

# McAllen Area ECONOMIC PULSE

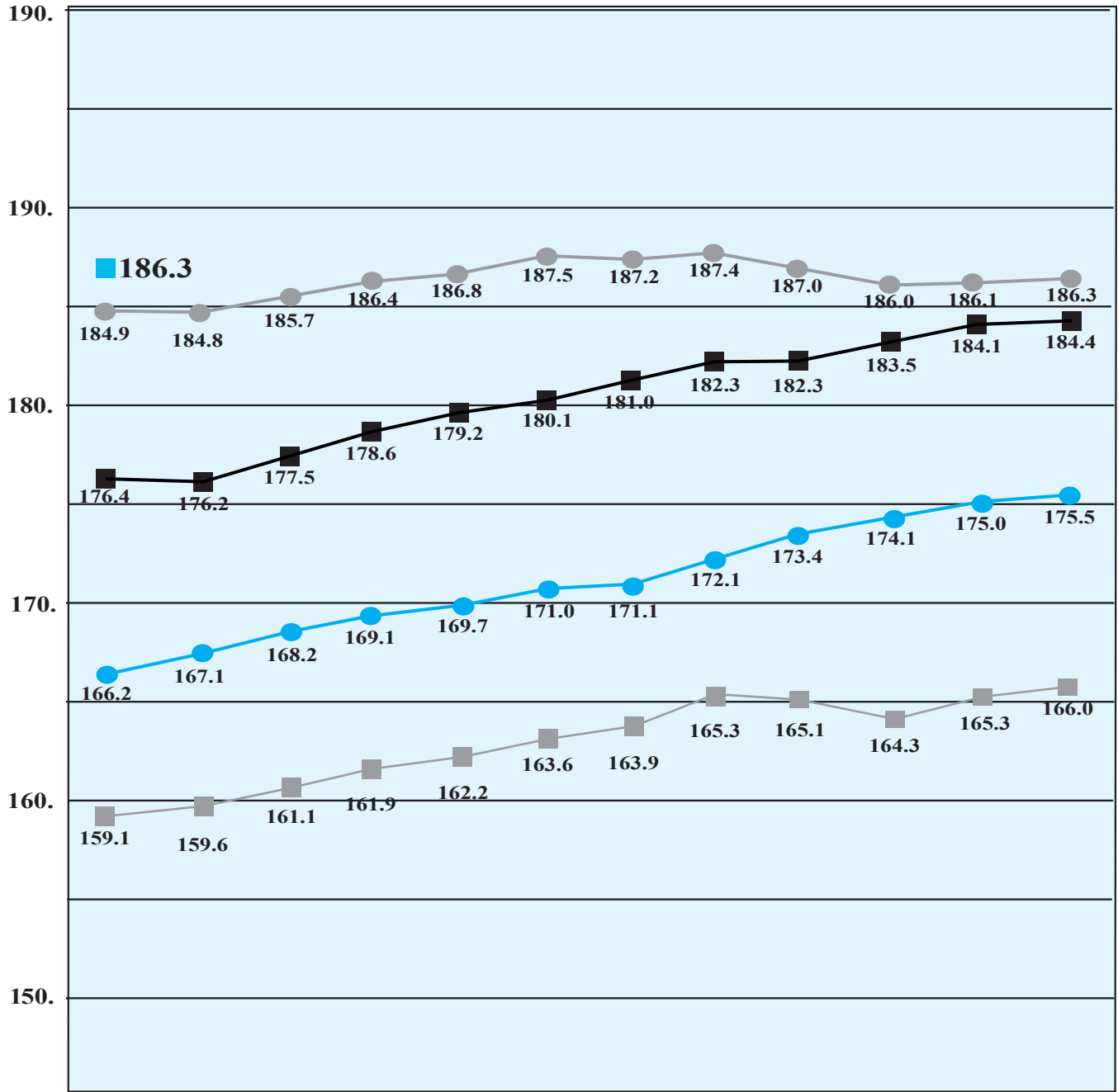
McAllen • Mission • Edinburg • Pharr

## January 2008 Economic Pulse

### The McAllen Chamber of Commerce Economic Index

INDEX (Base=100 Jan 1996)

The economic indicators on pg. 2 are used to formulate the overall economic pulse.



