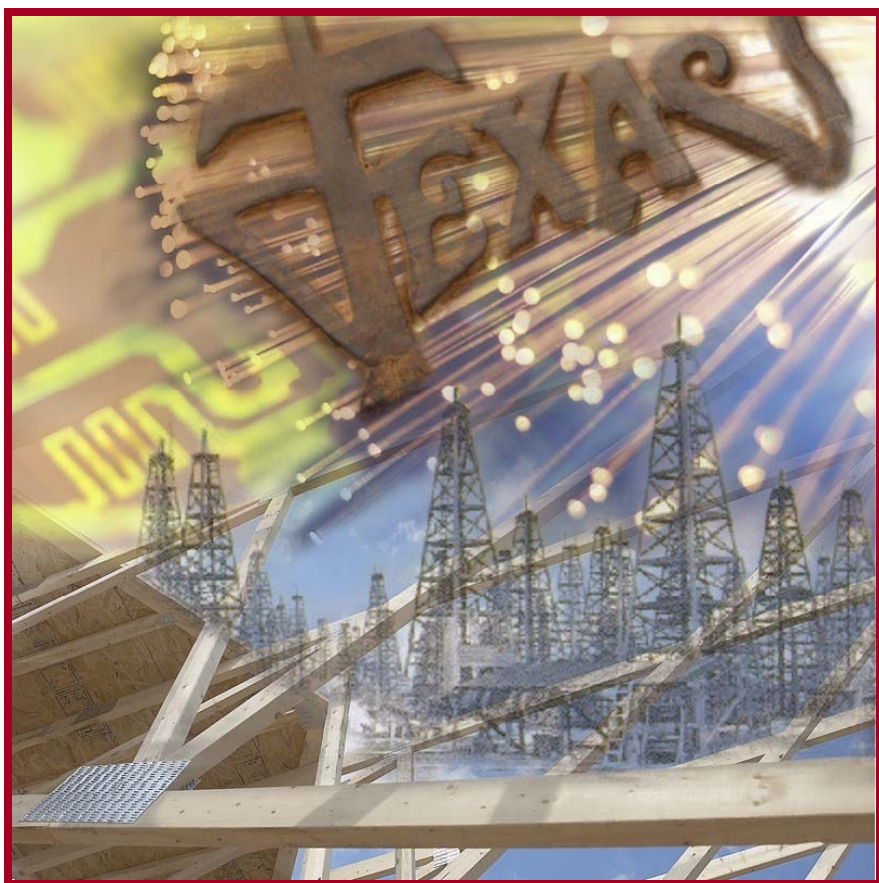


Texas Economic Update



Mine Yücel
Federal Reserve Bank of Dallas

Texas Economic Update

- Texas employment grew 2.1 percent in 2011
 - Added a total of 197,200 jobs
 - 256,100 private jobs
- Expect similar job growth in 2012
- Faster growth possible if national and global economies pick up

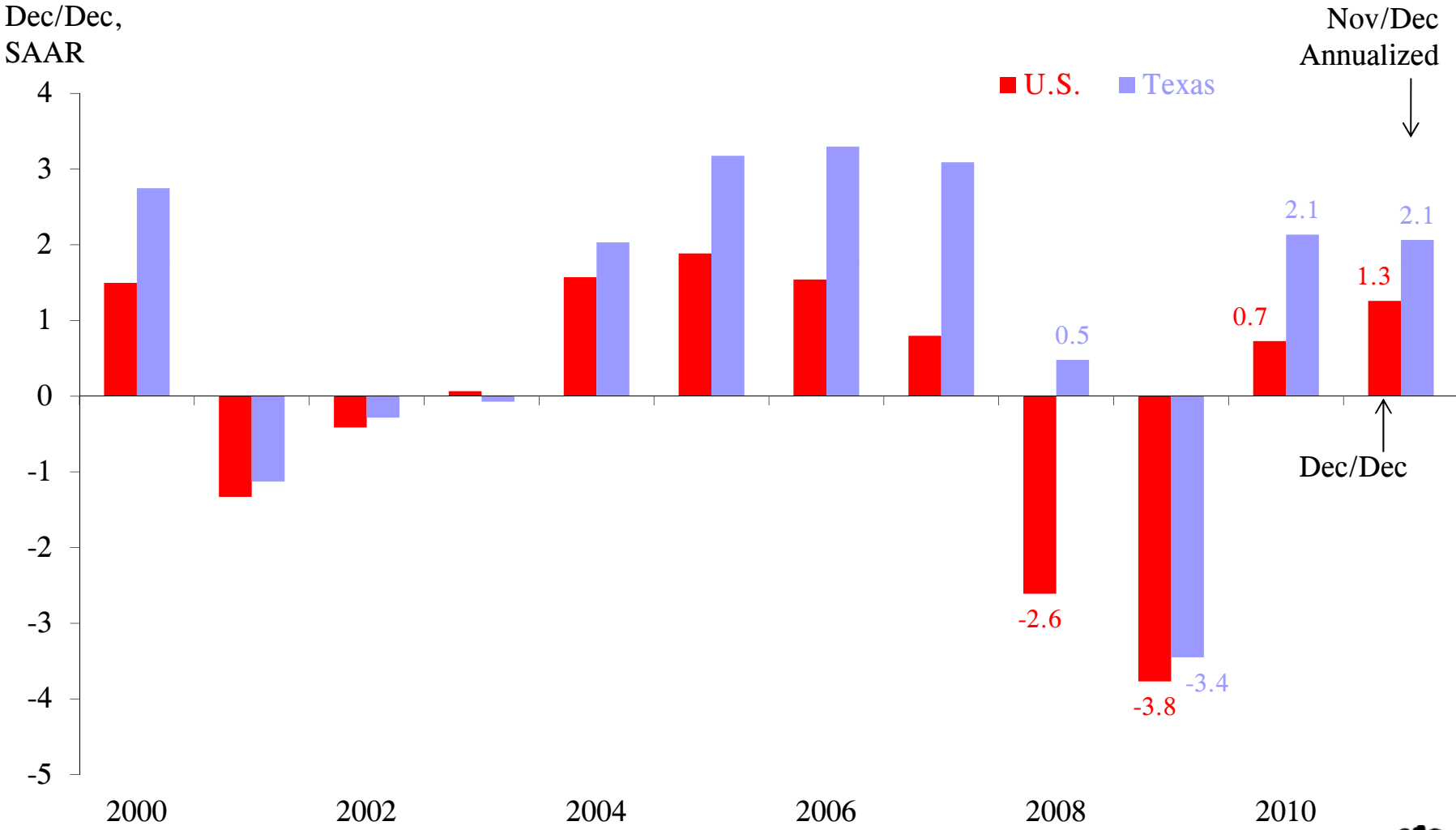


Texas economy 1/12th of U.S.

