

Houston Area Employment Situation

June 2021

CURRENT EMPLOYMENT AND LOCAL AREA UNEMPLOYMENT STATISTICS

Leisure and Hospitality See Huge Gains While Mining and Logging and Construction Languish

Total Nonfarm

Over-the-month Change

Houston MSA Total Nonfarm (not-seasonally adjusted) employment stood at 3,044,300 in June, up 6,500 jobs over the month, or 0.2 percent. A year ago Houston registered an over-the-month increase of 44,900 jobs. The largest all-time one-month gain on record for this sector occurred in May 2020, up 67,200 jobs. The largest one-month decline on record outside of seasonal job losses in January and July occurred in April 2020, down -343,400 jobs. (see Chart 1.) Prior to the pandemic, historically in the month of June, Total Nonfarm has on average added 11,000 jobs over the month, which indicates that this month's gains are substantially below the long-term average. In the history of the series, Total Nonfarm employment has lost jobs in June on only two occasions: 2009 and 2016, during the Great Recession and the late-2014 fracking bust. Note that the effects of COVID-19 in June 2020 resulted in a significant rebound preceded by the largest drop in employment on record in April.

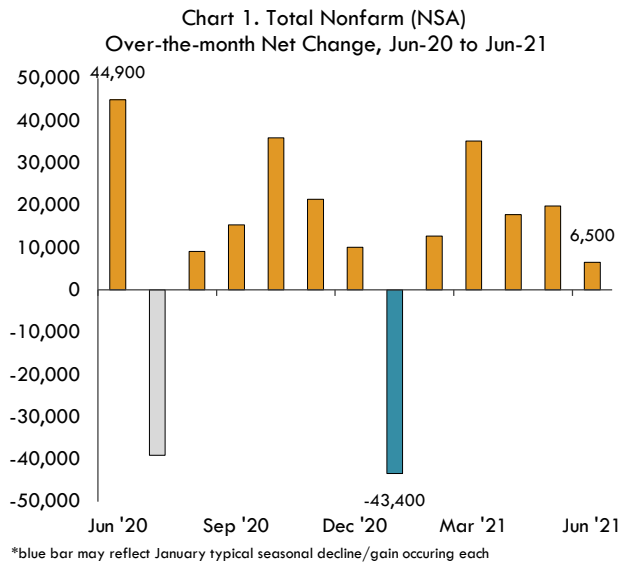
The primary drivers of this June's growth were increases in Leisure and Hospitality, Trade, Transportation, and Utilities, and Manufacturing. Gains were also recorded in Professional and Business Services, Education and Health Services, and Information. The net increase in jobs over the month was partially offset by losses in Government, Mining and Logging, and Construction. (see Chart 2.) Houston MSA Total Nonfarm (seasonally adjusted) employment stood at 3,027,300, up 2,200 jobs over the month, or 0.1 percent vs. a historical average of 3,900. Note that analysis throughout the remainder of this report references not-seasonally adjusted data as seasonally-adjusted data is unavailable for major sectors and their sub-components.

Top-3 Drivers of Over-the-month Job Growth in June

- Leisure and Hospitality: 13,700
- Trade, Transportation, and Utilities: 3,000
- Manufacturing: 1,200

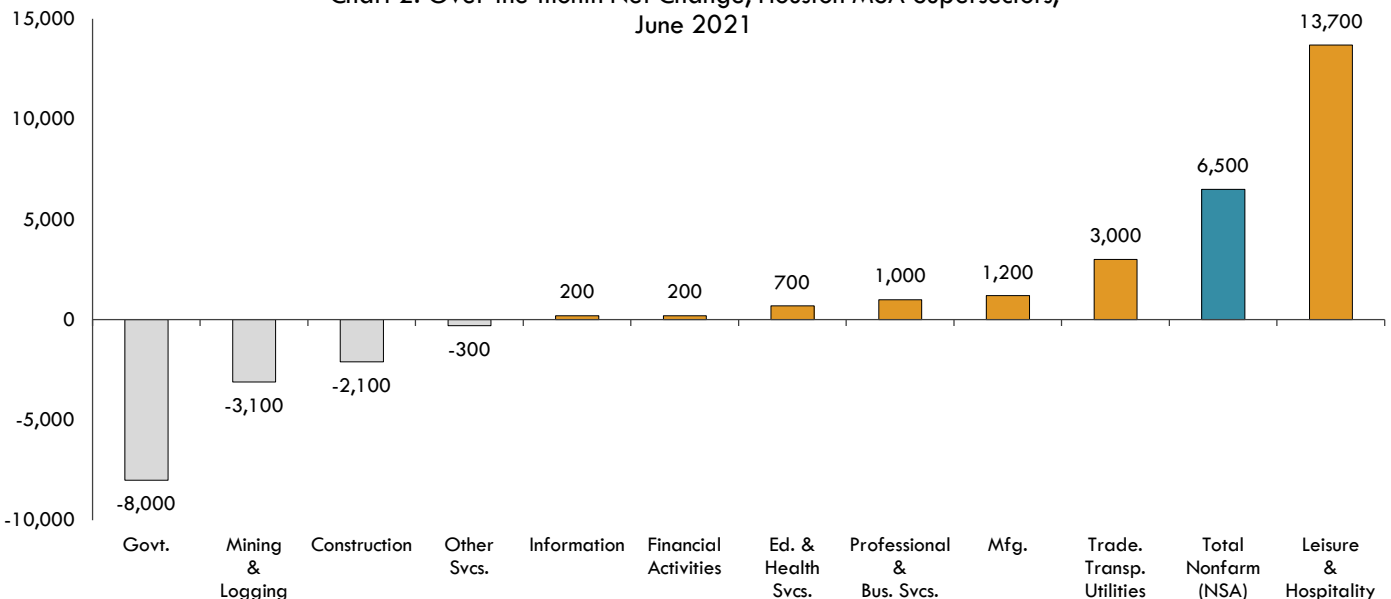
Over-the-year Change

Over the year, Total Nonfarm employment was up 101,400 or 3.4 percent on a not-seasonally-adjusted basis and up 99,600 or 3.4 percent on a seasonally-adjusted basis. (see NSA Chart 3.) To compare, June 2020 saw a year-over-year loss of -228,000 jobs (NSA) from June 2019. The largest over-the-year gain on record for Total Nonfarm Employment occurred in April 2021, up 187,200 jobs. The largest over-the-year decline on record occurred in April 2020, down -313,700 jobs.



Currently 9 out of 11 sectors show growth year over year of which the top-three are Leisure and Hospitality (51,600), Trade, Transportation, and Utilities (29,600), and Professional and Business Services (15,300). (see Chart 4.) COVID-19 resulted in the loss of -361,400 jobs over March and April 2020 of which approximately 60 percent of Total Nonfarm employment has been recovered to date.

Chart 2. Over-the-month Net Change, Houston MSA Supersectors, June 2021



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Previous Month's Revisions

Total Nonfarm employment was revised upward by 100 jobs for a April to May larger net gain of 19,800 compared to an original estimate of 19,700 jobs. An upward revision of +2,200 jobs in Trade, Transportation, and Utilities was the largest contributor followed by Financial Activities (+300) and Information (+100). Downward revisions in Education and Health Services (-1,100), Construction (-800), and Government (-400) provided a partial offset of the overall upward revision to Total Nonfarm employment. (see Chart 5.)

Top-3 Drivers of Over-the-year Job Growth in June

- Leisure and Hospitality: 51,600
- Trade, Transportation, and Utilities: 29,600
- Professional and Business Services: 15,300

Chart 5. Net Revisions for Selected Supersectors and Major Industries, May 2021

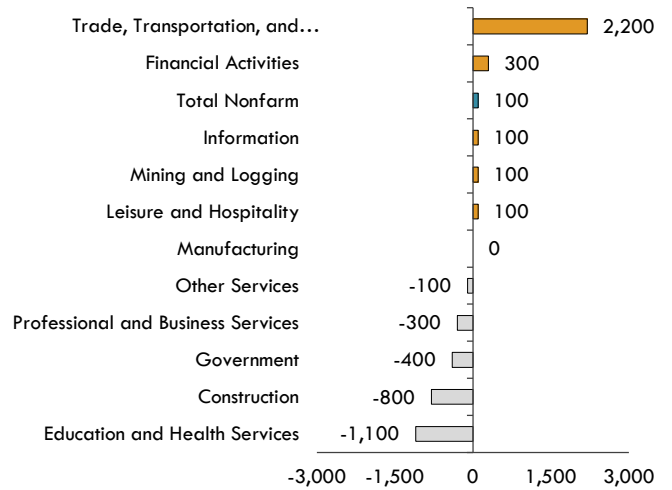


Chart 3. Total Nonfarm (NSA)
Over-the-year Net Change, Jun-06 to Jun-21

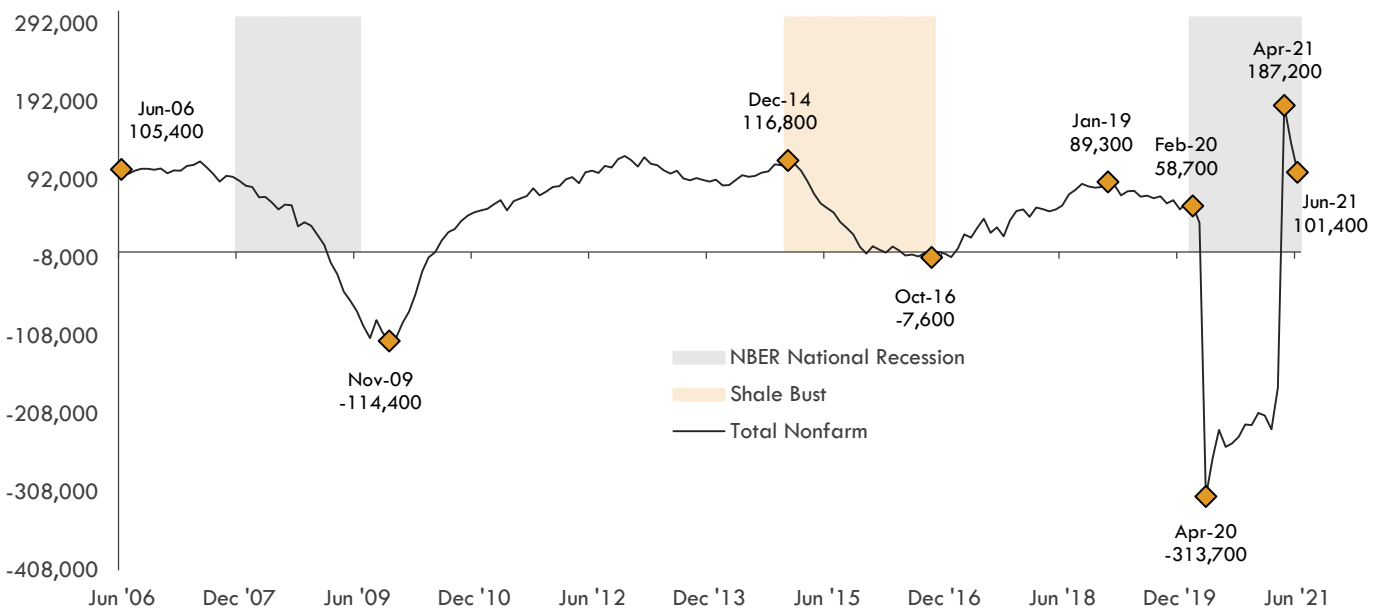
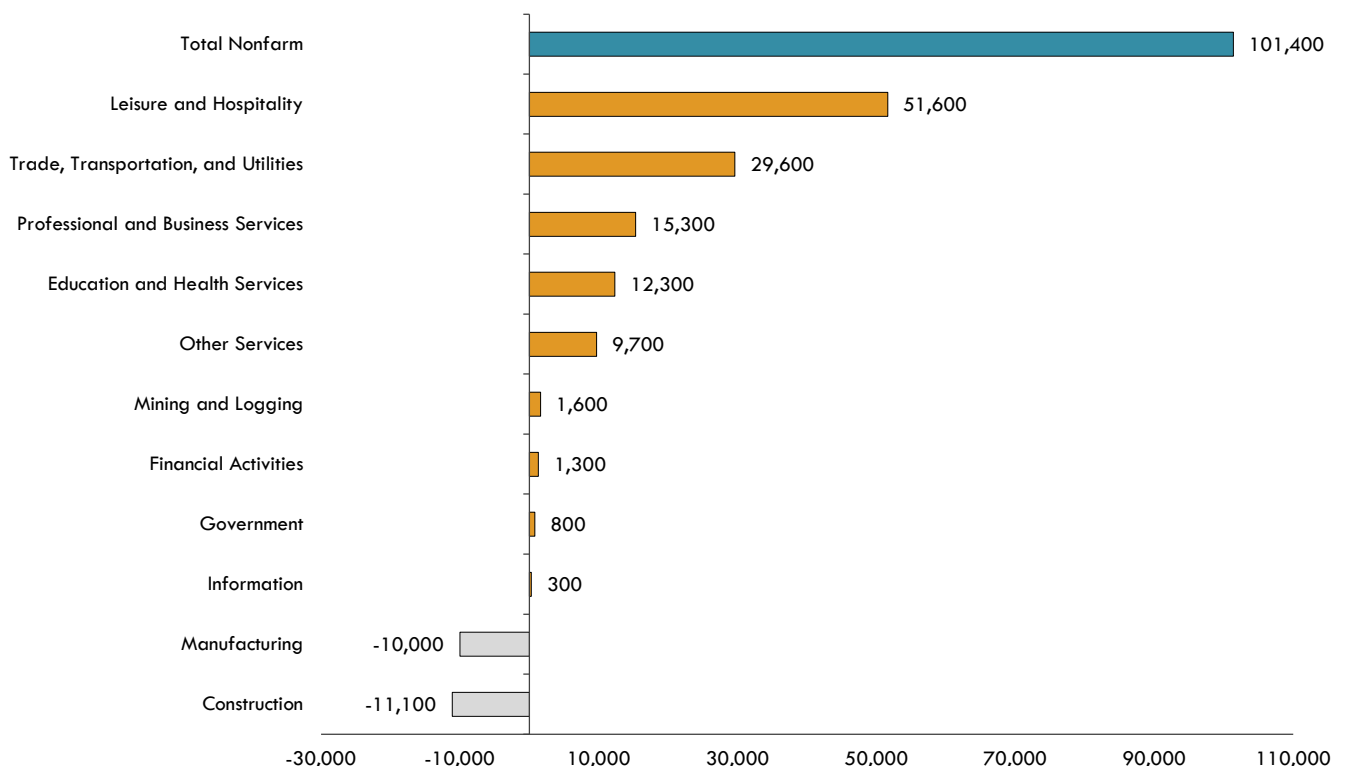


