

# Outlook for the Texas Economy



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2024  
JUNE 2024 DATA  
TECHNICAL REPORT

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## 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>.

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Data current as June 20, 2024

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## June 2024 Summary

UNEMPLOYMENT RATE

4.0%

AVERAGE HOURLY WAGE

▲ 0.6% MOM

CONSUMER PRICE INDEX

▼ 0.1% MOM

TOTAL NONFARM EMPLOYMENT

0.0% MOM

Total Texas employment was unchanged from May while overall inflation decreased for the first time since May 2020. Persistently high mortgage rates played a major role in home sales declining in June, when home sales normally accelerate. Despite the plunge in sales, home prices fell to a much lesser extent.

### Moderate Decline in Inflation

The Consumer Price Index (CPI) for All Urban Consumers fell 0.1 percent in June on a seasonally adjusted basis after being unchanged in May. June had the first month-over-month decrease since May 2020, signaling a possible inflection point for inflation. Core inflation, which excludes food and energy prices, rose 0.1 percent month over month (MOM) and went up 3.3 percent year over year (YOY) in June. It was the smallest 12-month increase in that index since April 2021. In June, the federal funds target rate held steady at approximately 5.38 percent, maintaining this level for 12 consecutive months.

### Texas Payroll Remains Steady

In June, Texas nonfarm employment lost 1,200 workers, amounting to less than a 0.01 percent change from May. Houston and San Antonio saw minimal increases of 100 and 400 employees, respectively, remaining almost unchanged. Austin added 1,100 employees (0.1 percent) in June, a decrease from the 3,800 employees added in May. Dallas experienced a decrease of 1,500 employees, representing a minor change of 0.03 percent.

In June, the professional and business services sector contracted 4,000 workers (0.2 percent). The education and health services sector expanded by 3,900 workers, continuing its upward trend from May with a 0.2 percent increase. The trade, transportation, and utilities sector saw a minor decrease of 600 workers, staying nearly unchanged.

Texas worker sentiment improved slightly from May to June, with the participation rate reaching 64.3 percent. **The unemployment rate** remained steady at 4 percent, maintaining this level since April. Continued unemployment claims have averaged approximately 136,084 applications weekly.

### Texas Home Sales Decline

According to the latest data, Texas experienced a 14.2 percent MOM decrease in total home sales, resulting in 23,791 homes sold, a significant drop from May. All Big Four cities saw declines (see table). Both Austin and Houston decreased by 14.5 percent, with sales figures reaching 2,298 and 6,474, respectively. San Antonio experienced the smallest decrease at 13 percent, with 2,587



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homes sold. Dallas saw the largest decrease, with a drop of 16.8 percent, resulting in 6,571 homes sold.

	May	June	MoM Change
San Antonio-New Braunfels	2,973	2,587	-13.0%
Texas	27,740	23,791	-14.2%
Austin-Round Rock-San Marcos	2,687	2,298	-14.5%
Houston-Pasadena-The Woodlands	7,574	6,474	-14.5%
Dallas-Fort Worth-Arlington	7,897	6,571	-16.8%

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

### **Service Sector and Retail Slowdown**

In June, Texas service sector jobs declined 0.08 percent from May. Employment growth in this sector has gradually slowed since July of last year, which was the last time there was a decrease. According to business executives surveyed by the Texas Service Sector Outlook Survey, service sector employment growth may continue to decline throughout the rest of the year. When asked about employment levels in the next six months, the sentiment now is less optimistic than earlier in the year. Revenue expectations for the year have been mostly unchanged, with the positive sentiment edging out the negative sentiment.

Retail employment growth in June was flat, remaining at 1.4 million. Retail executives surveyed by the Texas Retail Outlook Survey stated that sales growth now has been poor with most respondents stating that sales in June were below May. However, most respondents signaled a more positive outcome by year-end. Unfortunately, employment expectations remain mixed with almost a 50/50 split in retail employment growth six months from now.

### **Texas Export Growth Slow Without Oil Boost**

Texas' all-commodity exports dipped 2.7 percent MOM in June but increased 5.2 percent YOY. June's decrease was the second consecutive decrease resulting in a state export value of \$37.6 billion. In general, demand for Texas oil and natural gas exports, the state's largest export, remains subdued. In June, oil and gas exports were still hovering around \$12 billion and decreased by 3.7 percent sequentially from May.

Other top exports also remained relatively unchanged for the year. Petroleum and coal products exports increased 3.5 percent while chemicals decreased by 1.9 percent in June. Neither have shown any major upward or downward trends throughout the year.

### Select Economic Indicators

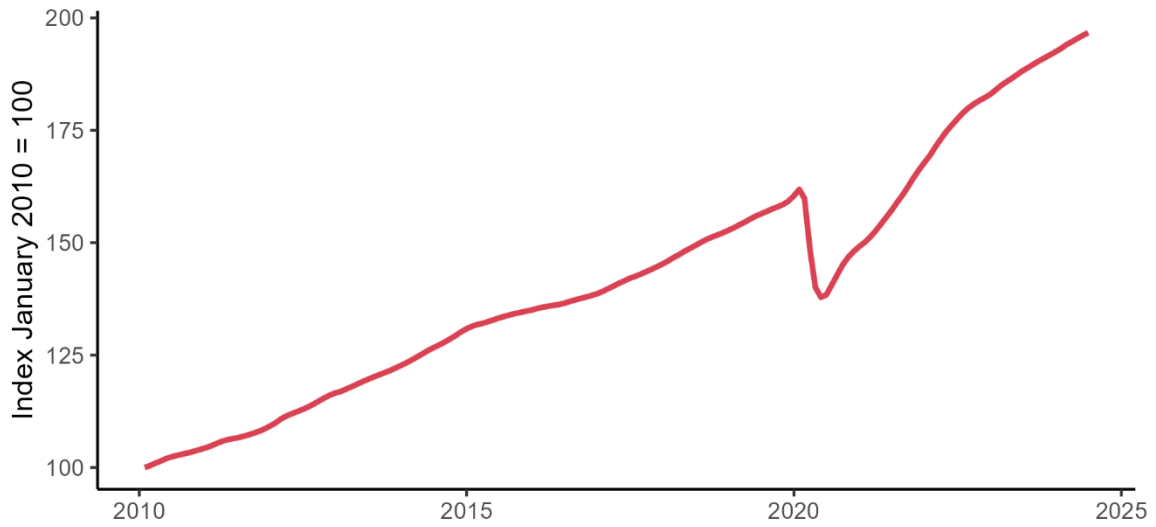
- The Texas Leading Economic Index slightly declined to 116.9 (1987=100) in June, continuing the downward trend that began in February 2024.
- Nominal average hourly earnings increased marginally by 0.6 percent MOM to \$32.8 and 5.6 percent YOY.
- Earnings across all four major metros were mixed, with DFW increasing by \$0.43, Austin increasing by \$0.35, San Antonio increasing by \$0.09, and Houston decreasing by \$0.21.
- Texas consumer confidence dropped by 16.4 percent in June, falling to 97.1.
- The ten-year U.S. Treasury bond fell 17 basis points, standing at **4.31 percent**.
- The **Federal Home Loan Mortgage Corporation's 30-year fixed-rate** fell by 14 basis points to 6.92 percent.
- The West Texas Intermediate (WTI) crude oil spot price dipped slightly by 0.3 percent MOM to \$79.77. The Henry Hub natural gas spot price rose another 20 percent MOM from \$2.12 to \$2.54 per million British thermal units (BTU).





