



# U.S. and Texas Economic Update

April 18, 2024

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# THE WALL STREET JOURNAL.

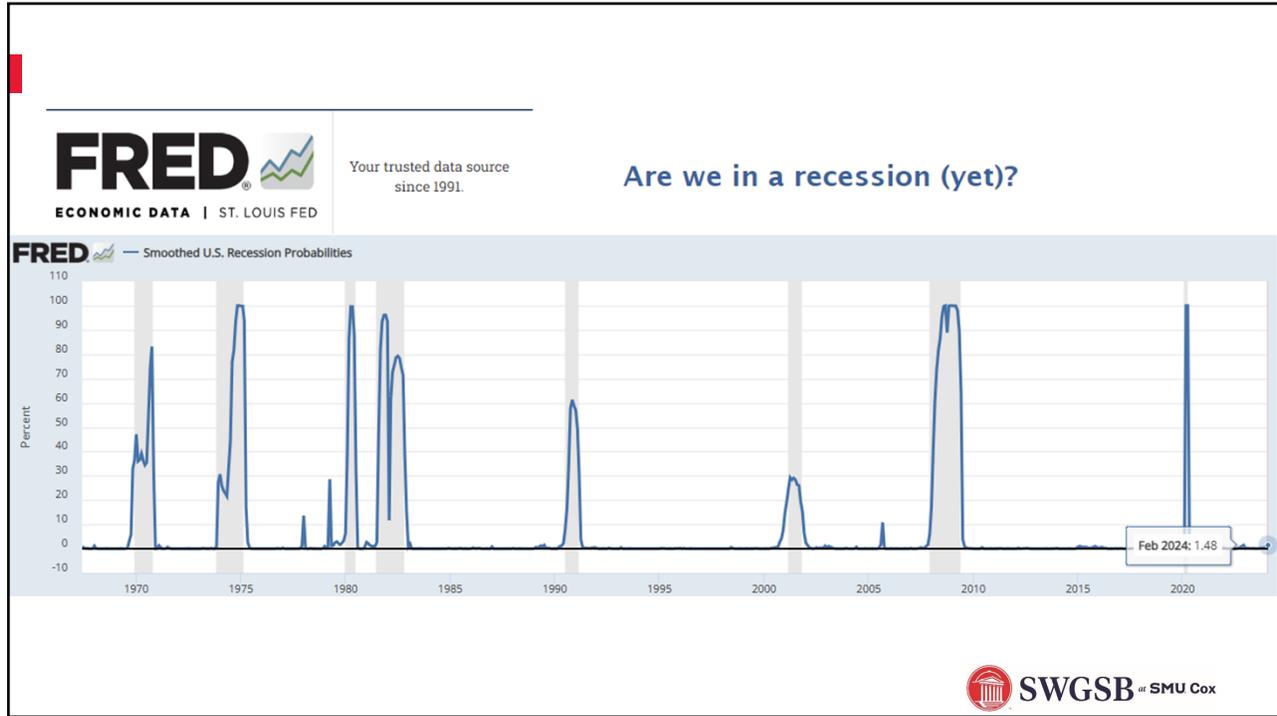
## What Is a Recession and Are We in One Now?

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





# The "Economy"

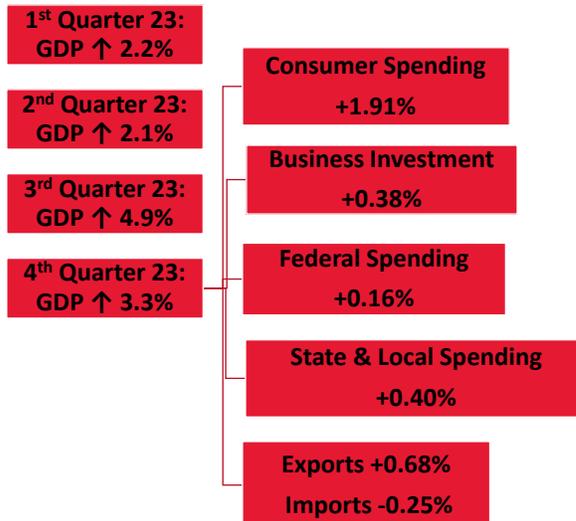
SWGSB at SMU Cox

## Gross Domestic Product

- **Personal Consumption: 67.6%**
- **Business Investment: 17.8%**
- **Government Spending: 17.4%**
- **Net Exports: -2.8%**

