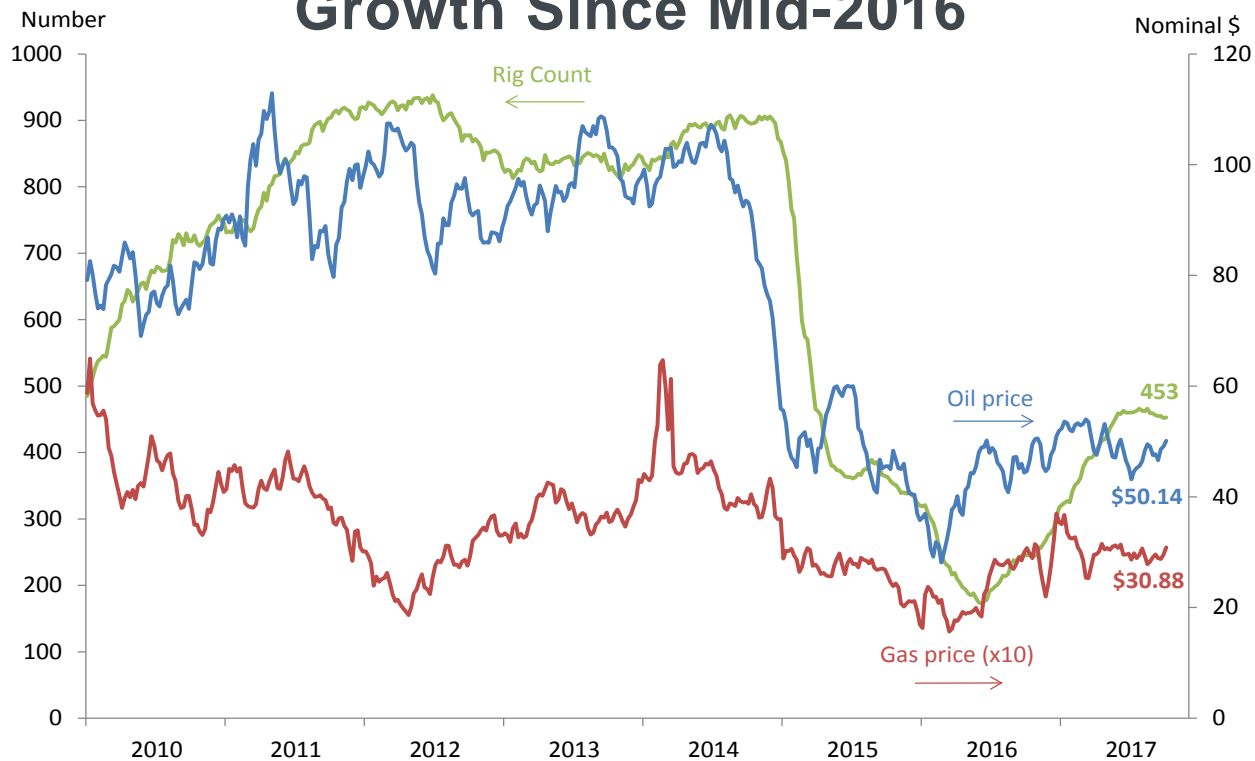
Texas Manufacturing Outlook Survey Shows Significant Improvement This Year



NOTE: Data are seasonally adjusted.

SOURCE: Federal Reserve Bank of Dallas Texas Manufacturing Outlook Survey.

