

McAllen Area ECONOMIC PULSE

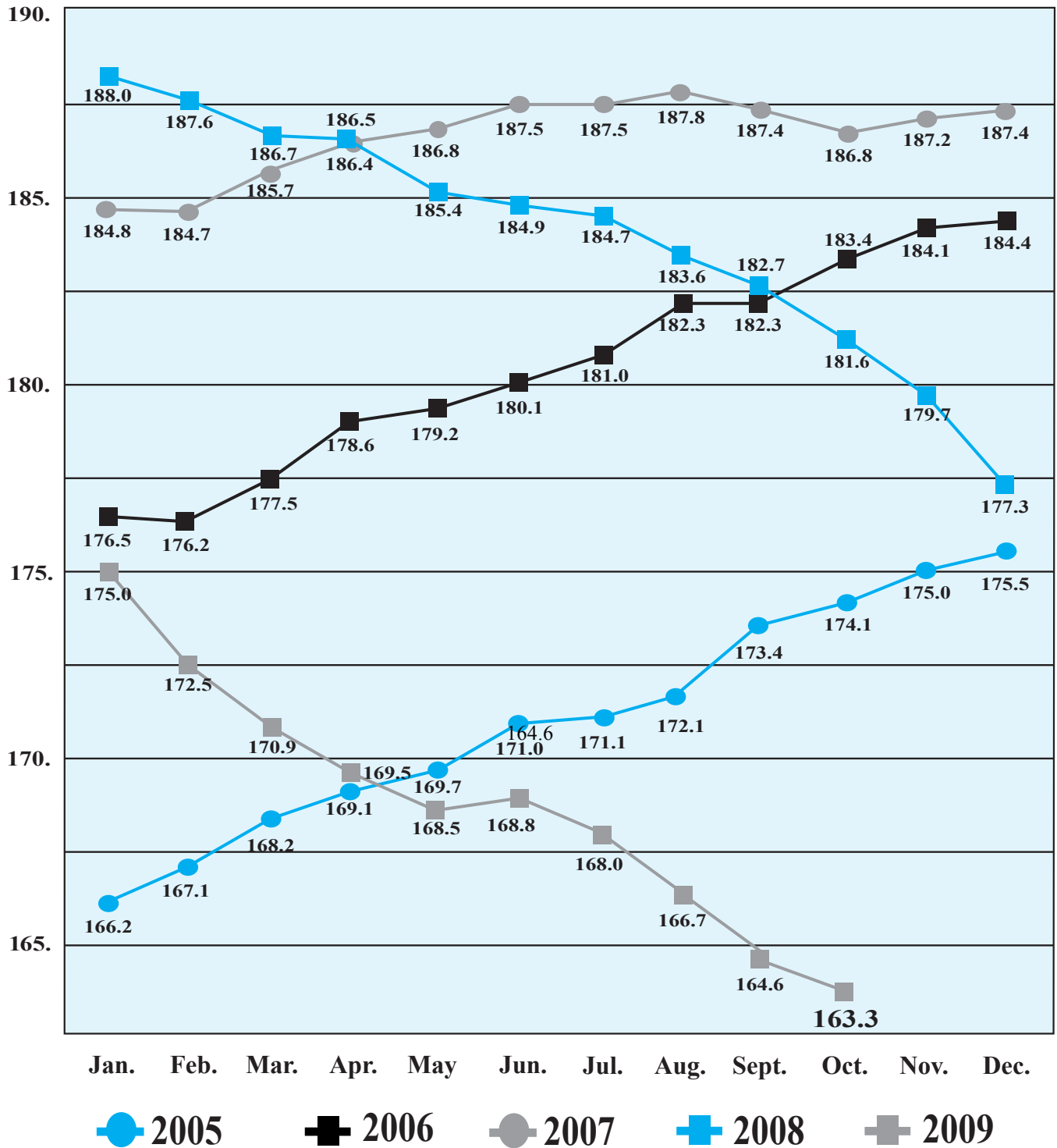
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▶ October 2009 Economic Pulse ◀

