

## Monthly Review of the Texas Economy — August 2010

Texas' economic recovery is strengthening. After 16 months of job losses, the state's economy experienced its third month of positive annual employment growth (Figure 1). The growth rate from July 2009 to July 2010 was 1.3 percent compared with a rate close to zero percent for the nation (Figure 1 and Table 1). The state's private sector posted a positive annual employment growth rate of 1.2 compared with a zero percent for the United States. (Table 1).

The state's seasonally adjusted unemployment rate rose from 7.9 percent in July 2009 to 8.2 percent in July 2010, while the nation's rate in July increased from 9.4 to 9.5 percent over the same period (Table 1).

Table 2 shows Texas industries ranked by employment growth rate from July 2009 to July 2010. Table 3 shows the relative importance of the state's industries based on number of employees.

All Texas industries, except construction and information industries, had more jobs in July 2010 than in July 2009 (Table 2).

The state's mining and logging industry experienced its third month of annual employment growth and posted an annual employment growth rate of 10.8 percent for the period from July 2009 to July 2010 (Table 2 and Figure 2). The average number of active rotary rigs has increased from 365.1 in August 2009 to 705.4 in August 2010 according to Hughes Tool Co.

The state's professional and business services industry gained 43,300 jobs from July 2009 to July 2010, an annual growth rate of 3.5 percent (Table 2 and Figure 3). Job gains consisted of 36,100 jobs in the state's administrative and support services industry, 4,400 jobs in the management of companies and enterprises industry, and 2,800 jobs in professional, scientific and technical services industry.

The state's education and health services industry added 41,300 jobs from July 2009 to July 2010, an annual growth rate of 3.1 percent (Table 2 and Figure 4). In this industry, the health care and social assistance industry gained 38,900 jobs while educational services added 2,400 jobs.

The state's government sector added 32,900 jobs from July 2009 to July 2010, an annual growth rate of 1.9 percent (Table 2 and Figure 5). Government job gains consisted of 23,500 in local government and 13,500 in federal government while the state's government lost 4,100 jobs.

The state's manufacturing industry gained 12,600 jobs from July 2009 to July 2010, an annual growth rate of 1.5 percent (Table 2 and Figure 6). Durable goods manufacturing gained 7,000 jobs while nondurable goods manufacturing added 5,600 jobs. Major job gains in the state's durable goods manufacturing were in fabricated metal product manufacturing (10,900 jobs), transportation equipment manufacturing (5,800),

and primary metal manufacturing (800). Major job losses in the state's durable goods manufacturing industry were in machinery manufacturing (2,200), computer and electronic product manufacturing (500 jobs), nonmetallic mineral product manufacturing (3,000), furniture and related product manufacturing (2,000), wood products (1,000 jobs), and electric equipment, appliance, and component manufacturing (1,000). Major job losses in the state's nondurable manufacturing industry were in printing and related support manufacturing (3,300 jobs), plastic and rubber manufacturing (3,200 jobs), paper manufacturing (1,100 jobs) and chemical manufacturing industry (4,200 jobs). Major job gains in the state's nondurable manufacturing were in food manufacturing (2,100 jobs).

The state's transportation, warehousing and utilities industry gained 4,500 jobs over the year, a 1.1 percent growth rate (Table 2 and Figure 7).

The state's leisure and hospitality industry (arts, entertainment, recreation, accommodations and food services) gained 10,300 jobs from July 2009 to July 2010, a one percent annual growth rate (Table 2 and Figure 8).

The other services industry (repair and maintenance, personal and laundry services, religious, civic and professional organizations) gained 3,300 jobs over the year, a 0.9 percent decrease (Table 2 and Figure 9).

After 21 months of job losses, the state's financial activities (finance, insurance, real estate, rental and leasing services) gained 1,000 jobs from July 2009 to July 2010, an annual growth rate of 0.2 percent (Table 2 and Figure 10). In this industry, finance and insurance gained 2,300 jobs while real estate, rental and leasing lost 1,300 jobs.

