Texas **Service Sector** Outlook Survey

July 28, 2020

Texas Service Sector Activity Declines

What's New This Month

For this month's survey, Texas business executives were asked supplemental questions on the impacts of COVID-19. Results for these questions from the Texas Manufacturing Outlook Survey, Texas Service Sector Outlook Survey and Texas Retail Outlook Survey have been released together.

Activity in the Texas service sector contracted in July after showing moderate growth in June, according to business executives responding to the Texas Service Sector Outlook Survey. The revenue index, a key measure of state service sector conditions, dropped to negative territory, falling from 5.7 in June to -8.5 in July.

Labor market indicators reflected a further deterioration in employment and shortening workweek length in July. The employment index fell five points to -6.8, suggesting an acceleration in job declines compared with June, while the hours worked index declined three-and-a-half points to -3.7.

Perceptions of broader business conditions turned negative in July. The general business activity index plunged nearly 29 points to -26.7, while the company outlook index fell from 2.2 to -15.8. One-third of respondents noted a worsening of their outlook, compared with 17 percent noting an improved outlook. The outlook uncertainty index surged to 29.4, its highest reading since April.

Wages flattened out in July, while price pressures were mixed. The wages and benefits index declined seven points to 0.4, a level indicating little net change in employee compensation. The selling prices index fell from -2.2 to -5.9, while the input prices index was roughly unchanged at 17.8, suggesting continued inflation in firms' input costs.

Respondents' expectations regarding future business activity were mixed in July. The future general business activity index shed 16 points to -9.2, with 34 percent of respondents expecting worsening activity in six months. The future revenue index, though still positive, dropped from 34.1 to 17.9. Other indexes of future service sector activity such as employment were still positive but below their 12-month averages, suggesting expectations of slower improvement over the next six months.

Texas **Retail** Outlook Survey

Texas Retail Sales Plunge

Retail sales activity declined sharply in July, according to business executives responding to the Texas Retail Outlook Survey. The sales index, a key measure of state retail activity, plummeted nearly 60 points to -26.7, its weakest reading since April. Nearly half of respondents reported decreased sales compared with June, while just 21 percent reported increases. Inventories continued to fall at a rapid pace, with the inventories index increasing but remaining starkly negative at -21.3.

Retail labor market indicators worsened in July, pointing toward an acceleration in job losses and shortening workweek lengths. The employment index fell from -5.0 to -10.7, while the part-time employment index shed over 11 points, falling to -15.4. The hours worked index slipped slightly from -6.2 in June to -7.8 in July.

Retailers' perceptions of broader business conditions turned sharply negative compared with June's optimism. The general business activity index lost over 53 points, dropping to -23.7, while the company outlook index declined from 16.5 in June to -6.8 in July. The outlook uncertainty index also spiked from -9.6 to 13.7, pointing to heightened uncertainty compared with June.

Retail wages declined in July, while price pressures eased notably. The wages and benefits index fell into negative territory, dipping from 2.8 in June to -5.3 in July. The selling prices index decreased over 15 points to 2.0, suggesting mild inflation pressures, while the input prices index dropped about 11 points to 17.1.

Retailers' perceptions of future activity were subdued in July compared with June. The future general business activity index fell from 12.7 to -3.4. Meanwhile, the future sales index declined over seven points, though at 32.3 it still suggests expectations of sales growth six months ahead. Other indexes of future retail activity such as employment remained positive but fell, pointing to overall expectations of a weaker increase in future activity.

The Texas Retail Outlook Survey is a component of the Texas Service Sector Outlook Survey that uses information only from respondents in the retail and wholesale sectors.

Next release: September 1, 2020

Data were collected July 14–22, and 244 Texas service sector and 53 retail sector business executives responded to the survey. The Dallas Fed conducts the Texas Service Sector Outlook Survey monthly to obtain a timely assessment of the state's service sector activity. Firms are asked whether revenue, employment, prices, general business activity 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.

Texas Service Sector Outlook Survey

Business Indicators Relating to Facilities and Products in Texas
Current (versus previous month)

Indicator	Jul Index	Jun Index	Change	Series Average	Trend*	% Reporting Increase	% Reporting No Change	% Reporting Decrease
Revenue	–8.5	5.7	–14.2	10.9	1(–)	27.6	36.2	36.1
Employment	–6.8	–1.9	–4.9	6.0	5(–)	9.6	73.9	16.4
Part-Time Employment	–11.5	–5.2	–6.3	1.2	5(–)	2.5	83.5	14.0
Hours Worked	–3.7	–0.2	–3.5	2.2	5(–)	10.3	75.7	14.0
Wages and Benefits	0.4	7.8	–7.4	14.0	2(+)	11.1	78.2	10.7
Input Prices	17.8	17.5	+0.3	24.9	3(+)	24.4	69.0	6.6
Selling Prices	–5.9	–2.2	–3.7	5.0	5(–)	11.5	71.1	17.4
Capital Expenditures	–7.9	–5.6	–2.3	9.8	5(–)	10.1	71.9	18.0

General Business Conditions
Current (versus previous month)

Indicator	Jul Index	Jun Index	Change	Series Average	Trend**	% Reporting Improved	% Reporting No Change	% Reporting Worsened
Company Outlook	–15.8	2.2	–18.0	4.8	1(–)	17.2	49.7	33.0
General Business Activity	–26.7	2.1	–28.8	2.5	1(–)	15.6	42.1	42.3

Indicator	Jul Index	Jun Index	Change	Series Average	Trend*	% Reporting Increase	% Reporting No Change	% Reporting Decrease
Outlook Uncertainty†	29.4	5.9	+23.5	13.8	30(+)	43.1	43.2	13.7

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

Indicator	Jul Index	Jun Index	Change	Series Average	Trend*	% Reporting Increase	% Reporting No Change	% Reporting Decrease
Revenue	17.9	34.1	–16.2	36.7	3(+)	44.4	29.0	26.5
Employment	5.1	11.4	–6.3	21.5	3(+)	24.0	57.1	18.9
Part–Time Employment	0.0	1.1	–1.1	6.3	1()	14.8	70.4	14.8
Hours Worked	7.6	13.1	–5.5	5.3	3(+)	16.5	74.6	8.9
Wages and Benefits	19.1	19.1	0.0	35.8	3(+)	27.5	64.1	8.4
Input Prices	27.8	27.4	+0.4	43.6	163(+)	36.2	55.4	8.4
Selling Prices	5.9	10.2	–4.3	22.7	3(+)	20.6	64.7	14.7
Capital Expenditures	1.8	4.6	–2.8	23.1	2(+)	21.4	58.9	19.6

General Business Conditions
Future (six months ahead)

Indicator	Jul Index	Jun Index	Change	Series Average	Trend**	% Reporting Improved	% Reporting No Change	% Reporting Worsened
Company Outlook	–3.1	6.2	–9.3	15.9	1(–)	26.0	45.0	29.1
General Business Activity	–9.2	6.8	–16.0	12.5	1(–)	24.9	41.0	34.1

