



# LUBBOCK NATIONAL BANK

## Lubbock Economic Index And Consumer Price Index

October 2017

**The Lubbock Economic Index posted another modest gain in October, increasing to 151.9 for the month up from 151.7 in September, and up 2.7% from the October 2016 LEI of 147.9. Every increase in the index results in a new record at this point, and by that measure the Lubbock economy is presently operating at its highest aggregate level ever, again now moving into the seventh year of expansion (the six-year mark was achieved in August of this year).**

Auto spending was up sharply for the month while general spending continues to languish, coming in flat compared to October of a year ago. Home sales rebounded in October along with the average price of those sales and the total dollar volume of home sales activity. The construction numbers were lower for the month but both total construction and new single-family housing construction remain at record levels for the year-to-date. Employment continues to churn out moderate but consistent year-over-year gains, and the unemployment rate is the lowest ever for the month of October.

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) spending per October monthly sales tax receipts was up only very slightly compared to year-ago levels, posting a 0.2% gain compared to October 2016. For the year-to-date, general taxable spending is up by 1.4% compared to the first ten months of a year ago. Both the October monthly and the year-to-date numbers are records so general spending activity is higher than it has ever been, but the rate of growth remains painstakingly low moving into the fourth quarter 2017.
- The same is generally true of employment – the number of jobs in Lubbock at an all-time high, but rates of year-over-year employment growth that remain in the 1-2% range. October payroll employment is up by an estimated 2,000 jobs compared to October of a year ago, a growth rate of 1.4%. The average monthly employment growth rate thus far in 2017 is 1.6%, compared to a 2.6% average rate of year-over-year growth in October of a year ago. The Lubbock unemployment rate remains on the decline dropping to a very low 2.6% in October compared to 3.3% in October 2016.

Auto sales activity was sharply higher in October with inflation-adjusted spending on new and used motor vehicles up by over 16% for the month; however, the October 2016 total was down by over 17%, so October 2017 sales represents a rebound in Lubbock auto sales in that respect. The total for the year-to-date is up by 5.3% compared to the first ten months of a year ago, and is the second only to the January-October total from 2014, the record year for auto sales in Lubbock to this point.

Lubbock building permit activity remains strong through October; the monthly permit valuation total was down by 57% year-over-year, but only compared to the highest October monthly total on record in 2016, which was well more than double the October total from the previous year. The year-to-date real building permit valuation total remains at a record level as well, posting an 11% increase over the first ten months of 2016.

New housing construction permits also posted a year-over-year decline in October at 91 permits issued; again, though, the October 2016 total was strong (not an all-time October record, however) at 122 permits, a 77% increase over the prior year. The year-to-date total is certainly a record for the first ten months of the year at 1,170 permits, an increase of 23% compared to the total through October of a year ago.

Following three straight months of year-over-year decline, home sales rebounded in October posting a 4.5% increase in the number of closed sales compared to October of a year ago. The sales total for the year-to-date remains down by nearly 4% compared to last year's record numbers through the month of October. The nominal (unadjusted for inflation) average price of those sales was sharply higher, however, up by over 7% compared to October of a year ago, which in turn was also more than 7% higher compared to October of the previous year. The average price for the year-to-date through October is up by a solid 2.8% compared to the average through October 2016, which in turn was up by an extraordinary 10.2% compared to the first ten months of the prior year.

Because of the price increase in October, the monthly real total dollar volume of residential real estate sales set a new monthly record, and was up by over 9% compared to October of a year ago. The total for the year-to-date, however, remains down by about 3.4% compared to the January-October total from a year ago.

## Lubbock Consumer Price Index

**The rate of year-over-year increase in the Lubbock Consumer Price Index was unchanged from September to October at 2.3%, and is down compared to the 2.4% recorded in June, July, and August, but is higher compared to the 1.6% rate of increase in October of a year ago. Slightly higher prices in the food/grocery component of the Lubbock CPI and higher housing prices were offset by lower energy costs and a decline in the rate of increase in medical care.**

The food/grocery sector of the Lubbock CPI increased in October to 0.8% compared to 0.5% in September; the US national “food at home” CPI component is up by 0.6% in October, and is up by a modest 0.8% in the southern region of the US.

The housing component of the Lubbock CPI reversed course in October, increasing to 3.9% compared to 3.7% in September.

