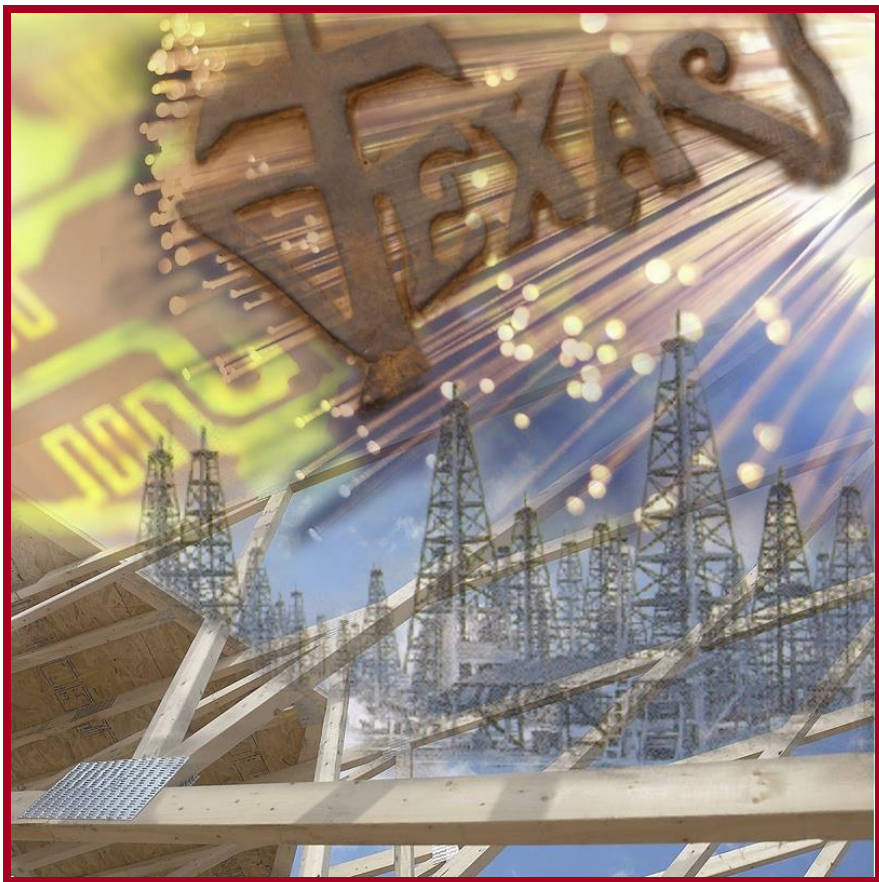


The Texas Economy



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Presentation to DABE, January 29, 2016



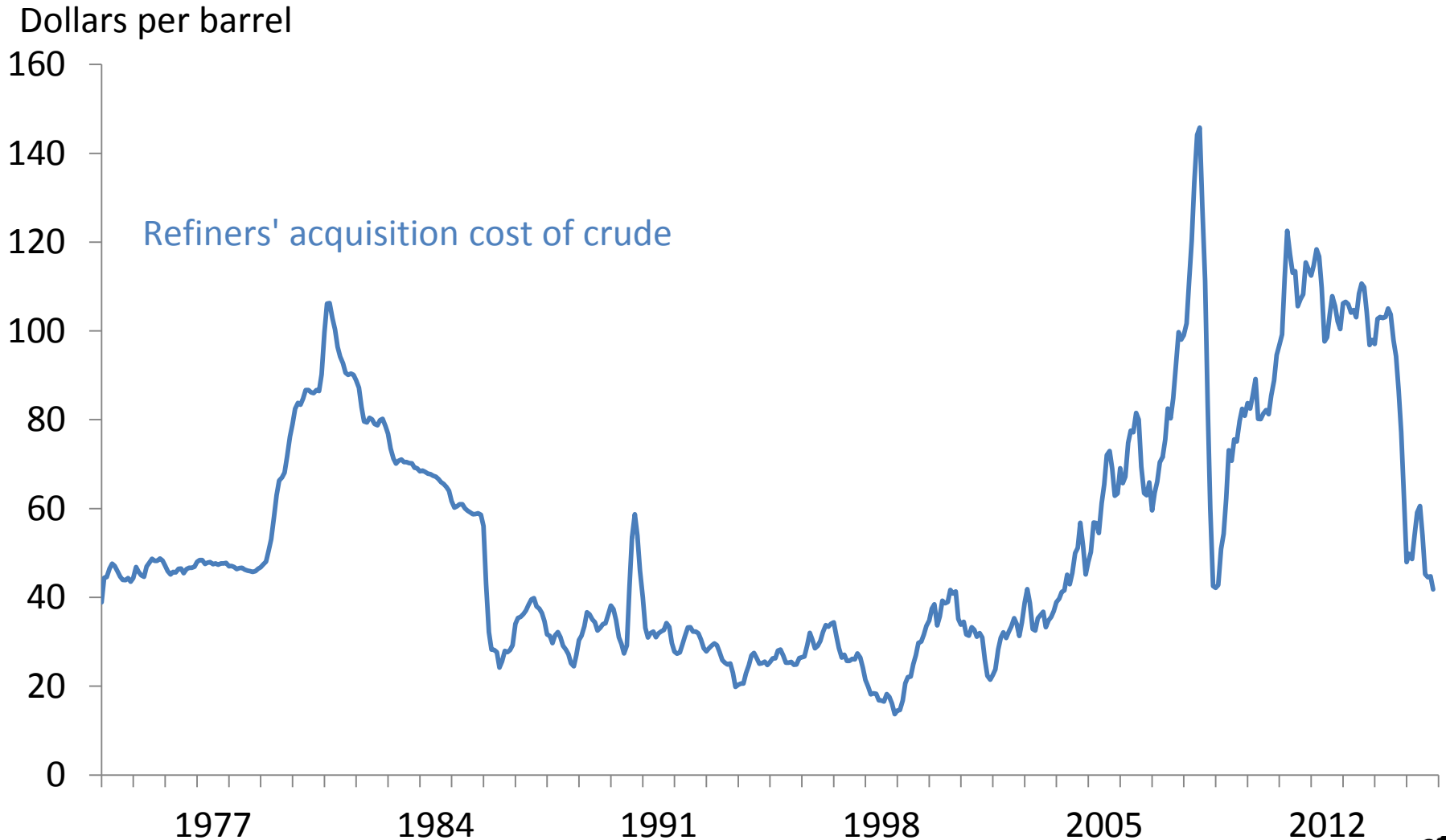
Texas Economic Update

- Texas grew rapidly for five years, fueled by high oil prices, strong exports and construction activity.
- Texas employment growth slowed in 2015
 - Low oil prices and strong dollar main culprits
- Grew 1.5% in 2015
 - Added 171,100 jobs
- Expect slower growth in 2016.



Current oil prices not a record low

Real Prices of Crude Oil (November 2015 dollars)

