

Outlook for the Texas Economy



JOSHUA ROBERSON
DATA SCIENTIST

RHUTU KALLUR
RESEARCH INTERN

JUNQING WU
RESEARCH INTERN



TEXAS A&M UNIVERSITY
Texas Real Estate
Research Center

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SEPTEMBER 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>.

Joshua Roberson, Rhutu Kallur, and Junqing Wu

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September 2024 Summary

UNEMPLOYMENT RATE
4.1%

AVERAGE HOURLY WAGE
2.4% YOY

CONSUMER PRICE INDEX
2.4% YOY

TOTAL NONFARM EMPLOYMENT
0.2% MOM

Summary

Texas total nonfarm employment expanded for the second consecutive month, but the unemployment rate remained steady at 4.1 percent for the third month in a row. The inflation rate continues to make progress with the Consumer Price Index (CPI) dropping to 2.4 percent year over year (YOY) in September from 2.5 percent YOY in August. Home sales bounced back after falling in August.

Overall Inflation Shrinks, Core Inflation Grows

Over the past 12 months, the CPI has grown by 2.4 percent before seasonal adjustment, marking the smallest 12-month rise since February 2021. The seasonally adjusted CPI for all items rose by 0.2 percent in September, matching the increases seen in both August and July.

Food prices increased by 2.3 percent from September 2023 to September 2024, compared to a 3.7 percent rise from September 2022 to September 2023 and an 11.2 percent surge from September 2021 to September 2022. Over the same period, consumer energy prices dropped by 6.8 percent, marking the largest decline since January 2024. Meanwhile, prices for all items excluding food and energy rose by 3.3 percent (referred to as core inflation). Since July, the growth in core inflation has been stubborn and has not declined like overall inflation.

Texas Payroll Sees Modest Growth

In September, Texas nonfarm employment grew by 29,200 workers, representing a 0.2 percent month-over-month (MOM) increase. The state's four major metropolitan areas continued to experience employment growth, though the changes were modest compared to the previous month. Austin recorded the largest increase, adding 4,800 positions, a 0.4 percent rise. Dallas and Houston saw moderate gains, with 5,900 and 5,200 new positions, reflecting increases of 0.1 and 0.2 percent, respectively. San Antonio remained relatively stable, with a slight increase of 800 positions from August.

In September, the trade, transportation, and utilities sector added 7,200 workers, reflecting a 0.3 percent increase. The professional and business services sector also expanded, with a gain of 10,500 workers, marking a 0.5 percent rise. Additionally, the education and health services sector grew by 10,400 jobs, representing a 0.5 percent increase.

Worker sentiment in Texas improved slightly in September, with the labor force participation rate rising by 0.1 percentage points from August to reach 64.5 percent. The unemployment rate held steady at 4.1 percent, unchanged since July 2024. Additionally, continued unemployment claims averaged approximately 144,546 per week, reflecting a 2,145 increase over August.

Texas Home Sales Rebounded

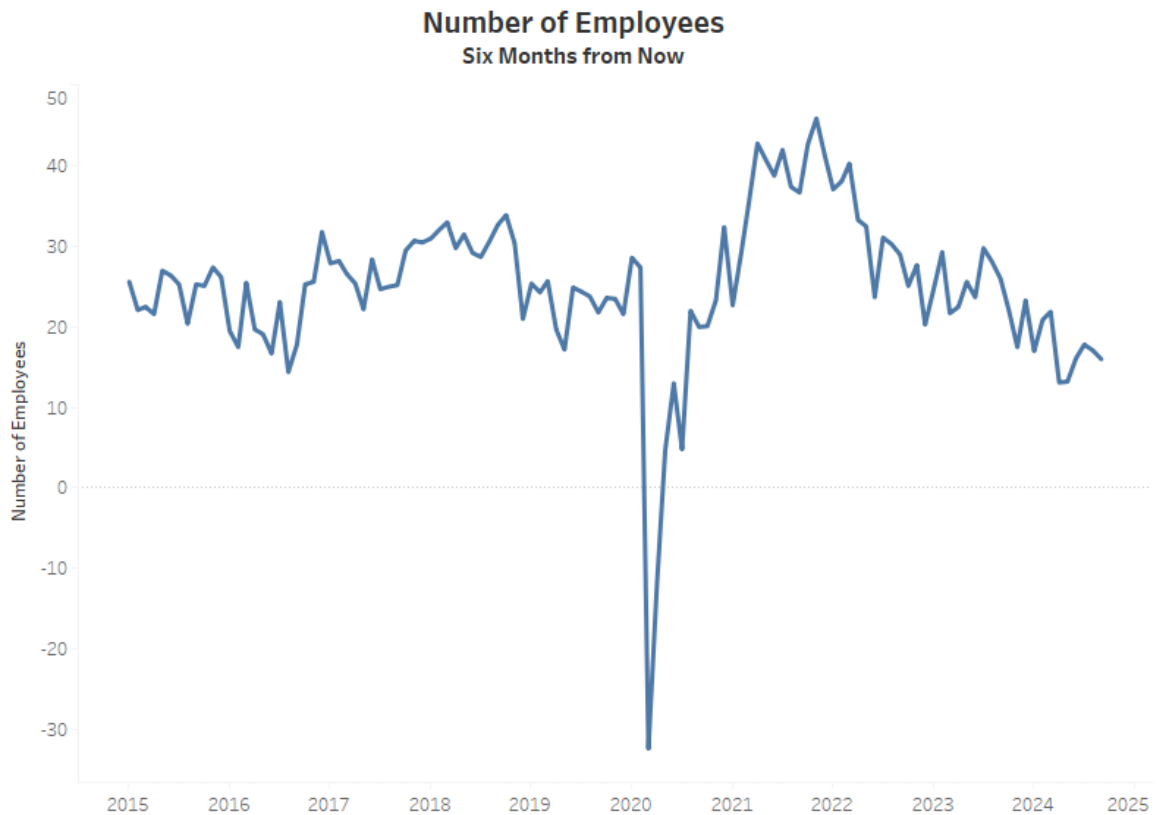
Total Texas home sales increased by 4.8 percent in September, reaching 26,165 transactions, signaling a rebound from August (see table). Among the Big Four metro areas, only San Antonio declined, with a 10.3 percent drop to 2,523 transactions. In contrast, Houston had the sharpest rise, with sales up by 11.6 percent to 7,149 transactions. Austin continued its modest upward trend from August, registering a steady 2.6 percent increase to 2,331 transactions. Dallas also recorded growth, with sales rising 4.6 percent to 7,202 transactions.

