

San Antonio Economic Indicators

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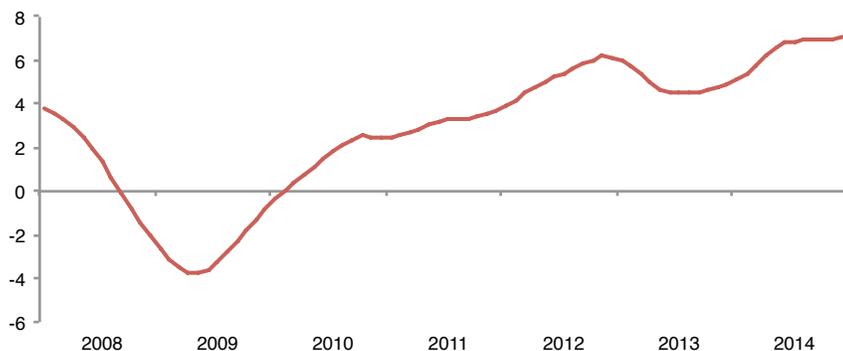
FEDERAL RESERVE BANK OF DALLAS • JANUARY 29, 2015

Summary

The San Antonio economy expanded briskly in December 2014. While payroll employment growth slowed to an annualized 0.6 percent, the unemployment rate plummeted to 4.1 percent. Housing markets showed signs of picking up, as inventories fell and home sales rose. Stock prices of companies based in San Antonio weakened in December but bounced back in January, reflecting the ongoing volatility in energy markets.

San Antonio Business-Cycle Index

Percent change*



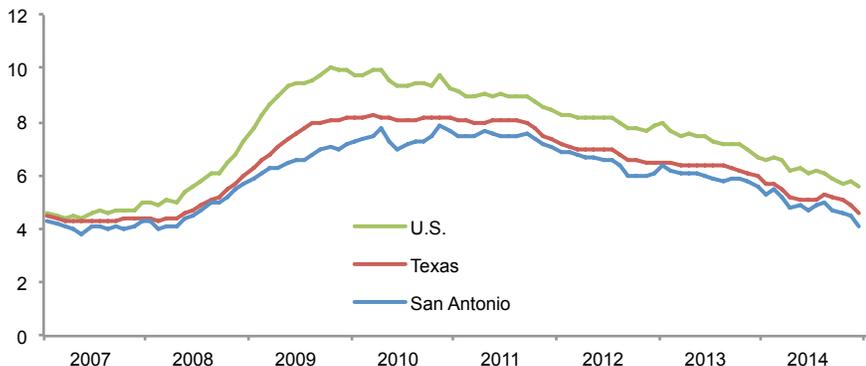
*Six-month, annualized rate.

► Growth in the San Antonio Business-Cycle Index has continued to accelerate, expanding at a 7.1 percent annualized pace in the second half of 2014. Over this period, strong employment growth of 3.8 percent and a 0.6 percentage point drop in the unemployment rate contributed to the fastest pace of growth in the index since the beginning of 2006.

Employment

Unemployment Rate

Percent*

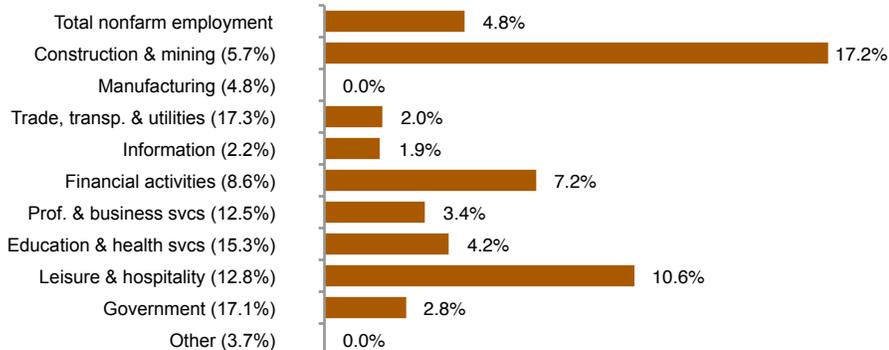


*Seasonally adjusted.

► The San Antonio unemployment rate fell from 4.5 percent in November to 4.1 percent in December. This extends the streak of declines in the unemployment rate since August, when the rate was 5 percent. Texas and the U.S. saw similar sharp drops in unemployment rates, falling to 4.6 and 5.6 percent, respectively. Because San Antonio is now near its prerecession low and is well below its long-term average rate of 5.3 percent, labor market tightness will likely restrain job growth this year.

► San Antonio job growth continued at a strong rate, expanding at an annualized 4.8 percent in the fourth quarter. Growth was broad-based, with no industries reporting any net job losses over this period. Construction and mining continued to lead job growth, accelerating beyond already impressive third-quarter job gains to grow at 17.2 percent. Leisure and hospitality employment expanded strongly, with accommodation and food services accounting for the bulk of new jobs in the sector. Financial activities employment accelerated, particularly in insurance carriers, which added jobs at an 11.5 percent annualized rate. Government continued to grow, bolstered by the first significant sustained rise in federal government hiring since 2011.

