



HIGHLIGHTS

- Data on initial unemployment claims indicate that Texas lost almost 8% of its nonfarm employment in the last four weeks.
- Nationally, the 22 million in new unemployment claims in the last four weeks is equivalent to 14.5% of the country's nonfarm employment.
- The price of oil has fallen in the past month by well over 50%, and approved drilling permits in Texas fell by 18.5% in the first quarter of 2020 compared to the first quarter of 2019.
- Highway traffic in Texas in March steadily decreased relative to the last week of February.
- Air travel out of Easterwood Airport was down 43% in March 2020 compared to March 2019.
- The unemployment rate remained at 2.7% in College Station-Bryan for the month of February, the latest available data point, but that was before the shelter-in-place orders went into effect. The local unemployment rate — as well as the state and the national unemployment rate — is expected to rise in March, and to rise precipitously in April.
- The Business Cycle-Index remained virtually unchanged from its revised January level, experiencing a very slight increase in the month of February. But again, this was measured prior to the March shelter-in-place orders and restrictions on business operations.

FOCUS ON THE COLLEGE STATION-BRYAN MSA

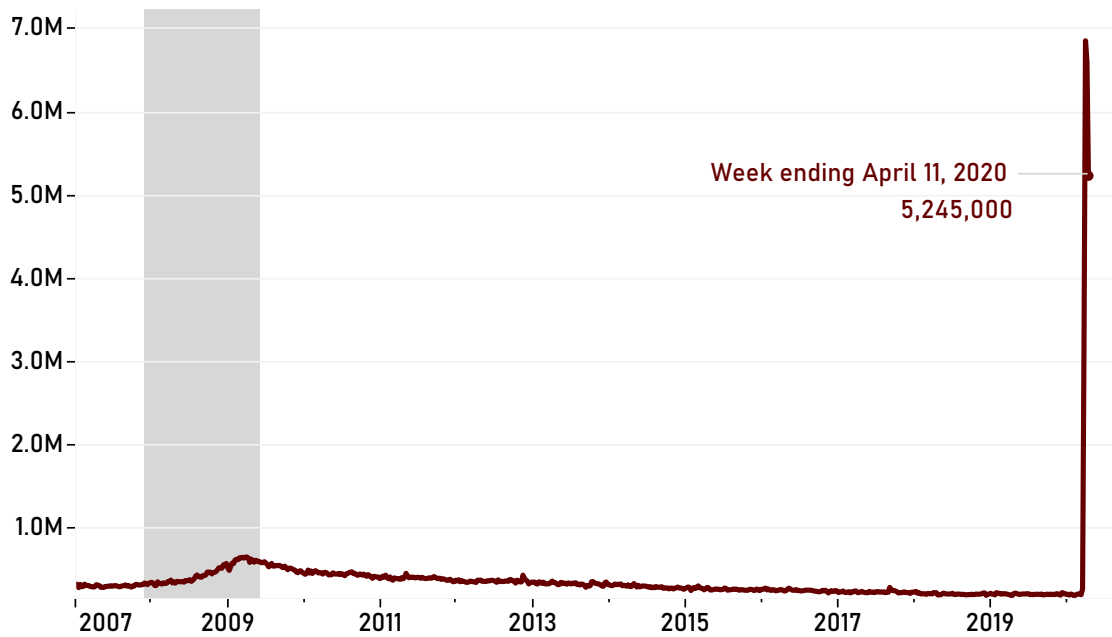
With the rapidly changing economic environment due to the responses to the coronavirus, we have reformatted this issue of Economic Indicators to highlight up-to-date national, state, and local indicators of economic activity. PERC produces a monthly business cycle index for the College Station-Bryan metropolitan statistical area (CSB MSA) in order to provide timely information on the state of the local economy. Official real GDP numbers for our MSA are only available annually, and with an average lag of over one year. For instance, today, the available real GDP numbers for the CSB MSA is the annual value for 2018. The annual value for 2019 will be released on December 9, 2020. There are no monthly values. Our monthly index is much more up-to-date, and much more frequent, than the official GDP statistic, and in normal times it presents a useful and timely indicator of economic activity. Unfortunately, we are not at present in normal times, and even our monthly indicator has been unable to keep up with current events. The data used by our index, such as the local area unemployment rate, is available with a two-month lag, and this month we report on the rate for February. February was prior to the shelter-in-place orders and the business restrictions and is not representative of the current state of the local economy. In the current time of mandatory business closings and unprecedented increases in unemployment claims, our index only provides a snapshot of where we have been, not the current economic situation we face. Our index this month, based on February data, tells a story vastly different from our present experience.