Texas Retail Outlook Survey

Business Indicators Relating to Facilities and Products in Texas

Retail (versus previous month)

Indicator	Jul Index	Jun Index	Change	Series Average	Trend*	% Reporting Increase	% Reporting No Change	% Reporting Decrease
Retail Activity in Texas								
Sales	–26.7	33.0	–59.7	5.7	1(–)	21.2	30.9	47.9
Employment	–10.7	–5.0	–5.7	1.7	5(–)	7.8	73.7	18.5
Part-Time Employment	–15.4	–3.8	–11.6	–2.2	5(–)	1.9	80.8	17.3
Hours Worked	–7.8	–6.2	–1.6	–2.0	6(–)	5.9	80.4	13.7
Wages and Benefits	–5.3	2.8	–8.1	9.2	1(–)	6.3	82.1	11.6
Input Prices	17.1	27.9	–10.8	18.6	3(+)	23.3	70.5	6.2
Selling Prices	2.0	17.2	–15.2	9.8	2(+)	20.9	60.1	18.9
Capital Expenditures	–6.2	–2.4	–3.8	7.7	5(–)	4.5	84.8	10.7
Inventories	–21.3	–34.3	+13.0	2.6	6(–)	21.1	36.6	42.4
Companywide Retail Activity								
Companywide Sales	–21.7	28.8	–50.5	7.1	1(–)	23.4	31.6	45.1
Companywide Internet Sales	–10.5	11.9	–22.4	6.2	1(–)	12.0	65.5	22.5

General Business Conditions, Retail

Current (versus previous month)

Indicator	Jul Index	Jun Index	Change	Series Average	Trend**	% Reporting Improved	% Reporting No Change	% Reporting Worsened
Company Outlook	–6.8	16.5	–23.3	3.1	1(–)	21.9	49.4	28.7
General Business Activity	–23.7	29.6	–53.3	–1.2	1(–)	17.0	42.3	40.7

Outlook Uncertainty

Current (versus previous month)

Indicator	Jul Index	Jun Index	Change	Series Average	Trend*	% Reporting Increase	% Reporting No Change	% Reporting Decrease
Outlook Uncertainty†	13.7	–9.6	+23.3	11.0	1(+)	35.3	43.1	21.6

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

Indicator	Jul Index	Jun Index	Change	Series Average	Trend*	% Reporting Increase	% Reporting No Change	% Reporting Decrease
Retail Activity in Texas								
Sales	32.3	39.8	–7.5	31.8	3(+)	51.8	28.7	19.5
Employment	2.3	7.6	–5.3	11.7	3(+)	25.4	51.6	23.1
Part-Time Employment	–8.0	6.4	–14.4	0.5	1(–)	13.1	65.8	21.1
Hours Worked	5.0	5.3	–0.3	2.6	3(+)	17.2	70.6	12.2
Wages and Benefits	21.1	7.0	+14.1	26.9	3(+)	30.7	59.7	9.6
Input Prices	27.4	23.5	+3.9	32.5	3(+)	39.2	49.0	11.8
Selling Prices	19.6	17.3	+2.3	28.5	3(+)	33.3	52.9	13.7
Capital Expenditures	2.0	1.9	+0.1	16.8	2(+)	21.6	58.8	19.6
Inventories	11.1	25.8	–14.7	7.9	3(+)	34.8	41.6	23.7
Companywide Retail Activity								
Companywide Sales	23.7	38.6	–14.9	30.3	3(+)	45.6	32.5	21.9
Companywide Internet Sales	7.5	31.5	–24.0	21.6	4(+)	25.0	57.5	17.5

General Business Conditions, Retail
Future (six months ahead)

Indicator	Jul Index	Jun Index	Change	Series Average	Trend**	% Reporting Improved	% Reporting No Change	% Reporting Worsened
Company Outlook	5.2	19.3	–14.1	16.5	3(+)	29.8	45.6	24.6
General Business Activity	–3.4	12.7	–16.1	12.2	1(–)	27.8	41.0	31.2

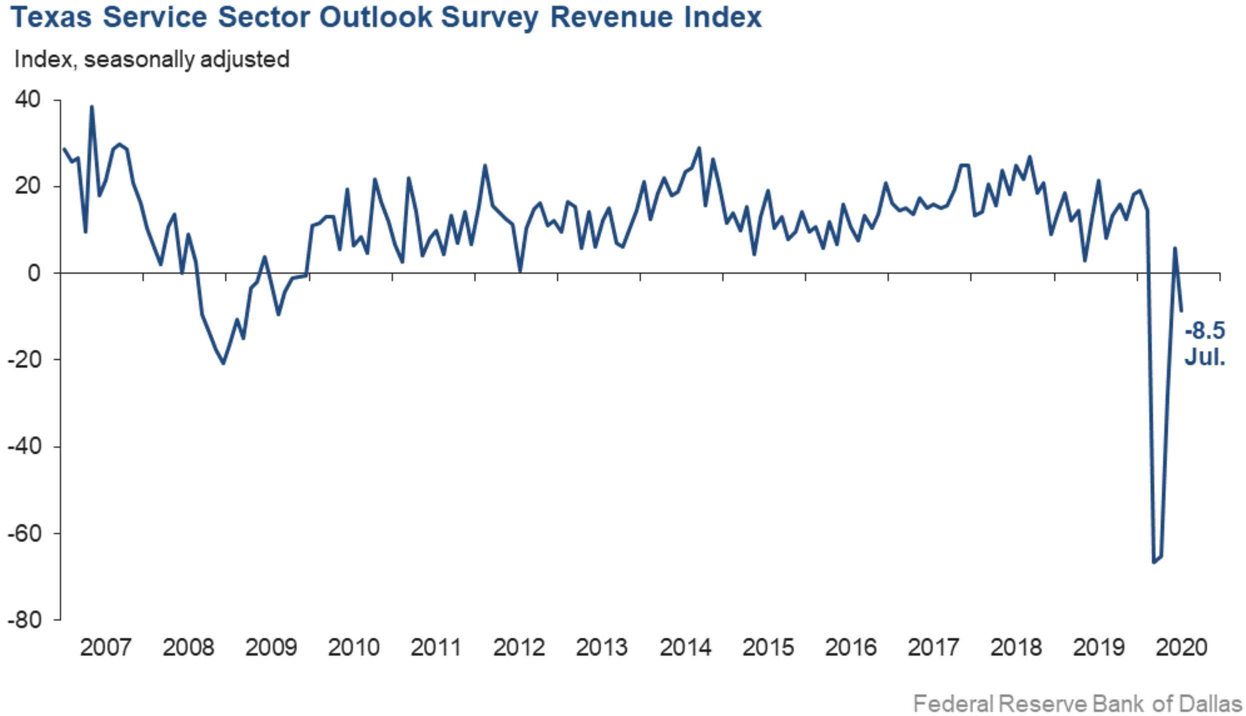
*Shown is the number of consecutive months of expansion or contraction in the underlying indicator. Expansion is indicated by a positive index reading and denoted by a (+) in the table. Contraction is indicated by a negative index reading and denoted by a (–) in the table.

