

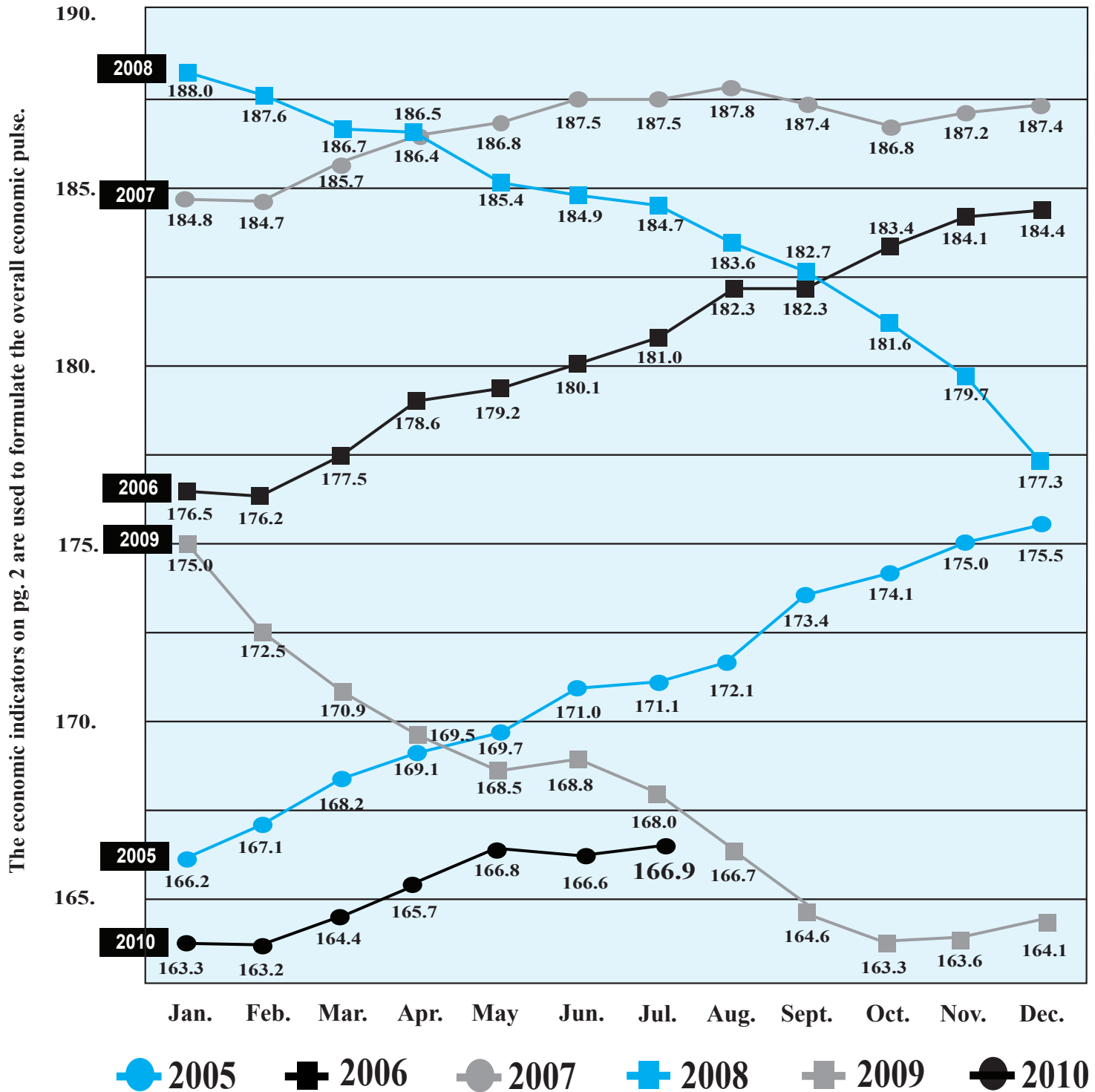
# McAllen Area ECONOMIC PULSE

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## July 2010 Economic Pulse

### The McAllen Chamber of Commerce Economic Index

INDEX (Base=100 Jan 1996)



