

# McAllen Area ECONOMIC PULSE

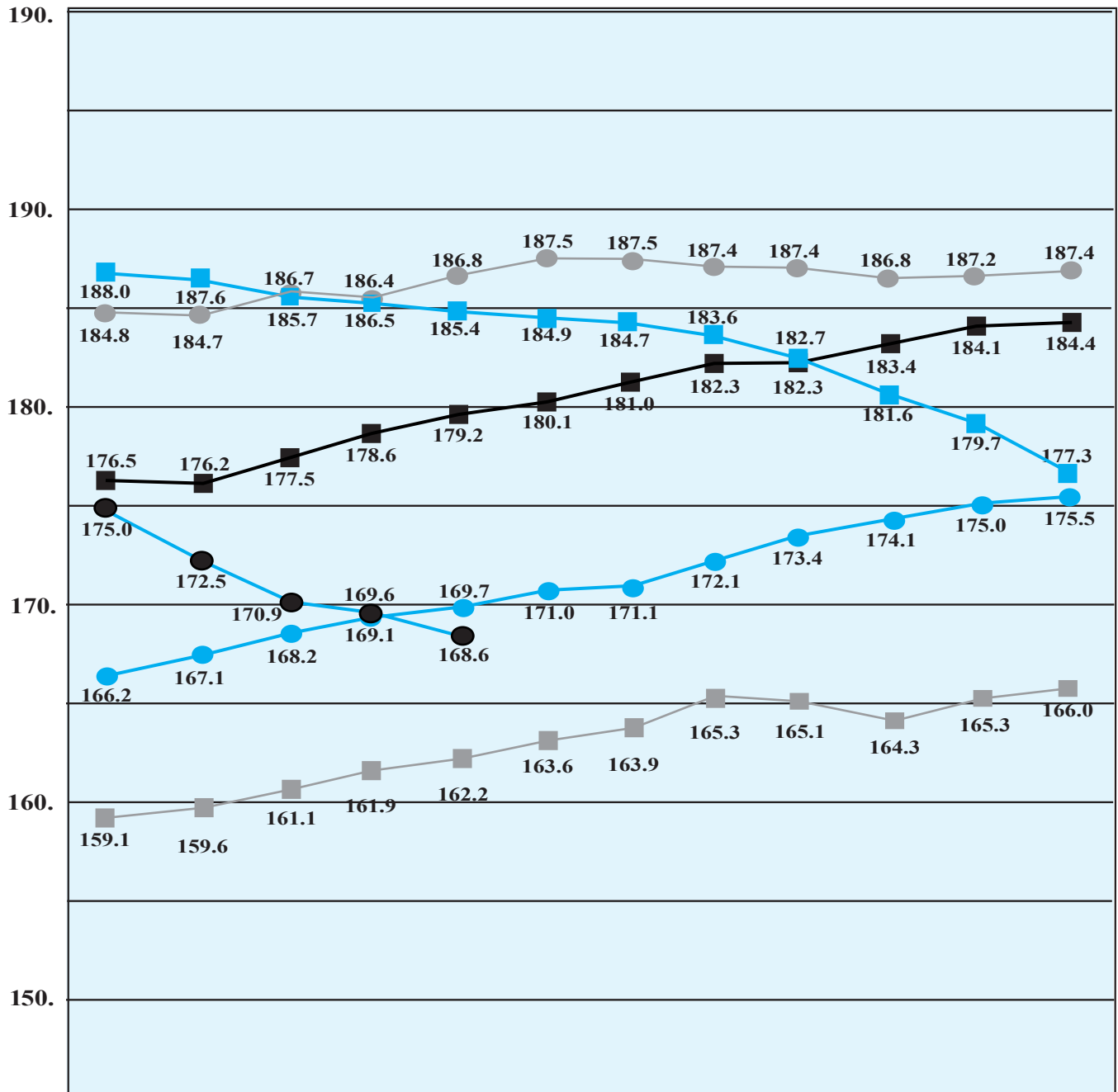
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## May 2009 Economic Pulse

