

Houston's Economic Outlook

Jenny Philip



GREATER HOUSTON
PARTNERSHIP

Making Houston Greater.



HOUSTON'S ECONOMY



Economy at a Glance



Houston Facts



Houston Briefs: Talking Points



2017 Employment Forecast

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Houston Economic Highlights



Global Houston Trade Profiles



Houston Population Forecast



The worst is over.





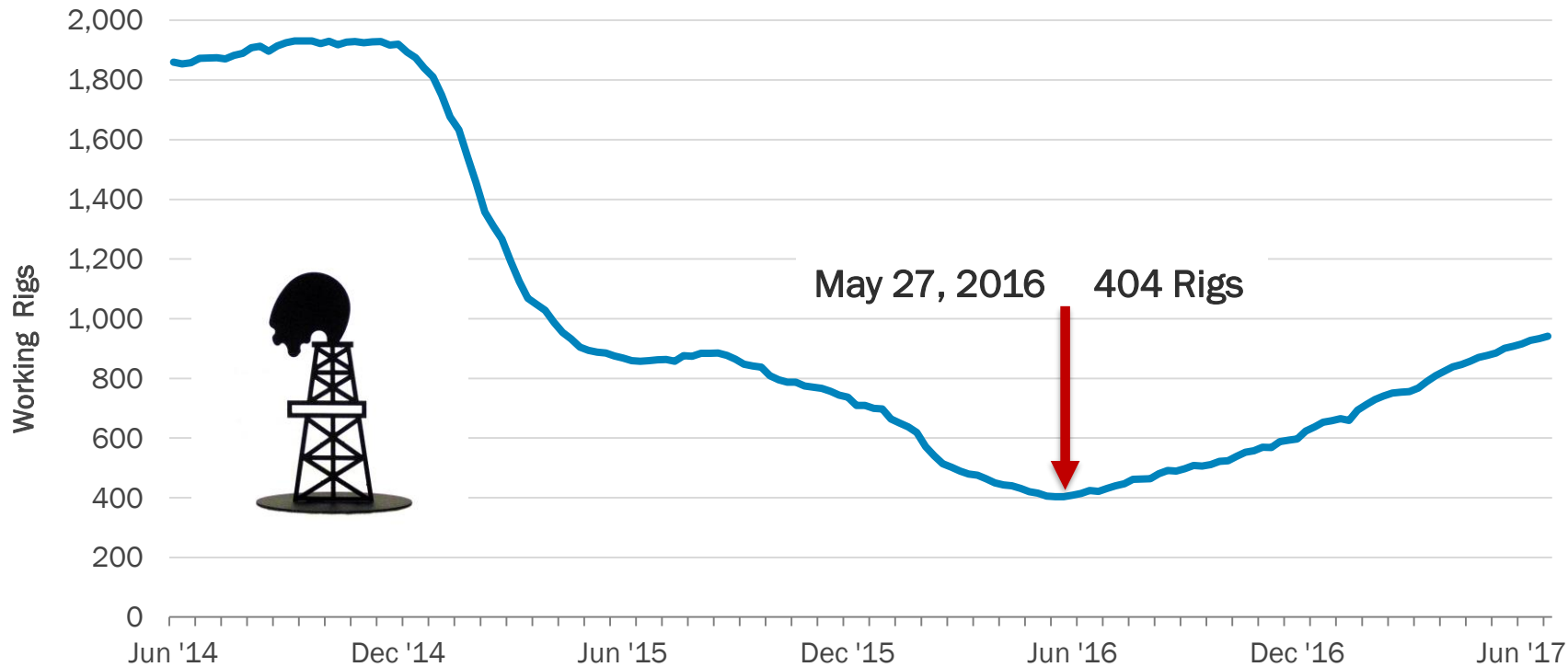
NYMEX WTI Spot Price



