



# LUBBOCK NATIONAL BANK

## Lubbock Economic Index and Consumer Price Index

November 2012

December 27, 2012

### Lubbock Economic Index

**The Lubbock Economic Index posted another sharp monthly increase in November rising to 130.3 up from 128.8 in October, and up a remarkable 7.2% from the November 2011 LEI of 121.5.**

The Lubbock Economic Index rose above 130.0 in November for the first time since December of 2008, and is now within 1% of its peak value of 131.6, again reached in September 2008.

Real spending (general spending and auto spending), construction, and housing continue to power the increase in the Lubbock Economic Index, while payroll employment has strangely turned negative in late 2012. The unemployment rate continues to come down steadily, helping to boost index growth as well.

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.

- Inflation-adjusted taxable spending per November sales tax receipts is up by close to 5% compared to November of a year ago, and is the highest November total on record. For the year-to-date, real spending per sales tax receipts is up by a solid 5.3% compared to the first eleven months of 2011. Growth in general real spending has gained momentum in 2012, and suggests sustained improvement in the Lubbock general economy.
- Payroll employment has turned negative year-over-year with the release of the October data, and that trend appears to have worsened in November with total employment in the Lubbock metro area down by some 1.5% (about 2,000 jobs) compared to November of a year ago. It frankly makes little sense that the Lubbock economy would be losing jobs in 2012 given the solid improvement in other more easily measured sectors of the local economy, general spending in particular. Lubbock employment data is scheduled to be revised for 2012 in early 2013, and these oddities may well be corrected at that time. For now, employment loss should be taken with some skepticism. The unemployment rate continues to decline sharply; the monthly unemployment rate of 4.6% is the lowest November unemployment rate since 2008 just prior to the recession-induced increase in 2009.

Auto sales in Lubbock continue to post double-digit percentage improvement in November with inflation-adjusted spending on new and used automobiles up by over 24% compared to November of a year ago. Real auto spending is up by nearly 20% for the year-to-date compared to the first eleven months of 2011 as the sector continues to recover from the deep declines of 2009.

Construction in the city remains robust with monthly building permit valuations up by triple-digit percentage points for the second straight month, and for the fourth time in 2012. The \$38 million in building project valuations in November is up by 136% compared to November of a year ago, pulling the year-to-date total to over 60% improved compared to the January-November 2011 total.

New housing permits remain well in positive year-over-year territory; again, though, last year's numbers were particularly low, making the 2012 gains appear to be more substantial than they are. Still, the housing permit totals are on the rise with the number of new permits up by over 40% for the month and 30% for the year-to-date.

The residential real estate market continues to improve through November with housing sales for the month up by nearly 44% compared to November of a year ago. For the year-to-date, housing sales are up by nearly 18%, the best sales numbers in about three years. Prices continue to increase steadily as well, with the November monthly average up by 5.7% compared to November 2011, and the YTD through November average up by generally healthy 3.6% compared to the January-November 2011 average.

Early returns on cotton ginnings suggest the numbers will be much stronger for the 2012 crop compared to the drought-stricken 2011 crop. The running total for the number of bales ginned through November is up by over 50% compared to the year-ago November total, but is down compared to the strong numbers in 2009 and 2010. The number of bales ginned will be tallied through the first quarter of 2013 for the 2012 crop.

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## **Lubbock Consumer Price Index**

**Inflation is generally well in check in Lubbock – the rate of year-over-year price increase dipped again in November to 2.6% down from 2.7% in October.**

The food/grocery sector of the Lubbock CPI remains steadily on the decline, dropping to 2.2% in November, down from 2.6% in October. The “food at home” sector of the US CPI is exhibiting even more dramatic declines, at 1.3% for November, compared to about 6% in November of a year ago.

The rate of change in the housing portion of the Lubbock CPI ticked up again in November to 3.1%, up from 2.9% in October; the rate of year-over-year price increase in the energy/utilities sector was unchanged from October to November at 2.5%.

The health care sector of the Lubbock CPI declined once again in November to 3.7%, down from 3.9% in October. The year-over-year rate of change in the US health care CPI stands at 3.4% in November down from 3.7% in October.

