

## Economic Activity

### El Paso Business-Cycle Index

Index, January 2000 = 100



► Economic activity in the El Paso metropolitan area continues to expand at a moderate pace, according to the Federal Reserve Bank of Dallas' El Paso Business-Cycle Index. During December the index registered 0.6 percent annualized growth; over the past year, the index indicated the El Paso economy expanded 1.4 percent.

► The recent increase in U.S. industrial production should continue to benefit maquiladora payrolls in Ciudad Juárez, Mexico. However, the local economy continues to be negatively impacted by recent cuts to government expenditures.

## Labor Market

### Employment Growth (Month-over-month annualized rates)

<i>El Paso</i>	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
<b>Nonfarm employment</b>	<b>5.6</b>	<b>1.7</b>	<b>-3.7</b>	<b>3.0</b>	<b>0.8</b>	<b>-0.4</b>
<b>Goods producing</b>	<b>8.0</b>	<b>8.0</b>	<b>7.9</b>	<b>-3.7</b>	<b>-20.7</b>	<b>-3.8</b>
Construction, mining & natural res.	19.8	0.0	0.0	-8.6	-16.6	-8.8
Manufacturing	0.0	14.4	14.3	-6.4	-18.3	0.0
<b>Services providing</b>	<b>5.3</b>	<b>0.9</b>	<b>-5.1</b>	<b>3.8</b>	<b>3.8</b>	<b>0.0</b>
Trade, transportation & utilities	4.1	-2.0	-4.0	10.6	17.4	2.0
Information	0.0	0.0	-21.2	0.0	0.0	-21.5
Financial activities	0.0	0.0	0.0	10.0	0.0	0.0
Professional & business services	-4.1	0.0	8.7	13.1	8.5	-7.8
Educational & health services	-16.7	3.1	-6.0	-6.0	0.0	3.1
Leisure & hospitality	21.1	3.9	-10.8	16.4	0.0	3.8
Other services	11.7	-19.9	-10.7	-10.8	-10.8	0.0
Government	15.4	3.6	-5.2	-3.5	-1.8	1.8
<b>Unemployment rate</b>	<b>8.7</b>	<b>8.6</b>	<b>8.9</b>	<b>8.9</b>	<b>8.8</b>	<b>8.6</b>
<b>Midland-Odessa</b>						
<b>Nonfarm employment</b>	<b>6.9</b>	<b>2.3</b>	<b>3.0</b>	<b>6.9</b>	<b>14.9</b>	<b>-0.7</b>
<b>Unemployment rate</b>	<b>3.5</b>	<b>3.4</b>	<b>3.5</b>	<b>3.5</b>	<b>3.5</b>	<b>3.5</b>
<b>Las Cruces</b>						
<b>Nonfarm employment</b>	<b>-12.9</b>	<b>3.5</b>	<b>-11.5</b>	<b>7.2</b>	<b>10.9</b>	<b>n.a.</b>
<b>Unemployment rate</b>	<b>7.6</b>	<b>7.4</b>	<b>7.3</b>	<b>7.3</b>	<b>7.3</b>	<b>n.a.</b>

NOTE: Seasonally adjusted.

► El Paso's nonfarm employment decreased in December at a 0.4 percent annualized rate. Job losses were concentrated in the information, construction, and professional and business services sectors. From December 2012 to December 2013, the private sector added 1,900 jobs while the government sector lost 1,000 jobs.

► El Paso's December unemployment rate stood at 8.6 percent. The Texas unemployment rate for December was 6.0 percent, while the national rate was 6.7 percent.

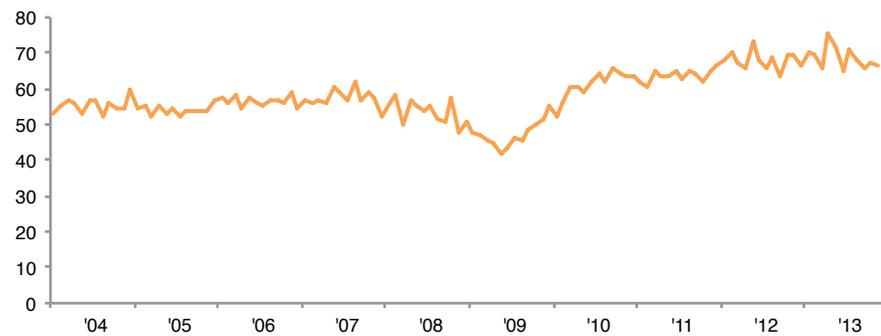
► Midland-Odessa, Texas, employment decreased in December at a 0.7 percent annualized rate, and the unemployment rate stood at 3.5 percent.

► Nonfarm employment in Las Cruces, N.M., grew at a 10.9 percent annualized rate in November, the last reading available. The unemployment rate for November stood at 7.3 percent. For November, the New Mexico unemployment rate was 6.4 percent.

## Trade Flows

### El Paso Total Trade

Billions of real dollars\*



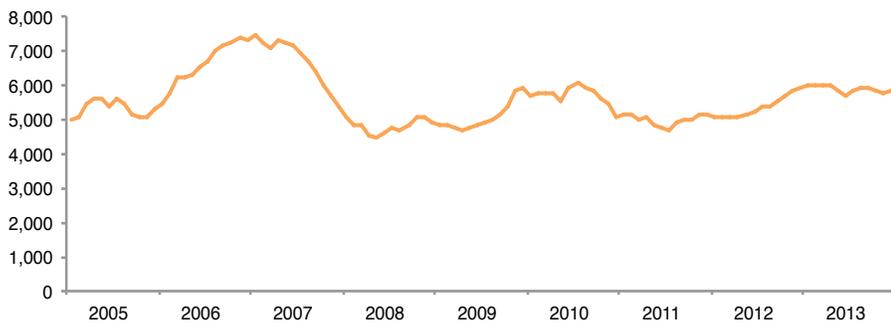
\*Seasonally adjusted, annual rates.

