

Area Job Pace Stays Strong

Despite signals earlier this year that Houston's robust job growth was slowing, the local economy doesn't appear to be taking much of a breather. It appears, at least for the moment, that the strong job pace might well be the story during the next 12 months. Houston-area employers added 97,700 jobs to their payroll during the past 12 months, the Texas Workforce Commission reported. That represents a 3.6 percent increase between July 2012 and July 2013.

By comparison, employment in Dallas-Fort Worth-Arlington grew by 3.7 percent, Austin-Round Rock-San Marcos by 3.5 percent, San Antonio-New Braunfels by 1.4 percent, and El Paso by 0.9 percent. Midland led the state with 6.2 percent annual growth, followed closely by Odessa with 5.2 percent. The state as a whole grew 2.8 percent.

Since the bottom of the recession, the Houston metro area has grown by 309,100 jobs, or 201.9 percent of the 153,100 jobs lost during the recession. No other major U.S. metro has exceeded its previous employment peak by a larger proportion. Only the New York metro area, with three times Houston's population, has added a greater number of jobs since the recession's end.

Oil & gas exploration and production added 5,700 jobs during the past 12 months, a 5.5 percent year-over-year gain. Smith believes energy employment could increase to 6.5 percent over the next 12 months and a modest rebound for Houston. Overall, Smith predicted the Houston area is on track to add 3.5 to 4 percent more jobs during the next 12 months. That represents about 100,000 new jobs for the Houston area, considerably more than he was expecting even six months ago.

Job growth is strong across a wide swath of the local economy and finance is one of the bright spots. The growth in population has spurred demand for mortgages and banking services. The recovery of the once-troubled sector isn't confined to Houston. Statewide, financial services was the top job creator last month. The sector added 9,000 jobs in Texas during July, the largest monthly increase since 1998. It was the sixth monthly gain during the past seven months.

Houston Unemployment Remains Below State & National Levels

Unemployment in Houston remains below the state and national levels. Houston's July unemployment rate was 6.5 percent, down from 6.7 percent in June and 7.3 percent in July '12. Texas' unemployment rate was 6.7 percent in July, down from 6.9 percent in June and 7.4 percent in July '12. The U.S. rate was 7.7 percent in July, down from 7.8 percent in June and 8.6 percent in July '12. The rates are not seasonally adjusted.

Exports and Jobs

The U.S. International Trade Administration (ITA) offers a rule of thumb for exports and job creation. Every billion dollars in U.S. exports supports approximately 4,900 jobs. ITA breaks down the rule a bit—exporting one billion dollars in goods and commodities supports 5,300 jobs, one billion in service exports sustains 4,000 jobs. The rule suggests a simple prescription for the nation’s unemployment woes. Foster an environment where trade flourishes, grow exports by \$760 billion, create 3.7 million jobs, and the nation’s unemployment rate will drop to 5.0 percent, the level of December ’07, the month prior to the Great Recession. Admittedly, that’s a simplistic approach, but it illustrates the importance of exports to the nation’s economic health. It also reaffirms what Houstonians have known for some time: global connections support a healthy economy.

Oil Boom Likely has Staying Power

The bonanza of energy loosed by advances in U.S. oil and gas technology appears poised to boost the industry and broader economy for years to come – a likelihood underscored by statistics in two separate consultants’ reports. McKinsey & Co. is estimating that the shale industry will generate \$700 billion for the U.S. economy by 2020 as it transforms related industries, such as manufacturing, trade and infrastructure demands. Separately, Wood Mackenzie projects that production in South Texas’ Eagle Ford Shale alone will jump 50 percent this year to 844,000 barrels per day, part of a rapid growth in shale and tight rock production that portends a healthy future for the industry. Producers have honed tools including horizontal drilling and hydraulic fracturing – pumping liquids and sand into formations under pressure – to unlock oil & gas once deemed inaccessible or too costly to produce. McKinsey estimates that the shale industry could add 2 to 4 percent to the gross domestic product by 2020, as well as 1.7 million permanent jobs. Investment in shale energy is expected to stimulate \$1.4 trillion in infrastructure investments, generating 1.6 million temporary jobs during the construction phase. Some of that investment could continue to lend a big hand to the Houston economy. Wood Mackenzie projects rapid growth in the U.S. energy business, led by tight oil, including oil from the Eagle Ford and other shale rock formations. And despite recent low prices, Wood Mackenzie sees a promising future for U.S. natural gas.

Economic Growth Held Steady Across U.S.

Economic growth held steady across the United States from July through late August, as Americans bought more cars and homes and auto factories added workers. A Federal Reserve survey released Wednesday, September 4, 2013, showed that all 12 of the Fed’s regional banking districts reported modest to moderate growth. That’s roughly in line with the Fed’s previous survey of those districts from late May through early July. The survey, known as the beige book, said that job growth was steady and that hiring in manufacturing improved modestly, especially at auto and auto-part factories.

The number of payroll jobs added in August nationwide was just shy of the average pace of hiring over the past year. The number of Americans seeking unemployment benefits fell the first week of August to a seasonally adjusted 320,000, the fewest since October 2007. The unemployment rate edged down to 7.3 from 7.4 percent. Unemployment, however, fell for the “wrong reasons” since people dropped out of the labor force and so were no longer counted as unemployed, and not because more unemployed people found jobs. The hiring over the summer months was largely driven by low-wage sectors like retail, food services & healthcare. Companies are laying off fewer workers, a trend that lowered applications for unemployment benefits 14 percent this year. But hiring is still sluggish, resulting in only modest new job growth. Employers hired an average 4.3 million people a month this year through June, well below the 2006 monthly average of 5.3 million.

Most Profitable Degrees Aren't Always Most Popular

5 Most Profitable Bachelor's Degrees in Texas

Based on starting annual salaries for graduates in 2011

1. Petroleum Engineering, 315 graduates, \$84,298
2. Marine Transportation, 36 graduates, \$70,454
3. Insurance, 28 graduates, \$67,407
4. Chemical Engineering, 402 graduates, \$67,303
5. Ocean Engineering, 63 graduates, \$61,213

5 Most Popular Bachelor's Degrees in Texas

Based on number of graduates in 2011

1. Interdisciplinary Studies, 8810 graduates, \$30,111
2. Business administration, 6911 graduates, \$41,217
3. Psychology, 6053 graduates, \$21,800
4. Registered Nursing, 5590 graduates, \$56,921
5. Biology, 4496 graduates, \$21,813

Hiring Source Update

Mark your calendars for the upcoming **Open House** on **Friday, October 18th** from 11:30 a.m. – 2:00 p.m. Hiring Source purchased land in November 2011 and constructed a building for the firm's headquarters. The team moved in June 28, 2013 and has been getting settled into the new facility. Lunch will be served. Invitations will go out soon.



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