

Regional Update

The Texas economy continued to expand in first quarter 2001 despite a cooling national economy. Total private employment increased 3.3 percent (annualized). Four sectors—mining, construction, services (narrowly defined) and FIRE (finance, insurance and real estate)—contributed 64.5 percent of Texas' first-quarter growth, even though they account for only 42.1 percent of total employment.

Warning signs are still evident on the Southwest's economic front, though. Businesses across the board report sluggish demand in recent weeks. The Texas Leading Index has continued to decline, suggesting further slowing. Unemployment rose to 4.1 percent in March, up from 3.8 percent in February. Initial unemployment claims rose.

High oil and natural gas prices spurred a 9 percent (annualized) first-quarter increase in mining employment, but such growth might not be sustainable if shortages of equipment and

qualified personnel persist. Construction employment rose a healthy 5.1 percent (annualized); however, slower residential traffic, reduced demand for office space and completion of construction backlogs created by poor spring weather portend slower growth in the sector.

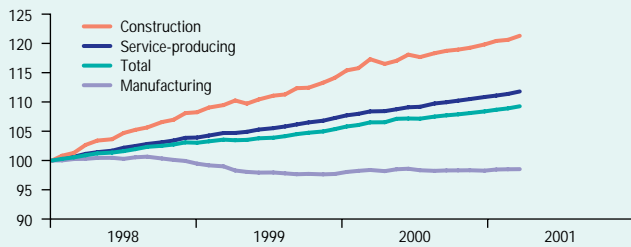
Although employment in narrowly defined services jumped an annualized 4.8 percent during the first three months, temporary services firms see activity slowing. Weakness in the high-tech sector continued to hamper manufacturing job growth, with first-quarter employment increasing only 1 percent (annualized).

Job growth in the Texas metro areas is generally weaker than a year ago. Austin, Dallas, Houston and El Paso saw only moderate growth in first quarter 2001.

—John Thompson

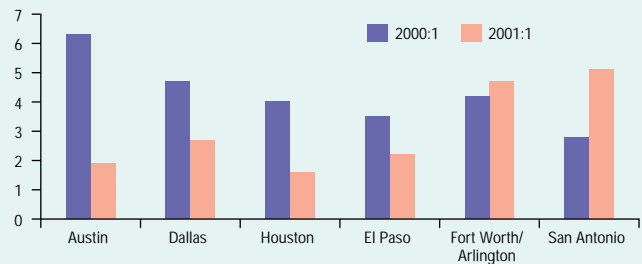
Texas Employment

Index, January 1998 = 100



Nonfarm Employment Growth by Metro Area

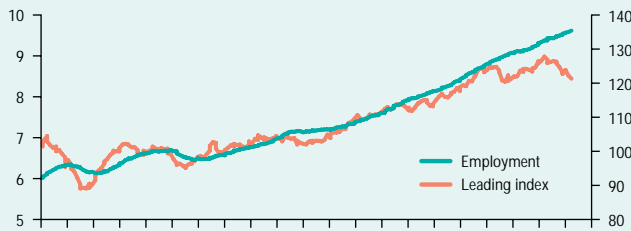
Percent, 2001:1



Texas Leading Index and Nonfarm Employment

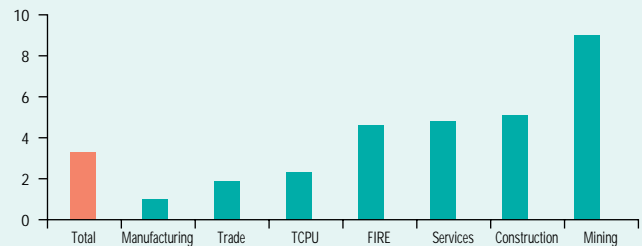
Millions of workers

Index, 1987 = 100



Private Employment Growth by Sector

Percent, 2001:1



NOTE: TCPU is transportation, communications and public utilities; FIRE is finance, insurance and real estate.

Regional Economic Indicators

TEXAS EMPLOYMENT*

TOTAL NONFARM EMPLOYMENT*

	TEXAS EMPLOYMENT*			TOTAL NONFARM EMPLOYMENT*						
	Texas Leading Index	TIPI† total	Private service-producing	Mining	Construction	Manufacturing	Government	Texas	Louisiana	New Mexico
3/01	121.3	—	6,214.5	155.4	578.5	1,087.8	1,581.5	9,617.7	1,947.6	752.0
2/01	122.2	131.7	6,191.1	153.4	575.2	1,087.6	1,579.1	9,586.4	1,950.5	751.0
1/01	123.9	131.4	6,175.8	153.0	574.3	1,087.2	1,575.4	9,565.7	1,946.1	750.7
12/00	122.7	131.2	6,161.9	152.1	571.4	1,085.0	1,570.4	9,540.8	1,934.8	748.9
11/00	123.2	131.1	6,142.2	152.0	568.7	1,085.7	1,567.4	9,516.0	1,931.1	748.9
10/00	124.7	131.1	6,127.3	151.6	567.2	1,085.5	1,564.8	9,496.4	1,931.0	748.2
9/00	125.8	131.3	6,112.3	151.2	566.2	1,085.4	1,566.8	9,481.9	1,928.6	747.7
8/00	126.3	131.4	6,100.9	150.7	564.3	1,084.6	1,563.0	9,463.5	1,927.2	746.2
7/00	126.5	131.1	6,069.2	150.1	561.1	1,085.8	1,564.9	9,431.1	1,925.6	744.2
6/00	126.2	130.1	6,064.4	149.9	563.1	1,088.6	1,568.2	9,434.2	1,926.0	741.5
5/00	125.9	129.0	6,045.8	149.1	558.1	1,087.6	1,589.0	9,429.6	1,934.9	743.6
4/00	126.9	128.4	6,027.9	148.5	555.6	1,084.1	1,561.9	9,378.0	1,926.2	741.6

* In thousands. † Texas Industrial Production Index.

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 Internet web site, www.dallasfed.org.