PRIVATE ENTERPRISE
RESEARCH CENTER
TEXAS A&M UNIVERSITY

ECONOMIC INDICATORS
OF THE COLLEGE STATION-BRYAN MSA

NOVEMBER 2020

HIGHLIGHTS

- The Business-Cycle Index decreased by 3.2% from August to September after four continuous months of positive growth.
- The local unemployment rate jumped to 5.6% in September from 4.3% in August, but remained the second lowest rate among Texas metros.
- Local nonfarm employment and taxable sales declined between August and September.
- Local nonfarm employment in September was 98.2% of February's pre-COVID employment level.
- Locally, 192 unemployment claims were filed during the week ending on October 31, the lowest weekly total since the week ending on March 14.
- Local employment in the Leisure and Hospitality industry was down 7.2% from February's employment level.
- Local air travel increased between September and October and stood at 51% of air travel in October 2019.
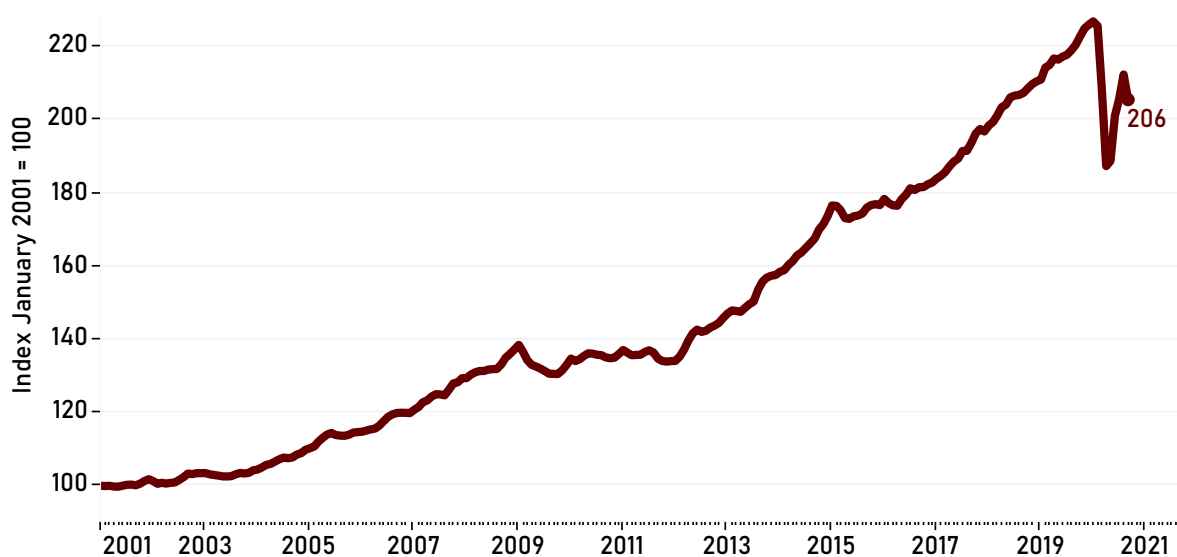
RETURN TO PRE-COVID FORMAT

This month, Economic Indicators returns to its pre-COVID format with the Business-Cycle Index, the Business-Cycle, and the unemployment rate presented at the front of the document, followed by the focus section on the local economy.

THE COLLEGE STATION-BRYAN BUSINESS-CYCLE INDEX

After four months of steady economic growth since April, the College Station-Bryan Business-Cycle Index declined in September, as seen in Figure 1. The decline was due to an increase in the unemployment rate and to declines in both nonfarm employment and inflation-adjusted taxable sales. The August-to-September decline indicates an interruption in the local economy's recovery. The index in September was 9.4% lower than its January peak, indicating that we have a long way to go in order to reach full recovery from the recession.

