

# Outlook for the Texas Economy



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<b>About this Report</b> .....	2
<b>April 2024 Summary</b> .....	3
<b>Economic Activity</b> .....	6
Texas Business Cycle Index .....	6
Texas Leading Index .....	6
Gross Domestic Product.....	7
Job Openings .....	7
<b>Employment</b> .....	8
Employment Index .....	8
Unemployment Rate .....	8
Initial Unemployment Claims.....	9
Labor Force Participation Rate.....	9
<b>Energy</b> .....	10
Crude Oil Prices .....	10
Texas Crude Oil Production.....	10
Texas Active Rotary Rig Count .....	11
Oil and Gas Extraction Employment .....	11
<b>Housing</b> .....	12
Residential Home Sales .....	12
Texas Home Price Index .....	12
U.S. Purchase Mortgage Origination Dollar Volume .....	13
Single-Family Housing Starts .....	13
<b>Manufacturing</b> .....	14
Texas and U.S. Manufacturing Employment Index.....	14
Texas and U.S. Manufacturing Employee Hourly Earnings.....	14
Texas Manufacturing Employee Hourly Earnings .....	15
Manufacturing Outlook Survey.....	15
<b>Services</b> .....	16
Services Sector Outlook Survey .....	16
Retail Sales Index.....	16
<b>Trade</b> .....	17
Texas Export Values by Destination .....	17
Texas Oil and Gas Exports .....	17





## About this Report

Texas Real Estate Research Center economists continuously monitor many facets of the global, national, and Texas economies. *Outlook for the Texas Economy* summarizes significant state economic activity and trends. All measurements are calculated using seasonally adjusted data, and percentage changes are calculated month over month, unless stated otherwise.

This publication is designed to be a one-stop resource for economic indicators. We hope you find them as useful as we do. Your feedback is always appreciated. Send comments and suggestions to <mailto:info@recenter.tamu.edu>.

Joshua Roberson and Rhutu Kallur

Data current as of April 10, 2024

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# April 2024

UNEMPLOYMENT RATE

3.9%

AVERAGE HOURLY WAGE

▲ 0.3% MOM

CONSUMER PRICE INDEX

▲ 0.3% MOM

TX CONSUMER CONFIDENCE

▼ 8.6% MOM

## Summary

The Texas economy has remained resilient despite high inflation rates. Most of April's employment growth was mostly in education and health services. The unemployment rate has remained unchanged for the last six months.

## Inflation Growth Remains Steady

The Consumer Price Index (CPI), which has been steady since the beginning of 2024 with no major fluctuations, rose 0.3 percent in April. The CPI was up 3.4 percent from April 2023. The indexes for gasoline and shelter both rose in April and contributed 70 percent of the monthly increase. The energy index increased 1.1 percent year-over-year (YOY) while the food index declined by 0.2 percent.

In April, the key federal funds interest rate was at approximately 5.375 percent as the Federal Reserve continued to grapple with persistent inflation. Despite expectations for multiple rate cuts at the start of the year, inflation has been stubborn, rising from 3.2 percent in February to 3.5 percent in March. With the CPI dipping to 3.4 in April, many expect the Fed to begin rate cuts soon. Fed chairman Jerome Powell has suggested rates will eventually decline sometime in 2024, with up to three 25-basis point interest rate cuts expected, bringing the federal funds rate closer to 4.6 percent. So, while the current rates remain unchanged, there are indications that adjustments may occur later in the year.

## Texas Payroll Growing at Slower Rate

Texas total nonfarm employment added 42,600 workers, resulting in a 0.3 percent month-over-month (MOM) gain. Dallas and Houston experienced the highest increases of 21,300 and 13,400 employees, respectively. Austin and San Antonio experienced moderate increases of 4,600 and 1,900, respectively. Education and health services have overtaken professional and business services (7,600) by adding 12,000 workers. Education services specifically has seen 1 percent growth and has been growing at the same rate since March 2024. Trade, transportation, and utilities was on decline since the beginning of the year and moved up slightly in April by 0.4 percent for the first time in 2024.



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Texas worker sentiment remains resilient with a participation rate of 64.2 percent. The **unemployment rate** has been steady at 3.9 to 4 percent for nine months, and continued unemployment claims have averaged around 135,649 applications weekly.

### Texas Homes Sales Recover

According to the latest data, Texas had a 5.8 percent increase in total home sales MOM, resulting in 29,212 homes sold (see table). Most of the major cities experienced a slight upswing. San Antonio had the biggest increase in home sales volume among the Big Four with 8 percent (3,188) followed by Dallas with a 4 percent (8,120) increase.

	March	April	MoM Change
San Antonio-New Braunfels	2,952	3,188	8.0%
Texas	27,594	29,212	5.9%
Dallas-Fort Worth-Arlington	7,804	8,120	4.0%
Austin-Round Rock-San Marcos	2,791	2,895	3.7%
Houston-Pasadena-The Woodlands	7,373	7,464	1.2%

Source: Data Relevance Project and Texas Real Estate Research Center at Texas A&M University  
 Note: Data are seasonally adjusted

### Service Sector Has Growth Boost

Texas’ service-providing private employment had its biggest MOM burst since January 2023. In April, service-providing employment crossed over ten million with a 0.41 percent MOM change. In January 2023, that growth rate was 0.7 percent MOM. According to the **Dallas Fed’s Service Sector Outlook Survey**, despite the boost in employment, most of the business executives surveyed still had a negative sentiment toward general business activity. Input prices and wages eased slightly this month, but revenue remained unchanged. Looking out six months from now, executives surveyed also stated that employment growth will be positive but grow at a slower pace.

### Texas Export Growth Slow Without Oil Boost

Texas’ all-commodity exports in March increased 3.6 percent MOM but fell 5.8 percent YOY. This time last year Texas oil and gas exports temporarily benefited from Russian oil sanctions, which explains the large YOY dip. In general, Texas exports have gradually increased since early 2023 but are far short of export levels from 2022.

Demand for Texas oil and gas, the state's largest export, has been sluggish with export values hovering in the \$12 export value range. The high mark for Texas oil and gas exports was June 2022, when export levels reached \$15.5 billion, with most of the oil going to either Asia or Europe. Export levels have since fallen but remain above the long-term trend.

Petroleum and coal products, the state's number two export commodity, have fared about the same with export levels maintaining around \$6 billion since summer 2023. Unlike oil and gas, this export is concentrated in developing Latin American markets.

