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**The Midland Development Corporation  
presents**

## **The Midland-Odessa Regional Economic Index and the Texas Permian Basin Petroleum Index November 2017**

**The Midland-Odessa Regional Economic Index posted another solid increase in November improving to 213.6 for the month up from 211.0 in October, and up 12.1% from the November 2016 MOREI of 190.6.** On the monthly table of economic indicators only the November monthly new housing construction permit total was lower compared to its year-ago level. The spending components continue to post large double-digit percentage year-over-year increases along with hotel/motel spending and airport passenger activity. Payroll employment growth remains considerably understated, and the combined metro area unemployment rate dropped by 40% over the last 12 months.

The Texas Permian Basin Petroleum Index posted its largest monthly increase of the year in November, rising by over seven points to 278.5 for the month up from 271.3 in October, and up over 31% from the November 2016 TPBPI of 211.9.

Crude oil prices moved above \$50/bbl in November with West Texas Intermediate crude oil posted prices averaging \$53.27 for the month, the highest monthly average since June 2015 when prices were rapidly on the way down. After two months of mild decline the regional rig count reversed course in November improving to 321 compared to 314 in October, and 190 in November 2016.

Crude oil production across the region continues to climb at a fantastic rate, growing by over 10% through November 2017 compared to the first eleven months of 2016, which in turn was up by 9% compared to the prior year. If anything, these estimates are understated and could be revised upward in the coming months.

General spending remains rapidly on the rise with real (inflation-adjusted) taxable spending per November sales tax receipts posting a 33% increase compared to November 2016. That brings the total for the year-to-date to nearly 20% improved over the January-November 2016 total. Neither the November monthly number nor the year-to-date total have returned to the record levels achieved in 2014, but that gap is closing in a hurry and that is very likely to occur in early 2018.

Real auto spending notched another huge increase in November, up by over 46% compared to November of the prior year, pulling the year-to-date total to nearly 29% higher year-over-year. The November 2017 monthly total is a new record for the month of November, though the year-to-date total remains slightly behind the 2014 record.

After declining for the last two years, the November monthly building permit total rebounded sharply in 2017 with real permit valuations up by over 70% compared to November 2016. Through the first eleven months of the year inflation-adjusted permit activity is up by 20% compared to year-ago levels. New

housing construction logged a 12% year-over-year decline compared to a big number in November 2016. Some 14 fewer permits were issued in November 2017; however, the 116 permits issued in November 2016 was up by over 50% compared to November of the prior year. Further, the single-family residence permit total for the year-to-date was up by nearly 29%.

November existing home sales were up only slightly compared to year-ago levels; however, the November 2016 monthly total was a sharp 33% higher than November of the prior year, and year-to-date 2017 home sales are at record levels by far and are up by over 27% year-over-year. Price growth is reasonably in check given the rapid upward movement in the general economy and the strong housing sales numbers, with the November monthly average price up by 4.3% and the average through November up by 6.5%. The total inflation-adjusted dollar volume of residential real estate sales easily remains in record territory through November, posting a 33% increase compared to the first eleven months of 2016.

The general economy of the Midland-Odessa metro area clearly remains in a period of rapid recovery and expansion that is now in its 13<sup>th</sup> month through November and counting. Most components of the index (and the index itself) have not yet returned to pre-downturn levels but are well on the way to doing just that. The upcoming December report will put a preliminary wrap on the year 2017; however, revised metro area employment data is scheduled to be released in early March and that will finalize the numbers on the 2017 Midland-Odessa economy.