Thus, for this month and as long as the present situation continues, we have changed our monthly report to move the Focus Section forward in the document and to expand its content. The index will still be reported at the back of the document, in a somewhat abbreviated form.

UNEMPLOYMENT INSURANCE CLAIMS

Figures 1 and 2 depict the initial weekly unemployment insurance claims as reported by the U.S. Department of Labor. Figure 1 depicts the seasonally adjusted series for the United States. Over the past four weeks, we have seen more than 22 million initial claims. For the week that ended on April 11, 2020, 5,245,000 new claims were filed. Compared to the previous week's revised count, this represents a 1,370,000 reduction in initial claims. The revised count for the week ending April 4, 2020 is 6,615,000. The previous week's count was 6,867,000 claims, and for the week ending on March 21, the revised number of initial claims was 3,307,000. The four-week total represents 14.5% of nonfarm employment in the U.S. The graph also illustrates this unprecedented situation. Even in the Great Recession, we had nowhere near this level of weekly unemployment claims. It took one year and three months of the Great Recession to reach the amount of claims recorded nationally in the last four weeks.

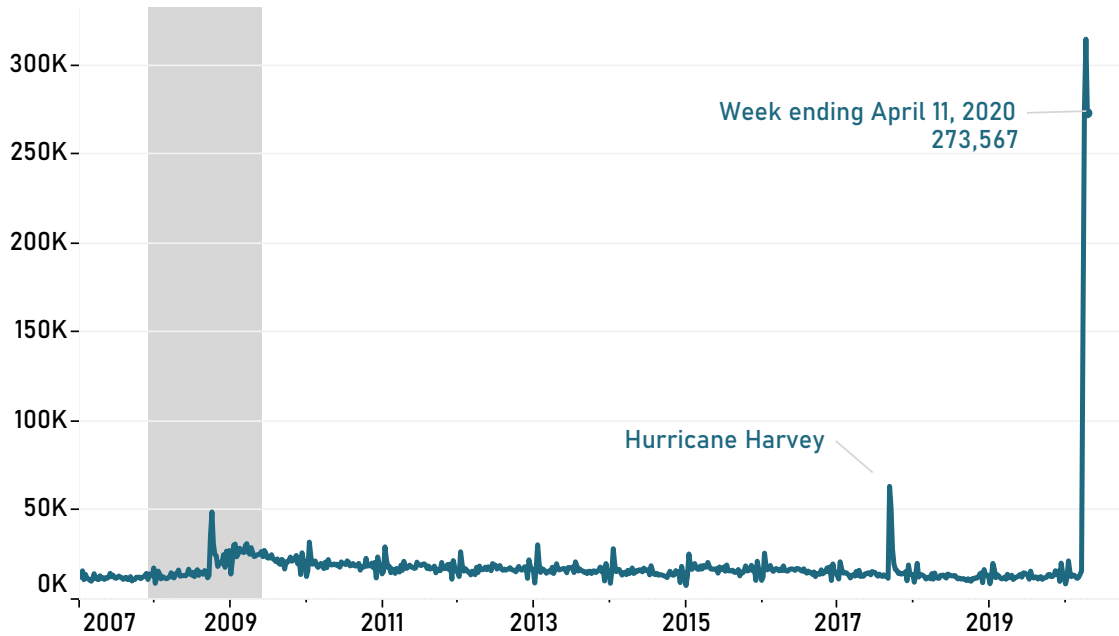
FIGURE 1. UNEMPLOYMENT INSURANCE CLAIMS IN THE UNITED STATES BY WEEK



Source: U.S. Department of Labor.

