



# LUBBOCK NATIONAL BANK

## Lubbock Economic Index and Consumer Price Index

April 2014

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May 29, 2014

### Lubbock Economic Index

**The Lubbock Economic Index registered a strong increase in April rising to 140.1 up from 139.3 in March, and up 4.1% from the April 2013 LEI of 134.5.** This cycle of impressive recovery and expansion in the Lubbock general economy has now been in place for 32 months; the Lubbock Economic Index has risen for 30 of those 32 months, and has increased by some 16% over that period of time.

General real spending by households and businesses within the city was flat again in April compared to some strong April numbers in the prior two years, but auto spending remains very strong in the Lubbock metro area. The construction sector is putting up record numbers, though single-family housing construction is down sharply compared to high numbers from a year ago. Home sales were flat, but also compared to high numbers in April of last year, and the average monthly home sale price was up significantly in April. The pace of employment growth slowed in April, but the unemployment rate registered a major decline compared to its year-ago level.

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 sales tax receipts in April was again flat for the month (compared to year-ago levels); however, the April sales tax totals in the prior two years have been very strong, up by 11% and 7% in 2012 and 2013, respectively. So in that context, spending activity remains at a high level in Lubbock, and the expectation is that 2014 will be a year of growth in this important local economic indicator. For the year-to-date, general real spending is up by less than a percent compared to the January-April period in 2013, which in turn was up by a stout 7.5% compared to the first four months of the prior year.
- The pace of employment growth slowed in April (though the April number could easily be revised upward next month), with an estimated 3,300 jobs added over the last 12 months for a growth rate of 2.5%. That is the lowest year-over-year growth rate thus far in 2014, and the average growth rate through April is 3.2%. The Lubbock unemployment rate dropped sharply in April, falling to 3.5% down from 4.7% in April of last year, a 25% drop in the unemployment rate over the last 12 months.

Auto sales continue to soar in Lubbock with inflation-adjusted spending on new and used automobiles up by over 9% in April compared to April 2013, which in turn was up by nearly 30% compared to April of the prior year. For the year-to-date, real auto spending is up by over 15% compared to the first four months of a year ago. (The April 2013 auto sales tax total from which these numbers are generated was significantly under-reported last year; the error was noticed when the April 2014 number was reported, and the current figures reflect the correction on the table of economic indicators and in the monthly calculations of the Lubbock Economic Index.)

The \$52.2 million in building permit valuations issued in April is up by over 33% compared to April of a year ago, and in fact represents the highest building permit total on record for the month of April. The year-to-date total is also the highest on record for the first four months of the year, and is up by nearly 15% compared to the January-April 2013 time frame.

The home building sector (single-family residential construction) put up some big numbers in 2013, and the number of new permits spiked to 108 in April of last year. The April 2014 total is down by close to 40% compared to that high number, and in fact new single-family housing construction is not keeping pace with the impressive increases of a year ago. For the year-to-date, the number of new permits issued is down by 21% compared to the first four months of 2013, which in turn was up by over 60% compared to the prior year.

The residential real estate market in Lubbock remains strong with high numbers of closed sales and rising prices. The number of sales recorded in April was generally flat compared to April of a year ago; however, the April 2013 total was up by over 26% compared to April of the prior year. For the year-to-date, sales are down by nearly 7% but again the YTD through April 2013 sales total was up by nearly 32% compared to the prior year. Prices spiked in April with the monthly average up by 9.6% compared to April of a year ago, pulling to year-to-date average up to 4.2% compared to the average for the first four months of 2013.

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## **Lubbock Consumer Price Index**

**The rate of year-over-year increase in the Lubbock Consumer Price Index increased another tenth of a point in April rising to 2.3%, compared to 2.2% in March.**

The food and grocery sector of the Lubbock Consumer Price Index was unchanged from March to April at 2.2%. The most closely-related sector of the national CPI for our region of the US also increased at a rate of 2.2% in April, but that was up from 1.9% in March.

The rate of change in the housing portion of the Lubbock CPI was also unchanged from March to April at 3.3%, though the recent trend has been upward as the housing market has continued to strengthen. The rate of price increase in the energy/utilities sector of the Lubbock CPI increased again in April, rising to 2.2% compared to 2.0% in March (and 1.7% in February).

