



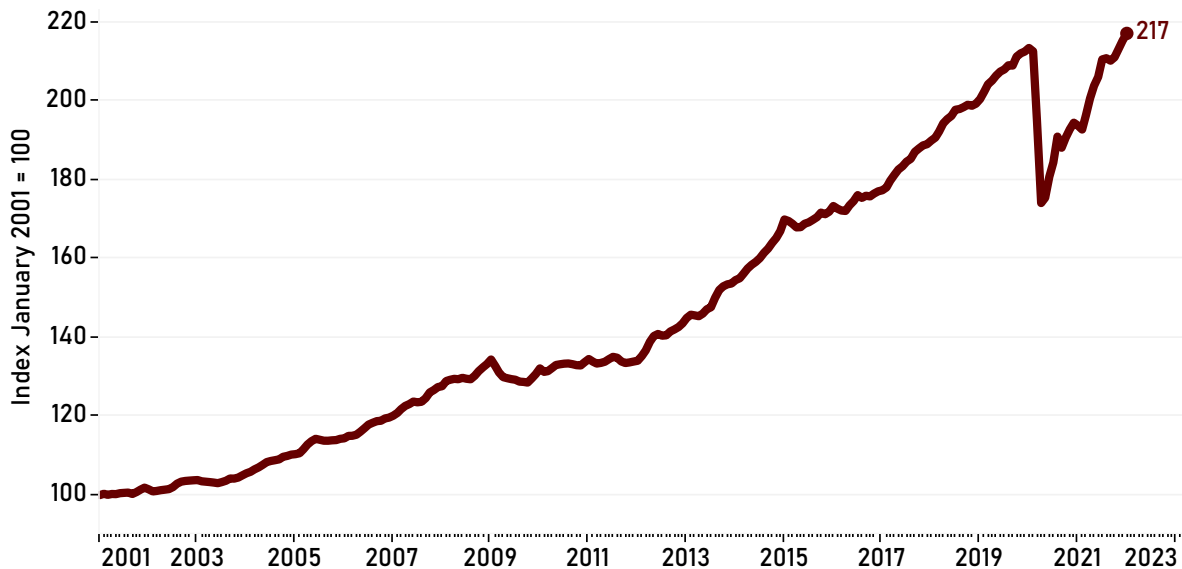
## HIGHLIGHTS

- The Business-Cycle increased 0.8% from December 2021 to January 2022.
- The local unemployment rate decreased to 3.7% in January 2022 from 3.8% in December 2021.
- Local nonfarm employment was revised upwards with the March release, increasing by 0.4% in January and was 1.33% higher than its pre-pandemic high in February 2020.
- Local real taxable sales decreased 1.2% from December 2021 to January 2022 but were 6.1% higher than the same month in 2021.
- Oil and gas price increases have resulted in rising state oil and gas production tax revenues.
- Locally and nationally, the numbers of air travelers in February 2022 were about 80% of the February 2020 counts.

## THE COLLEGE STATION-BRYAN BUSINESS-CYCLE INDEX

The Business-Cycle Index now exceeds the previous peak recorded in February 2022. This favorable outcome is a result of a major revision by the Bureau of Labor Statistics to the nonfarm employment series, discussed further below. The College Station-Bryan Business-Cycle Index rose 0.8% from December 2021 to January 2022, as seen in Figure 1. The increase resulted from a decrease in the unemployment rate, an increase in a revised nonfarm employment series, a rise in real quarterly wages, and despite a decline in real taxable sales.

