Austin Economic Indicators

Federal Reserve Bank of Dallas

March 15, 2019

The Austin economy saw mixed performance in January. The Austin Business-Cycle Index decelerated and remained below its long-term trend. Job growth by sector was mixed; the information and financial activities sectors posted strong growth, while government jobs continued to decline. Hourly wages increased, and residential construction permits contracted slightly.

Business-Cycle Index

The Austin Business-Cycle Index expanded at an annualized rate of 3.7 percent in January, below the long-run average of 6 percent (*Chart 1*). The unemployment rate ticked up, and jobs grew at a moderate pace.

Chart 1
Austin Business-Cycle Index
Percent, month/month*

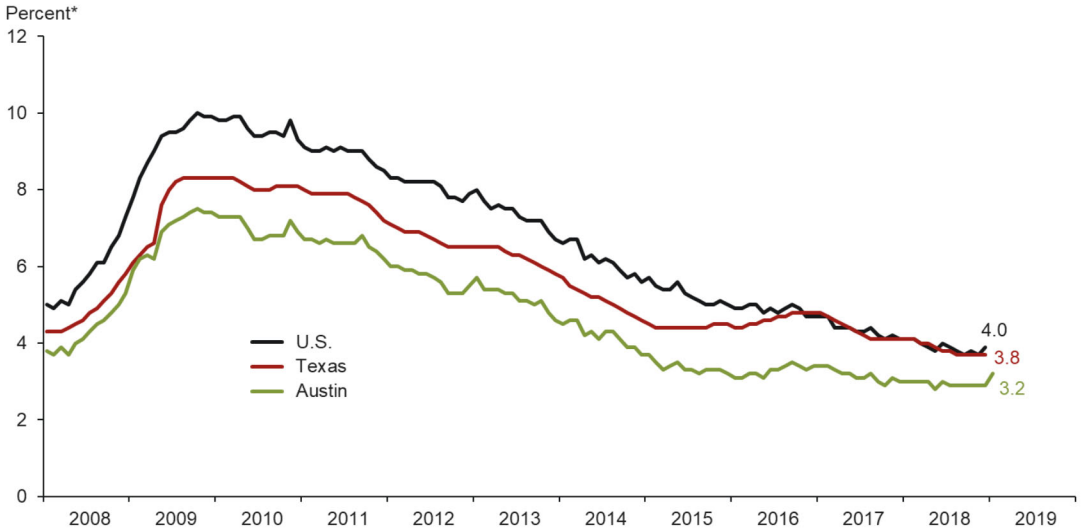
*Seasonally adjusted, annualized rate.
SOURCE: Dallas Fed.

Labor Market

Unemployment Edges Up

Austin's January unemployment rate ticked up to 3.2 percent—below Texas' rate of 3.8 percent and the U.S. rate of 4.0 percent (*Chart 2*). This is likely due to the partial government shutdown (the U.S. unemployment rate fell to 3.8 percent in February). The metro's labor force expanded at a sturdy annualized rate of 2.4 percent in January, slower than the state's 3.1 percent.

Chart 2
Unemployment Rate

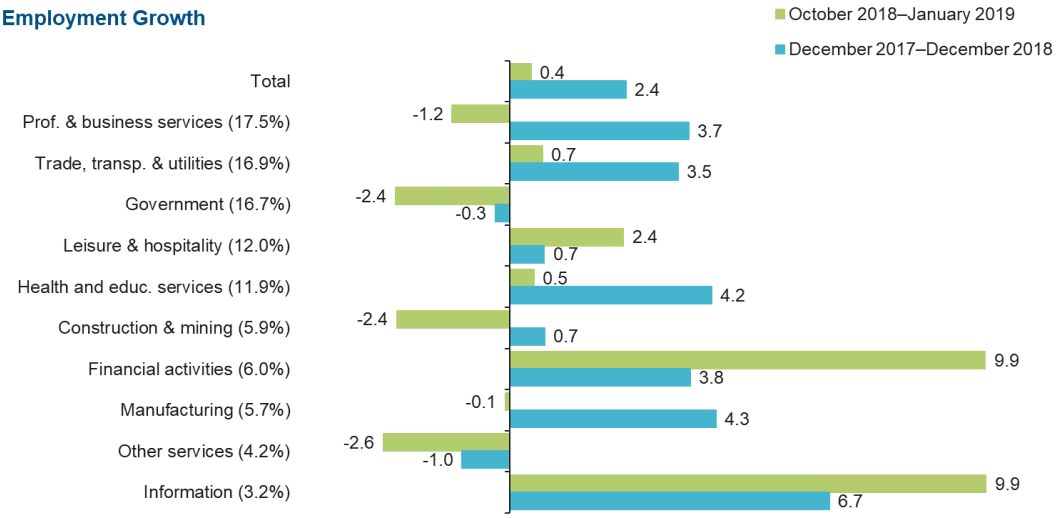


*Seasonally adjusted.
SOURCE: Bureau of Labor Statistics.

Employment Growth Slow Through January

Austin employment expanded at an annualized rate of 0.4 percent in the three months ending in January and a moderate 2.4 percent in 2018 (*Chart 3*). Performance by sector was mixed. Growth was primarily led by financial activities and information sectors, both of which grew at an annualized rate of close to 10 percent. While leisure and hospitality also experienced healthy gains, government payrolls continued to decline, shedding slightly under 1,100 jobs. The professional and business services and construction and mining sectors also contracted.

