

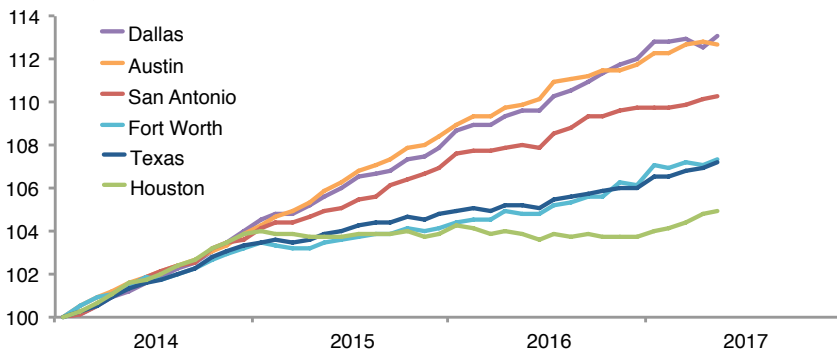
FEDERAL RESERVE BANK OF DALLAS • JUNE 20, 2017

Summary

Texas economic indicators suggested continued growth in May. Employment growth accelerated during the month, and Texas Business Outlook Survey headline indexes increased, suggesting expansion in the manufacturing, services and retail sectors. Indicators of residential construction fell in April, although their five-month moving averages mostly ticked up, and most indicators were above year-ago levels.

Employment

Index, January 2014 = 100*



*Seasonally adjusted.

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

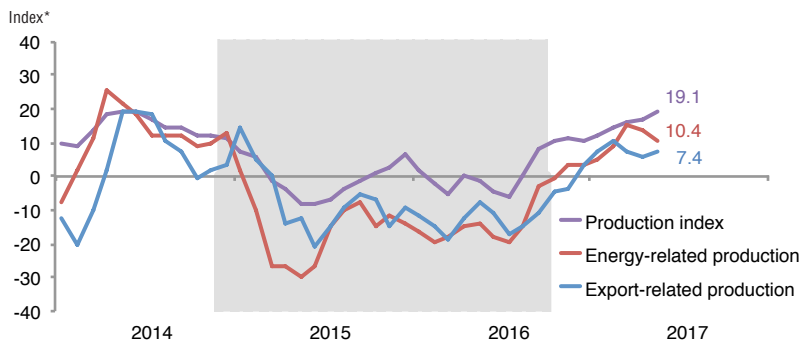
► Texas employment expanded an annualized 2.4 percent in May, accelerating for the third consecutive month and outpacing the state's long-run growth rate of 2.0 percent.

► The [Dallas Fed's Texas Employment Forecast](#) suggests 2.6 percent growth in 2017.

► Payrolls in Austin contracted 1.8 percent in May, while in Dallas, job growth strengthened to 5.8 percent. Year to date, employment in Houston has expanded the fastest among the major metros at an annualized 2.8 percent, while San Antonio has experienced the slowest growth at 1.0 percent.

Texas Business Outlook Survey Indexes

Manufacturing



*Seasonally adjusted, three-month moving average.

NOTES: TMOS is the Texas Manufacturing Outlook Survey. Oil-bust shading represents Texas energy-sector employment peak to trough, December 2014 to September 2016. Energy-related production refers to subset of TMOS respondents who report they are strongly impacted by energy industry activity. Export-related production refers to subset of TMOS respondents who report that more than 5 percent of their revenues come from exports.

SOURCE: Dallas Fed.

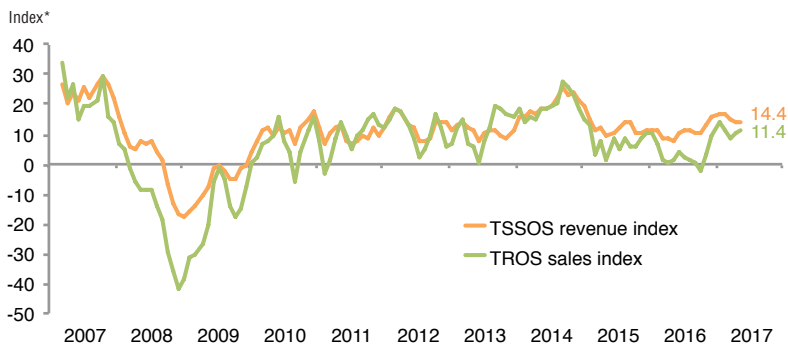
► The [Dallas Fed's Texas Manufacturing Outlook Survey](#) indicated continued growth in May. The production index, a key measure of state manufacturing conditions, rose to 23.3, its highest point since April 2014—the peak of the oil boom. The index's three-month moving average rose to 19.1.

► Alternative production indexes suggest that energy-related and export-related manufacturing have returned to growth following weakness since 2015. Energy- and export-related production growth is slower than overall factory output increases, reflecting the lingering effects of the oil bust and the strong dollar, respectively.

► The [Texas Service Sector Outlook Survey](#) revenue index increased slightly in May to 15.9, lifting its three-month moving average to 14.4 and indicating that the sector continues to expand.

