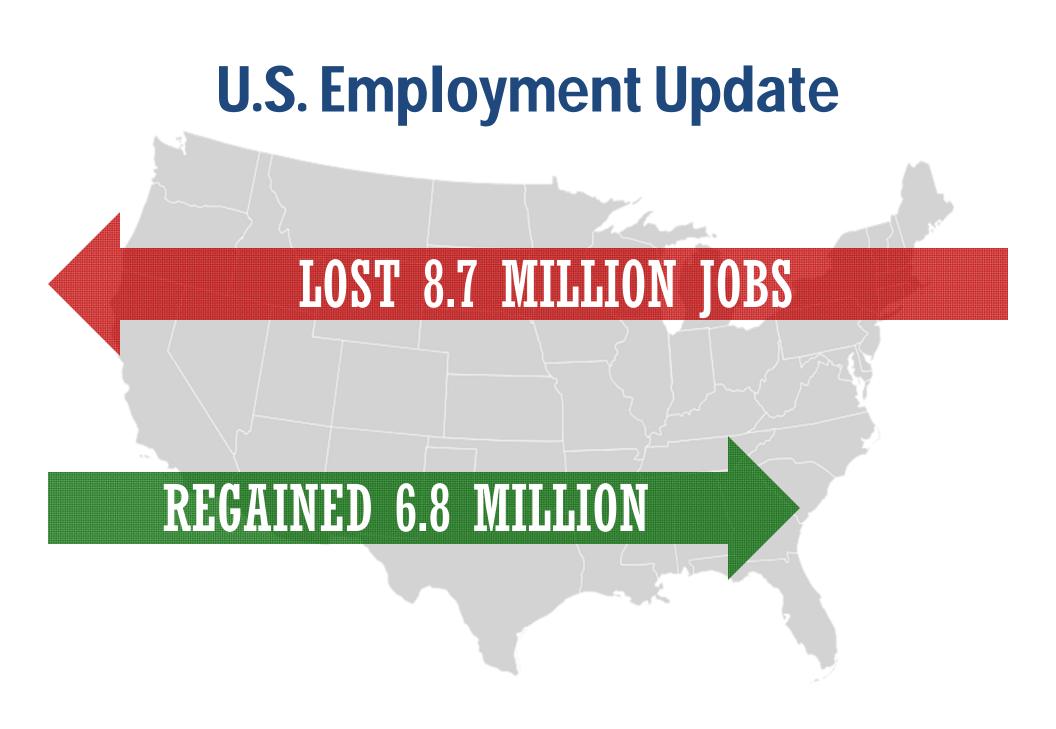
Texas Economic Update



Emily Kerr Federal Reserve Bank of Dallas October 16, 2013

The views expressed are those of the speaker and should not be attributed to the Federal Reserve Bank of Dallas or the Federal Reserve System.

