



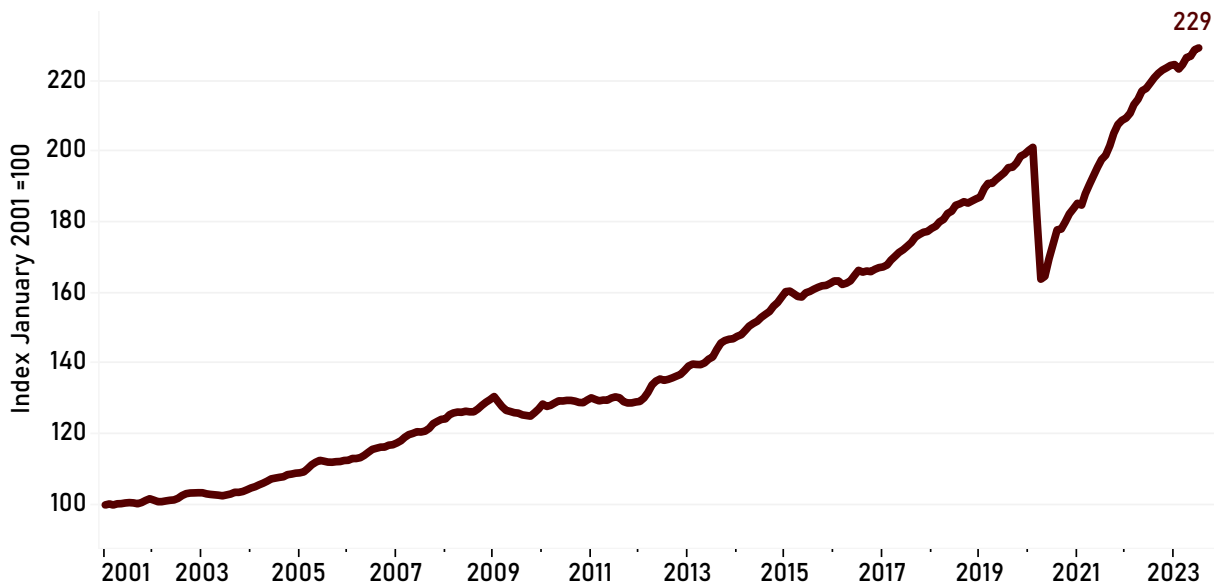
## HIGHLIGHTS

- The Business-Cycle Index increased from 228 in June 2023 to 229 in July.
- The local unemployment rate remained unchanged at 3.3% in July 2023 compared to June.
- Local nonfarm employment decreased by 0.2% from June to July.
- July's inflation-adjusted taxable sales were up by 0.6% from June.
- Inflation-adjusted quarterly wage payments increased by 2% from its previous quarter.
- Oil natural gas tax revenue increased by 21% from February 2020 to August 2023.

## THE COLLEGE STATION-BRYAN BUSINESS-CYCLE INDEX

The latest Business-Cycle Index value for July 2023 rose to 229 compared to 228 in June, a 0.2% increase. This increase results from a decrease in nonfarm employment, an unchanged unemployment rate, and an increase in inflation-adjusted taxable sales. In addition, inflation-adjusted quarterly wage payments, the fourth variable used in the Economic Indicators model, was released this month and showed a relatively large 2% increase from the previous quarter. The next data release for quarterly wages will be in November.

