

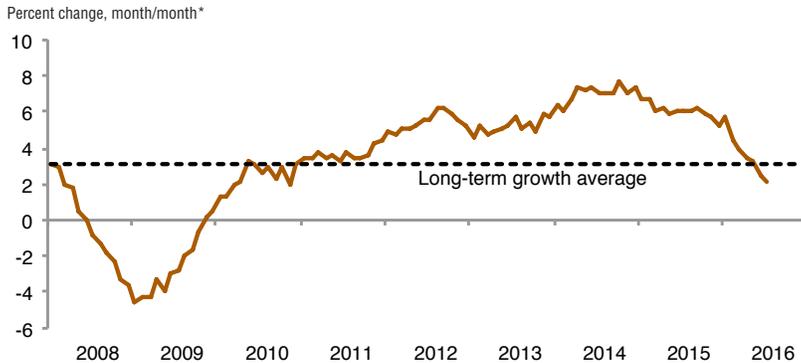
San Antonio Economic Indicators

DALLAS FED

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Summary San Antonio economic activity decelerated in July. The San Antonio Business-Cycle index slowed to below its long-term average on a decline in employment and an uptick in the unemployment rate in July. Weak year-to-date job growth suggests that 2016 growth will be positive but well below last year's 3.1 percent pace.

San Antonio Business-Cycle Index

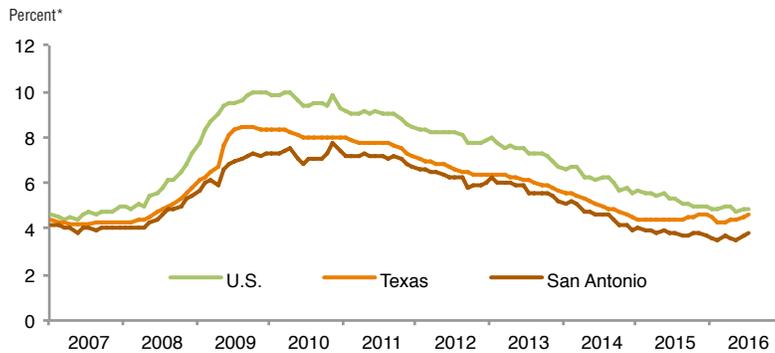


*Seasonally adjusted, annualized rate.
SOURCE: Dallas Fed.

► Growth in the San Antonio Business-Cycle Index decelerated to a 2.1 percent annualized rate in July, continuing a steady slowdown that began in January. The recent softness stems from a 3.9 percent employment decline in July. Since January, jobs have contracted at a 0.5 percent pace.

Employment

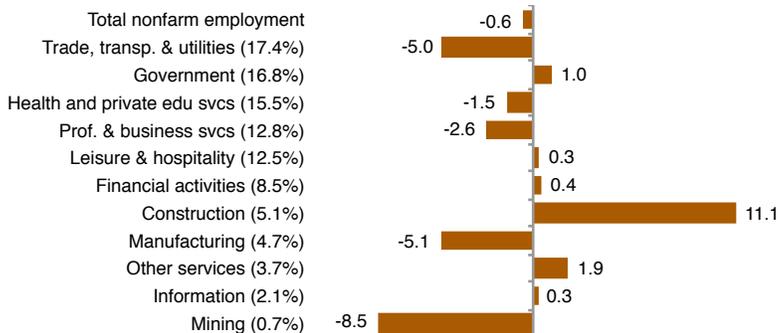
Unemployment Rate



*Seasonally adjusted.
SOURCE: Bureau of Labor Statistics.

► The San Antonio unemployment rate ticked up to 3.8 percent in July after it was revised down to 3.7 percent in June. The U.S. rate held steady at 4.9 percent, while the state rate rose to 4.6 percent. The unemployment rate is up 0.3 percentage points from its recent lows, although labor force expansion picked up to a rapid 3.5 percent pace over the three months through July. Along with a sharp rebound in help-wanted advertising in July, this suggests that labor markets remain tight in San Antonio.

