

Houston Economic Indicators

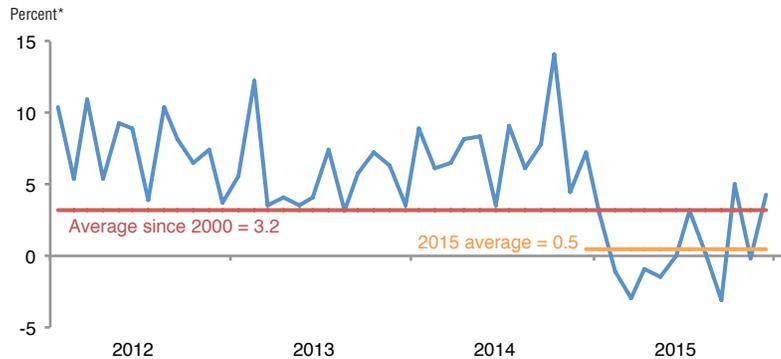
DALLAS FED

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Summary

Employment continued to grow in Houston last year. The metro area added 100,200 fewer jobs than in 2014, thanks to the sharp decline in oil prices. However, the most recent economic indicators continue to suggest that the region skirted recession. International trade and real estate markets have softened, and losses in goods-producing sectors continue to be offset by growth in services. Overall, the outlook for the region remains tepid.

Business-Cycle Index

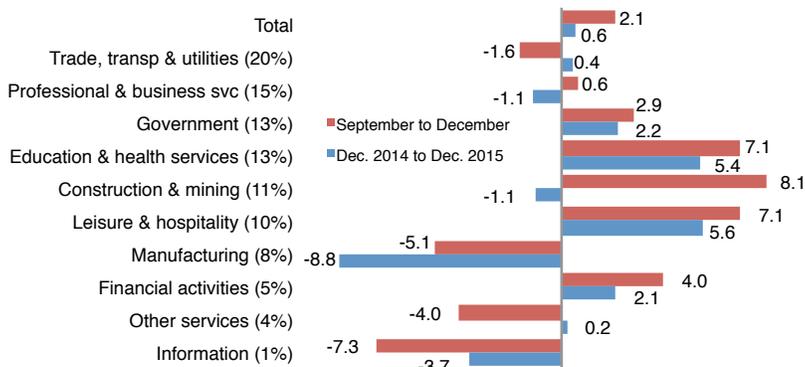


*Annualized month-over-month growth rate in overall economic activity.

SOURCE: Dallas Fed.

► The Houston Business-Cycle Index growth rate rose to 4.3 percent in December. November was revised from -0.8 to -0.1 percent. The improvement in the index over the final months of the year was driven by moderate job growth. As shown in the chart, the average growth rate in the index was positive last year but below average and well below the strength of recent years.

Employment Growth



NOTES: Data show seasonally adjusted and annualized percentage growth by industry supersector. Numbers in parentheses represent share of total employment and may not sum to 100 due to rounding.

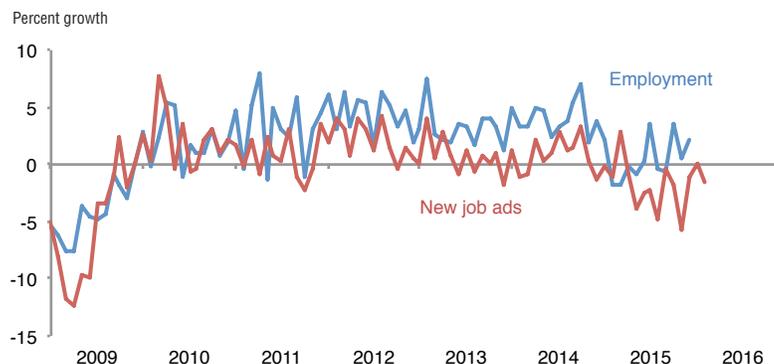
SOURCES: Bureau of Labor Statistics; adjustments by the Dallas Fed.

► From December 2014 to December 2015, Houston employment grew 0.6 percent (or by 16,900 jobs), according to recently **re-benchmarked** and **seasonally adjusted** estimates from the Dallas Fed. That is well below the 2014 growth rate of 4.1 percent (116,700 jobs) and one-third of Houston's annual rate since 2000 of 1.8 percent.

► Employment rose 2.1 percent from September to December, buoyed by strong growth in education and health services (6,400 jobs), construction (7,500) and leisure and hospitality (5,200). Job losses over that period were concentrated in manufacturing (3,000) and retail trade (2,600).

► The December unemployment rate in Houston fell slightly to 4.7 percent even as the labor force grew for the third consecutive month. The Texas and U.S. unemployment rates were 4.7 percent and 5 percent, respectively.

Job Ads



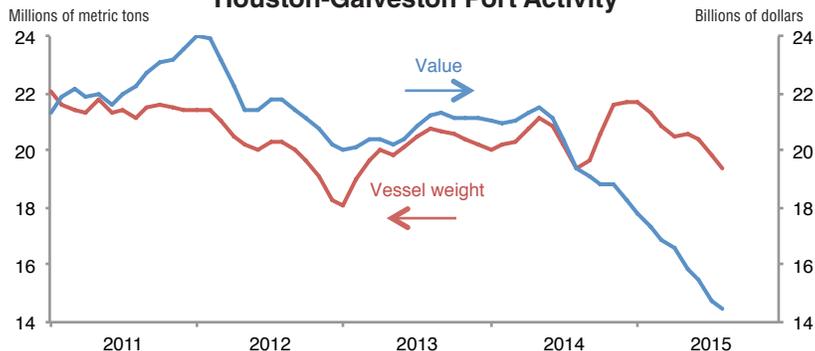
NOTE: Job ad data are statistically optimized weighted moving averages, shifted forward two months.