FIGURE 1. COLLEGE STATION-BRYAN BUSINESS-CYCLE INDEX

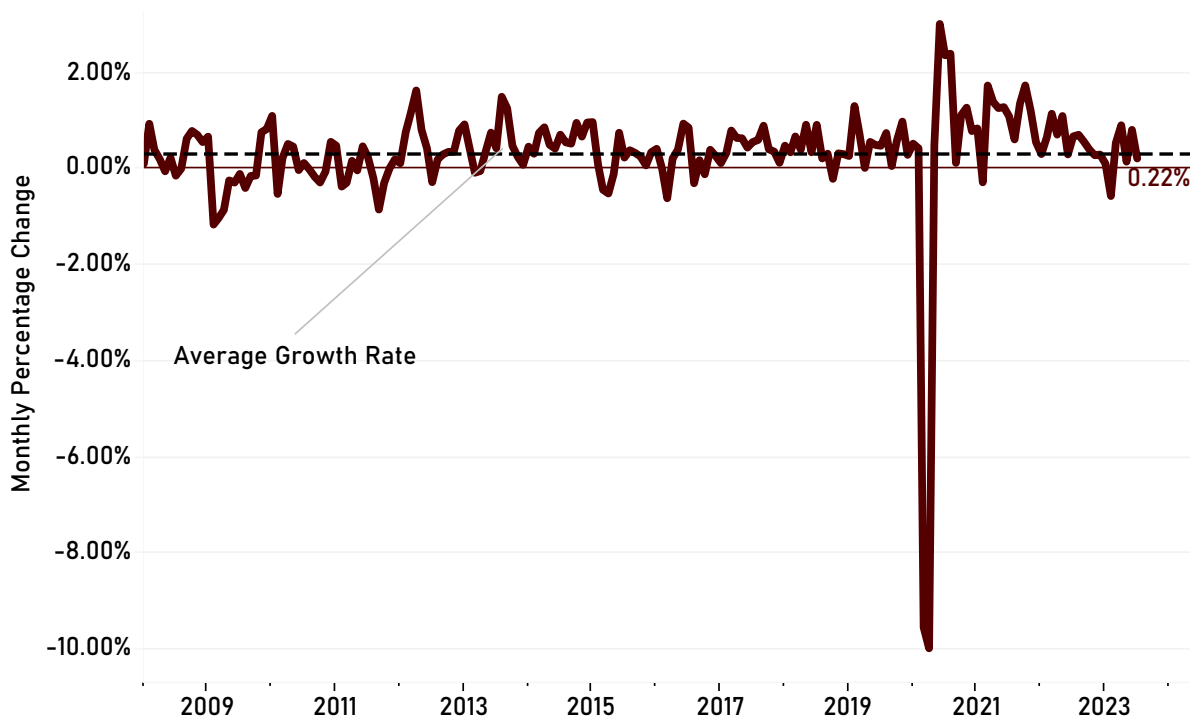


Last reported data point: July 2023 (monthly). Source: Private Enterprise Research Center.

## THE COLLEGE STATION-BRYAN BUSINESS-CYCLE

The 0.2% increase in the CSB Business-Cycle from June 2023 to July 2023 is shown in Figure 2. The increase was driven by the unchanged unemployment rate which was the same as the previous month at 3.3%, an increase in inflation adjusted taxable sales of 0.6% and an increase in quarterly wages of 2%. Nonfarm employment fell by 290 workers from 139,476 in June 2023 to 139,186 in July. Despite this small decline in nonfarm employment, the unchanged unemployment rate, along with the increases in inflation-adjusted taxable sales and quarterly wages, led to the monthly increase in the Index.

