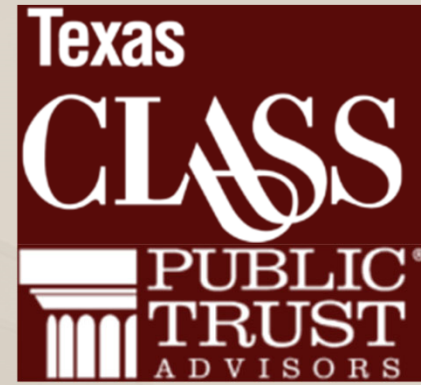


U.S. AND TEXAS ECONOMIC UPDATE

NOVEMBER 8, 2023

William T. Chittenden, Ph.D.
McCoy College of Business
Texas State University



McCOY COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY

THE WALL STREET JOURNAL.

What Is a Recession and Are We in One Now?

As the stock market declines and the Fed hikes rates, recession fears are rising. Here's what to know.

By [Josh Mitchell](#) [Follow](#)

Updated June 16, 2022 2:44 pm ET



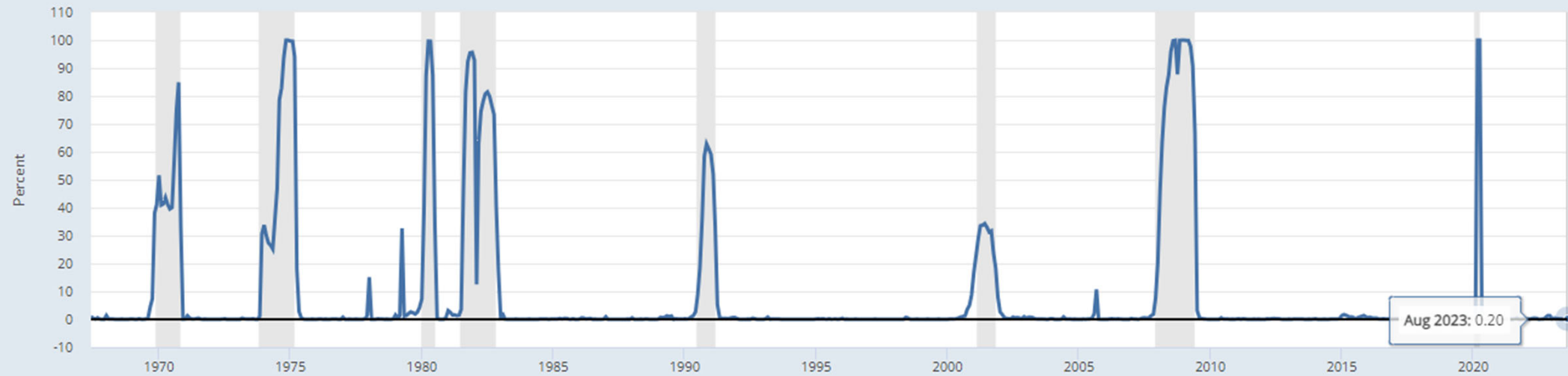
McCOY COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY



Your trusted data source
since 1991.

Are we in a recession (yet)?

FRED — Smoothed U.S. Recession Probabilities



McCOY COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY

Size of the Economy



McCOY COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY

GROSS DOMESTIC PRODUCT

GDP 2023:Q1		
	(Millions of Dollars)	% of U.S.
United States	26,529,774	100.0%
California	3,755,487	14.2%
Texas	2,436,346	9.2%
New York	2,135,672	8.1%
Florida	1,468,015	5.5%
Illinois	1,071,552	4.0%
Pennsylvania	961,946	3.6%
Ohio	852,903	3.2%
Georgia	792,151	3.0%
New Jersey	776,923	2.9%
North Carolina	762,866	2.9%
Plains	1,647,900	6.2%
New England	1,369,555	5.2%
Rocky Mountain	991,444	3.7%

Source: bea.gov

RECENT RECESSIONS

- January 1980 – July 1980
- July 1981 – November 1982
- July 1990 – March 1991
- March 2001 – November 2001
- December 2007 – June 2009
- March 2020 – April 2020



GDP

- Personal Consumption: 68.3%
- Business Investment: 17.2%
- Government Spending: 17.5%
- Net Exports: -3.0%



U.S. GDP

4th Quarter 22:
GDP ↑ 2.6%

1st Quarter 23:
GDP ↑ 2.2%

2nd Quarter 23:
GDP ↑ 2.1%

3rd Quarter 23:
GDP ↑ 4.9%

Consumer Spending
+2.69%

Business Investment
+1.47%

Federal Spending
+0.39%

State & Local Spending
+0.40%

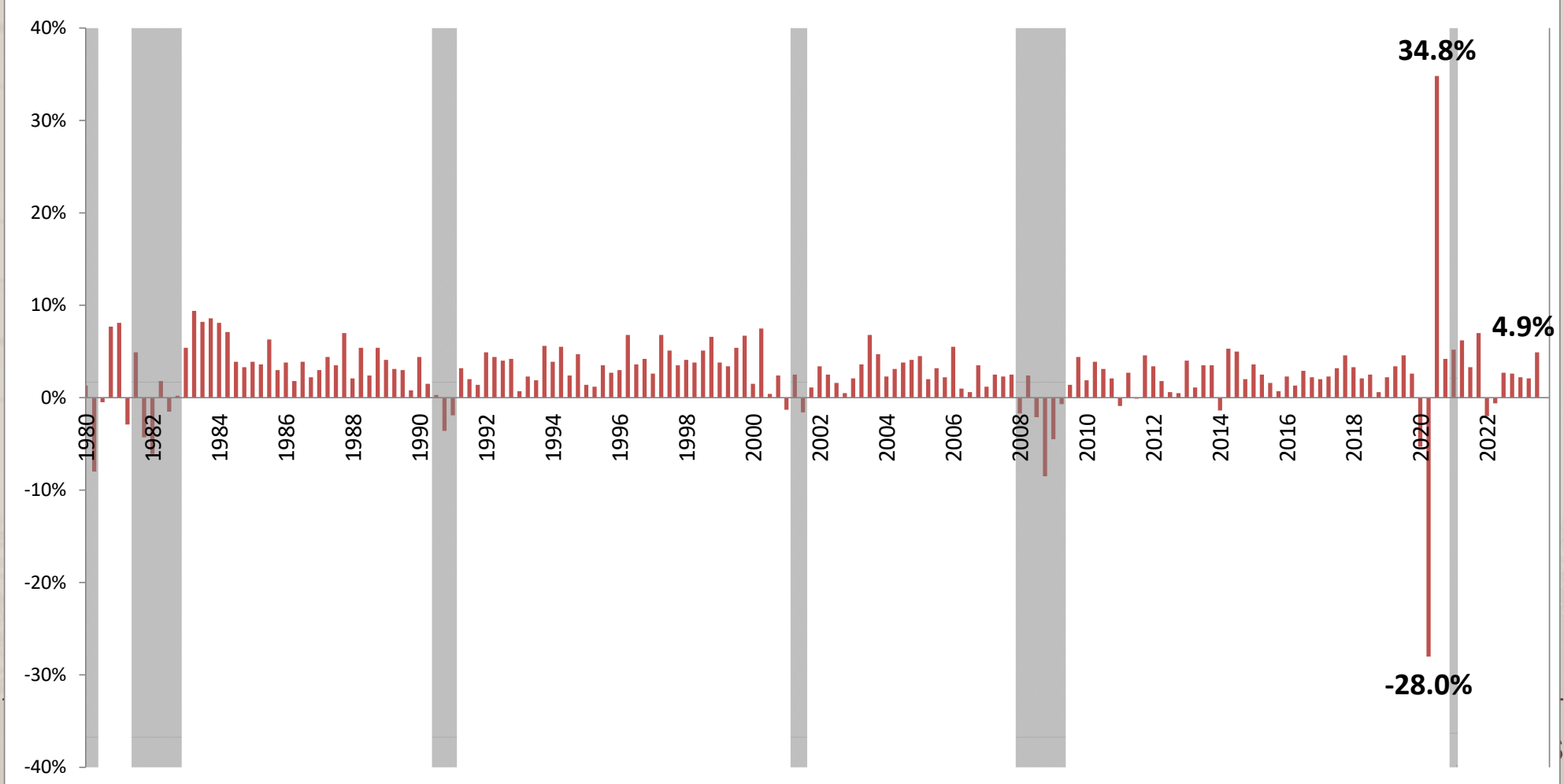
Exports +0.68%
Imports -0.75%

Source: <https://www.bea.gov/data/gdp/gross-domestic-product>



McCOY COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY

Growth in Real GDP (QOQ)

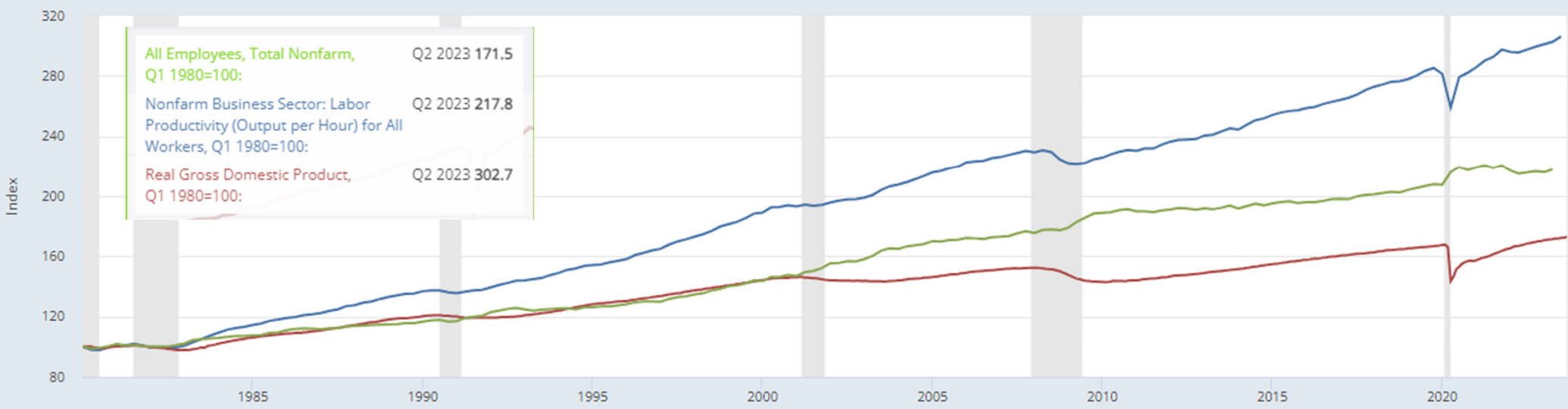



Real GDP Growth 30-Year Trend






- Real Gross Domestic Product, Q1 1980=100; Seasonally Adjusted
- All Employees, Total Nonfarm, Jan 1980=100
- Nonfarm Business Sector: Labor Productivity (Output per Hour) for All Workers, Q1 1980=100





 Federal Reserve Bank *of* Atlanta

GDPNow™

Latest Estimate: October 27: 4th quarter GDP Growth of 2.3%



McCOY COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY

Texas



McCOY COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY

TEXAS ACHIEVEMENTS



Fortune 500

Texas became the **#1 state for total Fortune 500 corporate headquarters** locations with 53 total (and growing).



Best State for Business

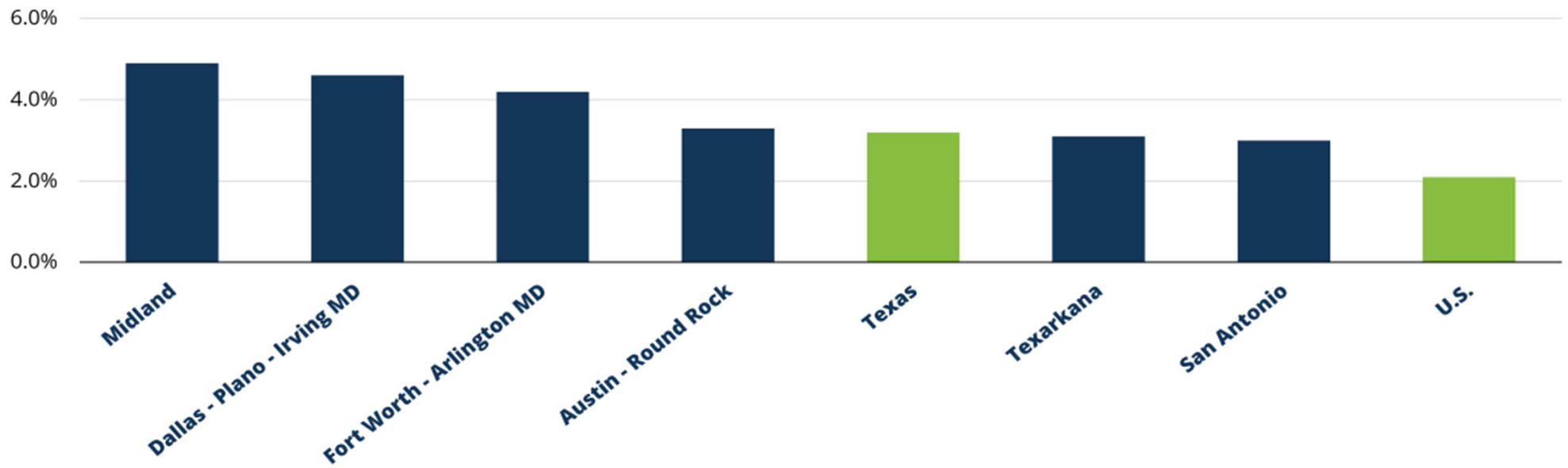
Texas was named the **#1 Best State for Business for the 18th year in a row** by Chief Executive Magazine.



18 Governor's Cups

Texas celebrated a decade of dominance with its **10th Governor's Cup in a row** and 18th total cup for the most corporate relocation and expansion projects from Site Selection Magazine.