FIGURE 1. COLLEGE STATION-BRYAN BUSINESS-CYCLE INDEX

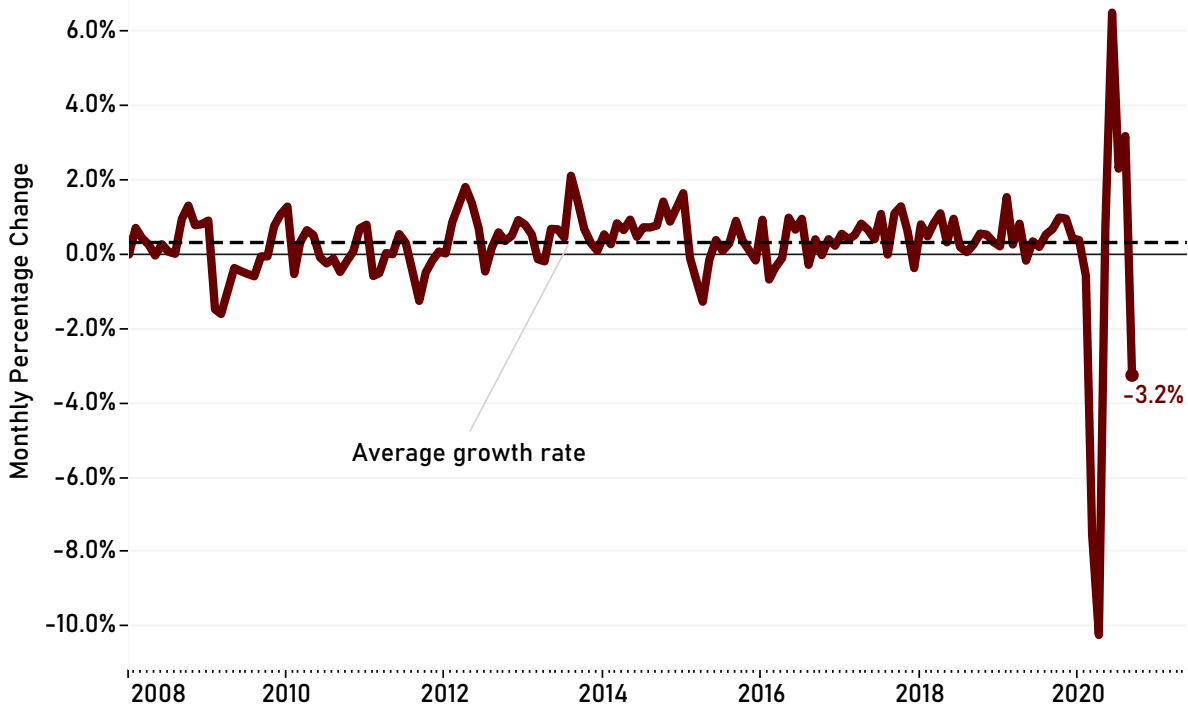Last reported data point: September 2020 (monthly). Source: Private Enterprise Research Center.

THE COLLEGE STATION-BRYAN BUSINESS-CYCLE

The CSB Business-Cycle decreased 3.2% between August and September. This decrease negated the previous month's gain. The local unemployment rate increased from 4.3% in August to 5.6% in September. Nonfarm employment declined 0.7% from 123,900 workers in August to 122,900 in September. The third monthly indicator used in estimating the business-cycle, inflation adjusted taxable sales, declined 3.5% between August and September. Together, these three variables account for the September downturn - each indicate a step backward on the road to recovery. The fourth variable used in our model, quarterly aggregate wages, did not change this month and will be updated on December 2, 2020.

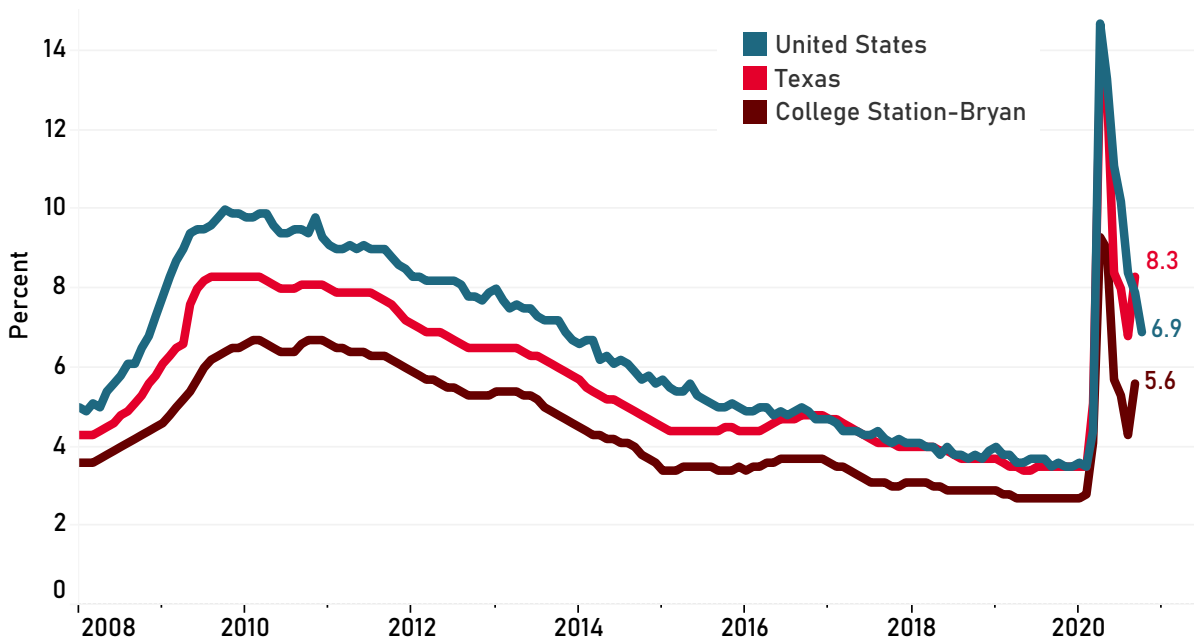**FIGURE 2. COLLEGE STATION-BRYAN BUSINESS-CYCLE**

