

Regional Update

AFTER A WEAK first quarter, Eleventh District employment accelerated in the second quarter to just above its long-run average growth rate of 3 percent. Economic activity is now showing signs of decelerating slightly, however. The expansion is being dampened by a slightly slower national economy and a brief second-quarter jump in mortgage rates. Still, continuing expansion of most high-tech industries and the recovering Mexican economy will help keep job growth in the second half of the year above the rate averaged in the first half. (Growth rates have been annualized.)

After 2-percent job growth in the first quarter, District employment growth jumped to 3.2 percent in the second quarter. The surge in job growth occurred entirely in Texas, where employment growth increased from a sluggish 2 percent to 3.7 percent. In contrast, Louisiana employment growth slipped from 1.1 percent to 0.3 percent, while New Mexico's job growth took a respite from a torrid 5.4 percent in the first quarter to 4.3 percent in the second quarter.

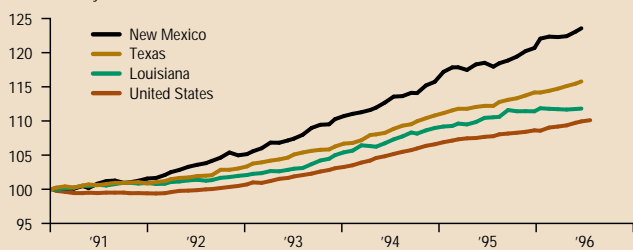
Employment growth in Texas gained momentum as the national economy bounced back in the second quarter. The state's job growth in the electronics industry was an exception to this trend, however, as weaker than expected demand for computers and an oversupply of semiconductors led to several layoff announcements. The construction sector also began to show signs of deceleration, although single-family homebuilding remained at very high levels. Construction employment growth slowed to 1.5 percent, after surging to 5.8 percent in 1995.

In the second half of the year, District employment will likely grow near its long-run average rate. The Texas Leading Index declined in May and June, after showing strong gains through the first four months of the year. Declines in the leading index suggest some moderation in the second half from growth posted in the second quarter. Growth should remain stronger than the 2.6 percent posted in the first half, however, and faster than that of the rest of the country.

—Fiona Sigalla

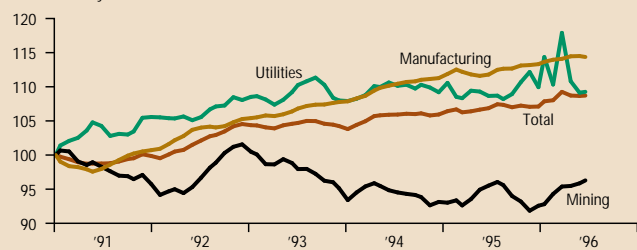
Total Nonfarm Employment

Index, January 1991 = 100



Texas Industrial Production Index (TIPI)

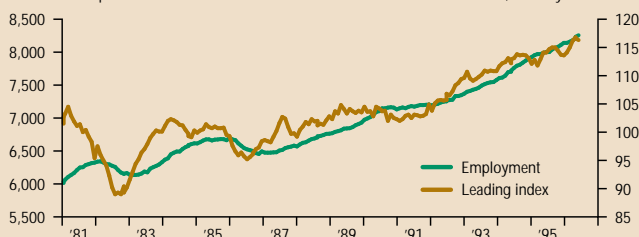
Index, January 1991 = 100



Texas Leading Index and Nonfarm Employment

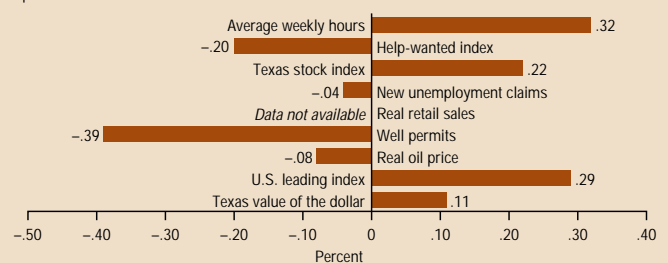
Thousands of persons

Index, January 1981 = 100



Net Contributions of Components to Change in Leading Index

April–June 1996



Regional Economic Indicators

Texas employment

	Texas Leading Index	TIPI total	Mining	Construction	Manufacturing	Government	Private service-producing
6/96	116.3	121.4	153.3	424.6	1,044.4	1,472.6	5,161.3
5/96	116.6	121.3	153.5	424.0	1,043.3	1,469.9	5,142.1
4/96	116.8	121.4	152.4	422.9	1,042.0	1,468.2	5,122.8
3/96	116.2	122.0	153.2	423.0	1,039.5	1,466.1	5,098.9
2/96	115.0	120.6	154.1	423.0	1,040.5	1,464.2	5,076.5
1/96	114.1	120.5	152.2	422.9	1,043.1	1,461.4	5,061.0
12/95	113.6	119.6	154.1	418.8	1,038.5	1,461.4	5,068.4
11/95	113.7	119.6	154.3	416.1	1,034.0	1,457.8	5,047.9
10/95	114.4	119.8	154.8	413.5	1,031.1	1,455.4	5,026.0
9/95	115.0	119.5	155.4	412.0	1,032.1	1,452.9	5,011.9
8/95	115.0	119.9	155.3	408.1	1,029.3	1,458.9	4,989.6
7/95	114.7	120.0	155.1	404.9	1,026.3	1,449.3	4,965.5

Total nonfarm employment

	Texas	Louisiana	New Mexico
6/96	8,256.2	1,794.5	718.9
5/96	8,232.8	1,793.5	716.0
4/96	8,208.3	1,792.2	712.2
3/96	8,180.7	1,793.1	711.4
2/96	8,158.3	1,794.0	711.8
1/96	8,140.6	1,795.3	710.1
12/95	8,141.2	1,788.1	702.1
11/95	8,110.1	1,788.4	699.5
10/95	8,080.8	1,788.2	694.8
9/95	8,064.3	1,791.1	691.5
8/95	8,041.2	1,775.1	689.1
7/95	8,001.1	1,774.1	686.2

Further Information on the Data

For more information on employment data, see "Reassessing Texas Employment Growth" (*Southwest Economy*, July/August 1993). For TIPI, see "The Texas Industrial Production Index" (Dallas Fed Economic Review, November 1989). For 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 BBS, Fed Flash, (214) 922-5199 or (800) 333-1953, and WWW home page, www.dallasfed.org.