

McAllen Area ECONOMIC PULSE

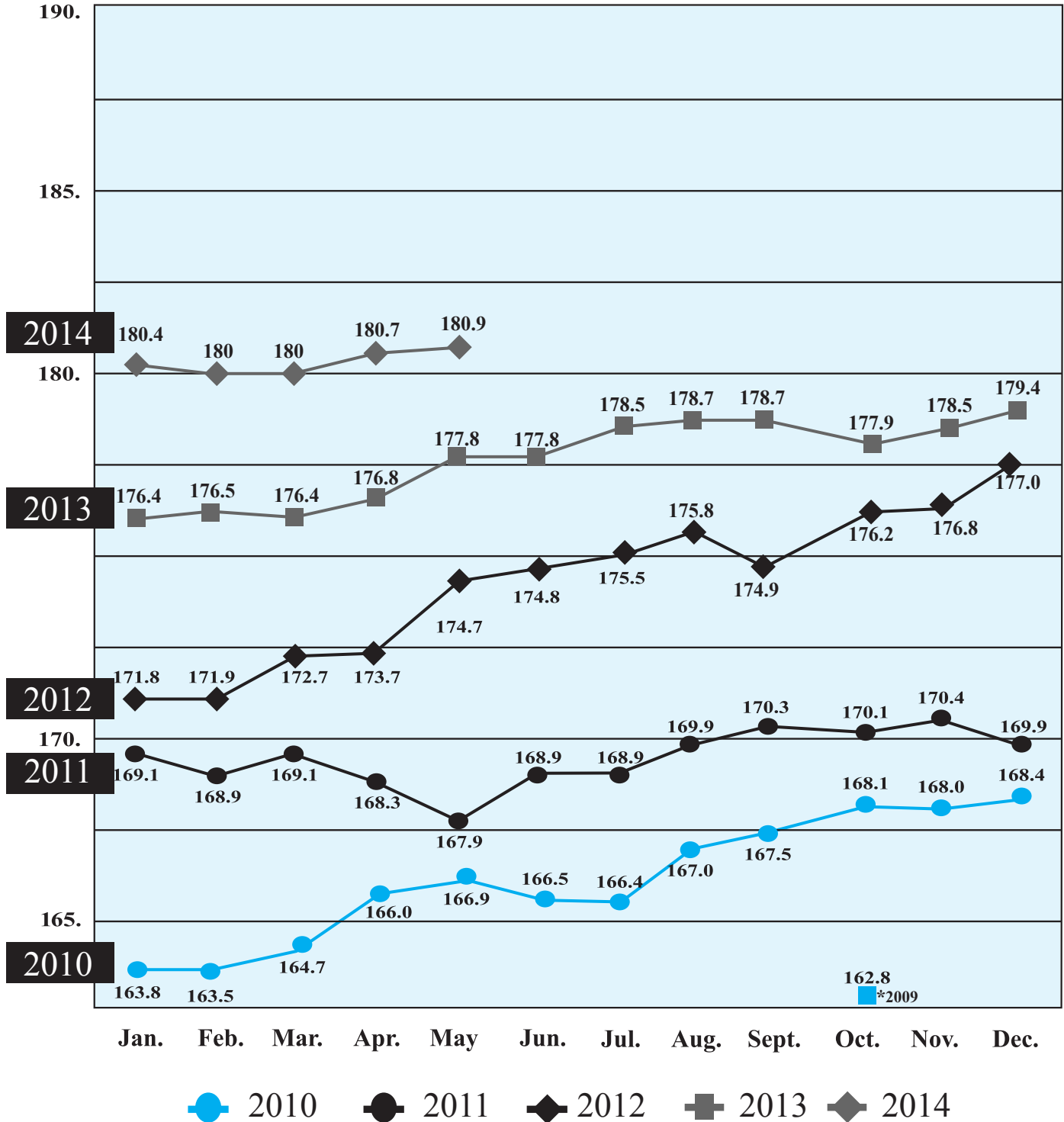
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May 2014 Economic Pulse

