

The San Antonio Economy: Prospects for Short-Term and Mid-Term Growth

Presented to:

Government Finance Officers Association of Texas

Presented by:

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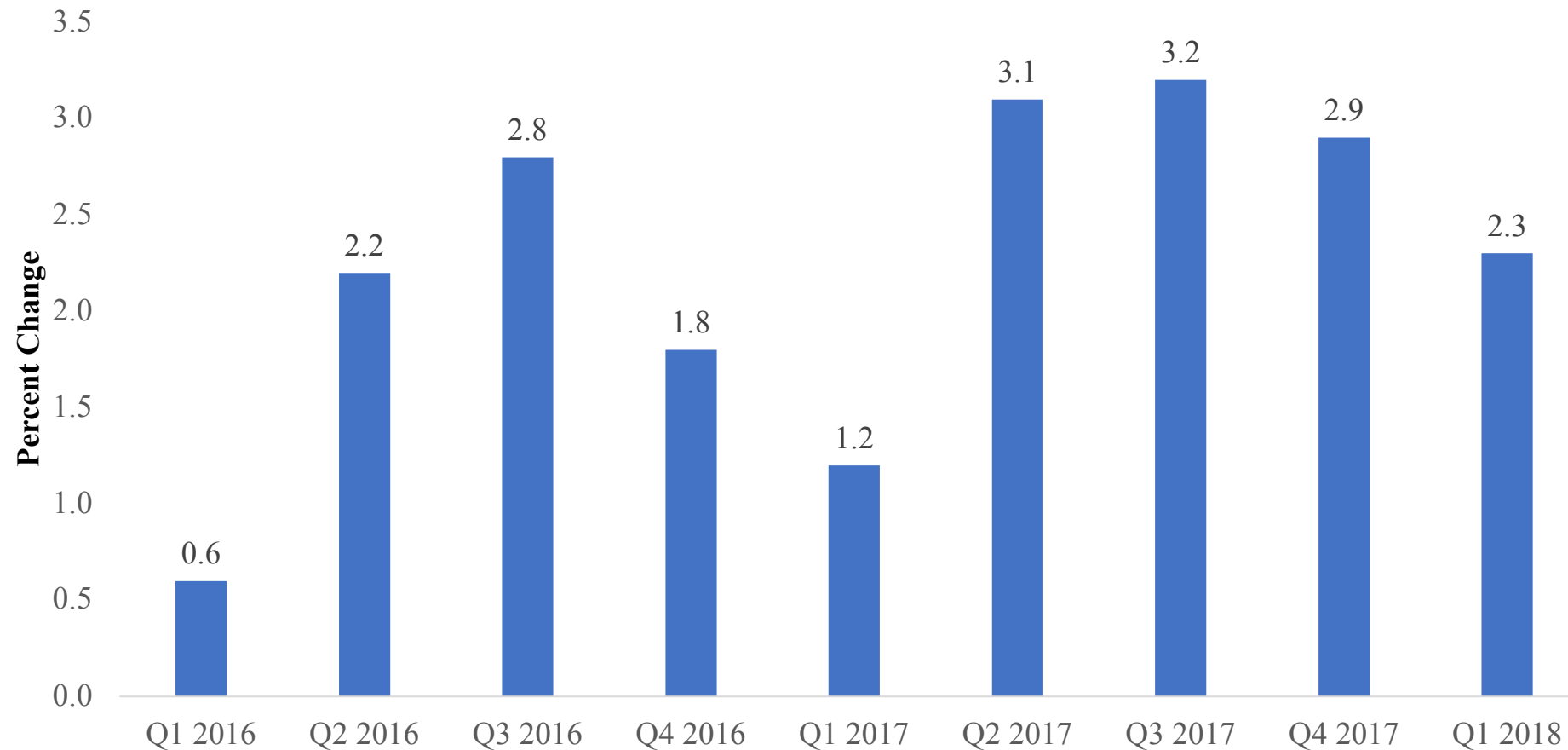
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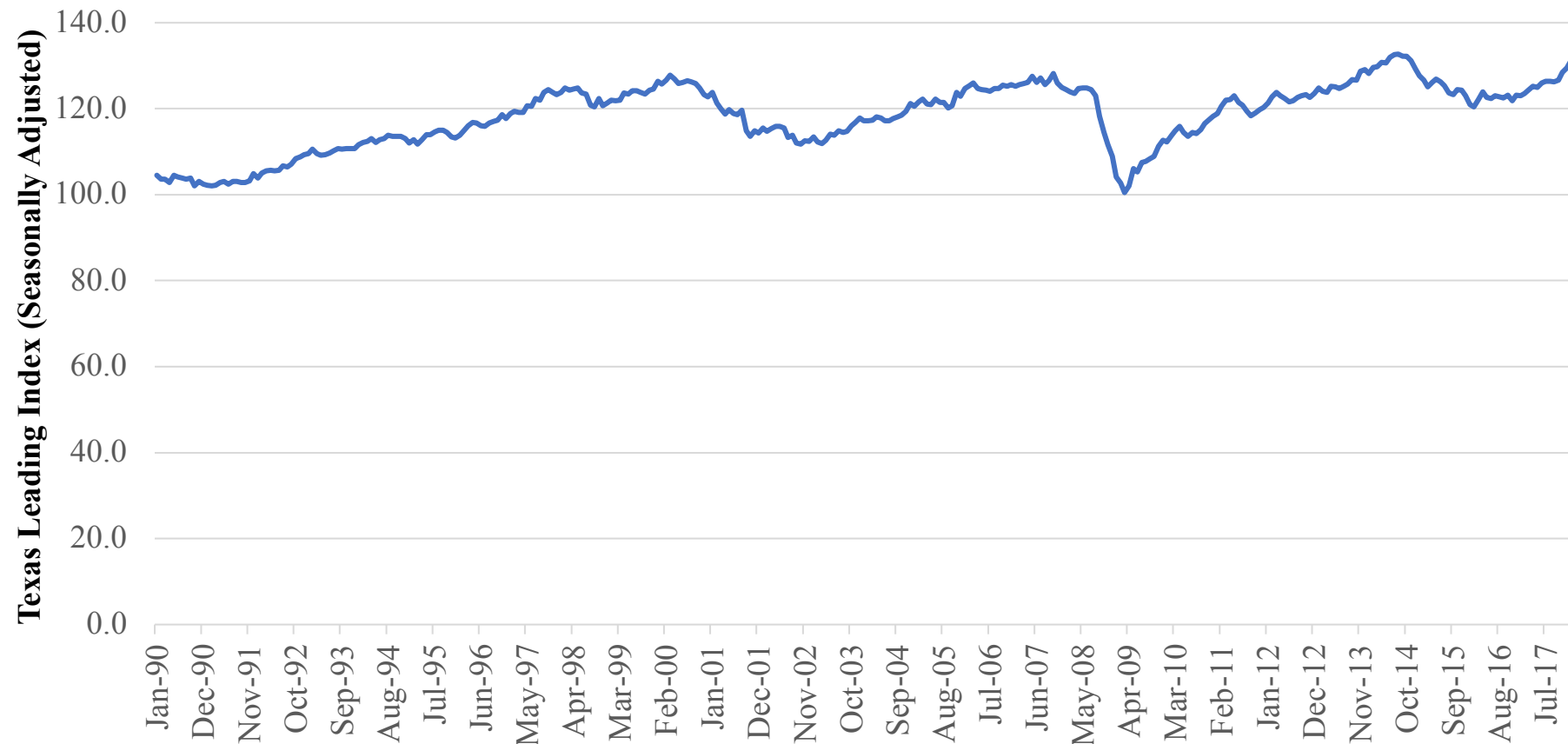
U.S. economy continues to grow.

