

Texas Economy Shifts into Higher Gear



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The views expressed are my own and do not necessarily reflect official positions of the Federal Reserve Bank of Dallas or the Federal Reserve System.



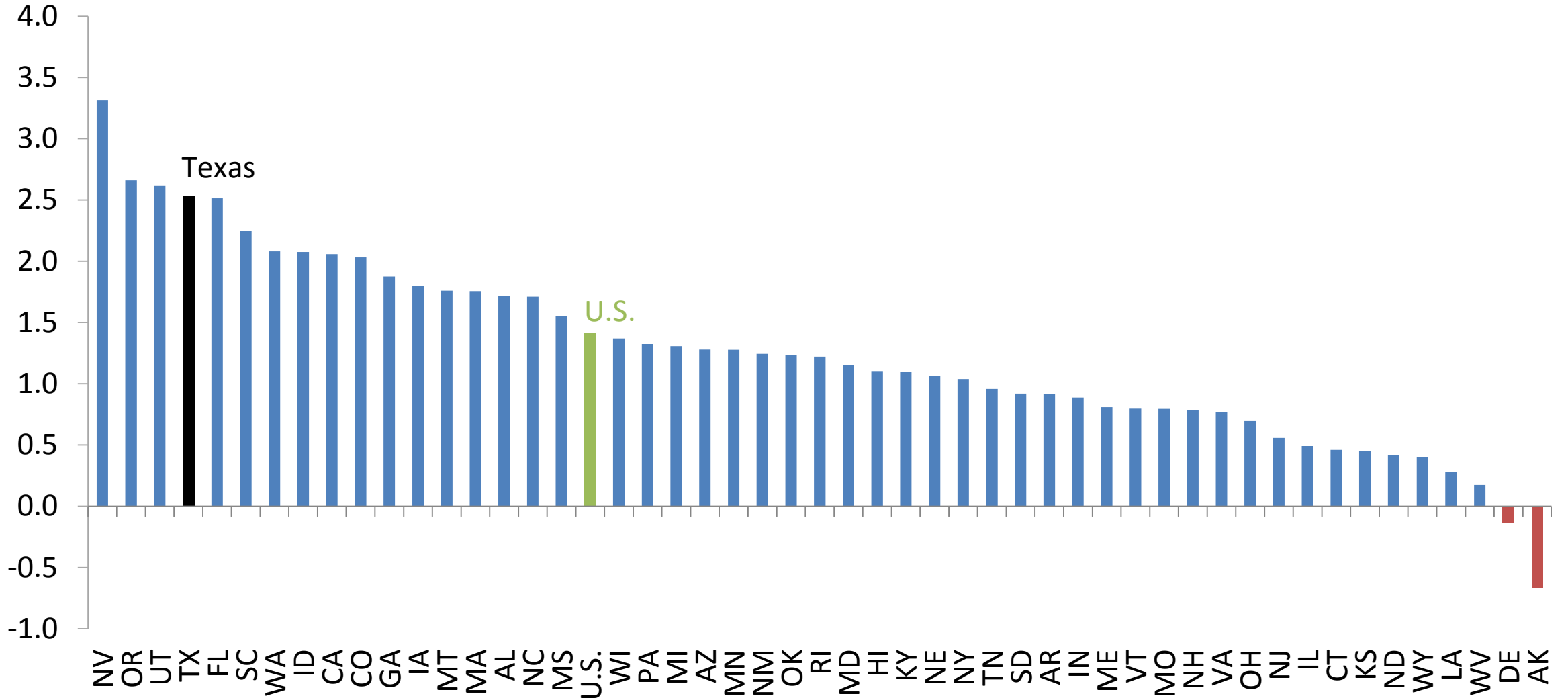
Texas Update

- 2017 employment growth fastest since 2014
- Texas survived Hurricane Harvey and bounced back to robust growth
 - 2.4 % growth in 2017
 - 292,000 jobs
- Unemployment rate of 3.9% in December lowest since 1970
- Broad based growth across manufacturing and services sectors
- Signs of softening in the housing market
- Higher oil prices improve energy sector
- Expanding global economy helps Texas exports
- Texas economy will shift into higher gear in 2018.



