



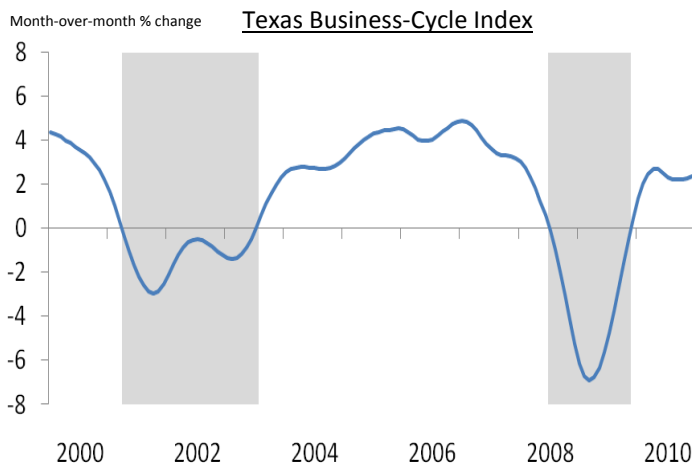
MARCH 2011

Texas Economic Indicators

FEDERAL RESERVE BANK OF DALLAS

Summary

The Texas economy continues to expand at a moderate pace, with some acceleration in late 2010 and early 2011. Real Texas exports rose in the fourth quarter, and the Texas Business-Cycle Index suggested a pickup in economic expansion at year-end. Some improvement was seen in the Texas housing market, as single-family housing permits, housing starts and existing-home sales increased in January. Texas manufacturing expanded in February, according to the Texas Manufacturing Outlook Survey.



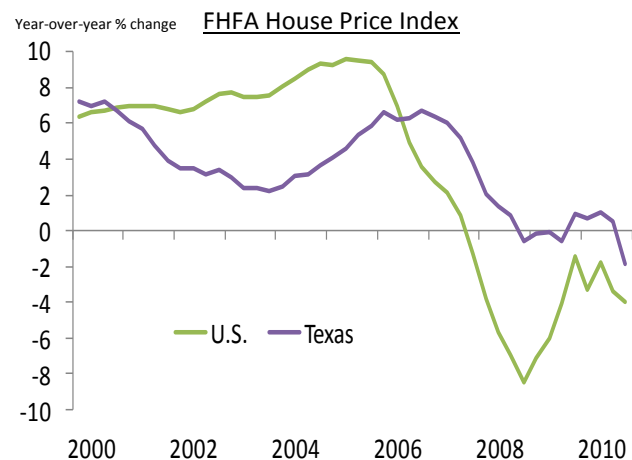
The Dallas Fed's Texas Business-Cycle Index combines movements in employment, the unemployment rate and state real gross domestic product to provide a broader view of the state's economic health. Periods of negative change in the index indicate recessions in Texas, shown as the shaded areas on the chart.

Growth in the index was strong early in 2010, slowed somewhat during the summer and showed an uptick at year-end.

The house price index (purchase only) for Texas published by the Federal Housing Finance Agency (FHFA) fell 1.6 percent in the fourth quarter of 2010 and is down 1.8 percent from the previous year.

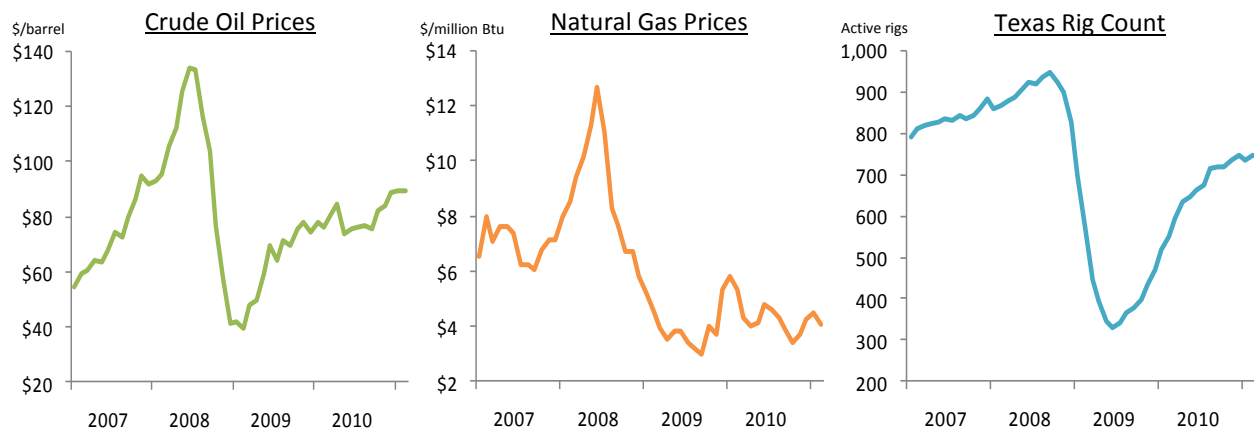
Existing-home sales in Texas rose for the second month in a row, edging up 3 percent in January.

