THE ECONOMY AT A GLANCE
HOUSTON

GREATER HOUSTON PARTNERSHIP
Making Houston Greater.

A publication of the Greater Houston Partnership Volume 27 Number 8 – August 2018

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ONE FOR THE HISTORY BOOKS

The downturn in the oil industry is finally over. More companies are reporting profits than losses. Fewer firms are filing for bankruptcy. Oil now trades above break-even cost for most producers. Exploration budgets continue to grow. The North American rig count has rebounded. Permits to drill have risen dramatically. Layoffs have slowed to a trickle. Crude inventories have fallen. U.S. production is at an all-time high. And global demand continues to grow.

Profits

In Q2/16, only five of the 25 largest energy firms in Houston earned a profit.[1] That's not surprising, given that oil sank to $26 per barrel the prior quarter. Share prices took a beating as well. By mid-'16, they'd fallen 30 to 90 percent from their peaks, with a 66 percent drop being the average.

The expression that oil prices would be "lower for longer" was heard so often it became trite. But companies heeded the warning, reducing headcounts, slashing budgets and focusing on only the best prospects in their portfolios. These steps helped the industry to regain its health. In Q2/17, 16 of the 25 largest reported profits. In Q2/18, 20 of the 25 largest were in the black.

The return to profitability has prompted firms to pay down debt, increase dividends, launch share buyback programs, and boost exploration budgets. Profitability has also lifted stock prices, but not to pre-recession levels. In early August, the shares of a third of the top 25 traded at 80 to 95 percent of their previous peak, a third at 50 to 80 percent, and a third at less than half their peak.

Share prices haven't fully recovered for several reasons. Investors worry about the impact that climate change regulations will have on the industry. Some fear that oil demand will peak in the not too distant future. Others are disappointed in the meager returns received on their energy investments, especially when compared to tech stocks. They also worry that as oil prices rise, exploration firms will focus on growing production, not profits.

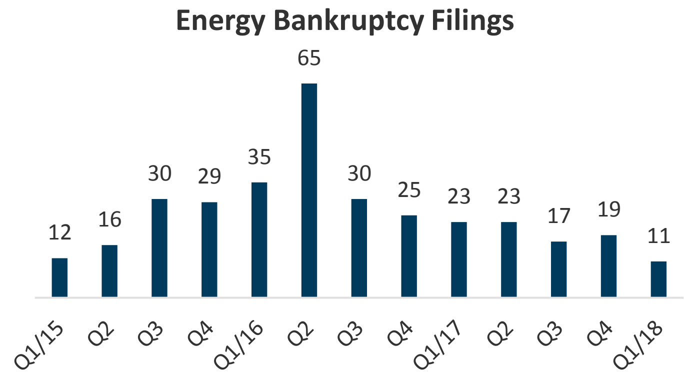
Bankruptcies

Haynes and Boone began tracking bankruptcy filings early in the downturn. The law firm's *Oil Patch Bankruptcy Monitor* follows exploration companies, its *Oil Field Services Bankruptcy Tracker* watches service companies, and its *Midstream Report* compiles data on companies that gather, transport, process, or store oil and natural gas.

According to the firm, 335 North American energy companies filed for bankruptcy between Q1/15 and Q1/18. This figure includes 144 exploration, 167 service, and 24 midstream firms. Their combined debt exceeded $169 billion. About half the filings (162) were in Texas, followed by 43 in Delaware courts. A substantial number of Delaware filings were for companies with significant operations in Texas. The data show that bankruptcies peaked in in Q2/16 then quickly tapered off. By Q2/17, fillings were down 65 percent. By Q1/18 (the date of the most recent report), filings were down 83 percent.

Each quarter, the Federal Reserve Bank of Dallas surveys energy firms in the Eleventh Federal Reserve District, *i.e.,*

[1] The 25 firms are Anadarko, Apache, BP, Cabot, Chevron, Conoco Phillips, EOG, ExxonMobil, FMC, Halliburton, Hess, Key Energy, Marathon, Nabors, Newfield, Newpark, NOV, Oceaneering, Oil States, Schlumberger, Shell, Southwestern, Superior, Total and Weatherford.



Source: Haynes and Boone

Texas, northern Louisiana and southern New Mexico. In the Q1/17 survey, 12.7 percent of respondents reported conditions for their companies were improving and 72.7 percent reported conditions were getting worse. A year later, the responses flipped. In the Q1/18 survey, only 11.6 percent said their outlook had worsened and 76.9 percent said conditions had improved. The shift suggests there will be fewer bankruptcies and layoffs in the near future.

