























































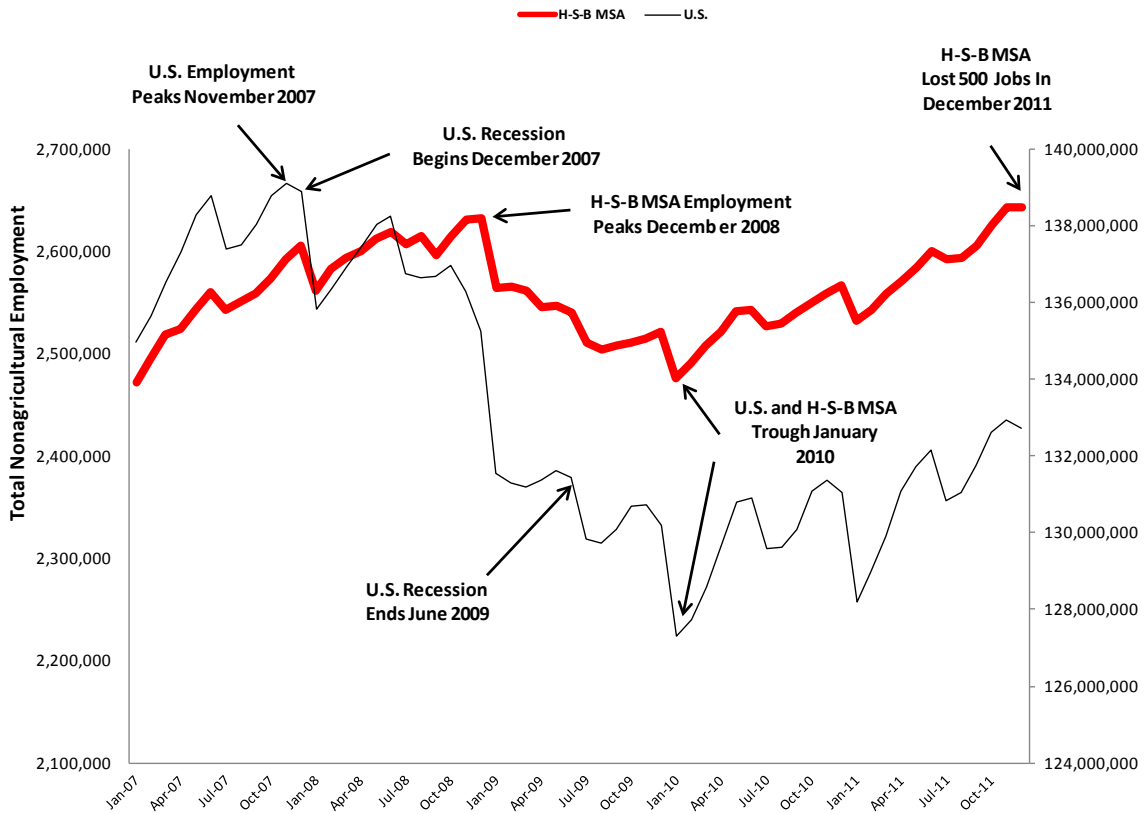




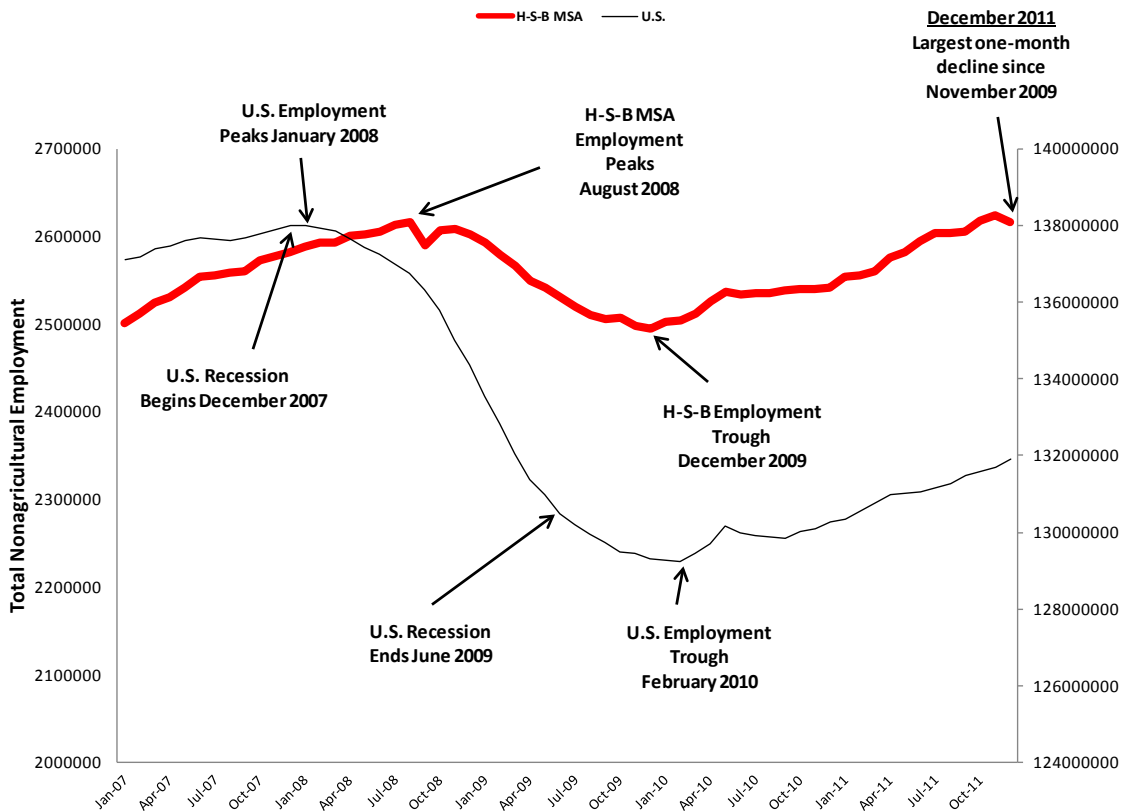




**Figure 4. Total Non-farm Employment-Actual**

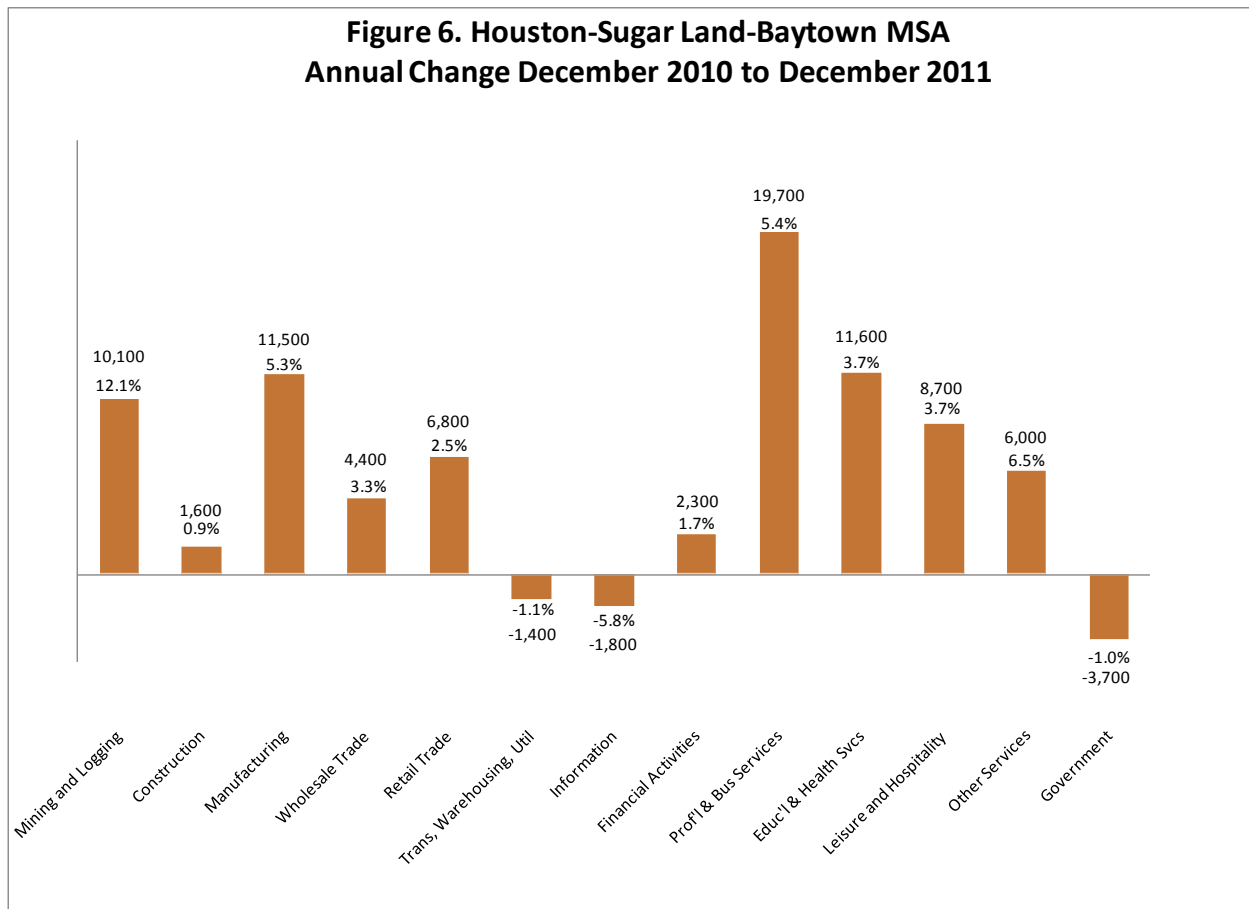


**Figure 5. Total Non-farm Employment-Seasonally Adjusted**



**Mining and Logging** is the fastest growing super sector in the H-S-B MSA and continues to report growth adding another 700 jobs in December with payrolls up 10,100 jobs or 12.1 percent over the year. Support Activities for Mining was responsible for nearly half of the increase, up 4,000 jobs, 11.2 percent, over the year. Oil and Gas Extraction was up 3,600 jobs or 7.7 percent over the year. The average U.S. rig count numbered 2,003 in December, down 8 from the previous month and up 292 from one year earlier. Oil-directed drilling continued to rise offsetting declining gas directed drilling. Oil rigs now constitute about 60 percent of all U.S. drilling. Oil and gas producers and their supporting oilfield services companies continue to be a major driving force of job growth in the H-S-B MSA.