### 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.



2004
  2005
  2006
  2007
  2008
  2009

# The McAllen Area Economy

ECONOMIC INDICATORS	THIS YEAR May 2009	LAST YEAR May 2008	% CHANGE 03/08 - 03/09
Retail Sales (000's - May in 1995\$)	\$234,149	\$266,371	-12.1%
Retail Sales (000's - Year- To - Date)	\$1,290,135	\$1,380,595	-6.6 %
Dollars Spent on Auto Purchases (\$000's - May in 1995\$)	\$64,611	\$99,428	-35.0%
Dollars Spent on Auto Purchases (\$000's - YTD)	\$374,509	\$530,803	-29.4%
Lodging Tax Receipts (May)	\$254,656	\$318,426.46	-20.0%
Lodging Tax Receipts (YTD)	\$1,424,032	\$1,624,255.46	-12.3%
Airline Boardings (May)	29,505	33,015	-10.6%
Airline Boardings (YTD)	140,310	169,048	-17.0%
Value All Construction Permits (May)	\$23,199,153	\$24,404,254.04	-4.9%
Value All Construction Permits (YTD)	\$120,771,267	\$270,329,435.66	-55.3%
New Home Permits (May)	100	75	33.3%
New Home Permits (YTD)	480	608	-21.1%
Home Sales (May)	197	299	-34.1%
Home Sales (YTD)	964	1,210	-20.3%
Average Home Sale Price (May)	\$111,668	\$106,556	4.8%
Average Home Sale Price (YTD)	\$112,363.2	\$109,729	2.4%
Hidalgo Bridge Crossings (May)	515,799	565,879	-8.8%
Hidalgo Bridge Crossings (YTD)	2,461,849	2,693,756	-8.6%
Peso Exchange Rate (May)	13.4	11.65	15.0%
<b>Employment</b>			
Wage & Salary Employment (May)	221,000	220,700	0.1%
Wage & Salary Employment (YTD Avg)	220,400	220,200	0.1%
Unemployment Rate (May )	9.4	6.3	N/A
Unemployment Rate (YTD Average)	9.5	6.5	N/A
INDEX - May (Base=100 Jan 1996)	<b>165.6</b>	<b>185.4</b>	<b>-9.1%</b>

In January 2004 the Texas Comptroller's Office began tracking "Manifiestos" -- requests for sales tax refunds on items purchased by Mexican citizens or for export into Mexico.

	Export Sales per Manifiestos	Total Retail Sales	Export Sales of Total Sales
<b>May 2008</b>	\$23,344	\$328,205	7.1%
<b>YTD 2008</b>	\$126,810	\$1,805,412	7.2%

The McAllen Economic Index declined a full point from April to May, dipping to 168.6, down from 169.6 (revised slightly upward due to an upward revision in area home sales data) in April, and down 9.1% from the May 2008 index of 185.4.

The monthly decline from April to May marks the 16th consecutive month of decline in the McAllen Economic Index, which is in the midst of chronicling the first cycle of contraction in the history of the analysis which dates back to January 1996. The rate of decline appears to be softening, however, fostering hopes that the local economy may be approaching the bottom of the cycle.

The consumer sector continues to suffer, with inflation-adjusted general spending down over 12% in May, and some 6.6% for the year-to-date. Inflation-adjusted automobile spending remains in the tank, down 35% in May (year-over-year), and down about 30% compared to the first five months of 2008.

The business travel/tourism sector, always important to the local economy, is also down sharply in '09 as indicated by airline activity (passenger boardings) and hotel/motel tax receipts, down by some 12.3% and 17.0%, respectively, compared to the January-May '08 period.

Current employment estimates suggest flat job growth, but – so far – the absence of deep declines. The unemployment rate continues to increase sharply, however, and may be an indication that payroll employment estimates are going to begin to exhibit actual job loss in the coming months.

Construction, home building and residential real estate sales all continue to post deep year-over-year declines thus far in 2009 with, again, the important exception of home prices, which remain in positive territory.

# Key Points