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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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August 2024 Summary

UNEMPLOYMENT RATE

4.1%

AVERAGE HOURLY WAGE

0.2% MOM

CONSUMER PRICE INDEX

2.5% YOY

TOTAL NONFARM EMPLOYMENT

0.6% MOM

Summary

Texas total nonfarm employment grew in August following two months of decline. The unemployment rate remained at 4.1 percent for the second consecutive month. The rate of inflation continues to make progress with the Consumer Price Index (CPI) dropping to 2.5 percent year over year (YOY) in August from 2.9 percent YOY in July. Meanwhile, home sales fell in August.

CPI Records Smallest YOY Increase in a Year

Over the past 12 months, the CPI increased 2.5 percent before seasonal adjustments—the smallest YOY increase since March 2021. After seasonal adjustments, CPI rose 0.2 percent month over month (MOM) in August, the same as July.

The food index increased 0.1 percent MOM in August after rising 0.2 percent in July. The index for food away from home rose 0.3 percent over the month, while the index for food at home was unchanged. The energy index fell 0.8 percent over the month after being unchanged the preceding month.

Texas Payroll Rebounded

In August, Texas nonfarm employment grew by 78,000 workers, representing a 0.6 percent MOM increase. June and July were down months, losing 9,100 and 19,700 jobs, respectively. This month's gains were more than enough to offset the prior two months. Among the state's Big Four metropolitan areas, San Antonio led the way with the highest MOM growth rate (1 percent), adding 11,900 positions. Houston and Dallas followed, posting gains of 0.9 percent (32,300 jobs) and 0.7 percent (28,900 jobs), respectively. Austin had a more modest increase (0.4 percent), adding 6,000 jobs.

In August, the trade, transportation, and utilities sector added 9,600 workers, reflecting a 0.3 percent increase. The professional and business services sector also expanded, with a gain of 12,700 workers, marking a 0.6 percent rise. Additionally, the education and health services sector grew by 7,900 jobs, representing a 0.4 percent increase.

Worker sentiment in Texas remained steady in August. The labor force participation rate held at 64.4 percent, unchanged from July. The unemployment rate also remained stable at 4.1 percent, the highest level since April 2024. Additionally, continued unemployment claims averaged approximately 142,400 per week.

Texas Home Sales Declined

Texas total home sales declined by 6.2 percent in August, with 24,948 transactions, marking a continuation of the downward trend in June following a temporary uptick in July. Among the Big Four metro areas, only Austin saw growth, with a 2.7 percent increase to 2,266 transactions. Dallas experienced the steepest decline, with sales dropping by 10.4 percent to 6,857 units, highlighting significant cooling in that market. Houston and San Antonio also saw declines, albeit less pronounced, with Houston down 4.4 percent to 6,627 units and San Antonio down 4 percent to 2,621 units. The broad-based nature of these declines across major cities reflects a larger state-wide trend of slowing home sales as the housing market adjusts.

Table 1. Home Sales Volume

	July	August	MoM Change
Austin-Round Rock-San Marcos	2,206	2,266	2.7%
San Antonio-New Braunfels	2,731	2,621	-4.0%
Houston-Pasadena-The Woodlands	6,933	6,627	-4.4%
Texas	26,592	24,948	-6.2%
Dallas-Fort Worth-Arlington	7,653	6,857	-10.4%

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

Note: Data are seasonally adjusted

Service Sector and Retail Accelerated

In August, Texas' service sector activity continued to expand at a similar pace as in July, with the revenue index holding relatively steady at 8.7. The employment index recorded a slight increase to 0.6, suggesting minimal changes in employment levels. Meanwhile, input prices rose, as shown by an increase in the input prices index to 28.4, pointing to mounting cost pressures. In contrast, the part-time employment index declined further to -4.9, signaling a reduction in part-time positions. The index for hours worked remained unchanged at -0.7, indicating stability in overall working hours.

Perceptions of broader business conditions worsened slightly in August. The general business activity index dropped to -7.7 from -0.1, while the company outlook index declined to -3.1 from 1.0. Additionally, the outlook uncertainty index rose to 13.9 from 8.4, reflecting growing uncertainty. Selling prices and wage pressures remained stable, with the selling price index essentially unchanged at 4.5 and the wages and benefits index holding steady at 14.2. However, input price pressures increased, as the input price index rose to 28.4 from 21.8.

Retail sales activity declined at a slower rate in August than the previous month. The sales index, a key indicator of state retail performance, improved to -6.2 from -18.1, signaling the decline in retail sales was less pronounced. Retail inventories grew during the month, with the index rising to 15.8. Labor market indicators in the retail sector pointed to contractions in both employment and work weeks. The employment index remained largely unchanged at -5.9 while the part-time employment index dropped further to -18.6. The hours worked index remained in negative territory but improved to -8.6.

Texas Export Growth Slow Without Oil Boost

Texas' total commodity exports experienced a 3 percent MOM increase in July, alongside a 5.5 percent YOY rise. The demand for Texas oil and natural gas exports, which continue to be the state's leading exports, grew by 4.7 percent. In contrast, petroleum and coal product exports saw a 2.2 percent decline during the same period.

