



Texas Manufacturing Outlook Survey

October 26, 2020

Texas Manufacturing Expands for Fifth Straight Month

What's New This Month

For this month's survey, Texas business executives were asked supplemental questions on financing. Results for these questions from the Texas Manufacturing Outlook Survey, Texas Service Sector Outlook Survey and Texas Retail Outlook Survey have been released together.

Texas factory activity expanded in October for the fifth month in a row following a record contraction due to the COVID-19 pandemic, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, rose three points to 25.5, indicating a slight acceleration in output growth.

Other measures of manufacturing activity also point to stronger growth this month. The new orders index advanced five points to 19.9, and the growth rate of orders index inched up to 14.3. The capacity utilization index rose from 17.5 to 23.0, while the shipments index was largely unchanged at 21.9.

Perceptions of broader business conditions continued to improve in October. The general business activity index pushed further above average, coming in at 19.8, a two-year high. The company outlook index moved up three points to 17.8, also a two-year high. Uncertainty regarding companies' outlooks continued to rise, with the index moving up four points to 11.0.

Labor market measures indicated continued but slower growth in employment and work hours. The employment index remained positive but fell from 14.5 to 8.7, suggesting less-robust hiring. Twenty percent of firms noted net hiring, while 11 percent noted net layoffs. The hours worked index remained positive but moved down from 6.9 to 3.7.

Prices and wages increased in October. The raw materials prices index edged up three points to 29.4, a reading several points above the series average. The finished goods prices and wages and benefits indexes inched up to 6.8 and 16.5, respectively. Both readings are roughly in line with their respective average readings.

Expectations regarding future activity remained positive in October. The future production index held steady at 47.2, and the future general business activity index was unchanged at 28.4. Other measures of future manufacturing activity showed mixed movements but remained solidly in positive territory.

Next release: Monday, November 30

Data were collected Oct. 13–21, and 110 Texas manufacturers responded to the survey. The Dallas Fed conducts the Texas Manufacturing Outlook Survey monthly to obtain a timely assessment of the state's factory activity. Firms are asked whether output, employment, orders, prices and other indicators increased, decreased or remained unchanged over the previous month.

Survey responses are used to calculate an index for each indicator. Each index is calculated by subtracting the percentage of respondents reporting a decrease from the percentage reporting an increase. When the share of firms reporting an increase exceeds the share reporting a decrease, the index will be greater than zero, suggesting the indicator has increased over the prior month. If the share of firms reporting a decrease exceeds the share reporting an increase, the index will be below zero, suggesting the indicator has decreased over the prior month. An index will be zero when the number of firms reporting an increase is equal to the number of firms reporting a decrease. Data have been seasonally adjusted as necessary.

Results Summary

Business Indicators Relating to Facilities and Products in Texas

Current (versus previous month)

Indicator	Oct Index	Sep Index	Change	Series Average	Trend*	% Reporting Increase	% Reporting No Change	% Reporting Decrease
Production	25.5	22.3	+3.2	9.9	5(+)	39.3	46.9	13.8
Capacity Utilization	23.0	17.5	+5.5	7.6	5(+)	35.3	52.4	12.3
New Orders	19.9	14.7	+5.2	5.7	5(+)	36.8	46.3	16.9
Growth Rate of Orders	14.3	13.2	+1.1	-0.4	4(+)	28.3	57.7	14.0
Unfilled Orders	4.1	6.0	-1.9	-3.0	4(+)	17.6	68.9	13.5
Shipments	21.9	21.5	+0.4	8.6	5(+)	35.1	51.7	13.2
Delivery Time	5.1	10.1	-5.0	-0.5	4(+)	13.5	78.1	8.4
Finished Goods Inventories	-1.9	-1.9	0.0	-3.3	19(-)	15.9	66.4	17.8
Prices Paid for Raw Materials	29.4	26.2	+3.2	23.9	6(+)	31.4	66.6	2.0
Prices Received for Finished Goods	6.8	5.2	+1.6	5.9	3(+)	14.8	77.2	8.0
Wages and Benefits	16.5	15.9	+0.6	18.4	5(+)	18.5	79.5	2.0
Employment	8.7	14.5	-5.8	6.1	4(+)	19.9	68.9	11.2
Hours Worked	3.7	6.9	-3.2	2.3	4(+)	16.2	71.3	12.5
Capital Expenditures	2.6	2.8	-0.2	6.1	2(+)	15.8	71.0	13.2

