



Federal Reserve
Bank of Dallas

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US-Mexico and Regional Economic Update
Feb. 19, 2026

The views expressed are those of the presenter and do not necessarily reflect those of the Federal Reserve Bank of Dallas or the Federal Reserve System.

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Federal Reserve Bank of Dallas

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**Building
a strong
economy
together**



What is the Federal Reserve?

Roles of Central Banks Around the World



Economic Stability

- Establish and conduct monetary policy
- Strive for low and stable inflation



Financial Stability

- Issue banknotes
- Supervise financial institutions
- Ensure financial system functions properly
- Prevent financial panics



7

Governors

serve on the Board of Governors to provide oversight of the Federal Reserve System



12

Regional Banks

and 24 branches serve as the operating arms of the Federal Reserve System



8

Times a Year

the 7 governors and 12 regional bank presidents meet as the Federal Open Market Committee (FOMC)

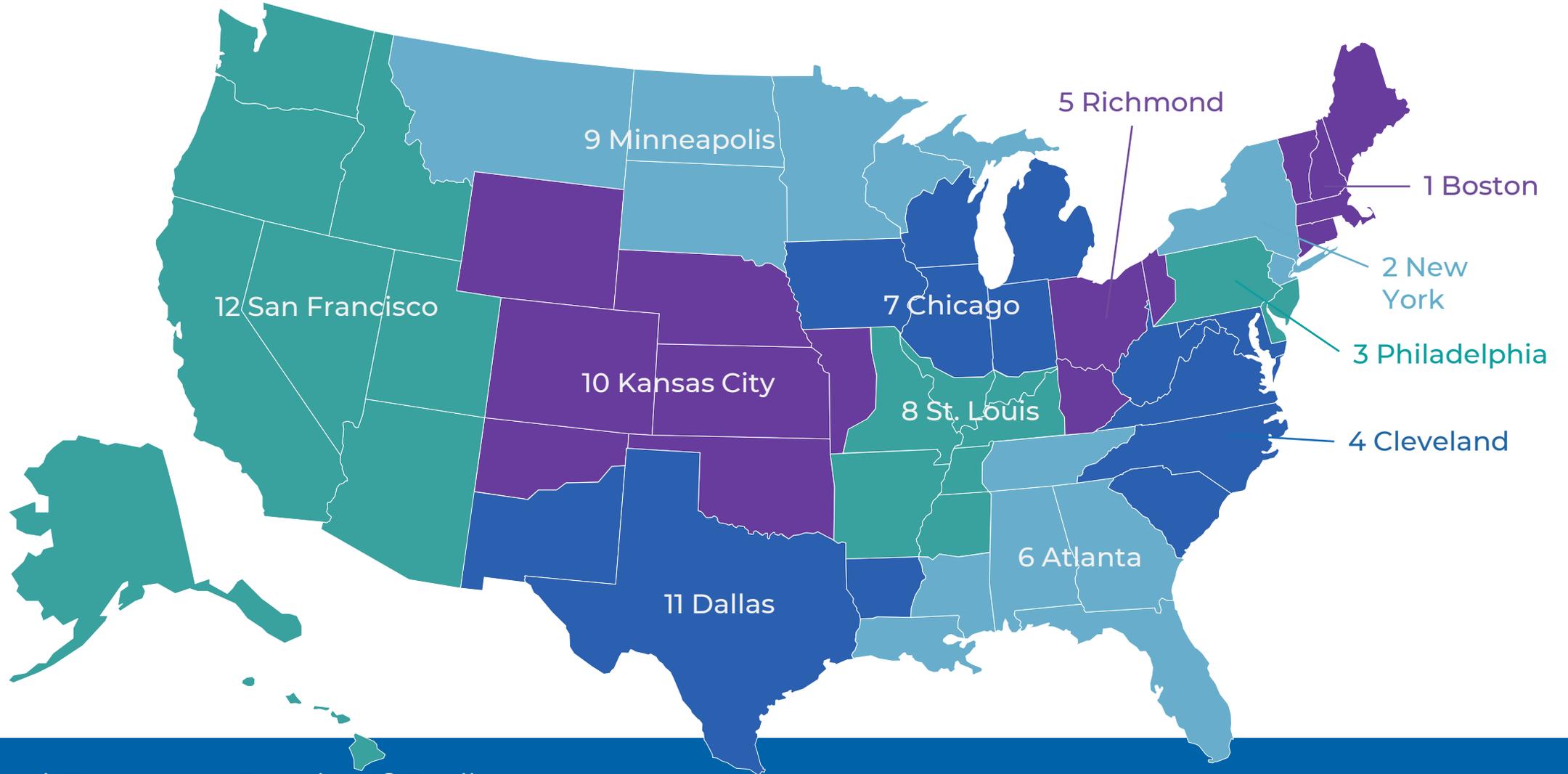
Creation of the Federal Reserve

Regional & National

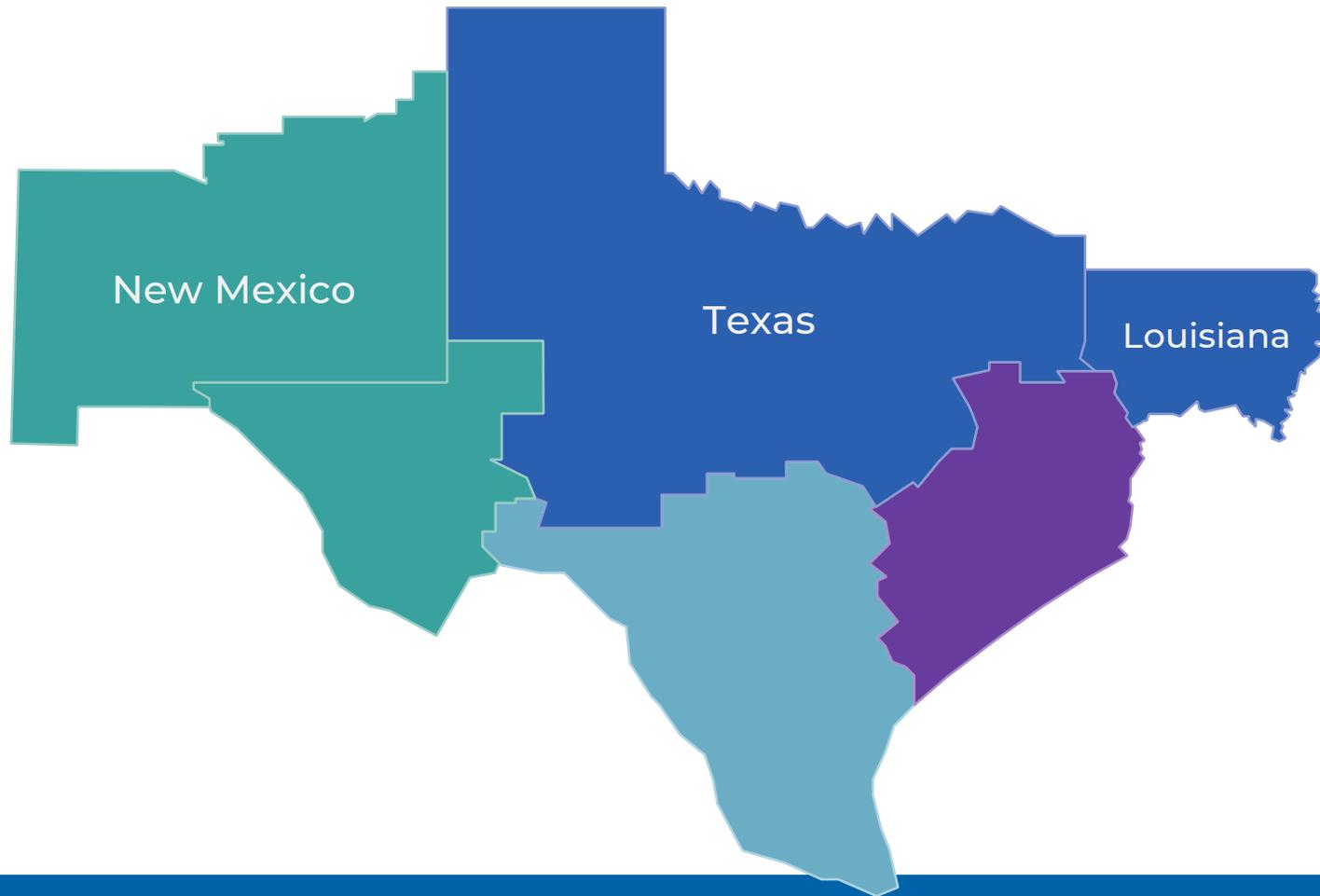
Public & Private

Independent & Accountable

Connecting Regional Economies



Serving the Eleventh District



Office Territories

-  Dallas
-  El Paso
-  Houston
-  San Antonio

Fed Responsibilities



Monetary Policy



Bank Supervision
& Regulation



Financial System
Stability



Consumer Protection
& Community
Development



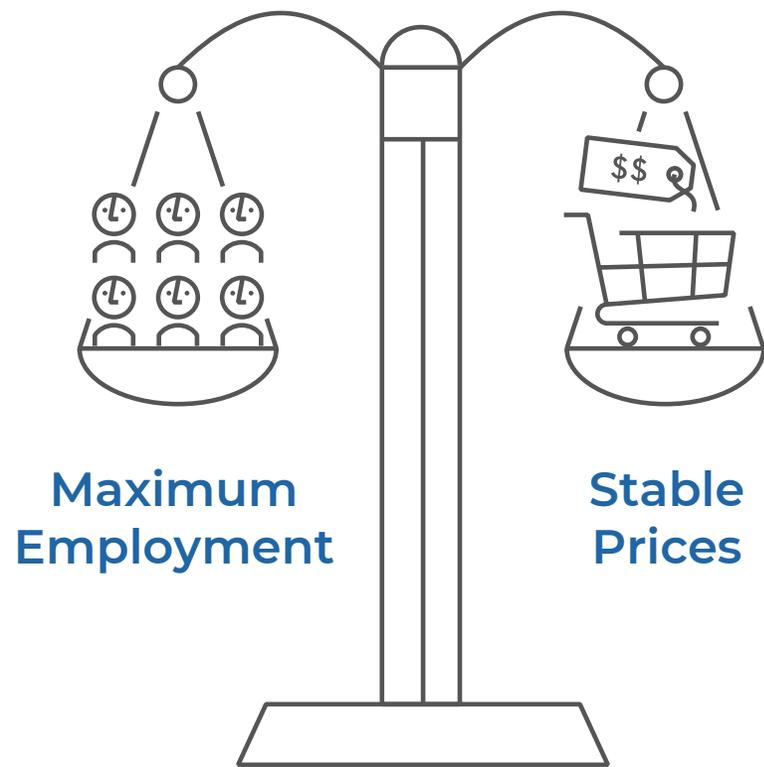
Payment Systems
Safety & Efficiency



Monetary Policy

For our communities to prosper and have a bright future we need an economy with job opportunities and stable prices.

