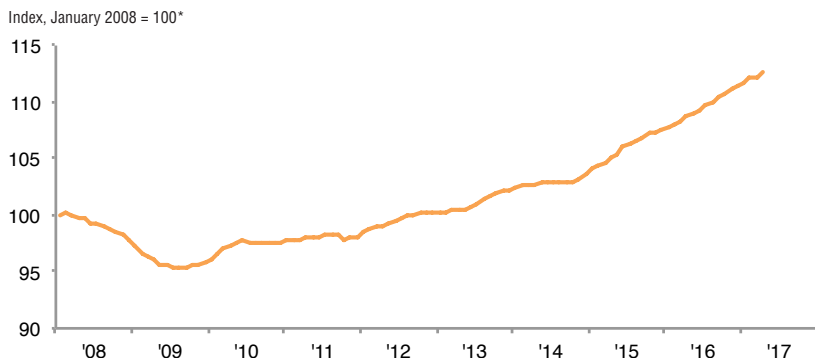


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Summary El Paso economic activity continues to expand, partially driven by the health care industry and by strong maquiladora activity in Ciudad Juárez. Trade through the El Paso port of entry has picked up, and the housing market remains robust with sales above year-ago levels.

El Paso Business-Cycle Index



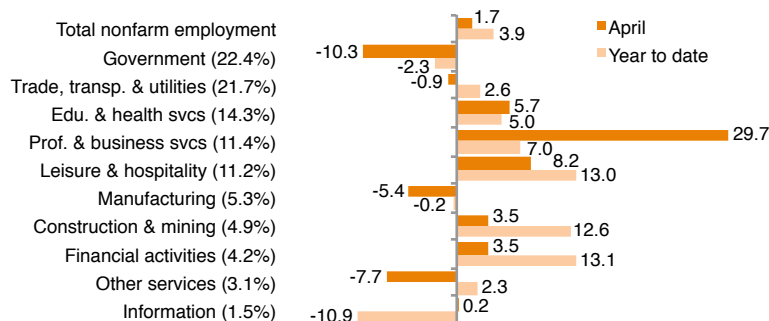
*Seasonally adjusted, monthly.

SOURCE: Dallas Fed.

▶ The El Paso Business-Cycle Index—which is based on employment, unemployment, retail sales and wages—posted annualized growth of 3.2 percent in April, up from 1.5 percent in March. The growth is attributable to increases in the job market and wage gains.

▶ Retail sales totaled \$2.9 billion in third quarter 2016 (the latest data available), unchanged from second quarter 2016. The lack of growth may be due to a slowdown in retail spending by Mexican nationals. Research shows that peso-dollar exchange rate fluctuations significantly influence cross-border shopping activity.

Employment Growth by Sector



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

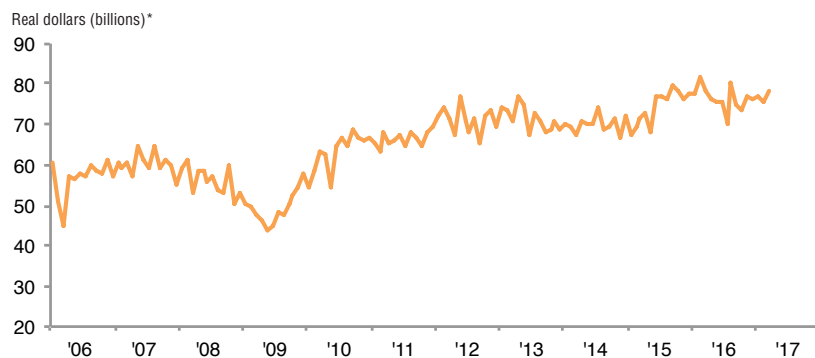
SOURCES: Bureau of Labor Statistics; adjustments by the Dallas Fed.

▶ The El Paso unemployment rate dipped to 5.0 percent in April from 5.6 percent in March. The April reading was on par with the Texas rate of 5.0 percent but above the U.S. rate of 4.4 percent.

▶ April job growth was mixed across sectors. Government posted a 10 percent decline, while trade, transportation and utilities inched down 0.9 percent and manufacturing fell 5.4 percent. The declines were offset by strong growth in professional and business services, which added over 700 jobs in April. Overall, El Paso posted 1.7 percent annualized growth in April.

▶ Year to date, the metro area has added approximately 3,000 jobs. Jobs in professional and business services account for over one-third of the gains.

Total Trade

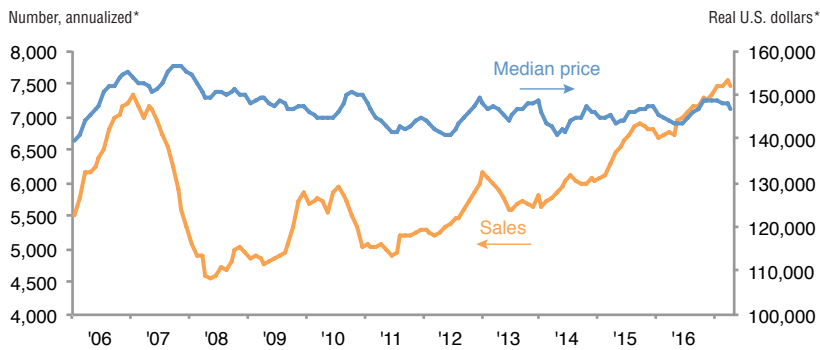


*Seasonally adjusted, annualized.