FIGURE 1. COLLEGE STATION-BRYAN BUSINESS-CYCLE INDEX

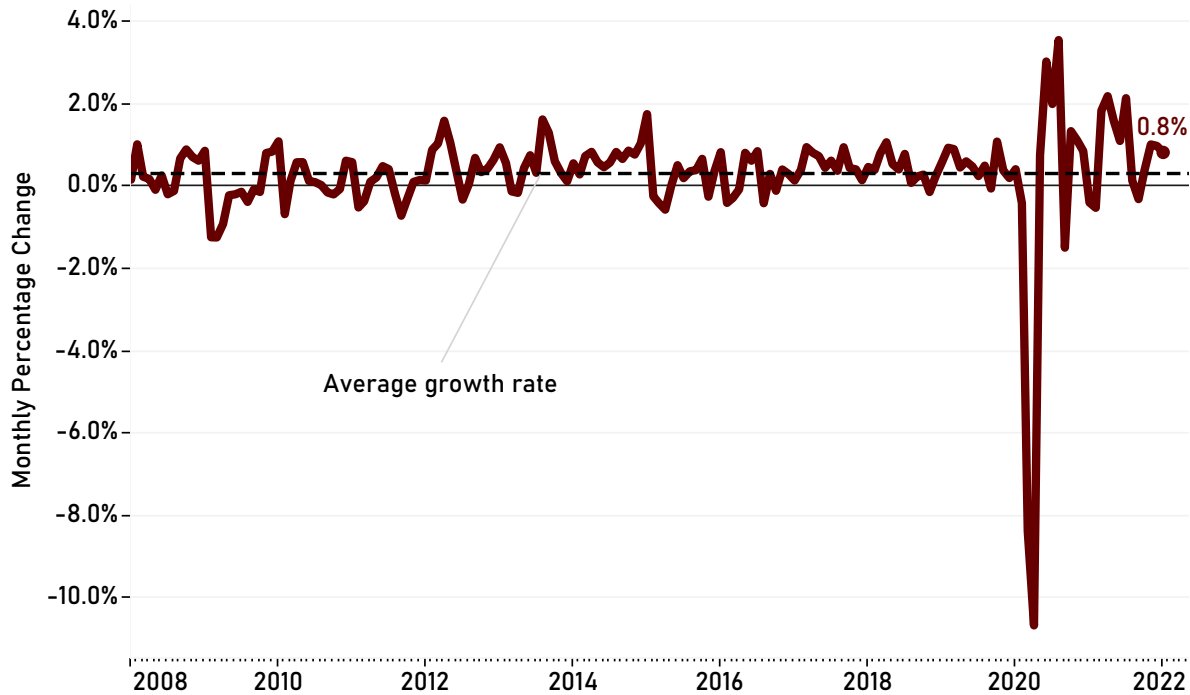


Last reported data point: January 2022 (monthly). Source: Private Enterprise Research Center.

## THE COLLEGE STATION-BRYAN BUSINESS-CYCLE

Figure 2 depicts the CSB Business-Cycle. Driving the 0.8% increase from December 2021 to January 2022 was the decrease in the unemployment rate from 3.8% in December to 3.7% in January. The revised nonfarm employment series increased 0.4% from 126,160 workers in December to 126,618 in January. The third monthly indicator used in estimating the business-cycle, inflation adjusted taxable sales, decreased 1.2% between December and January. Real quarterly total wages for the third quarter of 2021 were released this month and were up 0.7% from the second quarter of 2021.