Monetary Policy Dual Mandate

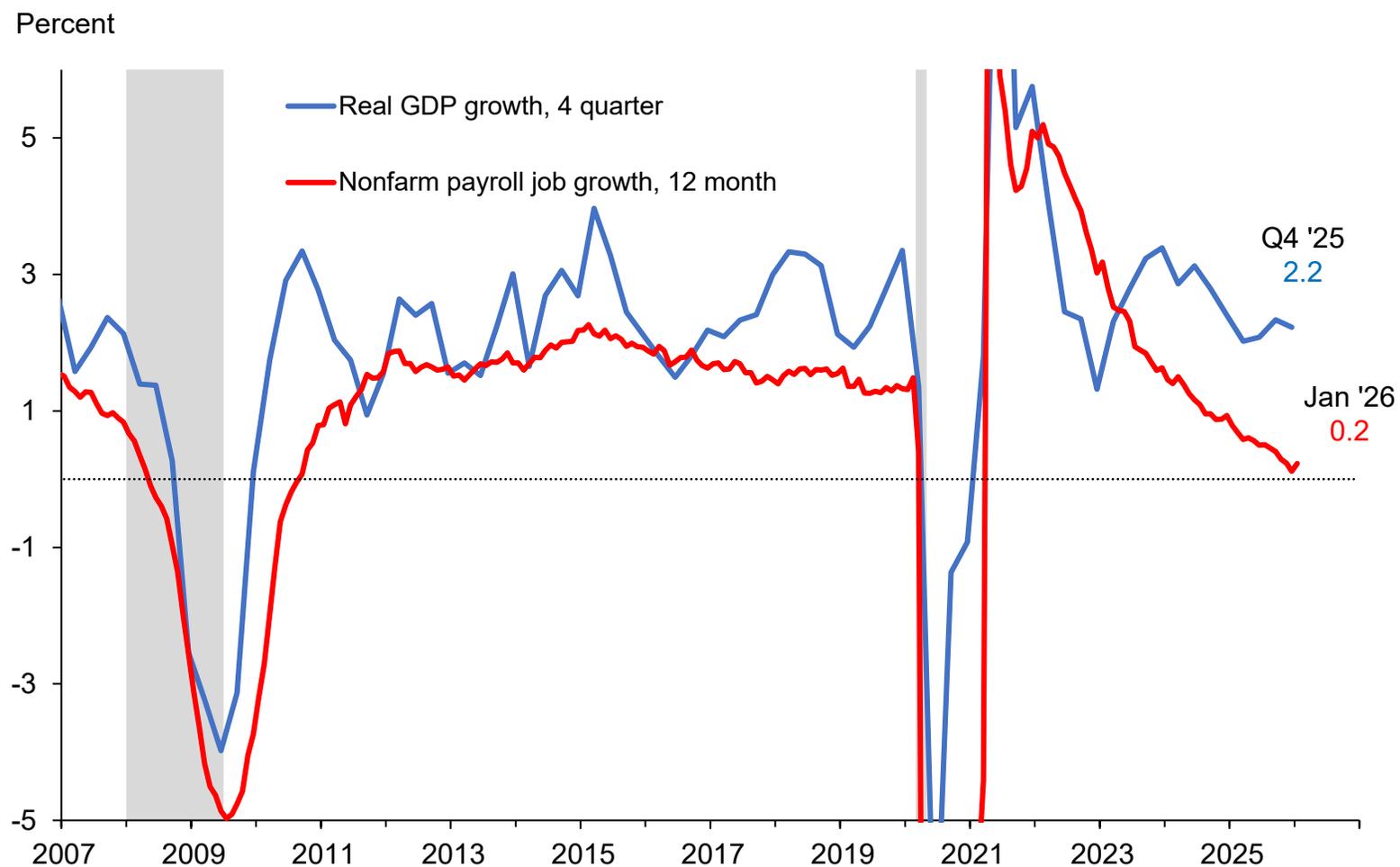


Overview

- U.S. job growth slowed in 2025, while GDP growth has been resilient.
 - The labor market remains a low hiring, low firing environment.
- The Texas economy slowed in 2025.
 - Higher tariffs, falling immigration, federal government cutbacks and widespread policy uncertainty contributed to lower growth.
- Economic activity in Mexico rebounded in the fourth quarter of 2025.
 - The IMMEX industry has experienced widespread job losses as the composition of manufacturing shifts.

U.S. Economic Activity

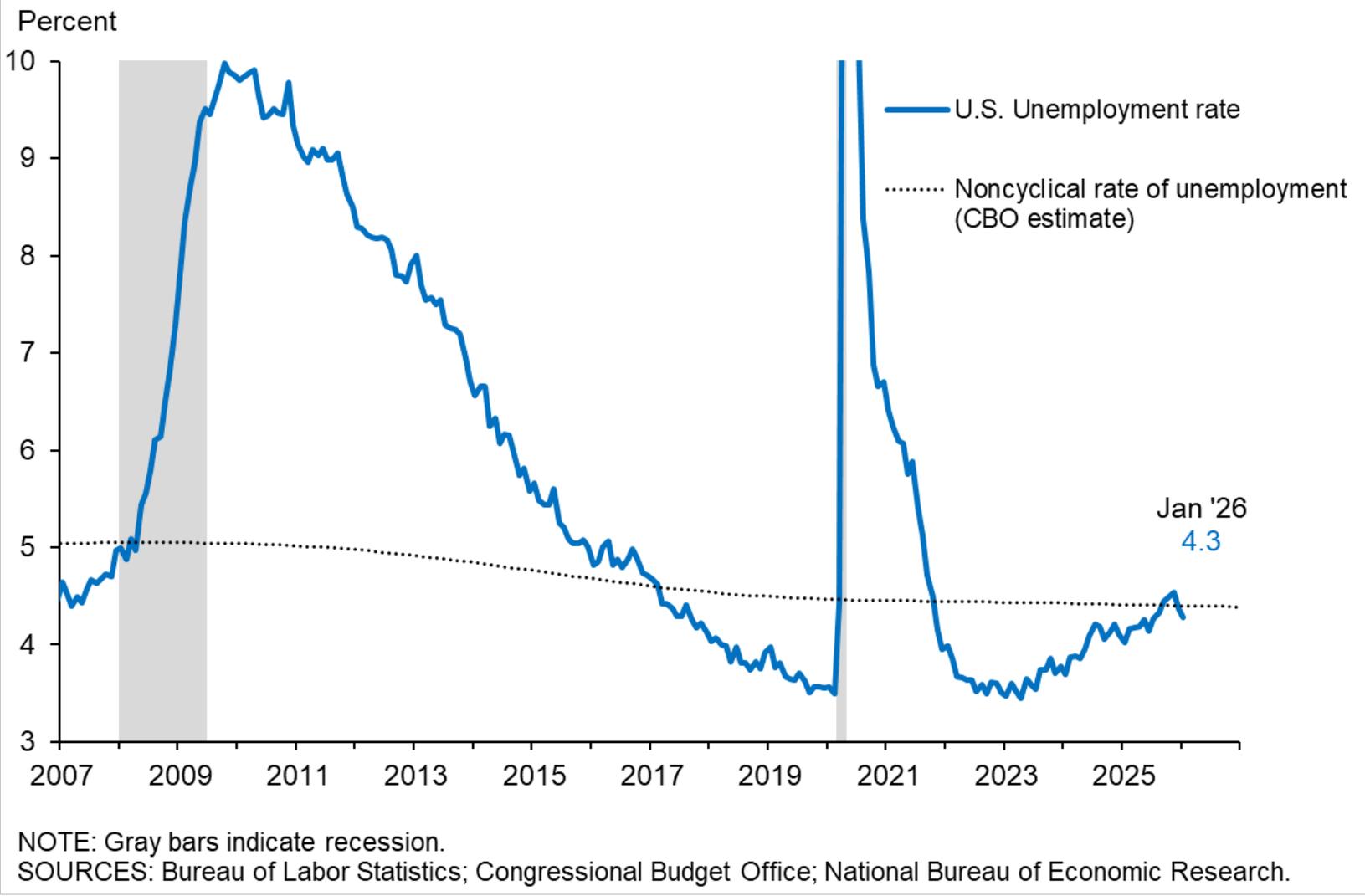
U.S. job growth slowed, while GDP growth remains resilient



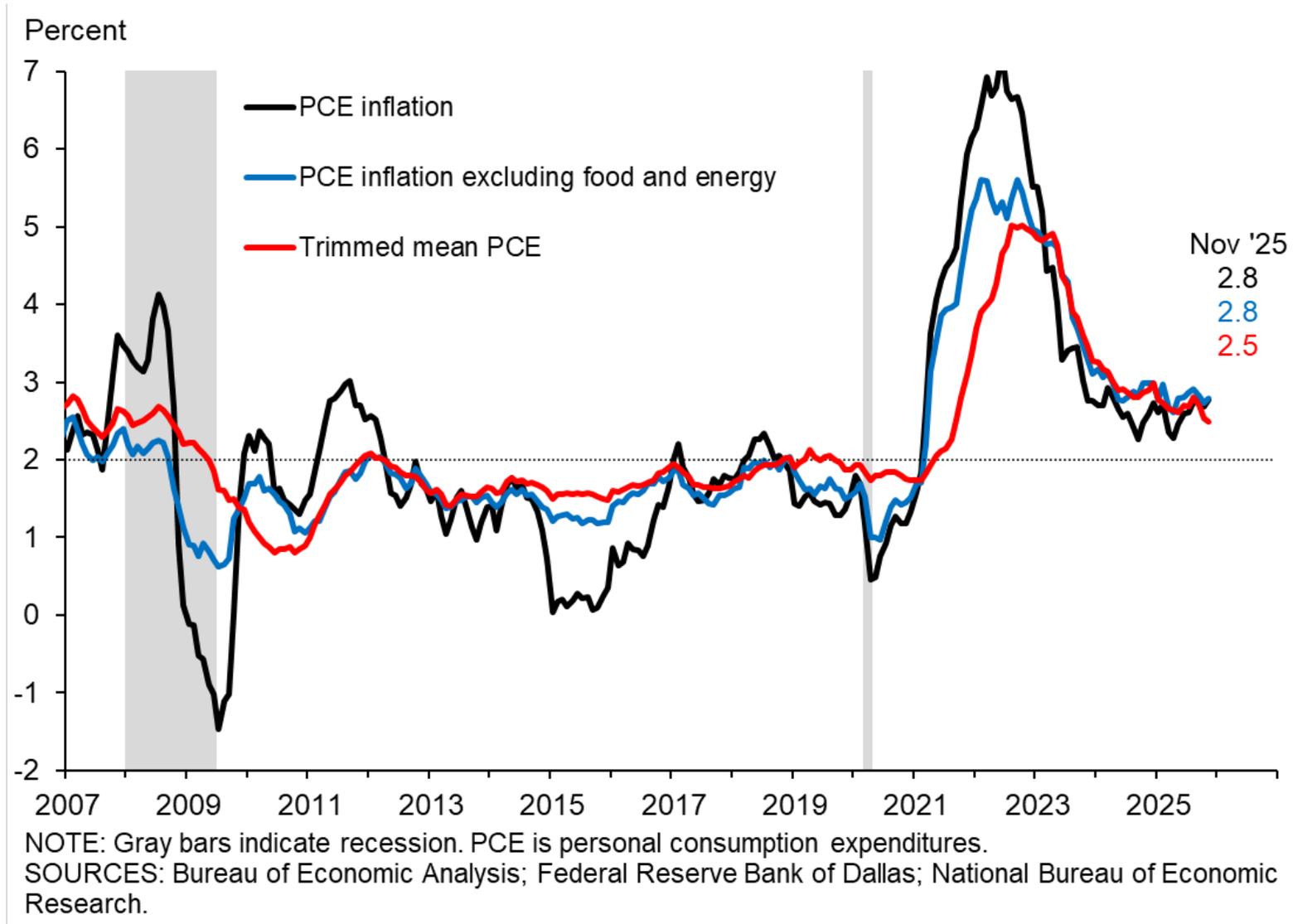
NOTE: Payroll job growth includes preliminary benchmark revision. Gray bars indicate recession.

SOURCES: Bureau of Economic Analysis; Bureau of Labor Statistics; National Bureau of Economic Research.

