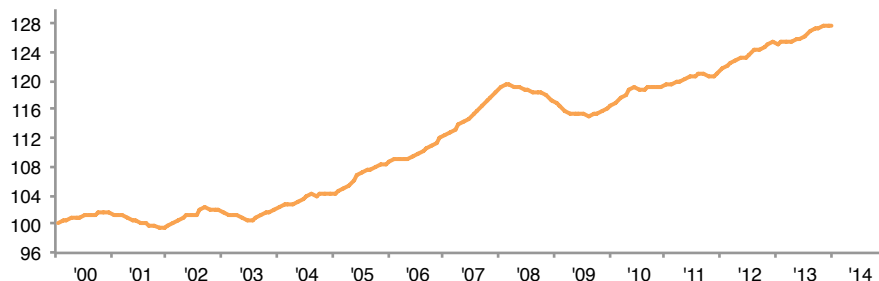


## Economic Activity

### 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' El Paso Business-Cycle Index. During January, the index registered 1.3 percent annualized growth.

## Labor Market

### Employment Growth (Month-over-month annualized rates\*)

| <i>El Paso</i>                      | Aug-13      | Sep-13       | Oct-13      | Nov-13       | Dec-13      | Jan-14      |
|-------------------------------------|-------------|--------------|-------------|--------------|-------------|-------------|
| <b>Nonfarm employment</b>           | <b>7.8</b>  | <b>-0.8</b>  | <b>4.2</b>  | <b>-1.6</b>  | <b>-2.5</b> | <b>-2.9</b> |
| <b>Goods producing</b>              | <b>4.0</b>  | <b>0.0</b>   | <b>-3.8</b> | <b>-21.1</b> | <b>-7.7</b> | <b>17.3</b> |
| Construction, mining & natural res. | 0.0         | 9.8          | 0.0         | -17.1        | -17.3       | 45.9        |
| Manufacturing                       | 0.0         | 0.0          | -6.5        | -18.5        | -6.6        | 7.1         |
| <b>Services providing</b>           | <b>8.8</b>  | <b>-1.8</b>  | <b>5.3</b>  | <b>0.9</b>   | <b>-1.4</b> | <b>-5.0</b> |
| Trade, transportation & utilities   | 4.0         | 4.0          | 2.0         | 12.5         | 4.0         | 0.0         |
| Information                         | 0.0         | -18.5        | 22.8        | -18.5        | -18.8       | 0.0         |
| Financial activities                | 0.0         | 0.0          | 0.0         | 0.0          | -9.5        | 0.0         |
| Professional & business services    | 17.7        | 4.1          | 27.1        | -3.9         | -14.8       | -21.7       |
| Educational & health services       | 3.1         | 6.3          | 6.2         | -3.0         | -3.0        | 3.1         |
| Leisure & hospitality               | 4.0         | -3.8         | 4.0         | 4.0          | 0.0         | 0.0         |
| Other services                      | 0.0         | 13.4         | -11.8       | 0.0          | 13.4        | 0.0         |
| Government                          | 16.9        | -13.0        | 3.5         | -3.4         | 0.0         | -8.4        |
| <b>Unemployment rate</b>            | <b>8.6</b>  | <b>8.6</b>   | <b>8.7</b>  | <b>8.5</b>   | <b>8.3</b>  | <b>7.8</b>  |
| <i>Midland-Odessa</i>               |             |              |             |              |             |             |
| <b>Nonfarm employment</b>           | <b>-0.8</b> | <b>5.5</b>   | <b>7.0</b>  | <b>10.2</b>  | <b>1.5</b>  | <b>6.1</b>  |
| <b>Unemployment rate</b>            | <b>3.6</b>  | <b>3.6</b>   | <b>3.6</b>  | <b>3.5</b>   | <b>3.5</b>  | <b>3.2</b>  |
| <i>Las Cruces</i>                   |             |              |             |              |             |             |
| <b>Nonfarm employment</b>           | <b>1.7</b>  | <b>-16.0</b> | <b>9.1</b>  | <b>5.3</b>   | <b>-3.4</b> | <b>N/A</b>  |
| <b>Unemployment rate</b>            | <b>7.4</b>  | <b>7.3</b>   | <b>7.3</b>  | <b>7.3</b>   | <b>7.3</b>  | <b>N/A</b>  |

\*Seasonally adjusted.

► El Paso's nonfarm employment decreased in January at a 2.9 percent annualized rate. Job losses were concentrated in the professional and business services, and government sectors.

► El Paso's January unemployment rate stood at 7.8 percent. The Texas unemployment rate for January was 5.7 percent, while the national rate was 6.7 percent for February.