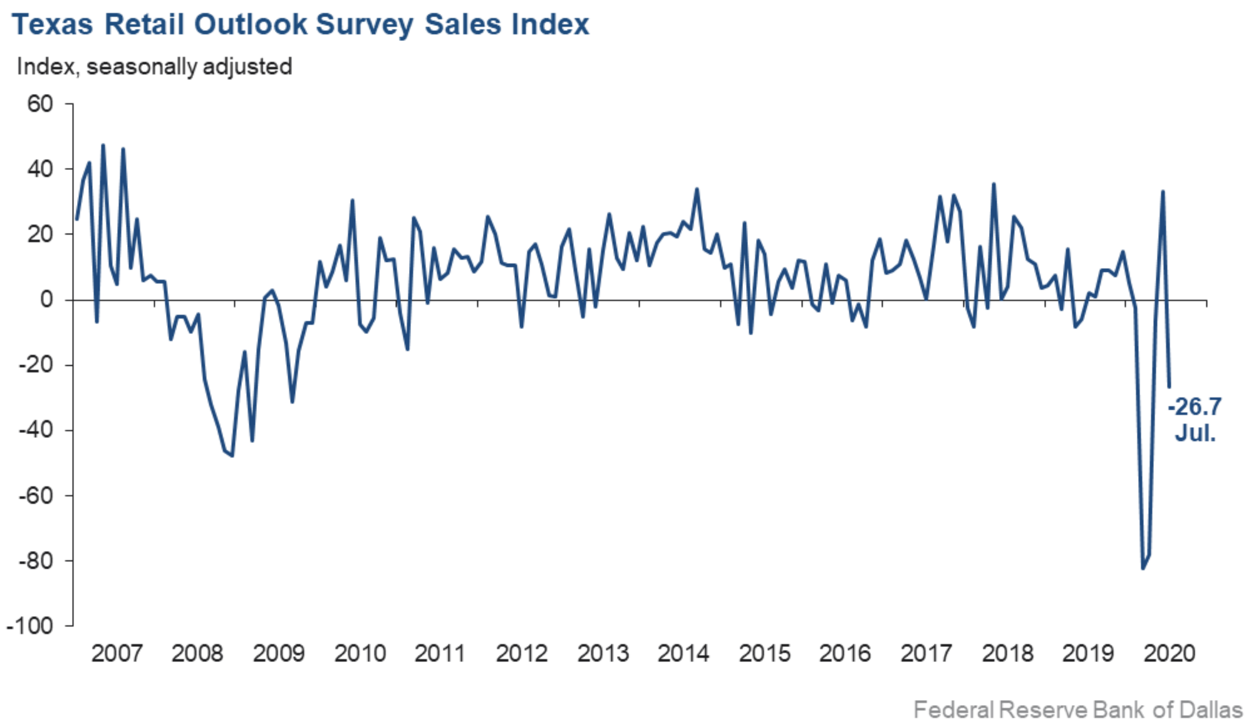
**Shown is the number of consecutive months of improvement or worsening in the underlying indicator. Improvement is indicated by a positive index reading and denoted by a (+) in the table. Worsening is indicated by a negative index reading and denoted by a (–) in the table.

†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.

Texas Service Sector Outlook Survey





Texas Service Sector Outlook Survey

July 28, 2020

Comments from Survey Respondents

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

Support Activities for Mining

- The uncertainty over the reopening of the economy is greater today than a month ago. Some of our customers are requiring their employees to stay home as they did a month or two ago.

Utilities

- Business activity has declined some with the resurgence of COVID-19.
- Bad debt is increasing for the company.

Transportation Equipment Manufacturing

- The lack of consistency of mandatory safety measures against COVID-19 at the federal and state level is creating a lot of uncertainty and added cost to protect the employees. In addition, when there are confirmed cases (all of them have been community related thus far, not contracted at work), the contact tracing and isolation of potentially affected employees while awaiting test results is creating challenges for business continuity.

Truck Transportation

- It's time for the talk about shutdowns and closing the economy due to [COVID-19] to stop. No one will spend any money when all they hear is [about a] possible shutdown again!
- [We] need government to step aside and let us work.

Pipeline Transportation

- COVID-19 hotspots have created more uncertainty in energy-demand trajectory paths.
- The uncertainty around the pandemic and the level of economic activity remain a primary concern.

Warehousing and Storage

- We believe that shipment levels of liquid bulk, especially finished products, should have bottomed out in June and should show slight improvement the remainder of the year. However, the drastic and alarming growth in COVID-19 incidence and death rates in the immediate area pose a greater risk of uncertainty, to the extent that [workers in] facilities in the local area contract the disease and it forces shutdown of operations. We will continue to try to mitigate revenue losses with cost control, which could, going into 2021–22, result in natural attrition of workforce without replacement.

Publishing Industries (Except Internet)

- [We have the] same issues as before and significant near-term planned business risks/timing exist. Cash remains king for decisions. Expectations for our focus on breakout, high-growth-tech-market opportunities remain strong in spite of limited direct customer/buyer in-person meetings to advance and close business. The demand for proprietary advanced UI (user interface) with intelligence and intuitive ease of use remains of great interest. Government and larger pharmaceutical/medical and general market training/education segments remain an ample opportunity. We do see COVID-19-related spend needs way up, making DOD [Department of Defense]/government budgets for this year more limited due to shifting funds to COVID-19 related use.

Data Processing, Hosting and Related Services

- Uncertainty lies around the ability to hire good talent. Although many folks are available in the market, there are not many with deep skills in modern technologies.

Credit Intermediation and Related Activities

- Except for fear of the pandemic, business is stable in rural communities, with slight increases in sales tax revenue due in part to infrastructure construction projects, both public and private. Deposits continue to be elevated above budget expectations, and loan activity has slowed down slightly. There is concern now about drought conditions impacting agriculture operations. Cattle prices are still down, due in part to the effect of slaughter plant partial shutdowns this past month and the backlog of cattle on feed. The market for goats is still extremely strong, topping $3 per pound. Wildfires are starting to create hazards across Central and West Texas and in the Panhandle.
- We are in the consumer-lending space, and the large amount of government stimulus to our subprime customer space has resulted in great credit quality but no loan demand. So, our revenue has dropped roughly 30 percent year over year and continues to decline. We recently laid off 20 percent of our U.S. employees and completely shut down our U.K. operations (150 employees) due to declining revenue.
- We anticipate that as (1) PPP [Paycheck Protection Program] proceeds are spent, (2) previously approved payment deferrals expire and (3) second quarter 2020 financials are reported, defaults will increase. This will impact revenues and loan-loss reserves. The true impact of these events will not even start to be felt until mid-to-late August. Further, if we can justify extensions of payment deferrals for another three months, the impact of a worsening economy will not be felt until mid-to-late November. We are certainly in a "wait-and-see" environment.

