

Houston Area Employment Situation

July 2021

CURRENT EMPLOYMENT AND LOCAL AREA UNEMPLOYMENT STATISTICS

Stronger-than-average July Coupled with Upwardly Revised June Adds to Recovery Momentum

Total Nonfarm

Over-the-month Change

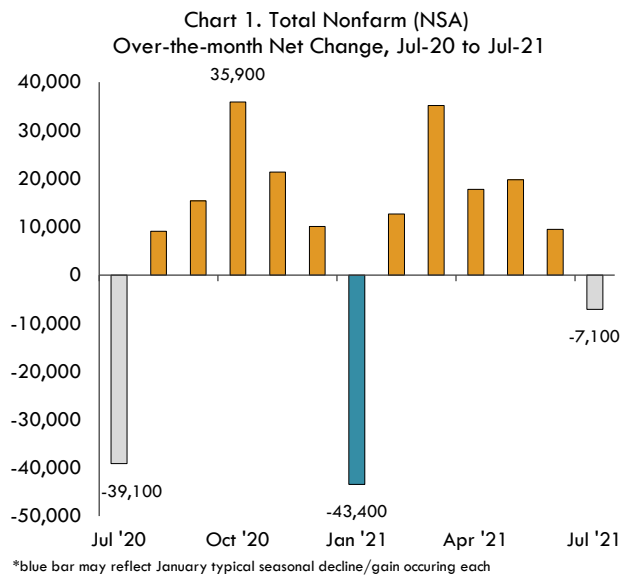
Houston MSA Total Nonfarm (not-seasonally adjusted) employment stood at 3,040,200 in July, down -7,100 jobs over the month, or -0.2 percent. A year ago Houston registered an over-the-month decrease of 39,100 jobs. The largest all-time one-month gain on record for this sector occurred in May 2020, up 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.) Historically in the month of July, Total Nonfarm has on average lost -15,600 jobs over the month, which indicates that this month's losses are substantially smaller than the long-term average decline. Over-the-month job losses are typical in July of each year which are normally driven by seasonal declines in Local Government Educational Services, Leisure and Hospitality, and Construction.

The primary drivers of this July's decline were decreases in Government, Trade, Transportation, and Utilities, and Construction. Losses were also recorded in Mining and Logging. The net decrease in jobs over the month was partially offset by gains in Professional and Business Services, Manufacturing, and Leisure and Hospitality. (see Chart 2.) Houston MSA Total Nonfarm (seasonally adjusted) employment stood at 3,038,700, up 7,500 jobs over the month, or 0.2 percent vs. a historical average of 3,800. 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 Loss in July**
- Government: -18,600
 - Trade, Transportation, and Utilities: -2,700
 - Construction: -2,000

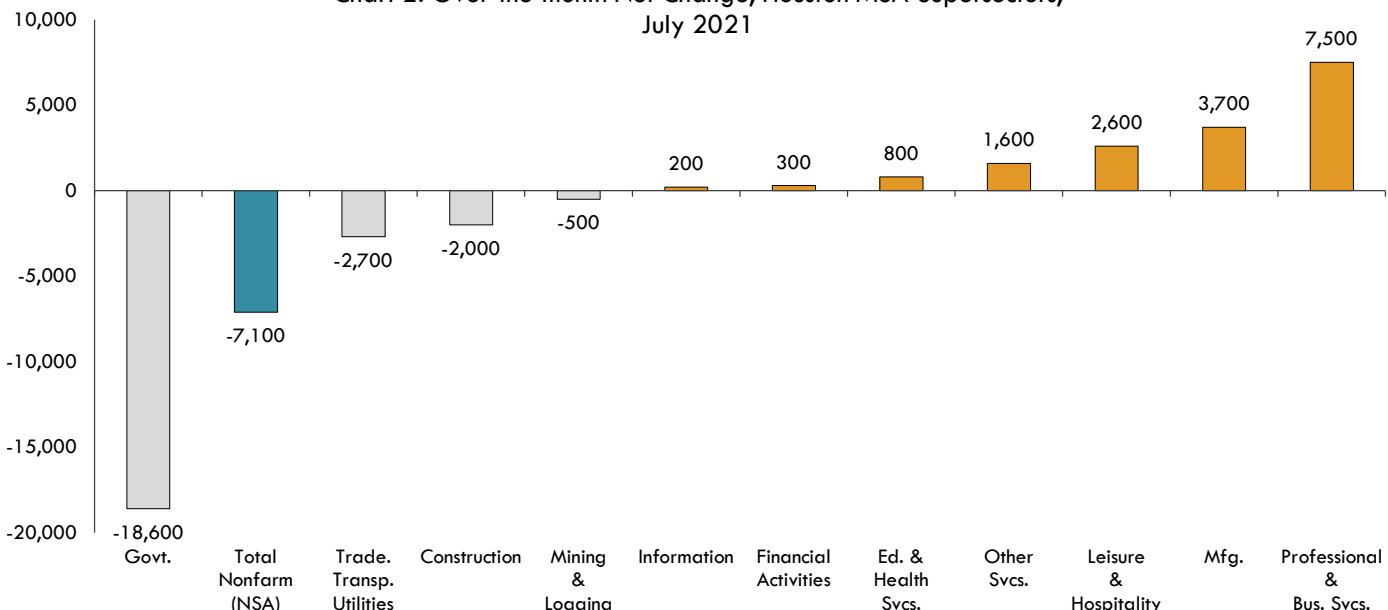
Over-the-year Change

Over the year, Total Nonfarm employment was up 136,400 or 4.7 percent on a not-seasonally-adjusted basis and up 130,800 or 4.5 percent on a seasonally-adjusted basis. (see NSA Chart 3.) To compare, July 2020 saw a year-over-year loss of -249,700 jobs (NSA) from July 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 8 out of 11 sectors show growth year over year of which the top-three are Leisure and Hospitality (63,500), Trade, Transportation, and Utilities (28,500), and Professional and Business Services (19,900). (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, July 2021



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Previous Month's Revisions

Total Nonfarm employment was revised upward by 3,000 jobs for a May to June larger net gain of 9,500 compared to an original estimate of 6,500 jobs. An upward revision of +2,400 jobs in Trade, Transportation, and Utilities was the largest contributor followed by Mining and Logging (+2,100) and Government (+1,900). Downward revisions in Education and Health Services (-1,700), Financial Activities (-1,000), and Manufacturing (-1,000) 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 July

- Leisure and Hospitality: 63,500
- Trade, Transportation, and Utilities: 28,500
- Professional and Business Services: 19,900

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

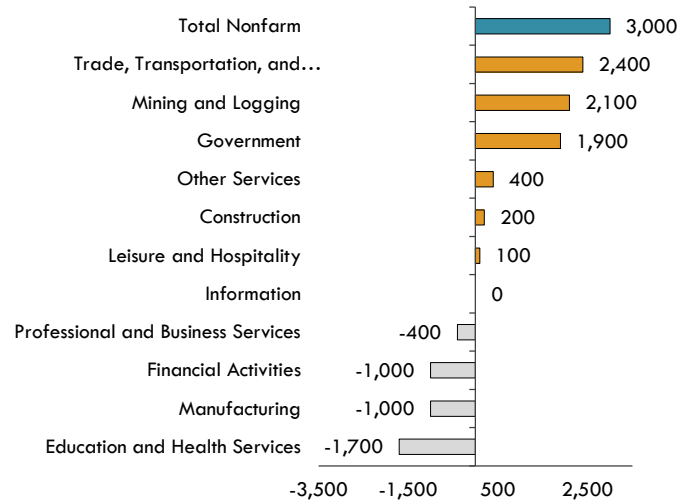


Chart 3. Total Nonfarm (NSA)
Over-the-year Net Change, Jul-06 to Jul-21

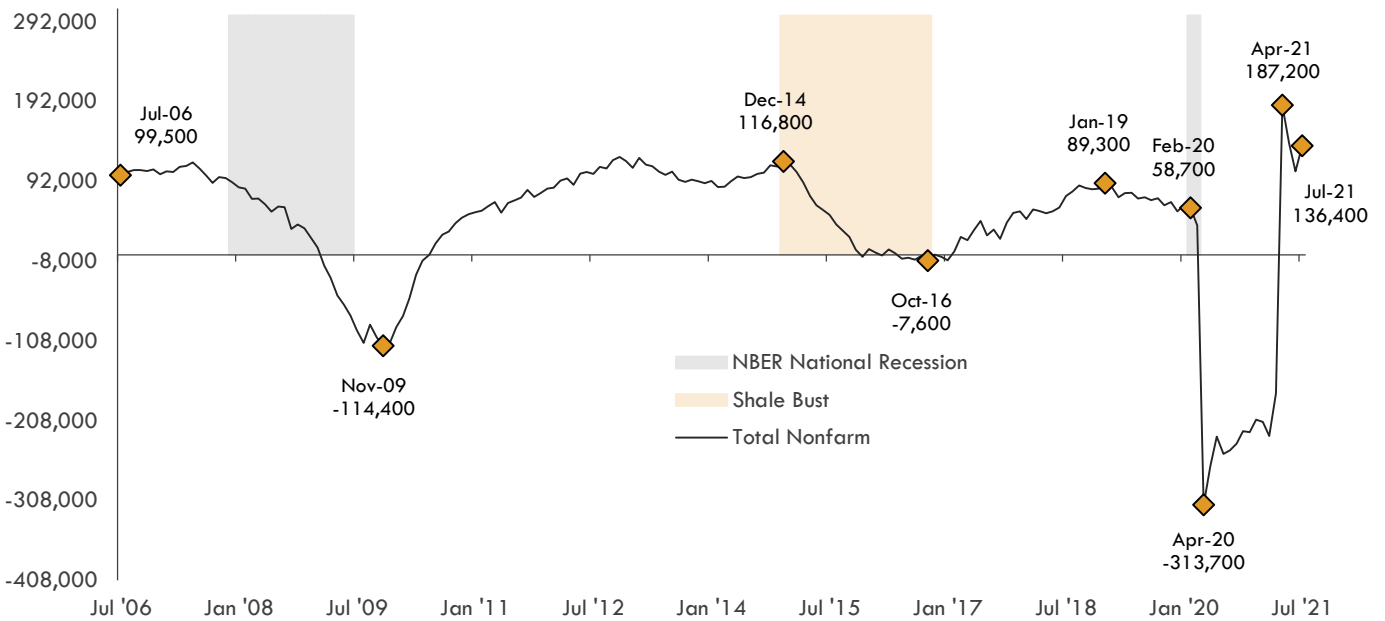
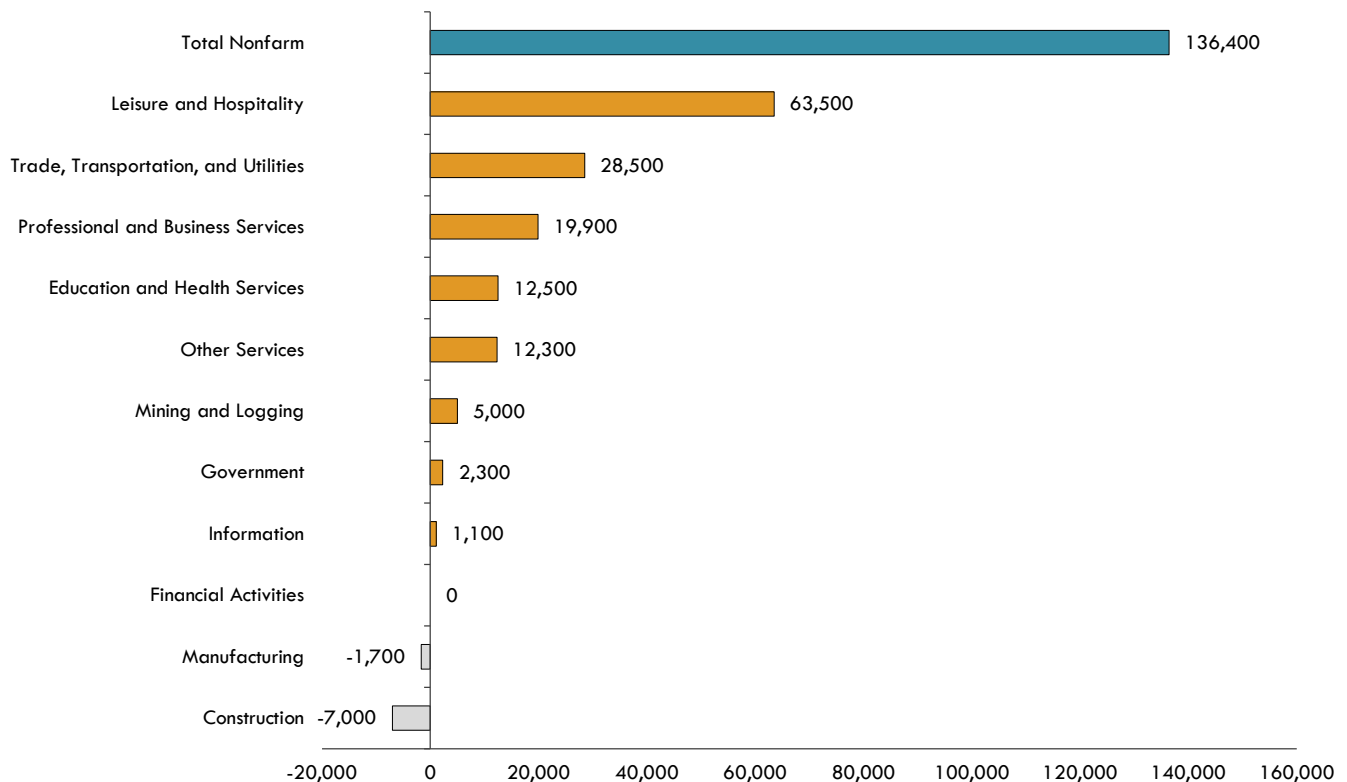


