

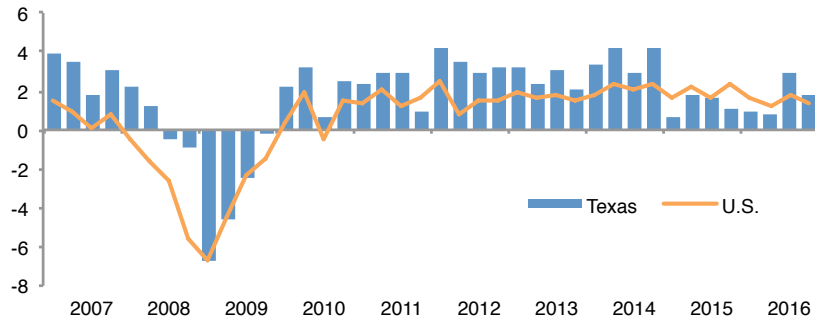
FEDERAL RESERVE BANK OF DALLAS • JANUARY 23, 2017

## Summary

The Texas economy saw continued expansion in December. Although job growth ticked down during the month, the Texas Business Outlook Surveys indicated improved conditions, and the energy sector, exports and housing market expanded as well. The Texas Leading Index also edged up and unemployment held steady. In 2016, Texas employment grew 1.6 percent, faster than 2015's 1.3 percent increase but below the state's long-term average of 2.1 percent.

## Employment

Quarter/quarter percent change\*



\*Seasonally adjusted, annualized rate.

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

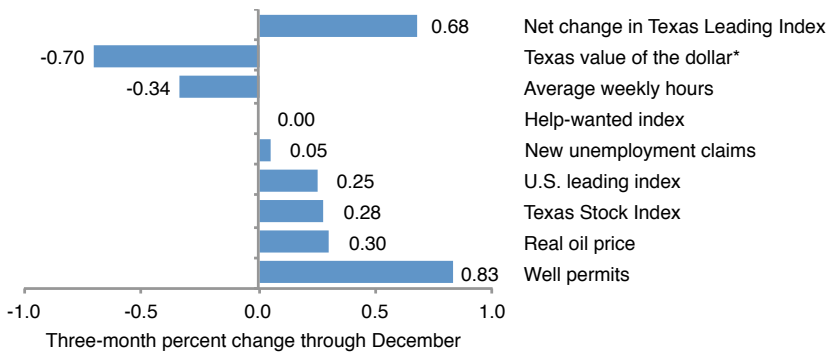
► Texas employment contracted a slight 0.1 percent annualized in December, following an upwardly revised 3.5 percent increase in November.

► Dallas employment expanded 3.3 percent in 2016, with San Antonio following at 2.1 percent, El Paso at 1.7 percent and Austin at 1.5 percent. Houston managed to end the year with very slight gains (0.2 percent) despite declines in the first half of 2016.

► The Texas unemployment rate remained steady at 4.6 percent in December, while U.S. unemployment ticked up to 4.7 percent.

► The Dallas Fed's [Texas Employment Forecast](#) for 2017 (December over December) predicts 1.9 percent growth, suggesting an acceleration in job growth from 2016.

## Texas Leading Index with Components



\*Estimated December value.

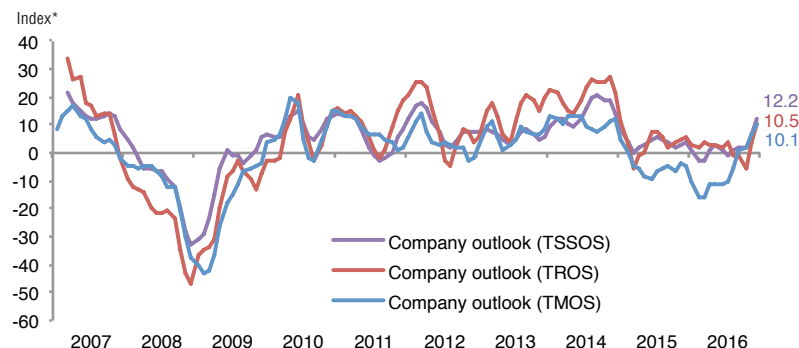
NOTE: Data are seasonally adjusted.

SOURCE: Dallas Fed.

► The [Texas Leading Index](#), a composite of eight indicators that tend to change direction before the overall economy does, sheds light on the future of the state's economy. In December, its one-month net change was 1.09 percent, and its three-month net change was 0.68 percent.

► Well permits was the component with the largest positive contribution to the index during the three-month period. In December, the number of Texas well permits jumped from 581 to 909—their largest gain since October 2014. The Texas value of the dollar (estimated for December) and average weekly hours contributed negatively to the index.

## Texas Business Outlook Survey Indexes



\*Seasonally adjusted, three-month moving average.

