

Austin Economic Indicators

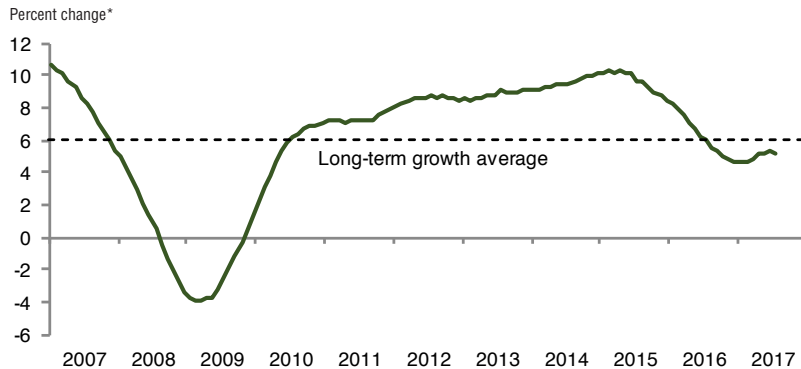
DALLAS FED

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Summary

Growth in the Austin economy remained moderate in June. The Austin Business-Cycle index continued to grow near its long-term trend, as jobs were weak, but the unemployment rate fell to its lowest level since the end of the tech boom in 2001. Housing-market indicators were strong, and manufacturing activity continued to expand at a healthy pace.

Austin Business-Cycle Index

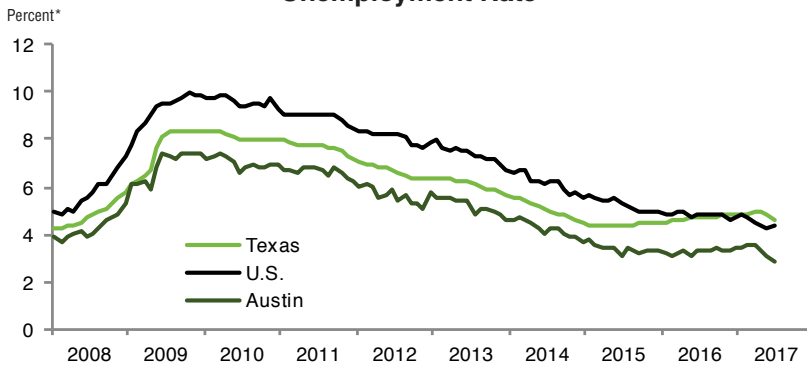


*Month-over-month annualized rate; seasonally adjusted.
SOURCE: Dallas Fed.

► The Austin Business-Cycle Index expanded at a 5.2 percent annualized rate in June, just slightly below its long-term average of 5.9 percent since 1990. Recent mediocre job growth—a significant drag on the index—may be partially due to the further tightening of labor markets as the unemployment rate declined further and levels of help-wanted advertising remained high compared with historical norms.

Employment

Unemployment Rate

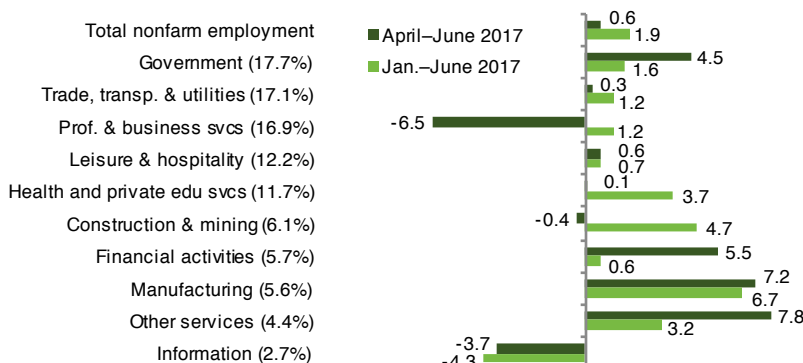


*Seasonally adjusted.
SOURCE: Bureau of Labor Statistics.

► The Austin unemployment rate fell for a third consecutive month to 2.9 percent, its lowest level in 16 years. This is in line with patterns at the state level, where the jobless rate fell to 4.6 percent and approached the national rate of 4.4 percent. Labor force growth has averaged 2.1 percent year to date, above the state rate of 1.6 percent.

► Austin jobs increased at a weak 0.6 percent annualized pace in second quarter 2017. Growth was generally soft, as many major sectors saw a slowdown or even decline compared with their year-to-date performance. Professional and business services in particular saw a sharp decline after a strong rise in the first quarter; health care, construction and retail trade also weakened notably in the past three months. Government was a notable sector for growth, particularly federal government employment, which rose 29 percent. Financial activities employment also picked up, particularly in insurance and real estate-related activity. Manufacturing jobs were strong, and the Austin Purchasing Managers Index suggests continued robust expansion in the sector in the second half of 2017.