Chart 3
Employment Growth

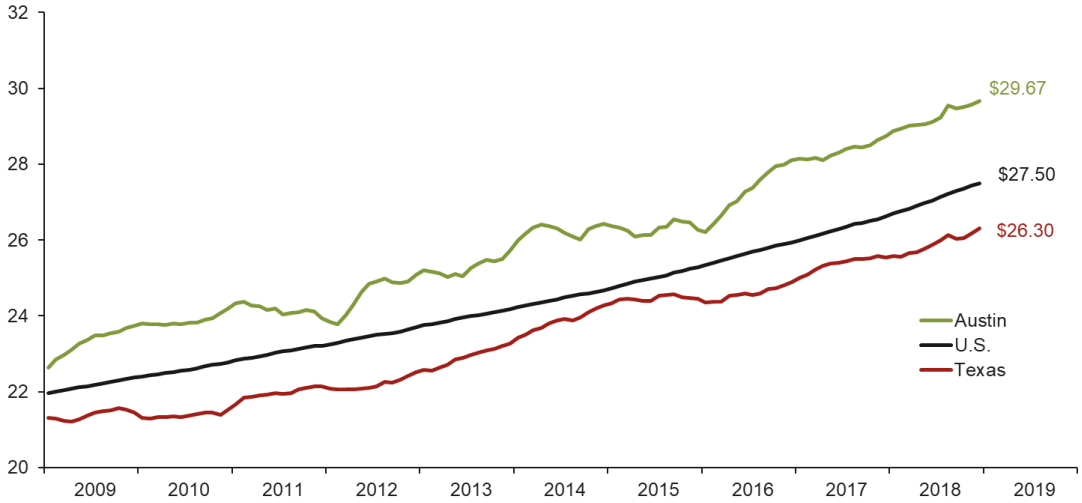


NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry. Numbers in parentheses represent share of total employment and may not sum to 100 due to rounding.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; adjustments by the Dallas Fed.

Hourly Wages Rise

Austin's three-month centered moving average for private sector hourly wages increased mildly in January but remained above state and national averages (*Chart 4*).Year over year, Austin wages grew 1.5 percent, below the nation's 3.1 percent and the state's 2.8 percent increase.

Chart 4
Private Sector Average Hourly Earnings
Dollars/hour*



*Seasonally adjusted, three-month centered moving average.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; adjustments by the Dallas Fed.

Real Estate

In December, the five-month moving average for total housing (single family and multifamily) construction permits contracted 0.1 percent in Austin and expanded 1.6 percent in Texas (*Chart 5*). The total number of permits issued in 2018 relative to 2017 increased 11 percent in Austin and 8.6 percent in Texas. As of January, Austin's median home price was $306,711 versus $234,751 in Texas and $264,580 in the U.S.

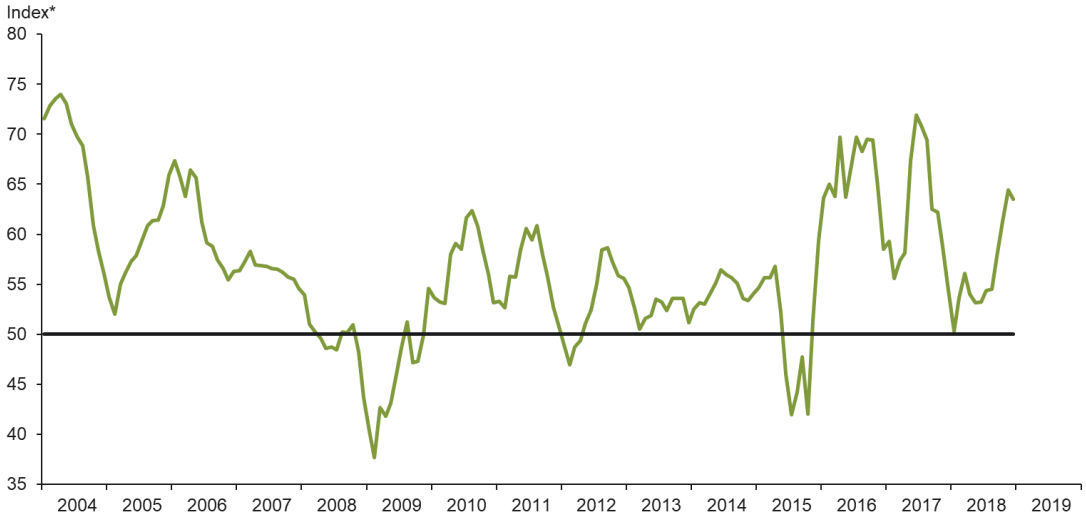
Chart 5
Housing Permits
Index, January 2005 = 100*

*Seasonally adjusted, five-month moving average.
SOURCE: Census Bureau.

Austin Purchasing Managers Index

The Austin Purchasing Managers Index indicated strong growth in the area's manufacturing sector in February. The six-month moving average of the headline index decelerated to an index reading of 63.5, though it remained well above the postrecession (January 2010–December 2017) average of 56.4 (*Chart 6*). The production, new orders and order backlog indexes signaled growth in February, while the inventory, employment, supplier and prices indexes were unchanged.

Chart 6
Austin Purchasing Managers Index



*Seasonally adjusted, six-month moving average.
NOTES: Values greater than 50 indicate expansion. Linear interpolation is used to substitute for several missing values.
SOURCES: Institute for Supply Management–Austin; adjustments by the Dallas Fed.

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

About Austin Economic Indicators

Questions can be addressed to Chris Slijk at christopher.slijk@dal.frb.org. *Austin Economic Indicators* is released on the first Thursday of every month.