After 20 months of job losses the state's trade industry added 500 jobs from July 2009 to July 2010 (Table 2 and Figure 11). The state's wholesale trade industry lost 2,700 jobs while the state's retail trade gained 3,200 jobs. Trade is the state's largest industry after government, accounting for 15.8 percent of nonfarm employment (Table 3).

The state's construction industry lost 23,700 jobs from July 2009 to July 2010, a 4 percent rate decrease (Table 2 and Figure 12). Jobs lost consisted of 6,400 jobs in heavy and civil engineering construction, 11,800 jobs in specialty trade contractors and 5,500 in construction of buildings.

The state's information industry (internet service providers, web search portals, publishing industries, broadcasting and telecommunications) lost 15,100 jobs from July 2009 to July 2010, a 7.4 percent rate decrease (Table 2 and Figure 13).

### **Texas Metropolitan Statistical Areas**

Nineteen Texas metro areas experienced positive employment growth rates from July 2009 to July 2010, up from 16 for the period from June 2009 to June 2010 (Table 4). San Angelo ranked first in job creation followed by College Station-Bryan, Austin-Round Rock-San Marcos, and McAllen-Edinburg-Mission (Table 4).

Austin-Round Rock-San Marcos is leading major Texas metropolitan areas in the current U-shaped economic recovery and experienced its fourth month of annual job gains (Figure 14). The metro area's annual employment growth rate from July 2009 to July 2010 was 2.5, ranking it third in employment growth rate (Table 4).

After 19 months of job losses, the Dallas-Plano-Irving metro area experienced its third month of annual job gains (Figure 15). The metro area's annual employment growth rate from July 2009 to July 2010 was 1.3 percent (Table 4 and Figure 15). The metro area ranked 6<sup>th</sup> in employment growth rate (Table 4).

The Fort Worth-Arlington metro area experienced its second month of annual job gains after 19 months of job losses and posted an annual employment growth rate of 0.6 percent (Figure 16). The metro area ranked 12<sup>th</sup> in employment growth rate (Table 4).

The Houston-Sugar Land-Baytown metro area's trough occurred in November 2009. The annual job loss rate for the area has decreased from 3.9 percent at that time to 0.4 percent in July 2010, ranking the metro 23<sup>rd</sup> in employment growth rate (Table 4 and Figure 17).

The San Antonio-New Braunfels metro area hit its trough in August 2009. The annual job loss rate for the area has decreased from 2.9 percent at that time to 0.1 percent in July 2010, placing the metro area 21<sup>st</sup> in employment growth rate (Table 4 and Figure 18).

The state's actual unemployment rate in July 2010 was 8.5 percent. Midland had the lowest unemployment rate followed by Amarillo, San Angelo, and College Station-Bryan (Table 5).

Table 1  
Texas and U.S. Labor Markets

<u>Nonfarm Employment</u>	<u>July 2010</u>	<u>July 2009</u>	<u>Change</u>	
			<u>Absolute</u>	<u>Percent</u>
Texas	10,333,700	10,201,200	132,500	1.3
United States	129,954,000	129,971,000	-17,000	0.0

<u>Private Employment</u>	<u>July 2010</u>	<u>July 2009</u>	<u>Change</u>	
			<u>Absolute</u>	<u>Percent</u>
Texas	8,568,900	8,469,300	99,600	1.2
United States	108,731,000	108,697,000	34,000	0.0

<u>Unemployment Rate</u>	<u>Actual</u>		<u>Seasonally Adjusted</u>	
	<u>July 2010</u>	<u>July 2009</u>	<u>July 2010</u>	<u>July 2009</u>
Texas	8.5	8.3	8.2	7.9
United States	9.7	9.7	9.5	9.4

Sources: Texas Workforce Commission and Bureau of Labor Statistics

Table 2  
Texas Industries Ranked by Employment Growth Rate from July 2009 to July 2010

