

McAllen Area ECONOMIC PULSE

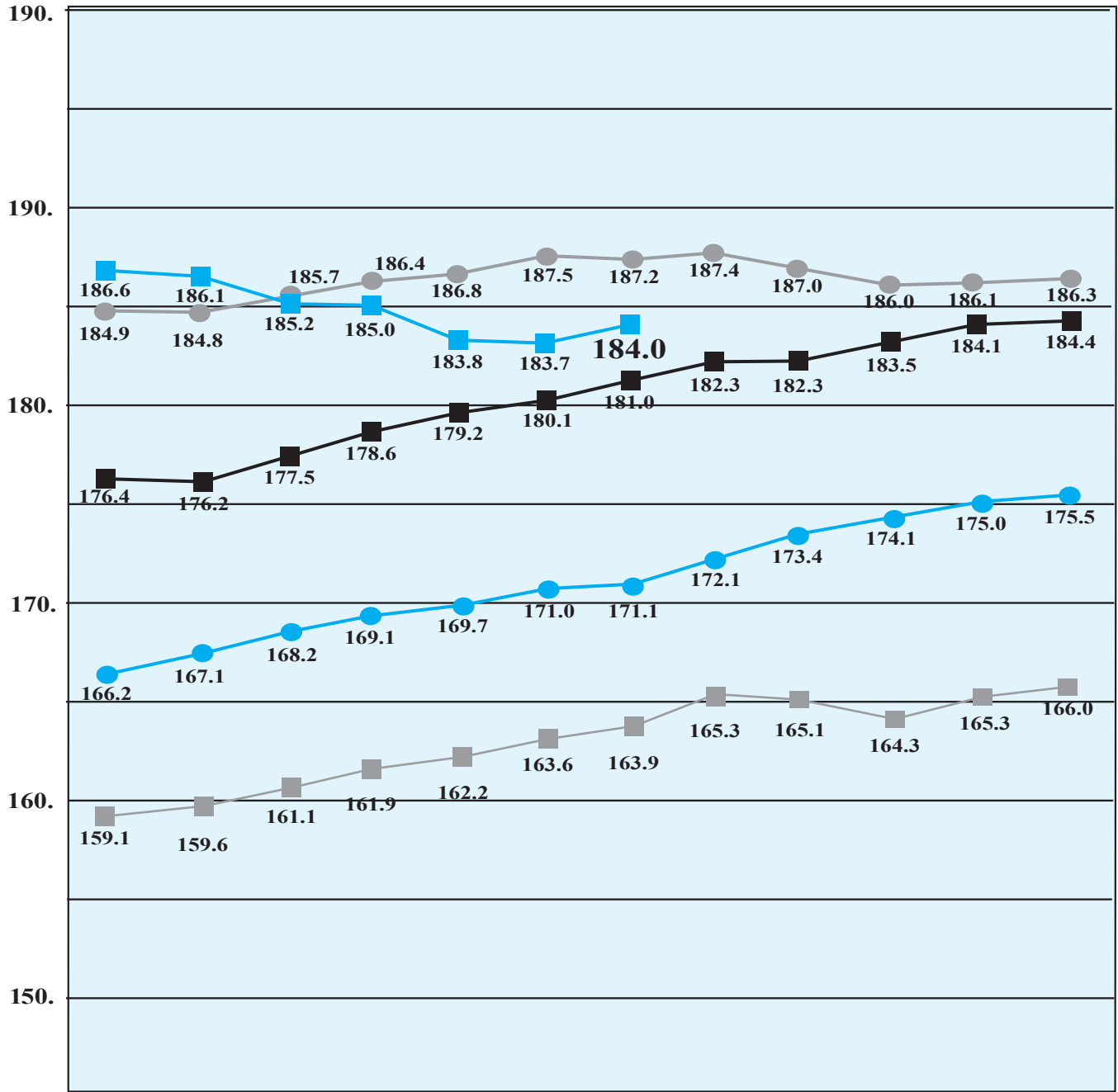
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July 2008 Economic Pulse

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.



