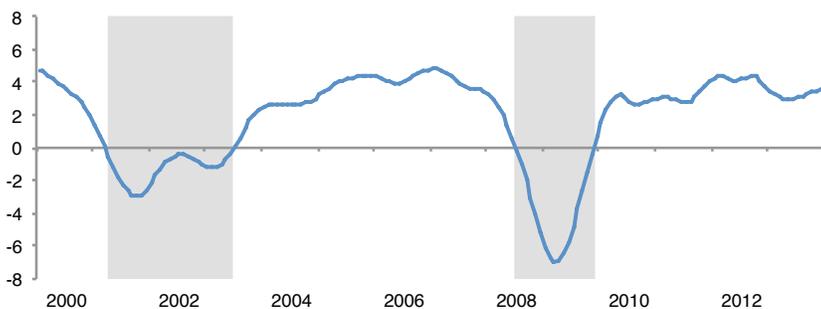


**Summary** The Texas economy continues to expand, with the Texas Business-Cycle Index increasing at a 3.6 percent annual rate in December. Texas single-family construction permits increased in January, while housing starts and existing-home sales declined. Texas exports increased in the fourth quarter of 2013. February manufacturing activity increased at a slightly stronger pace than in January, according to the Texas Manufacturing Outlook Survey.

## Texas Business-Cycle Index

Month-over-month percent change, annualized

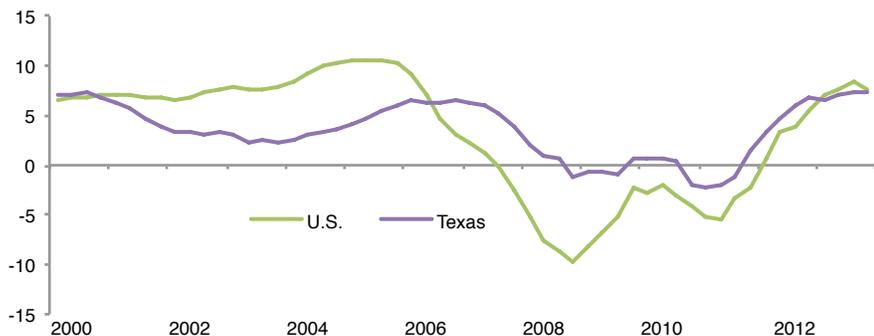


► Growth in the Texas Business-Cycle Index weakened from 2012, averaging 3.2 percent in 2013 compared with its 2012 pace of 4.2 percent. Fourth-quarter growth averaged 3.5 percent, with the December pace reaching 3.6 percent.

► The index combines movements in employment, the unemployment rate and state real gross domestic product to provide a broader view of the state's economic health. Periods of negative change in the index indicate recessions in Texas.

## Texas House Price Index

Year-to-year percent change



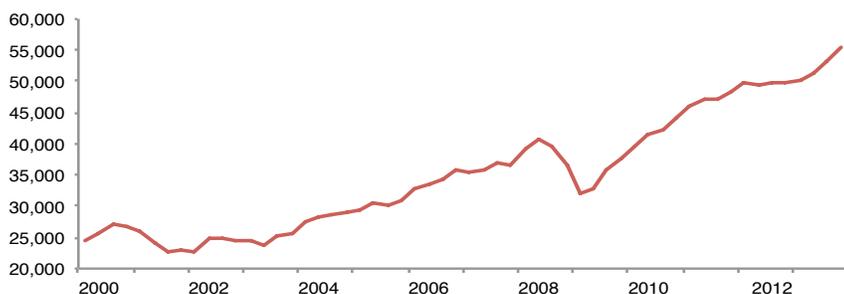
► The house price index (purchase only) for Texas, published by the Federal Housing Finance Agency (FHFA), rose 1.9 percent in fourth quarter 2013 and is up 7.3 percent from last year.

► Single-family housing construction permits increased 3.6 percent from December to January after two months of declines. Texas housing starts plummeted 19.4 percent in January after four months of increases, while Texas existing home sales declined for the fifth consecutive month, dropping 2.2 percent.

► Home inventories edged down to 3.6 months of available supply in January and were down 20 percent from their year-ago level of 4.5 months.

## Quarterly Texas Exports

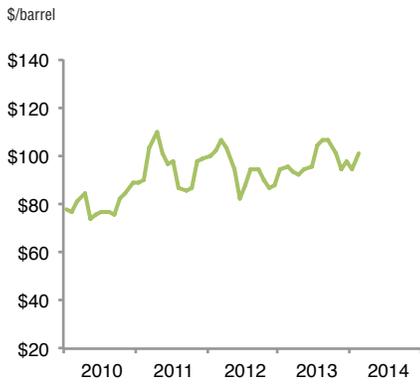
Real 2000 dollars (millions)



► Quarterly Texas exports increased a robust 3.9 percent in fourth quarter 2013. The fourth-quarter level of exports was 11.3 percent higher than a year earlier.

