

McAllen Area ECONOMIC PULSE

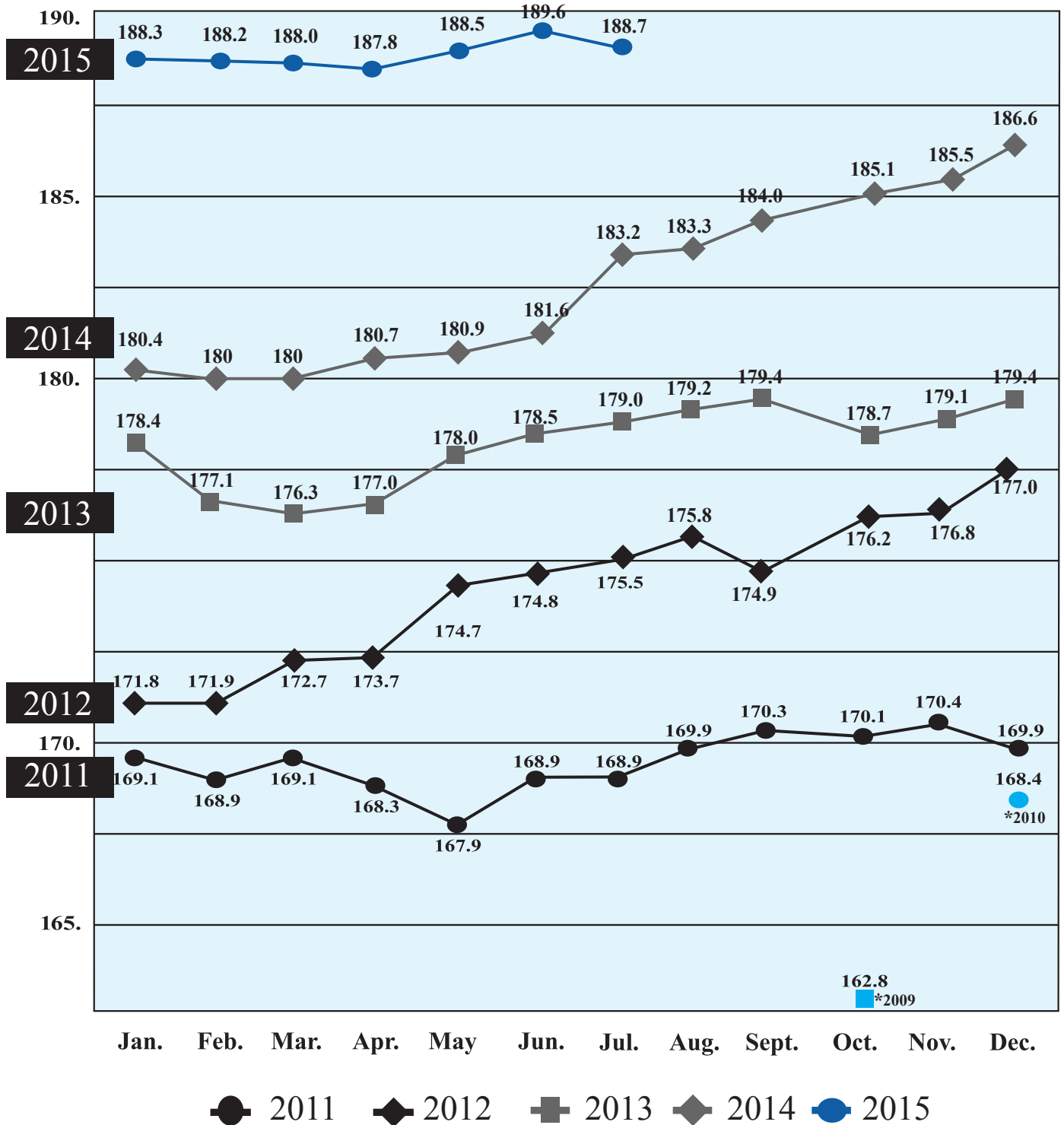
McAllen • Mission • Edinburg • Pharr

July 2015 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.