In the state of Texas, the numbers for the four weeks exhibit the same pattern. Texas' Unemployment Insurance claims were 273,567 for the week ending April 11, 2020. There were 315,167 claims on April 4, 38,982 more claims than the revised figure for the week ending on March 28. The initial claims for the week ending March 21 totaled 155,426. These four weeks of claims totaled 1,020,345, almost 8% (7.8%) of the total nonfarm employed population in the state. (Note that while the national data are seasonally adjusted, the Texas data are not.)

FIGURE 2. UNEMPLOYMENT INSURANCE CLAIMS IN TEXAS BY WEEK



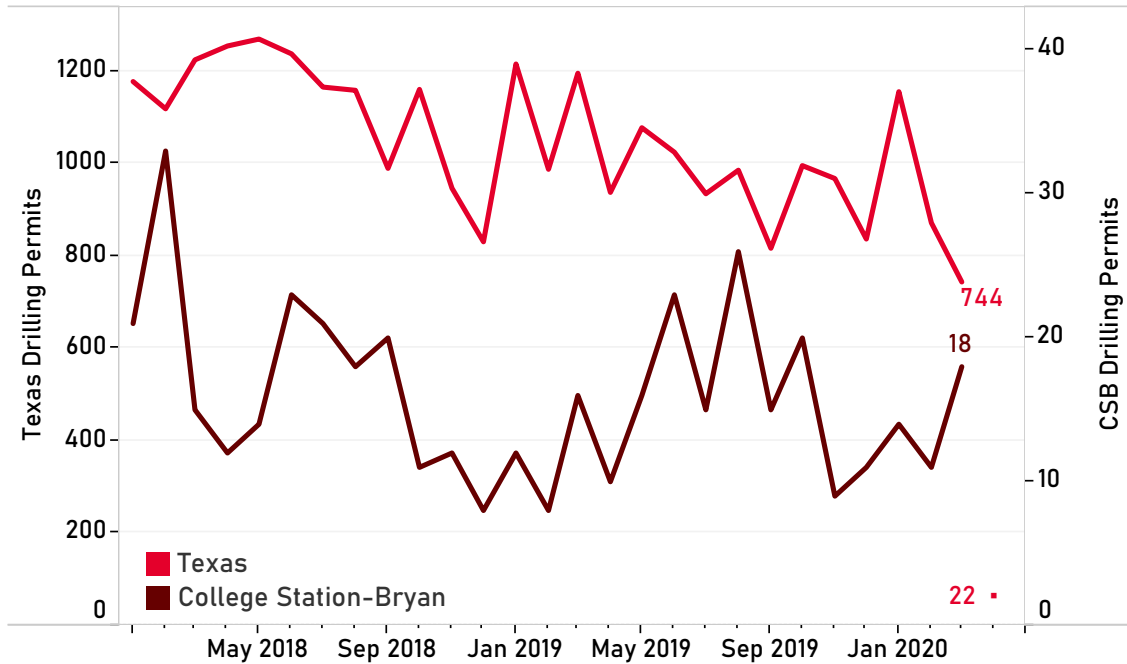
Source: U.S. Department of Labor.

OIL DRILLING PERMITS

Figure 3 tracks oil drilling permits for the state of Texas and for the CSB MSA - Brazos, Burleson, and Robertson Counties - from January 2018 to the first half of April 2020. In the state of Texas, monthly permits averaged 1,128 during 2018, and 998 for 2019. In January of 2020, 1,156 permits were issued. In February, 872 were issued. In March, the number dropped to 744. The average of the first three months of this year was lower than the same three months in 2018 and 2019. This month, based on data reported as of April 13, only 22 permits have been issued statewide. The decline in the number of permits coincides with the decline in the price of oil, which has dropped from over \$60 per barrel to about \$23 as of April 13.

During 2018, the average number of monthly permits in the three counties comprising our local MSA was 17, and during 2019 the average monthly number was 15. In January of this year, 14 permits were issued locally, in February 11 were issued, and in March the number rose to 18. There have been no permits issued in the counties of our local MSA thus far in April (April 13).

