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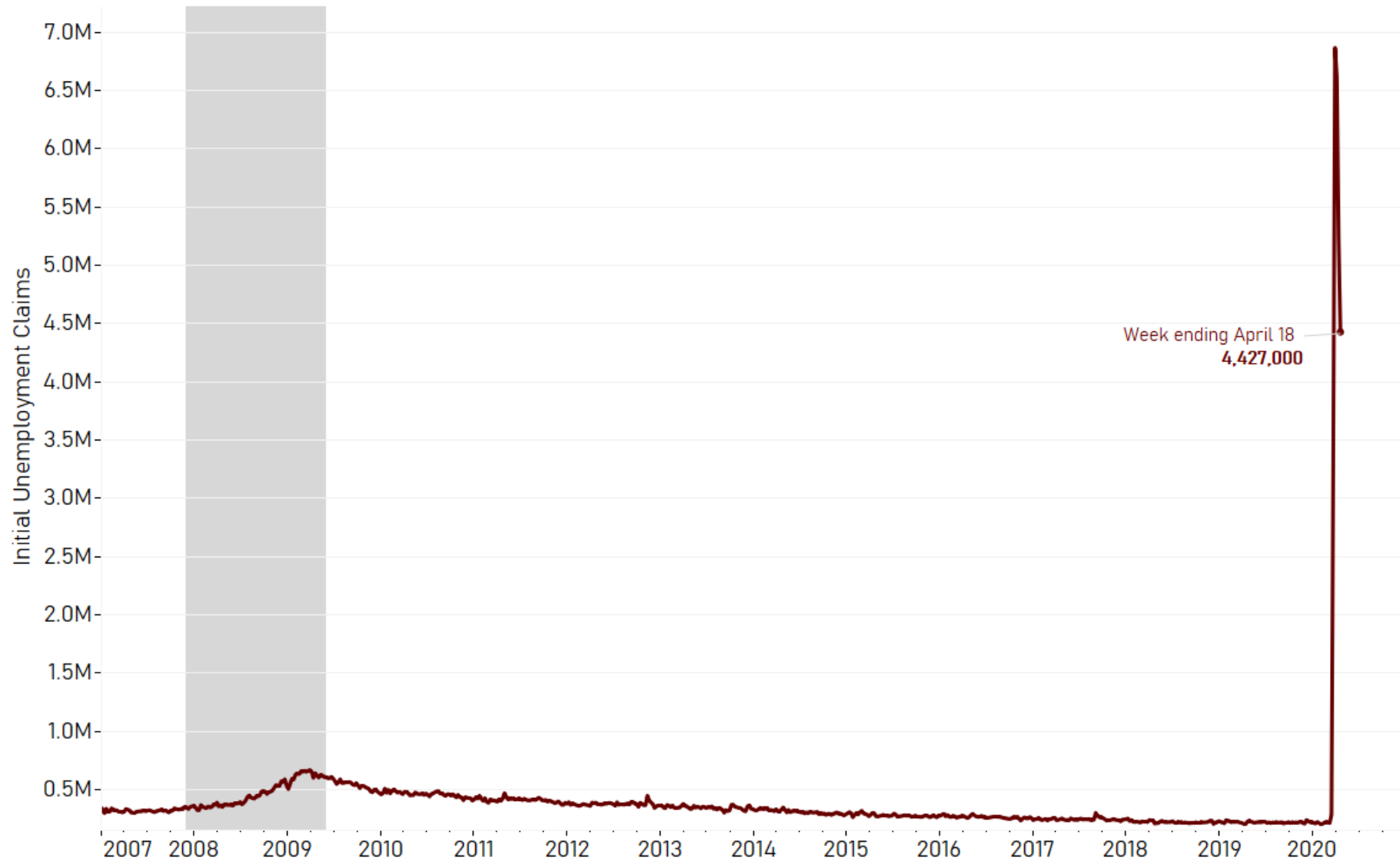
# Coronavirus and the Economy

A Presentation by the Private Enterprise  
Research Center at Texas A&M University

Dennis Jansen, Director, and Andy Rettenmaier, Executive Associate Director

Updated 4/23/2020

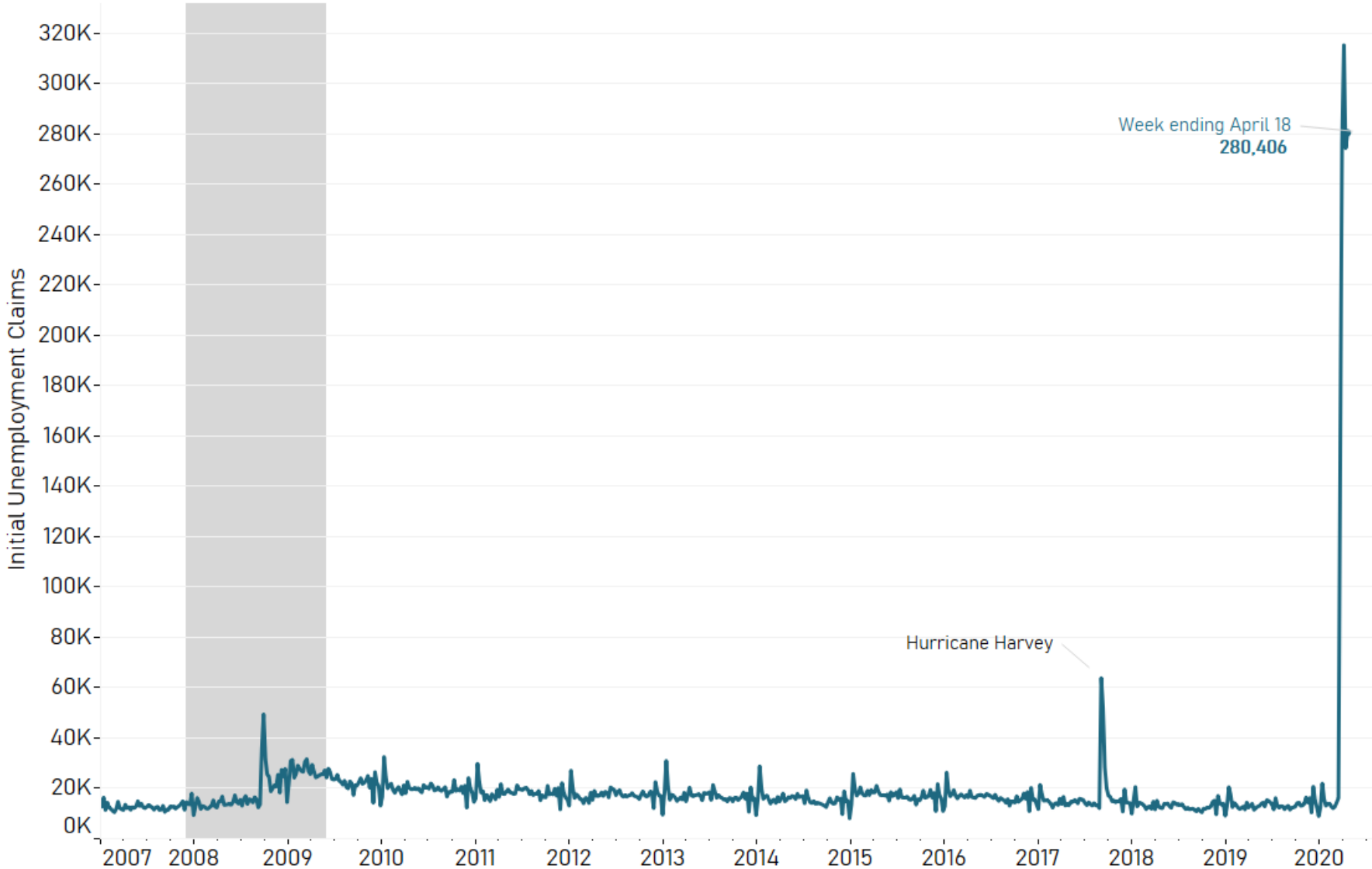
# Unemployment Insurance – Initial Claims in the U.S.



Seasonally Adjusted Initial Unemployment Claims. Last reported data point: 4/18/2020 (weekly). Source: U.S. Department of Labor



