The Texas economy continues to expand, with employment growing at a 3.2 percent annual rate in September. Texas existing-home sales and single-family permits increased in September, while housing starts declined. Texas exports edged up in August. Manufacturing activity in October rose at a slightly slower rate than in September, according to the Texas Manufacturing Outlook Survey.

**Summary**

- **Employment Growth**: Texas employment rose at a 3.2 percent annualized pace in September, faster than the nation’s 2.2 percent increase. Texas gained 30,800 jobs in September after adding 38,400 jobs in August. Current Texas employment stands at 11.6 million, according to the payroll survey (CES).

- **Texas Housing Starts**: The Texas unemployment rate fell to 5.2 percent in September. The Texas rate continues to be lower than the U.S. rate, which fell to 5.9 percent in September.

- **Monthly Texas Exports**: Texas housing starts, which include single-family and multifamily starts, declined 2.8 percent in September following a 2.9 percent drop in August. However, starts are up 24.9 percent from last year’s levels.

- **Home inventories**: Single-family housing construction permits rose 1.6 percent in September after falling 3.7 percent in August and are up 13.7 percent year over year. Texas existing-home sales increased 1.9 percent in September and are up 3.4 percent year over year.

- **Home inventories**: Home inventories remained at 3.6 months of available supply in September and were below their year-ago level of 3.8 months.

- **Monthly Texas Exports**: Monthly Texas exports rose 0.4 percent from July to August after rising 4.7 percent from June to July. August exports were 10.4 percent higher than year-earlier levels.
The West Texas Intermediate crude oil price fell sharply from $93.21 in September to $84.37 per barrel in October and was down 16.1 percent year over year.

Natural gas prices edged down to $3.78 per million Btu in October, a 3.6 percent decrease from the September level. The price was 3.3 percent higher than in October 2013.

The Texas rig count fell to 899 in October from 902 in September but was up 9.6 percent year over year.

The Texas Leading Index, which uses key economic indicators to forecast employment growth, rose 1 percent from June to August, with less than half of its components rising during the period.

Texas factory activity increased again in October, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, fell from 17.6 to 13.7 in October, indicating output grew but at a slightly slower pace than in September.

The Dallas Fed conducts the monthly Texas Manufacturing Outlook Survey to obtain a timely assessment of the state’s factory activity.