

San Antonio Economic Indicators

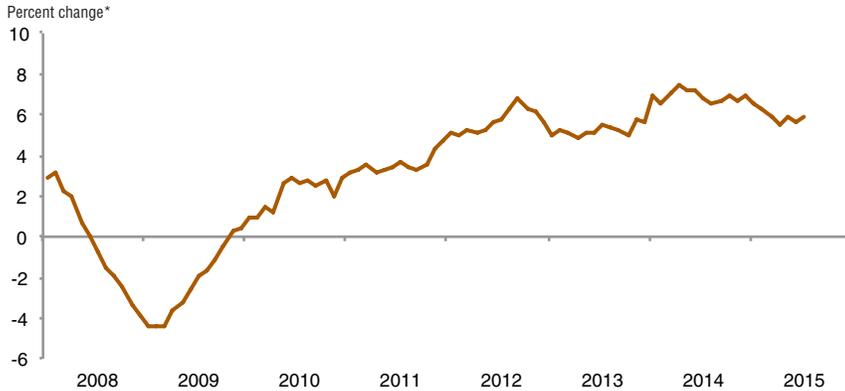
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Summary

The San Antonio economy accelerated in July. Growth in the metro business-cycle index picked up slightly, while job growth bounced back strongly after declining in June. The unemployment rate held steady at a low 3.5 percent. Despite growing more slowly than in 2014, San Antonio this year continues to weather the effects of oil price shocks well compared with Texas overall. Jobs year to date have expanded at a 2.5 percent rate, nearly double the state's 1.3 percent rate.

San Antonio Business-Cycle Index

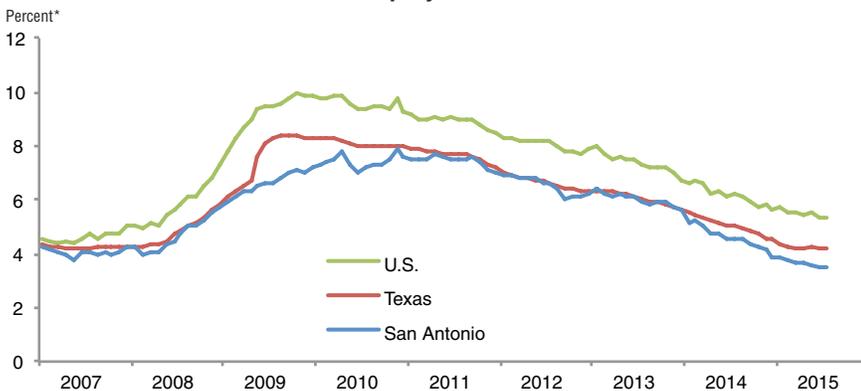


*Month to month, annualized rate; seasonally adjusted.

► Growth in the metro business-cycle index accelerated to 5.9 percent in July, its fastest rate since March. The index has seen a mild bounce back after a steady decline in growth from the end of last year through April. Despite decelerating from last year's 6.9 percent rate, the index continues to grow above its 20-year average of 3.5 percent.

Employment

Unemployment Rate

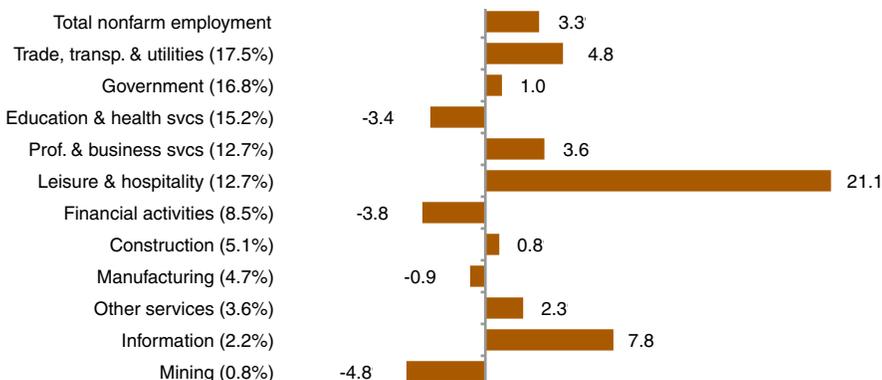


*Seasonally adjusted.

► The San Antonio unemployment rate, as well as the state and national rates, remained flat in July. At 3.5 percent, the metro rate was well below the 4.2 percent reading for Texas and 5.3 percent rate for the nation. As San Antonio approaches full employment, tightness in the local labor market may further restrain job growth.

