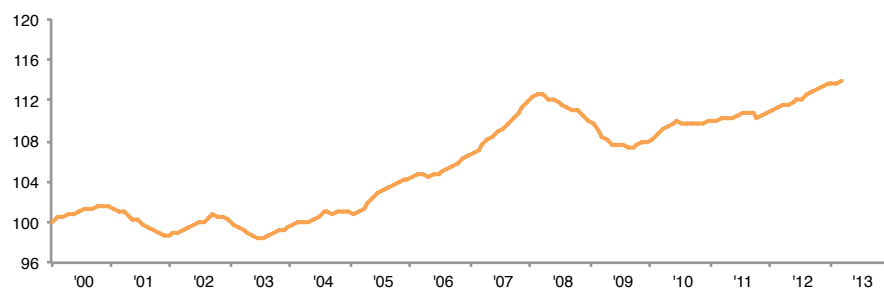


## El Paso Business-Cycle Index

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 March at a 1.7 percent annualized rate.

▶ Ciudad Juarez maquiladora payrolls continue to inch up. Expansion at Fort Bliss is still underway, but given the uncertainty around government expenditures in the near future, growth at the base might be negatively affected.

## Labor Market

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

<i>El Paso</i>	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
<b>Nonfarm employment</b>	<b>4.8</b>	<b>1.7</b>	<b>2.1</b>	<b>-0.4</b>	<b>0.0</b>	<b>1.7</b>
<b>Goods producing</b>	<b>4.0</b>	<b>0.0</b>	<b>-3.8</b>	<b>0.0</b>	<b>4.0</b>	<b>4.0</b>
Construction, mining & natural res.	9.8	9.7	-8.9	0.0	9.7	9.6
Manufacturing	0.0	-6.5	0.0	0.0	0.0	0.0
<b>Services providing</b>	<b>4.8</b>	<b>1.9</b>	<b>2.9</b>	<b>-0.5</b>	<b>-0.5</b>	<b>0.9</b>
Trade, transportation & utilities	-6.0	8.5	8.5	-9.7	0.0	-2.0
Information	0.0	0.0	0.0	0.0	0.0	0.0
Financial activities	0.0	0.0	10.0	0.0	10.0	-9.1
Professional & business services	-4.0	0.0	4.2	0.0	4.2	4.2
Educational & health services	0.0	0.0	3.1	3.1	3.1	9.6
Leisure & hospitality	12.5	0.0	0.0	21.4	-7.4	3.9
Other services	0.0	0.0	0.0	0.0	12.6	0.0
Government	21.2	-1.7	0.0	-1.7	-5.1	-1.7
<b>Unemployment rate</b>	<b>9.0</b>	<b>8.8</b>	<b>9.0</b>	<b>9.1</b>	<b>9.0</b>	<b>9.0</b>
<b>Midland-Odessa</b>						
<b>Nonfarm employment</b>	<b>4.7</b>	<b>10.5</b>	<b>3.1</b>	<b>11.2</b>	<b>3.8</b>	<b>2.3</b>
<b>Unemployment rate</b>	<b>3.5</b>	<b>3.5</b>	<b>3.5</b>	<b>3.7</b>	<b>3.5</b>	<b>3.5</b>
<b>Las Cruces</b>						
<b>Nonfarm employment</b>	<b>3.5</b>	<b>-1.7</b>	<b>1.7</b>	<b>-1.7</b>	<b>-1.7</b>	<b>0.0</b>
<b>Unemployment rate</b>	<b>6.7</b>	<b>6.3</b>	<b>6.7</b>	<b>7.6</b>	<b>8.0</b>	<b>N/A</b>

NOTE: Seasonally adjusted.

▶ El Paso's nonfarm employment increased in March at a 1.7 percent annualized rate. From December to March, El Paso gained close to 3,000 jobs. In March, job losses were concentrated in the trade, transportation and utilities, financial activities and government sectors, while the construction and the educational and health services sectors registered the strongest gains.

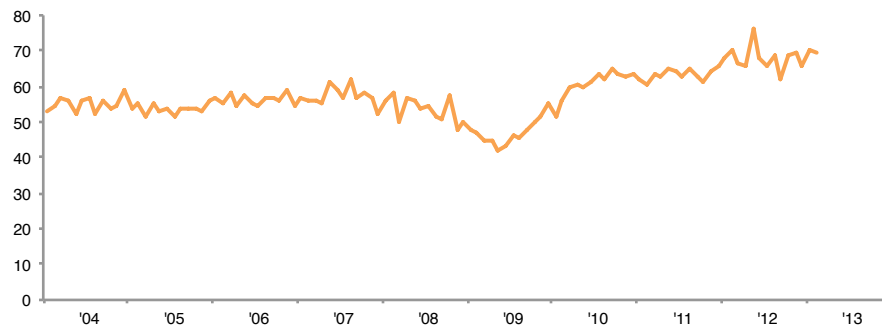
▶ El Paso's unemployment rate remained at 9 percent in March. The Texas unemployment rate for March is 6.6 percent, and the national rate is 7.6 percent.