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

- Hiring replacement positions continues to be a significant problem. We have very few applicants despite increased spending on advertising positions, etc. We are also seeing a dip in remote employee work output. We attribute this to the general societal mood related to an increase in the infection count and a phase-back of the reopening. General morale seems down, and employees are beginning to have a wane in motivation. Sales activity has picked up some as customers appear to be adjusting to the "new normal."

Real Estate

- We are a commercial real estate broker, and our activity and revenue have fallen 80 percent and show no sign of recovery, yet.
- With an increase in COVID-19 cases, many buyers and sellers stayed at home. The market is good with low interest rates but bad with the media telling us to stay home.
- The constant media focus on COVID-19 and uncertainty over what leaders will do regarding letting businesses open or stay open is a huge drag on the recovery. If all leaders would simply confirm that they will not repeat the shutdown but may (if needed) add other restrictions to help with spikes, that alone would help the recovery. Additionally, I have great concern that the reality of business for the mom-and-pop businesses is that their customers aren't coming back, either out of fear or lack of need since [those] customers are out of school, working from home or out of work. Getting businesses back requires people working, kids being in school, daycares being open and leadership that believes we need to fully reopen.
- [It is] really difficult to quantify the exact value and cost of the slowdown. But there definitely is a slowdown of business and people.
- I feel we are experiencing short-term increases in sales driven by pent-up demand from late March through mid-May. We believe September through December will likely slow due to increases in job losses in the greater Houston area.
- Increased infection levels statewide are adding additional uncertainty.
- There are fewer properties coming on the market, but buying demand has remained consistent.

Rental and Leasing Services

- I have said all along the Texas economy would not reboot just because we lift the lockdown and that until there is a vaccine or a treatment and maybe you add herd immunity, people are going to conserve their money. And that is exactly what we see them doing. I am offended by the PPP government program—[funds were given] to many undeserving recipients [that are] either poorly run companies that deserve to go out of business or very well-run companies that are minimally impacted by the virus and did not need the PPP funds but qualified.

Professional, Scientific and Technical Services

- Uncertainty is the key issue. Projects in the energy sector are not moving forward, as the markets are unpredictable—except to be slow. While the presidential election will have a great impact on the direction of the country (no matter which way it goes), it will not improve the level of business since we are a consumer-driven economy in the middle of a pandemic. The fact that the stock market keeps going up in spite of such an uncertain future is solely the work of the Federal Reserve plowing money into it. The Fed is propping us up and making the rich richer and will eventually result in a disaster. It may make the major investors and the hedge fund managers happy, but it is not helping the rest of us in the real world.
- Working or trying to work remotely in the business of selling has not been effective, at least for me. Many other factors like when can people go back to work and the uncertainty of that seems to dominate everything. I do not think that a vaccine will be the final answer, as they typically do not stop all viruses. The total political unrest in this country and the lack of where to go to get the real truth seem to permeate everything right now; with none of us liking change, I believe we are in for a low-to-even-lower production through all of 2020 unless some sanity can be brought into the equation that is believable by the working class and not dominated by politicians.
- We get delayed bad or good economic news as our buyers are larger companies whose IT decision-making takes place slower.
- [The] view six months from now is somewhat optimistic. Myriad variables can [make an] impact, and we continue to watch and move forward. [Have] settled into WFH [work from home] fine, and now just hoping business activity improves as everyone adapts to the current environment. COVID-19 escalation in Texas could derail hopes.
- COVID-19 and uncertainty reign.
- Client demand remains reasonably strong, though not at the level that we originally forecast but stronger year over year. Market uncertainty has created a continuing anxiety, but deals are continuing. Our M&A [mergers and acquisitions] activity is higher than we would have expected. Most of our energy-related work is focused around restructuring, but [there is] considerable activity in that sector.
- The residential real estate market continues to outpace last year, and we have seen a slight increase in commercial transactions the past month. Although the economy seems to be showing signs of recovery, we are very concerned that the increase in COVID-19 cases and deaths will force the governor to order another shelter-in-place mandate, which will devastate our economy.
- Demand for industrial engineering projects has declined, as the industrial sector has cut production and spending. We expect this pattern to last through the third quarter and hope industrial production trends upward in the fourth quarter.
- We are braced for a lackluster four quarters and have planned accordingly.
- Projects placed on hold remain on hold. Projects have not been canceled, but developers are uncertain when they will move forward. The increase in capital spending is associated with replacement of old equipment/trucks, not company expansion.

Administrative and Support Services

- We are feeling a lag due to the negativity of the economy from our customers. Overall, business activity is down 33 percent from last year. Our corporate aviation customers are slowing down dramatically, with only mandated maintenance action being complied with unless the owner of the aircraft can defer the maintenance. The industrial sector has been absent for three months now, with not even RFQs [requests for quotation] being submitted for future projects. The petrochemical sector continues to be flat. The machined-parts sector has dropped 54 percent since last year. We hear no good news from these customers at this time. I am optimistic; I believe once we get a "result" on at least one of the vaccines in current trials, the service market will come back quickly. The majority of the people I talk with believe the same. I commend Gov. [Greg] Abbott on taking the initiative, albeit a little late to implement a statewide order for PPE [personal protective equipment] use. I believe that this will go a long way toward getting Texas back into the fight.
- [We see] a continuation of cancellations of high school and college athletic activities.
- Despite the increase in cases and continued unemployment issues, it seems as though general business activity has normalized and is better than we were anticipating. What we aren't certain of is the long-term outlook and how industries like oil and gas and commercial real estate will impact the business climate.

- By cutting or lowering every possible expense, we have managed to maintain a decent profit.
- There is anxiety over underlying economic performance given the level of unemployment, etc., versus the performance of the public equity market. [There is the] general feeling that the economic stimulus, while effective, is contributing to unrealistic market expectations. Low interest rates, PPP and other programs have in many ways blunted the economic impact of COVID-19. As we approach what appears to be round two of stay-at-home and social distancing protocols, there is a lot of uncertainty about economic activity.
- Our clients continue work-from-home patterns and plan to do so in the near future. Two of our clients told us they will not be bringing staff back to the office until 2021. As one would imagine, hiring is very slow, and contract positions are not being filled when one leaves unexpectedly.
- Without PPP we would be closed. I think it's important for everyone to know that. Also, we still generated some revenue. Without the combination of revenue and PPP, we would have closed for sure.
- Nurses are in high demand right now!
- We are slammed and tremendously understaffed. Supplies are hard to get. COVID-19 HR nightmares abound everywhere. These HR issues cause huge internal and operational issues. We get upward of 25 applicants a week, and virtually no one shows up for an interview. Some are truthful; they come right out and tell us they just have to show they applied. This is the most absolutely messed up economy I have ever experienced. We are stressed out. Our new line: it is what it is, and it isn't anything else.
- [These are] very disruptive times.

