

McAllen Area ECONOMIC PULSE

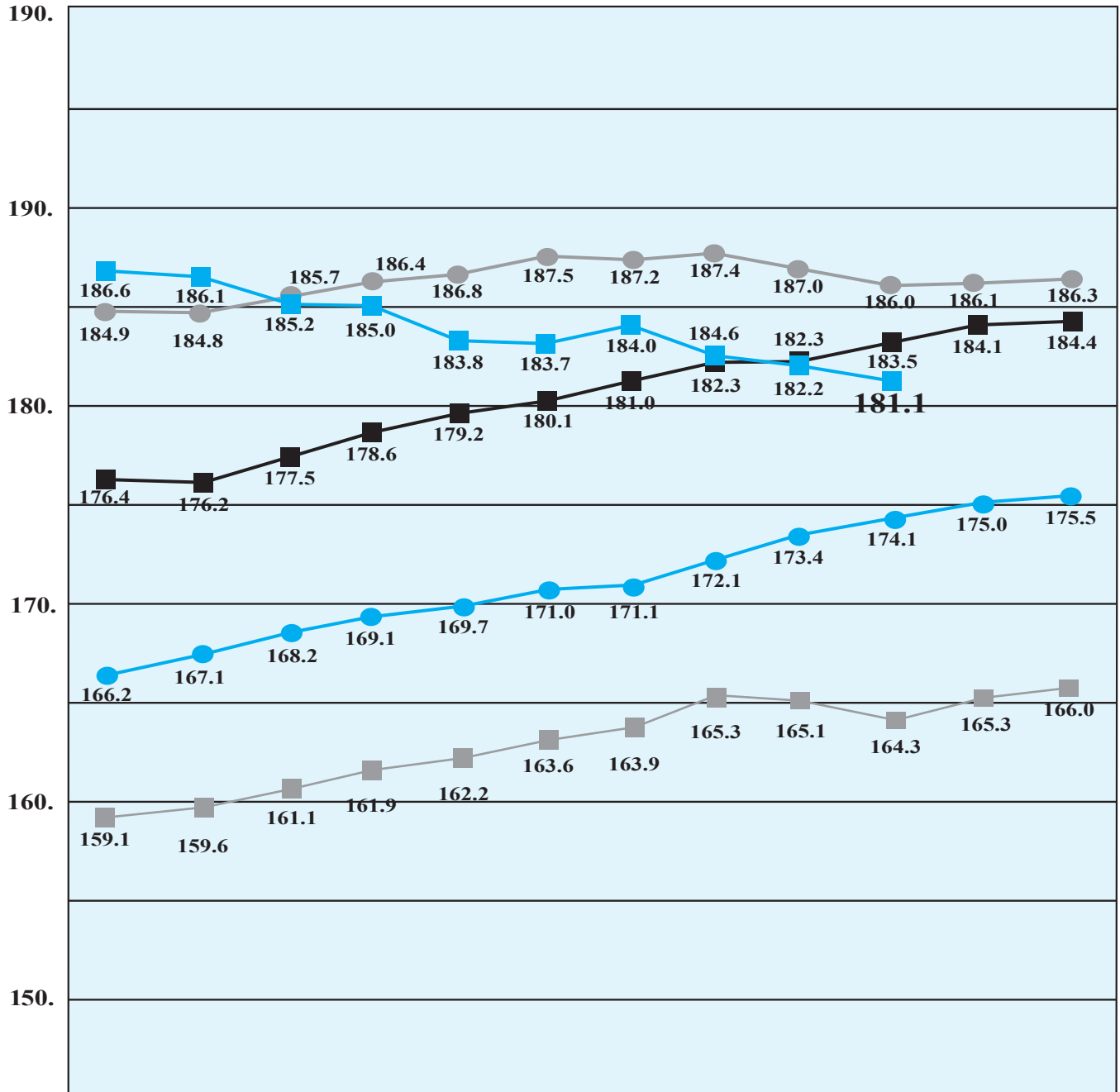
McAllen • Mission • Edinburg • Pharr

October 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 October 2008	LAST YEAR October 2007	% CHANGE 10/07 - 10/08
Retail Sales (000's - Month in 1995\$)	\$266,181	\$264,464	0.6%
Retail Sales (000's - Year)	\$2,816,239	\$2,834,363	-0.6%
Motor Vehicle Tax Receipts (Month)	\$83,880	\$109,512	-23.4%
Motor Vehicle Tax Receipts (Year)	\$976,104	\$1,040,480	-6.2%
Lodging Tax Receipts (Year)	\$3,342,131	\$3,266,365	2.3%
Airline Boardings (Month)	27,442	31,486	-12.8%
Airline Boardings (Year)	324,603	354,657	-8.5%
Value All Construction Permits (Month)	\$53,420,846	\$57,048,412	-6.4%
Value All Construction Permits (Year)	\$520,743,023	\$596,884,941	-12.8%
New Home Permits (Month)	104	157	-33.8%
New Home Permits (Year)	1,126	2,089	-46.1%
Home Sales (Month)	204	202	1.0%
Home Sales (Year)	2,294	2,152	6.6%
Average Home Sale Price (Month)	\$146,090	\$131,602	11.0%
Average Home Sale Price (Year)	\$120,703	\$128,819	-6.3%
Hidalgo Bridge Crossings (Month)	520,183	545,830	-4.7%
Hidalgo Bridge Crossings (Year)	5,359,843	5,437,026	-1.4%
Peso Exchange Rate (Month)	14.00	10.95	27.9%
Employment			
Wage & Salary Employment (Month)	219,300	211,600	3.6%
Wage & Salary Employment (YTD Avg)	215,700	209,500	3.0%
Unemployment Rate (Month)	7.7	5.7	N/A
Unemployment Rate (YTD Average)	7.1	6.6	N/A
INDEX (Base=100 Jan 1996)	181.1	186.0	-2.6%

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
October 2008	\$32,178	\$378,543	8.5%
YTD 2008	\$311,587	\$3,933,579	7.9%

The McAllen Economic Index continued its retreat in October, falling to 181.1 down from 182.2 in September, and down 2.6% from the October 2007 MEI of 186.0.

Continued impressive increases in employment growth estimates were unable to overcome sluggish consumer activity, sharply falling auto sales, declines in travel and tourism indicators and negatives in the construction indicators.

Inflation-adjusted general retail spending is generally flat compared to year-ago levels, with the October retail total up .6% compared to October of last year, and the year-to-date through October total down .6%.

Inflation-adjusted spending on new and used autos (based on Hidalgo County motor vehicle sales tax receipts) fell sharply in October, down over 23% compared to October of 2007, and YTD auto sales are now down over 6% compared to the January-October period of a year ago. Automobile sales have been very strong in 2006 and 2007, so the numbers from 2008 are being compared to those high totals.

October airline boardings were off nearly 13% year-over-year (and down 8.5% for the year-to-date) and hotel/motel tax receipts declined by over 7% in October; the combination of negatives suggests at least a temporary decline in travel and tourism activity, a major source of stimulus for the McAllen area economy.

Bridge crossings (Hidalgo Bridge) were down notably in October, and are down some 4.7% YTD; the dollar/Mexican peso exchange rate also rose sharply from September to October, raising the cost of US goods to Mexican purchasers.

The rate of year-over-year employment growth continues to be among the highest in the state at an estimated 3.6% in October (7,700 jobs added). Retail trade, education/health services and local government all added substantial numbers of jobs over the last 12 months. The metro area unemployment rate, however, is a full two points higher in October compared to October 2007.

Key Points