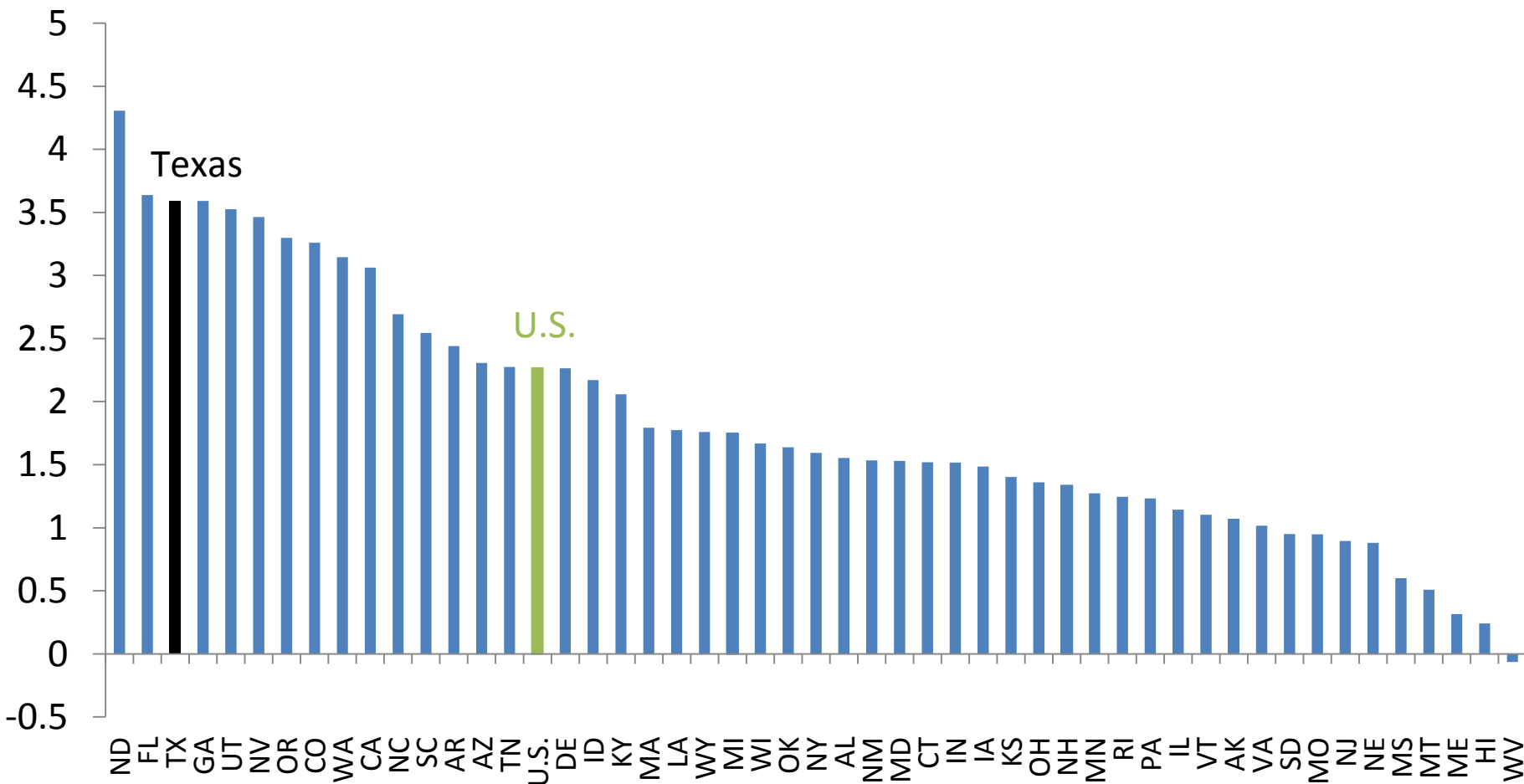


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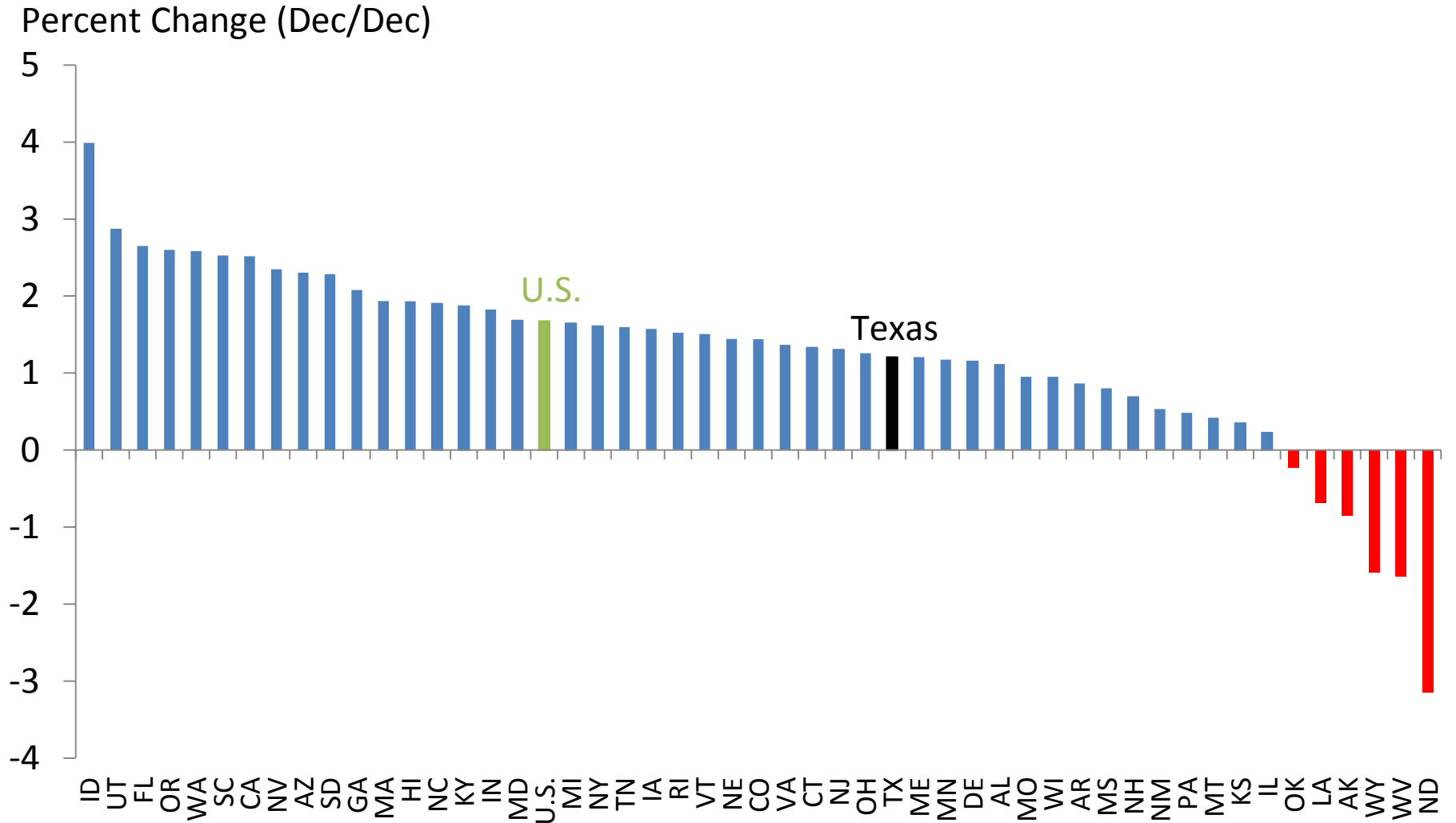


Texas posted third-fastest job growth among states in 2014

Percent Change (Dec/Dec)



In 2015, Texas 30th in job growth



NOTE: Data through December 2015.

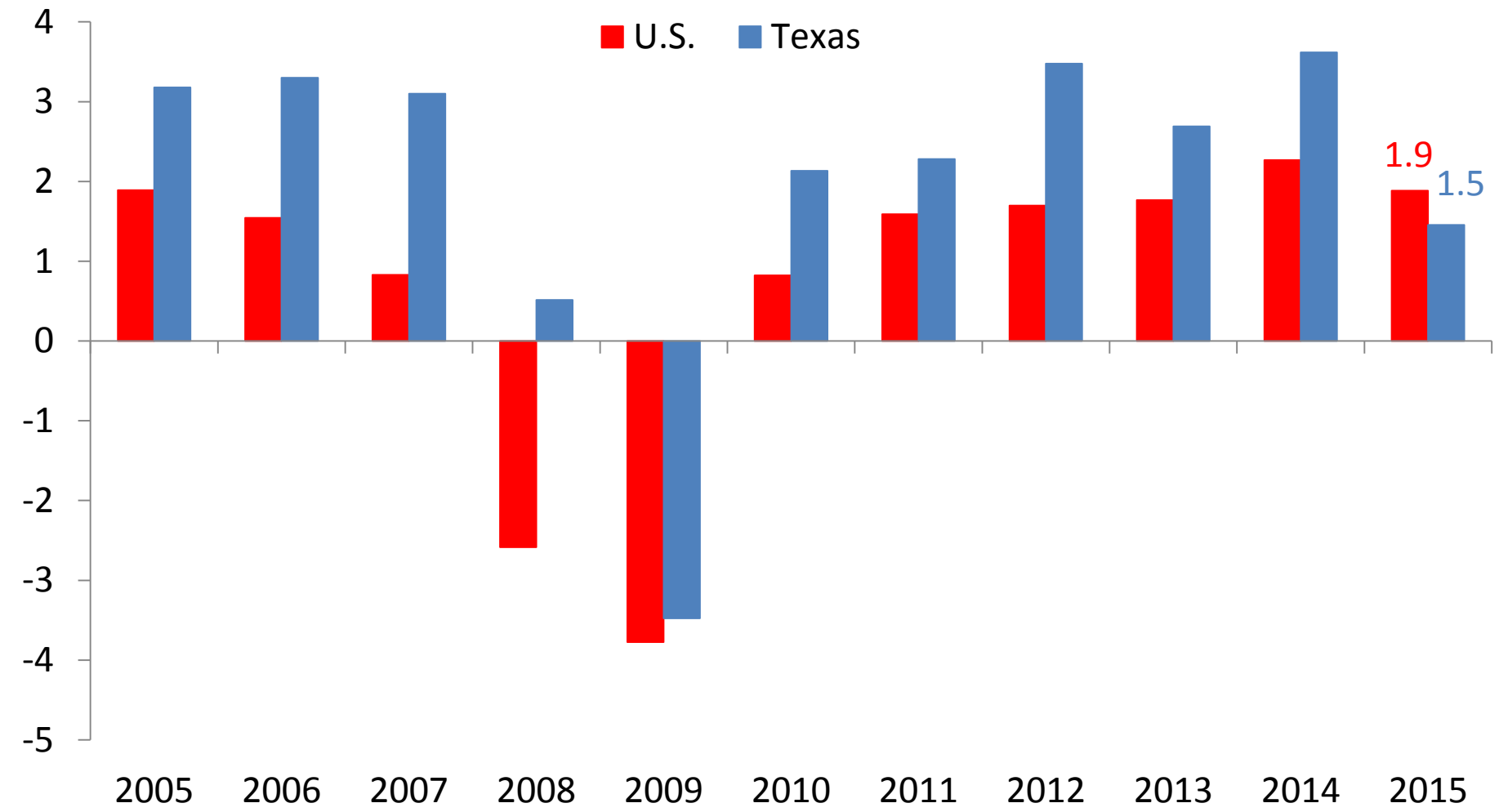
SOURCE: Bureau of Labor Statistics.

