

# The Texas Economy



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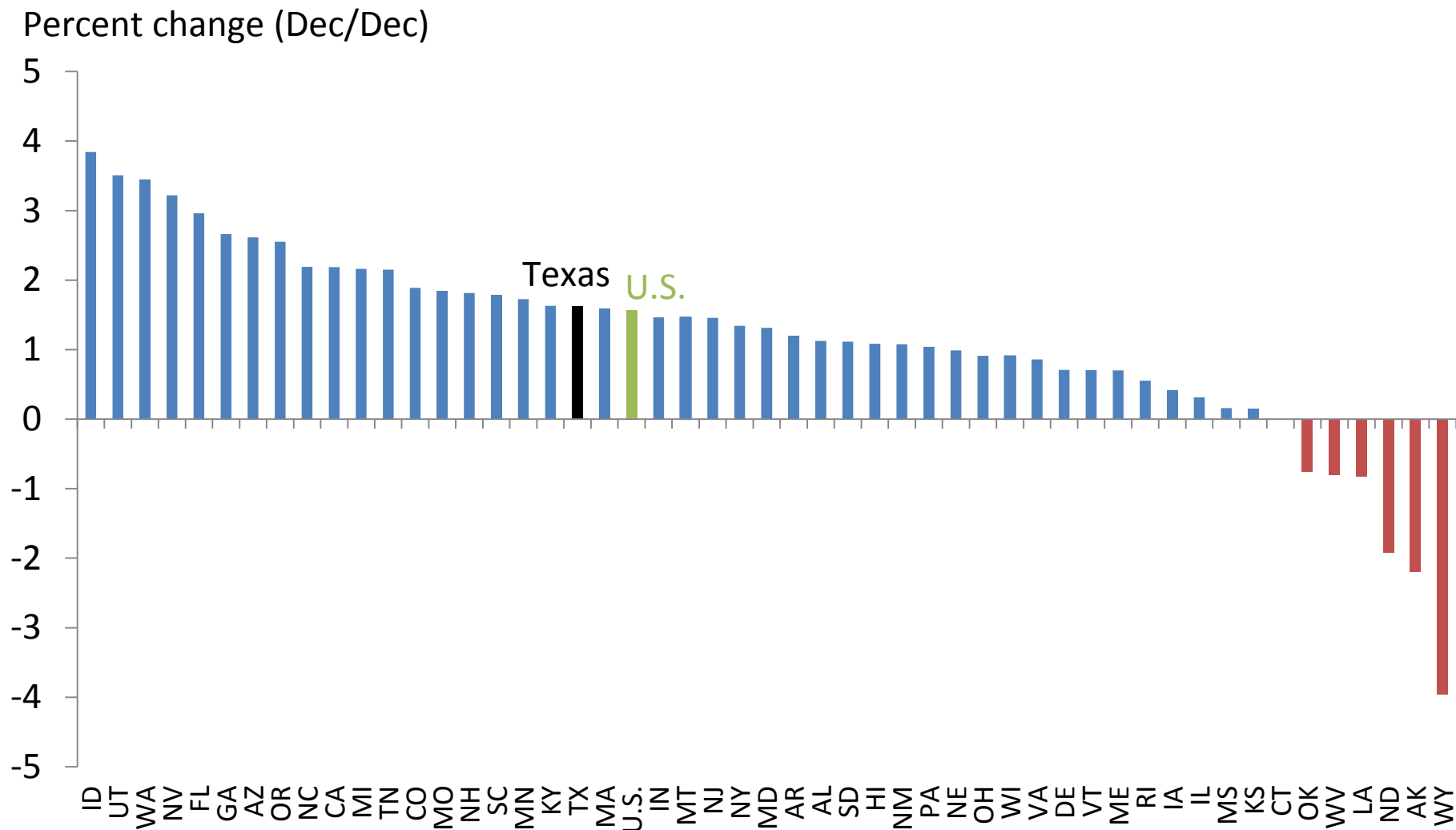
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# Texas Economic Update

- Texas survived the recent energy bust with few deep scars.
- Texas employment growth was moderate but slightly higher than in 2015.
  - 1.7% annual growth
  - 203,000 jobs
- 2017 came in stronger with 2.7% growth and 54,500 jobs in the first two months.
- Texas Business Outlook Surveys strengthening
- Energy Survey increasingly optimistic
- Worst may be behind us, but risks remain



# In 2016, Texas 19<sup>th</sup> in job growth



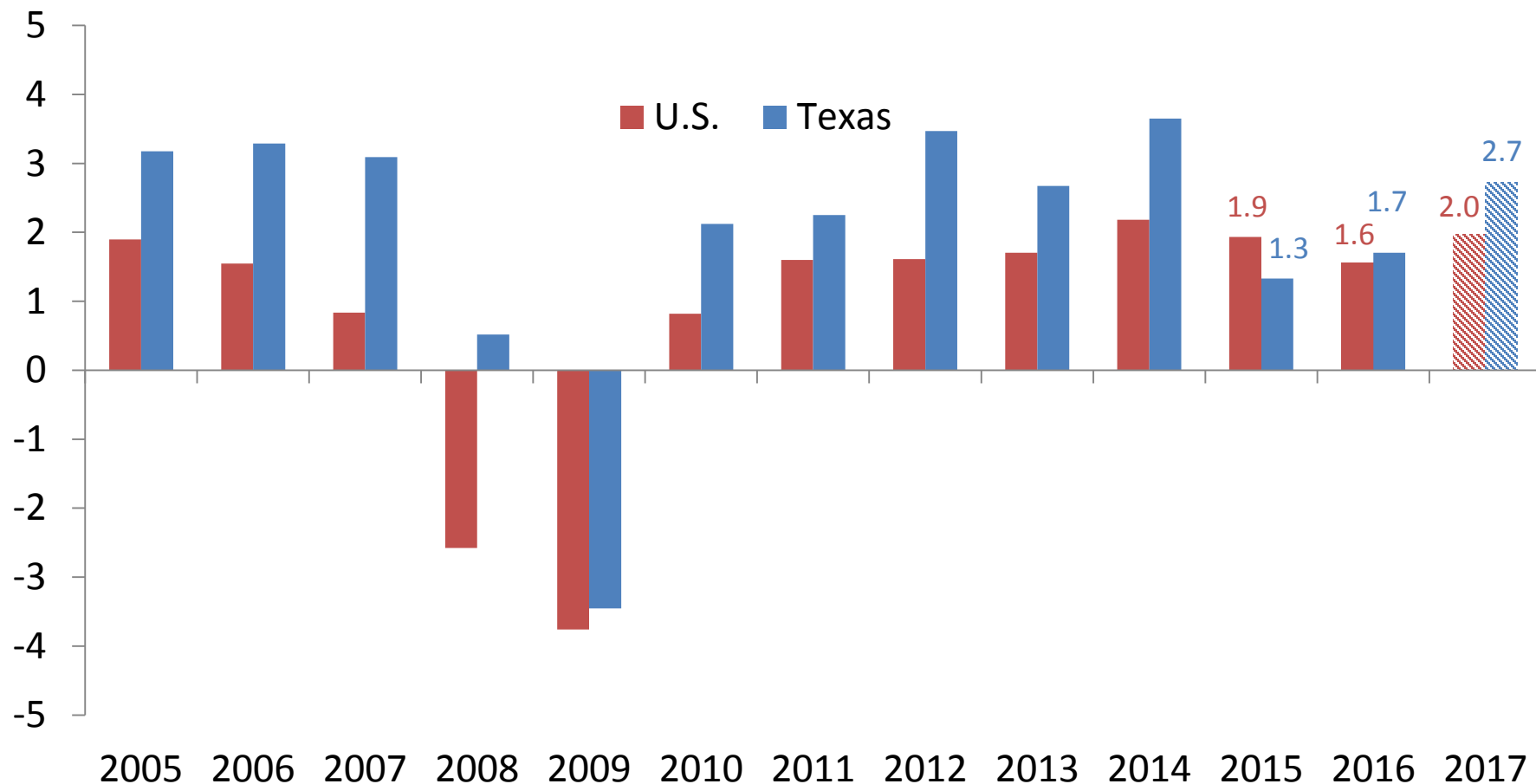
SOURCE: Bureau of Labor Statistics.



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# Texas 2016 job growth back above nation's

Y/Y percent change, SA



NOTE: Shaded bar represents February 2017/December 2016 growth, annualized rate.

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



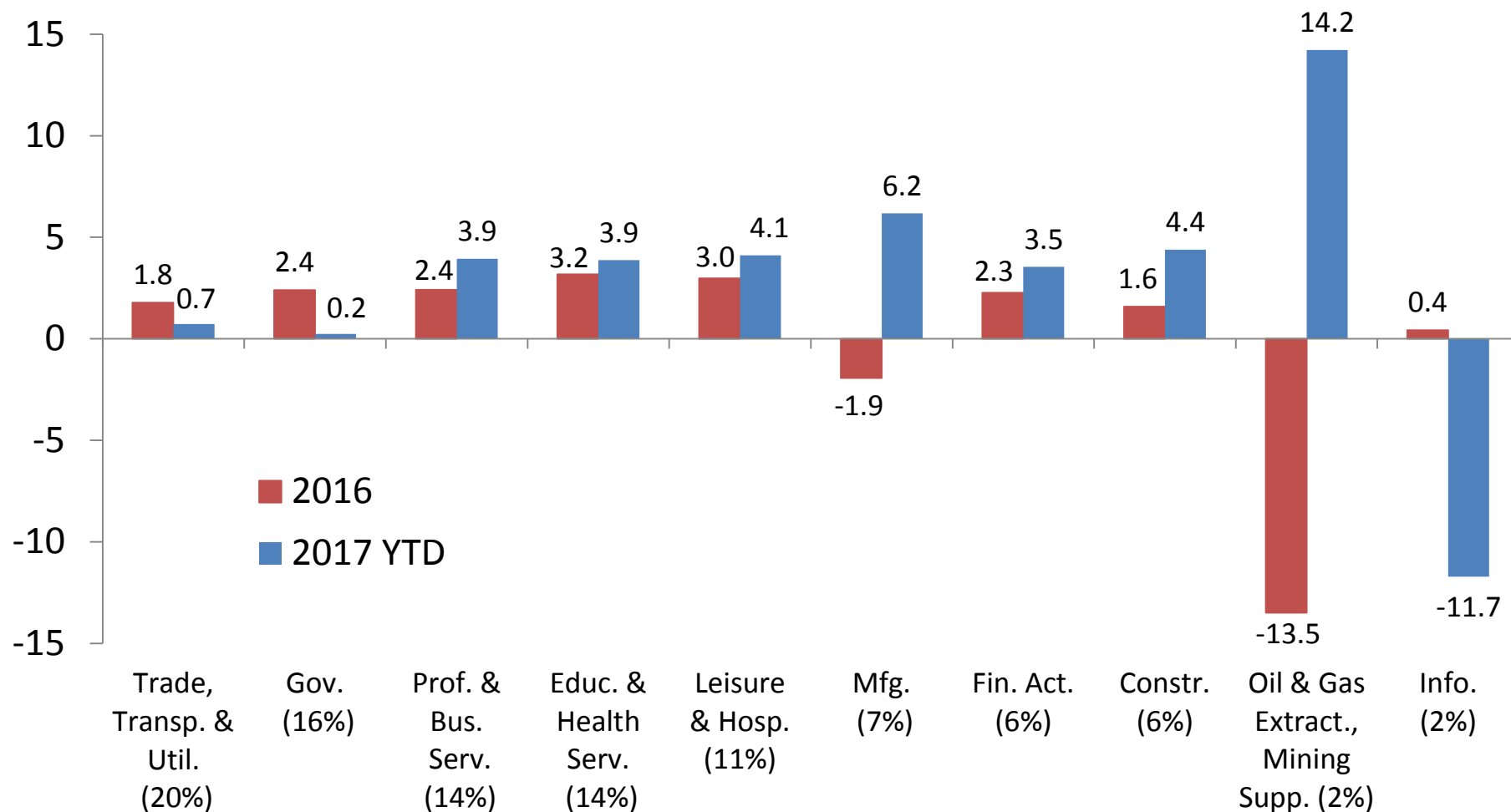
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# Employment growth rates by sector

