



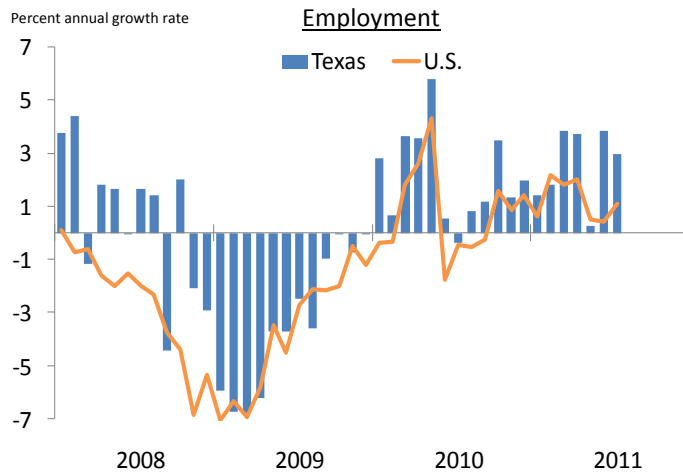
SEPTEMBER 2011

Texas Economic Indicators

FEDERAL RESERVE BANK OF DALLAS

Summary

The Texas economy continued to grow at a moderate pace, with employment expanding at a 3 percent annual rate in July. Texas home sales edged up, although other housing market indicators showed weakness in July. Texas exports inched up in the second quarter, and manufacturing activity was largely unchanged in August, according to the Texas Manufacturing Outlook Survey's production index.



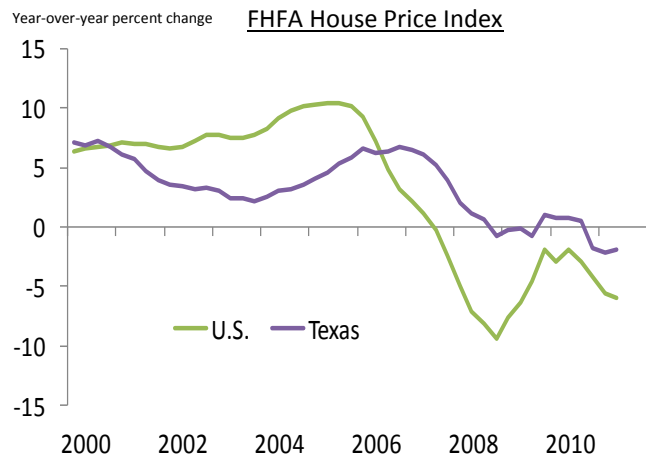
Texas gained 25,900 jobs in July after adding 33,000 in June. Current Texas employment stands at 10.58 million.

The Texas unemployment rate was 8.4 percent in July, up from 8.2 percent in June. The Texas rate remains below the U.S. rate, which edged down to 9.1 percent in July.

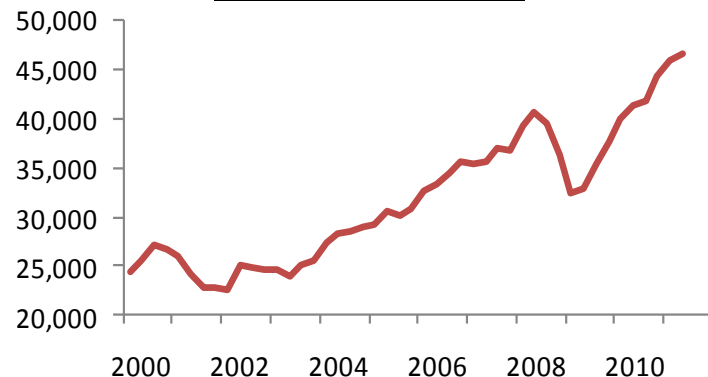
The house price index (purchase only) for Texas published by the Federal Housing Finance Agency (FHFA) edged up 0.3 percent in the second quarter and is down 2 percent from the previous year.

Texas single-family housing permits fell 3.4 percent from June to July. Housing starts in Texas edged down 0.1 percent in July after rising 29.7 percent in June. Starts were down 17 percent from last year.

Texas existing-home sales ticked up 1.5 percent in July and are up 22 percent year over year. The supply of housing inventory in Texas moved down to 7.5 months in July, the lowest level in the past year.

