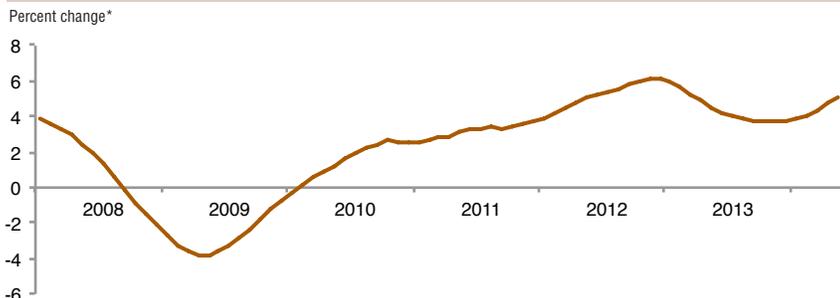


## Summary

The San Antonio economy picked up in May, with job growth accelerating to a 4.7 percent annualized rate, the best month of growth in nearly a year. The unemployment rate ticked up slightly to 4.9 percent, though this was due to increases in the local labor force outpacing job growth. Housing starts and permits for new single-family construction rose in April, indicating renewed growth in housing and construction in the area.

### San Antonio Business-Cycle Index



\*Six-month, annualized rate.

► The San Antonio Business-Cycle Index continued to accelerate, driven predominantly by rapid job growth in May, which offset a slight 0.1 percentage point increase in the unemployment rate. The six-month growth rate increased from 4.8 percent in April to 5.1 percent in May, the fifth consecutive month of increased growth and the highest rate of increase since March 2013.

### Business-Cycle Index Components

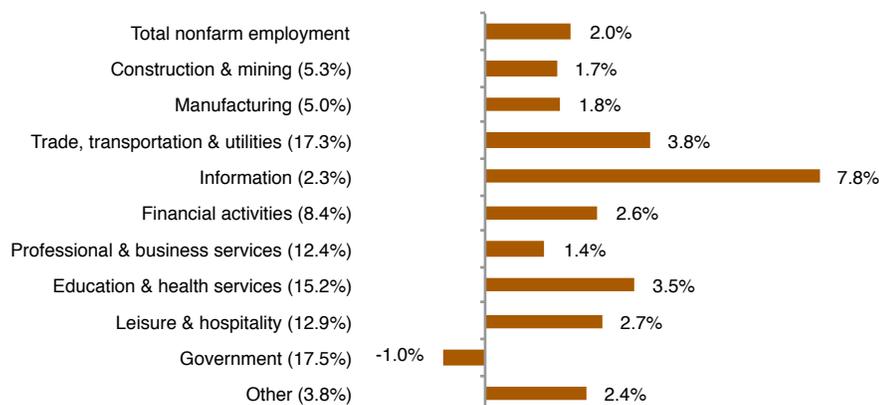
	San Antonio	Texas	U.S.
Annualized job growth (May)	4.7%	4.5%	1.9%
Unemployment rate (May)	4.9%	5.1%	6.3%
Year-over-year change in real retail sales (2013:Q4)*	-12.2%	0.9%	2.5%
Year-over-year change in real wages paid (2013:Q4)*	1.5%	0.6%	0.8%

\*Most recent data available.

► After adjusting for normal seasonal patterns, May saw 3,500 net new jobs in San Antonio, the strongest month of growth since June 2013. This growth rate was slightly faster than the state and over twice as fast as the nation. Unemployment ticked up slightly to 4.9 percent, but this was a result of growth in the local labor force rather than a weakness in household employment growth. Due to short-term frictional factors, some leveling off of the unemployment rate is to be expected as it approaches its prerecession rate. While year-over-year retail sales growth dropped sharply in San Antonio, this was because of an anomalous spike in the last quarter of 2012 rather than a decline in 2013. Other indicators of retail health, such as retail employment, point to continued growth in the sector.