(NAICS Super Sectors, SA by FRB Dallas)

Dec '15 – Dec '16; Dec '16 – Feb '17

Percent change, SAAR

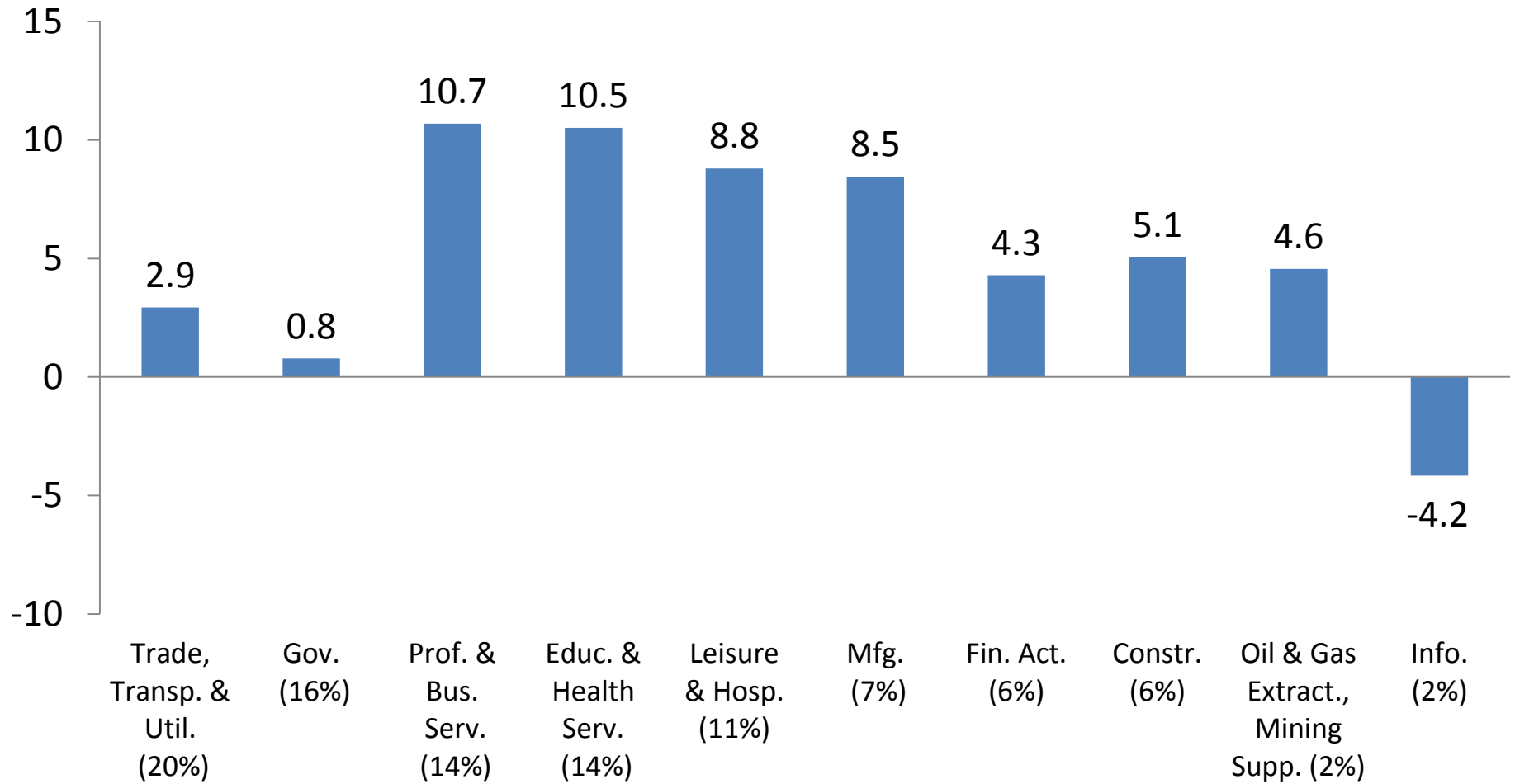


# Texas employment growth by sector

(NAICS Super Sectors, SA by FRB Dallas)

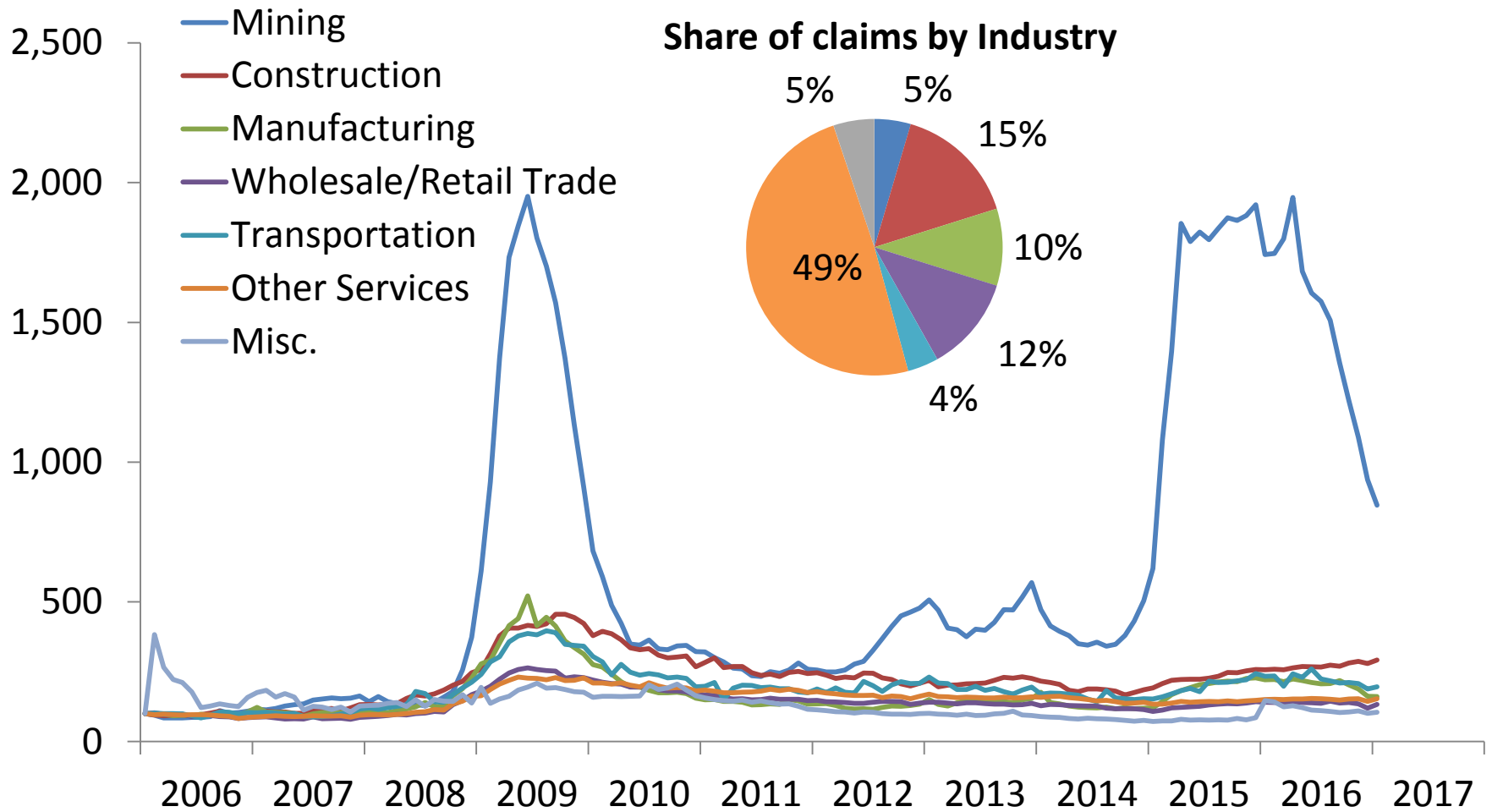
Dec '16 – Feb '17

Thousands of jobs, SA



# Continuing claims by industry

Index, Jan.'06=100, SA



NOTE: Last data point and pie chart reference January 2017.

