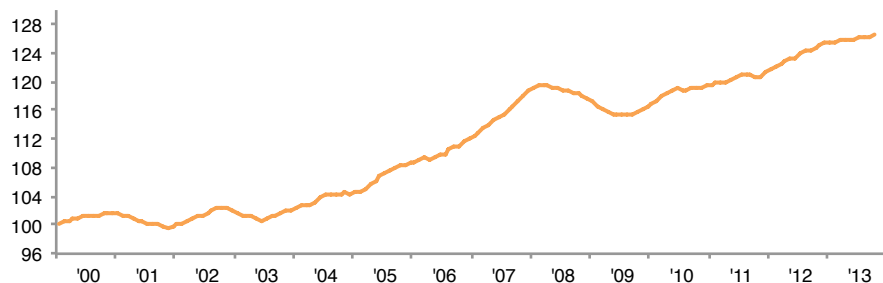


Economic Activity

El Paso Business-Cycle Index

Index, January 2000 = 100



► Economic activity in the El Paso metropolitan area continues to expand at a moderate pace, according to the Federal Reserve Bank of Dallas business-cycle index. During October the index registered 1.7 percent annualized growth, compared with an average of 1.9 percent growth over the previous three months.

► Despite a small contraction in U.S. industrial production during October, maquiladora payrolls in Ciudad Juárez, México, continue to feel the effect of the previous increase in U.S. industrial production. In addition, the local economy continues to be negatively impacted by recent cuts to government expenditures.

Labor Market

Employment Growth (Month-over-month annualized rates)

<i>El Paso</i>	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13
Nonfarm employment	0.0	-3.7	5.2	1.7	-3.3	2.1
Goods producing	-3.8	-3.8	8.0	8.0	7.9	-3.7
Construction, mining & natural res.	0.0	9.6	19.8	0.0	0.0	0.0
Manufacturing	-6.5	-12.6	0.0	14.4	14.3	-6.4
Services providing	0.5	-3.7	4.8	0.5	-4.2	2.9
Trade, transportation & utilities	0.0	2.0	4.1	-2.0	0.0	4.1
Information	0.0	26.8	0.0	0.0	-21.2	26.8
Financial activities	0.0	-9.1	0.0	0.0	0.0	0.0
Professional & business services	8.7	4.2	0.0	-4.1	4.2	22.9
Educational & health services	0.0	-5.9	-16.7	3.1	-8.8	-6.0
Leisure & hospitality	0.0	-3.8	21.1	3.9	-10.8	16.4
Other services	12.2	40.2	11.7	-19.9	-10.7	-20.4
Government	-3.5	-16.4	13.4	3.6	-3.5	-3.5
Unemployment rate	9.3	9.1	8.7	8.6	8.9	8.9
<i>Midland-Odessa</i>						
Nonfarm employment	-0.7	4.6	6.2	3.8	2.2	8.5
Unemployment rate	3.7	3.6	3.5	3.4	3.5	3.5
<i>Las Cruces</i>						
Nonfarm employment	3.5	7.2	-3.4	0.0	-16.0	13.0
Unemployment rate	7.3	8.5	8.3	6.9	#N/A	#N/A

NOTE: Seasonally adjusted.

► From December to October, El Paso gained close to 600 jobs. The area's nonfarm employment increased in October at a 2.1 percent annualized rate. In October, job gains were concentrated in the information, professional and business services, and leisure and hospitality sectors.

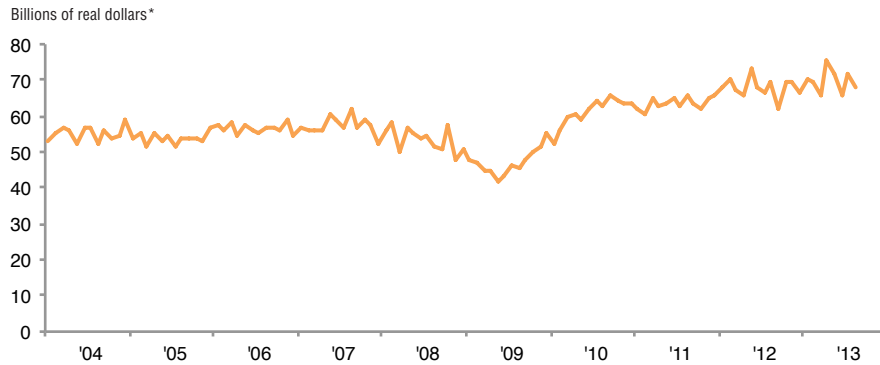
► El Paso's October unemployment rate stood at 8.9 percent. The Texas unemployment rate for October was 6.2 percent, while the national rate was 7.3 percent.

