



# LUBBOCK NATIONAL BANK

## **Lubbock Economic Index And Consumer Price Index August 2017**

**The Lubbock economy achieved another major milestone in August as the current cycle of general growth and expansion reached the six-year mark according to the Lubbock Economic Index.**

The index finally reached its recession/post-recession low point in August 2011 and the Lubbock general economy has enjoyed a steady state of expansion ever since. The growth cycle is now 72 months in the making and counting with the August 2017 Lubbock Economic Index at 151.3, its highest level ever, though unchanged from the revised July 2017 LEI (the original July index of 151.2 was revised upward to 151.3 to due a slight upward revision in July payroll employment). The Lubbock Economic Index in August is up a solid 3.4% compared to the August 2016 LEI of 146.4. The Lubbock Economic Index is based at 100.0 in January 1996.

Construction and home building are helping to prop up the Lubbock Economic Index moving through the third quarter of the year, along with auto sales and steady employment growth and unemployment rate decline. General spending is experiencing flat to modest growth, and existing home sales are trending downward thus far in 2017 compared to record numbers through August 2016.

CONCURRENT trends in two broad measures of the Lubbock economy best represent its current and ongoing health and status, and these are general consumer spending (retail sales) and payroll employment.

- General spending per sales tax receipts was flat for the month of August compared to August of a year ago, and is up by a modest 1.3% for the year-to-date compared to the total for the first eight months of 2016 (which in turn was down by 1.8% compared to the January-August total of the prior year). General spending in Lubbock was largely in the doldrums from the fourth quarter 2015 through all of 2016 due to weakness in the regional economy resulting from deep declines in oil & gas revenue and activity, but has begun to show signs of returning to growth in 2017.
- The Lubbock economy added a net 2,500 jobs over the last 12 months for a year-over-year growth rate of 1.7% which ranks 15<sup>th</sup> among the 26 Texas metro areas. A big chunk of those jobs (1,100) were added to the “trade, transportation, and utilities” sector which covers a wide range of employment and totals over 31,000 of the total 147,000 or so payroll jobs in Lubbock. The Lubbock unemployment rate remains below its year-ago level for the third straight month at 3.6% for the month of August, down from 3.7% in August of a year ago.

Auto sales activity was up for the month, with inflation-adjusted spending on new and used motor vehicles posting a 4.0% increase over August of a year ago and in fact establishing a new record for the month of August. The real auto sales total for the year-to-date is the second-highest on record (the January-August 2014 total is the record for the first eight months of the year), and is up by 4.2% compared to the YTD through August 2016.

Construction activity in the city remains at a record level by far though the month of August with real building permit valuations up by over 20% compared to the first eight months of a year ago. The August monthly total posted a slight year-over-year decline, down by 3.6% compared to the August 2016 monthly, which in turn was up by over 20% compared to August of the previous year.

The number of single-family residence construction permits issued in August is the highest for the month of August since 2010, and is up very slightly compared to August of a year ago. Through the first eight months of the year the total of new housing construction permits issued easily remains in record territory at 945 permits, up by over 30% compared to the January-August total of a year ago.

Existing home sales remain in a state of moderate decline with the number of closed housing sales down by nearly 7% in August, and 4.5% through August compared to year-ago levels. The average price of those sales remains generally high and solid – the August monthly average was down by about 2.5% year-over-year; however, the August 2016 monthly average was up by nearly 16% compared to August of the previous year. The average price through the first eight months of the year is up by a healthy 2.5% compared to the January-August 2016 average, which in turn was up by over 10% year-over-year.

The inflation-adjusted total dollar volume of residential real estate sales activity was down by about 11% in August (year-over-year), and is down by about 4% compared to the record total achieved through August of a year ago. And in fact real spending on housing transactions in 2017 is the second-highest on record, and the market remains generally healthy even though the sales totals are down a bit thus far in 2017.

## **Lubbock Consumer Price Index**

**The rate of year-over-year increase in the Lubbock Consumer Price Index was unchanged in August for the third straight month at 2.4%**

The food/grocery sector of the Lubbock CPI continues to move slowly into positive year-over-year territory, now up by 0.5% in August, compared 0.4% in July.

The housing component of the Lubbock CPI retreated a bit in August, falling to 3.9% for the month compared to 4.1% in June and July.

