

San Antonio Economic Indicators

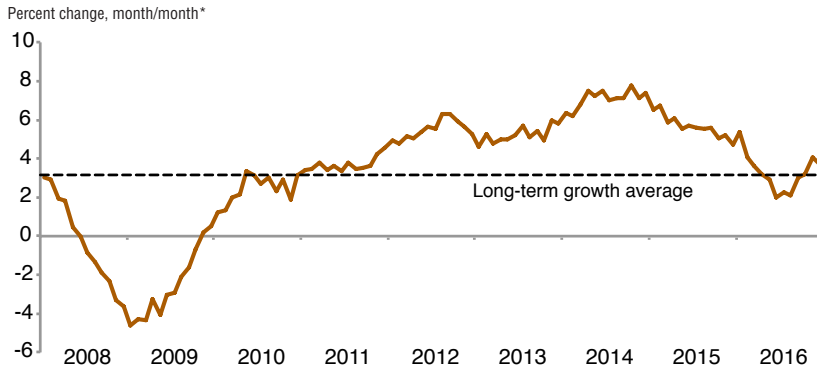
DALLAS FED

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Summary

The San Antonio economy continued to grow at a healthy pace in December. Job growth remained strong, while the unemployment rate continued to suggest a tight labor market. The local economy accelerated notably in the final quarter of 2016, giving some momentum for continued strong growth in the beginning of this year.

San Antonio Business-Cycle Index

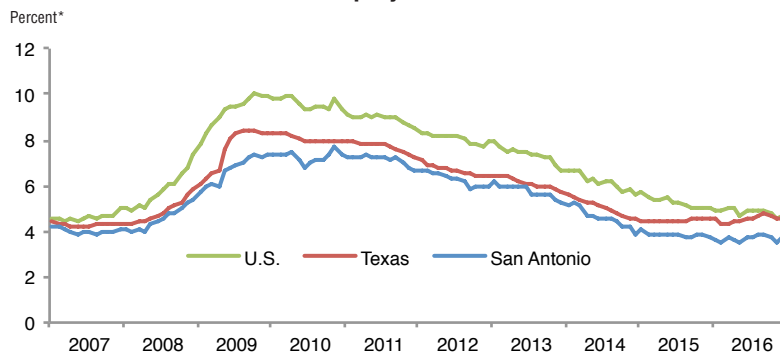


*Seasonally adjusted, annualized rate.
SOURCE: Dallas Fed.

► The San Antonio Business-Cycle Index expanded at a 3.7 percent annualized rate in December, above its 3 percent long-term average for the fourth consecutive month. Strong fourth-quarter job growth and a low unemployment rate have driven the recent expansion. Steady increases in indicators such as help-wanted advertising suggest a similar above-trend pace of growth in early 2017.

Employment

Unemployment Rate

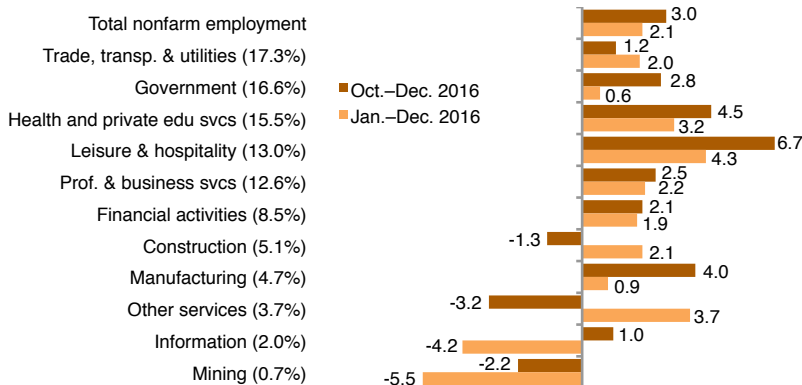


*Seasonally adjusted.
SOURCE: Bureau of Labor Statistics.

► The San Antonio unemployment rate ticked up to 3.7 percent in December from 3.5 percent in November. The state rate held steady at 4.6 percent, while the U.S. rate rose slightly to 4.7 percent. The labor force expanded at a strong 3.1 percent annualized pace, well above the average for the year.

► Employment grew at a 3.0 percent annualized rate in fourth quarter 2016. The growth was broad based across supersectors: Only construction, mining and other services saw net declines. Leisure and hospitality jobs rose at the fastest pace after a weak third quarter, led by a resurgence in food services employment. Ambulatory health care services, which includes physicians' offices and outpatient care services, grew 10.2 percent in the fourth quarter, leading the health and private education category. Manufacturing, particularly nondurable goods production, continued to rebound. Government, professional services and financial activities jobs grew steadily. In 2016, San Antonio employment expanded at a moderate pace across nearly all major sectors.

