

ECONOMIC UPDATE: CD. JUAREZ

Juarez employment increased in September at a 6.6 percent annualized rate. Year to date, total payroll has increased by almost 10,500 jobs. The job gains in September were widespread across sectors, with only the agriculture and mining, and services sectors posting job losses of 20.6 percent and 3.9 percent,

respectively. In July, retail sales decreased by 1.8 percent, after showing growth in June. U.S. industrial production registered a 1.6 percent year-over-year growth in September. Mexico's industrial production regained momentum, growing at 3.3 percent in August. As the chart below shows, there is a close

relationship between maquiladora employment and U.S. and Mexico manufacturing indices, which are growing at moderate rates, as the most recent data shows; thus, it is likely that the maquiladora industry in Ciudad Juarez will follow suit in the next couple of months.

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

	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07
Total	1.3	3.0	4.2	7.1	4.6	6.6
Goods Producing	-3.9	0.3	5.8	11.9	4.3	10.4
Agriculture & Mining	-16.2	9.7	21.2	3.3	-9.5	-20.6
Manufacturing	-5.5	-1.7	6.0	14.6	3.8	10.0
Construction	19.3	27.1	1.8	-16.2	11.4	17.4
Service Providing	11.1	13.6	0.4	-7.4	6.3	1.3
Transportation and Public Utilities	9.9	1.0	6.1	11.8	30.1	2.6
Trade	5.4	8.3	-1.9	5.4	-1.5	9.2
Services	15.3	19.9	0.9	-18.1	7.3	-3.9

Note: Seasonally adjusted data

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

Cd. Juarez Retail Sales

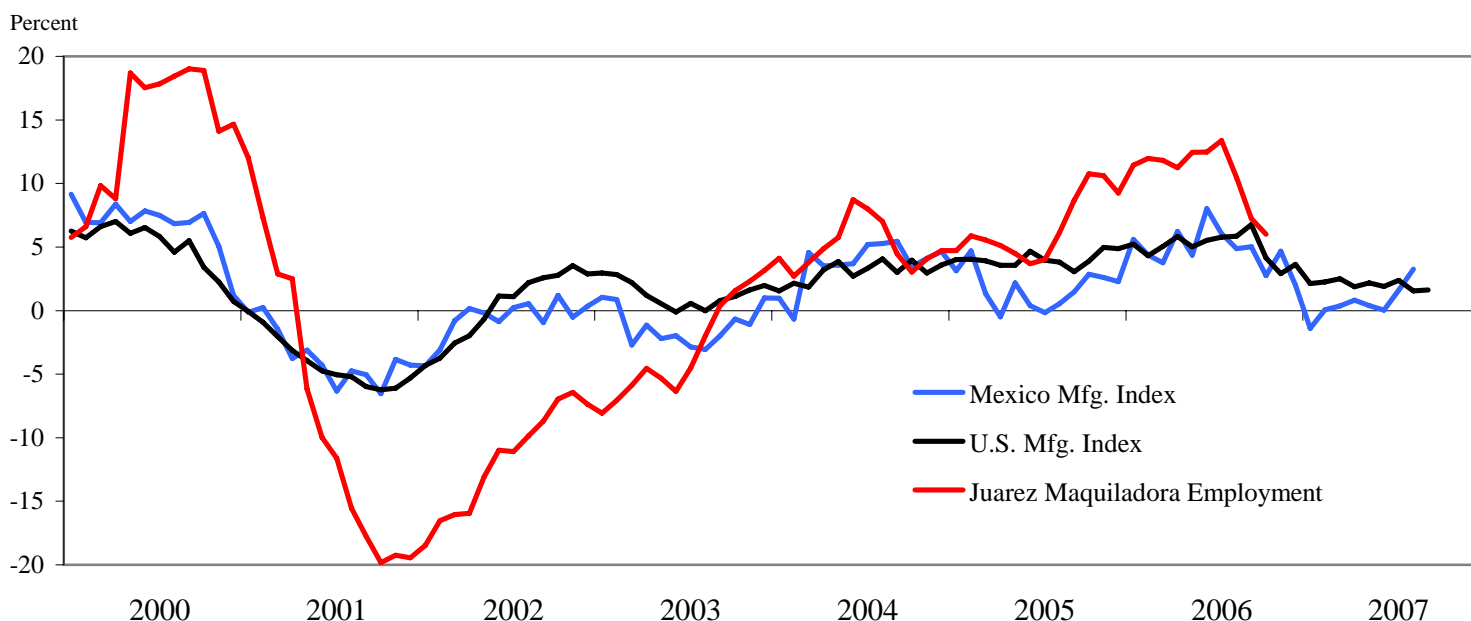
	Month-over-Month Percent Change	Index (2003=100)
Jul-07	-1.8	130.9
Jun-07	2.4	133.4
May-07	10.3	130.3
Apr-07	-6.1	118.1
Mar-07	1.8	125.8
Feb-07	1.5	123.6
Jan-07	0.9	121.8
Dec-06	0.1	120.7
Nov-06	-2.9	120.6
Oct-06	0.8	124.2
Sep-06	3.0	123.2
Aug-06	-0.4	119.6
Jul-06	2.2	120.2

