

QUOTABLE: “The Texas economy should expand at a pace near the historical average in 2010. Still, the forecast suggests it will be close to year-end 2011 before all the jobs lost during the downturn are recovered.”

—D’Ann Petersen, Business Economist



TRANSPORTATION: Unexpected Demand Drives Up Shipping Rates

Texas exports rose 2.7 percent in real terms in the first six months of the year, fueled by a nascent economic recovery that surprised some shipping companies. Increased demand in the state and nation contributed to spikes in the cost of container, truck and rail freight shipments.

As of Sept. 11, Harper Petersen’s HARPEX index of container shipping rates rose 2 percent month over month and 136 percent for the year to date. Maritime shipping companies noted that too few containers were ordered this year to cover the unexpected rapid recovery in demand.

Surging demand earlier this year, along with lean truck inventories, pressured truck freight rates even as tonnage fell slightly in May and June. The American Trucking Association’s

seasonally adjusted U.S. truck tonnage index rebounded in July, rising 2.8 percent in the first seven months of the year.

Seasonally adjusted freight rail yields, a measure of revenue per ton-mile, advanced 5.4 percent in first quarter 2010. Texas railroads reported increases in shipments through August, while nationally, freight rail traffic rose 8 percent on a seasonally adjusted basis.

Major container shipping lines expected a shortage of containers through third quarter 2010. Truck rates are likely to rise further as supply remains tight, and rail rates may also keep climbing if demand stays strong and contracts continue to renew at higher prices.

—Adam Swadley



POPULATION: Texas Grows Despite Recessionary Doldrums

Texas’ population grew robustly in the two years ended July 2009 despite the recession’s impact on labor markets. The state added more people than any other—almost 1 million—and expanded at a faster pace than all but Utah and Wyoming.

Most of the growth occurred in Texas’ thriving metropolitan areas, recently released Census Bureau data show. Dallas–Fort Worth added 291,000 people over the two-year period, more than any of the nation’s metro regions. Houston trailed closely, with 270,000 people. Austin–Round Rock and San Antonio also ranked among the nation’s top 15 in population gains.

Texas’ urban regions also expanded at a faster pace than many others across the nation. Austin’s population rose 6.9 percent over the period, making it the nation’s fourth-fast-

est-growing metro area. All told, seven Texas metros were among the 25 fastest growing. McAllen, Midland, Houston, Dallas–Fort Worth, Laredo and College Station each recorded population increases of at least 4.5 percent, more than double the 1.8 percent national average for such areas.

Texas entered recession later than the nation, which may explain how it supported the population gains. The Texas unemployment rate climbed 3.5 percentage points in the two years ended July 2009, comparing favorably with the nation’s 4.8 percentage-point gain. The San Antonio rate rose 2.8 percentage points and Dallas–Fort Worth, Houston and Austin each came in roughly a percentage point below the national figure.

—Mike Nicholson



EMPLOYMENT: Low Job Creation Accelerates in the Downturn

Job creation has declined faster than jobs have been lost in Texas, an ongoing trend since the housing boom’s peak, according to Business Employment Dynamics data from the Bureau of Labor Statistics (BLS).

The number of private-sector new jobs as a percent of employment—the gross job gains rate—fell 1.6 percentage points from first quarter 2006 to third quarter 2009. Meanwhile, jobs shed as a share of employment—the gross job loss rate—rose 0.8 percentage points. The data point to similar patterns for the nation.

The fall in gross job gains accelerated during the recent recession. Texas lost 443,210 private-sector jobs, a 5.1 percent reduction, in the first three quarters of 2009.

Unusually large declines in gross job gains in the recession are consistent with other BLS data, suggesting surprisingly low hiring rates compared with past downturns.

Firms may be reluctant to act if available workers lack needed skills or if there is uncertainty about labor costs, a concern cited in July’s Beige Book, the Federal Reserve’s anecdotal account of regional economic conditions. Job seekers’ incentives to find work may be constrained by extended unemployment benefits or by diminished mobility, perhaps due to depressed housing markets that tether property owners.

—Yingda Bi and Barbara Davalos