**Construction** activity fell again in December resulting in a loss of 2,900 jobs over the month, down 1.6 percent. Job losses were widespread with the largest over-the-month decline in Specialty Trade Contractors, down 1,700 jobs or 2.0 percent. Over-the-year job gains continue to be positive but are on the decline, up 1,600 jobs or 0.9 percent, see figure 6. Heavy and Civil Engineering Construction reported the strongest increase over the year, up 3,600 jobs or 9.1 percent. Construction of Buildings was up 600 jobs or 1.2 percent over the year. Losses in Specialty Trade Contractors continued to rise in December, down 2,600 jobs or 3.0 percent over the year. Construction activity remains weak with the exception of apartment construction. New single-family home sales and housing starts have yet to show a compelling positive trend and nonresidential construction activity remains at low levels.



**Manufacturing** trimmed payrolls by 200 jobs over the month which is not uncommon for December. The super sector added 11,500 jobs over the year, up 5.3 percent, with most of the increase in Durable Goods Manufacturing. Largest gains were in Machinery Manufacturing, up 4,200

jobs or 9.7 percent, and Fabricated Metal Product Manufacturing, up 3,700 jobs or 8.0 percent. Strong drilling activity continues to drive demand for mining machinery and other equipment tied to oil and gas extraction. The Houston Purchasing Managers Index (PMI) dropped 3.8 points in December to 57.8, the first time the PMI has been below 60 since July 2011. Any index over 50 indicates production gains over the near term. Employment in Nondurable Goods Manufacturing was up 2,600 jobs or 3.4 percent from one year earlier. Export markets of refiners and petrochemical companies have been favorable although petrochemical producers noted a seasonal slowdown in demand for most products. U.S. consumption of gasoline and other refined petroleum products remained weak.