### Select Economic Indicators

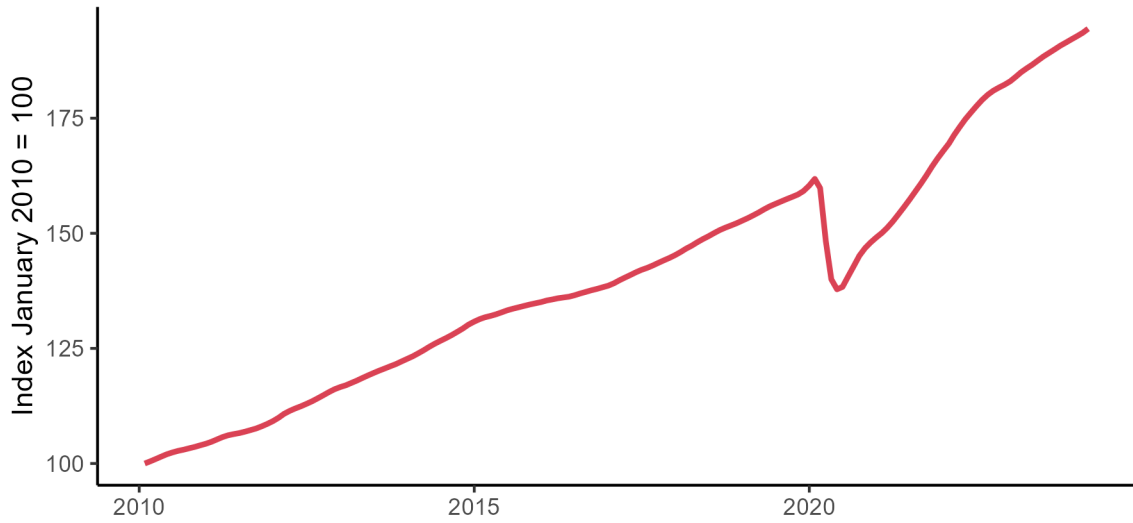
- The Texas Leading Economic Index has risen slightly by 0.5 percent from 128.8 to 129.5 (1987=100), signaling steady economic growth in the upcoming months.
- Nominal average hourly earnings increased marginally by **0.3 percent** MOM to \$32.7 and by **4.6 percent** YOY.
- Earnings across all four major metros were mixed, with Dallas increasing by \$0.25, Austin decreasing by \$0.12, and Houston and San Antonio having no major changes.
- Texas consumer confidence fell by **8.6 percent** in April. It had been on the rise since September but started falling during March and has continued to fall.
- The ten-year U.S. Treasury bond jumped 33 basis points, standing at **4.54 percent**.
- The **Federal Home Loan Mortgage Corporation's 30-year fixed-rate** rose by 17 basis points to 6.99 percent.
- The West Texas Intermediate (WTI) crude oil spot price slightly rose by **7.4 percent** YOY to \$85.35. The Henry Hub natural gas spot price plummeted another **35 percent** YOY from \$2.16 to \$1.60 per million British thermal units (BTU).