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

Research Department
El Paso Branch
Federal Reserve Bank of Dallas
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ECONOMIC UPDATE: EL PASO

El Paso non-farm employment declined significantly in September at a 9.8 percent annualized rate. However, year-to-date, El Paso has added 1,700 new jobs. The sectors that were responsible for the negative job postings were manufacturing, educational and health services, leisure and hospitality, and government. Trade, transportation

and utilities, and financial activities were the sectors that posted job gains, while the rest of the sectors remained unchanged. Because of the job losses over the past couple of months, the unemployment rate increased to 5.9 percent in September, from 5.4 percent in August. In August, retail sales tax rebates increased by almost 1 percent, after showing strong

growth in July. The El Paso Business-cycle Index increased at a 1.5 percent annualized rate in August; however, once the September employment downturn 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

	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07
Nonfarm Employment	1.8	4.6	6.0	5.5	-1.3	-9.8
Goods Producing	-6.9	3.6	11.2	-13.2	-10.2	-13.5
Construction, Mining & Natural Resources	0.0	0.0	31.0	-16.4	0.0	0.0
Manufacturing	-11.0	6.0	0.0	-11.0	-16.3	-21.4
Services Providing	3.1	4.7	5.2	8.5	0.0	-9.2
Trade, Transportation & Utilities	0.0	8.5	2.1	4.2	-4.0	4.2
Information	0.0	28.1	0.0	0.0	0.0	0.0
Financial Activities	23.7	11.0	-9.9	0.0	-10.0	11.2
Professional & Business Services	16.3	11.8	11.7	11.6	11.5	0.0
Educational & Health Services	-3.7	-10.9	3.9	3.9	3.9	-7.4
Leisure & Hospitality	0.0	4.7	4.7	0.0	0.0	-16.7
Other Services	0.0	0.0	16.3	0.0	-14.0	0.0
Government	2.0	4.0	8.1	21.3	0.0	-26.7
Unemployment Rate	5.8	5.5	5.8	6.0	5.4	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

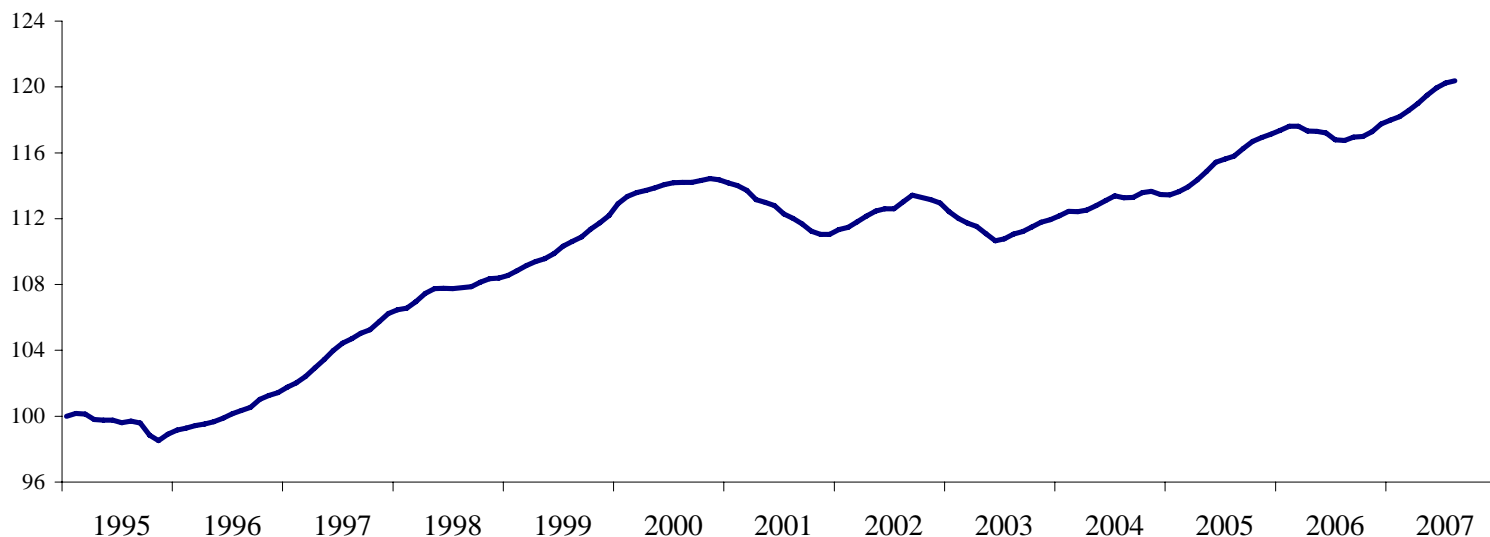
	Month Percent Change	Index (1994=100)
Aug-07	0.8	123.4
Jul-07	12.6	122.4
Jun-07	-13.1	108.8
May-07	9.2	125.2
Apr-07	-4.8	114.6
Mar-07	0.8	120.5
Feb-07	0.7	119.6
Jan-07	1.1	118.7
Dec-06	-2.5	117.4
Nov-06	-0.4	120.3
Oct-06	3.4	120.8
Sep-06	2.9	116.8
Aug-06	-2.0	113.6

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

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