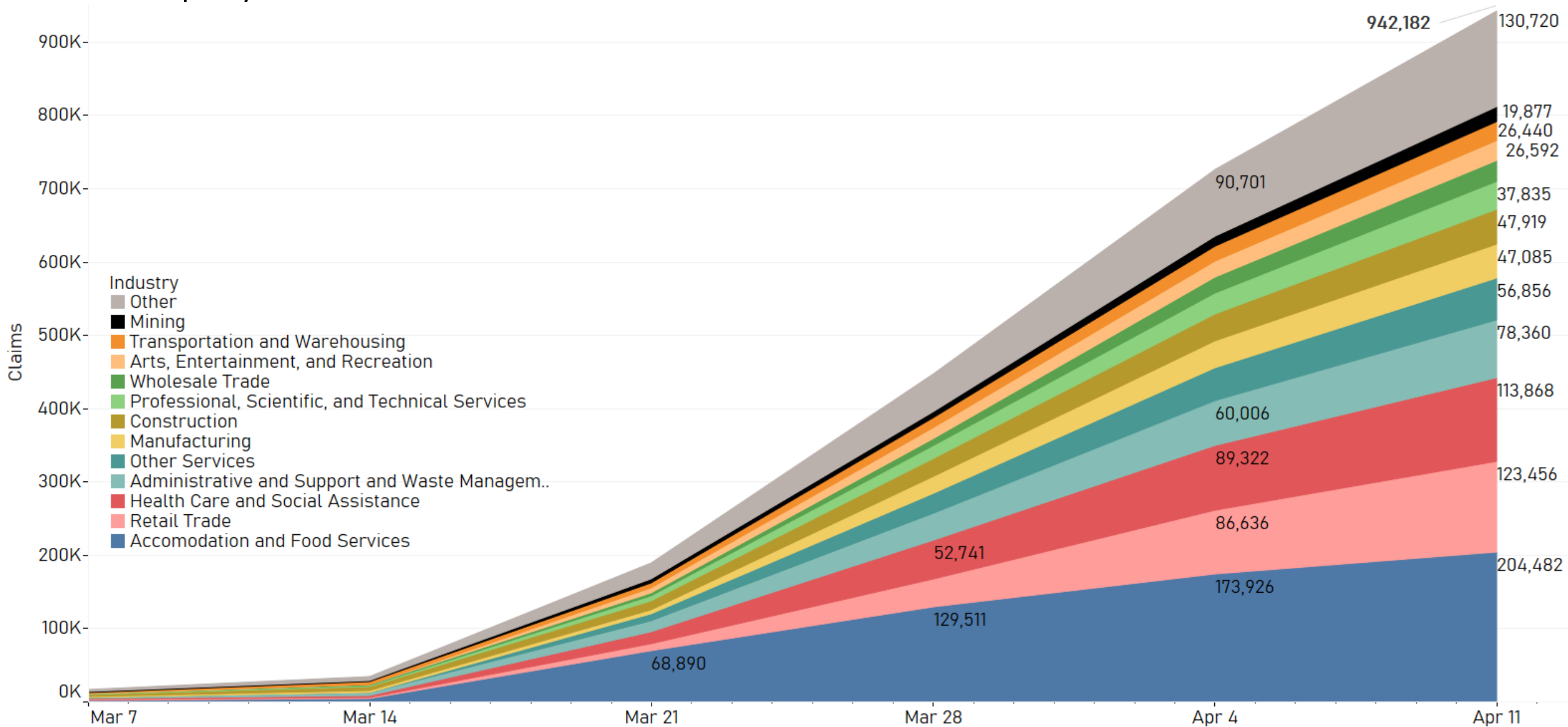
# Unemployment Insurance – Initial Claims in Texas



Seasonally Adjusted Initial Unemployment Claims. Last reported data point: 4/18/2020 (weekly). Source: U.S. Department of Labor



# Unemployment Insurance Claims in Texas - Cumulative



Source: Texas Workforce Commission



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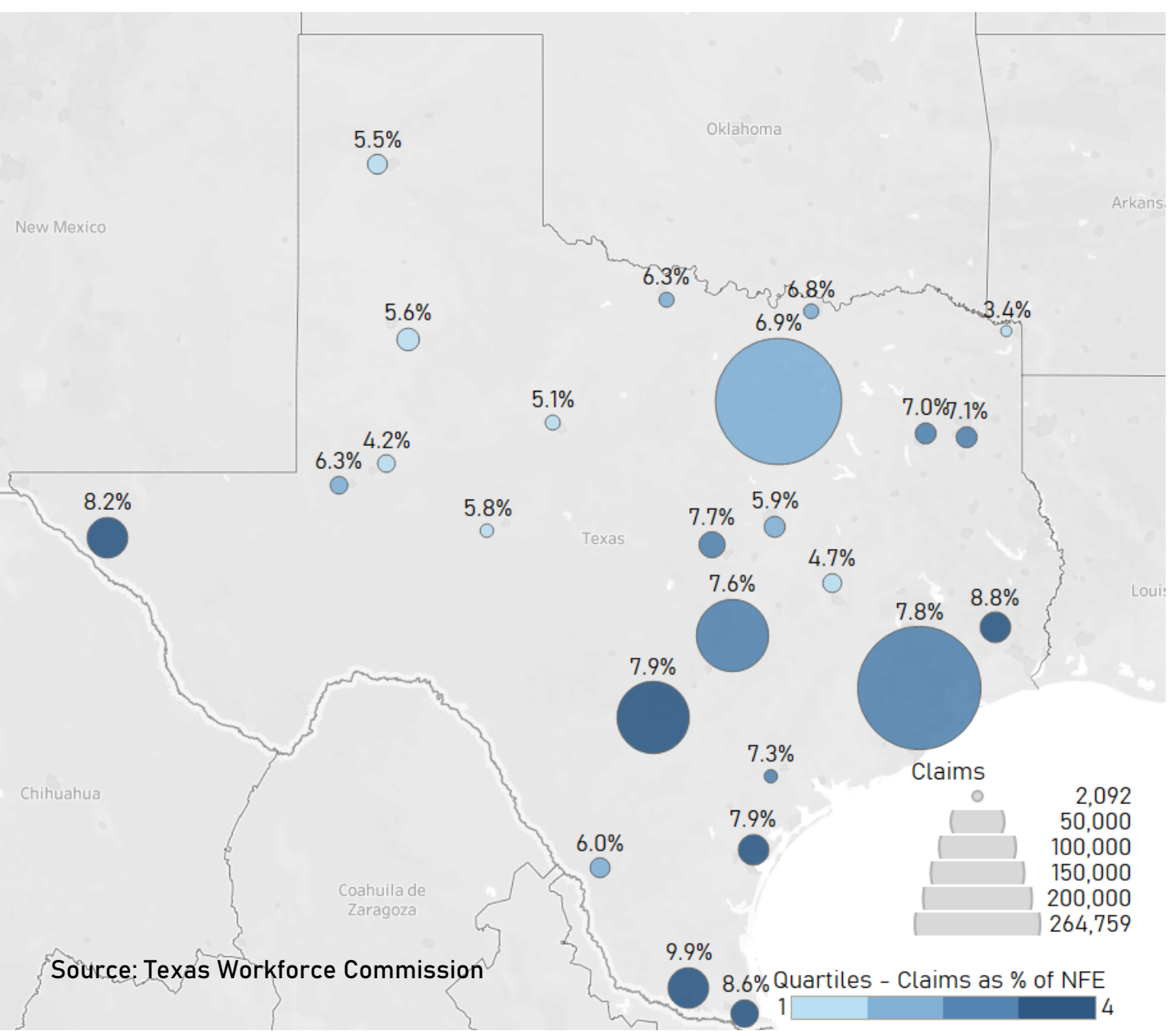
# Weekly Unemployment Insurance Claims by Industry

Industry	March 7, 2020	March 14, 2020	March 21, 2020	March 28, 2020	April 4, 2020	April 11, 2020	Six week total
Retail Trade	1,023	909	8,381	27,087	49,236	36,820	123,456
Accommodation and Food Services	1,425	2,556	64,909	60,621	44,415	30,556	204,482
Health Care and Social Assistance	996	905	13,939	36,901	36,581	24,546	113,868
N/A	801	775	5,032	10,855	18,586	23,748	59,797
Admin. Support, Waste Mgmt & Rem. Serv.	1,987	2,044	11,065	21,976	22,934	18,354	78,360
Other Services	438	472	8,279	18,520	17,736	11,411	56,856
Manufacturing	939	966	3,822	16,610	13,742	11,006	47,085
Construction	2,757	2,619	6,909	12,956	12,707	9,971	47,919
Professional, Scientific, & Tech. Serv.	1,100	1,078	5,059	9,669	11,545	9,384	37,835
Wholesale Trade	577	604	2,499	6,852	10,620	7,540	28,692
Transportation and Warehousing	1,392	1,986	3,526	5,560	7,247	6,729	26,440
Educational Services	188	259	4,073	6,404	6,591	5,536	23,051
Mining	609	986	2,995	4,306	5,481	5,500	19,877
Arts, Entertainment, and Recreation	79	214	6,783	7,838	6,853	4,825	26,592
Real Estate Rental and Leasing	321	355	2,405	4,757	5,122	4,099	17,059
Information	233	296	3,638	3,507	3,094	2,352	13,120
Finance and Insurance	500	402	1,114	1,824	2,699	2,069	8,608
Management of Companies and Enterprises	108	138	708	1,448	1,364	1,062	4,828
Public Administration	126	124	437	669	836	822	3,014
Agriculture, Forestry, Fishing and Hunting	66	44	74	138	196	218	736
Utilities	51	41	64	109	129	113	507
	<b>15,716</b>	<b>17,773</b>	<b>155,711</b>	<b>258,607</b>	<b>277,714</b>	<b>216,661</b>	<b>942,182</b>

Source: Texas Workforce Commission



# Cumulative UI Claims and UI Claims as a Percentage of Nonfarm Employment by Metro Area in Texas



The size of the circle is proportional to the total number of UI Claims for the six weeks March 7 – April 11, 2020