Geography	261,797 Mi²	7.4% of U.S. Land Area
Population	25,145,561	8.1% of U.S. Population
Output	\$1,207.5 (Bil.)	8.3% of U.S. GDP
Employment	10,433,500	8.0% of U.S. Employment



Texas' employment growth bests nation's



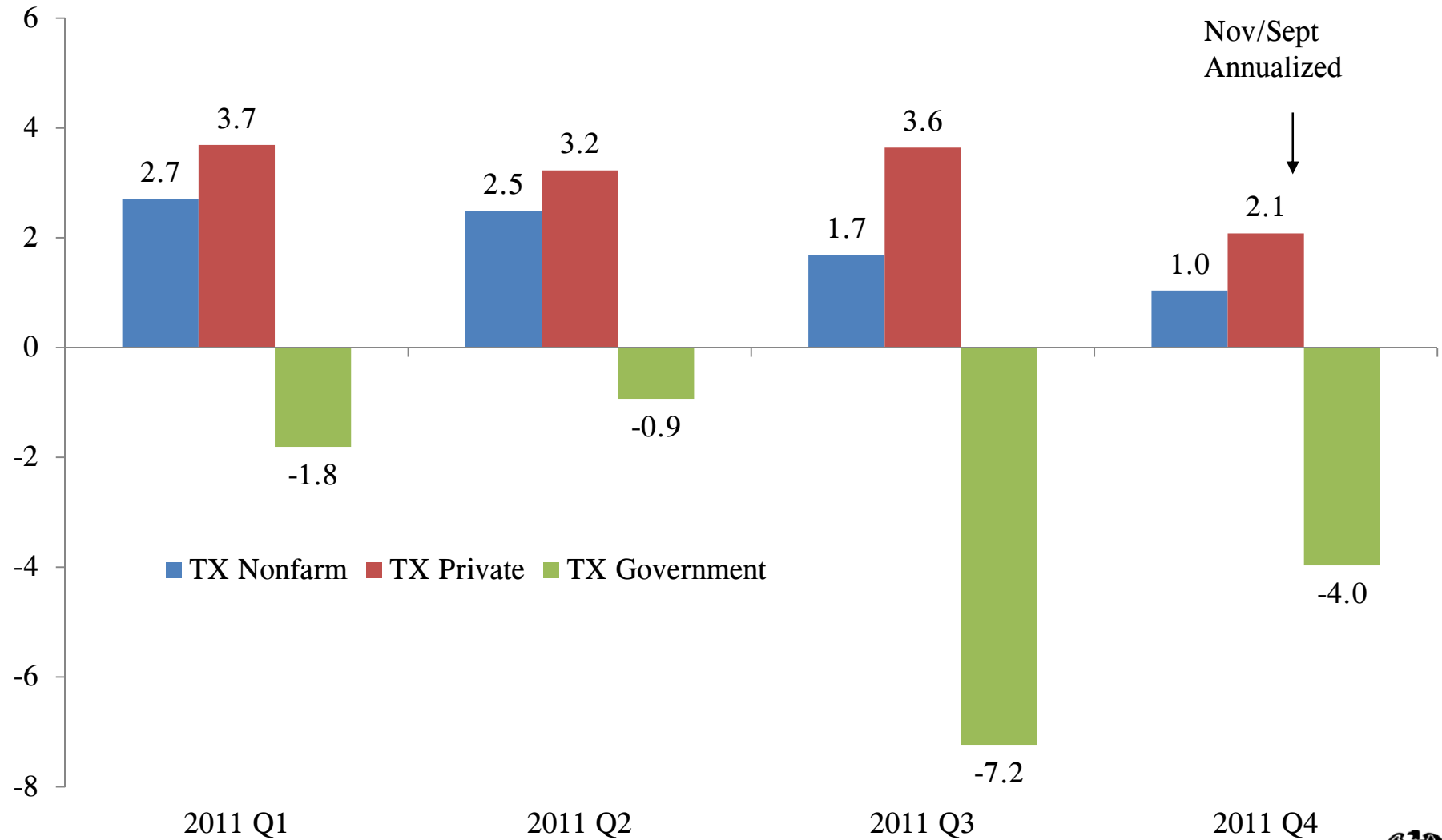
The Texas Recovery: Strengths

- Strong energy sector
- Rapidly growing exports
- No housing bubble or bust (construction bust yes)
- Healthy banks
- State finances relatively healthy, although budget cuts hurt



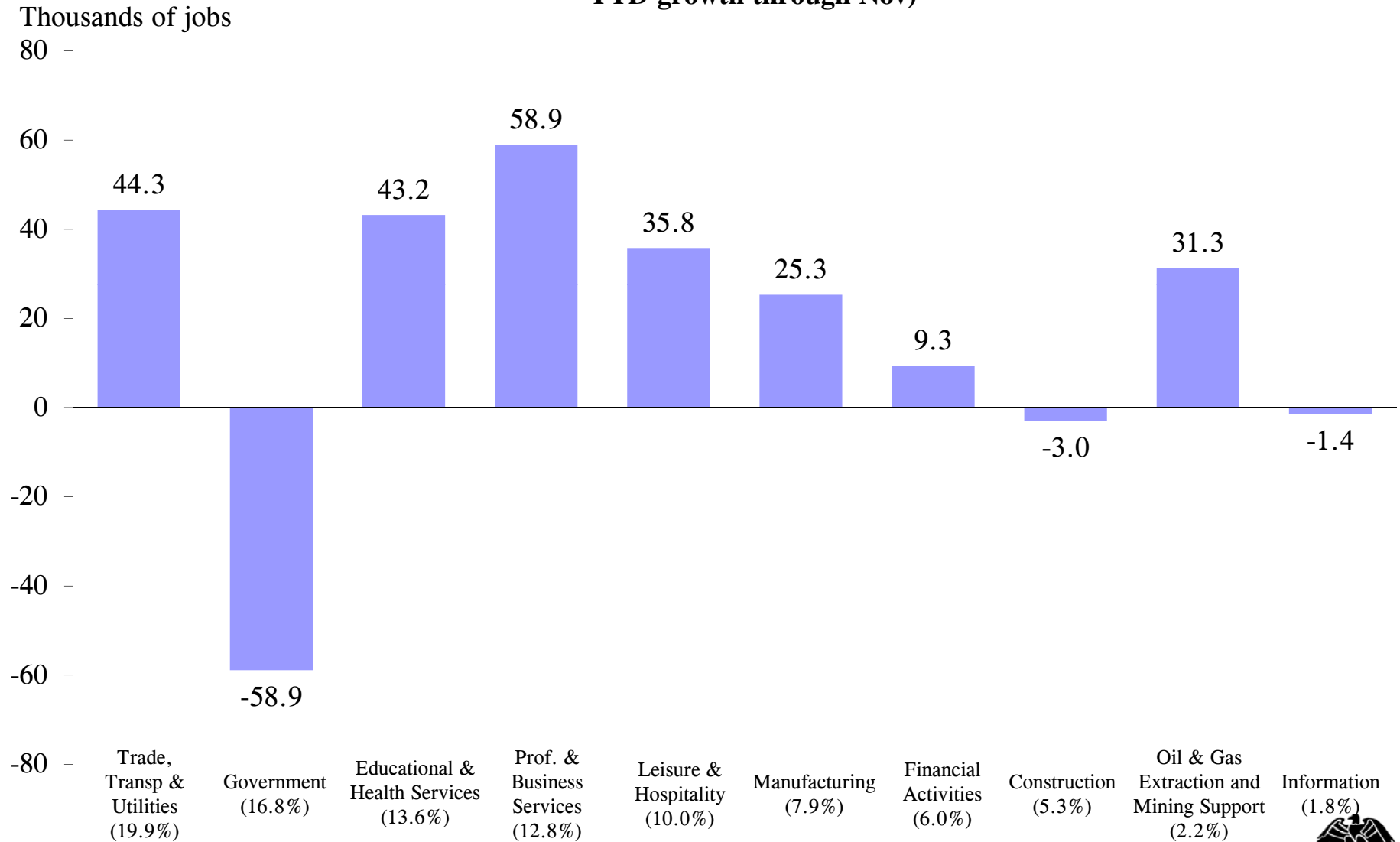
Government job losses huge drag in 2011

Q/Q, SAAR



2011 employment growth

(NAICS Super Sectors, SA by FRB Dallas
YTD growth through Nov)

