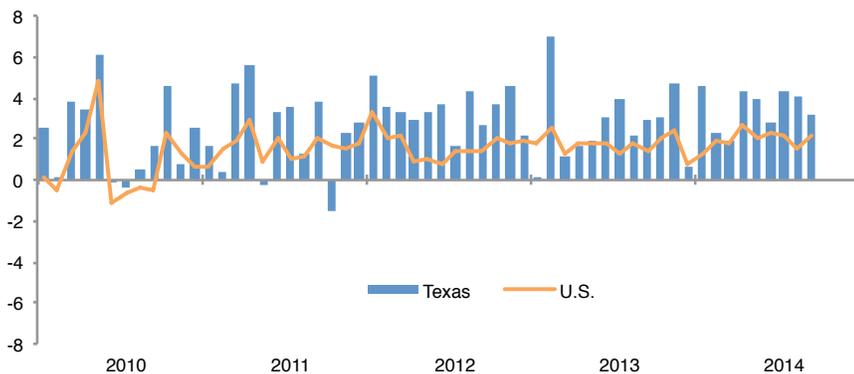


Summary The Texas economy continues to expand, with employment growing at a 3.2 percent annual rate in September. Texas existing-home sales and single-family permits increased in September, while housing starts declined. Texas exports edged up in August. Manufacturing activity in October rose at a slightly slower rate than in September, according to the Texas Manufacturing Outlook Survey.

Employment Growth

Month-over-month percent change, annualized

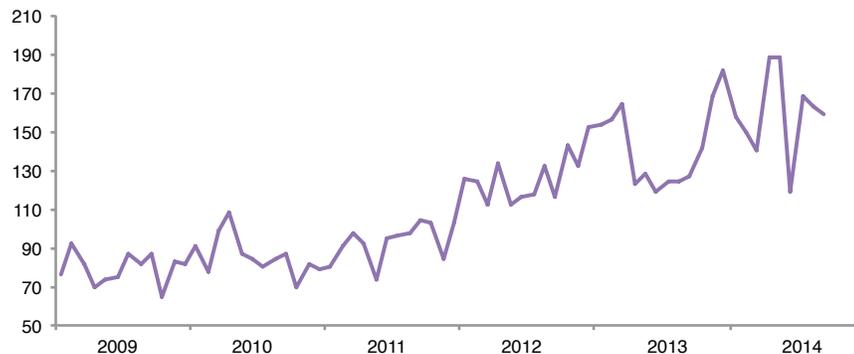


▶ Texas employment rose at a 3.2 percent annualized pace in September, faster than the nation's 2.2 percent increase. Texas gained 30,800 jobs in September after adding 38,400 jobs in August. Current Texas employment stands at 11.6 million, according to the payroll survey (CES).

▶ The Texas unemployment rate fell to 5.2 percent in September. The Texas rate continues to be lower than the U.S. rate, which fell to 5.9 percent in September.

Texas Housing Starts

Thousand units, seasonally adjusted annual rate



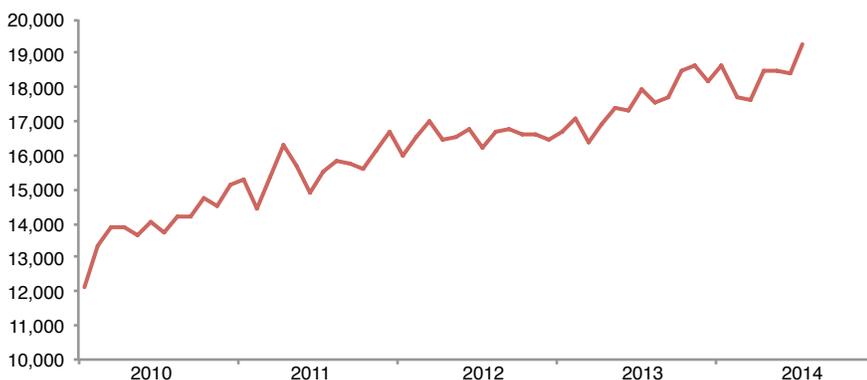
▶ Texas housing starts, which include single-family and multifamily starts, declined 2.8 percent in September following a 2.9 percent drop in August. However, starts are up 24.9 percent from last year's levels.

