



LUBBOCK NATIONAL BANK

Lubbock Economic Index and Consumer Price Index

November 2013

January 3, 2014

Lubbock Economic Index

The Lubbock Economic Index posted another strong monthly increase in November, rising to 139.0 up from 138.2 in October, and up 6.0% from the November 2012 LEI of 131.1. The November increase marks the 22nd straight month of growth in the Lubbock Economic Index, and continues a general pattern of expansion in the Lubbock economy that is now 27 months in the making.

General spending and employment continue to register solid improvement, along with sharp year-over-year increases in construction and home building. Auto sales posted a rare decline in November, and home sales were down compared to a very high number in November of a year 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.

- General real (inflation-adjusted) taxable spending per November sales tax receipts was up by a solid 5.4% compared to the November 2012 real spending total as this important measure of local economic performance continues its steady march into record territory. For the year-to-date, general real spending is also up by 5.4% compared to the January-November 2012 period, which in turn was up by 5.3% compared to the first eleven months of 2011.
- The 2.9% rate of growth in employment (the number of jobs estimated to exist in the Lubbock economy) is the largest margin of year-over-year improvement thus far in 2013, suggesting of course that jobs are being added at a faster clip relative to prior months. An estimated 3,800 jobs were added over the last 12 months over a broad spectrum of employment categories (only "other services" lost 200 jobs in November compared to November of a year ago). The pace of unemployment rate decline has slowed in the second half of the year, but the rate continues to come down nonetheless, dropping to 4.5% in November compared to 4.7% in November of a year ago (and a high of 6.3% in November 2010 on the heels of the recession in 2009).

Auto sales cooled in November with inflation-adjusted spending on new and used automobiles down by 6.8% compared to November of a year ago; however, the November 2012 auto spending total was up by over 24% compared to November of the prior year. For the year-to-date, real auto spending is up by over 6% compared to the same period in 2012.

The construction sector of the Lubbock economy returned to sharp year-over-year growth territory in November with the valuation of building permits issued by the city up by some 50% compared to November of a year ago, which in turn was up by 136% compared to November of the prior year. In fact, the \$57.8 million permit total for the month is easily the largest November permit total on record, surpassing the \$49.7 million in building permits issued in November 2006. Through November, building permit valuations are up by a solid 5% compared to the January-November 2012 period, which in turn was up by over 60% compared to the prior year.

Home building was also sharply higher in November with the highest November monthly number of new single-family residence construction permits since 2006 (and a 90% increase over November of a year ago). For the first eleven months of 2013, the number of new housing permits is up by over 40% compared to the same period in 2012, and is on pace to post the strongest year since 2006.

In terms of the market for existing homes in Lubbock, five fewer sales were registered in November 2013 compared to November 2012, a decline of a modest 2%. And the November 2012 sales number was high – nearly 44% higher compared to November of 2011. For the year-to-date through November home sales remain well in record territory, and are up by over 21% compared to the YTD through November 2012 period. The November monthly average price was also down slightly compared to November of a year ago, but remain a solid 5% improved over the January-November 2012 average.

Lubbock Consumer Price Index

Inflation remains well in check in Lubbock (and beyond) with the rate of year-over-year price increase retreating slightly to 2.3% in November, down from 2.4% in October.

After increasing for five straight months the rate of growth in the food/grocery sector of the Lubbock CPI declined slightly in November, falling to 2.1% down from 2.2% in October.

The rate of change in the housing portion of the Lubbock CPI also declined in November, falling back to 3.6% compared to 3.8% in October. The rate of price increase in the energy/utilities sector also declined again in November to 2.0%, down from 2.2% in October.

The health care sector of the Lubbock CPI dipped to 2.3% in November, down from 2.5% in October; the year-over-year increase in the health care CPI at the US national level stands at 2.2% in November, down from 2.3% in October.

The rate of year-over-year price increase for various miscellaneous goods and services in Lubbock was unchanged from October to November at 1.4%.

The rate of growth in the CPI-U (the US Consumer Price Index) remains very low at 1.2% for November. The CPI for the southern region of the US (which includes Texas) increased to 1.5% in November up from 1.3% in October. The Dallas metro area CPI was freshly updated in November, dropping yet further to 1.2% down from 1.4% in September. The Houston metro area CPI was last updated in October, and declined to 1.8% down from 2.3% in August.



