



LUBBOCK NATIONAL BANK

Lubbock Economic Index and Consumer Price Index

May 2012

June 27, 2012

Lubbock Economic Index

Following a significant increase last month, the Lubbock Economic Index rose impressively again in May to 124.8 up from 123.9 in April, and up 3.6% from the May 2011 LEI of 120.5. The Lubbock Economic Index has been generally on the rise for about nine months now, increasing for eight of those nine months, and adding about 4.2% over that period of time. Most local Lubbock economic indicators were higher for the month – some sharply higher – and estimated employment growth is gaining momentum as the unemployment rate comes down.

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.

- Real (inflation-adjusted) spending in Lubbock per May sales tax receipts in the city was up by some 2.5% compared to May of a year ago, a record total for the month of May, and real spending per year-to-date sales tax is up by a solid 3.7% compared to the first five months of 2011.
- Lubbock employment growth is really picking up steam moving through the 2nd quarter with the metro area adding an estimated 5,000 jobs over the last 12 months. That represents a 3.9% rate of year-over-year growth, the highest on record over the entire history of the Lubbock Economic Index. Virtually all broad local employment sectors added jobs over the past year, with the exception of the “information” sector, which was unchanged. The May unemployment rate compares with a 6.0 percent rate of unemployment a year ago, the peak May unemployment rate, and the unemployment rate low point for May of 3.2 in 2007.

Auto sales continue to reflect remarkable growth, posting double-digit percentage year-over-year gain for the fourth time in 2012 out of five months. Inflation-adjusted spending on new and used automobiles per Lubbock County motor vehicle sales tax receipts was up by a whopping 27% in May compared to May of a year ago, which in turn was up by over 7% compared to the prior year. Real auto spending for the year-to-date is now up by an impressive 16% relative to the first five months of 2011.

With the strong May construction numbers, building activity in the city per building permit valuations is stronger through May than in any year since 2007. May permit valuations were more than double the permit total of a year ago, and the total for the year-to-date is up by about 65%. Housing construction remains a bit sluggish, down by about 7% compared to May of a year ago. The year-to-date total is up by about 15% year-over-year, but the January-May total 2011 was down by 24% compared to the prior year.

Existing home sales in Lubbock were sharply higher in May compared to May of a year ago, with closed sales up by about 24%. Year-to-date, sales are up by about 20% compared to the YTD through May 2011 period. The sector is recovering nicely in 2012, but the number of sales remains significantly lower compared to pre-recession totals. Prices were virtually level in May compared to May of a year ago (up by a slight .7% for the month). Prices have increased significantly for the year-to-date, however, with the January-May average up by over 4% compared to the same period in 2011.

Lubbock Consumer Price Index

The rate of year-over-year change in the Lubbock Consumer Price Index declined in May to 3.1%, down from 3.3% in April, marking the first decline in the rate of price growth in Lubbock since December 2010.

The food/grocery sector of the Lubbock CPI declined once again in May to 4.0%, down from 4.2% in April, suggesting that indeed that upward price pressure in this critical household sector is beginning to ease.

The rate of change in the housing portion of the Lubbock CPI was unchanged from April to May at 2.8%; the rate of increase in the energy/utilities sector declined fairly significantly in May to 2.9%, down from 3.4% in April.

The year-over-year rate of change in the Lubbock health care CPI sector was unchanged from April to May at 3.6%. The US national health care CPI also increased at a rate of 3.6% over the last 12 months.

The rate of price increase for various miscellaneous goods and services in Lubbock decline in May to 2.2%, down from 2.4% in April.

The CPI-U (the benchmark CPI for consumers of all goods and services at the national level) continues to drop like a stone, falling to 1.7% in May down from 2.3% in April (and a high in the most recent upward cycle of 3.9% in September of last year). The “core” CPI – the CPI minus food and energy – at the national level remained unchanged again in May at 2.3%; the combination of these two data sets strongly suggests that the decline in energy prices (and food to a lesser degree) is pulling the overall CPI lower.

