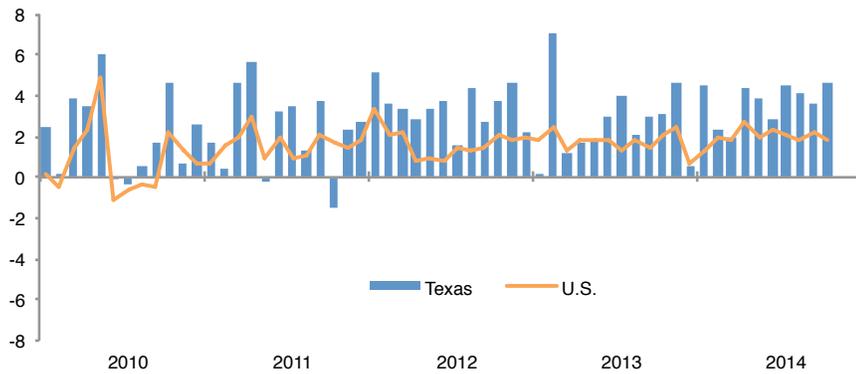


Summary The Texas economy continues to expand, with employment growing at a 4.7 percent annual rate in October. Texas existing-home sales and single-family permits increased in October, while housing starts declined. Texas exports increased in the third quarter. Manufacturing activity in November rose at a slightly slower rate than in October, according to the Texas Manufacturing Outlook Survey.

Employment Growth

Month-over-month percent change, annualized*



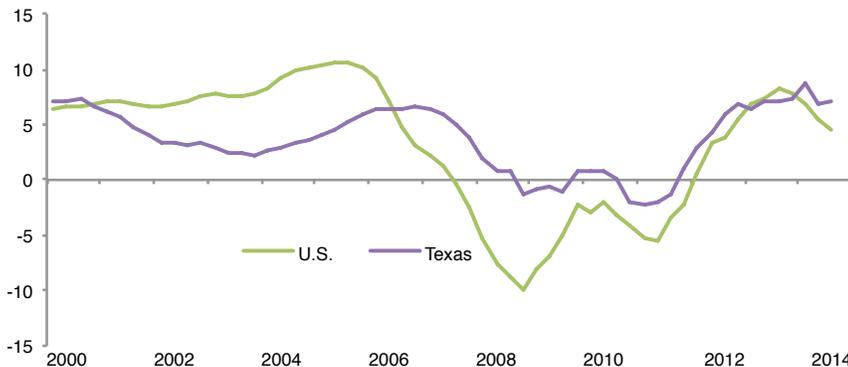
*Seasonal and other adjustments.

► Texas employment rose at a 4.7 percent annualized pace in October, faster than the nation's 1.9 percent increase. Texas gained 44,300 jobs in October after adding 33,900 jobs in September. Current Texas employment stands at 11.7 million, according to the payroll survey (CES).

► The Texas unemployment rate fell to 5.1 percent in October. The Texas rate continues to be lower than the U.S. rate, which fell to 5.8 percent in October.

Texas House Price Index

Year-over-year percent change, seasonally adjusted



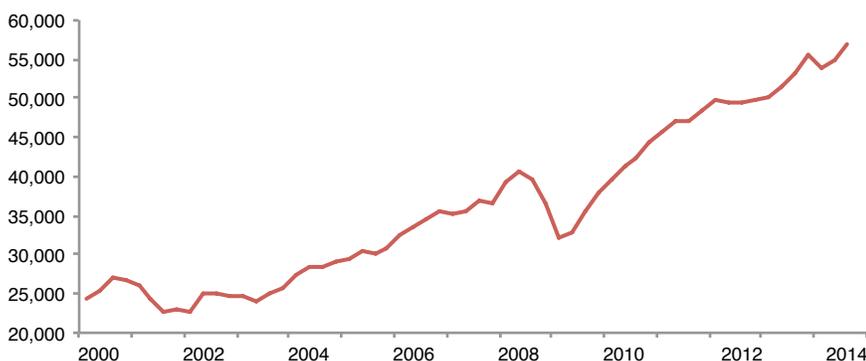
► The FHFA purchase-only house price index for Texas rose 1.9 percent in third quarter 2014, up 7.1 percent from last year.

► Single-family housing construction permits rose 2.3 percent in October, after rising 1.7 percent in September. Texas housing starts, which include single-family and multifamily starts, fell 1.3 percent in October, following a 2.6 percent drop in September.

► Texas existing-home sales increased 4.6 percent in October and are up 10.4 percent year over year. Home inventories edged down to 3.5 months of available supply in October and were below their year-ago level of 3.8 months.

Quarterly Texas Exports

Real 2000 dollars (millions)*



► Quarterly Texas exports increased 3.3 percent in third quarter 2014. The third-quarter level of exports was 6.9 percent higher than a year earlier. Exports to the European Union declined in the third quarter, falling 5.3 percent. Exports to Mexico—Texas' largest trading partner—were flat, while exports to Asia and Latin America (excluding Mexico) increased strongly.