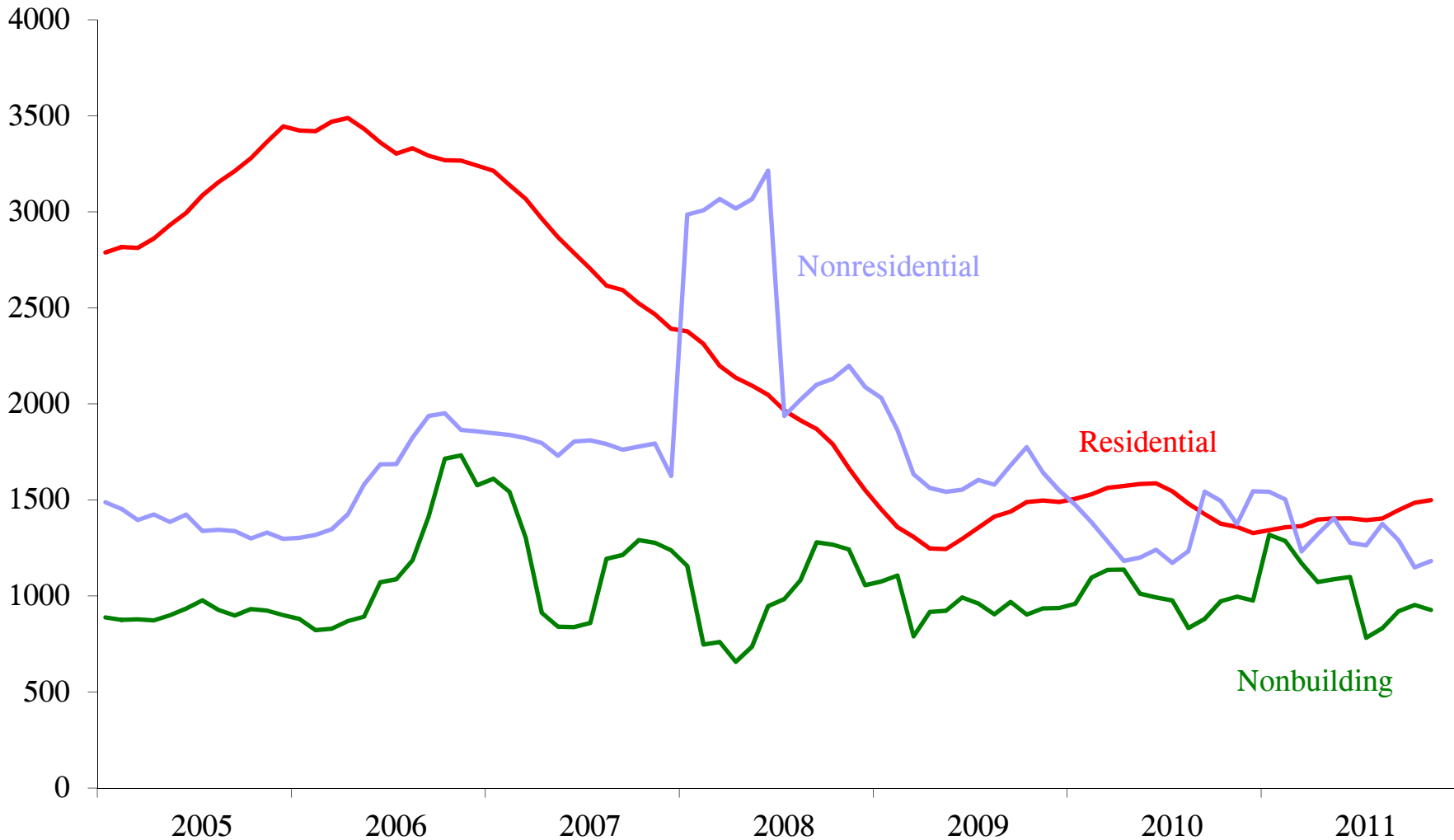


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Construction activity weak

Real \$, Mil
6MMA, SA

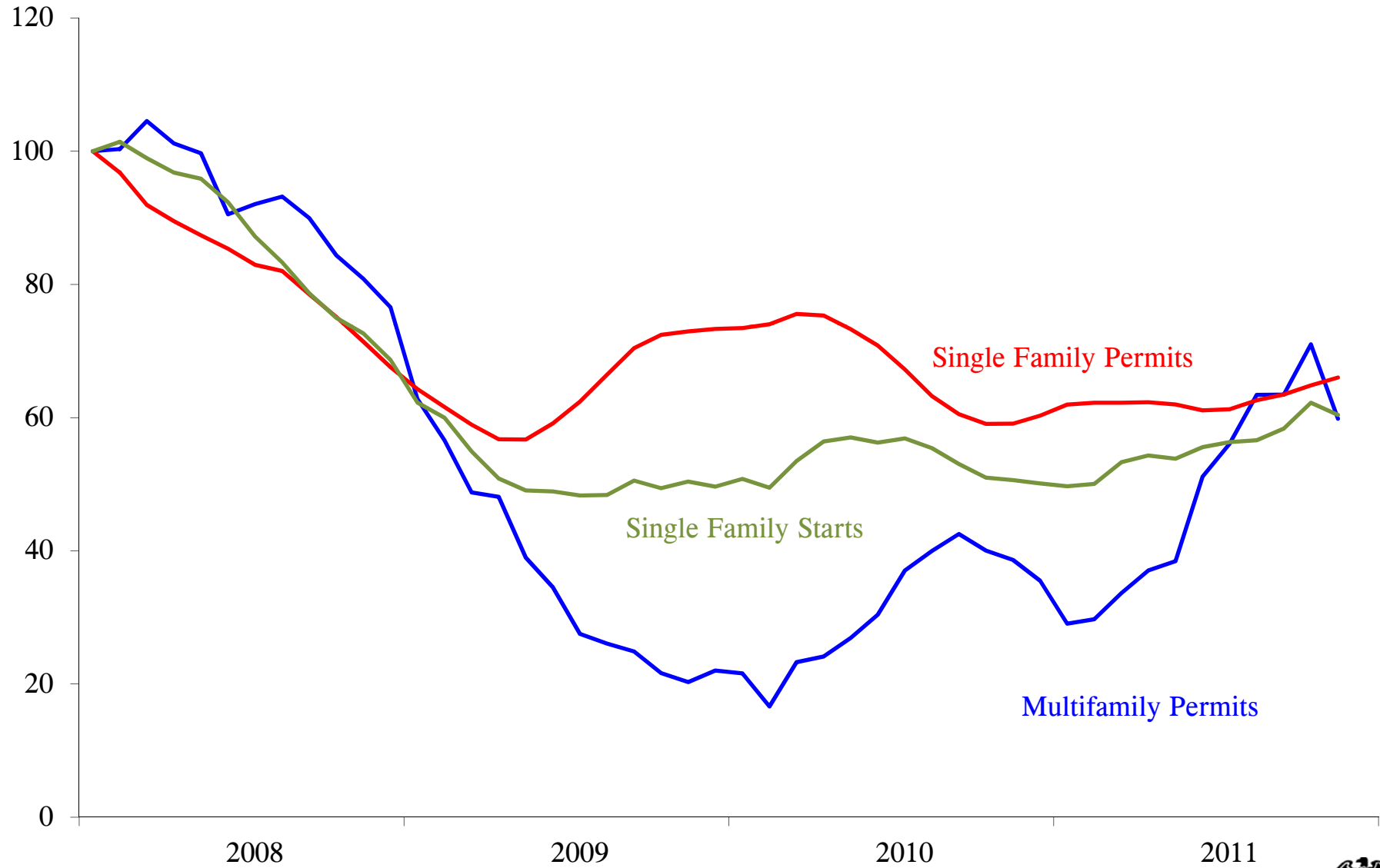


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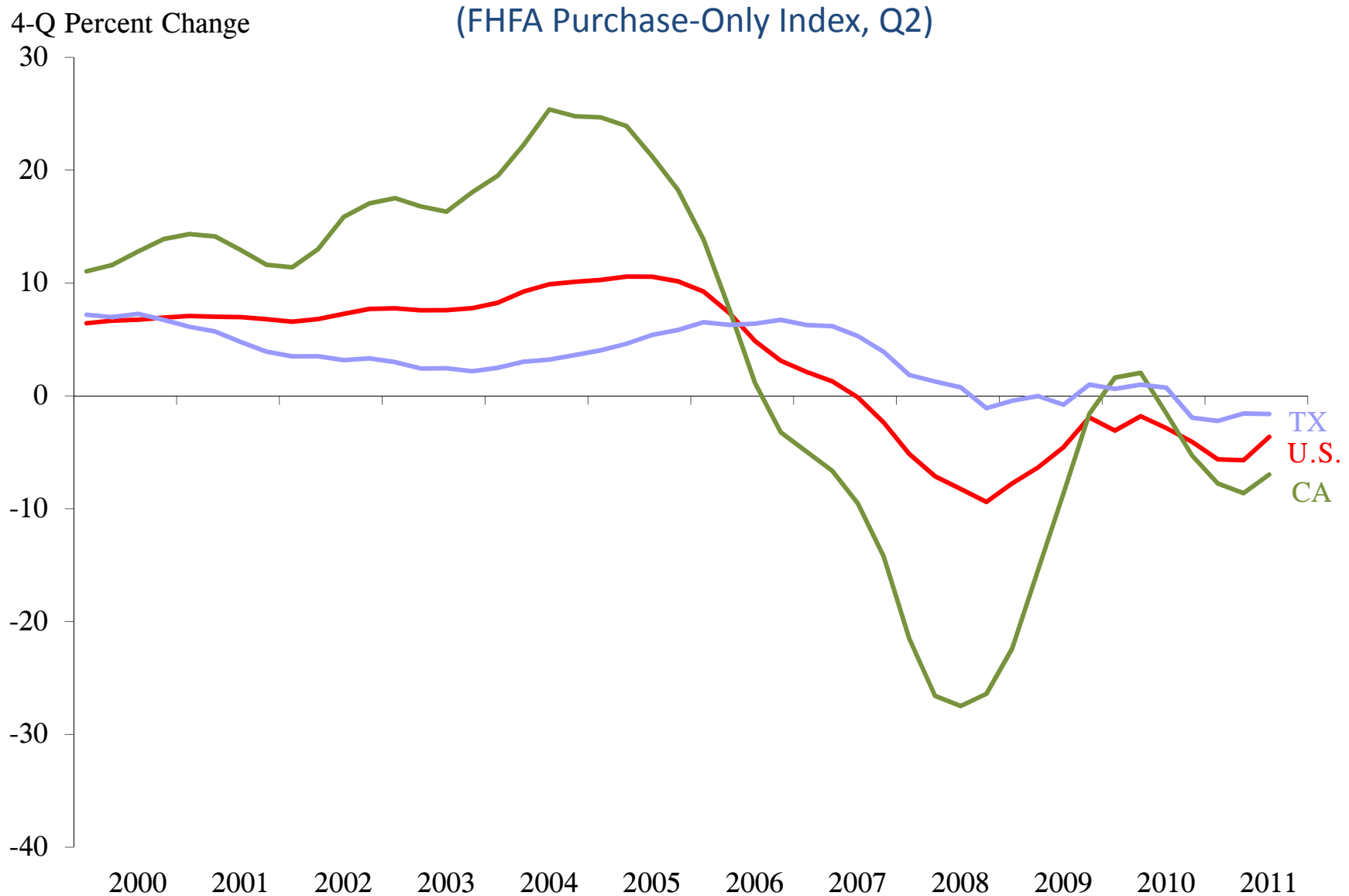