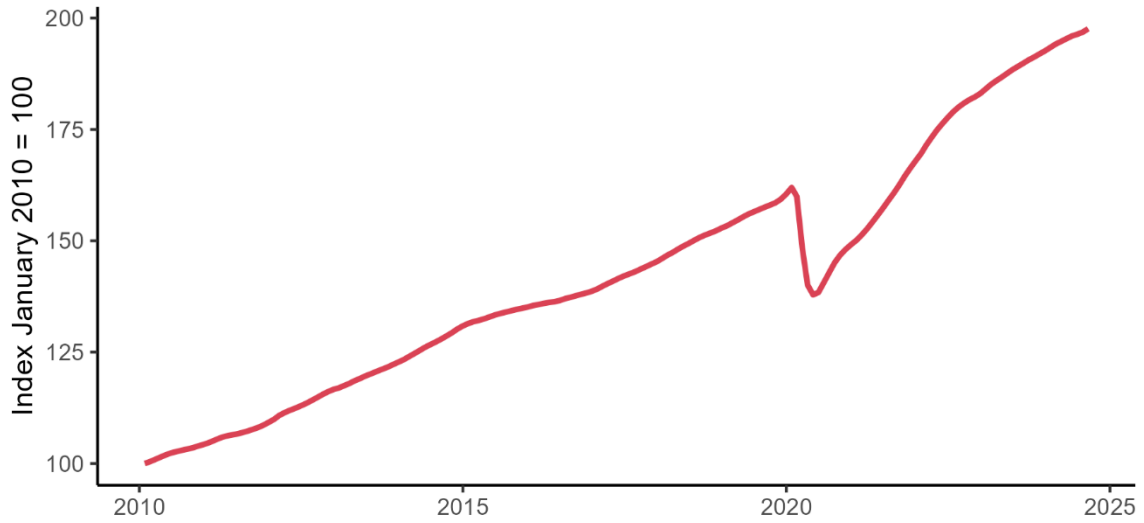
Select Economic Indicators

- The Texas Leading Economic Index surged to 125.9 (1987=100) in August, marking a significant 3.2-point jump compared to the previous month. This notable increase highlights strong forward momentum in the state's economy.
- Nominal average hourly earnings saw a modest MOM increase of 0.2 percent, reaching \$33.02, and a YOY rise of 4.5 percent.
- Earnings fluctuated across the four major metro areas, with DFW decreasing by \$0.18, Austin decreasing by \$0.62, San Antonio increasing by \$0.24, and Houston decreasing by \$0.75.
- Texas consumer confidence rose by 6 percent MOM in August, reaching 117.5 and continuing its upward trend.
- The ten-year U.S. Treasury bond fell 38 basis points, standing at 3.87 percent.
- The Federal Home Loan Mortgage Corporation's 30-year fixed-rate fell by 35 basis points to 6.5 percent.
- The West Texas Intermediate (WTI) crude oil spot price declined by 6.3 percent MOM to \$76.68. The Henry Hub natural gas spot price decreased by 4.8 percent MOM from \$2.08 to \$1.98 per million British thermal units (BTU).