The rate of increase in the energy (fuels and utilities) sector of the Lubbock CPI posted a monthly decline in October, falling to 2.5% for the month compared to 2.8% in September.

The medical care component of the Lubbock CPI declined once again in October at 2.8% for the month, down from 3.1% in September. The US medical care CPI ticked upward slightly in October at 1.7% compared to a 1.6% rate of year-to-year growth in September.

The rate of year-over-year price increase for various miscellaneous goods and services in Lubbock was unchanged once again from September to October at 1.5%.

The growth rate in the national CPI-U (the US Consumer Price Index, a broad measure of price change over time) retreated in October to 2.0%, down from 2.2% in September. The “core CPI”, the Consumer Price Index minus food and energy, ticked upward slightly in October to 1.8% compared to 1.7% in September.

The CPI for the southern region of the US (which includes Texas) declined in October after a September increase, falling to 2.0% for the month down from 2.4% in September.

The Dallas-Fort Worth metro area CPI was last updated in September, and was up sharply at 3.2% compared to 1.9% in July. The Houston metro area CPI was freshly updated in October and increased at a 2.3% year-over-year rate, up slightly from 2.2% in August. 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\*

October 2017

	Base Year 1996	One Year Ago 2016	This Year 2017	% Change 2016-2017
Retail Sales - (per sales tax receipts) October	\$ 223,410,636	\$ 369,975,029	\$ 370,606,077	0.2%
Retail Sales - Year-To-Date	\$ 2,590,567,494	\$ 3,724,235,883	\$ 3,775,754,786	1.4%
Dollars Spent on Auto Purchases - October	\$ 37,037,758	\$ 61,950,856	\$ 71,907,382	16.1%
Dollars Spent on Auto Purchases YTD	\$ 376,190,162	\$ 657,165,554	\$ 692,285,988	5.3%
Hotel/Motel Spending - YTD Through October	\$ 40,292,836	\$ 83,041,062	\$ 81,371,695	-2.0%
Lubbock International Airport Passenger Enplanements - October	57,848	42,465	43,404	2.2%
Lubbock International Airport Passenger Enplanements - YTD	511,604	384,118	390,891	1.8%
Value All Construction Permits - October	\$ 30,033,072	\$ 94,455,351	\$ 40,743,163	-56.9%
Value All Construction Permits - YTD	\$ 266,425,363	\$ 713,196,064	\$ 792,129,110	11.1%
New Home Permits - October	42	122	91	-25.4%
New Home Permits - YTD	490	949	1,170	23.3%
Number of Home Sales - October	179	291	304	4.5%
Number of Home Sales - YTD	1,810	3,569	3,432	-3.8%
Average Home Sale Price - October	\$ 77,874	\$ 184,673	\$ 197,971	7.2%
Average Home Sale Price - YTD	\$ 85,457	\$ 184,660	\$ 189,859	2.8%
Dollar Volume Residential Real Estate Sales - October	\$ 22,312,756	\$ 55,156,851	\$ 60,183,148	9.1%
Dollar Volume Residential Real Estate Sales - YTD	\$ 250,631,074	\$ 680,982,462	\$ 657,768,746	-3.4%

#### Employment

Wage and Salary Employment - October	113,600	146,600	148,600	1.4%
Wage and Salary Employment - YTD Avg	111,850	145,000	147,260	1.6%
Unemployment Rate - October	3.4%	3.3%	2.6%	-21.2%
Unemployment Rate - YTD Avg	4.2%	3.5%	3.4%	-1.7%

#### LUBBOCK ECONOMIC INDEX - OCTOBER (Base=100 January 1996)

**101.7      147.9      151.9      2.7%**

\* 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)

