



Federal Reserve
Bank of Dallas

The Texas Gulf Coast

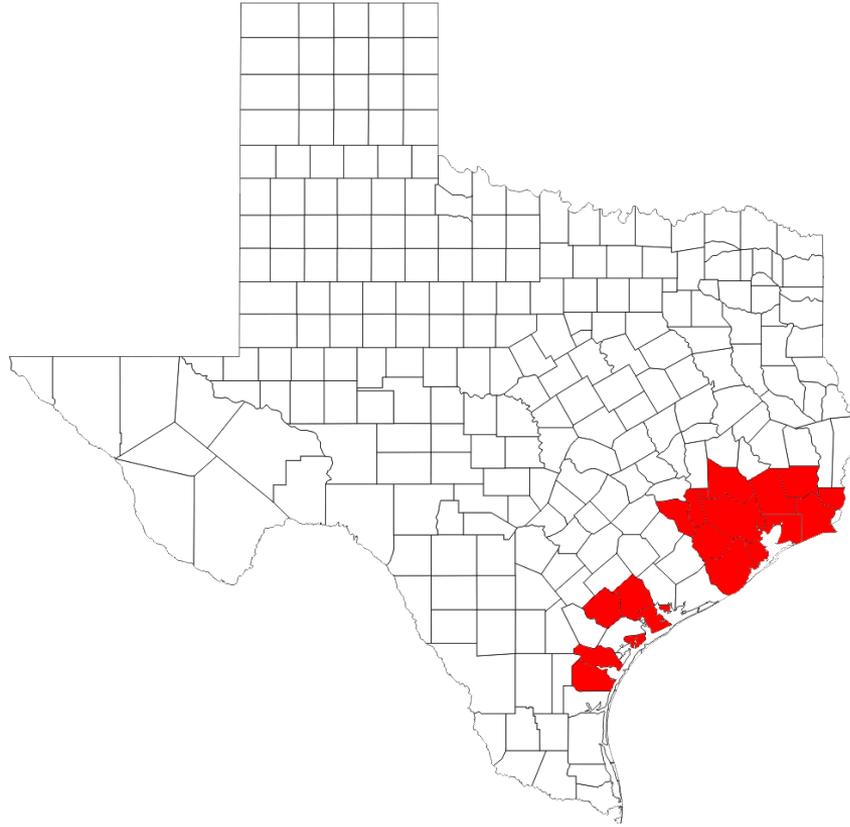
Overview and Outlook

Jesse Thompson

Federal Reserve Bank of Dallas – Houston Branch

10/18/2017

Texas Gulf Coast



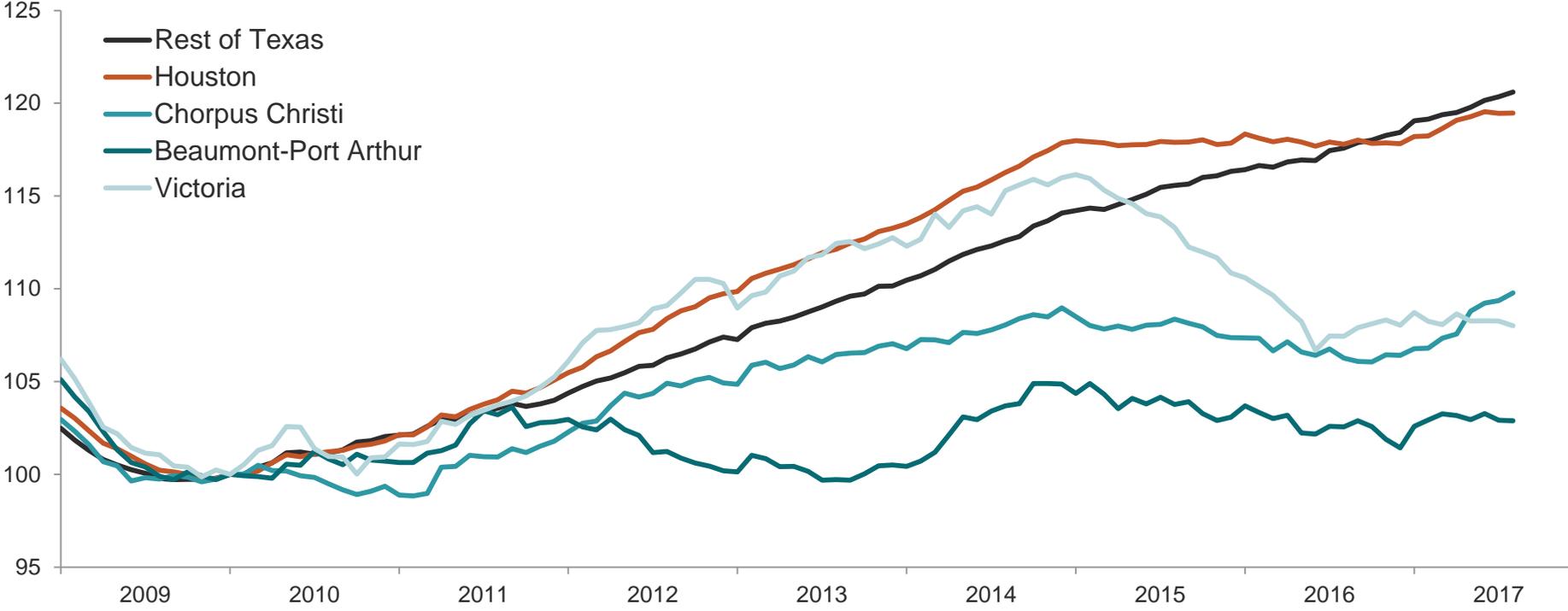
Texas Gulf Coast

Three main factors are shaping the Texas Gulf Coast outlook

- Energy Industry Boom-Bust-Recovery
- Petrochemical Manufacturing & Construction Boom & Energy Exports
- Hurricane Harvey

