

BRAZORIA COUNTY ECONOMIC INDICATORS

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BRAZOSPORT COLLEGE ECONOMIC FORECASTING CENTER

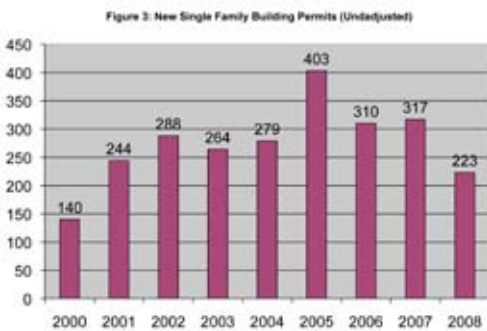
THE COUNTY'S ECONOMIC INDEX'S SHOW GROWTH IS SLOWING

The Brazoria County Index of Leading Economic Indicators increased in May to 124.91, which is 1.28 percent above the previous month's index and 3.96 percent below May 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 for seven of the last eight 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).



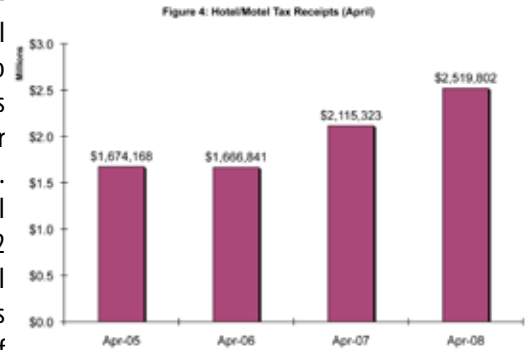
Two of the three leading economic indicators decreased during the month of May (Figure 2). The largest decrease in the index was in adjusted new single family building permits, which decreased 0.72 percent in May and 23.29 percent during the last year (Figure 3). Comparatively unadjusted new single family building permits for the state of Texas was 11,531 for May 2007 and 7,547 for May 2008. This is a decrease of 3,984 permits or 34.55 percent compared to a 29.65 decrease in Brazoria County. Initial unemployment claims for the Gulf Coast Workforce Development Area increased during the month of May. There are 12.30 percent more individuals filing for unemployment insurance. The indicator that posted gains during the month of May was the Brazoria County Stock Index which increased 3.67 percent during the month of May and is up 8.12 percent in the last year. Note: The Brazoria County Stock Index decreased 1.75 percent in June, while the Dow Jones Industrial Average decreased 10.23 percent over this same one month period.

Component	Change	Percentage
Index of BC Stocks	▲	3.67%
Initial Unemployment Claims Index - Gulf Coast WDA	▼	0.54%
Single Family Building Permits Index	▼	-0.72%
Leading Indicators Index	▲	1.28%



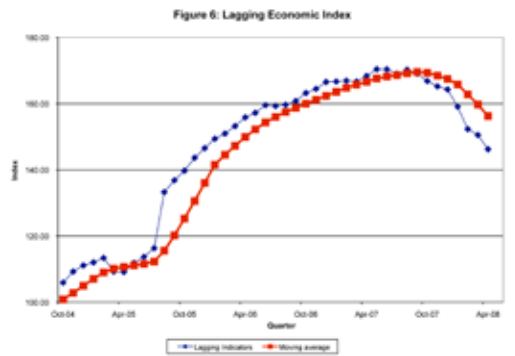
adjusted household employment and hotel/motel tax receipts continue to show gains, while sales tax receipts and consumer confidence decreased. Unadjusted hotel/motel tax receipts were 19.12 percent higher than April of last year (Figure 4). This is the highest amount of hotel/motel tax receipts collected in Brazoria County for the month of April. After being above the six month moving average since September 2005, the index slipped below the six month moving average in February, March, and April strengthening the probability the economy is currently slowing (Figure 5).

Figure 4: Hotel/Motel Tax Receipts (April). A bar chart showing hotel/motel tax receipts in millions of dollars for April from 2005 to 2008. The values are: Apr-05 (\$1,674,168), Apr-06 (\$1,666,841), Apr-07 (\$2,115,323), and Apr-08 (\$2,519,802).