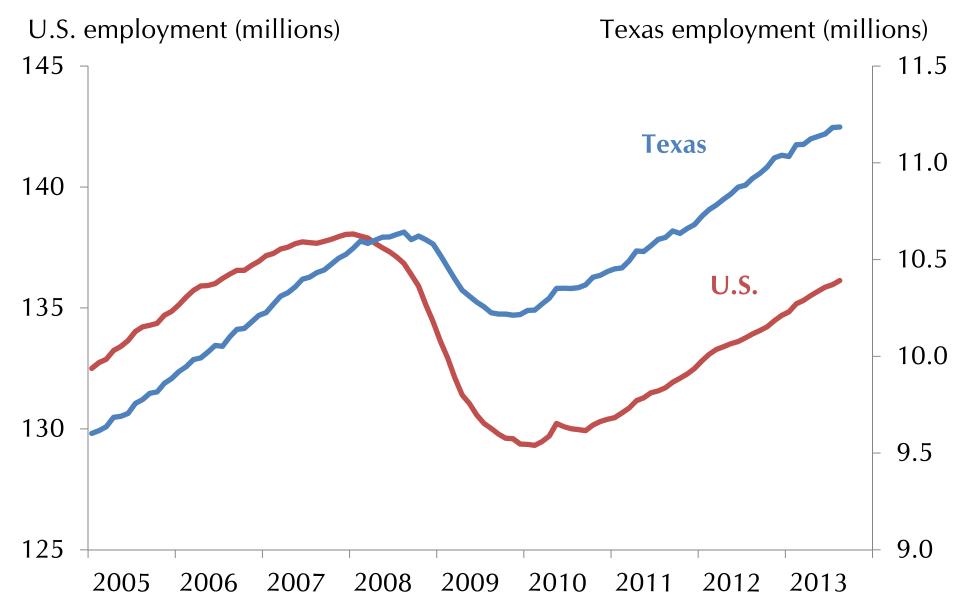


Texas Employment Update

LOST 429,600 JOBS

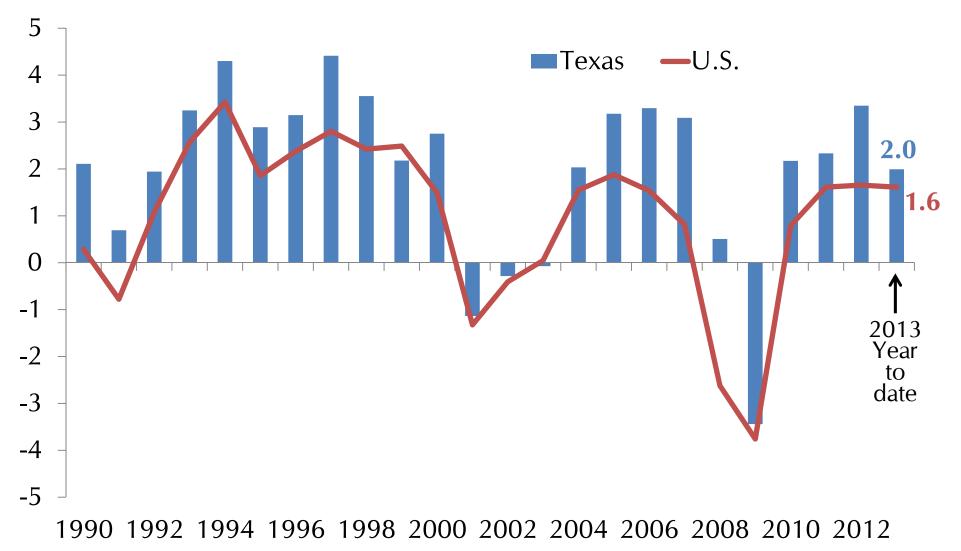
REGAINED ALL + 542,900 MORE

Texas Surpasses Pre-Recession Peak

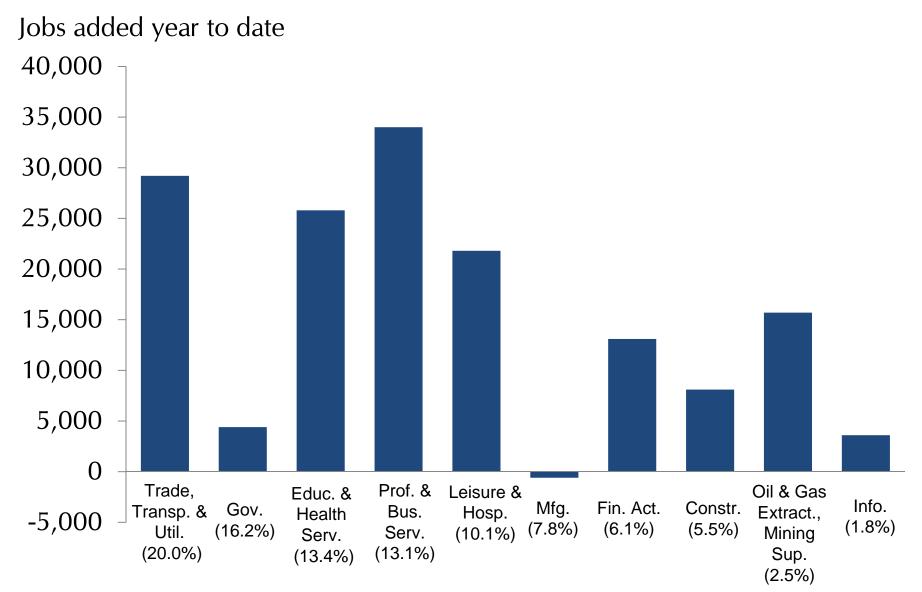


Texas Job Growth Bests U.S.

