

Texas Economic Update



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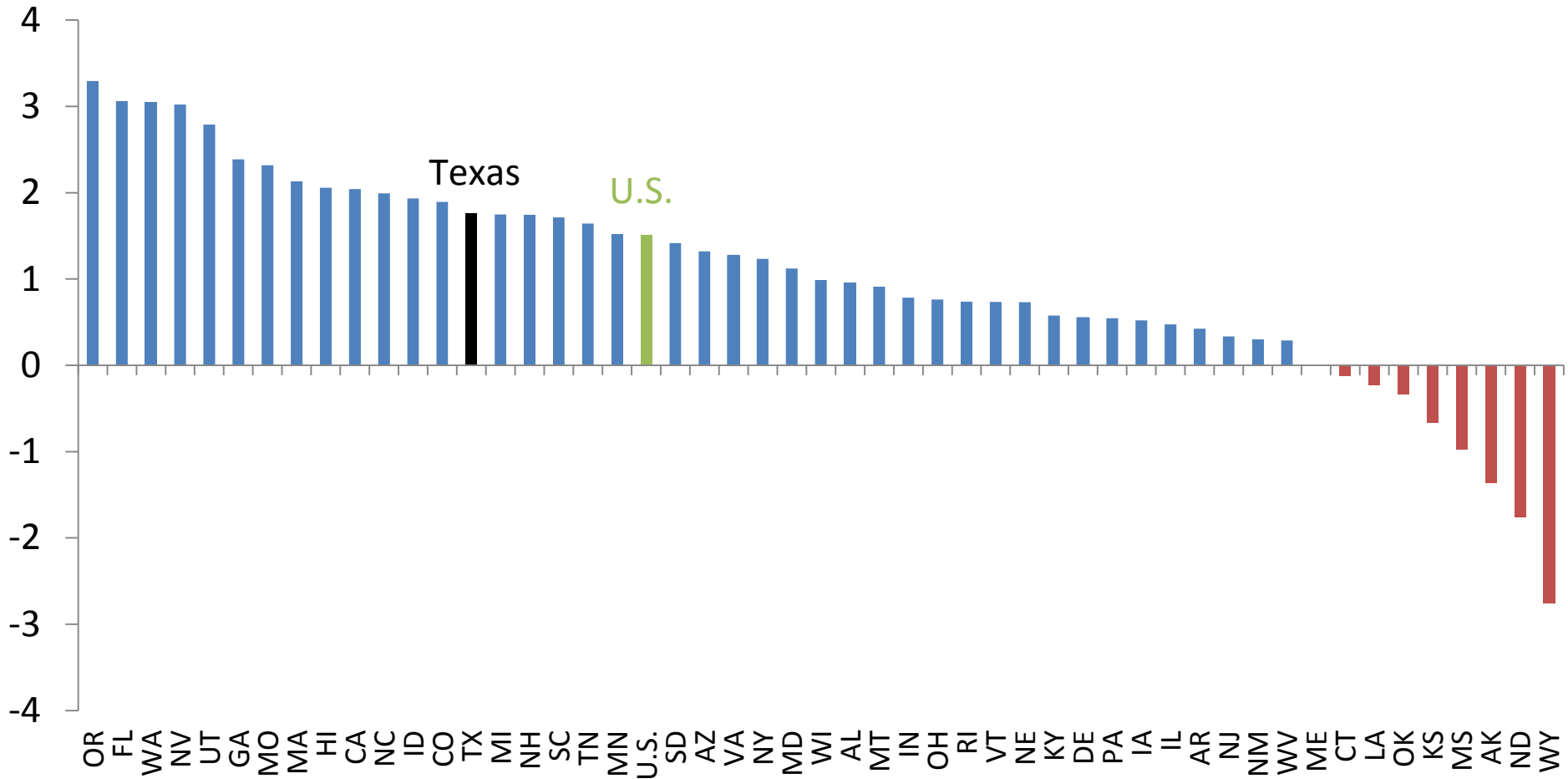
Texas Economic Update

- Texas survived the recent energy bust with few deep scars.
- Texas employment growth was moderate but slightly higher than in 2015.
 - 1.6% annual growth
 - 188,026 jobs
 - Growth accelerated in the second half
- Texas Business Outlook Surveys strengthening
- Energy Survey increasingly optimistic
- Worst may be behind us, but risks remain



