

Regional Update

The Texas Coincident Index, a broad-based indicator of current economic conditions in Texas, has grown only slightly over the last several months, suggesting steady but slow economic recovery is under way.

Job growth continues to be modest. During the last four months, Texas nonfarm employment has remained below a 1 percent annualized growth rate. In September, employment grew by only 6,400 jobs—a 0.81 percent annualized increase. During the recovery, Texas employment has grown at a pace similar to the nation's. Historically, Texas employment growth has been at a considerably higher rate than the nation's.

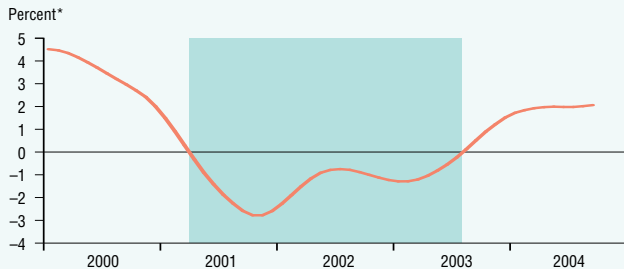
Employment gains continue to be concentrated in several sectors of the Texas economy, including educational and

health services, professional and business services, and trade, transportation and utilities. New sectors contributing to the overall growth are construction and financial activities. The latest data on the information sector reveal that it remains too early to judge whether employment in the sector is on the way to recovery.

The Texas Leading Index offers some hope for faster growth in the Texas economy in the coming months. Although the index has fluctuated over the last several years, the September 2004 increase is the greatest gain in the leading index since November 2003.

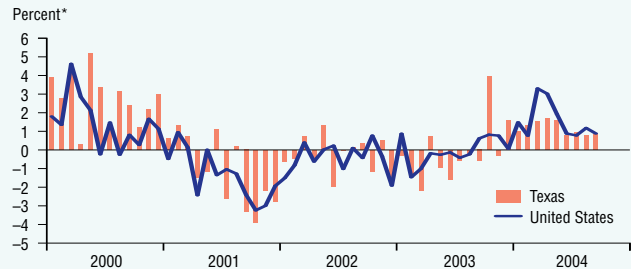
—Anna Berman

Texas Coincident Index



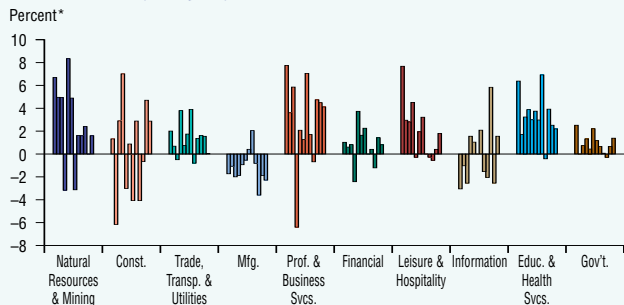
*Month-over-month, seasonally adjusted, annualized rate.
NOTE: Shaded area indicates recession.

Total Nonfarm Employment



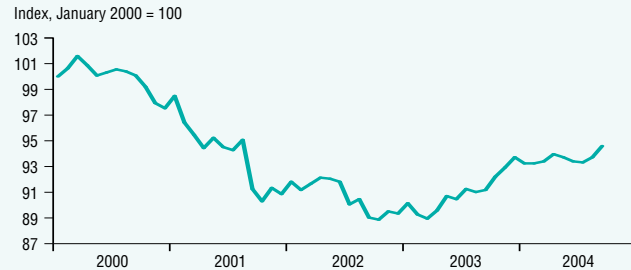
*Month-over-month, seasonally adjusted, annualized rate.

Texas Industry Employment



*Month-over-month, seasonally adjusted, annualized rate, through September 2004.

Texas Leading Index



Regional Economic Indicators

TEXAS EMPLOYMENT*

TOTAL NONFARM EMPLOYMENT*

	Texas Leading Index	TIP1† total	Mining	Construction	Manufacturing	Government	Private service-producing	Texas	Louisiana	New Mexico
9/04	119.0	129.3	149.8	543.4	881.2	1,656.3	6,237.7	9,468.9	1,903.0	795.1
8/04	117.9	129.4	150.0	542.1	882.9	1,654.4	6,233.0	9,462.5	1,909.3	793.1
7/04	117.4	129.4	149.9	540.0	884.3	1,653.5	6,228.6	9,456.5	1,914.5	790.8
6/04	117.5	128.6	149.9	540.4	887.1	1,653.1	6,219.3	9,449.6	1,910.8	790.6
5/04	117.9	128.7	149.3	542.1	887.5	1,652.8	6,212.9	9,444.8	1,908.5	789.0
4/04	118.2	128.4	149.1	540.6	886.5	1,651.7	6,203.9	9,431.9	1,913.5	786.6
3/04	117.5	128.1	149.2	542.1	886.5	1,650.3	6,189.8	9,418.3	1,910.5	785.4
2/04	117.3	128.3	148.5	543.0	887.8	1,647.4	6,181.1	9,407.1	1,909.7	782.2
1/04	117.3	127.6	148.2	545.0	888.8	1,647.0	6,174.3	9,403.5	1,910.5	780.4
12/03	117.9	127.2	145.9	545.6	889.5	1,645.1	6,155.8	9,385.0	1,900.7	782.4
11/03	116.9	127.2	145.4	544.4	890.8	1,643.9	6,144.1	9,371.7	1,904.7	779.8
10/03	116.0	127.8	145.3	547.4	891.4	1,643.9	6,140.5	9,371.2	1,905.9	778.1

* In thousands. † Texas Industrial Production Index.

For more information on employment data, see "Reassessing Texas Employment Growth" (*Southwest Economy*, July/August 1993). For TIP1, 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.