

ECONOMIC UPDATE: EL PASO

El Paso non-farm employment declined in August at a 6.5 percent annualized rate. However, year-to-date El Paso has added almost 3,000 new jobs. The sectors that were responsible for the negative job postings were manufacturing, trade, transportation and utilities, professional and business services,

and government. Leisure and hospitality, and other services posted job gains while the rest of the sectors remained unchanged. In spite of the job losses in August, the unemployment rate declined to 5.4 percent, from 6 percent in July. In July, retail sales tax rebates increased significantly, by more than 12

percent, after posting a strong decline in June. The El Paso Business-cycle Index increased at a 3.4 percent annualized rate in July; however, once the August decline in employment is included in the computation of this index, it is likely that it will show a slower growth rate and perhaps even a negative growth rate.

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

	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07
Nonfarm Employment	0.9	1.8	4.6	6.0	5.5	-6.5
Goods Producing	-3.5	-6.9	3.6	11.2	-13.2	-6.9
Construction, Mining & Natural Resources	0.0	0.0	0.0	31.0	-16.4	0.0
Manufacturing	-5.6	-11.0	6.0	0.0	-11.0	-11.2
Services Providing	1.6	3.1	4.7	5.2	8.5	-6.4
Trade, Transportation & Utilities	2.1	0.0	8.5	2.1	4.2	-7.8
Information	-21.9	0.0	28.1	0.0	0.0	0.0
Financial Activities	24.1	23.7	11.0	-9.9	0.0	0.0
Professional & Business Services	12.1	16.3	11.8	11.7	11.6	-3.6
Educational & Health Services	0.0	-3.7	-10.9	3.9	3.9	0.0
Leisure & Hospitality	0.0	0.0	4.7	4.7	0.0	4.6
Other Services	-14.0	0.0	0.0	16.3	0.0	16.1
Government	-1.9	2.0	4.0	8.1	21.3	-17.5
Unemployment Rate	5.9	5.8	5.5	5.8	6.0	5.4

Notes: Seasonally adjusted data

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

El Paso Sales Tax Rebates

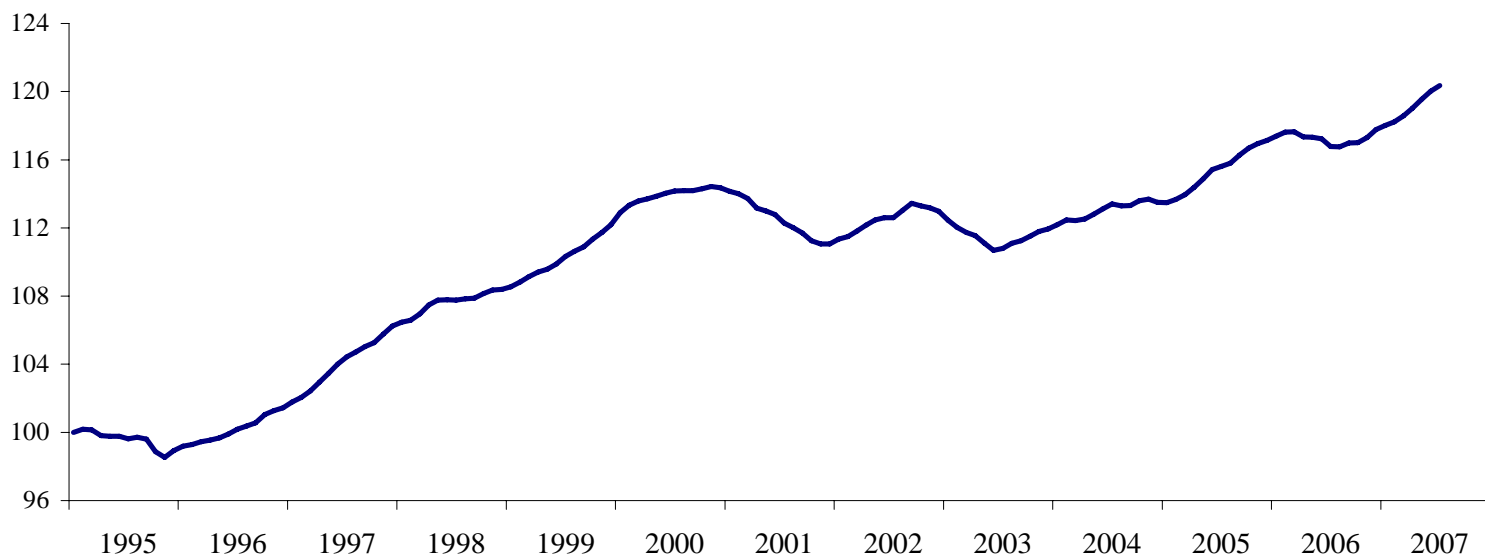
	Month-over-Month Percent Change	Index (1994=100)
Jul-07	12.4	122.0
Jun-07	-13.2	108.6
May-07	9.1	125.1
Apr-07	-4.8	114.7
Mar-07	0.8	120.5
Feb-07	0.7	119.5
Jan-07	1.1	118.7
Dec-06	-2.5	117.4
Nov-06	-0.4	120.3
Oct-06	3.4	120.8
Sep-06	2.4	116.9
Aug-06	-1.2	114.1
Jul-06	4.5	115.5

