

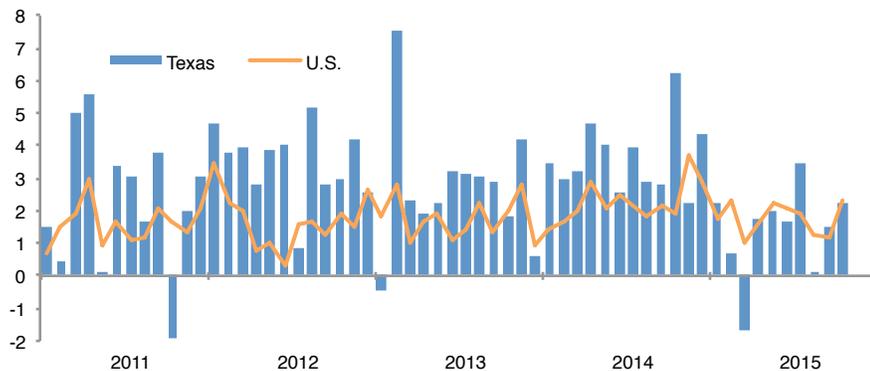
FEDERAL RESERVE BANK OF DALLAS • NOVEMBER 23, 2015

Summary

The Texas economy continued to expand at a modest pace in October. Payroll employment increased during the month; however, unemployment continued to edge up. Existing-home sales dipped in October, while third-quarter exports fell. The employment forecast ticked up, and the estimated value of the Texas Leading Index rose in October following four consecutive months of decline.

Employment

Month/month percent change*



*Seasonally adjusted annualized rate.

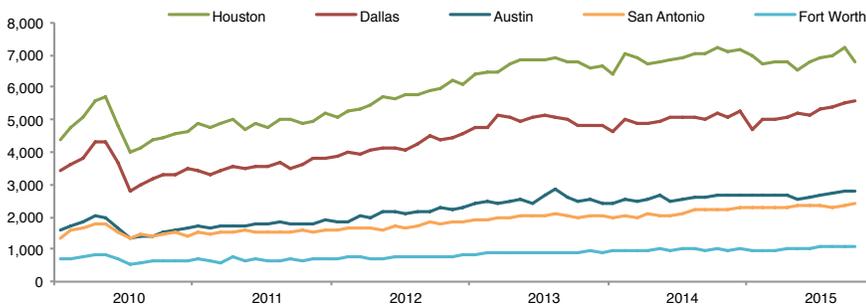
► Texas employment grew an annualized 2.2 percent in October nearly matching the nation's 2.3 percent increase. Texas gained 21,800 jobs in October after adding 15,100 in September. Current Texas employment stands at 11.9 million, according to the Current Employment Statistics payroll survey.

► The Texas unemployment rate ticked up in October from 4.2 to 4.4 percent. The state's reading continues to be lower than the U.S. rate, which came in at 5.0 percent.

► The Dallas Fed's Texas Employment Forecast edged up to 1.3 percent this month (December over December). The Texas Employment Forecast is available at the [Dallas Fed website](#).

Existing-Home Sales

Number of existing homes sold*



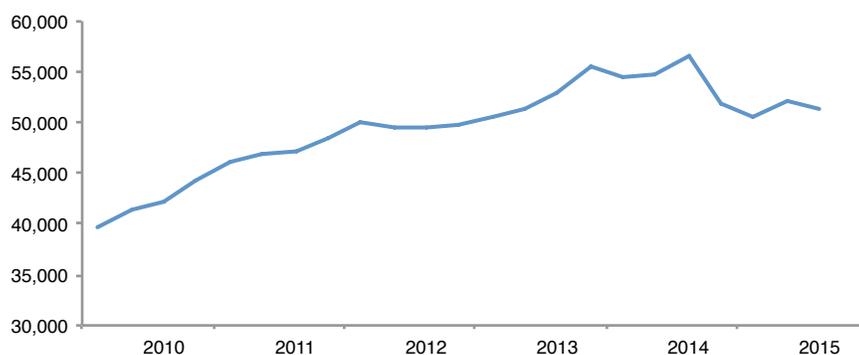
*Seasonally adjusted.

► Texas existing-home sales fell 1.5 percent in October but remained 1.8 percent higher than year-earlier levels. Home sales in Fort Worth and Houston declined in October after experiencing increases in September, while sales in Austin, Dallas and San Antonio continued to climb. Home inventories dipped to 3.4 months of available supply in October.

► Texas housing starts, including both single-family and multifamily units, fell 7.3 percent in September after rising 11.4 percent in August; however, starts are up 8.8 percent year over year. Single-family housing construction permits increased 6.9 percent in September after declining 1.1 percent the previous month and were up 8.5 percent year over year.