► The [Texas Retail Outlook Survey](#) sales index dipped to 10.1 but its three-month moving average rose to 11.4, denoting expansion in retail activity.

Service and Retail

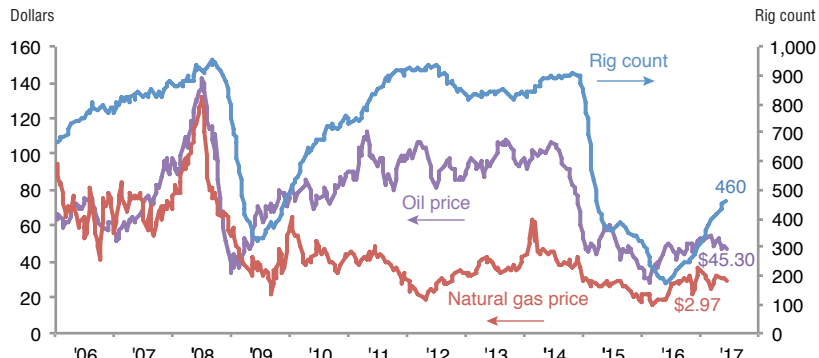


*Seasonally adjusted, three-month moving average.

NOTES: TSSOS is the Texas Service Sector Outlook Survey; TROS is the Texas Retail Outlook Survey.

SOURCE: Dallas Fed.

Energy



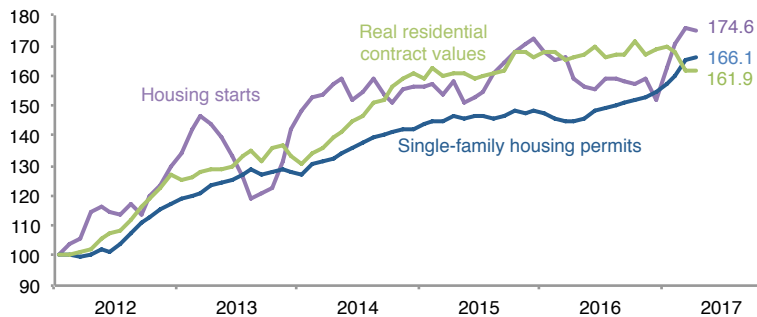
NOTES: Data through week of June 16, 2017. Oil price is dollars per barrel. Natural gas price is dollars per million Btu, multiplied by 10.

SOURCES: Baker Hughes; Energy Information Administration; *Wall Street Journal*.

- ▶ The price of West Texas Intermediate crude oil fell to \$45.30 per barrel in the week of June 16. The price was 5.4 percent below year-ago levels.
- ▶ The price of natural gas was \$2.97 per million Btu, 15.7 percent above year-ago levels.
- ▶ The weekly rig count held steady at 460, but remains significantly above both year-ago levels and its lowest point during the oil bust in May 2016.

Housing

Index, January 2012 = 100*



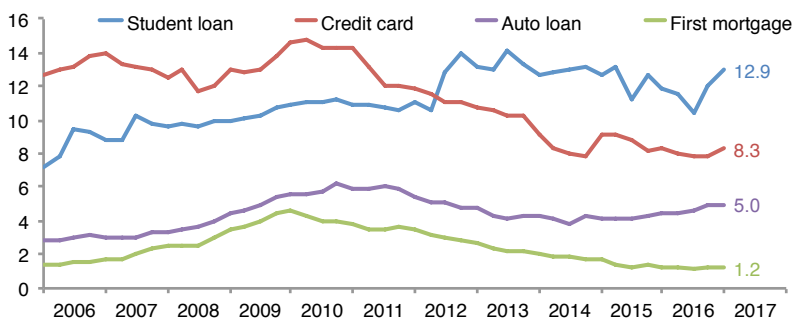
*Seasonally adjusted, five-month moving average.

SOURCES: Bank of Tokyo-Mitsubishi UFJ; F.W. Dodge; Census Bureau.

- ▶ Housing starts in Texas declined 10.9 percent in April, but remain 9.7 percent above year-ago levels and well above the long-run average level.
- ▶ Texas single-family housing permits contracted 10.7 percent in April. The five-month moving average edged up, however, and permits in April were 10.3 percent above year-ago levels.
- ▶ The five-month moving average of the value of residential construction contracts rose 0.4 percent in April.

Household Debt

Percent seriously delinquent



NOTES: Data through 2017:Q1. Seriously delinquent loans are 90 days past due or more and include severely derogatory loans.

SOURCE: Federal Reserve Bank of New York Consumer Credit Panel/Equifax.

- ▶ In Texas, student loans continued to have the highest delinquency rate among major categories of household debt at 12.9 percent in first quarter 2017, 1.1 percentage points higher than year-ago levels. Student loans accounted for 11.4 percent of total household loans in Texas in the first quarter.
- ▶ First mortgages, representing 58.8 percent of Texas household loans, had the lowest delinquency rates among other household debt categories at 1.2 percent in first quarter 2017—0.1 percentage points below year-ago levels.

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

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