The energy (fuels and utilities) sector of the Lubbock CPI also declined in August falling to 2.6% compared to 2.7% in July. Fuel prices had generally declined over the course of the month until month-end when prices began to increase in the wake of Hurricane Harvey, and prices were generally higher during the entire month of September.

The medical care component of the Lubbock CPI declined slightly again in August, falling to 3.4% down from 3.5% in July. The US medical care CPI in August to 1.8%, down from 2.6% in July. Again, it is important to note that health insurance premium increases are not generally factored into the medical care CPI calculations.

The rate of year-over-year price increase for various miscellaneous goods and services in Lubbock moved slightly upward again in August at 1.5%, compared to 1.4% in July.

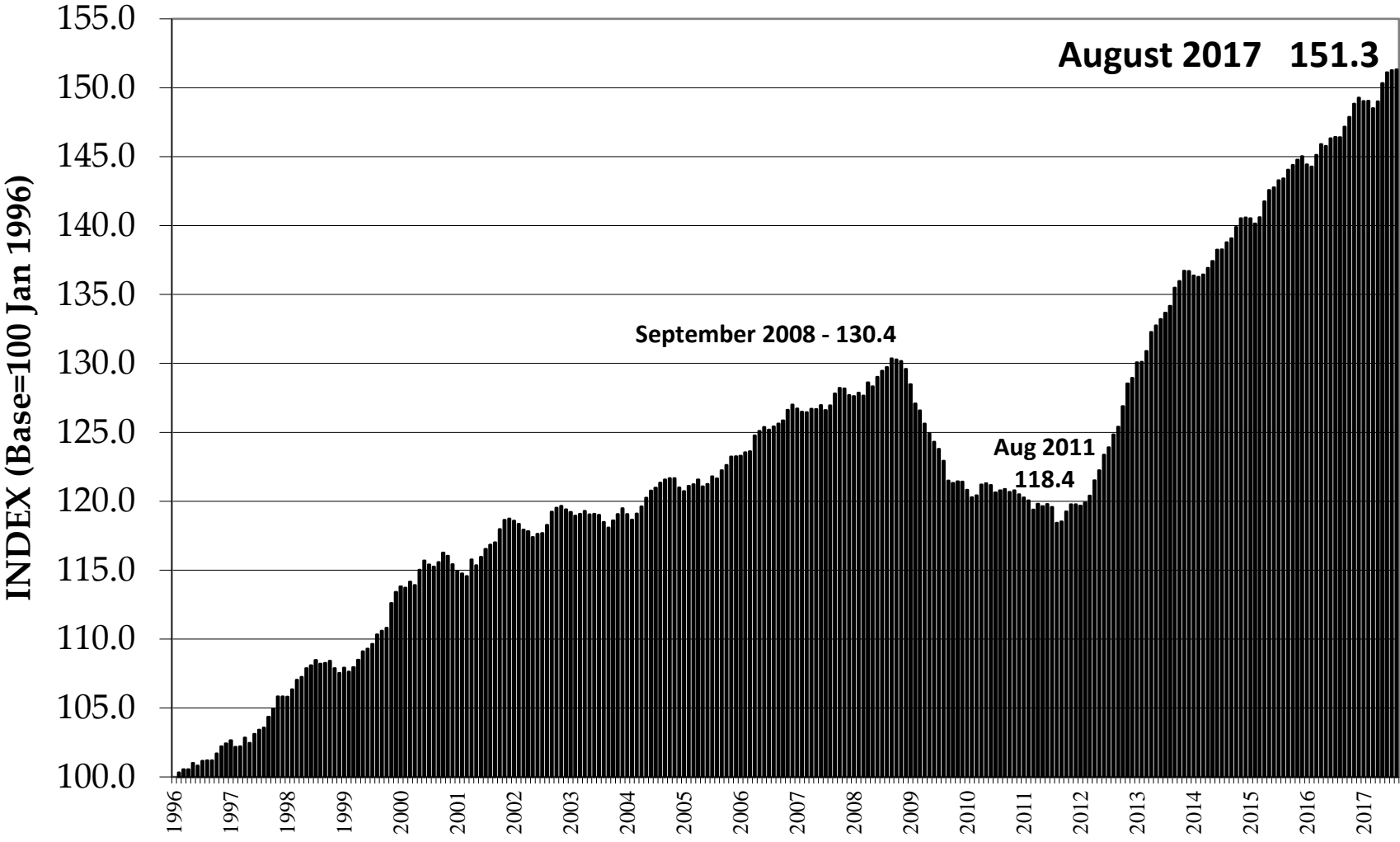
The growth rate in the national CPI-U (the US Consumer Price Index, a broad measure of price change over time) increased to 1.9% in the month of August, up from 1.7% in July. The “core CPI”, the Consumer Price Index minus food and energy, was unchanged yet again in August at 1.7% for the fourth straight month.