FIGURE 3. TOTAL APPROVED DRILLING PERMITS IN TEXAS AND COLLEGE STATION-BRYAN BY MONTH

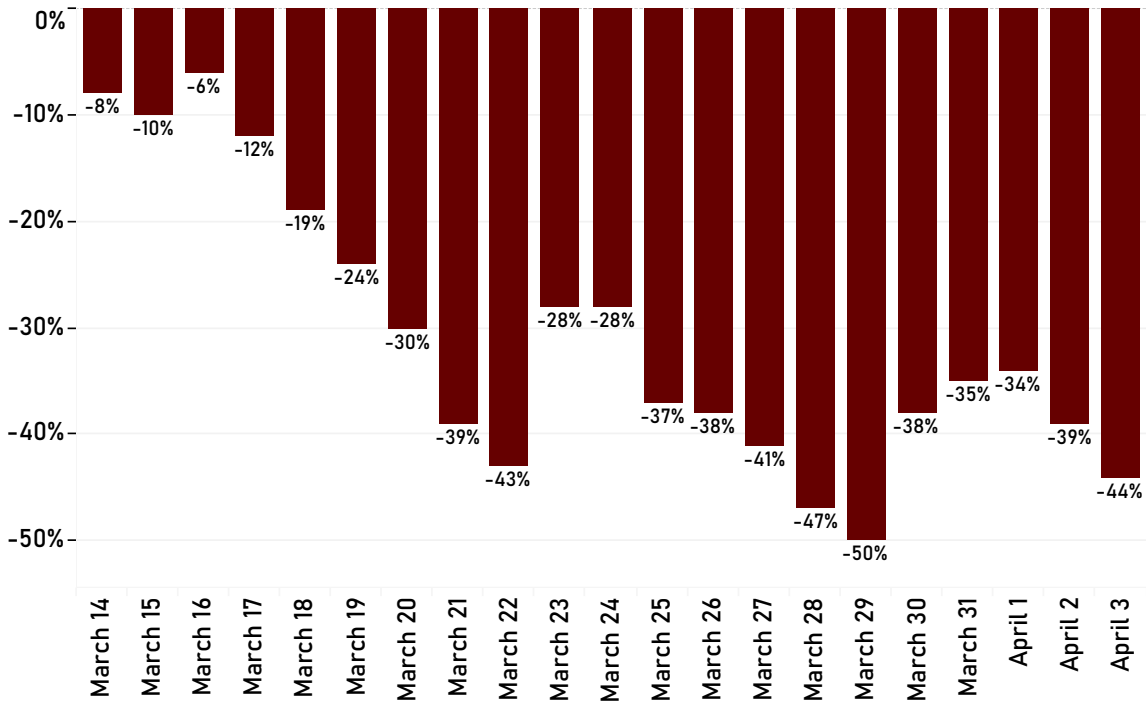


Source: The Railroad Commission of Texas.

TEXAS TRAFFIC

Figure 4 depicts the percentage drop in daily traffic from March 14 to April 3 when compared to the baseline week of February 22-28. The Texas Department of Transportation (TxDOT) provided the data based on their count stations that span the state. The sharp decline in traffic began during the second week of the month and the declines on the weekends are even more pronounced. On Saturday, March 21, traffic was down 39% compared to Saturday, February 22 and on Sunday, March 22, traffic was 43% lower than Sunday, February 23. Similarly, on the next weekend, March 28th and 29th, traffic was down 47% and 50%, respectively relative to the reference week.

