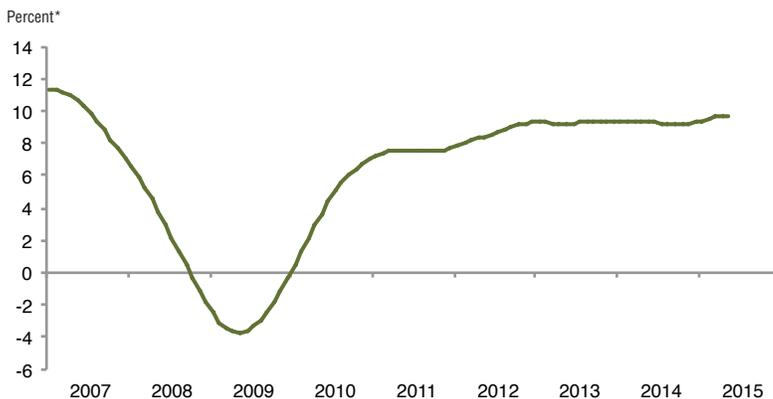


Summary

The Austin economy accelerated in April. Jobs grew at a rapid 7.7 percent annualized rate, far above the 1 percent growth for the state overall. The unemployment rate declined as well and is nearly a full percentage point below the state's 4.2 percent. Austin has thus far seen few negative effects from the energy slowdown. Year to date, jobs have grown above the long-term trend and faster than in any other major metropolitan area in the state. However, weakness in the Austin Purchasing Managers Index suggests continued sluggishness in regional manufacturing.

Economic Activity

Austin Business-Cycle Index



*Six-month, annualized rate.

► The Austin Business-Cycle Index picked up to an annualized pace of 9.7 percent over the six months ending in April. Propelled by strength in fourth-quarter retail sales and wage growth, the index is now expanding at its fastest six-month pace since the recession. Further declines in the unemployment rate and strong job growth during this time also contributed to the acceleration.

► Austin economic indicators were strong in April. The metro area added 5,800 net new jobs, the second-highest increase in the state behind Dallas-Fort Worth, which added 13,000. The unemployment rate declined to 3.3 percent, the lowest level in nearly 15 years. The most timely wage and retail sales data available for Austin suggest that both picked up in fourth quarter 2014, growing faster than the state average and significantly outpacing the nation.

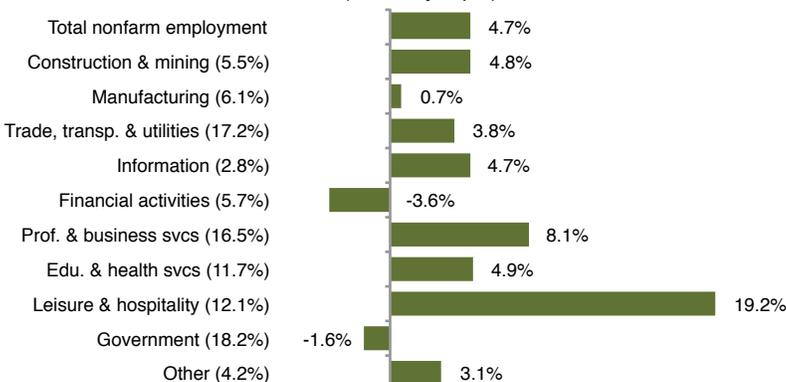
Business-Cycle Index Components

	Austin	Texas	U.S.
Annualized job growth (April)	7.7%	1.0%	1.9%
Unemployment rate (April)	3.3%	4.2%	5.4%
Year-over-year change in real retail sales (2014:Q4)*	5.4%	5.2%	3.0%
Year-over-year change in real wages paid (2014:Q4)*	7.0%	6.8%	4.1%

*Most recent data available for Austin.

Employment

Employment Growth (February–April)

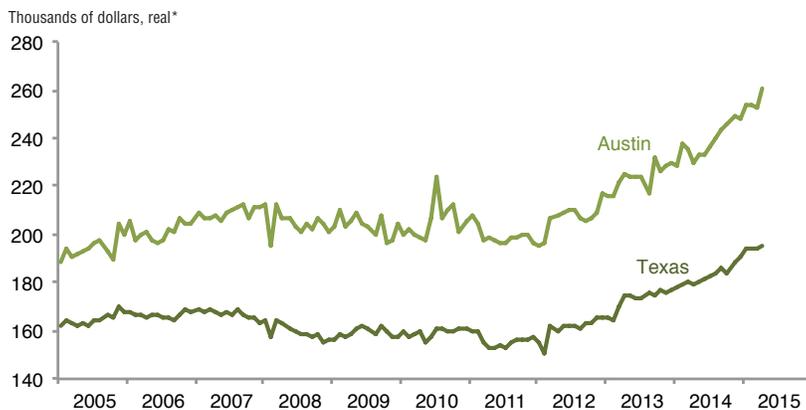


► Austin job growth rose to an annualized 4.7 percent in the three months ended in April. Year to date, jobs have increased 4.2 percent, well above the 20-year average of 3.1 percent. Growth has continued to be broad based. Leisure and hospitality employment surged, and an increase of 2,800 food-service workers accounted for more than a quarter of all jobs created in Austin over the three-month period. Professional and business services growth was strong, driven primarily by administrative and waste management services. Health care services, construction and retail trade have also continued to grow moderately. Weakness came from financial activities and government.