Real GDP, % Change from Previous Quarter, SAAR
(Source: U.S. Bureau of Economic Analysis)



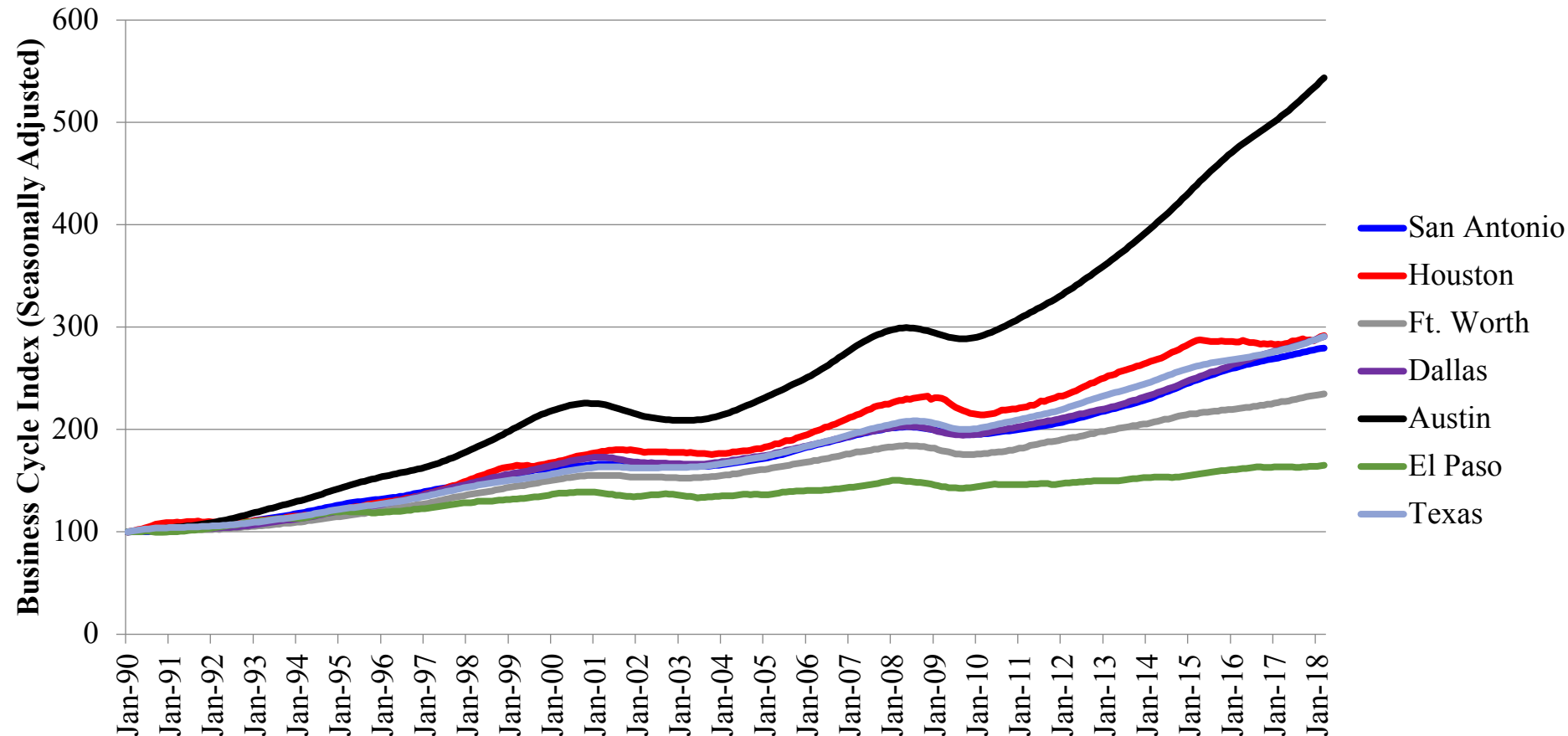
Growth is likely to continue in Texas for the next 6-12 months.

Texas Leading Index: Jan. 1990-March 2018 (1987 = 100)
(Source: Federal Reserve Bank of Dallas)