Source: U.S. Energy Information Administration



U.S. Rig Count



Source: Baker Hughes



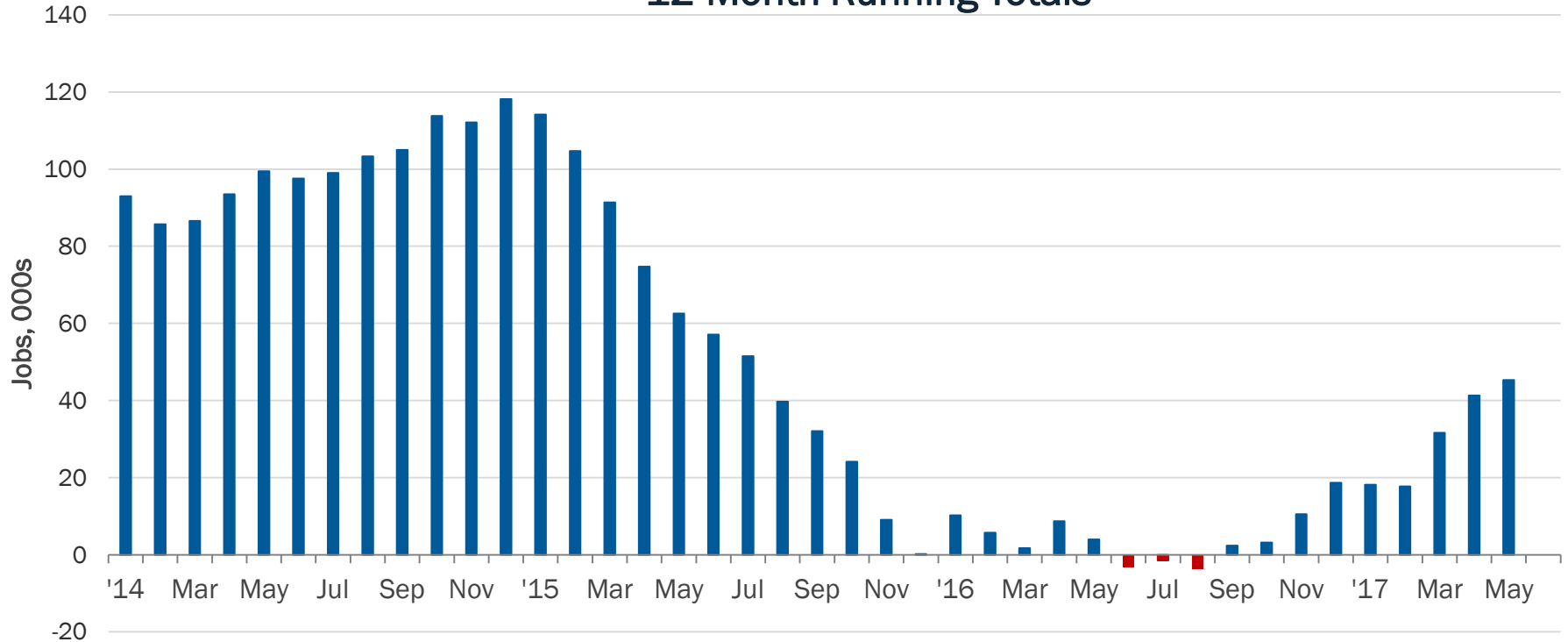
Purchasing Managers Index

Above 50 = Expansion, Below 50 = Contraction



Source: Institute for Supply Management- Houston

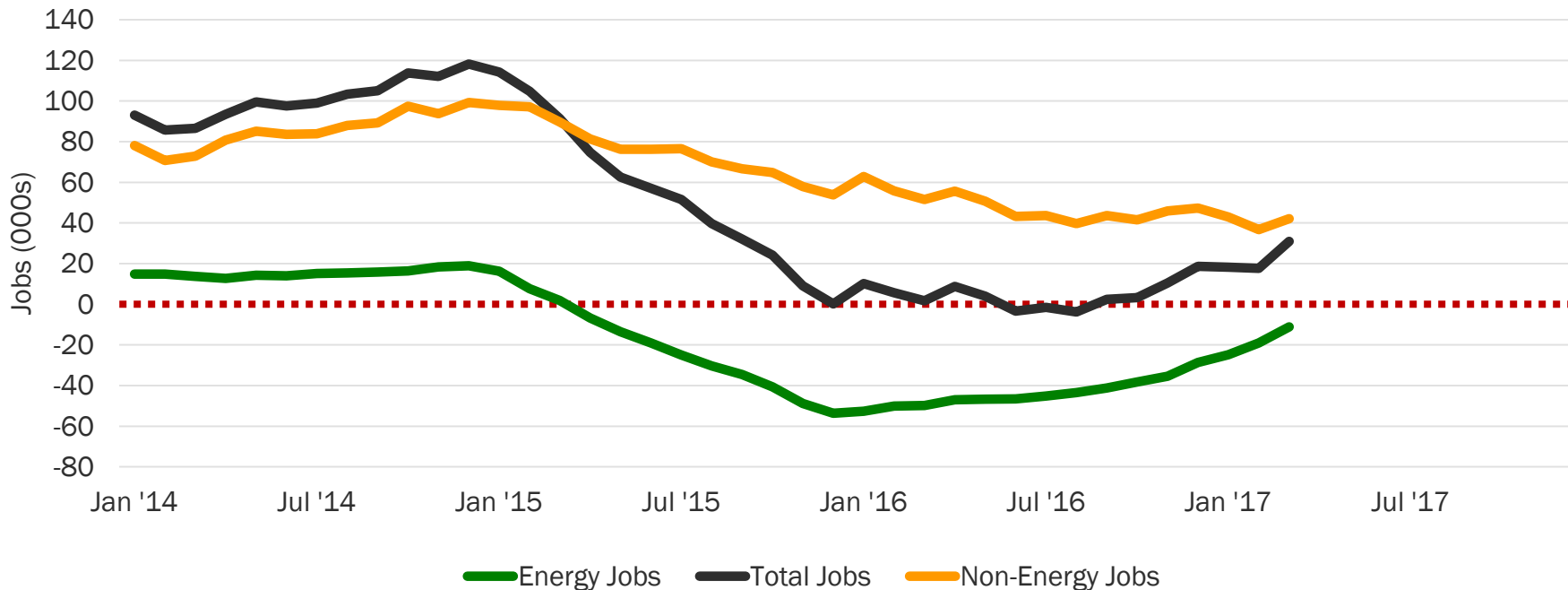
12-Month Running Totals



Source: Texas Workforce Commission



12-Month Running Totals



Source: U.S. Bureau of Labor Statistics



How much
damage was
done?