Chart 4. Over-the-year Net Change, Houston MSA Supersectors,
July 2020 to July 2021



Supplemental Commentary

Overall Impressions

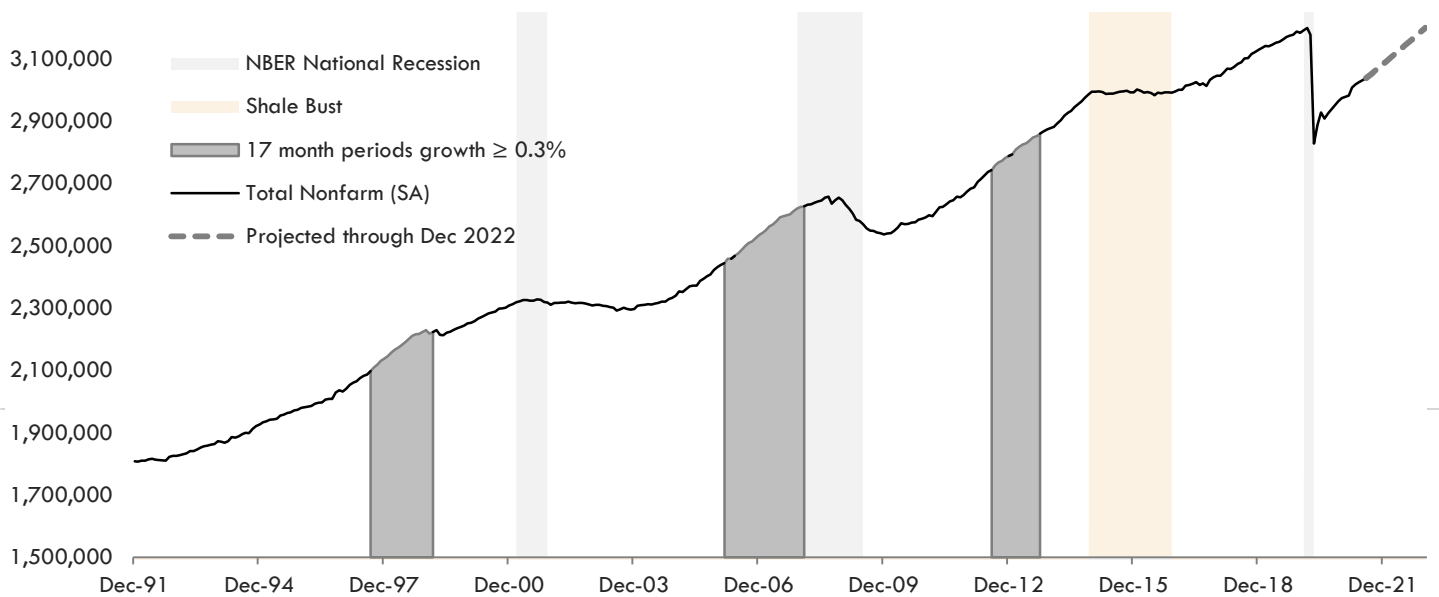
July marks the first Houston Area Employment Situation since Texas ended participation in federal pandemic UI programs: PUA, PEUC, and the addition \$300/week, which officially concluded on June 26th. An unanticipated surge in PEUC claims occurred in the weeks immediately after the programs ended however these numbers have fallen significantly indicating that the bulk of these residual PEUC claims have been processed with fewer and fewer remaining. While over-the-month job growth in July was above average, including or excluding seasonal factors, it is unclear how much of the increase can be attributed to withdrawal from pandemic UI programs given the momentum from complete reopening of the economy and potential lingering distortions in the monthly estimates.

Revisions to June data indicate a stronger month for job growth than initially reported. The addition of 3,000 to 4,000 jobs puts June growth much closer to historical averages and slightly lowers the average number of jobs needed each month to return to February 2020's 3.2 million to roughly 9,700.

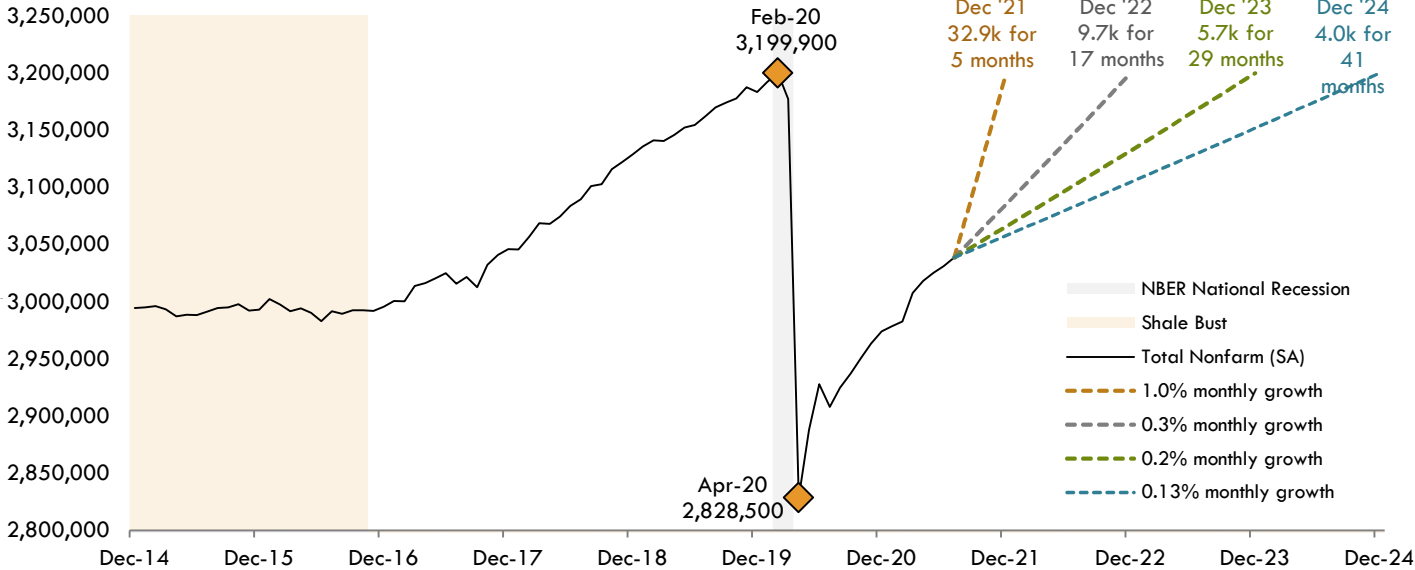
Leisure and Hospitality was up over the month in July on a non-seasonally-adjusted basis, which is atypical though not unprecedented. July's record increase is likely owed to pent up demand for dining and lodging in the wake of the pandemic, in process disrupting normal seasonal patterns for this sector. This sector remains responsible for a plurality of the jobs recovered over the previous 12 months.

Since the last jobs report the National Bureau of Economic Research (NBER) has declared the recession officially over, having ended in April 2020 after just two months. Nonetheless, full recovery of Houston's labor market back to February 2020 levels not likely until late-2022 at the earliest and based on trends in the first half 2021, not until mid-2023. (See Supplemental Charts 1 and 2.)

Supplemental Chart 1. Houston MSA Total Nonfarm Previous 17-month Periods of Growth $\geq 0.3\%$



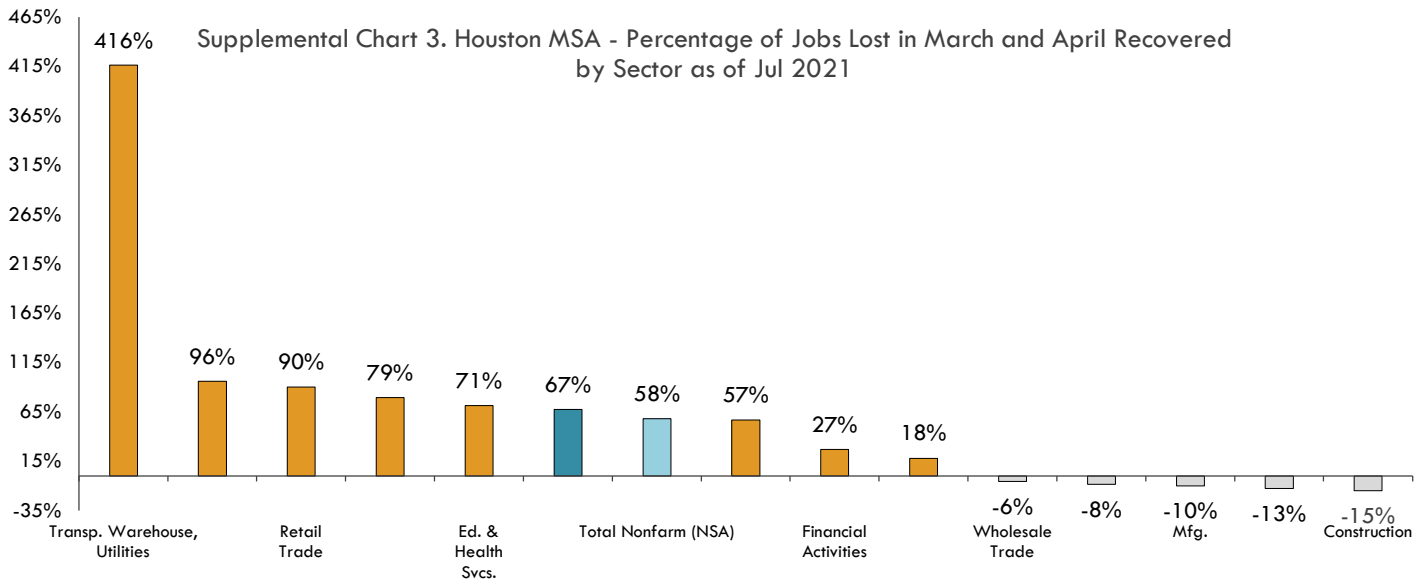
Supplemental Chart 2. Houston MSA Growth Rates Needed to Return to February 2020 Employment Level by December 2021, 2022, 2033 and 2024



Supplemental Commentary (continued)

Jobs Lost over March and April 2020 Recovered To-date

July's performance boosted the overall recovery rate of Houston's job market to approximately 58 percent to 67%. Leisure and Hospitality is fast-approaching 100 percent recovery with Retail Trade, Other Services, and Education and Healthcare all comfortably past the halfway mark. Unfortunately, Wholesale Trade's poor showing in July erased what little recovery it had previously managed. This now puts it in the company of Construction, Mining, and Logging, and Manufacturing, all of which remain down from their respective pre-pandemic employment levels. Due to seasonal factors, a fair assessment of Government's recovery rate is not possible until September employment related to the start of the school year is reported in late-October.