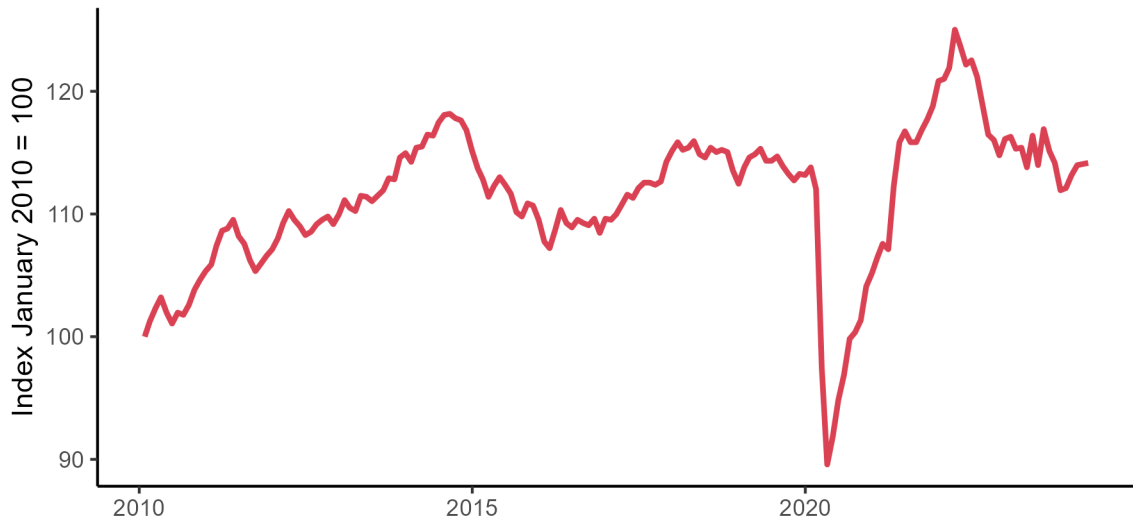
# Economic Activity

## Texas Business-Cycle Index



Source: Federal Reserve Bank of Dallas

## Texas Leading Index



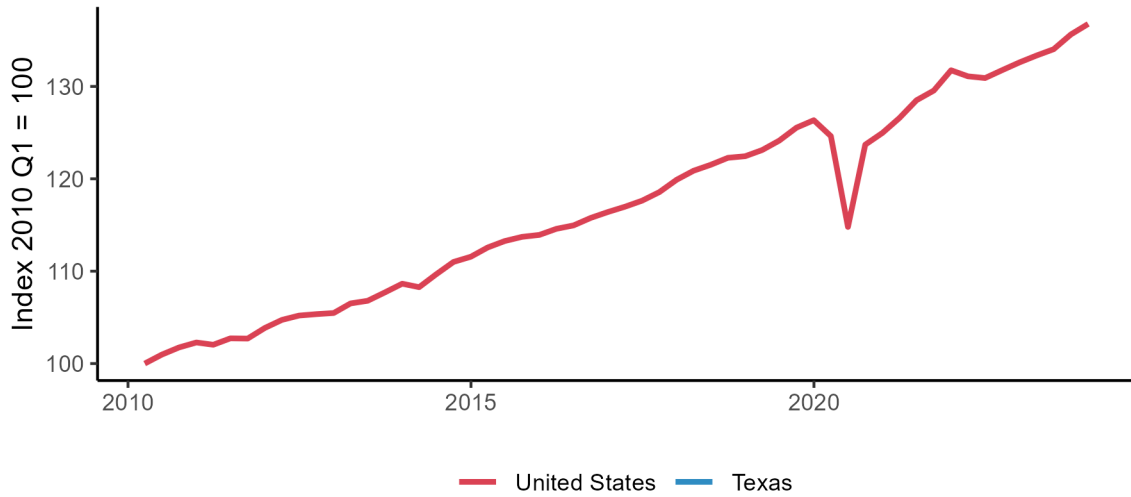
Source: Federal Reserve Bank of Dallas





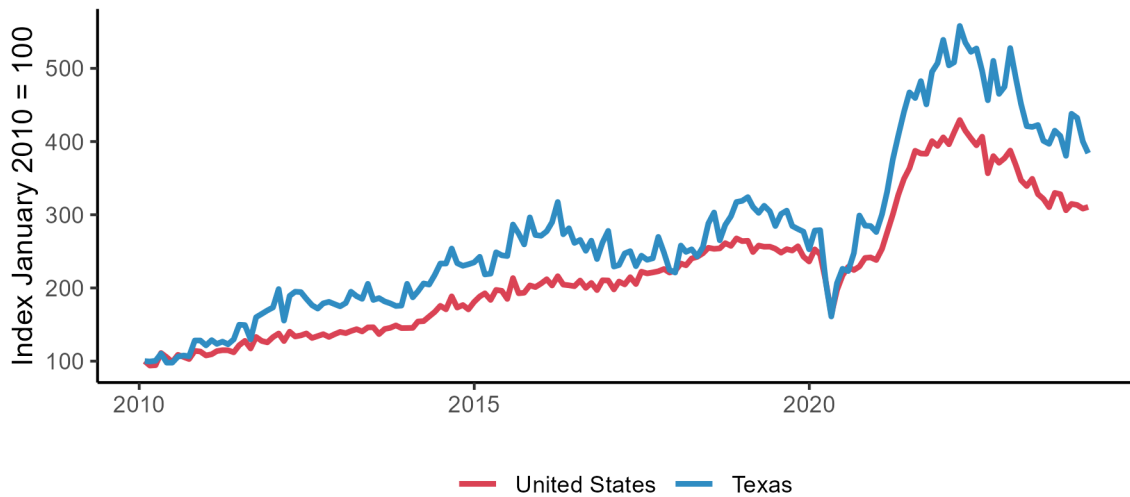
# Economic Activity

## Gross Domestic Product



Source: Bureau of Economic Analysis

## Job Openings



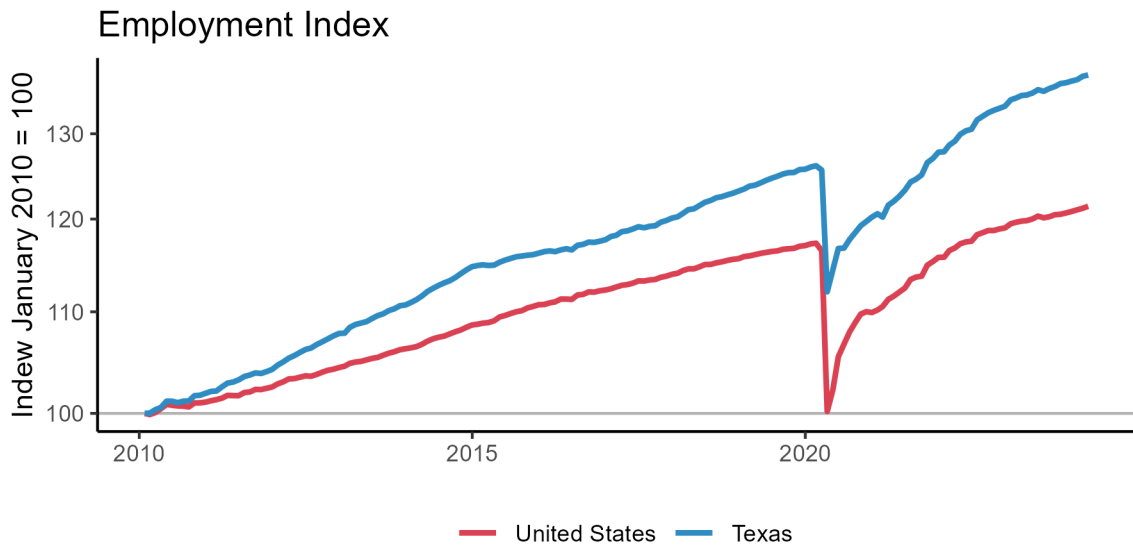
Source: Bureau of Labor Statistics



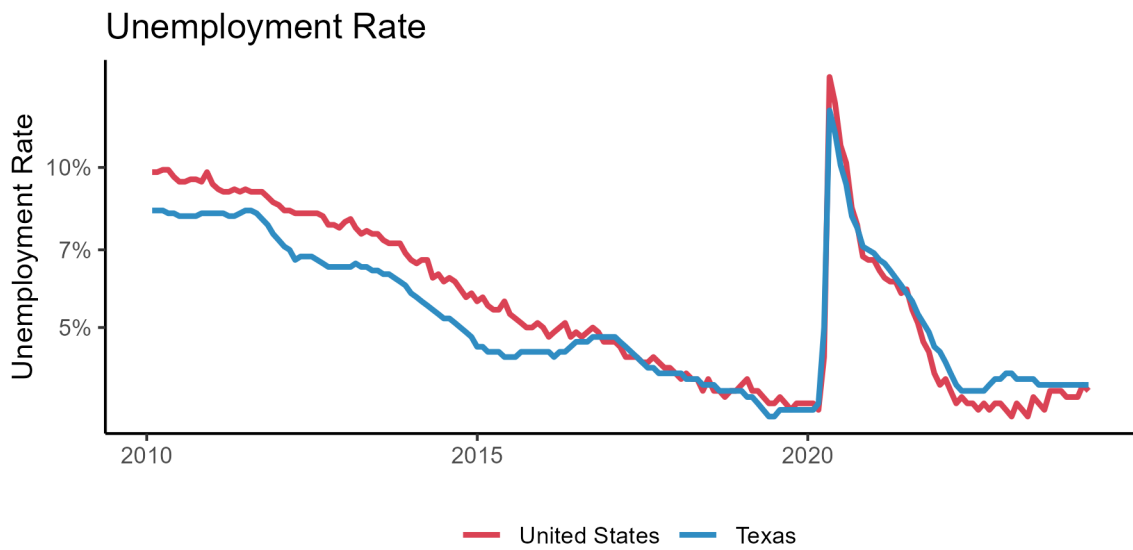




