

# ECONOMIC UPDATE: EL PASO

El Paso's non-farm employment increased in May at a 6 percent annualized rate. The sectors that registered most of the job gains were construction, trade, transportation and utilities, financial services, professional and business services and leisure and hospitality services. As a

result of the job gains, the unemployment rate declined in May to 5.5 percent, from 5.8 percent in April. Retail sales tax rebates fell 4.1 percent. El Paso's economy grew strongly in May, with the metro's business-cycle index increasing 4.9 percent. Gains in both service-

producing and goods-producing employment contributed to a total employment gain of 1,000 new jobs. Apparently, industrial activity is picking up in Ciudad Juárez; however, some contacts are still reporting mixed signals.

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

	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07
<b>Nonfarm Employment</b>	<b>7.0</b>	<b>-7.4</b>	<b>0.9</b>	<b>4.2</b>	<b>1.4</b>	<b>6.0</b>
<b>Goods Producing</b>	<b>11.2</b>	<b>-37.4</b>	<b>-10.5</b>	<b>0.0</b>	<b>-7.2</b>	<b>3.8</b>
Construction, Mining & Natural Resources	21.0	-54.2	0.0	10.6	0.0	10.5
Manufacturing	5.8	-24.8	-16.0	-5.7	-11.2	0.0
<b>Services Providing</b>	<b>6.4</b>	<b>-2.1</b>	<b>2.6</b>	<b>4.8</b>	<b>2.6</b>	<b>6.4</b>
Trade, Transportation & Utilities	2.1	-6.1	8.7	4.3	0.0	4.2
Information	28.1	0.0	0.0	-21.9	0.0	0.0
Financial Activities	0.0	0.0	0.0	24.2	23.7	11.1
Professional & Business Services	4.0	12.4	4.0	25.9	16.3	16.1
Educational & Health Services	-7.3	7.9	-3.7	3.8	-3.7	3.9
Leisure & Hospitality	9.6	-4.5	0.0	4.7	0.0	9.5
Other Services	0.0	-14.3	16.7	-14.3	0.0	0.0
Government	19.1	-7.5	0.0	-1.9	0.0	4.0
<b>Unemployment Rate</b>	<b>6.4</b>	<b>6.4</b>	<b>6.5</b>	<b>5.9</b>	<b>5.8</b>	<b>5.5</b>

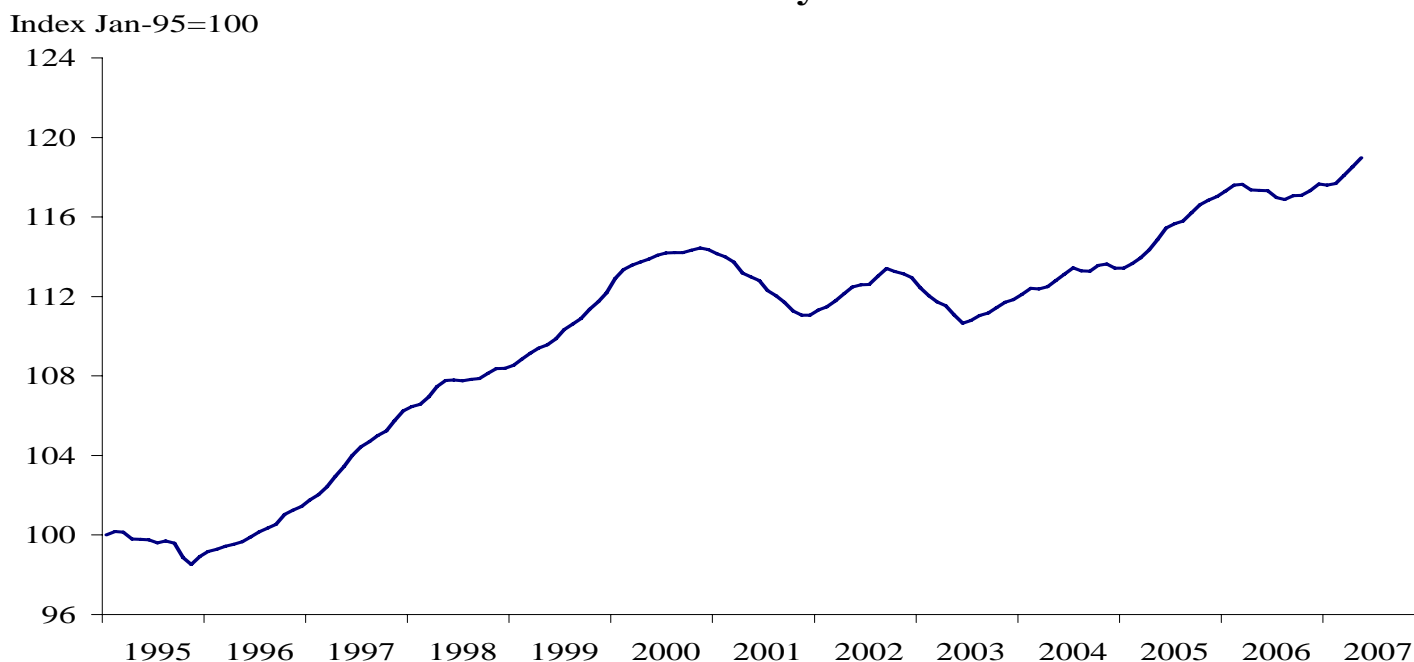
**Month-over-Month Percent Change**  
**Index (1994=100)**

