

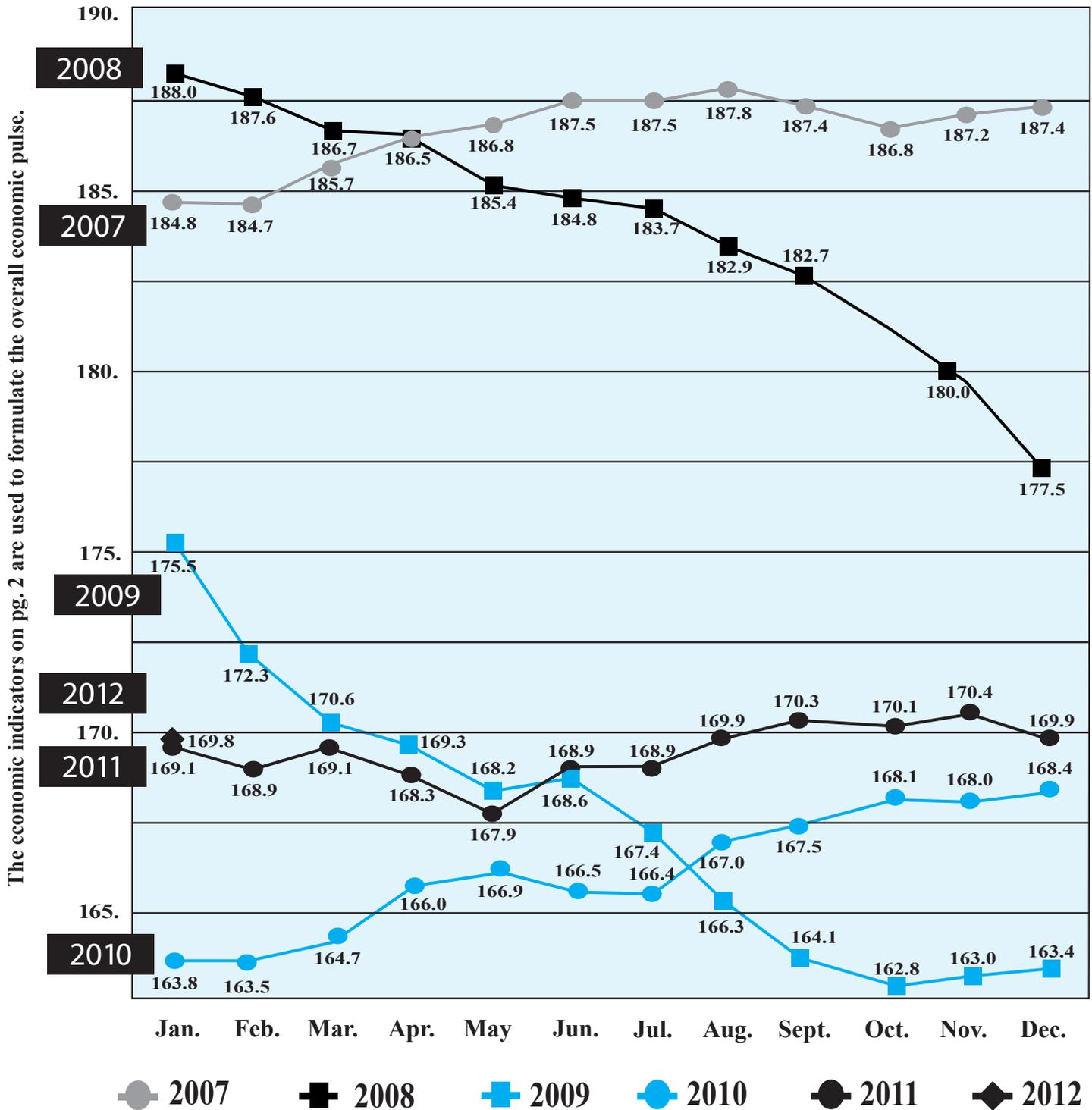
McAllen Area ECONOMIC PULSE

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January 2012 Economic Pulse

The McAllen Chamber of Commerce Economic Index

INDEX (Base=100 Jan 1996)