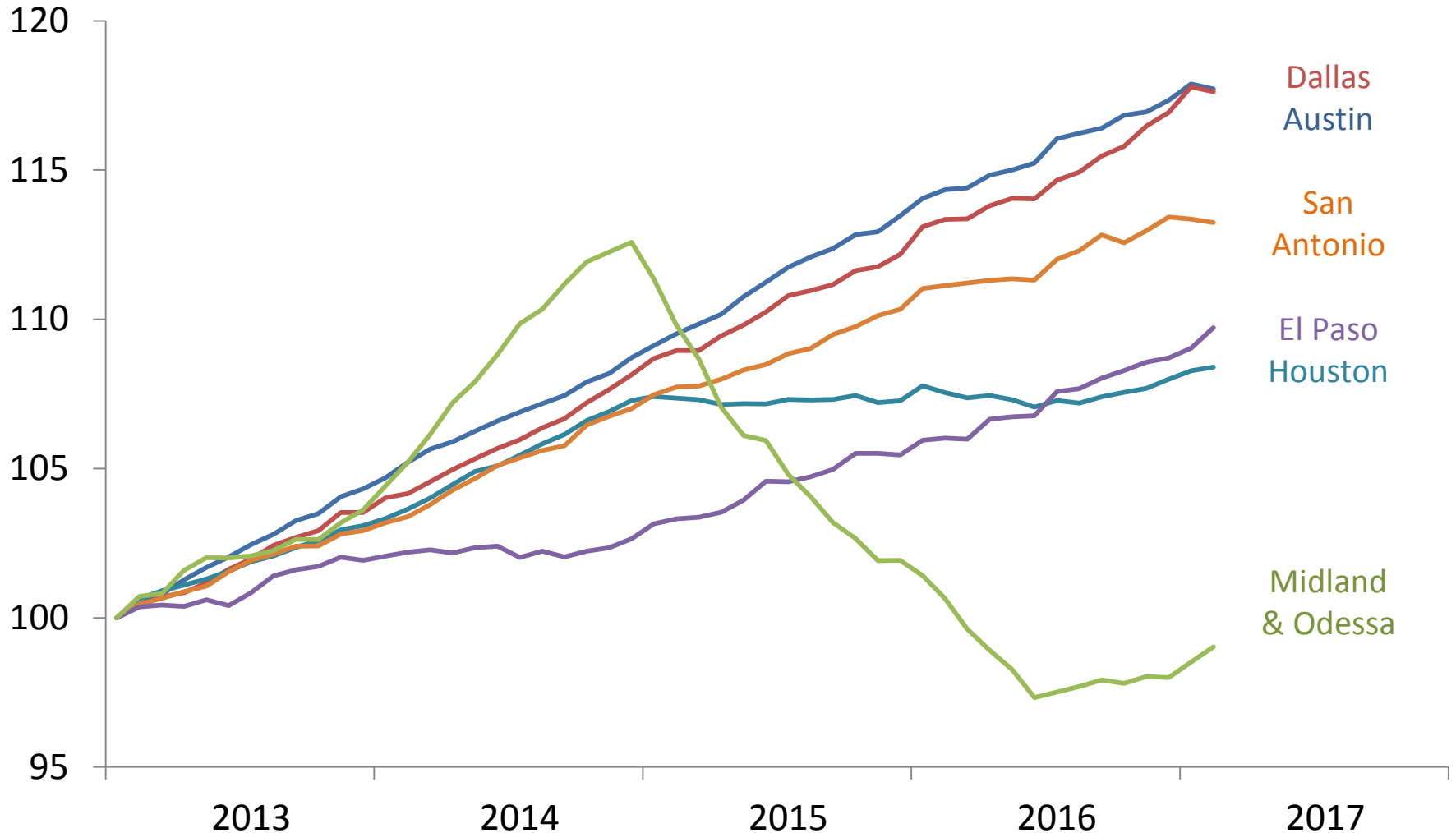
SOURCES: U.S. Department of Labor; Haver Analytics; seasonal and other adjustments by Federal Reserve Bank of Dallas.



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# Metro employment growth

Index, Jan. '13=100, SA

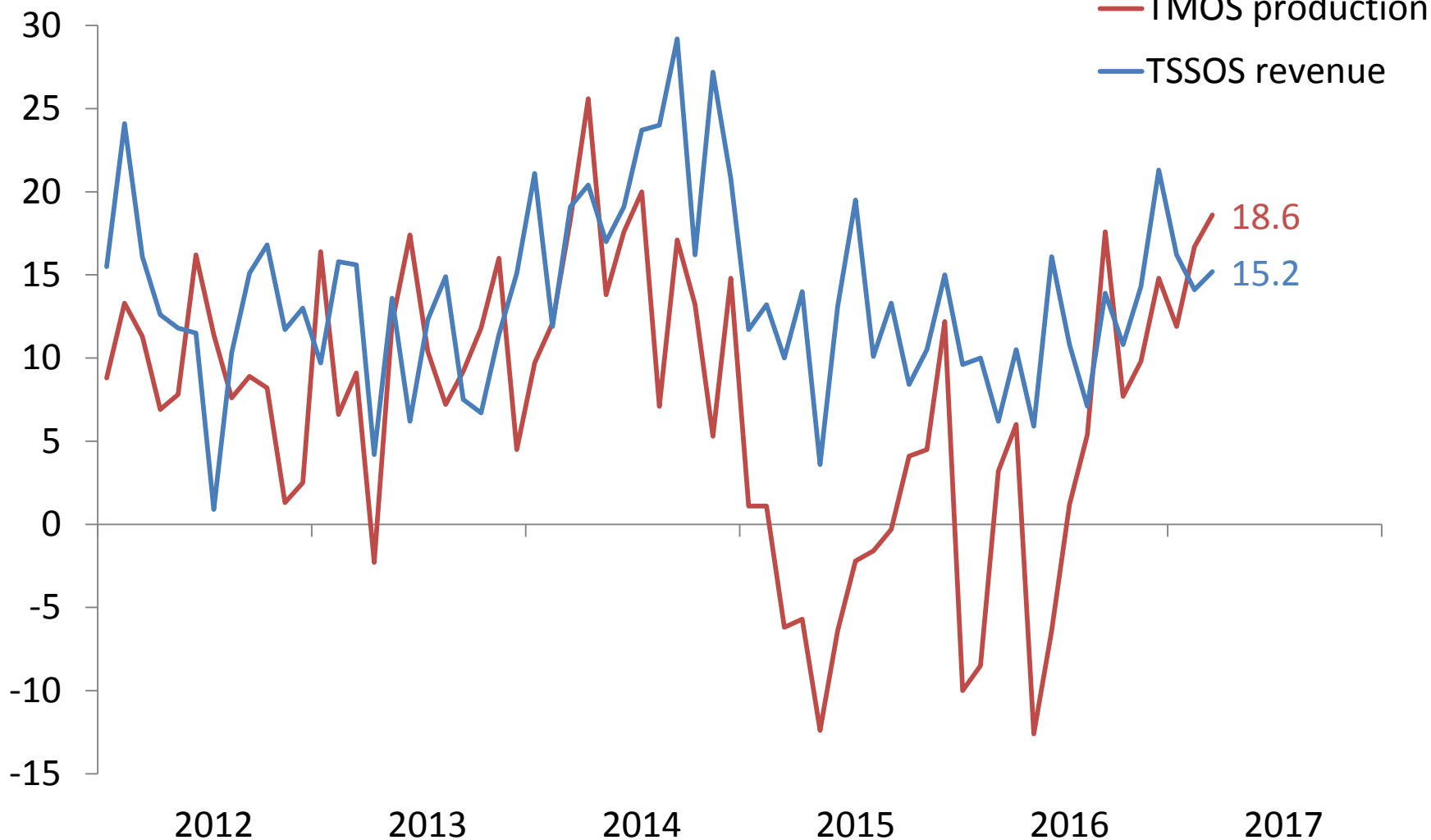


Dallas  
Austin  
San Antonio  
El Paso  
Houston  
Midland & Odessa



# Dallas Fed Surveys

Index, SA



NOTE: Last data point is March 2017.

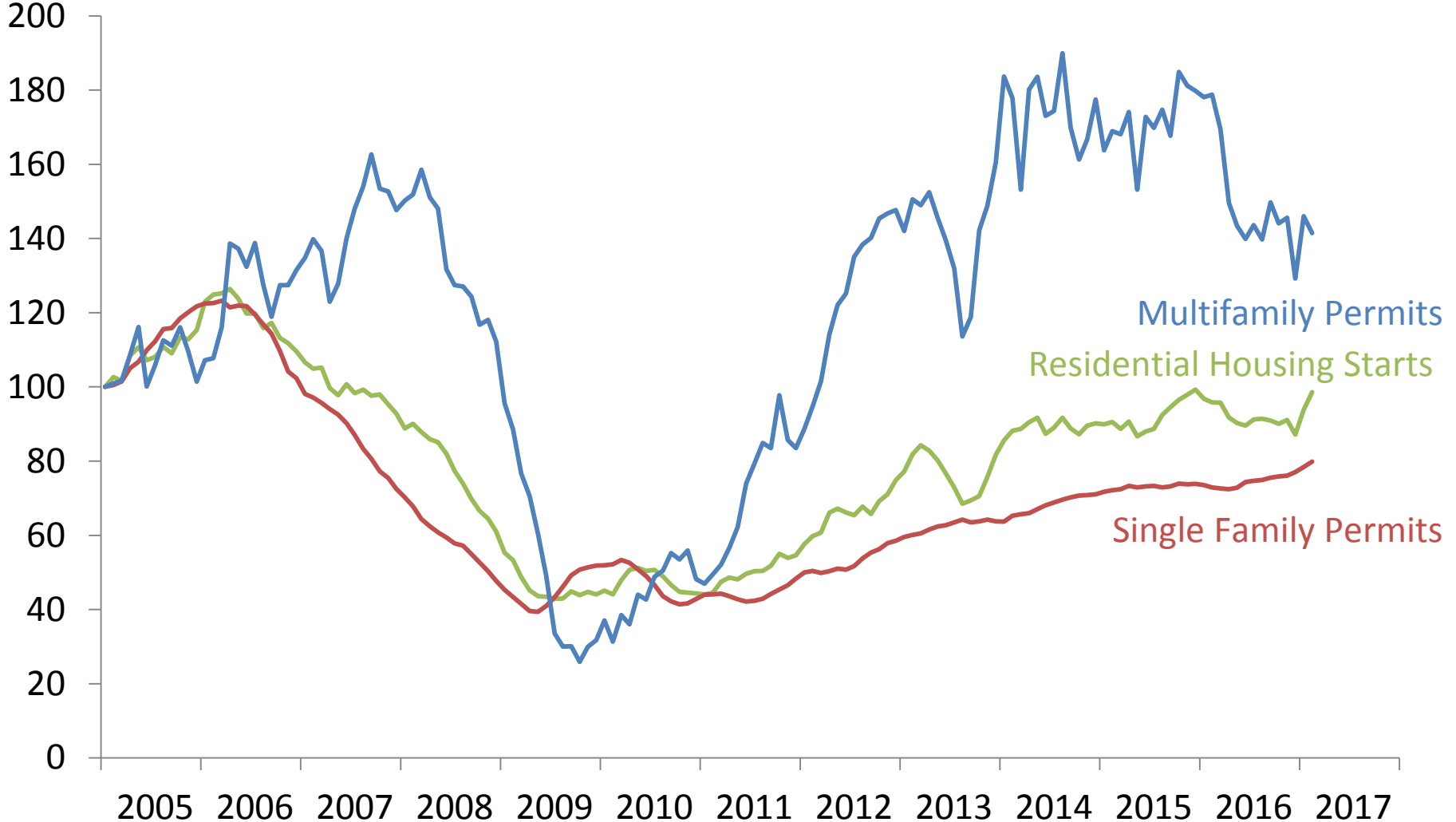
SOURCE: Federal Reserve Bank of Dallas.



