

Outlook for the Texas Economy



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2046
OCTOBER 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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October 2024 Summary

UNEMPLOYMENT RATE
4.1%

AVERAGE HOURLY WAGE
3.8% YOY

CONSUMER PRICE INDEX
2.6% YOY

TOTAL NONFARM EMPLOYMENT
0.7% MOM

Summary

Texas total nonfarm employment dipped in October after two months of growth. Despite the loss of jobs, the unemployment rate held steady at 4.1 percent and the labor force participation rate climbed to 64.6 percent. Inflation remained resilient and failed to decrease toward the 2 percent target rate.

Inflation Progress Stalls Again

Over the past 12 months, the Consumer Price Index (CPI) has grown by 2.6 percent before seasonal adjustment. Meanwhile, prices for all items excluding food and energy rose by 3.3 percent (referred to as core inflation), same as in September.

While the inflation rate has slowed since last year, the past few months have shown some reverses. The seasonally adjusted CPI for all items rose by 0.2 percent in October, maintaining the same monthly increase for four months now. Core inflation increased by 0.3 percent for the third month in a row.

Food prices increased by 2.1 percent from October 2023 to October 2024, compared to a 3.3 percent rise from October 2022 to October 2023 and a 10.9 percent surge from October 2021 to October 2022. Consumer energy prices dropped 4.9 percent year over year (YOY) in October.

Texas Payroll's Slight Decline

Texas nonfarm employment declined by 10,600 jobs, representing a modest 0.7 percent month-over-month (MOM) decrease. The state's four major metropolitan areas exhibited mixed but relatively stable trends. Houston experienced a 0.1 percent decline, losing 3,300 jobs. In contrast, Dallas, Austin, and San Antonio each recorded a 0.1 percent increase, adding 6,300, 1,600, and 1,600 positions, respectively. Year over year, however, Texas nonfarm employment grew by 2 percent, with a significant net gain of 274,600 jobs. Among the Big Four metros, San Antonio posted the highest annual growth rate at 2.3 percent, adding 26,400 jobs.

The trade, transportation, and utilities sector had a minor decline of 1,000 jobs in October, remaining relatively stable overall. The professional and business services sector saw a more significant reduction, losing 19,400 jobs, equivalent to a 0.9 percent decrease. Similarly, the education and health services sector contracted by 3,400 jobs, reflecting a 0.2 percent decline.

Worker sentiment in Texas continued its upward trend as the labor force participation rate edged up by 0.1 percentage points from September, reaching 64.6 percent. The unemployment rate held steady at 4.1 percent, unchanged since July 2024. Meanwhile, continued unemployment claims averaged approximately 150,483 per week, marking an increase of 5,946 from September.

Texas Home Sales Increase

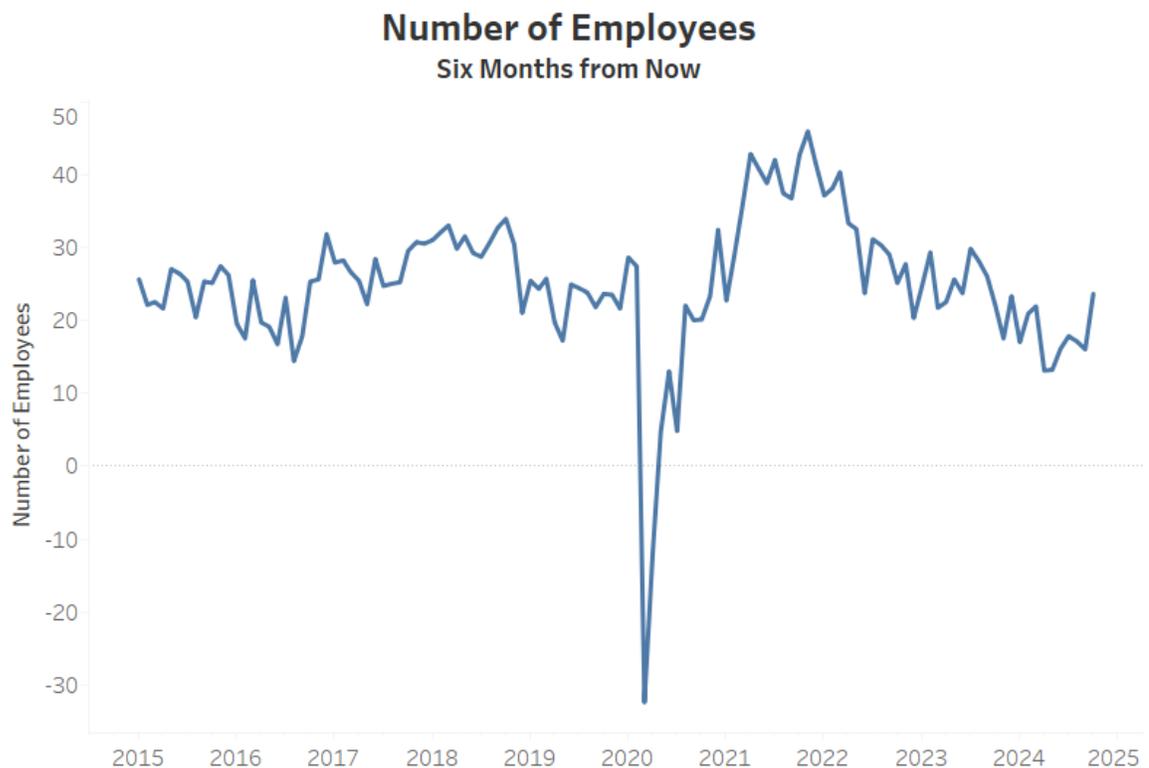
Texas total home sales rose by 8.8 percent in October, reaching 28,859 transactions, continuing the upward trend observed in September. Among the Big Four metro areas, San Antonio led with a significant 16.8 percent increase, recording 2,906 transactions. Houston followed with a 12.1 percent rise to 8,066 transactions. Austin maintained its modest growth from August, posting a 7 percent increase to 2,488 transactions. In contrast, Dallas experienced a slight decline, with sales decreasing by 1 percent to 7,432 transactions.

Home Sales Volume			
	Sep	Oct	MOM Change
San Antonio-New Braunfels	2,487	2,906	16.8%
Houston-Pasadena-The Woodlands	7,198	8,066	12.1%
Texas	26,532	28,859	8.8%
Austin-Round Rock-San Marcos	2,326	2,488	7.0%
Dallas-Fort Worth-Arlington	7,508	7,432	-1.0%

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

Service Sector Employment Dips Again

The state’s private service sector shed 12,600 jobs in October, marking the first decline since July. According to the Dallas Fed Texas Service Sector Outlook Survey, the employment index for October registered at -0.2, signaling that most firms had stagnant employment levels for the month. The outlook six months from now is a lot more optimistic, with a jump from 16 to 23.6.



