



Federal Reserve
Bank of Dallas

Your Texas Economy

Last updated: February 17, 2017

Overview

Economy picked up this year after slow growth in 2015

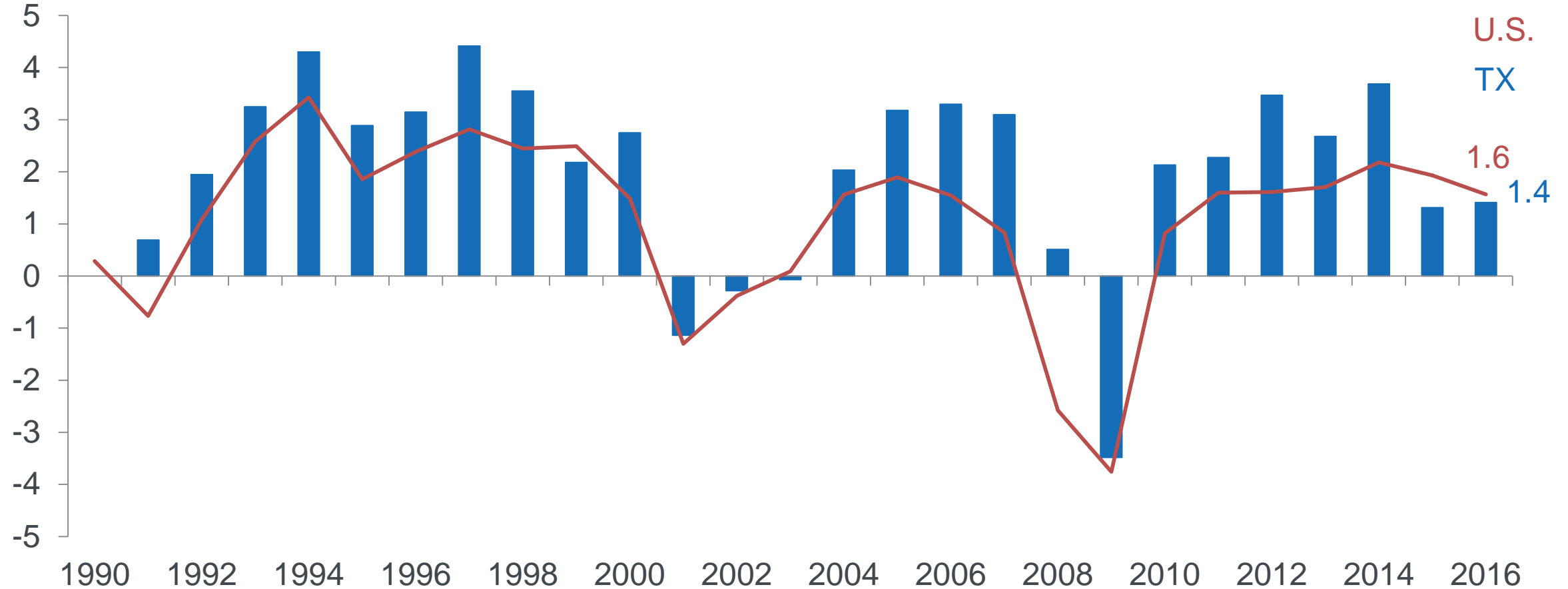
- 2016 job growth was 1.4%
- 2015 job growth was 1.3%, weak due to the oil bust
- 2014 job growth was 3.7%, strong due to the oil boom

Growth accelerated in the second half of 2016 relative to the first half

- Job growth edged down to 1.7% in Q4, from 2.3% in Q3
- Dallas Fed forecasts Q1 2017 job growth to be 1.8%, with total 2017 job growth forecasted at 1.9%

Slightly Strong Texas Job Growth in 2016

Job growth (percent)*



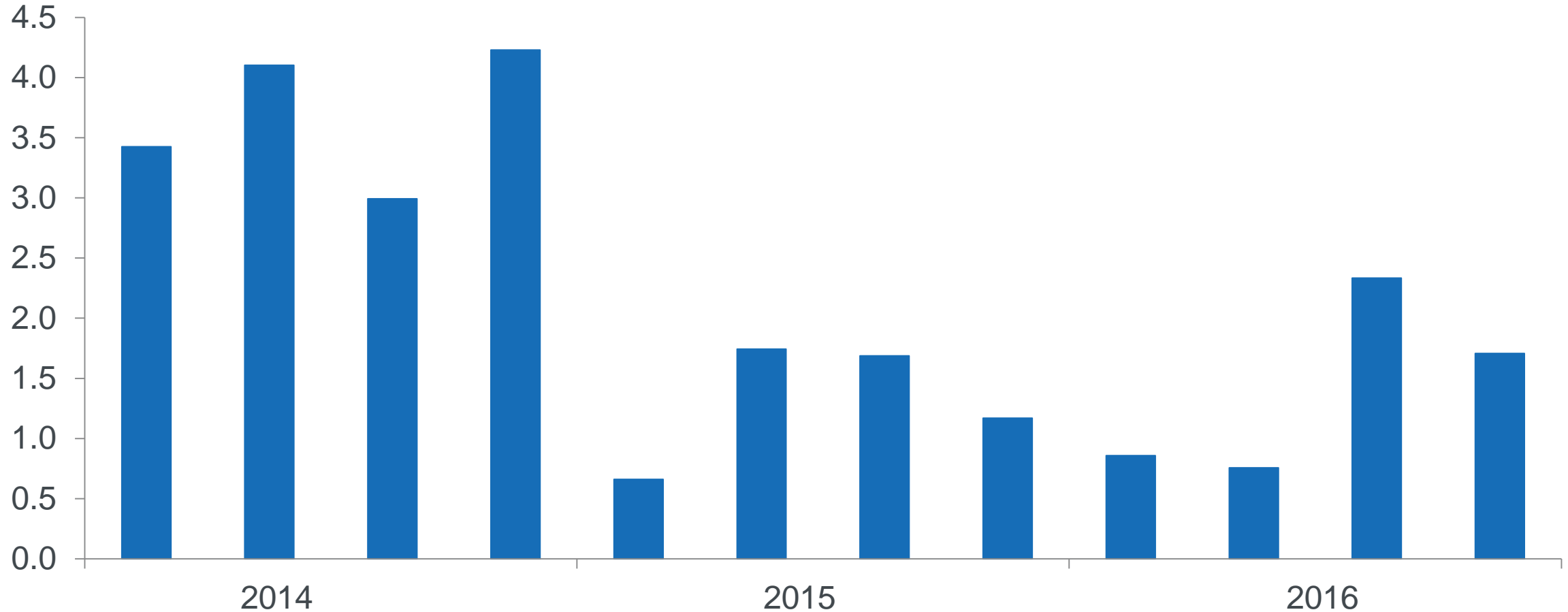
*Seasonally adjusted, annualized rate.