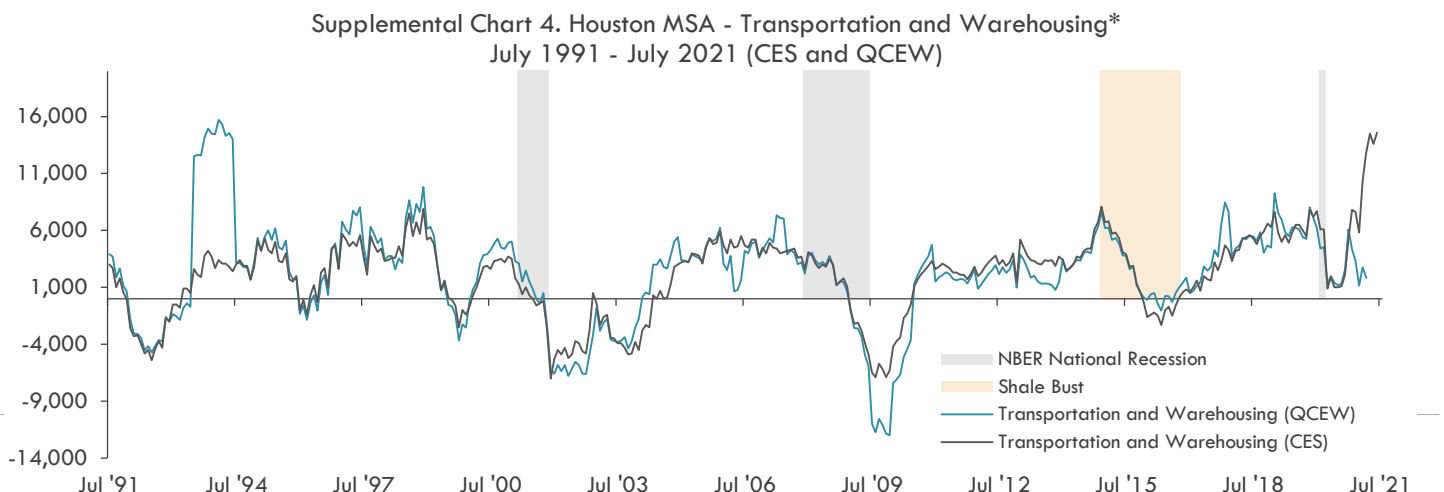


Transportation and Warehousing Job Growth Likely Overstated but Remains Strong

First quarter 2021 data from the Quarterly Census of Employment and Wages (QCEW) was released earlier in the month of August giving us our first glimpse in the "true" performance of Houston's labor market thus far this year. While not all sectors are entirely comparable between Current Employment Statistics (CES) data comprising the monthly employment situation and QCEW, some are and can provide a sense of over- or under-estimation of job growth present in the monthly estimates. Readers should be aware that trends found in CES data from March onward may ultimately appear in QCEW data as it becomes available. However, monitoring any sharp divergences between the series early on might aid in managing expectations for full-year growth until benchmark revisions are released in March 2022.

Such is the case with the sector that has shown the highest recovery rate of jobs lost over March and April 2020, according to CES: Transportation and Warehousing*. As can be seen in the chart below, the CES and QCEW series track each other fairly well over the past three decades with the average deviation, excluding the outlier periods of July 1993 to July 1994 and November 2020 onward, of roughly 1,400 jobs. As of March 2021, the most recent month of data comparable between the two series, the difference in year-over-year employment growth is nearly 11,000 jobs (CES: 12,800 – QCEW: 1,813) resulting a CES estimate that is nearly eight times greater than QCEW. Bear in mind that as of July, CES reports that Transportation and Warehousing is up 15,300 jobs over the year suggesting that the monthly estimates have diverged even further from QCEW. Lastly, observe that the period starting in November 2020 onward marks the largest positive divergence of CES relative to QCEW in the history of the series.

There is good news, however. Notice that the QCEW series through March 2021, while directionally contrasting with CES, remains in positive territory. As a result, reproducing recovery rate calculations on the QCEW version of Transportation and Warehousing still indicates that employment is 148 percent above the losses, which is still impressive and makes it one of the best performing sectors but no longer the best. That title now belongs to Finance and Insurance although the absolute size of the sector is orders of magnitude less than Transportation and Warehousing.



*Note that for purposes of this analysis, Utilities have been removed from the CES category Transportation, Warehousing, and Utilities in order to mirror the

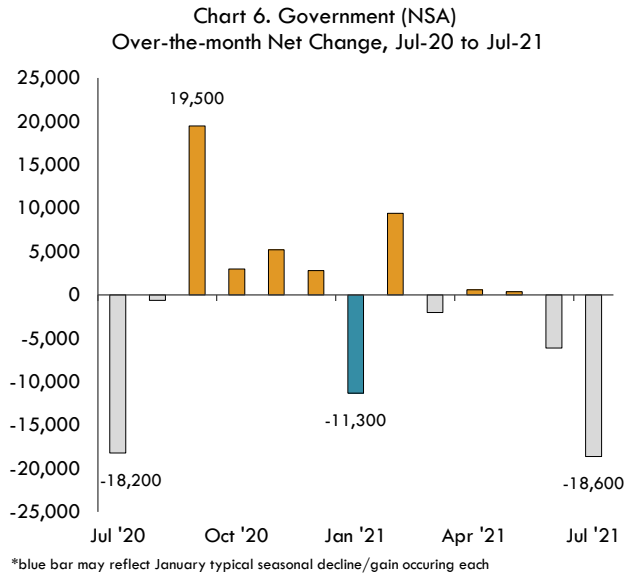
DECLINING INDUSTRY HIGHLIGHTS

Government

Over-the-month Change

Government was the largest declining sector over the month down -18,600 jobs, or -4.5 percent. (see Chart 6.) 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 July, Government has lost an average of -13,700 jobs over the month, which indicates that this month's losses are moderately larger than the long-term average decline. July declines in Government employment reflect the continued temporary shedding of jobs in public education prior to the start of the new academic year in late-August to early-September. Local Government was the largest contributor to the overall sector's decline, down -16,700 jobs over the month. The second-largest declining contributor was State Government, which lost -2,000 jobs from June to July. Lastly, Federal Government offset a portion of the sector's losses with a gain of 100 jobs. Government employment was revised upward by 1,900 jobs for

a May to June smaller net loss of -6,100 compared to an original estimate of -8,000 jobs.

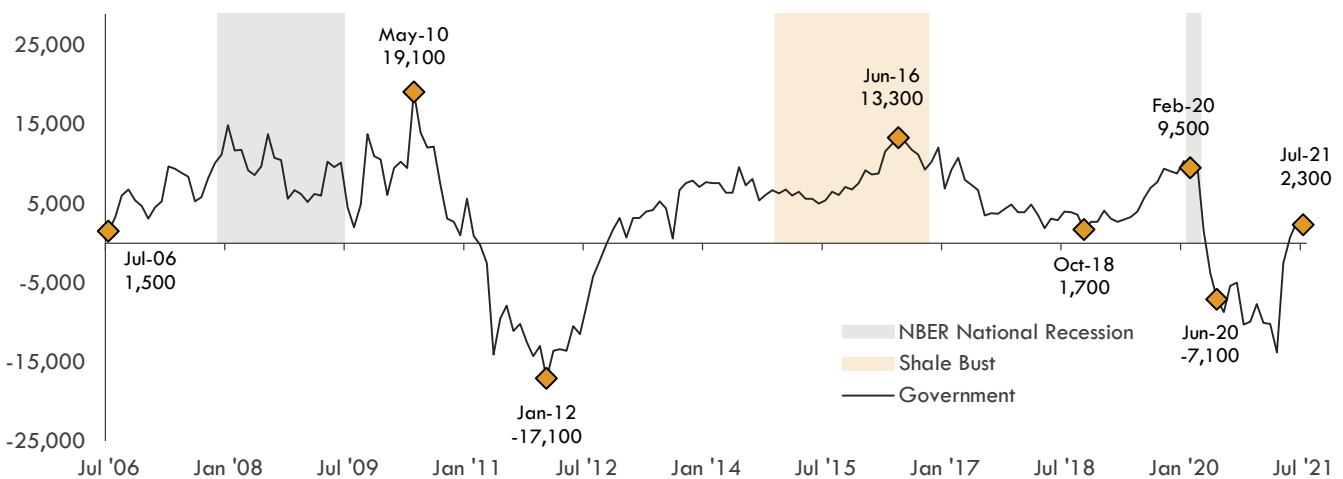


Over-the-year Change

Year over year, Government was up 2,300 jobs, or 0.6 percent. (see Chart 7.) 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 1,300 jobs over the year. The second-largest contributor was State Government, which added 1,100 jobs from July a year ago. Lastly, Federal Government offset a portion of the sector's gains with a loss of -100 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 -10 percent below levels reported in February 2020. Government's share of Houston area Total Nonfarm Employment has fallen from 13.4 percent to 12.9 percent over the past year.

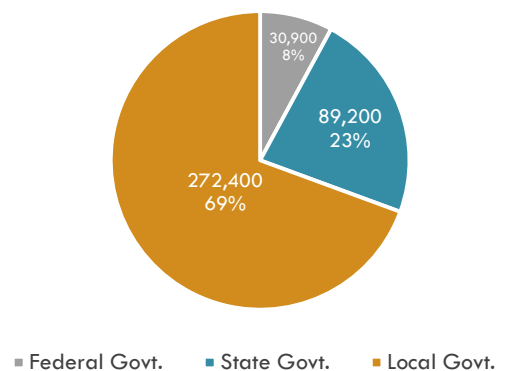
Chart 7. Government (NSA)
Over-the-year Net Change, Jul-06 to Jul-21



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 69 percent. (see Chart 8.) Across the Houston MSA, the concentration of jobs in the overall Government sector is 9 percent less than the national average.

Chart 8. Employment in Component Industries of Government Sector - July 2021



DECLINING INDUSTRY HIGHLIGHTS

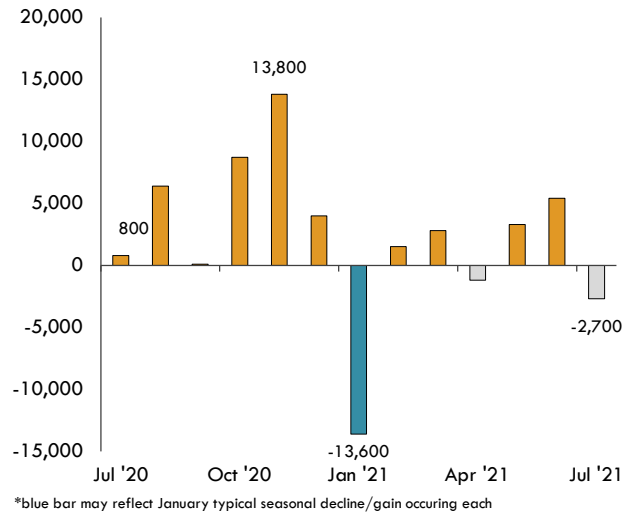
Trade, Transportation, and Utilities

Over-the-month Change

Trade, Transportation, and Utilities was the second-largest declining sector over the month down -2,700 jobs, or -0.4 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 July, Trade, Transportation, and Utilities has added an average of 10 jobs over the month, which indicates that this month's losses are substantially in contrast to the long-term average gain. Wholesale Trade was the largest contributor to the overall sector's decline, down -5,200 jobs over the month. One component industry that provided a partial offset was Retail Trade, which gained 1,000 jobs from June to July. Lastly, Transportation, Warehousing, and Utilities offset a portion of the sector's losses with a gain of 1,500 jobs. Trade, Transportation, and Utilities employment was revised upward by 2,400 jobs for a May to June larger net gain of 5,400 compared to an original

estimate of 3,000 jobs.

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

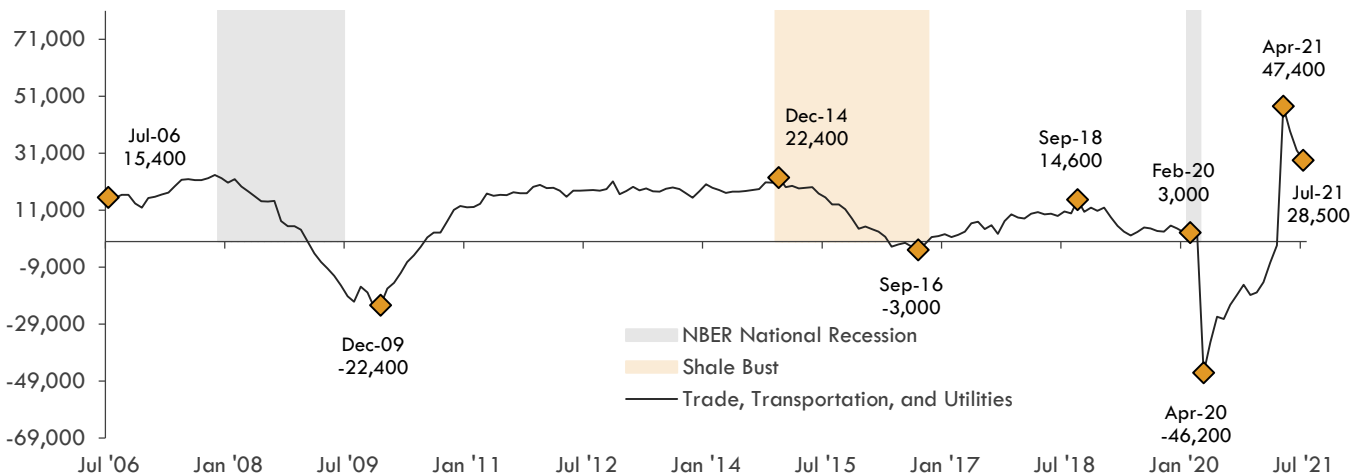


Over-the-year Change

Year over year, Trade, Transportation, and Utilities was up 28,500 jobs, or 4.7 percent. (see Chart 10.) This was the largest-ever year-over-year gain in the month of July since records began in 1990. Furthermore, 19.6 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 15,500

jobs over the year. The second-largest contributor was Retail Trade, which added 10,500 jobs from July a year ago. Lastly, Wholesale Trade contributed, 2,500 jobs. Trade, Transportation, and Utilities's share of Houston area Total Nonfarm Employment has remained constant at 20.7 percent over the past year.