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 increased by five points to 2.0, marking its first positive reading in over two years and signaling a slight recovery in economic conditions. Similarly, the company outlook index rose three points to 3.8, suggesting growing optimism among businesses about future prospects. However, the outlook uncertainty index jumped nine points to 17.9, reflecting persistent concerns and uncertainty in the broader business environment. This contrast between improving activity and rising uncertainty highlights a cautious approach by businesses as they navigate the current economic landscape.

The sudden uptick in input prices could be contributing to the uncertainty. After bottoming out in May of this year at 20.70, the input price index has gradually increased to 26.10. Expectations six months from now are that this will continue with the future index increasing to 43.90 in October from 32.90 in September.

Decline in Asian Demand Drives Down Texas Oil and Gas Exports

Texas' overall commodity exports declined by 7.9 percent MOM and 4.1 percent YOY in September. Demand for Texas' leading export, oil and natural gas, declined sharply, falling by 10.9 percent MOM and 11.7 percent YOY. Additionally, petroleum and coal exports recorded drops of 11 percent MOM and 5.1 percent YOY.

Oil and gas exports to Asia fell from \$5.21 billion in August 2024 to \$4.44 billion in September, a 14.8 percent decrease, which also led to a drop in Asia's share of Texas' total exports, from 43.8 to 41.8 percent. Lower demand from the Asian market has directly impacted Texas' oil and gas export performance, significantly contributing to the state's overall export decline. It may also suggest a shift in Asia's energy consumption patterns or changes in its sourcing strategies, placing additional pressure on Texas' export market.

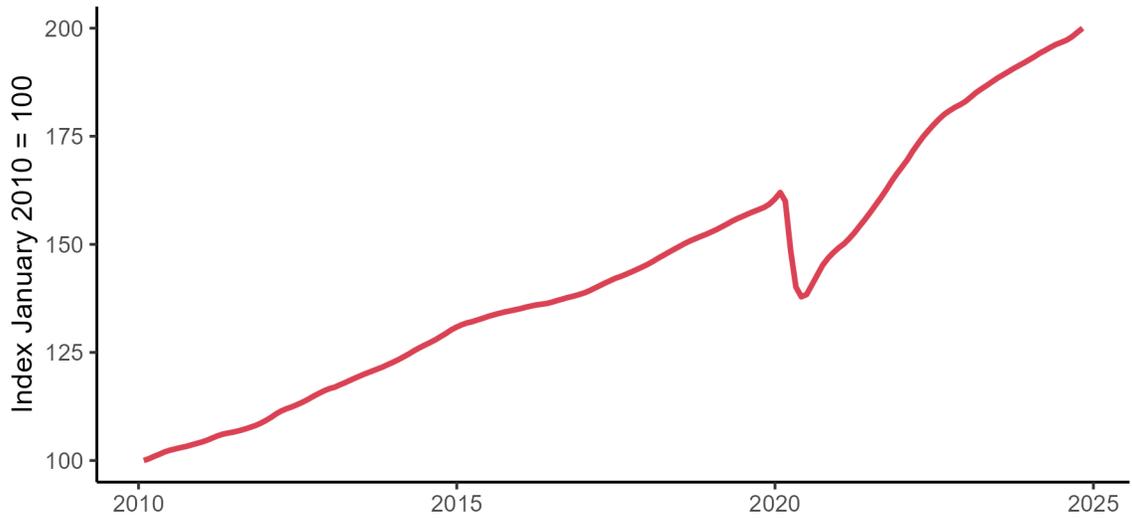
Select Economic Indicators

- The Texas Leading Economic Index declined slightly to 116.4 in October, continuing September's downward trend.
- Nominal average hourly earnings decreased to \$33.32 in October, reflecting a 3.8 percent YOY increase.
- Earnings declined across three of the four major metros, with Austin experiencing a \$0.33 decrease and Houston and San Antonio each seeing an \$0.18 decrease. Meanwhile, Dallas-Fort Worth (DFW) saw a modest increase of \$0.19.
- Texas consumer confidence increased by 6.4 percent MOM in October, reaching 109.5.
- The ten-year U.S. Treasury bond rose by 38 basis points, standing at **4.1 percent**.
- The **Federal Home Loan Mortgage Corporation's 30-year fixed-rate** rose **25 basis** points to 6.43 percent.
- The West Texas Intermediate (WTI) crude oil spot price increased by 2.5 percent MOM to \$71.99. The Henry Hub natural gas spot price decreased by 3.4 percent MOM from \$2.28 to \$2.20 per million British thermal units (BTU).



