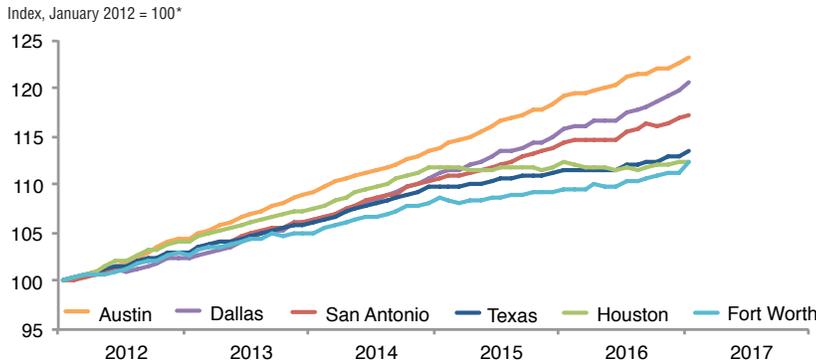


FEDERAL RESERVE BANK OF DALLAS • MARCH 13, 2017

Summary

Texas economic growth strengthened in January. Employment growth was robust and diversified across the major metros and sectors. The Texas Business-Cycle Index and Texas Business Outlook Surveys indicated substantial improvements. Energy sector indicators, exports and housing starts also increased.

Employment

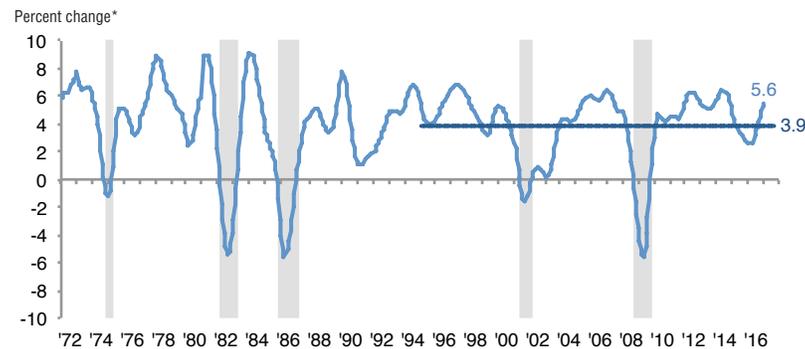


*Seasonally adjusted.

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

- ▶ Texas employment surged 4.9 percent in January following an upwardly revised 2.5 percent growth rate in December.
- ▶ Each major metro registered positive employment growth in January, and growth rates accelerated month over month in Austin, Dallas and Fort Worth.
- ▶ Employment in each supersector except for information services increased, with growth in oil and gas extraction in the lead.

Texas Business-Cycle Index



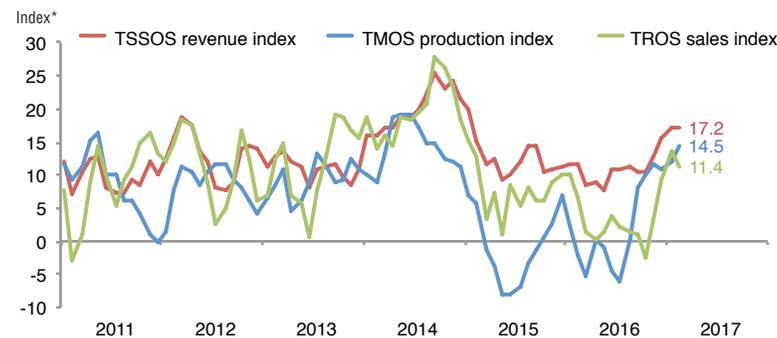
*Month/month; seasonally adjusted, annualized rate.

NOTES: The horizontal line is the average annual growth rate from January 1995 to present. Gray bars indicate recessions.

SOURCE: Dallas Fed.

- ▶ The Dallas Fed's Texas Business-Cycle Index suggests expansion in the state's economy. The index rose an annualized 5.6 percent in January, well above its long-run average of 3.9 percent.

Texas Business Outlook Survey Indexes



*Seasonally adjusted, three-month moving average.

NOTE: The Texas Business Outlook Surveys are the Texas Manufacturing Outlook Survey (TMOS), Texas Service Sector Outlook Survey (TSSOS) and Texas Retail Outlook Survey (TROS).

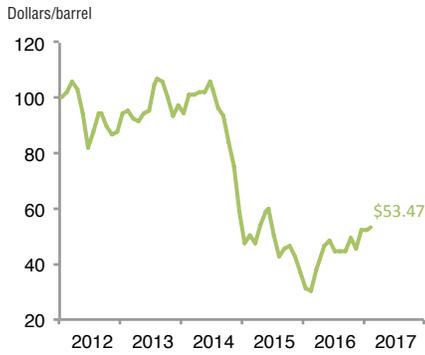
SOURCE: Dallas Fed.

- ▶ The Dallas Fed's Texas Business Outlook Surveys indicated robust growth in current activity and continued optimism in company outlooks across the manufacturing, services and retail sectors in February.

- ▶ Based on the three-month moving averages, the headline Texas Manufacturing Outlook Survey (TMOS) production index rose to 14.5 in February, the Texas Service Sector Outlook Survey (TSSOS) revenue index fell slightly to 17.2 and the Texas Retail Outlook Survey (TROS) sales index slipped to 11.4. All three indexes are above their highest values seen in 2016.