FIGURE 2. COLLEGE STATION-BRYAN BUSINESS-CYCLE

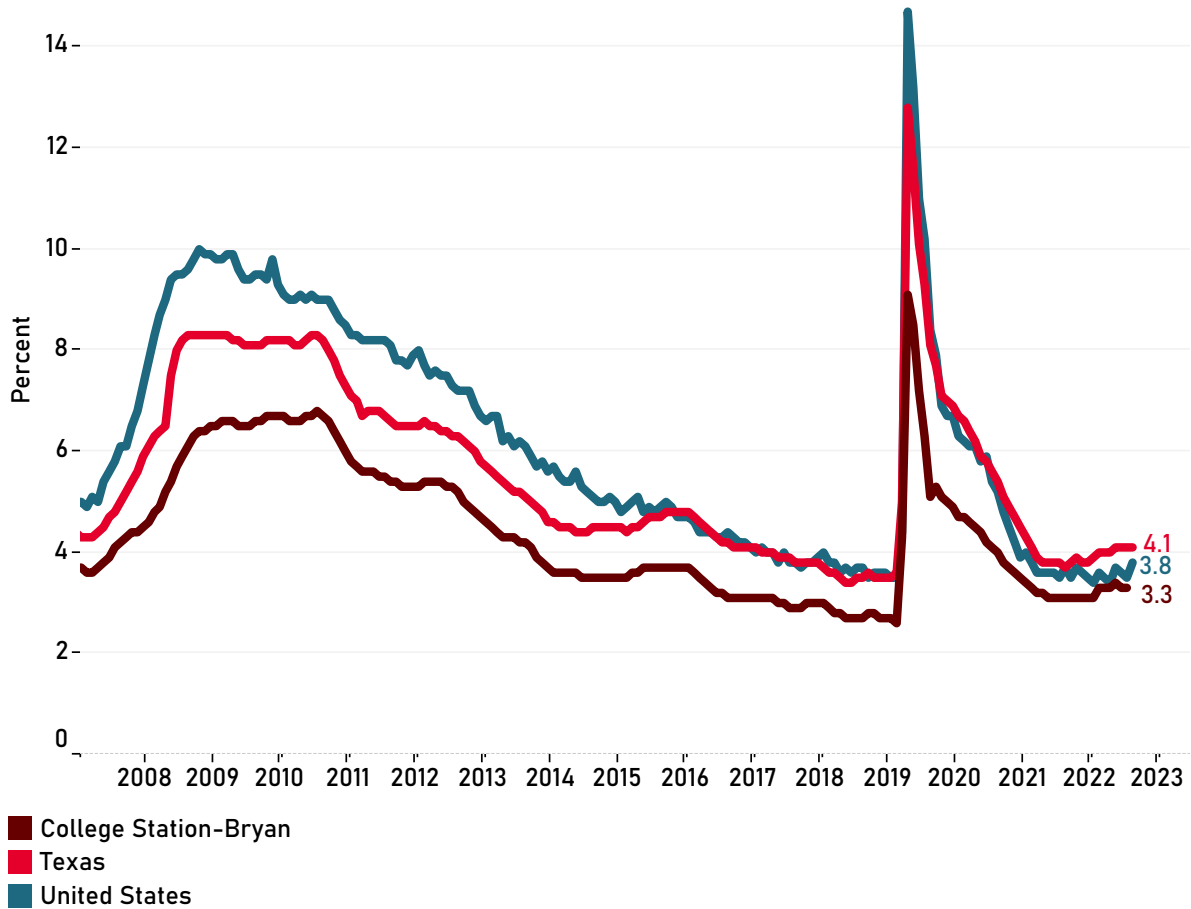


Month-to-month growth rates. Last reported data point: July 2023 (monthly). Source: Private Enterprise Research Center.

## UNEMPLOYMENT RATE

Figure 3 shows the unemployment rates for College Station-Bryan from January 2008 to July 2023, and for Texas and the nation as a whole through August 2023. The unemployment rates in College Station-Bryan remained unchanged in July at 3.3%. For Texas, the unemployment rate in July and in August was 4.1%. At the national level, the unemployment rate increased from 3.5% in July to 3.8% in August. The metropolitan area unemployment rates for August will be available from the Bureau of Labor Statistics on September 27, 2023.

**FIGURE 3. UNEMPLOYMENT RATE**



Seasonally Adjusted. Last reported data point: July 2023 for College Station - Bryan and Texas, August 2023 for the United States. Source: Bureau of Labor Statistics.

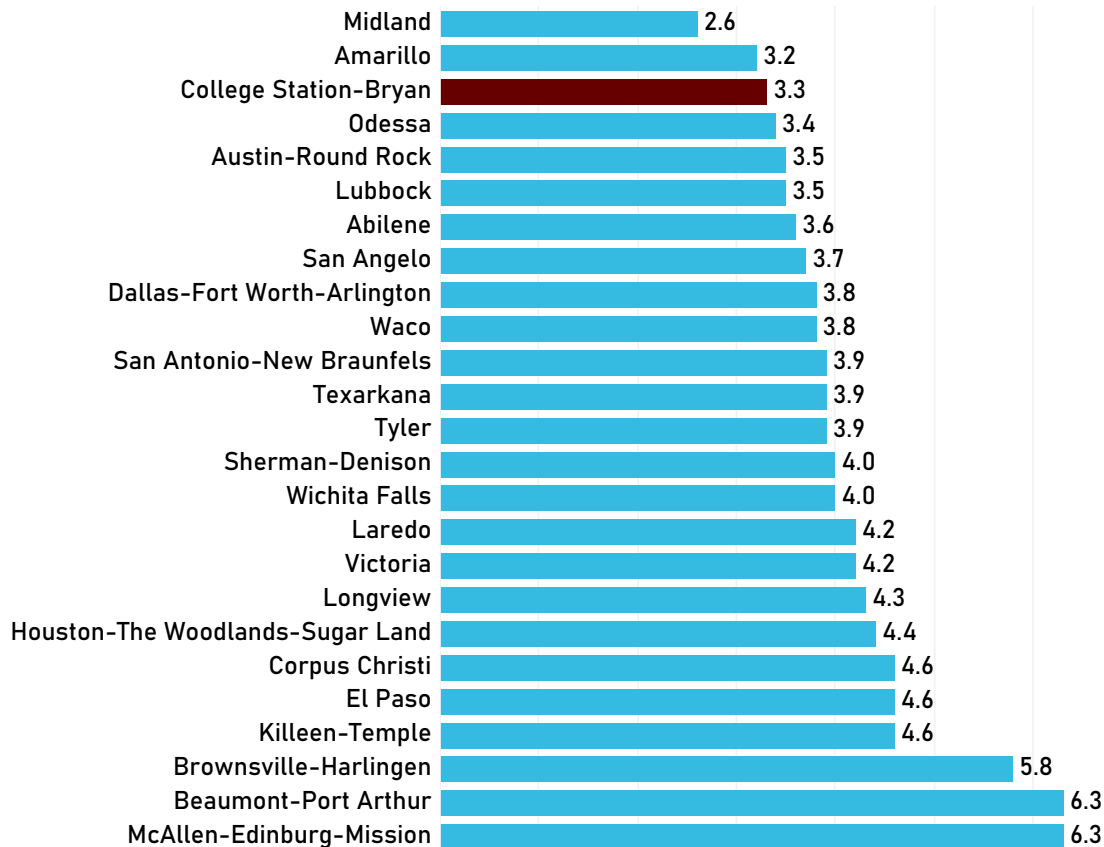
**FOCUS ON THE COLLEGE STATION-BRYAN MSA**

This month, we present the unemployment rates in the Texas Metropolitan Statistical Areas (MSAs) for the month of July, and track oil and gas production, taxes, prices and drilling permits. Local and national air travel are also discussed.