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# Single-family home construction strengthens

Index, Jan. '05=100, 5MMA, SA



NOTE: Last data point is February 2017.

SOURCE: Bank of Tokyo-Mitsubishi UFJ; U.S. Census Bureau; FRB Dallas.

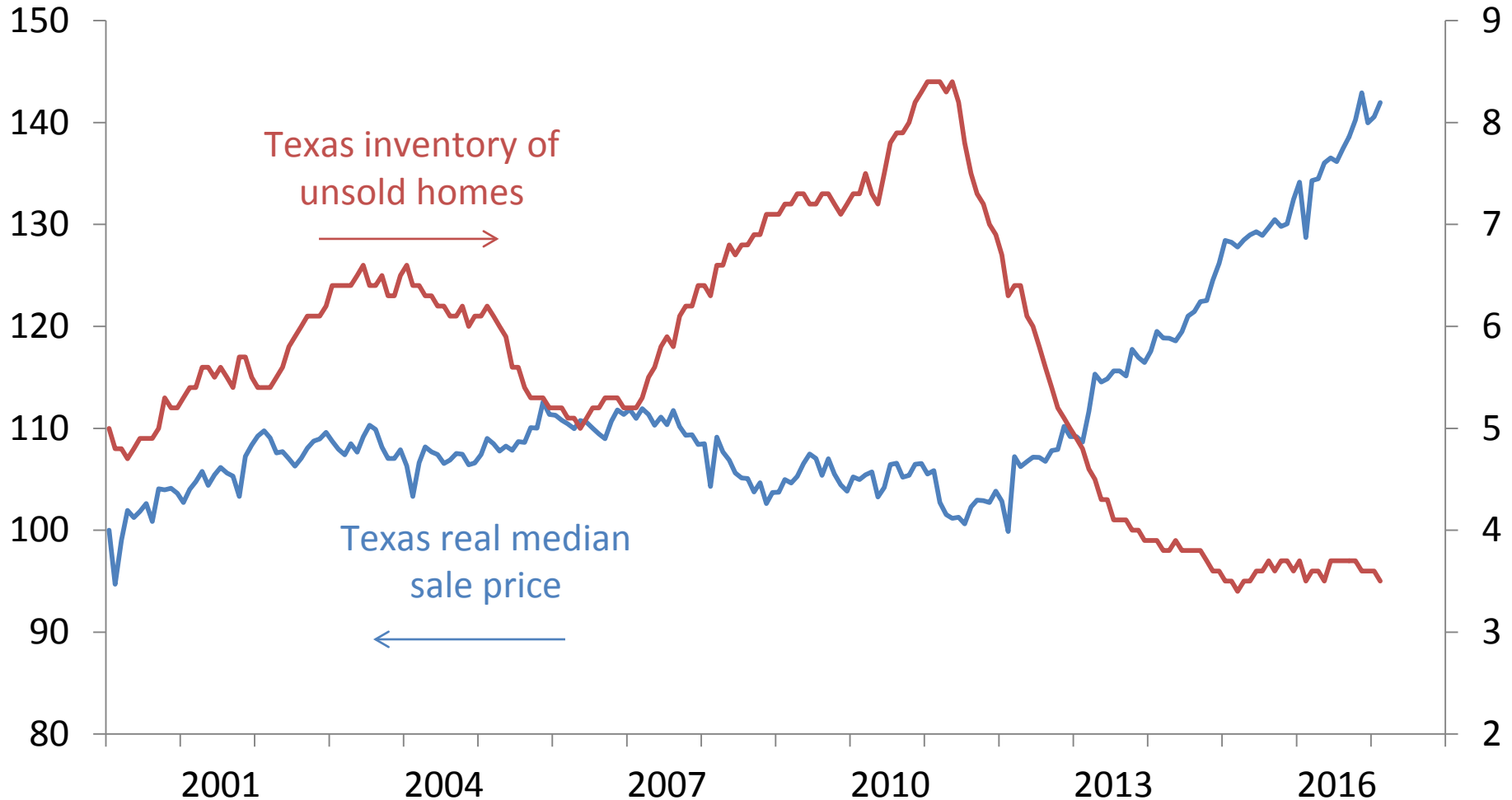


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# Texas home prices and inventories

