



LUBBOCK NATIONAL BANK

Lubbock Economic Index and Consumer Price Index

May 2013

June 27, 2013

Lubbock Economic Index

The expansion cycle in the Lubbock metro area general economy as represented by the Lubbock Economic Index is now 21 months in the making, and counting. The Lubbock Economic Index improved once again in May, rising to 135.0 up from 134.5 in April, and up 8.3% from the May 2012 LEI of 124.7. General spending and employment remain on the increase, auto spending was up sharply for the month, and the housing indicators (construction and existing home sales) continue to put up some big numbers thus far in 2013.

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 May sales tax receipts was up by 2.7% compared to May of a year ago. That represents the smallest margin of year-over-year increase thus far in 2013; however, the general trend is still upward, and the rates of growth will vary from month to month as has always been the case. For the year-to-date general real spending is up by 6.4% compared to the first five months of a year ago. The total for the 12 months ending May 2013 is up by an even more impressive 7.7% compared to the 12 month period ending May 2012.
- Employment growth continues at a modest but steady clip in Lubbock, with estimated total payroll employment up by about 1.6% in May (year-over-year), an increase of some 2,100 jobs, including net growth of 2,000 private sector jobs. The unemployment rate took a seasonal uptick in May (as it nearly always does), but on balance the unemployment rate remains on the decline, though the pace at which it is coming down has begun to slow.

Auto sales in Lubbock were sharply higher in May with inflation-adjusted spending on new and used automobiles up by 12.6% compared to the May 2012 total, which in turn was up by 27% compared to May of the prior year. For the year-to-date, real auto spending is up by 4.5% compared to the January-May 2012 period.

The May building permits valuation total was down by close to 60% compared to May of a year ago; however, the May 2012 total was up by nearly 130% compared to the prior year, so in that context construction activity remains generally high in 2013. For the year-to-date, building permit valuations are down by about 3% compared to the January-May 2012 total, but again, building permits were up by about 65% January-May last year compared to the first five months of 2011.

Housing construction continues to improve at a significant pace in 2013 with the number of new single-family residential building permits up by 45% in May, and up by over 57% for the year-to-date with 452 permits issued thus far in the year. Existing home sales rose sharply in May as well, continuing at record levels. Both monthly and year-to-date closed sales are the highest on record for those time periods – in fact, the 427 sales in May is the highest on record for *any* month. Prices are rising at a healthy clip as well, with the May monthly average up by 3.5% year-over-year, and the average for the year-to-date up by over 6%.

Lubbock Consumer Price Index

The rate of overall price increase in Lubbock was again unchanged from April to May at 2.2% compared to May of 2012.

The food/grocery sector of the Lubbock CPI was unchanged for the month at 1.3%; there have been growing expectations that food prices at the national level would be on the rise at this point, which might well result in higher prices in Lubbock. However, those expectations have not been realized, though there is some evidence of higher prices at the wholesale level which may ultimately translate to higher retail food prices.

The rate of change in the housing portion of the Lubbock CPI ticked upward again in May, rising to 3.6% up from 3.5% in April. The rate of year-over-year price increase in the energy/utilities sector was unchanged from April to May at 2.2%.

The health care sector of the Lubbock CPI declined again in May, dipping to 2.8% down from 3.0% in April. The year-over-year rate of change in the US health care CPI fell sharply in May to 2.2% down from 2.7% in April.

The rate of year-over-year price increase for various miscellaneous goods and services in Lubbock rose slightly to 1.1% in May compared to 1.0% in April.

The US CPI-U (the benchmark CPI for consumers of all goods and services at the national level) after a sharp drop in April (to 1.1%) increased in May to 1.4%.

The rate of increase in the CPI in the southern region of the US (which includes Texas) also increased in May after a sharp drop in April, rising to 1.3% compared to .9% in April.

The Dallas and Houston CPI values are calculated every other month (on off-months). The Houston CPI was last updated in April, and was unchanged from February at .7%. The Dallas CPI was updated in May, and fell slightly to 1.6% down from 1/8% in March.



Economic Indicators May 2013	Base Year 1996	One Year Ago 2012	This Year 2013	Percent Change 2012-2013
Retail Sales - May (\$000s - Per Sales Tax Rebates in 1995\$)	\$ 184,696	\$ 261,247	\$ 268,358	2.7%
Retail Sales - Year-To-Date	\$ 868,916	\$ 1,121,337	\$ 1,193,158	6.4%
Dollars Spent on Auto Purchases - May (\$000s in 1995\$)	\$ 45,293	\$ 57,077	\$ 64,276	12.6%
Dollars Spent on Auto Purchases YTD	\$ 184,100	\$ 263,671	\$ 275,506	4.5%
Lodging Tax Receipts - YTD	\$ 882,021	\$ 2,235,030	\$ 2,218,514	-0.7%
Airline Boardings - May	53,564	43,654	42,417	-2.8%
Airline Boardings - YTD	241,577	199,823	187,592	-6.1%
Value All Construction Permits - May	\$ 15,699,310	\$ 60,635,663	\$ 25,137,276	-58.5%
Value All Construction Permits - YTD	\$ 65,094,191	\$ 177,338,768	\$ 171,576,264	-3.2%
New Home Permits - May	45	55	80	45.5%
New Home Permits - YTD	270	287	452	57.5%
Number of Home Sales - May	213	353	427	21.0%
Number of Home Sales - YTD	829	1,250	1,609	28.7%
Average Home Sale Price - May	\$ 93,785	\$ 147,724	\$ 152,949	3.5%
Average Home Sale Price - YTD	\$ 84,429	\$ 142,680	\$ 152,075	6.6%
Employment				
Wage and Salary Employment - May	111,500	129,500	131,600	1.6%
Wage and Salary Employment - YTD Average	110,700	128,080	130,620	2.0%
Unemployment Rate - May	4.1%	5.5%	5.3%	-3.6%
Unemployment Rate - YTD Avg	4.4%	5.6%	5.2%	-7.1%
Oil and Gas (Regional)				
Oil Price/Barrel - May (WT Int. Crude)	\$ 19.52	\$ 90.95	\$ 91.43	0.5%
Rig Count - May *	29	36	36	0.0%
Oil Production - YTD *	61,515	44,446	43,476	-2.2%
Value of Oil Production - YTD *	\$ 988,954	\$ 4,349,827	\$ 3,934,046	-9.6%
Agriculture (Regional)				
Cotton Price - May (cents/pound) +	80.05	71.22	78.42	10.1%
Cotton - Bales Ginned Crop Year ++	2,483,350	1,450,700	2,365,750	63.1%
Fat Cattle Price - May (\$/hd. Wt.)	\$ 59.76	\$ 121.39	\$ 125.98	3.8%
Value Cattle Marketed - YTD (\$000's) +++	\$ 135,899	\$ 174,984	\$ 173,936	-0.6%
INDEX - May (Base=100 January 1996)	101.1	124.7	135.0	8.3%