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

DATA: <https://www.dallasfed.org/research/econdata/tae000000.aspx>

Quarterly Data Show Stronger Second Half

Job growth (percent), quarter/quarter*

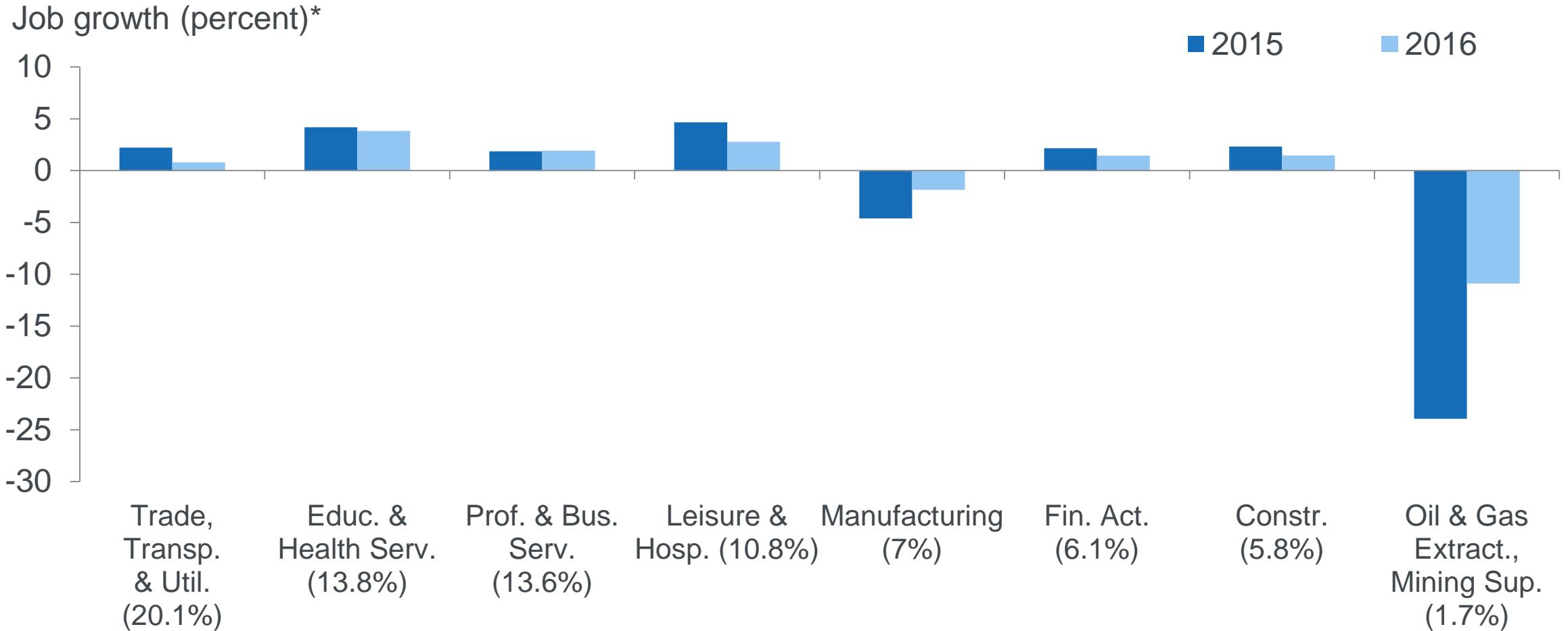


*Seasonally adjusted, annualized rate.

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

DATA: <https://www.dallasfed.org/research/econdata/tae000000.aspx>

Growing Service Sector Buoyed Texas



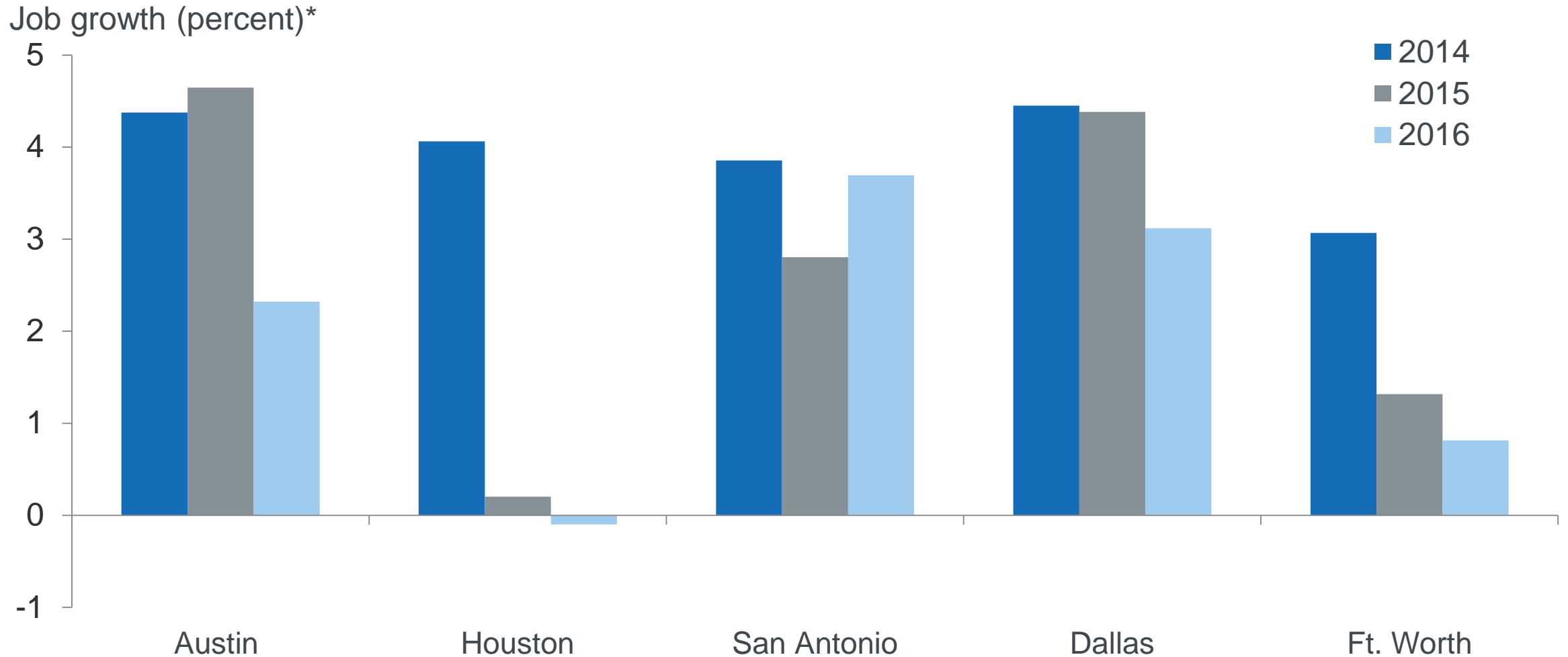
*Seasonally adjusted, annualized rate.