Ambulatory Health Care Services

- The first week of July was the strongest since March, but we are seeing a dip of about 20 percent in procedure and patient volume this week, attributed to the COVID-19 surge here in Houston. We will stay open for the duration, so many patients have deferred critical imaging, and we are seeing cases of medical and oncologic disease that is more advanced than typical. In my medical opinion, the risks of lockdown far outweigh the risks of COVID-19, unless medical facilities are overrun. That is not the case in Houston at this time. A significant drop of reported COVID-19 cases was noted yesterday, but it is too early to assume this represents a true downward trend.
- Even in the gallows, the limericks and humor keep us going: Professional stresses are getting the better of me; too many without masks despite my poignant plea; loss of life deeply tragic; docs need dose of magic; if pandemic does end, we will all eventually have PTSD [post-traumatic stress disorder].
- The increase in media focus on total cases (increasing along with testing increasing) rather than on infection mortality (decreasing as the denominator rapidly increases and infection cohorts shift younger) puts pressure on Gov. Abbott to consider shutdowns again. This then translates into a rapid drop in consumer confidence (specifically whether their income will be cut off again), which affects our cosmetic dentistry business dramatically, since most folks finance cosmetics and are less likely to do so now if worried about having income to pay it back. Google searches for cosmetic dentistry terms are down sharply the last two weeks versus the last two weeks in June—likely for that reason.

Nursing and Residential Care Facilities

- The senior living industry continues to struggle, with no relief from the government despite our pleas. We are hopeful there will be some relief for us in the next round, but that is unknown. We are incurring enormous extra costs to run our business, and our occupancy and revenue are dropping because of the inability to move in new residents at a normal pace due to necessary access restrictions. As a result, we recently disclosed substantial doubt about our ability to continue as an ongoing concern.

Social Assistance

- The COVID-19 surge in Dallas has caused a decrease in traffic and required temporary closures of certain retail stores when employees fall sick.

Museums, Historical Sites and Similar Institutions

- Visitation by the public has been extremely low despite putting many measures in place to promote public safety. We are considerably curtailing hours and have furloughed approximately 25 percent of our workforce.

Amusement, Gambling and Recreation Industries

- As a private city club, we were excited to reopen on June 1. We spent a good deal of time and money to protect our staff and members. The reopening started slow, but it built steadily throughout the month. Then we sort of got another kick in the pants so to speak. We were not ordered to close down completely like the bars, but the effect was basically the same as the mayor and governor asked everyone to stay home as the number of COVID-19 cases was increasing. Our in-restaurant business fell way off, but our to-go business picked back up. We have had to make the very hard decision to lay more people off until there is a return of business. These are very challenging times.
- We have been allowed only 11 days to be open since Labor Day 2019. As an amusement park, we have lost over $2,250,000 by not being allowed to open due to the virus.

Accommodation

- One word describes the outlook: uncertainty

Food Services and Drinking Places

- Restaurants are dying a slow painful death.
- It appears people are running out of money. Lines at the drive-thru have become shorter. Last month, we thought we would equal last year's sales this month, but that will not happen, and sales are coming down. We did 93 percent of last year in June and will be lucky to do 89 percent in July. It is difficult to staff stores, and there have been some [stores] closing due to labor shortage. The food service industry will take a big hit unless things open up very soon, and I am not optimistic.
- We are unsure if the governor or the mayor of Houston will close down the state or the city. We are also concerned about the oil industry since we are a byproduct of the economy.
- My mobile carts selling hot dogs outside of some [hardware stores] are still not operating due to [their] corporate office not allowing us to go back to work. The decision is still pending, and we are hoping [for a resolution].
- Fear and uncertainty continue at high levels. The anti-police protests are not helping either.
- In Texas, business is fairly stable. Cheese prices have been very high, which has increased costs. We are also having problems with stale-dated product we are having to waste from our distributors because volume is lower than pre-COVID-19 levels. New Mexico has shut us down again, so that is a drain on those locations.

Personal and Laundry Services

- My current business is down about 50 percent versus June. Business has significantly slowed, so I now have to cut back employee work hours as well as reduce business hours at one location. I am optimistic that six months from now things will be better; however, this is wishful thinking. I see no indications that business will improve.

Religious, Grantmaking, Civic, Professional and Similar Organizations

- Tenants are not paying rent and local SUD [special utility district] increased fees for water usage.
- State and federal leadership from executive branches are profoundly affecting our business outlooks. Trust in non-local public officials has been replaced with the assumption they are making the wrong choices for us.
- We need to focus on herd immunity, personal choice and personal responsibility.
- Everyone needs to wear masks! I don't really understand why wearing masks should be a political issue. We need to do everything possible to control the pandemic.
- Rising COVID-19 infections combined with failed leadership by the president have worsened our outlook and current new normal.

Merchant Wholesalers, Durable Goods

- We prepared for the worst and hoped for the best. The second quarter was much, much better than we expected; every month we gained momentum as our daily sales increased in May over April, in June over May, and so July appears to be on track to beat June. We are grateful. I spoke to a large customer in Midland this morning and we agreed that we both did not think oil would get back to $40/barrel as quickly as it did; this coupled with residential construction continuing to normalize are good news for Texas economy.

Merchant Wholesalers, Nondurable Goods

- As restaurant dining rules are relaxed in markets we serve, we're getting orders (as anticipated) for more food. There has been a lot of pent-up demand for people to eat out, and we're starting to see the flow-through, as more people are allowed to eat in-house at the casual-dining rooms. Interestingly, my casual-dining-restaurant customers have also had great success selling online via Grubhub, UberEats, etc., during the COVID-19 shutdown. Some of their go-to-market strategy is going to permanently change to capture more online sales. If there are secondary shutdowns because of spikes in COVID-19 cases, the casual-dine segment is better prepared to handle it short term.

Motor Vehicle and Parts Dealers

- Inventories are still short but starting to improve.
- The COVID-19 scare is causing a decrease in sales activity. This issue is compounded by the challenge of low inventories as a result of factory shutdowns.
- July demand is the same as June. However, lower inventory in July caused sales to decline. We are not expecting normal new-vehicle inventory until September–October. If used-vehicle demand stays high, then there will be continual difficulty in acquiring necessary inventory. Prices at auction for used vehicles are increasing weekly.
- We see sales softening the first 10 days of July versus June's torrid pace. We don't believe current retail activity is sustainable given the economic uncertainty.

Building Material and Garden Equipment and Supplies Dealers

- COVID-19 has everyone scared again; things really picked up about two months ago. Now, the last two weeks are down about 50 percent.

Clothing and Clothing Accessories Stores

- [Our] stores filed bankruptcy in May 2020. Unless a buyer comes forward, the company will be forced to liquidate all of our stores.

Nonstore Retailers

- We are struggling to obtain new customers due to decision-makers working from home. Ours sales cycle is primarily cold calling and face-to-face selling of our vending, coffee and market services. Our most-effective tactic currently is contacting existing customers and adding services they don't currently have.

Questions regarding the Texas Service Sector Outlook Survey can be addressed to Christopher Slijk at christopher.slijk@dal.frb.org.

Texas **Business** Outlook Surveys

Special Questions

July 27, 2020

For this month's survey, Texas business executives were asked supplemental questions on the impacts of COVID-19. 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 July 14–22, and 396 Texas business executives responded to the surveys.

