

FEDERAL RESERVE BANK OF DALLAS • SEPTEMBER 21, 2015

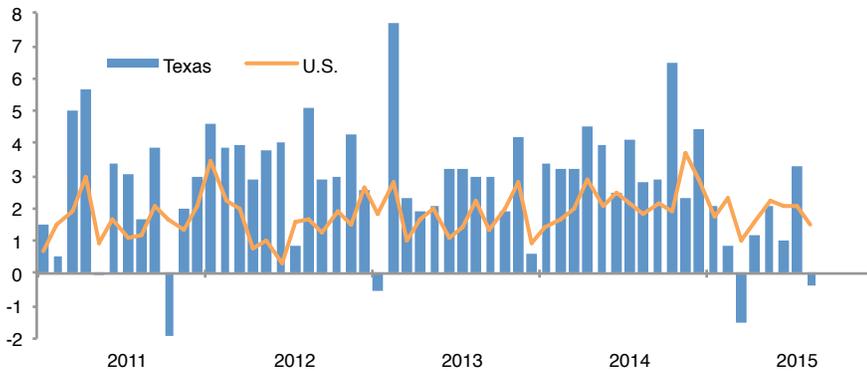
Summary

The Texas economy weakened in August. Although unemployment ticked down, employment growth dipped during the month, and exports were flat. Home prices climbed further in the second quarter, and the Texas

Leading Index fell in July and August, which resulted in a slight downward revision to the employment forecast.

Employment

Month/month percent change, annualized*



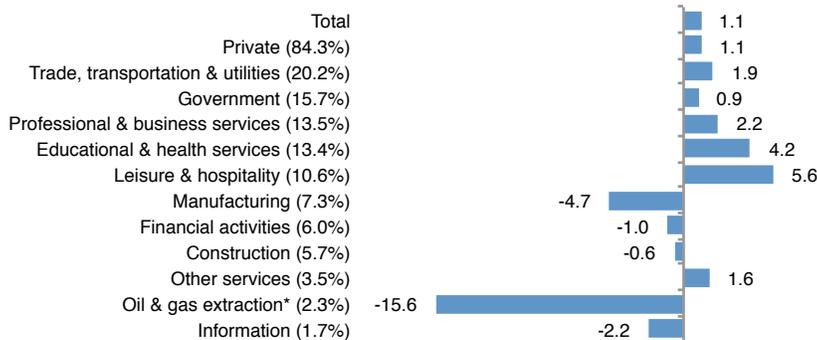
*Seasonal and other adjustments by the Federal Reserve Bank of Dallas.

► Texas employment fell an annualized 0.4 percent in August, in contrast with the nation's 1.5 percent increase. Texas lost 3,600 jobs in August after adding 31,900 in July. Current Texas employment stands at 11.8 million, according to the Current Employment Statistics payroll survey.

► The Texas unemployment rate fell in August to 4.1 percent. The state's reading continues to be lower than the U.S. rate, which came in at 5.1 percent.

► The Dallas Fed's Texas employment forecast was revised downward from 1.3 percent in August to 1.0 percent in September (December over December). The Texas employment forecast is available at the [Dallas Fed website](#).

Employment Growth by Sector



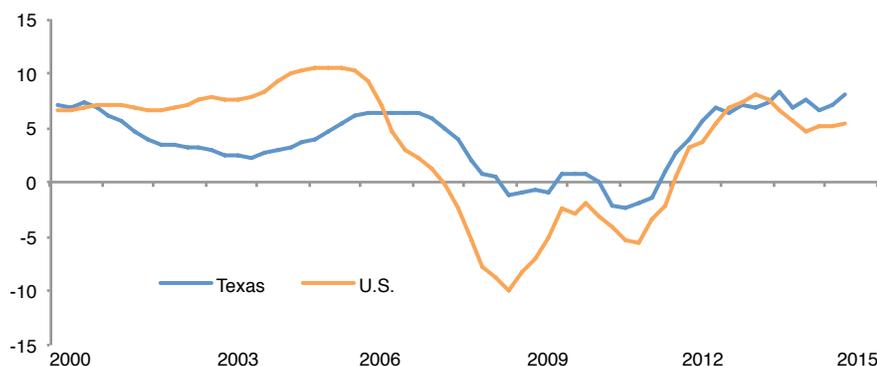
*Includes support activities for mining.

NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector, December 2014–August 2015. Numbers in parentheses represent share of total employment and may not sum to 100 due to rounding.

► Employment has grown at a 1.1 percent annualized rate year to date (through August). The leisure and hospitality sector continued to record the fastest pace of increase at 5.6 percent, followed by educational and health services, and professional and business services. Employment in oil and gas extraction and the manufacturing sector continued to decline year to date.

House Price Index

Year/year percent change*



*Seasonally adjusted.

