

# McAllen Area ECONOMIC PULSE

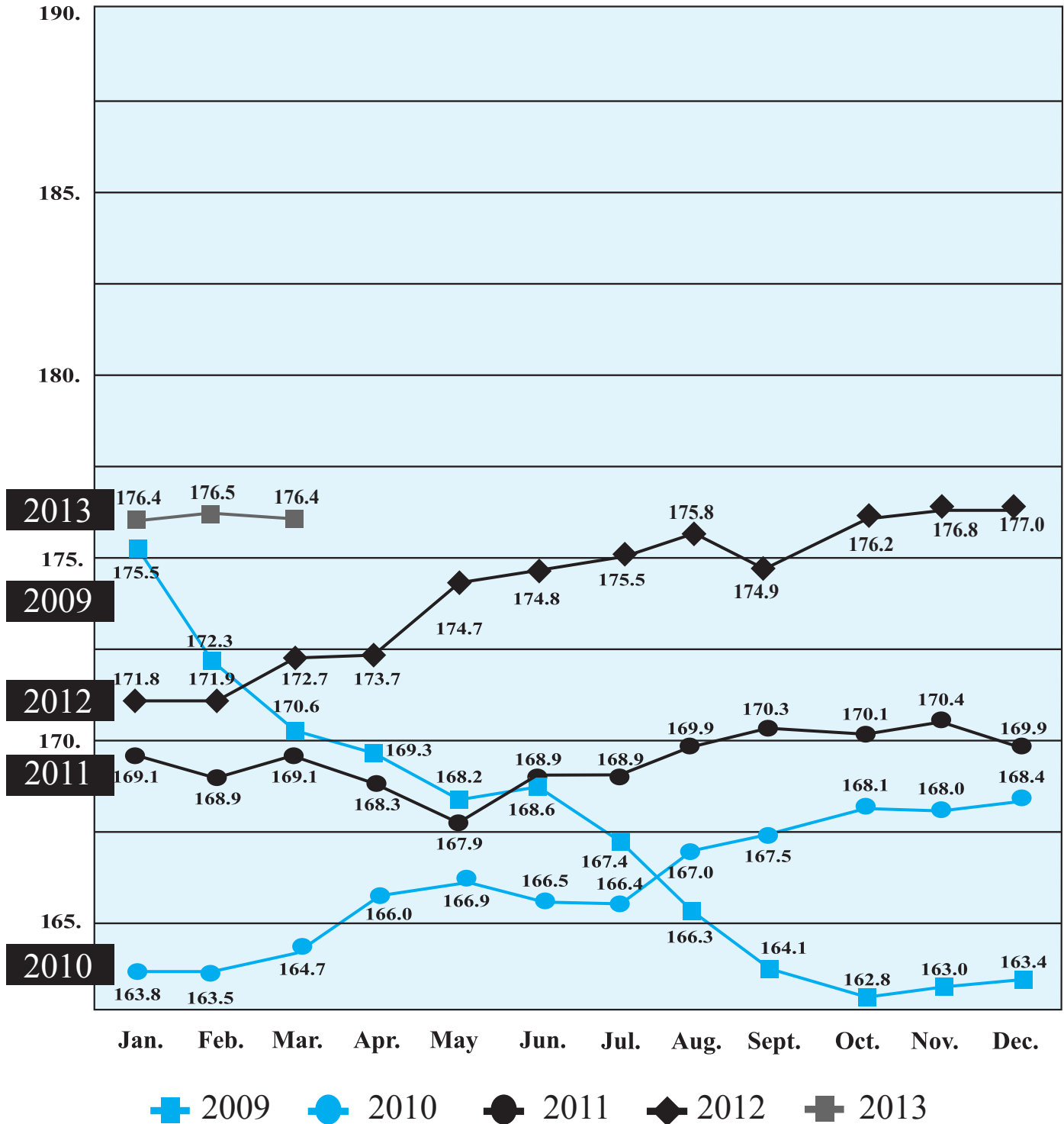
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## March 2013 Economic Pulse

