



September 14, 2015

Lubbock Economic Index

The Lubbock Economic Index extended its gains in July, posting another solid monthly increase to 146.1 up from 145.6 in June, and up 3.5% from the July 2014 LEI of 141.1. Construction and housing helped to push the index higher in July, along with continued steady improvement in the Lubbock overall employment situation – jobs on the way up, unemployment on the way down. General spending was lower compared to its year-ago level for the first time in 2015, however, and auto spending was down for the month as well.

The Lubbock economy continues to enjoy general growth and expansion moving into the second half of 2015, and the Lubbock Economic Index through July continues to push into record territory and the current cycle of growth is approaching four years in duration.

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 July sales tax receipts was down (year-over-year) for the first time in 2015, off by about 3.3% compared to July of a year ago. Spending remains higher for the year-to-date, up by 2.7% through July compared to the first seven months of 2014. Total spending for the last 12 months (ending July 2015) is up by a solid 3.5% compared to the total for the prior 12 months.
- The rate of year-over-year job growth moved back above 2% in the last two months, and was an estimated 2.2% in July reflected the addition of about 3,000 jobs to the Lubbock economy over the last 12 months. The slight uptick in the unemployment rate from June to July is of no concern, as it is a seasonal tendency; much more importantly, the unemployment rate of 3.8% in July is down from the 4.7% rate of unemployment in July of a year ago.

Auto sales were lower for the month with inflation-adjusted spending on new and used motor vehicles down by 6% in July compared to July of a year ago. The July 2014 auto sales total was particularly strong, however, up by over 16% compared to the prior year. And again, auto spending was up by double-digit percentage points in 2012, 2013, and 2014 and appears to have flattened in 2015 with real auto spending down by about 3% in the first seven months of the year.

Construction activity in Lubbock remains in record territory and continues to expand rapidly with the valuation of all building permits issued in July up by over 44% compared to July of a year ago. The \$50 million in permits issued for the month is the second-highest ever for the month of July behind only the \$90 million issued in July 2005. The \$429 million in permits for the year-to-date through July is the highest ever for the first seven months of the year, and is up by nearly 44% compared to a year ago. New single-family housing construction is up modestly through July – about 3.3% compared to July of a year ago in terms of the number of new home building permits issued. It is generally historically favorable as well. The 536 permits issued thus far in 2015 represents one of the highest totals for that period of time

since 2008, behind only the 589 permits issued in 2013, which represented a 42% increase compared to the prior year.

Housing sales remain in all-time record territory, however, with 2,448 closed sales through July, an increase of about 8% over the January-July 2014 total. The July monthly sales total was up by over 12% compared to July of a year ago, and was the second-highest July total on record behind the 468 sales in July 2013. The July monthly average price was down just slightly compared to July of a year ago, which in turn was up by over 9% compared to the prior year. The average through July is up by about 2.4% compared to the first seven months of 2014, which in turn was about 6% higher than the previous year.

Lubbock Consumer Price Index

The year-over-year inflation rate – the change in the monthly Lubbock Consumer Price Index compared to the same month in the prior year – dipped below 2% in July for the first time since April 2011. The July change in the Lubbock CPI stands at 1.9%, down from 2.0% in June. Falling energy prices continue to be the major contributor to the downward move in the Lubbock Consumer Price Index in 2015, though other sectors have eased as well.

The rate of price increase as reflected by the food and grocery sector of the Lubbock Consumer Price Index dipped to 2.8% in July, compared to 3.0% in June.

The rate of change in the housing portion of the Lubbock CPI retreated a bit in July after an uptick in June, coming in at 3.3% in July compared to 3.4% in June.

The rate of price increase in the energy/utilities sector fell yet further into negative territory in July (the CPI value is lower compared to July of a year ago) at -.5% for the month, compared to -.2% in June.

The health care sector of the Lubbock CPI declined in July falling to 2.4%, compared to 2.6% in June. The US national medical care CPI stands at 1.8% in July, unchanged from June. In the southern region of the US, including Texas, the medical care portion of the Consumer Price Index declined in July to 2.1%, down from 2.2% in June.