<u>Rank</u>	<u>Industry</u>	<u>July 2010</u>	<u>July 2009</u>	<u>Change</u>	
				<u>Absolute</u>	<u>Percent</u>
1	Mining and Logging	221,600	200,000	21,600	10.8
2	Professional & Business Services	1,283,400	1,240,100	43,300	3.5
3	Education & Health Services	1,377,000	1,335,700	41,300	3.1
4	Government	1,764,800	1,731,900	32,900	1.9
5	Manufacturing	836,300	823,700	12,600	1.5
6	Transportation, Warehousing, Utilities	420,000	415,500	4,500	1.1
7	Leisure & Hospitality	1,038,300	1,028,000	10,300	1.0
8	Other Services	369,500	366,200	3,300	0.9
9	Financial Activities	630,500	629,500	1,000	0.2
10	Trade	1,630,100	1,629,600	500	0.0
11	Construction	572,800	596,500	-23,700	-4.0
12	Information	189,400	204,500	-15,100	-7.4

Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Table 3  
Texas Industries' and Government Shares of Employment

<u>Industry</u>	<u>July 2010</u>	<u>July 1990</u>
Mining and logging	2.1	2.3
Construction	5.5	5.0
Manufacturing	8.1	13.4
Trade	15.8	17.9
Transportation, Warehousing, Utilities	4.1	4.3
Information	1.8	2.5
Financial Activities	6.1	6.5
Professional and Business Services	12.4	9.2
Education and Health Services	13.3	9.5
Leisure and Hospitality	10.0	8.7
Other Services	3.6	3.8
Government Sector	17.1	16.9

Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Table 4  
Texas Metropolitan Areas Ranked by Employment Growth Rate,  
July 2009 to July 2010

<u>Rank</u>	<u>Metro Area</u>	<u>Percent Growth Rate</u>
1	San Angelo	3.0
2	College Station-Bryan	2.9
3	Austin-Round Rock-San Marcos	2.5
4	McAllen-Edinburg-Mission	2.0
5	Killeen-Temple-Fort Hood	1.9
6	Dallas-Plano-Irving	1.3
	<b>Texas</b>	<b>1.3</b>
7	Corpus Christi	1.0
8	Sherman-Denison	0.7
8	Lubbock	0.7
8	Odessa	0.7
8	El Paso	0.7
12	Longview	0.6
12	Fort Worth-Arlington	0.6
14	Waco	0.5
14	Abilene	0.5
16	Texarkana	0.4
17	Tyler	0.2
18	Laredo	0.1
18	Brownsville-Harlingen	0.1
20	Victoria	0.0
21	Amarillo	-0.1
21	San Antonio-New Braunfels	-0.1
23	Houston-Sugar Land-Baytown	-0.4
24	Midland	-0.5
24	Beaumont-Port Arthur	-0.5
26	Wichita Falls	-1.0