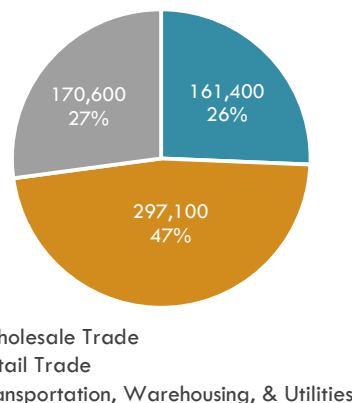
Chart 10. Trade, Transportation, and Utilities (NSA)
Over-the-year Net Change, Jul-06 to Jul-21



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 36-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 - July 2021



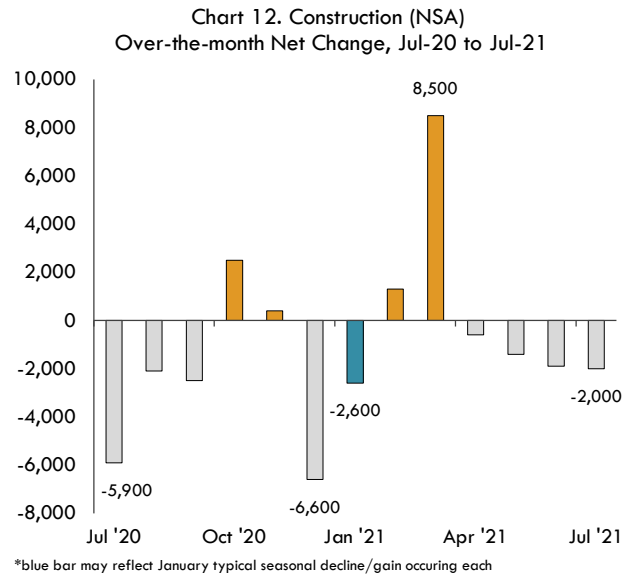
DECLINING INDUSTRY HIGHLIGHTS

Construction

Over-the-month Change

Construction was the third-largest declining sector over the month down -2,000 jobs, or -1.0 percent. (see Chart 12.) 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 July, Construction has lost an average of -1,200 jobs over the month, which indicates that this month's losses are moderately larger than the long-term average decline. Over the past two and half decades, job declines in Construction have occurred around 70 percent of the time in the month of July. Heavy and Civil Engineering Construction was the largest contributor to the overall sector's decline, down -1,300 jobs over the month. The second-largest declining contributor was Construction of Buildings, which lost -600 jobs from June to July. Lastly, Specialty Trade Contractors subtracted, -100 jobs. Construction employment was revised upward by 200 jobs for a May to June smaller net loss of -1,900 compared to an original

estimate of -2,100 jobs.

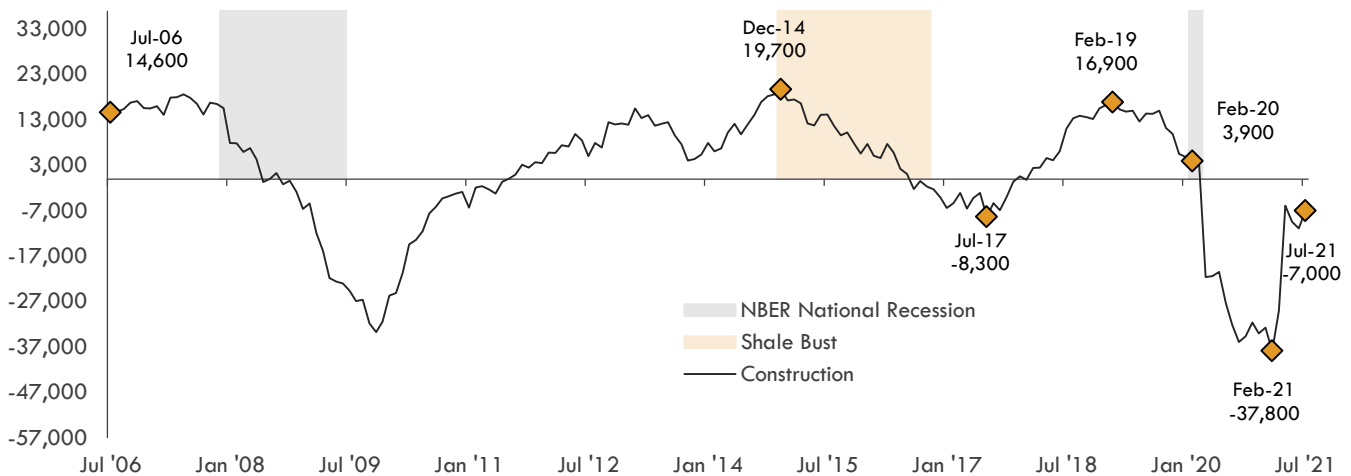


Over-the-year Change

Year over year, Construction was down -7,000 jobs, or -3.3 percent. (see Chart 13.) Among sectors currently showing contraction, this sector is the fastest declining in percentage terms across the Houston area. Furthermore, 80.5 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

-4,600 jobs over the year. The second-largest declining contributor was Specialty Trade Contractors, which lost -1,400 jobs from July a year ago. Lastly, Construction of Buildings subtracted, -1,000 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 7.2 percent to 6.7 percent over the past year.

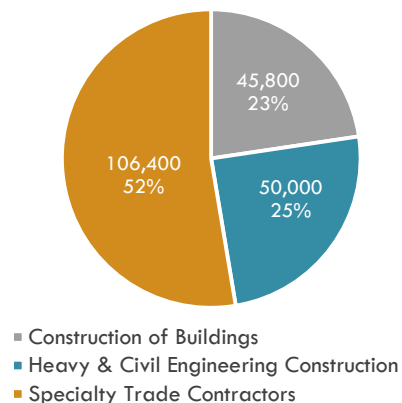
Chart 13. Construction (NSA)
Over-the-year Net Change, Jul-06 to Jul-21



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 53 percent. (see Chart 14.) Across the Houston MSA, the concentration of jobs in the overall Construction sector is 27 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 14. Employment in Component Industries of Construction Sector - July 2021



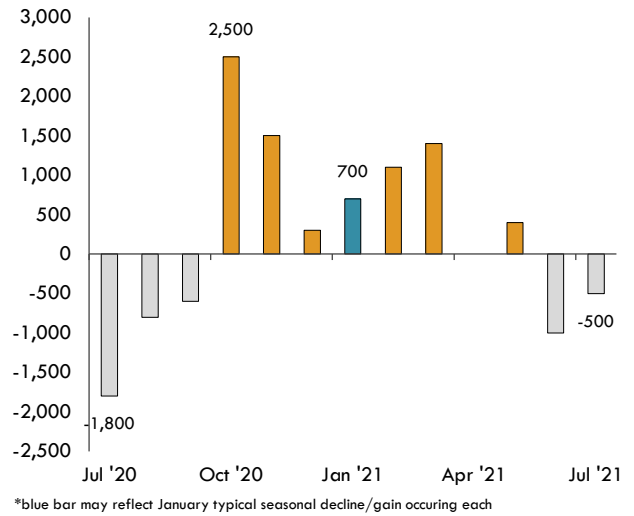
DECLINING INDUSTRY HIGHLIGHTS

Mining and Logging

Over-the-month Change

Mining and Logging also saw a decrease over the month down -500 jobs, or -0.7 percent. (see Chart 15.) 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 July, Mining and Logging has added an average of 300 jobs over the month, which indicates that this month's losses are moderately in contrast to the long-term average gain. Support Activities for Mining was the largest contributor to the overall sector's decline, down -300 jobs over the month. The second-largest declining contributor was Oil and Gas Extraction, which lost -100 jobs from June to July. Lastly, Other Mining and Logging Undefined subtracted, -100 jobs. Mining and Logging employment was revised upward by 2,100 jobs for a May to June smaller net loss of -1,000 compared to an original estimate of -3,100 jobs.

Chart 15. Mining and Logging (NSA)
Over-the-month Net Change, Jul-20 to Jul-21

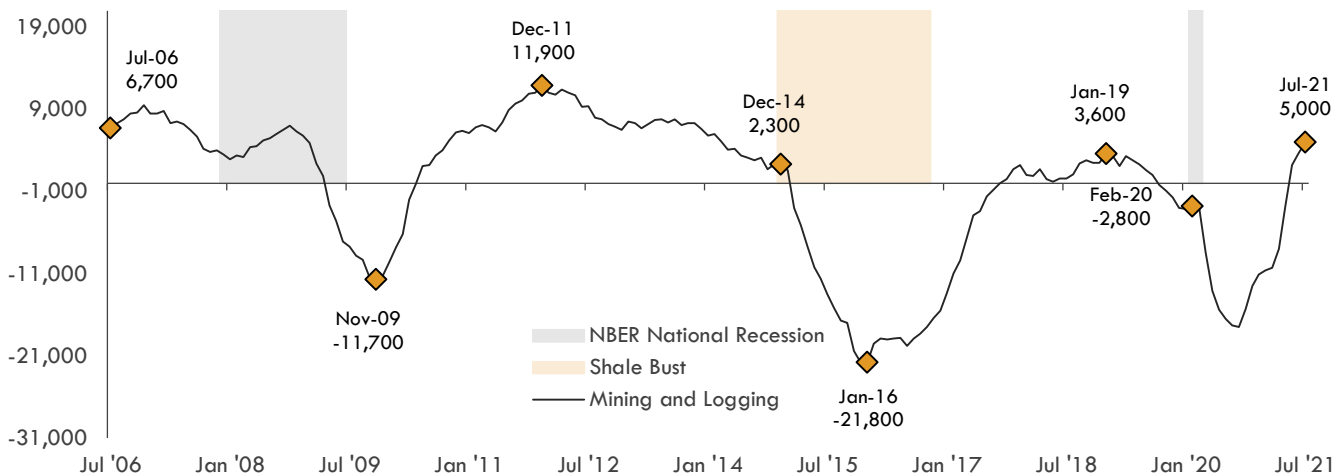


Over-the-year Change

Year over year, Mining and Logging was up 5,000 jobs, or 7.9 percent. (see Chart 16.) Among sectors currently showing growth, this sector is the third-fastest growing in percentage terms across the Houston area. 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 4,600 jobs over the year. The second-largest contributor was Other Mining and Logging Undefined, which added 500 jobs from July a year

ago. Lastly, Oil and Gas Extraction offset a portion of the sector's gains with a loss of -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.

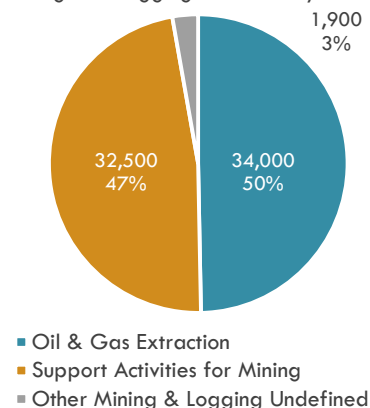
Chart 16. Mining and Logging (NSA)
Over-the-year Net Change, Jul-06 to Jul-21



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 17.) 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 17. Employment in Component Industries of Mining and Logging Sector - July 2021



GAINING INDUSTRY HIGHLIGHTS

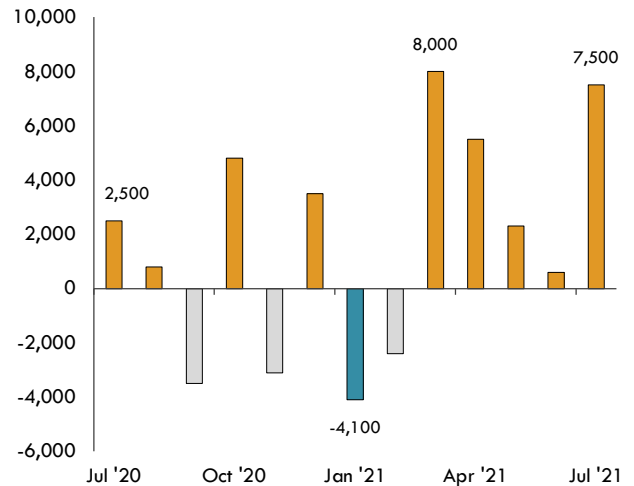
Professional and Business Services

Over-the-month Change

Professional and Business Services was the largest gaining sector over the month up 7,500 jobs, or 1.5 percent. (see Chart 18.) This was the largest-ever gain in the month of July since records began in 1990. 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 July, Professional and Business Services has added an average of 900 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Administrative and Support and Waste Management and Remediation Services was the largest contributor to the overall sector's increase, up 4,700 jobs over the month. The second-largest contributor was Professional, Scientific, and Technical Services, which added 2,900 jobs from June to July. Lastly, Management of Companies and Enterprises offset a portion of the sector's gains with a loss of -100 jobs. Professional and Business Services employment was revised

downward by -400 jobs for a May to June smaller net gain of 600 compared to an original estimate of 1,000 jobs.