Chart 4. Over-the-year Net Change, Houston MSA Supersectors,
June 2020 to June 2021



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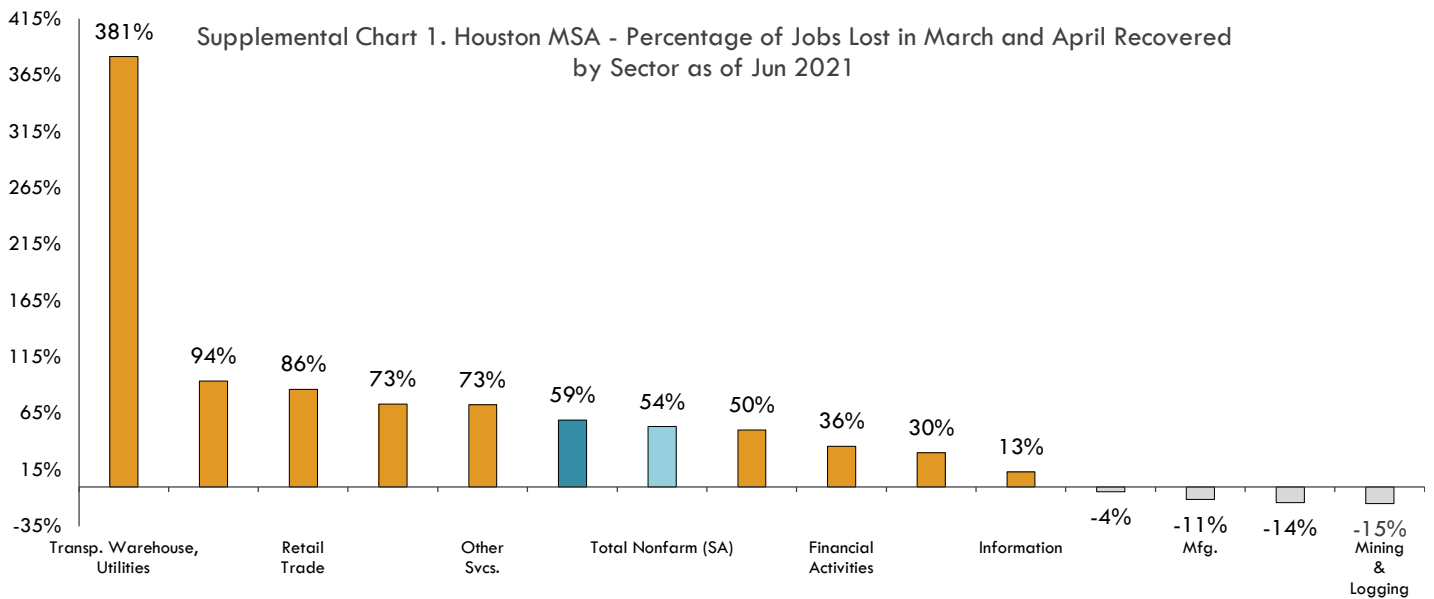
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Overall impressions

June was a weak month for job growth with or without accounting for seasonal factors such as the loss of Government jobs, i.e. public education related to the end of the academic year. Weakness in Mining and Logging and Construction were the two biggest drivers of June's subpar performance. In the case of Mining and Logging, given relatively high and stable oil prices, slow but steady increases in the number of active rigs, and declining UI claims in this sector, the source of the Mining and Logging weakness is unclear. Construction employment captured in formal payrolls of industrial and commercial builders continues to decline and remains at odds with reported strength in residential construction hampered only by perennial shortages of skilled trades and pandemic-related supply chain disruptions of materials. Throughout all of this the unemployment rose from 6.7 percent to 7.4 percent (NSA), an increase typical across most May to June periods over the past three decades. The bright spot in June's jobs report was Leisure and Hospitality, which saw it's second-best June on record and it's third-best month of all-time suggesting that the demand for restaurant workers is at least somewhat being met despite continued reports of worker shortages. Leisure and Hospitality typically adds jobs in June however this June's gains were roughly four times the pre-COVID norm reflecting improved confidence among consumers.

Jobs Lost over March and April 2020 Recovered To-date

June's tepid topline job growth did little to move the needle on the percentage of jobs lost in spring 2020 recovered to-date remaining between 50 percent and 60 percent as in recent months. However, Leisure and Hospitality's strong showing in June takes its recovery rate to 94 percent. Given that from July onward, this sector will be entering period of the year where job losses are common each month until November, it remains to be seen how quickly it can reach 100 percent. The four sectors that have struggled to recover any percentage of jobs lost last spring continued to do so in June with Mining and Logging and Construction's positions being further weakened by job losses this month. (See supplemental chart 1.)



Future December Full Employment Recovery Timelines

With June's modest 2,200 jobs added (seasonally-adjusted) over the month, the number of jobs needed in each subsequent month to return total employment of 3.2 million jobs, i.e. February 2020's level, over the next four Decembers has risen somewhat. In particular, the number of jobs needed to reach this goal by December 2022 now stands it at over 9,800 each month for an average monthly growth rate of 0.3 percent. For the time being, this remains a plausible pace of growth based on the region's job performance in the late 1990s, the mid-2000s, and most recently 2013 near the height of the shale boom. However, with each below-average month of job growth, the number of jobs needed continues to rise or conversely the timeline for full absolute recovery becomes extended into the following year. See supplemental chart 2 for recovery deltas by sector. See charts 3, and 4 for projected growth rates needed for full recovery by December 2022 and next three Decembers.

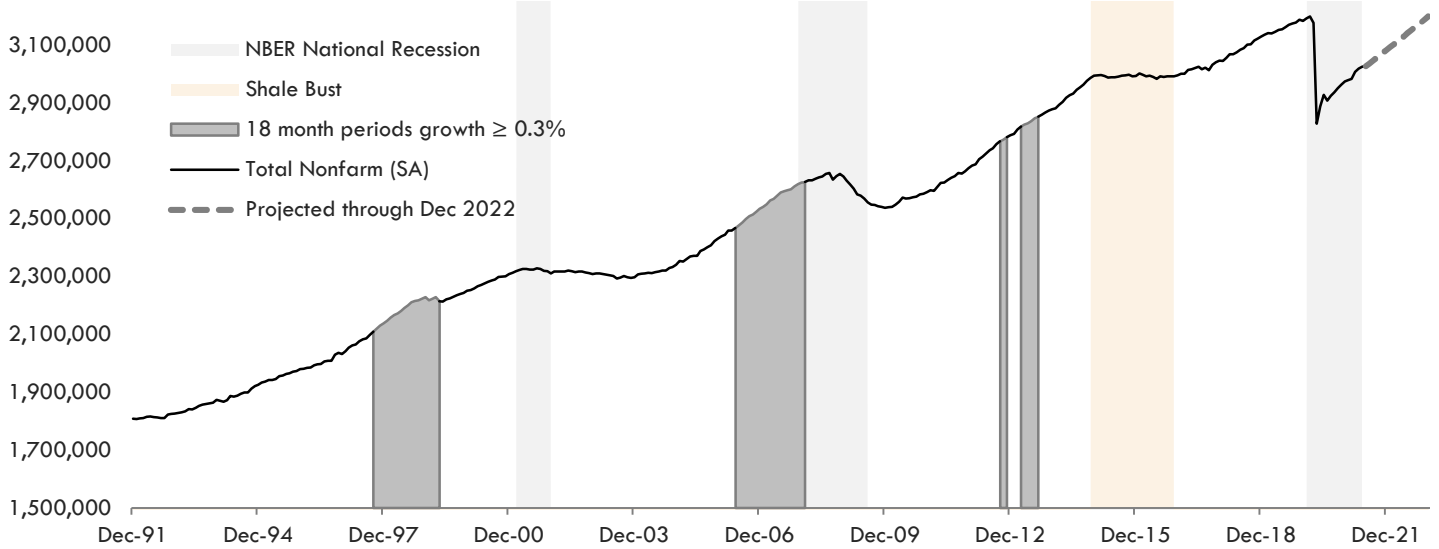
Supplemental Chart 2. Houston MSA Current Employment Level as of Jun 2021 Relative to Pre-pandemic Peak by Sector



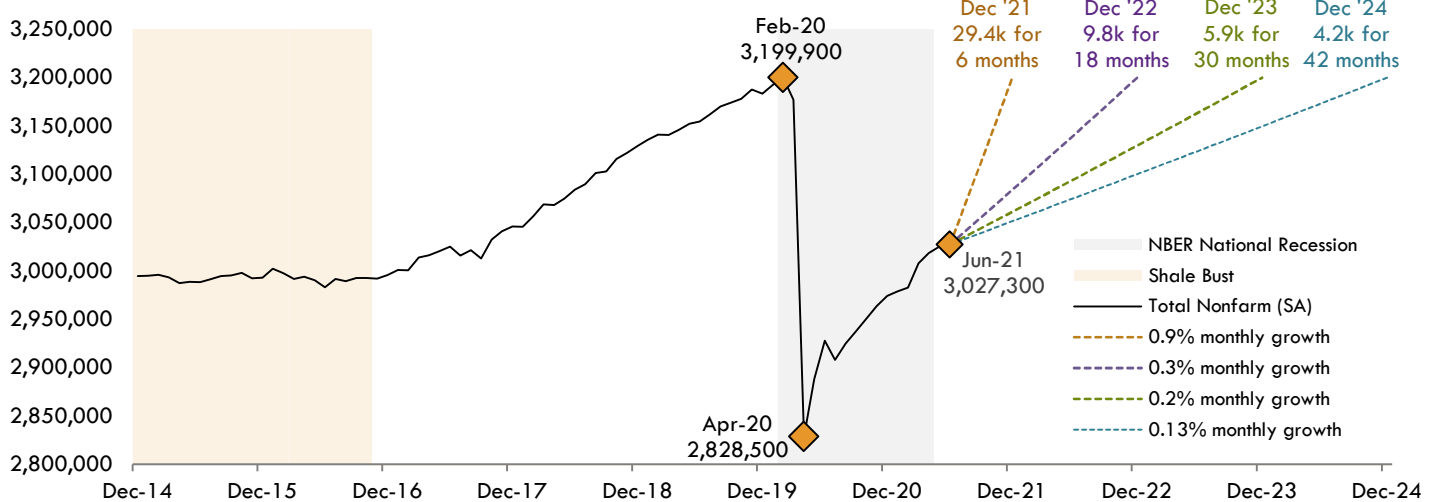
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Supplemental Chart 3. Houston MSA Total Nonfarm Previous 18-month Periods of Growth ≥ 0.3%



Supplemental Chart 4. Houston MSA Growth Rates Needed to Return to February 2020 Employment Level by December 2021, 2022, 2023 and 2024

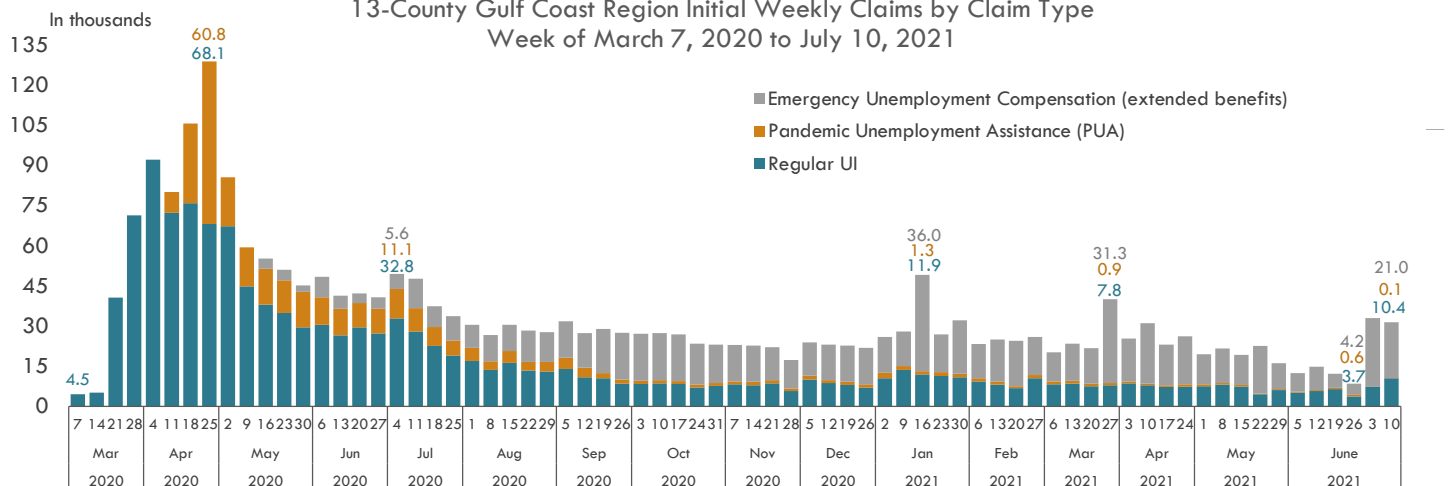


Discontinuation of Federal Pandemic Unemployment Insurance Programs

Per the Texas Workforce Commission “As of June 26, 2021, the State of Texas has ended its participation in the federal pandemic unemployment benefit programs. As a result, the final benefit week that the Texas Workforce Commission (TWC) paid federal pandemic unemployment benefits under the American Rescue Plan was the benefit week ending June 26, 2021.” However, given that the survey period for the June employment situation occurred during the week including June 12th, any impacts from the conclusion of these emergency programs on the monthly jobs estimates are unlikely to be reflected in this month’s estimates but rather in July’s to be released in mid-August.