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

UNEMPLOYMENT RATE

Figure 3 shows the unemployment rates for College Station-Bryan, Texas, and the U.S. from January 2008 to September 2020. The unemployment rate in College Station-Bryan and in Texas both rose between August and September. As mentioned, the local unemployment rate rose to 5.6% in September from 4.3% in August. The state rate rose from 6.8% in August to 8.3% in September. In contrast, the national rate declined in September to 7.9% from 8.4% in August, and the October rate declined to 6.9%. The state and metropolitan area unemployment rates for October will be released by the Bureau of Labor Statistics on November 20 and December 3, respectively.

FIGURE 3. UNEMPLOYMENT RATE

Seasonally adjusted. Last reported data point: September 2020 for College Station-Bryan and Texas, October 2020 for the U.S. Source: Bureau of Labor Statistics.
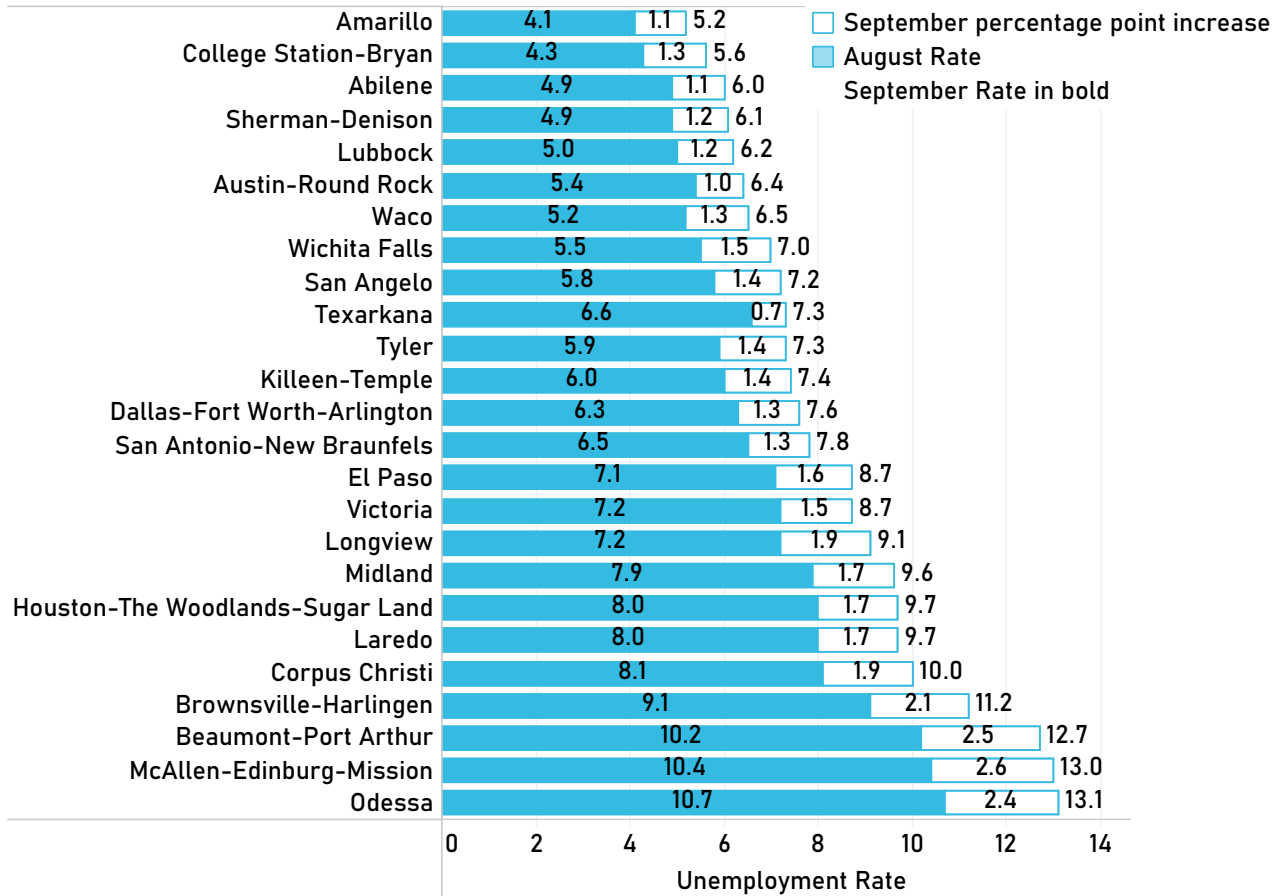
FOCUS ON THE COLLEGE STATION-BRYAN MSA