# Employment



Source: Bureau of Labor Statistics



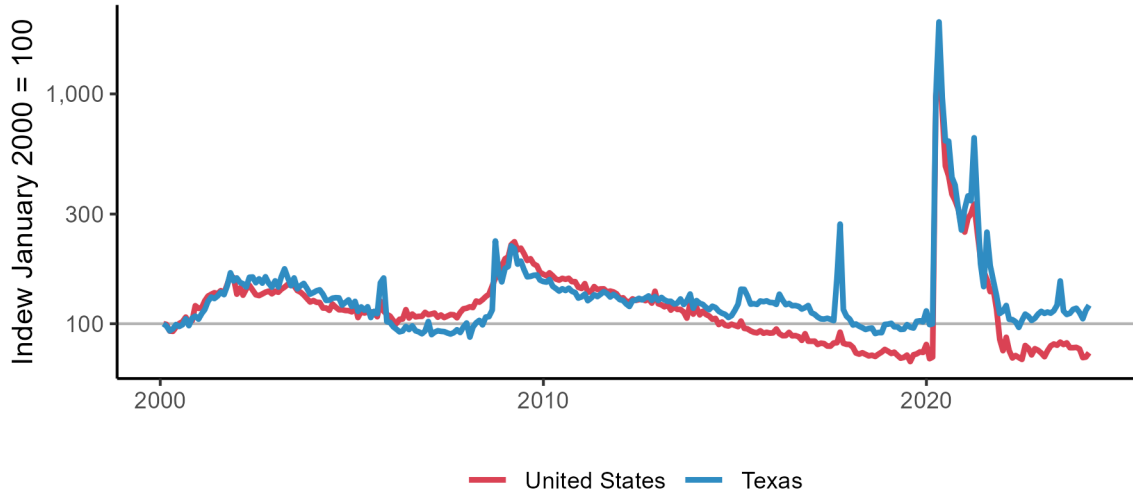
Source: Bureau of Labor Statistics





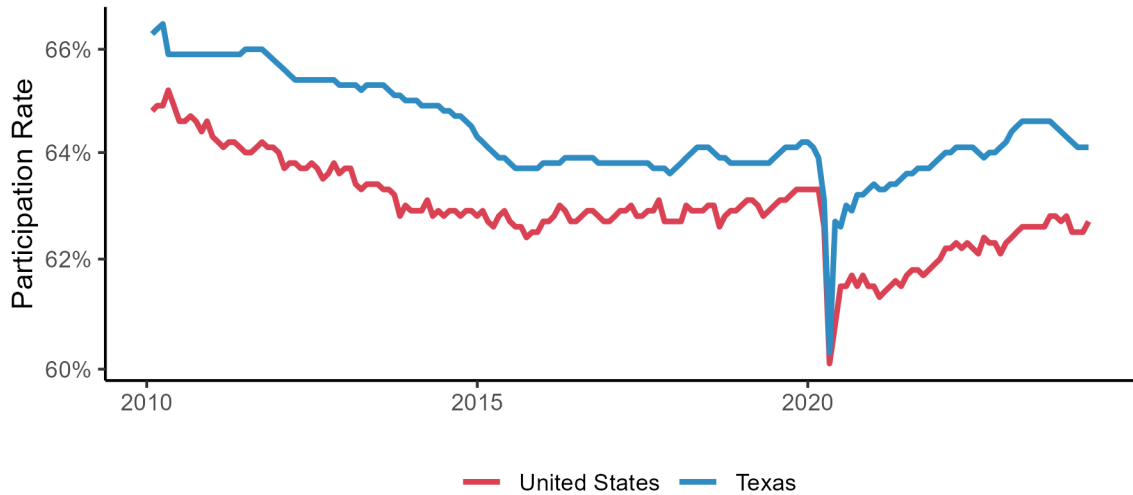
# Employment

## Initial Unemployment Claims



Source: Department of Labor

## Labor Force Participation Rate



Source: Bureau of Labor Statistics





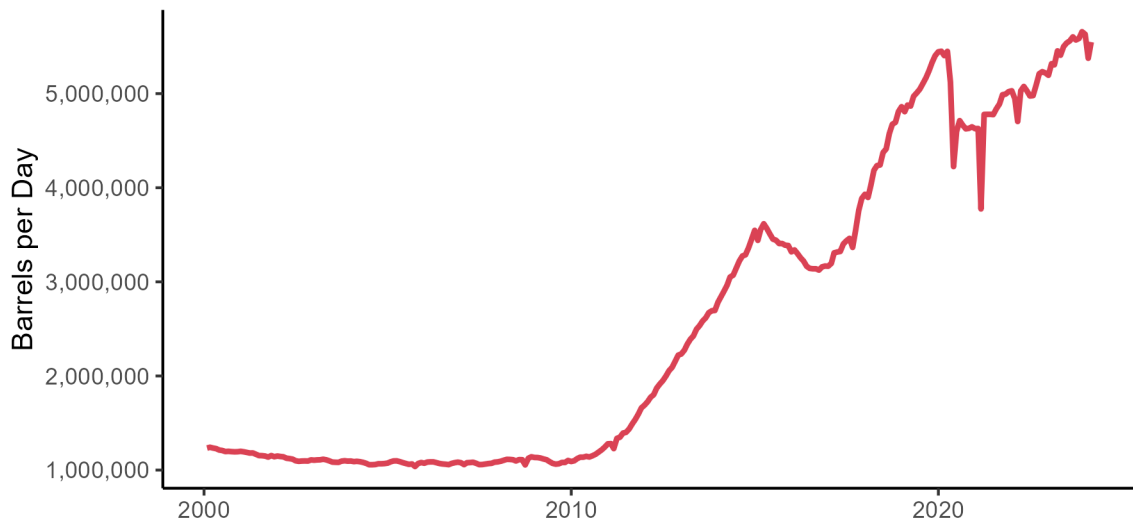
# Energy

### Crude Oil Price



Source: Energy Information Administration

### Texas Crude Oil Production



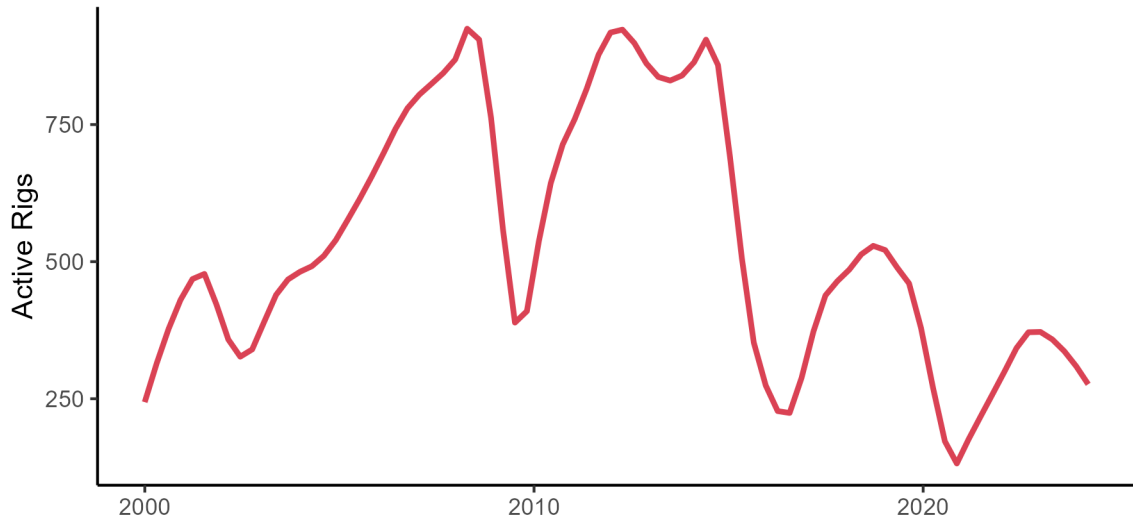