While impacts on the monthly job estimates remain to be seen, in an unexpected turn of events the two most recent weeks after the discontinuation of these programs saw surges in the number of (P)EUC claims. As a reminder, this federal program would have provided benefits until September for individuals who exhausted their regular state benefits. Based on guidance provided by the Texas Workforce Commission above, no further claims of this type should be reported. An explanation for these increases could not be determined. (See UI chart below, also found in the Infographic chart document accompanying this report.)

13-County Gulf Coast Region Initial Weekly Claims by Claim Type
Week of March 7, 2020 to July 10, 2021



Source: Texas Workforce Commission

Note: Regular UI claims data found in this chart may differ from values shown elsewhere in this document and/or from other Federal or State sources. Data may contain multiple filings by due to administrative requirements. The state of Texas discontinued participation in pandemic federal extended benefits programs on 6/26/21.

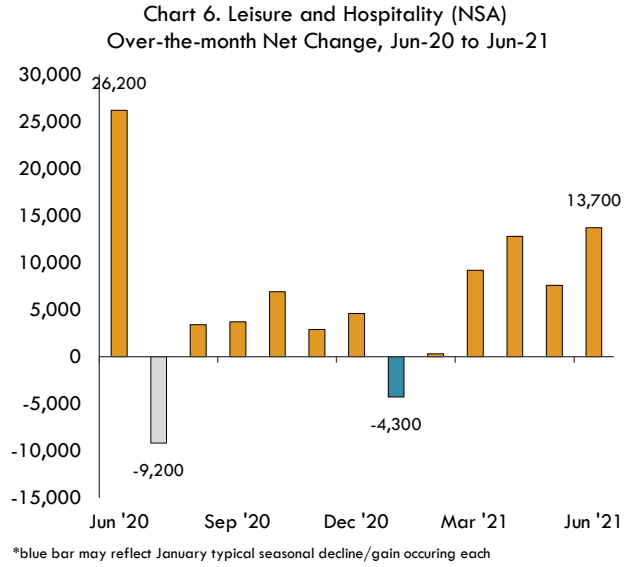
GAINING INDUSTRY HIGHLIGHTS

Leisure and Hospitality

Over-the-month Change

Leisure and Hospitality was the largest gaining sector over the month up 13,700 jobs, or 4.4 percent. (see Chart 6.) The largest all-time one-month gain on record for this sector occurred in May 2020, up 42,100 jobs. The largest decline on record occurred in April 2020, down -123,400 jobs. Historically in the month of June, Leisure and Hospitality has added an average of 3,700 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Gains are typical in June in Leisure and Hospitality with no instances of jobs losses in this month since records began in 1990. This month marks the end of five consecutive months starting in February during which no job losses have ever been recorded with the exceptions of March and April 2020. Accommodation and Food Services was the largest contributor to the overall sector's increase, up 10,200 jobs over the month. The second-largest contributor was Arts, Entertainment, and Recreation, which added 3,500 jobs from May to June. Leisure and Hospitality employment was revised

by 100 jobs for a April to May larger net gain of 7,600 compared to an original estimate of 7,500 jobs.

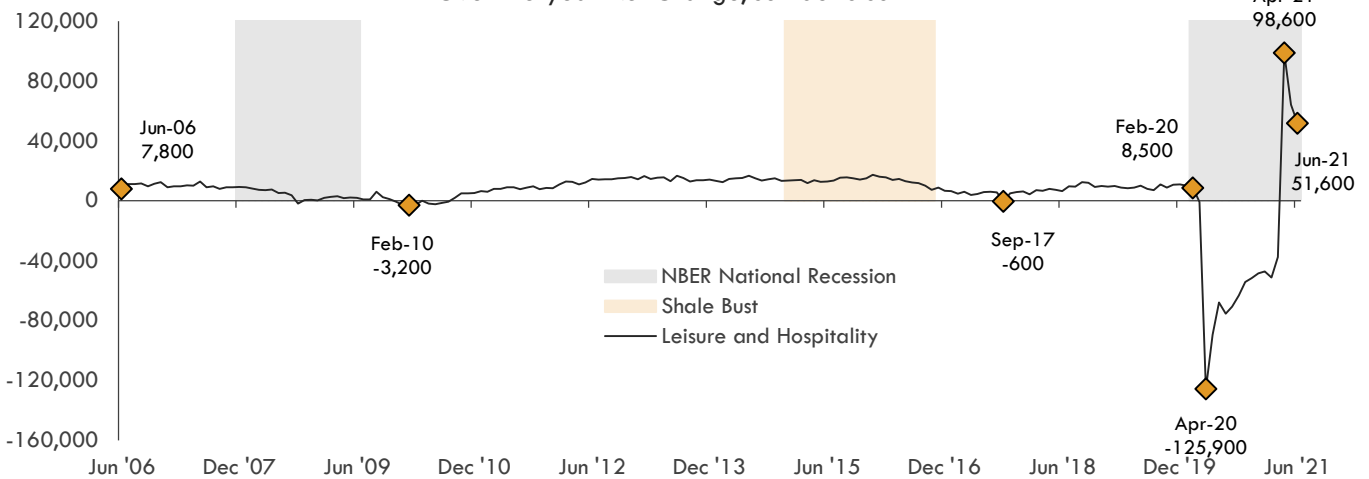


Over-the-year Change

Year over year, Leisure and Hospitality was up 51,600 jobs, or 18.8 percent. (see Chart 7.) This was the largest-ever year-over-year gain in the month of June since records began in 1990. Among sectors currently showing growth, this sector is the fastest-growing in percentage terms across the Houston area. Furthermore, 42.1 percent of total (gross) jobs added across the region over the past year can be attributed to Leisure and Hospitality. The largest over-the-year gain on record for this sector occurred in April 2021, up 98,600 jobs. The largest decline on record occurred in April 2020, down -125,900 jobs.

Accommodation and Food Services was the largest contributor to the overall sector's increase, up 45,500 jobs over the year. The second-largest contributor was Arts, Entertainment, and Recreation, which added 6,100 jobs from June a year ago. Since shedding -127,900 jobs over March and April 2020 due to the impact of COVID-19, this sector has recovered approximately 90 percent of jobs lost as of June. Leisure and Hospitality's share of Houston area Total Nonfarm Employment has risen from 9.3 percent to 10.7 percent over the past year.

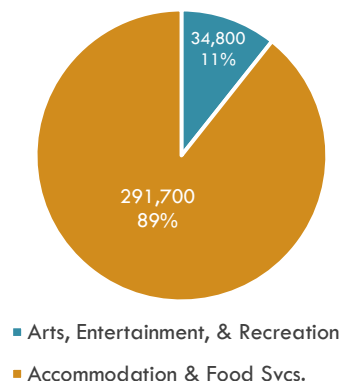
Chart 7. Leisure and Hospitality (NSA)
Over-the-year Net Change, Jun-06 to Jun-21



About This Sector

This sector is composed of establishments that produce and promote in live performances, events, or exhibits of historical, cultural, or educational interest or related to recreation or hobbies intended for public viewing; and provide customers with lodging and/or meals and beverages for immediate consumption. Of the two main component industries, Accommodation and Food Services accounts for the majority of the sector's employment at 89 percent. (see Chart 8.) Across the Houston MSA, the concentration of jobs in the overall sector is 3 percent higher than the national average.

Chart 8. Employment in Component Industries of Leisure and Hospitality Sector - June 2021



GAINING INDUSTRY HIGHLIGHTS

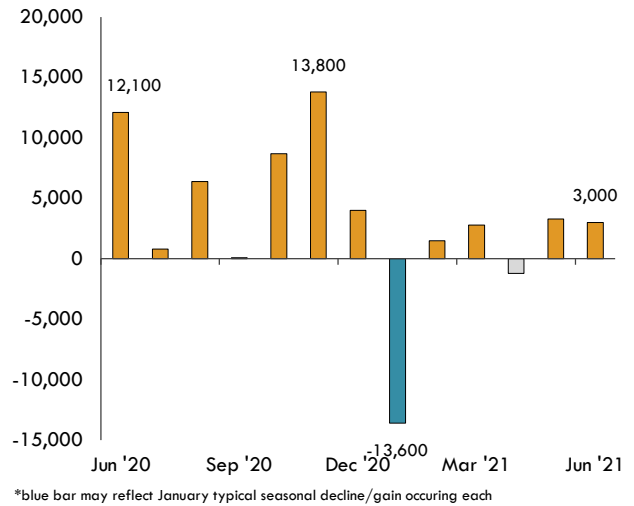
Trade, Transportation, and Utilities

Over-the-month Change

Trade, Transportation, and Utilities was the second-largest gaining sector over the month up 3,000 jobs, or 0.5 percent. (see Chart 9.) The largest all-time one-month gain on record for this sector occurred in November 2019, up 17,400 jobs. The largest decline on record occurred in April 2020, down -50,000 jobs. Historically in the month of June, Trade, Transportation, and Utilities has added an average of 3,400 jobs over the month, which indicates that this month's gains are slightly below the long-term average. June is typically a month of gains for Trade, Transportation, and Utilities with no recorded job losses in this month since records began in 1990. Retail Trade was the largest contributor to the overall sector's increase, up 1,600 jobs over the month. The second-largest contributor was Transportation, Warehousing, and Utilities, which added 1,400 jobs from May to June. Lastly, Wholesale Trade saw no change over the month. Trade, Transportation, and Utilities employment was revised upward by 2,200 jobs for a April to May larger net gain of

3,300 compared to an original estimate of 1,100 jobs.

Chart 9. Trade, Transportation, and Utilities (NSA)
Over-the-month Net Change, Jun-'20 to Jun-'21

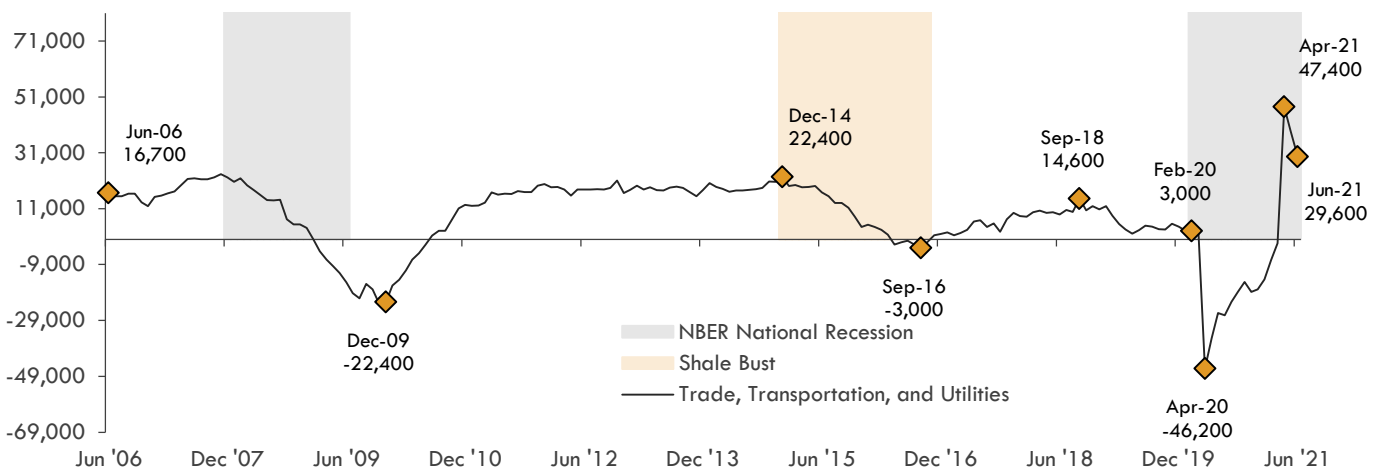


Over-the-year Change

Year over year, Trade, Transportation, and Utilities was up 29,600 jobs, or 4.9 percent. (see Chart 10.) This was the largest-ever year-over-year gain in the month of June since records began in 1990. Among sectors currently showing growth, this sector is the third-fastest growing in percentage terms across the Houston area. Furthermore, 24.2 percent of total (gross) jobs added across the region over the past year can be attributed to Trade, Transportation, and Utilities. The largest over-the-year gain on record for this sector occurred in April 2021, up 47,400 jobs. The largest decline on record occurred in April 2020, down

-46,200 jobs. Transportation, Warehousing, and Utilities was the largest contributor to the overall sector's increase, up 14,900 jobs over the year. The second-largest contributor was Retail Trade, which added 11,100 jobs from June a year ago. Lastly, Wholesale Trade contributed, 3,600 jobs. Trade, Transportation, and Utilities's share of Houston area Total Nonfarm Employment has risen from 20.4 percent to 20.7 percent over the past year.

Chart 10. Trade, Transportation, and Utilities (NSA)
Over-the-year Net Change, Jun-'06 to Jun-'21



About This Sector

This sector is composed of establishments wholesaling agriculture, mining, and manufactured goods; retailing goods in small quantities to the public incl. online; transporting passengers and cargo; warehousing and storage; and providing electricity, natural gas, water, and sewage removal. Of the three main component industries, Retail Trade accounts for a plurality of the sector's employment at 47 percent. (see Chart 11.) Across the Houston MSA, the concentration of jobs in the overall sector is 11 percent higher than the national average, due to a 38-percent higher concentration in Wholesale Trade primarily related to the oil and gas industry.