* Texas Railroad Commission District 8A (Lubbock Area)

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

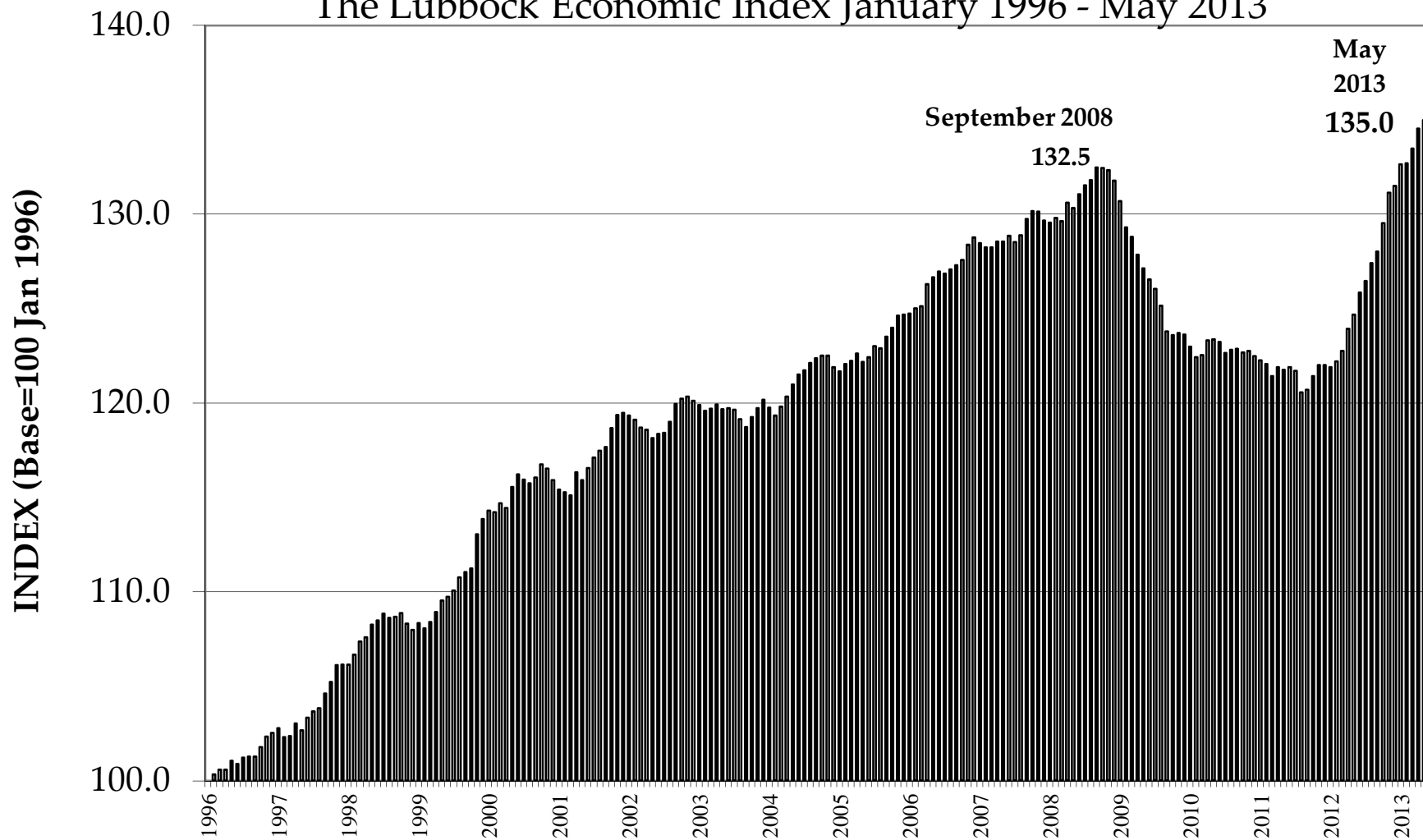
++ Texas South Plains, including Floyd & Hale Counties

+++ Tx Crop Reporting District 1-S



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The Lubbock Economic Index January 1996 - May 2013





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The Lubbock Economic Index 2007 - 2013

