



HIGHLIGHTS

- Data on initial unemployment claims indicate almost 2 million workers in Texas have filed claims over the last 8 weeks.
- Nationally, 36.5 million new unemployment claims have been filed over the same time period.
- The price of oil has fallen in the past month by well over 50%, and approved drilling permits in Texas fell by 40% from March to April 2020.
- Highway traffic in Texas steadily decreased during March through the first half of April relative to the last week of February, but has been rising.
- Air travel out of Easterwood Airport was down 96% in April 2020 compared to March 2019, similar to the national decline in air travel.
- The unemployment rate increased to 3.8% in College Station-Bryan for the month of March, the first unemployment data point capturing the effects of the shelter-in-place orders. The national unemployment rate in April was 14.7%, up from 4.4% in March.
- The Business Cycle-Index exhibited a sharp decrease of 2.2% for the month of March.

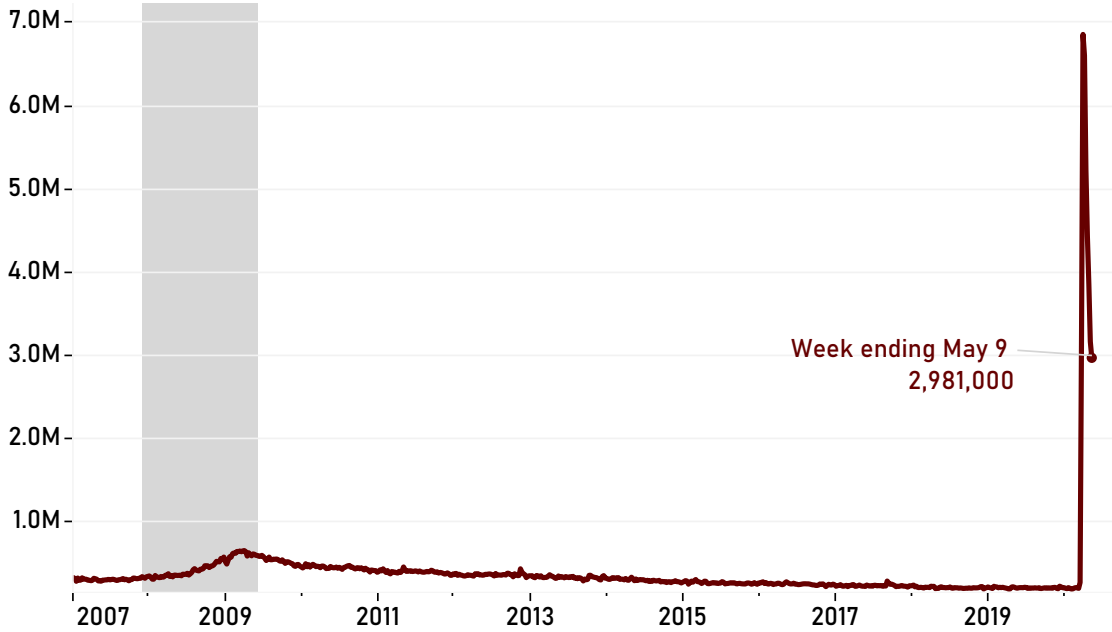
FOCUS ON THE COLLEGE STATION-BRYAN MSA

With the rapidly changing economic environment due to the responses to the coronavirus, we continue with our reformatted Economic Indicators, begun last month, that highlights higher frequency and hence more up-to-date national, state, and local indicators of economic activity. We continue to present our index at the end of this document, as it will only show the full extent of our recent economic slowdown with a two-month lag.

UNEMPLOYMENT INSURANCE CLAIMS

Figures 1 and 2 depict the initial weekly unemployment insurance (UI) claims as reported by the U.S. Department of Labor. Figure 1 depicts the seasonally adjusted series for the United States. Over the past 8 weeks, we have seen more than 36 million initial claims. For the week that ended on May 9, 2020, 2,981,000 workers filed UI claims. The highest number were recorded on the week ending March 28, when they reached 6,867,000 initial claims. All of this translates into an unemployment rate of 14.7% in April.