FIGURE 4. DECLINE IN DAILY TRAFFIC IN TEXAS
PERCENT DECREASE RELATIVE TO FEBRUARY 22 - FEBRUARY 28

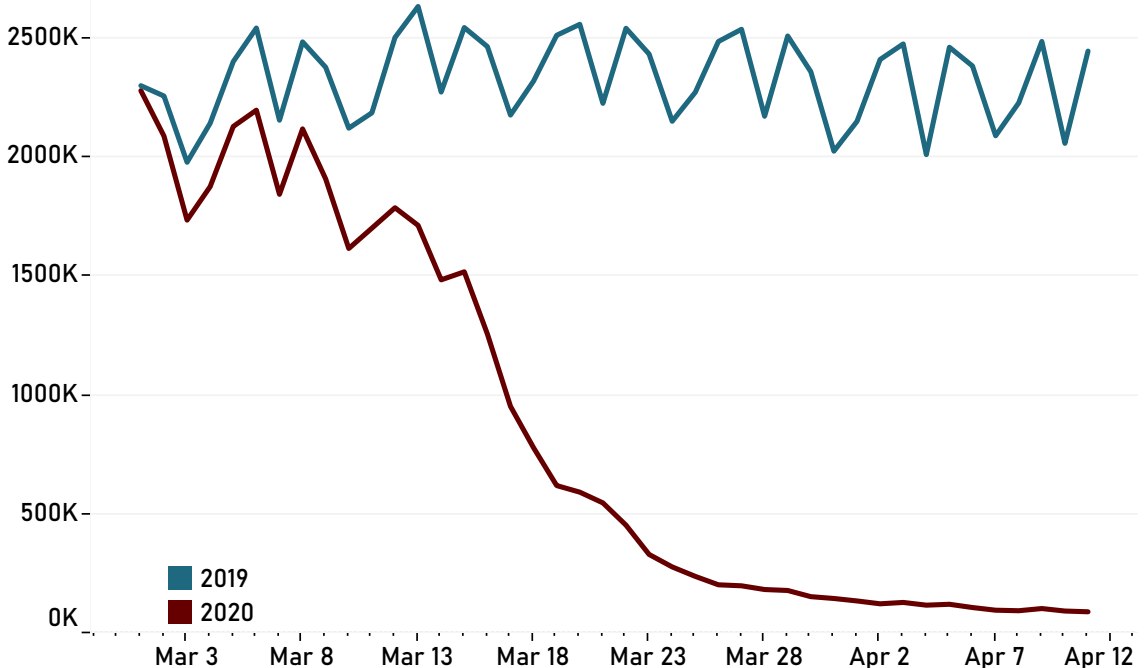


Source: Texas Department of Transportation.

AIR TRAVEL

Figure 5 depicts the number of travelers screened by the TSA from March 2, 2020 to April 11, 2020, along with a series from 2019 for the same day of the week. The first two weeks of March saw a daily reduction in traffic that averaged 18%, and over the next 10 days the number of travelers screened plummeted relative to 2019. For the last week in the figure, the number screened averaged only 4.4% of last year's counts.

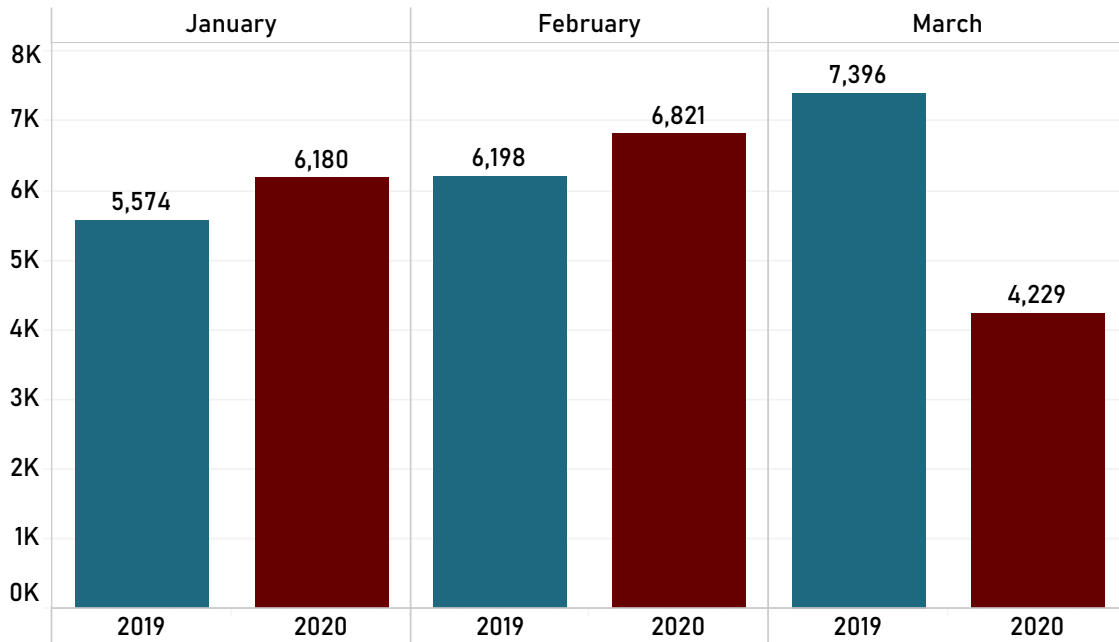
FIGURE 5. TSA TRAVELER THROUGHPUT, 2019 VS. 2020