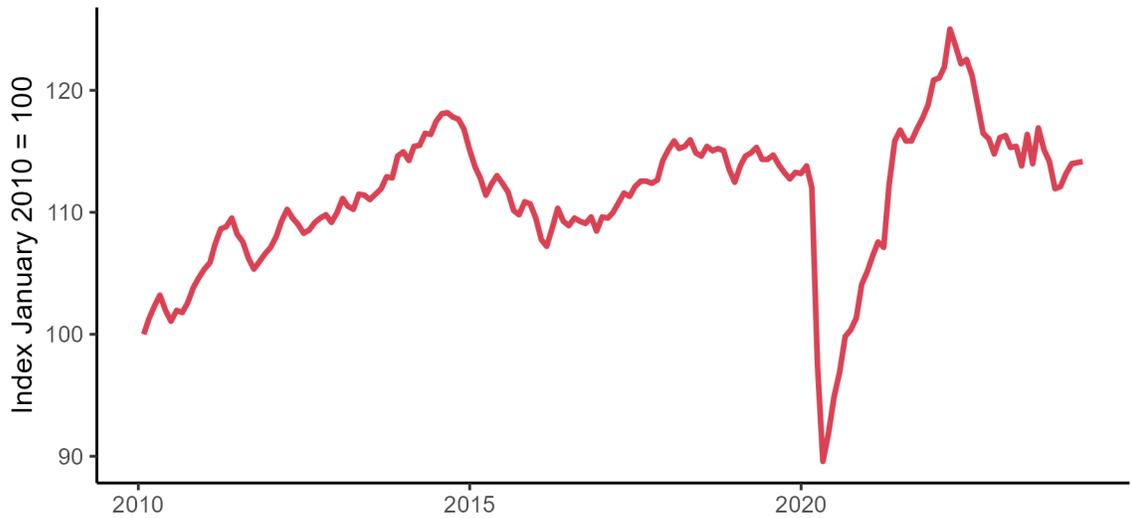
Economic Activity

Texas Business-Cycle Index



Source: Federal Reserve Bank of Dallas

Texas Leading Index



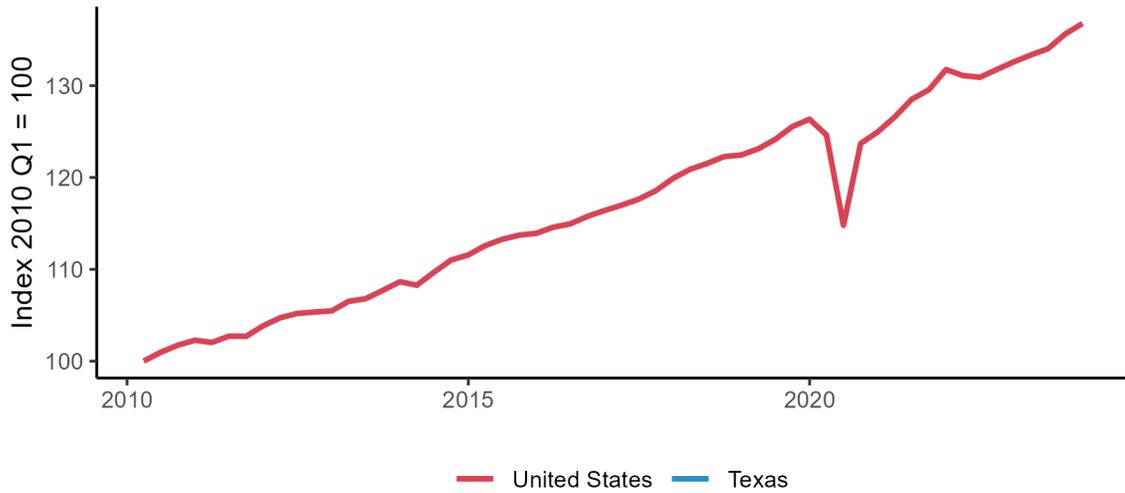
Source: Federal Reserve Bank of Dallas





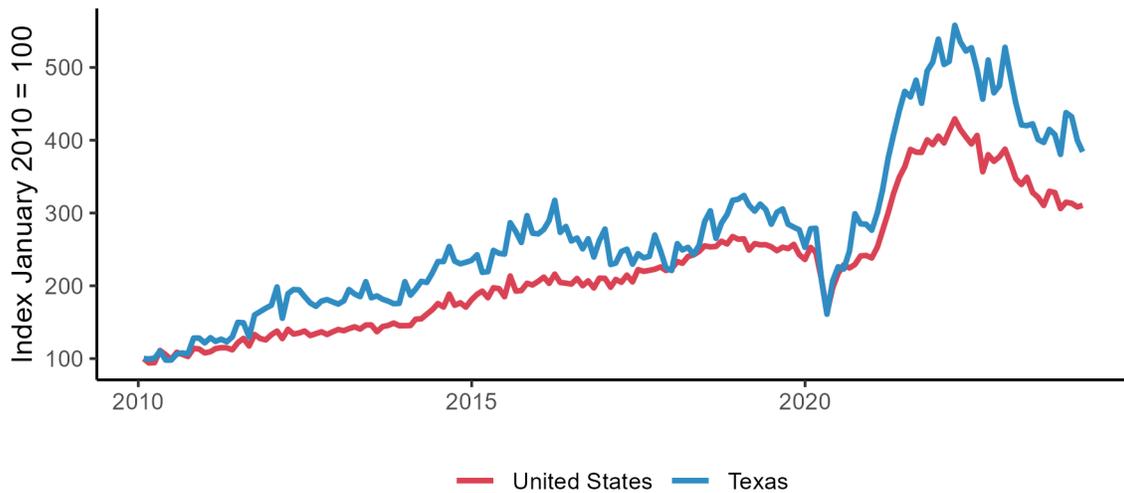
Economic Activity

Gross Domestic Product



Source: Bureau of Economic Analysis