Chart 11. Employment in Component Industries of Trade, Transportation, and Utilities Sector - June 2021



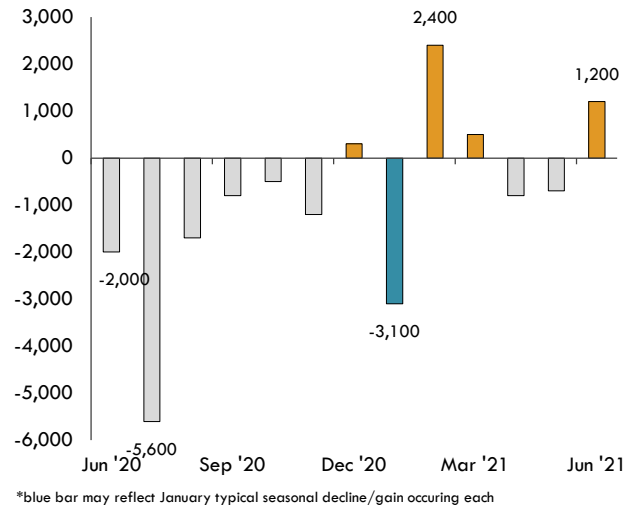
GAINING INDUSTRY HIGHLIGHTS

Manufacturing

Over-the-month Change

Manufacturing was the third-largest gaining sector over the month up 1,200 jobs, or 0.6 percent. (see Chart 12.) The largest all-time one-month gain on record for this sector occurred in June 1990, up 3,200 jobs. The largest decline on record occurred in April 2020, down -10,600 jobs. Historically in the month of June, Manufacturing has added an average of 1,700 jobs over the month, which indicates that this month's gains are moderately below the long-term average. June employment in Manufacturing typically sees increases however periods of low oil prices in recent years resulted in declines in 2009, 2015, 2016 and 2020, each of which corresponds to a national or local downturn. Durable Goods was the largest contributor to the overall sector's increase, up 1,100 jobs over the month. The second-largest contributor was Non-Durable Goods, which added 100 jobs from May to June. Manufacturing employment saw no revision from April to May leaving the previous month's original decrease of -700 intact.

Chart 12. Manufacturing (NSA)
Over-the-month Net Change, Jun-20 to Jun-21

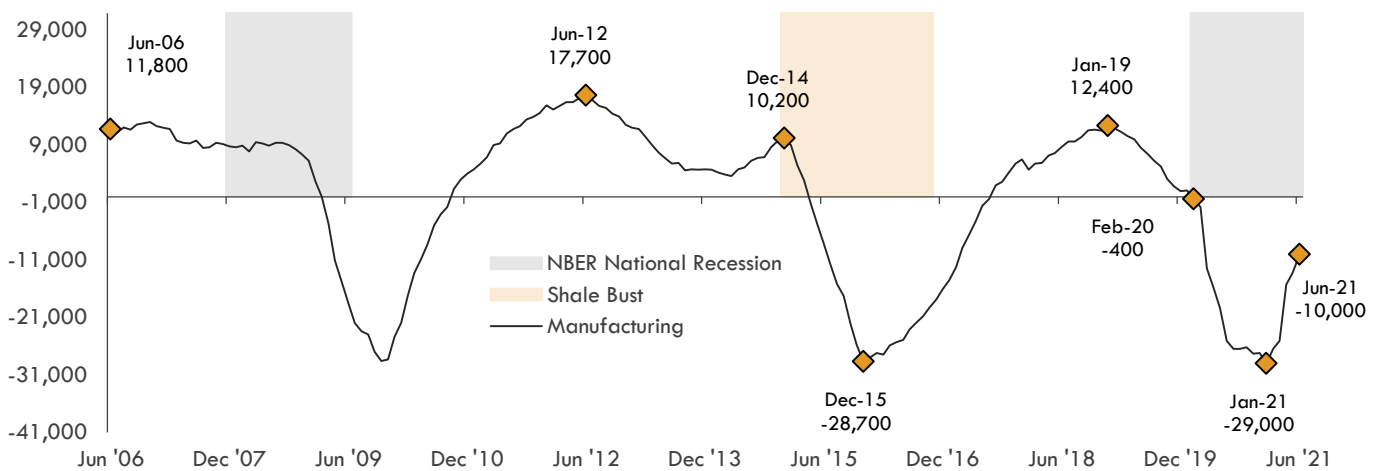


Over-the-year Change

Year over year, Manufacturing was down -10,000 jobs, or -4.6 percent. (see Chart 13.) Among sectors currently showing contraction, this sector is the second-fastest declining in percentage terms across the Houston area. Furthermore, 47.4 percent of total (gross) jobs lost across the region over the past year can be attributed to Manufacturing. The largest over-the-year gain on record for this sector occurred in June 2012, up 17,700 jobs. The largest decline on record occurred in January 2021, down -29,000 jobs. Durable Goods was the largest contributor to the overall sector's decline, down -9,200 jobs over

the year. The second-largest declining contributor was Non-Durable Goods, which lost -800 jobs from June a year ago. Since shedding -11,500 jobs over March and April 2020 due to the impact of COVID-19, this sector continues to post losses resulting in total employment that remains -10 percent below levels reported in February 2020. Manufacturing's share of Houston area Total Nonfarm Employment has fallen from 7.4 percent to 6.8 percent over the past year.

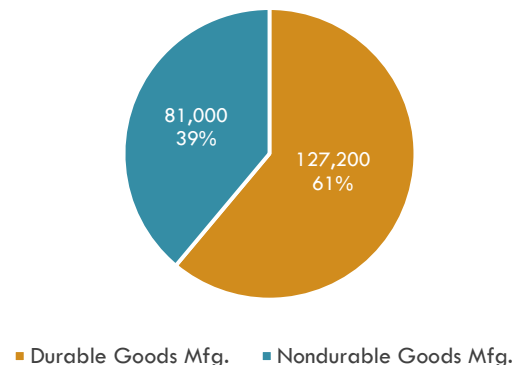
Chart 13. Manufacturing (NSA)
Over-the-year Net Change, Jun-06 to Jun-21



About This Sector

This sector comprises establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products. Of the two main component industries, Durable Goods accounts for the majority of the sector's employment at 61 percent. (see Chart 14.) Across the Houston MSA, the concentration of jobs in the overall Manufacturing sector is 19 percent less than the national average.

Chart 14. Employment in Component Industries of Manufacturing Sector - June 2021



GAINING INDUSTRY HIGHLIGHTS

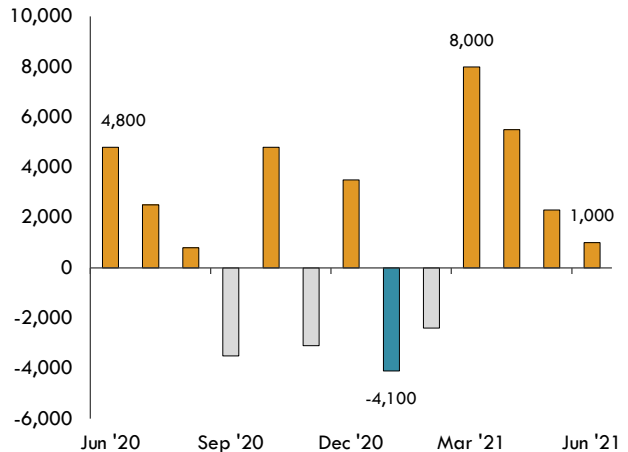
Professional and Business Services

Over-the-month Change

Professional and Business Services also saw an increase over the month up 1,000 jobs, or 0.2 percent. (see Chart 15.) The largest all-time one-month gain on record for this sector occurred in March 2021, up 8,000 jobs. The largest decline on record occurred in April 2020, down -37,800 jobs. Historically in the month of June, Professional and Business Services has added an average of 3,900 jobs over the month, which indicates that this month's gains are substantially below the long-term average. This sector has never lost jobs in this month since records began even during the Great Recession. Furthermore, June is the only month that can claim this as other months that typically add jobs have lost posted a handful of losses over the past three decades. Professional, Scientific, and Technical Services was the largest contributor to the overall sector's increase, up 1,900 jobs over the month. The second-largest contributor was Management of Companies and Enterprises, which added 500 jobs from May to June. Lastly, Administrative and Support and Waste

and Remediation Services offset a portion of the sector's gains with a loss of -1,400 jobs. Professional and Business Services employment was revised downward by -300 jobs for a April to May smaller net gain of 2,300 compared to an original estimate of 2,600 jobs.

Chart 15. Professional and Business Services (NSA)
Over-the-month Net Change, Jun-20 to Jun-21



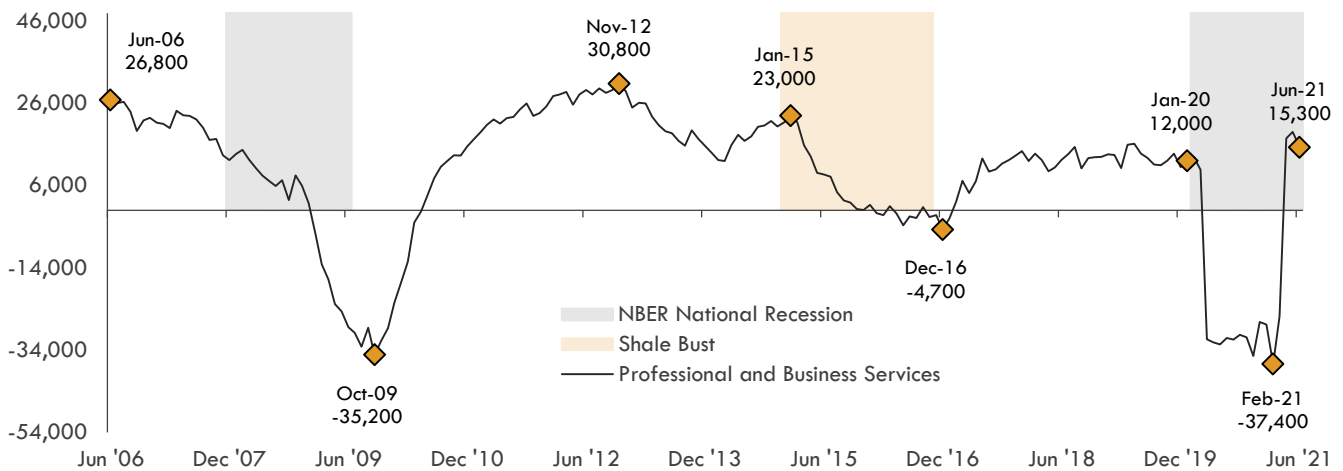
*blue bar may reflect January typical seasonal decline/gain occurring each

Over-the-year Change

Year over year, Professional and Business Services was up 15,300 jobs, or 3.2 percent. (see Chart 16.) The largest over-the-year gain on record for this sector occurred in November 2012, up 30,800 jobs. The largest decline on record occurred in February 2021, down -37,400 jobs. Professional, Scientific, and Technical Services was the largest contributor to the overall sector's increase, up 7,600 jobs over the year. The second-largest contributor was Administrative and Support and Waste Management and Remediation Services, which added 7,100 jobs from June a year ago. Lastly, Management of Companies and

Enterprises contributed, 600 jobs. Since shedding -41,400 jobs over March and April 2020 due to the impact of COVID-19, this sector has recovered approximately 50 percent of jobs lost as of June. Professional and Business Services's share of Houston area Total Nonfarm Employment has remained constant at 16.3 percent over the past year.

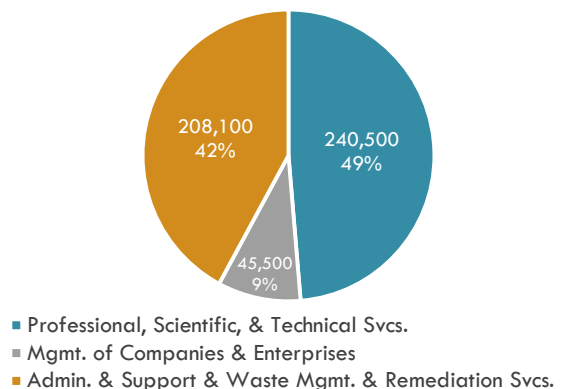
Chart 16. Professional and Business Services (NSA)
Over-the-year Net Change, Jun-06 to Jun-21



About This Sector

This sector is composed of establishments specializing in professional, scientific, and technical activities; management of establishments holding equity interests in order to influence management decisions; and office administration, hiring of personnel, security, cleaning, and waste disposal. Of the three main component industries, Professional, Scientific, and Technical Services accounts for a plurality of the sector's employment at 49 percent. (see Chart 17.) Across the Houston MSA, the concentration of jobs in the overall sector is 14 percent higher than the national average, due to a 18-percent higher concentration in Professional, Scientific, and Technical Services serving the oil and gas industry.

Chart 17. Employment in Component Industries of Professional and Business Services Sector - June 2021



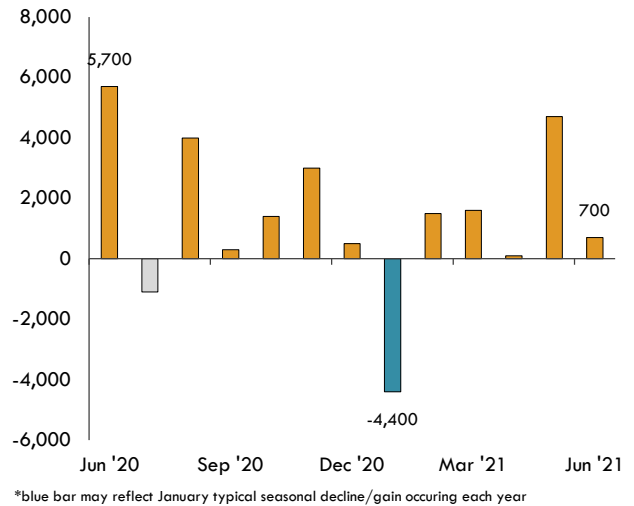
GAINING INDUSTRY HIGHLIGHTS

Education and Health Services

Over-the-month Change

Education and Health Services also saw an increase over the month up 700 jobs, or 0.2 percent. (see Chart 18.) The largest all-time one-month gain on record for this sector occurred in May 2020, up 15,500 jobs. The largest decline on record occurred in April 2020, down -42,900 jobs. Historically in the month of June, Education and Health Services has lost an average of -400 jobs over the month, which indicates that this month's gains are substantially in contrast to the long-term average decline. Health Care and Social Assistance was the largest contributor to the overall sector's increase, up 2,800 jobs over the month. One component industry that provided a partial offset was Educational Services, which lost -2,100 jobs from May to June. Education and Health Services employment was revised downward by -1,100 jobs for a April to May smaller net gain of 4,700 compared to an original estimate of 5,800 jobs.