Home Sales Volume			
	Aug	Sep	MOM Change
Houston-Pasadena-The Woodlands	6,407	7,149	11.6%
Texas	24,973	26,165	4.8%
Dallas-Fort Worth-Arlington	6,888	7,202	4.6%
Austin-Round Rock-San Marcos	2,273	2,331	2.6%
San Antonio-New Braunfels	2,812	2,523	-10.3%

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

Service Sector Has Another Strong Month

The state’s private service sector added 33,100 jobs in September. While not nearly as strong as the previous month’s gain of 63,900, it was the second consecutive month of strong growth following negative growth in both June and July. According to the Dallas Fed Texas Service Sector Outlook Survey, the employment index for September was at 2, reflecting minimal growth in job numbers. The six-month outlook suggests more hiring growth even though that sentiment has deteriorated since November 2021, when hiring optimism was at its highest.



Source: Federal Reserve Bank of Dallas
Positive index means a higher percentage of firms anticipate an increase in employees than decrease six months from now.

The general business activity index improved to -2.6, indicating a less severe decline despite remaining in negative territory. The company outlook index rose by four points to 1.2, suggesting a slight uptick in business sentiment, while the outlook uncertainty index decreased by five points to 9.4, indicating reduced uncertainty among businesses.

Positive contributing factors included the revenue index, which climbed to 10.1, reaching its highest level in 13 months. In general, the revenue index has been increasing since April of this year. Price movements were mixed: the selling price index was largely unchanged at 5.4, while the input price index dropped by five points to 23.3, hinting at some easing in cost pressures. The wages and benefits index decreased by two points to 12.3, pointing to a modest slowdown in compensation growth.

Retail employment grew at a slower pace than the overall service sector, adding only 2,100 jobs in September. Most firms are still reporting month over month decreases in revenue according to the Dallas Fed Texas Retail Outlook Survey. Even though most firms are also reporting less and less wage pressure, general business activity and company outlook remains positive. As a result, most firms reported fewer hires six months from now.

Texas Export Growth Stagnates Amid Declining Oil Demand

Texas' total commodity exports rose by 1.2 percent MOM in August, while YOY growth remained nearly flat. Despite this slight monthly gain, the demand for Texas oil and natural gas exports, the state's leading export, continued to decline—falling by 5.1 percent MOM and 3.7 percent YOY. Meanwhile, petroleum and coal exports increased 5.8 percent MOM but declined 1.5 percent YOY.

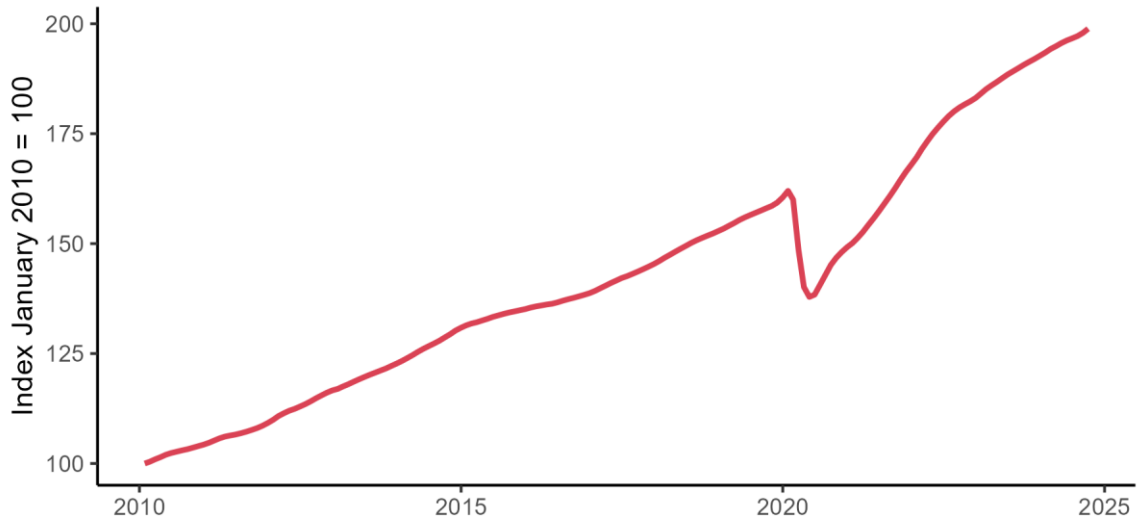
Select Economic Indicators

- The Texas Leading Economic Index rose slightly to 126.9 in September, indicating modest improvement in the state's economic outlook, though growth remains cautious.
- Nominal average hourly earnings remained unchanged from August at \$33.25, reflecting a 4.1 percent YOY increase.
- Earnings fluctuated across the four major metro areas, with Austin increasing by \$0.54, DFW increasing by \$0.47, Houston increasing by \$0.07, and San Antonio decreasing by \$0.38.
- Texas consumer confidence declined by 12.3 percent MOM in September, reaching 102.9.
- The ten-year U.S. Treasury bond fell 15 basis points, standing at **3.72 percent**.
- The **Federal Home Loan Mortgage Corporation's 30-year fixed-rate** fell by **32 basis points** to 6.18 percent.
- The West Texas Intermediate (WTI) crude oil spot price declined by 8.4 percent MOM to \$70.24. The Henry Hub natural gas spot price increased by 14.6 percent MOM from \$1.99 to \$2.28 per million British thermal units (BTU).



