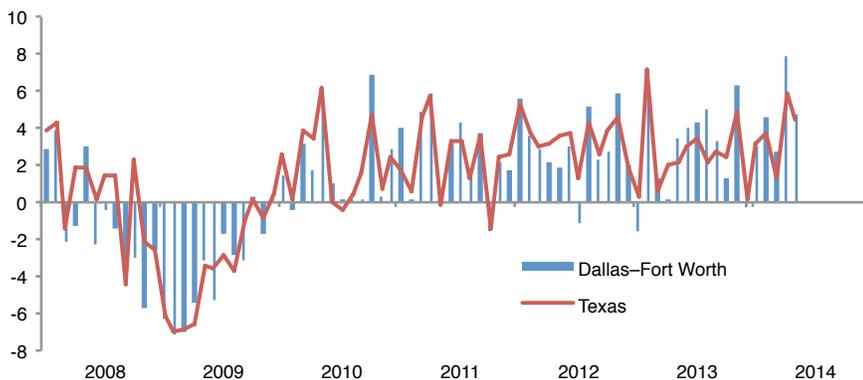


Summary The Dallas–Fort Worth economy continued to expand at a healthy clip in May. DFW employment grew 4.7 percent, faster than Texas and the U.S., which grew 4.5 percent and 1.9 percent during the month. Home prices continued on an upward trend, and home inventories remained low. The unemployment rate held steady in Dallas and edged up in Fort Worth. The Dallas Fed business-cycle indexes posted increases, suggesting continued expansion for the Dallas–Fort Worth metroplex.

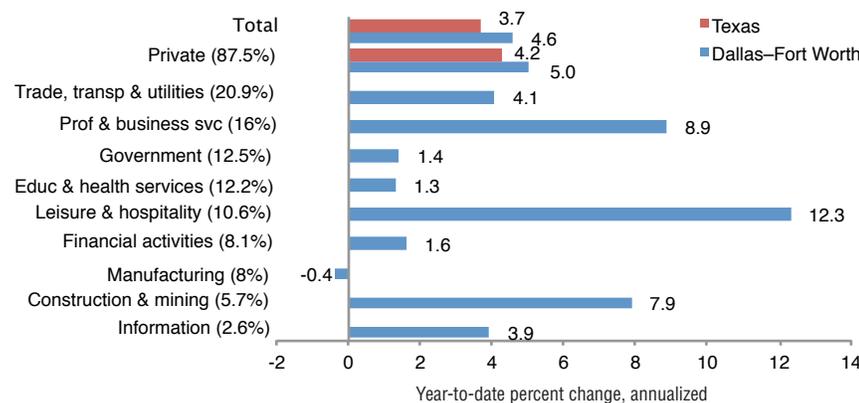
Employment

Month-over-month percent change, annualized



► Dallas–Fort Worth employment expanded at a rapid pace of 4.7 percent in May, adding 12,300 jobs. Through May, the DFW area has seen payrolls increase by 4.6 percent or 58,900 jobs. Most of the increase in the area’s employment has come from rapid growth in the Dallas economy, which has added jobs at a 5.5 percent pace (year to date)—faster than any other major metro in the state.

Employment Growth by Sector

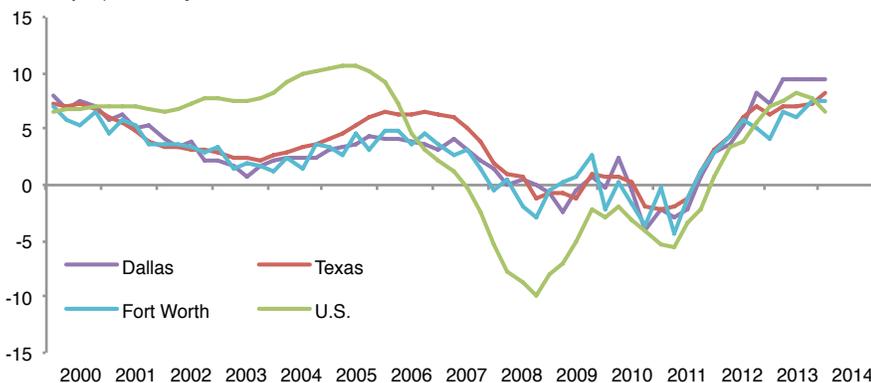


► Job creation in the metroplex remains relatively broad-based across major sectors. Leisure and hospitality continued to record the strongest growth at 12.3 percent, followed by professional and business services (8.9 percent) and construction and mining (7.9 percent). Only the manufacturing sector has shed jobs, with employment contracting by 0.4 percent year to date.

NOTE: Numbers in parentheses are shares of total Dallas–Fort Worth nonfarm employment.

