

Regional Update

TEXAS LED THE Eleventh District in employment growth over the past 12 months, adding wage and salary jobs at a 4.5 percent annual rate, about double the U.S. growth rate over the same period. Texas' growth was broad based. In-migration of firms and job seekers, as well as expansions of existing firms, fed construction employment. Profitable energy prices boosted employment in the oil and gas extraction industries. Continued growth in trucking and warehousing contributed to job growth of the transportation industries. Improvements in the Mexican economy added manufacturing and trade jobs.

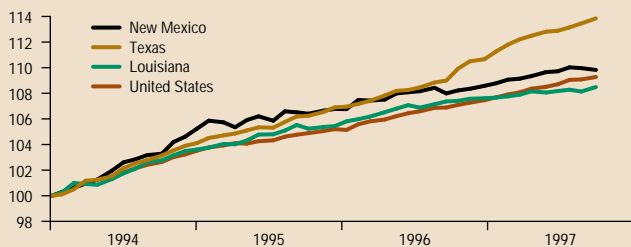
Employment growth in the Eleventh District increased in the third quarter, after slightly slower growth in the second quarter. Texas led the District states with an annualized growth rate of 3.5 percent in the third quarter, followed by Louisiana at 1.2 percent and New Mexico at less than 1 percent.

The Texas Leading Index rose strongly in September on the heels of July and August increases, signaling more of the same. However, there continue to be signs of strain from labor market tightness. Personnel supply services employment rose at a 21 percent annual rate in September, as employers continue to report difficulty hiring and retaining qualified workers. The Texas seasonally adjusted unemployment rate fell to 5.3 percent in September, tying December 1996 as the lowest unemployment rate since 1981. Excluding the border area, Texas unemployment is 4.7 percent, slightly lower than the U.S. rate in September. Some business contacts report accelerated growth of service sector salaries and inability to meet demand due to insufficient labor resources. However, widespread price increases have not yet occurred as a result of these pressures.

—Sheila Dolmas

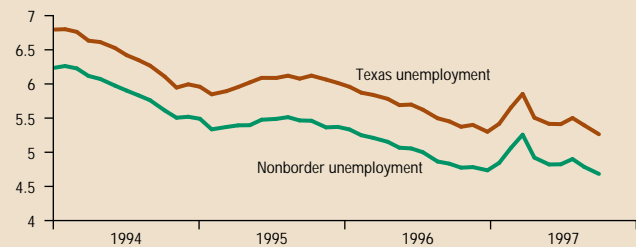
Total Nonfarm Employment

Index, January 1994 = 100



Unemployment

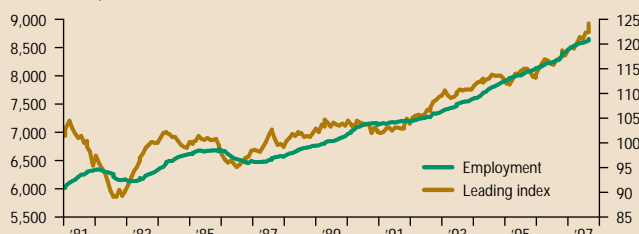
Percent



Texas Leading Index and Nonfarm Employment

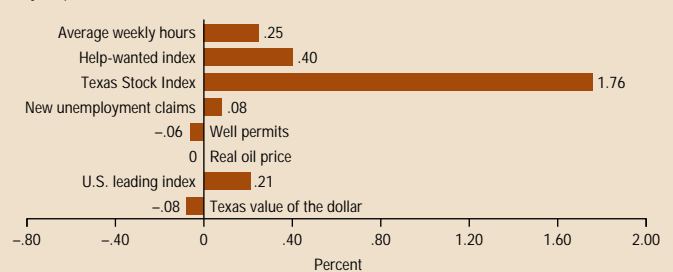
Thousands of persons

Index, 1987 = 100



Net Contributions of Components to Change in Leading Index

July–September 1997



Regional Economic Indicators

Texas employment*

Total nonfarm employment*

	Texas Leading Index	TIPI total	Texas employment*				Private service-producing	Total nonfarm employment*		
			Mining	Construction	Manufacturing	Government		Texas	Louisiana	New Mexico
9/97	124.2	127.6	165.6	467.7	1,083.8	1,476.6	5,462.3	8,656.0	1,834.2	706.5
8/97	122.4	127.3	165.4	465.9	1,082.4	1,473.7	5,438.7	8,626.1	1,828.3	707.4
7/97	122.3	127.3	165.7	463.9	1,078.7	1,468.2	5,426.2	8,602.7	1,830.7	707.8
6/97	121.0	127.0	164.7	464.9	1,078.2	1,467.8	5,407.0	8,582.6	1,828.9	705.8
5/97	121.4	125.5	163.8	463.2	1,077.6	1,471.6	5,401.2	8,577.4	1,827.0	705.4
4/97	120.2	124.7	163.6	458.1	1,076.4	1,470.0	5,384.8	8,552.9	1,828.5	703.4
3/97	119.1	124.6	163.0	455.1	1,073.5	1,468.8	5,371.4	8,531.8	1,824.1	702.1
2/97	119.4	124.1	162.6	455.8	1,070.1	1,467.2	5,344.6	8,500.3	1,821.9	701.6
1/97	118.9	124.3	161.5	446.9	1,067.4	1,466.7	5,317.5	8,460.0	1,820.3	699.8
12/96	117.7	124.0	159.3	444.2	1,066.1	1,464.8	5,279.5	8,413.9	1,819.4	698.5
11/96	118.7	123.8	158.8	445.7	1,065.4	1,460.3	5,270.9	8,401.1	1,818.7	697.0
10/96	117.6	123.3	157.9	442.6	1,061.7	1,456.3	5,239.4	8,357.9	1,816.0	696.2

* in thousands

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 Internet Web site, www.dallasfed.org.