



Federal Reserve
Bank of Dallas

Texas Economic Performance and Outlook

(September 2024)

“Employment Growth Rebounds in August”

Mariam Yousuf, Pia Orrenius and Luis Torres

Federal Reserve Bank of Dallas

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DISCLAIMER: The views expressed are the authors' and do not necessarily reflect the views of the Federal Reserve Bank of Dallas or Federal Reserve System.

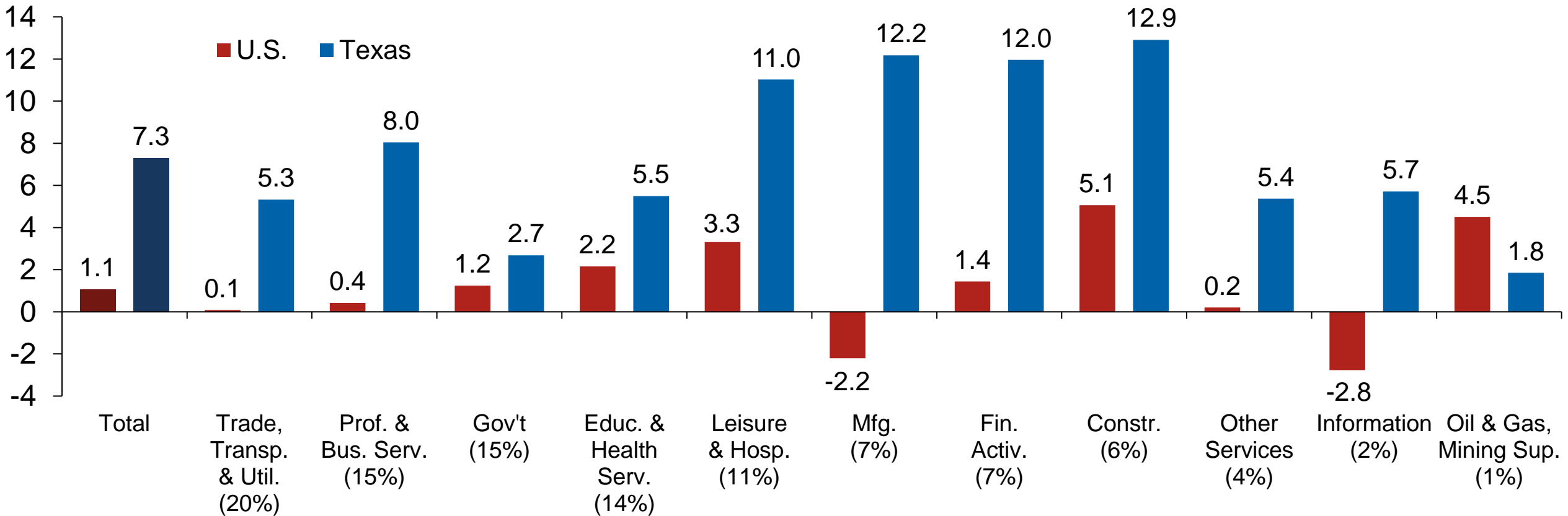
What's New: Job growth expands strongly in August, 2024 employment forecast revised up

- Texas employment rebounded in August from the onslaught by Hurricane Beryl increasing 7.3% in August, after decreasing in July 1.7%
 - Texas job growth ahead of the nation's 1.1% rise in August
- The Dallas Fed's Texas Employment Forecast indicates jobs will increase by 2.2% in 2024
 - Forecast was 1.6% percent previously
- Year-to-date Texas employment growth is 2.2%, above to the U.S. growth of 1.4%
- Texas unemployment remained unchanged at 4.1% in August
 - U.S. unemployment rate ticked down to 4.2% in August
- August Texas Business Outlook Surveys (TBOS) register expansion in manufacturing activity and service sector revenue but below long-run trend
 - According to Texas firms, demand outlooks are flat to up
 - 25% of the firms surveyed were impacted by recent storms, mainly through reduced sales, power outages, and worker absenteeism

Overall Economic Activity

Texas employment expanded strongly across the board

Job Growth August 2024/July 2024 (%)*



*Seasonally adjusted, annualized rate.

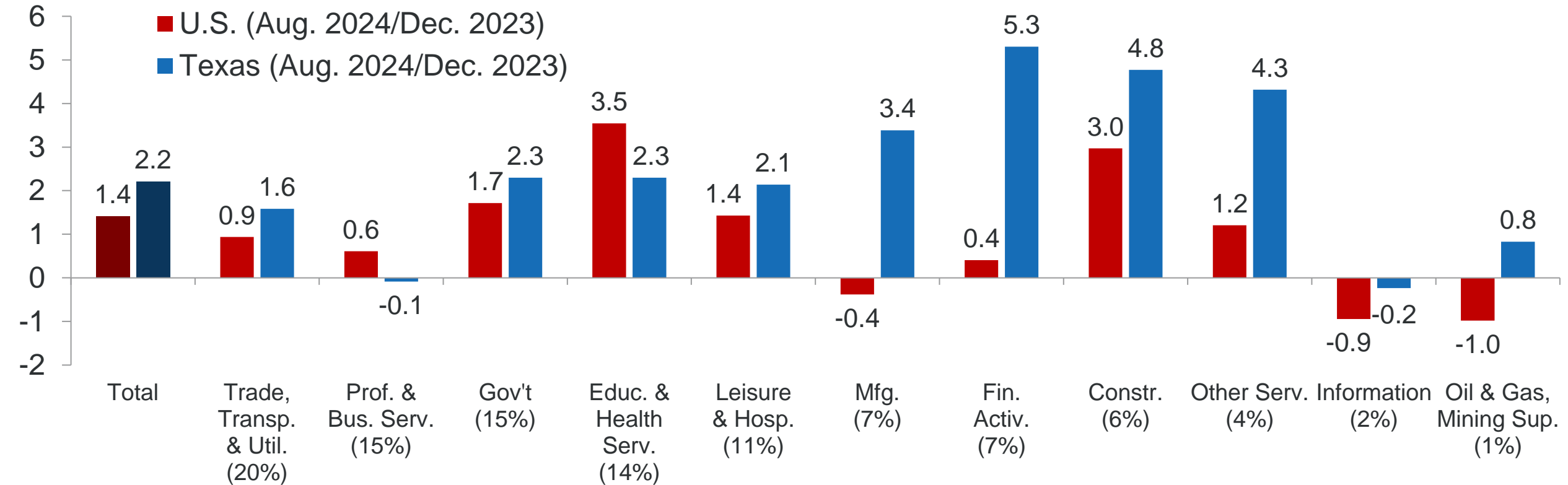
NOTE: Numbers in parenthesis indicate share of total state employment in August 2024.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; Federal Reserve Bank of Dallas.

DATA: [Texas Employment by Industry - Dallasfed.org](https://dallasfed.org/research/texas-employment-by-industry)

YTD Texas employment growth broad based

Job Growth (%)*



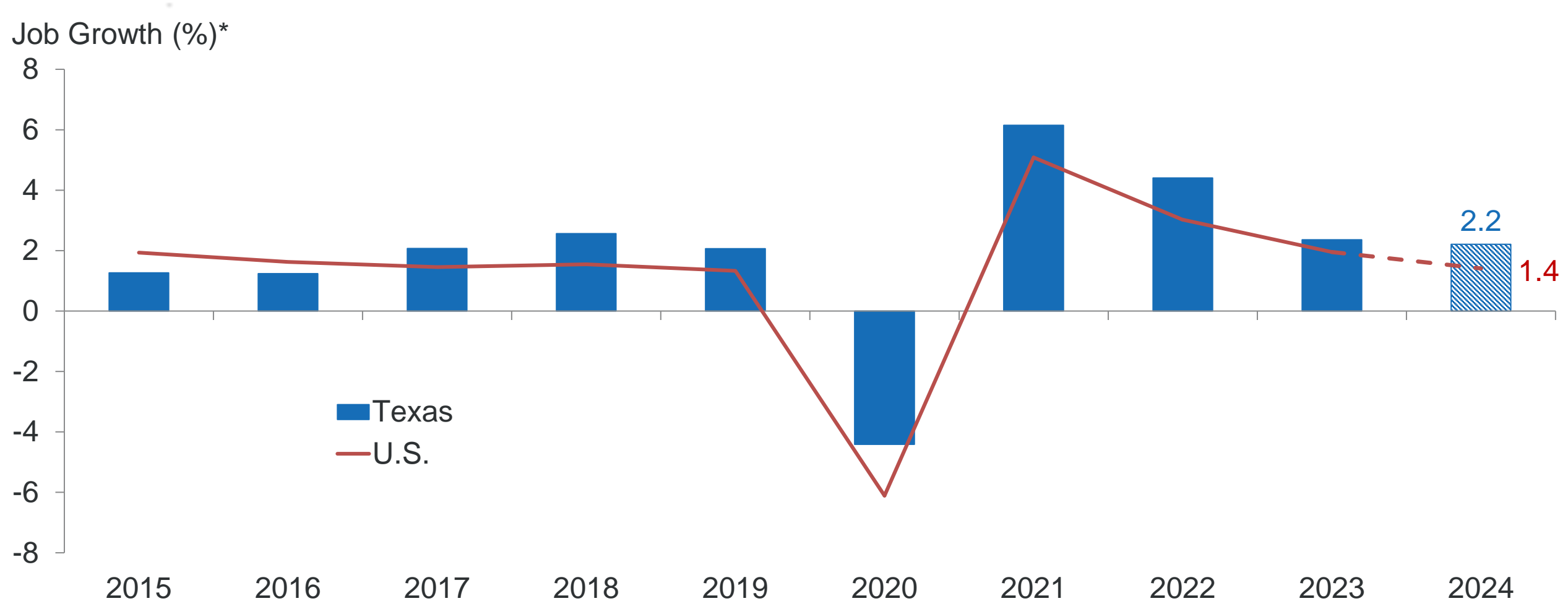
*Seasonally adjusted, annualized rate.