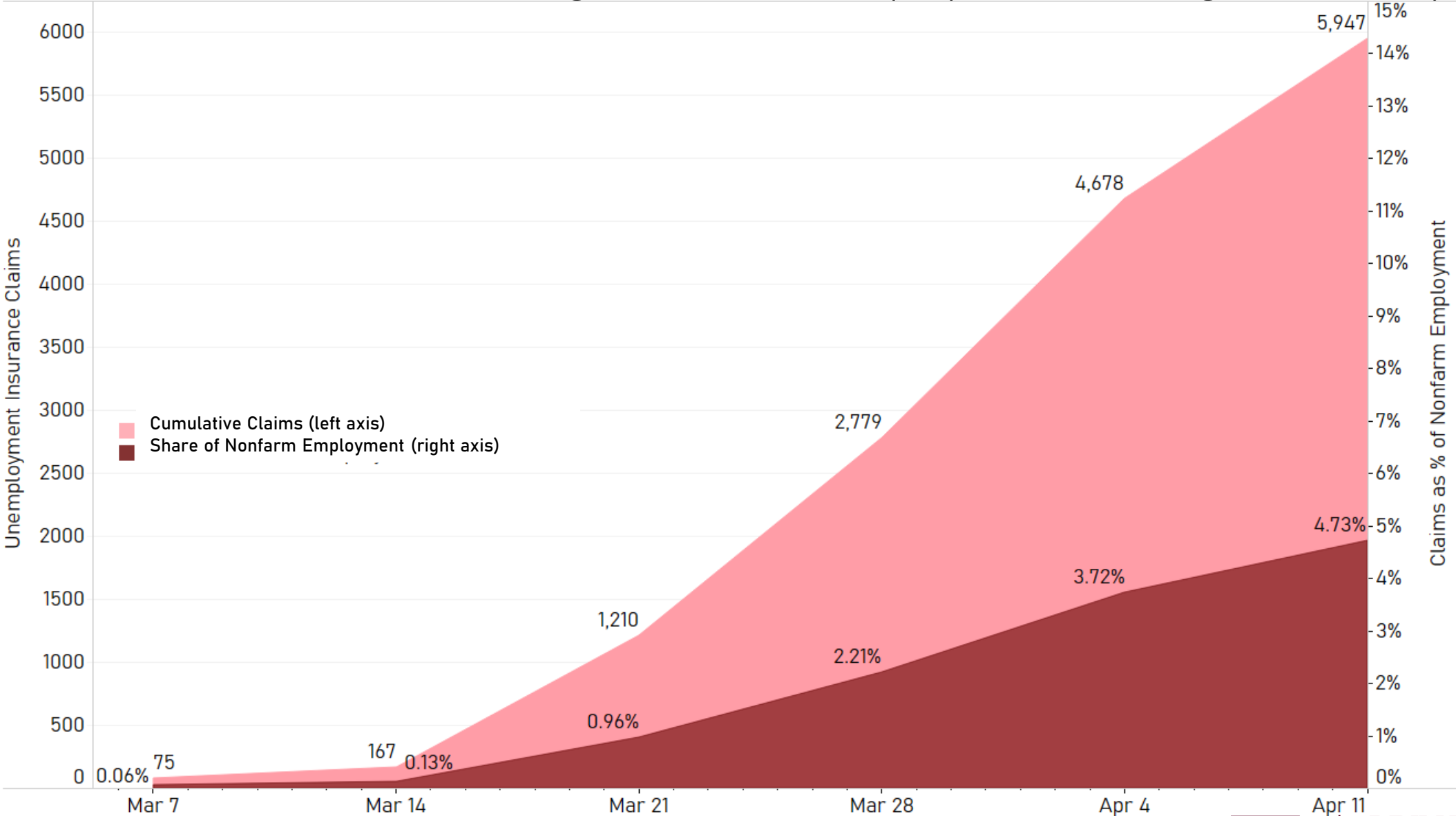
The percentages reflect the total UI claims as a Percentage of Nonfarm Employment

Total UI Claims as a Percentage of February's Nonfarm Employment in Texas is 7.2%

Source: Texas Workforce Commission



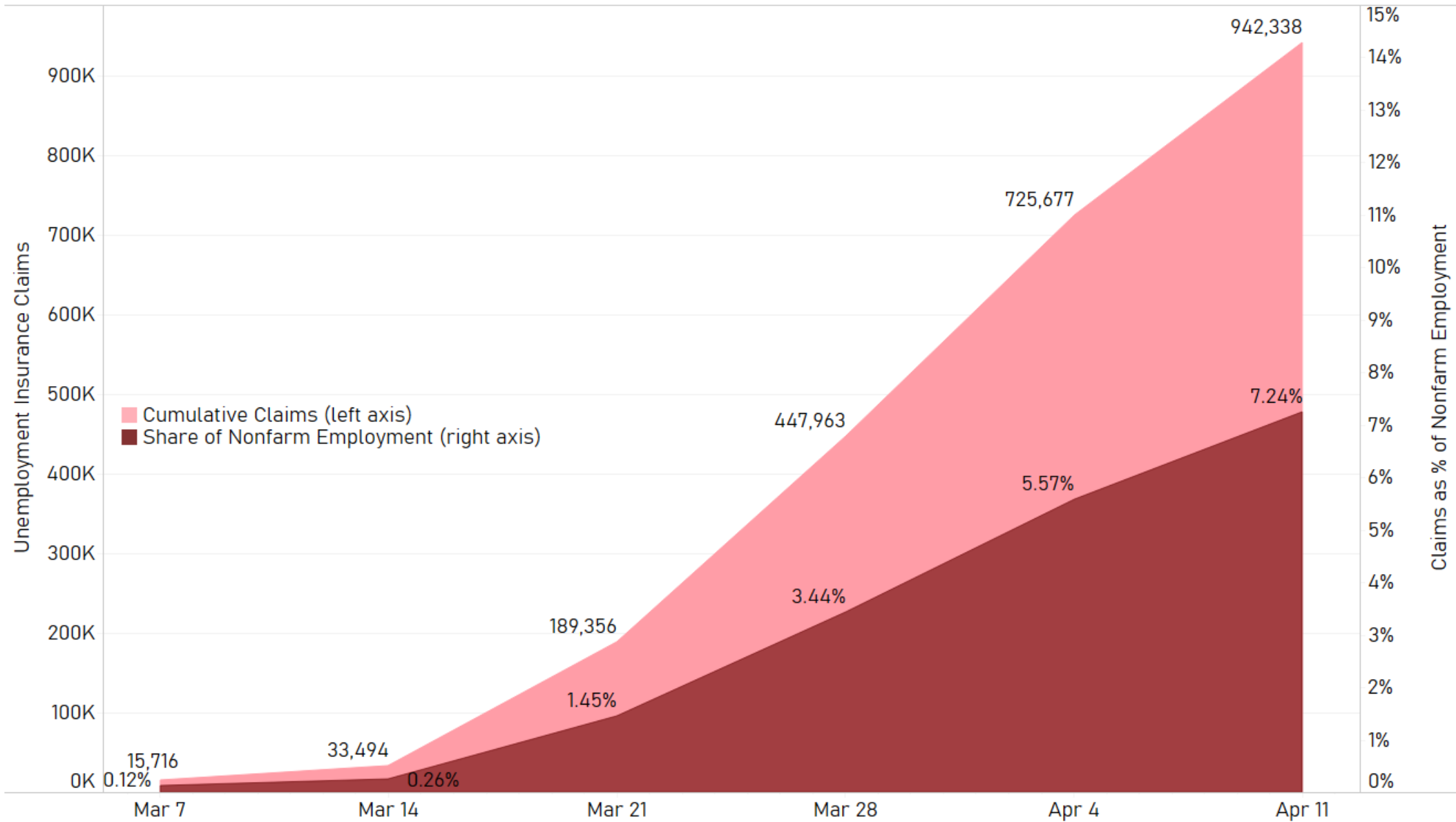
# Cumulative Claims and Percentage of Nonfarm Employment in College Station-Bryan



