

Austin Economic Indicators

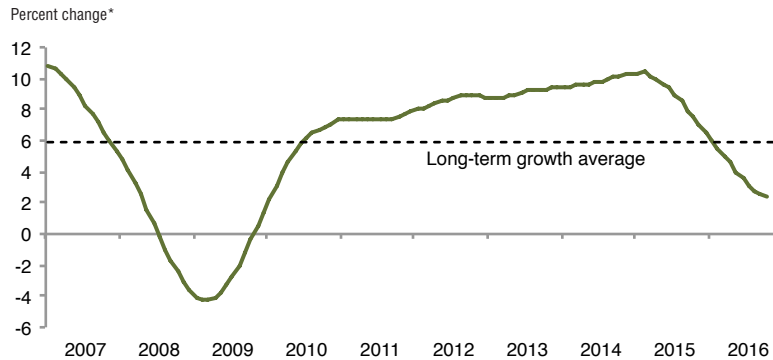
DALLAS FED

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Summary

The Austin economy continued to grow moderately in September. Growth in the Austin Business-Cycle Index declined marginally and remains well below its long-term trend. Jobs declined slightly, and the unemployment rate ticked up slightly. However, growth in average wages remains robust, and Austin's core sectors such as high-tech services and government continue to grow strongly.

Austin Business-Cycle Index



*Month-over-month annualized rate, seasonally adjusted.

SOURCE: Dallas Fed.

► The Austin Business-Cycle Index expanded at a 2.4 percent annualized rate in September, decelerating slightly from the previous month. Indicators softened, and both job growth and the unemployment rate contributed negatively to the index. A slight upturn in September in hiring of temporary workers and help-wanted advertising suggest a mild improvement going into the fourth quarter.

Business-Cycle Index Components

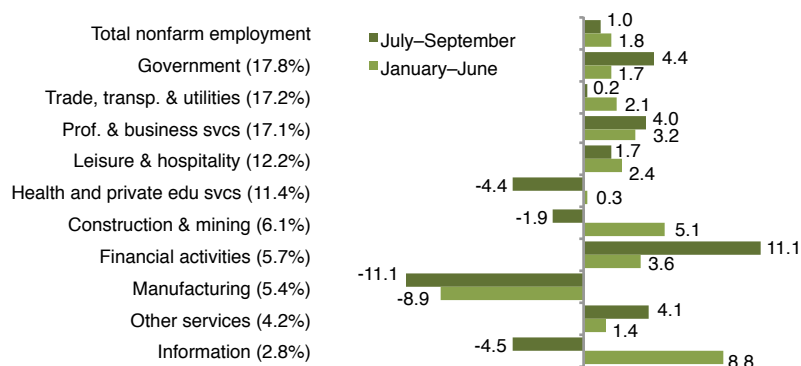
	Austin	Texas	U.S.
Annualized job growth (September)	-1.0%	2.1%	1.3%
Unemployment rate (September)	3.4%	4.8%	5.0%
Year-over-year change in real retail sales (2016:Q1)*	4.7%	-4.9%	1.6%
Year-over-year change in real wages paid (2016:Q1)*	1.5%	0.4%	3.1%

*Most recent data available for Austin.

SOURCES: Bureau of Labor Statistics; Bureau of Economic Analysis; Texas Comptroller of Public Accounts; adjustments by the Dallas Fed.

► Economic indicators in Austin were mixed in September. Jobs declined slightly in Austin while expanding near their trend rate for the state and nation overall. The area unemployment rate continued to drift up to 3.4 percent, though it remains near historic lows and has the fifth lowest unemployment rate among large metropolitan areas in the U.S. The most recent data available for inflation-adjusted Austin retail sales show strong growth, especially compared with Texas and the U.S. However, growth in total wages paid softened, likely due to the weak pace of new jobs added in the first quarter.

Employment Growth

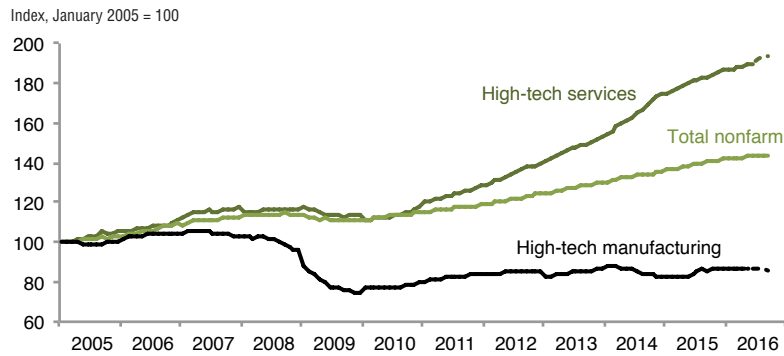


NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector. Numbers in parentheses represent share of total employment and may not sum to 100 due to rounding.

