



## June 2018 Labor Market Report - Workforce Solutions Lower Rio

The Texas Workforce Commission (TWC) released the June 2018 Labor Market and Employment reports. The seasonally adjusted national unemployment rate increased by .2% to 4.0%, and Texas decreased by .1% to 4.0%.

**Statewide Overview for June:** Texas had a net gain of 27,200 nonagricultural jobs in June and has added 359,500 in the past year (seasonally adjusted). This represents a 2.9% annual employment growth rate.

Goods-Producing employment increased by 10,400 jobs in June, and a total of 104,100 jobs were added in the past twelve months. The Energy sector led this month, with a gain of 4,900 jobs. The Goods-Producing sector has seen a 5.8% growth rate over the past twelve months, and the growth rate is continuing to accelerate.

The Service sectors in total gained 16,800 jobs in June, and a total of 255,400 jobs in the past year. The Professional & Business Services sector led in June with an estimated 7,300 employees added, followed by Healthcare with 6,000.

**Regional Unemployment Recap:** The June data shows the unemployment rates increasing across our region at the county and city levels, as expected in June. We continue to see significantly lower unemployment rates than reported one year ago.

### Counties:

- Hidalgo County increased by 1.0%, to 7.2%
- Cameron County increased by .9 %, to 6.9%
- Starr County increased by 1.4%, to 11.0%
- Willacy County increased by .8% to 11.8%
- Webb County increased by .7% to 4.3%

### Cities:

- McAllen had the lowest unemployment rate in the RGV with 5.1%, an increase of .6%
- Edinburg was second at 5.2%, an increase of .7%.
- Harlingen was third at 6.4%, an increase of .4%
- Laredo again had the lowest rate in our border region, at 4.3%, an increase of .7%.

**\*\*We are seeing a normal seasonal spike in area unemployment rates, reflecting the public-school system's summer breaks and the temporary layoffs of support personnel, along with an influx of high school and college graduates into the workforce.**

### Hidalgo, Cameron, and Webb County MSA Regional Employment Change Estimates for June 2018:

Employment Sectors	McAllen MSA	Brownsville MSA	Laredo MSA	Total Region
Healthcare & Private Education	200	-200	-200	-200
Leisure & Hospitality	<b>600</b>	<b>400</b>	-100	<b>900</b>
<b>Government (Public Ed, Law Enforcement)</b>	<b>-1100</b>	<b>-200</b>	<b>-200</b>	<b>-1500</b>
Business & Professional Services	-400	200	100	-100
Mining & Construction	100	100		200
Trade, Transportation, Utilities	<b>-1300</b>	200	100	<b>-1000</b>
Manufacturing		100		100
Information	100			100
Financial Activities				
Other Services	100	100	100	300
<b>Total All Non-Agriculture Sectors:</b>	<b>-1700</b>	<b>700</b>	<b>-200</b>	<b>-1,200</b>

The primary contributor to the employment losses in our region was the Government sector, which lost an estimated 1,500 jobs. This is typically temporary seasonal unemployment occurring in the public schools. A decrease of 1,000 jobs in the Trade sector may be related to temporary downsizing in the Retail sector during the summer vacation season. The Leisure & Hospitality sector had the largest employment increase, with an estimated gain of 900 jobs. This may be related to the summer vacation travel season as well.

#### **Tightening Labor Market**

As we have pointed out over the past year, we are experiencing an extremely tight unemployment rate, both in our region and across the country. We are seeing continued recruitment difficulties for many companies across all sectors, as well as rising wage rates, as businesses compete for increasingly scarce labor.

#### **Editorial: Tariff Issue**

In my role as Executive Director of the South Texas Manufacturers Association (a regional trade association with members across the RGV and northern Tamaulipas) I have received a lot of inquiries about the impact of the steel and aluminum tariffs on our manufacturing sector. I have met with several business leaders in this sector to get input.

**My opinion:** It is generally having a negative impact on RGV manufacturing companies who use steel or aluminum in their processes. I have heard from some who have already experienced some business or job losses in the RGV as a direct result of this.

For the short term it is certainly making us less competitive- disrupting the global supply chain and increasing costs. This could potentially result in some USA mfg. companies downsizing or relocating plants to Mexico, where they can continue to use lower cost foreign steel to support their key customers there. Competitors already located in Mexico could take business from them as well.

The uncertainty regarding the specific tariff rules, the present lack of capacity in our domestic steel and aluminum industry to meet the sudden spike in suppliers' needs, the major price hikes by USA steel companies, and uncertainty about how long these tariffs will remain in effect, are paralyzing manufacturing companies' long-term planning abilities, and putting the brakes on a lot of economic development relocation opportunities in our region and elsewhere.

This is a complicated set of issues. This "ship" was steered onto its present course over many years, so this may not be something that can be effectively corrected by a sudden 90 degree turn- without spilling all the cargo!

As always, thanks again for your support and participation!

**Texas Labor Market Review from TWC:**

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