ECONOMIC INDICATORS	THIS YEAR July 2010	LAST YEAR July 2009	% CHANGE 07/09 - 07/10
Retail Sales (\$000's - July in 1995\$) *	\$242,587	\$247,863	-2.1%
Retail Sales (\$000's - Year-To-Date) *	\$1,802,788	\$1,835,647	-1.8%
Dollars Spent on Auto Purchases (\$000's - July in 1995\$) *	\$78,652	\$70,690	11.3%
Dollars Spent on Auto Purchases (\$000's - YTD) *	\$551,554	\$524,145	5.2%
Lodging Tax Receipts (July)	\$296,612	\$301,293	-1.6%
Lodging Tax Receipts (YTD)	\$1,895,253	\$1,958,901	-3.2%
Airline Boardings (July)	35,494	41,755	-15.0%
Airline Boardings (YTD)	209,469	219,399	-4.5%
Value All Construction Permits (July)	\$29,593,079	\$20,505,518	44.3%
Value All Construction Permits (YTD)	\$233,728,063	\$216,524,792	7.9%
New Home Permits (July)	102	102	0.0%
New Home Permits (YTD)	966	706	36.8%
Home Sales (July)	176	176	0.0%
Home Sales (YTD)	1,411	1,298	8.7%
Average Home Sale Price (July)	\$134,289	\$120,445	11.5%
Average Home Sale Price (YTD Avg)	\$121,063	\$115,447	4.9%
Hidalgo Bridge Crossings (July)	455,727	521,729	-12.7%
Hidalgo Bridge Crossings (YTD)	3,316,189	3,469,650	-4.4%
Peso Exchange Rate (July)	12.95	13.75	-5.8%
<b>Employment</b>			
Wage & Salary Employment (July)	214,600	211,400	1.5%
Wage & Salary Employment (YTD Avg)	219,514	217,200	1.1%
Unemployment Rate (July)	12.3	11.5	7.0%
Unemployment Rate (YTD Average)	11.8	10.2	15.7%
<b>INDEX - July (Base=100 Jan 1996)</b>	<b>166.7</b>	<b>167.3</b>	<b>-0.4%</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 (Not adjusted for inflation)	Percent Export Sales of Total Sales
<b>July 2010</b>	\$24,386	\$345,407	7.1%
<b>YTD 2010</b>	\$184,309	\$2,561,431	7.2%

The McAllen Economic Index increased in July to 166.9 up from 166.6 in June. The index remains below its year ago level, but the rate of year-over-year decline has continued to narrow, and the .2% decline from July 2009 to July 2010 is the smallest since April 2008. The McAllen Economic Index will most likely return to positive year-over-year territory in the coming month or two, a significant step in the recovery process on the heels of a significant recession.

Still, growth in the McAllen Economic Index has stalled a bit going into the third quarter of 2010 after bottoming out in October of last year. That trends mirrors economic recovery trends at the national level, in that the recession has probably technically ended, but growth and recovery remains choppy and uncertain, and may continue to do so for a while yet.

General spending in the McAllen metro area by households and businesses remains sluggish through July, with inflation-adjusted taxable retail spending down about 2% for month (compared to July of last year), and year-to-date real spending down by some 1.8%. The return to economic growth in McAllen will be characterized in part by a return to solid year-over-year growth in this critical area of local economic measurement.

The travel/tourism indicators -- an important of the local and regional economy -- remain generally weak as well, with hotel/motel tax receipts and airport passenger enplanements both lower in 2010 relative to year-ago levels.

Construction activity remains higher in 2010 compared to last year's very low numbers, with the value of all building permits issued across the metro area up well over 40% compared to July '10, and the YTD permit valuation total up by about 8% compared to the first seven months of 2009. Through July of last year, though, permits were down about 40% compared to the prior year. Single-family residential construction was flat in July, but remains greatly improved for the year-to-date over last year's low numbers.

Existing home sales are outpacing year-ago levels as well, and prices have ticked upward, continuing to provide a firm foundation to the McAllen local area economy in the face of a significant cyclical downturn.

About 3,200 net jobs were added over the last 12 months (a year-over-year growth rate of about 1.5%); most of those jobs (over 2,000) came in the "education and health services" sector, which typically means those jobs are health care related. And indeed, virtually all of those jobs added are in the "health care and social services" employment category. The unemployment rate remains higher than year-ago levels, and near its high in this current cycle. Again, though, the unemployment rate will almost always be delayed relative to other economic indicators in the process of economic recovery.