Source: Transportation Security Administration. Data from 2019 is 1 year apart on the same week day.

The number of air passengers traveling out of Easterwood Airport during the first three months of 2019 and 2020 are shown in Figure 6. Air travel out of Easterwood Airport was up for the first two months of 2020 compared to 2019. However, as we saw in the previous figure, air travel nationwide dropped significantly during the second half of March. At Easterwood Airport, the total enplanements for March 2020 were down almost 43% compared to March 2019. April enplanements, when available, will show an even larger monthly decline relative to 2019.

FIGURE 6. ENPLANEMENTS AT EASTERWOOD AIRPORT, 2019 VS. 2020

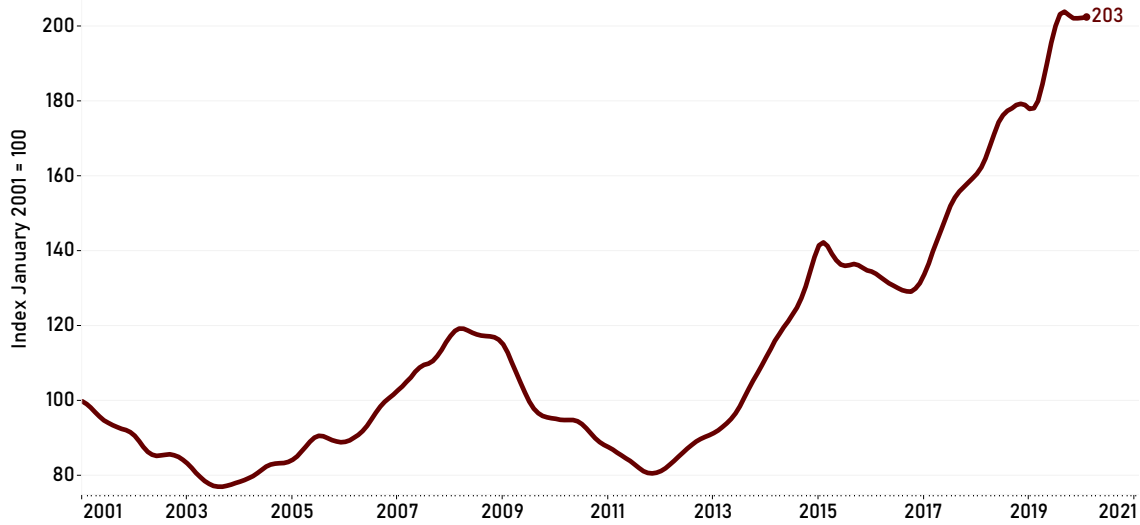


Source: Texas A&M University System

THE COLLEGE STATION-BRYAN BUSINESS-CYCLE INDEX

Figure 7 depicts the College Station-Bryan Business-Cycle Index. This month, the February estimate of the CSB Business-Cycle Index is 203, essentially the same as the revised January 2020 value. As noted previously, the economic variables that underlie the estimation of our Business-Cycle Index are reported with a lag. Three variables - the local unemployment rate, local nonfarm employment, and local taxable sales are reported monthly, but the most recent data available is from February. The fourth variable, aggregate wages, are reported quarterly and thus are further delayed.