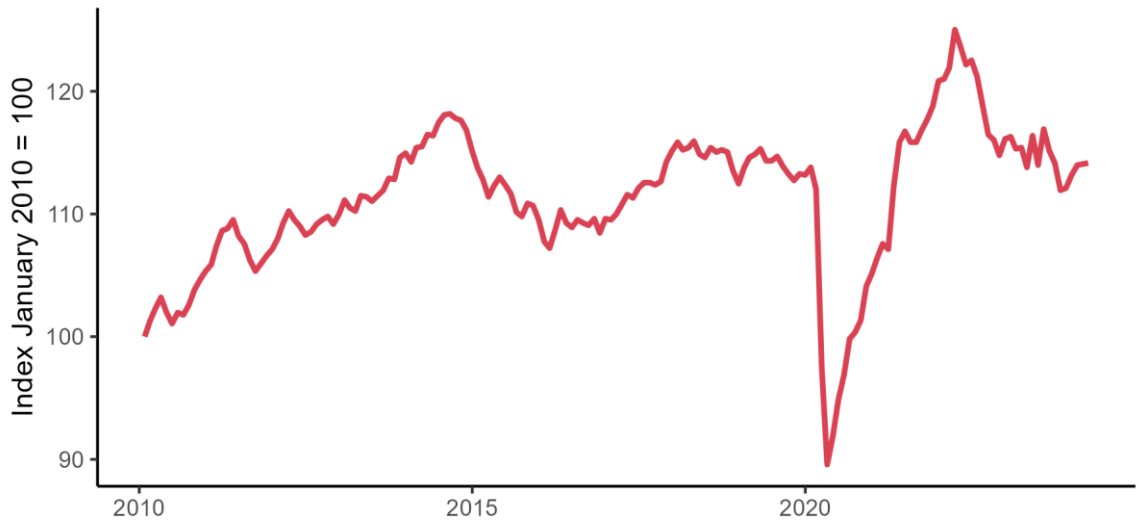
Economic Activity

Texas Business-Cycle Index



Source: Federal Reserve Bank of Dallas

Texas Leading Index



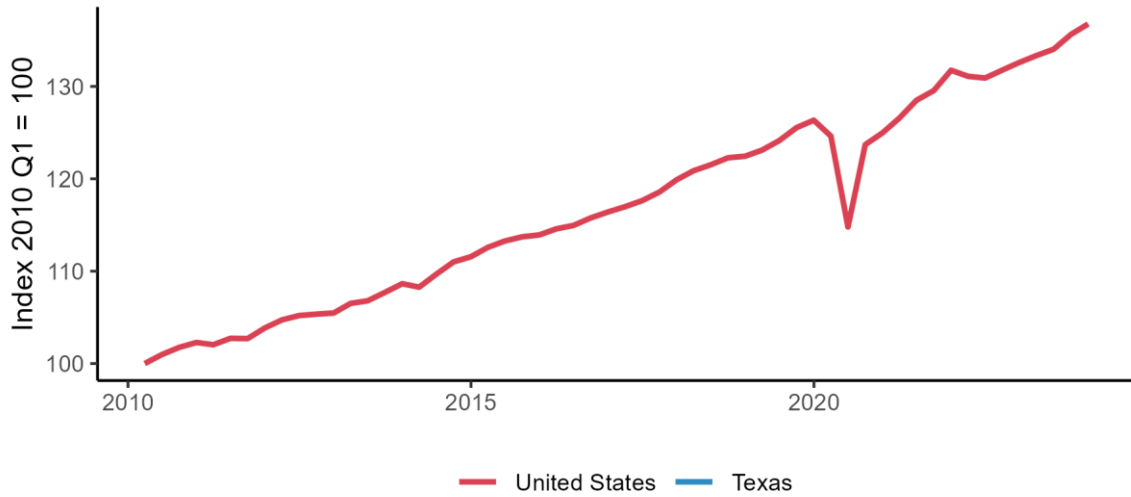
Source: Federal Reserve Bank of Dallas





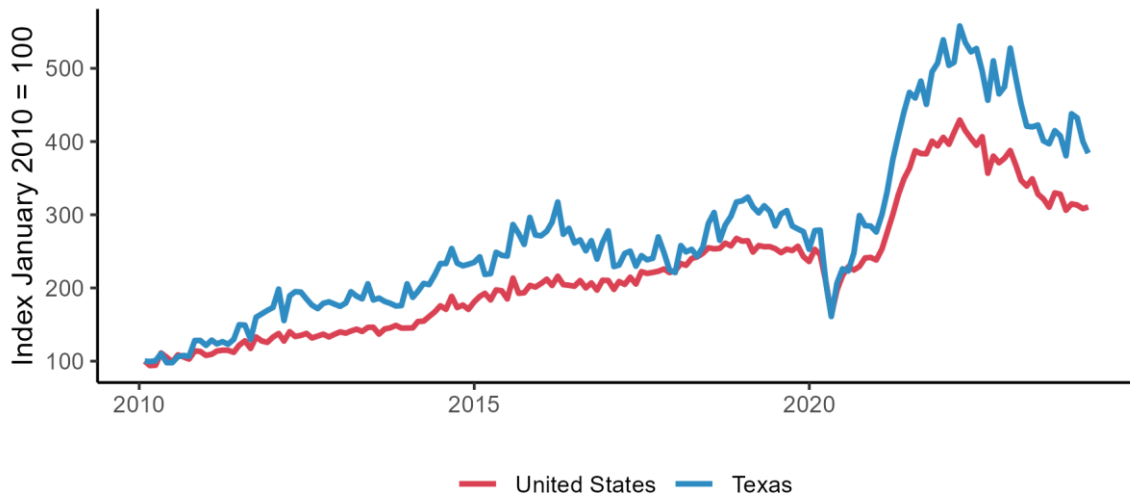
Economic Activity

Gross Domestic Product



Source: Bureau of Economic Analysis

Job Openings

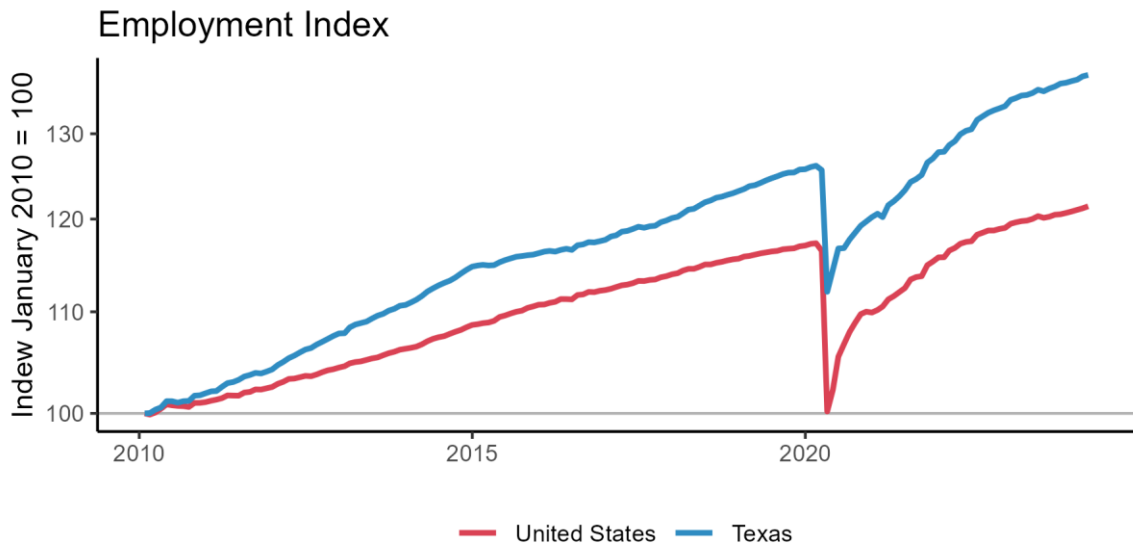


Source: Bureau of Labor Statistics

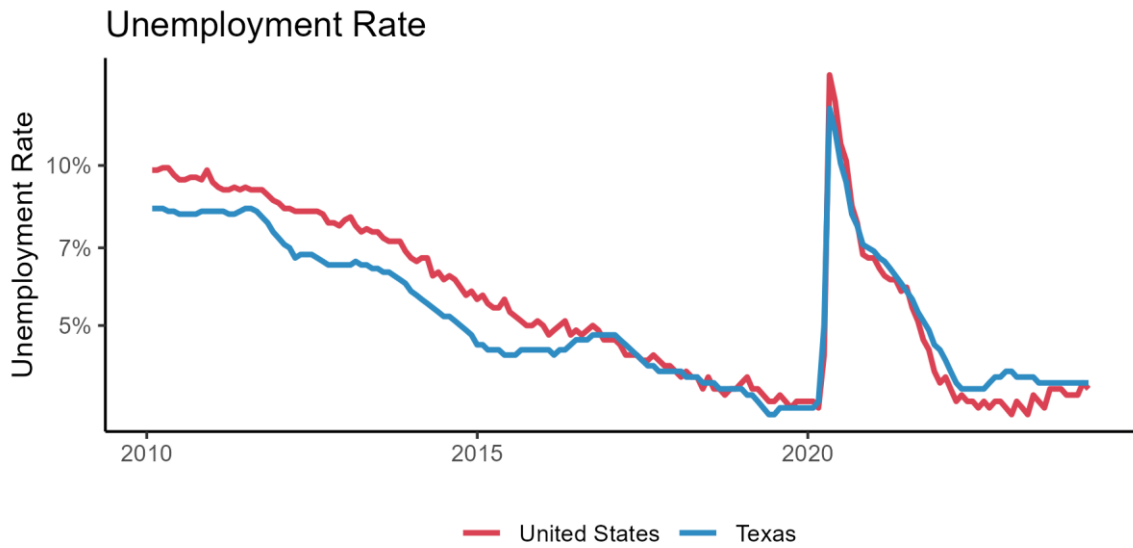




Employment



