

Regional Update

THE TEXAS ECONOMY grew at a fast pace in the first quarter, fueled by high oil prices and strong national and international economies. Employment growth in the first quarter was a brisk 3.6 percent annual rate, with March surging to a 4.9 percent annual rate.

After reaching a 10-year high of \$34 per barrel, oil prices declined in April to a more sustainable level of around \$26 per barrel. These prices are boosting drilling budgets and oil and gas activity in the region. Oil and gas extraction employment picked up, increasing at an annual rate of 6.4 percent in March. The Texas rig count climbed to over 300 in April.

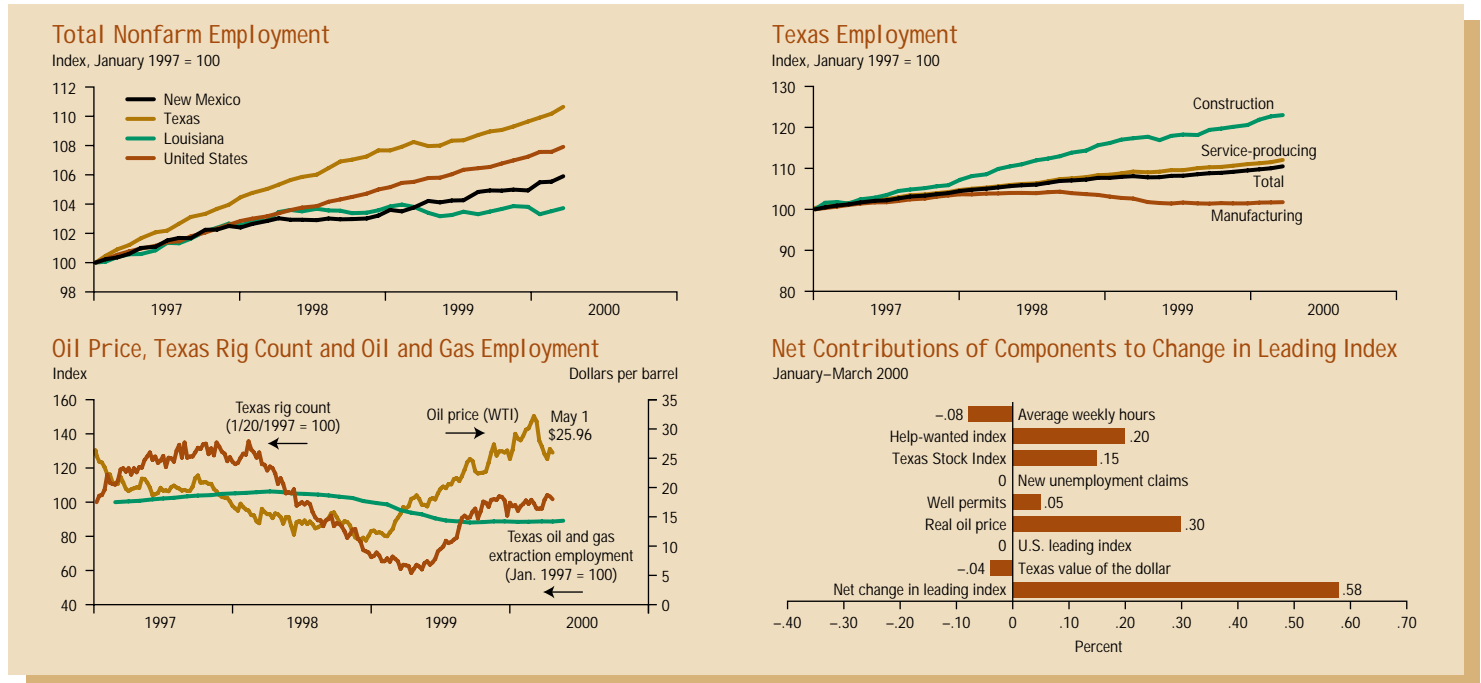
Construction employment grew 9.4 percent (annual rate) through March, aided in part by the mild weather, although growth decelerated throughout the quarter. Activity seems to be concentrated in single-family housing, however.

Manufacturing employment growth has been relatively flat. Within manufacturing, the industrial machinery sector, which includes computers, has seen very strong growth. Possibly mirroring a slower construction industry, related manufacturing sectors such as lumber, brick, furniture and fixtures have lost employment in the first quarter.

The service-producing sector has been booming in 2000. Especially strong were the distribution and business services sectors. Trucking and warehousing employment grew at an 8.9 percent annual rate and business services at a 9.4 percent rate in the first quarter.

Reflecting the strength of its trading partners, Texas exports grew 9 percent in the fourth quarter of 1999 and exports to Mexico were up 17 percent.

—Mine Yücel



Regional Economic Indicators

	Texas Leading Index	TIPI† total	Texas employment*				Total nonfarm employment*			
			Mining	Construction	Manufacturing	Government	Private service-producing	Texas	Louisiana	New Mexico
3/00	127.2	128.2	144.9	548.2	1,084.3	1,552.3	5,995.9	9,325.6	1,894.0	740.9
2/00	126.8	128.2	144.4	546.8	1,083.6	1,544.8	5,966.3	9,285.9	1,890.2	738.3
1/00	125.7	128.2	144.4	543.2	1,083.2	1,543.2	5,949.5	9,263.5	1,886.4	738.0
12/99	126.5	128.2	144.0	537.4	1,081.1	1,535.8	5,942.8	9,241.1	1,895.6	734.1
11/99	124.6	128.2	143.9	535.4	1,081.1	1,532.3	5,919.5	9,212.2	1,896.5	734.5
10/99	124.3	127.5	144.3	533.5	1,081.8	1,529.9	5,902.6	9,192.1	1,892.9	734.0
9/99	123.4	126.7	144.4	532.1	1,080.5	1,535.1	5,891.6	9,183.7	1,889.7	734.1
8/99	123.9	126.7	144.0	526.5	1,081.1	1,532.1	5,879.5	9,163.2	1,886.4	733.4
7/99	124.2	126.3	143.5	527.0	1,083.3	1,514.7	5,864.2	9,132.7	1,889.5	729.4
6/99	124.2	125.2	144.4	525.6	1,080.8	1,534.0	5,845.8	9,130.6	1,885.4	729.3
5/99	123.3	125.9	145.3	520.9	1,082.1	1,533.7	5,820.2	9,102.2	1,883.9	728.4
4/99	123.7	125.5	147.3	524.6	1,084.5	1,532.6	5,810.4	9,099.4	1,888.1	729.1

* 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.