



ECONOMIC INDICATORS	THIS YEAR January 2011	LAST YEAR January 2010	% CHANGE 01/10 - 01/11
Retail Sales (\$000's - January in 1995\$)	\$266,769	\$231,577	15.2%
Retail Sales (\$000's - Year-To-Date)	\$266,769	\$231,577	15.2%
Dollars Spent on Auto Purchases (\$000's - Jan in 1995\$)	\$87,568	\$67,345	30.0%
Dollars Spent on Auto Purchases (\$000's - YTD)	\$87,568	\$67,345	30.0%
Lodging Tax Receipts (Jan)	\$240,095	\$296,303	-19.0%
Lodging Tax Receipts (YTD)	\$240,095	\$296,303	-19.0%
Airline Boardings (Jan)	26,764	27,220	-1.7%
Airline Boardings (YTD)	26,764	27,220	-1.7%
Value All Construction Permits (Jan)	\$70,664,970	\$35,518,158	99.0%
Value All Construction Permits (YTD)	\$70,664,970	\$35,518,158	99.0%
New Home Permits (Jan)	99	172	-42.4%
New Home Permits (YTD)	99	172	-42.4%
Home Sales (Jan)	124	145	-14.5%
Home Sales (YTD)	124	145	-14.5%
Average Home Sale Price (Jan)	\$111,561	\$114,743	-2.8%
Average Home Sale Price (YTD Avg)	\$111,561	\$114,743	-2.8%
Hidalgo Bridge Crossings (Jan)	441,032	501,140	-12.0%
Hidalgo Bridge Crossings (YTD)	441,032	501,140	-12.0%
Peso/Dollar Exchange Rate (Jan)	12.50	13.30	-6.0%
<b>Employment</b>			
Wage & Salary Employment (Jan)	222,700	218,600	1.9%
Wage & Salary Employment (YTD Avg)	222,700	218,600	1.9%
Unemployment Rate (Jan)	12.8	12.2	4.9%
Unemployment Rate (YTD Average)	12.8	12.2	4.9%
<b>INDEX - January (Base=100 Jan 1996)</b>	<b>169.1</b>	<b>163.8</b>	<b>3.2%</b>

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
<b>January 2011</b>	\$26,847	\$381,870	7.0%
<b>YTD 2011</b>	\$26,847	\$381,870	7.0%

Payroll employment data for 2009 and 2010 was recently released by the Texas Workforce Commission and has now been factored into the McAllen Economic Index for the affected months, along with the unemployment rate revisions for the last four years, and the index per the January McAllen Economic Pulse is now updated according to these new benchmarks. Payroll employment was revised slightly downward by about 1,000 jobs for 2010, and the McAllen Economic Index was lowered slightly as a result. The original year-over-year growth rate at year-end was lowered to 1.4% from the original 2.2%.

The McAllen Economic Index was revised slightly downward accordingly, from the original 168.7 at year-end 2010 to a revised 168.4, a change of 3.1% compared to the revised December 2009 MEI, compared to the original year-over-year growth rate of 3.4%.

The McAllen Economic Index increased in January to 169.1 up from the revised 168.4 in December, and up 3.2% from the January 2010 revised index of 163.8. This represents the largest year-over-year growth in the MEI since July 2007. The index -- and thus the general economy of the McAllen metro area -- has been improving slowly since the index troughed in December 2009, but remains well below the MEI peak of 188.0 achieved in January 2008.

January is, of course, the one month of the year in which the monthly and year-to-date totals are one and the same, and one month does not a trend make, necessarily; however, the year is off to the right start in terms of consumer activity and employment, with both in better shape compared to year-ago levels. Taxable retail spending is up by a sharp 15.2% compared to January 2010, and spending in January actually surpassed all prior years, including the pre-recession peak in 2007. This is a significant milestone, and suggests that improvements are not far behind in other sectors of the local economy.

Employment growth remains somewhat sluggish, but is improved over year-ago levels by about 1.9%, an increase of about 4,100 jobs. Employment in the metro area has now also surpassed all prior years and has moved into record territory as well. The unemployment rate remains considerably elevated relative to its pre-downturn levels, but again, the unemployment rate is typically considered to be a lagging indicator, meaning it will begin to improve well after other areas of the economy have turned around.

Building activity, housing construction and home sales are all well behind pre-recession levels. Building permits are up in January, but only compared to the extraordinarily low totals in 2009 and 2010. Single-family residence permits and home sales remain sharply lower compared to year-ago levels, and to most of the previous decade, with both suffering under the weight of post-recession sluggishness, the expiration of home buyer tax credits and increasingly tight mortgage credit.

The McAllen area economy should continue to improve in 2011, assuming energy prices and inflation do not cut too deeply into household and business spending (and that is an open question at present). While these phenomena could slow growth rates to some extent, the expectation at this point is that the McAllen metro area economy will continue to see improvement in spending and employment in 2011. The housing-related sectors of the economy may well continue to experience weakness for most of the balance of the year.