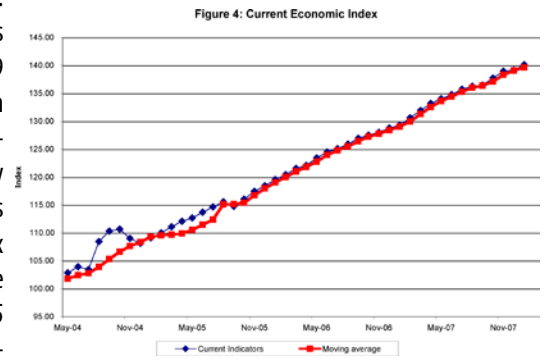


THE COUNTY'S LEADING & LAGGING ECONOMIC INDEX'S DECREASE

The Brazoria County Index of Leading Economic Indicators decreased in February to 123.31, which is 1.84 percent below the previous month's index and 1.25 percent below February 2007. The Leading Economic Index, which is designed to forecast the economic performance of the county over the next three to six months, has fallen below the six month moving average the last two months. This is significant because if the leading economic index is consistently below the six month moving average the county is likely experiencing an economic slowdown (Figure 1).



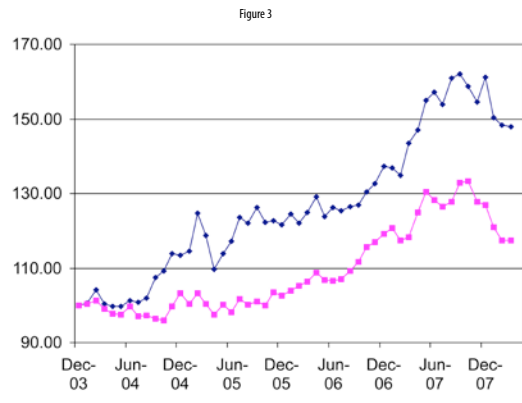
2008, which is 0.69 percent above December 2007 and 8.39 percent above January 2007. In January, all four current economic indicators posted gains. Seasonally adjusted household employment and hotel/motel tax receipts remain at the highest levels since the inception of the index. Hotel/motel tax receipts (adjusted) were 2.09 percent higher than in December and 18.61 percent higher than January of last year. The index has remained above the six month moving average since September of 2005 strengthening the probability the economy is currently expanding (Figure 4).



All three leading economic indicators decreased during the month of February (Figure 2). The largest decrease in the index was due to the decrease in the new single family building permits, which decreased 4.55 percent during February and 17.37 percent during the last year. Comparatively new single family building permits for the state of Texas decreased by 45.51 percent over the last year.

| Component | Change | Value |
|--|----------|---------------|
| Index of BC Stocks | ▼ | -1.34% |
| Initial Unemployment Claims Index - Gulf Coast WDA | ▼ | 1.63% |
| Single Family Building Permits Index | ▼ | -4.55% |
| Leading Indicators Index | ▼ | -1.84% |

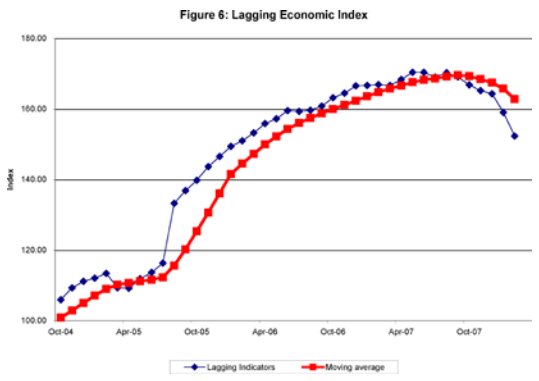
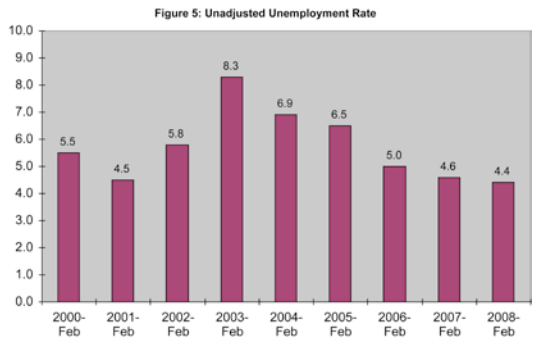
The Brazoria County Stock Index decreased 1.34 percent during the month of February, but is 10.02 percent higher than February 2007. The Brazoria County Stock Index continues to outperform the Dow Jones Industrial Average which decreased 2.96 percent during the month of February and posted a zero percent gain from February 2007 to February 2008 (Figure 3). Initial unemployment claims for the Gulf Coast Workforce Development Area increased during the month of February. There were 1.63 percent more individuals filing for unemployment insurance for the month and 1.25 percent more for the year.



LAGGING ECONOMIC INDICATORS

The Brazoria County Index of Lagging Economic Indicators is used to confirm the growth or slowdown in the economy. The lagging economic index decreased 4.23 percent in February, despite an increase in two of the three indicators. The month to month decrease in the index is due to a decrease in the prime rate charged by banks. The prime rate charged by banks has decreased from 6.98 percent to 6.00 percent in the last month as the Fed continues to cut interest rates to combat an anticipated national recession.

The average duration of unemployment and unemployment rate decreased during the month of February. The Texas average duration of unemployment, seasonally adjusted, decreased in February by 4.00 percent. The decrease indicates that people are staying unemployed for a shorter period of time. Brazoria County employment remains strong as the unemployment rate for the county reached a record low for the month of February of 4.40 percent (Figure 5). The index has been below the six month moving average for the last six months (Figure 6).