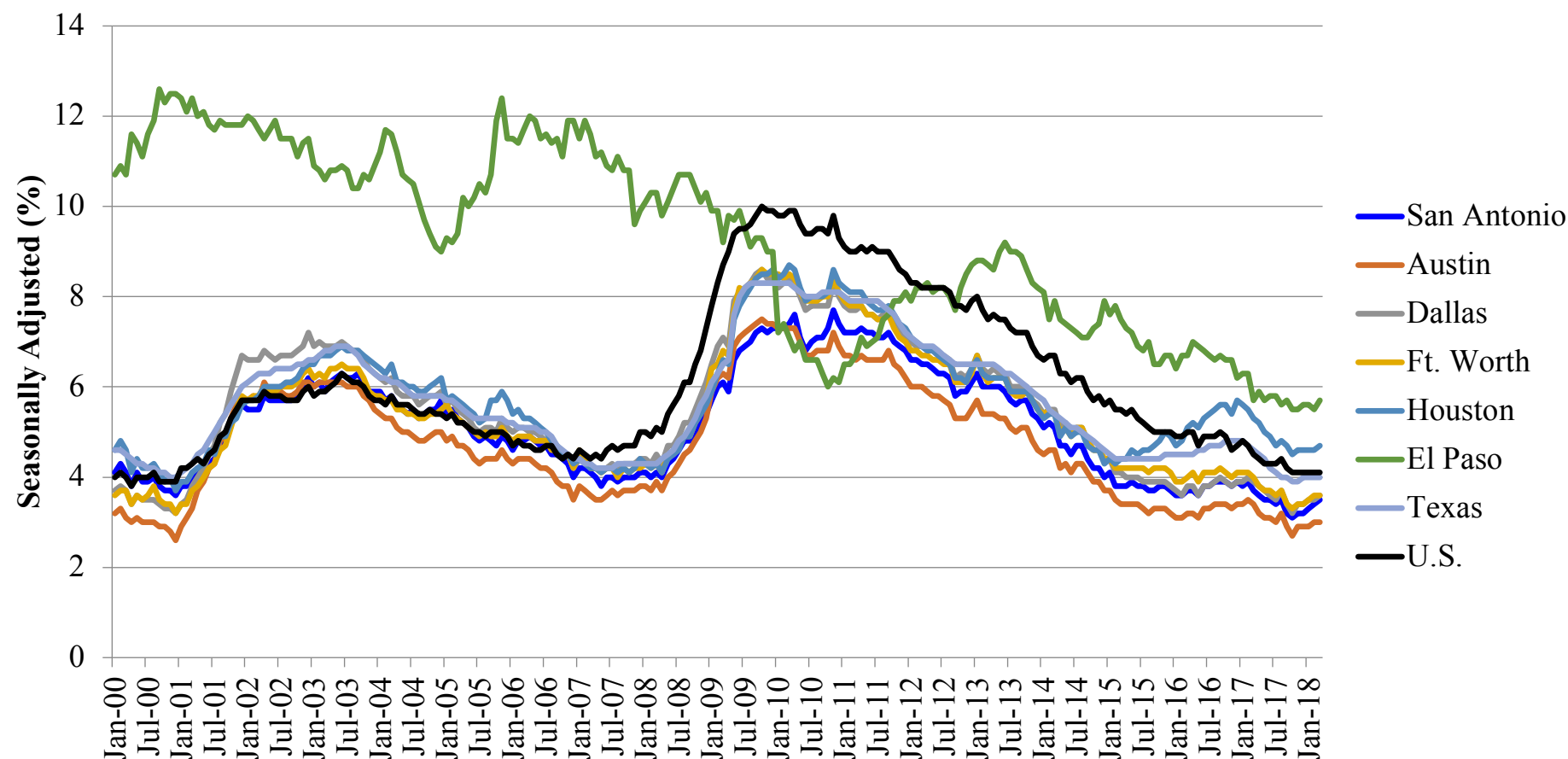
All major metropolitan economies across the state continue to grow.

Business Cycle Index: Jan. 1990-March 2018 (Jan. 1990 = 100)
(Source: Federal Reserve Bank of Dallas)



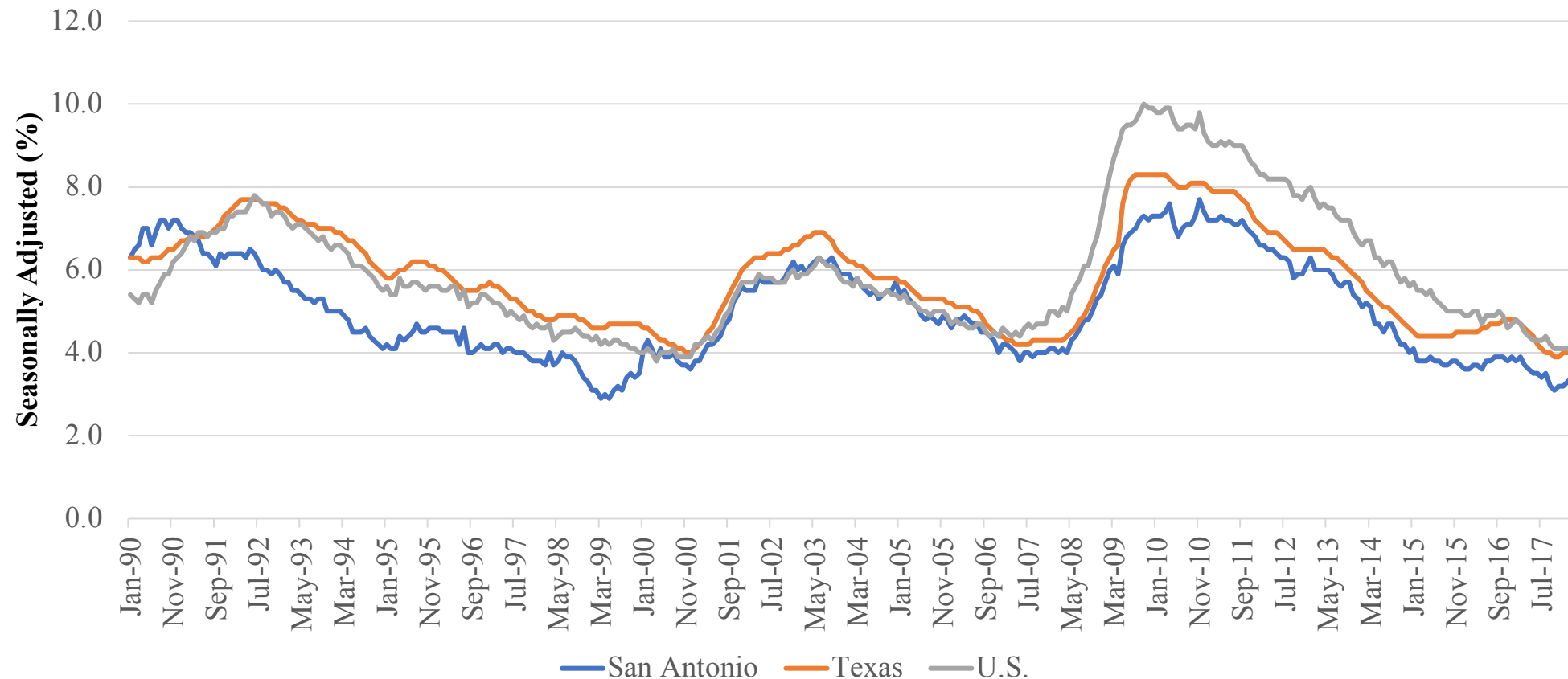
Unemployment rate is likely at its full-employment level.

Unemployment Rate: January 2000-March 2018
(Source: Federal Reserve Bank of Dallas, U.S. BLS, FRED)



Unemployment rates are at historically low rates since 1990.