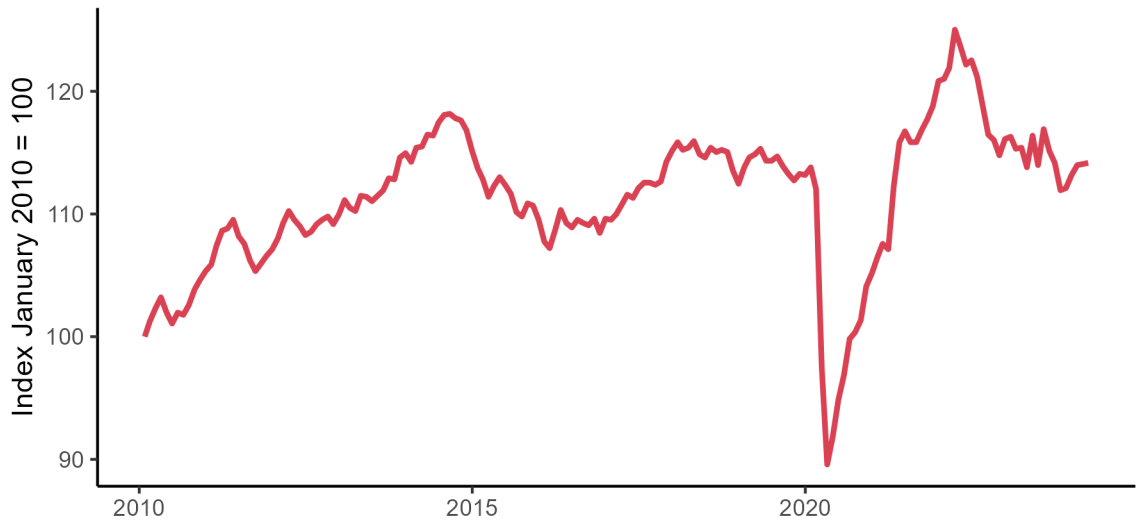
Economic Activity

Texas Business-Cycle Index



Source: Federal Reserve Bank of Dallas

Texas Leading Index



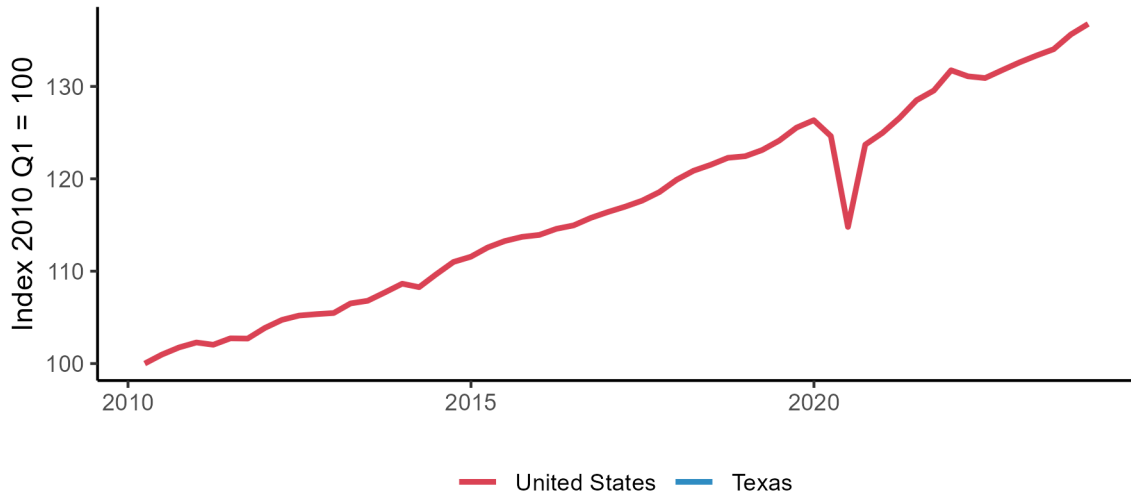
Source: Federal Reserve Bank of Dallas





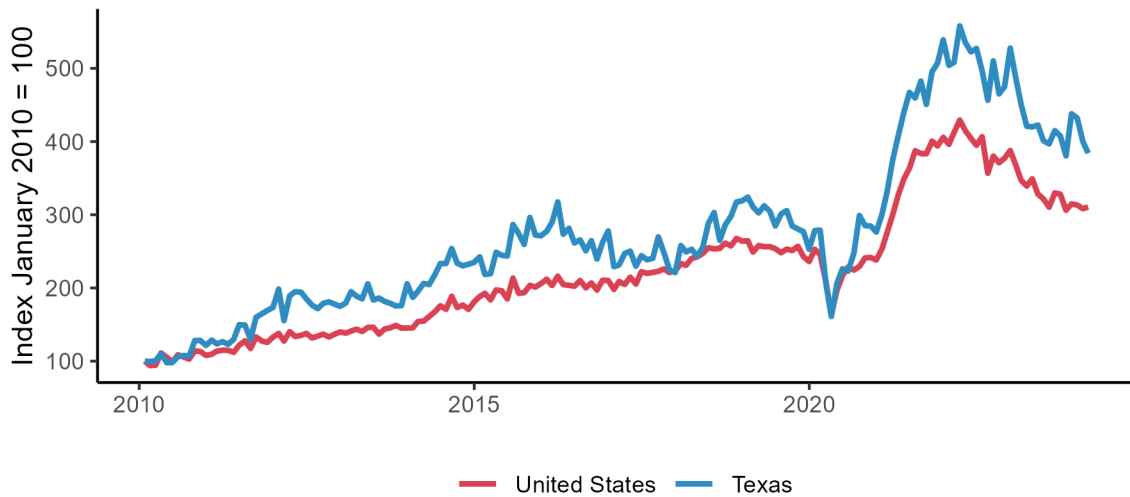
Economic Activity

Gross Domestic Product



Source: Bureau of Economic Analysis