Source: Energy Information Administration





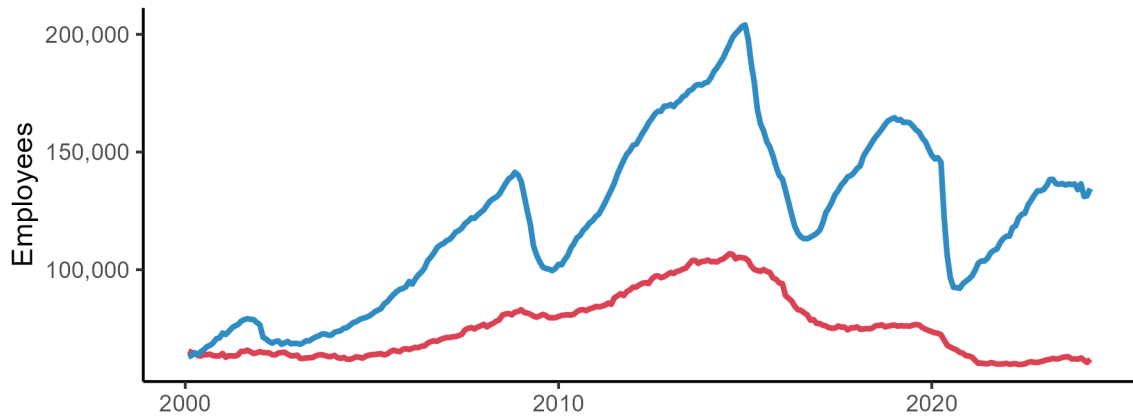
# Energy

### Texas Active Rotary Rig Count



Source: Baker Hughes

### Oil and Gas Extraction Employment



— Oil and Gas Extraction — Support Activities

Source: Bureau of Labor Statistics

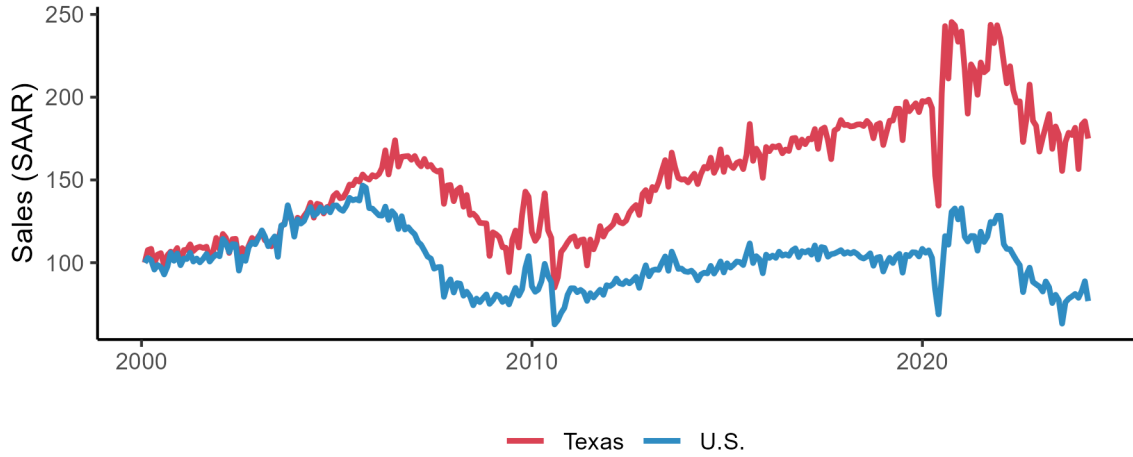




# Housing

## Residential Home Sales

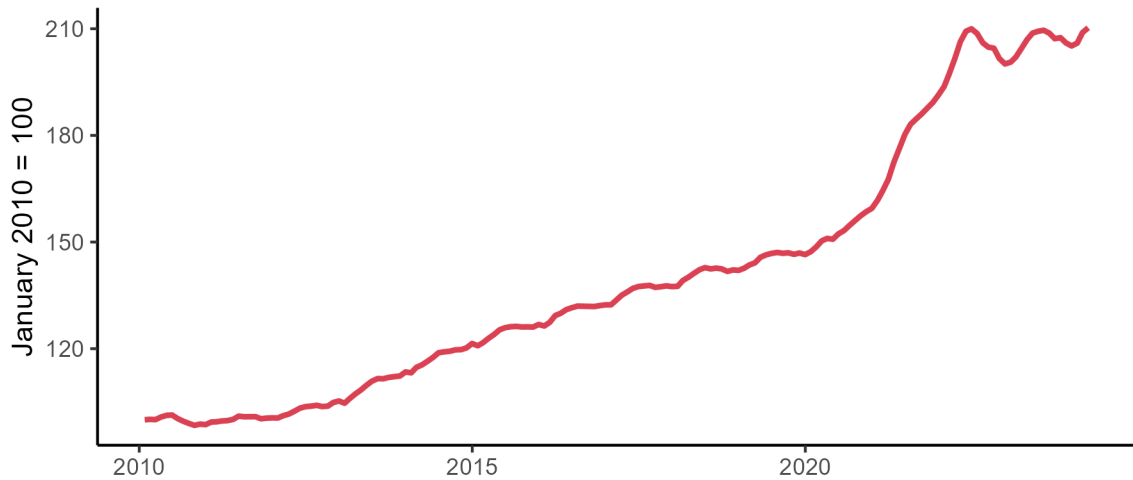
Seasonally Adjusted Annualized Rate



Source: National Association of Realtors - Texas Real Estate Research Center at Texas A&M University