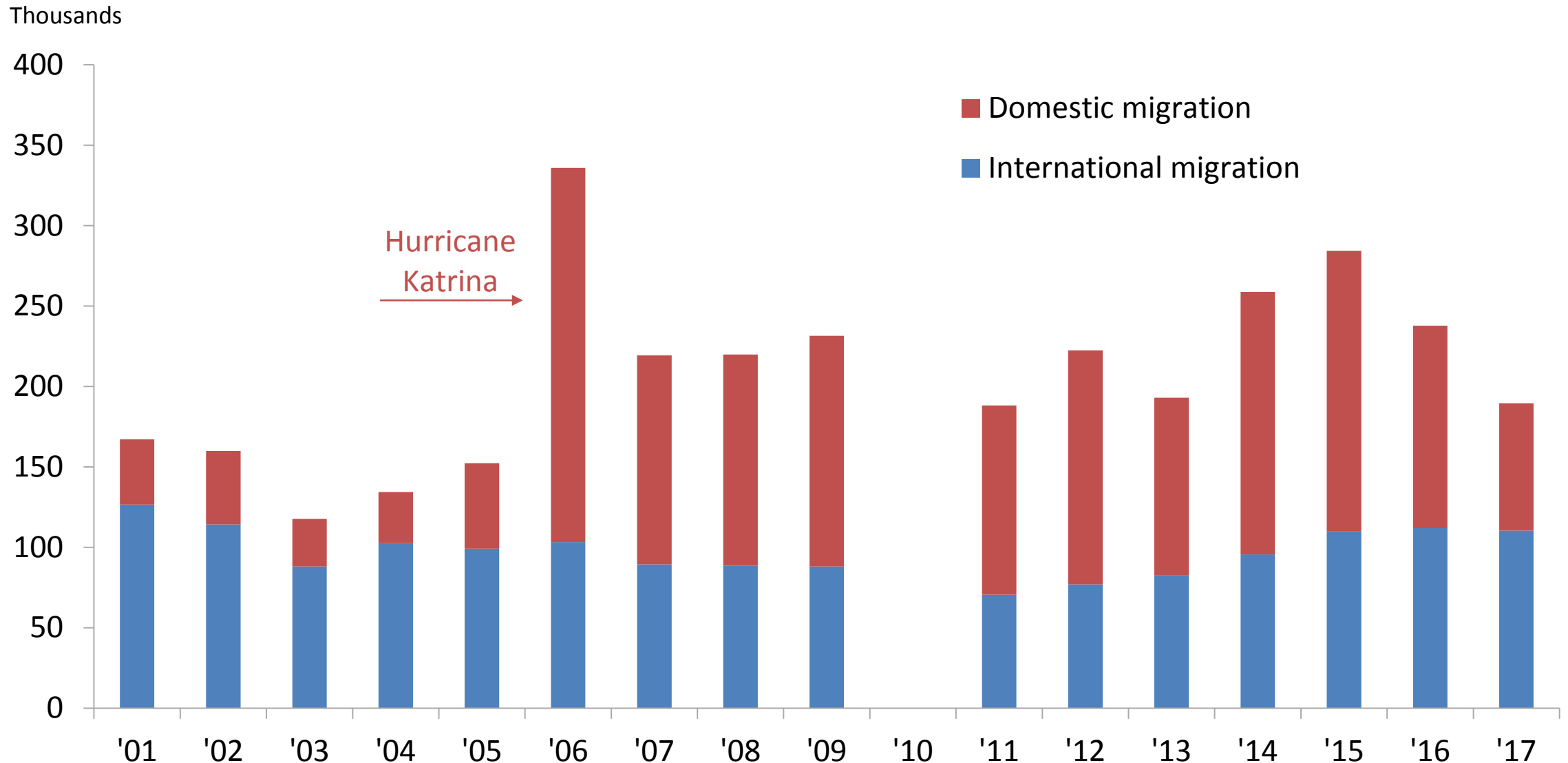
Texas 4th in job growth 2017

Percent change (Dec 2017/Dec 2016), annualized



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Migration into Texas



NOTES: Census Bureau estimates approximate the population on July 1 of the year indicated and thus capture changes from the previous year.

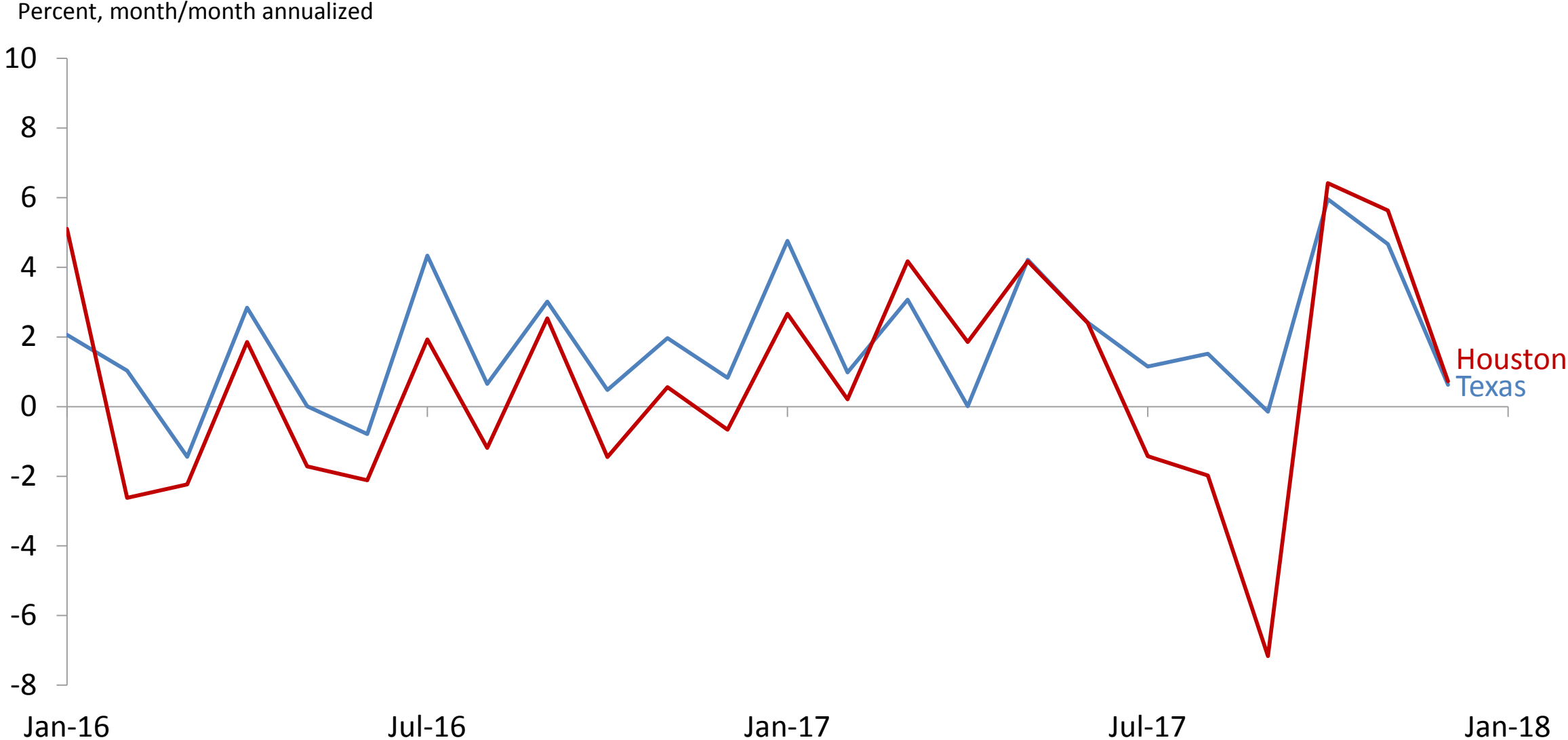
Data are not available for decennial census years.

SOURCE: U.S. Census Bureau.

