

McAllen Area ECONOMIC PULSE

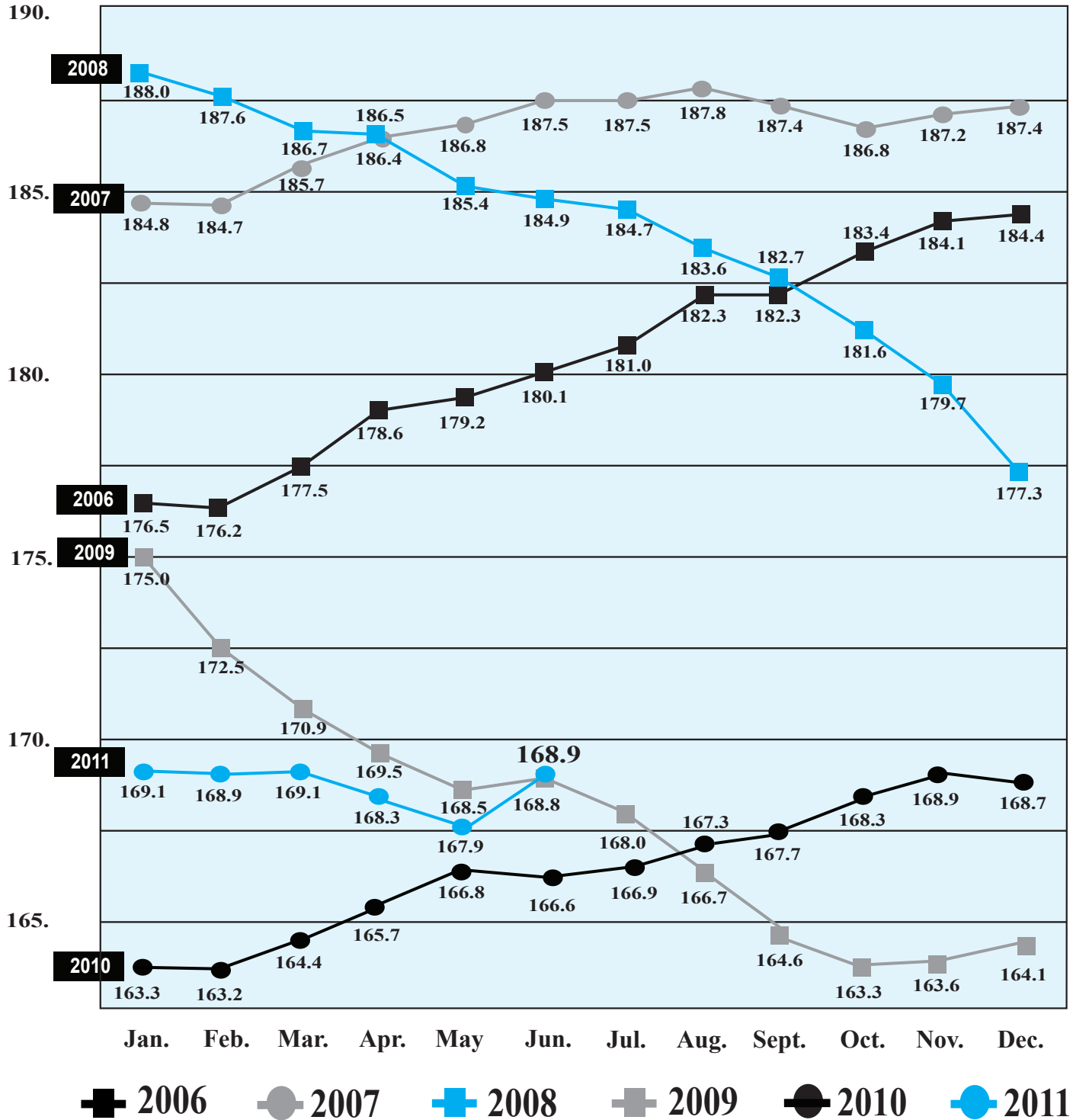
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June/2nd Quarter 2011 Economic Pulse

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.



