



# LUBBOCK NATIONAL BANK

## Lubbock Economic Index and Consumer Price Index

November 2011

December 22, 2011

### Lubbock Economic Index

**The Lubbock Economic Index posted its second straight month-to-month gain in November, increasing to 123.1 up from 122.6 in October. The LEI has increased for five of the last eight months, and has only declined once from month to month during that same period of time.**

The city continues to show steady improvement in the benchmark indicators of real spending and employment, and the unemployment rate dropped sharply both for the month, and compared to the year-ago unemployment rate. The construction and housing numbers continue to act as a drag on the index, and activity in those sectors remains significantly below the levels established several years ago.

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.

- The retail picture continues to show steady improvement in Lubbock with inflation-adjusted taxable retail spending per November sales tax receipts up by nearly 6% compared to November of a year ago, and the year-to-date total now up by 3.3%. General real spending in 2011 remains on the cusp of returning to pre-downturn 2008 levels – the YTD through November 2011 total is virtually level is down a mere .3% compared to the same time period in 2008; the November 2011 total is down by about 2.4% compared to November 2008.
- The Lubbock employment picture continues to improve as well, with jobs added and the unemployment rate falling. Payroll employment in the Lubbock metro area is up an estimated 3.7% year-over-year in November with an estimated 4,800 jobs added since November of a year ago. The Lubbock MSA ranks fourth among Texas metro areas in terms of year-over-year percent job growth behind Victoria (6.3%), Corpus Christi (4.5%), and McAllen-Edinburg-Mission (4.0%). And again, employment levels in Lubbock in 2011 represent true record employment, surpassing the prior peak in 2008 by over 2,500 jobs. The unemployment rate declined by 7/10 of a point in November compared to November 2010, the sharpest year-over-year drop since May 2007.

Auto sales remain on the increase as well; inflation-adjusted spending on new and used automobiles was up by 3.5% in November compared to November of a year ago, which in turn was up by nearly 30% compared to the prior year. The year-to-date total is up by some 7.6%. And again, both the monthly and year-to-date totals continue to lag behind pre-recession auto spending levels.

Building permit dollar valuations were up by about 4% in November (year-over-year) but remain down for the year-to-date by over 25% and is presently on pace to be the lowest year in terms of overall construction activity since 2000. The November 2011 permit valuation total is off by about 67% compared to the record November total (\$49.7 million in November 2006), and the year-to-date total is down by over 40% compared to the YTD through November '08 valuation total of \$456 million.

Home building continues to slow as well, with three fewer permits issued in November 2011 compared to November 2010. During the decade of the 2000s the number of permits issued in the month of November averaged close to 60, and the number of permits issued thus far in 2011 is on pace to be the lowest housing permit year since at least 1995 when data collection began for the Lubbock Economic Index.

Existing home sales were up by about 5% for the month; however, the November sales total was down by over 36% compared to the prior year, and housing sales remain low compared to most of the last ten years. The year-to-date total is down by 1.5% compared to a year ago, which in turn was down by over 17% compared to the prior year. Prices remain firm, however, with the November average up by 1.8% compared to November of a year ago, and the year-to-date average up a solid 3.7% compared to the YTD through November 2010 average.

By varying degrees, the trends in Lubbock are similar to a number of other Texas metro areas – improvement in the spending and employment sectors, low construction and housing numbers, but with generally improving and healthy housing prices. The near-term future appears to be brighter as well; even as recently as 3-6 months ago concerns were on the rise that the US economy was perhaps on the verge of slipping into a new round of recession. Those concerns are now abated somewhat, and it appears the national economy may be pulling back from that brink as 2011 comes to a close. In the current economy, the Texas economy and its various metro areas including Lubbock generally follow the condition of the national economy, so continued improvements in the US economy likely mean the same for Texas and Lubbock.

## **Lubbock Consumer Price Index**

**The year-over-year rate of change in the Lubbock Consumer Price Index rose to 3.1% in November, up from 3.0% in October.**

The food/grocery sector of the Lubbock CPI continues to increase, up 4.2% in November (year-over-year), compared to a 4.0% rate of change in October. The increase in the corresponding sector of the national CPI was 4.4% in November, and has been slowly but steadily on the rise as well.