Chart 18. Education and Health Services (NSA)
Over-the-month Net Change, Jun-20 to Jun-21

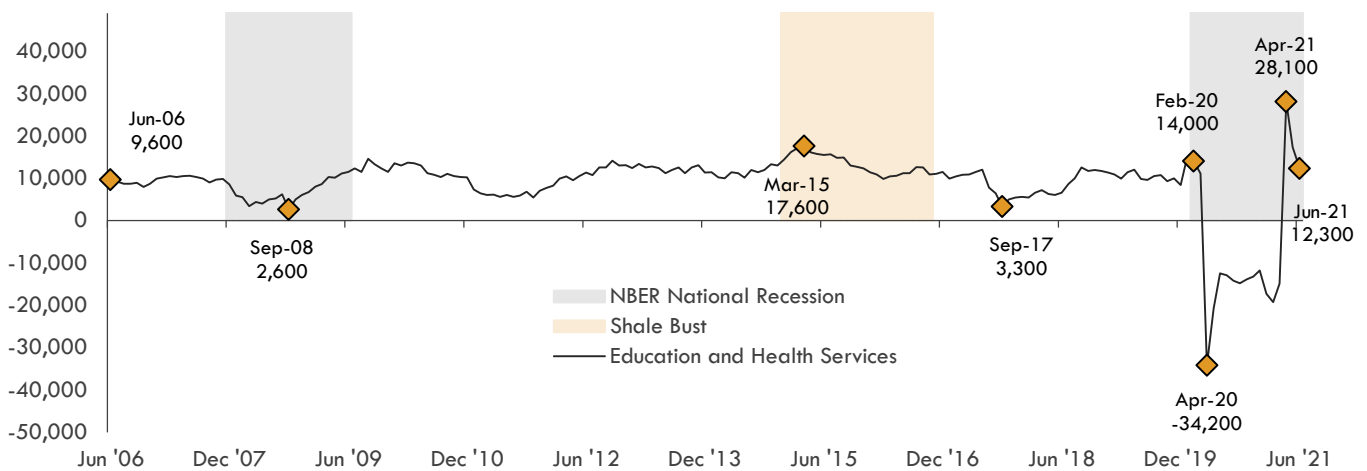


Over-the-year Change

Year over year, Education and Health Services was up 12,300 jobs, or 3.2 percent. (see Chart 19.) The largest over-the-year gain on record for this sector occurred in April 2021, up 28,100 jobs. The largest decline on record occurred in April 2020, down -34,200 jobs. Health Care and Social Assistance was the largest contributor to the overall sector's increase, up 9,400 jobs over the year. The second-largest contributor was Educational Services, which added 2,900 jobs from June a year ago. Since shedding -45,700 jobs over March and April 2020 due to the impact of COVID-19, this sector has recovered approximately

70 percent of jobs lost as of June. Education and Health Services's share of Houston area Total Nonfarm Employment has remained constant at 13.2 percent over the past year.

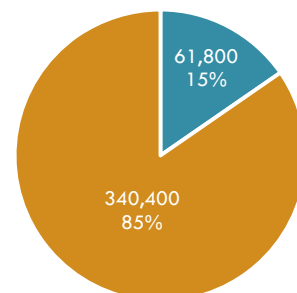
Chart 19. Education and Health Services (NSA)
Over-the-year Net Change, Jun-06 to Jun-21



About This Sector

This sector is composed of establishments that provide private education services (i.e. excluding publicly-funded primary, secondary, and postsecondary institutions) and establishments that provide healthcare and social assistance to individuals. Of the two main component industries, Health Care and Social Assistance accounts for the majority of the sector's employment at 85 percent. (see Chart 20.) Across the Houston MSA, the concentration of jobs in the overall sector is 17 percent less than the national average, despite the high physical concentration of healthcare jobs centered around Texas Medical Center.

Chart 20. Employment in Component Industries of
Education and Health Services Sector - June 2021



■ Educational Svcs. ■ Health Care & Social Assistance

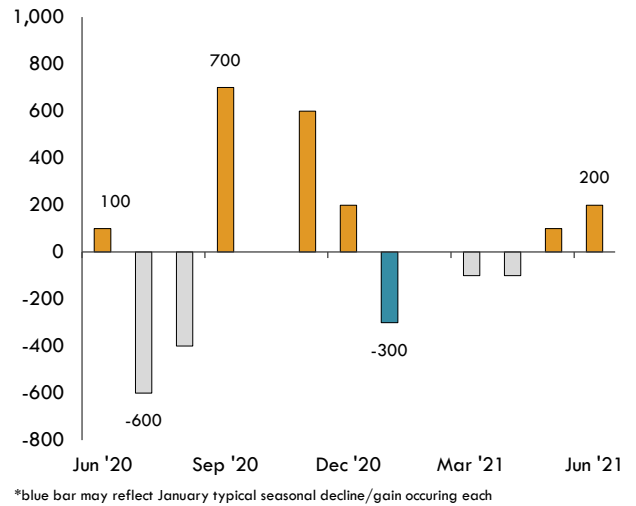
GAINING INDUSTRY HIGHLIGHTS

Information

Over-the-month Change

Information also saw an increase over the month up 200 jobs, or 0.7 percent. (see Chart 21.) The largest all-time one-month gain on record for this sector occurred in July 1994, up 1,500 jobs. The largest decline on record occurred in April 2020, down -3,900 jobs. Historically in the month of June, Information has added an average of 300 jobs over the month, which indicates that this month's gains are slightly below the long-term average. Information typically experiences job gains in June with four instances of zero net changes and one instance of job losses since records began in 1990. Other Information Undefined was the largest contributor to the overall sector's increase, up 300 jobs over the month. One component industry that provided a partial offset was Telecommunications, which lost -100 jobs from May to June. Information employment was revised upward by 100 jobs for a April to Maynet gain of 100 compared to an original estimate of zero net change in jobs over the month.

Chart 21. Information (NSA)
Over-the-month Net Change, Jun-20 to Jun-21

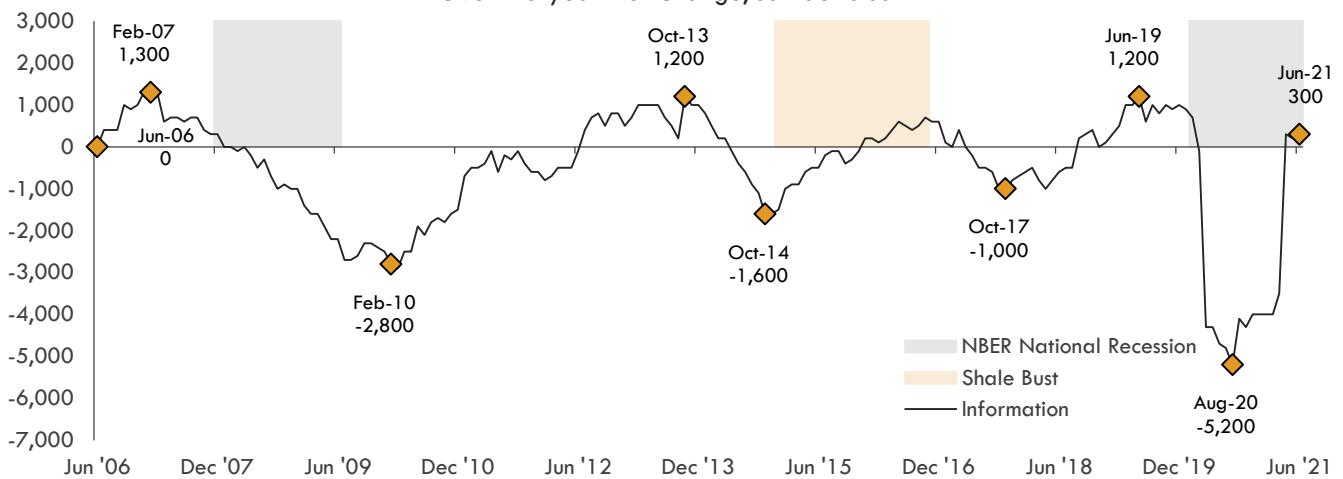


Over-the-year Change

Year over year, Information was up 300 jobs, or 1.1 percent. (see Chart 22.) The largest over-the-year gain on record for this sector occurred in June 1997, up 4,600 jobs. The largest decline on record occurred in April 2002, down -7,000 jobs. Other Information Undefined was the largest contributor to the overall sector's increase, up 700 jobs over the year. One component industry that provided a partial offset was Telecommunications, which lost -400 jobs from June a year ago. Since shedding -4,500 jobs over March and April 2020 due to the impact of COVID-19, this sector has recovered approximately 10 percent

of jobs lost as of June. Information's share of Houston area Total Nonfarm Employment has remained constant at 1.0 percent over the past year.

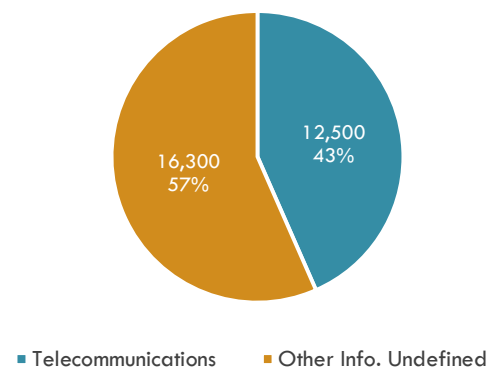
Chart 22. Information (NSA)
Over-the-year Net Change, Jun-06 to Jun-21



About This Sector

This sector comprises establishments producing and distributing information and cultural products, e.g. traditional and online news publishing; software publishing; the motion picture and sound recording; TV broadcasting; and telecommunications. Of the two main component industries, Other Information Undefined accounts for the majority of the sector's employment at 57 percent. (see Chart 23.) Across the Houston MSA, the concentration of jobs in the overall Information sector is 49 percent less than the national average.

Chart 23. Employment in Component Industries of Information Sector - June 2021



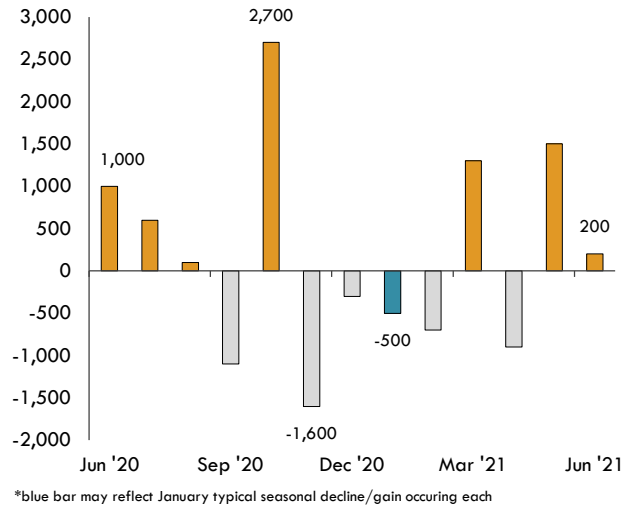
GAINING INDUSTRY HIGHLIGHTS

Financial Activities

Over-the-month Change

Financial Activities also saw an increase over the month up 200 jobs, or 0.1 percent. (see Chart 24.) The largest all-time one-month gain on record for this sector occurred in October 2020, up 2,700 jobs. The largest decline on record occurred in April 2020, down -6,900 jobs. Historically in the month of June, Financial Activities has added an average of 900 jobs over the month, which indicates that this month's gains are slightly below the long-term average. June has proven to be a reliable month for job gains in Financial Activities historically with only one instance of job losses occurring in 1992. Real Estate and Rental and Leasing was the largest contributor to the overall sector's increase, up 100 jobs over the month. The second-largest contributor was Finance and Insurance, which added 100 jobs from May to June. Financial Activities employment was revised upward by 300 jobs for a April to May larger net gain of 1,500 compared to an original estimate of 1,200 jobs.

Chart 24. Financial Activities (NSA)
Over-the-month Net Change, Jun-20 to Jun-21

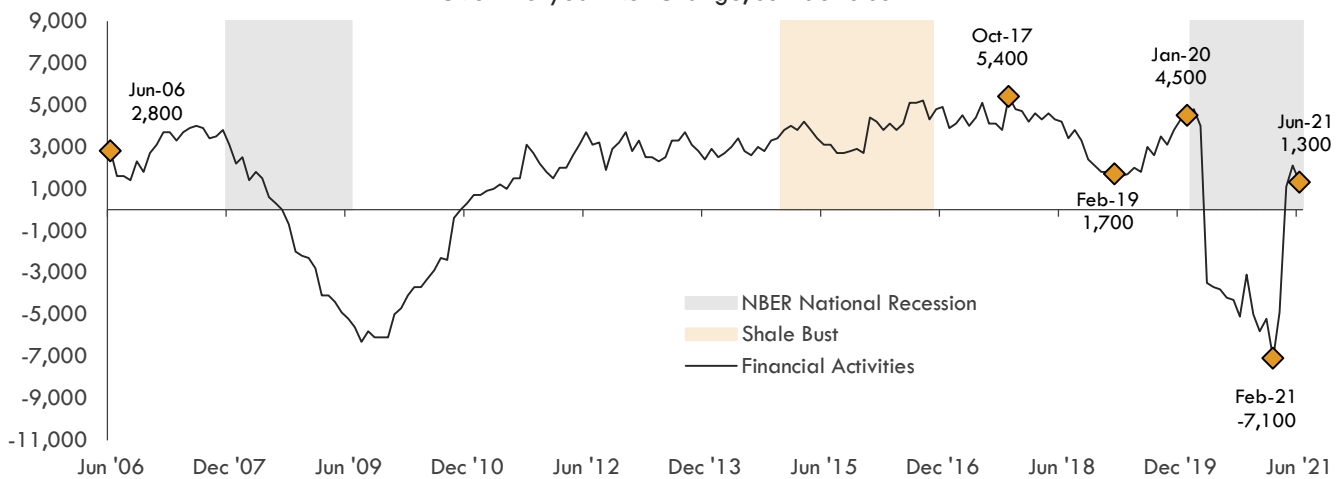


Over-the-year Change

Year over year, Financial Activities was up 1,300 jobs, or 0.8 percent. (see Chart 25.) The largest over-the-year gain on record for this sector occurred in September 1998, up 9,000 jobs. The largest decline on record occurred in February 2021, down -7,100 jobs. Finance and Insurance was the largest contributor to the overall sector's increase, up 1,200 jobs over the year. The second-largest contributor was Real Estate and Rental and Leasing, which added 100 jobs from June a year ago. Since shedding -7,800 jobs over March and April 2020 due to the impact of COVID-19, this sector has recovered

40 percent of jobs lost as of June. Financial Activities's share of Houston area Total Nonfarm Employment has fallen from 5.5 percent to 5.4 percent over the past year.

