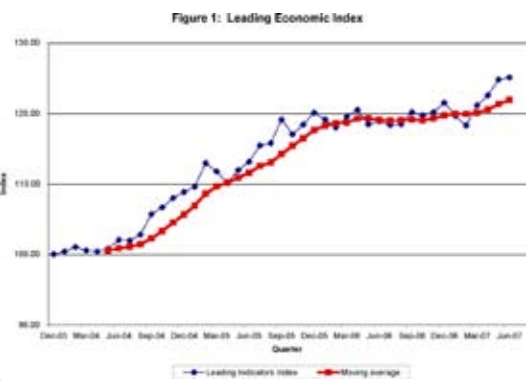


## BRAZORIA COUNTY LEADING, CURRENT, & LAGGING ECONOMIC INDEXES SHOW GROWTH

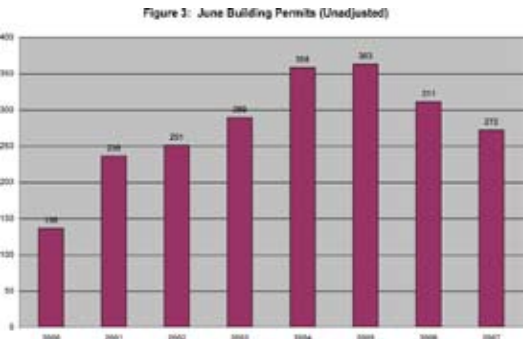
The Brazoria County Index of Leading Economic Indicators increased in June to 125.09, which is 0.25 percent above the previous month's index and 5.24 percent above June 2006. The Leading Economic Index, which is designed to forecast the economic performance of the county over the next three to six months, has been above the six month moving average for eight out of the last ten 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).



Two of the four leading economic indicators increased during the month of June (Figure 2). The two leading economic indicators that posted gains were the Brazoria County Stock Index and Houston-Baytown-Sugarland Manufacturing Hours.

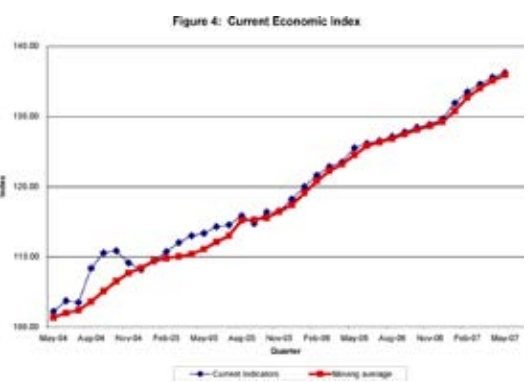
Figure 2: Leading Index Components		
Index of BC Stocks	▲	-1.84%
Initial Unemployment Claims Index - Gulf Coast WDA	▼	-0.40%
Single Family Building Permits Index	▼	-1.44%
Weekly Manufacturing Hours Index	▲	0.02%
<b>Leading Indicators Index</b>	▲	<b>0.25%</b>

The largest increase in the index was due to the increase in the Brazoria County Stock Index. The Brazoria County Stock Index, which includes the counties eight largest publicly traded employers, increased to 163.36. This is the highest level reported since the inception of the index. In July, the Brazoria County Stock Index fell from the all time high to 160.38. The two economic indicators that decreased during the month of June were the Gulf Coast Initial Unemployment Claims and New Single Family Building Permits. The number of new single family building permits (seasonally adjusted) filed in June is 1.44 percent below the filings from one month ago and 15.41 percent below June of last year. Building permits filed during the month of June have decreased the last two years after reaching a peak of 363 permits filed in 2005 (Figure 3). The Gulf Coast Initial Unemployment Claims, individuals filing for unemployment insurance who have recently become unemployed or anticipate becoming unemployed, increased by 0.40 during the month of June, but remains 10.61 percent lower than June of last year. This is the first month over month increase in Initial Unemployment Claims since October 2005.



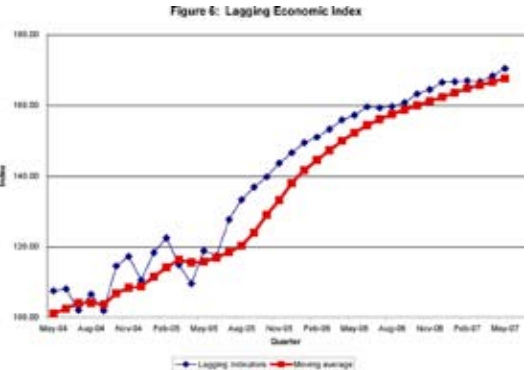
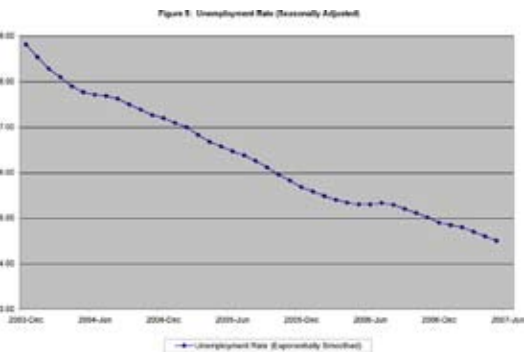
### CURRENT ECONOMIC INDICATORS