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Texas 2015 job growth below nation's

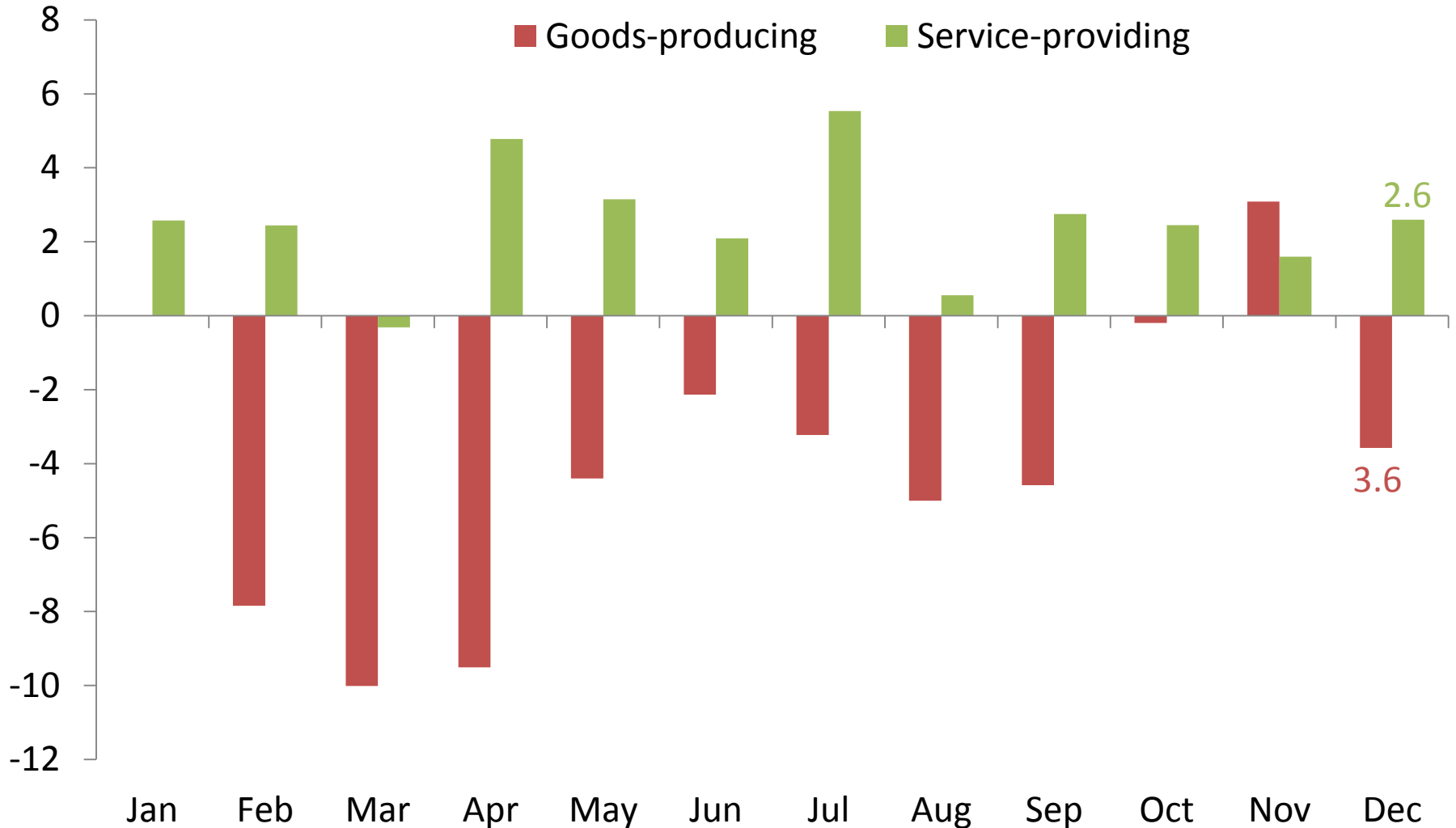
Y/Y percent change, SAAR



SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal adjustments by FRB Dallas.

Goods vs Service Sector employment

M/M employment growth, SAAR



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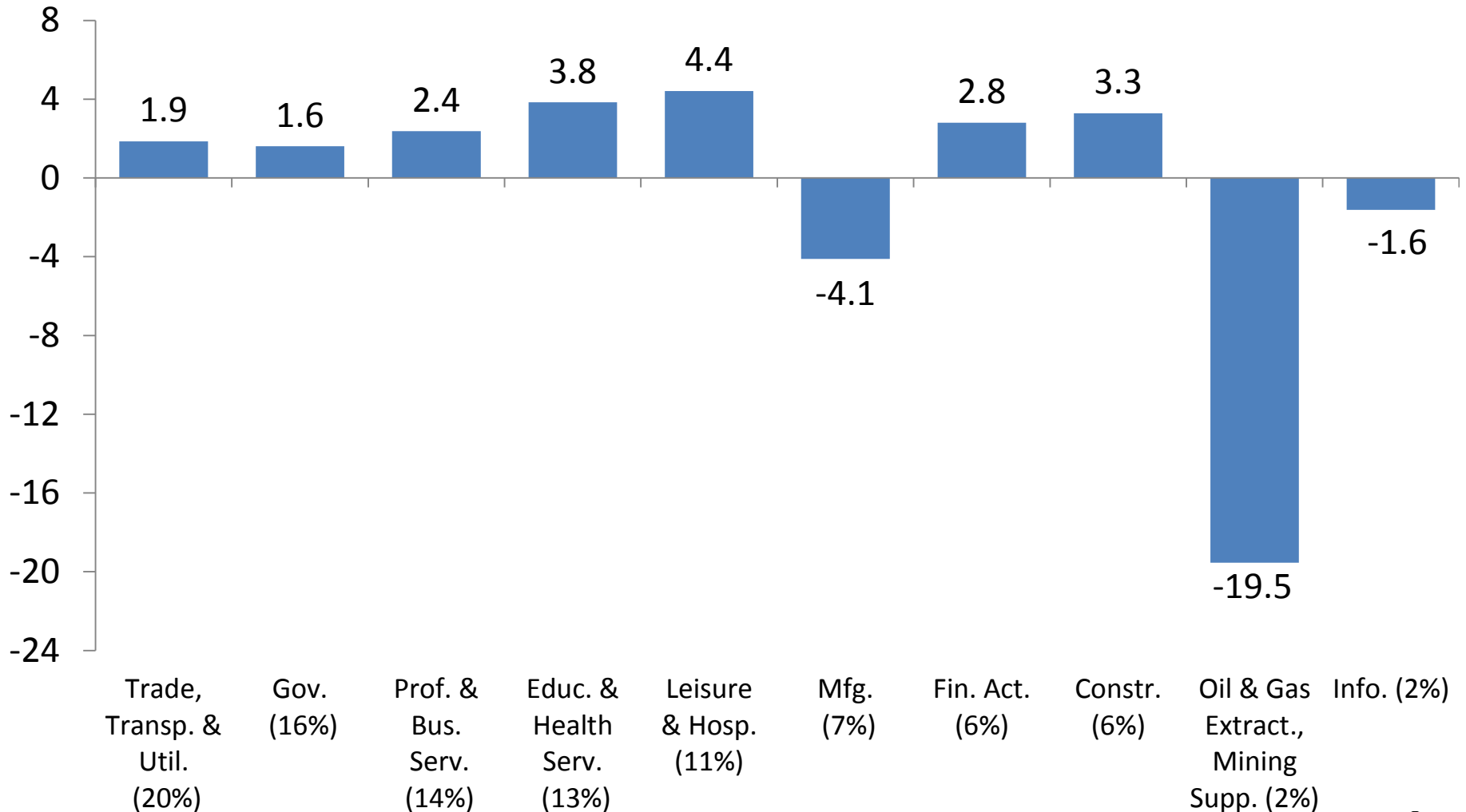
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal adjustments by FRB Dallas.

