

Memorandum



DATE February 4, 2010

TO Members of the Budget, Finance & Audit Committee:
Jerry R. Allen, Chair, Ann Margolin, Vice-Chair, Vonciel Jones Hill, Angela Hunt, Delia D. Jasso, Ron Natinsky, David A. Neuman

SUBJECT **Economic Outlook**

The Budget, Finance & Audit Committee's February 8th agenda includes the Subject briefing. Ms. Mine K. Yucel, Senior Economist & Vice President of the Dallas Federal reserve will brief the Committee. Her briefing materials and a short biography are attached.

Should you require additional information, please let me know.

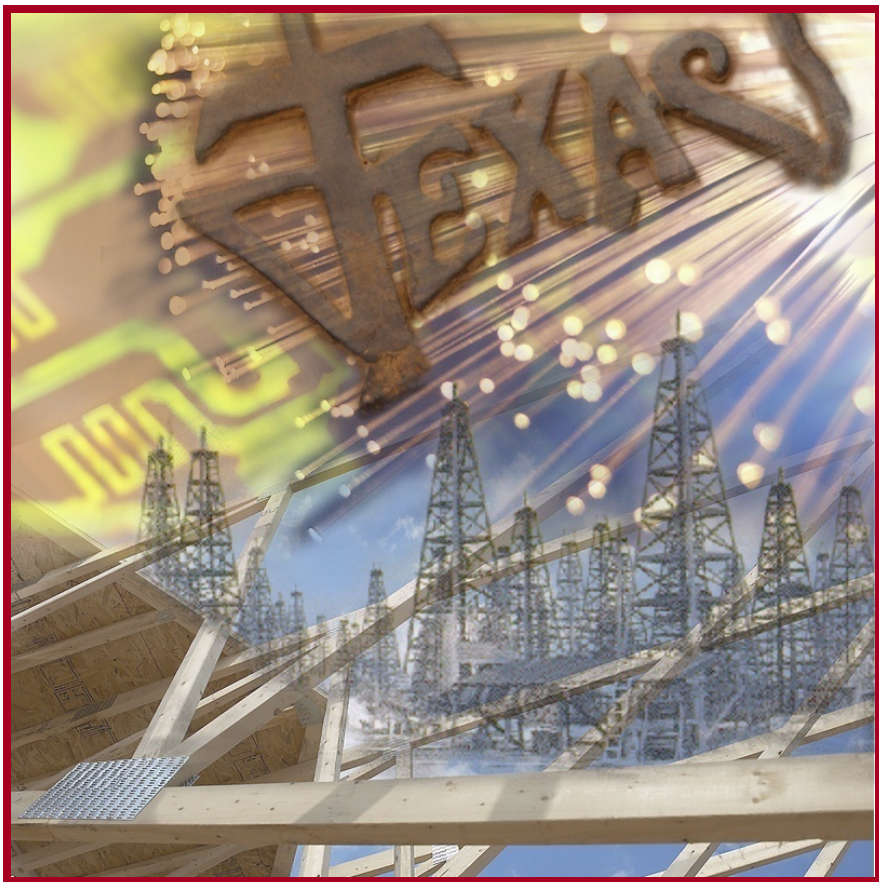


David Cook
Chief Financial Officer

Attachment

C: Honorable Mayor & Members of the City Council
Mary K. Suhm, City Manager
Deborah A. Watkins, City Secretary
Tom Perkins, City Attorney
Craig Kinton, City Auditor
Ryan S. Evans, First Assistant City Manager
A. C. Gonzalez, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager

Texas Economic Update



Mine Yücel
Federal Reserve Bank of Dallas
February 8, 2010



Texas Economic Update

- Texas may be out of recession
- Lost 334,600 jobs in 2009
- Decline broad based across sectors
- Manufacturing stabilizing
- Housing expanding
- Worst may have passed

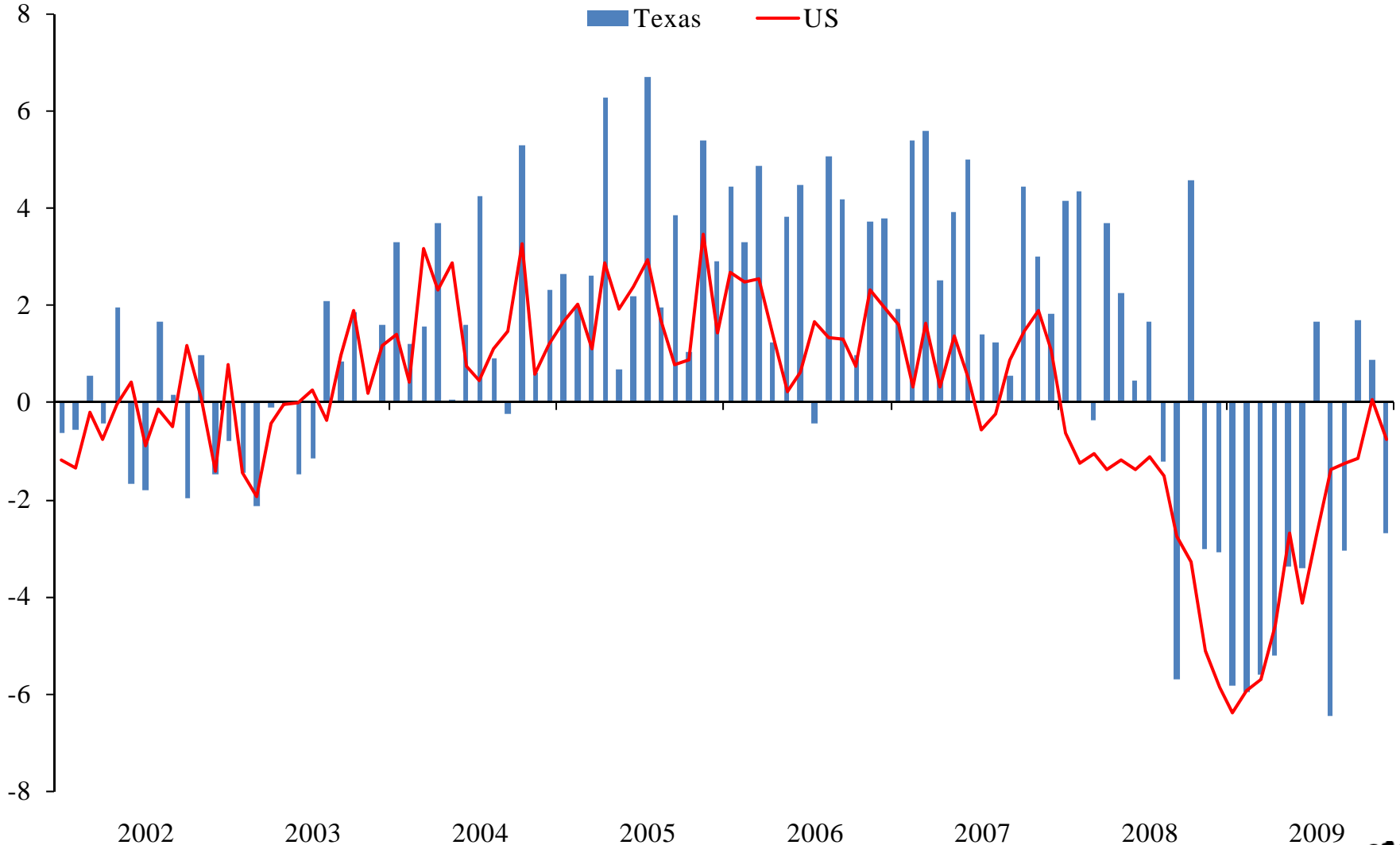
Best Performing Metros (Milken Institute)

