

San Antonio Economic Indicators

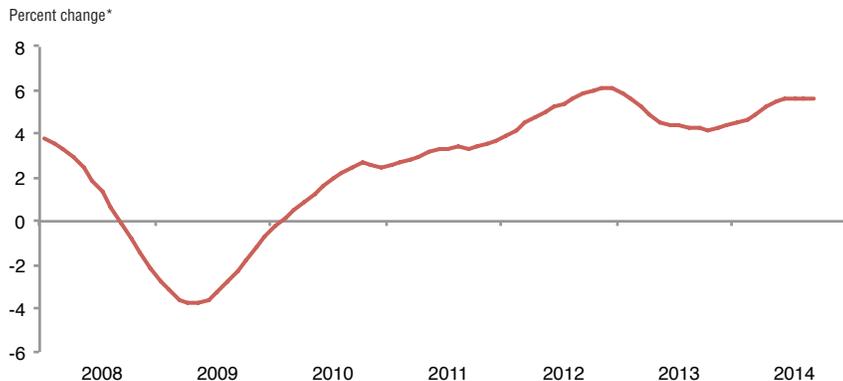
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Summary

The San Antonio economy continued to grow strongly in September, though indicators were more mixed than in August. Payroll employment contracted slightly at a 0.8 percent annualized rate. At the same time, the unemployment rate fell sharply to 4.7 percent. Housing indicators were mixed as August housing starts and September help-wanted ads for construction workers fell but median home prices rose and inventories remained low.

San Antonio Business-Cycle Index



*Six-month, annualized rate.

► The San Antonio Business-Cycle Index rose at a strong annualized rate of 5.6 percent over the six months ended in September. After reaching 5.6 percent in June, the index continued to maintain this rate over the next three months.

Business-Cycle Index Components

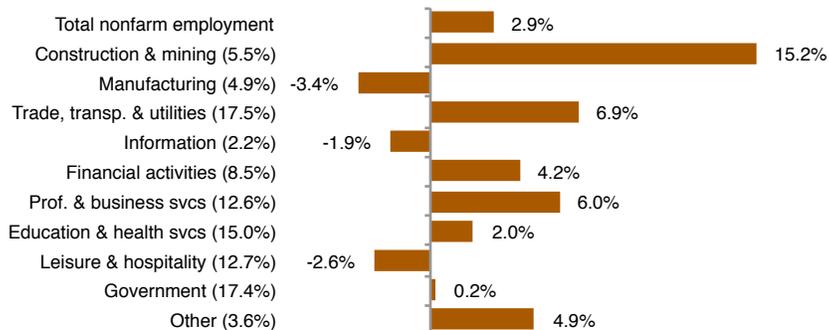
	San Antonio	Texas	U.S.
Annualized job growth (September)	-0.8%	3.2%	2.2%
Unemployment rate (September)	4.7%	5.2%	5.9%
Year-over-year change in real retail sales (2014:Q1)*	0.3%	1.4%	1.1%
Year-over-year change in real wages paid (2014:Q1)*	3.2%	6.0%	2.9%

*Most recent data available.

► Measures of economic activity were mixed in September. San Antonio lost a net 600 jobs, contracting at an annualized 0.8 percent rate even as Texas added jobs at a healthy 3.2 percent rate and the U.S. grew at an above-average 2.2 percent pace. Most of this drop was due to a decrease in financial services jobs, offsetting a sharp rise in August. The unemployment rate fell 0.3 percentage points to 4.7 percent, largely because of a decline in the labor force. First-quarter retail sales growth was modest, below that of the state and nation. Wage growth has been more encouraging, running above the long-term average of 2.4 percent year over year.

Employment

Employment Growth (July–September)

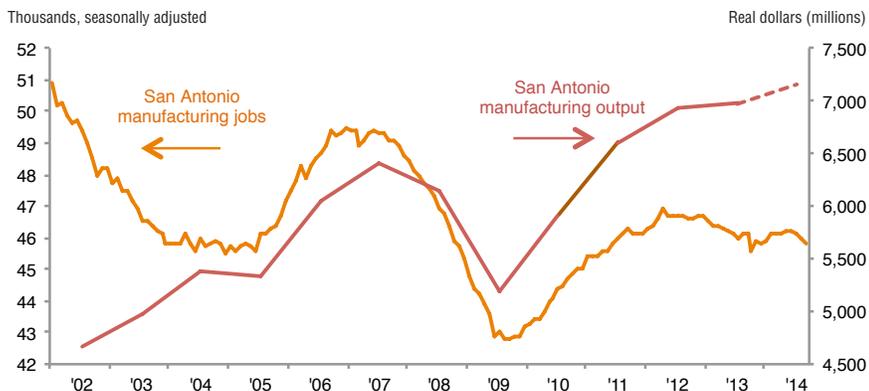


NOTES: Numbers in parentheses represent share of total employment and may not sum to 100 percent due to rounding. Job growth data are seasonally adjusted and annualized.

