



Federal Reserve  
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# **DFW Economic Performance Amid the COVID-19 Pandemic**

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Federal Reserve Bank of Dallas

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

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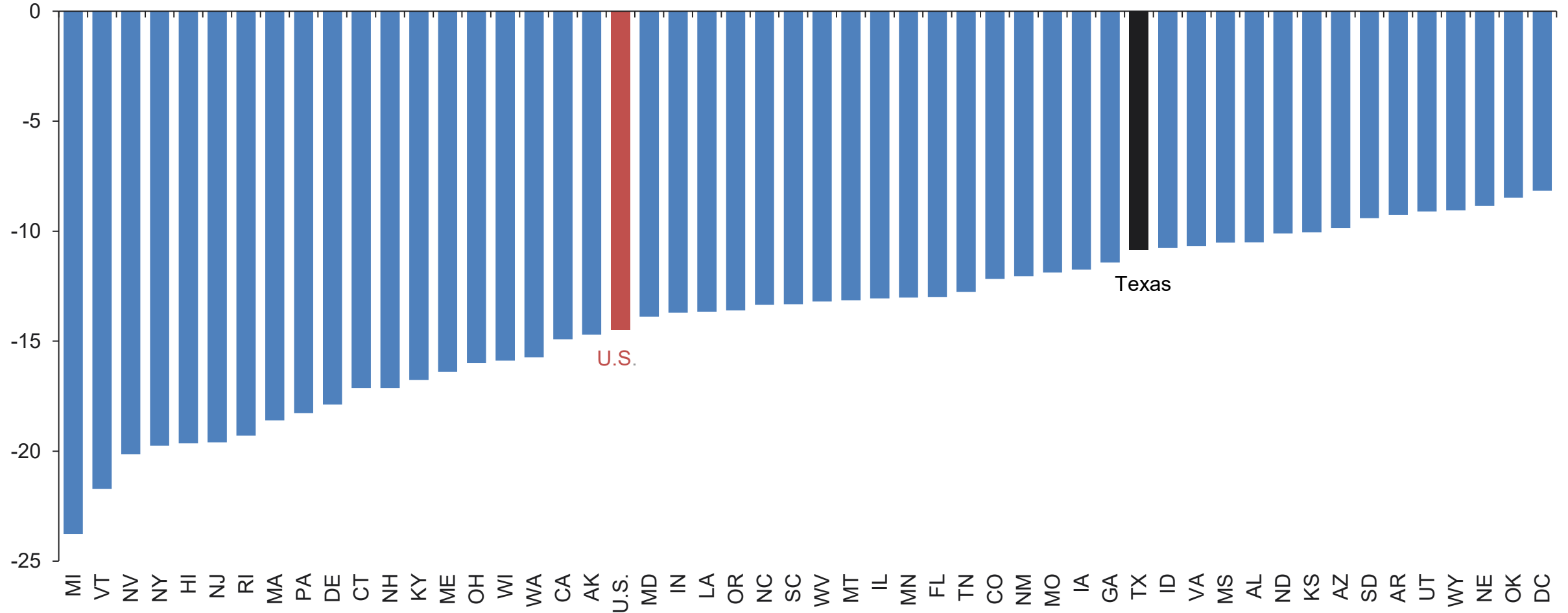
# Texas in the Pandemic

# Overview

- Sudden, sharp contraction in economic activity and employment due to COVID-19 induced shelter-in-place regulations
- Record declines in activity in March and April, some signs of recovery in May
- So far Texas and DFW matching or exceeding US performance
- The economic crisis has broadly peaked but may take time to unwind
- Activity appears to be gradually improving as economy begins reopening, but the path of the virus is unpredictable, creating heightened uncertainty for consumers and businesses

# All states shed jobs from Feb to Apr; Northeast/Midwest suffer largest losses

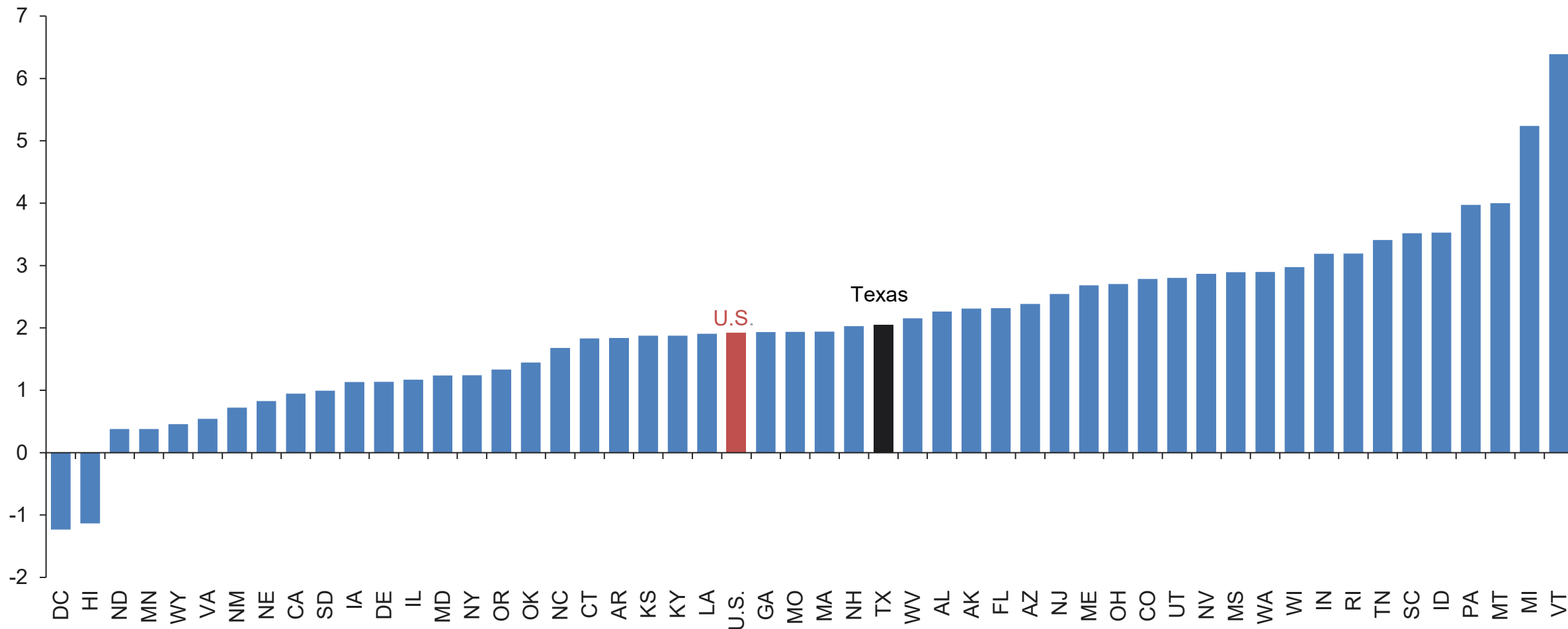
Percent change, Apr 2020/Feb 2020, SA



SOURCES: Bureau of Labor Statistics.

