

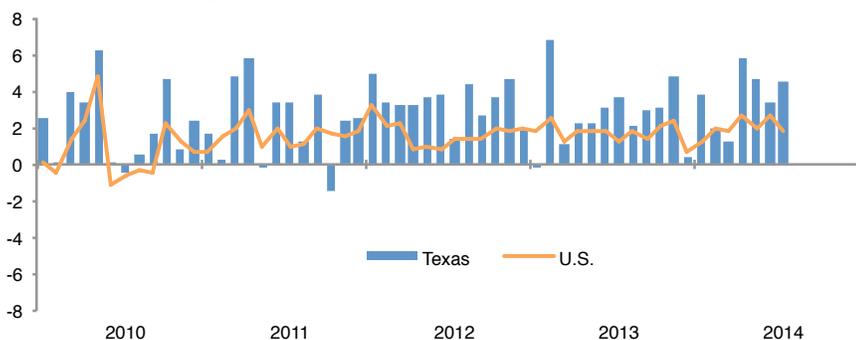
Summary

The Texas economy continues to expand, with employment growing at a 4.5 percent annual rate in July.

Texas existing-home sales, housing starts and single-family permits increased in July. Texas exports edged up in the second quarter of 2014. Manufacturing activity in August rose at a slower rate than July, according to the Texas Manufacturing Outlook Survey.

Employment Growth

Month-over-month percent change, annualized

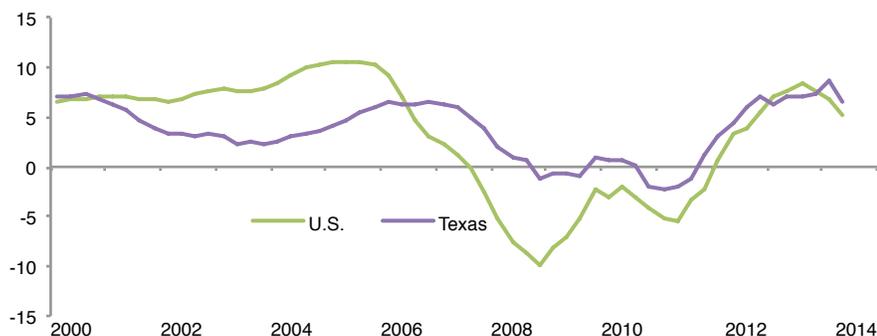


▶ Texas gained 42,700 jobs in July after adding 31,700 jobs in June. Current Texas employment stands at 11.57 million, according to the payroll survey (CES).

▶ The Texas unemployment rate remained at 5.1 percent in July. The Texas rate continues to be lower than the U.S. rate, which rose to 6.2 percent in July.

Texas House Price Index

Year-over-year percent change, seasonally adjusted



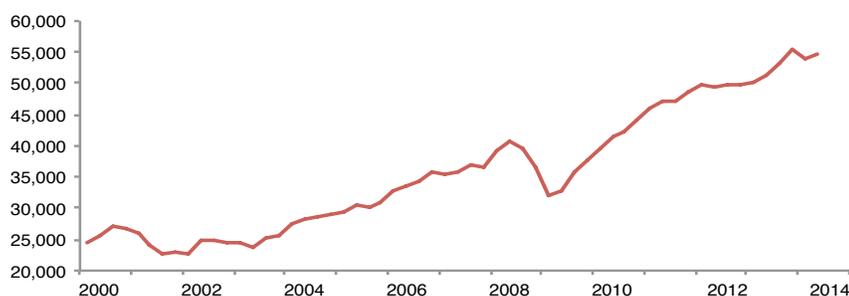
▶ The house price index (purchase only) for Texas, published by the Federal Housing Finance Agency, rose 0.2 percent in second quarter 2014 and was up 6.5 percent from second quarter 2013.

▶ Texas housing starts increased 34.7 percent in July after declining 36.2 percent in June. They are up 30.6 percent year over year. Single-family housing permits rose 1.8 percent from June to July, marking the fourth consecutive month of increase. Permits are up 12.1 percent year over year. Existing-home sales grew 2.7 percent from June to July.

▶ Home inventories remained at 3.6 months of available supply in July and were below their year-ago level of 3.9 months.