The McAllen Metro Area Economy

ECONOMIC INDICATORS	THIS YEAR January 2012	LAST YEAR January 2011	% CHANGE 2011 - 2012
Retail Sales (\$000's - in 1995\$)	\$243,070	\$266,769	-8.9%
Retail Sales (\$000's - Year-To-Date)	\$243,070	\$266,769	-8.9%
Dollars Spent on Auto Purchases (\$000's - Jan. in 1995\$)	\$101,375	\$87,568	15.8%
Dollars Spent on Auto Purchases (\$000's - YTD)	\$101,375	\$87,568	15.8%
Lodging Tax Receipts (January)	\$265,906	\$240,095	10.8%
Lodging Tax Receipts (YTD)	\$265,906	\$240,095	10.8%
Airline Boardings (January)	25,610	26,764	-4.3%
Airline Boardings (YTD)	25,610	26,764	-4.3%
Value All Construction Permits (January)	\$34,042,486	\$70,664,970	-51.8%
Value All Construction Permits (YTD)	\$34,042,486	\$70,664,970	-51.8%
New Home Permits (January)	92	99	-7.1%
New Home Permits (YTD)	92	99	-7.1%
Home Sales (January)	126	124	1.6%
Home Sales (YTD)	126	124	1.6%
Average Home Sale Price (January)	\$113,296	\$111,561	1.6%
Average Home Sale Price (YTD Avg)	\$113,296	\$111,561	1.6%
Hidalgo Bridge Crossings (January)	429,181	441,032	-2.7%
Hidalgo Bridge Crossings (YTD)	429,181	441,032	-2.7%
Peso Exchange Rate (January)	12.65	\$12.50	1.2%
Employment			
Wage & Salary Employment (January)	231,400	227,700	3.9%
Wage & Salary Employment (YTD Avg)	231,400	227,700	3.9%
Unemployment Rate (January)	11.7	12.9	-9.3%
Unemployment Rate (YTD Average)	11.7	12.9	-9.3%
INDEX - January (Base=100 Jan 1996)	169.8	168.9	0.5%

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
January 2012	\$21,260	\$353,874	6.0%
YTD	\$21,260	\$353,874	6.0%

McAllen metro area employment data was revised in March by the Texas Workforce Commission for 2010 and 2011, and the revisions were positive. Employment was revised upward significantly in 2011; the original estimates were raised by over 1,600 per month on average for the year, and at year-end the December estimate was revised upward by 2,400 jobs.

The year-over-year employment growth rate was revised upward from 2.9% per the original estimates to 3.4% based on the revised estimates. Monthly McAllen Economic Index values were revised accordingly, and at year-end, the index was revised upward to 170.6 from the original MEI of 169.9. Employment growth continues at a solid clip in early 2012, up nearly 4% year-over-year.

The January 2012 McAllen Economic Index dipped to 169.8, down from the revised December index of 170.6, and up a slight .5% compared to the January 2011 MEI of 168.9.

Inflation-adjusted general spending per sales tax receipts was down by nearly 9% compared to January of a year ago. To put that in context a bit, though, the January '11 total was up by over 15% compared to the prior January. Still, real spending in January remains down compared to January 2007, 2008, and 2009 as well.

Auto sales were up sharply in January with inflation-adjusted spending on new and used automobiles in the metro area up over 15% compared to January of a year ago, which in turn was up by over 30% compared to the prior year.

Building permit valuations in January were down about 50% compared to January of a year ago; however, the January 2011 total was more than double the prior year, and activity in January 2012 compares very favorably to the history in recent years. The 92 new housing construction permits is down about 7% compared to January 2011, and except for 2009, is the lowest January monthly total since at least 1995, the year data collection began for the McAllen Economic Pulse.

Housing sales were up just very slightly compared to year-ago levels (two additional closed sales); the average price of those sales was up modestly as well, about 1.6% compared to the January 2011 average.

2012 is poised to be a year of continued economic recovery in McAllen; the US economy should continue to strengthen, and that alone will provide stimulus to the McAllen metro economy. The border situation continues to weaken, however, with bridge crossings and manifestos as a share of total sales continuing to be generally weak, and that will serve to dampen growth. Still, particularly in terms of spending and employment, 2012 should be a year of growth in the McAllen economy.

Key Points