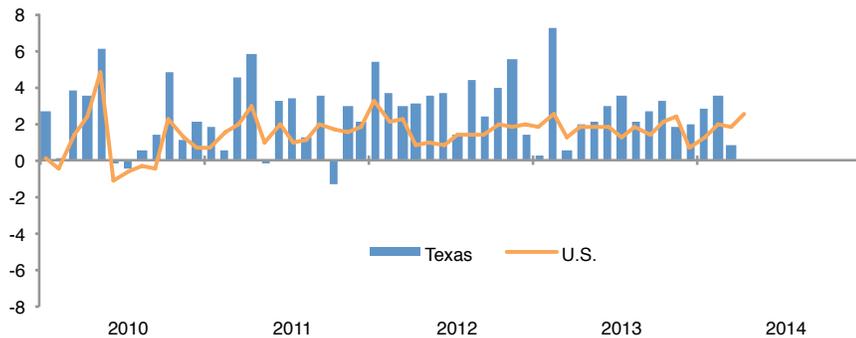


Summary The Texas economy continues to expand, with employment growing at a 0.9 percent annual rate in March. Texas single-family construction permits, existing-home sales and housing starts all edged down in March. Texas exports declined in March. Manufacturing activity increased for the 12th month in a row in April, according to the Texas Manufacturing Outlook Survey.

Employment Growth

Month-over-month percent change, annualized

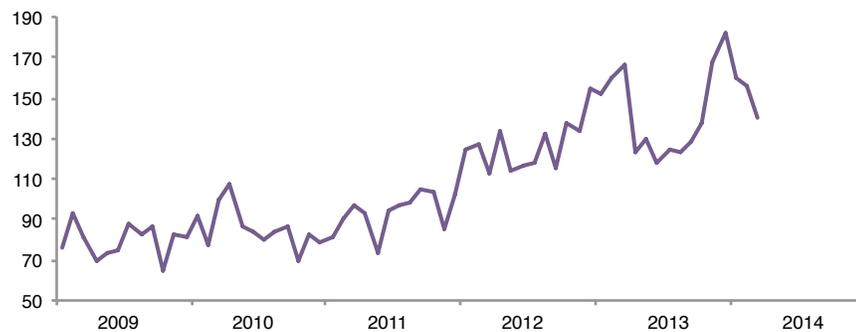


▶ Texas gained 8,300 jobs in March after adding 33,200 jobs in February. Current Texas employment stands at 11.38 million, according to the payroll survey (CES).

▶ The Texas unemployment rate declined to 5.5 percent in March. The Texas rate remains lower than the U.S. rate, which was 6.3 percent in April.

Texas Housing Starts

Thousand units, seasonally adjusted annual rate



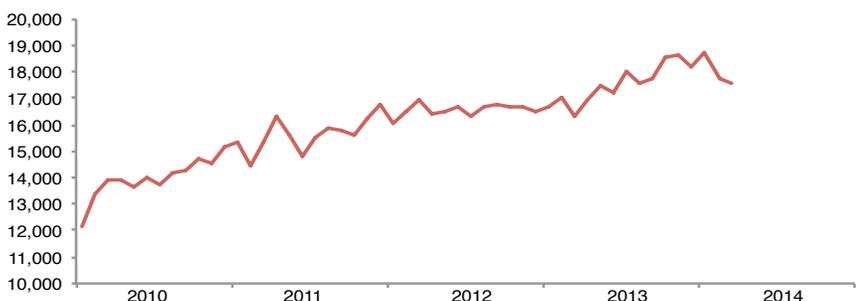
▶ Texas housing starts fell 10.6 percent in March after edging down 1.7 percent in February and 12.3 percent in January. They are down 15.9 percent year over year.

▶ Single-family housing construction permits fell 3.2 percent from February to March, while existing-home sales fell 0.9 percent.

▶ Home inventories held steady at 3.5 months of available supply in March and are down 18.6 percent from their year-ago level of 4.3 months.