Energy Losses

Sector	Jobs Lost Dec '14 – Dec '16	%
Exploration & Production	-11,000	-18.7%
Oil Field Services	-19,900	-35.6
Fabricated Metal Products	-18,700	-28.2
Machinery Manufacturing	20,600	-30.4
Engineering	-10,900	-14.3
Total Losses	-81,100	-25.5%

Source: Texas Workforce Commission



Non-Energy Gains

Sector	Jobs Gained Dec '14 – Dec '16	%
Leisure & Hospitality	25,800	9.0%
Health Care	23,000	7.5
Public Education (state & local)	17,000	6.9
Retail Trade	10,900	3.5
Financial Activities	6,000	4.0
Total Gains	+82,700	

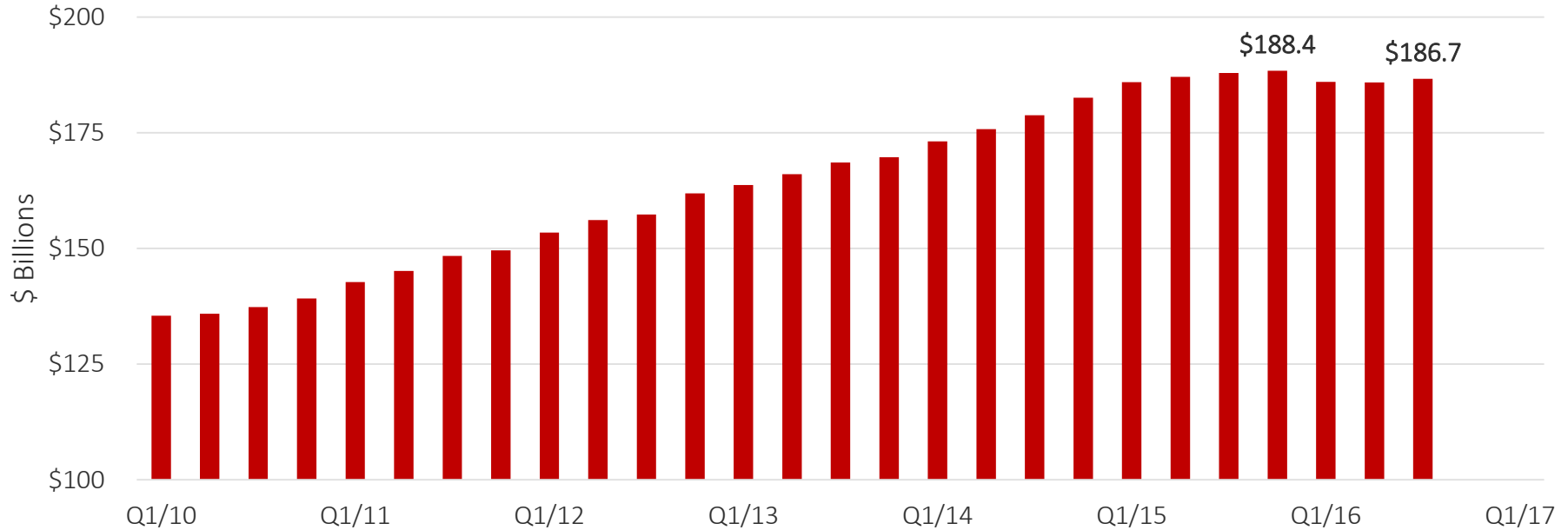
Source: Texas Workforce Commission

Average Annual Wage

Winners	\$ Wages	Losers	\$ Wages
Leisure & Hospitality	\$22,800	Exploration & Production	\$192,000
Health Care	54,800	Oil Field Services	121,000
Public Education (state & local)	47,800	Fabricated Metal Products	71,700
Retail Trade	32,400	Machinery Manufacturing	95,524
Financial Activities	89,100	Engineering	106,000

