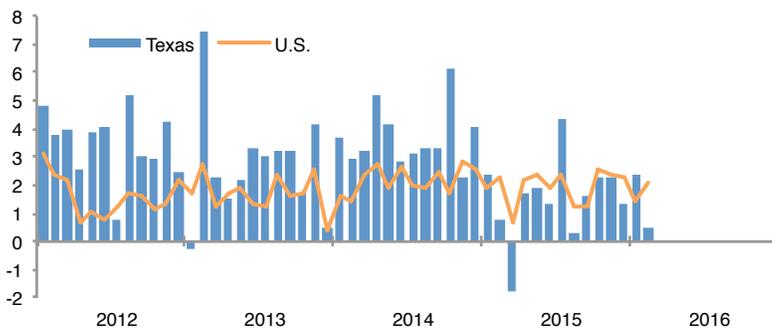


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Summary The Texas economy moderated in February. Payroll employment inched up during the month, and unemployment ticked down. Home sales fell while total construction contract values grew in February. January exports declined, and the estimated value of the Texas Leading Index fell for the fourth consecutive month in February.

Employment

Month/month percent change*



*Seasonally adjusted annualized rate.

SOURCE: Bureau of Labor Statistics; Texas Workforce Commission; adjustments by the Dallas Fed.

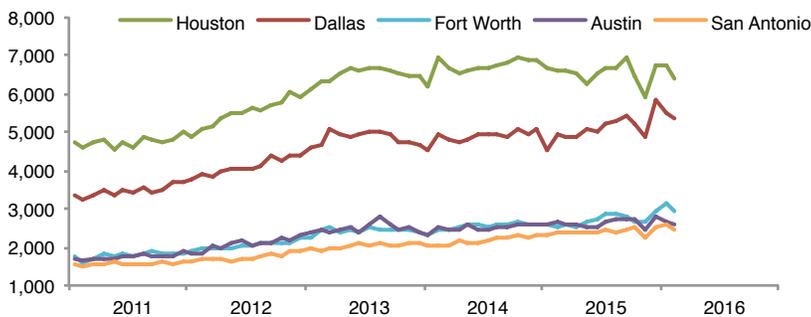
▶ Texas employment grew at a 0.4 percent annualized pace in February, slower than the nation's 2.0 percent rate. Texas gained 4,500 jobs in February after adding 23,700 in January. Current Texas employment stands at 11.9 million, according to the payroll survey (Current Employment Statistics).

▶ The Texas unemployment rate dipped in February to 4.4 percent. The state's reading continues to be lower than the U.S. rate, which held steady at 4.9 percent.

▶ The Dallas Fed's Texas Employment Forecast reported 0.7 percent growth (December over December), down from the 0.9 percent growth forecasted at the beginning of March. The Texas Employment Forecast is available at the [Dallas Fed website](#).

Existing-Home Sales

Number of existing homes sold*



*Seasonally adjusted.

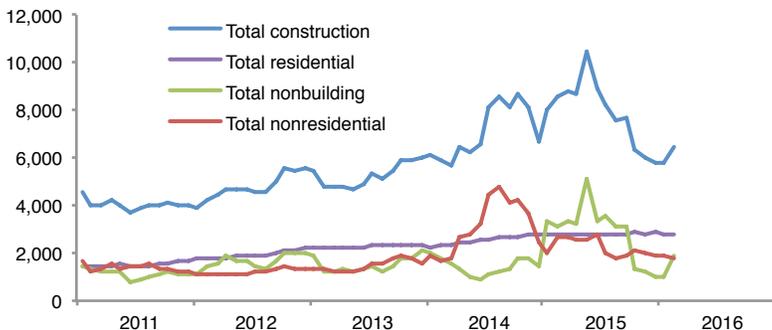
SOURCE: Multiple Listing Service.

▶ Texas existing-home sales fell 4.0 percent in February but remained 4.1 percent higher than year-earlier levels. Home sales saw broad-based declines across all major Texas metros during the month. Still, sales are up year over year in Dallas, Fort Worth and San Antonio. Texas' home inventories dipped to 3.6 months of available supply in February.

▶ Texas housing starts, including both single-family and multifamily units, ticked up 1.2 percent in February after declining 6.8 percent in January; starts are up 5.0 percent year over year. Single-family housing construction permits rose 3.2 percent in February after declining 4.3 percent the previous month, and they were up 0.9 percent year over year.

