

ECONOMIC UPDATE: EL PASO

El Paso non-farm employment remained unchanged in May. Year to date, El Paso has added 2,600 new jobs, representing a 0.9 percent increase. During May, the job gains were in the services producing sectors. The educational and health

services, professional and business services and government sectors lead the growth with increases of 7.5 percent, 3.8 percent, and 1.8 percent, respectively. In spite of no job losses during the month, the unemployment rate increased to 5.6 percent, from 5.2

percent in April. In April, retail sales tax rebates increased by 1.9 percent. El Paso's business-cycle index increased 4.9 percent in April despite sluggish U.S. economic growth and weakening manufacturing activity in Juárez.

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

| | Dec-07 | Jan-08 | Feb-08 | Mar-08 | Apr-08 | May-08 |
|--|------------|------------|------------|-------------|-------------|-------------|
| Nonfarm Employment | 4.5 | 5.4 | 2.2 | 1.7 | 2.2 | 0.0 |
| Goods Producing | 0.0 | 0.0 | 3.5 | -3.3 | -6.6 | -3.4 |
| Construction, Mining & Natural Resources | 8.2 | 0.0 | 8.1 | 0.0 | -7.5 | 8.1 |
| Manufacturing | -5.8 | 0.0 | 0.0 | -5.9 | -5.9 | -11.5 |
| Services Providing | 5.1 | 6.2 | 2.0 | 2.5 | 3.5 | 0.5 |
| Trade, Transportation & Utilities | 6.3 | 0.0 | 0.0 | 4.1 | -4.0 | -2.0 |
| Information | -20.4 | 0.0 | 0.0 | -20.8 | 26.2 | -20.8 |
| Financial Activities | 0.0 | 10.9 | 0.0 | 0.0 | 10.8 | 0.0 |
| Professional & Business Services | 8.1 | 57.7 | -10.6 | 7.8 | 11.8 | 3.8 |
| Educational & Health Services | 0.0 | 7.6 | 0.0 | 3.7 | 3.7 | 7.5 |
| Leisure & Hospitality | -4.4 | 4.6 | 4.6 | -4.4 | 4.6 | 0.0 |
| Other Services | 0.0 | 16.7 | 16.5 | -14.2 | 0.0 | -14.3 |
| Government | 13.7 | -8.8 | 9.6 | 5.6 | 3.7 | 1.8 |
| Unemployment Rate | 5.9 | 5.7 | 5.3 | 5.6 | 5.2 | 5.6 |

Notes: Seasonally adjusted data

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

El Paso Sales Tax Rebates

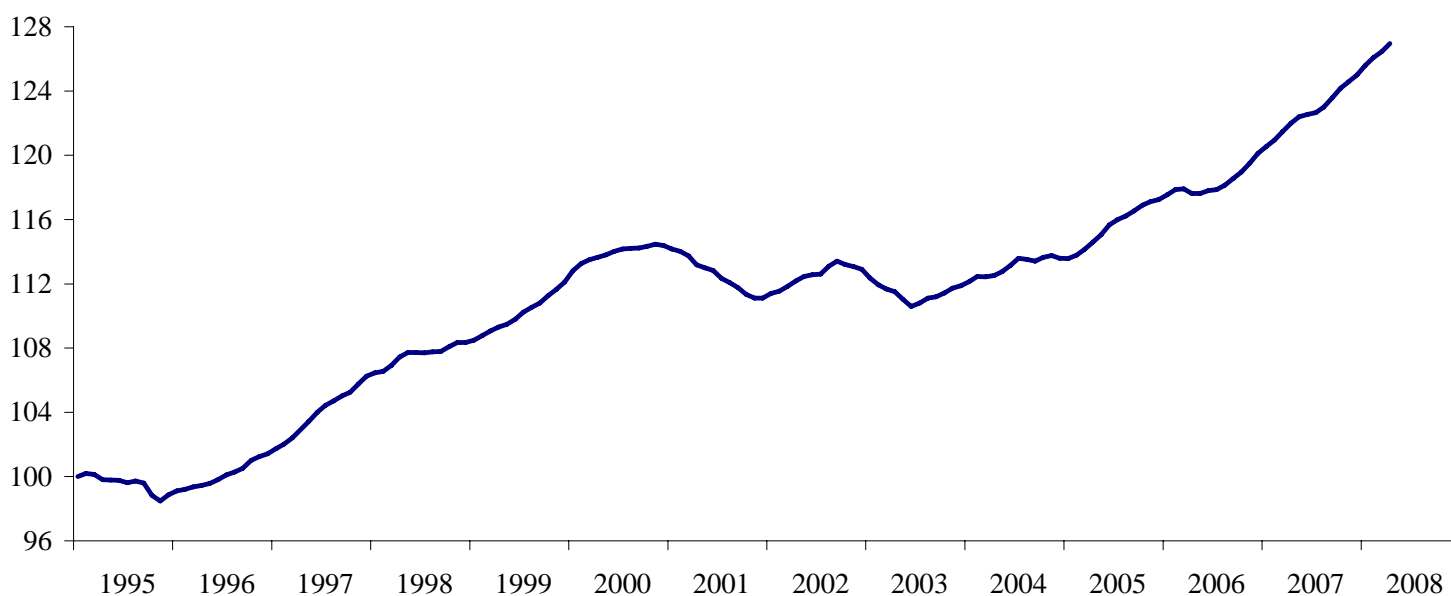
| | Month-over-Month Percent Change | Index (1994=100) |
|---------------|---------------------------------|------------------|
| Apr-08 | 1.9 | 121.9 |
| Mar-08 | 0.4 | 119.7 |
| Feb-08 | -1.5 | 119.2 |
| Jan-08 | -1.2 | 121.0 |
| Dec-07 | 2.5 | 122.5 |
| Nov-07 | -2.9 | 119.5 |
| Oct-07 | 4.2 | 123.2 |
| Sep-07 | -4.1 | 118.2 |
| Aug-07 | 0.7 | 123.2 |
| Jul-07 | 12.2 | 122.3 |
| Jun-07 | -13.1 | 109.0 |
| May-07 | 9.8 | 125.5 |
| Apr-07 | -5.6 | 114.3 |