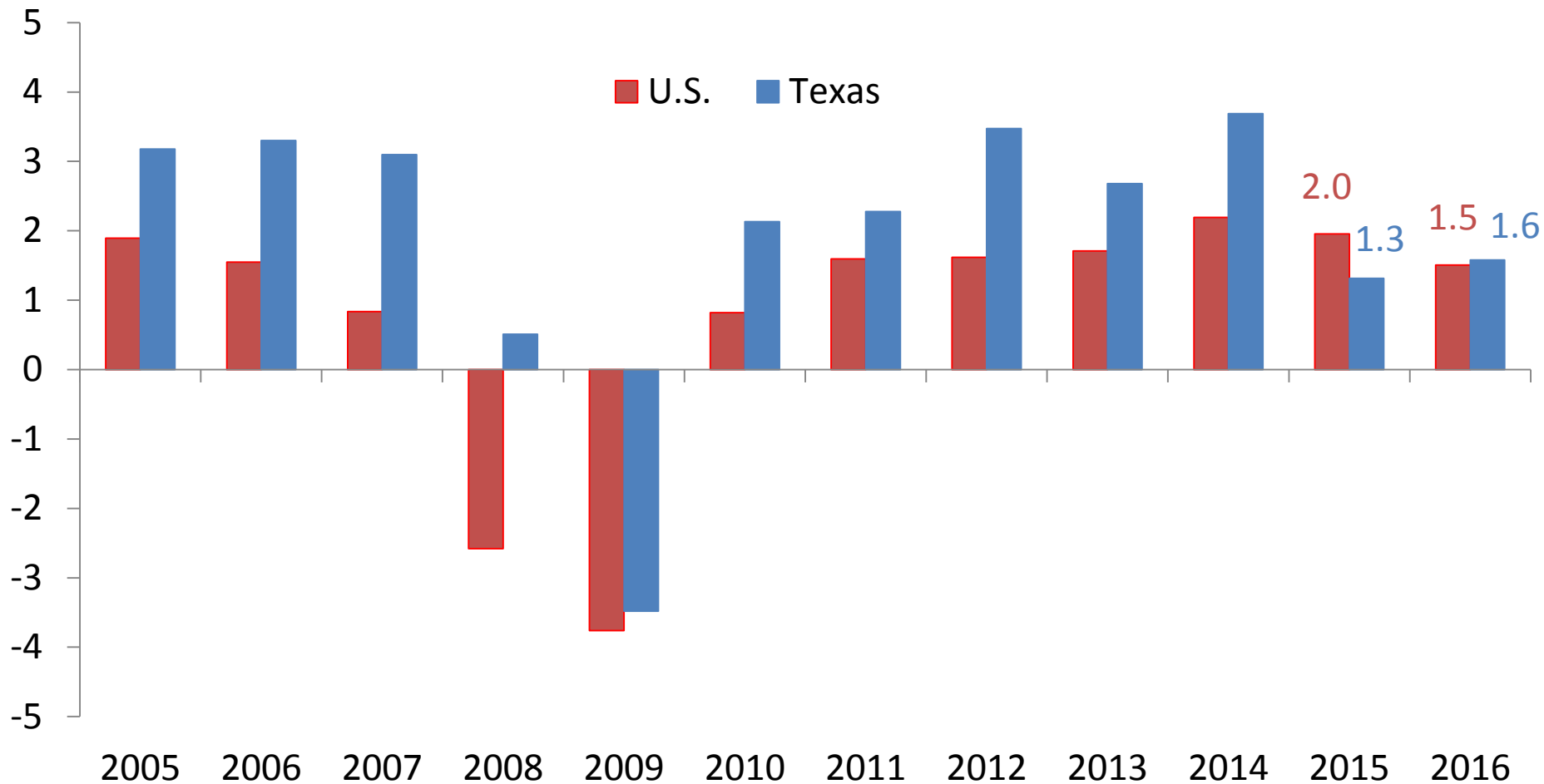
Texas 14th in job growth in 2016

Dec/Dec percent change, SA



Texas 2016 job growth above nation's

Y/Y percent change, SA



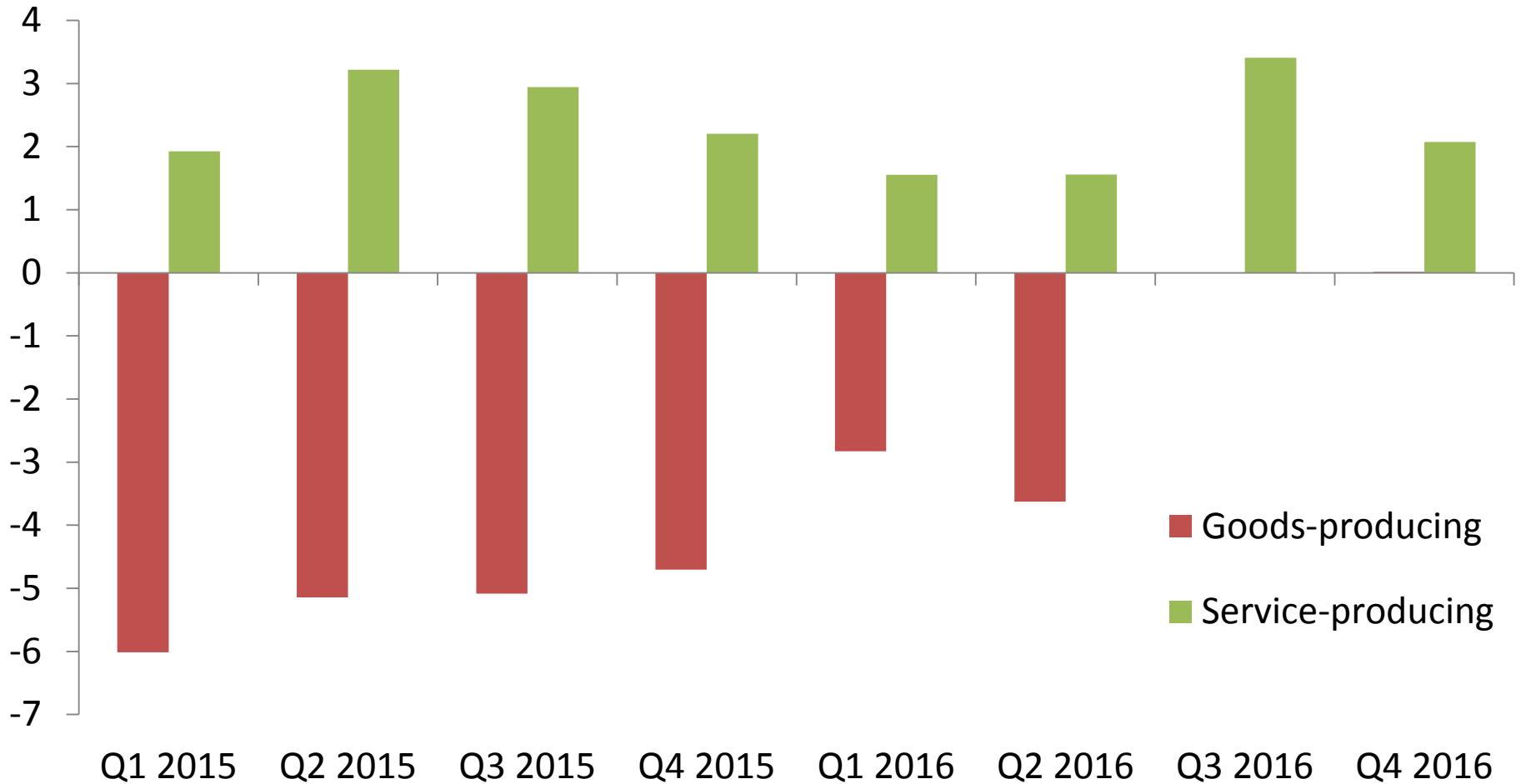
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by Federal Reserve Bank of Dallas.



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Goods sector weak

Q/Q employment growth, SAAR



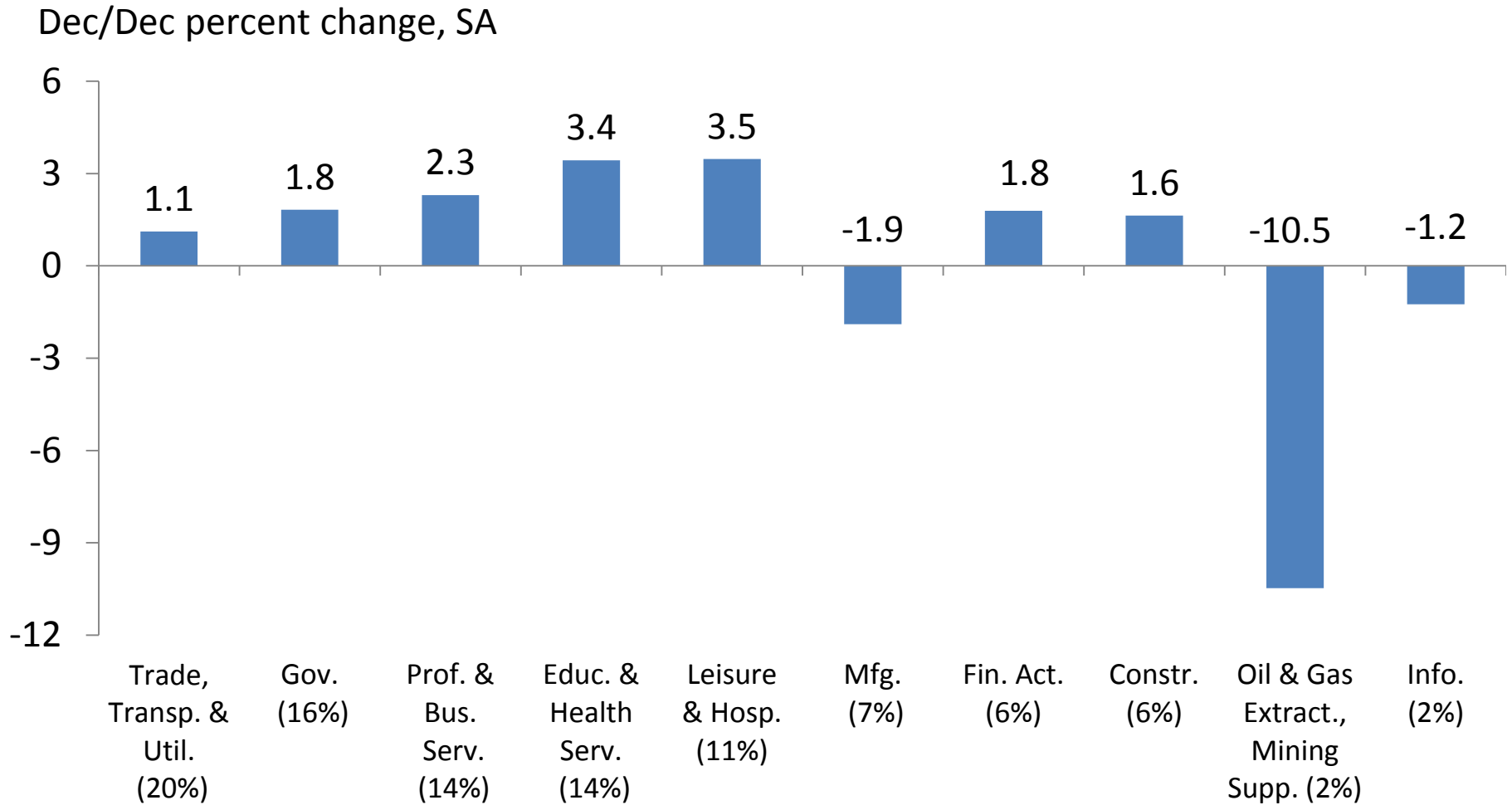
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by Federal Reserve Bank of Dallas.



