2020: Year in Review

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**National Economy**

For the nation as a whole, GDP—the broadest measure of economic activity—fell 3.5 percent between 2019 and 2020. After the sharpest decline by 31 percent in the second quarter, U.S. gained back most of the output loss in the third quarter. But recovery faltered in the fourth quarter as surging COVID cases kept people home and a delay in federal aid hindered the recovery of many small businesses.
Business shutdowns early in the year across most states resulted in the highest unemployment rate in April at 14.8 percent since the Great Depression. While the unemployment rate at 6.7 percent at the end of the year represented a remarkable improvement, the Bureau of Labor Statistics estimated that 262,000 more people stopped looking for a job since February. Those so-called discouraged workers effectively left the labor force and so disappeared from the official unemployment picture.

**Regional Economy**

As in the rest of the nation, all counties in the Coastal Bend lost more than 20% of local jobs. In the wake of the stay-at-home and business shutdown orders in March and April. The Coastal Bend’s regional unemployment in April more than tripled the levels at the beginning of the year, but the unemployment rates varied widely among counties. Gauged by the volumes of local sales tax collection, the impact of the business shutdown was widespread across the region, but the pace of subsequent recovery has been uneven.
Aransas County has shown the most resilience to COVID-19: Foot traffic among its local retailers and restaurants has returned most quickly. Its local monthly sales tax revenues also indicated the most persistent growth in economic activity while overall business sales in other counties continued to shrink year-over-year through the end of the year.

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Metro Economies
The impact of the ongoing pandemic is widespread, but the coronavirus has exposed disparities across communities. In Texas, the statewide business shutdown order hit Corpus Christi as much as other metros like Austin, Houston, and San Antonio. Between February and June, employment declined more than 7 percent across all Texas metros.

But during the rest of the year, recovery was uneven. Austin improved the most with a 5% employment growth between June and December, while Corpus Christi sustained an additional 1% job losses during the same period.
Many factors could explain why some local economies have been more resilient to the COVID impacts than others. One of those factors is the industry makeup in an area. As discussed in a recent Pulse newsletter, employment in the oil and gas industry in Corpus Christi is eight times that in a typical U.S. city, and employment in the leisure and hospitality industry is 30 percent higher.

Yet these two industries were hit the hardest across the nation and the state in 2020. The outlook for the regional economy, therefore, relies on how fast these two economic drivers will bounce back. As much as the leisure and hospitality industry relies on social contact, Corpus Christi will continue to face a challenge for economic growth before the coronavirus and its variants are under control.
Outlook

Around this time last year, we gave a local economic outlook for 2020. In the face of the outbreak of a virus in China later named COVID-19, we drew attention to our region’s strengths and assets. Indeed, the Port of Corpus Christi has continued to expand its crude oil exports despite the pandemic. The region’s industrial manufacturing sector has also added new facilities under construction, including a pipe making plant by Tex-Isle and an audio component factory by California-based Schiit Audio.

For 2021, the pandemic will continue to be a key driver of economic growth. Economists at the Federal Reserve Bank of Dallas expect the U.S. economy to pick up strongly in the second half of 2021, and Texas will grow even faster than the nation. Still, as the pandemic will have a long-lasting structural impact on different industries, the labor markets will likely not fully return to pre-pandemic conditions.
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