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Texas Real Estate Research Center economists continuously monitor many facets of the global, national, and Texas economies. *Outlook for the Texas Economy* summarizes significant state economic activity and trends. All measurements are calculated using seasonally adjusted data, and percentage changes are calculated month over month, unless stated otherwise.

This publication is designed to be a one-stop resource for economic indicators. We hope you find them as useful as we do. Your feedback is always appreciated. Send comments and suggestions to info@recenter.tamu.edu.

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Data current as of May 5, 2023

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Summary

Propelled by the bankruptcy of Silicon Valley Bank, Texas business bankruptcy filings hit their highest level since April 2020, showing signs of a cooling economy. While the prospect for general business activity from the Federal Reserve surveys was not high, employment remained strong, adding more than 28,000 new positions. As spring arrived, demand for Texas housing and exports rebounded in March.

Housing Market Has Strong 2023 Start

Housing demand started the year off strong as sales rose month-over-month (MOM) for first quarter 2023. Total home sales gained 2.2 percent MOM, equating to an additional 1,300 homes sold over February. Three of the four major metros had gains in monthly home sales, with Dallas being the only one to have a drop, moving 97 fewer homes than the month before. Houston had the largest monthly increase, improving 9.6 percent MOM. Austin and San Antonio lagged with sales of 2,738 and 3,103, respectively. Across the board, these numbers represent stark returns to form for the metros and their seasonal housing trends.

Sales volumes for Dallas, the metro with the most sales in Texas, were consistent with last year across most price cohorts. However, transactions for homes on the two tails—below $200K and above $750K—both shrank significantly. Transactions in the upper tail dropped to 805 units in March, falling more than 15 percent year-over-year (YOY).

Labor Market Expands Despite a Spike in Bankruptcy Filings

The Texas unemployment rate was 4 percent, ten basis points higher than a year ago. Houstin had the highest unemployment rate at 4.3 percent while Austin had the lowest at 3.2. DFW and San Antonio each held the same rate at 3.7 percent. The Texas labor force participation rate climbed for the third consecutive month, reaching 63.9 percent. Despite this run, the labor force rate still has not recovered from the drop that began in May 2022. With the inflow of domestic and international migrants, the labor force had 14.9 million workers.

A spike of business bankruptcy filings occurred at both the national and state levels. The Administrative Office of the U.S. Courts reported 1,657 bankruptcy cases, with the number of cases in Texas accounting for over 20 percent. Failed enterprises doubled in Texas in March, reaching 337 filings. The monthly average over the past ten years has been 200.
Despite the abnormally high number of failed businesses in March, total nonfarm employment grew by 28,600 workers. Professional/scientific services and accommodation added 6,800 and 6,000 new positions, respectively. Construction had strong numbers as well with 5,800 new payroll employees. Alternatively, administrative/waste management/remediation services—one of the sectors in the professional/business industry—had a significant dismissal of 12,300 workers. In this subsector, investigation/security services reported some growth alone, while administrative/support services and employment services made up most of the loss.

**Service-Providing Sectors Grind to a Halt**

Gradual slowdowns defined the *Dallas Fed’s Service Sector Outlook Survey* for March with many aspects of the index declining. The employment index dropped below zero for the first time since summer 2020, the peak of the pandemic lockdowns. This indicated that employment growth has contracted for the first time in nearly two years. General business activity also dipped as outlook uncertainty rose, meaning respondents to the survey are not optimistic about what the future holds. Future general business activity dropped nearly nine points as future revenue fell eight, both correlating with mixed feelings about the future of the sector. This reflects the public's general uncertainty about the economy.

Retail activity stagnated in March as sales remained unchanged from February. The *Dallas Fed’s Retail Outlook Survey* remains solidly in negative territory as conditions worsened. Employment and hours worked decreased as the index receded, and both are in negative territory. Future activity expectations are mixed with general business activity remaining staunchly negative, while future employment remains positive. Growth is expected to continue as the year goes on but will likely depend on economic conditions going forward.