The rate of year-over-year price increase for various miscellaneous goods and services in Lubbock dropped again in November to 1.6%, down from 1.8% in October.

After increasing for two straight months, the CPI-U (the benchmark CPI for consumers of all goods and services at the national level) pulled back fairly significantly in November to 1.8%, down from 2.2% in October.

The rate of increase in the CPI in the southern region of the US (which includes Texas) also declined sharply in November, dropping to 1.6% down from 2.1% in October.

The Dallas and Houston CPI values are calculated every other month (on off-months); the Dallas CPI was freshly updated in November, and fell to 1.7% down from 2.3% in September; the Houston CPI was last updated in October, and increased to 1.4% after dipping to .7% in August.



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Economic Indicators November 2012	Base Year 1996	One Year Ago 2011	This Year 2012	Percent Change 2011-2012
Retail Sales - November (\$000s - Per Sales Tax Rebates in 1995\$)	\$ 185,289	\$ 236,025	\$ 247,319	4.8%
Retail Sales - Year-To-Date	\$ 1,842,023	\$ 2,318,764	\$ 2,441,414	5.3%
Dollars Spent on Auto Purchases - Nov (\$000s in 1995\$)	\$ 28,248	\$ 41,618	\$ 51,667	24.1%
Dollars Spent on Auto Purchases YTD	\$ 404,238	\$ 504,517	\$ 603,870	19.7%
Lodging Tax Receipts - YTD	\$ 2,058,221	\$ 4,686,642	\$ 5,462,852	16.6%
Airline Boardings - Nov	50,363	44,996	39,730	-11.7%
Airline Boardings - YTD	561,967	477,239	453,263	-5.0%
Value All Construction Permits - Nov	\$ 5,123,247	\$ 16,268,405	\$ 38,389,395	136.0%
Value All Construction Permits - YTD	\$ 153,103,955	\$ 261,177,316	\$ 423,365,342	62.1%
New Home Permits - Nov	30	29	41	41.4%
New Home Permits - YTD	520	471	613	30.1%
Number of Home Sales - Nov	149	178	256	43.8%
Number of Home Sales - YTD	1,959	2,595	3,056	17.8%
Average Home Sale Price - Nov	\$ 81,519	\$ 143,355	\$ 151,552	5.7%
Average Home Sale Price - YTD	\$ 85,906	\$ 142,656	\$ 147,858	3.6%
Electric Utility Customers - Nov	84,591	99,431	100,331	0.9%
<b>Employment</b>				
Wage and Salary Employment - Nov	114,700	132,500	130,500	-1.5%
Wage and Salary Employment - YTD Avg	111,273	128,818	130,373	1.2%
Unemployment Rate - Nov	3.5%	5.5%	4.6%	-16.4%
Unemployment Rate - YTD Avg	4.2%	6.3%	5.5%	-12.7%
<b>Oil and Gas (Regional)</b>				
Oil Price/Barrel - Nov (WT Int. Crude)	\$ 21.98	\$ 93.53	\$ 83.17	-11.1%
Rig Count - Nov *	21	42	39	-7.1%
Oil Production (000 bbls) - YTD *	136,343	98,044	97,039	-1.0%
Value of Oil Production (\$000s) - YTD *	\$ 2,441,024	\$ 8,932,378	\$ 8,859,578	-0.8%
<b>Agriculture (Regional)</b>				
Cotton Price - Nov (cents/pound) +	68.53	91.17	66.12	-27.5%
Cotton - Bales Ginned Crop Year ++	1,629,300	1,268,100	1,945,050	53.4%
Fat Cattle Price - Nov (\$/hd. Wt.)	\$ 70.67	\$ 124.00	\$ 126.00	1.6%
Value Cattle Marketed - YTD (\$000's) ++	\$ 287,916	\$ 346,563	\$ 360,680	4.1%
<b>INDEX - November (Base=100 January 1996)</b>	<b>102.5</b>	<b>121.5</b>	<b>130.3</b>	<b>7.2%</b>