Oil Prices

Prior to the downturn, conventional wisdom held that a typical well drilled in the Eagle Ford or Bakken, the hottest oil plays at the time, would be profitable as long as crude remained above $70 per barrel. Two months into the downturn (January '15), the price of crude fell below $50 per barrel. Twelve months later, the price fell below $30.

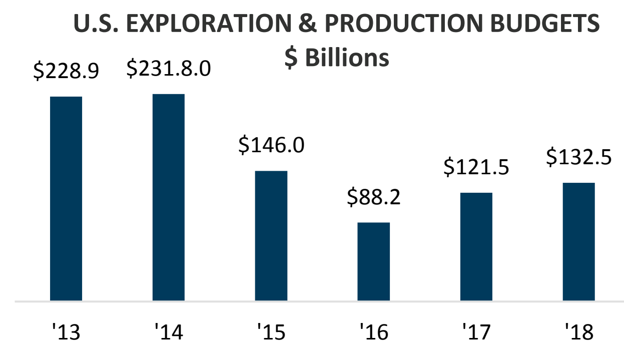
Prices recovered, thanks to growing global demand, OPEC production cuts, inventory drawdowns, and civil unrest among exporting countries that kept production off the market. At the same time, cost-cutting, layoffs and better drilling techniques lowered the threshold for profitably.

In its Q1/18 survey, the Dallas Fed asked executives: "*In the top two areas where your firm is active, what WTI [West Texas Intermediate] oil price do you need to profitably drill a well?*" Based on the responses, most firms in the 11th district can profitably drill at $52 per barrel. The breakeven point varies by region and company. Some firms need only $20 per barrel in the Permian to make a profit while others need at least $70 per barrel in non-shale plays elsewhere. However, 88 percent of the respondents indicated they could profitably drill at then-current prices. WTI averaged $66 per barrel the week of the survey.

A few naysayers expect crude to fall below $45 per barrel by December as global supply again outpaces global demand. A few optimists believe crude will top $100 per barrel next year, driven by low-sulfur fuel mandates, civil unrest in several producing nations, and sanctions limiting Iran's ability to export crude. Most forecasters, however, call for oil to track between $60 and $70 per barrel through the end of next year. The U.S. Energy Information Administration (EIA) concurs. EIA forecasts WTI to average $66 this year and $64 though the end of next.

Exploration

The *Oil & Gas Journal* conducts an annual survey of exploration budgets for energy firms in North America. The *Journal* found that budgets peaked in '14, fell in '15, dropped even further in '16, and began to recover in '17. Capex is up 50 percent since the trough, with '18 slated to have the highest spending since the recovery began.



Source: *Oil & Gas Journal*

Other metrics point to an increase in exploration activity.

- The domestic rig count topped 1,057 the second week of August '18, up from 949 the same week in '17 and 481 the same week in '16.
- Through July of this year, the industry has drilled 13,069 onshore wells, up 28 percent from 10,209 wells over the same period in '17 and up 123 percent from 5,856 drilled over the first seven months of '16.
- Also through July, state agencies nationwide have issued 31,134 onshore drilling permits, up 34 percent from 23,277 over the comparable period in '17 and 46 percent from 14,625 over the same period in '16.

Though capex and the rig count remain well below their previous peaks this hasn't affected output. The U.S. is on pace to produce nearly two million more barrels per day in '18 than it did in '14, the year prior to the price collapse.

Employment

Energy employment in Houston peaked at 300,100 jobs in November of '14. Over the next two years, the industry shed 86,400 jobs, or 28.8 percent its local workforce. Not until exploration activity picked up in late '16 did hiring resume, and then only in services and equipment manufacturing. Exploration continued to shed workers through early '18 and has only recently begun hiring again.

ENRGY EMPLOYMENT IN HOUSTON

Industry Sector	Jobs Lost* #	Jobs Recouped** #	%
Exploration & Production	-22,300	300	1.3
Oilfield Services	-20,800	6,700	32.3
Oilfield Equipment Mfg	-18,800	3,800	21.1
Fab Metal Products	-20,800	6,200	29.8
Engineering	-11,200	2,600	23.2

* Peak to trough ** Trough to June '18

Source: Partnership calculations based on Texas Workforce Commission data

A review of the Partnership's *Houston Layoffs Database* suggests the layoffs that swept the industry have subsided. Only a handful of companies have announced staff cuts since the first of the year, and only one involved more than 250 employees—a far cry from '15 and '16, when a typical announcement involved 1,000 or more employees.

