

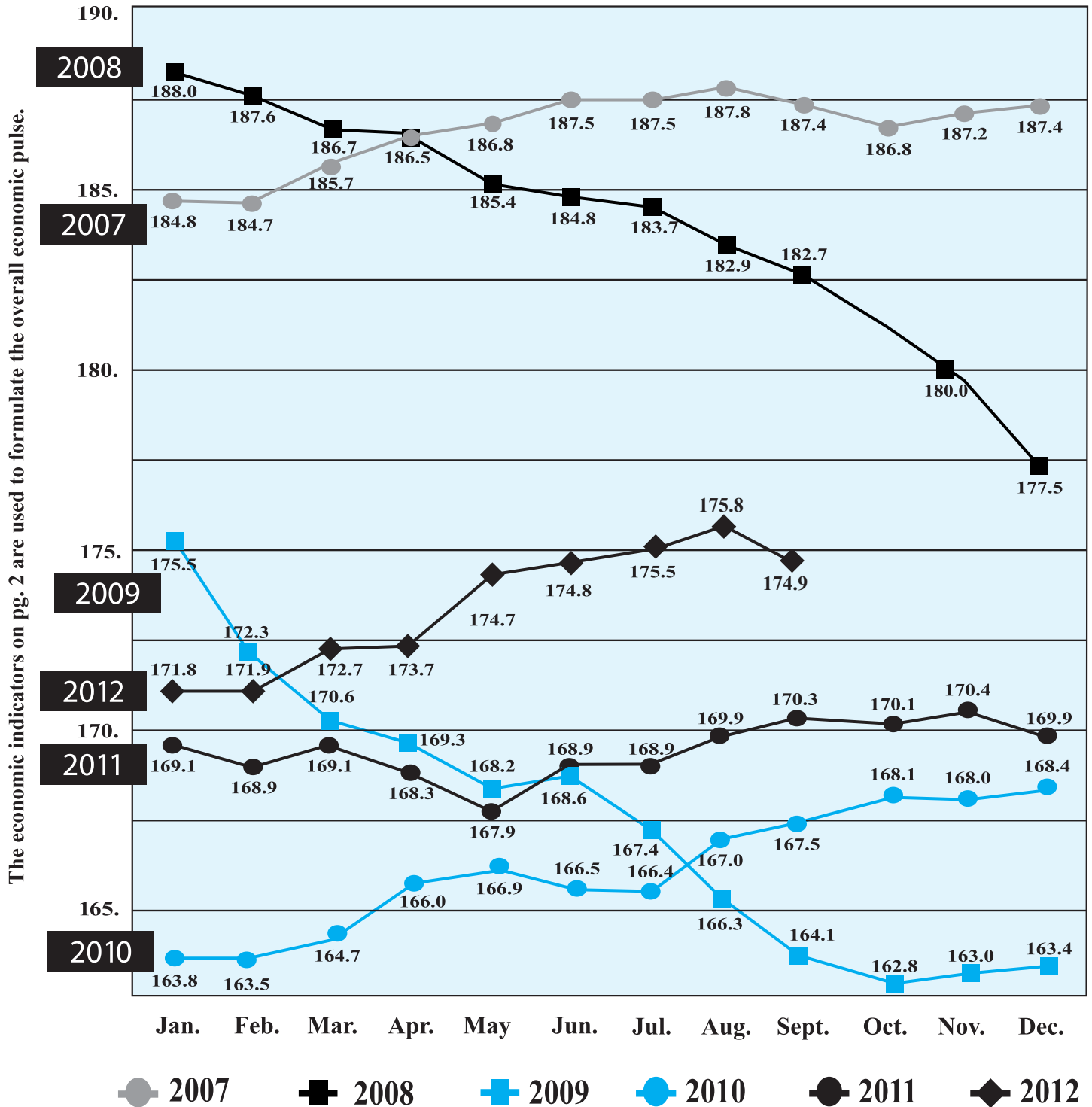
McAllen Area ECONOMIC PULSE

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September 2012 Economic Pulse

The McAllen Chamber of Commerce Economic Index

INDEX (Base=100 Jan 1996)