This month we consider a set of labor market indicators reflecting national, state and local trends with an emphasis on local and statewide employment. Local air travel counts by month in 2019 and 2020 are also presented.

TEXAS MSA UNEMPLOYMENT RATES

All Texas MSAs experienced an increase in the unemployment rate between August and September, as seen in Figure 4. The solid section of each bar shows the August unemployment rate and the white section indicates the percentage point increase between August and September. The number to the right of each bar reflects the September unemployment rate. College Station-Bryan's rate of 5.6% in September was second lowest to Amarillo's 5.2%. Abilene recorded the third lowest rate at 6.0%. Odessa, McAllen-Edinburg-Mission and Beaumont-Port Arthur had the three highest September rates at 13.1%, 13.0%, and 12.7%, respectively. The largest percentage point increase of 2.6% was in McAllen-Edinburg-Mission while Texarkana had the lowest percentage point increase of 0.7%.
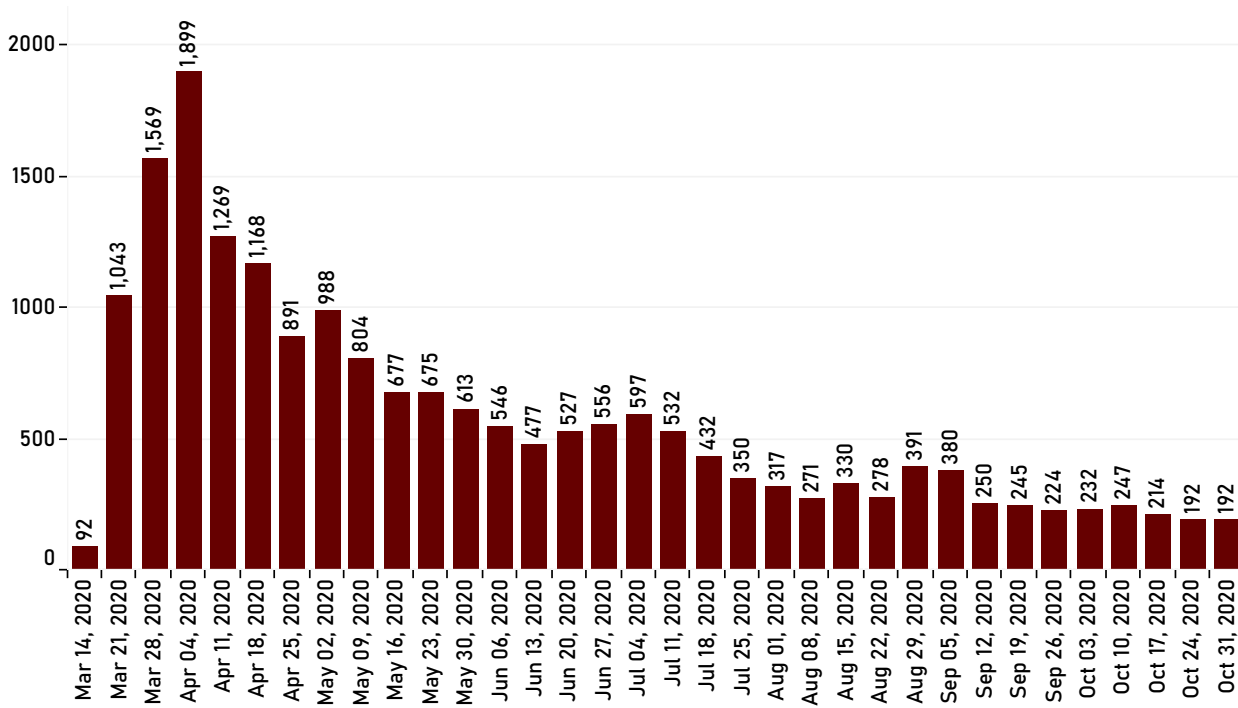
FIGURE 4. UNEMPLOYMENT RATES IN TEXAS MSAs

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics, seasonally adjusted, August and September 2020.

