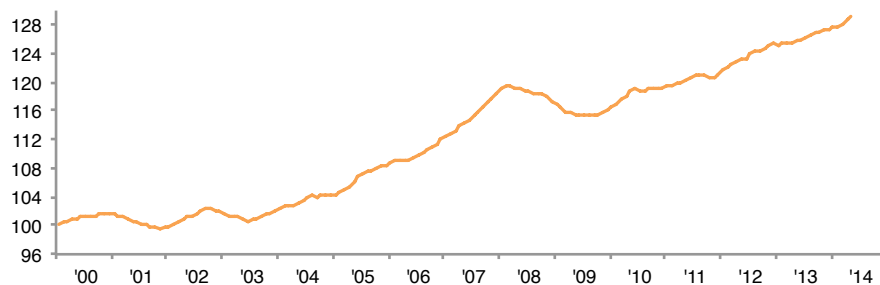


Economic Activity

El Paso Business-Cycle Index

Index, January 2000 = 100



► Economic activity in the El Paso metropolitan area continues to expand, according to the Federal Reserve Bank of Dallas' El Paso Business-Cycle Index. After a slowdown during the first quarter, the index registered strong gains in the past two months with a 4.5 percent annualized growth in May.

Labor Market

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

<i>El Paso</i>	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14
Nonfarm employment	-2.1	0.0	-1.7	-0.4	5.1	3.8
Goods producing	-3.9	17.0	8.1	-7.5	8.1	-11.0
Construction, mining & natural res.	-9.1	32.6	9.7	0.0	9.6	-8.8
Manufacturing	0.0	7.0	0.0	-6.5	7.0	-12.6
Services providing	-1.8	-1.4	-2.8	0.5	4.3	5.7
Trade, transportation & utilities	2.0	-3.8	-7.5	14.6	8.0	12.1
Information	-18.3	0.0	0.0	0.0	0.0	0.0
Financial activities	0.0	0.0	0.0	0.0	0.0	0.0
Professional & business services	0.0	0.0	-7.7	-27.9	27.9	12.9
Educational & health services	-5.9	0.0	3.1	3.1	3.1	3.0
Leisure & hospitality	3.9	0.0	3.9	0.0	3.9	0.0
Other services	-12.2	13.9	-12.2	13.9	-12.2	0.0
Government	0.0	-6.8	1.8	0.0	-5.2	1.8
Unemployment rate	8.3	7.9	8.1	7.6	7.2	7.3
<i>Midland-Odessa</i>						
Nonfarm employment	1.5	6.9	0.7	2.3	5.3	0.7
Unemployment rate	3.5	3.2	3.3	3.1	2.8	3.0
<i>Las Cruces</i>						
Nonfarm employment	0.0	0.0	0.0	0.0	-1.7	-1.7
Unemployment rate	7.3	7.3	7.4	7.7	7.5	N/A

*Seasonally adjusted.

► El Paso's nonfarm employment registered a 3.8 percent annualized growth rate in May. Job gains were concentrated in the professional and business services, and trade, transportation and utilities sectors.

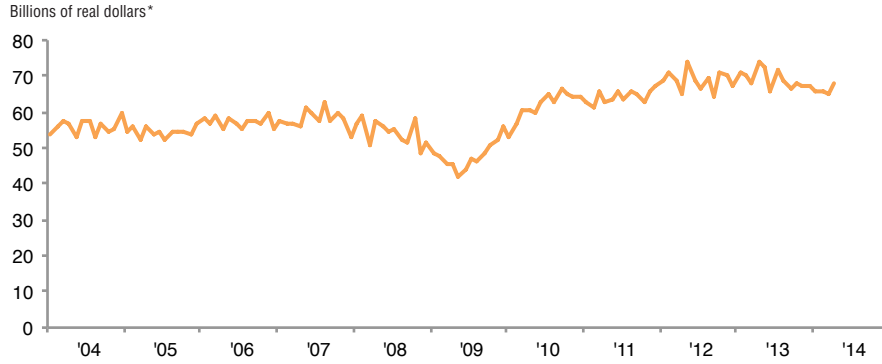
► El Paso's May unemployment rate stood at 7.3 percent. The Texas unemployment rate was 5.1 percent, while the national rate was 6.3 percent.

