

Regional Update

Current economic data suggest that the Texas economy is growing at a moderate pace. A pickup in energy-related employment and solid demand for services continue to add new jobs to the economy. Alternatively, weakness in manufacturing employment and a very tight labor market have attenuated overall job growth. The September unemployment rate was 4.3 percent, up only slightly from July's 20-year low of 4.1 percent.

High oil and gas prices continue to stimulate growth in the energy sector. The number of rigs drilling for oil and gas in Texas increased to 364 in October, up 33 percent from the beginning of the year. Employment in oil and gas extraction has finally begun to pick up. Although it had been sluggish due to difficulty in hiring workers who had other opportunities in more stable industries, employment in this sector has grown 2.7 percent (annual rate) since January.

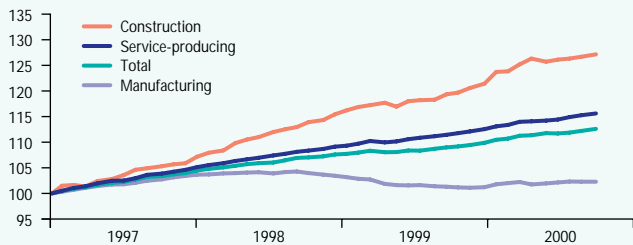
Employment in the private service-producing sector, which makes up 60 percent of total employment, grew vigorously, increasing at an annual rate of 3.6 percent year to date. Employment growth in durable goods manufacturing, which includes high-tech, has not fared as well. After increasing moderately throughout the year, employment in this sector dropped in September at an annualized rate of 0.2 percent.

Recent changes in the Texas Leading Index suggest moderated growth over the next six months. Both the U.S. and Texas leading indexes have trended down recently. In Texas, declines in new unemployment claims, the Texas Stock Index, average weekly hours and the U.S. leading index outweighed increases in the real oil price, well permits and the Texas value of the dollar.

—John Thompson

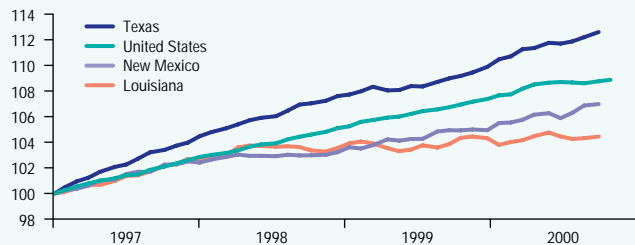
Texas Employment

Index, January 1997 = 100



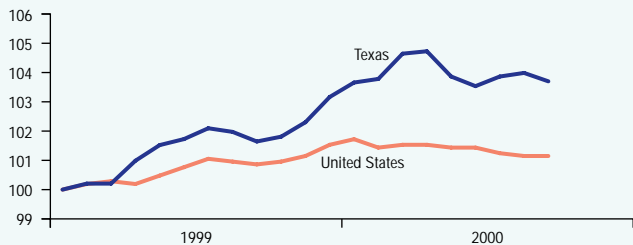
Total Nonfarm Employment

Index, January 1997 = 100



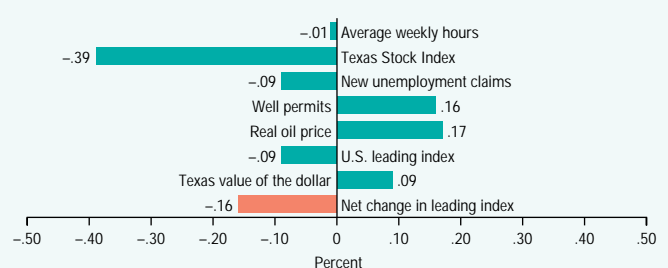
U.S. and Texas Leading Indexes

Index, January 1999 = 100



Net Contributions of Components to Change in Leading Index

July–September 2000



Regional Economic Indicators

TEXAS EMPLOYMENT*

	TEXAS EMPLOYMENT*		TOTAL NONFARM EMPLOYMENT*							
	Texas Leading Index	TIPI† total	Mining	Construction	Manufacturing	Government	Private service-producing	Texas	Louisiana	New Mexico
9/00	125.9	130.8	148.8	566.7	1,089.6	1,570.8	6,111.5	9,487.4	1,905.9	748.4
8/00	126.4	131.2	148.4	564.6	1,089.7	1,557.5	6,093.1	9,453.3	1,903.6	747.6
7/00	126.6	131.0	148.5	563.0	1,090.0	1,550.1	6,074.0	9,425.6	1,902.6	743.6
6/00	126.1	130.1	149.3	562.1	1,088.1	1,563.3	6,048.6	9,411.4	1,906.1	740.7
5/00	125.8	129.0	148.8	560.3	1,086.1	1,583.4	6,038.0	9,416.6	1,911.7	743.4
4/00	126.9	128.4	148.6	563.0	1,083.9	1,556.3	6,030.3	9,382.1	1,906.5	742.6
3/00	127.9	128.4	149.0	558.0	1,089.0	1,553.0	6,025.3	9,374.3	1,900.7	739.8
2/00	126.7	128.0	148.2	551.9	1,086.7	1,546.9	5,993.3	9,327.0	1,898.1	738.3
1/00	125.8	128.2	148.1	551.4	1,084.3	1,545.1	5,978.7	9,307.6	1,894.1	738.0
12/99	126.4	128.2	145.7	541.2	1,078.2	1,543.3	5,949.7	9,258.1	1,903.6	734.1
11/99	124.6	128.2	145.4	537.4	1,077.1	1,535.2	5,926.3	9,221.4	1,906.0	734.5
10/99	124.3	127.5	145.2	533.4	1,077.8	1,534.3	5,908.0	9,198.7	1,904.2	734.0

* In thousands. † Texas Industrial Production Index.

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.