Fastest Growing Metro Areas Over the Year

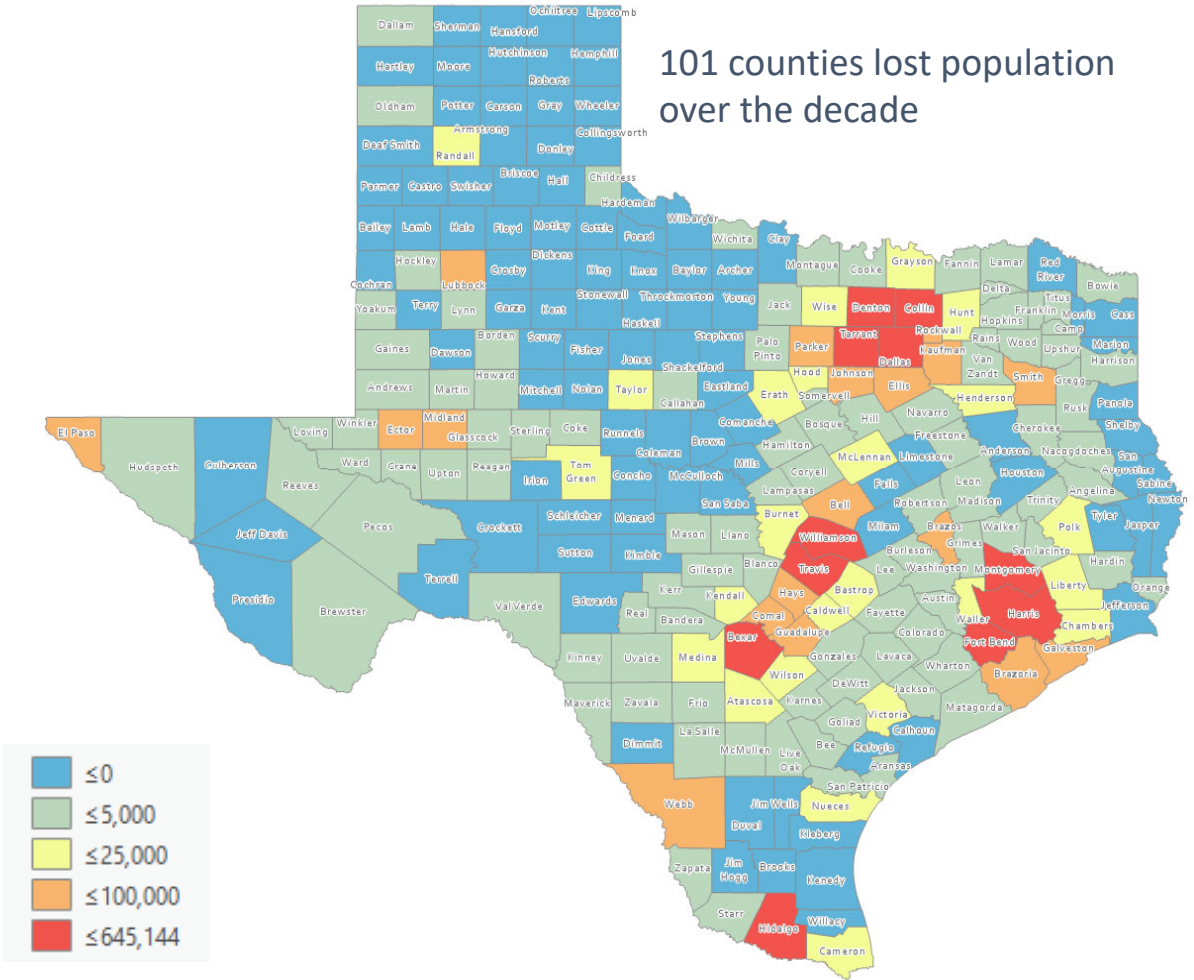


Source: https://texaslmi.com/downloads/tlmr_current_edition.pdf



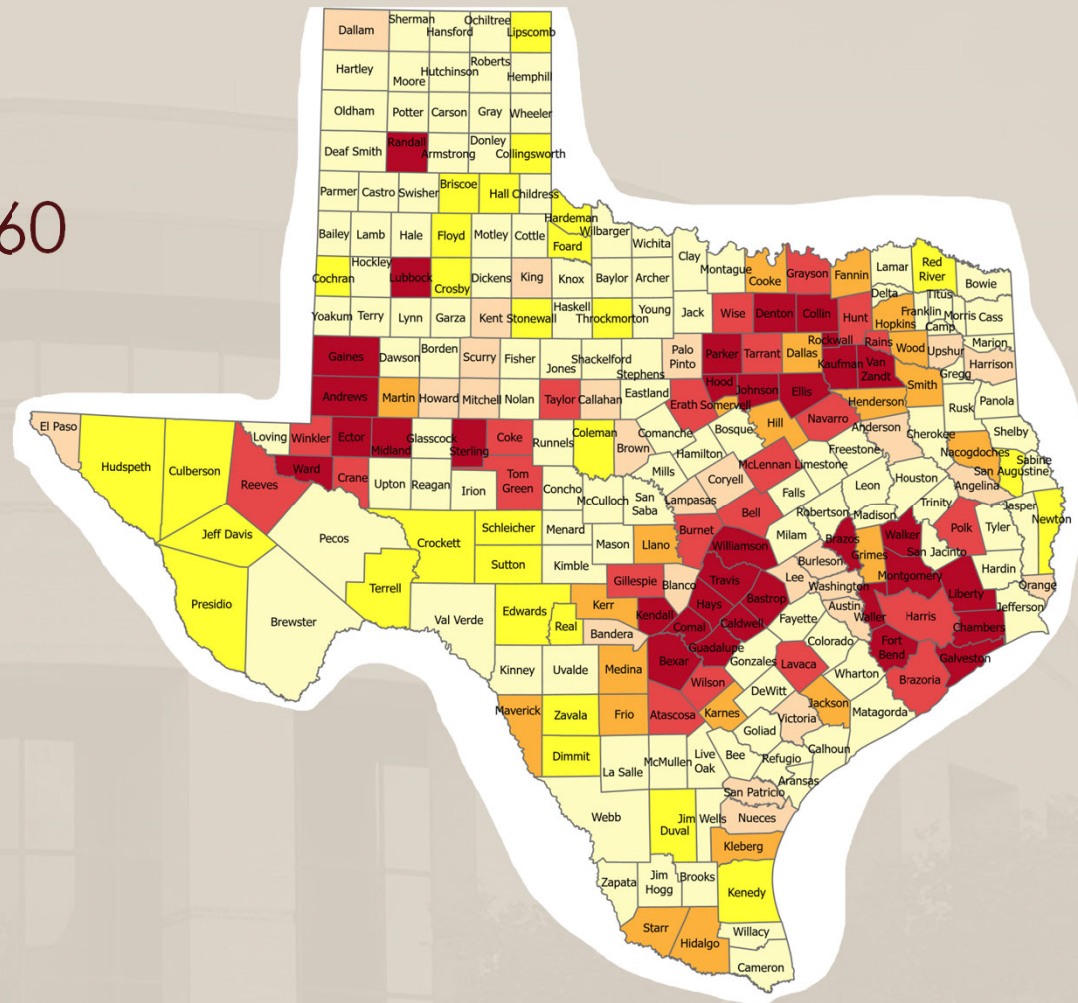
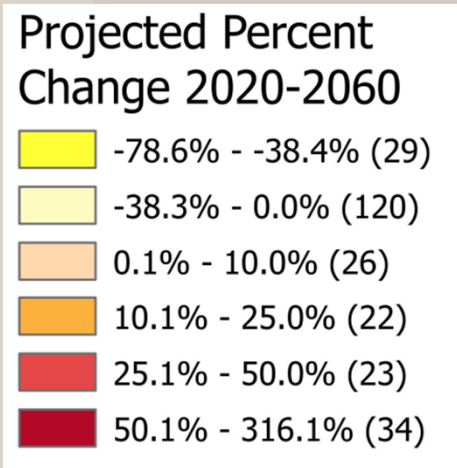
McCOY COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY