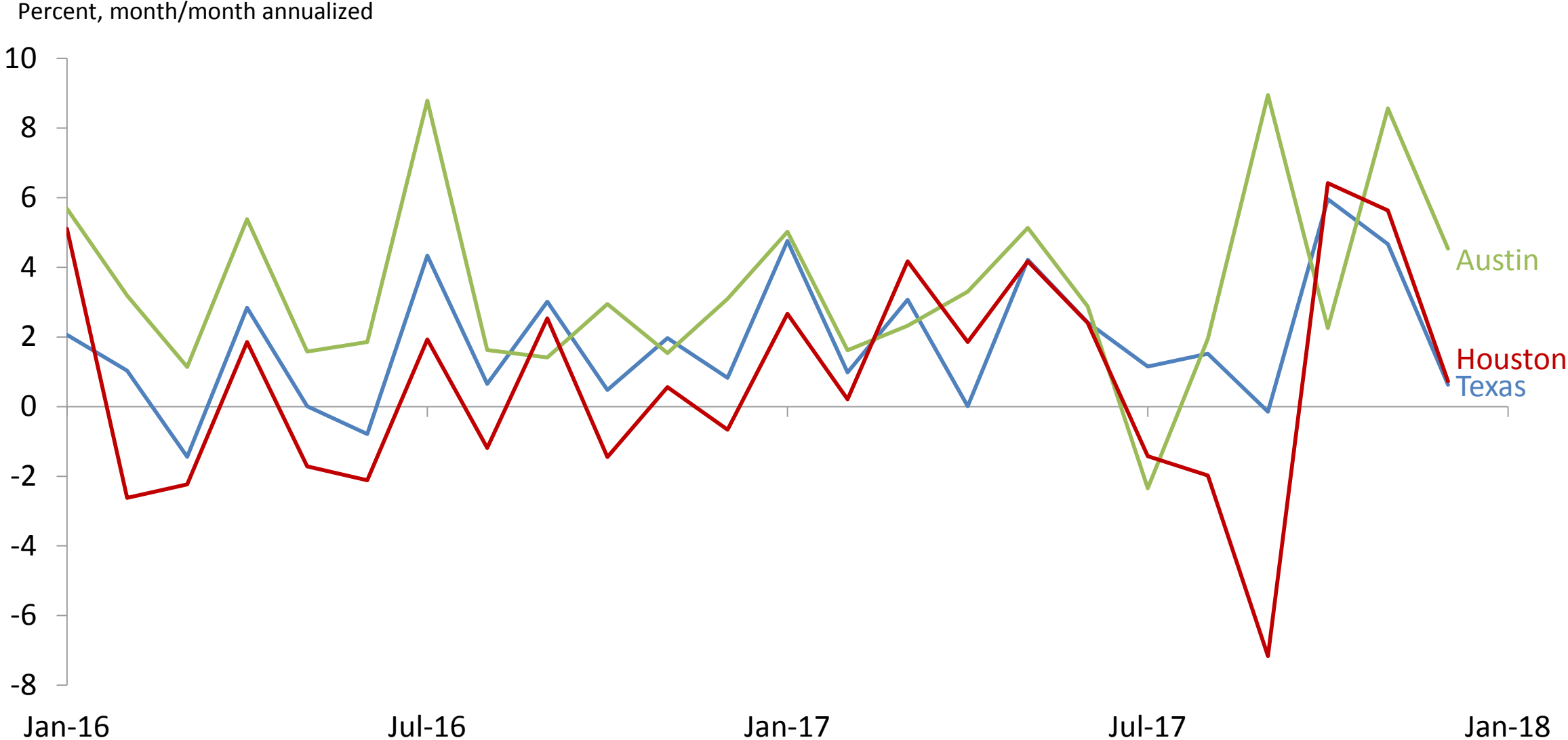


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Houston bounces back after Hurricane Harvey



Houston bounces back after Hurricane Harvey



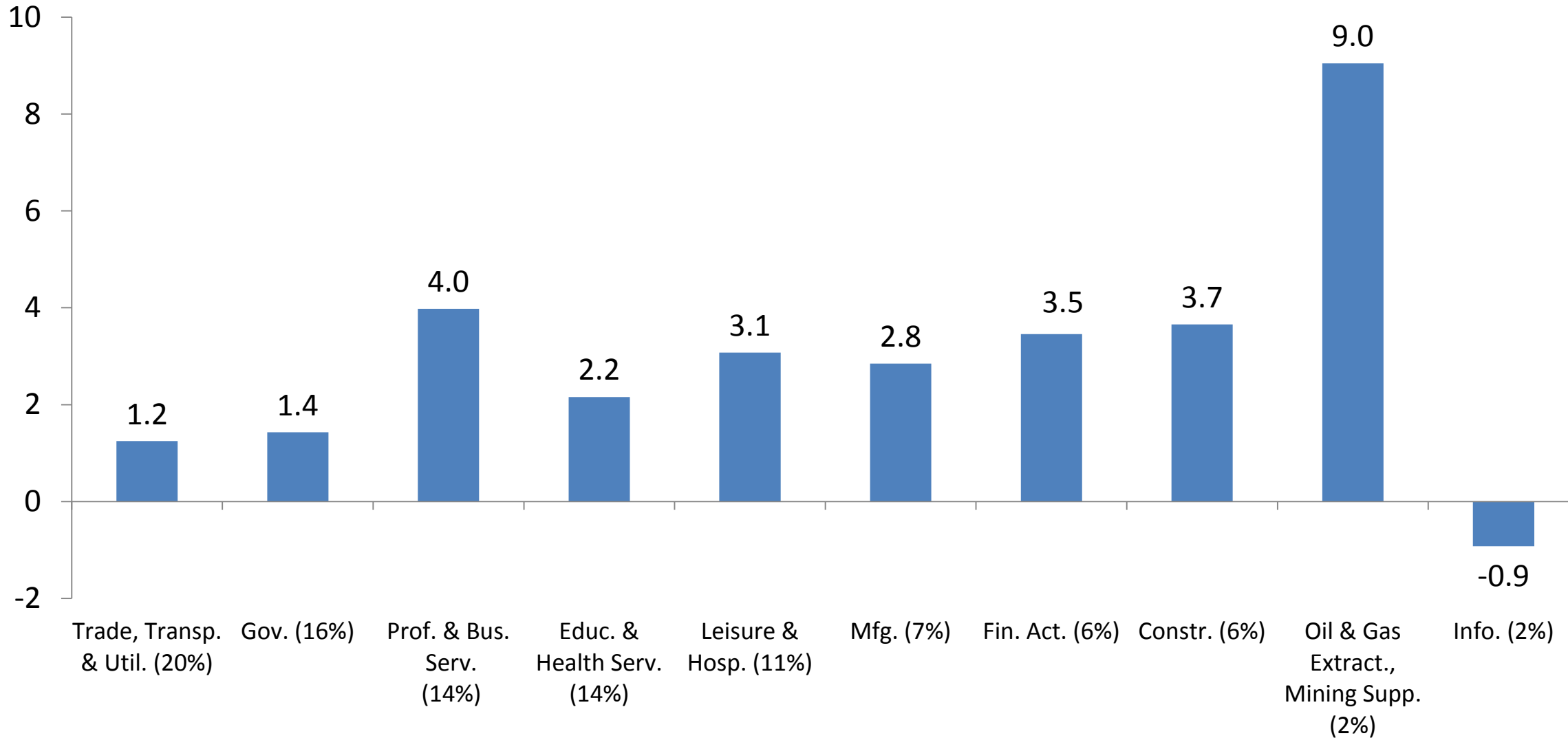
SOURCES: Bureau of Labor Statistics; FRB Dallas.