Source: Texas Workforce Commission

4-Qtr Moving Total, '06 Constant \$



Source: Quarterly Census of Employment and Wages



But a few
headwinds
remain



Houston's Energy Industry

Lost Money in '16

HALLIBURTON

Anadarko

Apache

eog resources

MARATHON

Schlumberger

Oil States

TESCO

BAKER
HUGHES

HESS

OXY

NOV



Weatherford

SUPERIOR
ENERGY SERVICES

SWN
Southwestern Energy



NABORS

ConocoPhillips

NEWFIELD

Chevron

Earned a Profit in '16



ExxonMobil

OCEANEERING

FMC





Lost Money Q1/17

HALLIBURTON



NABORS



TESCO



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Earned a Profit Q1/17



ExxonMobil

Schlumberger



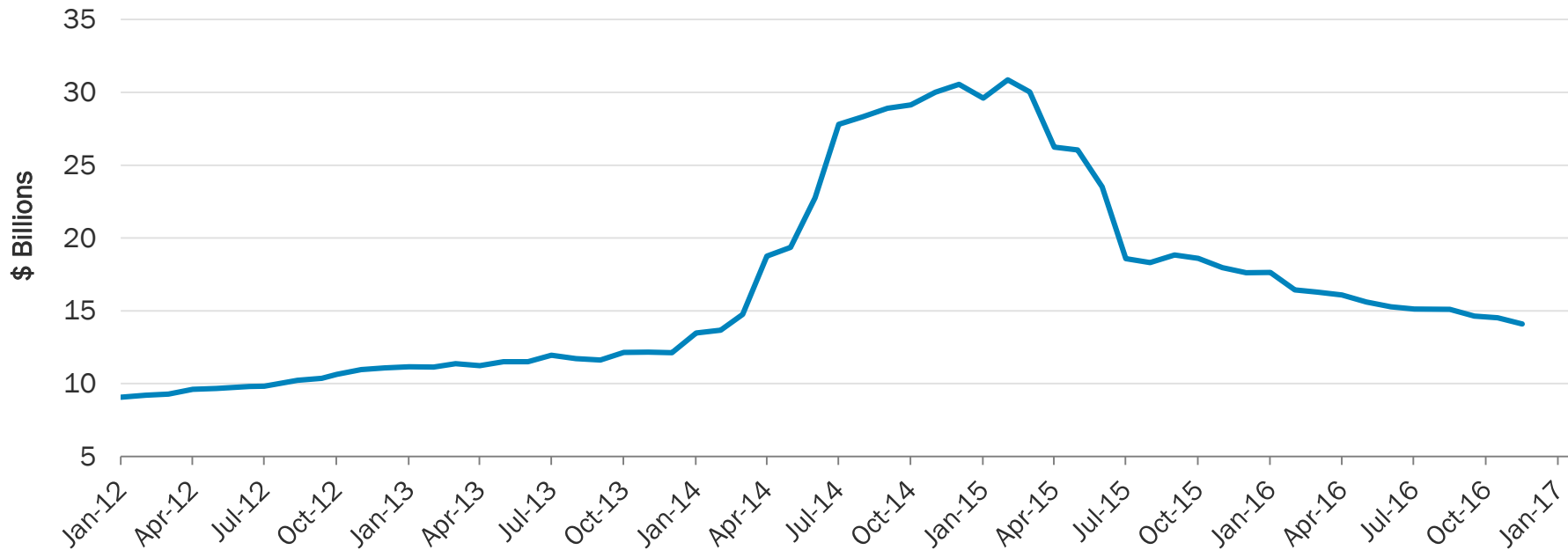
ConocoPhillips



Apache



12-Month Moving Total



Source: Dodge Data and Analytics



Where will job
growth come
from?





Where will growth come from?



Population



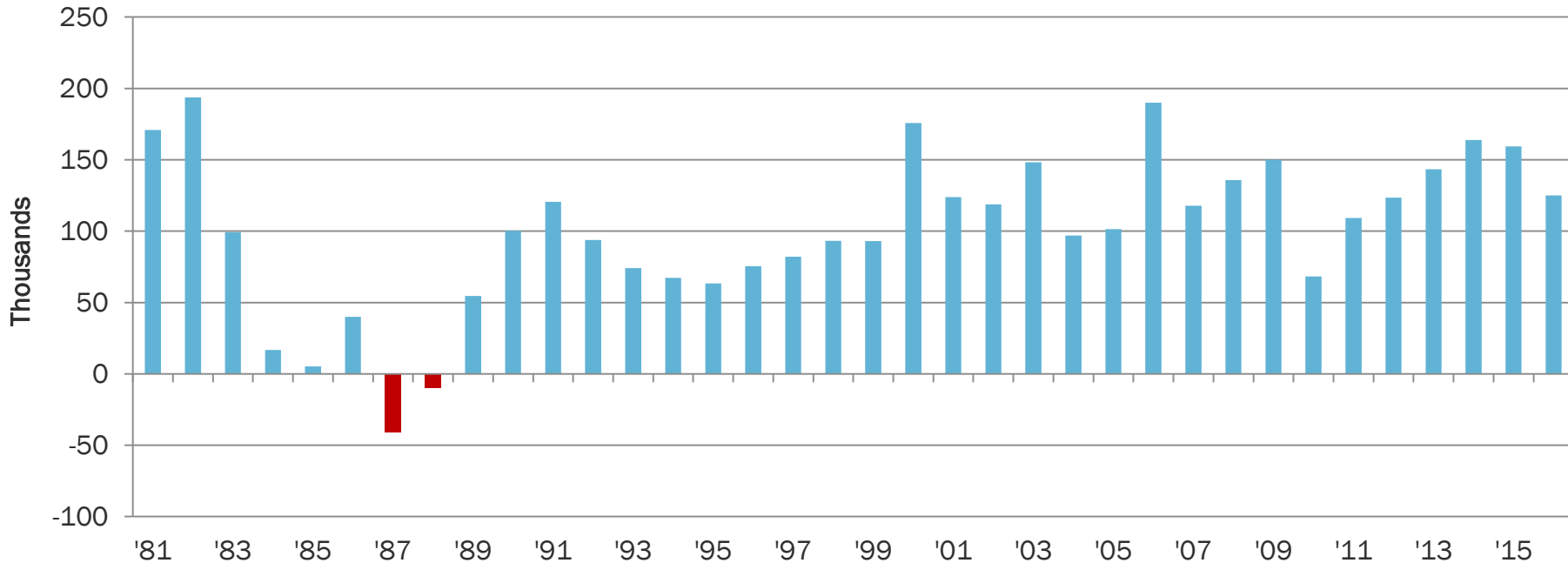
10 Most Populous Metro Areas

Rank	Metro Area	Population as of 7/1/16	Change since 7/1/15
1	New York	20,153,634	35,571
2	Los Angeles	13,310,447	41,619
3	Chicago	9,512,999	(19,570)
4	Dallas-Fort Worth	7,233,323	143,435
5	Houston	6,772,470	125,005
6	Washington, D.C.	6,131,977	53,508
7	Philadelphia	6,070,500	8,197
8	Miami	6,066,387	64,670
9	Atlanta	5,789,700	90,650
10	Boston	4,794,447	27,692