► Midland-Odessa, Texas, employment increased in May at a 0.7 percent annualized rate, and the unemployment rate stood at 3 percent

► Nonfarm employment in Las Cruces, N.M., decreased at a 1.7 percent annualized rate in May. The unemployment rate for April stood at 7.5 percent. For May, the New Mexico unemployment rate was 6.5 percent.

Trade Flows

El Paso Total Trade



*Seasonally adjusted, annualized.

► Trade flows through the El Paso port of entry in April increased 5 percent from March. Total trade (exports plus imports) was \$68 billion annualized, compared with \$73 billion in April 2013.

Regional Housing Markets

El Paso Home Sales



*Seasonally adjusted; six-month moving average.

► In May, El Paso home sales increased 6.6 percent on a 12-month basis. The median home price was \$143,000. Inventory levels continue on an upward trend and stood at 8.3 months in May, compared with 7.7 months in May of last year.

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

Conditions in Chihuahua and Ciudad Juárez

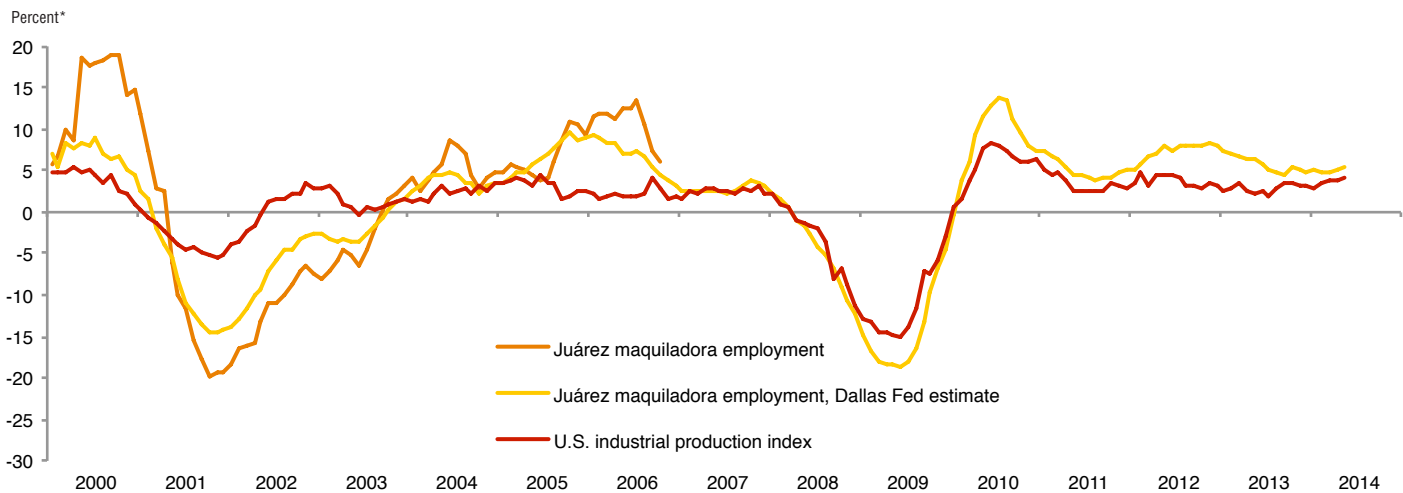
► U.S. industrial production increased in May at a 7.3 percent annualized rate. The Institute for Supply Management manufacturing index and its associated new-orders index, a leading indicator of industrial activity, continued to signal expansion in the sector in May.

► Maquiladoras south of the Rio Grande have added more than 11,000 jobs from December 2013 to May 2014, according to a Dallas Fed model based on the U.S. industrial production index and Chihuahua manufacturing employment. The model has been used to track maquiladora employment in

the Chihuahua city of Juárez since Mexico changed its methodology in 2006. From December 2012 to December 2013, maquiladoras added over 12,000 jobs. Formal manufacturing employment in the Mexican state of Chihuahua increased 5.1 percent in May from December 2013.

► U.S. auto and light truck production remained stable at around 11 million in May. In addition, U.S. auto sales reached over 16 million in May 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 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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