

San Antonio Economic Indicators

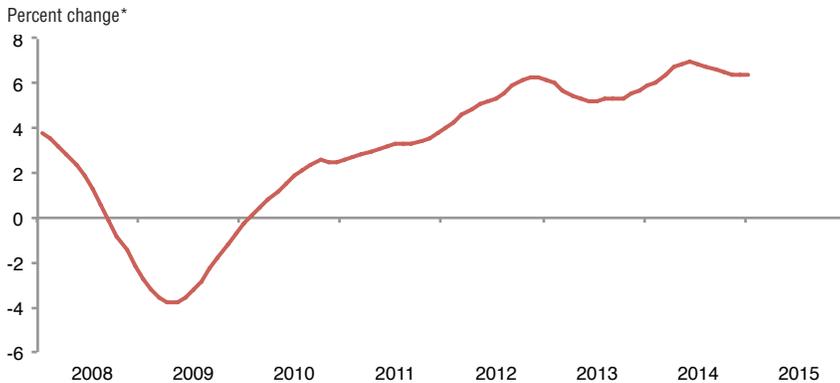
DALLAS **FED**

FEDERAL RESERVE BANK OF DALLAS • MARCH 12, 2015

Summary

The San Antonio economy continued to expand moderately in January. Nonfarm payroll jobs grew at an annual rate of 3.1 percent, outpacing the state by over a percentage point. Unemployment ticked up slightly to 4 percent, though it remains near postrecession lows. While oil and gas activity has begun to dampen state job growth, San Antonio is unlikely to see as sharp a slowing despite its proximity to the Eagle Ford Shale.

San Antonio Business-Cycle Index

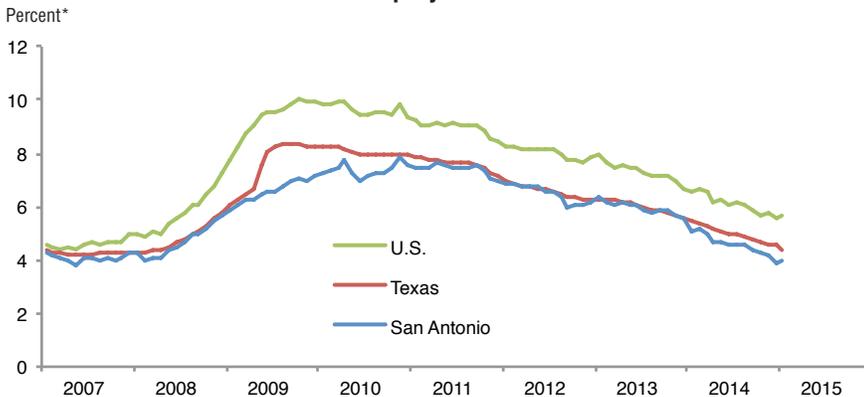


*Six-month, annualized rate.

► Growth in the San Antonio Business-Cycle Index remained steady at a 6.4 percent annualized pace over the six months through January. Although growth has moderated slightly since peaking in mid-2014, continued declines in the unemployment rate and strong job gains over the second half of 2014 helped the index maintain a high growth rate.

Employment

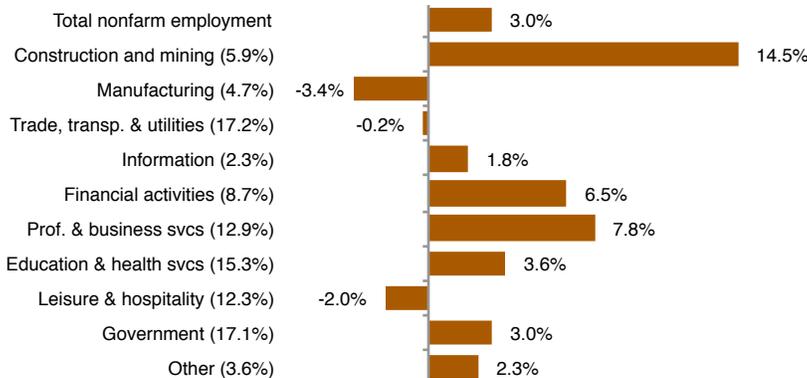
Unemployment Rate



*Seasonally adjusted.

► The San Antonio unemployment rate increased slightly from 3.9 percent in December to 4 percent in January. The rate has fallen significantly since crossing the 5.1 percent long-term average at the beginning of 2014. The decline has been due to household employment growing at a very strong pace as the labor force has grown at a more subdued pace. However, both household employment and the labor force declined in January.

Employment Growth (November 2014–January 2015)



► Jobs in San Antonio grew at a 3 percent annualized rate over the three months ended in January. Job growth continued to be led by construction and mining, with construction in particular growing at a blistering 18.3 percent pace. Professional and business services added jobs at a strong 7.8 percent rate and accounted for one-third of total net new jobs, primarily from growth in administrative services such as clerical and cleaning jobs. Financial activities employment picked up to 6.5 percent, propelled mainly by hiring among insurance carriers.

