



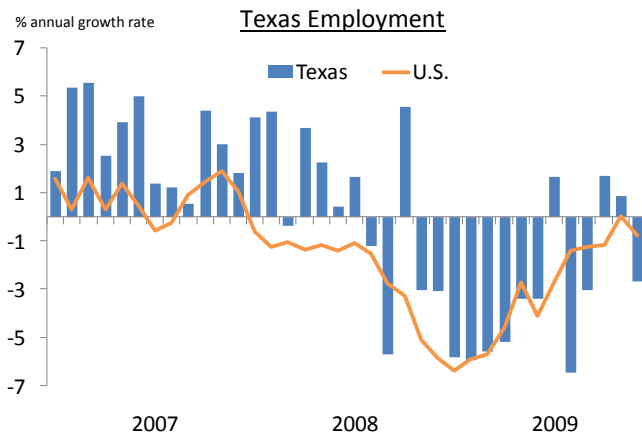
FEBRUARY 2010

Texas Economic Indicators

FEDERAL RESERVE BANK OF DALLAS

Summary

Several economic indicators point to a stabilizing Texas economy, yet employment remains weak. Texas house prices held steady in the third quarter, and the number of housing permits rose in December. Real Texas exports have increased two quarters in a row. Texas factory activity expanded in January, with the production index climbing further into positive territory.



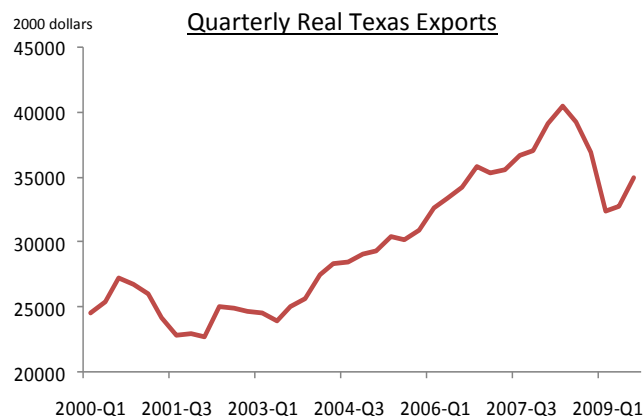
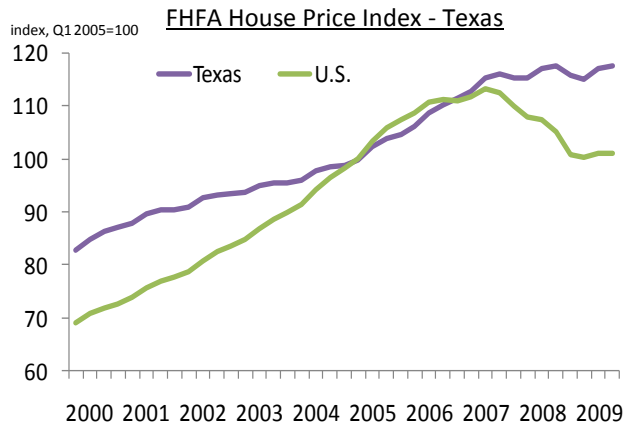
Texas lost 23,100 jobs in December after gaining 7,300 in November. Current Texas employment stands at 10.25 million. Texas employment was down 329,400 in 2009.

The December Texas unemployment rate edged up 0.3 percentage point to 8.3 percent. Excluding October 2009, this is the highest unemployment rate since August 1987.

The House Price Index (purchase-only) for Texas published by the Federal Housing Finance Agency (FHFA) edged up 0.4 percent in the third quarter of 2009. The FHFA Index rose 0.2 percent for the U.S.

Texas existing-home sales fell 16.5 percent in December, and housing starts edged down 2.3 percent. Texas had a 6.9 months' supply of housing inventory in December, unchanged from November.

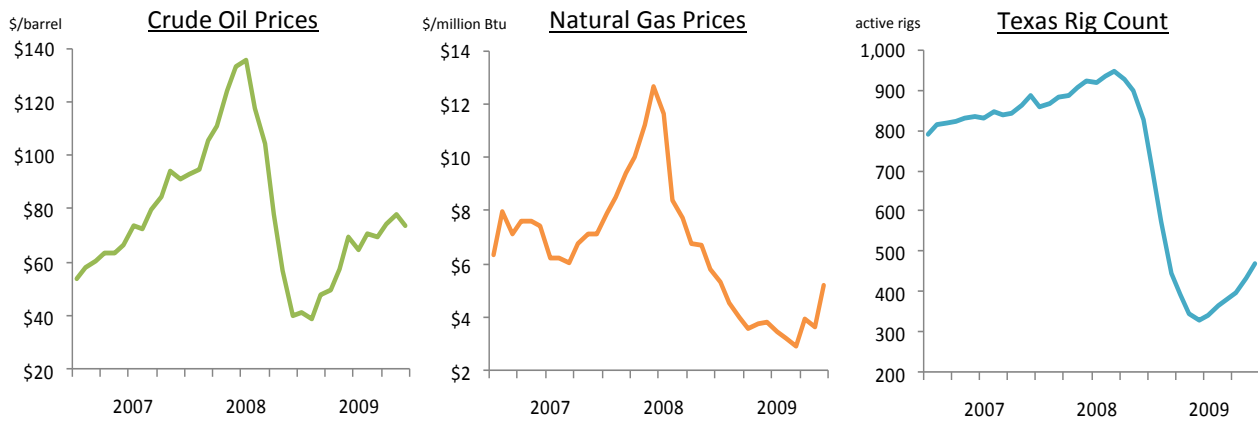
Texas single-family housing permits increased 10.6 percent in December. December permits are 29 percent higher than a year ago.