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

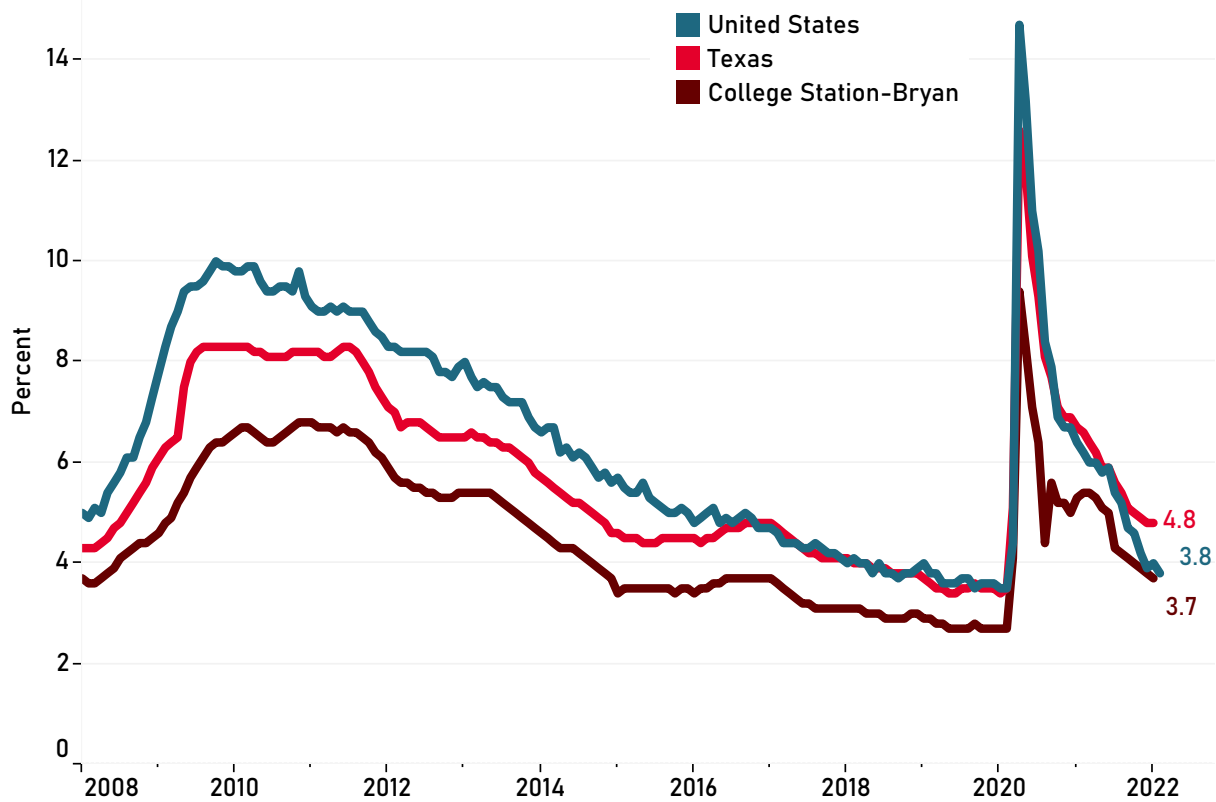


Month-to-month growth rates. Last reported data point: January 2022 (monthly). Source: Private Enterprise Research Center.

## UNEMPLOYMENT RATE

Figure 3 shows the unemployment rates for College Station-Bryan, Texas, and the U.S. from January 2008 to January 2022. The unemployment rate in College Station-Bryan decreased in January to 3.7% from 3.8% in December. The Texas rate held steady at 4.8% in January, the same as the December rate. The national