- **Top 5**
 - Austin #1, Killeen-Temple-Fort Hood #2, McAllen-Edinburg-Mission #4, Houston-Sugarland-Baytown #5
- **Top 20**
 - San Antonio #11, FW-Arlington #12, Dallas-Plano-Irving #13, El Paso #14, Corpus Christi #16
- **Top 25 Smallest Metros**
 - Midland #1, Longview #2, Tyler #4, Odessa #5, College Station-Bryan #14, Texarkana #17, Waco #18, Laredo #20, Abilene #21.



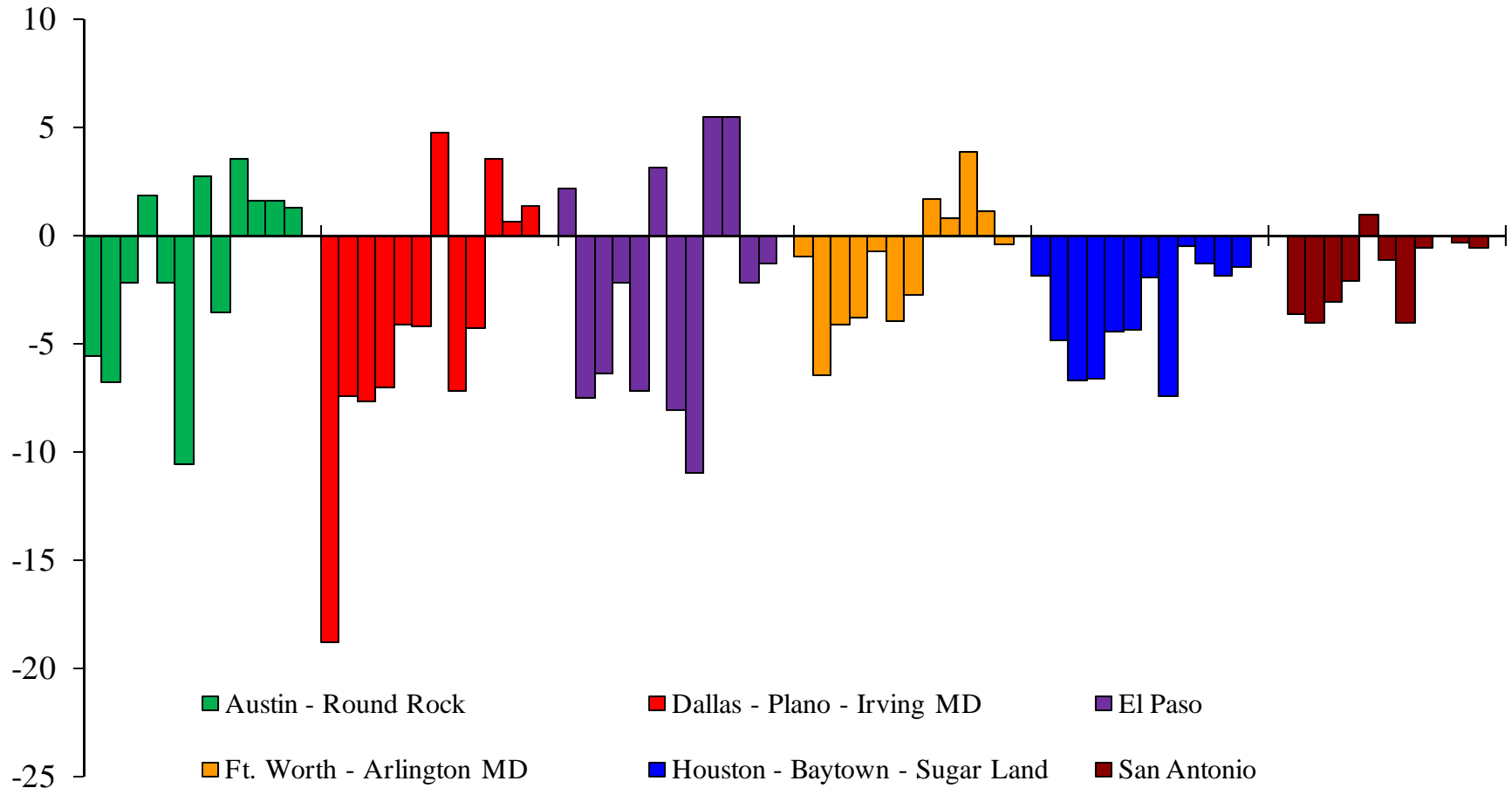
Texas' employment growth bests nation's

M/M,
SAAR



Metro employment growth

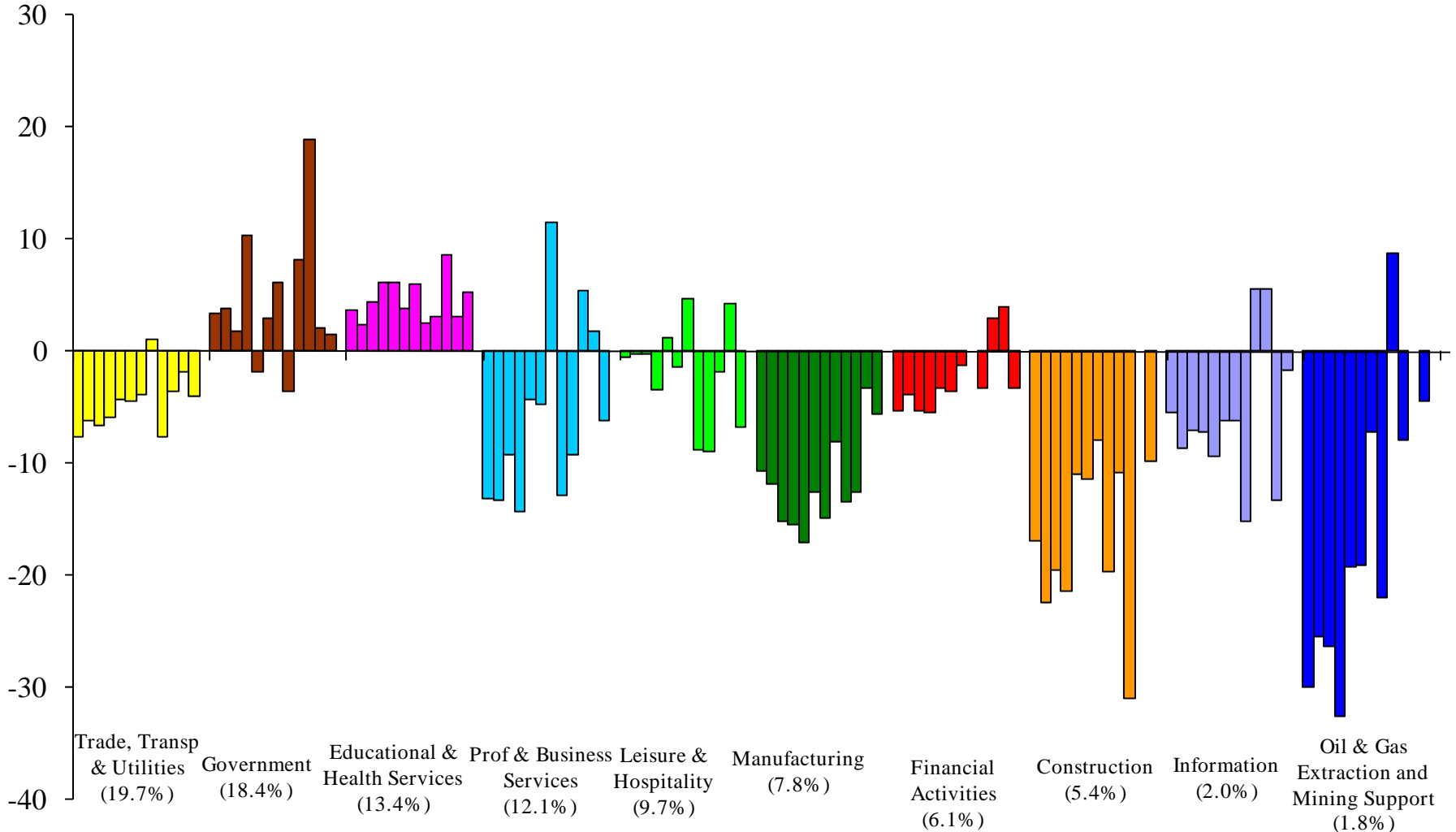
M/M, SAAR



Industry Employment Growth

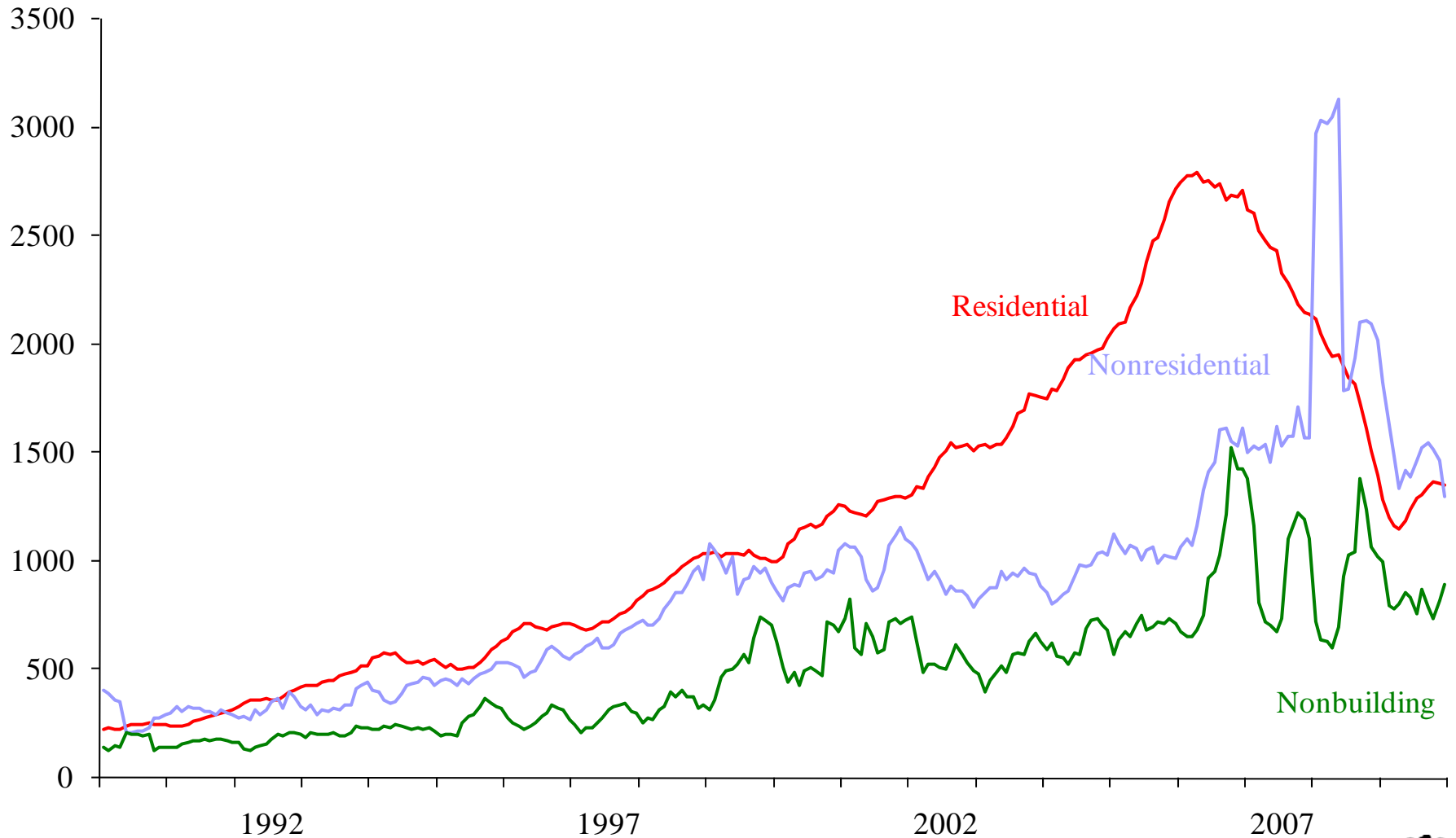
(NAICS Super Sectors, SA by FRB Dallas
Monthly Growth. Jan. 2009 - Dec. 2009)