Source: U.S. Census Bureau



Annual Change, Houston MSA Population



Source: U.S. Census Bureau

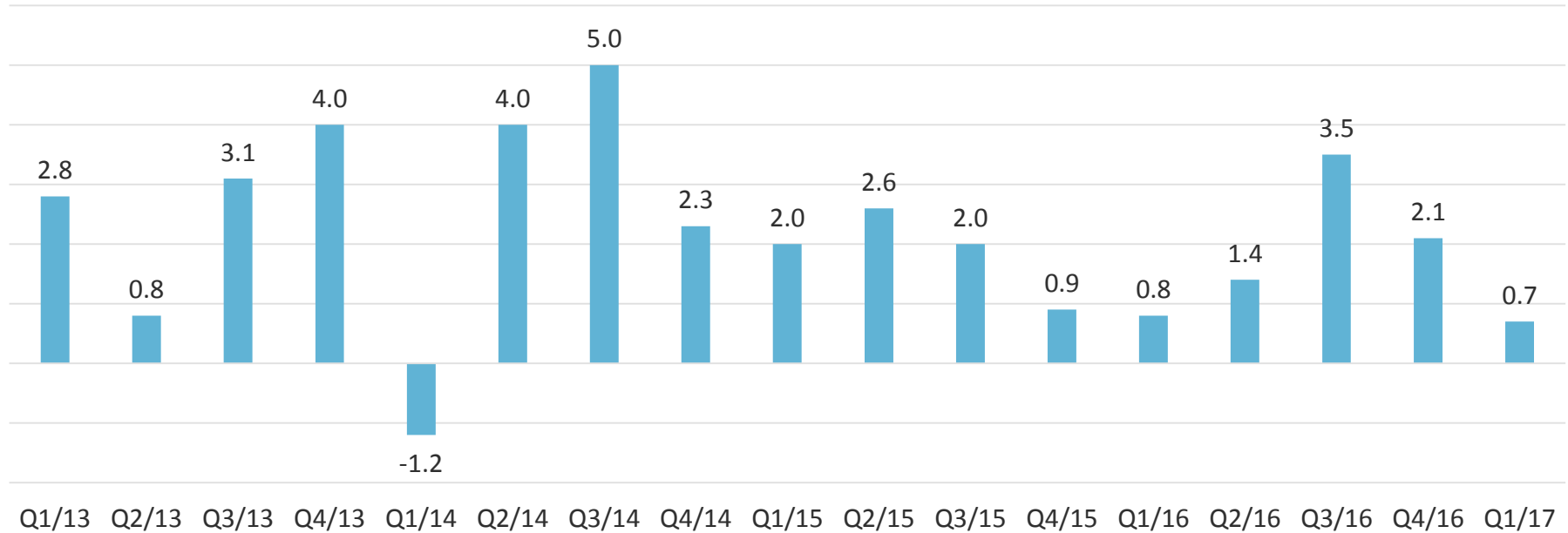


Where will growth come from?