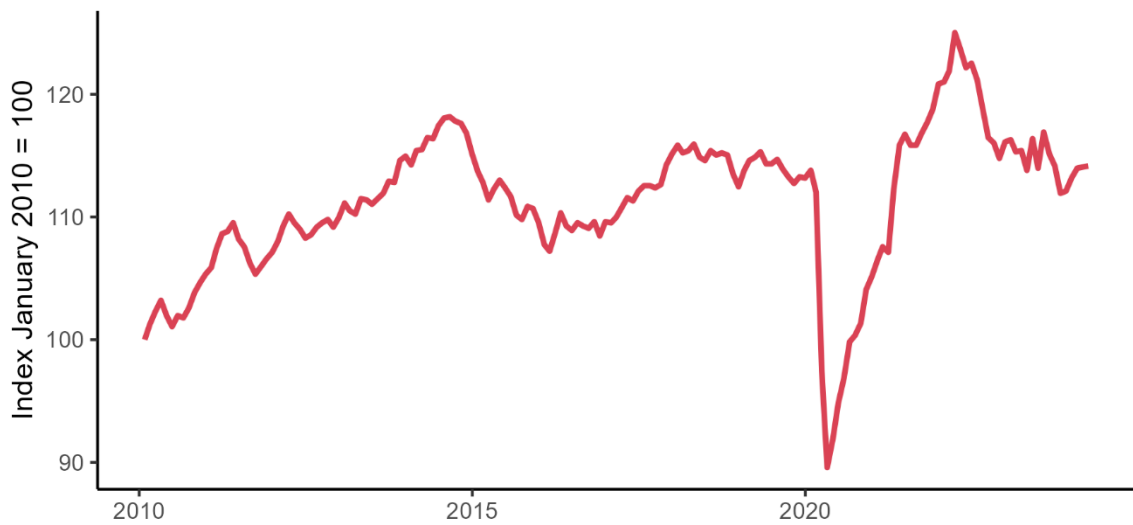
# Economic Activity

### Texas Business-Cycle Index



Source: Federal Reserve Bank of Dallas

### Texas Leading Index



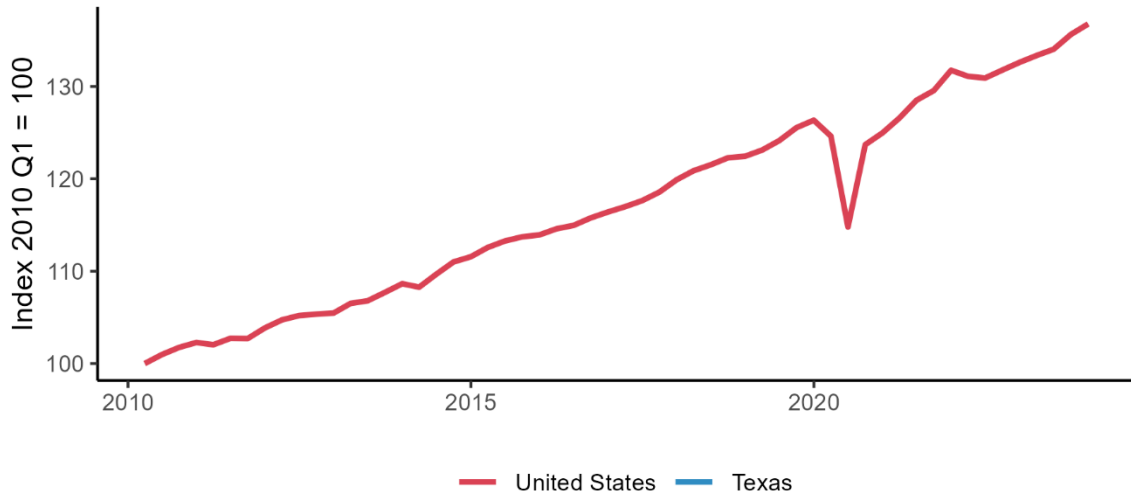
Source: Federal Reserve Bank of Dallas





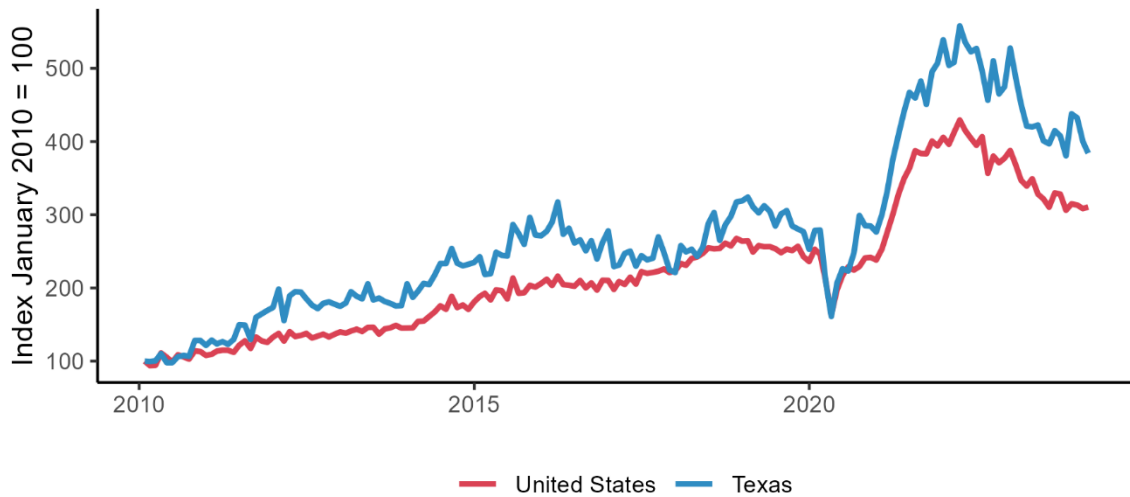
# Economic Activity

## Gross Domestic Product



Source: Bureau of Economic Analysis