The CPI for the southern region of the US (which includes Texas) was up by 1.9% in August, compared to a 1.6% rate of year-over-year growth in July.

The Dallas-Fort Worth metro area CPI was last updated in July, and posted a 1.9% rate of year-over-year growth compared to 2.1% in May. The Houston metro area CPI was newly updated in August and increased at a 2.2% year-over-year rate, up from 1.6% in June. The Dallas-Fort Worth and Houston metro area CPI values are calculated every other month on off months from one another.

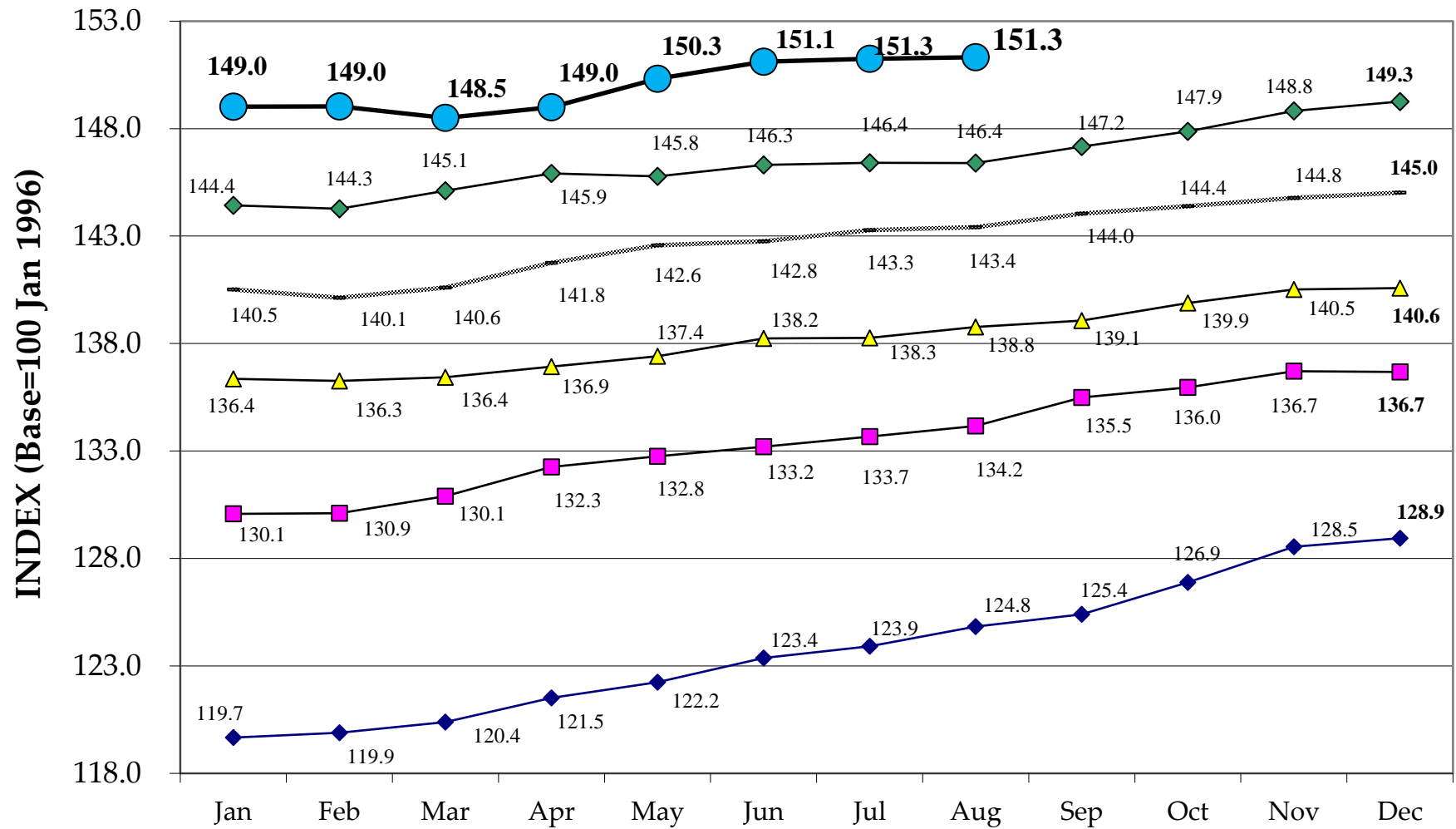
# The Lubbock Economy

The Lubbock Economic Index January 1996 - August 2017



# The Lubbock Economy

## The Lubbock Economic Index 2012 - 2017



## The Lubbock Metro Area Economy

### The Lubbock Economic Index

<b>Lubbock Economic Indicators*</b> <b>August 2017</b>	<b>Base Year</b> <b>1996</b>	<b>One Year Ago</b> <b>2016</b>	<b>This Year</b> <b>2017</b>	<b>% Change</b> <b>2016-2017</b>
Retail Sales - (per sales tax receipts) August	\$ 292,345,552	\$ 429,079,799	\$ 428,715,901	-0.1%
Retail Sales - Year-To-Date	\$ 2,109,104,819	\$ 3,012,794,265	\$ 3,052,828,279	1.3%
Dollars Spent on Auto Purchases - August	\$ 39,440,232	\$ 74,728,101	\$ 77,746,210	4.0%
Dollars Spent on Auto Purchases YTD	\$ 304,698,704	\$ 528,691,035	\$ 551,095,509	4.2%
Hotel/Motel Spending - YTD Through August	\$ 31,395,271	\$ 66,465,680	\$ 62,837,468	-5.5%
Lubbock International Airport Passenger Enplanements - August	51,947	38,241	39,360	2.9%
Lubbock International Airport Passenger Enplanements - YTD	402,134	301,807	308,771	2.3%
Value All Construction Permits - August	\$ 38,801,881	\$ 62,058,629	\$ 59,831,450	-3.6%
Value All Construction Permits - YTD	\$ 210,671,419	\$ 549,449,820	\$ 662,599,528	20.6%
