

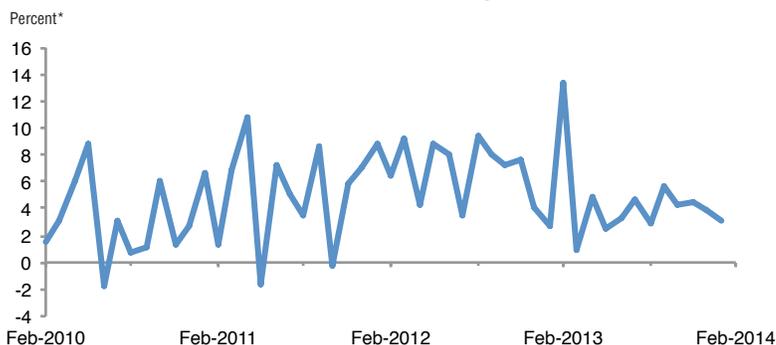
# Houston Economic Indicators

DALLAS FED

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## Economic Activity

### Houston Business-Cycle Index

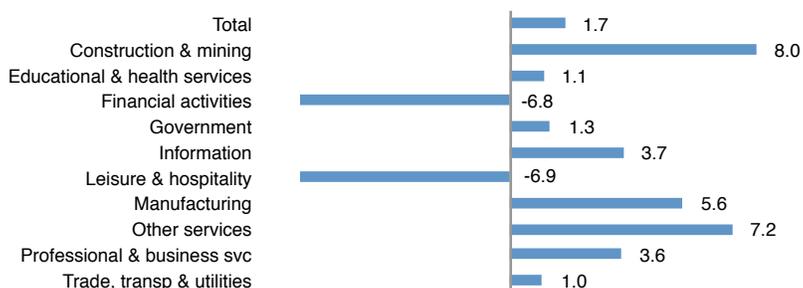


\*Month-over-month growth rate.

▶ The Houston Business-Cycle Index increased at a slower 3.1 percent rate in January, after climbing a revised 3.8 percent in December. This would imply that economic conditions, while still robust, softened slightly in January. Slower growth in employment was counterbalanced by solid indicators of employment demand, area production indexes and continued improvements in Houston's largest service industries. Taken together, in light of the negative and temporary effects of a severe winter, these indicators continue to signal a healthy economy.

## Employment

### January Employment Growth



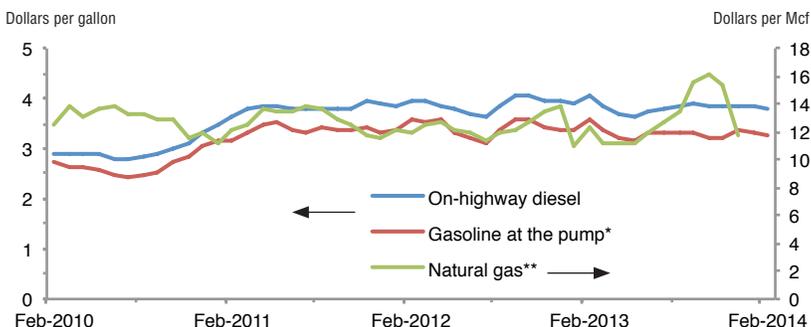
NOTE: Data show monthly percent growth, annualized and seasonally adjusted.

▶ January employment growth slowed to 1.7 percent overall. Construction and mining and the "other services" category posted the fastest growth rates, representing an addition of 2,000 and 600 jobs, respectively. Leisure and hospitality declined the fastest (losing 1,600 jobs). Financial activities had its sixth consecutive month of decline. The Houston area unemployment rate dropped to 5.5 percent in January, its lowest level since October 2008. This occurred while the labor force declined slightly. December unemployment was a revised 5.7 percent. The U.S. unemployment rate was 6.6 percent in January.

▶ The Conference Board's Help Wanted OnLine Index for Houston indicated the number of new job advertisements in the area rose 9.2 percent in February after falling 4.7 percent in January. The total number of job advertisements rose 4.5 percent from January to February. All occupational categories within the index indicated growth in labor demand.

## Energy Prices

### Gulf Coast Fuel Prices



\*Regular unleaded price.

\*\*Texas average residential price.

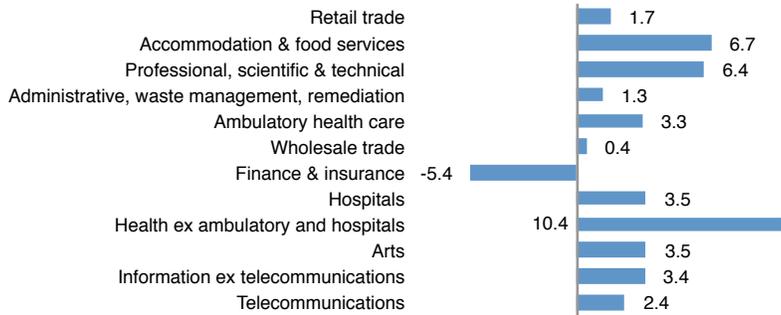
NOTE: Data are seasonally adjusted.

