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RAPID PACE OF U.S. JOB GROWTH STRETCHED INTO APRIL

The U.S. labor market extended a run of rapid job growth last month despite jittery markets and increased economic uncertainty, as employers rushed to serve waves of consumers who are shopping, dining out and traveling more.

The economy added 428,000 jobs in April, duplicating March's increase and marking the 12th straight month of gains above 400,000, the Labor Department said Friday. The unemployment rate remained at 3.6%, just a shade above the pre-pandemic level of 3.5%, a half-century low.

Restaurants, hotels and other leisure and hospitality industries led the way in hiring last month, though factories, warehouses and white-collar companies all posted strong job gains. Wage growth cooled a bit but remained robust, with workers' average hourly earnings up 5.5% over the past year though not enough to keep up with inflation.

Friday's report included a puzzling decline in the labor force—the first since September—as 363,000 people retreated to the sidelines, shrinking what was already a tight labor pool.

The combination of aggressive hiring and low unemployment will likely embolden the Fed as it shifts its focus from pushing down unemployment to tamping down high inflation. The Fed this week raised its benchmark interest rate by the most since 2000 and plans additional increases in 2022 to rein in the highest inflation in 40 years while aiming to keep job growth steady.

In the year through April, employers added 6.63 million workers to their payrolls—the biggest 12-month gain, aside from earlier in the pandemic, on records dating to 1939. Employers posted a record-high 11.5 million job openings in March, separate federal figures showed.

Yet employment remained down 1.2 million jobs in April compared with pre-pandemic levels. The biggest obstacle preventing a full recovery and even stronger job growth is a lack of supply as millions of adults remain on the sidelines.

Millions had joined the labor force over the past year, as workers got vaccinated and employers lured them with higher wages. That progress stalled last month as several hundred thousand workers fell out of the labor force, including many women between ages 25 and 54, according to the Labor Department.

Economists were at a loss to explain the labor-force drop, given that Covid-19 infections and deaths have fallen sharply this year, the allure of higher wages and the urgency for a paycheck caused by rapidly rising consumer prices.

The labor-force participation rate—the share of the population 16 and older employed or looking for work—fell 0.2 percentage point last month to 62.2%, down 1.2 percentage points from its pre-pandemic level. For prime-age workers—those aged 25 to 54—it only edged down to 82.4% from 82.5%, close to its pre-pandemic level.

There are several reasons why the labor force is so tight. Chief among them: many older workers retired early during the pandemic.

New research also suggests that while infections and deaths from Covid-19 have fallen sharply this year, many would-be workers are still scared of catching the virus or passing it on to loved ones and are avoiding human contact, including searching for jobs. About 3 million adults are avoiding returning to work because of virus fears, according to the research.

To be sure, last month's drop in the labor force could just be a one-month blip rather than the start of a trend.

One potential explanation is that many workers have become much more selective about the types of jobs and work environments they seek. Some are no longer willing to work long hours for meager pay doing strenuous tasks. Employers say some workers accept job offers and then never show up.

U.S. JOBLESS CLAIMS ROSE TO 203,000 LAST WEEK

New applications for unemployment benefits rose for the second week in a row last week but remained near historic lows in a sign of a tight U.S. labor market.

Initial jobless claims, a proxy for layoffs, increased by 1,000 to 203,000 last week from the previous week's revised level of 202,000, the Labor Department said Thursday.

Filings for unemployment benefits have approached the record lows set in 1968 this year. The four-week average for claims, which smooths out volatility in the weekly figures, rose to 192,750 last week.

In a separate report last week, the Labor Department said that the number of job openings had risen to 11.5 million in March, the highest since records began in 2000. The tight labor market has prompted workers to look for better opportunities. Roughly 4.5 million people quit their jobs in March, the department said.

Thursday's report showed continuing claims, a proxy for the total number of people receiving payments from state unemployment programs, fell to 1.3 million for the week ended April 30, the lowest level since January 1970. Continuing claims are reported with a one-week lag.