General Business Conditions

Current (versus previous month)

Indicator	Oct Index	Sep Index	Change	Series Average	Trend**	% Reporting Improved	% Reporting No Change	% Reporting Worsened
Company Outlook	17.8	14.9	+2.9	6.3	5(+)	30.2	57.4	12.4
General Business Activity	19.8	13.6	+6.2	2.0	3(+)	31.3	57.2	11.5

Indicator	Oct Index	Sep Index	Change	Series Average	Trend*	% Reporting Increase	% Reporting No Change	% Reporting Decrease
Outlook Uncertainty†	11.0	6.7	+4.3	13.1	29(+)	25.7	59.6	14.7

Business Indicators Relating to Facilities and Products in Texas
Future (six months ahead)

Indicator	Oct Index	Sep Index	Change	Series Average	Trend*	% Reporting Increase	% Reporting No Change	% Reporting Decrease
Production	47.2	47.8	−0.6	38.2	6(+)	58.7	29.8	11.5
Capacity Utilization	43.7	40.8	+2.9	35.0	6(+)	52.6	38.5	8.9
New Orders	38.2	49.3	−11.1	35.9	6(+)	48.8	40.7	10.6
Growth Rate of Orders	37.9	37.6	+0.3	26.6	6(+)	47.7	42.5	9.8
Unfilled Orders	3.9	15.3	−11.4	3.8	5(+)	14.0	75.9	10.1
Shipments	37.9	41.4	−3.5	36.7	6(+)	50.5	36.9	12.6
Delivery Time	9.9	7.0	+2.9	−1.6	5(+)	16.7	76.5	6.8
Finished Goods Inventories	−1.0	11.0	−12.0	−0.5	1(−)	16.2	66.7	17.2
Prices Paid for Raw Materials	34.4	33.4	+1.0	33.1	7(+)	35.4	63.6	1.0
Prices Received for Finished Goods	24.0	21.6	+2.4	19.0	6(+)	30.0	64.0	6.0
Wages and Benefits	29.9	38.1	−8.2	37.5	6(+)	30.3	69.3	0.4
Employment	23.1	23.3	−0.2	21.7	5(+)	36.5	50.1	13.4
Hours Worked	7.9	10.6	−2.7	9.2	6(+)	17.3	73.3	9.4
Capital Expenditures	19.0	23.9	−4.9	19.5	5(+)	33.5	52.0	14.5

General Business Conditions
Future (six months ahead)

Indicator	Oct Index	Sep Index	Change	Series Average	Trend**	% Reporting Increase	% Reporting No Change	% Reporting Worsened
Company Outlook	31.7	32.5	−0.8	20.4	5(+)	44.1	43.5	12.4
General Business Activity	28.4	28.0	+0.4	13.9	5(+)	40.7	46.9	12.3

*Shown is the number of consecutive months of expansion or contraction in the underlying indicator. Expansion is indicated by a positive index reading and denoted by a (+) in the table. Contraction is indicated by a negative index reading and denoted by a (−) in the table.

**Shown is the number of consecutive months of improvement or worsening in the underlying indicator. Improvement is indicated by a positive index reading and denoted by a (+) in the table. Worsening is indicated by a negative index reading and denoted by a (−) in the table.