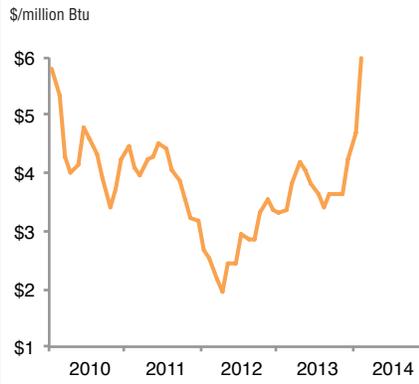
► Exports to Asia, Canada and the European Union all grew strongly in the fourth quarter, increasing by 10.2, 14.3 and 9.9 percent, respectively. These three regions made up 40.9 percent of fourth-quarter exports. Exports to Mexico, Texas' largest trading partner, edged up by 1.1 percent, while exports to Latin America excluding Mexico fell 2.9 percent in the fourth quarter.

### Crude Oil Prices



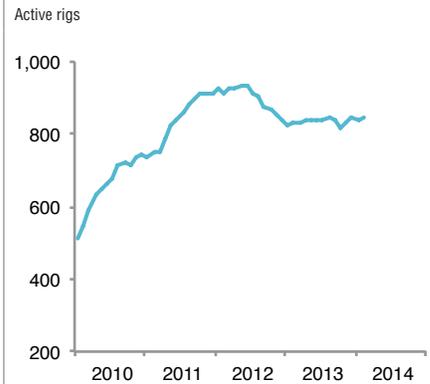
▶ The West Texas Intermediate crude oil price increased 6.5 percent to \$100.77 per barrel in February and was up 5.7 percent year over year.

### Natural Gas Prices



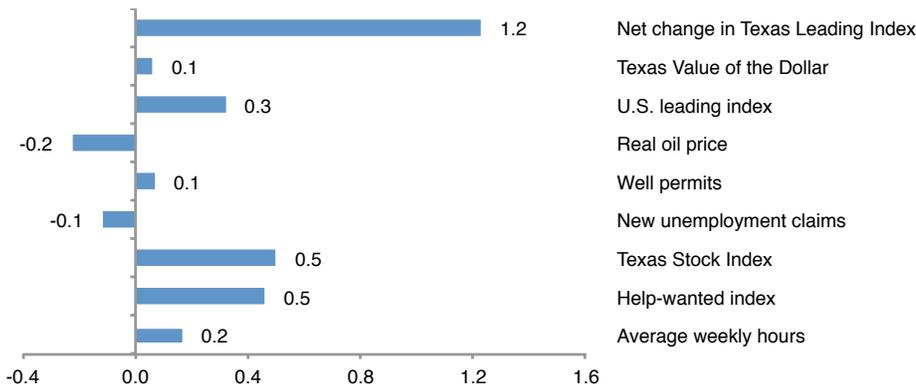
▶ Natural gas prices rose to \$6.01 per million Btu in February, a 28.1 percent increase from the January level. The price was 79.9 percent higher than in January 2013.

### Texas Rig Count



▶ The Texas rig count rose to 844 in February from 836 in January and was up 1.3 percent year over year.

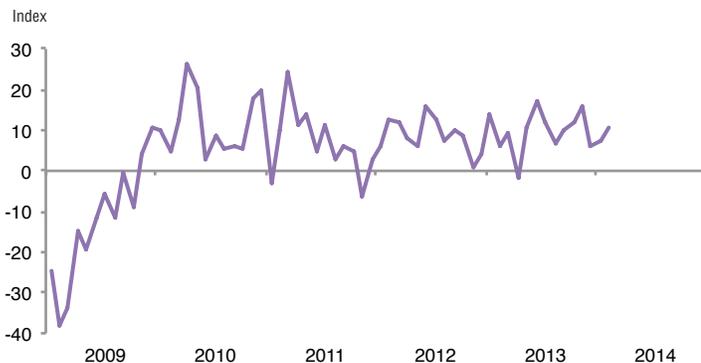
### Texas Leading Index with Components



▶ The Texas Leading Index, which uses key economic indicators to forecast employment growth, rose 1.2 percent from October to December.

▶ The Texas Leading Index is used to generate a state employment forecast. The most recent forecast suggests job growth of 2.6 percent in 2014.

### Production Index - Texas Manufacturing



▶ Texas factory activity increased for the tenth month in a row in February, according to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, rose from 7.1 to 10.8, indicating output grew at a slightly stronger pace than in January.

▶ The Dallas Fed conducts the monthly Texas Manufacturing Outlook 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: Texas Business-Cycle Index: Federal Reserve Bank of Dallas.

Housing: Federal Housing Finance Agency; Multiple Listing Service; U.S. Census Bureau; Bank of Tokyo-Mitsubishi UFJ. All housing data are seasonally adjusted.

Exports: U.S. 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.

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