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

► Austin jobs grew at a weak 1.0 percent annualized rate in the third quarter. This follows [early benchmark](#) revisions to the first half of the year, which show Austin growing at a better, though still relatively mild, 1.8 percent rate. Hiring in financial activities picked up sharply, growing at its fastest quarterly pace in over two decades. Other larger sectors such as professional and business services and government also grew at a brisk pace. Manufacturing and health care saw sharp declines in the third quarter, extending the weakness from the first half of the year. Construction and information services also declined, reversing the strong growth of the first half.

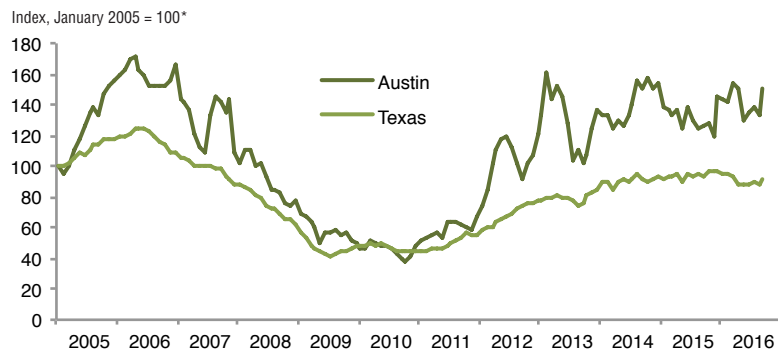
High-Tech Manufacturing and Services Employment



NOTES: Data are seasonally adjusted; dashed lines represent estimates based on broader industry data.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; adjustments by the Dallas Fed.

► Growth in high-tech service jobs continued to outpace overall jobs in Austin so far this year. High-tech services, which includes computer system design services, scientific research and development, data processing and other related industries, grew at a 4.6 percent annualized pace in the second quarter. High-tech manufacturing, which includes computer and electronics equipment, aerospace and other advanced manufacturing, continues to lag, however, growing just 1.5 percent over the same time. Broader industry data available through September suggest that hiring in tech services accelerated to 7.1 percent in the third quarter while tech manufacturing declined by 6.6 percent.

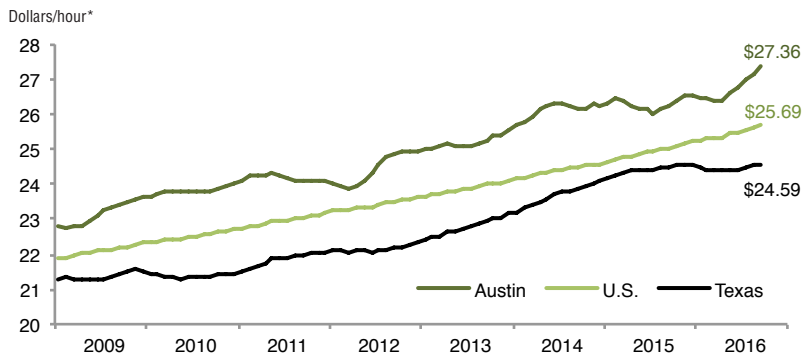
Housing Permits



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

► Permits for new-home construction picked up in Austin in September, as both single and multifamily permits increased to their highest levels since the beginning of the year. Year to date, permits were nearly 10 percent higher in Austin than a year ago compared with a nearly 4 percent decline for the state. Home inventories in Austin were near all-time lows at 2.5 months' supply, and existing-home sales climbed near an all-time high. Median sales prices dipped slightly, but overall indicators suggest the Austin housing market remains robust.

Private-Sector Average Hourly Earnings



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

► Average private-sector wages in Austin continued to rise rapidly in September and remain well above average wages for the state and the nation. The five-month moving average of wages rose at a 4.3 percent rate year over year, compared with just 2.6 percent for the U.S. and 0.4 percent for Texas. Recent sharp gains in high-paying finance and tech positions, along with slowing growth in hospitality, retail and health care services jobs, have likely played a significant role in pulling the average wage up at such a rapid pace.

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

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