Research by the Dallas Fed suggests that employment has stabilized. In its Q1/18 survey, the Fed asked, "*How do you expect the number of employees at your company to change in 2018?*" Only four percent of respondents expect employment to drop, 51 percent expect it to grow, and the remainder expect no change.

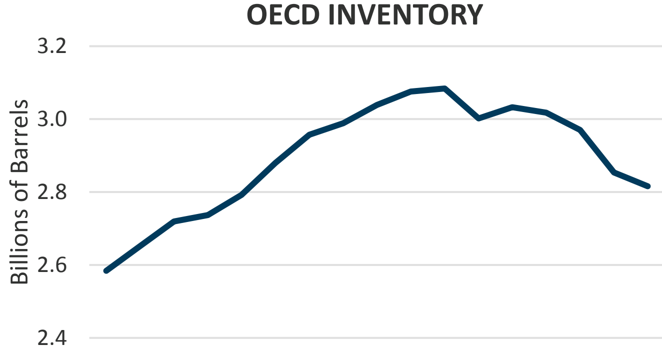
Inventories

Though oil prices began to fall in June '14, production continued to grow through the early part of the downturn. Offshore projects started five years earlier came on line. Onshore firms continued to drill, but they narrowed their focus to their best prospects.

In Q3/16, OPEC balked at cutting production to prop up prices for two reasons. First, the member countries desperately needed the oil revenues to fund their social programs and government operations. Second, they worried that if they cut back on their production U.S. firms would seize the opportunity to ramp up theirs. Instead, OPEC responded to the glut by pumping even more oil, hoping to maintain market share. OPEC boosted production by 1.3 million barrels per day (b/d) in '15 and another 1.0 million b/d in '16. Demand grew, but not enough to absorb the extra supply. The surplus went into rail cars, tank farms, barges and ocean-going crude carriers. By Q3/16, private sector inventories exceeded 3.1 billion barrels, up 550 million barrels from Q1/14.

In November '16, OPEC changed tactics. Members agreed to cut daily production by 1.3 million barrels. The markets appeared to stabilize. In May '17, OPEC, Russia and nine other nations agreed to hold 1.8 million barrels off the market, nudging supply and demand closer to equilibrium. Growing demand in Asia, instability in Libya, Nigeria and Venezuela, and stronger global growth helped siphon off even more of the excess. Demand began to outpace supply, and countries began to draw down their stockpiles. OECD[2] inventories have slipped more than 200 million barrels from their peak. WTI has held above $55 per barrel since November of last year. Although EIA expects mild inventory builds next year, the volume will be slight and will have a minimal impact on prices.

OECD INVENTORY



Source: Interntional Energy Agency

U.S. Production

Prior to the fracking boom, U.S. production was mired in long-term decline. Output peaked at just over 10.0 million b/d in '70, then sank to less than 5.0 million b/d in '08. But hydraulic fracking and directional drilling reversed the trend. Even with the turmoil of recent years, crude output has more than doubled from its trough. EIA estimates that U.S. crude oil production will average 10.8 million b/d in '18 and 11.7 million b/d in '19.

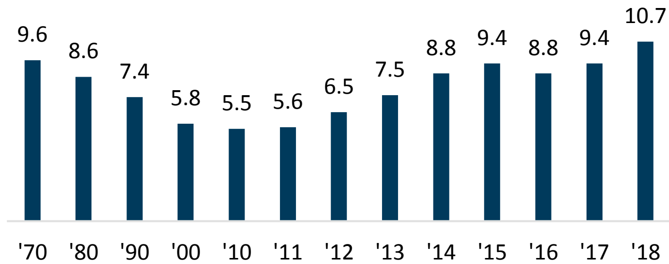
Fracking has also made the U.S. less dependent on foreign oil. EIA forecasts *net* crude and refined product imports averaged 3.7 million b/d in '17, will average 2.4 million b/d in '18, and will fall to 1.6 million b/d in '19. That would be the lowest level of imports in more than 60 years.

Exports

Congress imposed restrictions on U.S. crude exports following the 1973 Arab Oil Embargo and the ensuing

[2] The Organisation for Economic Co-operation and Development (OECD) is an intergovernmental economic organization, founded in 1961 to stimulate economic progress and world trade, has 36 member countries.