Exports

Real 2000 dollars (millions)*



*Quarterly, seasonally adjusted.

► Texas exports decreased 1.4 percent in the third quarter and were 9.1 percent lower than a year ago. Weakness in exports was largely broad-based across Texas major trading partners. Exports to Canada decreased 1.7 percent following a 7.8 percent increase in the prior quarter. Exports to Asia, the European Union and Latin America, excluding Mexico, declined as well. In contrast, exports to China saw the largest increase (among Texas major trading partners) at 2.0 percent, and exports to Mexico grew a modest 0.7 percent in the third quarter.

Crude Oil Prices

Dollars/barrel



West Texas Intermediate crude oil rose from \$45.48 per barrel in September to \$46.23 in October. The price was 45.2 percent lower year over year.

Natural Gas Prices

Dollars/million Btu



The price of natural gas fell to \$2.32 per million Btu in October, down 12.5 percent from the September level and 38.6 percent lower than October 2014.

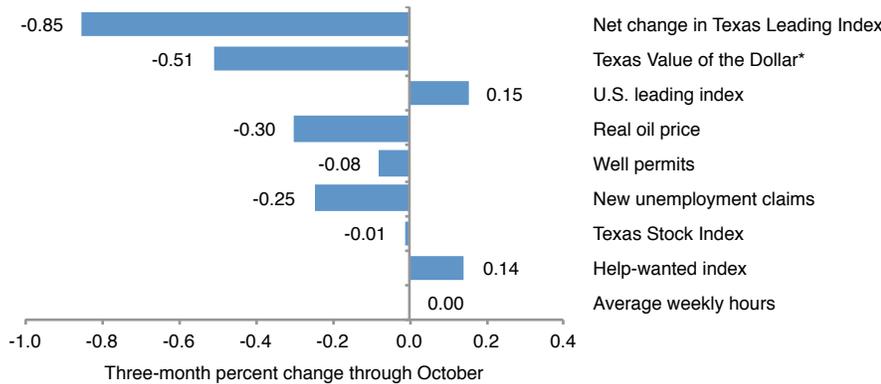
Texas Rig Count

Active rigs



The Texas rig count dropped for the second consecutive month, declining from 367 in September to 349 in October. The rig count remains 61.2 percent below last year's level.

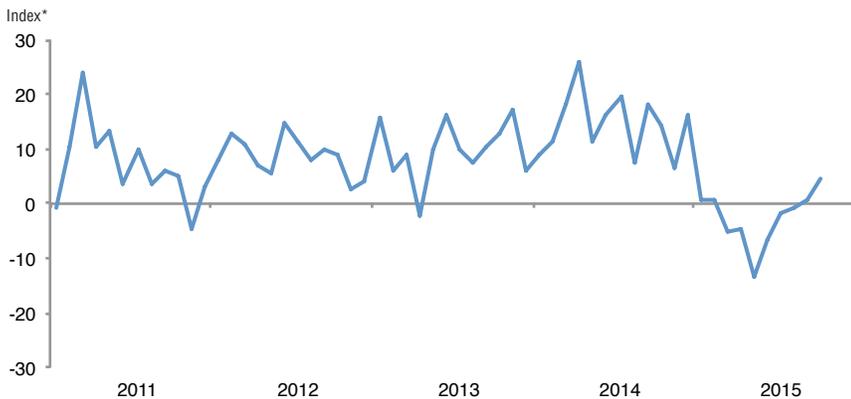
Texas Leading Index with Components



The estimated value of the Texas Leading Index, which uses key economic indicators to forecast employment growth, edged up 0.9 percent in October, and the three-month net change (August to October) was -0.85 percent. Rising new unemployment claims and a decline in oil prices and well permits depressed the index estimate, while growth in the U.S. leading index and help-wanted index contributed positively.

*Estimated October value.
NOTE: Seasonally adjusted.

Manufacturing Outlook Survey Production Index



*Seasonally adjusted.

Texas factory output inched up after holding steady or declining for several months in a row, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, rose from 0.9 in September to 4.8 in October.

The Dallas Fed conducts the manufacturing outlook survey monthly to obtain a timely assessment of the state's factory activity.

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

SOURCES: **Employment:** Bureau of Labor Statistics, Texas Workforce Commission and adjustments by the Dallas Fed; **existing-home sales:** Multiple Listing Service; **exports:** Census Bureau, WISERTrade and adjustments by the Dallas Fed; **crude oil and natural gas prices:** Wall Street Journal; **Texas rig count:** Baker Hughes; **Texas Leading Index with components:** Dallas Fed; **Manufacturing Outlook Survey Production Index:** Dallas Fed.

Questions can be addressed to Emily Gutierrez at emily.gutierrez@dal.frb.org.