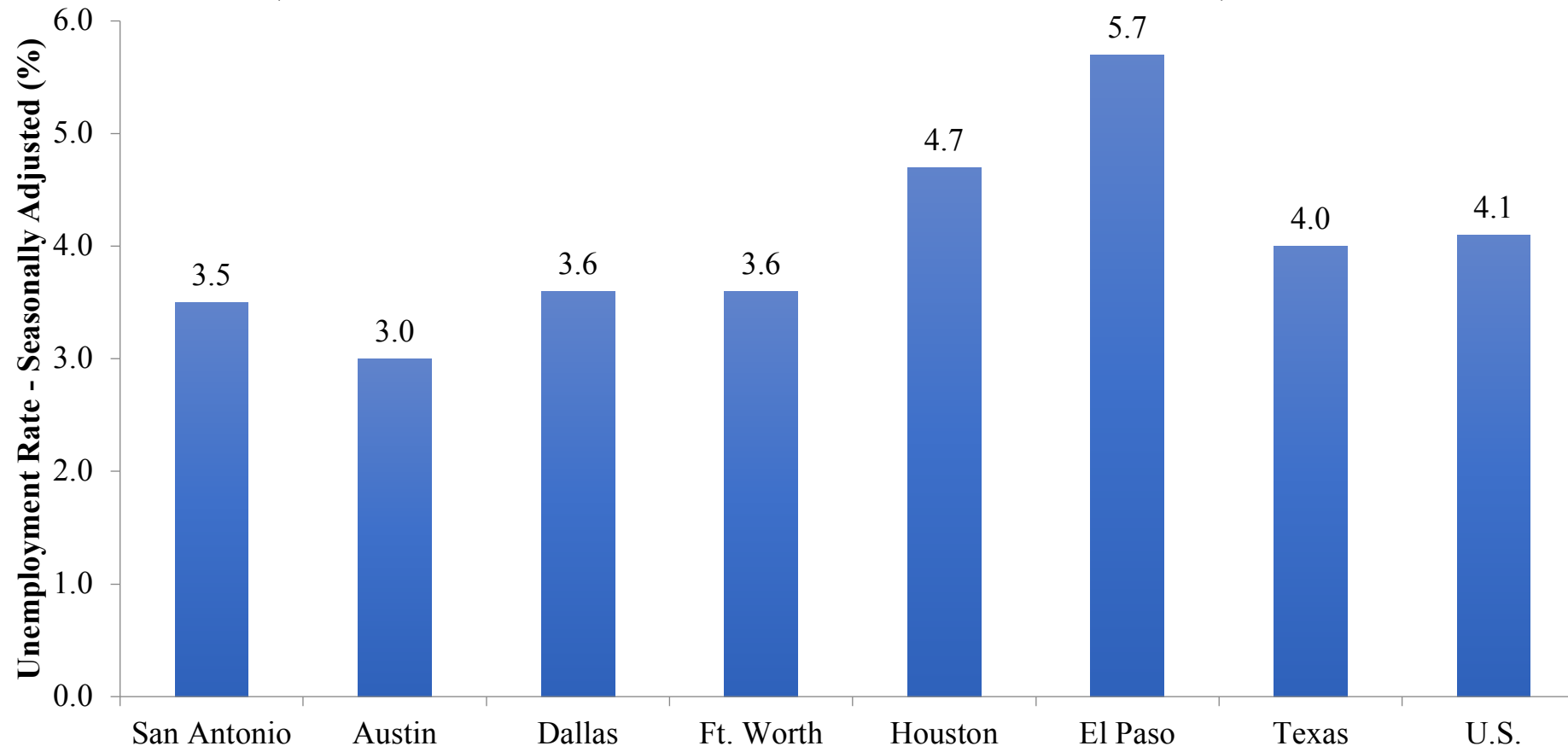
Unemployment Rate: January 1990-March 2018
(Source: Federal Reserve Bank of Dallas, U.S. BLS, FRED)



San Antonio has second-lowest unemployment rate among major Texas metropolitan economies.

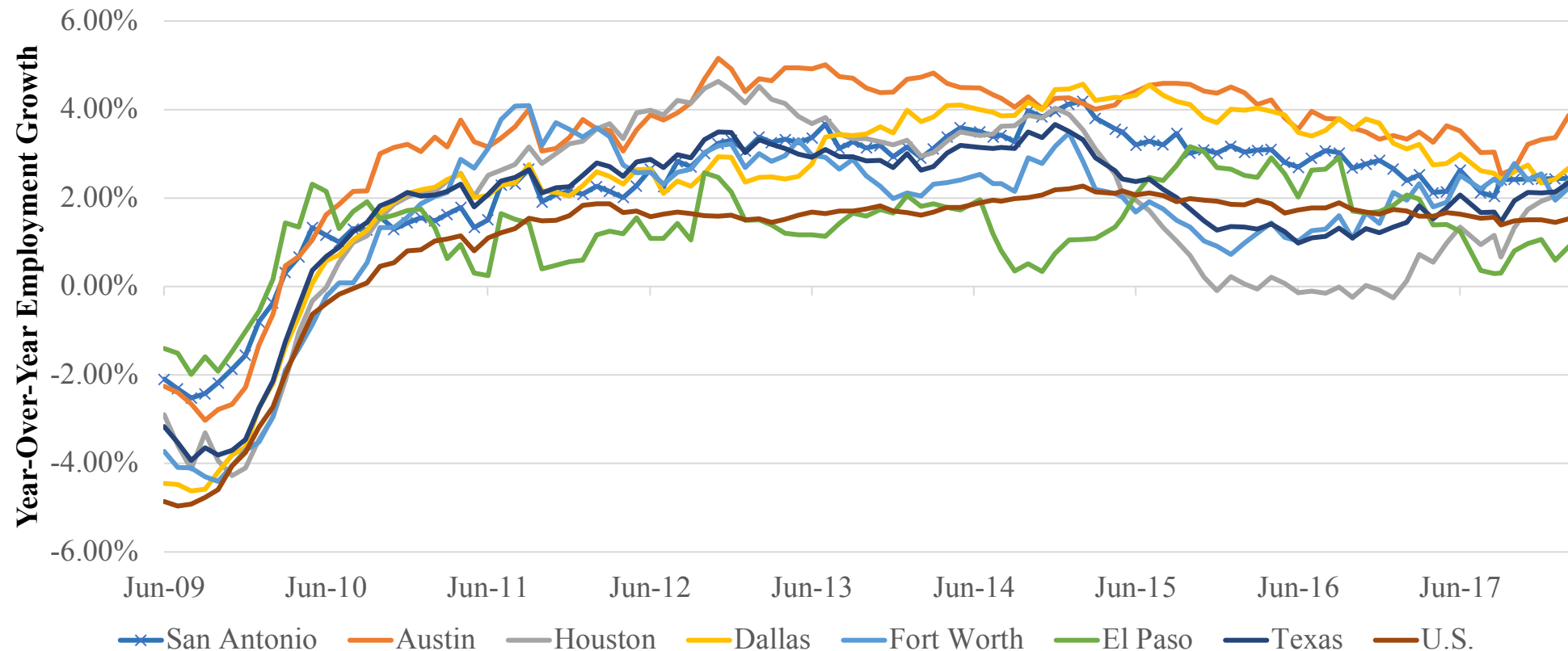
**Comparison of Metropolitan Area, Texas, and U.S. Unemployment Rates:
March 2018**

(Source: Federal Reserve Bank of Dallas, U.S. BLS, FRED)



Major metropolitan economies in Texas continue to show solid growth.

