

# Regional Update

The District economy held steady in June. Employment growth was up slightly, thanks to a surge in the service sector. The construction industry showed renewed signs of strength. Manufacturing indicators continue to be weak, however. Overall, economic indicators suggest that the District economy will weaken slightly in the second half of the year, but growth will remain positive.

District employment growth increased slightly to a 2.8-percent annual rate in June, compared with a 2.6-percent annual rate of growth in the first half. Stronger employment growth in Texas in June offset weakness in Louisiana and New Mexico. Most of the faster employment growth was in the service

sector. Strong job growth in communications, business services and hotels outweighed continued weakness in transportation, finance, legal services, and retail and wholesale trade.

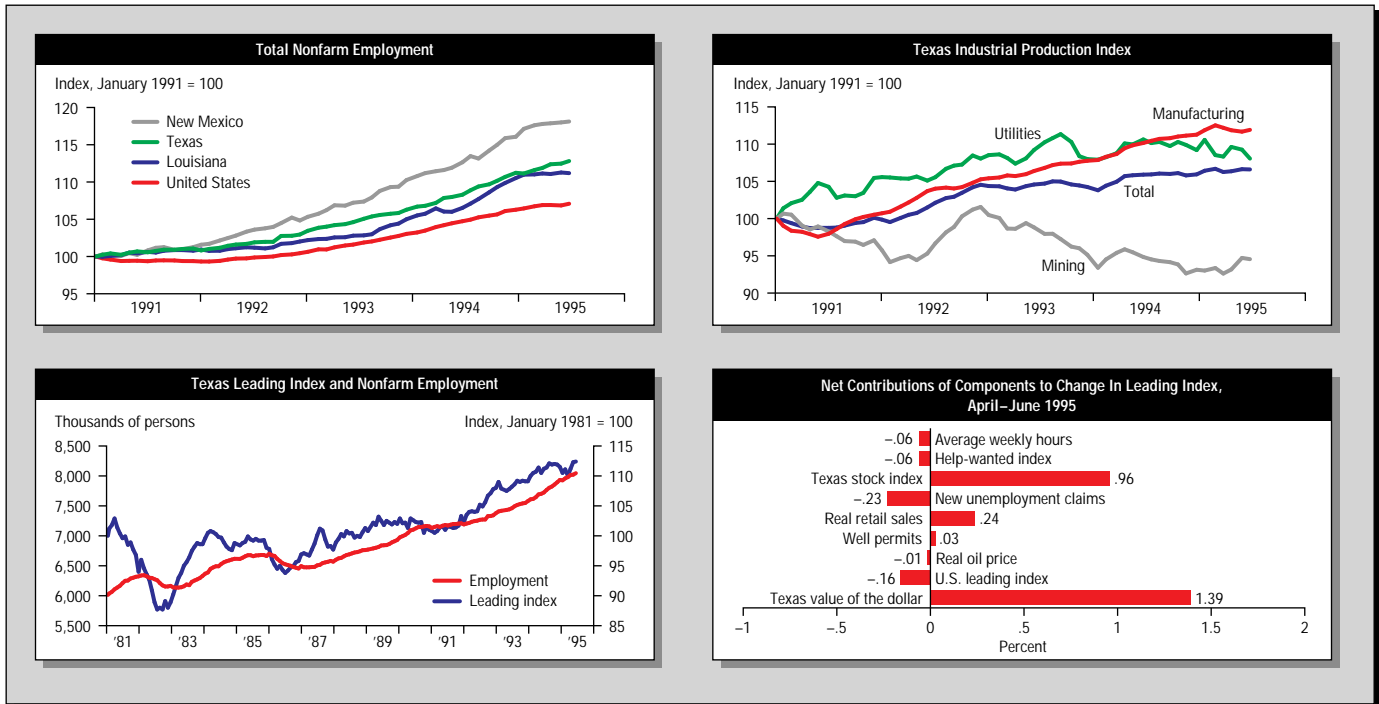
Construction activity showed signs of strength in June. After a very weak first half, contract values picked up in June, led by a surge in highway construction. Residential contract values showed signs of a rebound, and anecdotal reports suggest that new home sales are rising. Nonresidential construction also accelerated, boosted by strong retail and warehouse building.

Manufacturing activity continues to be weak. Manufacturing employment fell in May and June, the first two-month

consecutive decline since early 1993. The manufacturing slowdown has been broad-based, with the exception of continued strong growth in electronics, computers and oil field machinery.

The Texas Leading Index rebounded in the second quarter, following declines since last November. Strong gains in the Texas stock index and a rebound in the Texas value of the dollar have been key sources of strength in the index. Several indicators continue to be weak; the Texas help-wanted index, for instance, declined sharply in June after strong growth throughout most of the first half of 1995. Recent movements in the leading index suggest that the gradual slowing in the Texas economy will continue in the second half of this year but that growth will remain positive.

—Fiona Sigalla



## REGIONAL ECONOMIC INDICATORS

Texas Leading Index	Texas Employment							Total Nonfarm Employment		
	TUPI total	Mining	Construction	Manufacturing	Government	Private service-producing	Texas	Louisiana	New Mexico	
6/95	112.4	119.0	157.1	400.9	1,032.1	1,447.8	5,008.0	8,045.9	1,785.1	687.2
5/95	112.3	119.1	157.7	399.1	1,032.8	1,445.0	4,986.4	8,021.0	1,786.5	686.5
4/95	111.2	118.8	158.1	400.1	1,035.0	1,441.6	4,980.1	8,014.9	1,783.2	685.8
3/95	110.0	118.7	158.6	402.7	1,034.1	1,437.9	4,946.7	7,980.0	1,784.4	685.3
2/95	111.1	119.1	158.3	404.3	1,031.0	1,438.2	4,927.9	7,959.7	1,782.4	684.3
1/95	110.5	118.9	158.3	404.9	1,026.9	1,436.5	4,900.0	7,926.6	1,781.8	681.5
12/94	111.5	118.3	159.1	398.1	1,024.8	1,433.5	4,917.8	7,933.3	1,774.5	675.3
11/94	111.9	118.2	160.1	392.7	1,021.9	1,427.0	4,892.5	7,894.2	1,764.0	674.2
10/94	112.0	118.5	160.7	388.3	1,018.7	1,424.6	4,864.4	7,856.7	1,755.1	669.0
9/94	111.9	118.4	163.1	387.9	1,017.6	1,417.8	4,836.7	7,823.1	1,743.8	664.5
8/94	112.1	118.4	162.8	383.2	1,014.2	1,423.4	4,818.7	7,802.3	1,729.3	658.3
7/94	111.4	118.3	162.5	380.6	1,010.7	1,414.1	4,797.8	7,765.7	1,719.4	660.2

## 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).

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