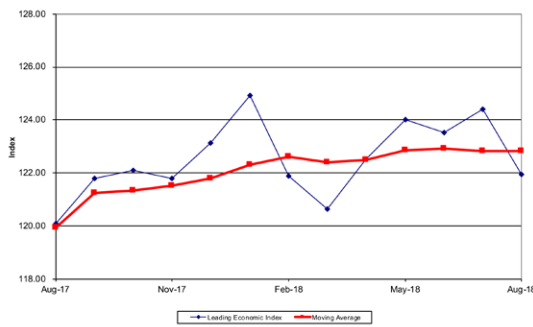


ECONOMIC GROWTH CONTINUES

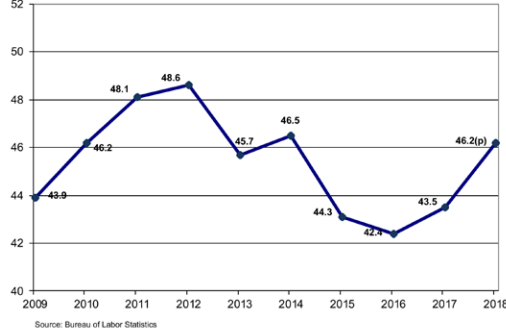
The Brazoria County Index of Leading Economic Indicators increased over the last year to 121.96, which is 1.96 percent below the previous month and 1.54 percent higher than last year. The Leading Economic Index, which is designed to forecast the economic performance of the county over the next three to six months, has been above the six-month moving average for nine of the last twelve 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 positive economic growth (Figure 1). Two of the three leading economic indicators increased over the last year. The largest annual increase in the index was in the Brazoria County Stock Index. The stock index, which is made up of the six largest publicly traded employers within the county, increased 7.42 percent over the last year. Comparatively, the Dow Jones Industrial Average increased 17.90 percent over this same time period. Houston-The Woodlands-Sugarland

Figure 1: Leading Economic Index



Average Weekly Manufacturing Hours increased to 46.20 hours per week compared to 43.50 hours per week last year, which represents an increase of 6.21 percent (Figure 2). The indicator that decreased was Brazoria County New Single Family Building Permits, which decreased 9.35 percent over the last year from 214 to 194 permits.

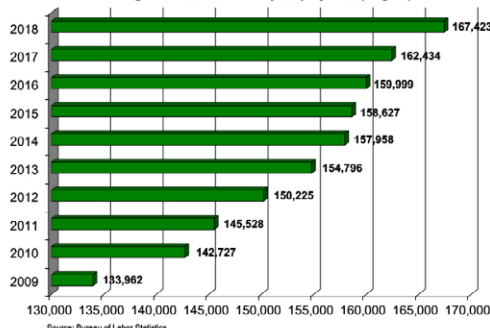
Figure 2: Manufacturing Hours (August)



CURRENT ECONOMIC INDICATORS

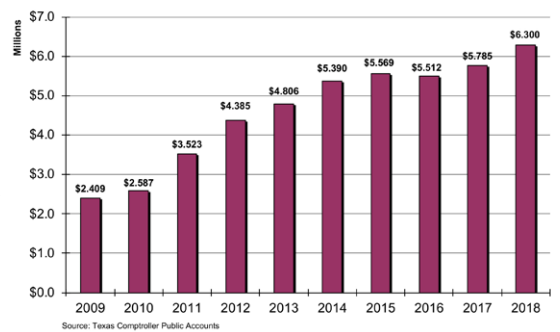
The Brazoria County Index of Current Economic Indicators, which is designed to provide information about the current status of the economy, increased over the last year to 250.48. The index is 0.82 percent above the previous month and 15.51 percent higher than last year. All four of

Figure 3: Brazoria County Employment (August)



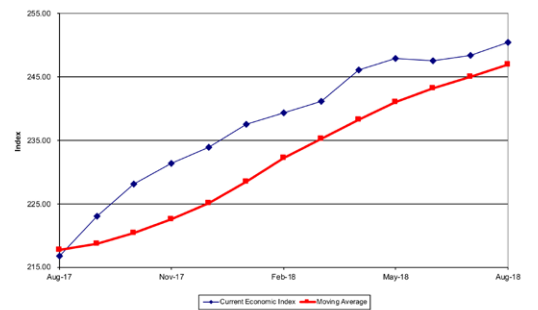
the current economic indicators increased over the last year with Brazoria County Sales Tax Receipts, Household Employment, and Hotel/Motel Tax Receipts at the highest levels ever reported in the month of August. Brazoria County Sales Tax Receipts increased to \$3,077,481, which is 30.96 percent higher than last year. Employment within the county was 3.07 percent higher than last year at 167,423 (Figure 3). Hotel/Motel Tax Receipts posted an increase of 8.89 percent over the last year to \$6,299,504 (Figure 4).

Figure 4: Hotel/Motel Tax Receipts (August)



The Houston-Galveston-Brazoria CPI increased by 2.28%. The Brazoria County Current Economic Index has been above the six-month moving average for 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).