Texas single-family housing permits climbed 4.3 percent from December to January, marking the sixth consecutive month of increase. Housing starts in Texas rose 7.7 percent in January after falling 7 percent in December.



Quarterly real Texas exports rose 6.3 percent in the fourth quarter of 2010. The fourth-quarter level of real exports was 17 percent higher than a year earlier.

Exports to Mexico, Texas' largest export partner, rose 4.5 percent in the fourth quarter. Exports to Asia and the European Union rose 17.9 percent and 12.7 percent, respectively, while exports to Canada fell 0.9 percent.



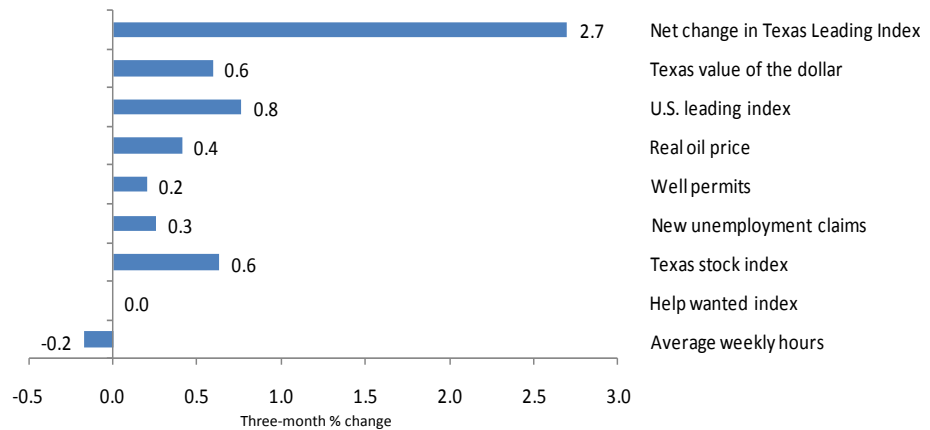
West Texas Intermediate crude oil prices edged up 0.2 percent to \$89.58 per barrel in February. The price was up 17 percent year-over-year.

Natural gas prices fell to \$4.09 per million Btu in February, down 8.9 percent from January. The price was 23 percent lower than February 2010.

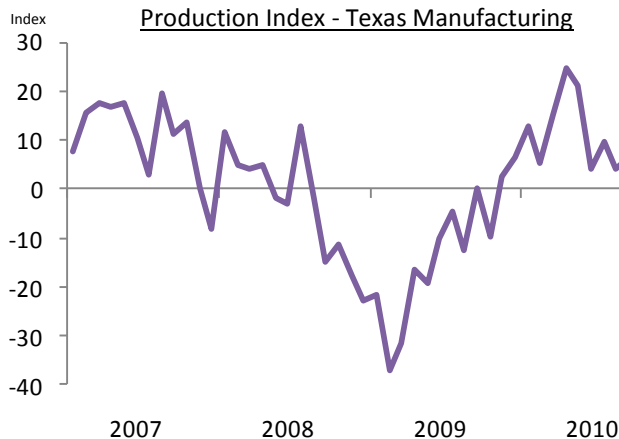
The rig count for Texas rose by 10 rigs to 747 in February, up 36 percent from a year earlier.

Texas Leading Index Components

The Dallas Fed's Texas Leading Index, which uses key economic indicators to forecast future economic activity, rose 2.7 percent from October through December.



Production Index - Texas Manufacturing



Texas factory activity increased in February, according to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, rose to 10 following a reading near zero in January.

The Federal Reserve Bank of Dallas 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: Texas Business-Cycle Index: 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*; Henry Hub; Baker Hughes.

Texas Leading Index: Federal Reserve Bank of Dallas.

Texas Manufacturing Production Index: Federal Reserve Bank of Dallas. Data are seasonally adjusted.

Questions can be addressed to Emily Kerr at emily.kerr@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.