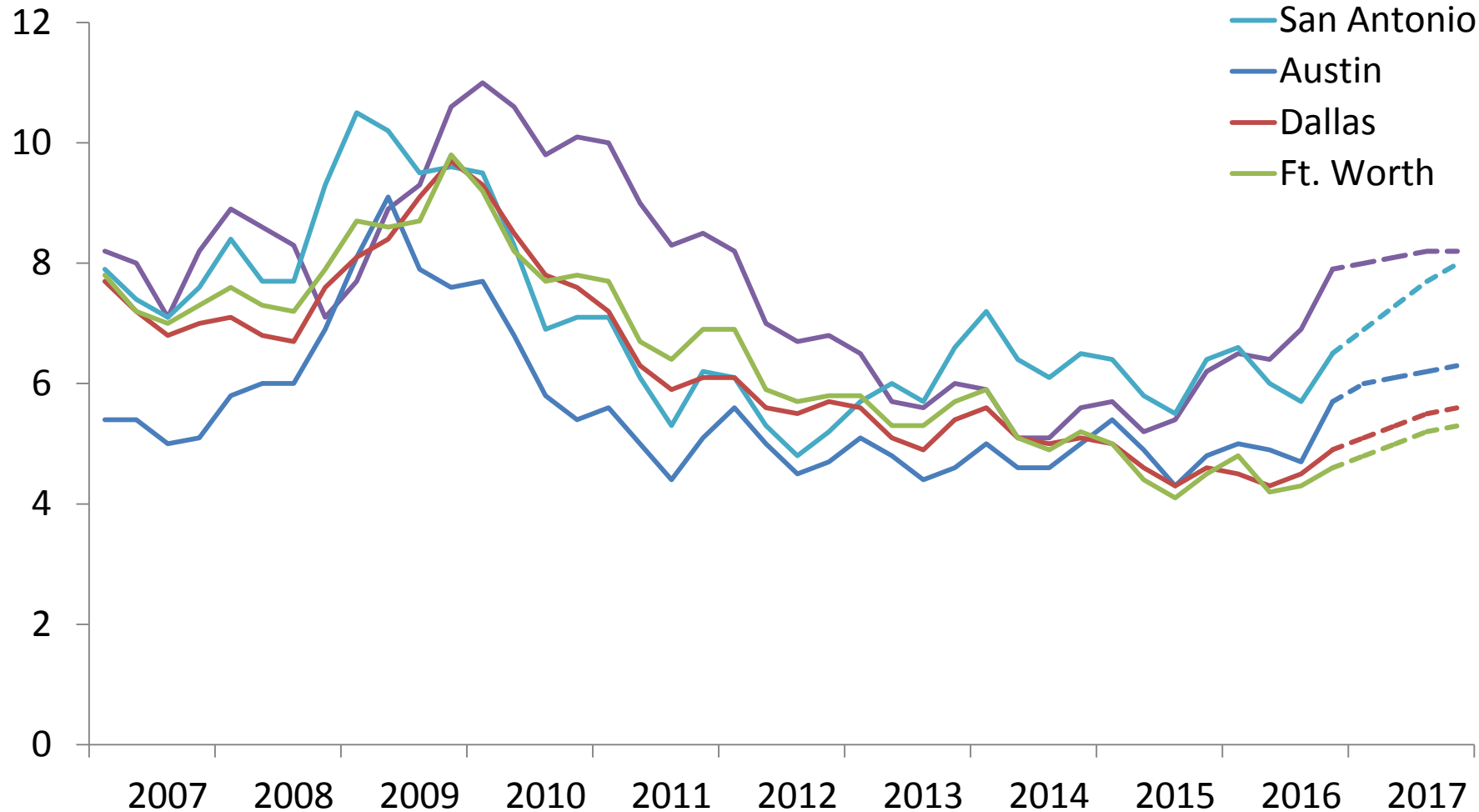
Index, Jan.'00=100, SA

Months in inventory, SA



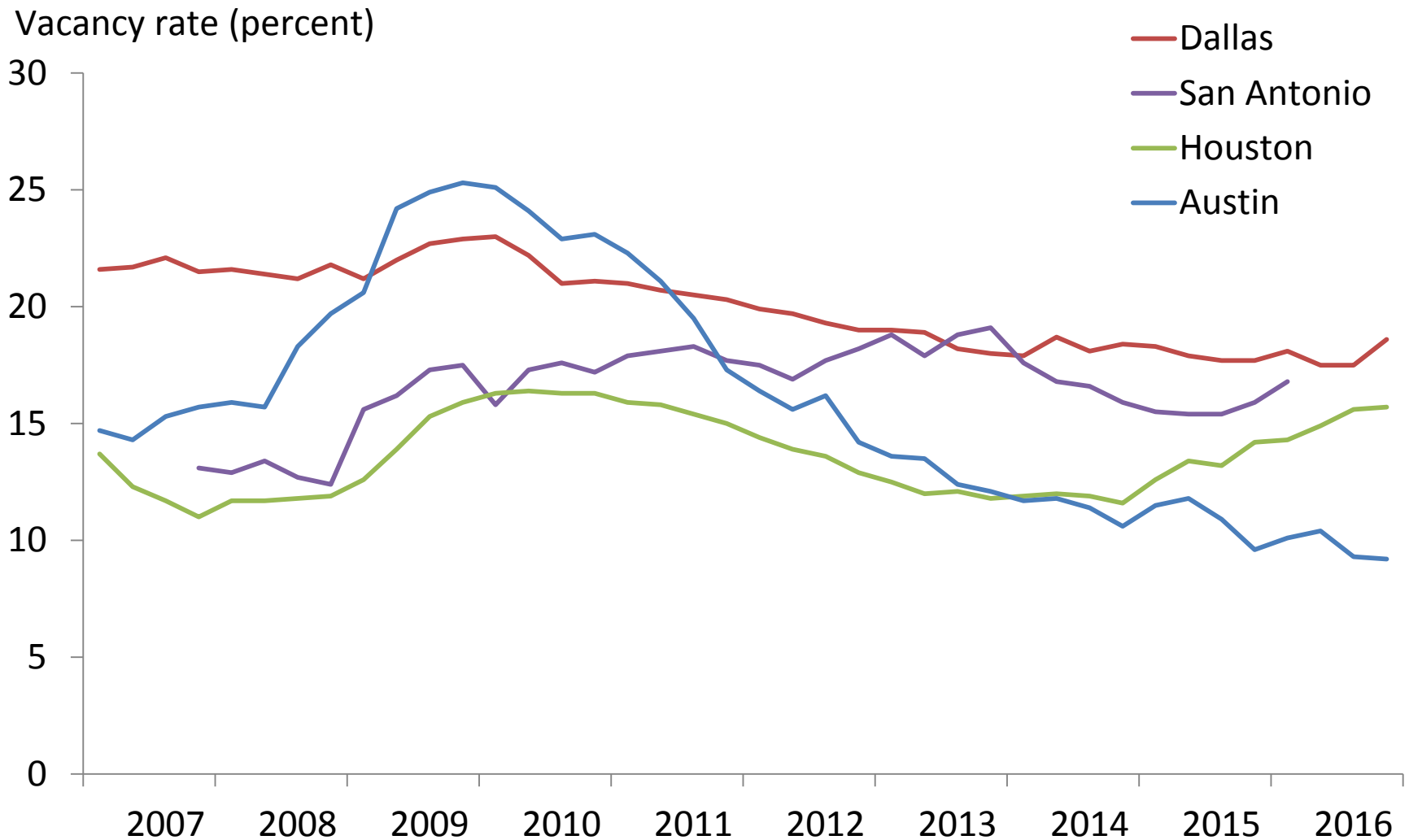
# Multifamily market weaker

Vacancy rate (percent)



NOTES: Last data point is Q4 2016. Dashed lines depict forecasts for each quarter of 2017.  
SOURCES: CBRE.

# Office market vacancies start to rise



NOTES: Data are through Q1 2016 for San Antonio, and otherwise through Q4 2016.

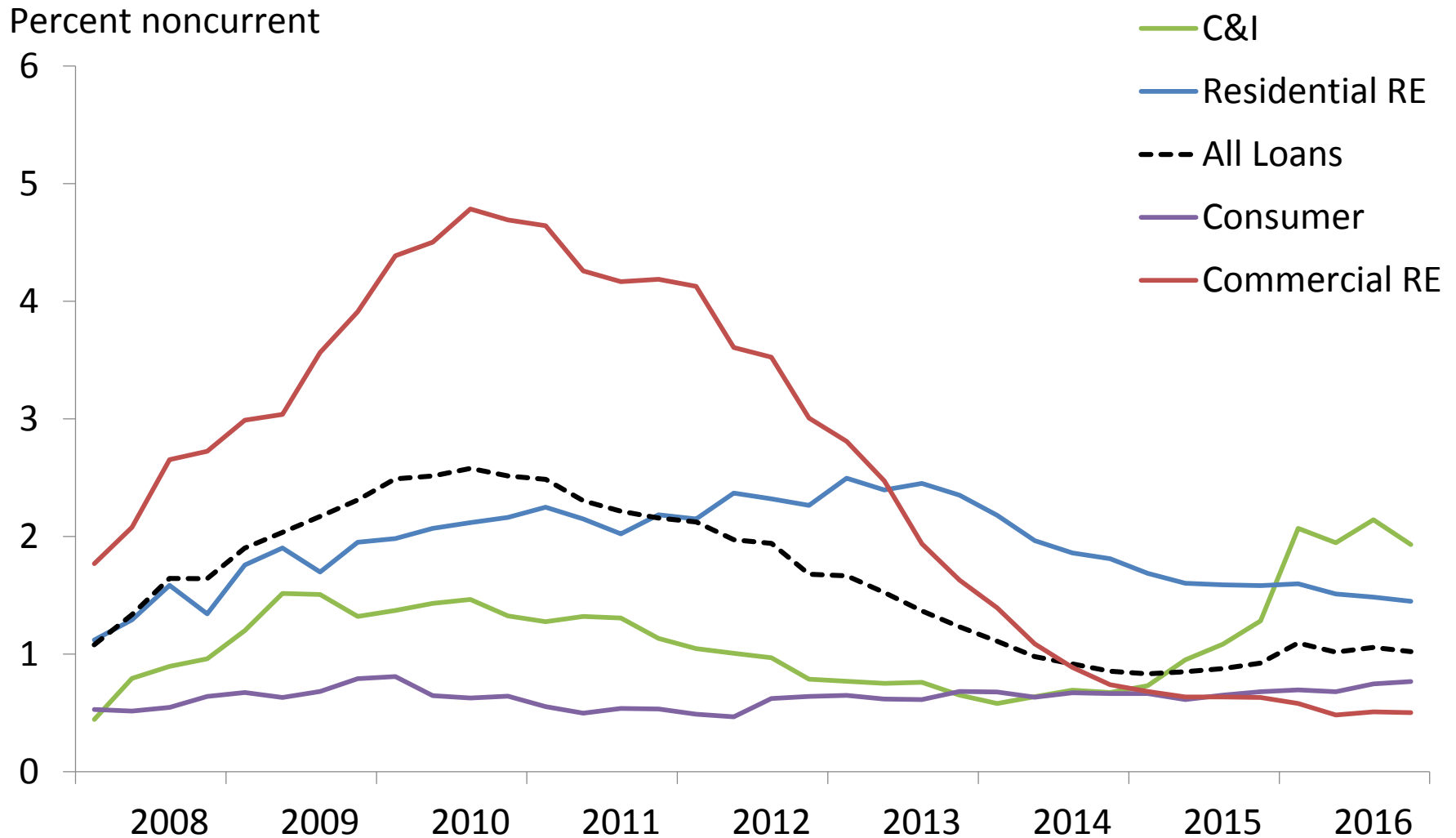
SOURCE: CBRE.



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# Noncurrent C&I loans tick down

## *Texas banks*



NOTE: Includes commercial banks and savings associations, excludes Wells Fargo South Central in Houston.

SOURCE: Federal Reserve Bank of Dallas.

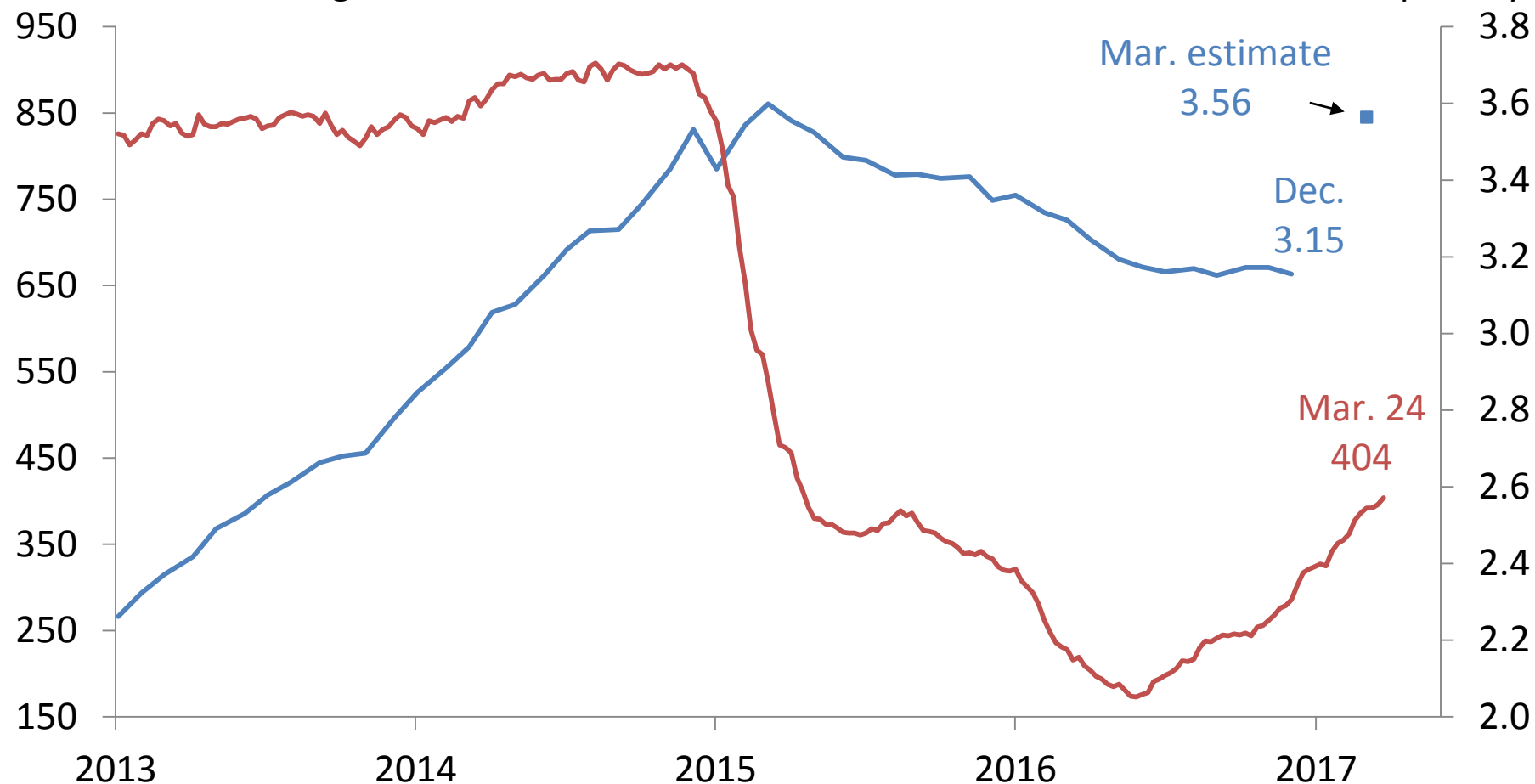


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# Texas rig count and crude oil production

Texas rig count

Number of active rigs



Texas crude oil production

Million barrels per day

Mar. estimate

3.56

Dec.