NOTE: Numbers in parentheses indicate share of total state employment for August 2024.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by Federal Reserve Bank of Dallas.

DATA: [Texas Employment by Industry - Dallasfed.org](https://dallasfed.org/research/texas-employment-by-industry)

Texas' 2024 job growth ahead of the nation



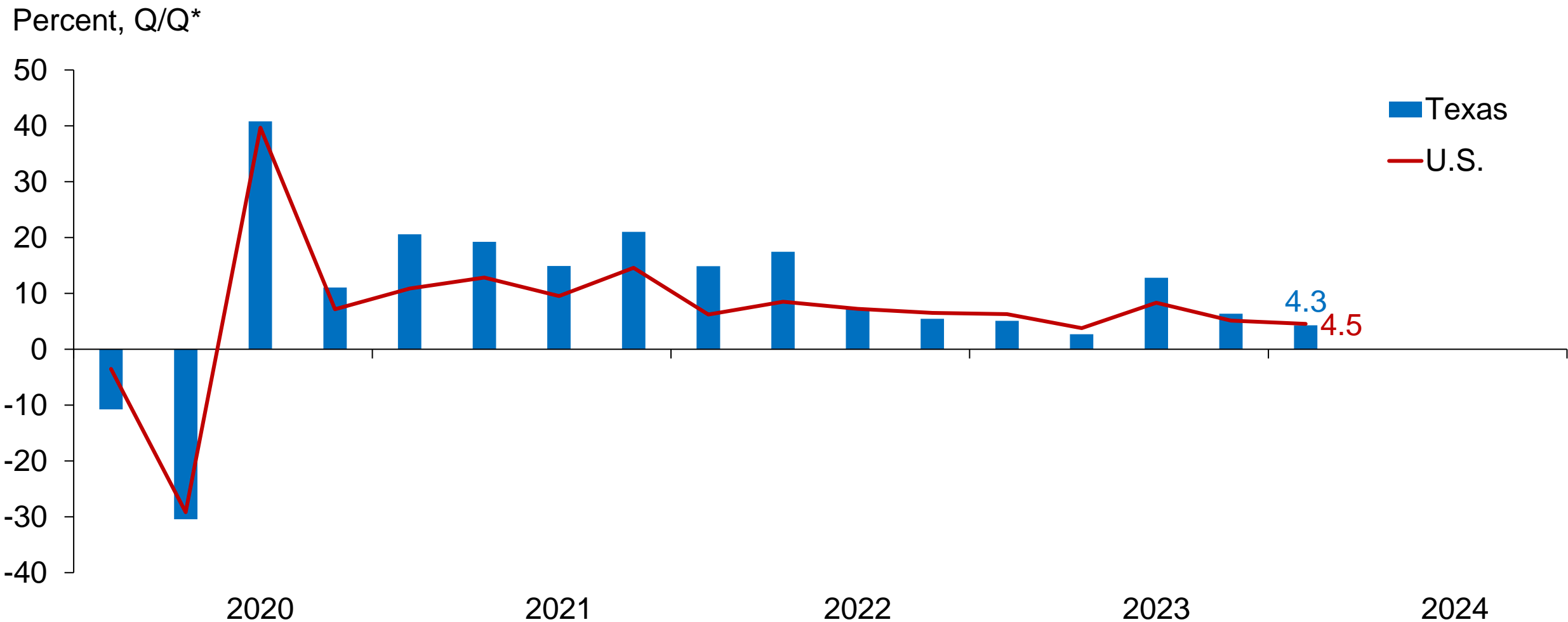
*Seasonally adjusted, annualized rate.

NOTES: Last data points are annualized job growth for Aug. 2024/Dec. 2023. Yearly growth is Dec/Dec.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by Federal Reserve Bank of Dallas.

DATA: [Texas Payroll Employment - Total Nonfarm - Dallasfed.org](https://dallasfed.org/research/texas-payroll-employment-total-nonfarm)

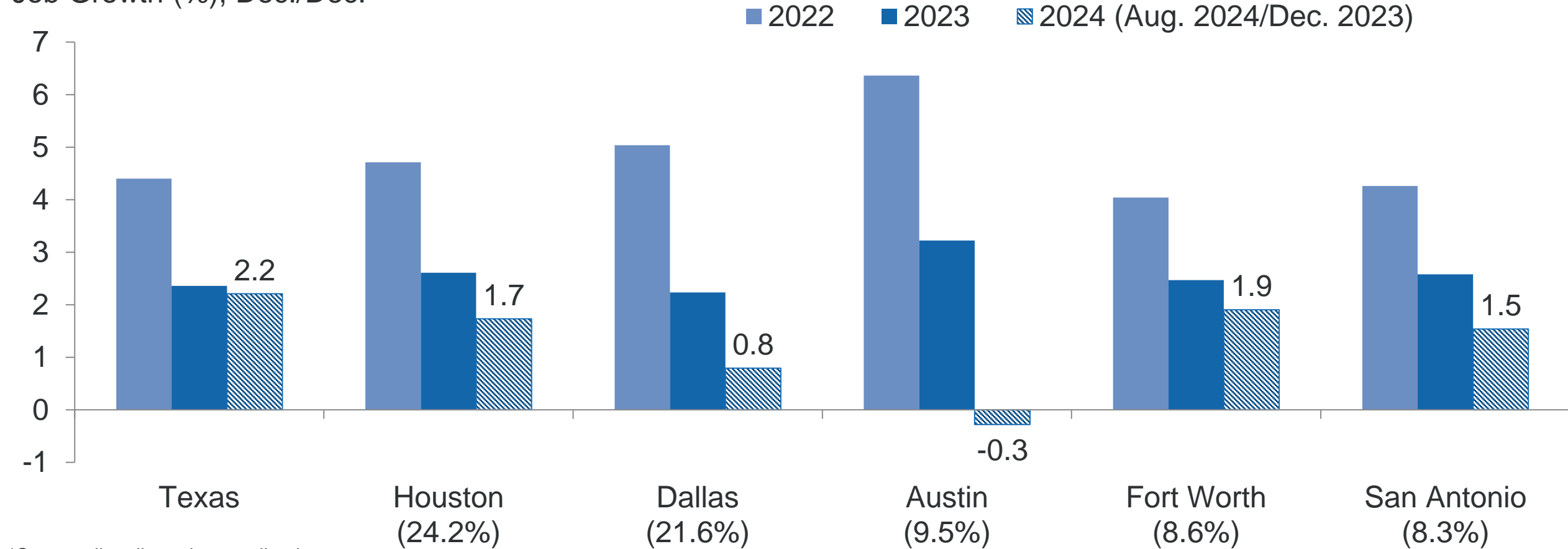
US GDP growth outpaced Texas' growth slightly in Q1 2024



*Seasonally adjusted, annualized rate.
NOTE: Shown are quarterly, nominal GDP growth for the U.S. and GSP (gross state product) growth.
SOURCES: Bureau of Economic Analysis; Federal Reserve Bank of Dallas.

YTD employment growth led by smaller metros

Job Growth (%), Dec./Dec.*



*Seasonally adjusted, annualized rate.

