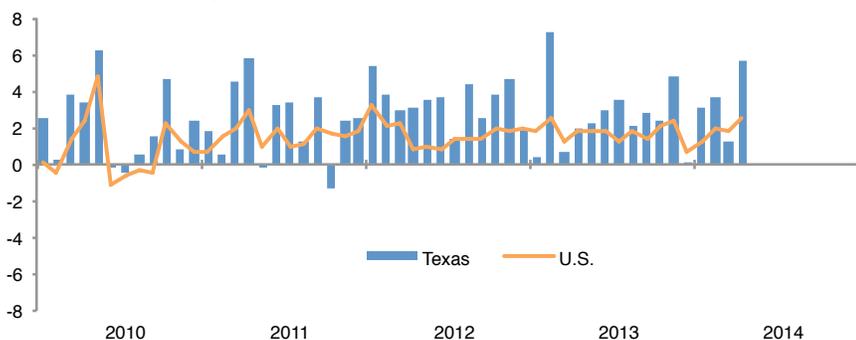


Summary The Texas economy continues to expand, with employment growing at a 5.7 percent annual rate in April. Texas single-family construction permits, existing-home sales and housing starts all increased in April. Texas exports declined in the first quarter. Manufacturing activity continued to rise in May, according to the Texas Manufacturing Outlook Survey (TMOS).

Employment Growth

Month-over-month percent change, annualized

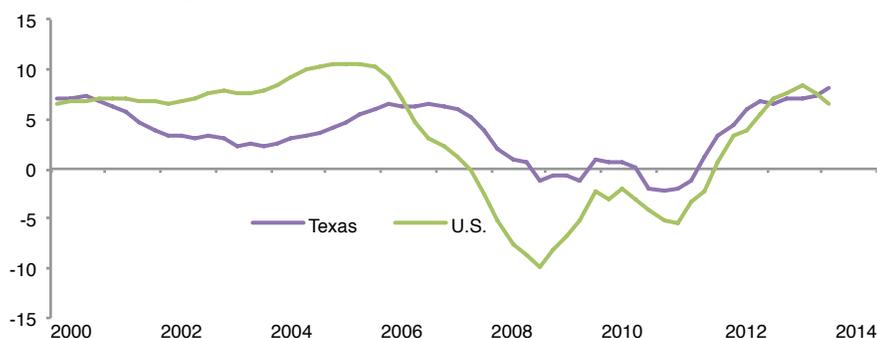


▶ Texas gained 52,700 jobs in April after adding 12,400 jobs in March. Current Texas employment stands at 11.45 million, according to the Bureau of Labor Statistics' payroll survey.

▶ The Texas unemployment rate declined to 5.2 percent in April. The Texas rate remains lower than the U.S. rate, which was 6.3 percent in April.

Texas House Price Index

Year-over-year percent change



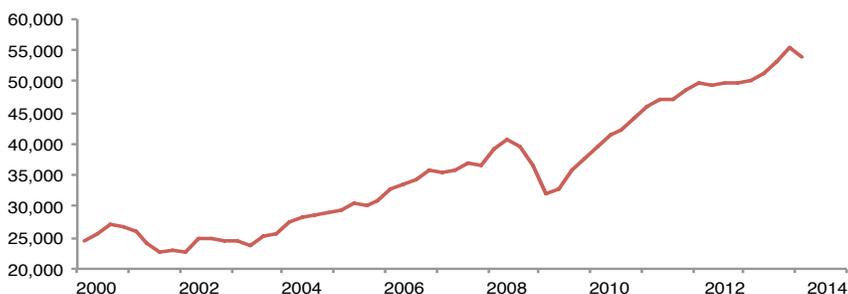
▶ The house price index (purchase only) for Texas, published by the Federal Housing Finance Agency, rose 2.1 percent in the first quarter and is up 8.2 percent from last year.

▶ Single-family housing permits rose 3.1 percent from March to April after declining 4.3 percent from February to March. Texas housing starts spiked 32.4 percent in April after three months of decreases, while Texas existing-home sales rose 2.1 percent.

▶ Home inventories edged up to 3.6 months of available supply in April but were down 14.3 percent from their year-ago level of 4.2 months.

Quarterly Texas Exports

Real 2000 dollars (millions)



▶ Texas exports decreased 3 percent in the first quarter but were 7.1 percent higher than a year earlier.

