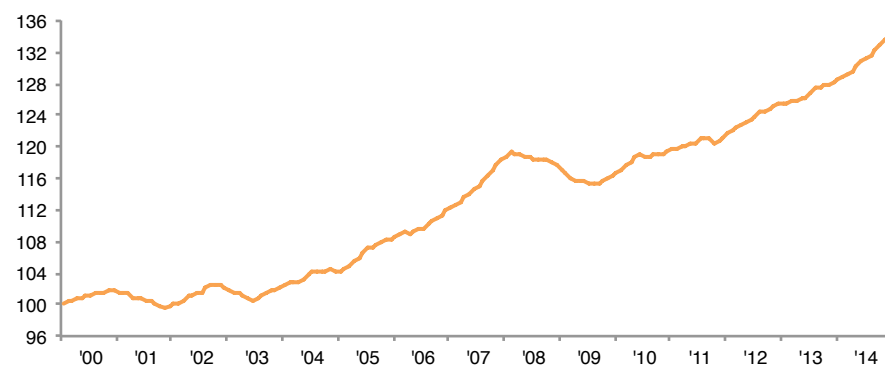


Economic Activity

El Paso Business-Cycle Index

Index, January 2000 = 100



► Overall economic activity continues to expand in El Paso, according to the Dallas Fed's El Paso Business-Cycle index. In December, the index advanced at an annualized rate of 5.6 percent, above November's gain of 5.1 percent.

Labor Market

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

<i>El Paso</i>	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Nonfarm employment	-3.2	5.0	0.8	7.2	1.6	1.6
Goods producing	-11.3	0.0	0.0	0.0	-3.9	0.0
Construction, mining & natural res	-16.6	0.0	9.6	0.0	-8.7	-8.8
Manufacturing	-6.8	0.0	-6.9	0.0	0.0	0.0
Services providing	-1.8	5.6	1.4	7.5	2.8	1.8
Trade, transportation & utilities	-1.9	-1.9	1.9	5.9	5.9	-1.9
Information	0.0	0.0	0.0	22.8	0.0	0.0
Financial activities	0.0	10.6	0.0	10.5	0.0	0.0
Professional & business services	0.0	21.6	-14.5	21.5	3.9	8.0
Educational & health services	6.1	6.1	6.0	6.0	9.1	2.9
Leisure & hospitality	0.0	0.0	7.7	3.8	3.8	0.0
Other services	14.0	0.0	13.9	29.1	-11.9	0.0
Government	-9.9	10.9	0.0	1.7	0.0	0.0
Unemployment rate	7.3	7.5	7.1	6.9	6.8	6.1
<i>Midland-Odessa</i>						
Nonfarm employment	8.2	2.2	12.0	6.5	2.8	3.5
Unemployment rate	2.9	2.9	2.7	2.7	2.6	2.4
<i>Las Cruces</i>						
Nonfarm employment	11.1	-11.1	-1.7	-3.3	3.5	NA
Unemployment rate	7.3	7.3	7.1	6.8	7.4	NA

*Seasonally adjusted.

► El Paso's nonfarm employment registered a 1.6 percent annualized increase in December. Over 2014, El Paso added more than 7,000 jobs, compared with the 2,200 jobs created in 2013. Educational and health services, which accounts for nearly 15 percent of the metro's employment, added the most jobs in the private sector last year—1,900.

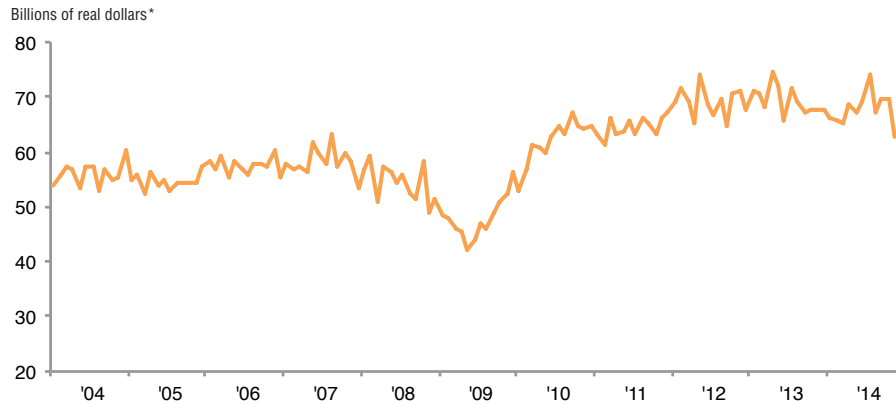
► The unemployment rate dropped to 6.1 percent in December, lower than November's 6.8 percent and the lowest it has been since mid-2008. The Texas unemployment rate in December stood at 4.6 percent, while the U.S. rate was 5.6 percent.

► Midland-Odessa, Texas, continued to add jobs in December. Employment rose at an annualized rate of 3.5 percent, while the unemployment rate edged down to 2.4 percent.

► Nonfarm employment in Las Cruces, N.M., rose at annualized rate of 3.5 percent in November. The unemployment rate in November stood at 7.4 percent, up from 6.8 percent in October. The New Mexico unemployment rate was 6.4 percent in November.

