AFTER A WEAK first quarter, Eleventh District employment accelerated in the second quarter to just above its long-run average growth rate of 3 percent. Economic activity is now showing signs of decelerating slightly, however. The expansion is being dampened by a slightly slower national economy and a brief second-quarter jump in mortgage rates. Still, continuing expansion of most high-tech industries and the recovering Mexican economy will help keep job growth in the second half of the year above the rate averaged in the first half. (Growth rates have been annualized.)

After 2-percent job growth in the first quarter, District employment growth jumped to 3.2 percent in the second quarter. The surge in job growth occurred entirely in Texas, where employment growth increased from a sluggish 2 percent to 3.7 percent. In contrast, Louisiana employment growth slipped from 1.1 percent to 0.3 percent, while New Mexico’s job growth took a respite from a torrid 5.4 percent in the first quarter to 4.3 percent in the second quarter.

Employment growth in Texas gained momentum as the national economy bounced back in the second quarter. The state’s job growth in the electronics industry was an exception to this trend, however, as weaker than expected demand for computers and an oversupply of semiconductors led to several layoff announcements. The construction sector also began to show signs of deceleration, although single-family homebuilding remained at very high levels. Construction employment growth slowed to 1.5 percent, after surging to 5.8 percent in 1995.

In the second half of the year, District employment will likely grow near its long-run average rate. The Texas Leading Index declined in May and June, after showing strong gains through the first four months of the year. Declines in the leading index suggest some moderation in the second half from growth posted in the second quarter. Growth should remain stronger than the 2.6 percent posted in the first half, however, and faster than that of the rest of the country.

— Fiona Sigalla