Annual job growth (percent)



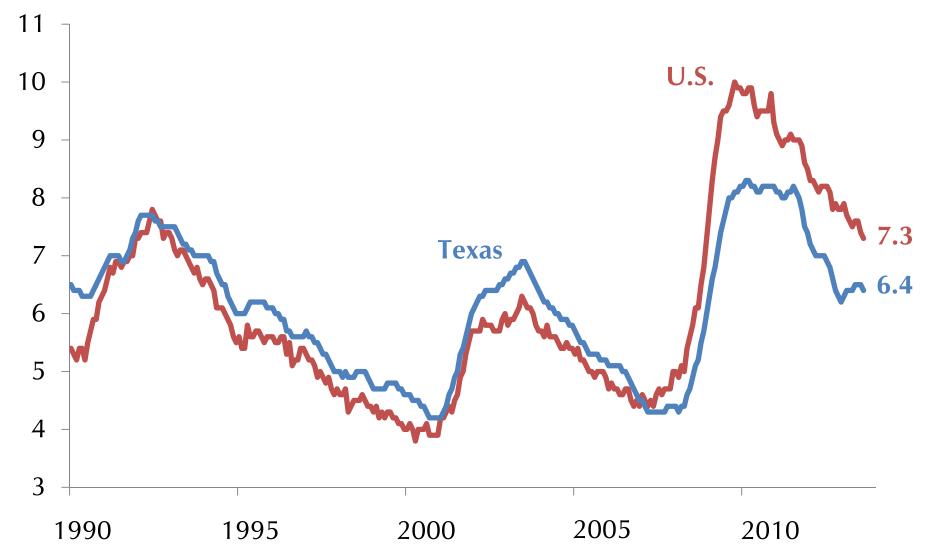
Texas Job Growth is Broad Based



NOTE: Numbers shown in parentheses are the total share of state nonfarm employment accounted for by each sector.

Unemployment Rate Remains Elevated

Unemployment rate (percent)



ENERGY

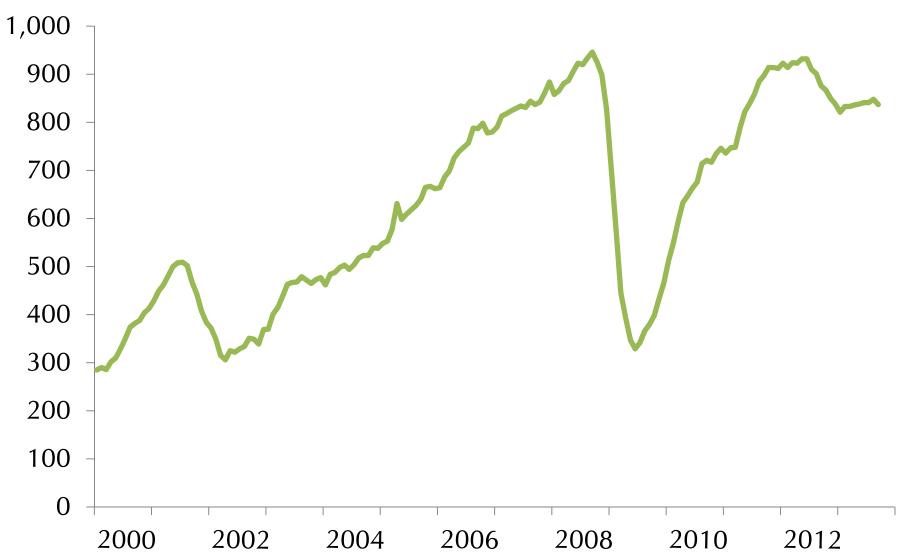
25% of U.S. refinery capacity and 60% of U.S. petrochemical production is in Texas

Texas #1 producer of oil and gas in nation

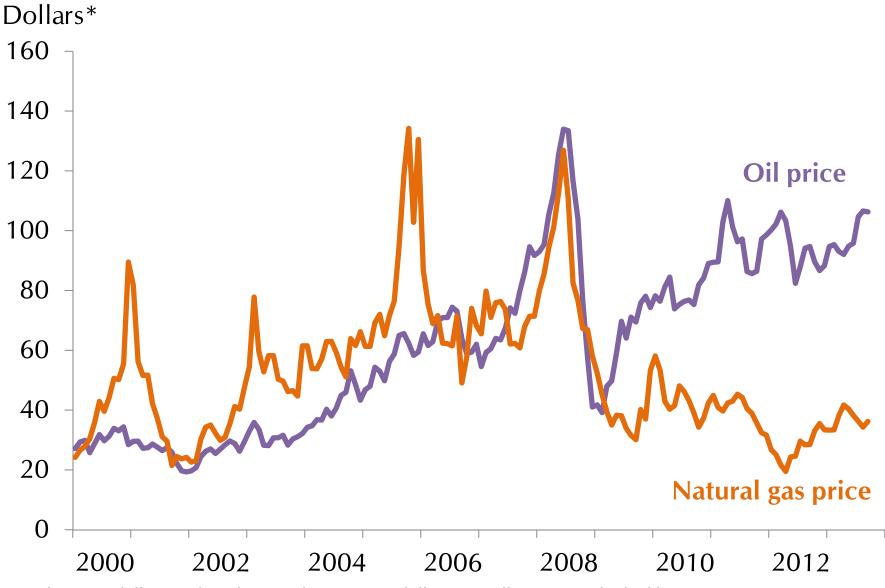
High energy prices benefit the Texas economy