NOTES: Numbers in parentheses are share of state employment accounted for by each sector.

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

DATA: <https://www.dallasfed.org/research/econdata/tx-emp-ind.aspx>

Job Growth Uneven Across Metros



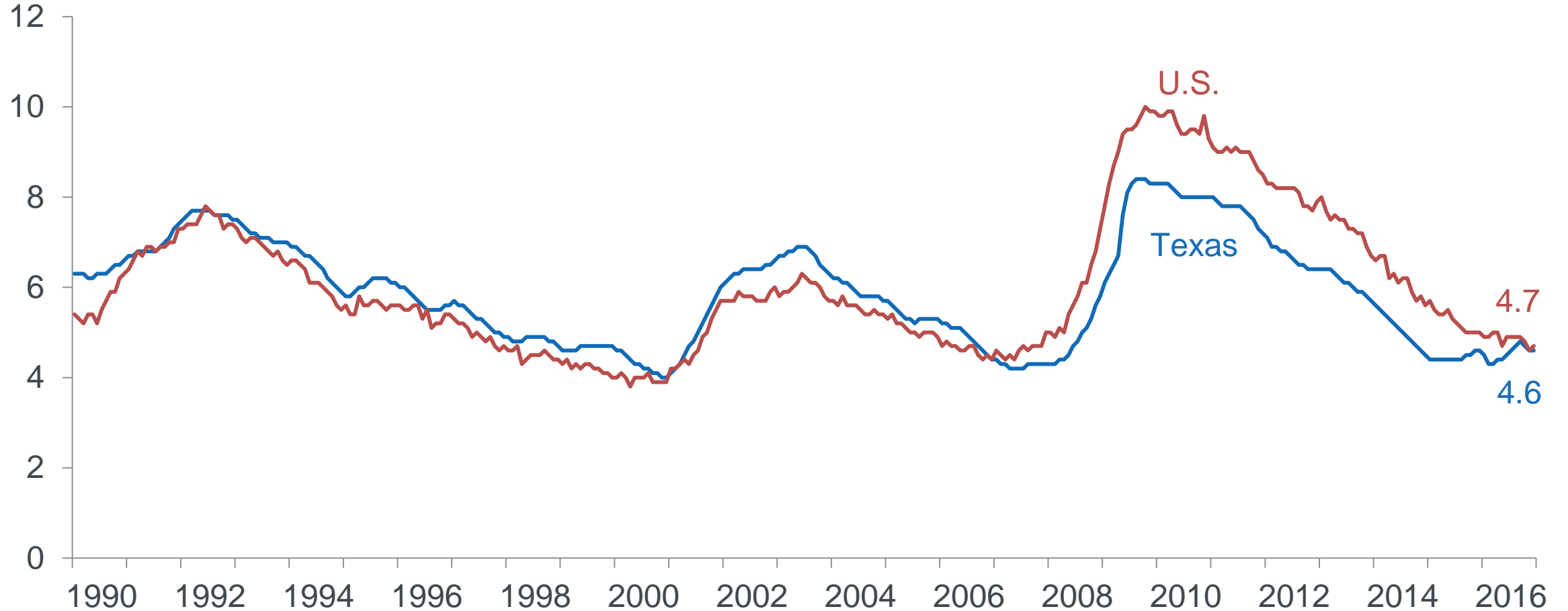
*Seasonally adjusted, annualized rate.

