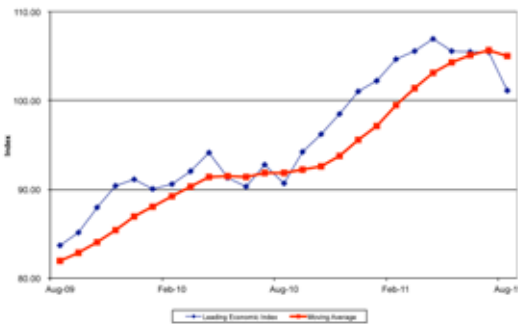


LEADING ECONOMIC INDEX SLIPS; CURRENT ECONOMIC INDEX REMAINS STRONG

The Brazoria County Index of Leading Economic Indicators decreased in August to 101.12, which is 4.18 percent below the previous month's index and 11.54 percent above August 2010. The Leading Economic Index, which is designed to forecast the economic performance of the county over the next three to six months, fell below the six-month moving average for the first time this year in July and remained below the six-month moving average in August. 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 a period of slow or negative economic growth.

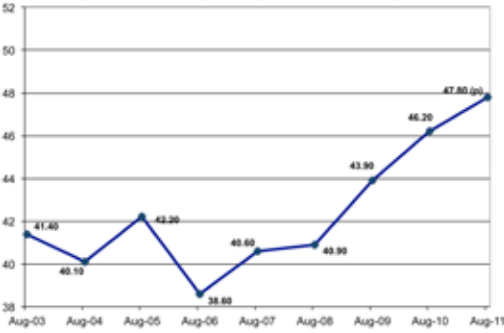
Figure 1: Leading Economic Index



Three of the four seasonally adjusted leading economic indicators decreased in the month of August (Figure 2), however all four unadjusted indicators posted gains over the last year. The indicator that posted the largest decrease during the month was the Brazoria County stock index. The stock index, which is made up of the eight largest publicly traded employers, decreased 11.28 percent in August, but increased by 25.25 percent over the last year. Houston-Baytown-Sugarland average weekly manufacturing hours were at 47.80 (preliminary) hours per week in August 2011, which was slightly below the 48.20 hours recorded in July. Hours were up compared to the 46.20 hours recorded in August 2010 (Figure 3). There were 20,853 individuals filing initial unemployment claims in August 2011 compared with 23,007 last year, which represents a decrease of 9.36 percent.

Figure 2: Leading Index Components		
Index of BC Stocks	▼	-11.28%
Initial Unemployment Claims Index - Gulf Coast WDA	▼	7.00%
Single Family Building Permits Index	▲	2.85%
Houston-Baytown-Sugarland Avg. Weekly Mfg. Hrs.	▼	-0.19%
Leading Indicators Index	▼	-4.18%

Figure 3: Houston-Baytown-Sugarland Manufacturing Hours



New single-family building permits filed in August 2011 was 165 compared to 149 permits in August 2010. The 165 permits were the most new single-family building permits filed in any August since 2008.

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 130.70 in July, which is 1.29 percent higher than the previous month and 9.87 percent higher than July 2010. The largest increase in the index over last year was in the unadjusted Brazoria County hotel/motel tax receipts, which were 35.61 percent higher than July 2010 (Figure 4). The unadjusted sales tax receipts for the county increased 10.22 percent and household employment increased by 1.60 percent over the last year. Consumer confidence increased 0.47 percent over the previous month and 3.12 percent over the last year. The Brazoria County Current Economic Index has been above the six-month moving average for eleven of the last twelve months. This is significant because if the current economic index is consistently above the six-month moving average then the county is likely experiencing a period of economic growth (Figure 5).

Figure 4: Hotel/Motel Tax Receipts



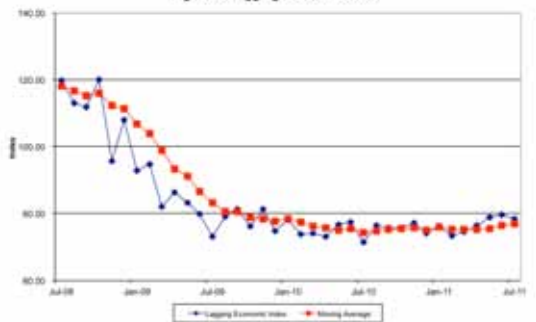
Figure 5: Current Economic Index



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 78.38, which is 1.51 percent below last month and 9.71 percent above July 2010. There were 4.68 percent more foreclosure notices filed in July 2011 compared to July 2010. The unemployment rate for Brazoria County decreased from 9.40 percent last July to 9.30 percent in July 2011, while the prime rate charged by banks remained unchanged. The lagging economic index has been above the six-month moving average for the last four months, which indicates the economy has been experiencing a period of economic growth (Figure 6).

