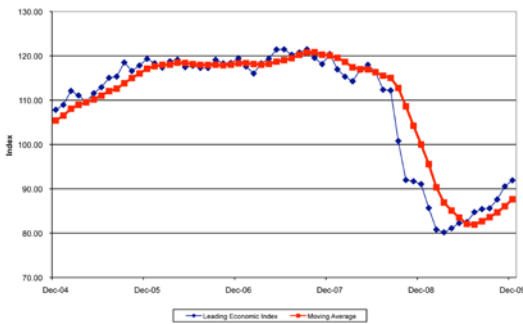


## THE COUNTY'S LEADING INDICATORS SHOW IMPROVEMENT

The Brazoria County Index of Leading Economic Indicators increased in December to 91.92, which is 1.52 percent above the previous month's index and 0.94 percent above December 2008. The Leading Economic Index, which is designed to forecast the economic performance of the county over the next three to six months, has been above the six month moving average since June 2009. This is significant because if the leading economic index is consistently above the six month moving average the county is likely entering into or currently experiencing a period of economic growth (Figure 1).

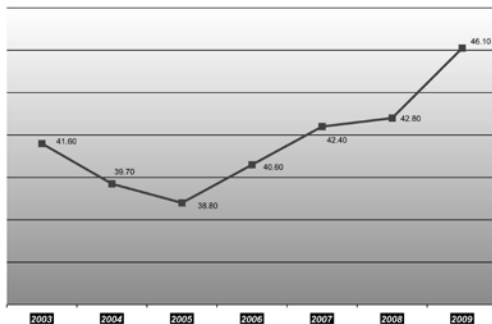
Figure 1: Leading Economic Index



All four leading economic indicators increased during the month of December (Figure 2). The largest increase in the index was due to an increase in the number of new single family building permits filed in the county, which was 6.18 percent higher than the previous month. Unadjusted building permits were 34.34 percent higher in December 2009 when compared to December 2008. The Brazoria County Stock Index, which includes the county's eight largest publicly traded employers, increased by 0.15 percent during the month and 14.41 percent over the last year. There were 0.76 percent less individuals filing initial unemployment claims in December compared to the month of November. The average number of hours worked by manufacturing workers in Houston-Baytown-Sugarland increased to 46.10 hours per week during December, which is 0.87 percent above the previous month and 5.59 percent above the previous year. The 46.10 hours represent the largest number of hours worked in manufacturing since the inception of the index (Figure 3).

| Figure 2: Leading Index Components                 |          |              |
|--|----------|--------------|
| Index of BC Stocks                                 | ▲        | 0.15%        |
| Initial Unemployment Claims Index - Gulf Coast WDA | ▲        | -0.76%       |
| Houston-Baytown-Sugarland Avg. Weekly Mfg. Hrs.    | ▲        | 0.87%        |
| Single Family Building Permits Index               | ▲        | 6.18%        |
| <b>Leading Indicators Index</b>                    | <b>▲</b> | <b>1.52%</b> |

Figure 3: Manufacturing Hours (December)

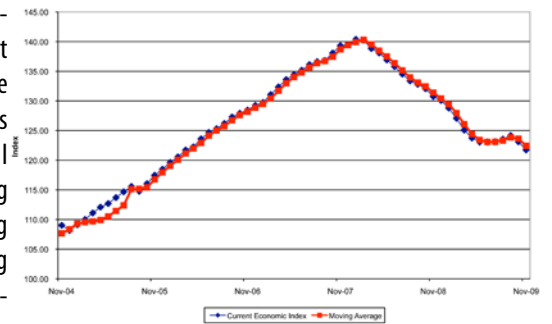


## CURRENT ECONOMIC INDICATORS

The Brazoria County Index of Current Economic Indicators, which is designed to provide information about the current status of the economy, decreased to 121.73 in November 2009, which is 1.12 percent lower than the previous month and 6.89 percent below

November 2008. All four of the current economic indicators decreased during the month of November. The largest decrease was in Brazoria County hotel/motel tax receipts. Brazoria County hotel/motel tax receipts decreased 23.17 percent over the last year. Household employment fell by 1.85 percent over the year, while consumer confidence decreased by 19.46 percent. The decrease in employment and consumer confidence hurt Brazoria County sales tax receipts, which fell by 15.66 percent during the year. After beating the six month moving average for four consecutive months the Brazoria

Figure 4: Current Economic Index



County Current Economic Index fell below the six month moving average in October and November, which indicates the economy is currently experiencing a period of slow or negative economic growth (Figure 4).

