

President's Perspective



At the Dallas Fed, we take great pride in our ability to keep tabs on the state economy.

Texas stumbled into recession last fall, about a year behind the nation as a whole. As hard as it has been hit, the state has fared better than most of the rest of the country during this downturn. Job losses have been less severe. Housing markets haven't suffered as much.

In good times or bad, economic conditions in Texas are not the same as they are in other parts of the country. At the Dallas Fed, we take great pride in our ability to keep tabs on the state economy, serving as the Federal Reserve's eyes and ears in this part of the country.

Over the years, our Research Department has developed specialized analytic tools to delve deeper into the Texas economy's ups and downs. I regard these tools as a key aspect of the Dallas Fed's franchise—resources not only for me and my colleagues on the Federal Open Market Committee but also for the public at large, including businessmen,

researchers and policymakers.

The monthly Texas Leading Index combines a handful of region-specific measures to anticipate changes in the state business cycle. Since its inception in 1988, this index has produced an impressive track record when used in a forecasting model. The Dallas Fed's job growth projections, based on this leading index, have been included in the Western Blue Chip Economic Forecast for 15 years.

Every quarter, our regional group produces an early benchmark of Texas payroll employment data—a calculation the Bureau of Labor Statistics releases only once a year. Over time, these estimates have been on the money, providing timely and accurate estimates of Texas labor market conditions.

Since May 2004, our regional group has conducted the Texas Manufacturing Outlook Survey. Released on the last Monday of every month, it summarizes respondents' views of current and future business activity. Swings in this sector often prove useful for understanding the overall economy, so local and national news agencies regularly cite the survey's results.

In this issue's "On the Record," four of our regional analysts give an update on Texas' economy, sharing with you the kind of insight they provide to me on a daily basis. If I may sum up their message: The Texas economy is in recession, but some hopeful signs have been emerging in recent months.

A handwritten signature in gold ink that reads "Richard W. Fisher". The signature is fluid and cursive, with a large, sweeping initial "R".

Richard W. Fisher
President and CEO
Federal Reserve Bank of Dallas