

QUOTABLE: “While sectors of the regional economy tied to consumer activity such as housing and retail sales have weakened, they appear to be performing better in Texas than in other parts of the country.”

—D’Ann Petersen, Business Economist



EDUCATION: Hispanic Students Score Higher in Texas, but Progress Stalls

Texas Hispanic students in the fourth and eighth grades perform better on reading and math tests than their counterparts nationally, though the difference between them narrowed over the past two years, according to a June report by the National Center for Education Statistics.

Hispanic students in Texas tend to score higher because a greater proportion are U.S. born—69 percent compared with 63 percent nationally. Native-born students tend to have greater English proficiency and less frequently live in poverty than their foreign-born counterparts. Paradoxically, adult Hispanics in Texas average less educational attainment than Hispanics in the rest of the nation.

Hispanic fourth graders in Texas improved their math

scores by 13 percent and reading by 6 percent from 1992 to 2007. While Texas maintained its lead on average test scores among Hispanics, actual scores declined or remained relatively unchanged from 2007 to 2009.

Nationally, including Texas, Hispanic students’ test scores have consistently been 90 percent of non-Hispanics whites’ results since testing began in the early 1990s.

Hispanics made up 22 percent of national public school students and 49 percent of Texas students in 2009. Among major minority groups, Hispanics are the fastest-growing and their scholastic achievement portends the future qualifications of America’s workers.

—Yingda Bi



OIL PRICES: Muted Reaction as Strategic Reserve Release Falls Short

The International Energy Agency (IEA) announced on June 23 that its 28 member countries would release 60 million barrels of oil from their reserves, only the third such draw-down ever. The prior two occurred at the beginning of the Gulf War in 1991 and after Hurricane Katrina in 2005. The U.S. said it would tap the Strategic Petroleum Reserve to contribute 30 million barrels to the latest effort.

The IEA became concerned that rising oil prices spurred by reduced Libyan production since March could slow economic growth and stifle the budding recovery. However, the desired outcome of the release—lower oil prices—didn’t occur. While the price of West Texas Intermediate crude oil initially dropped 4.6 percent following the announcement, and Brent crude declined 5.3 percent, prices subsequently re-

turned to previous levels.

This response may reflect oil sales from reserves substantially less than the announced 60 million barrels. Because part of the release was to come in the form of lower government-mandated holding requirements in Europe and Japan, where the amount of oil kept in inventory typically exceeds the requirements, reserve sales were less than anticipated. The actual amount of oil sold should, instead, total around 38 million barrels, just less than two-thirds of the announced amount.

Even if prices remained suppressed, the reserve release would have a limited effect on long-term prices because it is a temporary measure intended to tide markets over until Libyan production resumes or Saudi Arabia increases output.

—Jackson Thies



TEXAS AGRICULTURE: Cotton, Beef Exports Higher on Global Demand

Texas agriculture and food exports soared 45.9 percent during the final three months of last year and another 41.3 percent in the first quarter of this year, reflecting high commodity prices and increasing global demand.

The data for the first months of 2011 don’t yet reflect the impact of a statewide drought that has diminished crops and livestock food sources.

Texas is the nation’s No. 1 cotton producer and exporter. The value of U.S. cotton exports rose 35.9 percent in 2010 and advanced 18.1 percent in the first four months of this year. Cotton prices rose 12.2 percent in the first five months of the year and 103.3 percent on a year-over-year basis in May. A severe world cotton shortage, coupled with an improving global economy, boosted cotton prices, the U.S.

Department of Agriculture (USDA) said. China, the leading importer of U.S. cotton, received 5 percent of total Texas exports in first quarter 2011.

Texas also leads U.S. beef production. The value of beef exports increased 36 percent in 2010 and rose 7.1 percent in the first four months of this year, according to USDA data compiled by the U.S. Meat Export Federation. Steer prices advanced 6.8 percent year-to-date through May, while retail beef prices reached record nominal (non-inflation-adjusted) highs each month from February through May 2011. Beef, like cotton, benefited from the strengthening world economy, which increased demand. Shrinking herds in the U.S. and Canada also pushed prices higher.

—Adam Swadley