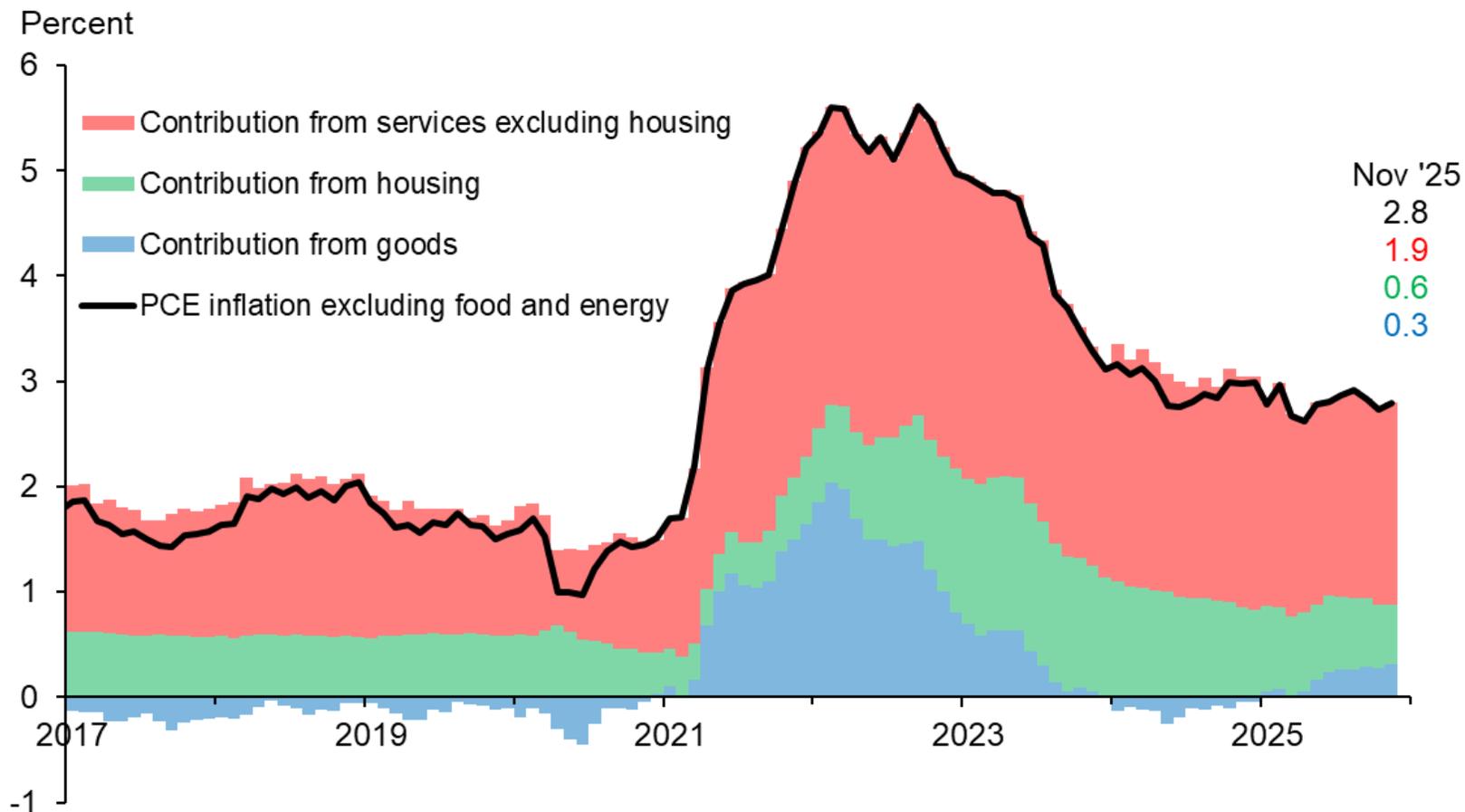
U.S. unemployment expected to stabilize after drifting up last year



Inflation holds steady near 3 percent



Composition of inflation has changed



NOTE: Gray bars indicate recession.

SOURCES: Bureau of Economic Analysis; Federal Reserve Bank of Dallas; National Bureau of Economic Research.

Forecasters expect solid growth, stabilizing labor market, gradual slowing of inflation

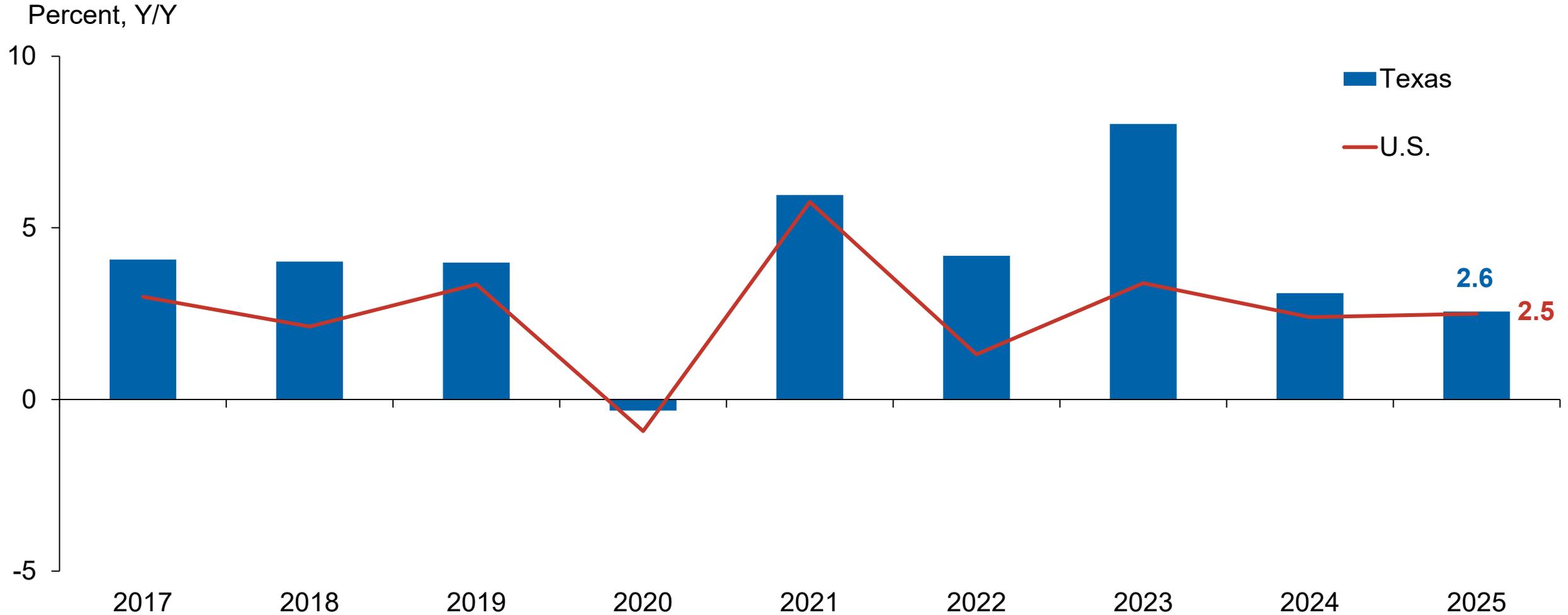
		Blue Chip Feb. '25	Blue Chip Feb. '26	Revision
GDP Q4/Q4	2025	2.0	2.5	+0.5
	2026	2.0	2.0	0.0
	2027	-	2.1	-
Unemployment Q4	2025	4.3	4.5	+0.2
	2026	4.2	4.5	+0.3
	2027	-	4.3	-
Core PCE inflation Q4/Q4	2025	2.6	2.8	+0.2
	2026	2.4	2.8	+0.4
	2027	-	2.3	-

NOTE: PCE is personal consumption expenditures.

SOURCE: Blue Chip Economic Indicators

Texas economic activity

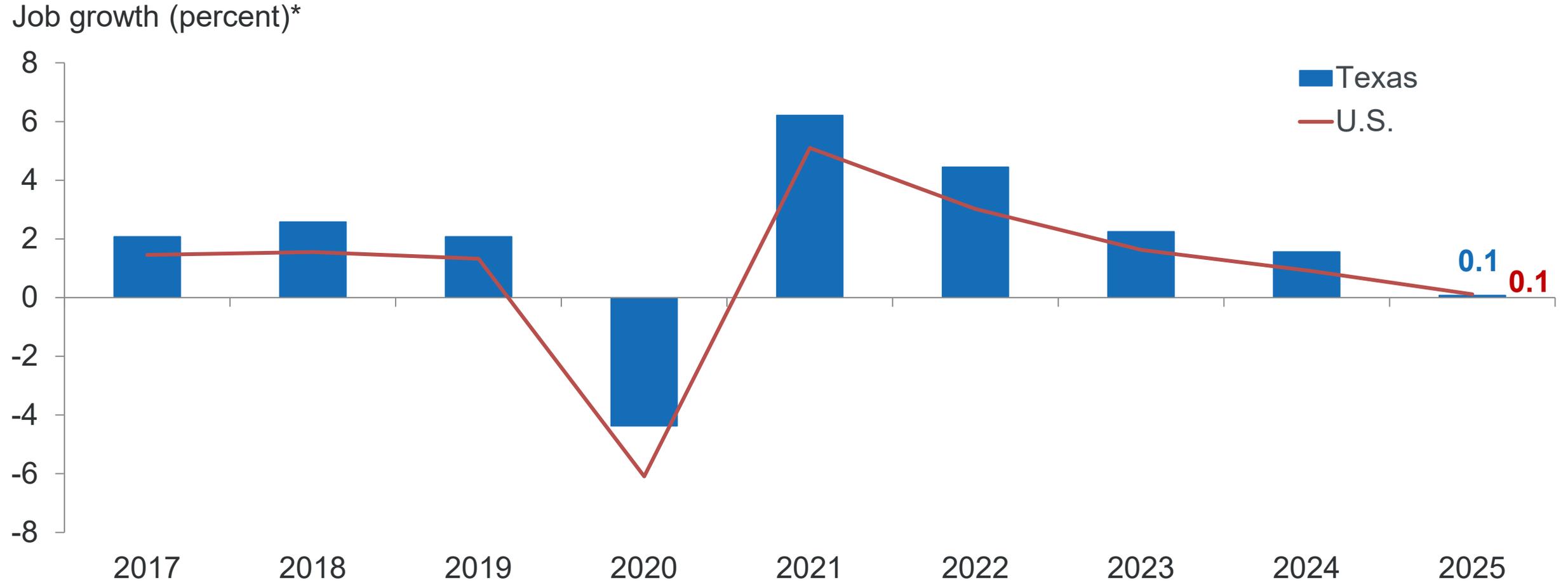
GDP growth holds up in both Texas, U.S.



NOTES: Shown is Q4/Q4, real GDP growth. 2025 data are Q3 '25/Q4 '24 annualized for U.S. and Texas.

SOURCES: Bureau of Economic Analysis.

Yet Texas job growth falls to near zero in 2025



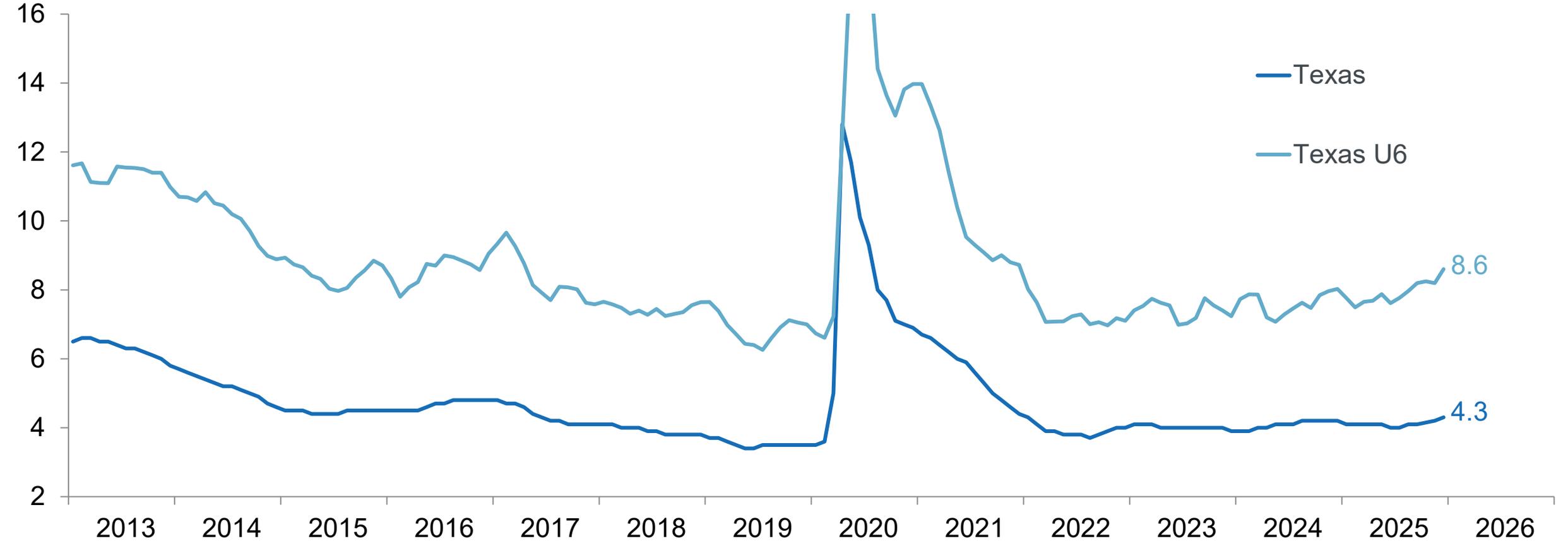
*Seasonally adjusted, annualized rate.

NOTE: Last data point is annualized job growth Dec. 2025/Dec. 2024.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by FRB Dallas.