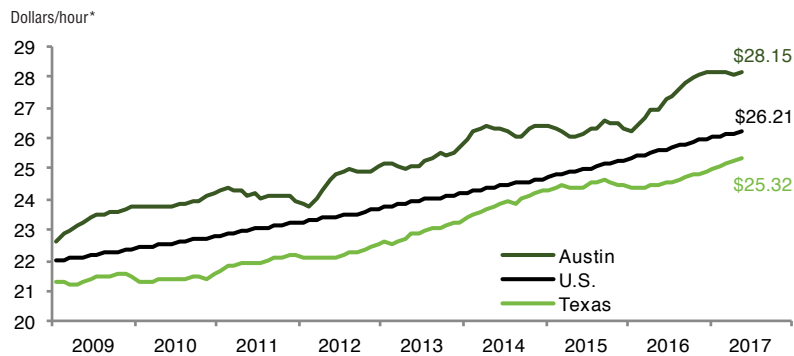
Employment Growth



NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry. Numbers in parentheses represent share of total employment and may not sum to 100 due to rounding.

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

Private-Sector Average Hourly Earnings

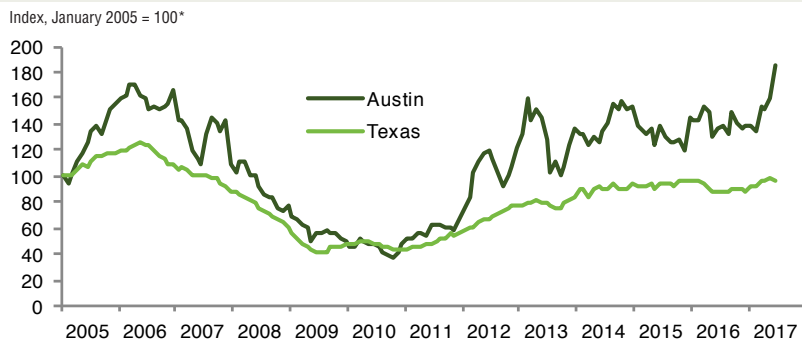


*Seasonally adjusted; three-month centered moving average.

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

► Average hourly earnings in Austin rose slightly to \$28.15 in June compared with \$26.21 for the U.S. and \$25.32 for Texas. Year-over-year wage growth was 4.4 percent, also well above the state and national rates of growth. While recent declines in high-paying professional and business services positions have likely dragged on average wages in Austin, the overall tightness in the labor market suggests that wage pressures are likely to remain strong.

Housing Permits

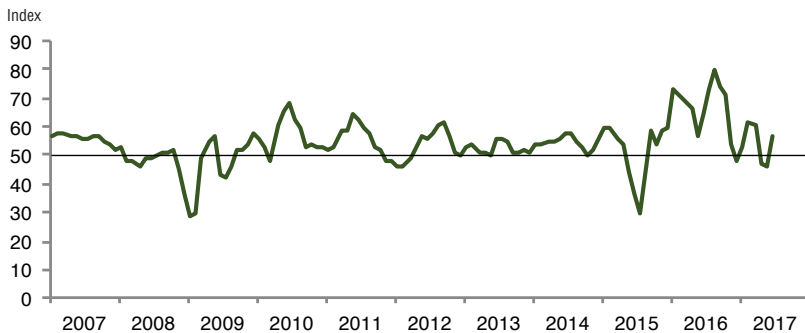


*Seasonally adjusted; indexed on five-month moving average.

SOURCE: Census Bureau.

► Permits for new-home construction in Austin soared in June to their highest levels since 2005, as multifamily activity in particular picked up strongly. Single-family activity continued to hold up, remaining near 10-year highs and following the state trend. The median home price in Austin held at \$291,405 in June, the highest among all the major metros in Texas, while home inventories remained low, and existing-home sales reached record highs.

Austin Purchasing Managers Index



NOTES: Seasonally adjusted three-month moving average; values greater than 50 indicate expansion. Linear interpolation used to substitute for several missing values.

SOURCES: Institute for Supply Management–Austin; adjustments by the Dallas Fed.

► The Austin Purchasing Managers Index indicated continued growth in regional manufacturing activity in the second quarter. The composite index rose to expansionary territory and has coincided with a strong pickup in manufacturing employment. The production index was at its highest level since mid-2016, while the new-orders index was also near a 12-month high, suggesting continued growth in manufacturing activity.

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

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