

San Antonio Economic Indicators

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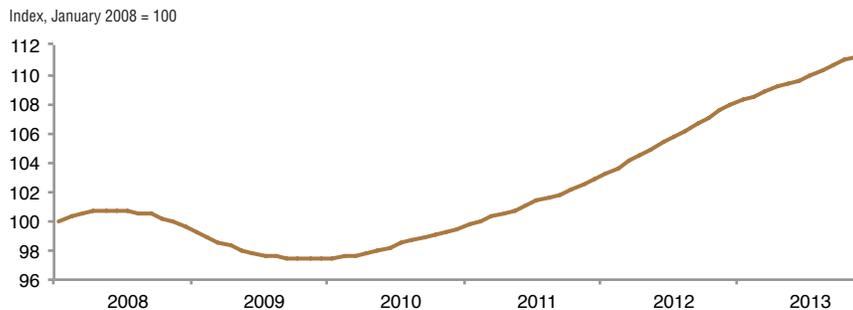
Summary Economic growth in the San Antonio metropolitan area slowed in 2013, partly due to weakness in federal government spending. The unemployment rate declined from 6.1 percent in December 2012 to 5.9 percent in November 2013. Job growth slowed to 1.2 percent in 2013 from 2.6 percent in 2012. In November, the most recent month of data, job growth picked up partly due to a rebound in federal government jobs, which rose to their highest levels since June. The housing market remained strong in 2013, and this strength will likely carry forward into this year.

San Antonio Business-Cycle Components

	San Antonio	Texas	U.S.
Annualized job growth (November)	3.0%	2.3%	2.1%
Unemployment rate (November)	5.9%	6.1%	7.0%
Year-over-year change in real retail sales (2013:Q2)	3.6%	7.6%	3.2%
Year-over-year change in real wages paid (2013:Q2)	4.0%	5.2%	3.6%

► Despite a generally sluggish economy in 2013, San Antonio went into the fourth quarter with two consecutive months of strong job growth, suggesting increasing momentum at the start of 2014. Unemployment was 5.9 percent for four consecutive months beginning in August, reflecting weak but steady household job and labor force growth. Retail sales and wages in the second quarter of last year increased faster than the national average, although lagging somewhat behind Texas.

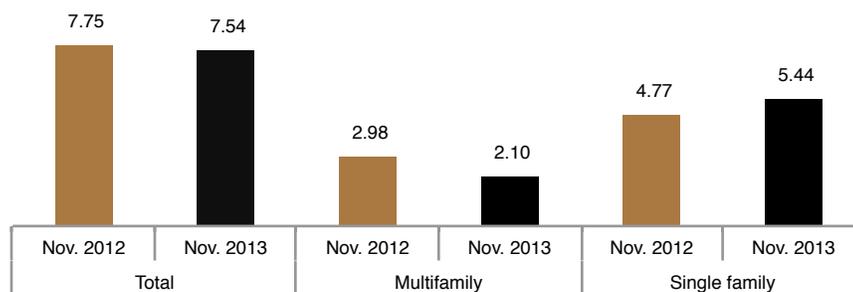
San Antonio Business-Cycle Index



► The San Antonio Business-Cycle Index, which incorporates the components in the above economic indicators, grew at an annualized pace of 3.2 percent, down from 4.5 percent in 2012. Since 2010, strong growth in the index is reflective of a healthy recovery. Employment surpassed its prerecession peak in April 2011, and since then has grown nearly 5 percent. However, growth in the index weakened last year as job growth subsided.

Housing Markets

Year-to-Date Housing Starts in San Antonio

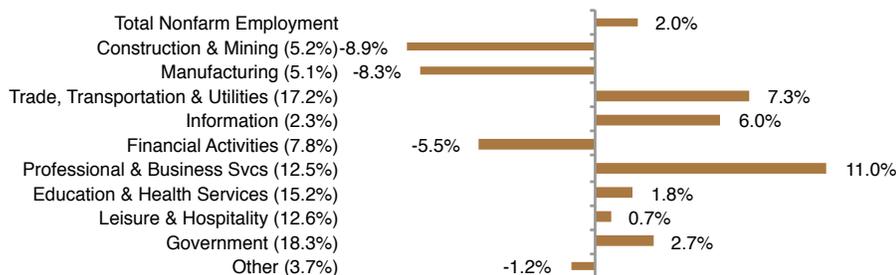


NOTE: Units in thousands.