Job Openings

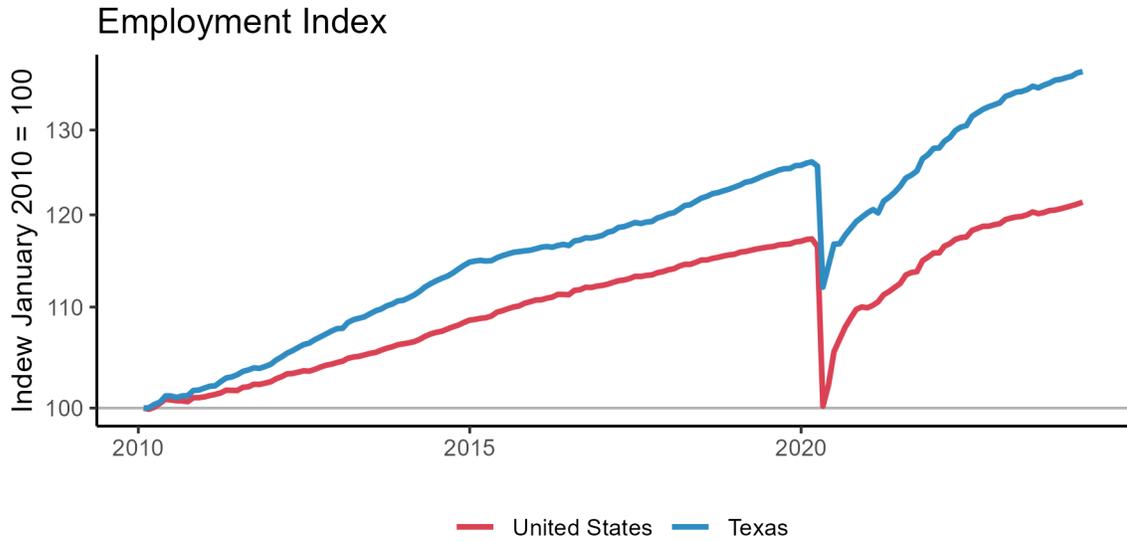


Source: Bureau of Labor Statistics

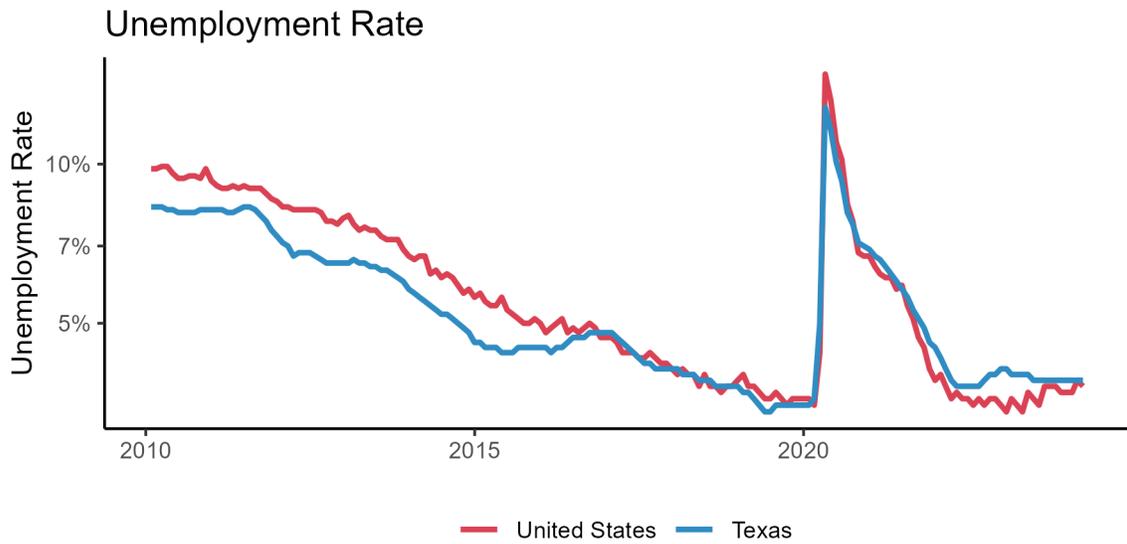




Employment



Source: Bureau of Labor Statistics



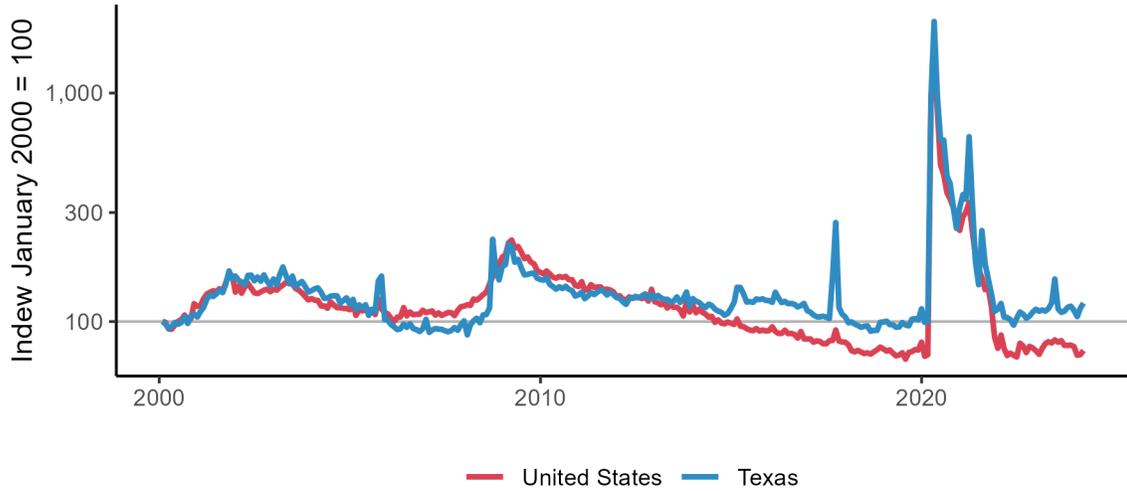
Source: Bureau of Labor Statistics





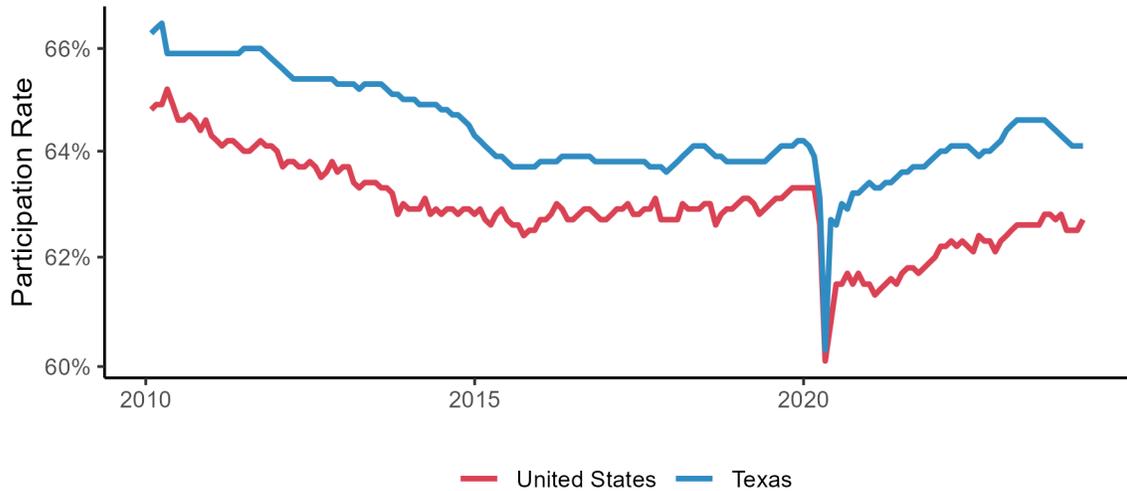
Employment

Initial Unemployment Claims