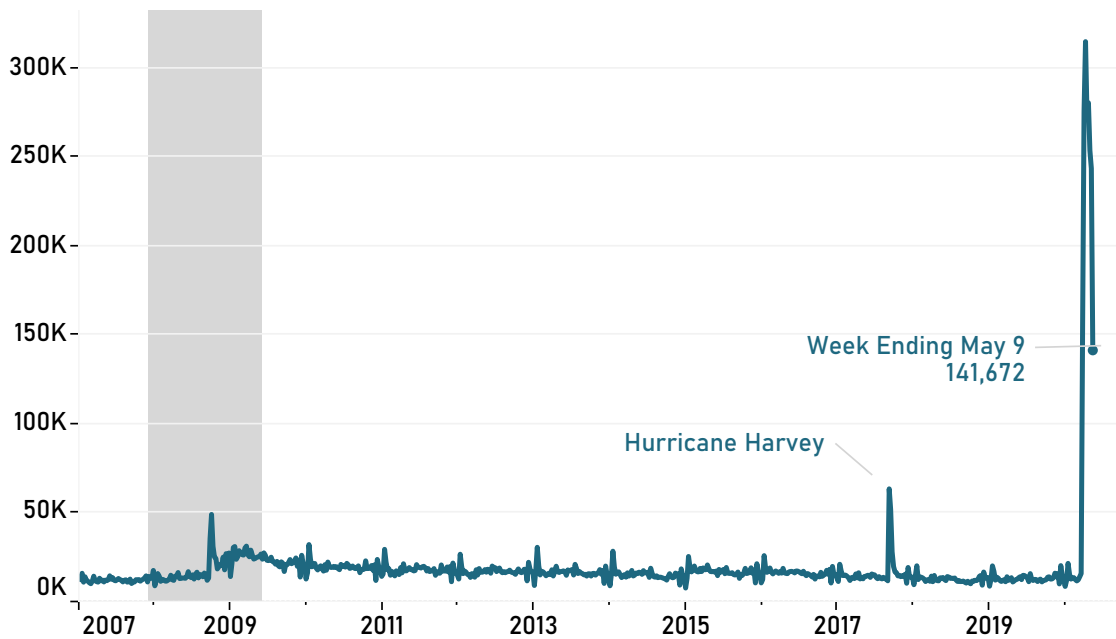
FIGURE 1. UNEMPLOYMENT INSURANCE CLAIMS IN THE UNITED STATES BY WEEK



Source: U.S. Department of Labor.

Figure 2 depicts the initial weekly UI claims in Texas. For the week ending May 9, 141,672 initial claims were made in the state. The highest number of weekly claims in Texas occurred during the week ending April 4, when they reached 315,167. Over the last 8 weeks, claims totaled 1,941,487. As of April 25, the insured unemployment rate in the state was 9.2%. This measures the percentage of insured workers who are receiving benefits and is an early estimate of the official unemployment rate for April that will be released by the Bureau of Labor Statistics on May 22.