Estimated Numeric Change, Texas Counties, 2010-2020



Source: US Census Bureau, 2020 Population Estimates

PROJECTED PERCENT POPULATION CHANGE, TEXAS COUNTIES, 2020-2060

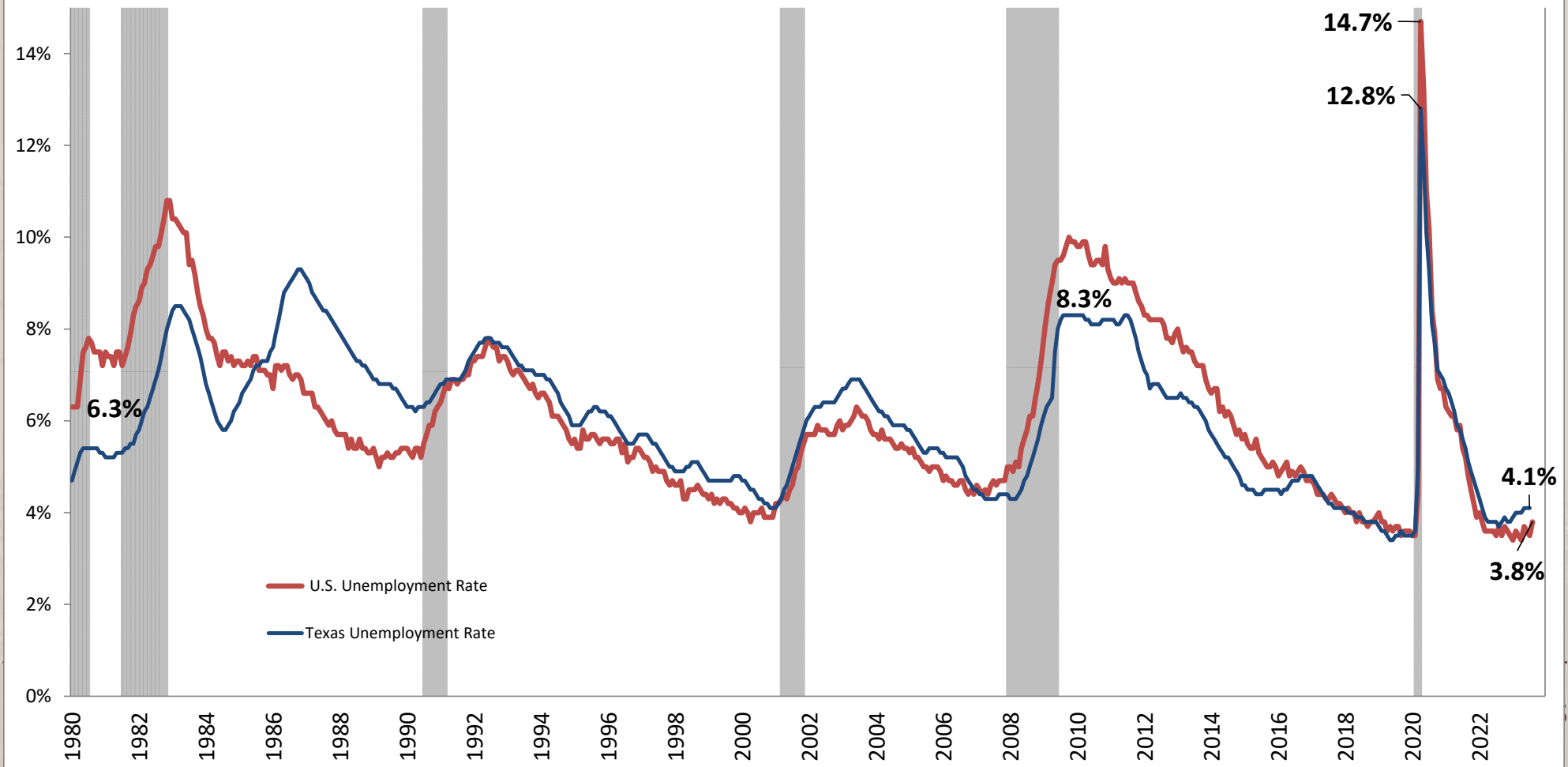


Employment

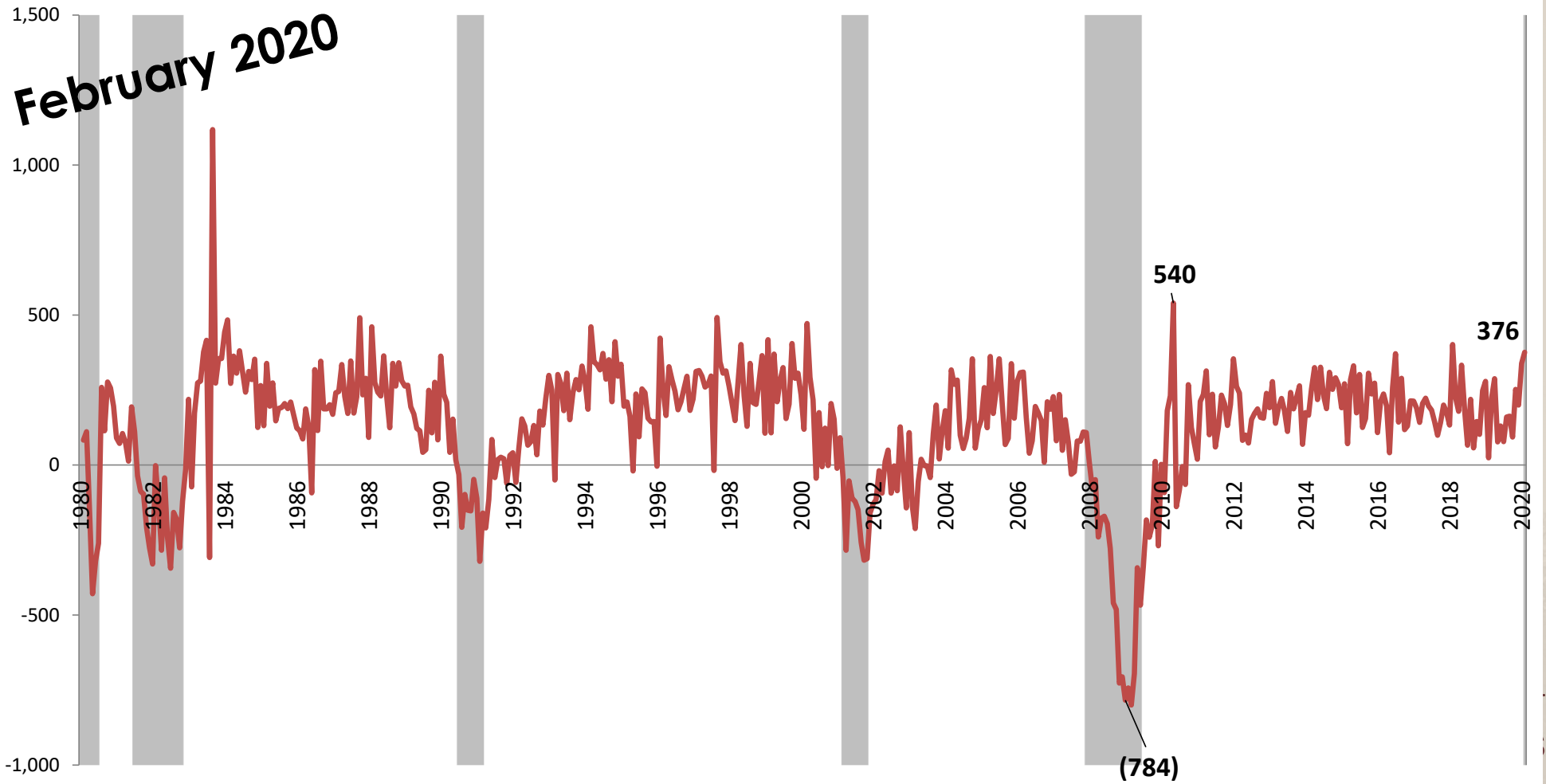


McCoy COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY

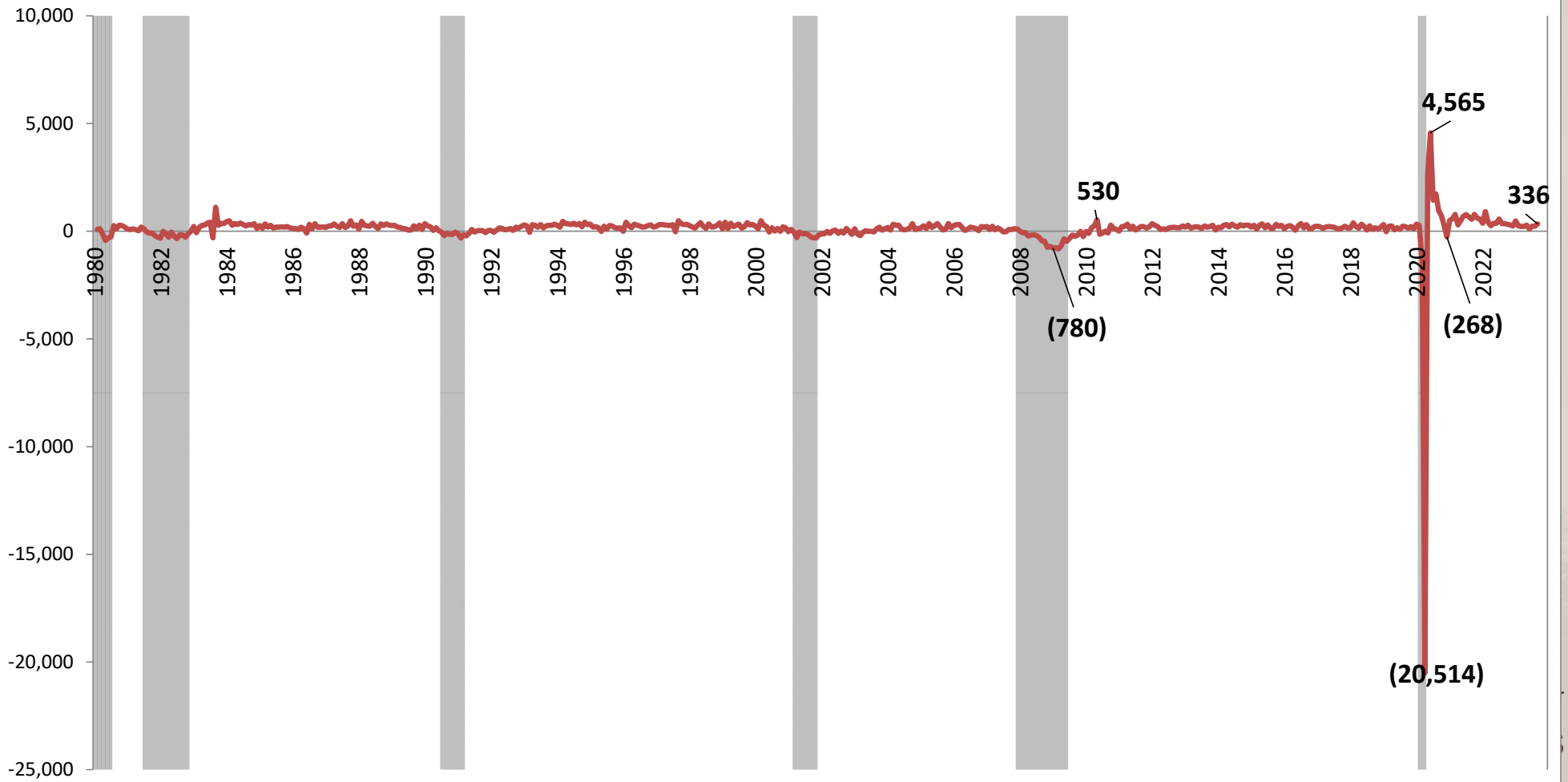
Unemployment Rate



Monthly Change in US Jobs (Thousands)

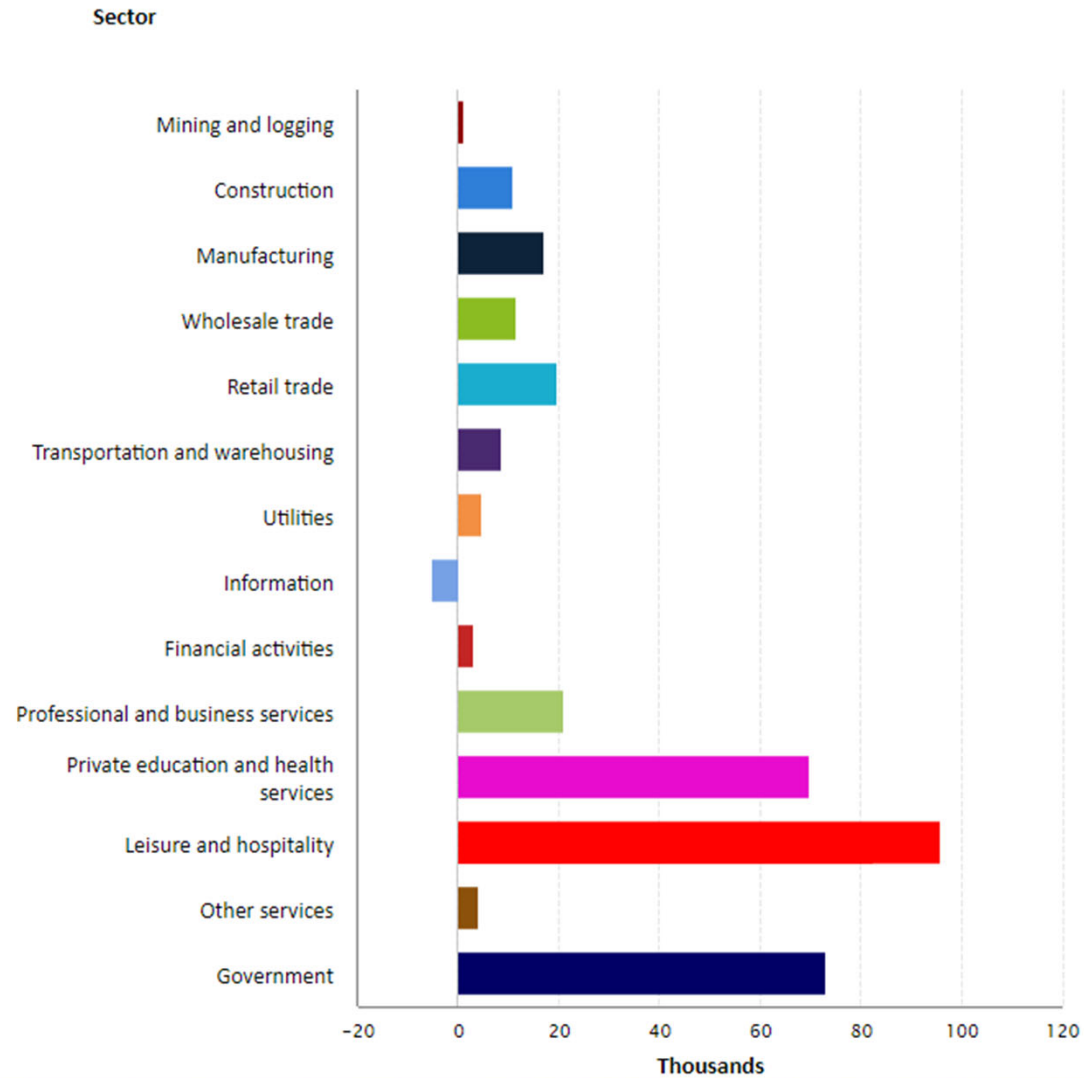


Monthly Change in US Jobs (Thousands)



Employment change by industry, September 2023, seasonally adjusted, 1-month net change

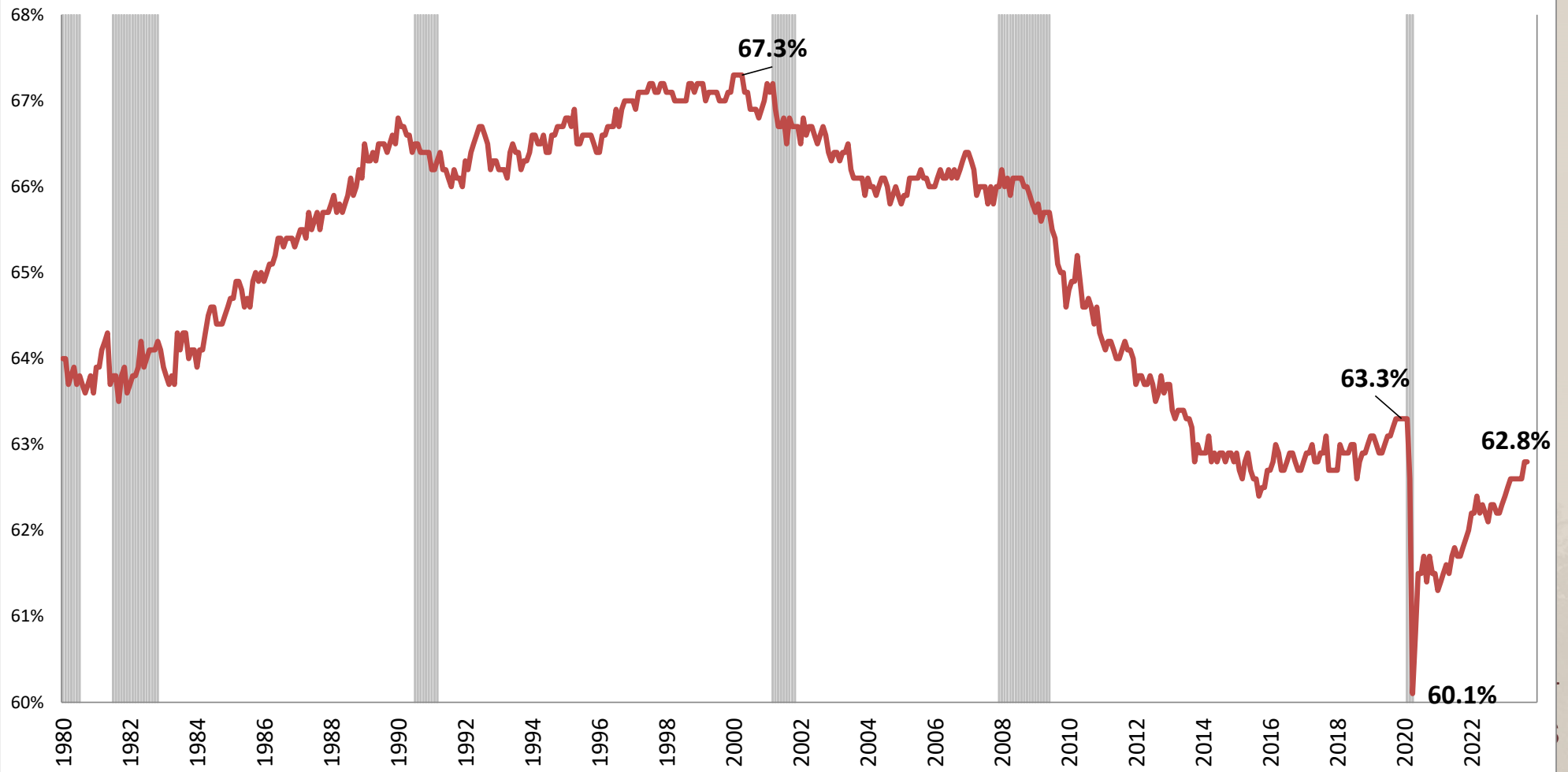
Click on bars to drill down



Source: <https://www.bls.gov/charts/employment-situation/employment-by-industry-monthly-changes.htm>

