



Federal Reserve Bank of Dallas

Richard W. Fisher

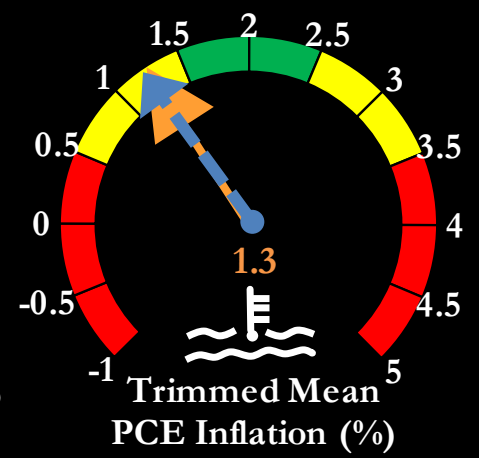
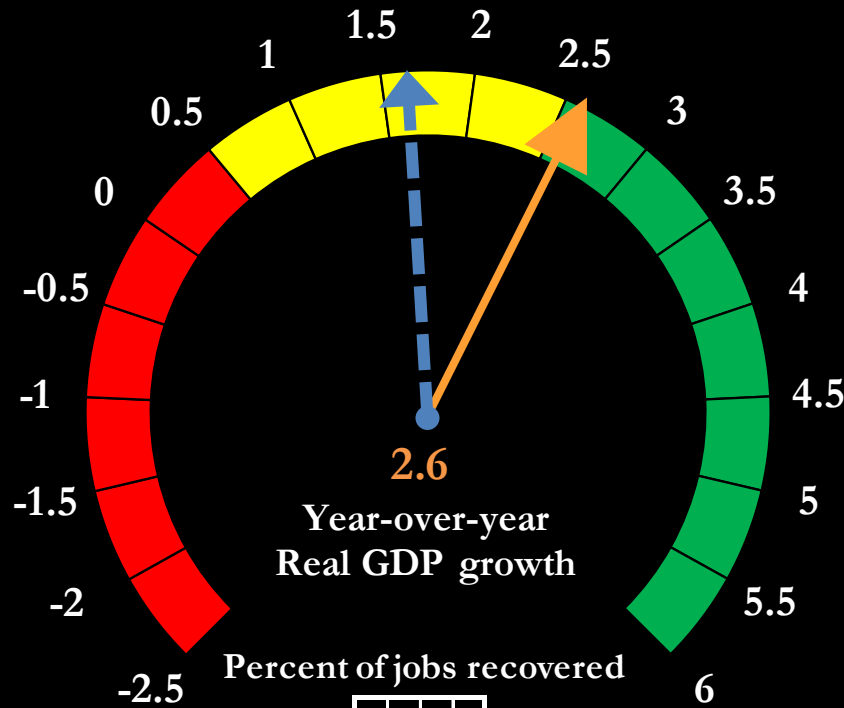
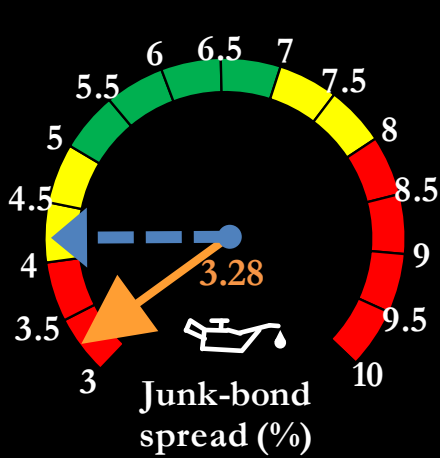
President and CEO

Federal Reserve Bank of Dallas

Austin, Texas

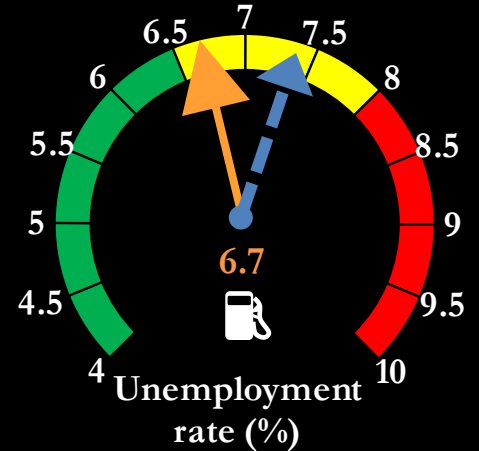
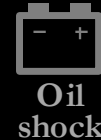
April 16, 2014

U.S. Economic Dashboard



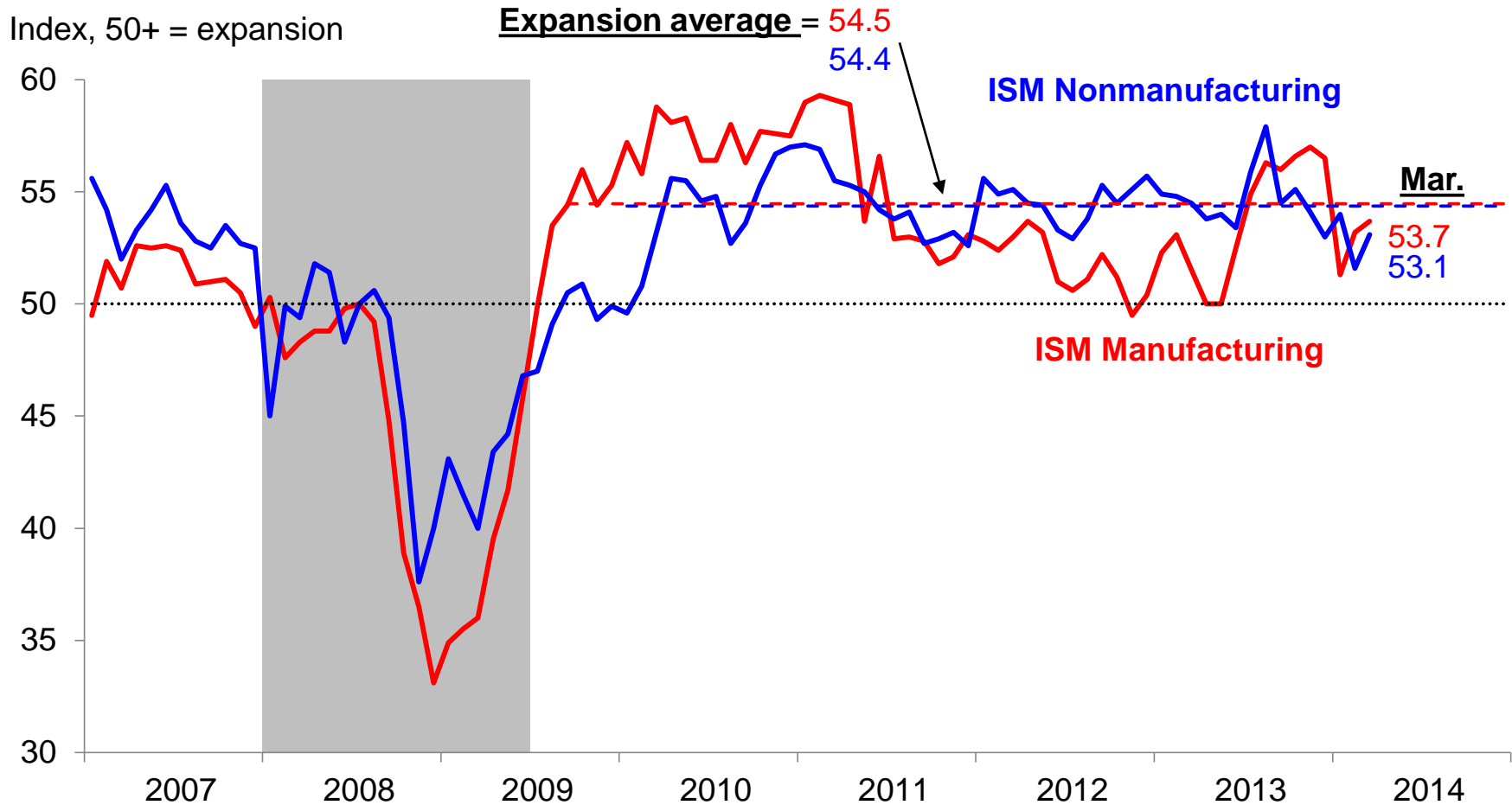
9	4	9
8	2	8

Warninglights



NOTE: Late November 2013 data (blue) compared with early April 2014 (orange).