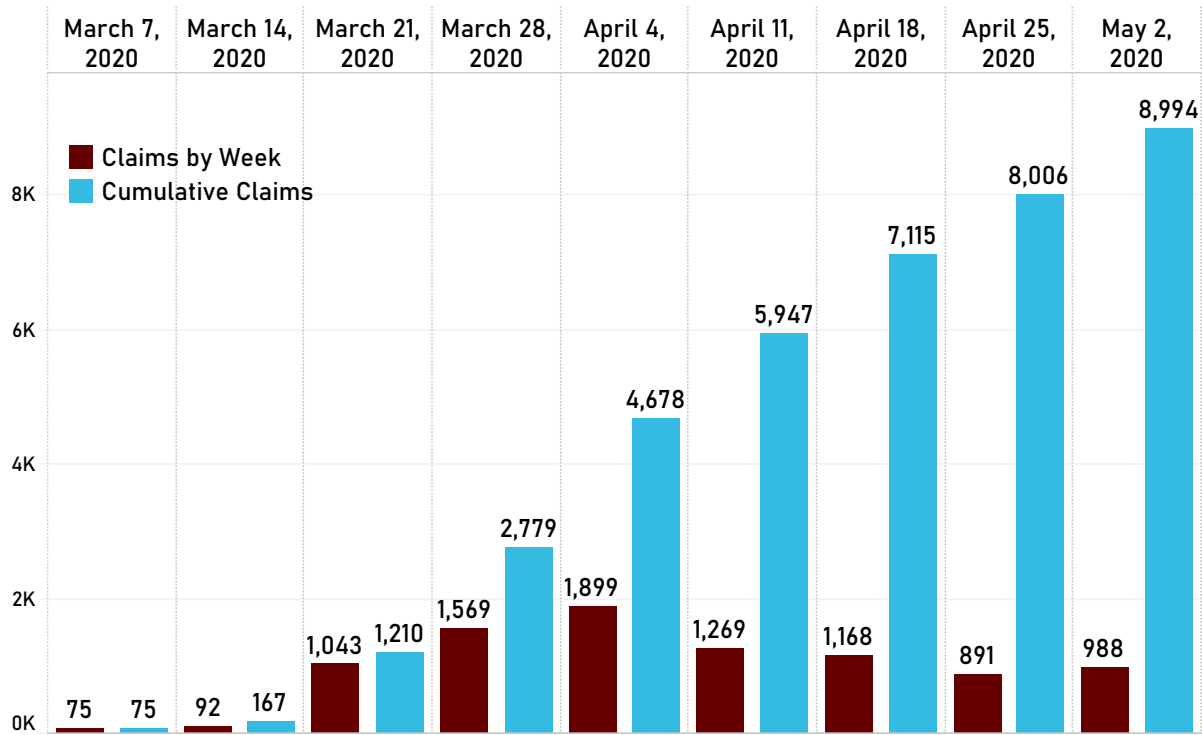
FIGURE 2. UNEMPLOYMENT INSURANCE CLAIMS IN TEXAS BY WEEK



Source: U.S. Department of Labor.

Figure 3 depicts the weekly and cumulative unemployment claims in College Station-Bryan for the nine weeks from March 7 to May 2, 2020. The data are from the Texas Workforce Commission (TWC). The highest number of claims in the local area were made during the week ending April 4 when they reached 1,899. Initial claims have generally declined since then, and for the week ending May 2, the number of initial claims totaled 988. Cumulative claims over the nine weeks total 8,994. During the month of April, over 10% of UI claims in Brazos County were made by full- and limited-service restaurant workers. Other hard-hit industries were general medical and surgical hospitals, support activities for oil and gas operations, and department stores.