## Texas Home Price Index

Seasonally Adjusted Annualized Rate



Source: Texas Real Estate Research Center at Texas A&M University



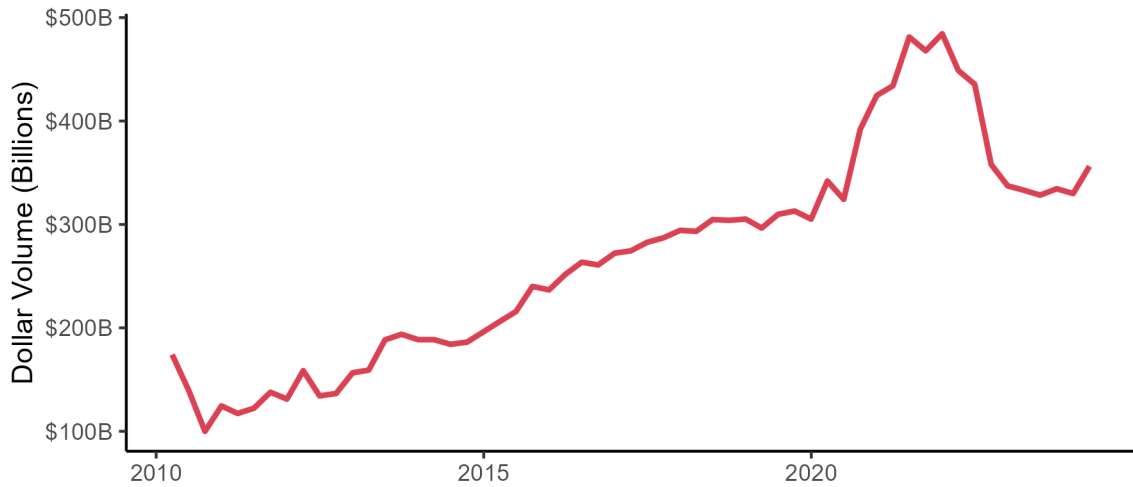
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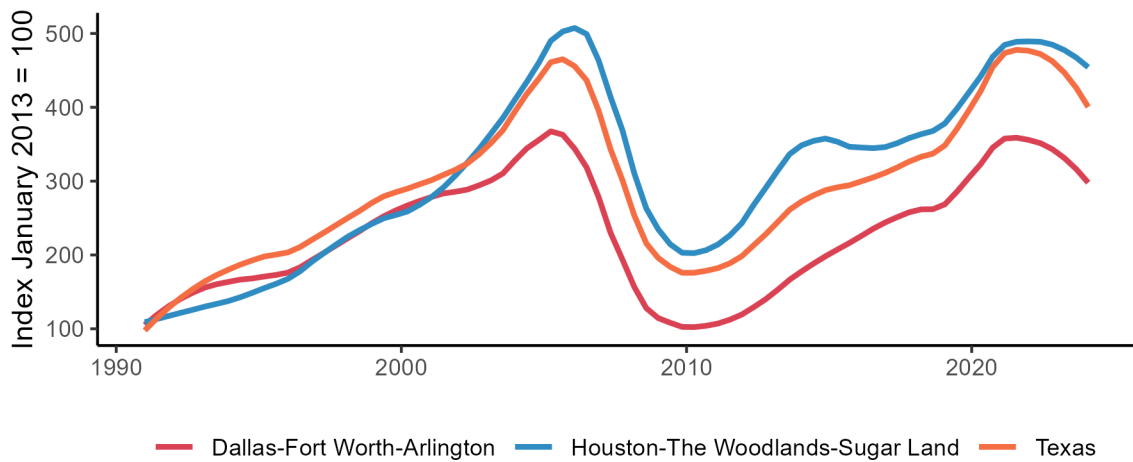
# Housing

### U.S. Purchase Mortgage Origination Dollar Volume Seasonally Adjusted



Source: Mortgage Bankers Association

### Single-Family Housing Starts Seasonally Adjusted Index



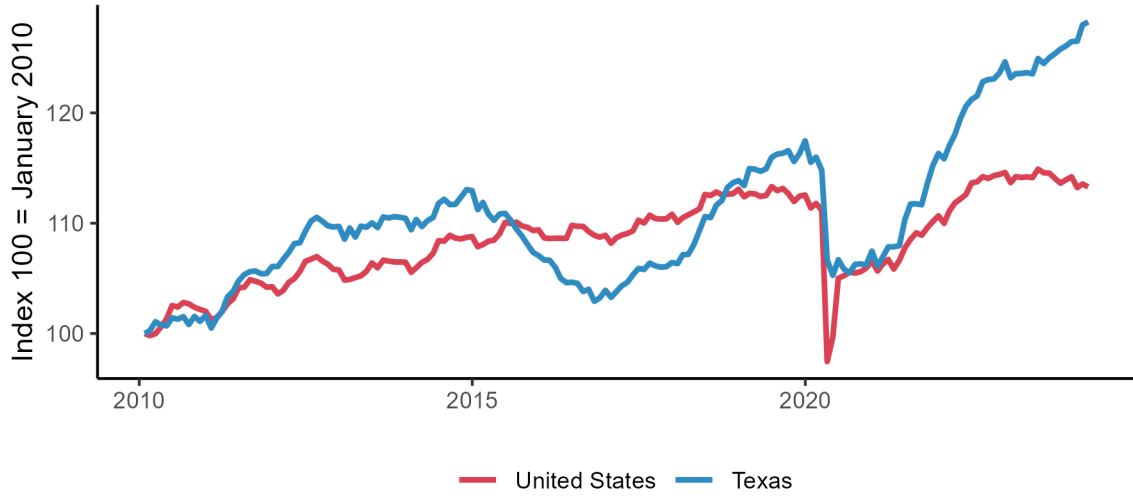
Source: Dodge Construction Network - Texas Real Estate Research Center at Texas A&M University