rate is available up to February 2022 and declined to 3.8% from 4.0% in January. The state and metropolitan area unemployment rates for February will be released by the Bureau of Labor Statistics on March 25 and April 6, respectively.

FIGURE 3. UNEMPLOYMENT RATE



Seasonally adjusted. Last reported data point: January 2022 for Texas and College Station-Bryan, February 2022 for the national unemployment rate (monthly). Source: Bureau of Labor Statistics.

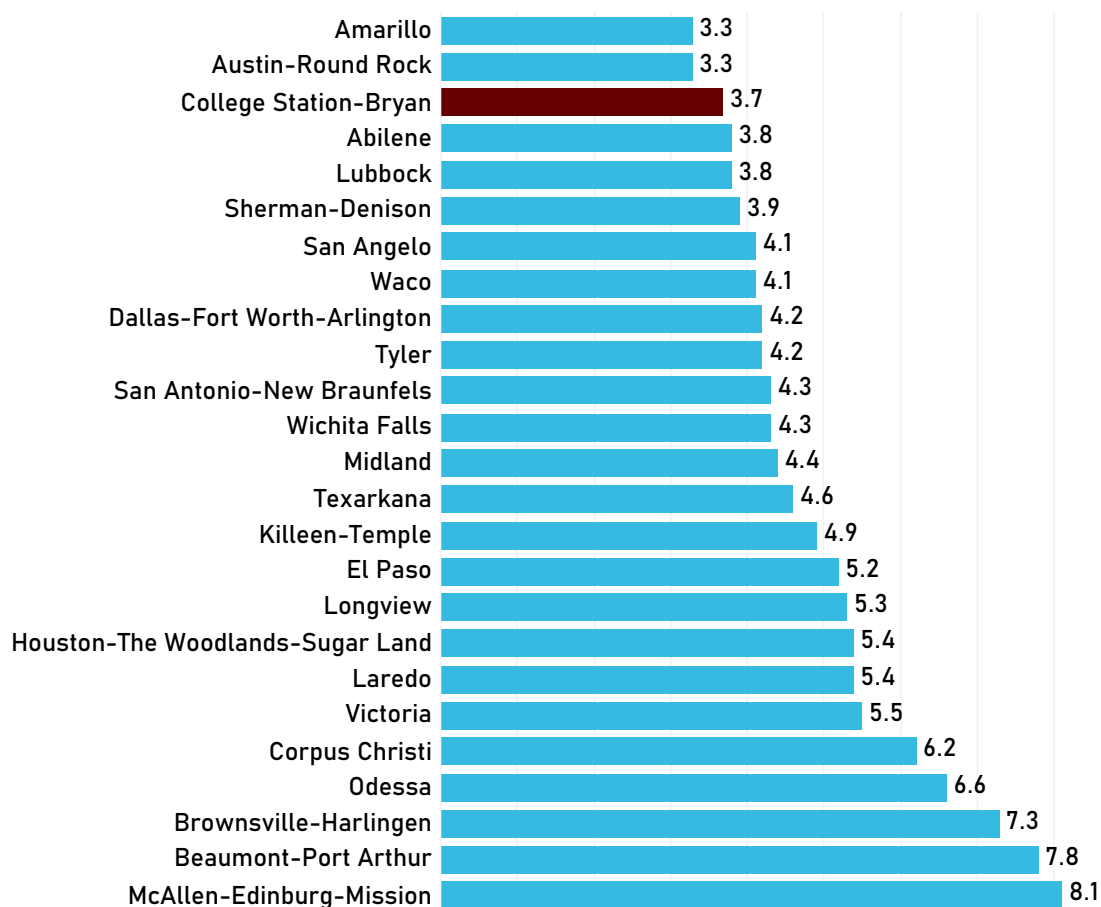
### FOCUS ON THE COLLEGE STATION-BRYAN MSA

