

ECONOMIC UPDATE: EL PASO

El Paso nonfarm employment increased 3.9 percent in July. Year to date, El Paso has added 4,700 new jobs. During July, the job gains were in the service producing sectors with government leading at 13.5 percent annualized growth. Construction

grew 8.1 percent followed by leisure and hospitality, educational and health services, and business services which grew 4.5 percent, 3.8 percent, and 3.6 percent respectively. The unemployment rate increased to 5.9 percent, from 5.7 percent in June

while retail sales tax rebates fell by 0.7 percent. El Paso's business-cycle index increased 3.1 percent in July outperforming the nation as the U.S. economy barely grows.

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

	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08
Nonfarm Employment	4.8	-3.4	1.3	0.0	6.6	3.9
Goods Producing	10.5	-9.5	-6.5	-6.5	0.0	0.0
Construction, Mining & Natural Resources	16.9	-7.5	-7.5	0.0	8.1	8.1
Manufacturing	6.0	-11.0	-5.7	-11.2	-5.8	-5.8
Services Providing	4.0	-2.4	2.5	1.0	7.6	4.5
Trade, Transportation & Utilities	-5.7	-2.0	-3.9	2.0	4.0	0.0
Information	0.0	22.8	0.0	0.0	0.0	0.0
Financial Activities	-9.3	10.3	10.2	0.0	10.1	0.0
Professional & Business Services	19.8	3.7	7.4	3.6	3.6	3.6
Educational & Health Services	7.7	-13.9	3.8	0.0	3.8	3.8
Leisure & Hospitality	-8.3	-8.4	4.5	0.0	4.5	4.5
Other Services	56.4	-13.7	0.0	-13.8	0.0	-14.0
Government	7.7	0.0	3.8	1.9	17.9	13.5
Unemployment Rate	5.3	5.6	5.2	5.6	5.7	5.9

Notes: Seasonally adjusted data

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

El Paso Sales Tax Rebates

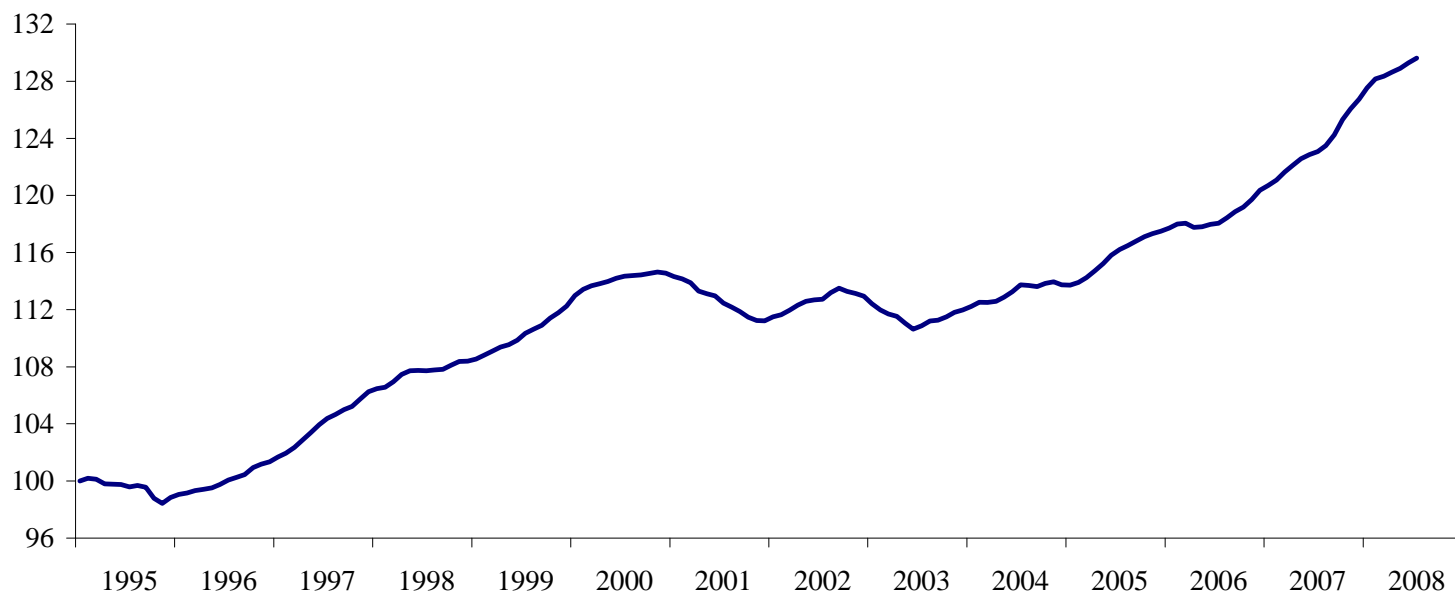
	Month-over-Month Percent Change	Index (1994=100)
Jun-08	120.0	-0.7
May-08	120.9	-0.9
Apr-08	122.0	1.9
Mar-08	119.7	0.3
Feb-08	119.3	-1.4
Jan-08	121.1	-1.2
Dec-07	122.6	2.5
Nov-07	119.6	-3.0
Oct-07	123.2	4.2
Sep-07	118.2	-4.1
Aug-07	123.2	0.5
Jul-07	122.5	11.0
Jun-07	110.4	-11.0

