McAllen Area ECONOMIC PULSE

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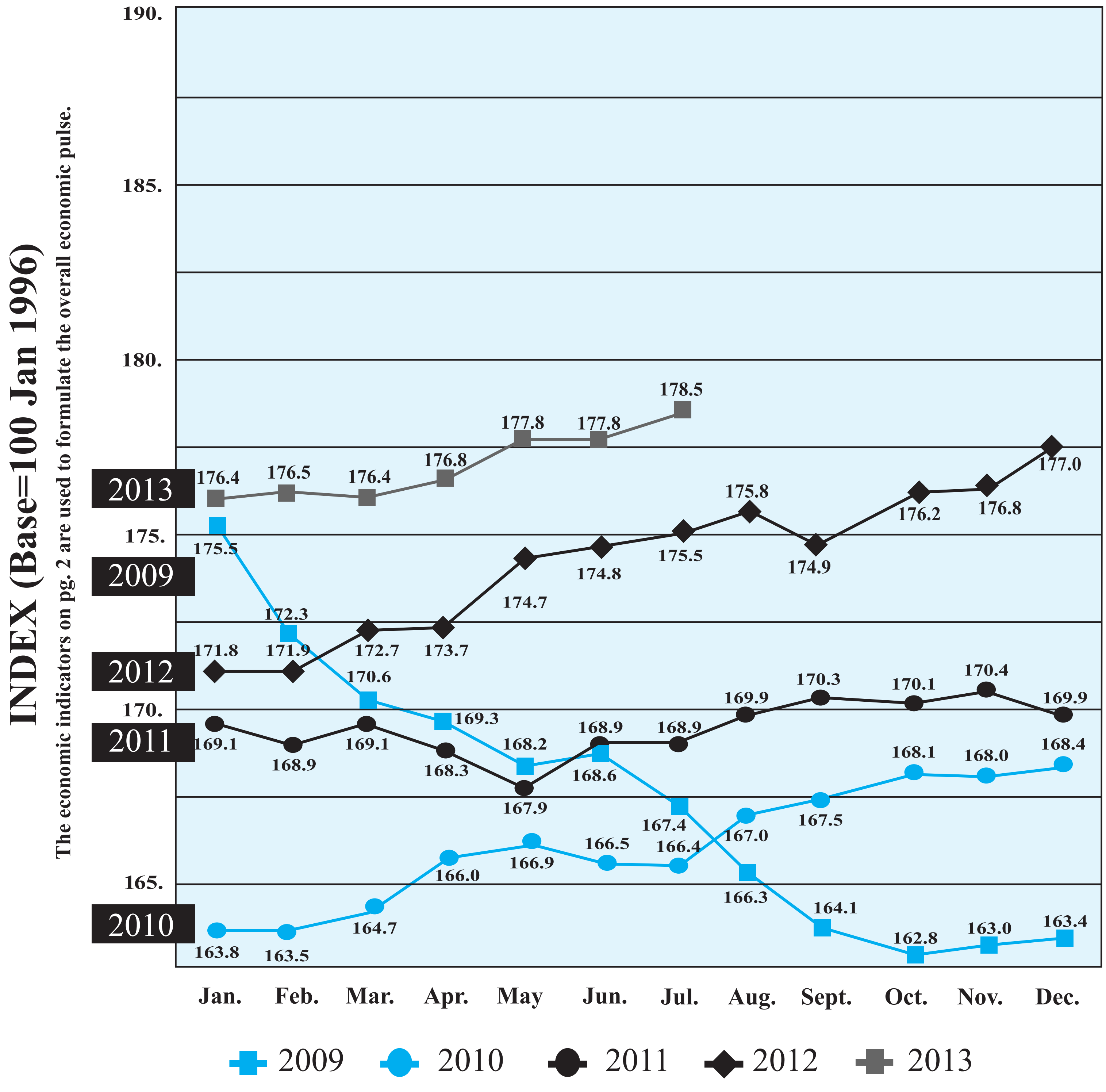
July 2013 Economic Pulse

