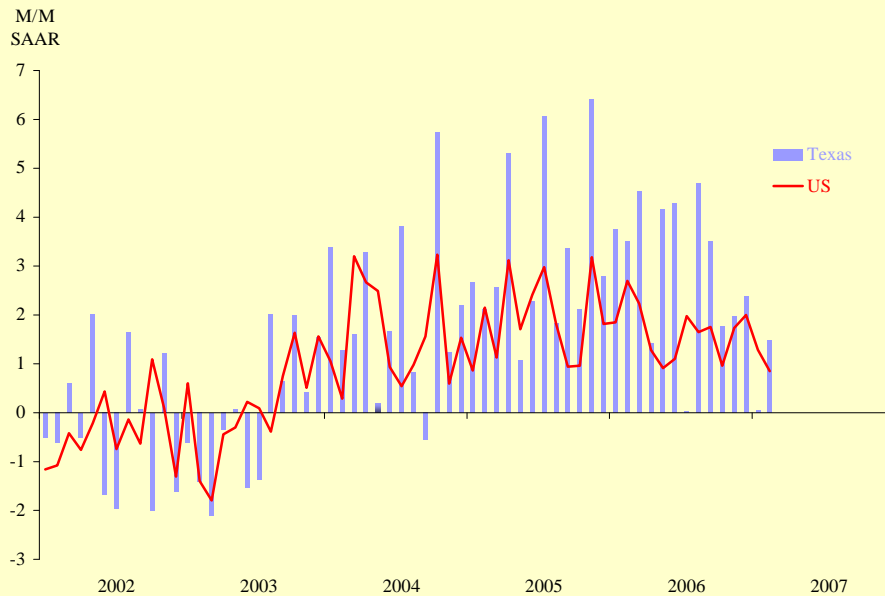


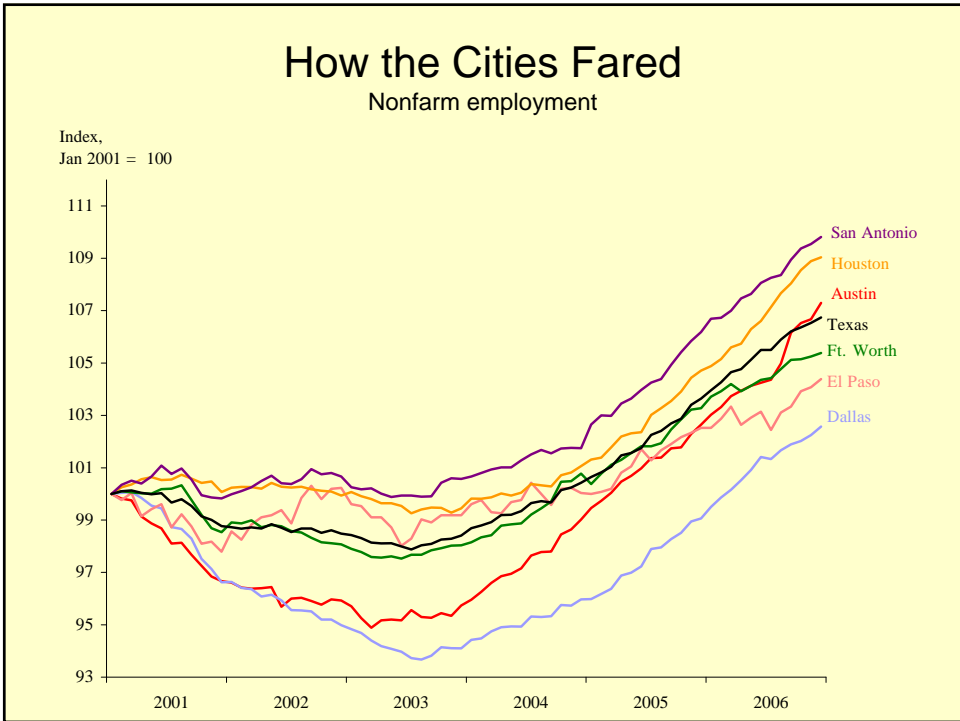
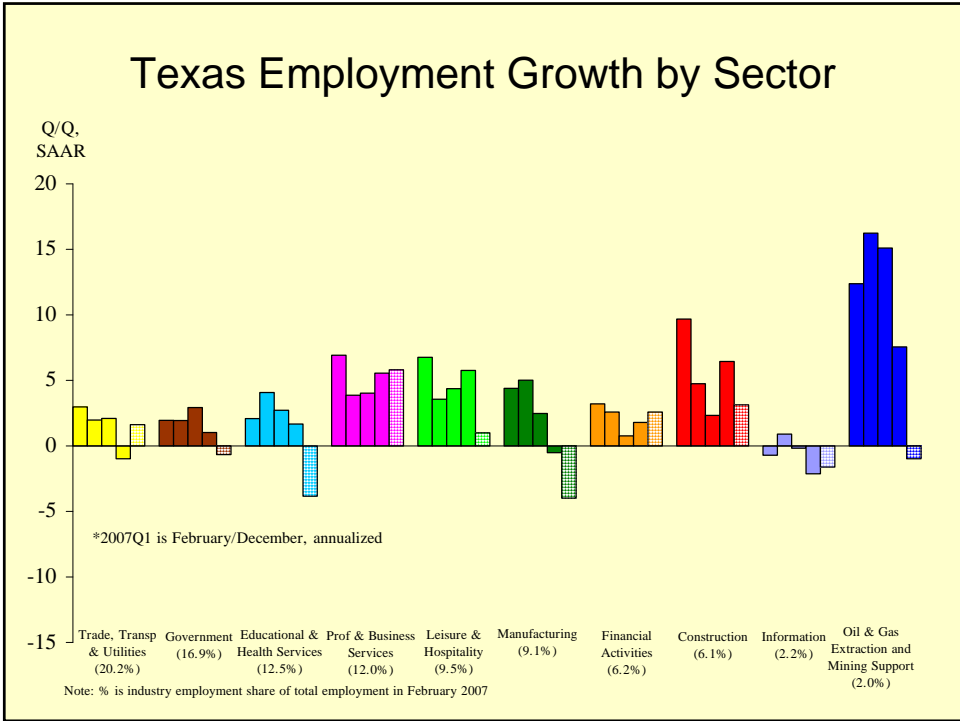
The State of the Region: The Texas Economy