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

DATA: <https://www.dallasfed.org/research/econdata/tx-emp.aspx#tab3>

TX Unemployment Rate Edging Down Again

Unemployment rate (percent)*

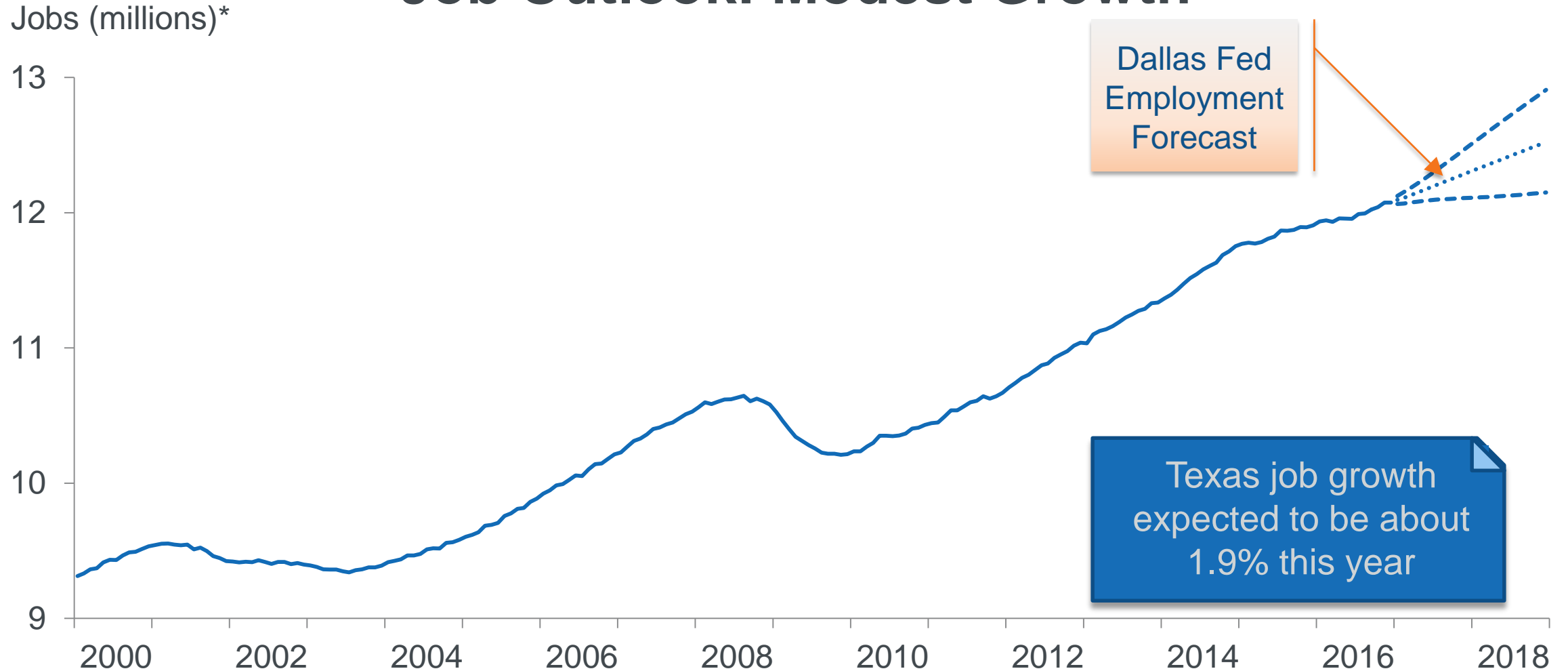


NOTE: Data through December 2016.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; FRB Dallas.

DATA: <https://www.dallasfed.org/research/econdata/txu.aspx>

Job Outlook: Modest Growth



*Seasonally adjusted.

NOTES: Data through December 2016. Upper and lower dashed lines represent the 80 percent confidence bands around the forecast.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; FRB Dallas.

DATA: <http://www.dallasfed.org/research/forecast/index.cfm>

ENERGY

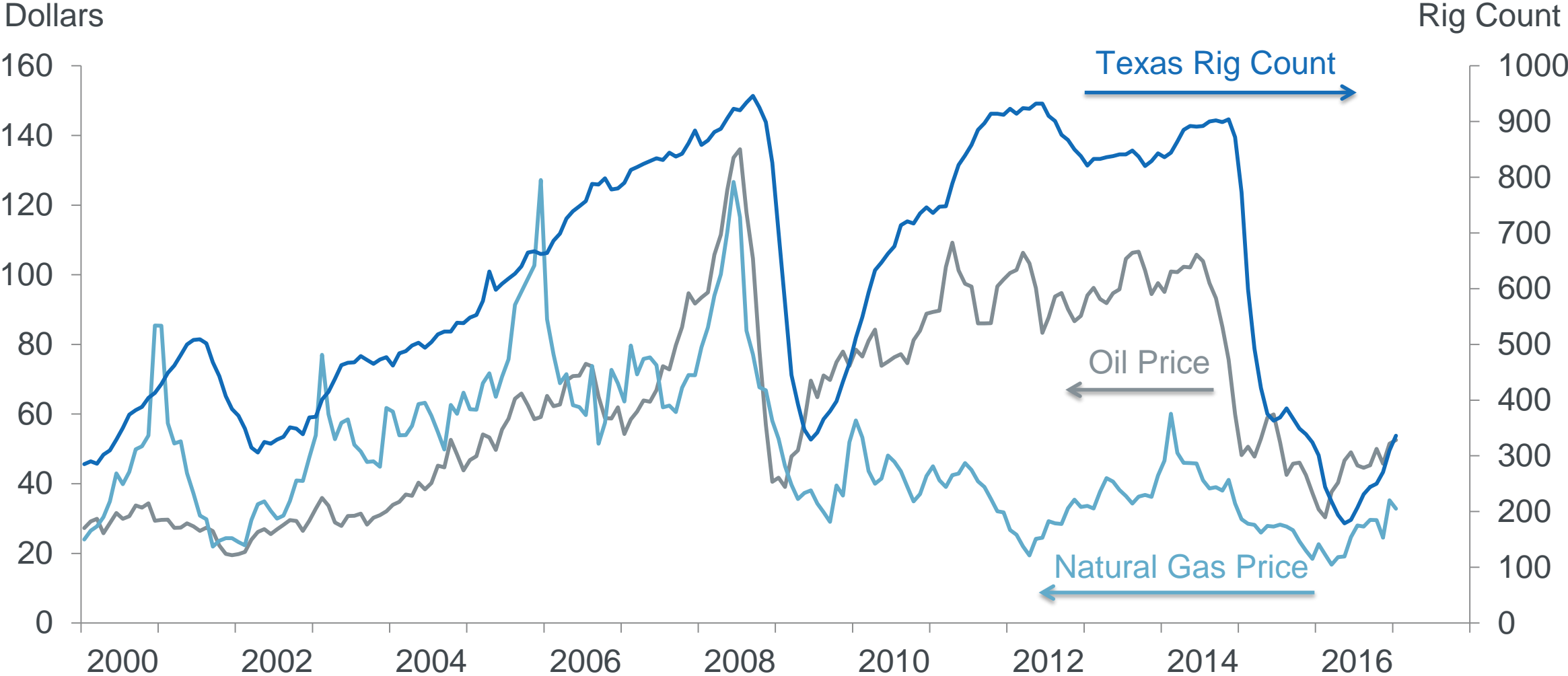
The background of the slide features a silhouette of an oil pumpjack against a sunset sky. The sky transitions from a deep blue at the top to a warm orange and yellow near the horizon. The pumpjack's structure is dark and stands out against the lighter sky.

Texas is #1 producer of oil and natural gas in nation

25% of U.S. refinery capacity and 60% of U.S. petrochemical production is in Texas

Low energy prices hurt Texas economy on net

Energy Activity Has Bottomed Out



NOTES: Oil price is dollars per barrel. Natural gas price is dollars per million Btu, multiplied by 10. Data through January 2017.
SOURCES: *Wall Street Journal*; Baker Hughes; U.S. Energy Information Administration; Haver Analytics.