Gulf Coast Metro Job Growth Follows Different Paths

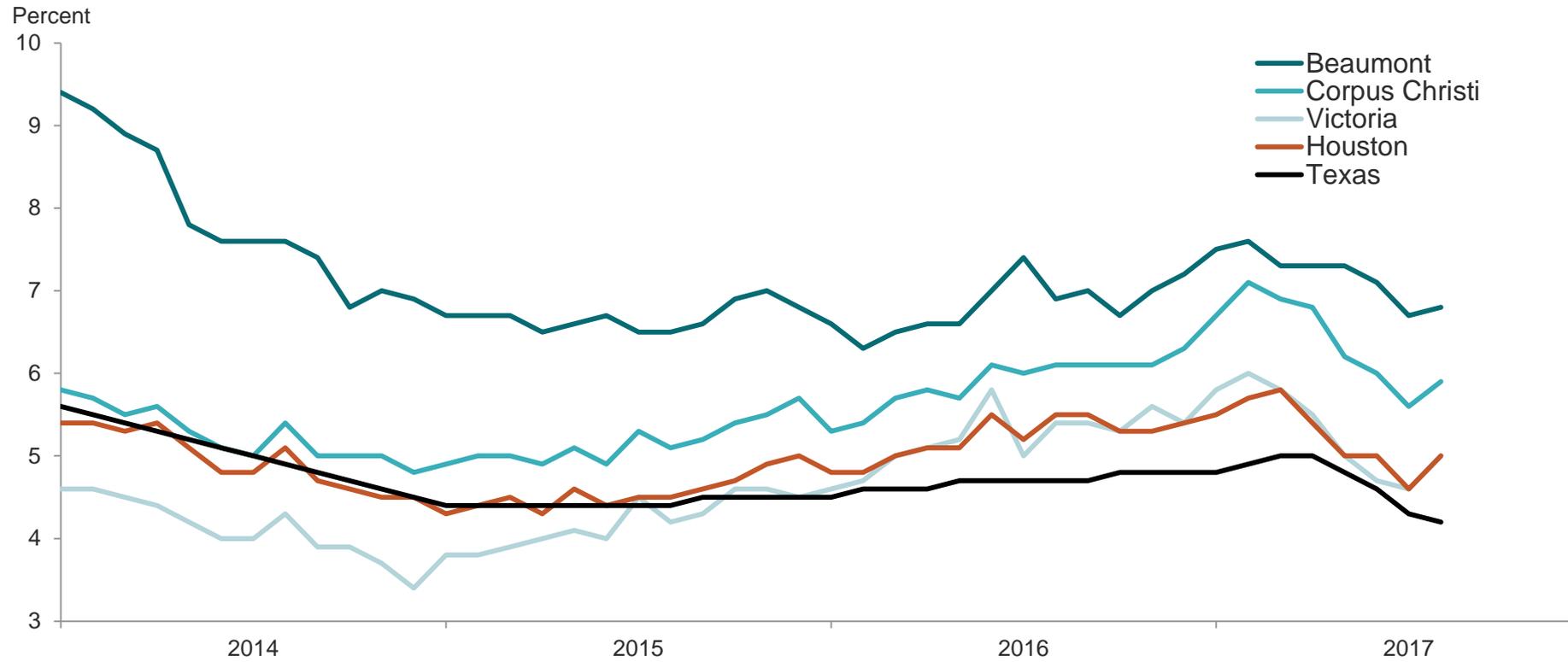
Index, Jan 10=100



NOTE: Victoria data seasonally adjusted using x12.

