Hiring Source
eNEWSLETTER | NOVEMBER 2024

HURRICANES, STRIKE CHOKE U.S. JOB GROWTH

Job growth slowed sharply last month, with workers sidelined by hurricane effects and the Boeing strike. The Labor Department reported that the U.S. economy added a seasonally adjusted 12,000 jobs in October, versus a September gain of 223,000. That wildly missed even the muted expectations of economists, who had forecast 100,000. Still, the unemployment rate stayed steady at a historically low 4.1%. That was in line with economists' expectations.

Hurricanes Helene and Milton put thousands of people out of work across the Southeast, while the Boeing strike took more people off the job. Economists generally reckoned that the bulk of October's downdraft was temporary, and didn't affect the larger dynamics of the market. Wages, for example, continued to rise.

Over the last several months, the general pace of job growth appeared to be slowing. Then, the September report released a month ago blew past expectations. Economists are now trying to figure out which is the one-off and which is the trend. The noise in the report makes it difficult to interpret. Economist Brian Bethune of Boston College estimated that without the effects of the fall hurricanes, the Boeing strike and further adjustments, the October job-creation figure would have been 130,000, instead of the 12,000 the government reported.

For its jobs figures, the Labor Department surveys U.S. employers on how many people they had on their payrolls during the pay period that includes the 12th of the month. Helene made landfall in Florida on Sept. 26, so it didn't affect the September jobs report. Milton made landfall two weeks later. The unemployment rate is based on a separate survey of households. Respondents who say they had jobs but weren't at work because of bad weather are still counted as employed. The same goes for workers with jobs who are on strike.

Based on the survey, the Labor Department estimated there were 512,000 people with jobs who didn't work as a result of bad weather, though many of those, such as salaried workers, would still be paid and therefore still be included in the jobs tally. Over the previous 20 years, the number of people out of work because of bad weather during October averaged 69,000. The Labor Department said it was likely that the job figures in some industries were affected by the hurricanes, but that it wasn't possible to quantify the effect. The survey those numbers are based on "is not designed to isolate effects from extreme weather events," the agency said.

Further muddying the picture, the share of employers that responded to the October survey was the lowest since January 1991, raising the possibility of substantial later revisions as the Labor Department gets more data. But, the agency added, there "was no discernible effect on the national unemployment rate."

Average hourly earnings were up 4% from a year earlier, which compared with 3.9% in September. Average earnings can get boosted by storms: Lower-paid workers are more likely to lose their jobs, pushing up the average. Jobs figures for August and September were revised lower.

The Boeing strike began in mid-September. The Labor Department's monthly report on strike activity said that there were 33,000 Boeing workers on strike for the entire pay period that included Oct. 12. The report showed a loss of 46,000 manufacturing jobs, driven by a decline of 44,000 jobs in transportation equipment manufacturing that the Labor Department said "was largely due to strike activity."

Still, with the data likely to show continued volatility from the storms and the strikes, the central bank's challenge in the months ahead will be to tease out just how well the labor market is doing. Some job losses from Milton might not show up until the November jobs report comes out next month, for example, while people who go back to work after temporarily losing their jobs could push the numbers the other way.

Even though the economy and the labor market appear poised to keep buttressing one another, there are also limits to how many jobs the U.S. can sustainably keep adding without driving unemployment down to the point that wages start running too hot, noted Joe Brusuelas, chief economist at RSM US. Immigration added to the pool of available workers for much of this year. But with the number of people entering the U.S. down sharply since the spring, that supply has been curtailed.

Meanwhile, with population growth slow, more people reaching retirement age, and the share of Americans aged 25 to 54 who are employed near its highest level in a quarter-century, finding qualified workers is no easy chore for companies looking to hire.

JOBLESS CLAIMS FALL TO LOWEST LEVEL IN SIX MONTHS

The number of Americans applying for unemployment benefits fell to the lowest level in six months as layoffs remain at relatively healthy levels. The Labor Department reported that jobless claim applications fell by 4,000 to 217,000 for the week of Nov. 9. That's less than the 225,000 analysts forecast. The four-week average of weekly claims, which evens out some of the weekly ups and downs, fell by 6,250 to 221,000. Weekly applications for jobless benefits are considered representative of U.S. layoffs in a given week.

