



# Economics Group

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## Texas Payrolls Boom in June

**Nonfarm employers added 45,000 jobs during June, the strongest monthly gain since 2017. Hiring remains incredibly robust across the state, with payrolls up 2.5% over the year. The jobless rate fell to a new low of 3.4%.**

### Lone Star State Riding High

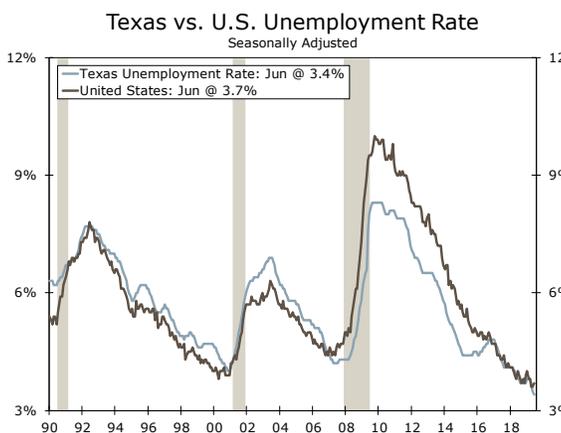
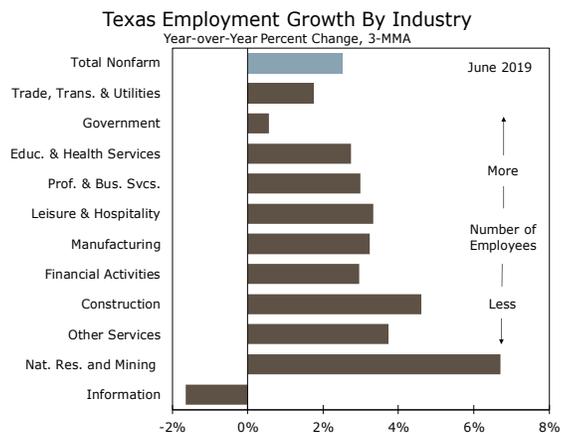
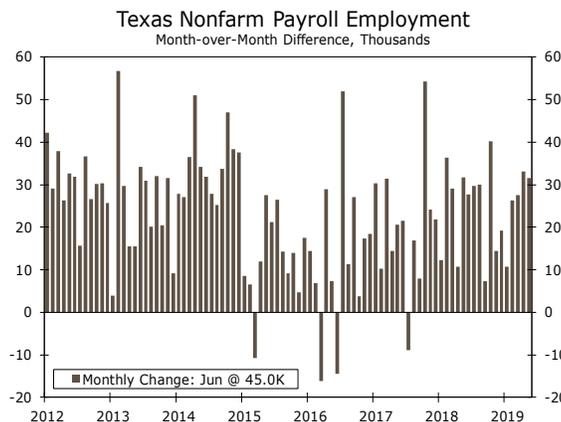
Employers throughout Texas appear to be unfazed by lingering trade uncertainty and a slowdown in the energy sector. Total nonfarm employment rose by 45,000 new jobs during June, the strongest monthly gain since 2017. Furthermore, hiring has heated up headed into the summer. Over the past three months, payrolls have added an average of 36,600 new jobs. The string of robust monthly gains has kept Texas payroll growth well above the nation. Over the past year, employers have added 315,000 net new jobs, more than any other state.

Gains during June were widespread, as nearly every major industry added to payrolls. Leisure & hospitality was a clear standout, with 10,000 jobs added at hotels, bars and restaurants. Alongside blistering job and population growth, hotel developers continue to eye the state’s many fast growing metro areas, notably in Houston and Dallas, which have a respective 158 and 176 new hotels in the pipeline, more than any other major market. A new Loews hotel recently opened alongside the massive Texas Live! entertainment complex, and Globe Life Field—the future home of the Texas Rangers—is currently under construction in Arlington. New development has not been limited to hotels, the vast number of ongoing residential, commercial and infrastructure projects across the state helped boost construction payrolls by 6,100 new jobs in June, a 5.4% year-over-year rise.

Many of those construction jobs are also likely associated with the rapid build-out of pipelines to accommodate booming oil production in the Permian basin. That noted, oil and gas activity appears to be pulling back slightly as operators have pared back capital expenditures following last year’s sharp decline in oil prices. While production remains elevated, the number of operating rigs in Texas has declined every month since December. Hiring in the energy industry did not rebound as much as the rig count did following the mid-decade energy slump and has simply moderated. The mining & logging industry added 1,100 jobs during June, which equates to a 6.3% year-over-year gain, a relatively slow pace compared to the double-digit growth experienced throughout 2018.

Transportation, warehousing & utilities added 4,900 new jobs, reflecting the state’s growing status as a major logistics and distribution hub. On balance, hiring has been flat since the start of the year, and June’s solid monthly gain should alleviate fears of a more pronounced slowdown. Texas’ logistics sector is in part driven by exports and highly exposed to the ongoing trade frictions and slower global economic growth in general.

Overall, the strength of the Texas labor market is exemplified by the state’s diminishing number of unemployed residents. The jobless rate fell to a new all-time low of 3.4% during June, a consequence of household employment outpacing the labor force. Furthermore, the unemployment rate has fallen 0.4 percentage points from 3.8% since the start of the year, and remains well below the national average.



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