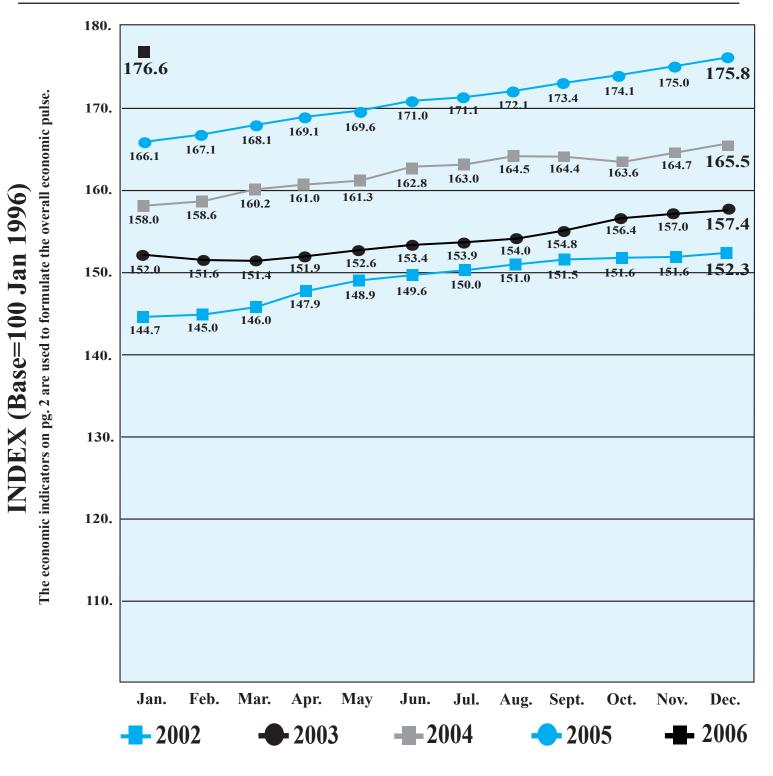


## **January 2006 Economic Pulse**

## The McAllen Chamber of Commerce Economic Index



ECONOMIC INDICATORS	THIS YEAR January 2006	LAST YEAR January 2005	% CHANGE 01/05 - 12/06
INDICATORS Retail Sales (000's - Month in 1995\$) Retail Sales (000's - Year) Motor Vehicle Tax Receipts (Month) Motor Vehicle Tax Receipts (Year) Lodging Tax Receipts (Year) Airline Boardings (Month) Airline Boardings (Year) Value All Construction Permits (Month) Value All Construction Permits (Year) New Home Permits (Month) New Home Permits (Year) Home Sales (Month) Home Sales (Month) Home Sales (Year) Average Home Sale Price (Month) Average Home Sale Price (Year) Hidalgo Bridge Crossings (Month) Hidalgo Bridge Crossings (Year) Peso Exchange Rate (Month) Wage & Salary Employment (Month) Wage & Salary Employment (YTD Avg) Unemployment Rate (Month)	January 2006 \$239,383 \$239,383 \$80,351 \$80,351 \$183,442 30,236 \$54,531,926 \$54,531,926 \$54,531,926 \$54,531,926 259 259 148 148 \$111,385 \$111,385 \$111,385 \$62,083 10.45 201,100 201,100 201,100 7.8	January 2005 \$234,085 \$234,085 \$65,915 \$65,915 \$199,866 28,131 28,131 \$37,006,120 \$37,006,120 216 216 216 154 \$99,668 \$99,668 \$99,668 \$99,668 \$99,668 \$48,578 548,578 548,578 11.05	2.3% 2.3% 2.3% 21.9% 21.9% -8.2% 7.5% 47.4% 47.4% 19.9% 19.9% 19.9% -3.9% -3.9% 11.8% 2.5% 2.5% 2.5% -5.4%
Unemployment Rate (YTD Average)	7.8 <b>176.6</b>	9.3 9.3	N/A
INDEX (Base=100 Jan 1996)	1/0.0	100.1	6.3%

Employment estimates for McAllen were revised upward for 2005 as a part of the Texas Workforce Commission annual employment data revisions for all Texas metro areas; at year-end (December) 2005, the jobs estimate was bumped up by some 3,700 jobs (most monthly estimates throughout the year were raised).

Solid employment growth (5.9% year-over-year in January) continues going into 2006, helping to push the January 2006 McAllen Economic Index to 176.6, up from the revised December 2005 index of 175.8, and up an impressive 6.3% from the January 2005 MEI of 166.1.

The McAllen metro area economy continues to exhibit an impressive combination of growth in the consumer sector (general retail activity and automobile sales) and employment growth, and that is the classic description of economic growth at the local level.

The construction numbers look positively fabulous -- the valuation of all projects for which permits were issued in January outpaced the January 2005 total by over 47%, and the number of new home permits issued by the four major cities (McAllen, Edinburg, Mission and Pharr) was nearly 20% improved over year-ago levels.

The unit number of existing homes sold dipped slightly compared to January 2005, but the increase in price led to a solid improvement in total dollar volume.

The metro area economy plainly kicks off 2006 with plenty of growth momentum, and there is little reason to suggest that will not continue to be the case for the balance of the year.

The McAllen Area Economy