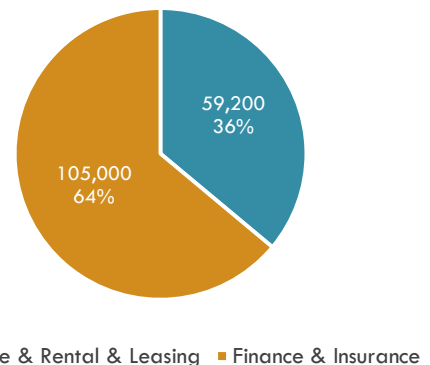
Chart 25. Financial Activities (NSA)
Over-the-year Net Change, Jun-06 to Jun-21



About This Sector

This sector is composed of establishments renting, leasing, or allowing use of assets, and financial transactions such as creation, liquidation, or change in ownership of financial assets, underwriting of insurance, and annuities. Of the two main component industries, Finance and Insurance accounts for the majority of the sector's employment at 64 percent. (see Chart 26.) Across the Houston MSA, the concentration of jobs in the overall Financial Activities sector is 11 percent less than the national average, due to a 23-percent lower concentration in Finance and Insurance offsetting a 24-percent higher concentration in Real Estate and Rental and Leasing.

Chart 26. Employment in Component Industries of
Financial Activities Sector - June 2021



DECLINING INDUSTRY HIGHLIGHTS

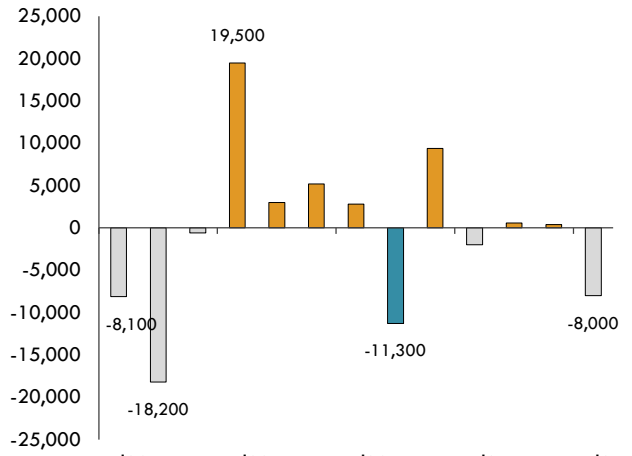
Government

Over-the-month Change

Government was the largest declining sector over the month down -8,000 jobs, or -1.9 percent. (see Chart 27.) The largest all-time one-month gain on record for this sector occurred in September 2013, up 22,500 jobs. The largest decline on record occurred in April 2020, down -10,700 jobs. Historically in the month of June, Government has lost an average of -7,300 jobs over the month, which indicates that this month's losses are on par with larger than the long-term average decline. June employment in Government typically declines, driven by the temporary shedding of jobs in public education, which coincides with the end of the school year. Note that these losses continue throughout July and August. Local Government was the largest contributor to the overall sector's decline, down -7,500 jobs over the month. The second-largest declining contributor was State Government, which lost -600 jobs from May to June. Lastly, Federal Government offset a portion of the sector's losses with a gain of 100 jobs. Government employment was revised

downward by -400 jobs for a April to May smaller net gain of 400 compared to an original estimate of 800 jobs.

Chart 27. Government (NSA)
Over-the-month Net Change, Jun-20 to Jun-21



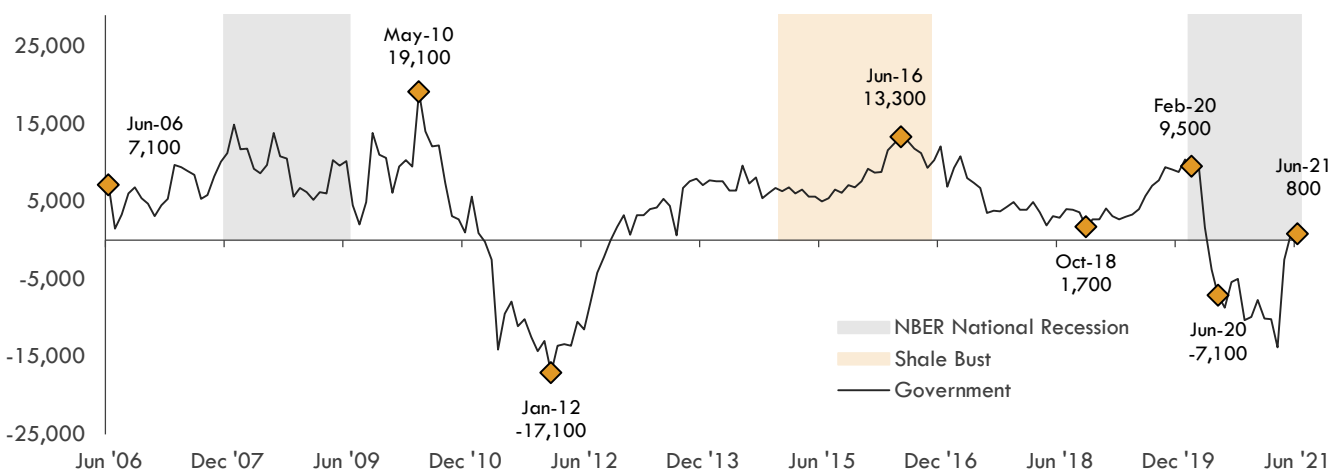
*blue bar may reflect January typical seasonal decline/gain occurring each

Over-the-year Change

Year over year, Government was up 800 jobs, or 0.2 percent. (see Chart 28.) The largest over-the-year gain on record for this sector occurred in May 2010, up 19,100 jobs. The largest decline on record occurred in January 2012, down -17,100 jobs. Local Government was the largest contributor to the overall sector's increase, up 1,400 jobs over the year. The second-largest contributor was Federal Government, which added 100 jobs from June a year ago. Lastly, State Government offset a portion of the sector's gains with a loss of -700 jobs. Since shedding -9,100 jobs over March and April 2020 due to the

impact of COVID-19, this sector continues to post losses resulting in total employment that remains 0 percent below levels reported in February 2020. Government's share of Houston area Total Nonfarm Employment has fallen from 13.9 percent to 13.4 percent over the past year.

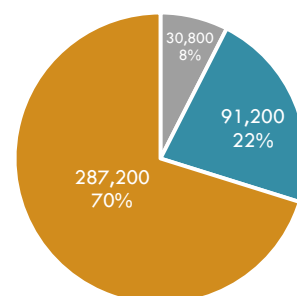
Chart 28. Government (NSA)
Over-the-year Net Change, Jun-06 to Jun-21



About This Sector

This sector consists of establishments of federal, state, and local government agencies that administer, oversee, and manage public programs and have executive, legislative, or judicial authority over other institutions within a given area that are not performed by private establishments. For MSA data, this includes public education but excludes healthcare. Of the three main component industries, Local Government accounts for the majority of the sector's employment at 70 percent. (see Chart 29.) Across the Houston MSA, the concentration of jobs in the overall Government sector is 9 percent less than the national average.

Chart 29. Employment in Component Industries of Government Sector - June 2021



■ Federal Govt. ■ State Govt. ■ Local Govt.

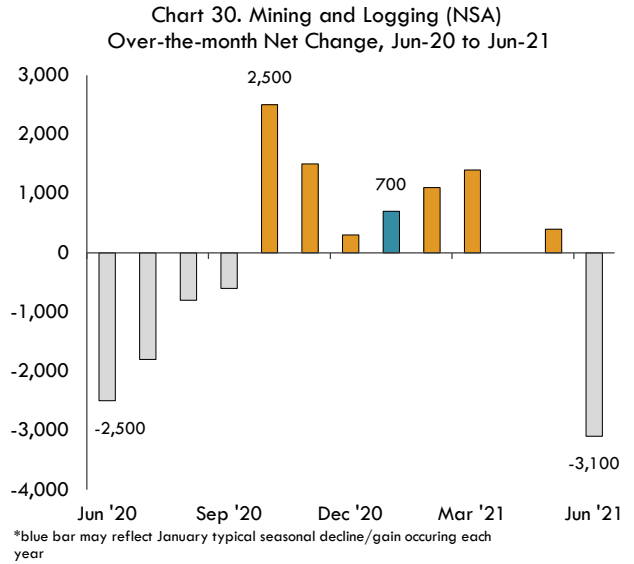
DECLINING INDUSTRY HIGHLIGHTS

Mining and Logging

Over-the-month Change

Mining and Logging was the second-largest declining sector over the month down -3,100 jobs, or -4.4 percent. (see Chart 30.) This was the largest-ever decline in the month of June since records began in 1990. The largest all-time one-month gain on record for this sector occurred in June 2011, up 2,800 jobs. The largest decline on record occurred in April 2020, down -5,200 jobs. Historically in the month of June, Mining and Logging has added an average of 800 jobs over the month, which indicates that this month's losses are substantially in contrast to the long-term average gain. Gains are typical in June in Mining and Logging with only two previous instances of losses corresponding to national recessions and a decline in June 2015 as a result of the local economic slowdown related to low oil prices. Support Activities for Mining was the largest contributor to the overall sector's decline, down -1,600 jobs over the month. The second-largest declining contributor was Oil and Gas Extraction, which lost -1,500 jobs from May to June. Lastly, Other Mining and

Logging Undefined saw no change over the month. Mining and Logging employment was revised upward by 100 jobs for a April to May larger net gain of 400 compared to an original estimate of 300 jobs.

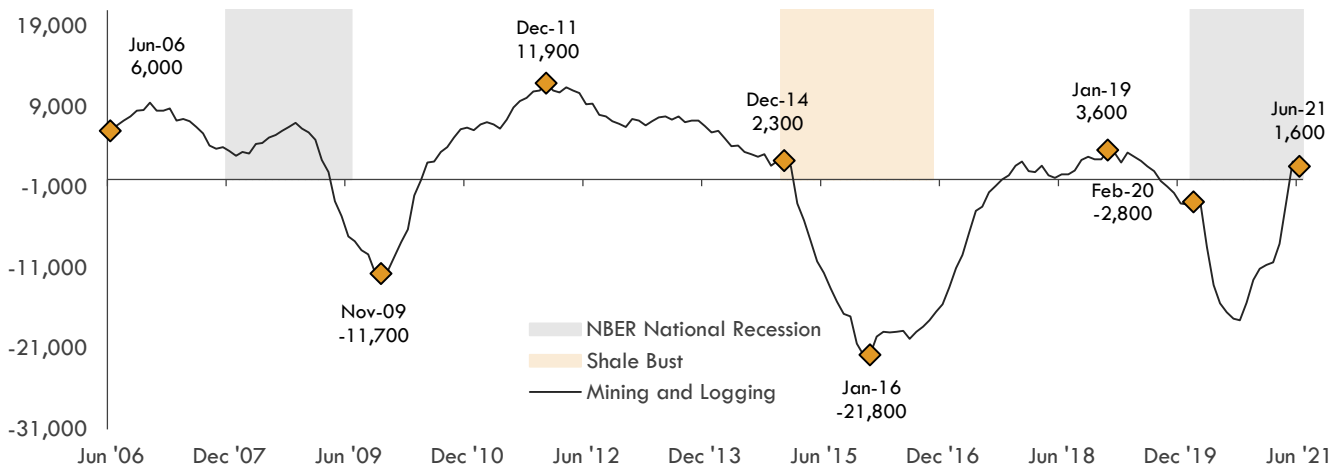


Over-the-year Change

Year over year, Mining and Logging was up 1,600 jobs, or 2.5 percent. (see Chart 31.) The largest over-the-year gain on record for this sector occurred in December 2011, up 11,900 jobs. The largest decline on record occurred in January 2016, down -21,800 jobs. Support Activities for Mining was the largest contributor to the overall sector's increase, up 2,200 jobs over the year. The second-largest contributor was Other Mining and Logging Undefined, which added 500 jobs from June a year ago. Lastly, Oil and Gas Extraction offset a portion of the sector's gains with a loss of -1,100 jobs. Since shedding -6,100

jobs over March and April 2020 due to the impact of COVID-19, this sector continues to post losses resulting in total employment that remains -10 percent below levels reported in February 2020. Mining and Logging's share of Houston area Total Nonfarm Employment has remained constant at 2.2 percent over the past year.

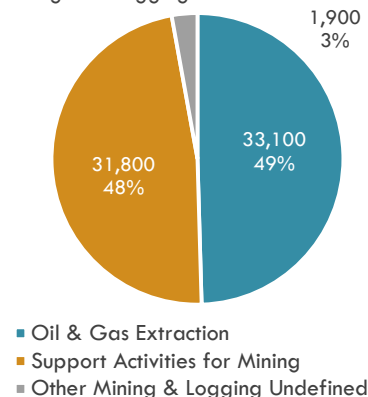
Chart 31. Mining and Logging (NSA)
Over-the-year Net Change, Jun-06 to Jun-21



About This Sector

This sector comprises establishments extracting naturally occurring minerals such as coal and ores; liquid minerals, such as crude petroleum and natural gas; and timber. Of the three main component industries, Oil and Gas Extraction accounts for a plurality of the sector's employment at 50 percent. (see Chart 32.) Across the Houston MSA, the concentration of jobs in the overall Mining and Logging sector is 5.1 times the national average, due to the region's role as a global hub for the oil and gas industry.