OF BUSINESS

Civilian Labor Force Participation Rate



Texas Metro Areas Ranked by Unemployment Rate

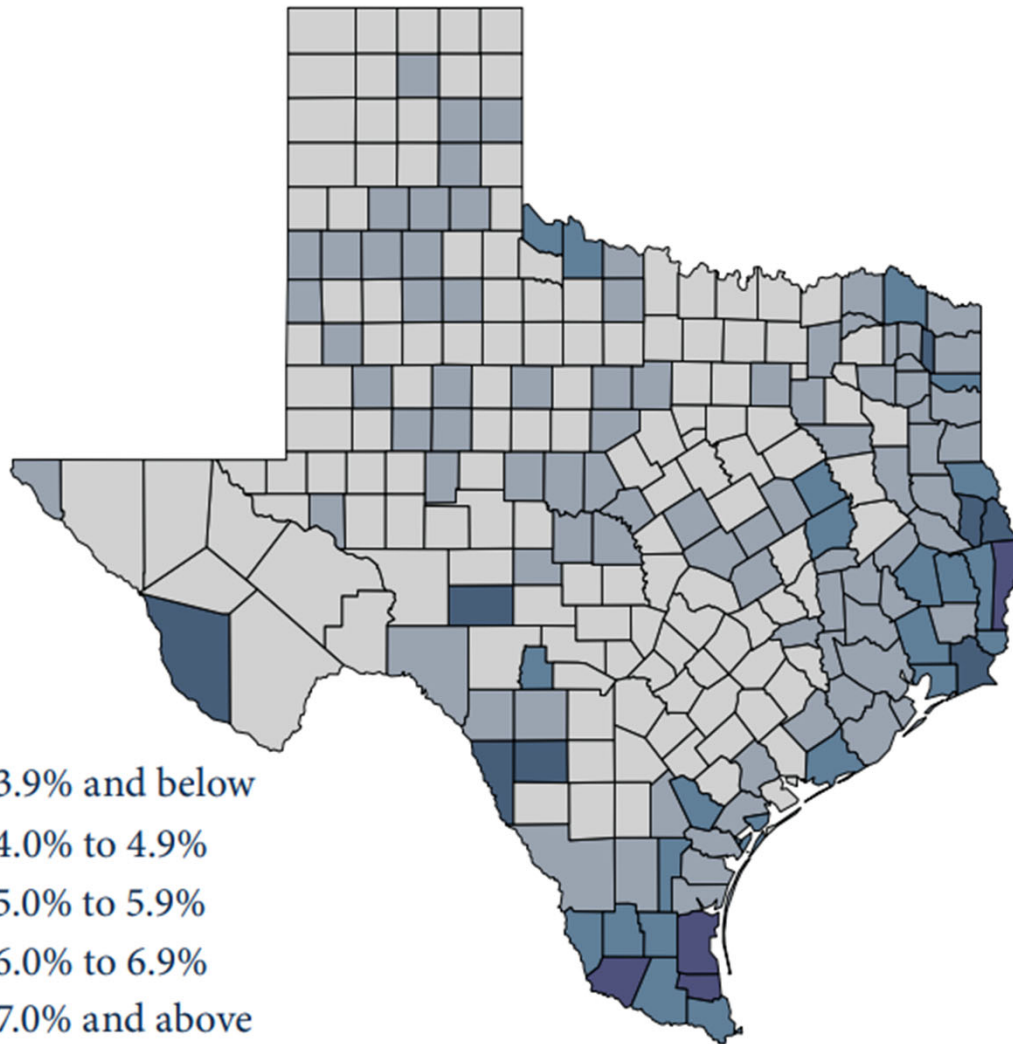
Rank	Area	Rate	Rank	Area	Rate
1	Midland	2.5	11	Tyler	3.9
2	Amarillo	3.2	15	Laredo	4.0
2	College Station-Bryan	3.2	15	Wichita Falls	4.0
4	Lubbock	3.3	0	Texas	4.1
5	Odessa	3.4	17	Victoria	4.1
6	Abilene	3.5	18	Houston-The Woodlands-Sugar Land	4.4
7	Austin-Round Rock	3.6	18	Longview	4.4
7	San Angelo	3.6	20	Corpus Christi	4.5
0	United States	3.6	20	Killeen-Temple	4.5
9	Waco	3.7	22	El Paso	4.7
10	San Antonio-New Braunfels	3.8	23	Brownsville-Harlingen	5.3
11	Dallas-Fort Worth-Arlington	3.9	24	Beaumont-Port Arthur	5.8
11	Sherman-Denison	3.9	24	McAllen-Edinburg-Mission	5.8
11	Texarkana	3.9			

Source: https://texaslmi.com/downloads/tlmr_current_edition.pdf



McCOY COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY

County Unemployment Rates



Source:
https://texaslmi.com/downloads/tlmr_current_edition.pdf



McCOY COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY

Top Employers by Postings

Employer	Sep 2023
Houston Methodist	4,633
Walmart	4,523
The University of Texas System	4,519
State Of Texas	4,477
Baylor Scott & White Health	3,381
HCA Healthcare	3,009
H-E-B	2,989
CHRISTUS Health	2,448
Medical City Healthcare	2,054
Texas A&M University	2,000

Top Occupations by Postings

Occupation	Sep 2023
Registered Nurses	24,430
Retail Salespersons	18,455
Sales Representatives (except Technical and Scientific Products)	15,144
First-Line Supervisors of Retail Sales Workers	14,184
Customer Service Representatives	11,500
Fast Food and Counter Workers	10,708
Maintenance and Repair Workers, General	9,786
Software Developers	8,867
Managers, All Other	8,505
Laborers and Freight, Stock, and Material Movers, Hand	7,793

Price Levels



McCOY COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY

THE WALL STREET JOURNAL.

U.S. Inflation Hits New Four-Decade High of 9.1%

Prices up broadly across the economy, with gasoline far outpacing other categories

By Gabriel T. Rubin

Updated July 13, 2022 7:07 pm ET



McCOY COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY

THE WALL STREET JOURNAL.

This Inflation Report Won't Let the Fed Declare Victory

The consumer-price index highlights the risk that inflation is settling out at 3%, above the Federal Reserve's 2% target

By *Gabriel T. Rubin* [Follow](#) and *Nick Timiraos* [Follow](#)

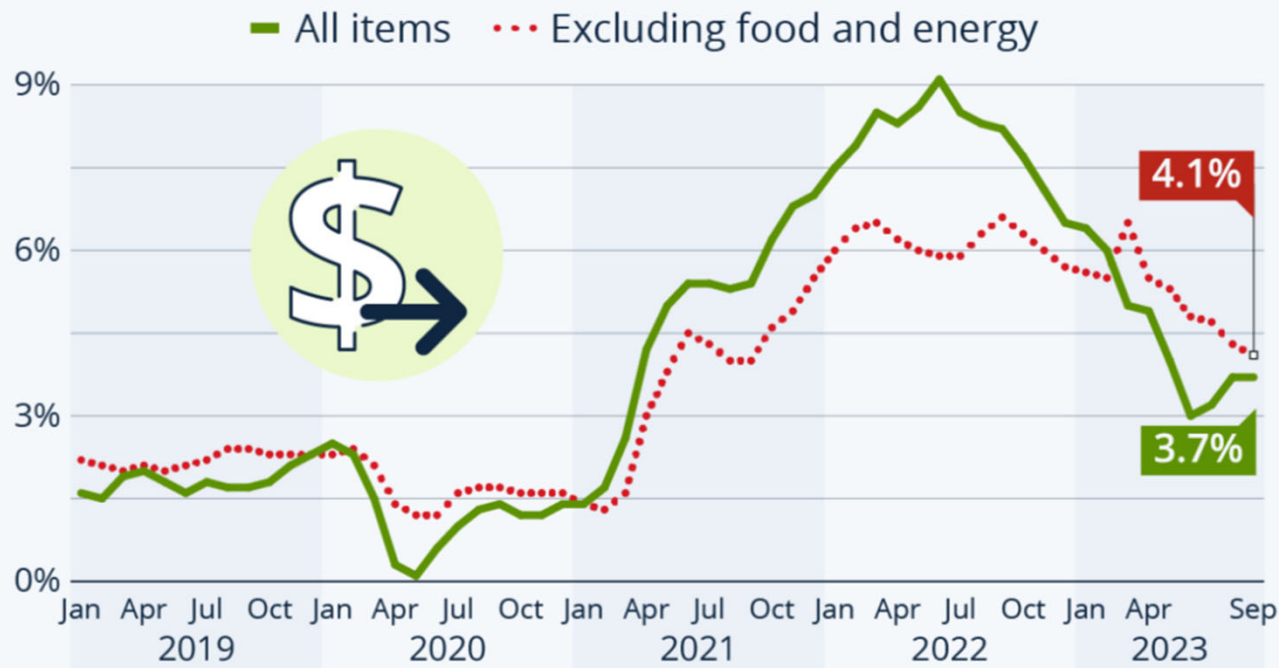
Updated Oct. 12, 2023 4:57 pm ET



McCOY COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY

Disinflation Stalls as Core Inflation Eases Further

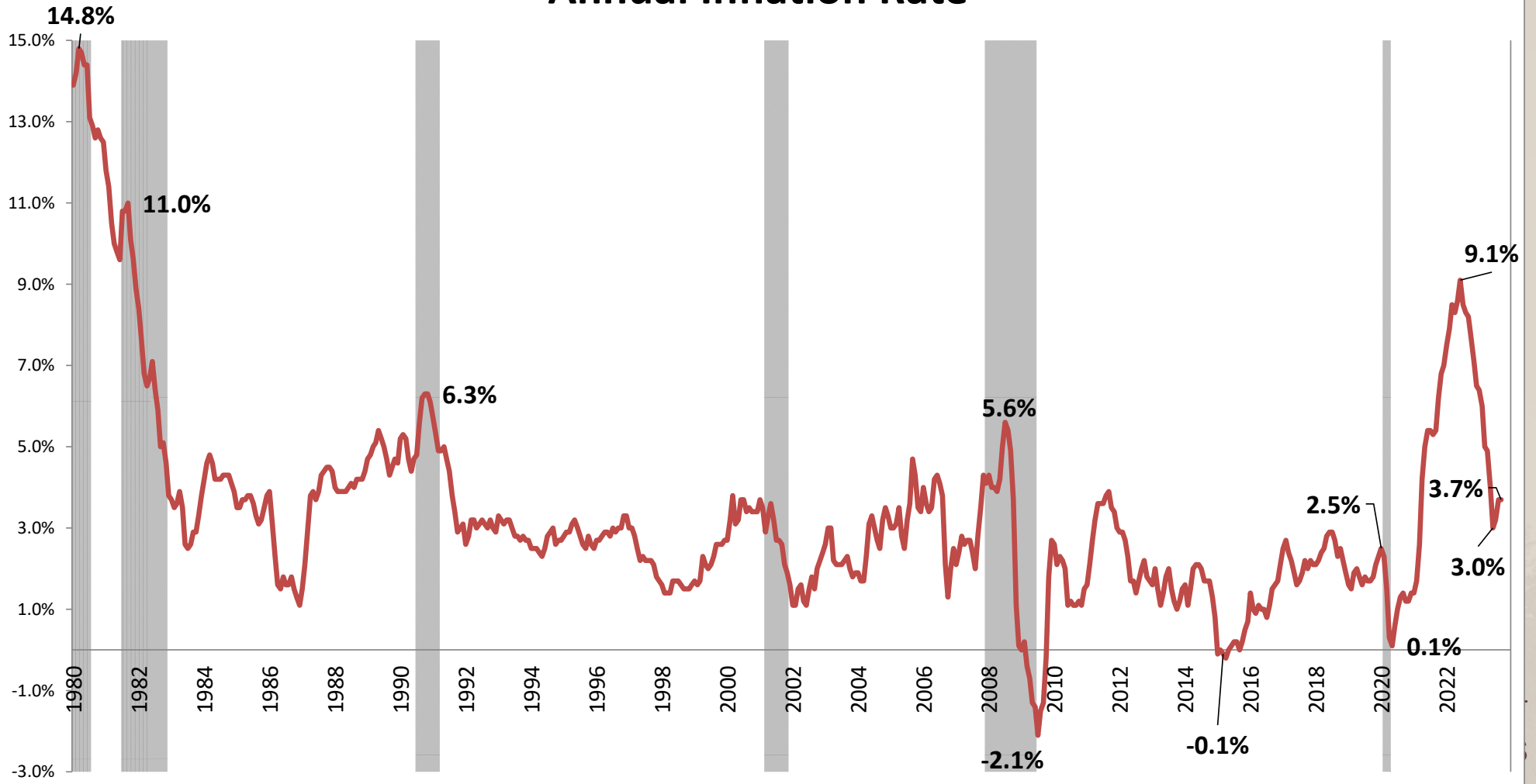
Year-over-year change in the Consumer Price Index for All Urban Consumers in the U.S.*



* not seasonally adjusted

Source: U.S. Bureau of Labor Statistics

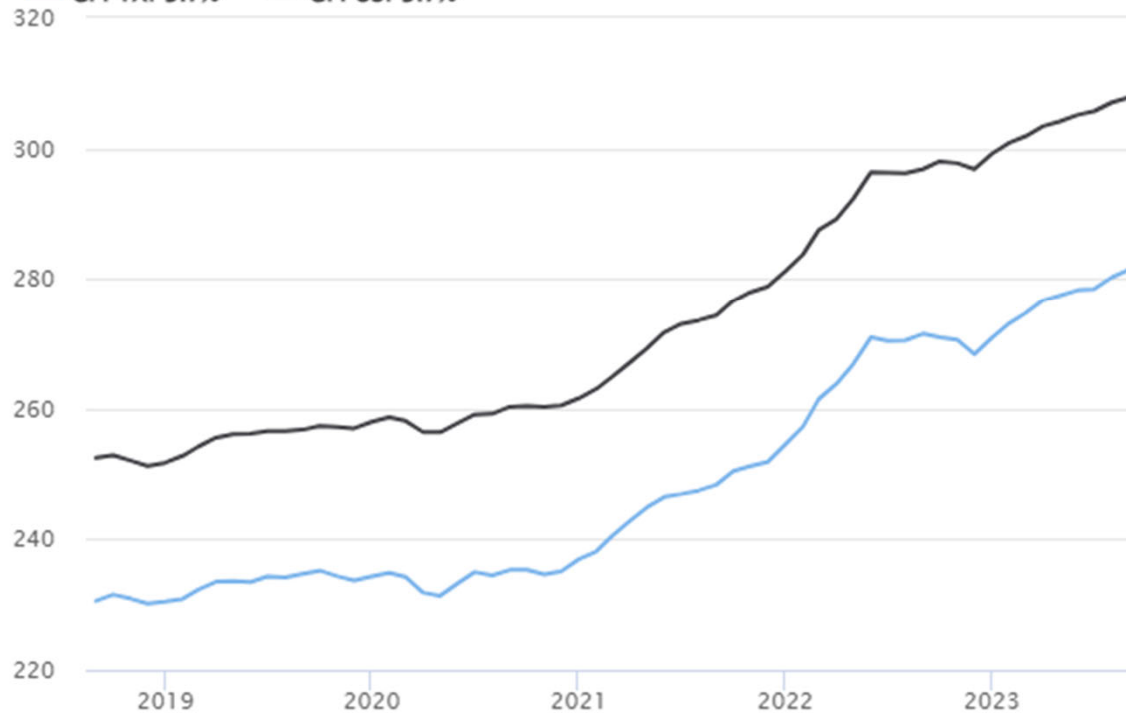
Annual Inflation Rate



Measures of Inflation

Legend/Change from previous year:

