The Houston Business-Cycle index rose nearly 4 percent in December, implying faster economic growth in the region. Energy-related activities, construction and international trade continue to propel growth. Regulatory uncertainty, the U.S. fiscal situation and stresses in the global economy cloud the horizon, but fundamentals in many area industries were firmer than in much of 2012.

Oil prices were up in January but remained volatile. Continued pipeline bottlenecks in Cushing, Okla., are keeping the price of West Texas Intermediate crude low compared with Brent and other oil prices, although the average difference fell to $18.63 in January. Natural gas prices dropped slightly to $3.34 per Mcf in January. Fuel prices rose, due in part to seasonal factors and higher oil prices. Natural gas inventories remained seasonally high but fell below year-ago levels for the first time since November.


The Houston unemployment rate rose two-tenths of a percent to 6.2 percent in December as estimates showed the local labor force declined slightly. The U.S. held at 7.8 percent. The Conference Board’s Help Wanted OnLine index for Houston indicated the number of job advertisements in the area jumped 11.2 percent in December, the second-largest monthly increase in a year in which the average change was 2.7 percent.

NOTE: Figures are seasonally adjusted, annualized monthly growth rates.
November growth rates for both imports and exports through the Houston–Galveston Customs District continued on a nearly 18-month-long downward trend. This trend was driven mostly by a slowing global economy but more recently by a decline in oil imports. Iron and steel imports also have been declining. Many chemicals are in short supply due to changes in raw materials processed by refiners and petrochemical firms, a result of the shale production boom. These chemicals have seen their import values more than double over the last year as domestic prices have climbed. Petroleum products, particularly diesel fuel, dominated export growth through November. Exports of organic chemicals also rose significantly.

Exports to South American countries posted the largest percentage gains in November. Half of the top eight export destinations for products leaving Houston were on the continent. Exports to Venezuela alone grew more than 100 percent. Mexico remains Houston’s largest trading partner, with an average of $2.75 billion in total trade in November.

Home sales and prices continue to trend higher, although existing-home sales growth has moderated somewhat. Seasonally adjusted housing inventory fell to 4.1 months in December, the lowest reading since April 2000. A shortage of available lots is keeping upward pressure on the prices of single-family and multifamily housing in the region. Permits and starts for single-family units were both up in December and remain robust.

Commercial real estate markets continue to surpass expectations, with lease rates and occupancy flat to up in the fourth quarter across industrial, retail and office space, according to CBRE. Office-sector absorption was 4.3 million square feet in 2012.

With the success of commercial real estate, building-related construction jobs were up over 12 percent through December. Heavy and civil-engineering construction jobs continued to grow strongly through December, owing mostly to robust demand from the energy industry.