Index, SA, 5MMA
Jan 2008 = 100

New home construction

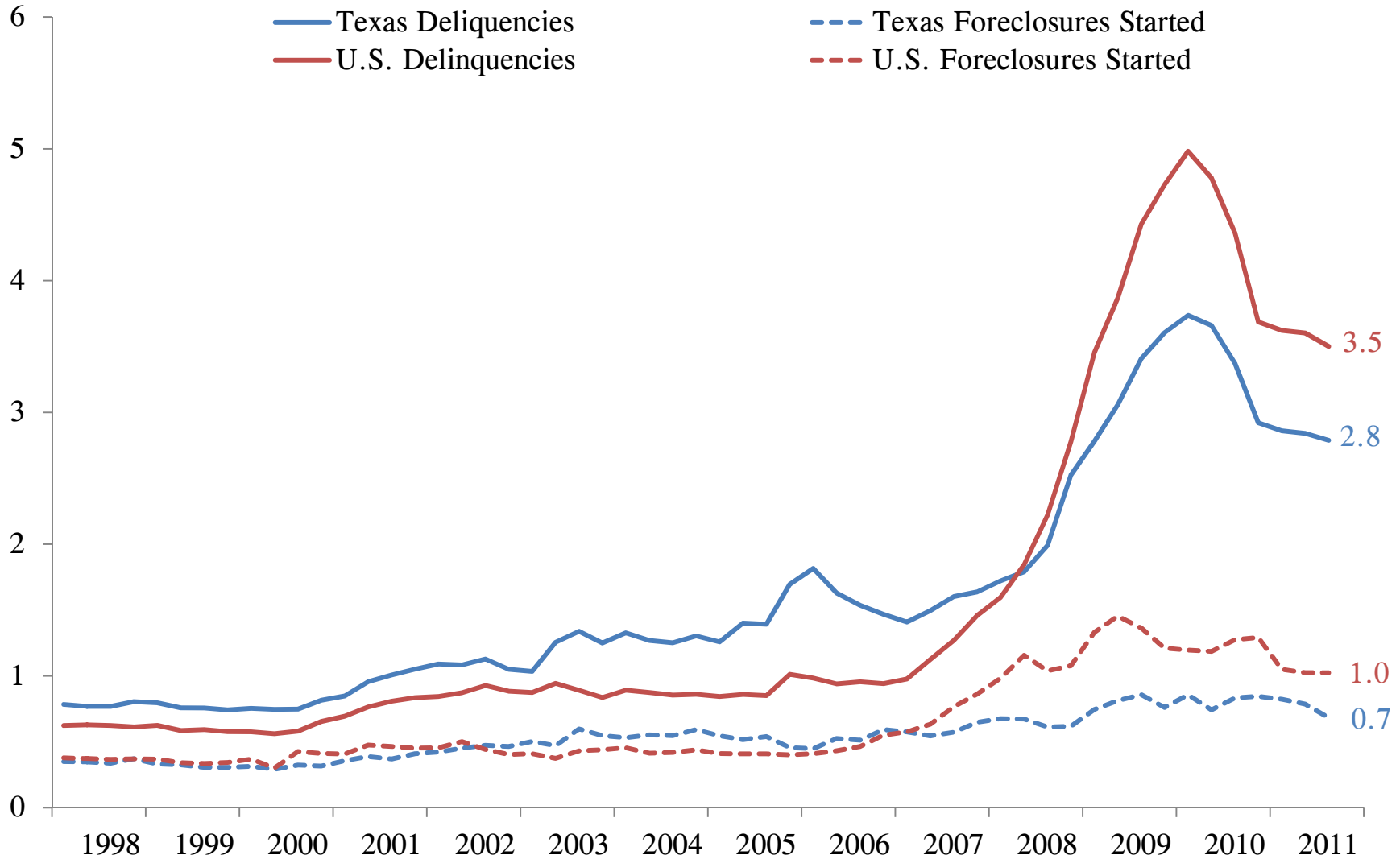


House prices not yet stable



Mortgage delinquencies falling

Percent, SA

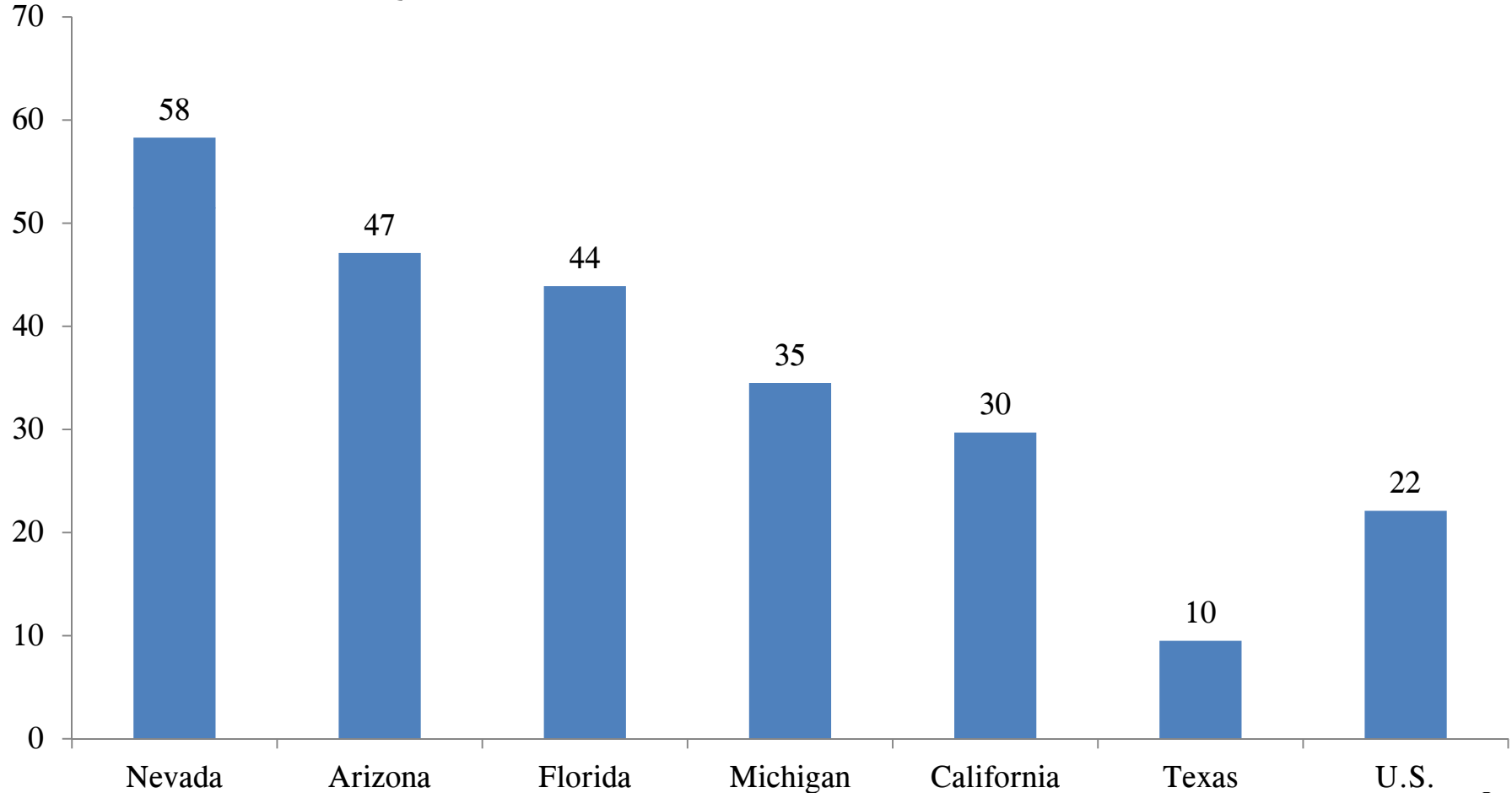


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Texas