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

Research Department
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ECONOMIC UPDATE: CD. JUAREZ

Juarez employment increased in August at a 4.4 percent annualized rate. So far in 2007, total payroll has increased by almost 8,500 jobs. The job gains in August were widespread across sectors, with only the agriculture and mining, and trade sectors posting job losses of 5.3

percent and 2.4 percent, respectively. In July, retail sales decreased by 1.8 percent, after showing growth in June. U.S. industrial production registered a 1.7 percent year-over-year growth in August. Mexico's industrial production grew at a rate of 1.9 percent in July. As the chart below

shows, there is a close relationship between maquiladora employment and U.S. and Mexico manufacturing indices, which are growing at a slower rate, 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

	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07
Total	2.6	1.3	3.1	4.2	6.9	4.4
Goods Producing	-0.7	-3.9	0.4	5.8	12.3	3.0
Agriculture & Mining	-21.5	-12.8	6.1	21.8	6.5	-5.3
Manufacturing	-2.8	-5.4	-1.6	6.0	15.2	2.7
Construction	32.2	19.1	27.0	1.7	-16.9	8.4
Service Providing	4.8	12.1	14.3	0.2	-8.5	8.3
Transportation and Public Utilities	5.9	10.0	0.7	5.2	10.6	34.2
Trade	9.2	5.3	8.1	-2.1	5.1	-2.4
Services	1.7	17.3	21.6	0.8	-19.6	11.1

Note: Seasonally adjusted data

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

Cd. Juarez Retail Sales

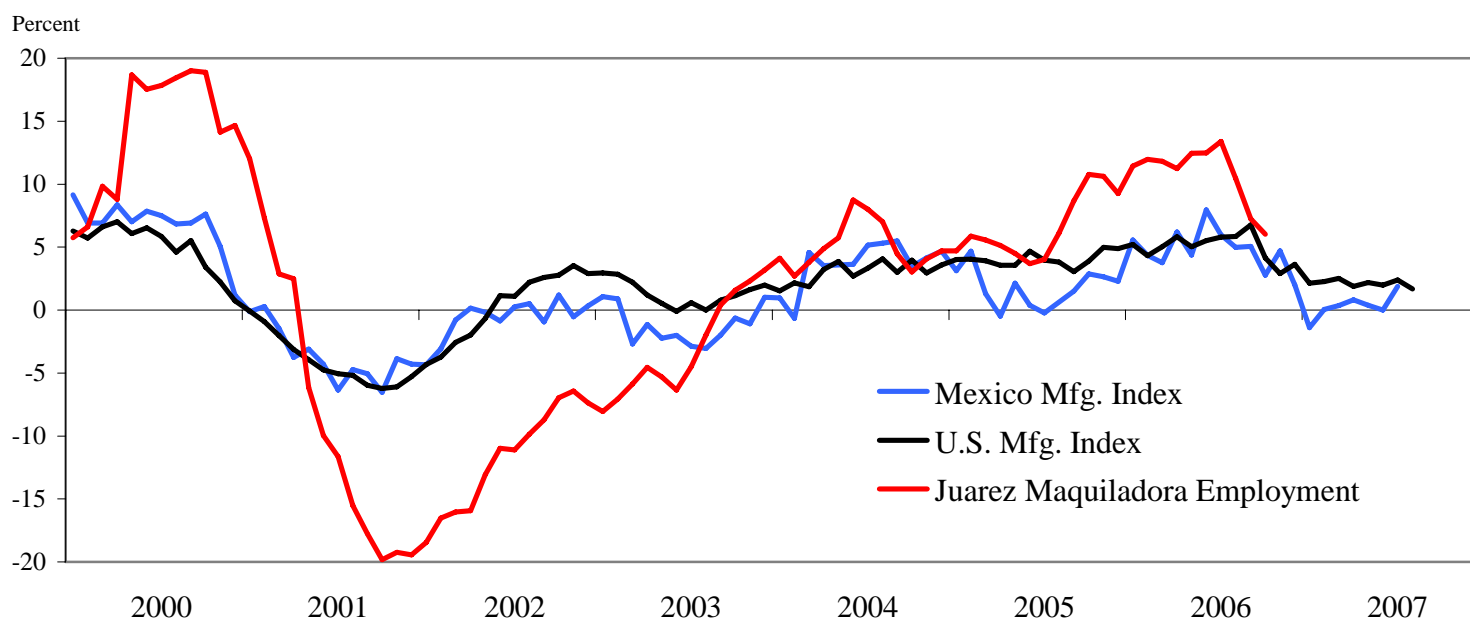
	Month-over-Month Percent Change	Index (2003=100)
Jul-07	-1.8	130.9
Jun-07	2.4	133.4
May-07	10.3	130.3
Apr-07	-6.1	118.1
Mar-07	1.8	125.8
Feb-07	1.5	123.6
Jan-07	0.9	121.8
Dec-06	0.1	120.7
Nov-06	-2.9	120.6
Oct-06	0.8	124.2
Sep-06	3.0	123.2
Aug-06	-0.4	119.6
Jul-06	2.2	120.2

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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