► The Federal Housing Finance Agency purchase-only house price index for Texas rose 1.8 percent in second quarter 2015—faster than the nation's 1.2 percent increase. The index was up 8.1 percent from last year—well above the U.S. rate of 5.4 percent—likely due to solid demand and low inventories.

► Texas housing starts, including both single-family and multifamily units, increased 4.2 percent in July after soaring 27.4 percent in June. Starts are up 8.2 percent year over year. Single-family housing construction permits decreased 5.2 percent in July after increasing 4.0 percent the previous month and were down 1.4 percent year over year.

Crude Oil Prices

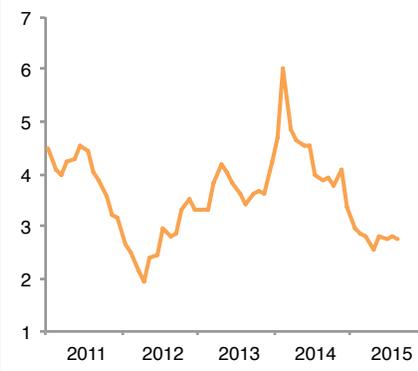
Dollars/barrel



► West Texas Intermediate crude oil fell from \$50.91 per barrel in July to \$42.87 in August. The price was 55.6 percent lower year over year.

Natural Gas Prices

Dollars/million Btu



► Natural gas inched down to \$2.76 per million Btu in August, which is a 2.5 percent decrease from the July level. The price was 28.9 percent lower than in August 2014.

Texas Rig Count

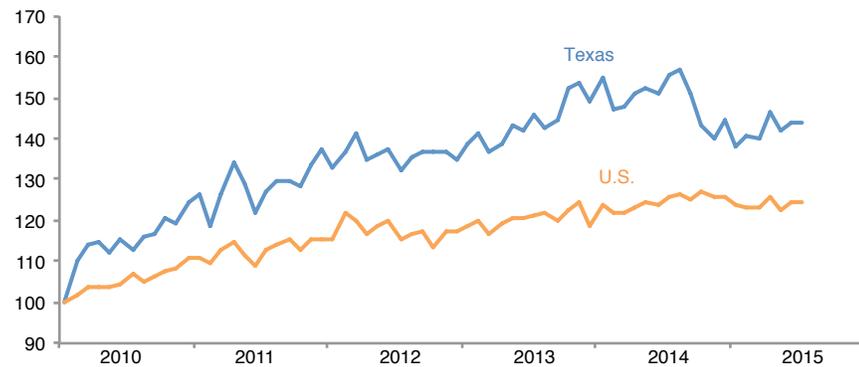
Active rigs



► The Texas rig count ticked up for a second month in a row, rising from 369 in July to 385 in August but remained 57.2 percent below last year's level.

Exports

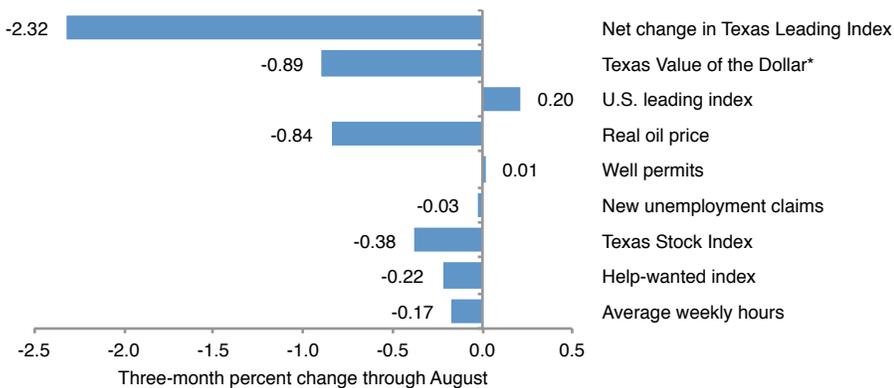
Index, January 2010 = 100*



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

► Texas exports were flat (-0.1 percent) in July following a 1.2 percent increase in June. July exports were 7.7 percent lower than a year ago. The weakness in Texas exports is a result of lower oil prices, weaker global demand and a stronger dollar.

Texas Leading Index with Components



*Preliminary value for August.

NOTE: Seasonally adjusted.

► The Texas Leading Index, which uses key economic indicators to forecast employment growth, edged down 1.3 percent in August, and the three-month net change (June to August) was a -2.32 percent. Growth in the U.S. leading index continued to positively contribute to the Texas Leading Index, and well permits ticked up. All other components, particularly changes in oil prices, the Texas Value of the Dollar and the stock prices of Texas-based companies negatively affected the index.

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

SOURCES: **Employment:** Bureau of Labor Statistics and Texas Workforce Commission; **housing:** Federal Finance Housing Agency, Census Bureau and Bank of Tokyo-Mitsubishi UFJ; **energy:** Wall Street Journal and Baker Hughes; **exports:** Census Bureau and WISERTrade; **Texas Leading Index:** Dallas Fed.

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