### Employment

#### Employment Growth (February–May)



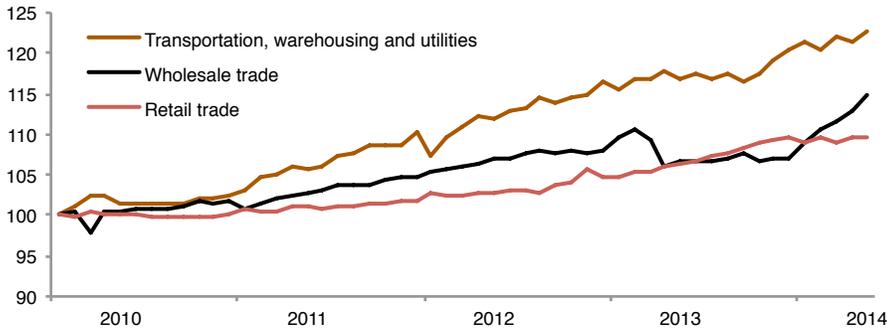
NOTES: Numbers in parentheses are shares of total employment. Job growth data are seasonally adjusted and annualized.

► Job growth over the three months ended in May was an annualized 2 percent, slightly above the area's long-term growth rate. All private sector industries grew by over 1 percent in this period, including sectors that struggled in the first quarter such as leisure and hospitality, finance and construction. Information, and trade, transportation and utilities led employment growth in this period at 7.8 and 3.8 percent, respectively. Education and health services jobs picked up, particularly health care and social assistance employment, which added 1,700 new jobs since February. Professional and business services job growth leveled off to 1.4 percent after strong growth from the end of 2013 to April 2014.

## Trade, Transportation and Utilities Employment

### Trade, Transportation and Utilities Employment Index

Index, January 2010 = 100

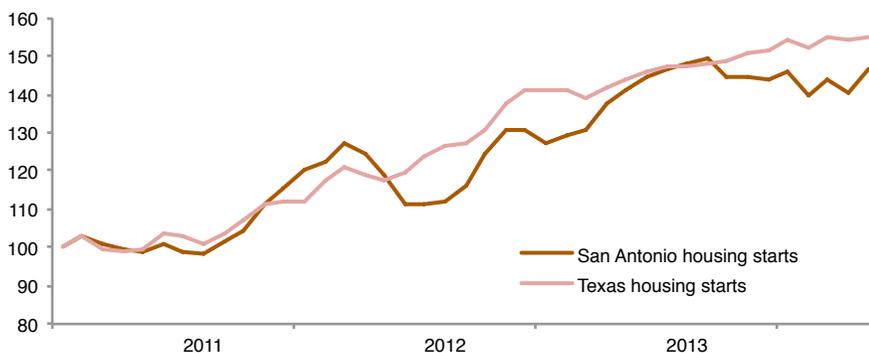


► The trade, transportation and utilities sector has grown at a steady 2.7 percent annual rate since 2010, although the driver of this growth has changed over this time. Retail trade was not as badly hit as the rest of the industry during the recession, but has grown slower since 2010 at just 2.2 percent. Conversely, transportation, warehousing and utilities employment, which was sharply affected by the recession, has grown at 5.3 percent annually since the beginning of 2011. Wholesale trade grew only moderately over the last four years but saw a strong pickup at the beginning of 2014, growing at a rapid annual 18.5 percent in the first five months of the year.

## Housing Markets

### Housing Starts Index

Index, fourth quarter 2010 = 100



NOTES: Indexed on three-month moving average; data are seasonally adjusted.

► Housing starts in San Antonio picked up sharply in April even as they leveled off in the state overall. Year over year, starts were up 4.8 percent in April, while permit data for the month indicate stronger growth in single-family housing development. Continued strong sales in existing homes and an 11 percent increase in help-wanted advertising for construction positions in May point toward a pickup in San Antonio housing markets.

## Stock Index

### Stock Price Indexes

Index, December 1994 = 100



► The San Antonio Stock Index gained 6.3 percent from May 20 to June 20, outpacing the 4.8 percent gain in the S&P 500 over this period. Energy firms continued to drive growth, while financial firms strengthened and manufacturing and communications firms leveled off after weaknesses in the previous month. Overall, the recent performance in financial markets points toward nationwide growth, which will continue to benefit San Antonio companies and the local economy.

#### SOURCES

San Antonio Business-Cycle Index: Bureau of Labor Statistics; Texas Workforce Commission; Federal Reserve Bank of Dallas.  
 Employment: Bureau of Labor Statistics; Federal Reserve Bank of Dallas.  
 Trade, Transportation and Utilities Employment Index: Bureau of Labor Statistics.  
 Housing starts index: Federal Reserve Bank of St. Louis.  
 Stock price indexes: Bloomberg; Standard and Poor's.

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