



LOOKING BEYOND THE DATA

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The views expressed are those of the speaker and should not be attributed to the Federal Reserve Bank of Dallas or the Federal Reserve System.

Economic Analysis

- Regional Data
 - Sparse and not timely
- Surveys
 - Beige Book
 - Dallas Fed Texas Business Outlook Surveys
 - Texas Manufacturing Outlook Survey – TMOS
 - Texas Service Sector Outlook Survey – TSSOS
 - Texas Retail Outlook Survey – TROS
 - *New* Dallas Fed Energy Survey

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Beige Book

- Summary of anecdotal information about recent economic conditions and trends in the Eleventh District
- Published every 6-7 weeks, in advance of FOMC meetings
- Information gathered from
 - Phone interviews
 - Monthly electronic surveys
 - Board of Directors meetings
 - Industry roundtable discussions

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Beige Book

- Covers changes in:
 - Overall economic activity
 - Prices
 - Labor market
- Also includes some detail on sectors important to our District, like

– Manufacturing	– Financial services
– Retail sales	– Energy
– Nonfinancial services	– Agriculture
– Construction and real estate	

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Texas Business Outlook Surveys

- Monthly surveys of over 550 Texas businesses in the manufacturing and service sectors
- Valuable component of regional economic analysis and serves as input for monetary policy deliberations on the FOMC.



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Sample Survey Form

Business Indicators Relating to Your Company's Facilities and Products in Texas:	June vs. May Other than the normal seasonal change			Six months from now Other than the normal seasonal change		
	Increase	No Change	Decrease	Increase	No Change	Decrease
Revenue	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Number of employees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Number of part-time employees	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Average employee workweek	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Wages and benefits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cost for you to provide your services (input prices)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Selling prices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Capital expenditures	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
General Business Conditions:						
	Improved	Remained the Same	Worsened	Improved	Remained the Same	Worsened
How has the outlook for your company changed?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
What is your evaluation of the level of general business activity?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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Texas Business Outlook Surveys

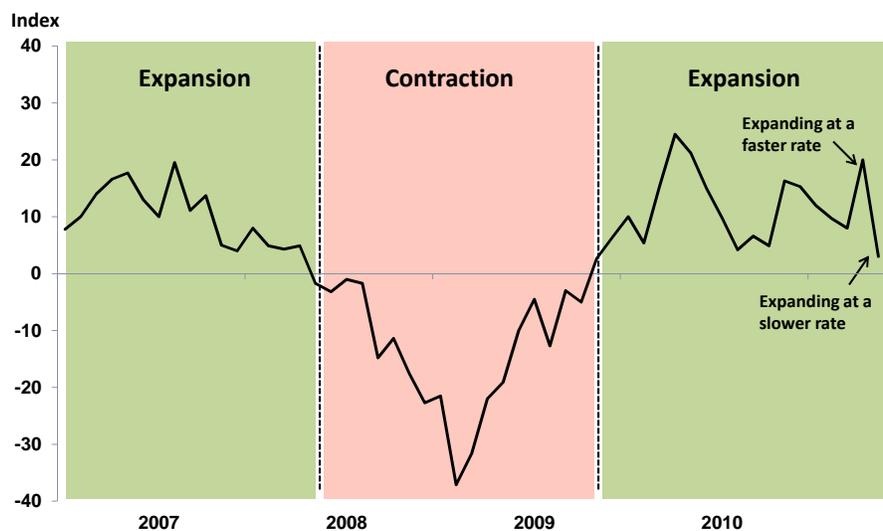
- Survey results are used to calculate indexes

Index	=	% reporting an increase	-	% reporting a decrease
10	=	30	-	20

- A positive index suggests expansion
- A negative index suggests contraction

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What does an index level suggest about activity?



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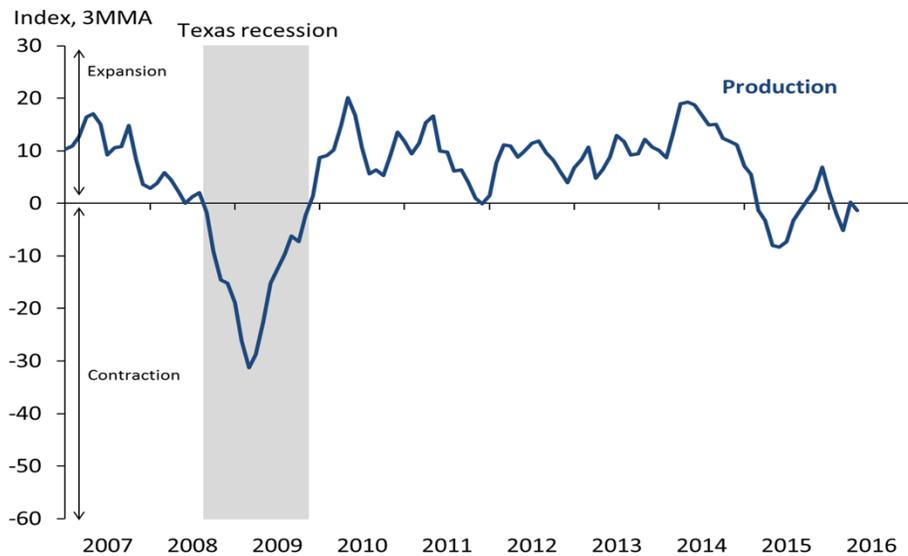
WHY ARE THE SURVEYS RELEVANT?