Home Prices

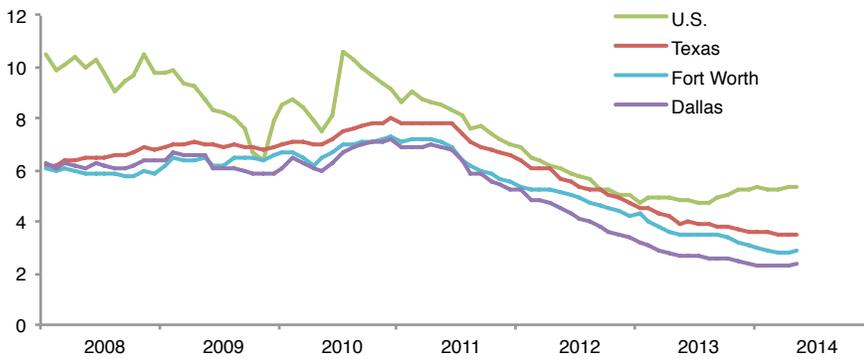
Year-over-year percent change



► The housing market in the metroplex remains solid. First quarter 2014 data from the Federal Home Finance Agency (FHFA) purchase only House Price Index suggest that Dallas and Fort Worth home prices continue to rise at a swift pace. Compared with first quarter 2013, prices rose 9.4 percent in Dallas and 7.6 percent in Fort Worth, higher than the national rate of 6.6 percent. Prices in Texas and in the metroplex have risen to levels above their prehousing bust peak. Low inventories and moderate demand have contributed to rising prices.

Home Inventories

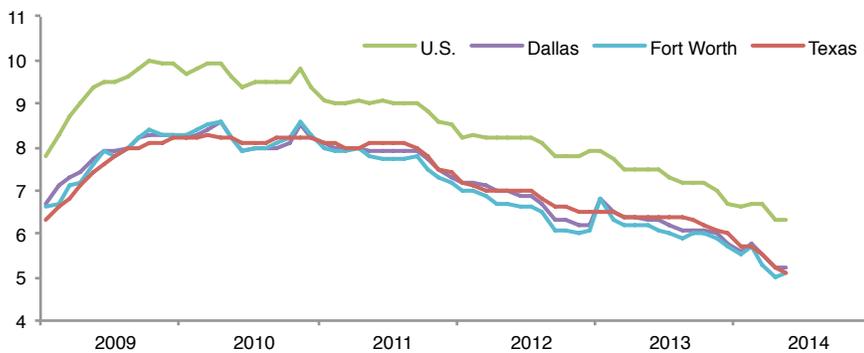
Months of inventory, seasonally adjusted



► Home inventories remain tight. In May, home inventories edged up to 2.4 months in Dallas and 2.9 months in Fort Worth, according to the Multiple Listing Service. These figures are below the Texas and U.S. level of 3.5 months and 5.4 months and well below the six-month threshold that usually signals a balanced housing market.

Unemployment Rate

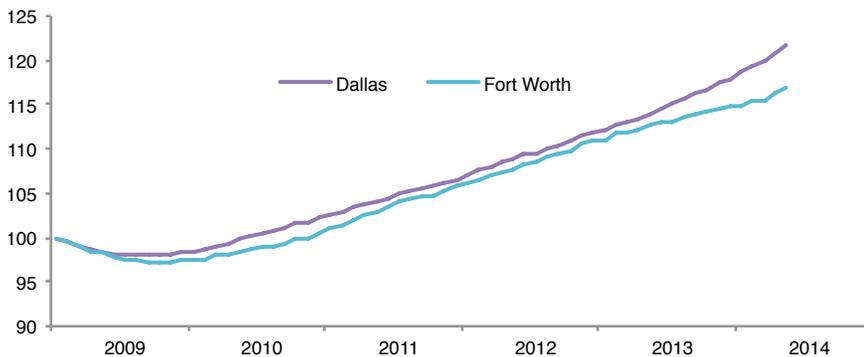
Percent, seasonally adjusted



► In May, the unemployment rate in Dallas held steady at 5.2 percent and edged up in Fort Worth to 5.1 percent. The unemployment rate in Fort Worth is in line with the state average of 5.1 percent, while Dallas' rate is slightly above. Both metros have rates lower than the 6.3 percent U.S. rate.

Business-Cycle Index

Index, January 2009 = 100



► Overall economic activity continues to expand in the metroplex, according to the Dallas Fed's metro business-cycle indexes. Through May, the Dallas index rose an annualized 7.7 percent, and the Fort Worth index increased 4.3 percent. Robust job creation has contributed to the increase in the business-cycle indexes for both Dallas and Fort Worth.

► The Dallas Fed produces business-cycle indexes for Texas and its major and border metros to help gauge the current state of the economy. The metro indexes are constructed using payroll employment, the unemployment rate, inflation-adjusted real wages and inflation-adjusted retail sales.

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

SOURCES: Employment: Bureau of Labor Statistics' Current Employment Statistics; Texas Workforce Commission; seasonal and other adjustments by the Federal Reserve Bank of Dallas.

Housing: Federal Housing Finance Agency; Multiple Listing Service.

Unemployment: Census Bureau; metro unemployment rates are seasonally adjusted by the Federal Reserve Bank of Dallas.

Business-cycle indexes: Federal Reserve Bank of Dallas. Data are seasonally adjusted.

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