SOURCES: Census Bureau; adjustments by the Dallas Fed.

▶ Annualized total trade in El Paso amounted to \$78.4 billion in March, up from \$75.4 billion in February. Total trade rose 4.0 percent from February; however, trade showed no change from March 2016. The month-over-month gain is attributed to both imports and exports. In March, imports rose 4.6 percent, while exports climbed 3.0 percent.

Existing-Home Sales



*Seasonally adjusted, six-month moving average.

SOURCES: Texas A&M University Real Estate Center; adjustments by the Dallas Fed.

► The El Paso housing market remains strong. Annualized home sales totaled 7,469 in April, up 11 percent from a year ago. Meanwhile, home prices remained stable, up 2 percent from a year ago. In April, the median home price stood at \$146,662, compared with \$143,762 a year earlier.

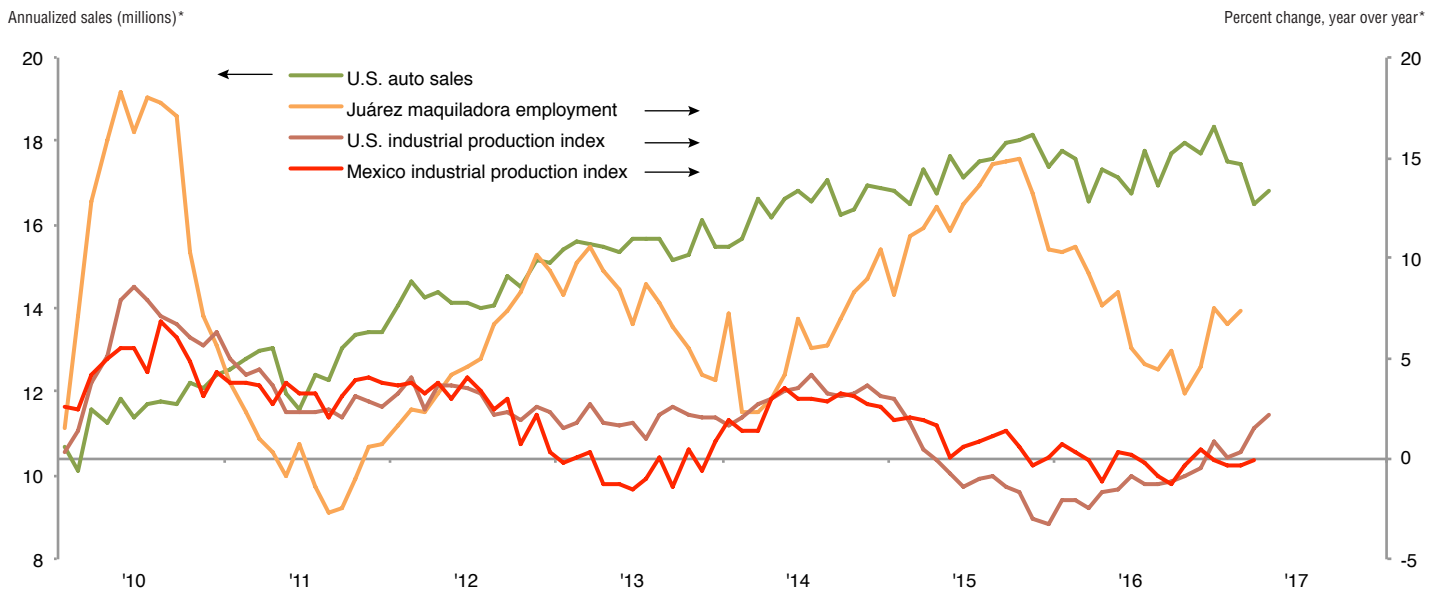
Juárez Maquiladora Activity

► U.S. industrial production rose 2.2 percent year over year in April. Meanwhile, the Institute for Supply Management manufacturing index declined to 54.8 in April from 57.2 in March, and its associated new-orders index—a leading indicator of industrial activity—fell to 57.7 in April from 64.5 in March.

► As the U.S. industrial sector continues to show growth, Mexico's maquiladoras continue to add jobs. According to Mexico's IMMEX series, Juárez manufacturing employment totaled nearly 269,000

in February (the latest data available), a 7.3 percent increase from a year ago and a new postrecession high.

► U.S. auto and light-truck production rose to 11.7 million units in April, up from 10.9 million in March. Meanwhile, U.S. auto sales climbed to 16.8 million units on an annual basis. Auto sales are closely linked to the local economy because roughly half of maquiladoras in Juárez are auto related.



*Seasonally adjusted.

SOURCES: Instituto Nacional de Estadística y Geografía (National Institute of Statistics and Geography); Federal Reserve Board; Bureau of Economic Analysis; adjustments by the Dallas Fed.

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

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