AFTER CHUGGING ALONGSIDE the national economy for almost 18 months, the Texas economy has picked up steam and pulled away. Texas employment grew at an annual 3.7 percent in May, compared with national employment growth of 1.4 percent. Growth is broad based across sectors in the Texas economy.

The construction industry was among the sectors showing the strongest growth, with employment increasing at a 16 percent annual rate in May. Nonresidential building activity is strong and has been on an upward trend since the beginning of the year, with contract values in May 9 percent higher than a year earlier.

Although West Texas Intermediate crude prices fell to a 16-month low in mid-June, the energy industry continues to be vibrant. Improved technology is a major factor in the current strength, and the industry is profitable with lower oil prices.

The service sector also shows broad-based healthy growth. Trade employment grew at a 3.2 percent annual rate in May, and employment in finance, insurance and real estate (FIRE) grew at an annualized 5.5 percent. The healthy construction industry and continued relocations into the region are boosting FIRE employment. Employment in business, legal, health and engineering services continues to grow at a fast pace.

Wage pressures continue to increase in Texas. Labor markets are tight for both blue-collar and white-collar jobs. Higher wages are reported in the energy and high-tech industries and in business and legal services. Although the tight labor market will keep a lid on employment growth, it doesn’t seem to have slowed growth yet.

— Mine Yücel