FIGURE 7. COLLEGE STATION-BRYAN BUSINESS-CYCLE INDEX

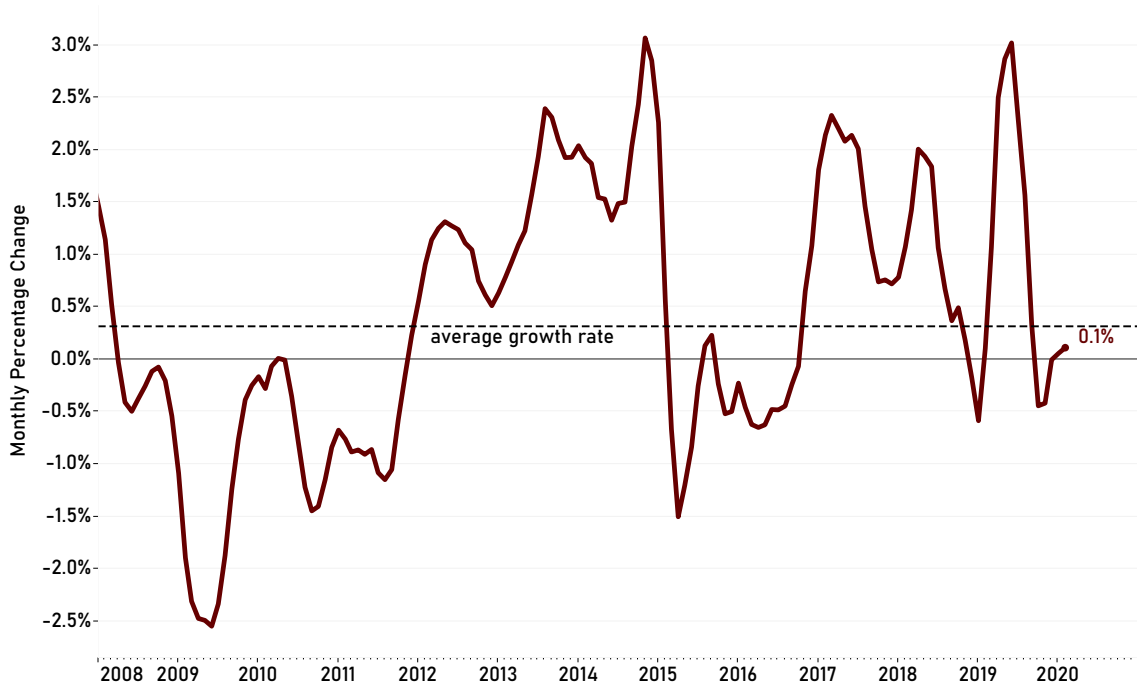


Last reported data point: February 2020 (monthly). Source: Private Enterprise Research Center.

THE COLLEGE STATION-BRYAN BUSINESS-CYCLE

With a very small increase in the most recent value of the economic index, the CSB Business-Cycle has been virtually flat between December and February. The most recent release of seasonally adjusted nonfarm employment numbers exhibited an increase of just 0.06% in the number of workers in CSB. The unemployment rate remained unchanged at 2.7%, and seasonally adjusted taxable sales slightly decreased, by 0.16% in the month of February.