The rate of increase in the CPI in the southern region of the US (which includes Texas) also declined sharply in May to 1.6%, down from 2.5% in April.

The Dallas and Houston CPI values are calculated every other month (on off-months); the Dallas CPI was updated in May, and the rate of year-over-year change dropped sharply to 1.6%, down from 2.7% in April. And again, the Houston CPI was last updated in April, and the rate of year-over-year change also declined sharply in April to 2.2%, compared to 3.6% in February.



LUBBOCK NATIONAL BANK

Lubbock Economic Indicators

Economic Indicators May 2012	Base Year 1996	One Year Ago 2011	This Year 2012	Percent Change 2011-2012
Retail Sales - May (\$000s - Per Sales Tax Rebates in 1995\$)	\$ 184,696	\$ 254,876	\$ 261,247	2.5%
Retail Sales - Year-To-Date	\$ 868,916	\$ 1,081,380	\$ 1,121,337	3.7%
Dollars Spent on Auto Purchases - May (\$000s in 1995\$)	\$ 45,293	\$ 44,827	\$ 56,922	27.0%
Dollars Spent on Auto Purchases YTD	\$ 184,100	\$ 227,143	\$ 263,758	16.1%
Lodging Tax Receipts - YTD	\$ 882,021	\$ 2,034,790	\$ 2,235,030	9.8%
Airline Boardings - May	53,564	45,326	43,654	-3.7%
Airline Boardings - YTD	241,577	201,888	199,823	-1.0%
Value All Construction Permits - May	\$ 15,699,310	\$ 26,581,396	\$ 60,635,663	128.1%
Value All Construction Permits - YTD	\$ 65,094,191	\$ 107,541,742	\$ 177,338,768	64.9%
New Home Permits - May	45	59	55	-6.8%
New Home Permits - YTD	270	250	287	14.8%
Number of Home Sales - May	213	285	353	23.9%
Number of Home Sales - YTD	829	1,044	1,250	19.7%
Average Home Sale Price - May	\$ 93,785	\$ 146,655	\$ 147,724	0.7%
Average Home Sale Price - YTD	\$ 84,429	\$ 136,760	\$ 142,680	4.3%
Electric Utility Customers - May	84,320	99,491	99,758	0.3%
Employment				
Wage and Salary Employment - May	111,500	128,000	133,000	3.9%
Wage and Salary Employment - YTD Average	110,700	127,440	130,980	2.8%
Unemployment Rate - May	4.1%	6.0%	5.3%	-11.7%
Unemployment Rate - YTD Avg	4.4%	6.1%	5.5%	-9.8%
Oil and Gas (Regional)				
Oil Price/Barrel - May (WT Int. Crude)	\$ 19.52	\$ 97.67	\$ 90.95	-6.9%
Rig Count - May *	29	39	36	-7.7%
Oil Production - YTD *	61,515	44,410	43,226	-2.7%
Value of Oil Production - YTD *	\$ 988,954	\$ 4,223,980	\$ 4,234,105	0.2%
Agriculture (Regional)				
Cotton Price - May (cents/pound) +	80.05	147.21	71.22	-51.6%
Cotton - Bales Ginned Crop Year ++	2,483,350	4,753,360	1,450,700	-69.5%
Fat Cattle Price - May (\$/hd. Wt.)	\$ 59.76	\$ 110.40	\$ 121.39	10.0%
Value Cattle Marketed - YTD (\$000's) +++	\$ 135,899	\$ 152,565	\$ 174,984	14.7%
INDEX - May (Base=100 January 1996)	101.1	120.5	124.8	3.6%

* Texas Railroad Commission District 8A (Lubbock Area)