Employment growth broad based

(NAICS Super Sectors, SA by FRB Dallas)

Dec '16 – Dec '17

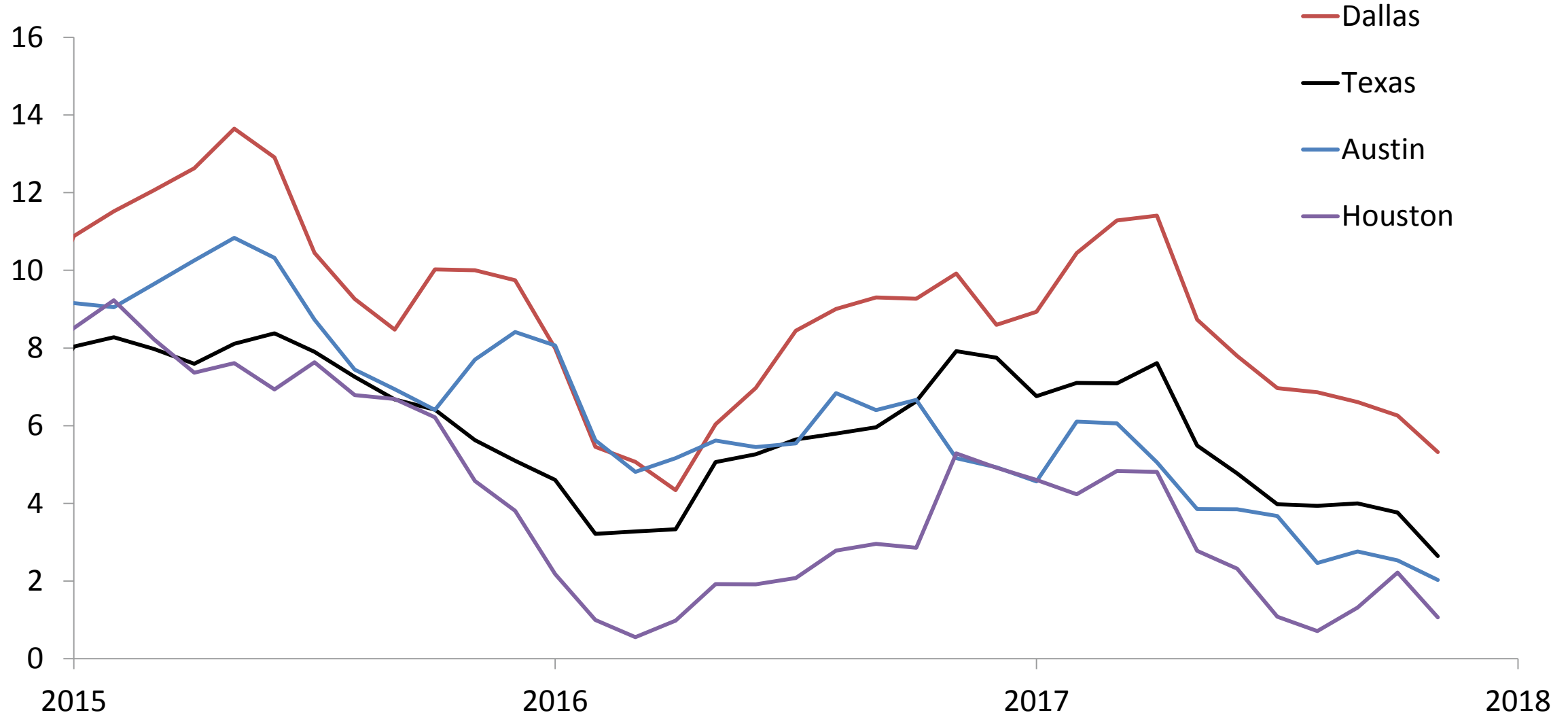
Percent change, SAAR



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Home price growth moderating

Percent, year/year 3MMA



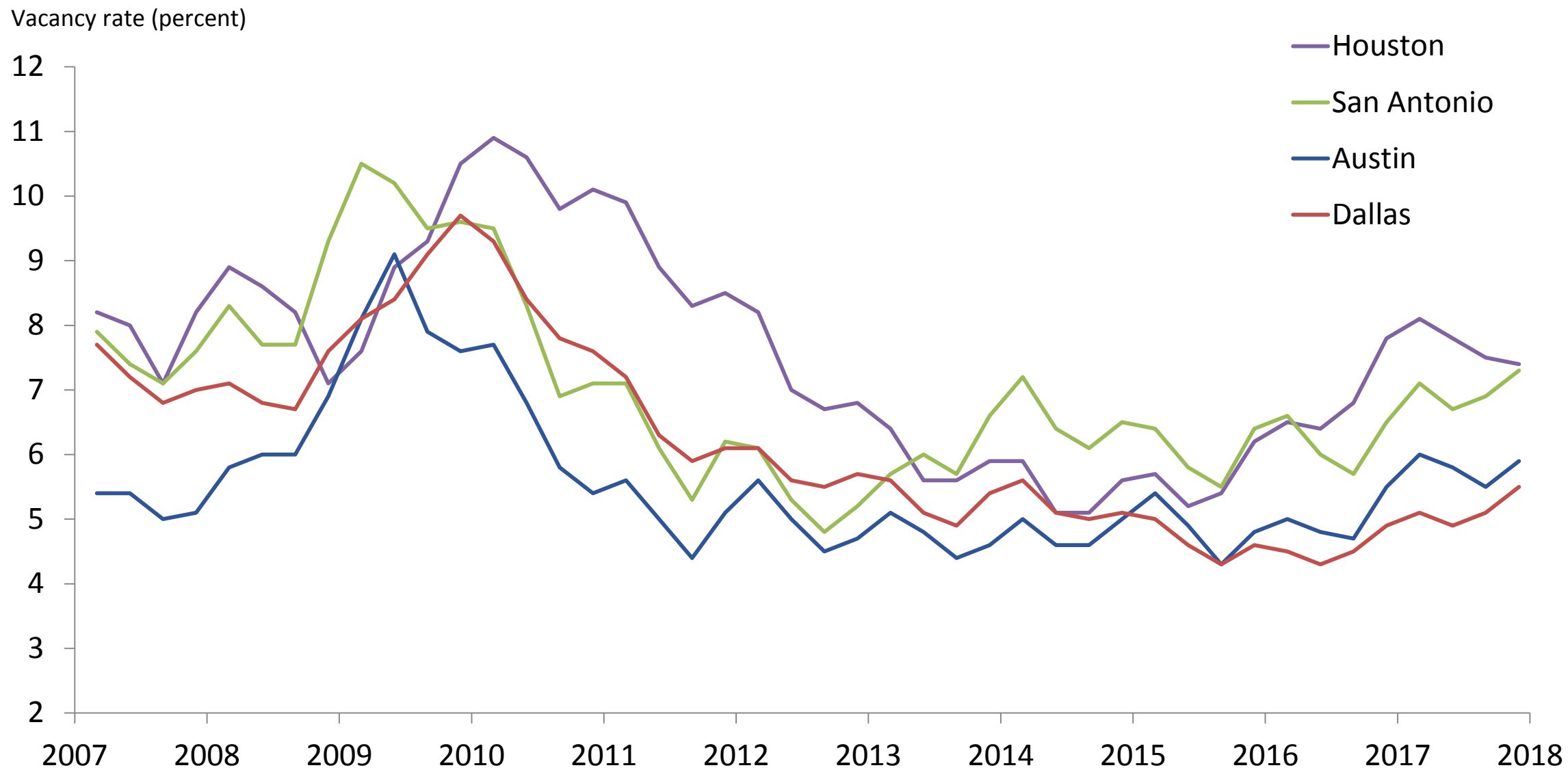
NOTES: Last data point is November 2017.