**Trade Transportation & Utilities** added 3,700 jobs over the month, up 0.7 percent. This was the smallest December increase ever according to records that go back to 1990. Strong seasonal growth by retail establishments in October and November led to abnormally weak seasonal hiring in Retail Trade in December, up only 1,200 jobs. Over the last ten years Retail Trade increased payrolls an average of 5,400 jobs in December. Transportation, Warehousing, and Utilities added 2,300 jobs to payrolls over the month, a slightly weaker increase than an addition of 2,800 jobs in December 2010. Trade, Transportation, Warehousing, and Utilities added 9,800 jobs to payrolls over the year with the rate of job growth falling nine-tenths of a percentage point from the previous month to 1.8 percent. Retail Trade accounted for most of the gain, up 6,800 jobs or 2.5 percent. Wholesale Trade was up 4,400 jobs or 3.3 percent over the year. The rate of over-the-year declines in Transportation, Warehousing, and Utilities worsened as a result of December's weak job gains, currently down 1,400 jobs or 1.1 percent. Despite the net loss in Transportation, Warehousing, and Utilities, gains continue to be reported in Utilities, Air Transportation, Truck Transportation, and Pipeline Transportation. Feedback from transportation firms was positive with railroad firms reporting a broad-based increase in shipments and intermodal firms reporting steady cargo volumes.

**Information** was the only private super sector to report an over-the-year loss in December, down 1,800 jobs or 5.8 percent. Many industries within Information have been on the decline for years due to rapid technological changes and as many move away from wired telecommunication carriers. About half of the MSA's employment in information resides in telecommunications with the remainder found in newspaper and periodical publishing, software publishing, motion picture and sound recording, and data processing hosting and related services.

**Financial Activities** added 400 jobs over the month, up 0.3 percent, and recorded an over-the-year increase for the fourth consecutive month, up 2,300 jobs or 1.7 percent from December 2010. Most of the increase was in Finance and Insurance, up 2,200 jobs or 2.5 percent. Most financial firms are reporting flat or slightly increased loan demand and the quality of outstanding loans continued to improve. Real Estate and Rental and Leasing posted a slight increase of 100 jobs over the year. Apartment demand continues to be strong with persistently high multifamily occupancy rates making it the favored property type among real estate investors. Demand for office space continued to rise with additional reports of improvement in demand for warehouse and retail space. While conditions have improved overall in real estate, financing continues to be a challenge.

**Professional and Business Services** added 300 jobs in December with most of the increase due to seasonal hiring at Accounting, Tax Preparation, Bookkeeping, and Payroll Services, up 700 jobs or 4.0 percent. Payrolls in Professional and Business Services were up 19,700 jobs or 5.4% over the year. Strongest increases were in Administrative and Support Services, up 8,200 jobs or 5.1 percent, where services that support general management, personnel administration, clerical activities, and cleaning activities are found. Job growth in Employment Services deteriorated over the past couple of months despite staffing firms indicating high levels of demand with the rate of growth falling

from 4.3 percent in October to the current 1.6 percent rate, up 1,000 jobs. This was the smallest over-the-year increase for Employment Services since March 2010.

**Education and Health Services** experienced a smaller than normal increase of 200 jobs in December, only one-third of last year's 600 job increase. Weak December hiring was likely due to much stronger than normal seasonal hiring a few months earlier in August and September. Education and Health Services was up 11,600 jobs or 3.7 percent over the year. An aging population and a population growth rate that more than doubles that of the nation has been responsible for growth in the super sector. Most of the increase was in Ambulatory Health Care Services where services are provided directly or indirectly to patients and do not usually require inpatient services, up 11,000 jobs or 8.8 percent. Hospitals, which generally experience steady job growth during difficult economic times, have seen much weaker job growth, currently up 100 jobs or 0.1 percent over the year. Weak job growth in hospitals is a combined result of a smaller number of people insured by employers, fewer elective surgeries, and changes to third-party reimbursements. Educational Services reported an increase of 800 jobs over the year, up 1.8 percent.

