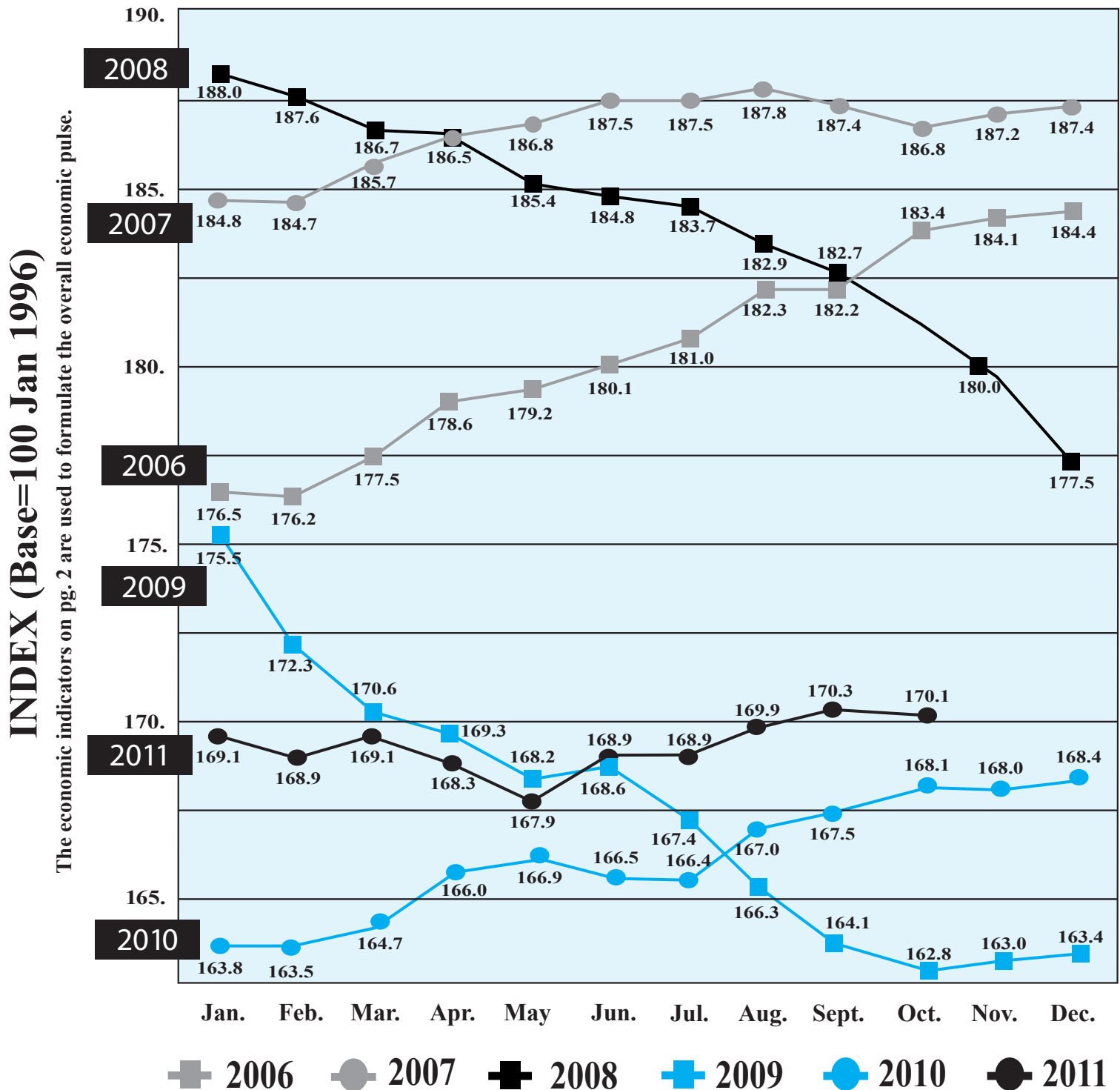


McAllen Area ECONOMIC PULSE

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October 2011 Economic Pulse

The McAllen Chamber of Commerce Economic Index



The McAllen Metro Area Economy

ECONOMIC INDICATORS	THIS YEAR October 2011	LAST YEAR October 2010	% CHANGE 2010 - 2011
Retail Sales (\$000's - in 1995\$)	\$239,897	\$245,671	-2.4%
Retail Sales (\$000's - Year-To-Date)	\$2,668,570	\$2,582,715	3.3%
Dollars Spent on Auto Purchases (\$000's - October in 1995\$)	\$87,268	\$75,805	15.1%
Dollars Spent on Auto Purchases (\$000's - YTD)	\$949,601	\$816,366	16.3%
Lodging Tax Receipts (October)	\$232,203	\$291,780	-20.4%
Lodging Tax Receipts (YTD)	2,599,602	\$2,747,992	-5.4%
Airline Boardings (October)	27,419	\$30,204	-9.2%
Airline Boardings (YTD)	\$285,497	\$295,348	-3.3%
Value All Construction Permits (October)	\$25,425,297	\$31,598,774	-19.5%
Value All Construction Permits (YTD)	\$404,719,036	\$318,327,980	27.1%
New Home Permits (October)	112	123	-8.9%
New Home Permits (YTD)	1,114	1,327	-16.1%
Home Sales (October)	168	163	3.1%
Home Sales (YTD)	1,634	1,926	-15.2%
Average Home Sale Price (October)	\$130,454	\$121,952	7.0%
Average Home Sale Price (YTD Avg)	\$125,396	\$121,906	2.9%
Hidalgo Bridge Crossings (October)	429,238	479,426	-11.7%
Hidalgo Bridge Crossings (YTD)	4,405,960	4,710,995	-6.5%
Peso Exchange Rate (October)	12.75	12.75	0.0%
Employment			
Wage & Salary Employment (June)	227,600	221,800	2.6%
Wage & Salary Employment (YTD Avg)	222,790	218,570	1.9%
Unemployment Rate (June)	11.5	11.3	1.8%
Unemployment Rate (YTD Average)	12.3	11.7	5.1%
INDEX - October (Base=100 Jan 1996)	170.1	168.1	1.2%

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
October 2011	\$19,974	\$347,758	5.7%
YTD	\$195,805	\$3,847,902	5.1%

The McAllen Economic Index retreated slightly in October under pressure from weakness in retail spending, hotel/motel tax receipts, construction and home building. The October MEI declined to 170.1 in October down from 170.3 in September, but up 1.2% from the October 2010 index of 168.1.

