

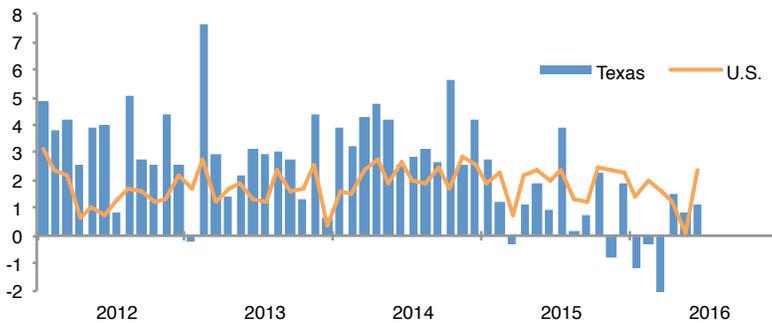
FEDERAL RESERVE BANK OF DALLAS • JULY 25, 2016

Summary

The Texas economy expanded in June. Payroll employment grew during the month, although unemployment ticked up. The Dallas Fed's Texas Manufacturing Outlook Survey showed that production held steady in July. Construction contract values increased in June, but the five-month moving average dipped. Exports fell in May for the second month. The estimated value of the Texas Leading Index edged down in June.

Employment

Month/month percent change*



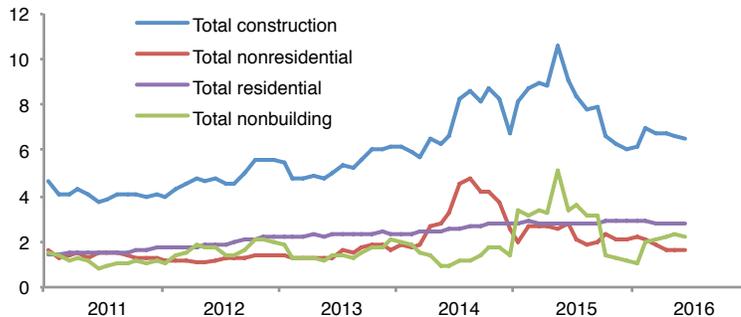
*Seasonally adjusted annualized rate.

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

- ▶ Texas employment grew at a 1.1 percent annualized pace in June, below the nation's 2.4 percent rate. Texas gained nearly 11,000 jobs in June after adding more than 8,400 in May. Texas employment stands at 11.9 million, according to the payroll survey (Current Employment Statistics).
- ▶ The Texas unemployment rate rose slightly in June to 4.5 percent. The state's reading continues to be lower than the U.S. rate, which ticked up to 4.9 percent.
- ▶ The Dallas Fed's most recent [Texas Employment Forecast](#) estimates growth of 0.5 percent for 2016 (December over December), down from the June forecast of 1.3 percent growth.

Construction Contract Values

Real current dollars (billions)*



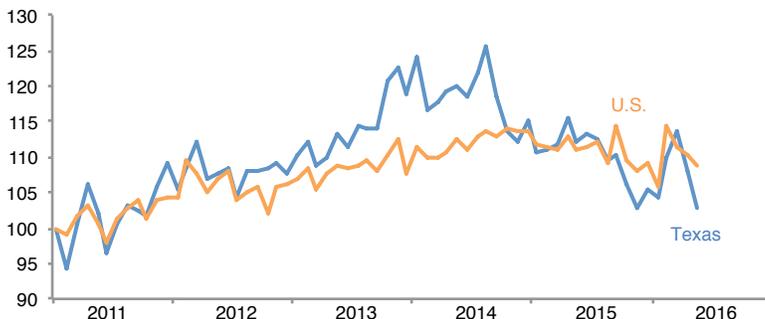
*Five-month moving average, seasonal adjustments by the Dallas Fed.

SOURCE: F.W. Dodge

- ▶ The five-month moving average of total Texas construction contract values fell 1.8 percent in June to \$6.6 billion and was down 27.4 percent year over year. The drop was due to declines in nonresidential and nonbuilding construction. Residential construction increased slightly during the month.

Exports

Index, January 2011 = 100*



*Seasonally adjusted.

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

- ▶ Texas exports declined 4.7 percent in May following a 4.9 percent decrease in April. May exports were 8.1 percent lower than a year ago—a result of low oil prices, weak global demand and a generally strong dollar.

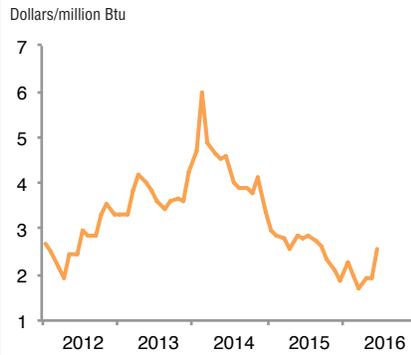
Crude Oil Prices



SOURCE: Wall Street Journal.

► The price of West Texas Intermediate crude oil increased from \$46.76 in May to \$48.80 in June but was down 18.5 percent year over year.

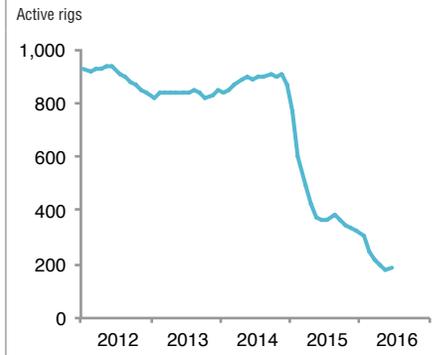
Natural Gas Prices



SOURCE: Wall Street Journal.

► The price of natural gas rose to \$2.57 per million Btu in June, up 33.9 percent from May but 7.2 percent lower than in June 2015.

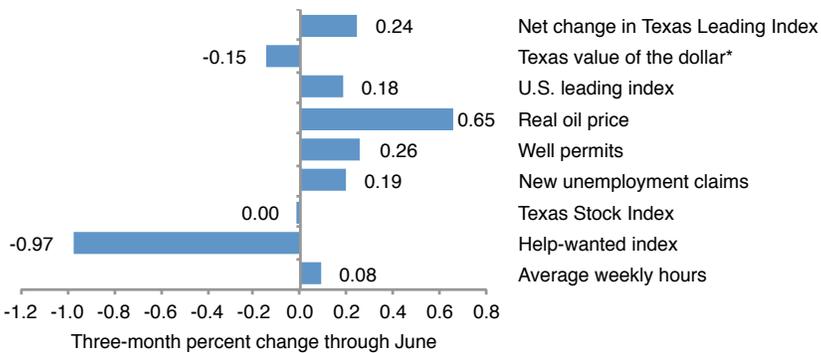
Texas Rig Count



SOURCE: Baker Hughes.

► The Texas rig count increased in June after nine consecutive months of decline, rising to 185 from 179 in May. The rig count remains 49.0 percent below June 2015 levels.

Texas Leading Index with Components



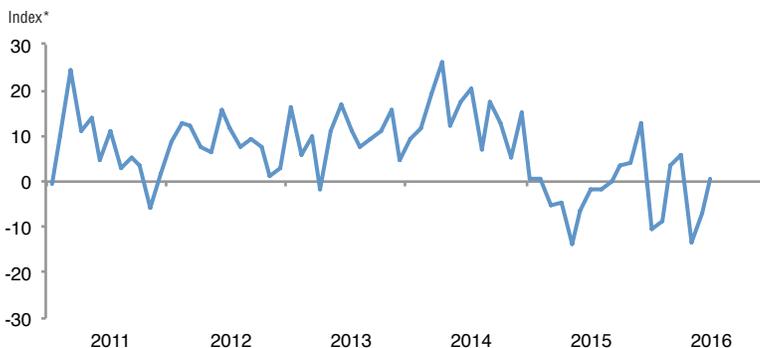
► The Texas Leading Index, which uses key economic indicators to forecast employment growth, dipped 0.13 percent in June. The three-month net change (April to June) was 0.24 percent. A decline in the help-wanted index depressed the leading index over the three-month period, while increases in the U.S. leading index, real oil prices and well permits and fewer new unemployment claims contributed positively to the estimate.

*Estimated June value.

NOTE: Data are seasonally adjusted.

SOURCE: Dallas Fed.

Manufacturing Outlook Survey Production Index



*Seasonally adjusted.

SOURCE: Dallas Fed.

► Texas factory activity was flat in July after two months of contraction, according to business executives responding to the monthly [Texas Manufacturing Outlook Survey](#). The production index, a key measure of state manufacturing conditions, posted a reading of 0.4, suggesting that output stopped declining this month. Other measures of factory activity such as the capacity utilization and shipments indexes also posted near-zero readings, indicating activity stabilized during the month.

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

Questions can be addressed to Stephanie Gullo at stephanie.gullo@dal.frb.org.