



July 7, 2016

Lubbock Economic Index And Consumer Price Index May 2016

The Lubbock Economic Index retreated a bit in May falling to 146.1 for the month down from 146.3 in April, but still up 2.4% from the May 2015 LEI of 142.7. That is actually the third monthly decline of the five months thus far in 2016; the declines are slight, and again, the April 2016 LEI achieved a new record so it is not as though the expansion underway in the Lubbock economy since 2011 has come to its cyclical end. But it does appear to be the case that some components of the Lubbock Economic Index have either stalled a bit after a long period of impressive growth, or have been affected by some downward pressure in the regional economy (due perhaps to low oil prices and other phenomena).

General spending activity remains under some pressure in Lubbock, and auto sales activity was sharply lower for the month. Construction activity was down only compared to a big number in May of a year ago, and existing home sales were also down compared to a strong May 2015 total. The Lubbock employment situation remains among the best in the state with strong employment growth and a low unemployment rate.

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 May sales tax receipts in Lubbock was down by 2.5% compared to May of last year, which in turn was up by a strong 6.4% compared to May of the previous year. Real spending per year-to-date sales tax receipts through May is off by 2% compared to the January-May total in 2015. And again, spending across the South Plains region has weakened notably in 2016, which is very likely cutting into spending activity from the region in the Lubbock metro area.
- The 3.3% rate of year-over-year employment growth in Lubbock ranks as fourth best among Texas metro areas in May, and the unemployment rate of 3.1% ranks as third best. An estimated 4,600 jobs were added to the Lubbock economy over the last 12 months across most of the broad categories of employment (only the “information” sector lost 100 jobs compared to May of last year).

Auto sales activity continues to trend downward through May, with real auto spending for the month down by over 18% compared to May of 2015 (which in turn was down by over 9% compared to May of the prior year). Real auto spending for the year-to-date is down by some 3.6% compared to the total through May of a year ago, which in turn was also down by about 3% compared to the first five months of the previous year. Again, regional economic weakness may well be at the heart of the declines in auto sales in 2016.

As was the case in April, building permit activity in Lubbock was down for the month (on a year-over-year basis), but only compared to a big number from last year. Real building permit valuations in May were down by about 29% compared to the May of a year ago; however, the May 2015 total was up by over 90% compared to May of the prior year, and was the third-highest May total on record. And even though

the monthly total was down, the year-to-date total remains well into record territory, and is up by over 28% compared to the January-May total from a year ago. Home building activity remains slightly ahead of year-ago levels with the number of new housing construction permits up by close to 5% through May, though the May monthly total was down compared to May of a year ago.

The number of homes sold in Lubbock in May was off just slightly from the strong sales total in May of a year ago (up by 17% compared to May 2014), but the total for the year-to-date through May remains at a record level, up by nearly 4% compared to the first five months of a year ago. The average price of those sales was up by 3.3% in May compared to May of a year ago, and the average through the first five months of the year is again a record by far, up by a stout 8.1% compared to the January-May 2015 average.

Lubbock Consumer Price Index

The year-over-year change in the Lubbock Consumer Price Index was unchanged from April to May at 1.3%, and is down compared to the May 2015 CPI year-over-year change of 2.1%.

The rate of price increase in the food and grocery sector of the Lubbock CPI declined again in May, dipping to 1.2% compared to 1.4% in April.

The housing sector of the Lubbock CPI was unchanged from April to May at 4.0%. That is the highest for this component of the Lubbock CPI in all of its history, and is up compared to 3.3% in May of a year ago.

The rate of price change in the energy/utilities sector continues to be lower compared to its year-ago level, but again, by a lesser margin than was the case last month and the month before as retail gasoline prices have continued to increase along with crude oil prices. This component of the Lubbock CPI “increased” to -2.8% in May, compared to -2.9% in April.

The health care sector of the Lubbock CPI was unchanged from April to May at 3.3%. The rate of increase in the US national health care CPI increased in May to 3.2%, compared to 3.0% in April.

The rate of year-over-year price increase for various miscellaneous goods and services in Lubbock was unchanged again from April to May at .8%.