— CPI TX: 3.7% — CPI US: 3.7%



*Excluding food and energy

Source: <https://comptroller.texas.gov/economy/key-indicators/>



McCOY COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY

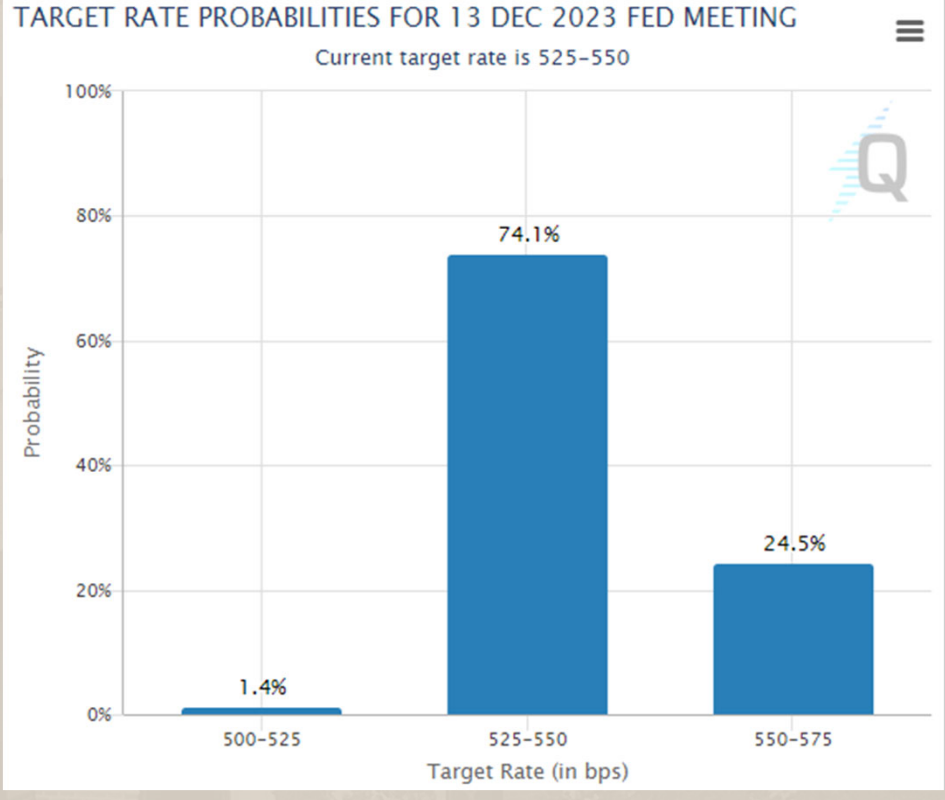
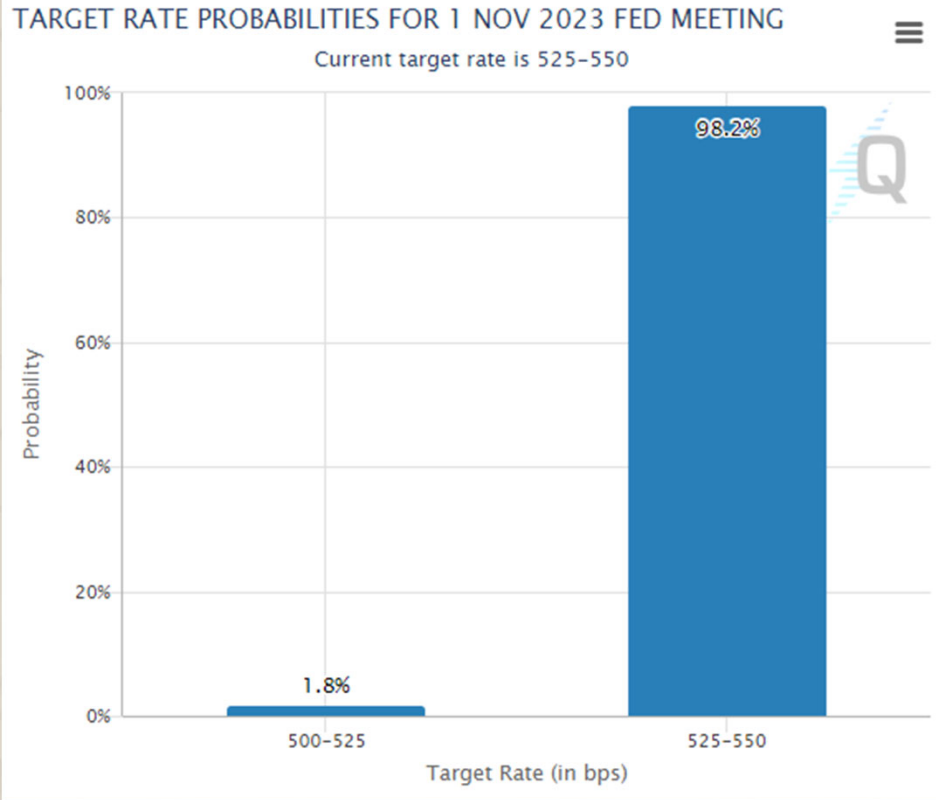


Expected Average Inflation Rate for Next 10 Years: 2.42%
Actual Average Inflation Rate Last 10 Years: 2.79%
Expected Average Inflation Rate 10 Years Ago: 2.19%

Interest Rates



McCOY COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY



Source: <https://www.cmegroup.com/trading/interest-rates/countdown-to-fomc.html>

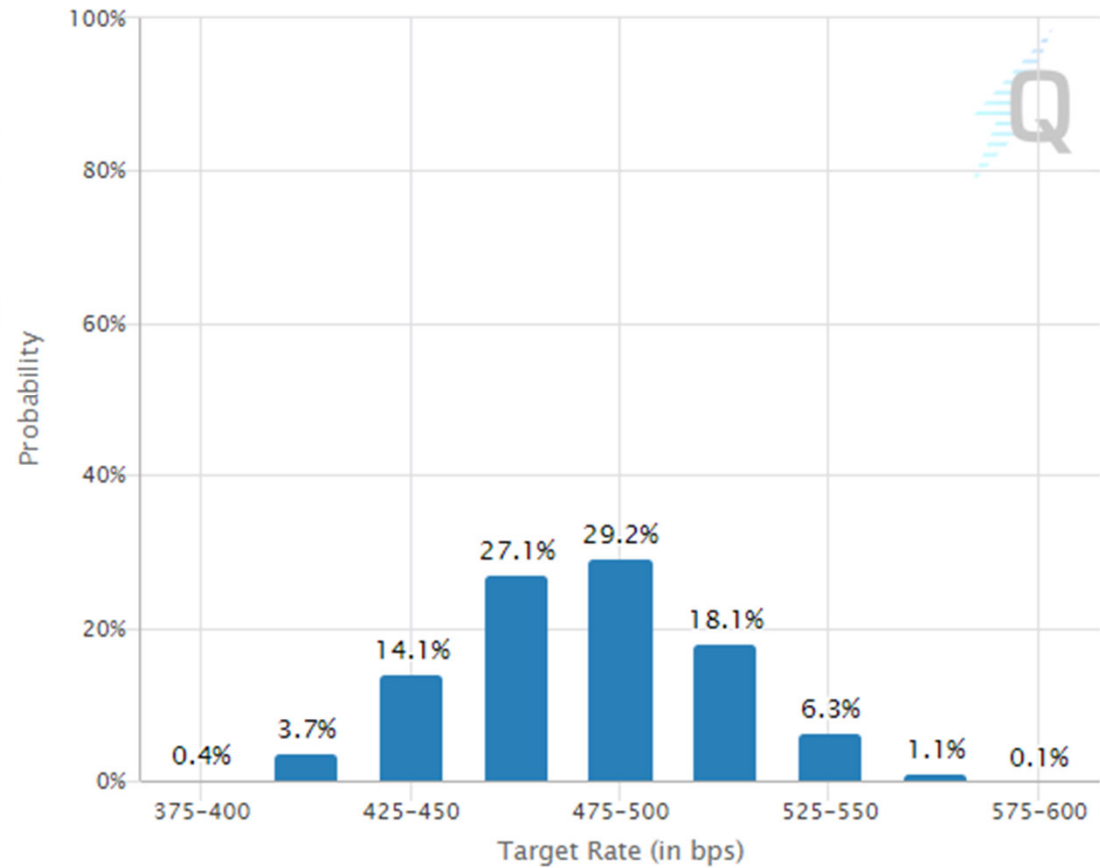


McCOY COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY

TARGET RATE PROBABILITIES FOR 7 NOV 2024 FED MEETING



Current target rate is 525-550



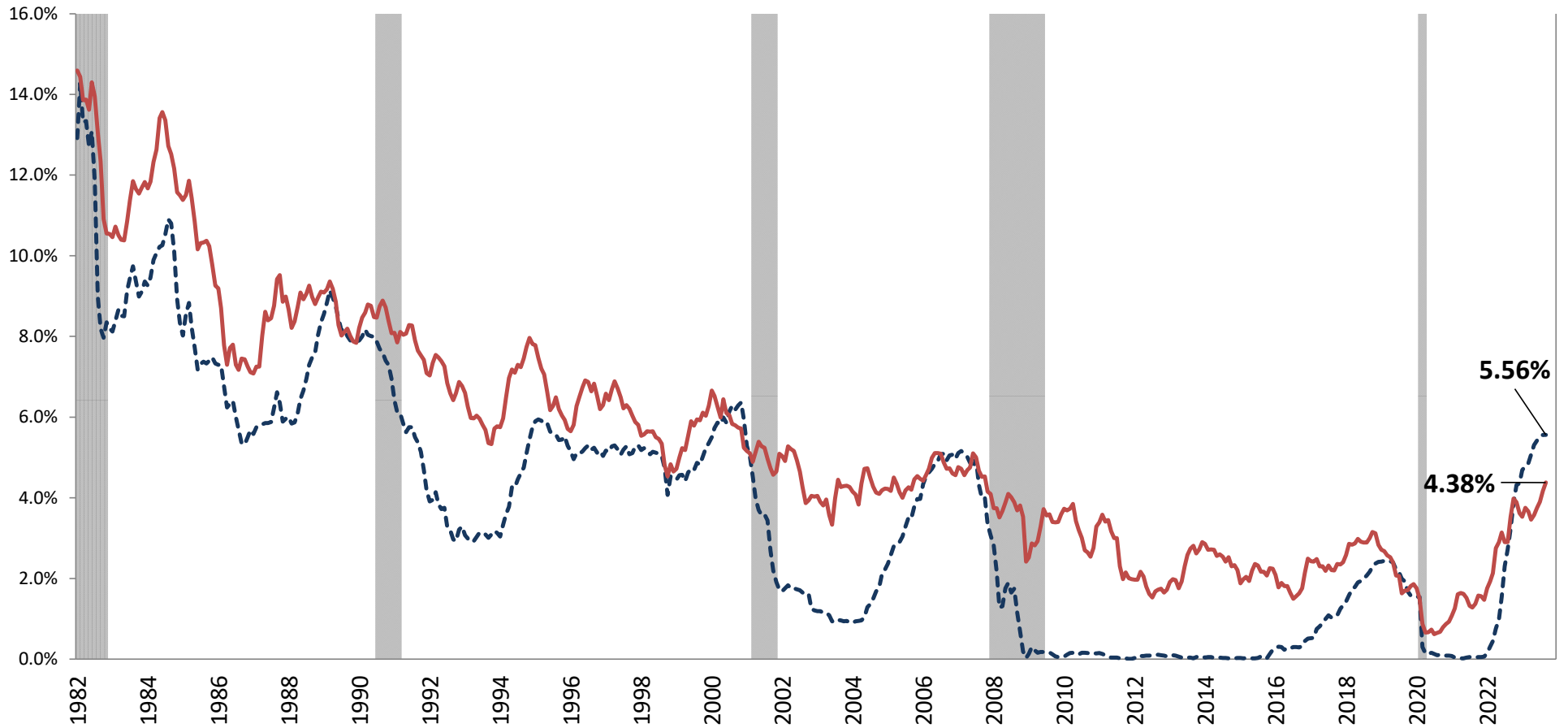
Source: <https://www.cmegroup.com/trading/interest-rates/countdown-to-fomc.html>