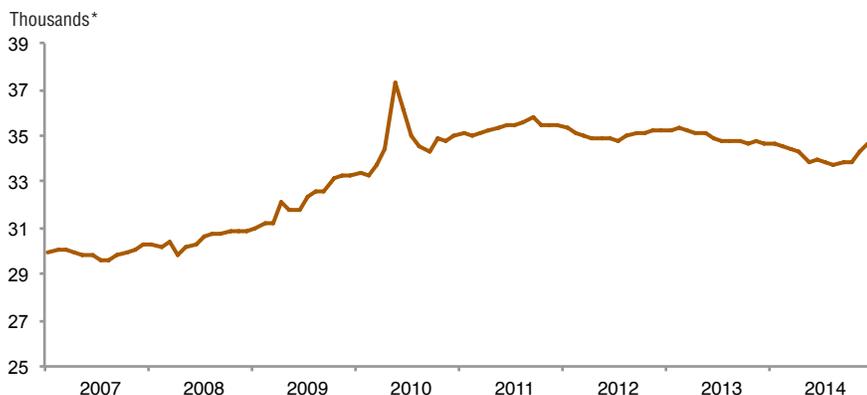
Employment Growth (October–December)



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.

Employment

Federal Government Employment

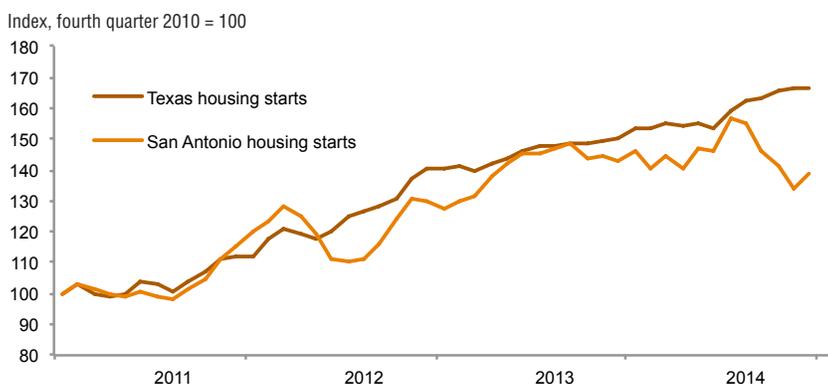


*Seasonally adjusted.

► Federal government employment increased sharply in November and December, adding 800 net new jobs after shedding as many in the first 10 months of 2014. Federal government employment, which at 3.7 percent of total jobs constitutes double the state's share, has been in overall decline after peaking in mid-2011 (excluding temporary census workers in 2010). This decline has largely been due to federal budget cuts, which accelerated in 2013 and began to stabilize last year. Barring additional fiscal uncertainty, federal government employment should continue to see improvement in 2015.

Housing Markets

Housing Starts Index

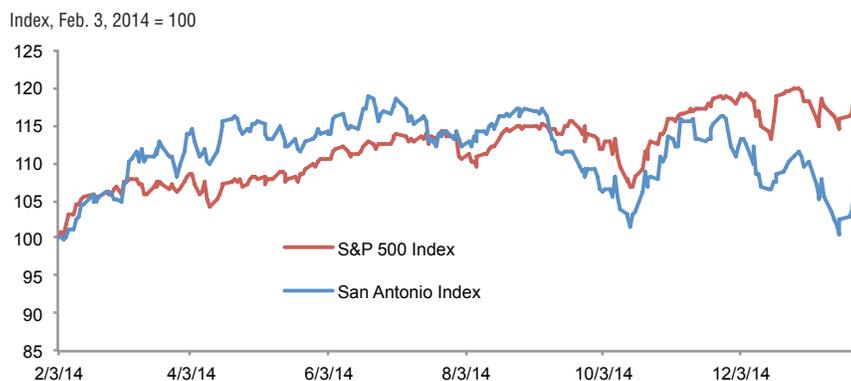


NOTES: Indexed on three-month moving average; data are seasonally adjusted.

► Housing starts in San Antonio ticked up in November after generally declining since July. Permits for new housing had a similar jump and were up 36 percent over last year. Meanwhile, housing inventories continued to fall steadily, dropping to four months' supply in December. Existing-home sales continued to soar, reaching a postrecession high, while median home prices increased 4.9 percent year over year in December. With many industry and employment indicators pointing toward continued demand for housing, 2015 should see strong growth in housing markets.

Stock Index

Stock Price Indexes



► The San Antonio Stock Index has experienced large swings recently but overall saw just a 1 percent dip from Dec. 19 to Jan. 23. This is comparable to the S&P 500, which dropped 0.9 percent. As one might expect with continued volatility in oil prices, energy companies drove much of the movement in the San Antonio index. Growth was mixed, with some companies involved in refining and production showing moderate gains and others, primarily in oilfield services and equipment manufacturing, posting net losses. Most other major industries flattened out or declined mildly.

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; **unemployment rate and employment rate:** Bureau of Labor Statistics and Dallas Fed; **housing starts:** Federal Reserve Bank of St. Louis; **stock price indexes:** Bloomberg and Standard and Poor's.

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