The McAllen Area Economy

ECONOMIC INDICATORS	THIS YEAR September 2012	LAST YEAR September 2011	% CHANGE 2011 - 2012
Retail Sales (\$000's - 3rd Quarter in 1995\$)	\$900,909	\$831,755	8.3%
Retail Sales (\$000's - Year-To-Date)	\$2,702,569	\$2,550,249	6.0%
Dollars Spent on Auto Purchases (\$000's - 3rd Qtr in 1995\$)	\$337,431	\$277,957	21.4%
Dollars Spent on Auto Purchases (\$000's - YTD)	\$995,570	\$861,768	15.5%
Lodging Tax Receipts (3rd Quarter)	\$854,536	\$766,233	11.5%
Lodging Tax Receipts (YTD)	\$2,654,296	\$2,367,399	12.1%
Airline Boardings (3rd Qtr)	83,371	92,318	-9.7%
Airline Boardings (YTD)	255,580	258,078	-1.0%
Value All Construction Permits (3rd Qtr)	\$108,276,063	\$113,478,685	-4.6%
Value All Construction Permits (YTD)	\$355,228,575	\$379,293,739	-6.3%
New Home Permits (3rd Qtr)	276	361	-23.5%
New Home Permits (YTD)	875	1,002	-12.7%
Home Sales (3rd Qtr)	580	538	7.8%
Home Sales (YTD)	1,661	1,466	13.3%
Average Home Sale Price (3rd Qtr)	\$128,848	\$121,113	6.4%
Average Home Sale Price (YTD)	\$125,062	\$124,632	0.3%
Hidalgo Bridge Crossings (3rd Qtr)	1,349,298	1,309,229	3.1%
Hidalgo Bridge Crossings (YTD)	3,990,671	3,926,534	1.6%
Peso Exchange Rate (September)	\$12.70	\$13.80	-8.0%
Employment			
Wage & Salary Employment (September)	225,700	225,700	0.0%
Wage & Salary Employment (YTD Avg)	227,989	223,789	1.9%
Unemployment Rate (September)	10.4	11.8	-11.9%
Unemployment Rate (YTD Average)	11.2	12.3	-8.9%
INDEX - September (Base=100 Jan 1996)	174.9	172.0	1.7%

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
September 2012	\$26,828	\$413,372	6.5%
YTD 2012	\$214,009	\$3,782,936	5.7%

The McAllen metro area economy was generally a growth economy in the third quarter 2012, though when all was said and done the McAllen Economic Index had increased only a tenth of a point from June to September. The index increased in July and August before declining in September to 174.9 down from 175.8 in August, but up 1.7% from the September 2011 MEI of 172.0.

The decline in September was due to slower retail activity for the month, lower building permits relative to last year's high total, and lower housing construction numbers; however, the month-to-month index decline does not likely represent an interruption of the general growth pattern underway in the McAllen metro area general economy.

Even though retail spending slowed in September, the quarterly increase was still impressive with inflation-adjusted taxable spending up by over 8% compared to the third quarter 2011, and up 6.0% for the year-to-date compared to the first three quarters of 2011. Even with the stout increases, though, both the quarterly and year-to-date totals remain slightly lower compared to the same periods in the peak pre-recession year of 2008.

Third quarter auto sales were well into record territory, however, with inflation-adjusted spending on new and used automobiles up by over 20% compared to the third quarter 2011, and up over 15% for the year-to-date.

September building permit valuations were down about 56% compared to September of a year ago, which was relatively high; however, the quarterly total was down only about 4.6% year-over-year, and the year-to-date total was down by just over 6%. The number of new single-family housing construction permits is down by about 23.5% for the quarter, and by about 13% for the year-to-date.

Existing home sales dipped a bit in September but were up for the quarter with the number of closed sales up by about 8% compared to the third quarter of a year ago and the highest third quarter total since 2008. The average price for the quarter was up over 6% year-over-year, a recovery from the 8% decline in the third quarter 2011, and the average for the year-to-date is statistically level with the year-ago average.

Strong job growth of earlier in the year has evaporated to no job growth at the end of the third quarter - the estimated number of payroll jobs in the greater McAllen metro area is the same as September 2011 after year-over-year growth of over 3% early in 2012. The unemployment rate continues to decline, down close to 10% compared to year-ago levels.

Key Points