



# LUBBOCK NATIONAL BANK

## Lubbock Economic Index and Consumer Price Index July 2013

September 5, 2013

### Lubbock Economic Index

**A record month in the residential real estate market powered the Lubbock Economic Index to its 18<sup>th</sup> straight monthly increase in July, which improved to 135.8 up from 135.3 in June, and up a stout 7.4% from the July 2012 LEI of 126.5.** Home building and auto sales improved as well, the rate of employment growth gained momentum in July, and the unemployment rate declined at a faster pace 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.

- General real (inflation-adjusted) taxable spending per July sales tax receipts was up by only about 1.1% in July compared to July of a year ago; however, the July 2012 real spending total was up by nearly 12% compared to the prior year, so on balance general real spending remains strong and healthy, and continues to occur at a high level. For the year-to-date, real spending is up by a solid 6% compared to the first seven months of 2012.
- The 2.7% rate of year-over-year employment growth (July of this year compared to July 2012) is the strongest thus far in 2013, with an estimated 3,400 jobs added to the Lubbock economy over the last 12 months. Job growth is spread fairly evenly across the various sectors of Lubbock employment, with only the "Information" sector – a small sector to begin with – losing 100 jobs over the year. The rate of year-over-year decline in the unemployment rate quickened in July as well, dipping to 5.8%, the lowest July unemployment rate since 2008.

Auto sales remain very robust in Lubbock with inflation-adjusted spending on new and used automobiles in July up by 7.6% compared to the July 2012 total, which in turn was up by a whopping 31% compared to the prior year. For the year-to-date, real auto spending is up by nearly 5% compared to the same period in 2012, which in turn was up by over 18% relative to the prior year.

Total construction per monthly building permit activity was lower for the month with the valuation of building permits issued down by over 25% compared to July of a year ago, pulling the year-to-date total down by about 4.6% compared to the first seven months of 2012.

Housing construction continues to post stout year-over-year increases for the second straight year; the number of new single-family residence construction permits was up by over 20% in July, and the number of permits issued for the year-to-date is up by over 40% compared to the January-July 2012 total, which in turn was up by over 20% compared to the same period in the prior year.

The Lubbock residential real estate market soared into record territory in July – the 468 closed housing sales is the highest ever recorded for any month, and is up by over 50% compared to July of a year ago. The 2,484 closed sales year-to-date is also a record, and is up by a sharp 30% compared to the YTD through July 2012 sales total. Prices continue to rise as well with the average up some 5% for the month, and for the year-to-date. Perhaps the best measure of residential real estate activity is the real total dollar volume of sales activity (the number of sales multiplied the price of those sales, adjusted for inflation); that number is solidly into record territory in 2013, and the year-to-date total is up by over 33% compared to the first seven months of 2012

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## Lubbock Consumer Price Index

**The rate of overall price increase in Lubbock rose again in July to 2.4%, up from 2.3% in June, and it appears the rate of inflation in consumer prices in Lubbock may have bottomed out and begun to rise again.**

The food/grocery sector of the Lubbock CPI rose again in July to 1.6%, up from 1.4% in July (the numbers represent the change compared the same month the prior year). The rate of year-over-year increase in this sector of the local CPI had been steadily on the decline for about 18 months before turning upward last month.

The rate of change in the housing portion of the Lubbock CPI also moved upward again in July, rising to 3.7% up from 3.6% in June. The rate of price increase in the energy/utilities sector rose to 2.6% in July, up from 2.4% in June.

The health care sector of the Lubbock CPI was unchanged in July at 2.6%. The year-over-year rate of change in the US health care CPI continued to fall in July, dipping to 1.9%, down from 2.1% in June.

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

The US CPI-U (the benchmark CPI for consumers of all goods and services at the national level) rose again in July to 2.0% up from 1.8% in June, and the low point of 1.1% in April of this year.

The rate of increase in the CPI in the southern region of the US (which includes Texas) also increased again in July, rising to 2.2% compared to 1.9% in June and a low of .9% in April.