How do your firm's current revenues compare with a typical July? For example, if revenues are down 20 percent from normal, enter 80 percent. If revenues are up 20 percent, enter 120 percent.

	Share of respondents (percent)	Average response (percent)
Entries less than 100	74.2	68.1
Entries of exactly 100	10.3	100.0
Entries greater than 100	15.5	145.4
All entries	100.0	83.4

NOTES: 380 responses. This same question was posed in May and June.

What are the primary factors restraining your firm's revenues? Please select up to three.

	Response (percent)
Weak demand	65.4
Limited operating capacity due to staffing shortages (COVID-19 infections and quarantining, absenteeism, difficulty hiring, etc.)	24.4
Limited operating capacity due to state/local restrictions	23.5
Supply chain disruptions	19.3
Reduced productivity due to alternative work arrangements	16.9
Other	18.4

NOTES: 332 responses. Twelve percent of total respondents marked "Not applicable, revenues are not being restrained." This group was excluded from the calculated results for this question. The most common "other" factors specified were general disruption from the pandemic, clients' ability to pay and low oil prices.

How does your firm's current employee head count compare with February (pre-COVID)? For example, if head count is down 20 percent from February, enter 80 percent. If head count is up 20 percent, enter 120 percent. Please exclude any changes due to typical seasonality.

	Share of respondents (percent)	Average response (percent)
Entries less than 100	51.2	70.8
Entries of exactly 100	34.8	100.0
Entries greater than 100	14.0	140.6
All entries	100.0	90.7

NOTES: 371 responses. This same question was posed in June.

Has your firm taken any of the following steps over the past month in response to the recent rise in COVID-19 infections in Texas? Please select all that apply.

	Response (percent)
Increased spending on health and safety equipment at facility	62.1
Decreased number of employees working on-site	46.1
Postponed efforts to bring telecommuting workers back on-site	37.4
Reduced customer capacity at business location(s)	26.3
Partially shut down business operations temporarily	24.7
Postponed plans for recalling furloughed workers or new hiring	13.7
Laid off or furloughed workers	13.4
Fully shut down business operations temporarily	3.1
Partially shut down business operations permanently	2.3
Fully shut down business operations permanently	0.5
None	12.4

NOTE: 388 responses.

What are the primary logistical challenges to operating your business currently? Please select up to three.

	Response (percent)
Managing employee COVID-19 screening and quarantine/sick leave rules	43.9
Maintaining health protocols at facility (disinfecting surfaces, configuring workspace and/or customer seating arrangements with six feet of separation, etc.)	40.1
Enforcing health protocols among employees (social distancing, hand hygiene, etc.)	39.0
Scheduling and maintaining sufficient staffing levels	32.7
Enforcing face covering and social distancing rules for customers	25.9
Understanding guidelines from state/local officials	22.9
Other	12.8

NOTES: 367 responses. The most common "other" challenges specified were employee productivity and lack of face-to-face interaction and networking.

Given your current outlook, how likely is it that your business will permanently shut down within the next 12 months?

	Response (percent)
Not likely	91.2
Somewhat likely	5.7
Very likely	3.1

NOTE: 388 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 July 14–22, and 107 Texas manufacturers responded to the survey.

How do your firm's current revenues compare with a typical July? For example, if revenues are down 20 percent from normal, enter 80 percent. If revenues are up 20 percent, enter 120 percent.

	Share of respondents (percent)	Average response (percent)
Entries less than 100	73.8	66.9
Entries of exactly 100	6.8	100.0
Entries greater than 100	19.4	129.7
All entries	100.0	81.3

NOTES: 103 responses. This same question was posed in May and June.

What are the primary factors restraining your firm's revenues? Please select up to three.

	Response (percent)
Weak demand	72.8
Limited operating capacity due to staffing shortages (COVID-19 infections and quarantining, absenteeism, difficulty hiring, etc.)	34.8
Supply chain disruptions	28.3
Reduced productivity due to alternative work arrangements	12.0
Limited operating capacity due to state/local restrictions	4.3
Other	9.8

NOTES: 92 responses. Eleven percent of total respondents marked "Not applicable, revenues are not being restrained." This group was excluded from the calculated results for this question.

How does your firm's current employee head count compare with February (pre-COVID)? For example, if head count is down 20 percent from February, enter 80 percent. If head count is up 20 percent, enter 120 percent. Please exclude any changes due to typical seasonality.

	Share of respondents (percent)	Average response (percent)
Entries less than 100	52.5	73.7
Entries of exactly 100	26.3	100.0
Entries greater than 100	21.2	173.3
All entries	100.0	101.7

NOTES: 99 responses. This same question was posed in June.

Has your firm taken any of the following steps over the past month in response to the recent rise in COVID-19 infections in Texas? Please select all that apply.

	Response (percent)
Increased spending on health and safety equipment at facility	71.4
Postponed efforts to bring telecommuting workers back on-site	40.0
Decreased number of employees working on-site	38.1
Partially shut down business operations temporarily	23.8
Reduced customer capacity at business location(s)	16.2
Postponed plans for recalling furloughed workers or new hiring	12.4
Laid off or furloughed workers	11.4
Partially shut down business operations permanently	1.0
Fully shut down business operations temporarily	0.0
Fully shut down business operations permanently	0.0
None	12.4

NOTE: 105 responses.

What are the primary logistical challenges to operating your business currently? Please select up to three.

	Response (percent)
Managing employee COVID-19 screening and quarantine/sick leave rules	61.0
Enforcing health protocols among employees (social distancing, hand hygiene, etc.)	47.0
Scheduling and maintaining sufficient staffing levels	42.0
Maintaining health protocols at facility (disinfecting surfaces, configuring workspace and/or customer seating arrangements with six feet of separation, etc.)	42.0
Understanding guidelines from state/local officials	17.0
Enforcing face covering and social distancing rules for customers	15.0
Other	8.0

NOTE: 100 responses.

Given your current outlook, how likely is it that your business will permanently shut down within the next 12 months?

	Response (percent)
Not likely	94.3
Somewhat likely	3.8
Very likely	1.9

NOTE: 105 responses.

Special Questions Comments

These comments have been edited for publication.

Chemical Manufacturing

- We are managing the COVID issues well, but it is a lot of hard work by on-site medical staff and leadership in general.
- Administering COVID issues takes significant management time. Employees are still paid when told to quarantine. We're working shifts at 50 percent staffing but paying all employees fully.

Plastics and Rubber Product Manufacturing

- Our COVID protocol started in March, and our people have been resilient since day one (no enforcement, just reinforcement).

Primary Metal Manufacturing

- Potential employees can make close to what we pay by staying on government subsidies.

Fabricated Metal Manufacturing

- We are dependent on bank financing renewal and obtaining consistent, profitable business to at least maintain break-even operations. It would be extremely helpful to receive/qualify for a second Small Business Administration PPP [Paycheck Protection Program] loan that could be all or partially forgiven. We have used our first PPP loan to keep all employees on a 40-hour week.

