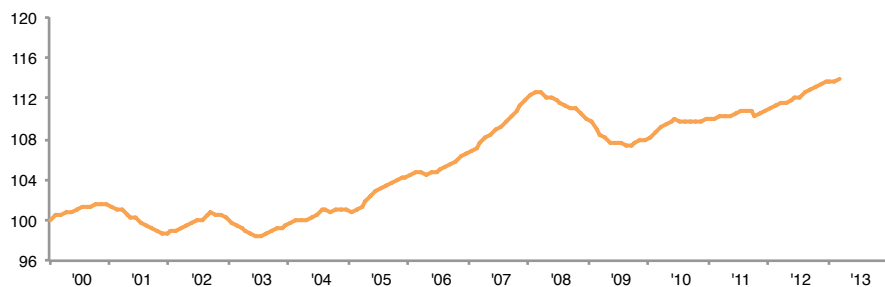


El Paso Business-Cycle Index

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, although at a slower pace. The expansion at Fort Bliss continues. 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>	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
Nonfarm employment	1.7	2.1	-0.4	0.0	2.1	-1.7
Goods producing	0.0	0.0	0.0	4.0	4.0	0.0
Construction, mining & natural res.	9.7	-8.9	0.0	9.7	9.6	9.6
Manufacturing	0.0	0.0	-6.5	7.0	0.0	0.0
Services providing	1.9	2.4	0.0	-0.9	1.9	-1.9
Trade, transportation & utilities	10.9	6.4	-9.8	0.0	0.0	2.1
Information	26.8	-21.2	0.0	0.0	0.0	0.0
Financial activities	0.0	10.0	0.0	0.0	0.0	0.0
Professional & business services	0.0	4.4	0.0	4.3	0.0	-4.2
Educational & health services	0.0	6.3	0.0	6.3	9.5	-8.7
Leisure & hospitality	0.0	0.0	21.3	-7.4	3.9	-3.8
Other services	0.0	0.0	0.0	12.6	0.0	0.0
Government	-3.4	0.0	-1.7	-5.0	-1.7	-3.4
Unemployment rate	8.9	9.0	9.1	9.0	9.0	9.2
Midland-Odessa						
Nonfarm employment	9.7	3.1	10.4	4.7	2.3	3.8
Unemployment rate	3.5	3.5	3.7	3.5	3.5	3.5
Las Cruces						
Nonfarm employment	-1.7	1.7	-1.7	-1.7	0.0	N/A
Unemployment rate	6.3	6.7	7.6	8.0	7.7	N/A

NOTE: Seasonally adjusted.

▶ El Paso's nonfarm employment decreased in April at a 1.7 percent annualized rate. From December to April, El Paso has lost close to 2,000 jobs. In April, job losses were concentrated in the educational and health, and professional and business services sectors, while the construction sector registered the strongest gains.

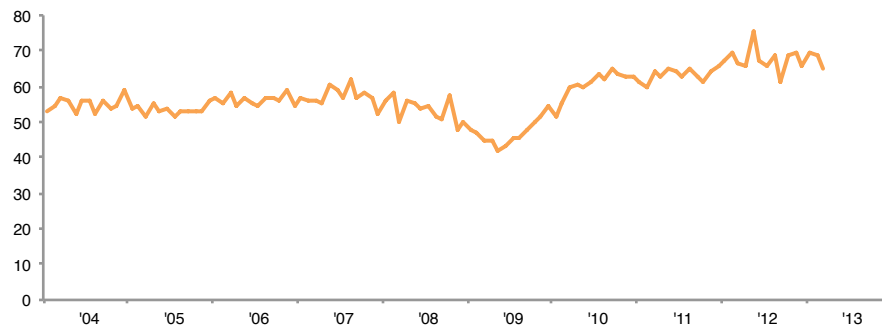
▶ As a result of recent job losses, the El Paso unemployment rate increased to 9.2 percent in April. The Texas unemployment rate for April is 6.4 percent, while the national rate is 7.5 percent.

▶ Midland-Odessa employment increased in April at a 3.8 percent annualized rate, and the unemployment rate remained at 3.5 percent.

▶ Las Cruces, N.M., nonfarm employment reported no growth in March. The unemployment rate decreased from 8 percent in February to 7.7 percent in March.

