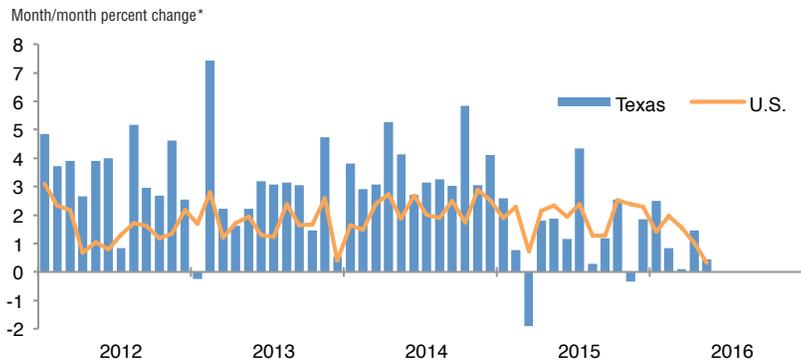


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Summary

The Texas economy expanded in May. Payroll employment grew slightly during the month, and unemployment held steady. The Texas Manufacturing Outlook Survey production index plunged in May, but housing starts edged up in April. Exports fell in April after two consecutive months of growth, and the estimated value of the Texas Leading Index increased.

Employment



*Seasonally adjusted annualized rate.

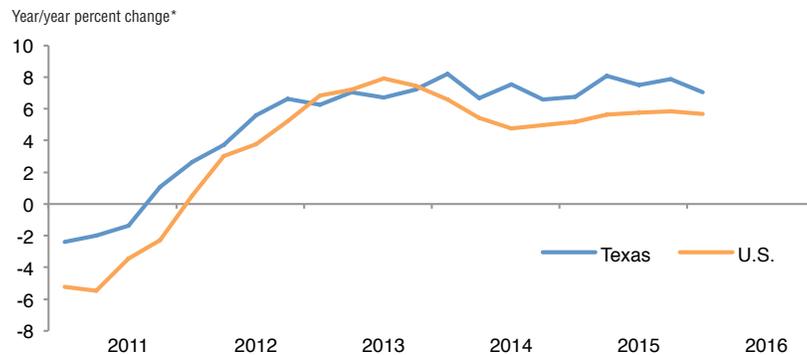
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; adjustments by the Dallas Fed.

▶ Texas employment grew at a 0.4 percent annualized pace in May, barely above the nation's 0.3 percent rate. Texas gained 4,400 jobs in May after adding more than 14,500 in April. Current Texas employment stands at nearly 12.0 million, according to the payroll survey (Current Employment Statistics).

▶ The Texas unemployment rate held steady in May at 4.4 percent. The state's reading continues to be lower than the U.S. rate, which ticked down to 4.7 percent.

▶ The Dallas Fed's Texas Employment Forecast reported a 2016 estimate of 1.3 percent growth (December over December), down from the 1.5 percent growth forecasted in May. The Texas Employment Forecast is available at the [Dallas Fed website](#).

House Price Index



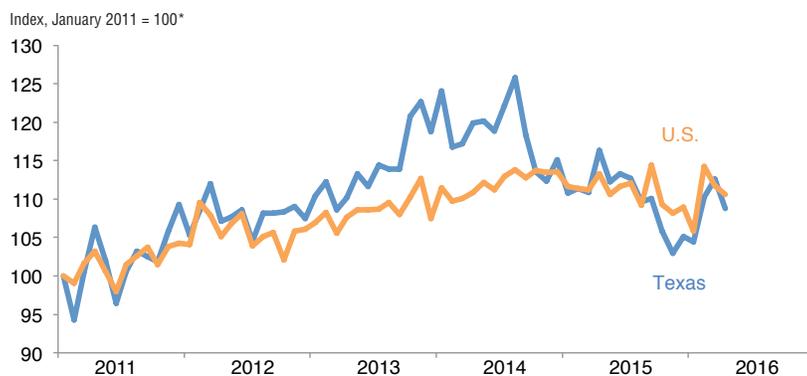
*Seasonally adjusted.

SOURCE: Federal Housing Finance Agency.

▶ The Federal Housing Finance Agency purchase-only House Price Index for Texas rose 1.4 percent in first quarter 2016 and was up 7.1 percent from year-ago levels, partly due to solid demand and low inventories.

