After solid growth in the second quarter, Eleventh District employment growth slowed in the third quarter, resuming a cooling trend that has been in place since employment growth peaked in 1994. Several factors are restraining current economic growth: a tight labor market, slower national economy and brief second-quarter jump in mortgage rates that has led to slower homebuilding and weaker demand for construction-related manufacturing.

After 2.9-percent annual job growth in the second quarter, District employment growth slowed to 1.6 percent in the third quarter. The slowdown in employment growth was broad-based across industries. After rising 2.3 percent in the second quarter, manufacturing employment fell 1.3 percent in the third quarter. Private-service sector growth also slowed sharply. After expanding 3.9 percent in the second quarter, private-service-sector employment rose only 1.2 percent in the third quarter.

A tight labor market may have restrained employment growth, particularly in Texas, where job growth has outpaced the nation’s for the past decade and outpaced the state’s long-run average for the past three years. Texas’ statewide unemployment rate dipped to 5.4 percent in September, just slightly above the U.S. unemployment rate of 5.2 percent. However, if cities along the Texas–Mexico border—where heavy immigration keeps unemployment rates high—are excluded, the Texas unemployment rate would drop to 4.7 percent.

—Fiona Sigalla

Further Information on the Data
