

McAllen Area ECONOMIC PULSE

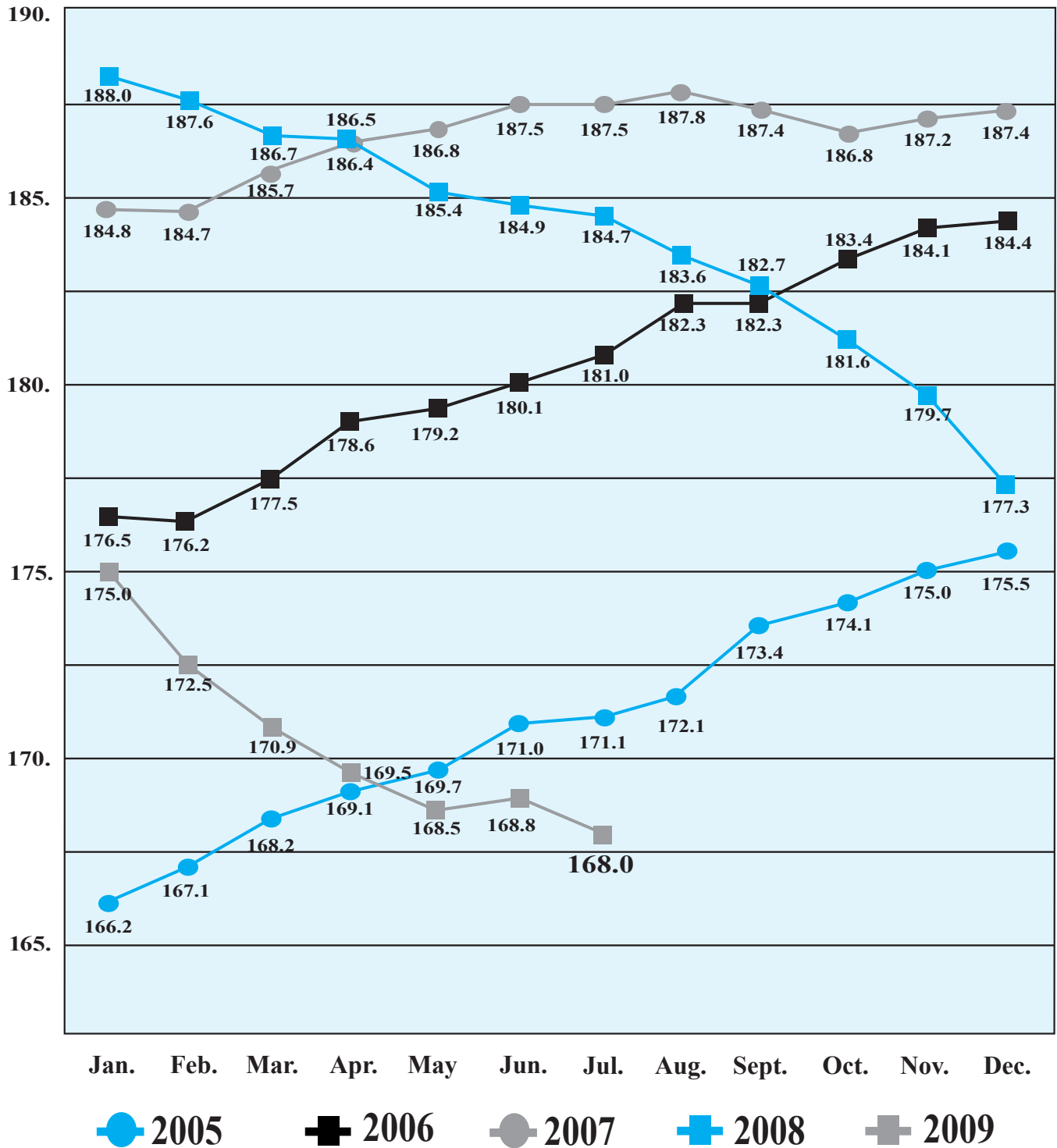
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July/3rd Quarter 2009 Economic Pulse

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.