# Most states see some recovery from April to May

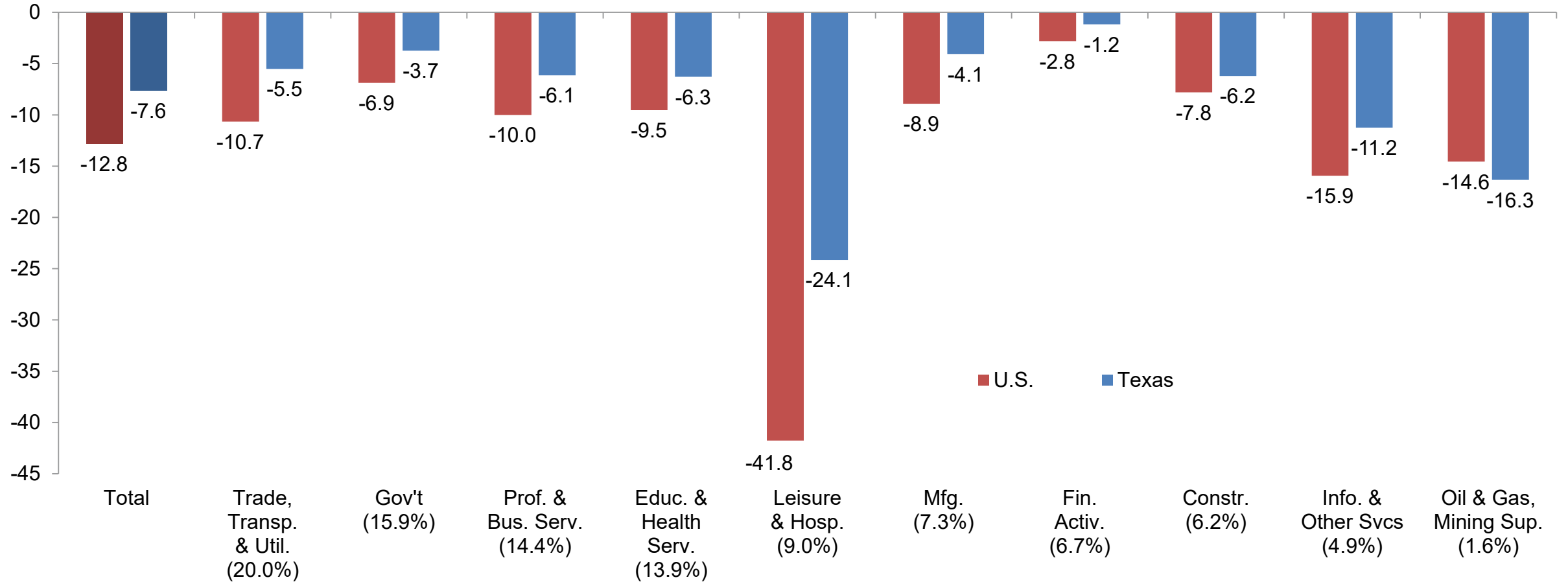
Percent change, Apr 2020/Feb 2020, SA



SOURCES: Bureau of Labor Statistics.

# Pandemic job losses widespread, but leisure/hospitality stands out

Job growth (percent)

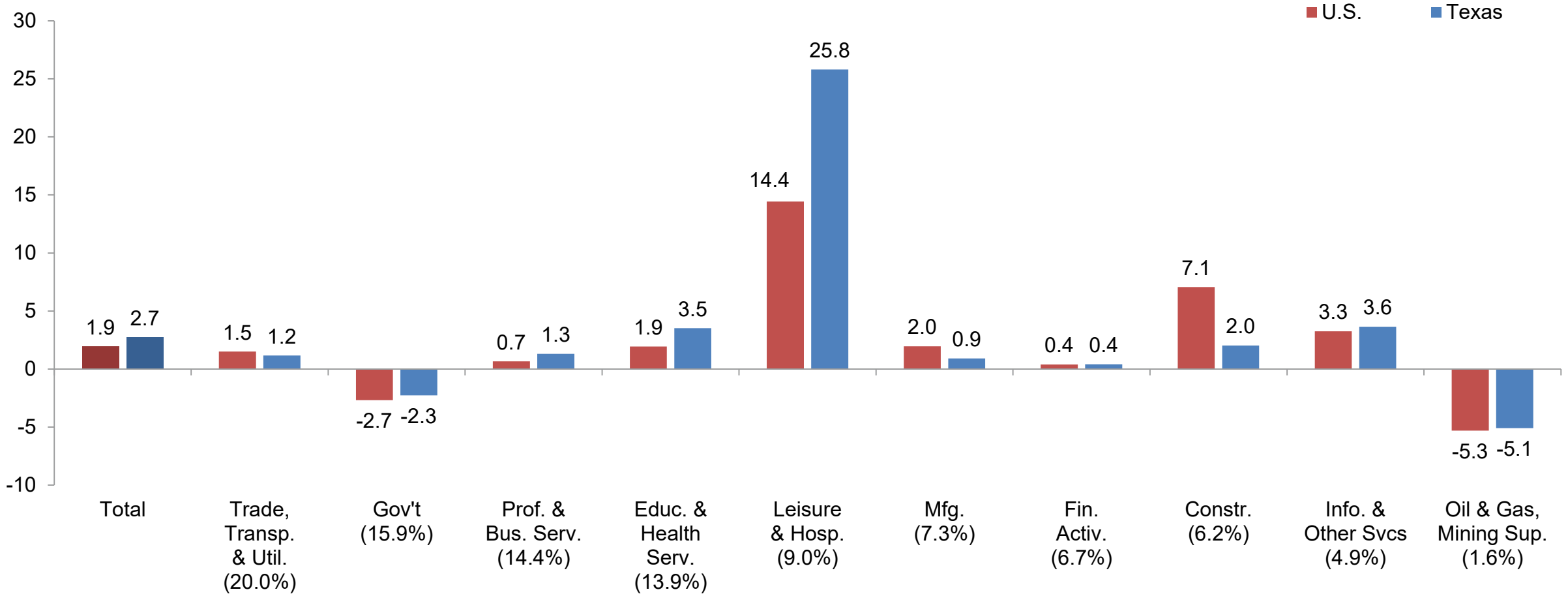


NOTE: Data show May 2020/Feb. 2020 non-annualized growth. Numbers in parenthesis indicate share of total state employment for May.

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

# Texas employment rebounds in May, led by service sector

Job growth (percent)



