

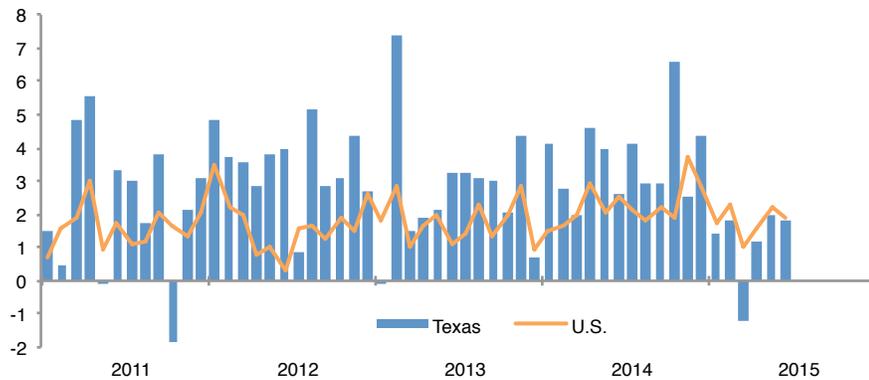
FEDERAL RESERVE BANK OF DALLAS • JULY 20, 2015

## Summary

The Texas economy grew moderately, with employment expanding at a 1.8 percent annual rate in June. Existing-home sales inched up in June, while housing starts and exports declined in May. The Texas Leading Index ticked up in May for the second consecutive month.

### Employment

Month/month percent change, annualized\*



\*Seasonal and other adjustments by the Federal Reserve Bank of Dallas.

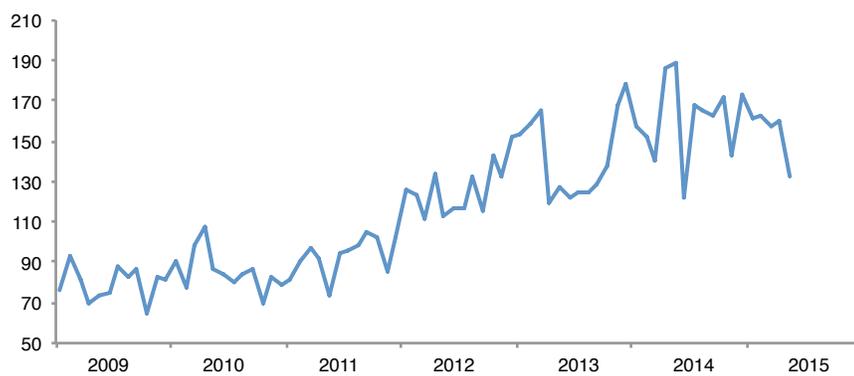
▶ Texas' employment growth rate was slightly below the nation's 1.9 percent increase. The state gained 17,800 jobs in June after adding 19,500 in May. Texas employment stood at 11.8 million in June, according to the payroll survey (CES).

▶ The Texas unemployment rate ticked down to 4.2 percent in June from 4.3 percent in May. The state's reading continues to be lower than the U.S. rate, which came in at 5.3 percent.

▶ Employment has grown at a 1.2 percent annualized rate year to date. The leisure and hospitality sector continued to record the fastest pace of increase at 5.5 percent, followed by education and health services at 3.8 percent. Employment in oil and gas extraction has posted the largest decline, followed by manufacturing and construction employment.

### Housing Starts

Thousand units, annual rate\*



\*Seasonally adjusted.

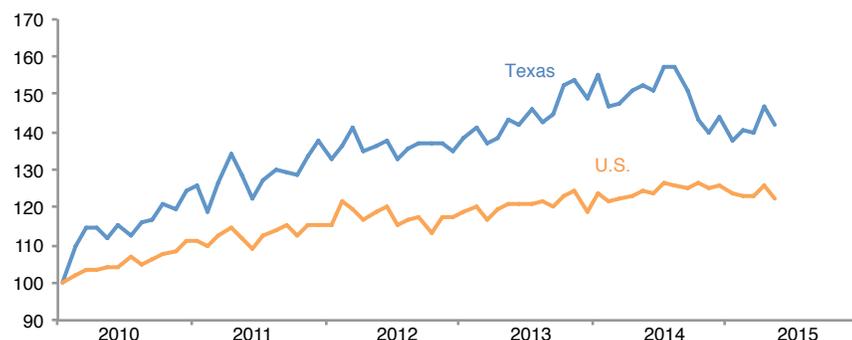
▶ Texas housing starts, including both single-family and multifamily units, decreased 17.6 percent in May after rising 2.3 percent in April. Starts are down 30 percent year over year, likely due to unusually heavy rainfall in May.

▶ Single-family housing construction permits fell 2.2 percent from April to May after two months of positive growth and were up 5.7 percent year over year.

▶ Existing-home sales rose 2.6 percent from May to June. Home inventories ticked up to 3.4 months of available supply in June, the first increase in five months, and were below their year-ago level of 3.6 months.