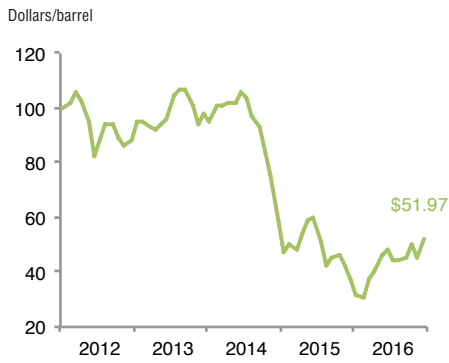
NOTE: TMOS = Texas Manufacturing Outlook Survey; TSSOS = Texas Service Sector Outlook Survey; TROS = Texas Retail Outlook Survey.

SOURCE: Dallas Fed.

► The [Dallas Fed's Texas Business Outlook Surveys](#) indicated improvement in current activity and company outlooks across the manufacturing, services and retail sectors in December.

► The three-month moving average of each survey's company outlook index is at its highest level since early 2015.

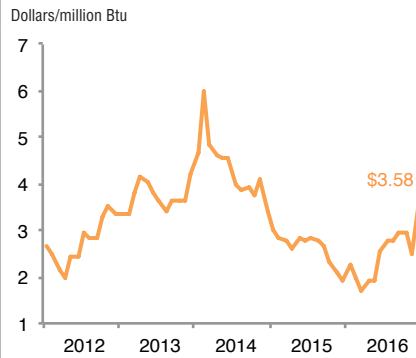
## Crude Oil Prices



SOURCE: U.S. Energy Information Administration.

► The price of crude oil rose 13.8 percent in December, reaching \$51.97 per barrel—39.7 percent above year-ago levels.

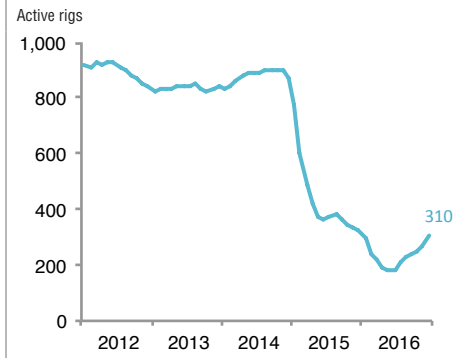
## Natural Gas Prices



SOURCE: Wall Street Journal.

► Natural gas prices shot up 43.2 percent in December, reaching \$3.58 per million Btu—89.4 percent above year-ago levels.

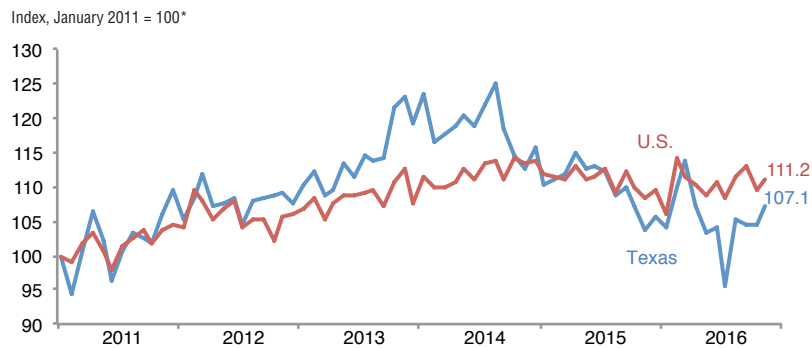
## Texas Rig Count



SOURCE: Baker Hughes.

► Thirty-nine new rigs were added in December, bringing the active rig count to 310. This is still 4.3 percent below year-ago levels.

## Exports



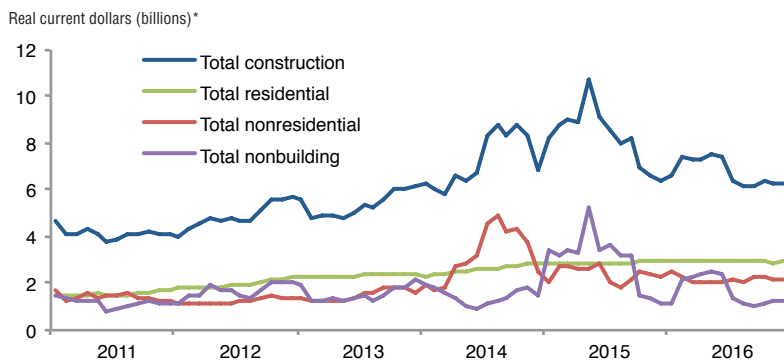
\*Seasonally adjusted.

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

► Texas and U.S. exports expanded in November. Texas exports increased 2.6 percent, outpacing the U.S.' 1.6 percent.

► Texas exports continue to be hampered by low oil prices, weak global demand and a strong dollar.

## Housing



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

SOURCE: F.W. Dodge.

► In December, Texas housing market indicators suggested mixed expansion.

► The five-month moving average value of Texas construction contracts dipped 0.1 percent in December, with nonbuilding construction contract values down 4.9 percent. Residential construction inched up 0.4 percent, and nonresidential construction ticked up 2.0 percent.

► Texas single-family building permits contracted 0.3 percent in November, though they were 5.0 percent above year-ago levels.

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

Questions can be addressed to Stephanie Gullo at [stephanie.gullo@dallasfed.org](mailto:stephanie.gullo@dallasfed.org).