

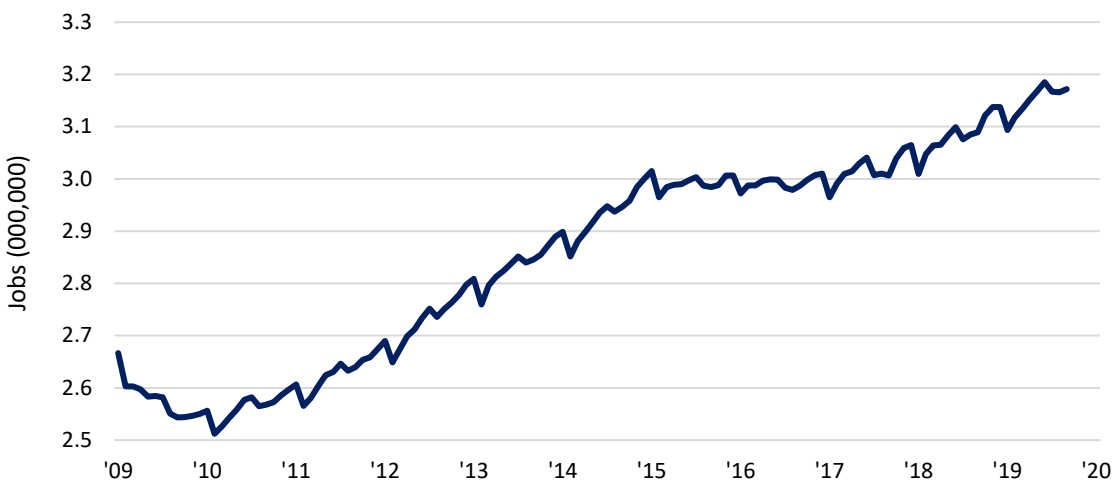
The Partnership sends updates for the most important economic indicators each month. If you would like to opt-in to receive these updates, please click [here](#).

October 18, 2019

JOB GROWTH

Metro Houston created 82,800 jobs, a 2.7 percent increase, in the 12 months ending September '19, according to data released today by the Texas Workforce Commission (TWC). Nonfarm payroll employment was 3,172,000 in September, up from 3,165,600 in August.

Metro Houston Nonfarm Employment*



Source: Texas Workforce Commission

* not seasonally adjusted

Looking at today's job numbers, the Partnership doesn't see any obvious signs the region is headed for a recession. Even allowing for the likelihood that TWC is overstating job growth by 10 to 20 percent, the jobs data suggest an economy that's still expanding, albeit at a slower pace than earlier in the year. A few items of note:

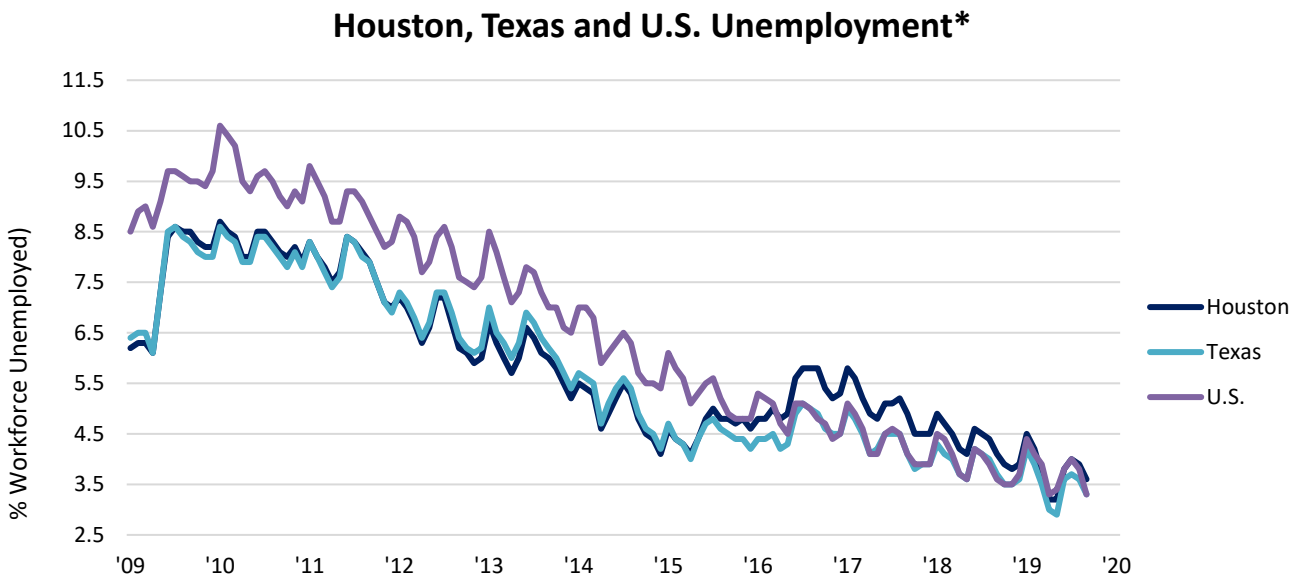
- Houston continues to show healthy year-over-year gains in professional, scientific and technical services (+20,400 jobs) and manufacturing (+10,300 jobs).
- Employment shrank in retail trade (-3,100 jobs) and employment services (-1,500) jobs. Other than hiring for the holiday shopping season, local retail employment has been flat to negative for the past two years.
- Growth in health care (+3,500) and restaurants and bars (+3,300 jobs) fell below long-term trends over the past 12 months.
- Gains in other services (+8,600 jobs) are likely overstated for two reasons. For one, the sector is dominated by barber shops, beauty salons, dry cleaners, repair services and funeral parlors, all business that tend to have few employees. Second, the reported pace of growth

is double what the sector experienced at the height of the fracking boom in '13 and '14, and overall growth is much slower now that it was then. Since '08, the sector has averaged 1,800 net new jobs each year.

- With 200 drilling rigs idled since the first of the year, crude prices flat, and global demand weakening, the energy industry is facing a new set of hurdles. Energy-related bankruptcies jumped in Q2/19. Employment plateaued in May. Anecdotal evidence suggests small-scale layoffs are underway. After modest job gains in '17 and '18, the region will likely finish the year with little or no growth in oil and gas employment.

UNEMPLOYMENT

Houston's unemployment rate was 3.6 percent in September, down from 3.9 percent in August and from 4.1 percent in September of last year. The Texas rate in September was 3.3 percent, the U.S. rate 3.3 percent. The rates are not seasonally adjusted.



Source: Texas Workforce Commission

* not seasonally adjusted

Prepared by Greater Houston Partnership Research

Patrick Jankowski, CERP
Senior Vice President, Research
713-844-3616
pjankowski@houston.org

Nadia Valliani
Manager, Research
713-844-3654
nvalliani@houston.org