This month we present the unemployment rates in the Texas MSAs for January; review the revision of the local area's nonfarm employment series; track oil and gas production, taxes, and prices; and discuss local and national air travel.

### TEXAS MSA UNEMPLOYMENT RATES

Figure 4 depicts all Texas MSA unemployment rates for January 2022. College Station-Bryan MSA's rate of 3.7% in January was third lowest to the 3.3% rate for both Amarillo and Austin-Round Rock. McAllen-Edinburg-Mission, Beaumont-Port Arthur, and Brownsville-Harlingen had the three highest January rates at 8.1%, 7.8%, and 7.3%, respectively. Austin-Round Rock had the lowest unemployment rate among the four largest MSAs, Dallas-Fort Worth-Arlington's rate was 4.2%, San Antonio-New Braunfels recorded a rate of 4.3% and Houston-The Woodlands-Sugar Land again had the highest rate in this group at 5.4%.

**FIGURE 4. UNEMPLOYMENT RATES IN TEXAS MSAs, JANUARY 2022**

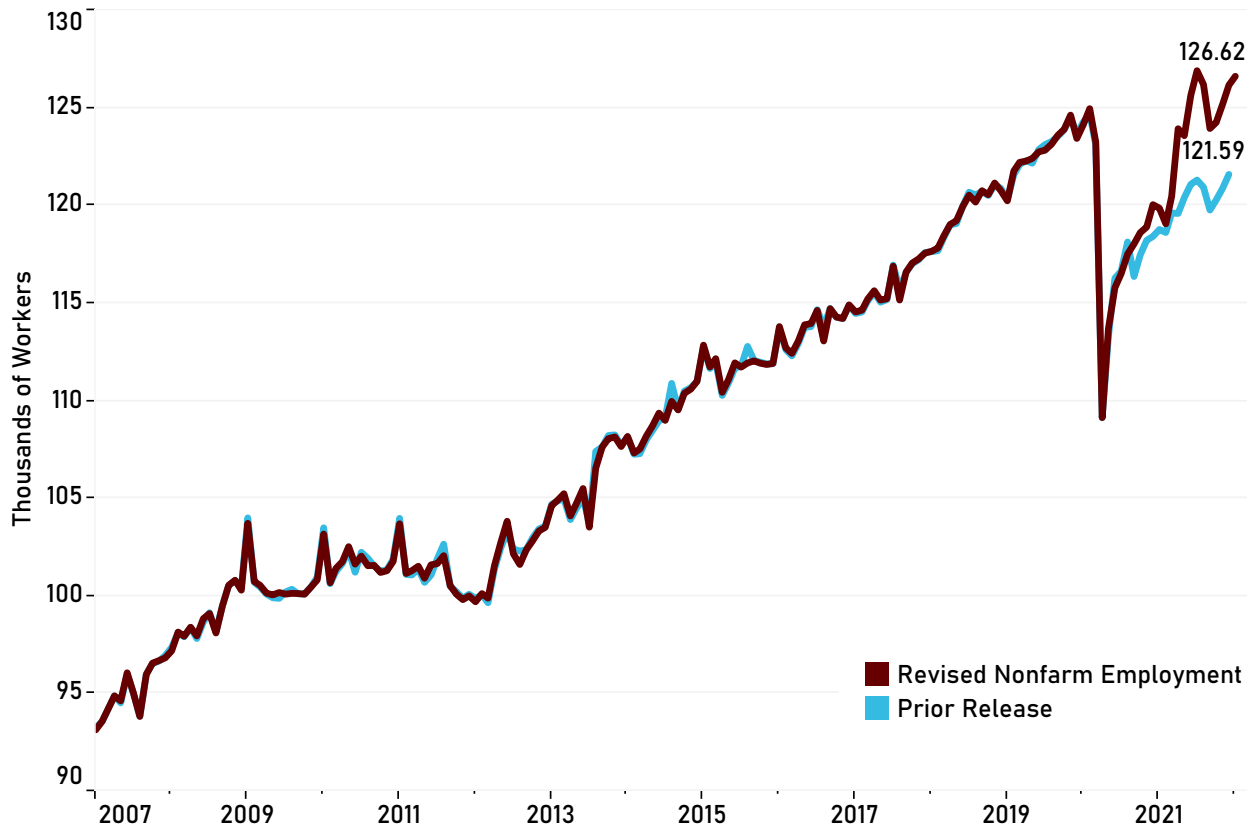


Source: Bureau of Labor Statistics, Local Area Unemployment Statistics, seasonally adjusted, January 2022.

### REVISION OF NONFARM EMPLOYMENT

The Bureau of Labor Statistics (BLS) made significant changes to the nonfarm employment series for states and metropolitan statistical areas with their March data release. Figure 5 presents the previous release of the employment series along with the revised employment series. Prior to the March revision, the local area's nonfarm employment remained below the February 2020 peak of about 125,000 workers in all months up to December of 2021 when employment was reported to be 121,591. However, with the March release, past months' estimates have been revised upwards. According to this latest data release, local employment first exceeded the previous peak in June 2021, and since that month employment remained above the February 2020 level except for September and October of 2021. The employment count in January 2022 is now estimated to have been 126,618. BLS notes that this large revision to the data (a 4% increase) is a by-product of annual benchmarking and the updates of the seasonal adjustment factors. Each year the nonfarm employment estimates from the Current Employment Survey (CES) are benchmarked to the census of employers and this produces the revised series along with other methodological updates. As noted, the change in the local area's nonfarm employment series resulted in the Business-Cycle Index exceeding the February 2020 peak for the first time since the start of the pandemic.