▶ Single-family housing construction permits rose 1.6 percent in September after falling 3.7 percent in August and are up 13.7 percent year over year. Texas existing-home sales increased 1.9 percent in September and are up 3.4 percent year over year.

▶ Home inventories remained at 3.6 months of available supply in September and were below their year-ago level of 3.8 months.

Monthly Texas Exports

Real 2000 dollars (millions)



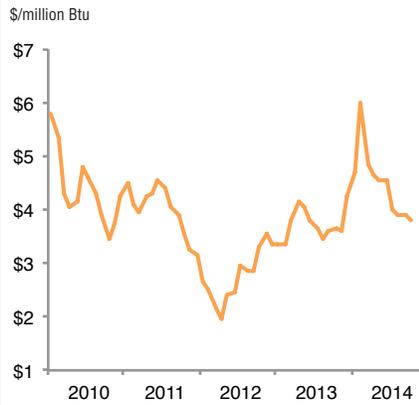
▶ Monthly Texas exports rose 0.4 percent from July to August after rising 4.7 percent from June to July. August exports were 10.4 percent higher than year-earlier levels.

Crude Oil Prices



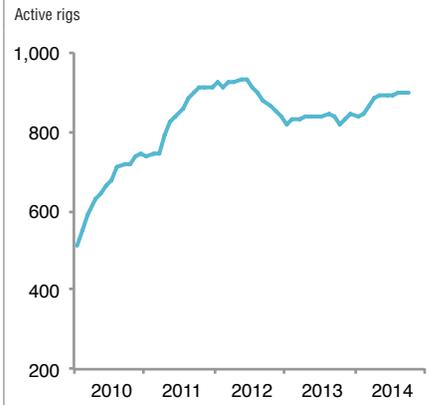
► The West Texas Intermediate crude oil price fell sharply from \$93.21 in September to \$84.37 per barrel in October and was down 16.1 percent year over year.

Natural Gas Prices



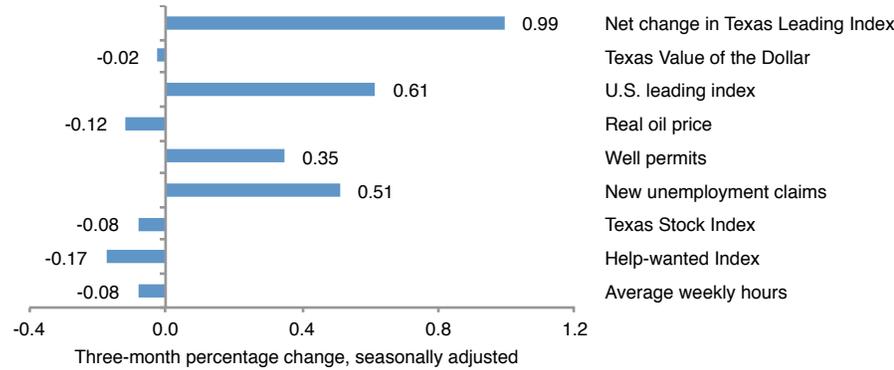
► Natural gas prices edged down to \$3.78 per million Btu in October, a 3.6 percent decrease from the September level. The price was 3.3 percent higher than in October 2013.

Texas Rig Count



► The Texas rig count fell to 899 in October from 902 in September but was up 9.6 percent year over year.

Texas Leading Index with Components



► The Texas Leading Index, which uses key economic indicators to forecast employment growth, rose 1 percent from June to August, with less than half of its components rising during the period.

Production Index –Texas Manufacturing



► Texas factory activity increased again in October, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, fell from 17.6 to 13.7 in October, indicating output grew but at a slightly slower pace than in September.

► 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*; 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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