

# BRAZORIA COUNTY

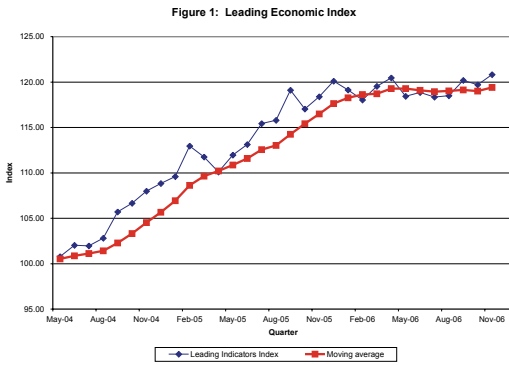
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# ECONOMIC INDICATORS

## BRAZOSPORT COLLEGE ECONOMIC FORECASTING CENTER

### THE COUNTY'S LEADING ECONOMIC INDEX INCREASES; CURRENT & LAGGING ECONOMIC INDEX SHOW GROWTH

The Brazoria County Index of Leading Economic Indicators increased in November to 120.82, which is 0.94 percent above the previous month's index and 2.07 percent above November 2005. The Leading Economic Index, which is designed to forecast the economic performance of the county over the next three to six months, has been slightly above the twelve month moving average for the last three months. 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).

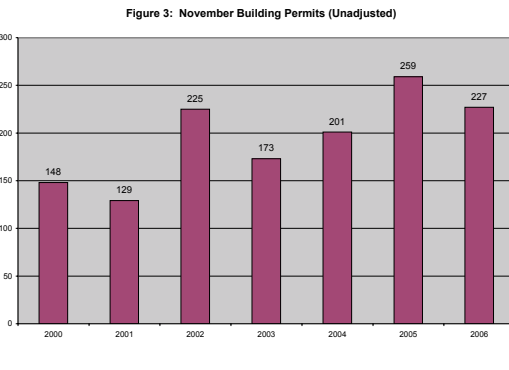


Three of the four leading economic indicators increased during the month of November (Figure 2). The largest increase in the index was due to the increase in the Brazoria County Stock Index. The Brazoria County Stock Index, which is made up of the eight largest publicly traded employers in Brazoria County, increased 2.61 percent during the month of November to 135.66. The increase marked a new high for the Brazoria County Stock Index. Initial unemployment claims and new single family building permits also improved during November. Initial claims for unemployment insurance were 0.70 percent below the previous month and 21.61 percent below November of last year. The number of new single family building permits (seasonally adjusted) filed in November is 0.56 percent above the filings from one month ago, while the number of permits filed over the last year decreased by 12.35 percent. The decrease in building permits over the past year can be explained given that the number of permits filed in November of last year was the largest number of permits filed for in the month of November (Figure 3).

Figure 2: Leading Index Components

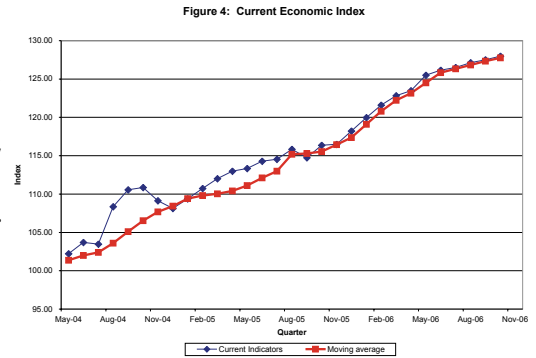
| Component  | Change | Percentage   |
|--|--------|--------------|
| Index of BC Stocks                                 | ▲      | 2.61%        |
| Initial Unemployment Claims Index - Gulf Coast WDA | ▲      | -0.70%       |
| Single Family Building Permits Index               | ▲      | 0.56%        |
| Weekly Manufacturing Hours Index                   | ▼      | -0.05%       |
| <b>Leading Indicators Index</b>                    | ▲      | <b>0.94%</b> |

The indicator that decreased during the month of November was average weekly manufacturing hours (adjusted) which fell from 39.53 hours to 39.51 hours per week.