Job Openings

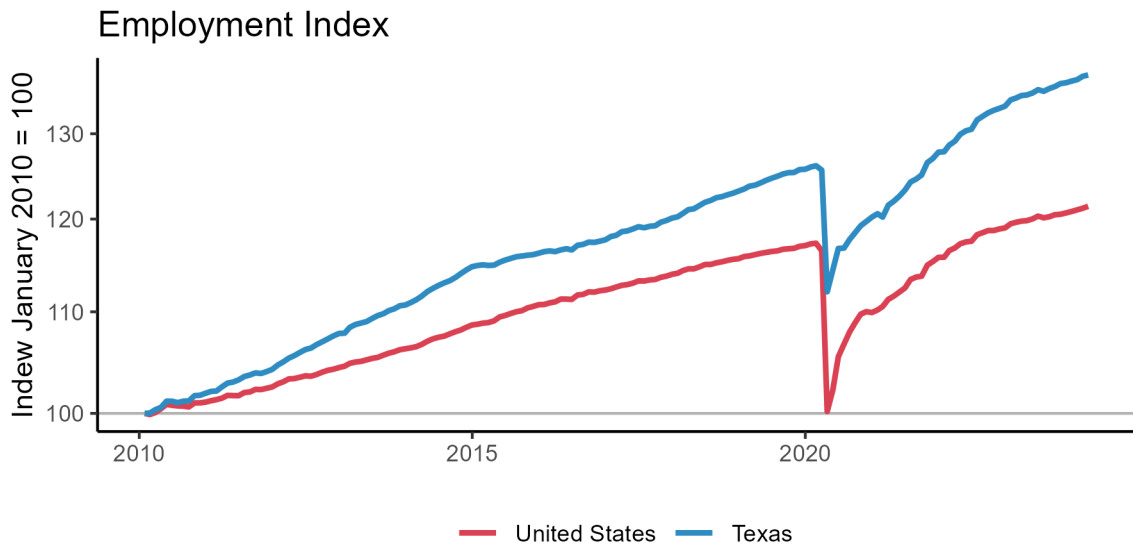


Source: Bureau of Labor Statistics

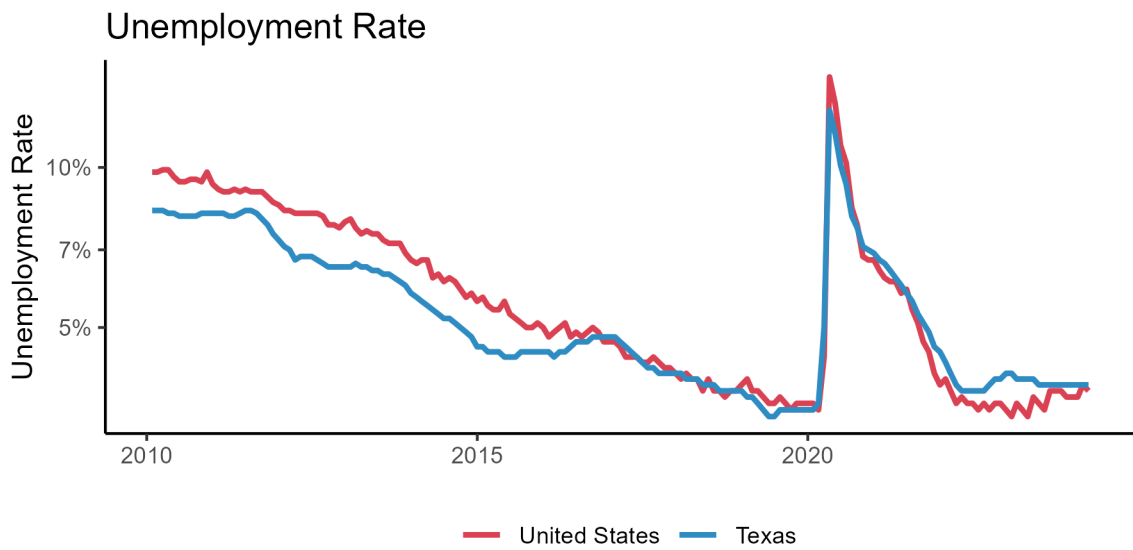




Employment



Source: Bureau of Labor Statistics



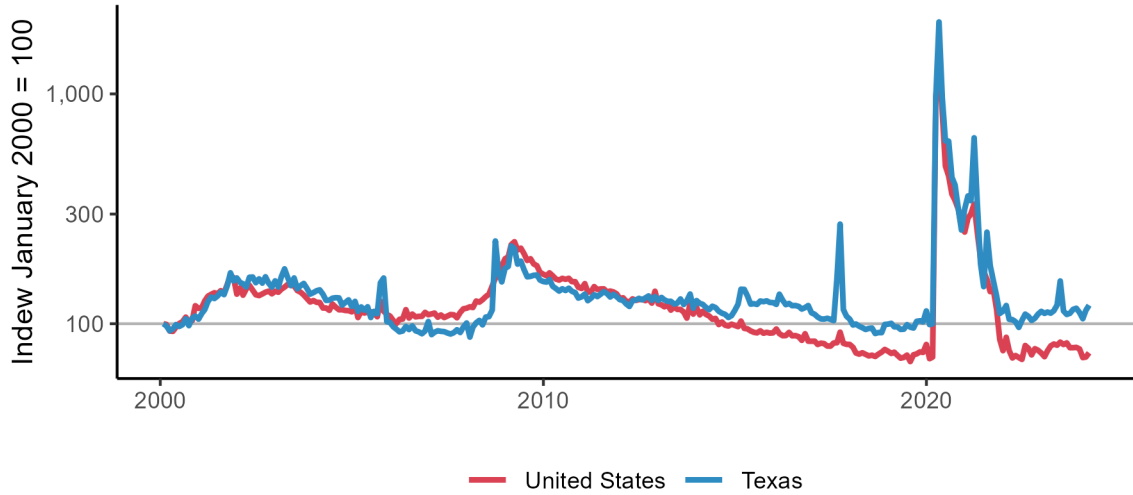
Source: Bureau of Labor Statistics





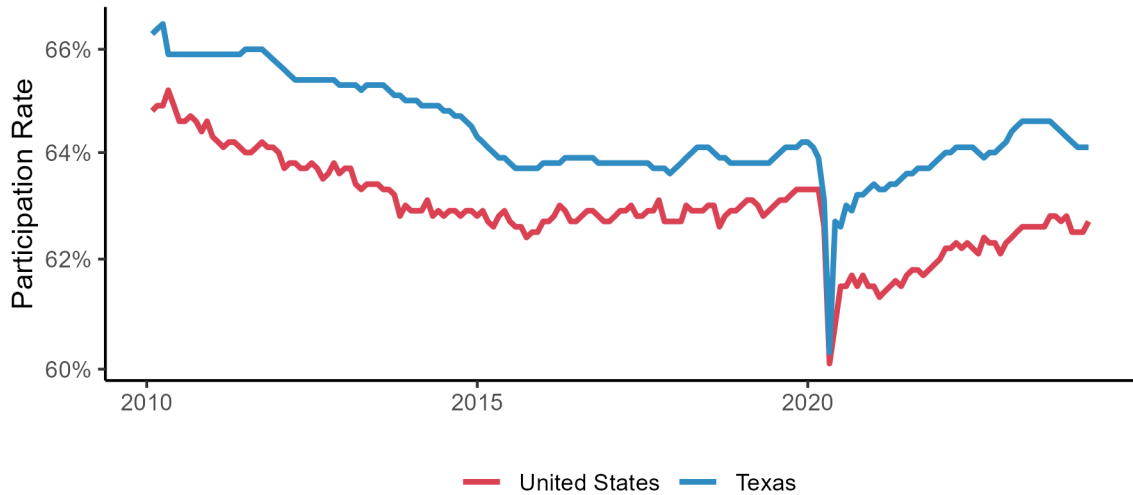
Employment