## Job Openings



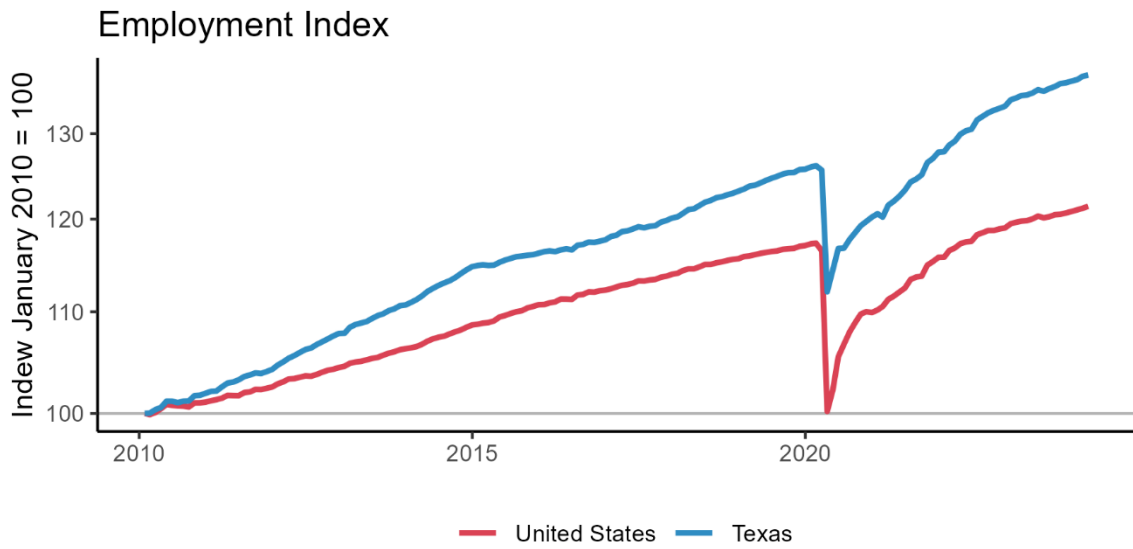
Source: Bureau of Labor Statistics



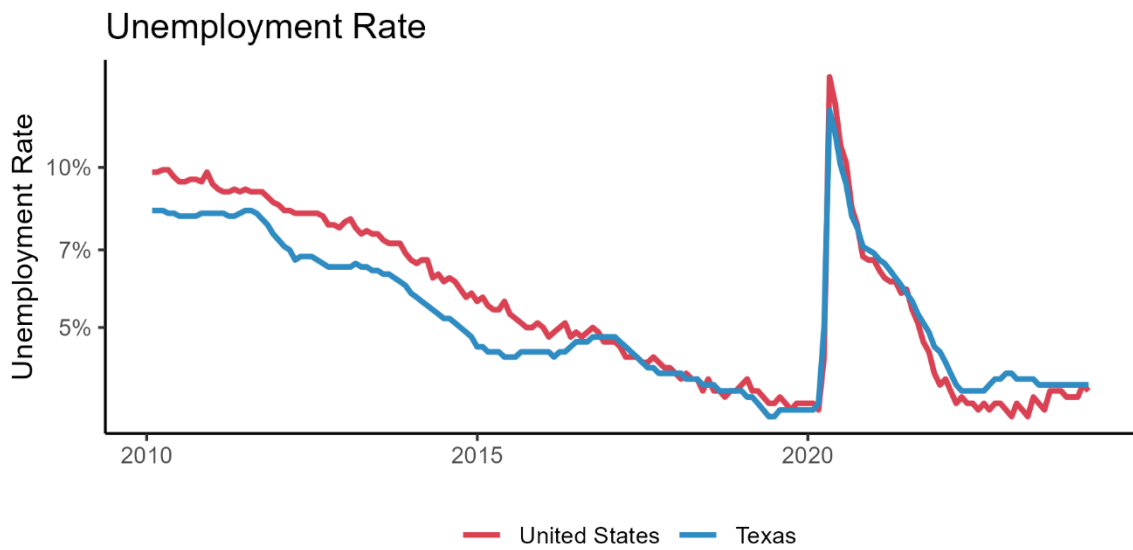




# Employment



Source: Bureau of Labor Statistics



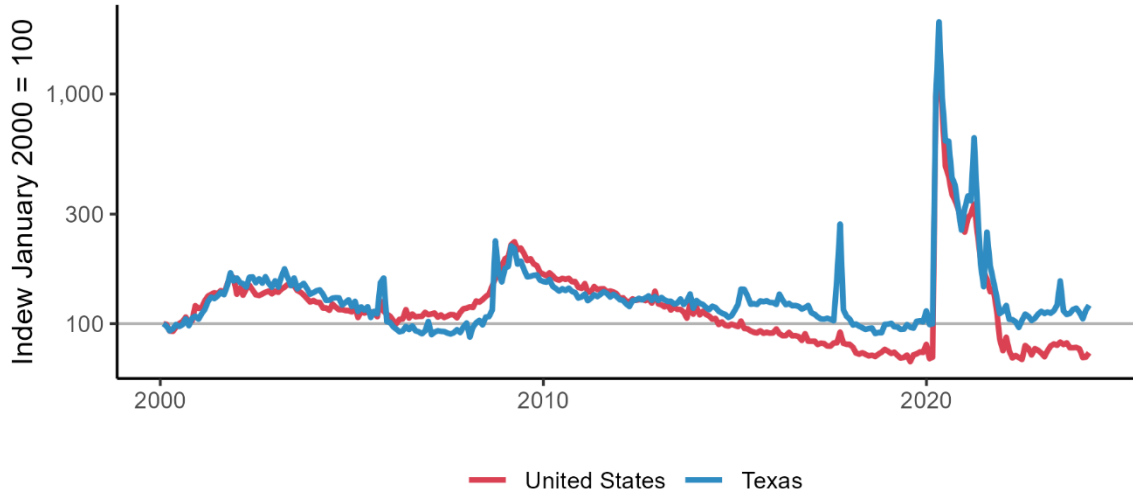
Source: Bureau of Labor Statistics





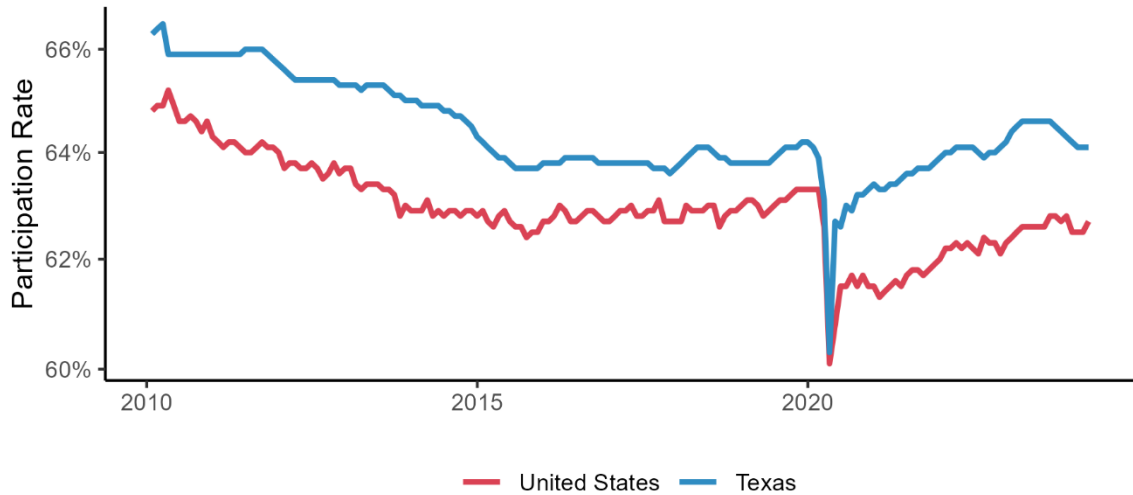