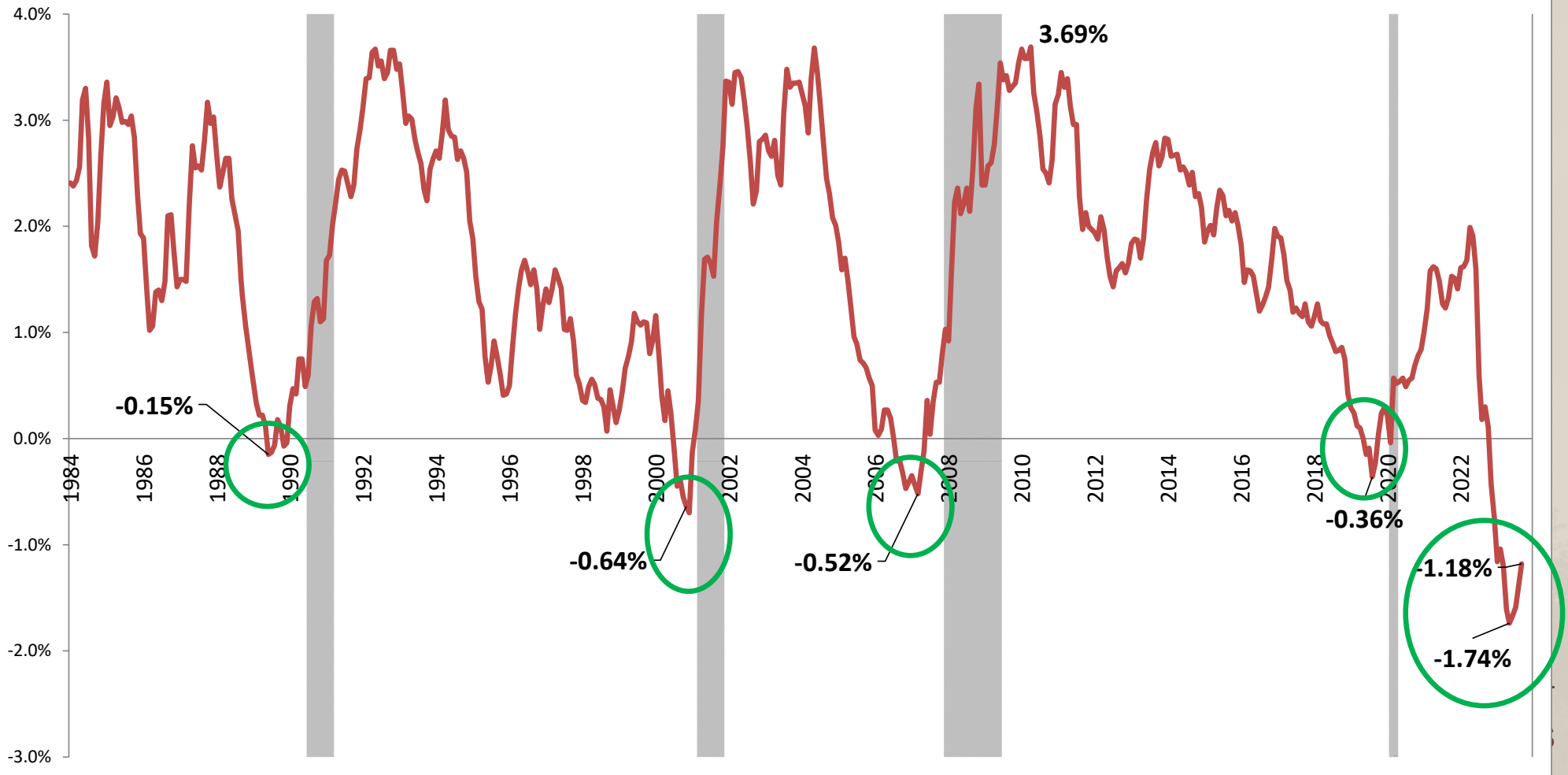
McCOY COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY

Treasury Rates

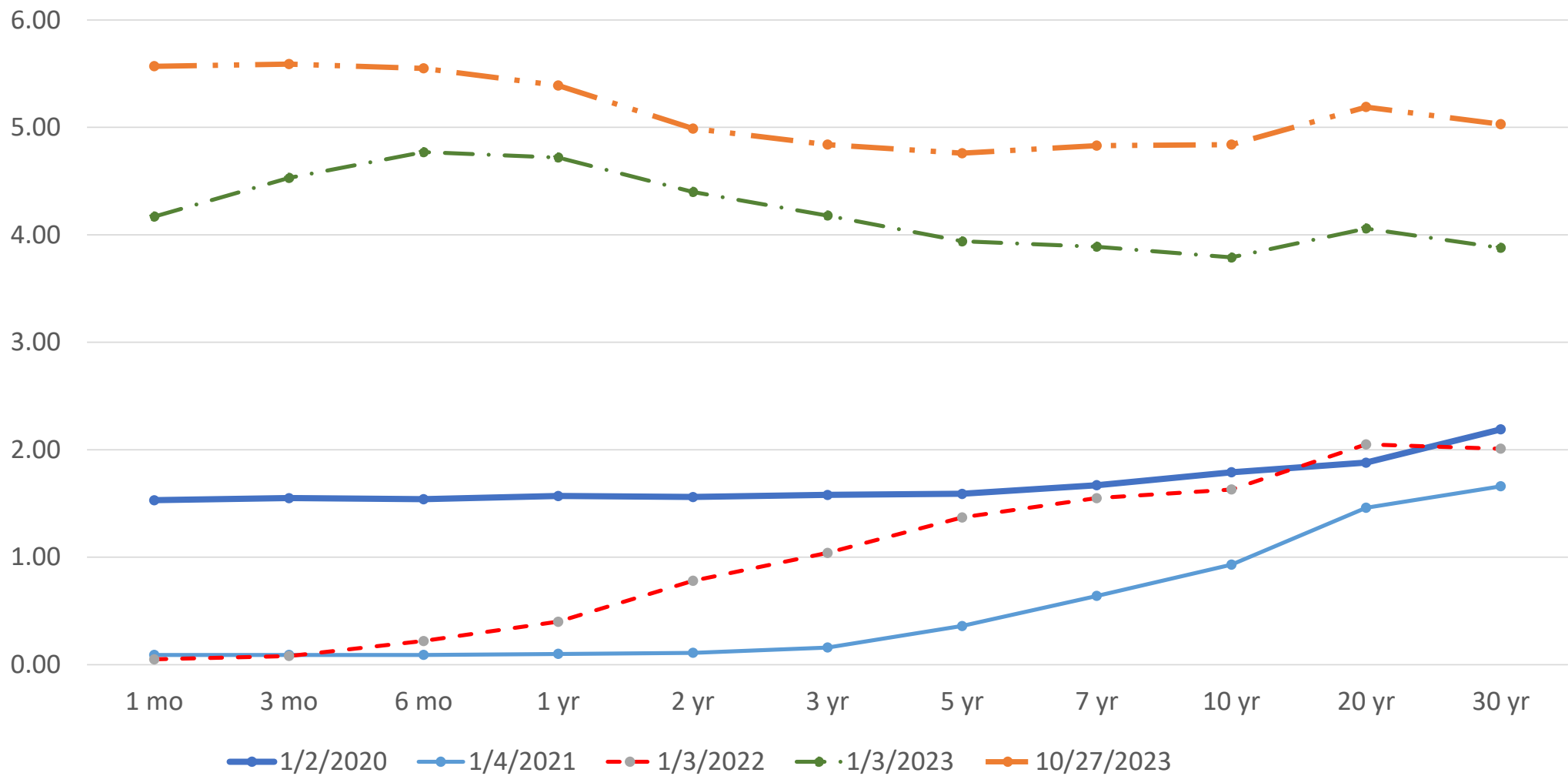
--- 3 Month Treasury Constant Mat — 10-Year Treasury Constant Mat



10-Year minus 3-Month Treasury Spread



Treasury Yield Curve



Housing Market



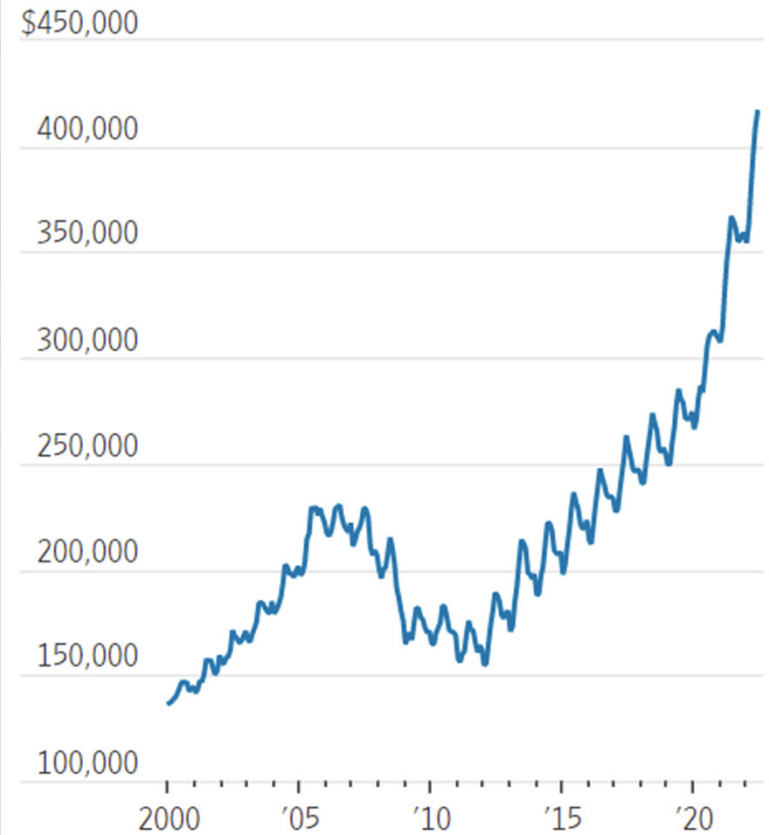
McCoy COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY

THE WALL STREET JOURNAL.

U.S. Home Prices Hit Record

Last Year

Median existing-home sales price



Source: National Association of Realtors

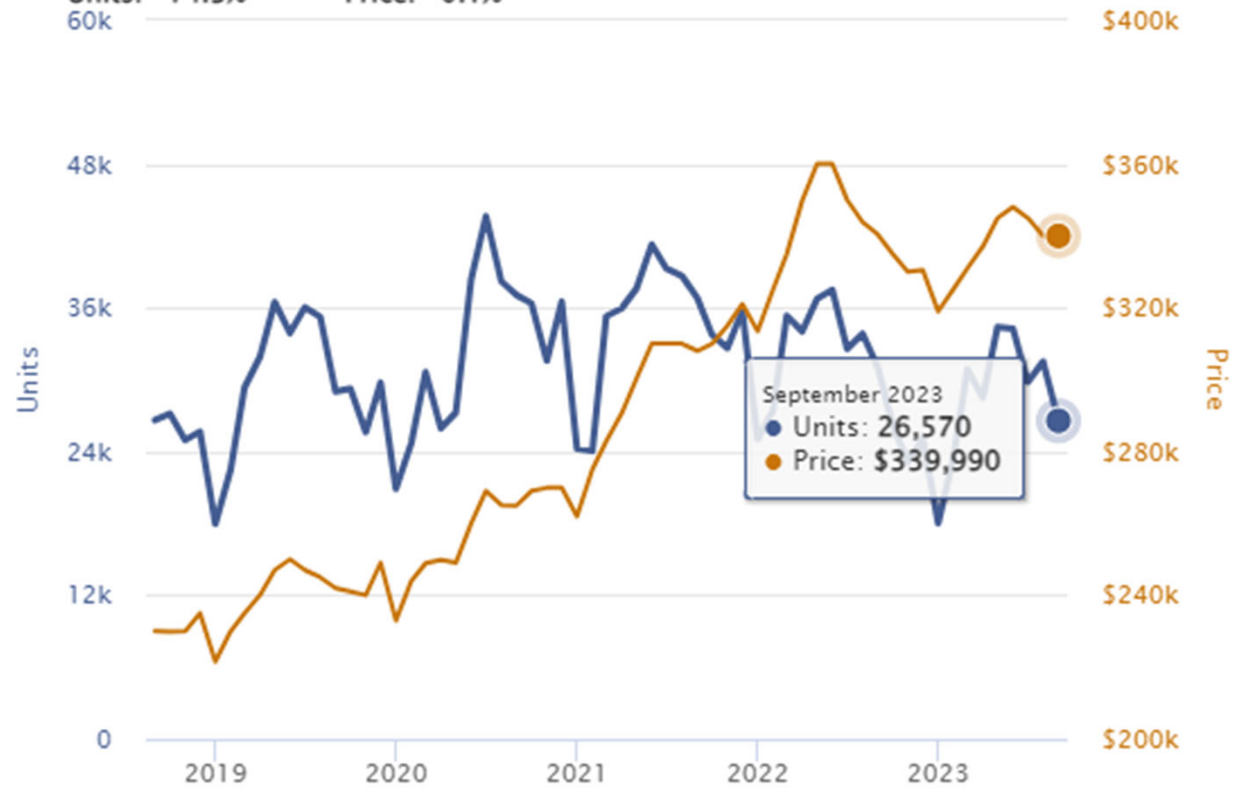


McCOY COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY

TX Home Sales

Legend/Change from previous year:

— Units: -14.3% — Price: -0.1%



Source: <https://comptroller.texas.gov/economy/key-indicators/>



McCOY COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY



United States Home Values

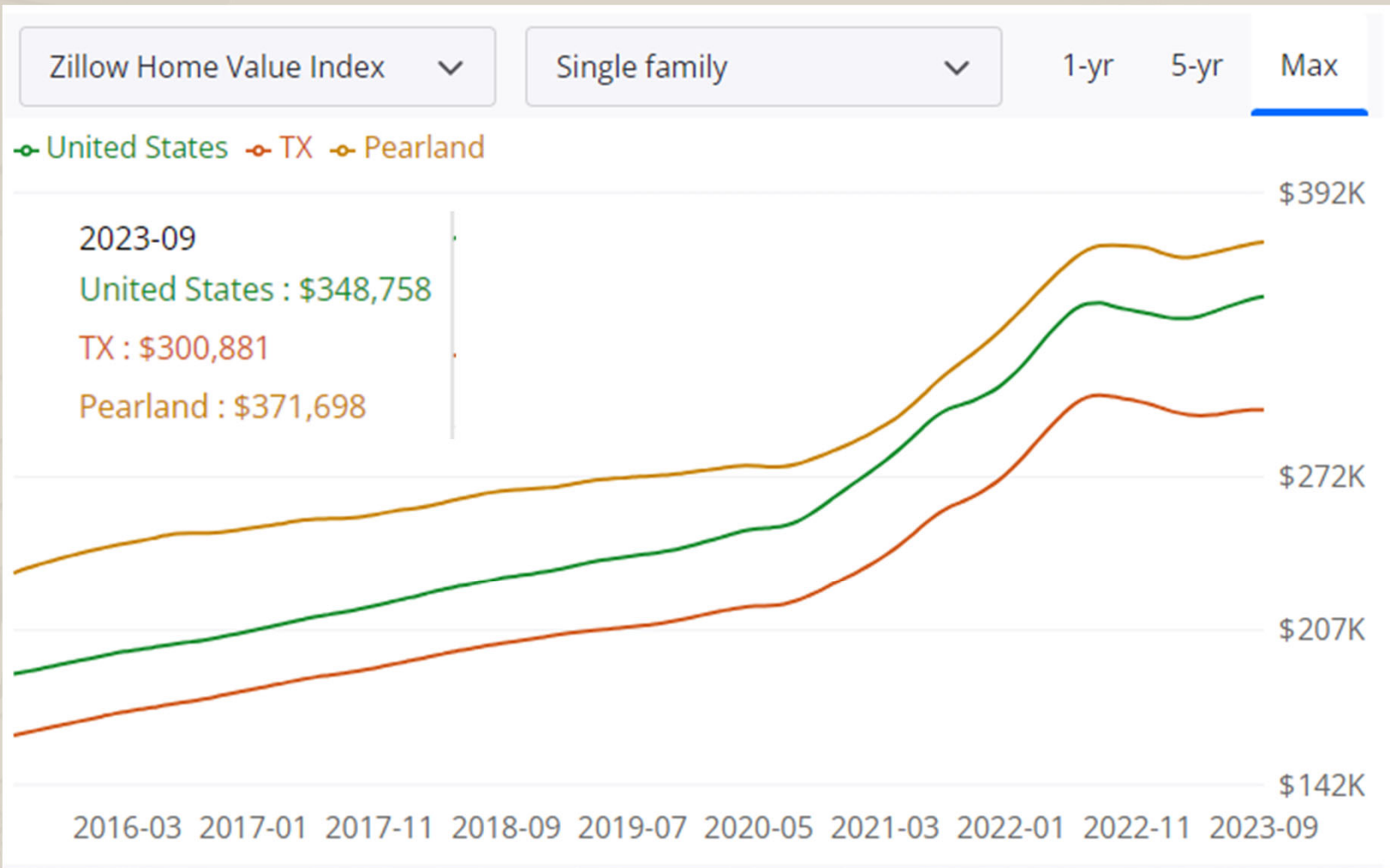
\$348,539

↑ 1.1% 1-yr

Now



McCOY COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY



Source: <https://www.zillow.com/home-values/>



McCOY COLLEGE OF BUSINESS
 TEXAS STATE UNIVERSITY

FRED — 30-Year Fixed Rate Mortgage Average in the United States



San Antonio Express-News

What higher mortgage rates, inflation and recession concerns mean for San Antonio homebuyers

Austin American-Statesman

More signs point to Austin's housing market cooling down

The number of homes sold in the metro area dropped again in August. Prices continued to go up, but aren't rising nearly as fast as they had been.



McCOY COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY

IMPACT OF HIGHER MORTGAGE RATES

- Size of Mortgage: \$350,000
 - Payment on 30 Year Mortgage
 - Monthly P&I: \$2,517 @ 7.79% - Today
 - Monthly P&I: \$2,347 @ 7.08% - 1 year ago
 - \$170/month difference
 - Monthly P&I: \$1,502 @ 3.14% - 2 years ago
 - \$1,015/month difference



IMPACT OF HIGHER MORTGAGE RATES

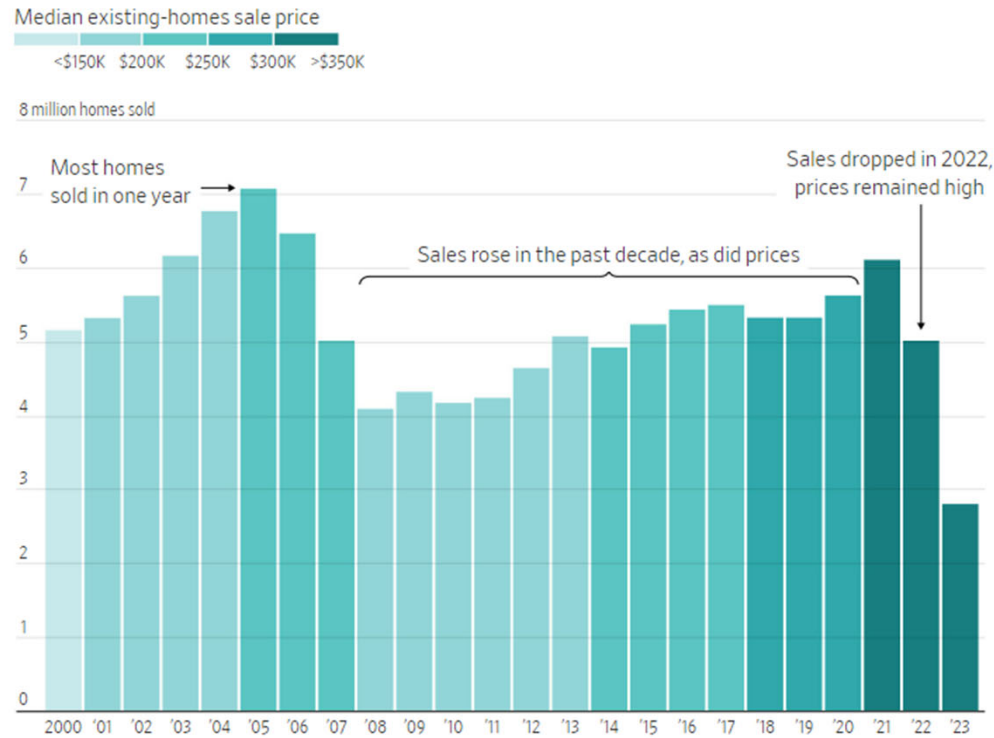
- Maximum Monthly P&I: \$1,500
 - Largest 30 Year Mortgage
 - \$349,494 @ 3.14%
 - \$223,652 @ 7.08%
 - \$125,842 difference
 - \$208,571 @ 7.79%
 - \$140,923 difference



Home Sales on Track for Slowest Year Since Housing Bust

Residential real-estate market hindered by mortgage rates, limited inventory

Existing-home sales and median prices, yearly



Note: 2023 sales and price data are year-to-date through August.

Source: National Association of Realtors
Rosie Ettenheim/THE WALL STREET JOURNAL

By [Nicole Friedman](#) [Follow](#)

Updated Oct. 16, 2023 9:30 am ET



McCOY COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY

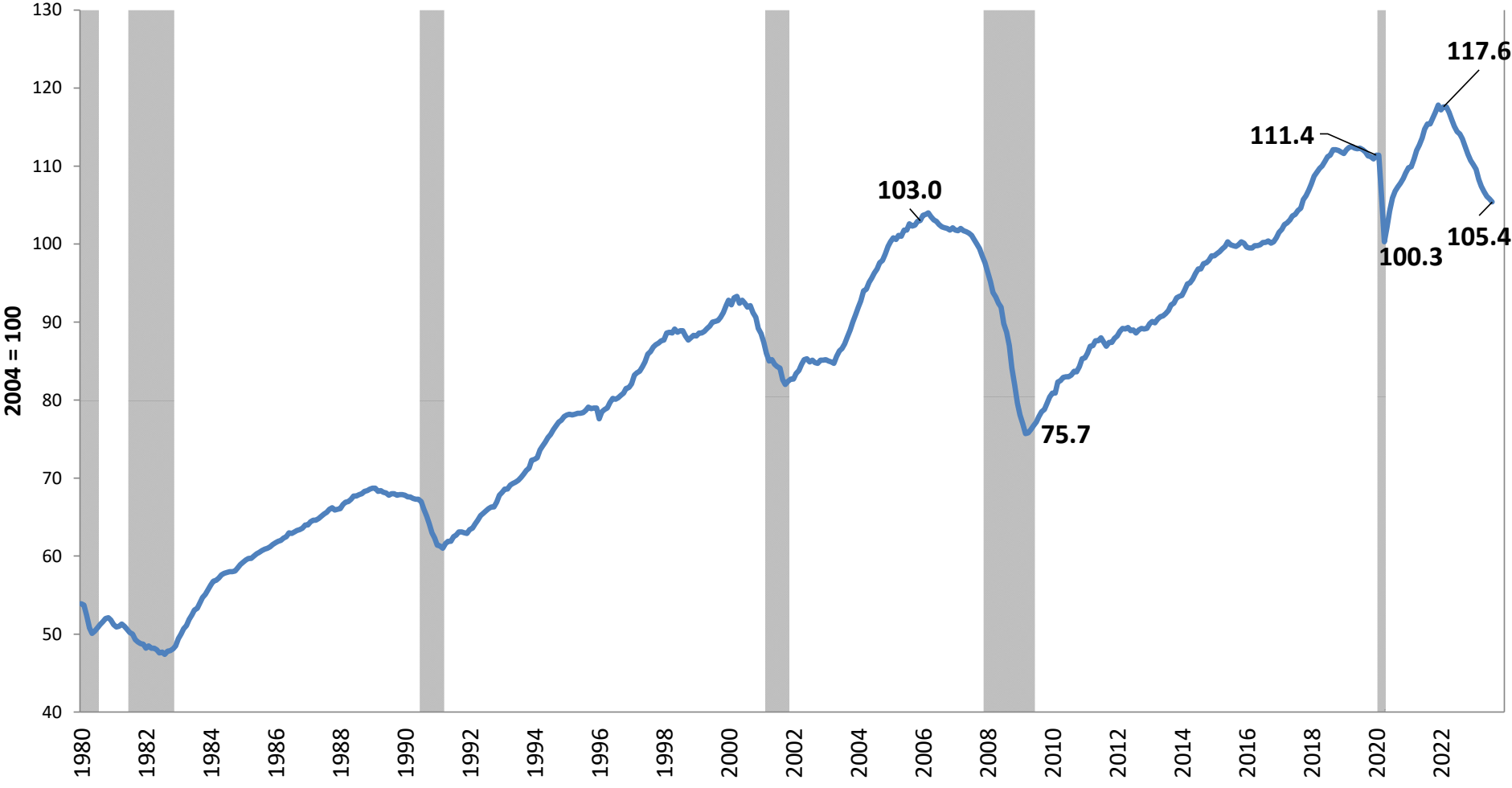


Are we headed for a
recession?

