



April 8, 2015

Lubbock Economic Index

The Lubbock Economic Index in January was unchanged at 143.4, and the LEI retreated just very slightly in February to 143.3, but remained a solid 2.9% higher than the revised February 2014 index of 139.2.

Spending and employment were higher for the month, but housing sales were down compared to year-ago levels and new housing construction was sharply lower compared to February of a year ago. Housing prices were higher, however, and the unemployment rate remains firmly on the decline.

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 February sales tax receipts in Lubbock was up by 3.3% compared to February of a year ago, and the total for the year-to-date is up by a solid 3.9% compared to the first two months of 2014.
- Under the new employment data benchmarks the number of jobs in Lubbock improved to 138,300 in February, an increase of 2,800 jobs over the last 12 months for a year-over-year growth rate of 2.1%. The Texas Workforce Commission continues to work through its unemployment rate data, but the current revisions indicate a Lubbock unemployment rate of 3.3% in February compared to 4.3% in February 2014.

Auto spending was up only slightly in February compared to February of a year ago; however, the February 2014 real auto spending total was up by over 20% compared to the prior year. For the first two months of the year, inflation-adjusted spending on new and used automobiles is up by a modest 1.1% compared to the first two months of 2014, which in turn was up by over 16% compared the January-February 2013 total.

The \$56.5 million in building permits issued in February is the second-highest total on record for the month of February, and is up by over 68% compared to February of a year ago. For the year-to-date the value of projects for which building permits were issued is up by an impressive 34%. Housing construction is down for the month and year-to-date, however, with the number of single-family residence permits issued down 22% and 11%, respectively.

Home sales have also begun the year in negative territory with the number of closed sales down by 5% in February, and down about 7% for the first two months of the year (compared to year-ago levels). The average price of those sales is up a sharp 12% in February, and is over 9% improved for the year-to-date compared to the first two months of a year ago.

The volume of the South Plains cotton crop is coming into focus as the ginnings numbers come available each month. The number of bales for the crop year ginned through the end of February is up by 31% compared to the same period a year ago and is the highest since the huge numbers recorded in 2010 and

2011 (reflecting the crop years 2009 and 2010). Cotton prices are down by a roughly equal amount, however, suggesting that the value of the crop is generally on par with the previous crop year.

Crude oil prices continue to represent the greatest threat to rates of growth in the Texas economy, and thus that of its metro areas. The Lubbock economy certainly does have some sensitivity to lower crude oil prices, as does the state of Texas as a whole. Other than that, there is little to suggest the Lubbock economy will not be a growth economy in 2015, and that is what we can expect. Growth in the Lubbock economy in 2015, but perhaps at slightly lower rates than the 3% growth enjoyed by the Lubbock economy in 2014.

Lubbock Consumer Price Index

The rate of year-over-year change in the Lubbock Consumer Price Index fell to 2.3% in February down from 2.4% in January, and from a recent high of 2.5% in November 2014.

The rate of price increase as reflected by the food and grocery sector of the Lubbock Consumer Price Index was also unchanged in February at 3.3%.

The rate of change in the housing portion of the Lubbock CPI declined in February to 3.5%, compared to 3.7% in January. The rate of price increase in the energy/utilities sector dipped below 1% in February to .8%. The national “energy” CPI is sharply negative compared to year-ago levels (there are differences in the items included and the methodology for the energy CPI calculation, but the trend is clearly one of lower prices compared to energy pricing 12 months ago).

The health care sector of the Lubbock CPI declined again in February to 2.4% compared to 2.6% in January. The US national medical care CPI declined in February as well, dropping to 2.3% compared to 2.6% in January.

The rate of year-over-year price increase for various miscellaneous goods and services in Lubbock was unchanged from January to February at 1.3%.

The national CPI-U (the US Consumer Price Index) was unchanged in February compared to February of a year ago, meaning the rate of year-over-year change was 0. Again, energy price declines are pushing the CPI downward, as the “core” CPI (which is the CPI less food and energy) was up by 1.7% year-over-year in February, compared to 1.6% in January.