Energy Activity Holding Steady

Active rigs in Texas



Oil and Natural Gas Prices Diverge



*Oil price is dollars per barrel. Natural gas price is dollars per million Btu, multiplied by 10.

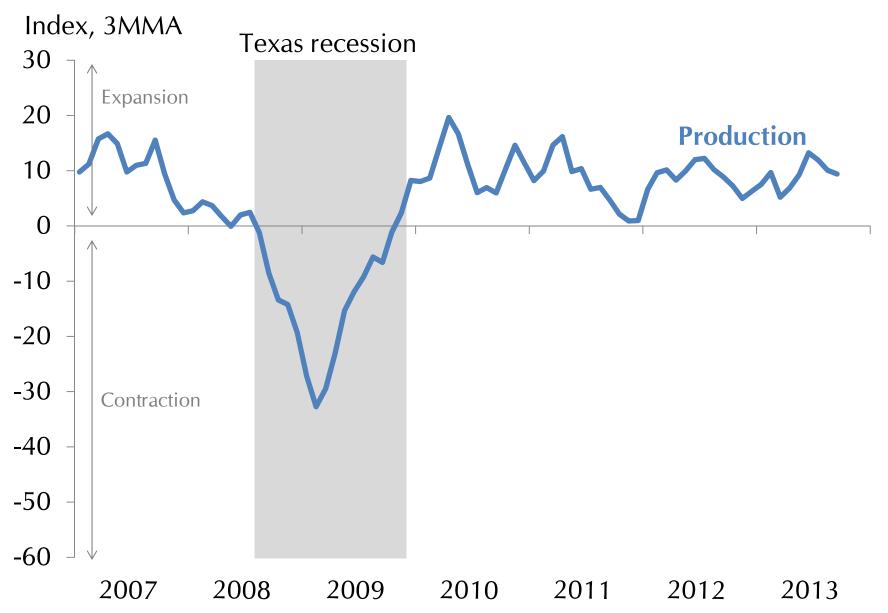
MANUFACTURING

Texas produces 10% of U.S. goods

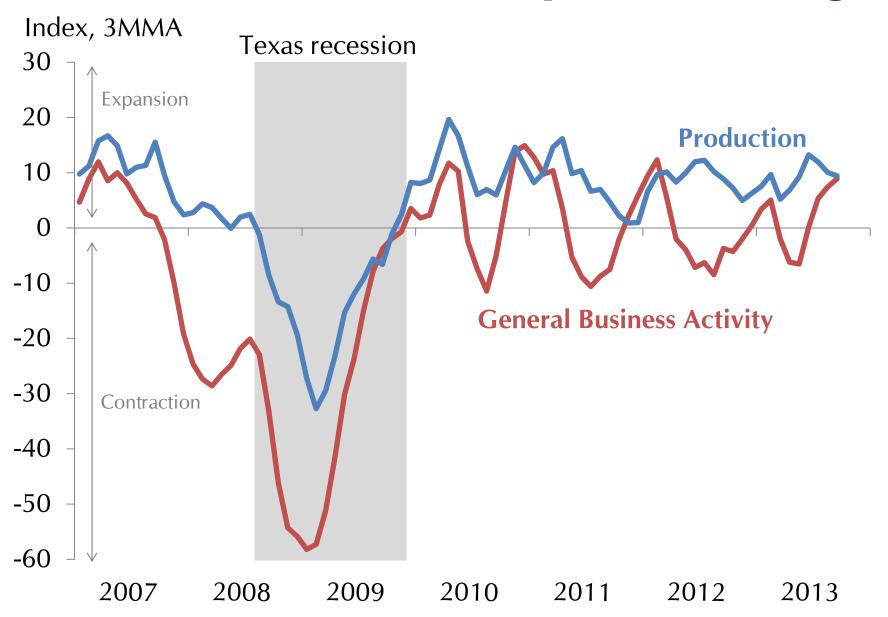
Manufacturing sector highly correlated with overall economy

Dallas Fed's Manufacturing Survey offers early look at trends

Texas Manufacturing Activity Rising...