Source: Department of Labor

Labor Force Participation Rate



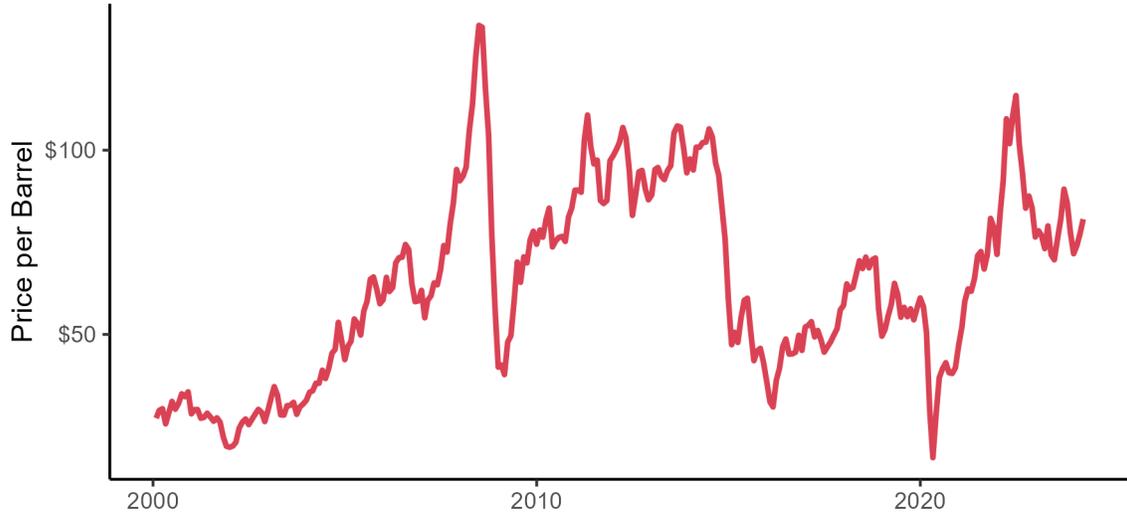
Source: Bureau of Labor Statistics





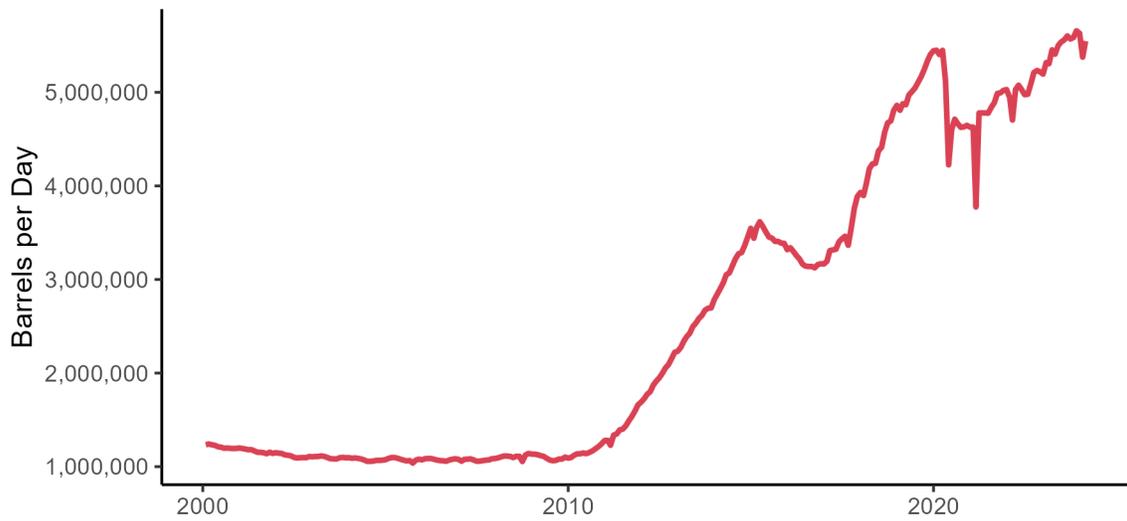
Energy

Crude Oil Price



Source: Energy Information Administration

Texas Crude Oil Production



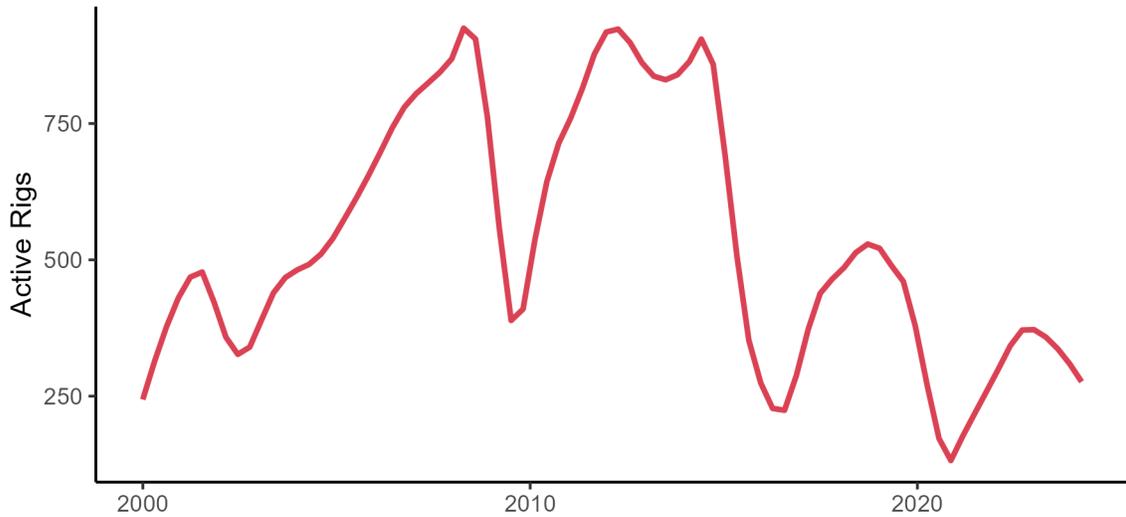
Source: Energy Information Administration