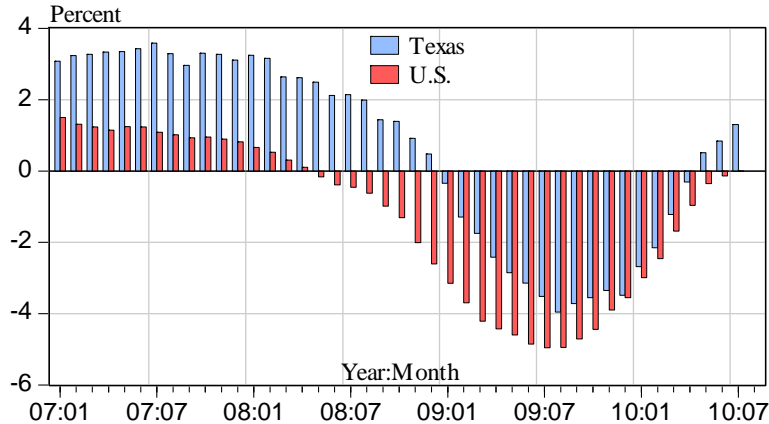
Source: Texas Workforce Commission

Table 5  
Texas Metropolitan Areas Ranked by Unemployment Rate, July 2010

<u>Rank</u>	<u>Metro Area</u>	<u>Unemployment Rate, Percent</u>
1	Midland	5.7
2	Amarillo	5.8
3	San Angelo	6.6
4	College Station-Bryan	6.7
4	Lubbock	6.7
6	Abilene	6.8
7	Austin-Round Rock-San Marcos	7.3
8	Waco	7.5
9	San Antonio-New Braunfels	7.7
10	Longview	7.8
10	Texarkana	7.8
12	Killeen-Temple-Fort Hood	7.9
13	Tyler	8.0
13	Victoria	8.0
15	Wichita Falls	8.2
16	Odessa	8.3
17	Corpus Christi	8.4
18	Fort Worth-Arlington	8.5
18	Dallas-Plano-Irving	8.5
	<b>Texas</b>	<b>8.5</b>
20	Sherman-Denison	8.6
21	Houston-Sugar Land-Baytown	8.8
22	Laredo	9.2
23	El Paso	10.2
24	Beaumont-Port Arthur	11.1
25	Brownsville-Harlingen	11.7
26	McAllen-Edinburg-Mission	12.3

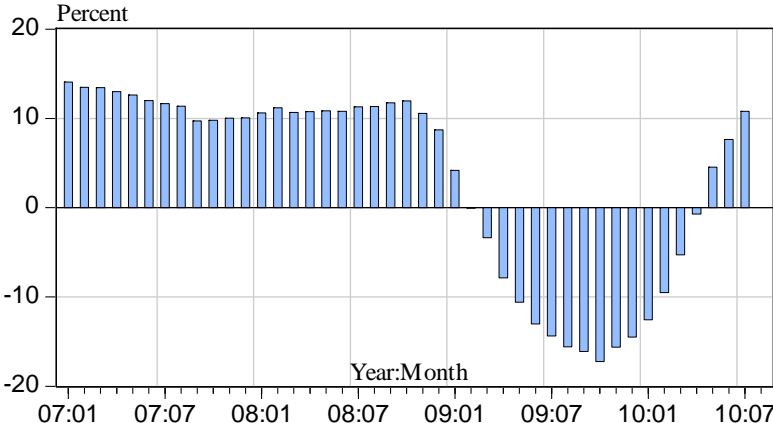
Source: Texas Workforce Commission

**Figure 1**  
Nonfarm Employment Growth Rates for United States and Texas, 2007–2010



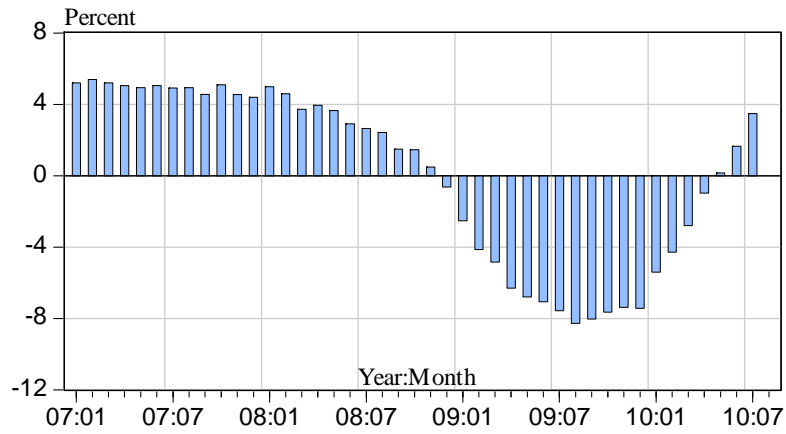
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

**Figure 2**  
Employment Growth Rates in Texas Mining and Logging Industry, 2007–2010



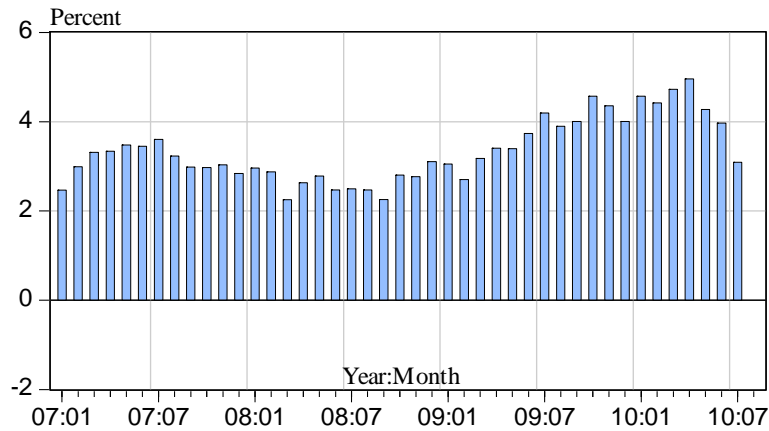
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