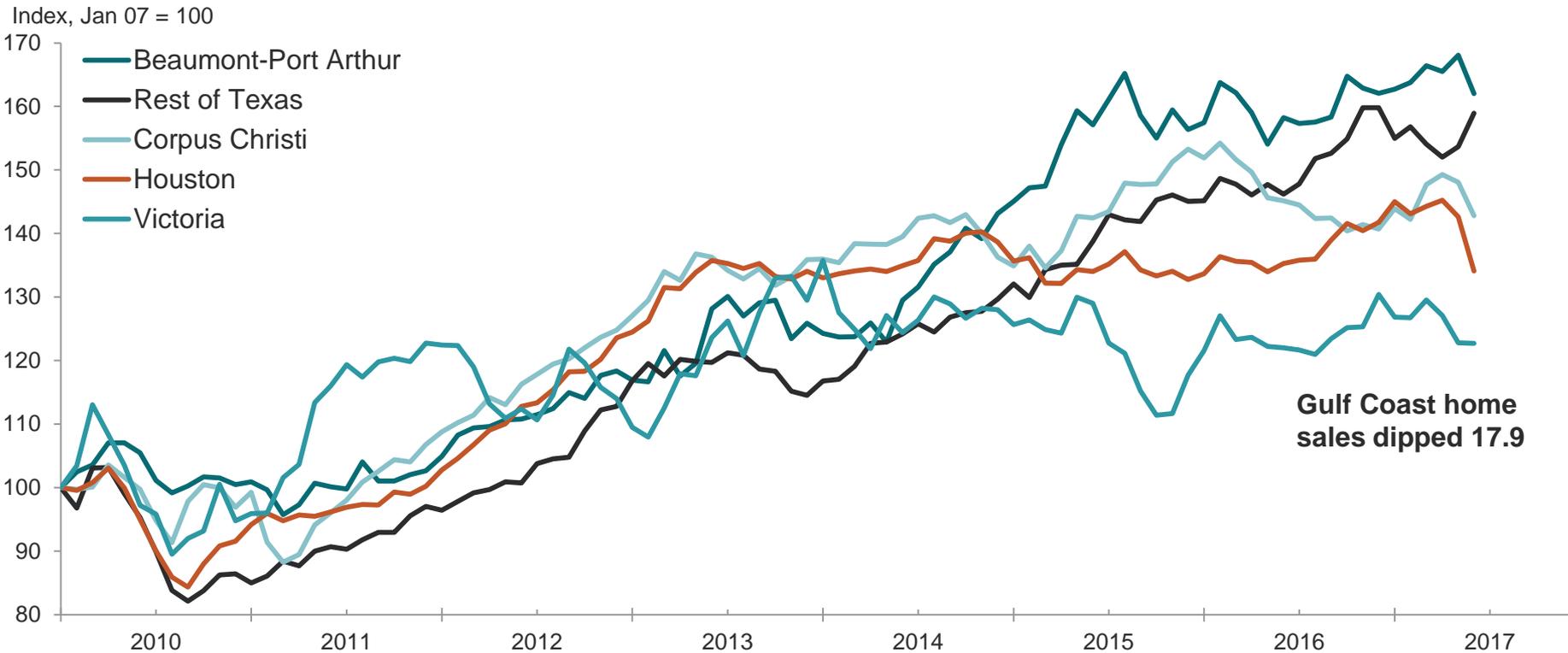
SOURCE: Bureau of Labor Statistics; adjustments by the Dallas Fed.

Gulf Coast Unemployment Follows Oil-Bust & Recovery, ticks up on Harvey



SOURCE: Bureau of Labor Statistics.

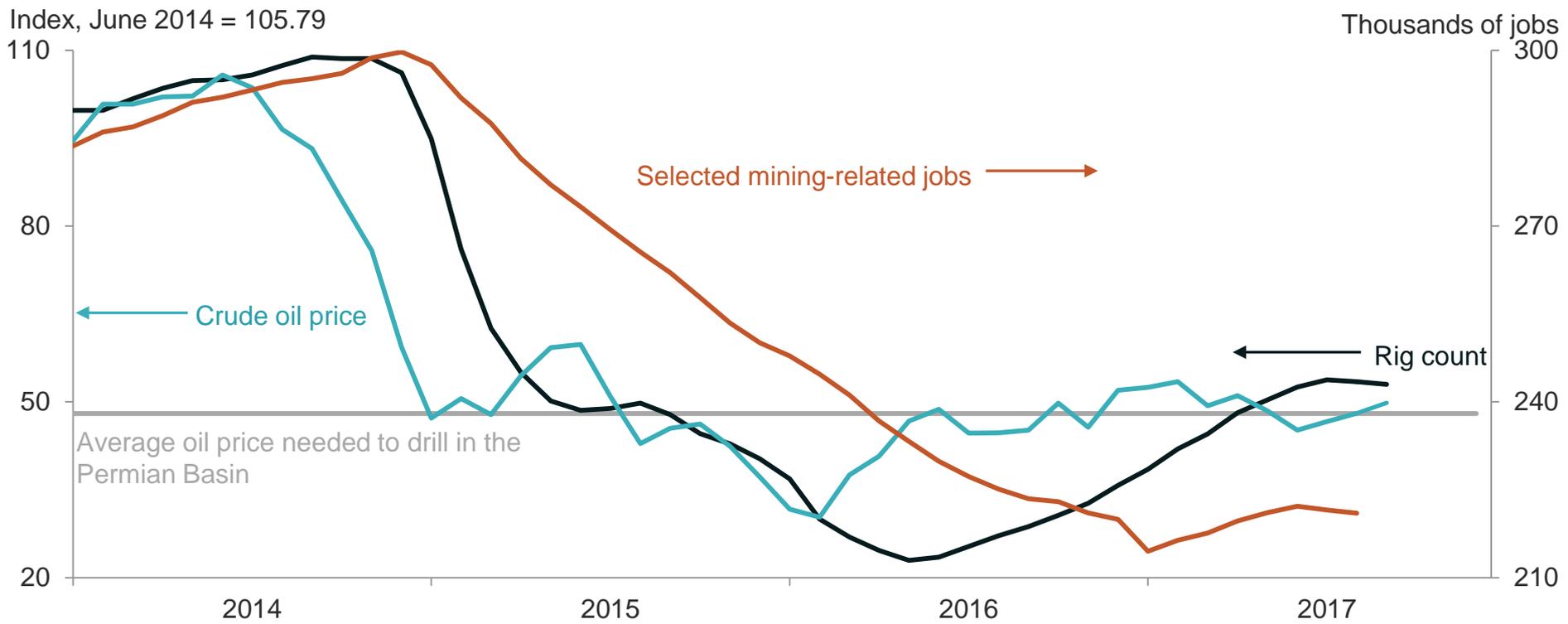
Gulf Coast Existing Home Sales



NOTE: Data are seasonally adjusted, centered five-month moving-averages.
SOURCE: Texas Association of Realtors and the TAMU Real Estate Center; Author's adjustments.