Mine Yücel
Federal Reserve Bank of
Dallas
April 13, 2007

Texas Bests U.S. in Employment Growth

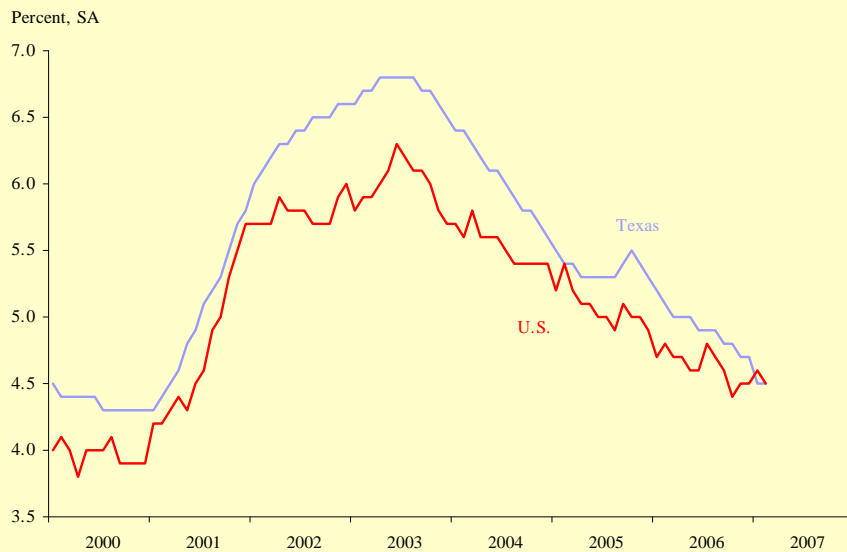




City Employment Growth in 2006

- Austin: 4.7% 32,700 jobs
- Dallas: 3.7% 72,900
- El Paso: 1.4% 3,700
- Fort Worth 1.9% 15,700
- Houston 4.1% 98,300
- San Antonio 3.3% 26,600