Chart 32. Employment in Component Industries of Mining and Logging Sector - June 2021



DECLINING INDUSTRY HIGHLIGHTS

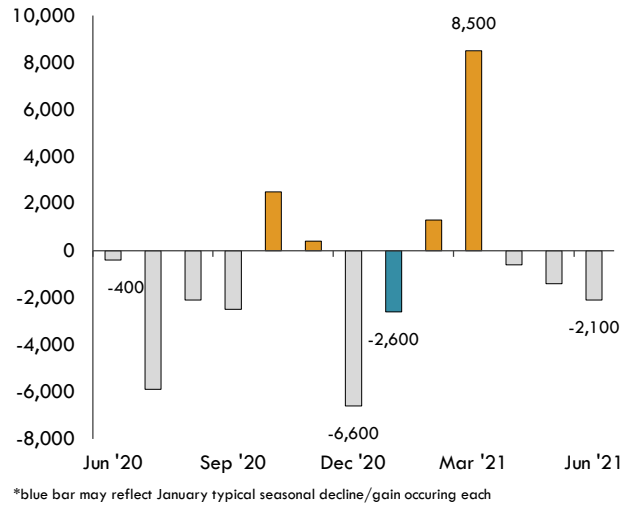
Construction

Over-the-month Change

Construction was the third-largest declining sector over the month down -2,100 jobs, or -1.0 percent. (see Chart 33.) This was the largest-ever decline in the month of June since records began in 1990. The largest all-time one-month gain on record for this sector occurred in March 2021, up 8,500 jobs. The largest decline on record occurred in April 2020, down -23,700 jobs. Historically in the month of June, Construction has added an average of 600 jobs over the month, which indicates that this month's losses are substantially in contrast to the long-term average gain. Roughly two-thirds of the time over the past two and a half decades, Construction has posted gains in the month of June. Heavy and Civil Engineering Construction was the largest contributor to the overall sector's decline, down -2,200 jobs over the month. The second-largest declining contributor was Specialty Trade Contractors, which lost -700 jobs from May to June. Lastly, Construction of Buildings offset a portion of the sector's losses with a gain of 800 jobs. Construction employment

was revised downward by -800 jobs for a April to May larger net loss of -1,400 compared to an original estimate of -600 jobs.

Chart 33. Construction (NSA)
Over-the-month Net Change, Jun-20 to Jun-21

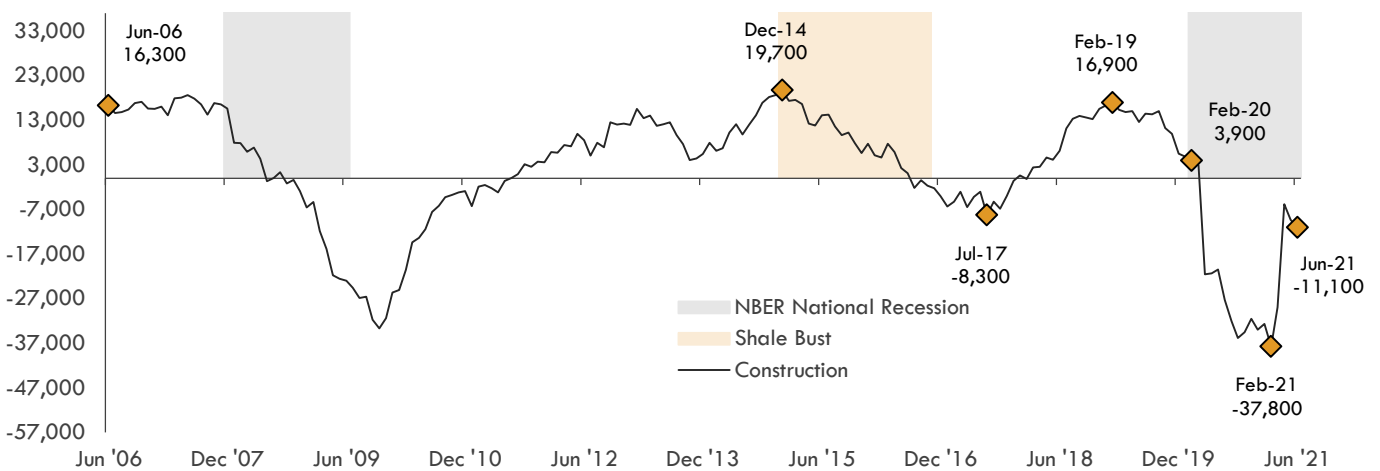


Over-the-year Change

Year over year, Construction was down -11,100 jobs, or -5.2 percent. (see Chart 34.) Among sectors currently showing contraction, this sector is the fastest declining in percentage terms across the Houston area. Furthermore, 52.6 percent of total (gross) jobs lost across the region over the past year can be attributed to Construction. The largest over-the-year gain on record for this sector occurred in December 2014, up 19,700 jobs. The largest decline on record occurred in February 2021, down -37,800 jobs. Heavy and Civil Engineering Construction was the largest contributor to the overall sector's decline, down

-6,900 jobs over the year. The second-largest declining contributor was Specialty Trade Contractors, which lost -3,300 jobs from June a year ago. Lastly, Construction of Buildings subtracted, -900 jobs. Since shedding -24,000 jobs over March and April 2020 due to the impact of COVID-19, this sector continues to post losses resulting in total employment that remains -10 percent below levels reported in February 2020. Construction's share of Houston area Total Nonfarm Employment has fallen from 7.3 percent to 6.7 percent over the past year.

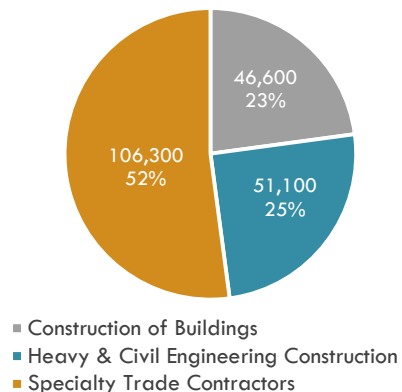
Chart 34. Construction (NSA)
Over-the-year Net Change, Jun-06 to Jun-21



About This Sector

This sector comprises establishments engaged in the construction of buildings, infrastructure, site preparation and subdivision, and specialty trades e.g. masonry, painting, and electrical work. Of the three main component industries, Specialty Trade Contractors accounts for a slight majority of the sector's employment at just over 52 percent. (see Chart 35.) Across the Houston MSA, the concentration of jobs in the overall Construction sector is 29 percent higher than the national average, due to 2.2 times more jobs in Heavy and Civil Engineering Construction related to turnaround maintenance of petrochemical facilities.

Chart 35. Employment in Component Industries of Construction Sector - June 2021

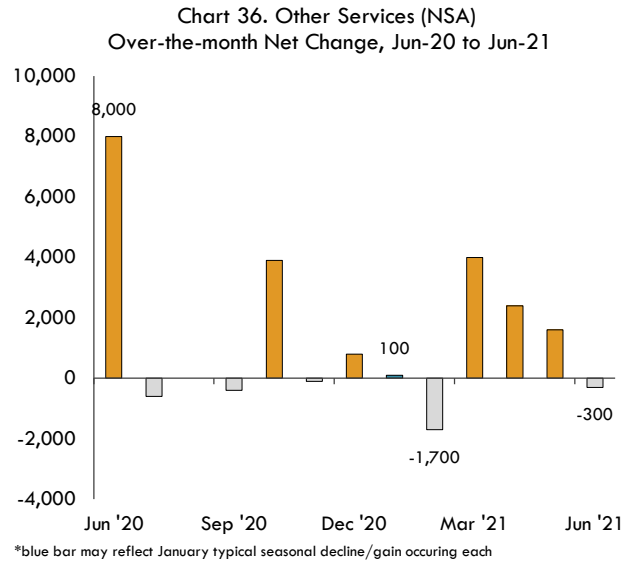


DECLINING INDUSTRY HIGHLIGHTS

Other Services

Over-the-month Change

Other Services also saw a decrease over the month down -300 jobs, or -0.3 percent. (see Chart 36.) This was the largest-ever decline in the month of June since records began in 1990. The largest all-time one-month gain on record for this sector occurred in June 2020, up 8,000 jobs. The largest decline on record occurred in April 2020, down -28,300 jobs. Historically in the month of June, Other Services has added an average of 3,600 jobs over the month, which indicates that this month's losses are substantially in contrast to the long-term average gain. Since records began in 1990, Other Services has never posted job losses in the month of June. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Other Services employment was revised downward by -100 jobs for a April to May smaller net gain of 1,600 compared to an original estimate of 1,700 jobs.

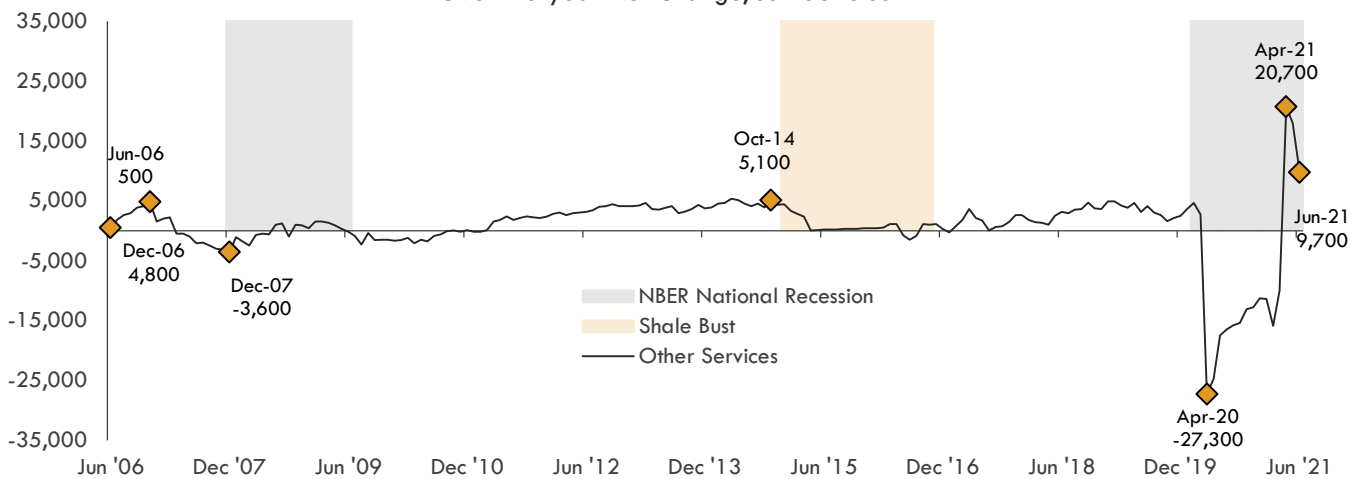


Over-the-year Change

Year over year, Other Services was up 9,700 jobs, or 9.6 percent. (see Chart 37.) This was the largest-ever year-over-year gain in the month of June since records began in 1990. Among sectors currently showing growth, this sector is the second-fastest growing in percentage terms across the Houston area. The largest over-the-year gain on record for this sector occurred in April 2021, up 20,700 jobs. The largest decline on record occurred in April 2020, down -27,300 jobs. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Since shedding -30,200 jobs over March

and April 2020 due to the impact of COVID-19, this sector has recovered approximately 70 percent of jobs lost as of June. Other Services's share of Houston area Total Nonfarm Employment has risen from 3.4 percent to 3.6 percent over the past year.

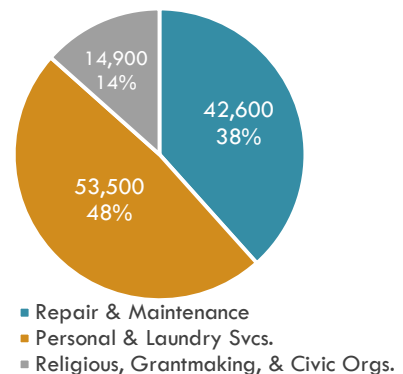
Chart 37. Other Services (NSA)
Over-the-year Net Change, Jun-06 to Jun-21



About This Sector

This sector comprises establishments engaged in services not classified elsewhere such as equipment and machinery repair, religious activities, grantmaking, advocacy, and providing dry-cleaning and laundry services, and personal care services. Of the three main component industries, Personal and Laundry Services accounts for a plurality of the sector's employment at 48 percent as a subsector where self-employment is prevalent (source: Census - Non Employer Statistics and BLS - Quarterly Census of Employment and Wages). (see Chart 38.) Across the Houston MSA, the concentration of jobs in the overall Other Services sector is 7 percent less than the national average.

Chart 38. Employment in Component Industries of Other Services Sector - June 2021



*estimated proportions based QCEW covered and NES self-employment

Unemployment Rates

Not-Seasonally Adjusted

The Houston MSA (not-seasonally-adjusted) unemployment rate stood at 7.4 percent in June, up from May's 6.7 percent and down from 11.6 percent a year ago. This was above the statewide rate of 6.6 percent and above the national rate of 6.1 percent. Houston's unemployment rate not-seasonally-adjusted historically has risen in June of each year and to-date has never posted a decline during this month. 251,339 individuals were unemployed in Houston in June, up from May's 226,905 and down from 400,092 in June 2020.