LOCAL UNEMPLOYMENT INSURANCE CLAIMS

Figure 5 depicts the weekly unemployment insurance (UI) claims in College Station-Bryan as reported by the Texas Workforce Commission. These include claims filed in Brazos, Burleson, and Robertson Counties. For the three most recent weeks, local UI claims have been at their lowest levels since the start of the current recession. During the week ending on October 31, 192 claims were filed. This is good news and bodes well for a lower unemployment rate for October (to be released December 3, 2020).

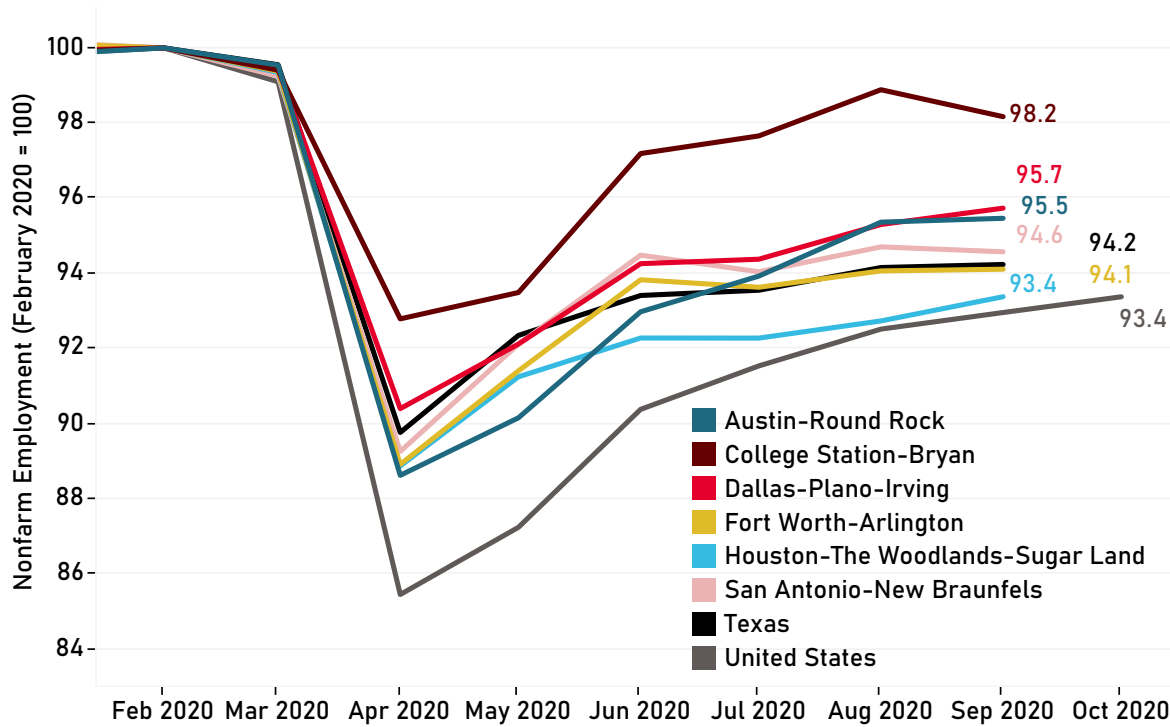## FIGURE 5. WEEKLY UNEMPLOYMENT INSURANCE CLAIMS FOR COLLEGE STATION-BRYAN

Source: Texas Workforce Commission.

NONFARM EMPLOYMENT INDEXED TO FEBRUARY LEVEL

Figure 6 depicts nonfarm employment for Texas's major metropolitan areas, for the local area, the state, and the nation, all indexed to their respective levels in February of this year. February was chosen as the base month for the indexed series because it is considered the peak month of the previous business-cycle. In September, local nonfarm employment was 98.2% of employment in February. This is the highest September value among all of the depicted series. This indicates that the local employment situation is better than in the larger Texas MSAs, the state, and the U.S. This is not surprising, given the local area's relatively low unemployment rate. Among the Texas MSAs depicted, Houston's employment in September was 93.4%, the furthest from its February level. Nationally, October's nonfarm employment has already been released and stands at 93.4% of February's employment. As of September, all of the Texas MSAs and the state as a whole are closer to their February employment values than is the U.S.