The rate of change in the housing portion of the Lubbock CPI was unchanged from October to November at 2.8%. The rate of increase in the energy/utilities sector was also unchanged in November at 3.2%. At the national level, the housing CPI stands at about 1.8% (but remember much of the nation continues to be plagued by weakness in housing prices and values which ultimately translates to lower CPI rates of change). The year-over-year change in the energy CPI sector at the national level stands at 3.4% in November.

The year-over-year rate of change in the Lubbock health care CPI sector was ticked upward slightly to 3.3% in November, up from 3.2% in October. The US national health care CPI increased sharply again in November, rising to 3.4% up from 3.1% in October.

The rate of price increase for various miscellaneous goods and services increased slightly again in November to 2.1%, compared to 2.0% in October.

The CPI-U (the benchmark CPI for consumers of all goods and services at the national level declined slightly again in November, falling to 3.4% down from 3.5% in October. The “core” CPI – the CPI minus food and energy – at the national level ticked up again in November to 2.2%, compared to 2.1% in October.

After declining for two straight months, the CPI in the southern region of the US (which includes Texas) increased modestly in November to 3.8%, up from 3.7% in October.

The Dallas and Houston CPI values are calculated every other month (on off-months); the Dallas CPI was updated in November, and increased to 4.0% up from 3.7% in October. Again, the Houston CPI decreased sharply in October, falling to 3.2% compared to 3.7% in September.



## Lubbock Economic Indicators

Economic Indicators November 2011	Base Year 1996	One Year Ago 2010	This Year 2011	Percent Change 2010-2011
Retail Sales - November (\$000s - Per Sales Tax Rebates in 1995\$)	\$ 185,289	\$ 222,899	\$ 236,025	5.9%
Retail Sales - Year-To-Date	\$ 1,842,023	\$ 2,244,399	\$ 2,318,764	3.3%
Dollars Spent on Auto Purchases - Nov (\$000s in 1995\$)	\$ 28,248	\$ 40,033	\$ 41,444	3.5%
Dollars Spent on Auto Purchases YTD	\$ 404,238	\$ 467,086	\$ 502,382	7.6%
Lodging Tax Receipts - YTD	\$ 2,058,221	\$ 4,130,421	\$ 4,686,642	13.5%
Airline Boardings - Nov	50,363	44,230	44,996	1.7%
Airline Boardings - YTD	561,967	479,699	477,239	-0.5%
Value All Construction Permits - Nov	\$ 5,123,247	\$ 15,625,067	\$ 16,268,405	4.1%
Value All Construction Permits - YTD	\$ 153,103,955	\$ 355,521,827	\$ 261,177,316	-26.5%
New Home Permits - Nov	30	31	29	-6.5%
New Home Permits - YTD	520	707	471	-33.4%
Number of Home Sales - Nov	149	169	178	5.3%
Number of Home Sales - YTD	1,959	2,634	2,595	-1.5%
Average Home Sale Price - Nov	\$ 81,519	\$ 140,853	\$ 143,355	1.8%
Average Home Sale Price - YTD	\$ 85,906	\$ 137,557	\$ 142,656	3.7%
Electric Utility Customers - Nov	84,591	98,950	99,431	0.5%
<b>Employment</b>				
Wage and Salary Employment - Nov	114,700	130,200	135,000	3.7%
Wage and Salary Employment - YTD Avg	111,273	128,427	130,773	1.8%
Unemployment Rate - Nov	3.5%	6.2%	5.5%	-11.3%
Unemployment Rate - YTD Avg	4.2%	6.2%	6.3%	1.6%
<b>Oil and Gas (Regional)</b>				
Oil Price/Barrel - Nov (WT Int. Crude)	\$ 21.98	\$ 80.76	\$ 93.53	15.8%
Rig Count - Nov *	21	28	42	50.0%
Oil Production (000 bbls) - YTD *	136,343	99,853	97,900	-2.0%
Value of Oil Production (\$000s) - YTD *	\$ 2,441,024	\$ 7,501,036	\$ 8,919,382	18.9%
<b>Agriculture (Regional)</b>				
Cotton Price - Nov (cents/pound) +	68.53	125.17	91.17	-27.2%
Cotton - Bales Ginned Crop Year ++	1,629,300	2,889,800	N/A	N/A
Fat Cattle Price - Nov (\$/hd. Wt.)	\$ 70.67	\$ 99.70	\$ 124.00	24.4%
Value Cattle Marketed - YTD (\$000's) ++	\$ 287,916	\$ 254,879	\$ 346,563	36.0%
<b>INDEX - November (Base=100 January 1996)</b>	<b>102.4</b>	<b>124.0</b>	<b>123.1</b>	<b>-0.7%</b>