### Exports

Index, January 2010 = 100\*

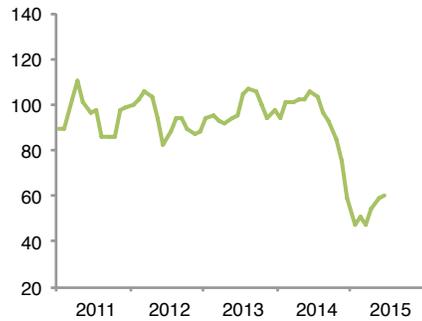


\*Seasonal and other adjustments by the Federal Reserve Bank of Dallas.

▶ Texas monthly exports edged down 2.9 percent in May following a 4.7 percent increase in April. May exports were 6.5 percent lower than year-earlier levels.

### Crude Oil Prices

Dollars/barrel



► West Texas Intermediate crude oil rose from \$59.27 per barrel in May to \$59.85 in June. The price was 43.4 percent lower year over year.

### Natural Gas Prices

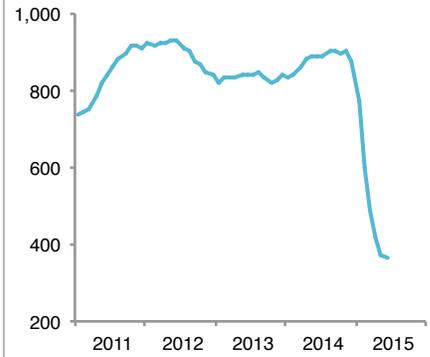
Dollars/million Btu



► Natural gas dipped to \$2.77 per million Btu in June, a 2.5 percent decrease from the May level. The price was 39.4 percent lower than in June 2014.

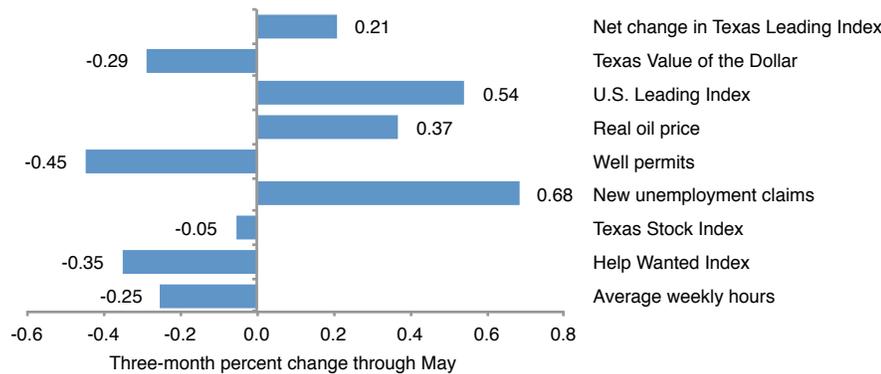
### Texas Rig Count

Active rigs



► The Texas rig count continued to decline, dropping from 375 in May to 363 in June, and was down 59.3 percent from last year's level.

### Texas Leading Index with Components

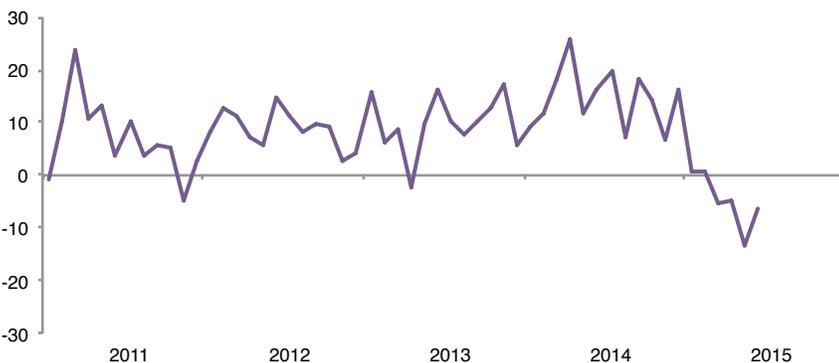


NOTE: Seasonally adjusted.

► The Texas Leading Index, which uses key economic indicators to forecast employment growth, increased 0.7 percent in May. The three-month net change was positive for the first time since October 2014, reaching 0.2 percent from March to May. The Texas value of the dollar continued to rise, negatively impacting the leading index, while new unemployment claims declined, positively affecting the index. The Texas stock index turned down, while the trend in energy-related components continued to diverge as oil prices edged up and well permits continued to decline.

### Manufacturing Outlook Survey Production Index

Index\*



\*Seasonally adjusted.

► Texas factory output contracted again in June, but at a slower rate, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, rose from -13.5 in May to -6.5 in June.

► The Dallas Fed conducts the outlook survey monthly to obtain a timely assessment of the state's factory activity.

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

SOURCES: **Employment:** Bureau of Labor Statistics' Current Employment Statistics (CES), Texas Workforce Commission and seasonal and other adjustments by the Dallas Fed; **housing:** Census Bureau, Multiple Listing Service and Bank of Tokyo-Mitsubishi UFJ; **exports:** Census Bureau and WISERTrade; **energy:** Wall Street Journal and Baker Hughes; **Texas Leading Index:** Dallas Fed; **Manufacturing Outlook Survey Production Index:** Dallas Fed.

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