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Employment growth rates by sector

(NAICS Super Sectors, SA by FRB Dallas)
2016



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

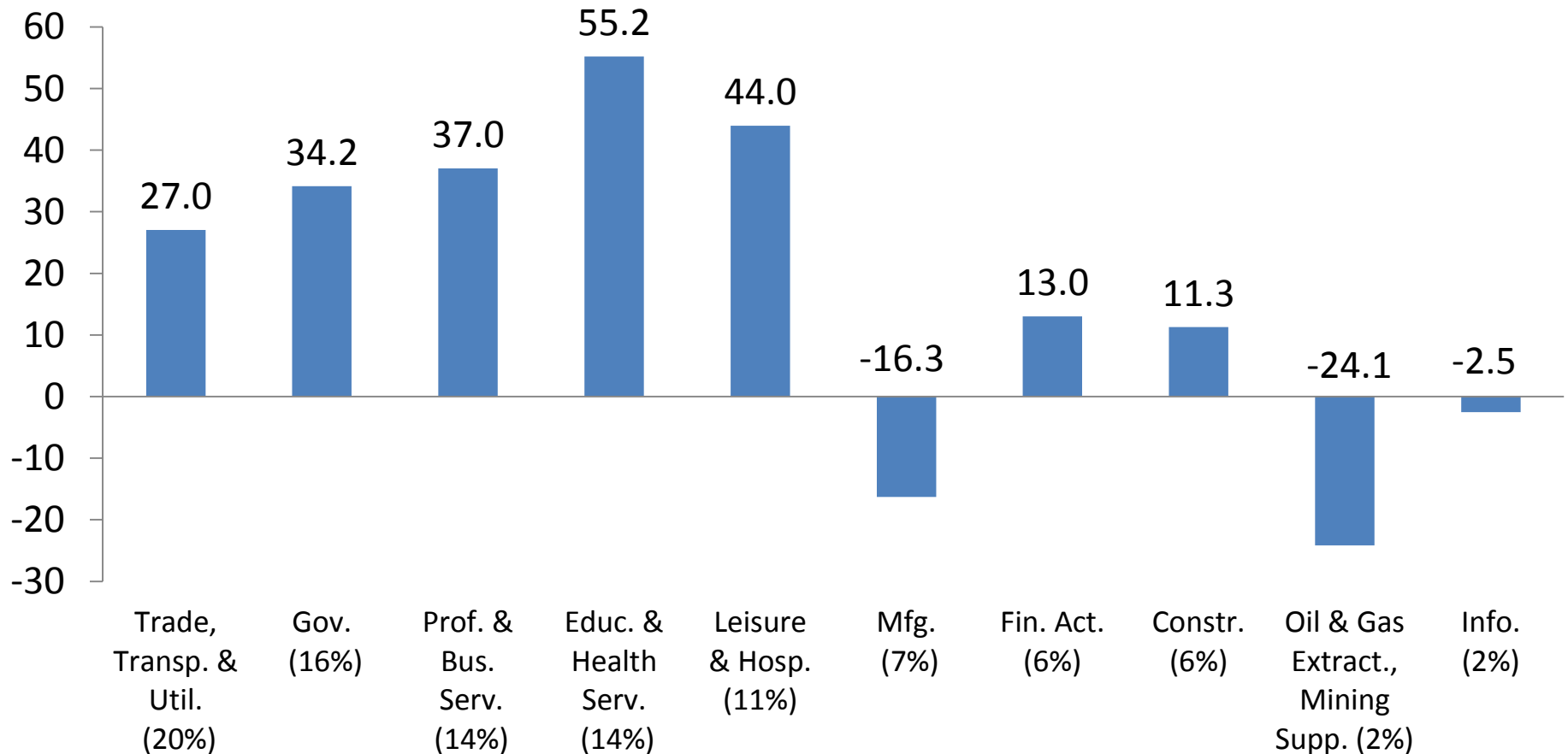


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Texas employment growth by sector