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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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 March,

retail sales increased by 1.3 percent. U.S. industrial production registered a 0.1 percent year-over-year fall in May, after growing at a decreasing rate over the last three months. Mexico's industrial production grew at a 1.6 percent rate in February, after growing at 3.5 percent in January. 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

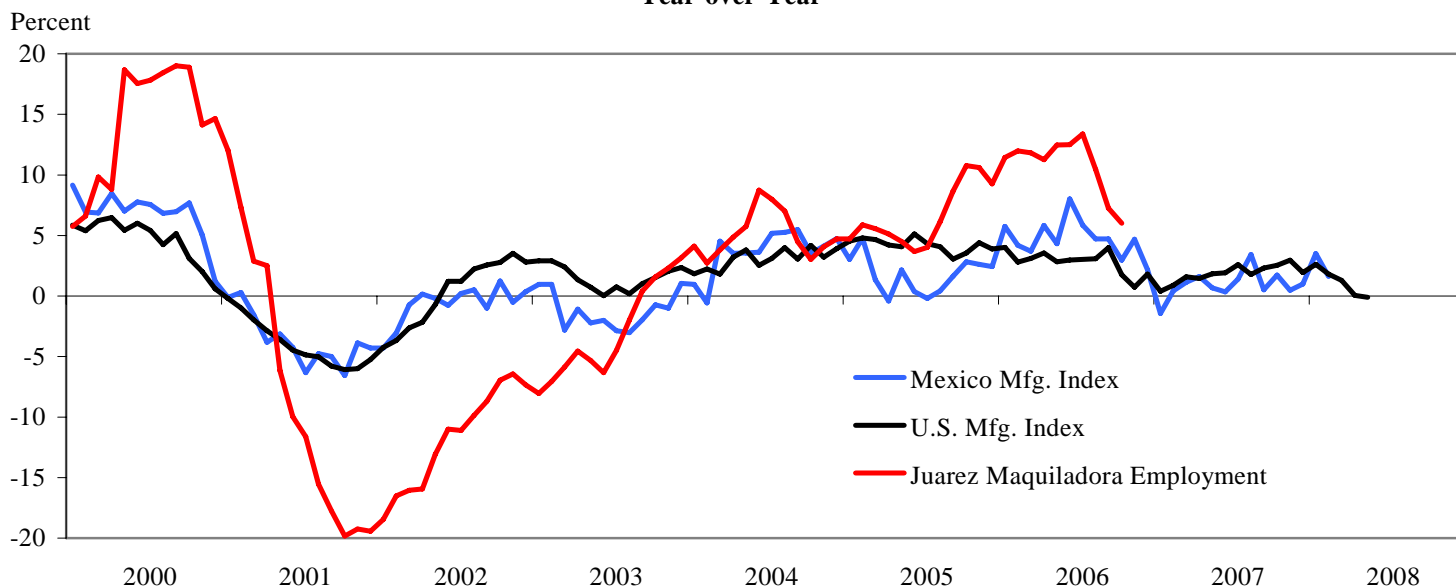
Cd. Juarez Retail Sales

| | Month-over-Month Percent Change | Index (2003=100) |
|---------------|---------------------------------|------------------|
| Mar-08 | 1.3 | 132.6 |
| Feb-08 | -1.0 | 130.9 |
| Jan-08 | 8.4 | 132.2 |
| Dec-07 | -7.5 | 122.0 |
| Nov-07 | 2.0 | 131.9 |
| Oct-07 | -2.3 | 129.3 |
| Sep-07 | -0.8 | 132.4 |
| Aug-07 | 2.3 | 133.5 |
| Jul-07 | -2.1 | 130.4 |
| Jun-07 | 2.4 | 133.3 |
| May-07 | 10.2 | 130.2 |
| Apr-07 | -6.3 | 118.1 |
| Mar-07 | 1.8 | 126.1 |

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

Research Department
El Paso Branch
Federal Reserve Bank of Dallas
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