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Economic Indicator: November 2013	Base Year 1996	One Year Ago 2012	This Year 2013	Percent Change 2012-2013
Retail Sales - November (\$000s - Per Sales Tax Rebates in 1995\$)	\$ 185,289	\$ 247,319	\$ 260,598	5.4%
Retail Sales - Year-To-Date	\$ 1,842,023	\$ 2,441,414	\$ 2,573,448	5.4%
Dollars Spent on Auto Purchases - Nov (\$000s in 1995\$)	\$ 28,248	\$ 51,588	\$ 48,087	-6.8%
Dollars Spent on Auto Purchases YTD	\$ 404,238	\$ 604,037	\$ 641,235	6.2%
Lodging Tax Receipts - YTD	\$ 2,058,221	\$ 5,462,852	\$ 5,477,903	0.3%
Airline Boardings - Nov	50,363	39,730	39,036	-1.7%
Airline Boardings - YTD	561,967	453,263	430,773	-5.0%
Value All Construction Permits - Nov	\$ 5,123,247	\$ 38,389,395	\$ 57,763,855	50.5%
Value All Construction Permits - YTD	\$ 153,103,955	\$ 423,365,342	\$ 444,461,523	5.0%
New Home Permits - Nov	30	41	78	90.2%
New Home Permits - YTD	520	613	873	42.4%
Number of Home Sales - Nov	149	256	251	-2.0%
Number of Home Sales - YTD	1,959	3,056	3,704	21.2%
Average Home Sale Price - Nov	\$ 81,519	\$ 151,552	\$ 149,442	-1.4%
Average Home Sale Price - YTD	\$ 85,906	\$ 147,858	\$ 155,232	5.0%
Employment				
Wage and Salary Employment - Nov	111,400	131,500	135,300	2.9%
Wage and Salary Employment - YTD Avg	108,665	129,125	131,820	2.1%
Unemployment Rate - Nov	3.5%	4.7%	4.5%	-4.3%
Unemployment Rate - YTD Avg	4.2%	5.6%	5.2%	-7.0%
Oil and Gas (Regional)				
Oil Price/Barrel - Nov (WT Int. Crude)	\$ 21.98	\$ 83.17	\$ 90.46	8.8%
Rig Count - Nov *	21	39	41	5.1%
Oil Production (000 bbls) - YTD *	136,343	97,437	96,279	-1.2%
Value of Oil Production (\$000s) - YTD *	\$ 2,441,024	\$ 8,894,443	\$ 9,095,974	2.3%
Agriculture (Regional)				
Cotton Price - Nov (cents/pound) +	68.53	66.12	75.05	13.5%
Cotton - Bales Ginned Crop Year ++	1,629,300	1,945,050	1,848,150	-5.0%
Fat Cattle Price - Nov (\$/hd. Wt.)	\$ 70.67	\$ 126.00	\$ 131.58	4.4%
Value Cattle Marketed - YTD (\$000's) ++	\$ 287,916	\$ 360,680	\$ 357,939	-0.8%
INDEX - November (Base=100 January 1996)	102.3	131.1	139.0	6.0%

* Texas Railroad Commission District 8A (Lubbock Area)

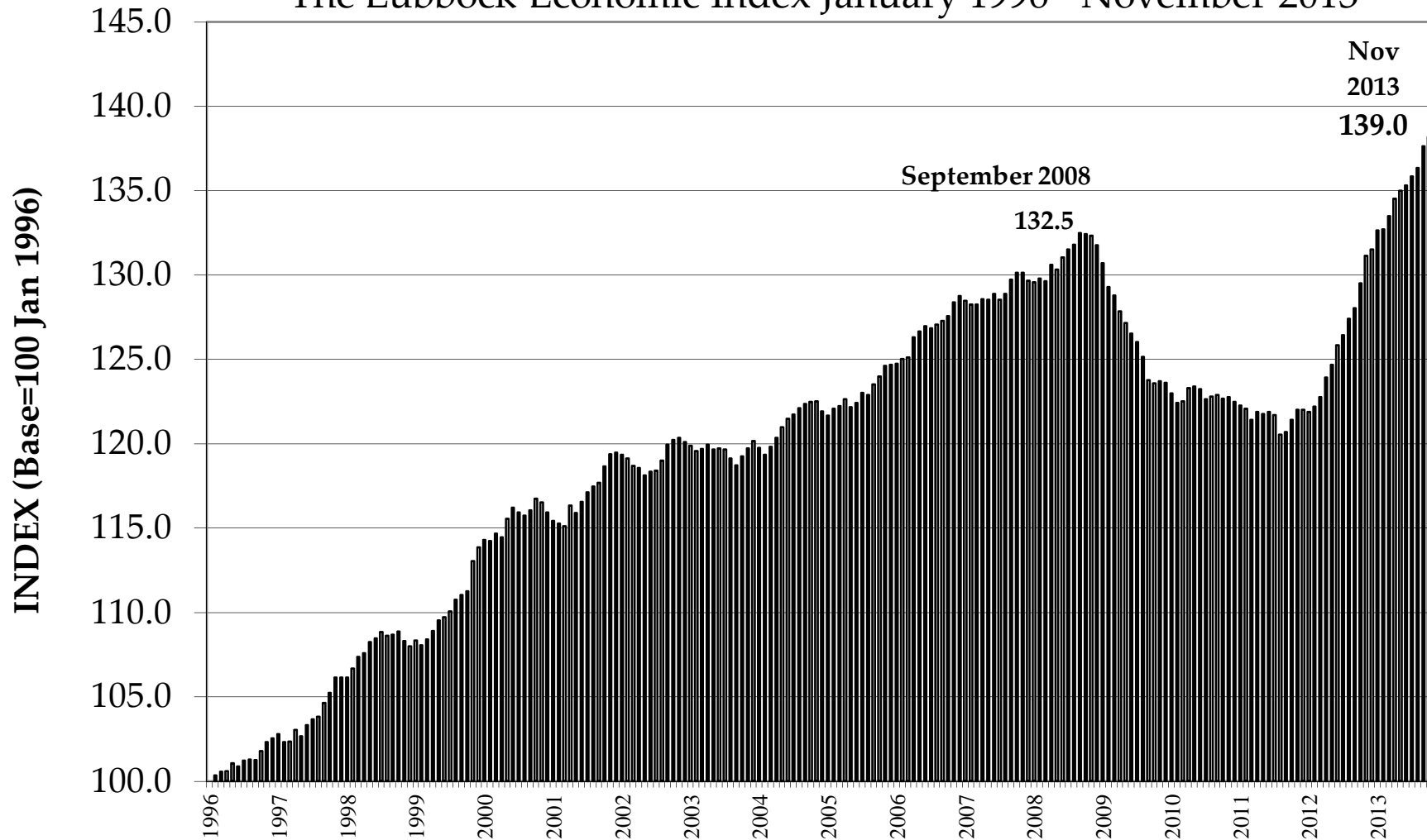
+ Spot Price for 41,4,34; mxd lots, net wt, compressed, FOB Car/Truck

++ South Plains Region



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The Lubbock Economic Index January 1996 - November 2013





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The Lubbock Economic Index 2007 - 2013