**FIGURE 5. PREVIOUS AND REVISED NONFARM EMPLOYMENT SERIES, COLLEGE STATION-BRYAN**

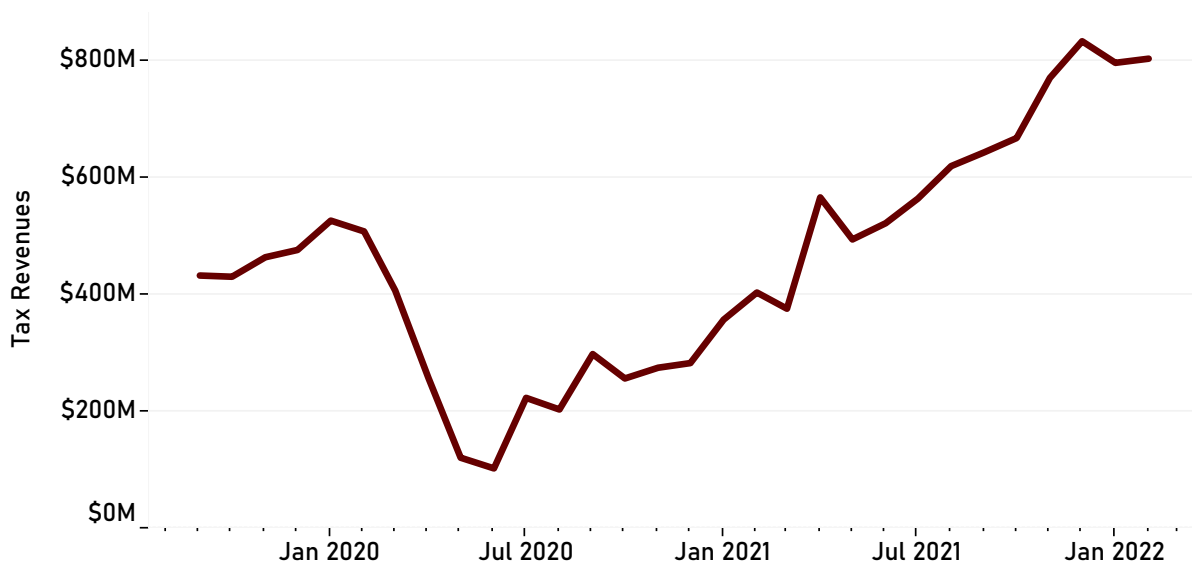


Source: Nonfarm Employment from Federal Reserve Bank Dallas, Texas Workforce Commission, and Bureau of Labor Statistics, Total Nonfarm Payroll Employment for Texas Metropolitan Statistical Areas, two-step Seasonally Adjusted, retrieved from Federal Reserve Bank of Dallas.

### 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 6 depicts the total revenue from the total of oil and natural gas production taxes in Texas beginning in September 2019, the start of Texas fiscal year 2020, and continuing through February 2022. 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 as prices declined 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 have trended upward, and in early 2022 they exceeded the January 2020 level by over 50%. For the entire fiscal year 2020, oil and gas production tax revenues were \$4.155 billion, but they were \$5.018 billion for fiscal year 2021. In the first six months of fiscal year 2022, these tax revenues were already \$4.516 billion, compared to only \$1.874 billion in the first six months of fiscal year 2021.

FIGURE 6. TEXAS STATE OIL AND GAS PRODUCTION TAXES

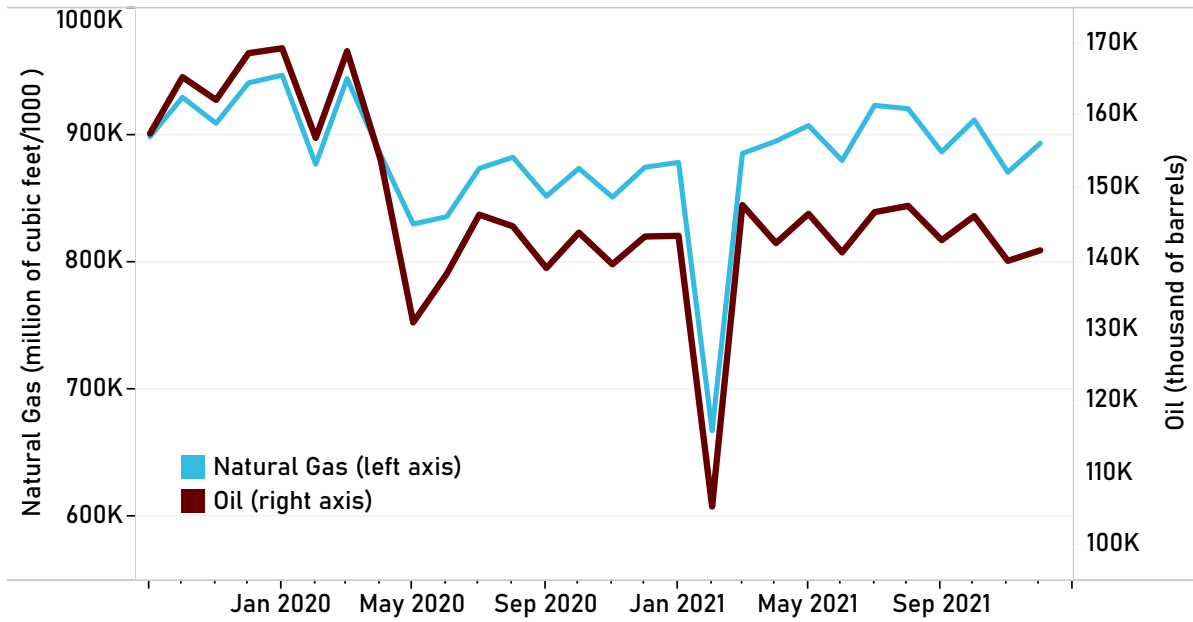


Source: Texas Comptroller, Monthly Revenue Watch.

### OIL AND NATURAL GAS PRODUCTION IN TEXAS

Production of oil and gas and their respective prices underlie the production value taxed by the state. Oil and gas production amounts reported by the Texas Railroad Commission for September 2019 to December 2021 are shown in Figure 7. (Production amounts for January are available from the Railroad Commission but are not shown in the figure because the previously reported production levels for December 2021 were substantially revised upward.) 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 of 2020, as well as the sharp winter storm-induced decline in February 2021. Between March and May of 2020, oil production fell 22% and gas production fell 12%. February's winter storm resulted in an almost 30% drop in both oil and gas production relative to January's level. Reported production amounts through December 2021 remain below January 2020 levels. There is some evidence in the rig count data to suggest that production levels could be increasing in the coming months, but this remains to be seen.

