

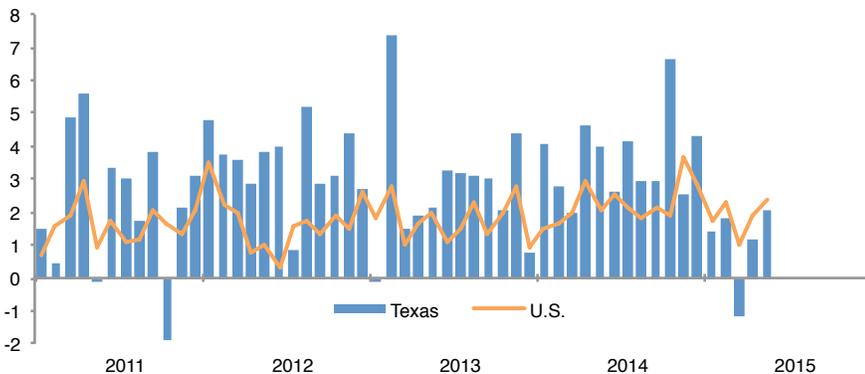
FEDERAL RESERVE BANK OF DALLAS • JUNE 22, 2015

Summary

The Texas economy modestly expanded, with employment growing at a 2.1 percent annual rate in May. Exports rose in April, and construction contract values surged in May. The Texas Leading Index ticked up in April for the first time since August 2014.

Employment

Month/month percent change, annualized*



*Seasonal and other adjustments by the Federal Reserve Bank of Dallas.

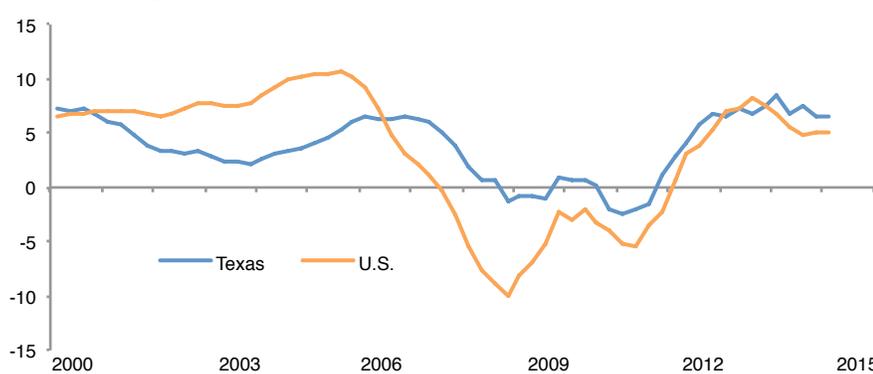
► Texas employment edged up at a 2.1 percent annualized pace in May, slower than the nation's 2.4 percent increase. Texas gained 20,300 jobs in May after adding 11,400 jobs in April. Current Texas employment stands at 11.8 million, according to the payroll survey (Current Employment Statistics).

► The Texas unemployment rate ticked up to 4.3 percent in May from 4.2 percent in April. The state's reading continues to be lower than the U.S. rate, which came in at 5.5 percent.

► Employment has grown at a 1.1 percent annualized rate year to date. The leisure and hospitality sector continued to record the fastest pace of increase at 6.4 percent followed by education and health services at 3.3 percent. Employment in oil and gas extraction posted the largest decline, followed by manufacturing and construction employment.

House Price Index

Year/year percent change*



*Seasonally adjusted.

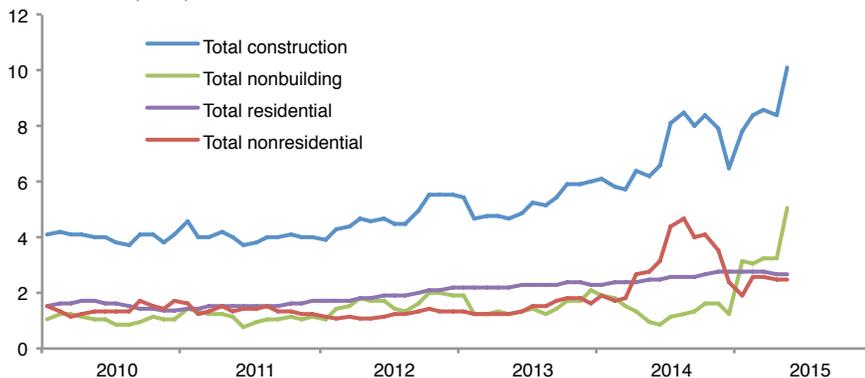
► The Federal Housing Finance Agency purchase-only house price index for Texas rose nearly 2.0 percent in first quarter 2015, and prices were up 6.5 percent from last year.

► Texas existing-home sales ticked up 2.2 percent in May and were up 4.3 percent year over year. Home inventories remained steady at 3.3 months of available supply in May and were below their year-ago level of 3.6 months.

► Single-family housing construction permits edged up 2.0 percent in April, following a 1.2 percent uptick in March. Texas housing starts, which include single-family and multifamily starts, inched down 1.5 percent in April, following a 3.7 percent decline in March and are down 16.6 percent year over year.

