

Houston Economic Indicators

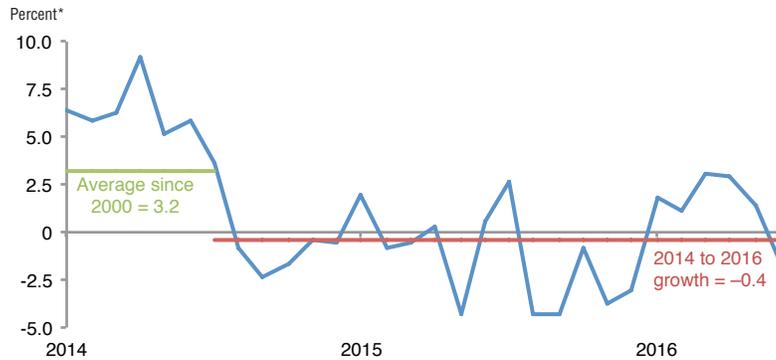
DALLAS FED

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Summary

Economic data were mixed for Houston at the end of 2016. Employment growth slowed but remained generally positive, international trade grew and the housing market firmed. At the same time, the business-cycle index turned down, help-wanted advertising declined and construction employment fell sharply. While the picture was mixed, the outlook for Houston continues to improve.

Houston Business-Cycle Index



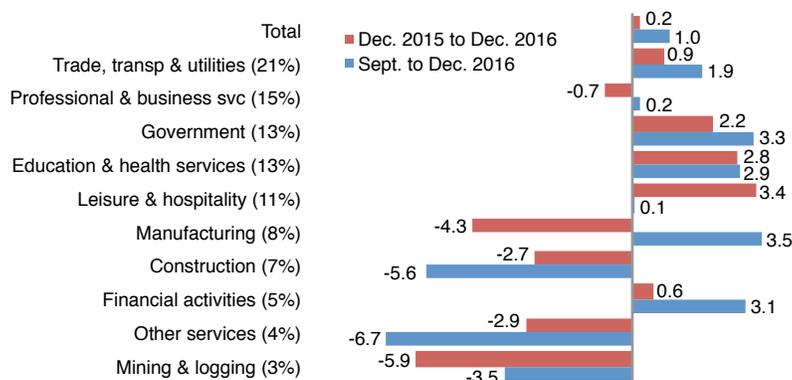
*Annualized month-over-month growth rate.

SOURCE: Dallas Fed.

► The **Houston Business-Cycle Index** contracted at an annualized rate of 0.4 percent from December 2014 through December 2016. However, the index logged five consecutive monthly gains in the second half of 2016 before contracting an annualized 1.5 percent from November to December 2016. This suggests that while the economy has likely begun a period of modest growth, gains may be somewhat choppy going forward.

Employment

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.

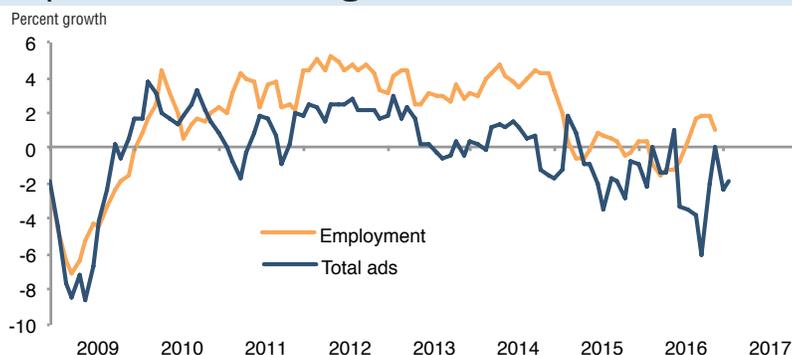
SOURCES: Bureau of Labor Statistics; adjustments by the Dallas Fed.

► Total nonfarm employment in **Houston** grew an annualized 1.0 percent from September to December. The largest gains came from government (3,198 jobs), trade, transportation and utilities (2,891) and education and health services (2,732). Job losses in the last three months of 2016 were concentrated in construction (3,072), followed by other services such as auto mechanics, dry cleaning and animal boarding (1,818).

► Houston posted an annualized growth rate of 1.4 percent in the second half of 2016. While the data are subject to revision, current data suggest the metro nudged into positive territory and added 6,000 jobs in 2016, a 0.2 percent rate.

► Houston's unemployment rate was 4.9 percent in December, and the November rate was revised down to 4.5 percent. The rate averaged 4.7 percent in the second half of 2016, while the labor force grew a modest 0.7 percent over that time. The December unemployment rate was 4.7 percent for the U.S. and 4.6 percent in Texas.

Help-Wanted Advertising



NOTES: Job ad data are statistically optimized weighted moving averages, shifted forward two months. Employment data are annualized three-month percent changes.

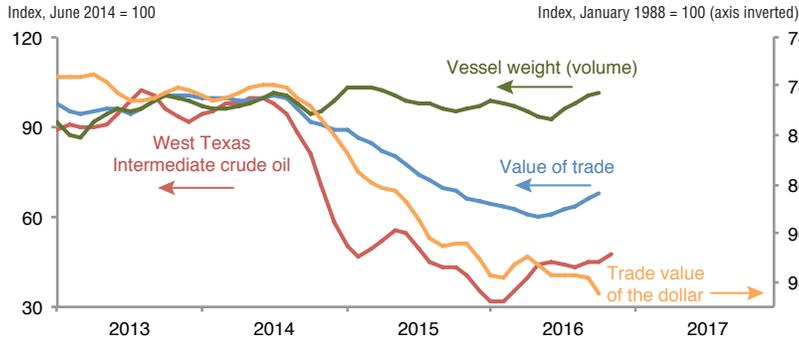
SOURCE: Conference Board data, accessed via Haver.