M/M,
SAAR



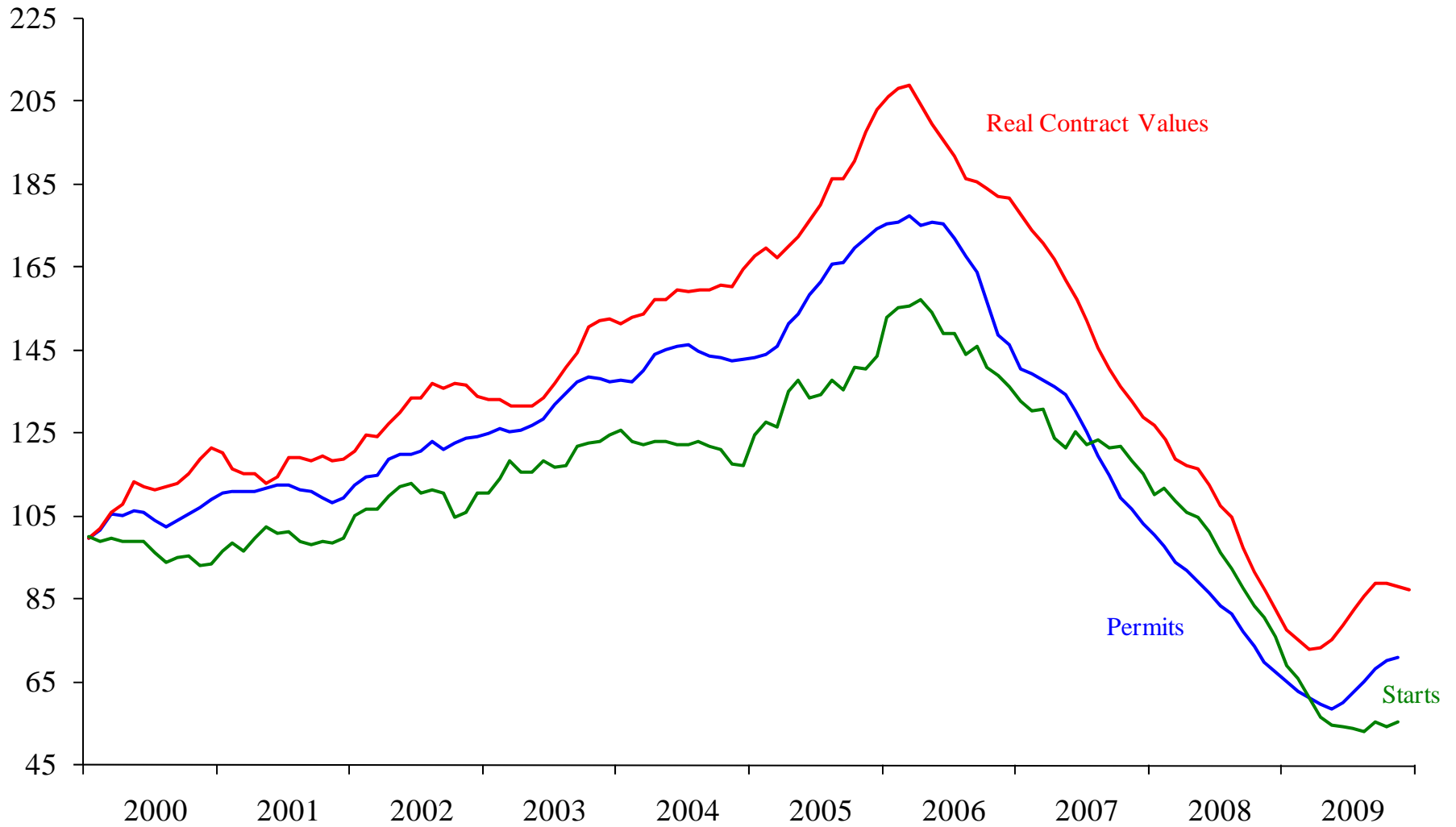
Construction bottoming out?