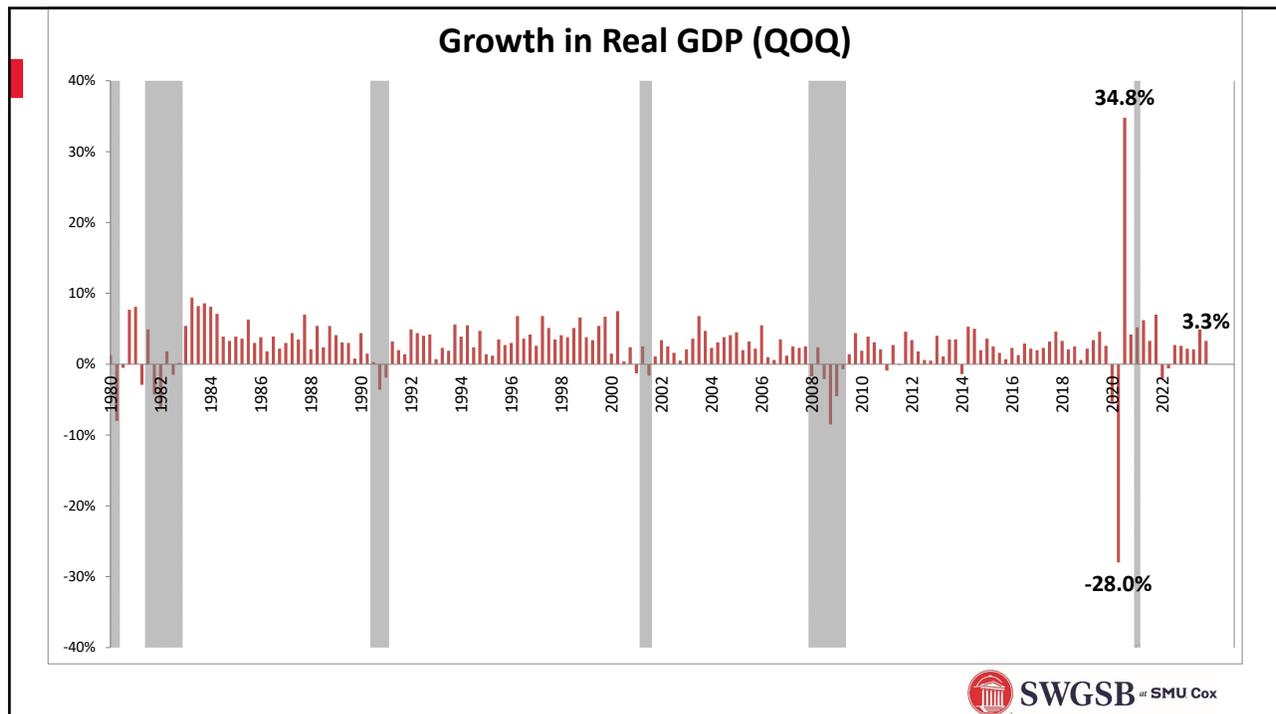


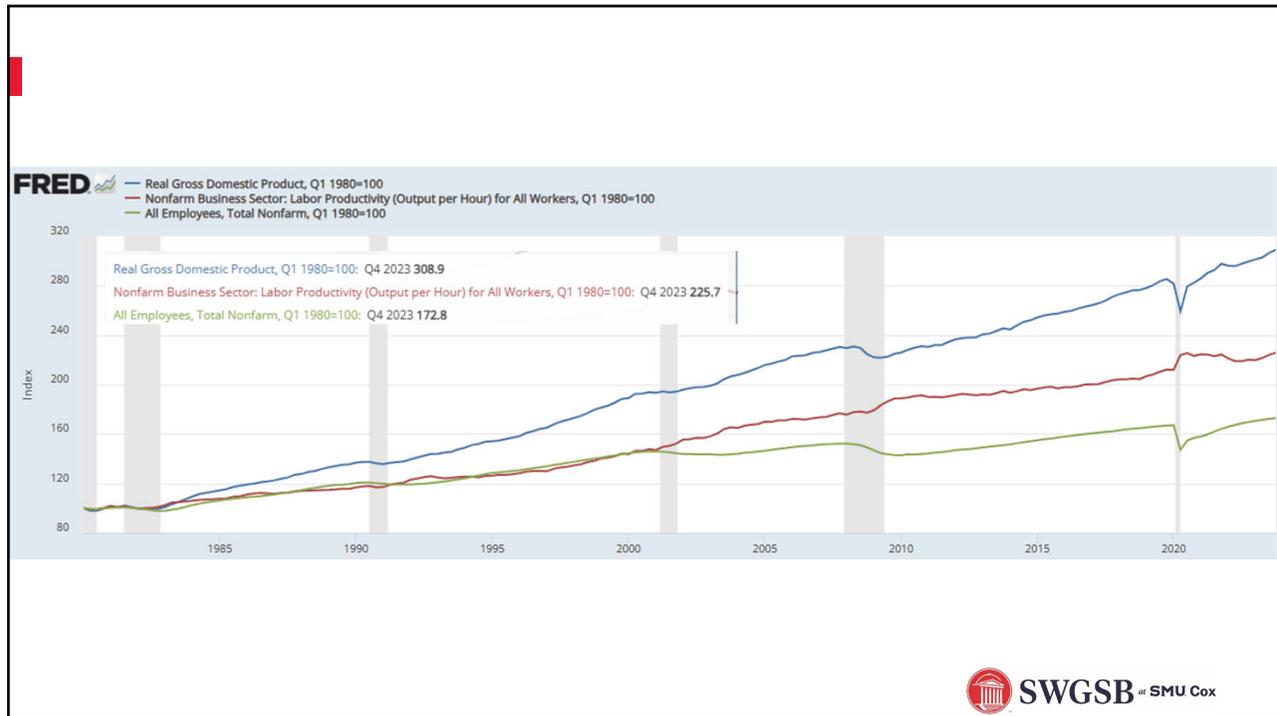
## U.S. GDP



## 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





 Federal Reserve Bank *of* Atlanta

**GDP**Now™

**Latest estimate: 2.4 percent -- April 10, 2024**



**Texas**



## Gross Domestic Product

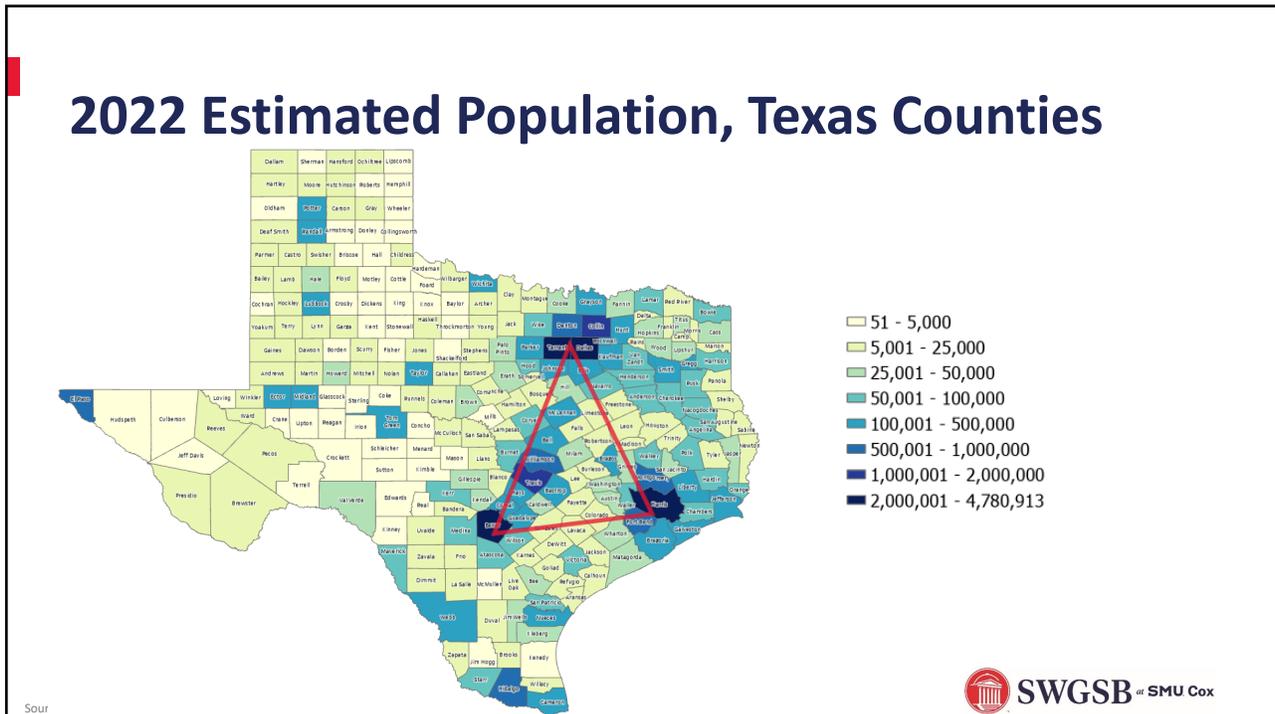
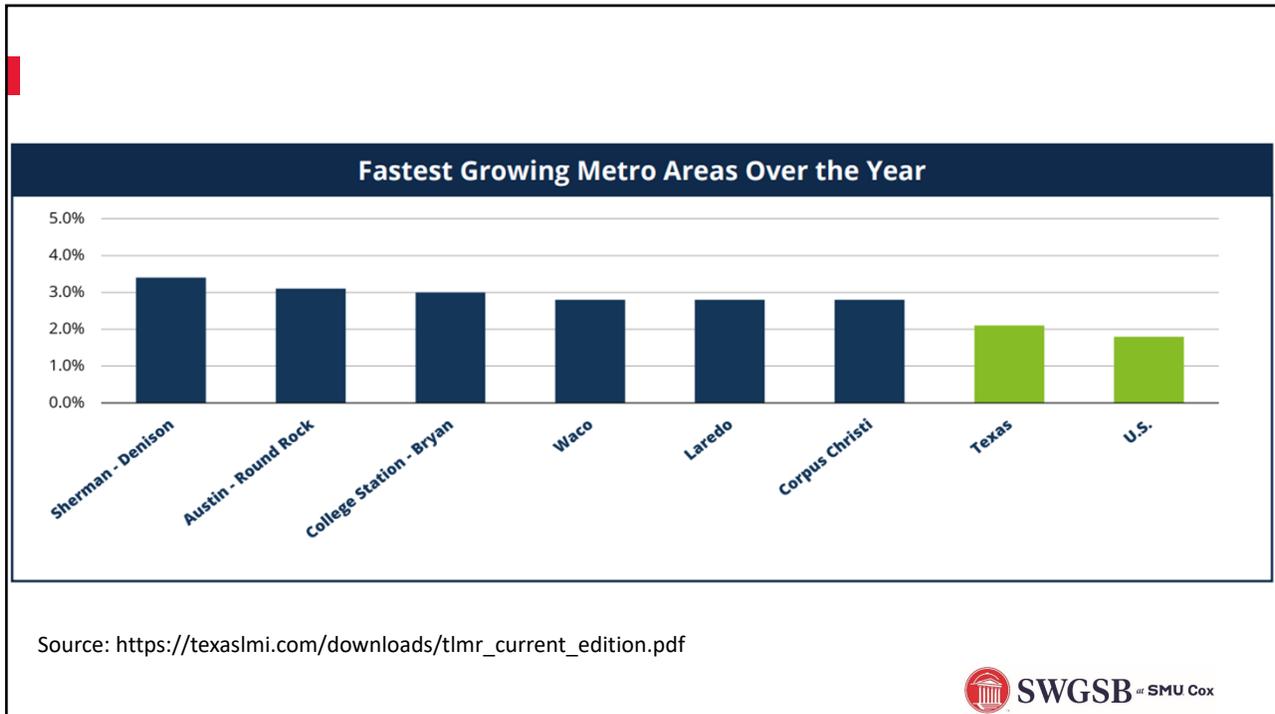
Current \$ GDP 2023: Q4		
	Millions of \$	% of U.S.
<b>United States</b>	<b>27,956,998</b>	<b>100.0%</b>
California	3,944,376	14.1%
Texas	2,636,423	9.4%
New York	2,189,391	7.8%
<b>Plains</b>	<b>1,721,872</b>	<b>6.2%</b>
Florida	1,622,626	5.8%
<b>New England</b>	<b>1,427,783</b>	<b>5.1%</b>
Illinois	1,102,071	3.9%
<b>Rocky Mountain</b>	<b>1,057,352</b>	<b>3.8%</b>
Pennsylvania	987,637	3.5%
Ohio	890,207	3.2%
Georgia	821,989	2.9%
Washington	820,074	2.9%
New Jersey	817,354	2.9%

**THE WORLD'S 8TH LARGEST ECONOMY**



Source: <https://businessintexas.com/rankings/>

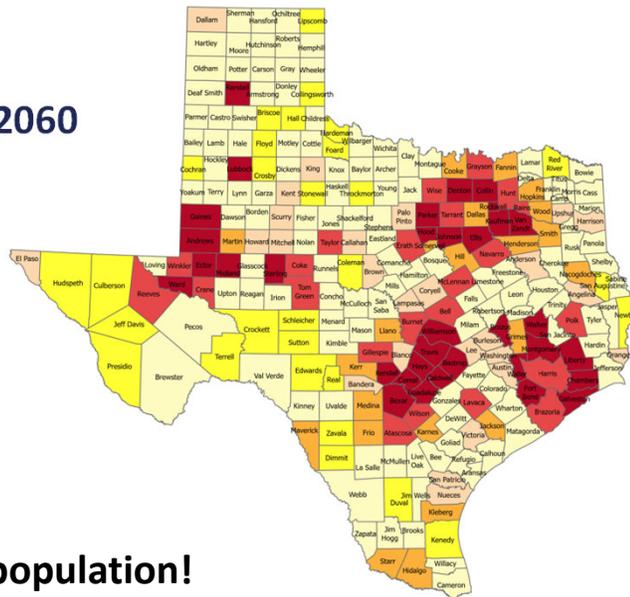




# Projected Percent Population Change, Texas Counties, 2020-2060

Projected Percent Change 2020-2060

- 78.6% - -38.4% (29)
- 38.3% - 0.0% (120)
- 0.1% - 10.0% (26)
- 10.1% - 25.0% (22)
- 25.1% - 50.0% (23)
- 50.1% - 316.1% (34)

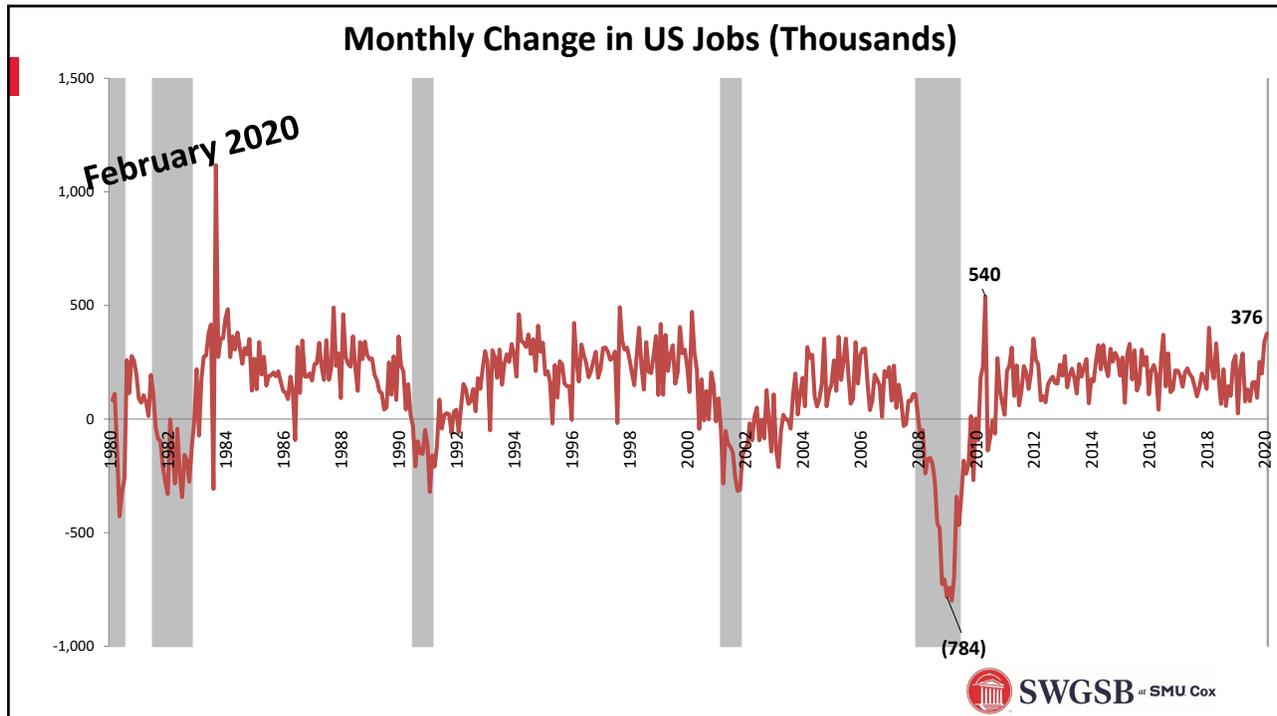
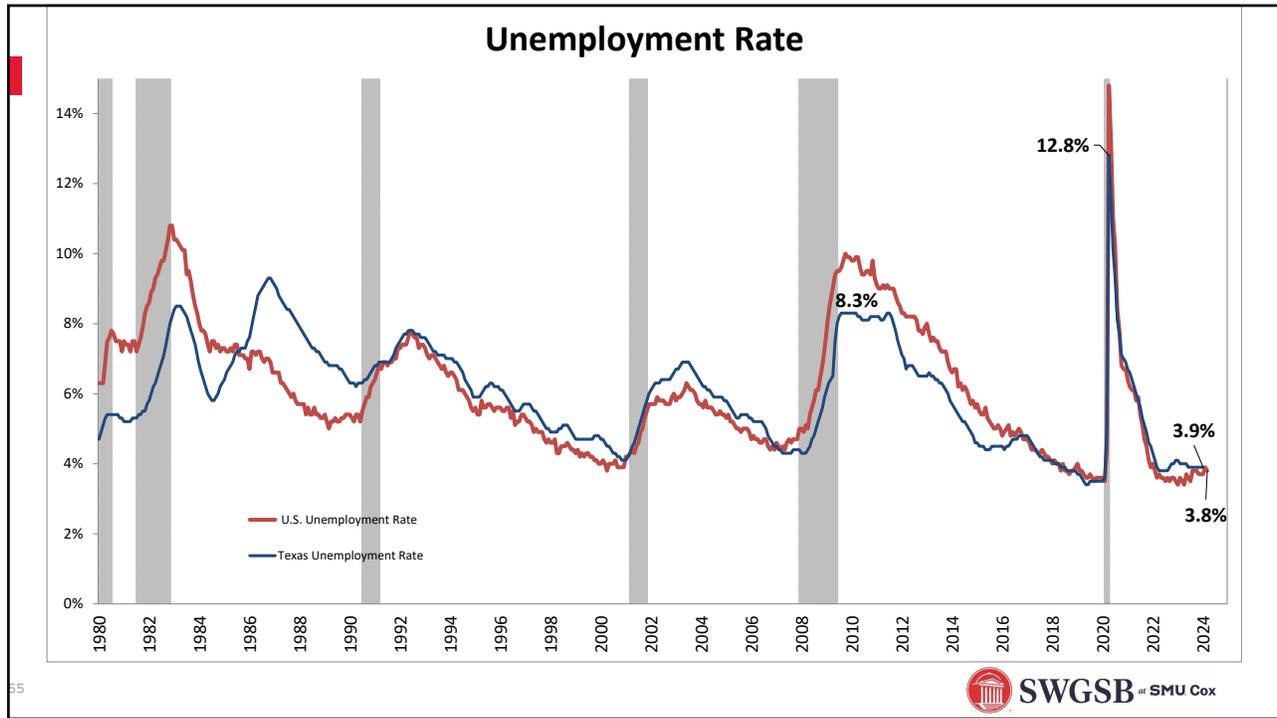