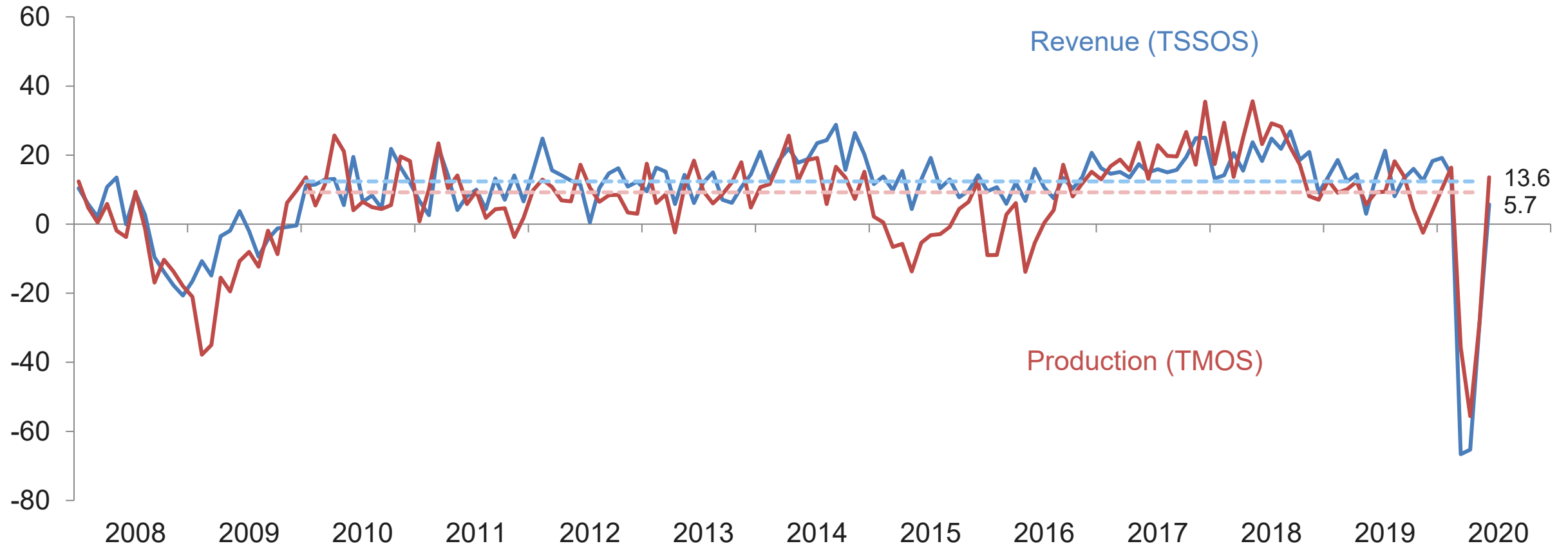
NOTE: Data show May 2020/Apr. 2020 non-annualized growth. Numbers in parenthesis indicate share of total state employment for May.

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



# Texas Business Outlook indexes show signs of recovery in June after unprecedented decline

Diffusion index, SA

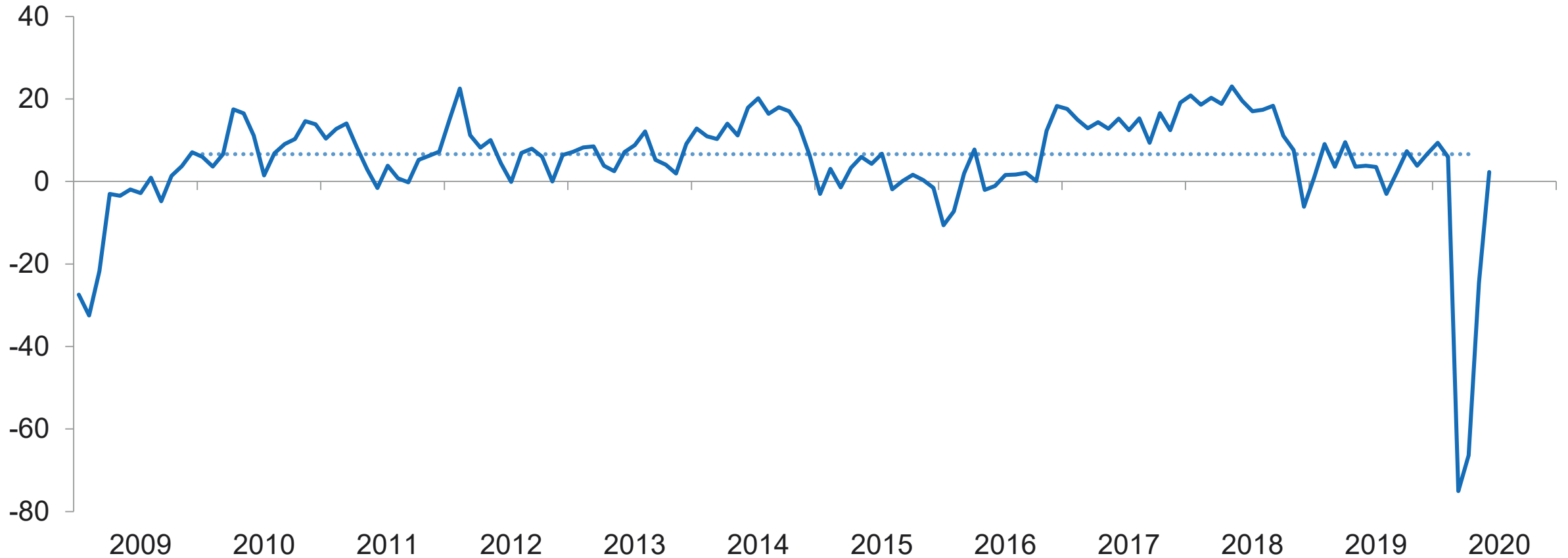


NOTES: Data through June 2020. Dashed lines are post-recession averages.

SOURCE: Federal Reserve Bank of Dallas Texas Business Outlook Surveys (TBOS).

# Texas company outlook rebounds in June

Diffusion index, SA

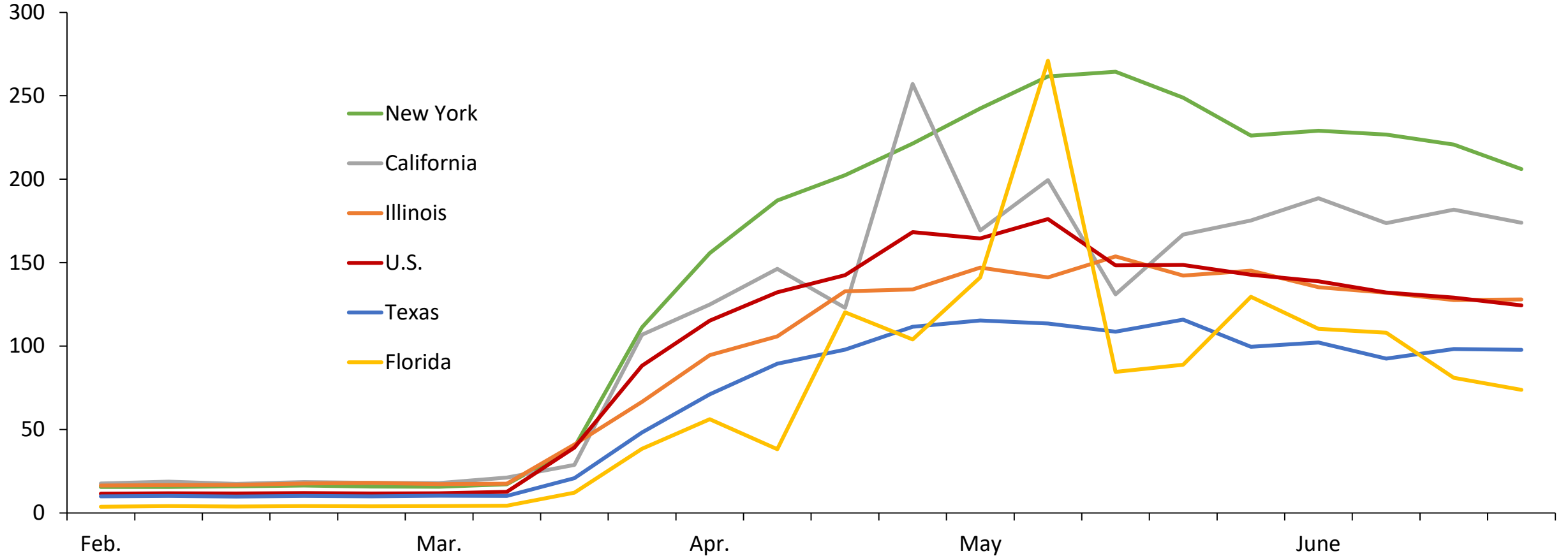


NOTES: Data through June 2020. Indexes from the manufacturing, retail and services surveys are aggregated weighting by sector using GDP. Dashed line is post-recession average.