Other data points to a strong labor market. Employers added 428,000 jobs in April, pushing the unemployment rate down to 3.6%, just shy of its pre-pandemic level of 3.5%, the Labor Department reported Friday.

Wages have been rising as well. Earnings in April were up 5.5% from the previous year, the Labor Department said, well above the wage increases before the pandemic. Still, those wage gains aren't keeping up with historically high inflation.

HOUSTON RECOVERS ALL THE JOBS LOST IN PANDEMIC; TEXAS EMPLOYMENT HITS NEW RECORD

Houston employment surpassed its pre-pandemic peak in April, finally regaining the hundreds of thousands of jobs lost in the short, but deep recession two years ago.

Local employers added more than 17,000 jobs last month, pushing total employment in the metropolitan area to just over 3.2 million jobs, slightly above — by a few hundred jobs — employment levels in February 2020, the Texas Workforce Commission reported Friday. The local unemployment rate fell to 4.1 percent from 6.7 percent in April 2021.

The Houston area's recovery lagged the state's rebound, largely due to region's greater exposure to the energy industry, which was devastated by the collapse in oil during the early months of the pandemic. Texas regained all the jobs lost in the pandemic recession in November and followed with six consecutive months of record employment.

The Texas economy added nearly 63,000 jobs last month, bringing overall employment to about 13.3 million in April. The state unemployment rate fell to 4.3 percent from 4.4 percent in March and 6.2 percent a year earlier.

Despite rapidly rising inflation and growing risks of a recession, the labor market has continued a robust expansion. Nationally, employers added more than 400,000 jobs in April, pushing the unemployment rate to 3.6 percent, the lowest in more than 50 years.

Patrick Jankowski, economist for the Greater Houston Partnership, said he's been surprised by how quickly the local economy recovered from two-month recession in the spring of 2020 that cost the region more than 370,000 jobs — the equivalent of five years of job growth — over the course of two months.

The recession was spurred by government-ordered lockdowns aimed at slowing the rapid spread of the coronavirus in March and April 2020. Texas lost more than 1.4 million jobs in that two month span; the nation lost more than 20 million.

Bars, restaurants, hotels and retailers were especially hard hit as social distancing restrictions followed the lockdowns. As workers stayed home and travel came to halt, demand for petroleum products plummeted, pushing oil prices briefly below zero. Oil companies shut down wells, canceled projects and laid off workers.

Two years later, the economy, fueled by stimulus spending and rock-bottom interest rates, is growing quickly — and maybe too quickly. Labor and material shortages, soaring energy costs, and the Russian war on Ukraine have pushed inflation to its highest level in 40 years. With inflation running above 8 percent, the Federal Reserve has begun to raise interest rates to slow the economy and bring prices back into check.

Both the Texas and Houston economies have expanded at a solid pace over the past year. The state has added more than 740,000 jobs over past year, growing employment at a rate of about 6 percent. Houston employment also grew by about 6 percent over the year, adding nearly 175,000 jobs.

The Houston economy's comeback has undoubtedly been aided by the rebound of the energy industry. Oil prices are at their highest more than a decade — crude settled above $113 a barrel Friday — and oil companies headquartered in Houston reported billions of dollars in profits in the first quarter of the year. Drilling activity is picking up, with the number of operating drilling rigs in the country growing by 14 this week, and so is hiring.

In Houston, the mining and logging sector, which is dominated by oil and gas here, added 8,600 jobs over the year — a gain more than 14 percent. Across the state, the energy-related sector gained more than 30,000 jobs over the year, an increase of 17 percent.

On Friday, at a Greater Houston Partnership luncheon, Jankowski described a broad based recovery, supported by record exports and a scorching hot housing market that has helped fuel more than $7 billion in construction contracts and increasingly attracted foreign investment.

