Texas Economy

Texas produces 9 percent of U.S. GDP, second only to California.

Texas has a large and diverse workforce made up of 13 million workers.

Texas is younger and faster growing than the nation.
Overview of Texas Economy

- The Texas economy saw healthy growth in 2019
  - Payrolls expanded 2.0 percent (Dec./Dec.), roughly in line with the state’s long-term job growth rate of 2.1 percent
  - Unemployment remains at a near-record low of 3.5 percent, indicative of a tight labor market
- Expansion in services was stable while manufacturing output growth slowed
- Activity in the energy sector was weak
- Migration to the state picked up last year
- The Dallas Fed’s Texas employment forecast predicts 2020 job growth will be close to the state’s long-run average
2019 Texas Job Growth Outpaces U.S.

Job growth (percent), Dec./Dec.*

*Seasonally adjusted, annualized rate.


SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by FRB Dallas.

DATA: https://www.dallasfed.org/research/econdata/tae000000.aspx
Job Growth Surged in Q4 2019

Job growth (percent), quarter/quarter*

*Seasonally adjusted, annualized rate.
NOTE: Q4 data through December 2019.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by FRB Dallas.
DATA: https://www.dallasfed.org/research/econdata/tae000000.aspx

Federal Reserve Bank of Dallas
2019 Texas Job Growth Outpaced U.S. in Many Sectors

Job growth 2019 YTD (percent)*

*Seasonally adjusted, annualized rate.
NOTE: Numbers in parenthesis indicate share of total state employment for most recent monthly data.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by FRB Dallas.

Federal Reserve Bank of Dallas
Job Growth Mostly Broad Based in 2019

Job growth (percent), Dec./Dec.*

*Seasonally adjusted, annualized rate.
NOTE: Numbers in parenthesis indicate share of total state employment for most recent monthly data.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by FRB Dallas.
Most Large Texas Metros See Robust Job Growth in 2019

<table>
<thead>
<tr>
<th>City</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas</td>
<td>2.0</td>
<td>1.6</td>
<td>3.5</td>
<td>2.6</td>
</tr>
<tr>
<td>Houston</td>
<td></td>
<td></td>
<td>2.6</td>
<td>2.0</td>
</tr>
<tr>
<td>Dallas</td>
<td>1.6</td>
<td>2.6</td>
<td></td>
<td>2.6</td>
</tr>
<tr>
<td>Austin</td>
<td></td>
<td>3.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>San Antonio</td>
<td>2.2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fort Worth</td>
<td></td>
<td>2.2</td>
<td></td>
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</tbody>
</table>

*Seasonally adjusted, annualized rate.

NOTE: Numbers in parenthesis indicate share of state employment for most recent monthly data.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by FRB Dallas.

DATA: [https://www.dallasfed.org/research/econdata/tx-emp.aspx#tab3](https://www.dallasfed.org/research/econdata/tx-emp.aspx#tab3)
Texas Unemployment Rate Remains Near Historic Low

Unemployment rate (percent)*

*Seasonally adjusted.

NOTE: Data through December 2019.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; FRB Dallas.
2020 Texas Job Growth Forecast is 2.1 percent

*Seasonally adjusted.
NOTES: Observed employment data through December 2019. Shaded region represents the 80 percent confidence band around the forecast.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; FRB Dallas.
DATA: http://www.dallasfed.org/research/forecast/index.cfm
Texas is #1 producer of oil and natural gas in nation

Approximately 30% of U.S. refinery capacity and 75% of U.S. petrochemical production is in Texas

Low energy prices hurt Texas economy on net
Oil Prices Flat, Rig Count Softens

Dollars

$59.88

406

Texas Rig Count

Oil Price

Natural Gas Price

NOTES: Oil price is dollars per barrel. Natural gas price is dollars per million Btu, multiplied by 10. Data through December 2019.

Texas produces 10% of U.S. manufactured goods

Manufacturing sector leading indicator of economic growth

Dallas Fed's Texas Manufacturing Outlook Survey offers early look at turning points and insight on trends
Texas Manufacturing Production Growth Moderating

Index, 3-month moving average*

*Seasonally adjusted.
NOTE: Data through January 2020.
SOURCE: Federal Reserve Bank of Dallas Texas Manufacturing Outlook Survey (TMOS).
DATA: https://www.dallasfed.org/research/surveys/tmos
Texas is the top exporting state and accounts for 20% of U.S. exports.

Gulf coast ports are major exporters of oil and gas, oil products and petrochemicals.

Texas-Mexico border ports also process over half of state exports.
Texas Exports Continue to Outperform Nation’s

Index, Jan. 2008=100*

Mexico is Texas’ top trading partner, receiving around 32% of the state’s exports.

*Seasonally adjusted, real dollars.
NOTE: Data through November 2019.
SOURCES: U.S. Census Bureau; Bureau of Labor Statistics; seasonal and other adjustments by FRB Dallas.
Texas Oil and Gas Exports Surged Following Removal of the Oil Export Ban in 2015

Index, Jan. 2010 = 100

- Oil and Gas (23.1%)
- Petroleum and Coal Products (14.7%)
- Computers and Electronics (14.4%)
- Chemicals (13.4%)
- Transportation Equipment (8.4%)
- Industrial Machinery (8.7%)

*Seasonally adjusted, real dollars.

NOTE: Data through November 2019. Share of Texas' exports in parentheses.

SOURCES: U.S. Census Bureau; Bureau of Labor Statistics; seasonal and other adjustments by FRB Dallas.
Service industry makes up the bulk of the Texas economy

Accounts for 70% of private-sector output in Texas

Dallas Fed’s Texas Service Sector Outlook Survey provides timely insight into this key sector
Texas Services Revenue Growth Steady, Retail Sales Pick Up

Index, 3-month moving average*

*Seasonally adjusted.
NOTES: Data through January 2020. The TROS is a component of TSSOS using information only from retail and wholesale trade sectors.
SOURCES: Federal Reserve Bank of Dallas Texas Service Sector Outlook Survey (TSSOS) and Texas Retail Outlook Survey (TROS).
DATA: https://www.dallasfed.org/research/surveys/tssos
Texas house prices have tracked the nation since the Great Recession

Single-family housing sector was slow to recover

Housing markets currently tight in most of the state
Texas Home Sales Elevated, Inventories Remain Flat

Total existing home sales*

*Seasonally adjusted.
NOTE: Data through December 2019.
SOURCES: Multiple Listing Service; seasonal and other adjustments by FRB Dallas.

Federal Reserve Bank of Dallas
Texas Median Home Price Hits Record High

Dollars (thousands), four-month moving average*

<table>
<thead>
<tr>
<th>Metro Area</th>
<th>December Median Price*</th>
<th>Y/Y % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austin</td>
<td>$323,872</td>
<td>5.1%</td>
</tr>
<tr>
<td>Dallas</td>
<td>$299,075</td>
<td>2.5%</td>
</tr>
<tr>
<td>Houston</td>
<td>$248,769</td>
<td>2.3%</td>
</tr>
<tr>
<td>Ft. Worth</td>
<td>$245,232</td>
<td>2.1%</td>
</tr>
<tr>
<td>San Antonio</td>
<td>$235,021</td>
<td>2.9%</td>
</tr>
</tbody>
</table>

*Seasonally adjusted, real dollars.
NOTE: Data through December 2019.
SOURCES: Multiple Listing Service; seasonal and other adjustments by FRB Dallas.