

Regional Update

AS DESCRIBED IN this issue's cover story, the Texas economy continued its long expansion in 1999, and job growth is projected to increase slightly this year to 2.5 percent from 2.2 percent in 1999.

Because employment is the best of our timely measures of the state's economic performance, we put much effort into getting the best estimate possible. As described by Berger and Phillips in the July/August 1993 issue of *Southwest Economy*, we developed a unique seasonal adjustment procedure that incorporates early job estimates that the Bureau of Labor Statistics later incorporates into its annual revision.

As shown in the table, over the past four years, revisions to our adjusted employment series have averaged only about 0.5 percent. On average, the forecasted growth rates have been off by slightly less than 1 percentage point, and, excluding 1997, the average absolute error is only about 0.5 percent.

Overall, this analysis shows that over the past four years our forecasts of Texas job growth have been pretty accurate. However, 1997's stronger-than-expected national economy and higher energy prices were an example of how quickly conditions—and forecasts—can change.

— Keith Phillips
Frank Berger

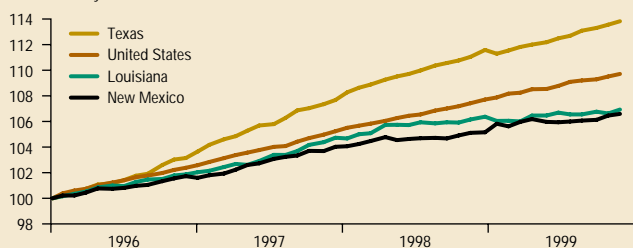
Evaluation of Texas Job Growth Forecast

Year	Forecast (percent)	Actual (percent)	Error (percent)	Revision in previous year's growth rate
1996	2.4	3.1	-.7	-.3
1997	2.0	4.4	-2.4	.8
1998	3.0	3.6	-.6	.8
1999*	2.0	2.1	-.1	.3
Average absolute value			.95	.55

Forecast data taken from past *Southwest Economy* articles.
* 1999 data are subject to further revision.

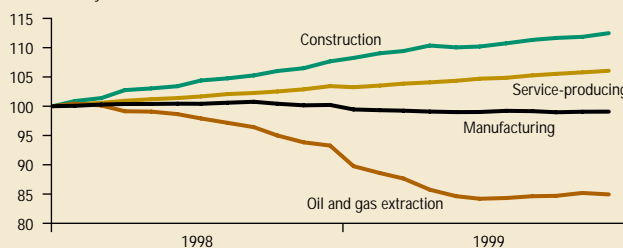
Total Nonfarm Employment

Index, January 1996 = 100



Texas Employment

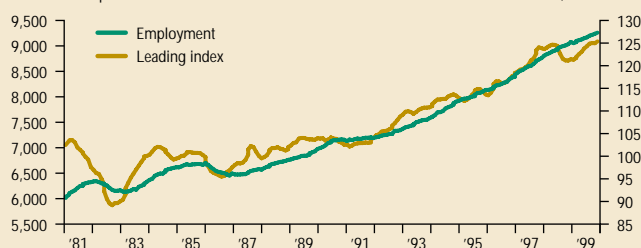
Index, January 1998 = 100



Texas Leading Index and Nonfarm Employment

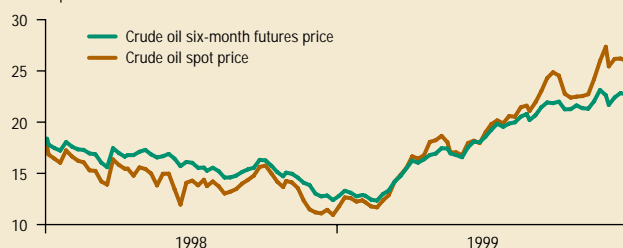
Thousands of persons

Index, 1987 = 100



Oil Price and Six-Month Futures Price

Dollars per barrel



Regional Economic Indicators

Texas employment*

Total nonfarm employment*

	Texas Leading Index	TIPI† total	Texas employment*				Total nonfarm employment*			
			Mining	Construction	Manufacturing	Government	Private service-producing	Texas	Louisiana	New Mexico
11/99	126.2	127.2	145.9	537.3	1,094.3	1,548.1	5,934.4	9,260.0	1,913.5	734.3
10/99	125.2	127.2	146.4	534.3	1,094.1	1,545.4	5,918.0	9,238.2	1,908.0	733.4
9/99	124.7	127.2	145.7	533.4	1,093.1	1,544.1	5,901.2	9,217.5	1,910.5	731.1
8/99	125.0	126.7	145.7	531.8	1,095.2	1,537.9	5,889.4	9,200.0	1,906.7	730.7
7/99	125.3	126.3	145.1	529.0	1,095.8	1,524.4	5,873.2	9,167.5	1,906.7	730.2
6/99	124.3	125.2	144.9	526.4	1,093.6	1,524.4	5,862.2	9,151.5	1,909.2	729.8
5/99	123.3	125.9	145.6	525.7	1,093.4	1,524.7	5,837.4	9,126.8	1,905.2	730.0
4/99	123.8	125.5	147.3	527.2	1,094.4	1,522.8	5,819.9	9,111.6	1,905.1	731.5
3/99	122.0	126.5	150.4	522.7	1,096.1	1,522.7	5,804.7	9,096.6	1,896.9	730.0
2/99	121.8	127.2	151.9	520.9	1,097.0	1,520.8	5,783.4	9,074.0	1,897.8	727.6
1/99	122.0	127.2	153.8	517.1	1,098.4	1,521.2	5,763.2	9,053.7	1,897.6	729.0
12/98	121.3	127.6	159.2	514.3	1,106.9	1,518.8	5,778.6	9,077.8	1,903.5	724.4

* 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.