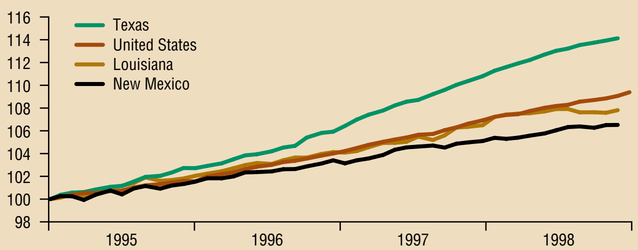
TEXAS AS A whole grew at a 3.3-percent annual rate in the first 11 months of 1998, but the growth was not evenly distributed throughout the state. Low commodity prices and inclement weather depressed growth in agriculture and energy, causing problems not only for Texas but also for Texas' major trading partners—Mexico and Canada. While some regions of the state were largely insulated from these effects by low interest rates and the continued strength of the U.S. economy, other regions were fully exposed. As a general rule, agricultural areas, the oil patch and the border with Mexico grew more slowly than the rest of the state.

The major exception was El Paso, which grew more rapidly than the state average in 1998 (see chart below). El Paso added 8,500 jobs between December 1997 and November 1998 as strong job growth in services, government and transportation more than offset job losses in other industries. Maquiladora industries are a bright spot in the Mexican economy, and much of El Paso's strength relative to other cities along the border with Mexico can be attributed to El Paso's position as a service, supply and distribution center for the maquiladoras.

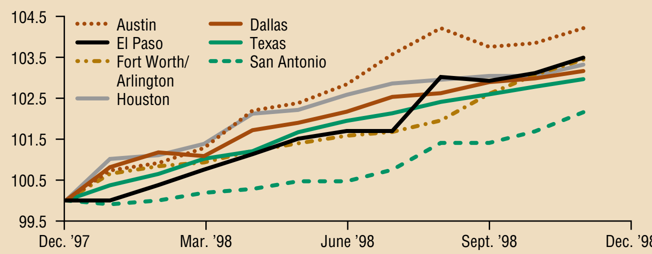
Primarily as a result of the solid employment growth, El Paso's traditionally high unemployment rate fell in 1998 to its lowest average annual rate of the decade—10 percent. Despite the recent declines, however, the unemployment rate in El Paso remains more than double that of any other large Texas metropolitan area. Among Texas cities, only Brownsville and McAllen have higher unemployment rates than El Paso.

—Lori L. Taylor

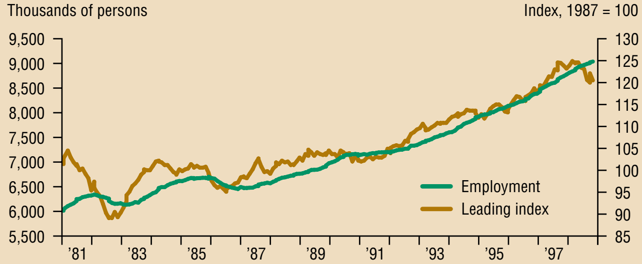
Total Nonfarm Employment
Index, January 1995 = 100



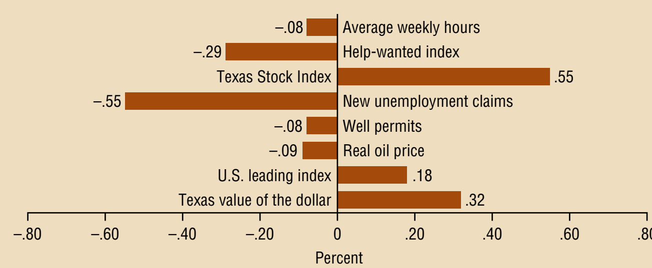
Texas Total and Major Area Employment
Index, December 1997 = 100



Texas Leading Index and Nonfarm Employment
Thousands of persons — Index, 1987 = 100



Net Contributions of Components to Change in Leading Index
September–November 1998



Regional Economic Indicators

	Texas Leading Index	TIPI** total	Texas employment* Mining	Construction	Manufacturing	Government	Private service-producing	Total nonfarm employment* Texas	Louisiana	New Mexico
11/98	120.5	128.8	163.7	500.6	1,106.9	1,524.0	5,742.6	9,037.8	1,889.2	722.3
10/98	122.1	129.2	164.5	497.3	1,107.8	1,521.9	5,730.6	9,022.1	1,885.2	722.2
9/98	120.0	129.7	166.1	495.2	1,109.2	1,522.5	5,714.4	9,007.4	1,886.0	720.6
8/98	120.6	129.7	167.2	498.4	1,108.3	1,512.0	5,704.6	8,990.5	1,885.9	721.4
7/98	123.1	129.9	168.4	496.4	1,106.2	1,505.1	5,689.9	8,966.0	1,891.0	721.0
6/98	123.4	129.7	168.6	494.7	1,108.8	1,500.7	5,677.8	8,950.6	1,890.9	719.1
5/98	124.6	130.0	168.8	495.2	1,106.8	1,492.9	5,660.5	8,924.2	1,887.2	717.2
4/98	124.6	128.6	168.8	491.8	1,105.7	1,489.0	5,631.1	8,886.4	1,884.5	715.9
3/98	124.4	129.1	171.1	483.4	1,106.7	1,494.2	5,607.6	8,863.0	1,883.8	714.7
2/98	124.9	128.9	171.1	482.2	1,104.7	1,491.6	5,587.9	8,837.5	1,882.6	714.0
1/98	123.9	128.9	170.3	477.7	1,104.5	1,490.9	5,568.6	8,812.0	1,878.8	714.6
12/97	123.2	128.8	171.2	472.4	1,097.2	1,487.5	5,546.2	8,774.5	1,866.1	712.7

* in thousands
** Texas Industrial Production Index

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.