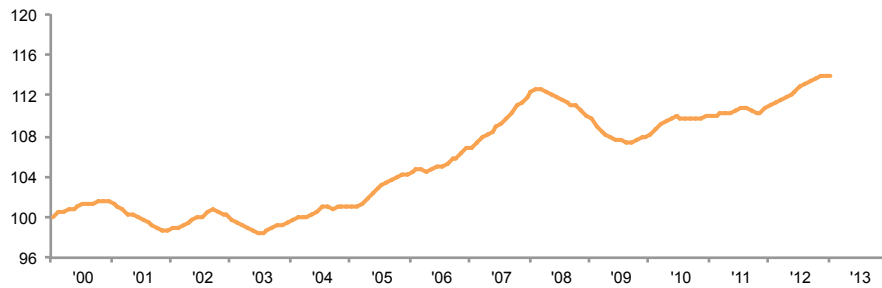


El Paso Business-Cycle Index

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 January at a 0.5 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, Fort Bliss expansion might be negatively impacted.

Labor Market

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

| <i>El Paso</i> | Aug-12 | Sep-12 | Oct-12 | Nov-12 | Dec-12 | Jan-13 |
|-------------------------------------|-------------|-------------|------------|-------------|-------------|-------------|
| Nonfarm employment | 3.9 | -5.3 | 4.8 | 1.7 | 2.1 | -0.8 |
| Goods producing | -3.8 | 8.1 | 4.0 | 0.0 | -3.8 | 0.0 |
| Construction, mining & natural res. | 0.0 | 0.0 | 9.8 | 9.7 | -8.9 | 0.0 |
| Manufacturing | 0.0 | 6.9 | 0.0 | -6.5 | 0.0 | 0.0 |
| Services providing | 4.3 | -6.4 | 4.8 | 1.9 | 2.9 | -0.9 |
| Trade, transportation & utilities | 0.0 | -2.0 | -6.0 | 8.5 | 8.5 | -11.5 |
| Information | 0.0 | 27.4 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial activities | 0.0 | -9.1 | 0.0 | 0.0 | 10.0 | 0.0 |
| Professional & business services | 8.5 | -4.0 | -4.0 | 0.0 | 4.2 | 0.0 |
| Educational & health services | 9.8 | 9.7 | 0.0 | 0.0 | 3.1 | 0.0 |
| Leisure & hospitality | 8.3 | 4.0 | 12.5 | 0.0 | 0.0 | 21.4 |
| Other services | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Government | 5.3 | -25.6 | 21.2 | -1.7 | 0.0 | 0.0 |
| Unemployment rate | 9.3 | 8.8 | 8.9 | 8.8 | 9.0 | 9.2 |
| <i>Midland-Odessa</i> | | | | | | |
| Nonfarm employment | 13.3 | 3.9 | 4.7 | 10.5 | 3.1 | 12.9 |
| Unemployment rate | 3.8 | 3.5 | 3.5 | 3.4 | 3.5 | 3.7 |
| <i>Las Cruces</i> | | | | | | |
| Nonfarm employment | -1.7 | 1.7 | 3.5 | -1.7 | 1.7 | -1.7 |
| Unemployment rate | 6.5 | 6.2 | 6.2 | 6.1 | 6.8 | N/A |

NOTE: Seasonally adjusted.

▶ El Paso's nonfarm employment decreased in January at a 0.8 percent annualized rate. From December to January, El Paso lost close to 2,000 jobs. In January, job losses were concentrated in the trade, transportation and utilities sector, while the leisure and hospitality sector registered strong gains.

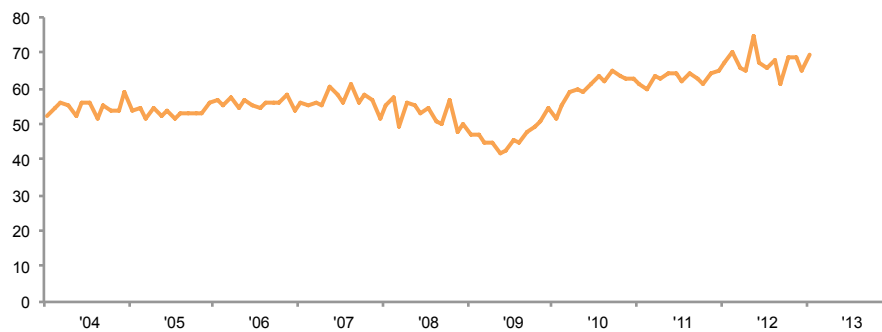
▶ El Paso's unemployment rate increased in January and now stands at 9.2 percent. The Texas unemployment rate for January is 6.3 percent, while the national rate for February is 7.7 percent.

