



Labor Market Information  
SEPTEMBER 2009 Employment Data

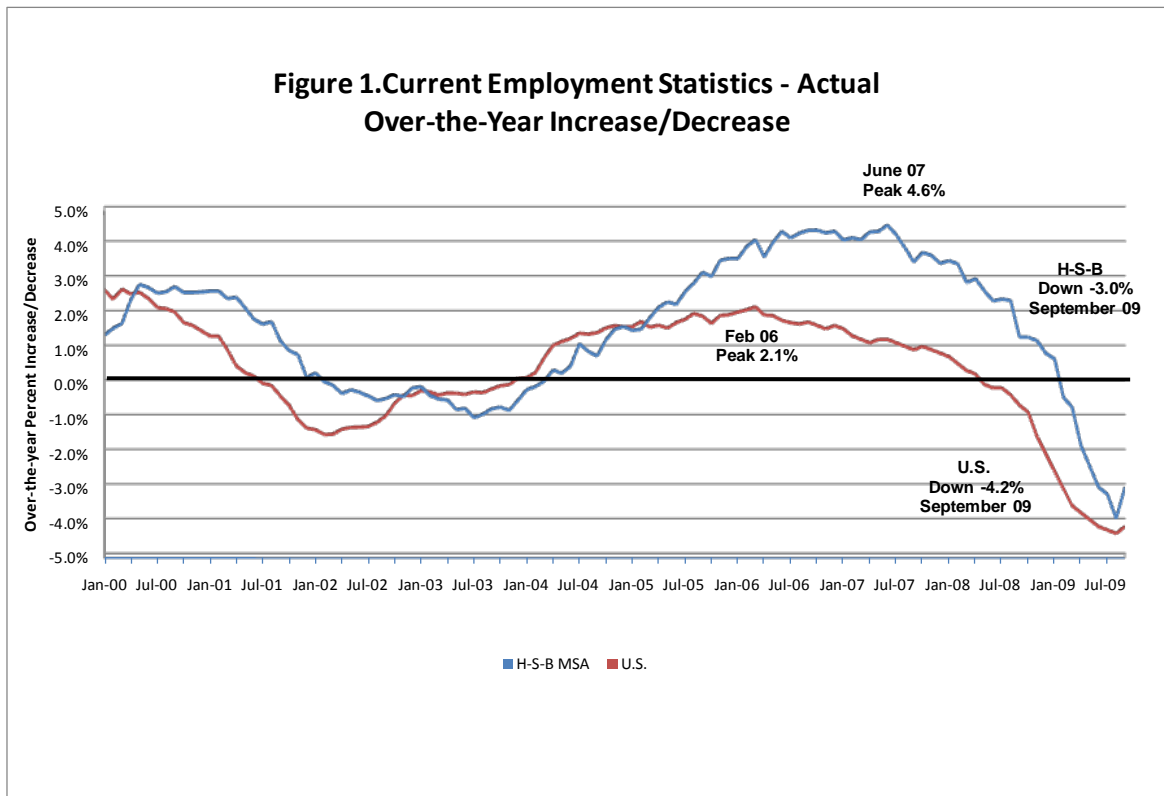
HOUSTON-SUGAR LAND-BAYTOWN METROPOLITAN STATISTICAL AREA (H-S-B MSA)

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**THE UNEMPLOYMENT RATE IN THE H-S-B MSA EDGED UP TO 8.5 PERCENT IN SEPTEMBER.** While the local rate continues to increase the national unemployment rate has declined for the last two consecutive months. The 8.5 percent rate is the highest for the MSA since the current time series began in 1990. While the rate of unemployment for the MSA remains lower than the nation's 9.5 percent, it is higher than the state's 8.3 percent rate.

