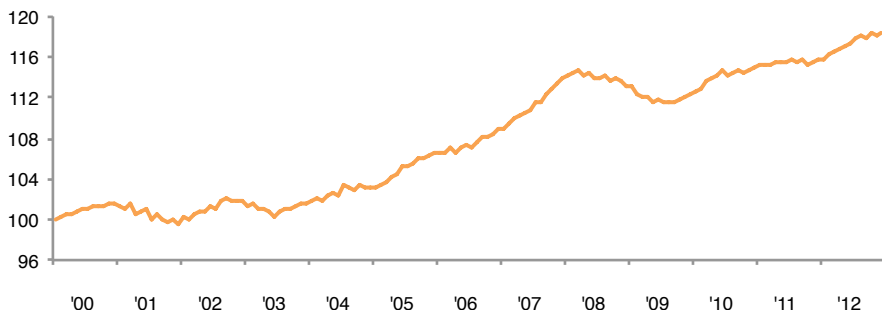


El Paso Business-Cycle Index

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. However, given the uncertainty around government expenditures in the near future, Ft. Bliss expansion might be negatively impacted.

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 res.	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
Midland-Odessa						
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
Las Cruces						
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	6.8

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.

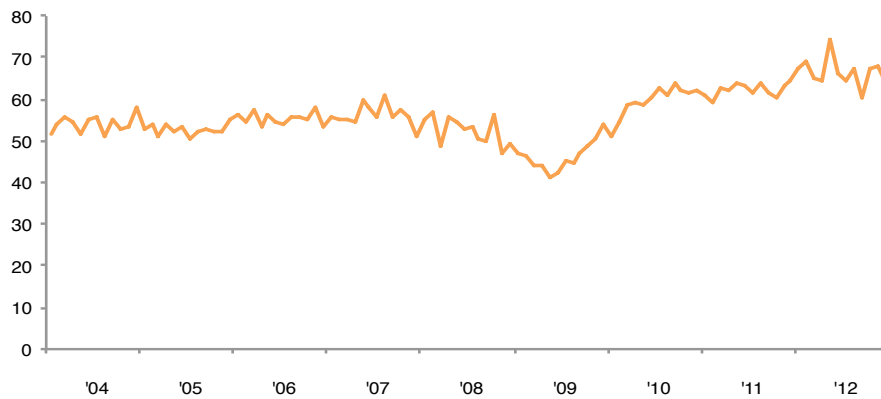
▶ El Paso's unemployment rate increased in December and now stands at 8.9 percent. The Texas unemployment rate for December is 6.1 percent, while the national rate for January is 7.9 percent.

▶ 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 6.8 percent.

El Paso Total Trade

Billions of real dollars



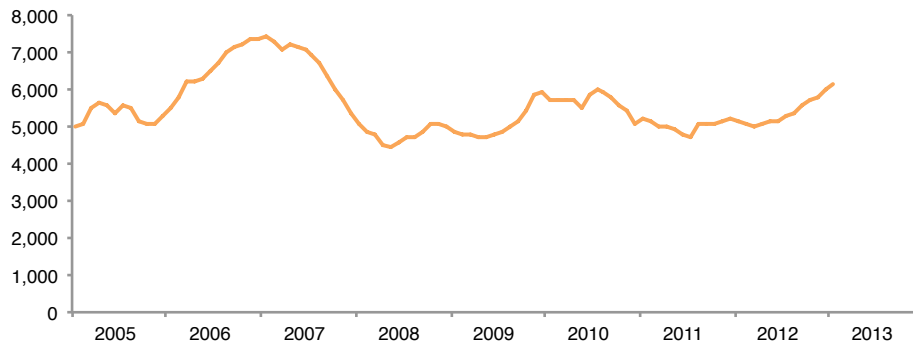
NOTE: Seasonally adjusted, annual rates.

► Trade flows through the El Paso port of entry increased in December at a 0.1 percent rate on a 12-month basis. Today, total trade (exports plus imports) is over \$64 billion (annual rate), which is roughly the same as a year ago. Trade flows over the past 12 months have been strong; this is likely the result of increased maquiladora activity in Ciudad Juarez.

Regional Housing Markets

Home Sales

Annual rate



NOTE: Seasonally adjusted, six-month moving average.

► In January, El Paso home sales increased at a 29.6 percent rate on a 12-month basis. The median home price in January was \$135,300. Inventory levels are at 7.3 months. However, over the past three months single-family building permits—a leading indicator for the housing sector—have decreased an average of 10 percent on a 12-month basis.

► The Midland–Odessa housing sector continues to improve; although growth in home sales has decelerated, building permits have been growing at double-digit rates over the past few months.

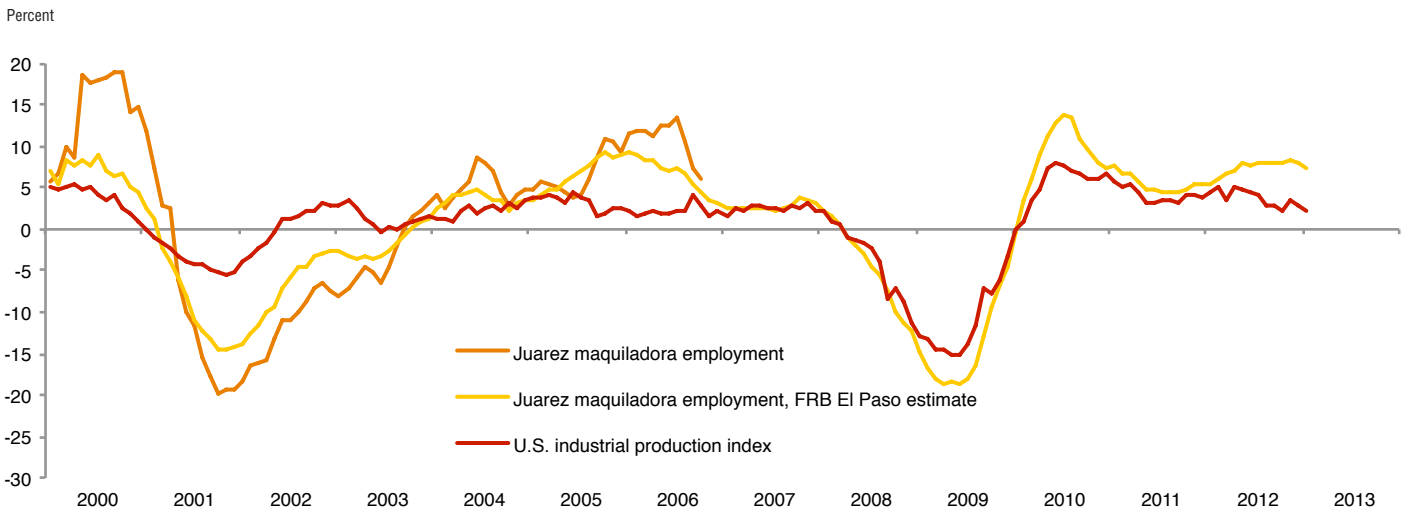
Conditions in Chihuahua and Juarez

► The U.S. industrial production decreased in January at a 1.2 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 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 and close to 1,000 jobs in January 2013.

► 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 December and January. 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.

Home Sales: Texas A&M University Real Estate Center.

U.S. Manufacturing and Maquiladora Employment: Instituto Nacional de Estadística y Geografía; Federal Reserve Board; Federal Reserve Bank of Dallas, El Paso Branch.

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