The Dallas and Houston CPI values are calculated every other month (on off-months). The Houston CPI was freshly updated in June, and increased to 1.5% up from .7% in May. The Dallas CPI was updated in July, and rose fairly sharply to 2.7% up from its low point in the current cycle of 1.6% in May. The Houston CPI was last updated in June, and rose to 1.5%, compared to .7% in May.

The CPI data for Lubbock, for Texas, for the southern region of the country, and the US as a whole are beginning to suggest that the rate of inflation has experienced a cyclical trough after a long period of decline and is now once again on the rise.



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## Economic Indicators July 2013

	Base Year 1996	One Year Ago 2012	This Year 2013	Percent Change 2012-2013
Retail Sales - July (\$000s - Per Sales Tax Rebates in 1995\$)	\$ 140,343	\$ 208,217	\$ 210,598	1.1%
Retail Sales - Year-To-Date	\$ 1,165,074	\$ 1,520,388	\$ 1,611,367	6.0%
Dollars Spent on Auto Purchases - July (\$000s in 1995\$)	\$ 42,552	\$ 59,682	\$ 64,195	7.6%
Dollars Spent on Auto Purchases YTD	\$ 264,357	\$ 377,518	\$ 395,942	4.9%
Lodging Tax Receipts - YTD	\$ 1,292,780	\$ 3,328,824	\$ 3,240,426	-2.7%
Airline Boardings - July	55,414	43,558	41,321	-5.1%
Airline Boardings - YTD	350,187	286,787	270,399	-5.7%
Value All Construction Permits - July	\$ 20,836,961	\$ 35,057,842	\$ 26,028,739	-25.8%
Value All Construction Permits - YTD	\$ 95,890,821	\$ 266,812,341	\$ 254,570,491	-4.6%
New Home Permits - July	45	66	80	21.2%
New Home Permits - YTD	370	414	589	42.3%
Number of Home Sales - July	187	307	468	52.4%
Number of Home Sales - YTD	1,211	1,922	2,484	29.2%
Average Home Sale Price - July	\$ 86,960	\$ 147,696	\$ 154,303	4.5%
Average Home Sale Price - YTD	\$ 86,228	\$ 146,332	\$ 153,646	5.0%
<b>Employment</b>				
Wage and Salary Employment - July	107,900	128,100	131,500	2.7%
Wage and Salary Employment - YTD Average	107,985	128,285	130,745	1.9%
Unemployment Rate - July	5.0%	6.4%	5.8%	-9.4%
Unemployment Rate - YTD Avg	4.5%	5.9%	5.4%	-7.6%
<b>Oil and Gas (Regional)</b>				
Oil Price/Barrel - July (WT Int. Crude)	\$ 19.69	\$ 84.40	\$ 101.27	20.0%
Rig Count - July *	24	35	34	-2.9%
Oil Production - YTD *	86,563	62,035	61,264	-1.2%
Value of Oil Production - YTD *	\$ 1,489,093	\$ 5,786,989	\$ 5,651,502	-2.3%
<b>Agriculture (Regional)</b>				
Cotton Price - July (cents/pound) +	71.10	62.68	81.42	29.9%
Cotton - Bales Ginned Crop Year ++	2,483,350	1,450,700	2,365,750	63.1%
Fat Cattle Price - July (\$/hd. Wt.)	\$ 64.02	\$ 114.74	\$ 119.90	4.5%
Value Cattle Marketed - YTD (\$000's) ++	\$ 179,718	\$ 246,701	\$ 231,771	-6.1%
<b>INDEX - July (Base=100 January 1996)</b>	<b>101.2</b>	<b>126.5</b>	<b>135.8</b>	<b>7.4%</b>