▶ Exports to Asia and the European Union declined in the first quarter, falling 8.6 and 12 percent, respectively. Exports to Mexico, Texas' largest trading partner, edged up 1.5 percent, while exports to Canada and to Latin America excluding Mexico increased strongly.

Crude Oil Prices

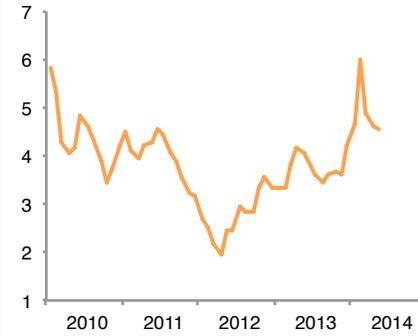
Dollars/barrel



► The West Texas Intermediate crude oil price increased slightly to \$102.08 per barrel in May and was up 7.7 percent year over year.

Natural Gas Prices

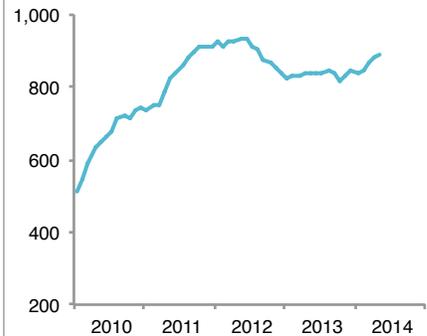
Dollars/million Btu



► Natural gas prices fell to \$4.56 per million Btu in May, a 1.5 percent decrease from the April level. The price was 12.9 percent higher than in May 2013.

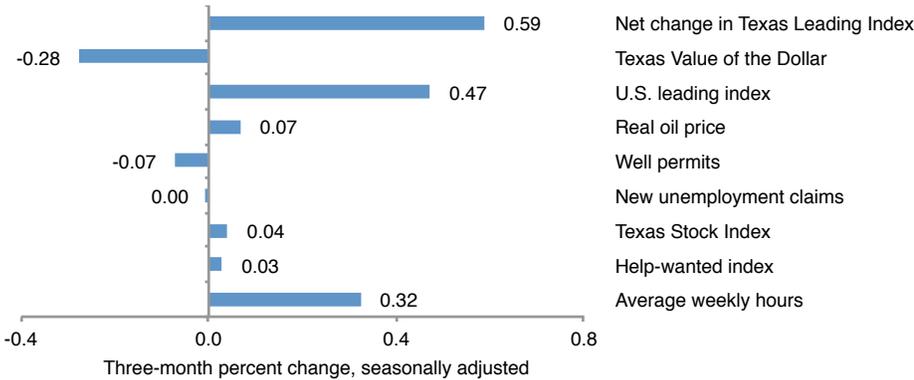
Texas Rig Count

Active rigs



► The Texas rig count rose to 892 in May from 885 in April and was up 6.4 percent year over year.

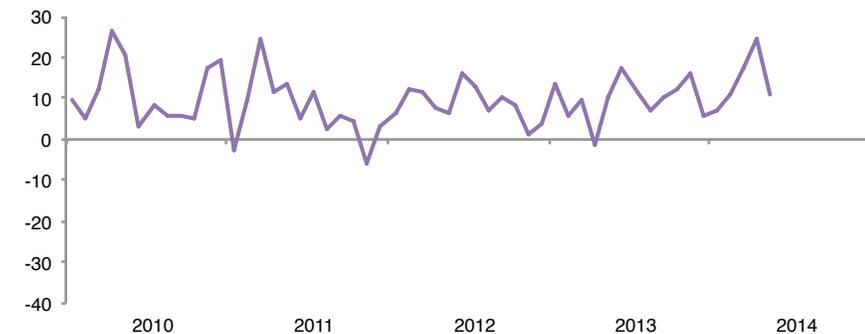
Texas Leading Index with Components



► The Texas Leading Index, which uses key economic indicators to forecast employment growth, rose 0.6 percent from January to March. The most recent forecast suggests job growth of 3.1 percent in 2014.

Production Index – Texas Manufacturing

Index, seasonally adjusted



► Texas factory activity increased in May, according to TMOS. The production index, a key measure of state manufacturing conditions, fell from 24.7 to 11, indicating output grew but not as strongly as in April. The Dallas Fed conducts the survey monthly to obtain a timely assessment of the state's factory activity.

NOTES: Data may not match previously published numbers due to data revisions. All housing data are seasonally adjusted.

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.

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.

Texas Manufacturing Production Index: Federal Reserve Bank of Dallas.

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.