FIGURE 3. WEEKLY AND TOTAL UI CLAIMS IN COLLEGE STATION-BRYAN



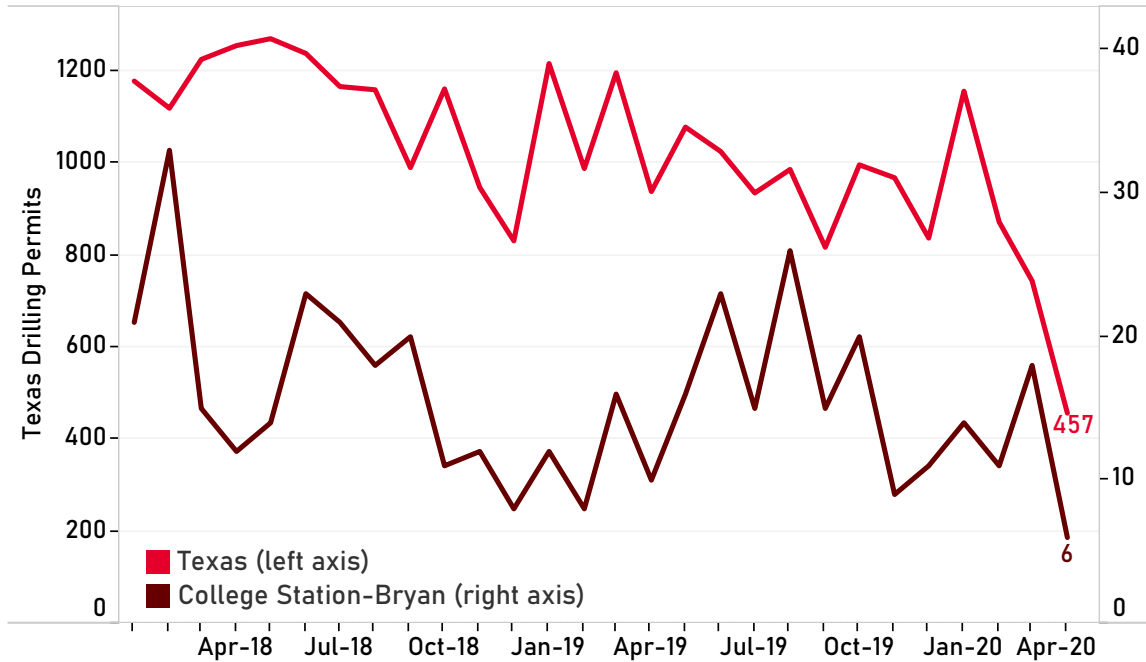
Source: Texas Workforce Commission.

OIL DRILLING PERMITS

Figure 4 presents oil drilling permits for the state of Texas and for the CSB MSA - including Brazos, Burleson, and Robertson Counties - from January 2018 to 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 744 were issued, and in April only 457 were issued. The decline in the number of permits coincides with the decline in the price of oil, which has dropped from over \$60 per barrel at the beginning of the year to about \$24 as of May 11.

During 2018, the average number of monthly permits in the three counties that comprise 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. In March, the number rose to 18, and in April only 6 permits were issued.