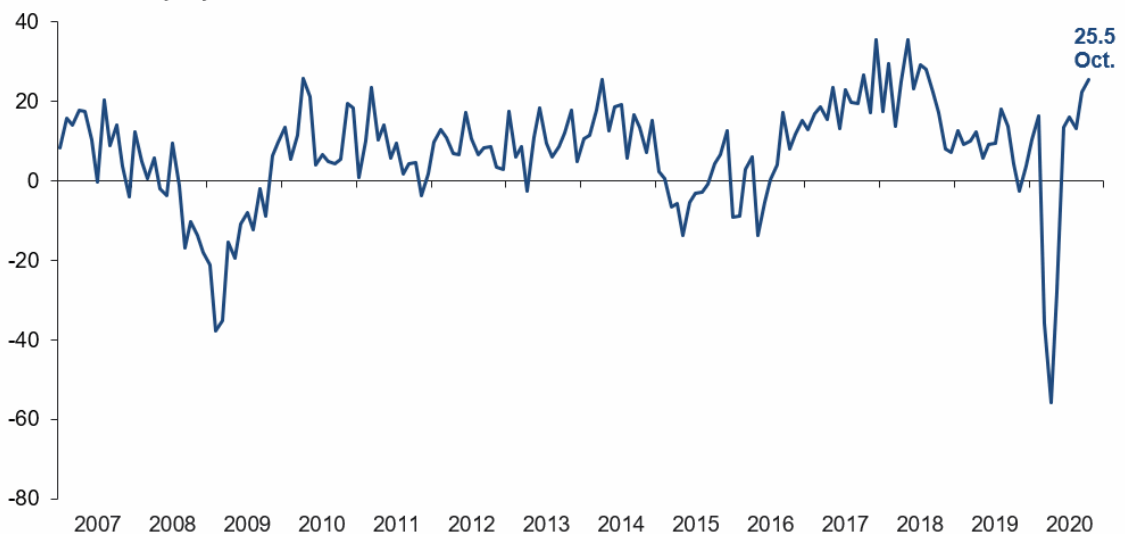
†Added to survey in January 2018.

Data have been seasonally adjusted as necessary, with the exception of the outlook uncertainty index, which does not yet have a sufficiently long time series to test for seasonality.

Production Index

Texas Manufacturing Outlook Survey Production Index

Index, seasonally adjusted



Federal Reserve Bank of Dallas

Comments from Survey Respondents

These comments are from respondents' completed surveys and have been edited for publication.

Chemical Manufacturing

- Normal annual shutdown/turnaround cycles have production rates down. Business demand is slightly higher, with some horizon for increased sales despite being in the fourth quarter, which is traditionally a lower sales period due to inventory destocking by customers.

Primary Metal Manufacturing

- Our future outlook on profits and general business all hinges on the election. If President Trump wins, our future looks bright, and if Mr. Biden wins, it will be gloom and doom for a long period of time.
- We are experiencing increased demand for building and construction products as well as some increase within the transportation products industry.

Fabricated Metal Manufacturing

- Restaurant, hospitality and retail construction [sectors] are still in decline
- Finding people to hire and [employee] attendance are big problems.
- Our backlog is building, which is a good indication there are some positive forces in the business community regarding steel fabrication projects. Most of our backlog buildup is not related to the energy sector.

Machinery Manufacturing

- We are now running three shifts to keep up with the current high demand for our products. We anticipate this demand to last throughout 2021; however, the election outcome could adversely affect this prognosis toward the end of next year.

- With the prolonged depression in the oil market, the closing of many of our customers, the increase in cost per employee and the inability to forecast this market, our company is looking to make drastic changes to keep our doors at least partially open.
- The election is the cause of much uncertainty.
- With the press writing more and more of a change [coming] in Washington, we've noticed a substantial pullback in orders and people worried about a change in administrations. They are holding cash and withholding orders until after the elections. The blue wave spoken about will be very hard on the oil industry and associated companies. It appears that all common sense in politics is out the window, and the politics driving energy are now either renewables or nothing. Savings rates are extremely high and will be going higher with a new administration. And as an owner of an oil-related company, we are already cutting back drastically in every area of our business to protect what we've gained over the past few years.