SOURCES: Federal Reserve Bank of Texas Business Outlook Surveys (TBOS).

# Not falling yet: More recent data suggest jobless claims stubbornly flat in Texas

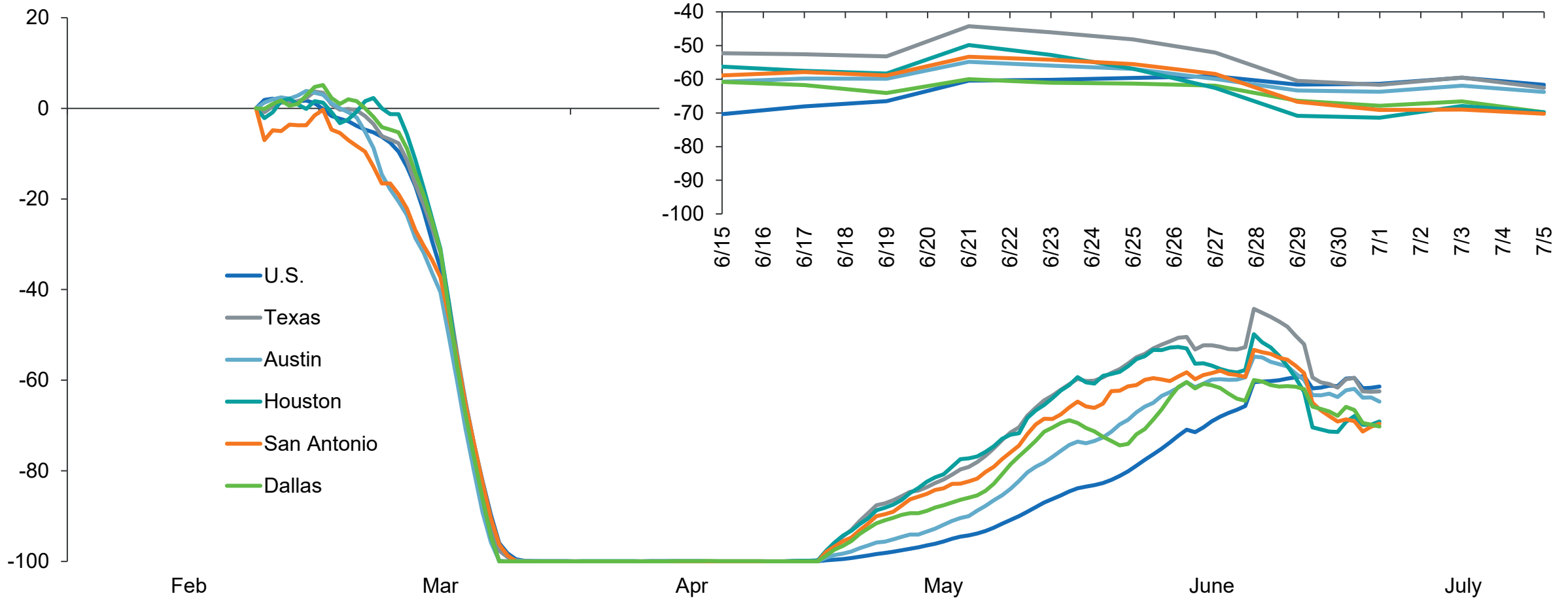
Weekly claims per 1,000 workers



NOTE: Unemployment claims data through the week ending June 27. Labor force data through the week ending May 30. Labor force estimated through June 27.  
SOURCES: Bureau of Labor Statistics; Department of Labor.

# Restaurant reservations in Texas lose momentum in June

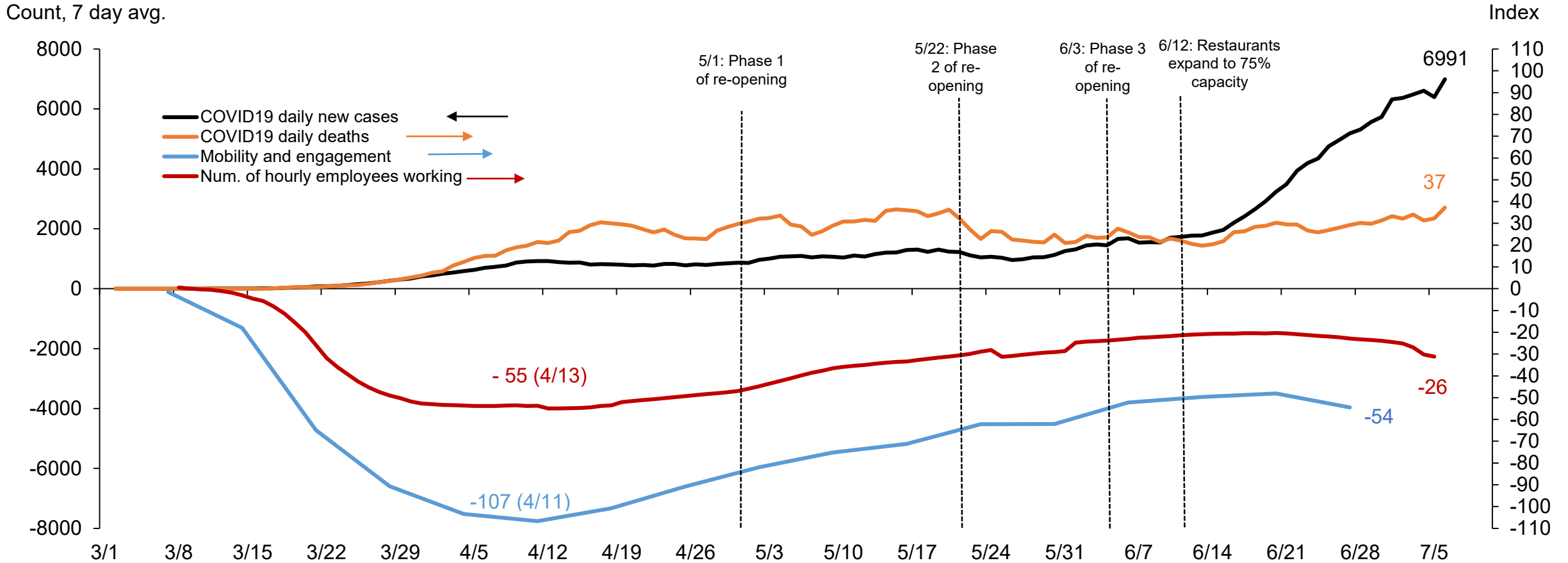
Percent change, y/y, 7 day moving average



NOTE: Data through July 6, 2020. Data refers to year/year percent change in seated diners at restaurants on the OpenTable network across all channels: online reservations, phone reservations, and walk-ins.

SOURCE: OpenTable.