Relevance of the Surveys

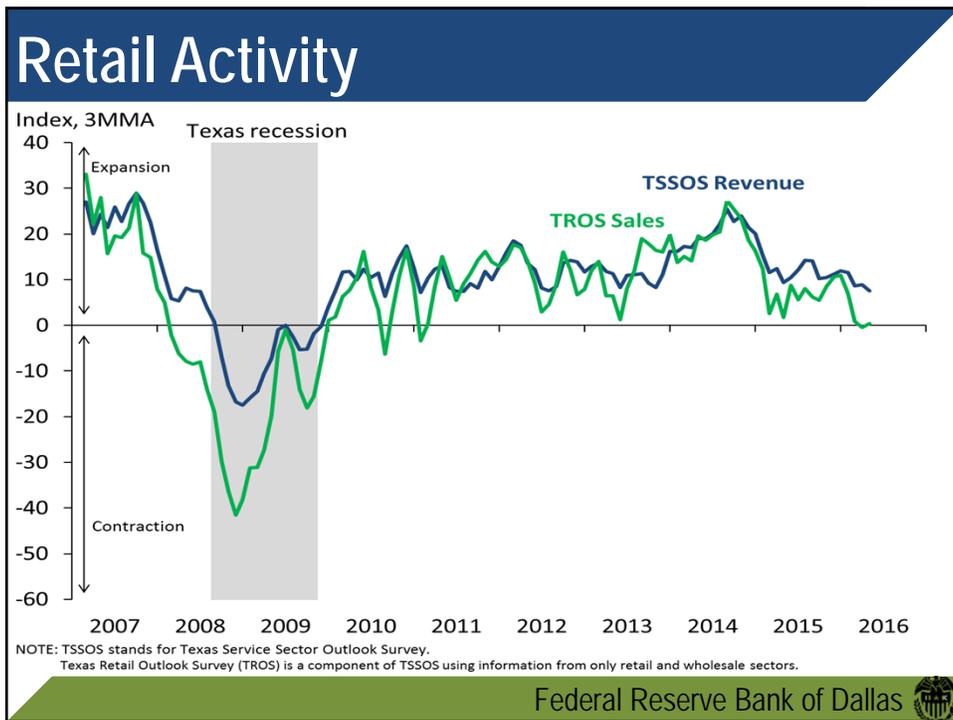
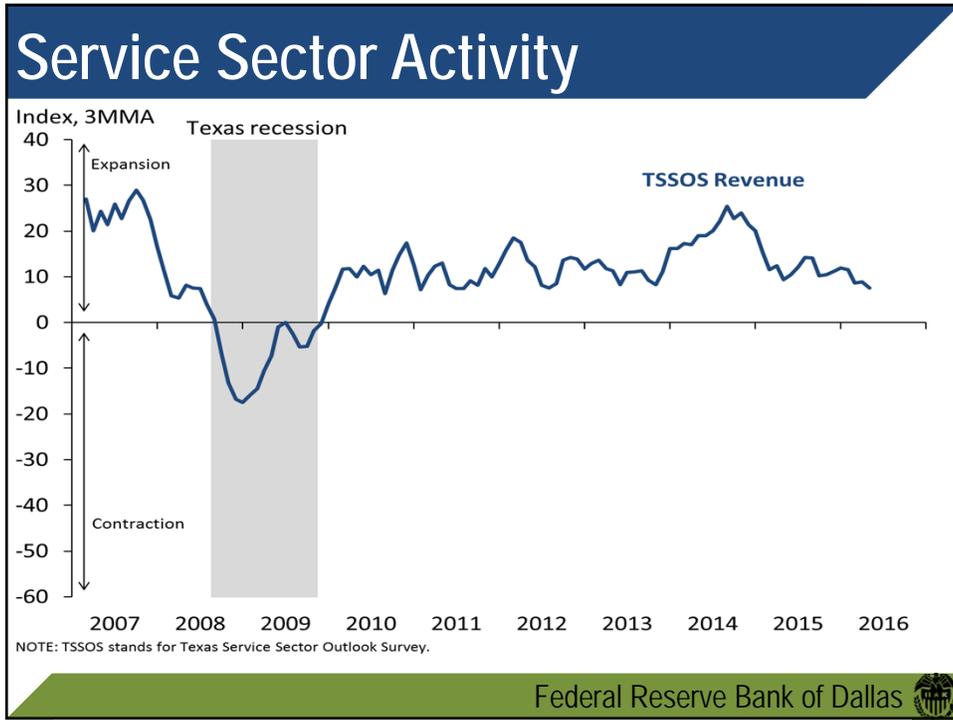
- Timely
- Provide data not otherwise available
- Cover sectors that are good indicators of the business cycle
- Reliable
 - Texas employment, GDP
 - U.S. employment, industrial production

HOW WELL DO THE SURVEYS TRACK ECONOMIC ACTIVITY IN TEXAS?

