

Permian Basin Economic Indicators

Federal Reserve
Bank of Dallas

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Permian Basin total nonfarm employment picked up in July, but year-to-date payrolls remain flat. Oil production reached a new high last month, while the rig count has steadied and growth in the number of drilled but uncompleted wells has also slowed. Existing-home sales continued to fall, while the median home price climbed further.

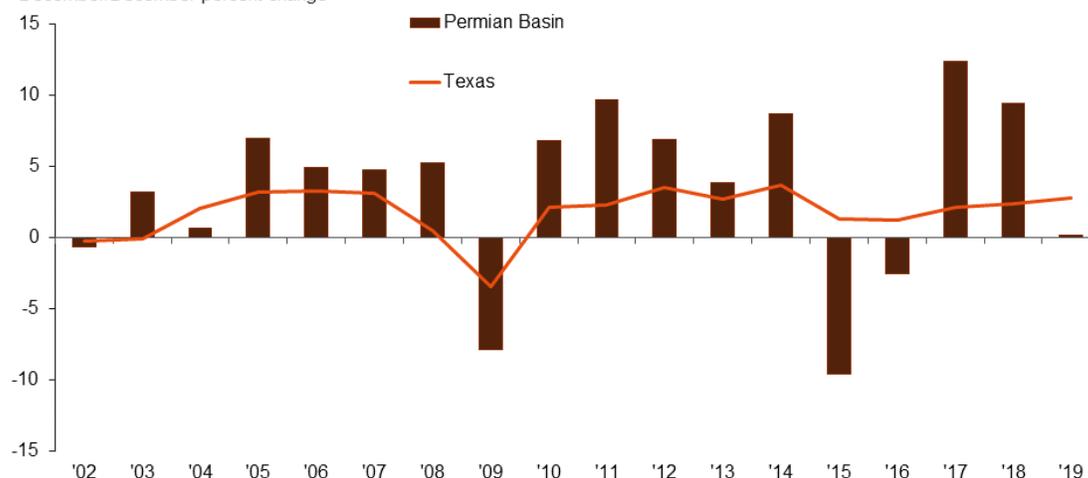
Labor Market

Employment Flat

Permian Basin job growth has been sluggish this year. Through July, employment is little changed at an annualized 0.1 percent (*Chart 1*). This marks the first time since 2016 that Permian Basin employment has lagged Texas job growth.

Chart 1
Employment

December/December percent change*



*Seasonally adjusted.

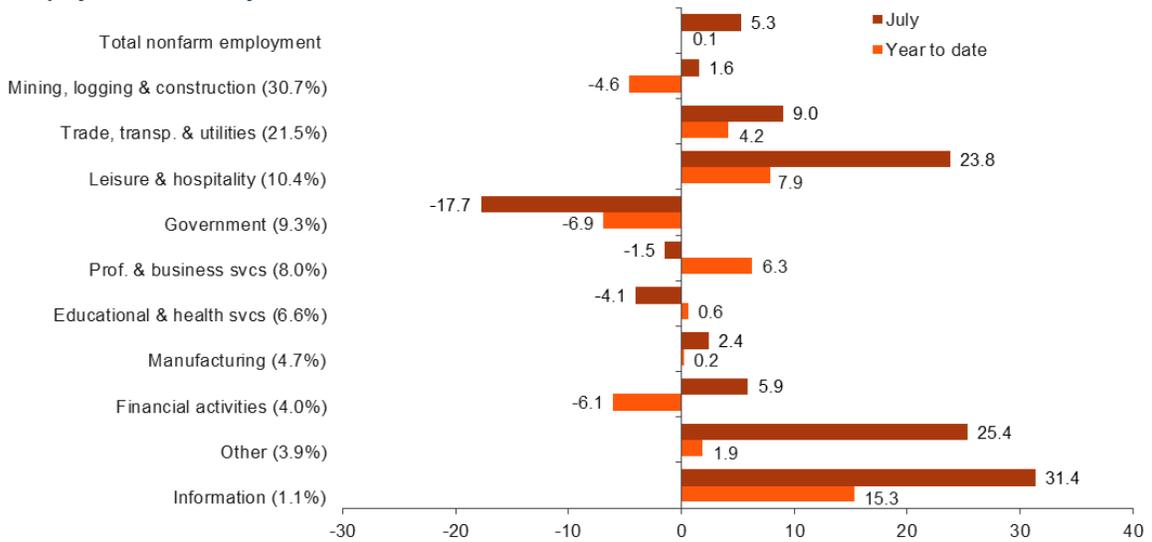
NOTE: Last data point is annualized July 2019/ December 2018.