<b>Apr-07</b>	-4.1	115.1
<b>Mar-07</b>	0.1	120.0
<b>Feb-07</b>	0.7	120.0
<b>Jan-07</b>	1.1	119.2
<b>Dec-06</b>	-2.4	117.9
<b>Nov-06</b>	-0.4	120.8
<b>Oct-06</b>	3.4	121.3
<b>Sep-06</b>	2.4	117.3
<b>Aug-06</b>	-2.1	114.5
<b>Jul-06</b>	9.4	117.0
<b>Jun-06</b>	-8.9	106.9
<b>May-06</b>	-5.3	117.3
<b>Apr-06</b>	12.1	124.0

Notes: Seasonally and inflation adjusted data

Source: Texas Comptroller of Public Accounts

**El Paso Business-cycle Index**



# ECONOMIC UPDATE: CD. JUAREZ

Juarez employment increased in May at a 2.8 percent annualized rate. So far in 2007, total payroll has increased by almost 3,300 jobs. The job gains in May were concentrated in construction, trade and services; growing at 33.5 percent, 9 percent and 25.6 percent respectively. In April,

retail sales fell 4.5 percent as compared to the previous month. U.S. industrial production registered a 1.6 percent year-over-year growth. As a result, Mexico's industrial production grew 1.2 percent. As the chart below shows, there is a close relationship between maquiladora employment and

U.S. and Mexico manufacturing indices, which apparently have recuperated, as the most recent data shows. Thus, the maquiladora industry in Ciudad Juarez is likely to follow suit in the next couple of months.

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

	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07
<b>Total</b>	<b>3.3</b>	<b>1.2</b>	<b>2.6</b>	<b>2.7</b>	<b>1.3</b>	<b>2.8</b>
<b>Goods Producing</b>	<b>3.2</b>	<b>1.4</b>	<b>2.2</b>	<b>-0.7</b>	<b>-4.0</b>	<b>-0.6</b>
Agriculture & Mining	16.9	10.1	8.6	-23.9	-15.6	-3.5
Manufacturing	4.3	1.3	1.2	-2.9	-5.7	-2.9
Construction	-11.2	3.0	15.0	34.8	22.5	33.5
<b>Service Providing</b>	<b>6.4</b>	<b>-0.3</b>	<b>5.7</b>	<b>5.7</b>	<b>9.8</b>	<b>16.7</b>
Transportation and Public Utilities	24.5	-8.5	10.1	4.9	9.2	0.3
Trade	3.1	9.3	12.1	9.5	5.7	9.0
Services	5.4	-4.6	0.9	3.5	12.7	25.6