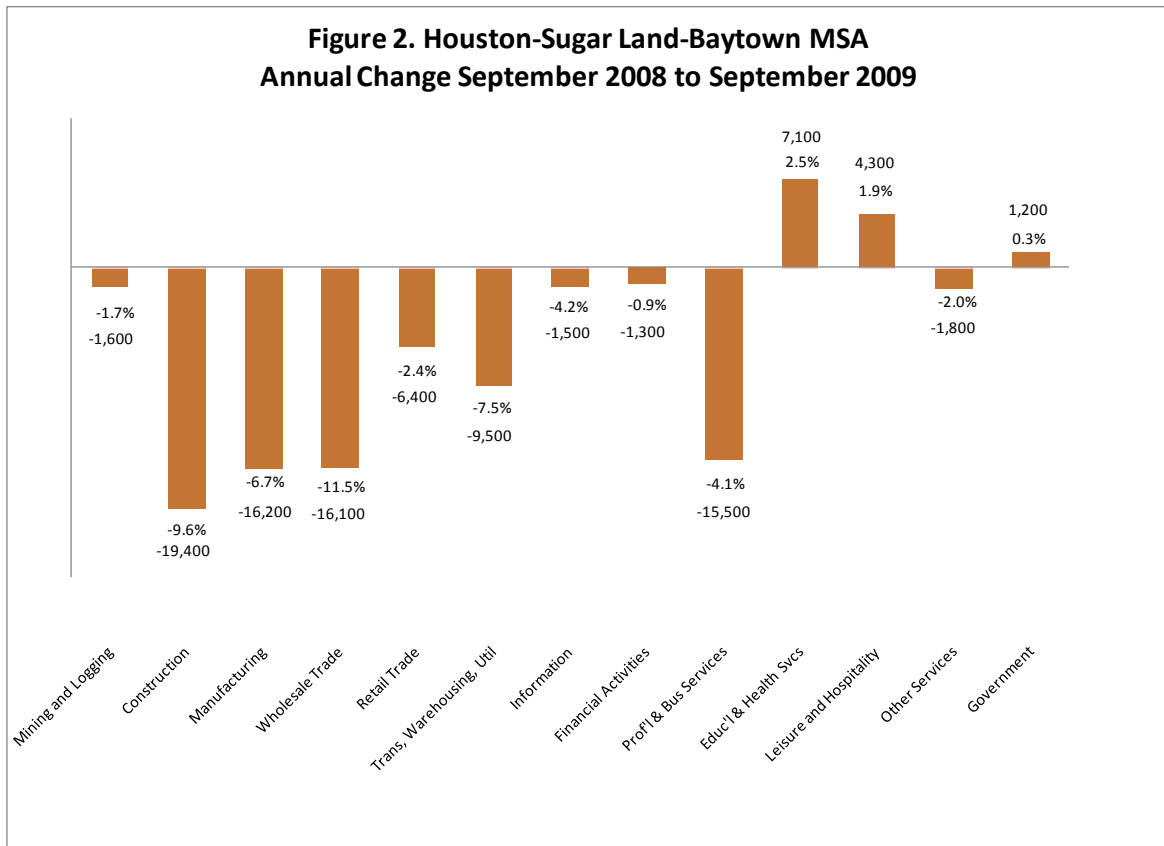
**THE H-S-B MSA CONTINUES TO STRUGGLE WHEN IT COMES TO FINDING JOBS DESPITE A DECREASE IN THE RATE OF JOB LOSSES.**

Hurricane Ike made landfall one year ago causing employers to reduce their payrolls by more than 18,000 distorting current over-the-year figures. Remove the "Ike Effect" and job losses are still very near 4.0 percent over the year. The bottom line is that the MSA has suffered job losses over the past year very similar to that of the nation despite what is reflected in the numbers, see Figure 1. Dependence on energy, construction, and financial services has had an especially negative impact to our local economy. The labor market is expected to remain weak for some time despite some recent signs of stabilization in the economy.



**Mining and Logging** is down 1,600 jobs or -1.7 percent over the year. Job growth in the super sector has fallen sharply from 8.1 percent in January turning negative in June. Weak demand and high inventories continue to weigh heavily on the sector driving employment in Support Activities for Mining down -9.7 percent over the year, a loss of 4,200 jobs from

September 2008. Outlook for natural gas drilling remains weak where new technology has been driving up supplies and will likely result in cheaper gas over the next few years. Demand for gas has been so weak that producers able to switch from gas to oil exploration are doing so. The mix of natural gas directed drilling to oil directed drilling has historically been 80/20 and has more recently shifted to 70/30. Despite rising oil prices due to a weak dollar, sustained improvement at the local level weighs heavily on demand for natural gas.



