

ECONOMIC UPDATE: EL PASO

El Paso non-farm employment declined in January at a 4.8 percent annualized rate, after posting gains for five consecutive months. The sectors that registered the biggest declines were construction, mining and natural resources, manufacturing and other services. On the other hand,

professional and business services, government, educational and health services, and trade, transportation and utilities posted job gains. In spite of the job losses, the unemployment rate remained unchanged in January at 6.4 percent. In January, retail sales tax rebates decreased by 1.2 percent. As

a result of the job market weakness, the El Paso Business-cycle Index increased slightly at a 0.6 percent annualized rate in January, suggesting that the El Paso economy slowed down during the month.

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

	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07
Nonfarm Employment	8.0	2.7	7.0	1.8	3.6	-4.8
Goods Producing	-9.5	-18.3	7.0	-3.3	7.0	-42.4
Construction, Mining & Natural Resources	9.1	-8.4	19.0	0.0	9.0	-58.9
Manufacturing	-19.4	-24.0	0.0	-5.4	5.7	-28.7
Services Providing	11.1	6.5	7.0	2.6	3.1	2.6
Trade, Transportation & Utilities	6.4	8.6	6.3	-2.0	0.0	2.1
Information	0.0	29.4	-22.7	66.6	0.0	0.0
Financial Activities	0.0	11.7	-10.5	11.7	-10.5	0.0
Professional & Business Services	27.5	4.1	-24.7	4.2	0.0	17.6
Educational & Health Services	11.7	-16.9	-7.2	3.8	0.0	3.8
Leisure & Hospitality	-4.6	15.1	4.8	4.7	0.0	-4.5
Other Services	0.0	0.0	0.0	0.0	16.5	-26.5
Government	19.8	14.9	47.3	0.0	12.0	3.8
Unemployment Rate	6.8	6.8	6.7	6.6	6.4	6.4

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-

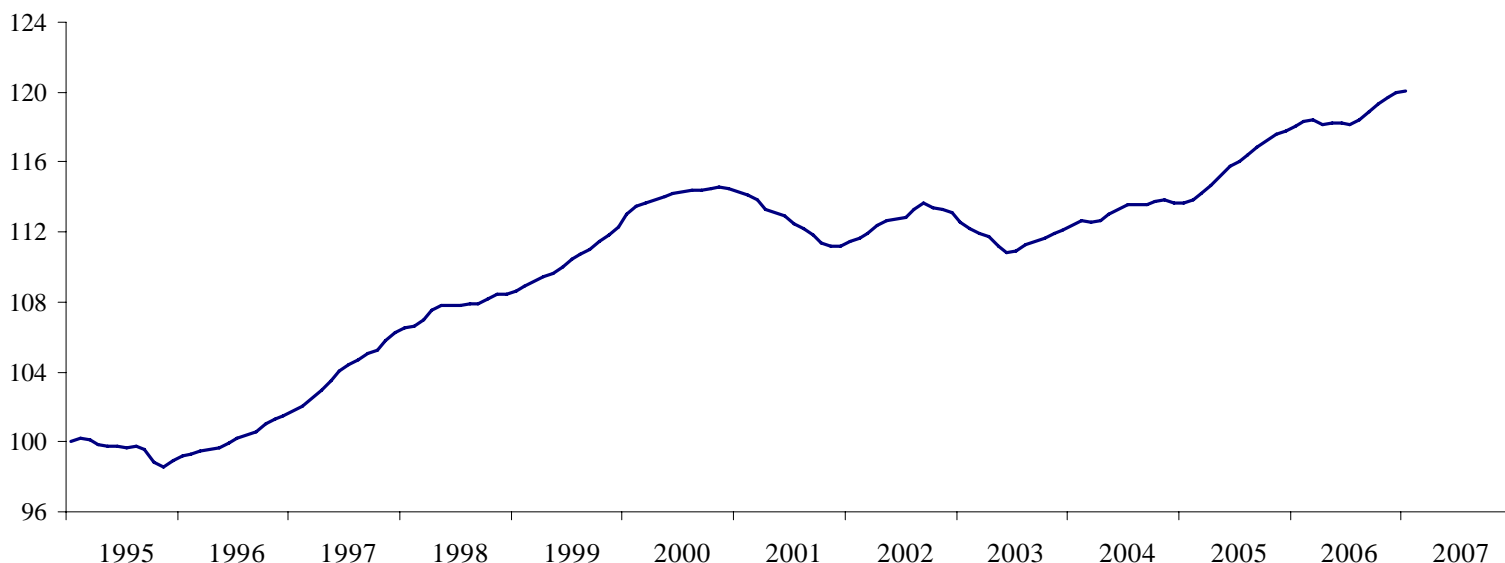
	Month Percent Change	Index (1994=100)
Jan-07	1.2	119.2
Dec-06	-2.3	117.9
Nov-06	-0.4	120.7
Oct-06	3.4	121.2
Sep-06	2.5	117.1
Aug-06	-2.1	114.3
Jul-06	9.4	116.8
Jun-06	-8.8	106.8
May-06	-3.9	117.2
Apr-06	8.8	122.0
Mar-06	-3.4	112.1
Feb-06	2.6	116.0
Jan-06	-0.5	113.0

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
March 27, 2007

ECONOMIC UPDATE: CD. JUAREZ

Juarez employment increased in February at a 2.5 percent annualized rate. So far in 2007, total payroll has increased by more than 1,000 jobs, a 0.3 percent growth rate. The job gains in February were widespread among sectors with the only exception being services, which registered a 1.1 percent decline. In December, retail sales slightly decreased by 0.2 percent as compared to the previous month.