(NAICS Super Sectors, SA by FRB Dallas)
2016

Thousands of jobs, SA



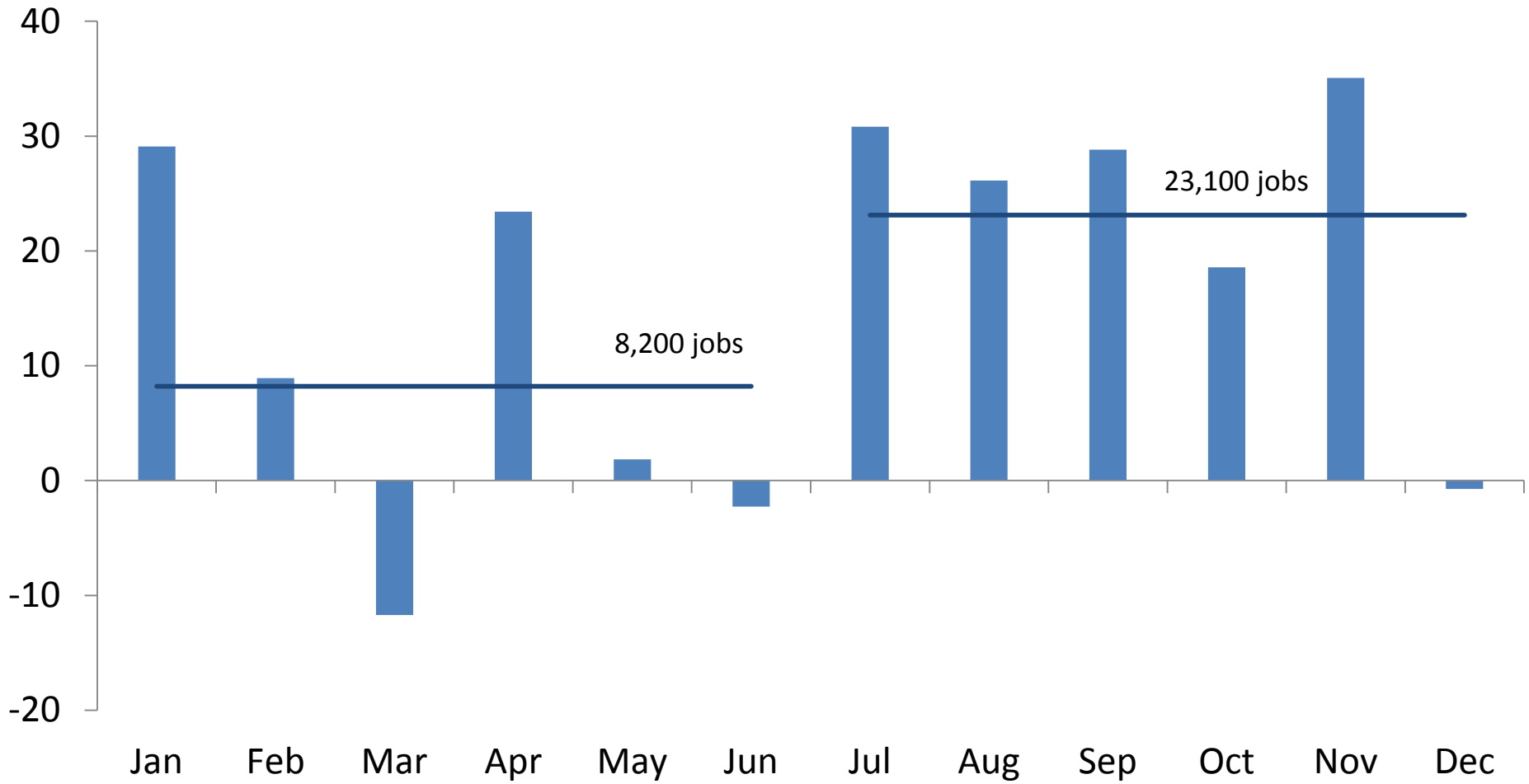
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by Federal Reserve Bank of Dallas.



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Job growth stronger in second half

Thousands of jobs, M/M



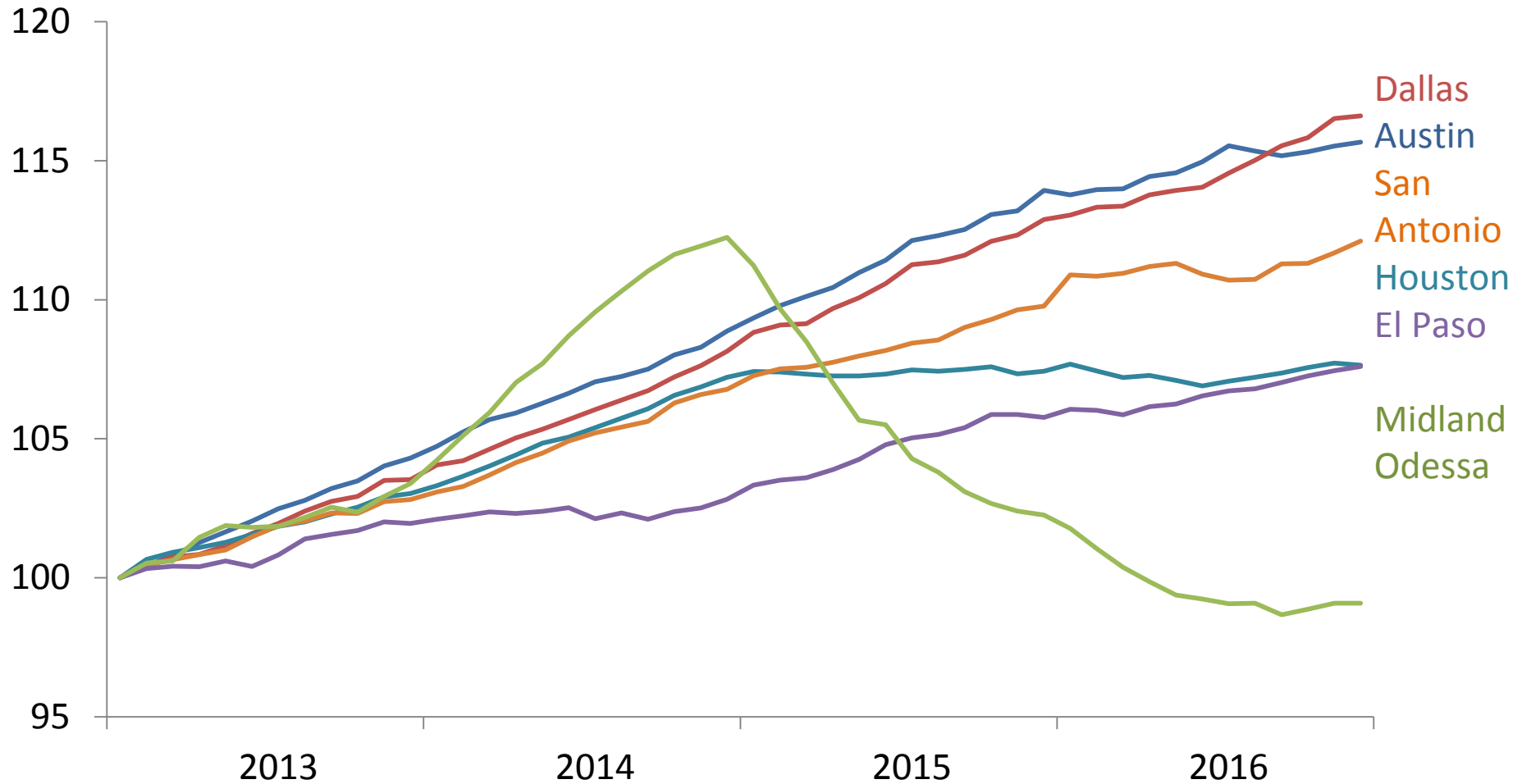
NOTE: Lines represent Jan–Jun and Jul–Dec 2016 average monthly job growth.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal adjustments by FRB Dallas.