"I'm going to make a prediction that we won't have a recession this year," Jankowski said. "I see enough momentum in our economy that tells us it's not going to happen."

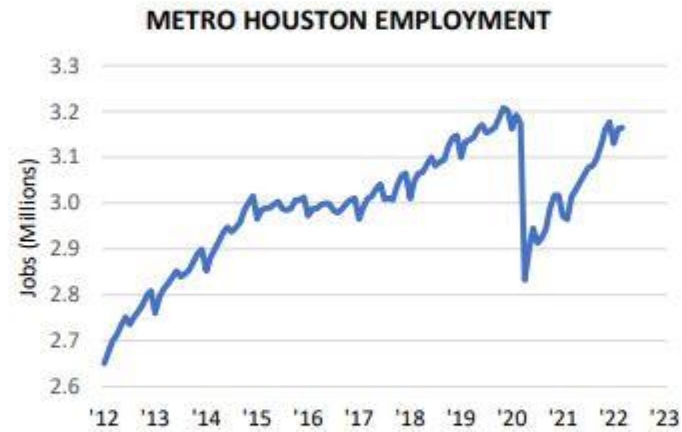
Despite the gains of the past two years, the local economy may not yet be firing on all cylinders, said Parker Harvey, principal economist at Workforce Solutions, a regional workforce development agency. Employment in key sectors, including energy, manufacturing and professional and business services, remain below pre-pandemic levels.

Energy still has about 10,000 fewer jobs than February 2020, manufacturing about 14,00 fewer jobs, and professional and business services 1,900 fewer jobs.

Employment gains in Houston over the past year have been led by transportation, trade and utilities, which includes retail and warehousing. The sector added more than 41,000 jobs since April 2021. Leisure and hospitality, which includes restaurants, hotels and entertainment venues gained 30,000 jobs over the year. Education and health services added more than 25,000 jobs.

INCHING CLOSER TO A FULL RECOVERY

As of March '22, Houston had recouped 331,400 jobs or 92.2 percent of the 359,400 jobs lost in the early stages of the pandemic. Only 28,000 jobs are needed to return to pre-COVID employment levels. Houston should reach that milestone soon. The region typically creates 8,000 - 12,000 jobs in April and 12,000 - 16,000 jobs in May.



If TWC revises its initial estimates for March, Houston may return to pre-COVID employment even sooner. That revision could come with April jobs report. TWC reported a gain of only 1,700 jobs in March. Typically, the region adds 10,000 to 20,000 jobs in the month. Other indicators—population growth, exports, home construction, sales tax collections, the Houston Purchasing Managers Index— indicate the region is currently enjoying robust economic growth which suggest stronger job growth.

Revisions to the jobs reports are common. TWC bases its monthly estimates on employer surveys. Like all surveys, TWC's survey is subject to sampling errors, incomplete responses, late responses and other problems. The commission tries to account for these discrepancies in the initial estimates, and issues revised estimates as additional survey data becomes available. The revisions can go both ways, downward and upward.

This can be seen in the February '22 jobs data. Originally, TWC reported the region created 45,000 jobs. The revised report indicated 32,000 were created in February. Retail created 3,500 fewer jobs than first thought; the government sector, 3,000 fewer; administrative support, 2,700 fewer; restaurants and bars, 1,800 fewer; professional, scientific, and technical services, 1,100 fewer; and transportation, 1,000 fewer. One sector saw a significant upward revision, construction which added 1,300 more jobs than first reported.

Unlike employment data, local labor force data is seldom subject to revisions. It shows Houston's unemployment rate fell from 5.3 percent in February to 4.4 percent in March. Unemployment peaked at 14.0 percent early in the pandemic. These rates are not seasonally adjusted. On an even more positive note, Houston's civilian workforce, both seasonally adjusted and unadjusted, now exceeds pre-pandemic levels.