2004
  2005
  2006
  2007
  2008

# The McAllen Area Economy

ECONOMIC INDICATORS	THIS YEAR January 2008	LAST YEAR January 2007	% CHANGE 01/07 - 01/08
Retail Sales (000's - Month in 1995\$)	\$256,893	\$259,320	-0.9%
Retail Sales (000's - Year)	\$256,893	\$259,320	-0.9%
Motor Vehicle Tax Receipts (Month)	\$104,925	\$99,185	5.8%
Motor Vehicle Tax Receipts (Year)	\$104,925	\$99,185	5.8%
Lodging Tax Receipts (Year)	\$353,325	\$229,423	54.0%
Airline Boardings (Month)	33,711	31,768	6.1%
Airline Boardings (Year)	33,711	31,768	6.1%
Value All Construction Permits (Month)	\$97,119,111	\$73,587,530	32.0%
Value All Construction Permits (Year)	\$97,119,111	\$73,587,530	32.0%
New Home Permits (Month)	128	163	-21.5%
New Home Permits (Year)	128	163	-21.5%
Home Sales (Month)	192	177	8.5%
Home Sales (Year)	192	177	8.5%
Average Home Sale Price (Month)	\$110,946	\$126,171	-12.1%
Average Home Sale Price (Year)	\$110,946	\$126,171	-12.1%
Hidalgo Bridge Crossings (Month)	506,359	508,108	-0.3%
Hidalgo Bridge Crossings (Year)	506,359	508,108	-0.3%
Peso Exchange Rate (Month)	11.05	11.40	-3.1%
<b>Employment</b>			
Wage & Salary Employment (Month)	212,900	208,300	2.2%
Wage & Salary Employment (YTD Avg)	212,900	208,300	2.2%
Unemployment Rate (Month)	7.3	7.8	N/A
Unemployment Rate (YTD Average)	7.3	7.8	N/A
<b>INDEX (Base=100 Jan 1996)</b>	<b>186.6</b>	<b>184.9</b>	<b>0.9%</b>

In January 2004 the Texas Comptroller's Office began tracking "Manifestos" -- requests for sales tax refunds on items purchased by Mexican citizens or for export into Mexico.

	Export Sales per Manifestos	Total Retail Sales	Export Sales of Total Sales
<b>December</b>	\$33,472	\$351,757	9.5%
<b>Annual</b>	\$33,472	\$351,757	9.5%

Employment estimates for the McAllen metro area were revised sharply downward for the latter part of 2007, and at year-end, the number of jobs was estimated to be some 4,000 less than the original employment figures. The revisions dropped the year-over-year gain at year-end to 2.1%, compared to the original estimate of 5.4%.

The downward revisions were incorporated into the McAllen Economic Index (the revisions covered 2006 and 2007), and the result was a narrowing of year-over-year index growth, which dipped to 1% in December '07, compared to the pre-revision growth rate of 1.6%.

In January 2008, growth in the index dipped to its lowest level ever at .9% improved over the January 2007 index. Still, after a slight downturn in the fall of '07, the index has once again made a slight upward turn; the January McAllen Economic Index of 186.6 is up from the December index of 186.3, but has yet to return to its peak of 187.0 achieved in September of last year.

Narrowing year-over-year growth rates, slight declines and current slight gains from month to month all point to an economy that is slowing in terms of ongoing growth -- that slowdown is characterized by lower rates of job growth, sharp declines in homebuilding and lower levels of overall building in the area even though January building permits were up sharply over January of a year ago.

Consumer activity remains generally solid; even though inflation-adjusted retail sales dipped slightly compared to January of last year, the January '07 figure was a high one (about 8% improved over the previous January), and the consumer sector finished 2007 with growth momentum; further, auto sales remain impressive, with inflation-adjusted spending on new and used autos up about 5.8% compared to January of a year ago (which in turn was up some 24% compared to January '06).

Over all of its history, the McAllen Economic Index (based in January 1996) has never shown growth rates to be as low as they now are; still the economy continues to operate at historically high levels, and is once again slightly on the rise.

# Key Points