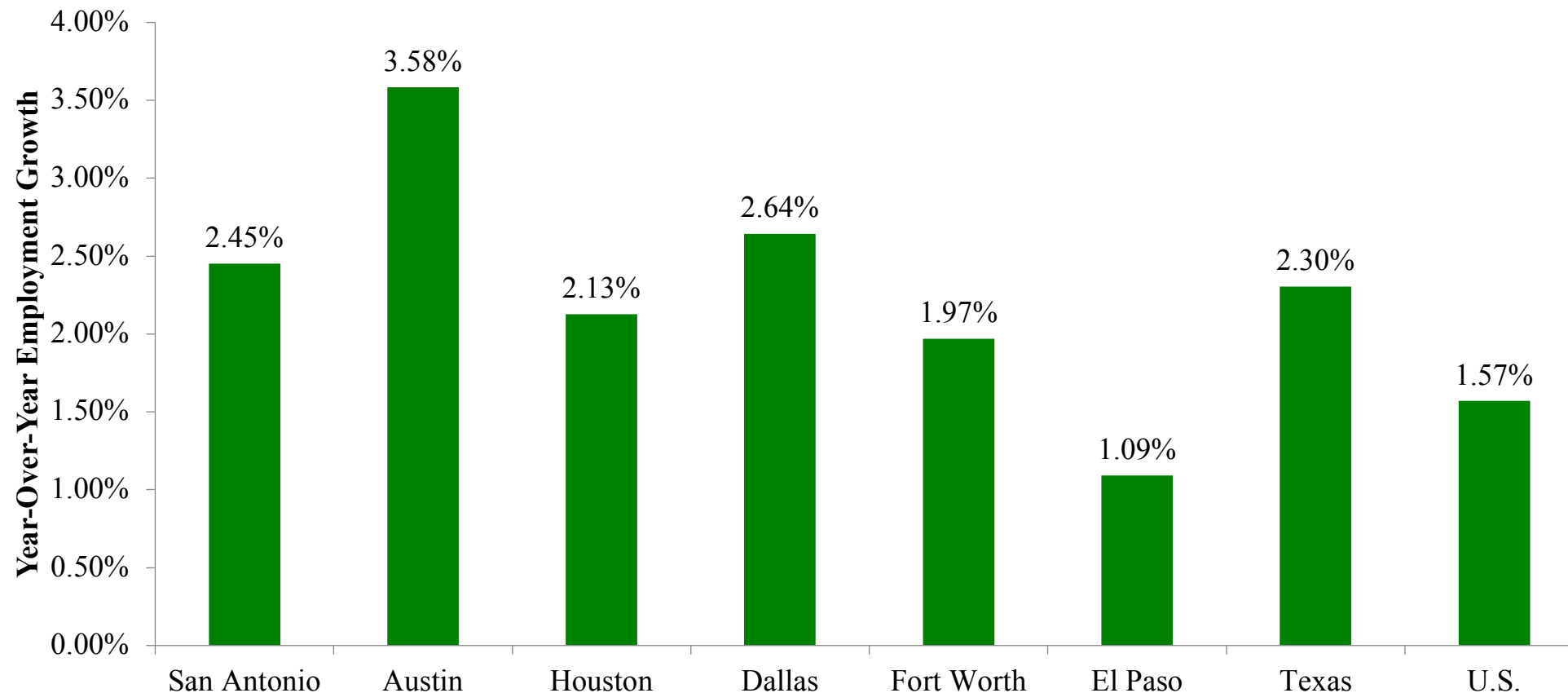
Trends in Employment Growth in Metropolitan Areas, Texas, and U.S.:
June 2009-March 2018
(Source: Federal Reserve Bank of Dallas, U.S. BLS, FRED, Author's calculations)



Economic growth in San Antonio is strong.

Employment Growth in Major Metropolitan Areas, Texas, and U.S.: March 2018

(Source: Federal Reserve Bank of Dallas, U.S. BLS, FRED, Author's calculations)

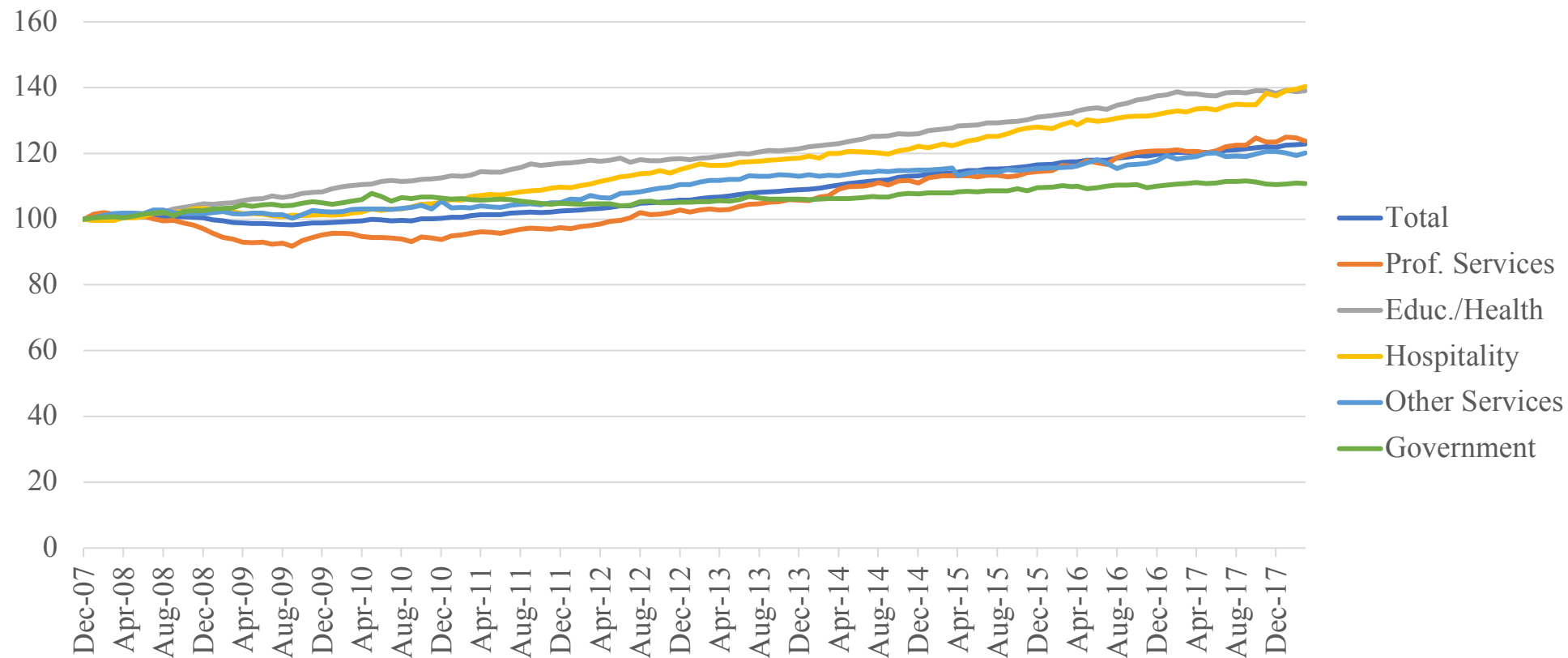


Growth in San Antonio is also broad-based across most industries.