Please be advised that Maquiladora employment data in Mexico will not be published until sometime in 2008. As a result, to assess the current conditions of the regional maquiladora activity we have to rely on U.S. and Mexico manufacturing production indices. As the chart below shows, there is a close relationship between maquiladora employment and U.S. and Mexico manufacturing indices,

which have slowed over the past few months. The most recent data indicates that the U.S. manufacturing production index increased by 0.33 percent in February, while Mexico's manufacturing index decreased by 1.2 percent in January. Therefore, the maquiladora industry in Ciudad Juarez is likely to slowdown in the next couple of months.

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

	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07
Total	0.3	-2.5	1.9	3.0	1.0	2.5
Goods Producing	-1.3	-9.9	0.3	2.7	1.2	2.7
Agriculture & Mining	6.0	8.8	19.9	15.5	9.9	15.0
Manufacturing	-3.6	-9.8	-1.0	3.9	1.2	2.1
Construction	33.5	-12.5	17.9	-12.3	1.0	9.9
Service Providing	8.4	16.1	5.2	5.8	-0.3	4.5
Transportation and Public Utilities	0.4	35.0	50.4	23.2	-8.3	11.3
Trade	1.1	7.6	3.4	3.0	9.0	11.7
Services	15.1	18.6	-0.6	4.5	-4.4	-1.1

Note: Seasonally adjusted data

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

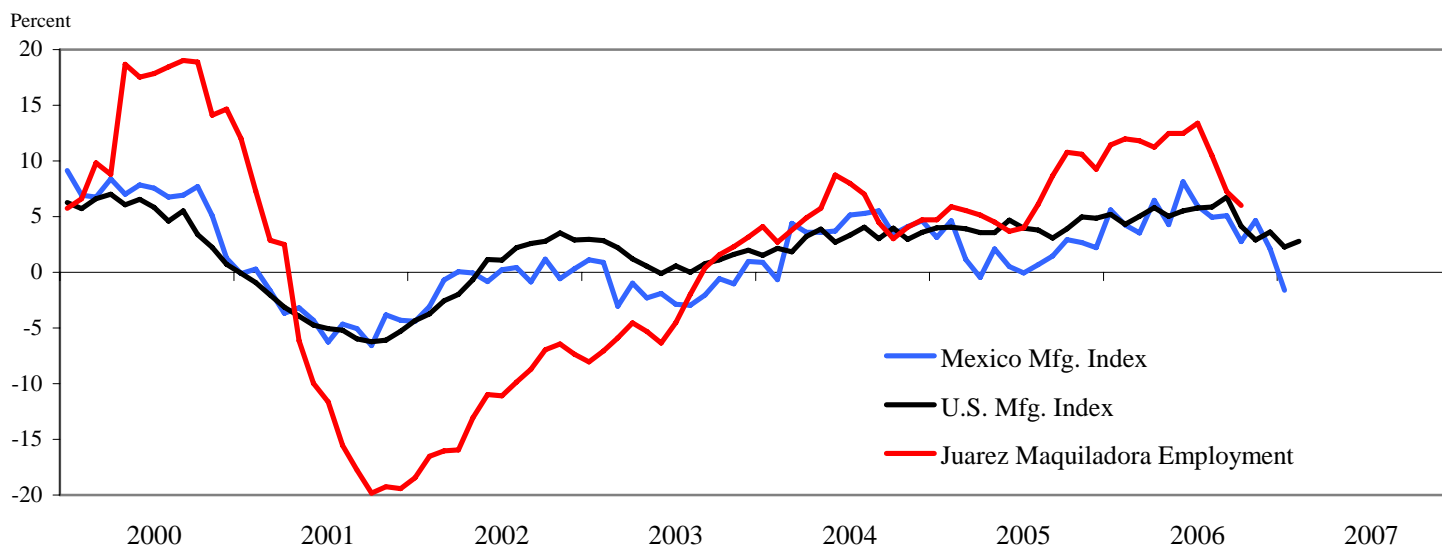
Cd. Juarez Retail Sales

	Month-over-Month Percent Change	Index (2003=100)
Dec-06	-0.2	120.3
Nov-06	-3.1	120.5
Oct-06	0.7	124.3
Sep-06	3.0	123.5
Aug-06	-0.5	119.9
Jul-06	1.5	120.5
Jun-06	2.2	118.7
May-06	-2.1	116.2
Apr-06	3.4	118.7
Mar-06	-5.1	114.8
Feb-06	6.4	121.0
Jan-06	-1.5	113.7
Dec-05	0.9	115.4

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

Research Department
El Paso Branch
Federal Reserve Bank of Dallas
March 27, 2007