ECONOMIC INDICATORS	THIS YEAR July 2015	LAST YEAR July 2014	% CHANGE 2014 - 2015
Retail Sales (\$000's - Per July sales tax rebate) *	\$291,440	\$294,028	-0.9%
Retail Sales (\$000's - Year-to-Date)*	\$2,276,702	\$2,270,750	0.3%
Dollars Spent on Auto Purchases (\$000's - July) *	\$136,046	\$135,248	0.6%
Dollars Spent on Auto Purchases (\$000's - YTD) *	\$923,483	\$877,706	5.2%
Lodging Tax Receipts (July)	\$364,266	\$385,967	-5.6%
Lodging Tax Receipts (YTD)	\$2,512,358	\$2,433,991	3.2%
Airline Boardings (July)	43,348	40,980	5.8%
Airline Boardings (YTD)	240,343	232,868	3.2%
Value All Construction Permits (July)	\$35,666,742	\$124,786,726	-71.4%
Value All Construction Permits (YTD)	\$257,889,808	\$345,412,432	-25.3%
New Home Permits (July)	144	105	37.1%
New Home Permits (YTD)	773	760	1.7%
Home Sales (July)	263	237	11.0%
Home Sales (YTD)	1,516	1,409	7.6%
Average Home Sale Price (July)	\$141,984	\$137,222	3.5%
Average Home Sale Price (YTD Avg)	\$134,867	\$132,966	1.4%
Dollar Volume Residential Real Estate Sales (July) *	\$23,236,284	\$20,728,327	12.1%
Home Sales Dollar Volume of Activity (YTD)	\$127,781,355	\$120,105,298	6.4%
Hidalgo Bridge Crossings (July)	467,691	451,878	3.5%
Hidalgo Bridge Crossings (YTD)	3,111,766	3,054,175	1.9%
Peso/Dollar Exchange Rate (July)	14.75	12.65	16.6%
Employment			
Wage & Salary Employment (July)	244,200	236,300	3.3%
Wage & Salary Employment (YTD Avg)	247,230	240,685	2.7%
Unemployment Rate (July)	5.0	6.2	-19.4%
Unemployment Rate (YTD Average)	4.8	6.0	-19.2%
INDEX - July (Base=100 Jan 1996)	188.7	185.1	1.9%

*Adjusted for Inflation by Re-Statement in Year 1995 Dollars

- The McAllen Economic Index took a step backward in its quest to achieve its all-time high of 191.1 (January 2008) retreating to 188.7 in July down from 189.6 in June, but up 1.9% from the July 2014 MEI of 185.1. A huge drop in building permit valuations relative to the record total from July of a year ago is the chief offender in pressing the index downward. Spending activity was also sluggish relative to year-ago levels; the housing indicators were strong in terms of both new construction and existing home sales, and the employment situation remains generally favorable.

- Bridge crossings are higher compared to year-ago levels; however, the purchasing power of the Mexican peso in the US has eroded over the last year -- that is true in July (the number of pesos per one US dollar is up by over 16% year-over-year in July, and actually began to worsen in August of 2014), and has worsened even since then as the peso-dollar exchange rate approaches a record high. While there may or may not be some benefits in terms of ramped up maquiladora activity (as the labor compensation is generally peso-based), the noticeable impact is negative as Mexican consumers have increasingly less buying power on the US side of the border.

- That may help to explain - at least in part - the weaker spending figures per July sales tax figures. Inflation-adjusted taxable spending per July sales tax receipts was down slightly compared to its year-ago level, and is generally flat for the year-to-date through July. Real auto spending was also flat compared to year-ago levels, but remains solidly improved for the year-to-date.

- The July 2015 building permit valuation total was respectable enough at over \$35 million, but it was down by over 70% compared to the record July total of over \$124 million from a year ago. That pulled the year-to-date total into negative territory, down by about 25% from the first seven months of 2014.

- The number of new single-family housing construction permits in July was the highest monthly July total since 2007, and was up by 37% compared to July of a year ago. For the year-to-date through July the number of new home building permits is up by 5.6% compared to the same period in 2014, which in turn was up by 17% compared to the prior year.

- Existing home sales in the McAllen metro area remain in record territory through July with the number of closed sales up by 11% for the month and 7.6% for the year-to-date. The monthly average sale price was up by a healthy 3.5% compared to July of a year ago, and the average for the year-to-date is up by 1.4% year-over-year.

- The rate of year-over-year employment growth in July was the highest of 2015 thus far at 3.3%, reflecting the addition of an estimated 7,900 jobs over the last 12 months. The McAllen city unemployment rate is down sharply compared to its year-ago level at 5.0% for July compared to 6.2% in July 2014.