



# LUBBOCK NATIONAL BANK

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

**The Lubbock Economic Index posted a large increase in May, spiking upward to a record 150.3 for the month up from 149.0 in April, and up 3.1% from the May 2016 LEI of 145.8.** The 1.3 points added in May is the largest monthly increase since April 2014, and moved the year-over-year growth rate in the Lubbock Economic Index back above 3% for the first time since March 2016.

Record numbers in the building indicators powered the index growth in May, including the highest single-month building permit valuation total on record, surpassing \$200 million in one month for the first time ever. May monthly records were set in home sales and auto spending as well. Employment growth continues, though at a lower rate compared to the prior two years, while general taxable spending remains generally flat compared to year-ago levels.

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.

- Spending remains stagnant with another slight year-over-year decline in real (inflation-adjusted) spending per May sales tax receipts. The year-to-date total remains positive, but not by much posting a gain of .8% compared to the first five months of 2016, which in turn was down by 2% compared to the January-May total from the previous year.
- An estimated 1,600 jobs were added to the Lubbock economy over the last 12 months for a year-over-year growth rate of 1.1%, 18<sup>th</sup> among Texas' 26 metro areas for the month of May. Mining (oil & gas) and construction, trade/transportation/utilities/, professional and business services, and leisure & hospitality all posted employment gains over the last year, while manufacturing, information, education/health services, and government employment were down in May compared to May of a year ago. The Lubbock unemployment rate remains low, though slightly elevated compared to last year at 3.2% in May, up a tenth of a point from the 3.1% in May 2016.

Auto sales surged higher in May, establishing a new May monthly record and outpacing the total from May 2016 by over 38%. The strong May sales numbers pulled the year-to-date total into positive territory for the first time in 2017, up by 4.2% compared to the first five months of last year.

Building permit activity spiked upward in May with the monthly valuation total surpassing \$200 million for the first time and posting a 238% year-over-year increase. In fact, inflation-adjusted monthly permit valuations prior to May had surpassed \$100 million only three times, the most recent of which occurred in March 2016. The Buddy Holly Hall of Performing Arts & Sciences led the way with \$127 million in permits taken in May and a \$22 million permit for a new Lubbock Cooper ISD elementary school. The strong May permit valuation propelled the year-to-date total into record territory for the first five months of the year, and surpassing the total through May 2016 by nearly 20%.

Home building is historically high through the first five months of 2017. Only in a handful of months over the entire 21-year history of the Lubbock Economic Index has the number of new single-family residence permits issued in a given month been higher than the 138 permits issued in May 2017. In fact, the monthly permit total has exceeded that level on only five prior occasions, and the last time was in 2004. The 619 permits issued through May is a record total for the first five months of the year, eclipsing the 546 permits issued January-May 2005.

Existing home sales surged to a new May monthly record at 441 closed sales for the month, up by 7% compared to the May 2016 sales total (the previous May record was 427 in May 2013). The sales total remains lower for the year-to-date, however, down by 2.7% compared to the total through May of a year ago. The average price of those sales is increasing at a healthy rate thus far in 2017, with the May monthly average up by 3.2% year-over-year, and the average through May up by 1.3% compared to the average through the first five months of 2016. The inflation-adjusted total dollar volume of residential real estate sales activity is up by a stout 8% in May (year-over-year), but down by some 3.5% compared to last year's record level through May, which in turn was up by over 10% compared to the first five months of the previous year.

## Lubbock Consumer Price Index

**The rate of year-over-year increase in the Lubbock Consumer Price Index for May 2017 increased to 2.3% for the month compared to 2.1% in both March and April.**

The food/grocery sector of the Lubbock CPI remains in actual negative year-over-year territory in May at -.5%, compared to -.8% in April. Again, that means aggregate pricing is actually slightly lower than it was in May of a year ago.

The housing component of the Lubbock CPI posted another slight decline in May, falling to 3.9% for the month compared to 4.0% in April.

The energy (fuels and utilities) sector of the Lubbock CPI remains higher compared to year-ago levels, increasing to 2.8% in May, up from 2.1% in April.

The medical care component of the Lubbock CPI was unchanged from April to May at 4.0%. The US southern region health care CPI increased at a 4.2% year-over-year rate in May, but slowed to 2.7% at the national level, compared to 3.0% in April.