**Construction** shed an additional 200 jobs in September. The super sector is down -9.6 percent for a loss of 19,400 jobs. Specialty Trade Contractors have been hardest hit, down 13,700 jobs or -13.1 percent over the year, followed by Construction of Buildings, down 4,800 jobs or -9.3 percent over the year. While the pace of job declines appear to be slowing, long-term outlook remains dim especially in the area of office, retail, and hotel construction. On a brighter note, the institutional market may experience some improvement from economic stimulus funding.

**Manufacturing** lost another 900 jobs in September and is down 16,200 jobs or -6.7 percent over the year. While the -6.7 decline is the largest in nearly ten years, it remains much lower than a -11.8 percent loss at the national level. Largest losses in Manufacturing are tied to demand for equipment related to the oil and gas industry with Fabricated Metal Product Manufacturing down 6,100 jobs or -11.1 percent. Many manufacturers tied to oil and gas exploration are operating at as little as half capacity but are attempting to retain staff until orders increase stating that skilled staff is difficult to replace. Computer and Electronic Product Manufactures have also been hit hard, down 1,900 jobs or -9.7 percent, as businesses and consumers continue to be cautious about their spending. Nondurable Goods Manufacturing has suffered a much more modest decline of -1.7 percent, down 1,400 jobs. Demand for non-durable goods products is strengthening due to increased exporting as a

result of a weaker dollar and the region's current advantage of using lower priced natural gas to produce products.

**Trade Transportation & Utilities** lost 5,900 jobs in September, down -1.2 percent. While some of the loss is due to seasonal declines in Retail Trade, other areas continue to be strained by the economy with a loss of 2,100 jobs in Wholesale Trade and 1,700 jobs in Transportation Warehousing and Utilities. The super sector has lost 32,000 jobs over the year, down 6.0 percent. Wholesale Trade has been hardest hit reporting a -11.5 percent decline, down 16,100 jobs, followed by Transportation Warehousing and Utilities, down 9,500 jobs or -7.5 percent. Retail Trade is down 6,400 jobs or -2.4 percent over the year with retail establishments painting a grim picture for the approaching holiday season having fallen short of already reduced sales goals.

**Financial Activities** managed a slight increase of 100 jobs in September. The super sector has managed to keep over-the-year losses to a minimum, currently down -0.9 percent from September 2008. The decline is found in Finance and Insurance, down 1,600 jobs or -1.8 percent.

**Professional and Business Services** lost 2,000 jobs in September driven by declines at staffing agencies. The super sector is down 15,500 jobs, -4.1 percent, from September 2008. Architectural, Engineering, and Related Services has suffered the largest decline, down 5,200 jobs or -7.8 percent, where many businesses are tied to construction. Employment Services lost 1,900 jobs in September and is down 3,000 jobs, -4.5 percent, over the year with staffing companies reporting that demand for direct hires remain weak. Look for increases in Employment Services as a possible leading indicator when the labor market becomes more favorable since adding temps does not add to an employer's permanent payroll.

**Education and Health Services** is one of the few super sectors in private industry reporting an over-the-year increase, up 7,100 jobs or 2.5 percent from September 2008, see Figure 2. Despite this month's temporary spike in growth due to the "Ike Effect", growth will likely return to less than 2.0 percent in October. Most of the job growth is found in Health Care and Social Assistance, up 5,900 jobs or 2.4 percent over the year. Educational Services added fewer jobs but at a faster pace, up 1,200 jobs or 2.9 percent over the year. An aging population and a population growth rate that more than doubles that of the nation is responsible for growth in the super sector.

Employment in **Leisure and Hospitality** experienced a seasonal decline in September, down 4,200 jobs or -1.8 percent. The super sector is up 4,300 jobs or 1.9 percent over the year. Consider the "Ike Effect" on current over-the-year growth and the more realistic picture is that the Leisure and Hospitality continues to suffer from the ailing economy as demonstrated by the current over-the-month loss.

**Other Services** lost 400 jobs in September and is down 1,800 jobs or -2.0 percent over the year. Other Services includes, as a partial list, industries such as various repair services, personal care services, dry cleaning and laundry services, and religious and social advocacy organizations.