Initial Unemployment Claims



Source: Department of Labor

Labor Force Participation Rate



Source: Bureau of Labor Statistics





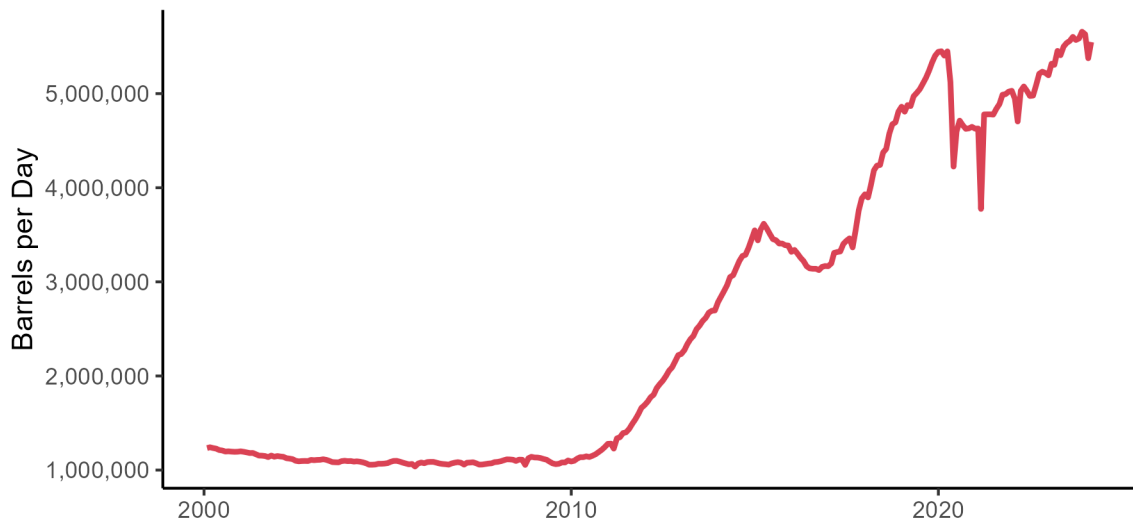
Energy

Crude Oil Price



Source: Energy Information Administration

Texas Crude Oil Production



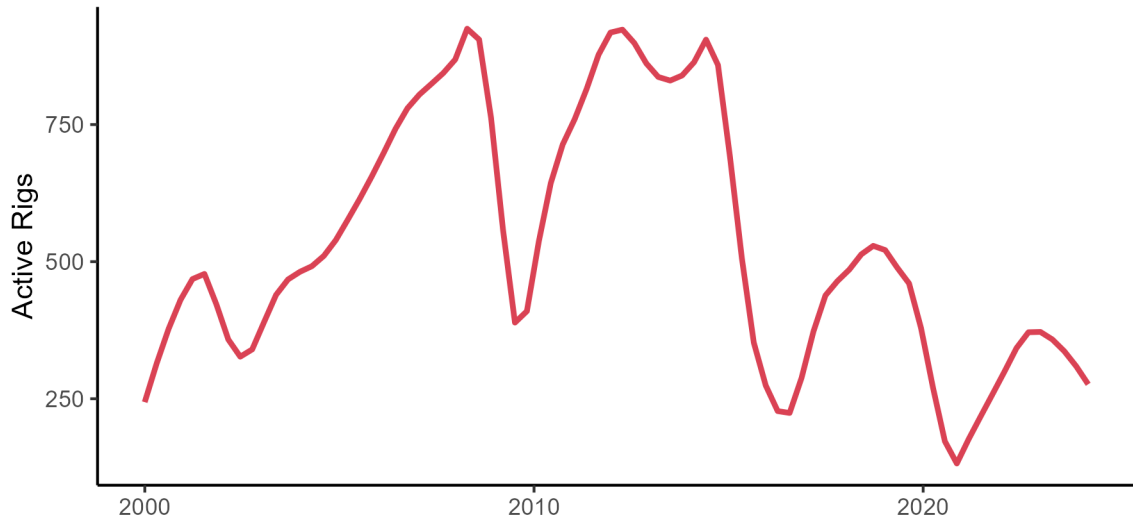
Source: Energy Information Administration