# Employment

## Initial Unemployment Claims



Source: Department of Labor

## Labor Force Participation Rate



Source: Bureau of Labor Statistics





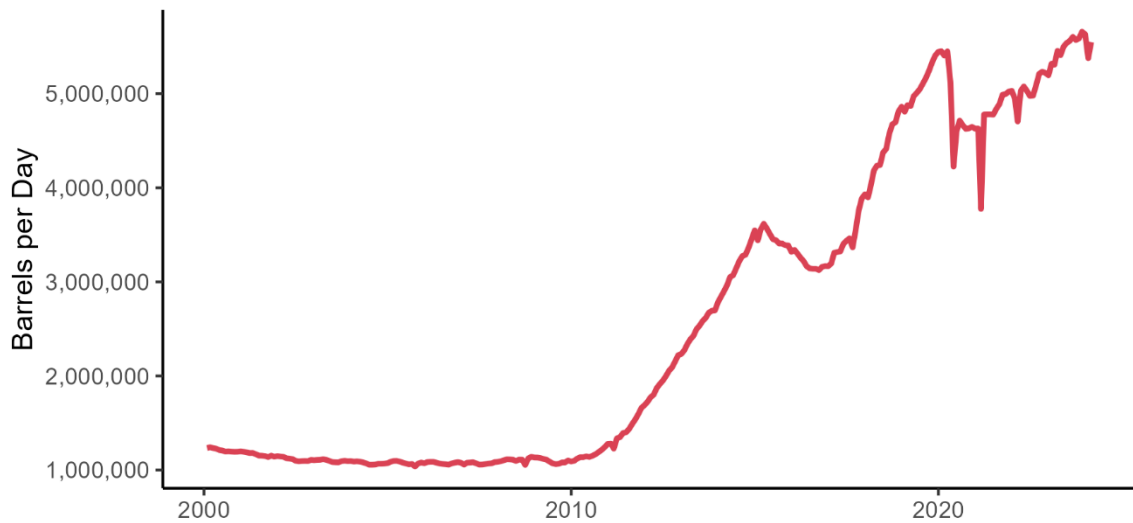
# Energy

### Crude Oil Price



Source: Energy Information Administration

### Texas Crude Oil Production



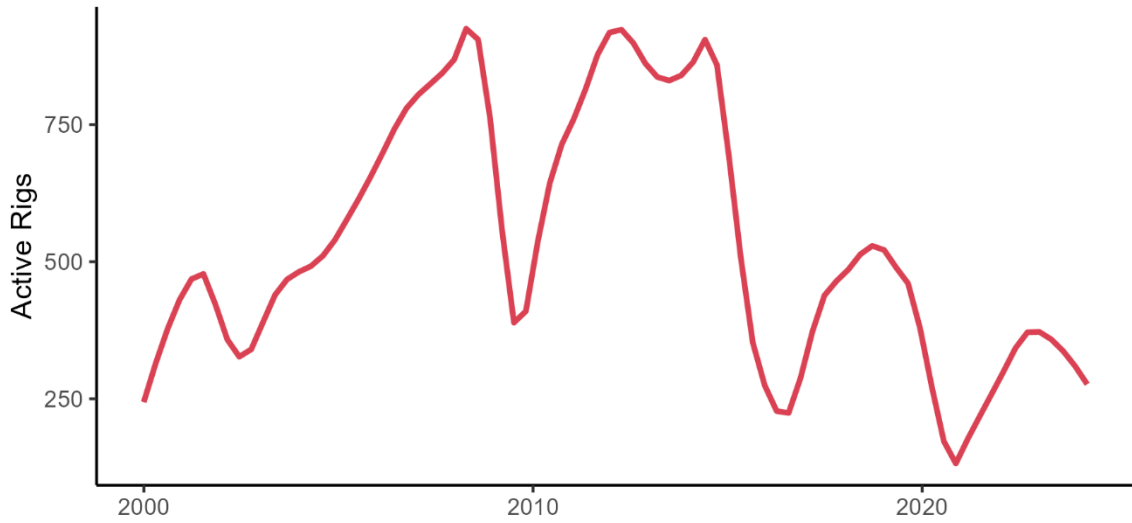
Source: Energy Information Administration





