

Regional Update

During 2003, regional economic indicators have implied that the Texas economy is on the road to recovery. Although economic measures have been mixed, most have been positive. Nevertheless, Texas employment continues to be a disappointment.

With recent revisions, the slight gain in employment seen so far this year was reduced to a mere 4,100 jobs, a 0.04 percent increase. The trade, transportation and utilities sector continues to be the major culprit in job losses, with manufacturing close behind. Employment growth in these sectors declined 13.6 and 11.4 percent, respectively.

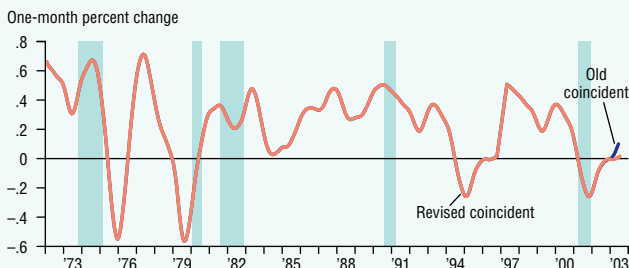
Because employment is a component of the Texas Coincident Index, the index was also revised. Previously, the coincident index indicated the Texas economy began expanding in January 2003. The revised index implies that the expansion did not start until May. Consistent with Beige Book reports, the Texas economy was flat from January through May.

Another discouraging signal is the unemployment rates for Texas' major metro areas. After a steady decline, unemployment rates in July edged up for some metros. The Dallas rate was unchanged at 6.8 percent, but it remains the highest of the major metros. Austin's unemployment rate was also unchanged and, at 5.3 percent, is currently the lowest of the group.

One encouraging signal for the region's economy is the Texas Leading Index, which has shown a positive net change over the past three months. The only two Texas Leading Index components that were negative during the April–July period were well permits and average weekly hours. Both measures declined as they settled back from their surge in previous months. The direction of the Texas Leading Index may indicate a continuing expansion in the region's economy.

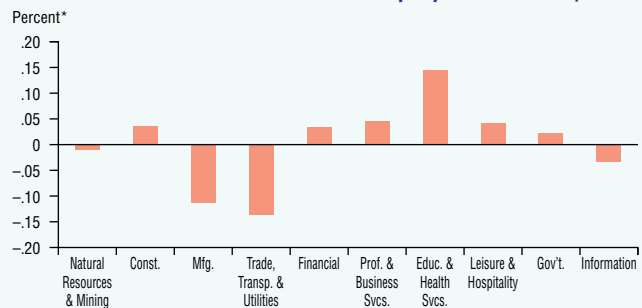
—Priscilla Caputo

Growth of Texas Coincident Indicators



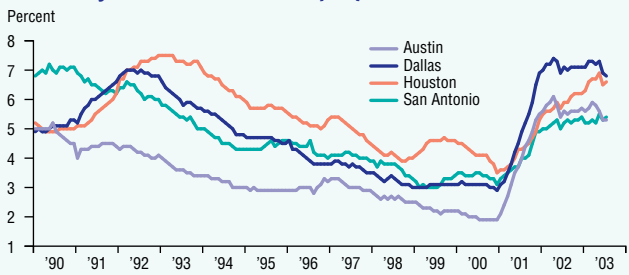
NOTE: Shaded areas indicate U.S. recession.

Sector Contributions to Total Texas Employment Growth, 2003

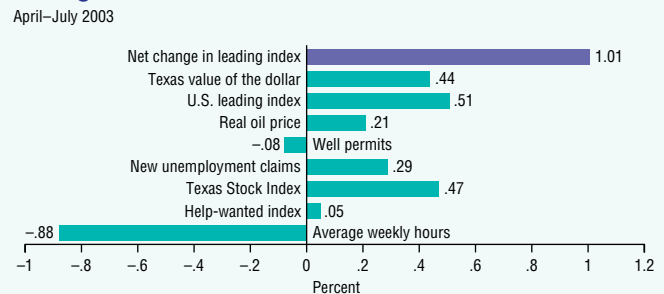


*Year-to-date, seasonally adjusted, annualized rate. Data are through July.

Texas Major Metro Area Unemployment Rates



Leading Index Increases Over Three-Month Period



Regional Economic Indicators

TEXAS EMPLOYMENT*

	Texas Leading Index		TEXAS EMPLOYMENT*					TOTAL NONFARM EMPLOYMENT*		
	TIPI† total		Mining	Construction	Manufacturing	Government	Private service-producing	Texas	Louisiana	New Mexico
7/03	113.8	127.1	140.4	576.7	912.3	1,641.4	6,151.4	9,424.3	1,896.7	780.4
6/03	113.8	127.6	141.2	577.2	915.9	1,654.6	6,146.1	9,437.2	1,898.5	779.1
5/03	114.1	127.8	141.7	576.4	923.1	1,651.3	6,153.9	9,448.3	1,897.6	779.0
4/03	112.6	127.5	141.5	577.8	925.4	1,649.4	6,142.3	9,437.5	1,896.5	778.9
3/03	111.8	127.1	139.8	574.8	927.9	1,646.6	6,141.5	9,432.4	1,895.7	775.8
2/03	112.2	126.8	139.5	573.2	928.7	1,642.3	6,141.4	9,426.4	1,897.9	776.7
1/03	113.4	125.7	140.0	574.2	930.5	1,639.3	6,146.0	9,431.0	1,903.2	773.2
12/02	112.4	125.1	140.4	571.1	929.9	1,637.8	6,137.3	9,420.2	1,898.4	772.0
11/02	112.6	124.9	141.4	569.8	934.7	1,643.3	6,143.7	9,436.3	1,896.9	770.6
10/02	111.8	125.0	142.1	566.8	936.8	1,638.5	6,144.3	9,431.7	1,895.8	766.4
9/02	112.0	125.6	142.1	566.7	940.3	1,628.4	6,138.6	9,419.3	1,899.2	766.4
8/02	113.8	125.4	142.1	568.3	944.1	1,625.0	6,136.4	9,418.8	1,901.1	767.1

* 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.