Texas Unemployment at U.S. Rates

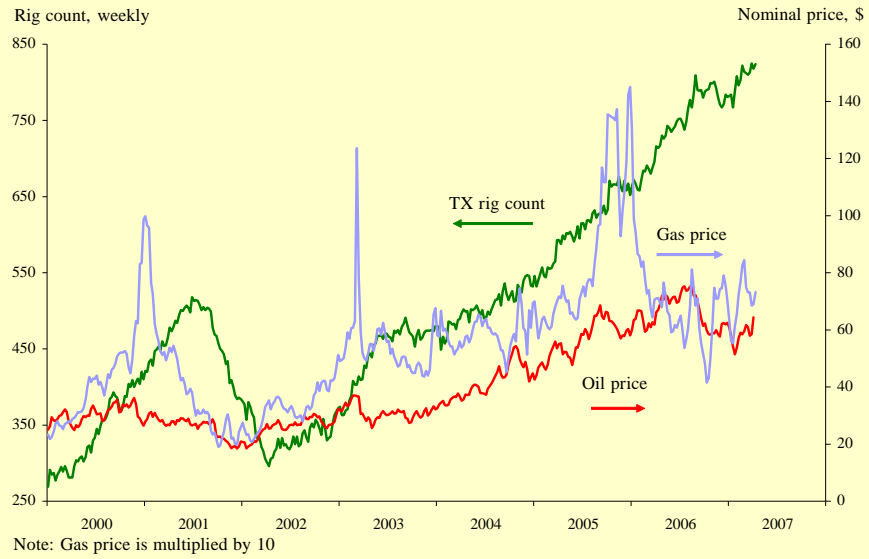


Main Drivers

- Energy
- Construction
- High Tech
- Exports

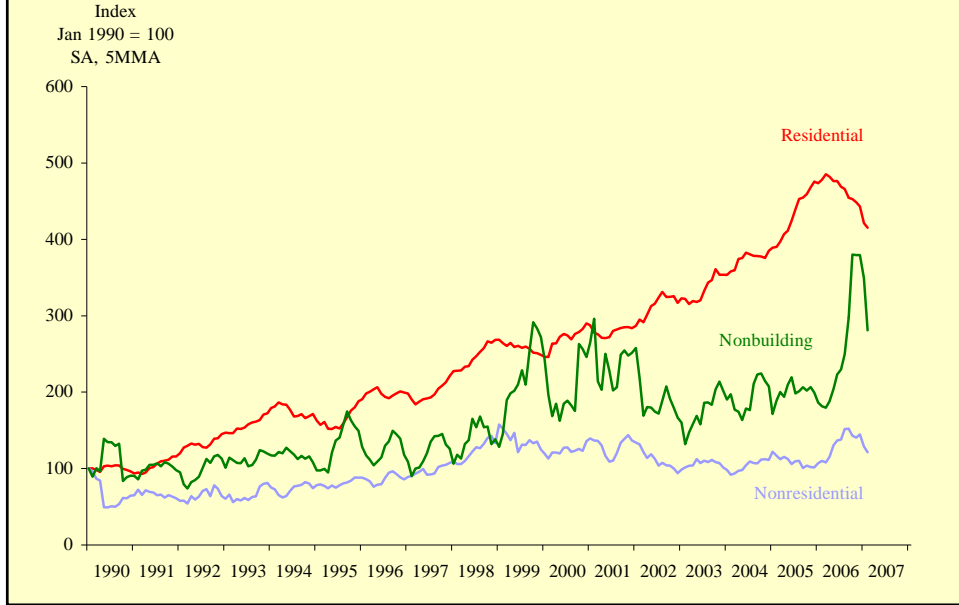
Energy

Energy Prices and Texas Rig Count