The rate of year-over-year price increase for various miscellaneous goods and services in Lubbock declined again in July to 1.3%, down from 1.4% in June.

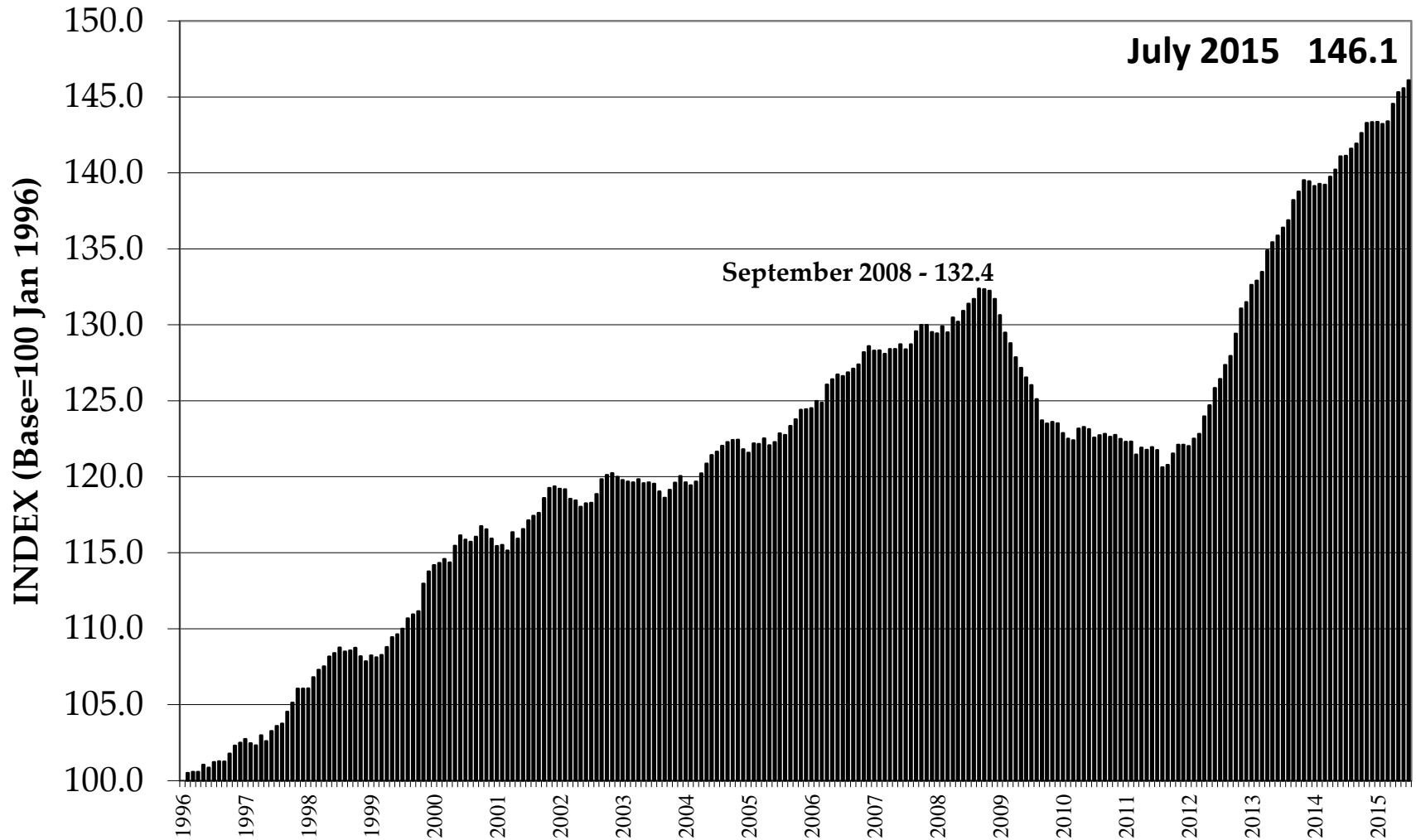
The national CPI-U (the US Consumer Price Index, a broad measure of price change over time) remains generally flat compared to its year-ago level, up a scant .2% in July compared to July 2014. When food and energy are removed the so-called “core CPI” increased by 1.8% in July, unchanged from the previous month.