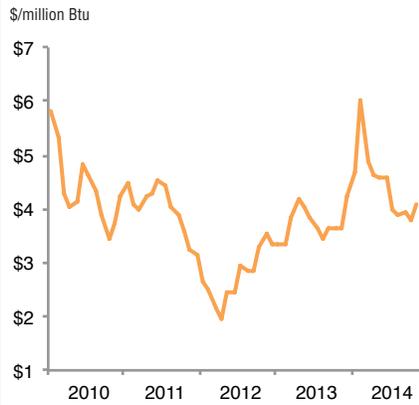
*Seasonal and other adjustments by Federal Reserve Bank of Dallas.

Crude Oil Prices



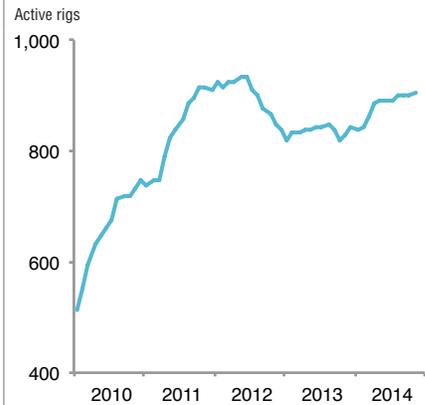
► The West Texas Intermediate crude oil price fell sharply from \$84.37 per barrel in October to \$75.80 in November and was down 19.3 percent year over year.

Natural Gas Prices



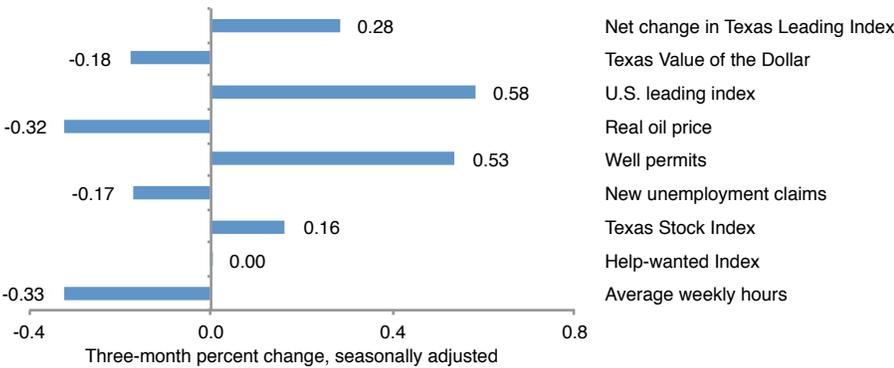
► Natural gas prices increased to \$4.09 per million Btu in November, an 8.3 percent increase from the October level. The price was 13.1 percent higher than in November 2013.

Texas Rig Count



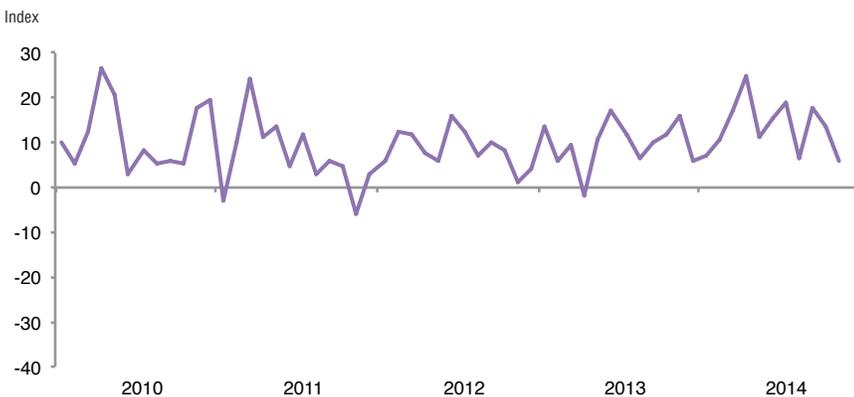
► The Texas rig count rose from 899 in October to 904 in November and was up 9.1 percent from last year's level.

Texas Leading Index with Components



► The Texas Leading Index, which uses key economic indicators to forecast employment growth, rose 0.3 percent from July to September, with about half of its components rising during the period.

Production Index—Texas Manufacturing



► Texas factory activity increased again in November, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, fell from 13.7 to 6 in November, indicating output growth slowed in November.

► 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 revisions.

SOURCES: **Employment:** Bureau of Labor Statistics' Current Employment Statistics (CES) and Texas Workforce Commission; **housing:** Federal Housing Finance Agency (FHFA), Multiple Listing Service, Census Bureau and Bank of Tokyo-Mitsubishi UFJ; **exports:** Census Bureau and World Institute for Strategic Economic Research; **energy:** *Wall Street Journal* and Baker Hughes; **Texas Leading Index:** Federal Reserve Bank of Dallas; **Texas Manufacturing Production Index:** Federal Reserve Bank of Dallas.

Questions can be addressed to Amy Jordan at amy.jordan@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.