THE CONNECTION
Economic Development and Our Community

Evaluating Detailed Consumer Price Indexes and Other Key Economic Indicators

Published February 22, 2023
Prepared by Raphael Kotey Dzanie
Summary

In this month’s Connection article, we take a closer look at the performance of key economic indicators in the Dallas-Fort Worth (DFW) region before and after the COVID-19 pandemic to provide a comprehensive understanding of the region's economic landscape.

The pandemic has had a profound impact on many aspects of the DFW economy, and the indicators discussed in the findings reflect some of those changes. The **CPI for energy**, for example, dropped significantly in the early months of the pandemic due to decreased demand for energy, as many people stayed home, and businesses shut down. However, from 2015 to 2021, the cost of energy had been increasing at the **fastest rate** relative to the CPI for rent, housing, and food indicating a longer-term trend that predated the pandemic. Further the pandemic caused a sharp increase in unemployment rates across all categories in the DFW area, with the largest relative change seen in U-2 unemployment which covers **job lay-offs** and contract expirations in 2020.

The **export values** for the region increased from 2019 to 2022, although there were some fluctuations during that time period. While the pandemic caused a dip in exports in **Q2 2020** for virtually all major metros affected by the shutdowns, all have since recovered and made progress in developing their export industries. It is notable that DFW had consistently lower export values compared to the other regions. However, the increasing export values for DFW suggest that the area is making progress in developing its export industries and becoming more competitive in the global market.
Durable goods can be thought of as items that are bought less frequently and are usually more expensive such as cars, computers, or household appliances. Nondurable goods on the other hand encompasses items that are purchased with regularity and subject to faster depreciation like food or clothing. The CPI for nondurable goods appears to have had a relatively steady increase, with only a few brief periods of decline. In contrast, the CPI for durable goods had experienced a steady decline prior to the pandemic but then experienced an explosion, likely as a response to supply difficulties and a surge of demand.

Of all the categories measured, the **CPI for energy** experienced the most quarter-over-quarter fluctuations, with it regularly increasing and decreasing before the pandemic. However, after Q3 2020, this category saw a massive multi-year increase in the price index until reaching a peak in Q2 2022. Given the basket for energy covers a wide range of commodities and services, from **gasoline** to **electricity**, this serves as a strong indicator of the immediate impact that these increases had on consumers.
Export values for all five metro areas increased from 2019 to 2022, although some advanced at a far faster rate than others. All the five metro areas experienced a decline in exports in the second quarter of 2020, which is likely due to the impact of the pandemic and associated shutdowns. Houston-The Woodlands-Sugar Land consistently had the highest export values of all the regions. This may be due to the area’s strong presence in the oil and gas industry. The export values for DFW were consistently lower than the other major regions but should be placed in the context of being the only major MSA in the list above without immediate access to waterborne freight shipping.

*The unemployment rates are annual averages*
Questions?
Please contact Cody Gibbs at Cody.Gibbs@UTDallas.edu
or visit us at https://economicengine.utdallas.edu/

Subscribe to the Economic Development Update, released the second and fourth Wednesday of every month.