## CURRENT ECONOMIC INDICATORS

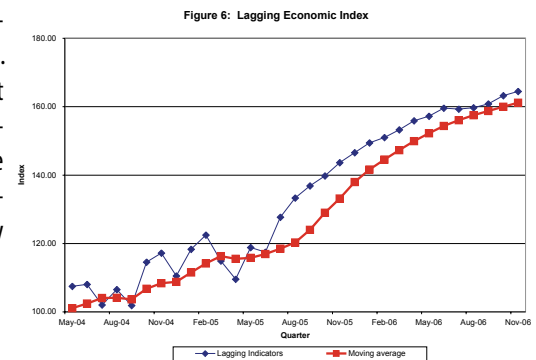
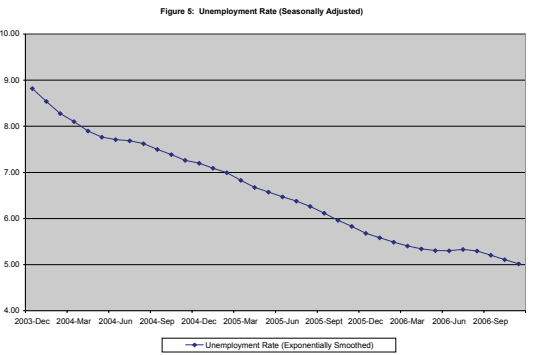
The Brazoria County Index of Current Economic Indicators, which is designed to provide information about the current status of the economy, increased to 127.98 in October 2006, which is a 0.37 percent increase over September 2006 and 9.99 percent above October 2005. In October, three of the four current economic indicators showed gains. Household employment, both unadjusted and seasonally adjusted, is at its highest levels since the inception of the index. The current economic indicator that decreased during the month of October was hotel/motel tax receipts. Hotel/motel tax receipts decreased 1.65 percent from last month, but have increased 11.94 percent in the last year. The index remains above the six month moving average strengthening the probability the economy is currently expanding (Figure 4).



## LAGGING ECONOMIC INDICATORS

The Brazoria County Index of Lagging Economic Indicators is used to confirm the growth or slow down in the economy. The index increased to 163.20 in October 2006, which is a 1.50 percent increase over September 2006 and 16.78 percent above October 2005.

All three of the lagging economic indicators increased in July. The most significant gain was the 4.65 percent decrease in the average duration of unemployment. The unemployment rate (seasonally adjusted) fell to 5.1 percent. This is the lowest level of unemployment since the inception of the index (Figure 5). The index continues to beat the six month moving average, confirming that the economy has been experiencing a period of recovery or expansion (Figure 6).



# BRAZORIA COUNTY, TEXAS BUSINESS CYCLE INDICATORS

## DECEMBER, 2006

| <u>Brazoria County Economic Indices:</u> | <b>Nov<br/>2006</b> | <b>Oct<br/>2006</b> | <b>Sep<br/>2006</b> | <b>Aug<br/>2006</b> | <b>Jul<br/>2006</b> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Leading Economic Index (2003 = 100)      | 120.82              | 119.70              | 120.17              | 118.58              | 118.33              |
| Current Economic Index (2003=100)        | -                   | 127.98              | 127.50              | 127.12              | 126.50              |
| Lagging Economic Index (2003 = 100)      | -                   | 163.20              | 160.80              | 159.65              | 159.28              |

| <u>Brazoria County Leading Economic Index</u>                                  | <b>Nov<br/>2006</b> | <b>Oct<br/>2006</b> | <b>Nov<br/>2005</b> | <b>Oct-2006<br/>to<br/>Nov-2006</b> | <b>Nov-2005<br/>to<br/>Nov-2006</b> |
|--|---------------------|---------------------|---------------------|-------------------------------------|-------------------------------------|
| Leading Economic Index (2003 = 100)  | 120.82              | 119.70              | 118.38              | 0.94%                               | 2.07%                               |
| <b>Components:</b>   |                     |                     |                     |                                     |                                     |
| Brazoria County Stock Index (12/31/2003 = 100)                                 | 135.66              | 132.21              | 122.04              | 2.61%                               | 11.16%                              |
| Gulf Coast Initial Unemployment Claims (Seasonally Adjusted)                   | 12,734              | 12,824              | 16,244              | -0.70%                              | -21.61%                             |
| <i>Gulf Coast Initial Unemployment Claims (Unadjusted)</i>                     | 11,629              | 11,856              | 11,190              | -1.91%                              | 3.92%                               |
| New Single Family Building Permits (Seasonally Adjusted)                       | 288                 | 287                 | 329                 | 0.56%                               | -12.35%                             |
| <i>New Single Family Building Permits (Unadjusted)</i>                         | 227                 | 199                 | 259                 | 14.07%                              | -12.36%                             |
| Houston-Baytown-Sugarland Manufacturing Avg. Weekly Hrs. (Seasonally Adjusted) | 39.51               | 39.53               | 41.45               | -0.05%                              | -4.68%                              |
| <i>Houston-Baytown-Sugarland Manufacturing Avg. Weekly Hrs. (Unadjusted)</i>   | 39.40               | 39.30               | 41.80               | 0.25%                               | -5.74%                              |

