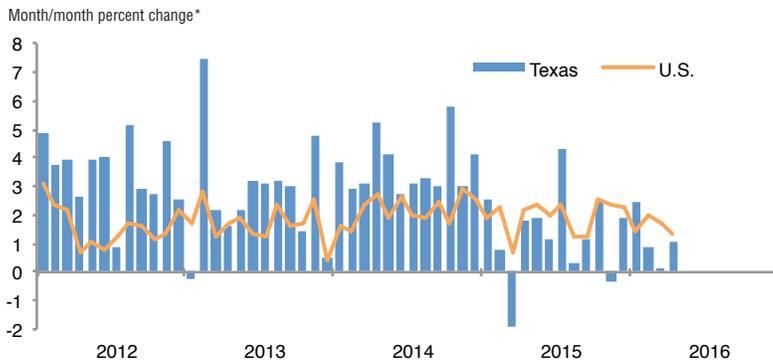


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Summary

The Texas economy expanded in April. Payroll employment grew during the month, although unemployment edged up. The Texas Manufacturing Outlook Survey production index continued to be positive, but housing starts declined in March. Exports rose in the first quarter after two consecutive quarters of decline, and the estimated value of the Texas Leading Index increased in April.

Employment



*Seasonally adjusted annualized rate.

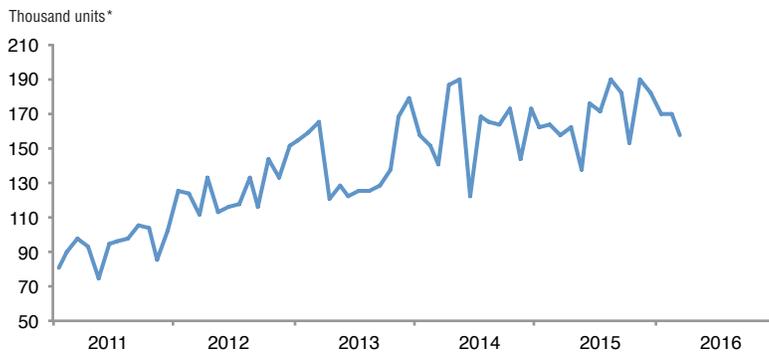
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; adjustments by the Dallas Fed.

▶ Texas employment grew at a 1.1 percent annualized pace in April, compared with the nation's 1.3 percent rate. Texas gained 10,700 jobs in April after adding almost 1,000 in March. Texas employment stands at nearly 12.0 million, according to the payroll survey (Current Employment Statistics).

▶ The Texas unemployment rate ticked up in April to 4.4 percent. The state's reading continues to be lower than the U.S. rate, which held steady at 5.0 percent.

▶ The Dallas Fed's Texas Employment Forecast reported a 2016 estimate of 1.5 percent growth (December over December), up from the 1.0 percent growth forecasted in April. The Texas Employment Forecast is available at the [Dallas Fed website](#).

Housing Starts



*Seasonally adjusted annualized rate.

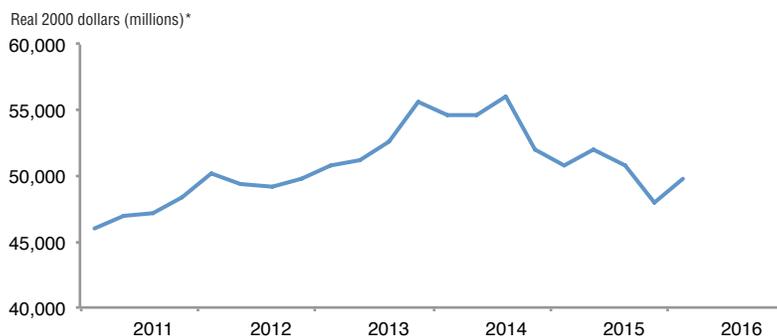
SOURCE: Bank of Tokyo-Mitsubishi UFJ.

▶ Texas housing starts, including both single-family and multifamily units, fell 7.0 percent in March after ticking down 0.2 percent in February. Starts were in line with year-ago levels in March.

▶ Single-family housing construction permits inched up 2.7 percent in March and were up 3.3 percent year over year.

▶ Existing-home sales rose 1.9 percent from March to April. Home inventories ticked down to 3.6 months' supply in April—2.9 percent above their year-ago level.

Exports



*Seasonally adjusted, quarterly.

SOURCES: Census Bureau; WISERTrade; adjustments by the Dallas Fed.