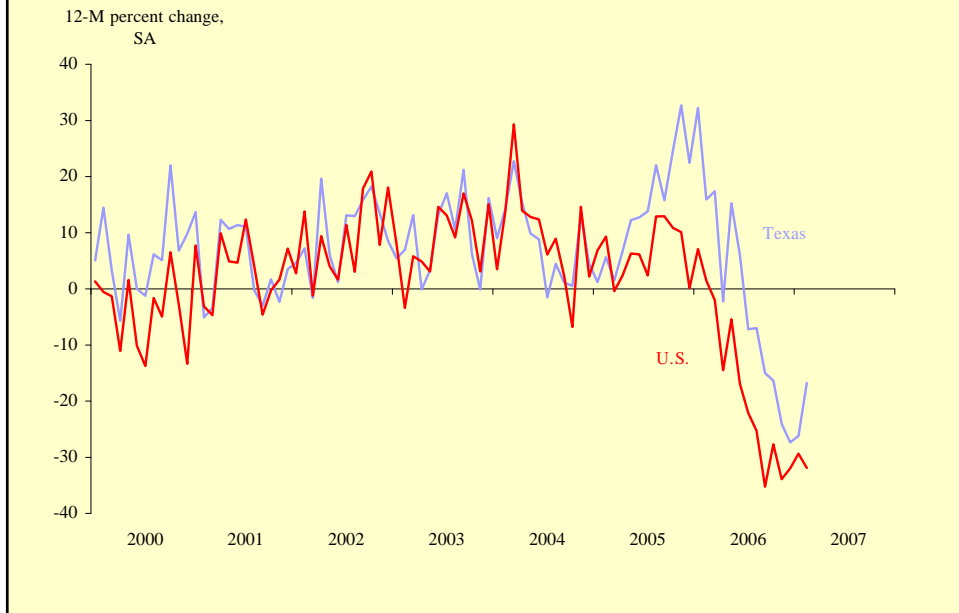


Construction and Real Estate

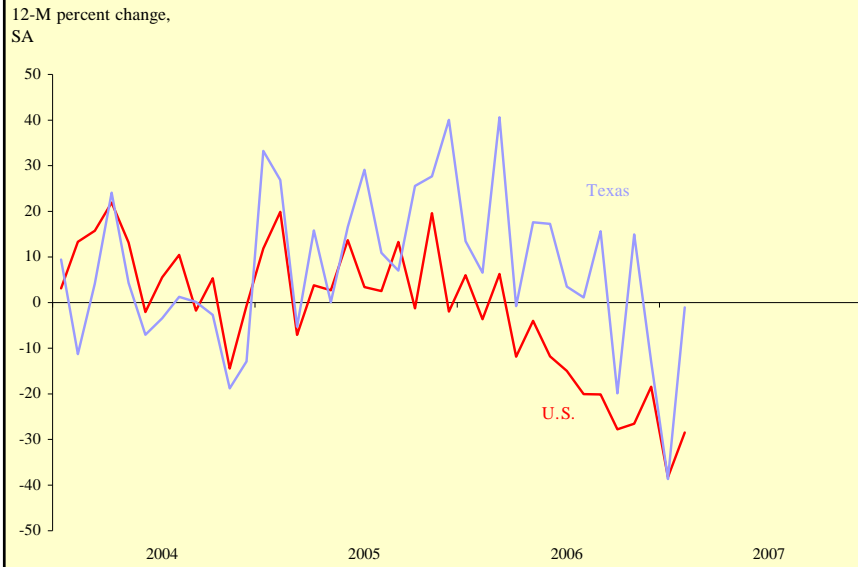
Construction Activity Weaker (Contract Values)



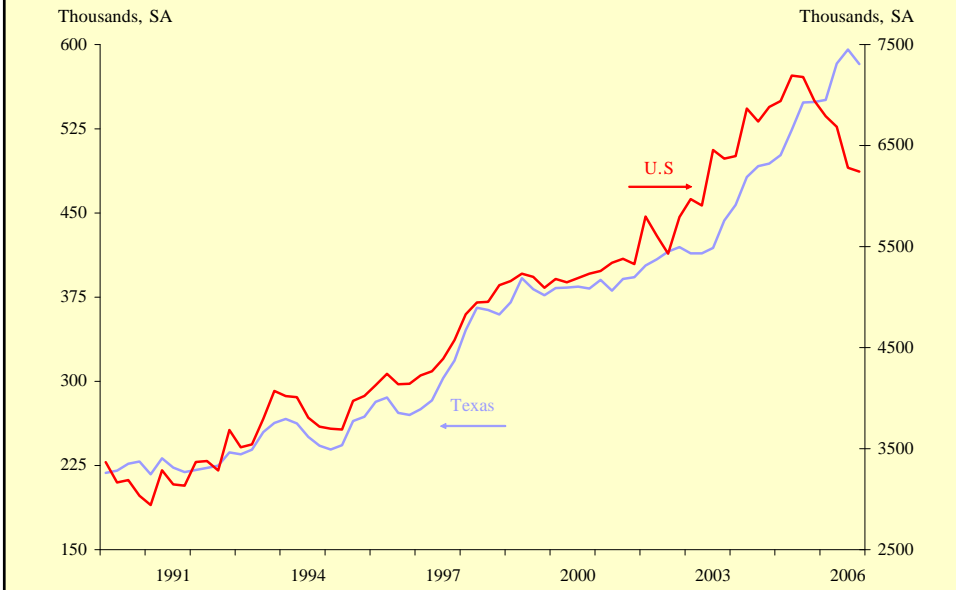
Single-Family Permits Hit Bottom?

