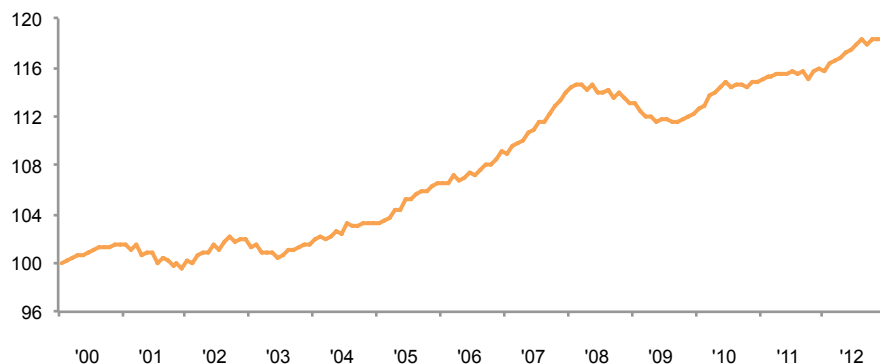


El Paso Business-Cycle Index

Index, January 2000 = 100



▶ According to the business-cycle index produced by the Federal Reserve Bank of Dallas, economic activity in the El Paso metropolitan economy expanded in December at a 0.2 percent annualized rate.

▶ Ciudad Juarez maquiladora payrolls continue to inch up. The expansion at Fort Bliss is now shifting gears into population growth. In 2013, it is expected that around 9,000 people (soldiers and their families) will relocate to El Paso. Both of these factors are expected to boost the local economy.

Labor Market

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

<i>El Paso</i>	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
Nonfarm employment	7.5	-0.4	-7.3	4.8	-0.8	-0.4
Goods producing	3.8	3.8	-3.7	7.8	-7.2	3.8
Construction, mining & natural resources	0.0	8.9	0.0	8.8	0.0	0.0
Manufacturing	7.0	-6.5	7.0	0.0	-12.6	7.0
Services providing	7.9	-0.9	-8.2	4.9	0.0	-0.9
Trade, transportation & utilities	0.0	0.0	-7.9	-6.0	8.6	-2.0
Information	0.0	0.0	0.0	0.0	-22.3	0.0
Financial activities	0.0	-9.2	0.0	-9.3	0.0	0.0
Professional & business services	0.0	0.0	-11.7	-18.7	-18.8	-8.0
Educational & health services	13.3	-6.0	-3.1	3.2	0.0	0.0
Leisure & hospitality	-4.0	0.0	-15.1	13.0	0.0	-4.0
Other services	0.0	-11.6	-11.7	0.0	0.0	0.0
Government	23.3	7.2	-8.3	20.8	-5.0	0.0
Unemployment rate	9.5	9.2	8.7	8.8	8.5	8.9
<i>Midland-Odessa</i>						
Nonfarm employment	21.5	-10.0	2.5	3.3	-0.8	-2.4
Unemployment rate	4.2	4.0	3.6	3.6	3.5	3.6
<i>Las Cruces</i>						
Nonfarm employment	-3.4	-11.5	-6.8	-1.8	-8.5	5.5
Unemployment rate	7.8	6.5	6.2	6.2	6.1	n.a.

NOTE: Seasonally adjusted.

▶ El Paso's nonfarm employment decreased in December at a 0.4 percent annualized rate. Altogether in 2012, El Paso added close to 3,600 new jobs, representing a 1.3 percent increase. In December, job losses were widespread among service-providing sectors, while the goods-producing sectors registered gains.

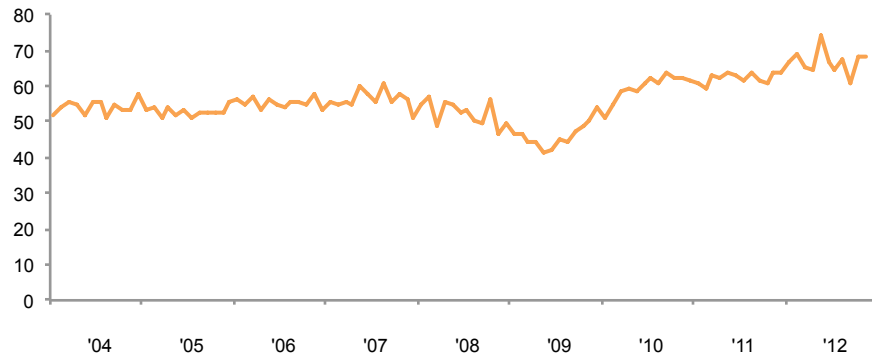
▶ El Paso's unemployment rate increased in December and now stands at 8.9 percent. The Texas unemployment rate for December is 6.1 percent, while the national rate is 7.8 percent.

▶ Midland-Odessa employment decreased in December at a 2.4 percent annualized rate. As a result, the unemployment rate increased to 3.6 percent in December.

▶ Las Cruces, N.M., nonfarm employment increased 5.5 percent in December. The unemployment rate sits at 6.1 percent.

El Paso Total Trade

Billions of real dollars



NOTE: Seasonally adjusted, annual rates.