3.15

Mar. 24

404

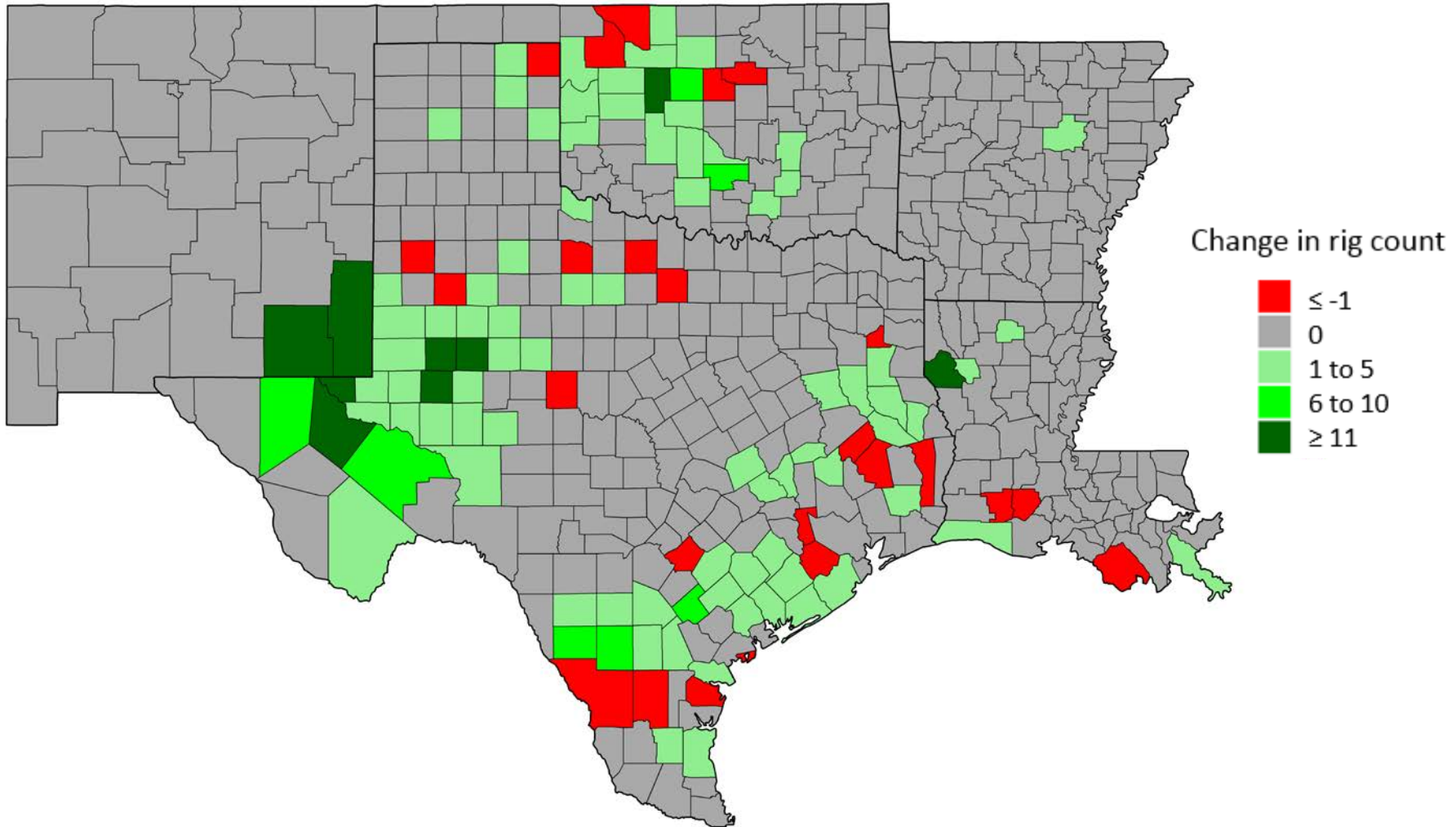
NOTE: March production estimate is an average of weekly data from the Oil and Gas Journal.

SOURCES: Energy Information Administration; Baker Hughes; Oil and Gas Journal.



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# Permian rig count ticked up since last May



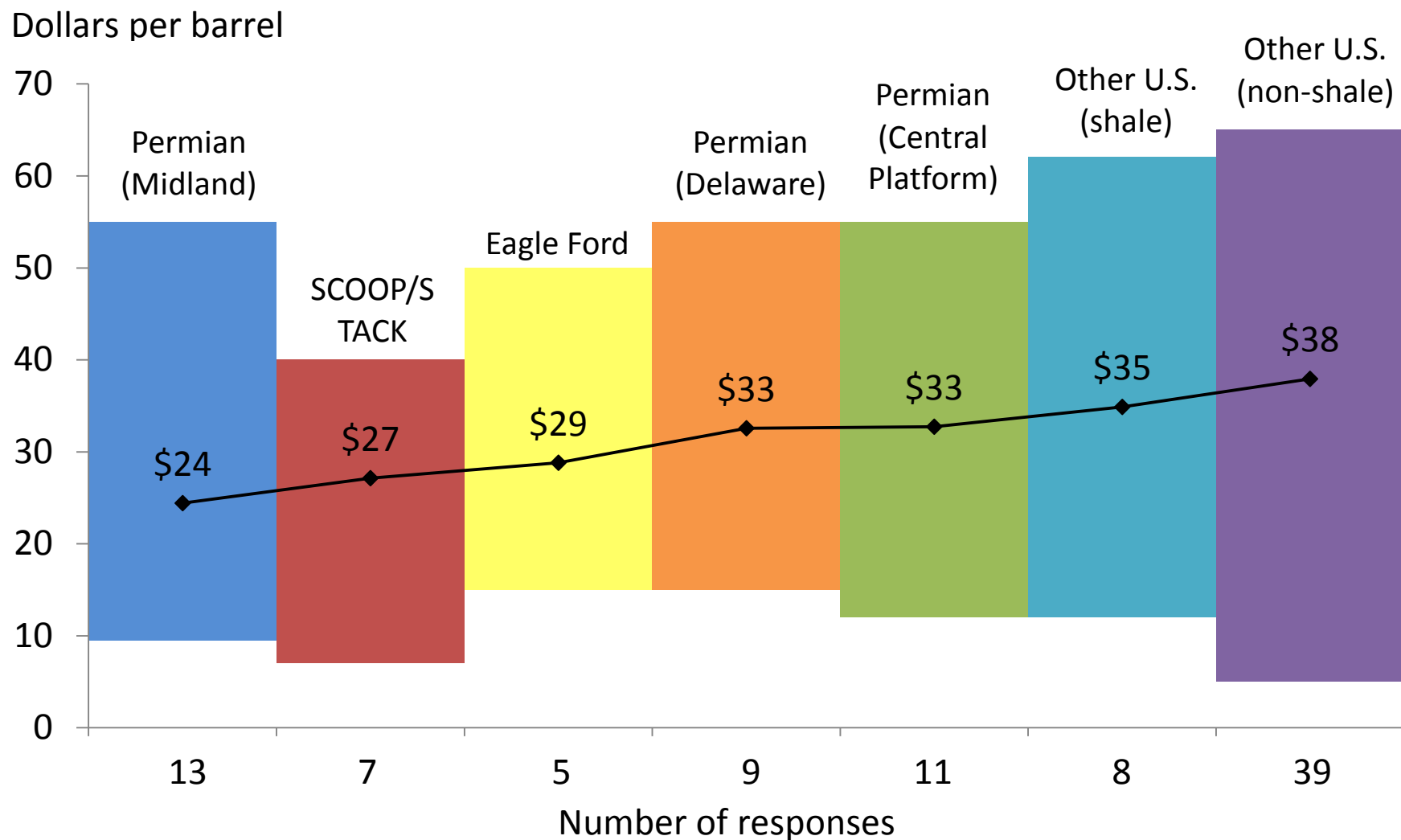
NOTE: Plot shows the rig count as of March 24, 2017 minus the count as of May 13, 2016.  
SOURCES: Energy Information Administration; Baker Hughes.



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# Most existing wells won't be shut in at current prices



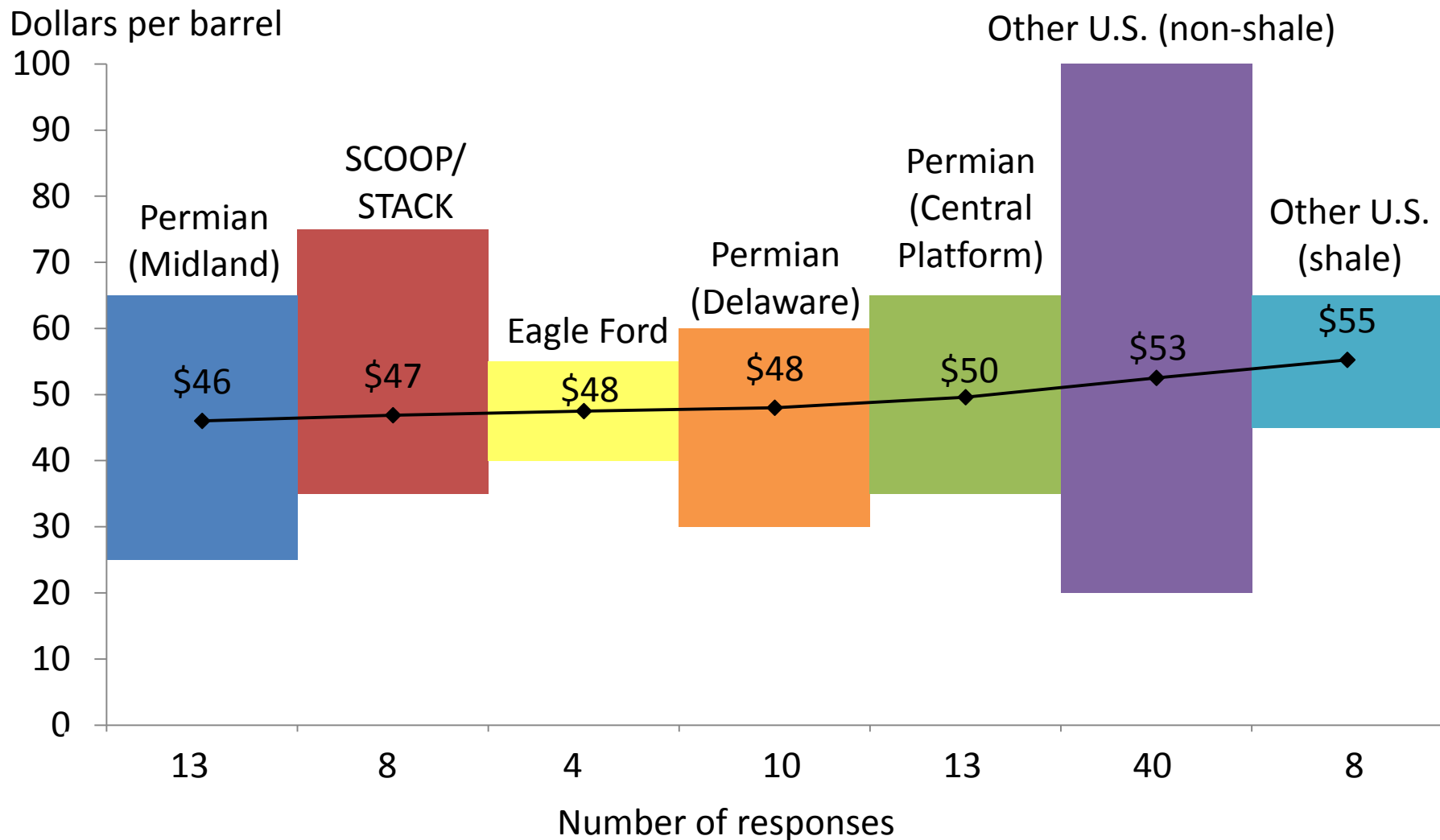
NOTES: Line shows the mean, and bars show the range of responses; 60 E&P firms answered this question from March 15-23, 2017.