Employment growth rates by sector

(NAICS Super Sectors, SA by FRB Dallas)

Year-to-date December 2015

YTD percent change, SAAR



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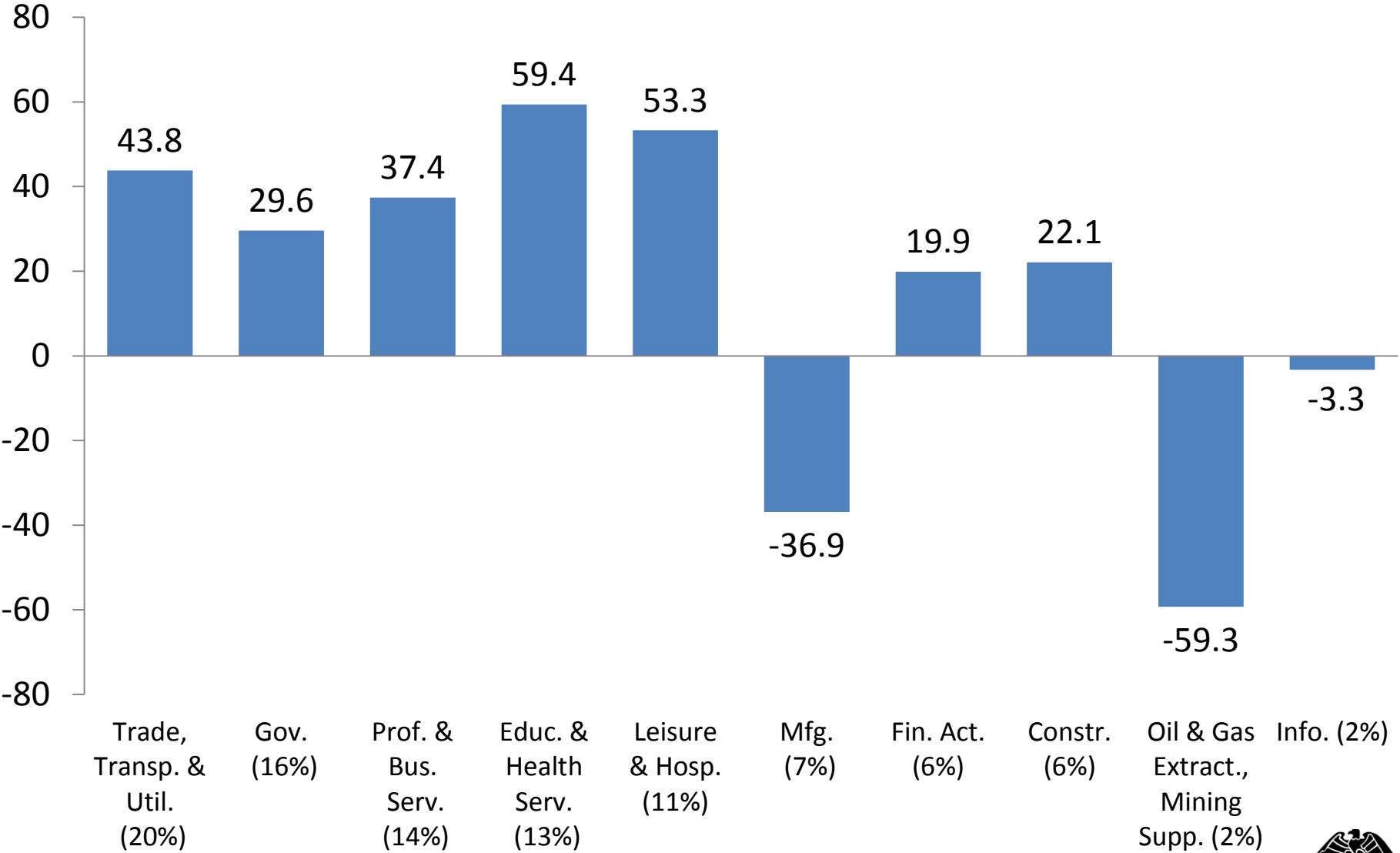
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal adjustments by FRB Dallas.

Texas employment growth by sector

(NAICS Super Sectors, SA by FRB Dallas)