Chart 18. Professional and Business Services (NSA)
Over-the-month Net Change, Jul-20 to Jul-21



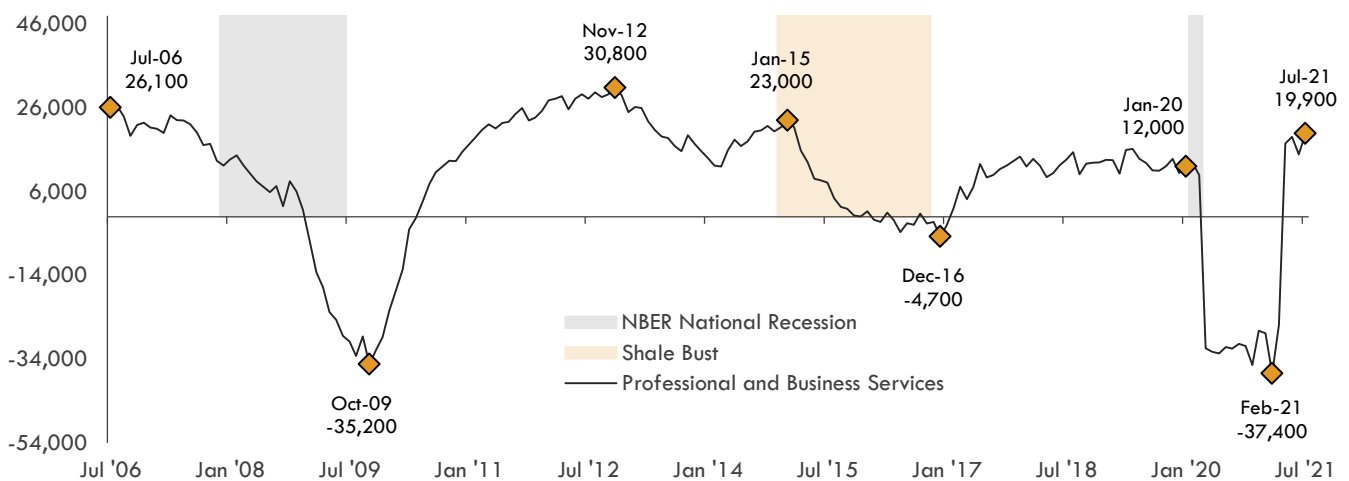
*blue bar may reflect January typical seasonal decline/gain occurring each

Over-the-year Change

Year over year, Professional and Business Services was up 19,900 jobs, or 4.1 percent. (see Chart 19.) 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. Administrative and Support and Waste Management and Remediation Services was the largest contributor to the overall sector's increase, up 10,200 jobs over the year. The second-largest contributor was Professional, Scientific, and Technical Services, which added 9,300 jobs from July a year ago. Lastly, Management of

Companies and Enterprises contributed, 400 jobs. Since shedding -41,400 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 July. Professional and Business Services's share of Houston area Total Nonfarm Employment has remained constant at 16.6 percent over the past year.

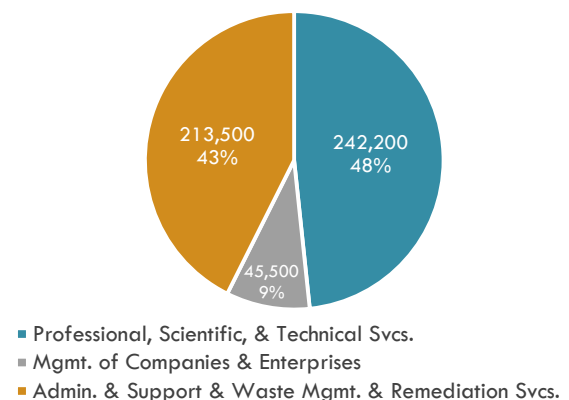
Chart 19. Professional and Business Services (NSA)
Over-the-year Net Change, Jul-06 to Jul-21



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 48 percent. (see Chart 20.) Across the Houston MSA, the concentration of jobs in the overall sector is 15 percent higher than the national average, due to times more jobs in Professional, Scientific, and Technical Services serving the oil and gas industry.

Chart 20. Employment in Component Industries of Professional and Business Services Sector - July 2021



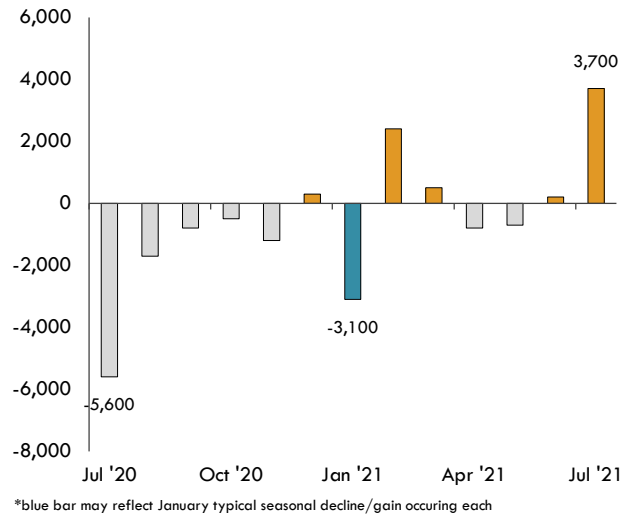
GAINING INDUSTRY HIGHLIGHTS

Manufacturing

Over-the-month Change

Manufacturing was the second-largest gaining sector over the month up 3,700 jobs, or 1.8 percent. (see Chart 21.) This was the largest-ever gain in the month of July, or any other month, since records began in 1990. The largest decline on record occurred in April 2020, down -10,600 jobs. Historically in the month of July, Manufacturing has lost an average of -300 jobs over the month, which indicates that this month's gains are substantially in contrast to the long-term average decline. Note, that Manufacturing's strong showing in July may be due deferred growth from June finally being captured in the estimates. Durable Goods was the largest contributor to the overall sector's increase, up 2,200 jobs over the month. The second-largest contributor was Non-Durable Goods, which added 1,500 jobs from June to July. Manufacturing employment was revised downward by -1,000 jobs for a May to June smaller net gain of 200 compared to an original estimate of 1,200 jobs.

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

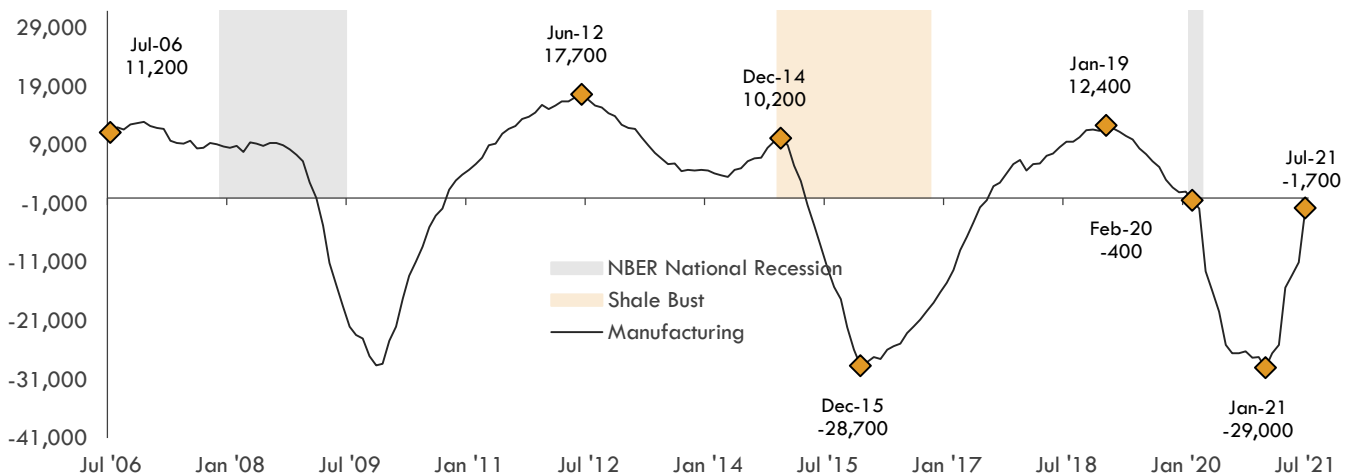


Over-the-year Change

Year over year, Manufacturing was down -1,700 jobs, or -0.8 percent. (see Chart 22.) Among sectors currently showing contraction, this sector is the second-fastest declining in percentage terms across the Houston area. Furthermore, 19.5 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 -3,100 jobs

over the year. One component industry that provided a partial offset was Non-Durable Goods, which gained 1,400 jobs from July 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 7.3 percent to 6.9 percent over the past year.

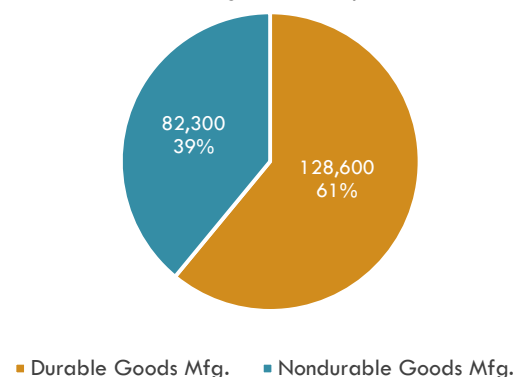
Chart 22. Manufacturing (NSA)
Over-the-year Net Change, Jul-06 to Jul-21



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 23.) Across the Houston MSA, the concentration of jobs in the overall Manufacturing sector is 18 percent less than the national average.

Chart 23. Employment in Component Industries of Manufacturing Sector - July 2021



GAINING INDUSTRY HIGHLIGHTS

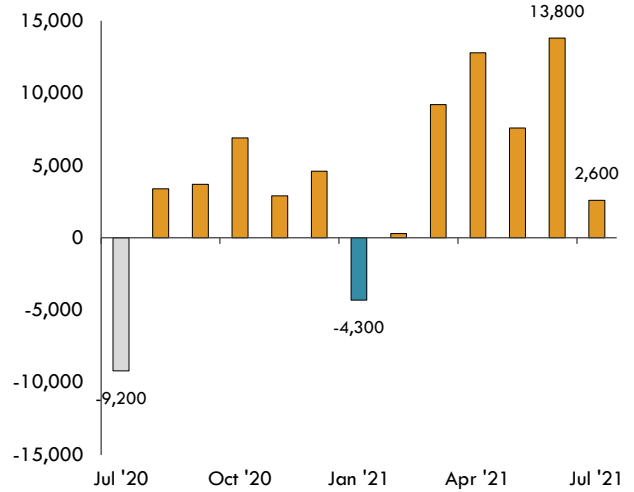
Leisure and Hospitality

Over-the-month Change

Leisure and Hospitality was the third-largest gaining sector over the month up 2,600 jobs, or 0.8 percent. (see Chart 24.) This was the largest-ever gain in the month of July since records began in 1990. 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 July, Leisure and Hospitality has lost an average of -1,600 jobs over the month, which indicates that this month's gains are substantially in contrast to the long-term average decline. Leisure and Hospitality has typically seen declines in the month of July with only four exceptions since records began. Accommodation and Food Services was the largest contributor to the overall sector's increase, up 3,000 jobs over the month. One component industry that provided a partial offset was Arts, Entertainment, and Recreation, which lost -400 jobs from June to July. Leisure and Hospitality employment was revised upward by 100 jobs for

a May to June larger net gain of 13,800 compared to an original estimate of 13,700 jobs.