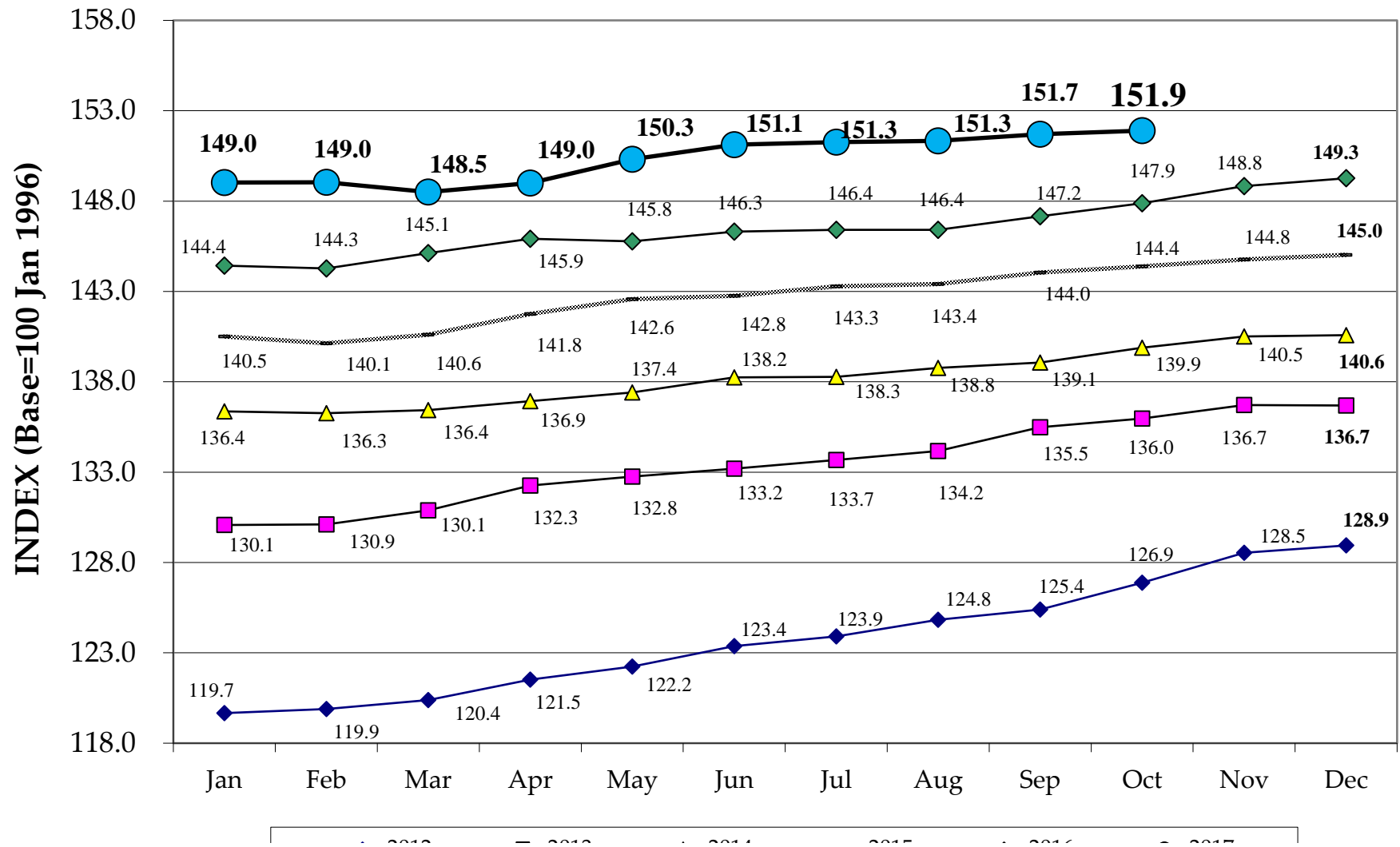
Oil Price/Barrel - October (Posted WT Int. Crude)	\$ 23.34	\$ 46.31	\$ 48.06	3.8%
Rig Count (Texas RRC District 8A) - October	20	14	23	64.3%
Crude Oil Production (Texas RRC District 8A) - October	125,483	83,137	81,405	-2.1%
Value of Oil Production (Texas RRC District 8A) - October	\$ 2,508,327	\$ 3,214,286	\$ 3,746,970	16.6%

#### Agriculture (Regional)

Cotton Price (West Texas, cents/pound) - October	71.51	66.98	69.02	3.0%
Fat Cattle Price (\$/hd. Wt.) - October	\$ 70.89	\$ 107.23	\$ 112.56	5.0%
Value Cattle Marketed (\$000's) - October	\$ 254,701	\$ 301,891	\$ 285,835	-5.3%

# The Lubbock Economy

## The Lubbock Economic Index 2012 - 2017



# The Lubbock Economy

The Lubbock Economic Index January 1996 - October 2017

