

McAllen Area ECONOMIC PULSE

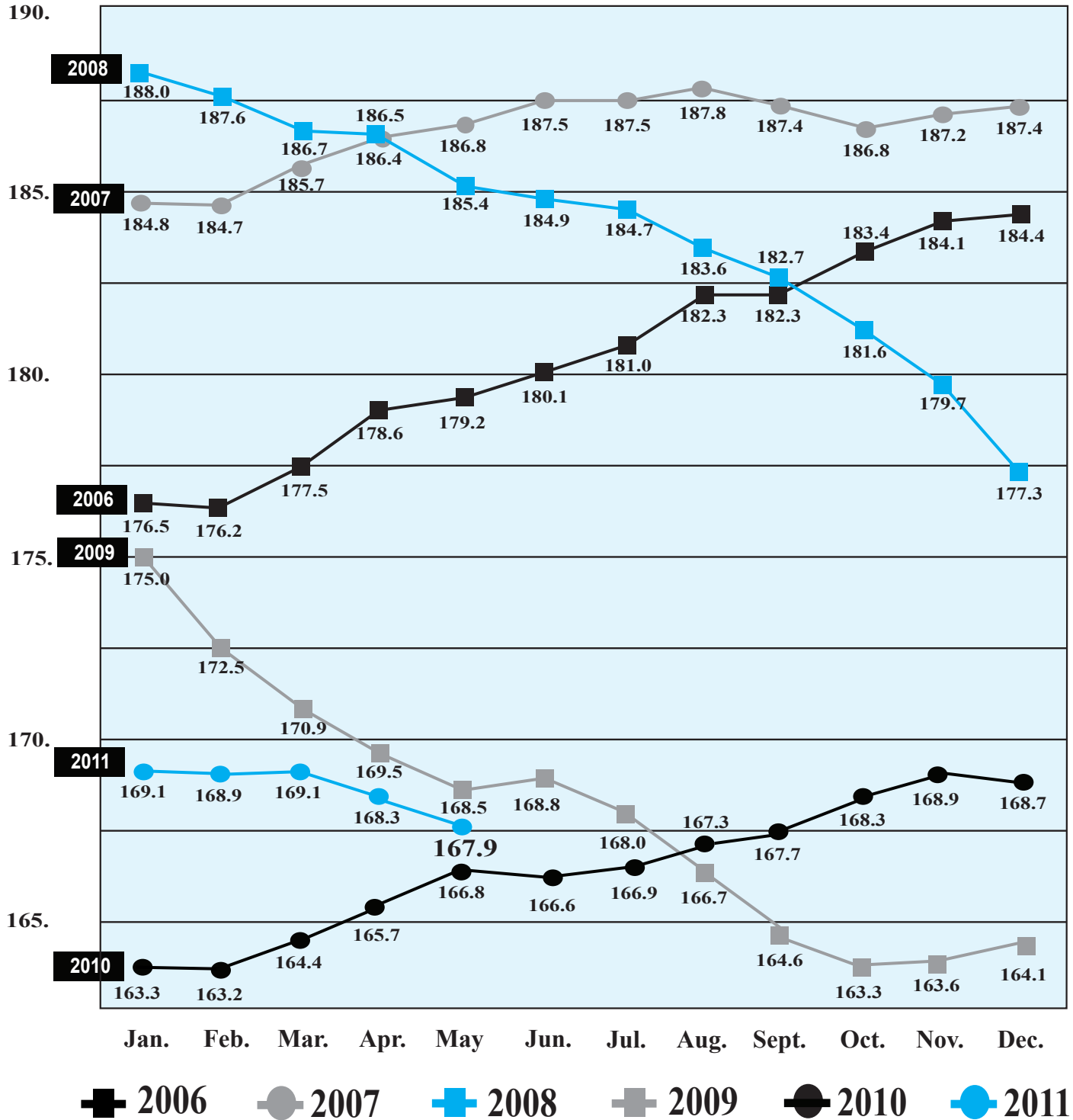
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May 2011 Economic Pulse