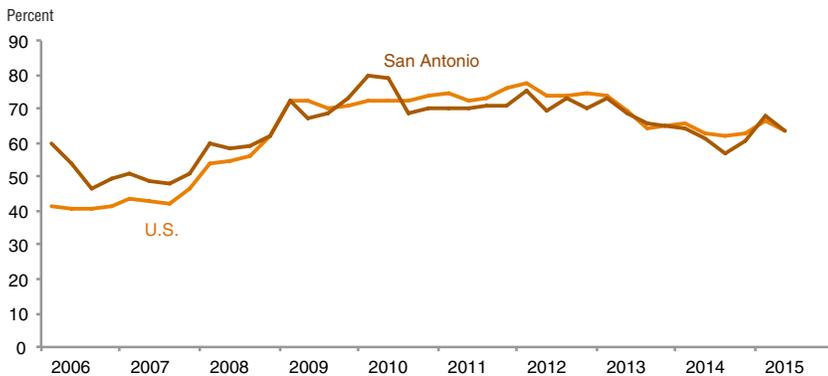
► San Antonio job growth picked up to a 3.3 percent annualized rate in the three months ended in July. The leisure and hospitality industry saw a large jump in hiring, adding 5,800 jobs. Some of this growth was likely due to a church conference that brought over 65,000 visitors to San Antonio in July. Trade, transportation and utilities also accelerated, led by a 6 percent increase in retail employment. Professional and business services picked up, bolstered by hiring for technical services positions and continued job growth at temp agencies. Government employment also improved for the first time this year. Meanwhile, financial activities contracted as real estate services plunged 9.4 percent. Education and health services also fell notably, and manufacturing remained weak.

Employment Growth



NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector for May-July 2015. Numbers in parentheses represent share of total employment and may not sum to 100 due to rounding.

Housing Affordability



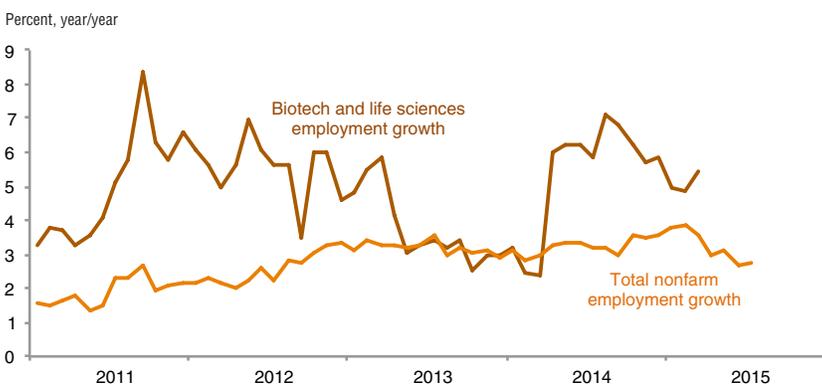
► Home affordability in San Antonio declined slightly in the second quarter as the percentage of homes sold that the median-income family could qualify for dipped from 67.8 to 63.5 percent. The decline was driven by home price increases in the second quarter. Inventories remained tight at 3.8 months' supply, and home sales reached a new high in July. The outlook for new-home construction is mixed, however, as construction employment and help-wanted advertising for construction workers has flattened out in recent months. If home sales remain strong and too little housing is created to meet demand, affordability could continue to fall in the near term.

Stock Index



► The San Antonio Stock Index fell precipitously over the last several days of the period from July 17 to Aug. 24, dropping 10.9 percent. This was comparable to the 11 percent fall in the S&P 500. Declines were broad based, although renewed uncertainty in energy markets disproportionately affected local oil and gas firms. Financial, retail and communications firms also fell over this period.

Biotechnology Industry



► Biotech and life sciences employment in San Antonio continued to grow rapidly in the first quarter, outpacing total nonfarm job growth on a year-over-year basis. While detailed employment data are not available past March 2015, broader industry categories such as scientific, technical and health care services have slowed in recent months. This suggests that biotech job growth likely slowed in the second quarter.

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

SOURCES: **San Antonio Business-Cycle Index:** Bureau of Labor Statistics (BLS), Texas Workforce Commission (TWC) and Dallas Fed; **unemployment rate:** BLS and Dallas Fed; **employment:** BLS and Dallas Fed; **housing affordability:** National Association of Home Builders/Wells Fargo; **stock price indexes:** Bloomberg and Standard and Poor's; **biotech and life sciences employment:** TWC, BLS and Dallas Fed.

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