Figure 6: Lagging Economic Index



BRAZORIA COUNTY, TEXAS BUSINESS CYCLE INDICATORS

SEPTEMBER 2011

Brazoria County Economic Indices:	Aug 2011	Jul 2011	Jun 2011	May 2011	Apr 2011
Leading Economic Index (2003 = 100)	101.12	105.53	105.54	105.55	106.99
Current Economic Index (2003=100)	-	130.70	129.03	128.37	128.39
Lagging Economic Index (2003 = 100)	-	78.38	79.59	78.96	76.59

Brazoria County Leading Economic Index*	Aug 2011	Jul 2011	Aug 2010	Jul-2011 to Aug-2011	Aug-2010 to Aug-2011
Leading Economic Index (2003 = 100)	101.12	105.53	90.66	-4.18%	11.54%
Components:					
Brazoria County Stock Index (12/31/2003 = 100)	141.73	159.75	113.16	-11.28%	25.25%
Gulf Coast Initial Unemployment Claims (Seasonally Adjusted)	22,184	20,733	24,412	7.00%	-9.12%
<i>Gulf Coast Initial Unemployment Claims (Unadjusted)</i>	<i>20,853</i>	<i>21,132</i>	<i>23,007</i>	<i>-1.32%</i>	<i>-9.36%</i>
New Single Family Building Permits (Seasonally Adjusted)	128	125	137	2.85%	-6.76%
<i>New Single Family Building Permits (Unadjusted)</i>	<i>165</i>	<i>127</i>	<i>149</i>	<i>29.92%</i>	<i>10.74%</i>
Houston-Baytown-Sugarland Avg. Weekly Manufacturing Hrs. (Seasonally Adjusted)	48.31	48.41	45.78	-0.19%	5.53%
<i>Houston-Baytown-Sugarland Avg. Weekly Manufacturing Hrs. (Unadjusted)</i>	<i>47.80</i>	<i>48.20</i>	<i>46.20</i>	<i>-0.83%</i>	<i>3.46%</i>
*(Data for the Leading Index is one month behind due to the lag in getting the building permits)					

Brazoria County Current Economic Index**	Jul 2011	Jun 2011	Jul 2010	Jun-2011 to Jul-2011	Jul-2010 to Jul-2011
Current Economic Index (2003 = 100)	130.70	129.03	118.95	1.29%	9.87%
Components:					
Sales Tax Receipts (Constant 1982-1984 \$'s, Seasonally Adjusted)	688,232	683,795	627,755	0.65%	9.63%
<i>Sales Tax Receipts (Current \$'s, Unadjusted)</i>	<i>1,275,242</i>	<i>1,529,355</i>	<i>1,157,034</i>	<i>-16.62%</i>	<i>10.22%</i>
Household Employment (Seasonally Adjusted)	136,749	136,520	134,337	0.17%	1.80%
<i>Household Employment (Unadjusted)</i>	<i>138,089</i>	<i>137,621</i>	<i>135,910</i>	<i>0.34%</i>	<i>1.60%</i>
West South Central Consumer Confidence (Present Situation)	84.25	83.85	81.70	0.47%	3.12%
Hotel/Motel Tax Receipts (Constant 1982-1984 \$'s, Seasonally Adjusted)	1,342,183	1,305,356	1,126,353	2.82%	19.16%
<i>Hotel/Motel Tax Receipts (Current \$'s, Unadjusted)</i>	<i>3,774,192</i>	<i>3,382,873</i>	<i>2,783,132</i>	<i>11.57%</i>	<i>35.61%</i>
**(Data for the Current Index is two months behind due to the lag in getting the hotel/motel tax receipts)					

Brazoria County Lagging Economic Index***	Jul 2011	Jun 2011	Jul 2010	Jun-2011 to Jul-2011	Jul-2010 to Jul-2011
Lagging Economic Index (2003 = 100)	78.38	79.59	71.44	-1.51%	9.71%
Components:					
Brazoria County Foreclosure Notices (Seasonally Adjusted)	276	284	263	-2.85%	4.68%
<i>Brazoria County Foreclosure Notices (Unadjusted)</i>	<i>246</i>	<i>296</i>	<i>235</i>	<i>-16.89%</i>	<i>4.68%</i>
Prime Rate Charged By Banks	3.25	3.25	3.25	0.00%	0.00%
Unemployment Rate (Adjusted)	9.12%	8.96%	9.22%	1.73%	-1.06%
<i>Unemployment Rate (Unadjusted)</i>	<i>9.30%</i>	<i>9.50%</i>	<i>9.40%</i>	<i>-2.11%</i>	<i>-1.06%</i>
*** (Data is two month behind due to lag in obtaining unemployment data)					