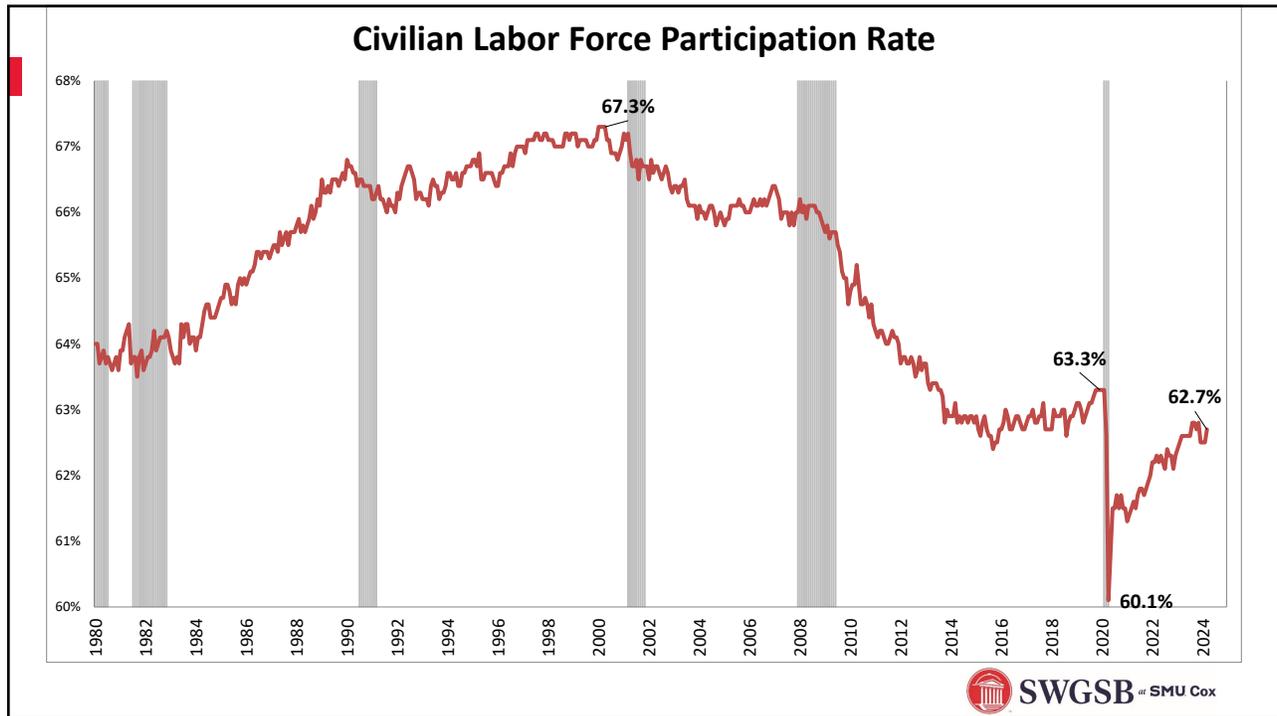
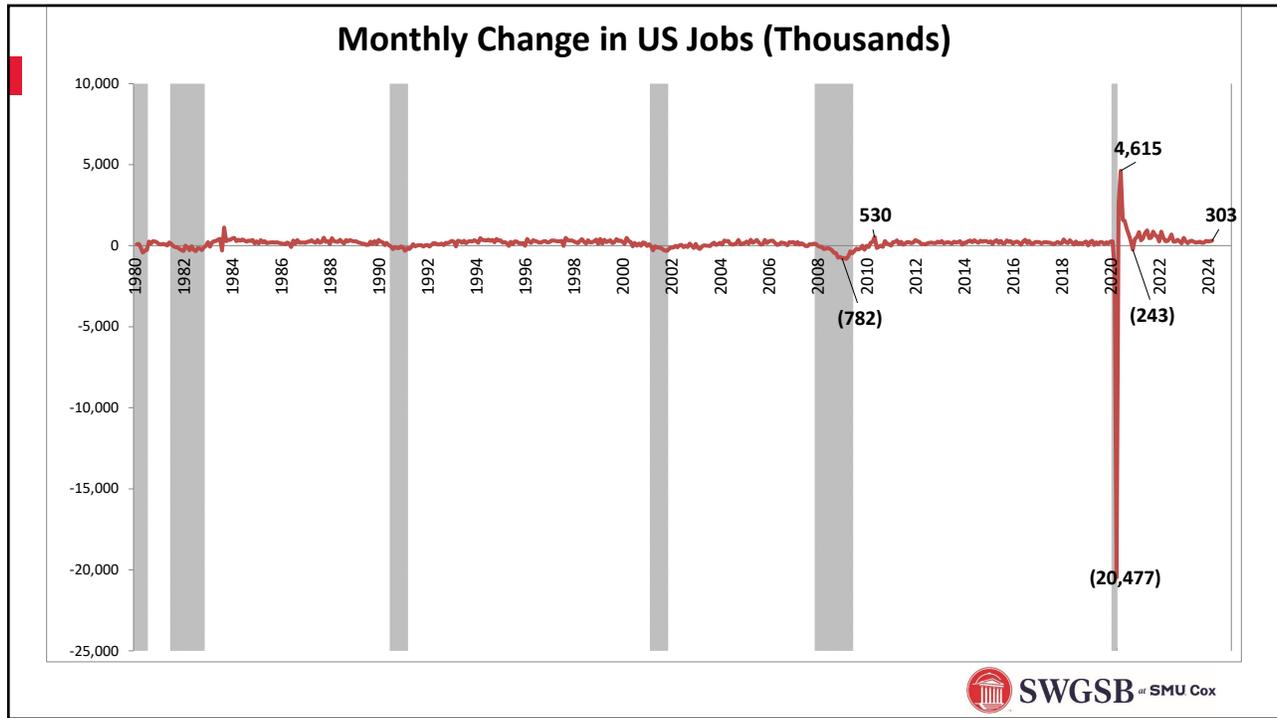
**149 counties forecast to lose population!**

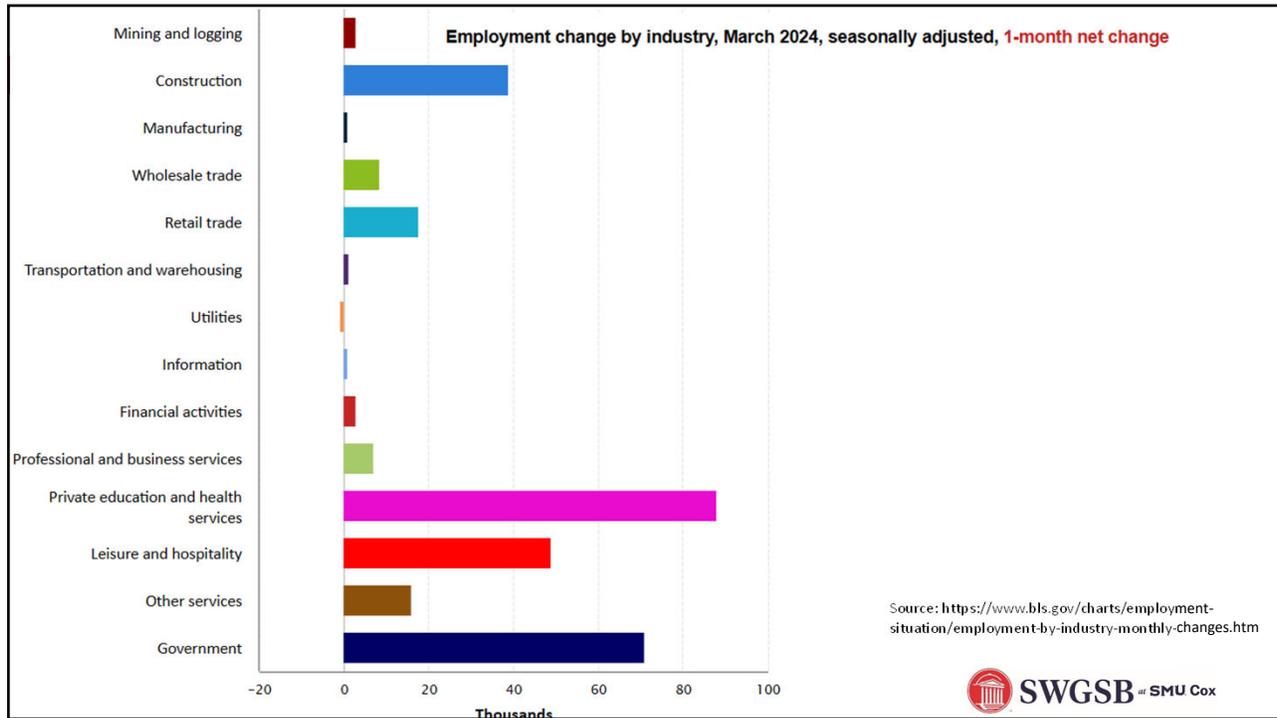


# Employment







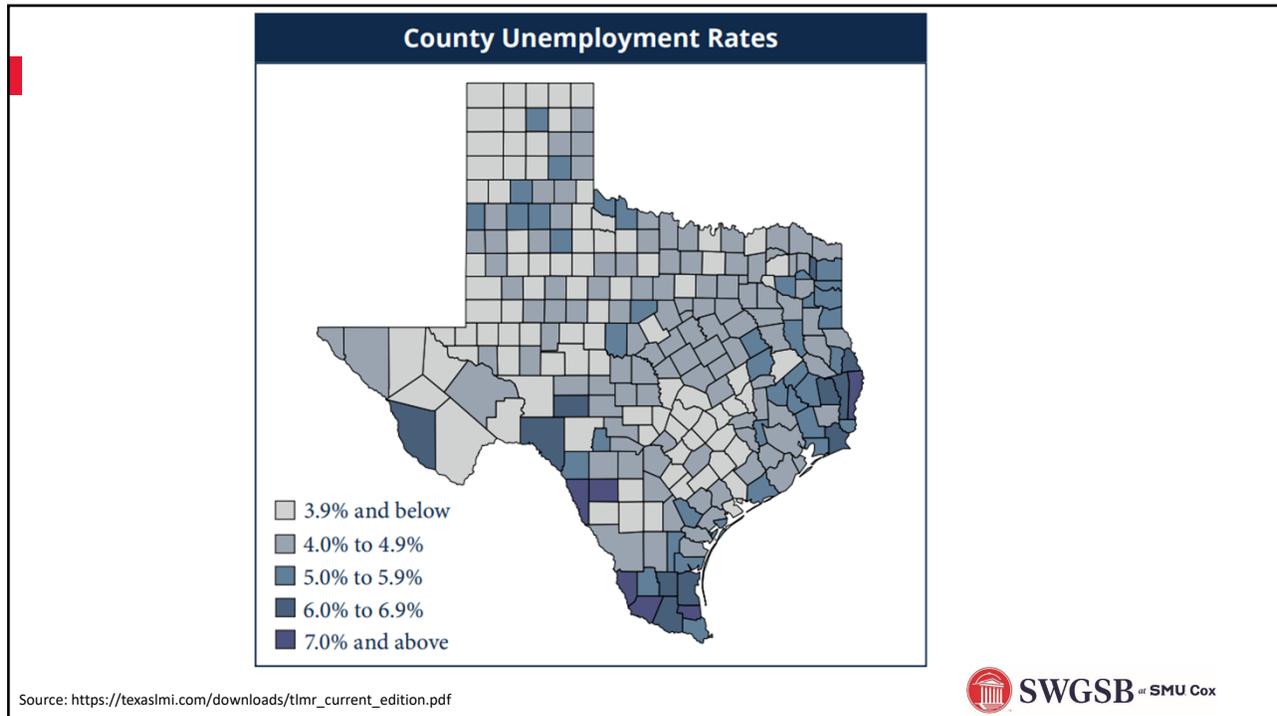


### Texas Metro Areas Ranked by Unemployment Rate

Rank	Area	Rate	Rank	Area	Rate
1	Midland	2.9	14	Texarkana	4.4
2	Amarillo	3.4	0	Texas	4.4
3	College Station-Bryan	3.5	14	Wichita Falls	4.4
4	Austin-Round Rock	3.7	16	Victoria	4.5
4	Lubbock	3.7	17	Corpus Christi	4.6
6	Odessa	3.8	17	Houston-The Woodlands-Sugar Land	4.6
7	Abilene	3.9	19	El Paso	4.8
7	San Angelo	3.9	19	Laredo	4.8
9	San Antonio-New Braunfels	4.1	21	Killeen-Temple	4.9
9	Sherman-Denison	4.1	21	Longview	4.9
9	Waco	4.1	23	Brownsville-Harlingen	5.8
12	Dallas-Fort Worth-Arlington	4.2	24	Beaumont-Port Arthur	5.9
12	Tyler	4.2	25	McAllen-Edinburg-Mission	6.2
0	United States	4.2			

