



# LUBBOCK NATIONAL BANK

## Lubbock Economic Index and Consumer Price Index

July 2012

---

August 27, 2012

### Lubbock Economic Index

**The Lubbock Economic Index posted its sixth straight monthly increase in July, rising to 126.3 up from 125.8 in June, and up 4.6% from the July 2011 LEI of 120.7.** The all-important spending indicators continue to put up some impressive numbers, and this is the driving force behind the current rate of improvement in the index. Other local economic indicators are mixed for the month, but most are faring very well for the year-to-date through July 2012 compared to the first seven months of 2011.

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 sales tax receipts in July continues to improve at an impressive clip, up by 11.7% compared to July of a year ago, and up by a solid 4.8% for the year to date.
- The rate of year-over-year employment growth slowed yet further in July, dipping to a slight .3% improvement compared to July of a year ago. The metro area added only a net 500 jobs over the last 12 months; however, again the distinction must be made between public and private sector job growth. The private sector according to current estimates added about 1,400 jobs over that period, and the public (government) sector shed about 900 jobs. Public sector jobs are important, of course, and in fact public sector employment makes up about 20% of all payroll employment in the Lubbock metro area; however, private sector job growth suggests the economy is standing on its own in terms of economic growth. Ultimately public sector employment will level out and cease to be a drag on year-to-year employment growth, but for now the private sector is carrying the load.

The unemployment rate continues to decline slowly but surely at 6.5% in July 2012 compared to 7.1 in July 2011. As a reference point, the unemployment rate for July at its low point in 2007 stood at 4.2%.

Auto sales remain sharply on the rise with inflation-adjusted spending on new and used automobiles up by a whopping 31% compared to July of a year ago. For the year-to-date, real auto spending is up nearly 19% compared to the first seven months of 2011.

Building permit activity in July was down by about 30% compared to July of a year ago; however, the July 2011 total was one of the highest July totals ever recorded (the 2<sup>nd</sup> highest in the history of the LEI) and was up by over 77% compared to July of the prior year. Permit valuations remain solidly higher for the year-to-date, up by over 40% compared to the January-July 2011 period.

Housing construction was higher again in July, nearly doubling the July 2011 total in terms of new single-family residence permits (which was unusually low). The number of new housing construction permits issued thus far in 2012 is up by well over 20% compared to the first seven months of a year ago.

Existing home sales were largely flat in July compared to July of a year ago with five fewer closed sales for the month. However, the number of homes sold for the year-to-date is up by a solid 14% compared to the same period in 2011. Prices continue the steady march upward, with the July 2012 average up by 1.7% year-over-year, and the average for the year-to-date up a remarkable 4.5%.

---

## Lubbock Consumer Price Index

**The rate of year-over-year increase in the Lubbock Consumer Price Index fell below 3% in July, declining to 2.9% down from 3.1% in May and June.**

The food/grocery sector of the Lubbock CPI continues to decline steadily, falling to 3.3% in July, down from 3.8% in June.

The rate of change in the housing portion of the Lubbock CPI was unchanged from June to July at 2.9%; the rate of increase in the energy/utilities sector declined again slightly in July dipping to 2.6%, down from 2.7% in June. This sector of the CPI is likely to reverse course in the coming months, however, as gasoline prices have begun to rise significantly.

The health care sector of the Lubbock CPI ticked up again slightly in July increasing to 3.9%, up from 3.8% in June. The US national medical care CPI figure also moved upward for the month to 4.1% up from 4.0% in June.

The rate of year-over-year price increase for various miscellaneous goods and services in Lubbock declined for the month, falling to 2.0% down from 2.2% in June.

The CPI-U (the benchmark CPI for consumers of all goods and services at the national level) fell significantly in July to 1.4%, down from 1.7% in June.

The rate of increase in the CPI in the southern region of the US (which includes Texas) also declined to 1.4% in July, down from 1.7% in July.