The CPI for the southern region of the US (which includes Texas) is also flat over the last year, with the overall CPI for July down by .1% over the last 12 months.

The Dallas-Fort Worth metro area CPI was newly updated in July, and remains in negative territory compared to year-ago levels at -.4% compared to -.5% in June. The Houston metro area CPI was last updated in June and remained at -.4%, unchanged from the April rate of year-over-year change in the Houston CPI. The Dallas-Fort Worth and Houston metro area CPI values are calculated every other month on off months from one another.

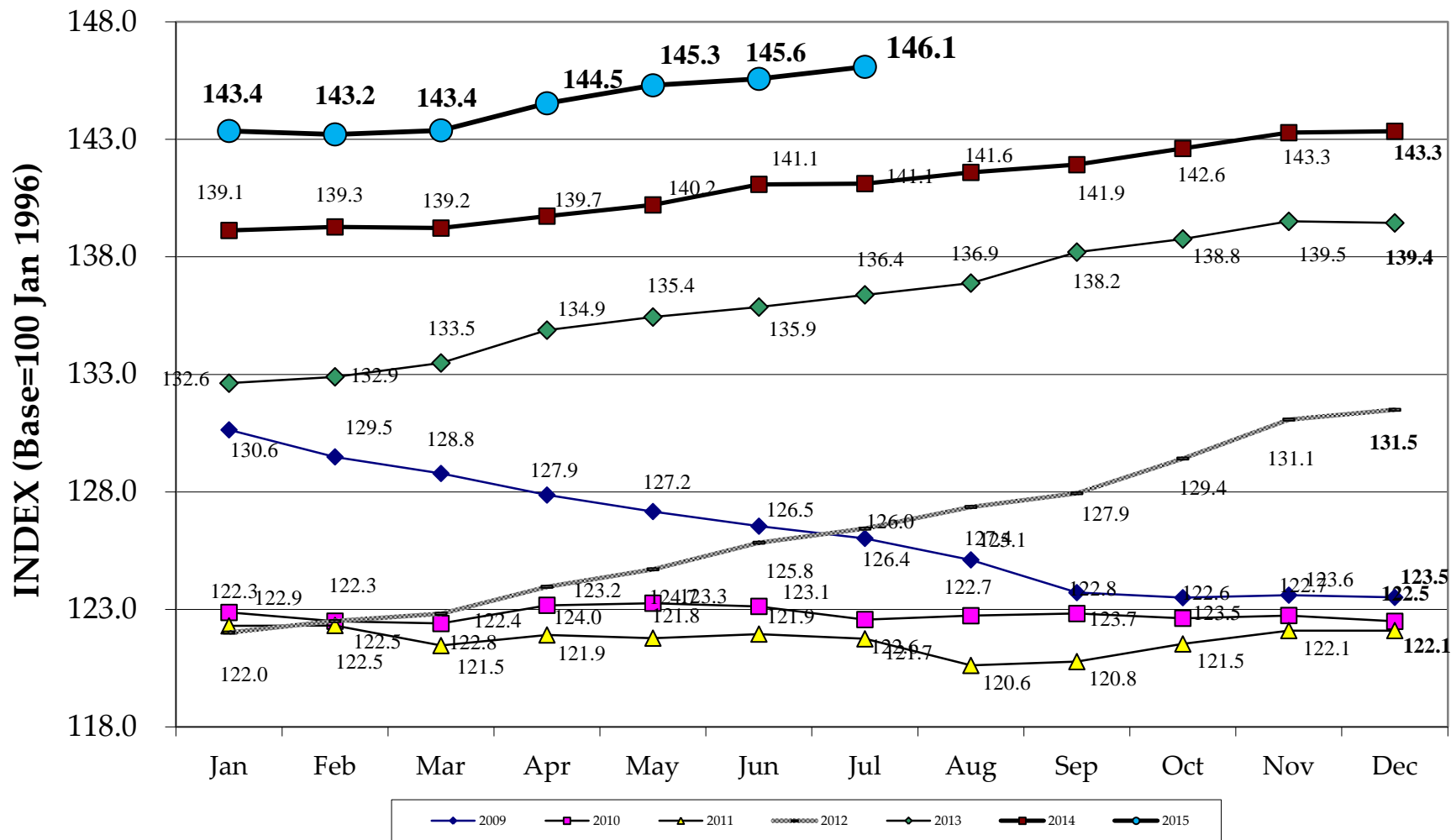
The Lubbock Economy

The Lubbock Economic Index January 1996 - July 2015



The Lubbock Economy

The Lubbock Economic Index 2009 - 2015



The Lubbock Economic Index

<i>Lubbock Economic Indicators</i> <i>July 2015</i>	<i>Base Year</i> <i>1996</i>	<i>One Year Ago</i> <i>2014</i>	<i>This Year</i> <i>2015</i>	<i>Percent Change</i> <i>2014-2015</i>
Retail Sales - July (\$000s - Per Sales Tax Rebates in 1995\$)	\$ 140,343	\$ 216,236	\$ 209,206	-3.3%
Retail Sales - Year-To-Date	\$ 1,165,074	\$ 1,641,320	\$ 1,685,288	2.7%
Dollars Spent on Auto Purchases - July (\$000s in 1995\$)	\$ 42,684	\$ 74,843	\$ 70,383	-6.0%
Dollars Spent on Auto Purchases YTD	\$ 265,118	\$ 488,415	\$ 473,202	-3.1%
Lodging Tax Receipts - YTD	\$ 1,292,780	\$ 3,452,733	\$ 3,624,012	5.0%
Airline Boardings - July	55,414	39,599	40,453	2.2%
Airline Boardings - YTD	350,187	265,088	261,682	-1.3%
Value All Construction Permits - July	\$ 20,836,961	\$ 34,926,804	\$ 50,369,049	44.2%
