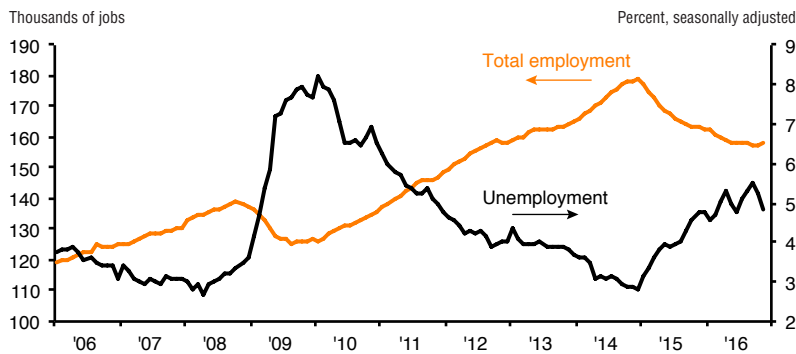


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**Summary** The Permian Basin labor market continued to improve in November. Oil prices were generally stable as there was optimism that the Organization of Petroleum Exporting Countries (OPEC) will follow through on the production agreement reached at the end of November. Average weekly wages grew in second quarter 2016, and the housing market remained stable.

## Employment



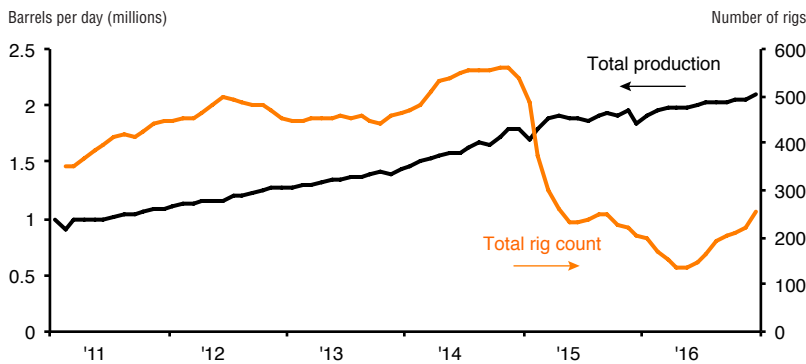
SOURCES: Bureau of Labor Statistics; Dallas Fed.

▶ Permian Basin total nonfarm employment climbed to 158,100 during November. Though still far below December 2015 levels, employment gains in October and November, along with gains in the price of oil, provide some optimism. In November, Midland and Odessa posted gains in the labor force and decreases in levels of unemployment, leading the combined unemployment rate to drop to 4.8 percent. The Odessa unemployment rate continues to be stuck above 6 percent, while Midland's came in at 3.6 percent.

▶ Jobs in the mining, logging and construction sectors, which make up about a quarter of employment in the Permian Basin, seem to have stabilized over the past few months. Employment in that sector has remained slightly above 40,000.

## Energy

### Oil Production and Rig Count

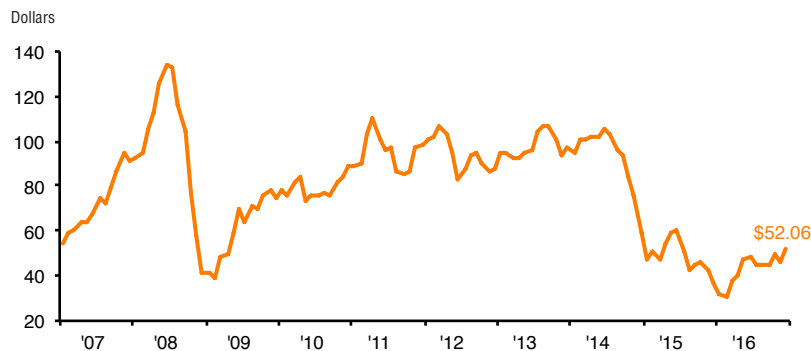


SOURCES: Energy Information Administration; Baker Hughes.

▶ Crude oil production levels increased in the Permian Basin for the third consecutive month. During December, production stood at 2.09 million barrels per day (b/d), 250,000 b/d higher than the same time in 2015. The active rig count in the Permian Basin grew from 223 in November to 253 in December—the largest gain in rigs this year, which represents a 13 percent increase in the month-over-month rig count. The rig count is up 86 percent since it hit a five-year trough of 136 in April 2016.

▶ The number of drilled but uncompleted wells in the Permian grew by 99 during November, settling at 1,568 from 1,469 in October.