The rate of year-over-year price increase for various miscellaneous goods and services in Lubbock moved upward to 1.3% in May compared to 1.1% in April.

The growth rate in the national CPI-U (the US Consumer Price Index, a broad measure of price change over time) declined in May, falling to 1.9% down from 2.2% in April. The “core CPI”, the Consumer Price Index minus food and energy, increased at a 1.7% rate in May, down from 1.9% in April.

The CPI for the southern region of the US (which includes Texas) also increased at a 1.7% rate for the month of May, and that’s down from 2.0% in April.

The Dallas-Fort Worth metro area CPI was newly updated in May, and posted a 2.1% rate of year-over-year growth down from 2.2% in March. The Houston metro area CPI was last updated in April and posted a slight decline at 2.0%, down from 2.1% in February. The Dallas-Fort Worth and Houston metro area CPI values are calculated every other month on off months from one another.

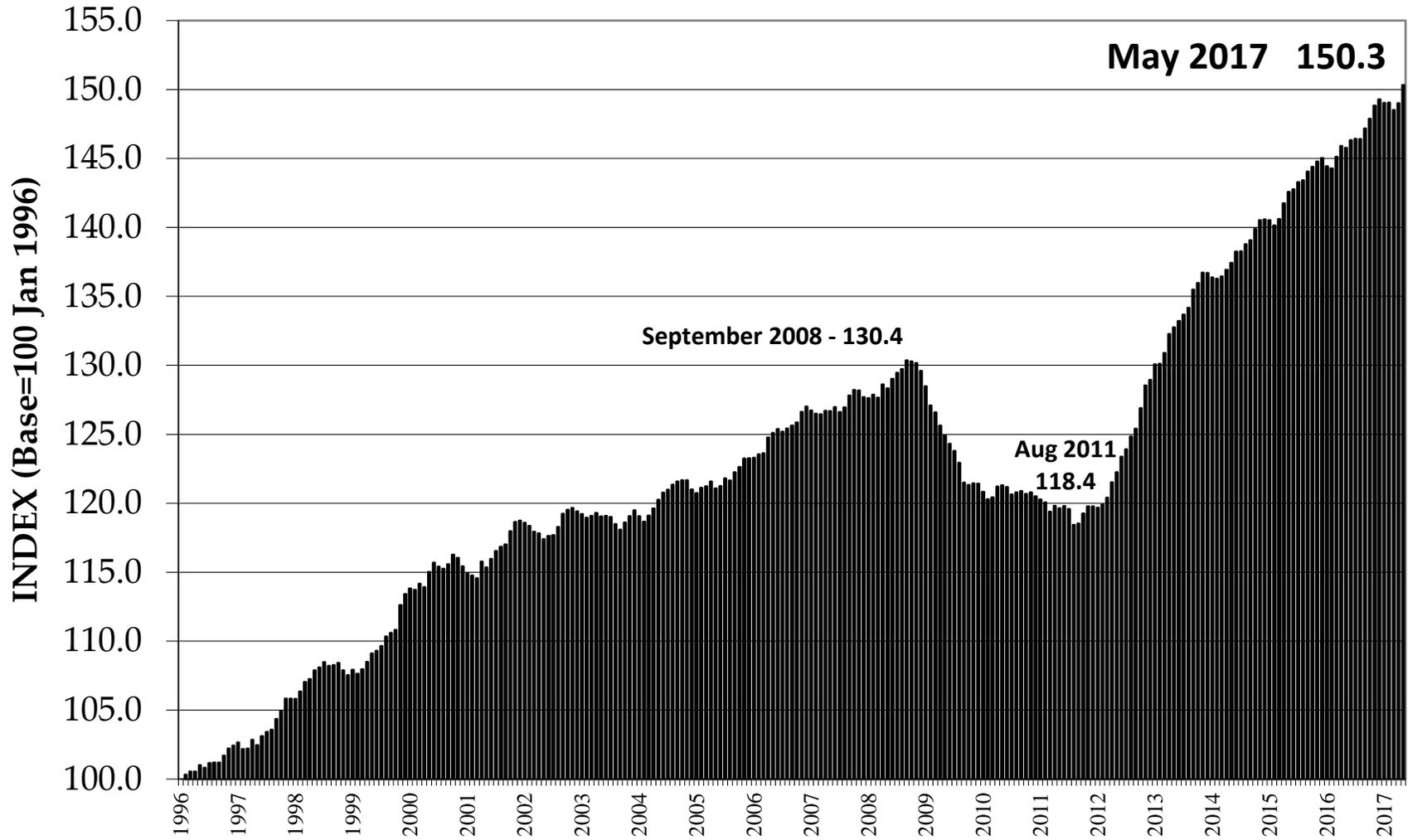
## The Lubbock Metro Area Economy

### The Lubbock Economic Index

<b>Lubbock Economic Indicators* May 2017</b>	<b>Base Year 1996</b>	<b>One Year Ago 2016</b>	<b>This Year 2017</b>	<b>% Change 2016-2017</b>
Retail Sales - May	\$ 286,897,795	\$ 440,897,666	\$ 439,348,641	-0.4%
Retail Sales - Year-To-Date	\$ 1,349,734,584	\$ 1,904,158,390	\$ 1,920,004,975	0.8%
Dollars Spent on Auto Purchases - May	\$ 45,686,739	\$ 51,934,840	\$ 71,734,758	38.1%
Dollars Spent on Auto Purchases YTD	\$ 185,700,865	\$ 325,451,767	\$ 338,975,114	4.2%
Hotel/Motel Spending - YTD Through May	\$ 20,126,561	\$ 37,784,178	\$ 35,119,884	-7.1%
Lubbock International Airport Passenger Enplanements - May	53,564	40,670	42,160	3.7%