**Government** experienced a seasonal increase of 18,600 jobs in September as schools added staff for the current school year. Over-the-year growth in Government remains weak, up 1,200 jobs or 0.3 percent over the year, with entities hiring less as they deal with budget deficits.

## NONAGRICULTURAL EMPLOYMENT

Houston-Sugar Land-Baytown MSA	SEP 09	Month Change		Year Change	
		Net	Percent	Net	Percent
Total Nonfarm	2,516,600	6,200	0.2%	-76,700	-3.0%
Total Private	2,155,800	-12,400	-0.6%	-77,900	-3.5%
Goods Producing	499,600	-1,000	-0.2%	-37,200	-6.9%
..Mining and Logging	90,100	100	0.1%	-1,600	-1.7%
...Oil and Gas Extraction	49,700	-100	-0.2%	2,400	5.1%
...Support Activities for Mining	39,100	0	0.0%	-4,200	-9.7%
..Construction	183,400	-200	-0.1%	-19,400	-9.6%
..Construction of Buildings	46,600	100	0.2%	-4,800	-9.3%
..Heavy and Civil Engineering Construction	45,800	600	1.3%	-900	-1.9%
..Specialty Trade Contractors	91,000	-900	-1.0%	-13,700	-13.1%
..Manufacturing	226,100	-900	-0.4%	-16,200	-6.7%
..Durable Goods	144,400	-1,400	-1.0%	-14,800	-9.3%
...Fabricated Metal Product Manufacturing	48,700	-200	-0.4%	-6,100	-11.1%
...Machinery Manufacturing	43,500	-100	-0.2%	-100	-0.2%
....Agriculture, Construction, and Mining Machinery Manufacturing	30,900	-200	-0.6%	900	3.0%
...Computer and Electronic Product Manufacturing	17,700	-200	-1.1%	-1,900	-9.7%
....Computer and Peripheral Equipment Manufacturing	7,700	0	0.0%	100	1.3%
..Non-Durable Goods	81,700	500	0.6%	-1,400	-1.7%
...Petroleum and Coal Products Manufacturing	13,900	100	0.7%	500	3.7%
...Chemical Manufacturing	37,600	-100	-0.3%	-400	-1.1%
Service Providing	2,017,000	7,200	0.4%	-39,500	-1.9%
..Private Service Providing	1,656,200	-11,400	-0.7%	-40,700	-2.4%
..Trade, Transportation, and Utilities	498,200	-5,900	-1.2%	-32,000	-6.0%
...Wholesale Trade	123,700	-2,100	-1.7%	-16,100	-11.5%
....Merchant Wholesalers, Durable Goods	76,800	-1,600	-2.0%	-9,500	-11.0%
....Professional and Commercial Equipment and Supplies Merchant W	10,200	-100	-1.0%	-1,000	-8.9%
....Merchant Wholesalers, Nondurable Goods	40,800	-100	-0.2%	400	1.0%
...Retail Trade	257,000	-2,100	-0.8%	-6,400	-2.4%
...Motor Vehicle and Parts Dealers	34,500	-200	-0.6%	-500	-1.4%
....Building Material and Garden Equipment and Supplies Dealers	19,000	-400	-2.1%	-500	-2.6%
....Food and Beverage Stores	54,300	0	0.0%	2,300	4.4%
....Health and Personal Care Stores	16,600	100	0.6%	500	3.1%
....Clothing and Clothing Accessories Stores	26,900	-700	-2.5%	-100	-0.4%
....General Merchandise Stores	58,800	-1,100	-1.8%	700	1.2%
....Department Stores	23,000	-700	-3.0%	900	4.1%
....Other General Merchandise Stores	35,800	-400	-1.1%	-200	-0.6%
...Transportation, Warehousing, and Utilities	117,500	-1,700	-1.4%	-9,500	-7.5%
...Utilities	15,800	-300	-1.9%	-200	-1.3%
....Air Transportation	25,800	-100	-0.4%	0	0.0%
....Truck Transportation	20,700	-100	-0.5%	-100	-0.5%
....Pipeline Transportation	8,600	0	0.0%	0	0.0%
..Information	34,400	-100	-0.3%	-1,500	-4.2%
...Telecommunications	18,000	0	0.0%	-500	-2.7%
..Financial Activities	141,800	100	0.1%	-1,300	-0.9%
...Finance and Insurance	88,600	200	0.2%	-1,600	-1.8%
....Credit Intermediation and Related Activities	41,600	-300	-0.7%	-1,000	-2.3%
....Depository Credit Intermediation	29,000	-100	-0.3%	-300	-1.0%
....Securities, Commodity Contracts, and Other Financial Investments :	13,300	0	0.0%	100	0.8%
....Insurance Carriers and Related Activities	30,700	0	0.0%	-300	-1.0%
....Insurance Carriers	14,700	-100	-0.7%	-600	-3.9%
...Real Estate and Rental and Leasing	53,200	-100	-0.2%	300	0.6%
....Rental and Leasing Services	16,100	-100	-0.6%	-300	-1.8%