Construction Contract Values

Real current dollars (billions)*



*Five-month moving average; seasonal and other adjustments by the Federal Reserve Bank of Dallas.

► The five-month moving average of total Texas construction contract values surged 20.8 percent in May to \$10.1 billion and was up 63.1 percent year over year. The increase was driven by growth in total nonbuilding, which rose primarily due to power plants, gas and communications contracts.

Crude Oil Prices

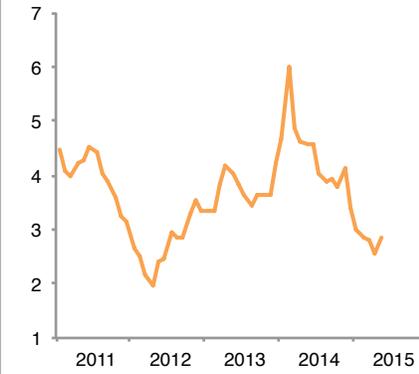
Dollars/barrel



► West Texas Intermediate crude oil continued to increase from \$54.45 per barrel in April to \$59.27 in May. The price was 42.0 percent lower year over year.

Natural Gas Prices

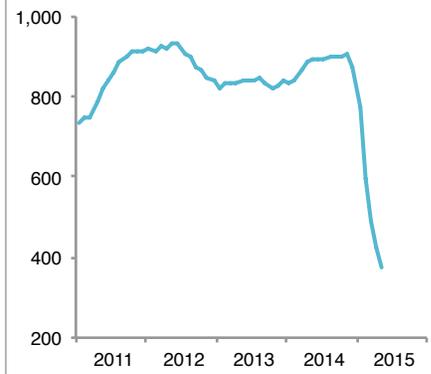
Dollars/million Btu



► Natural gas rose to \$2.84 per million Btu in May, a 10.1 percent increase from the April level. The price was 37.7 percent lower than May 2014.

Texas Rig Count

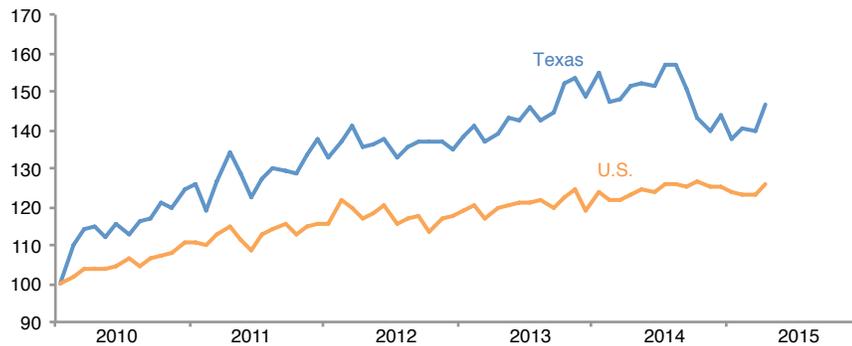
Active rigs



► The Texas rig count continued to decline, dropping from 422 in April to 375 in May, and was down 58.0 percent from last year.

Exports

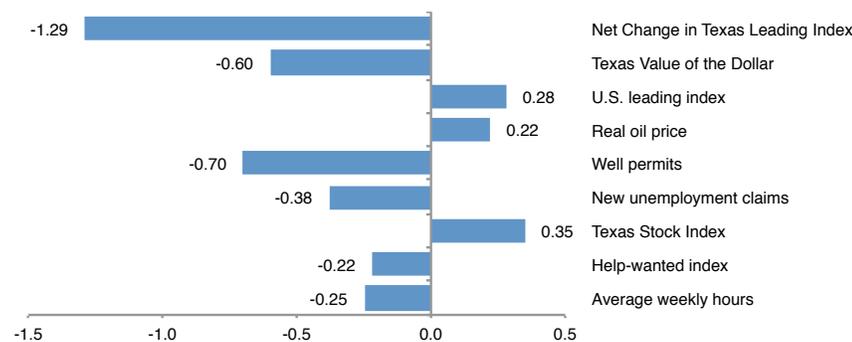
Index, January 2010 = 100*



► Texas monthly exports rose 4.9 percent in April—the largest monthly increase since October 2013. However, April exports remained 2.9 percent lower than year-earlier levels.

*Seasonal and other adjustments by the Federal Reserve Bank of Dallas.

Texas Leading Index with Components



► The Texas Leading Index (TXLI), which uses key economic indicators to forecast employment growth, ticked up 0.8 percent in April. However, the three-month net change remained negative, falling 1.29 percent from February to April. The Texas value of the dollar and new unemployment claims continued to rise, negatively impacting the index. The help-wanted index turned down, while the trend in energy-related components diverged as oil prices edged up and well permits continued to decline.

NOTE: Three-month percent change through April, seasonally adjusted.

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

SOURCES: **Employment:** Bureau of Labor Statistics' Current Employment Statistics (CES) and Texas Workforce Commission; **housing:** Federal Finance Housing Agency, Census Bureau, Multiple Listing Service and Bank of Tokyo-Mitsubishi UFJ; **contract values:** F.W. Dodge; **energy:** *Wall Street Journal* and Baker Hughes; **exports:** Census Bureau and WISERTrade; **Texas Leading Index:** Dallas Fed.

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