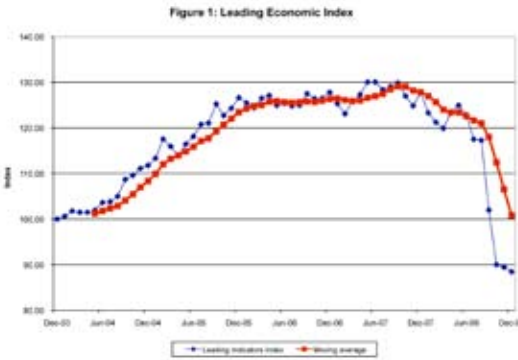


LEADING, CURRENT, & LAGGING INDEX'S DECLINE

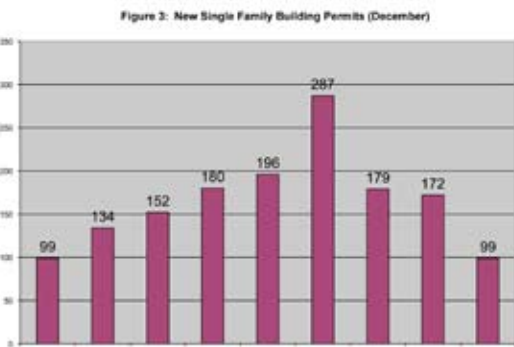
The Brazoria County Index of Leading Economic Indicators decreased in December to 88.46, which is 1.14 percent below the previous month's index and 30.75 percent below December 2007. The Leading Economic Index, which is designed to forecast the economic performance of the county over the next three to six months, has been below the six month moving average for 13 out of the last 15 months. This is significant because if the leading economic index is consistently below the six month moving average, the county is likely entering into or currently experiencing an economic slowdown (Figure 1).



All three leading economic indicators decreased during the month of December (Figure 2). The largest decrease in the index

Component	Change	Percentage
Index of BC Stocks	▼	-1.14%
Initial Unemployment Claims Index - Gulf Coast WDA	▼	0.29%
Single Family Building Permits Index	▼	-2.16%
Leading Indicators Index	▼	-1.14%

was in the initial unemployment claims for the Gulf Coast Workforce Development Area. There were 18.40 percent or 3,352 more individuals filing for unemployment insurance in the month of December compared to November. The BC Stock Index, which includes the eight largest publicly traded companies in the county, decreased by 1.14 percent in December and has decreased by 24.48 percent in the last year. Comparatively, the Dow Jones Industrial Average has decreased by 34.77 percent over the last year. The unadjusted new single family building permits for Brazoria County decreased by 42.44 percent over the last year (Figure 3). The decrease in building permits within Brazoria County is slightly higher than the 41.55 percent decrease in building permits filed in the state of Texas.



CURRENT ECONOMIC INDICATORS

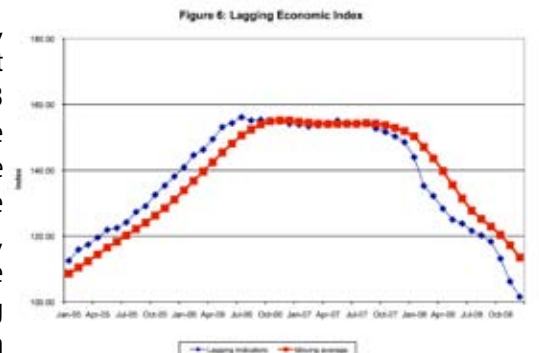
The Brazoria County Index of Current Economic Indicators, which is designed to provide information about the current status of the economy, decreased to 130.61 in November, which is 1.01 percent below the previous month and 6.02 percent below November

2007. The largest decrease during November was in the consumer confidence index, which decreased 4.91 percent in November and 27.45 percent in the last year (Figure 4). There was no change in household employment during November. Unadjusted sales tax receipts and hotel/motel tax receipts posted monthly decreases, but reported gains for the year. Unadjusted sales tax receipts were 7.36 percent higher than last November, while hotel/motel tax receipts were 3.96 percent higher for the year. The index has been below the six month moving average since last February, strengthening the probability the economy is currently experiencing a period of slow economic growth (Figure 5).