► The number of job ads in the Greater Houston area began falling again at end of 2016 after holding steady in November on a moving-average basis. This suggests that weaker employment growth numbers may be ahead for Houston.

► Declines in job ads were principally driven by professional and related occupations, but all occupational categories logged reductions.

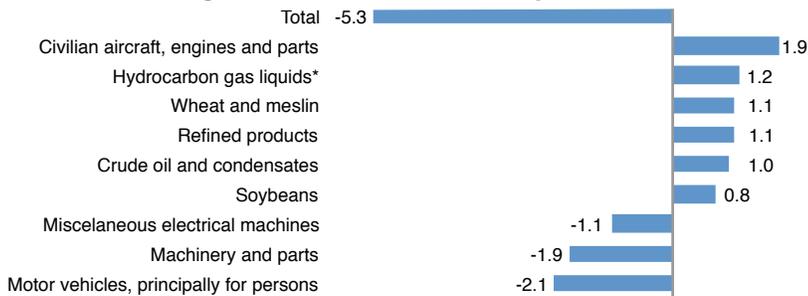
International Trade

Trade Values and Volumes



NOTE: Data displayed are centered three-month moving averages, seasonally adjusted where appropriate.
SOURCES: Census Bureau; Dallas Fed; Energy Information Agency.

Percentage Contribution to Total Export Growth



*Ethane, propane, butane and related.

NOTE: Data are the contributions of select goods to year-over-year export growth for the three months ending in November.
SOURCE: Census Bureau, accessed via the International Trade Commission.

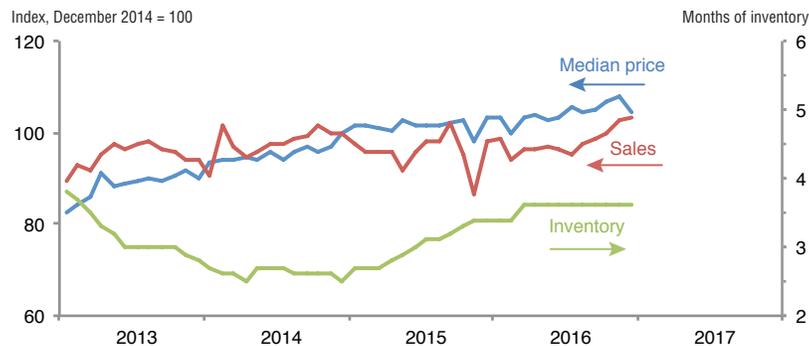
▶ The nominal values and volumes of imports and exports moving through the Houston–Galveston customs district trended up over the three months ending in November. Higher oil and product prices provided some lift to trade values. The Texas trade-weighted value of the dollar continues to rise (axis in chart is inverted) and remains a headwind to export growth.

▶ There were several novelties at the top of the list of contributors to year-over-year export growth for the three months ending in November. The single-largest contributor to export growth was civilian aircraft, engines and parts, but a close second was the combination of wheat and meslin and soybeans. Natural gas liquids (such as ethane and propane) followed, thanks in part to growing terminal capacity. Refined products (such as motor fuels) and crude oils rounded out the top growth drivers.

▶ Sensitive to the strong dollar, manufactured goods such as passenger vehicles, miscellaneous machinery and parts, and miscellaneous electrical machinery were the principal goods subtracting from export growth.

Existing-Home Sales and Construction Jobs

Median Home Price, Home Sales and Inventories



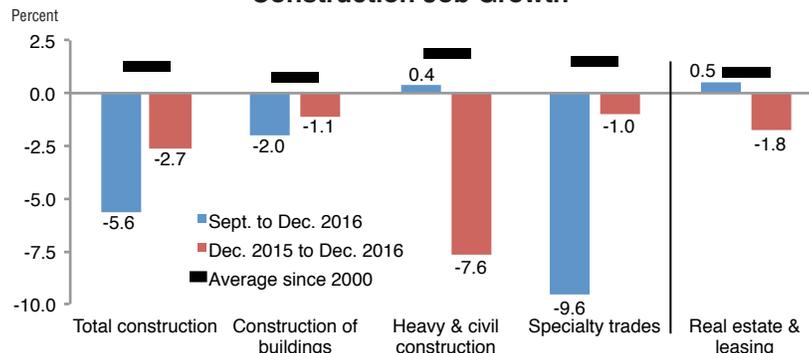
NOTE: Data are seasonally adjusted.
SOURCE: Houston Association of Realtors.

▶ The number of existing homes sold in December reached 7,071 on a seasonally adjusted basis—the fifth consecutive month of growth. Sales per capita in December were the strongest since October 2014 and the second strongest since November 2007. The supply of homes on the market held at a tight 3.6 months in December. Historically, six months of inventory is reflective of a healthy market.

▶ Despite tight inventories in December, the seasonally adjusted median price of homes sold fell a modest \$600 from November to \$222,354.

▶ Construction job losses grew in the last few months of 2016, plunging the industry into a December-to-December net loss of 5,841 jobs. Most of the annual losses were in heavy and civil construction (3,839), including highways and other engineering projects such as petrochemical plants.

Construction Job Growth



NOTE: Real estate and leasing is not a subsector of construction.
SOURCES: Bureau of Labor Statistics; adjustments by the Dallas Fed.

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

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