U.S. Economy

% Change from Preceding Quarter*

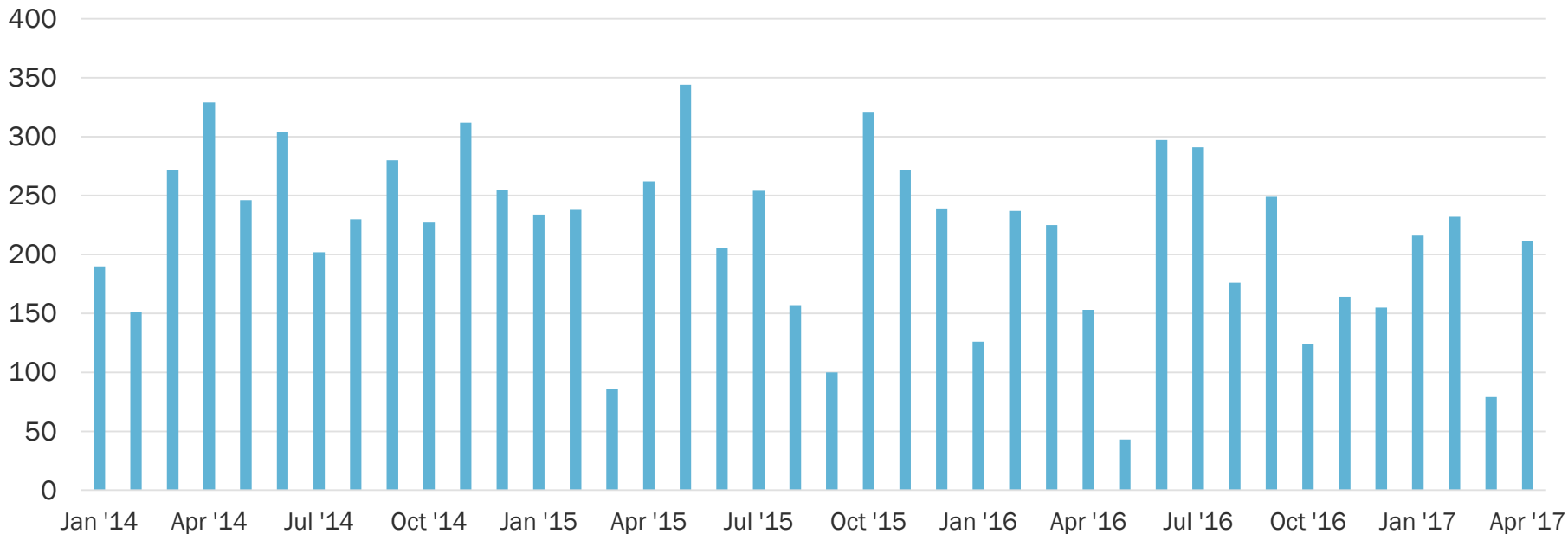


Source: U.S. Bureau of Economic Analysis

* seasonally and inflation adjusted



Jobs Added (000s)



Source: U.S. Bureau of Labor Statistics



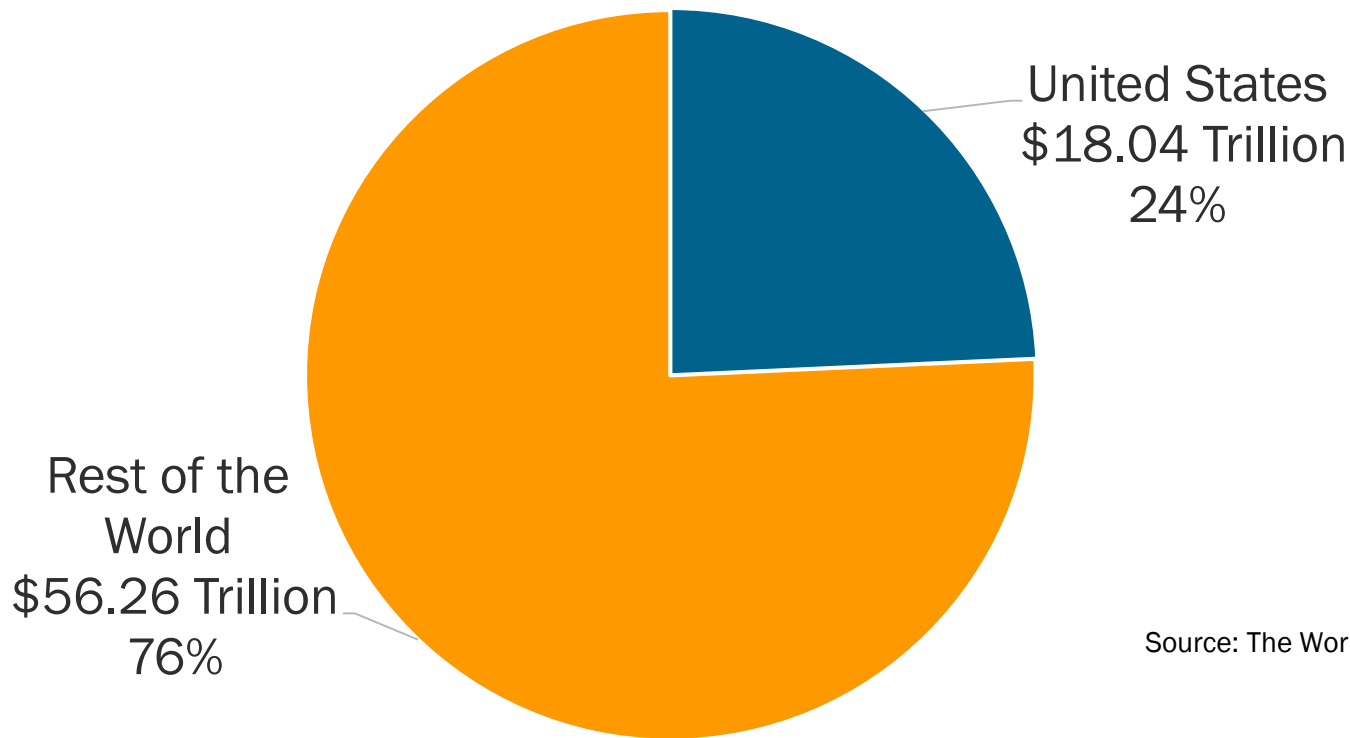
Where will growth come from?