In response to weakening employment data and receding consumer prices, the Federal Reserve slashed its benchmark interest rate in September by a half a percentage point and by another quarter-point last week. The central bank is shifting its focus from taming inflation toward supporting the job market in an attempt to pull off a rare "soft landing," whereby it brings down inflation without igniting a recession. The half-point rate cut in September was the Fed's first rate cut in four years after a series of increases starting in 2022 that pushed the federal funds rate to a two-decade high of 5.3%.

Despite a slight uptick in October, inflation has retreated steadily the past two years, approaching the Fed's 2% target and leading Chair Jerome Powell to declare recently that it was largely under control. The government reported that an inflation gauge closely watched by the Fed fell to its lowest level in three-and-a-half years.

During the first four months of 2024, applications for jobless benefits averaged just 213,000 a week before rising in May. They hit 250,000 in late July, supporting the notion that high interest rates were finally cooling a red-hot U.S. job market.

In October, the U.S. economy produced a meager 12,000 jobs, though economists pointed to recent strikes and hurricanes that left many workers temporarily off payrolls. The Labor Department reported In August that the U.S. economy added 818,000 fewer jobs from April 2023 through March this year than were originally reported. The revised total was also considered evidence that the job market has been slowing steadily, compelling the Fed to start cutting interest rates.

Continuing claims, the total number of Americans collecting jobless benefits, fell to 1.87 million for the week of Nov. 2, in line with analysts' expectations.

ENERGY JOBS ARE ON THE RISE IN TEXAS

The number of Texans directly employed by the upstream sector of the state's oil and gas industry increased in September for the fourth consecutive month, according to an industry association for Texas oil and natural gas producers.

There were 195,400 people employed in the state in jobs related to identifying, drilling for and extracting oil and gas in September, an increase of 800 from August, according to a monthly analysis of U.S. Bureau of Labor Statistics data by the Texas Independent Producers and Royalty Owners Association. The sector has added 2,800 jobs since January, a 1.5% increase.

The monthly increase comes as a loss of 900 jobs in the extraction segment was offset by gains in the services sector, which added 1,700 jobs last month, according to TIPRO's analysis. That's in line with trends within the industry to spend less on exploration and development, even as domestic oil production hits record highs.

TIPRO's analysis also cited recently released forecasts from the Department of Energy that projected U.S. crude oil production could rise to 13.5 million barrels per day in 2025, which the industry association said would be a record high.

When demand for fossil fuels will peak is a controversial question, though at least one leading energy authority suggests it could be as soon as this decade as countries try to reduce climate-warming emissions.

Nearly 970,000 Texans are employed in the energy industry, the most of any state, according to an August DOE report. More than 471,000 of those jobs are in the oil and gas industry, according to TIPRO's annual state of energy report released in March.

Texas is seeing some of the highest growth in clean energy jobs in the country, according to a new report by the Department of Energy. The number of jobs in wind, solar and other clean energy technologies in Texas increased 6% last year, behind only Idaho, which saw a 7.7% increase.

Overall, the U.S. clean energy sector added 142,000 jobs last year, a 4.2% increase, more than double the growth rate for the larger economy. A nascent industry just a decade ago, clean energy now represents 42% of the jobs in the larger energy sector, according to the report.

National Climate Adviser Ali Zaidi heralded the report as a sign the Biden administration's effort to expand the clean energy sector to replace manufacturing jobs lost to lower wage nations overseas was paying dividends.

Within the U.S. clean energy sector, electric vehicle jobs grew 11.4%, wind employment increased 4.6%, and the solar jobs grew 5.3%.

Through legislation including the Inflation Reduction Act and the Bipartisan Infrastructure law, President Joe Biden and Democrats have created hundreds of billions of dollars in tax incentives and low-interest loans to spur the rapid buildout of the country's wind, solar, electric vehicle and battery industries.

Among the notable additions, more than 15 gigawatts of power supply have been added to the Texas grid since last year, including 1.7 gigawatts of wind, 8.8 gigawatts of solar and 4.8 gigawatts of battery storage capacity.

MARATHON OIL TO LAYOFF AFTER CONOCOPHILLIPS MERGER

Marathon Oil will lay off more than 500 people as result of its $22.5 billion merger with oil giant ConocoPhillips, the company said in a letter to the Texas Workforce Commission.

