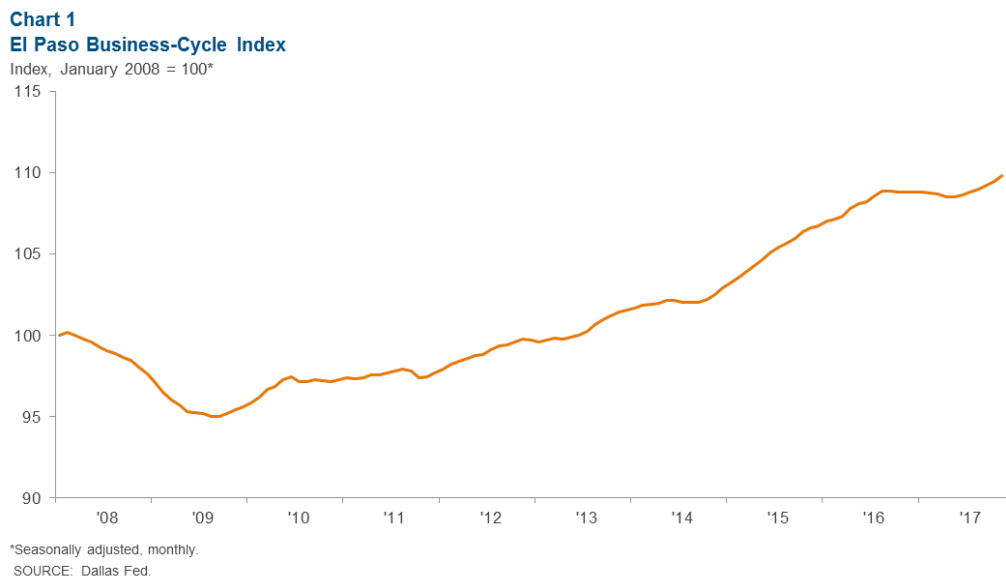


December 27, 2017

Economic activity in El Paso remains solid. Maquiladoras in Ciudad Juárez continue to add jobs, and trade through the port remains steady. Home sales in El Paso remain robust, near all-time highs.

Business-Cycle Index

The El Paso Business-Cycle Index, which is based on employment, unemployment, retail sales and wages, posted annualized growth of 3.7 percent in November (*Chart 1*).

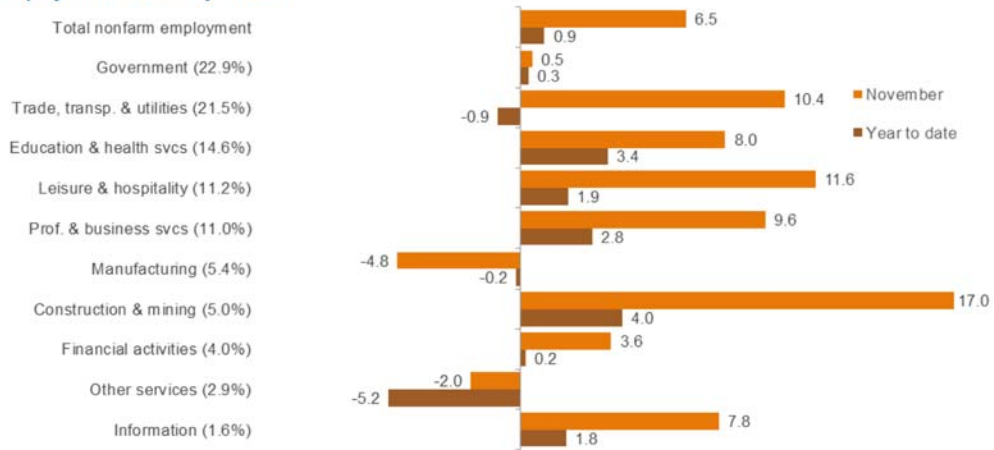


Labor Market

El Paso jobs rose at an annualized rate of 6.5 percent in November (*Chart 2*). Year to date, employment rose at an annualized rate of 0.9 percent, and more than 2,600 jobs have been added. The majority of the job gains this year have been driven by education and health services, leisure and hospitality, and professional and business services. Trade, transportation and utilities, which accounts for nearly 22 percent of El Paso total jobs, is declining at a 0.9 percent annualized rate. The losses in this sector have been driven by a drop in general merchandise store employment.