# As COVID-19 cases grow, will Texas mobility & engagement decline and slow the recovery?

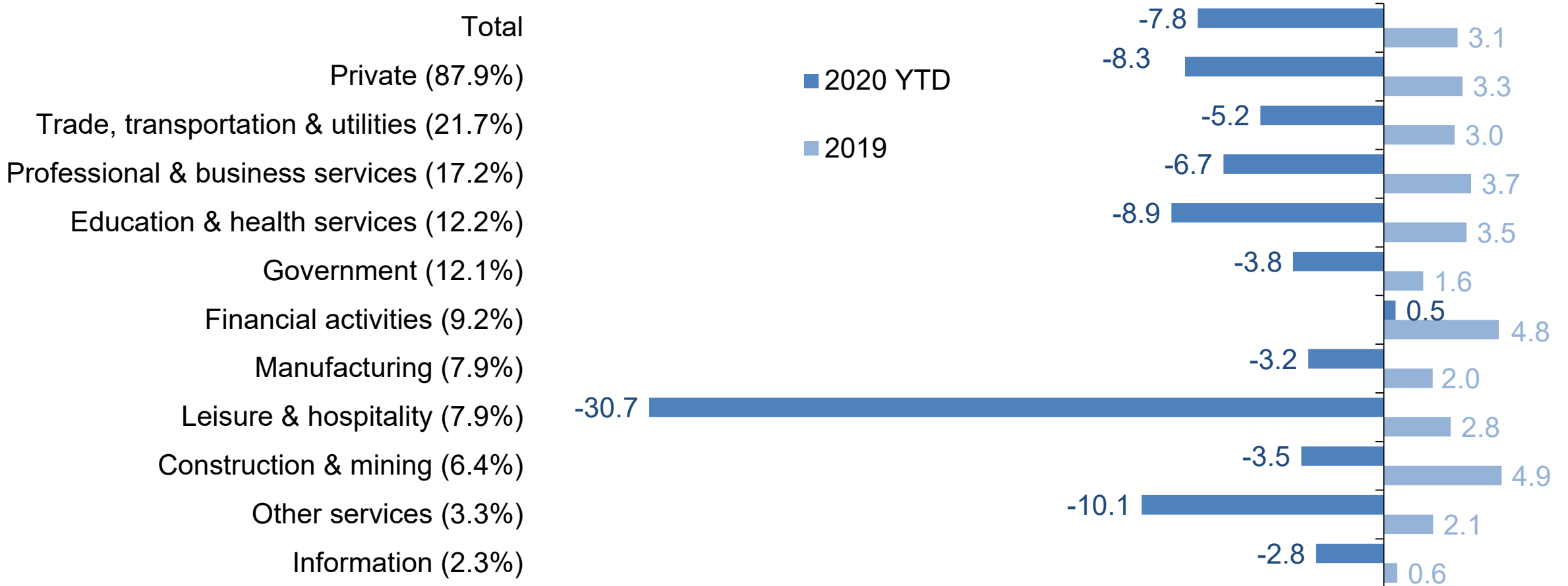


NOTES: Mobility and engagement index data up to June 26, 2020, Homebase data up to July 5, all other data up to July 6. Homebase data and daily COVID-19 cases and deaths are seven day moving averages. Mobility and engagement index values are scaled such that the national index average over January-February are subtracted out and divided by the national value in the week ending in April 11, the lowest national weekly value. Mobility and engagement index value can be interpreted as mobility and engagement relative to the national trough in mobility and engagement.

SOURCES: Homebase, Johns Hopkins University, SafeGraph, Federal Reserve Bank of Dallas.

# DFW Economic Performance

# DFW employment losses broad based, led by leisure and hospitality

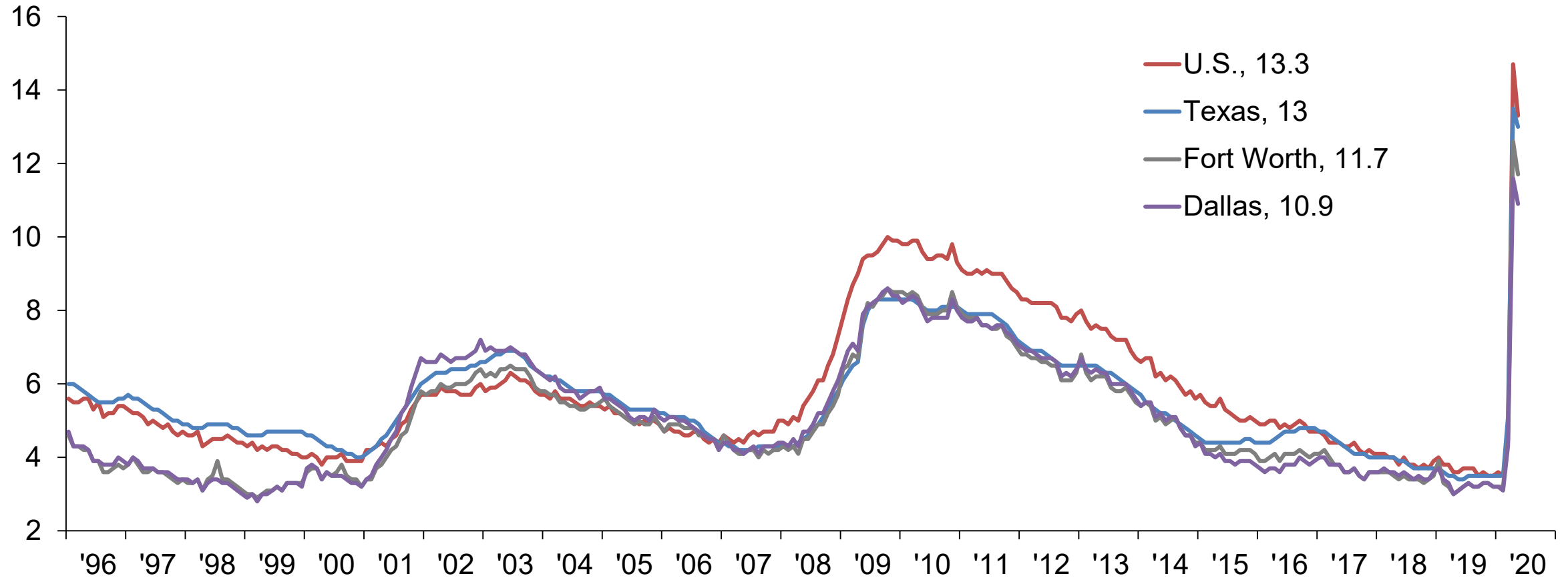


NOTES: Data sorted by percent of total DFW employment. Data show seasonally adjusted, non-annualized percentage growth by industry. Numbers in parentheses are shares of total DFW nonfarm employment and may not sum to 100 due to rounding. Data through May 2020.