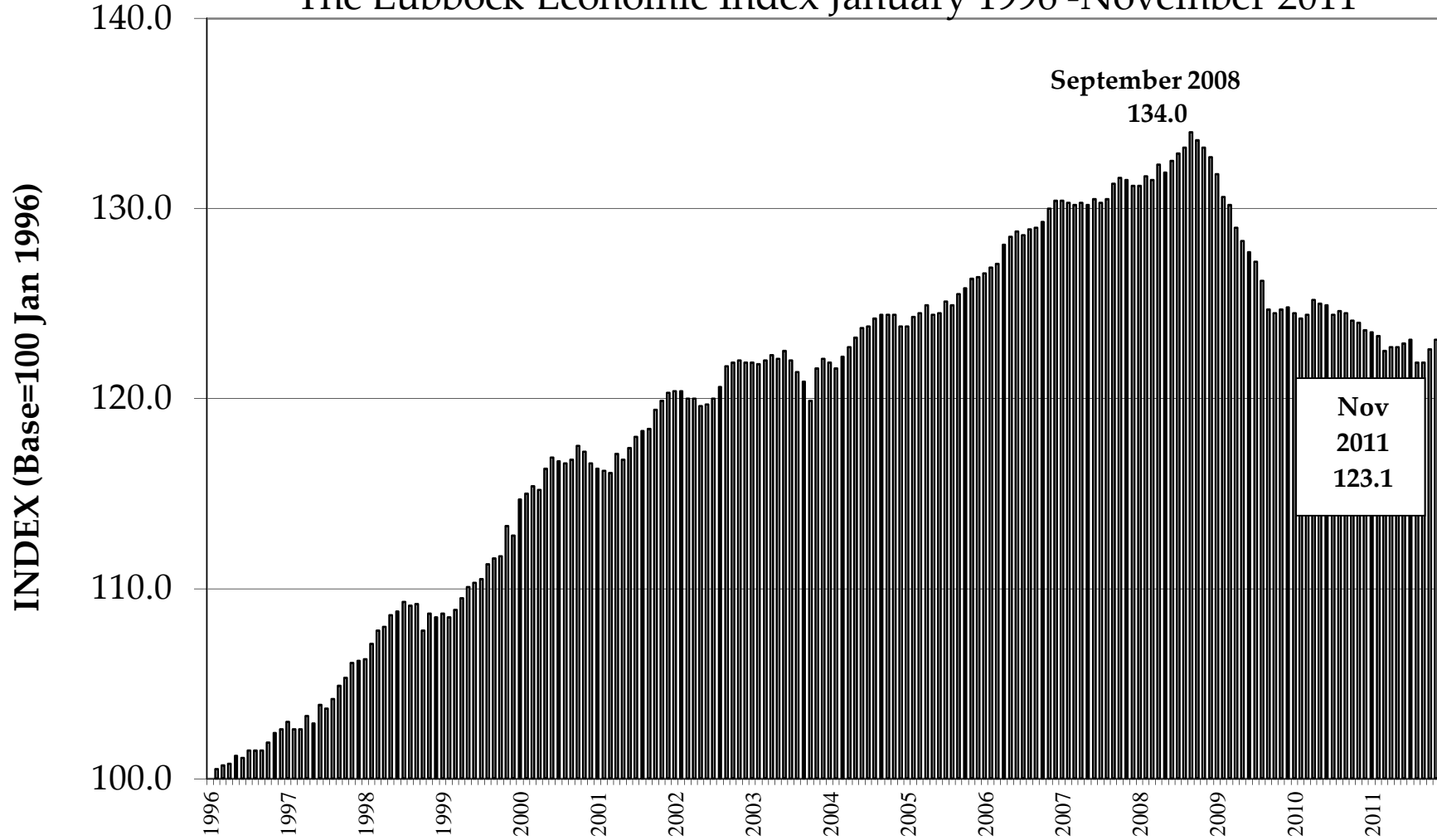
\* Texas Railroad Commission District 8A (Lubbock Area)

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

++ South Plains Region



The Lubbock Economic Index January 1996 -November 2011





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## The Lubbock Economic Index 2005- 2011