■ 2004
 ● 2005
 ■ 2006
 ● 2007
 ■ 2008

The McAllen Area Economy

ECONOMIC INDICATORS	THIS YEAR July 2008	LAST YEAR July 2007	% CHANGE 07/07 - 07/08
Retail Sales (000's - Month in 1995\$)	\$280,212	\$279,209	0.4%
Retail Sales (000's - Year)	\$1,986,027	\$2,005,404	-1.0%
Motor Vehicle Tax Receipts (Month)	\$87,001	\$98,121	-11.3%
Motor Vehicle Tax Receipts (Year)	\$718,849	\$735,709	-2.3%
Lodging Tax Receipts (Year)	\$2,302,857	\$2,296,885	0.3%
Airline Boardings (Month)	36,346	43,777	-17.0%
Airline Boardings (Year)	240,480	257,546	-6.6%
Value All Construction Permits (Month)	\$52,745,534	\$38,900,571	35.6%
Value All Construction Permits (Year)	\$360,438,153	\$439,395,755	-18.0%
New Home Permits (Month)	101	147	-31.3%
New Home Permits (Year)	823	1,527	-46.1%
Home Sales (Month)	182	253	-28.1%
Home Sales (Year)	1,700	1,519	11.9%
Average Home Sale Price (Month)	\$115,342	\$136,913	-15.8%
Average Home Sale Price (Year)	\$113,198	\$127,757	-11.4%
Hidalgo Bridge Crossings (Month)	545,653	545,991	-0.1%
Hidalgo Bridge Crossings (Year)	3,779,552	3,825,901	-1.2%
Peso Exchange Rate (Month)	\$10.66	\$11.25	-5.2%
Employment			
Wage & Salary Employment (Month)	213,400	204,100	4.6%
Wage & Salary Employment (YTD Avg)	215,200	209,400	2.8%
Unemployment Rate (Month)	7.8	7.2	N/A
Unemployment Rate (YTD Average)	6.7	6.8	N/A
INDEX (Base=100 Jan 1996)	184.0	187.2	-1.7%

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
July 2008	\$34,665	\$395,141	8.8%
YTD 2008	\$233,600	\$2,753,624	8.5%

The McAllen Economic Index enjoyed a slight month-to-month increase from June to July for the first time in six months, increasing to 184.0, up from 183.7 in June. The index continues to lag behind year-ago levels, down 1.7% in July compared to the July 2007 MEI of 187.2.

The all-important employment situation continues to be the bright spot in the McAllen metro area economy with job growth of nearly 5% over the last 12 months, which ranks atop all Texas metro areas.

Most other indicators remain sluggish through July of '08, with the exception of the number of existing homes sold, which is at a record 1,700 homes sold, and is up nearly 12% for the year-to-date (though the July total was down compared to the strong number posted in July of last year).

Home prices have dipped in 2008, but not catastrophically, reflecting the general slowdown in demand. The total dollar volume of activity is about on par with the January-July period of a year ago, which in turn represented a strong increase over the prior year.

Homebuilding continues to suffer in the metro area, with only about half of the number of permits issued January-July of 2007 (which was, in turn, down about 28% compared to the prior year). Total construction remains lower for the year-to-date as well, though the July permit valuation total was sharply improved over July of last year.

Weather has wreaked havoc on the travel and tourism numbers, with airline enplanements down about 17% (year-over-year) in July, and 6-7% for the year-to-date. Hotel/motel tax receipts in McAllen were down about 6% in July and are flat for the year. These results suggest that McAllen has been shorted the benefits of spending on hotels, restaurants, etc., due to a decrease in the number of visitors to the area.

The national economy continues to roil with uncertainty about housing, credit, job growth and so on. So far, Texas and its metro areas have been generally insulated from these problems, but could suffer if the US economy should slip into a deep recession.

Key Points