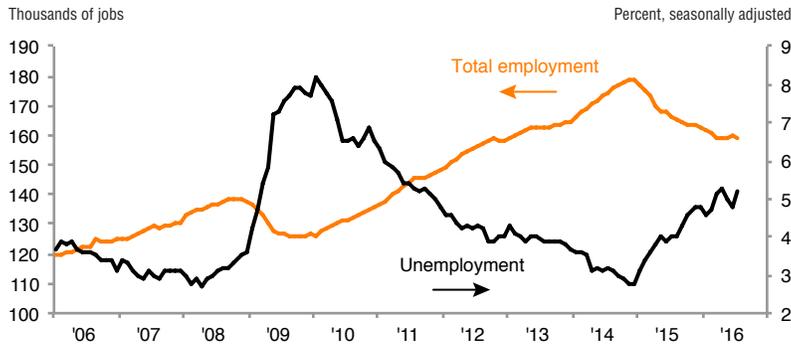


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## Summary

The Permian Basin economy remains sluggish. The unemployment rate grew to 5.2 percent in July, and total home sales remained flat from June to July. Despite some volatility in crude oil prices, the average price of West Texas Intermediate crude oil rose in August.

## Labor Market

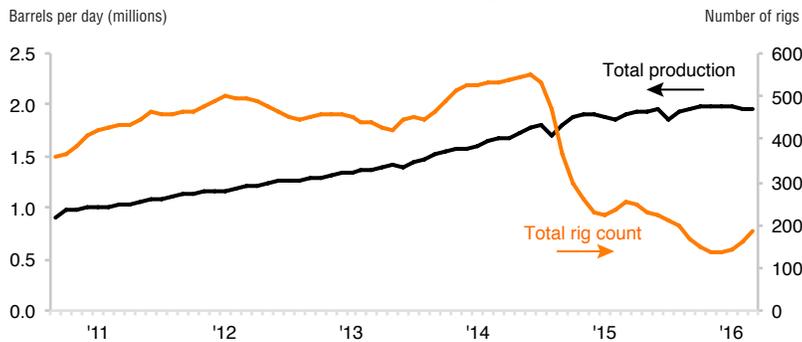


SOURCES: Bureau of Labor Statistics; Dallas Fed.

- ▶ Job levels in the Permian have remained relatively stable since March. In July, total nonfarm employment dropped by 300 jobs to 159,200.
- ▶ The unemployment rate came in at 5.2 percent in July. It is a noteworthy jump from 4.8 percent in June. The rate remains above the Texas reading of 4.6 percent and the U.S. rate of 4.9 percent.
- ▶ The total labor force of Midland–Odessa climbed by 1,100 workers to 170,400 in July. It was the first time since June of 2015 that the labor force was above 170,000.

## Energy

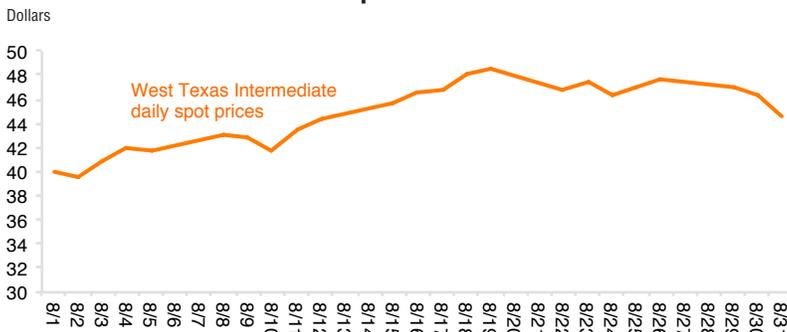
### Oil Production and Rig Count



SOURCES: Energy Information Administration; Baker Hughes.

- ▶ Oil production levels have remained resilient throughout the downturn but have been trending down since production peaked in April. This is despite a consistent monthly rise in the oil rig count since April. Between July and August, the count rose by 27 to 188 total rigs.
- ▶ After falling the previous month, the average West Texas Intermediate crude oil price for August picked up to \$44.76. Though there was a rise in the average price, there was still some volatility in prices during the month. Day-to-day volatility during August was due to a number of factors, including supply data, the strength of the U.S. dollar and uncertainty over whether crude oil suppliers will cooperate with each other.