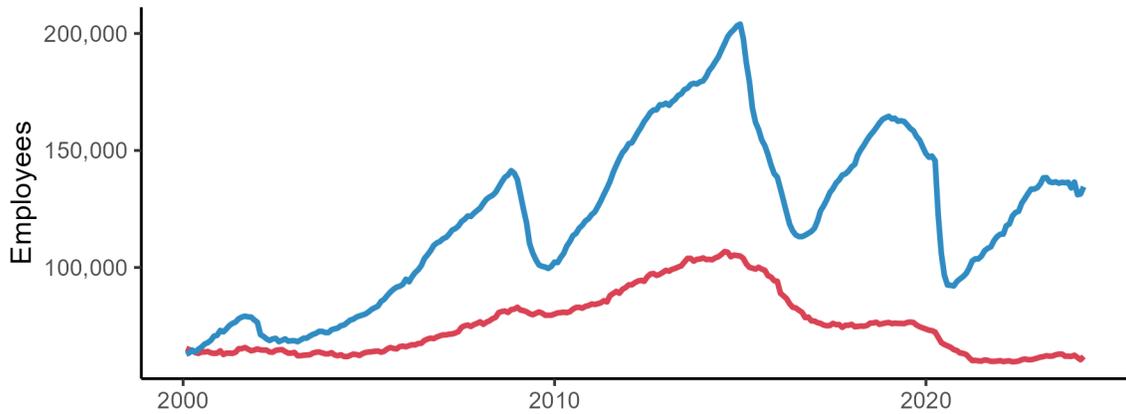
Energy

Texas Active Rotary Rig Count



Source: Baker Hughes

Oil and Gas Extraction Employment



Oil and Gas Extraction Support Activities

Source: Bureau of Labor Statistics

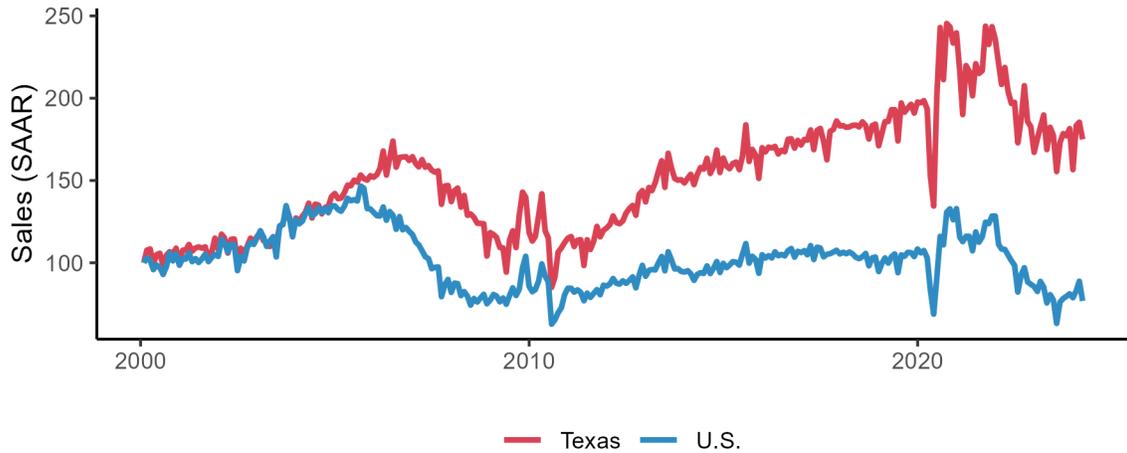




Housing

Residential Home Sales

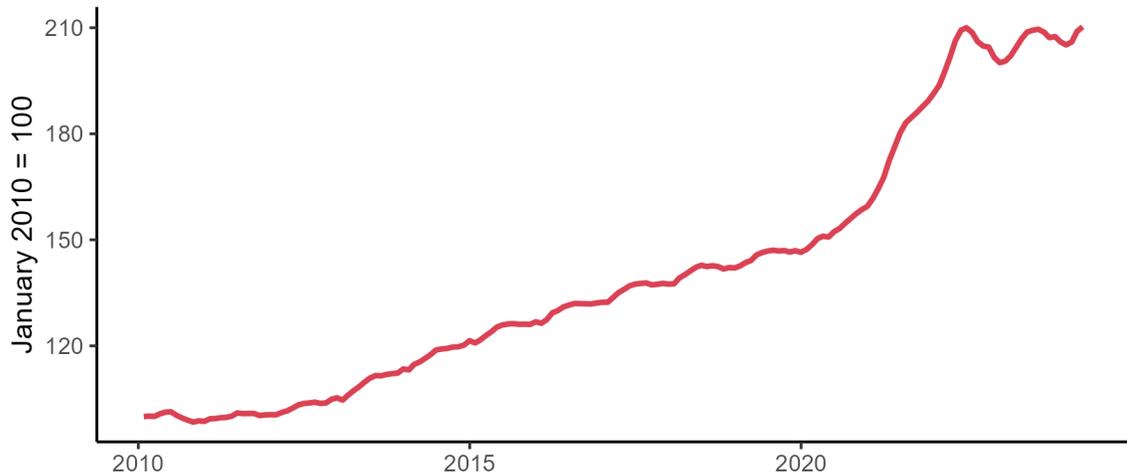
Seasonally Adjusted Annualized Rate



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



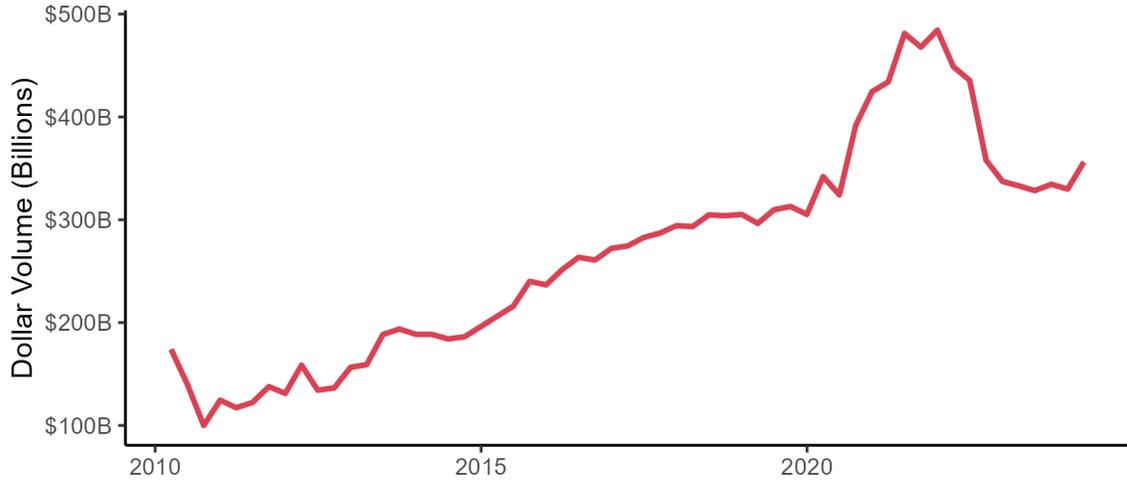
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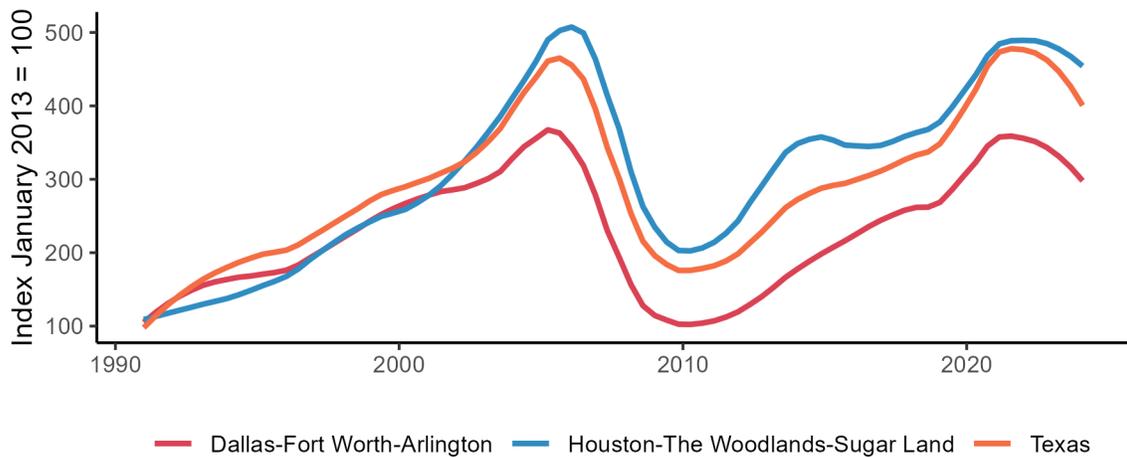
Housing

U.S. Purchase Mortgage Origination Dollar Volume Seasonally Adjusted



Source: Mortgage Bankers Association

Single-Family Housing Starts Seasonally Adjusted Index



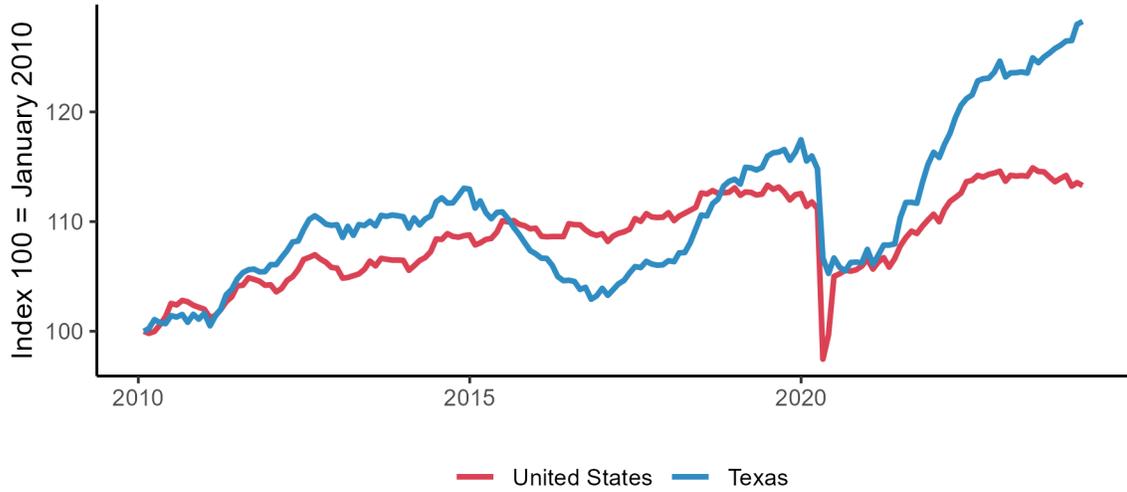
Source: Dodge Construction Network - Texas Real Estate Research Center at Texas A&M University





