

Regional Update

After experiencing strong growth in 1994, the Eleventh District economy has decelerated in 1995. Employment in Louisiana, New Mexico and Texas increased 2.4 percent in the first three months of this year, after rising 4.1 percent last year. A lower value of the Mexican peso, a slower national economy and higher interest rates have likely contributed to slowing the District expansion. Manufacturing employment growth remains much stronger in the District than in the nation.

Slower job growth in service industries—which make up roughly 80 percent of all jobs in the three-state region—contributed to the region's slower employment gains. In the ser-

vice sector, transportation firms and retail stores have accounted for much of the slower employment growth. Weaker demand for transportation and warehousing services led to a 0.9-percent decline in employment in the first quarter of 1995, following a 6.1-percent increase in 1994. Retail trade employment growth also slowed in the first quarter, mostly at automotive dealers, and retail stores selling building materials, furniture and apparel.

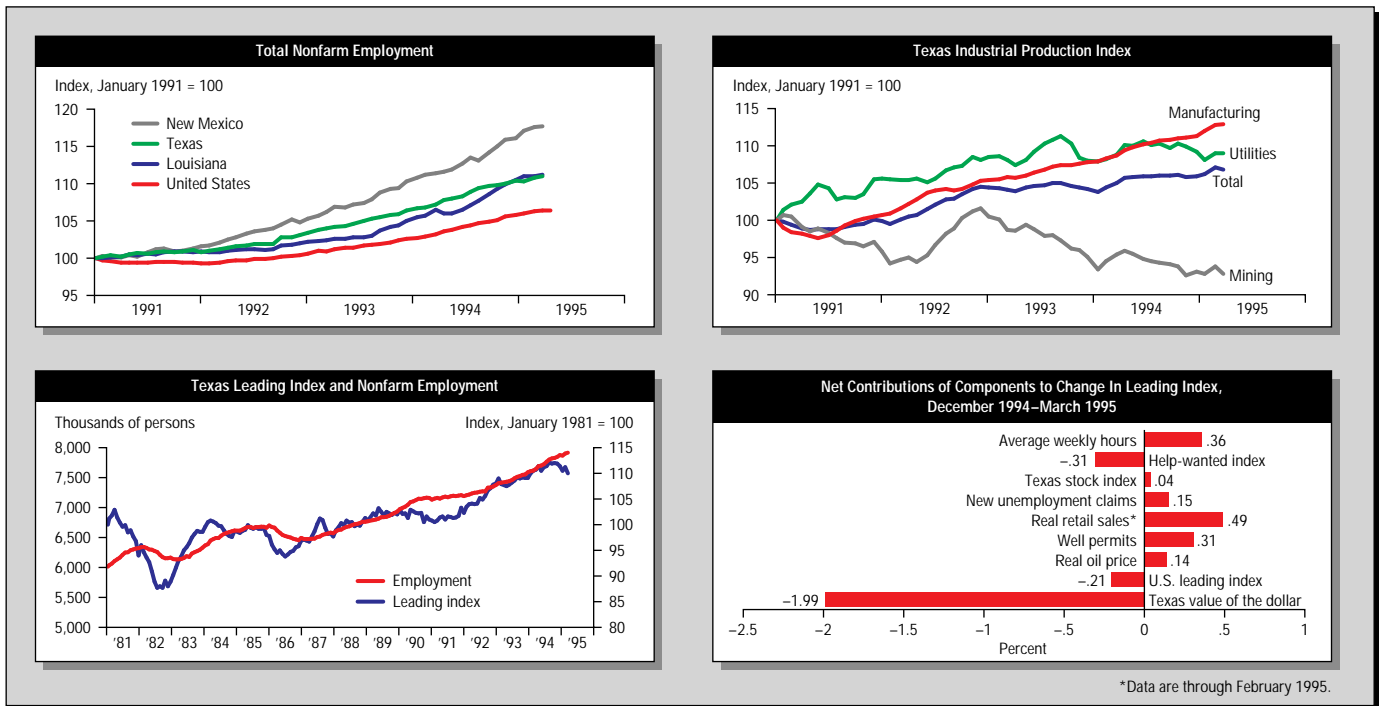
Construction employment fell in February and March, after higher interest rates slowed home building in the second half of 1994. A recent decline in mortgage rates has boosted contract values and building permits, however,

suggesting job growth will rebound in the next few months.

The manufacturing sector has remained strong over the past quarter, although job growth weakened in March. Employment gains were slower in industries that produce construction-related materials and transportation equipment, but job growth was strong for food and kindred products.

Current indicators suggest that Texas employment growth is still slowing. The Texas Leading Index declined in March, its fifth decline since peaking in August 1994. Although most components weakened or declined, much of the index's recent drop has been centered in the Texas weighted value of the dollar.

—Fiona Sigalla



REGIONAL ECONOMIC INDICATORS

Texas Leading Index	Texas Employment							Total Nonfarm Employment		
	TIPI Total	Mining	Construction	Manufacturing	Government	Private Service-Producing	Texas	Louisiana	New Mexico	
3/95	110.0	119.3	156.4	401.5	1,029.3	1,432.5	4,896.5	7,916.2	1,785.5	684.9
2/95	111.2	119.6	157.0	404.8	1,028.8	1,430.8	4,880.7	7,902.1	1,782.4	684.3
1/95	110.5	118.6	157.0	405.4	1,024.5	1,429.2	4,851.4	7,867.5	1,781.8	681.5
12/94	111.4	118.3	157.8	398.5	1,022.7	1,426.1	4,870.8	7,875.9	1,774.5	675.3
11/94	111.9	118.2	159.7	393.3	1,021.1	1,420.7	4,851.5	7,846.3	1,764.0	674.2
10/94	112.0	118.5	160.7	389.9	1,020.2	1,418.3	4,838.9	7,828.0	1,755.1	669.0
9/94	111.9	118.4	163.1	387.9	1,017.7	1,417.9	4,834.4	7,821.0	1,743.8	664.5
8/94	112.1	118.4	162.9	383.1	1,014.3	1,423.5	4,817.7	7,801.5	1,729.3	658.3
7/94	111.4	118.3	162.5	380.3	1,010.6	1,414.4	4,797.2	7,765.0	1,719.4	660.2
6/94	111.2	118.3	162.8	376.9	1,007.4	1,417.0	4,759.5	7,723.6	1,710.3	655.4
5/94	110.5	118.2	163.2	374.3	1,005.9	1,402.8	4,755.3	7,701.5	1,701.8	651.1
4/94	111.4	118.0	163.9	376.4	1,003.4	1,390.9	4,756.7	7,691.3	1,702.3	649.3

FURTHER INFORMATION ON THE DATA

For more information on employment data, see "Reassessing Texas Employment Growth" (*Southwest Economy*, July/August 1993). For more information on TIPI, see "The Texas Industrial Production Index" (Dallas Fed *Economic Review*, November 1989). For more information on the Texas Leading Index and its components, see "The Texas Index of Leading Indicators: A Revision and Further Evaluation" (Dallas Fed *Economic Review*, July 1990).

On-line economic data and articles are available on the Dallas Fed's electronic bulletin board, FEDFLASH (214-922-5199 or 800-333-1953).