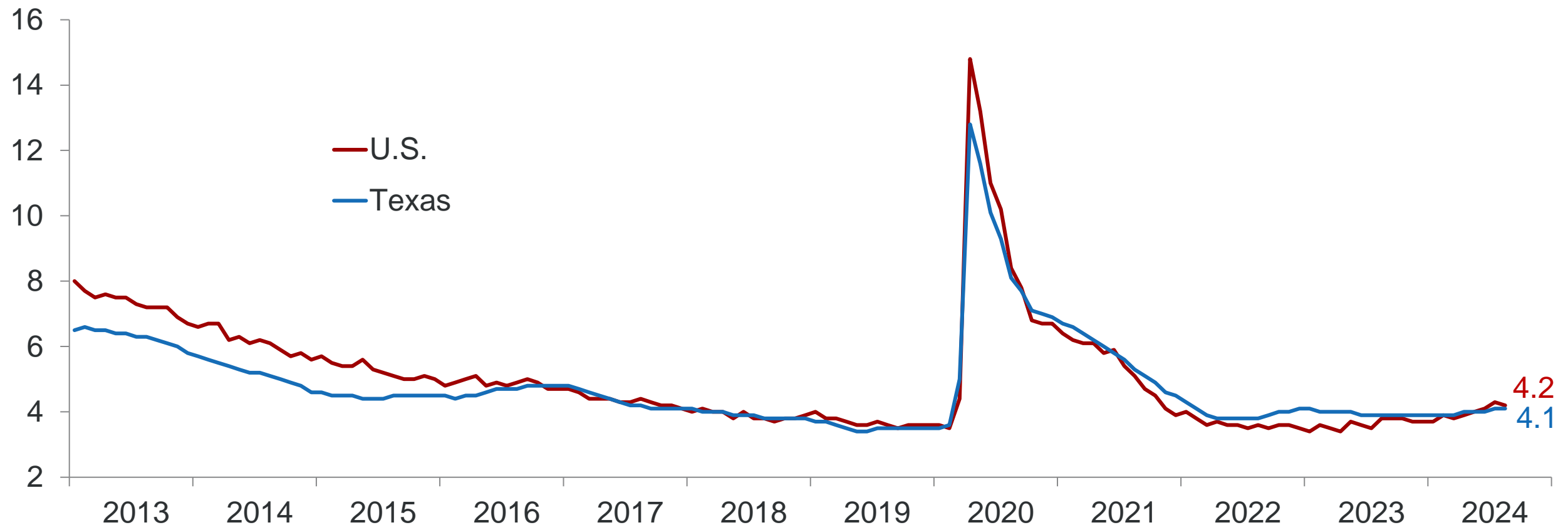
NOTE: Numbers in parenthesis indicate share of state employment for August 2024.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by Federal Reserve Bank of Dallas.

DATA: [Texas Employment Data - Dallasfed.org](https://dallasfed.org/research/texas-employment-data)

Unemployment rate little changed in Texas and the nation

Unemployment rate (%)*



*Seasonally adjusted.

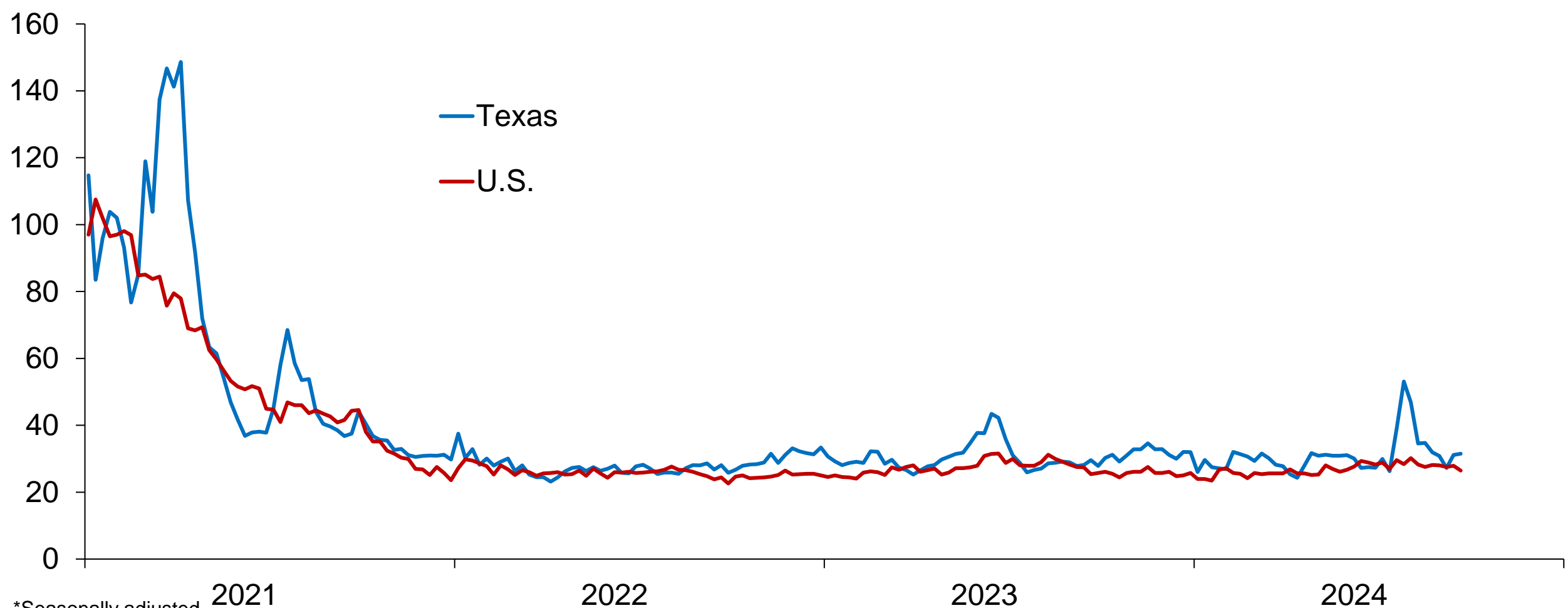
NOTE: Data are through August 2024.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; Federal Reserve Bank of Dallas.

DATA: [Texas Employment by Industry - Dallasfed.org](https://dallasfed.org/research/texas-employment-by-industry)

Texas unemployment claims recover to pre-Beryl levels

Index, Jan. 2021 = 100*

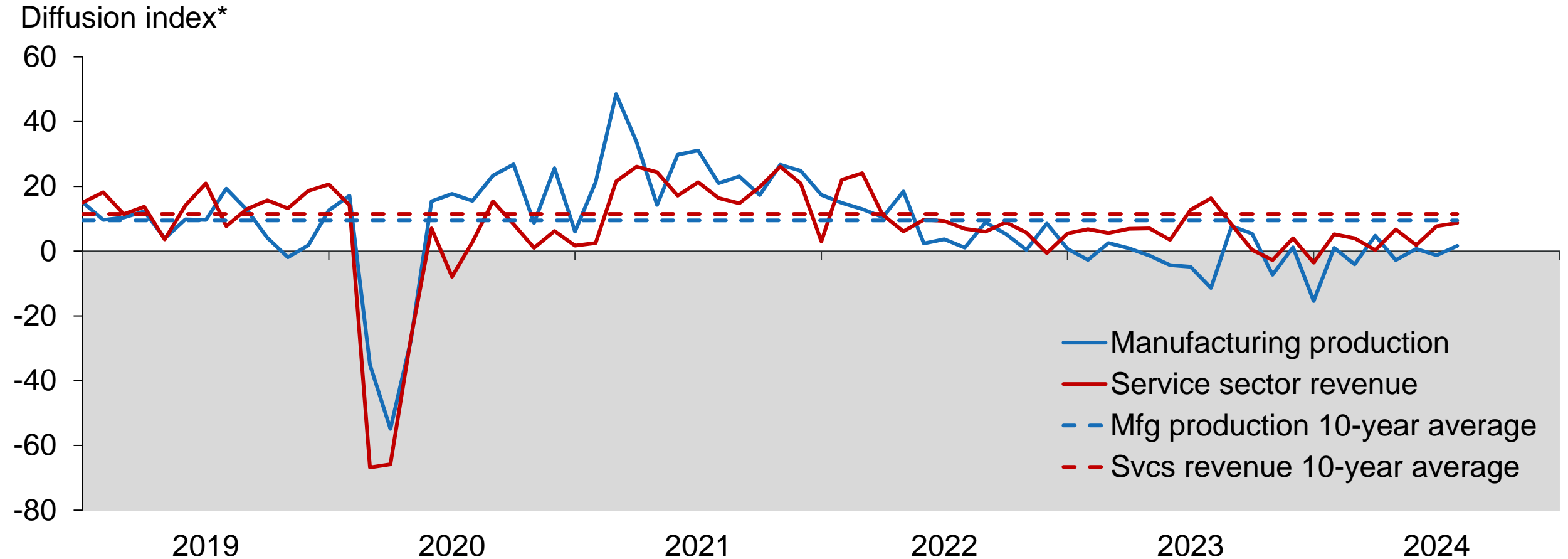


*Seasonally adjusted.

NOTE: Data are through the week ending September 14, 2024.

SOURCE: Department of Labor.