Source: Texas Workforce Commission



# Cumulative Claims and Proportion of Nonfarm Employment in Texas



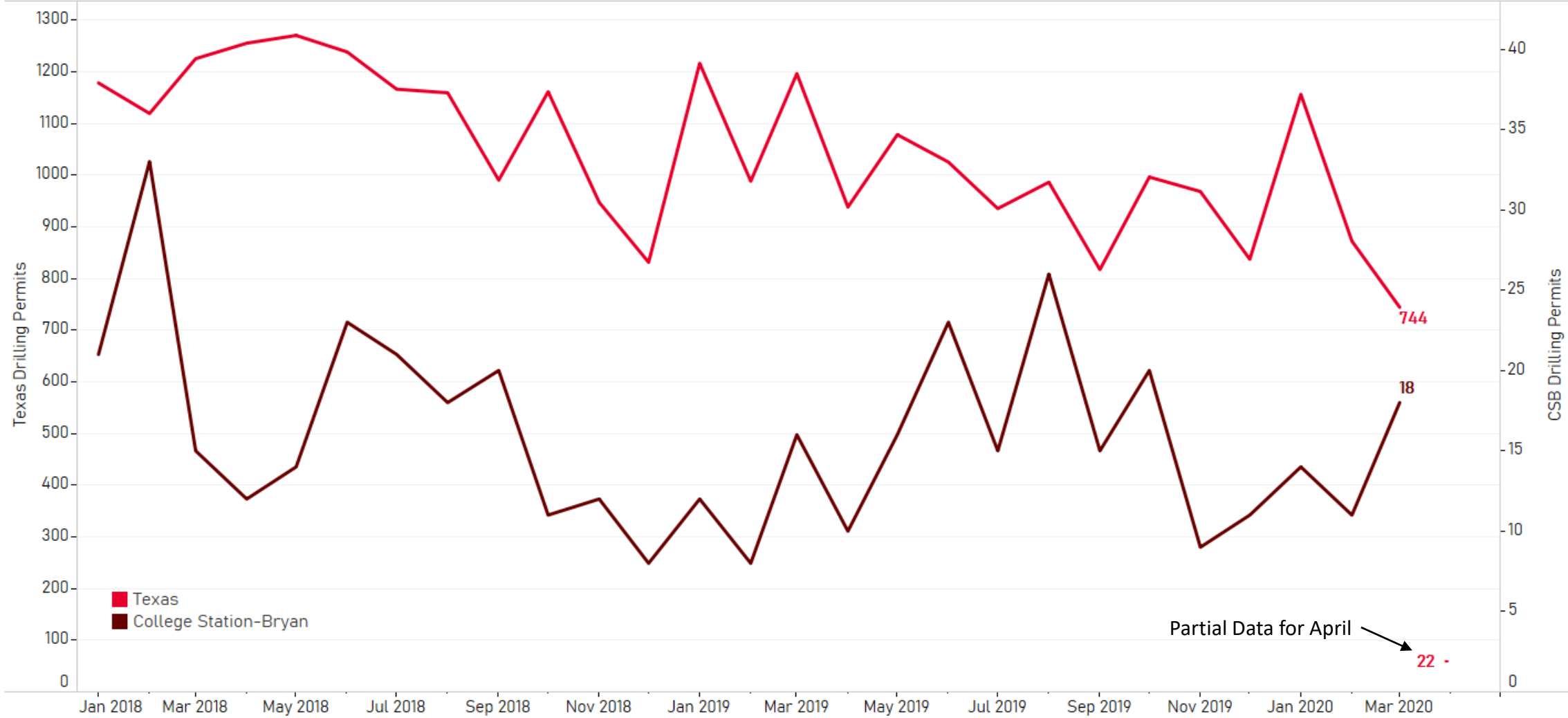
Source: Texas Workforce Commission



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# Total Approved Drilling Permits in Texas and College Station-Bryan