Chart 24. Leisure and Hospitality (NSA)
Over-the-month Net Change, Jul-20 to Jul-21

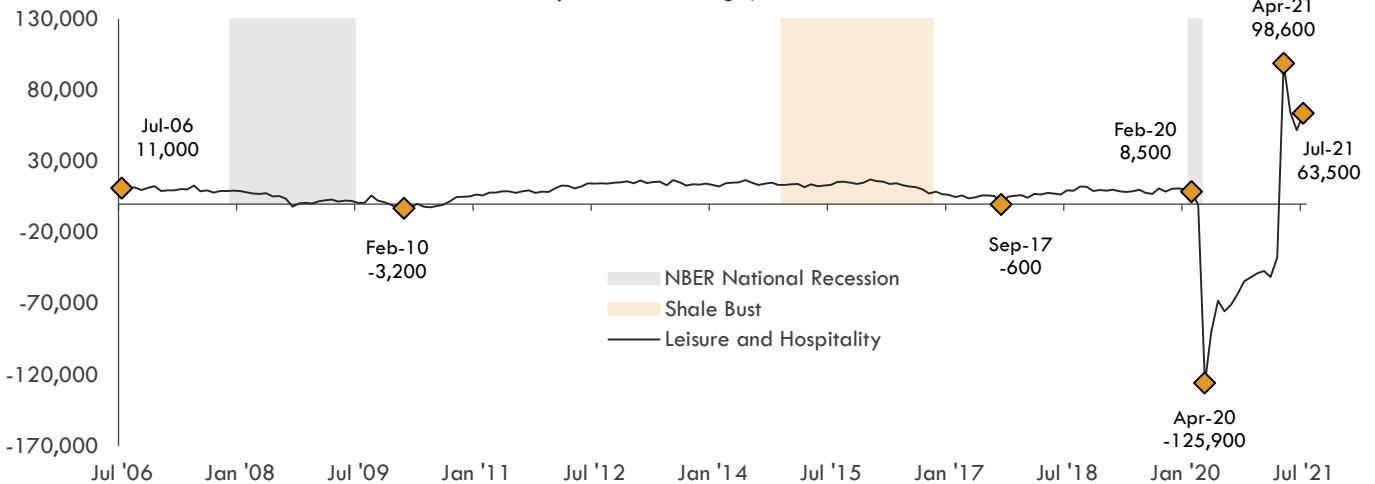


Over-the-year Change

Year over year, Leisure and Hospitality was up 63,500 jobs, or 23.9 percent. (see Chart 25.) This was the largest-ever year-over-year gain in the month of July since records began in 1990. Among sectors currently showing growth, this sector is the fastest-growing in percentage terms across the Houston area. Furthermore, 43.8 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 57,200 jobs over the year. The second-largest contributor was Arts, Entertainment, and Recreation, which added 6,300 jobs from July 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 100 percent of jobs lost as of July. Leisure and Hospitality's share of Houston area Total Nonfarm Employment has risen from 9.2 percent to 10.8 percent over the past year.

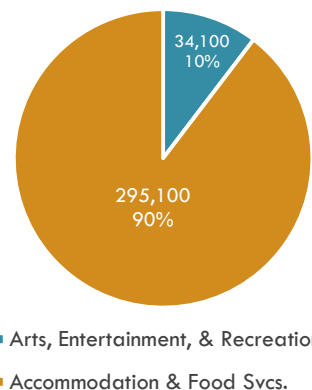
Chart 25. Leisure and Hospitality (NSA)
Over-the-year Net Change, Jul-06 to Jul-21



About This Sector

This sector is composed of establishments that produce and promote in live performances, events, of 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 90 percent. (see Chart 26.) Across the Houston MSA, the concentration of jobs in the overall sector is 0 percent higher than the national average.

Chart 26. Employment in Component Industries of
Leisure and Hospitality Sector - July 2021



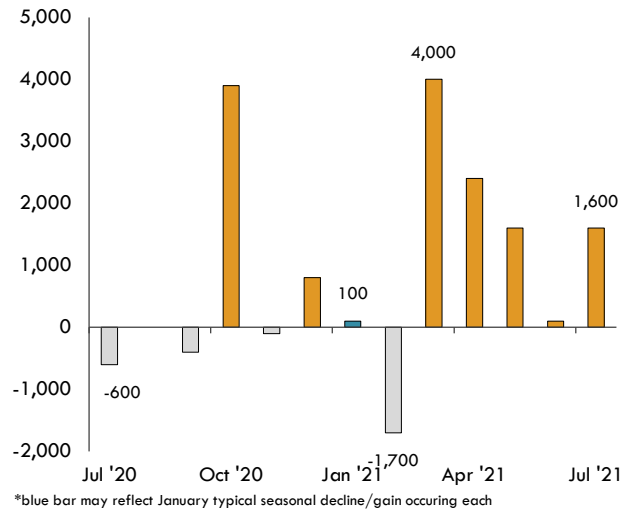
GAINING INDUSTRY HIGHLIGHTS

Other Services

Over-the-month Change

Other Services also saw an increase over the month up 1,600 jobs, or 1.4 percent. (see Chart 27.) This was the largest-ever gain in the month of July 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 July, Other Services has lost an average of -200 jobs over the month, which indicates that this month's gains are substantially in contrast to the long-term average decline. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Other Services employment was revised upward by 400 jobs for a May to June complete erasure of losses resulting in a net gain of 100 compared to an original estimate of -300 jobs.

Chart 27. Other Services (NSA)
Over-the-month Net Change, Jul-20 to Jul-21

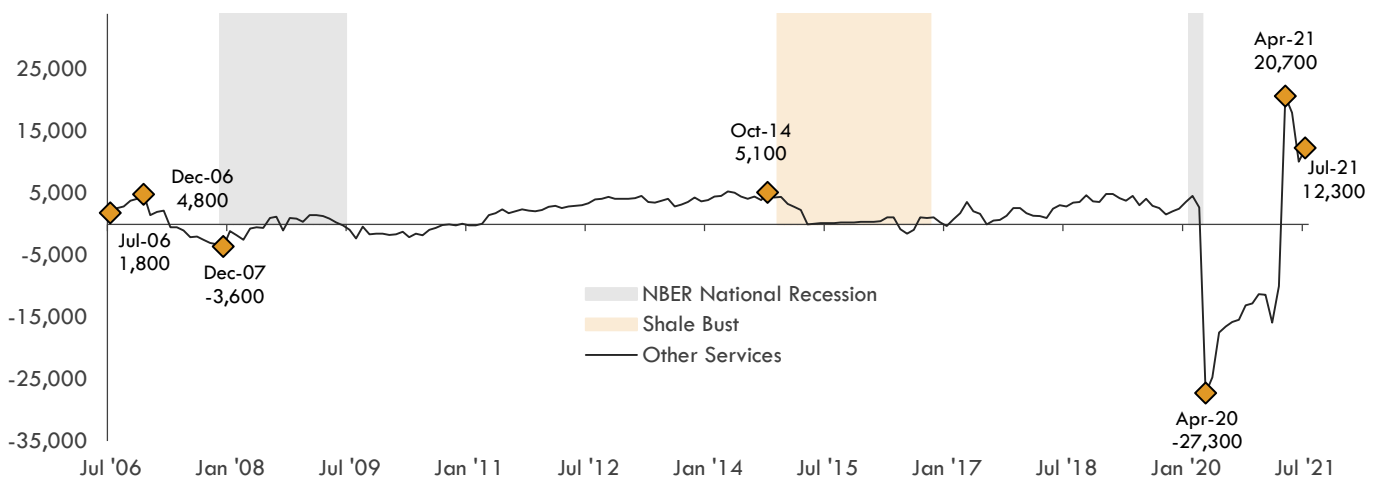


Over-the-year Change

Year over year, Other Services was up 12,300 jobs, or 12.2 percent. (see Chart 28.) This was the largest-ever year-over-year gain in the month of July 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 80 percent of jobs lost as of July. Other Services's share of Houston area Total Nonfarm Employment has risen from 3.5 percent to 3.7 percent over the past year.

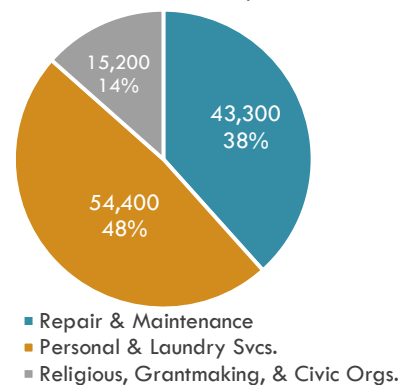
Chart 28. Other Services (NSA)
Over-the-year Net Change, Jul-06 to Jul-21



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 29.) Across the Houston MSA, the concentration of jobs in the overall Other Services sector is 6 percent less than the national average.

Chart 29. Employment in Component Industries of Other Services Sector - July 2021



*estimated proportions based QCEW covered and NES self-employment

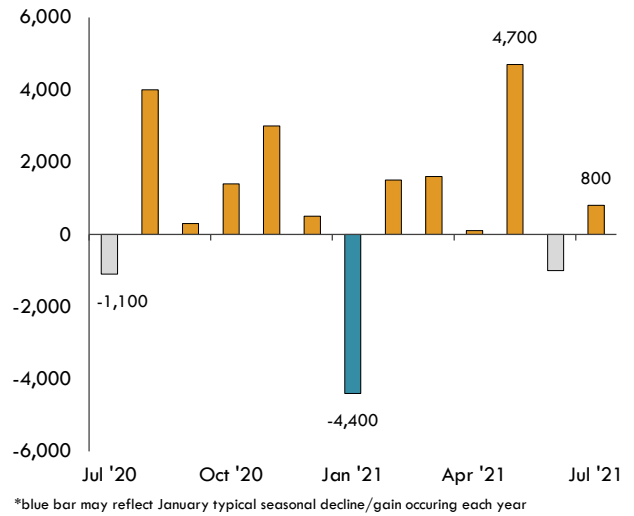
GAINING INDUSTRY HIGHLIGHTS

Education and Health Services

Over-the-month Change

Education and Health Services also saw an increase over the month up 800 jobs, or 0.2 percent. (see Chart 30.) 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 July, Education and Health Services has lost an average of -30 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 1,200 jobs over the month. One component industry that provided a partial offset was Educational Services, which lost -400 jobs from June to July. Education and Health Services employment was revised downward by -1,700 jobs for a May to June complete erasure of gains leaving a net loss of -1,000 compared to an original estimate of 700 jobs.

Chart 30. Education and Health Services (NSA)
Over-the-month Net Change, Jul-20 to Jul-21

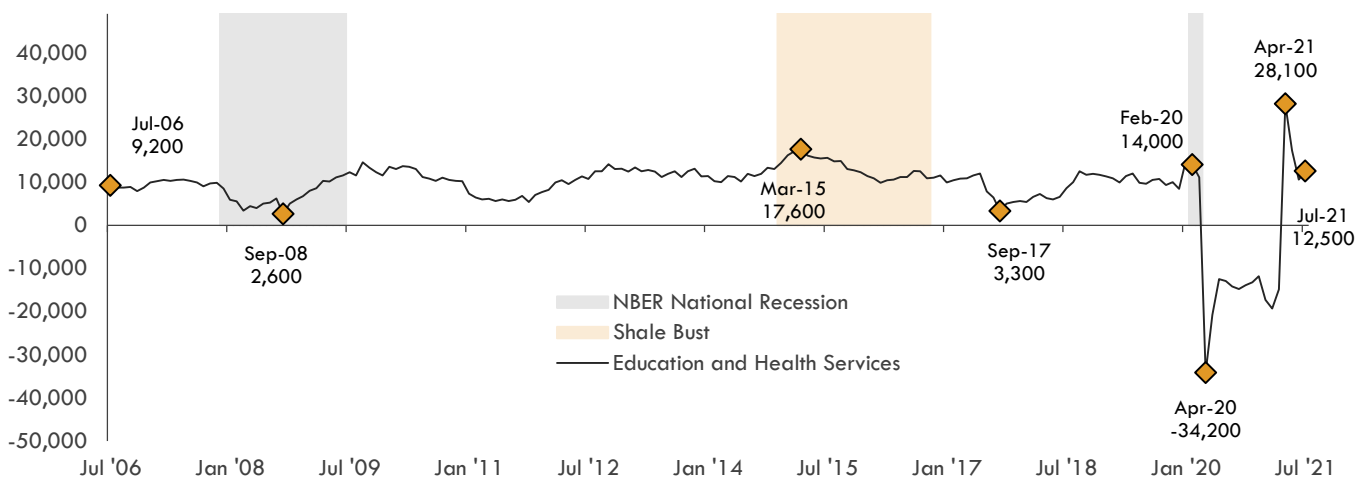


Over-the-year Change

Year over year, Education and Health Services was up 12,500 jobs, or 3.2 percent. (see Chart 31.) 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 9,700 jobs over the year. The second-largest contributor was Educational Services, which added 2,800 jobs from July 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 July. Education and Health Services's share of Houston area Total Nonfarm Employment has fallen from 13.4 percent to 13.2 percent over the past year.