**NONAGRICULTURAL EMPLOYMENT****Houston-Sugar Land-Baytown MSA**

	SEP 09	Month Change		Year Change	
		Net	Percent	Net	Percent
..Professional and Business Services	365,000	-2,000	-0.5%	-15,500	-4.1%
...Professional, Scientific, and Technical Services	178,200	-400	-0.2%	-5,700	-3.1%
....Legal Services	23,700	-200	-0.8%	200	0.9%
....Accounting, Tax Preparation, Bookkeeping, and Payroll Services	17,000	100	0.6%	-200	-1.2%
....Architectural, Engineering, and Related Services	61,200	-300	-0.5%	-5,200	-7.8%
....Computer Systems Design and Related Services	26,000	100	0.4%	900	3.6%
..Administrative and Support and Waste Management and Remediation Services	176,800	-2,300	-1.3%	-1,900	-1.1%
....Administrative and Support Services	167,900	-2,100	-1.2%	-1,900	-1.1%
....Employment Services	63,900	-1,900	-2.9%	-3,000	-4.5%
....Services to Buildings and Dwellings	41,600	-100	-0.2%	600	1.5%
..Educational and Health Services	294,300	1,100	0.4%	7,100	2.5%
...Educational Services	41,900	800	1.9%	1,200	2.9%
...Health Care and Social Assistance	252,400	300	0.1%	5,900	2.4%
....Ambulatory Health Care Services	117,600	-400	-0.3%	5,900	5.3%
....Offices of Physicians	42,400	100	0.2%	1,600	3.9%
....Hospitals	69,800	0	0.0%	100	0.1%
..Leisure and Hospitality	233,600	-4,200	-1.8%	4,300	1.9%
...Arts, Entertainment, and Recreation	27,900	-2,000	-6.7%	1,400	5.3%
...Accommodation and Food Services	205,700	-2,200	-1.1%	2,900	1.4%
....Accommodation	20,800	-400	-1.9%	0	0.0%
....Food Services and Drinking Places	184,900	-1,800	-1.0%	2,900	1.6%
..Other Services	88,900	-400	-0.4%	-1,800	-2.0%
Government	360,800	18,600	5.4%	1,200	0.3%
.Federal Government	29,000	-100	-0.3%	-100	-0.3%
.State Government	72,100	1,900	2.7%	500	0.7%
..State Government Educational Services	39,800	1,100	2.8%	1,200	3.1%
.Local Government	259,700	16,800	6.9%	800	0.3%
..Local Government Educational Services	173,700	14,500	9.1%	-2,800	-1.6%

**UNEMPLOYMENT RATE**

	SEP 09	AUG 09	SEP 08
H-S-B MSA	8.5	8.4	5.1
Texas (Actual)	8.3	8.1	5.1
United States (Actual)	9.5	9.6	6.0

**Houston-Sugar Land-Baytown MSA:** Includes Austin, Brazoria, Chambers, Ft. Bend, Galveston, Harris, Liberty, Montgomery, and San Jacinto & Waller Counties. Houston-Baytown-Sugar Land MSA CES data series are benchmarked to March 2008 levels. Data from April 2008 forward are estimates and are subject to future revisions based on employer reports. Estimated by the Texas Workforce Commission in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics. All Data Subject To Revision.

Sources: U.S. Department of Labor, BLS, Texas Workforce Commission, Baker Hughes Incorporated, Kiley Advisors, Metrostudy, and The Federal Reserve Bank of Dallas (which covers Texas, northern Louisiana and southern New Mexico).