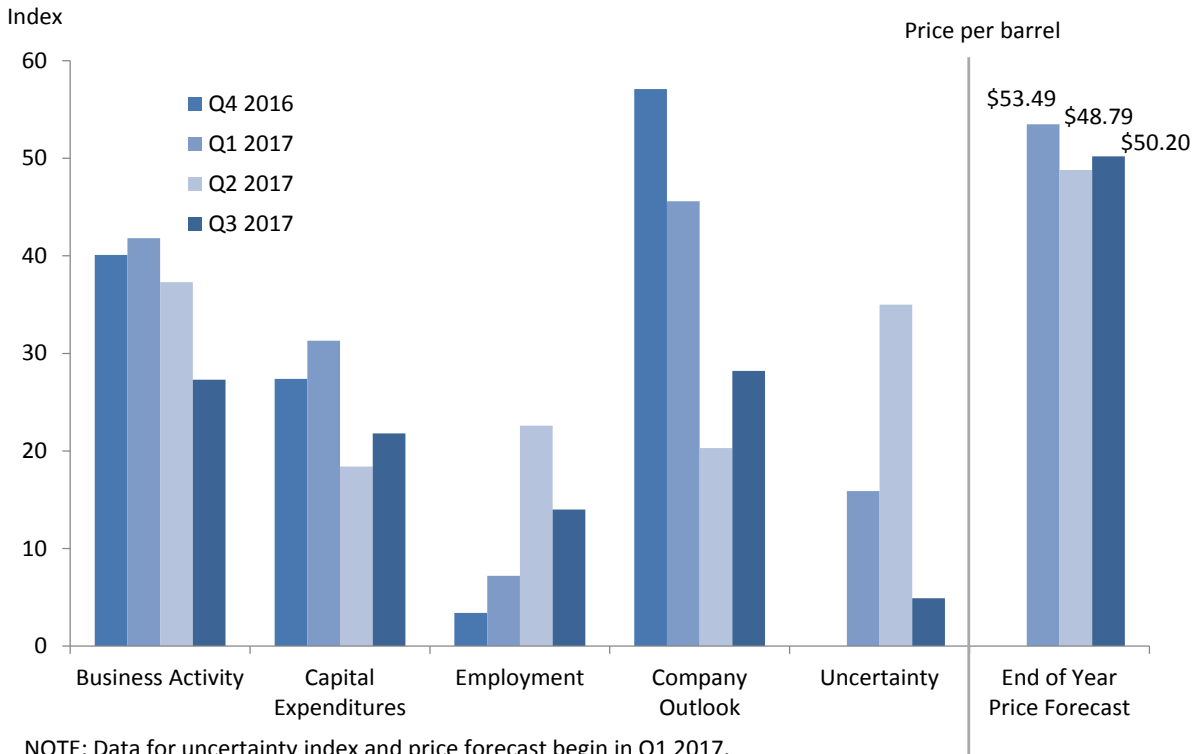
Recently Rig Count Has Flattened Out After Strong Growth Since Mid-2016



