

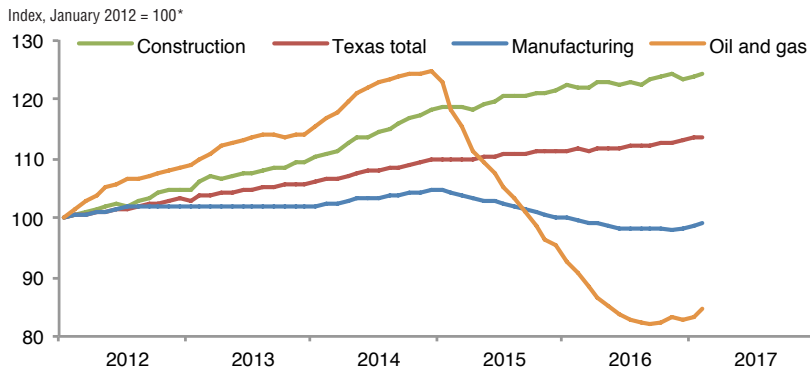
FEDERAL RESERVE BANK OF DALLAS • MARCH 28, 2017

Summary

The Texas economy moderated in February following strong growth in January. Employment growth was flat during the month, and unemployment ticked up.

Employment

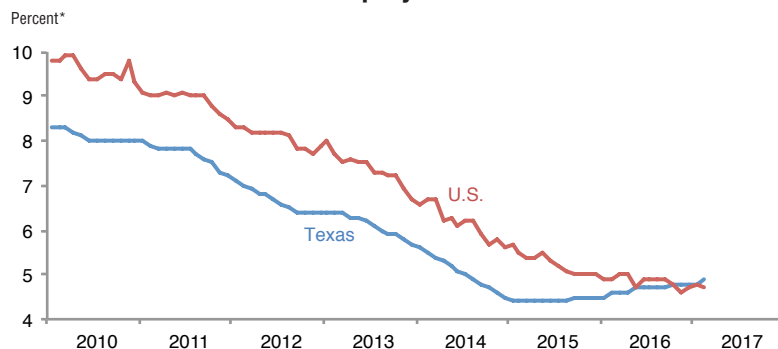
Employment Growth



*Seasonally adjusted.

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

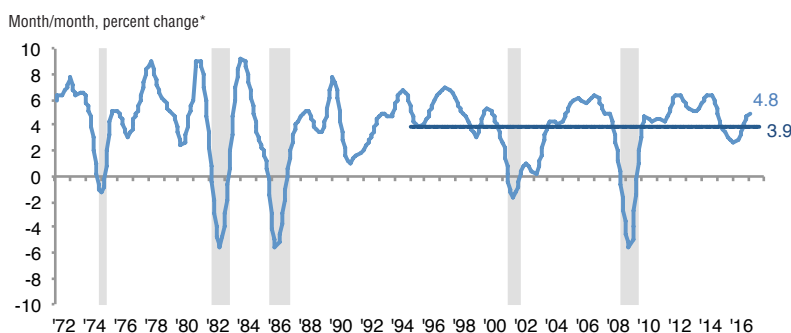
Unemployment Rate



*Seasonally adjusted.

SOURCE: Bureau of Labor Statistics.

Texas Business-Cycle Index



*Annual rate.

NOTES: The horizontal line is the average from January 1995 to present. Gray bars indicate recessions.

SOURCE: Dallas Fed.

► Texas employment dipped 0.1 percent annualized in February after expanding a blistering 5.6 percent in January. Year to date, employment has expanded 2.7 percent.

► Goods-sector employment surged in February. Construction employment rose 4.9 percent annualized, manufacturing employment grew 5.1 percent, and oil and gas employment (representing only 1.7 percent of total Texas jobs) soared 18.9 percent.

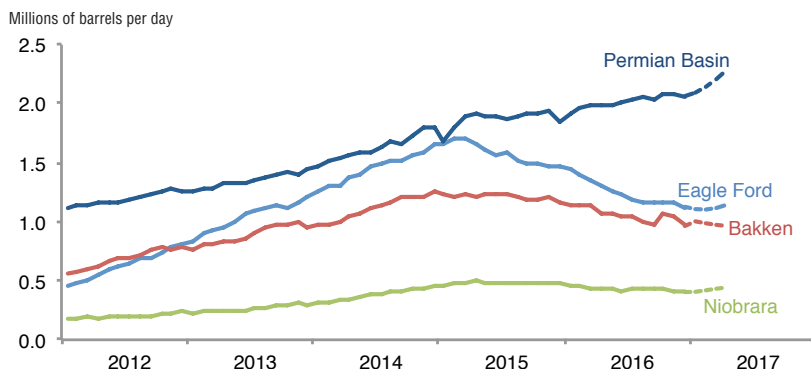
► Job gains in Houston and Fort Worth were outstripped by declines in Austin, Dallas and San Antonio during the month.

