

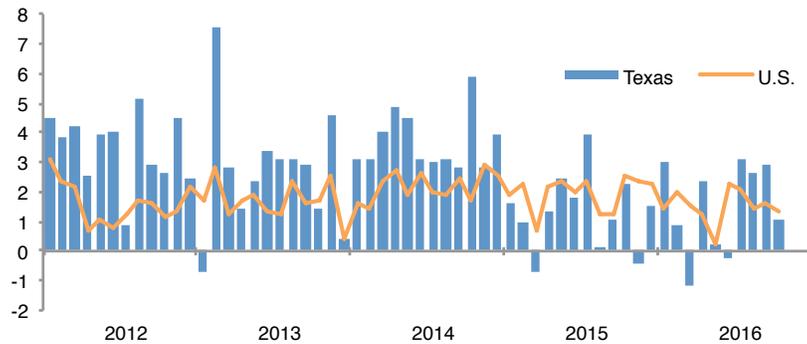
FEDERAL RESERVE BANK OF DALLAS • NOVEMBER 21, 2016

Summary

The Texas economy expanded at a slow pace in October. Employment grew while unemployment declined, and the Texas Business Outlook Surveys indicated continued expansion. The three-month change in the Texas Leading Index was negative, although the one-month change was positive. The energy sector continued to show signs of modest improvement, but exports fell in the third quarter. Texas existing-home inventories were stable at relatively low levels.

Employment

Month/month percent change*

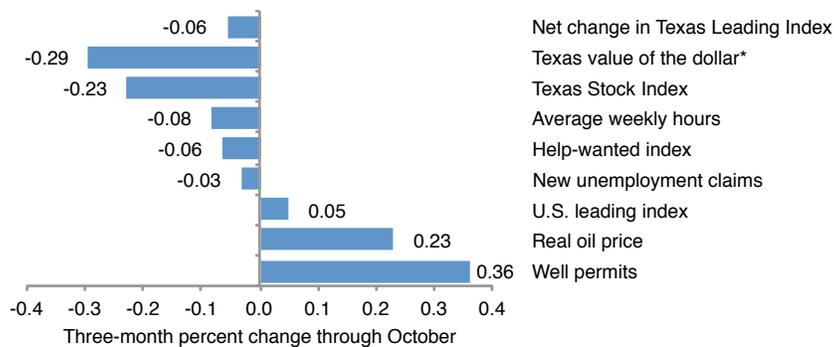


*Seasonally adjusted, annualized rate.

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

- ▶ Both Texas and U.S. employment expanded in October but at a slower pace than in September.
- ▶ Texas employment grew at a 1.1 percent annualized rate, adding nearly 10,900 new jobs. It was outpaced by the nation's 1.3 percent job growth.
- ▶ The unemployment rate in October declined by 0.1 percentage points in Texas to 4.7 percent and in the U.S. to 4.9 percent.
- ▶ The Dallas Fed's [Texas Employment Forecast](#) for 2016 (December over December) increased in October to 1.5 percent job growth.

Texas Leading Index with Components



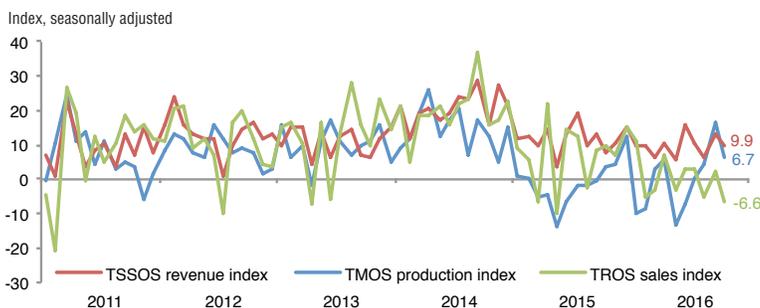
*Estimated October value.

NOTE: Data are seasonally adjusted.

SOURCE: Dallas Fed.

- ▶ The Texas Leading Index, a composite of eight indicators that tend to change direction before the overall economy does, sheds light on the future of the state's economy. In October, its three-month net change was -0.06 percent. However, the one-month change was positive at 0.48 percent.
- ▶ The Texas value of the dollar (estimated for October) decreased the most among the leading index components over the three-month period.
- ▶ Well permits was the component with the largest positive contribution to the index during the three-month period.

Texas Business Outlook Survey Indexes



NOTE: TMOS = Texas Manufacturing Outlook Survey; TSSOS = Texas Service Sector Outlook Survey; TROS = Texas Retail Outlook Survey.

SOURCE: Dallas Fed.