Computer and Electronic Product Manufacturing

- Business remains somewhat muted but still at a survivable level. We expect the near term to be rocky around the elections, but next year should be an improvement over 2020.
- Our outlook is still changing every month; our current lower outlook is not catastrophic but a bit painful.
- The results of the election will have a significant impact on the future outlook of our business; right now, we seem to be in limbo. Both sides imply if they lose, there will be chaos.
- We are unusually slow for October. It's normally our highest-growing month, and we are at about half of the sales.
- We have seen general broad-based strength, with pockets of potential weakness developing. Uncertainty still lingers as demand is driven by strong inventory replenishment and automotive customers restarting factories. At this point, demand looks to carry through the fourth quarter and even into the first quarter 2021 based on current trends. It will take until late January/early February to see if demand pull-through will allow growth to continue. Fingers crossed.
- There is still a lot of uncertainty in the industries we are working with. The election can't be here soon enough! This economy has to gear back on with business confidence.

Transportation Equipment Manufacturing

- Our outlook has changed due to uncertainty about national leadership, and COVID is still a cloud over much of the economy. With respect to our industry supply chain, delays in receiving materials are disruptive to production and finished good deliveries and [lead to] higher costs associated with alternative sourcing.
- Business activity remains significantly slower than normal, with a marginal increase in new requests for quotations and purchase orders over the past month. By taking steps toward just-in-time purchasing, we will achieve lower inventory levels at the expense of higher prices. Multiple customer contracts expire and/or renew within the next six months, and we will be taking advantage of the opportunity to increase prices for most items.

Furniture and Related Product Manufacturing

- We've seen an increased amount of bid requests, and the number of outstanding bids without disposition has increased. We are seeing other segments bidding in areas they generally don't compete in. Some projects are being awarded for the cost of materials. There's a good deal of client uncertainty in making decisions.

Food Manufacturing

- We have had volatility in rice prices. All in all, our supply chain remains stable.

Paper Manufacturing

- We're currently experiencing COVID-related production delays that are affecting deliveries. Unhappy customers.

Printing and Related Support Activities

- Dislocations in the economy created by COVID have caused and are causing difficult-to-manage changes in demand patterns. Strong demand in the consumer goods segment is causing overstocking and then a sudden falloff in demand, on top of drastic demand declines in institutional business (restaurants, hotels, stadiums, schools, etc.) and an erratic recovery.
- We have been very fortunate to have a large amount of overflow work that is starting to come to an end, and now we are faced with significantly reduced order volume and overall anemic business activity. While there is quite a bit of quote activity, we are not confident this will turn into live jobs anytime soon.

Miscellaneous Manufacturing

- The rise and general acceptance of socialistic and communalistic principles in America is truly frightening, and the risks for our way of life and economic future are a real concern. Higher taxes, uncontrolled spending and overregulation will be a major deciding factor if we [will] continue to expand, invest, hire, innovate and focus on business or not. If our freedoms are further eroded in the name of safety, or if our property is seized in the name of equality, then many of us will be looking for a new place to utilize our time, talents and efforts.

Questions regarding the Texas Manufacturing Outlook Survey can be addressed to Emily Kerr at emily.kerr@dal.frb.org.

Texas **Business** Outlook Surveys

Special Questions

October 26, 2020

For this month's survey, Texas business executives were asked supplemental questions on financing. Results below include responses from participants of all three surveys: Texas Manufacturing Outlook Survey, Texas Service Sector Outlook Survey and Texas Retail Outlook Survey.

Texas Business Outlook Surveys

Data were collected Oct. 13–21, and 379 Texas business executives responded to the surveys.