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

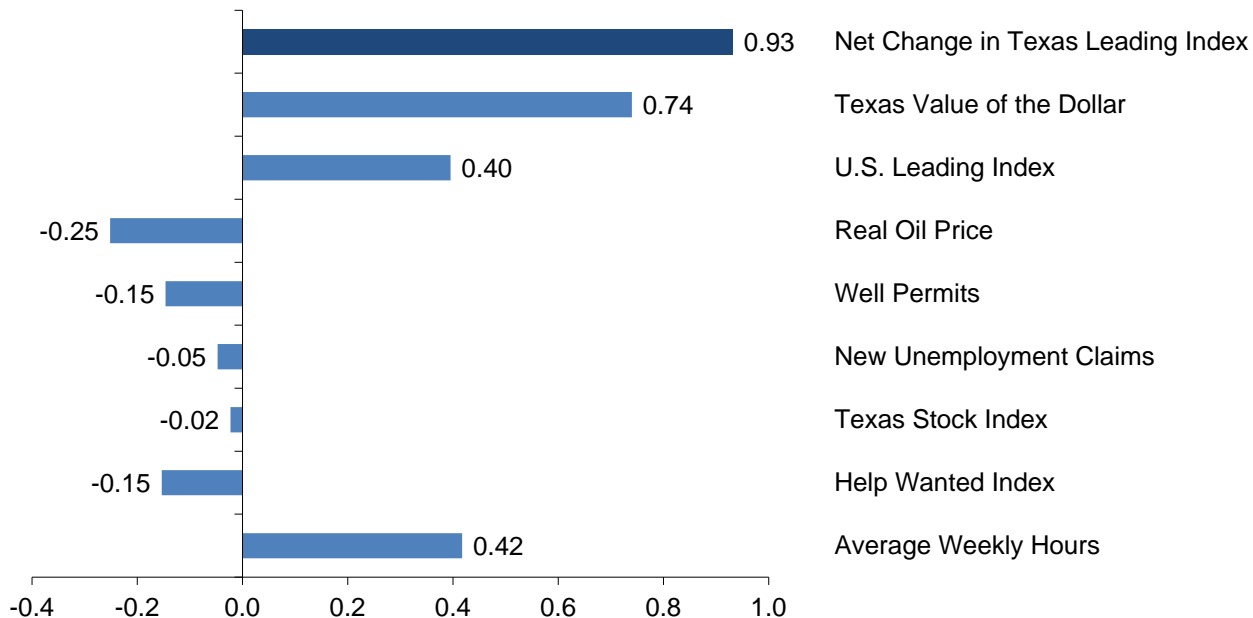


NOTE: Data for uncertainty index and price forecast begin in Q1 2017.

SOURCE: Federal Reserve Bank of Dallas.

Texas Leading Index Components Mixed

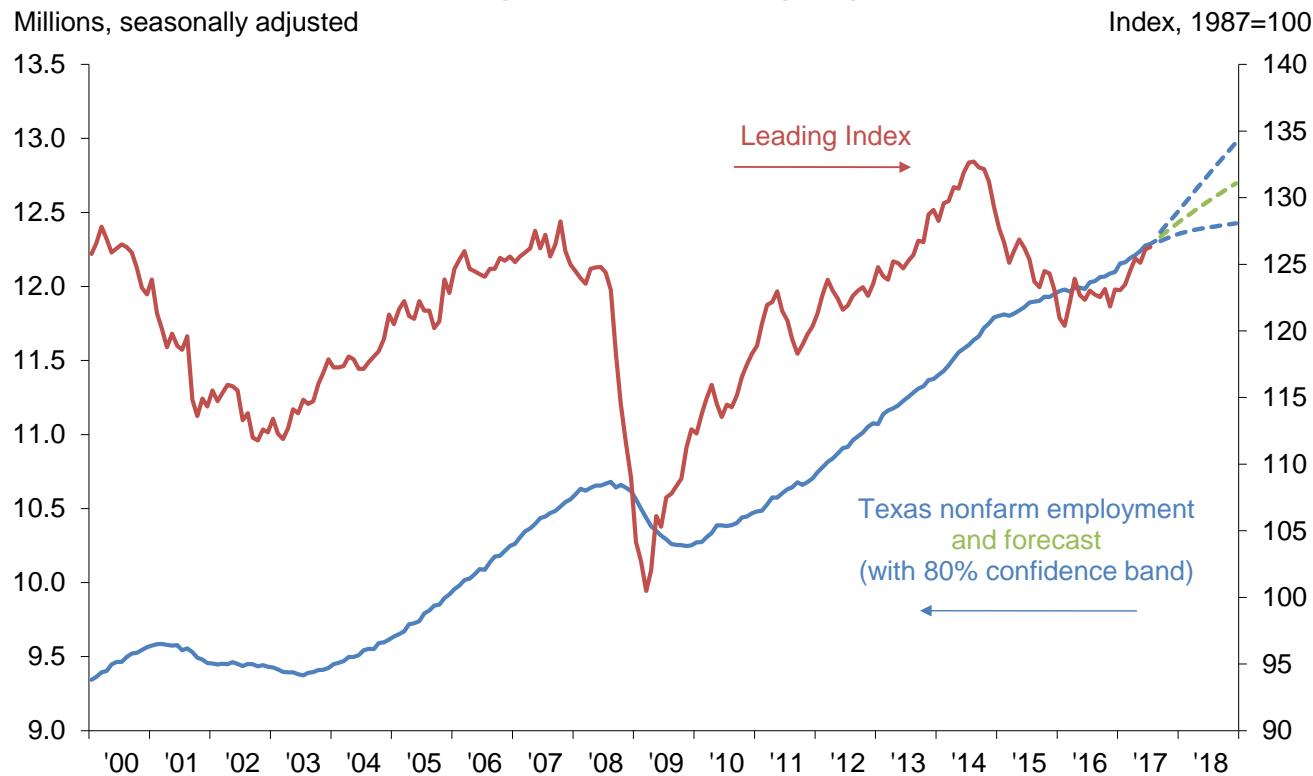
Net contributions to change in the Texas Leading Index
(May - July 2017)