- ▶ The three-month moving average of the TMOS company outlook index ticked up to 20.7 in February, and the TROS company outlook index remained unchanged at 17.2. The three-month moving average of the TSSOS company outlook index moved down to 16.9 but remained above 2015 and 2016 values.

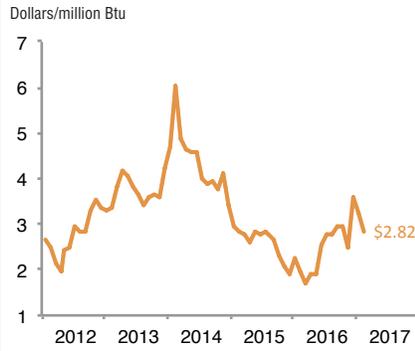
Crude Oil Prices



SOURCE: Energy Information Administration.

► The price of crude oil rose 1.8 percent in February, reaching \$53.47 per barrel—76.4 percent above year-ago levels.

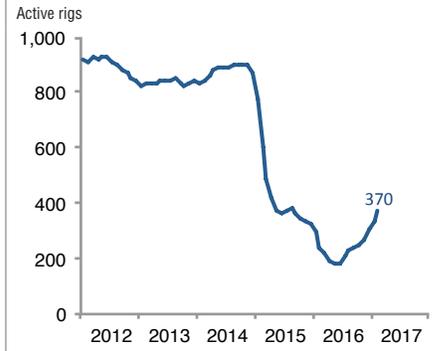
Natural Gas Prices



SOURCE: Wall Street Journal.

► Natural gas prices dropped 13.5 percent in February to \$2.82 per million Btu but remained 43.9 percent above year-ago levels.

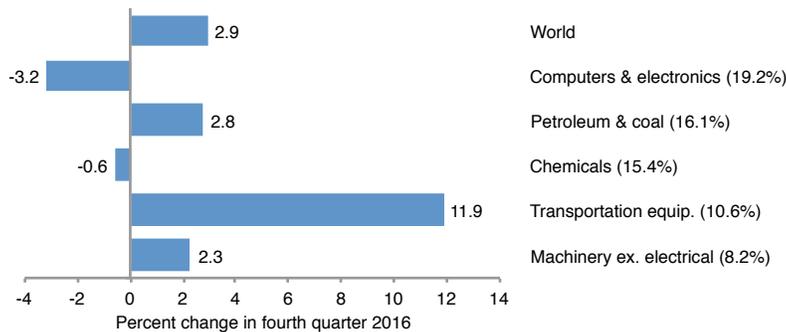
Texas Rig Count



SOURCE: Baker Hughes.

► Thirty-four rigs were added in February, bringing the active rig count to 370. There were 126 more active rigs than in February 2016.

Exports



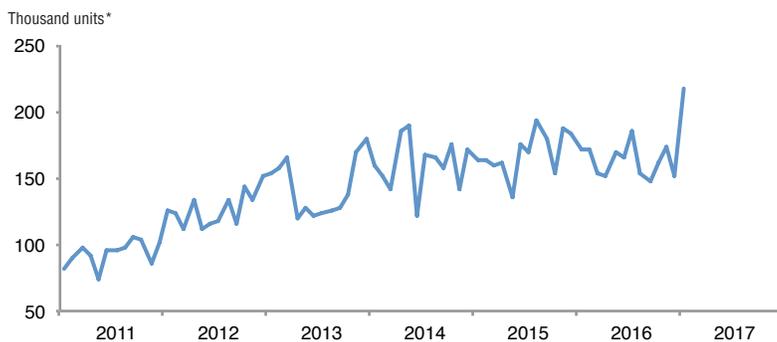
NOTES: Data are seasonally adjusted. Numbers in parentheses reflect percent of total exports in fourth quarter 2016. SOURCES: Census Bureau; WISERTrade; adjustments by the Dallas Fed.

► Texas exports expanded 5.7 percent in January, while U.S. exports ticked down 0.8 percent.

► In fourth quarter 2016, Texas exports climbed 2.9 percent. Exports of computers and electronics and chemicals decreased, while exports of petroleum and coal products, transportation equipment, and machinery (excluding electrical) expanded during the quarter.

► Texas exports continue to be hampered by low oil prices, weak global demand and a strong dollar.

Housing Starts



*Seasonally adjusted, annualized rate. NOTE: Data are through January 2017. SOURCE: Bank of Tokyo-Mitsubishi UFJ.

► The Texas housing market expanded in January. Housing starts soared 42.1 percent, registering the largest single-month increase since January 2005, during the U.S. housing boom.

► Existing-home inventories remained tight at 3.7 months of supply in January and in line with year-ago levels.

► Texas single-family building permits grew 3.7 percent in January and were 20.3 percent above January 2016 levels.

► The five-month moving average value of Texas construction contracts ticked up 0.7 percent in January. This was driven by nonbuilding construction contracts, which jumped 9.9 percent. Nonresidential construction contract values dipped 2.1 percent, and residential values dropped 1.1 percent.

NOTE: Data may not match previously published numbers due to revisions. Questions can be addressed to Stephanie Gullo at stephanie.gullo@dallasfed.org.