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

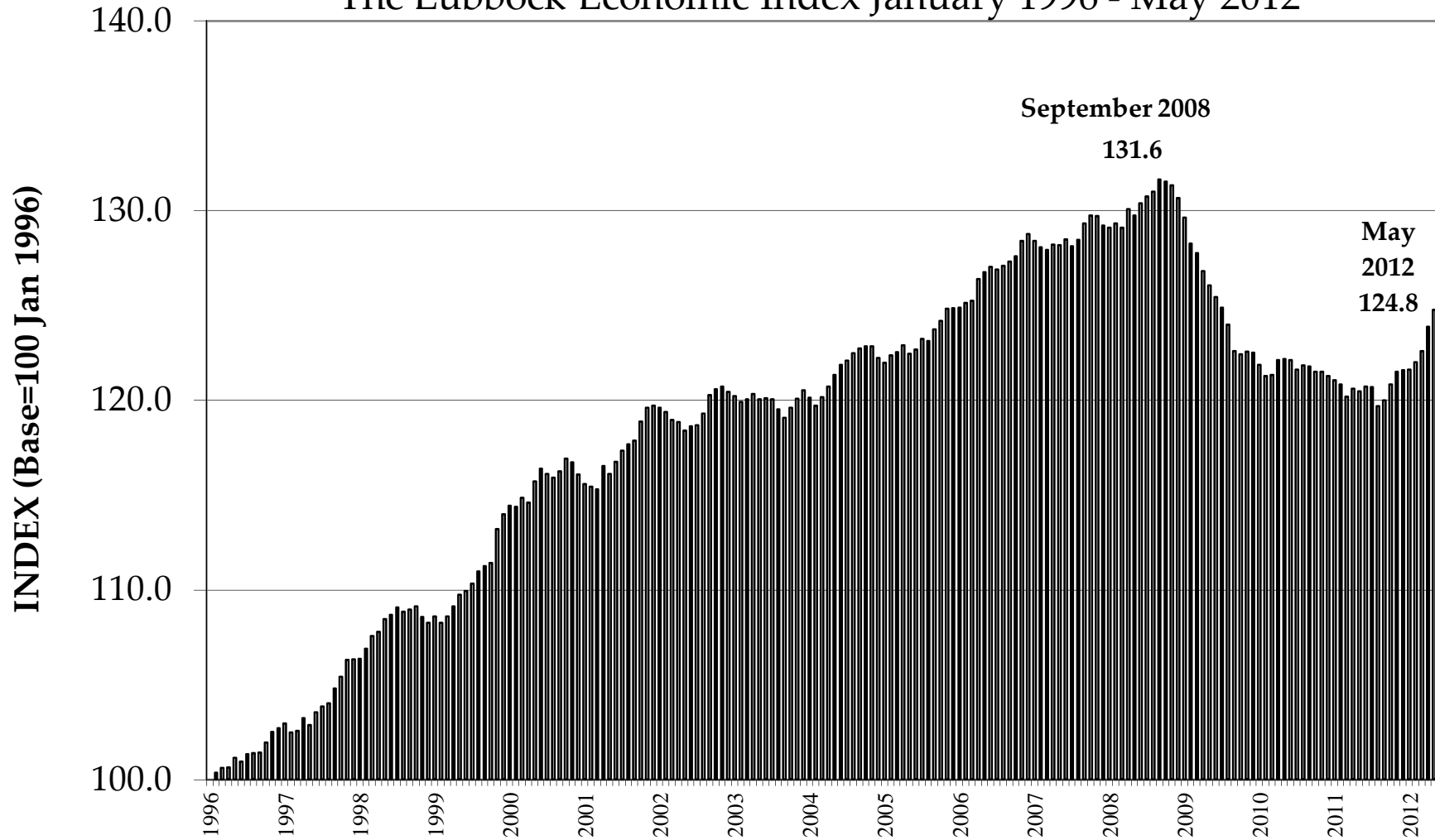
++ Texas South Plains, including Floyd & Hale Counties

+++ Tx Crop Reporting District 1-S



LUBBOCK NATIONAL BANK

The Lubbock Economic Index January 1996 - May 2012





LUBBOCK NATIONAL BANK

The Lubbock Economic Index 2006- 2012