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 to 101.55, which is 4.39 percent below last month and 31.64 percent below December 2007. All three of the lagging economic indicators have decreased since December 2007. The largest decrease in the index was in the prime rate charged by banks, which decreased 9.75 percent during the month and has decreased 50.75 percent in the last year. The prime rate charged by banks was reduced to 3.61 percent in December as the Fed continues to lower rates to encourage consumers to spend. The number of Brazoria County foreclosure notices increased by 13.24 percent for the year, while the unemployment rate increased by 33.33 percent in the last year. The index has been below the six month moving average since September 2007, which confirms that the economy is experiencing an economic slowdown (Figure 6).



BRAZORIA COUNTY, TEXAS BUSINESS CYCLE INDICATORS

JANUARY, 2009

<u>Brazoria County Economic Indices:</u>	<u>Dec 2008</u>	<u>Nov 2008</u>	<u>Oct 2008</u>	<u>Sep 2008</u>	<u>Aug 2008</u>
Leading Economic Index (2003 = 100)	88.46	89.48	90.02	102.00	117.29
Current Economic Index (2003=100)	-	130.61	131.94	132.67	133.23
Lagging Economic Index (2003 = 100)	101.55	106.22	113.17	118.36	120.22

<u>Brazoria County Leading Economic Index*</u>	<u>Dec 2008</u>	<u>Nov 2008</u>	<u>Dec 2007</u>	<u>Nov-2008 to Dec-2008</u>	<u>Dec-2007 to Dec-2008</u>
Leading Economic Index (2003 = 100)	88.46	89.48	127.74	-1.14%	-30.75%
Components:					
Brazoria County Stock Index (12/31/2003 = 100)	108.15	109.39	143.21	-1.14%	-24.48%
Gulf Coast Initial Unemployment Claims (Seasonally Adjusted)	22,580	22,514	12,347	0.29%	82.87%
<i>Gulf Coast Initial Unemployment Claims (Unadjusted)</i>	21,567	18,215	10,688	18.40%	101.79%
New Single Family Building Permits (Seasonally Adjusted)	167	171	227	-2.16%	-26.51%
<i>New Single Family Building Permits (Unadjusted)</i>	99	134	172	-26.12%	-42.44%
*(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>Nov 2008</u>	<u>Oct 2008</u>	<u>Nov 2007</u>	<u>Oct-2008 to Nov-2008</u>	<u>Nov-2007 to Nov-2008</u>
Current Economic Index (2003 = 100)	130.61	131.94	138.98	-1.01%	-6.02%
Components:					
Sales Tax Receipts (Constant 1982-1984 \$'s, Seasonally Adjusted)	689,035	690,740	706,116	-0.25%	-2.42%
<i>Sales Tax Receipts (Current \$'s, Unadjusted)</i>	1,293,509	1,410,595	1,204,881	-8.30%	7.36%
Household Employment (Seasonally Adjusted)	133,929	133,828	132,252	0.08%	1.27%
<i>Household Employment (Unadjusted)</i>	135,008	135,010	136,051	0.00%	-0.77%
West South Central Consumer Confidence (Present Situation)	103.88	109.24	143.18	-4.91%	-27.45%
Hotel/Motel Tax Receipts (Constant 1982-1984 \$'s, Seasonally Adjusted)	1,227,675	1,225,508	1,172,005	0.18%	4.75%
<i>Hotel/Motel Tax Receipts (Current \$'s, Unadjusted)</i>	2,152,109	2,744,172	2,070,145	-21.58%	3.96%
**(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>Dec 2008</u>	<u>Nov 2008</u>	<u>Dec 2007</u>	<u>Nov-2008 to Dec-2008</u>	<u>Dec-2007 to Dec-2008</u>
Lagging Economic Index (2003 = 100)	101.55	106.22	148.55	-4.39%	-31.64%
Components:					
Brazoria County Foreclosure Notices (Seasonally Adjusted)	190	193	159	-1.26%	19.36%
<i>Brazoria County Foreclosure Notices (Unadjusted)</i>	190	149	219	27.52%	-13.24%
Prime Rate Charged By Banks	3.61	4.00	7.33	-9.75%	-50.75%
Unemployment Rate (Seasonally Adjusted)	5.35%	5.20%	4.41%	2.92%	21.32%
<i>Unemployment Rate (Unadjusted)</i>	6.00%	5.90%	4.50%	1.69%	33.33%
*** (Data is one month behind due to lag in obtaining unemployment data)					