Energy

U.S. Rig Count and Houston Energy Jobs

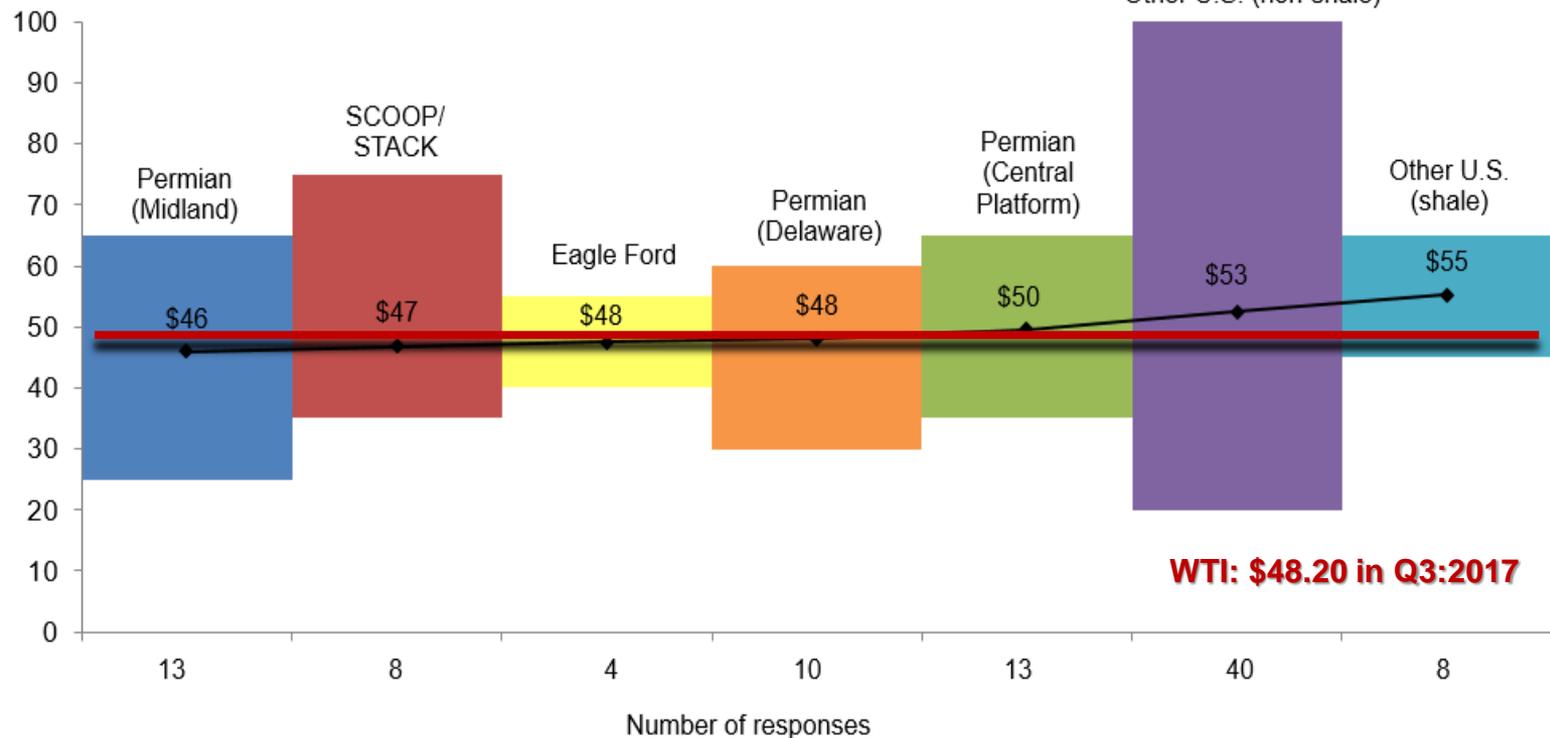


NOTES: Rig count and nominal price of West Texas Intermediate crude oil indexed to June 2014 = 105.79. Dotted lines are estimates based on data available through Sept. 22.

SOURCES: Energy Information Administration; Baker Hughes; Bureau of Labor Statistics; adjustments by the Dallas Fed.

In the top two areas in which your firm is active: What WTI oil price does your firm need to profitably drill a new well?