NOTES: Numbers in parentheses represent share of total employment and may not sum to 100 percent due to rounding. Job growth data are seasonally adjusted and annualized.

Housing

Median Home Sales Price

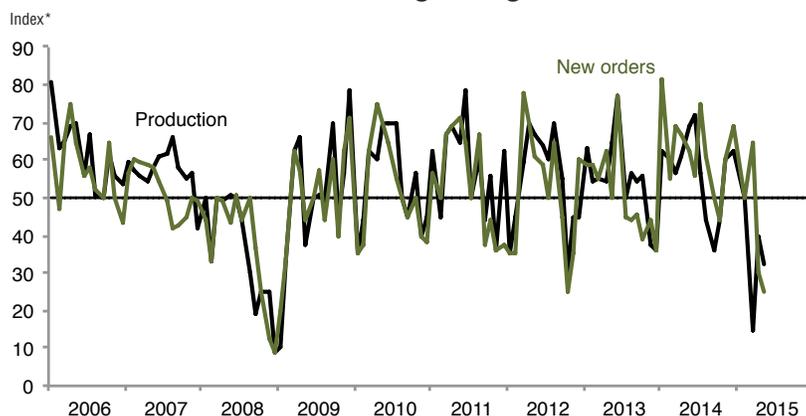


*Seasonally adjusted.

► Median home prices in Austin climbed to an all-time high of \$260,811 in April. Year over year, home prices have appreciated 13.7 percent, significantly more than the 8.8 percent rise in the state median price. Nevertheless, the NAHB/Wells Fargo Housing Opportunity Index, which measures the percentage of homes sold that are affordable for the median income family, ticked up to 64.6 percent in the first quarter due to rising household incomes in Austin. Home inventories remained tight at 2.5 months' supply, and year-to-date permits for new housing construction were up 8.7 percent compared with the same period in 2014. While help-wanted advertising for construction workers dipped in April, it remains at a historically high level and further suggests continued health in new-home construction.

Manufacturing

Austin Purchasing Managers Index

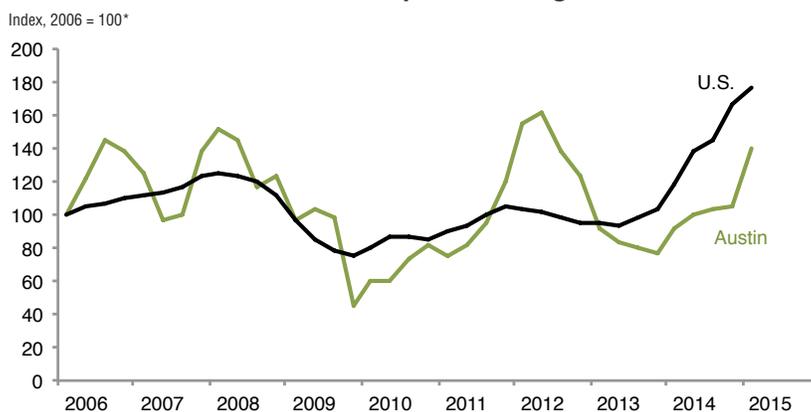


*Seasonally adjusted; values greater than 50 indicate expansion.

► The Austin Purchasing Managers Index turned sharply negative in May as all major components of the index contracted. The production index slipped to a reading of 32.5, while the new-orders index fell to 25, its lowest reading since October 2012. These indexes, which are the most direct measures of manufacturing activity within the composite index, indicate a sharp slowdown in Austin manufacturing over the past three months. Because a significant portion of Austin's manufacturing is centered on internationally traded computer and electronic goods, it is likely that the strength of the U.S. dollar has played some role in this recent weakness.

Venture Capital

Venture Capital Funding



*Indexed on four-quarter moving average, inflation-adjusted.

► In first quarter 2015, venture capital funding in Austin rose to the highest level since reaching a postrecession peak in early 2012. Average funding per deal has increased the past two years—from a first-quarter average of approximately \$5 million in 2013 to \$9.2 million in 2015—and the total number of deals remains close to its 10-year high. While the bulk of venture capital nationwide has gravitated toward the East and West coasts, capital coming into Austin has begun to catch up with the rapid growth seen in many of these areas.

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

SOURCES: **Austin Business-Cycle Index:** Bureau of Labor Statistics (BLS), Texas Workforce Commission (TWC) and Dallas Fed; **unemployment rate:** BLS and Dallas Fed; **employment:** BLS, TWC and Dallas Fed; **housing:** Multiple Listing Service; **Austin PMI:** Institute for Supply Management–Austin; **venture capital:** PricewaterhouseCoopers, Thomson Reuters and National Venture Capital Association.

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