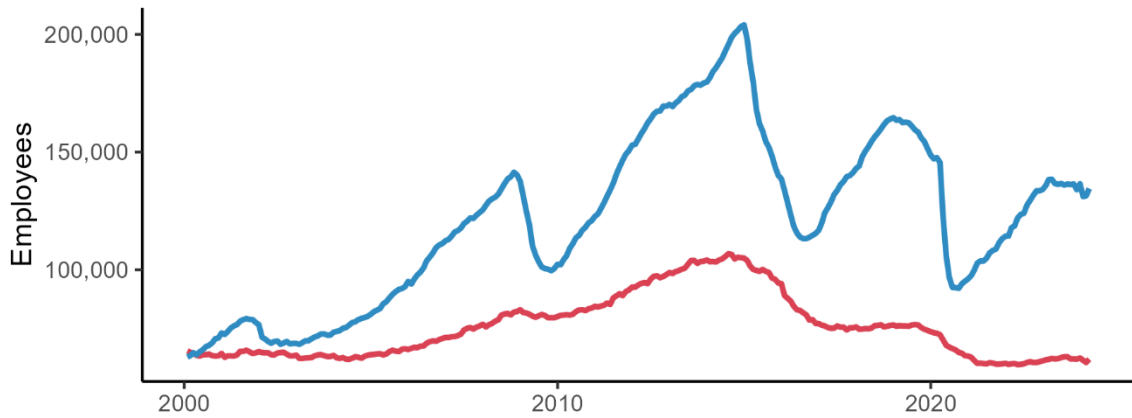
# Energy

### Texas Active Rotary Rig Count



Source: Baker Hughes

### Oil and Gas Extraction Employment



— Oil and Gas Extraction — Support Activities

Source: Bureau of Labor Statistics

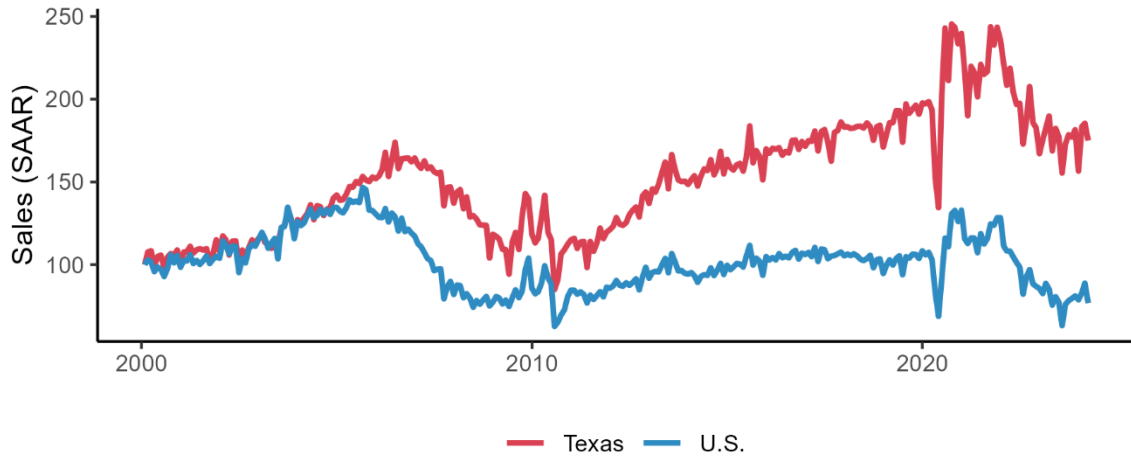




# Housing

## Residential Home Sales

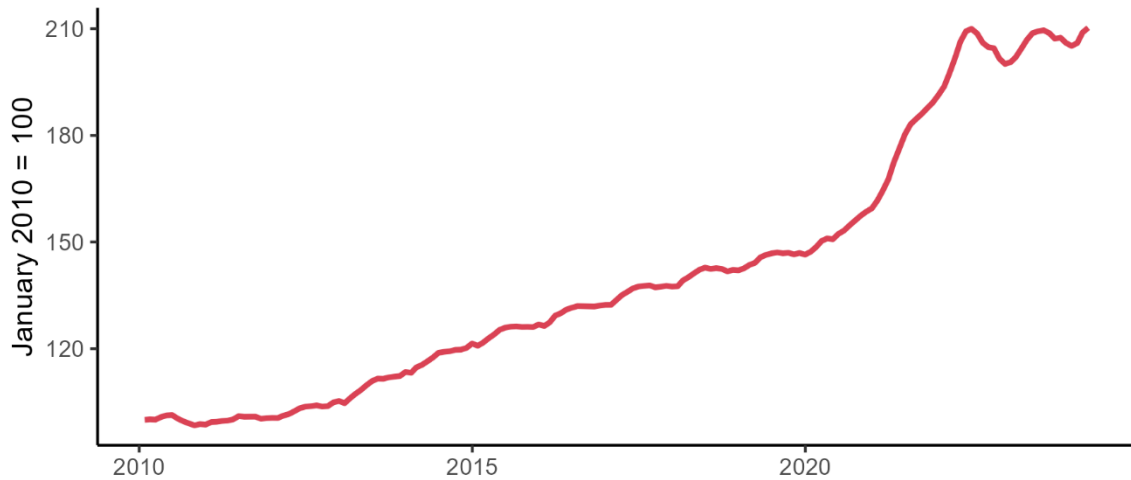
Seasonally Adjusted Annualized Rate



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

## Texas Home Price Index

Seasonally Adjusted Annualized Rate