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Metro employment growth

Index, Jan. '13=100, SA



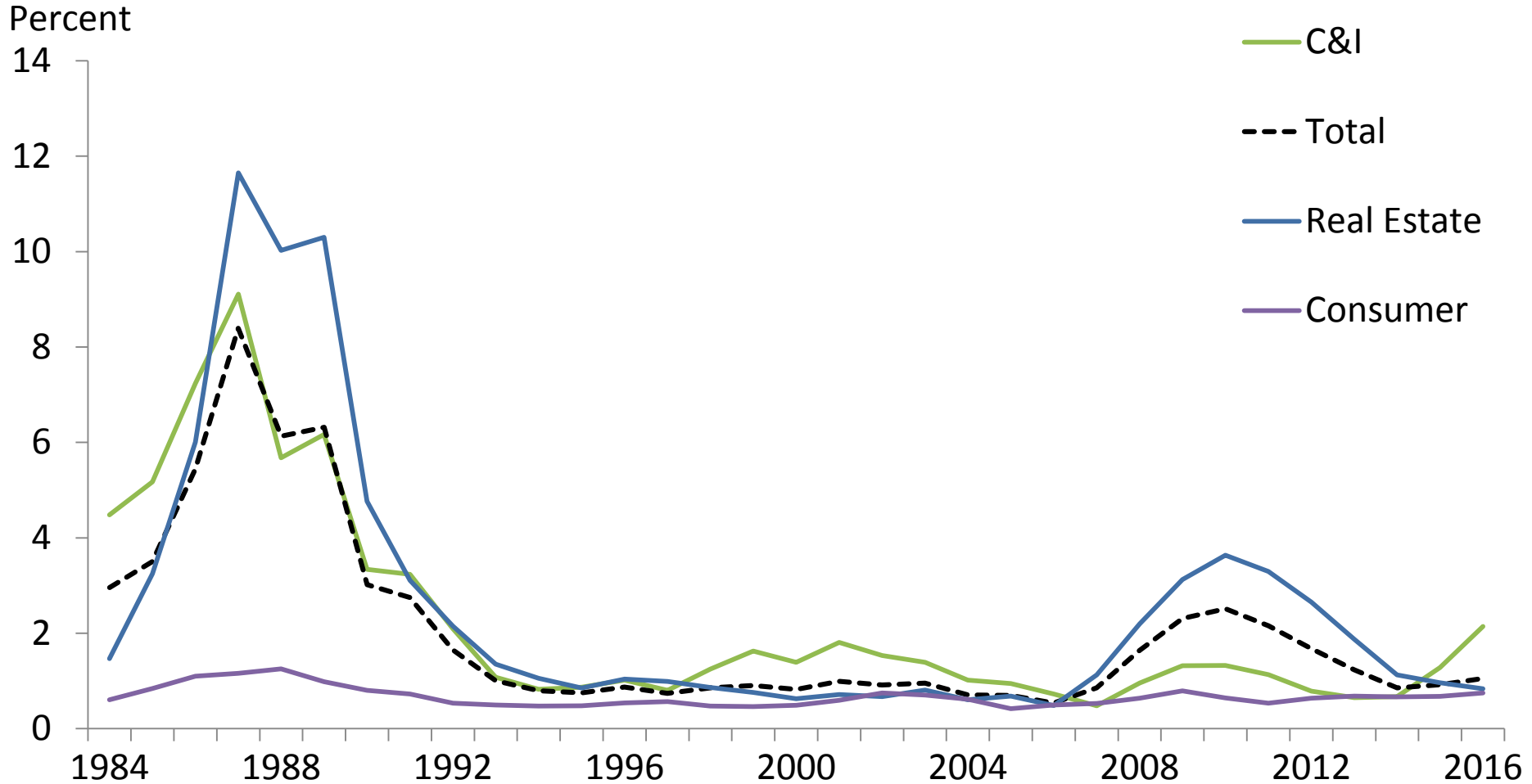
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by Federal Reserve Bank of Dallas.



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Noncurrent C&I loans fewer vs. 1980's

Texas banks

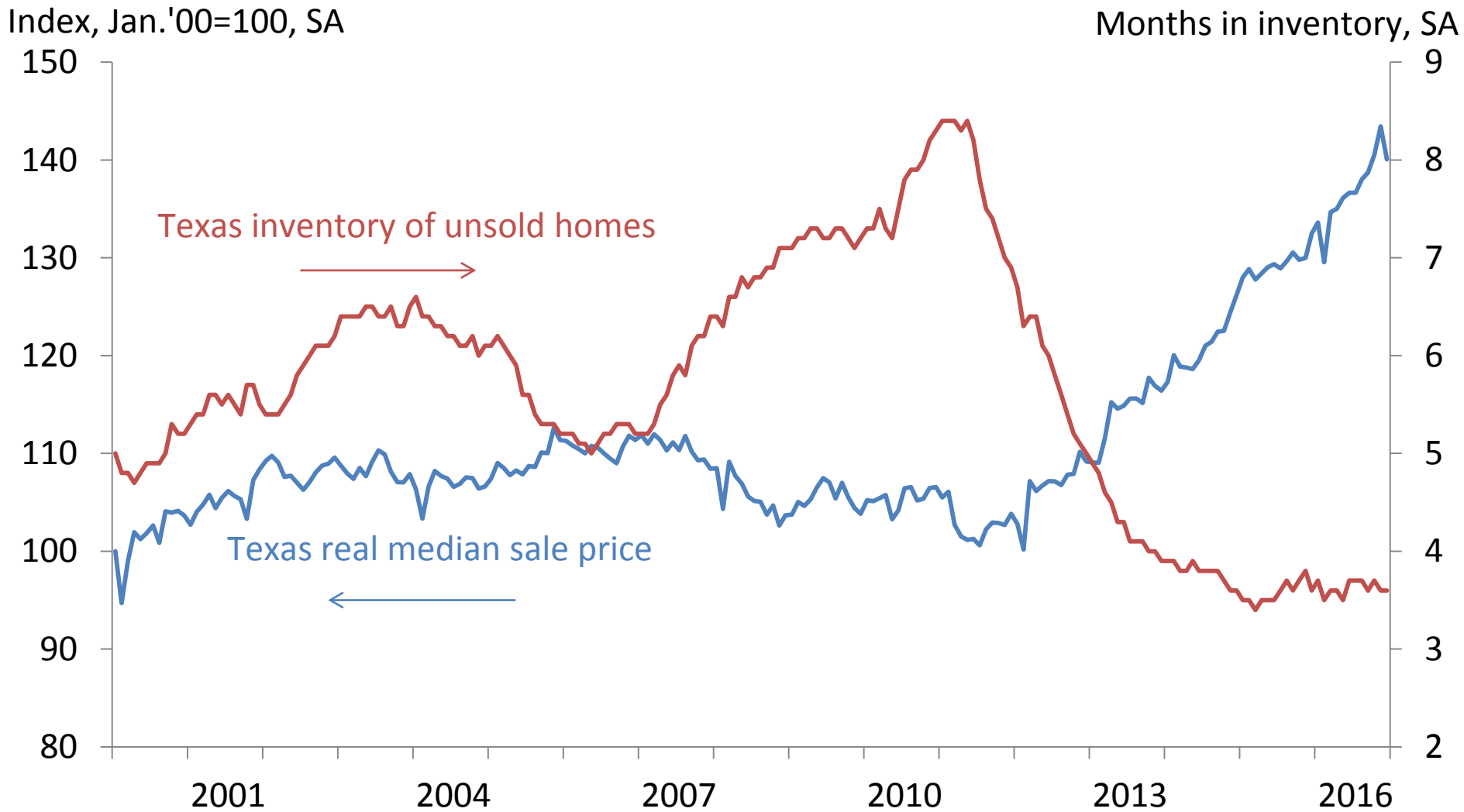


NOTES: Includes commercial banks and thrifts beginning in 2005; excludes Wells Fargo South Central in Houston. Data are through September 30th 2016.
SOURCE: Federal Reserve Bank of Dallas.