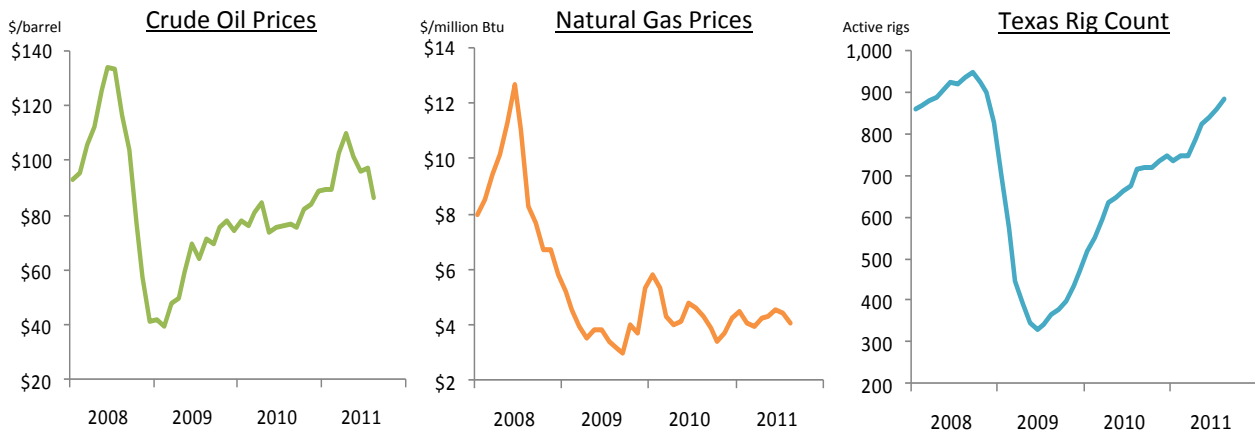


Quarterly Real Texas Exports



Quarterly real Texas exports rose 1.6 percent in the second quarter. The level of real exports was 13 percent higher than a year earlier.

Exports to Mexico, Texas' largest export partner, rose 3.4 percent in the second quarter. Exports to Latin America and the European Union rose 3.2 and 8.5 percent, respectively, while exports to Canada were flat and exports to Asia fell 3.4 percent.



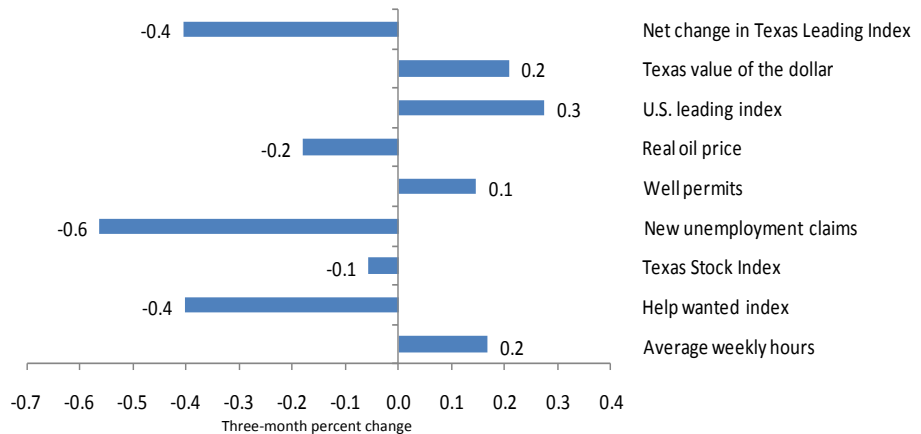
West Texas Intermediate crude oil prices fell 11.2 percent to \$86.33 per barrel in August. The price was up 12 percent year over year.

Natural gas prices declined to \$4.05 per million Btu in August, down 8.4 percent from July. The price was 6 percent lower than in August 2010.

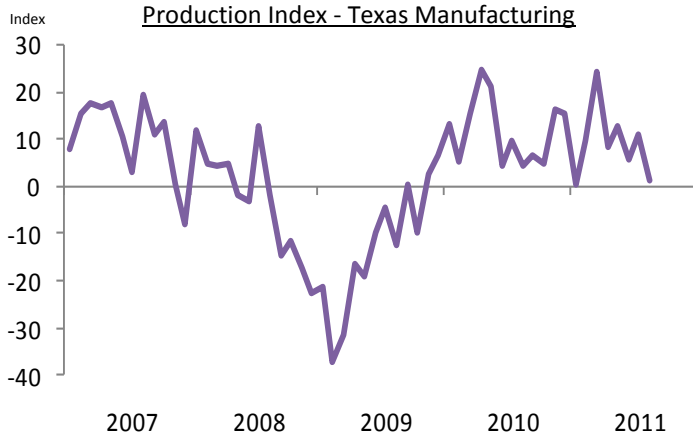
The rig count for Texas increased by 27 rigs to 885 in August. The rig count was up 24 percent from a year earlier.

Texas Leading Index Components

The Dallas Fed's Texas Leading Index, which uses key economic indicators to forecast future economic activity, edged down 0.4 percent from April through June.



Production Index - Texas Manufacturing



Texas factory activity was largely unchanged in August, according to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, remained positive but fell from 10.8 to 1.1, suggesting output growth stalled in August.

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: Employment: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by Federal Reserve Bank of Dallas. Housing: FHFA; 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.

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