► Midland-Odessa, Texas, employment increased in October at an 8.5 percent annualized rate, and the unemployment rate stood at 3.5 percent.

► Nonfarm employment in Las Cruces, N.M., grew at a 13 percent annualized rate in October. The unemployment rate for August, the latest reading available, stood at 6.9 percent. For October, the New Mexico unemployment rate was 6.6 percent.

Trade Flows

El Paso Total Trade



*Seasonally adjusted, annual rates.

► Trade flows through the El Paso port of entry slightly decreased in August at a 1 percent rate on a 12-month basis. As of August, total trade (exports plus imports) was more than \$68 billion annualized, below the \$69 billion level in August 2012. Despite the decrease, the level of trade has remained healthy; this is likely the result of increased maquiladora activity in Juárez.

Regional Housing Markets

El Paso Home Sales



*Seasonally adjusted; six-month moving average.

► In October, El Paso home sales decreased 10 percent on a 12-month basis. The median home price in October was \$143,900. Inventory levels continue on an upward trend and stood at 7.9 months compared with 7.3 months in January of this year.

► 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 several months.

Conditions in Chihuahua and Ciudad Juárez

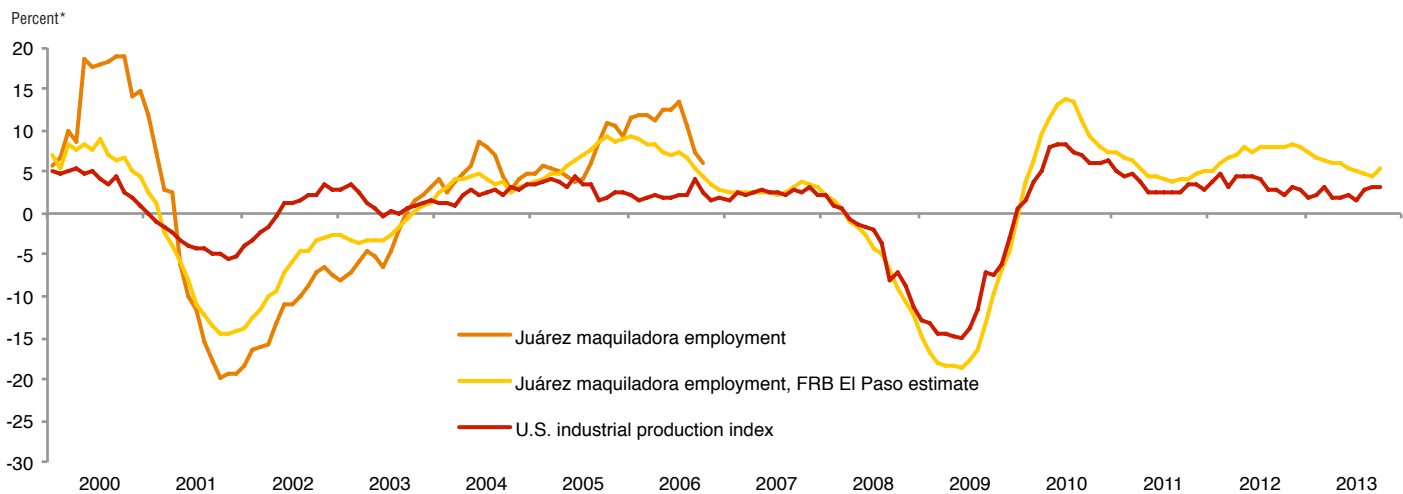
► U.S. industrial production decreased in October at a 1.7 percent annualized rate. The Institute for Supply Management manufacturing index and its associated new-orders index, a leading indicator of industrial activity, continued to signal expansion in the industrial sector in October. Formal manufacturing employment in the Mexican state of Chihuahua, meanwhile, is up 6.1 percent as of October.

► The Dallas Fed developed a model—based on the U.S. industrial production index and Chihuahua manufacturing employment—that has tracked maquiladora employment in the Chihuahua city of Juárez since 2006, when Mexico changed the methodology for maquiladora industry statistics. The model indicates that the recent pickup in U.S. indus-

trial production is benefiting Juárez maquiladoras. In 2012, maquiladoras south of the Rio Grande turned in strong job growth of 8 percent, representing more than 18,000 new jobs. From December 2012 to October 2013, maquiladoras added over 12,000 jobs.

► U.S. auto and light truck production have remained above 10 million units annualized during the last three months. Furthermore, U.S. auto sales remained at a healthy level at 15 million on an annual basis, in October. 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 Ciudad Juárez Maquiladora Employment



*Year-over-year change; seasonally adjusted.

SOURCES

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

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

El Paso total trade: Census Bureau, 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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