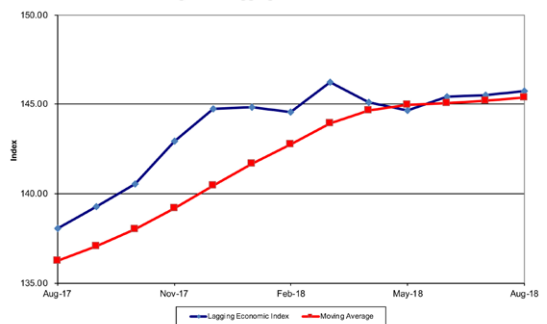
Figure 5: Current Economic Index



LAGGING ECONOMIC INDICATORS

The Brazoria County Index of Lagging Economic Indicators is used to confirm the growth or slowdown in the economy. The index is 0.14 percent above the previous month and 5.57 percent higher than last year. There were 86 foreclosure notices filed in August compared to 48 filed last August. The significant increase in foreclosure notices is likely due to the grace period expiring for those homes flooded by Harvey. Unemployment within the county decreased to 4.57 percent, which is the lowest unemployment rate reported for the month of August since the inception of the index. The lagging economic index has been above the six-month moving average for eleven of the last twelve 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

OCTOBER 2018

| Brazoria County Economic Indices: | Aug 2018 | Jul 2018 | Jun 2018 | May 2018 | Apr 2018 |
|------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Leading Economic Index (2003 = 100) | 121.96 | 124.40 | 123.54 | 124.01 | 122.53 |
| Current Economic Index (2003=100) | 250.48 | 248.46 | 247.53 | 247.88 | 246.15 |
| Lagging Economic Index (2003 = 100) | 145.75 | 145.54 | 145.42 | 144.64 | 145.09 |

| Brazoria County Leading Economic Index | Aug 2018 | Jul 2018 | Aug 2017 | Jul-2018 to Aug-2018 | Aug-2017 to Aug-2018 |
|----------------------------------------------------------------------------|---------------------|---------------------|---------------------|-------------------------------------|-------------------------------------|
| Leading Economic Index (2003 = 100) | 121.96 | 124.40 | 120.11 | -1.96% | 1.54% |
| Components: | | | | | |
| Brazoria County Stock Index (12/31/2003 = 100) | 206.69 | 210.88 | 192.41 | -1.98% | 7.42% |
| New Single Family Building Permits (Seasonally Adjusted) | 232 | 242 | 247 | -4.35% | -6.40% |
| <i>New Single Family Building Permits (Unadjusted)</i> | 194 | 266 | 214 | -27.07% | -9.35% |
| Houston-The Woodlands-Sugarland Avg. Wkly. Mfg. Hrs. (Seasonally Adjusted) | 45.69 | 45.60 | 44.07 | 0.20% | 3.68% |
| <i>Houston-The Woodlands-Sugarland Avg. Wkly. Mfg. Hrs. (Unadjusted)</i> | 46.20 | 45.70 | 43.50 | 1.09% | 6.21% |

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

| Brazoria County Current Economic Index | Aug 2018 | Jul 2018 | Aug 2017 | Jul-2018 to Aug-2018 | Aug-2017 to Aug-2018 |
|-------------------------------------------------------------------------|---------------------|---------------------|---------------------|-------------------------------------|-------------------------------------|
| Current Economic Index (2003 = 100) | 250.48 | 248.46 | 216.85 | 0.82% | 15.51% |
| Components: | | | | | |
| Sales Tax Receipts (Constant 1982-1984 \$'s, Seasonally Adjusted) | 1,299,658 | 1,267,715 | 1,262,280 | 2.52% | 2.96% |
| <i>Sales Tax Receipts (Current \$'s, Unadjusted)</i> | 3,077,481 | 2,577,899 | 2,349,851 | 19.38% | 30.96% |
| Household Employment (Seasonally Adjusted) | 166,289 | 166,005 | 162,083 | 0.17% | 2.60% |
| <i>Household Employment (Unadjusted)</i> | 167,423 | 168,386 | 162,434 | -0.57% | 3.07% |
| Hotel/Motel Tax Receipts (Constant 1982-1984 \$'s, Seasonally Adjusted) | 3,327,469 | 3,313,390 | 2,478,215 | 0.42% | 34.27% |
| <i>Hotel/Motel Tax Receipts (Current \$'s, Unadjusted)</i> | 6,299,504 | 7,145,783 | 5,784,986 | -11.84% | 8.89% |
| Houston-Galveston-Brazoria County CPI | 226.31 | 226.85 | 221.26 | -0.24% | 2.28% |

** (Data for the Current Index is one month behind due to the lag in obtaining the data for employment and sales tax receipts.)

| Brazoria County Lagging Economic Index | Aug 2018 | Jul 2018 | Aug 2017 | Jul-2018 to Aug-2018 | Aug-2017 to Aug-2018 |
|-----------------------------------------------------------|---------------------|---------------------|---------------------|-------------------------------------|-------------------------------------|
| Lagging Economic Index (2003 = 100) | 145.75 | 145.54 | 138.06 | 0.14% | 5.57% |
| Components: | | | | | |
| Brazoria County Foreclosure Notices (Seasonally Adjusted) | 73 | 72 | 66 | 2.08% | 9.86% |
| <i>Brazoria County Foreclosure Notices (Unadjusted)</i> | 86 | 68 | 48 | 26.47% | 79.17% |
| Prime Rate Charged By Banks | 5.00 | 5.00 | 4.25 | 0.00% | 17.65% |
| Unemployment Rate (Adjusted) | 4.44% | 4.41% | 5.41% | 0.71% | -17.95% |
| <i>Unemployment Rate (Unadjusted)</i> | 4.57% | 4.67% | 5.57% | -2.14% | -17.95% |

*** (Data for the Lagging Index is one month behind due to lag in obtaining unemployment data.)