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 146.23, which is 2.85 percent below last month and 13.14 percent below April 2007. The month to month decrease in the index is due to a decrease in the prime rate charged by banks and an increase in the average duration of unemployment. The prime rate charged by banks has decreased from 5.66 percent to 5.24 percent in the last month as the Fed continued to cut interest rates to combat an anticipated national recession. The Texas average duration of unemployment, seasonally adjusted, increased by 4.32 percent during April. The increase indicates that people are having a harder time finding a job and staying unemployed longer. The unemployment rate (unadjusted) in Brazoria County increased to 4.1 percent compared 3.9 percent last April. The index has been below the six month moving average for the last eight 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, decreased to 137.87 in April 2008, which is 0.59 percent below March 2008 and 3.51 percent above April 2007. Seasonally

BRAZORIA COUNTY, TEXAS BUSINESS CYCLE INDICATORS

JULY, 2008

<u>Brazoria County Economic Indices:</u>	<u>May 2008</u>	<u>Apr 2008</u>	<u>Mar 2008</u>	<u>Feb 2008</u>	<u>Jan 2008</u>
Leading Economic Index (2003 = 100)	124.91	123.34	119.88	121.19	123.26
Current Economic Index (2003=100)	-	137.87	138.69	140.07	140.12
Lagging Economic Index (2003 = 100)	-	146.23	150.52	152.32	159.04

<u>Brazoria County Leading Economic Index*</u>	<u>May 2008</u>	<u>April 2008</u>	<u>May 2007</u>	<u>Apr-2008 to May-2008</u>	<u>May-2007 to May-2008</u>
Leading Economic Index (2003 = 100)	124.91	123.34	130.07	1.28%	-3.96%
Components:					
Brazoria County Stock Index (12/31/2003 = 100)	159.13	153.50	147.15	3.67%	8.14%
Gulf Coast Initial Unemployment Claims (Seasonally Adjusted)	12,891	12,821	12,142	0.54%	6.16%
<i>Gulf Coast Initial Unemployment Claims (Unadjusted)</i>	14,335	14,590	12,765	-1.75%	12.30%
New Single Family Building Permits (Seasonally Adjusted)	195	196	254	-0.72%	-23.29%
<i>New Single Family Building Permits (Unadjusted)</i>	223	214	317	4.21%	-29.65%

*(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>Apr 2008</u>	<u>Mar 2008</u>	<u>Apr 2007</u>	<u>Mar-2008 to Apr-2008</u>	<u>Apr-2007 to Apr-2008</u>
Current Economic Index (2003 = 100)	137.87	138.69	133.20	-0.59%	3.51%
Components:					
Sales Tax Receipts (Constant 1982-1984 \$'s, Seasonally Adjusted)	703,113	705,446	668,701	-0.33%	5.15%
<i>Sales Tax Receipts (Current \$'s, Unadjusted)</i>	1,147,027	1,423,559	1,131,638	-19.43%	1.36%
Household Employment (Seasonally Adjusted)	133,158	133,040	130,000	0.09%	2.43%
<i>Household Employment (Unadjusted)</i>	134,286	133,550	133,393	0.55%	0.67%
West South Central Consumer Confidence (Present Situation)	129.87	134.94	144.25	-3.76%	-9.97%
Hotel/Motel Tax Receipts (Constant 1982-1984 \$'s, Seasonally Adjusted)	1,234,371	1,218,878	1,064,912	1.27%	15.91%
<i>Hotel/Motel Tax Receipts (Current \$'s, Unadjusted)</i>	2,519,802	2,202,792	2,115,323	14.39%	19.12%

** (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>Apr 2008</u>	<u>Feb 2008</u>	<u>Apr 2007</u>	<u>Feb-2008 to Apr-2008</u>	<u>Apr-2007 to Apr-2008</u>
Lagging Economic Index (2003 = 100)	146.23	150.52	168.35	-2.85%	-13.14%
Components:					
Texas Average Duration of Unemployment Benefits (Weeks, Seasonally Adjusted)	16.90	16.20	17.10	4.32%	-1.17%
<i>Texas Average Duration of Unemployment Benefits (Weeks, Unadjusted)</i>	17.50	16.90	18.30	3.55%	-4.37%
Prime Rate Charged By Banks	5.24	5.66	8.25	-7.42%	-36.48%
Unemployment Rate (Seasonally Adjusted)	4.42%	4.45%	4.60%	-0.61%	-3.94%
<i>Unemployment Rate (Unadjusted)</i>	4.10%	4.40%	3.90%	-6.82%	5.13%

*** (Data is two months behind due to lag in obtaining unemployment data)