ECONOMIC INDICATORS	THIS YEAR June 2011	LAST YEAR June 2010	% CHANGE 06/10 - 06/11
Retail Sales (\$000's - 2nd Quarter in 1995\$)	\$808,595	\$771,888	4.8%
Retail Sales (\$000's - Year-To-Date)	\$1,636,507	\$1,560,796	4.9%
Dollars Spent on Auto Purchases (\$000's - 2nd Qtr in 1995\$)	\$297,368	\$256,537	15.9%
Dollars Spent on Auto Purchases (\$000's - YTD)	\$585,893	\$497,140	17.9%
Lodging Tax Receipts (2nd Quarter)	\$761,391	\$743,938	2.3%
Lodging Tax Receipts (YTD)	\$1,601,167	\$1,598,642	0.2%
Airline Boardings (2nd Qtr)	85,774	89,899	-4.6%
Airline Boardings (YTD)	165,760	173,975	-4.7%
Value All Construction Permits (2nd Qtr)	\$133,089,653	\$114,488,223	16.2%
Value All Construction Permits (YTD)	\$265,815,054	\$204,134,984	30.2%
New Home Permits (2nd Qtr)	313	414	-24.4%
New Home Permits (YTD)	641	864	-25.8%
Home Sales (2nd Qtr)	473	688	-31.3%
Home Sales (YTD)	928	1,235	-24.9%
Average Home Sale Price (2nd Qtr)	\$132,061	\$130,047	1.5%
Average Home Sale Price (YTD)	\$125,793	\$122,280	2.9%
Hidalgo Bridge Crossings (2nd Qtr)	1,324,754	1,425,866	-7.1%
Hidalgo Bridge Crossings (YTD)	2,617,305	2,860,462	-8.5%
Peso Exchange Rate (June)	11.75	13.05	-10.0%
Employment			
Wage & Salary Employment (June)	223,100	220,200	1.3%
Wage & Salary Employment (YTD Avg)	223,217	220,017	1.5%
Unemployment Rate (June)	13.1	12.1	8.3%
Unemployment Rate (YTD Avg)	12.2	11.7	4.3%
INDEX - May (Base=100 Jan 1996)	168.9	166.5	1.4%

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
June 2011	\$19,543	\$445,682	4.4%
YTD 2011	\$118,366	\$2,354,319	5.0%

The McAllen Economic Index increased in June for the first time in three months, rising a full point to 168.9 up from 167.9 in May, and up 1.4% from the June 2010 index of 166.5. The index was pulled upward in June by solid growth in the spending indicators and a return to year-over-year growth in metro area employment.

General real spending continues to improve in 2011, with inflation-adjusted retail spending up by 4.8% in the 2nd quarter of the year (compared to the 2nd quarter 2010), and up 4.9% for the year-to-date compared to the first six months of a year ago. Real spending for the month of June was up by 5.6% compared to June 2010.

Payroll employment in the McAllen metro area was up by an estimated 1.3% in June (about 2,900 jobs added over the last 12 months), after a slight year-over-year decline in May. Employment in the first six months of the year is up about 1.5% on average compared to the first six months of 2010.

Auto sales continue to post strong improvements as well, with inflation-adjusted spending on new and used automobiles up by nearly 16% in the 2nd quarter (year-over-year), and up by nearly 18% for the year-to-date. Auto spending has yet to return to its pre-downturn peak levels, remaining lower compared to YTD through June spending in both 2007 and 2008.

Hotel/motel tax receipts in McAllen increased by about 22% in June, pulling the 2nd quarter 2011 into positive year-over-year territory. For the year-to-date, hotel/motel spending is level compared to the first six months of a year ago, but remains lower compared to each year 2006-2009.

Construction activity is up sharply in the metro area in 2011, with 2nd quarter building permit valuations up by over 16% compared to the 2nd quarter 2010, and the year-to-date total up by over 30% compared to the first six months of a year ago. Still, building activity is down significantly compared to much of the last decade; building permit valuations YTD through June 2011 are lower than permit totals January-June in each year 2004-2008. Permit activity is off by about 30% thus far in 2011 compared to the peak year of 2007, in which over \$400 million in permits were issued compared to about \$266 million through June 2011.

The housing indicators remain weak in McAllen (and most other metro areas) midway through 2011; housing construction is down about 25% for the quarter and year-to-date (new single-family residence building permits), and is off sharply compared to peak home building years of the previous decade. Existing home sales are down as well, with 2nd quarter sales down by over 30%, and sales for the year-to-date down by about 25%. Prices remain generally favorable, increasing by 1.5% on average in the 2nd quarter, and nearly 3% for the year-to-date compared to the first six months of a year ago.

The McAllen metro area continues to suffer from a general long-term reduction in border activity with bridge crossings down 7-8% thus far in 2011, and export sales per manifestos making up a smaller portion of McAllen area general spending.