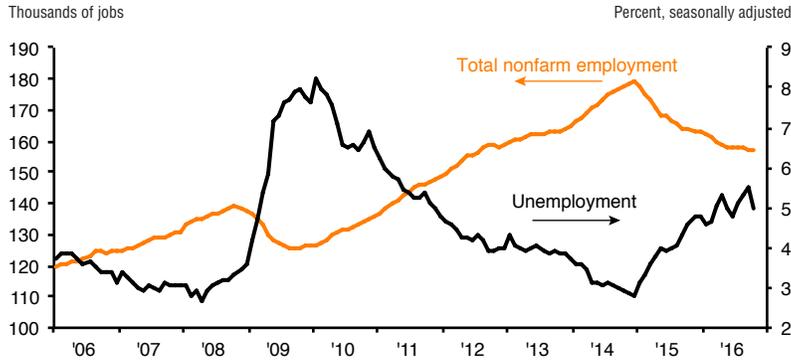


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**Summary** Despite increases in crude oil production, labor market conditions in the Permian Basin continue to be bumpy. In November, the energy sector made positive steps despite volatility in oil markets. Per capita income dropped in the Permian Basin during 2015, and the housing market remained weak in October.

## Employment



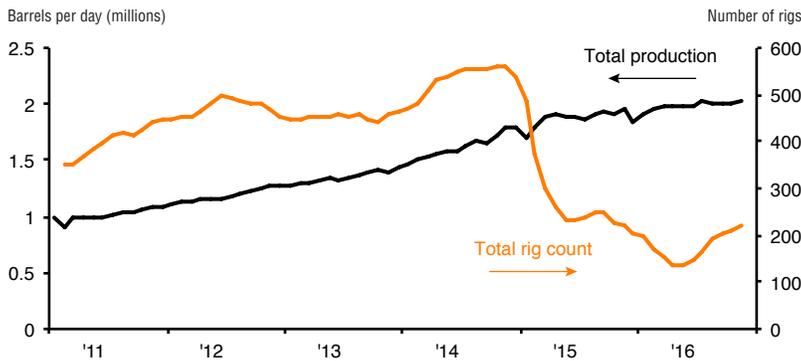
SOURCES: Bureau of Labor Statistics; Dallas Fed.

▶ Total nonfarm employment in the Permian Basin rose to 157,500 in October, a small increase from the 157,200 September reading that was the lowest point of the year. Total nonfarm employment is still 5,000 jobs below the December 2015 level. Mining, logging and construction employment remains subdued since peaking in late 2014, but it picked up by over 300 jobs during September and October.

▶ The Permian Basin unemployment rate took a noteworthy drop from 5.5 percent to 5 percent in October. This is just above the Texas unemployment rate of 4.7 percent and the national rate of 4.9 percent. Odessa came in at 6.4 percent as opposed to Midland's 3.7 percent. Unemployment in Odessa continues to be higher than in Midland despite Odessa's smaller labor force.

## Energy

### Oil Production and Rig Count

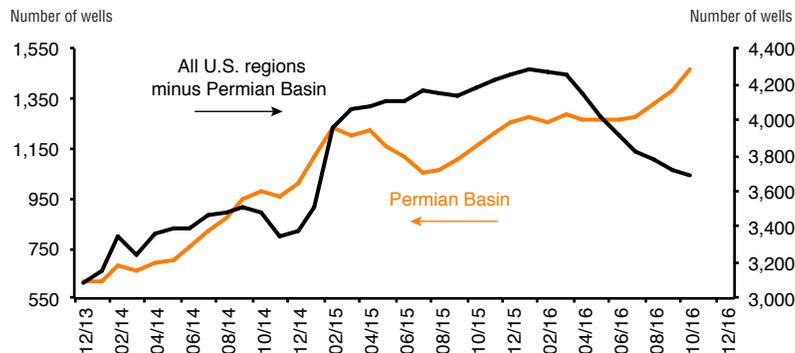


SOURCES: Energy Information Administration; Baker Hughes.

▶ Crude oil production levels increased during November to 2.04 million barrels per day (b/d). Monthly production is up by over 200,000 barrels since December 2015. From October to November, the rig count increased by 16 to 223. The rig count has been recovering steadily since May along with oil prices.