**FIGURE 7. OIL AND GAS PRODUCTION IN TEXAS**



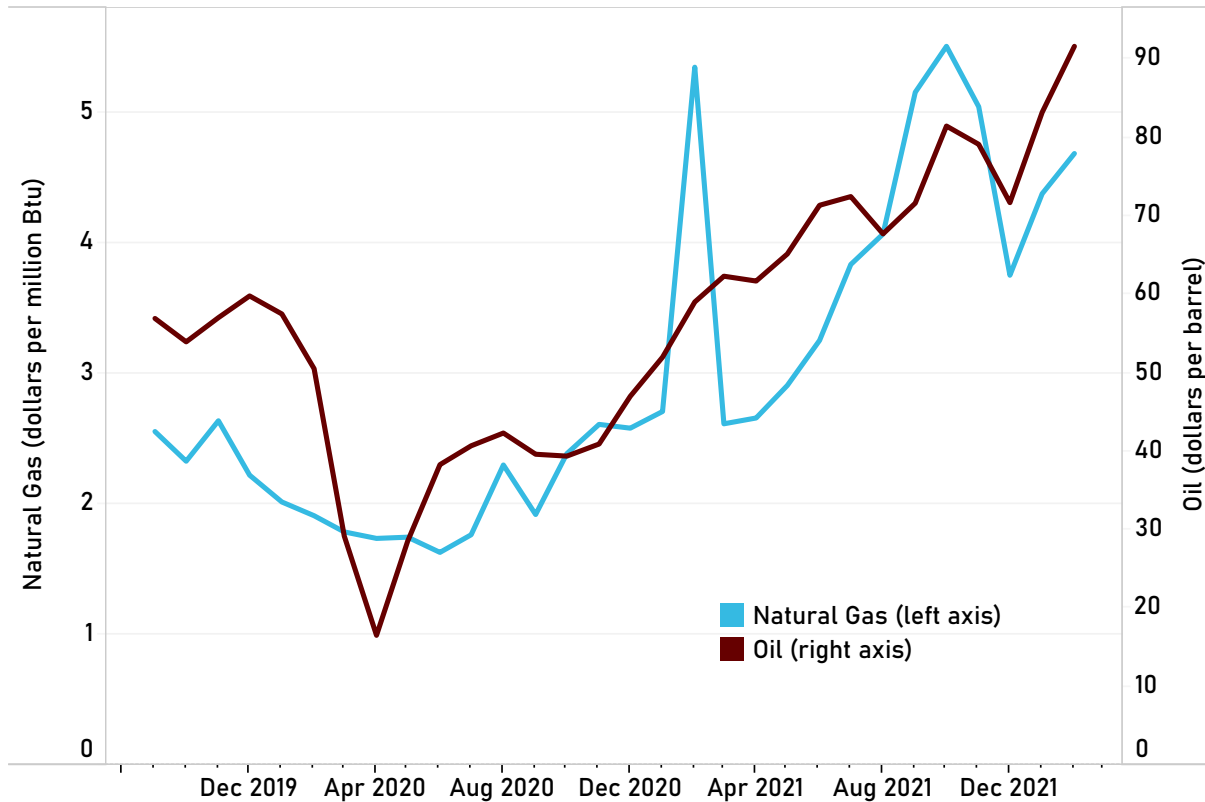
Source: Texas Railroad Commission, Oil and Gas Production (Oil and Condensate), Natural Gas (GW Gas and Casinghead) Retrieved March 21, 2022.

### OIL AND NATURAL GAS PRICES

The price series for oil and natural gas are shown in Figure 8. Oil prices declined in the first months of 2020, and fell substantially through April 2020, the recession’s worst month. 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 the last month listed in the figure, February 2022, the price averaged \$91.64, and it has continued to rise in daily observations in March (not graphed.)

Over the period in the figure, 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. By January 2021, the price was \$2.71 per million Btu, exceeding the November 2019 price. 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. The price quickly returned to a more normal level, and the price in March 2021 was \$2.62 per million Btu. However, natural gas prices rose again through October 2021, peaking at \$5.51 per million Btu, but have since moderated somewhat, ending at \$4.69 in February 2021.