▶ Texas housing starts, including both single-family and multifamily units, ticked up 2.7 percent in April after dropping 10.4 percent in March; starts are down 2.2 percent year over year. Single-family housing construction permits fell 3.3 percent in April after rising 2.7 percent the previous month, and they were down 3.1 percent year over year.

Exports



*Seasonally adjusted.

SOURCES: Census Bureau; WISERTrade; adjustments by the Dallas Fed.

▶ Texas exports declined 3.4 percent in April following a 2.1 percent increase in March. April exports were 6.5 percent lower than a year ago—a result of low oil prices, weak global demand and a generally strong dollar.

Crude Oil Prices



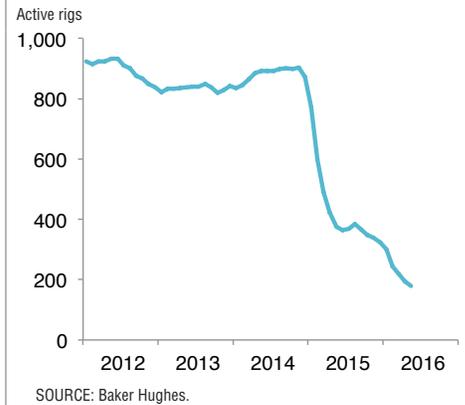
► West Texas Intermediate crude oil ticked up from \$40.76 per barrel in April to \$46.76 in May. The price was 21.1 percent lower year over year.

Natural Gas Prices



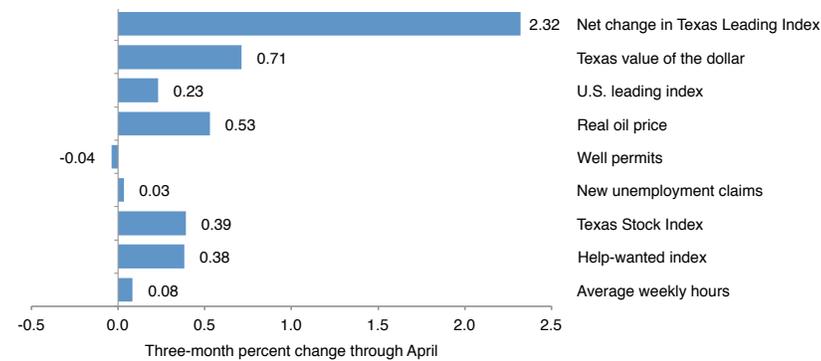
► The price of natural gas inched up to \$1.92 per million Btu in May, up 1.1 percent from April but 32.4 percent lower than May 2015.

Texas Rig Count



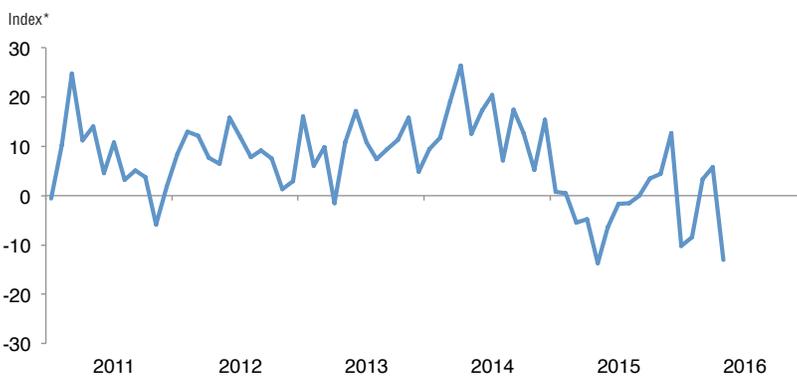
► The Texas rig count dropped for the ninth consecutive month, declining from 194 in April to 179 in May. The rig count remains 52.3 percent below May 2015 levels.

Texas Leading Index with Components



► The Texas Leading Index, which uses key economic indicators to forecast employment growth, rose 1.4 percent in April, and the three-month net change (February to April) was 2.32 percent. A decline in well permits depressed the index estimate, while a rise in the U.S. leading index, real oil prices, stock prices of Texas-based companies, the help-wanted index and average weekly hours contributed positively.

Manufacturing Outlook Survey Production Index



► Texas factory output fell in May, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, declined from 5.8 in April to -13.1 in May, indicating that output contracted after two months of expansion.

► The Dallas Fed conducts the Texas Manufacturing Outlook Survey monthly to obtain a timely assessment of the state's factory activity.

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