## TEXAS MSA UNEMPLOYMENT RATES

Figure 4 depicts the local unemployment rates for all Texas MSAs for July 2023. College Station-Bryan’s rate of 3.3% was the third lowest, behind the 2.6% rate for Midland and 3.2% rate for Amarillo. McAllen-Edinburg-Mission, Beaumont-Port Arthur, and Brownsville-Harlingen again had the three highest unemployment rates at 6.3%, 6.3%, and 5.8%, respectively. Austin-Round Rock had the lowest unemployment rate among the four largest MSAs at 3.5%, while the rate in Dallas-Fort Worth-Arlington was 3.8% and San Antonio-New Braunfels 3.9%. Houston-The Woodlands-Sugar Land again had the highest unemployment rate in this group at 4.4%. Of the 25 MSA’s reported here, only Waco and Texarkana had a decline in their unemployment rate compared to the prior month.

**FIGURE 4. UNEMPLOYMENT RATES IN TEXAS MSAs, JULY 2023**



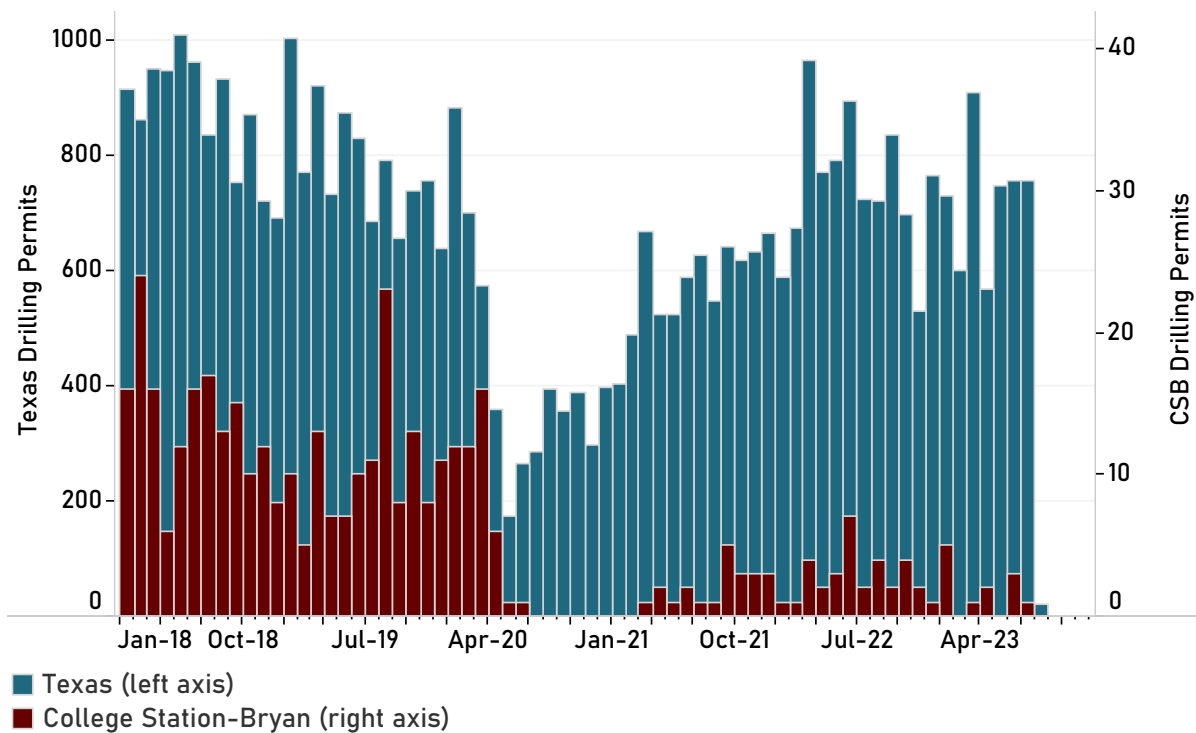
Source: Bureau of Labor Statistics, Local Area Unemployment Statistics, seasonally adjusted, July 2023.

## OIL DRILLING PERMITS

The College Station-Bryan MSA sits atop the northern section of the Eagle Ford Shale geological area, which stretches approximately 450 miles from north of Bryan/College Station to the Texas-Mexico Border near Laredo. The MSA marketplace is a location for pipeline fabrication and maintenance companies supporting the Exploration & production (E&P) sector within the oil and gas industry linked to the early stage of energy production, which generally involves searching for and extracting oil and gas.