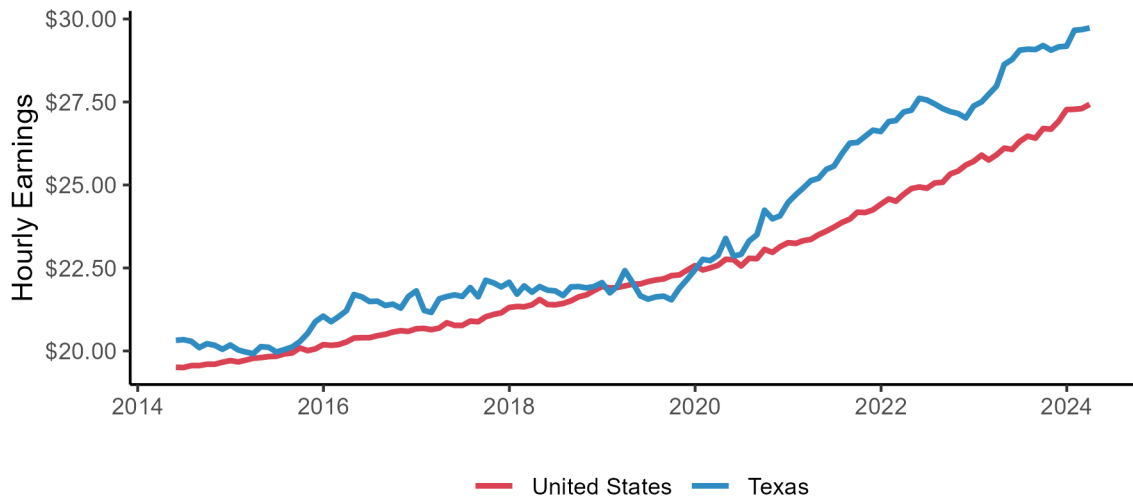
# Manufacturing

### Texas and U.S. Manufacturing Employment Index



Source: Bureau of Labor Statistics - Texas Real Estate Research Center at Texas A&M University

### Texas and U.S. Manufacturing Employee Hourly Earnings



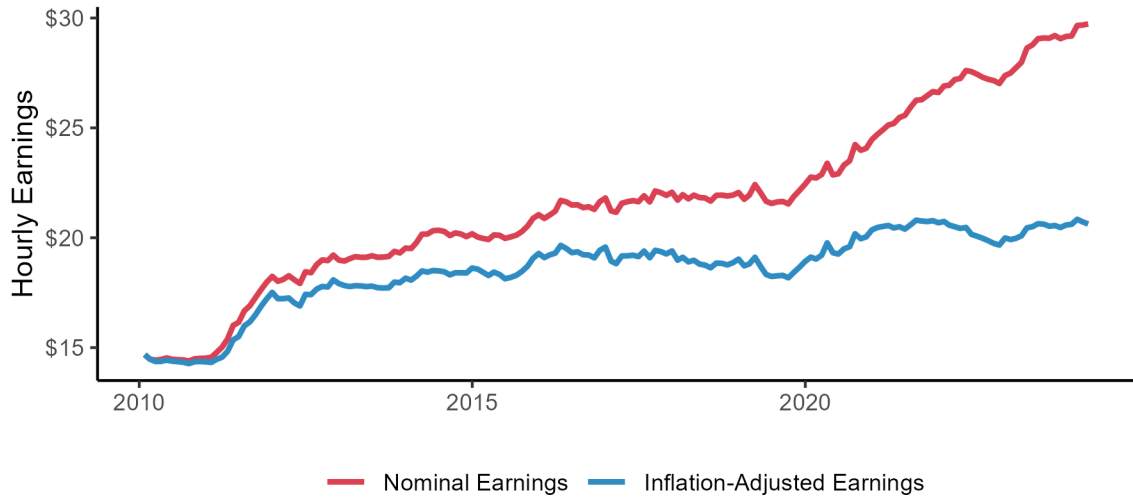
Source: Bureau of Labor Statistics - Texas Real Estate Research Center at Texas A&M University





# Manufacturing

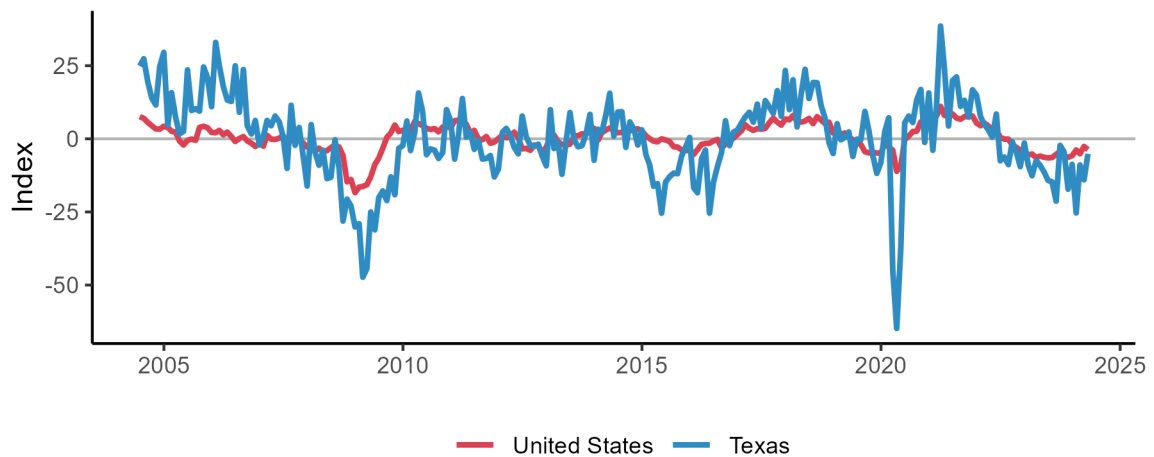
### Texas Manufacturing Employee Hourly Earnings



Source: Bureau of Labor Statistics - Texas Real Estate Research Center at Texas A&M University