SOURCES: Texas Workforce Commission; Dallas Fed; author's calculations.

Payroll Gains Mixed

In July, mining, logging and construction, the Permian's largest sector, posted annualized growth of 1.6 percent, boosting total employment gains (*Chart 2*). While the mining sector added jobs in July, job losses earlier in the year have led to a net job loss of 1,700 in the sector year to date. Government, which accounts for one in 10 jobs in the Permian, has also posted losses in 2019, shedding about 500 jobs. On net, the Permian Basin has added about 100 jobs this year, compared with 13,500 over the same time period a year ago.

Chart 2
Employment Growth by Sector



NOTES: Data are seasonally adjusted. Employment is for the Midland and Odessa metropolitan areas. Numbers in parentheses represent share of total employment and may not sum to 100 due to rounding.
SOURCE: Bureau of Labor Statistics.

Unemployment Inches Up

As job growth has slowed, the Permian Basin unemployment rate has picked up. In July, it stood at 2.3 percent, up from 2.2 percent the previous month (*Chart 3*). While the area's jobless rate has inched up, it remains well below the U.S. rate of 3.7 percent and Texas rate of 3.4 percent

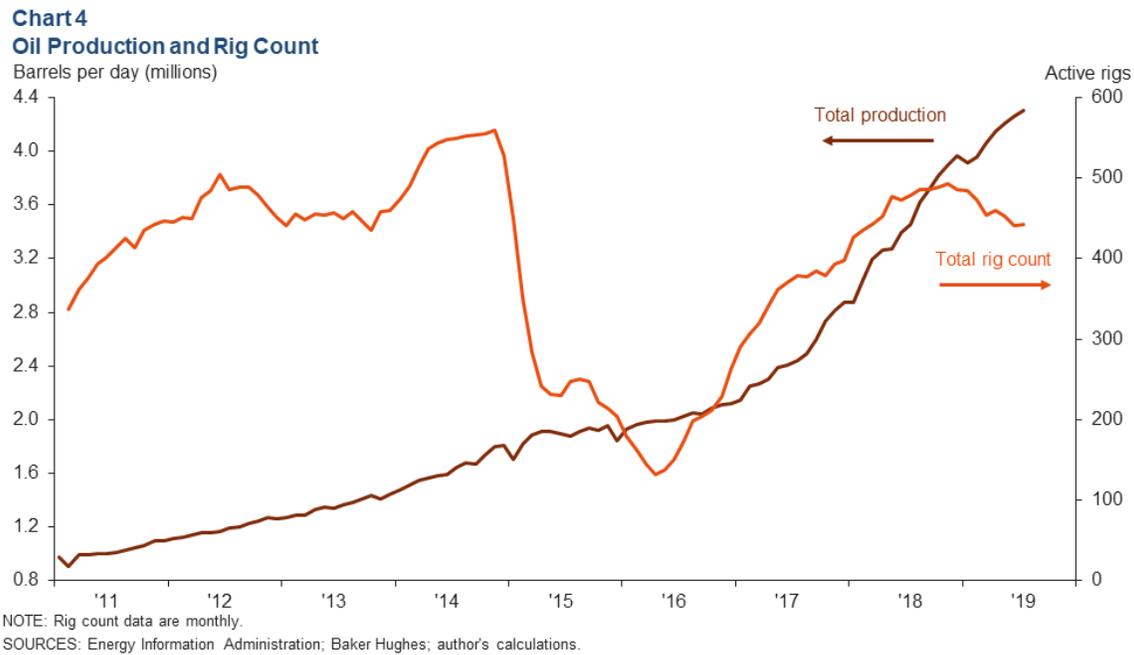
Chart 3
Unemployment Rate



*Seasonally adjusted.
SOURCES: Texas Workforce Commission; Dallas Fed; author's calculations.