Source: [https://texaslmi.com/downloads/tlmr\\_current\\_edition.pdf](https://texaslmi.com/downloads/tlmr_current_edition.pdf)

SWGSB at SMU Cox



Top Employers by Postings		Top Occupations by Postings	
Employer	Feb 2024	Occupation	Feb 2024
HCA Healthcare	3,489	Registered Nurses	24,104
Houston Methodist	3,405	Retail Salespersons	16,381
The University of Texas System	3,271	Sales Representatives (except Technical and Scientific Products)	15,515
Walmart	3,144	First-Line Supervisors of Retail Sales Workers	12,598
CHRISTUS Health	2,620	Fast Food and Counter Workers	11,272
State Of Texas	2,551	Customer Service Representatives	10,073
Baylor Scott & White Health	2,270	Maintenance and Repair Workers, General	8,202
H-E-B	2,080	Managers, All Other	8,008
Medical City Healthcare	1,899	Software Developers	7,375
Texas Health Resources	1,830	Medical and Health Services Managers	6,969

# Price Levels



# 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



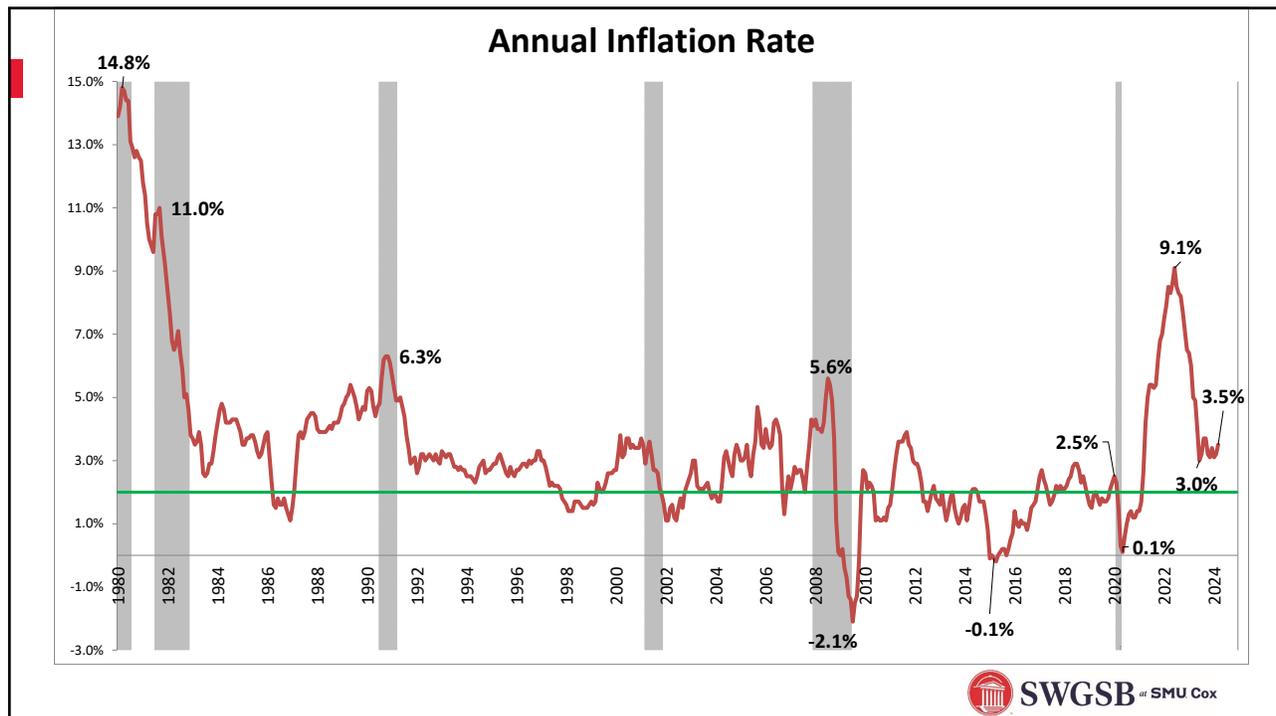
# THE WALL STREET JOURNAL.

## Hot Inflation Report Derails Case for Fed June Rate Cut

Consumer prices rose 3.5% in March and underlying price pressures remained strong

By [Sam Goldfarb](#) [Follow](#) and [Nick Timiraos](#) [Follow](#)

Updated April 10, 2024 4:27 pm ET

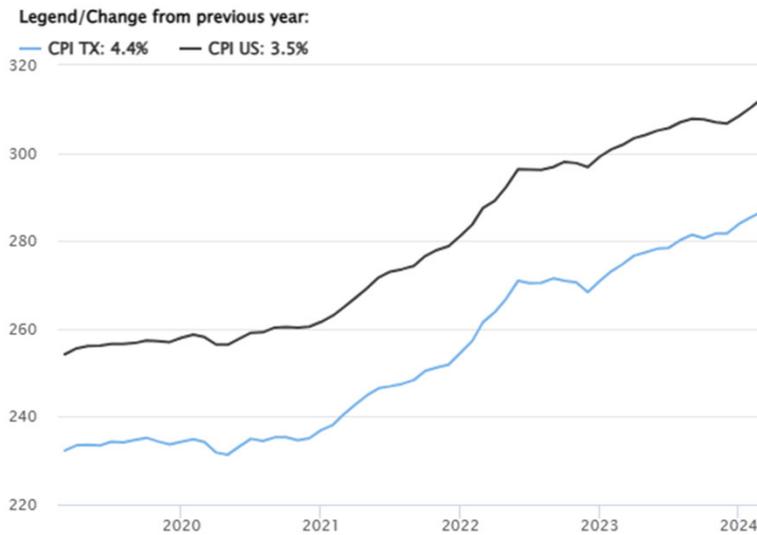




Expected Average Inflation Rate for Next 10 Years: 2.35%  
 Actual Average Inflation Rate Last 10 Years: 2.82%  
 Expected Average Inflation Rate 10 Years Ago: 2.14%



