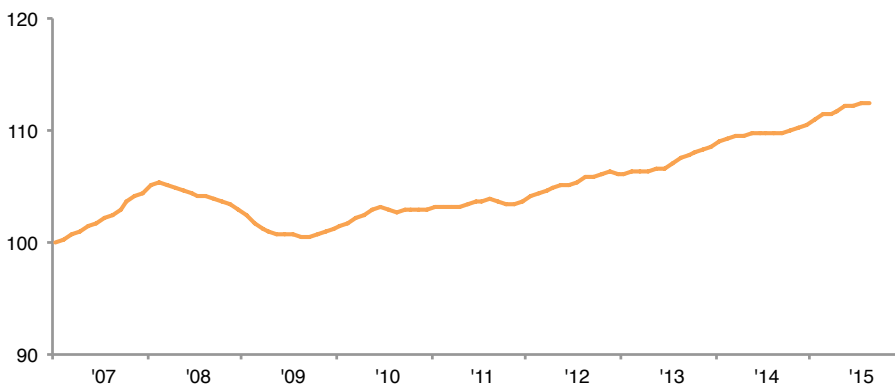


Summary The El Paso economy continued to expand in August. Employment grew at a 2.0 percent annualized rate over the first eight months of the year, and unemployment fell. Housing sales continued to increase, and trade flows through the El Paso port of entry moved up in July from a year ago as maquiladora activity in Ciudad Juárez remained strong.

El Paso Business-Cycle Index

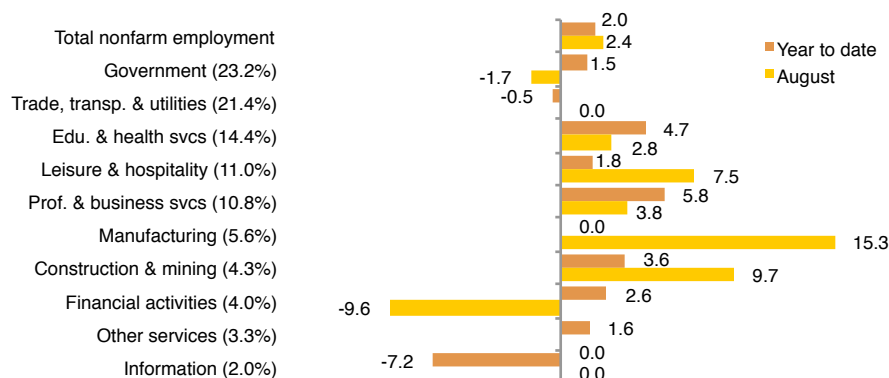
Index, January 2007 = 100*



*Monthly, seasonally adjusted.

► The El Paso Business-Cycle Index advanced at a faster pace in August. The index posted a 2.1 percent annualized growth rate, compared with 0.7 percent in July. The index continues to be boosted by employment gains.

Employment Growth by Sector



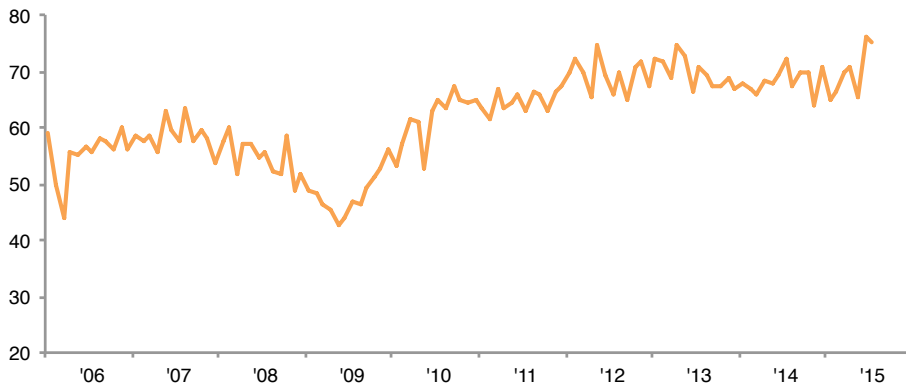
► The metro area has added about 4,000 jobs since the start of the year. Professional and business services, and educational and health services have been among the fastest-growing industries and account for nearly two-thirds of the year-to-date job gains. Although year-to-date gains in manufacturing and in construction and mining remained subdued, the industries led growth in August. Manufacturing rose 15.3 percent, while construction and mining grew 9.7 percent.

► Unemployment in El Paso remains low. In August, the rate stood at 4.9 percent, down from 5.0 percent in July. The El Paso reading continues to be above the Texas rate, which stood at 4.1 percent in August, but below the U.S. rate of 5.1 percent.

NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector. Numbers in parentheses represent share of total employment and may not sum to 100 due to rounding.

Trade Flows

Real dollars (billions)*



*Seasonally adjusted, annualized.