SOURCES: Multiple Listing Service; Texas A&M Real Estate Center; FRB Dallas.



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Multifamily vacancy rates rising



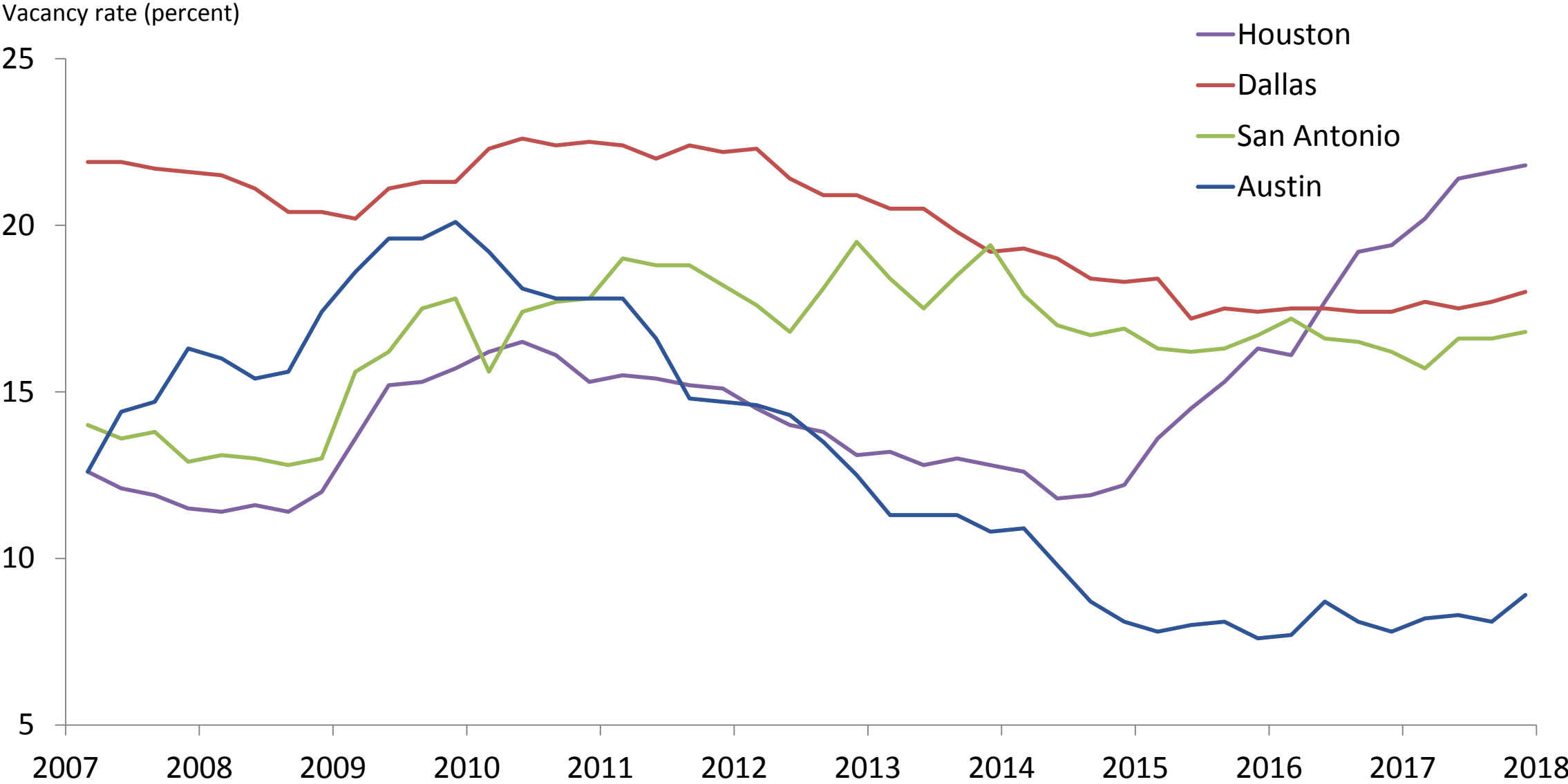
NOTES: Last data point is Q4 2017.

SOURCE: CBRE.