Real \$, Mil
5MMA, SA



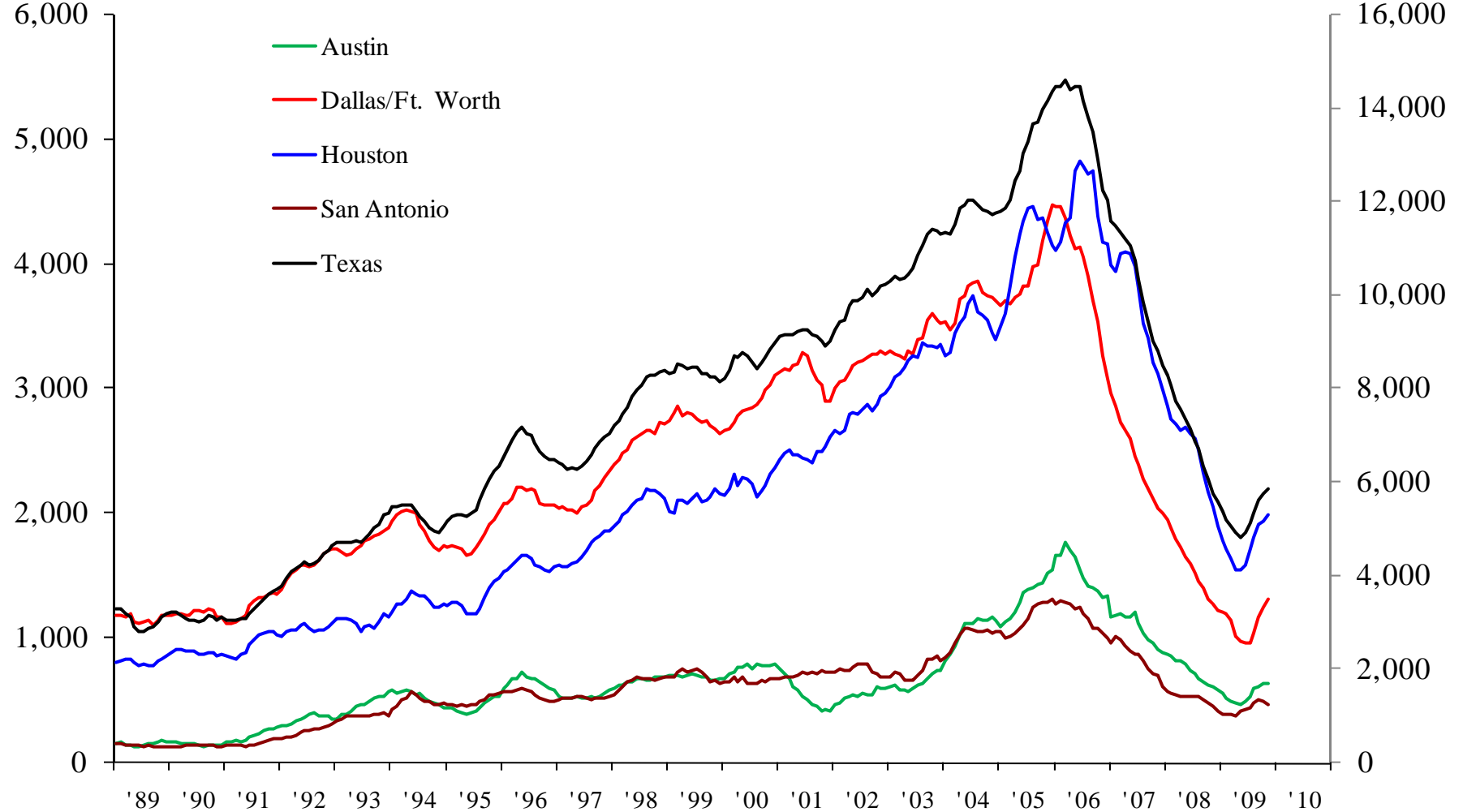
New home construction steady

Index, SA, 5MMA
Jan 2000= 100



Housing permits picking up

Number of permits
SA, 5MMA



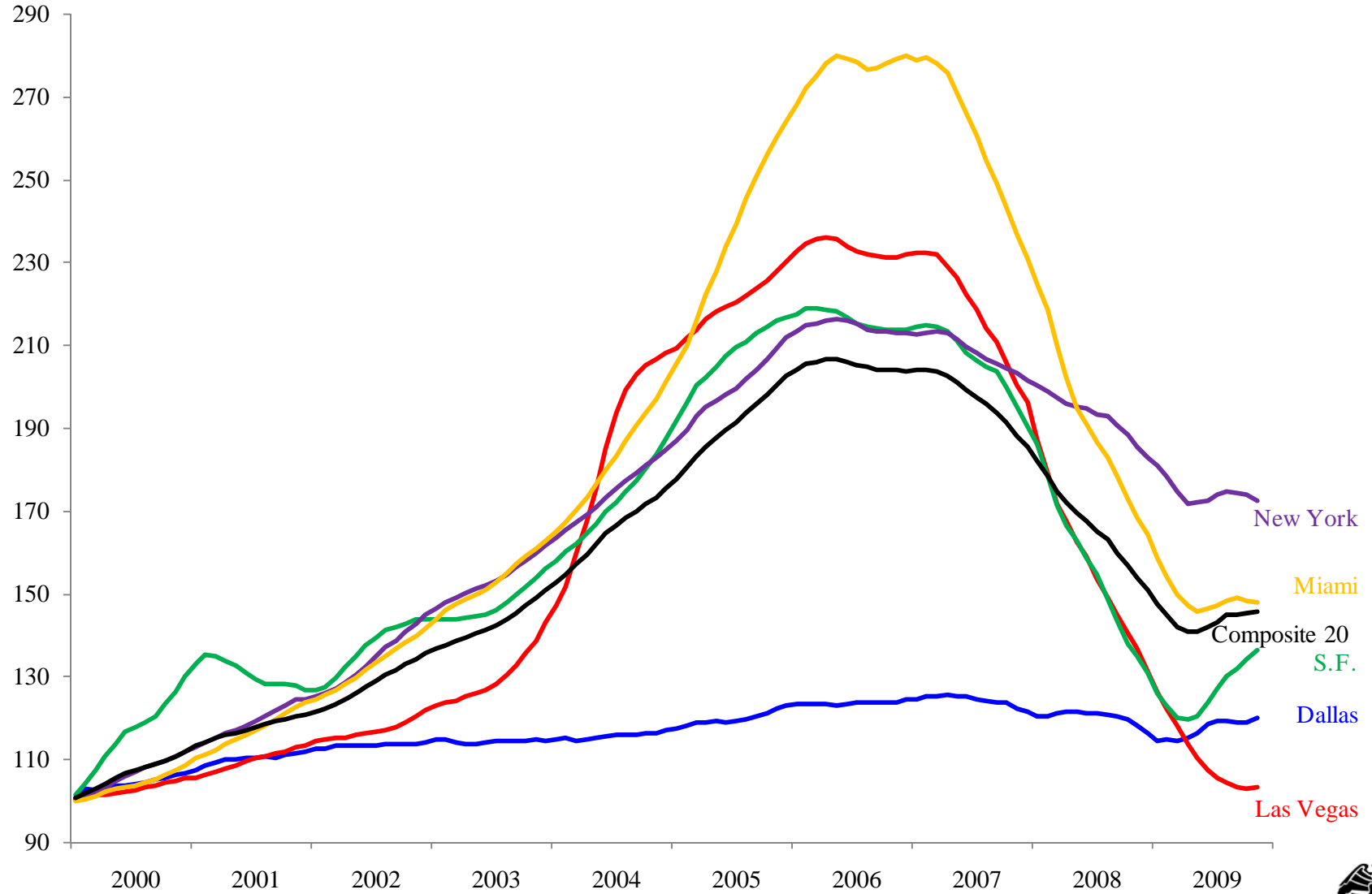
Number of permits
SA, 5MMA