FIGURE 6. INDEXED NONFARM EMPLOYMENT FOR SELECT TEXAS MSAs, TEXAS & THE U.S.
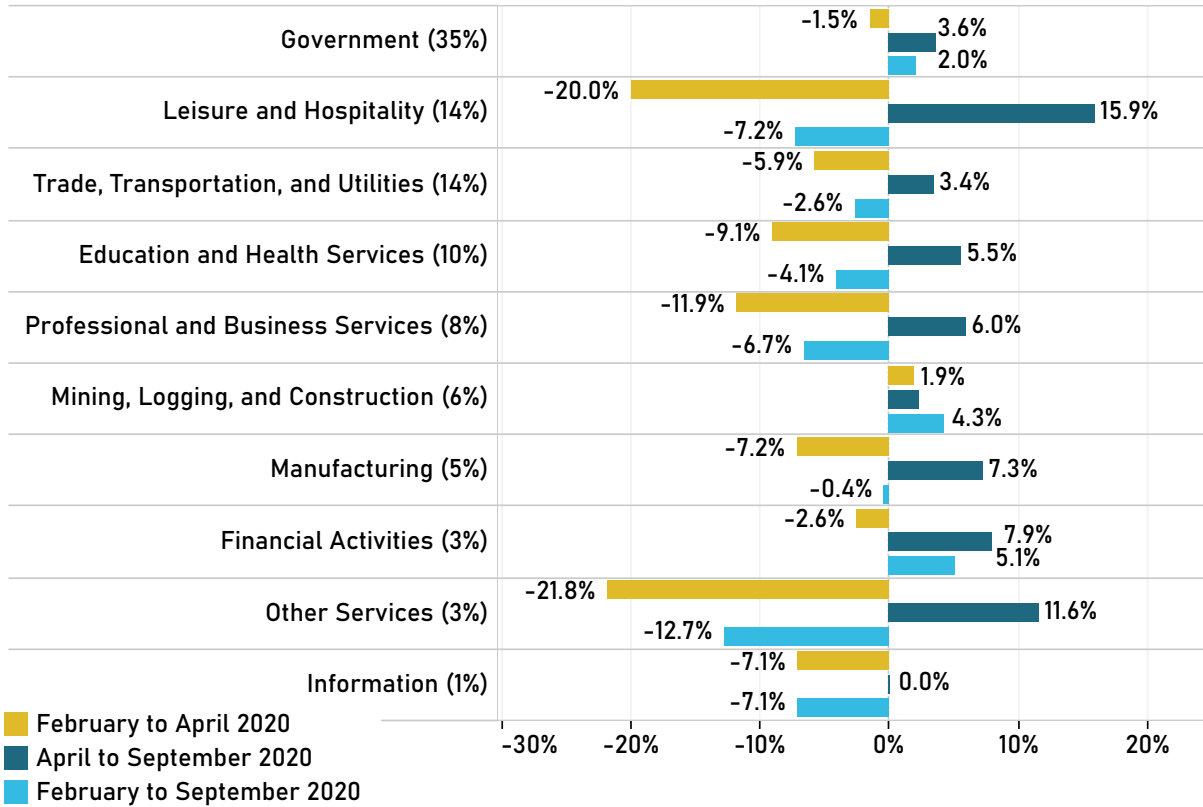

Source: Bureau of Labor Statistics, seasonally adjusted. Last reported data point: September 2020 for metropolitan areas and Texas, October 2020 for United States. Index by Private Enterprise Research Center.

NONFARM EMPLOYMENT CHANGE BY INDUSTRY

Changes in employment by industry are shown in Figure 7 for our local area and in Figure 8 for the state of Texas. Three bars are presented for each industry. The change from February to April reflects the decline from the peak of the previous business cycle to the trough. The change from April to September identifies the increase from the trough to the most recent available month and the change from February to September is the overall gain or loss over this period. In each figure, each industry's percent share of total employment, as of February, is presented next to the industry name, and the industries are presented from highest to lowest shares of employment.