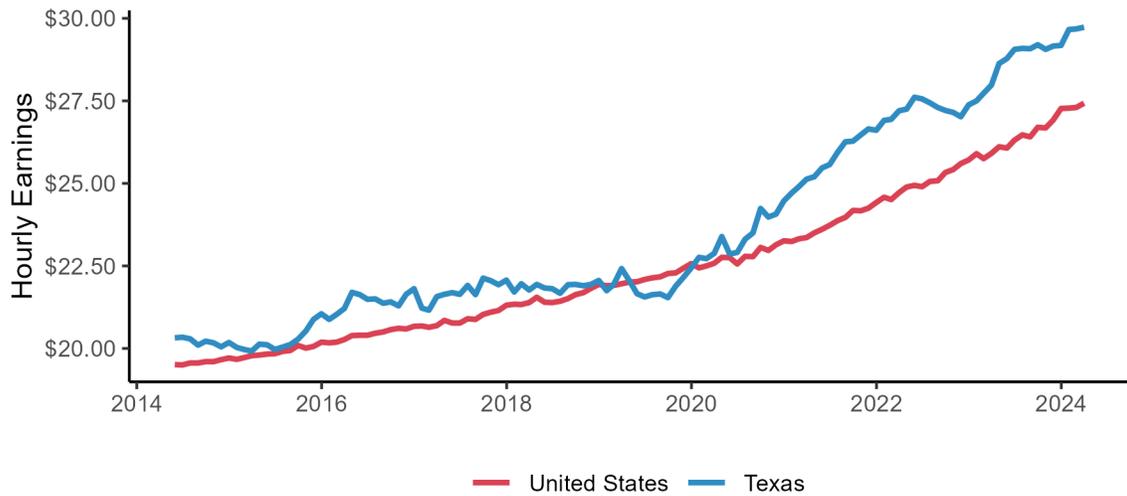
Manufacturing

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



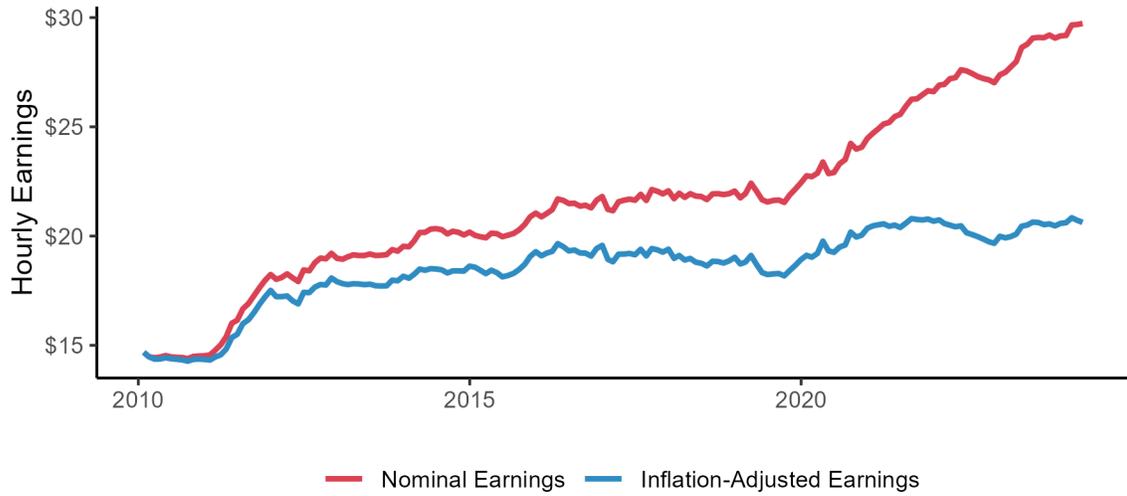
Source: Bureau of Labor Statistics - Texas Real Estate Research Center at Texas A&M University





Manufacturing

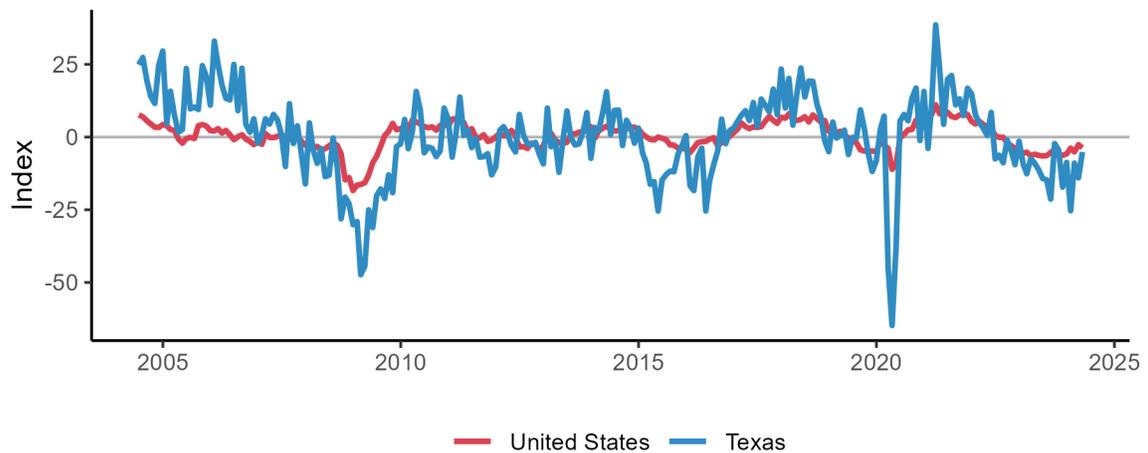
Texas Manufacturing Employee Hourly Earnings