October inflation-adjusted retail spending was down by 2.4% compared to October 2010; the October monthly number was also down compared to the October total in each year 2005-2008. The year-to-date total is up 3.3% (year-over-year), but also continues to lag behind pre-recession peak levels, and is lower in 2011 relative to each year 2006-2008. General retail spending activity remains under pressure from recession hangover and the ongoing steady decline in border activity.

The McAllen metro area economy continues to add jobs, however, with estimated total payroll employment up by 2.6% in October compared to October of a year ago. Employment experienced only modest declines over the course of the economic downturn, and while current growth rates are not as high as pre-recession growth rates, total employment in McAllen is at record levels in 2011.

Auto sales remain higher through October, with inflation-adjusted spending on new and used automobiles up by 15% compared to October 2010; for the year-to-date real auto spending is up by over 16% compared to the first ten months of a year ago. YTD spending remains behind auto spending in 2007 and 2008, but has narrowed the gap between pre-and post-recession in 2011.

Construction activity as measured by the dollar valuation of projects for which building permits were issued was down by about 20% year-over-year in October, but remains significantly improved for the year as a whole. Even at that though, building permit valuations remain over 40% lower than peak building permit totals in 2006.

The number of new single-family residence building permits is down for the month and the year-to-date; and of course, housing construction in the McAllen metro area is less than 40% of what it was in the building haydays of the middle part of the previous decade.

Existing home sales were up slightly for the month (compared to October of a year ago), but are down for the year-to-date by over 16%. While sales levels in McAllen and most other metro areas have declined compared to several years ago, prices continue to improve, with the average home sale price up by 7% year-over-year in October, and up a healthy 2.9% for the year-to-date.

Key Points