Figure 5 tracks oil drilling permits for the state of Texas and for the College Station-Bryan MSA (Brazos, Burleson, and Robertson Counties) from January 2018 to July 2023. In the state of Texas, monthly permits averaged 870 during 2018, 783 for 2019, 422 for 2020, 577 for 2021, 746 for 2022 and the monthly permits averaged to 636 in 2023 through July. The drilling permits reached the lowest point at 173 in May 2020 when Covid-19 was near its peak and oil prices had plummeted. Since then, the numbers have increased, and most recently were 733 in July 2023. Locally, the pattern of approved drilling permits in the College Station-Bryan MSA does not follow this pattern. Before the pandemic, the average monthly permits in our local MSA averaged 13 in 2018, 10 in 2019 and dropped to 4 in 2020. This is mainly because there were no drilling permits approved between July 2020 to December 2020. From January 2021 through July 2023, approved drilling permits equaled 67 in the local MSA. Within this period, the maximum number of drilling permits were approved in June 2022 with a total of 7 permits.

**FIGURE 5. TOTAL APPROVED DRILLING PERMITS IN TEXAS AND COLLEGE STATION-BRYAN BY MONTH**

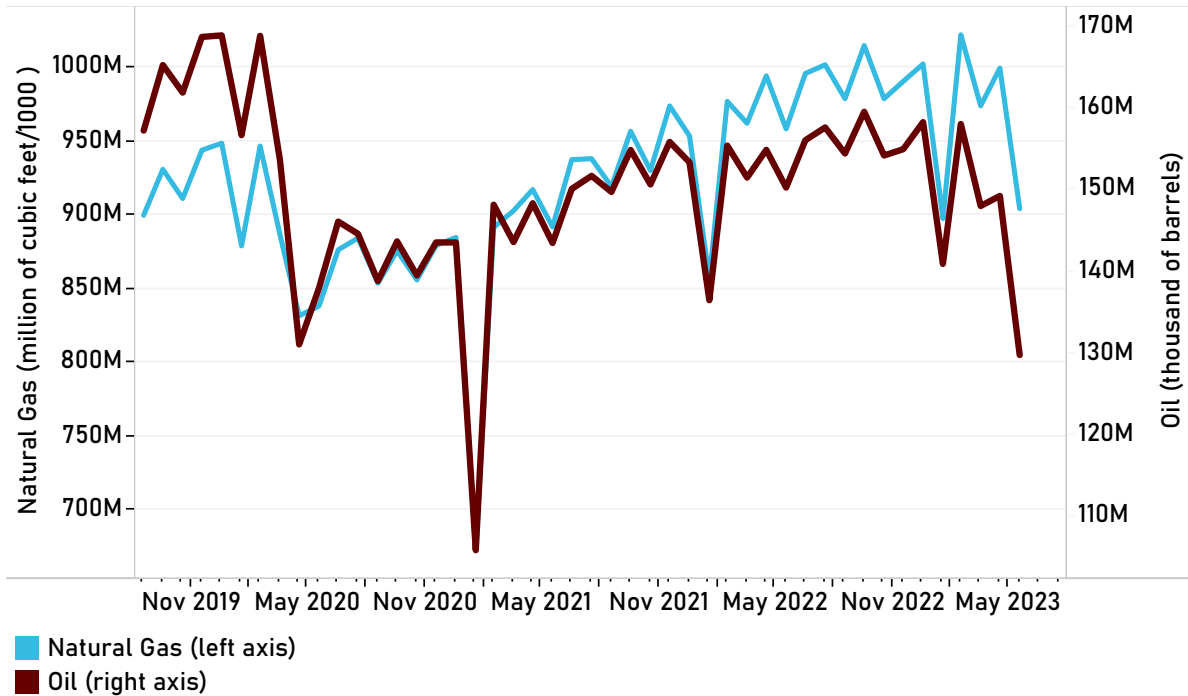


Source: The Railroad Commission of Texas.

## OIL AND NATURAL GAS PRODUCTION IN TEXAS

Oil and gas production amounts reported by the Texas Railroad Commission for September 2019 to June 2023 are shown in Figure 6. Production levels of natural gas and oil have followed a similar path over this period with a noticeable pandemic-induced decline in April and May 2020, as well as the sharp winter storm-induced decline in February 2021. Between March - May 2020, oil production fell 22% and gas production fell 12%. February's winter storm resulted in an almost 24% drop in both oil and gas production relative to January's level. Reported production amounts through June 2023 remain below January 2020 levels by 7%.

