

Regional Update

Despite a drought and a slump in semiconductor demand, the Eleventh District economy accelerated in April after a relatively slow first quarter. Anecdotal reports from business contacts suggest that economic activity remained healthy in May and early June, and contacts were generally upbeat about the outlook for the rest of the year.

District job growth improved in April after sluggish growth in the first part of the year. Employment rose almost 3 percent in April, following first-quarter growth of about

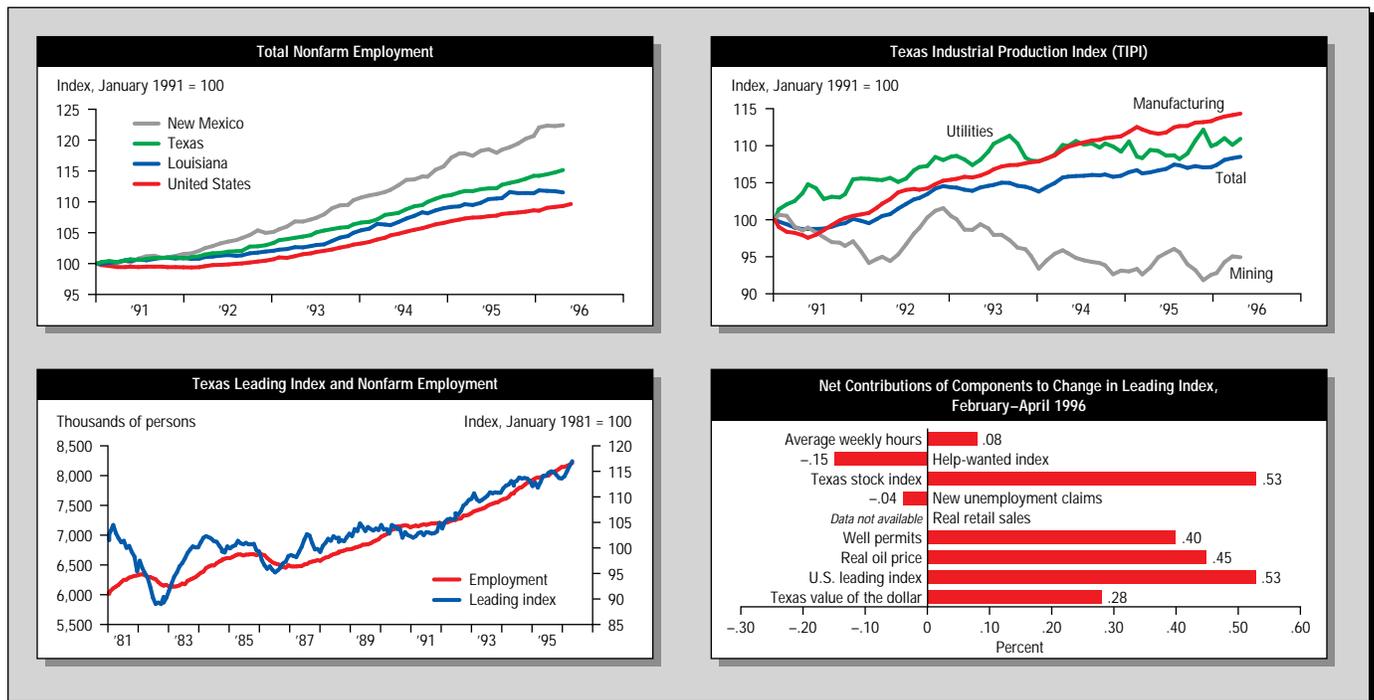
2 percent. Much of the April increase resulted from a pickup in manufacturing, which was boosted by hiring in construction-related industries. Electronics employment also accelerated in April, despite reports of lower demand for semiconductors. Other manufacturing indicators, such as the manufacturing component of TIPI and weekly hours worked, rose in April, suggesting further expansion in this sector.

An improving Mexican economy has also helped bolster the Eleventh District economy. Texas exports to

Mexico rose strongly in the first quarter after falling overall in 1995, and retail sales along the Mexico-Texas border continue to improve. In addition, the energy sector has strengthened, boosted in part by strong natural gas drilling in the Gulf of Mexico. Nevertheless, drought continues to hurt Eleventh District farmers and ranchers. Crop insurance and federal aid should help mitigate the negative effects, however.

The Texas Leading Index increased for the fourth consecutive month in April. Recent strength in the index and anecdotal reports suggest the Texas economy should continue on its current course of healthy expansion in coming months.

—D'Ann M. Petersen



REGIONAL ECONOMIC INDICATORS

Texas Leading Index	TIPI total	Texas Employment					Private service-producing	Total Nonfarm Employment		
		Mining	Construction	Manufacturing	Government	Texas		Louisiana	New Mexico	
4/96	117.0	121.2	153.1	427.1	1,038.6	1,469.3	5,123.2	8,211.3	1,790.1	712.3
3/96	116.1	121.0	153.6	425.5	1,036.2	1,466.7	5,102.1	8,184.1	1,793.1	711.4
2/96	115.0	120.7	154.5	425.6	1,037.3	1,464.9	5,080.3	8,162.6	1,794.0	711.8
1/96	114.0	119.9	152.6	425.5	1,040.2	1,462.0	5,064.6	8,144.9	1,795.3	710.1
12/95	113.6	119.6	154.5	421.4	1,035.3	1,461.9	5,072.0	8,145.1	1,788.1	702.1
11/95	113.7	119.6	154.4	418.4	1,032.4	1,459.6	5,046.0	8,110.8	1,788.4	699.5
10/95	114.3	119.8	154.8	415.8	1,030.7	1,455.3	5,025.9	8,082.5	1,788.2	694.8
9/95	114.9	119.5	155.3	411.7	1,031.3	1,453.0	5,011.7	8,063.0	1,791.1	691.5
8/95	115.0	119.9	155.4	408.0	1,029.3	1,458.9	4,989.5	8,041.1	1,775.1	689.1
7/95	114.7	120.0	155.1	405.0	1,026.2	1,449.4	4,965.3	8,001.0	1,774.1	686.2
6/95	114.1	119.3	156.7	407.3	1,028.0	1,445.1	4,962.6	7,999.7	1,772.7	689.5
5/95	114.1	119.1	156.9	406.1	1,027.2	1,441.8	4,957.5	7,989.5	1,762.8	688.1

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.