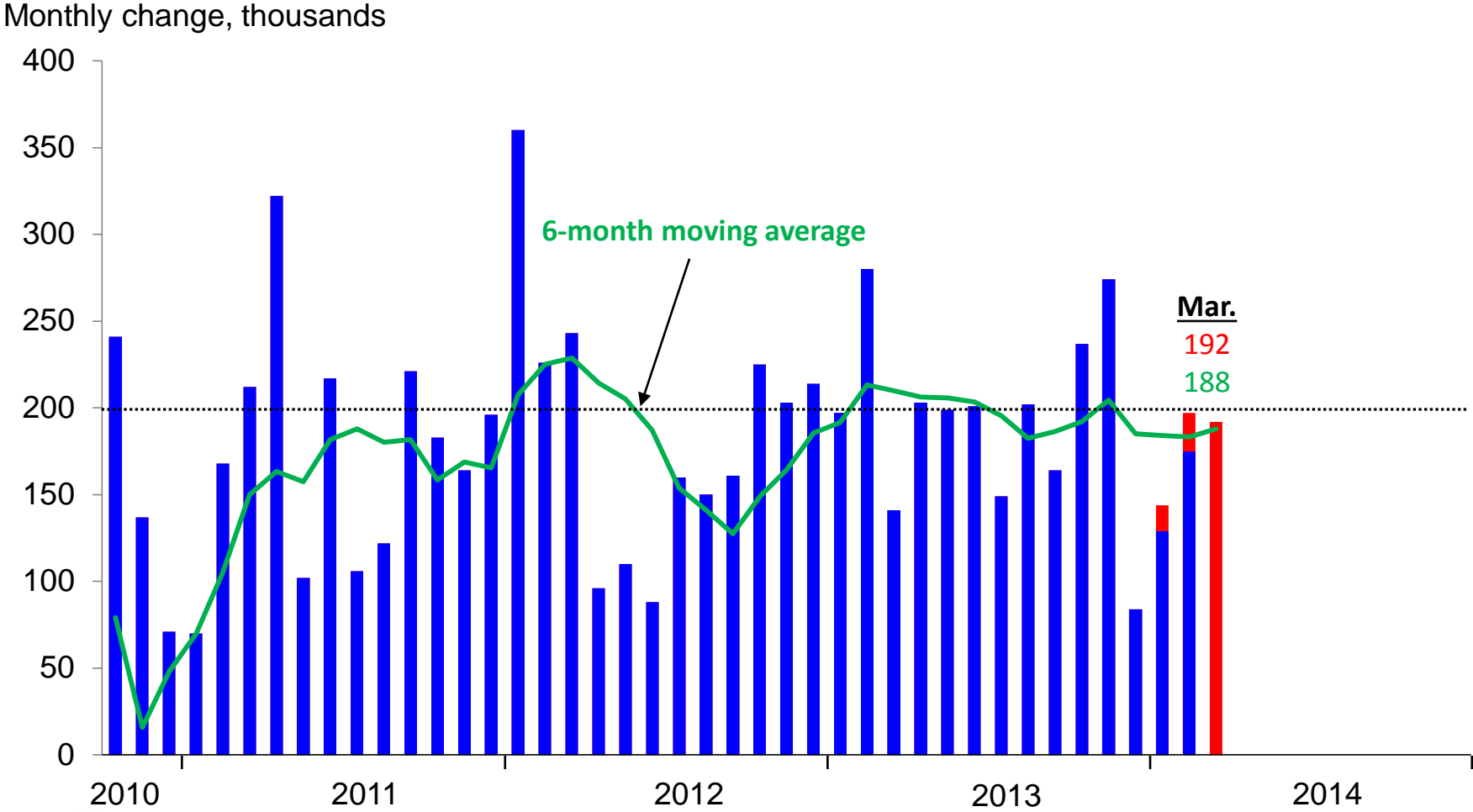
The Manufacturing and Nonmanufacturing ISM Indexes Both Ticked Upward in March



SOURCES: Institute for Supply Management *Report on Business* monthly publication on manufacturing and nonmanufacturing data.



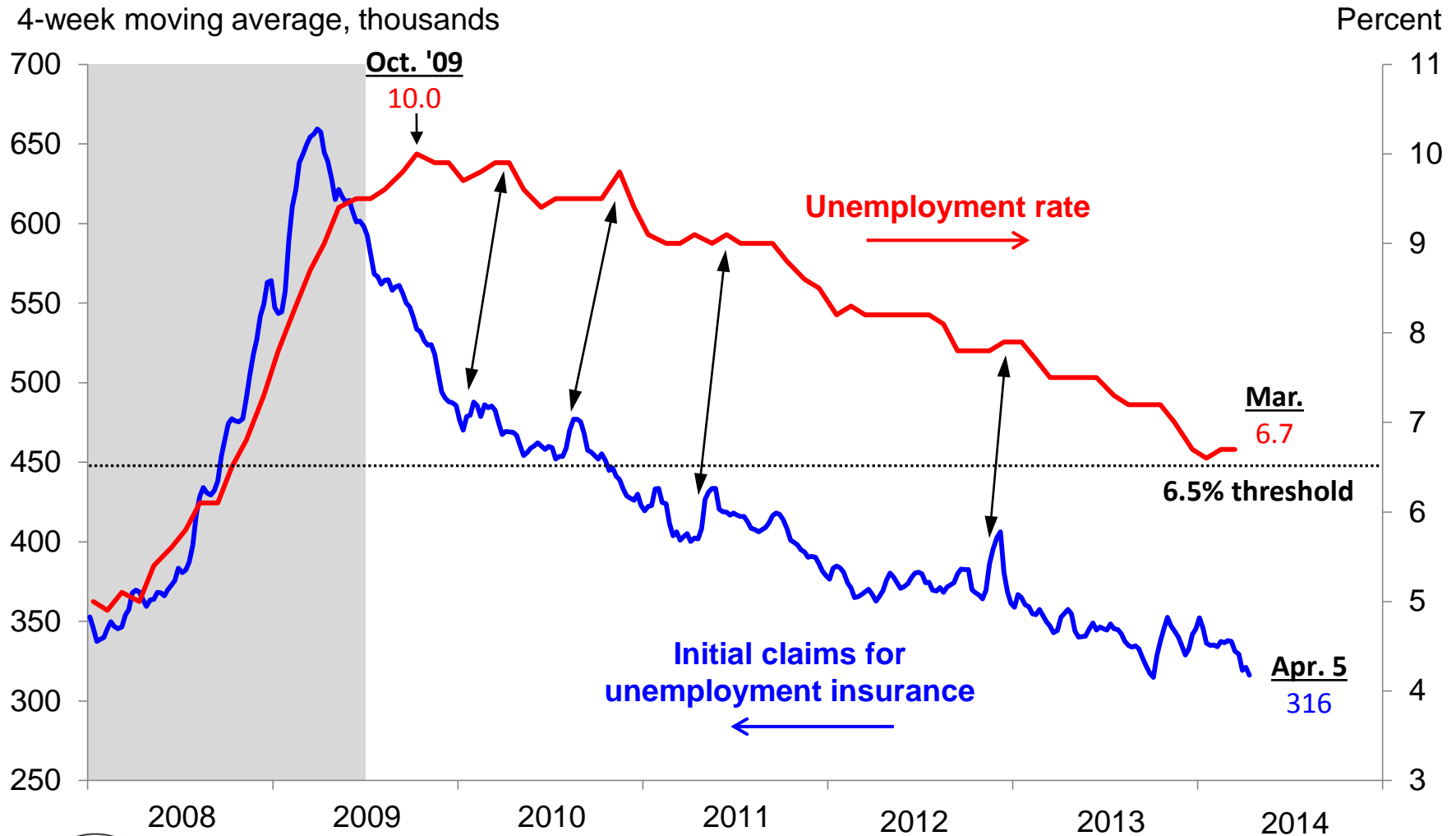
Latest U.S. Jobs Report Confirms That Weak December and January Gains Were Aberrations



SOURCE: Bureau of Labor Statistics.



Initial Claims and Unemployment Rate Move Lower



SOURCE: Bureau of Labor Statistics.



The U.S. Credit Markets Are Awash in Liquidity

- As of March 2014, the Fed's par holdings of fixed-rate MBS exceeded 30 percent of the outstanding stock of those securities.
- The Fed owns just shy of 24 percent of the stock of Treasury coupon securities.
- Having purchased Treasuries further out on the yield curve, and done so in size, the Fed has driven nominal interest rates across the credit spectrum to lows not seen in over a half century.
- This has allowed U.S. businesses to restructure their balance sheets and creatively manage their earnings.



