

# Regional Update

Despite looming global uncertainties, data suggest the Texas economy has improved slightly in recent months. Economic indicators are mixed, but there are positive signs going forward.

Texas payroll employment was flat throughout 2002. But while the employment situation didn't improve, Texans' take-home pay did. Texas personal income has risen for five consecutive quarters, with the strongest growth coming in the last two quarters for which we have data (second and third quarters of 2002). The coincident index (our timeliest measure of current conditions in Texas) has also emerged from negative territory—barely. Overall, the evidence suggests Texas may have entered a period of jobless recovery.

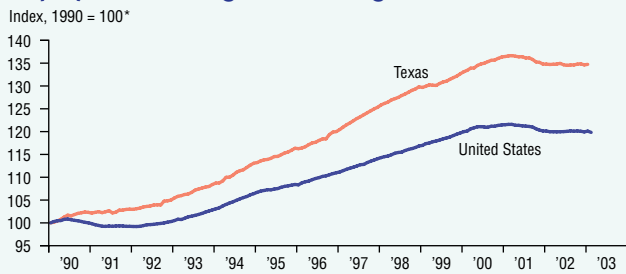
The leading index for Texas improved over the last quarter of 2002, which may signal a future upturn in the economy. Most of the components were positive, including higher well

permits and an improved Texas value of the dollar. Declines were posted in the help-wanted index and average weekly hours. Real oil prices during the fourth quarter also put a slight strain on the Texas economy, but recent developments in the energy sector suggest this will not be the case in upcoming months.

The Texas economic climate is lukewarm at present. Energy and defense-related manufacturing are doing reasonably well, and the decline in the transportation sector has begun to slow. But telecom continues to fare poorly, and the construction sector has weakened. While the economic fundamentals are sound in Texas and there is reason for optimism, the starting date for a full-fledged recovery remains unclear.

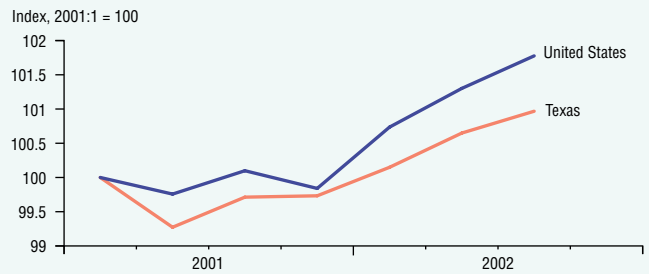
—Jason L. Saving  
Priscilla Caputo

## Employment No Longer Contracting

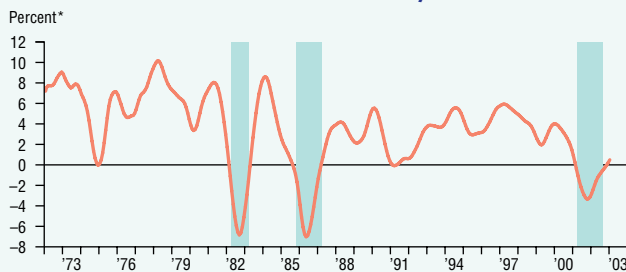


\*Total nonfarm employment.

## Personal Income Continues to Rise



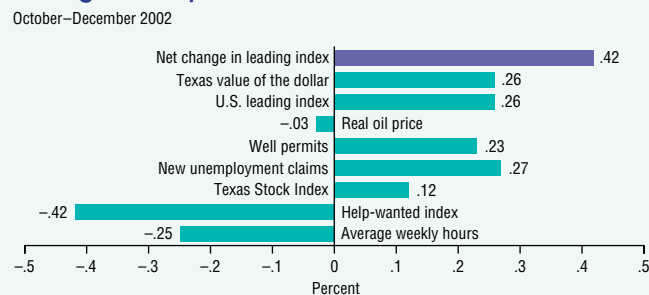
## Texas Coincident Index Positive—Barely



\*Month-over-month, seasonally adjusted, annualized rate.

NOTE: Shaded areas indicate recession.

## Leading Index Improves Over Three-Month Period



## Regional Economic Indicators

	TEXAS EMPLOYMENT*							TOTAL NONFARM EMPLOYMENT*		
	Texas Leading Index	TIPI† total	Mining	Construction	Manufacturing	Government	Private service-producing	Texas	Louisiana	New Mexico
12/02	112.3	124.5	155.9	559.6	990.4	1,632.2	6,066.4	9,404.5	1,919.8	764.3
11/02	112.4	124.7	156.0	556.8	993.4	1,630.6	6,068.3	9,405.1	1,919.0	766.4
10/02	111.6	124.8	156.2	556.3	996.0	1,628.1	6,070.8	9,407.4	1,921.2	764.1
9/02	111.8	125.3	155.8	556.0	998.5	1,626.5	6,076.6	9,413.4	1,920.4	759.5
8/02	113.5	125.1	158.2	556.3	1,001.9	1,621.5	6,081.4	9,419.3	1,922.0	759.6
7/02	113.0	125.3	156.8	558.9	1,005.1	1,618.2	6,082.7	9,421.7	1,912.5	762.8
6/02	114.6	124.9	158.0	559.3	1,006.2	1,621.7	6,112.3	9,457.5	1,916.7	762.5
5/02	115.8	125.0	159.3	559.9	1,009.7	1,614.4	6,117.2	9,460.5	1,919.9	761.0
4/02	115.9	124.5	160.1	559.7	1,012.6	1,610.3	6,119.6	9,462.3	1,921.4	761.1
3/02	115.3	124.1	159.5	560.0	1,014.0	1,609.8	6,117.6	9,460.9	1,923.5	762.5
2/02	114.7	124.4	160.8	559.4	1,018.0	1,606.7	6,113.9	9,458.8	1,922.9	762.9
1/02	115.5	124.5	161.7	561.1	1,024.8	1,603.4	6,112.3	9,463.3	1,926.1	762.2

\* 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).