Value All Construction Permits - YTD	\$ 95,890,821	\$ 298,985,699	\$ 429,132,289	43.5%
New Home Permits - July	45	60	68	13.3%
New Home Permits - YTD	370	519	536	3.3%
Number of Home Sales - July	187	391	439	12.3%
Number of Home Sales - YTD	1,211	2,268	2,448	7.9%
Average Home Sale Price - July	\$ 86,960	\$ 168,269	\$ 166,825	-0.9%
Average Home Sale Price - YTD	\$ 86,228	\$ 162,697	\$ 166,524	2.4%
Dollar Volume Residential Real Estate Sales - July (1995\$)	\$ 15,545,068	\$ 41,934,504	\$ 45,571,818	8.7%
Dollar Volume Residential Real Estate Sales - YTD	\$ 100,941,066	\$ 236,468,481	\$ 254,706,984	7.7%
Employment				
Wage and Salary Employment - July	109,700	136,200	139,200	2.2%
Wage and Salary Employment - YTD Average	109,830	136,100	138,855	2.0%
Unemployment Rate - July	5.0%	4.7%	3.8%	-19.1%
Unemployment Rate - YTD Avg	4.5%	4.2%	3.4%	-18.5%
Oil and Gas (Regional)				
Oil Price/Barrel - July (WT Int. Crude)	\$ 19.69	\$ 98.96	\$ 47.93	-51.6%
Rig Count - July *	24	43	13	-69.8%
Oil Production - YTD *	86,563	60,966	61,528	0.9%
Value of Oil Production - YTD *	\$ 1,489,093	\$ 5,948,833	\$ 3,044,638	-48.8%
Agriculture (Regional)				
Cotton Price - July (cents/pound) +	71.10	67.55	59.84	-11.4%
Cotton - Bales Ginned Crop Year ++	2,483,350	2,197,900	2,879,150	31.0%
Fat Cattle Price - July (\$/hd. Wt.)	\$ 64.02	\$ 158.81	\$ 148.97	-6.2%
Value Cattle Marketed - YTD (\$000's) ++	\$ 179,718	\$ 249,592	\$ 226,358	-9.3%
INDEX - July (Base=100 January 1996)	101.2	141.1	146.1	3.5%

* Texas Railroad Commission District 8A (Lubbock Area)

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

++ Tx Crop Reporting District 1-S