

# McAllen Area ECONOMIC PULSE

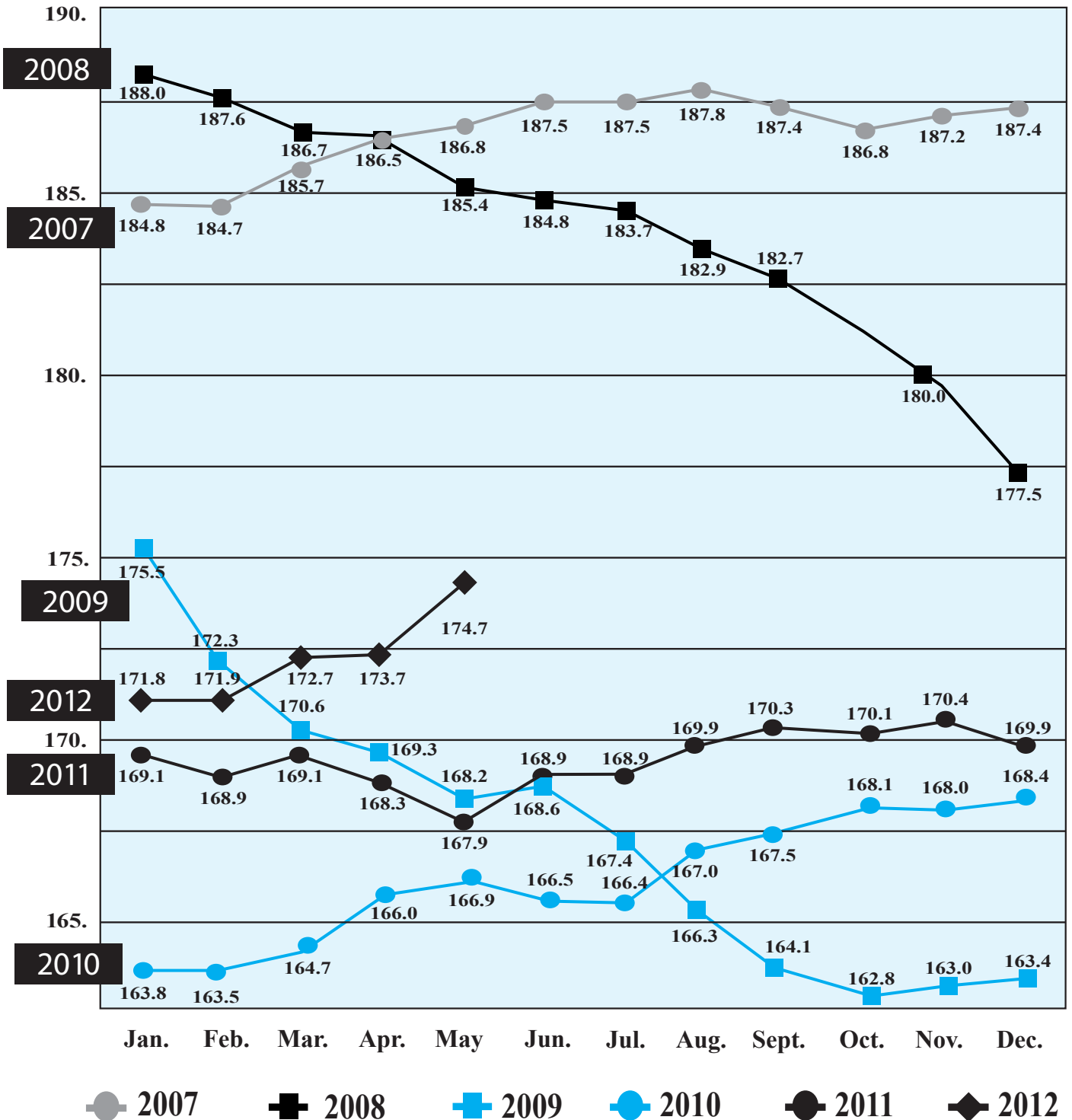
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## May 2012 Economic Pulse