The health care sector of the Lubbock CPI was again unchanged from March to April at 2.5%. The year-over-year increase in the health care CPI at the US national level rose to 2.4% in April compared to 2.2% in March.

The rate of year-over-year price increase for various miscellaneous goods and services was also unchanged from March to April at 1.2%.

The rate of year-over-year growth in the CPI-U (the US Consumer Price Index) increased again in April, rising to 2.0% compared to 1.5% in March. The CPI for the southern region of the US (which includes Texas) also increased in April, rising to 2.3% for the month compared to 1.5% in March. The Dallas-Fort Worth metro area CPI was last updated in March, and declined again to 1.0% compared to 1.2% in January. The Houston metro area CPI was freshly updated in April, and fell slightly to 2.8%, compared to a 2.9% in March.



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## Lubbock Economic Indicators April 2014

	Base Year 1996	One Year Ago 2013	This Year 2014	Percent Change 2013-2014
Retail Sales - April (\$000s - Per Sales Tax Rebates in 1995\$)	\$ 150,463	\$ 205,065	\$ 204,800	-0.1%
Retail Sales - Year-To-Date	\$ 684,220	\$ 924,800	\$ 932,080	0.8%
Dollars Spent on Auto Purchases - April (\$000s in 1995\$)	\$ 38,845	\$ 68,013	\$ 74,349	9.3%
Dollars Spent on Auto Purchases YTD	\$ 136,770	\$ 239,204	\$ 276,241	15.5%
Lodging Tax Receipts - YTD	\$ 748,928	\$ 1,718,299	\$ 1,761,706	2.5%
Airline Boardings - April	48,422	40,483	39,289	-2.9%
Airline Boardings - YTD	188,013	145,175	141,157	-2.8%
Value All Construction Permits - April	\$ 11,601,068	\$ 39,161,656	\$ 52,208,622	33.3%
Value All Construction Permits - YTD	\$ 49,394,881	\$ 146,438,988	\$ 168,155,133	14.8%
New Home Permits - April	58	108	66	-38.9%
New Home Permits - YTD	225	372	294	-21.0%
Number of Home Sales - April	199	354	355	0.3%
Number of Home Sales - YTD	616	1,182	1,102	-6.8%
Average Home Sale Price - April	\$ 82,662	\$ 148,935	\$ 163,204	9.6%
Average Home Sale Price - YTD	\$ 82,091	\$ 151,759	\$ 158,142	4.2%
<b>Employment</b>				
Wage and Salary Employment - Month	108,200	132,100	135,400	2.5%
Wage and Salary Employment - YTD Average	107,725	130,550	134,775	3.2%
Unemployment Rate - April	4.1%	4.7%	3.5%	-25.5%
Unemployment Rate - YTD Avg	4.4%	5.1%	4.1%	-21.0%
<b>Oil and Gas (Regional)</b>				
Oil Price/Barrel - April (WT Int. Crude)	\$ 21.77	\$ 88.33	\$ 98.50	11.5%
Rig Count - April *	19	38	37	-2.6%
Oil Production - YTD *	49,644	35,580	35,187	-1.1%
Value of Oil Production - YTD *	\$ 793,194	\$ 3,211,823	\$ 3,268,331	1.8%
<b>Agriculture (Regional)</b>				
Cotton Price - April (cents/pound) +	82.70	80.09	82.93	3.5%
Cotton - Bales Ginned Crop Year ++	2,483,350	2,365,750	2,197,900	-7.1%
Fat Cattle Price - April (\$/hd. Wt.)	\$ 59.70	\$ 127.47	\$ 148.17	16.2%
Value Cattle Marketed - YTD (\$000's) ++	\$ 101,239	\$ 137,402	\$ 152,870	11.3%
<b>INDEX - April (Base=100 January 1996)</b>	<b>100.6</b>	<b>134.8</b>	<b>140.1</b>	<b>3.9%</b>

\* Texas Railroad Commission District 8A (Lubbock Area)