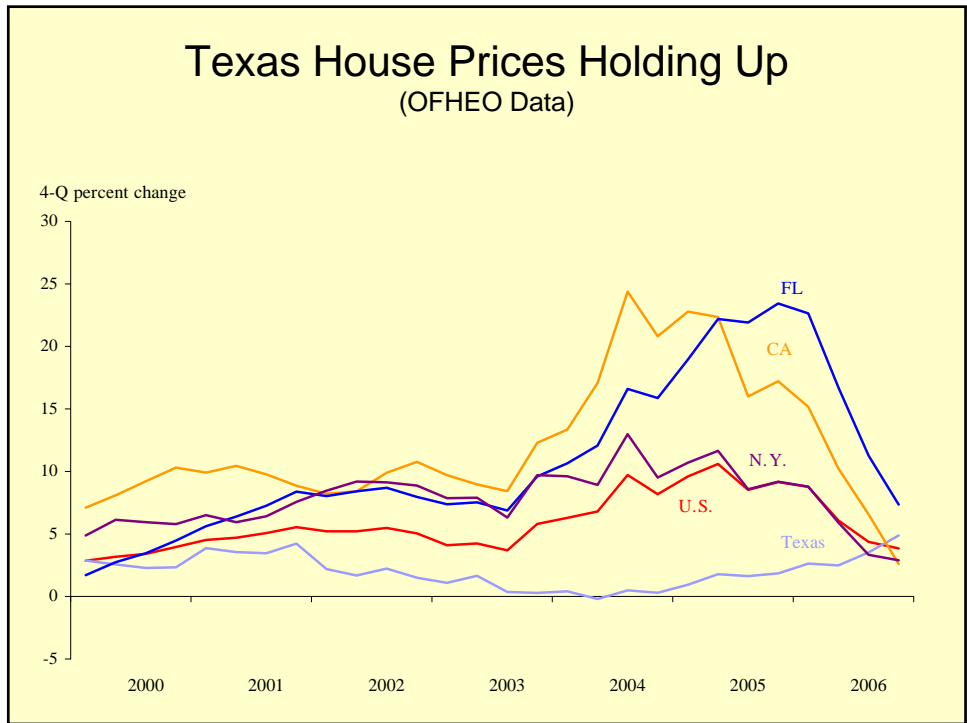
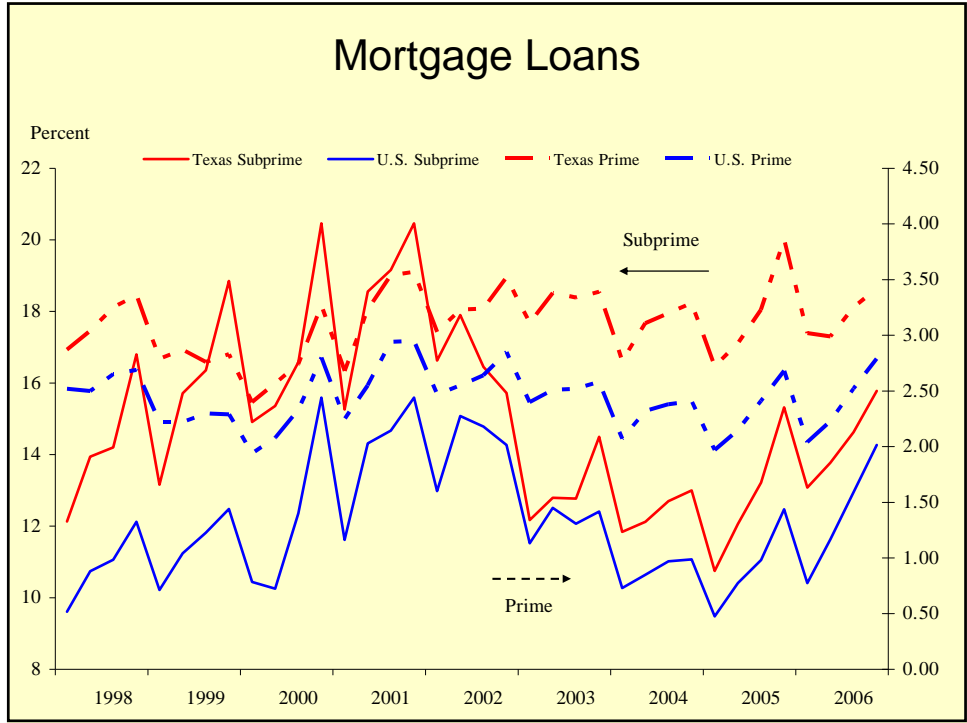