Note: Seasonally adjusted data

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

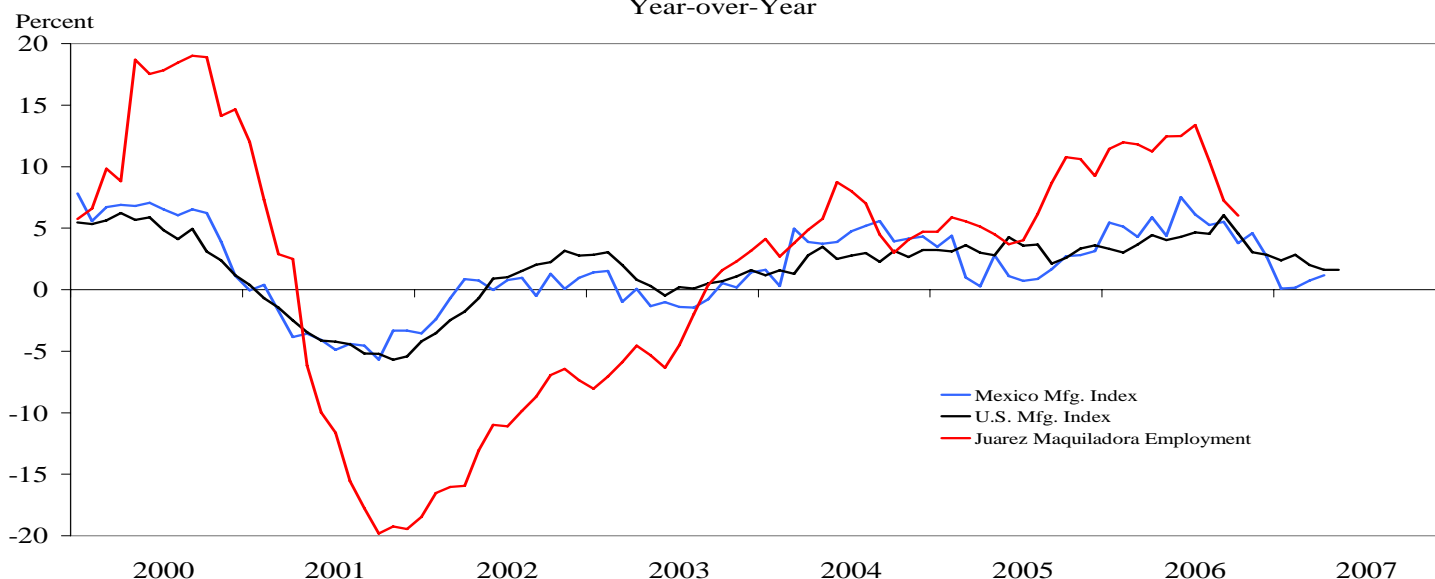
**Cd. Juarez Retail Sales**

	Month-over-Month Percent Change	Index (2003=100)
<b>Apr-07</b>	<b>-4.5</b>	<b>119.2</b>
<b>Mar-07</b>	<b>1.4</b>	<b>124.7</b>
<b>Feb-07</b>	<b>1.3</b>	<b>123.0</b>
<b>Jan-07</b>	<b>0.8</b>	<b>121.4</b>
<b>Dec-06</b>	<b>0.0</b>	<b>120.5</b>
<b>Nov-06</b>	<b>-3.0</b>	<b>120.4</b>
<b>Oct-06</b>	<b>0.7</b>	<b>124.1</b>
<b>Sep-06</b>	<b>2.9</b>	<b>123.2</b>
<b>Aug-06</b>	<b>-0.5</b>	<b>119.8</b>
<b>Jul-06</b>	<b>1.6</b>	<b>120.4</b>
<b>Jun-06</b>	<b>1.8</b>	<b>118.5</b>
<b>May-06</b>	<b>-2.7</b>	<b>116.3</b>
<b>Apr-06</b>	<b>4.3</b>	<b>119.5</b>

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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