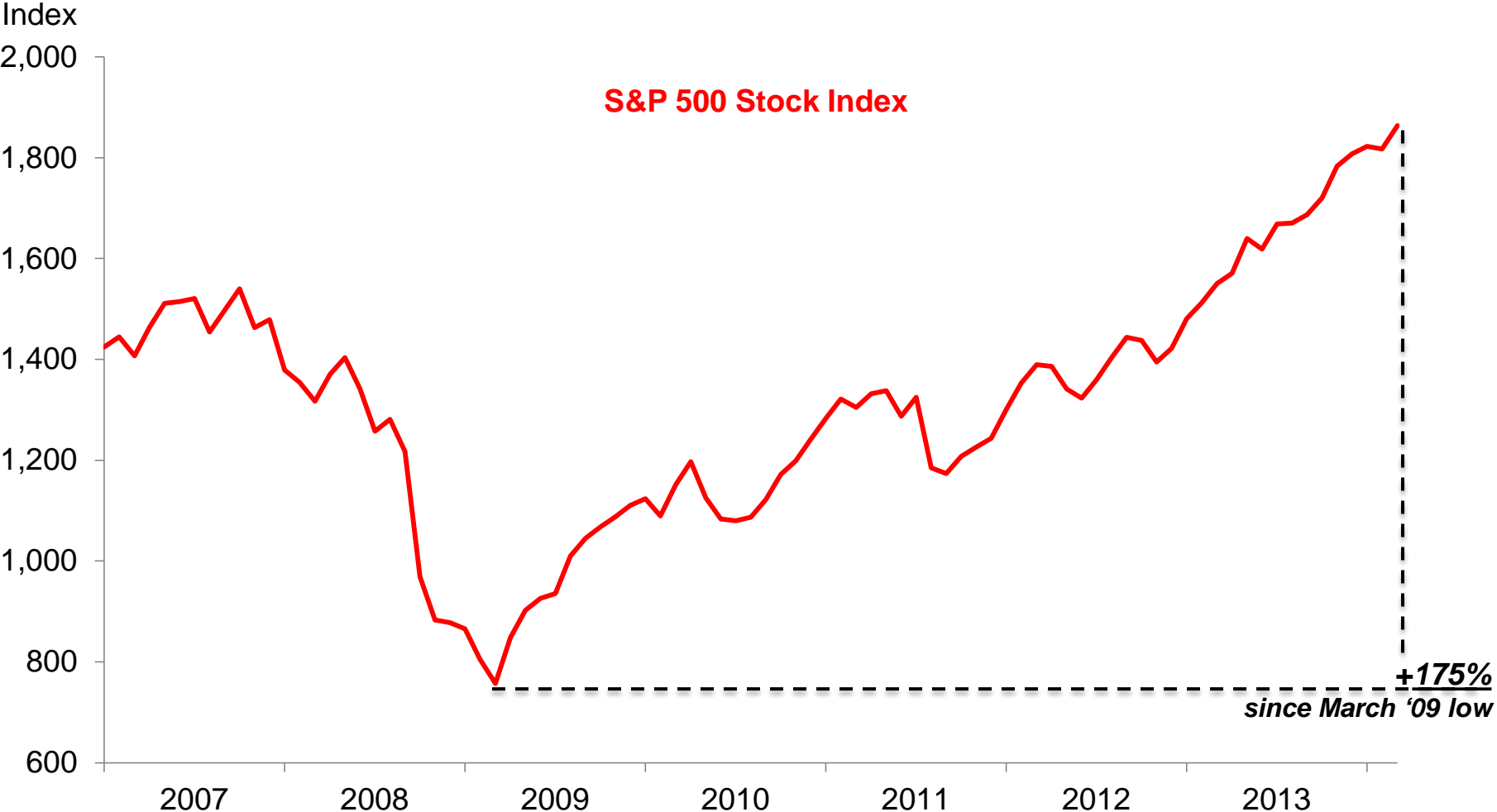
Corporate Bond Yields and Spreads Remain Low

Percent



SOURCES: Moody's; Bank of America Merrill Lynch; Federal Reserve Bank of Dallas.

Equity Prices Have Soared

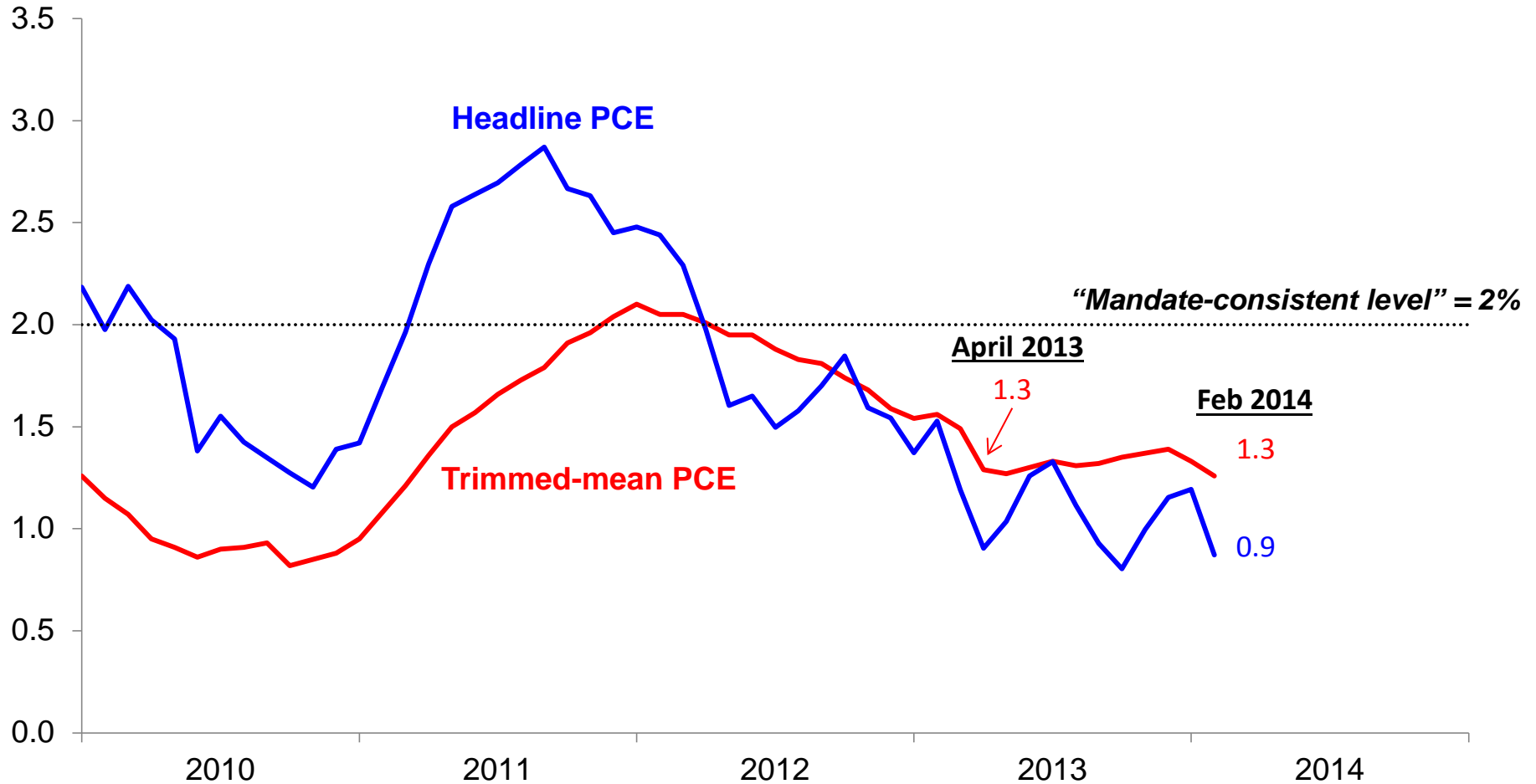


SOURCE: Standard & Poor's.
NOTE: S&P close at 676.53 on March 9, 2009.



Inflation Is Still Below 2 Percent

12-month percent change



SOURCES: Bureau of Labor Statistics; Federal Reserve Bank of Dallas.

