

El Paso Economic Indicators

DALLAS FED

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Summary Economic activity in El Paso remains robust. Solid growth continues to be driven by the services industry and by strong maquiladora activity in Ciudad Juárez. While trade through the El Paso Port of Entry has slowed, the housing market remains strong, with sales near all-time highs.

El Paso Business-Cycle Index

Index, January 2008 = 100*



*Monthly, seasonally adjusted.

SOURCE: Dallas Fed.

► The El Paso Business-Cycle Index, which is based on employment, unemployment, retail sales and wages, posted annualized growth of 4.8 percent in June. The continued gains in the index are attributed to the robust labor market. Meanwhile, retail sales totaled \$2.9 billion in fourth quarter 2016 (latest data available), down 5.5 percent from third quarter 2016 sales, but showing no change from a year earlier. The quarterly decline in retail sales may be attributed 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.

► June job growth was robust with broad-based gains. Government, trade, transportation and utilities, and information posted losses. However, the declines were offset by strong growth in leisure and hospitality, education and health services, and professional and business services. Overall, El Paso posted an annualized growth rate of 5.9 percent in June.

► Year to date, El Paso has added nearly 4,500 jobs. Professional and business services has created 1,690 jobs this year, and leisure and hospitality has created 1,200 jobs.

► The unemployment rate declined to 4.6 percent in June from 4.8 percent in May. The El Paso rate is on par with the Texas rate of 4.6 percent but above the U.S. rate of 4.4 percent.

Total Trade

Real dollars (billions)*

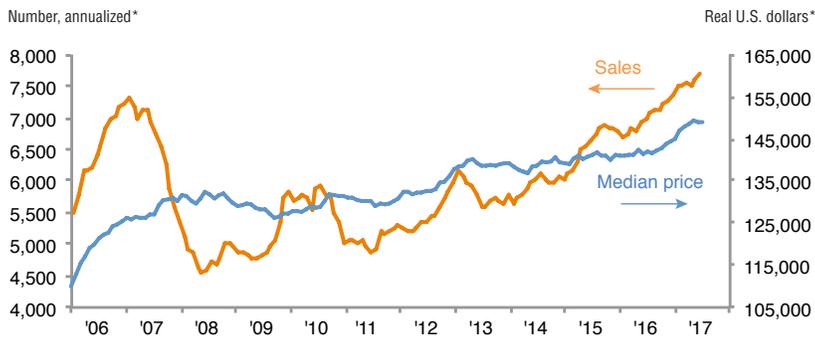


*Seasonally adjusted, annualized.

SOURCES: Census Bureau; adjustments by the Dallas Fed.

► Annualized total trade in El Paso amounted to \$71.7 billion in April (latest data available), down from \$77.8 billion in March. Total trade declined 7.8 percent. The month-over-month decline was due to both slower imports and exports. In April, exports fell 8.6 percent and imports declined 7.4 percent.

Existing-Home Sales



*Seasonally adjusted; six-month moving average.

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

► The El Paso housing market remains strong. Annualized home sales totaled 7,683 in June, up 14 percent from a year ago. Sales have continued to increase and are near all-time highs. Meanwhile, home prices have remained stable, up 4.5 percent from a year ago. In June, the median home price stood at \$148,633 compared with \$142,306 a year earlier.

► The National Association of Home Builders/Wells Fargo Housing Opportunity Index represents the share of homes sold that are considered affordable to a family earning the median income. Affordability in El Paso rose in first quarter 2017 as the index increased to 60.1 percent from 52.5 percent in the last quarter of 2016. This is on par with the national rate of 60.3 percent.

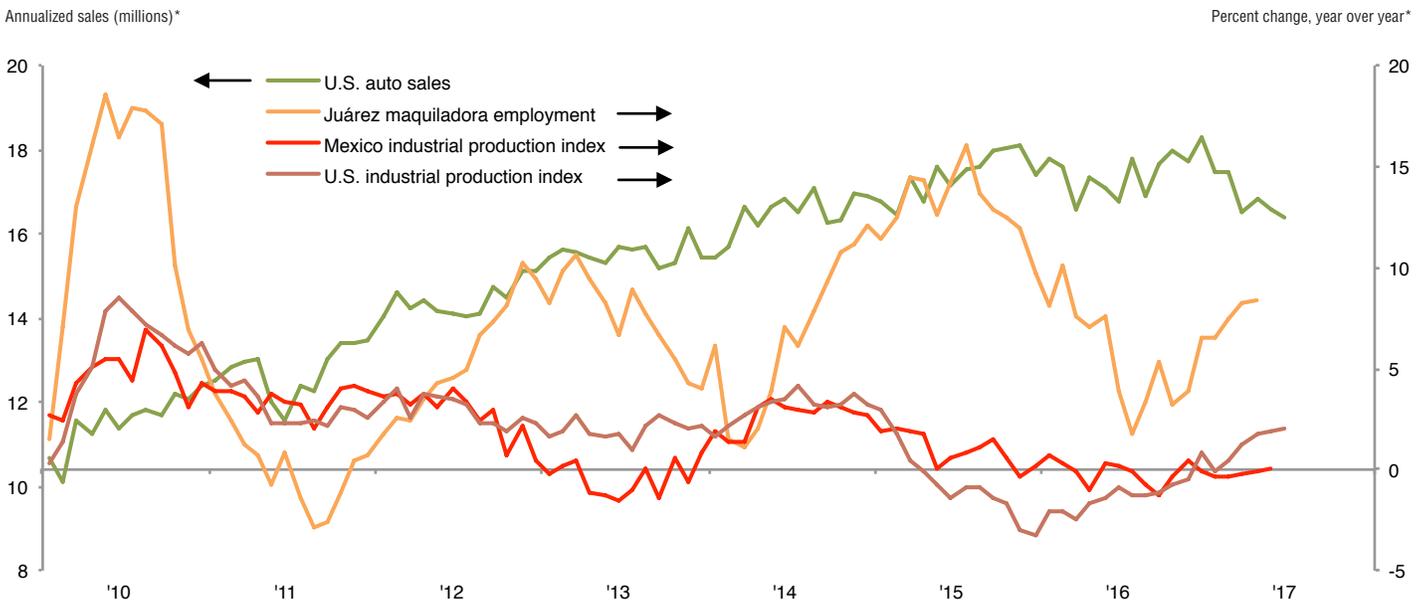
Juárez Maquiladora Activity

► U.S. industrial production rose 2.0 percent year over year in June. Meanwhile, the Institute for Supply Management manufacturing index rose to 57.8 in June from 54.9 in May, and its associated new-orders index—a leading indicator of industrial activity—also rose to 63.5 from 59.5 in May.

► As the U.S. industrial sector remains upbeat, Mexico's maquiladoras continue to add jobs. According to Mexico's IMMEX series, Juárez manufacturing employment totaled over 274,000 in April

(latest data available), up 8.3 percent from a year ago, and reaching a new postrecession high.

► U.S. auto and light-truck production remained at 11.2 million units in June, showing no change from May. Meanwhile, U.S. auto sales in June fell to 16.4 million units on an annual basis from 16.6 million in May. 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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