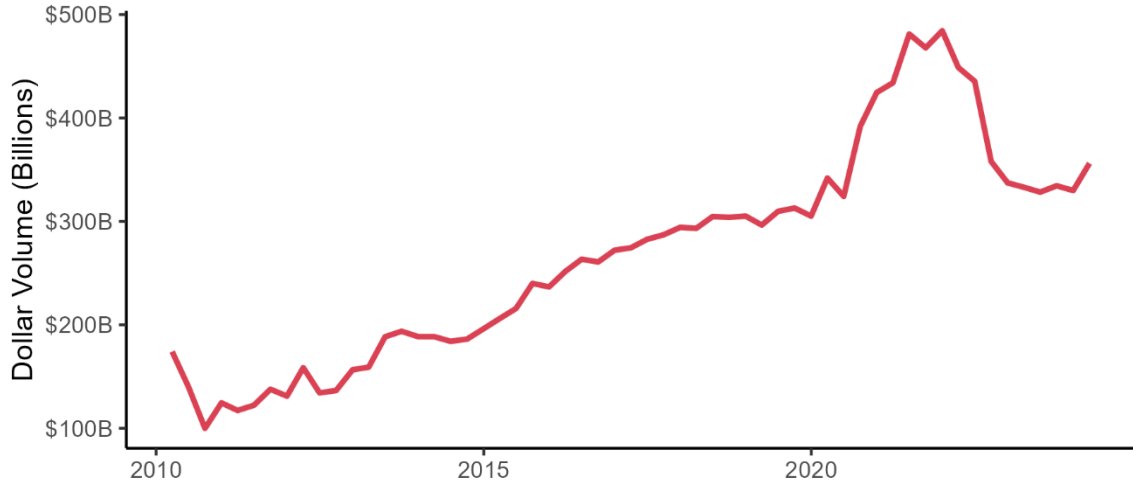
Source: Texas Real Estate Research Center at Texas A&M University





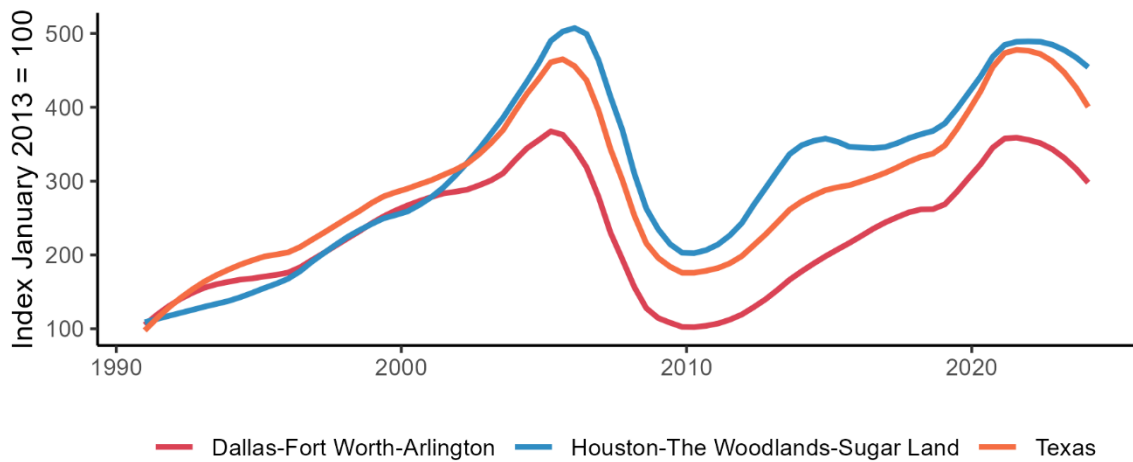
# Housing

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



Source: Mortgage Bankers Association

### Single-Family Housing Starts Seasonally Adjusted Index



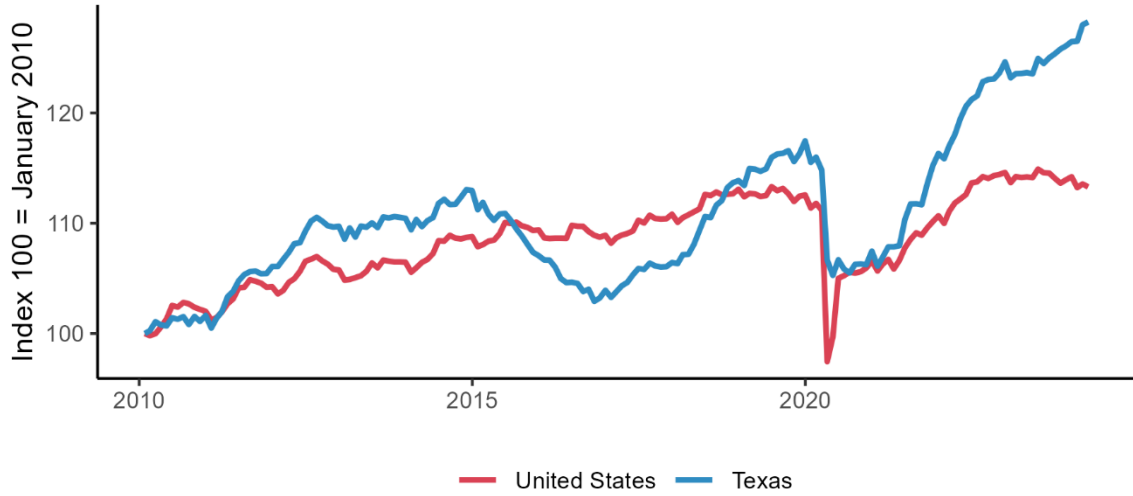
Source: Dodge Construction Network - Texas Real Estate Research Center at Texas A&M University