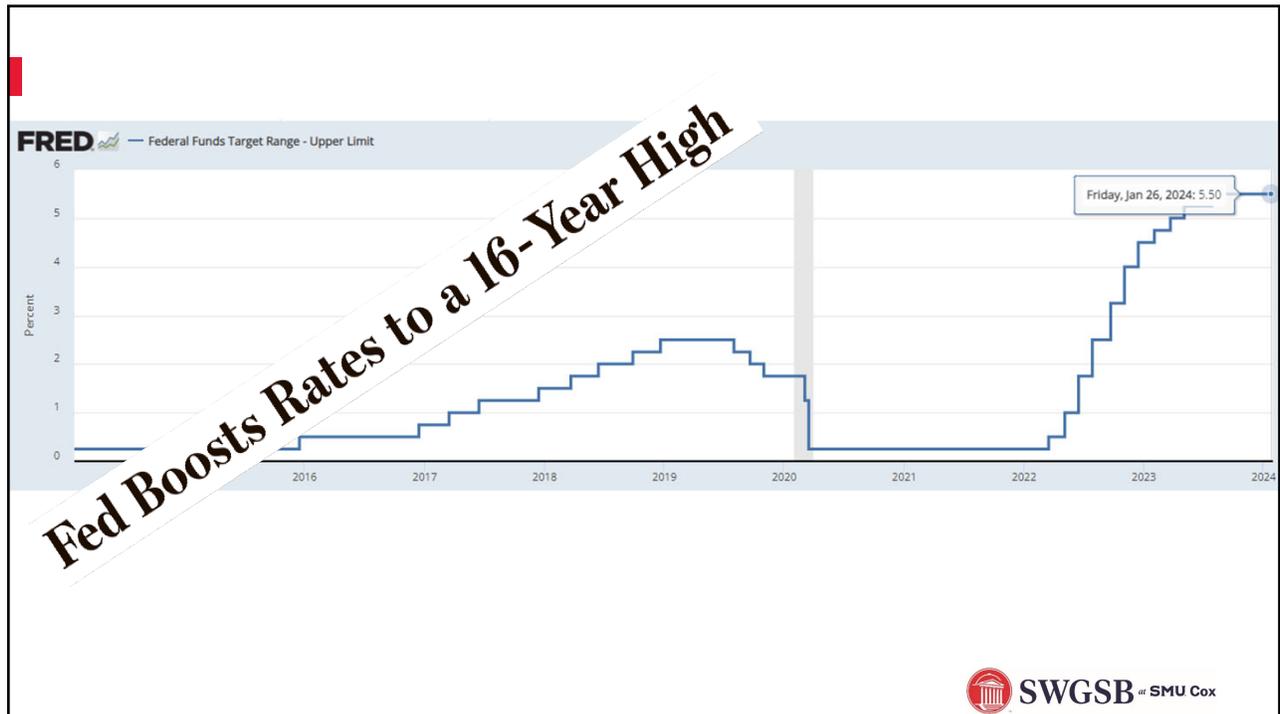
## Measures of Inflation

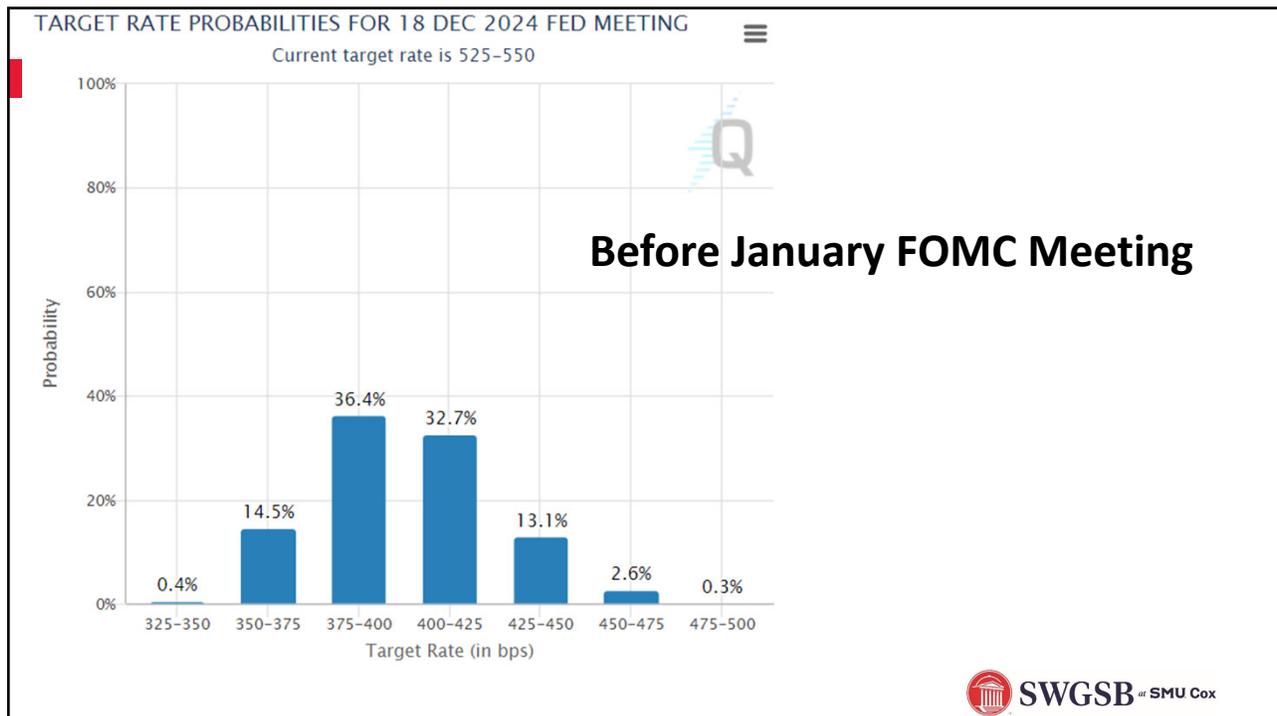
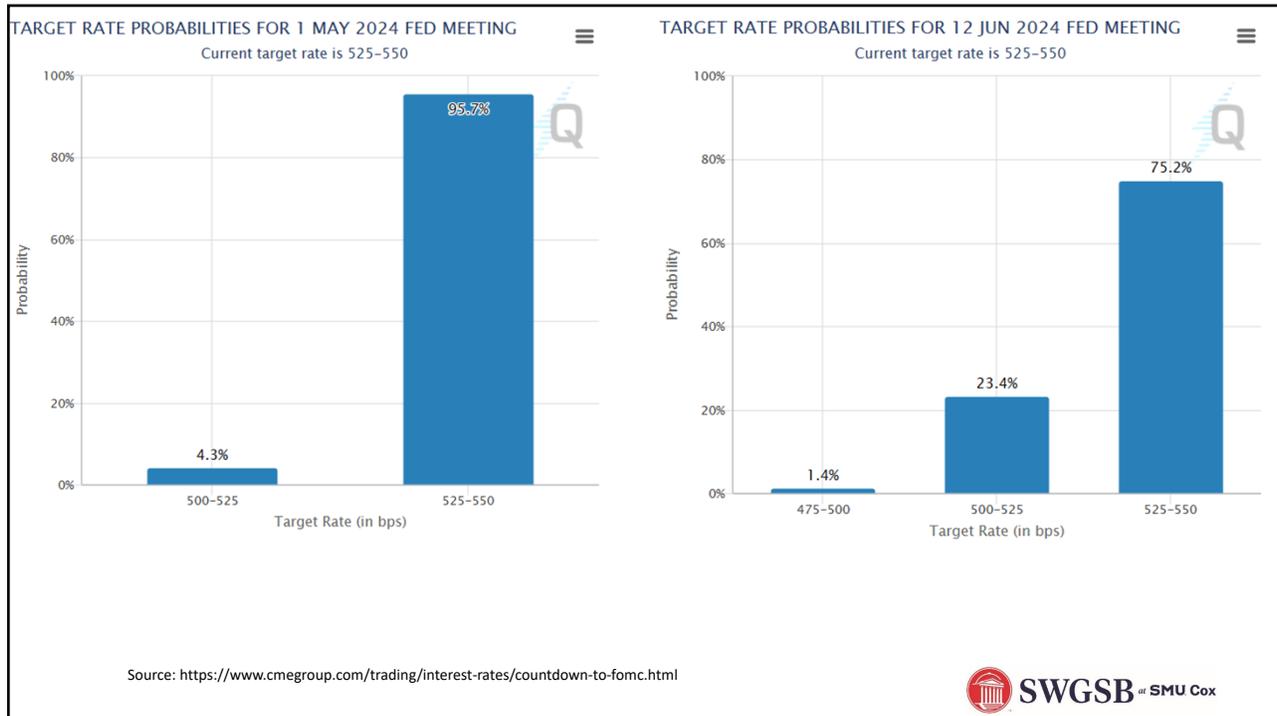


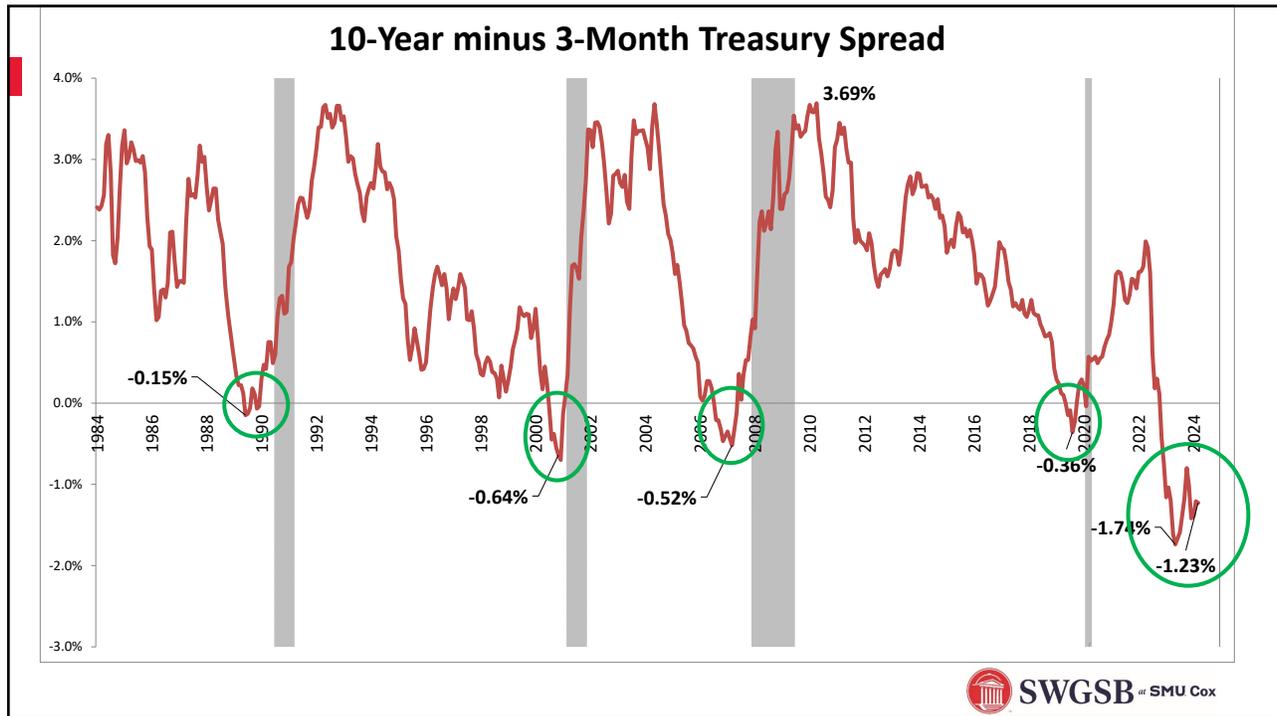
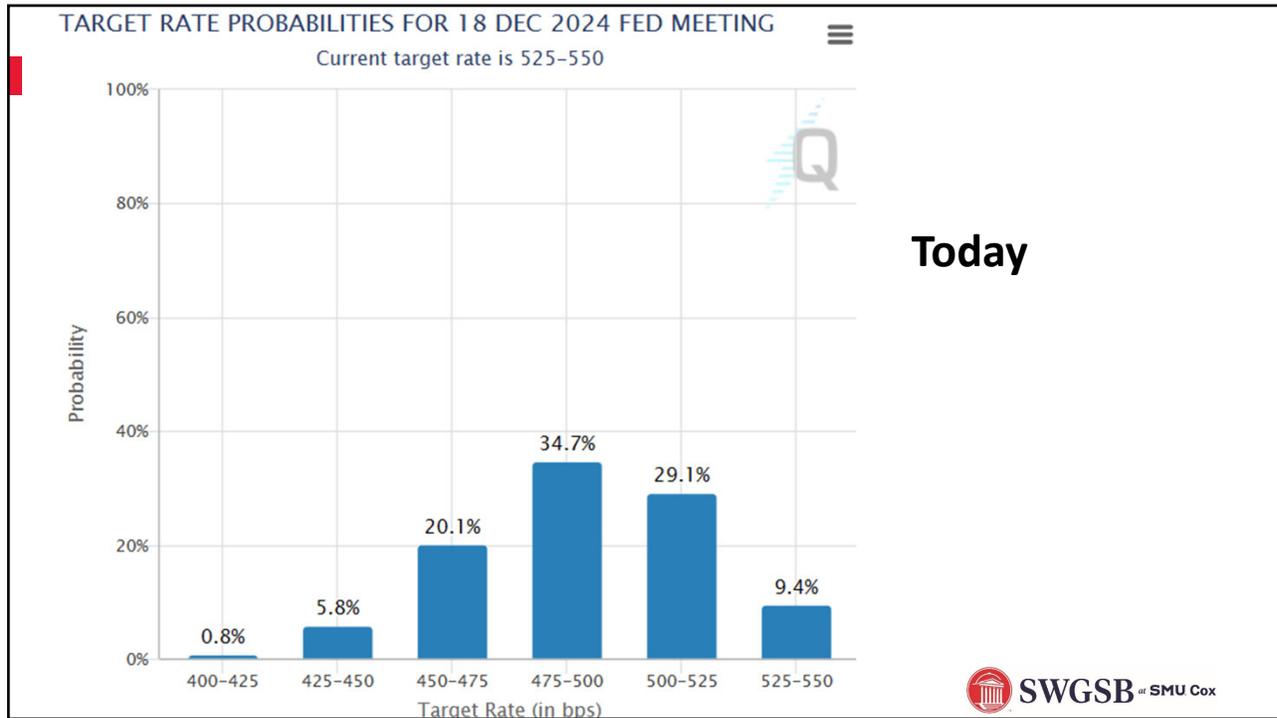
Source: <https://comptroller.texas.gov/economy/key-indicators/>

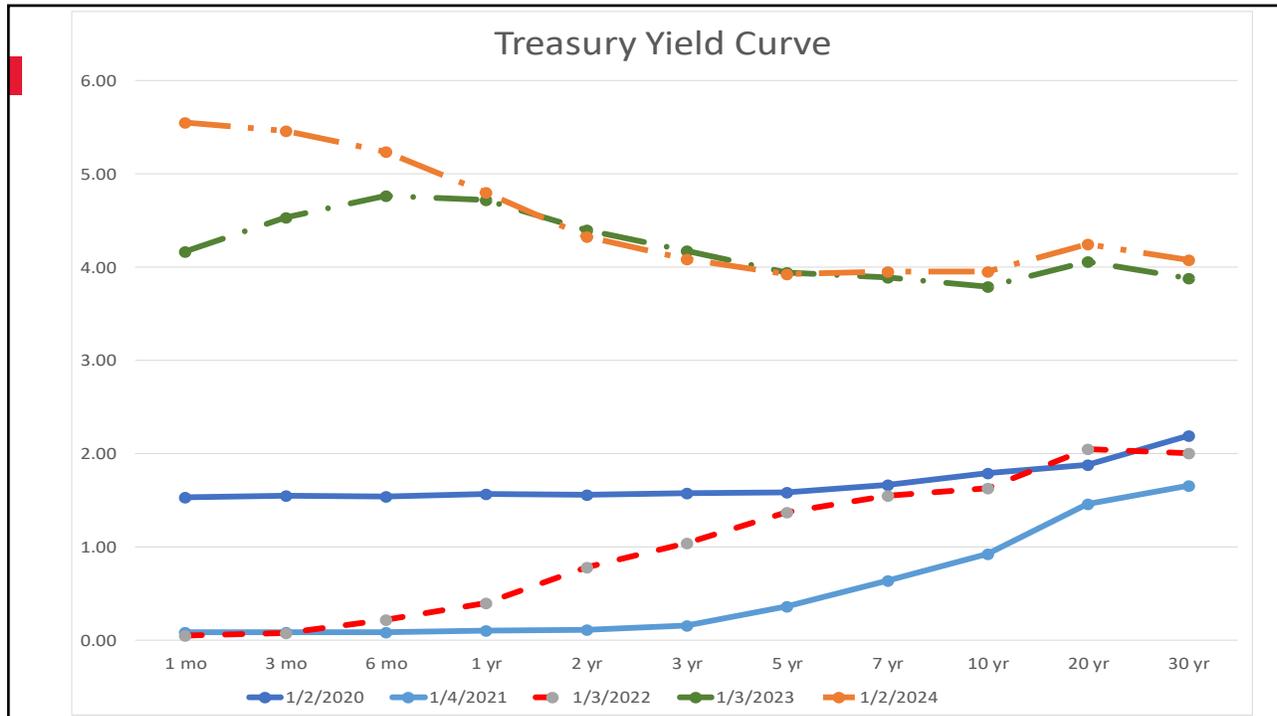


# Interest Rates









# Housing Market



The slide features a large, bold, dark blue title "Housing Market" centered on the page. In the bottom right corner, there is a logo for "SWGSB at SMU Cox", which includes a red circular emblem with a white building icon and the text "SWGSB at SMU Cox" to its right.