MANUFACTURING



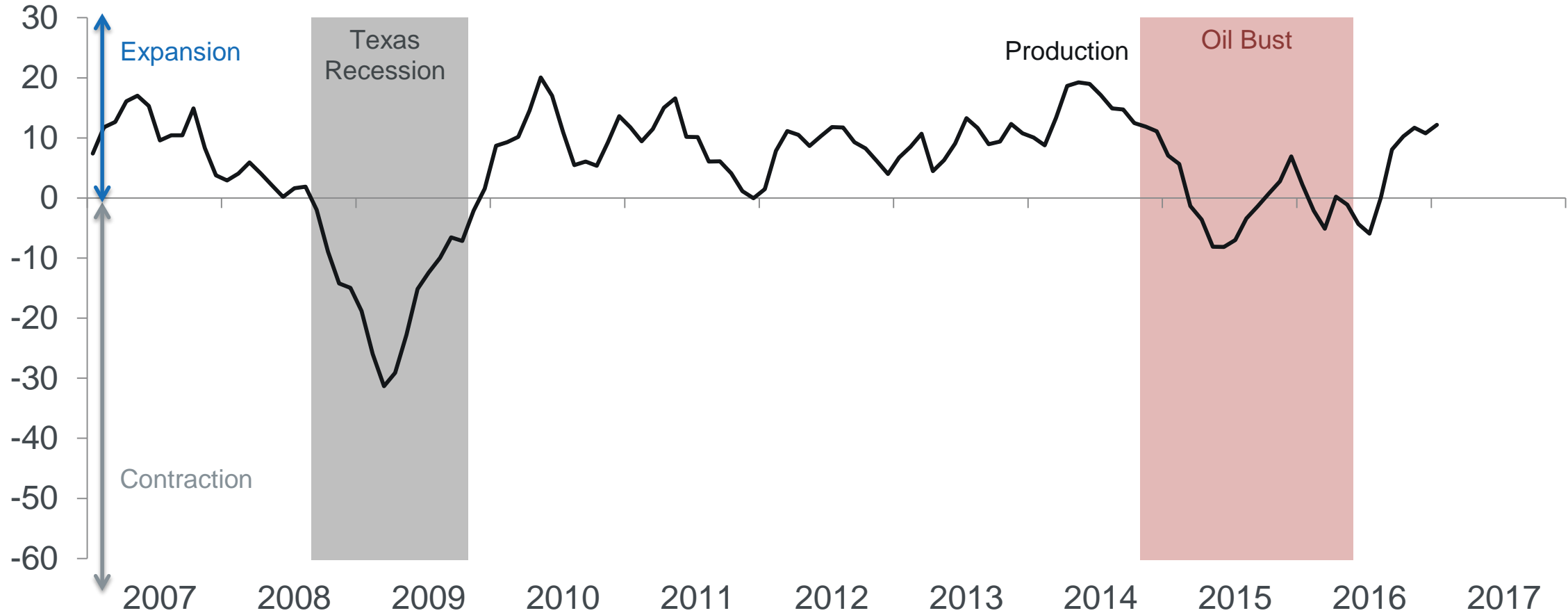
Texas produces 10% of U.S. manufactured goods

Manufacturing sector highly correlated with economic growth

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

Manufacturing Sector on the Mend

Index, 3-month moving average*



*Seasonally adjusted.

NOTE: Data through January 2017.

SOURCE: Federal Reserve Bank of Dallas Texas Manufacturing Outlook Survey (TMOS).

DATA: <https://www.dallasfed.org/research/surveys/tmos>

EXPORTS

A white semi-truck with a trailer is driving on a road. The truck is positioned in the upper center of the frame, moving towards the right. The background shows a clear sky and some greenery. The road has white lane markings.

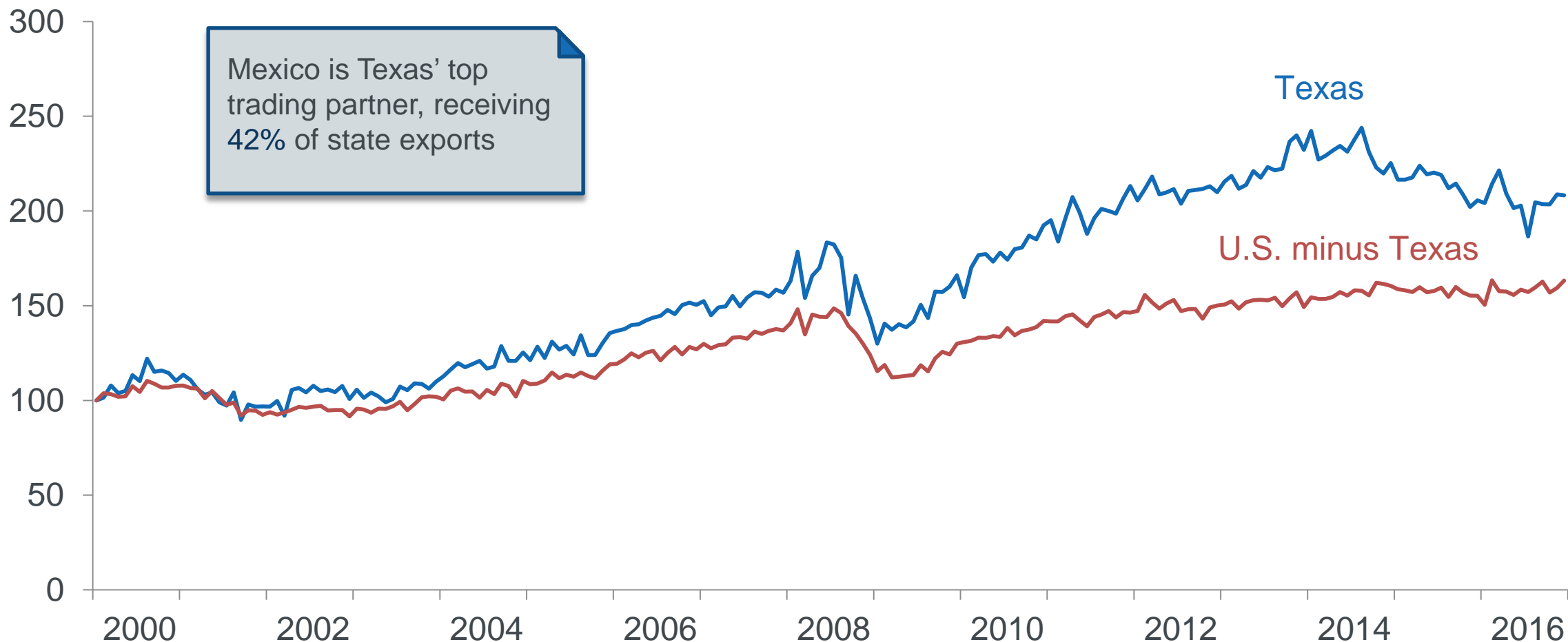
Texas is the top exporting state and accounts for 17% of U.S. exports