Manufacturing Activity



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New Dallas Fed Energy Survey

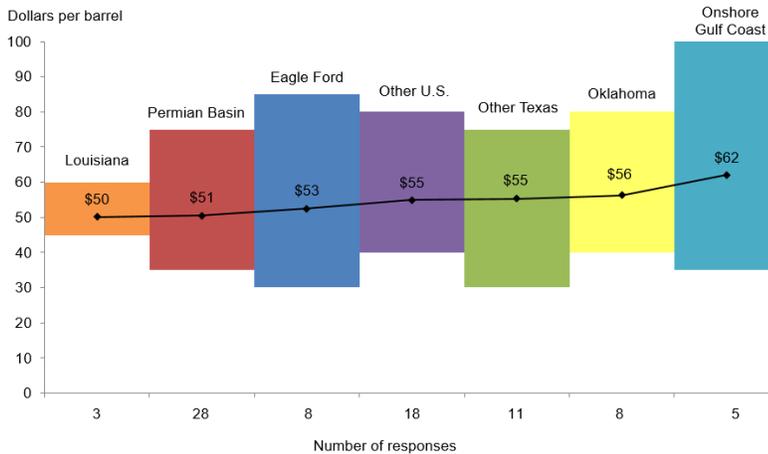
- The Dallas Fed Energy Survey samples about 200 oil and gas companies in the Eleventh District
- Quarterly; data collected since Q1 2016
- First public release June 29, 2016



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Special Questions Provide Insight

**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?**



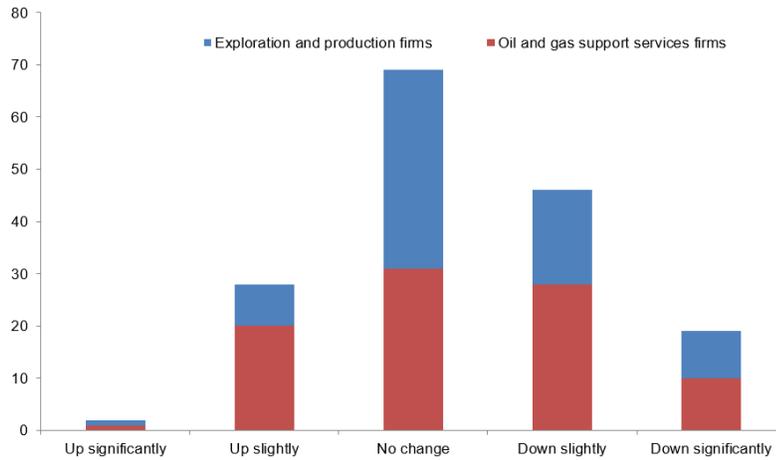
NOTES: Line depicts the mean and bars depict the range of responses. Sixty-three exploration and production firms answered this question. Other U.S. includes Bakken, Kansas and Gulf of Mexico, among other responses.
SOURCE: Federal Reserve Bank of Dallas.

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Special Questions Provide Insight

How do you expect your number of employees to change in 2016?

Number of responses



NOTE: Responses were from 74 exploration and production firms and 90 oil and gas support services firms.
SOURCE: Federal Reserve Bank of Dallas.

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Regional Economic Update



Texas Economy Faces Cross Currents

June 17, 2016

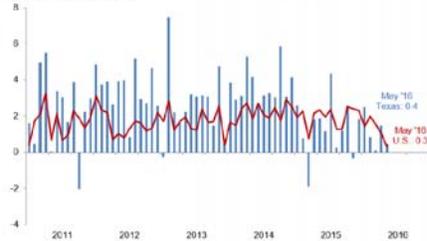
The Texas economy overall presents a befuddled picture. On the upside, employment growth bounced back in April after nearly halting in March but slowed again in May. Oil prices have increased, the rig count ticked up in early June and Texas exports rose strongly in the first quarter. The Texas Leading Index, which forecasts employment growth for the state, also saw broad-based improvement.

Despite the silver lining, dark clouds remain on the horizon. April exports data showed a decline, and the May Texas Business Outlook Surveys (TBOS) headline indexes weakened from their April readings. Moreover, we are seeing layoffs in Houston—ground zero of the energy bust—affect other sectors of the metro’s economy, particularly its residential and office markets.

Employment Growth Resumes

Texas employment grew an annualized 1.5 percent in

Chart 1
Texas Employment Growth Resumes After Pausing in March



*Seasonally adjusted annualized rate.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal adjustments by Federal Reserve Bank of Dallas.

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