▶ Seasonally adjusted, prices for Gulf Coast on-highway diesel fell 1.3 percent, and gasoline at the pump prices fell 1.6 percent from January to February. The most recent data for residential natural gas indicate that prices fell during the fourth quarter, from \$16.15 per Mcf in October to \$11.79 per Mcf in December. January and February likely saw increases in residential gas prices due to the severity of winter weather nationally.

▶ Winter weather drove energy spot prices up across the board from January to February, though most heating fuels saw prices fall in the latter part of the month. West Texas Intermediate crude (WTI) rose 6.5 percent to \$100.78 per barrel, and Henry Hub natural gas soared 28.2 percent to \$6.01 per MMBtu. The rise in WTI helped narrow the average price difference between it and Brent crude from \$13.47 in January to \$8.27 in February. Brent rose nearly 1 percent in February to \$109.05.

## Services

### Services Employment Growth



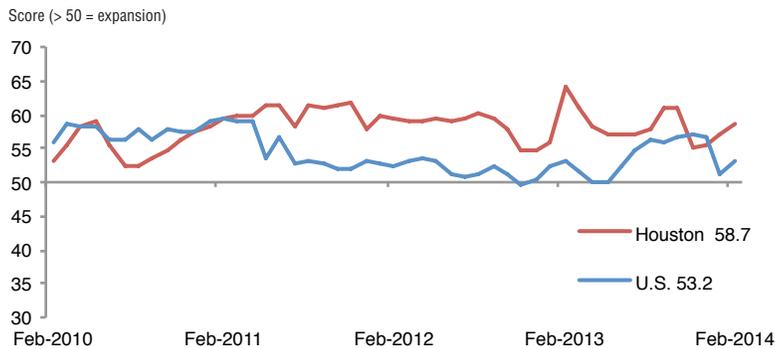
NOTES: Data show the annualized and seasonally adjusted three-month change ending in January. Sorted from largest to smallest industries.

► From October to January, the fastest-growing sectors were health care (excluding ambulatory and hospital employment), which increased by 1,800 jobs, and accommodation and food services (up 4,200 jobs). Over that time, the finance and insurance sector showed the largest percentage decline among the services industries (down 1,200 jobs). Its losses were concentrated in credit intermediation and related jobs, but securities, commodities and other finance jobs also fell. This marks the fifth consecutive month of job declines for that sector, which has been the driving force behind declines in the larger financial activities supersector.

► Among the broad occupational categories within the Help Wanted OnLine Index for Houston, professional and related and management, business and financial jobs were the strongest contributors to a February increase in total job advertisements.

## Manufacturing

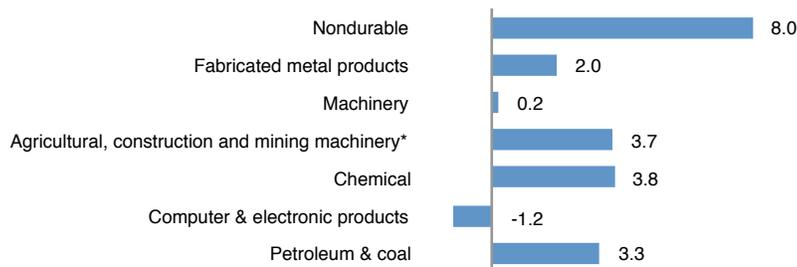
### Purchasing Managers Index



► The Houston Purchasing Managers Index ticked up to 57.1 in January before climbing to 58.7 in February. The latter increase was dominated by improvement in lead times and sales. This and other indicators continue to suggest that manufacturing activity is growing more strongly in Houston than in the nation. The chemical manufacturing activity index from the American Chemistry Council indicates that U.S. chemical production growth flattened out over the three months ending in February, showing virtually no change either month to month or over the three-month period.

► Jobs in nondurable manufacturing and chemicals grew the fastest over the course of the three months ending in January. Nondurable manufacturing added 1,700 jobs over that time frame, and chemical manufacturing added 300 jobs. Computer and electronics manufacturing lost 100 jobs and saw its third consecutive month of declines. When agricultural, construction and mining machinery are subtracted from total machinery jobs, what remains is an "other machinery" subsector. Other machinery jobs contracted 10.4 percent (down 400 jobs) from October to January.

### Selected Manufacturing Employment Growth



\* Subsector of machinery.

NOTES: Data show the annualized and seasonally adjusted three-month change ending in January. Sorted from largest to smallest industries.

SOURCES: Business-cycle index: Federal Reserve Bank of Dallas; employment: Bureau of Labor Statistics and Federal Reserve Bank of Dallas; energy prices: U.S. Energy Information Administration; services: Bureau of Labor Statistics; manufacturing: Institute for Supply Management, American Chemistry Council, Bureau of Labor Statistics and Federal Reserve Bank of Dallas.

CONTACT: For questions or information, contact Jesse Thompson at [jesse.thompson@dal.frb.org](mailto:jesse.thompson@dal.frb.org). Federal Reserve Bank of Dallas, Houston Branch, 1801 Allen Parkway, Houston, TX 77019.