**Global Trade Pivots as Spring Comes**

The *Texas trade-weighted value of the dollar index* had a strong year in 2022, and the February reading sustained the year-ago measurement of 107. Amid the strong trade value, foreign traders must pay more in their local currency for the same basket of goods. Like last year’s trend, Texas’ exports bounced up 16 percent MOM in spring, as all-commodity exports reported a monthly increase of 25.5 billion in March. This marked the first monthly gain in the past five months.

Demand for the top three manufacturing exports jumped—petroleum/coal products (23.6 percent MOM), chemicals (19.7 percent MOM), and computer/electronic products (18.7 percent MOM). Demand for Texas’ crude oil exports rose over one fifth, as demand more than doubled from February in Brazil, China, Netherland, and Spain.

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1 The release of the trade section is lagging the *Outlook for the Texas Economy* by one month.
Economic Overview

- The Texas Leading Economic Index was balanced at 104 for **four months** (2007=100), showing stable prospects for future overall business activity.

- Texas consumers had been reporting **gradual confidence boosts** since the Federal Reserve first announced the series of interest hikes in June 2022.

- The headline Consumer Price Index (CPI) rate inched up to 5 percent. Food inflation remained stubborn at 8.5 percent, while **energy prices** shrunk 6.4 percent due to more affordable fuel oil and gasoline.

- Corroborating with the more affordable energy commodities, the West Texas Intermediate (WTI) crude oil spot price dropped **32.5 percent** YOY from $108.5 to $73.3, and the Henry Hub spot price plummeted **52.9 percent** YOY from $4.9 to $2.3 per million British thermal units (BTU).

- Texas’ crude oil production stayed at **5.3 million barrels** per day in February despite the active rig count dropping to 370, two rigs lower than last month.

- After the uptick at 3.75 percent in February, the ten-year U.S. Treasury bond yield slid to **3.7 percent** in March.

- The cost of buying homes rose again, as the Federal Home Loan Mortgage Corporation’s 30-year fixed-rate reached a four-month peak at **6.5 percent**.
### Gross Domestic Product

Index 2010 Q1 = 100

Source: Bureau of Economic Analysis

### Job Openings

Index January 2010 = 100

Source: Bureau of Labor Statistics
Employment Index

Source: Bureau of Labor Statistics

Unemployment Rate

Source: Bureau of Labor Statistics
Initial Unemployment Claims

Source: Department of Labor

Labor Force Participation Rate

Source: Bureau of Labor Statistics
Texas Active Rotary Rig Count

Source: Baker Hughes

Oil and Gas Extraction Employment

Source: Bureau of Labor Statistics
Residential Home Sales
Seasonally Adjusted Annualized Rate

Source: National Association of Realtors - Texas Real Estate Research Center at Texas A&M University

Texas Home Price Index
Seasonally Adjusted Annualized Rate

Source: Texas Real Estate Research Center at Texas A&M University
Texas and U.S. Manufacturing Employment Index

Source: Bureau of Labor Statistics - Texas Real Estate Research Center at Texas A&M University

Texas and U.S. Manufacturing Employee Hourly Earnings

Source: Bureau of Labor Statistics - Texas Real Estate Research Center at Texas A&M University
Texas Manufacturing Employee Hourly Earnings

Source: Bureau of Labor Statistics - Texas Real Estate Research Center at Texas A&M University

Manufacturing Outlook Index

0+ = Expansion

Source: Institute for Supply Management - Federal Reserve Bank of Dallas
Services Sector Outlook Index

0+ = Expansion

Source: Institute for Supply Management - Federal Reserve Bank of Dallas

Retail Sales Index

Index January 2010 = 100

Source: Census Bureau - Federal Reserve Bank of Dallas
Texas Export Values by Destination

![Texas Export Values by Destination Graph](image)

Source: Census Bureau via WISER

Texas Oil and Gas Exports

![Texas Oil and Gas Exports Graph](image)

Source: Census Bureau via WISER
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