**FIGURE 8. OIL AND GAS PRICES**



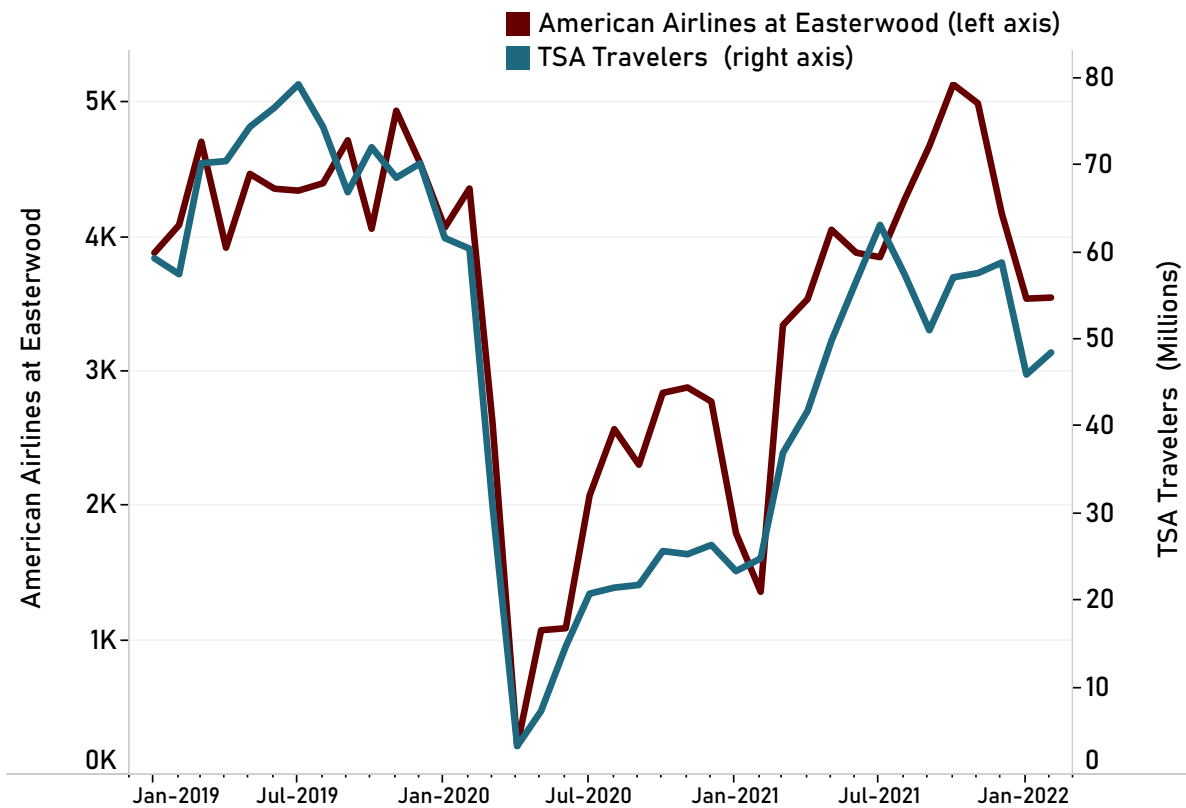
Sources: Gas Price - U.S. Energy Information Administration, Henry Hub Gas Spot Price (dollars per million Btu). Oil price - U.S. Energy Information Administration, Crude Oil Prices: West Texas Intermediate (WTI) - Cushing, Oklahoma, retrieved from FRED, Federal Reserve Bank of St. Louis.

## AIR TRAVEL

Figure 9 depicts the enplanements at Easterwood Airport on American Airlines and the number of travelers through Transportation Security Administration (TSA) checkpoints from January 2019 to February 2022. Given that United Airlines has ended its service to Easterwood Airport, our graphs of local air travel will be based on American Airlines' enplanements for the foreseeable future. As seen in the figure, the monthly national and local passenger counts have followed the same general pattern from the beginning of 2019 to the present. Nationally, February's air travel was 80% of the number of travelers in February 2020. Similarly, the number of travelers out of Easterwood Airport on American Airlines in February 2022 was 81% of the February 2020 count.



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



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**

### **Enplanements at Easterwood Airport**

Texas A&M University System based on email request. Received March 10, 2022.

### **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 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 Taxes**

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 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



**BRAZOS VALLEY**  
ECONOMIC DEVELOPMENT  
CORPORATION

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.

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