Did you receive a Paycheck Protection Program (PPP) loan?

Yes	57.7
No	42.3

NOTE: 371 responses.

What share of your PPP loan do you expect to be forgiven?

Average response	96.5
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NOTES: 214 responses, though 14.5 percent responded 'Don't know.' Only posed to those who reported their firm received a PPP loan.

Since the end of the PPP in August, have you tried to obtain financing?

Yes	17.3
No	82.7

NOTES: 214 responses. Only posed to those who reported their firm received a PPP loan.

If not, why not?

No need for additional financing	63.8
Waiting for another round of PPP funding or other federal assistance	14.7
Can't afford to take on additional debt at this time	11.9
Other	9.6

NOTES: 177 responses. Only posed to those who reported their firm has not tried to obtain financing.

To what extent is your business having difficulty obtaining financing for desired short-term uses such as paying workers and acquiring inventories of material or supplies?

No difficulty	41.8
Some difficulty	8.2
Substantial difficulty	2.6
Extreme difficulty	2.1
Not applicable—haven't sought credit	45.4

NOTES: 194 responses. Was not posed to those who reported their firm has not tried to obtain financing.

To what extent is your business having difficulty obtaining financing for desired long-term uses such as capital expenditures?

No difficulty	38.1
Some difficulty	13.9
Substantial difficulty	3.6
Extreme difficulty	1.0
Not applicable—haven't sought credit	43.3

NOTES: 194 responses. Was not posed to those who reported their firm has not tried to obtain financing.

**How would your firm respond if you were unable to access adequate financing by year-end, either via federal assistance or other means?
Please select all that apply.**

Reduce or postpone capital expenditures	57.2
Trim operating expenses (e.g., maintenance, office expenses, advertising)	56.3
Reduce employee hours	34.0
Scale back business operations	34.0
Lay off workers	32.8
Implement a hiring freeze	32.5
Reduce employee compensation or benefits	23.5
Temporarily shut down operations	5.1
Permanently shut down operations	2.4
Other	19.3

NOTE: 332 responses.

Survey respondents were given the opportunity to provide comments. These comments can be found on the individual survey Special Questions results pages.

Texas Manufacturing Outlook Survey

Data were collected Oct. 13–21, and 107 Texas manufacturers responded to the survey.

Did you receive a Paycheck Protection Program (PPP) loan?

Yes	68.2
No	31.8

NOTE: 107 responses.

What share of your PPP loan do you expect to be forgiven?

Average response	98.8
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NOTES: 73 responses, though 16.4 percent responded 'Don't know.' Only posed to those who reported their firm received a PPP loan.

Since the end of the PPP in August, have you tried to obtain financing?

Yes	15.1
No	84.9

NOTES: 73 responses. Only posed to those who reported their firm received a PPP loan.

If not, why not?

No need for additional financing	61.3
Waiting for another round of PPP funding or other federal assistance	24.2
Can't afford to take on additional debt at this time	8.1
Other	6.5

NOTES: 62 responses. Only posed to those who reported their firm has not tried to obtain financing.

To what extent is your business having difficulty obtaining financing for desired short-term uses such as paying workers and acquiring inventories of material or supplies?

No difficulty	51.1
Some difficulty	8.9
Substantial difficulty	6.7
Extreme difficulty	0.0
Not applicable—haven't sought credit	33.3

NOTES: 45 responses. Was not posed to those who reported their firm has not tried to obtain financing.

To what extent is your business having difficulty obtaining financing for desired long-term uses such as capital expenditures?

No difficulty	51.1
Some difficulty	13.3
Substantial difficulty	6.7
Extreme difficulty	0.0
Not applicable—haven't sought credit	28.9

NOTES: 45 responses. Was not posed to those who reported their firm has not tried to obtain financing.

How would your firm respond if you were unable to access adequate financing by year-end, either via federal assistance or other means? Please select all that apply.