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Texas home market tight



SOURCES: Multiple Listing Service; seasonal and other adjustments by Federal Reserve Bank of Dallas.



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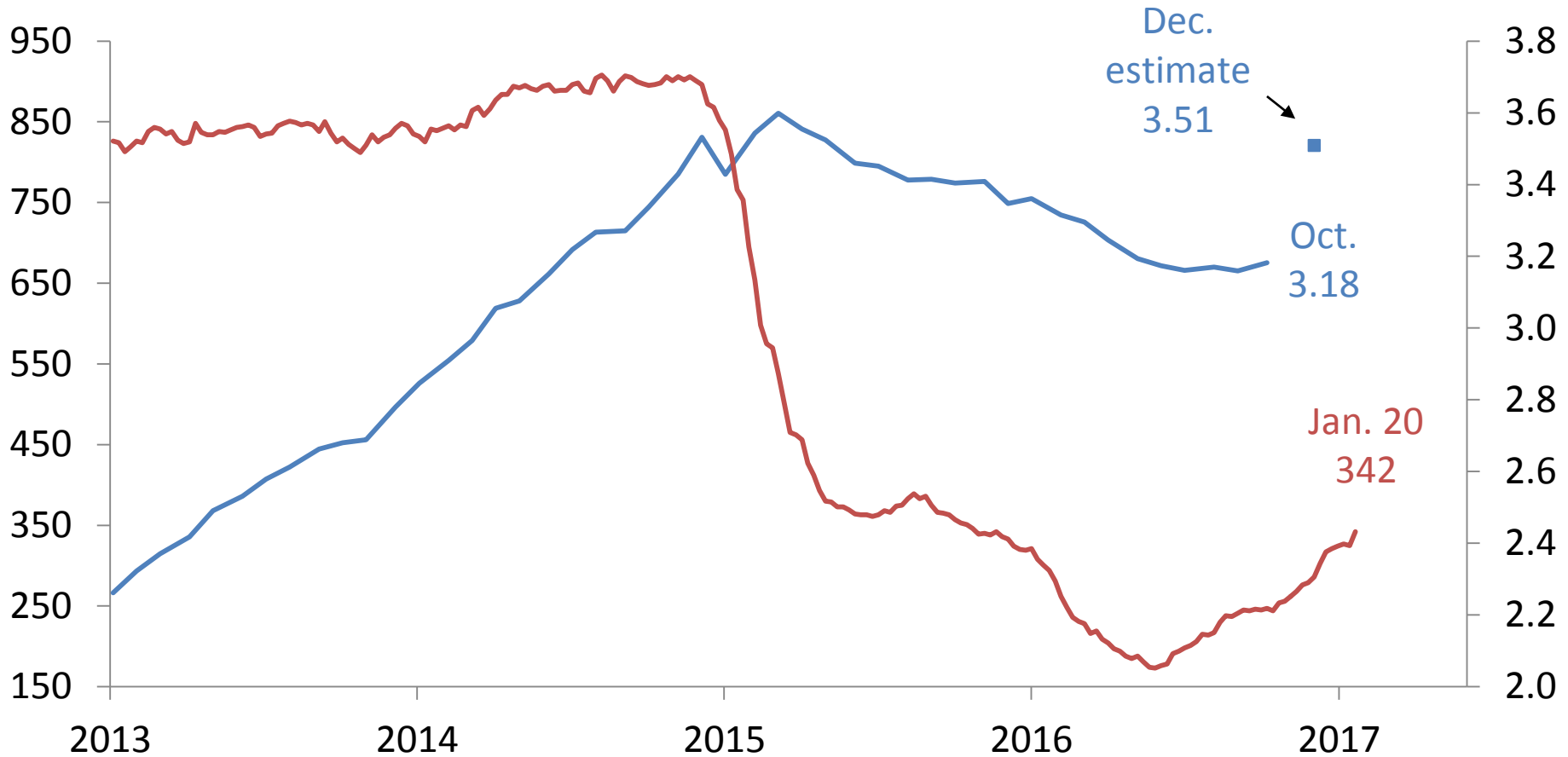
Texas energy activity ticking up

Texas rig count

Number of active rigs

Texas crude oil production

Million barrels per day



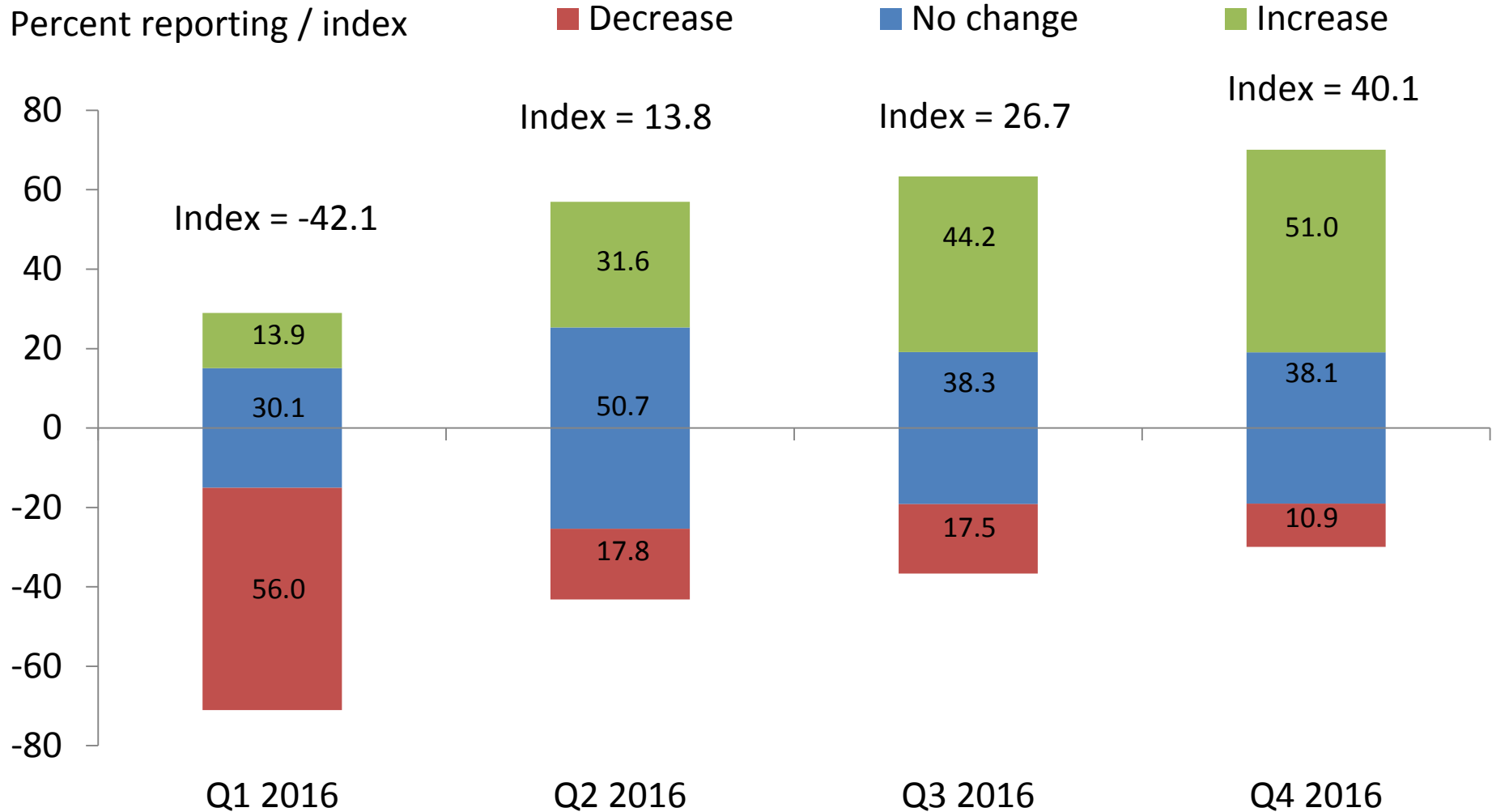
NOTE: Dec estimate is an average of weekly OGJ data; monthly data are from the EIA.