Year-to-date December 2015

Thousands of jobs

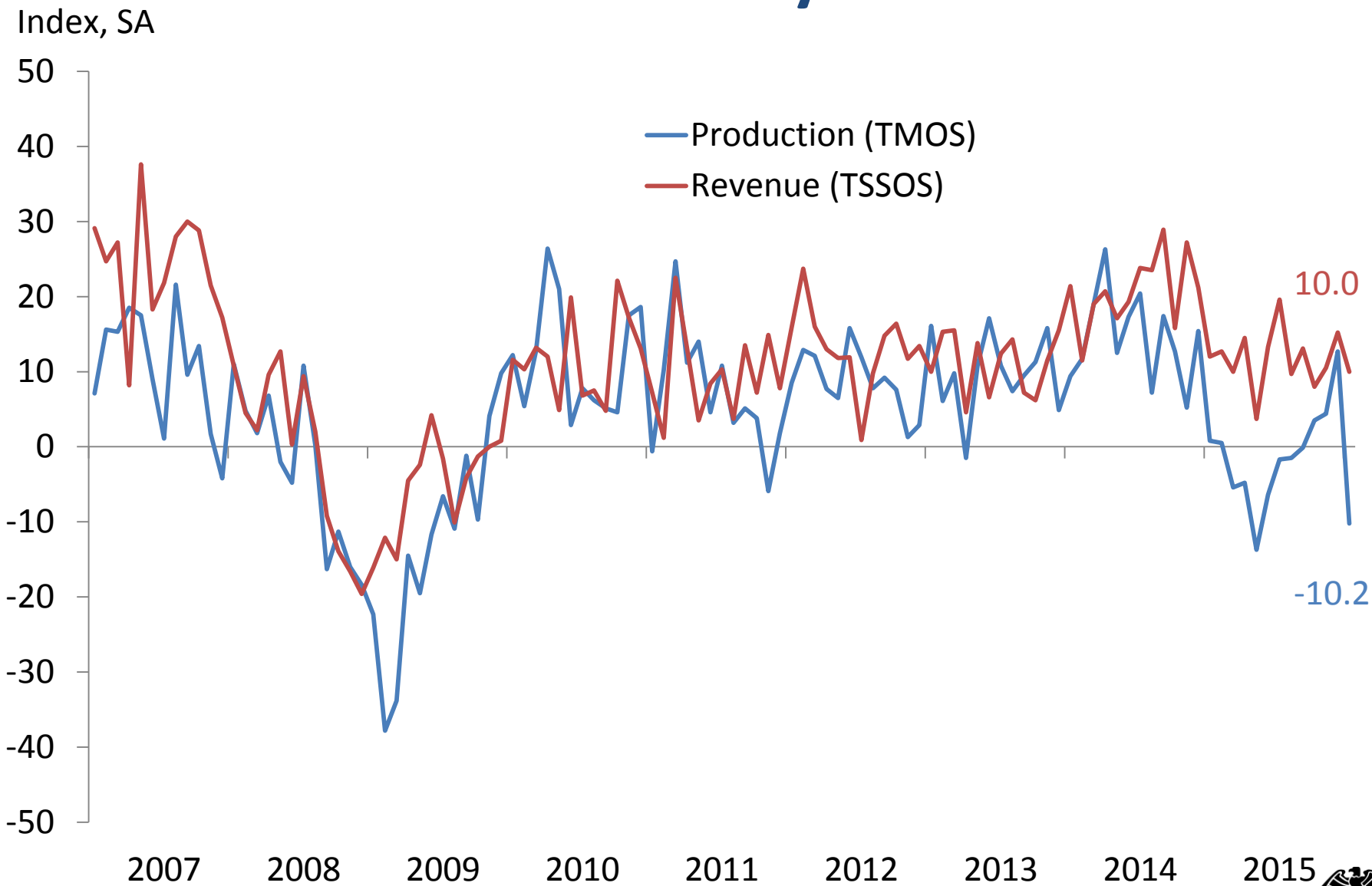


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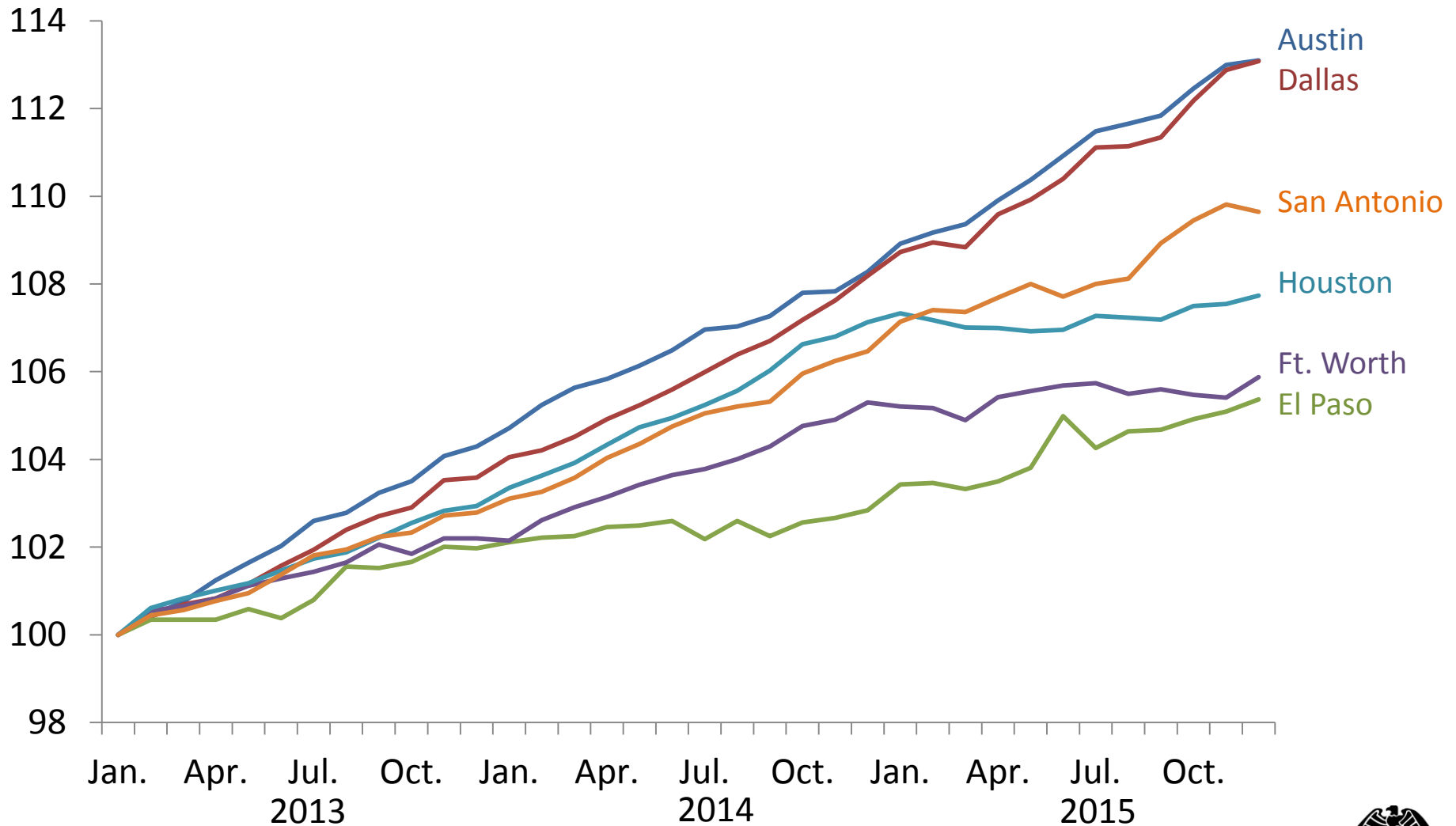
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal adjustments by FRB Dallas.

Dallas Fed surveys weaken



Metro employment growth

Index, Jan. '13=100, SA



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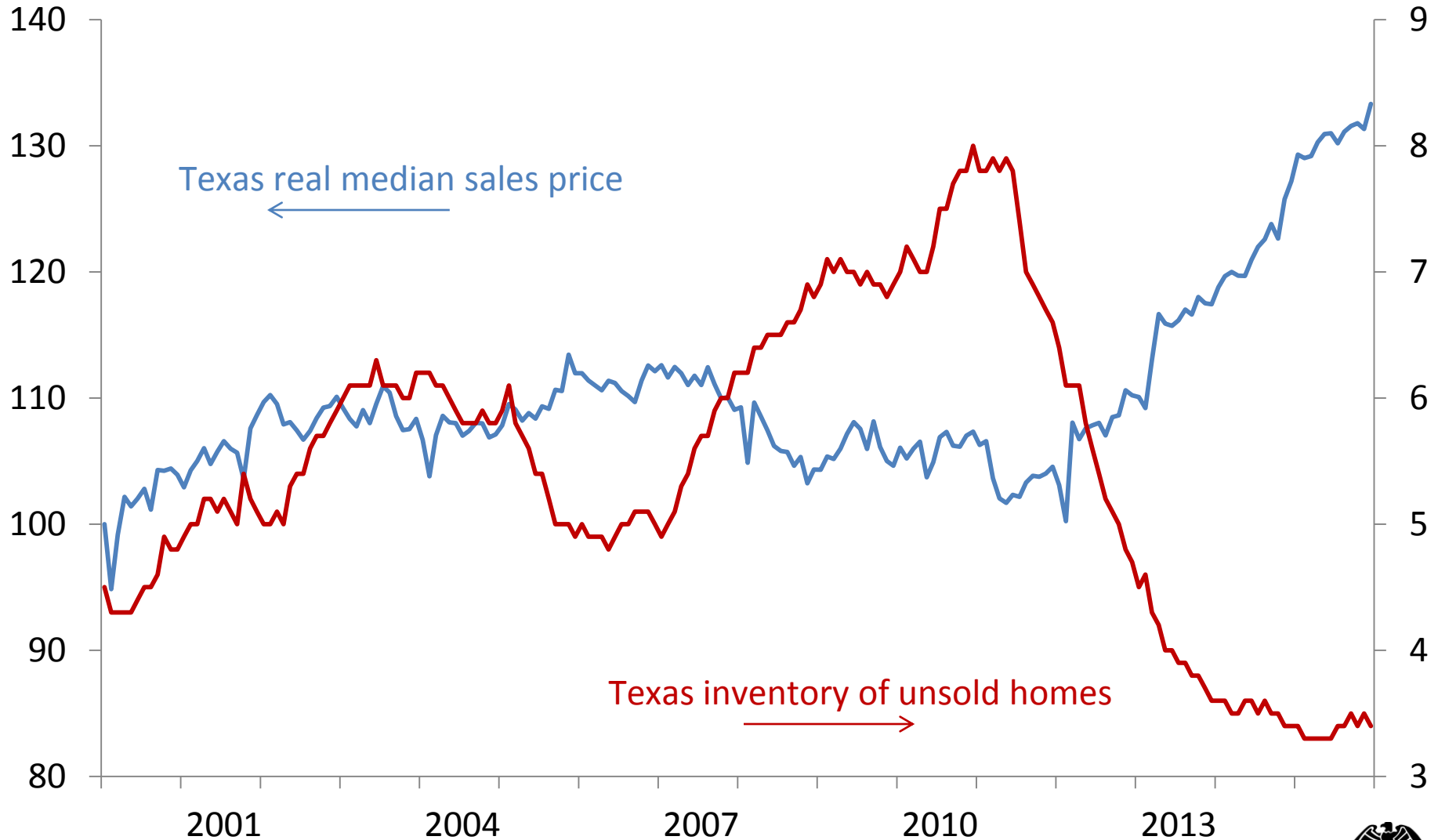


SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal adjustments by FRB Dallas.