▶ Texas exports increased 3.9 percent in first quarter 2016 but were 1.7 percent lower than a year ago. In the first quarter, exports to Asia (excluding China) saw the largest rise among Texas' major trading partners at 22.3 percent, followed by exports to China at 6.1 percent and to Mexico at 3.5 percent. Exports to Canada dropped the most at 8.5 percent, followed by exports to Latin America (excluding Mexico), which fell 6.6 percent in the quarter.

▶ Looking at exports by industry, machinery and petroleum and coal products picked up in the first quarter after experiencing declines in previous quarters. Exports of computers and electronics saw the largest jump at 11.9 percent, followed by transportation equipment at 9.8 percent. Primary metals and fabricated metals exports continued to contract during the quarter.

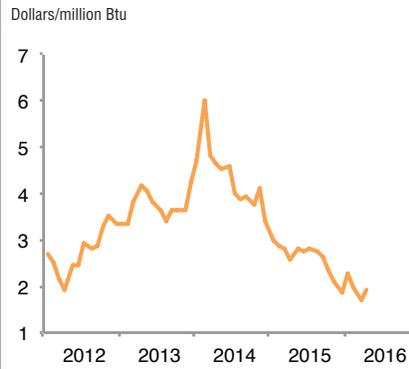
Crude Oil Prices



SOURCE: Wall Street Journal.

► West Texas Intermediate crude oil ticked up from \$37.80 per barrel in March to \$40.76 in April. The price was 25.1 percent lower year over year.

Natural Gas Prices



SOURCE: Wall Street Journal.

► The price of natural gas inched up to \$1.90 per million Btu in April, up 11.8 percent from March but 26.4 percent lower than April 2015.

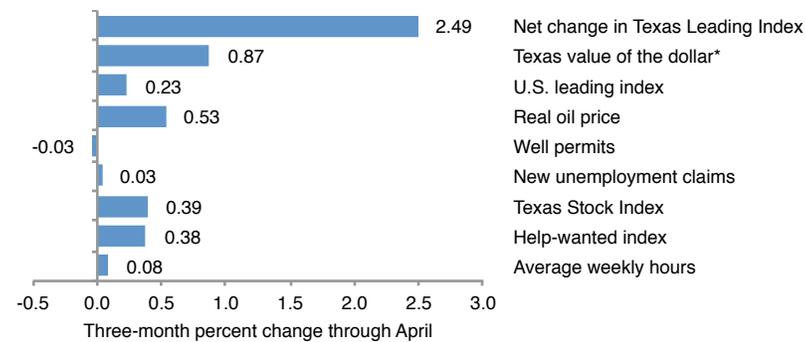
Texas Rig Count



SOURCE: Baker Hughes.

► The Texas rig count dropped for the eighth consecutive month, declining from 218 in March to 194 in April. The rig count remains 54.0 percent below April 2015 levels.

Texas Leading Index with Components



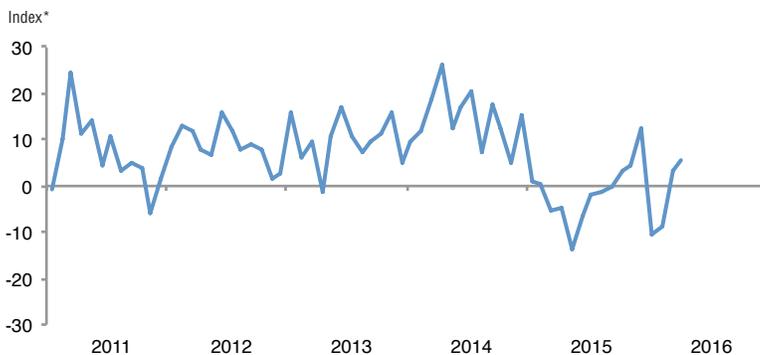
*Estimated April value.

NOTE: Data are seasonally adjusted.

SOURCE: Dallas Fed.

► The Texas Leading Index estimate, which uses key economic indicators to forecast employment growth, rose 1.5 percent in April, and the three-month net change (February to April) was 2.49 percent. A decline in well permits depressed the index estimate, while a rise in the U.S. leading index, real oil prices, stock prices of Texas-based companies, the help-wanted index and average weekly hours contributed positively.

Manufacturing Outlook Survey Production Index



*Seasonally adjusted.

SOURCE: Dallas Fed.

► Texas factory output grew again in April, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, climbed from 3.3 in March to 5.8 in April, indicating that output continued to expand for the second straight month.

► The Dallas Fed conducts the Texas 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.

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