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

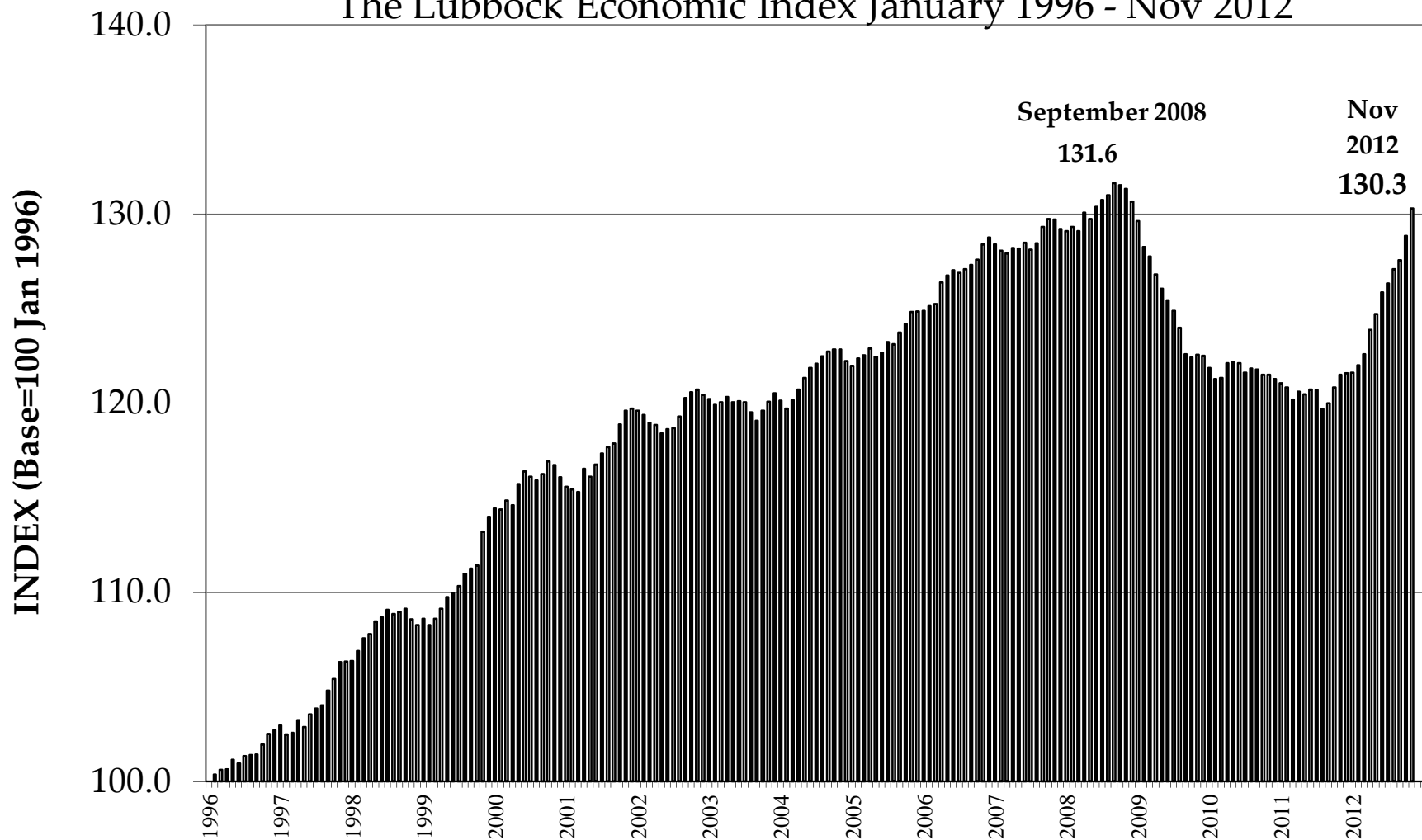
+ Spot Price for 41,4,34; mxd lots, net wt, compressed, FOB Car/Truck

++ South Plains Region



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The Lubbock Economic Index January 1996 - Nov 2012





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## The Lubbock Economic Index 2006- 2012