FIGURE 4. TOTAL APPROVED DRILLING PERMITS IN TEXAS AND COLLEGE STATION-BRYAN BY MONTH

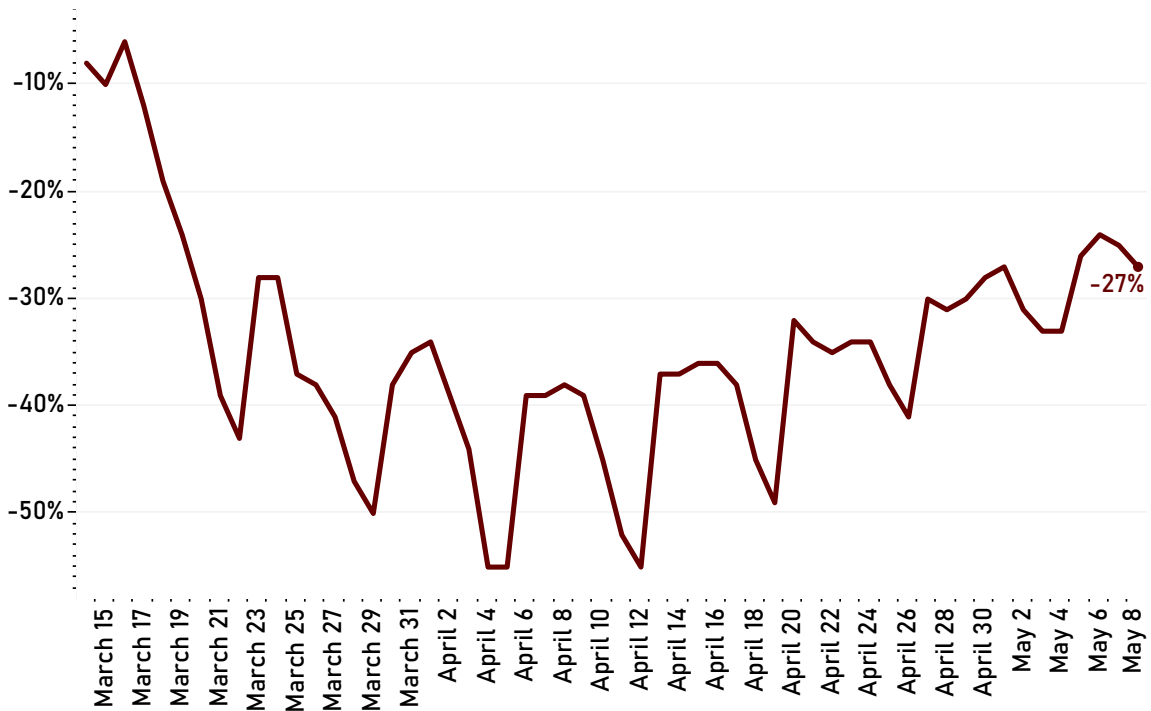


Source: The Railroad Commission of Texas.

TEXAS TRAFFIC

Figure 5 depicts the percentage drop in daily traffic from March 14 to May 8 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 March. The declines on the weekends are the most pronounced with the steepest declines on the first two weekends in April. On Saturday and Sunday, April 4 and 5, traffic was down 55% compared to the weekend of February 22-23. The following weekend, April 11-12 traffic was again down by over 50% relative to the reference weekend. Since mid-April, traffic across the state has increased. For the weekend of May 2-3 traffic was down about 32% relative to the reference weekend. On Friday May 8, traffic was 27% less than on Friday, February 28.