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 May 2014	LAST YEAR May 2013	% CHANGE 2013 - 2014
Retail Sales (\$000's - Per May sales tax rebate) *	\$358,626	\$351,361	2.1%
Retail Sales (\$000's - Year-to-Date) *	\$1,664,205	\$1,628,293	2.2%
Dollars Spent on Auto Purchases (\$000's - May) *	\$86,707	\$70,663	22.7%
Dollars Spent on Auto Purchases (\$000's - YTD) *	\$615,714	\$570,340	8.0%
Lodging Tax Receipts (May)	\$287,057	\$279,753	2.6%
Lodging Tax Receipts (YTD)	\$1,738,405	\$1,584,092	9.7%
Airline Boardings (May)	34,371	31,695	8.4%
Airline Boardings (YTD)	152,497	139,906	9.0%
Value All Construction Permits (May)	\$33,012,404	\$94,689,516	-65.1%
Value All Construction Permits (YTD)	\$181,993,517	\$228,740,395	-20.4%
New Home Permits (May)	132	100	32.0%
New Home Permits (YTD)	541	455	18.9%
Home Sales (May)	209	221	-5.4%
Home Sales (YTD)	951	952	-0.1%
Average Home Sale Price (May)	\$132,107	\$136,494	-3.2%
Average Home Sale Price (YTD)	\$130,032	\$125,341	3.7%
Hidalgo Bridge Crossings (May)	436,617	460,483	-5.2%
Hidalgo Bridge Crossings (YTD)	2,173,092	2,185,912	-0.6%
Peso/Dollar Exchange Rate (May)	12.60	12.85	-1.9%
Employment			
Wage & Salary Employment (May)	239,100	235,200	1.7%
Wage & Salary Employment (YTD Avg)	237,800	233,620	1.8%
Unemployment Rate (May)	8.6	10.5	-18.1%
Unemployment Rate (YTD Average)	9.5	10.9	-12.7%
INDEX - May (Base=100 Jan 1996)	180.9	178.0	1.7%

* Adjusted for inflation by restating in year 1995 dollars

- The McAllen Economic Index continued its pattern of modest growth in May, improving to 180.9 up from 180.7 in April, and up 1.7% from the May 2013 MEI of 178.0. That marks the third straight month-to-month increase, and the sixth of the last seven months. Declines in construction and housing were offset by increases in home building and continued modest but steady increases in general spending and employment. Auto sales were sharply higher compared to a down month in May of a year ago, and the unemployment rate remains on the decline compared to year-ago levels.

- General real (inflation-adjusted) taxable spending was up by 2.1% compared to May of a year ago; for the year-to-date, general real spending is up by 2.2% compared to the first five months of 2013. While growth is quite moderate, it is worth noting that it was only in May 2014 that the spending sector finally fully recovered from the recession of 2008-2009 with the long-term moving average finally surpassing the pre-recession peak established in 2008.

- The rate of employment growth in the metro area remains generally slow but steady with payroll employment in May up by some 1.7% compared to May estimate of a year ago, reflecting the addition of about 3,900 jobs over the last 12 months. The overall level of employment is well into record territory, but rates of growth could certainly be stronger. The unemployment rate continues to post significant year-to-year declines, falling to 8.6% in May compared to 10.5% in May 2013.

- Auto sales were sharply higher in May compared to May of a year ago, due in large part to the fact that the May 2013 auto sales total was unusually low. Inflation-adjusted spending on new and used automobiles was up by nearly 23% in May (year-over-year) compared to May of a year ago, which in turn was down by 19% compared to May of the prior year. For the year-to-date, real auto spending is up by a solid 8% compared to the first five months of 2013.

- Construction activity per building permits issued in the metro area was sharply higher in May 2013, and in fact was the highest monthly total in 2013, and was up by over 85% compared to May of the prior year. The May 2014 was down by some 65% compared to that high total from a year ago. For the year-to-date, building permit valuations are down by about 20% compared to the January-May 2013 total.

- The 132 new single-family residence building permits represents the highest monthly total in four years (since the 141 permits issued in May 2010), and was up by over 30% compared to May of a year ago. Thus far in 2014, the number of new housing permits is up by some 19% compared to the YTD through May 2013 total, and is also the highest since 2010.

- Existing home sales were down for the month with the number of closed sales off by about 5% compared to May of a year ago. For the year-to-date the number of homes sold is essentially flat compared to year-ago levels. Prices were down for the month as well; however, the May 2013 average price was sharply higher, up by over 14% compared to May of the prior year. The year-to-date average home sale price is up by a solid 3.7% compared to the first five months of 2013.