**Figure 3**  
Employment Growth Rates in Texas Professional and Business Services Industry, 2007–2010



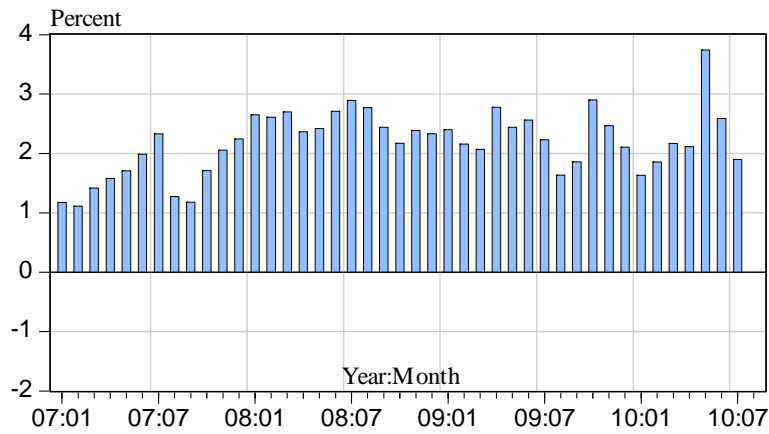
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

**Figure 4**  
Employment Growth Rates in Texas Education and Health Services Industry, 2007–2010



Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 5  
Employment Growth Rates in Texas Government Sector, 2007–2010



Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 6  
Employment Growth Rates in Texas Manufacturing Industry, 2007–2010

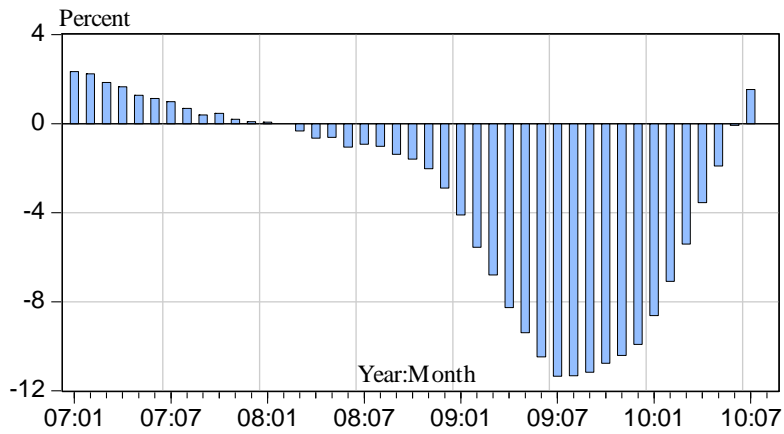
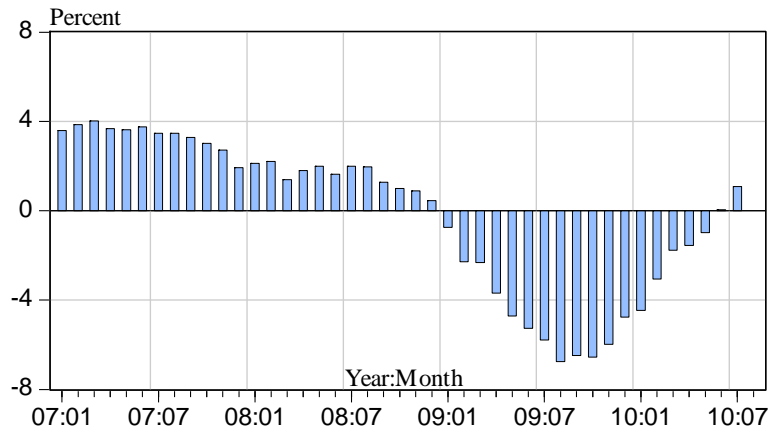
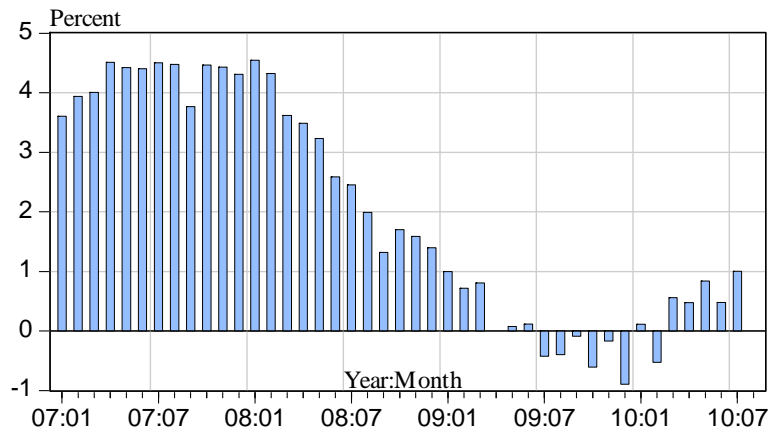