Chart 39. Unemployment Rates (NSA)
U.S., Texas, and Houston MSA
June 2021

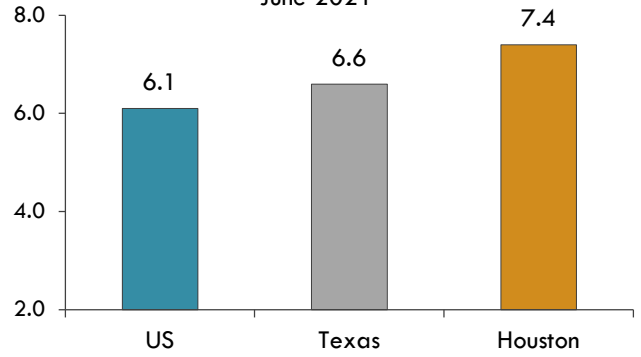
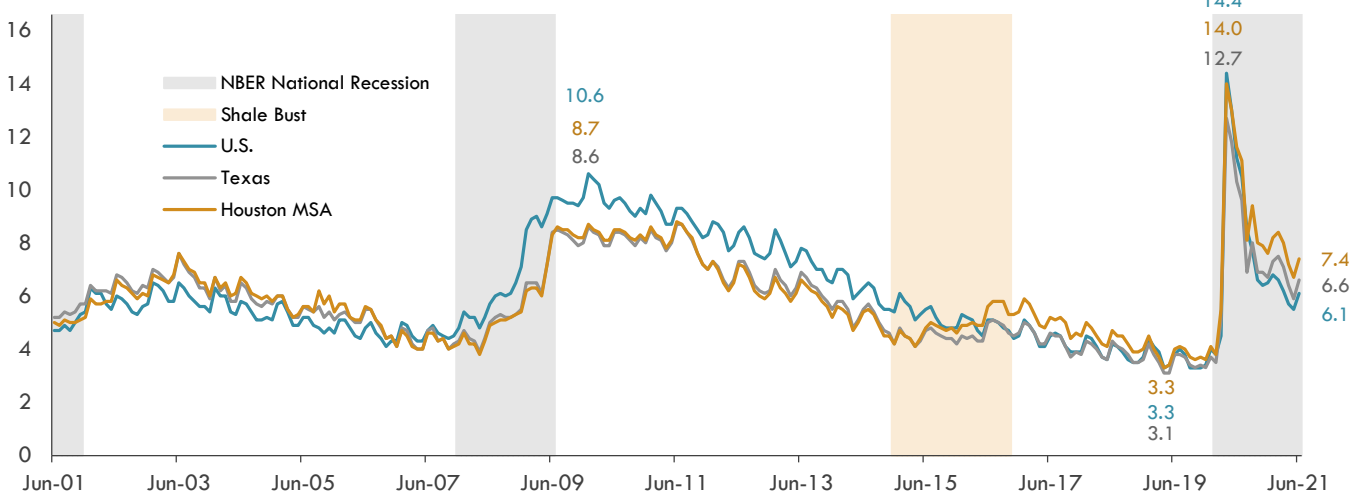


Chart 40. Unemployment Rates U.S., Texas, and Houston MSA (NSA)
June 2001 to June 2021



Seasonally Adjusted

The Houston MSA (seasonally-adjusted) unemployment rate stood at 7.1 percent in May, down from April's 7.8 percent and down from 14.1 percent a year ago. This was above the statewide rate of 6.6 percent and above the national rate of 5.8 percent. 240,282 individuals were unemployed in Houston in May, down from April's 264,132 and down from 469,118 in May 2020.

Chart 41. Unemployment Rates (SA)
U.S., Texas, and Houston MSA
May 2021

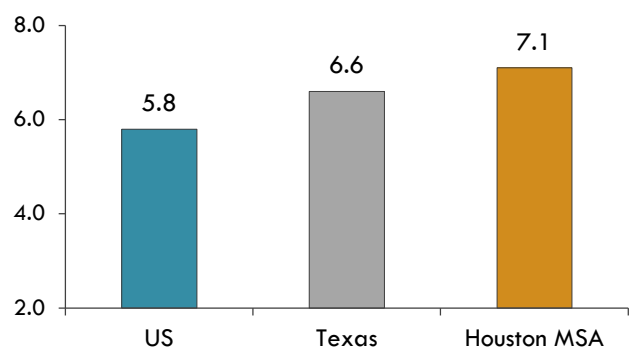
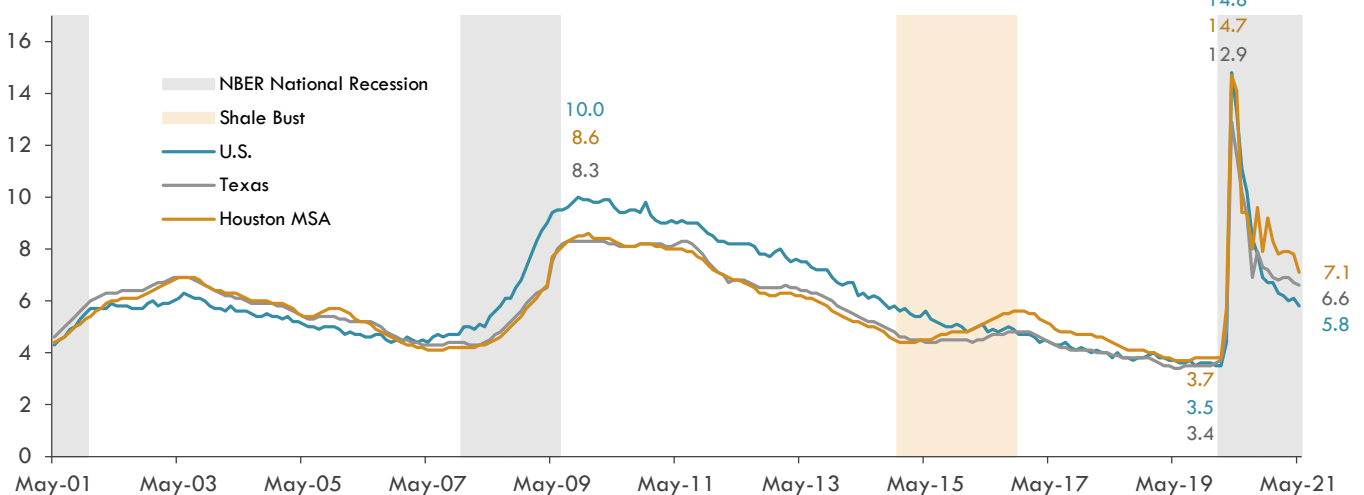


Chart 42. Unemployment Rates U.S., Texas, and Houston MSA (SA)
May 2001 to May 2021



Houston Area Employment Situation

June 2021

Table 1. Houston MSA Sectors and Major Industry Subcomponents

NAICS Industry	Jun-21	May-21	Jun-20	Monthly	Monthly	Yearly	Yearly %
Total Nonfarm	3,044,300	3,037,800	2,942,900	6,500	0.2%	101,400	3.4%
Total Private	2,635,100	2,620,600	2,534,500	14,500	0.6%	100,600	4.0%
Goods Producing	479,000	483,000	498,500	-4,000	-0.8%	-19,500	-3.9%
..Mining and Logging	66,800	69,900	65,200	-3,100	-4.4%	1,600	2.5%
...Oil and Gas Extraction	33,100	34,600	34,200	-1,500	-4.3%	-1,100	-3.2%
...Support Activities for Mining	31,800	33,400	29,600	-1,600	-4.8%	2,200	7.4%
..Construction	204,000	206,100	215,100	-2,100	-1.0%	-11,100	-5.2%
..Construction of Buildings	46,600	45,800	47,500	800	1.7%	-900	-1.9%
..Heavy and Civil Engineering Construction	51,100	53,300	58,000	-2,200	-4.1%	-6,900	-11.9%
..Specialty Trade Contractors	106,300	107,000	109,600	-700	-0.7%	-3,300	-3.0%
..Manufacturing	208,200	207,000	218,200	1,200	0.6%	-10,000	-4.6%
..Durable Goods	127,200	126,100	136,400	1,100	0.9%	-9,200	-6.7%
...Fabricated Metal Product Manufacturing	40,200	40,200	47,400	0	0.0%	-7,200	-15.2%
...Machinery Manufacturing	38,200	38,300	41,300	-100	-0.3%	-3,100	-7.5%
....Agriculture, Construction, and Mining Machinery Mfg.	19,800	19,800	23,100	0	0.0%	-3,300	-14.3%
...Computer and Electronic Product Manufacturing	12,800	12,800	13,400	0	0.0%	-600	-4.5%
..Non-Durable Goods	81,000	80,900	81,800	100	0.1%	-800	-1.0%
...Petroleum and Coal Products Manufacturing	8,700	8,700	8,500	0	0.0%	200	2.4%
...Chemical Manufacturing	38,900	38,700	39,700	200	0.5%	-800	-2.0%
Service Providing	2,565,300	2,554,800	2,444,400	10,500	0.4%	120,900	4.9%
..Private Service Providing	2,156,100	2,137,600	2,036,000	18,500	0.9%	120,100	5.9%
..Trade, Transportation, and Utilities	629,400	626,400	599,800	3,000	0.5%	29,600	4.9%
...Wholesale Trade	164,600	164,600	161,000	0	0.0%	3,600	2.2%
....Merchant Wholesalers, Durable Goods	101,000	101,100	99,500	-100	-0.1%	1,500	1.5%
....Prof. and Commercial Equip. Supplies Wholesalers	16,800	16,700	17,500	100	0.6%	-700	-4.0%
....Merchant Wholesalers, Nondurable Goods	52,300	51,900	50,700	400	0.8%	1,600	3.2%
...Retail Trade	295,700	294,100	284,600	1,600	0.5%	11,100	3.9%
....Motor Vehicle and Parts Dealers	41,400	41,300	39,300	100	0.2%	2,100	5.3%
....Bldg. Material and Garden Equip. and Supplies Dealers	24,700	24,700	24,200	0	0.0%	500	2.1%
....Food and Beverage Stores	70,200	69,900	69,400	300	0.4%	800	1.2%
....Health and Personal Care Stores	18,500	18,600	17,400	-100	-0.5%	1,100	6.3%
....Clothing and Clothing Accessories Stores	24,800	23,900	20,500	900	3.8%	4,300	21.0%
....General Merchandise Stores	56,700	56,400	54,200	300	0.5%	2,500	4.6%
....Department Stores	16,200	15,900	14,400	300	1.9%	1,800	12.5%
....Other General Merchandise Stores	40,500	40,500	39,800	0	0.0%	700	1.8%
...Transportation, Warehousing, and Utilities	169,100	167,700	154,200	1,400	0.8%	14,900	9.7%
....Utilities	17,300	17,200	17,000	100	0.6%	300	1.8%
....Air Transportation	18,400	18,500	19,400	-100	-0.5%	-1,000	-5.2%
....Truck Transportation	27,000	26,900	26,200	100	0.4%	800	3.1%
....Pipeline Transportation	11,400	11,400	12,300	0	0.0%	-900	-7.3%
..Information	28,800	28,600	28,500	200	0.7%	300	1.1%
...Telecommunications	12,500	12,600	12,900	-100	-0.8%	-400	-3.1%
..Financial Activities	164,200	164,000	162,900	200	0.1%	1,300	0.8%
...Finance and Insurance	105,000	104,900	103,800	100	0.1%	1,200	1.2%
....Credit Intermediation and Related Activities	43,100	43,200	43,700	-100	-0.2%	-600	-1.4%
....Depository Credit Intermediation	28,400	28,500	29,600	-100	-0.4%	-1,200	-4.1%
....Securities, Commodity Contracts, and Fin. Investments	20,900	20,600	20,500	300	1.5%	400	2.0%
....Insurance Carriers and Related Activities	41,000	41,100	39,600	-100	-0.2%	1,400	3.5%
...Real Estate and Rental and Leasing	59,200	59,100	59,100	100	0.2%	100	0.2%
..Professional and Business Services	494,100	493,100	478,800	1,000	0.2%	15,300	3.2%
...Professional, Scientific, and Technical Services	240,500	238,600	232,900	1,900	0.8%	7,600	3.3%
....Legal Services	28,600	28,100	28,000	500	1.8%	600	2.1%
....Accounting, Tax Preparation, Bookkeeping, and Payroll	23,900	23,900	24,100	0	0.0%	-200	-0.8%
....Architectural, Engineering, and Related Services	67,100	66,500	68,700	600	0.9%	-1,600	-2.3%
....Computer Systems Design and Related Services	36,000	34,900	33,100	1,100	3.2%	2,900	8.8%
...Management of Companies and Enterprises	45,500	45,000	44,900	500	1.1%	600	1.3%
...Admin. and Support and Waste Mgmt. and Remediation	208,100	209,500	201,000	-1,400	-0.7%	7,100	3.5%
....Administrative and Support Services	195,000	196,400	189,400	-1,400	-0.7%	5,600	3.0%
....Employment Services	72,900	73,000	66,500	-100	-0.1%	6,400	9.6%
....Services to Buildings and Dwellings	55,500	53,800	51,900	1,700	3.2%	3,600	6.9%
..Educational and Health Services	402,200	401,500	389,900	700	0.2%	12,300	3.2%
...Educational Services	61,800	63,900	58,900	-2,100	-3.3%	2,900	4.9%
...Health Care and Social Assistance	340,400	337,600	331,000	2,800	0.8%	9,400	2.8%
....Ambulatory Health Care Services	170,600	167,700	162,200	2,900	1.7%	8,400	5.2%
....Hospitals	88,600	88,300	87,400	300	0.3%	1,200	1.4%
..Leisure and Hospitality	326,500	312,800	274,900	13,700	4.4%	51,600	18.8%
...Arts, Entertainment, and Recreation	34,800	31,300	28,700	3,500	11.2%	6,100	21.3%
...Accommodation and Food Services	291,700	281,500	246,200	10,200	3.6%	45,500	18.5%
....Accommodation	23,100	22,100	19,400	1,000	4.5%	3,700	19.1%
....Food Services and Drinking Places	268,600	259,400	226,800	9,200	3.5%	41,800	18.4%
..Other Services	110,900	111,200	101,200	-300	-0.3%	9,700	9.6%
Government	409,200	417,200	408,400	-8,000	-1.9%	800	0.2%
..Federal Government	30,800	30,700	30,700	100	0.3%	100	0.3%
..State Government	91,200	91,800	91,900	-600	-0.7%	-700	-0.8%
..State Government Educational Services	52,600	53,300	52,500	-700	-1.3%	100	0.2%
..Local Government	287,200	294,700	285,800	-7,500	-2.5%	1,400	0.5%
..Local Government Educational Services	192,400	198,600	194,100	-6,200	-3.1%	-1,700	-0.9%