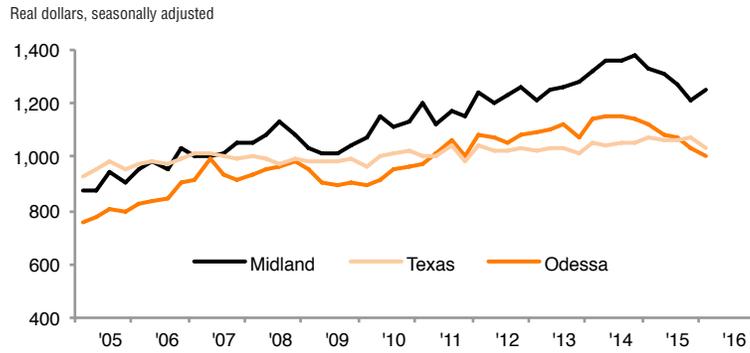
### Oil Spot Prices



SOURCES: Energy Information; Thomson Reuters.

- ▶ For more information, please see [www.dallasfed.org/research/energy](http://www.dallasfed.org/research/energy).

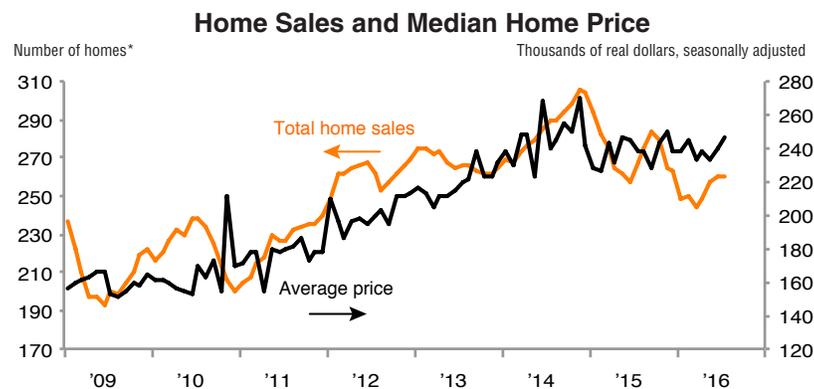
## Private Sector Average Weekly Wages



SOURCE: Texas Comptroller of Public Accounts.

▶ Despite the energy downturn, average weekly wages in Midland are still above the state average. Midland's wages peaked in fourth quarter 2014 at \$1,381. Wages fell 9.4 percent from their high and stood at \$1,252 in first quarter 2016 (the latest data available). Meanwhile, Odessa's average weekly wages of \$1,007 in the first quarter were below the state average of \$1,035. Odessa's wages fell 12.5 percent from their peak of \$1,150 in second quarter 2014.

## Housing

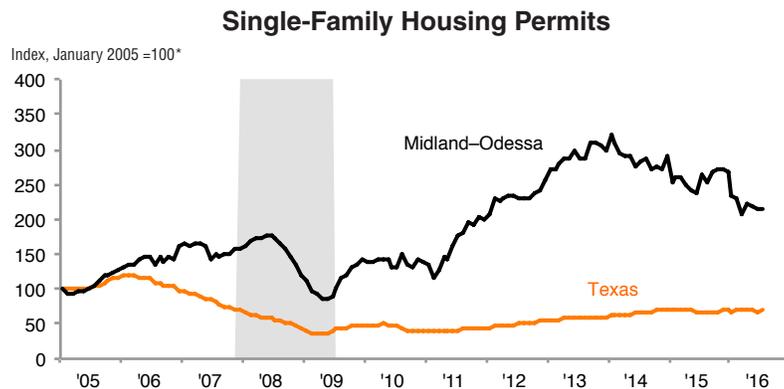


\*Six-month moving average for Midland and Odessa, seasonally adjusted.

SOURCE: Texas A&M University Real Estate Center.

▶ The six-month moving average for Permian Basin home sales remained at 260 for the second consecutive month in July. The average price stood at \$247,220, up slightly from \$239,196 in June.

▶ Permits for new single-family home construction in Midland–Odessa peaked in early 2014 but have been trending down since. However, permits have remained steady throughout 2016 and saw little change between June and July.



\*Seasonally adjusted; indexed on six-month moving average

NOTE: Gray bar indicates U.S. recession.

SOURCE: Texas A&M University Real Estate Center.

NOTES: Data are for the Midland–Odessa metropolitan statistical area (Martin, Midland and Ector counties), except for energy data, which cover the 55 counties in West Texas and southern New Mexico that make up the Permian Basin region. Data may not match previously published numbers due to revisions.

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