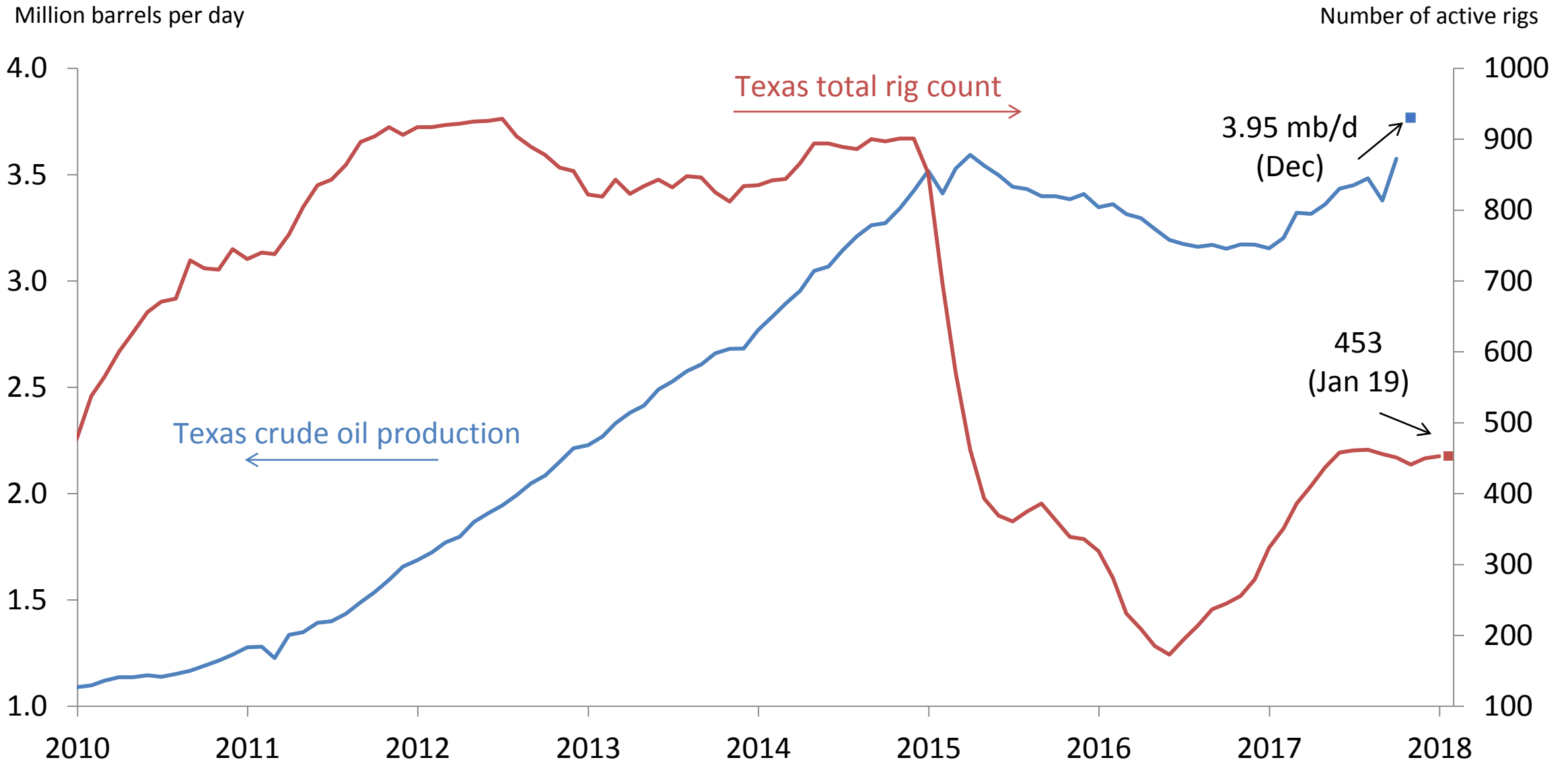


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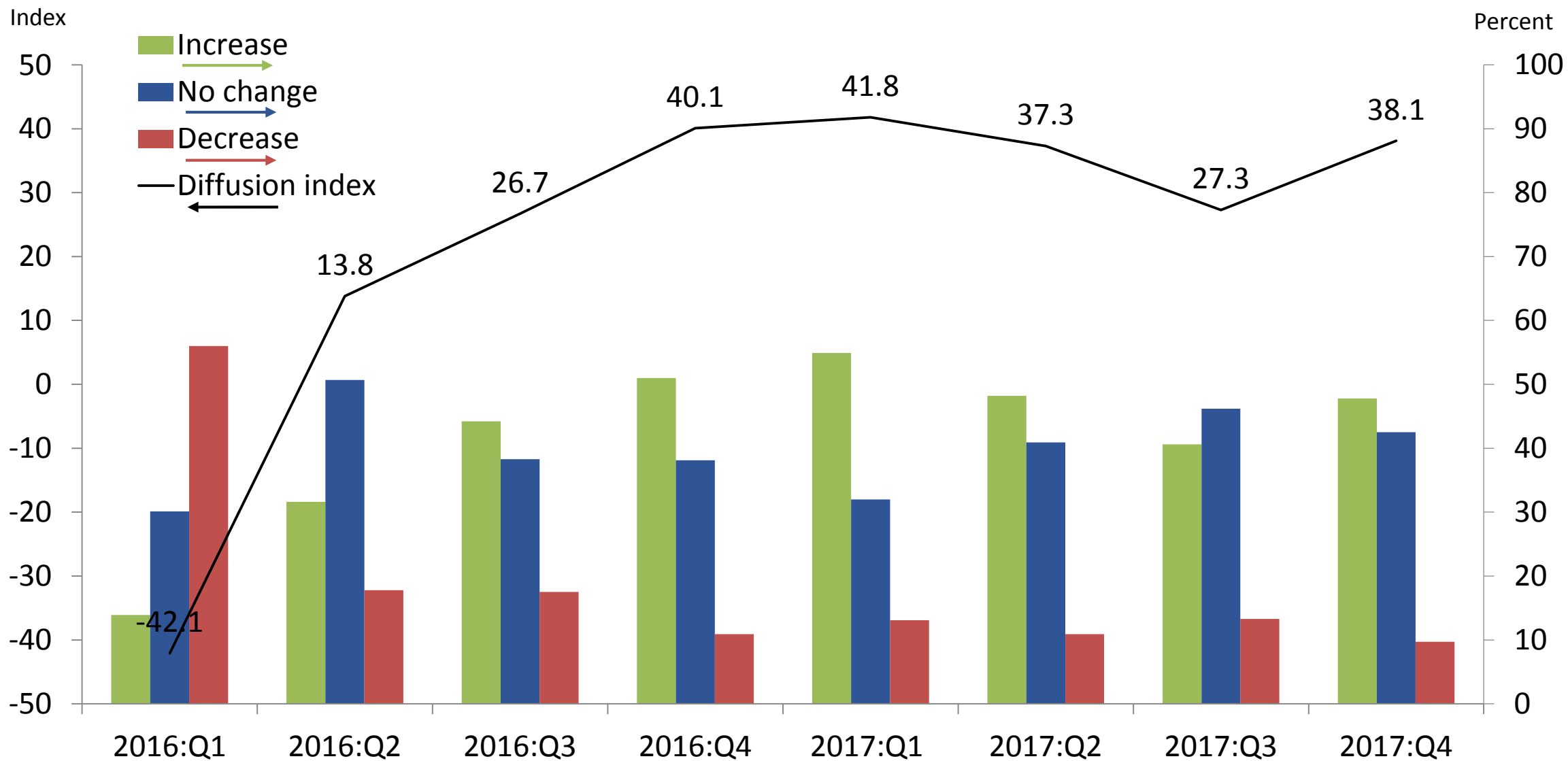
Low oil price impacts office market