Source: Census Bureau, seasonal adjustment by FRB Dallas



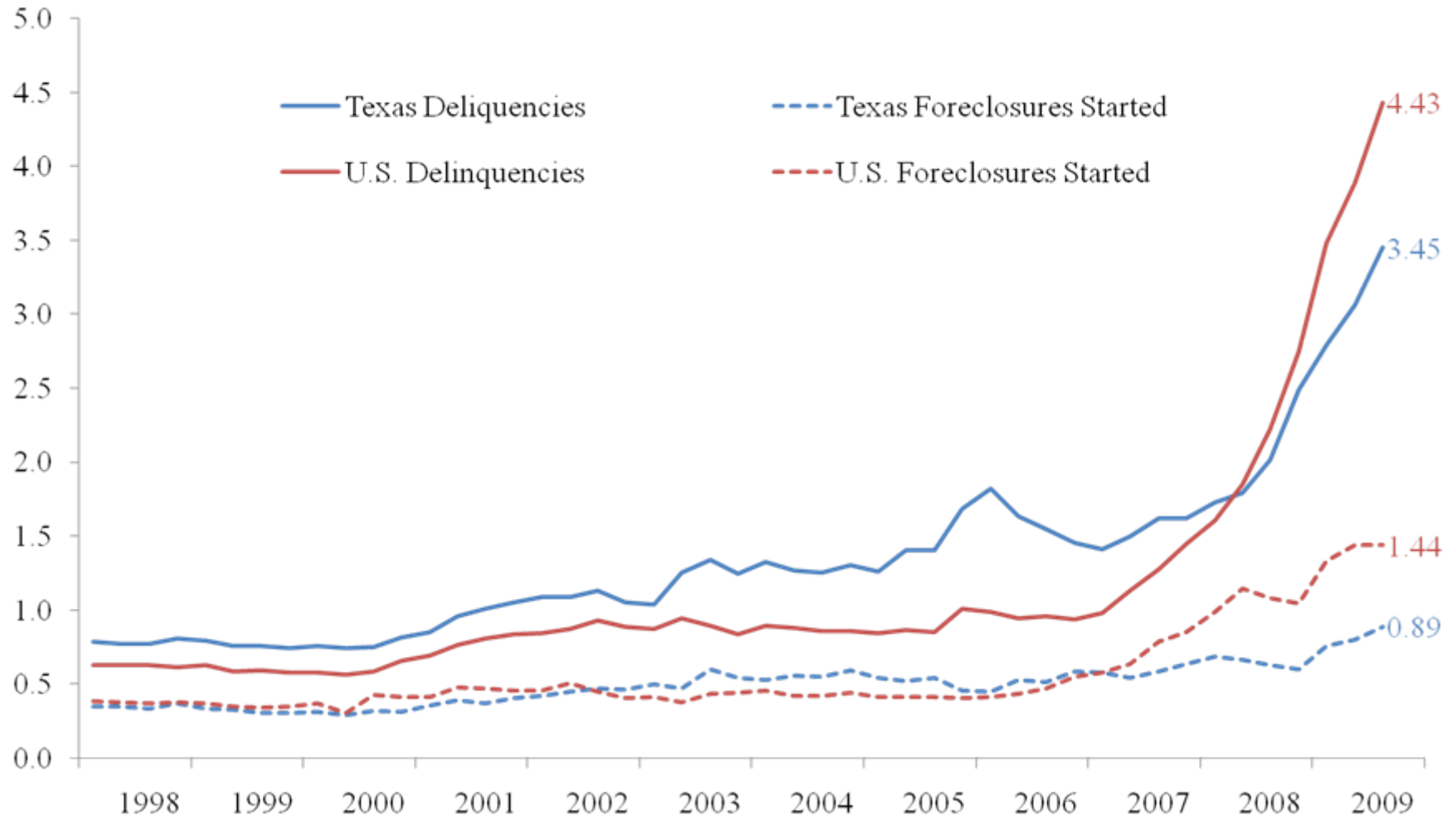
Dallas home prices stable

Index, 2000= 100

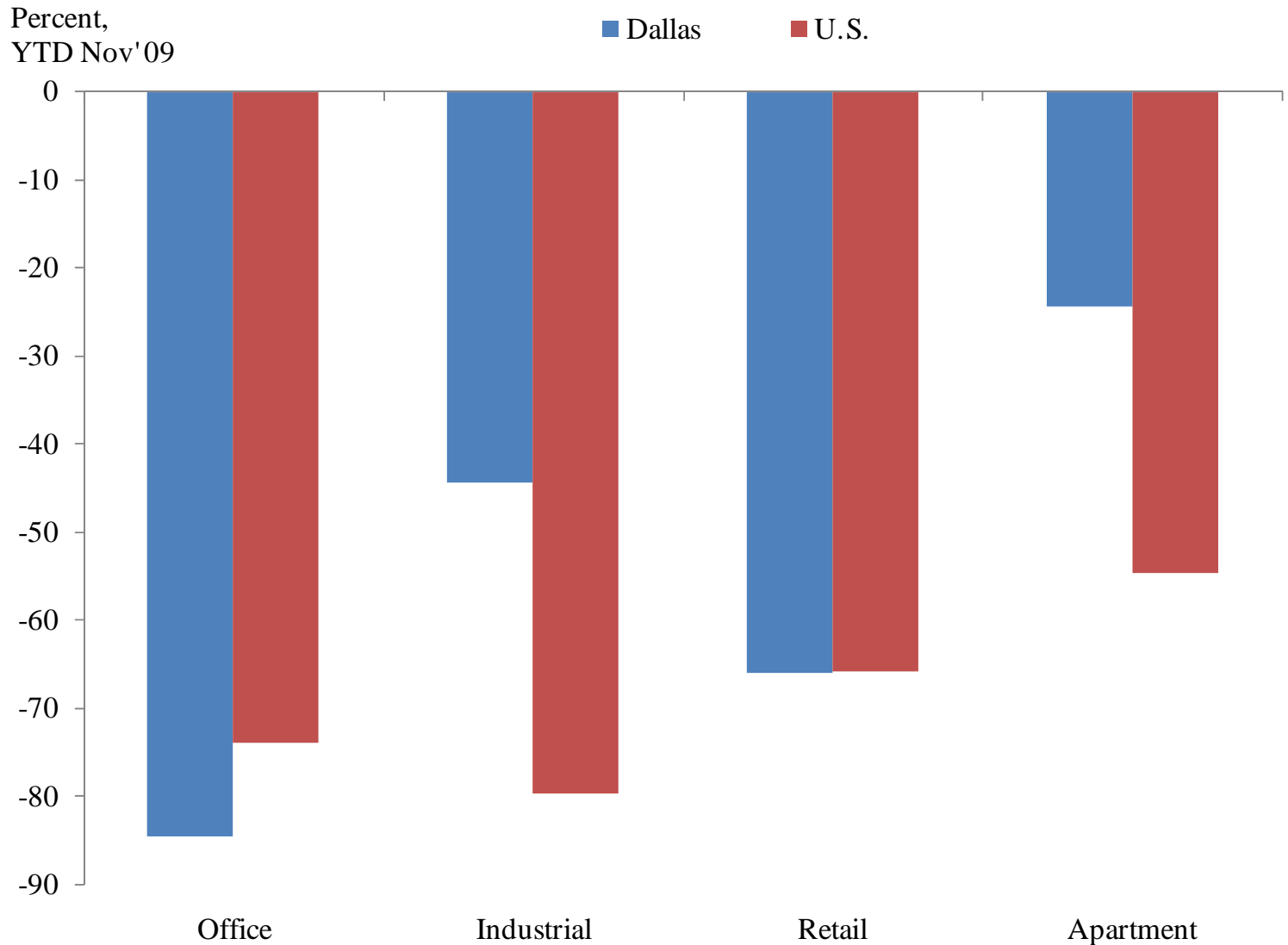


Mortgage delinquencies rising

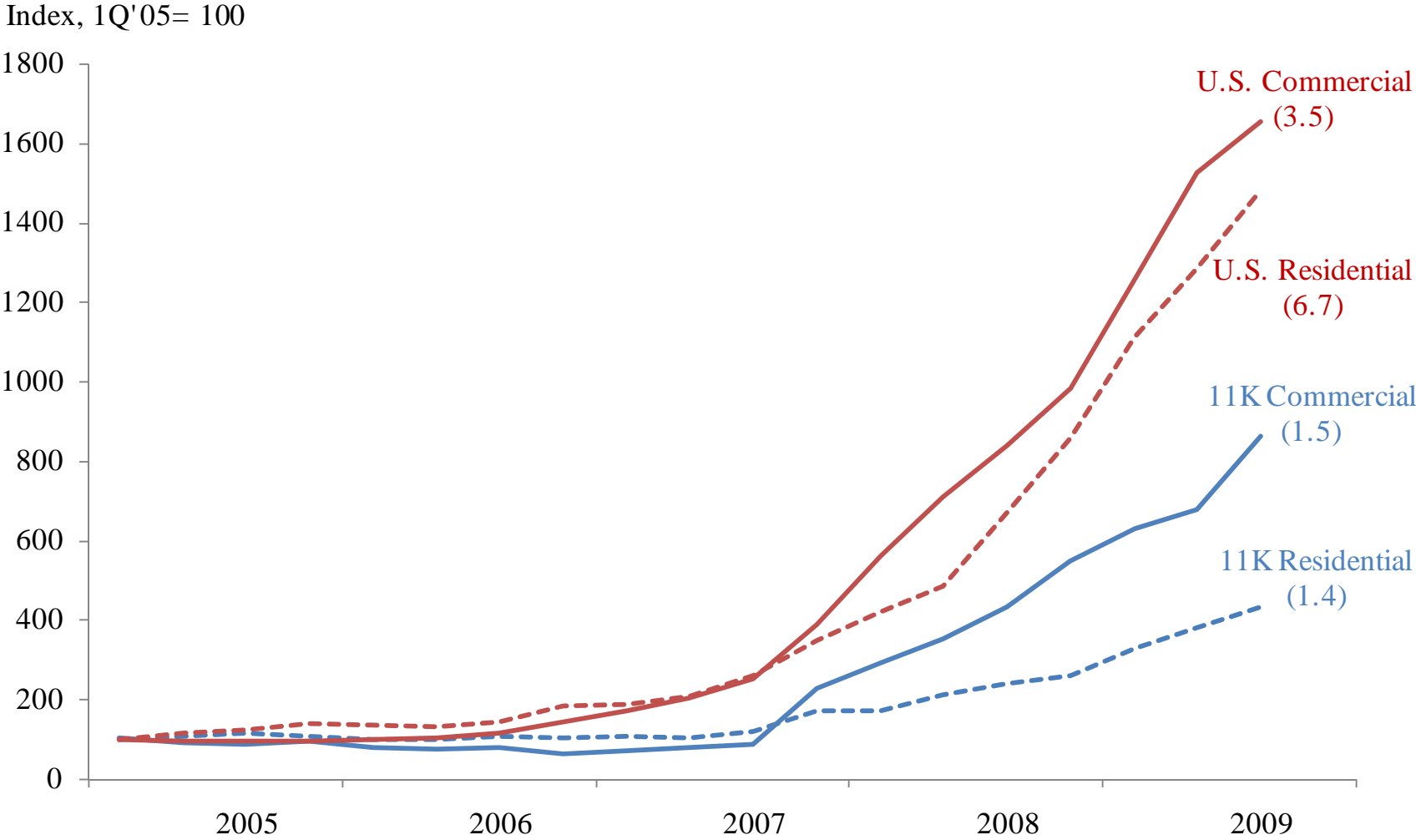
Percent, SA



Commercial real estate investment declines