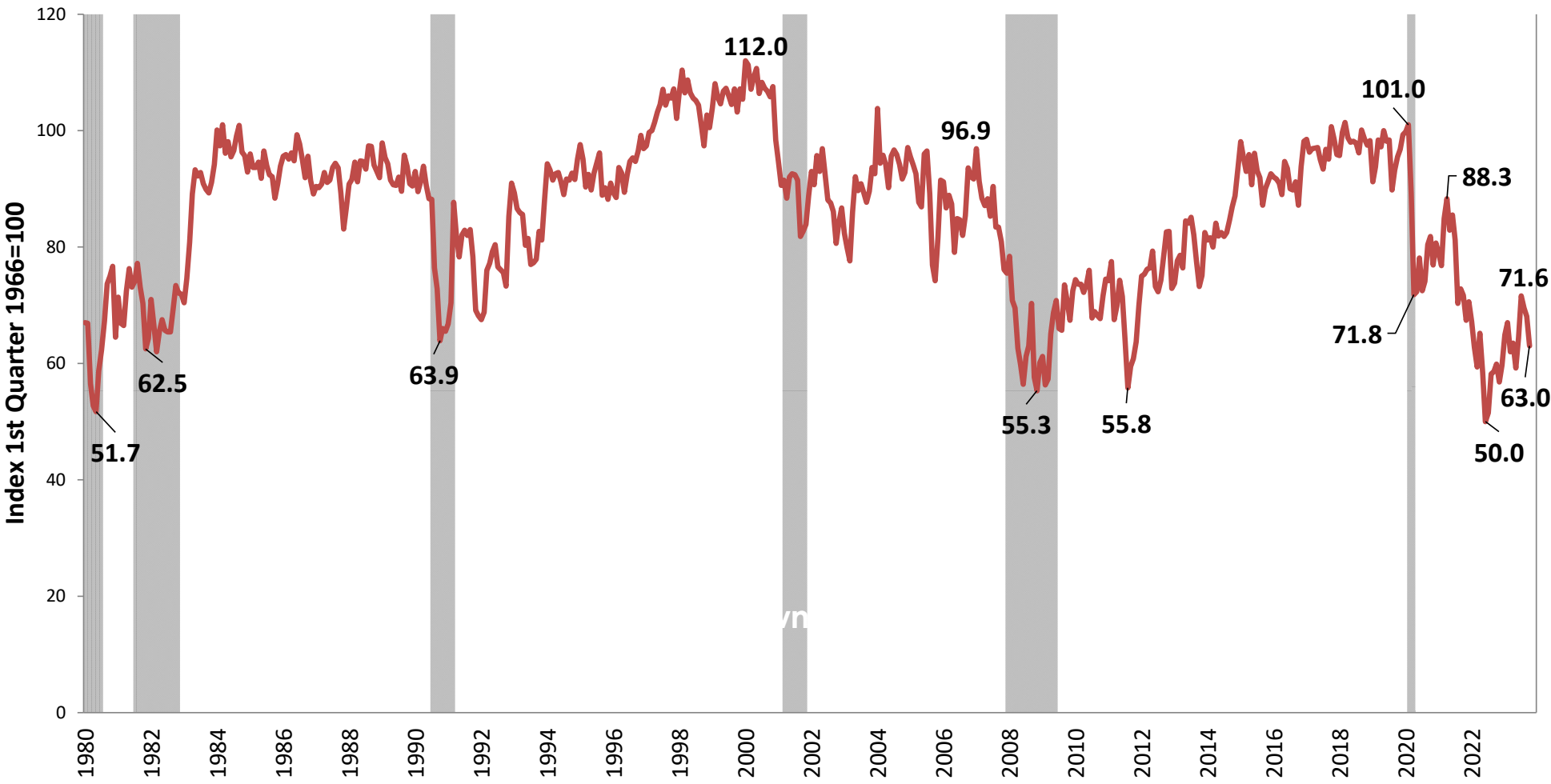


McCOY COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY

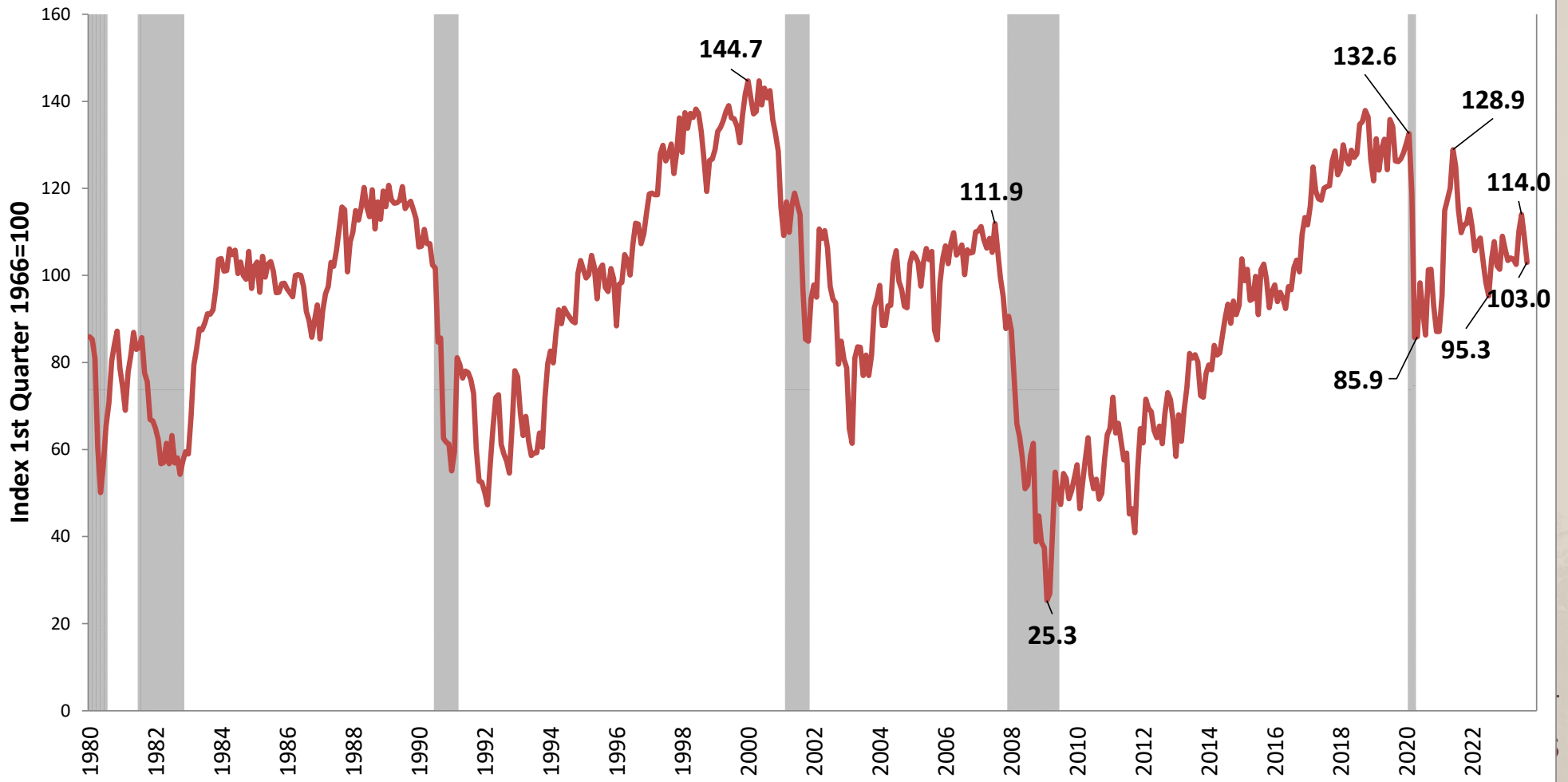
Conference Board LEI



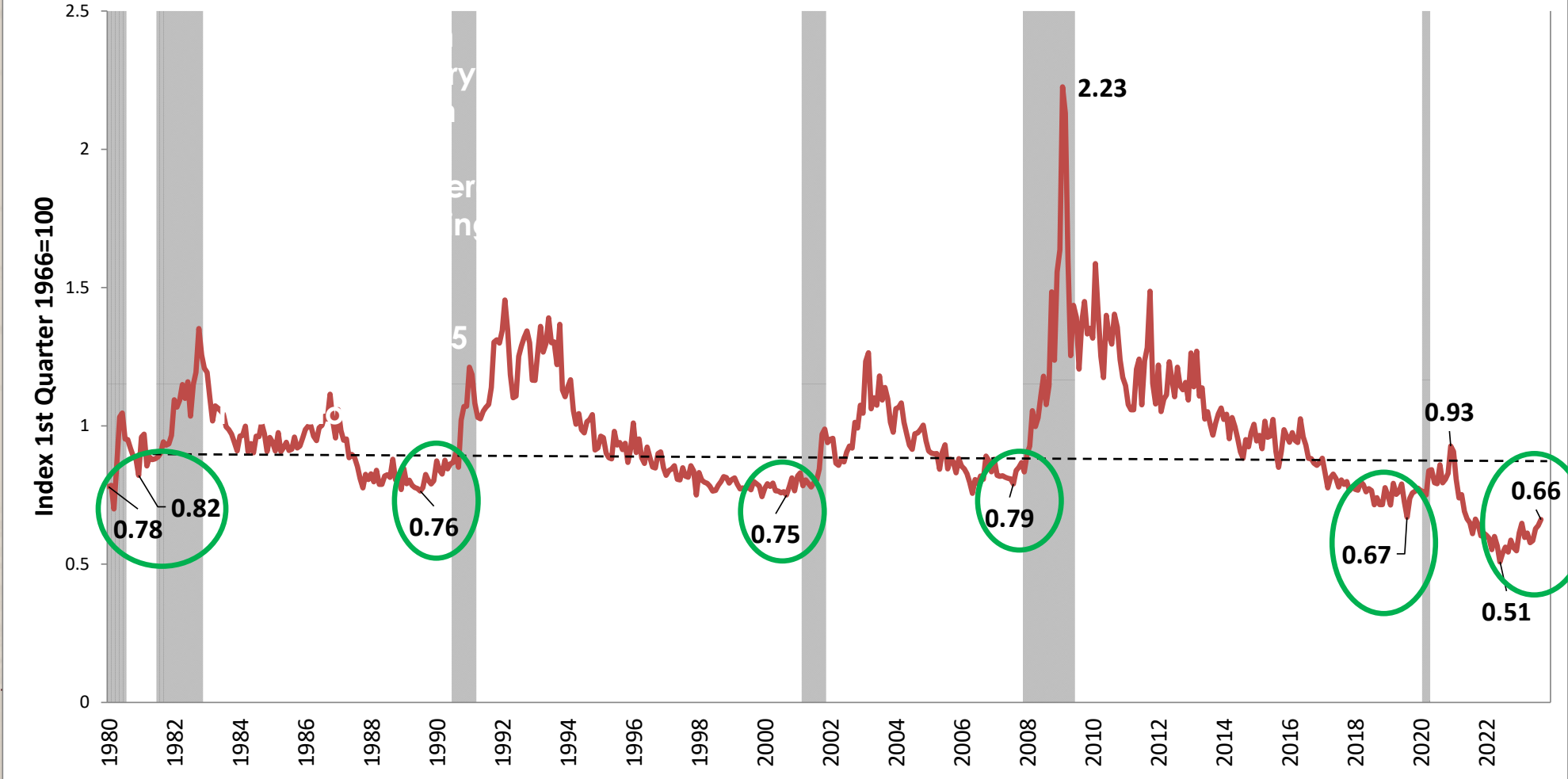
Consumer Sentiment



Consumer Confidence



Consumer Sentiment/Consumer Confidence



THE WALL STREET JOURNAL.

MONDAY, AUGUST 21, 2023 ~ VOL. CCLXXXII NO. 43

How the Student-Loan Payment Pause Hurt Borrowers

LIFE
SCIENCE
*By Allysia
Finley*

- According to a recent TransUnion study, 53% of student-loan borrowers added bank credit card debt during the pandemic, while 36% took on new auto loans and 15% took out new mortgages
- When student-loan payments restart, **borrowers will have less liquidity to make these other debt payments**—some of which carry higher interest rates.



McCOY COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY

US Recession Probability (I:USRPEM)

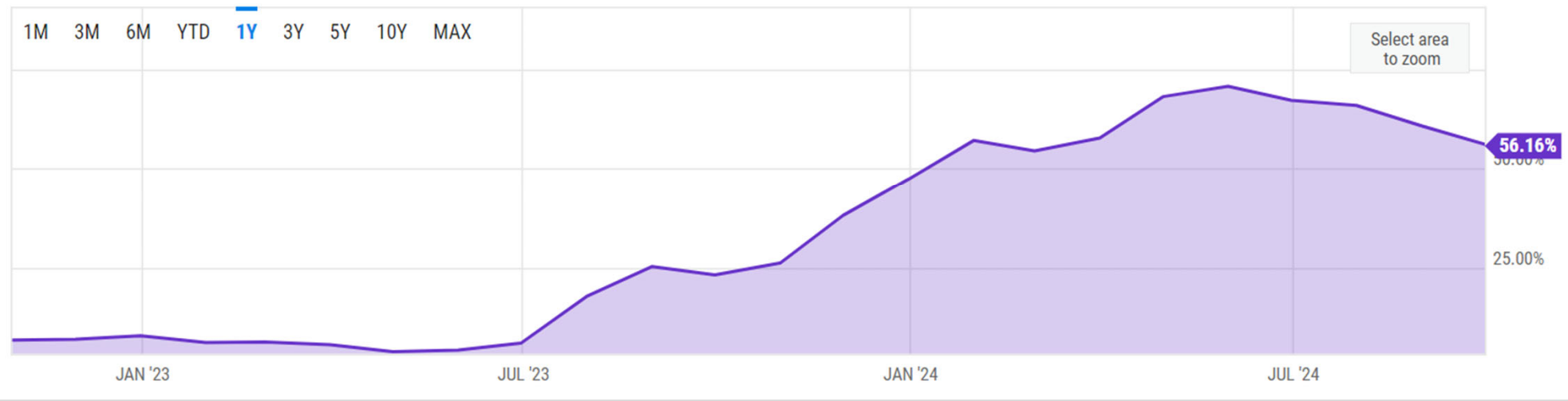
56.16% for Sep 2024

Overview

Interactive Chart

Level Chart

VIEW FULL CHART



Source: https://ycharts.com/indicators/us_recession_probability



McCoy College of Business
Texas State University

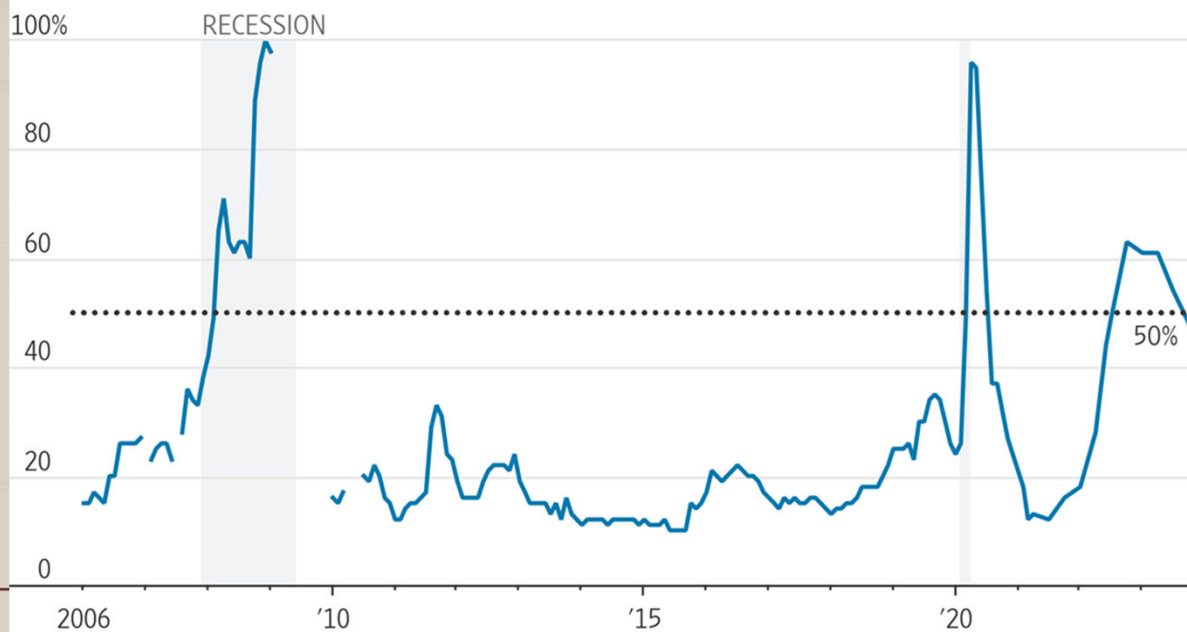
A Recession Is No Longer the Consensus

In WSJ survey, economists lower recession probability below 50% and say Fed is finished raising interest rates

By [Harriet Torry](#) [Follow](#) and [Anthony DeBarros](#) [Follow](#)

Updated Oct. 15, 2023 12:04 am ET

Probability the U.S. is in a recession in next 12 months including today



Note: Gaps indicate question not asked or data unavailable.

Source: Wall Street Journal surveys of economists



Questions?



McCOY COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY

CONTACT INFORMATION:

William T Chittenden, Ph.D.

Texas State University

McCoy College of Business Administration

601 University Drive

San Marcos, TX 78666

chittenden@txstate.edu

512-245-9655



McCOY COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY