

# ECONOMIC UPDATE: EL PASO

El Paso non-farm employment increased in March at a 2.3 percent annualized rate. The sectors that registered job gains were construction, mining and natural resources, trade, transportation and utilities, and professional and

business services. On the other hand, manufacturing, information, educational and health services, other services and government posted job losses. As a result of the job gains, the unemployment rate declined in March to 5.9 percent, from 6.5

percent in February. In March, retail sales tax rebates increased by 0.7 percent. The El Paso Business-cycle Index increased at a 3.2 percent annualized rate in March, after two months of decline, suggesting that the El Paso economy resumed growth.

## El Paso Employment Growth Month-over-Month Annualized Growth Rates

|  | Oct-06      | Nov-06     | Dec-06      | Jan-07       | Feb-07       | Mar-07     |
|--|-------------|------------|-------------|--------------|--------------|------------|
| <b>Nonfarm Employment</b>                | <b>-4.0</b> | <b>4.7</b> | <b>7.0</b>  | <b>-7.4</b>  | <b>0.9</b>   | <b>2.3</b> |
| <b>Goods Producing</b>                   | <b>-3.5</b> | <b>0.0</b> | <b>11.2</b> | <b>-37.4</b> | <b>-10.5</b> | <b>3.8</b> |
| Construction, Mining & Natural Resources | 0.0         | 10.1       | 21.0        | -54.2        | 0.0          | 22.1       |
| Manufacturing                            | -5.5        | -5.5       | 5.8         | -24.8        | -16.0        | -5.7       |
| <b>Services Providing</b>                | <b>-4.1</b> | <b>5.4</b> | <b>6.4</b>  | <b>-2.1</b>  | <b>2.6</b>   | <b>2.1</b> |
| Trade, Transportation & Utilities        | -15.3       | -2.1       | 2.1         | -6.1         | 8.7          | 6.4        |
| Information                              | 0.0         | 0.0        | 28.1        | 0.0          | 0.0          | -21.9      |
| Financial Activities                     | -10.4       | 11.6       | 0.0         | 0.0          | 0.0          | 0.0        |
| Professional & Business Services         | 4.1         | 21.9       | 4.0         | 12.4         | 4.0          | 21.2       |
| Educational & Health Services            | -20.3       | 3.9        | -7.3        | 7.9          | -3.7         | -3.7       |
| Leisure & Hospitality                    | 9.7         | 4.7        | 9.6         | -4.5         | 0.0          | 0.0        |
| Other Services                           | 59.1        | -14.2      | 0.0         | -14.3        | 16.7         | -14.3      |
| Government                               | 2.0         | 8.2        | 19.1        | -7.5         | 0.0          | -1.9       |
| <b>Unemployment Rate</b>                 | <b>6.7</b>  | <b>6.6</b> | <b>6.4</b>  | <b>6.4</b>   | <b>6.5</b>   | <b>5.9</b> |

Notes: Seasonally adjusted data

Source: Federal Reserve Bank of Dallas with data from the Bureau of Labor Statistics