Headline unemployment remains low, but broader jobless measures are rising

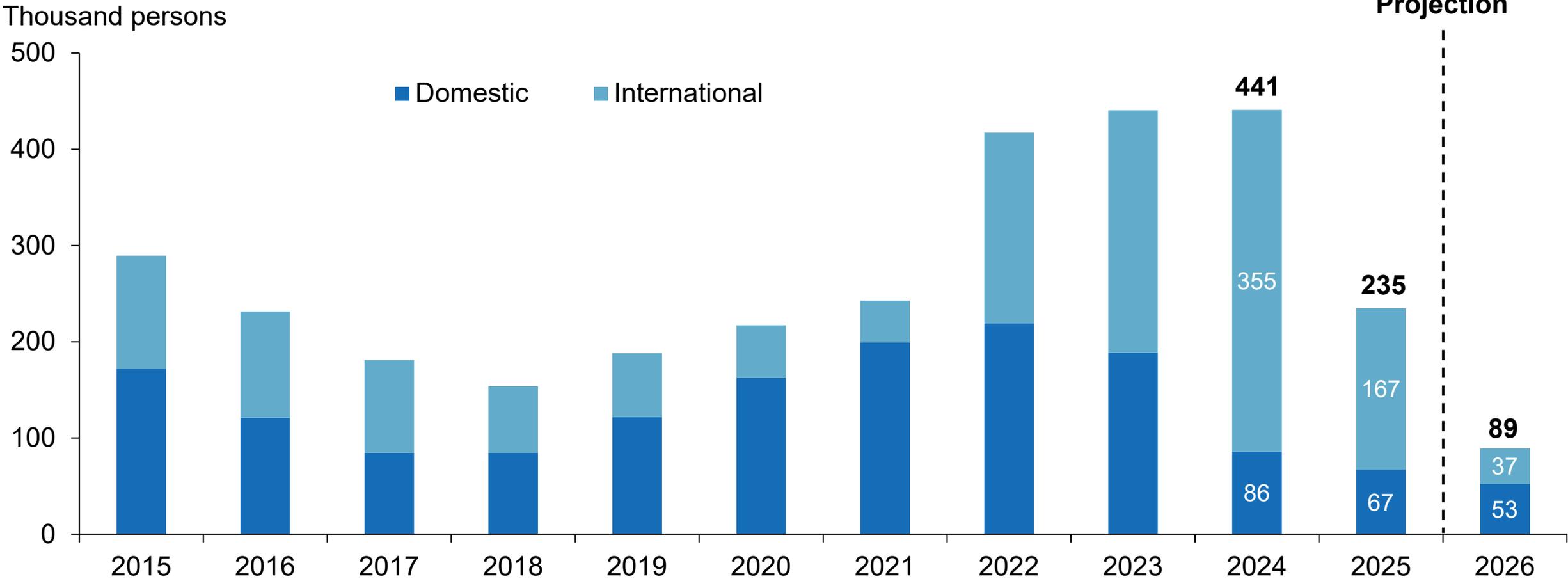
Unemployment rate (percent)



NOTE: Data are seasonally adjusted. Data are monthly through December 2025. U6 data are three-month moving averages.

SOURCES: Bureau of Labor Statistics; Federal Reserve Bank of Dallas.

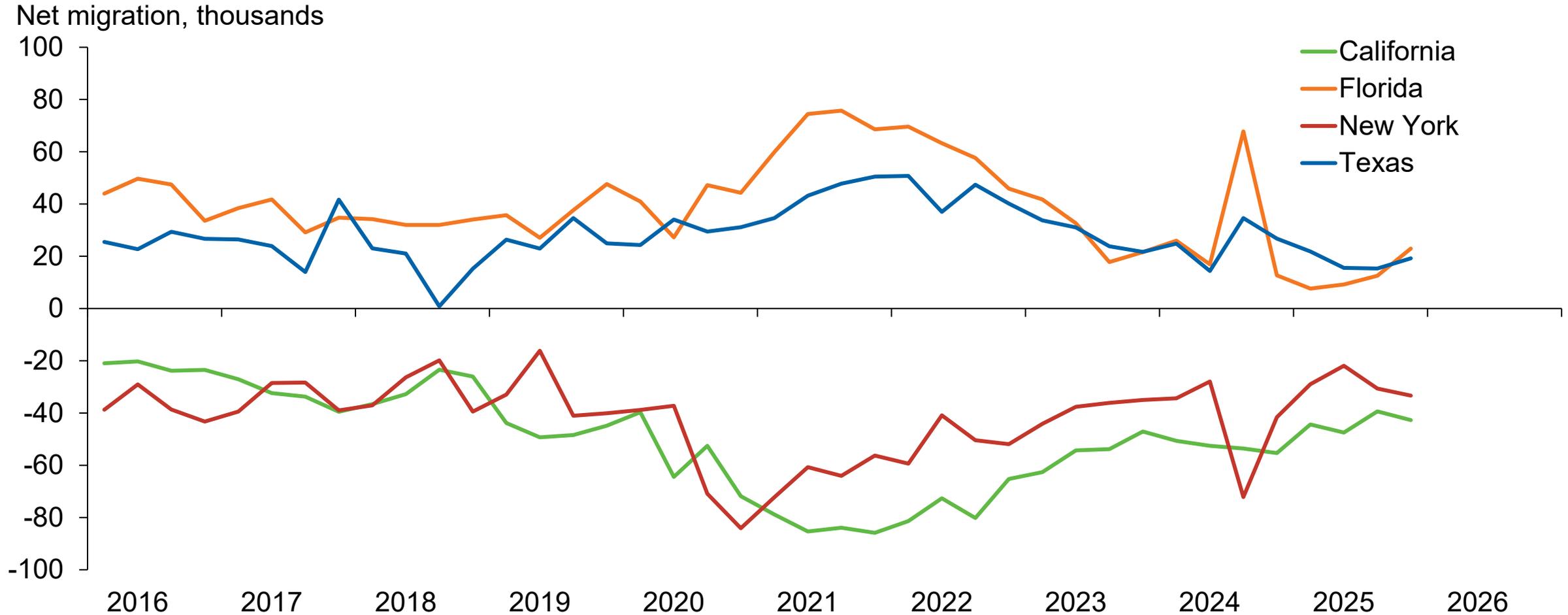
A big reason for the drop in job growth is less immigration



NOTES: Shown are annual net domestic and net international migration to Texas. Change is July to July. Estimate for 2026 is authors' projection.

SOURCE: Census Bureau; authors' calculations.

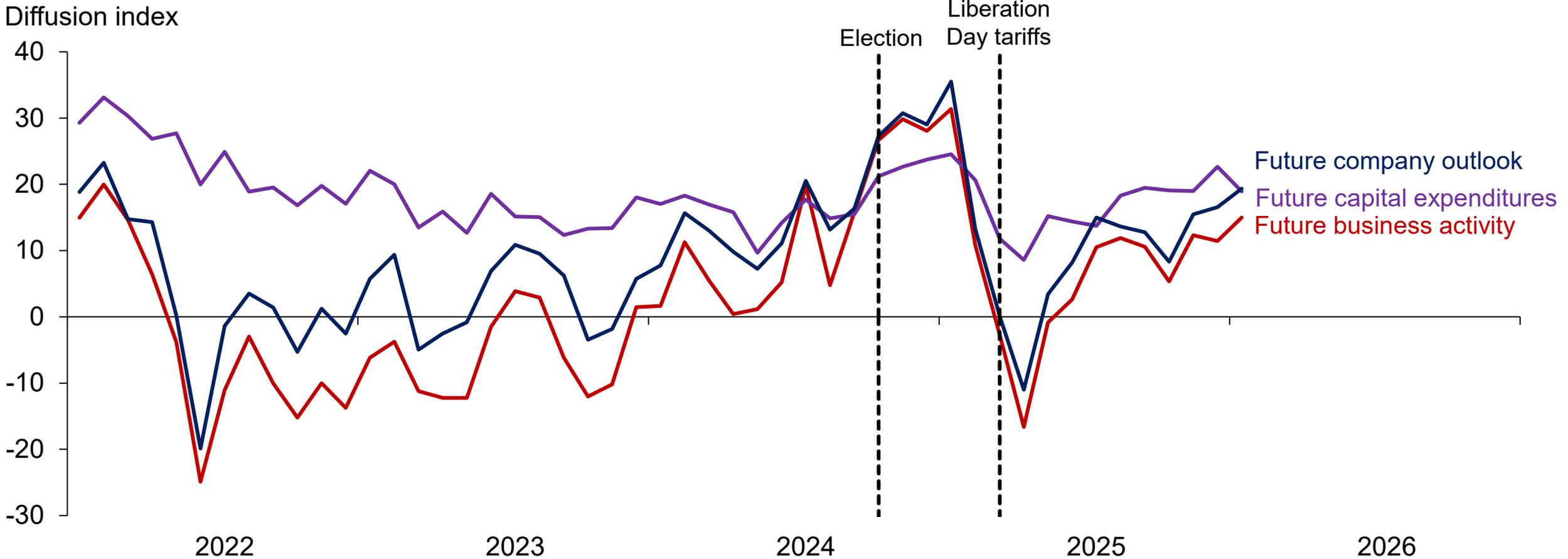
Net domestic migration to Texas also slowed



NOTES: Shown are estimated net migration flows. Data are seasonally adjusted and quarterly through Q4 2025.

SOURCE: Equifax Consumer Credit Panel; seasonal and other adjustments by Dallas Fed.

Texas businesses report improving outlooks

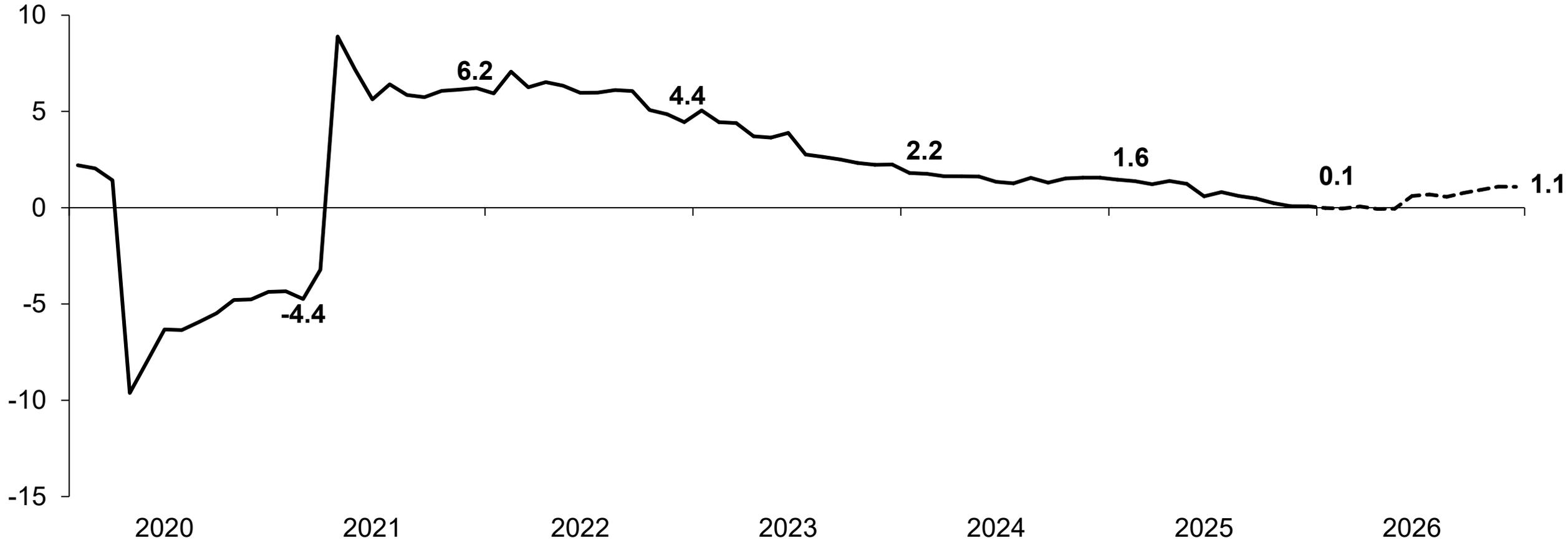


NOTE: TBOS indices are state GDP-weighted averages of service sector and manufacturing data. Data are seasonally adjusted and monthly through January 2025.

SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Surveys.