U.S. CRUDE PRODUCTION, YEARLY AVERAGE
Million B/D



Source: U.S. EIA

energy crisis. The Arab members of OPEC suspended shipments to the U.S. and several other nations in retaliation for their support of Israel during the 1973 Yom Kippur War. During the crisis, crude prices tripled from $3 to $12 per barrel, refiners ran well below capacity, and long lines formed at the gas pumps. At the time, legislation to restrict the export of domestic crude made sense.

Forty years later, the U.S. found itself awash in oil, especially the light grades produced by fracking. Domestic refiners had more than they could process, and with no outlet for the surplus, prices fell. Congress saw that the restrictions were no longer needed and in December ’16 removed them. Producers quickly found buyers around the world. U.S. exports now average about two million barrels per week. The impact at the pump has been negligible.

Global Demand

In the end, the outlook for the oil industry depends on the health of the U.S. and global economies. As they grow, so does the demand for crude. The International Monetary Fund reports that the global economy grew 3.7 percent in ’17 and will grow 3.9 percent in ’18 and ’19. Global oil demand grew 1.5 percent in ’17 and EIA forecasts it grow 1.6 percent in ’18 and ’19. The outlook calls for global growth to continue, auguring well for global crude demand. EIA expects global consumption to hit 102 million b/d in June ’19, with India, China and the emerging markets continuing to drive demand growth.

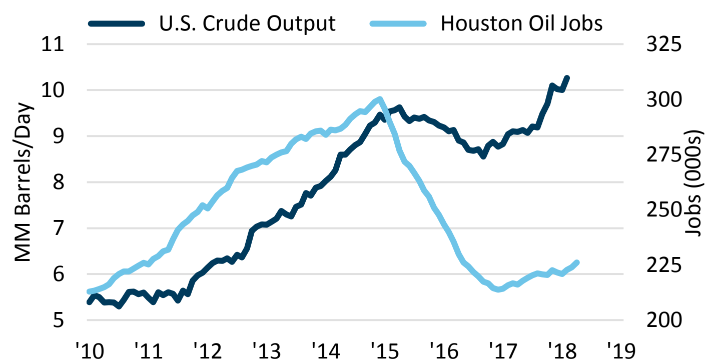
Conclusion

Houston has now completed its fifth energy downturn in the past 40 years. The other four occurred from ’82–’86, ’90–’91, ’01–’02 and ’08–’09. The most recent downturn was on par with the ’80s for energy but not for the region as a whole. In the ’80s, oil prices fell 60 percent; in the most recent recession they fell 76 percent. In the ’80s, the rig count fell 83 percent, in the recent downturn it fell 79 percent.

But the ’80s were far worse for Houston because the energy collapse coincided with widespread bank failures, and the implosion of the local real estate market.[3] In contrast, over the past five years the Federal Deposit Insurance Corporation (FDIC) has rescued only one Houston-area bank. And although Houston office market is vastly overbuilt, the industrial, retail, multi-family and single-family sectors fare quite well. One final comparison: In the ’80s, Houston lost 221,000 jobs, one in every seven. In the most recent downturn, Houston lost 5,000 jobs, or one in every 600.

The downturn leaves several legacies, but two stand out. First, the energy industry has become leaner and more efficient. Though local employment remains well below its peak, U.S. output continues to set records. Second, Houstonians should have a better appreciation for the region’s ties to the U.S. and global economies. U.S. payroll growth has averaged 200,000 since the end of the Great Recession and global growth has averaged three percent since the beginning of the energy downturn. Both helped to mitigate the impact of the energy downturn.

U.S. CRUDE OUTPUT VS. HOUSTON OIL JOBS



Source: EIA and Texas Workforce Commission

Robust growth has finally returned to Houston. The region is creating jobs at the fastest pace in almost five years. New home sales remain brisk. Sales tax collections have recovered. Customs district and airport traffic continues to grow. The only clouds on the horizon are related to global trade. But after four years of being a burden, the energy sector has once again begun to contribute to the region’s prosperity.

[3] For insight into the causes of the Houston recession of the 1980s, see the January 2015 issue of Houston: The Economy at a Glance,

FUTURE'S SO BRIGHT I HAVE TO WEAR SHADES

Houston's growth will outpace nation's and the state's over the next five years. That's the latest forecast by Ray Perryman, the Waco-based economist who has studied the U.S., Texas and metro economies since the '70s.

According to Perryman:

- Houston's economy will grow 4.11 percent annually over the period, compared to 4.01 percent for the state and 2.89 percent for the nation. The figures are adjusted to account for inflation.
- Houston's population will grow 1.67 percent versus 1.47 percent for the state and 0.71 percent for the nation.
- Employment will grow 2.14 percent in Houston versus 2.05 percent for the state and 1.55 percent for the U.S.

