



LUBBOCK NATIONAL BANK

Lubbock Economic Index And Consumer Price Index

January 2017

January 2017 employment data for Lubbock and other Texas metro areas was not released until March 10, and it was as a part of the annual employment data revision process in which prior monthly estimates are reworked to reflect more accurate employer data. Also as a part of that process, the new benchmarks were established for crafting the monthly employment estimates moving forward in 2017.

Typically during this process monthly employment data is significantly revised for the previous year (2016 in this case), and to a lesser degree the year before that. However, this year employment estimates were substantially revised dating all the way back to at least 1995 (the year in which data collection began for the Lubbock Economic Index, which is based in January 1996). Thankfully, the estimates were revised upward, and on average the monthly estimates were raised by about 1,800 jobs over all of that period of time.

The 2016 monthly estimates were also revised upward by about 1,800 jobs on average; however, the upward revisions were higher in the latter part of the year, with monthly estimates August-December revised upward by over 2,000 jobs. The December 2016 monthly estimate was revised upward by 2,700 jobs.

The rate of employment growth was higher in 2016 per the revised data; the annual average employment growth post-revision was 2.5%, compared to 2.3% per the original estimates. At year-end, however, the December 2016 year-over-year employment growth rate of 2.1% was up significantly compared to a growth rate of 1.0% per the original data.

The Lubbock Economic Index was not greatly affected – the index is a calculation relative to its starting point (again, January 1996) and the fact that employment data was revised in a fairly uniform manner over all that time means the index itself is largely unaffected. Most monthly LEI values were altered by no more than 3/10 of a point over time. And in fact, the December 2016 Lubbock Economic Index after the revisions were factored in was unchanged at 149.3, and that remains the current record LEI record.

The Lubbock Economic Index retreated a bit in January, however, falling back to 149.0 for the month, down from 149.3 in December, but still up a solid 3.2% from the January 2016 LEI of 144.4. General spending was higher for the month, though auto sales were down compared to last year. Employment continues to register steady growth, and the unemployment rate was unchanged compared to its year-ago level. Construction set a record for the month of January, and new housing construction posted its highest January total in four years. Home sales were up slightly in January, though the average price of those sales was flat compared to January of a year ago.

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 real (inflation-adjusted) taxable spending per January sales tax receipts in Lubbock was up by nearly 6% compared to January of a year ago. That marks only the fourth time in the last fourteen months that spending logged a year-over-year increase, and again real spending by households and businesses in Lubbock was slightly lower in 2016 compared to 2015.
- With the new data benchmarks now place on the heels of the annual data revision release the stage is set for monthly estimates in 2017. The year is off to a solid start with a 2.7% year-over-year increase in January, which reflects the addition of an estimated 3,800 jobs over the last 12 months. The unemployment rate in Lubbock had been trending above its year-ago level for the latter half of 2016, but was unchanged in January compared to January of a year ago at 3.4%. The year-over-year growth rate of 2.7% ranks as seventh best among Texas' 26 metro areas, while the unemployment rate is tied with Amarillo for the lowest in the state.

Auto sales activity was lower in January with inflation-adjusted spending on new and used motor vehicles down by 4.6% compared to January of a year ago. Over the last 12 months real auto spending is down by 3.6% compared to the previous 12 months, and again, auto sales activity was down modestly in 2016 for the second straight year after five years of dramatic growth.

The construction sector continues to put up some extraordinary numbers with a record total for the month of January after shattering the annual record in 2016. The real (inflation-adjusted) permit valuation total was up by only 4.6% in January compared to January of a year ago; however, the January 2016 total was up by over 64% compared to January of the prior year. Housing construction was sharply higher for the month with a 70% increase in the number of new single-family residence permits issued, the highest January total since 2013.

Housing sales were modestly improved compared to year-ago levels with five additional sales in January compared to January 2016. The average price of those sales was essentially flat, as was the inflation-adjusted total dollar volume of sales activity.

Lubbock Consumer Price Index

The rate of year-over-year increase in the Lubbock Consumer Price Index was unchanged from December to January at 1.8%.

The rate of year-over-year price increase in the food/grocery sector of the Lubbock CPI dipped into negative territory in January at -.3% compared to 0% in December. The national and regional CPI values for “food at home” (it’s not a perfect apples-to-apples comparison) are both negative compared to year-ago levels as well, indicating at least temporary price declines as opposed to increase.

The housing sector of the Lubbock CPI retreated in January for the first time in about 18 months, falling to 4.7% for the month, compared to 4.9% in December (and 3.8% in January 2016).

The energy (fuels and utilities) sector of the Lubbock CPI continues to tick upward at .5% in January, compared to .2% in December, and -3.2% in January 2016.