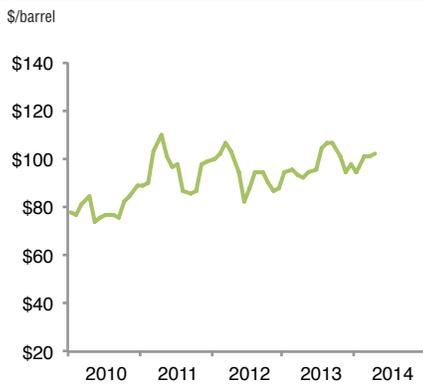
Monthly Texas Exports

Real 2000 dollars (millions)



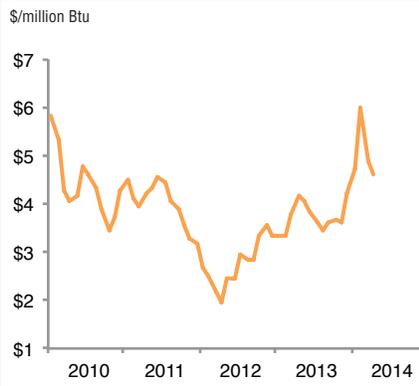
▶ Monthly Texas exports fell 0.9 percent from February to March after decreasing 5.2 percent from January to February. March exports were 7.4 percent higher than at the same time last year.

Crude Oil Prices



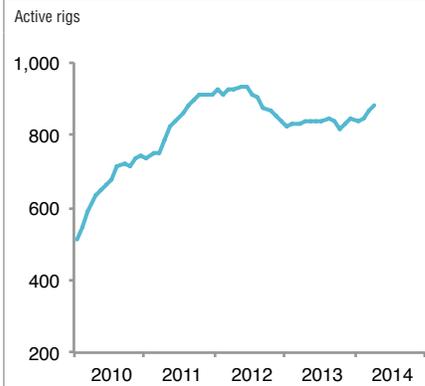
► The West Texas Intermediate crude oil price increased 1.2 percent to \$102.05 per barrel in April and was up 10.8 percent year over year.

Natural Gas Prices



► Natural gas prices fell to \$4.63 per million Btu in April, a 5.0 percent decrease from the March level. The price was 11.2 percent higher than in April 2013.

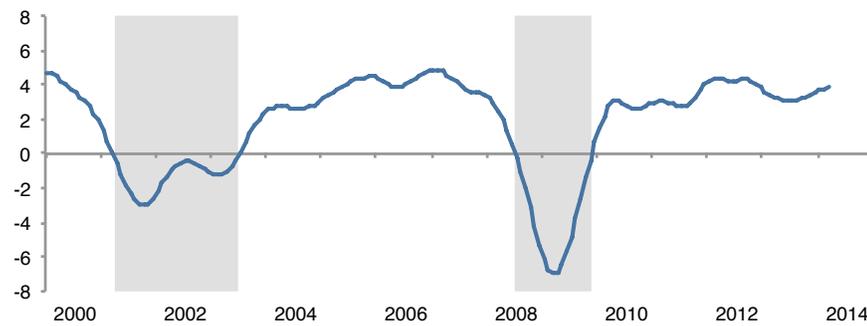
Texas Rig Count



► The Texas rig count rose to 885 in April from 864 in March and was up 5.8 percent year over year.

Texas Business-Cycle Index

Month-over-month percent change, annualized

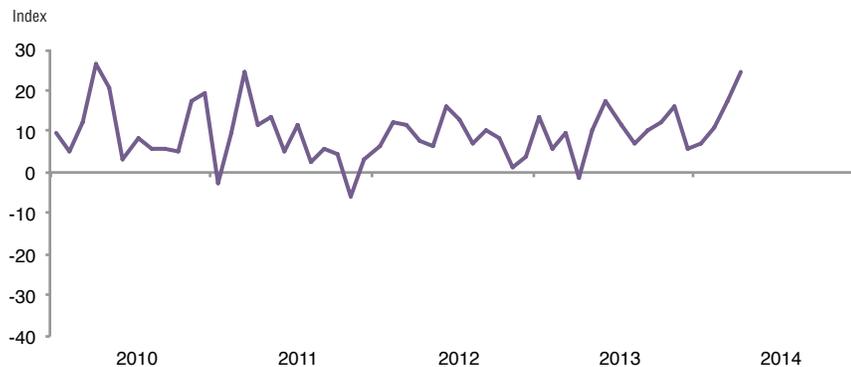


NOTE: Shading represents Texas recessions.

► Growth in the Texas Business-Cycle Index picked up in the first three months of 2014. The index grew at a 3.8 percent annualized rate in the first quarter, compared with 3.5 percent in the fourth quarter of 2013. The index rose 3.8 percent from February to March.

► The Dallas Fed 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.

Production Index - Texas Manufacturing



► Texas factory activity increased for the 12th month in a row in April, according to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, rose from 17.1 to 24.7, reaching its highest level in four years and indicating stronger output growth.

► 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: Employment: Bureau of Labor Statistics' Current Employment Statistics (CES); Texas Workforce Commission; seasonal and other adjustments by Federal Reserve Bank of Dallas. Housing: 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*; Bloomberg; Henry Hub; Baker Hughes.

Texas Business-Cycle 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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