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

# Unemployment near historic highs

Percent, SA



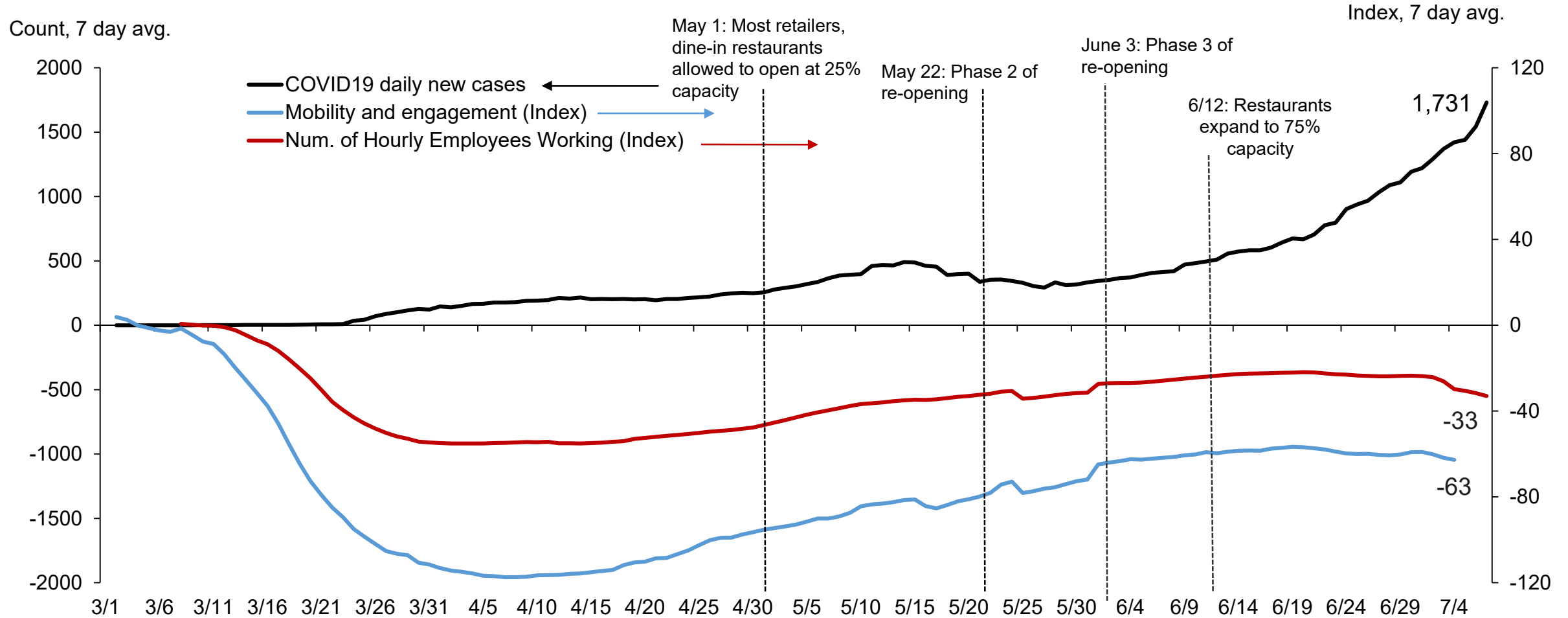
NOTE: Data through May 2020.

SOURCES: Bureau of Labor Statistics; seasonal adjustments by the Dallas Fed.



# Mobility increasing and workers starting to come back, but daily new COVID cases rising again in DFW

Dallas-Fort Worth Social Distancing and COVID-19 Spread

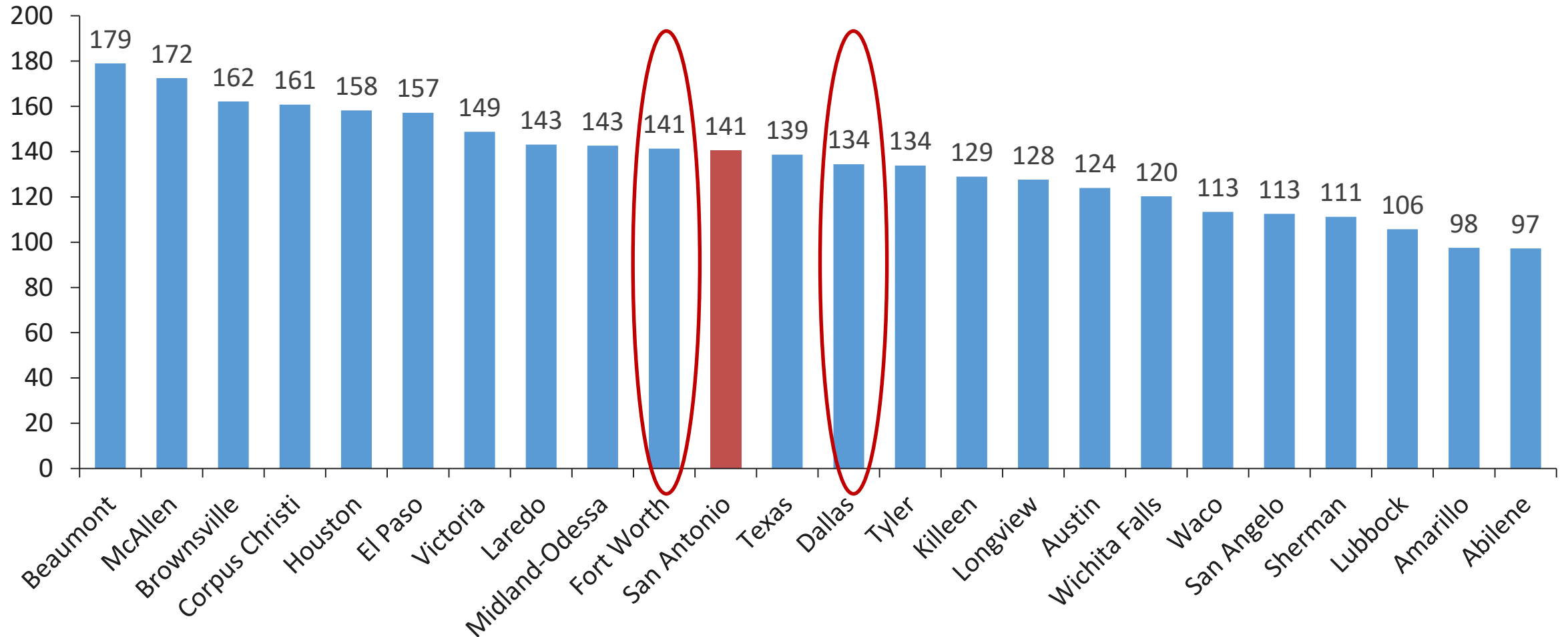


NOTE: Mobility and engagement index data up to July 4, 2020, Homebase index and case data through July 7, 2020.

SOURCES: Homebase, Johns Hopkins University, SafeGraph.