Texas oil production continues to rise despite flat rig count

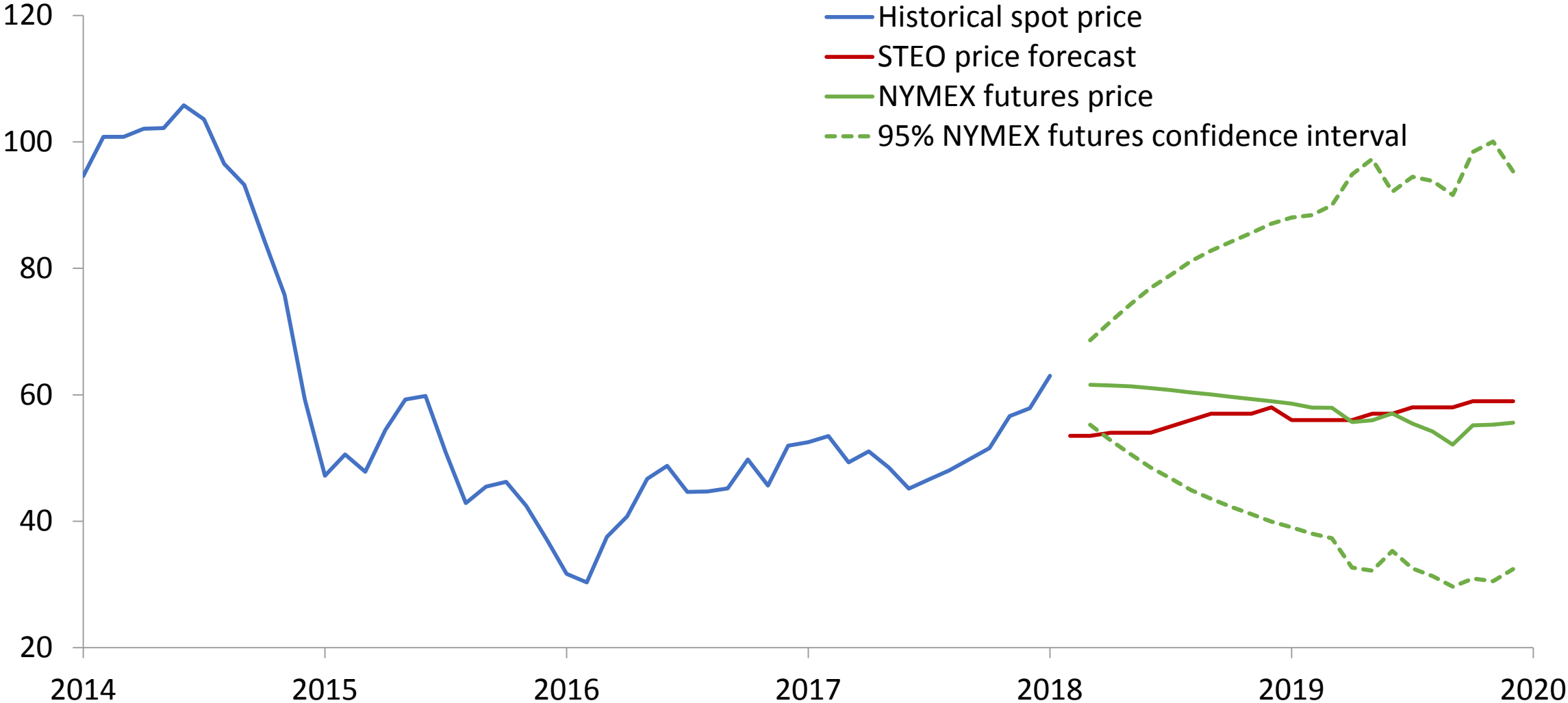


Business activity picks up in Q4 Dallas Fed Energy Survey



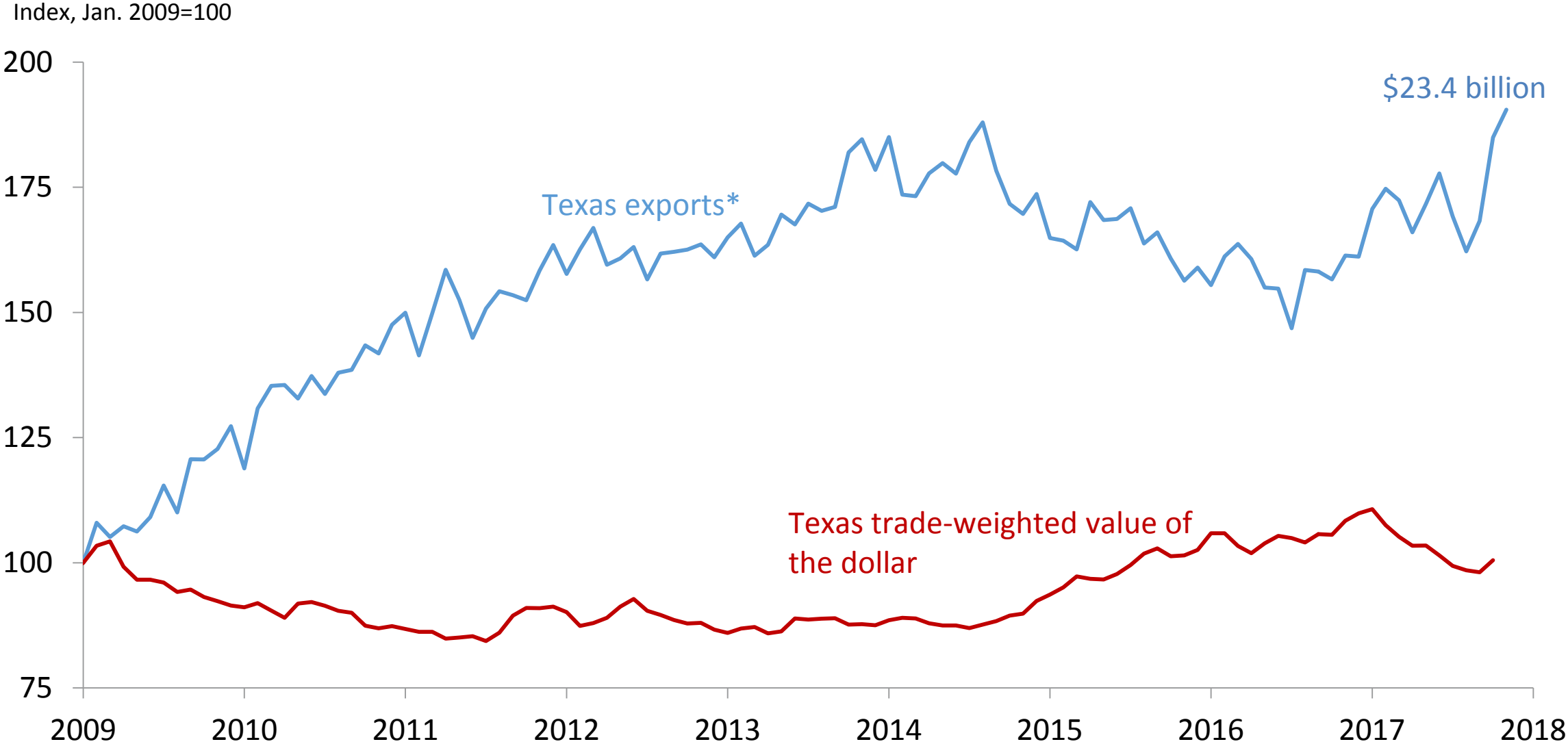
Crude price forecast

WTI crude oil, dollars per barrel



NOTE: Prices as of 1/19/2018.
SOURCE: Energy Information Administration.