## El Paso Sales Tax Rebates

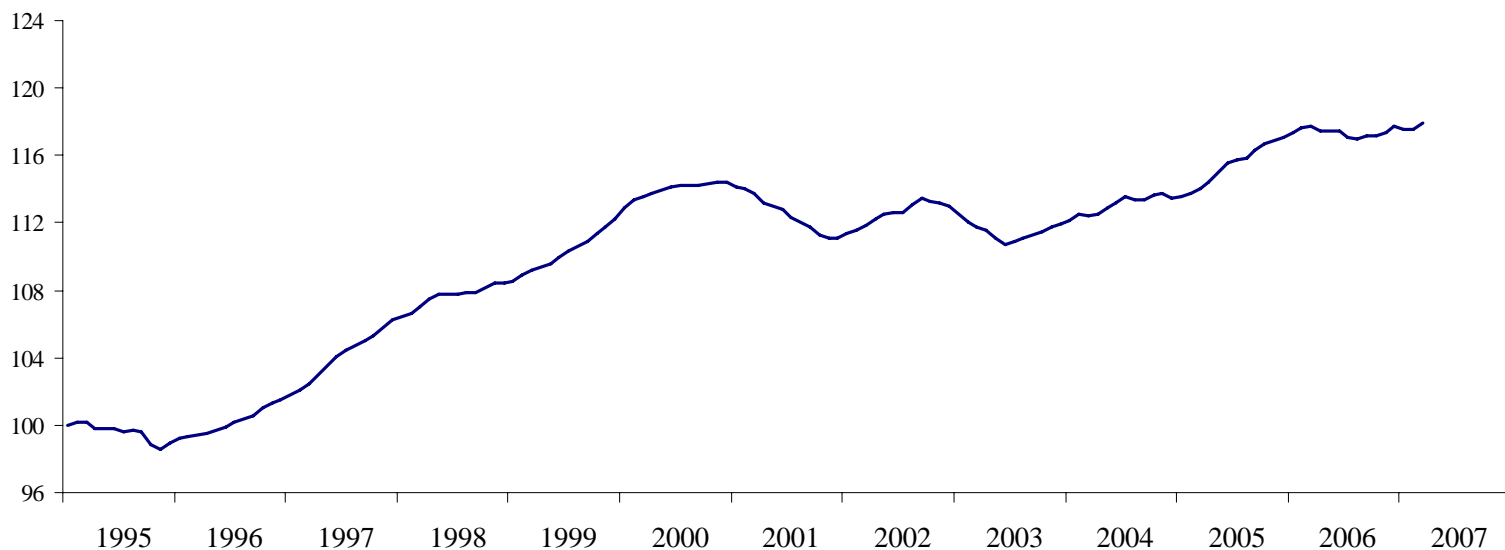
|               | Month-over-<br>Month Percent<br>Change | Index<br>(1994=100) |
|---------------|--|---------------------|
| <b>Mar-07</b> | 0.7                                    | 121.2               |
| <b>Feb-07</b> | 0.7                                    | 120.3               |
| <b>Jan-07</b> | 1.2                                    | 119.4               |
| <b>Dec-06</b> | -2.3                                   | 118.0               |
| <b>Nov-06</b> | -0.4                                   | 120.8               |
| <b>Oct-06</b> | 3.4                                    | 121.3               |
| <b>Sep-06</b> | 2.5                                    | 117.3               |
| <b>Aug-06</b> | -2.1                                   | 114.5               |
| <b>Jul-06</b> | 9.4                                    | 116.9               |
| <b>Jun-06</b> | -8.8                                   | 106.9               |
| <b>May-06</b> | -3.9                                   | 117.3               |
| <b>Apr-06</b> | 9.5                                    | 122.1               |
| <b>Mar-06</b> | -3.5                                   | 111.5               |

Notes: Seasonally and inflation adjusted data

Source: Texas Comptroller of Public Accounts

## El Paso Business-cycle Index

Index Jan-95=100



Source: Federal Reserve Bank of Dallas, El Paso Branch

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# ECONOMIC UPDATE: CD. JUAREZ

Juarez employment increased in April at a 1.2 percent annualized rate. So far in 2007, total payroll has increased by almost 2,400 jobs, a 0.6 percent growth rate. The job gains in April were widespread among sectors with the only exception being the agriculture and mining and manufacturing sectors, which registered 22.7 percent and 4.3 percent declines, respectively. In February, retail sales increased by 1.3 percent as

compared to the previous month. Please be advised that Maquiladora employment data in Mexico will not be published until sometime in 2008. As a result, we have to rely on U.S. and Mexico manufacturing production indices to assess the current conditions of the regional maquiladora activity. As the chart below shows, there is a close relationship between maquiladora employment and U.S. and Mexico manufacturing indices,

which have slowed over the past few months. The most recent data indicates that the U.S. manufacturing production index decreased by 2.1 percent in April, while Mexico's manufacturing index decreased by 0.4 percent in March. Therefore, the maquiladora industry in Ciudad Juarez is likely to slowdown in the next couple of months.

**Cd. Juarez Employment Growth**  
Month-over-Month Annualized Rates

|                                     | Nov-06 | Dec-06 | Jan-07 | Feb-07 | Mar-07 | Apr-07 |
|-------------------------------------|--------|--------|--------|--------|--------|--------|
| <b>Total</b>                        | 2.2    | 3.3    | 1.2    | 2.5    | 2.6    | 1.2    |
| <b>Goods Producing</b>              | 0.7    | 3.2    | 1.4    | 2.3    | -0.5   | -2.7   |
| Agriculture & Mining                | 20.7   | 18.7   | 7.9    | 8.8    | -20.5  | -22.7  |
| Manufacturing                       | -0.8   | 4.4    | 1.2    | 1.3    | -2.6   | -4.3   |
| Construction                        | 19.7   | -11.2  | 3.7    | 14.7   | 32.4   | 21.8   |
| <b>Service Providing</b>            | 5.7    | 7.3    | -0.7   | 5.0    | 3.1    | 10.1   |
| Transportation and Public Utilities | 48.3   | 24.8   | -9.0   | 9.5    | 5.0    | 9.7    |
| Trade                               | 3.7    | 3.2    | 9.5    | 12.2   | 9.5    | 5.6    |
| Services                            | 0.4    | 6.9    | -5.2   | -0.2   | -1.2   | 13.4   |