The national CPI-U (the US Consumer Price Index, a broad measure of price change over time) increased at a year-over-year rate of 1.0% in May compared to 1.1% in April. The “core CPI”, the Consumer Price Index minus food and energy, posted a 2.2% rate of year-over-year increase in May, compared to 2.1% in April.

The CPI for the southern region of the US (which includes Texas) was unchanged from April to May at .9%

The Dallas-Fort Worth metro area CPI was newly updated in May and posted a year-over-year increase of 1.0%, compared to a .6% rate of change in March. The Houston metro area CPI was last updated in April and again fell back a bit after a sharp increase in February, increasing at a rate of 1.6% in April compared to 2.0% in February (and .4% in December). The Dallas-Fort Worth and Houston metro area CPI values are calculated every other month on off months from one another.

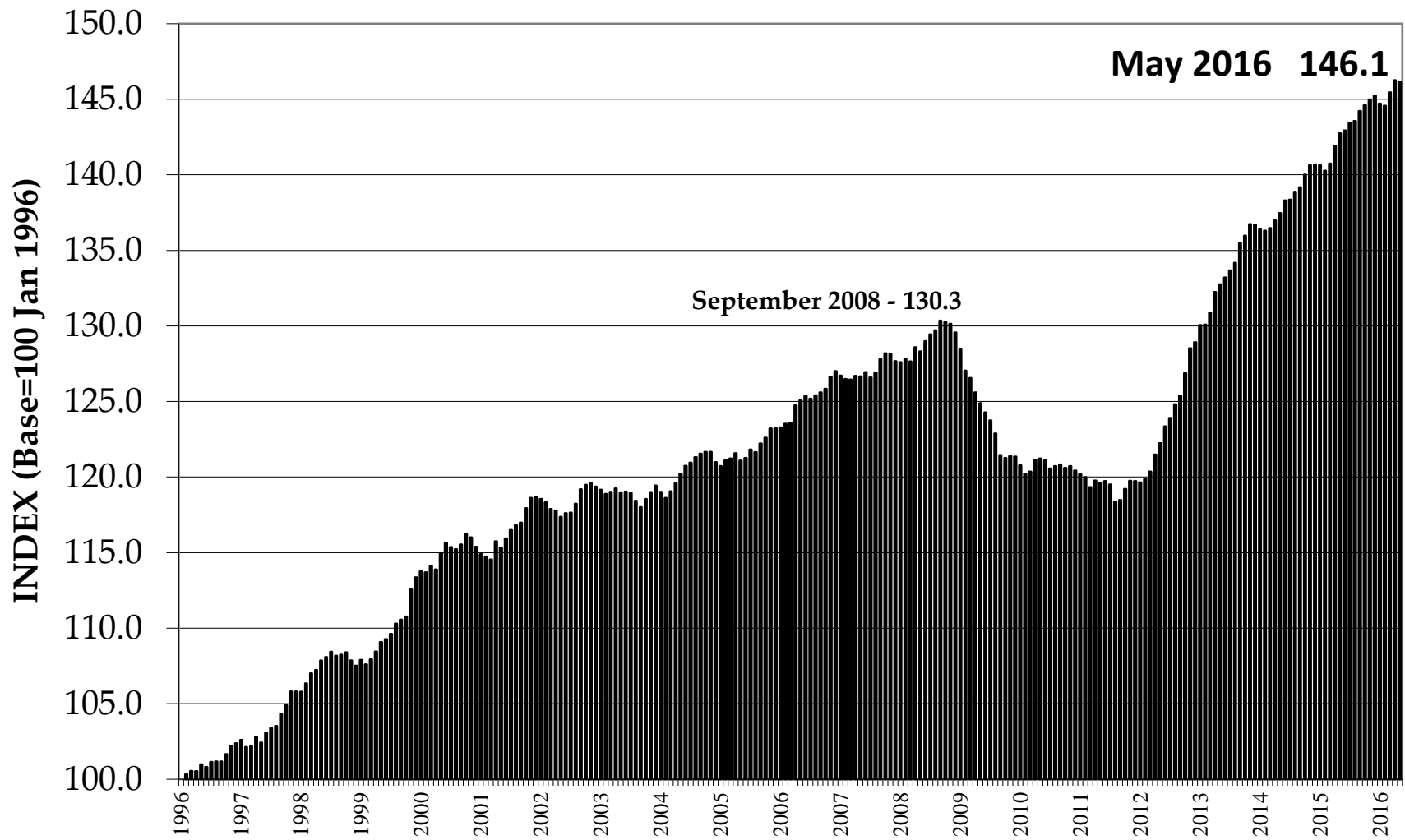
The Lubbock Metro Area Economy

The Lubbock Economic Index

Lubbock Economic Indicators* May 2016	Base Year 1996	One Year Ago 2015	This Year 2016	% Change 2015-2016
Retail Sales - May	\$ 280,273,289	\$ 441,718,955	\$ 430,717,285	-2.5%
Retail Sales - Year-To-Date	\$ 1,318,569,045	\$ 1,898,021,254	\$ 1,860,191,137	-2.0%
Dollars Spent on Auto Purchases - May	\$ 46,375,357	\$ 64,172,035	\$ 52,648,423	-18.0%
Dollars Spent on Auto Purchases YTD	\$ 188,499,857	\$ 342,122,503	\$ 329,680,369	-3.6%
Hotel/Motel Spending - YTD Through May	\$ 16,716,497	\$ 26,678,926	\$ 29,106,297	9.1%
Lubbock International Airport Passenger Enplanements - May	53,564	42,097	40,670	-3.4%
Lubbock International Airport Passenger Enplanements - YTD	241,577	181,271	184,943	2.0%
Value All Construction Permits - May	\$ 27,529,501	\$ 84,705,090	\$ 60,030,565	-29.1%
Value All Construction Permits - YTD	\$ 114,433,220	\$ 294,369,069	\$ 377,748,165	28.3%