The McAllen Area Economy

ECONOMIC INDICATORS	THIS YEAR July 2009	LAST YEAR July 2008	% CHANGE 07/08 - 07/09
Retail Sales (\$000's - July in 1995\$) *	\$247,863	\$280,212	-11.5%
Retail Sales (\$000's - Year-To-Date) *	\$1,835,647	\$1,986,027	-7.6%
Dollars Spent on Auto Purchases (\$000's - July in 1995\$) *	\$70,465	\$87,001	-19.0%
Dollars Spent on Auto Purchases (\$000's - YTD) *	\$496,165	\$718,849	-31.0%
Lodging Tax Receipts (July)	\$301,293	\$412,942	-27.0%
Lodging Tax Receipts (YTD)	\$1,958,901	\$2,302,857	-14.9%
Airline Boardings (July)	41,755	36,346	14.9%
Airline Boardings (YTD)	219,399	240,480	-8.8%
Value All Construction Permits (July)	\$20,505,518	\$52,745,534	-61.1%
Value All Construction Permits (YTD)	\$216,524,792	\$360,438,153	-39.9%
New Home Permits (July)	102	101	1.0%
New Home Permits (YTD)	706	823	-14.2%
Home Sales (July)	176	182	-3.3%
Home Sales (YTD)	1,298	1,620	-19.9%
Average Home Sale Price (July)	\$120,445	\$115,342	4.4%
Average Home Sale Price (YTD Avg)	\$115,447	\$113,198	2.0%
Hidalgo Bridge Crossings (July)	521,729	545,653	-4.4%
Hidalgo Bridge Crossings (YTD)	3,469,650	3,779,552	-8.2%
Peso Exchange Rate (July)	\$13.75	\$10.66	29.0%
Employment			
Wage & Salary Employment (July)	216,800	212,500	2.0%
Wage & Salary Employment (YTD Avg)	219,700	218,800	0.4%
Unemployment Rate (July)	11.5	8.1	N/A
Unemployment Rate (YTD Average)	10.0	6.9	N/A
INDEX - July (Base=100 Jan 1996)	168.0	184.7	-9.0%

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 (Not adjusted for inflation)	Percent Export Sales of Total Sales
July 2009	\$24,606	\$349,013	7.1%
YTD 2009	\$182,952	\$2,573,080	7.1%

The one-month improvement (from May to June) was short-lived as the McAllen Economic Index declined in July to 168.0, down from 168.8 in June, and down 9.0% from the July 2008 MEI of 184.7.

The long-term decline trend in the McAllen Economic Index signals the ongoing contraction in the McAllen metro area general economy as defined by a sustained decline in overall economic activity. That decline began some 18 months ago, and over that period of time, the McAllen Economic Index has fallen by 10.6%, and has declined for 17 of those 18 months.

Consumer activity continues to act as a drag on the local economy, with inflation-adjusted retail spending down over 11% in July (year-over-year), and down over 7% for the year-to-date; "cash for clunkers" managed to slow the hemorrhage in auto sales a bit -- the July year-over-year decline was 19% in July, compared to well over 30% in the months prior (and a 50% decline in June).

The metro area employment picture is somewhat confusing, as the current labor market survey continues to indicate employment growth in the McAllen metro area even as the unemployment rate continues to climb. The annual revision process in February 2010 may well lower 2009 monthly employment estimates considerably because they do not appear to match up with current economic trends.

Most other sectors of the McAllen area economy remain well below year-ago levels, with the important exception of home sale prices, which continue to suggest that the current recession has yet to cut into residential real estate values.

Bridge activity is down and the exchange rate is significantly less trade-favorable, highlighting the lack of stimulus from the important border sector of the local economy.

Key Points