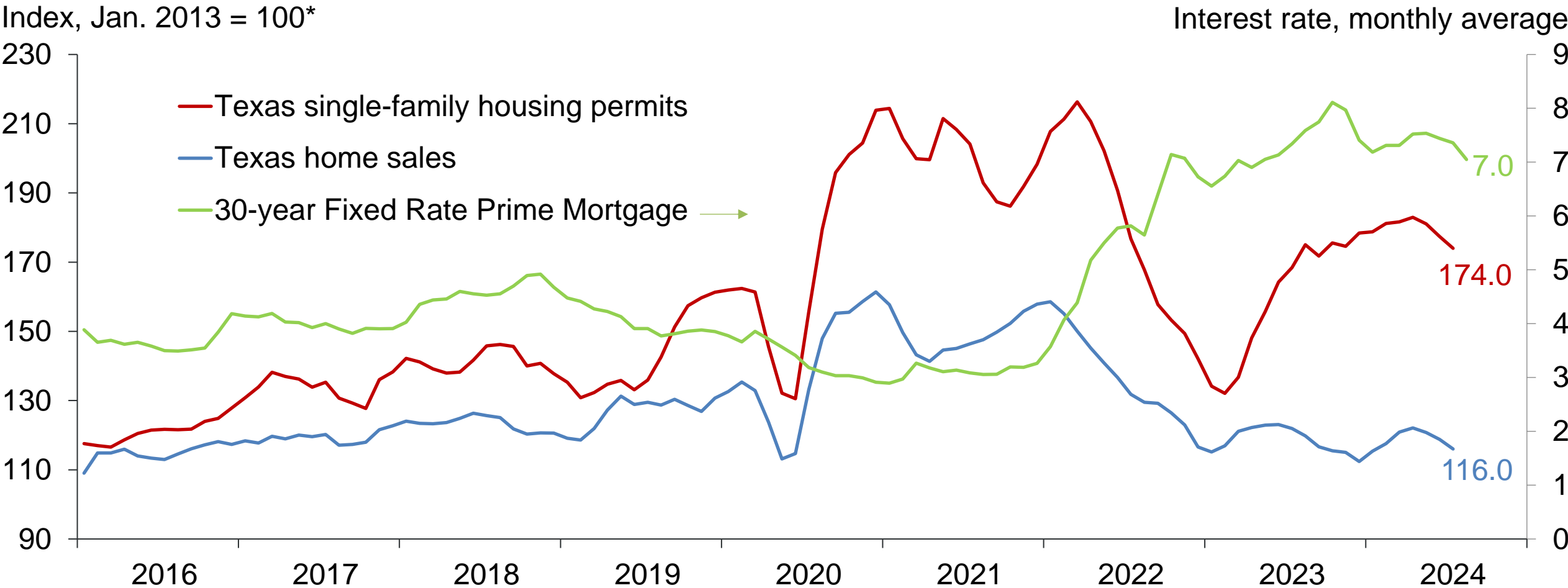
Activity positive but below long run average in both manufacturing and the service sector in August



*Seasonally adjusted.
NOTES: Data through August 2024. Shaded area represents contractionary territory.
SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Surveys.
DATA: [Surveys - Dallasfed.org](https://surveys.dallasfed.org)

Real Estate, Finance and Energy

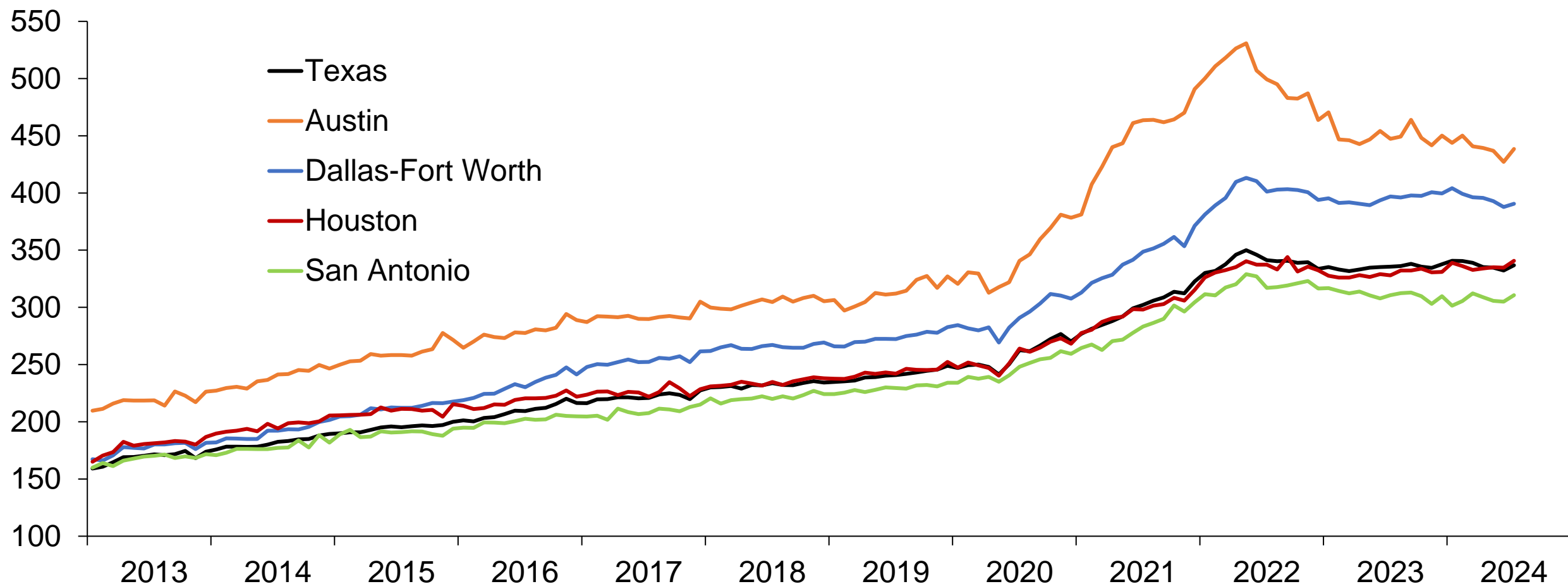
Texas home sales and permits turn down amid high mortgage rates



*Seasonally adjusted, three-month moving average.
NOTE: Data are monthly through July 2024 for housing permits and home sales and August 2024 for mortgage rates.
SOURCES: MLS; A&M Real Estate Center; Freddie Mac Primary Mortgage Market Survey; U.S. Census.

Texas house prices tick up in July

Median sales price, \$*

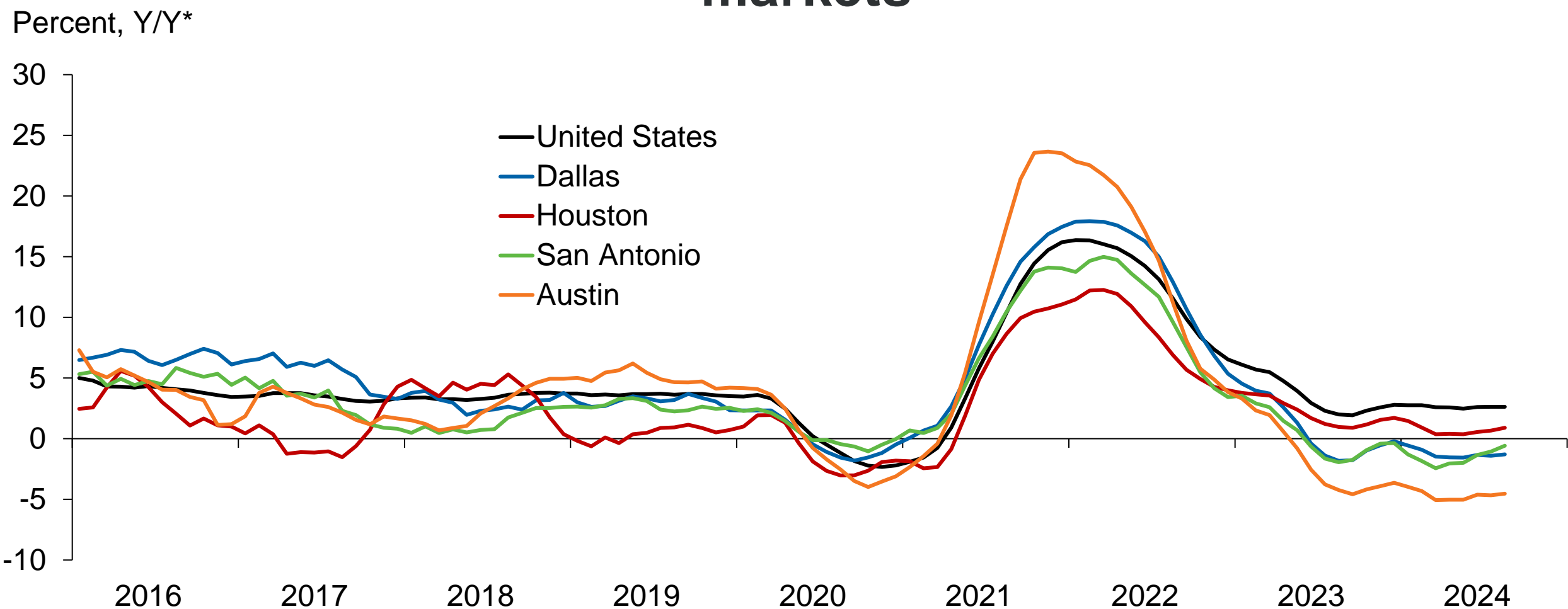


*Seasonally adjusted.

NOTE: Data are monthly through July 2024.