Texas Employment Forecast for 2026 is 1.1 percent growth

Percent, Y/Y

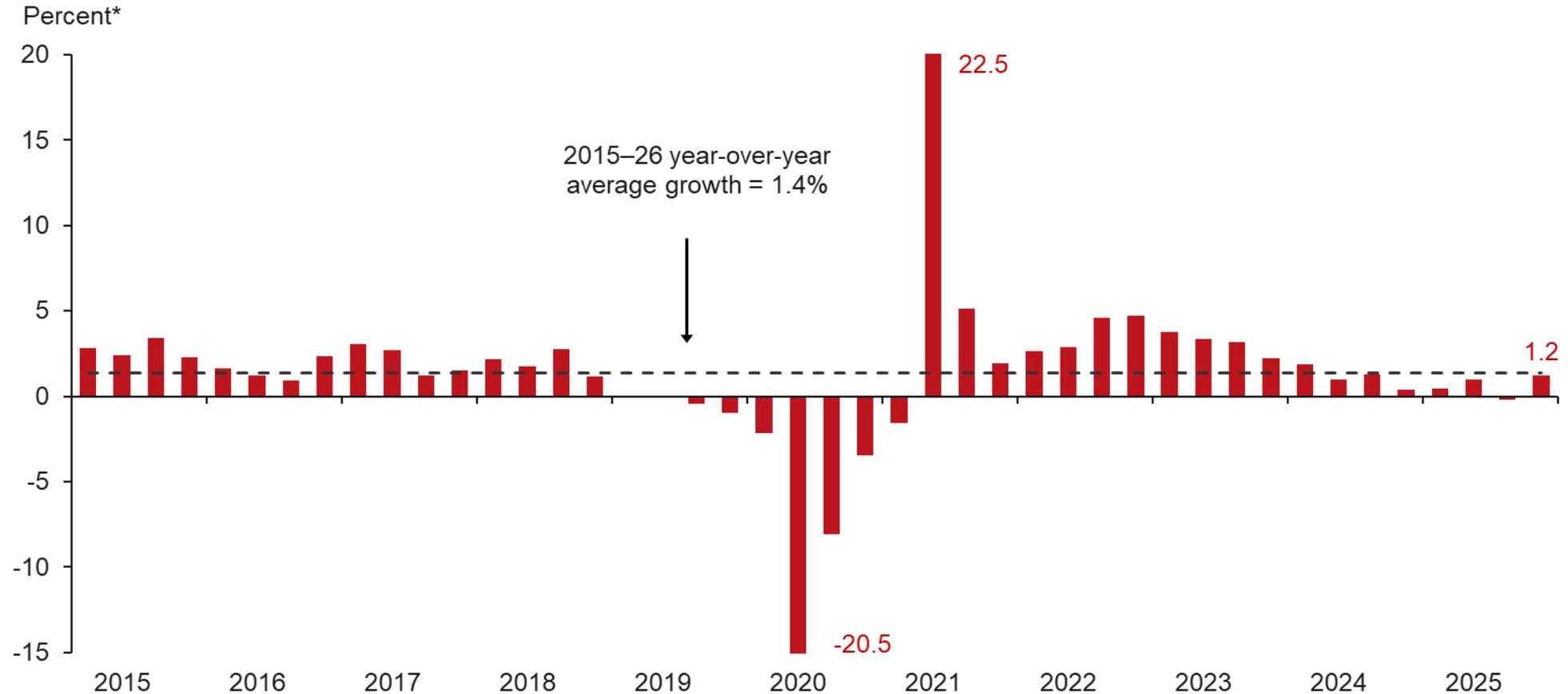


NOTE: Solid line shows actual employment growth through December 2025, and dashed line shows forecasted employment growth through December 2026. The Dallas Fed Texas Employment Forecast is based on the average of four models.

SOURCE: Federal Reserve Bank of Dallas.

Mexico Economic Activity

Mexico's GDP rebounds in fourth quarter



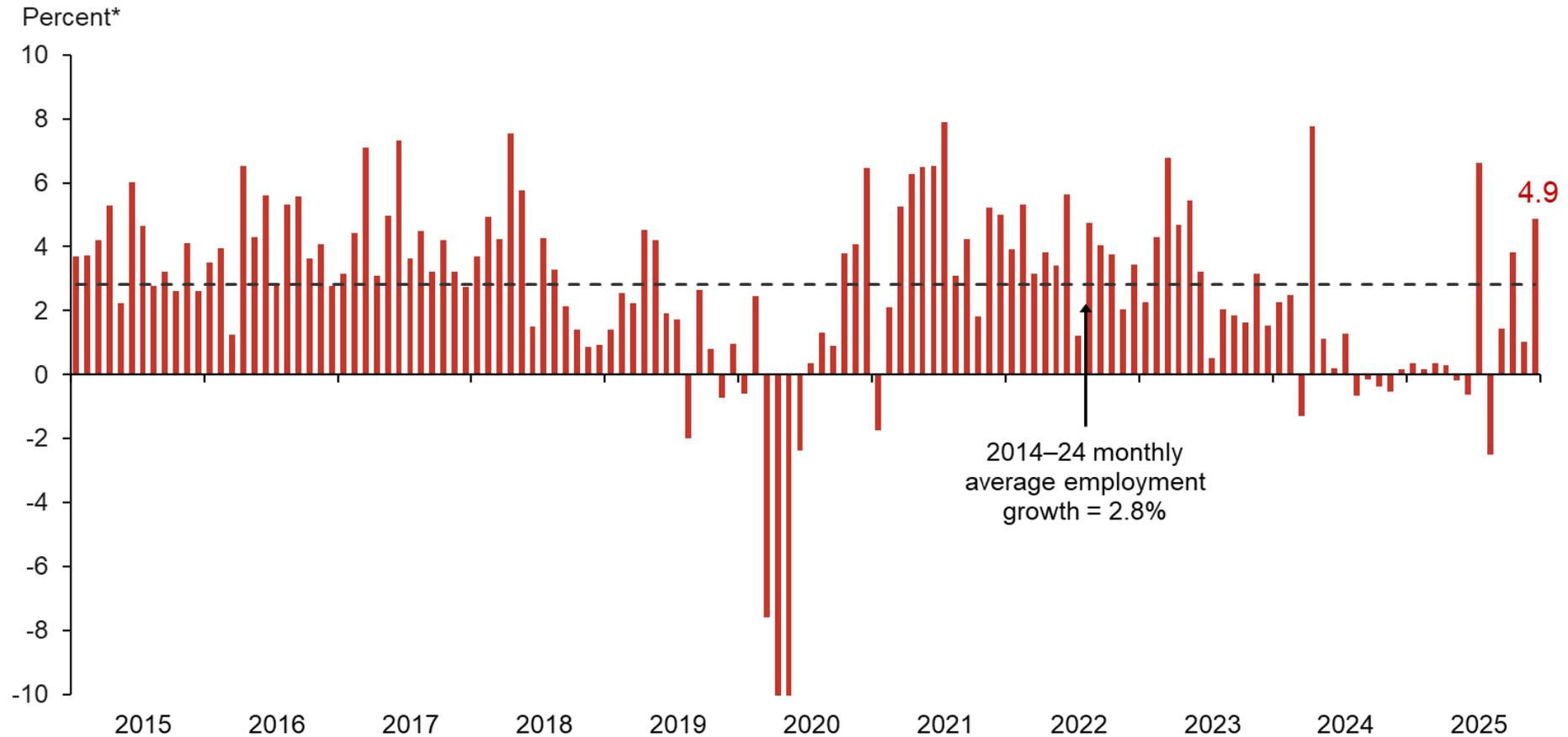
*Year-over-year, seasonally adjusted.

NOTES: Chart shows GDP growth in Mexico. Data are through fourth quarter 2025.

SOURCE: Instituto Nacional de Estadística y Geografía (National Institute of Statistics and Geography).

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Mexico formal employment grows at end of 2025



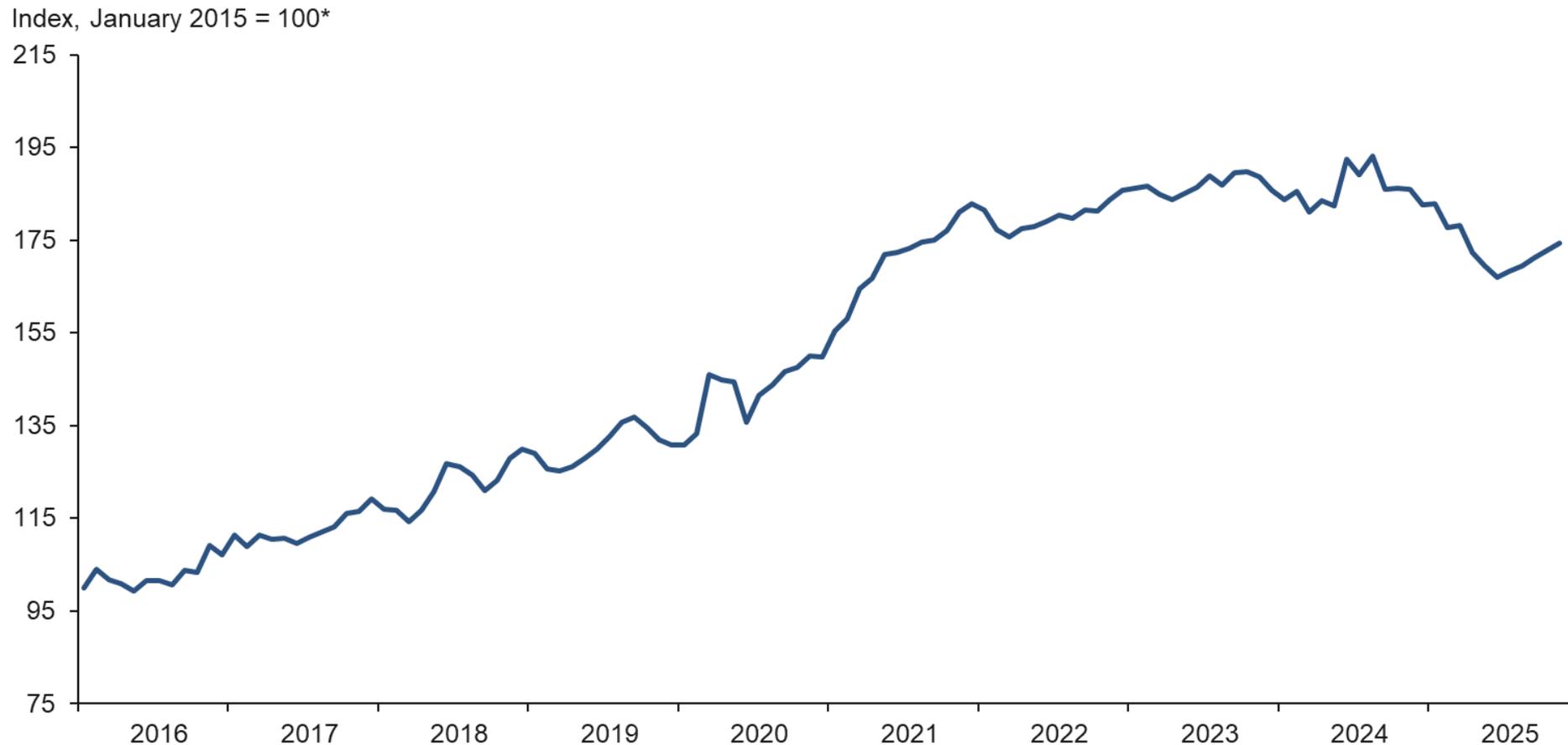
*Month-over-month; seasonally adjusted, annualized rate.

NOTE: Chart shows employment growth in Mexico's formal sector through December 2025.

SOURCE: Instituto Mexicano del Seguro Social (Mexican Social Security Institute).

Federal Reserve Bank of Dallas

Remittances rebound after bottoming out in June



*Seasonally adjusted, three-month moving average; real dollars.

NOTES: Chart shows remittances sent to Mexico. Data are through November 2025.

SOURCES: Banco de México; seasonal and other adjustments by Dallas Fed.

