Texas employment edged up in January 2004. Total employment gained 3,400 jobs, while private employment increased by 1,900. The government and educational and health services sectors continued to add jobs in January, just as they did throughout most of 2003. Construction employment improved for the third consecutive month, indicating a positive trend. Information employment also turned up slightly in January. While a one-month increase in this sector's job growth does not necessarily signal a trend, it certainly is a positive change after 34 months of job losses.

Not all sectors experienced job growth during the month. Job losses continued in manufacturing for the 38th straight month. While natural resources and mining employment fell in January 2004, there is some hope for improvement. High energy prices have boosted drilling activity in Texas, suggesting that additional jobs are coming in the months ahead.

Consistent with the overall improvement in employment, the Texas unemployment rate dropped to 6.3 percent in January, the lowest in 17 months. However, new monthly unemployment claims rose in January for the third straight month. Average weekly hours worked were down over the same period. While these two indicators contributed negatively to the Texas Leading Index, the overall change in the index was positive. As a whole, the Texas Leading Index registered a net growth of 1.18 percent during the months of November through January, signaling continuing growth in Texas.

—Anna L. Berman