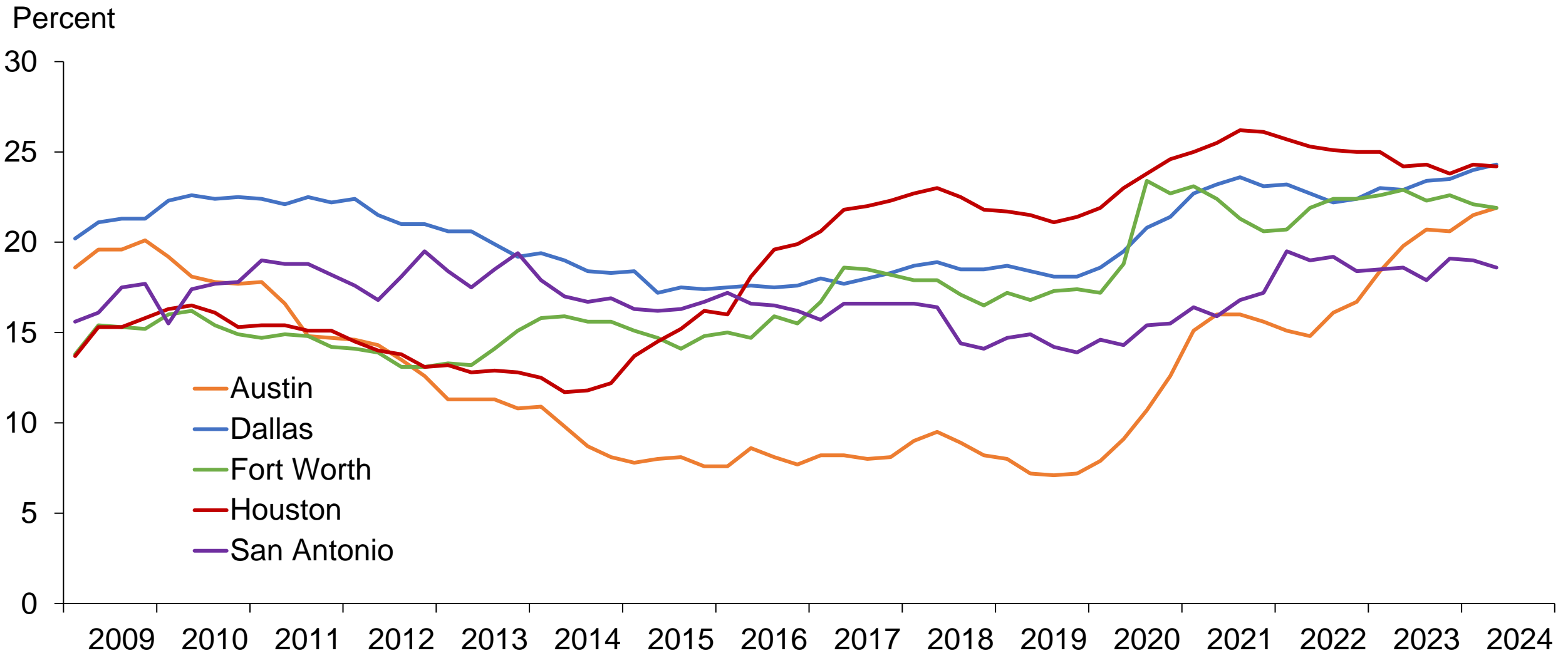
SOURCES: Multiple Listing Service; seasonal and other adjustments by Federal Reserve Bank of Dallas.

Apartment rent growth remains negative in most Texas markets



*Smoothed and seasonally adjusted
NOTES: Data are monthly through August 2024.
SOURCE: Zillow.

Office vacancy rise in Austin and Dallas

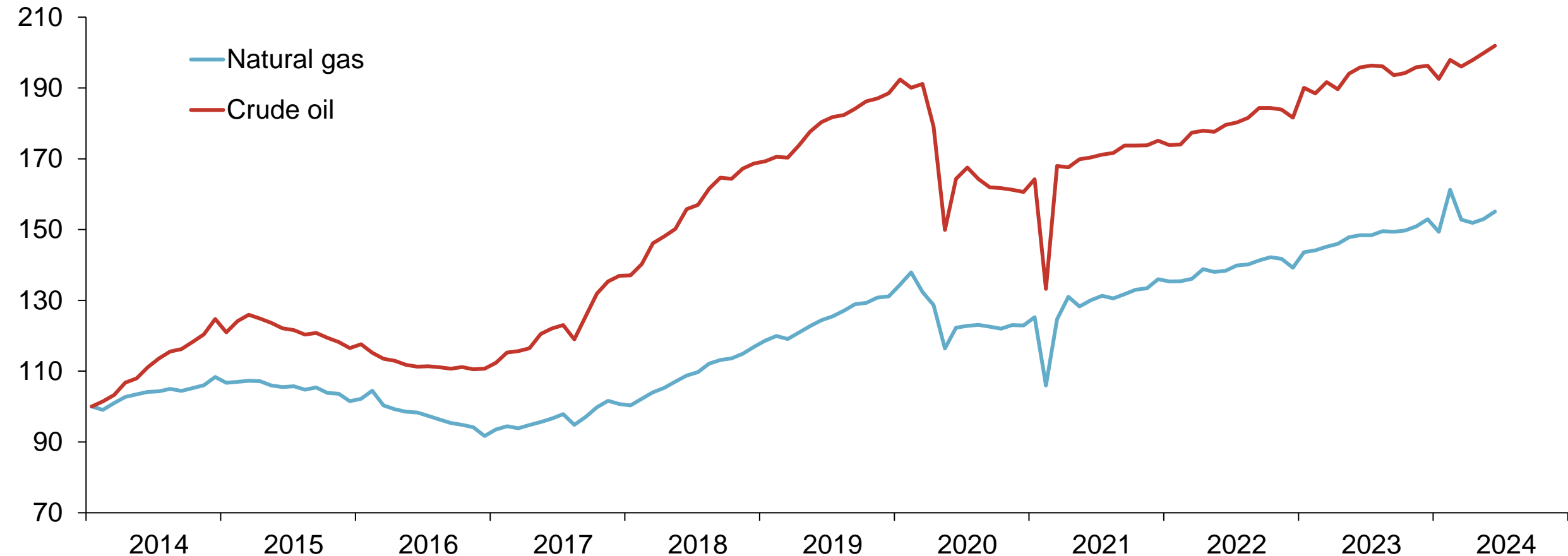


NOTE: Data through Q2 2024.

SOURCE: CBRE Econometric Advisors.

Texas oil and gas production increase in June

Index, Jan. 2014 = 100*



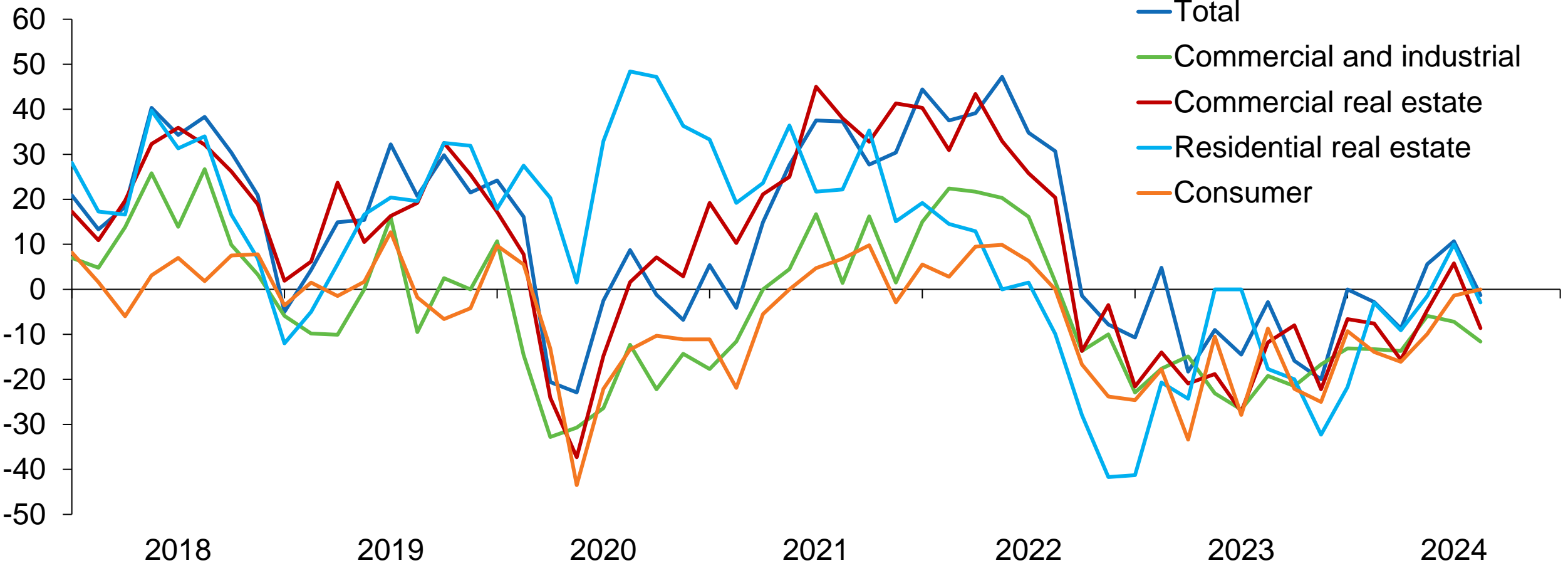
*Seasonally adjusted.