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

Key Points

ECONOMIC INDICATORS	THIS YEAR May 2011	LAST YEAR May 2010	% CHANGE 05/10 - 05/11
Retail Sales (\$000's - May in 1995\$)	\$244,551	\$239,632	2.1%
Retail Sales (\$000's - Year-To-Date)	\$1,328,045	\$1,268,046	4.7%
Dollars Spent on Auto Purchases (\$000's - May in 1995\$)	\$99,464	\$83,247	19.5%
Dollars Spent on Auto Purchases (\$000's - YTD)	\$492,475	\$414,177	18.9%
Lodging Tax Receipts (May)	\$238,426	\$283,171	-15.8%
Lodging Tax Receipts (YTD)	\$1,352,512	\$1,394,998	-3.0%
Airline Boardings (May)	26,307	29,184	-9.9%
Airline Boardings (YTD)	132,898	141,195	-5.9%
Value All Construction Permits (May)	\$49,895,971	\$27,870,116	79.0%
Value All Construction Permits (YTD)	\$226,131,932	\$152,668,730	48.1%
New Home Permits (May)	108	141	-23.4%
New Home Permits (YTD)	525	758	-30.7%
Home Sales (May)	130	216	-39.8%
Home Sales (YTD)	733	1,032	-29.0%
Average Home Sale Price (May)	\$140,983	\$129,370	9.0%
Average Home Sale Price (YTD)	\$125,136	\$119,821	4.4%
Hidalgo Bridge Crossings (May)	448,686	490,071	-8.4%
Hidalgo Bridge Crossings (YTD)	2,192,260	2,399,603	-8.6%
Peso/Dollar Exchange Rate (May)	13.50	13.40	0.7%
Employment			
Wage & Salary Employment (May)	221,300	222,000	-0.3%
Wage & Salary Employment (YTD Avg)	223,240	219,980	1.5%
Unemployment Rate (May)	11.9	11.3	5.3%
Unemployment Rate (YTD Avg)	12.0	11.6	3.4%
INDEX - May (Base=100 Jan 1996)	167.9	166.9	0.6%

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 (Not adjusted for inflation)	Percent Export Sales of Total Sales
May 2011	\$17,189	\$353,039	4.9%
YTD 2011	\$98,822	\$1,908,637	5.2%

The McAllen Economic Index declined again in May, dipping to 167.9 from 168.3 in April, and 169.1 in March. The index had generally been showing slow but steady improvement since bottoming out in October 2009, but has now slipped back into decline mode, at least for the time being. The slow pace of national economic recovery (and increasing concerns about a slide back into recession) along with continued border difficulties are applying downward pressure to the McAllen metro area economy in 2011.

The housing indicators continue to weigh heavily on the local economy. The number of new single-family residence construction permits is down about 23% for the month, and remains down over 30% for the year-to-date. Existing home sales were down about 40% in May (year-over-year) and are down nearly 30% YTD through May compared to the first five months of a year ago. Both of these housing indicators were improved in 2010 compared to the recession year of 2009, but remain well below the years leading up to that. New housing construction permits YTD through May 2011, save for 2009, are the lowest dating back to 1995. Existing home sales YTD 2011 are the lowest since 2004.

And yet prices are on the rise; the May 2011 average home sale price is up by 9% over May 2010, and the average for the year-to-date is up by some 4.4% compared to the first five months of a year ago.

General spending by households and businesses remains modestly improved over year-ago levels, with inflation-adjusted taxable spending up by just over 2% for the month, and 4.7% for the YTD. This critical local economic indicator is slowly improving post-recession, but remains down compared to each year 2006, 2007 and 2008.

The number of jobs in the McAllen metro area slipped back into negative year-over-year territory in May, down an estimated 700 jobs compared to May 2010 (a decline of about .3%). Employment growth had gained some momentum early in the year, but has weakened in the last two months per the April and May monthly estimates.

Construction activity appears to be picking up for the 2nd straight year; building permit valuations are up nearly 50% year-to-date through May (and nearly 80% in May alone). Building activity is up sharply compared to the recession year of 2009, but remains some lower compared to the several years leading up to it.

Border activity continues to weaken, with bridge crossings dropping significantly and "manifiestos" comprising a smaller portion of overall spending activity in McAllen.