Figure 7  
Employment Growth Rates in Texas Transportation, Warehousing, and Utilities Industry, 2007–2010



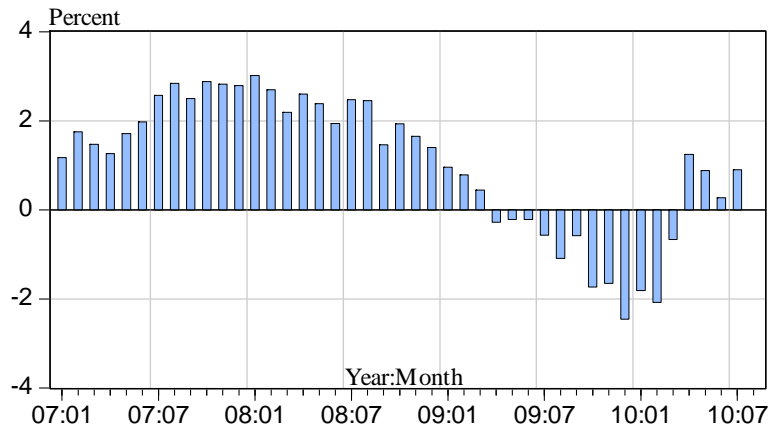
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 8  
Employment Growth Rates in Texas Leisure and Hospitality Industry, 2007–2010



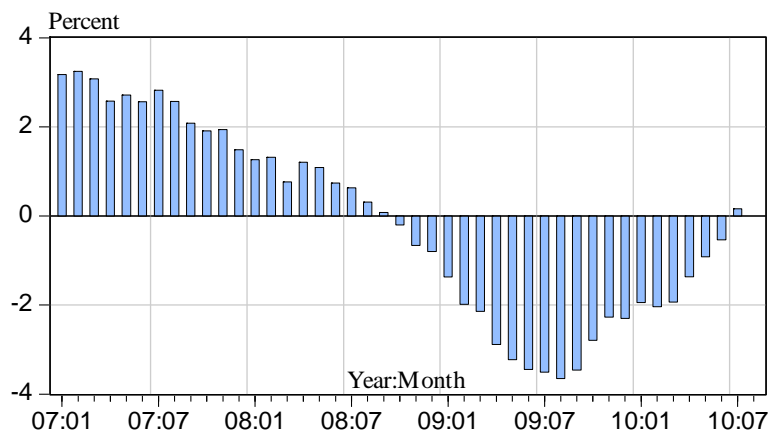
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

**Figure 9**  
Employment Growth Rates in Texas Other Services Industry, 2007–2010



Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

**Figure 10**  
Employment Growth Rates in Texas Financial Activities Industry, 2007–2010



Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 11  
Employment Growth Rates in Texas Trade Industry, 2007–2010