Global Trade



Global Gross Domestic Product



Source: The World Bank



Global Growth Forecasts

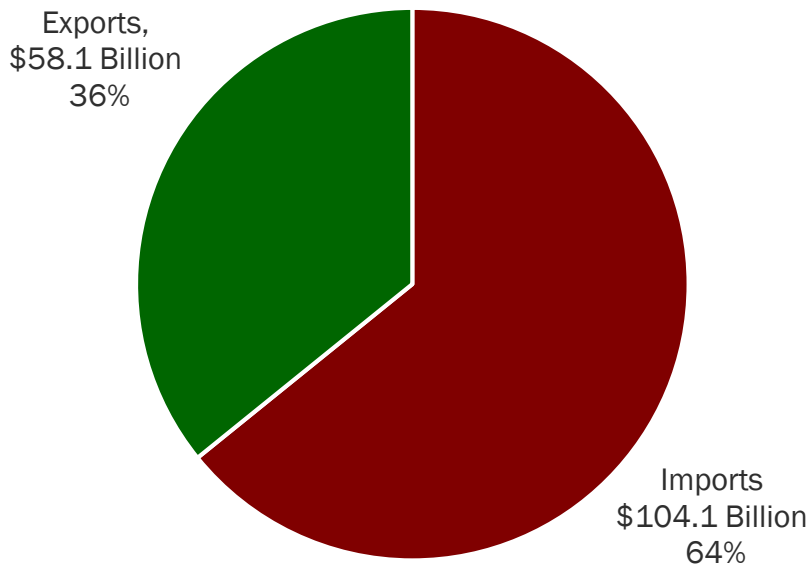
Growth Forecasts, Year-Over-Year Percent Change

	'16	'17	'18
Global Economy	3.0%	3.1%	3.3%
Advanced Economies	1.8	2.0	2.3
United States	1.6	2.0	2.3
Eurozone	1.7	1.8	2.0
United Kingdom	1.8	1.8	1.8
Japan	1.0	1.1	0.9
Korea	2.7	2.5	2.6
Developing Economies	4.2	4.1	4.3
China	6.7	6.3	5.8
India	7.8	7.0	7.0
Mexico	2.3	-1.0	1.6
Brazil	3.6	0.7	2.7

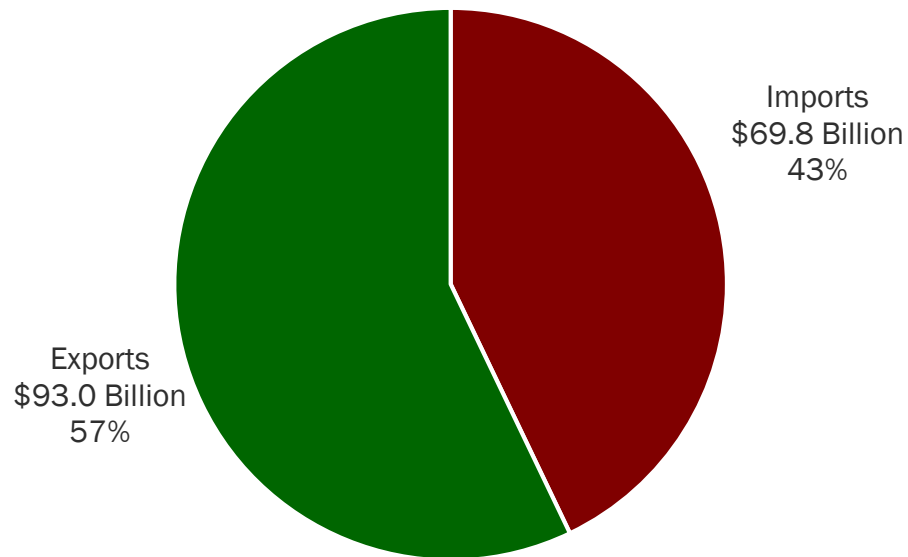
Source: Wells Fargo Securities

Houston's Foreign Trade

'06



'16





Daikin breaks ground on new, \$417 million HVAC industrial campus

HOUSTON★CHRONICLE



Mitsubishi opens Pearland facility

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Lonza

Swiss biotech giant to more than double footprint in Houston suburb

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Did we repeat the 80s?