The medical care component of the Lubbock CPI was again unchanged at 3.6% in January (as it was in November and December as well). The US national health care CPI declined a bit in January to 3.9% compared to 4.1% in December.

The rate of year-over-year price increase for various miscellaneous goods and services in Lubbock ticked upward again slightly in January to .5% compared to .4% in December.

The national CPI-U (the US Consumer Price Index, a broad measure of price change over time) increased at a 2.5% annual rate in January, compared to 2.1% in December. The “core CPI”, the Consumer Price Index minus food and energy, posted a 2.3% rate of year-over-year growth in January compared to 2.2% in December.

The CPI for the southern region of the US (which includes Texas) moved fairly sharply upward in January to 2.6% compared to 2.0% in December.

The Dallas-Fort Worth metro area CPI was newly updated in January and increased to 2.7% compared to 2.4% in November. The Houston metro area CPI was last updated in December and the rate of increase was up significantly at 2.3% compared to 1.7% in October. The Dallas-Fort Worth and Houston metro area CPI values are calculated every other month on off months from one another.

The Lubbock Metro Area Economy

The Lubbock Economic Index

Lubbock Economic Indicators* January 2017	Base Year 1996	One Year Ago 2016	This Year 2017	% Change 2016-2017
Retail Sales - January	\$ 232,178,159	\$ 333,897,396	\$ 353,437,263	5.9%
Retail Sales - Year-To-Date	\$ 232,178,159	\$ 333,897,396	\$ 353,437,263	5.9%
Dollars Spent on Auto Purchases - January	\$ 31,403,294	\$ 69,740,098	\$ 66,512,718	-4.6%
Dollars Spent on Auto Purchases YTD	\$ 31,403,294	\$ 69,740,098	\$ 66,512,718	-4.6%
Hotel/Motel Spending - January	\$ 8,625,779	\$ 6,851,405	\$ 6,707,276	-2.1%
Lubbock International Airport Passenger Enplanements - January	40,858	32,492	32,811	1.0%
Lubbock International Airport Passenger Enplanements - YTD	40,858	32,492	32,811	1.0%
Value All Construction Permits - January	\$ 24,870,157	\$ 83,549,333	\$ 87,391,791	4.6%
Value All Construction Permits - YTD	\$ 24,870,157	\$ 83,549,333	\$ 87,391,791	4.6%
New Home Permits - January	45	65	111	70.8%
New Home Permits - YTD	45	65	111	70.8%
Number of Home Sales - January	128	212	217	2.4%
Number of Home Sales - YTD	128	212	217	2.4%
Average Home Sale Price - January	\$ 86,201	\$ 166,022	\$ 165,414	-0.4%
Average Home Sale Price - YTD	\$ 86,201	\$ 166,022	\$ 165,414	-0.4%
Dollar Volume Residential Real Estate Sales - January	\$ 17,321,522	\$ 35,884,595	\$ 35,894,847	0.0%
Dollar Volume Residential Real Estate Sales - YTD	\$ 17,321,522	\$ 35,884,595	\$ 35,894,847	0.0%
Employment				
Wage and Salary Employment - January	110,700	142,000	145,800	2.7%
Wage and Salary Employment - YTD Avg	110,700	142,000	145,800	2.7%
Unemployment Rate - January	4.6%	3.4%	3.4%	0.0%
Unemployment Rate - YTD Avg	4.6%	3.4%	3.4%	0.0%
LUBBOCK ECONOMIC INDEX - January (Base=100 January 1996)	100.0	144.4	149.0	3.2%
* 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				
Oil and Gas (Regional)				
Oil Price/Barrel - January (WT Int. Crude)	\$ 17.31	\$ 28.77	\$ 49.25	71.2%
Rig Count (Texas RRC District 8A) - January	23	11	18	63.6%
Crude Oil Production (Texas RRC District 8A) - January	12,179	8,807	8,306	-5.7%
Value of Oil Production (Texas RRC District 8A) - January	\$ 181,555	\$ 253,341	\$ 241,808	-4.6%
Agriculture (Regional)				
Cotton Price (West Texas, cents/pound) - January	79.75	57.85	70.25	21.4%
Cotton - South Plains Bales Ginned Crop Year Through January	2,495,400	3,452,400	4,200,550	21.7%
Fat Cattle Price (\$/hd. Wt.) - January	\$ 64.50	\$ 128.05	\$ 117.36	-8.3%
Value Cattle Marketed (\$000's) - January	\$ 24,510	\$ 25,610	\$ 22,298	-12.9%

The Lubbock Economy

The Lubbock Economic Index January 1996 - January 2017