## TX Home Sales

Legend/Change from previous year:

Units: 2.5% Price: 2.8%



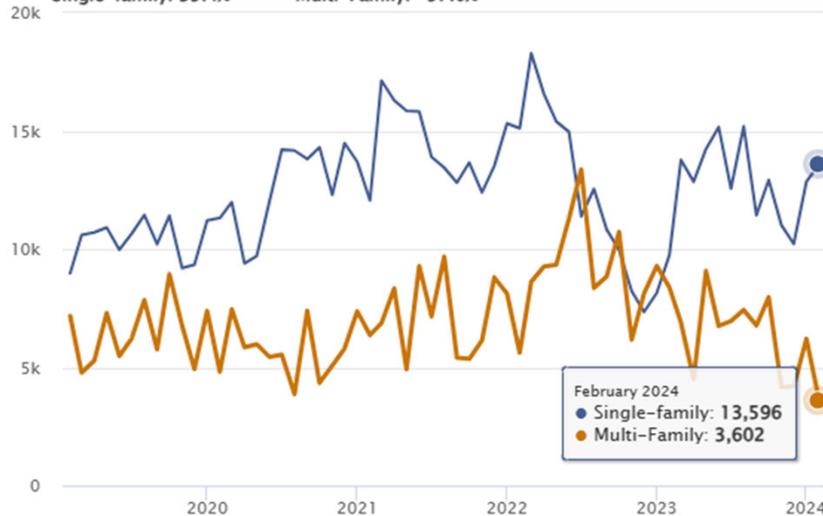
Source: <https://comptroller.texas.gov/economy/key-indicators/>



## TX Residential Building Permits

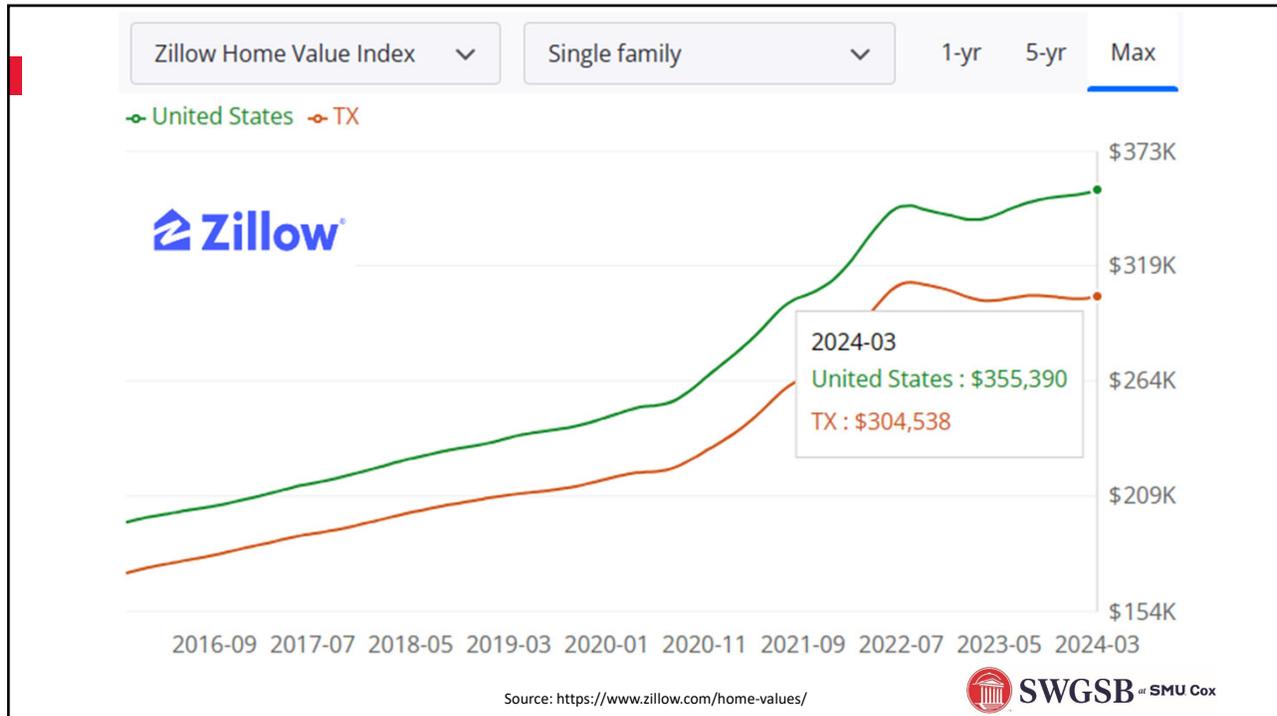
Legend/Change from previous year:

Single-family: 39.4% Multi-Family: -57.0%



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





## Impact of higher mortgage rates

- **Size of Mortgage: \$350,000**
  - **Payment on 30 Year Mortgage**
    - **Monthly P&I: \$2,300 @ 6.88% - Today**
    - **Monthly P&I: \$1,500 @ 3.13% - 3 years ago**
      - **\$800/month difference**

Rates on 3/11/2021 and 3/07/2024

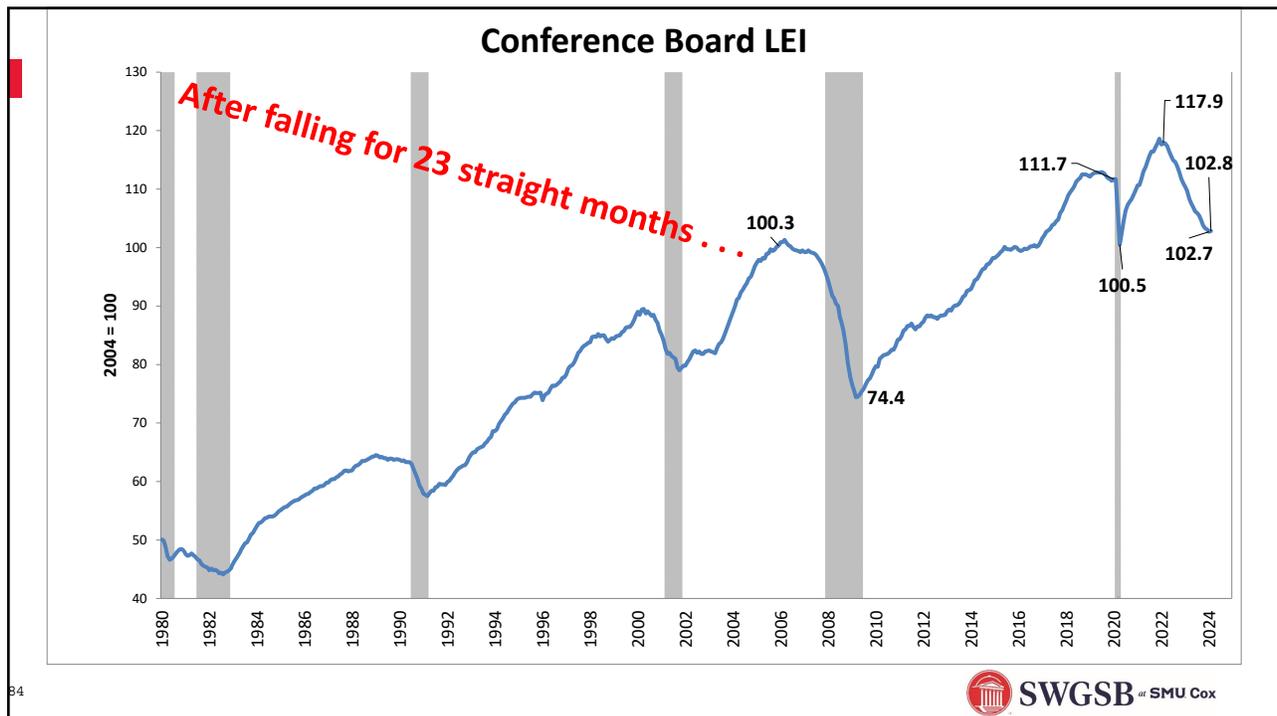


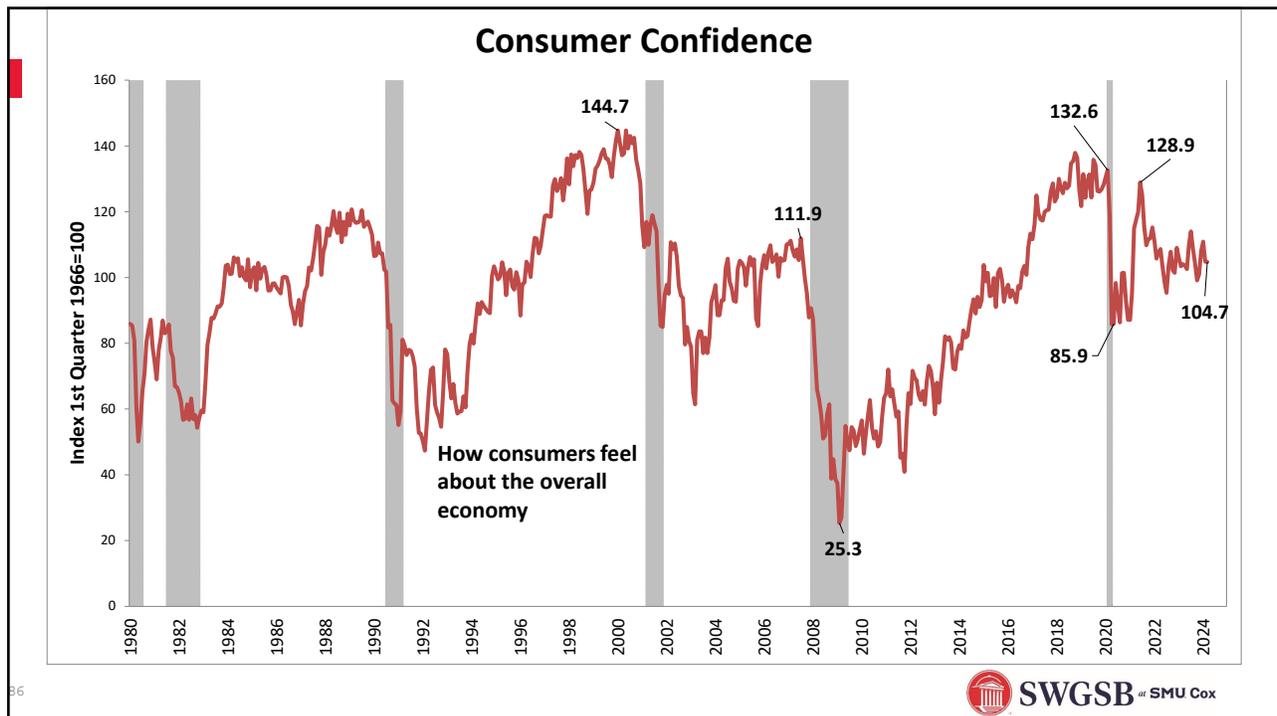
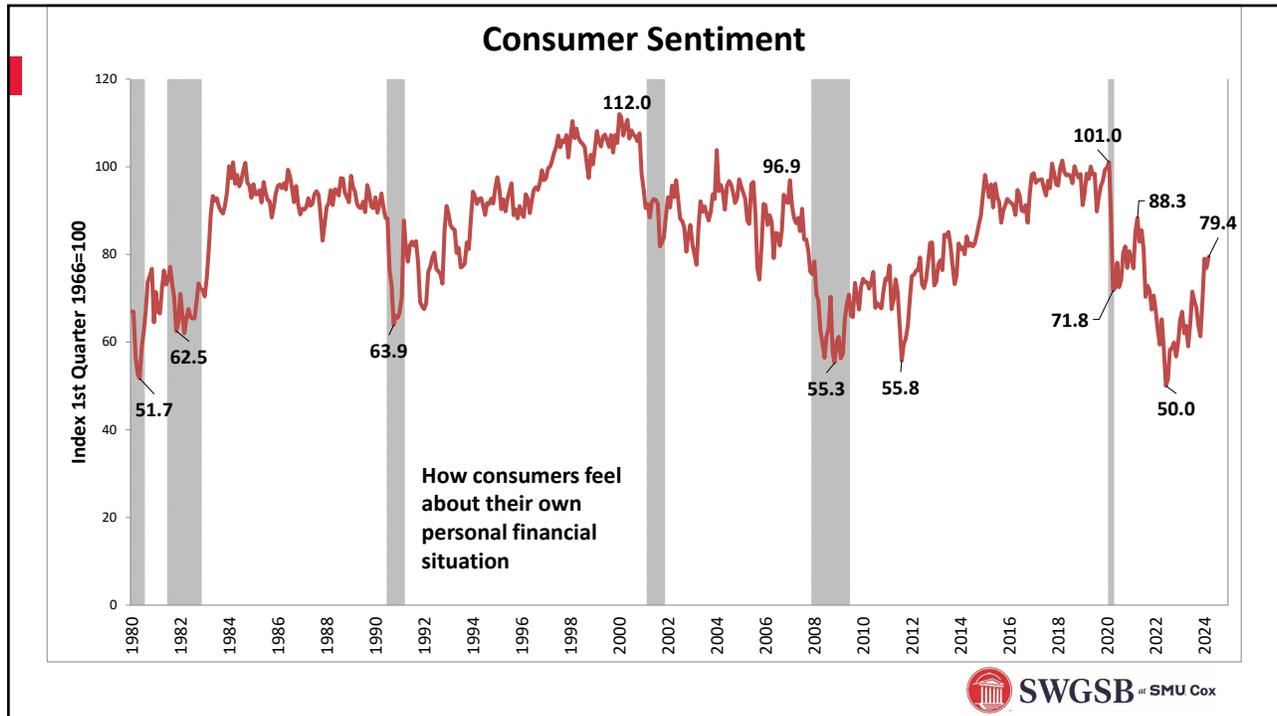
## Impact of higher mortgage rates

