

FEDERAL RESERVE BANK OF DALLAS • AUGUST 22, 2016

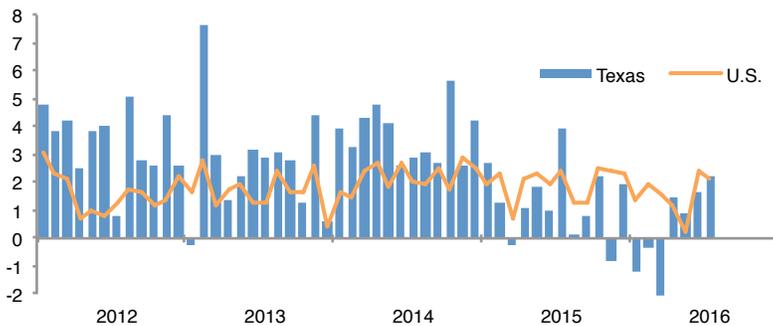
Summary

The Texas economy's performance was mixed in July. Employment expanded but unemployment rose.

Existing-home sales fell in July, while housing prices and inventories increased. Exports broadly declined in the second quarter. While the price of natural gas increased and the rig count continued to recover in July, oil prices decreased, indicating continued adversity for oil production. The Texas Leading Index estimate ticked up in July, and the Texas Business-Cycle Index points to a pickup in the Texas economy after a slow start to the year.

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 2.2 percent annualized pace in July, outperforming the nation's 2.1 percent increase. Texas gained over 21,000 jobs in July after adding more than 16,000 in June.

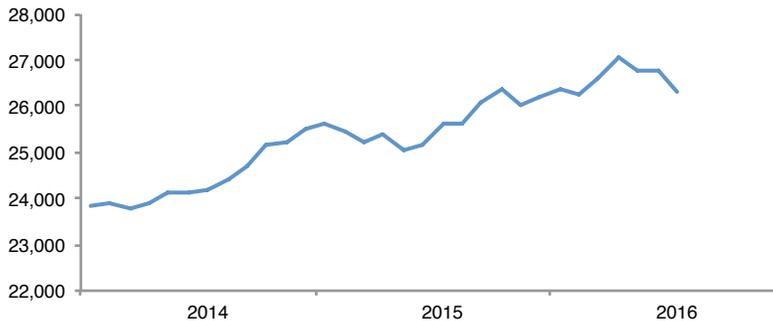
▶ Employment in oil and gas extraction—which represents 1.8 percent of Texas employment—decreased the most at 13.7 percent year to date, while employment in education and health services—13.8 percent of the Texas total—grew the fastest at 3.4 percent.

▶ The Texas unemployment rate rose again to 4.6 percent in July. The U.S. unemployment rate, in contrast, remained steady at 4.9 percent.

▶ The Dallas Fed's [Texas Employment Forecast](#) estimates growth of 0.8 percent for 2016 (December over December), which would generate 96,200 jobs this year.

Home Sales

Number of existing homes sold*



*Five-month moving average, seasonally adjusted.

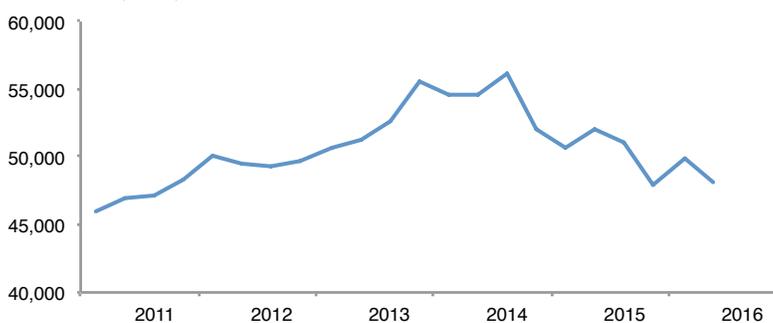
SOURCE: Multiple Listing Service.

▶ Texas existing-home sales fell 5.8 percent in July and were 7.9 percent below year-earlier levels. The real median sales price edged up from June to July by 0.1 percent to \$207,714. Existing-home inventory also ticked up, to 3.7 months of supply, but remains well below the six-month equilibrium level.

▶ Housing starts declined 5.9 percent in June after growing 12.1 percent in May. Starts were down 8.8 percent year over year in June.

Exports

Real 2000 dollars (millions)*



*Seasonally adjusted, quarterly.

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

▶ Texas exports declined 3.4 percent in the second quarter and were 7.6 percent lower than in second quarter 2015.

▶ Exports to Mexico, Canada and China and the rest of Asia decreased during the quarter, while exports to the European Union increased.

▶ Whereas exports of petroleum and coal products and nonelectrical machinery increased in the second quarter, other categories of exports, such as chemicals and agriculture, decreased.

Crude Oil Prices



SOURCE: Wall Street Journal.

► The price of West Texas Intermediate crude oil stood at \$44.69 per barrel in July, down 8.4 percent from June and 12.2 percent year over year.

Natural Gas Prices



SOURCE: Wall Street Journal.

► The price of natural gas, in contrast, increased 8.6 percent in July to \$2.79 per million Btu.

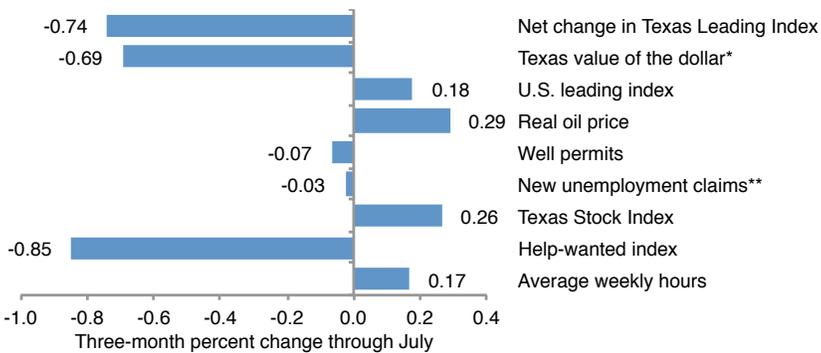
Texas Rig Count



SOURCE: Baker Hughes.

► The rig count continued to recover for the second straight month, increasing by 22 rigs in July after rising by six in June. However, there were still 162 fewer active rigs this July than last.

Texas Leading Index with Components



► The Texas Leading Index, which uses key economic indicators to forecast employment growth, increased 0.39 percent in July. However, the three-month net change (May to July) was -0.7 percent. A rise in the Texas value of the dollar (shown as a negative value) and 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, the Texas Stock Index and average weekly hours contributed positively to the estimate.

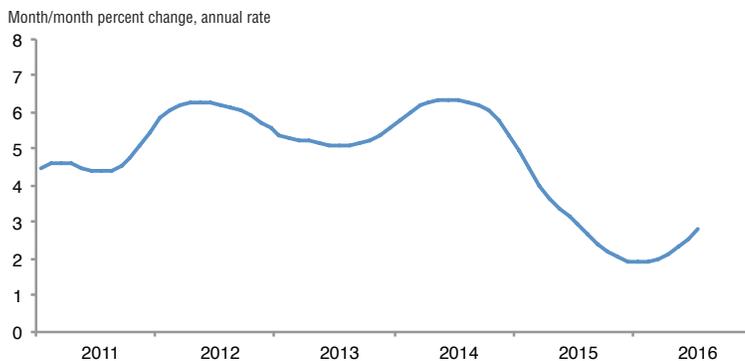
*Estimated July value.

**Estimated using weekly unemployment claims series.

NOTE: Data are seasonally adjusted.

SOURCE: Dallas Fed.

Texas Business-Cycle Index



SOURCE: Dallas Fed.

► The Texas Business-Cycle Index points to expansion in the state's economy. The index grew at a 2.8 percent annualized rate in July and is 2.2 percent higher than a year ago.

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

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