Source: Bureau of Labor Statistics



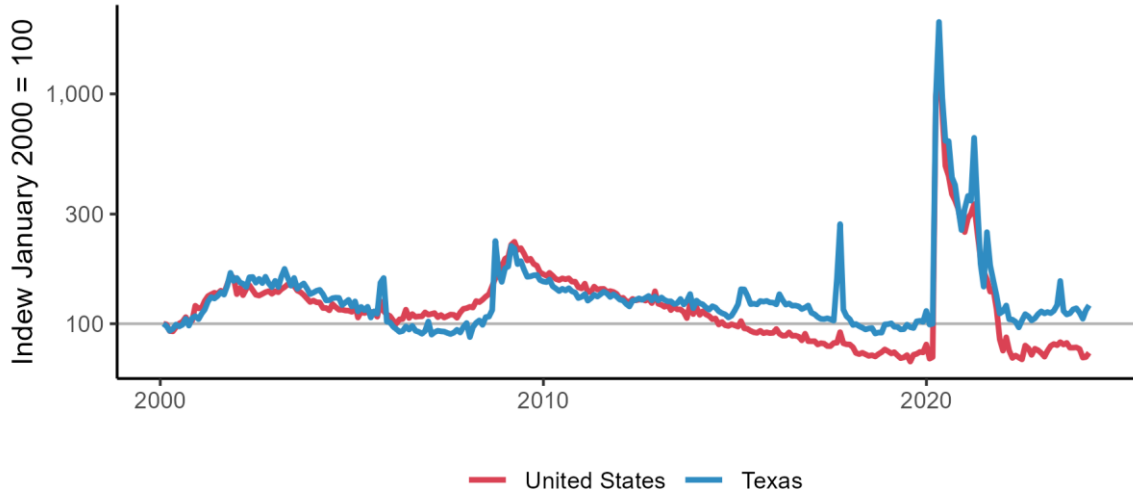
Source: Bureau of Labor Statistics





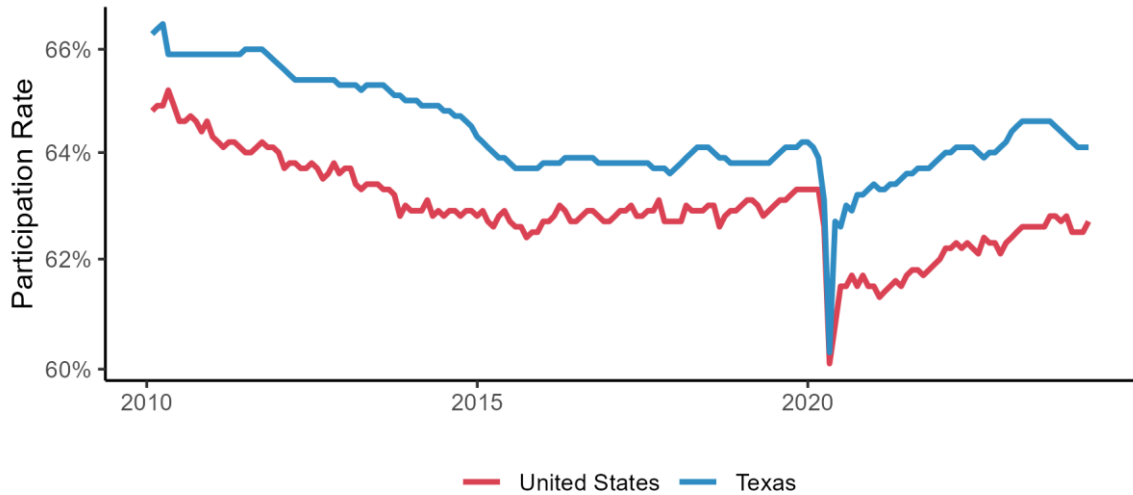
Employment

Initial Unemployment Claims



Source: Department of Labor

Labor Force Participation Rate



Source: Bureau of Labor Statistics





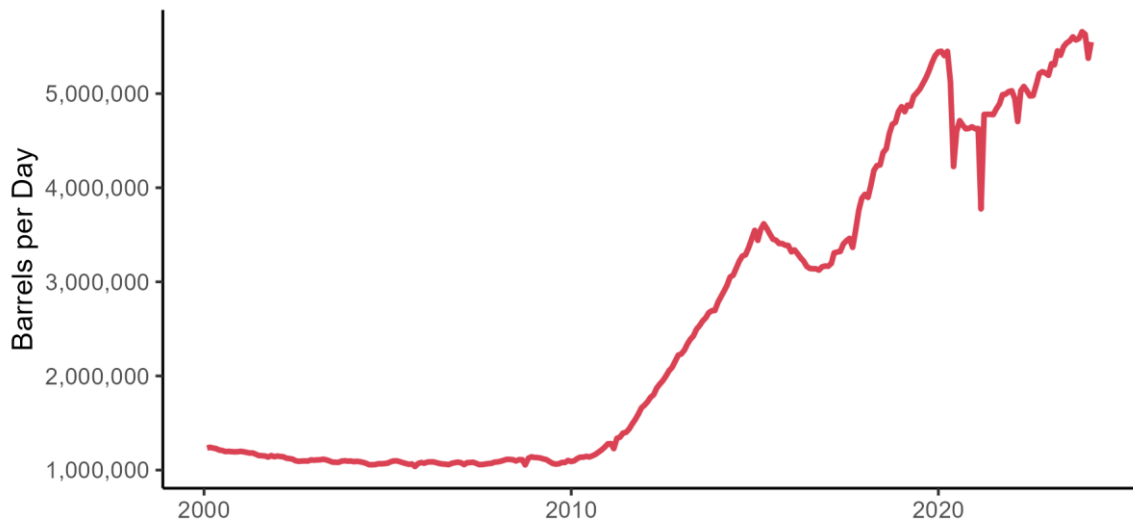
Energy

Crude Oil Price



Source: Energy Information Administration

Texas Crude Oil Production



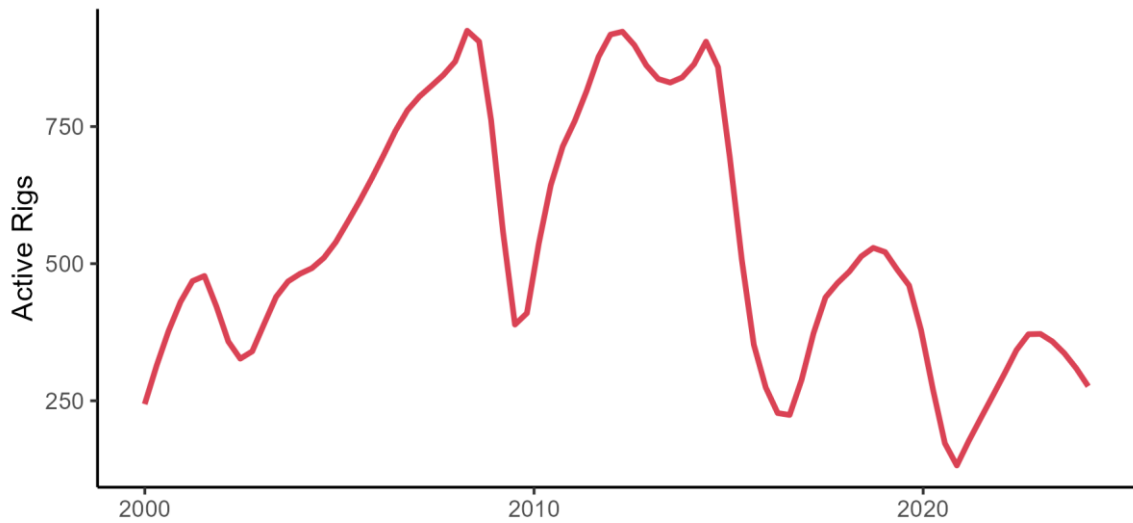
Source: Energy Information Administration