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 October 2009 | LAST YEAR October 2008 | % CHANGE 10/08 - 10/09 |
|--------------------------------------------------------------|---------------------------|---------------------------|---------------------------|
| Retail Sales (\$000's - October in 1995\$) | \$233,716 | \$266,181 | -12.2% |
| Retail Sales (\$000's - Year-To-Date) | \$2,575,433 | \$2,816,239 | -8.6% |
| Dollars Spent on Auto Purchases (\$000's-October in 1995\$)* | \$62,284 | \$83,880 | -25.7% |
| Dollars Spent on Auto Purchases (\$000's - YTD)* | \$703,533 | \$976,104 | -27.9% |
| Lodging Tax Receipts (October) | \$211,191 | \$280,471 | -24.7% |
| Lodging Tax Receipts (YTD) | \$2,794,530 | \$3,342,131 | -16.4% |
| Airline Boardings (October) | 29,980 | 27,442 | 9.2% |
| Airline Boardings (YTD) | 310,787 | 324,603 | -4.3% |
| Value All Construction Permits (October) | \$22,704,927 | \$53,420,846 | -57.5% |
| Value All Construction Permits (YTD) | \$282,337,144 | \$520,743,023 | -45.8% |
| New Home Permits (October) | 120 | 104 | 15.4% |
| New Home Permits (YTD) | 1,029 | 1,126 | -8.6% |
| Home Sales (October) | 201 | 204 | -1.5% |
| Home Sales (YTD) | 1,879 | 2,294 | -18.1% |
| Average Home Sale Price (October) | \$130,783 | \$146,090 | -10.5% |
| Average Home Sale Price (YTD Avg) | \$118,798 | \$120,703 | -1.6% |
| Hidalgo Bridge Crossings (October) | 508,954 | 520,183 | -2.2% |
| Hidalgo Bridge Crossings (YTD) | 4,964,219 | 5,359,843 | -7.4% |
| Peso/US Dollar Exchange Rate (October) | 13.75 | 14.00 | -1.8% |
| Employment | | | |
| Wage & Salary Employment (October) | 221,600 | 217,400 | 1.9% |
| Wage & Salary Employment (YTD Avg) | 219,500 | 218,000 | 0.7% |
| Unemployment Rate (October) | 11.2 | 7.4 | N/A |
| Unemployment Rate (YTD Average) | 10.4 | 7.1 | N/A |
| McALLEN ECONOMIC INDEX - October (Base=100 Jan 1996) | 163.3 | 181.6 | -10.1% |

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 |
|---------------------|--------------------------------|----------------------------------------------------|----------------------------------------|
| October 2009 | \$26,199 | \$329,876 | 7.9% |
| YTD 2009 | \$258,358 | \$3,616,535 | 7.1% |

The McAllen metro area economy remains in a state of contraction and recession, with the McAllen Economic Index dipping again in October 2009 to 163.3, down from 164.6 in September, and down 10.1% from the October 2008 MEI of 181.6. The McAllen general economy has been in a general state of cyclical decline since early 2008, and the McAllen Economic Index has fallen 20 of the last 21 months dating back to January of '08.

The consumer and business spending sector in the metro area continues to take a beating, with inflation-adjusted taxable retail sales down over 12% in October (year-over-year), and down 8.6% compared to the first ten months of 2008.

Auto sales remain in sharp decline as well, with inflation-adjusted spending on new and used automobiles in Hidalgo County down over 25% for month and for the year-to-date.

Travel and tourism indicators are mixed; hotel/motel tax receipts continue to decline through October, and are sharply lower for the YTD, but passenger boardings at McAllen International Airport have recovered, and have posted year-over-year increases for the past five months.

The construction sector has suffered in 2009, and October figures offer no relief; the valuation of all building permits issued was down nearly 60% in October, and is down some 45% YTD. Housing construction has fared some better, posting year-over-year increases in five of the last six months; however, 2009 figures are being compared to some very low numbers in 2008 (and 2007, for that matter), so it is probably too early to call a recovery in the home building sector.

Current employment estimates continue to suggest slight year-over-year job gains, but again, the 2010 annual review of 2009 employment estimates may well bring a downward revision to these numbers that would bring them in line with other local economic trends. The unemployment rate remains sharply higher compared to year-ago levels.

Key Points