The longer-term outlook is more impressive. Houston's economy will nearly double in size over the next 20 years. The region will add nearly 2.6 million residents, more than 1.3 million jobs, and $650 billion in personal income. Even after accounting for inflation, Houston's prospects look good, with real Gross Regional Product growing 89.3 percent, real personal income 102.5 percent, and retail sales growing 98.2 percent over the next two decades.

Perryman calls for shifts in the region's composition over the next two decades, with the contribution to Gross Regional Product from energy, construction real estate and government slipping, while manufacturing, administrative support and professional, scientific and technical services account for larger shares.

By 2045, Houston's GRP will exceed $2.45 trillion, employment will exceed 5.0 million, and the region's population will hit 10.7 million. *The Perryman Economic Forecast: Long-Term Outlook for the United States, Texas, Major Metropolitan Areas, and Regions*, is available for purchase from The Perryman Group, 800.749.8705 or info@perrymangroup.com.

EMPLOYMENT UPDATE

For the 12 months ending June '18, metro Houston created 94,600 jobs, a 3.1 percent increase—a significant jump from the 81,200 jobs created in the 12 months ending May '18.

Three sectors account for more than half the region's job growth:

- Administrative and support and waste management services (contract workers, janitorial staff, security guards) added 24,700 jobs, 26.1 percent of the gains,
- Construction, 19,300 jobs, 20.4 percent of the gains,
- Retail, 9,100 jobs, 9.6 percent of the gains.

The Houston MSA added 23,200 jobs in June, the largest-ever one-month gain in June since records began in 1990.

A WATERSHED EVENT

Late June marked a watershed for Houston. The U.S. Census Bureau released its annual estimates of gender, age, race and ethnicity for all U.S. counties for that month, and the data for metro Houston showed that Hispanics now outnumber Anglos.

METRO HOUSTON
Racial/Ethnic Composition – '17

Race/Ethnicity	Count	Percent of Total
Hispanic	2,570,222	37.3
White	2,498,443	36.2
Black	1,167,896	16.9
Asian	538,290	7.8
Two or More Races	98,221	1.4
American Indian	15,721	0.2
Native Hawaiian	3,634	0.1
Total	**6,892,427**	**100.0**

Note: Hispanics may be of any race. All other categories are non-Hispanic. Percentages do not sum to 100 due to rounding.
Source: U.S. Census Bureau, Population Estimates Program

No single race or ethnic group has represented a majority of the population since 2000, if not earlier. Though all groups have grown over the past 25 years, the Anglo population has grown the slowest. Hispanic growth has also slowed, but not as much as Anglos. And Houston's Asian population has more than doubled over the past 20 years.

If current birth rates and migration patterns hold constant, Hispanic could represent a majority of the region's population by '40. Even if migration patterns slow to half their current rate, Hispanics will represent a majority of the region's population by '45.

UPCOMING MEETNG

With a $4.5 billion annual budget and 10,000 local employees, Johnson Space Center is an important engine for the Houston economy. What does the future hold for JSC now that private companies have entered the business? Join us for the August 21 Economy Council as we welcome Johnson Space Center Deputy Director Vanessa Wyche, who will discuss Houston's role in NASA's commercialization plans and upcoming missions. Click here for details.

SNAPSHOT — KEY ECONOMIC INDICATORS

Aviation — The Houston Airport System (HAS) handled 55.2 million passengers in the 12 months ending June '18, up 0.9 percent from the 54.7 million handled in the 12 months ending in June '17. International passenger volume totaled 11.2 million, down 2.2 percent from 11.5 million the previous 12 months. Domestic volume totaled 44.0 million, a 1.7 percent increase from 43.2 million in June '17.

Building Permits — City of Houston building permits totaled $632.7 million in June '18, up 28.3 percent from $493.2 million in June '17. Commercial permit values increased 1.8 percent to $330.7 million and residential permit values increased 79.4 percent to $302.0 million.

Business-Cycle Index — Growth in the Houston Business-Cycle Index was a roaring 8.9 percent during the three months ending in June '18, above its longer-run average of 3.2 percent. Increasing at a faster rate since November '17, the index is strengthened by a strong post-Harvey stimulus, higher oil prices and a robust global economy.

Construction — Construction starts in the Houston metro area totaled $1.5 billion in June, a 14.1 percent decrease from $1.7 billion in June '17. Through the 12 months ending June '18, starts totaled $16.3 billion, down 7.9 percent from $17.7 billion for the 12 months ending June '17.