Machinery Manufacturing

- Our competition is having a more difficult time than we are. We expect that they will go out of business because they did not diversify their business like we did years ago. Financially we are stronger and well managed for times like this and have stress tested our company every year for situations like today. We expect that COVID-19 will be around for another 12 months at a minimum.
- The overreaction to COVID is worse than the virus itself. It is needlessly destroying many businesses.
- I am extremely upset over government overreach and overreaction to a stupid virus, especially the Texas government. Never in my wildest dreams did I ever expect Texas to throw out common sense and try to enforce unconstitutional edicts by a governor bypassing duly elected people's representatives. I pray every day our nation will return to some level of sanity and that God will intervene on behalf of working Americans to restore the right not only to work but to provide for families across this republic. We are in major trouble.

Computer and Electronic Product Manufacturing

- We are currently operating at a survivable rate. With the help of the PPP loan, our cash flow is sufficient to weather the current revenue shortfalls on our system sales business. As our recurring revenues increase, we will become less reliant on system sales.
- There has been enough time for the scientific research to finally come up with some real figures here comparing before and after COVID. How many people die from other diseases or preexisting conditions that are currently being blamed on and named COVID? How many people would die anyway from other diseases in comparison to the numbers we are seeing? Where are we really on prevention vaccines and treatment of this disease? We can't continue to shut down businesses and have high unemployment for much longer. Business are shutting down already. This is a disaster that needs to be resolved. Stop the politics.

Transportation Equipment Manufacturing

- An uncontrollable renewed outbreak of the virus in our area would have serious consequences, as it would if the virus impacted our supply chain.

Food Manufacturing

- Ours is a unique hybrid of net-operating-income-driven humanitarian relief. We have no desire for growth, and we distribute via partnerships. I call it a war. We deal with fear, uncertainty, doubt and the fog of war by constantly working on critical thinking skills and the ability to adapt using emotional intelligence and a high level of equipment and staff management.

Wood Product Manufacturing

- We have a number of COVID-positive employees, and that has affected some of our operations. People have to do additional work and work overtime and on weekends to get all the orders delivered.

Printing and Related Support Activities

- Employee support for PPE [personal protective equipment]-wearing is good. Management must constantly enforce it, but employee support is not an issue.

Furniture and Related Product Manufacturers

- We are struggling to find help even with the high unemployment rates. With the excessively high unemployment benefits being given, many people appear to prefer to collect unemployment than work for $10–12 an hour.

Texas Service Sector Outlook Survey

Data were collected July 14–22, and 289 Texas business executives responded to the survey.

How do your firm's current revenues compare with a typical July? For example, if revenues are down 20 percent from normal, enter 80 percent. If revenues are up 20 percent, enter 120 percent.

	Share of respondents (percent)	Average response (percent)
Entries less than 100	74.4	68.6
Entries of exactly 100	11.6	100.0
Entries greater than 100	14.1	153.4
All entries	100.0	84.2

NOTES: 277 responses. This same question was posed in May and June.

What are the primary factors restraining your firm's revenues? Please select up to three.

	Response (percent)
Weak demand	62.5
Limited operating capacity due to state/local restrictions	30.8
Limited operating capacity due to staffing shortages (COVID-19 infections and quarantining, absenteeism, difficulty hiring, etc.)	20.4
Reduced productivity due to alternative work arrangements	18.8
Supply chain disruptions	15.8
Other	21.7

NOTES: 240 responses. Thirteen percent of total respondents marked "Not applicable, revenues are not being restrained." This group was excluded from the calculated results for this question.

How does your firm's current employee head count compare with February (pre-COVID)? For example, if head count is down 20 percent from February, enter 80 percent. If head count is up 20 percent, enter 120 percent. Please exclude any changes due to typical seasonality.

	Share of respondents (percent)	Average response (percent)
Entries less than 100	50.7	69.7
Entries of exactly 100	37.9	100.0
Entries greater than 100	11.4	118.4
All entries	100.0	86.7

NOTES: 272 responses. This same question was posed in June.

Has your firm taken any of the following steps over the past month in response to the recent rise in COVID-19 infections in Texas? Please select all that apply.

	Response (percent)
Increased spending on health and safety equipment at facility	58.7
Decreased number of employees working on-site	49.1
Postponed efforts to bring telecommuting workers back on-site	36.4
Reduced customer capacity at business location(s)	30.0
Partially shut down business operations temporarily	25.1
Postponed plans for recalling furloughed workers or new hiring	14.1
Laid off or furloughed workers	14.1
Fully shut down business operations temporarily	4.2
Partially shut down business operations permanently	2.8
Fully shut down business operations permanently	0.7
None	12.4

NOTE: 283 responses.

What are the primary logistical challenges to operating your business currently? Please select up to three.

	Response (percent)
Maintaining health protocols at facility (disinfecting surfaces, configuring workspace and/or customer seating arrangements with six feet of separation, etc.)	39.3
Managing employee COVID-19 screening and quarantine/sick leave rules	37.5
Enforcing health protocols among employees (social distancing, hand hygiene, etc.)	36.0
Enforcing face covering and social distancing rules for customers	30.0
Scheduling and maintaining sufficient staffing levels	29.2
Understanding guidelines from state/local officials	25.1
Other	14.6

NOTE: 267 responses.

Given your current outlook, how likely is it that your business will permanently shut down within the next 12 months?

	Response (percent)
Not likely	90.1
Somewhat likely	6.4
Very likely	3.5

NOTE: 283 responses.

Special Questions Comments

These comments have been edited for publication.

Warehousing and Storage

- We continue to work efficiently with most of our administrative staff working remotely. We are currently at 25 percent occupancy on our administrative buildings and intend to remain at that level for the foreseeable future.

Publishing Industries (Except Internet)

- [We have the] same basic issues: more uncertainty from our customers' spending than our own COVID-19 challenges due to remote work adaptability.

Credit Intermediation and Related Activities

- We are anticipating continued adjustments to normal business environment due to the pandemic.

Insurance Carriers and Related Activities

- Our workforce is on site, but we are restricting access by visitors.

Rental and Leasing Services

- We have always run our faith-based, very philanthropic, 60-year-old, family-owned company conservatively, unlike many of those companies [that were given] PPP funds. But starting in February, we began eliminating all debt, travel, meals, entertainment, hotels, meetings, etc. We started accumulating cash, and we reduced head count. (We had gotten too heavy anyway and felt we were really going to be too heavy if the virus ramped up, which it has.) So overall, we remain debt free and very strong financially; however, our revenue pipeline is significantly impacted by the virus and our self-induced economic disaster. No business can stand that forever!

Professional, Scientific and Technical Services

- We have adopted a permanent flexible work experience for all our offices. People can work from home or come in.
- We are pushing to build opportunities despite the uncertainty.
- As a sole-proprietor consulting business in the energy arena, I will not shut down. I may not have any revenue, but my expenses are fairly manageable for the next one to three years.
- [This is] hard to manage, but there's light at the end of the tunnel. Our greatest challenge right now is working capital availability.
- Our large customers are generally buying. Middle- and small-sized customers (in both the U.S. and overseas) are not buying much at all (versus pre-COVID-19), affecting our revenue.
- July is not much different from June. We reopened offices starting in May and completed in June. Few changes have been needed in July.