Noncurrent Commercial Loans Rising



Note: Figures in parenthesis denote nonperforming loans as a percentage of gross loans of that specific type

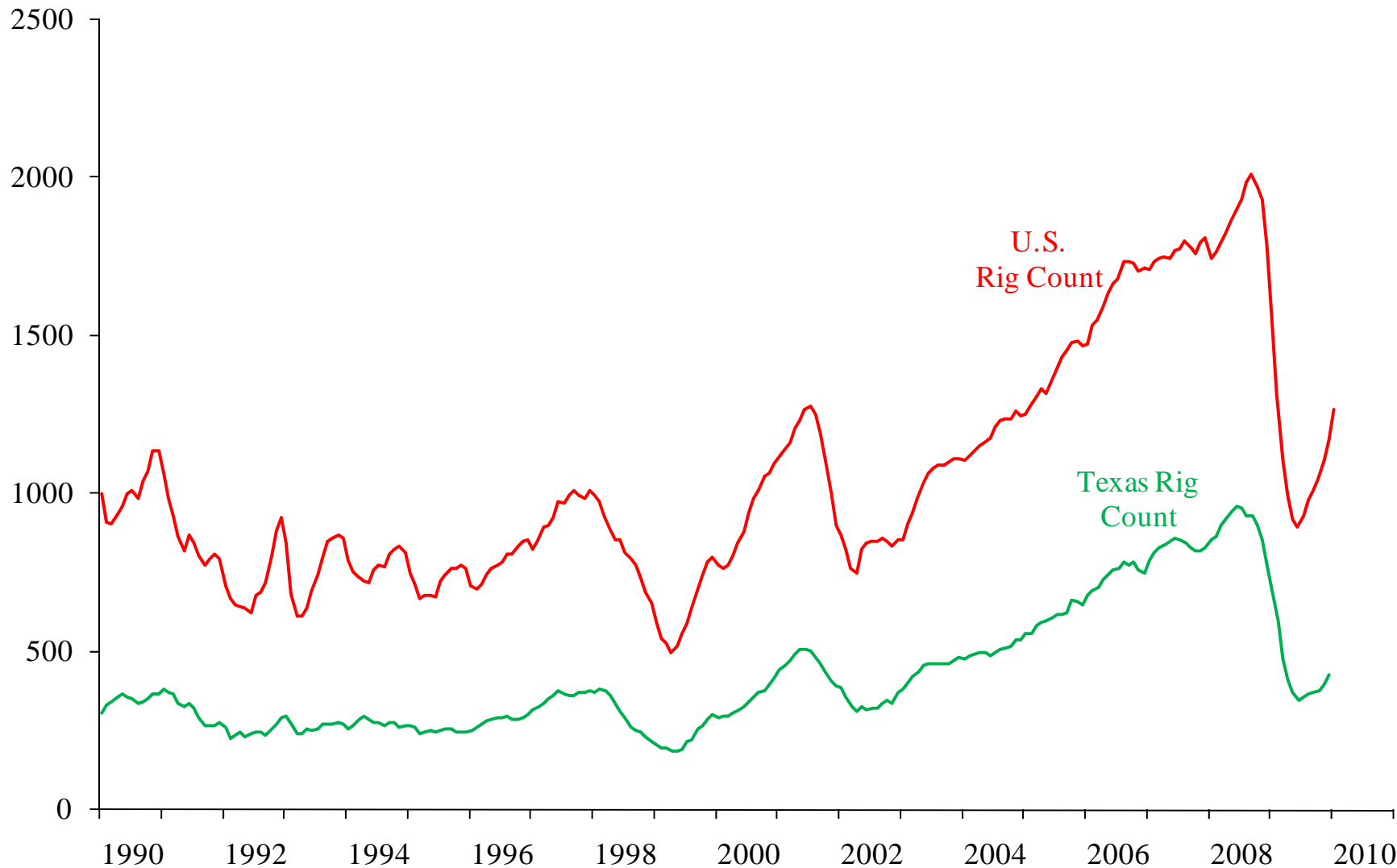
Commercial banks' exposure to real estate by Federal Reserve District (Q3 2009)