Crude Oil — West Texas Intermediate (WTI), the U.S. benchmark for light, sweet crude, traded between $66.80 and $72.86 a barrel in May '18 versus $45.55 to $51.12 per barrel in May '17. The U.S. Energy Information Administration (EIA) forecasts WTI to average $65.58 this year and $60.86 next year.

Home Sales — Houston home sales, home prices and the dollar value of all transactions set records in June, and inventory remains tight. Area realtors closed on 10,115 homes in June '18, reflecting a 1.7 percent increase from the previous record of 9,948 in June '17. The median sales price for all homes was $245,000, also a record. Total sales volume exceeded $3.0 billion.

Inflation — Consumer prices in the Houston-The Woodlands- Sugar Land metro area grew 3.0 percent from June '17 to June '18. In the 12 months ending June '18, the energy index rose 17.8 percent. Food prices rose 1.2 percent over the same period.

Natural Gas — The spot price for Henry Hub natural gas averaged $2.80 per million BTUs in May, down 12.5 percent from the average of $3.15 in April '17. EIA forecasts the Henry Hub spot price to average $3.01 this year and $3.11 in '19.

Purchasing Managers Index — The Houston Purchasing Managers Index (PMI), a short-term leading indicator for regional production, registered 55.5 in June, down 3.3 points from 58.8 in May. Readings above 50 signal economic expansion in Houston over the next three to four months. Readings below 50 signal contraction.

Rig Count — Baker Hughes reports 1,057 drilling rigs were working in the U.S. during the second week of August. That's up 90 rigs, or 9.4 percent, from the same week in August last year. The rig count has trended upward since early November.

Trade — Through May of this year, $92.3 billion in goods and commodities passed through the Houston/Galveston Customs District, up 17.4 percent from $78.6 billion over the same period in '17. Exports totaled $55.6 billion, up 25.9 percent. Imports totaled $36.6 billion, up 6.5 percent.

Vehicle Sales Houston-area auto dealers sold 23,021 new vehicles in June '18, up 16.1 percent from the 19,830 sold in June '17. Used vehicle sales rose 5.1 percent to 61,098 from 58,127 in June last year.

Patrick Jankowski, Nadia Valliani and Elizabeth Balderrama contributed to this issue of Houston: The Economy at a Glance.

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The Key Economic Indicators table is updated ***whenever any data change*** — typically, six or so times per month. If you would like to receive these updates by e-mail, usually accompanied by commentary, please click here.