Reduce or postpone capital expenditures	70.0
Trim operating expenses (e.g., maintenance, office expenses, advertising)	56.0
Reduce employee hours	49.0
Scale back business operations	40.0
Implement a hiring freeze	33.0
Lay off workers	32.0
Reduce employee compensation or benefits	19.0
Temporarily shut down operations	6.0
Permanently shut down operations	0.0
Other	14.0

NOTE: 100 responses.

Special Questions Comments

These comments have been edited for publication.

Chemical Manufacturing

- I do not believe that obtaining capital will be a challenge.

Primary Metal Manufacturing

- Our main concern is the upcoming election, and if there is a change in the presidency, the effect it will have, if any, on manufacturing. We have had steady growth over the past four years and expect it to continue unless an increase in taxes and spending by the government curtails it.

Fabricated Metal Manufacturing

- We are hoping PPP [Paycheck Protection Program] loans are forgiven as our banker is alluding—at least that is a big step toward getting back on the right track.

Machinery Manufacturing

- It's hard to eat ribs when the meat is already gone. We are at the bottom of operations now.
- We've cut back substantially after the PPP ended. We are now operating with our key people with minimum business opportunities. Our next cutback will really hit the bone hard. But we are doing a great deal better than our competitors because we vertically integrated years ago. No one else did, and they are paying the price now. But that doesn't mean that we are doing well—just that we are going to survive this pandemic.

Computer and Electronic Product Manufacturing

- It would be great to see some progress toward another round of stimulus or to at least have a better feeling of if such an event were a probability rather than a possibility. However, a bigger looming factor is the IRS decision to not allow deductions for expenses paid by PPP funds. That appears to be against the intent of Congress in passing the bill and, frankly, creates additional uncertainty in planning and understanding our true cash requirements. In addition, knowing the tax consequences before choosing to participate in the loan program would have been helpful. The IRS position is opposite of what we were led to believe when choosing to participate. Right now, we don't know if we will, in essence, be taxed on those loans nor whether additional help will be available. To sure up things for small business and reduce uncertainty, Congress needs to take care of the items that are in their control. The political environment is caustic, and small business deserves answers and action, not rhetoric and inaction.
- We do not need immediate financing, but if we did, we would trim expenses appropriately starting with the operating expenses.

Transportation Equipment Manufacturing

- Trying to access SBA [Small Business Administration] disaster loans has been frustrating and futile.

Printing and Related Support Activities

- This has not been an issue, as being a producer of packaging for consumer goods and institutions, demand has been robust but erratic.
- PPP was a huge benefit for us and our employees, and we will apply for it again if it is offered.

Texas Service Sector Outlook Survey

Data were collected Oct. 13–21, and 272 Texas business executives responded to the survey.

Did you receive a Paycheck Protection Program (PPP) loan?

Yes	53.4
No	46.6

NOTE: 264 responses.

What share of your PPP loan do you expect to be forgiven?

Average response	95.3
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NOTES: 141 responses, though 13.5 percent responded 'Don't know.' Only posed to those who reported their firm received a PPP loan.

Since the end of the PPP in August, have you tried to obtain financing?

Yes	18.4
No	81.6

NOTES: 141 responses. Only posed to those who reported their firm received a PPP loan.

If not, why not?

No need for additional financing	65.2
Waiting for another round of PPP funding or other federal assistance	13.9
Can't afford to take on additional debt at this time	9.6
Other	11.3

NOTES: 115 responses. Only posed to those who reported their firm has not tried to obtain financing.

To what extent is your business having difficulty obtaining financing for desired short-term uses such as paying workers and acquiring inventories of material or supplies?

No difficulty	38.9
Some difficulty	8.1
Substantial difficulty	1.3
Extreme difficulty	2.7
Not applicable—haven't sought credit	49.0

NOTES: 149 responses. Was not posed to those who reported their firm has not tried to obtain financing.