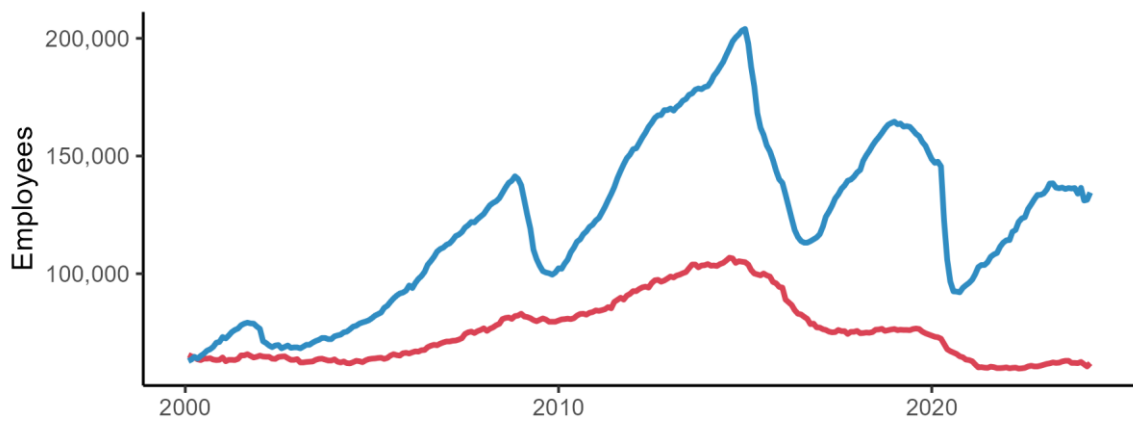
Energy

Texas Active Rotary Rig Count



Source: Baker Hughes

Oil and Gas Extraction Employment



— Oil and Gas Extraction — Support Activities

Source: Bureau of Labor Statistics

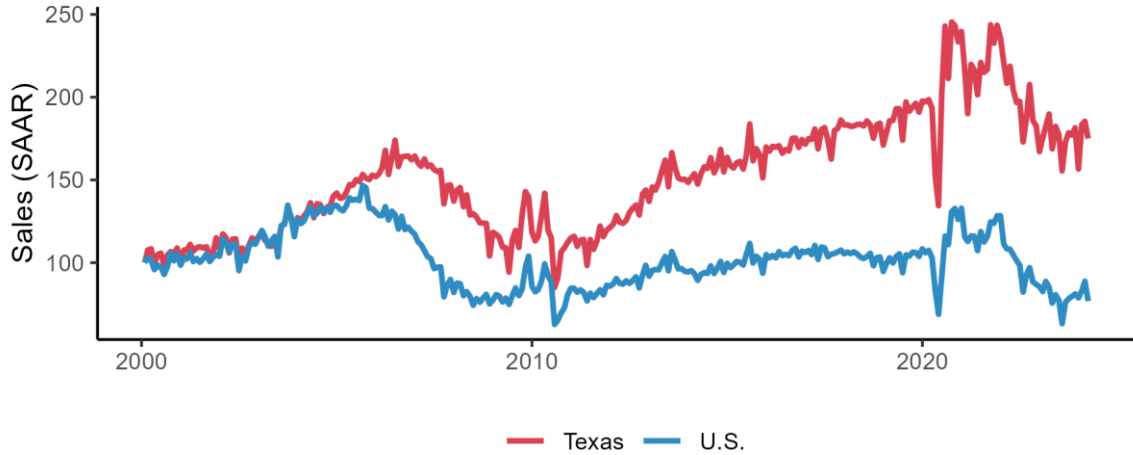




Housing

Residential Home Sales

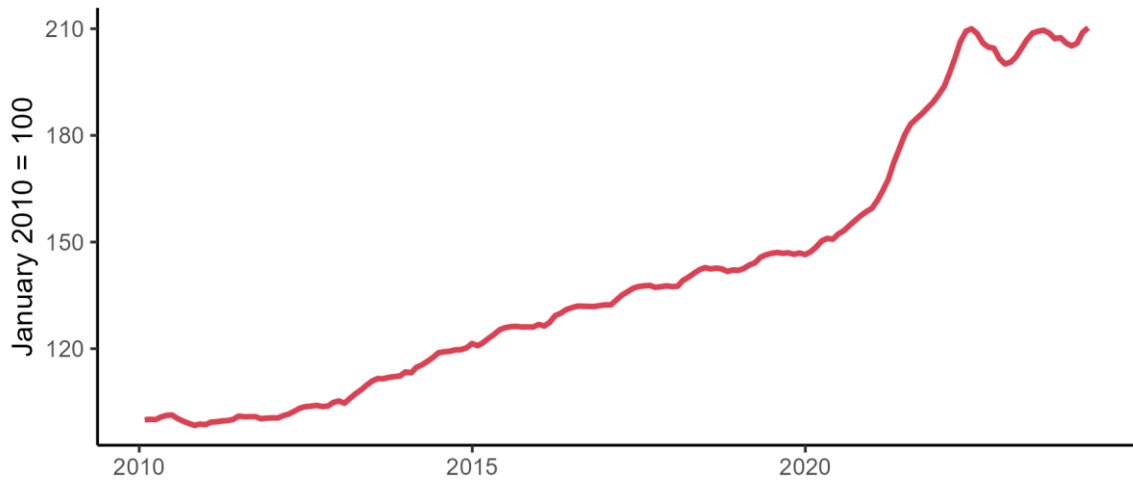
Seasonally Adjusted Annualized Rate



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