The unemployment rate inched up to 3.5 percent in November. The rate remained below that of Texas (3.8 percent) and the U.S. (4.1 percent).

Chart 2
Employment Growth by Sector

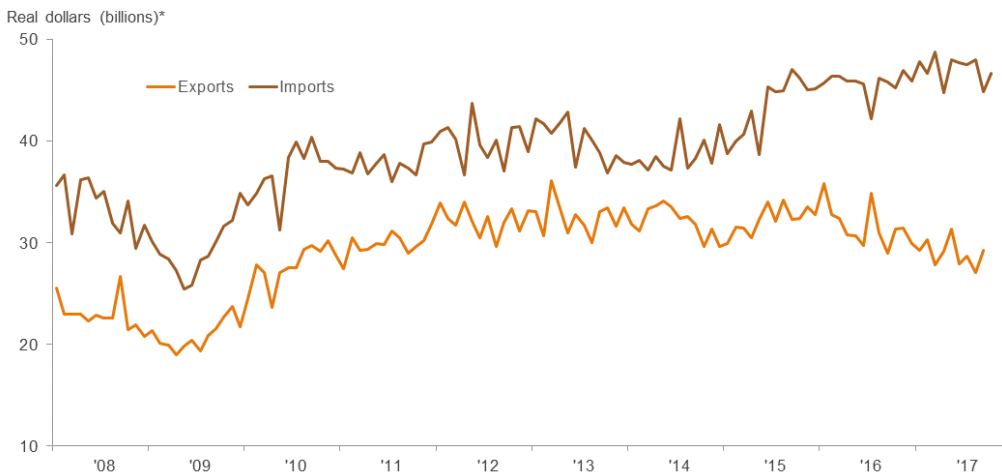


NOTES: Data show seasonally adjusted and annualized percentage employment growth by sector. Numbers in parentheses represent share of total employment and may not sum to 100 due to rounding.
 SOURCES: Bureau of Labor Statistics; adjustments by the Dallas Fed.

Trade

Annualized total trade in El Paso was \$75.9 billion in October, up 2.3 percent from a year earlier. The total trade gain was driven by year-over-year growth of 3.1 percent in imports. Imports totaled \$46.6 billion (annualized) in October, accounting for over 60 percent of total trade through the port (*Chart 3*). Meanwhile, exports totaled \$29.3 billion, up 1.0 percent from a year ago.