Housing Starts Volatile



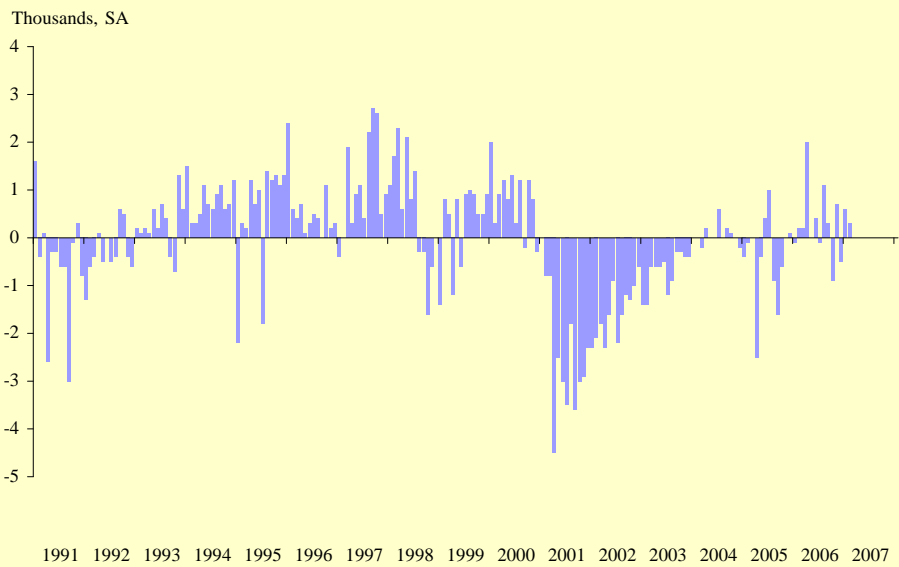
Texas Home Sales Turn Down





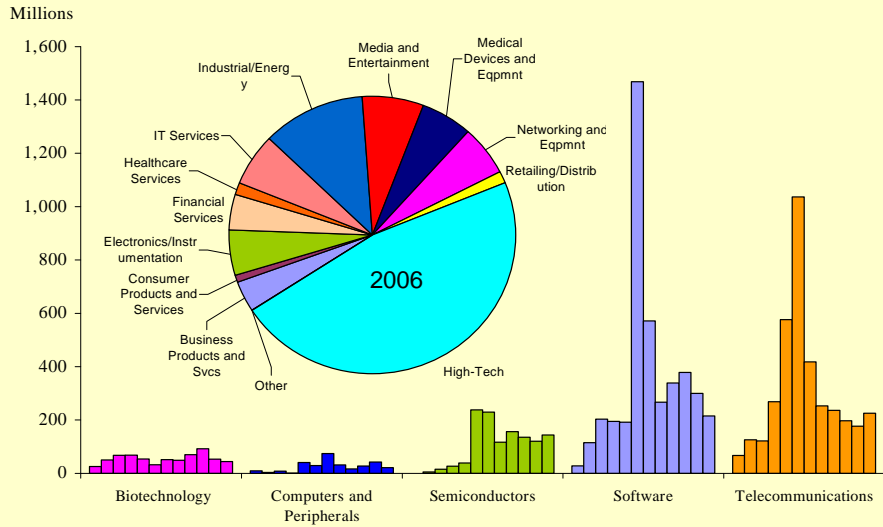
High Tech

Texas High Tech Manufacturing Employment (Change in Employment)