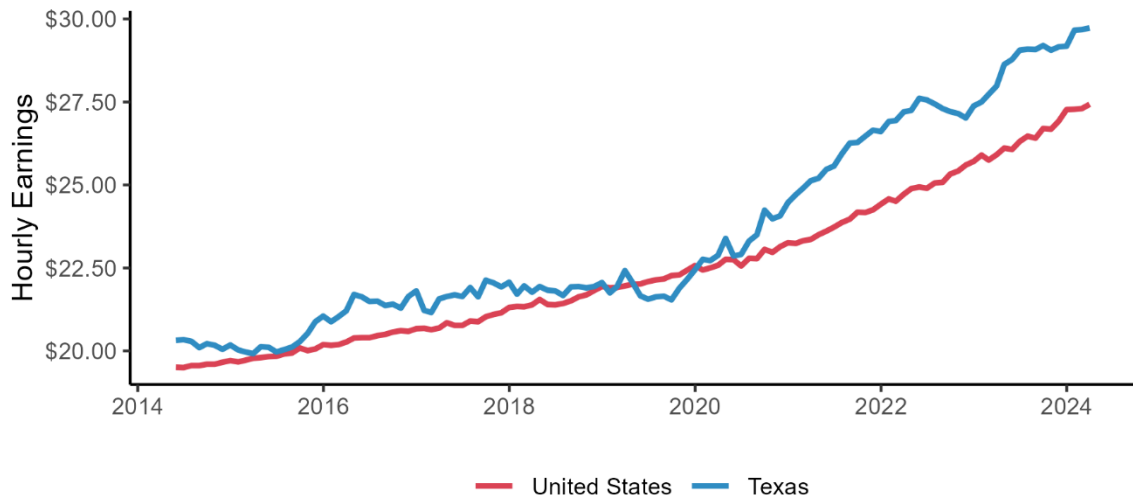
# Manufacturing

### 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



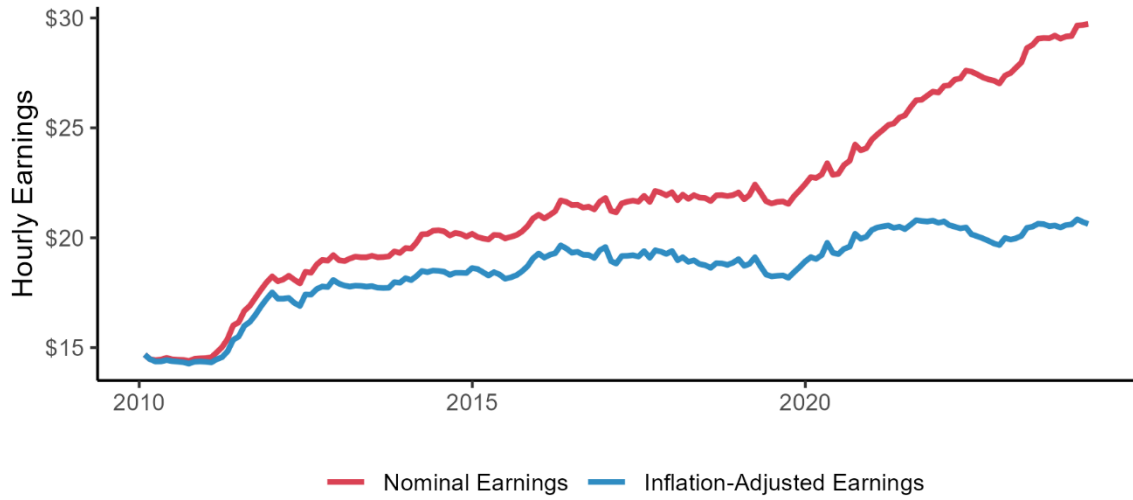
Source: Bureau of Labor Statistics - Texas Real Estate Research Center at Texas A&M University





# Manufacturing

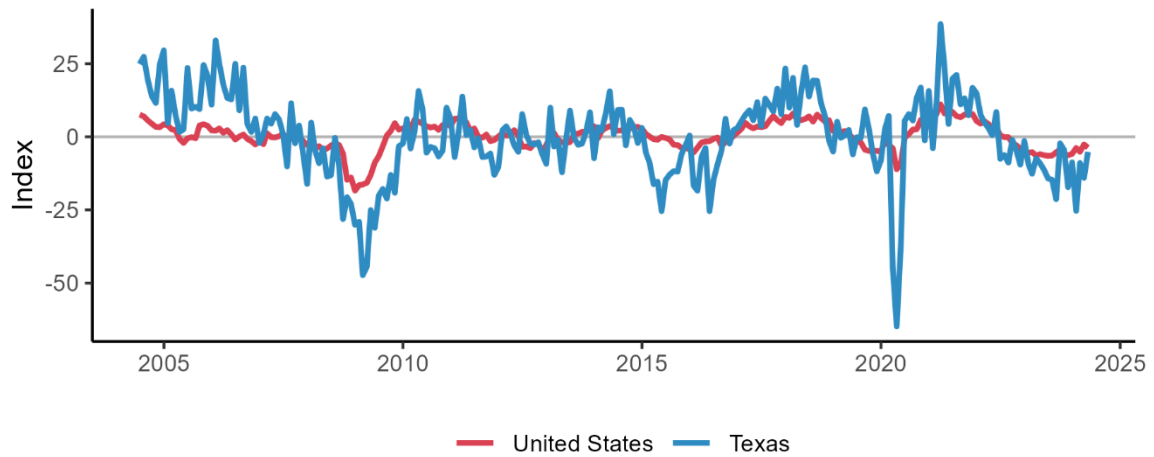
### Texas Manufacturing Employee Hourly Earnings