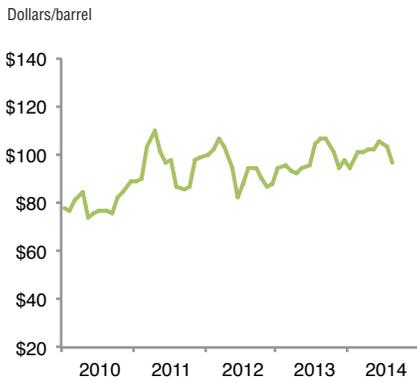
Quarterly Texas Exports

Real 2000 dollars (millions), seasonally adjusted



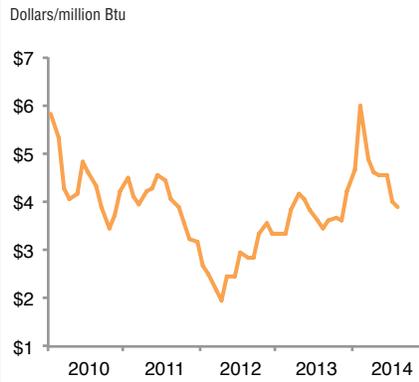
▶ Texas exports edged up 2 percent in second quarter 2014 after decreasing 3 percent in the first quarter. Second quarter exports were 6.8 percent higher than year-ago levels.

Crude Oil Prices



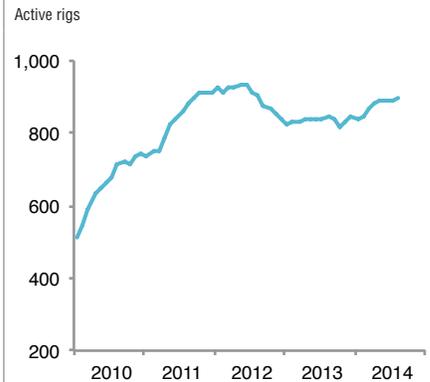
► The West Texas Intermediate crude oil price fell to \$96.26 per barrel in August and was down 9.7 percent year over year.

Natural Gas Prices



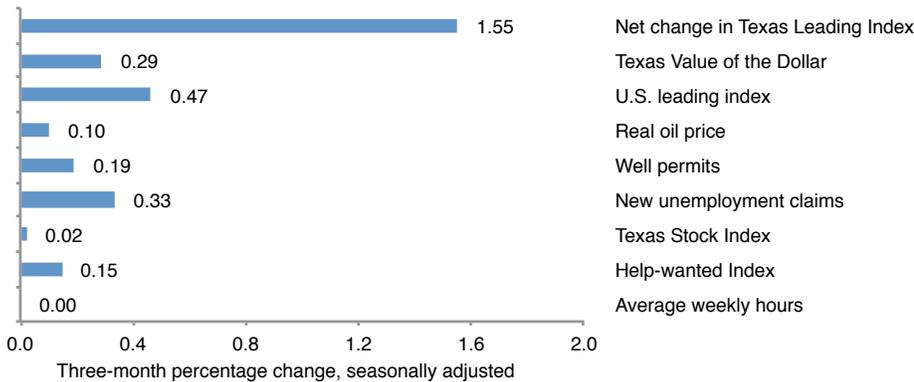
► Natural gas prices edged down to \$3.88 per million Btu in August, a 3.2 percent decrease from the July level. The price was 13.1 percent higher than in August 2013.

Texas Rig Count



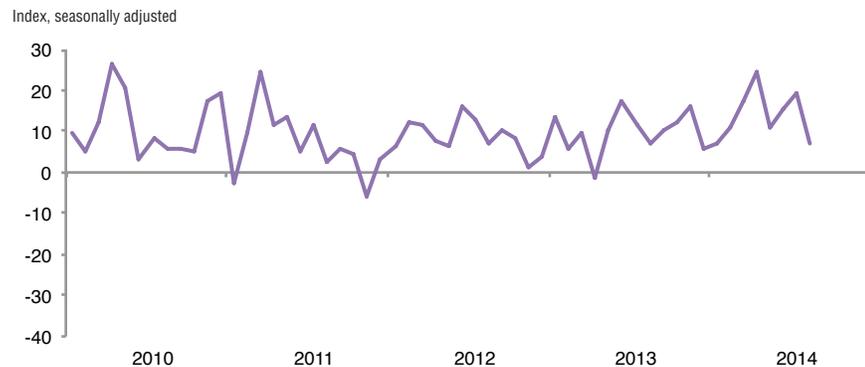
► The Texas rig count rose to 900 in August from 892 in July and was up 6.1 percent year over year.

Texas Leading Index with Components



► The Texas Leading Index, which uses key economic indicators to forecast employment growth, rose 1.6 percent from April to June, and nearly all components rose during the period.

Production Index – Texas Manufacturing



► Texas factory activity increased again in August, albeit at a slower pace than in recent months, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, fell from 19.1 to 6.8, indicating output growth slowed from July.

► The Dallas Fed conducts the monthly Texas Manufacturing Outlook Survey to obtain a timely assessment of the state's factory activity.

NOTES: 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; **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.

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