The Brazoria County Index of Current Economic Indicators, which is designed to provide information about the current status of the economy, increased to 136.22 in May 2007, which is 0.50 percent above April 2007 and 8.55 percent above May 2006. In May, all four of the current economic indicators posted gains. Household employment, seasonally adjusted, remains at its highest levels since the inception of the index. Sales tax receipts and hotel/motel tax receipts (adjusted and unadjusted) increased to the highest level reported in the month of May. The index has remained above the six month moving average for the past twenty months 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 slowdown in the economy. The index increased to 170.39 in May 2007, which is a 1.21 percent increase over April 2007 and 8.38 percent above May 2006. Average duration of unemployment, seasonally adjusted, decreased in May by 2.34 percent and decreased over the last year by 2.34 percent. The unemployment rate (seasonally adjusted) decreased to 4.51 percent. The unemployment rate has set new lows for the last 10 months (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

## JUNE, 2007

<u>Brazoria County Economic Indices:</u>	<u>Jun 2007</u>	<u>May 2007</u>	<u>Apr 2006</u>	<u>Mar 2006</u>	<u>Feb 2006</u>
Leading Economic Index (2003 = 100)	125.09	124.77	122.56	121.13	118.26
Current Economic Index (2003=100)	-	136.22	135.55	134.57	133.46
Lagging Economic Index (2003 = 100)	-	170.39	168.35	166.68	166.89

<u>Brazoria County Leading Economic Index</u>	<u>Jun 2007</u>	<u>May 2007</u>	<u>Jun 2006</u>	<u>May-2007 to Jun-2007</u>	<u>Jun-2006 to Jun-2007</u>
Leading Economic Index (2003 = 100)	125.09	124.77	118.86	0.25%	5.24%
<b>Components:</b>					
Brazoria County Stock Index (12/31/2003 = 100)	163.36	160.41	127.75	1.84%	27.87%
Gulf Coast Initial Unemployment Claims (Seasonally Adjusted)	12,191	12,142	13,837	0.40%	-10.61%
<i>Gulf Coast Initial Unemployment Claims (Unadjusted)</i>	12,957	12,765	13,434	1.50%	-3.55%
New Single Family Building Permits (Seasonally Adjusted)	251	254	296	-1.44%	-15.41%
<i>New Single Family Building Permits (Unadjusted)</i>	272	319	311	-14.73%	-12.54%
Houston-Baytown-Sugarland Manufacturing Avg. Weekly Hrs. (Seasonally Adjusted)	40.26	40.26	40.00	0.02%	0.66%
<i>Houston-Baytown-Sugarland Manufacturing Avg. Weekly Hrs. (Unadjusted)</i>	40.30	40.10	40.00	0.50%	0.75%

<u>Brazoria County Current Economic Index*</u>	<u>May 2007</u>	<u>Apr 2007</u>	<u>May 2006</u>	<u>Apr-2007 to May-2007</u>	<u>May-2006 to May-2007</u>
Current Economic Index (2003 = 100)	136.22	135.55	125.49	0.50%	8.55%
<b>Components:</b>					
Sales Tax Receipts (Constant 1982-1984 \$'s, Seasonally Adjusted)	726,909	723,054	634,207	0.53%	14.62%
<i>Sales Tax Receipts (Current \$'s, Unadjusted)</i>	1,339,062	1,131,638	1,318,656	18.33%	1.55%
Household Employment (Seasonally Adjusted)	130,349	130,000	125,974	0.27%	3.47%
<i>Household Employment (Unadjusted)</i>	133,550	133,393	128,717	0.12%	3.75%
West South Central Consumer Confidence (Present Situation)	145.46	144.25	132.94	0.84%	9.41%
Hotel/Motel Tax Receipts (Constant 1982-1984 \$'s, Seasonally Adjusted)	1,065,991	1,062,874	1,003,699	0.29%	6.21%
<i>Hotel/Motel Tax Receipts (Current \$'s, Unadjusted)</i>	2,234,418	2,115,323	2,133,368	5.63%	4.74%

\*(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>	<u>May 2007</u>	<u>Apr 2007</u>	<u>May 2006</u>	<u>Apr-2007 to May-2007</u>	<u>May-2006 to May-2007</u>
Lagging Economic Index (2003 = 100)	170.39	168.35	157.22	1.21%	8.38%
<b>Components:</b>					
Texas Average Duration of Unemployment Benefits (Weeks, Seasonally Adjusted)	16.70	17.10	17.10	-2.34%	-2.34%
<i>Texas Average Duration of Unemployment Benefits (Weeks, Unadjusted)</i>	17.10	18.30	17.50	-6.56%	-2.29%
Prime Rate Charged By Banks	8.25	8.25	7.93	0.00%	4.04%
Unemployment Rate (Seasonally Adjusted)	4.51%	4.60%	5.30%	-2.08%	-15.05%
<i>Unemployment Rate (Unadjusted)</i>	3.90%	3.90%	5.00%	0.00%	-22.00%

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