

# Austin Economic Indicators

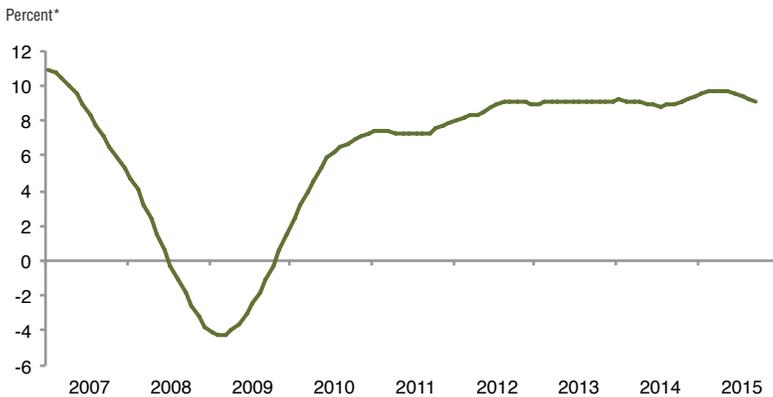
DALLAS FED

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## Summary

The Austin economy grew at a good pace in August. The Austin Business-Cycle Index maintained a strong rate of growth, while job growth slowed but remained stronger than the state. The unemployment rate ticked down, indicating continued labor market tightness. Challenges in manufacturing will continue to weigh on the Austin economy, but the area's overall industry composition places it in a much better growth position than the rest of the state.

### Austin Business-Cycle Index



\*Month-over-month annualized rate, seasonally adjusted.

► The Austin Business-Cycle Index expanded at a 9.1 percent annualized rate in August, decelerating slightly from the average 9.5 percent rate in the prior seven months of the year. Although the unemployment rate declined further, tepid job growth constrained expansion in the index relative to its previous pace.

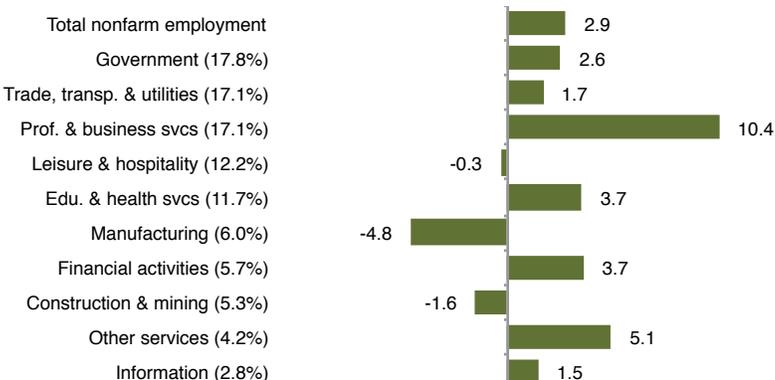
► Indicators of the Austin economy were positive but subdued in August. The unemployment rate dipped to 3.1 percent from 3.2 percent in July, a full percentage point below the state rate and 2 percentage points below the national rate. Job growth decelerated to 1.5 percent, similar to the national average and stronger than the 0.4 percent contraction in Texas. Meanwhile, growth in first quarter retail sales and wage data for Austin far outpaced the state and national rates, reflecting the robustness of the growth that propelled the area economy at the beginning of the year.

### Business-Cycle Index Components

	Austin	Texas	U.S.
Annualized job growth (August)	1.5%	-0.4%	1.5%
Unemployment rate (August)	3.1%	4.1%	5.1%
Year-over-year change in real retail sales (2015:Q1)*	5.6%	-3.5%	2.7%
Year-over-year change in real wages paid (2015:Q1)*	7.4%	5.4%	4.1%

\*Most recent data available for Austin.

### Employment Growth

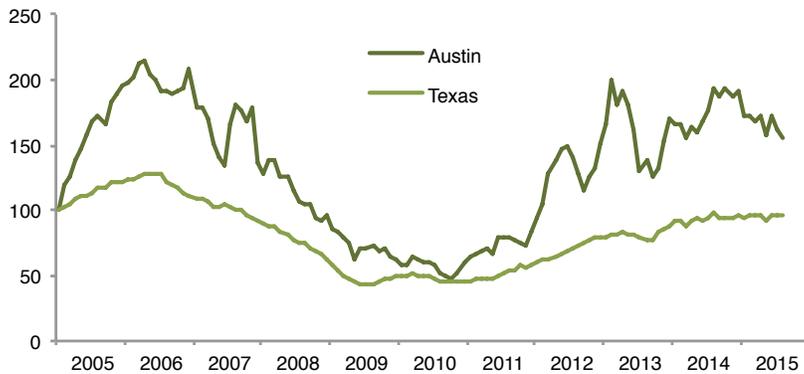


► Austin jobs grew at a 2.9 percent annualized rate over the three months through August. Job losses in manufacturing and construction slowed, while most growth in service sector industries moderated. Professional and business services picked up, primarily due to continued hiring in scientific and technical services. Finance, insurance and real estate (financial activities) employment has held up quite well, particularly at a time when statewide the industry has declined. Government picked up, most notably federal government, which grew at an annualized rate of 14.1 percent. Conversely, leisure and hospitality, which was a large driver of growth in the first half of the year, reversed course and declined slightly over this time.

NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector for June–August 2015. Numbers in parentheses represent share of total employment and may not sum to 100 percent due to rounding.

## Housing Permits

Index, January 2005 = 100\*

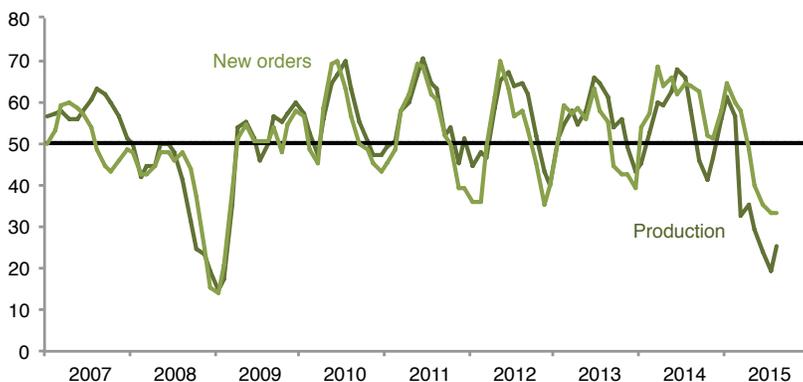


\*Seasonally adjusted, indexed on five-month moving average.

► Permits for new home construction in Austin moderated in August. The monthly average this year has decreased 4.7 percent from 2014, compared with a 2.8 percent increase for Texas overall. Median home price growth continued to pick up, growing by 7.3 percent year over year in August, while inventories dipped slightly to 2.6 months' supply.

## Austin Purchasing Managers Index

Index\*

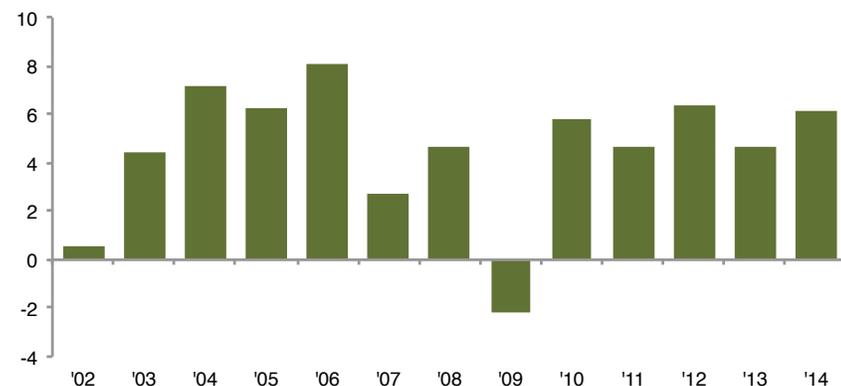


\*Seasonally adjusted, three-month moving average; values greater than 50 indicate expansion.

► The Austin Purchasing Managers Index improved in August, as most major components ticked up or held steady compared to July. The three-month average of the production index ticked up after three consecutive months of declines, and at 25 indicates some improvement despite a continued net contraction. The three-month average of the new orders index levelled off at 33.3, also indicating a slowing in the rate of decline in orders. Nevertheless, continued strengthening of the dollar along with economic weakness in the rest of the state and internationally will likely continue to drag on Austin's manufacturing sector for the remainder of the year.

## Metro Gross Domestic Product

Percent change, year/year\*



\*Inflation-adjusted dollars.

► Austin's real gross domestic product grew by a rapid 6.1 percent in 2014, above the state's 5.2 percent rate. Manufacturing was the fastest major sector of growth, picking up by 11.2 percent and adding over \$14 billion to the area economy. Other areas of strong growth include real estate and professional services, which grew by 9.0 and 7.3 percent, respectively. Cooling of production this year indicates that 2015 has seen some moderation in manufacturing GDP, but economic activity in most service sectors suggest that these areas have likely seen continued growth.

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), Texas Comptroller of Public Accounts and Dallas Fed; **employment:** BLS, TWC and Dallas Fed; **housing:** Census Bureau; **Austin PMI:** Institute for Supply Management–Austin; **metro gross domestic product:** Bureau of Economic Analysis.

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