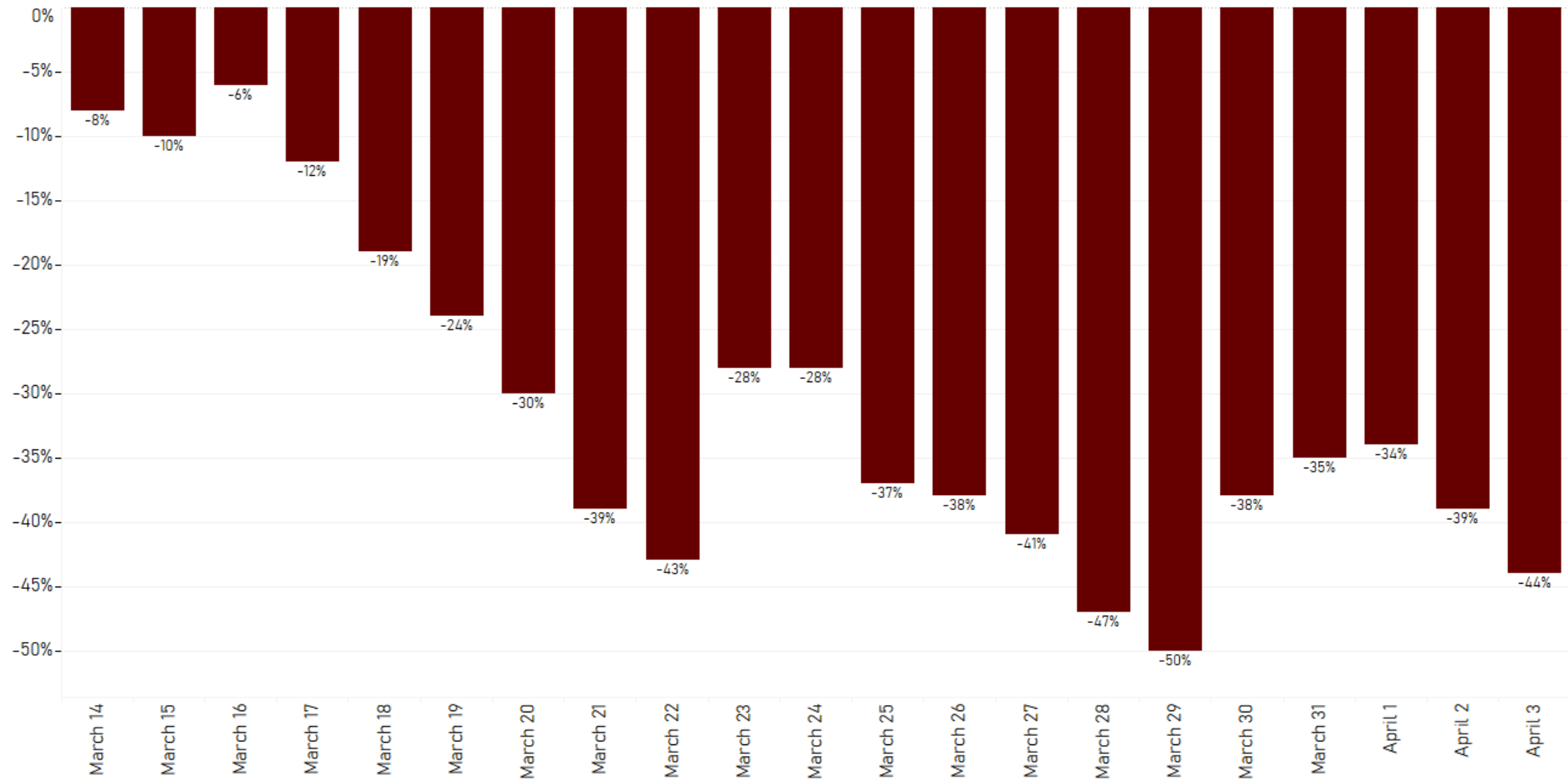


Source: The Railroad Commission of Texas



# Decline in Daily Traffic in Texas

Percent decrease relative to the week of Saturday, Feb 22 to Friday, Feb 28

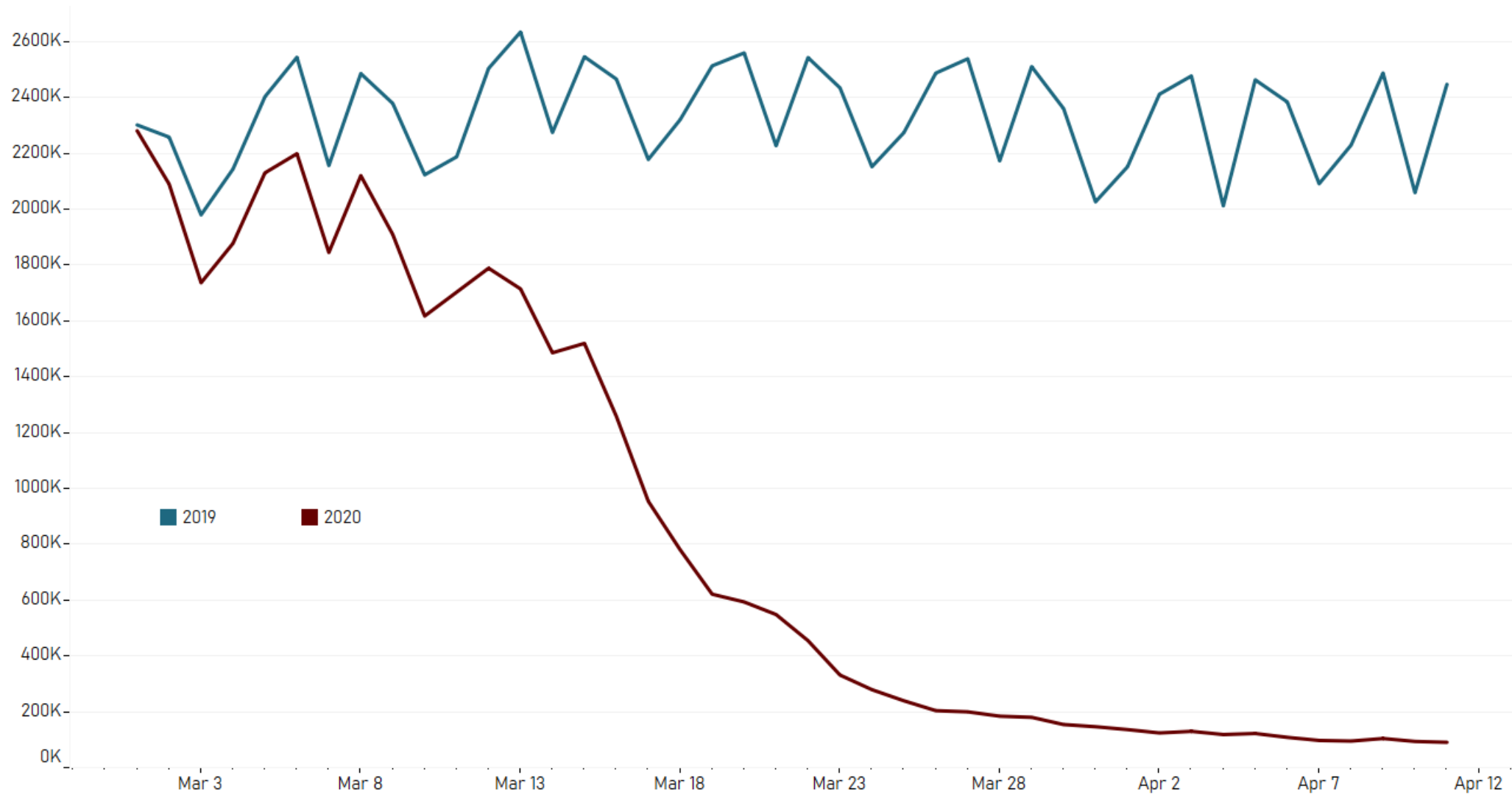


Source: Texas Department of Transportation

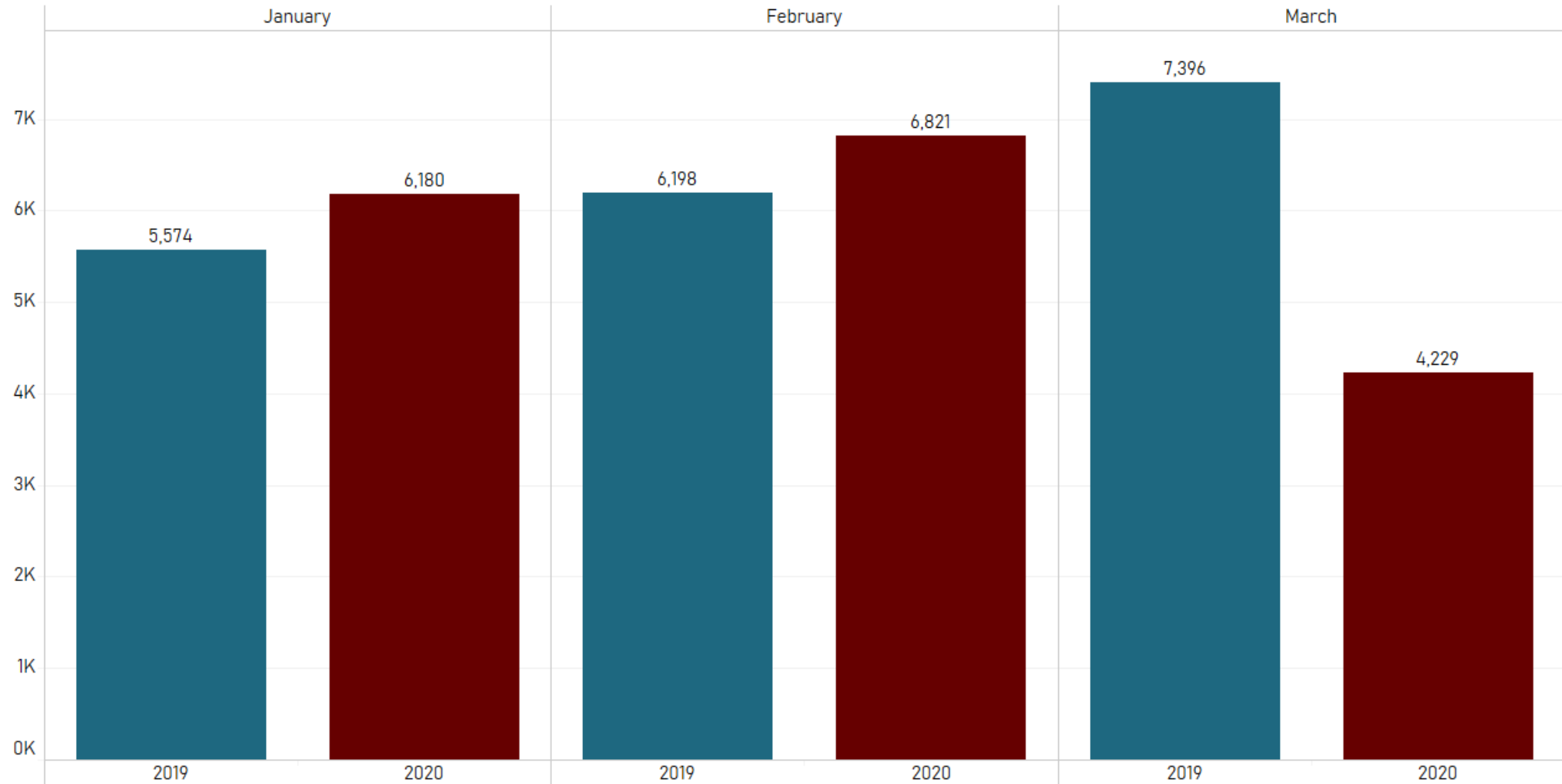


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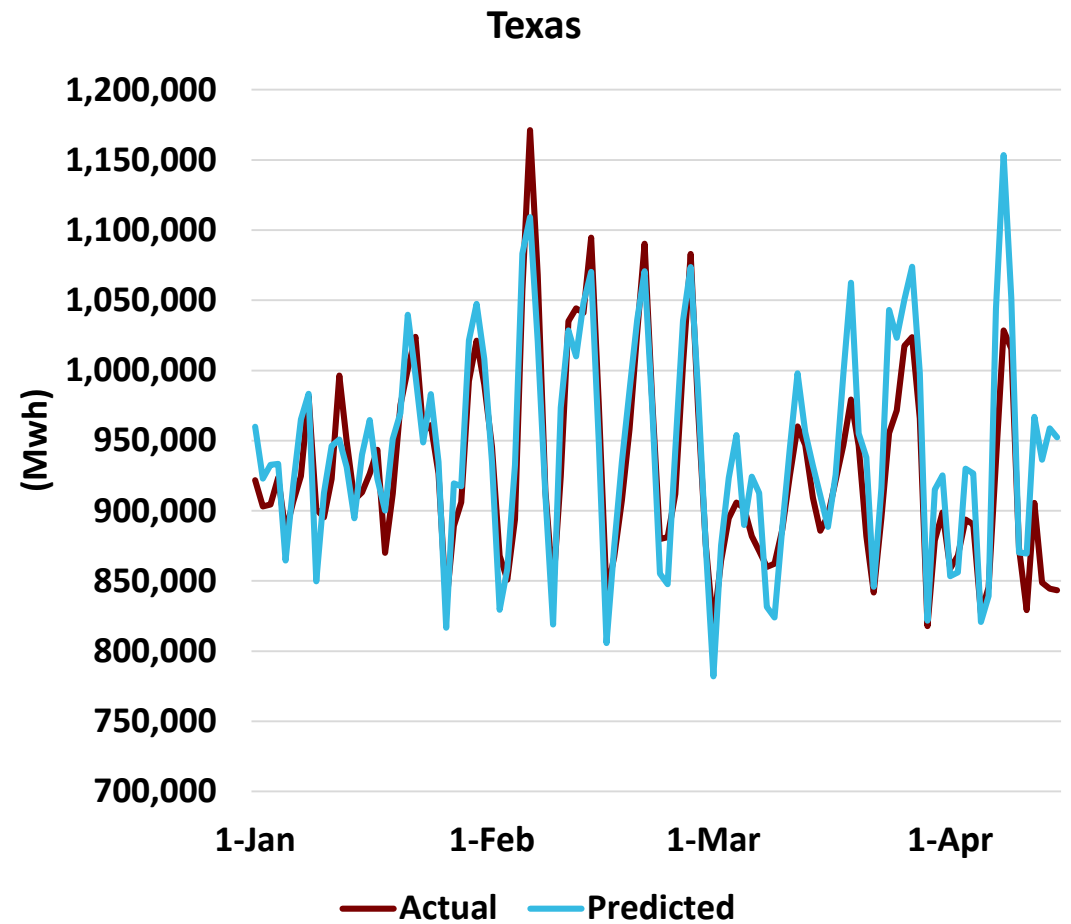
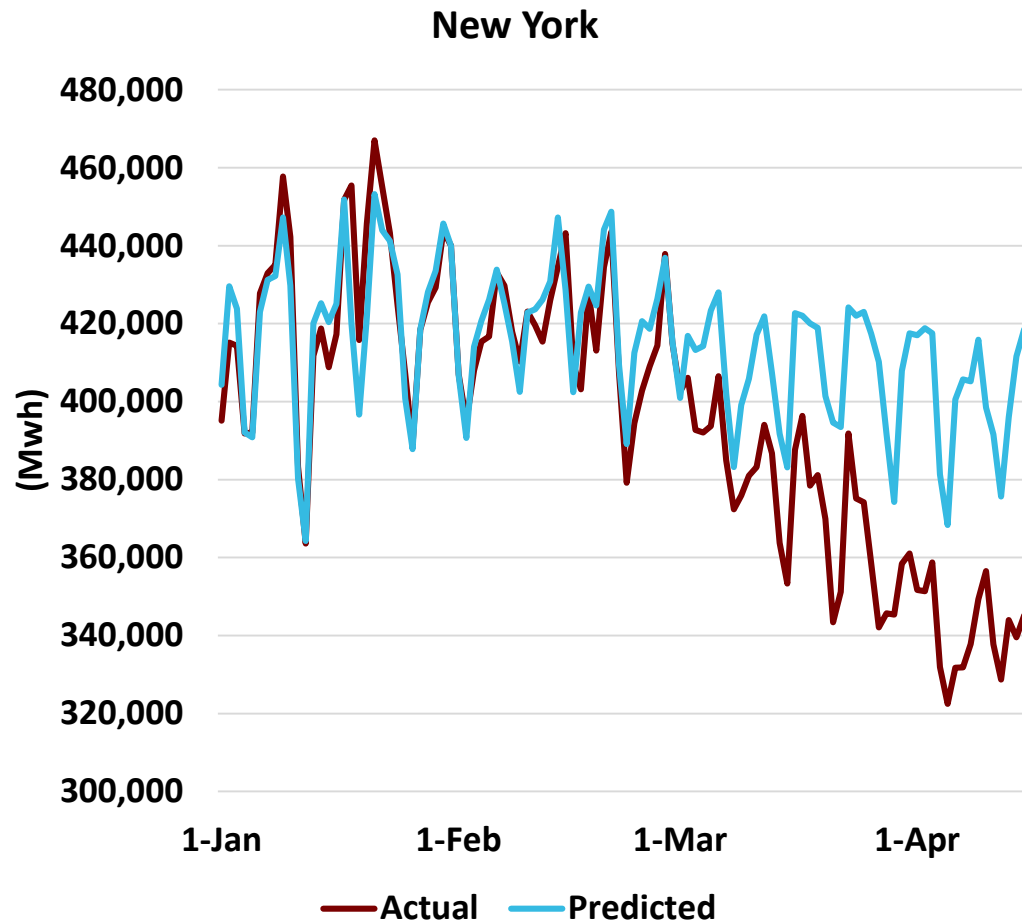
# TSA Traveler Throughout 2019 vs 2020