**Leisure and Hospitality** suffered a loss of 2,100 jobs in December, down 0.9 percent. Most of the decline was at Food Services and Drinking Places, down 1,600 jobs or 0.8 percent. While a December decline is not normal for Food Services and Drinking Places, it does follow an what was an unprecedented November increase of 4,200 jobs. December's decline failed to hamper what has been steady over-the-year job growth with Leisure and Hospitality up 8,700 jobs or 3.7 percent from December 2010. Most of the increase was due to gains in Food Services and Drinking Places, up 8,400 jobs or 4.4 percent. Accommodation also managed an increase of 500 jobs from December 2010, up 2.5 percent. Employment in Arts, Entertainment, and Recreation experienced a slight loss of 200 jobs over the year, down 0.8 percent.

**Other Services** added 300 jobs in December and 6,000 jobs over the year, up 6.5 percent. 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** posted a seasonal loss of 800 jobs in December, down 0.2 percent, and was down 3,700 jobs or 1.0 percent over the year. Federal Government was down 400 jobs or 1.4 percent over the year and State Government was down 600 jobs or 0.8 percent over the year. Local Government reported a loss of 2,700 jobs over the year, down 0.9 percent, where Local Government Educational Services was responsible for the decline posting a loss of 4,300 jobs or 2.2 percent. The public sector continues to struggle with budget constraints and has reported over-the-year losses for the last eight consecutive months.



## NONAGRICULTURAL EMPLOYMENT

Houston-Sugar Land-Baytown MSA	DEC 2011	Month Change		Year Change	
		Net	Percent	Net	Percent
Total Nonfam	2,643,000	-500	0.0%	75,800	3.0%
Total Private	2,261,700	300	0.0%	79,500	3.6%
Goods Producing	499,000	-2,400	-0.5%	23,200	4.9%
.Mining and Logging	93,600	700	0.8%	10,100	12.1%
...Oil and Gas Extraction	50,300	400	0.8%	3,600	7.7%
...Support Activities for Mining	39,600	200	0.5%	4,000	11.2%
.Construction	175,200	-2,900	-1.6%	1,600	0.9%
..Construction of Buildings	49,500	-900	-1.8%	600	1.2%
..Heavy and Civil Engineering Construction	43,000	-300	-0.7%	3,600	9.1%
..Specialty Trade Contractors	82,700	-1,700	-2.0%	-2,600	-3.0%
.Manufacturing	230,200	-200	-0.1%	11,500	5.3%
..Durable Goods	150,600	-300	-0.2%	8,900	6.3%
...Fabricated Metal Product Manufacturing	49,800	0	0.0%	3,700	8.0%
...Machinery Manufacturing	47,600	100	0.2%	4,200	9.7%
....Agriculture, Construction, and Mining Machinery Manufacturing	34,900	200	0.6%	2,800	8.7%
...Computer and Electronic Product Manufacturing	18,700	0	0.0%	0	0.0%
..Non-Durable Goods	79,600	100	0.1%	2,600	3.4%
...Petroleum and Coal Products Manufacturing	12,700	0	0.0%	300	2.4%
...Chemical Manufacturing	34,600	100	0.3%	0	0.0%
Service Providing	2,144,000	1,900	0.1%	52,600	2.5%
.Private Service Providing	1,762,700	2,700	0.2%	56,300	3.3%
..Trade, Transportation, and Utilities	543,300	3,700	0.7%	9,800	1.8%
...Wholesale Trade	136,800	200	0.1%	4,400	3.3%
....Merchant Wholesalers, Durable Goods	82,800	600	0.7%	4,800	6.2%
.....Professional and Commercial Equipment and Supplies Merchant	10,400	100	1.0%	0	0.0%
....Merchant Wholesalers, Nondurable Goods	37,400	100	0.3%	-300	-0.8%
...Retail Trade	280,200	1,200	0.4%	6,800	2.5%
....Motor Vehicle and Parts Dealers	32,500	-100	-0.3%	400	1.2%
....Building Material and Garden Equipment and Supplies Dealers	19,200	100	0.5%	600	3.2%
....Food and Beverage Stores	56,500	400	0.7%	1,000	1.8%
....Health and Personal Care Stores	17,600	300	1.7%	200	1.1%
....Clothing and Clothing Accessories Stores	34,500	1,600	4.9%	3,400	10.9%
....General Merchandise Stores	62,100	1,400	2.3%	700	1.1%
.....Department Stores	26,100	1,300	5.2%	300	1.2%
.....Other General Merchandise Stores	36,000	100	0.3%	400	1.1%
...Transportation, Warehousing, and Utilities	126,300	2,300	1.9%	-1,400	-1.1%
...Utilities	17,200	100	0.6%	1,000	6.2%
....Air Transportation	24,300	100	0.4%	600	2.5%
....Truck Transportation	21,400	0	0.0%	700	3.4%
....Pipeline Transportation	10,600	200	1.9%	400	3.9%
..Information	29,500	-100	-0.3%	-1,800	-5.8%
...Telecommunications	15,000	-100	-0.7%	-1,000	-6.3%
..Financial Activities	137,700	400	0.3%	2,300	1.7%
...Finance and Insurance	89,400	500	0.6%	2,200	2.5%
....Credit Intermediation and Related Activities	41,900	0	0.0%	400	1.0%
.....Depository Credit Intermediation	28,900	0	0.0%	500	1.8%
.....Securities, Commodity Contracts, and Other Financial Investment	13,100	100	0.8%	400	3.1%
....Insurance Carriers and Related Activities	28,900	-100	-0.3%	-100	-0.3%
...Real Estate and Rental and Leasing	48,300	-100	-0.2%	100	0.2%