## 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 76.21, which is 1.88 percent below last month and 18.12 percent below December 2008. The largest decrease in the index was caused by the increase in the unemployment rate. The unemployment rate is 50.00 percent higher than last year (Figure 5). The prime rate charged by banks remained unchanged during the month. The number of Brazoria County foreclosure notices (seasonally adjusted) increased by 2.22 percent during the month and 31.08 percent for the year. The index remains below the six month moving average, which confirms that the economy has been experiencing a period of slow economic growth (Figure 6).

Figure 5: Brazoria County Unemployment Rate

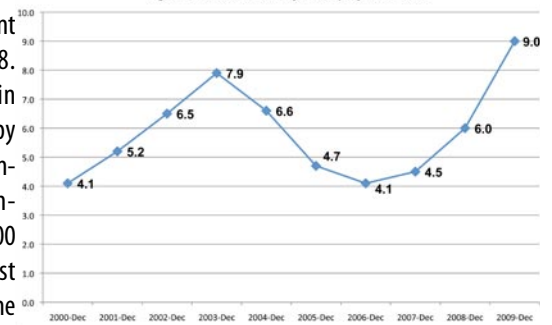
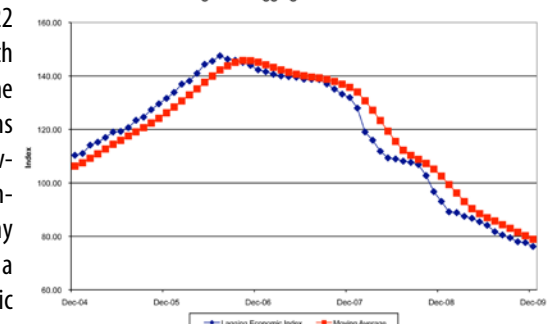


Figure 6: Lagging Economic Index



# BRAZORIA COUNTY, TEXAS BUSINESS CYCLE INDICATORS

## JANUARY 2010

| <b>Brazoria County Economic Indices:</b> | <b>Dec<br/>2009</b> | <b>Nov<br/>2009</b> | <b>Oct<br/>2009</b> | <b>Sep<br/>2009</b> | <b>Aug<br/>2009</b> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Leading Economic Index (2003 = 100)      | 91.92               | 90.54               | 87.60               | 85.60               | 85.43               |
| Current Economic Index (2003=100)        | -                   | 121.73              | 123.11              | 124.16              | 123.54              |
| Lagging Economic Index (2003 = 100)      | 76.21               | 77.67               | 77.97               | 79.45               | 80.50               |

| <b>Brazoria County Leading Economic Index*</b>                                 | <b>Dec<br/>2009</b> | <b>Nov<br/>2009</b> | <b>Dec<br/>2008</b> | <b>Nov-2009<br/>to<br/>Dec-2009</b> | <b>Dec-2008<br/>to<br/>Dec-2009</b> |
|--|---------------------|---------------------|---------------------|-------------------------------------|-------------------------------------|
| Leading Economic Index (2003 = 100)  | 91.92               | 90.54               | 91.07               | 1.52%                               | 0.94%                               |
| <b>Components:</b>   |                     |                     |                     |                                     |                                     |
| Brazoria County Stock Index (12/31/2003 = 100)                                 | 123.74              | 123.55              | 108.15              | 0.15%                               | 14.41%                              |
| Gulf Coast Initial Unemployment Claims (Seasonally Adjusted)                   | 24,755              | 24,946              | 22,580              | -0.76%                              | 9.63%                               |
| <i>Gulf Coast Initial Unemployment Claims (Unadjusted)</i>                     | 22,283              | 22,708              | 21,567              | -1.87%                              | 3.32%                               |
| New Single Family Building Permits (Seasonally Adjusted)                       | 149                 | 141                 | 167                 | 6.18%                               | -10.58%                             |
| <i>New Single Family Building Permits (Unadjusted)</i>                         | 133                 | 129                 | 99                  | 3.10%                               | 34.34%                              |
| Houston-Baytown-Sugarland Avg. Weekly Manufacturing Hrs. (Seasonally Adjusted) | 44.00               | 43.62               | 41.67               | 0.87%                               | 5.59%                               |
| <i>Houston-Baytown-Sugarland Avg. Weekly Manufacturing Hrs. (Unadjusted)</i>   | 46.10               | 46.00               | 42.80               | 0.22%                               | 7.71%                               |