	Total Commercial Real Estate Loans (% of gross assets)
Atlanta	28.3
St. Louis	28.3
Dallas	27.7
Chicago	25.8
Kansas City	25.2
U.S.	13.6
Minneapolis	13.4
New York	12.2
Richmond	12.0
San Francisco	10.6
Philadelphia	10.3
Cleveland	8.8
Boston	6.8



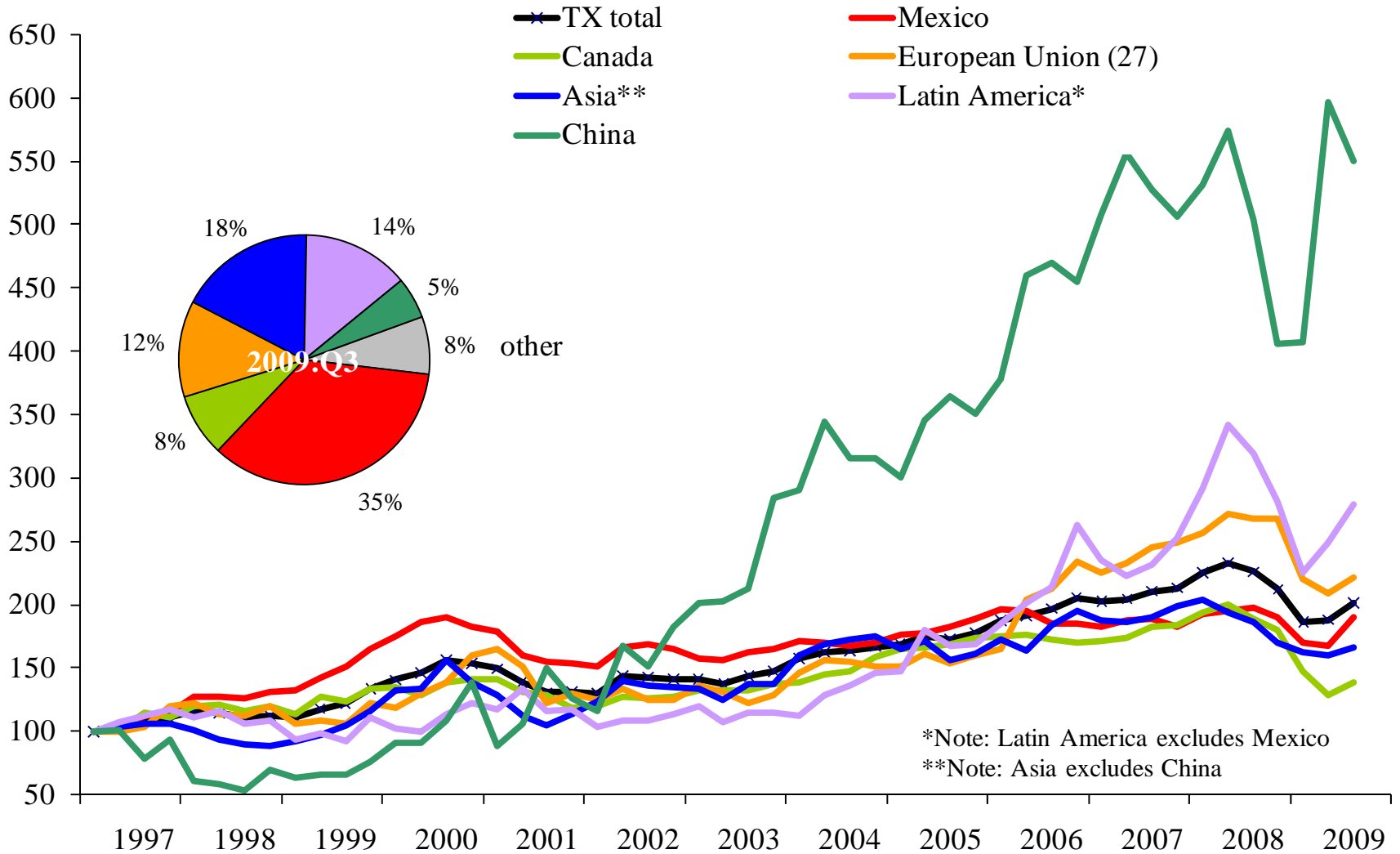
Rig counts mirror energy price uptick

Rig Count



Texas exports up

Index 97Q1= 100
Real \$, SA



Texas Population Growth

- Texas population grew by 478,000 in 08-09
- #1 in total population growth
- #3 in % growth
 - 245,000 natural increase;
 - 213,000 net migration
 - 88,000 international
 - 143,000 domestic

Summary

- National and state economies may be out of recession
- Lost 334,600 jobs year-to-date
- Economy may be turning the corner
- Texas long-term fundamentals strong



Questions?



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



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January 27, 2010

Mine K. Yücel**Senior Economist and Vice President
Federal Reserve Bank of Dallas**

Mine Yücel is vice president and senior economist at the Federal Reserve Bank of Dallas. She has been with the Bank since 1989. As an energy economist and head of the Bank's regional group, she analyzes the regional economy and energy markets on an ongoing basis and has published numerous articles on energy and regional growth.

Yücel is past president of the United States Association of Energy Economics (USAEE), and the Dallas Area Business Economists. She has served on the executive boards of the USAEE and the Dallas Chapter of Women in Technology International, Inc. In 2006, she was chosen as one of the recipients of the Key Women in Energy—Global award. She received the USAEE Senior Fellow Award in 2007. Currently, she serves on the Greater Dallas Chamber's Life Sciences Committee, the Chamber's Board of Economists, and the executive boards of the International Association of Energy Economics and Executive Women of Dallas.

Before joining the Bank, she was an assistant professor of economics at Louisiana State University. She has a B.S. and M.S. in mathematics from Bogazici University in Istanbul, Turkey, and a Ph.D. in economics from Rice University in Houston, Texas.

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