NOTES: Shown are crude oil and natural gas marketed production through June 2024. Production of natural gas are based on billion cubic feet while crude oil is based on million barrels per day.

SOURCE: Energy Information Administration.

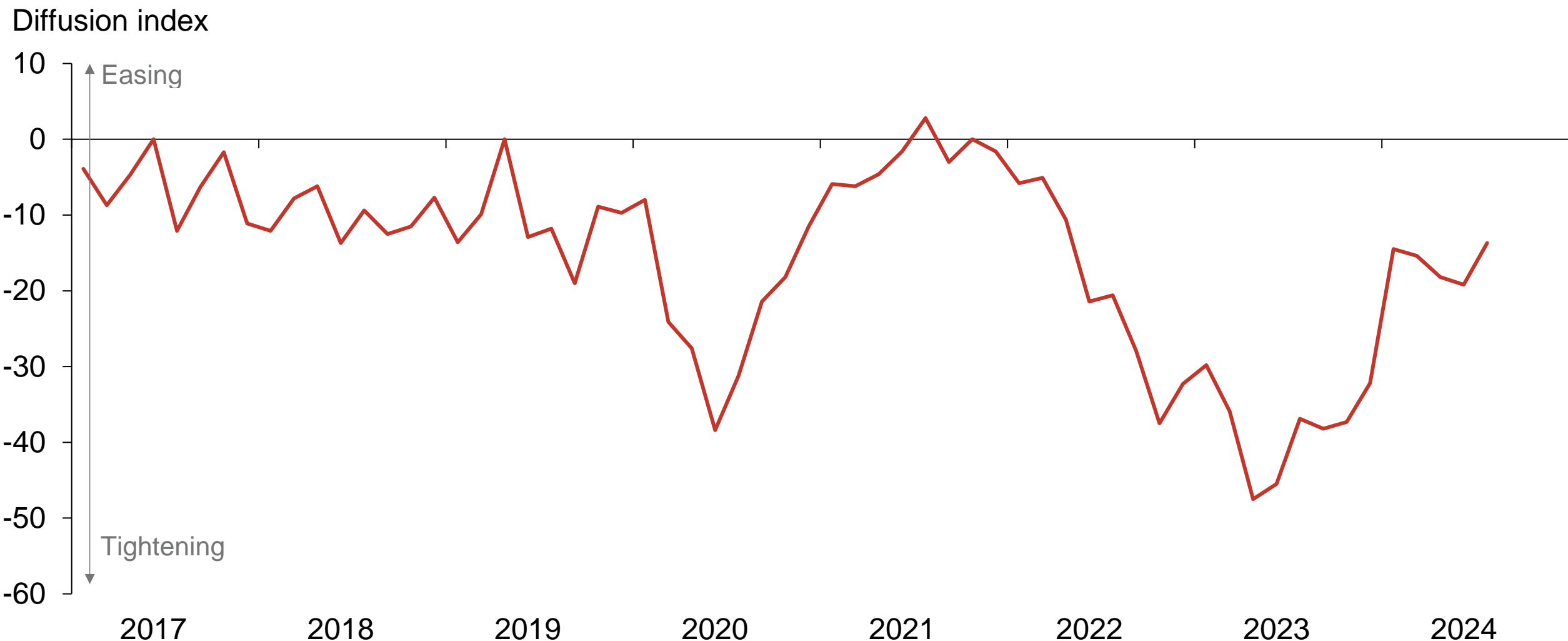
Overall loan volumes negative in August, according to 11th District bankers

Diffusion index



NOTE: Data through August 2024.
SOURCE: Federal Reserve Bank of Dallas' Banking Conditions Survey.

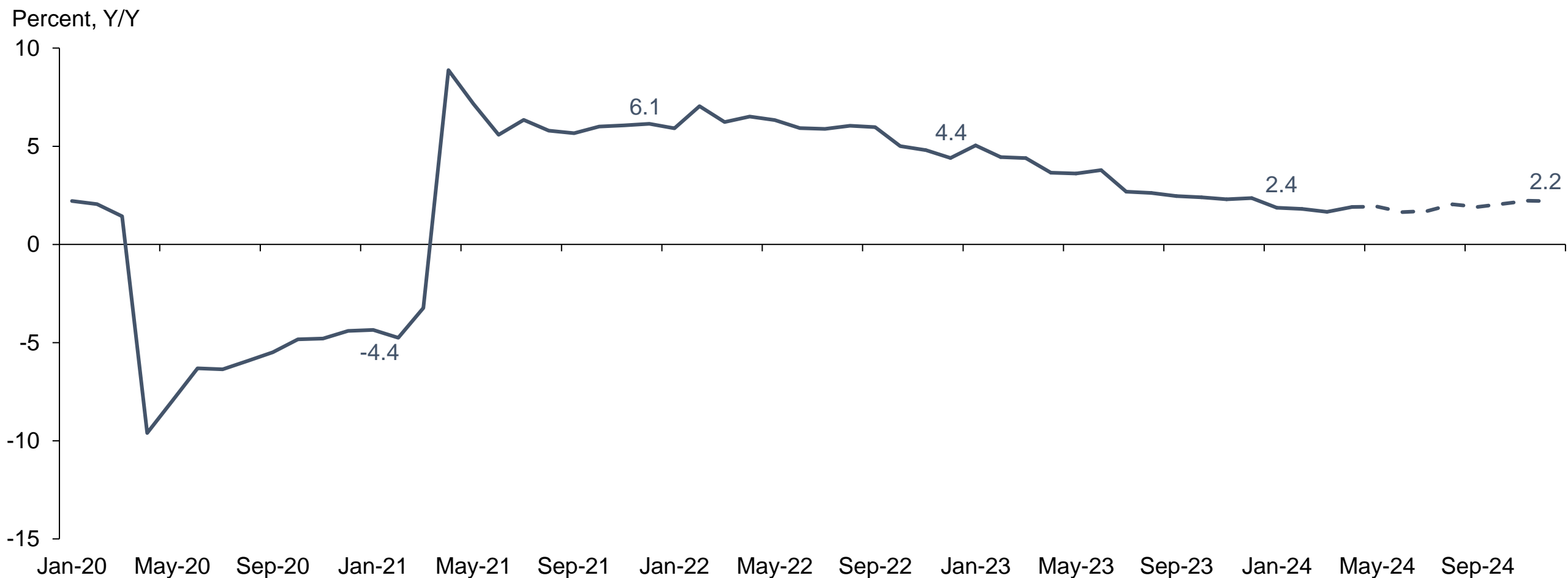
Texas banks report continued tightening of credit standards



NOTES: Includes credits and terms. Data are through August 2024.
SOURCE: Federal Reserve Bank of Dallas' Banking Conditions Survey.

Outlook for 2024

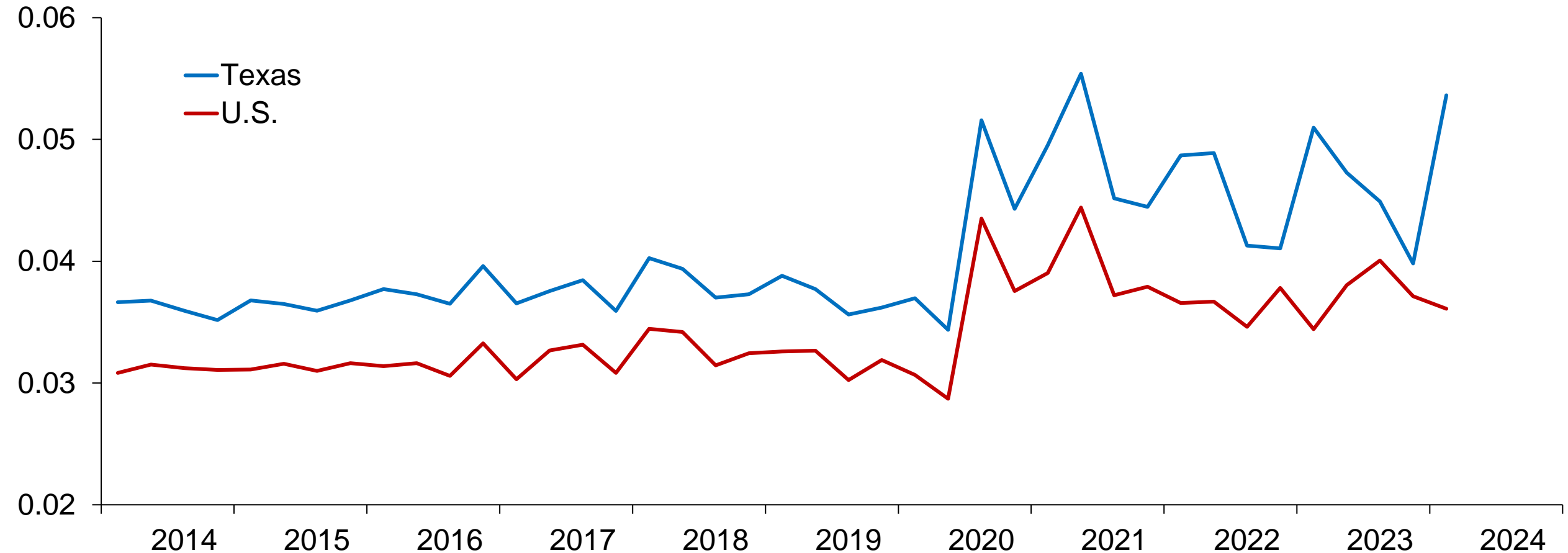
The Texas employment forecast indicates 2.2% growth in 2024, above 2% long-run trend



NOTE: The Dallas Fed Texas Employment Forecast is based on the average of four models. Three models are VARs where Texas payroll employment is regressed on WTI oil prices, the US leading index and the Texas leading index, respectively. The fourth model is a regression of payroll employment on lags of payroll employment, expectations for U.S. GDP growth, WTI oil prices, and four COVID-19 dummy variables (March-June 2020).

