

# Regional Update

*Regional Update is a new feature that will appear in each issue of The Southwest Economy. The section will identify current economic trends in the region and present highlights of data produced by the Federal Reserve Bank of Dallas. This issue explains several measures of economic activity that will appear regularly in this column.*

**Nonfarm Employment.** The broad coverage and timeliness of the nonfarm employment data make this one of the most relied upon economic series available at the regional level. The raw data are produced by state agencies in cooperation with the U.S. Bureau of Labor Statistics. The Dallas Fed performs several adjustments to the data to reduce

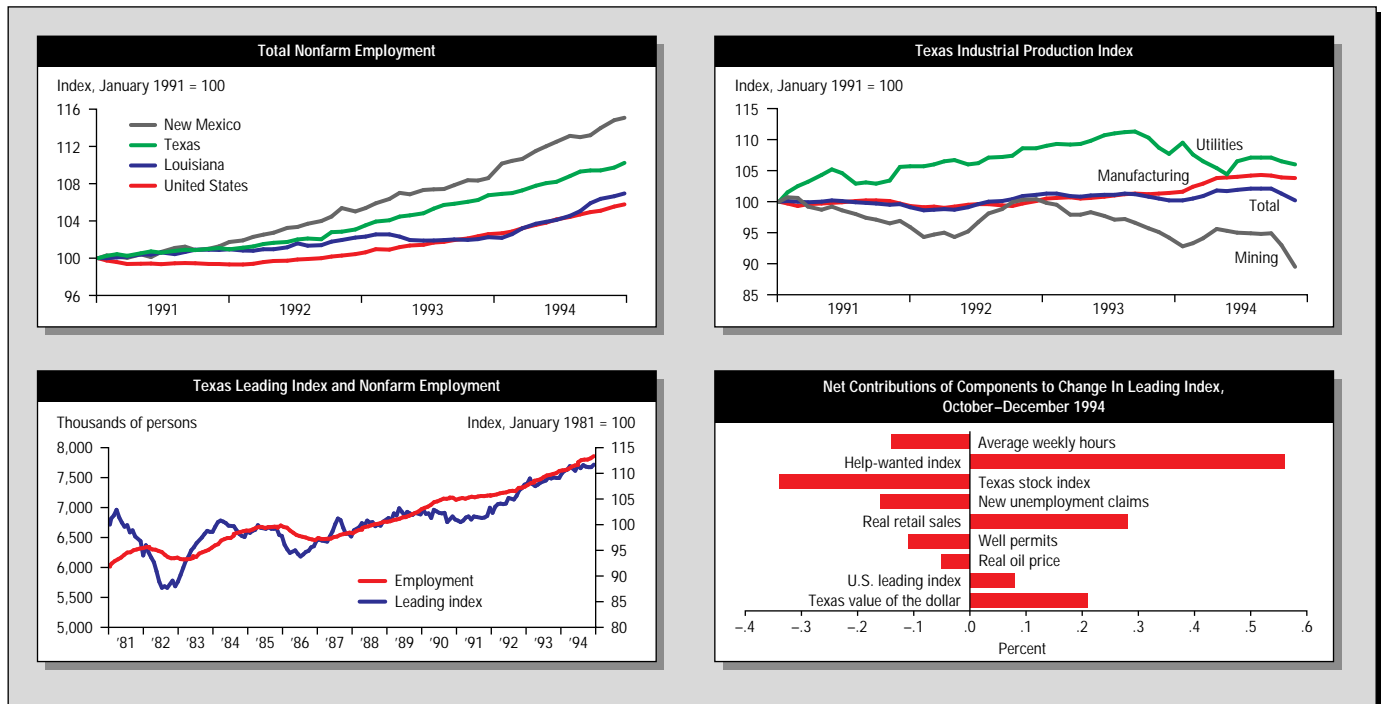
the impact of annual revisions and increase the data's reliability.

**TIPI.** The Texas Industrial Production Index is a measure of output in the state's manufacturing, mining and public utilities sectors. The index, which has been produced by the Dallas Fed since 1958, is based primarily on movements in hours worked and electric power usage in the separate sectors.

**Texas Leading Index.** The Texas Leading Index is designed to signal upcoming turning points in the Texas economy. For example, a prolonged decline in the index signals that a weakening of the state's economy is likely. The index comprises nine different indicators that tend to weaken or strengthen before

similar changes in the state's economy. The components of the Texas Leading Index are the average weekly hours of production workers in manufacturing, an index of help-wanted advertising, initial claims for unemployment insurance, inflation-adjusted retail sales, an index of stock prices of companies based in Texas, the inflation-adjusted price of West Texas Intermediate crude oil, the number of permits issued to drill oil and gas wells, the U.S. leading index and a Texas export-weighted value of the dollar. Changes in the component series are weighted and then added together to get the change in the leading index. New unemployment claims and the Texas value of the dollar contribute negatively to the index, so that a rise in these variables results in a decline in their net contribution to the change in the index.

—Keith R. Phillips



## REGIONAL ECONOMIC INDICATORS

Leading Index	Texas Employment							Total Nonfarm Employment		
	TIPI Total	Mining	Construction	Manufacturing	Government	Private Service-Producing	Texas	Louisiana	New Mexico	
12/94	111.7	111.820	158.5	398.1	1,006.6	1,440.2	4,855.3	7,858.7	1,717.3	669.5
11/94	111.2	111.637	159.8	393.9	1,003.8	1,433.7	4,831.4	7,822.6	1,712.5	668.0
10/94	111.2	112.703	160.6	389.9	1,002.4	1,430.7	4,817.2	7,800.8	1,708.0	663.1
9/94	111.3	113.116	162.8	388.7	1,001.6	1,432.6	4,814.9	7,800.6	1,700.5	658.6
8/94	111.6	113.311	161.5	384.0	999.9	1,438.3	4,808.3	7,792.0	1,686.8	657.4
7/94	111.0	113.262	160.9	382.8	998.4	1,424.2	4,791.0	7,757.3	1,678.7	658.2
6/94	111.5	113.091	160.3	380.1	999.0	1,407.8	4,766.2	7,713.4	1,671.6	654.5
5/94	110.5	112.866	161.0	375.7	999.1	1,411.0	4,756.6	7,703.4	1,668.4	651.7
4/94	111.4	112.937	163.2	375.2	998.4	1,405.3	4,741.7	7,683.8	1,665.1	648.8
3/94	110.7	112.031	163.9	374.1	997.3	1,400.3	4,712.4	7,648.0	1,657.1	643.8
2/94	110.5	111.582	164.9	372.3	994.4	1,400.7	4,695.0	7,627.3	1,647.1	642.6
1/94	110.0	111.166	165.7	374.0	993.1	1,398.0	4,690.5	7,621.3	1,640.7	640.9

## 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).

On-line economic data and articles are available on the Dallas Fed's electronic bulletin board, FEDFLASH (214-922-5199 or 800-333-1953).