

San Antonio Economic Indicators

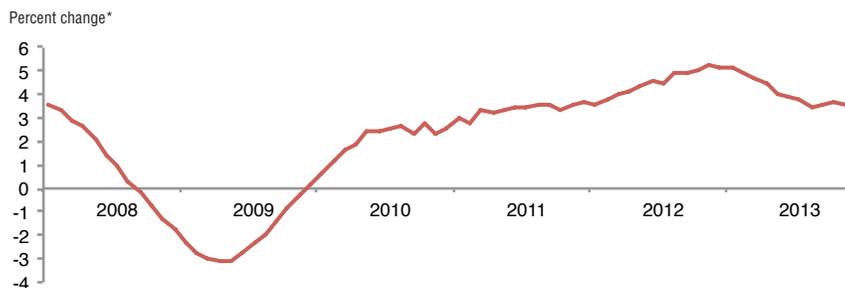
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Summary

The San Antonio economy saw some weakening in December, with employment slowing significantly in such sectors as business services and construction. Recent data revisions reveal that overall job growth in 2013 was stronger than previously reported. Unemployment fell to 5.8 percent in December, remaining below the state average of 6 percent. Housing ended the year on a strong note, with median home prices, sales, new housing permits and housing starts all up from November.

San Antonio Business-Cycle Index



*Six-month, annualized rate.

► Job growth in 2013 was much higher than reported last month, with new data placing December-to-December job growth at 2.2 percent rather than the initial estimate of 0.8 percent. Factoring in the revision, the San Antonio Business-Cycle Index shows some signs of stabilizing, growing at an annualized rate of 3.6 percent in the second half of 2013. This is somewhat weaker than the strong pace in the second half of 2012 but above the long-term average pace of 2.7 percent.

Business-Cycle Index Components

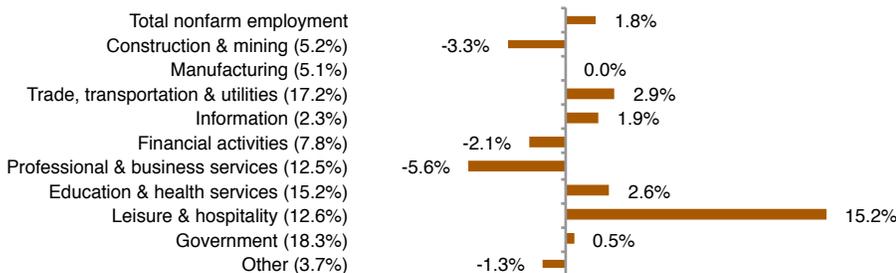
	San Antonio	Texas	U.S.
Annualized job growth (December)	-0.1%	2.3%	0.7%
Unemployment rate (December)	5.8%	6.0%	6.7%
Year-over-year change in real retail sales (2013:Q2)	3.6%	7.6%	3.2%
Year-over-year change in real wages paid (2013:Q3)	2.0%	5.4%	3.8%

► The employment revision stems from the Dallas Fed's early benchmark of the Current Employment Statistics (CES) to the Quarterly Census of Employment and Wages through third quarter 2013. Because the CES estimate incorporating the most recent quarterly census data won't be available until March, the figure used here is essentially a forecast of the annual benchmark estimate.

► The current estimate shows nine consecutive months of growth up to November and then a slight decline in December. Some of the weakening in December may have been due to severe winter weather across the country, which may have temporarily reduced demand for products made in Texas.

Employment

Employment Growth (September–December)