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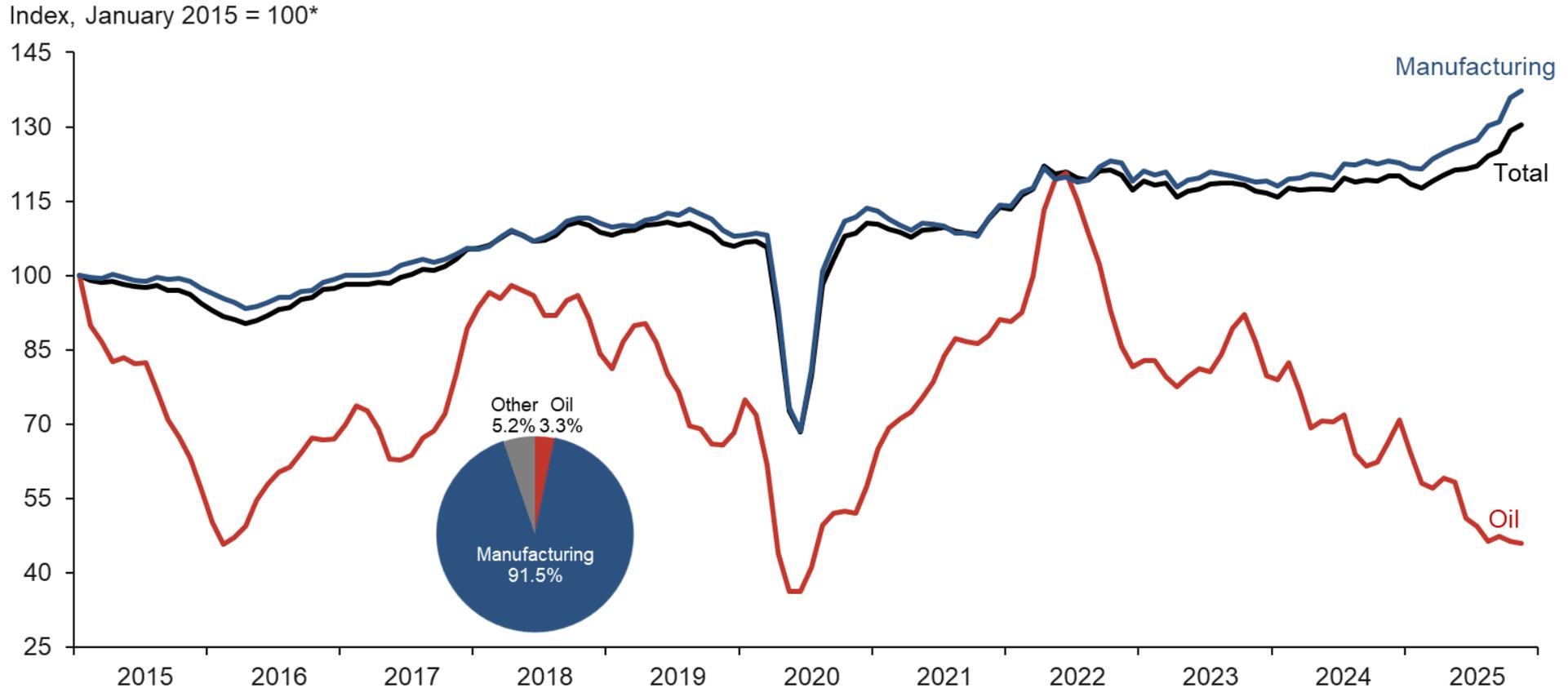
Retail sales trend upward



*Seasonally adjusted, three-month moving average; real pesos.
NOTES: Chart shows retail sales in Mexico. Data are through November 2025.
SOURCE: Instituto Nacional de Estadística y Geografía (National Institute of Statistics and Geography).

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Exports grow in 2025



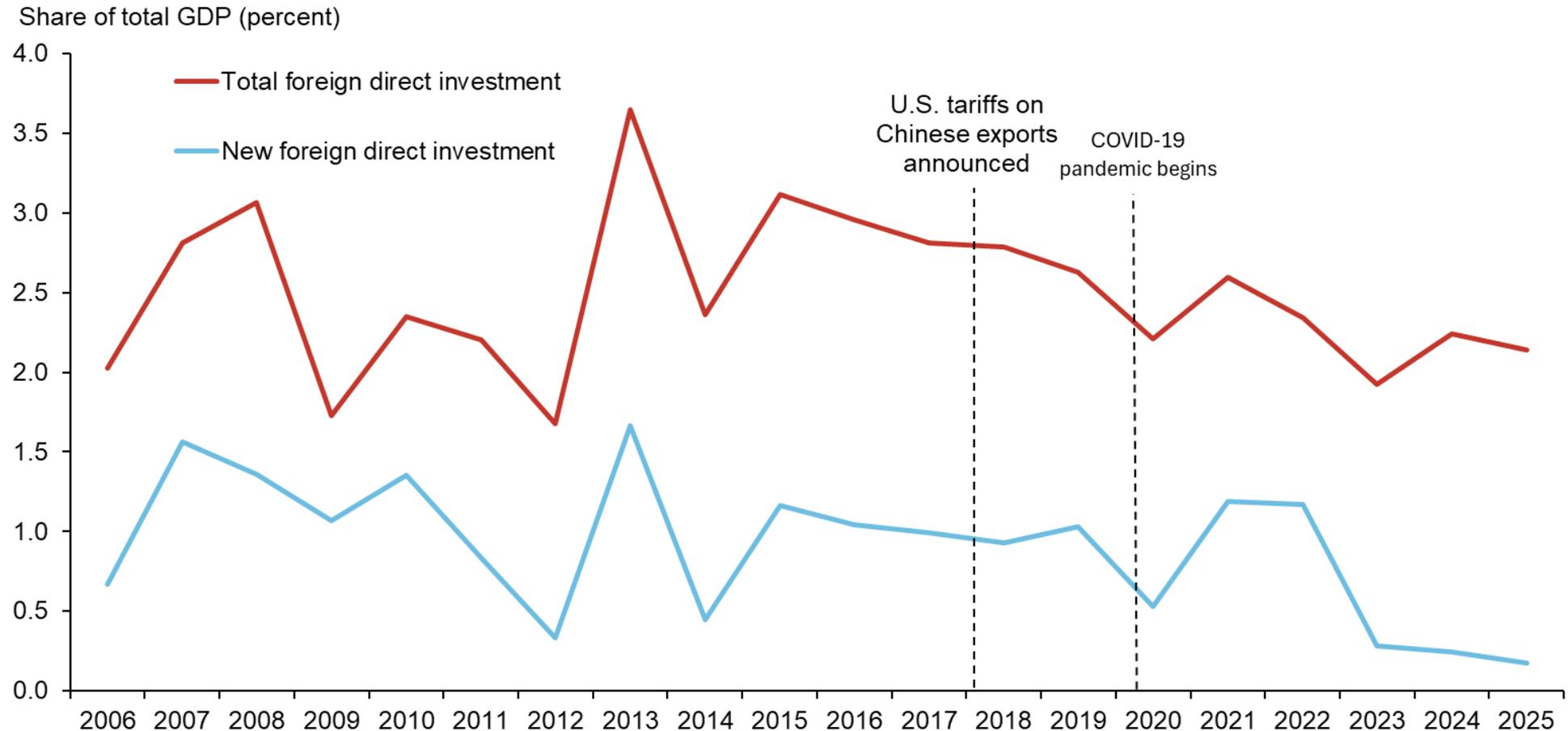
*Seasonally adjusted, three-month moving average; real dollars.

NOTES: Chart shows total, manufacturing and oil exports from Mexico. Data are through November 2025. The pie chart reflects the share of total exports so far in 2025.

SOURCE: Instituto Nacional de Estadística y Geografía (National Institute of Statistics and Geography).

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Mexico foreign direct investment falls relative to GDP



NOTE: Calculations use nominal figures. Data are through the third quarter 2025.

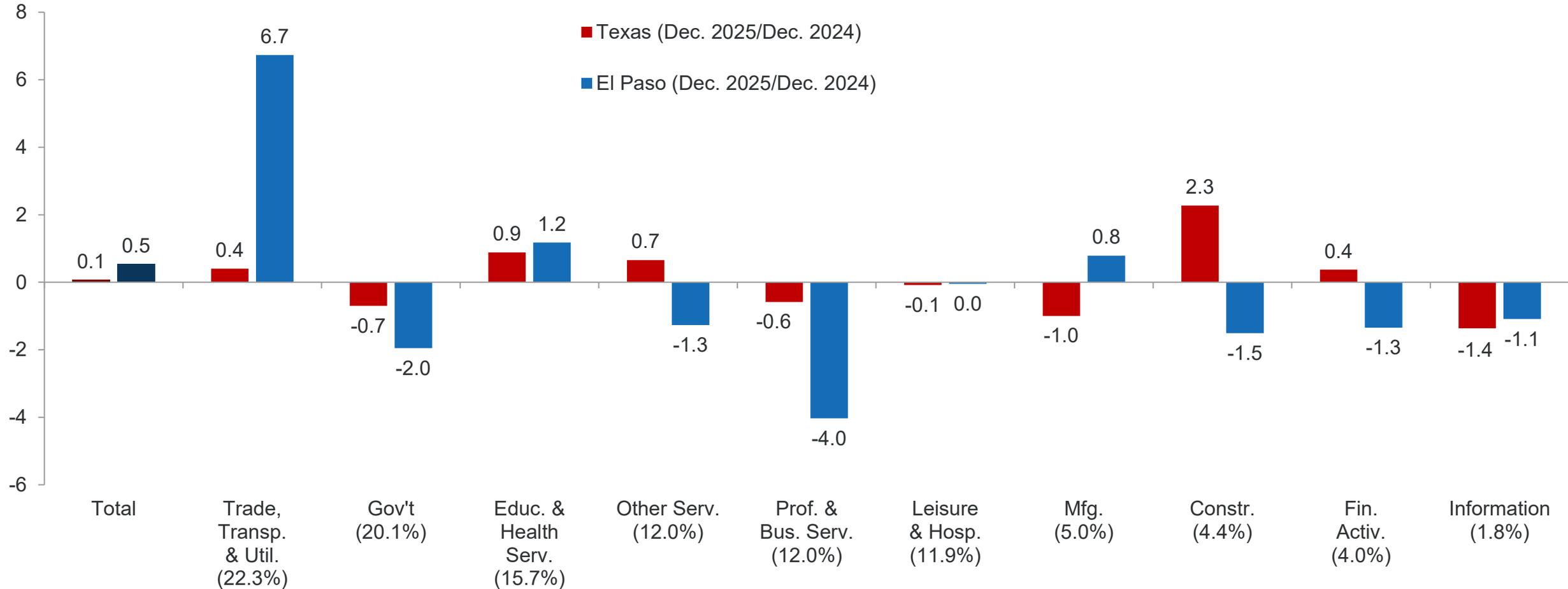
SOURCES: Secretaría de Economía (Secretariat of the Economy); adjustments by the Federal Reserve Bank of Dallas.

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Regional Activity

El Paso job growth surpasses Texas in 2025

Job Growth (%)*



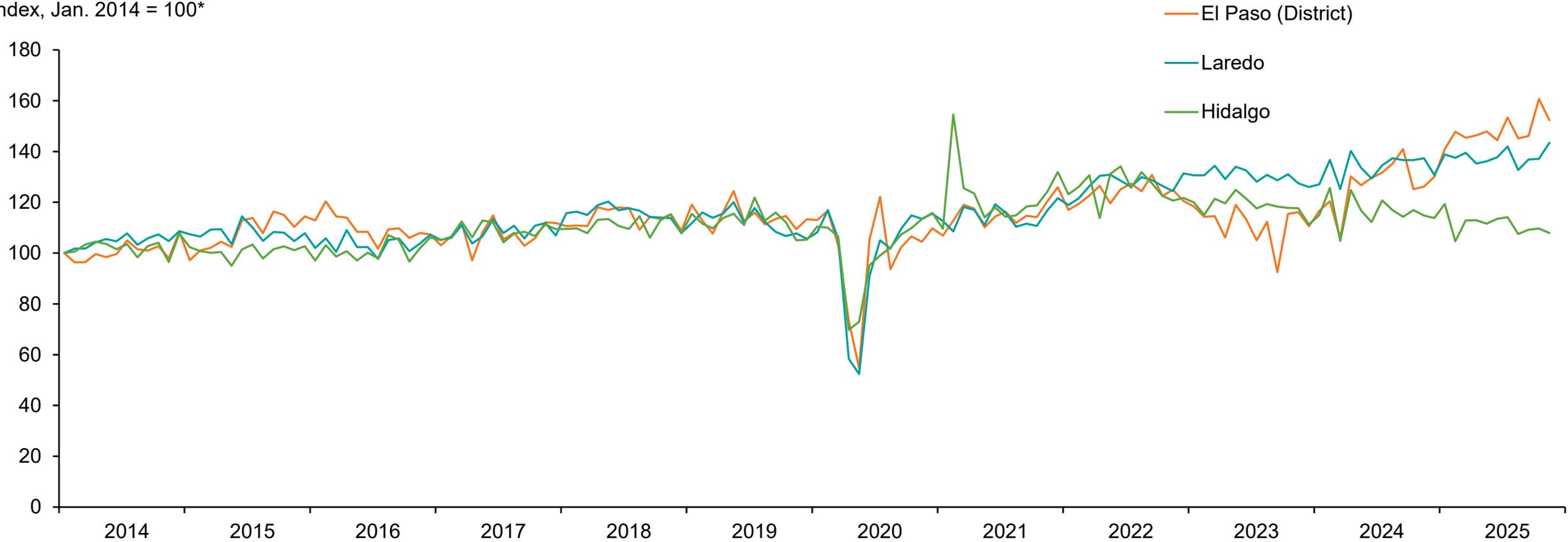
*Seasonally adjusted, annualized rate.