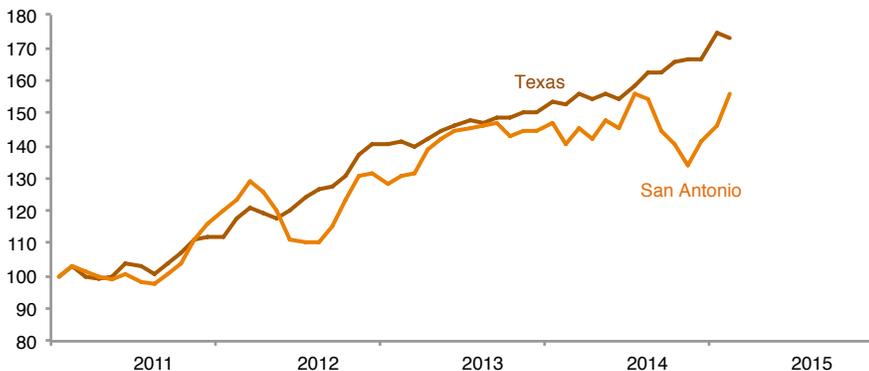
► Conversely, manufacturing saw a moderate decline of 3.4 percent. Trade, transportation and utilities saw an atypical 0.2 percent decline, concentrated in retail trade. After leisure and hospitality employment grew strongly from 2010 until mid-2014, it began to pull back the second half of last year.

NOTES: Numbers in parentheses represent share of total employment and may not sum to 100 percent due to rounding. Job growth data are seasonally adjusted and annualized.

Housing Markets

Housing Starts Index

Index, fourth quarter 2010 = 100



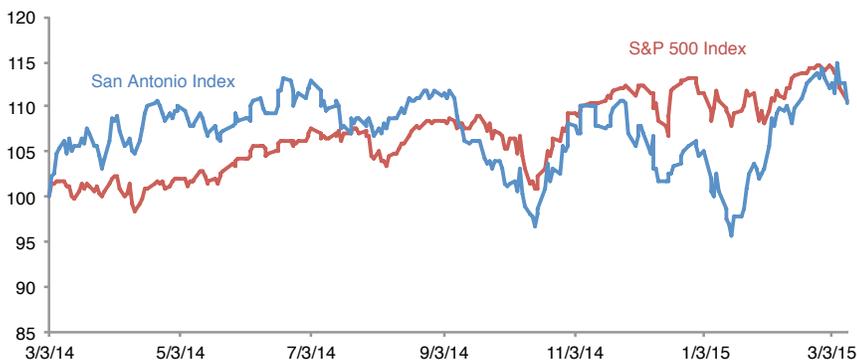
NOTES: Indexed on three-month moving average; data are seasonally adjusted.

► San Antonio housing starts showed strength in January. The three-month moving average has risen 16.2 percent since reaching a low in October 2014. The market for new single-family housing has been particularly strong, with permits up 14 percent year over year. The median home sales price reached a record high of \$184,707, and existing-home inventories fell to a postrecession record low of 3.9 months' supply. With an uptick in housing affordability in fourth quarter 2014, as measured by the National Association of Home Builders/Wells Fargo Housing Opportunity Index, the housing market in San Antonio should continue to improve in coming months.

Stock Index

Stock Price Indexes

Index, March 3, 2014 = 100

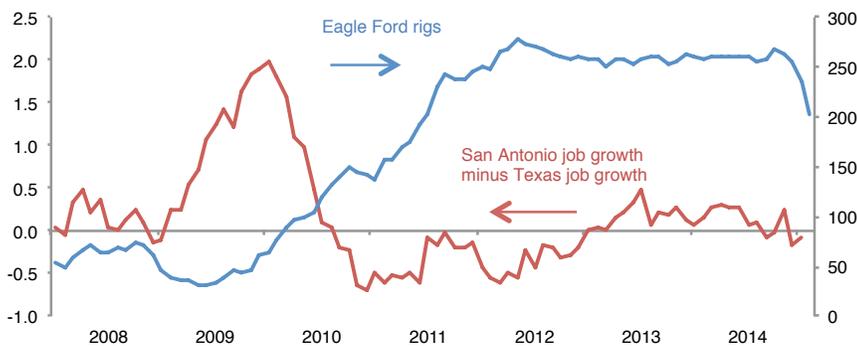


► The San Antonio Stock Index picked up sharply overall from Jan. 23 to March 10 and, despite slumping in the past week, is up 7.8 percent over the period. The index far outpaced the S&P 500, which dropped 0.4 percent during this time. A halt in the decline of oil prices spurred the recovery of stock prices at local energy companies. Financial and retail firms' stock prices were somewhat mixed but, on net, drove additional gains in the index. Telecommunications companies were a mild source of weakness but did little to dampen overall growth in the index.

Energy

Relative Job Growth and Eagle Ford Rig Count

Percent, year/year



► While San Antonio is close to South Texas' Eagle Ford Shale, the city's overall exposure to the oil and gas industry appears low compared with areas such as Houston. If the Eagle Ford boom had been a major influence on San Antonio, it's reasonable to expect that job growth in San Antonio relative to Texas would have been above the long-term average in recent years. As shown in the chart, during the large run-up in Eagle Ford drilling from 2010 to 2012, San Antonio lagged behind the rest of the state. Historically, job growth in San Antonio is 0.2 percentage points faster than in Texas. While the sharp oil price declines since July 2014 will likely lead to significant job losses in the Eagle Ford region this year, the losses will be more limited in San Antonio. What happens with health care, tourism and federal government hiring will likely play a much bigger role in the Alamo City.

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

SOURCES: **San Antonio Business-Cycle Index:** Bureau of Labor Statistics, Texas Workforce Commission and Federal Reserve Bank of Dallas; **unemployment rate and employment rate:** Bureau of Labor Statistics and Dallas Fed; **housing starts:** Federal Reserve Bank of St. Louis; **stock price indexes:** Bloomberg and Standard and Poor's; **energy:** Baker and Hughes and Bureau of Labor Statistics.

Questions regarding *San Antonio Economic Indicators* can be addressed to Christopher Slijk at christopher.slijk@dal.frb.org.