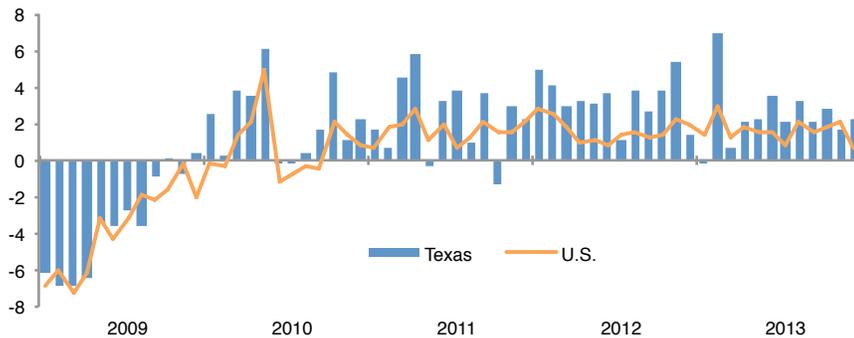


Summary The Texas economy continues to expand, with employment growing at a 2.3 percent annual rate in December. Texas existing-home sales and housing starts increased in December, while single-family construction permits declined. Texas exports edged up in November. Manufacturing activity increased for the ninth month in a row in January, according to the Texas Manufacturing Outlook Survey.

Employment Growth

Month-over-month percent change, annualized

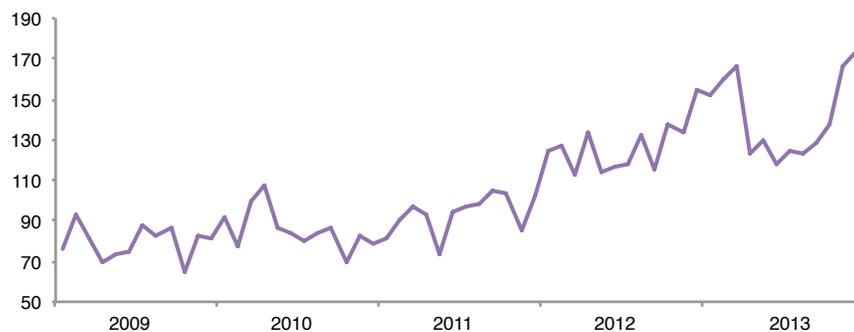


▶ Texas gained 21,400 jobs in December after adding 16,100 jobs in November. Texas employment stands at 11.31 million, according to the Bureau of Labor Statistics' payroll survey.

▶ The Texas unemployment rate declined to 6 percent in December from 6.1 percent in November. The Texas rate remains lower than the U.S. rate, which was 6.7 percent in December.

Texas Housing Starts

Thousand units, seasonally adjusted annual rate



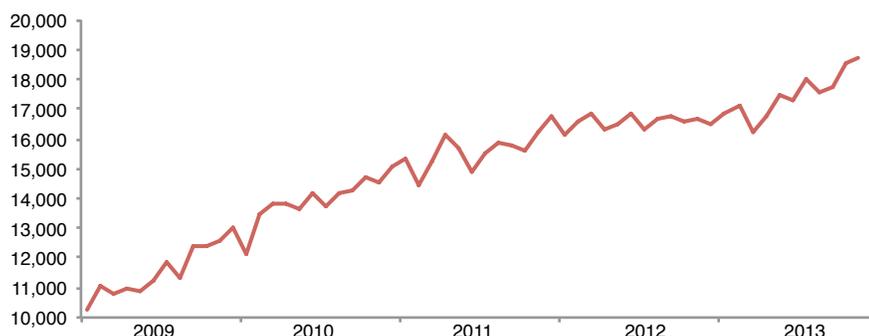
▶ Texas housing starts increased 5.4 percent in December after rising 20.4 percent in November, reaching a six-year high. They are up 13.4 percent year over year.

▶ Single-family housing construction permits fell 2.5 percent from November to December, while existing-home sales rose 1.3 percent.

▶ Home inventories held steady at 3.7 months of available supply in December and are down 21.3 percent from their year-ago level of 4.7 months.

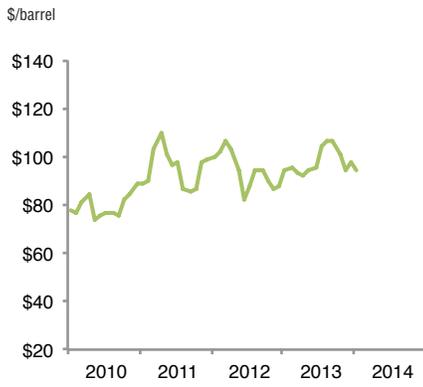
Monthly Texas Exports

Real 2000 dollars (millions)



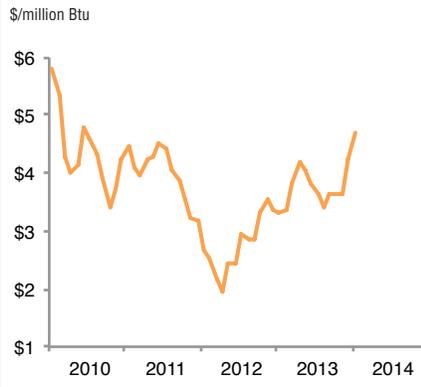
▶ Texas exports rose 0.9 percent from October to November after rising 4.5 percent from September to October. November exports were 12.1 percent higher than at the same time last year.

