

FEDERAL RESERVE BANK OF DALLAS • AUGUST 24, 2017

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. The housing market remained solid in July, with sales near an all-time high. Trade through the port amounted to over \$77 billion (annualized) in June.

El Paso Business-Cycle Index

Index, January 2008 = 100*

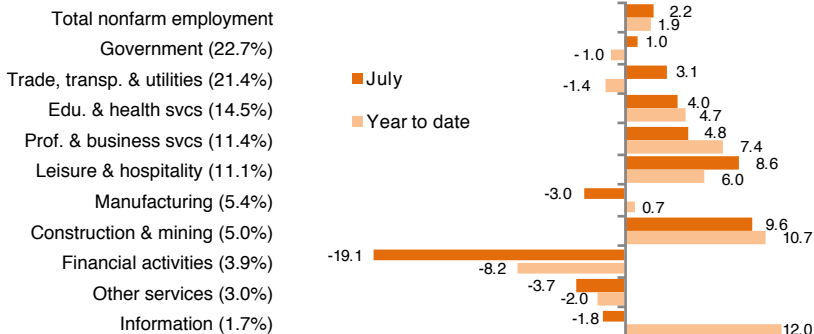


*Seasonally adjusted, monthly.

SOURCE: Dallas Fed.

► The El Paso Business-Cycle Index, which is based on employment, unemployment, retail sales and wages, posted annualized growth of 3.1 percent in July. July marks the third consecutive month of above-average gains. Increases in the business-cycle index can be attributed to El Paso’s labor market—continued improvement in the market and particularly low unemployment.

Employment Growth by Sector



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.

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

► July job hikes were robust; however, industry growth was mixed. Leisure and hospitality, education and health services, and professional and business services continue to post increases, while El Paso’s three smallest sectors all posted monthly declines. Overall, El Paso’s year-to-date annualized growth was 1.9 percent, lower than the state’s figure but above El Paso’s long-term average. Year to date, El Paso has added over 3,400 jobs. Professional and business services, leisure and hospitality, and education and health services have led the gains.

► The unemployment rate ticked up from 4.2 in June to 4.3 percent in July. El Paso, Texas and the nation all have rates of 4.3 percent.

Total Trade

Real dollars (billions)*

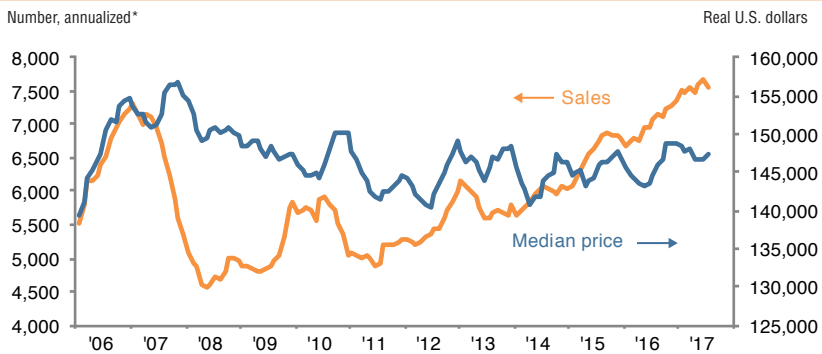


*Seasonally adjusted, annualized.

SOURCES: Census Bureau; adjustments by the Dallas Fed.

► Annualized total trade in El Paso amounted to \$77.4 billion in June, stronger than the \$76.3 billion reading in May. Total trade increased 1.5 percent over the month. Growth was driven by a 5.1 percent growth in exports, while imports slowed 0.6 percent. Year over year, total trade increased 3.4 percent, driven by a 4.6 percent rise in imports.

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 7,544 in July, up 6.5 percent from a year ago. Sales have continued to increase and are near all-time highs. Meanwhile, home prices have remained stable, up approximately 2.0 percent from a year ago.

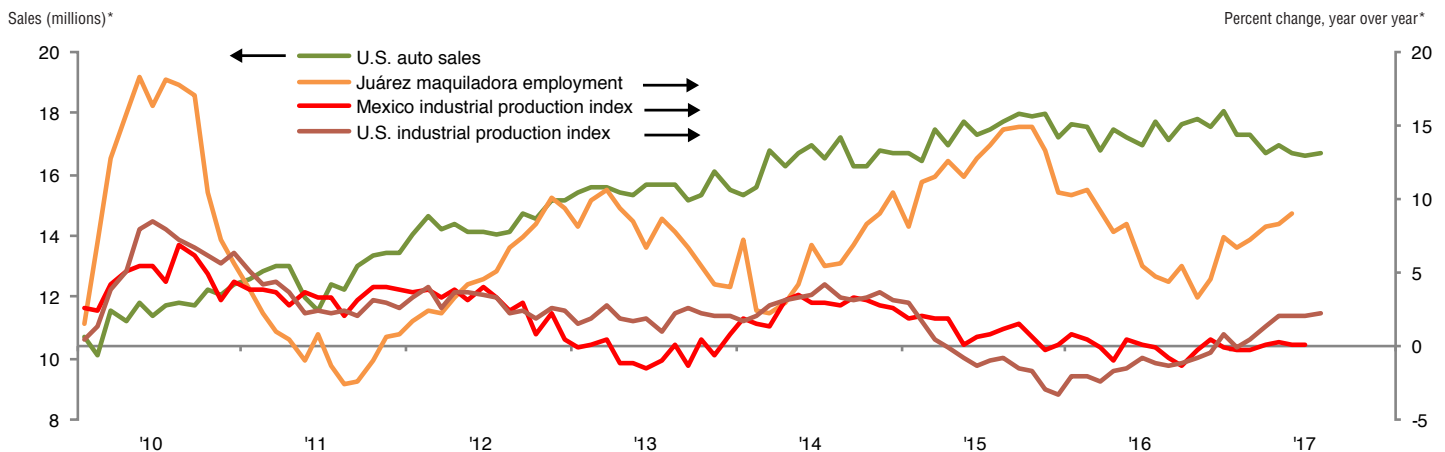
► The National Association of Home Builders/Wells Fargo Housing Opportunity Index represents the share of homes sold that are considered affordable to a family earning the median income. Affordability in El Paso inched down in second quarter 2017. The index declined to 59.2 percent from 60.1 percent in the first quarter. However, the second quarter reading is on par with the U.S. index of 59.4.

Juárez Maquiladora Activity

► U.S. industrial production rose 2.2 percent year over year in July. The Institute for Supply Management manufacturing index fell from 57.8 to 56.3. The reading is still solid, and the new orders component—an indicator of future conditions—displayed hearty growth. Regional Fed surveys, including the Dallas Fed’s Texas Manufacturing Outlook Survey, continue to show strength.

► 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 277,000 in May (latest data available), up 9.0 percent from a year ago.

► U.S. auto and light-truck production fell to 10 million units in July, while auto sales ticked up 0.6 percent. This is only the second time this year that auto sales have increased. Monthly auto sales have been weaker than they were in 2016. Year-to-date autos sales are down 2.5 compared with last year. 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. Questions regarding *El Paso Economic Indicators* can be addressed to Marycruz De León at marycruz.deleon@dal.frb.org.

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