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

► The fall in Houston job ads narrowed in the last few months of the year. The growth rate in the four-month moving average fell to -1.5 percent in December as a strong one-month increase in October—driven by professional and related occupations—was offset by a broad-based drop in December. This indicator suggests weak employment demand over the next three months.

International Trade

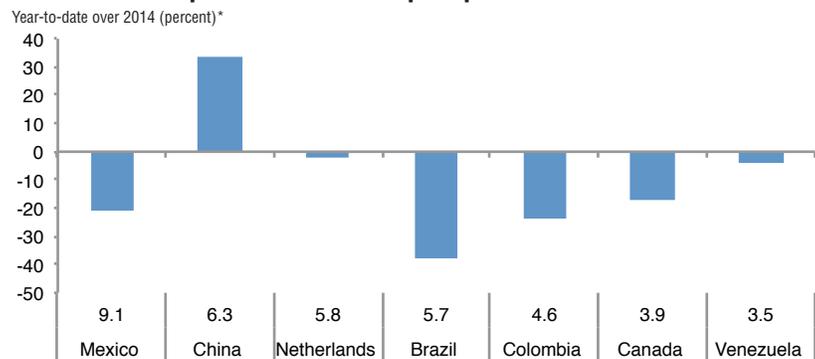
Houston-Galveston Port Activity



NOTE: Data displayed are centered three-month moving averages, seasonally adjusted.

SOURCES: Census Bureau; adjustments by the Dallas Fed.

Export Growth to Top Export Destinations



*Through November.

NOTE: Figures above countries are 2015 export values through November 2015, in billions of current dollars.

SOURCES: Census Bureau; adjustments by the Dallas Fed.

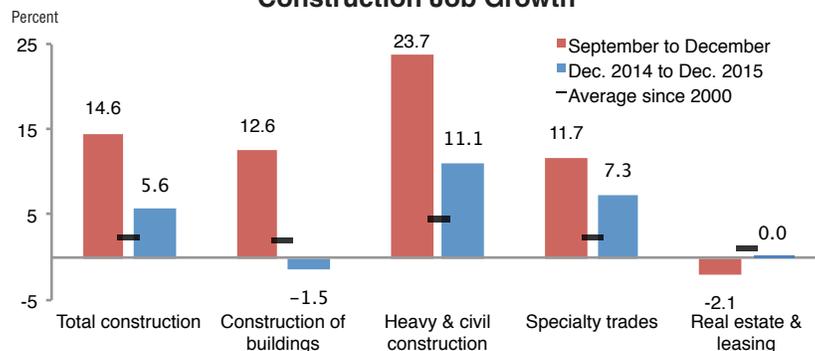
▶ The total value of trade moving through the Houston-Galveston customs district from January through November 2015 plunged 21.1 percent relative to the same period in 2014. That drop was driven by falling energy and commodity prices. Meanwhile, total trade as measured by metric tons rose 2 percent in 2015 compared with 2014.

▶ Revisions to the trade data since November's *Houston Economic Indicators* increased the value of port activity and total tonnage, particularly in the early months of 2015.

▶ The nominal value of domestic exports through the Houston-Galveston customs district to the region's largest trading partners fell from January through November 2015 when compared with 2014, principally due to the fall in commodity prices. China was an exception; export values for that nation were driven up mainly by basic chemicals and by oilseeds and grains.

Construction and Real Estate

Construction Job Growth



NOTE: Real estate and leasing is not a subsector of construction.

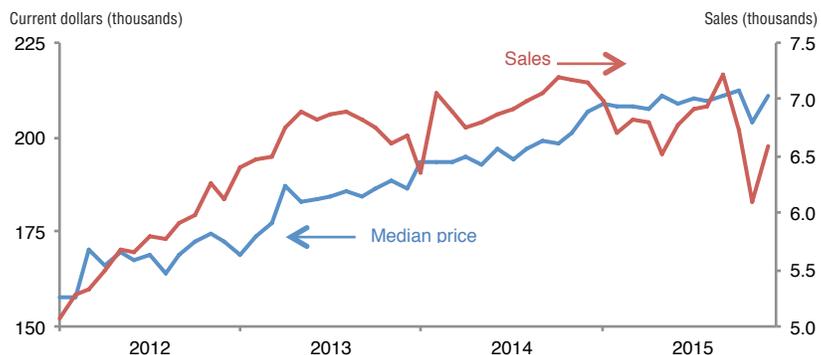
SOURCES: Bureau of Labor Statistics; adjustments by the Dallas Fed.

▶ Construction employment surged in the last three months of 2015 across all subsectors. Construction of buildings added 3,100 jobs, heavy and civil construction added 2,700 and specialty trade contractors added 1,700. However, real estate and leasing declined.

▶ Seasonally adjusted home sales rose to 6,594 in December from a 2015 low of 6,100 in November. Home sales in early 2015 may have been hampered by weather, but November weakness in both sales and prices seems to stem largely from declines in higher-priced and luxury homes.

▶ The months of existing homes in inventory rose to 3.5 in December, still well below the 6 months that define a balanced market and, thus, representative of a tight market.

Median Home Price and Home Sales



NOTE: Data are seasonally adjusted.

SOURCES: Houston Association of Realtors; adjustments by the Dallas Fed.

NOTE: Data may not match previously published numbers due to revisions.

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