Chart 3
Trade

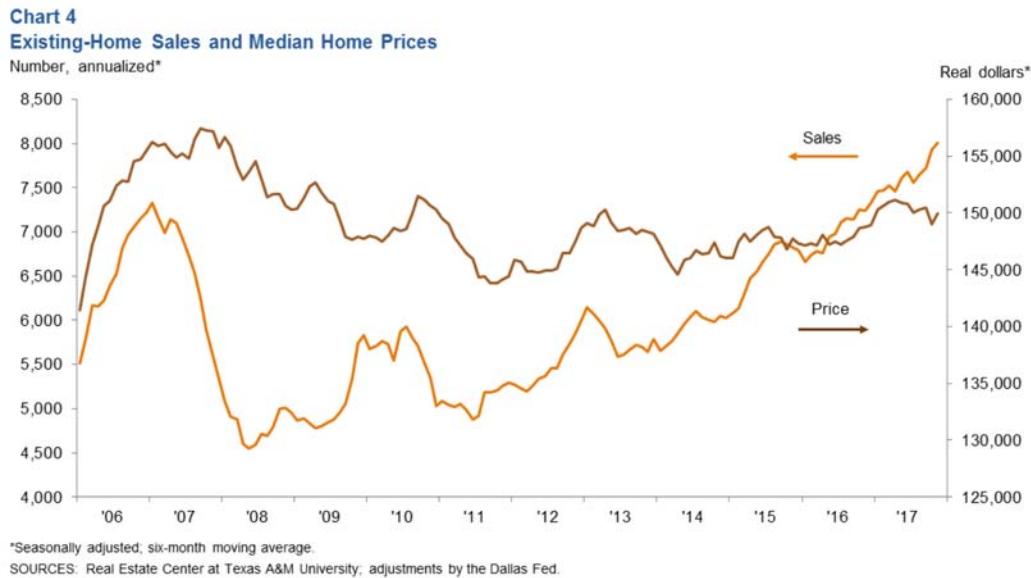


*Seasonally adjusted, annualized.
 SOURCES: Census Bureau; adjustments by the Dallas Fed.

Housing Market

Home sales in El Paso continue to rise, surpassing 8,000 in November (annualized) and are up over 10 percent from last November (*Chart 4*). Home sales have been on an upward trend since 2008 when annual sales totaled 4,775.

Meanwhile, the median home price stood at \$149,925 in November, up 0.8 percent from a year ago.

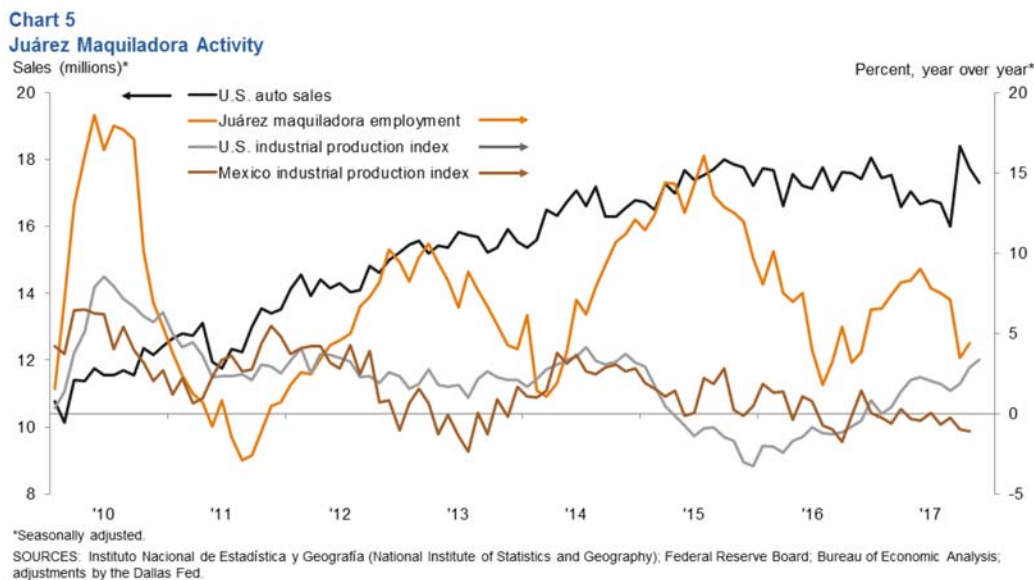


Juárez Maquiladora Activity

While Mexico's industrial production index declined 1.1 percent in October (latest data available), U.S. industrial production rose 3.4 percent year over year in November (*Chart 5*). The Institute for Supply Management manufacturing index remained solid at 58.2 in November. The new orders component—an indicator of future conditions—also remained robust at 64.0.

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 272,300 in October (latest data available), up 4.4 percent from a year ago.

U.S. auto and light-truck production remained at 10.7 million in November, unchanged from October, but down 9.4 percent from a year ago. Meanwhile, auto sales declined to 17.3 million, down 0.7 percent from a year ago. Auto sales are closely linked to the local economy because roughly half of maquiladoras in Juárez are auto related.



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

About El Paso Economic Indicators

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