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

| <b>Brazoria County Current Economic Index**</b>                         | <b>Nov<br/>2009</b> | <b>Oct<br/>2009</b> | <b>Nov<br/>2008</b> | <b>Oct-2009<br/>to<br/>Nov-2009</b> | <b>Nov-2008<br/>to<br/>Nov-2009</b> |
|---|---------------------|---------------------|---------------------|-------------------------------------|-------------------------------------|
| Current Economic Index (2003 = 100)                                     | 121.73              | 123.11              | 130.74              | -1.12%                              | -6.89%                              |
| <b>Components:</b>  |                     |                     |                     |                                     |                                     |
| Sales Tax Receipts (Constant 1982-1984 \$'s, Seasonally Adjusted)       | 673,579             | 677,083             | 689,035             | -0.52%                              | -2.24%                              |
| <i>Sales Tax Receipts (Current \$'s, Unadjusted)</i>                    | 1,090,970           | 1,101,070           | 1,293,509           | -0.92%                              | -15.66%                             |
| Household Employment (Seasonally Adjusted)                              | 132,670             | 132,684             | 134,520             | -0.01%                              | -1.38%                              |
| <i>Household Employment (Unadjusted)</i>                                | 132,576             | 131,944             | 135,074             | 0.48%                               | -1.85%                              |
| West South Central Consumer Confidence (Present Situation)              | 83.66               | 85.26               | 103.88              | -1.88%                              | -19.46%                             |
| Hotel/Motel Tax Receipts (Constant 1982-1984 \$'s, Seasonally Adjusted) | 1,147,349           | 1,170,434           | 1,227,675           | -1.97%                              | -6.54%                              |
| <i>Hotel/Motel Tax Receipts (Current \$'s, Unadjusted)</i>              | 1,653,452           | 2,215,530           | 2,152,109           | -25.37%                             | -23.17%                             |

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

| <b>Brazoria County Lagging Economic Index***</b>          | <b>Dec<br/>2009</b> | <b>Nov<br/>2009</b> | <b>Dec<br/>2008</b> | <b>Nov-2009<br/>to<br/>Dec-2009</b> | <b>Dec-2008<br/>to<br/>Dec-2009</b> |
|---|---------------------|---------------------|---------------------|-------------------------------------|-------------------------------------|
| Lagging Economic Index (2003 = 100)                       | 76.21               | 77.67               | 93.07               | -1.88%                              | -18.12%                             |
| <b>Components:</b>  |                     |                     |                     |                                     |                                     |
| Brazoria County Foreclosure Notices (Seasonally Adjusted) | 249                 | 244                 | 190                 | 2.22%                               | 31.08%                              |
| <i>Brazoria County Foreclosure Notices (Unadjusted)</i>   | 255                 | 288                 | 190                 | -11.46%                             | 34.21%                              |
| Prime Rate Charged By Banks                               | 3.25                | 3.25                | 3.61                | 0.00%                               | -9.97%                              |
| Unemployment Rate (Seasonally Adjusted)                   | 8.10%               | 7.88%               | 5.35%               | 2.72%                               | 51.31%                              |
| <i>Unemployment Rate (Unadjusted)</i>                     | 9.00%               | 8.60%               | 6.00%               | 4.65%                               | 50.00%                              |

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