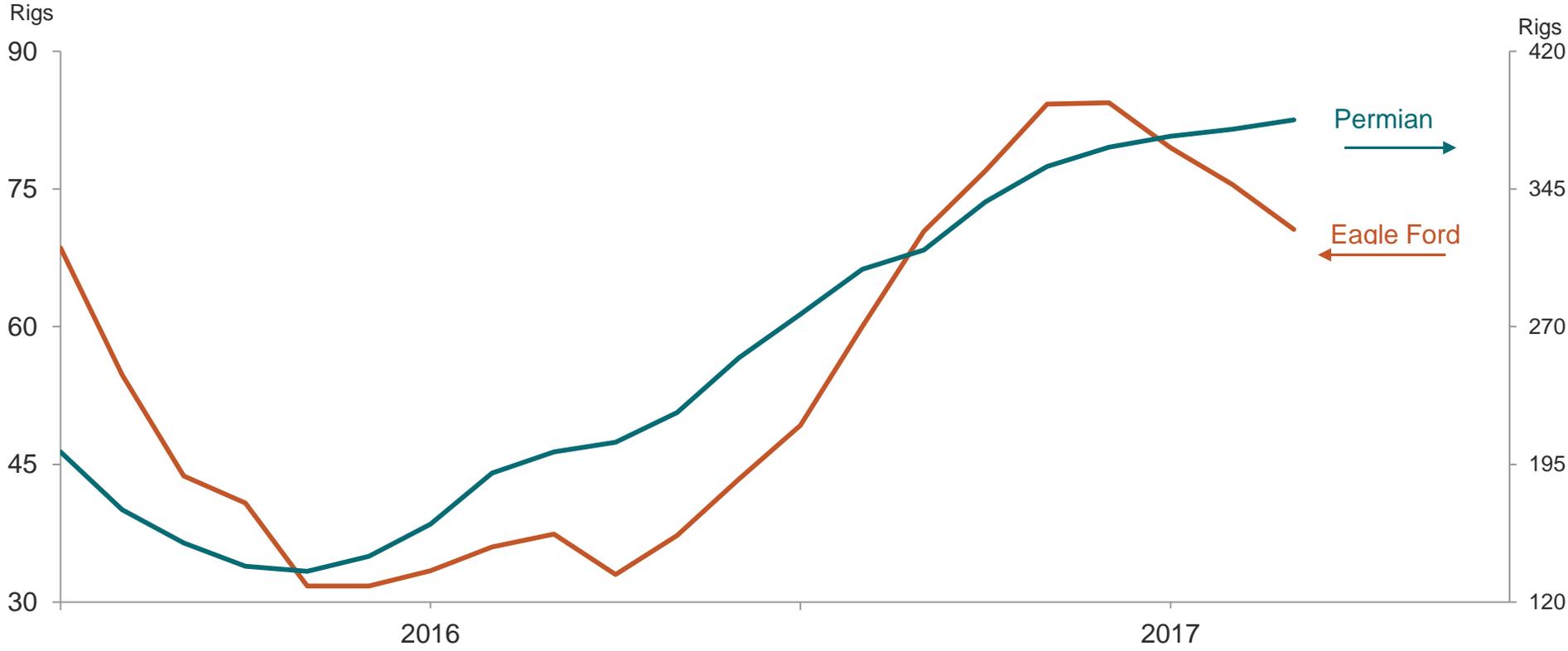
Dollars per barrel



NOTES: Lines show the mean, and bars show the range of responses. Sixty-two executives at exploration and production firms answered this question March 15–23, 2017.

SOURCE: Federal Reserve Bank of Dallas.