Employment Change in San Antonio by Sector Thru March 2018:

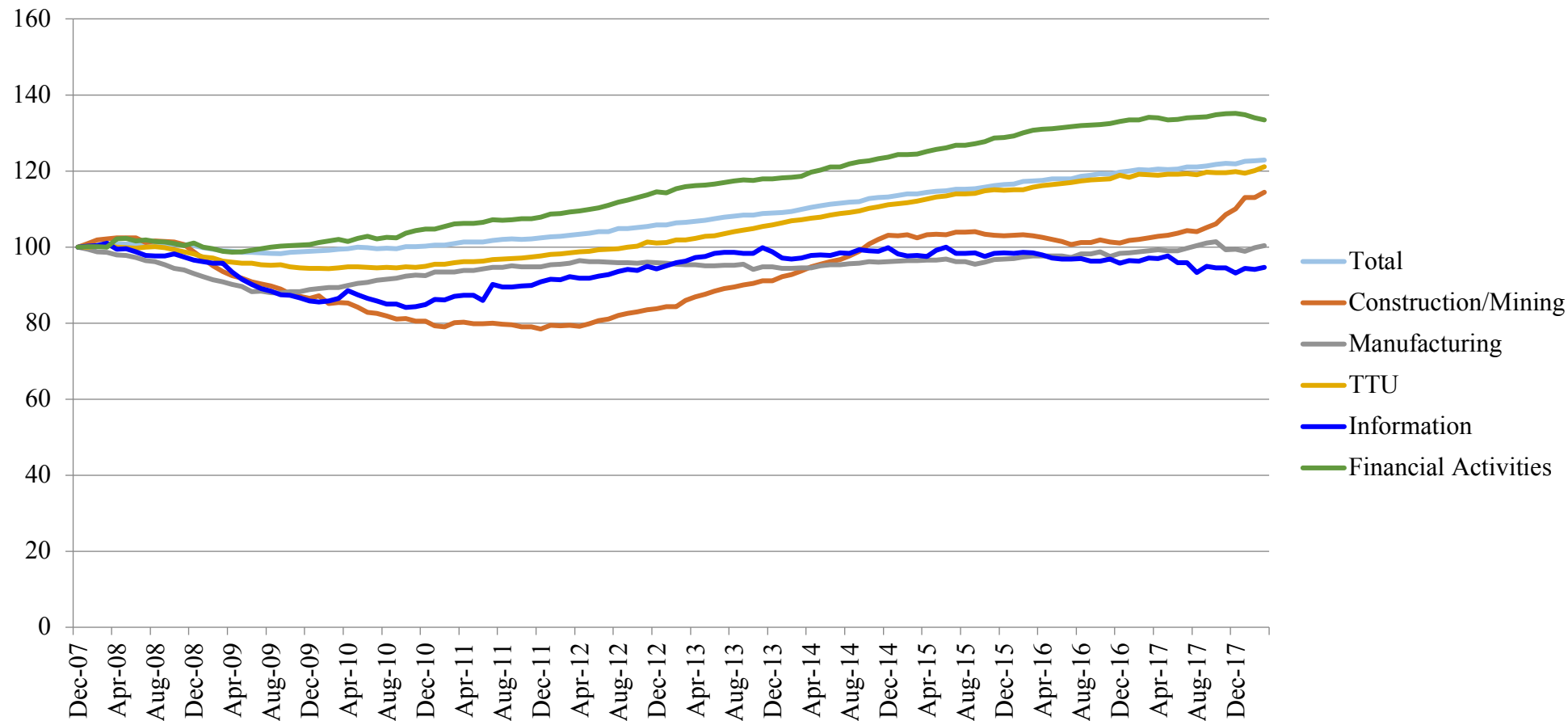
Dec. 2007 = 100

(Source: Federal Reserve Bank of Dallas, U.S. BLS, Author's calculations)



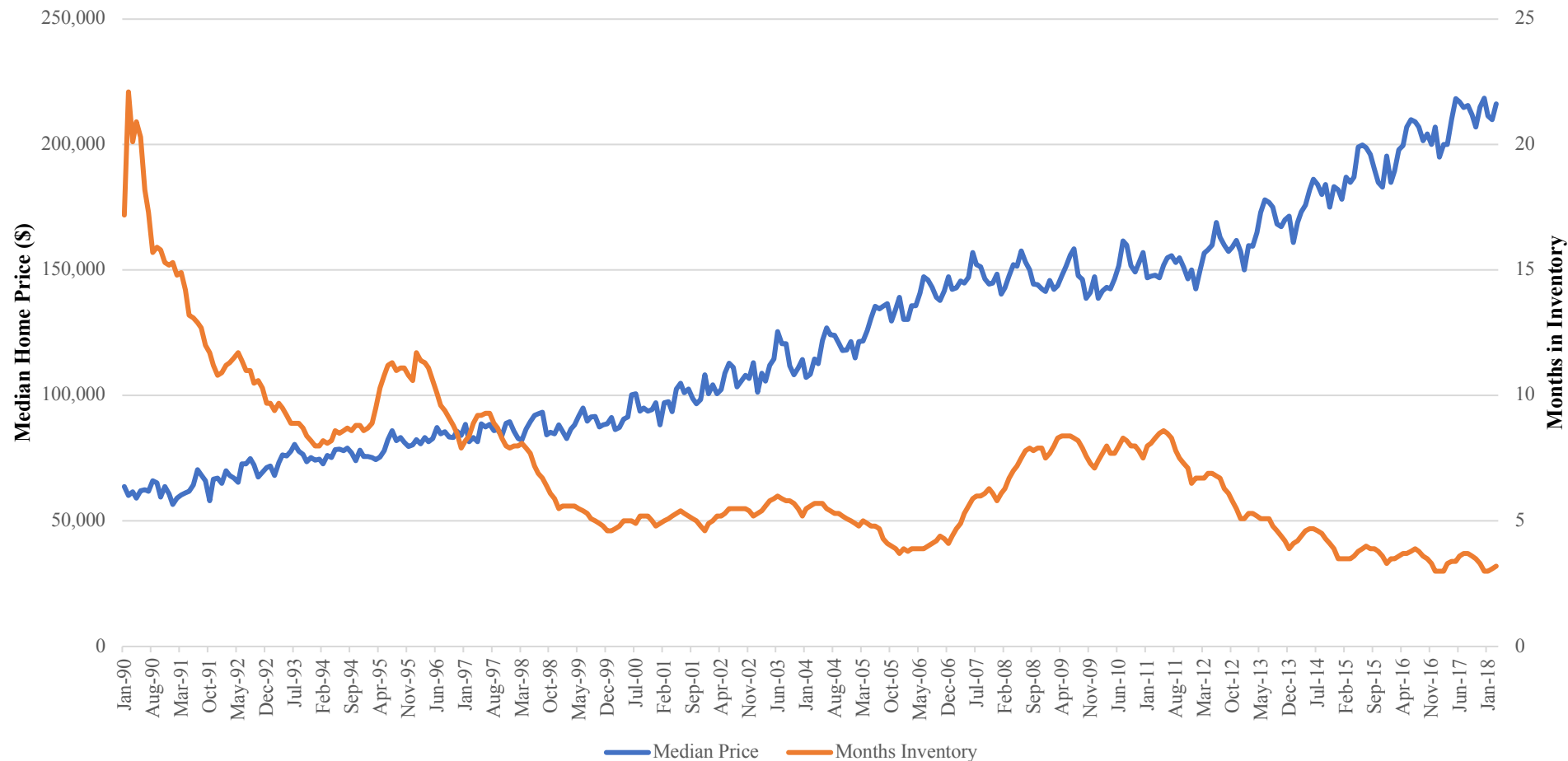
Construction and mining have been a big driver of employment growth over past year.