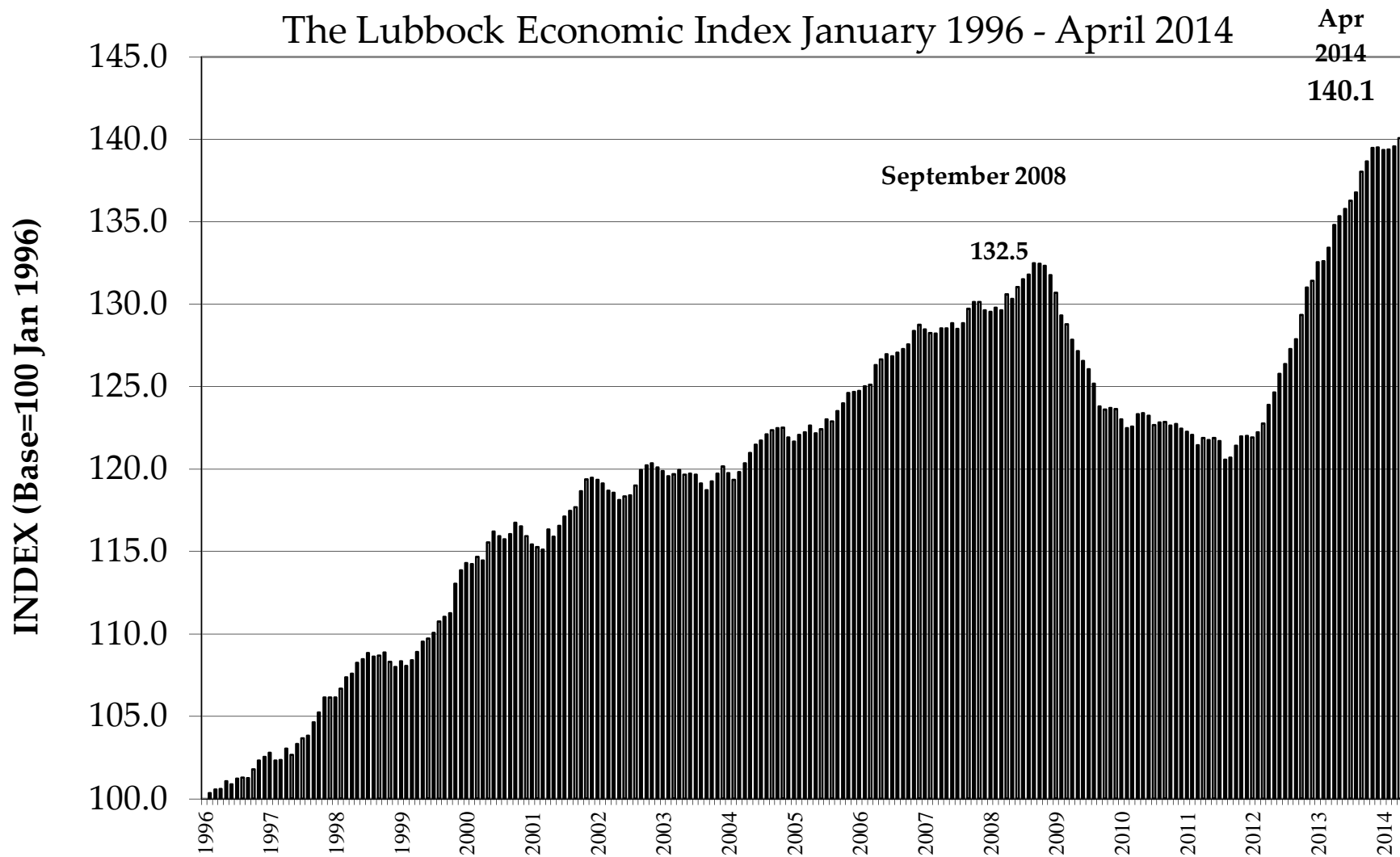
+ Spot Price for 41,4,34; mxd lots, net wt, compressed, FOB Car/Truck

++ South Plains Region



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## The Lubbock Economic Index January 1996 - April 2014





### The Lubbock Economic Index 2008 - 2014