SOURCE: Federal Reserve Bank of Dallas.



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# Prices near breakeven for new wells



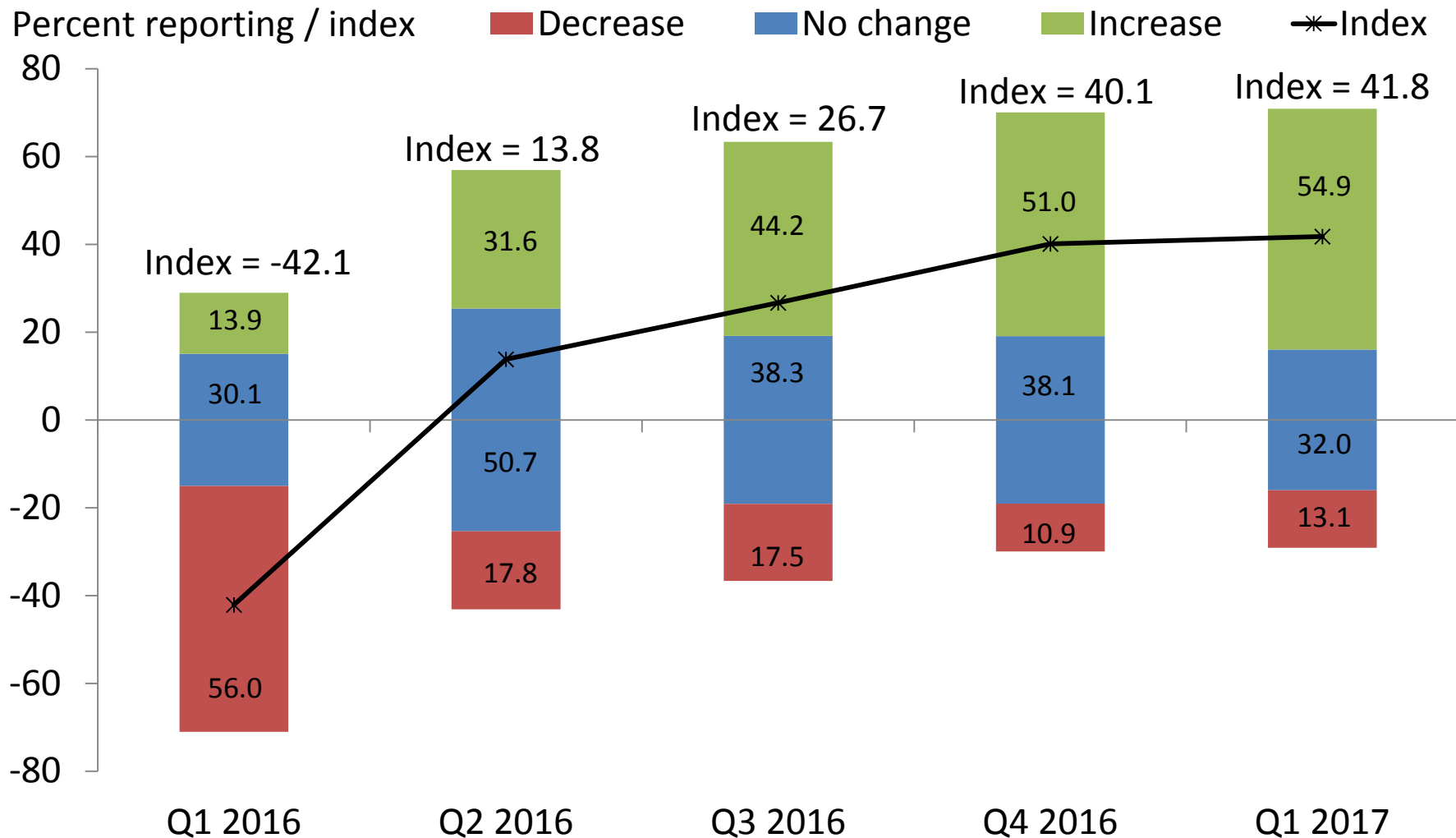
NOTES: Line shows the mean, and bars show the range of responses; 62 E&P firms answered this question from March 15-23, 2017.

SOURCE: Federal Reserve Bank of Dallas.



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# Business activity up in Q1 Dallas Fed Energy Survey



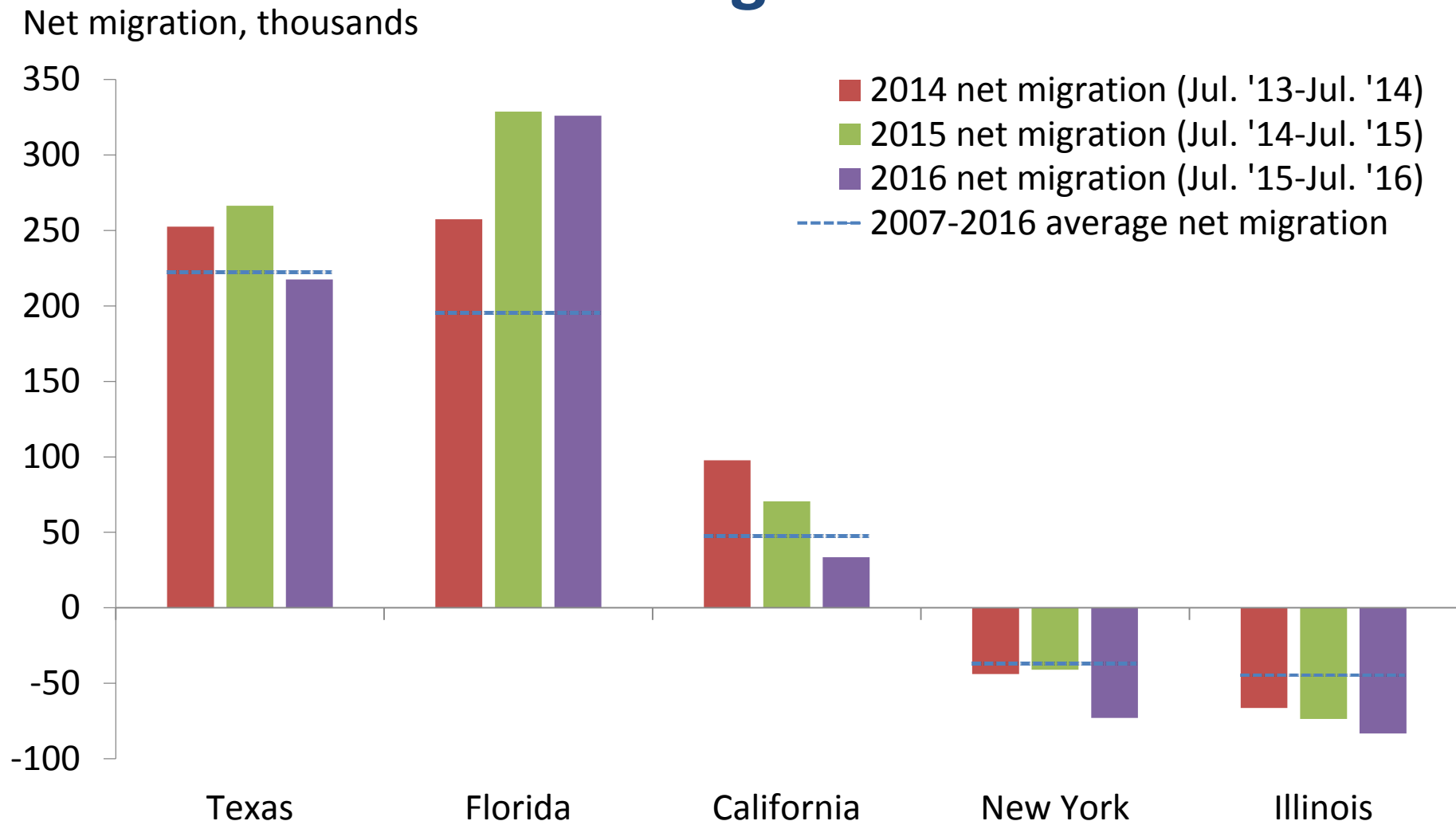
NOTES: Percent reporting decrease is plotted as a negative value;  
percent reporting no change is plotted symmetrically around zero.

SOURCE: Federal Reserve Bank of Dallas.