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

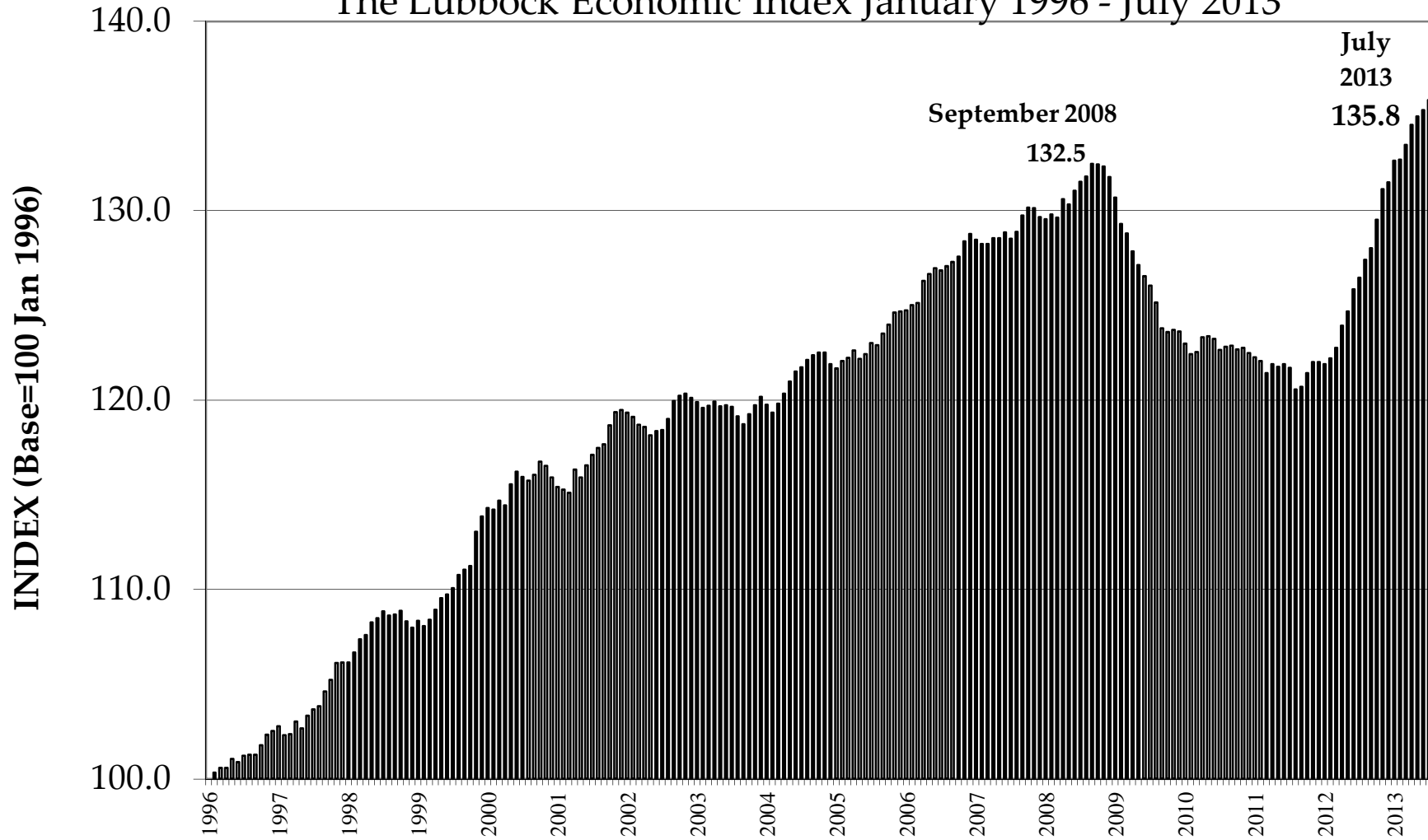
+ Spot Price for 41,4,34; mxd lots, net wt, compressed, FOB Car/Truck

++ Tx Crop Reporting District 1-S



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The Lubbock Economic Index January 1996 - July 2013





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## The Lubbock Economic Index 2007 - 2013