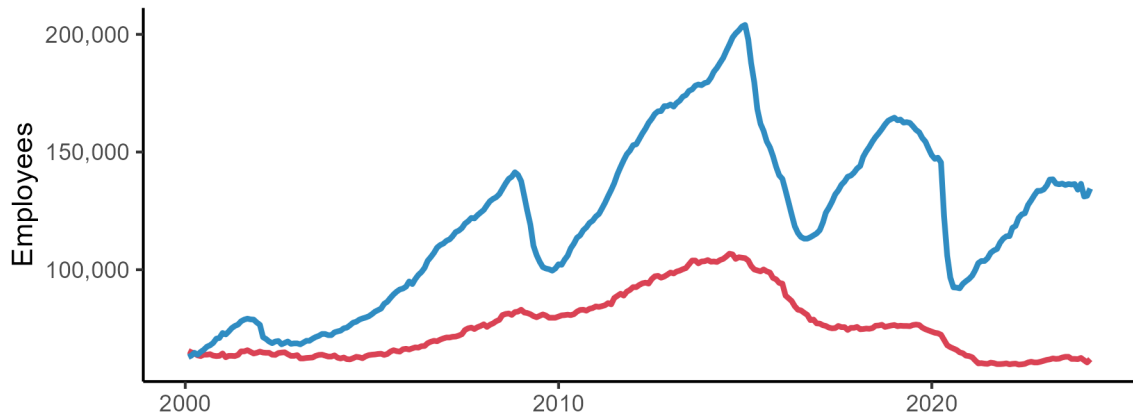
Energy

Texas Active Rotary Rig Count



Source: Baker Hughes

Oil and Gas Extraction Employment



— Oil and Gas Extraction — Support Activities

Source: Bureau of Labor Statistics

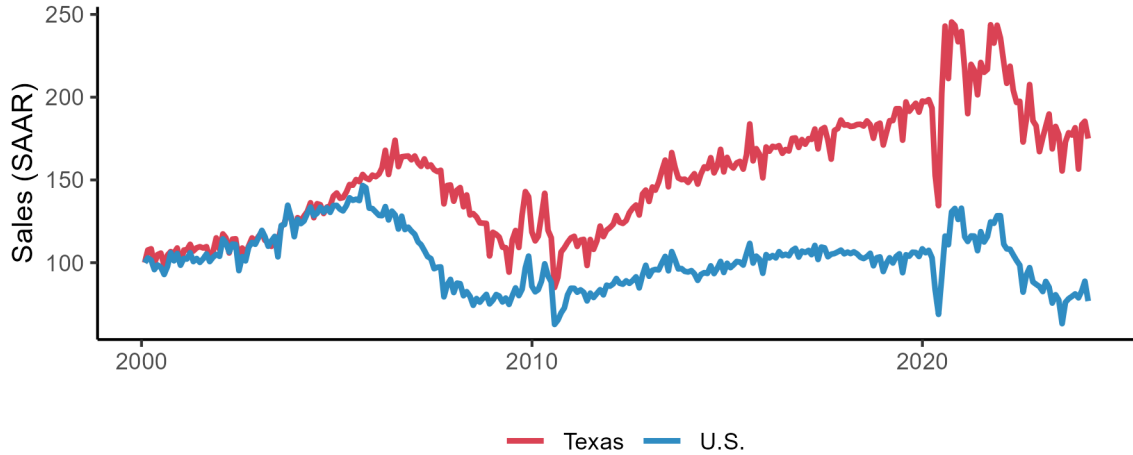




Housing

Residential Home Sales

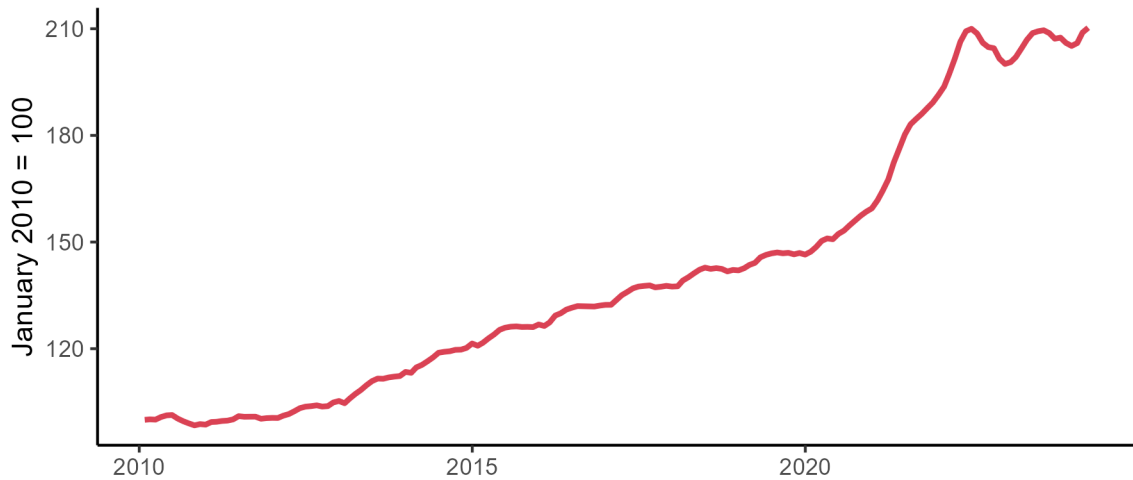
Seasonally Adjusted Annualized Rate



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



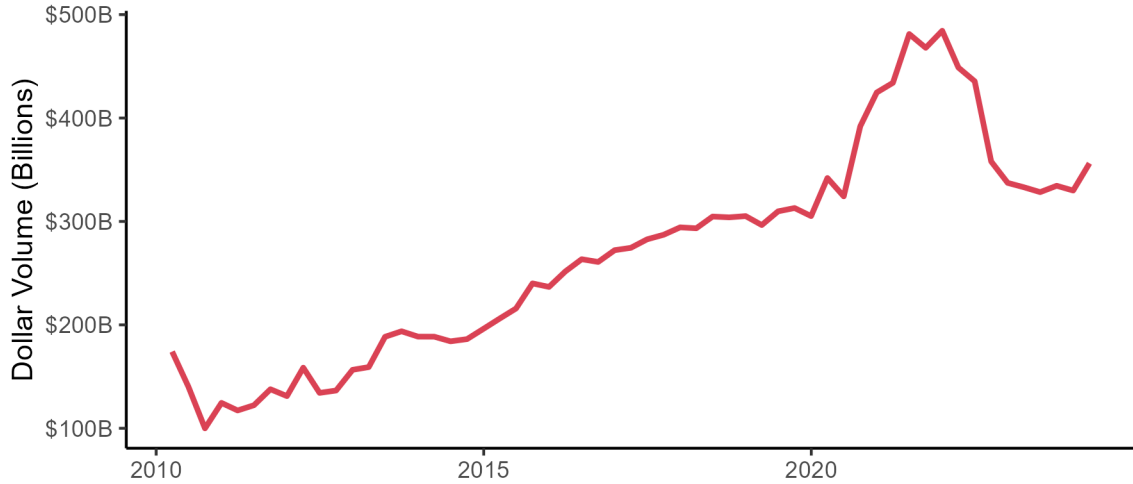
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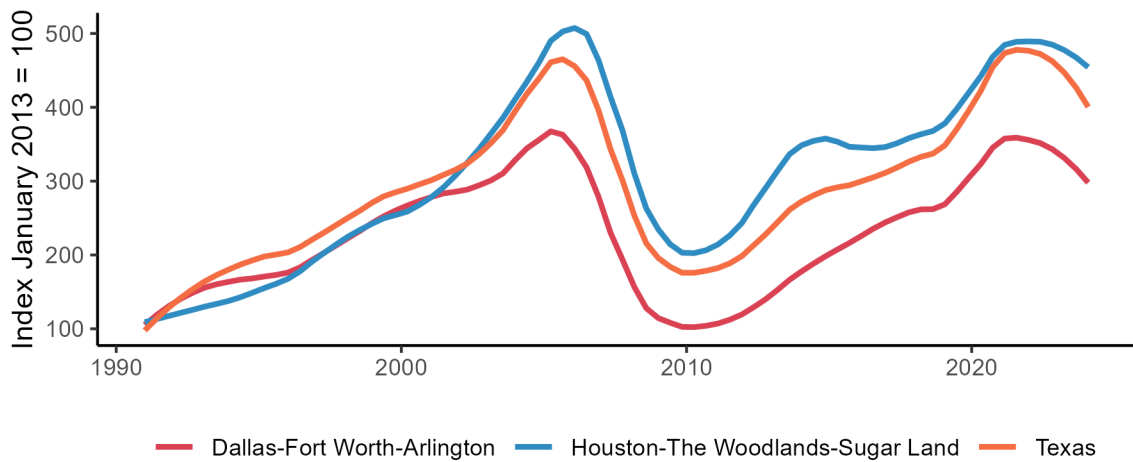
Housing

U.S. Purchase Mortgage Origination Dollar Volume Seasonally Adjusted



Source: Mortgage Bankers Association

Single-Family Housing Starts Seasonally Adjusted Index



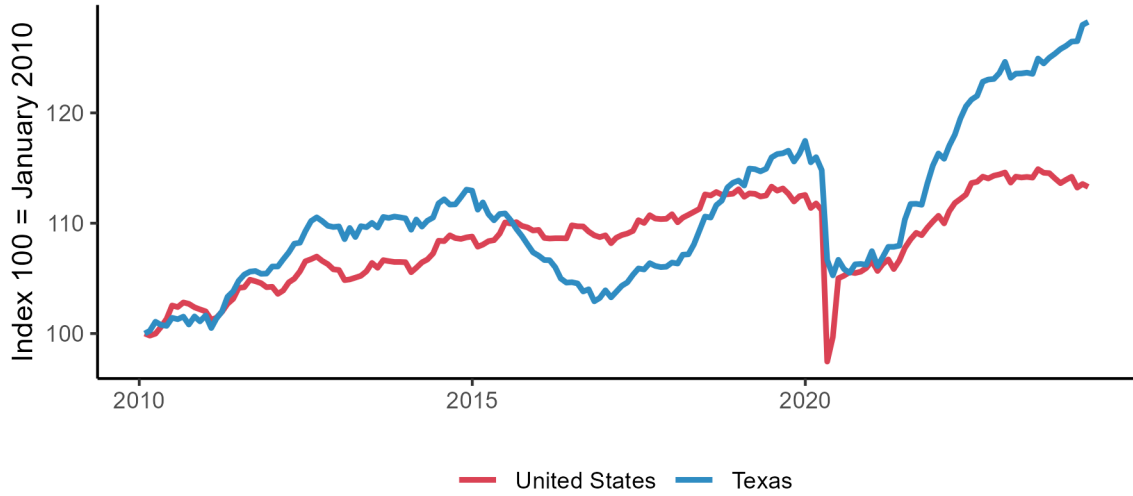
Source: Dodge Construction Network - Texas Real Estate Research Center at Texas A&M University