Rate of business formation in Texas rises while the nation ticks down in the beginning of the year

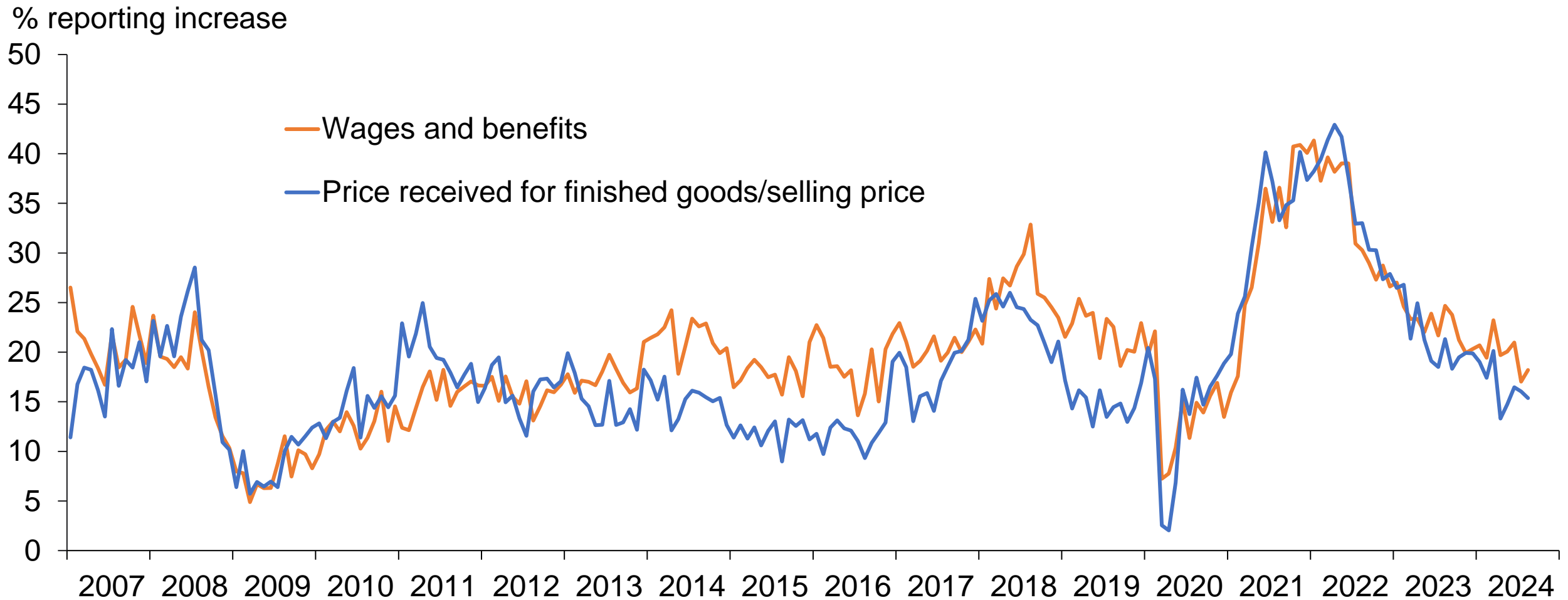
Business applications per business establishments



NOTES: Data are quarterly through Q1 2024. Business applications data are missing for the first week of January 2021.

SOURCE: U.S. Census Bureau.

Share of Texas firms reporting an increase in prices declines in August

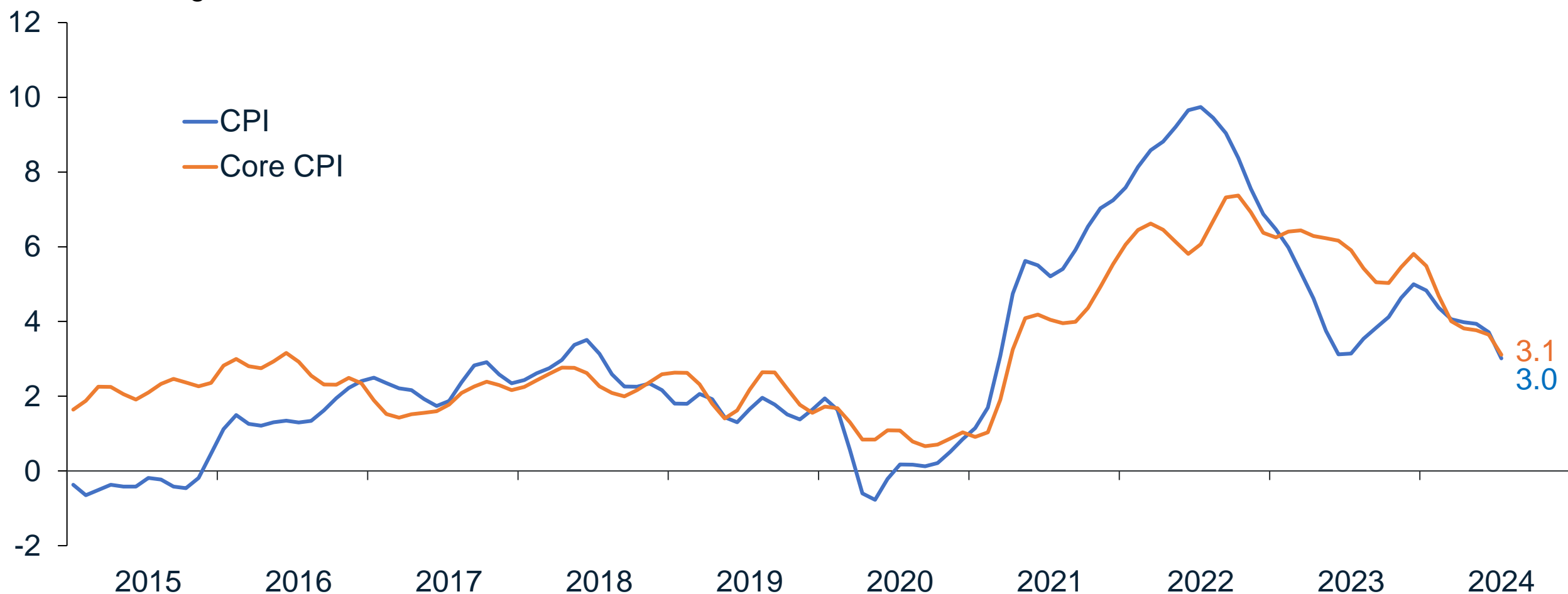


NOTES: Percent reporting increase was constructed by weighting the respective component of TMOS and TSSOS according to GDP shares. Data through August 2024.

SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Surveys.