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# Net migration rate slows in 2016 in Texas, other large states



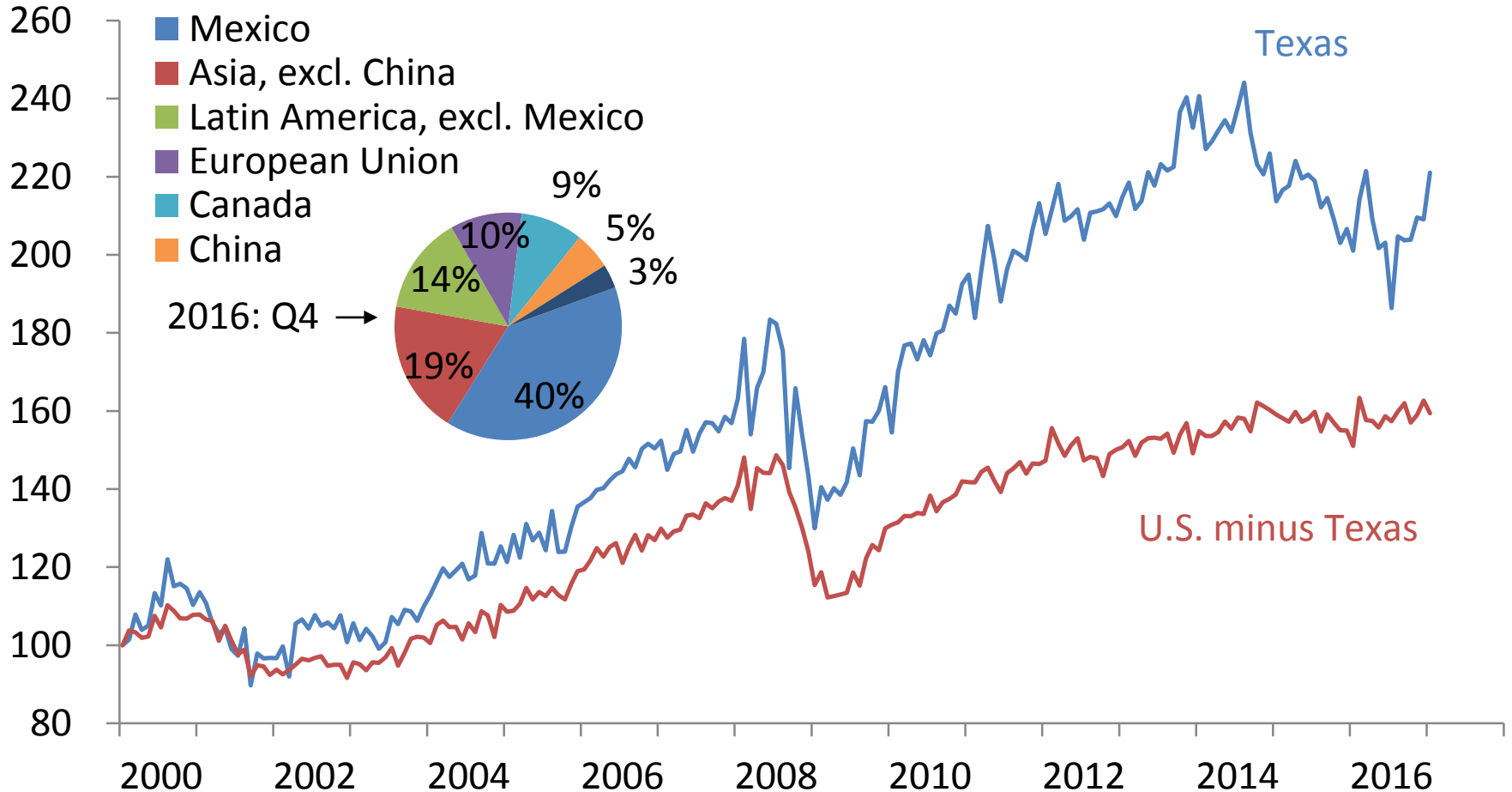
NOTE: 2007-2016 average does not include 2010; decennial census years not available.  
SOURCE: U.S. Census Bureau.



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# Texas exports move up

Index, SA Real  
Jan. 2000=100



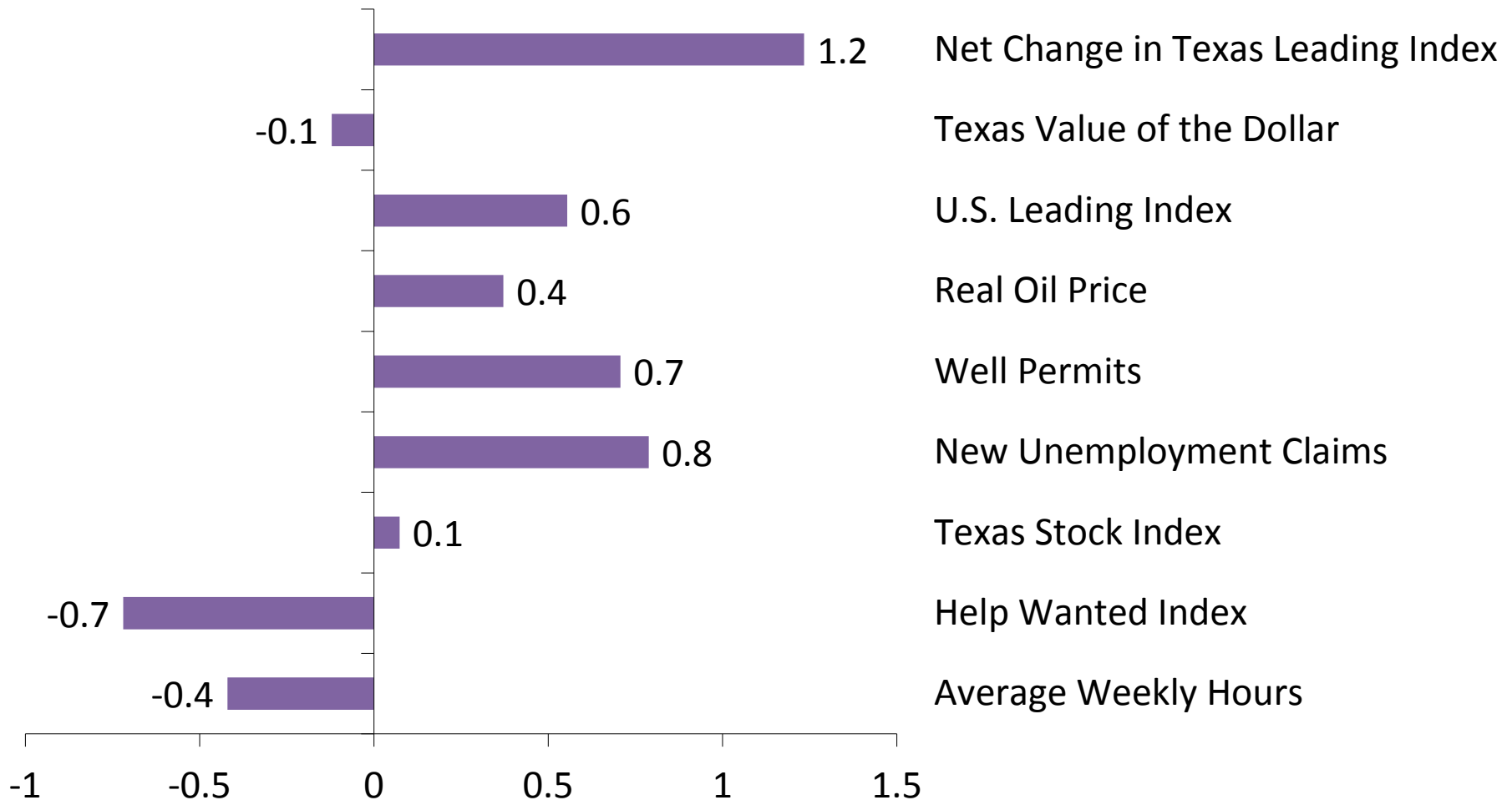
SOURCES: U.S. Census Bureau; WISERTrade.



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# Texas Leading Index

Texas Leading Index Components, 3 month change  
December -February



SOURCES: Federal Reserve Bank of Dallas; Bureau of Labor Statistics; Conference Board; Texas Workforce Commission; *Wall Street Journal*; Energy Information Administration; Texas Railroad Commission.



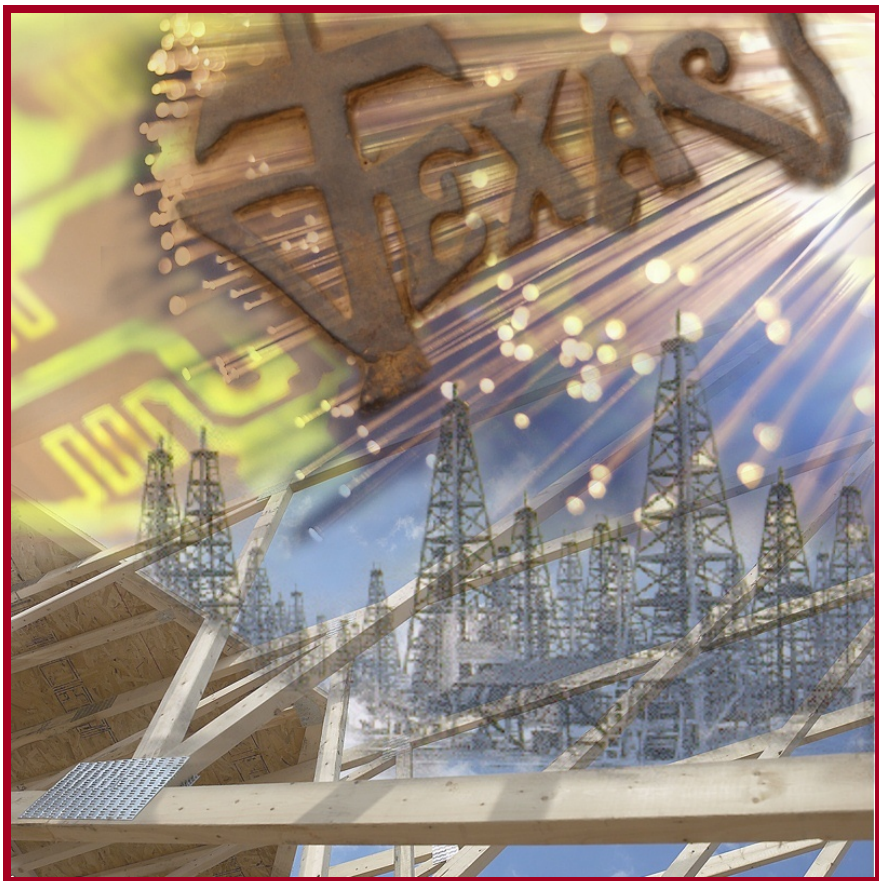
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# Summary

- Texas employment growth was modest in 2016.
  - 1.6% growth
  - 188,026 jobs
- Strengthened in second half of 2016
  - Goods sector losses tapered off
  - Services sector healthy
  - Oil and gas activity edged up
  - Exports strengthened
- All major sectors adding jobs in 2017
- Expect 2.3% employment growth in 2017
- Confident about Texas, but uncertainty high.



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