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
El Paso Branch
Federal Reserve Bank of Dallas
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ECONOMIC UPDATE: CD. JUAREZ

Juarez continued posting job losses in April, at an 8.1 percent annualized rate. Year-to-date, employment is down by more than 8,000 jobs, a 2.2 percent decline. During April, job losses were concentrated in the goods producing sector, with manufacturing posting the largest decline at 16.9 percent annualized rate. In May,

retail sales fell by 1.5 percent. U.S. industrial production registered a 0.2 percent year-over-year fall in July, after growing at a decreasing rate over the last six months. Mexico's industrial production fell for the second consecutive month at 0.4 percent in June. As the chart below shows, there is a close relationship

between maquiladora employment and U.S. and Mexico manufacturing indices, which have posted sluggish growth rates in the recent months; thus, it is likely that the maquiladora industry in Ciudad Juarez will continue to follow suit in the next few months.

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

	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08
Total	-1.4	0.6	-4.8	-3.4	-8.9	-8.1
Goods Producing	-4.7	-2.0	-9.7	-8.5	-11.5	-16.2
Agriculture & Mining	-21.4	2.7	-3.0	16.6	3.3	-12.8
Manufacturing	-4.9	-5.1	-12.6	-10.9	-8.9	-16.9
Construction	-1.6	46.8	33.7	22.1	-37.2	-6.8
Service Providing	5.8	6.9	6.1	7.8	-3.5	10.5
Transportation and Public Utilities	-6.6	0.9	-3.3	15.3	5.9	4.7
Trade	15.5	5.5	9.5	1.4	-5.7	1.1
Services	2.2	9.2	5.7	10.8	-3.7	18.6

Note: Seasonally adjusted data

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

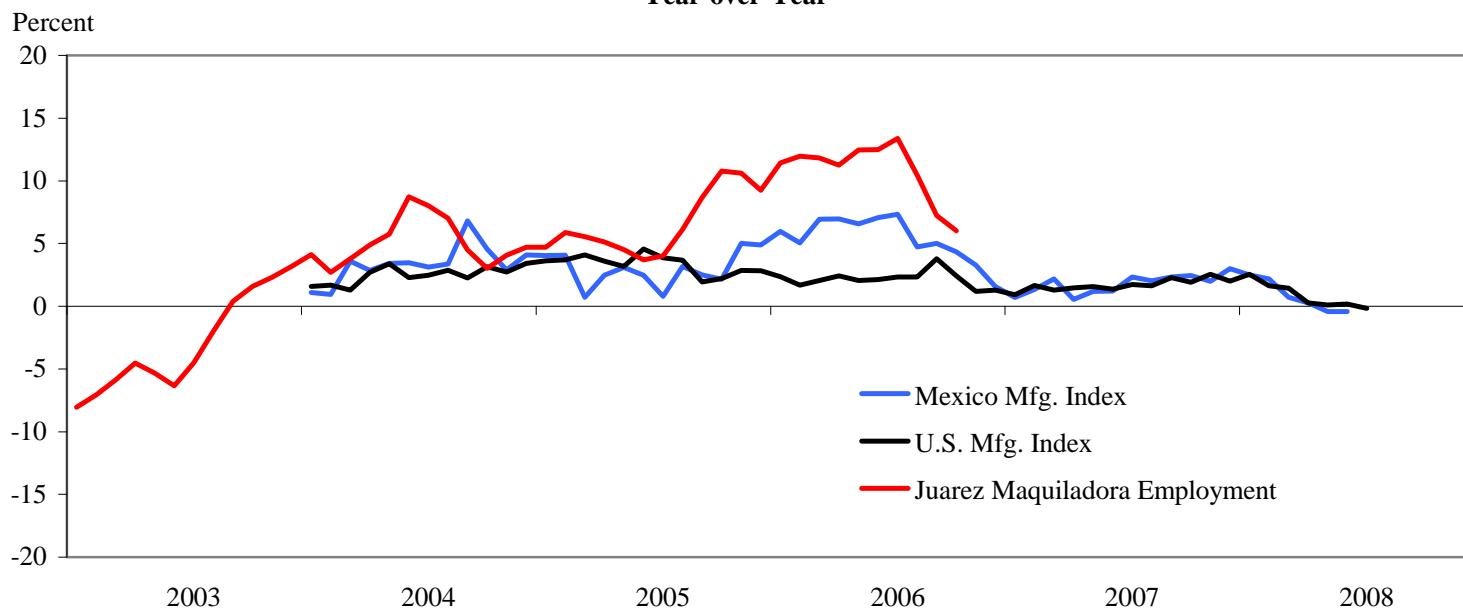
Month-over-Month Percent Change
Index (2003=100)

	Month-over-Month Percent Change	Index (2003=100)
May-08	124.6	-1.5
Apr-08	126.6	-3.9
Mar-08	131.7	1.0
Feb-08	130.5	-1.2
Jan-08	132.1	8.4
Dec-07	121.9	-7.7
Nov-07	132.0	2.0
Oct-07	129.4	-2.3
Sep-07	132.4	-0.8
Aug-07	133.5	2.3
Jul-07	130.4	-2.0
Jun-07	133.1	1.6
May-07	131.1	10.5

Notes: Seasonally and inflation adjusted data

Source: INEGI

U.S. and Mexico Manufacturing Production Indices
Year-over-Year



Note: Seasonally adjusted data

Source: INEGI & Federal Reserve Bank of Dallas

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