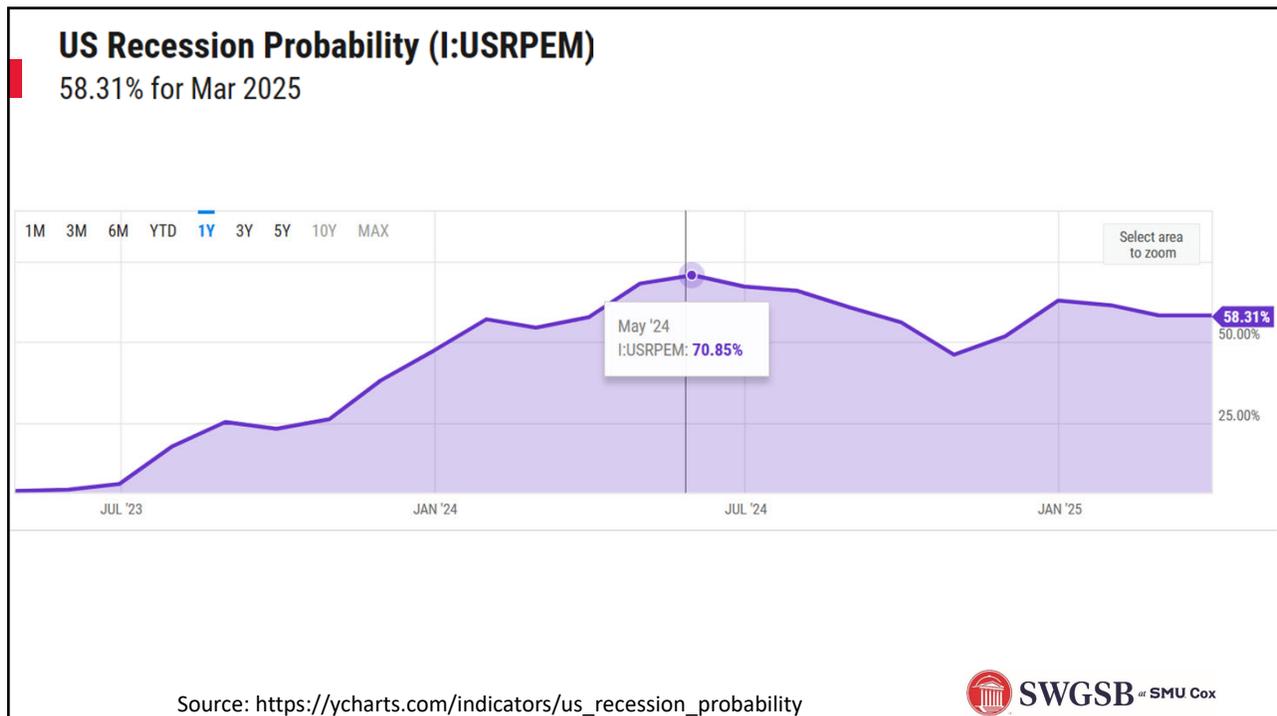
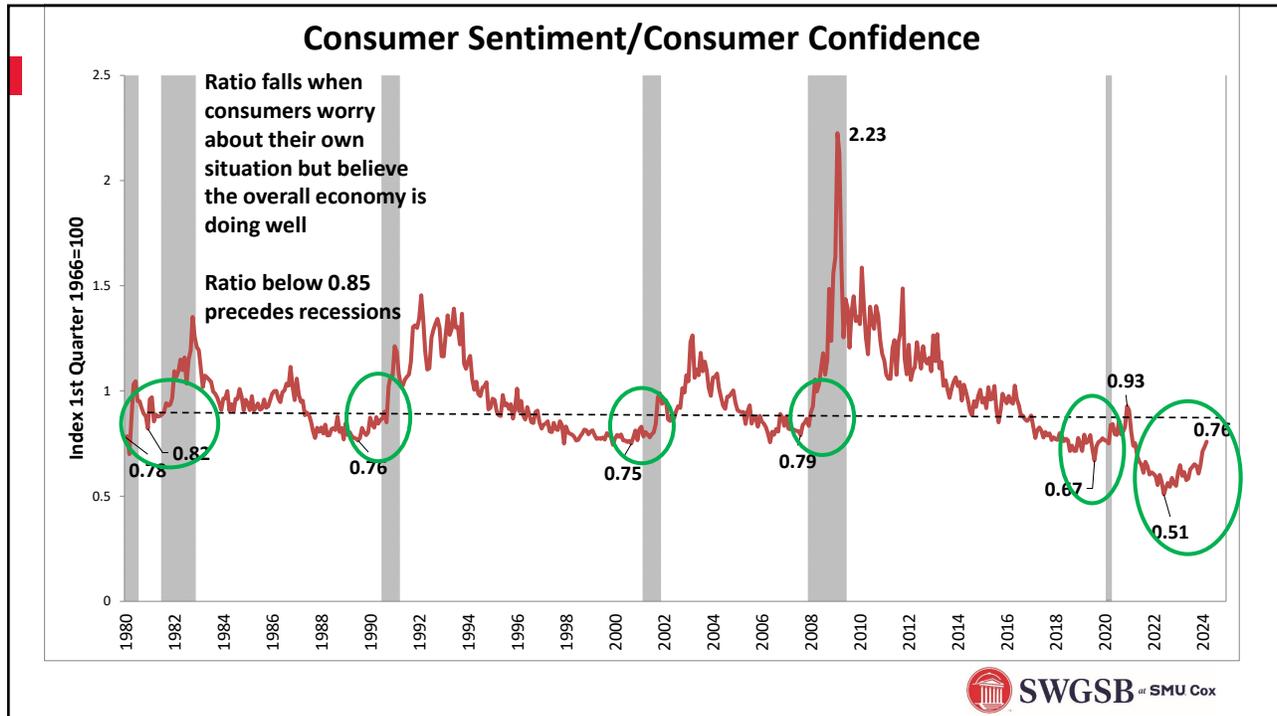
- **Maximum Monthly P&I: \$1,500**
  - **Largest 30 Year Mortgage**
    - **\$349,938 @ 3.13%**
    - **\$228,219 @ 6.88%**
      - **\$121,719 difference**



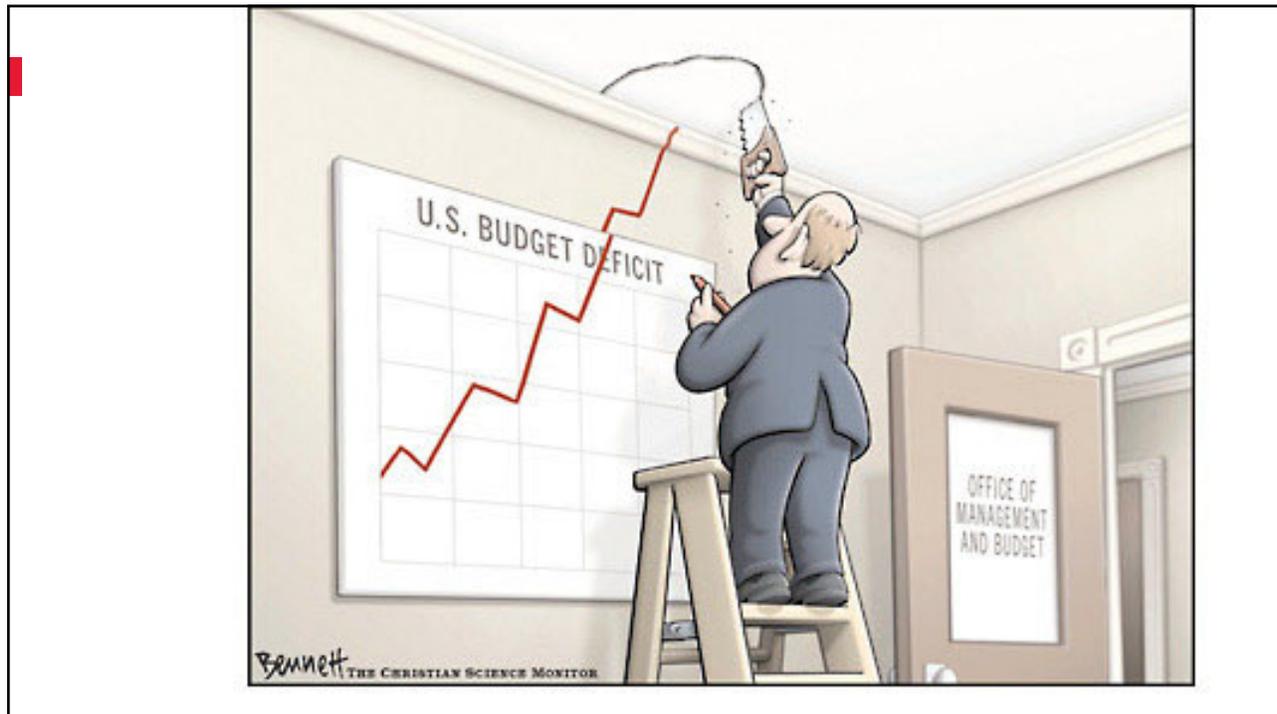
# Are we headed for a recession?







# Fiscal Policy



## From *Time* Magazine

- “Can a nation with a trillion-dollar economy be running out of money?”



## From *Time* Magazine

- “By most measures of private wealth, the U.S. is the world's richest country.”



## From *Time* Magazine

- “But in terms of its ability to pay for the public services—health care, education, welfare, ...the country seems almost to be going broke....”



