

# Regional Update

**T**exas continued its steady rebound in the first four months of the year, posting a 1.3 percent employment gain to match the state's 2004 rate. The Texas Coincident Index, an aggregate measure of statewide economic activity, rose at an annualized 2.1 percent, compared with 1.9 percent in 2004.

Although still lagging the nation, Texas reported broad-based employment increases. All major sectors posted gains for January–April, although manufacturing and government reported the weakest growth, at 0.1 percent each. Professional and business services jobs sharply increased, growing 4.6 percent for the period, the highest rate for any sector. Other areas showing strong gains were other services, leisure and hospitality services, and information.

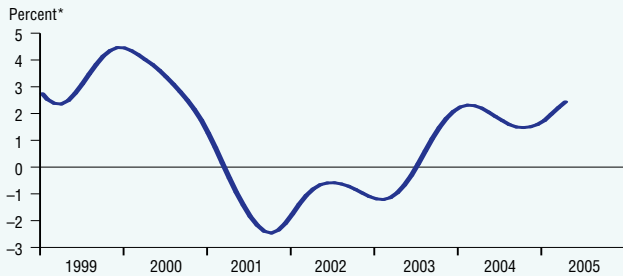
Rising crude oil prices may have pushed some prices

higher, but the Texas consumer price index remained reasonably low, up 2.6 percent year-over-year in January. The core CPI—which excludes gasoline and food—was up 1.8 percent. Higher energy prices are apparently not impacting pricing in other industries significantly.

The Texas Leading Index showed continued positive growth of 1 percent in the first quarter. Real oil prices and average weekly hours posted sizable gains. Based on the index, Texas can expect job growth of 2 percent in 2005. Temporary-employee hiring, a leading indicator, also picked up sharply, growing at an annualized 9 percent in the first four months. Overall, Texas appears poised for moderate, broad-based growth this year.

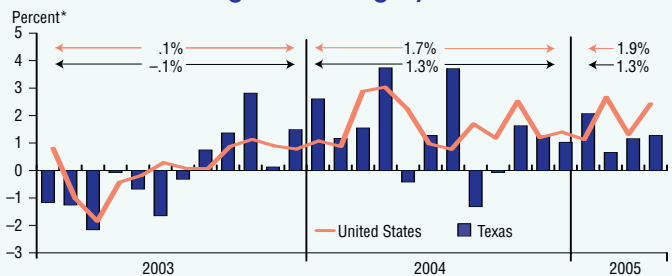
—Kristen Hamden

## Texas Coincident Index Shows Steady Rebound



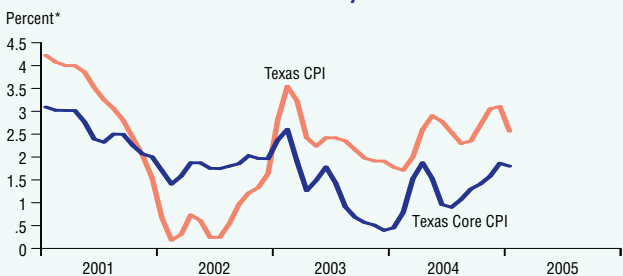
\*Month-over-month, seasonally adjusted, annualized rate.

## Texas Job Growth Lags Nation's Slightly



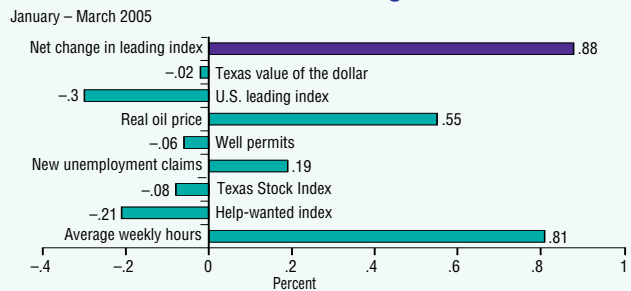
\*Month-over-month, seasonally adjusted, annualized rate.

## Texas Inflation Remains Reasonably Low



\*Year-over-year change.

## Net Contributions to the Texas Leading Index



## Regional Economic Indicators

	TEXAS EMPLOYMENT*							TOTAL NONFARM EMPLOYMENT*		
	Texas Leading Index	TIPIT† total	Mining	Construction	Manufacturing	Government	Private service-producing	Texas	Louisiana	New Mexico
3/05	122.0	129.8	153.2	542.6	883.7	1,665.6	6,305.5	9,552.5	1,929.5	801.4
2/05	121.4	130.1	153.0	541.3	884.1	1,664.7	6,298.2	9,543.1	1,924.8	799.4
1/05	120.2	129.2	152.8	541.8	883.8	1,666.6	6,291.0	9,537.9	1,926.5	799.7
12/04	121.0	129.2	152.5	541.0	885.5	1,665.6	6,275.3	9,521.6	1,916.9	799.1
11/04	119.4	129.1	152.1	540.7	887.2	1,663.7	6,268.1	9,513.5	1,920.3	796.9
10/04	118.6	128.8	151.7	540.3	888.1	1,662.5	6,259.5	9,503.6	1,919.3	795.1
9/04	118.1	129.8	151.9	539.7	888.4	1,659.1	6,249.7	9,490.8	1,913.5	792.6
8/04	117.7	129.4	151.4	539.3	890.2	1,658.6	6,250.0	9,491.4	1,921.3	791.2
7/04	117.2	129.3	151.3	541.4	891.6	1,662.9	6,252.8	9,501.9	1,921.3	791.5
6/04	117.2	128.6	151.0	540.8	888.7	1,655.0	6,235.8	9,473.1	1,919.5	789.4
5/04	117.9	128.7	150.6	541.1	890.0	1,652.1	6,227.4	9,463.1	1,917.9	789.3
4/04	118.1	128.4	150.4	544.5	889.7	1,650.1	6,229.9	9,466.4	1,922.8	789.2

\* In thousands. † Texas Industrial Production Index.

For more information on employment data, see "Reassessing Texas Employment Growth" (*Southwest Economy*, July/August 1993). For TIPIT, 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 web site, [www.dallasfed.org](http://www.dallasfed.org).