### 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 Metro Area Economy

ECONOMIC INDICATORS	THIS YEAR May 2012	LAST YEAR May 2011	% CHANGE 2011 - 2012
Retail Sales (\$000's - May in 1995\$)	\$ 290,994	\$ 257,315	13.1%
Retail Sales (\$000's - Year-to-Date)	\$ 1,461,738	\$ 1,394,056	4.9%
Dollars Spent on Auto Purchases (\$000's - May in 1995\$)	\$ 86,983	\$ 98,867	-12.0%
Dollars Spent on Auto Purchases (\$000's - YTD)	\$ 537,453	\$ 490,821	9.5%
Lodging Tax Receipts (May)	\$ 283,010	\$ 238,426	18.7%
Lodging Tax Receipts (YTD)	\$ 1,536,417	\$ 1,352,512	13.6%
Airline Boardings (May)	29,111	26,307	10.7%
Airline Boardings (YTD)	140,139	132,898	5.4%
Value All Construction Permits (May)	\$ 51,046,749	\$ 49,895,971	2.3%
Value All Construction Permits (YTD)	\$ 207,114,562	\$ 226,131,932	-8.4%
New Home Permits (May)	113	108	4.6%
New Home Permits (YTD)	495	525	-5.7%
Home Sales (May)	216	130	66.2%
Home Sales (YTD)	860	733	17.3%
Average Home Sale Price (May)	\$ 119,472	\$ 140,983	-15.3%
Average Home Sale Price (YTD)	\$ 123,124	\$ 125,136	-1.6%
Hidalgo Bridge Crossings (May)	452,669	448,686	0.9%
Hidalgo Bridge Crossings (YTD)	2,206,184	2,192,260	0.6%
Peso Exchange Rate (May)	14.25	13.50	5.6%
<b>Employment</b>			
Wage & Salary Employment (May)	230,500	226,300	1.9%
Wage & Salary Employment (YTD Avg)	231,320	224,660	3.0%
Unemployment Rate (May)	10.7	11.8	-9.3%
Unemployment Rate (YTD Avg)	10.9	12.1	-9.9%
<b>INDEX - May (Base=100 Jan 1996)</b>	<b>174.7</b>	<b>170.4</b>	<b>2.5%</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	Export Sales of Total Sales
<b>May 2012</b>	\$21,259	\$407,292	5.2%
<b>YTD</b>	\$106,720	\$2,038,368	5.2%

- The McAllen Economic Index rose another full point in May to 174.7 up from 173.7 in April, and up 2.5% from the May 2011 MEI of 170.4. That marks the fourth straight monthly increase, and the 11th of the last 13 months.

- Strong general spending growth was partially offset by a decline in auto spending for the month; employment growth continues but at a slower pace in May, and the unemployment rate continues its steady decline.

- General real (inflation-adjusted) taxable spending was up by a stout 13%, compared to May of a year ago, marking the highest May total on record; the year-to-date through May total remains slightly down compared to the peak in 2008, meaning the spending sector has not quite yet fully recovered from the recession.

- Payroll employment in the McAllen metro area continues at a steady clip in 2012, but the rate of year-over-year growth in May dipped below 2% for the first time this year. On average, employment is up by about 3% thus far in 2012 compared to the January-May 2011 time frame, and the metro areas has added over 11,000 jobs since the recession-induced decline of 2009.

- Auto sales declined year-over-year for the first time in 2012 -- in fact, for the first time since January 2010. The decline is not particularly worrisome, as the May 2011 inflation-adjusted auto spending total was up by over 18% compared to the prior year, and one month does not a trend make.

- Lodging tax receipts in McAllen and airport passenger boardings are sharply higher thus far in 2012, suggesting a strong boost from the travel & tourism sector to the McAllen metro area general economy.

- May building permit activity across the metro area was up by about 2% compared to May of a year ago -- which in turn was up by nearly 80% compared to the prior year, so construction activity continues to hold its own in 2012; home building continues to languish at multi-year lows, though the number of new housing construction permits has improved each of the last two months (but compared to low numbers in 2011).

- Existing home sales improved sharply in May, at least in terms of the number of closed sales which was up by over 66% compared to year-ago levels, and in fact that represents the highest May total since 2008. The average price dipped by over 15% compared to May of a year ago, but the May 2011 average was up by about 9% so there has been some volatility from month to month. The longer term averages continue to reflect housing prices at or near record levels, so there has been no sense of sustained housing price decline.

## Key Points