El Paso Total Trade

Billions of real dollars



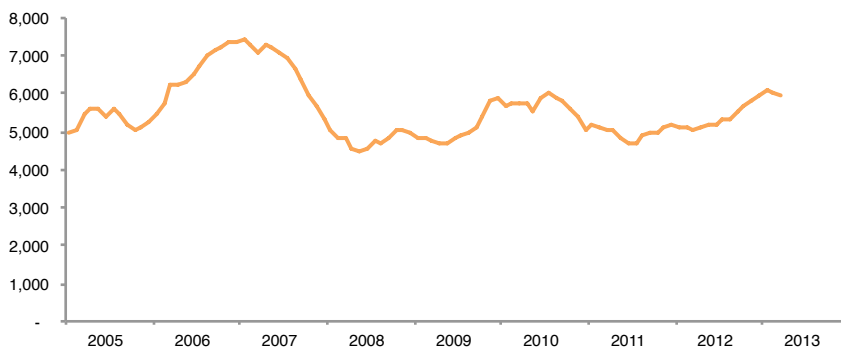
NOTE: Seasonally adjusted, annual rates.

► Trade flows through the El Paso port of entry decreased in March at a 2.4 percent rate on a 12-month basis. As of March, total trade (exports plus imports) is over \$65 billion (annual rate), below \$66 billion (annual rate) 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

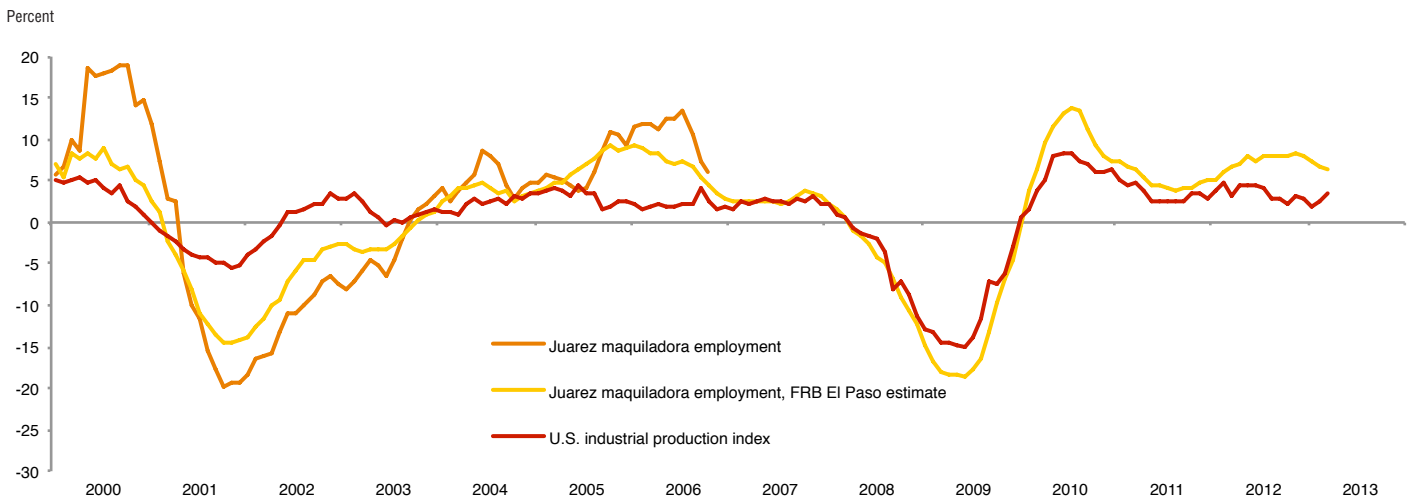
► The U.S. industrial production decreased in April at a 6.2 percent annualized rate. The Institute for Supply Management manufacturing index and its associated new orders index (a leading indicator of industrial activity) have signaled weak growth in the industrial sector in recent months. In spite of this, growth in formal manufacturing employment in the Mexican state of Chihuahua is 2.5 percent so far this 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, representing more than 18,000 new jobs. More recently, maquiladoras have added over 5,000 jobs from December to March of 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 are 14.9 million on an annual basis. This is good news for the local economy because roughly half 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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