...and Broader Perceptions Strong



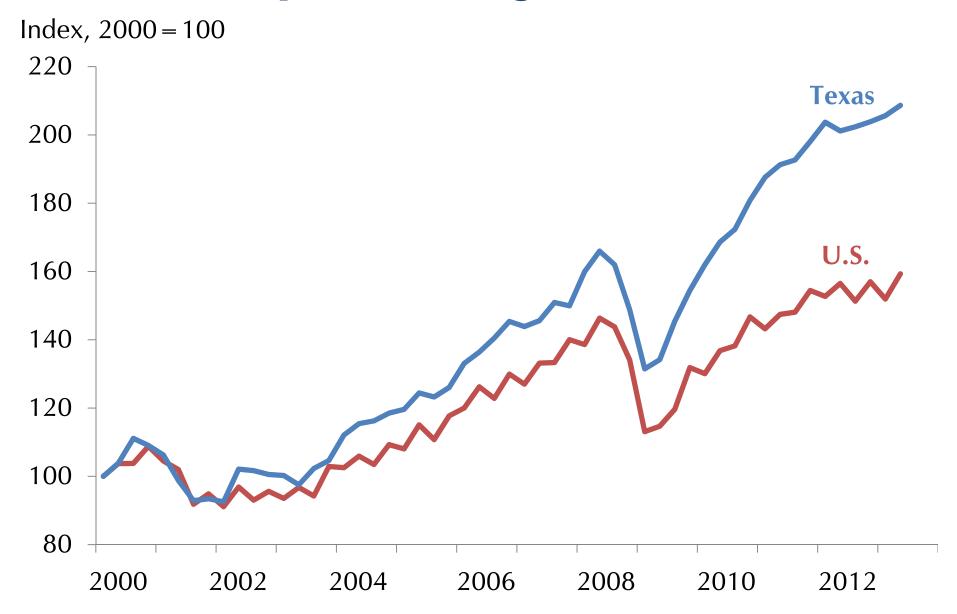
EXPORTS

Texas accounts for 17% of U.S. exports

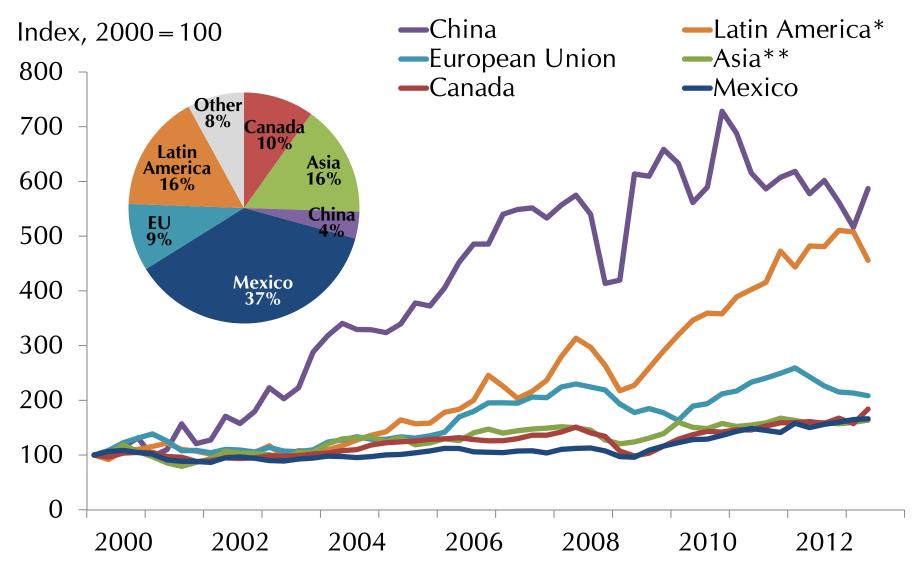
Gulf coast is a major exporter of oil and petrochemicals

Land-based trade on Texas-Mexico border also important export region

Texas Export Strength Continues



Exports to Canada and China Rise in Q2



*Latin America excludes Mexico. **Asia excludes China.