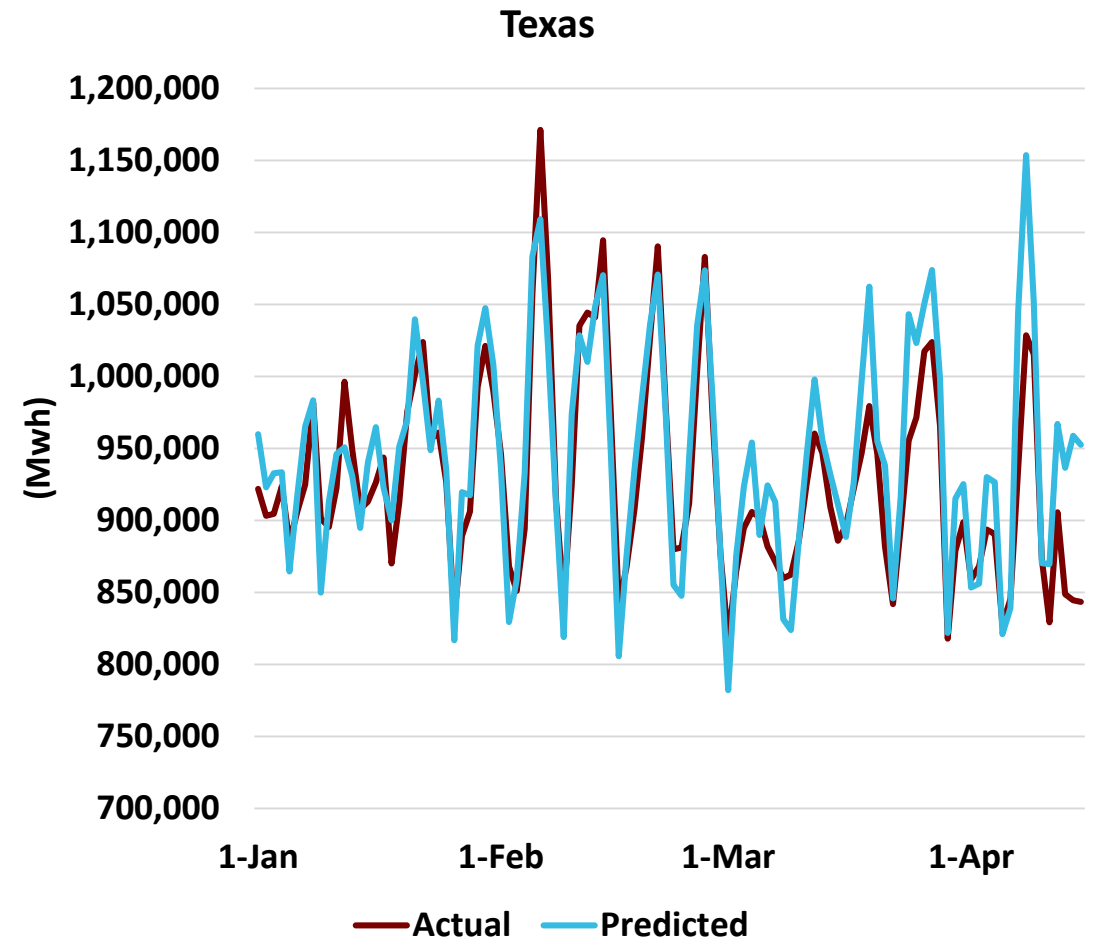
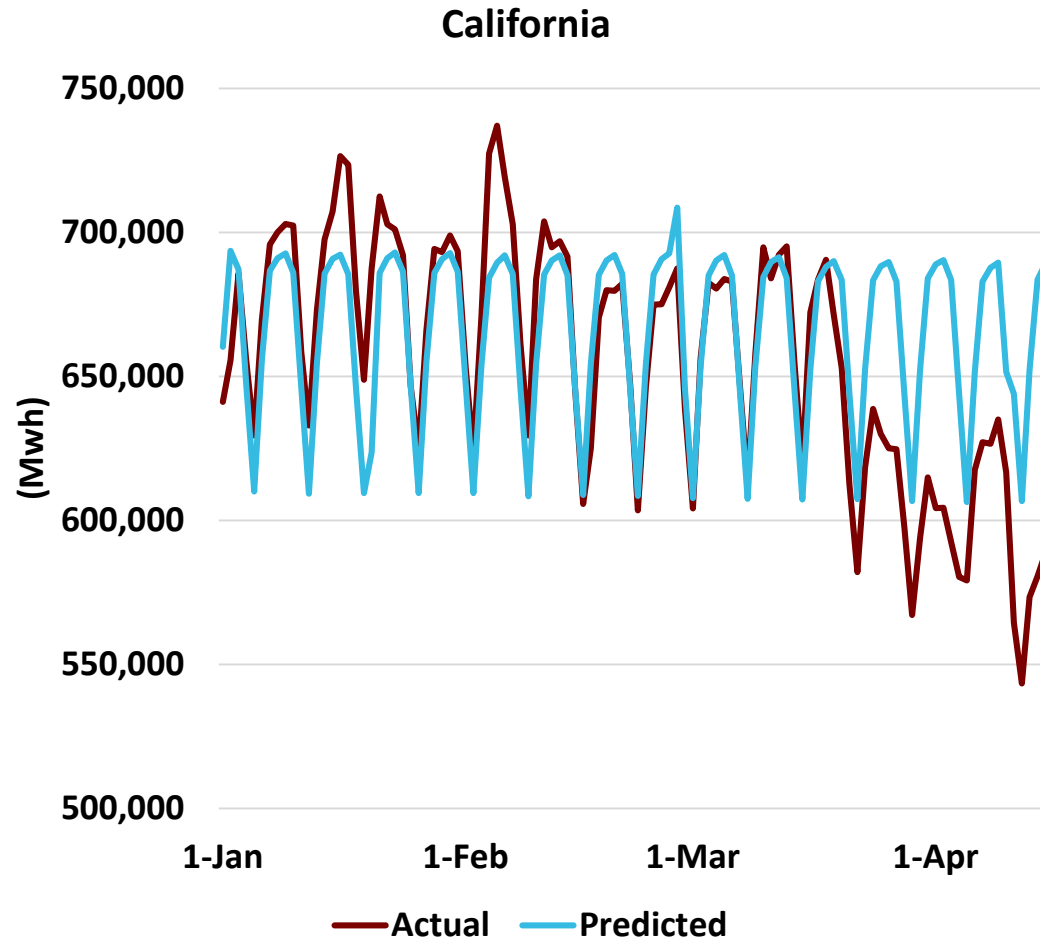
# Enplanements at Easterwood Airport January-March in 2019 and 2020