As seen in Figure 7, the Government sector is the largest employer in College Station-Bryan, with 35% of employment. This sector includes employment at Texas A&M University, which is classified as Government and not as Education. Employment in this sector declined 1.5% between February and April, rebounded 3.6% between April and September, and was up 2% over the entire period of February to September. Leisure and Hospitality, the second largest local industry group with 14% of employment, saw a 20% decline between February and April, and by September, employment was 7.2% lower than in February. Other industries saw varying percentage declines from February to April, and by September most were still below their February employment levels. However, in addition to Government, Mining, Logging, and Construction, as well as Financial Activities also had higher employment in September than in February.
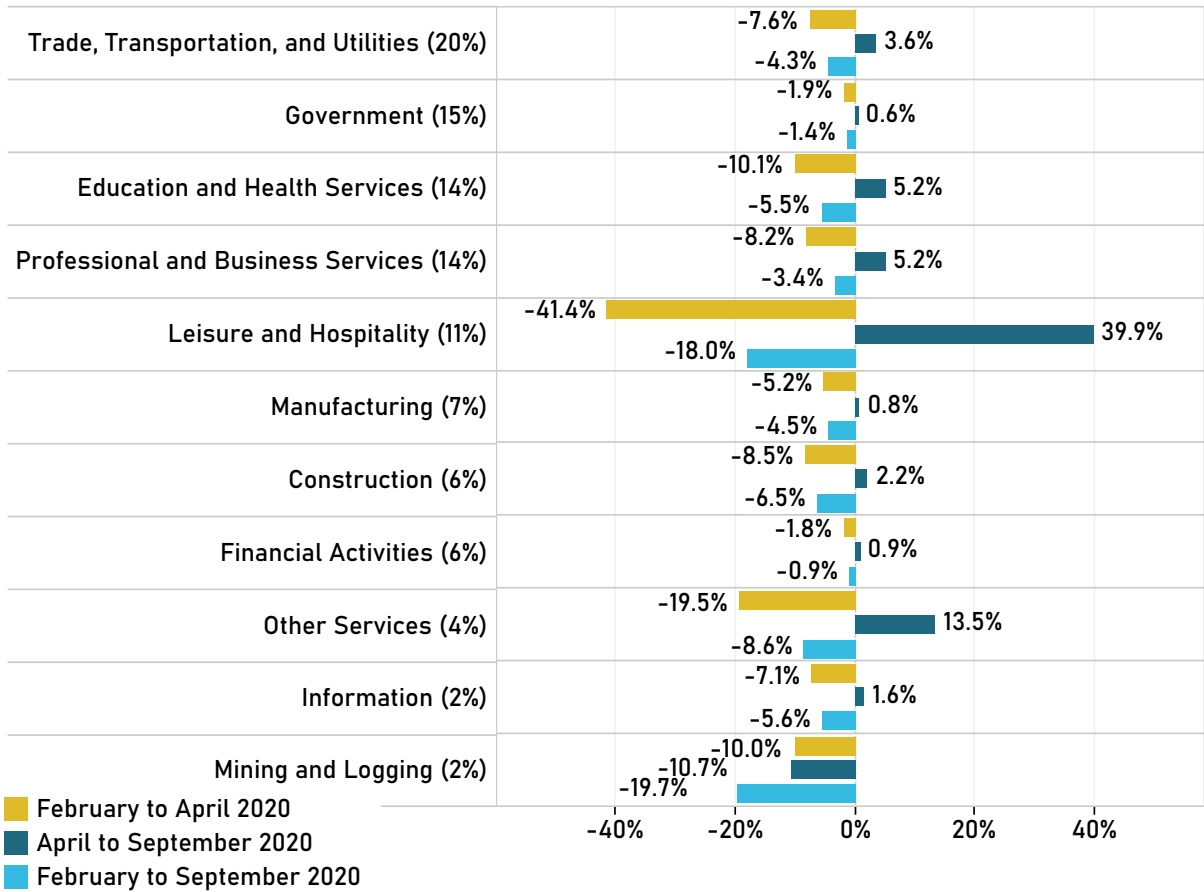
FIGURE 7. COLLEGE STATION-BRYAN EMPLOYMENT CHANGE BY INDUSTRY

Source: Bureau of Labor Statistics, seasonally adjusted.

Across the state of Texas, Leisure and Hospitality employment, comprising 11% of total employment, fell 41.4% between February and April, then rose 40% between April and September, but remained 18% lower in September than in February. Due to the decline in oil prices and the consequent decline in exploration and other activities, the Mining and Logging industry group has suffered the largest decline from February to September at 19.7%.

