

Austin Economic Indicators

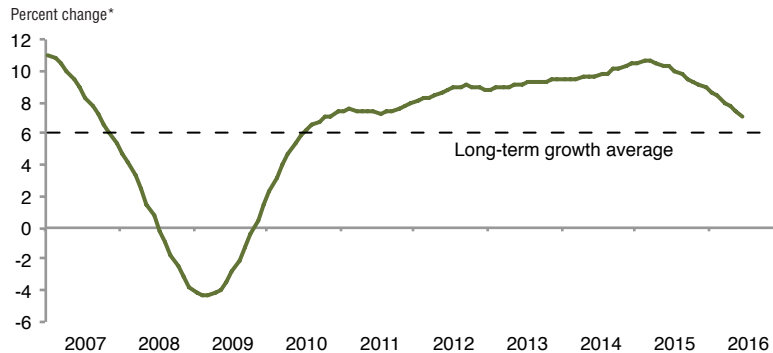
DALLAS FED

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Summary

The Austin economy grew at a healthy pace in May. The Austin Business-Cycle Index further decelerated but expanded at a rate above its long-term trend. Job growth picked up compared with April and was well above that of the state, while the unemployment rate held steady at a 15-year low.

Austin Business-Cycle Index



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

SOURCE: Dallas Fed.

► The Austin Business-Cycle Index expanded at a 7.1 percent annualized rate in May. While this remains above the long-term rate of 6 percent, it is well below the recent peak of 10.7 percent in January 2015. So far this year, jobs have grown at an annualized rate of 2.1 percent, and the unemployment rate has declined 0.2 percentage points, both contributing to continued growth in the index. While still at a healthy pace, this contrasts with 2015 when job expansion averaged 4.7 percent and the unemployment rate declined by 0.5 percentage points.

Business-Cycle Index Components

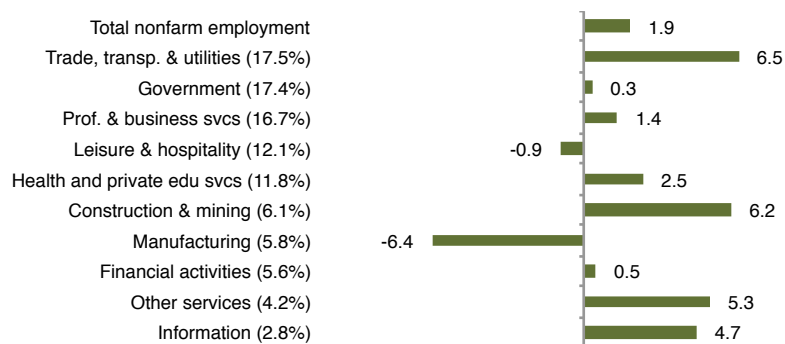
	Austin	Texas	U.S.
Annualized job growth (May)	2.5%	0.4%	0.3%
Unemployment rate (May)	3.0%	4.4%	4.7%
Year-over-year change in real retail sales (2015:Q4)*	1.1%	1.4%	1.6%
Year-over-year change in real wages paid (2015:Q4)*	10.5%	2.6%	4.3%

*Most recent data available for Austin.

SOURCES: Bureau of Labor Statistics; Bureau of Economic Analysis; Texas Comptroller of Public Accounts; adjustments by the Dallas Fed.

► Available economic indicators suggest healthy expansion in the Austin economy in May. Job growth was an annualized 2.5 percent—well above the state and the U.S.—while the unemployment rate held steady at 3.0 percent. Retail sales for the fourth quarter of last year, the most recent data available, were weak in Austin, even compared with the rest of the state. However, real wages paid in the fourth quarter continued to accelerate to a very rapid 10.5 percent pace year over year.