HOUSTON ECONOMIC INDICATORS

		MONTHLY DATA			YEAR-TO-DATE TOTAL or YTD AVERAGE*		
	Month	Most Recent	Year Earlier	% Change	Most Recent	Year Earlier	% Change
ENERGY							
U.S. Active Rotary Rigs	June '18	1,055	935	12.8	1,003 *	819 *	12.8
Spot Crude Oil Price ($/bbl, West Texas Intermediate)	June '18	67.77	45.61	48.6	65.49 *	49.94 *	48.6
Spot Natural Gas ($/MMBtu, Henry Hub)	June '18	2.95	2.98	-0.9	3.01 *	3.05 *	-0.9
UTILITIES AND PRODUCTION							
Houston Purchasing Managers Index	July '18	62.0	51.8	19.7	57.1 *	53.1 *	7.5
Nonresidential Electric Current Sales (Mwh, CNP Service Area)	June '18	5,411,780	5,243,002	3.2	29,400,015	28,411,123	3.5
CONSTRUCTION							
Building Permits ($, City of Houston)	**June '18**	**632,703,810**	**493,209,033**	**28.3**	**2,891,444,917**	**3,046,402,596**	**-5.1**
Nonresidential	June '18	330,712,763	324,871,410	1.8	1,454,570,176	1,967,061,408	-26.1
New Nonresidential	*June '18*	*81,540,865*	*126,063,024*	*-35.3*	*532,826,949*	*724,662,226*	*-26.5*
Nonresidential Additions/Alterations/Conversions	*June '18*	*249,171,898*	*198,808,386*	*25.3*	*921,743,227*	*1,242,399,182*	*-25.8*
Residential	June '18	301,991,047	168,337,623	79.4	1,436,874,741	1,079,341,188	33.1
New Residential	*June '18*	*255,568,304*	*141,368,071*	*80.8*	*1,173,134,152*	*931,190,078*	*26.0*
Residential Additions/Alterations/Conversions	*June '18*	*46,422,743*	*26,969,552*	*72.1*	*263,740,589*	*148,151,110*	*78.0*
Multiple Listing Service (MLS) Activity							
Property Sales	July '18	9,559	8,814	8.5	57,940	56,150	3.2
Median Sales Price - SF Detached	July '18	243,500	230,000	5.9	235,902 0	227,556 *	3.7
Active Listings	July '18	41,459	42,952	-3.5	37,291 0	38,500 *	-3.1
EMPLOYMENT (Houston-The Woodlands-Sugar Land MSA)							
Nonfarm Payroll Employment	**June '18**	**3,133,400**	**3,038,800**	**3.1**	**3,085,150 ***	**3,007,800 ***	**2.6**
Goods Producing (Natural Resources/Mining/Const/Mfg)	June '18	543,400	516,100	5.3	531,500 0	510,983 *	4.0
Service Providing	June '18	2,590,000	2,522,700	2.7	2,553,650 0	2,496,817 *	2.3
Unemployment Rate (%) - Not Seasonally Adjusted							
Houston-Sugar Land-Baytown MSA	June '18	4.6	5.1		4.5 *	5.2 *	
Texas	June '18	4.2	4.5		4.0 *	4.5 *	
U.S.	June '18	4.2	4.5		4.2 *	4.6 *	
TRANSPORTATION							
Port of Houston Authority Shipments (Short Tons)	**June '18**	**4,109,102**	**3,768,938**	**9.0**	**27,367,267**	**26,889,624**	**1.8**
Air Passengers (Houston Airport System)	**June '18**	**5,361,737**	**5,073,466**	**5.7**	**28,362,495**	**27,203,027**	**4.3**
Domestic Passengers	June '18	4,237,459	3,970,889	6.7	22,554,535	21,520,193	4.8
International Passengers	June '18	1,124,278	1,102,577	2.0	5,807,960	5,682,834	2.2
Air Freight (metric tons)	**June '18**	**41,158**	**36,896**	**11.6**	**247,215**	**214,991**	**15.0**
CONSUMERS							
New Car and Truck Sales (Units, Houston MSA)	**June '18**	**23,021**	**19,830**	**16.1**	**146,597**	**138,387**	**5.9**
Cars	June '18	6,465	6,322	2.3	43,382	46,159	-6.0
Trucks, SUVs and Commercials	June '18	16,556	13,508	22.6	103,215	92,228	11.9
Total Retail Sales ($000,000, Houston MSA, NAICS Basis)	**Q4/17**	**36,558**	**33,245**	**10.0**	**120,520**	**116,416**	**3.5**
Consumer Price Index for All Urban Consumers ('82-'84=100)							
Houston-Galveston-Brazoria CMSA	Jul '18	227.393	220.805	3.0	225.221 *	219.652 *	2.5
United States	Jul '18	252.006	244.955	2.9	250.363 *	244.177 *	2.5
Hotel Performance (Houston MSA)							
Occupancy (%)	Q1/18	68.9	63.7		68.9 *	63.7 *	
Average Room Rate ($)	Q1/18	110.28	116.06	-5.0	110.28 *	116.06 *	-5.0
Revenue Per Available Room ($)	Q1/18	76.03	73.88	2.9	76.03 *	73.88 *	2.9

SOURCES

Aviation	City of Houston Department of Aviation
Building Construction Contracts	Dodge Data & Analytics
Car and Truck Sales	*TexAuto Facts Report*, InfoNation, Inc., Sugar Land TX
City of Houston Building Permits	Public Works & Engineering Planning & Development, City of Houston
Consumer Price Index	U.S. Bureau of Labor Statistics
Electricity	CenterPoint Energy
Employment, Unemployment	Texas Workforce Commission
Hotels	CBRE
Houston Purchasing Managers Index	Institute for Supply Management-Houston
MLS Data	Houston Association of Realtors®
Port Shipments	Port of Houston Authority
Retail Sales	Texas Comptroller's Office
Rig Count	Baker Hughes Incorporated

HOUSTON MSA NONFARM PAYROLL EMPLOYMENT (000)