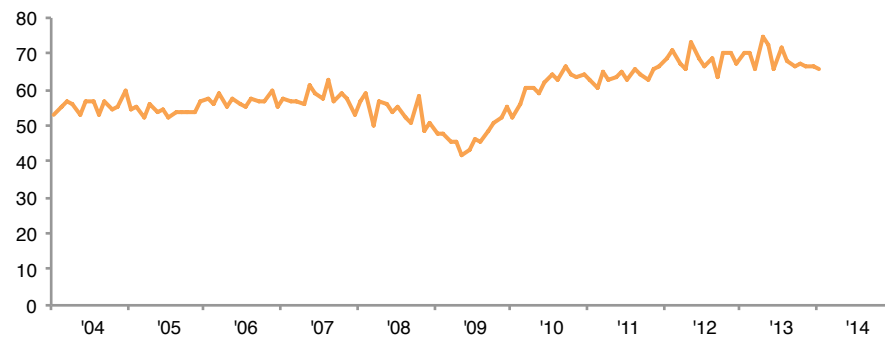
► Midland-Odessa, Texas, employment increased in January at a 6.1 percent annualized rate, and the unemployment rate stood at 3.2 percent.

► Nonfarm employment in Las Cruces, N.M., decreased at a 3.4 percent annualized rate in December. The unemployment rate for December stood at 7.3 percent. For December, the New Mexico unemployment rate was 6.6 percent.

## Trade Flows

### El Paso Total Trade

Billions of real dollars\*



\*Seasonally adjusted, annualized.

► Trade flows through the El Paso port of entry decreased in January 6.6 percent on a 12-month basis. As of January, total trade (exports plus imports) was more than \$65 billion annualized, below the \$70 billion in January 2013. Despite the decrease, the level of trade has remained healthy.

## Regional Housing Markets

### El Paso Home Sales

Number, annualized\*



\*Seasonally adjusted; six-month moving average.

► In January, El Paso home sales decreased 8.1 percent on a 12-month basis. The median home price in January was \$135,200. Inventory levels continue on an upward trend and stood at 8.1 months, compared with 7.3 months in January 2013.

► The Midland–Odessa housing sector continues to improve, although growth in home sales has decelerated. Building permits have continued to grow at double-digit rates over the past several months.

## Conditions in Chihuahua and Ciudad Juárez

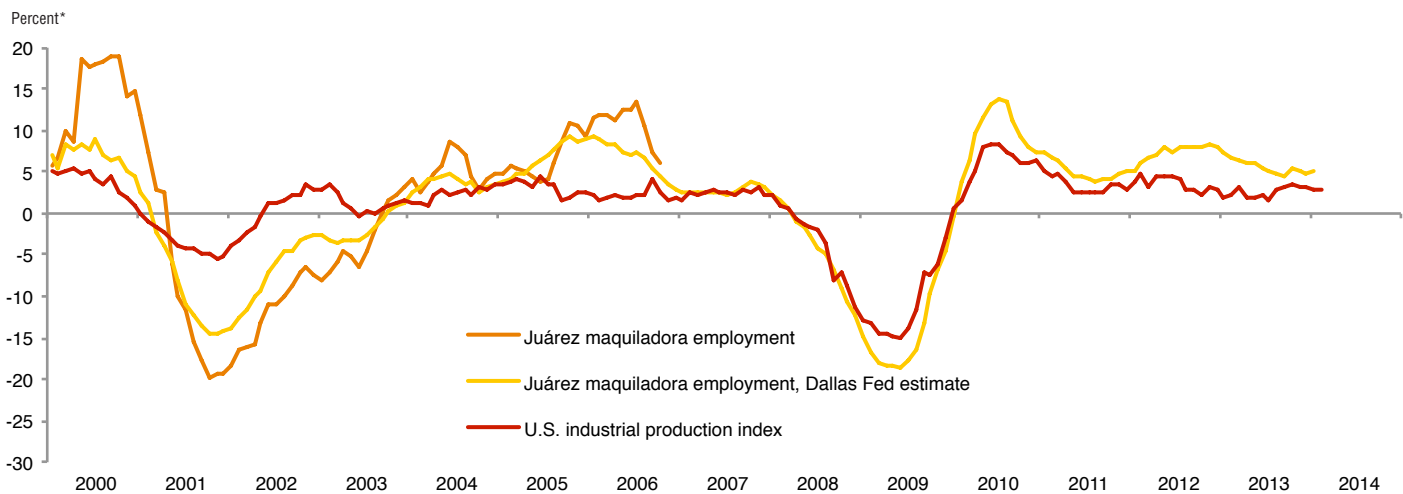
► U.S. industrial production increased in February at a 7.8 percent annualized rate. The Institute for Supply Management manufacturing index and its associated new-orders index, a leading indicator of industrial activity, continued to signal expansion in the industrial sector in February. In January, formal manufacturing employment in the Mexican state of Chihuahua increased 1.3 percent from December 2013.

► 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. 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 December 2013, maquiladoras added over 12,500 jobs. In January 2014, maquiladoras added over 2,500 jobs.

► U.S. auto and light truck production slightly increased from 10 million to 11 million in February. In addition, U.S. auto sales remained at a healthy level at 15 million on an annual basis in February. 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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