Employment Change in San Antonio by Sector Thru March 2018: Dec. 2007 = 100
(Source: Federal Reserve Bank of Dallas, U.S. BLS, Author's calculations)



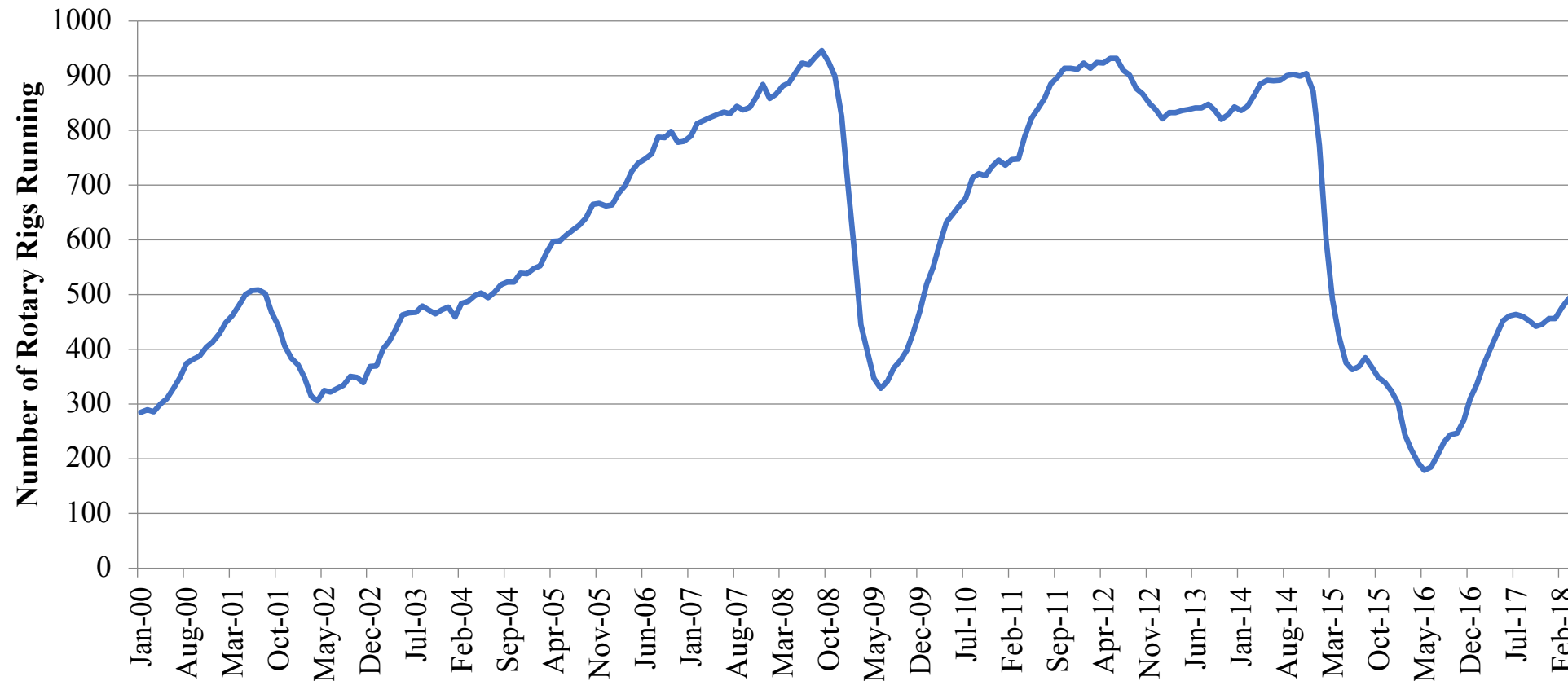
Housing market is very strong in San Antonio.

Median Home Price and Months in Inventory of SF Homes in San Antonio MSA
 (Source: Texas A&M Real Estate Center)



Rig counts in Texas have been increasing since middle of 2016.

Rig Count in Texas; January 2000-April 2018
(Source: Baker Hughes)