**FIGURE 6. OIL AND GAS PRODUCTION**

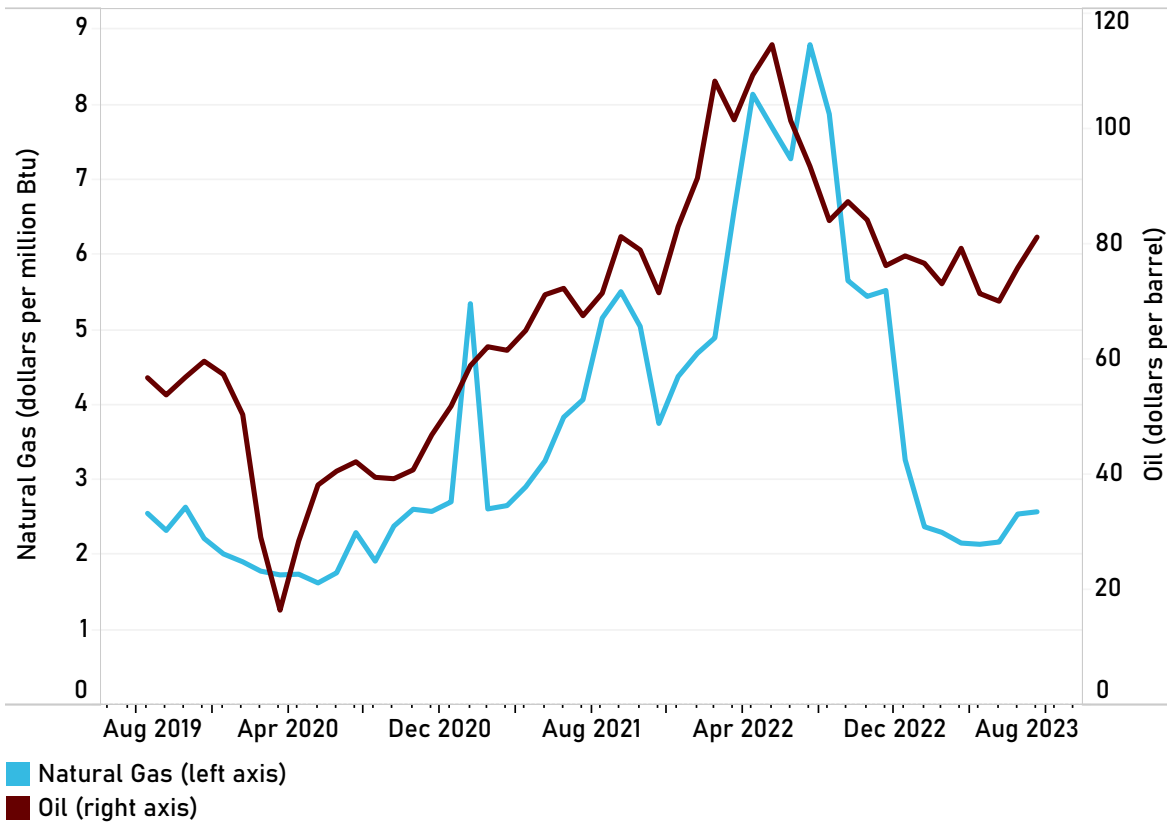


Source: Texas Railroad Commission, Oil and Gas Production (Oil and Condensate), Natural Gas (GW Gas and Casinghead).

## OIL AND NATURAL GAS PRICES

The price series for oil and natural gas are shown in Figure 7. Oil prices declined in the first months of 2020, and fell substantially through April 2020, the worst month of the COVID recession. From December 2019 to April 2020, the price of a barrel of oil fell from \$59.82 to \$16.55, a 72% decline. Since then, the price has generally trended upward. By March 2021 it reached \$62.33, exceeding the December 2019 price. In June 2023, the price averaged \$70.25. The price of natural gas fell from \$2.64 per million Btu in November 2019 to its lowest level of \$1.63 per million Btu in June 2020. In February 2021, there was a large price spike due to the severe winter storm in Texas, and natural gas prices reached \$5.35 per million Btu for the month. However, the largest spikes were experienced from April 2022 to September 2022, when the prices ranged between \$6.60 to \$ 8.81 per million Btu. In 2023, prices to date have stayed in the range \$2.15 to \$3.27 per million Btu.