► Year-to-date housing starts in San Antonio slipped 3 percent below the strong levels in 2012. The composition of housing starts shifted from multifamily starts, which fell by 29 percent over 2012, to single-family, up by 14 percent. Overall housing inventories drifted down to 4.4 months' supply in November, while the median home price rose by 3.7 percent year over year to \$171,263. This strengthening in the single-family market put consumers in better shape to purchase homes than in the previous several years and was a likely factor in the growth of single-family starts.

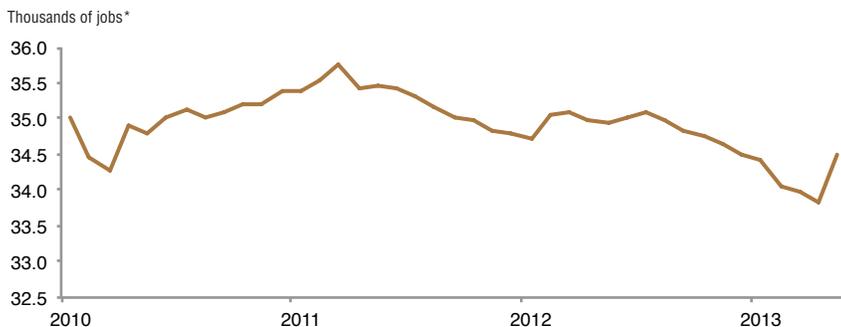
Employment

Employment Growth (August–November)



NOTE: Numbers in parentheses are shares of total employment. Figures are seasonally adjusted, annualized rates.

Federal Civilian Employees in San Antonio



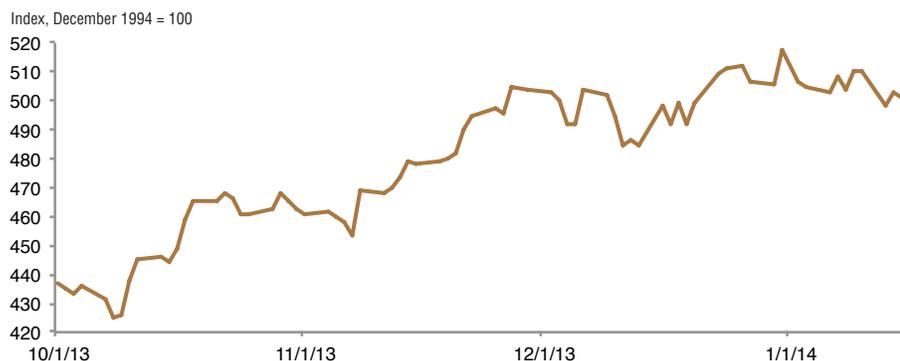
*Seasonally adjusted.

► Overall job growth in 2013 was tepid, but the second half of the year saw some improvement: The 2 percent annualized growth from August to November followed growth of just 0.7 percent in the prior eight months. Although a decline in federal government spending contributed to earlier weakening in government jobs, federal employment grew in November and regained over half the jobs lost since the beginning of the year. Construction, a large driver of growth earlier last year, softened considerably toward the end of the year, while health care, typically a strong driver of growth in San Antonio, also weakened. Professional and business services grew markedly, dominated by increased hiring in the employment services sector. Manufacturing was volatile from June onward, though gains in Texas exports may herald increased growth this year.

► Although November saw a 2 percent jump in federal civilian employment from October, reductions in spending resulted in a sustained decline through most of last year. The effects of federal budget cuts extended to private sector research institutions and contractors who receive federal revenue, typically in a manner that is difficult to accurately measure due to their dispersion throughout various industries. Higher-skilled jobs in professional, scientific and technical services industries are most sensitive to cuts. Overall, despite the recent jobs increase, employment in this sector was still 1.2 percent below levels 12 months earlier.

Stock Index

San Antonio Stock Index



► The San Antonio Stock Index posted a 15 percent gain from the beginning of October 2013 to Jan. 15, 2014. A composite of the 12 largest public companies with a dominant presence in the city, the index provides an indication of the trajectory of key industries in the San Antonio economy. While the index has been volatile, persistent gains in the past three months point to stronger growth this year.

SOURCES

San Antonio Business-Cycle Index: Bureau of Labor Statistics; Bureau of Economic Analysis; Texas Workforce Commission; Federal Reserve Bank of Dallas.

San Antonio Employment: Bureau of Labor Statistics.

San Antonio Housing: National Association of Home Builders.

San Antonio Stock Index: Bloomberg.

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