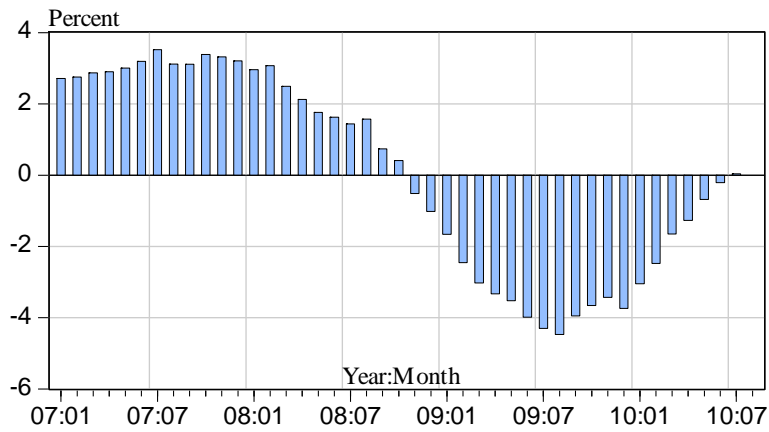
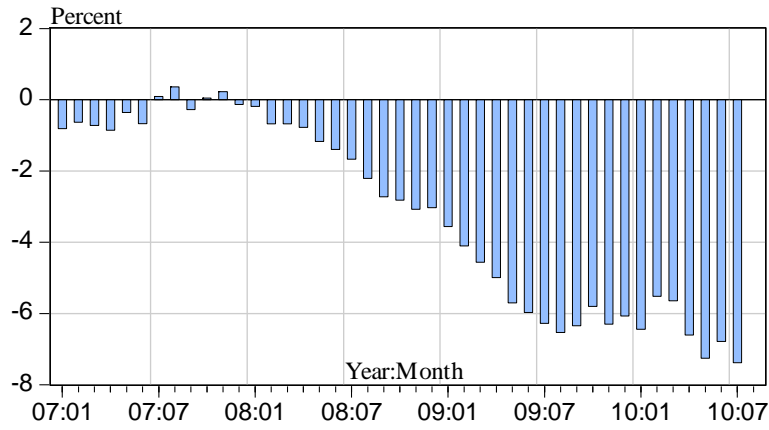


Figure 13  
Employment Growth Rates in Texas Information Industry, 2007–2010



Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 14  
Nonfarm Employment Growth Rates, Austin-Round Rock, 2007–2010

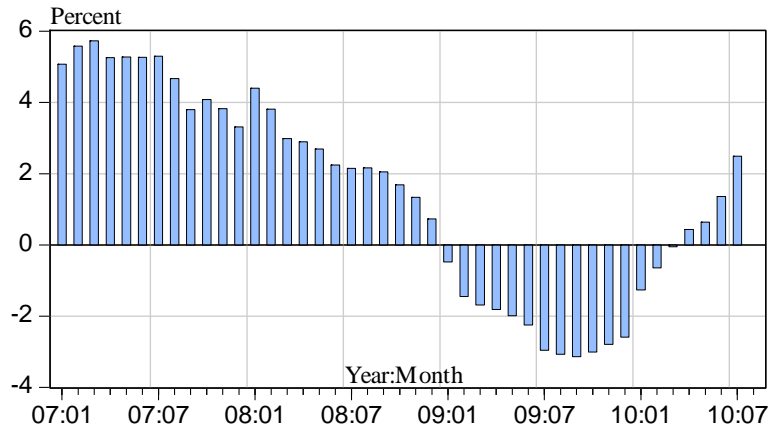
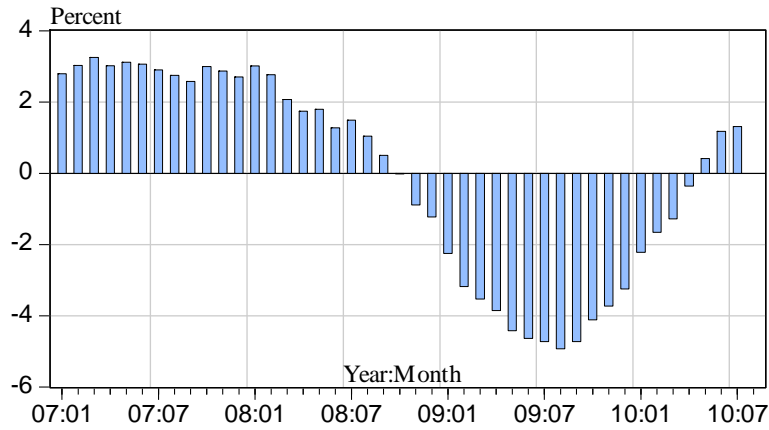
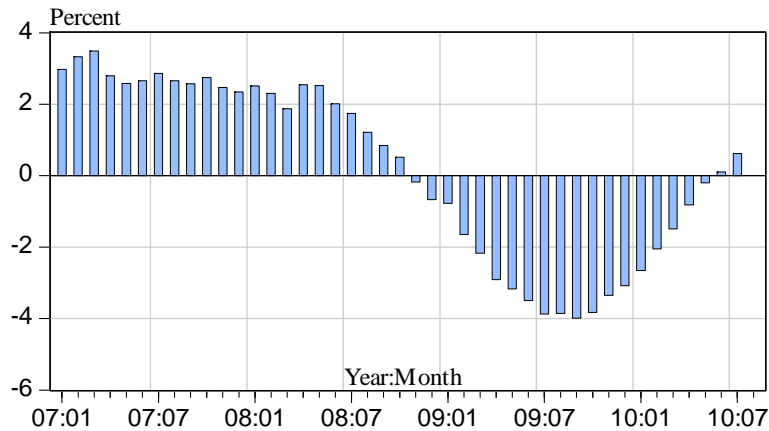