- ▶ The headline indexes of the Dallas Fed's three Texas Business Outlook Surveys suggest that expansion continued in October but at a somewhat slower rate.
- ▶ The Texas Manufacturing Outlook Survey production index fell from 16.7 to 6.7, while other measures of current manufacturing activity showed mixed movements.
- ▶ The Texas Service Sector Outlook Survey revenue index slipped from 13.0 to 9.9, indicating that activity grew at a slower pace.
- ▶ The Texas Retail Outlook Survey sales index, which tends to be more volatile, fell to -6.6 from 2.0, suggesting that retail sales declined in October.

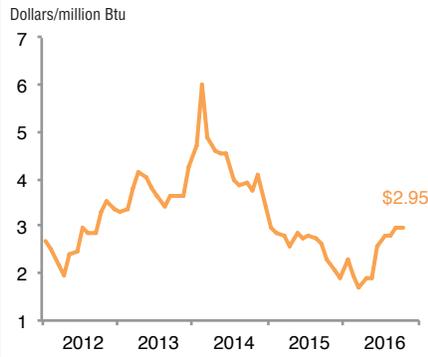
Crude Oil Prices



SOURCE: Energy Information Administration.

► The price of West Texas Intermediate crude oil rose 10.2 percent from September to October, reaching \$49.78.

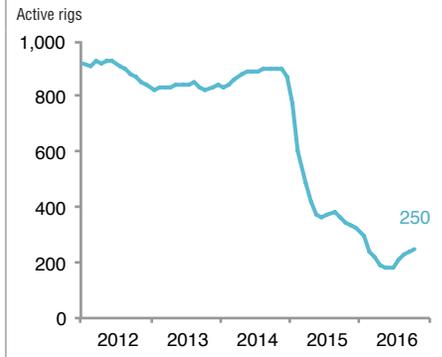
Natural Gas Prices



SOURCE: Wall Street Journal.

► The price of natural gas was 27.2 percent above year-ago levels in October at \$2.95.

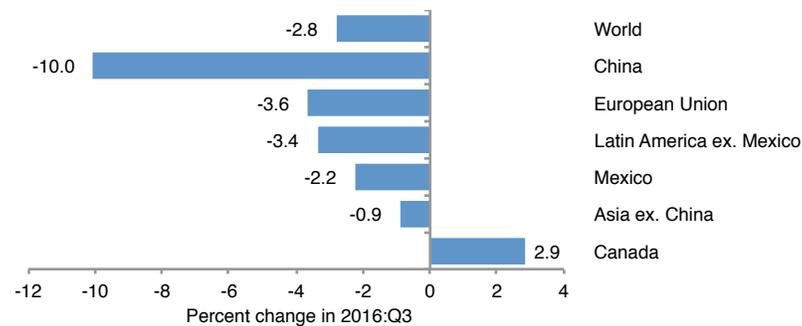
Texas Rig Count



SOURCE: Baker Hughes.

► The rig count inched up, with six new rigs added in October. The rig count has expanded each month since June, though the rate of increase slowed in both September and October.

Exports



NOTE: Data are seasonally adjusted.

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

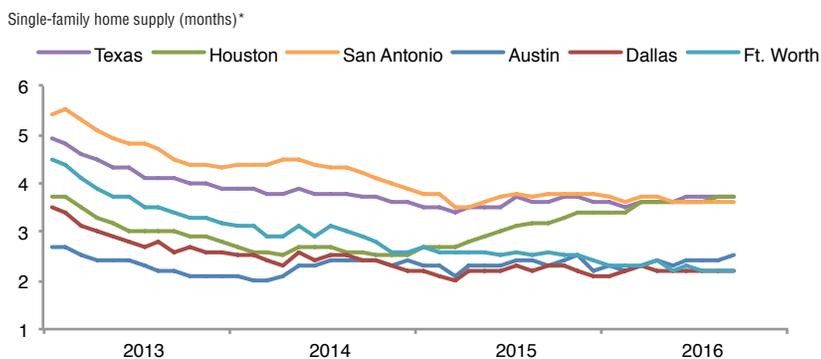
► In third quarter 2016, total Texas exports declined 2.8 percent.

► Exports to Canada increased by 2.9 percent, while exports to other major trading partners decreased.

► Exports of agricultural products increased 38.1 percent, while exports of nonelectrical machinery decreased 14.3 percent and petroleum and coal exports decreased 4.8 percent.

► The state's exports continue to be suppressed by low oil prices, weak global demand and a generally strong dollar.

Home Inventories



*Seasonally adjusted.

SOURCE: Multiple Listing Service.

► Texas recorded 3.7 months of existing-home inventory in September, little changed from year-ago levels. This is lower than the six months of supply considered a balanced market.

► At 3.7 months of supply, Houston's existing-home inventory has increased 15.6 percent from last September.

► Fort Worth registered the largest year-over-year decrease in home inventories at 15.4 percent. Currently, the metro has 2.2 months of supply.

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

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