Lubbock International Airport Passenger Enplanements - YTD	241,577	184,943	188,073	1.7%
Value All Construction Permits - May	\$ 27,896,992	\$ 60,825,112	\$ 205,277,192	237.5%
Value All Construction Permits - YTD	\$ 115,960,788	\$ 382,808,274	\$ 458,095,494	19.7%
New Home Permits - May	45	72	138	91.7%
New Home Permits - YTD	270	405	619	52.8%
Number of Home Sales - May	213	412	441	7.0%
Number of Home Sales - YTD	829	1,644	1,600	-2.7%
Average Home Sale Price - May	\$ 93,785	\$ 177,925	\$ 183,662	3.2%
Average Home Sale Price - YTD	\$ 84,616	\$ 178,764	\$ 181,074	1.3%
Dollar Volume Residential Real Estate Sales - May	\$ 32,086,030	\$ 75,002,044	\$ 80,995,115	8.0%
Dollar Volume Residential Real Estate Sales - YTD	\$ 113,243,100	\$ 301,380,664	\$ 290,778,376	-3.5%
<b>Employment</b>				
Wage and Salary Employment - May	111,500	146,300	147,900	1.1%
Wage and Salary Employment - YTD Avg	111,380	144,520	146,900	1.6%
Unemployment Rate - May	4.1%	3.1%	3.2%	3.2%
Unemployment Rate - YTD Avg	4.3%	3.2%	3.5%	8.7%
<b>LUBBOCK ECONOMIC INDEX - MAY (Base=100 January 1996)</b>	<b>101.0</b>	<b>145.8</b>	<b>150.3</b>	<b>3.1%</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 - May (Posted WT Int. Crude)	\$ 19.52	\$ 43.38	\$ 45.06	3.9%
Rig Count (Texas RRC District 8A) - May	29	8	22	175.0%
Crude Oil Production (Texas RRC District 8A) - May	62,756	42,115	39,973	-5.1%
Value of Oil Production (Texas RRC District 8A) - May	\$ 1,197,617	\$ 1,441,934	\$ 1,902,628	31.9%
<b>Agriculture (Regional)</b>				
Cotton Price (West Texas, cents/pound) - May	80.05	58.63	75.03	28.0%
Cotton - South Plains Bales Ginned Crop Year Through May	2,483,350	3,584,550	4,371,300	21.9%
Fat Cattle Price (\$/hd. Wt.) - May	\$ 59.76	\$ 129.16	\$ 137.71	6.6%
Value Cattle Marketed (\$000's) - May	\$ 135,899	\$ 164,275	\$ 145,963	-11.1%