Texas Venture Capital

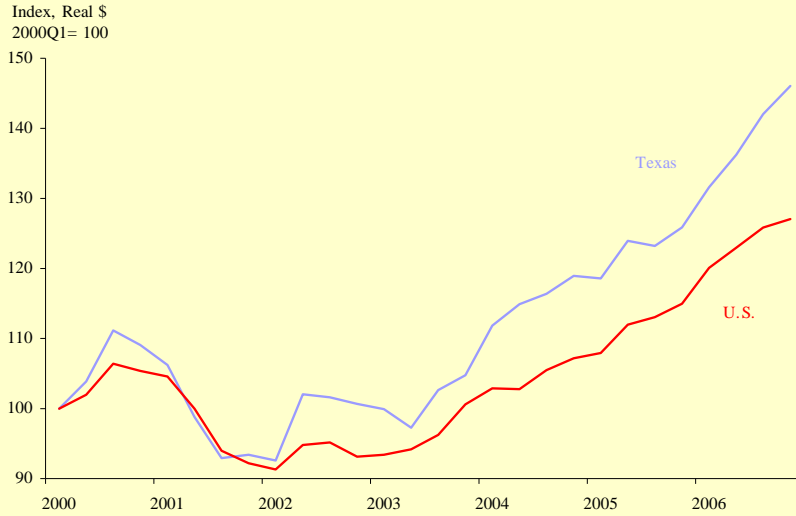
(1995 – 2006)



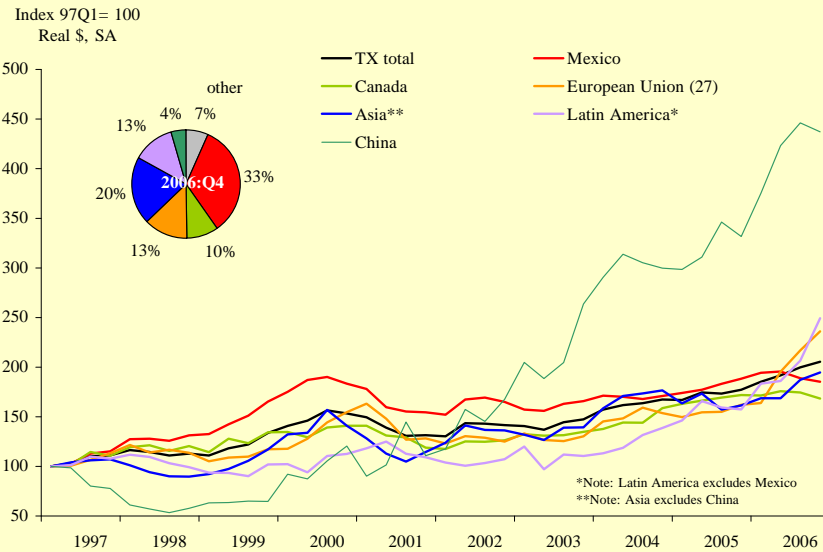
Source: National Venture Capital Association, Thomson Venutre Economics, PricewaterhouseCoopers Money Tree Survey.

Exports

Texas Exports Outperform U.S.

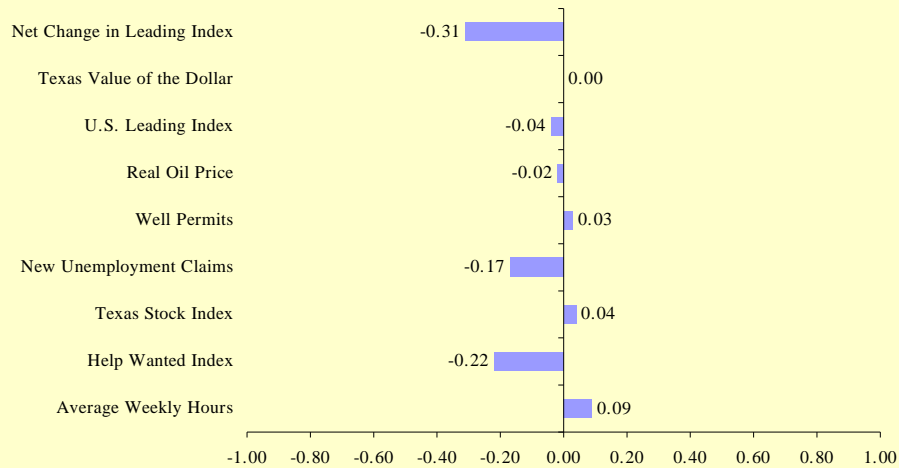


Texas Exports on the Rise



Net Contributions to Changes in Texas Leading Index

(December 2006-February 2007)



Summary

- Strong growth in 2006
- Employment grew 3.0%: 295,800 jobs
- Some risks to the outlook
- Texas fundamentals sound

Regional Update: The Texas Economy



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