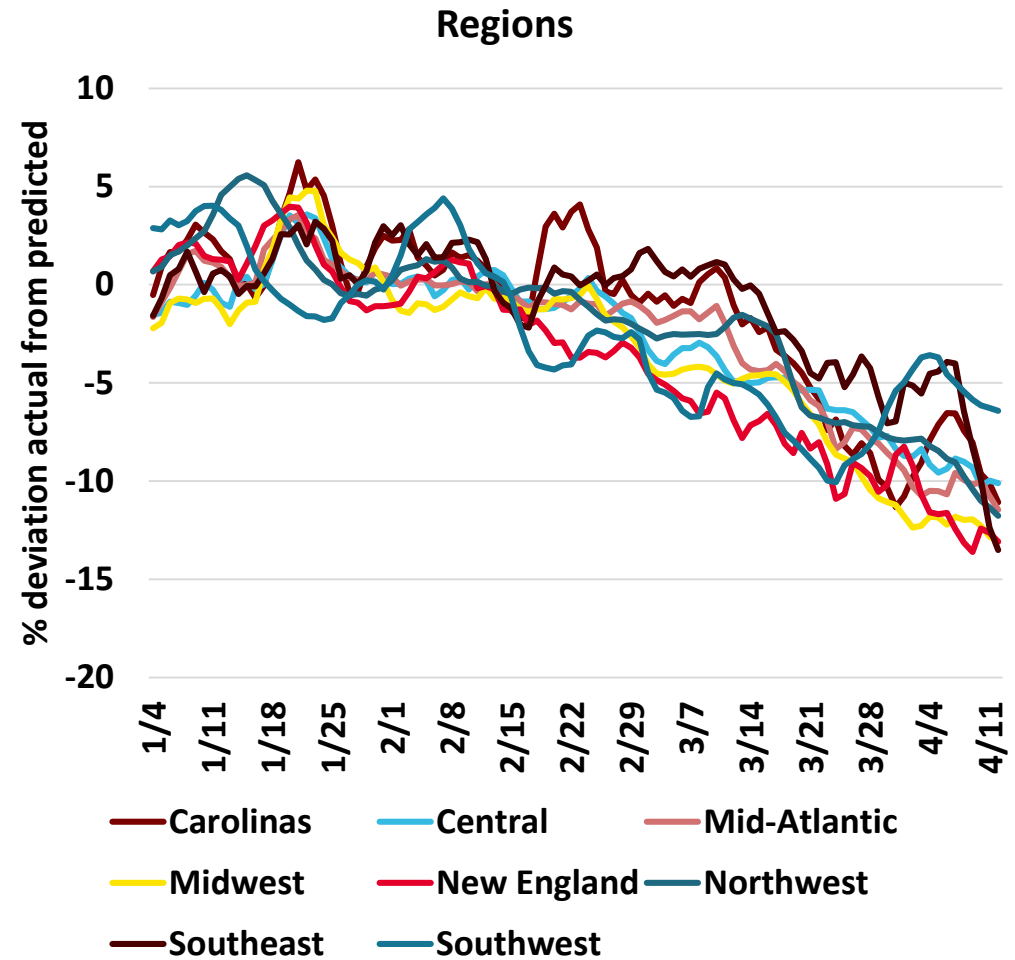
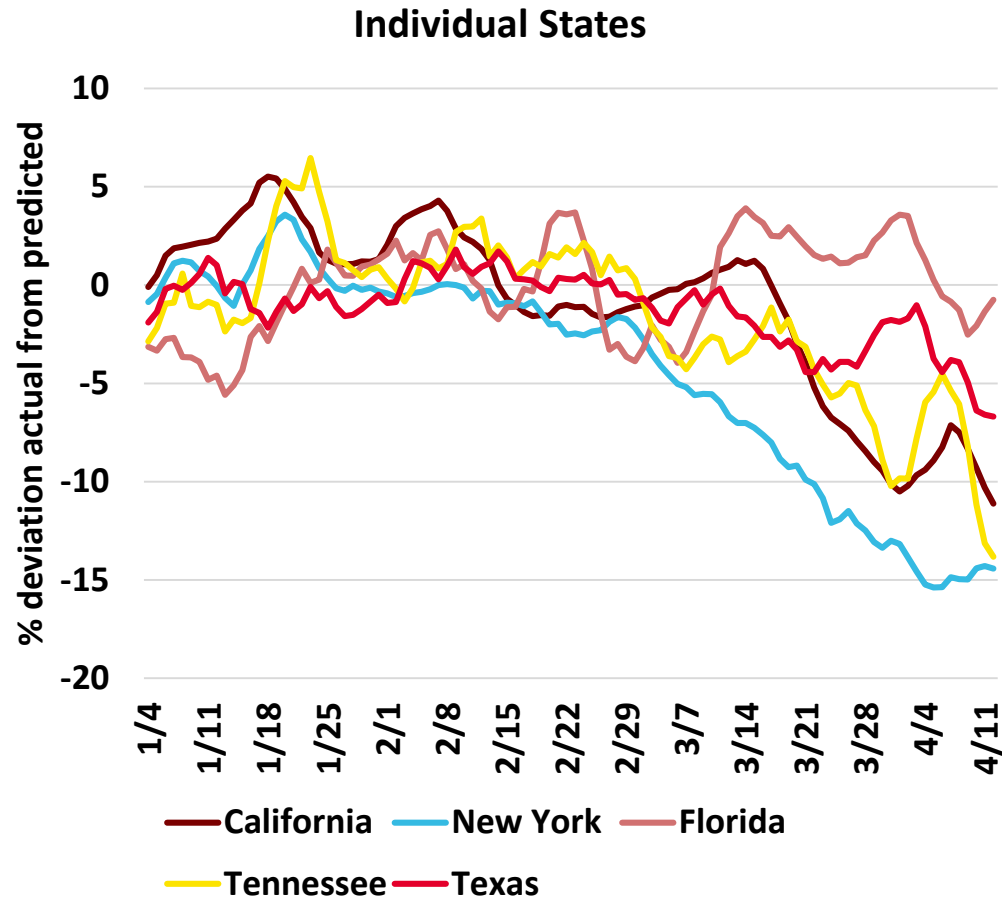
# Actual and Predicted Energy Use in New York and in Texas



# Actual and Predicted Energy Use in California and in Texas



# Percent Deviation Between Actual and Predicted Energy Use by States and Regions

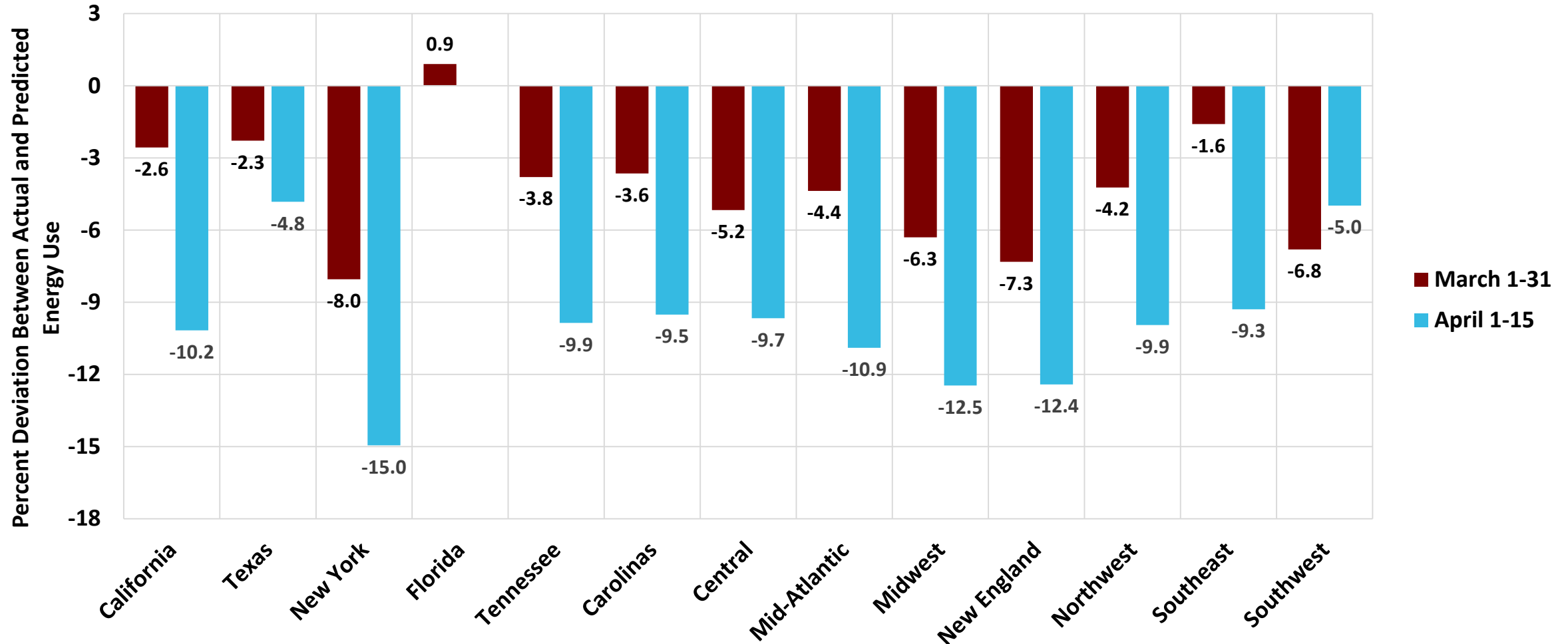


Note: 7-day moving average.



# Estimate of How Much Actual Energy Use Has Declined Relative to Expected Energy Use

March and the first two weeks of April





# IMF Projections

Country	2019	2020 Projection April (January)	2021 Projections April (January)
USA	+2.3%	-5.9% (+2.0%)	+4.7% (+1.7%)
Euro Area	+1.2%	-7.5% (+1.3%)	+4.7% (+1.4%)
Japan	+0.7%	-5.2% (+0.7%)	+3.0% (+0.5%)
UK	+1.4%	-6.5% (+1.4%)	+4.0% (+1.5%)
Canada	+1.6%	-6.2% (+1.8%)	+4.2% (+1.8%)
China	+6.1%	+1.2% (+6.0%)	+9.2% (+5.8%)
India	+4.2%	+1.9% (+5.8%)	+7.4% (+6.5%)
Mexico	-0.1%	-6.6% (1.0%)	+3.0% (+1.6%)