**FIGURE 7. OIL AND GAS PRICES**

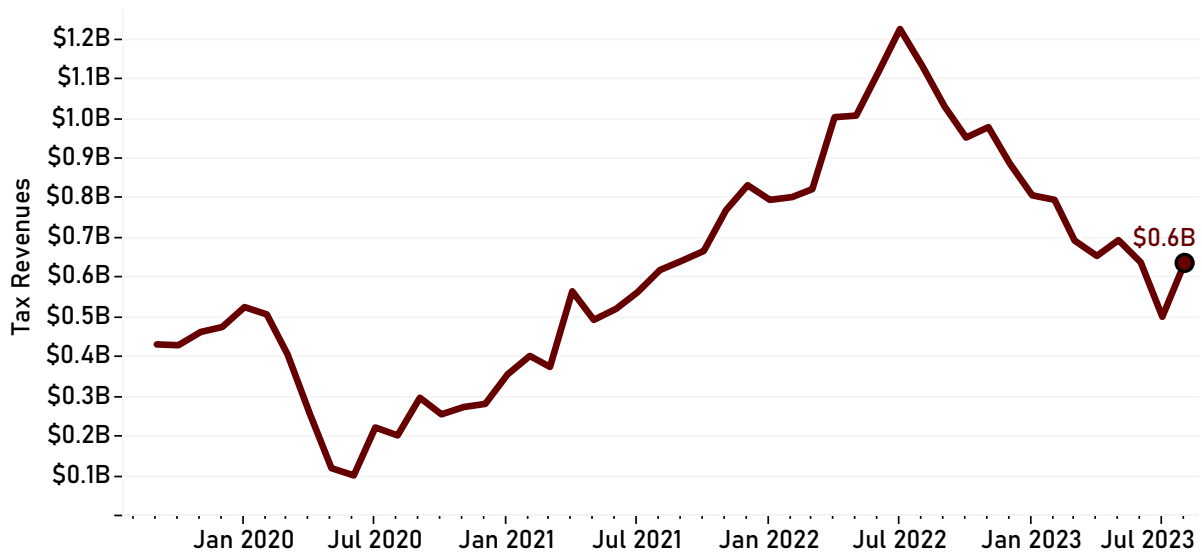


Sources: Gas Price - U.S. Energy Information Administration, Henry Hub Gas Spot Price (dollars per million Btu). Oil price - U.S. Energy Information Administration, Crude Oil Prices: West Texas Intermediate (WTI) - Cushing, Oklahoma, retrieved from FRED, Federal Reserve Bank of St. Louis.

## TEXAS STATE OIL AND NATURAL GAS PRODUCTION TAXES

Texas taxes the dollar value of oil and gas production, so changes in both production levels and prices result in changes in tax collections. Figure 8 depicts the total revenue from the combination of oil and natural gas production taxes in Texas beginning in September 2019, the start of Texas fiscal year 2020, and continuing through August 2023, the end of fiscal year 2023. These taxes are an important source of state tax revenue – oil and gas production taxes made up 9.4% of Texas state tax collections in fiscal year 2019 (September 2018 - August 2019), the year prior to the pandemic. These tax collections declined substantially in fiscal year 2020, especially in the second half, as the pandemic-induced economic downturn impacted demand for oil and gas production and also led to price declines for these two commodities. By June 2020, total oil and gas tax revenues were only 19.5% of their level in January 2020. However, since June 2020 these oil and gas tax revenues trended upward and reached their peak in July 2022 with \$1.2 billion dollars. Oil and gas production taxes have fallen since that recent peak in July 2022, but the August 2023 level, at \$0.6 billion, remains substantially higher than in the pre-pandemic month of January 2020. For fiscal 2023, oil and gas production taxes made up 11.3% of Texas state tax collections.

**FIGURE 8. TEXAS STATE OIL AND GAS PRODUCTION TAXES**



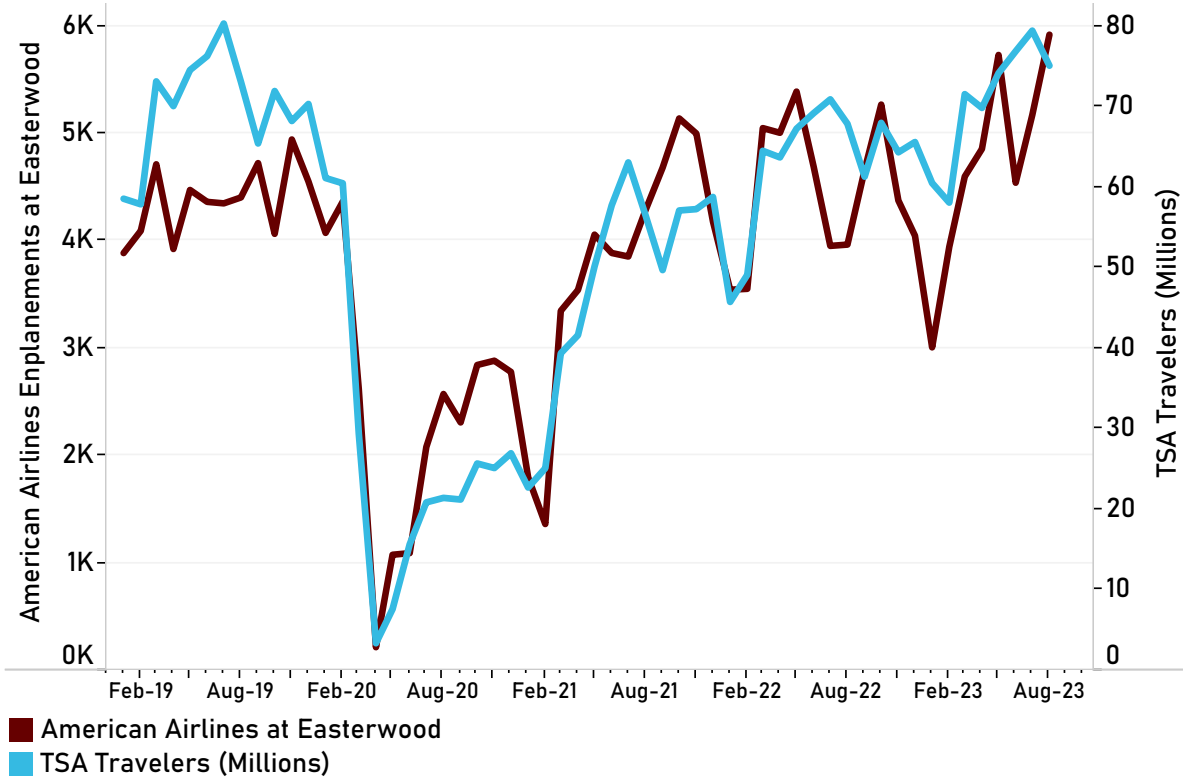
Sources: Texas Comptroller, Monthly Revenue Watch.