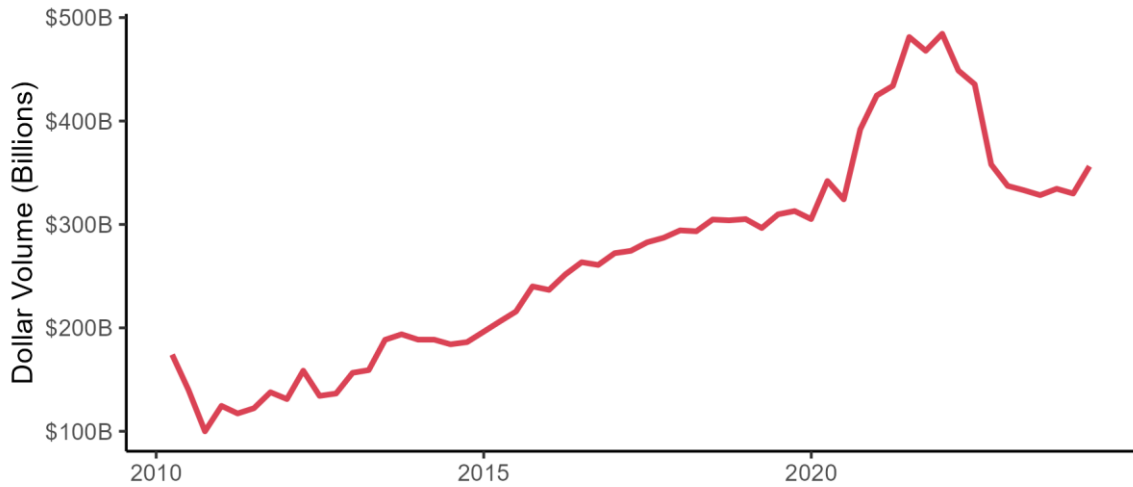
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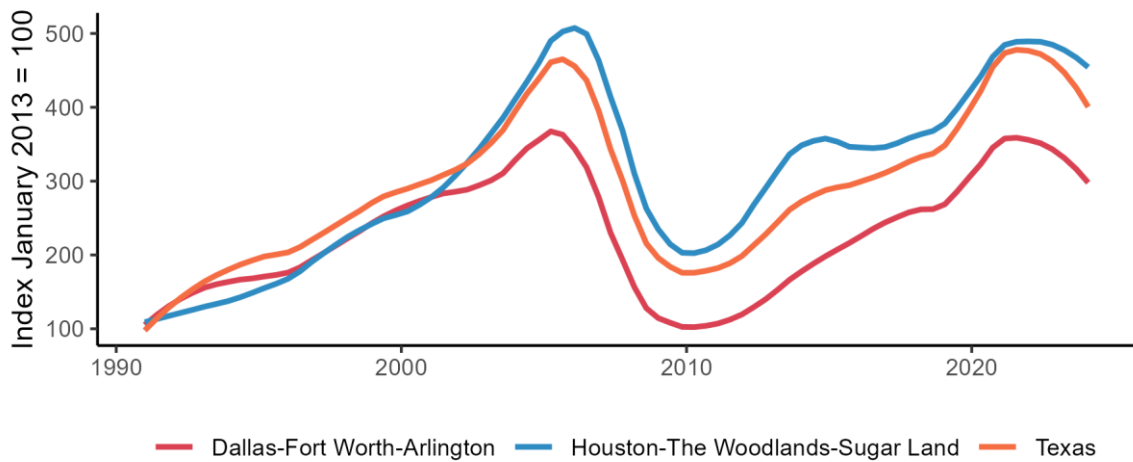
Housing

U.S. Purchase Mortgage Origination Dollar Volume Seasonally Adjusted



Source: Mortgage Bankers Association

Single-Family Housing Starts Seasonally Adjusted Index



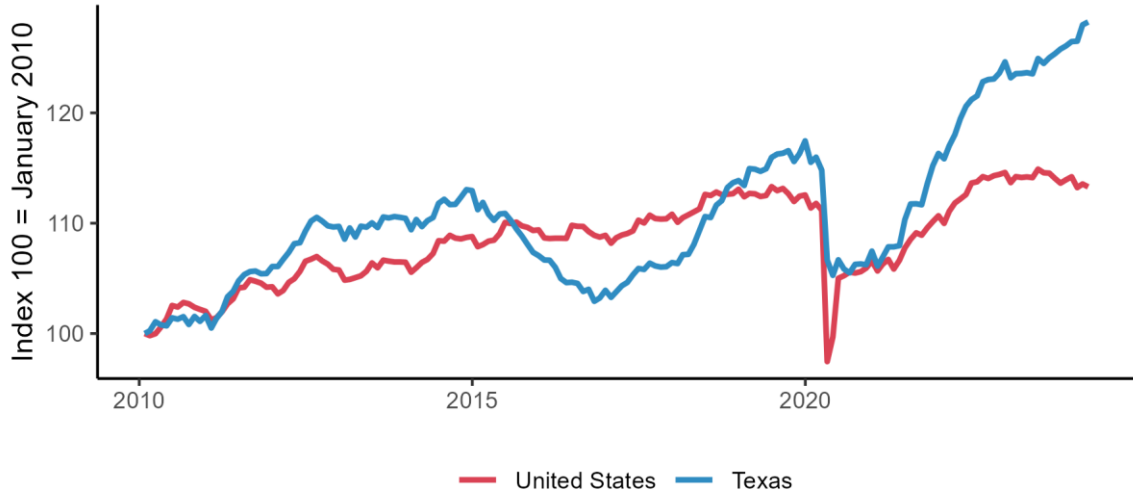
Source: Dodge Construction Network - Texas Real Estate Research Center at Texas A&M University





