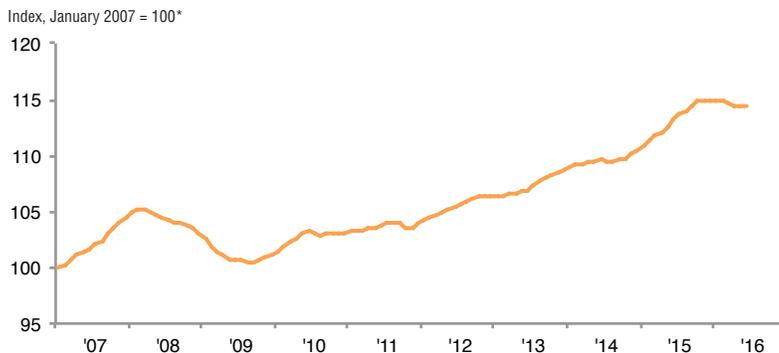


FEDERAL RESERVE BANK OF DALLAS • JULY 27, 2016

Summary

The El Paso economy has slowed from the strong growth seen in 2015. Total nonfarm jobs have been declining since December. However, despite the slowing labor market, the housing market is solid. Maquiladoras continue to post strong growth, but trade flows have slowed.

El Paso Business-Cycle Index

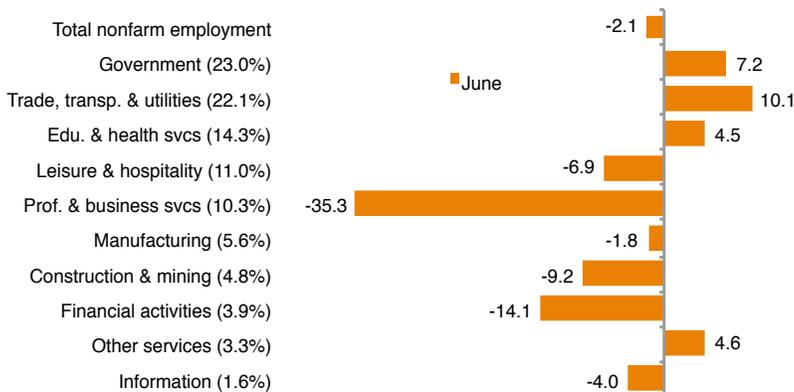


*Monthly, seasonally adjusted.
SOURCE: Dallas Fed.

▶ The El Paso Business-Cycle Index has been posting declines since December. The index posted an annualized decline of 1.4 percent for June.

▶ Job losses and a rise in the unemployment rate have contributed to the declines in the business cycle. The timeliest data available for real wages paid in El Paso point toward growth. However, retail sales in the metro area have declined slightly, possibly due to the strength of the dollar slowing cross-border retail.

Employment Growth by Sector



NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector. Numbers in parentheses represent share of total employment and may not sum to 100 due to rounding.
SOURCES: Bureau of Labor Statistics; adjustments by the Dallas Fed.

▶ Revisions to employment data now show El Paso nonfarm payroll declining since December. Year to date, El Paso has lost 1,400 jobs.

▶ In June, professional and business services showed deep declines, falling at an annualized rate of 35.3 percent. Meanwhile, trade, transportation and utilities rose 10.1 percent over the same period.

▶ The unemployment rate rose to 5.3 percent in June. The El Paso reading was above both the U.S. rate of 4.9 percent and the Texas rate of 4.5 percent.

Trade Flows



*Annualized, seasonally adjusted.
SOURCES: Census Bureau; adjustments by the Dallas Fed.

▶ In May, annualized total trade (exports plus imports) slowed to \$73.7 billion, down 1.2 percent from April. The decline in total trade was driven by a slowdown in exports. Exports fell 4.2 percent, while imports rose 0.8 percent.

Existing-Home Sales



*Seasonally adjusted, six-month moving average.

SOURCES: Texas A&M University Real Estate Center; adjustments by the Dallas Fed.

► Despite the slowing labor market, housing sales in El Paso continue to rise. In June, home sales stood at an annualized 6,985—up slightly from May. The median price also ticked up in May to \$140,996. Strong home sales have kept inventory levels low. In June, there were 5.9 months of inventory.