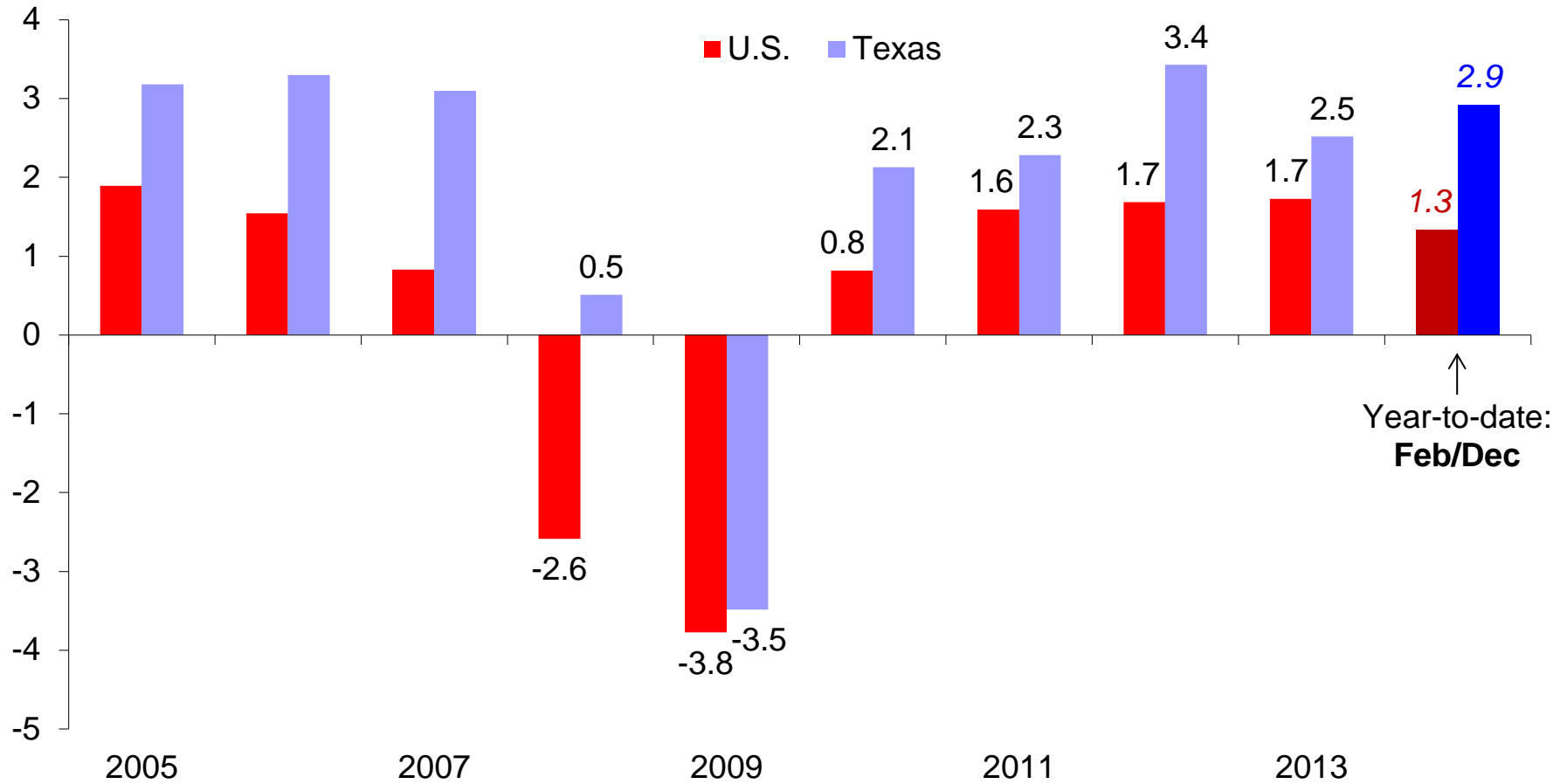
Texas Economic Update

- Texas employment grew 2.5% in 2013.
 - Added 278,000 jobs
- In 2014, Texas grew 2.9% through February.
 - Added 54,500 jobs
- Manufacturing lost jobs, but output expanding.
- Construction and energy came in strong.
- Expect 2.8% growth for the year.



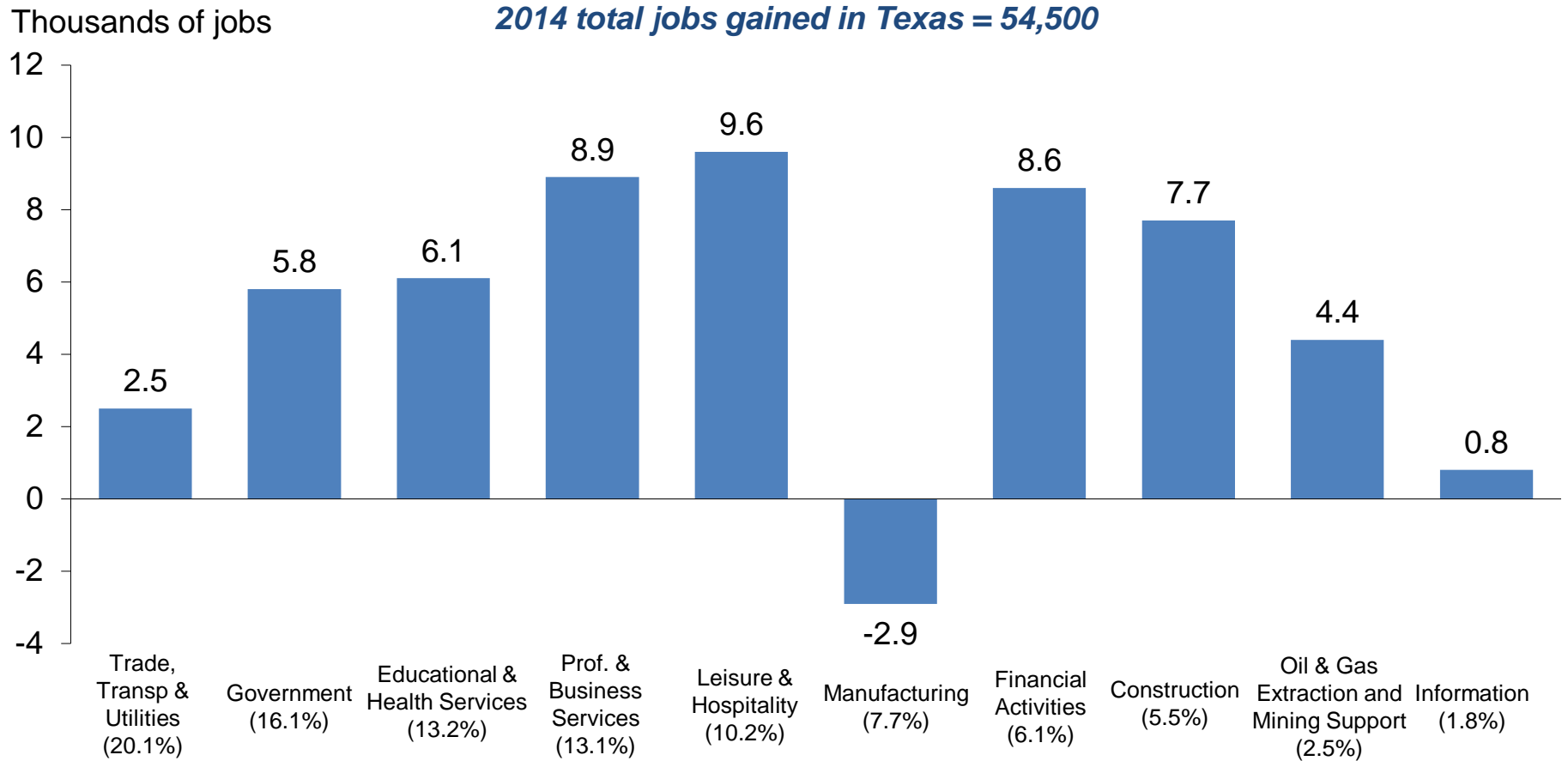
Texas' Employment Growth Bests Nation's

Dec/Dec, SAAR



SOURCES: Bureau of Labor Statistics; Federal Reserve Bank of Dallas.

2014 Employment Growth by Sector

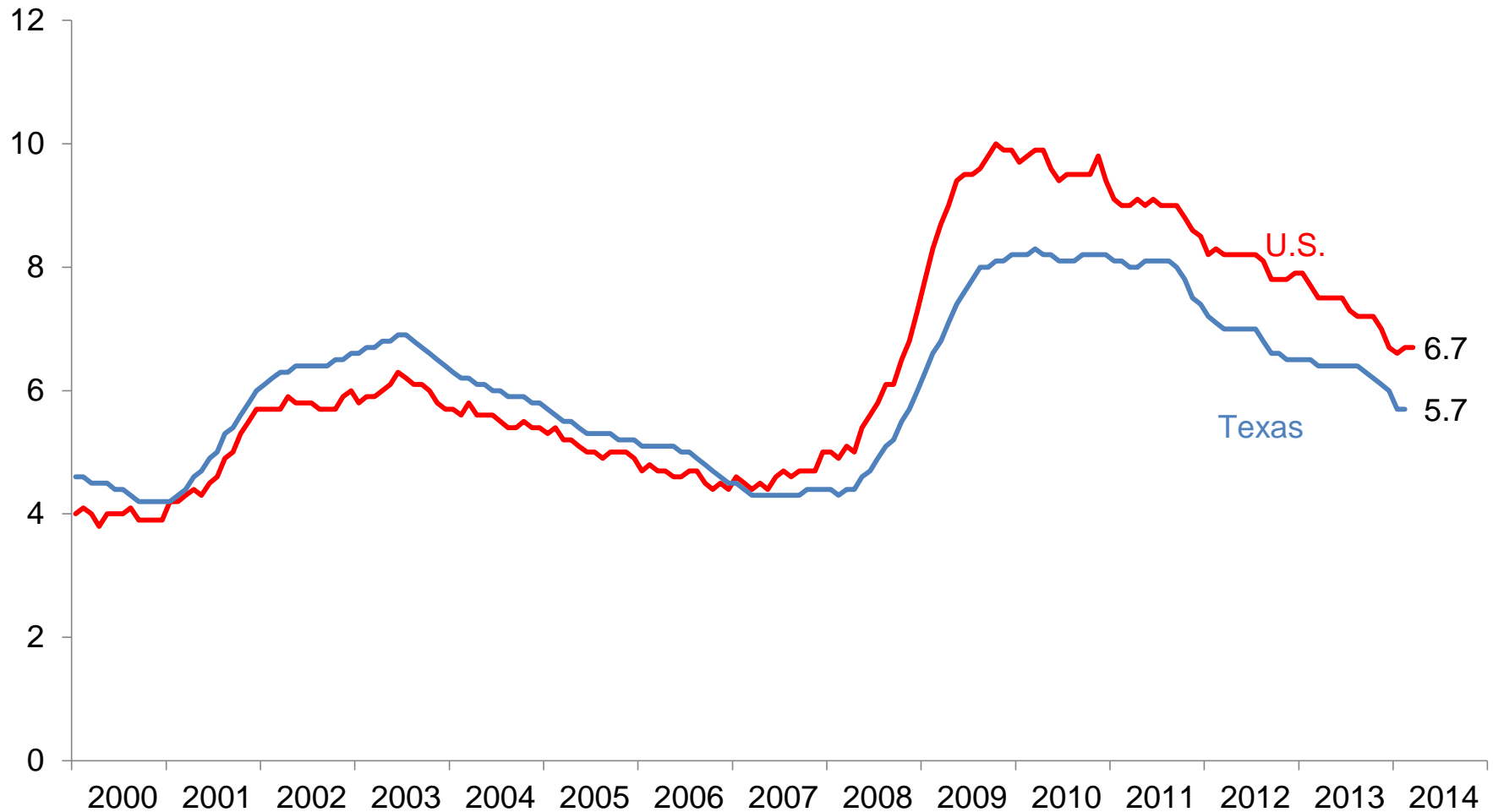


NOTES: Categories are North American Industry Classification System supersectors. Data seasonally adjusted.
 SOURCE: Federal Reserve Bank of Dallas.