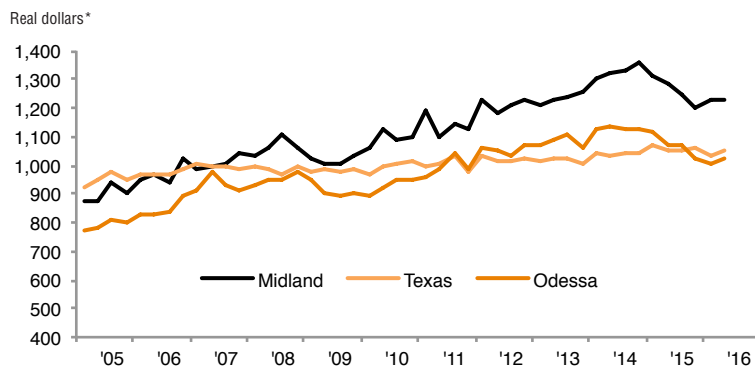
### West Texas Intermediate Price



SOURCES: Energy Information Administration; Chicago Mercantile Exchange.

▶ In December, the average monthly price of West Texas Intermediate crude oil increased to \$52.06 a barrel from \$45.73 a barrel in November. Compared with November, December prices were generally stable due to optimism that OPEC would stick to its agreement made at the end of November. According to a [Dallas Fed Energy Survey](#), the average oil price for December is above the Permian Basin's breakeven of \$51 a barrel.

## Average Weekly Wages



\*Seasonally adjusted.

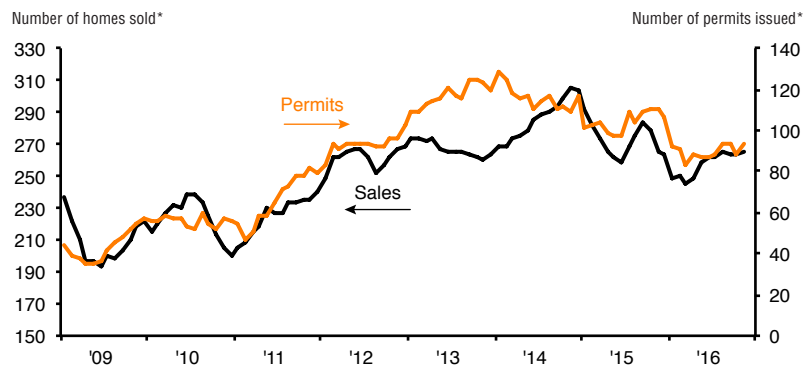
SOURCE: Texas Comptroller of Public Accounts.

▶ Workers in Midland and Odessa received a slight increase in average weekly wages during second quarter 2016. The average weekly wage was \$1,020 in Odessa and \$1,232 in Midland—the second consecutive quarter of growth since the wage had trended down for two years in Odessa and one year in Midland.

▶ While wages are basically flat in the state year over year, Odessa and Midland are down 5 percent and 4 percent, respectively.

## Housing

### Housing Sales and Permits



\*Seasonally adjusted, six-month moving average.

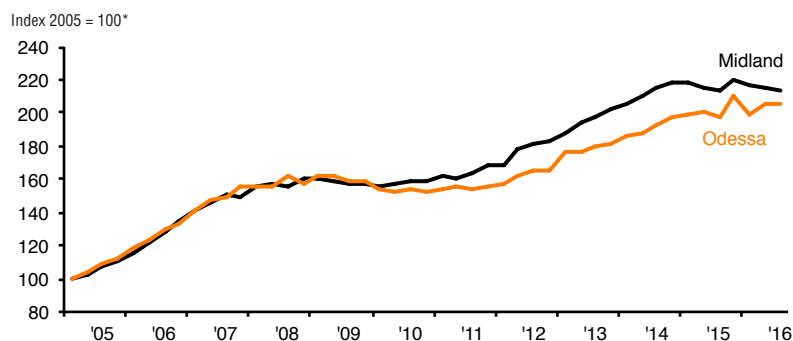
SOURCE: Texas A&M University Real Estate Center.

▶ Home sales have floated between 262 and 265 during the second half of the year after seeing a bump up in May. November sales totaled 264.

▶ Single-family housing permits inched up during November to 93 from October's reading of 89. The rise in permits has mainly been driven by Midland. Permits have surged by 43 percent in the metropolitan statistical area (MSA) since June 2016.

▶ The Federal Housing Finance Agency (FHFA) House Price Index has been slowly trending down in Midland since year-end 2015. Meanwhile, Odessa's FHFA House Price Index has been rebounding since taking a steep hit in first quarter 2016 but rose only slightly from second quarter 2016 to third quarter 2016. Indexed back to first quarter 2005, Midland's reading was 213 and Odessa's was 206.

### FHFA House Price Index



\*Seasonally adjusted.

SOURCE: Federal Housing Finance Agency (FHFA).

▶ According to Texas A&M University data, home prices in the Permian Basin have remained relatively stable since the second half of 2015. The November six-month moving average showed no change from October, and the average remained around \$244,000. Housing inventories remain elevated, especially in Odessa, but have slowed in both MSAs.

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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