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

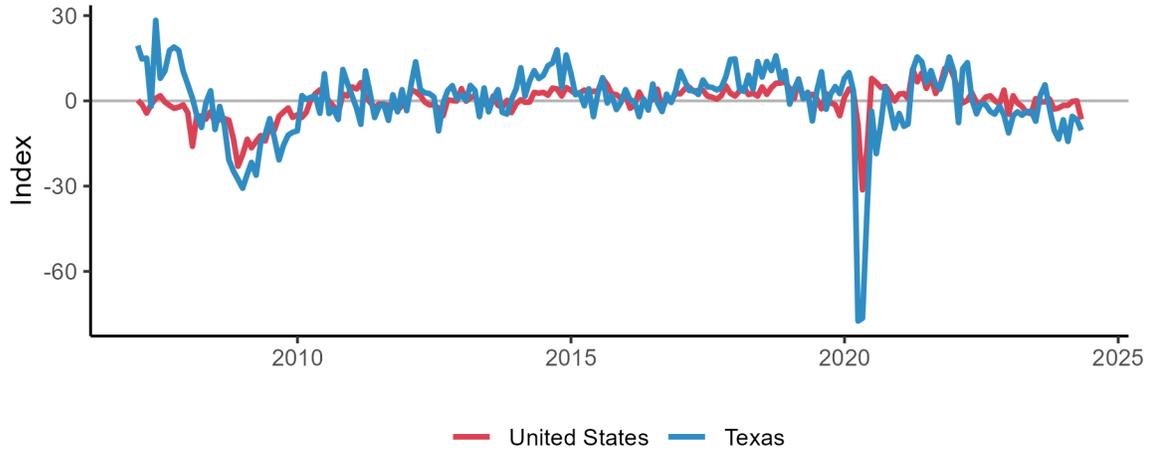




Services

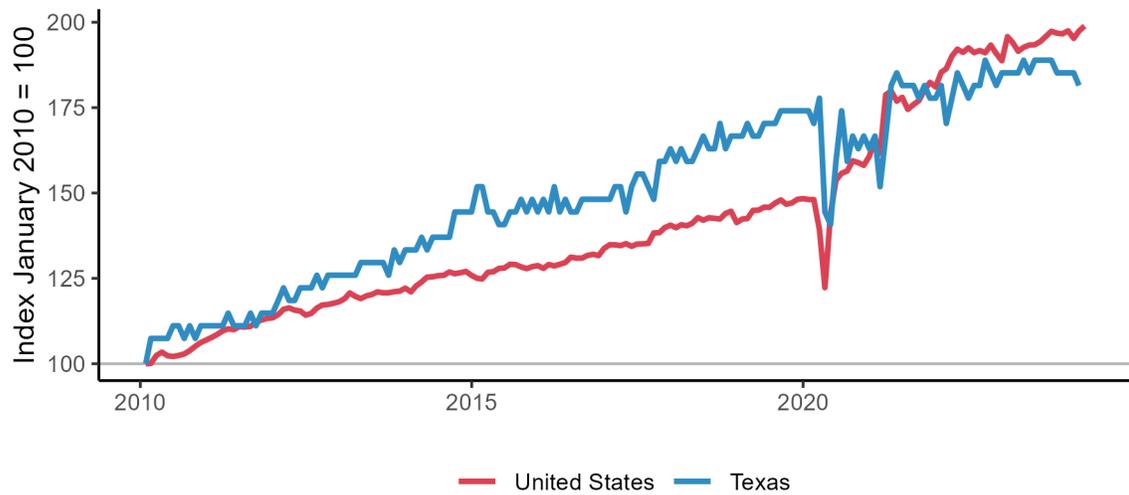
Services Sector Outlook Index

0+ = Expansion



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

Retail Sales Index



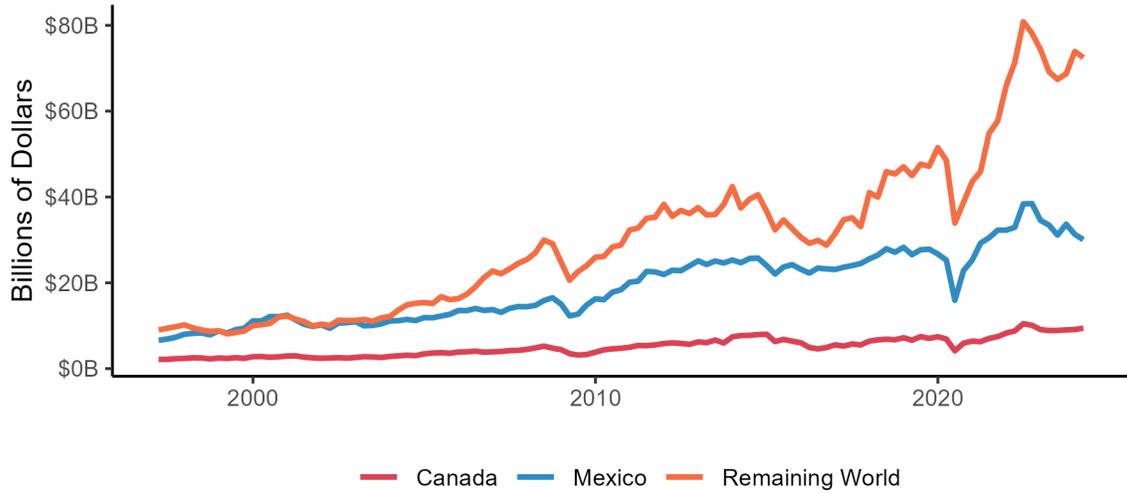
Source: Census Bureau - Federal Reserve Bank of Dallas





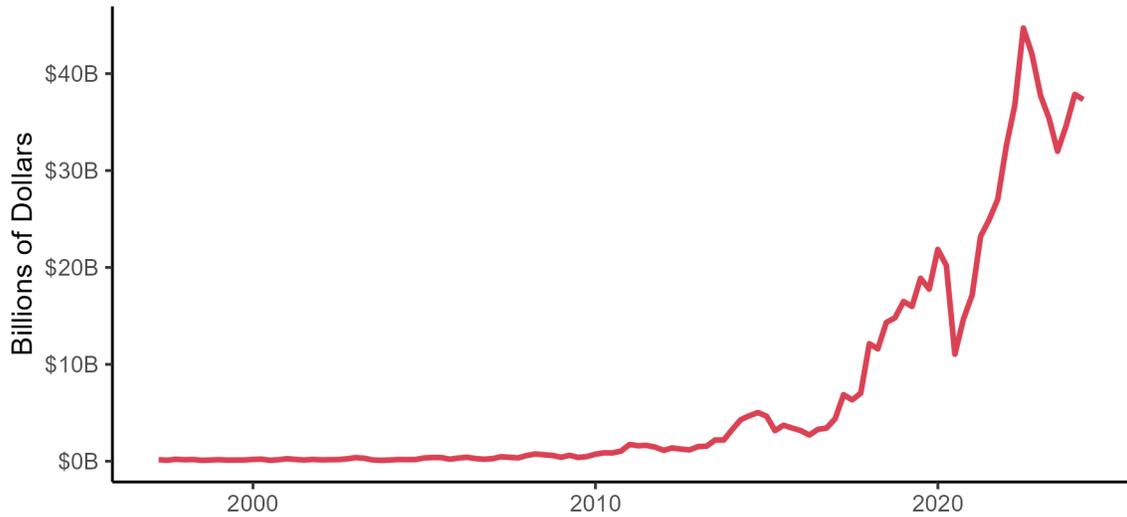
Trade

Texas Export Values by Destination



Source: Census Bureau via WISER

Texas Oil and Gas Exports



Source: Census Bureau via WISER





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