Previous Oil Downturns

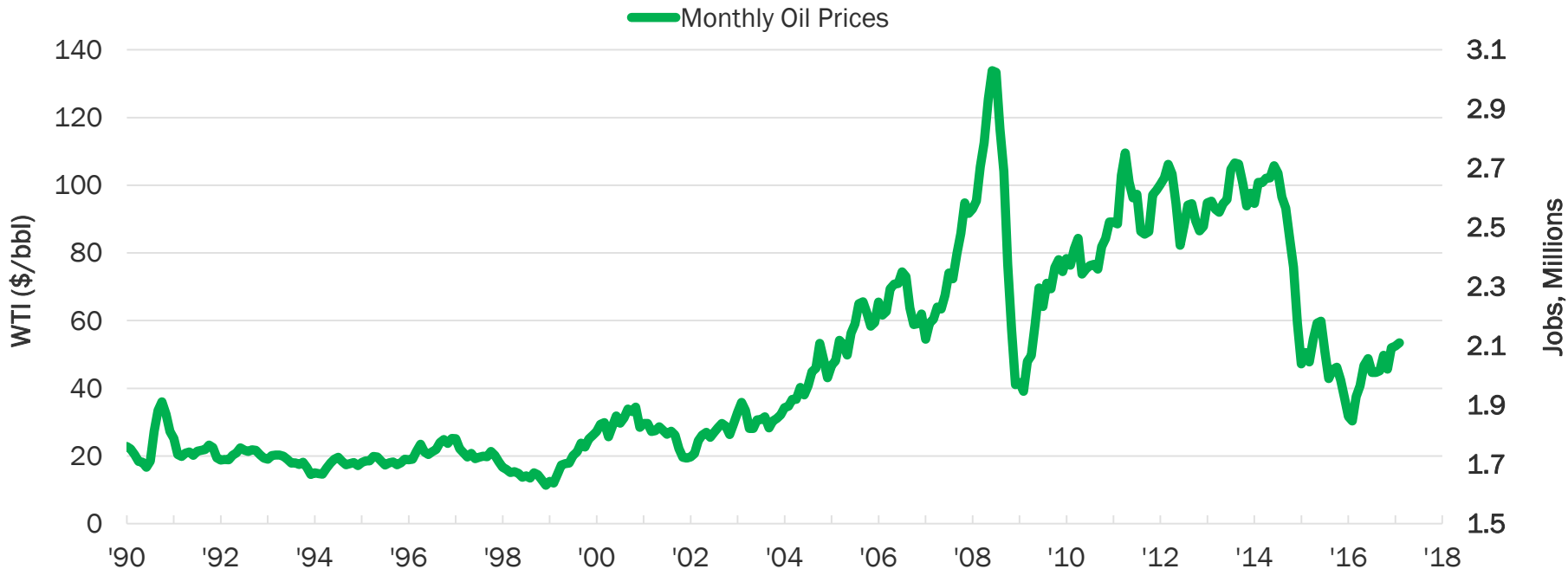
Recession	Oil Prices		Losses	
	Peak	Trough	Rigs	Energy Jobs
Mid-1980s	\$30.75	\$12.05	-3,766 (-83.3%)	-53,600 (-46.3%)
Early-1990s	\$35.89	\$14.57	-526 (-46.3%)	-6,800 (-10.8%)
9-11/Enron	\$34.55	\$19.53	-528 (-41.3%)	-4,700 (-7.3%)
Great Recession	\$136.96	\$39.51	-1,119 (-44.4%)	-11,900 (-13.6%)
Most Recent	\$106.31	\$30.51	-1,526 (-79.1%)	-81,100 (-25.5%)

Note: All losses calculated from the monthly average

Sources: U.S. Energy Information Administration, Baker Hughes, U.S. Bureau of Labor Statistics



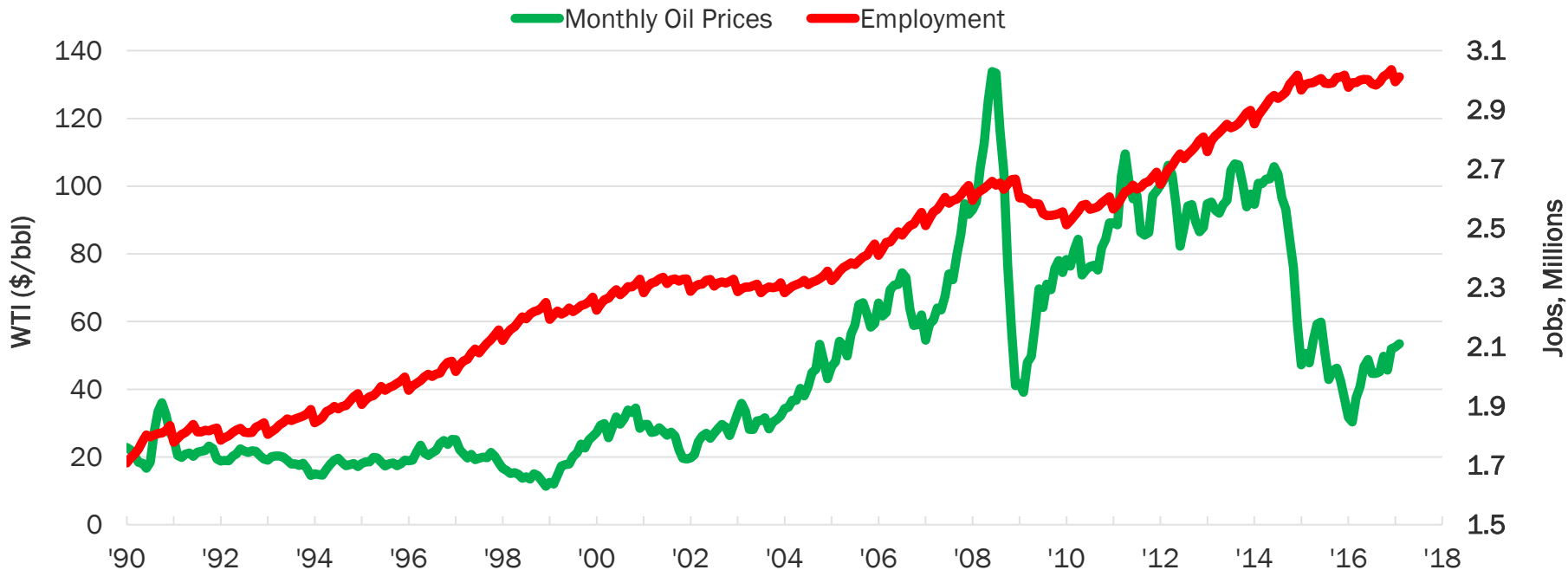
Oil Prices & Houston Employment



Source: Texas Workforce Commission, U.S. Energy Information Administration



Oil Prices & Houston Employment



Source: Texas Workforce Commission, U.S. Energy Information Administration

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