Texas' Unemployment Rate Lower Than Nation's

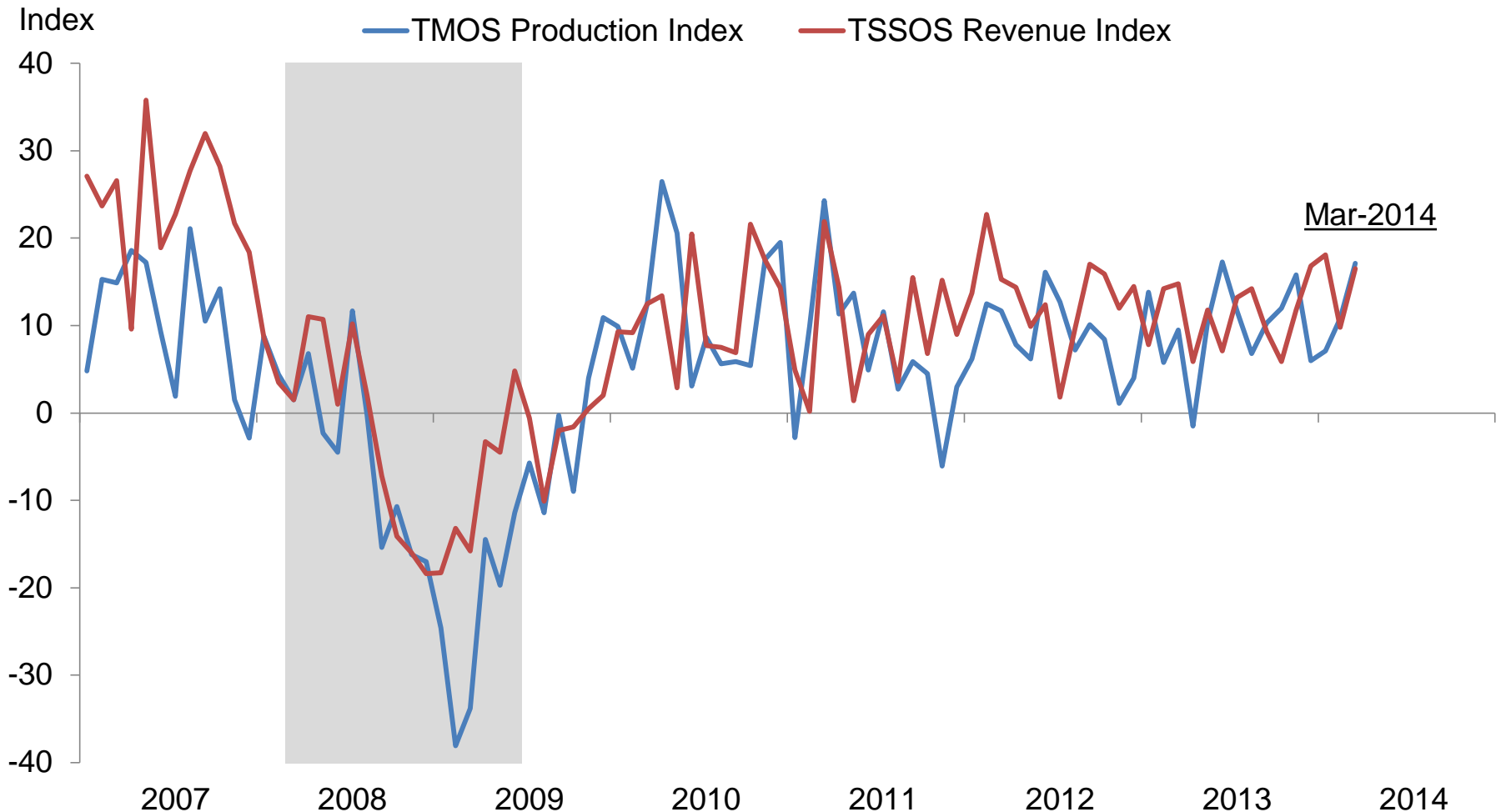
Percent, SA



SOURCES: Bureau of Labor Statistics; Federal Reserve Bank of Dallas.



Texas Manufacturing and Services Expanding

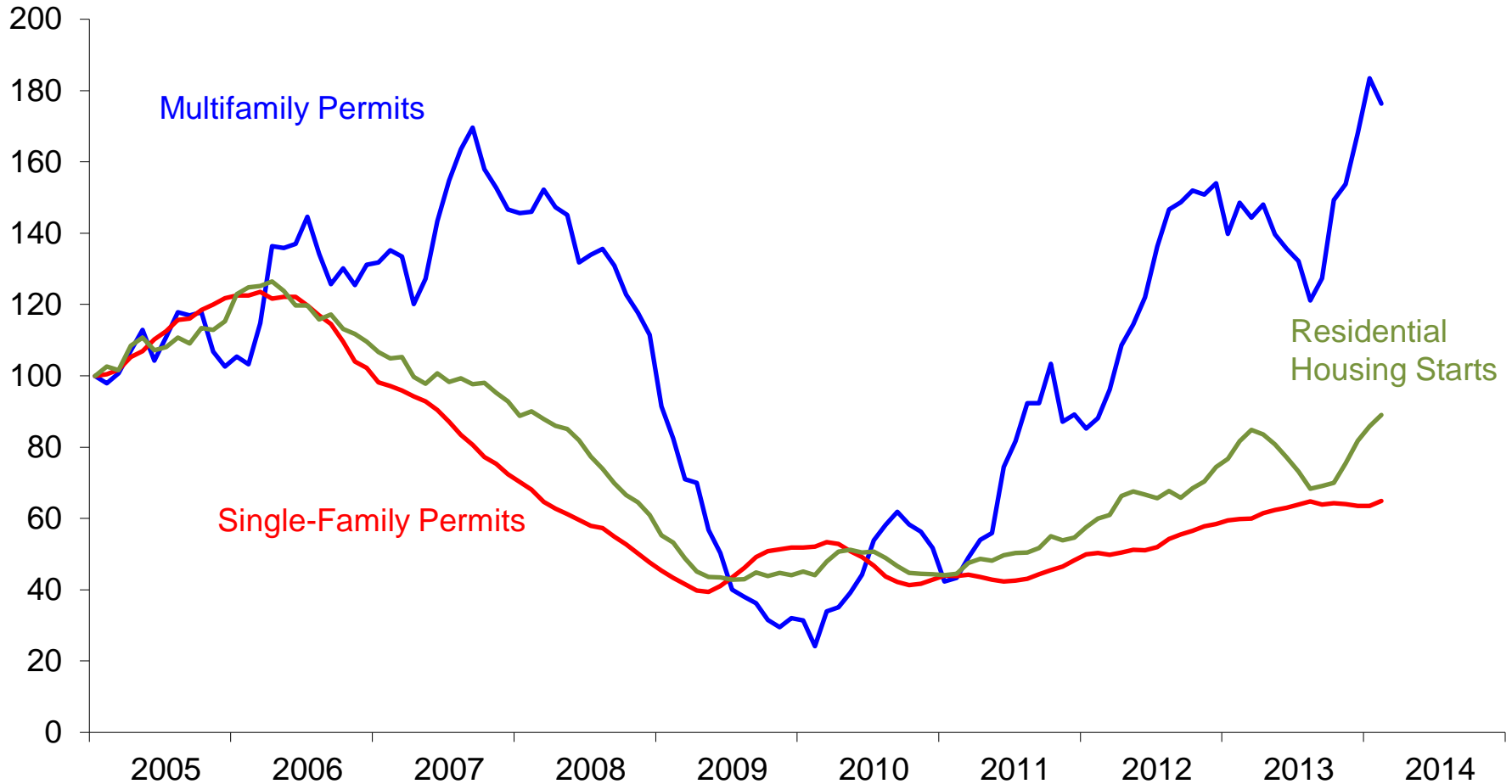


NOTE: Gray bar indicates Texas recession.
SOURCE: Federal Reserve Bank of Dallas.