► Trade flows through the El Paso port of entry increased in November at a 4.7 percent annualized rate. Today, total trade (exports plus imports) is over \$68 billion (annual rate), up from \$64 billion (annual rate) a year ago. The rise in trade flows over the past 12 months is likely the result of stronger maquiladora activity in Ciudad Juarez.

Regional Housing Markets

► In November, El Paso home sales increased at a 24.3 percent rate on a 12-month basis. The median home price in November was \$143,300. Inventory levels are at 7.1 months. However, growth in single-family building permits—a leading indicator for the housing sector—has decelerated over the past couple months.

► It is likely that the El Paso housing market will continue to do well in coming months due to ongoing expansion at Fort Bliss. Around 24,000 people (soldiers, spouses and children) have arrived in El Paso since 2011. In addition, it is anticipated that roughly 9,000 people will arrive in El Paso in 2013

as a result of the expansion at the military post. Furthermore, anecdotal evidence indicates that the market continues to see a stream of immigrants as a result of drug-related violence across the Rio Grande. This adds to the pent-up demand for housing locally.

► The Midland–Odessa housing sector continues to improve, with home sales and permits rising at double-digit rates over the past few months.

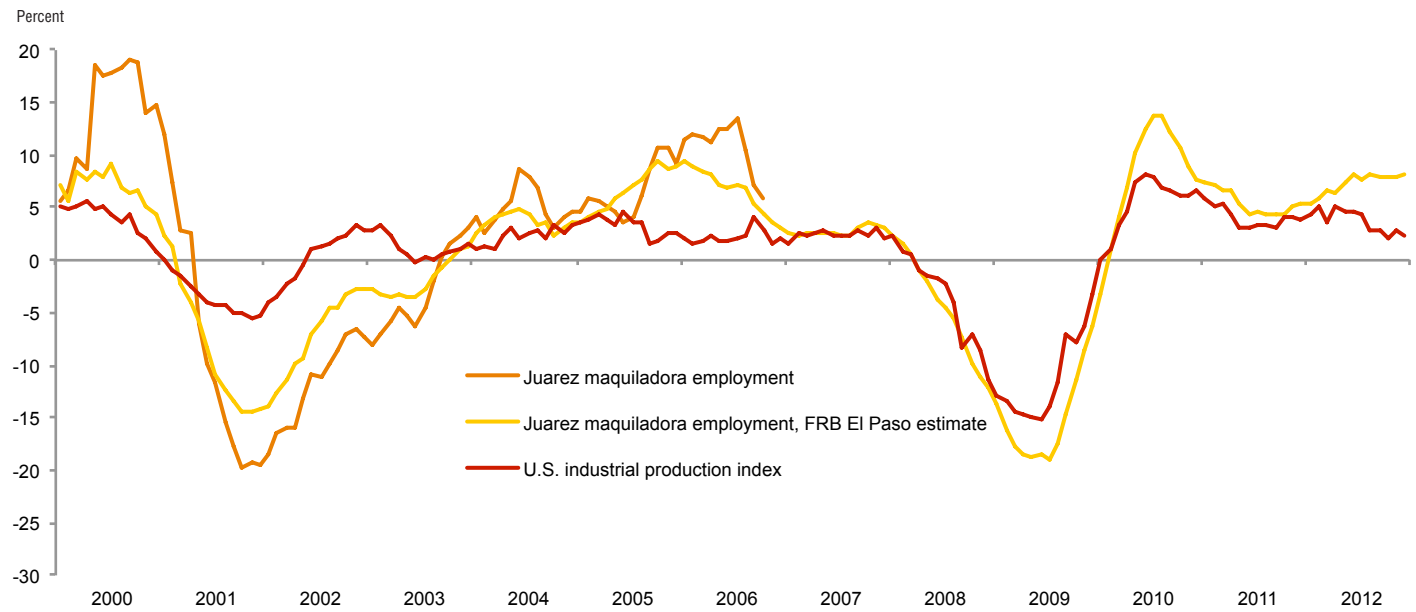
Conditions in Chihuahua and Juarez

► The U.S. industrial production increased in December at a 3.2 percent annualized rate. The Institute for Supply Management manufacturing index and its associated new orders index (a leading indicator of industrial activity) have continued to signal weak growth in the industrial sector in recent months, after experiencing a soft patch during the summer of 2012. Growth in formal manufacturing employment in the Mexican state of Chihuahua has strengthened since the summer.

► The Dallas Fed developed a model—based on the U.S. industrial production index and Chihuahua manufacturing employment—that tracks Juarez maquiladora employment since 2006. The model indicates that Juarez maquiladoras continue to expand their payrolls. For instance, in 2012 maquiladoras south of the Rio Grande posted strong job growth of 8.3 percent. In 2011, maquiladora employment increased at a 5.5 percent rate, which represents close to 12,000 new jobs. According to our estimates, maquiladoras in Ciudad Juarez added more than 18,000 jobs in 2012.

► After experiencing a setback in late summer and early fall, U.S. auto and light truck production returned to levels above 10 million units during November and December. In addition, U.S. auto sales continue to inch up. Today, U.S. auto sales top 15 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 Maquiladora Employment (Year over year)



NOTE: Seasonally adjusted.

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

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

El Paso Total Trade: U.S. Department of Commerce Bureau of the Census, Foreign Trade Division.

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 Roberto Coronado at roberto.coronado@dal.frb.org.