Marathon did not detail how many employees would be affected by the layoff, nor the types of positions that would be cut. However, the energy firm estimated that there would be "more than 500 employees at the company's facility located at 990 Town and Country Blvd" — the address of Marathon's headquarters in CityCentre. The layoffs would occur within a year after the merger is finalized in the fourth quarter of 2024, according to the letter.

"While these employees will be notified of specific employment end dates within a month of close, many will be retained for transition roles. Transition role scope and duration are currently being finalized and more than 50% of these transition roles are expected to extend beyond six months," said Jill Ramshaw, senior vice president of human resources, in the letter to the state. Ramshaw said the Town and Country Boulevard office would remain open, despite the layoffs.

SHELL UNIT TO LAY OFF IN HOUSTON

Shell Energy Solutions, a retail electricity provider in Texas owned by the global oil major Shell, has informed the TWC of its plans to lay off approximately 100

Houston employees by mid-December. The 103 employees targeted in the layoffs work at or report to the company's downtown Houston office, according to the so-called Worker Adjustment and Retraining Notification notice filed recently by Shell Energy Solutions CEO David Black. Shell's electricity retailer is cutting down its workforce "to reduce operational expenditures and increase business efficiencies," Black said in the filing.

A Shell spokesperson didn't say how many employees would remain at Shell Energy Solutions after the planned Dec. 13 layoff. Positions affected by the layoffs include customer service employees, quality assurance engineers, directors leading various sales and marketing initiatives and numerous business analysts, according to the WARN notice.

London-based Shell entered the U.S. residential power market in 2022 by launching Shell Energy Solutions in Texas. Shell Energy Solutions evolved out of MP2 Energy, a Woodlands-based electric retailer Shell acquired in 2017.

Shell's plans to reduce the size of its retail electricity operation are in line with its moves away from its renewable energy and low-carbon ventures. Like other oil majors, Shell is refocusing on its most profitable businesses, the production of oil and gas, the burning of which produces climate-warming emissions, and weakening its goals to reduce those emissions.

Shell exited its residential retail energy businesses in Britain, Germany and the Netherlands in 2023, citing poor returns. Shell also intends to cut its global oil and gas exploration and development division by 20%, Reuters first reported in August. The hundreds of planned job losses are expected to be especially pronounced in Houston, home of Shell's U.S. headquarters.

TECH JOBS HAVE DRIED UP AND AREN'T COMING BACK SOON

Once heavily wooed and fought over by companies, tech talent is now wrestling for scarcer positions. The stark reversal of fortunes for a group long in the driver's seat signals more than temporary discomfort. It's a reset in an industry that is fundamentally readjusting its labor needs and pushing some workers out.

Postings for software development jobs are down more than 30% since February 2020. Industry layoffs have continued this year with tech companies shedding around 137,000 jobs since January. Many tech workers, too young to have endured the dot-com bubble burst in the early 2000s, now face for the first time what it's like to hustle to find work.

Company strategies are also shifting. Instead of growth at all costs and investment in moonshot projects, tech firms have become laser focused on revenue-generating products and services. They have pulled back on entry-level hires, cut recruiting teams and jettisoned projects and jobs in areas that weren't huge moneymakers, including virtual reality and devices.

At the same time, they started putting enormous resources into AI. The release of ChatGPT in late 2022 offered a glimpse into generative AI's ability to create humanlike content and potentially transform industries. It ignited a frenzy of investment and a race to build the most advanced AI systems. Workers with expertise in the field are among the few strong categories.

HOLIDAY HIRING SURGE TO BOOST LOCAL JOBS

As the year draws to a close, major retailers such as Amazon, Target and Macy's are expected to boost Houston job numbers with a seasonal hiring surge.

Amazon says it is looking to fill more than 250,000 jobs across the country, including 18,000 jobs in Texas and 2,000 in Houston. Target aims to fill 100,00 seasonal jobs nationwide, though it said it doesn't break down figures by market. Retailers such as Macy's, Dick's Sporting Goods, Bath and Body Works, and Burlington also are planning to hire for thousands of roles.

This year's seasonal hiring comes as the U.S. job market could use a pick-me-up. Employers across the country added 12,000 jobs in October, according to federal data released Friday, November 1st after adding more than 200,000 in September.

SOURCES

Wall Street Journal; Houston Chronicle