Residential Home Construction Has Picked Up

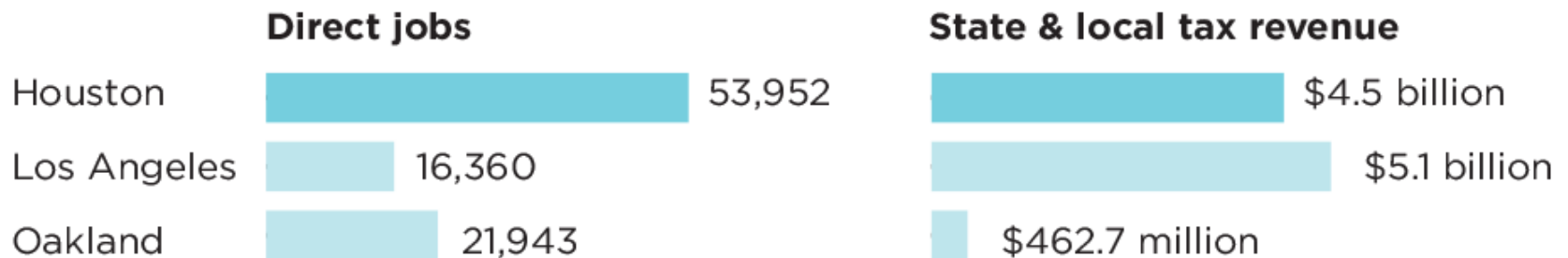
Index, SA, 5MMA
Jan. 2008 = 100



SOURCES: Census Bureau; Bank of Tokyo-Mitsubishi.

Thriving Ports

- Texas is top exporting state in nation: \$280 billion in 2013.
 - Inland ports handle 46 percent; seaports 54 percent
- Port of Houston is nation's busiest seaport.
 - First in vessel calls and foreign tonnage, 2nd in total tonnage
 - Container tonnage small but rising, up 18 percent in last 5 years
 - According to the Port of Houston Authority, port operations directly support more jobs than largest peers

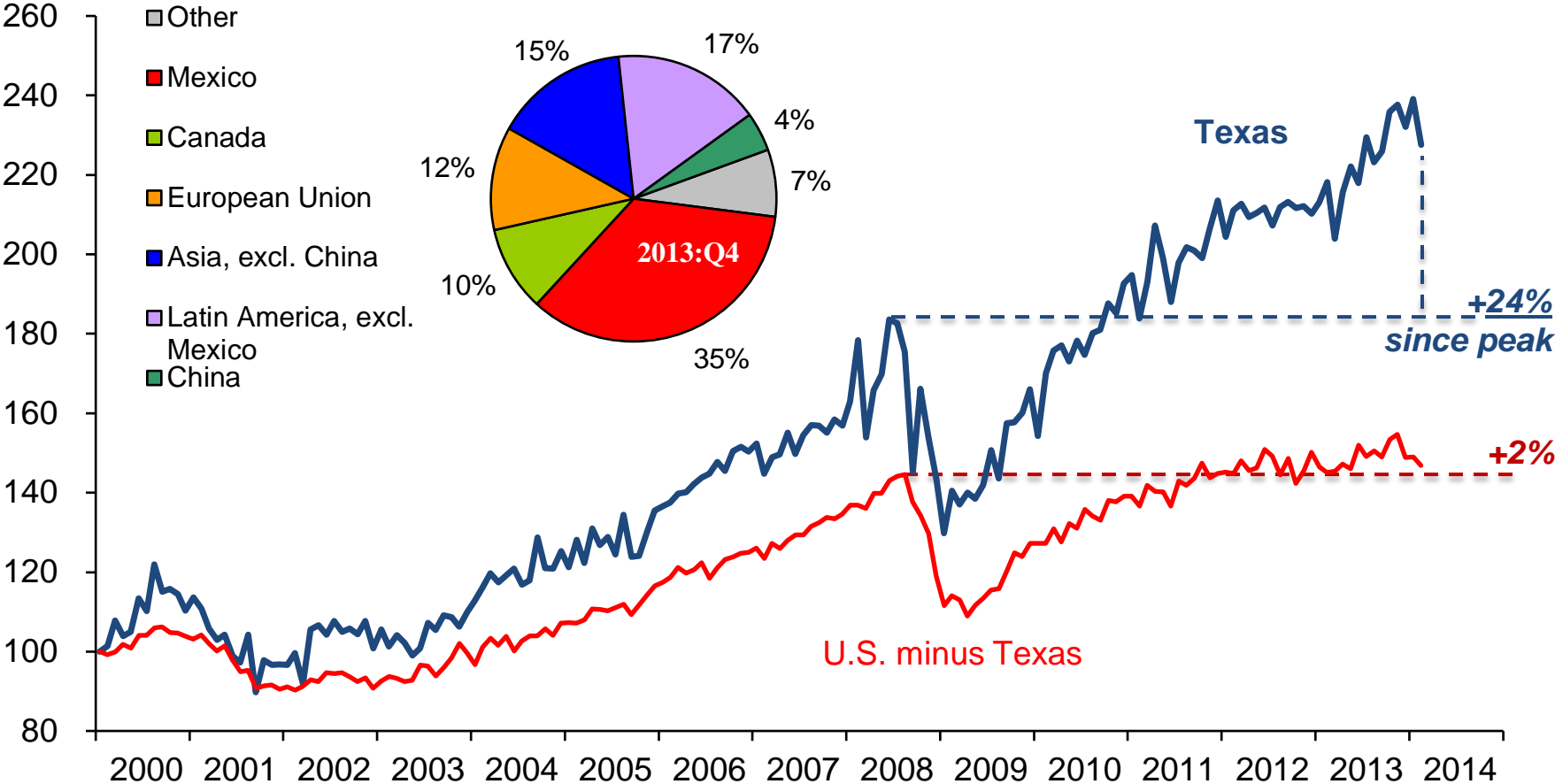


SOURCES: Bureau of Transportation Statistics; WISERTrade; U.S. Maritime Administration; Port of Houston Authority; "Economic Snapshot" April 14, 2014, report by Jon McClure, staff writer, *The Dallas Morning News*.



Texas Export Growth

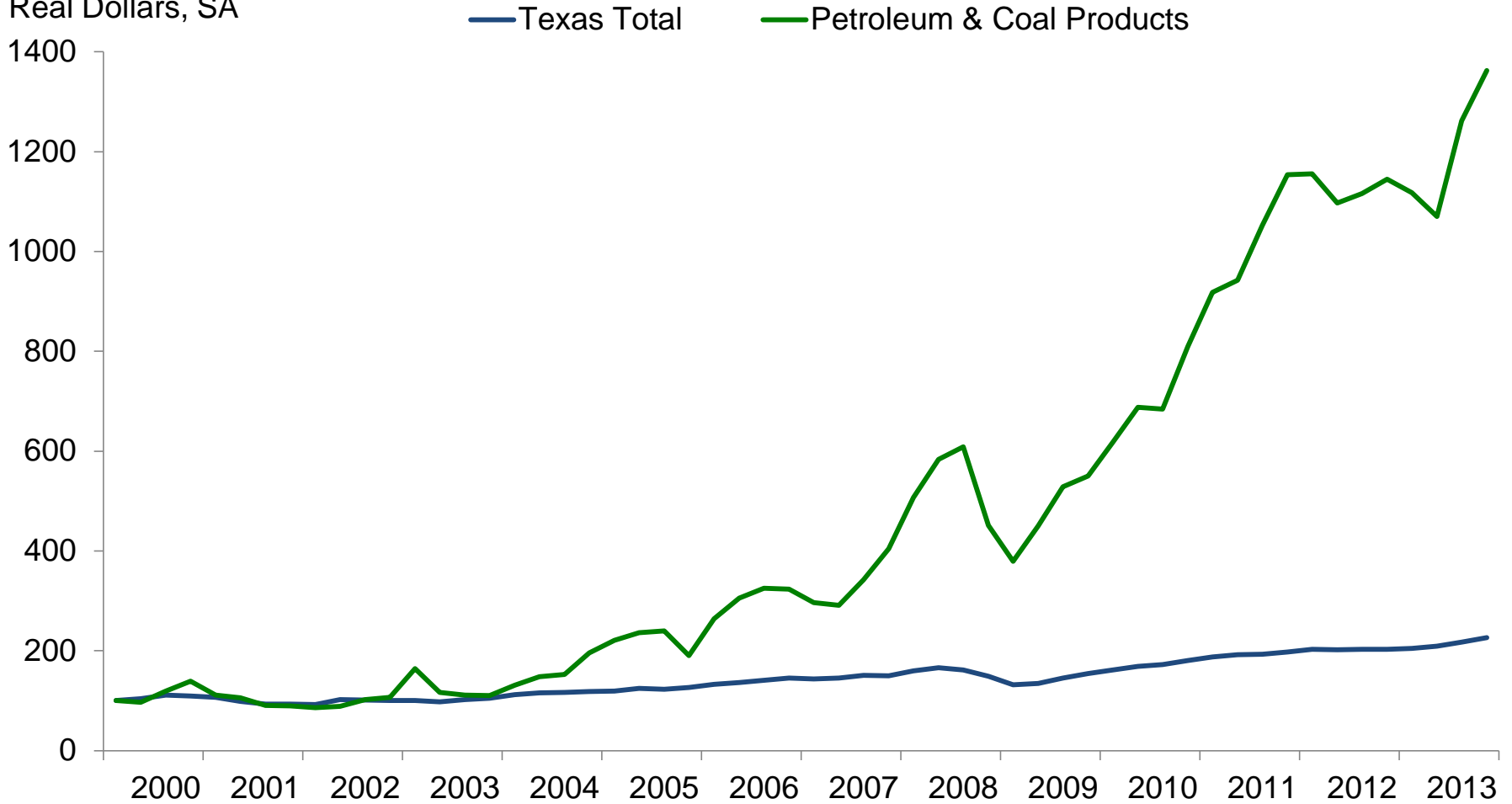
Index, SA Real Dollars
Jan. 2000 = 100



SOURCES: Census Bureau; World Institute for Strategic Economic Research; Federal Reserve Bank of Dallas.