## AIR TRAVEL

Figure 9 depicts the enplanements at Easterwood Airport on American Airlines (left axis) and the number of travelers nationwide passing through Transportation Security Administration (TSA) checkpoints (right axis) from January 2019 to August 2023. As seen in the figure, the national and local passenger counts have followed similar patterns from the beginning of 2019 to the present. National air travel was up 10% in the twelve months from August 2022 to August 2023. Locally, air travel out of Easterwood Airport on American Airlines in August 2023 was 14.5% higher compared to the previous month of July. However, for national air travel the passenger count was down by 5% when compared to July.

**FIGURE 9. AMERICAN AIRLINES ENPLANEMENTS AT EASTERWOOD AIRPORT & TOTAL TRAVELERS THROUGH TSA CHECKPOINTS**



Last reported data point: August 2023 (monthly). Sources: Texas A&M University System and Transportation Security Administration.

## NOTES AND LINKS

The extent of the College Station-Bryan MSA is defined by the Census Bureau and includes Brazos, Burleson, and Robertson counties. The Business-Cycle Index is re-estimated each month using the most recent data for the four economic variables included in the model: the unemployment rate, nonfarm employment, real wages, and real taxable sales. The real wage series is released on a quarterly basis and the other three are released monthly. The underlying data series are subject to revision. With new monthly data and revisions of past data, each month the Index and the Business-Cycle will differ from previous estimates.

For more details about the CSB Business-Cycle Index see: *Methodology for Constructing an Economic Index for the College Station-Bryan Metropolitan Statistical Area*.

## DATA SOURCES

### **Drilling Permits**

Railroad Commission of Texas; Research and Statistics; Oil and Gas data; Drilling Permit Data Visualization; Drilling Permits Data Visualization (texas.gov)

### **Enplanements at Easterwood Airport**

Texas A&M University System based on email request. Received September 8, 2023.

### **Inflation**

U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: All Items [CPIAUCSL], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/CPIAUCSL>. Wages and Taxable Sales are converted to real dollars

### **Nonfarm Employment**

Federal Reserve Bank of Dallas, Texas Workforce Commission, and Bureau of Labor Statistics, Total Non-farm Payroll Employment for Texas Metropolitan Statistical Areas, two-step Seasonally Adjusted, retrieved from Federal Reserve Bank of Dallas. <https://www.dallasfed.org/research/econdata/brysa.aspx>

### **Oil and Gas**

Texas Comptroller of Public Accounts, Monthly Revenue Watch, <https://comptroller.texas.gov/transparency/revenue/watch/all-funds>

### **Oil and Gas Prices**

United States Energy Information Administration, Crude Oil Prices: West Texas Intermediate-Cushing, Oklahoma [DCOILWTICO] ; Gas Prices: Henry Hub Gas Spot Price [DHHNGSP]. Both series were retrieved from FRED, Federal Reserve Bank of St. Louis.

### **Oil and Gas Production**

Texas Railroad Commission, Oil and Gas Production, Oil [Oil and Condensate], Natural Gas [GW Gas and Casinghead], <http://webapps.rrc.texas.gov/PDQ/home.do>

### **Taxable Sales (Sales and Use Tax Allocation)**

Texas Comptroller of Public Accounts, Allocation Payment Detail, Current Period Collections. Data available through Texas Comptroller of Public Accounts: <https://mycpa.cpa.state.tx.us/allocation/AllocDetail>. Historical data prior to 2016 from Texas Comptroller of Public Accounts. Seasonal Adjustment by Private Enterprise Research Center.

### **Travelers through TSA Checkpoints**

Transportation Security Administration <https://www.tsa.gov/coronavirus/passenger-throughput>

### **Unemployment Rate**

Bureau of Labor Statistics, Unemployment by Metropolitan Area, Seasonally Adjusted, Local Area Unemployment Statistics, retrieved from Bureau of Labor Statistics, <https://www.bls.gov/lau/metrossa.htm>

### **Wages**

U.S. Bureau of Labor Statistics and Federal Reserve Bank of St. Louis, Total Quarterly Wages in College Station-Bryan, TX (MSA) [ENUC177830010SA], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/ENUC177830010SA>.

## CONTACT



The Brazos Valley Economic Development Corporation serves Brazos County, the City of Bryan, the City of College Station, Texas A&M University, the surrounding region and private sector investors through the Invest Brazos Valley program. BVEDC helps companies launch, grow, and locate in the Brazos Valley.

979.260.1755 | [brazosvalleyedc.org](http://brazosvalleyedc.org)



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