



Economics Group

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Texas Payrolls Climb in November

Employers added 61,000 new jobs during the month, more than any other state. The jobless rate rose to 8.1%. While job growth may slow somewhat in the coming months, vaccines will likely reignite hiring in the spring.

Largest Payroll Gain in the Nation for the Lone Star State

Employers added 61,000 net new jobs during November, the seventh consecutive monthly gain. Overall, job growth appears to be slowing down somewhat. While November's solid addition was the largest of any state, it failed to live up to the robust 115,000 gain registered in October. While employers are making a great deal of headway in recouping jobs lost during the February to April lockdown, payrolls remain well-below prior peak levels. Business and local government eliminated 1.4 million jobs March and April and have regained 844,000 jobs since then, or 60% of the earlier losses.

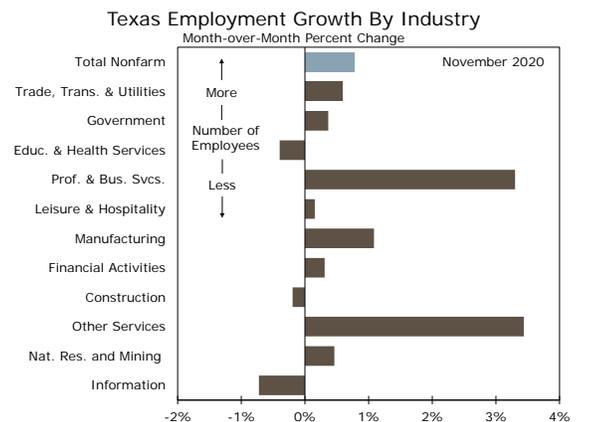
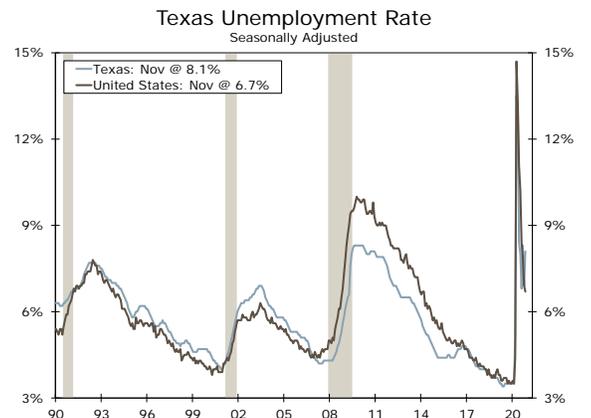
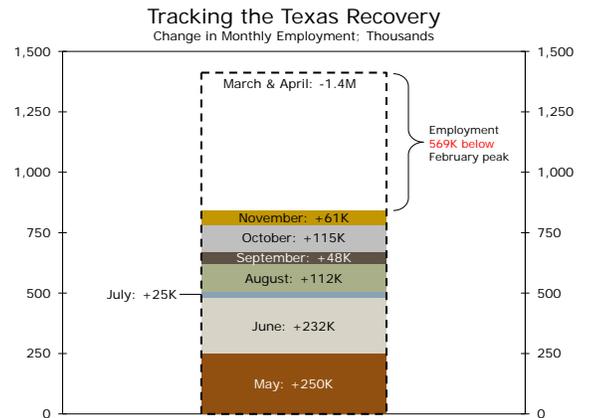
An increase in the unemployment rate is another sign of fading momentum. The jobless rate increased to 8.1% from 6.9%. The labor force rose 0.7%, while household employment fell 0.7%. While these numbers are volatile on a monthly basis, the drop in household employment likely means many of the entrepreneurs and independent contractors not covered in the payroll survey are still struggling.

Most major industries added jobs during the month. Notably, the trade, transportation & utilities industry saw payrolls advance by 25,800 jobs, more than any other sector. The hard-hit leisure & hospitality industry added 20,400 jobs in total, most of which occurred at bars, hotels and restaurants (18,400). Retailers also boosted headcounts, adding 5,800 jobs.

Looking ahead, further gains in both of these close-contact industries may be limited by the recent jump in COVID case counts. The surge has resulted in higher hospitalization rates in North Texas and other parts of the state. This has already led to a patchwork of local restrictions. In the most severely affected areas, bars will be asked to close and restaurants, retail stores and gyms will be mandated to reduce capacity to 50%.

Despite a worsening COVID situation, another wave of corporate relocations to the state serves as a reminder of Texas' bright long-term economic prospects. In the past few months, a wide array of major companies in industries ranging from tech and finance to media and podcasting have announced plans to move operations into the state. Of course, this is nothing new. The exodus of businesses and residents from higher-cost coastal areas into Texas had been occurring for years, but this trend appears to be accelerating.

The state's energy sector now also appears to be on the mend. Mining & logging, which includes oil & gas extraction headcounts, lost 1,400 jobs in November. Over the past three months, however, the industry has added a net 3,100 jobs. Moreover, the state oil and gas rig count, which hit a record low of 100 in the second week of August, has since risen to 158. That is still a long way from where the industry had previously been, but the headwinds facing the energy sector have lessened somewhat.



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