NOTE: Numbers in parenthesis indicate share of total El Paso employment for most recent monthly data.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by FRB Dallas.

El Paso trade growth outpaces other major Texas land ports

Index, Jan. 2014 = 100*

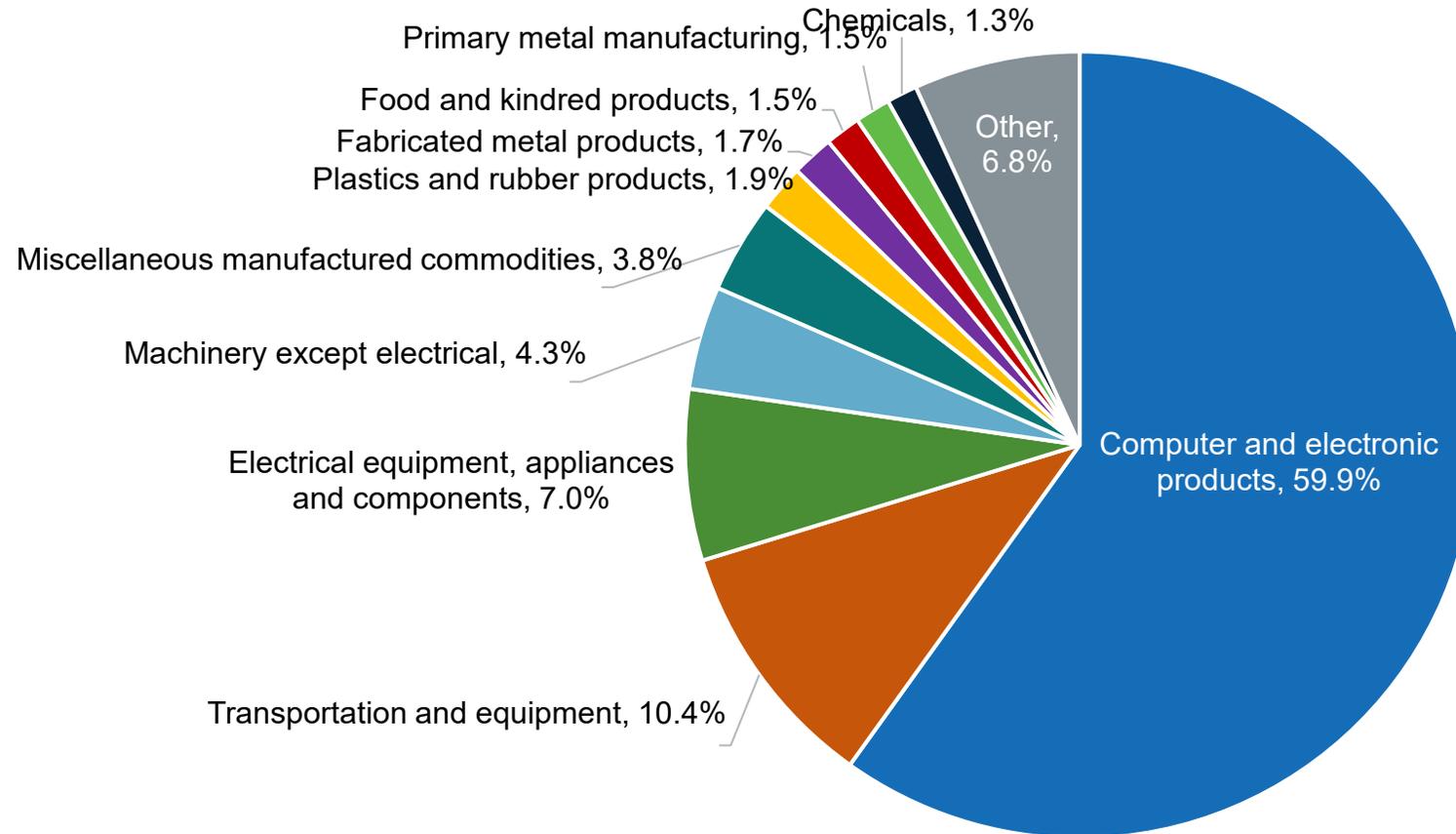


*Seasonally adjusted.

NOTES: Shown is the combined exports and imports. Data are monthly through November 2025.

SOURCE: Census Bureau.

Computer and electronic products lead all sectors in international trade in the El Paso district

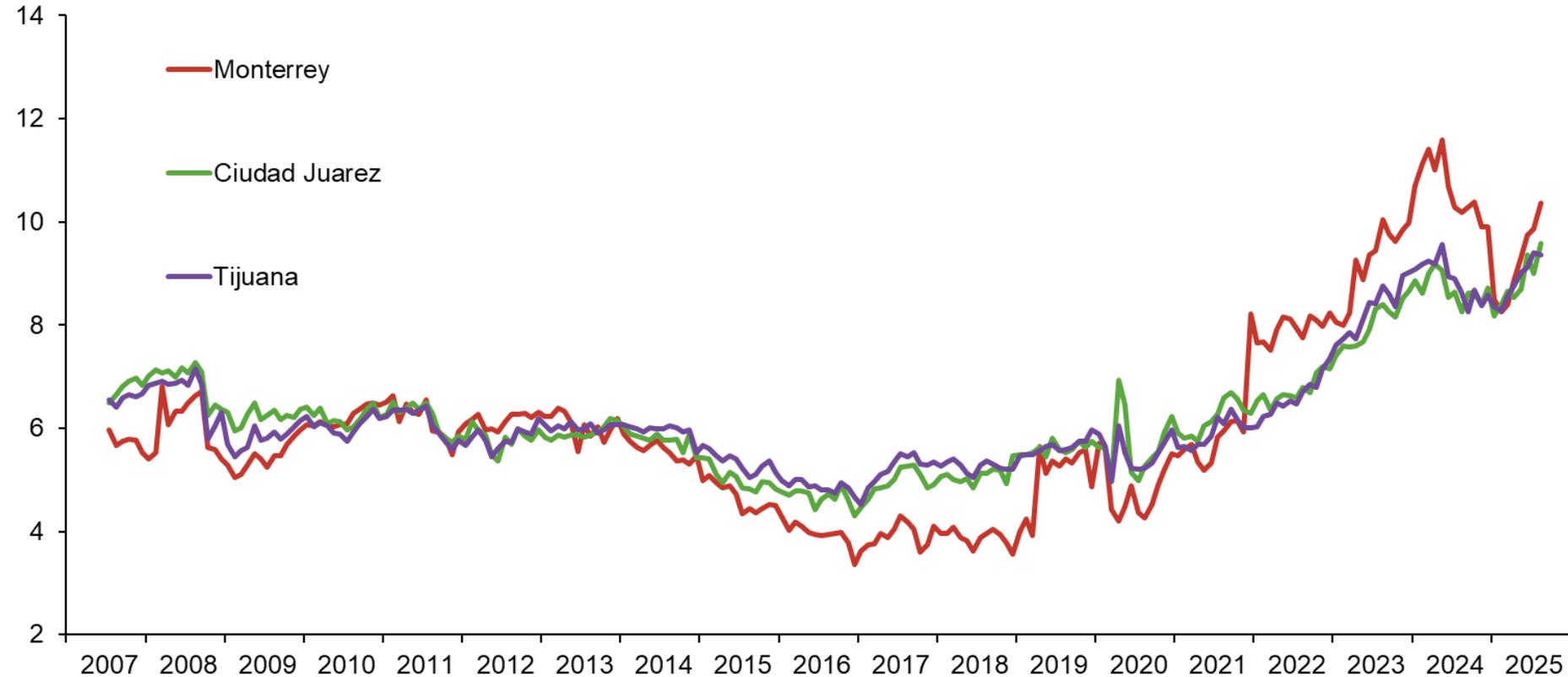


NOTES: Shown is total value of trade (imports and exports) through the El Paso port district by sector for 2025 through November. Sectors are three-digit NAICS codes.
SOURCE: Census Bureau.

Juarez in transition

Federal minimum wage increases in Mexico push up manufacturing wages in major manufacturing hubs

Wages, real dollars per hour, SA

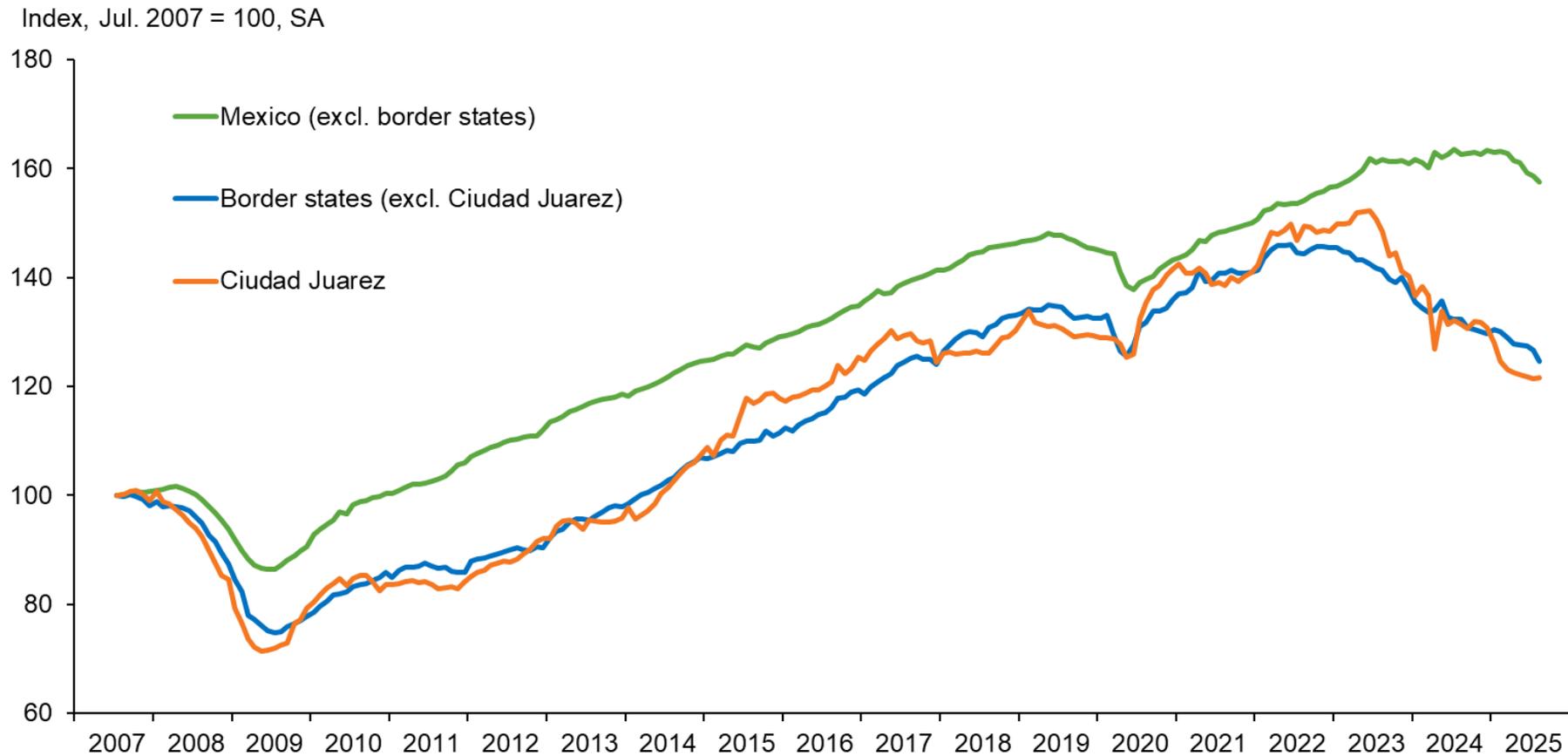


NOTE: Shown are wages in August 2025 data. April 2025 data for Monterrey is smoothed due to outliers.