SOURCES: Baker Hughes; Energy Information Administration (EIA); Oil and Gas Journal (OGJ).



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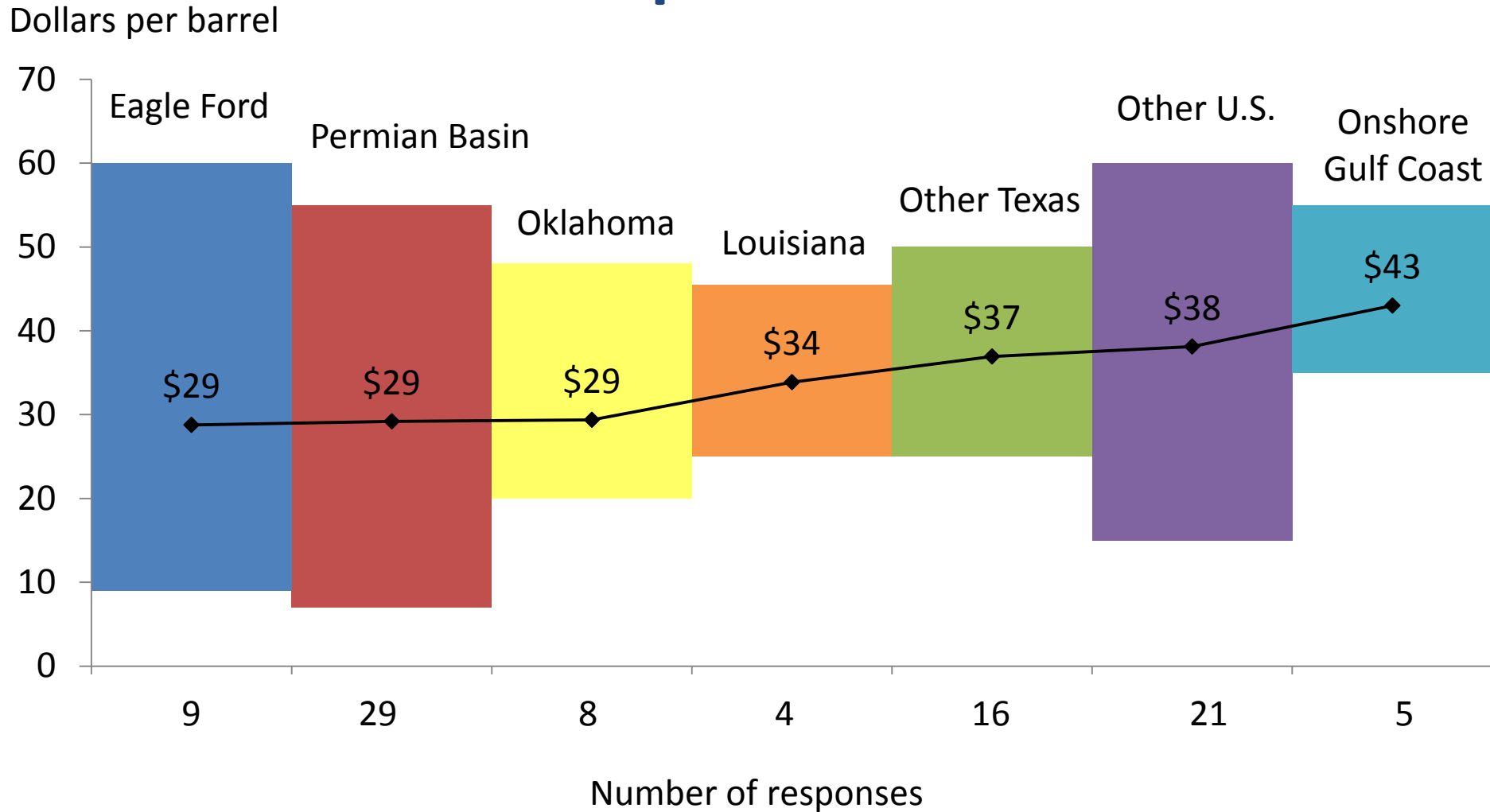
Business activity up in Q4 Dallas Fed Energy Survey



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.