Gulf coast ports are major exporters of oil products and petrochemicals

Texas-Mexico border ports also process over half of state exports

Texas Exports Fall in Energy Bust

Index, Jan. 2000=100*



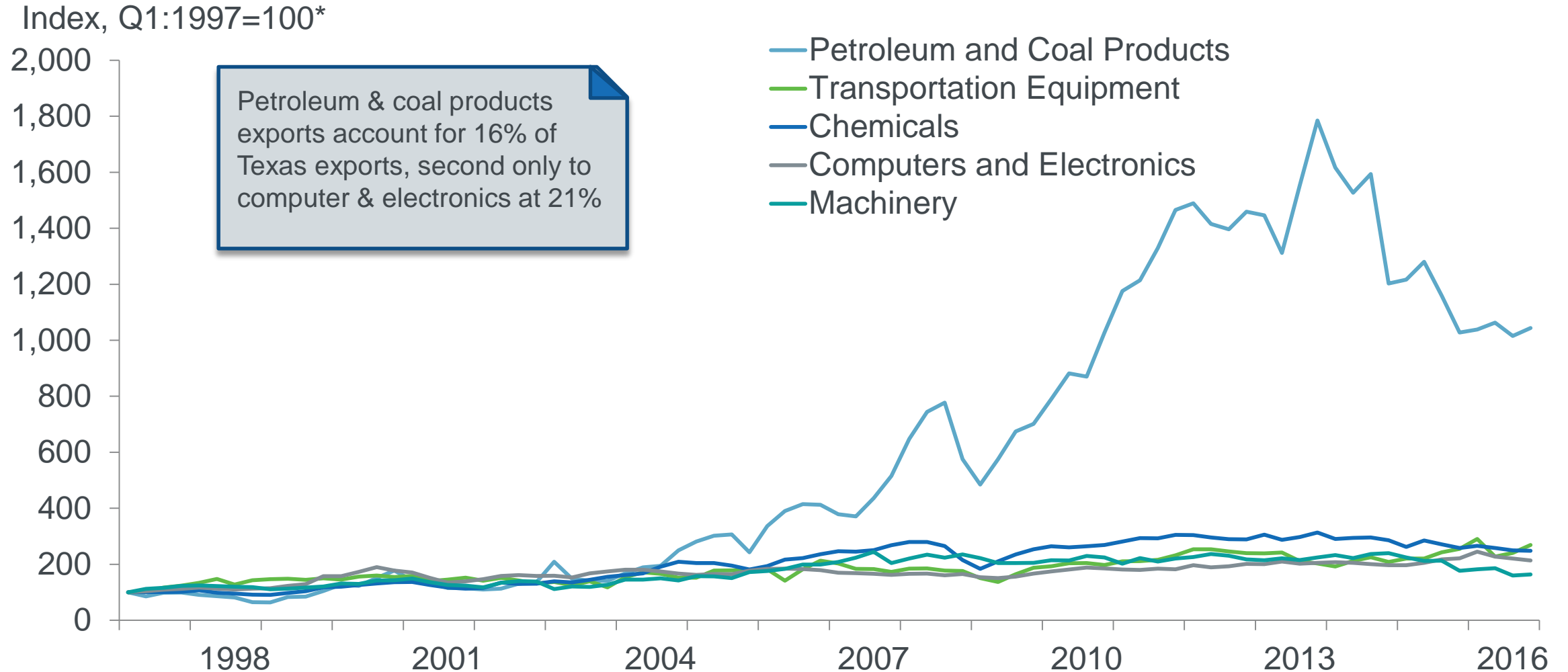
Mexico is Texas' top trading partner, receiving 42% of state exports

*Seasonally adjusted.

NOTES: Underlying data in real dollars; data through December 2016.

SOURCES: U.S. Census Bureau; Wisetrade; Bureau of Labor Statistics; seasonal and other adjustments by FRB Dallas.

Petroleum Product Exports Boom, Bust



*Seasonally adjusted.

NOTES: Underlying data in real dollars; data through Q4 2016.

SOURCES: U.S. Census Bureau; Wisetrade; Bureau of Labor Statistics; seasonal and other adjustments by FRB Dallas.