Eagle Ford Rig Count Falters Mid-Year



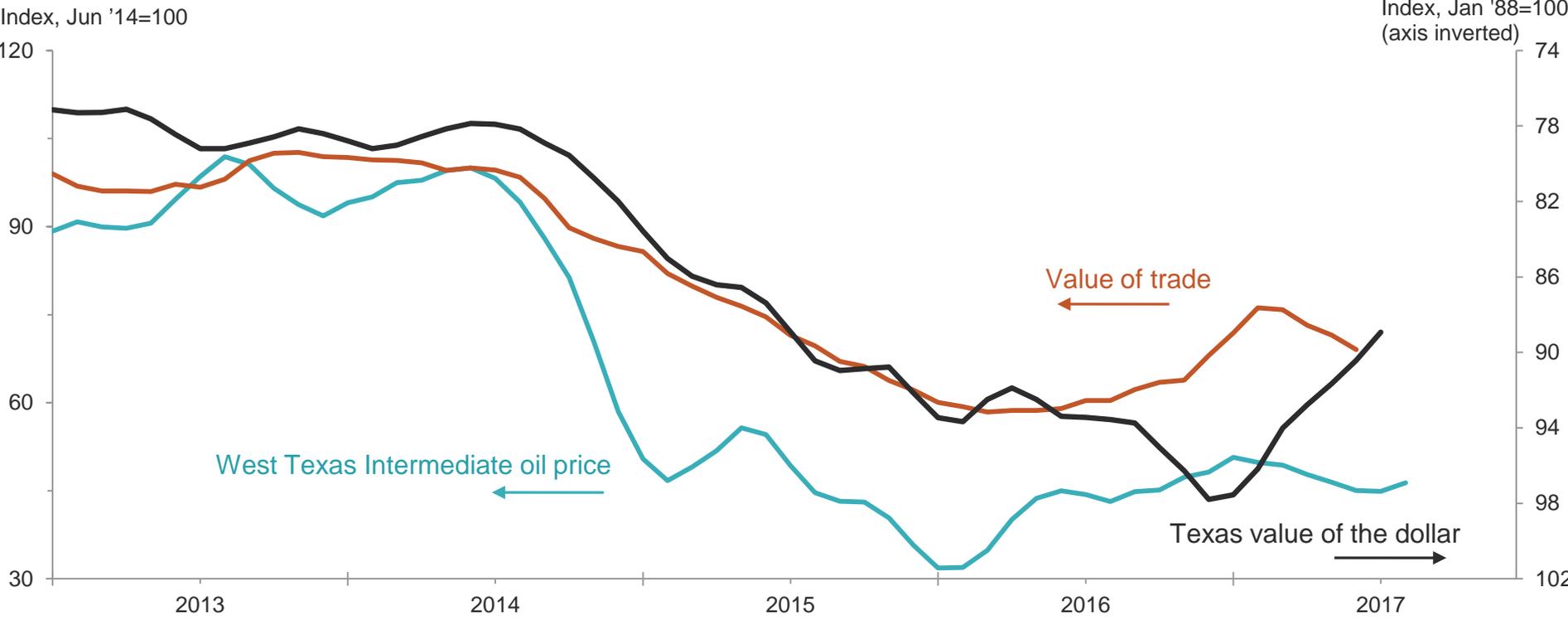
SOURCE: Baker Hughes

Manufacturing Construction & Trade

Hydrocarbon Exports Surge

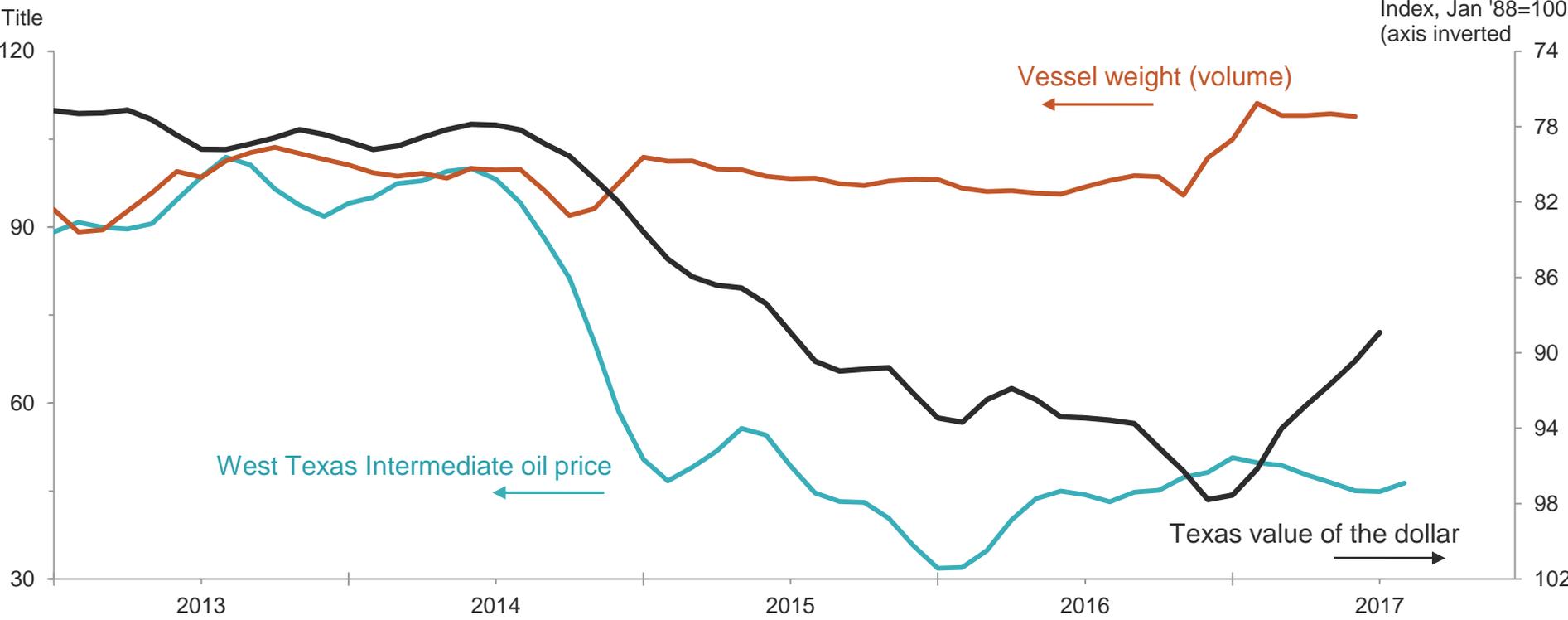
- Gasoline and diesel exports Up 60 percent from 2010 to 2016.
- Crude exports up from nearly zero to over 0.3 mb/d
- Texas now Exports LNG
- NGL exports Octupled.

Coastal Trade Value



NOTE: Trade data for Houston-Galveston and Port Arthur Customs Districts. Data displayed are centered three-month moving-averages, seasonally adjusted where appropriate.
 SOURCES: Census Bureau; Dallas Fed; Energy Information Administration.