Administrative and Support Services

- We are booked out for months. We continue to book business, but we simply cannot get it out the door effectively.
- I need to state once again: We, as a country, need to have one policy for pandemic events. This would expedite the levels of confidence and health of this country, in my opinion, the most. The business of this country can and should continue; we just need to all follow the same rules. I know I do not like confusion from my leaders at this time.
- Finding and maintaining quality products for our customers has been a challenge.
- Despite costs related to COVID-19, we have lowered our operating costs and are currently remaining profitable.
- Technology is a key factor in successfully implementing remote working conditions.
- There is a lack of understanding of the incubation period and the time frame to return to work. So, if you test positive, you quarantine until there is no fever for three to five days and return to work versus if you come in contact [with an infected person], you quarantine for 14 days. Oh, and if an employee quarantines, you have to pay them. Where do those funds come from? Very confusing!

Ambulatory Health Care Services

- Other than financial issues (important but far from critical), the delay in patients accessing health care is magnifying every issue—late presentations of medical complications, delayed cancer diagnoses, delayed cancer care, fewer touch points. Telehealth is a very weak substitute on a longer-term basis.
- The home-based health care service providers are fully equipped to continue to take care of patients in the COVID-19 environment. Key support is needed from mask wearing, social distancing and good hand sanitization techniques by the population at large to minimize a high possibility of community-based infection affecting our staff while they visit the patients' homes to take care of them. This exposure is of the highest concern because each and every employee with possible COVID-19 infection is quarantined and may not be able to service their assigned patients. Community participation is critical to get this behind us.
- Air purification system equipment ordered in mid-March and promised in four to six weeks continues to be on "backorder" or else is being shipped to larger customers first we think. Supply-chain communication has been terrible.

Nursing and Residential Care Facilities

- Despite revenues declining more and more each month since the COVID-19 outbreak, we are absolutely committed to taking care of the 10,000 senior adults in our communities. This has required us to expend significant additional funds to keep all our communities safe and even more so at communities that have had a COVID-19 positive resident or employee. Unfortunately, the senior-living industry as a whole has received little to no relief from governmental agencies to date, unlike the nursing home industry and the overall health care industry, which have received significant relief funds. We are hopeful that will change in the coming months and allow us to continue to care for our seniors as they expect and deserve.

Food Services and Drinking Places

- We plan to hang in there.
- The biggest concern and effect on our business is the extra $600 a week the unemployed are getting to stay at home versus working. That is hurting us, as people don't want to get out and work for a living when the government is giving them more money to stay at home.
- I really need [permission] to put my mobile carts back to work and start selling my hot dogs; that way I can bring back my 15 employees.
- Over 50 percent of our employees who test positive are not ill or have minor symptoms. Yet, all others exposed to them must be laid off with pay for 10 days—a burden!

Personal and Laundry Services

- Rumors are circulating that Gov. [Greg] Abbott may shut down Texas again for 30 days. If this were to happen, it would be detrimental to my businesses and employees.

Religious, Grantmaking, Civic, Professional and Similar Organizations

- The CARES [Coronavirus Aid, Relief and Economic Security] Act should be extended, especially for the retail sector.
- Although we are unlikely to shut down within the next 12 months, our business will be severely crippled if this pandemic goes on for another 12 months without a vaccine.

Texas Retail Outlook Survey

Data were collected July 14–22, and 52 Texas retailers responded to the survey.

How do your firm's current revenues compare with a typical July? For example, if revenues are down 20 percent from normal, enter 80 percent. If revenues are up 20 percent, enter 120 percent.

	Share of respondents (percent)	Average response (percent)
Entries less than 100	76.0	77.9
Entries of exactly 100	6.0	100.0
Entries greater than 100	18.0	138.9
All entries	100.0	90.2

NOTES: 50 responses. This same question was posed in May and June.

What are the primary factors restraining your firm's revenues? Please select up to three.

	Response (percent)
Supply chain disruptions	54.3
Weak demand	52.2
Limited operating capacity due to staffing shortages (COVID-19 infections and quarantining, absenteeism, difficulty hiring, etc.)	23.9
Limited operating capacity due to state/local restrictions	21.7
Reduced productivity due to alternative work arrangements	13.0
Other	21.7

NOTES: 46 responses. Six percent of total respondents marked "Not applicable, revenues are not being restrained." This group was excluded from the calculated results for this question.

How does your firm's current employee head count compare with February (pre-COVID)? For example, if head count is down 20 percent from February, enter 80 percent. If head count is up 20 percent, enter 120 percent. Please exclude any changes due to typical seasonality.

	Share of respondents (percent)	Average response (percent)
Entries less than 100	52.0	80.0
Entries of exactly 100	44.0	100.0
Entries greater than 100	4.0	142.5
All entries	100.0	91.3

NOTES: 50 responses. This same question was posed in June.

Has your firm taken any of the following steps over the past month in response to the recent rise in COVID-19 infections in Texas? Please select all that apply.

	Response (percent)
Increased spending on health and safety equipment at facility	70.6
Decreased number of employees working on-site	31.4
Reduced customer capacity at business location(s)	23.5
Postponed efforts to bring telecommuting workers back on-site	23.5
Partially shut down business operations temporarily	19.6
Laid off or furloughed workers	15.7
Postponed plans for recalling furloughed workers or new hiring	7.8
Partially shut down business operations permanently	2.0
Fully shut down business operations temporarily	0.0
Fully shut down business operations permanently	0.0
None	13.7

NOTE: 51 responses.

What are the primary logistical challenges to operating your business currently? Please select up to three.

	Response (percent)
Enforcing health protocols among employees (social distancing, hand hygiene, etc.)	50.0
Maintaining health protocols at facility (disinfecting surfaces, configuring workspace and/or customer seating arrangements with six feet of separation, etc.)	50.0
Enforcing face covering and social distancing rules for customers	45.8
Managing employee COVID-19 screening and quarantine/sick leave rules	41.7
Scheduling and maintaining sufficient staffing levels	29.2
Understanding guidelines from state/local officials	12.5
Other	2.1

NOTE: 48 responses

Given your current outlook, how likely is it that your business will permanently shut down within the next 12 months?

	Response (percent)
Not likely	92.2
Somewhat likely	2.0
Very likely	5.9

NOTE: 51 responses.

Special Questions Comments

Merchant Wholesalers, Durable Goods

- COVID-19 is a business disruptor, but we are powering through the regulations and safety issues to deliver our goods and services to our customers. So far, our customers are being cooperative with us and understanding as we deliver service to them.

Motor Vehicle and Parts Dealers

- Despite the tremendous increase in COVID-19 cases, we have not seen a drop-off in customer traffic at the dealership retail level.

Building Material and Garden Equipment and Supplies Dealers

- PPP [Paycheck Protection Program] allowed us to keep employees and bridge our business uncertainty.

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