NOTE: Seasonally adjusted.

SOURCE: Federal Reserve Bank of Dallas.

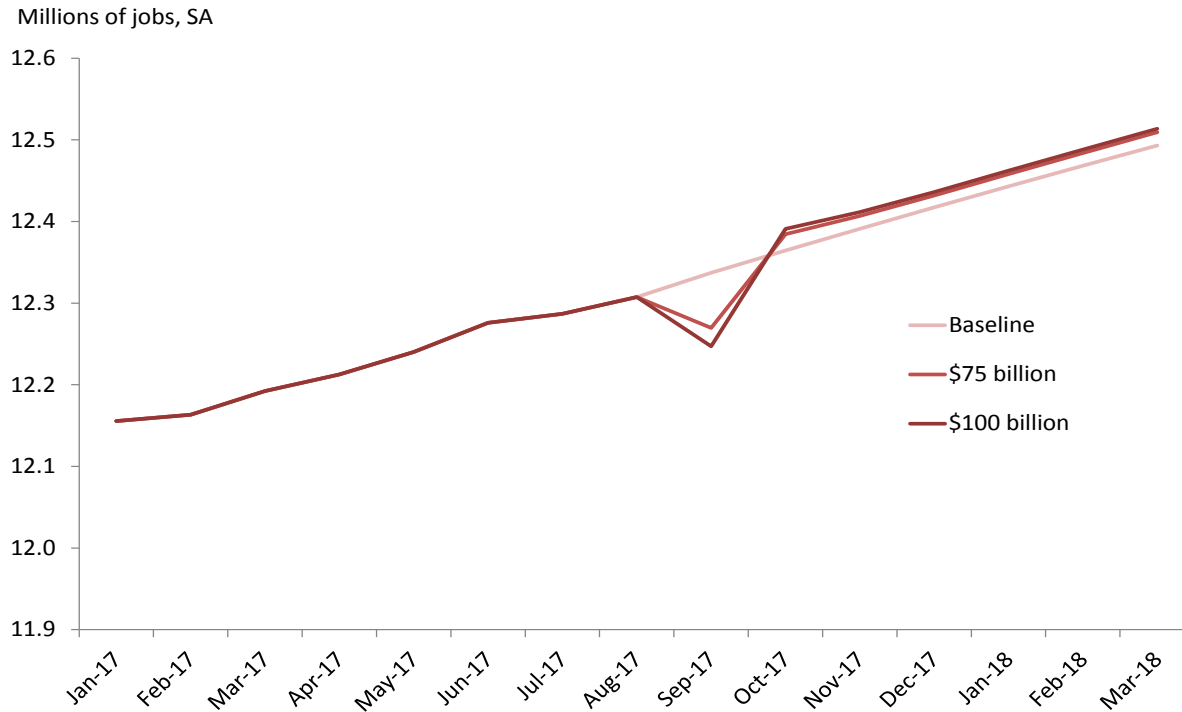
Texas Jobs Forecasted to Grow 2.0% to 3.0% in 2017 and 2018



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

Estimates for Hurricane Harvey Impact Suggests Temporary Job Decline in September

Texas Employment



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.

Dallas Fed Publications

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- [Texas Business Outlook Surveys](#)
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