has much lower share of underwater mortgages

Percent of mortgages with balance > home value, 2011Q3



Source: Core Logic

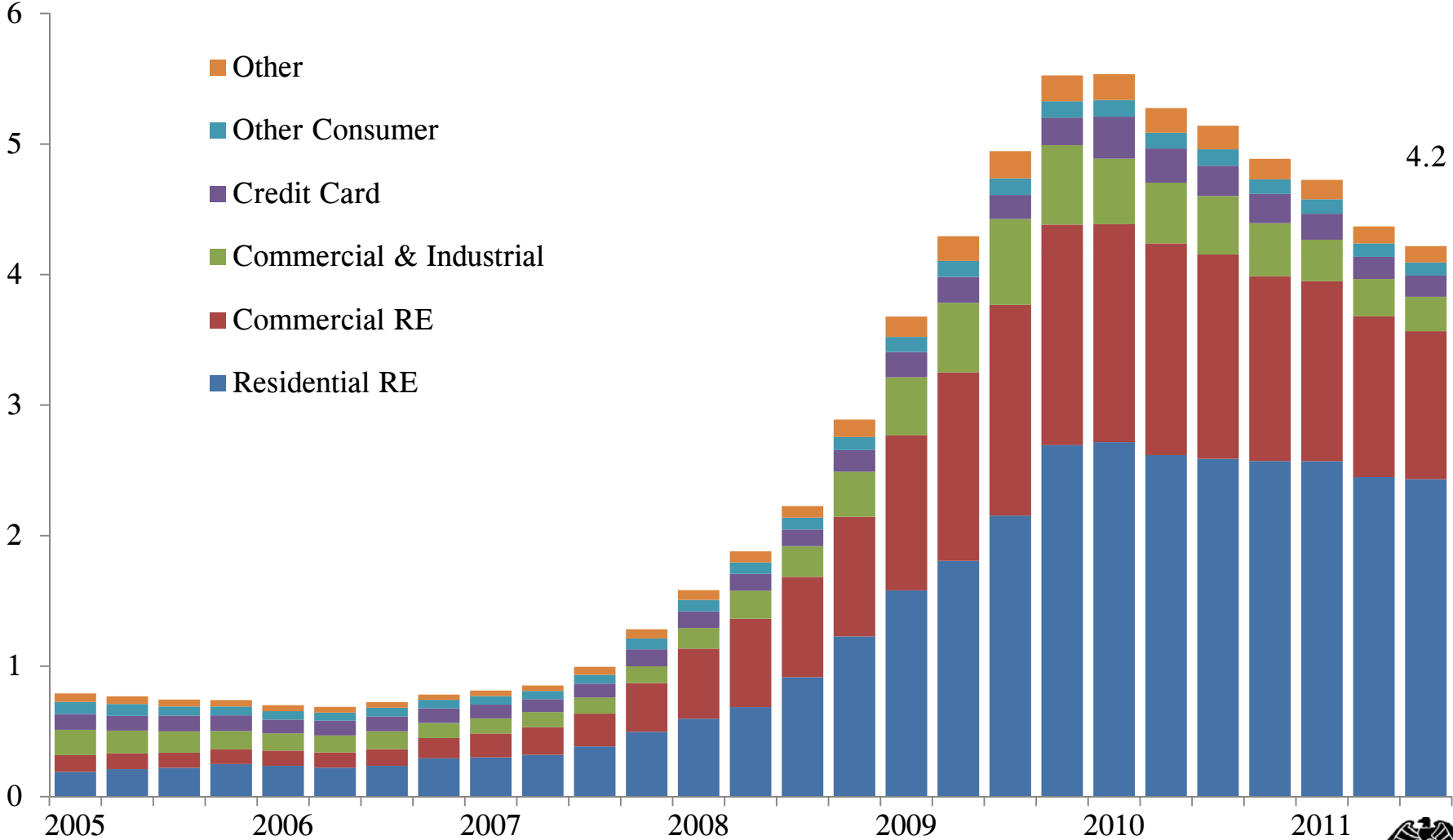
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Noncurrent loans by loan type