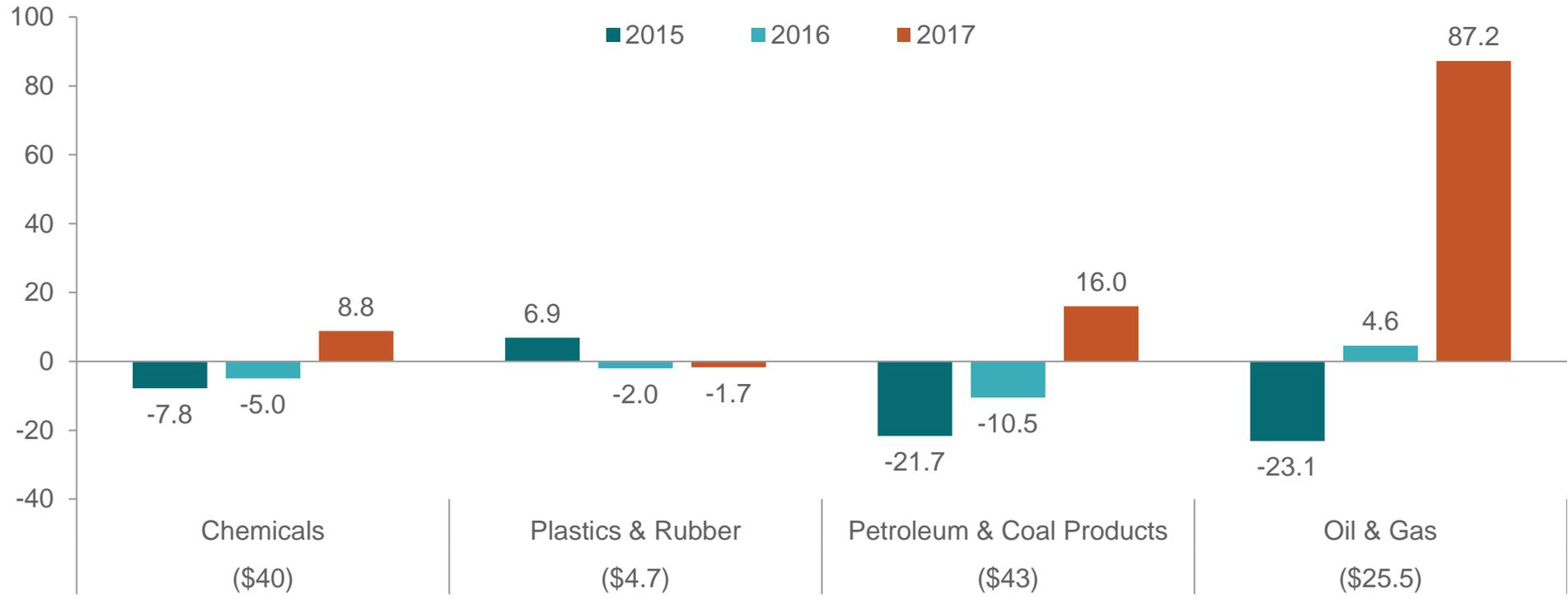
Coastal Trade Volume Up Rising



NOTE: Trade data are for Houston-Galveston and Port Arthur customs districts. Data displayed as centered three-month moving-averages, seasonally adjusted where appropriate.
 SOURCES: Census Bureau; Dallas Fed; Energy Information Agency.

Hydrocarbon Exports Up

Annual Percent Growth



NOTE: Data in parenthesis are year-to-date real annualized Texas export values in billions of dollars through 2017:Q2.

SOURCE: U.S. Census Bureau and Wisertrade.

Super-cycle of investment in new chemical capacity along the Texas Gulf.

- Real Exports of Plastic Products up 50 percent 2010 to 2016.
- Texas has 73% of U.S. Steam Cracker Capacity – Set to rise by 30 percent or more.
- The Petrochemical Construction job Boom has likely peaked.