Texas Home Prices and Inventories

Index, Jan.'00=100, SA

Months in inventory, SA



Texas real median sales price



Texas inventory of unsold homes

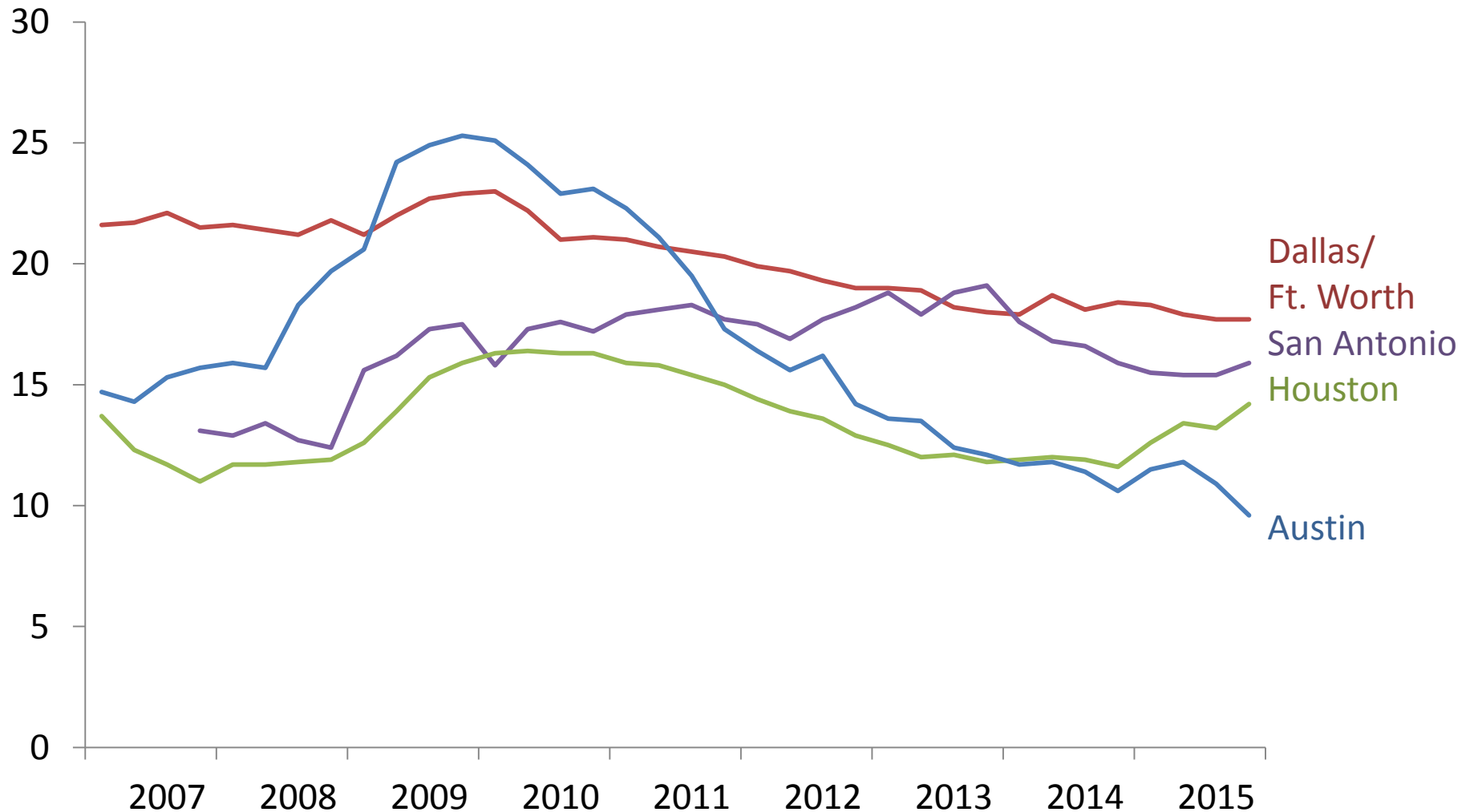


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Low oil price impacts office market

Vacancy rate (percent)



NOTE: Data through Q4 2015.

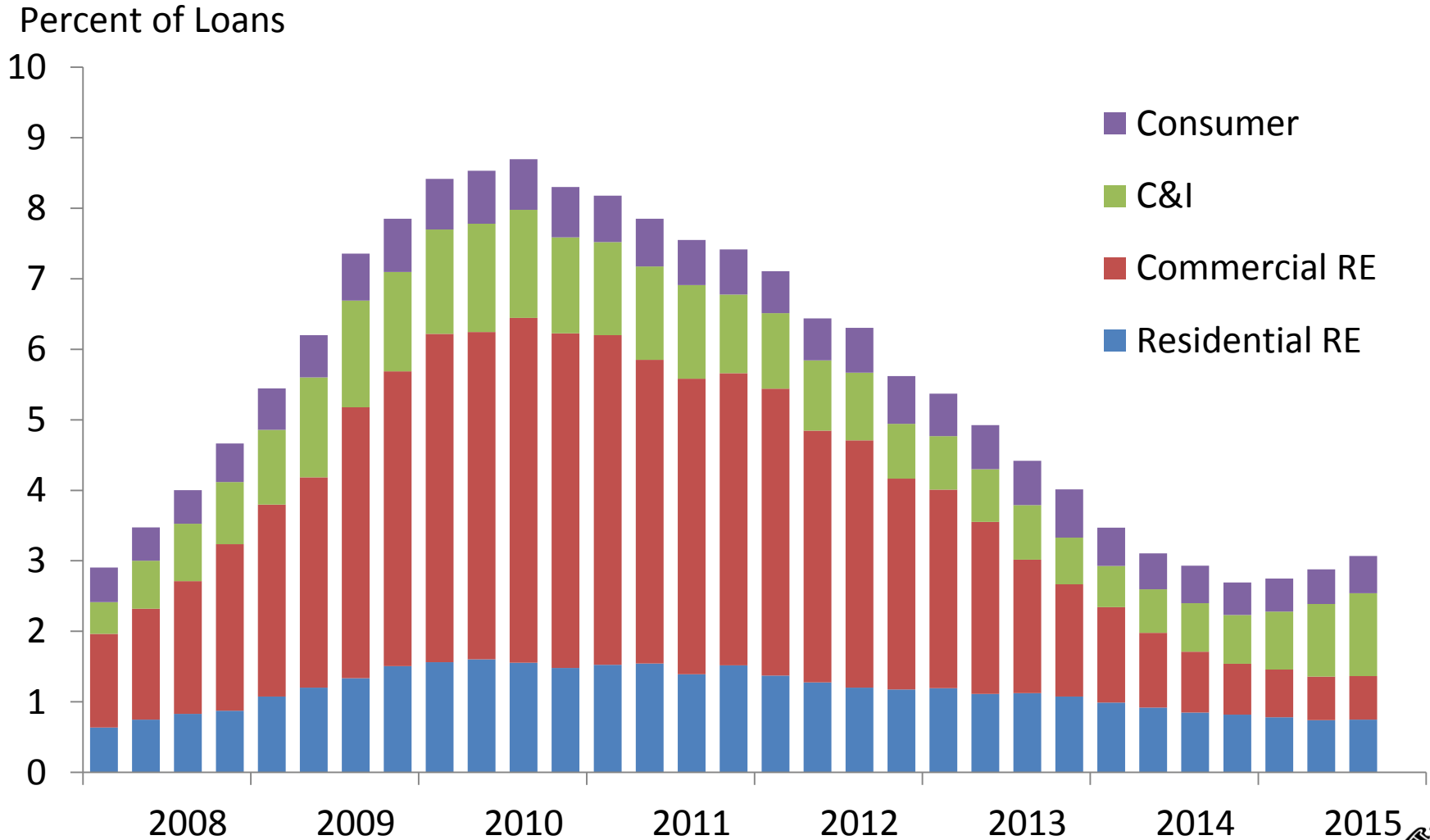
SOURCE: CBRE.