Real Texas exports rose 6.9 percent in the third quarter 2009, after rising 1.2 percent in the second quarter.

Exports to Mexico, Texas' largest export partner, rose 13.4 percent in the third quarter. Exports to Canada and the European Union also rose, while exports to Asia were nearly unchanged.

Monthly real Texas exports rose 1.1 percent in November. The November level of real exports is up 4 percent year-over-year.

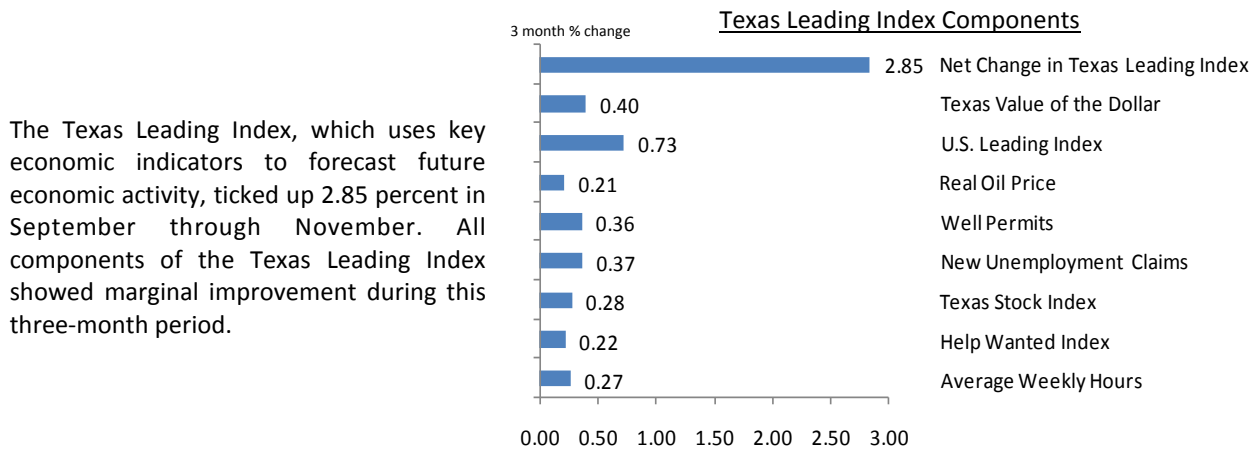


Texas produces nearly one-third of all U.S. natural gas and over 20 percent of U.S. crude oil. Texas companies currently employ nearly one of every two workers in the U.S. oil and gas industry.

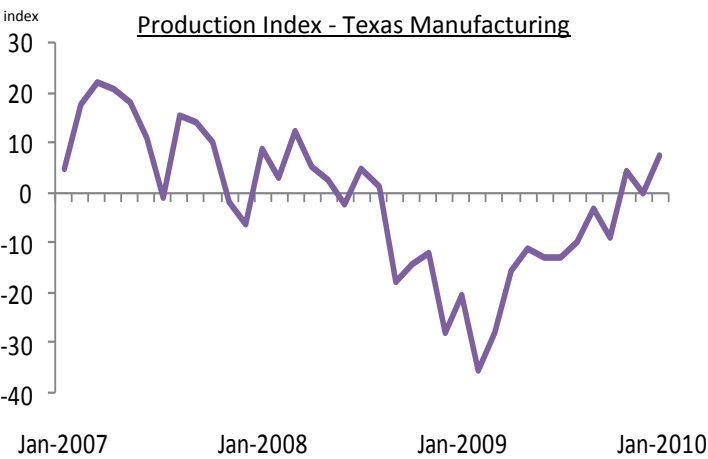
West Texas intermediate crude oil prices fell 5.3 percent to \$73.81 per barrel in December. Oil prices have been on the rise since bottoming out in February 2009 and the December price was up 82 percent year-over-year.

Natural gas prices rose to \$5.19 per million Btu in December, up 41.9 percent from November. After plummeting to \$2.91 in September, natural gas prices have been inching back up. The December price is 11 percent lower than a year ago.

The active rig count for Texas increased by 37 rigs in December and has been steadily increasing since June 2009. These recent upticks came after nine months of steep decline, which was caused by falling energy prices and soft energy activity. The current rig count is 470, down 43 percent from last year.



The Texas Leading Index, which uses key economic indicators to forecast future economic activity, ticked up 2.85 percent in September through November. All components of the Texas Leading Index showed marginal improvement during this three-month period.



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

Texas factory activity expanded in January, with the production index climbing further into positive territory as more producers reported either increased or unchanged activity from December.

Sources:
 Employment: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by Federal Reserve Bank of Dallas.
 Housing: Federal Housing Finance Agency; U.S. Census Bureau; Bank of Tokyo-Mitsubishi UFJ; Multiple Listing Service.
 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*; Henry Hub; Baker Hughes.
 Texas Leading Index: Federal Reserve Bank of Dallas.
 Texas Manufacturing Production Index: Federal Reserve Bank of Dallas.