To what extent is your business having difficulty obtaining financing for desired long-term uses such as capital expenditures?

No difficulty	34.2
Some difficulty	14.1
Substantial difficulty	2.7
Extreme difficulty	1.3
Not applicable—haven't sought credit	47.7

NOTES: 149 responses. Was not posed to those who reported their firm has not tried to obtain financing.

How would your firm respond if you were unable to access adequate financing by year-end, either via federal assistance or other means? Please select all that apply.

Trim operating expenses (e.g., maintenance, office expenses, advertising)	56.5
Reduce or postpone capital expenditures	51.7
Lay off workers	33.2
Implement a hiring freeze	32.3
Scale back business operations	31.5
Reduce employee hours	27.6
Reduce employee compensation or benefits	25.4
Temporarily shut down operations	4.7
Permanently shut down operations	3.4
Other	21.6

NOTE: 232 responses.

Special Questions Comments

These comments have been edited for publication.

Air Transportation

- [We] received airline PSP [Payroll Support Program] instead [of Paycheck Protection Program support].

Pipeline Transportation

- The biggest impact [will come from] global petroleum demand.
- Access to capital was a real issue for some high-yield issuers early in the year, particularly energy issuers. That seems to have eased somewhat, but energy as a sector is still highly disfavored, and access to capital remains a concern over the long term.

Warehousing and Storage

- Currently, we are well-capitalized and have access to an as-of-yet-untapped \$150 million line of credit, so we do not expect to be forced to slow down either [our] operations or capital expenditures.

Data Processing, Hosting and Related Services

- The company's attorneys and accountants recommended not to take PPP due to many unknowns about the PPP during the spring, and instead apply for traditional forms of financing, so we applied for and received a bank line of credit to weather what may come.

Credit Intermediation and Related Activities

- We currently have no liquidity concerns.
- We have found a bank (finally) that is using the MSLP [Main Street Lending Program] and are trying to get a working capital loan through them. While we have plenty of cash, it is securing another debt facility, and we cannot access it. We have also been working for about four months on an SBA [Small Business Administration] 504 loan to permanently refinance our facilities and equipment.

Securities, Commodity Contracts, and Other Financial Investments and Related Activities

- [We are] just keeping the doors open!

Real Estate

- If President Trump is reelected, our economy will be great. People want to hire and open their businesses.
- We have access to financing, and the rates are favorable. Some long-term money is a little higher, but all rates are so low that it doesn't matter. What matters is being able to collect rents and make mortgage payments. With no government interference in the business or legal process, we feel we can be OK, and our tenants seem to be doing better as well.

Professional, Scientific and Technical Services

- Since PPP ended, we have had to reduce salaries for certain staff. If PPP were to continue, those staff salaries could be increased to previous levels.
- The current administration needs to be thanked big time by small business like ours. They came with PPP loans very fast. Plus, we also got an SBA small business loan. We could not get loans from commercial lenders, and these two loans for us in our case saved [us] from needing to do any downsizing or staff layoffs.

- We are growing back revenue after COVID-19, and the business climate is looking a lot better in the U.S. as well as worldwide.

Administrative and Support Services

- The COVID-19 experience has been very difficult. We are pleased that it seems to be going away.
- While my business of luxury travel will be the last to rebound in the future, it impacts so many areas of our economy. The lack of D.C. support is telling on how we are really on our own versus what we see from less-prosperous nations around the world who are supporting their economy in better fashion.
- As business improves, it is measured from the absolute low established in April through August. We remain unprofitable now and are funding the business in part from EIDL [Economic Injury Disaster Loan] proceeds, which is not sustainable. The PPP funds have been spent. We need legislation to remove the taxability of forgiven PPP loans.
- The lesson learned from prior downturns is losing employees complicates the recovery effort. We strive to avoid reductions in force absent a critical or unavoidable issue. While revenues have declined slightly year over year, the reduction of operating costs resulting from quarantine has exceeded the loss of revenue. PPP served to bridge the timing of working capital and allow for retention of all employees.
- I qualified for a disaster loan, and the funds will allow me to continue operations until first quarter 2021.