| <u>Brazoria County Current Economic Index*</u>   | <b>Oct<br/>2006</b> | <b>Sep<br/>2006</b> | <b>Oct<br/>2005</b> | <b>Sep-2006<br/>to<br/>Oct-2006</b> | <b>Oct-2005<br/>to<br/>Oct-2006</b> |
|--|---------------------|---------------------|---------------------|-------------------------------------|-------------------------------------|
| Current Economic Index (2003 = 100)  | 127.98              | 127.50              | 116.36              | 0.37%                               | 9.99%                               |
| <b>Components:</b>   |                     |                     |                     |                                     |                                     |
| Sales Tax Receipts (Constant 1982-1984 \$'s, Seasonally Adjusted)                        | 639,892             | 631,679             | 571,629             | 1.30%                               | 11.94%                              |
| <i>Sales Tax Receipts (Current \$'s, Unadjusted)</i>                                     | 1,133,855           | 1,300,729           | 1,037,012           | -12.83%                             | 9.34%                               |
| Household Employment (Seasonally Adjusted)   | 127,547             | 127,160             | 124,098             | 0.30%                               | 2.78%                               |
| <i>Household Employment (Unadjusted)</i>   | 133,304             | 131,931             | 126,047             | 1.04%                               | 5.76%                               |
| West South Central Consumer Confidence (Present Situation)                               | 138.18              | 135.80              | 122.20              | 1.76%                               | 13.08%                              |
| Hotel/Motel Tax Receipts (Constant 1982-1984 \$'s, Seasonally Adjusted)                  | 1,020,130           | 1,037,232           | 917,568             | -1.65%                              | 11.18%                              |
| <i>Hotel/Motel Tax Receipts (Current \$'s, Unadjusted)</i>                               | 1,872,075           | 1,921,209           | 2,113,510           | -2.56%                              | -11.42%                             |
| *(Data for the Current Index is 2 months behind due to the lag in getting the sales tax) |                     |                     |                     |                                     |                                     |

| <u>Brazoria County Lagging Economic Index**</u>                              | <b>Oct<br/>2006</b> | <b>Sep<br/>2006</b> | <b>Oct<br/>2005</b> | <b>Sep-2006<br/>to<br/>Oct-2006</b> | <b>Oct-2005<br/>to<br/>Oct-2006</b> |
|--|---------------------|---------------------|---------------------|-------------------------------------|-------------------------------------|
| Lagging Economic Index (2003 = 100)  | 163.20              | 160.80              | 139.75              | 1.50%                               | 16.78%                              |
| <b>Components:</b>   |                     |                     |                     |                                     |                                     |
| Texas Average Duration of Unemployment Benefits (Weeks, Seasonally Adjusted) | 16.40               | 17.20               | 18.00               | -4.65%                              | -8.89%                              |
| <i>Texas Average Duration of Unemployment Benefits (Weeks, Unadjusted)</i>   | 16.70               | 17.50               | 18.30               | -4.57%                              | -8.74%                              |
| Prime Rate Charged By Banks  | 8.25                | 8.25                | 6.75                | 0.00%                               | 22.22%                              |
| Unemployment Rate (Seasonally Adjusted)                                      | 5.11%               | 5.20%               | 5.96%               | -1.81%                              | -14.28%                             |
| <i>Unemployment Rate (Unadjusted)</i>  | 4.50%               | 4.70%               | 5.00%               | -4.26%                              | -10.00%                             |
| ** (Data is two months behind due to lag in obtaining unemployment data)     |                     |                     |                     |                                     |                                     |