New Home Permits - August	35	105	108	2.9%
New Home Permits - YTD	405	715	945	32.2%
Number of Home Sales - August	252	397	370	-6.8%
Number of Home Sales - YTD	1,463	2,942	2,810	-4.5%
Average Home Sale Price - August	\$ 84,588	\$ 196,499	\$ 191,633	-2.5%
Average Home Sale Price - YTD	\$ 86,162	\$ 184,361	\$ 188,864	2.4%
Dollar Volume Residential Real Estate Sales - August	\$ 34,154,515	\$ 79,977,745	\$ 70,904,078	-11.3%
Dollar Volume Residential Real Estate Sales - YTD	\$ 203,816,854	\$ 558,572,599	\$ 534,288,980	-4.3%
<b>Employment</b>				
Wage and Salary Employment - August	111,900	145,300	147,800	1.7%
Wage and Salary Employment - YTD Avg	111,515	144,715	147,065	1.6%
Unemployment Rate - August	3.9%	3.7%	3.6%	-2.7%
Unemployment Rate - YTD Avg	4.4%	3.5%	3.6%	2.5%
<b>LUBBOCK ECONOMIC INDEX - AUGUST (Base=100 January 1996)</b>	<b>101.2</b>	<b>146.4</b>	<b>151.3</b>	<b>3.4%</b>
* With the exception of the average home sale price, all indicators expressed in dollar form above are adjusted for inflation by restating prior periods in current dollars				
<b>Oil and Gas (Regional)</b>				
Oil Price/Barrel - August (Posted WT Int. Crude)	\$ 20.35	\$ 41.49	\$ 44.70	7.7%
Rig Count (Texas RRC District 8A) - August	19	10	20	100.0%
Crude Oil Production (Texas RRC District 8A) - August	100,431	66,811	65,037	-2.7%
Value of Oil Production (Texas RRC District 8A) - August	\$ 1,937,248	\$ 2,496,940	\$ 2,976,210	19.2%
<b>Agriculture (Regional)</b>				
Cotton Price (West Texas, cents/pound) - August	72.33	66.67	67.42	1.1%
Fat Cattle Price (\$/hd. Wt.) - August	\$ 67.15	\$ 112.25	\$ 111.69	-0.5%
Value Cattle Marketed (\$000's) - August	\$ 196,506	\$ 247,479	\$ 234,248	-5.3%