Employment Growth

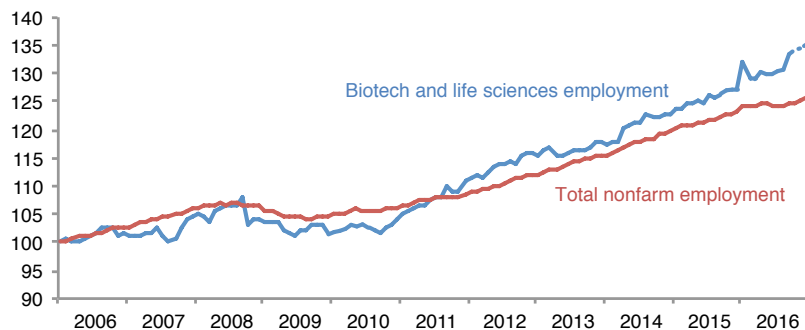


NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector. Numbers in parentheses represent share of total employment and may not sum to 100 due to rounding.

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

Biotechnology and Life Sciences Employment

Index, January 2006 = 100



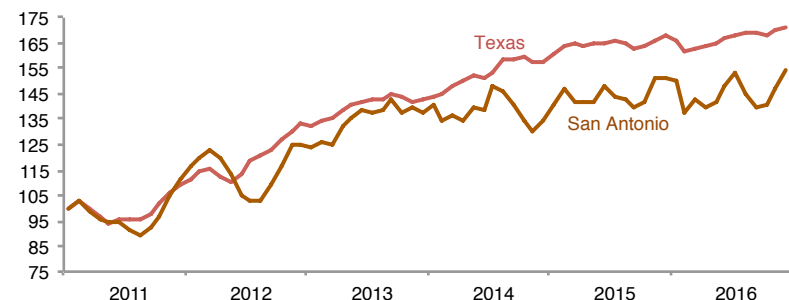
NOTE: Dashed line indicates estimate based on broader industry data.

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

► Jobs in biotechnology and life sciences grew at a rapid pace in the third quarter and, while detailed industry data are not yet available for the fourth quarter, it appears the trend continued. The industry—which includes pharmaceutical and medical equipment manufacturing, scientific research and development, and diagnostic and testing laboratories—saw annualized growth of 11.3 percent in the third quarter. This compares with total San Antonio employment growth of 1.3 percent in the quarter. Broader industry data suggest that jobs expanded at a 5.2 percent pace in the fourth quarter and at a 6.3 percent rate for 2016 overall—the fastest pace since 2011.

Single-Family Housing Permits

Index, fourth quarter 2010 = 100



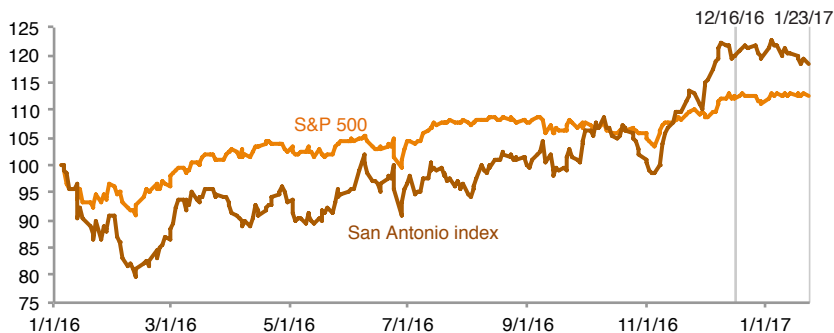
NOTES: Indexed on a three-month moving average. Data are seasonally adjusted.

SOURCES: Census Bureau; adjustments by the Dallas Fed.

► Permits for single-family home construction picked up in San Antonio over the three months through November, rising more than 10 percent. For the 11 months through November, permits averaged 531, an increase of 1.2 percent from 2015 and the highest monthly average since 2010. Average monthly permits increased 1.6 percent statewide over the same time frame. While permit growth suggests a steady rise in the supply of new homes, price gains suggest that demand is growing at an even faster pace. The median home price in December was \$208,212, slightly below the all-time high reached in October, while home inventories fell slightly to 3.4 months' supply, the lowest level since 1990.

Stock Indexes

Index, Jan. 1, 2016 = 100



SOURCES: Bloomberg; Standard and Poor's.

► Stock prices of San Antonio-based companies slipped recently, falling 1.5 percent from Dec. 16 to Jan. 23 despite reaching a record high Dec. 22. Meanwhile, the S&P 500 climbed a modest 0.3 percent over this time. Stock price appreciation was strongest in communication, machinery production and upstream energy firms, while food services, refiners and financial services firms saw moderate declines.

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

Questions regarding *San Antonio Economic Indicators* can be addressed to Christopher Slijk at christopher.slijk@dal.frb.org.

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