				Change from		% Change from	
	June '18	May '18	June '17	May '18	June '17	May '18	June '17
Total Nonfarm Payroll Jobs	**3,133.4**	**3,110.2**	**3,038.8**	**23.2**	**94.6**	**0.7**	**3.1**
Total Private	***2,723.9***	***2,695.0***	***2,630.4***	***28.9***	***93.5***	***1.1***	***3.6***
Goods Producing	***543.4***	***536.5***	***516.1***	***6.9***	***27.3***	***1.3***	***5.3***
Service Providing	***2,590.0***	***2,573.7***	***2,522.7***	***16.3***	***67.3***	***0.6***	***2.7***
Private Service Providing	***2,180.5***	***2,158.5***	***2,114.3***	***22.0***	***66.2***	***1.0***	***3.1***
Mining and Logging	79.4	79.3	78.1	0.1	1.3	0.1	1.7
Oil & Gas Extraction	36.1	36.1	38.0	0.0	-1.9	0.0	-5.0
Support Activities for Mining	41.8	41.5	38.7	0.3	3.1	0.7	8.0
Construction	236.6	229.6	217.3	7.0	19.3	3.0	8.9
Manufacturing	227.4	227.6	220.7	-0.2	6.7	-0.1	3.0
Durable Goods Manufacturing	145.2	145.5	137.9	-0.3	7.3	-0.2	5.3
Nondurable Goods Manufacturing	82.2	82.1	82.8	0.1	-0.6	0.1	-0.7
Wholesale Trade	168.1	169.6	167.1	-1.5	1.0	-0.9	0.6
Retail Trade	316.7	314.6	307.6	2.1	9.1	0.7	3.0
Transportation, Warehousing and Utilities	145.0	143.5	140.8	1.5	4.2	1.0	3.0
Utilities	16.5	16.4	16.5	0.1	0.0	0.6	0.0
Air Transportation	21.0	21.1	21.4	-0.1	-0.4	-0.5	-1.9
Truck Transportation	25.7	25.5	25.3	0.2	0.4	0.8	1.6
Pipeline Transportation	11.5	11.4	11.6	0.1	-0.1	0.9	-0.9
Information	31.3	31.3	32.6	0.0	-1.3	0.0	-4.0
Telecommunications	13.2	13.3	13.7	-0.1	-0.5	-0.8	-3.6
Finance & Insurance	101.3	100.3	101.0	1.0	0.3	1.0	0.3
Real Estate & Rental and Leasing	62.6	62.6	58.5	0.0	4.1	0.0	7.0
Professional & Business Services	523.7	510.3	482.5	13.4	41.2	2.6	8.5
Professional, Scientific & Technical Services	235.8	231.5	219.4	4.3	16.4	1.9	7.5
Legal Services	*26.2*	*25.7*	*25.6*	*0.5*	*0.6*	*1.9*	*2.3*
Accounting, Tax Preparation, Bookkeeping	*25.1*	*25.5*	*25.6*	*-0.4*	*-0.5*	*-1.6*	*-2.0*
Architectural, Engineering & Related Services	*68.8*	*66.7*	*65.2*	*2.1*	*3.6*	*3.1*	*5.5*
Computer Systems Design & Related Services	*33.8*	*33.0*	*31.4*	*0.8*	*2.4*	*2.4*	*7.6*
Admin & Support/Waste Mgt & Remediation	244.6	236.1	219.9	8.5	24.7	3.6	11.2
Administrative & Support Services	*232.1*	*224.3*	*207.6*	*7.8*	*24.5*	*3.5*	*11.8*
Employment Services	*95.1*	*97.2*	*82.3*	*-2.1*	*12.8*	*-2.2*	*15.6*
Educational Services	59.1	60.5	58.2	-1.4	0.9	-2.3	1.5
Health Care & Social Assistance	328.4	326.7	327.3	1.7	1.1	0.5	0.3
Arts, Entertainment & Recreation	37.8	36.2	38.0	1.6	-0.2	4.4	-0.5
Accommodation & Food Services	295.0	291.1	288.2	3.9	6.8	1.3	2.4
Other Services	111.5	111.8	112.5	-0.3	-1.0	-0.3	-0.9
Government	409.5	415.2	408.4	-5.7	1.1	-1.4	0.3
Federal Government	28.8	28.8	28.8	0.0	0.0	0.0	0.0
State Government	86.1	86.9	85.3	-0.8	0.8	-0.9	0.9
State Government Educational Services	*50.5*	*51.5*	*50.8*	*-1.0*	*-0.3*	*-1.9*	*-0.6*
Local Government	294.6	299.5	*294.3*	-4.9	0.3	-1.6	0.1
Local Government Educational Services	*205.9*	*211.3*	*204.3*	*-5.4*	*1.6*	*-2.6*	*0.8*

SOURCE: Texas Workforce Commission