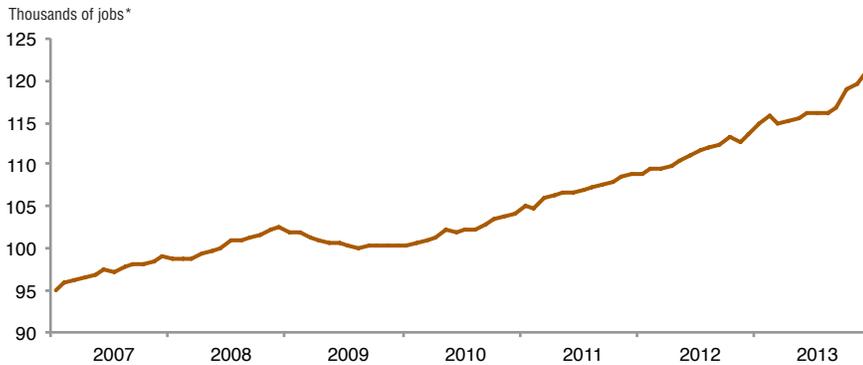


► Total employment grew at an annualized rate of 1.8 percent over the last three months of the year, falling below the revised 2.4 percent rate over the prior nine months. Construction employment declined moderately, while professional services, which grew strongly in the third quarter, declined sharply in December. Conversely, leisure and hospitality made large gains in the fourth quarter, adding over 4,000 jobs. Trade, transportation and utilities also saw moderate gains, primarily from increased employment in transportation and warehousing.

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

Leisure and Hospitality

Leisure and Hospitality Employment

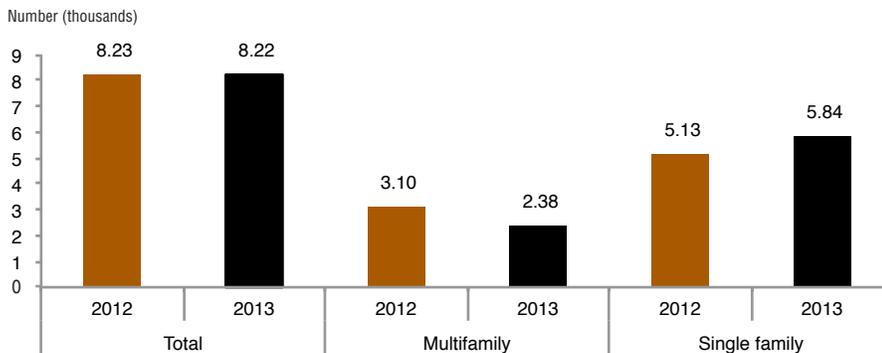


*Seasonally adjusted.

► Leisure and hospitality employment in San Antonio expanded at a 3.8 percent annual rate from January through August before accelerating to a 15.2 percent rate from September to December. Seasonally adjusted help wanted advertising for food preparation, services and related occupations rose by 12.5 percent in January, according to the Conference Board, indicating continued strength in this sector.

Housing Markets

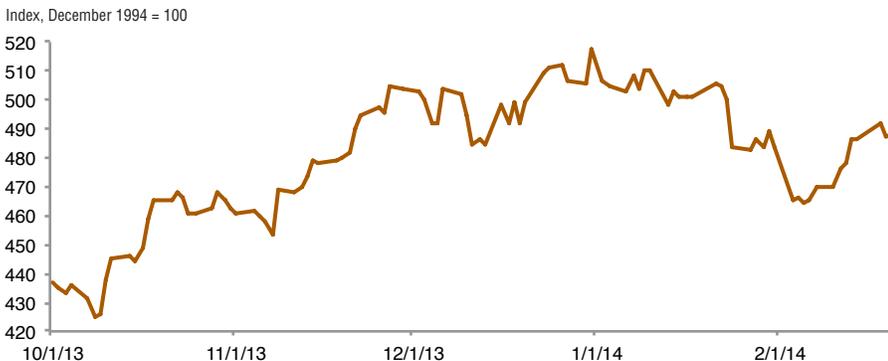
Housing Starts



► Housing starts in San Antonio finished the year at comparable levels to those of 2012 as construction ticked up in December. Although much of the focus through 2013 was on single-family homes, December 2013 saw a 13.4 percent month-over-month rise in multifamily construction. The median home price rose to \$172,619 in December, while housing inventories remained at 4.4 months of supply. Existing-home sales reached a four-month high, indicating further strength in the housing market going into 2014.

Stock Index

San Antonio Stock Index



► The San Antonio Stock Index declined 8.3 percent in January, compared with a 4.7 percent drop in the S&P 500 over the same period. Much of the softening came from energy and telecommunications companies based in San Antonio. However, gains through most of February have mitigated some of this decline and seem to suggest January's weakness was temporary.

SOURCES

San Antonio Business-Cycle Index: Bureau of Labor Statistics; Texas Workforce Commission; Federal Reserve Bank of Dallas.
 Employment: Bureau of Labor Statistics.
 Leisure and hospitality employment: Bureau of Labor Statistics; Federal Reserve Bank of Dallas.
 Housing: National Association of Home Builders.
 San Antonio Stock Index: Bloomberg.

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