Figure 15  
Nonfarm Employment Growth Rates, Dallas-Plano-Irving, 2007–2010



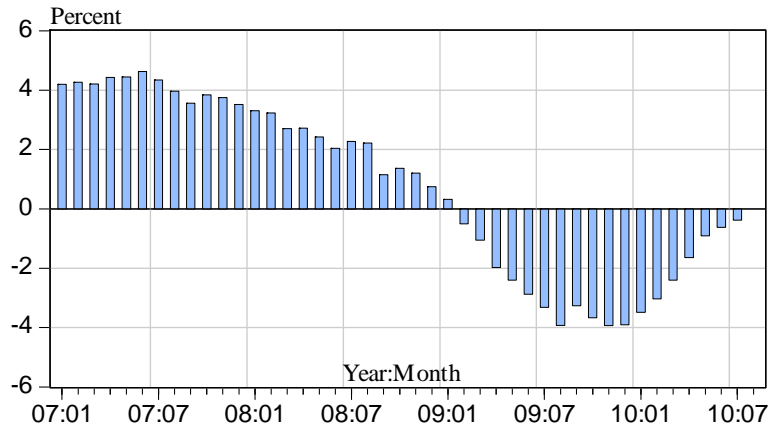
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 16  
Nonfarm Employment Growth Rates, Fort Worth-Arlington, 2007–2010



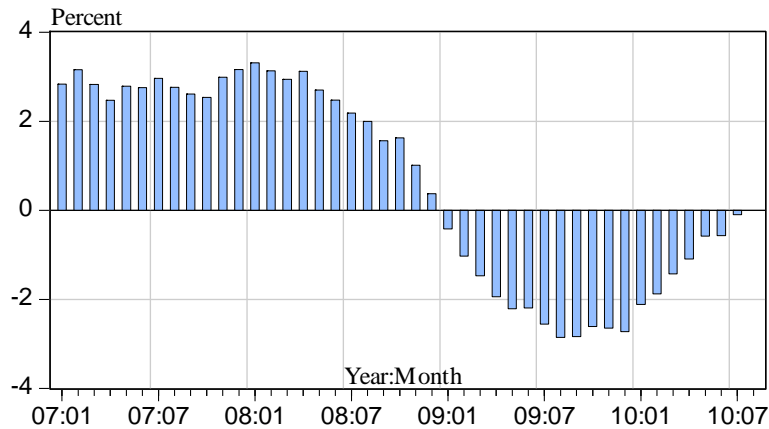
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 17  
Nonfarm Employment Growth Rates, Houston-Sugar Land-Baytown, 2007–2010



Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 18  
Nonfarm Employment Growth Rates, San Antonio-New Braunfels, 2007–2010



Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University