Texas CPI declines in July

Percent change, Y/Y*



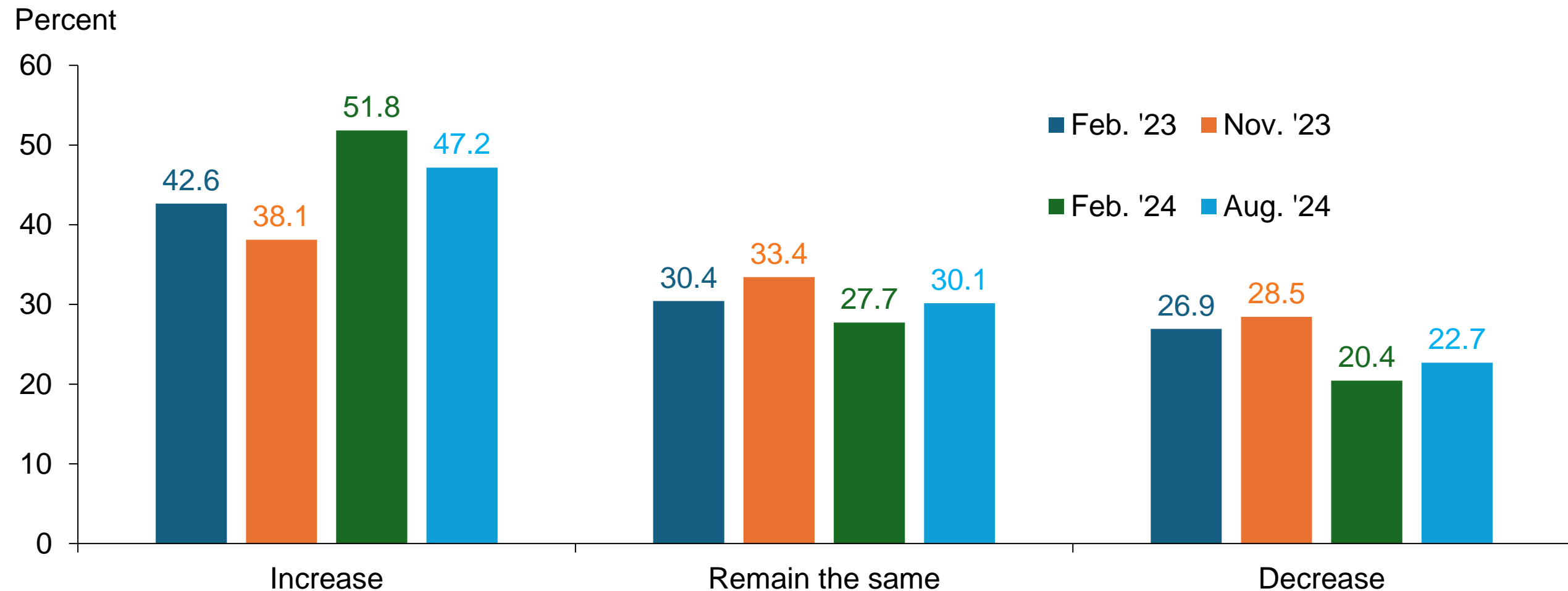
*Seasonally adjusted.

NOTE: CPI data through July 2024.

SOURCE: Bureau of Labor Statistics.

Survey Special Questions

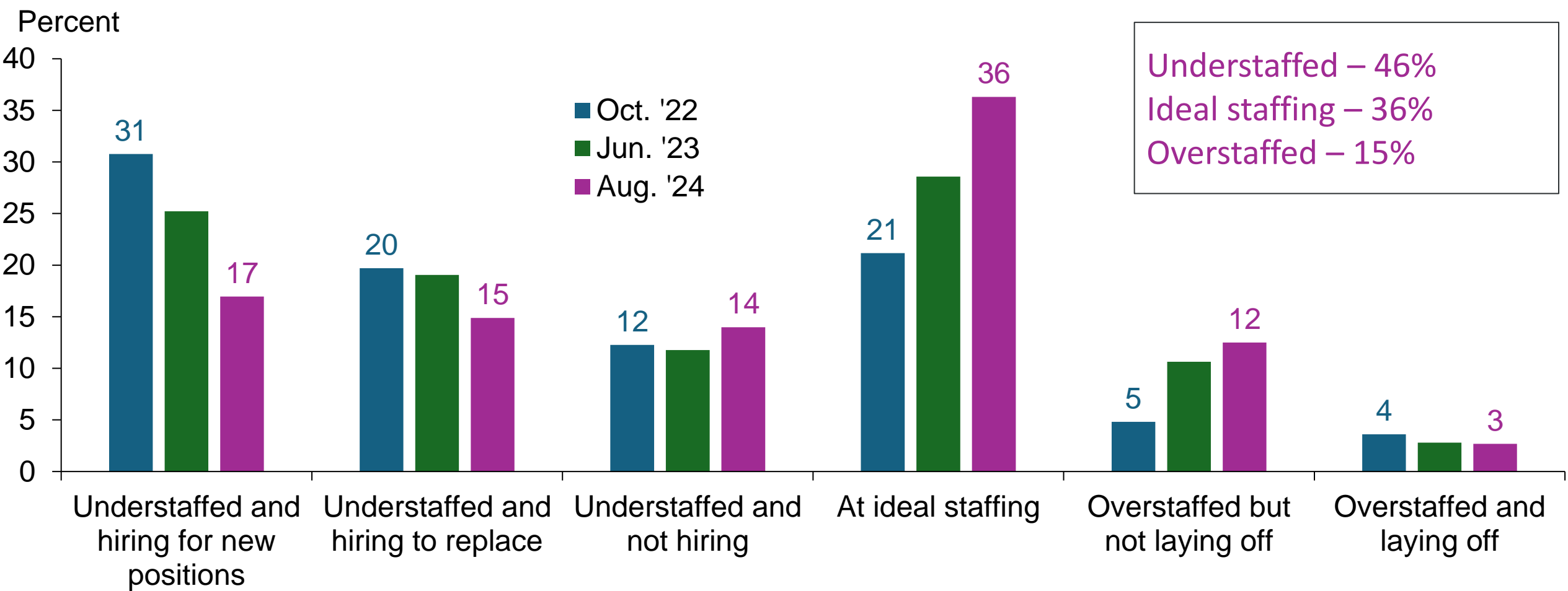
Demand outlooks mostly positive to neutral among TBOS respondents



NOTES: Participants were asked, "How do you expect demand for your firm's goods and/or services over the next six months to compare with the past six months, aside from seasonal variation?" N=335 in August.

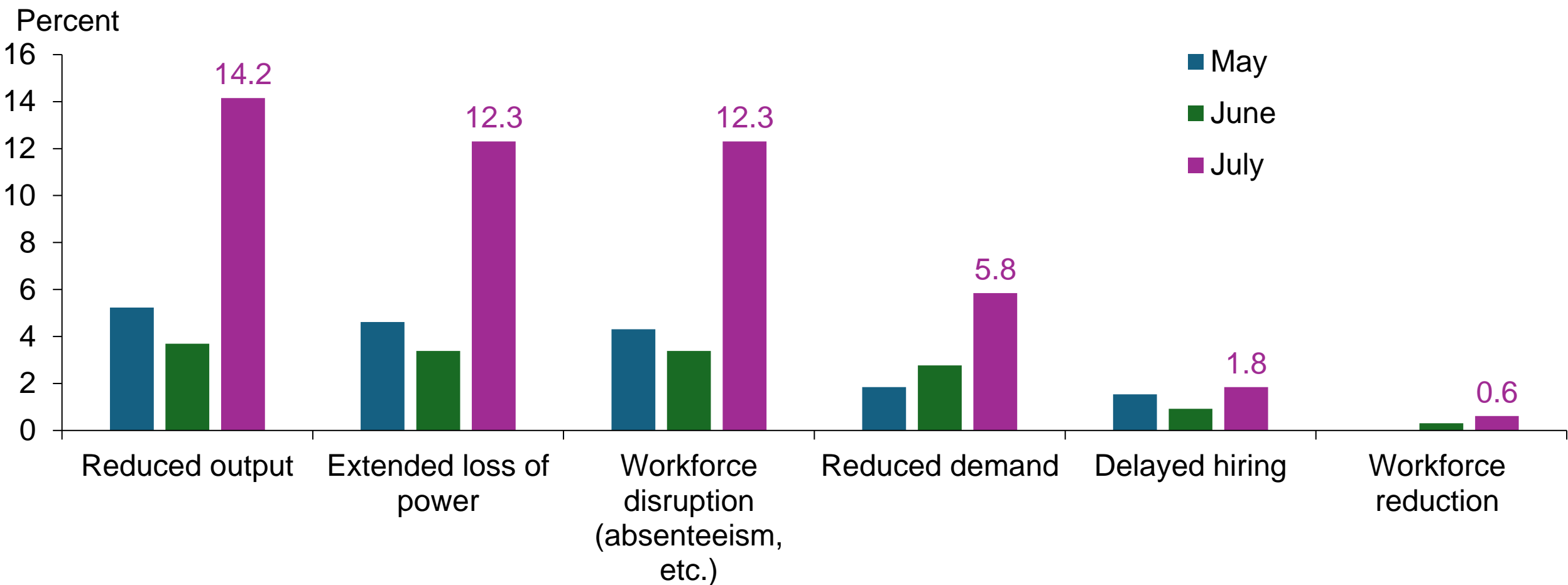
SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Survey.

Employment outlooks suggest normalization vs. deterioration in labor market



NOTES: Participants were asked, "What is your assessment of your firm's current employment situation in light of your six-month outlook?" N = 336 in Aug. 2024. Category "Other" was excluded.
SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Surveys.

TBOS firms primarily cite reduced sales, power outages and worker absenteeism as storm impacts



NOTES: Participants were asked, “Please indicate what impact(s) and when” to those who answered “yes” (25.8 percent of the 325 responses) to the question “Did you firm experience any negative impact from the storms over the past few months?” This question was only posed to those who experienced a negative impact from the storms over the past few months. N = 82 responses in August.

SOURCE: Federal Reserve Bank of Dallas’ Texas Business Outlook Survey.

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