▶ Midland-Odessa employment increased in March at a 2.3 percent annualized rate, and the unemployment rate held steady at 3.5 percent.

▶ Las Cruces, N.M., nonfarm employment reported no growth in March. The unemployment rate increased from 7.6 in January to 8 percent in February.

## El Paso Total Trade

Billions of real dollars



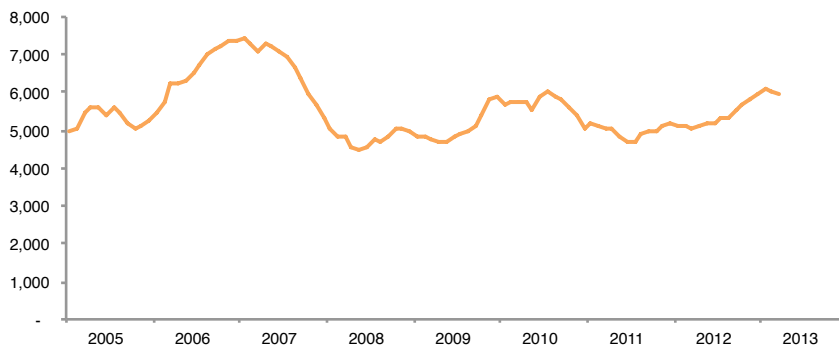
NOTE: Seasonally adjusted, annual rates.

► Trade flows through the El Paso port of entry decreased in February at a 0.7 percent rate on a 12-month basis. As of February, total trade (exports plus imports) is over \$69 billion (annual rate), below the \$70 billion (annual rate) of a year ago. Despite the recent drop, trade flows over the past 12 months have remained healthy; 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 March, El Paso home sales increased at a 15.9 percent rate on a 12-month basis. The median home price in March was \$156,800. 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 1.3 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

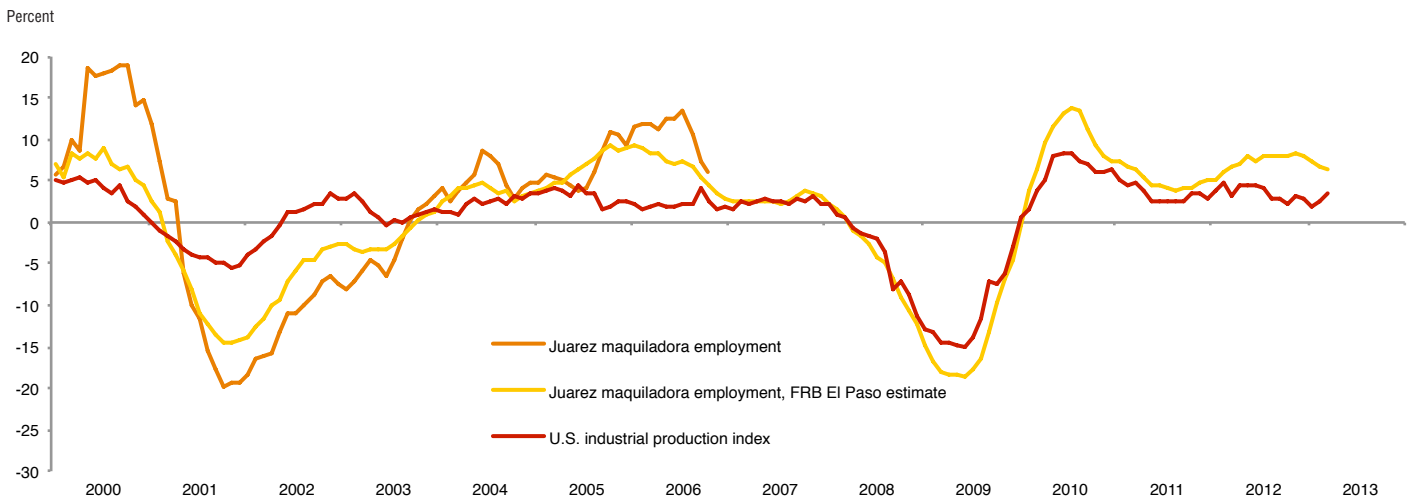
▶ The U.S. industrial production decreased in March at a 5 percent annualized rate. The Institute for Supply Management manufacturing index and its associated new orders index (a leading indicator of industrial activity) have signaled weak growth in the industrial sector in recent months. Year-to-date growth in formal manufacturing employment in the Mexican state of Chihuahua is 2.5 percent.

▶ 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. According to our estimates, maquiladora employment in Ciudad Juarez grew at a 7.9 percent rate in 2012, compared with 5.1 in 2011; this represents more than 18,000 jobs added in 2012. Maquiladoras have added over 5,000 jobs from December 2012 to March 2013.

▶ After experiencing a setback in late summer and early fall 2012, 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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