► July trade flows through the El Paso port of entry declined from June but were up nearly 4 percent from a year ago. Slower growth in exports was offset by strong gains in imports. Total trade (exports plus imports) amounted to \$74.9 billion annualized in July, compared with \$72.1 billion in July 2014.

Existing-Home Sales

Number, annualized*



*Seasonally adjusted; six-month moving average.

► The El Paso housing market continues to strengthen. August existing-home sales totaled over 7,000, up 13.0 percent from the same month last year. Robust demand is pressuring inventories of existing homes, which fell to 7.3 months in August from 8.3 months in August 2014. Median home prices rose 2.6 percent over the same period to \$141,900.

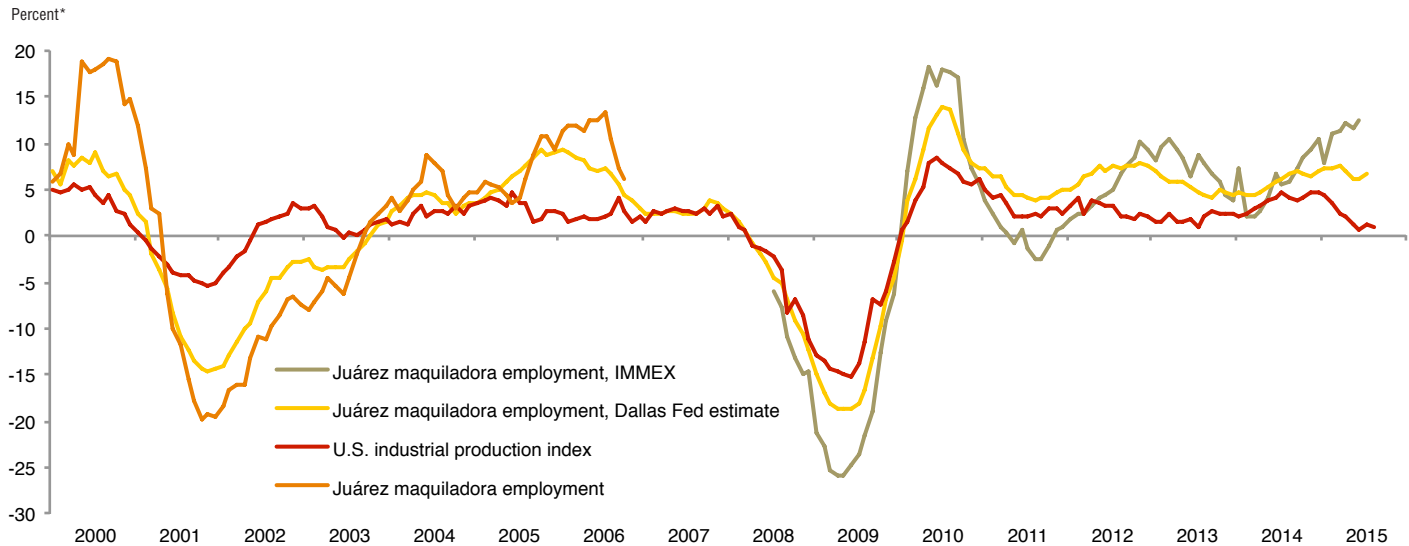
U.S. Manufacturing and Juárez Maquiladora Employment

► U.S. industrial production (IP) fell 0.4 percent in August. The Institute for Supply Management manufacturing index and its associated new-orders index—a leading indicator of industrial activity—also ticked down.

► Despite the slowing in the U.S. industrial sector, Mexico’s maquiladoras continue to add jobs, according to a Dallas Fed model based on the U.S. IP index and manufacturing employment in the Mexican state of Chihuahua. 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,

August maquiladora employment rose 6.1 percent from a year ago, while formal manufacturing employment in Chihuahua increased 8.6 percent. According to Mexico’s newer IMMEX series, Juárez manufacturing employment rose 12.4 percent year over year in June, the latest data available.

► U.S. auto and light truck production dropped in August to 11.5 million units, while U.S. auto sales were a robust 17.7 million units on an annual basis. The strong sales are good news for the local economy because roughly half of maquiladoras are auto related.



*Year-over-year change; seasonally adjusted.

NOTES: Data may not match previously published numbers due to revisions. The El Paso metropolitan statistical area includes El Paso and Hudspeth counties.

SOURCES: **El Paso Business-Cycle Index:** Dallas Fed; **employment growth by sector:** Bureau of Labor Statistics and Dallas Fed; **trade flows:** Census Bureau, Foreign Trade Division; **existing-home sales:** Texas A&M University Real Estate Center; **U.S. manufacturing and Juárez maquiladora employment:** Instituto Nacional de Estadística y Geografía (National Institute of Statistics and Geography), Federal Reserve Board and Dallas Fed, El Paso Branch.

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