# Layoffs span all Texas metros; border cities and energy centers harder hit

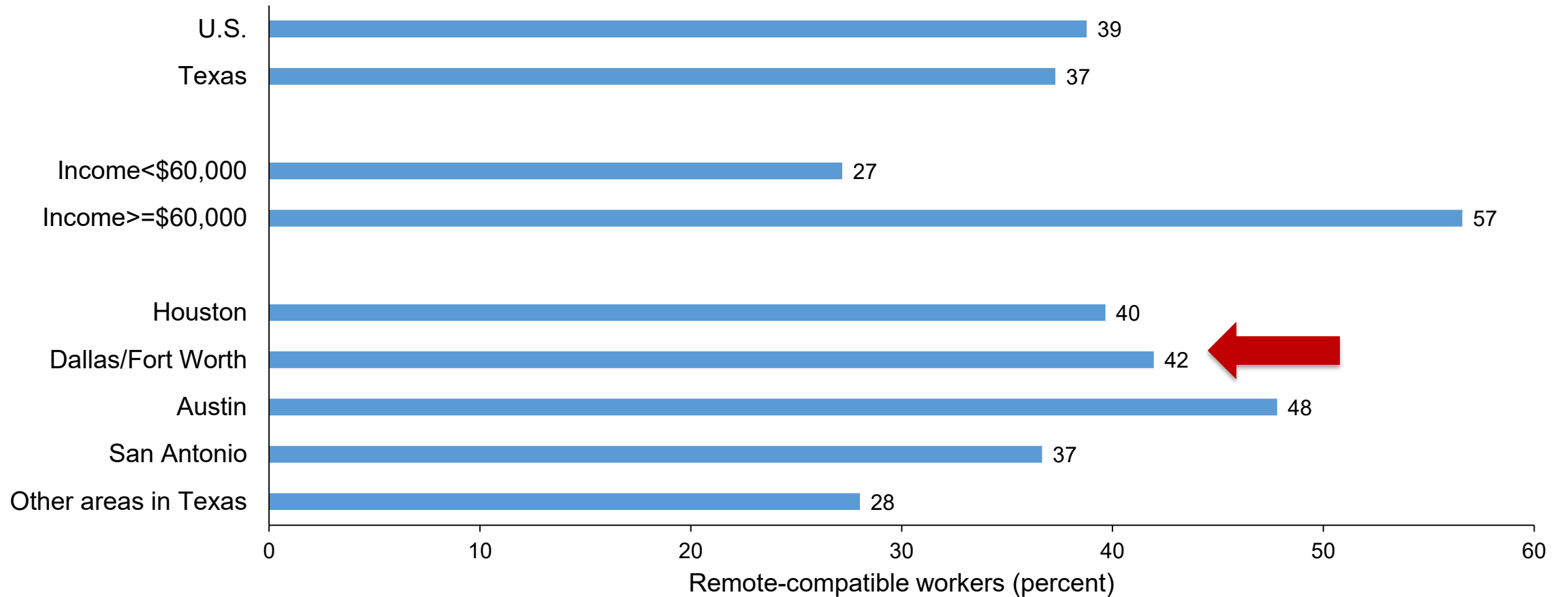
Claims per 1,000 workers



NOTES: Claims data for week ending March 7 through week ending June 6. Employment for Apr. 2020.

SOURCES: BLS LAUS program; Texas Workforce Commission

# More workers can work remotely in DFW relative to Texas and U.S.

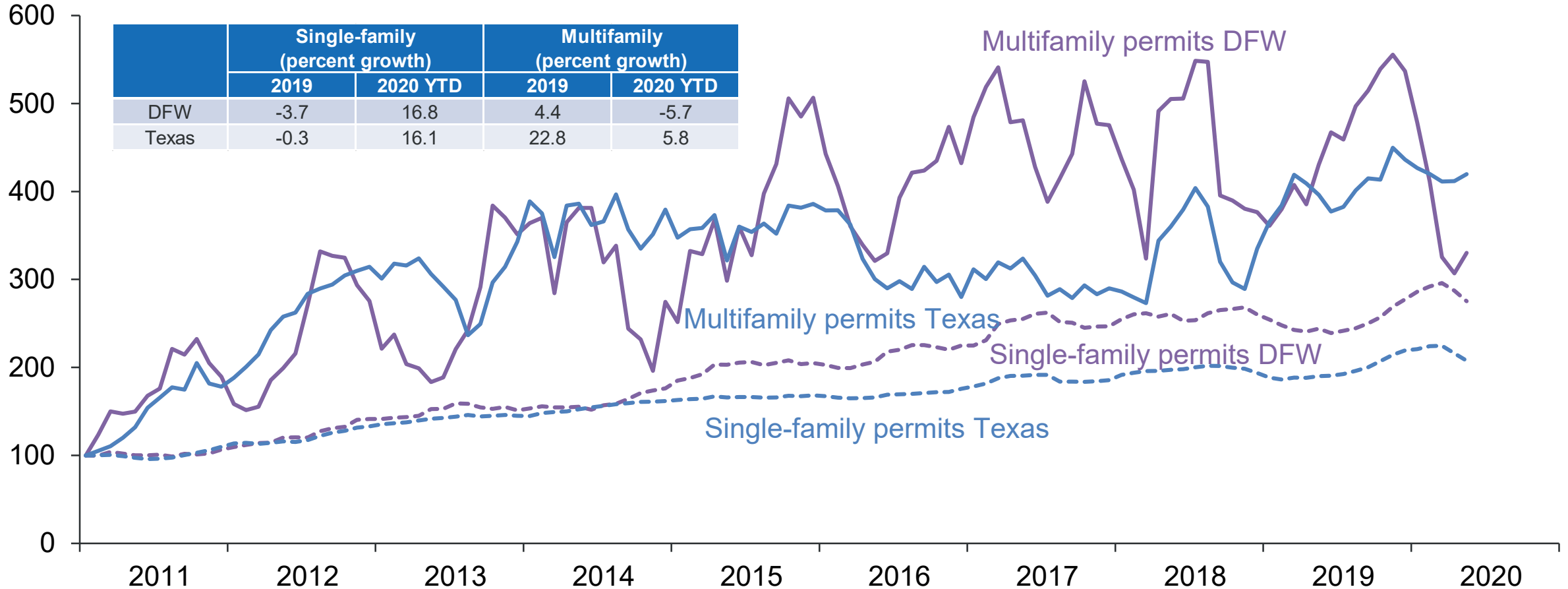


NOTE: All samples except for the top bar are restricted to workers in Texas.

SOURCES: 2013-17 American Community Survey; author's calculations.

# Residential construction moderating

Index, Jan. '10=100, 5 MMA, SA

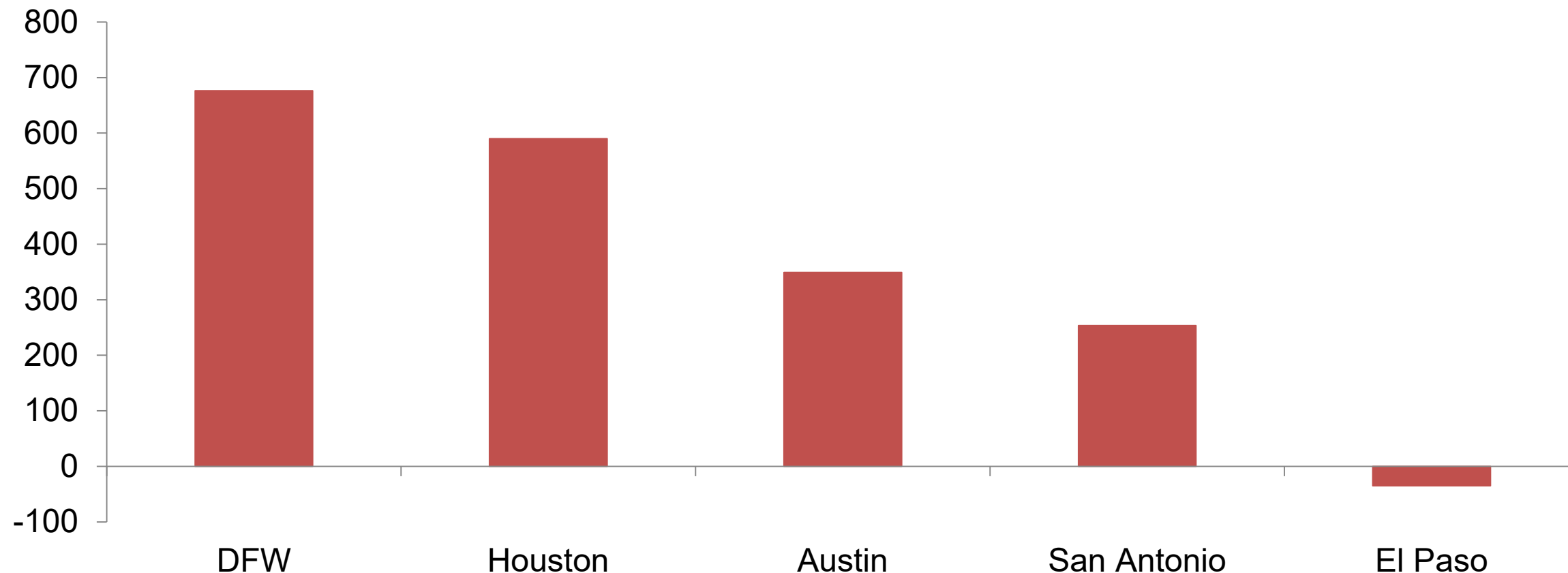


NOTE: Last data point is May 2020. Table refers to percent growth in annual totals. Table 2020 YTD data for January- May 2020.

