

# Regional Update

The Eleventh District economy is growing at a moderate pace. Employment in Louisiana accelerated slightly from July to September, following weak growth since January. New Mexico employment growth picked up in the third quarter, after weakness in the second quarter. Texas nonfarm employment growth slowed in September, following strong growth in the prior three months. The most recent Beige Book survey of District business conditions also suggests slightly weaker growth in Texas.

Manufacturing remains one of the weakest sectors of the District economy. Texas manufacturing production declined in August after a mild pickup in

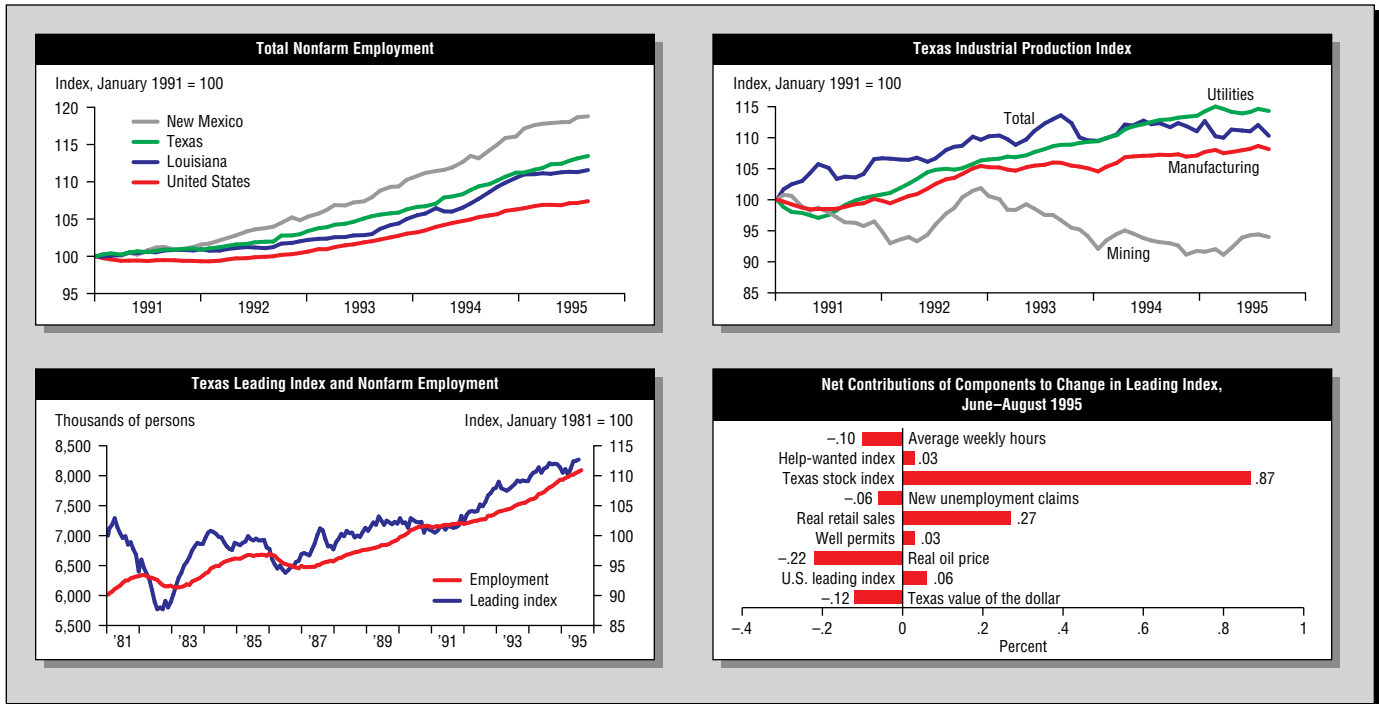
June and July. Manufacturing employment in the District states increased only slightly in the third quarter. Weakness in the national economy this year and a decline in exports, particularly to Mexico, have led to weakness in the manufacturing sector. In the second quarter, a 10-percent decline in exports to Mexico caused total Texas exports to decline 2.2 percent. Construction-related manufacturing industries have also been weak, although a recent pickup in residential building should result in increased orders for these industries over the next six months.

A recent pickup in new home building has boosted District construction employment, which surged in August

and September. Despite declines in the first quarter, construction employment levels remain higher than the strong levels posted a year ago. District business contacts report that lower mortgage rates and declines in home prices in many markets have spurred the turnaround.

The Texas leading index increased in August for the fifth straight month. The index has recovered from sharp declines in the first quarter that were mainly due to the peso devaluation. In May, the index surpassed its previous peak and has since experienced steady growth. Five of the nine indicators increased in the three months ending in August, led by solid gains in stock prices and retail sales. Recent movements in the index suggest that moderate expansion will continue over the next six months.

—Keith R. Phillips



## REGIONAL ECONOMIC INDICATORS

| Texas Leading Index | TIPI total | Texas Employment |              |               |            |                           | Total Nonfarm Employment |           |            |       |
|---------------------|------------|------------------|--------------|---------------|------------|---------------------------|--------------------------|-----------|------------|-------|
|                     |            | Mining           | Construction | Manufacturing | Government | Private service-producing | Texas                    | Louisiana | New Mexico |       |
| 9/95                | —          | 154.4            | 412.3        | 1,035.0       | 1,463.1    | 5,042.9                   | 8,107.7                  | 1,796.0   | 694.6      |       |
| 8/95                | 113.2      | 119.2            | 153.8        | 407.6         | 1,034.4    | 1,466.4                   | 5,037.7                  | 8,099.9   | 1,791.2    | 691.1 |
| 7/95                | 112.9      | 119.6            | 154.1        | 405.2         | 1,031.9    | 1,458.5                   | 5,020.0                  | 8,069.7   | 1,786.8    | 690.3 |
| 6/95                | 112.6      | 119.2            | 155.3        | 404.2         | 1,032.3    | 1,451.9                   | 5,002.9                  | 8,046.6   | 1,787.6    | 686.6 |
| 5/95                | 112.4      | 119.1            | 155.7        | 402.7         | 1,031.3    | 1,448.1                   | 4,980.7                  | 8,018.5   | 1,786.5    | 686.5 |
| 4/95                | 111.2      | 118.8            | 156.1        | 403.7         | 1,033.4    | 1,444.6                   | 4,975.2                  | 8,013.0   | 1,783.2    | 685.8 |
| 3/95                | 110.1      | 118.7            | 156.7        | 406.3         | 1,032.2    | 1,441.0                   | 4,941.8                  | 7,978.0   | 1,784.4    | 685.3 |
| 2/95                | 111.1      | 119.1            | 157.3        | 405.7         | 1,029.7    | 1,438.3                   | 4,930.7                  | 7,961.7   | 1,782.4    | 684.3 |
| 1/95                | 110.4      | 118.9            | 157.6        | 402.0         | 1,026.5    | 1,433.3                   | 4,914.0                  | 7,933.4   | 1,781.8    | 681.5 |
| 12/94               | 111.4      | 118.3            | 158.9        | 398.8         | 1,025.0    | 1,433.2                   | 4,916.9                  | 7,932.8   | 1,774.5    | 675.3 |
| 11/94               | 111.9      | 118.2            | 160.1        | 393.0         | 1,021.7    | 1,426.8                   | 4,893.0                  | 7,894.6   | 1,764.0    | 674.2 |
| 10/94               | 112.0      | 118.5            | 160.6        | 388.2         | 1,018.8    | 1,424.5                   | 4,865.5                  | 7,857.6   | 1,755.1    | 669.0 |

## 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.