FIGURE 8. COLLEGE STATION-BRYAN BUSINESS-CYCLE

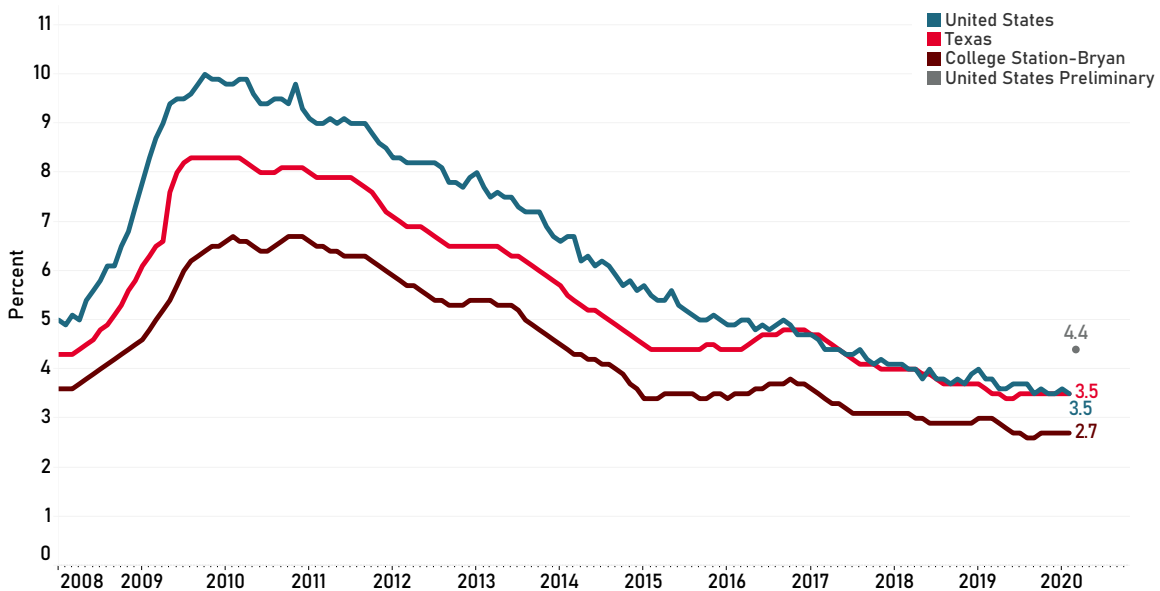


Month-to-month growth rates. Last reported data point: February 2020 (monthly). Source: Private Enterprise Research Center.

UNEMPLOYMENT RATE

Figure 9 depicts the unemployment rate in College Station-Bryan, along with the rate for Texas and the U.S. In February of 2020, the unemployment rate remained unchanged at 2.7% for CSB and 3.5% for the state of Texas. From January to February, the national unemployment rate decreased from 3.6% to 3.5%. However, a preliminary national unemployment rate for the month of March has been released and is depicted in Figure 9 as the gray mark at 4.4%. This preliminary estimate is almost a 1 percentage point increase in the U.S. unemployment rate from February to March. The March unemployment data release by the Bureau of Labor Statistics for local areas will be available on April 29, 2020.

FIGURE 9. UNEMPLOYMENT RATE



Seasonally adjusted. Last reported data point: February 2020 (monthly). Source: Bureau of Labor Statistics.

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; <https://www.rrc.state.tx.us/oil-gas/research-and-statistics/data-visualization/drilling-permits/>

Enplanements at Easterwood Airport

Texas A&M University System based on email request. Received April 13, 2020.

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 (inflation-adjusted) using the CPI-U.

Nonfarm Employment

Federal Reserve Bank of Dallas, Texas Workforce Commission, and Bureau of Labor Statistics, Total Nonfarm 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>

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.

Texas Traffic

Provided by Texas Department of Transportation based on email request. Received April 9, 2020.

Transportation Security Administration Traveler Throughput

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>

Unemployment Insurance Claims

United States Department of Labor, Office of Unemployment Insurance, Weekly Claims: https://oui.doleta.gov/unemploy/claims_arch.asp

Wages

Bureau of Labor Statistics, Total Quarterly Wages in College Station-Bryan, TX (MSA), retrieved from <https://www.bls.gov/cew/datatoc.htm>. Quarterly files by area. Seasonal Adjustment by Private Enterprise Research Center.

West Texas Intermediate

Business Insider; Markets Insider; Markets, Commodities, Price of Oil (West Texas Intermediate): <https://markets.businessinsider.com/commodities/oil-price?type=wti>

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



Founded in 1977 through the generosity of former students, corporations and foundations, the Private Enterprise Research Center pursues a dual mission of supporting academic research at Texas A&M University and developing market-oriented solutions to public policy problems.

979.845.7559 | perc.tamu.edu