

# Austin Economic Indicators

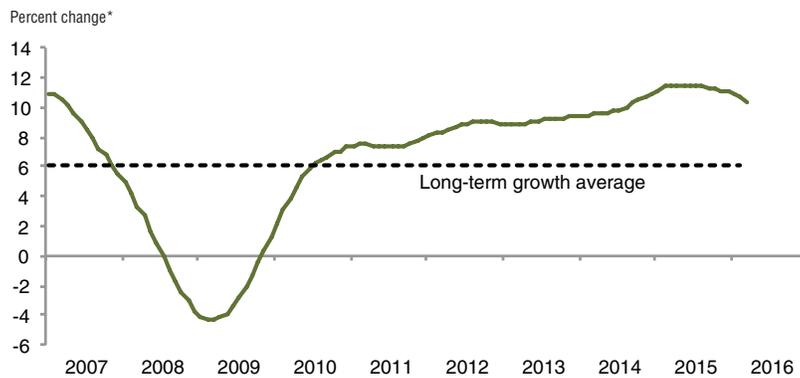
DALLAS FED

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## Summary

The Austin economy continued to expand steadily in February. The Austin Business-Cycle Index rose at a rapid pace, although job growth was somewhat anemic compared to historical norms. The unemployment rate remained flat for a second month, indicating no alleviation in local labor market tightness.

### Austin Business-Cycle Index



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

SOURCE: Dallas Fed.

► The Austin Business-Cycle Index expanded at a 10.4 percent annualized rate in February, a slight deceleration from January but still well above its long-term trend. In recent months, the falling unemployment rate has countered the relative softness in job growth to continue driving strong growth in the index.

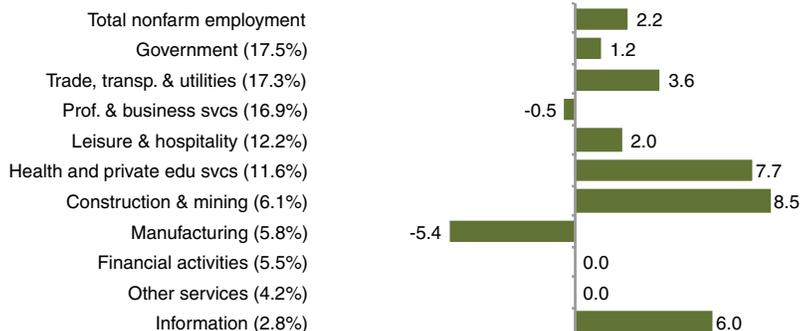
### Business-Cycle Index Components

	Austin	Texas	U.S.
Annualized job growth (February)	1.6%	0.4%	2.0%
Unemployment rate (February)	3.1%	4.4%	4.9%
Year-over-year change in retail sales (2015:Q3)*	4.3%	-2.7%	2.1%
Year-over-year change in real wages paid (2015:Q3)*	9.5%	3.4%	4.6%

\*Most recent data available for Austin.

► Economic conditions in Austin softened slightly in February but remain good overall. Job hikes in February were mild compared to historical averages, although Austin continued to outperform the state. The metro unemployment rate held steady at 3.1 percent in February, still well below the Texas rate of 4.4 percent and the national rate of 4.9 percent. Third-quarter data for inflation-adjusted retail sales and wages show considerable robustness in the economy late last year, surpassing growth in the state and nation.

### Employment Growth



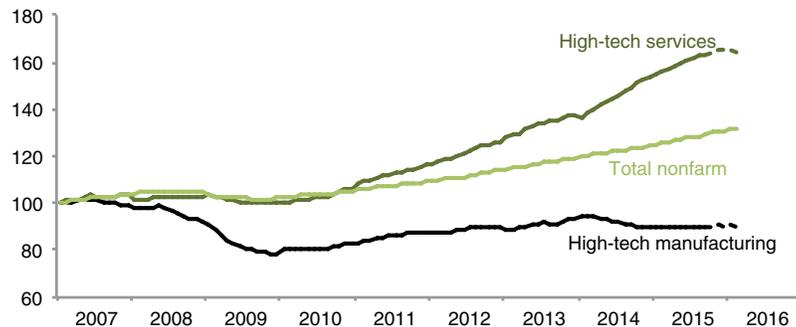
► Austin jobs decelerated to a 2.2 percent annualized growth rate over the three months ending in February. Growth was generally broad based, although manufacturing posted further declines as the strong dollar continued to put pressure on exporters. Construction and mining continued to increase at a brisk 8.5 percent, and high levels of help-wanted advertising indicate the sector remains healthy. Health services hiring picked up sharply, as hiring in ambulatory health care services accelerated at a 16 percent rate. A slight rebound in retail employment and continued expansion in wholesale trade led to robust gains in trade, transportation and utilities. Professional and business services declined slightly, likely reflecting some mild softness in tech services employment over the period.

NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector for December 2015-February 2016. 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.

## High-Tech Manufacturing and Services Employment

Index, January 2007 = 100



NOTES: Data are seasonally adjusted. Dashed lines represent estimates based on broader industry data.

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

► High-tech employment in Austin softened the first two months of the year. While detailed data are only available through the third quarter of last year, broader industry data suggest that high-tech manufacturing employment declined an annualized 4 percent from December to February. High-tech services employment is also estimated to have fallen by 4.6 percent over this time. However, this follows a very strong increase of 7.8 percent in high-tech services and modest growth of 0.9 percent in manufacturing last year.

## Housing Permits

Index, January 2005 = 100\*



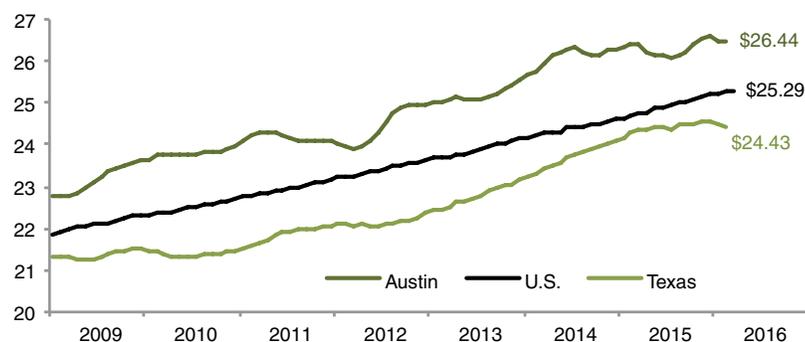
\*Seasonally adjusted, indexed on five-month moving average.

SOURCE: Census Bureau.

► Permits for new housing construction in Austin remained high in February. The five-month moving average of housing permits slipped slightly in February due to a slowing in multifamily permits. However, home inventories fell to 2.3 months' supply, and leading indicators for construction employment remain near all-time highs, suggesting continued strong housing demand in Austin.

## Private-Sector Average Hourly Earnings

Dollars/hour\*



\*Seasonally adjusted, five-month moving average.

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

► Private-sector average hourly wages in Austin declined slightly in recent months, as the five-month average fell slightly from a peak of \$26.60. However, in both Austin and Texas generally, much of the recent decline is likely due to the changing composition of the labor market; as lower-wage jobs in leisure and hospitality and health services grow faster than other areas of the economy, such as the energy sector, their share of total jobs has increased and pulled down the average wage. Thus, the average wage is dragged down even as more jobs are created across the entire wage spectrum.

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

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