Note: Seasonally adjusted data

Source: Banco de Mexico, Sucursal Ciudad Juarez with data from Instituto Mexicano del Seguro Social

**Cd. Juarez Retail Sales**

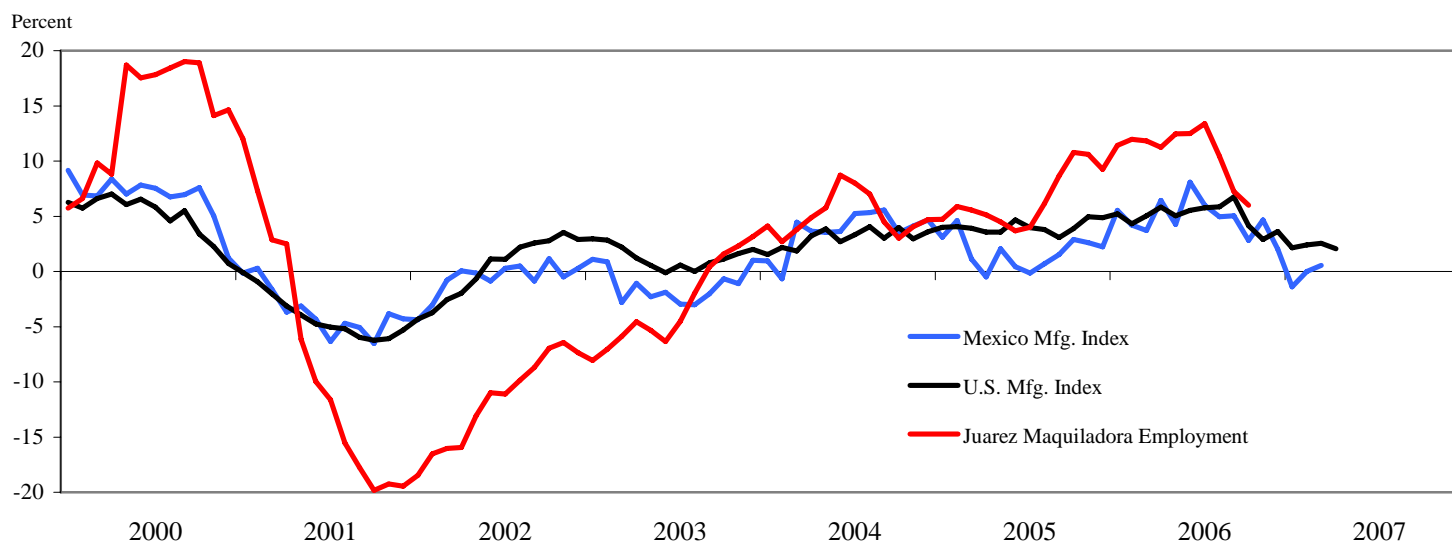
|               | Month-over-Month Percent Change | Index (2003=100) |
|---------------|---------------------------------|------------------|
| <b>Feb-07</b> | 1.3                             | 122.8            |
| <b>Jan-07</b> | 0.6                             | 121.2            |
| <b>Dec-06</b> | -0.1                            | 120.5            |
| <b>Nov-06</b> | -3.0                            | 120.6            |
| <b>Oct-06</b> | 0.7                             | 124.4            |
| <b>Sep-06</b> | 3.0                             | 123.5            |
| <b>Aug-06</b> | -0.4                            | 119.9            |
| <b>Jul-06</b> | 1.8                             | 120.5            |
| <b>Jun-06</b> | 1.9                             | 118.4            |
| <b>May-06</b> | -2.1                            | 116.2            |
| <b>Apr-06</b> | 3.4                             | 118.7            |
| <b>Mar-06</b> | -3.8                            | 114.9            |
| <b>Feb-06</b> | 4.1                             | 119.5            |

Notes: Seasonally and inflation adjusted data

Source: INEGI

**U.S. and Mexico Manufacturing Production Indices**

Year-over-Year



Notes: Seasonally adjusted data

Source: INEGI & Federal Reserve Bank of Dallas

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