New Home Permits - May	45	84	72	-14.3%
New Home Permits - YTD	270	386	405	4.9%
Number of Home Sales - May	213	422	412	-2.4%
Number of Home Sales - YTD	829	1,584	1,644	3.8%
Average Home Sale Price - May	\$ 93,785	\$ 172,313	\$ 177,925	3.3%
Average Home Sale Price - YTD	\$ 84,616	\$ 165,331	\$ 178,764	8.1%
Dollar Volume Residential Real Estate Sales - May	\$ 31,360,025	\$ 74,079,950	\$ 73,304,987	-1.0%
Dollar Volume Residential Real Estate Sales - YTD	\$ 110,680,770	\$ 267,516,083	\$ 294,561,381	10.1%
Employment				
Wage and Salary Employment - May	110,300	140,100	144,700	3.3%
Wage and Salary Employment - YTD Avg	109,720	138,960	143,240	3.1%
Unemployment Rate - May	4.1%	3.4%	3.1%	-8.8%
Unemployment Rate - YTD Avg	4.3%	3.3%	3.2%	-4.8%
LUBBOCK ECONOMIC INDEX - MAY (Base=100 January 1996)	101.0	142.7	146.1	2.4%
* With the exception of the average home sale price, all indicators expressed in dollar form above are adjusted for inflation by restating prior periods in current dollars				
Oil and Gas (Regional)				
Oil Price/Barrel - May (Posted WT Int. Crude)	\$ 19.52	\$ 55.95	\$ 43.38	-22.5%
Rig Count (Texas RRC District 8A) - May	29	13	8	-38.5%
Crude Oil Production (Texas RRC District 8A) - May	61,515	43,917	43,254	-1.5%
Value of Oil Production (Texas RRC District 8A) - May	\$ 1,173,835	\$ 2,125,086	\$ 1,426,542	-32.9%
Agriculture (Regional)				
Cotton Price (West Texas, cents/pound) - May	80.05	61.45	58.63	-4.6%
Cotton - South Plains Bales Ginned Crop Year Through May	2,483,350	2,879,150	3,584,550	24.5%
Fat Cattle Price (\$/hd. Wt.) - May	\$ 59.76	\$ 160.60	\$ 129.16	-19.6%
Value Cattle Marketed (\$000's) - May	\$ 135,899	\$ 179,756	\$ 164,275	-8.6%

The Lubbock Economy

The Lubbock Economic Index January 1996 - May 2016



The Lubbock Economy

The Lubbock Economic Index 2010 - 2016