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Noncurrent C&I loans rising

Texas banks

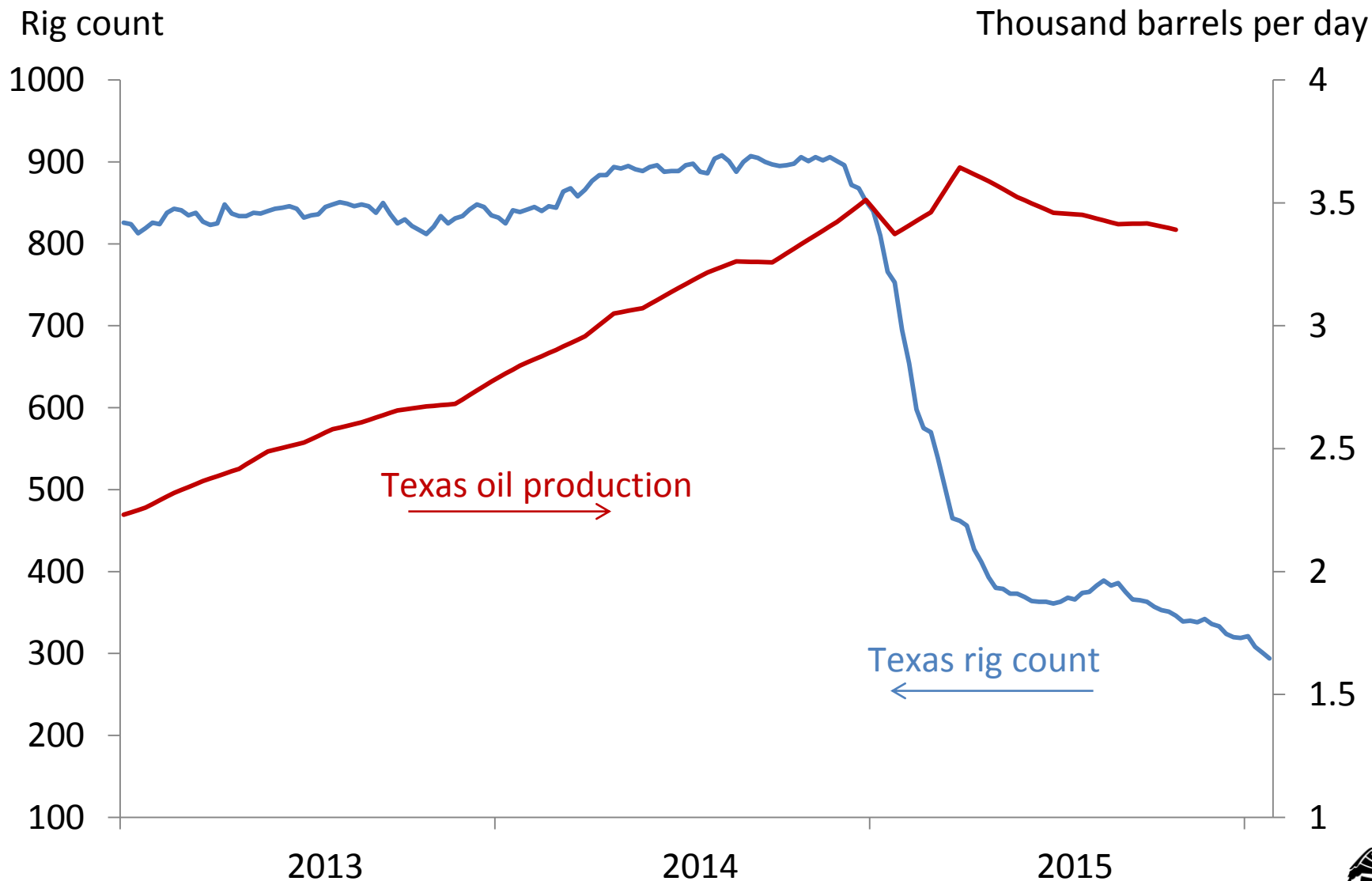


NOTE: Excluding Wells Fargo South Central in Houston.

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Texas rig count and oil production continue to decline

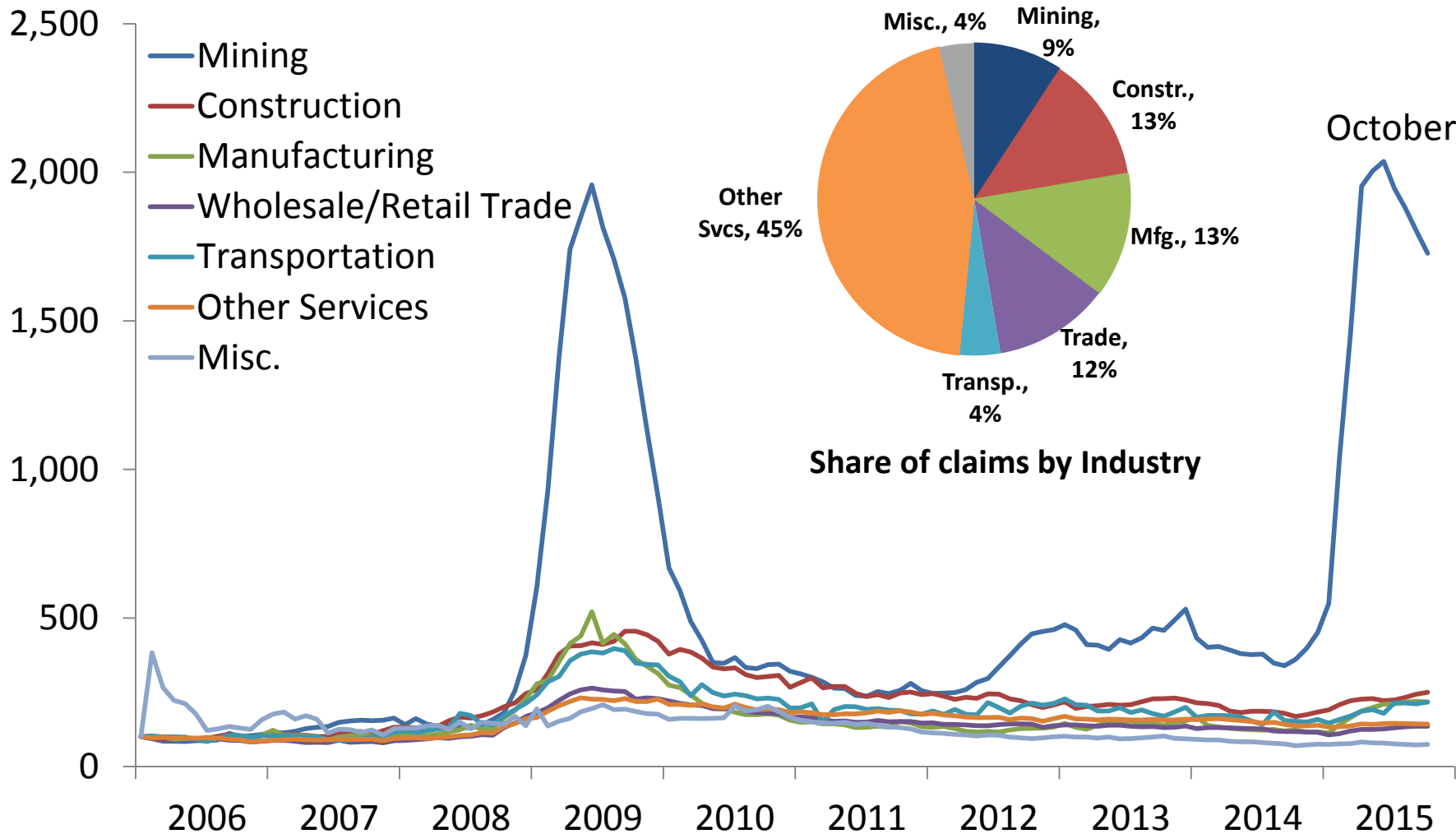


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Continuing Claims by Industry

Index, Jan.'06=100, SA



NOTE: Pie chart refers to October 2015.

SOURCES: U.S. Department of Labor; Haver Analytics; seasonal adjustments by FRB Dallas.