Crude Oil Prices



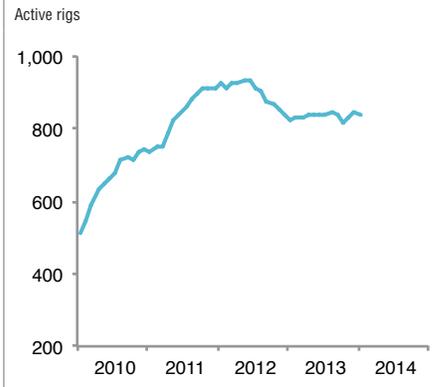
► The West Texas Intermediate crude oil price decreased 3.2 percent to \$94.64 per barrel in January and was down 0.1 percent year over year.

Natural Gas Prices



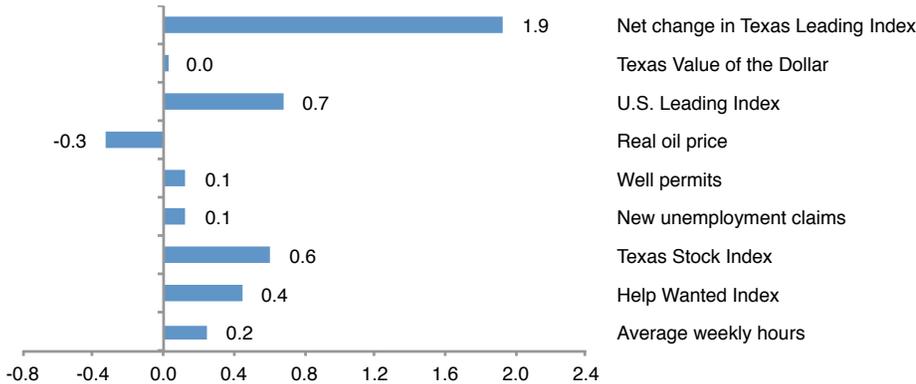
► Natural gas prices rose to \$4.69 per million Btu in January, a 10.6 percent increase from the December level. The price was 40.8 percent higher than in January 2013.

Texas Rig Count



► The Texas rig count fell to 836 in January from 843 in December but was up 1.8 percent year over year.

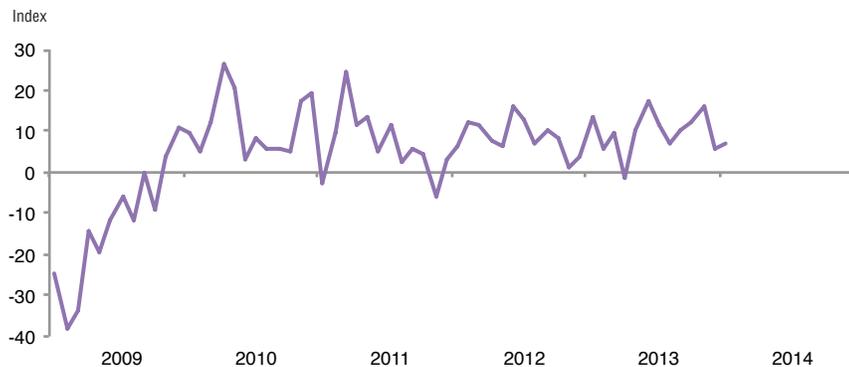
Texas Leading Index with Components



► The Texas Leading Index, which uses key economic indicators to forecast economic activity, rose 1.9 percent from September to November, with most components making a positive contribution.

► The Texas Leading Index is used to generate a state employment forecast. The most recent forecast suggests job growth of 2.9 percent in 2014.

Production Index – Texas Manufacturing



► Texas factory activity increased for the ninth month in a row in January, according to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, edged up from 6 to 7.1, indicating output grew at a slightly stronger pace than in December. The Dallas Fed conducts the monthly survey to obtain a timely assessment of the state's factory activity.

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

SOURCES: Employment: Bureau of Labor Statistics' Current Employment Statistics; Texas Workforce Commission; seasonal and other adjustments by Federal Reserve Bank of Dallas. Housing: Federal Housing Finance Agency; Multiple Listing Service; Census Bureau; Bank of Tokyo–Mitsubishi UFJ. All housing data are seasonally adjusted.

Exports: Census Bureau; World Institute for Strategic Economic Research; seasonal and other adjustments by Federal Reserve Bank of Dallas.

Energy: *Wall Street Journal*; Henry Hub; Baker Hughes.

Texas Leading Index: Federal Reserve Bank of Dallas. Data are seasonally adjusted.

Texas Manufacturing Production Index: Federal Reserve Bank of Dallas. Data are seasonally adjusted.

Questions can be addressed to Melissa LoPalo at melissa.lopalo@dal.frb.org. Texas Economic Indicators is released on the first Wednesday of every month and can be found online at www.dallasfed.org/research/indicators/index.cfm.