Ambulatory Health Care Services

- Financing is not specifically critical. We face decreased revenue, decreased reimbursement and increased cost of goods due to COVID-19.

Museums, Historical Sites and Similar Institutions

- Our board would demand that we shut down completely [if we were unable to access adequate financing by year-end], but since we care for live animals, a complete shutdown is not feasible.

Amusement, Gambling and Recreation Industries

- We are fortunate to have some money to fall back on, but to prevent the speedy draining of our reserves, we have already done [many things] except temporarily or permanently shutting down.

Food Services and Drinking Places

- I did apply for the Main Street Loan with my bank, and I did not qualify. They told me I only qualified for \$247,000 and the minimum should be \$250,000. I was disappointed and sad because I had a project to buy a pizza franchise with this loan.
- Financing is not an issue for us. Finding employees who want to work is our major issue. High weekly unemployment benefits are encouraging people to stay home versus go out and work.

Texas Retail Outlook Survey

Data were collected Oct. 13–21, and 51 Texas retailers responded to the survey.

Did you receive a Paycheck Protection Program (PPP) loan?

Yes	60.0
No	40.0

NOTE: 50 responses.

What share of your PPP loan do you expect to be forgiven?

Average response	93.2
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NOTES: 30 responses, though 6.7 percent responded 'Don't know.' Only posed to those who reported their firm received a PPP loan.

Since the end of the PPP in August, have you tried to obtain financing?

Yes	13.3
No	86.7

NOTES: 30 responses. Only posed to those who reported their firm received a PPP loan.

If not, why not?

No need for additional financing	76.9
Waiting for another round of PPP funding or other federal assistance	7.7
Can't afford to take on additional debt at this time	3.8
Other	11.5

NOTES: 26 responses. Only posed to those who reported their firm has not tried to obtain financing.

To what extent is your business having difficulty obtaining financing for desired short-term uses such as paying workers and acquiring inventories of material or supplies?

No difficulty	54.2
Some difficulty	0.0
Substantial difficulty	0.0
Extreme difficulty	0.0
Not applicable—haven't sought credit	45.8

NOTES: 24 responses. Was not posed to those who reported their firm has not tried to obtain financing.

To what extent is your business having difficulty obtaining financing for desired long-term uses such as capital expenditures?

No difficulty	45.8
Some difficulty	12.5
Substantial difficulty	0.0
Extreme difficulty	0.0
Not applicable—haven't sought credit	41.7

NOTES: 24 responses. Was not posed to those who reported their firm has not tried to obtain financing.

How would your firm respond if you were unable to access adequate financing by year-end, either via federal assistance or other means? Please select all that apply.

Trim operating expenses (e.g., maintenance, office expenses, advertising)	57.1
Reduce or postpone capital expenditures	57.1
Implement a hiring freeze	38.1
Lay off workers	38.1
Reduce employee hours	33.3
Reduce employee compensation or benefits	28.6
Scale back business operations	26.2
Permanently shut down operations	7.1
Temporarily shut down operations	2.4
Other	19.0

NOTE: 42 responses.

Special Questions Comments

These comments have been edited for publication.

Motor Vehicle and Parts Dealers

- The election will negatively impact the business climate if Biden wins.
- We don't anticipate having to take any actions [in response to lack of access to financing].

Building Material and Garden Equipment and Supplies Dealers

- The PPP was a lifesaver for our company, as it allowed us to keep all our employees and actually hire a few more qualified people who were laid off in our industry, even though our sales suffered because of the shutdown (or slowdown depending on what you want to call it).

Questions regarding the Texas Business Outlook Surveys can be addressed to Emily Kerr at emily.kerr@dal.frb.org.