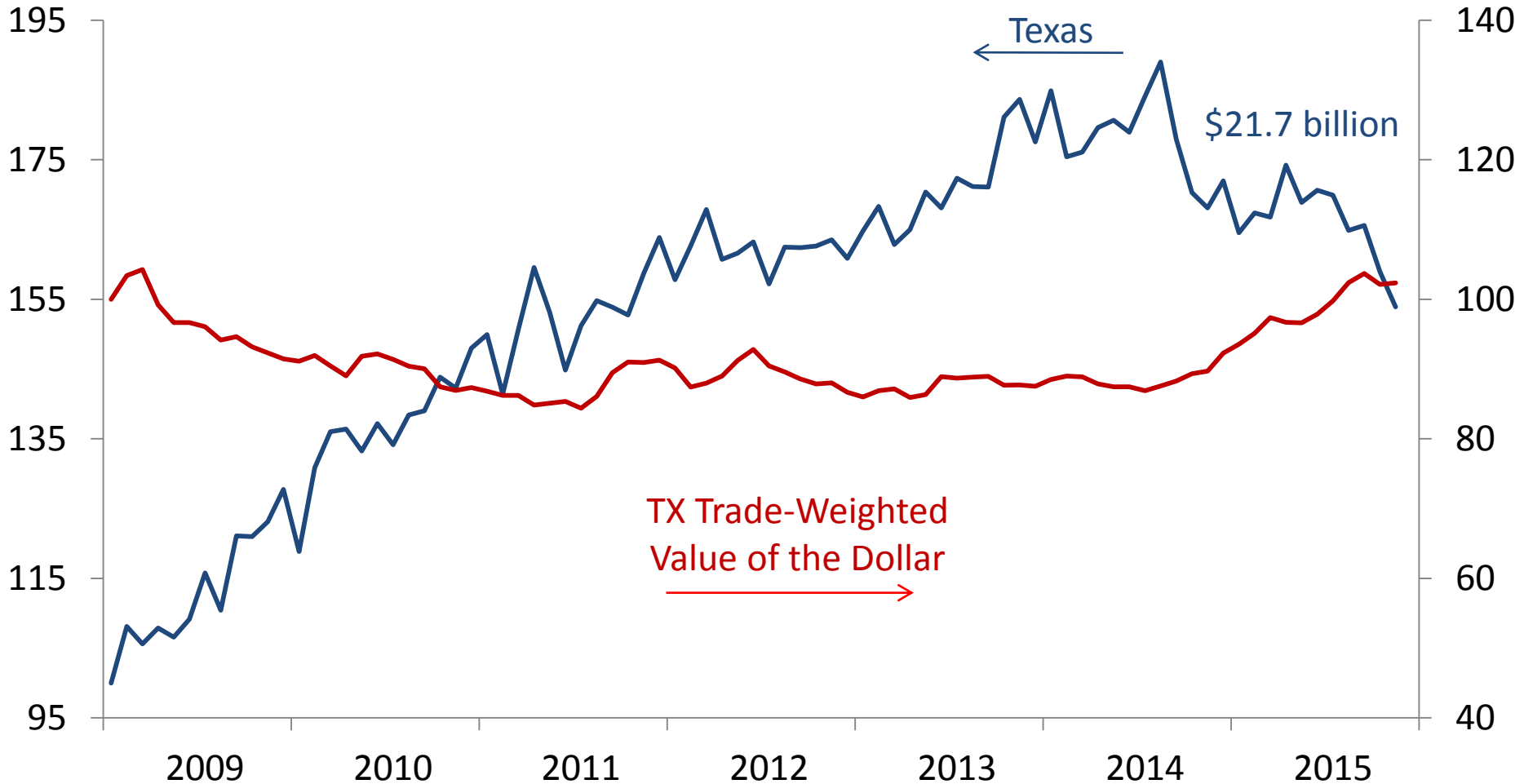
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Strong dollar hurts Texas exports

Index, Jan.'09=100,
Real \$, SA

Index, Jan.'09=100



NOTES: Exports are through November; TX TWVD is through November, last data point estimated using U.S. TWVD.

SOURCES: U.S. Census Bureau; WISERTrade; Federal Reserve Bank of Dallas.

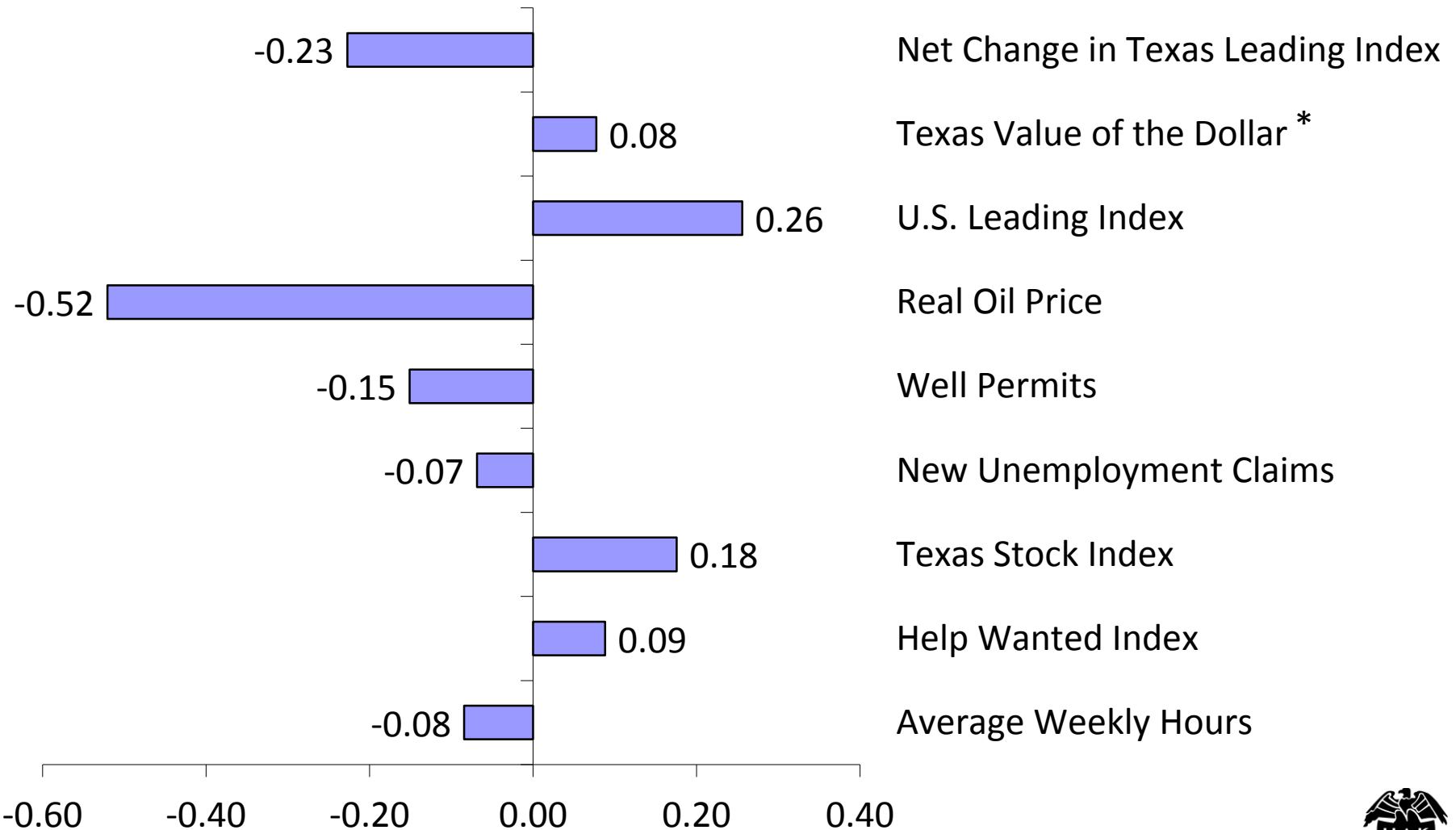
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Texas Leading Index

Texas Leading Index Components, 3 month change

October -December



* December Texas TWVD is estimated using U.S. TWVD.



Outlook

- Plunge in oil prices slowed Texas job growth to 1.5% in 2015.
- Expect slightly slower growth in 2016.
- Risks on the downside for oil prices.
 - If oil prices fall below \$30 per barrel, could see much weaker growth, and even job losses.
 - Oil-related metros will be weak
- Tailwind: healthy national economic growth
- Texas growth will stay weak until oil prices strengthen.



Questions?



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