Trade Flows

El Paso Total Trade

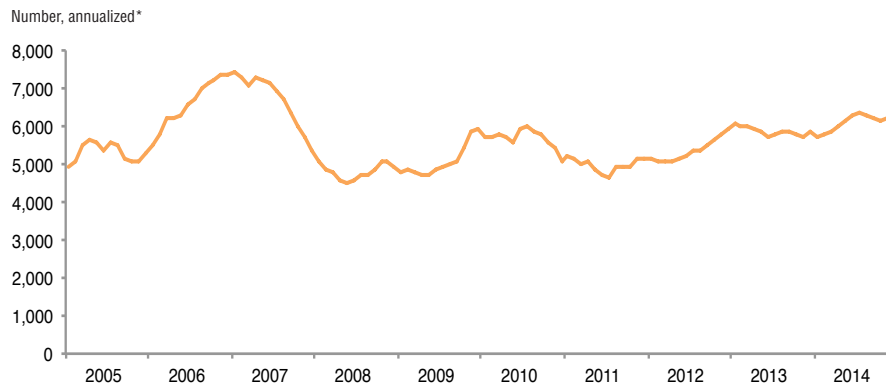


*Seasonally adjusted, annualized.

► Trade flows through the El Paso port of entry in November fell nearly 10 percent from October as both exports and imports declined. Total trade (exports plus imports) was \$62.9 billion annualized, compared with \$67.7 billion in November 2013.

Housing Markets

El Paso Home Sales



*Seasonally adjusted; six-month moving average.

► December home sales in El Paso were an annualized 6,083, up from 5,880 a year earlier. Meanwhile, the median home price fell to \$143,900, and inventory levels declined to 7.4 months from 7.6 months a year earlier.

► In Midland–Odessa, November home sales were up more than 20 percent from a year earlier, and the median home price of \$228,125 was above last November's \$208,751.

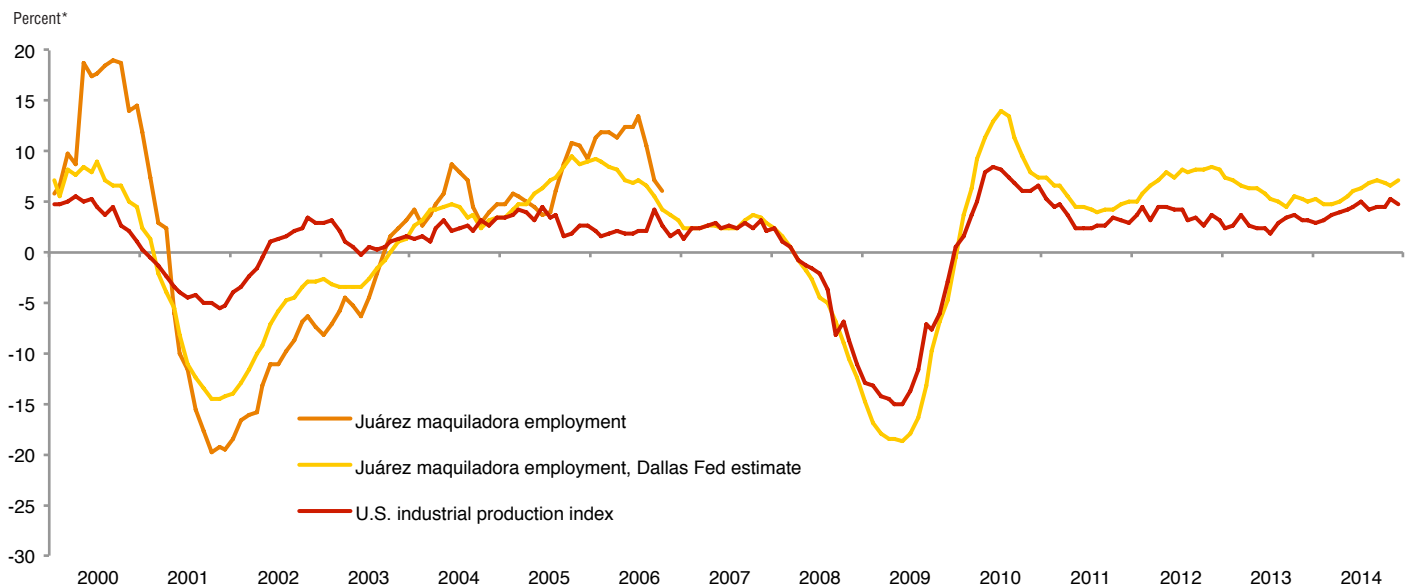
Conditions in Chihuahua and Ciudad Juárez

► U.S. industrial production edged down slightly in December, while the Institute for Supply Management manufacturing index and its associated new-orders index, a leading indicator of industrial activity, also showed small declines. However, maquiladoras south of the Rio Grande continue to add jobs, 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. According to the model, maquiladora employment is up

more than 7.2 percent from a year ago, while formal manufacturing employment in Chihuahua also increased 7.2 percent over the same period.

► U.S. auto and light truck production in November totaled 11.7 million units, while U.S. auto sales amounted to 16.9 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 Ciudad Juárez Maquiladora Employment



*Year-over-year change; seasonally adjusted.

NOTE: Data may not match previously published numbers due to revisions.

SOURCES: **El Paso Business-Cycle Index:** Federal Reserve Bank of Dallas; **labor market:** Dallas Fed and 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 and Dallas Fed, El Paso Branch.

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