U.S. banks

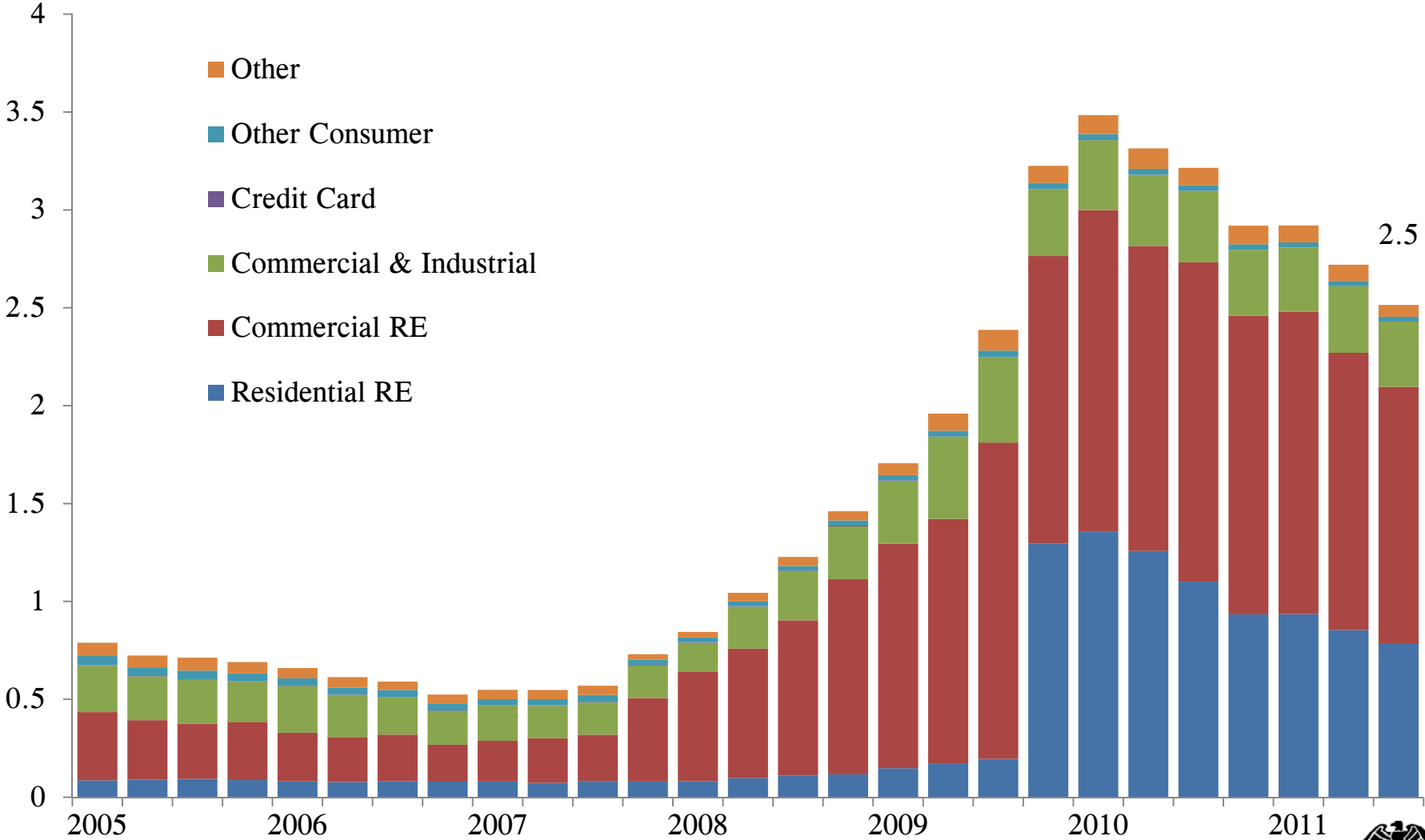
Percent of Loans



Noncurrent loans by loan type

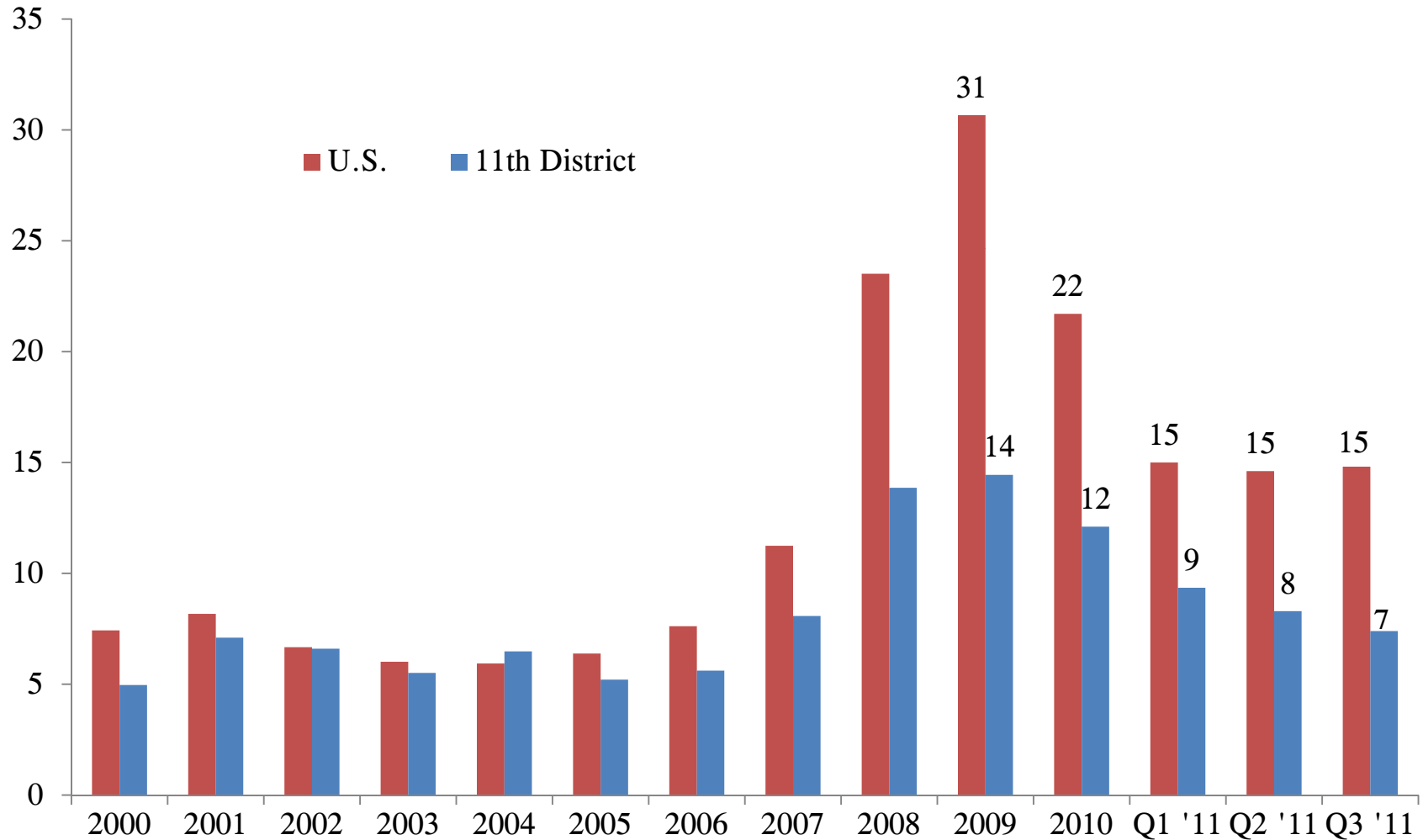
11th District banks

Percent of Loans



Share of unprofitable banks

Percent of Banks Reporting a Net Loss

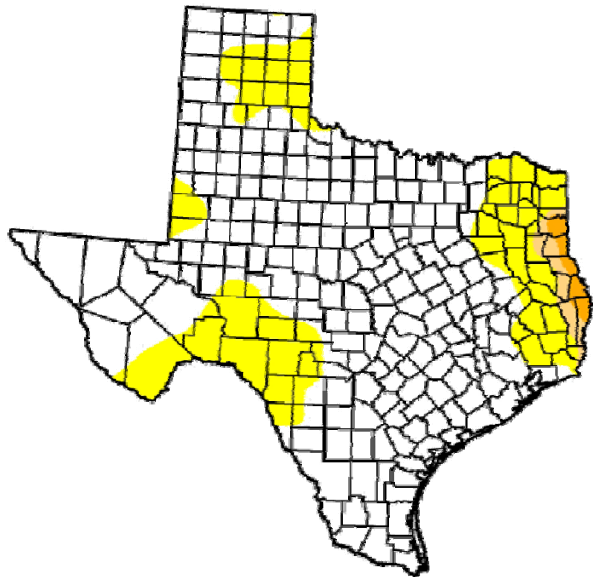


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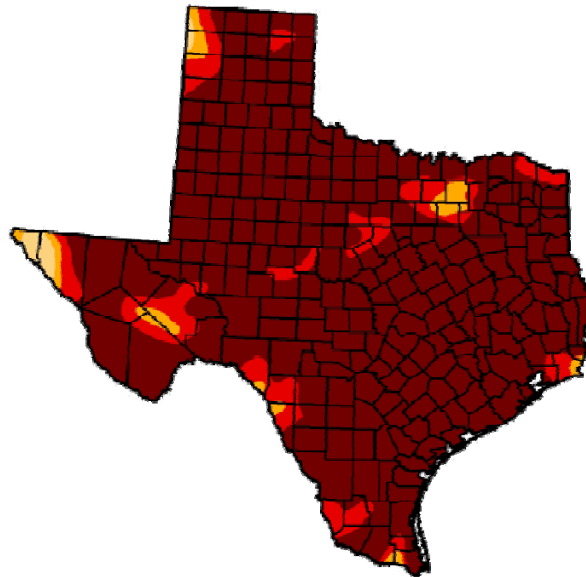