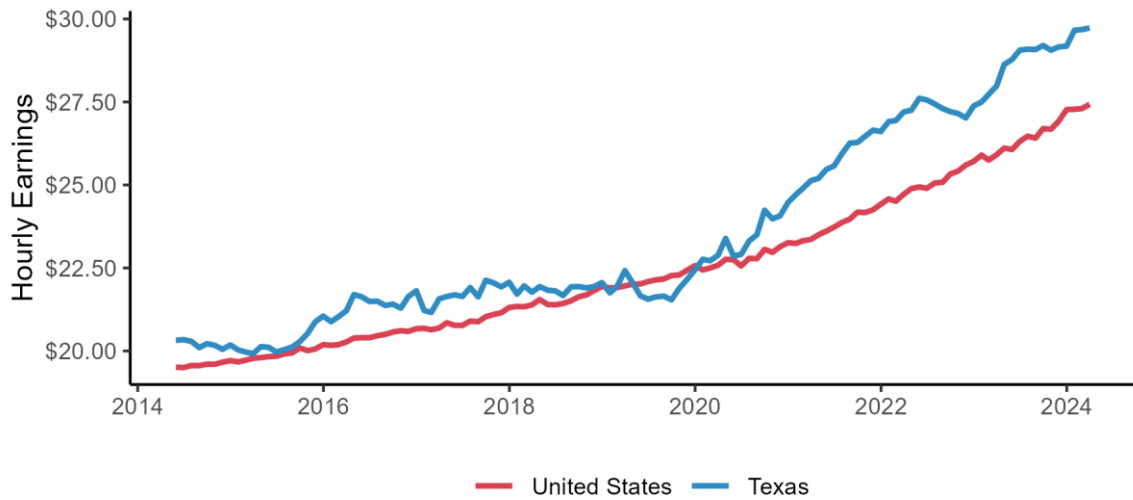
Manufacturing

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



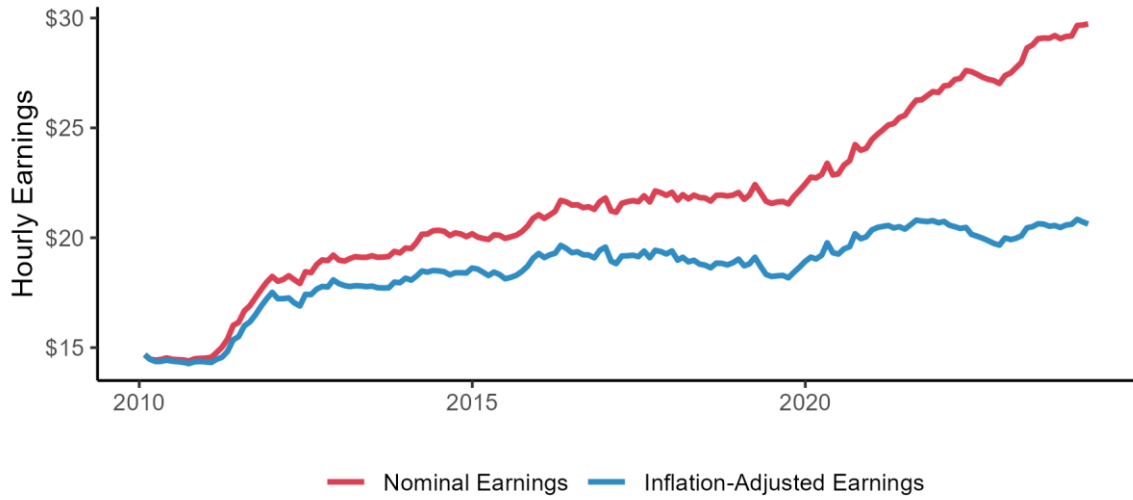
Source: Bureau of Labor Statistics - Texas Real Estate Research Center at Texas A&M University





Manufacturing

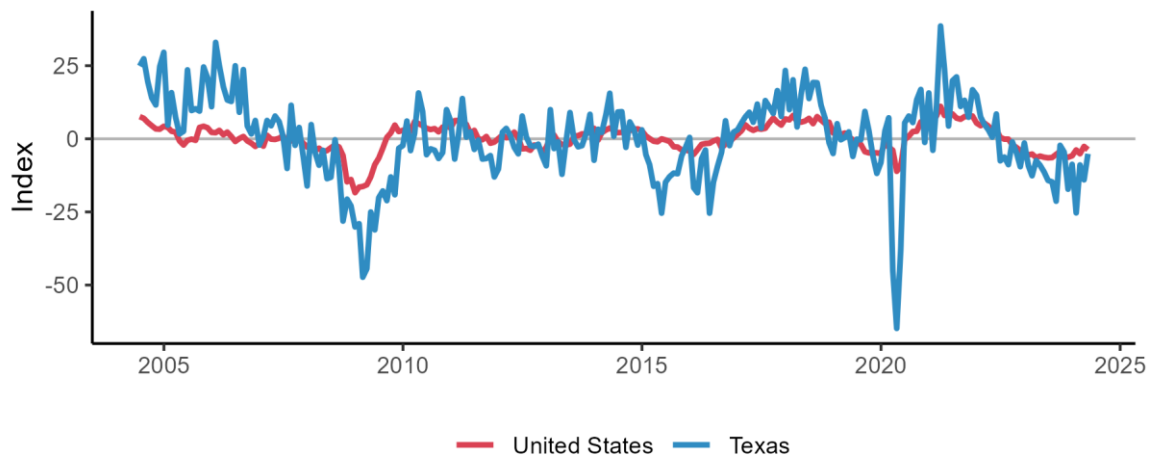
Texas Manufacturing Employee Hourly Earnings