The CPI for the southern region of the US (which includes Texas) fell below its year-ago level in January and remained negative in February which is down by .3% compared to February of 2014. The Dallas-Fort Worth metro area CPI was last updated in January, again indicating an actual year-to-year decline in the CPI value. The Houston metro area CPI was freshly updated in February, and also went slightly negative compared to its year-ago level. Growth in the Houston CPI was as high as 3.4% as recently as October of last year. The Dallas-Fort Worth and Houston metro area CPI values are calculated every other month on off months from one another.

The Lubbock Economic Index

<i>Lubbock Economic Indicators February 2015</i>	<i>Base Year 1996</i>	<i>One Year Ago 2014</i>	<i>This Year 2015</i>	<i>Percent Change 2014-2015</i>
Retail Sales - February (\$000s - Per Sales Tax Rebates in 1995\$)	\$ 238,554	\$ 317,743	\$ 328,199	3.3%
Retail Sales - Year-To-Date	\$ 389,035	\$ 525,576	\$ 546,071	3.9%
Dollars Spent on Auto Purchases - Feb (\$000s in 1995\$)	\$ 33,908	\$ 58,234	\$ 59,072	1.4%
Dollars Spent on Auto Purchases YTD	\$ 64,735	\$ 127,557	\$ 129,006	1.1%
Lodging Tax Receipts - YTD	\$ 454,928	\$ 809,079	\$ 819,207	1.3%
Airline Boardings - Feb	44,563	32,733	31,294	-4.4%
Airline Boardings - YTD	85,421	63,067	63,187	0.2%
Value All Construction Permits - Feb	\$ 11,958,604	\$ 33,506,642	\$ 56,463,845	68.5%
Value All Construction Permits - YTD	\$ 26,057,369	\$ 81,644,791	\$ 109,400,144	34.0%
New Home Permits - Feb	58	77	60	-22.1%
New Home Permits - YTD	103	154	137	-11.0%
Number of Home Sales - Feb	146	240	228	-5.0%
Number of Home Sales - YTD	274	463	430	-7.1%
Average Home Sale Price - Feb	\$ 79,449	\$ 149,209	\$ 166,911	11.9%
Average Home Sale Price - YTD	\$ 81,578	\$ 150,142	\$ 163,827	9.1%
Dollar Volume Residential Real Estate Sales - February (\$000s in 1995\$)	\$ 11,261,770	\$ 23,078,120	\$ 23,876,235	3.5%
Dollar Volume Residential Real Estate Sales - YTD (\$000s in 1995\$)	\$ 21,731,101	\$ 44,844,460	\$ 44,236,251	-1.4%
Employment				
Wage and Salary Employment - Feb	109,400	135,500	138,300	2.1%
Wage and Salary Employment - YTD Avg	109,150	134,700	138,150	2.6%
Unemployment Rate - Feb	4.4%	4.3%	3.3%	-23.3%
Unemployment Rate - YTD Avg	4.5%	4.3%	3.4%	-20.9%
Oil and Gas (Regional)				
Oil Price/Barrel - Feb (WT Int. Crude)	\$ 17.20	\$ 96.94	\$ 46.75	-51.8%
Rig Count - Feb *	20	33	19	-42.4%
Oil Production - YTD *	24,557	17,529	17,530	0.0%
Value of Oil Production - YTD *	\$ 374,065	\$ 1,649,597	\$ 799,507	-51.5%
Agriculture (Regional)				
Cotton Price - Feb (cents/pound) +	79.76	84.90	57.85	-31.9%
Cotton - Bales Ginned Crop Year-To-Date ++	2,483,350	2,197,900	2,879,150	31.0%
Fat Cattle Price - Feb (\$/hd. Wt.)	\$ 62.97	\$ 146.13	\$ 159.70	9.3%
Value Cattle Marketed - YTD (\$000's) ++	\$ 49,698	\$ 60,433	\$ 59,903	-0.9%
INDEX - February (Base=100 January 1996)	100.3	139.0	143.0	2.9%

* Texas Railroad Commission District 8A (Lubbock Area)

+ Average Monthly Spot Price for 41,4,34; mxd lots, net wt, compressed, FOB Car/Truck

++ Texas South Plains

The Lubbock Economy