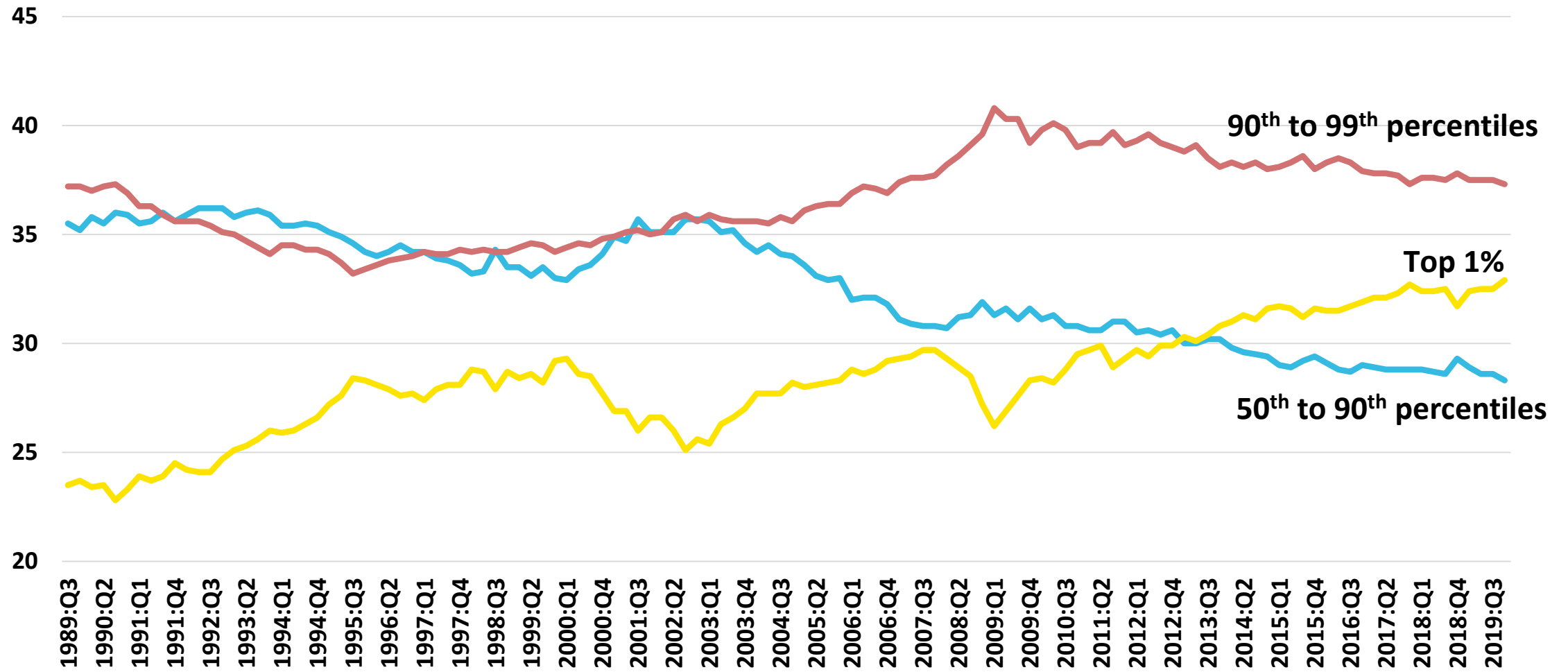
# Household Savings

## Households

- The median American household held about \$12,330 worth of savings in bank accounts and retirement savings accounts as of June 2019.
- 29% of households have less than \$1,000 in savings.



# Percentage of Total Household Net Worth by Wealth Percentiles



Source: Federal Reserve, Distributional Financial Accounts



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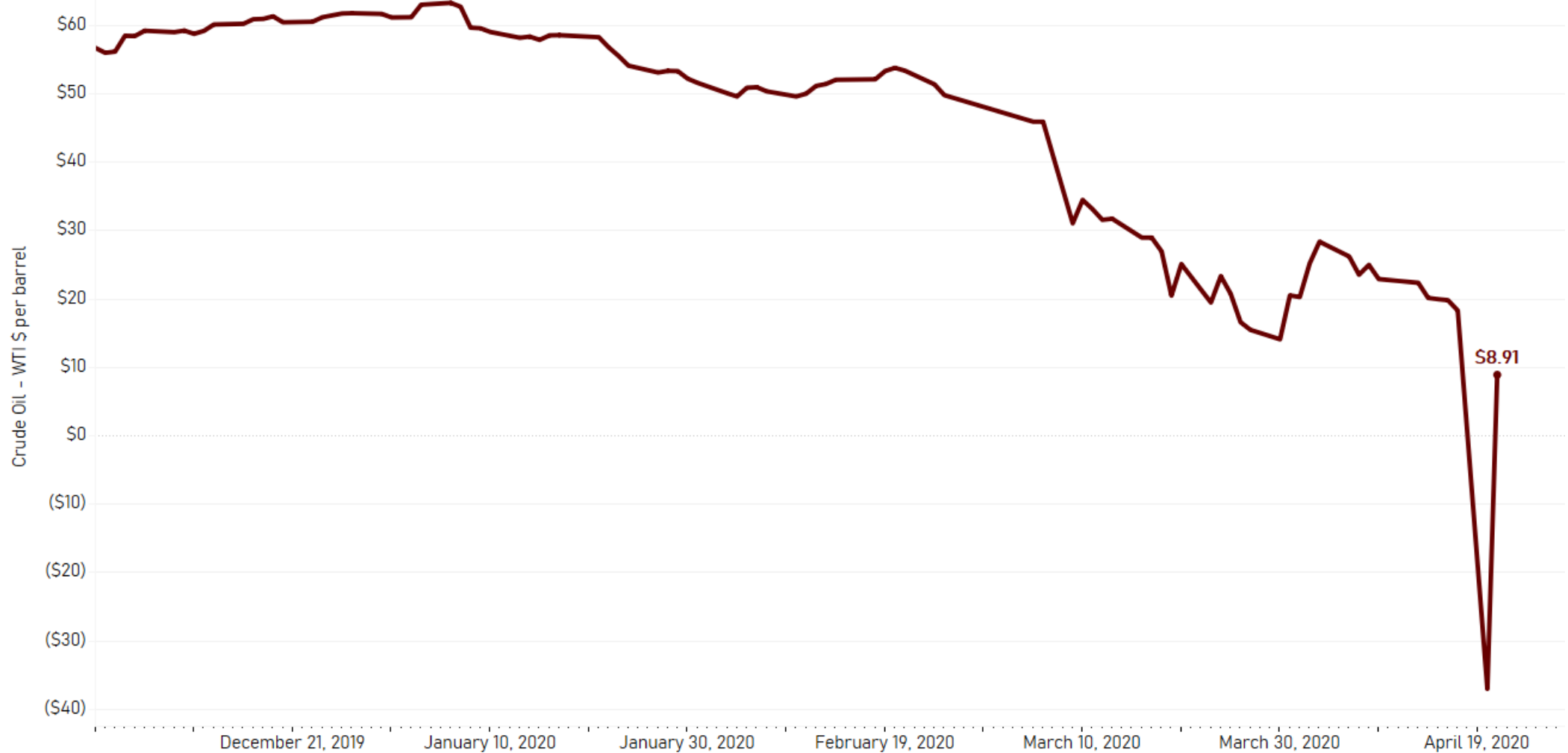
# S&P 500



S&P Dow Jones Indices LLC, S&P 500 [SP500], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/SP500>, April 21, 2020. Last reported data point: April 21, 2020 (daily).



# Oil Prices



U.S. Energy Information Administration, Crude Oil Prices: West Texas Intermediate (WTI) - Cushing, Oklahoma [DCOILWTICO], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/DCOILWTICO>, April 22, 2020. Last reported data point: April 21, 2020 (daily).



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# Mining, Oil and Gas Production

## Share of All Wage Payments

- College Station - Bryan MSA (3 county area): 4.8%
- Texas statewide: 5.6%

## Share of GDP

- College Station–Bryan MSA: 14%
- Texas: 13%

## Share of Employment

- College Station – Bryan MSA: 2.3%



# Impact on State Budget

- Oil Production Tax is 4.5% of Value of Oil Production (with some exceptions)
- Total last year was \$3.9 billion, 7.7% of all taxes (\$50.2 billion)
- This year was running at 8.2% of all taxes
- A fall in oil prices from \$55 to \$20 is a 63% reduction in the value of oil production, a 5% cut in tax collections. A fall in oil prices to \$10 is a 72% reduction in the value of oil production, almost a 6% cut in tax collections
- This is far from the only event leading to a decline in state revenue



# State Budget Scenario

- FY 2020 (September 2019 – August 2020)
- September – February: Tax collections up 5.5% over FY 2019
- March: Tax collections down 3.7% over March 2019
- April – August: Tax collections will decline by ??
  - Sales tax collections: retail sales are down, especially taxable sales.
  - Motor Vehicle Sales tax collections: auto sales are down over 30%.
  - Motor Fuel tax collections: driving miles are down by 40%.
  - Oil Production tax collections: oil price down by more than 60%.
  - Hotel Occupancy tax collections: hotel occupancy down precipitously.
- State tax revenue could fall by 10 – 15% relative to last year for each month we are experiencing the current economic decline due to the Covid-19 pandemic





# Preliminary Indications and Planning

- “KBTX has learned the health department, along with all other city and county departments in Bryan, College Station and Brazos County, are being asked to draft budgets for the next fiscal year that would include a possible ten percent reduction.”
- One TAMU College is telling department heads they are expecting a 7.5% budget cut for the coming academic year.
- Texas Comptroller Glenn Hegar is telling communities around the state to brace for the impact of less sales tax collection and distribution tied to the coronavirus emergency. Taxes distributed in April were collected in February and thus do not reflect the major impact the coronavirus pandemic. Hegar expects May’s allocations to drop substantially, and expects June’s numbers to be even worse.



# When will the official unemployment rate data become available?

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Calendar Month	National Data	State Data	City Data
March 2020	April 03	April 17	April 29
April 2020	May 08	May 22	June 03

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