► Despite September's slight employment loss, jobs accelerated slightly in the third quarter to a 2.9 percent annual pace from 2.7 percent in the second. Growth was mixed across industries. Construction and mining continued to grow rapidly, adding nearly twice the number of jobs as in the entire first half of 2014. Trade, transportation and utilities grew at a 6.9 percent pace, adding more total jobs (2,700) than any other industry. Professional and business services moderated somewhat from double-digit growth in the second quarter. Leisure and hospitality employment saw a 2.6 percent drop, concentrated in accommodation and food services, which fell 7.1 percent. Manufacturing declined 3.4 percent, wiping out the mild gains realized in the first half of the year.

Employment

Manufacturing Employment and Output

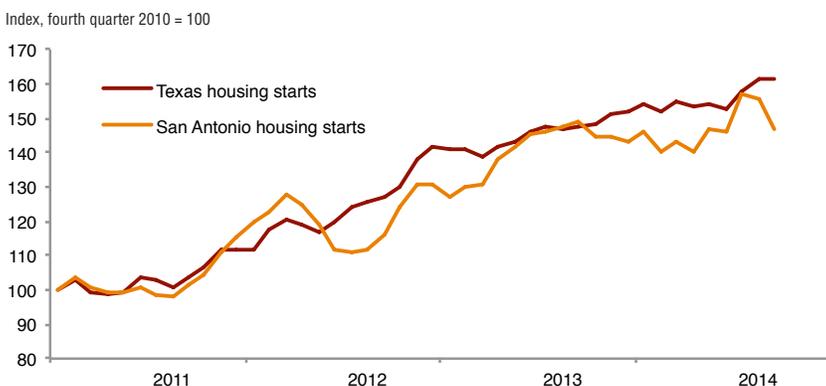


NOTE: The 2014 manufacturing output value is estimated based on year-to-date manufacturing employment.

► Manufacturing employment in San Antonio has been weak the past several years. Unlike most industries, manufacturing has seen only a modest bounce-back during the economic recovery. Continued productivity gains in manufacturing have slowed industry hiring in much of the country. If local productivity holds constant compared with 2013, manufacturing output is estimated to grow at around 3 percent despite the stagnation in manufacturing employment.

Housing Markets

Housing Starts Index

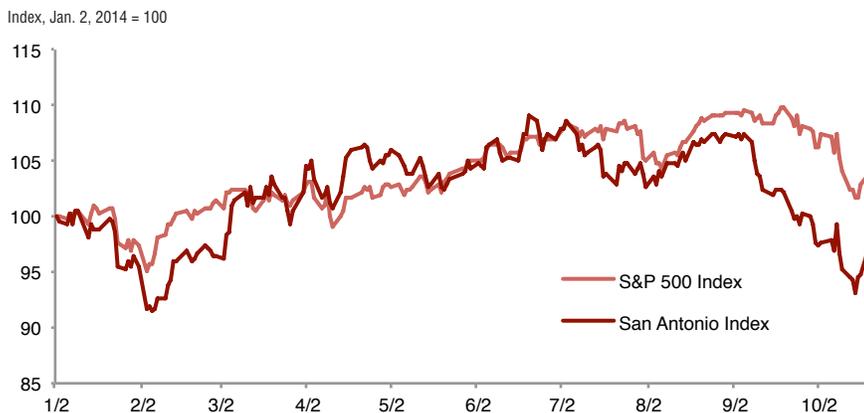


NOTES: Indexed on three-month moving average; data are seasonally adjusted.

► After peaking in June, housing starts in San Antonio fell in July and August. Building permits, particularly in multifamily, fell sharply in August as well. Along with a fall in help-wanted advertising for construction workers for the first time since April, these indicators suggest some slowing in new-home construction. At the same time, median home prices increased an annualized 4.9 percent. Home inventories remained at a lean 4.4 months' supply.

Stock Index

Stock Price Indexes



► The San Antonio Stock Index has fallen sharply in recent weeks, shedding 4.8 percent from Sept. 19 to Oct. 20, which corresponded with a 5.3 percent drop in the S&P 500. Large fluctuations in oil prices in October adversely affected San Antonio energy companies, primarily those involved with exploration and drilling. However, most oil refining companies saw a rebound toward the end of this period, mitigating some of the decline earlier in the month.

NOTE: Data may not match previously published numbers due to revisions.

SOURCES: **San Antonio Business-Cycle Index:** Bureau of Labor Statistics, Texas Workforce Commission and Federal Reserve Bank of Dallas; **employment:** Bureau of Labor Statistics and Federal Reserve Bank of Dallas; **manufacturing employment and output:** Bureau of Labor Statistics, Bureau of Economic Analysis and Federal Reserve Bank of Dallas; **housing starts index:** Federal Reserve Bank of St. Louis; **stock price indexes:** Bloomberg and Standard and Poor's.

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