Construction Contract Values

Real current dollars (millions)*



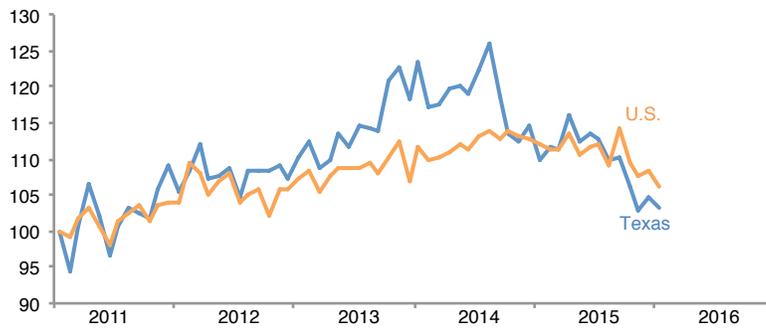
*Five-month moving average; seasonal adjustments by the Dallas Fed.

SOURCE: F.W. Dodge.

▶ The five-month moving average of total Texas construction contract values increased 12.8 percent in February to \$6.5 billion but was down 24.8 percent year over year. The increase was driven by growth in total nonbuilding, which rose primarily due to the start of a new liquefied natural gas export facility in Freeport, Texas, and several solar and wind projects in the state.

Exports

Index, January 2011 =100*

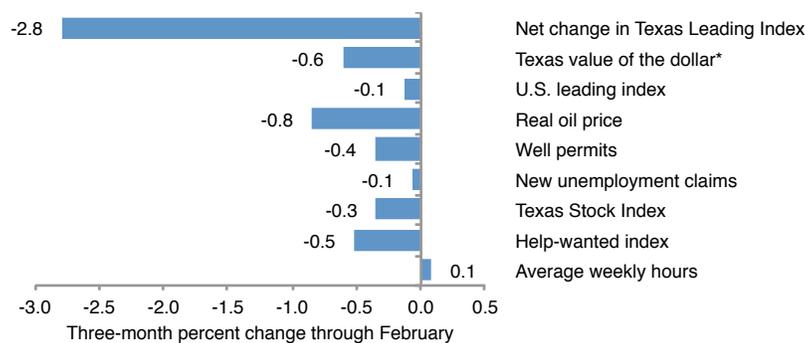


*Seasonally adjusted.

SOURCES: Census Bureau; WISERTrade; adjustments by the Dallas Fed.

► Texas exports declined 1.4 percent in January following a 1.7 percent rise in December. January exports were 5.9 percent lower than a year ago. The weakness in Texas exports is a result of low oil prices, weaker global demand and a strong dollar.

Texas Leading Index with Components



► The Texas Leading Index estimate, which uses key economic indicators to forecast employment growth, dipped 0.2 percent in February, and the three-month net change (December to February) was -2.8 percent. A decline in the Texas value of the dollar, the help-wanted index, stock prices of Texas-based companies, oil prices and well permits depressed the index estimate; a modest decline in new unemployment claims and a rise in average weekly hours contributed positively.

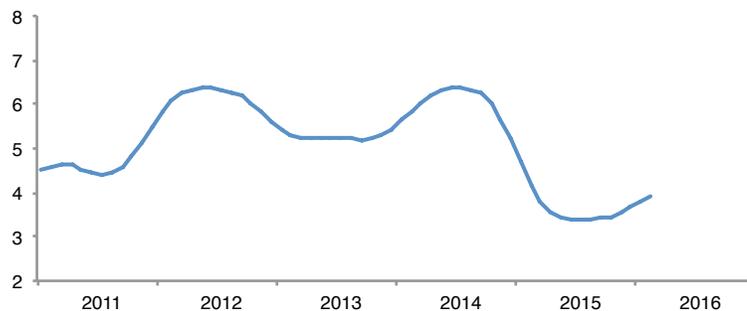
*Estimated February value.

NOTE: Seasonally adjusted.

SOURCE: Dallas Fed.

Business-Cycle Index

Month/month percent change, annual rate



► The Texas Business-Cycle Index points to continued expansion. The index rose an annualized 3.9 percent in February, following a 3.8 percent increase in January. Growth in the index has gradually strengthened since August 2015. Year over year in February, the index is up 3.6 percent.

► The index combines movements in employment, the unemployment rate and state real gross domestic product to provide a broader view of the state's economic health. Periods of negative change in the index indicate recessions in Texas.

SOURCE: Dallas Fed.

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

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