SOURCES: U.S. Census Bureau; seasonal adjustments by FRB of Dallas.

# DFW leads major Texas metros in net migration gains since 2010

Net migration, thousands

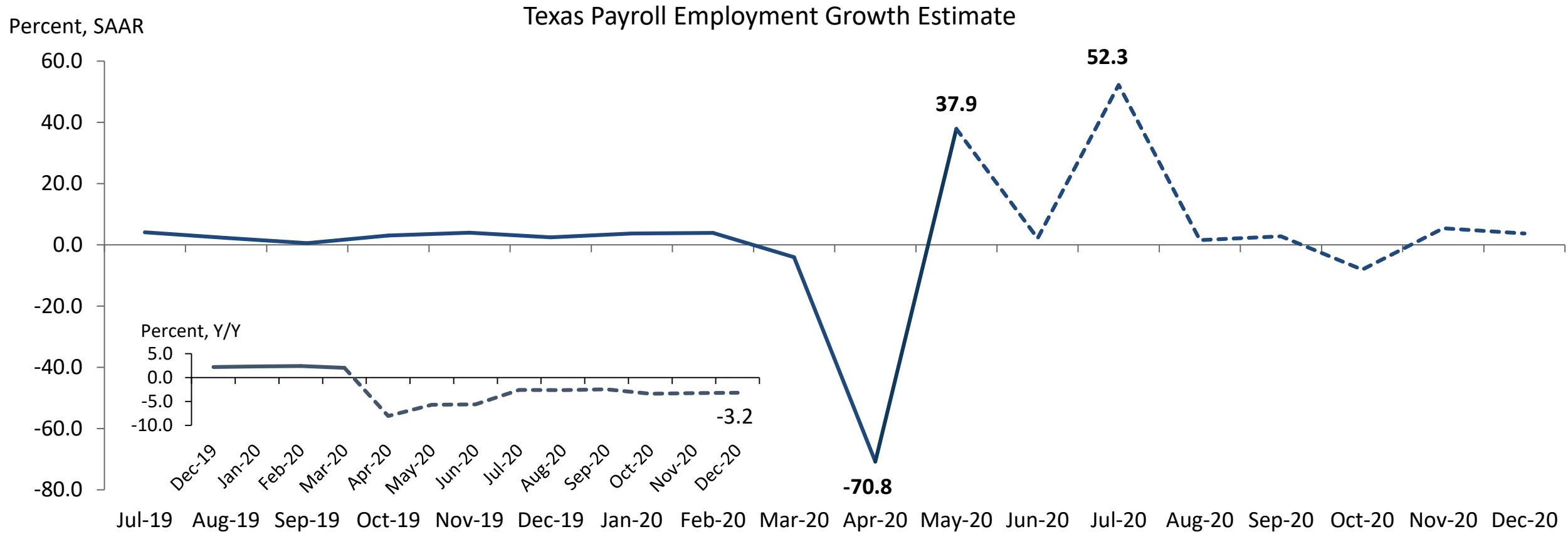


NOTE: Data are for July 2010 to July 2019.

SOURCE: U.S. Census Bureau, Population Division.

# Outlook for 2020

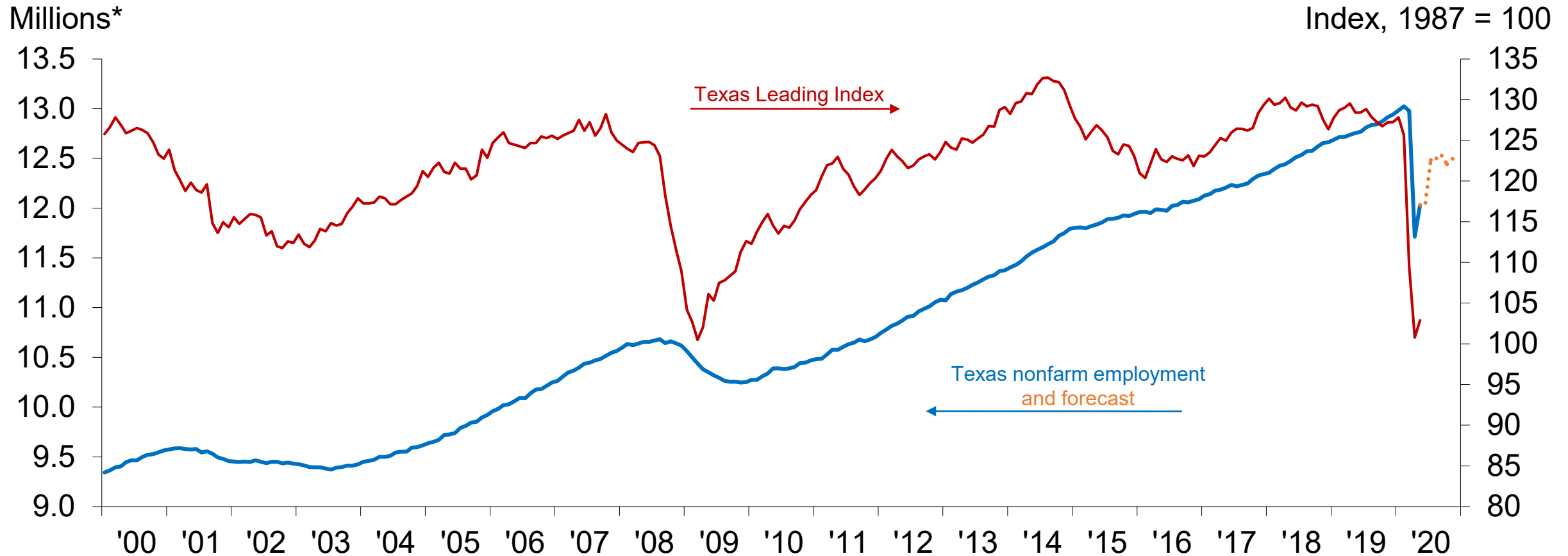
# Texas Employment Expected to Rebound in Second Half but End the Year Below 2019 Levels



NOTE: Forecast scenario estimates Texas payroll employment from June to December 2020 based on forecast of US GDP growth as well as estimated direct COVID-19 impacts and WTI prices following the futures contract curve as of 6/19.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; Federal Reserve Bank of Dallas.

# Texas Job Forecast Predicts 3.2 Percent Decline in 2020



\*Seasonally adjusted.

NOTE: Data through May 2020

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; Federal Reserve Bank of Dallas.



# Summary

- Pandemic is unprecedented and has many aspects of a natural disaster instead of a typical recession
- Economic activity is slowly recovering, but path of the virus and consumer and business responses highly uncertain
- Other potential headwinds include weaknesses in the energy sector and in trade.
- Factors such as a central location, greater ability to work remotely, low cost of living, industrial mix, etc. will be favorable for DFW in the long term.

Thank you!  
Please visit [dallasfed.org](https://dallasfed.org) for more information