SERVICES



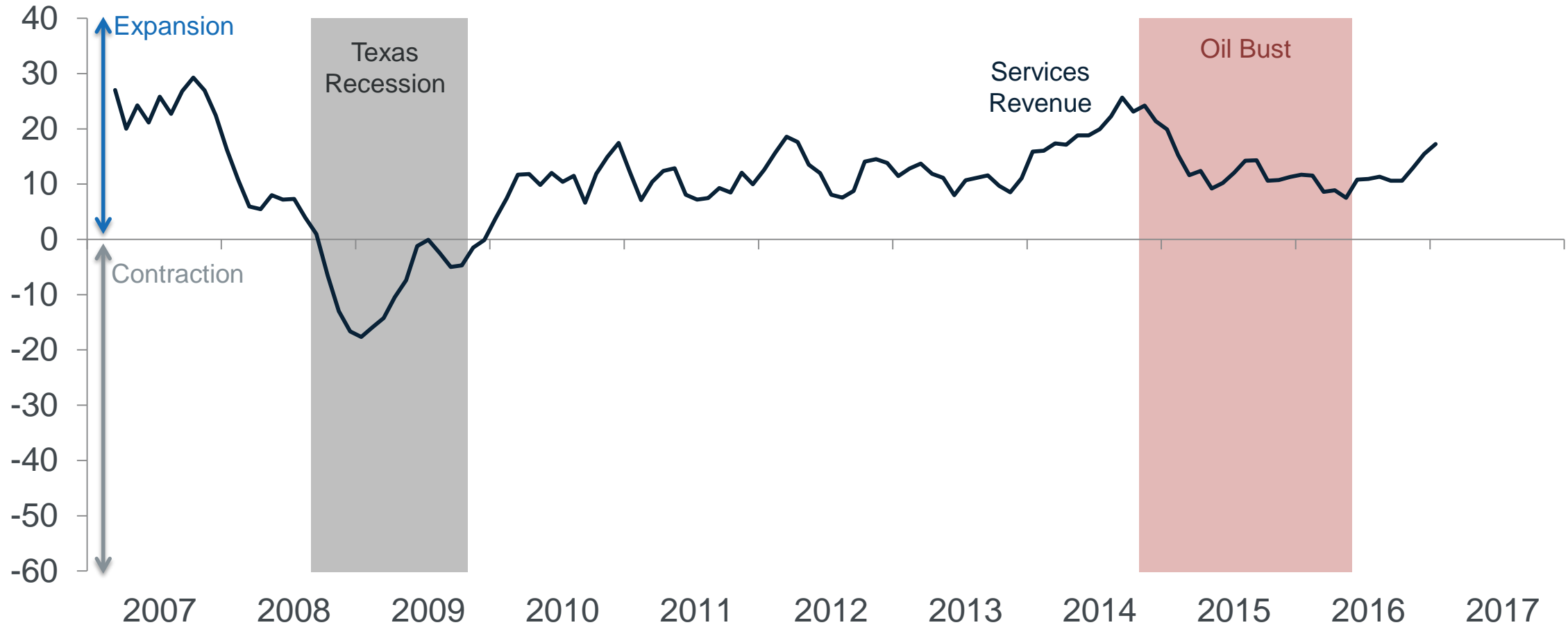
Service industry makes up the bulk of the Texas economy

Accounts for over 60% of private-sector activity in Texas

Dallas Fed's Texas Service Sector Outlook Survey provides timely insight into this key sector

Service Sector Grows Despite the Bust

Index, 3-month moving average*



*Seasonally adjusted.

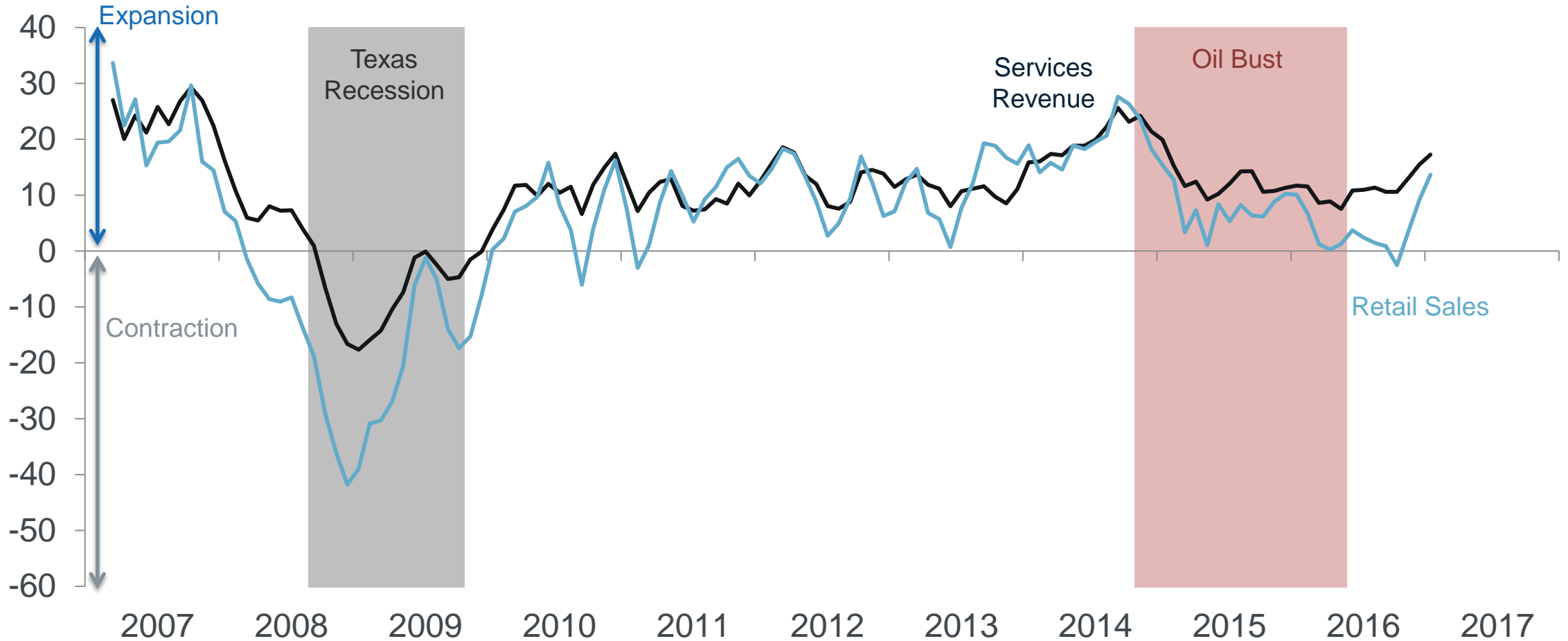
NOTE: Data through January 2017.

SOURCE: Federal Reserve Bank of Dallas Texas Service Sector Outlook Survey (TSSOS).

DATA: <https://www.dallasfed.org/research/surveys/tssos>

Retail Activity Strengthens

Index, 3-month moving average*



*Seasonally adjusted.