**FIGURE 5. DECLINE IN DAILY TRAFFIC IN TEXAS
PERCENT DECREASE RELATIVE TO WEEK OF FEBRUARY 22-28**

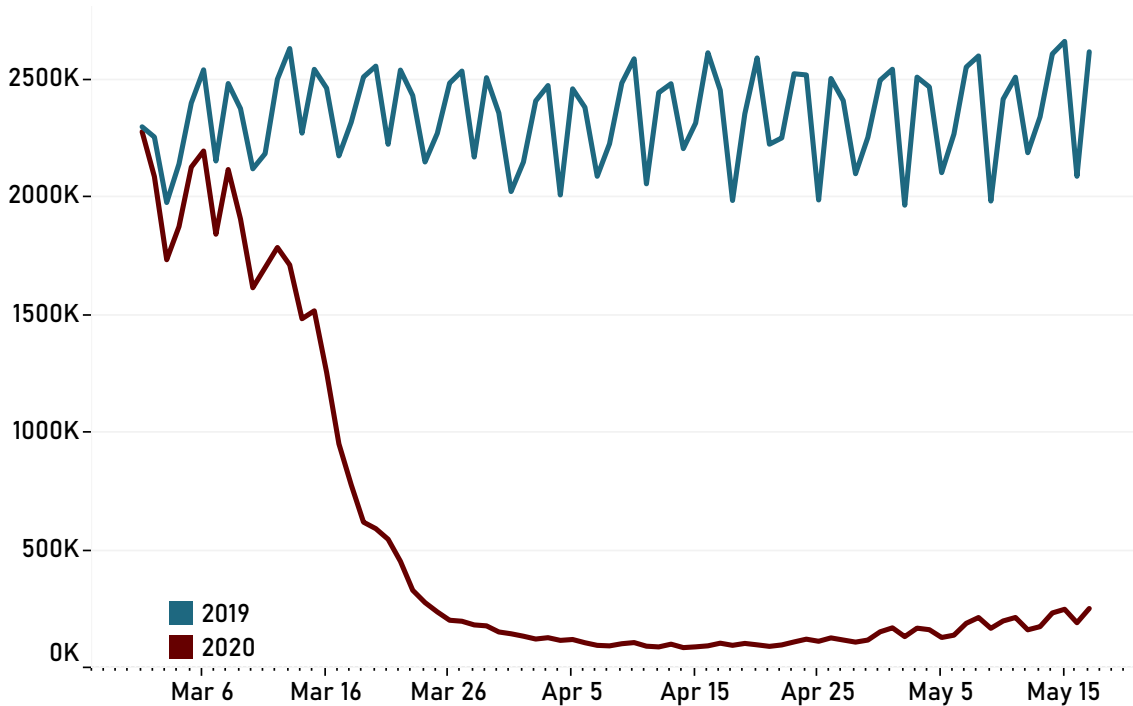


Source: Texas Department of Transportation.

AIR TRAVEL

Figure 6 depicts the number of travelers screened by the TSA from March 2, 2020 to May 14, 2020, along with a series from 2019 for the same day of the week. Passenger counts during the first week of March were down 23% compared the counts during the same week in 2019. The second, third and fourth weeks of March saw counts drop 35%, 68%, and 90%, respectively, from the same weeks of 2019. The week of April 12-18 had the lowest passenger count with only 3.6% of the passengers from the same week of 2019. While difficult to see in the figure, relative passenger counts have risen, albeit rather slowly since mid-April. For the last week in the data, May 10-16, the number of passengers was 7.4% of the number from the same week in 2019.

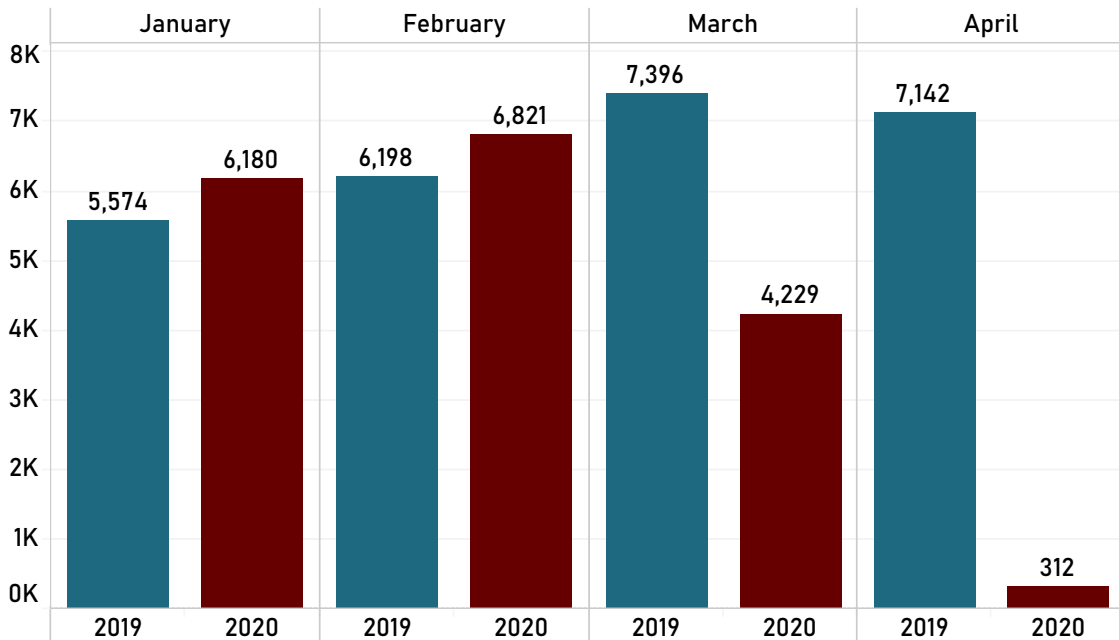
FIGURE 6. TSA TRAVELER THROUGHPUT 2019 VS 2020



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

The number of air passengers traveling out of Easterwood Airport during the first four months of 2019 and 2020 are shown in Figure 7. 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 42% compared to March 2019. In April, only 312 passengers flew out of Easterwood, or 4.3% of the enplanements during April 2019.

FIGURE 7. ENPLANEMENTS AT EASTERWOOD AIRPORT, 2019 VS. 2020



Source: Texas A&M University System

The overall weight of the evidence above is that, first, the coronavirus and accompanying shelter-in-place orders had a huge negative impact on the economy, an impact unprecedented in the size of the initial impact. Second, the evidence from the middle to end of April is consistent with a gradual -- very gradual -- movement toward a semblance of normalcy.

THE COLLEGE STATION-BRYAN BUSINESS-CYCLE INDEX

Figure 8 depicts the College Station-Bryan Business-Cycle Index. This month, the March estimate of the CSB Business-Cycle Index is 203, a significant decrease from its peak of 219 in December 2019. 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 March. The fourth variable, aggregate wages, are reported quarterly and thus are further delayed.

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 March. During the last two weeks of March, the shelter-in-place orders and the business restrictions began, and some of the economic effects are seen in the numbers that go into our index. However, these are only partial effects. The unemployment, nonfarm employment, and sales tax data for April, the hardest hit month, will be available in June. Our index only provides a snapshot of where we have been, not the current economic situation we face. Our index this month shows the start of the economic effects of the measures taken to slow the spread of COVID-19.

FIGURE 8. COLLEGE STATION-BRYAN BUSINESS-CYCLE INDEX

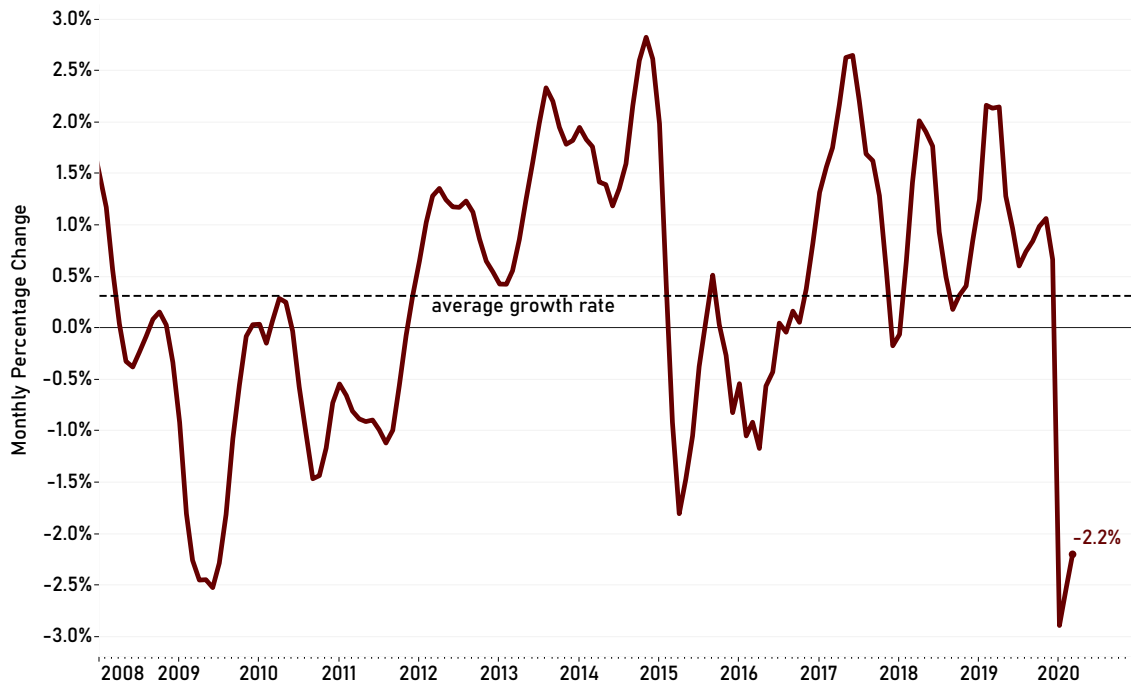


Last reported data point: March 2020 (monthly). Source: Private Enterprise Research Center.

THE COLLEGE STATION-BRYAN BUSINESS-CYCLE

The CSB Business Cycle Index showed a decrease of 2.2% in the month of March. The most recent release of seasonally adjusted nonfarm employment numbers exhibited a decrease of just 0.4% in the number of workers in CSB. The unemployment rate increased to 3.8%, and seasonally adjusted taxable sales decreased by 5.9% in the month of March.

FIGURE 9. COLLEGE STATION-BRYAN BUSINESS-CYCLE

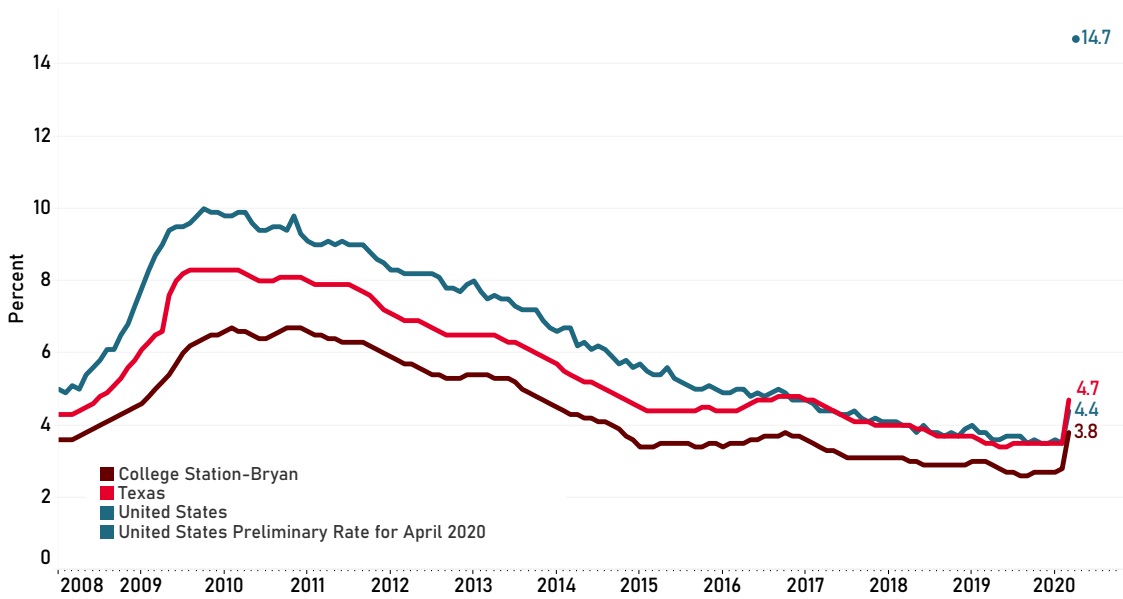


Month-to-month growth rates. Last reported data point: March 2020 (monthly). Source: Private Enterprise Research Center.

UNEMPLOYMENT RATE

Figure 10 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 increased from a revised 2.8% to 3.8% in College Station-Bryan, mainly due to an increase in the number of unemployed reported by the Bureau of Labor Statistics from 3,765 in February to 5,153 workers in March. For the state of Texas, the unemployment rate increased from 3.5% to 4.7%. From February to March, the national unemployment rate increased from 3.5% to 4.4%. However, a preliminary national unemployment rate for the month of April has been released and is depicted in Figure 9 at 14.7%. This preliminary estimate is more than a 10 percentage point increase in the U.S. unemployment rate from March to April. The April unemployment data release by the Bureau of Labor Statistics for local areas will be available on June 3, 2020.

FIGURE 10. UNEMPLOYMENT RATE



Seasonally adjusted. Last reported data point: March 2020 for College Station and Texas; April 2020 for United States. 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 Permits 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 May 15, 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 May 14, 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

U.S. Energy Information Administration, retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/DCOILWTICO>

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.

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