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

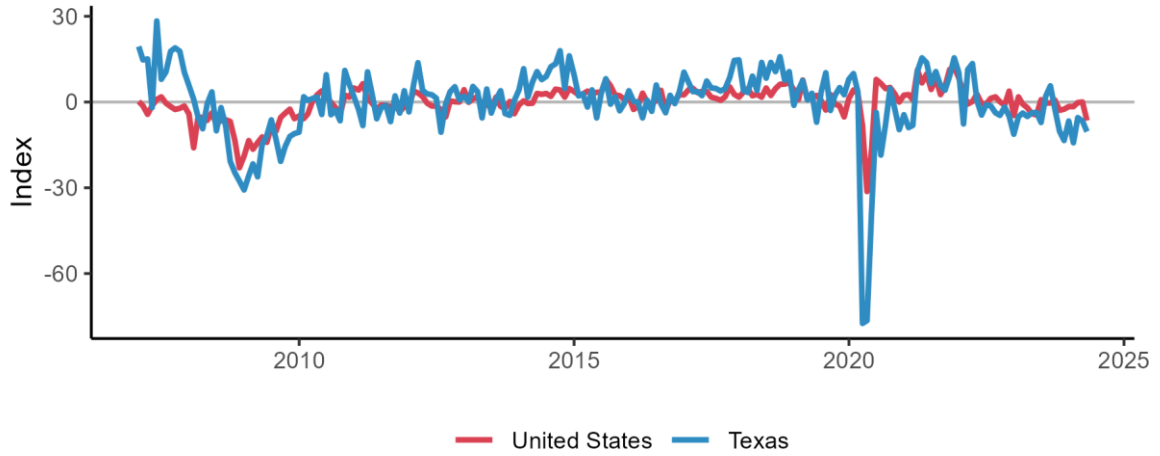




Services

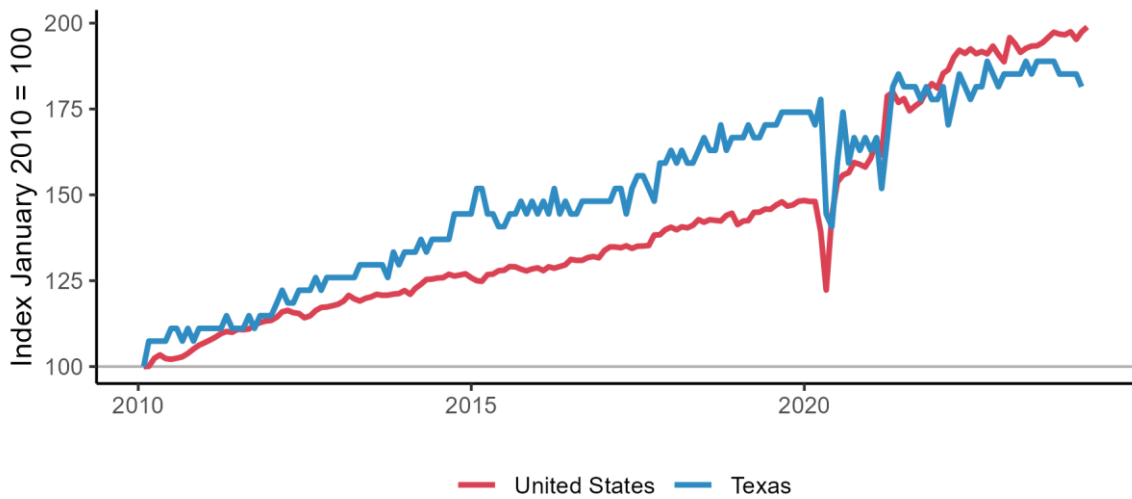
Services Sector Outlook Index

0+ = Expansion



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

Retail Sales Index



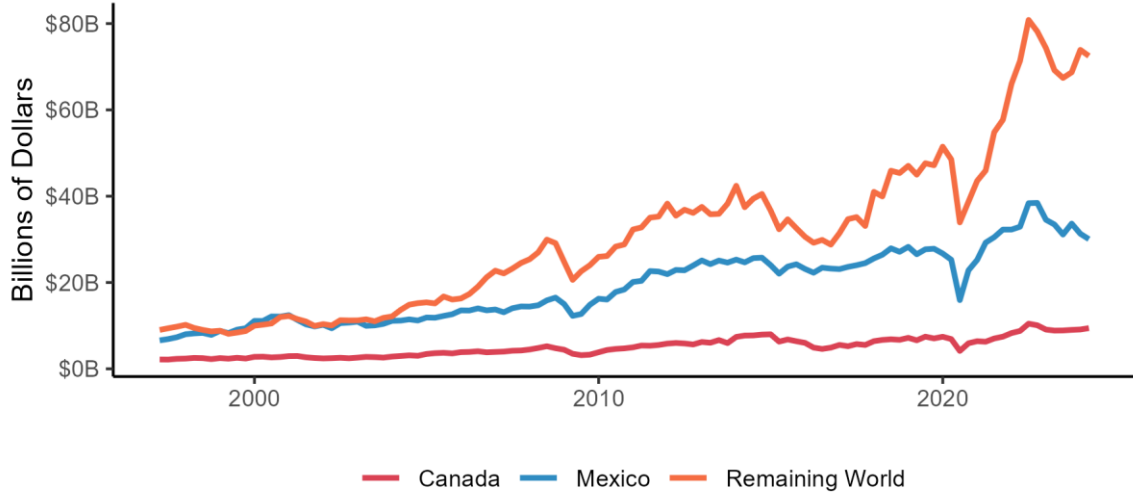
Source: Census Bureau - Federal Reserve Bank of Dallas





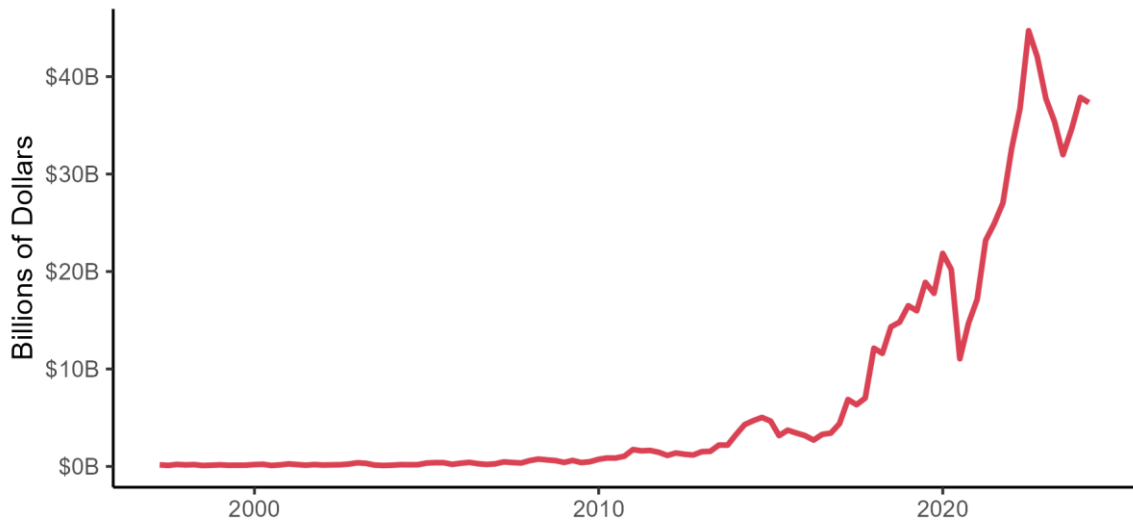
Trade

Texas Export Values by Destination



Source: Census Bureau via WISER

Texas Oil and Gas Exports



Source: Census Bureau via WISER





TEXAS A&M UNIVERSITY

Texas Real Estate Research Center

DIVISION OF RESEARCH

Texas A&M University
2115 TAMU
College Station, TX 77843-2115

<https://trerc.tamu.edu/>
979-845-2031

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