Slight easing of drought conditions

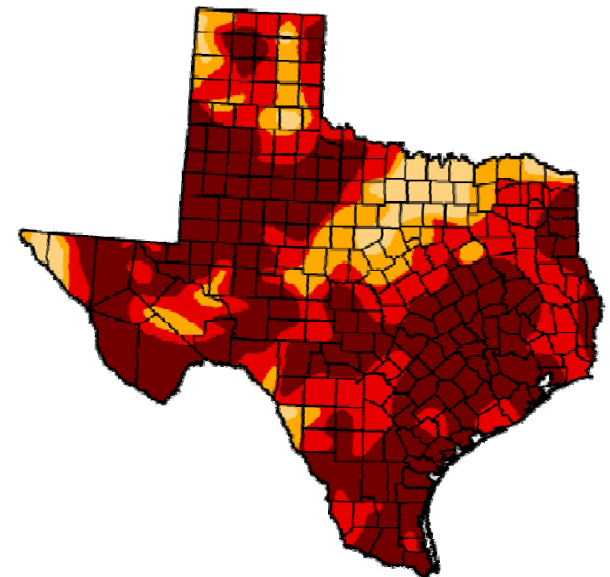
October 2010



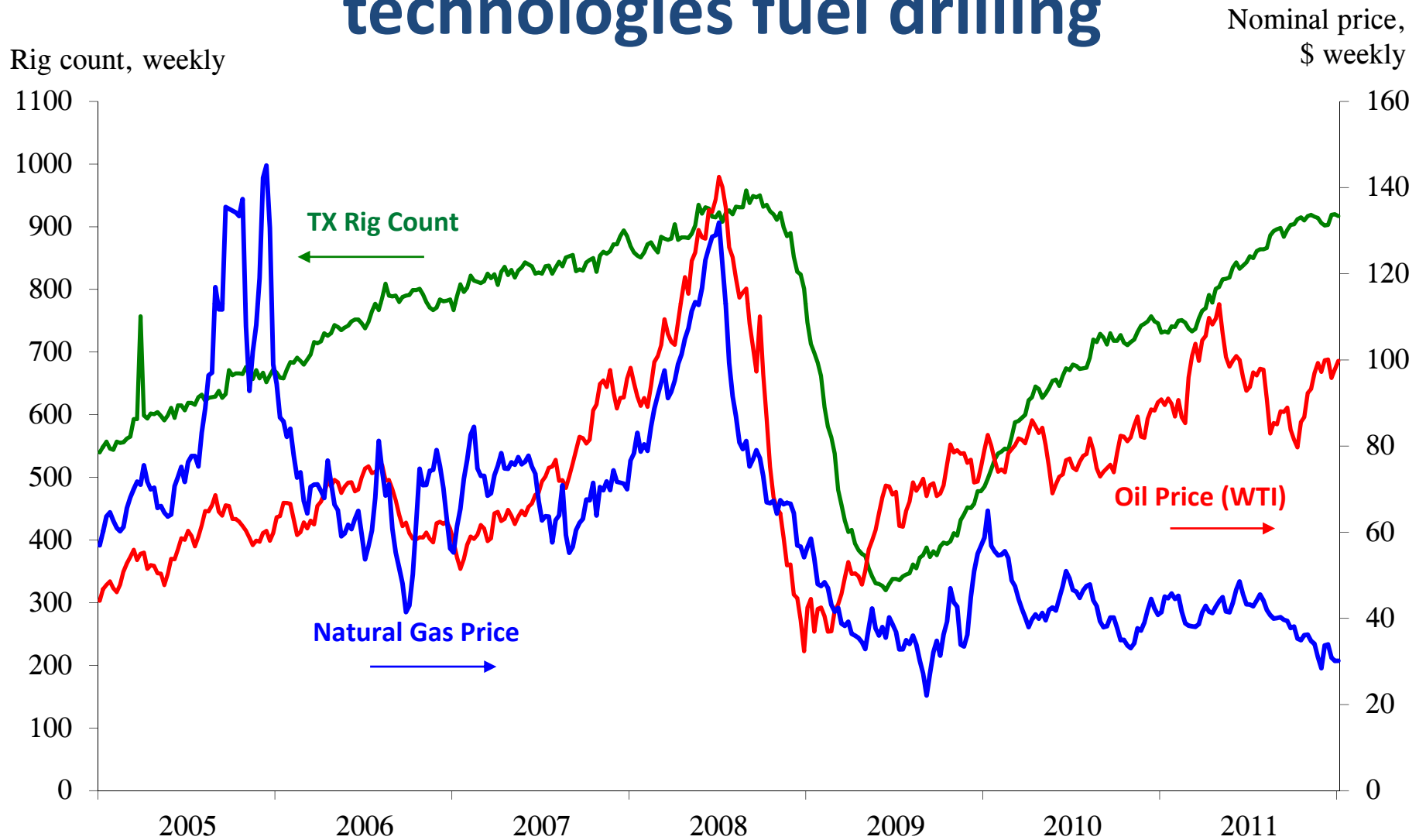
October 2011



November 2011



High oil prices and new technologies fuel drilling

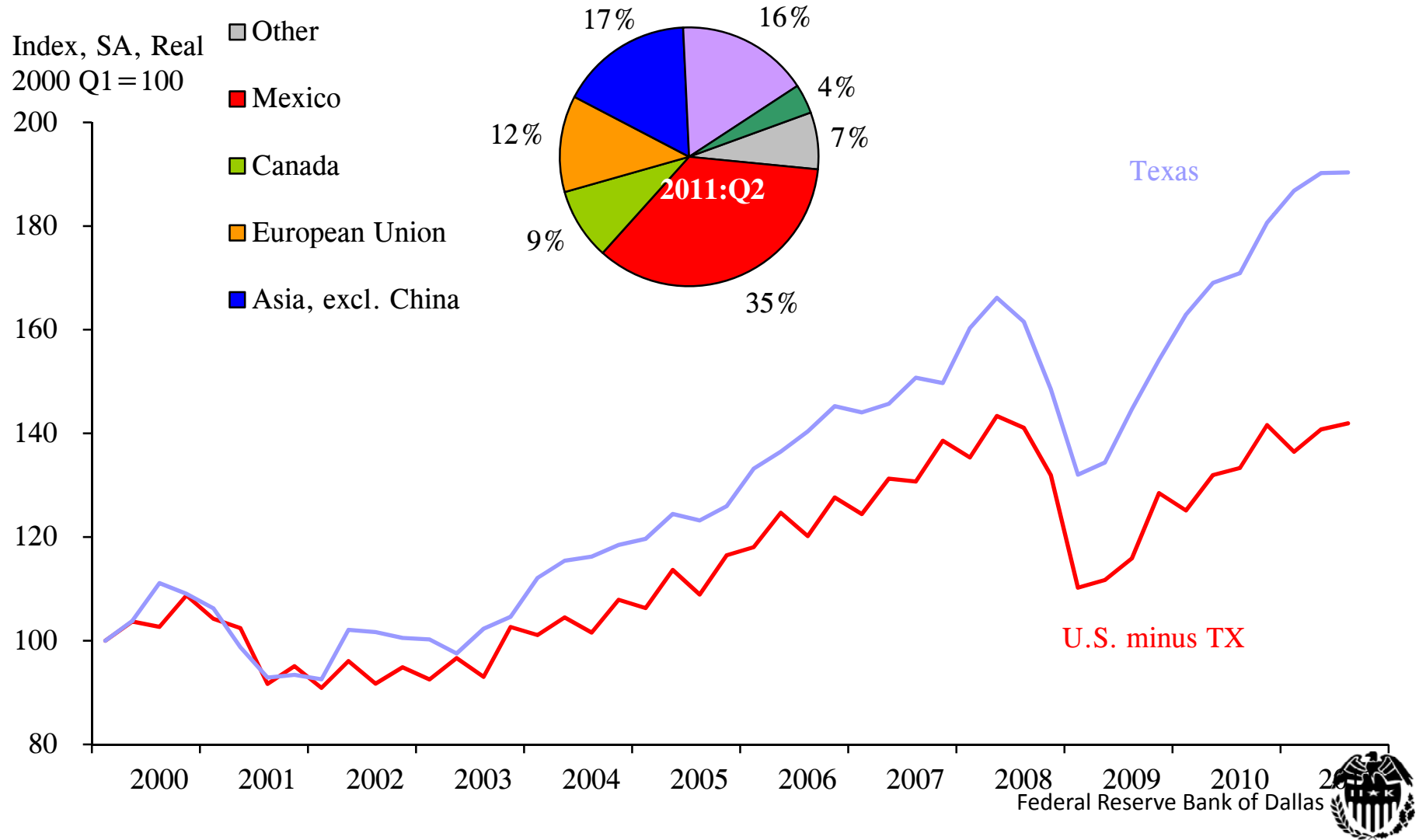


Note: Gas price is multiplied by 10

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Texas exports softening