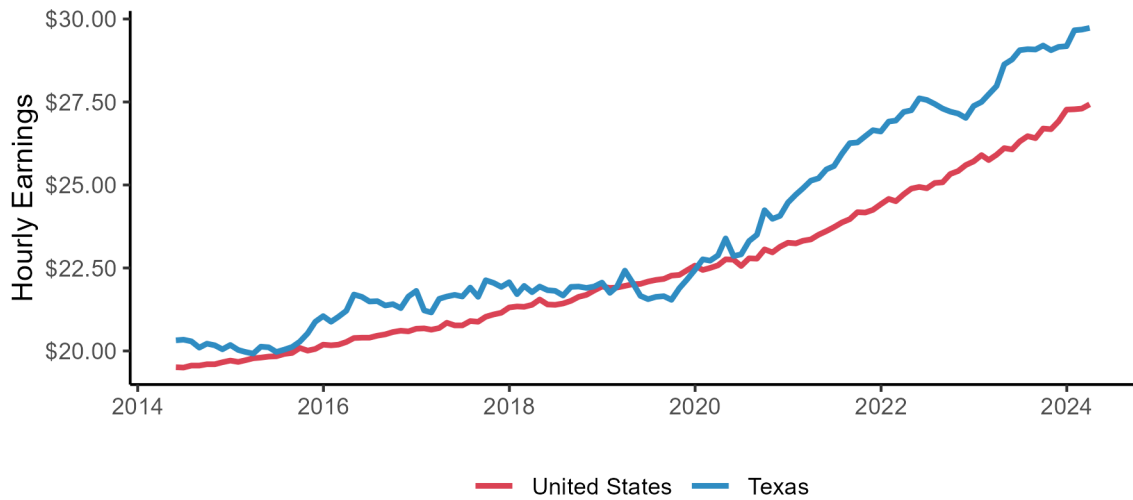
Manufacturing

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



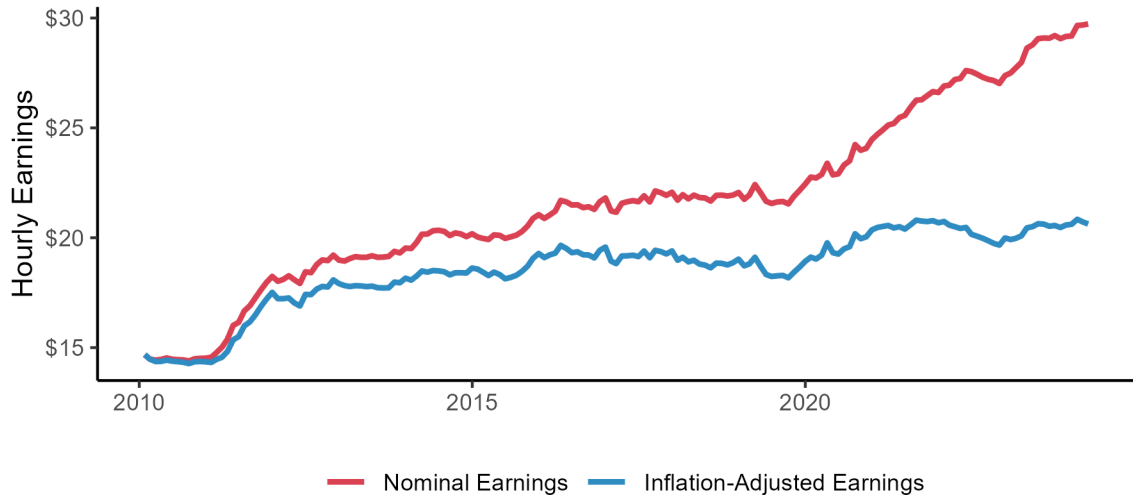
Source: Bureau of Labor Statistics - Texas Real Estate Research Center at Texas A&M University





Manufacturing

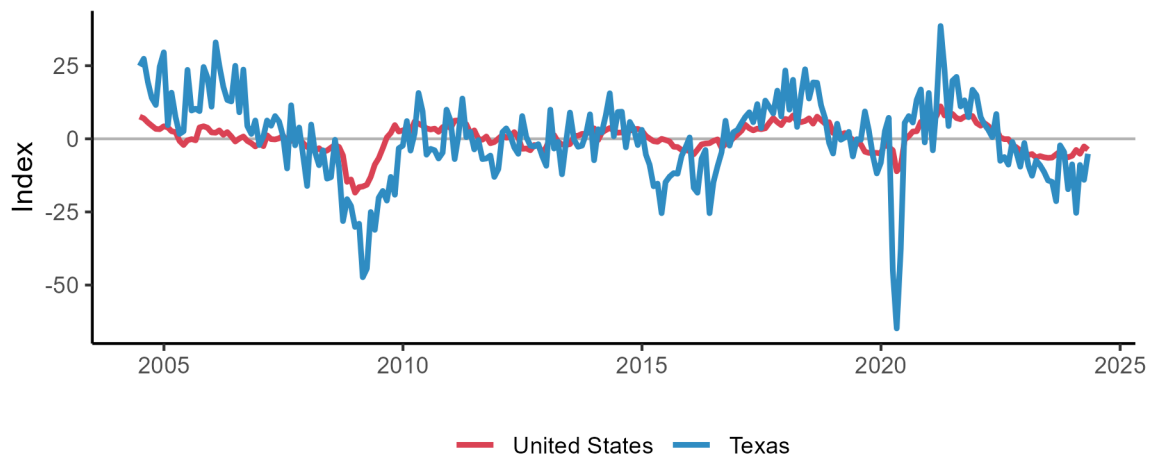
Texas Manufacturing Employee Hourly Earnings



