

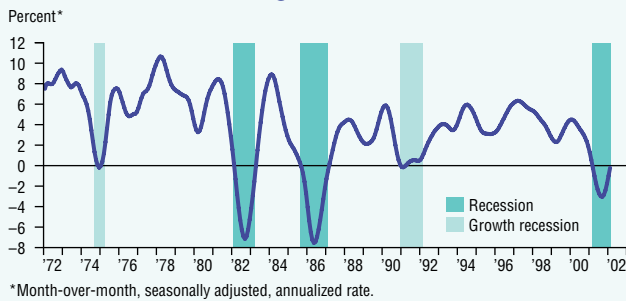
Ten years of economic expansion came to an end in 2001. Economic activity in Texas slowed throughout 2000 and turned negative in the spring of 2001, dragged down by the national and Mexican recessions and by the shock of September 11.

It may be too soon to feel confident that the recession is over. However, signs are increasingly positive. The U.S. economy's unexpected strength raises the prospects for a quick recovery, both in Texas and in Mexico. The Texas Leading Index has been climbing for the past four months, led by sharp increases in the U.S. leading index, the Texas Stock Index and average weekly hours worked in Texas manufacturing and by a decline in initial unemployment claims in Texas. After declining for most of 2001, private nonfarm employment in Texas surged in January. Despite falling back slightly in February, the private sector has added 23,000 jobs since the start of the year.

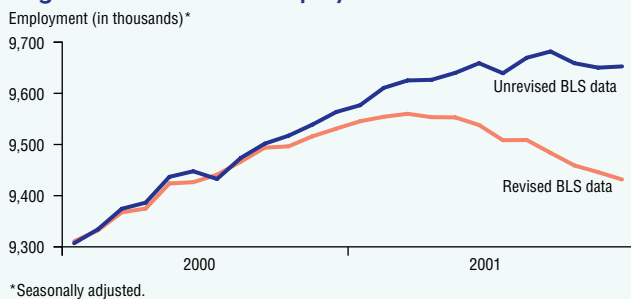
These numbers paint a very different picture of the Texas economy than was presented in the last issue of *Southwest Economy*. The Bureau of Labor Statistics (BLS) has just revised (in some cases substantially) all of the state-level employment data from second quarter 2000 forward. The difference between the unrevised and the revised data for December 2001 exceeds 2 percent of employment in five states—North Carolina, South Carolina, Washington, Florida and Texas. Where we once thought that Texas employment grew 1 percent in 2001, we now know it shrank 1 percent. After the revisions, the BLS lopped 215,000 jobs out of the Texas employment estimate for December 2001. The Texas revisions were proportionately most extreme in the wholesale trade and temporary employment industries.

—Lori L. Taylor

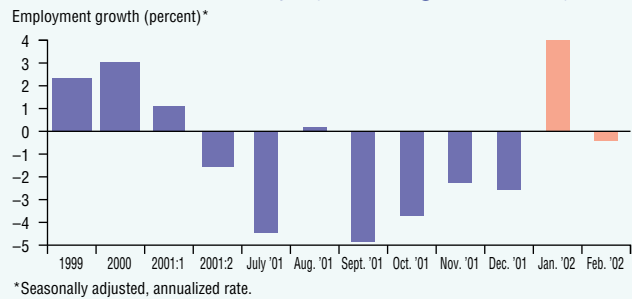
## Texas Coincident Index Signals Recession



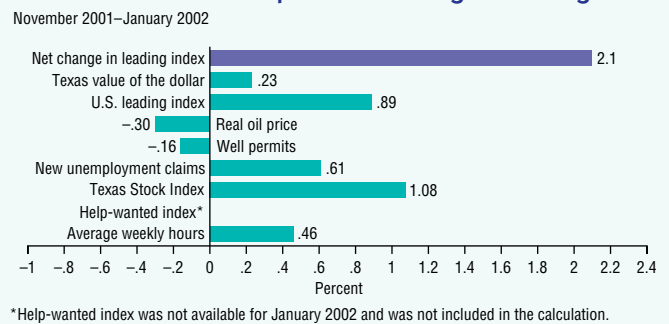
## Large Revisions to Texas Employment Data



## Texas Private Nonfarm Employment Surged in January



## Net Contributions of Components to Change in Leading Index



## Regional Economic Indicators

	TEXAS LEADING INDEX*		TEXAS EMPLOYMENT*				TOTAL NONFARM EMPLOYMENT*			
	Texas Leading Index	TIPI† total	Mining	Construction	Manufacturing	Government	Private service-producing	Texas	Louisiana	New Mexico
2/02	—	—	161.4	559.2	1,018.4	1,607.0	6,118.3	9,464.3	—	—
1/02	115.4	126.7	161.7	561.1	1,024.8	1,603.4	6,112.3	9,463.3	1,920.3	762.2
12/01	114.2	125.6	161.9	559.7	1,024.5	1,597.2	6,088.3	9,431.6	1,925.5	758.3
11/01	114.3	126.9	162.7	559.4	1,027.9	1,594.4	6,101.5	9,445.9	1,925.7	758.1
10/01	113.0	127.7	163.0	559.0	1,033.1	1,592.7	6,111.3	9,459.1	1,926.7	758.5
9/01	114.4	129.8	163.7	561.4	1,038.9	1,592.4	6,127.3	9,483.7	1,924.0	756.3
8/01	119.5	130.6	164.5	564.0	1,047.6	1,584.3	6,148.4	9,508.8	1,928.2	756.3
7/01	118.4	131.5	164.1	561.7	1,053.0	1,584.9	6,144.7	9,508.4	1,925.4	756.4
6/01	118.9	131.5	164.2	565.6	1,063.0	1,584.2	6,161.0	9,538.0	1,927.0	757.5
5/01	119.8	131.0	162.7	567.8	1,070.1	1,578.8	6,173.6	9,553.0	1,927.6	757.3
4/01	118.8	131.0	161.3	567.5	1,075.3	1,576.6	6,172.7	9,553.4	1,927.4	755.9
3/01	120.1	131.1	158.4	570.8	1,081.4	1,574.6	6,174.8	9,560.0	1,924.6	757.7

\* 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).