## Big Numbers

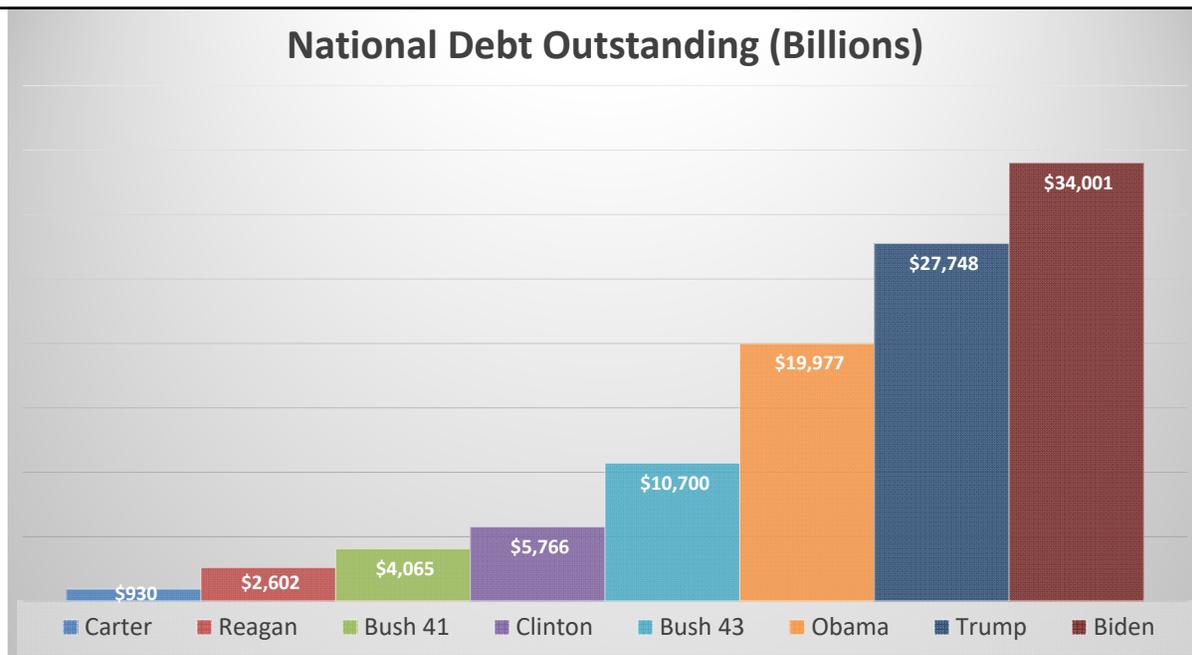
- Million
  - \$1,000,000
- Billion
  - \$1,000,000,000
- Trillion
  - \$1,000,000,000,000

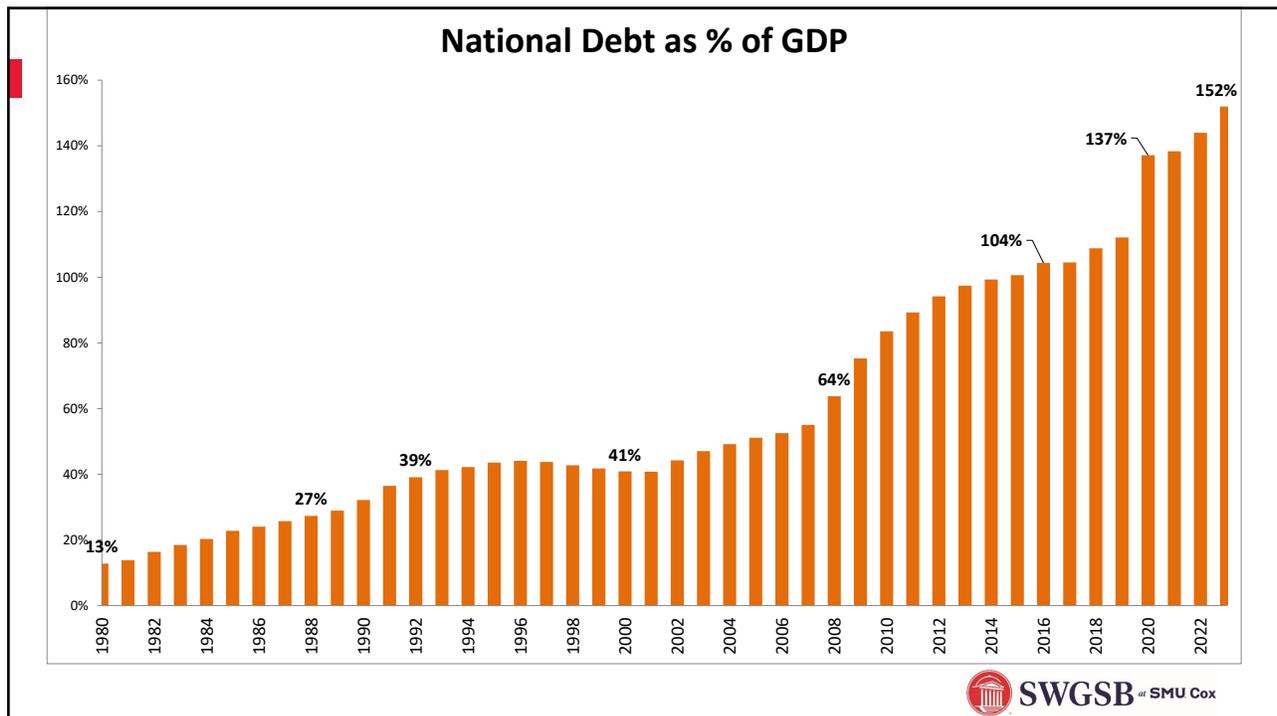
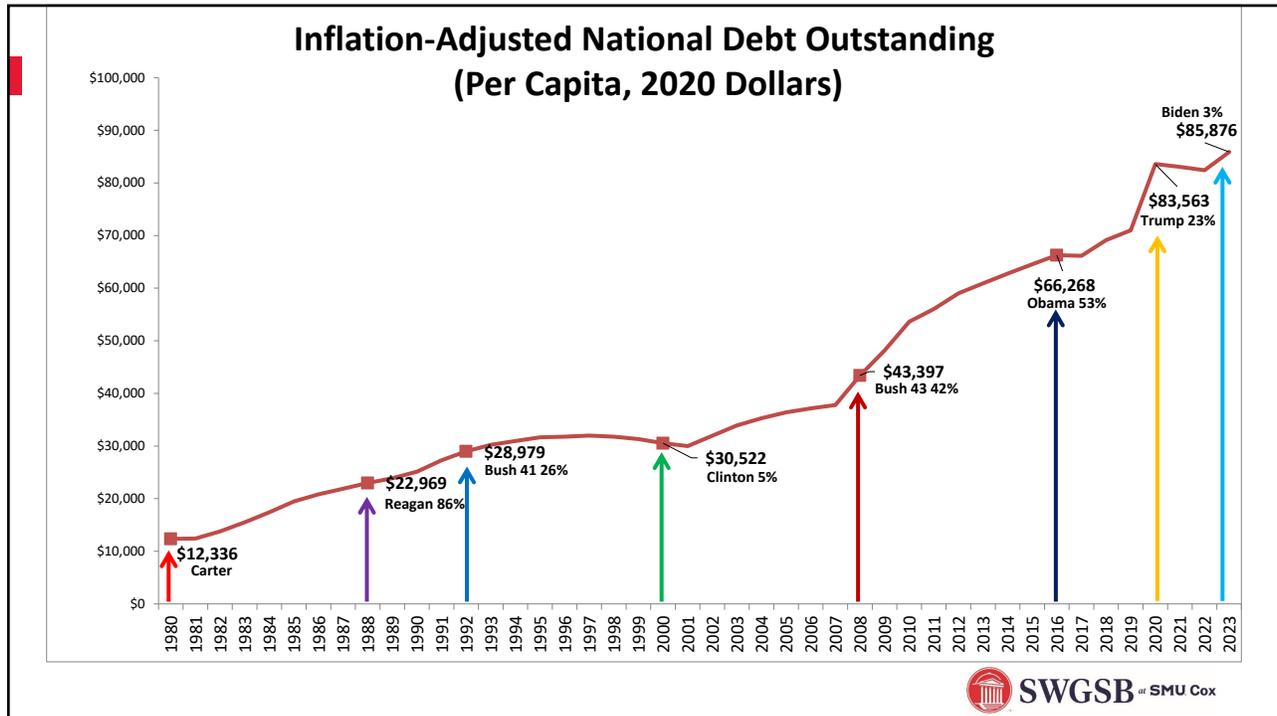


## Big Numbers

- 1 Million Seconds
- 1 Billion Seconds
- 1 Trillion Seconds

## National Debt Outstanding (Billions)





# “It’s Not Politics, It’s Math”



Table 1-1.

## CBO’s Baseline Budget Projections, by Category

	Actual, 2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total	
													2025– 2029	2025– 2034
In billions of dollars														
<b>Revenues</b>														
Individual income taxes	2,176	2,469	2,520	2,789	3,031	3,124	3,251	3,381	3,511	3,634	3,793	3,973	14,715	33,007
Payroll taxes	1,614	1,663	1,734	1,812	1,884	1,960	2,039	2,121	2,205	2,291	2,379	2,466	9,430	20,892
Corporate income taxes	420	569	494	491	484	491	501	511	519	519	533	551	2,461	5,094
Other <sup>a</sup>	229	234	247	259	283	296	355	402	421	445	464	485	1,439	3,656
<b>Total</b>	<b>4,439</b>	<b>4,935</b>	<b>4,996</b>	<b>5,351</b>	<b>5,683</b>	<b>5,870</b>	<b>6,147</b>	<b>6,414</b>	<b>6,656</b>	<b>6,890</b>	<b>7,168</b>	<b>7,474</b>	<b>28,046</b>	<b>62,649</b>
<b>Outlays</b>														
Mandatory	3,753	3,838	4,061	4,246	4,448	4,743	4,807	5,153	5,407	5,682	6,131	6,320	22,306	50,999
Discretionary	1,722	1,734	1,756	1,791	1,825	1,866	1,893	1,937	1,975	2,016	2,066	2,106	9,131	19,231
Net interest	659	870	951	1,005	1,049	1,105	1,170	1,241	1,328	1,430	1,527	1,628	5,280	12,435
<b>Total</b>	<b>6,135</b>	<b>6,442</b>	<b>6,768</b>	<b>7,042</b>	<b>7,323</b>	<b>7,715</b>	<b>7,870</b>	<b>8,331</b>	<b>8,710</b>	<b>9,128</b>	<b>9,724</b>	<b>10,054</b>	<b>36,718</b>	<b>82,665</b>
<b>Total deficit (-)<sup>c</sup></b>	<b>-1,695</b>	<b>-1,507</b>	<b>-1,772</b>	<b>-1,692</b>	<b>-1,640</b>	<b>-1,844</b>	<b>-1,723</b>	<b>-1,917</b>	<b>-2,054</b>	<b>-2,238</b>	<b>-2,556</b>	<b>-2,579</b>	<b>-8,672</b>	<b>-20,016</b>

Source: <https://www.cbo.gov/system/files/2024-02/59710-Outlook-2024.pdf>

# U.S. Budget Totals

- 2025 – 2034 Totals
  - Receipts: \$62.6 Trillion
  - Outlays: \$82.7 Trillion
  - Deficit: \$20.0 Trillion



## CBO's Baseline Budget Projections

	Actual,											
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	In Billions of Dollars											
Revenues	3,021	3,280	3,460	3,588	3,715	3,865	4,025	4,204	4,389	4,591	4,804	5,029
Outlays	3,504	3,656	3,926	4,076	4,255	4,517	4,765	5,018	5,337	5,544	5,754	6,117
Deficit	-483	-468	-467	-489	-540	-652	-739	-814	-948	-953	-951	-1,088

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## Ida Mae Fuller

- Paid \$24.75 in SS taxes between 1937 and 1939
- First check \$22.54
- Collected a total of \$22,888.92



## Social Security

- Increase Revenue
  - Increase Tax Base
  - Increase Tax Rate
  - Increase Rate of Return



## **Social Security**

- **Decrease Expenditures**
  - **Decrease Benefits**
  - **Raise Retirement Age**
  - **Means Test**



**“An economist is an expert who will know tomorrow why the things he predicted yesterday didn’t happen today.”**

- **Laurence J. Peter**



# Questions?



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