Petroleum Exports Surge

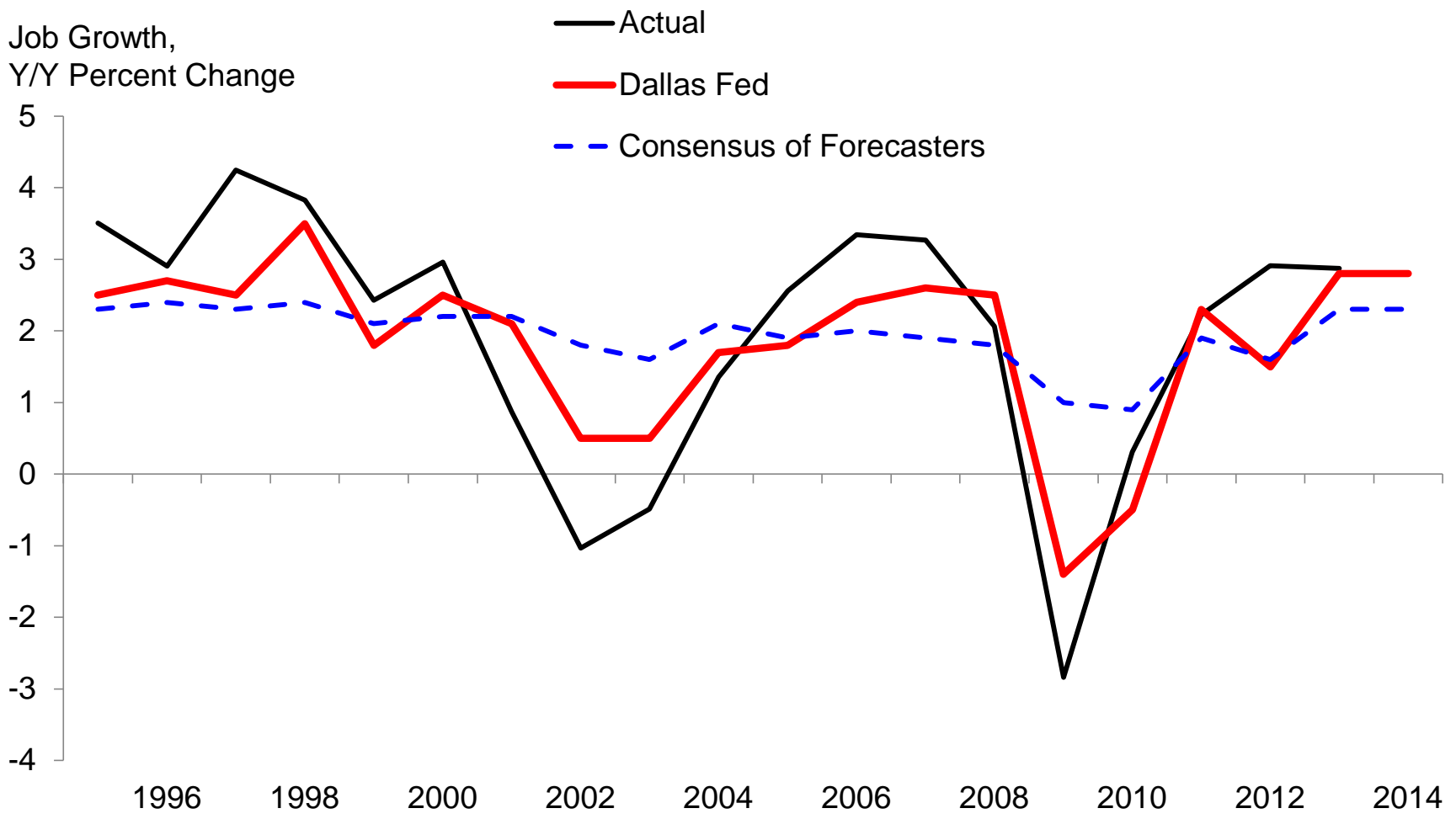
Index, Q1 2000 = 100
Real Dollars, SA



SOURCE: Wisertrade.



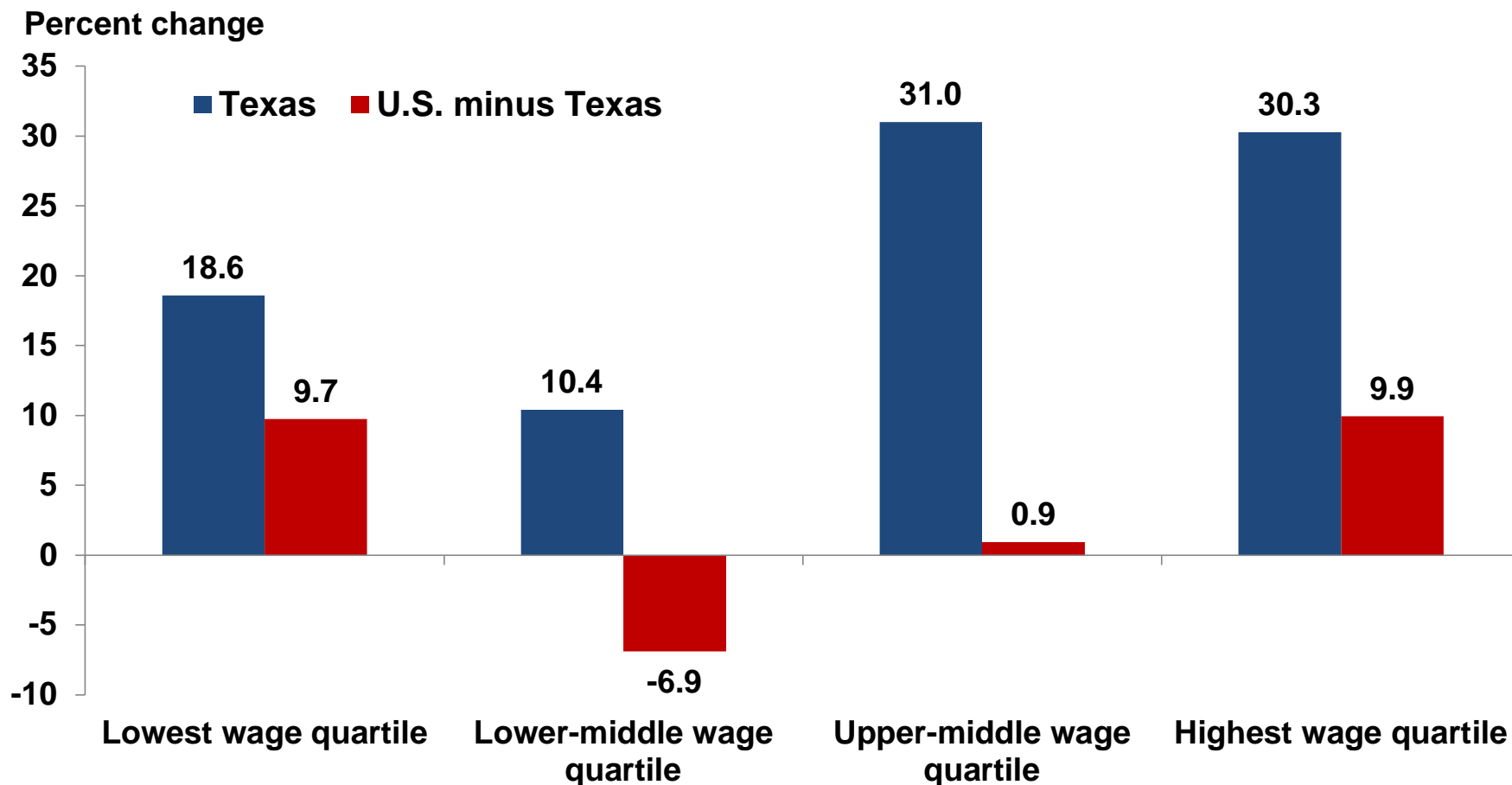
Dallas Fed Forecasts Continued Growth



SOURCES: Western Blue Chip Economic Forecast; Federal Reserve Bank of Dallas.