METRO HOUSTON LABOR FORCE

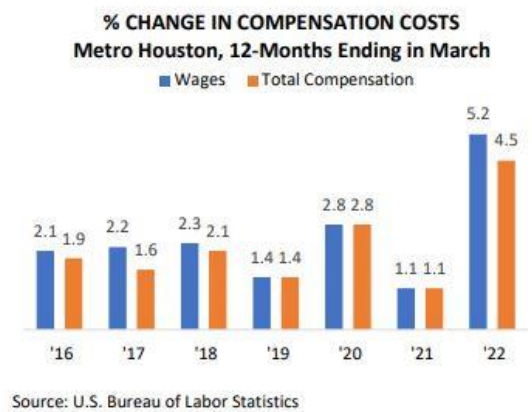
	Civilian Labor Force		Unemployment Rate	
	Adjusted	Unadjusted	Adjusted	Unadjusted
Feb '20	3,470,306	3,438,910	3.8	3.7
Mar '20	3,407,361	3,385,672	5.6	5.9
Feb '22	3,475,804	3,485,178	5.2	5.3
Mar '22	*	3,470,740	*	4.4

* There's a one-month lag in the adjusted workforce data.

Source: Texas Workforce Commission

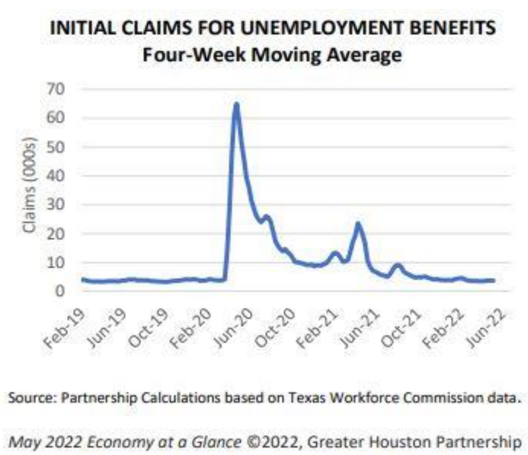
COMPENSATION COSTS RISING

Compensation costs for private sector workers in metro Houston rose 4.5 percent in the 12 months ending March '22, according to the U.S. Bureau of Labor Statistics (BLS). That's the highest bump in recent years. A year ago, compensation costs jumped a mere 1.1 percent. Compensation includes wages, salaries, health insurance and other benefits. Separately, wages and salaries, the largest component of compensation, rose 5.2 percent, slightly above the national average of 4.8 percent.



HOUSTON JOBLESS CLAIMS BACK TO PRE-PANDEMIC LEVELS

Initial claims for unemployment benefits in metro Houston have fallen below pre-pandemic levels. In March '22 (latest data available), 22,450 area residents filed continued claims for benefits, down from 66,500 in March of '21 and 276,000 at the July '20 peak. Initial claims have fallen below pre-pandemic levels as well. In April '22, initial claims averaged 3,620 per week. In February '20, the month prior to the COVID-19 pandemic, they averaged 3,880.



OIL INDUSTRY SET TO ADD MORE THAN 100K JOBS IN U.S.

U.S. oil and gas jobs are rebounding after the industry slashed about 20 percent of the total workforce -- almost 200,000 jobs -- when drilling came to a screeching halt during the pandemic.

Research from Norwegian-research firm Rystad Energy shows U.S. oil and gas employment is on track to increase by 12.5 percent or 108,000 jobs to 971,000 jobs by the end of the year from about 863,000 in 2021.

“Fueled by a rapid rise in oil prices amid a better-than-expected demand recovery and the supply constraints brought on by Russia’s invasion of Ukraine, the U.S. labor market seems poised to benefit and continue on a growth trajectory,” said Rystad analyst Sumit Yadav.
The prediction, Rystad said, is based on the assumption that the average price of West Texas Intermediate, the U.S. benchmark, will remain above $100 per barrel through 2022. It settled $2.62 higher on Thursday at $112.21.