CURRENT ECONOMIC INDICATORS

The Brazoria County Index of Current Economic Indicators, which is designed to provide information about the current status of the economy, increased to 140.12 in January

BRAZORIA COUNTY, TEXAS BUSINESS CYCLE INDICATORS

MARCH, 2008

| <u>Brazoria County Economic Indices:</u> | <u>Feb</u> <u>2008</u> | <u>Jan</u> <u>2008</u> | <u>Dec</u> <u>2007</u> | <u>Nov</u> <u>2007</u> | <u>Oct</u> <u>2007</u> |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Leading Economic Index (2003 = 100) | 123.31 | 125.63 | 130.84 | 127.65 | 129.79 |
| Current Economic Index (2003=100) | - | 140.12 | 139.16 | 138.98 | 137.73 |
| Lagging Economic Index (2003 = 100) | 152.32 | 159.04 | 164.29 | 165.20 | 166.81 |

| <u>Brazoria County Leading Economic Index*</u> | <u>Feb</u> <u>2008</u> | <u>Jan</u> <u>2008</u> | <u>Feb</u> <u>2007</u> | <u>Jan-2007</u> <u>to</u> <u>Feb-2007</u> | <u>Feb-2007</u> <u>to</u> <u>Feb-2008</u> |
|--|---------------------------|---------------------------|---------------------------|---|---|
| Leading Economic Index (2003 = 100) | 123.31 | 125.63 | 124.87 | -1.84% | -1.25% |
| Components: | | | | | |
| Brazoria County Stock Index (12/31/2003 = 100) | 148.28 | 150.29 | 134.78 | -1.34% | 10.02% |
| Gulf Coast Initial Unemployment Claims (Seasonally Adjusted) | 12,577 | 12,375 | 12,422 | 1.63% | 1.25% |
| Gulf Coast Initial Unemployment Claims (Unadjusted) | 11,907 | 13,531 | 10,257 | -12.00% | 16.09% |
| New Single Family Building Permits (Seasonally Adjusted) | 206 | 216 | 250 | -4.55% | -17.37% |
| New Single Family Building Permits (Unadjusted) | 160 | 143 | 195 | 11.89% | -17.95% |

*(Data for the Leading Index is one month behind due to the lag in getting the building permits)

| <u>Brazoria County Current Economic Index**</u> | <u>Jan</u> <u>2008</u> | <u>Dec</u> <u>2007</u> | <u>Jan</u> <u>2007</u> | <u>Dec-2007</u> <u>to</u> <u>Jan-2008</u> | <u>Jan-2007</u> <u>to</u> <u>Jan-2008</u> |
|---|---------------------------|---------------------------|---------------------------|---|---|
| Current Economic Index (2003 = 100) | 140.12 | 139.16 | 129.28 | 0.69% | 8.39% |
| Components: | | | | | |
| Sales Tax Receipts (Constant 1982-1984 \$'s, Seasonally Adjusted) | 709,694 | 709,528 | 641,835 | 0.02% | 10.57% |
| Sales Tax Receipts (Current \$'s, Unadjusted) | 1,175,919 | 1,769,121 | 1,524,649 | -33.53% | -22.87% |
| Household Employment (Seasonally Adjusted) | 132,766 | 132,549 | 128,835 | 0.16% | 3.05% |
| Household Employment (Unadjusted) | 132,696 | 135,407 | 133,082 | -2.00% | -0.29% |
| West South Central Consumer Confidence (Present Situation) | 142.38 | 142.19 | 141.99 | 0.13% | 0.27% |
| Hotel/Motel Tax Receipts (Constant 1982-1984 \$'s, Seasonally Adjusted) | 1,202,456 | 1,177,851 | 1,013,756 | 2.09% | 18.61% |
| Hotel/Motel Tax Receipts (Current \$'s, Unadjusted) | 2,188,804 | 1,670,684 | 1,578,167 | 31.01% | 38.69% |

** (Data for the Current Index is 2 months behind due to the lag in getting the hotel/motel tax receipts)

| <u>Brazoria County Lagging Economic Index***</u> | <u>Feb</u> <u>2008</u> | <u>Jan</u> <u>2008</u> | <u>Feb</u> <u>2007</u> | <u>Jan-2008</u> <u>to</u> <u>Feb-2008</u> | <u>Feb-2007</u> <u>to</u> <u>Feb-2008</u> |
|--|---------------------------|---------------------------|---------------------------|---|---|
| Lagging Economic Index (2003 = 100) | 152.32 | 159.04 | 166.89 | -4.23% | -8.73% |
| Components: | | | | | |
| Texas Average Duration of Unemployment Benefits (Weeks, Seasonally Adjusted) | 16.80 | 17.50 | 16.40 | -4.00% | 2.44% |
| Texas Average Duration of Unemployment Benefits (Weeks, Unadjusted) | 16.80 | 16.90 | 16.70 | -0.59% | 0.60% |
| Prime Rate Charged By Banks | 6.00 | 6.98 | 8.25 | -14.04% | -27.27% |
| Unemployment Rate (Seasonally Adjusted) | 4.45% | 4.46% | 4.80% | -0.37% | -7.35% |
| Unemployment Rate (Unadjusted) | 4.40% | 4.90% | 4.60% | -10.20% | -4.35% |

*** (Data is one month behind due to lag in obtaining unemployment data)