

# Regional Update

**A**FTER SOLID GROWTH in the second quarter, Eleventh District employment growth slowed in the third quarter, resuming a cooling trend that has been in place since employment growth peaked in 1994. Several factors are restraining current economic growth: a tight labor market, slower national economy and brief second-quarter jump in mortgage rates that has led to slower homebuilding and weaker demand for construction-related manufacturing.

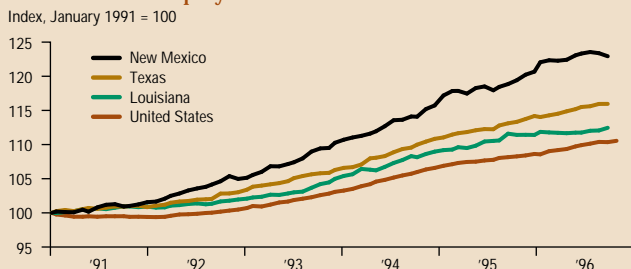
After 2.9-percent annual job growth in the second quarter, District employment growth slowed to 1.6 percent in the third quarter. The slowdown in employment growth was broad-based across industries. After rising 2.3 percent in the second quarter, manufacturing employment fell 1.3 percent in the third quarter. Private-service sector growth also slowed

sharply. After expanding 3.9 percent in the second quarter, private-service-sector employment rose only 1.2 percent in the third quarter.

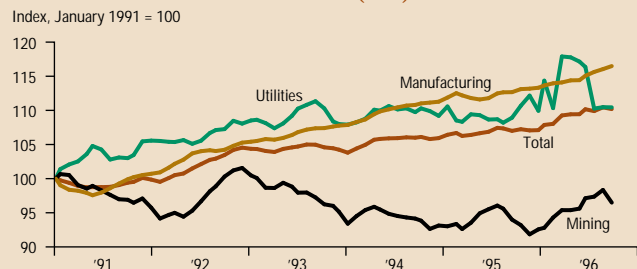
A tight labor market may have restrained employment growth, particularly in Texas, where job growth has outpaced the nation's for the past decade and outpaced the state's long-run average for the past three years. Texas' statewide unemployment rate dipped to 5.4 percent in September, just slightly above the U.S. unemployment rate of 5.2 percent. However, if cities along the Texas-Mexico border—where heavy immigration keeps unemployment rates high—are excluded, the Texas unemployment rate would drop to 4.7 percent.

—Fiona Sigalla

**Total Nonfarm Employment**



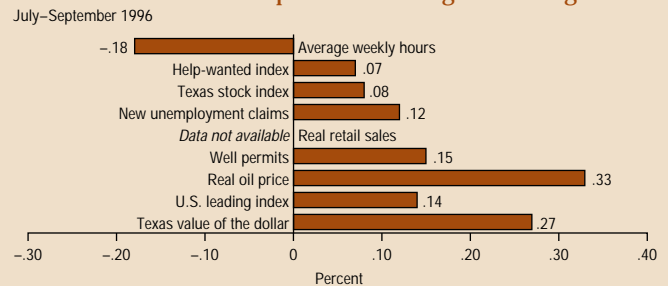
**Texas Industrial Production Index (TIPI)**



**Texas Leading Index and Nonfarm Employment**



**Net Contributions of Components to Change in Leading Index**



## Regional Economic Indicators

	Texas Leading Index	TIPI total	Texas employment				Private service-producing	Total nonfarm employment		
			Mining	Construction	Manufacturing	Government		Texas	Louisiana	New Mexico
9/96	117.0	123.1	155.0	435.0	1,055.2	1,468.8	5,154.2	8,268.2	1,804.9	715.2
8/96	116.7	123.3	155.0	433.3	1,056.4	1,473.4	5,149.6	8,267.7	1,798.6	717.8
7/96	116.1	122.7	154.7	432.7	1,053.5	1,462.1	5,140.6	8,243.6	1,797.9	718.8
6/96	116.2	123.0	155.7	432.3	1,053.7	1,457.9	5,136.0	8,235.6	1,793.6	717.5
5/96	116.6	122.2	155.9	431.5	1,052.7	1,456.9	5,116.3	8,213.3	1,793.5	716
4/96	116.8	122.2	155.6	430.5	1,051.7	1,455.3	5,097.7	8,190.8	1,792.2	712.2
3/96	116.1	122.0	156.1	429.9	1,049.1	1,453.2	5,077.1	8,165.4	1,793.1	711.4
2/96	115.0	120.6	155.6	428.5	1,047.3	1,452.7	5,064.5	8,148.6	1,794.0	711.8
1/96	113.8	120.5	154.7	424.6	1,044.7	1,451.0	5,055.8	8,130.8	1,795.3	710.1
12/95	113.3	119.6	154.2	420.1	1,039.1	1,460.9	5,067.2	8,141.5	1,788.1	702.1
11/95	113.5	119.6	154.3	416.2	1,034.4	1,457.2	5,048.4	8,110.5	1,788.4	699.5
10/95	114.4	119.8	154.9	413.5	1,031.3	1,455.3	5,025.6	8,080.6	1,788.2	694.8

## Further Information on the Data

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).

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