NOTES: Data through January 2017; the TROS is a component of TSSOS using information only from retail and wholesale 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>

HOUSING

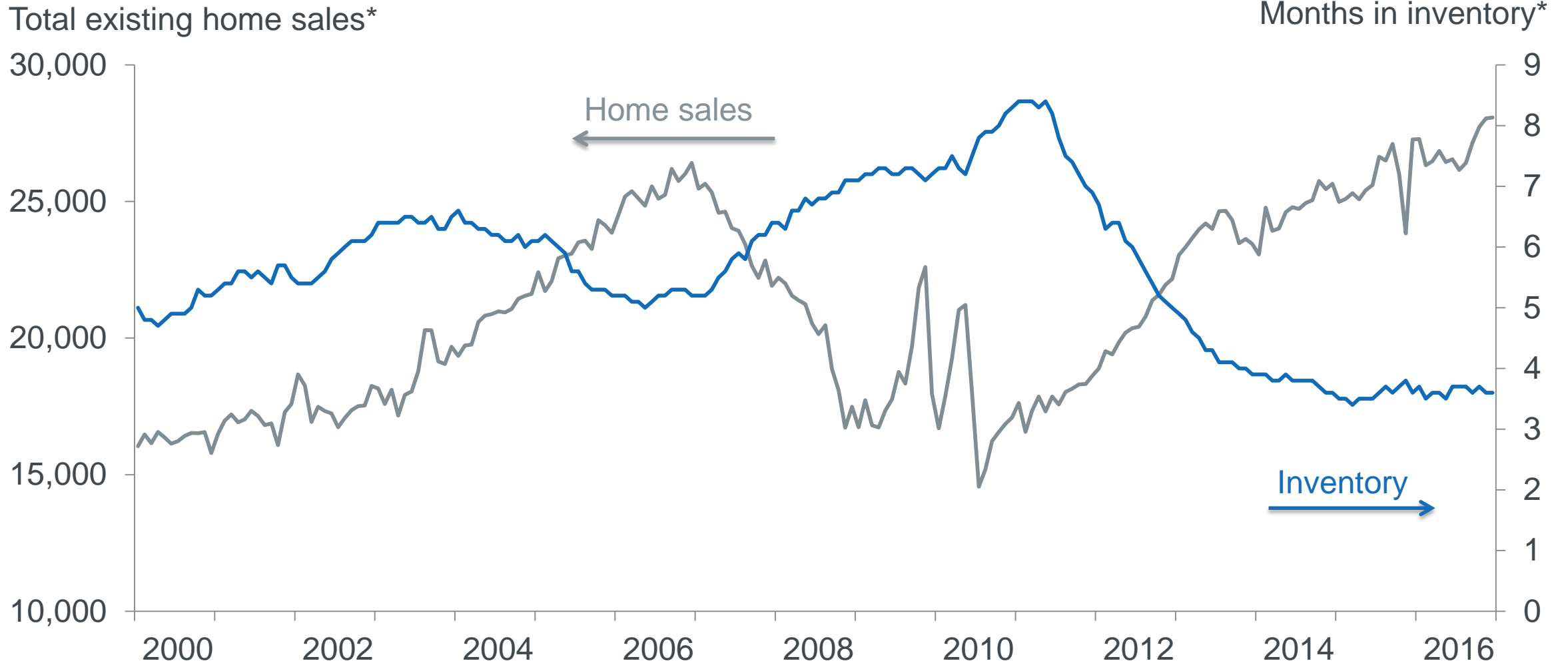


Texas avoided the house price bubble

Housing sector was slow to recover

Housing markets currently tight in most of the state

Home Sales High, Inventories Low



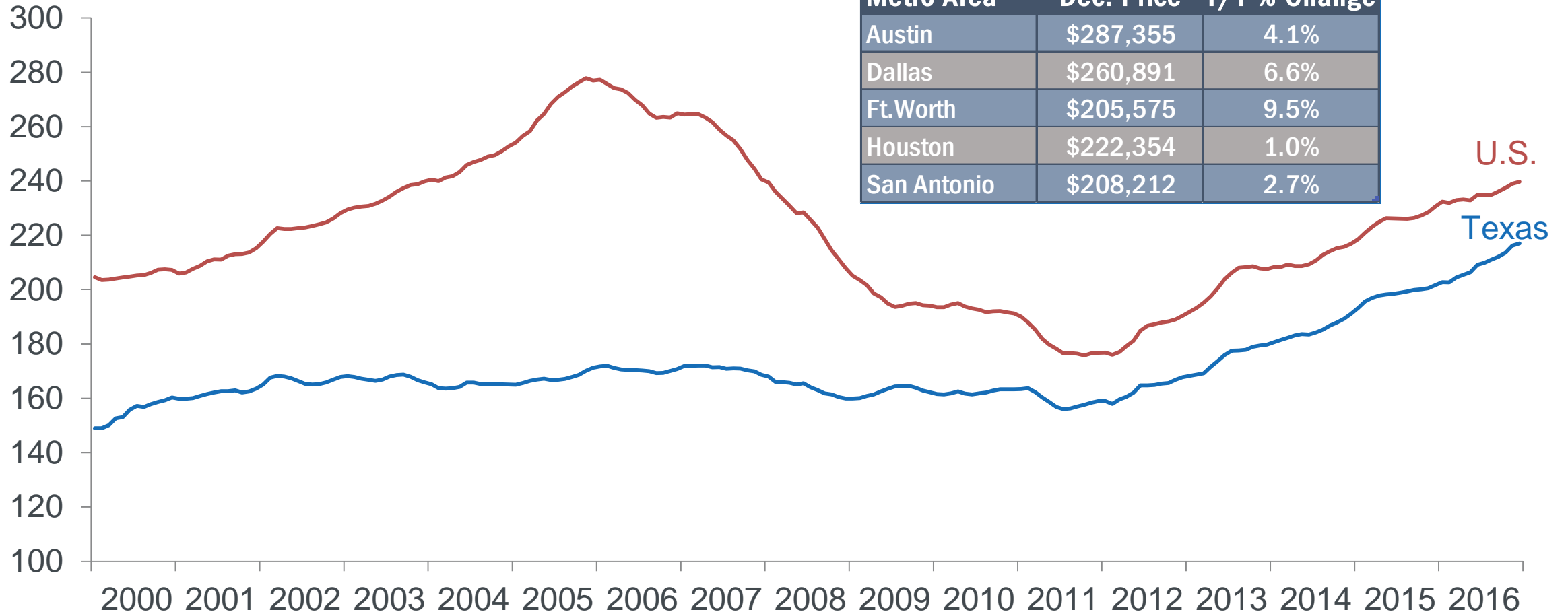
*Seasonally adjusted.

NOTE: Data through December 2016.

SOURCES: Multiple Listing Service; seasonal and other adjustments by FRB Dallas.

Texas Median Home Price at Record High

Dollars (thousands), four-month moving average*



*Seasonally adjusted.

NOTES: Data in real dollars; data through December 2016.

SOURCES: Multiple Listing Service; seasonal and other adjustments by FRB Dallas.



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www.dallasfed.org/research/texas