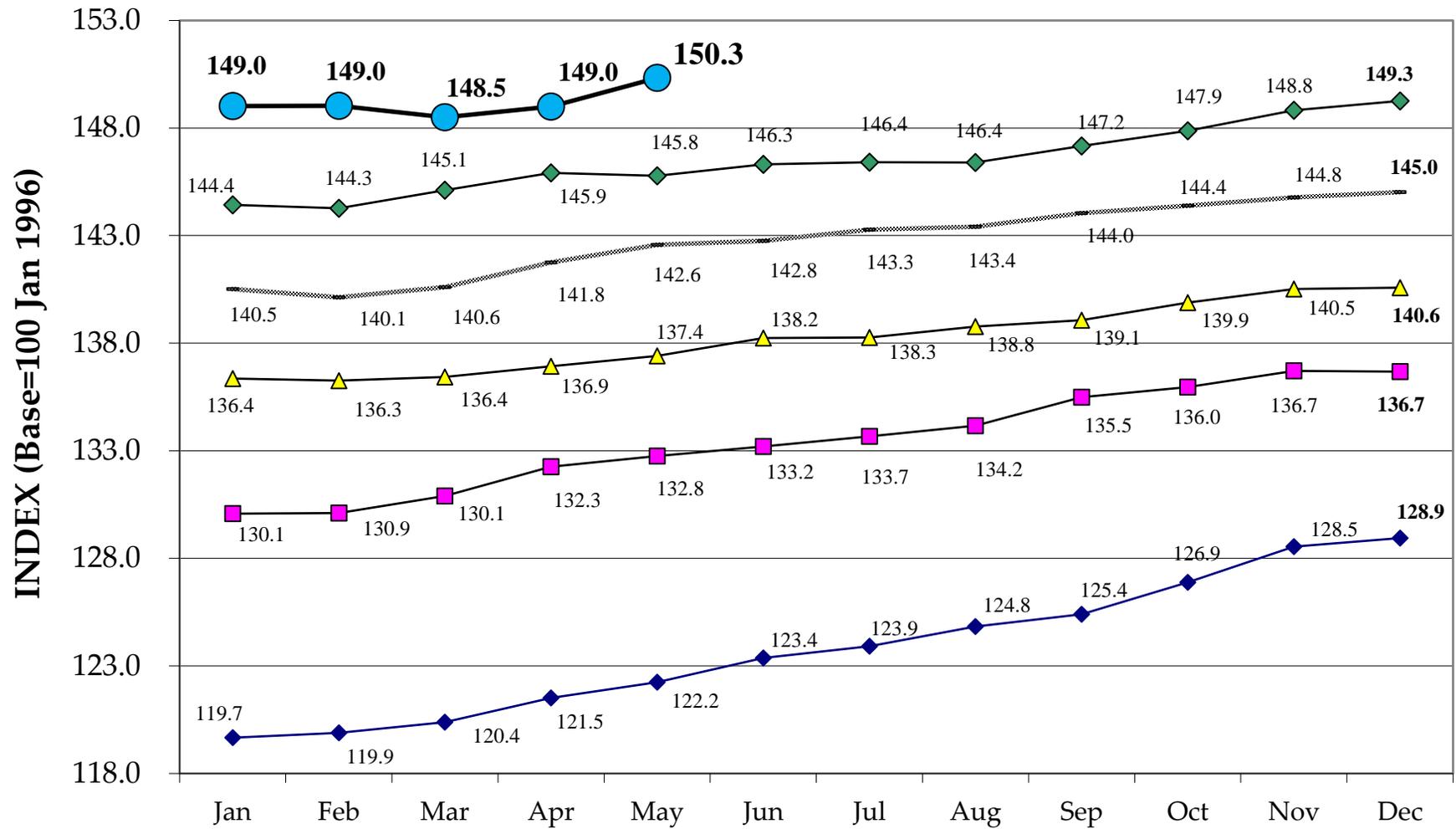
# The Lubbock Economy

The Lubbock Economic Index January 1996 - May 2017



# The Lubbock Economy

## The Lubbock Economic Index 2012 - 2017



Legend: 2012, 2013, 2014, 2015, 2016, 2017