Rystad forecasts that WTI will trade at $70 per barrel next year, and drop again to $50 heading into 2025. Based on those predictions, Rystad said oil and gas employment could reach almost 1.1 million workers by the end of 2027, exceeding the pre-pandemic level of about 1.07 million.

The dramatic rise in oil prices -- from less than $50 a barrel at the start of 2021 -- is luring producers back to the oil patch and driving the employment boom, despite their earlier efforts to keep a lid on spending.

The largest oil companies, like Exxon Mobil and Chevron, reported multibillion dollar profits in the first quarter and remain committed to rewarding investors with stock buybacks and dividends.

But the war in Ukraine forced them and others to boost production as Russian oil was lost to the market. As a result, the number of operating rigs in the U.S. has continued its rapid increase, jumping 58 percent to 261 from the same time last year.

"The industry has to drill," Michelle Michot Foss, an energy fellow at Rice University's Baker Institute, said recently.

OIL & GAS JOBS INCREASE ACROSS THE STATE IN MARCH

Texas added 4,300 jobs in upstream oil and gas in March as oil prices continue to surge. The state's exploration and production industry grew from a total of 180,400 jobs in February to 184,700 in March, according to the Texas Independent Producers and Royalty Owners Association's latest analysis of U.S. Bureau of Labor Statistics data. Compared to March 2021, employment increased by 13%, or 21,700 positions, including an increase of 3,600 positions in oil and natural gas extraction and 18,100 jobs in the services sector.

The hike in employment comes after February saw an uptick of 5,100 upstream jobs from the prior month. The Houston area, the largest region in Texas for oil and gas employment, added 1,500 upstream jobs month over month in March for a total of 64,500.

Meanwhile, Texas had 11,433 oil and gas job listings in March, a 14% increase from February 2022, according to TIPRO. The three companies that had the most job postings were Baker Hughes Co. (Nasdaq: BKR), Weatherford International PLC (Nasdaq: WFRD) and Halliburton Co. (NYSE: HAL) — all of which are based in Houston.

Support activities for oil and gas operations listed the most jobs, with 3,167 postings, followed by crude extraction, with 1,512 postings, and petroleum refineries, with 1,040. The most job postings were in Houston, with 3,895 listings.

The escalation in employment is linked to soaring oil prices, which are currently over $100 per barrel, noted Edward Friedman, a director with Moody's Analytics. Houston has the opportunity to continue growing its economy and employment as high demand continues for oil and gas, Friedman said.

LARGE TECH COMPANIES HIT PAUSE ON HIRING

Twitter Inc. is freezing most hiring. Amazon.com Inc. recently said it is overstaffed in its warehouses. Uber Technologies Inc. told employees to consider hiring a privilege.

After years of adding jobs at a rapid pace, some of America’s fastest-growing companies have signaled in recent weeks that they plan to take a more cautious approach to bringing on new workers. The shift by these technology giants raises questions about the direction of the overall U.S. job market and comes during a period of volatility in the stock market amid concerns over rising interest rates.

Economists cautioned that, overall, the job market remains robust, with the unemployment rate in April at 3.6%, layoffs at historically low levels and many companies still eager to bring on more workers—if they can even find them. While employment in the tech sector has grown rapidly and intensified competition for talent across the country, the industry employed about 8.7 million people at the end of 2021, or 5.7% of the overall U.S. workforce, according to CompTIA, an industry trade group.

The shifting hiring landscape in technology has worried some workers, who have expressed concerns on sites such as LinkedIn about rescinded offers or difficulties getting hired. While few large technology companies have announced layoffs, many have said they want to do more to hold down spending. Facebook parent Meta Platforms Inc. said last week it would sharply slow its hiring after it more than doubled the size of its workforce since 2018.