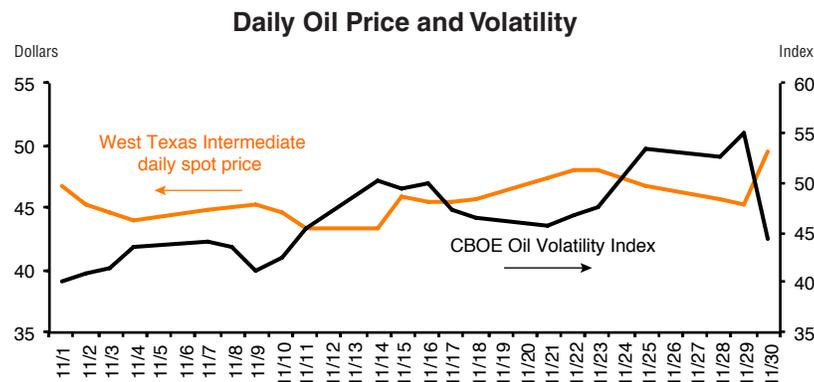
▶ The number of drilled but uncompleted wells (DUCs) can provide some perspective on industry conditions and give clues to the potential response capability of oil production should prices continue to improve. The Energy Information Administration estimates that the number of DUCs in the Permian Basin increased during October to 1,467. The number is up 17 percent year to date and accounts for about 35 percent of DUCs in the four main crude-oil production regions: Bakken, Eagle Ford, Niobrara and the Permian Basin. The total number of DUCs in other regions has been trending down.

### Drilled but Uncompleted Wells (DUCs)



SOURCES: Energy Information Administration.

## Energy

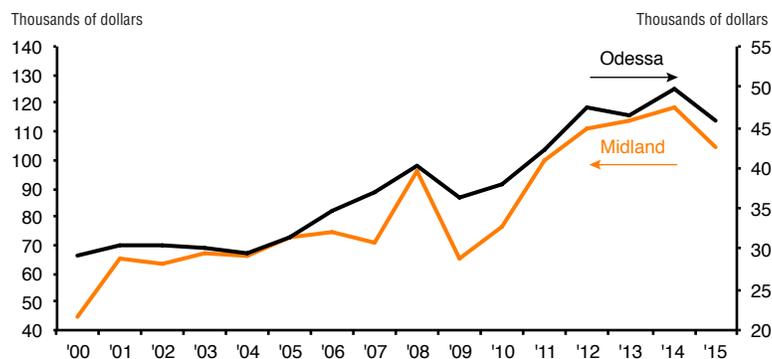


NOTE: CBOE is the Chicago Board Options Exchange.

SOURCES: *Wall Street Journal*; Energy Information Administration/Chicago Mercantile Exchange.

► The average price of West Texas Intermediate (WTI) crude oil decreased in November to \$45.73 from \$49.81, but this was not the whole story. Organization of the Petroleum Exporting Countries (OPEC) talks regarding production levels were weighing on oil prices and pushing up oil volatility. On Nov. 30, OPEC members agreed to reduce production levels by 1.2 million b/d and lower the production ceiling to 32.5 million b/d starting in January 2017. Between Nov. 29 and Nov. 30, WTI received a \$4 boost to \$49.94, and a large decrease in volatility was observed. Oil prices have hovered around \$50 a barrel in December, and volatility has returned to the lower levels seen in October.

## Per Capita Income



SOURCE: Bureau of Economic Analysis.

► In 2015, per capita income in Midland and Odessa fell to \$104,714 and \$45,806, respectively, down 11.9 percent in Midland and 8.1 percent in Odessa from 2014 levels. Per capita income remains well above the U.S. average in Midland and just below the U.S. average in Odessa. Because the Permian Basin job market is exposed to oil price fluctuations, the area shed 15,000 jobs in 2015, resulting in lower income levels.

## Housing Sales and Building Permits



\*Seasonally adjusted; six-month moving average.

SOURCE: Texas A&M University Real Estate Center.

► The six-month moving average of total home sales inched down to 260 in October, while the six-month moving average for single-family housing permits dropped to 88. The real mean price of a home in Midland and Odessa dropped by around \$9,500 to \$233,907 in October.

NOTES: Data are for the Midland–Odessa metropolitan statistical area (Martin, Midland and Ector counties), except for energy data, which cover the 55 counties in West Texas and southern New Mexico that make up the Permian Basin region. Data may not match previously published numbers due to revisions.

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