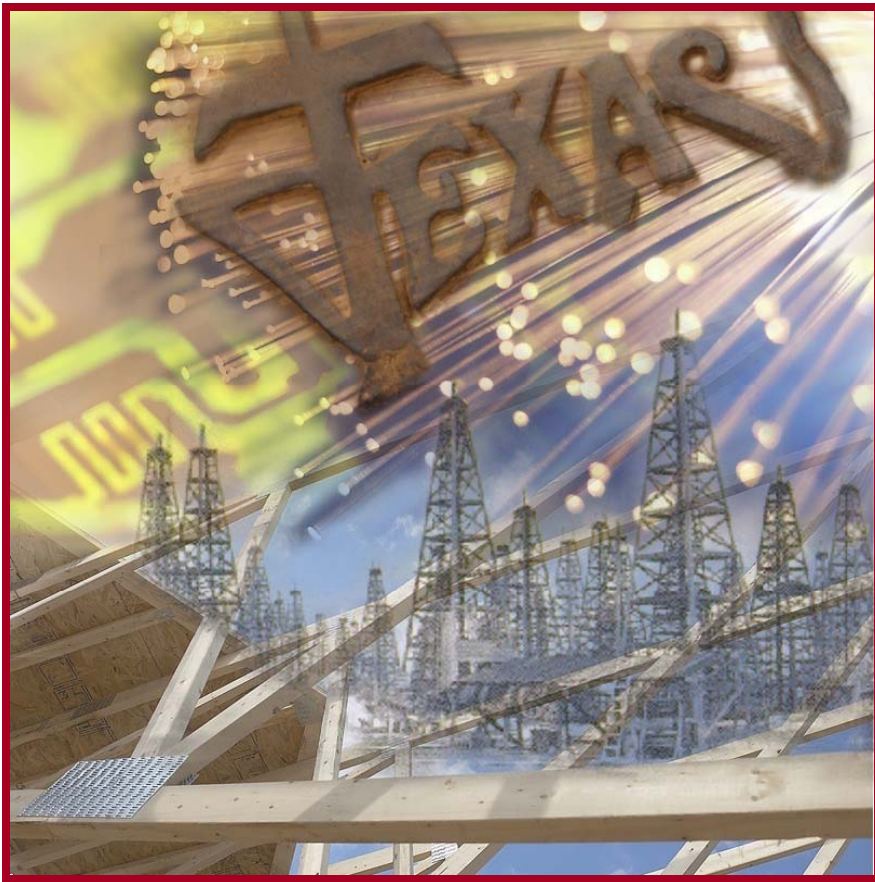


Summary

- Texas employment grew 2.1 percent in 2011
 - Added a total of 197,200 jobs
 - 256,100 private jobs
- Expect similar job growth in 2012
- Uncertainty and risk in the outlook



Questions?



Please go to
www.dallasfed.org
for data and regional
information.