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

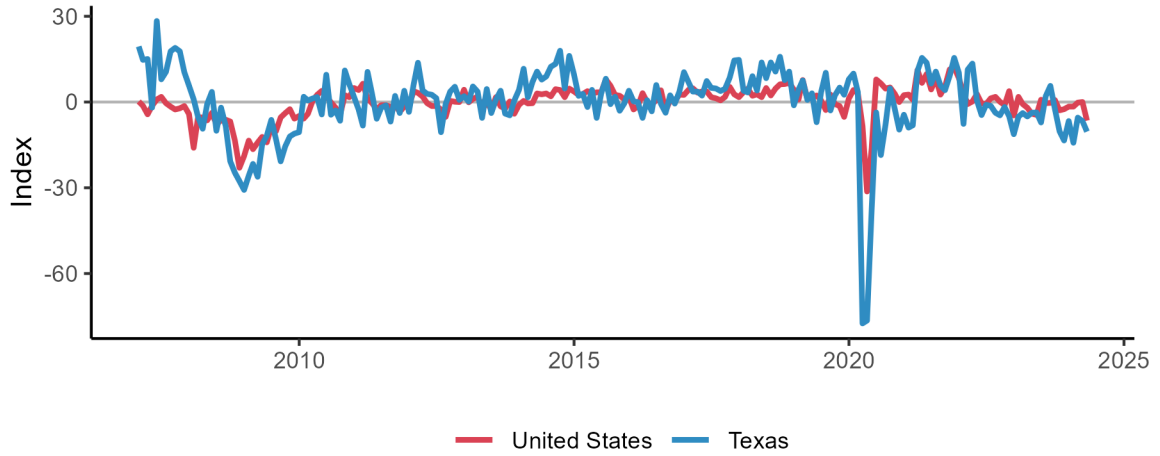




Services

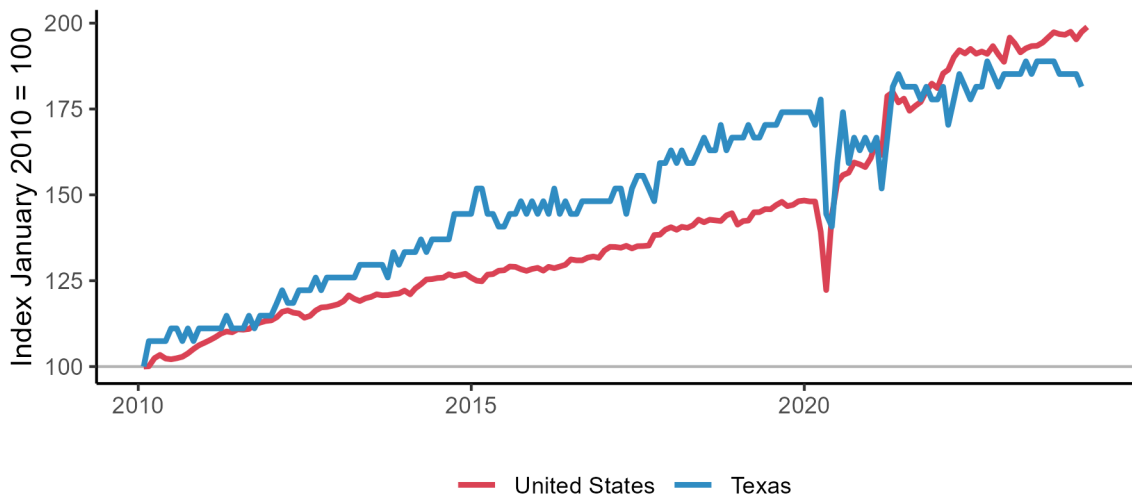
Services Sector Outlook Index

0+ = Expansion



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

Retail Sales Index



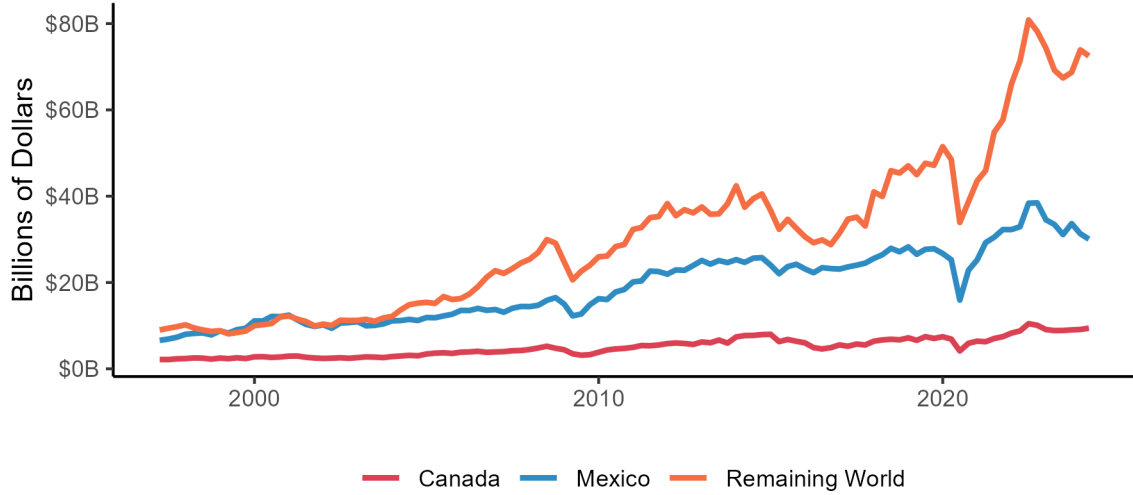
Source: Census Bureau - Federal Reserve Bank of Dallas





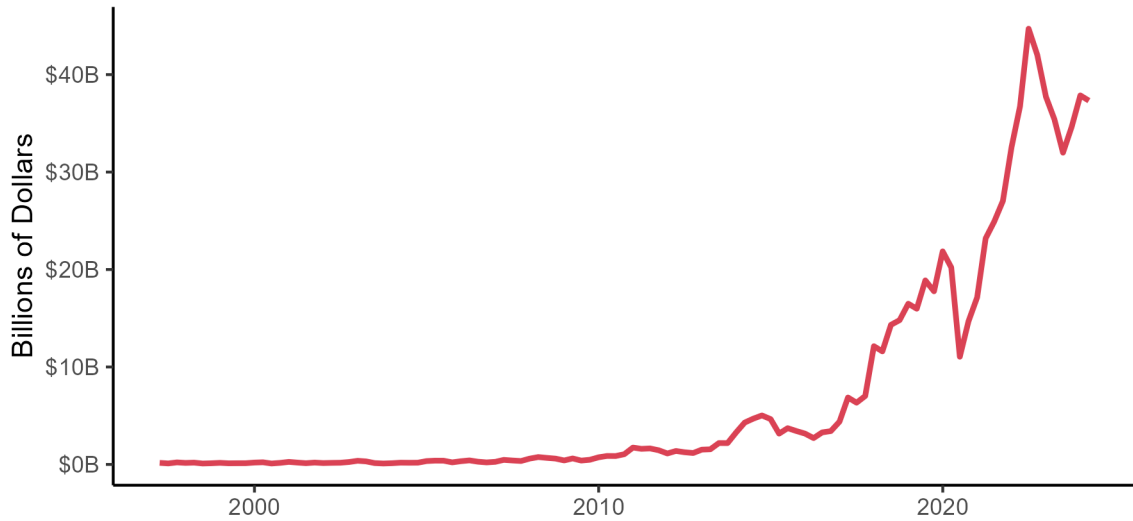
Trade

Texas Export Values by Destination



Source: Census Bureau via WISER

Texas Oil and Gas Exports



Source: Census Bureau via WISER





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