► The [Dallas Fed's employment forecast](#) suggests 2.3 percent growth in 2017.

► The Texas unemployment rate ticked up to 4.9 percent in February—its highest level since August 2014. The Texas unemployment rate is above the U.S. rate, which edged down to 4.7 percent in February. Despite the uptick, the labor market remains tight for skilled workers in certain sectors such as construction, according to the [Dallas Fed Beige Book](#).

► The [Dallas Fed's Texas Business-Cycle Index](#) suggests continued growth in the state's economy. The index rose an annualized 4.8 percent in February—similar to last month's pace, and above its long-run average of 3.9 percent.

Oil Production by Basin



NOTES: Data aggregated monthly; plotted are the top four oil-producing regions in Texas. Actual data through December 2016, forecast through April 2017.

SOURCE: Energy Information Administration.

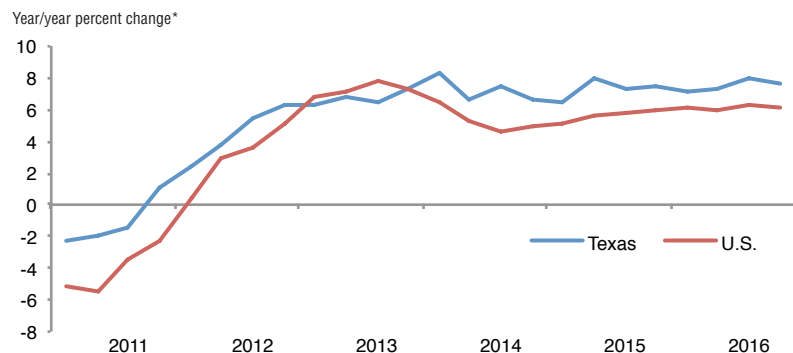
▶ The estimated increase in Texas oil production has been concentrated in the Permian Basin in recent months.

▶ Permian Basin oil production grew an estimated 3.0 percent in March, and Eagle Ford oil production climbed 1.2 percent.

▶ The Energy Information Administration estimates that in April 2017 Permian Basin production will be nearly double that of the Eagle Ford.

Housing

House Price Index



*Seasonally adjusted.

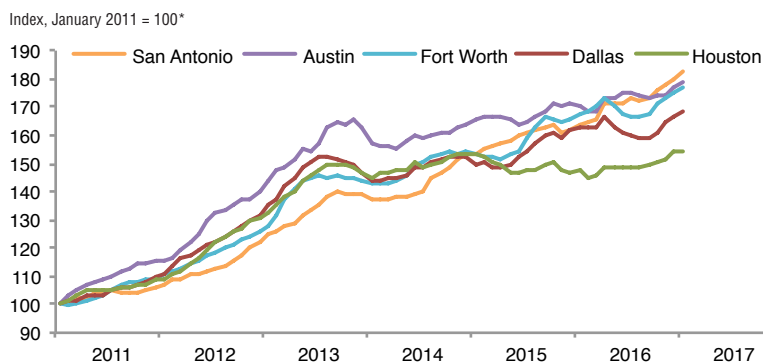
SOURCE: Federal Housing Finance Agency.

▶ Home price appreciation in Texas continues to outpace the U.S. The Federal Housing Finance Agency purchase-only House Price Index for Texas rose 1.5 percent in fourth quarter 2016 and was up 7.7 percent from year-ago levels, partly due to solid demand and low inventories. The U.S. House Price Index also climbed 1.5 percent last quarter and was 6.2 percent above year-ago levels.

▶ The five-month moving average value of Texas construction contracts declined 1.9 percent in February. The five-month moving average for nonresidential contract values fell 9.1 percent and for residential contract values dipped 0.5 percent, while that for nonbuilding contract values expanded 6.5 percent.

▶ Existing-home sales dipped 1.0 percent in January, but the five-month moving average rose further. In 2016, home sales in Texas were up 5.2 percent.

Home Sales by Metro Area



*Seasonally adjusted, five-month moving average.

SOURCE: Multiple Listing Service.

▶ In Austin, Dallas and Houston, home sales declined in January, while in Fort Worth and San Antonio, sales were flat. However, the five-month moving average of home sales ticked up in January for all metros except Houston, where it held steady.

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

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More Dallas Fed economic updates: www.dallasfed.org/research/update/