The Dallas and Houston CPI values are calculated every other month (on off-months); the Dallas CPI was freshly updated in July, and the rate of year-over-year change dropped sharply again to 1.3%, down from 1.6% in May. Again, the Houston CPI was last updated in June, and the rate of year-over-year increase declined to 1.7% down from 2.2% in April.



<b>Economic Indicators July 2012</b>	<b>Base Year 1996</b>	<b>One Year Ago 2011</b>	<b>This Year 2012</b>	<b>Percent Change 2011-2012</b>
Retail Sales - July (\$000s - Per Sales Tax Rebates in 1995\$)	\$ 140,343	\$ 186,347	\$ 208,217	11.7%
Retail Sales - Year-To-Date	\$ 1,165,074	\$ 1,450,467	\$ 1,520,388	4.8%
Dollars Spent on Auto Purchases - July (\$000s in 1995\$)	\$ 42,552	\$ 45,109	\$ 59,586	32.1%
Dollars Spent on Auto Purchases YTD	\$ 264,357	\$ 317,899	\$ 377,398	18.7%
Lodging Tax Receipts - YTD	\$ 1,292,780	\$ 2,985,332	\$ 3,328,824	11.5%
Airline Boardings - July	55,414	47,657	43,558	-8.6%
Airline Boardings - YTD	350,187	297,070	286,787	-3.5%
Value All Construction Permits - July	\$ 20,836,961	\$ 49,721,827	\$ 35,057,842	-29.5%
Value All Construction Permits - YTD	\$ 95,890,821	\$ 189,201,484	\$ 266,812,341	41.0%
New Home Permits - July	45	35	66	88.6%
New Home Permits - YTD	370	336	414	23.2%
Number of Home Sales - July	187	312	307	-1.6%
Number of Home Sales - YTD	1,211	1,682	1,922	14.3%
Average Home Sale Price - July	\$ 86,960	\$ 145,191	\$ 147,696	1.7%
Average Home Sale Price - YTD	\$ 86,228	\$ 140,087	\$ 146,332	4.5%
Electric Utility Customers - July	84,451	99,454	100,121	0.7%
<b>Employment</b>				
Wage and Salary Employment - July	109,500	128,400	128,900	0.4%
Wage and Salary Employment - YTD Average	110,486	127,700	130,486	2.2%
Unemployment Rate - July	5.0%	7.1%	6.5%	-8.5%
Unemployment Rate - YTD Avg	4.5%	6.3%	5.8%	-7.9%
<b>Oil and Gas (Regional)</b>				
Oil Price/Barrel - July (WT Int. Crude)	\$ 19.69	\$ 93.57	\$ 84.40	-9.8%
Rig Count - July *	24	39	35	-10.3%
Oil Production - YTD *	86,563	62,320	61,748	-0.9%
Value of Oil Production - YTD *	\$ 1,489,093	\$ 5,891,617	\$ 5,761,201	-2.2%
<b>Agriculture (Regional)</b>				
Cotton Price - July (cents/pound) +	71.10	112.19	62.68	-44.1%
Cotton - Bales Ginned Crop Year ++	2,483,350	4,753,360	1,450,700	-69.5%
Fat Cattle Price - July (\$/hd. Wt.)	\$ 64.02	\$ 111.15	\$ 114.74	3.2%
Value Cattle Marketed - YTD (\$000's) ++	\$ 179,718	\$ 217,102	\$ 246,701	13.6%
<b>INDEX - July (Base=100 January 1996)</b>	<b>101.3</b>	<b>120.7</b>	<b>126.3</b>	<b>4.6%</b>

