

# Regional Update

The Texas economy has moderated since the first half of 2000 but continues to expand more rapidly than the nation. Texas started the year strong thanks to rebounding world economies, solid domestic growth, and high oil and gas prices. However, there has been widespread slowing in construction and manufacturing in recent months.

Oil and gas prices have continued at high levels. West Texas Intermediate crude has hovered around \$30 per barrel, and the natural gas wellhead price reached \$8.50 per million British thermal units in December. Texas employment in oil and gas extraction rose an annualized 4 percent from January to November.

Construction employment growth was at a high 7.9 percent (annualized) in the first six months of the year, then slipped to a 2.6 percent growth rate from July to November. Single-family construction picked up earlier in the year in response

to lower mortgage rates, but real estate firms reported declines in November and December.

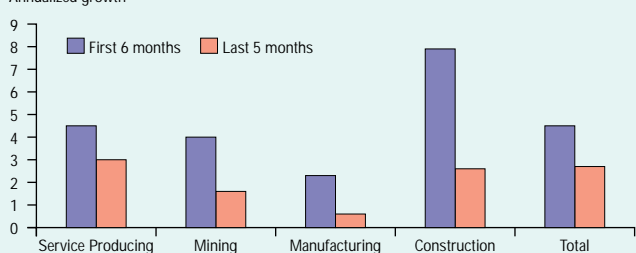
Manufacturing employment softened throughout 2000. Job growth in nondurable manufacturing was particularly lethargic, pinched by declines in the chemical and refining industries. Employment in nondurable manufacturing has increased only 0.3 percent (annualized) in the last three months. Total manufacturing employment for Texas grew 1.5 percent (annualized) through the first 11 months of 2000.

Recent declines in all components of the Texas Leading Index, excluding the real oil price, indicate that a continued cooling of the Texas economy is likely. From October to November the Texas Leading Index fell to 122.7, a decrease of 1.8 percent.

— John Thompson  
Charis L. Ward

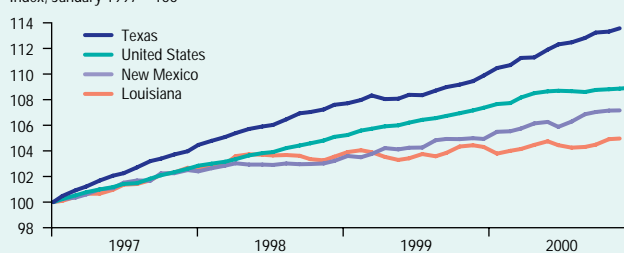
## Employment Growth by Industry

Annualized growth



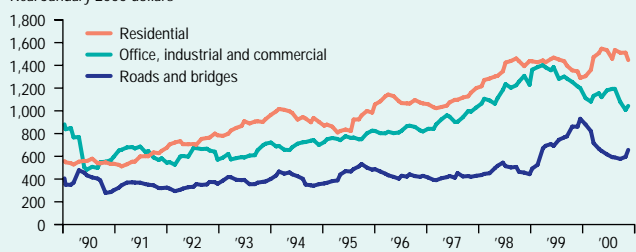
## Total Nonfarm Employment

Index, January 1997 = 100



## Texas Construction Contract Values

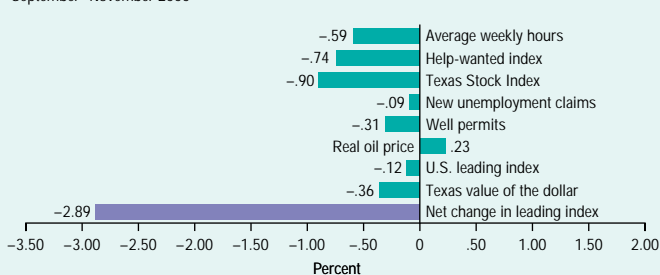
Real January 2000 dollars\*



\*Seasonally adjusted.

## Net Contributions of Components to Change in Leading Index

September–November 2000



## Regional Economic Indicators

### TEXAS EMPLOYMENT\*

### TOTAL NONFARM EMPLOYMENT\*

	Texas Leading Index	TIPI† total	Mining	Construction	Manufacturing	Government	Private service-producing	Texas	Louisiana	New Mexico
11/00	122.7	130.3	151.0	568.3	1,093.2	1,578.1	6,178.6	9,569.2	1,915.6	749.7
10/00	124.5	130.8	150.7	567.6	1,093.2	1,576.4	6,159.8	9,547.7	1,914.7	749.6
9/00	125.8	131.0	150.3	566.2	1,092.0	1,581.4	6,151.1	9,541.0	1,906.8	748.8
8/00	126.3	131.4	149.2	564.7	1,091.8	1,567.1	6,132.7	9,505.5	1,903.6	747.6
7/00	126.5	131.1	149.1	563.0	1,092.2	1,559.5	6,113.1	9,476.9	1,902.6	743.6
6/00	126.1	130.1	150.0	562.2	1,090.5	1,572.7	6,087.8	9,463.2	1,906.1	740.7
5/00	125.7	129.0	149.5	555.0	1,088.9	1,584.0	6,051.1	9,428.5	1,911.7	743.4
4/00	126.9	128.4	149.2	553.9	1,087.4	1,556.2	6,030.9	9,377.6	1,906.5	742.6
3/00	127.8	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	126.6	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

\* 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](http://www.dallasfed.org).