The McAllen Chamber of Commerce Economic Index



The McAllen Area Economy

ECONOMIC INDICATORS	THIS YEAR July 2013	LAST YEAR July 2012	% CHANGE 2012 - 2013
Retail Sales ($000's - July in 1995$) *	$291,084	$311,744	-6.6%
Retail Sales ($000's - Year-To-Date) *	$2,088,617	$2,113,405	-1.2%
Dollars Spent on Auto Purchases ($000's - July in 1995$) *	$129,666	$115,243	12.5%
Dollars Spent on Auto Purchases ($000's - YTD) *	$820,526	$773,396	6.1%
Lodging Tax Receipts (July)	$310,336	$316,501	-1.9%
Lodging Tax Receipts (YTD)	$2,179,574	$2,116,262	3.0%
Airline Boardings (July)	37,260	32,996	12.9%
Airline Boardings (YTD)	211,944	205,205	3.3%
Value All Construction Permits July)	$47,434,562	$27,349,868	73.4%
Value All Construction Permits (YTD)	$329,235,469	$274,302,380	20.0%
New Home Permits (July)	99	91	8.8%
New Home Permits (YTD)	650	690	-5.8%
Home Sales (July)	206	196	5.1%
Home Sales (YTD)	1,353	1,277	6.0%
Average Home Sale Price (July)	$143,739	$131,359	9.4%
Average Home Sale Price (YTD Avg)	$130,569	$124,309	5.0%
Hidalgo Bridge Crossings (July)	462,682	464,791	-0.5%
Hidalgo Bridge Crossings (YTD)	3,091,059	3,106,464	-0.5%
Peso Exchange Rate (July)	13.05	13.00	0.4%
Employment			
Wage & Salary Employment (July)	225,700	221,800	1.8%
Wage & Salary Employment (YTD Avg)	231,745	227,645	1.8%
Unemployment Rate (July)	11.3	12.1	-6.6%
Unemployment Rate (YTD Average)	11.1	11.3	-2.4%
INDEX - July (Base=100 Jan 1996)	178.5	175.0	2.0%

* 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
July 2013	$29,600	$417,526	7.1%
YTD 2013	$208,452	$2,981,125	7.0%

Key Points

- The McAllen Economic Index improved again in July rising to 178.7 up from 177.8 in June, and up 2.0% from the July 2012 MEI of 175.0. Auto sales, construction and housing provided the upside support for the index in July, along with modest but steady continued employment growth.

- The spending indicators are mixed; general real (inflation-adjusted) spending per sales tax receipts was down by 6.6% compared to July of a year ago; however, the July 2012 total was up by nearly 20% compared to July of the prior year, so in that context the July 2013 real spending total remains quite respectable. For the year-to-date, general real spending is down by just over a percent compared to the first seven months of a year ago. But again, those totals were pretty stout, up by about 6.7% compared to the January-July 2011 period.

- Auto sales continue to improve in the metro area with inflation-adjusted spending on new and used automobiles up by over 12% compared to July 2012, which in turn was up by a whopping 33% compared to July of the prior year. Auto spending remains firmly in record territory, and the year-to-date total is up by over 6% compared to the same period in 2012.

- Construction activity per July building permit valuation totals was the strongest for the month of July in five years, up by over 70% compared to July of a year ago. The year-to-date total is the highest since 2007, and is up by 13.5% compared to last year.

- Housing construction remains slightly lower for the year, but was up for the month compared to July of a year ago (which, incidentally, was down sharply compared to the prior year). New residential home building remains under pressure for the third straight year in the metro area, but the rate of decline has slowed.

- Existing home sales are up solidly for the month and year-to-date, both in terms of the number of sales and the price of those sales. The total dollar volume of activity, even when adjusted for inflation, is up by nearly 10% compared to the first seven months of 2012.

- The McAllen metro area economy continued to add jobs at a moderate but steady pace, a growth rate of about 1.8% over the last 12 months. Employment remains at record levels in McAllen; however, rates of growth could certainly be higher and hopefully will be as the economy continues separate from the sharp recession of 2008-2009.