SOURCES: Instituto Nacional de Estadística y Geografía (National Institute of Statistics and Geography); Federal Reserve Board; Bureau of Labor Statistics; adjustments by Dallas Fed.

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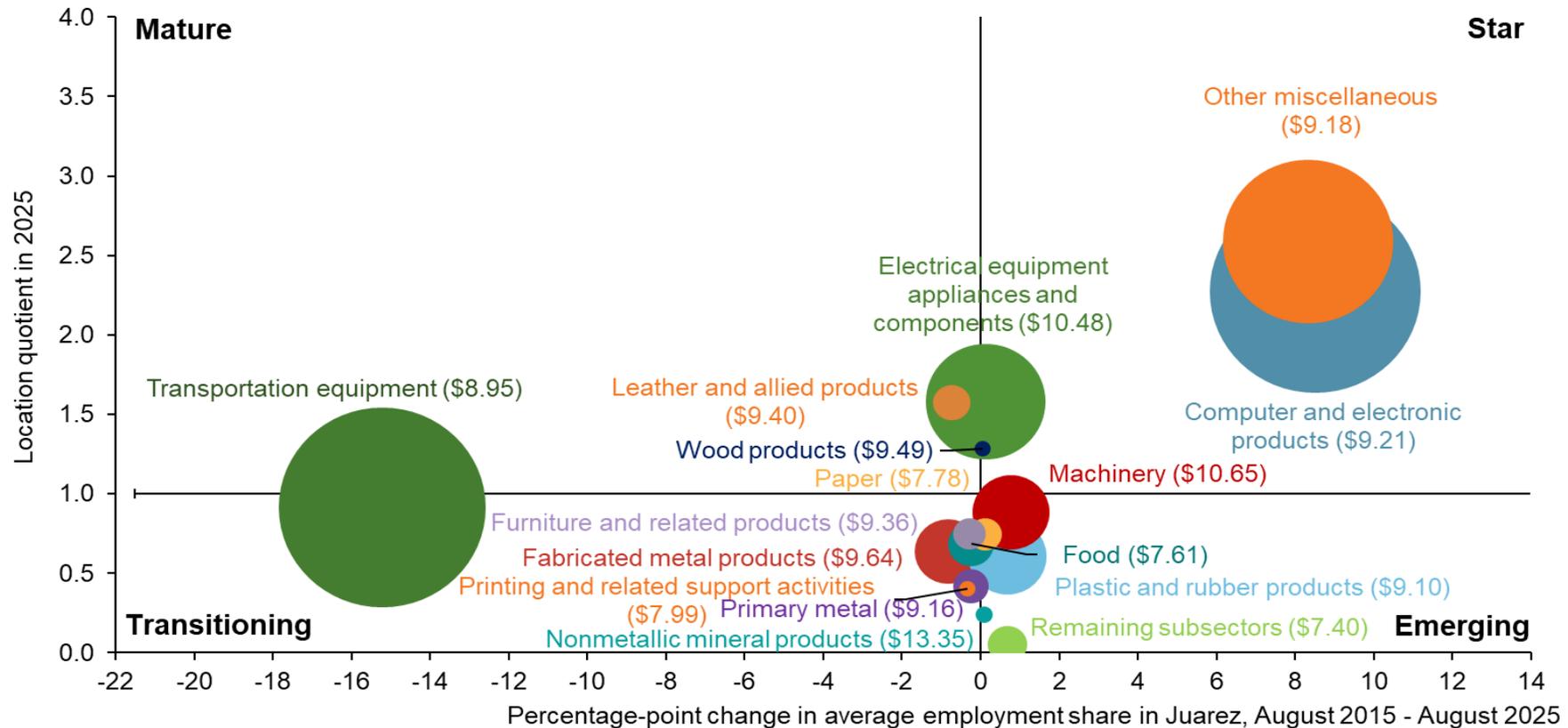
Juarez IMMEX job losses outpace the nation and other border states



SOURCE: Instituto Nacional de Estadística y Geografía (National Institute of Statistics and Geography); adjustments by Dallas Fed.

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Juarez transitioning away from transportation equipment

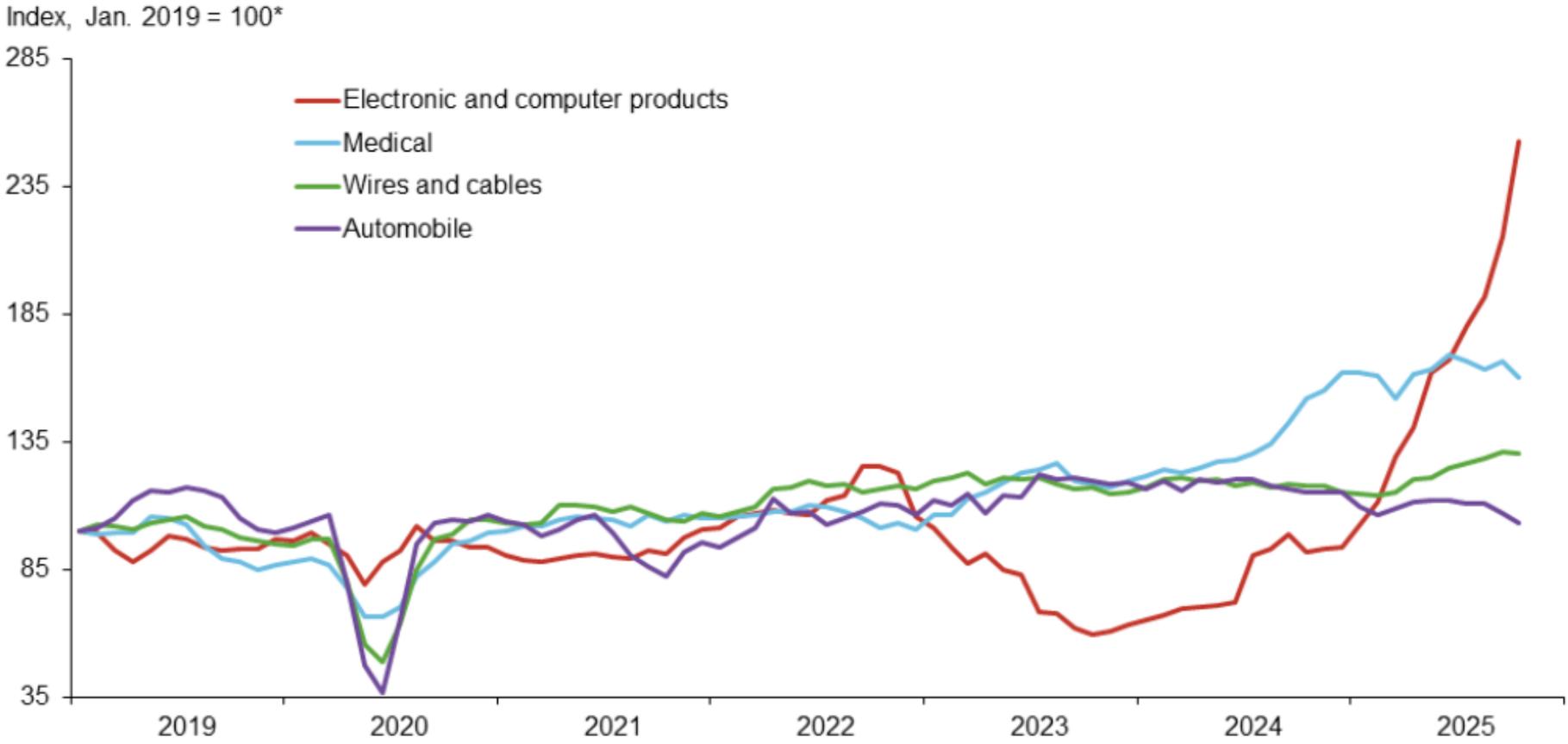


NOTE: Bubble size represents cluster employment. Numbers in parenthesis reflect hourly wages in 2025.

SOURCES: Instituto Nacional de Estadística y Geografía (National Institute of Statistics and Geography); adjustments by Dallas Fed.

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Mexico's electronic and computer exports grow rapidly

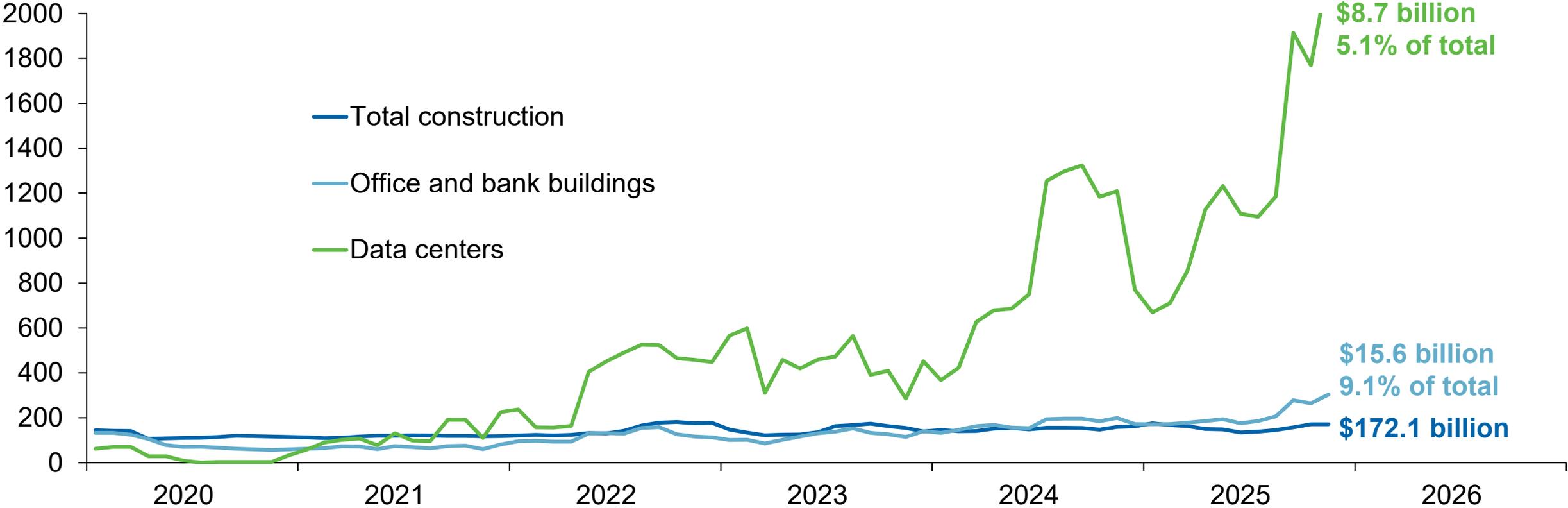


*Seasonally adjusted, three-month moving average; real dollars.
NOTES: Chart shows selected manufacturing exports from Mexico. Data are through October 2025.
SOURCE: Banco de México.

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Data center construction growth robust in Texas

Index, Jan. 2020 = 100, 5-month moving average



NOTES: Shown are indexed construction contract values for total building, office and bank building, and data center projects in Texas. Contract values are deflated. Data are indexed such that January 2020 = 100, seasonally adjusted, and smoothed with a five-month moving average through November 2025.

SOURCE: Dodge Construction; seasonal and other adjustments by Federal Reserve Bank of Dallas.

Summary

- U.S. job growth slowed in 2025, while GDP growth has been resilient.
- The Texas economy slowed in 2025 with job growth falling near zero.
- Economic activity in Mexico rebounded in the fourth quarter of 2025.
 - Mexico's exports of electronic and computer products have grown rapidly due in part to robust demand for AI-related infrastructure in the U.S.

Questions?

Dallas Fed Resources

- [Texas Economic Outlook 2026](#)
- [Mexico Economic Updates](#)
- [Global Institute](#)
- [Texas Economic Indicators](#)
- [Southwest Economy](#)
- [Dallas Fed Blog](#)

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