

Economic Activity

El Paso Business-Cycle Index



► Economic activity in the El Paso metropolitan area continues to expand, according to the Federal Reserve Bank of Dallas' El Paso Business-Cycle Index. The index advanced at an annualized rate of 3.0 percent in August, stronger than the 2.0 percent annualized rate seen in July.

Labor Market

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

<i>El Paso</i>	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
Nonfarm employment	0.4	5.5	3.8	6.4	-3.6	2.9
Goods producing	0.0	8.2	-7.6	8.2	-14.7	-7.7
Construction, mining & natural res.	9.6	0.0	0.0	19.9	-16.6	0.0
Manufacturing	-6.8	7.2	-6.8	0.0	-13.2	-13.3
Services providing	0.0	5.2	5.2	6.1	-2.3	4.2
Trade, transportation & utilities	3.9	9.9	11.9	-1.9	-3.7	-3.7
Information	-18.8	0.0	0.0	-19.1	0.0	0.0
Financial activities	0.0	0.0	10.7	0.0	0.0	10.6
Professional & business services	-11.4	37.6	8.2	8.1	4.0	16.6
Educational & health services	0.0	0.0	3.0	3.0	3.0	6.1
Leisure & hospitality	16.3	3.8	0.0	3.8	3.8	0.0
Other services	0.0	0.0	0.0	-12.4	0.0	0.0
Government	-1.8	-3.5	1.8	19.4	-10.0	9.2
Unemployment rate	7.6	7.2	7.3	7.1	7.3	7.4
Midland-Odessa						
Nonfarm employment	6.1	6.8	0.7	11.5	7.5	2.2
Unemployment rate	3.1	2.8	2.9	2.8	2.9	2.9
Las Cruces						
Nonfarm employment	0.4	-2.7	-2.1	11.1	9.2	-8.3
Unemployment rate	7.7	7.5	7.3	7.2	7.1	NA

*Seasonally adjusted.

► El Paso's nonfarm employment registered a 2.9 percent annualized gain in August as growth in the service-providing sector offset a decline in the goods-producing sector. El Paso has added over 4,000 jobs year to date.

► Despite the job gains in August, El Paso unemployment inched up to 7.4 percent from 7.3 percent in July. The August increase is likely due to a more robust labor market, which has incentivized more El Pasoans to begin looking for jobs. The Texas unemployment rate edged up to 5.3 percent, while the national rate stood at 6.1 percent.

► Midland-Odessa, Texas, employment increased in August at a 2.2 percent annualized rate, while the unemployment rate held steady at 2.9 percent.

► Nonfarm employment in Las Cruces, N.M., slowed at an 8.3 percent annualized rate in August. The unemployment rate for July stood at 7.1 percent. The New Mexico unemployment rate was 6.7 percent.

Trade Flows

El Paso Total Trade



*Seasonally adjusted, annualized.

► Trade flows through the El Paso port of entry in July moved up 6.5 percent from June, as strong growth in imports offset a decline in exports. Total trade (exports plus imports) was \$74.3 billion annualized, compared with \$72.2 billion in July 2013.

Regional Housing Markets

El Paso Home Sales



*Seasonally adjusted; six-month moving average.

► August homes sales in El Paso stood at an annual pace of 6,000, unchanged from a year earlier. Meanwhile, the median home price declined slightly to \$155,600, and inventory levels rose to 8.3 months from 7.7 months a year earlier.

► In Midland-Odessa, housing activity remains strong. Home sales were up 4.0 percent from a year earlier, while prices also gained strength and were reported at \$220,504.

Conditions in Chihuahua and Ciudad Juárez

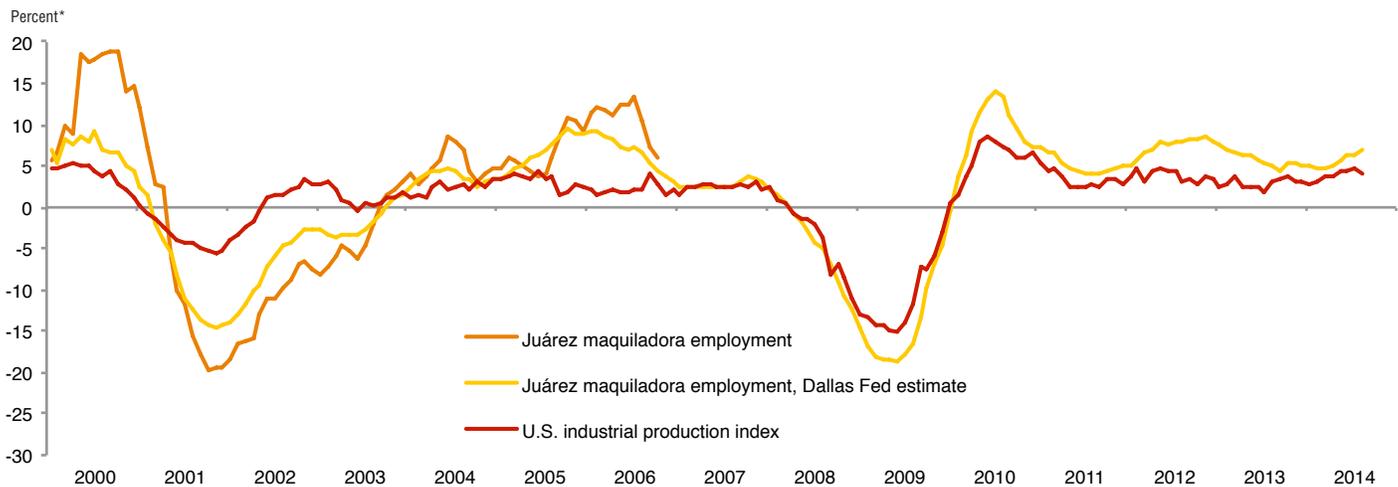
► U.S. industrial production ticked down in August; however, the Institute for Supply Management manufacturing index and its associated new-orders index, a leading indicator of industrial activity, continued to signal expansion in the sector in August.

► Maquiladoras south of the Rio Grande continue to add jobs, according to a Dallas Fed model based on the U.S. industrial production index and Chihuahua manufacturing employment. The model has been used to track maquiladora employment in the Chihuahua city of Juárez since Mexico changed its methodology in 2006. According to the model, over 15,000 jobs have been added year to date in Juárez. Meanwhile, formal manu-

facturing employment in the Mexican state of Chihuahua has increased 6.7 percent over the same time period.

► U.S. auto and light truck production edged down in August to 11.4 million, while U.S. auto sales surged to 17.4 million on an annual basis. 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.

NOTE: Data may not match previously published numbers due to data revisions.

SOURCES: **El Paso Business-Cycle Index:** Federal Reserve Bank of Dallas; **labor market:** Federal Reserve Bank of Dallas and 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 and Federal Reserve Bank of Dallas, El Paso Branch.

Questions regarding *El Paso Economic Indicators* can be addressed to Marycruz De León at marycruz.deleon@dal.frb.org.