Texas exports rise strongly



\$23.4 billion

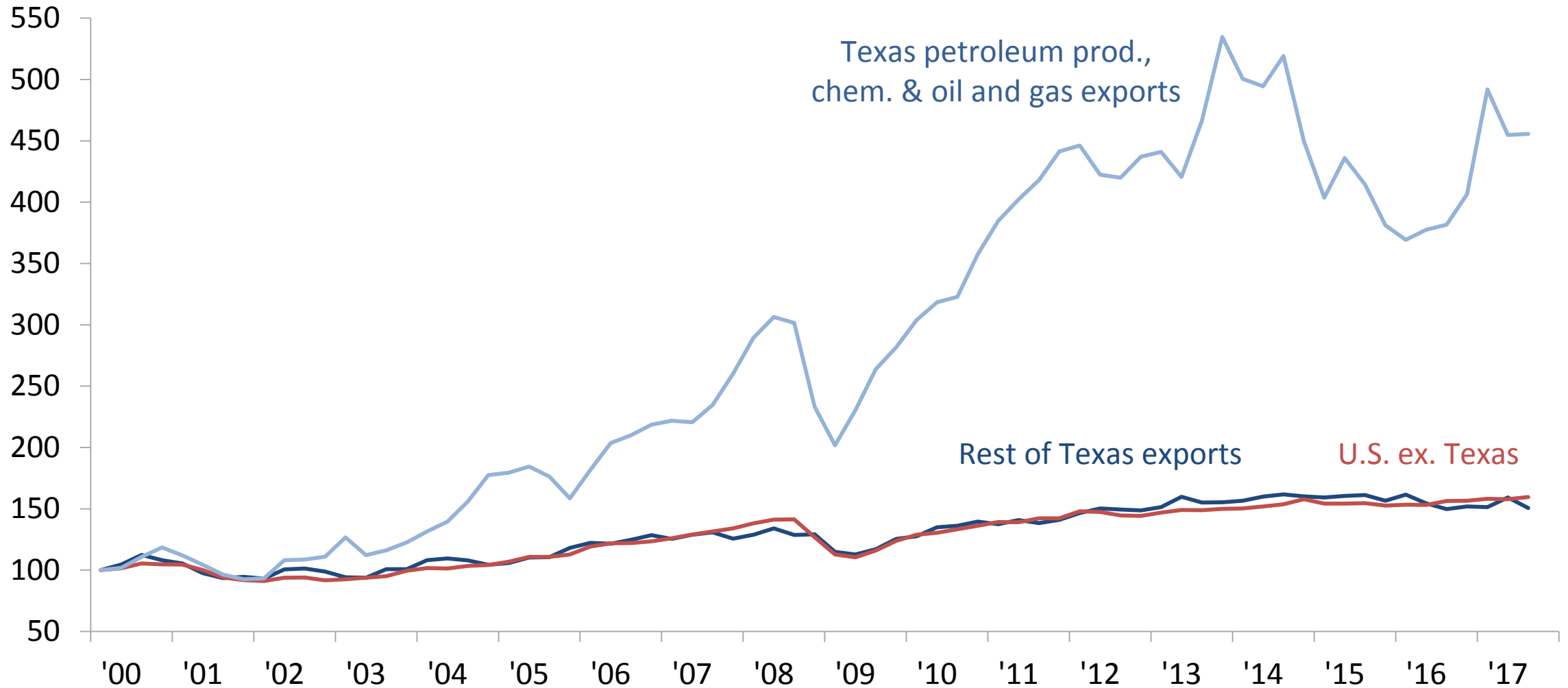
Texas exports*

Texas trade-weighted value of the dollar

*Real exports, 2016\$.
SOURCES: U.S. Census Bureau; WISERTrade; Federal Reserve Bank of Dallas.

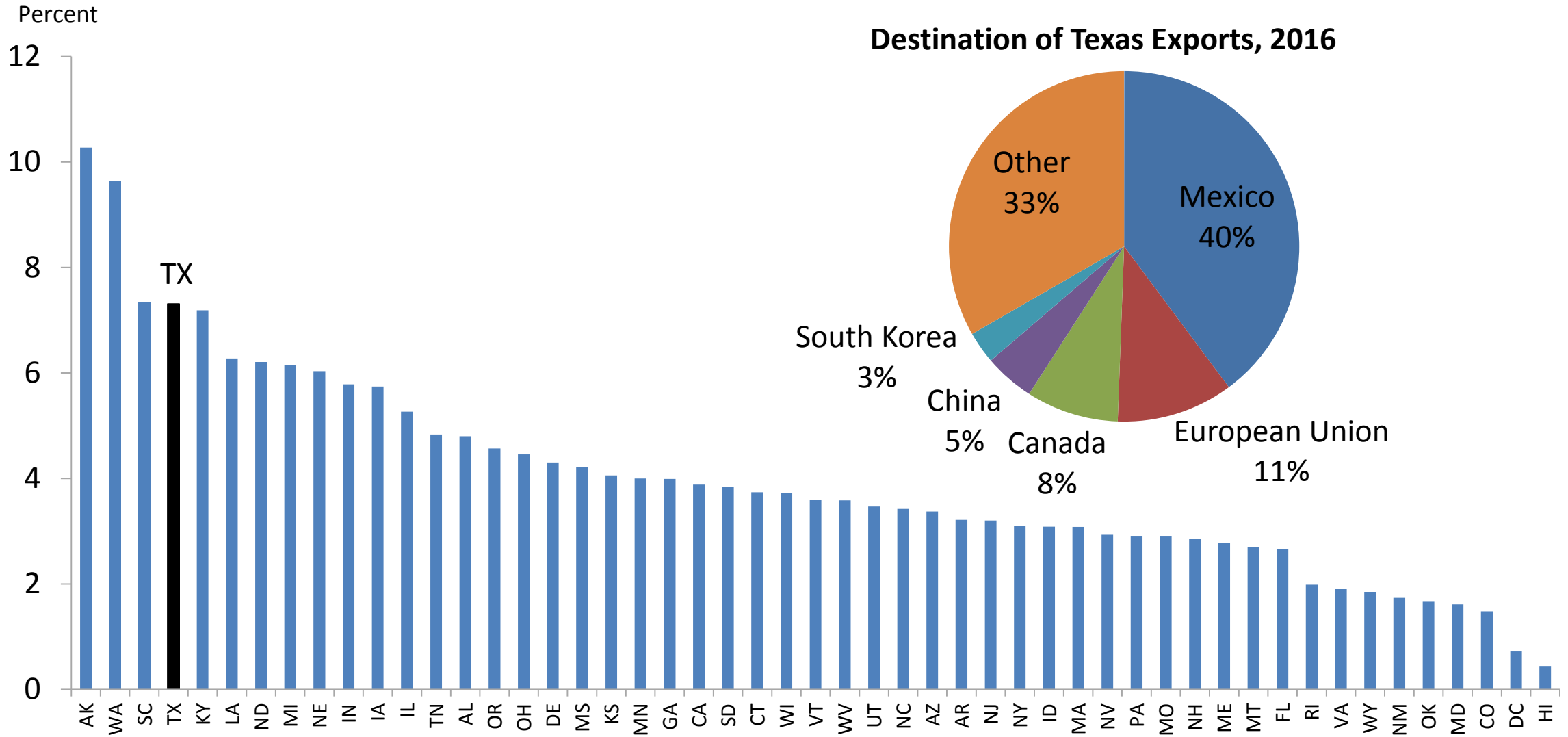
Petroleum drives Texas export growth

Index, SA, Real
Q1 2000=100



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Share of Texas jobs tied to exports 4th highest among states



Summary

- Texas had solid employment growth in 2017
- Hurricane Harvey caused widespread damage, but did not change growth trajectory
- Expect employment growth to shift into higher gear in 2018
 - Risks: low oil prices, labor shortages, trade policy
- Forecast: 2.5-3.5% job growth.



The Texas Economy



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