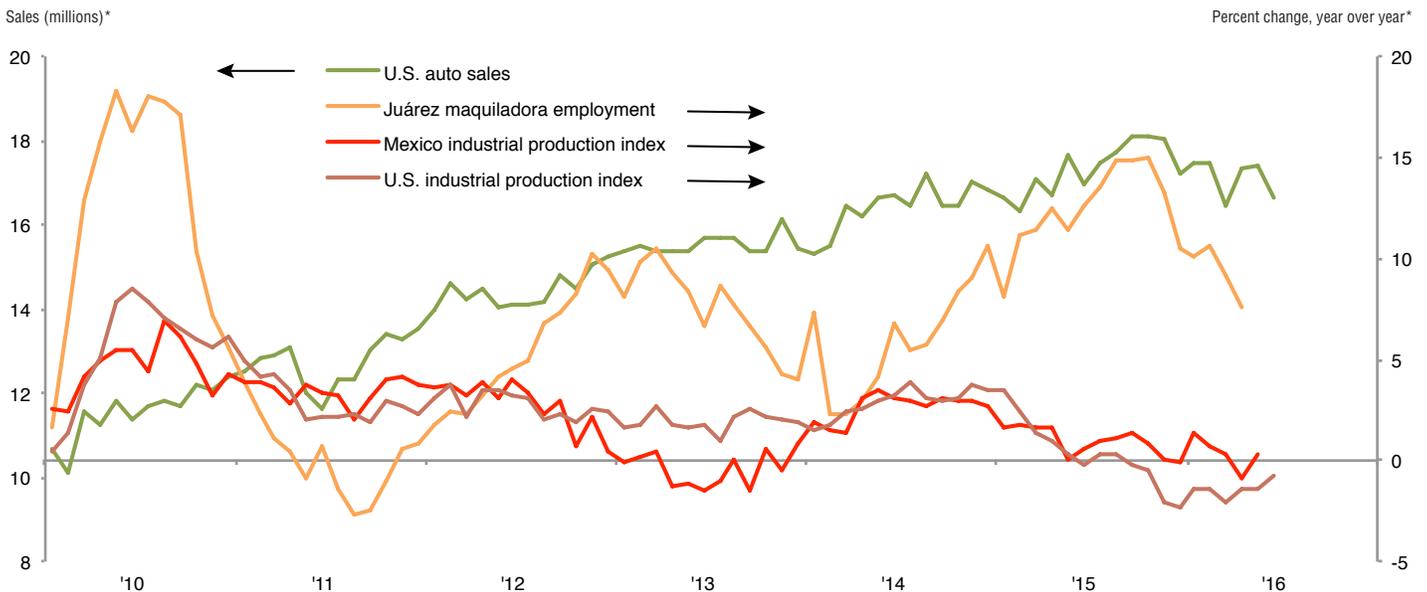
Juárez Maquiladora Activity

► U.S. industrial production contracted 0.7 percent year over year in June. Meanwhile, the Institute for Supply Management manufacturing index rose from a year earlier, while its associated new-orders index—a leading indicator of industrial activity—posted a small decline from June 2015.

► Despite the sluggish U.S. industrial sector, Mexico's maquiladoras continue to add jobs. According to Mexico's newer IMMEX series,

Juárez manufacturing employment rose 7.6 percent year over year in April (latest data available), bringing total maquiladora employment to nearly 252,700.

► U.S. auto and light-truck production picked up to 12.2 million units in June, while U.S. auto sales fell to 16.6 million units on an annual basis. Auto sales are closely linked to the local economy because roughly half of maquiladoras are auto related.



*Seasonally adjusted.

SOURCES: Instituto Nacional de Estadística y Geografía (National Institute of Statistics and Geography); Federal Reserve Board; Bureau of Economic Analysis; adjustments by the Dallas Fed.

NOTES: Data may not match previously published numbers due to revisions. The El Paso metropolitan statistical area includes El Paso and Hudspeth counties.

Questions regarding *El Paso Economic Indicators* can be addressed to Marycruz De León at marycruz.deleon@dal.frb.org.

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