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

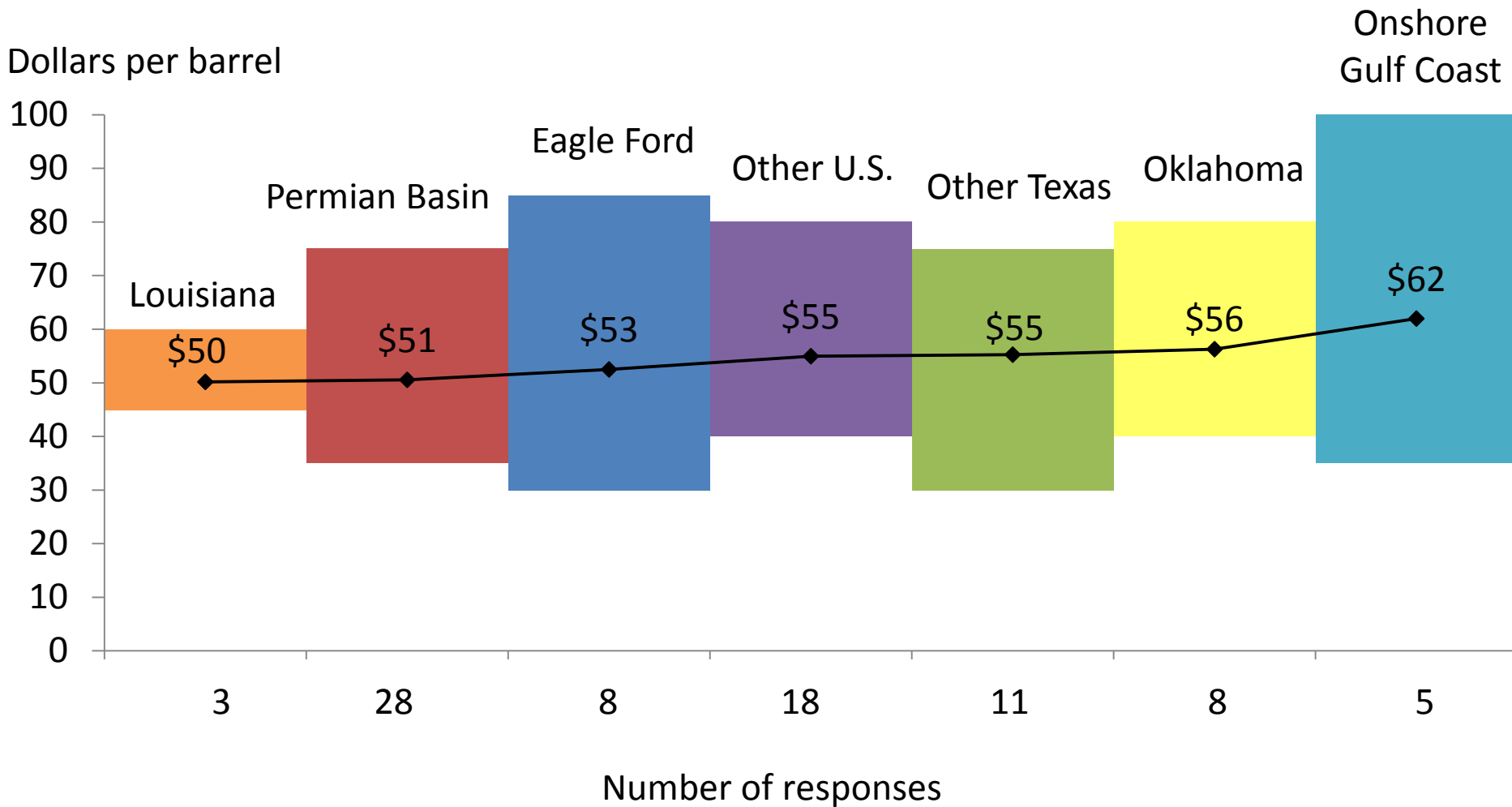


NOTES: Line shows the mean and bars show the range of responses; 69 E&P firms reported on Mar 16-24, 2016. Other U.S. includes Bakken, Kansas and Gulf of Mexico, among others.
SOURCE: Federal Reserve Bank of Dallas.



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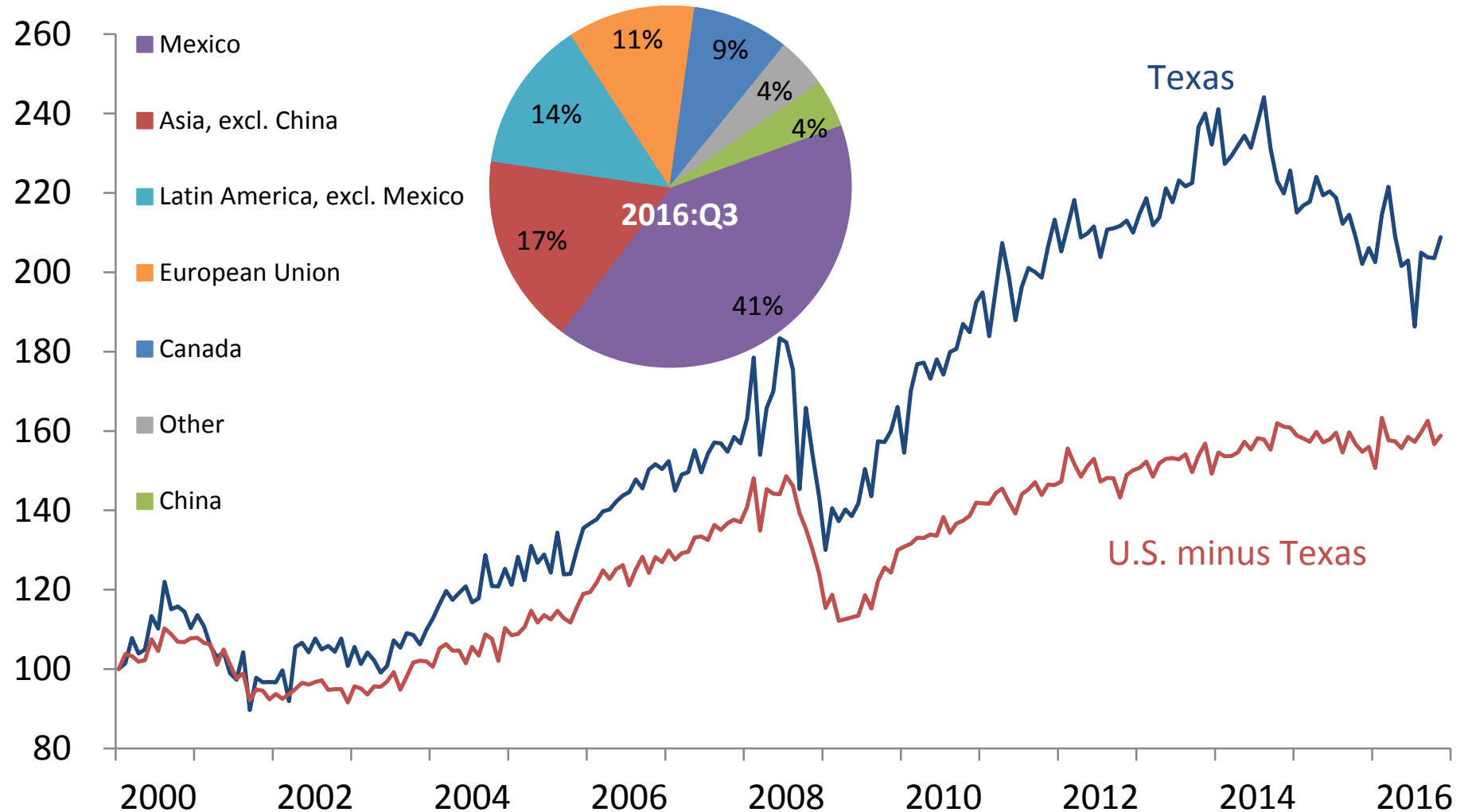
...but prices still below breakeven for new wells



NOTES: Line shows the mean and bars show the range of responses; 69 E&P firms reported on Mar 16-24, 2016. Other U.S. includes Bakken, Kansas and Gulf of Mexico, among others. SOURCE: Federal Reserve Bank of Dallas.

Texas exports move up

Index, Jan.'00=100, real \$, SA



Summary

- Texas employment growth was modest in 2016.
 - 1.6% growth
 - 188,026 jobs
- Goods sector losses have tapered off
- Services sector healthy
- Oil and gas activity edging up
- Exports strengthened
- Expect 2% employment growth in 2017
- Confident about Texas, but uncertainty high.





Please go to
www.dallasfed.org for data
and regional information.



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