### Manufacturing Outlook Index

0+ = Expansion



Source: Institute for Supply Management - Federal Reserve Bank of Dallas



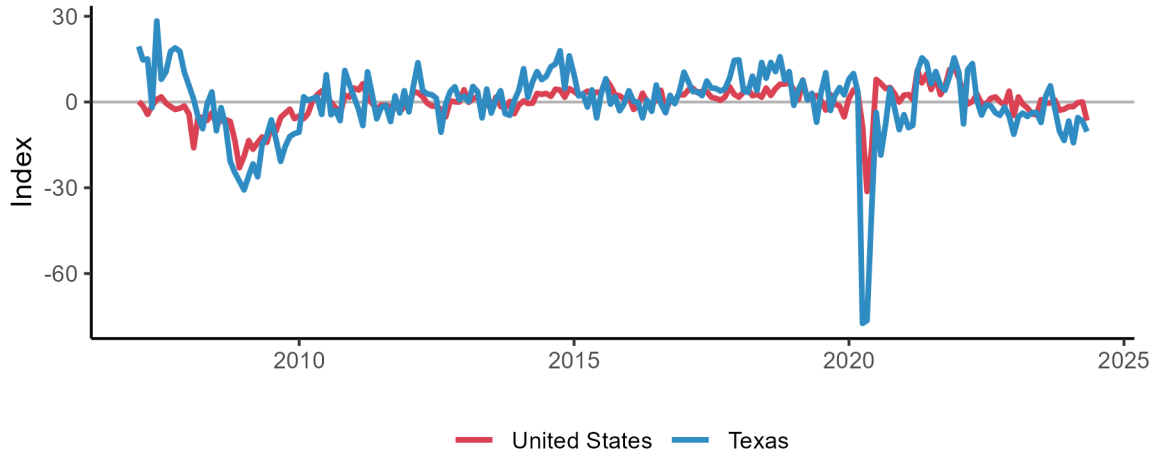




# Services

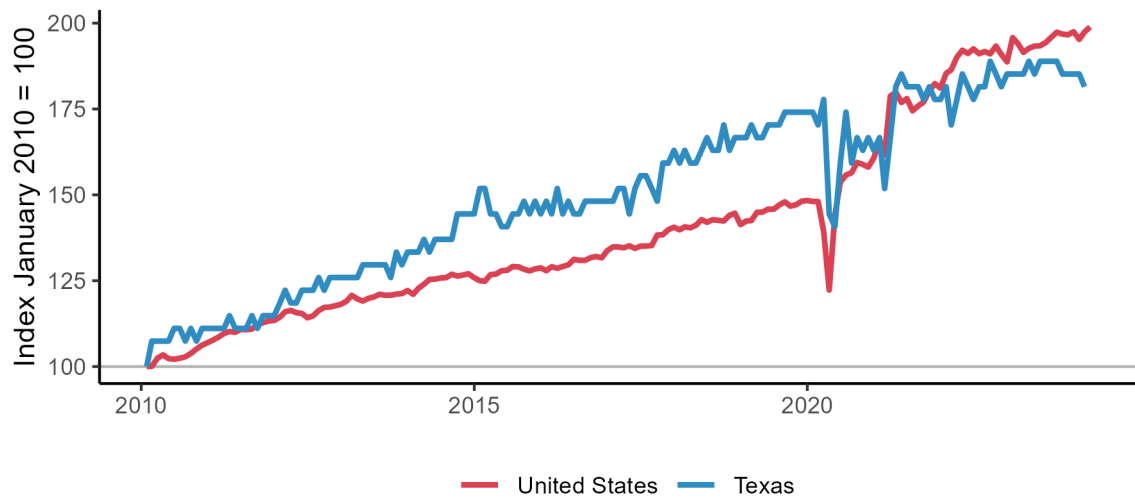
## Services Sector Outlook Index

0+ = Expansion



Source: Institute for Supply Management - Federal Reserve Bank of Dallas

## Retail Sales Index



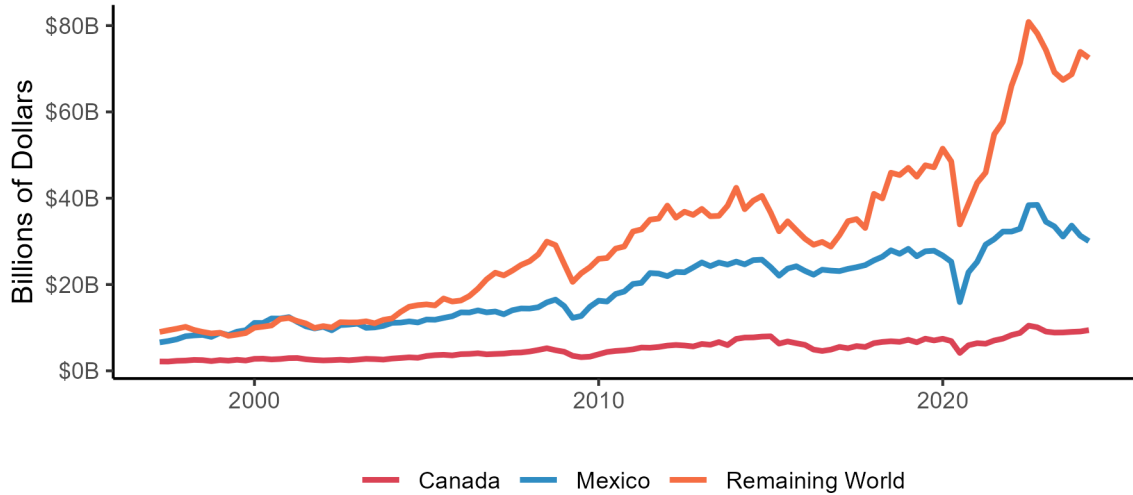
Source: Census Bureau - Federal Reserve Bank of Dallas





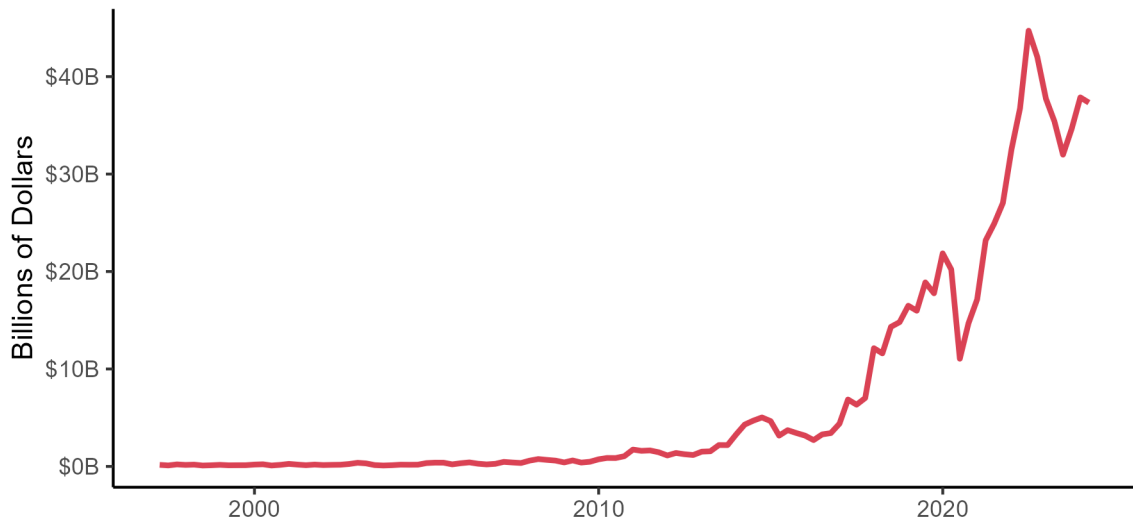
# Trade

### Texas Export Values by Destination



Source: Census Bureau via WISER

### Texas Oil and Gas Exports



Source: Census Bureau via WISER





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