Twitter CEO Parag Agrawal told staff in a memo Thursday that the company would pause hiring and review the job offers it has made to candidates. Mr. Agrawal said Twitter, which agreed to be acquired by Elon Musk for $44 billion, planned to spend less on contractors and consultants, travel, marketing and other costs.

Uber CEO Dara Khosrowshahi told staff in a note this month that the company will “treat hiring as a privilege” and be more deliberate about when and where it adds new employees. Mr.

Khosrowshahi said the company needed to focus on profitability, and that the market and investor sentiment had shifted.

Some companies that grew earlier in the pandemic have run into trouble. Online car dealer Carvana Co. told employees that the company would cut 12% of its workforce, or around 2,500 workers. Fitness-equipment maker Peloton Interactive Inc. said in February that it would cut 2,800 jobs, including about 20% of its corporate positions.

MORE EMPLOYERS OFFER TO COVER ABORTION TRAVEL EXPENSES

Texas-based Tesla Inc. is among a small but growing number of U.S. companies offering to cover travel costs for employees who need to cross state lines for medical care, including an abortion.

Companies are offering these benefits as the landscape of state and federal abortion policy in America is shifting. Texas implemented the country's strictest abortion law last November when it banned abortion after six weeks of pregnancy and deputized citizens to enforce the rule. Other states including Idaho, Florida and Oklahoma have passed laws in recent months tightening access to the procedure.

A leaked Supreme Court draft opinion indicated the court may be preparing to overturn Roe v. Wade, the 1973 precedent that established a constitutional right to an abortion. The 67-page draft, first reported on Monday by Politico, declared that Roe was "egregiously wrong and deeply damaging." Chief Justice John Roberts said in a statement Tuesday that the draft, written in February, wasn't necessarily the final resolution in the case. The court is expected to issue its opinion by the end of June or early July. If Roe v. Wade is overturned, it would open the door to stronger state restrictions, including bans on the procedure.

Companies offering to help employees travel to get an abortion may be on safe legal ground for the moment, but that could change. Texas's abortion law extends liability to abortion clinics and doctors, as well as those who aid an abortion. Oklahoma and Idaho have passed similar legislation. Oklahoma Gov. Kevin Stitt enacted the law this week, and Idaho's law was temporarily blocked in court. Some lawmakers, meanwhile, have pushed back on the new company policies.

A look at some of the companies who have expanded benefits:

Tesla

Tesla, which announced the relocation of its headquarters last October to Austin, Texas, said in its 2021 "Impact Report" that the company has an expanded "health insurance offering that includes travel and lodging support for those who may need to seek healthcare services that are unavailable in their home state." Tesla didn't respond to a request for comment.

Amazon

Amazon.com Inc., headquartered in Seattle, told employees it would reimburse up to $4,000 annually for travel expenses for medical treatments, including abortions, that employees can't access within 100 miles of their homes.

Citigroup
Citigroup Inc., in a proxy filing for its April shareholder meeting, said that starting this year it is offering travel benefits for employees to seek resources due to changes in reproductive healthcare laws. More than 10,000 full- and part-time Citi employees live in Texas.

Yelp
Yelp Inc., based in San Francisco, is offering employees and their dependents financial assistance through insurance if they need to travel out of state for abortion care. Yelp's health insurance currently covers abortion care.

Apple
Tech giant Apple Inc., which is expanding its presence in Austin with a new $1 billion, 3-million-square-foot campus, also said its health-insurance policies cover abortion services and travel fees if necessary.

Levi Strauss
California-based Levi Strauss & Co. has said it would reimburse medical travel expenses for full-time and part-time employees.

Match and Bumble
Match Group Inc., the parent company of dating apps such as Tinder, OkCupid and Hinge, and dating-app company Bumble Inc. created funds last year to assist employees needing to travel outside of Texas for abortions. Both companies are based in Texas.

SOURCES

Wall Street Journal; Houston Chronicle; Greater Houston Partnership; Houston Business Journal