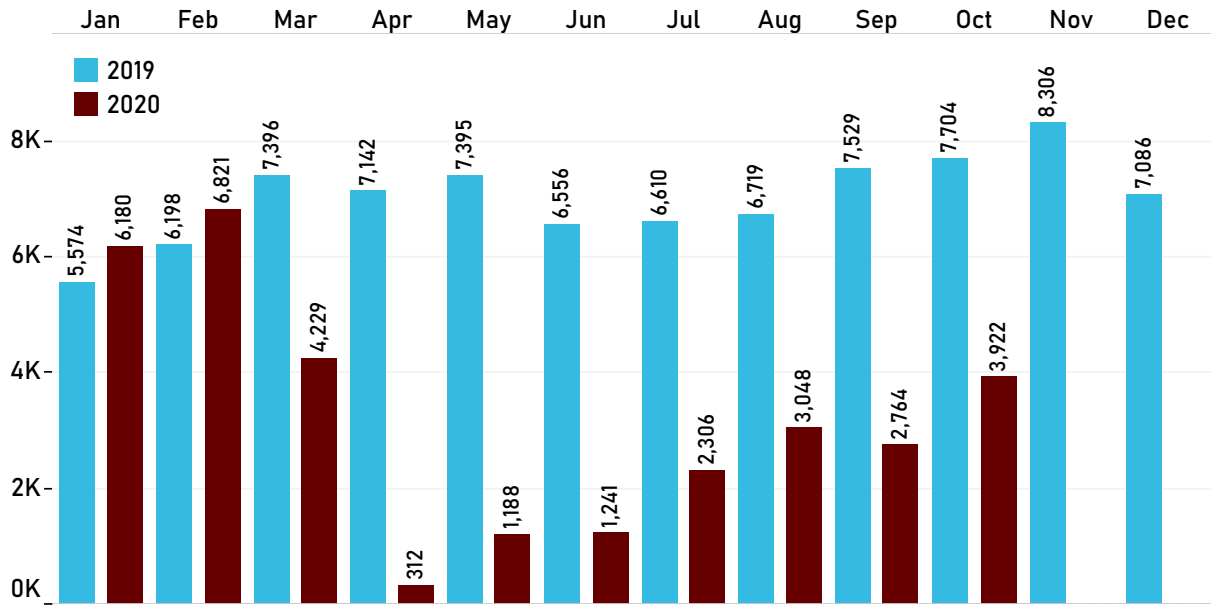## FIGURE 8. TEXAS EMPLOYMENT CHANGE BY INDUSTRY

Source: Bureau of Labor Statistics, seasonally adjusted.

AIR TRAVEL

The total number of passengers traveling out of Easterwood Airport during 2019 through October of 2020 is shown in Figure 9. After trending up from April to August 2020 when the passenger count was 45% of the count in August of 2019, September's count fell to 37% of the count in September 2019. October 2020 saw a rebound in local air travel with 51% of October 2019's count. Air travel is typically highest in November, so next month will give us another look at the extent of our recovery to date in local air travel. Clearly there is still a long way to go before local air travel returns to its 2019 levels.

FIGURE 9. ENPLANEMENTS AT EASTERWOOD AIRPORT, 2019 VS 2020

Source: Texas A&M System.

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

County Level Unemployment Insurance Claims
Texas Workforce Commission, weekly claims by county, https://www.twc.texas.gov/news/unemployment-claims-numbers#claimsByCounty
Enplanements at Easterwood Airport
Texas A&M University System based on email request. Received November 11, 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.
Employment by Industry for College Station-Bryan and Texas
U.S. Bureau of Labor Statistics, All Employees by Industry [COLL748GOVT, COLL748TRAD, COLL748SRVO, COLL748MFG, COLL748NRMN, COLL748PBSV, COLL748FIRE, COLL748INFO, COLL748EDUH, COLL748NA, COLL748LEIH, TXNA, TXGOVT, TXTRAD, TXSRVO, TXMFG, TXNRMN, TXPBSV, TXFIRE, TXINFO, TXEDUH, TXLEIH, & TXCONS], retrieved from FRED, Federal Reserve Bank of St. Louis

Nonfarm Employment for Texas Metropolitan Areas

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
https://www.dallasfed.org/research/econdata/tae000000.aspx
https://www.dallasfed.org/research/econdata/aussa.aspx
https://www.dallasfed.org/research/econdata/dalsa.aspx
https://www.dallasfed.org/research/econdata/fwasa.aspx
https://www.dallasfed.org/research/econdata/housa.aspx
https://www.dallasfed.org/research/econdata/sansa.aspx

Nonfarm Employment for the United States

U.S. Bureau of Labor Statistics, All Employees, Total Nonfarm [PAYEMS], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/PAYEMS, November 11, 2020.

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.

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

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.

CONTACT

BRAZOS VALLEY
ECONOMIC DEVELOPMENT
CORPORATION

PRIVATE ENTERPRISE
RESEARCH CENTER
TEXAS A&M UNIVERSITY

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