Employment Growth by Sector

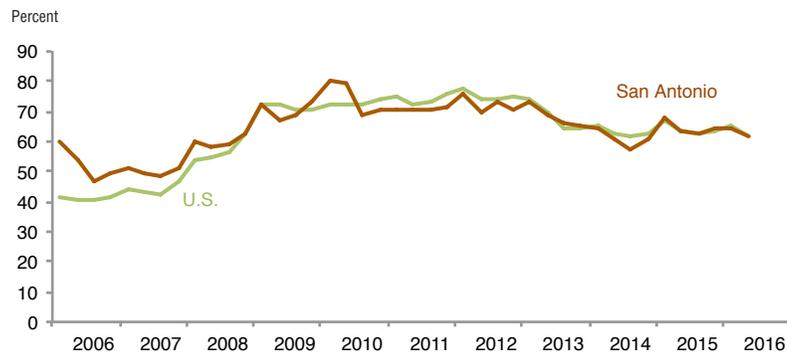


NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector for May-July 2016. Numbers in parentheses represent share of total employment and may not sum to 100 due to rounding.

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

► Job growth in San Antonio declined at a 0.6 percent annualized rate over the three months through July. Manufacturing and mining jobs continued to fall, and a sharp cut in retail jobs led a decline in the trade, transportation and utilities sector. Construction rebounded sharply, likely in part due to continued home repair work from recent hailstorms in the region. Government hiring remained steady, particularly at the federal level, and leisure and hospitality picked up slightly after prior weakness. Meanwhile, health care and professional services reversed course and declined slightly after strengthening earlier in the year.

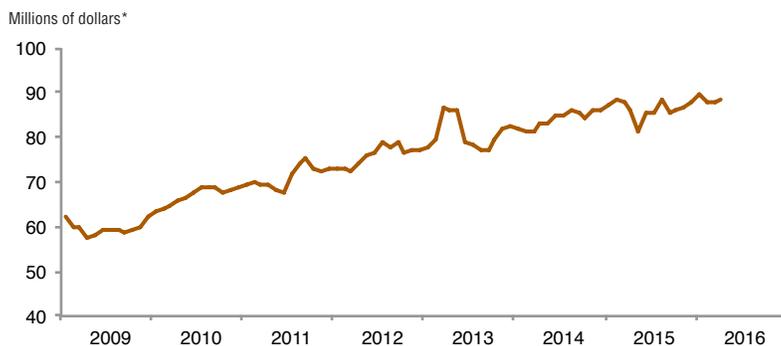
Housing Affordability



SOURCE: National Association of Home Builders/Wells Fargo.

► Home affordability in San Antonio dipped in second quarter 2016 as the percentage of homes that the median-income family could afford declined from 64.1 percent to 61.7 percent. This is comparable to the national average of 62 percent. Home inventories in July held steady at 3.6 months' supply, well below the six months considered normal, while existing-home sales reached a new high of 2,665.

Hotel Receipts

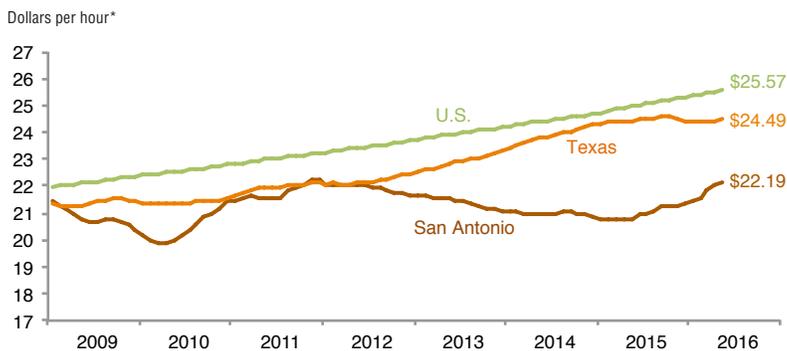


*Seasonally adjusted, three-month centered moving average.

SOURCES: Texas Comptroller of Public Accounts; adjustments by the Dallas Fed.

► Receipts for hotels and lodging in San Antonio grew modestly in the first five months of the year. Activity in March dipped sharply, likely in part due to adverse weather in the area, but receipts rebounded in April and May. Year-over-year receipts were up 2.6 percent in May (the most recent data available), below the 4.2 percent average annual growth rate over the past seven years.

Average Private Sector Hourly Wages



*Seasonally adjusted; five-month centered moving average.

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

► Wages for private sector workers in San Antonio have picked up notably in recent months. The five-month moving average of wages grew 6.6 percent year over year in July, compared with 2.5 percent in the U.S. and 0.4 percent in Texas. Over this period, industries that tend to pay above-average wages, such as scientific and technical services, health care services and construction, have continued to grow at a moderate to rapid pace. Meanwhile, industries that pay below-average wages, such as leisure and hospitality and trade, transportation and utilities, have slowed significantly compared with 2015.

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

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

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