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

	DEC 2011	Month Change		Year Change	
		Net	Percent	Net	Percent
..Professional and Business Services	385,900	300	0.1%	19,700	5.4%
...Professional, Scientific, and Technical Services	184,200	900	0.5%	8,200	4.7%
....Legal Services	23,100	100	0.4%	0	0.0%
....Accounting, Tax Preparation, Bookkeeping, and Payroll Services	18,300	700	4.0%	300	1.7%
....Architectural, Engineering, and Related Services	59,300	-300	-0.5%	600	1.0%
....Computer Systems Design and Related Services	26,100	-100	-0.4%	700	2.8%
...Administrative and Support and Waste Management and Remediation Services	181,800	-1,000	-0.5%	12,000	7.1%
....Administrative and Support Services	169,700	-800	-0.5%	8,200	5.1%
.....Employment Services	62,200	-700	-1.1%	1,000	1.6%
.....Services to Buildings and Dwellings	39,800	-500	-1.2%	200	0.5%
..Educational and Health Services	324,700	200	0.1%	11,600	3.7%
...Educational Services	44,200	-300	-0.7%	800	1.8%
...Health Care and Social Assistance	280,500	500	0.2%	10,800	4.0%
....Ambulatory Health Care Services	135,300	1,400	1.0%	11,000	8.8%
....Hospitals	72,800	100	0.1%	100	0.1%
..Leisure and Hospitality	243,200	-2,100	-0.9%	8,700	3.7%
...Arts, Entertainment, and Recreation	25,400	-300	-1.2%	-200	-0.8%
...Accommodation and Food Services	217,800	-1,800	-0.8%	8,900	4.3%
....Accommodation	20,500	-200	-1.0%	500	2.5%
....Food Services and Drinking Places	197,300	-1,600	-0.8%	8,400	4.4%
..Other Services	98,400	300	0.3%	6,000	6.5%
Government	381,300	-800	-0.2%	-3,700	-1.0%
.Federal Government	27,300	-100	-0.4%	-400	-1.4%
.State Government	71,100	-400	-0.6%	-600	-0.8%
..State Government Educational Services	37,100	-500	-1.3%	-600	-1.6%
.Local Government	282,900	-300	-0.1%	-2,700	-0.9%
..Local Government Educational Services	195,500	-500	-0.3%	-4,300	-2.2%

**UNEMPLOYMENT RATE**

	DEC 2011	NOV 2011	DEC 2010
H-S-B MSA	7.3	7.5	8.3
Texas (Actual)	7.2	7.5	8.0
United States (Actual)	8.3	8.2	9.1

**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 2010 levels. 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).