Halfway through the year, the Texas economy is posting slow employment growth—a 1.1 percent annualized rate for June and 1.2 percent for second quarter 2005. The state has added 60,200 jobs so far this year, which amounts to a 1.3 percent annualized growth rate.

Although stable, Texas employment is not keeping pace with the nation. In fact, after a prolonged Texas recession, the state’s share of national employment, which had been rising steadily well into 2001, stagnated. The share now hovers just above 7.2 percent and has fallen by 0.2 percent through the first six months of 2005.

The disparate nature of Texas employment growth is evidenced in metropolitan employment across the state. Through June of this year, Austin leads the metros with a 2.9 percent annualized growth rate, while El Paso, buoyed by a strong manufacturing sector, comes in second at 2.7 percent. Despite a sound 2004, Dallas is still at the bottom of the ladder at 1 percent, with its telecommunications and airlines industries still trying to recover.

The energy industry remains a strength. Growing at a 3.2 percent annualized rate this year, Texas energy employment continues to gain impetus from elevated energy prices. In addition, June numbers indicate that the Texas rig count crossed 600 for the first time in 20 years.

On the housing front, Texas experienced only 3.8 percent price appreciation in the first quarter, the lowest in the country. Texans can jettison fears of a housing bubble because as a percentage of personal income, house prices are flat.

—Raghav Virmani