The Houston Business-Cycle Index accelerated to an annual growth rate of 5.3 percent in June from a revised 2.6 percent in May, signaling rising economic activity. From December to June, the index advanced at an annualized 5.8 percent. Energy-related activities continue supporting the region’s performance, but construction and other industries have gained momentum.

The Houston unemployment rate fell to 6.2 percent in June, from 6.4 in May. The U.S. unemployment rate was 7.6 during June. Houston new job advertisements declined 10.6 percent in July, the Conference Board’s Help Wanted OnLine index indicated.

Gulf Coast diesel and gasoline prices rose in July, with on-highway diesel up 1.2 percent to $3.79 per gallon and the pump price of unleaded regular gasoline rising 1.4 percent to $3.41. The regional refinery utilization rate increased 1.8 percentage points to 94.6 percent in July. The Henry Hub natural gas spot price averaged $3.63 in July. Ethane and propane prices fell in June. The average monthly price of West Texas Intermediate and Brent oil increased 9.2 percent to $104.61 and 4.8 percent to $107.89, respectively, in July.
The total value of trade at the Houston–Galveston customs district during the second quarter fell 13 percent on a year-over-year basis, an improvement from a 14.6 percent decline in the first quarter. Imports declined 20.1 percent year over year, reflecting lower oil imports. In second quarter 2013, oil and related products accounted for 54.6 percent of the total value of imports versus 58.8 percent in the prior year. Declines in exports accelerated from the first to the second quarter—the first quarter’s 0.3 percent year-over-year drop was followed by a 4.5 percent annual decline in the second quarter. Losses were concentrated in electrical machinery and related products.

Three of the top eight destinations from Houston registered export growth: Canada grew 2.5 percent to $1 billion, Colombia advanced 0.4 percent to $1.7 billion and Brazil increased 0.1 percent to $2.2 billion. Exports to Mexico, our largest export partner, totaled $2.8 billion and were little changed.

Home sales and prices continued climbing during the second quarter. Existing-home sales grew 0.9 percent in June; housing inventory fell to a record low 3.2 months in June. A shortage of available lots is pushing up the prices of single-family and multifamily housing. Permits and starts for single-family units were up in June over the prior year.

Commercial real estate did well in the second quarter, with the industrial vacancy rate estimated at 5 percent and retail vacancies at 7.5 percent, according to CBRE data. Square footage under construction increased during the second quarter to 8 million square feet for industrial and 733,756 square feet for retail. Lease rates for both rose, with retail at its highest price since 2008.

Total construction jobs rose 5.8 percent in the second quarter from prior-year levels. Heavy and civil engineering construction jobs continued leading among subsectors, growing 10.1 percent in the quarter, owing mostly to robust demand from the energy sector and rising petrochemical construction demand. Contactors report slight upward pressure on wages in the region.