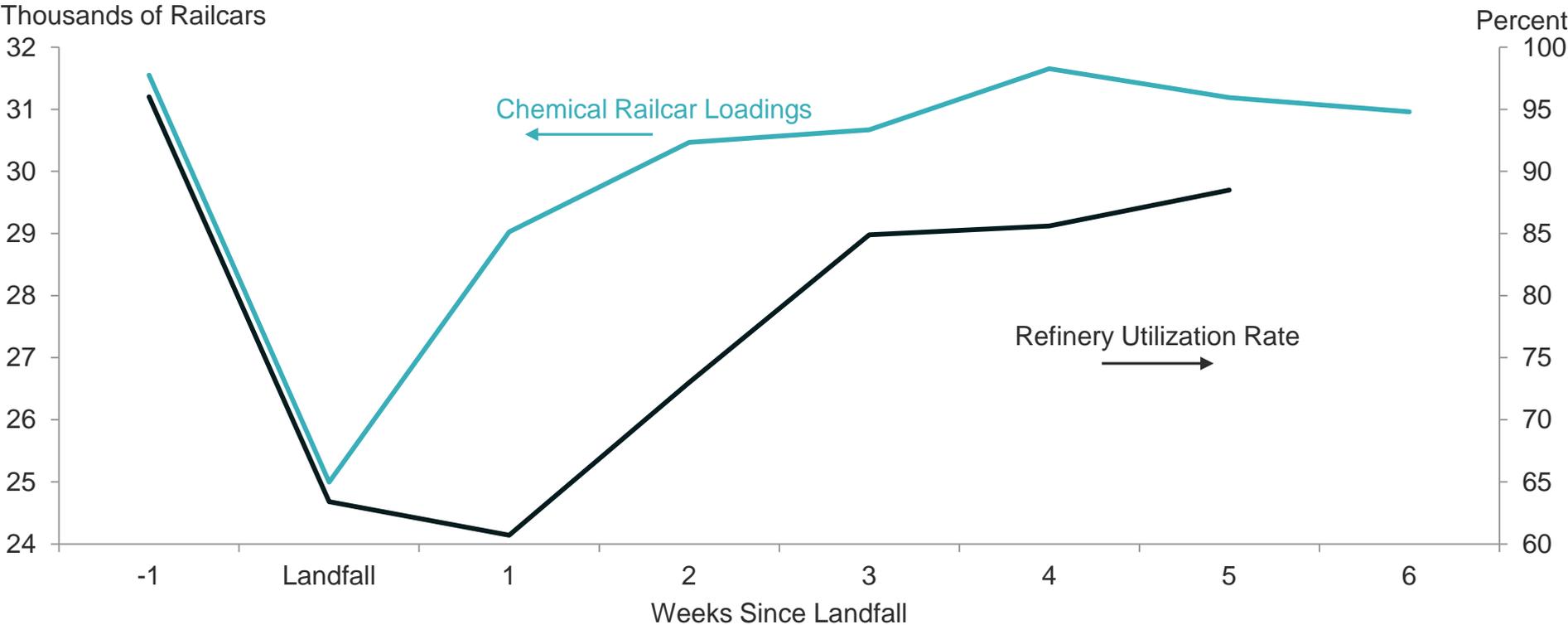
Hurricane Harvey

Harvey

Harvey Shut Down Critical Infrastructure

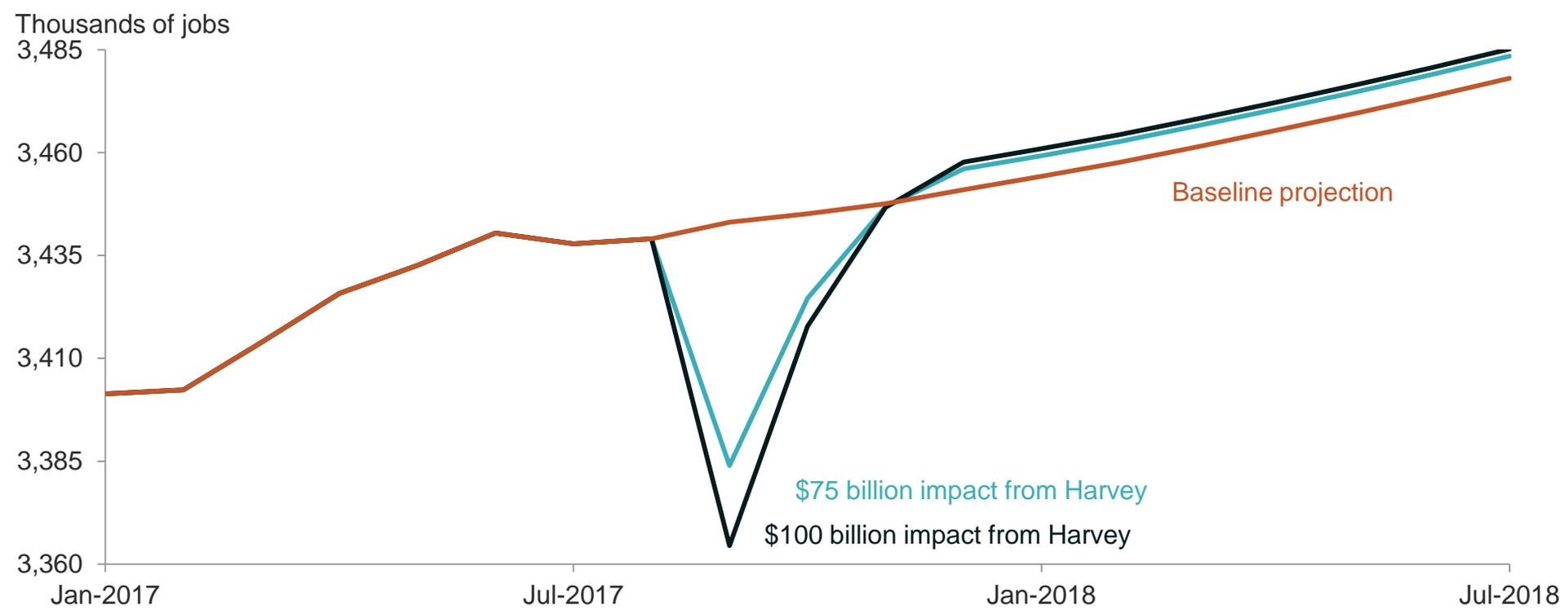
- Refineries & Chemical facilities offline
- Ports shut down, operated with restrictions for weeks

Downstream Activity Recovers on Gulf Coast



NOTES: Data are quarterly. Percentages in parentheses are vacancy rates; the multifamily vacancy rate is for apartments. Second quarter 2017 construction values are estimates.
SOURCE: Association of American Railroads; Energy Information Administration.

Projected Effect of Hurricane Harvey on Gulf Coast Employment



NOTES: Chart depicts modeled impacts to Gulf Coast jobs from Hurricane Harvey based on different dollar values of direct damages. "Gulf Coast" includes the metropolitan areas of Corpus Christi, Victoria, Houston–Woodlands–Sugar Land and Beaumont–Port Arthur.

SOURCES: Bureau of Labor Statistics; National Oceanic and Atmospheric Administration; analysis by the Dallas Fed.



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