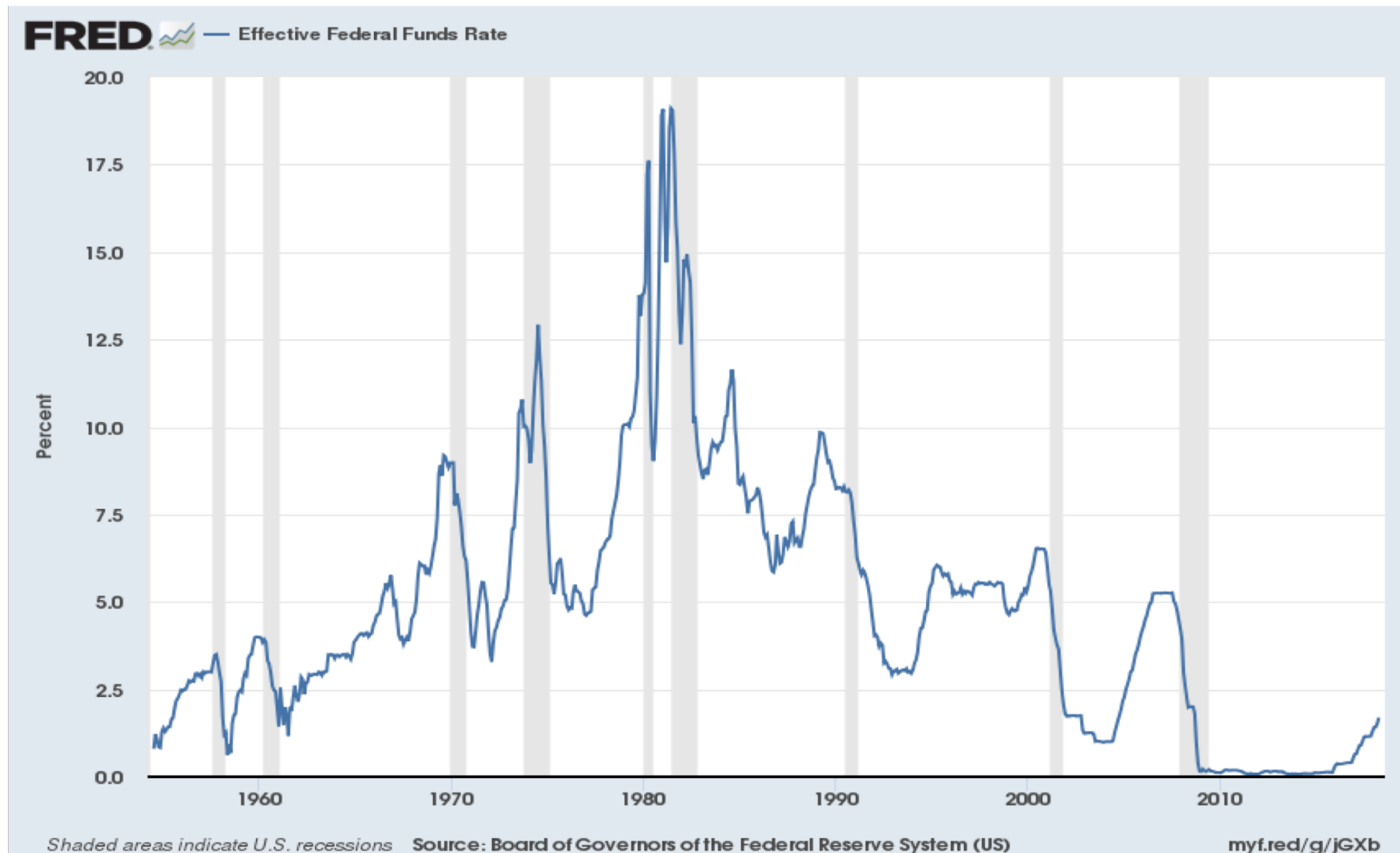


Current expansion of the U.S. economy is the second-longest in history.

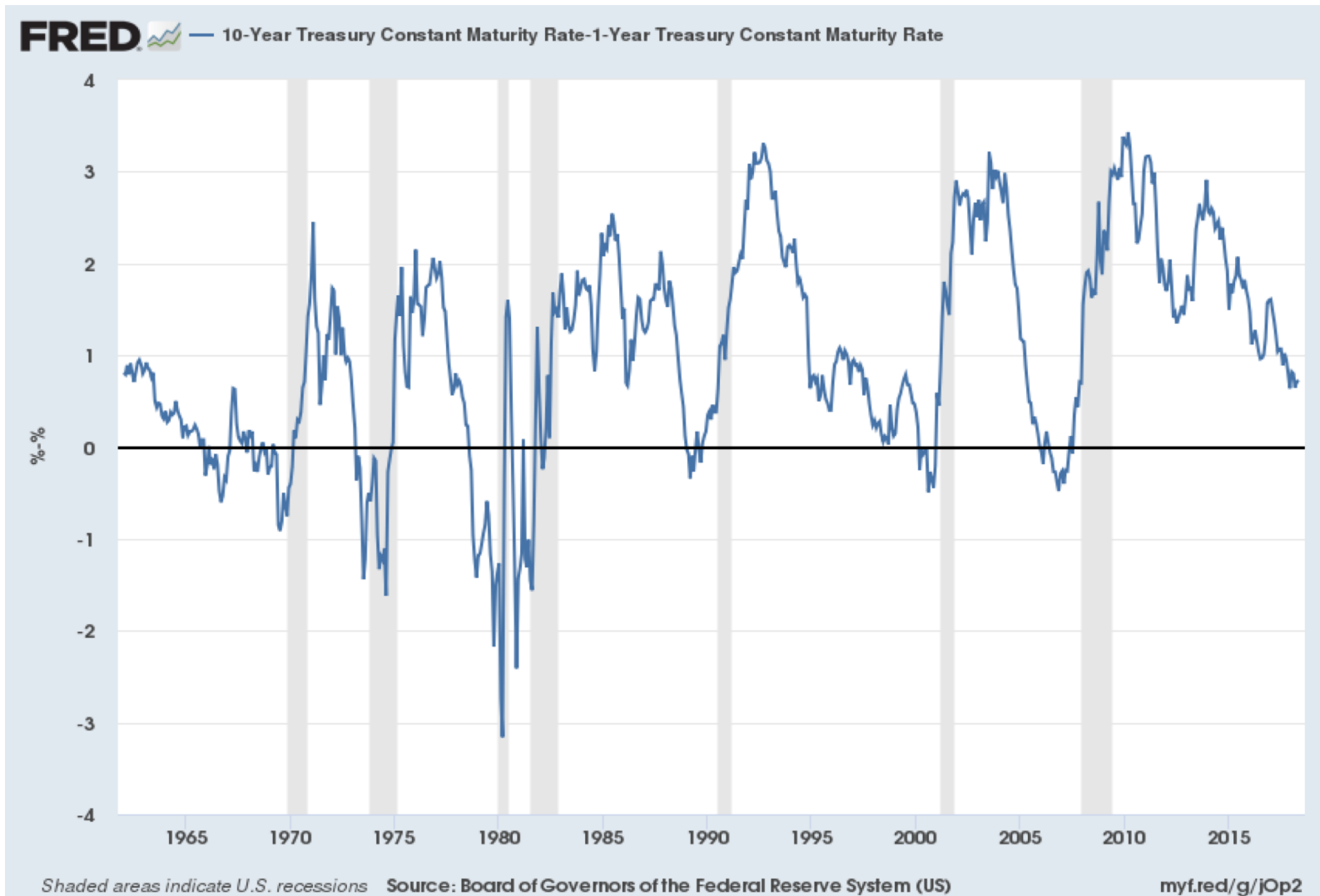
Time Period	Length of Expansion (months)
March 1991 – March 2001	120
February 1961 – December 1969	106
June 2009 – April 2018	106
November 1982 – July 1990	92
June 1938 – February 1945	80

Source: National Bureau of Economic Research Business Cycle Dating Committee, <https://www.nber.org/cycles.html>

Increases in interest rates by Federal Reserve typically precedes a recession.



Inversion of yield curve is strong indicator of impending recession.



Conclusion

- Economic growth in San Antonio is likely to continue for at least the next year.
 - Employment growth = 2.0-2.5%
 - Unemployment rate = 3.2-3.5%
- But recession is likely within next couple of years.
 - Will the federal government have the policy tools available to address it?