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

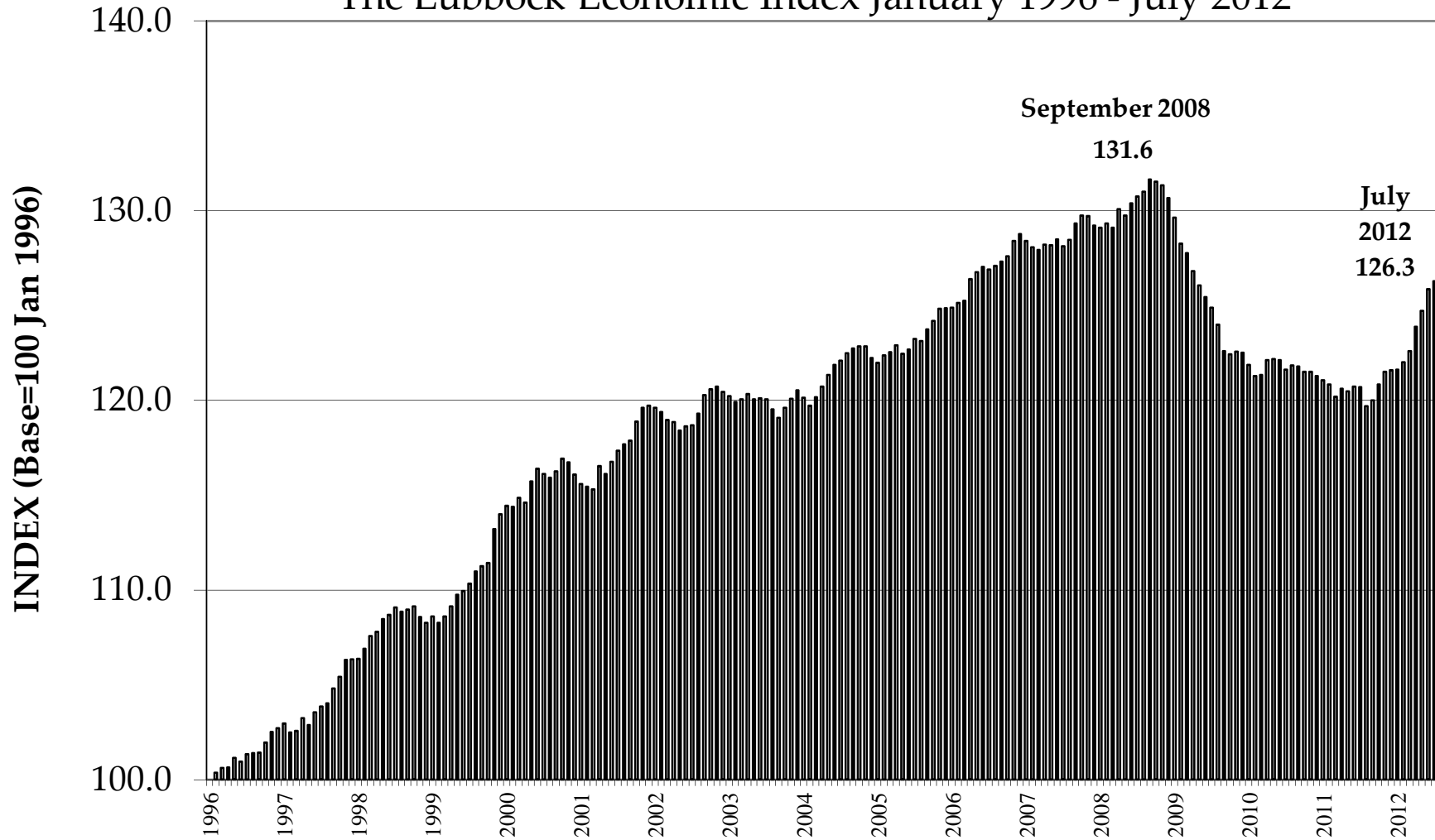
+ Spot Price for 41,4,34; mxd lots, net wt, compressed, FOB Car/Truck

++ Tx Crop Reporting District 1-S



# LUBBOCK NATIONAL BANK

## The Lubbock Economic Index January 1996 - July 2012





# LUBBOCK NATIONAL BANK

## The Lubbock Economic Index 2006- 2012