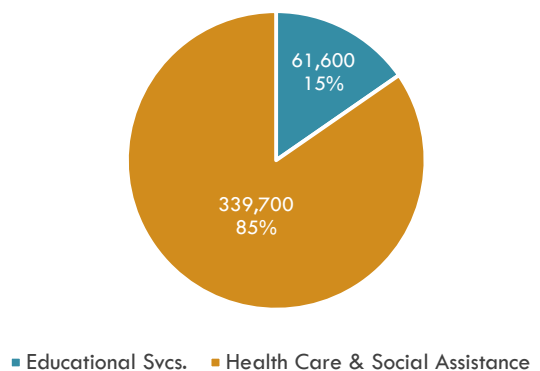
Chart 31. Education and Health Services (NSA)
Over-the-year Net Change, Jul-06 to Jul-21



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 32.) 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 32. Employment in Component Industries of Education and Health Services Sector - July 2021



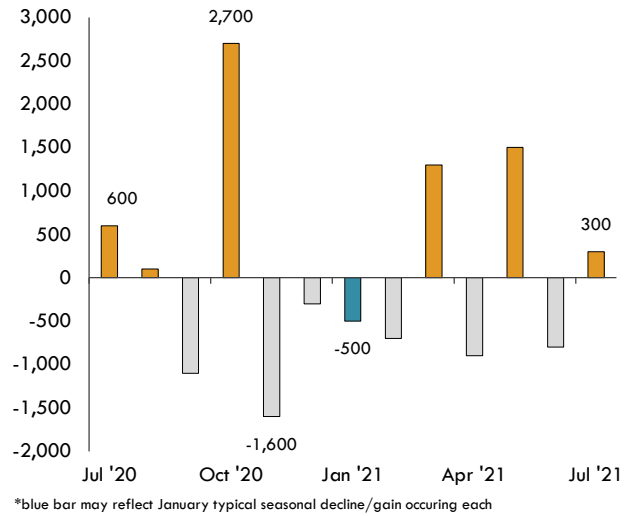
GAINING INDUSTRY HIGHLIGHTS

Financial Activities

Over-the-month Change

Financial Activities also saw an increase over the month up 300 jobs, or 0.2 percent. (see Chart 33.) 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 July, Financial Activities has added an average of 400 jobs over the month, which indicates that this month's gains are slightly below the long-term average. Finance and Insurance was the largest contributor to the overall sector's increase, up 2,000 jobs over the month. One component industry that provided a partial offset was Real Estate and Rental and Leasing, which lost -1,700 jobs from June to July. Financial Activities employment was revised downward by -1,000 jobs for a May to June complete erasure of gains leaving a net loss of -800 compared to an original estimate of 200 jobs.

Chart 33. Financial Activities (NSA)
Over-the-month Net Change, Jul-20 to Jul-21

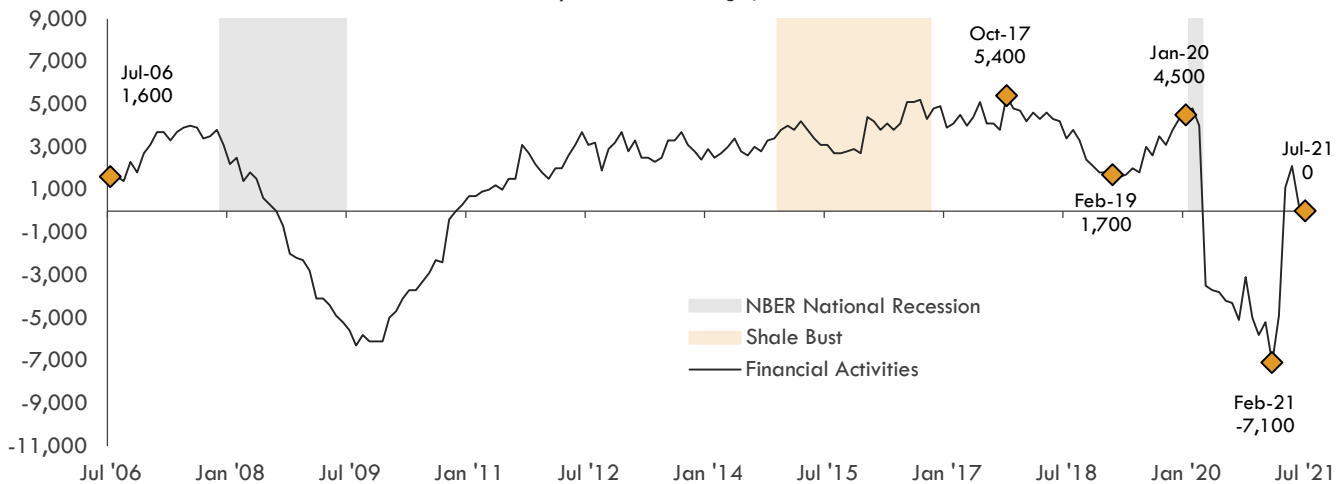


Over-the-year Change

Year over year, Financial Activities saw no change. (see Chart 34.) Among sectors currently showing contraction, this sector is the third-fastest declining in percentage terms across the Houston area. 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. Since shedding -7,800 jobs over March and April 2020 due to the impact of COVID-19, this sector has recovered approximately 30 percent of jobs lost as of July. Financial Activities's share of Houston area Total Nonfarm Employment has fallen from 5.6

percent to 5.4 percent over the past year.

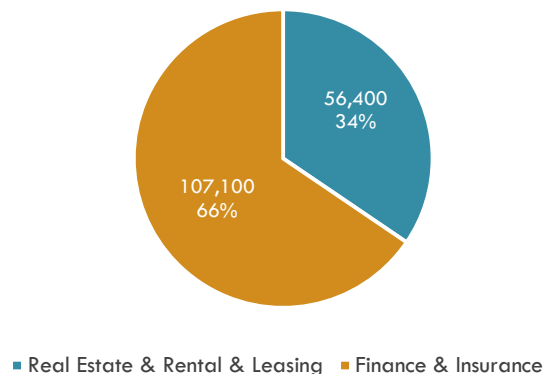
Chart 34. Financial Activities (NSA)
Over-the-year Net Change, Jul-06 to Jul-21



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 66 percent. (see Chart 35.) 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 21-percent lower concentration in Finance and Insurance offsetting a 16-percent higher concentration in Real Estate and Rental and Leasing.

Chart 35. Employment in Component Industries of
Financial Activities Sector - July 2021



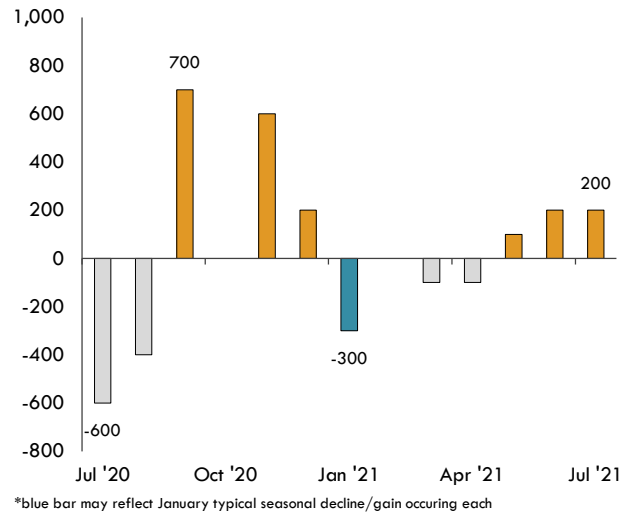
GAINING INDUSTRY HIGHLIGHTS

Information

Over-the-month Change

Information also saw an increase over the month up 200 jobs, or 0.7 percent. (see Chart 36.) 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 July, Information has lost an average of -60 jobs over the month, which indicates that this month's gains are substantially in contrast to the long-term average decline. Other Information Undefined was the largest contributor to the overall sector's increase, up 200 jobs over the month. One component industry, Telecommunications, saw no change from June to July. Information employment saw no revision from May to June leaving the previous month's original increase of 200 intact.

Chart 36. Information (NSA)
Over-the-month Net Change, Jul-20 to Jul-21

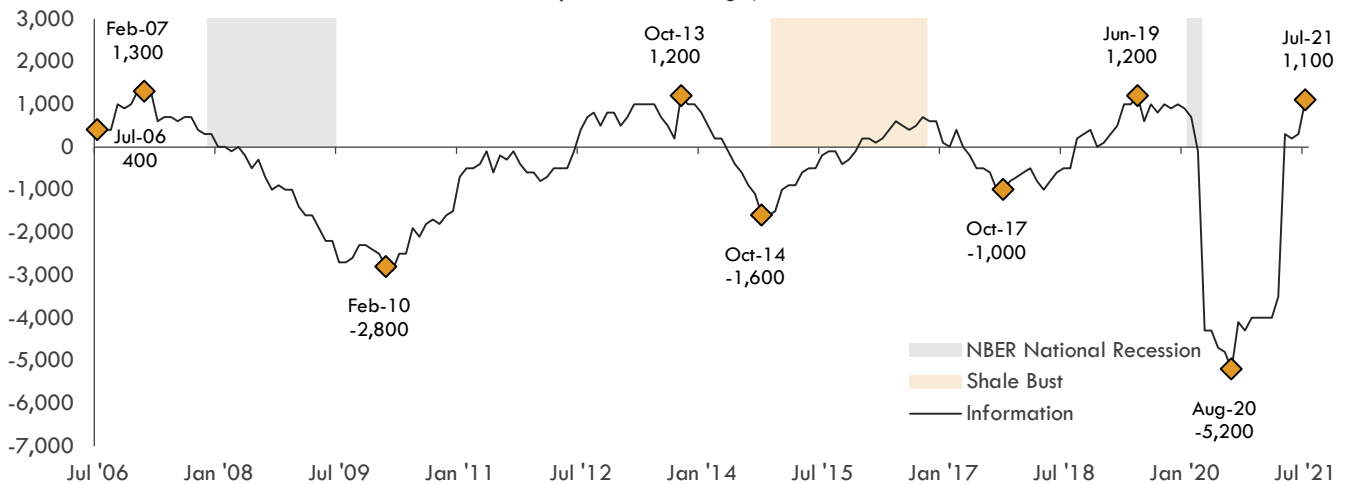


Over-the-year Change

Year over year, Information was up 1,100 jobs, or 3.9 percent. (see Chart 37.) 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 1,400 jobs over the year. One component industry that provided a partial offset was Telecommunications, which lost -300 jobs from July 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 20 percent of jobs lost as of July. Information's share of Houston area Total Nonfarm Employment has remained constant at 1.0 percent over the past year.

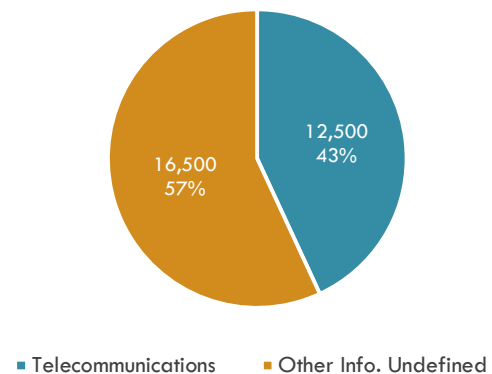
Chart 37. Information (NSA)
Over-the-year Net Change, Jul-06 to Jul-21



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 38.) Across the Houston MSA, the concentration of jobs in the overall Information sector is 49 percent less than the national average.

Chart 38. Employment in Component Industries of Information Sector - July 2021



Unemployment Rates

Not-Seasonally Adjusted

The Houston MSA (not-seasonally-adjusted) unemployment rate stood at 6.8 percent in July, down from June's 7.4 percent and down from 11.1 percent a year ago. This was above the statewide rate of 6.0 percent and above the national rate of 5.7 percent. 233,714 individuals were unemployed in Houston in July, down from June's 252,691 and down from 379,678 in July 2020.

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

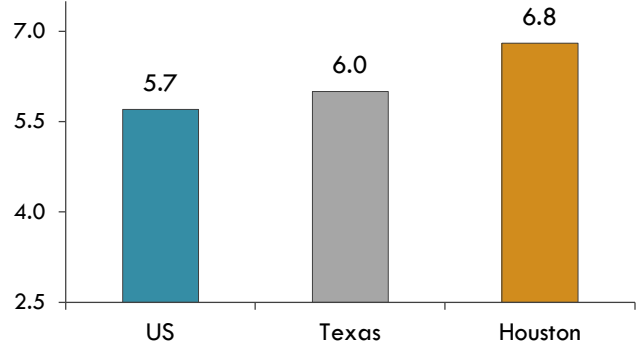
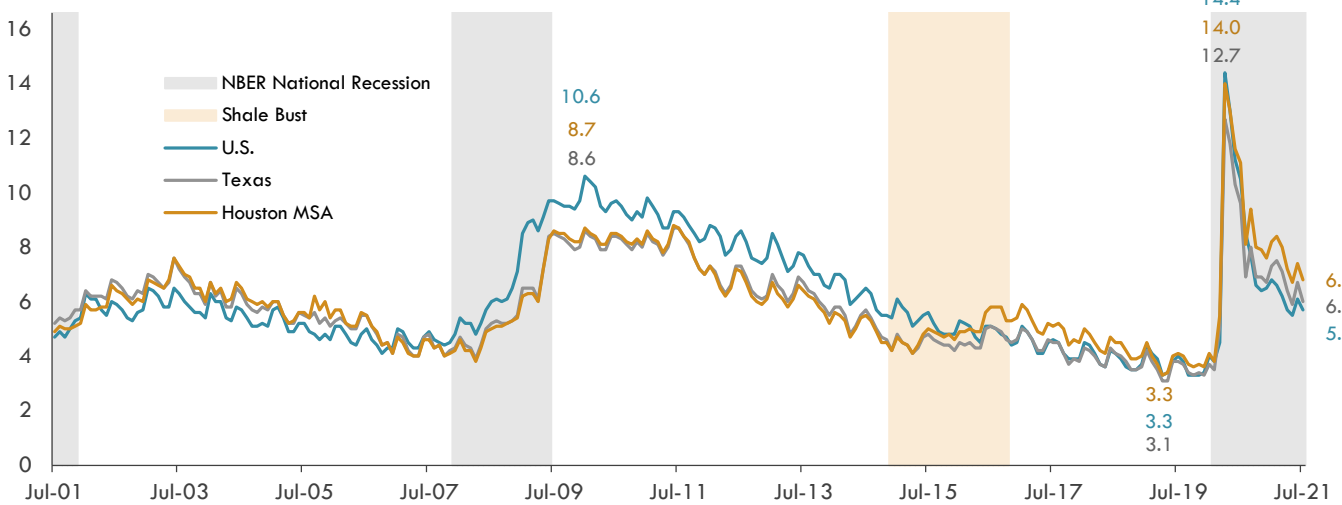


Chart 40. Unemployment Rates U.S., Texas, and Houston MSA (NSA)
July 2001 to July 2021



Seasonally Adjusted

The Houston MSA (seasonally-adjusted) unemployment rate stood at 7.1 percent in June, down slightly from May's 7.2 percent and down from 9.4 percent a year ago. This was above the statewide rate of 6.5 percent and above the national rate of 5.9 percent. 241,389 individuals were unemployed in Houston in June, virtually unchanged, down slightly from May's 241,943 and down from 316,630 in June 2020.