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



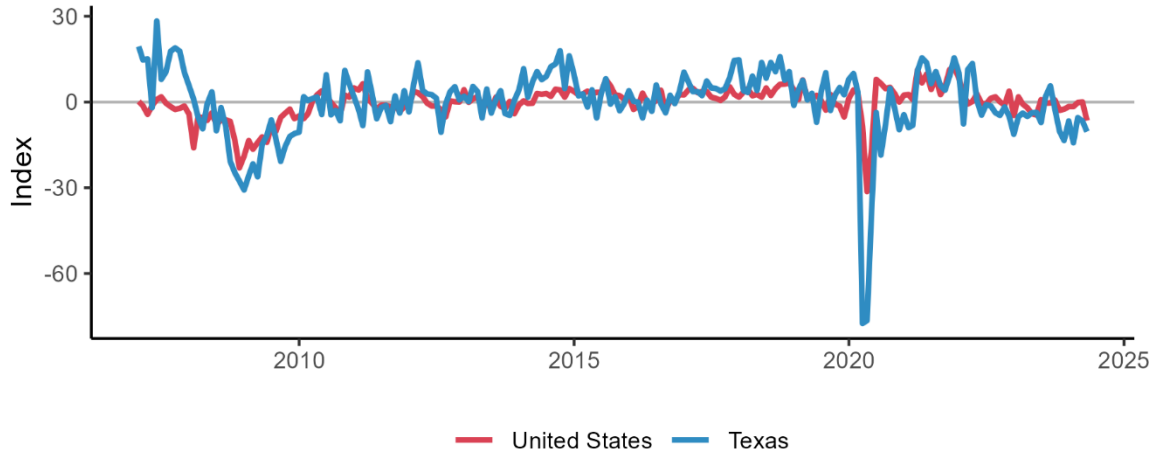




# Services

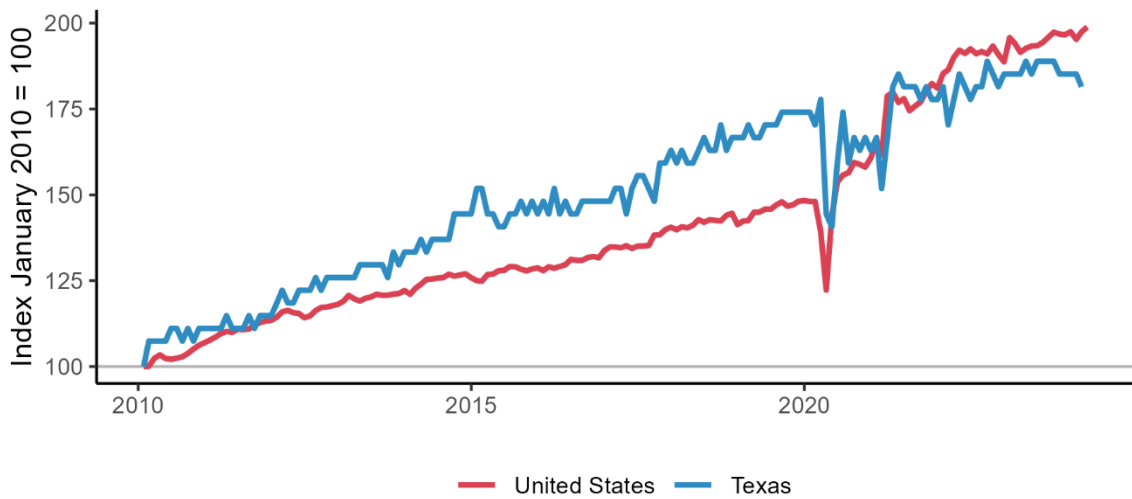
## Services Sector Outlook Index

0+ = Expansion



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

## Retail Sales Index



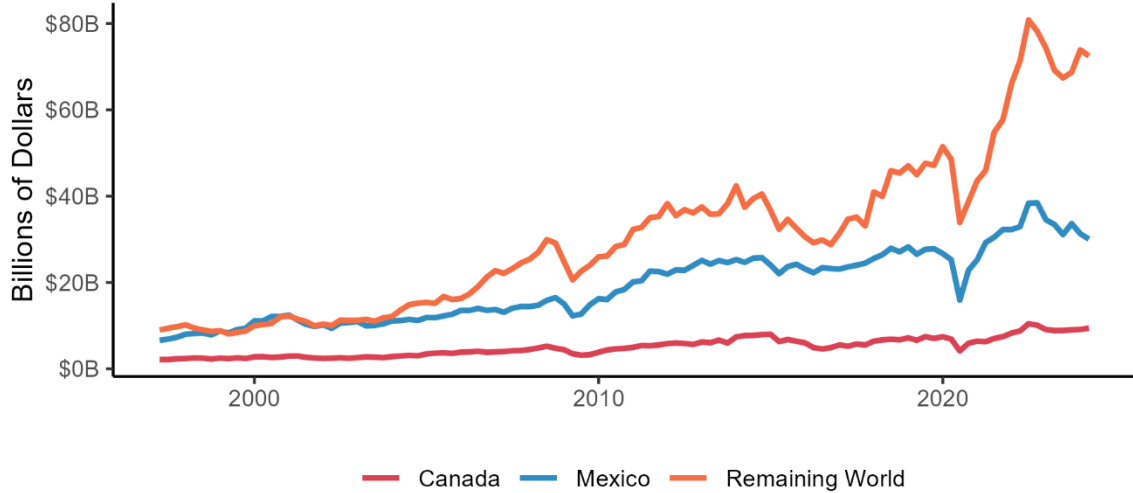
Source: Census Bureau - Federal Reserve Bank of Dallas





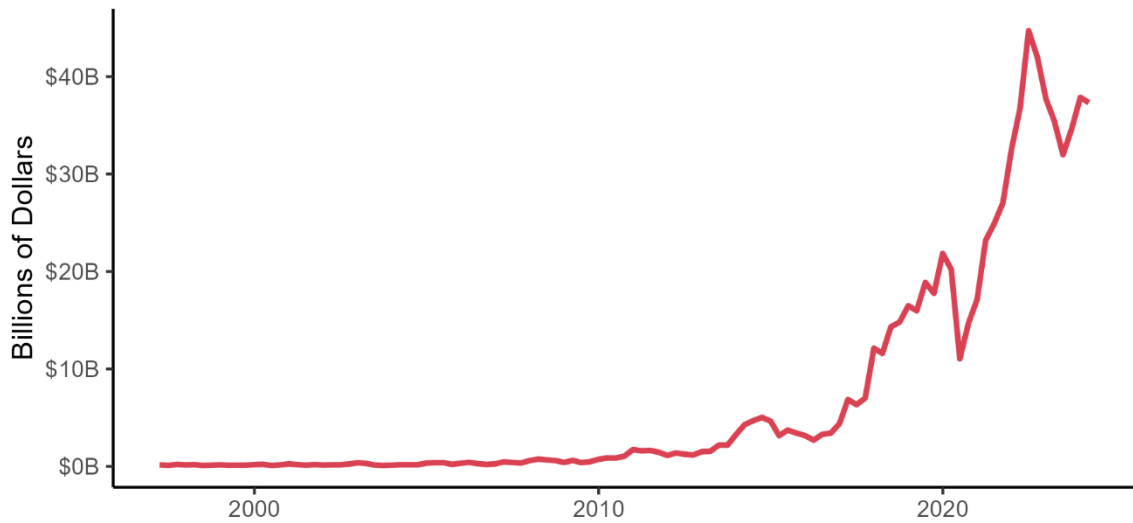
# Trade

### Texas Export Values by Destination



Source: Census Bureau via WISER

### Texas Oil and Gas Exports



Source: Census Bureau via WISER





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