▶ Midland-Odessa employment increased in January at a 12.9 percent annualized rate. However, the unemployment rate increased to 3.7 percent in January.

▶ Las Cruces, N.M., nonfarm employment decreased 1.7 percent in January. The unemployment rate for December sits at 6.8 percent.

El Paso Total Trade

Billions of real dollars



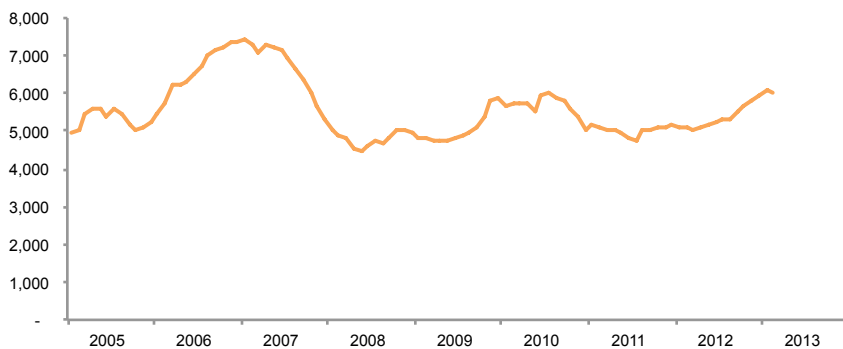
NOTE: Seasonally adjusted, annual rates.

► Trade flows through the El Paso port of entry increased in January at a 2.9 percent rate on a 12-month basis. Today, total trade (exports plus imports) is over \$69 billion (annual rate), up from \$67 billion (annual rate) a year ago. Trade flows over the past 12 months have remained 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 February, El Paso home sales decreased at a 4.4 percent rate on a 12-month basis. The median home price in February was \$139,000. Inventory levels are at 7.3 months. Over the past three months, the number of single-family building permits—a leading indicator for the housing sector—has increased an average of 6.4 percent on a 12-month basis.

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

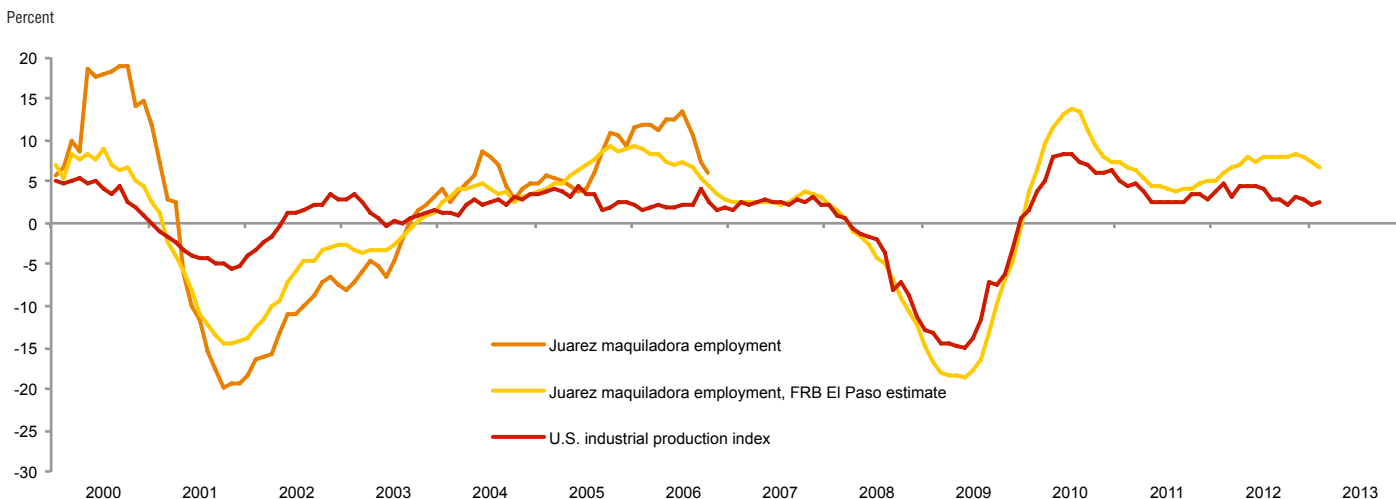
Conditions in Chihuahua and Juarez

► The U.S. industrial production increased in February at a 9.4 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 growth in the industrial sector in recent months. Growth in formal manufacturing employment in the Mexican state of Chihuahua has strengthened since the summer of last year.

► 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 5.1 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 have added over 3,000 jobs since January of 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 the past four months. 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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