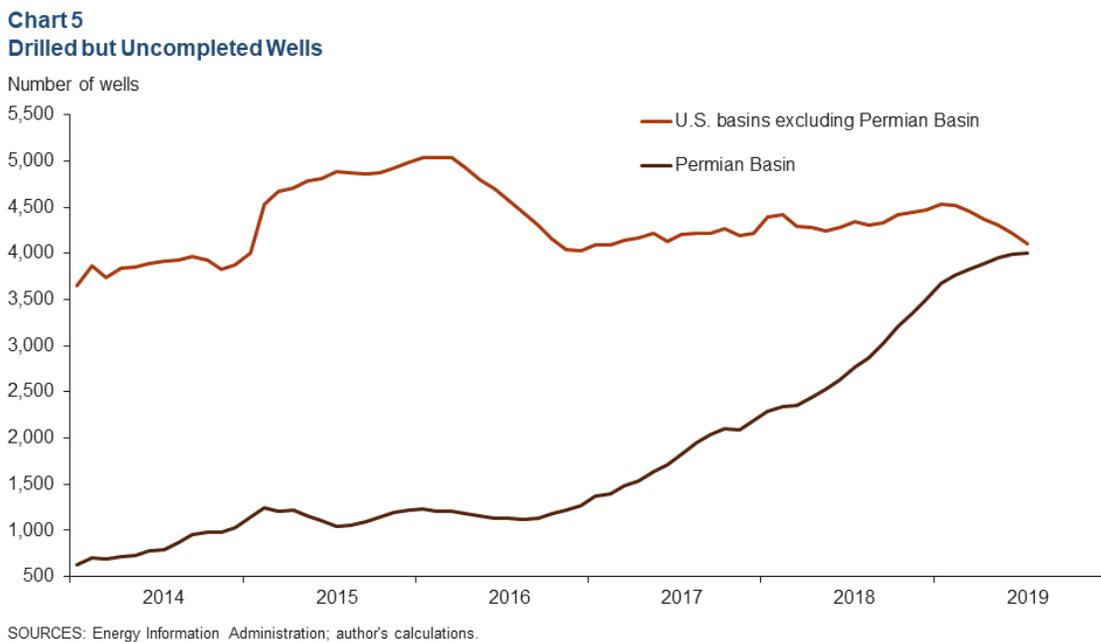
Oil Production Climbs, Rig Count Steadies

The Permian rig count has steadied—averaging 443 in July, nearly on par with June’s 441 (Chart 4). Meanwhile, Permian Basin oil production continues to climb, with production estimated to have reached an all-time high of 4.3 million barrels per day in July.



Drilled but Uncompleted Wells Slowly Rising

Drilled but uncompleted wells (DUCs) in the Permian Basin now account for about half of all DUCs in the U.S. Permian DUCs were at nearly 4,000 in July, just a 0.2 percent increase from June (Chart 5). Meanwhile, DUCs outside of the Permian continue to decline, down 2.6 percent over that time. The elevated level of Permian DUCs may be linked to the pipeline capacity that is expected to come online soon.



Housing

Existing-home prices continued to climb higher in June, while existing-home sales declined. The median home price in the Permian was \$308,722, up 8.6 percent from a year earlier (*Chart 6*). Meanwhile, monthly home sales edged down to 368 in June, dropping 1.3 percent from May figures.

Chart 6
Home Sales and Prices



*Seasonally adjusted, six-month moving average.

SOURCES: Real Estate Center at Texas A&M University; seasonal adjustments by the Dallas Fed; author's calculations.

As sales have slowed, inventories of existing homes have inched up. In June, Midland's supply stood at 2.1 months, up from 1.9 in May. Meanwhile, Odessa's supply was 1.5 months in June, compared with 1.3 months in May.

NOTES: Employment data are for the Midland–Odessa metropolitan statistical area (Martin, Midland and Ector counties), unless otherwise specified. Energy data include 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.

About Permian Basin Economic Indicators

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