Employment Growth

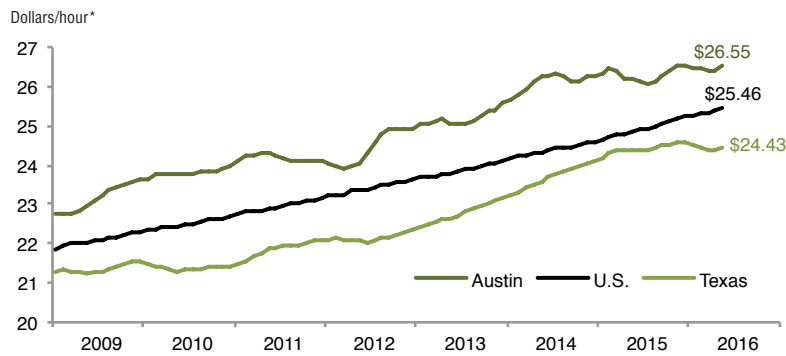


► Austin jobs grew at a 1.9 percent annualized rate over the three months through May. Growth was moderate but broad based, with only manufacturing showing a significant decline over this period. The rapid pace of hiring in retail trade accounted for most of the employment expansion in trade, transportation and utilities. Health care services continued to grow at a good pace, while construction and mining jobs rose by 6.2 percent after declining earlier in the year. Professional and business services and government jobs also increased mildly after weakness in the first quarter. Conversely, leisure and hospitality jobs reversed course and, after a strong start to the year, fell slightly over this period.

NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector from March to May 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.

Private-Sector Average Hourly Earnings

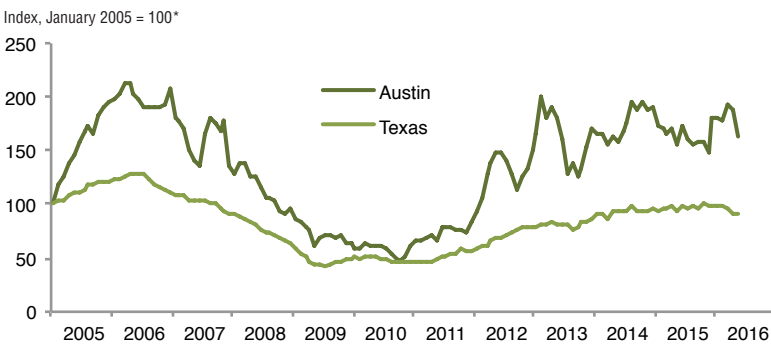


*Seasonally adjusted, five-month moving average.

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

► Average hourly earnings in Austin ticked up in May. At \$26.55 per hour, average earnings in Austin are more than a dollar per hour higher than the national average and more than two dollars per hour above the Texas average. Declines in high-paying oil and gas jobs have reduced average earnings of Texas workers since third quarter 2015; however, Austin wages have merely flattened out as growth in above-average-wage jobs in sectors such as professional and business services has offset the wage effects of declines in manufacturing and energy jobs.

Housing Permits

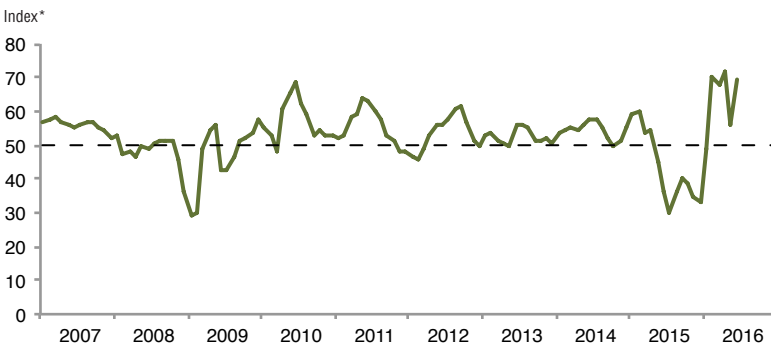


*Seasonally adjusted, indexed on five-month moving average.

SOURCE: Census Bureau.

► Permits for new-housing construction slipped in May in Austin and Texas overall. This decline is due to a slump in single-family housing permits, which declined by nearly 20 percent after reaching a recent high in March. Multifamily permits have trended downward slightly so far this year but remain near last year's levels. Inventories in the area remain very tight at 2.3 months' supply, while real median prices rose 4.6 percent above year-ago levels.

Austin Purchasing Managers Index



*Three-month moving average, seasonally adjusted; values greater than 50 indicate expansion.

SOURCES: Institute for Supply Management—Austin; adjustments by the Dallas Fed.

► The Austin Purchasing Managers Index picked up strongly in June after softening in May. The three-month average in the headline index came in at 69.3, suggesting a strong pickup in overall manufacturing activity in the region. The major components of the index—production, new orders, inventories, employment and supplier deliveries—were all strongly positive in June.

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

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