Job Growth by Wage Quartile, 2000-12



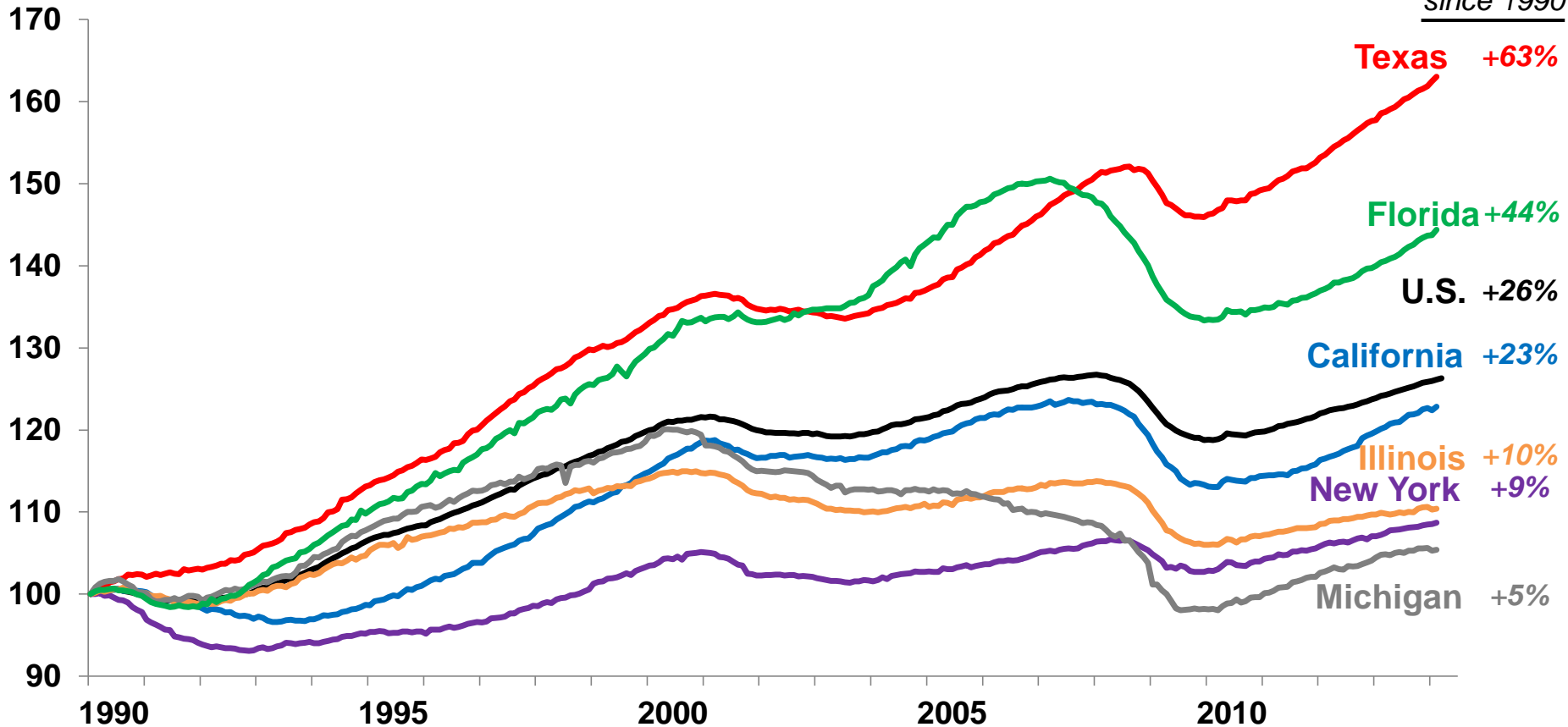
NOTES: Calculations include workers over age 15 with positive wages and exclude the self-employed. Wage quartiles constructed based on U.S. 2000 wage distribution.

SOURCE: Current Population Survey Merged Outgoing Rotation Groups, 2000, 2012.



Total Nonagricultural Employment Since 1990 in Selected States

Index, January 1990 = 100

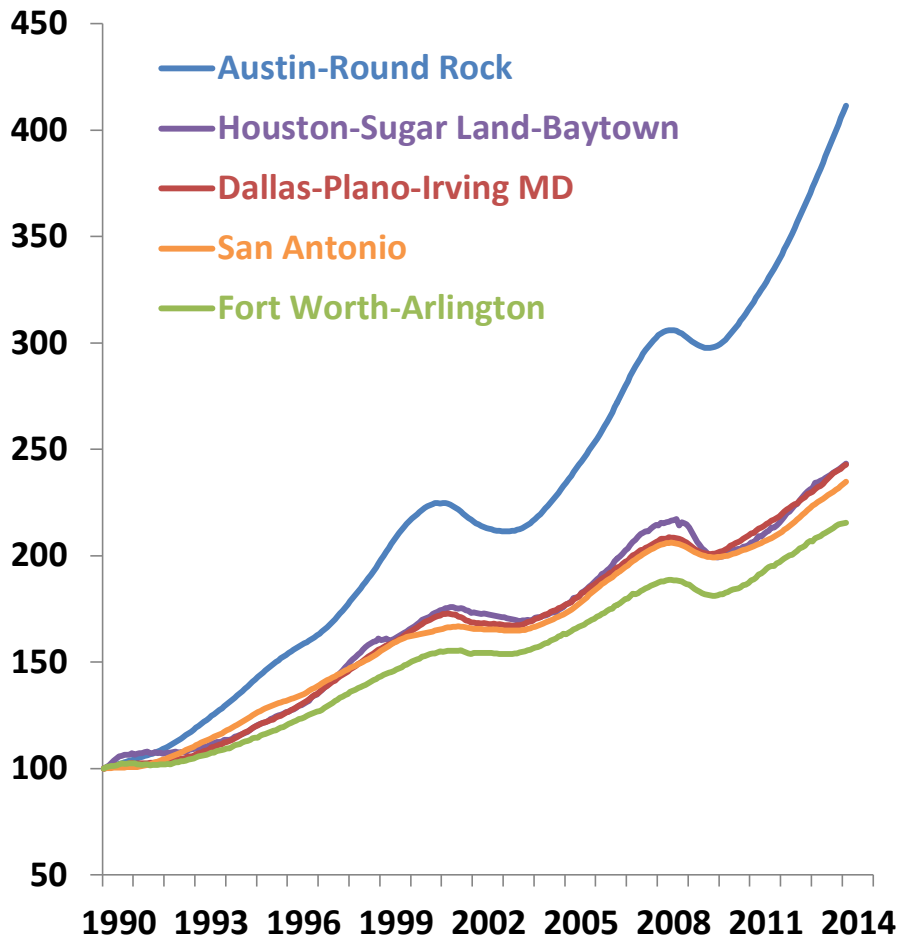


SOURCES: Bureau of Labor Statistics; Federal Reserve Bank of Dallas.

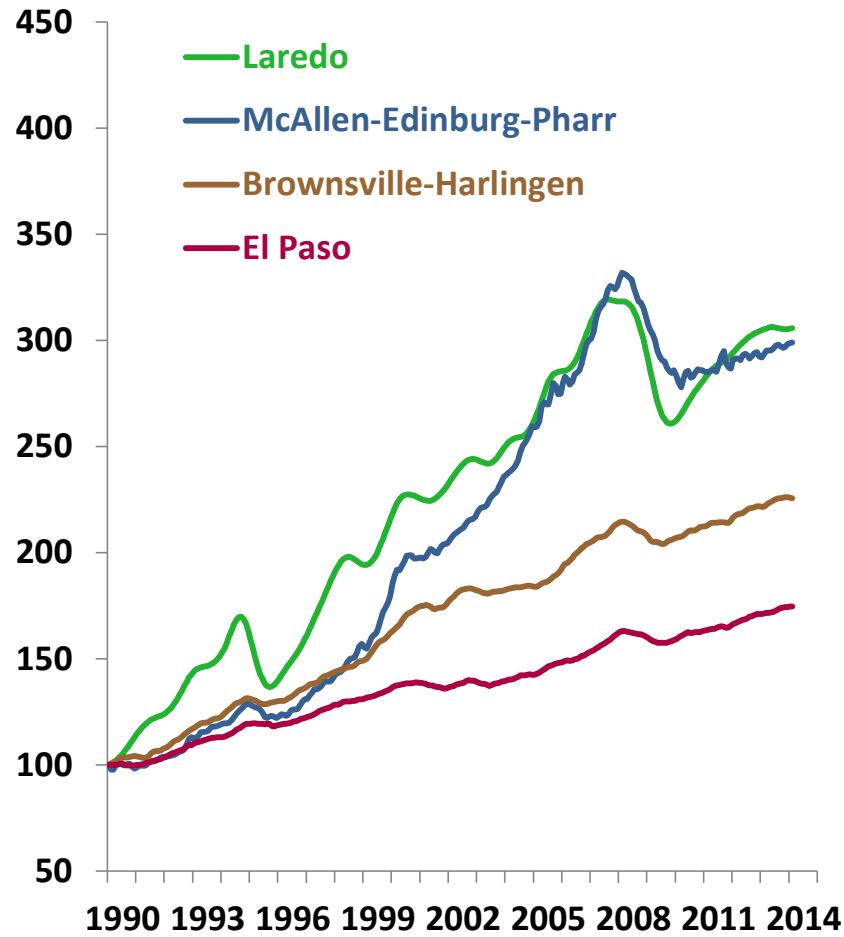
Texas Metro Business-Cycle Indexes

February 2014

Index, January 1990 = 100



Index, January 1990 = 100



NOTE: The Indexes summarize movements in local employment, unemployment, wages and retail sales.

SOURCE: Federal Reserve Bank of Dallas.



Summary

- The U.S. economy is picking up following a harsh winter.
- Texas employment growth accelerated in 2014.
 - 2.9% growth
 - 55,400 jobs
 - Expect 2.8% growth for the year.





Federal Reserve Bank of Dallas

Richard W. Fisher

President and CEO

Federal Reserve Bank of Dallas

Austin, Texas

April 16, 2014