

Area Job Growth Still On The Rise

Metro Houston created 22,600 jobs in April, according to the Texas Workforce Commission (TWC). The area added jobs for the seventh consecutive month in April, catching up to the state's employment growth rate as higher oil prices provide a lift to the local economy. February, March and April job growth have more than offset the 41,300 jobs lost in January. Houston always experiences significant job losses the first month of each year as employees hired for the holiday season, contracted to assist with year-end deadlines, or subject to corporate restructuring in the new year are laid off. Over the past year, the region gained more than 80,000 jobs, matching the state's job growth of about 2.7 percent and easily exceeding the national employment growth rate of 1.6 percent.

Houston lagged the state's economic and employment growth in recent years because of its greater exposure to the oil and gas industry, which suffered a two-year oil bust considered the worst in 30 years. As the industry and crude prices have recovered, so has the local economy. More than 1,000 rigs are operating in Texas and U.S. oil fields, the highest level since 2015, the Houston oil field services company Baker Hughes reported. "It does appear job growth continues to strengthen right along with the price of oil and the rig count," said Parker Harvey, principal economist with Gulf Coast Workforce Solutions, a regional workforce development agency.

Year to date, the bulk of Houston's job growth has occurred in a handful of categories: construction (6,500 jobs), employment services (e.g., contract workers 4,700 jobs), janitorial and landscaping services to buildings (3,800 jobs), health care (3,500 jobs), fabricated metal products manufacturing (3,000 jobs) and other services (3,000 jobs). Through April, oil field equipment manufacturing has added 1,600 jobs, and oil field services has added 900. TWC reports that leisure and hospitality (i.e., hotels, restaurants and bars) added 6,900 jobs in April. A typical April would see only 2,000 to 2,500 jobs added. Administrative support added 3,200. Over the past 25 years, this category has averaged 1,600 jobs in April. Engineering services has cut 400 jobs and oil and gas exploration and production has shed. A number of sectors have experienced year-to-date losses, the most significant being 12,000 jobs in retail. April's report pushed Houston's employment numbers to a new record, 3,097,500. When TWC releases data for May, the region will likely top 3.1 million.

Texas, meanwhile, added jobs for the 22nd consecutive month in April. The state's employers boosted payrolls by nearly 40,000 jobs last month, after adding more than 30,000 jobs in March, the Texas Workforce Commission reported. Over the past year, the state has gained more than 330,000 jobs.

Across the state, job gains in April were led by manufacturing which added 8,600 jobs over the month. The sector added nearly 5,000. In Texas, other sectors with strong job gains last month included professional services which added 7,500 jobs; education and health services 6,200; and leisure and hospitality 3,700. Among the sectors losing jobs were financial activities, which shed 2,500 jobs, and transportation, warehousing and utilities which lost 3,300.

Unemployment in the state rose slightly, to 4.1 percent from 4 percent in March, as more people entered the job market. The national unemployment rate fell in April to 3.9 percent. In the Houston area, the April unemployment rate was 4.2 percent, down from 4.8 percent in April 2017.

Big Oil's Rebound Energizes Houston

Houston's oil and gas industry is set to return as the driver of the Houston economy, propelled by higher prices, increased production and expanding international markets, according to a new economic forecast. After years of weighing on economic growth, the energy sector is regaining its strength, providing a lift to the region, just as the petrochemical construction boom, the Hurricane Harvey recovery and other activities that supported the local economy in the aftermath of the recent oil bust begin to fade. How far and fast Houston's economy grows in the next few years will largely depend on the price of oil, said Bill Gilmer, economist, University of Houston. Gilmer projected that if oil prices stay high, the metropolitan area will add as many as 55,000 jobs this year, down slightly from 63,000 gained in 2017, when billions of dollars in insurance payments and federal aid poured into the region to rebuild from Hurricane Harvey. Without that one-time boost, the region likely would have gained only fewer than half those jobs last year. Things are looking up for the oil and gas industry, which is again adding jobs, albeit slowly. U.S. crude prices have recently risen above \$70 a barrel and production has hit a record high, now approaching 11 million barrels a day. Crude exports have also hit record levels of about 2 million barrels a day – with much of the oil coming from Texas shale fields and shipping through Gulf Coast ports. A strong national economy boosts local companies, such as Waste Management and Sysco, that sell goods that come into the Port Of Houston. "The U.S. economy held us up during the downturn", said Ross Harvison, who surveys companies on behalf of the Institute for Supply Management-Houston, and is now helping to continue the expansion that began when oil prices started to recover.

U.S. Has More Open Jobs Than Unemployed Workers

The labor market has hit a tipping point that should help boost wages. There are more job openings in the U.S. than unemployed workers to fill them. It's the first time that's happened since the government began tracking job openings in 2000. Job openings hit a record of 6.7 million in April, the Labor Department reported. That was an increase from an upwardly revised 6.63 million in March. The revised data show that job openings outstripped total unemployed workers in March and the trend continued in April. There were 6.59 million unemployed workers in March and even fewer, 6.35 million in April, according to the Labor Department's monthly report on job openings and labor turnover. The biggest increases in job openings in April were in manufacturing of long-lasting durable goods, such as airplanes and machinery, as well as the information sector. Early in the recovery from the Great Recession in 2009, there were more than six unemployed workers for every job opening. That ratio has been narrowing ever since. In April, there was just 0.95 unemployed worker for every opening. The Labor Department classifies people as unemployed if they do not have a job, are available to work and have actively looked for a job in the previous four weeks. The total U.S. labor force of employed and unemployed workers was 161.5 million in April. But there were about 96 million adults over the age of 16 who were not in the labor force. Many of those are retirees or students. But some could be lured back into the workforce as job prospects and wages rise.

Sources: Greater Houston Partnership; Houston Chronicle; Houston Business Journal