### 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 Area Economy

ECONOMIC INDICATORS	THIS YEAR March 2013	LAST YEAR March 2012	% CHANGE 2012 - 2013
Retail Sales (\$000's - March in 1995\$ *)	\$351,361	\$345,465	1.7%
Retail Sales (\$000's - 1st Quarter *)	\$903,793	\$879,972	2.7%
Dollars Spent on Auto Purchases (\$000's - March in 1995\$ *)	\$129,752	\$128,816	0.7%
Dollars Spent on Auto Purchases (\$000's - 1st Qtr *)	\$352,222	\$331,206	6.3%
Lodging Tax Receipts (March)	\$400,367	\$330,606	21.1%
Lodging Tax Receipts (1st Qtr)	\$999,925	\$882,424	13.3%
Airline Boardings (March)	30,799	31,193	-1.3%
Airline Boardings (1st Qtr)	80,117	81,754	-2.0%
Value All Construction Permits (March)	\$46,718,328	\$61,482,839	-24.0%
Value All Construction Permits (1st Qtr)	\$104,980,159	\$120,299,517	-12.7%
New Home Permits (March)	96	111	-13.5%
New Home Permits (1st Qtr)	243	275	-11.6%
Home Sales (March)	183	191	-4.2%
Home Sales (1st Qtr)	525	476	10.3%
Average Home Sale Price (March)	\$123,228	\$123,574	-0.3%
Average Home Sale Price (1st Qtr Avg)	\$119,898	\$123,808	-3.2%
Hidalgo Bridge Crossings (March)	452,119	462,839	-2.3%
Hidalgo Bridge Crossings (1st Qtr)	1,289,750	1,298,806	-0.7%
Peso/Dollar Exchange Rate (March)	12.90	12.35	4.5%
<b>Employment</b>			
Wage & Salary Employment (March)	233,100	229,700	1.5%
Wage & Salary Employment (1st Qtr Avg)	232,600	228,100	2.0%
Unemployment Rate (March)	10.6	10.9	-2.8%
Unemployment Rate (1st Qtr Average)	11.1	11.4	-2.6%
<b>INDEX - March (Base=100 Jan 1996)</b>	<b>176.4</b>	<b>171.9</b>	<b>2.6%</b>

\* Adjusted for inflation by restating in year 1995 dollars

In January 2004 the Texas Comptroller's Office began tracking "Manifiestos" -- requests for sales tax refunds on items purchased by Mexican citizens or for export into Mexico.

	Export Sales per Manifiestos	Total Retail Sales	Export Sales of Total Sales
<b>March 2013</b>	\$32,542	\$500,638	6.5%
<b>YTD 2013</b>	\$85,929	\$1,285,732	6.7%

The McAllen Economic Index was generally flat to slightly lower in the first quarter of the year, ending the quarter at 176.4 in March, down from the year-end 2012 MEI of 177.0 (and down slightly from the February index of 176.5). The McAllen Economic Index remains higher compared to its year-ago level, up 2.6% from the March 2012 MEI of 171.9.

The rate of spending growth slowed in the first quarter, while employment growth remained modest but steady. Total construction and housing construction were down fairly sharply compared to year-ago levels; the residential real estate market was improved for quarter (but down for the month) in terms of the number of homes sold, but the average price was down compared to the first quarter 2012.

Real spending growth flattened in March and the first quarter, with inflation-adjusted taxable spending per metro area sales tax receipts up by 1.7% for the month and 2.7% for the quarter, compared to a 6.2% rate of growth in the fourth quarter 2012 and a 6.0% rate of growth for the year 2012 as a whole.

Auto spending slowed as well with inflation-adjusted spending on new and used automobiles up by less than a percent in March, and up by 6.3% for the quarter, compared to a 20% rate of year-over-year growth in the fourth quarter 2012 and an annual rate of growth of over 16%.

Travel to and through the city is on the rise with hotel/motel tax receipts up by 21% for the month, and over 13% for the quarter compared to the first three months of a year ago.

Building permit activity for the month was down by some 24% in March compared to March of a year ago; however, the March 2012 building permit valuation total was sharply higher compared to the prior year, so the March 2013 total remains quite respectable in that context. For the quarter, however, the building permit total is down by nearly 13% compared to the first quarter 2012, which in turn was down by over 9% compared to the first three months of the prior year.

Housing construction remains on the decline, with the number of new single-family residence down by over 13% in March, and down by 11.6% compared to the first quarter 2012, which in turn was down by over 16% compared to the first quarter of the prior year.

Existing home sales were down by about 4% in March, but up by about 10% for the quarter. The average price declined over the course of the quarter by just over 3% compared to the first quarter 2012.

The general trend in the metro area economy likely remains one of growth, particularly in terms of the benchmark indicators of general real spending and employment, and those trends will hopefully be more evident as the year progresses. The more randomly volatile indicators -- construction and home building -- may well turn around as well, and the housing market will likely fare better in 2013 as well when all is said and done.

# Key Points