► Trade flows through the El Paso port of entry decreased in November at a 4.7 percent rate on a 12-month basis. As of November, total trade (exports plus imports) was more than \$66 billion annualized, below the \$70 billion level in November 2012. Despite the decrease, the level of trade has remained healthy; this is likely the result of increased maquiladora activity in Juárez.

## Regional Housing Markets

### El Paso Home Sales

Annual rate\*



\*Seasonally adjusted; six-month moving average.

► In December, El Paso home sales increased 1.9 percent on a 12-month basis. The median home price in December was \$146,100. Inventory levels continue on an upward trend and stood at 7.6 months compared with 7.3 months in January of this year.

► The Midland–Odessa housing sector continues to improve, although growth in home sales has decelerated. Building permits have continued to grow at double-digit rates over the past several months.

## Conditions in Chihuahua and Ciudad Juárez

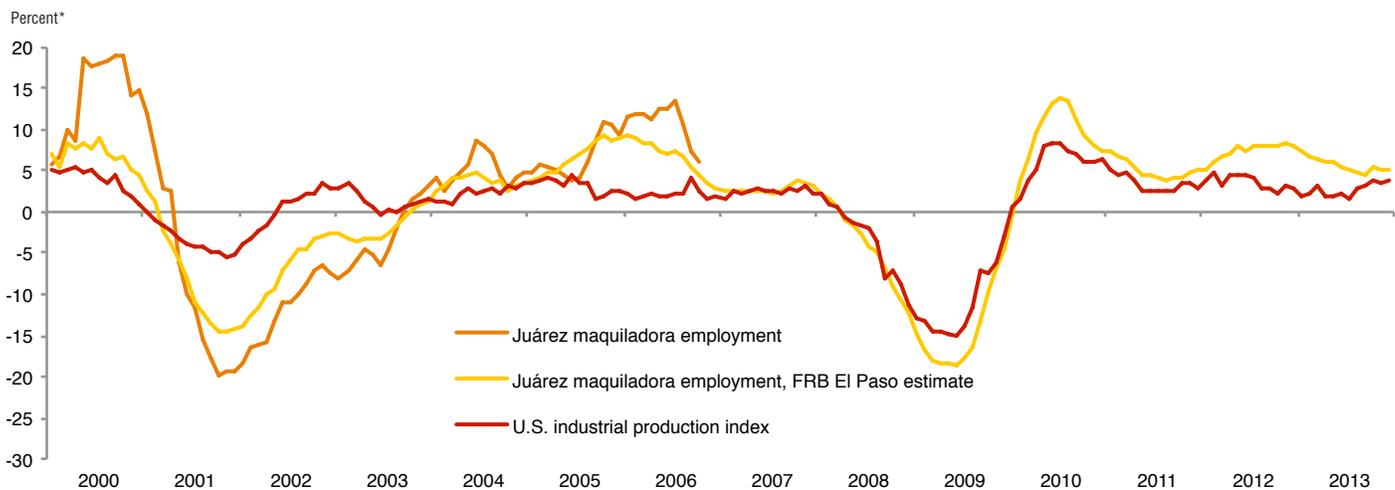
► U.S. industrial production increased in December at a 4 percent annualized rate. The Institute for Supply Management manufacturing index and its associated new-orders index, a leading indicator of industrial activity, continued to signal expansion in the industrial sector in December. Formal manufacturing employment in the Mexican state of Chihuahua, meanwhile, is up 4.9 percent year to date as of December.

► The Dallas Fed developed a model—based on the U.S. industrial production index and Chihuahua manufacturing employment—that has tracked maquiladora employment in the Chihuahua city of Juárez since 2006, when Mexico changed the methodology for maquiladora industry sta-

tistics. The model indicates that the recent pickup in U.S. industrial production is benefiting Juárez maquiladoras. In 2012, maquiladoras south of the Rio Grande turned in strong job growth of 8 percent, representing more than 18,000 new jobs. From December 2012 to December 2013, maquiladoras added over 12,500 jobs.

► U.S. auto and light truck production have remained around 11 million units annualized during the last several months. Furthermore, U.S. auto sales remained at a healthy level at 15 million on an annual basis, in December. This is good news for the local economy because roughly half of the maquiladoras across the Rio Grande are auto related.

### U.S. Manufacturing and Ciudad Juárez Maquiladora Employment



\*Year-over-year change; seasonally adjusted.

#### SOURCES

El Paso Business-Cycle Index: Federal Reserve Bank of Dallas, El Paso Branch.

Labor market: Federal Reserve Bank of Dallas; Bureau of Labor Statistics.

El Paso total trade: Census Bureau, Foreign Trade Division.

Home sales: Texas A&M University Real Estate Center.

U.S. manufacturing and maquiladora employment: Instituto Nacional de Estadística y Geografía; Federal Reserve Board; Federal Reserve Bank of Dallas, El Paso Branch.

Questions regarding *El Paso Economic Indicators* can be addressed to Avilia Bueno at [avilia.bueno@dal.frb.org](mailto:avilia.bueno@dal.frb.org).