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

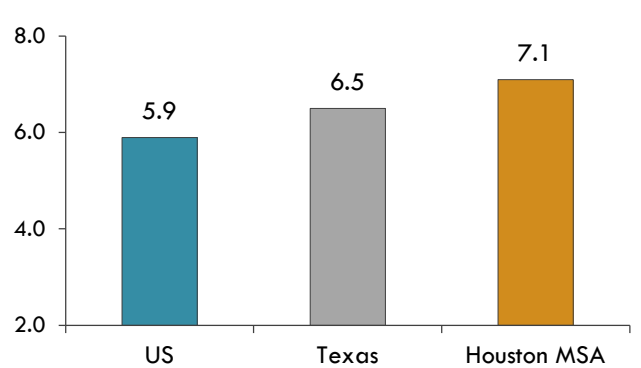
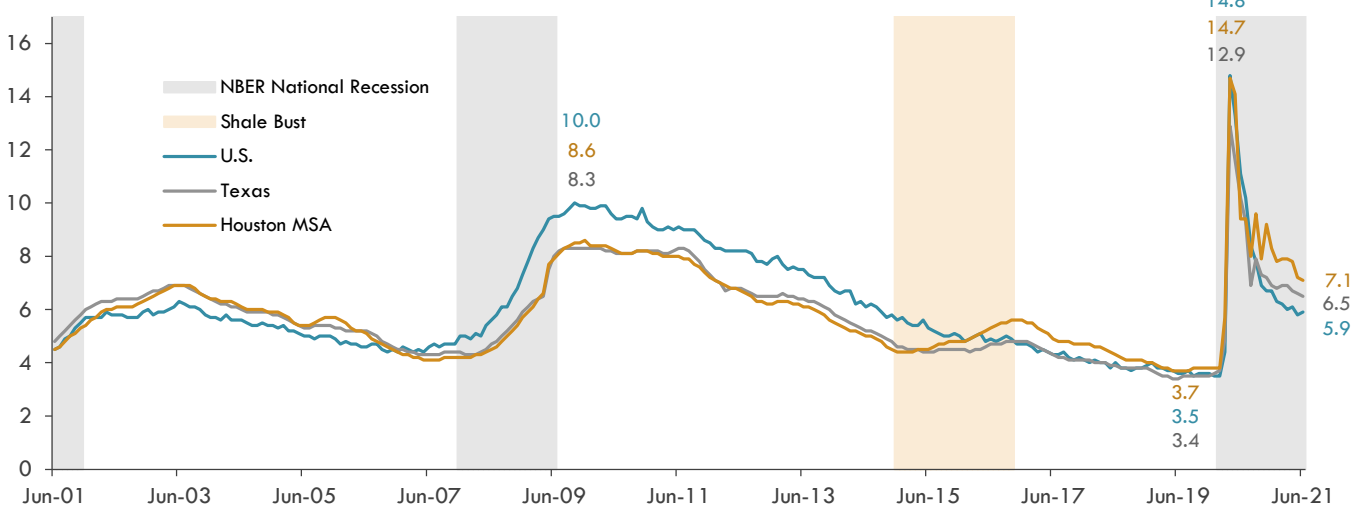


Chart 42. Unemployment Rates U.S., Texas, and Houston MSA (SA)
June 2001 to June 2021



Houston Area Employment Situation

July 2021

Table 1. Houston MSA Sectors and Major Industry Subcomponents

NAICS Industry	Jul-21	Jun-21	Jul-20	Monthly	Monthly	Yearly	Yearly %
Total Nonfarm	3,040,200	3,047,300	2,903,800	-7,100	-0.2%	136,400	4.7%
Total Private	2,647,700	2,636,200	2,513,600	11,500	0.4%	134,100	5.3%
Goods Producing	481,500	480,300	485,200	1,200	0.2%	-3,700	-0.8%
..Mining and Logging	68,400	68,900	63,400	-500	-0.7%	5,000	7.9%
...Oil and Gas Extraction	34,000	34,100	34,100	-100	-0.3%	-100	-0.3%
...Support Activities for Mining	32,500	32,800	27,900	-300	-0.9%	4,600	16.5%
..Construction	202,200	204,200	209,200	-2,000	-1.0%	-7,000	-3.3%
..Construction of Buildings	45,800	46,400	46,800	-600	-1.3%	-1,000	-2.1%
..Heavy and Civil Engineering Construction	50,000	51,300	54,600	-1,300	-2.5%	-4,600	-8.4%
..Specialty Trade Contractors	106,400	106,500	107,800	-100	-0.1%	-1,400	-1.3%
..Manufacturing	210,900	207,200	212,600	3,700	1.8%	-1,700	-0.8%
..Durable Goods	128,600	126,400	131,700	2,200	1.7%	-3,100	-2.4%
...Fabricated Metal Product Manufacturing	42,800	40,100	44,800	2,700	6.7%	-2,000	-4.5%
...Machinery Manufacturing	38,000	38,000	39,900	0	0.0%	-1,900	-4.8%
....Agriculture, Construction, and Mining Machinery Mfg.	19,900	19,700	21,700	200	1.0%	-1,800	-8.3%
...Computer and Electronic Product Manufacturing	12,800	12,800	13,200	0	0.0%	-400	-3.0%
..Non-Durable Goods	82,300	80,800	80,900	1,500	1.9%	1,400	1.7%
...Petroleum and Coal Products Manufacturing	9,000	8,900	8,500	100	1.1%	500	5.9%
...Chemical Manufacturing	38,900	38,900	39,500	0	0.0%	-600	-1.5%
Service Providing	2,558,700	2,567,000	2,418,600	-8,300	-0.3%	140,100	5.8%
..Private Service Providing	2,166,200	2,155,900	2,028,400	10,300	0.5%	137,800	6.8%
..Trade, Transportation, and Utilities	629,100	631,800	600,600	-2,700	-0.4%	28,500	4.7%
...Wholesale Trade	161,400	166,600	158,900	-5,200	-3.1%	2,500	1.6%
....Merchant Wholesalers, Durable Goods	99,600	102,300	98,400	-2,700	-2.6%	1,200	1.2%
....Prof. and Commercial Equip. Supplies Wholesalers	16,800	16,800	17,400	0	0.0%	-600	-3.4%
....Merchant Wholesalers, Nondurable Goods	49,700	52,400	50,000	-2,700	-5.2%	-300	-0.6%
...Retail Trade	297,100	296,100	286,600	1,000	0.3%	10,500	3.7%
....Motor Vehicle and Parts Dealers	41,400	41,400	39,400	0	0.0%	2,000	5.1%
....Bldg. Material and Garden Equip. and Supplies Dealers	23,700	25,200	23,600	-1,500	-6.0%	100	0.4%
....Food and Beverage Stores	70,400	70,200	68,300	200	0.3%	2,100	3.1%
....Health and Personal Care Stores	18,400	18,600	17,600	-200	-1.1%	800	4.5%
....Clothing and Clothing Accessories Stores	24,800	24,700	21,600	100	0.4%	3,200	14.8%
....General Merchandise Stores	57,100	56,700	55,200	400	0.7%	1,900	3.4%
....Department Stores	16,300	16,200	14,900	100	0.6%	1,400	9.4%
....Other General Merchandise Stores	40,800	40,500	40,300	300	0.7%	500	1.2%
...Transportation, Warehousing, and Utilities	170,600	169,100	155,100	1,500	0.9%	15,500	10.0%
....Utilities	17,300	17,300	17,100	0	0.0%	200	1.2%
....Air Transportation	18,400	18,400	18,800	0	0.0%	-400	-2.1%
....Truck Transportation	27,100	27,100	26,500	0	0.0%	600	2.3%
....Pipeline Transportation	11,500	11,400	12,200	100	0.9%	-700	-5.7%
..Information	29,000	28,800	27,900	200	0.7%	1,100	3.9%
...Telecommunications	12,500	12,500	12,800	0	0.0%	-300	-2.3%
..Financial Activities	163,500	163,200	163,500	300	0.2%	0	0.0%
...Finance and Insurance	107,100	105,100	103,800	2,000	1.9%	3,300	3.2%
....Credit Intermediation and Related Activities	43,300	43,000	43,500	300	0.7%	-200	-0.5%
....Depository Credit Intermediation	28,200	28,400	29,500	-200	-0.7%	-1,300	-4.4%
....Securities, Commodity Contracts, and Fin. Investments	21,000	20,700	20,800	300	1.4%	200	1.0%
....Insurance Carriers and Related Activities	42,800	41,400	39,500	1,400	3.4%	3,300	8.4%
...Real Estate and Rental and Leasing	56,400	58,100	59,700	-1,700	-2.9%	-3,300	-5.5%
..Professional and Business Services	501,200	493,700	481,300	7,500	1.5%	19,900	4.1%
...Professional, Scientific, and Technical Services	242,200	239,300	232,900	2,900	1.2%	9,300	4.0%
....Legal Services	28,700	28,600	28,000	100	0.3%	700	2.5%
....Accounting, Tax Preparation, Bookkeeping, and Payroll	23,900	23,900	24,000	0	0.0%	-100	-0.4%
....Architectural, Engineering, and Related Services	67,700	67,200	67,400	500	0.7%	300	0.4%
....Computer Systems Design and Related Services	36,900	35,600	34,300	1,300	3.7%	2,600	7.6%
...Management of Companies and Enterprises	45,500	45,600	45,100	-100	-0.2%	400	0.9%
...Admin. and Support and Waste Mgmt. and Remediation	213,500	208,800	203,300	4,700	2.3%	10,200	5.0%
....Administrative and Support Services	200,200	195,700	191,800	4,500	2.3%	8,400	4.4%
....Employment Services	73,300	71,600	67,700	1,700	2.4%	5,600	8.3%
....Services to Buildings and Dwellings	56,000	55,600	52,300	400	0.7%	3,700	7.1%
..Educational and Health Services	401,300	400,500	388,800	800	0.2%	12,500	3.2%
...Educational Services	61,600	62,000	58,800	-400	-0.6%	2,800	4.8%
...Health Care and Social Assistance	339,700	338,500	330,000	1,200	0.4%	9,700	2.9%
....Ambulatory Health Care Services	171,200	170,900	163,700	300	0.2%	7,500	4.6%
....Hospitals	88,900	88,600	86,900	300	0.3%	2,000	2.3%
..Leisure and Hospitality	329,200	326,600	265,700	2,600	0.8%	63,500	23.9%
...Arts, Entertainment, and Recreation	34,100	34,500	27,800	-400	-1.2%	6,300	22.7%
...Accommodation and Food Services	295,100	292,100	237,900	3,000	1.0%	57,200	24.0%
....Accommodation	23,500	23,500	18,800	0	0.0%	4,700	25.0%
....Food Services and Drinking Places	271,600	268,600	219,100	3,000	1.1%	52,500	24.0%
..Other Services	112,900	111,300	100,600	1,600	1.4%	12,300	12.2%
Government	392,500	411,100	390,200	-18,600	-4.5%	2,300	0.6%
..Federal Government	30,900	30,800	31,000	100	0.3%	-100	-0.3%
..State Government	89,200	91,200	88,100	-2,000	-2.2%	1,100	1.2%
..State Government Educational Services	50,800	52,600	50,500	-1,800	-3.4%	300	0.6%
..Local Government	272,400	289,100	271,100	-16,700	-5.8%	1,300	0.5%
..Local Government Educational Services	179,800	192,400	179,000	-12,600	-6.5%	800	0.4%