Texas avoided a big bubble

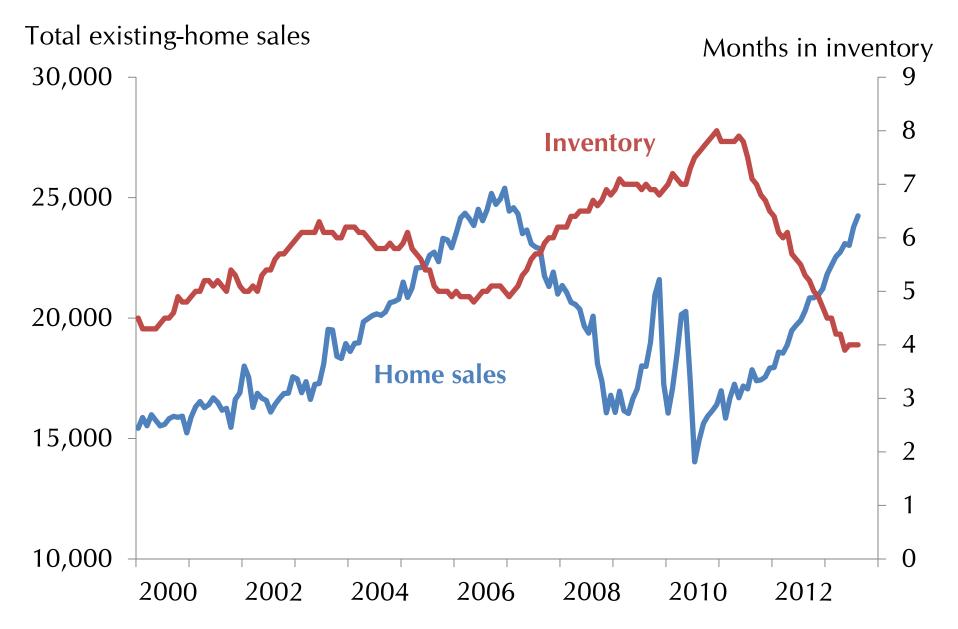
HOUSING

Housing sector slow to recover

HOME

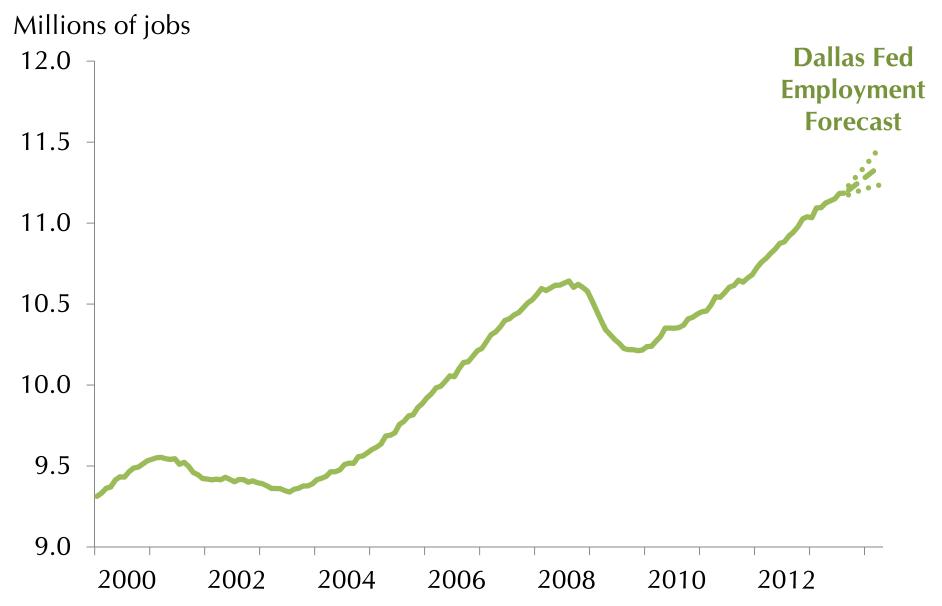
Currently booming

Home Sales High, Inventory Low



WHAT DO WE EXPECT FOR THE REST OF 2013?

Texas Economy will Continue Expanding





Texas Growth Outpacing U.S. Growth

Energy, Exports, Housing are Bright Spots

Job Growth will be Weaker in 2013

Some Uncertainty Persists, Especially Pertaining to Federal Government, ACA