

August 29, 2019

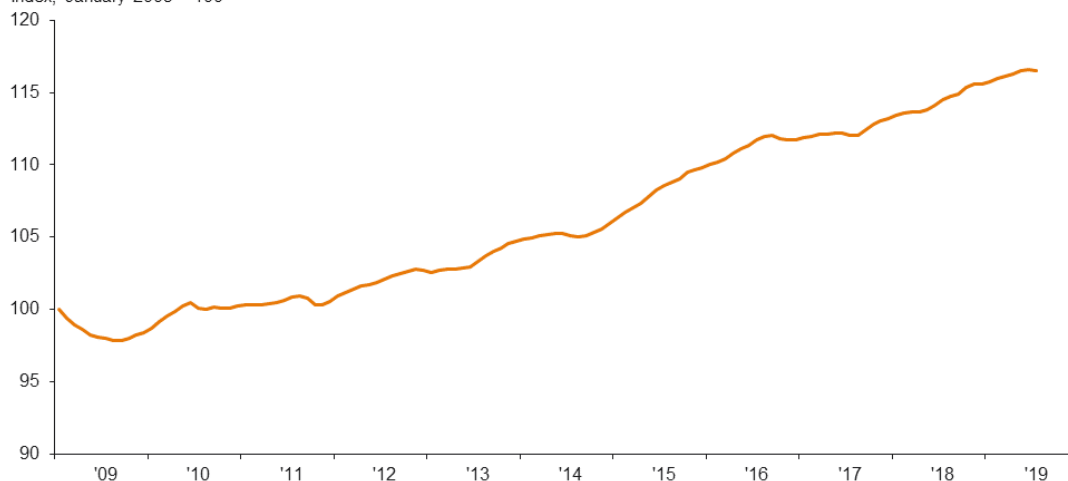
The El Paso economy softened in July. Employment slumped, and year-over-year housing sales and trade volumes weakened. Although industrial production and maquiladora activity continued to signal growth, this growth may be slowing.

Business-Cycle Index

The El Paso Business-Cycle Index declined at an annualized rate of 0.7 percent in July (*Chart 1*). The recent plateauing of the index is attributed to diminished employment growth in the metro.

Chart 1
El Paso Business-Cycle Index

Index, January 2009 = 100*



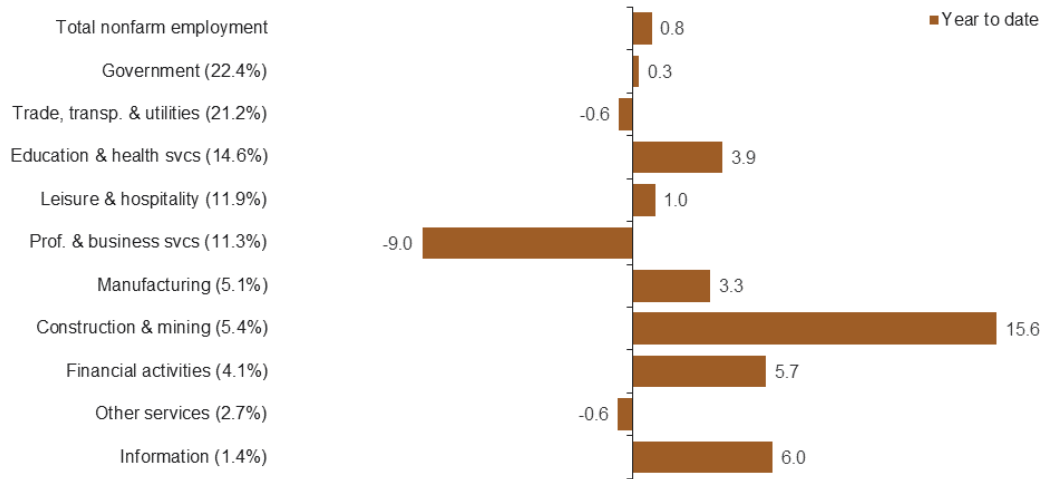
*Seasonally adjusted, monthly.

SOURCE: Dallas Fed.

Labor Market

July employment fell at an annualized rate of 1.7 percent, largely due to a loss of 1,010 professional and business services jobs. Despite the recent dip, year-to-date employment expanded at an annualized rate of 0.8 percent, and a net 1,530 jobs were added through July (*Chart 2*). The construction and mining sector contributed the most to year-to-date employment gains, adding 1,480 jobs to the local economy, with education and health services close behind, adding 1,050 jobs. However, a loss of 1,970 jobs within the professional and business services sector dampened much of the net year-to-date gains.

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.

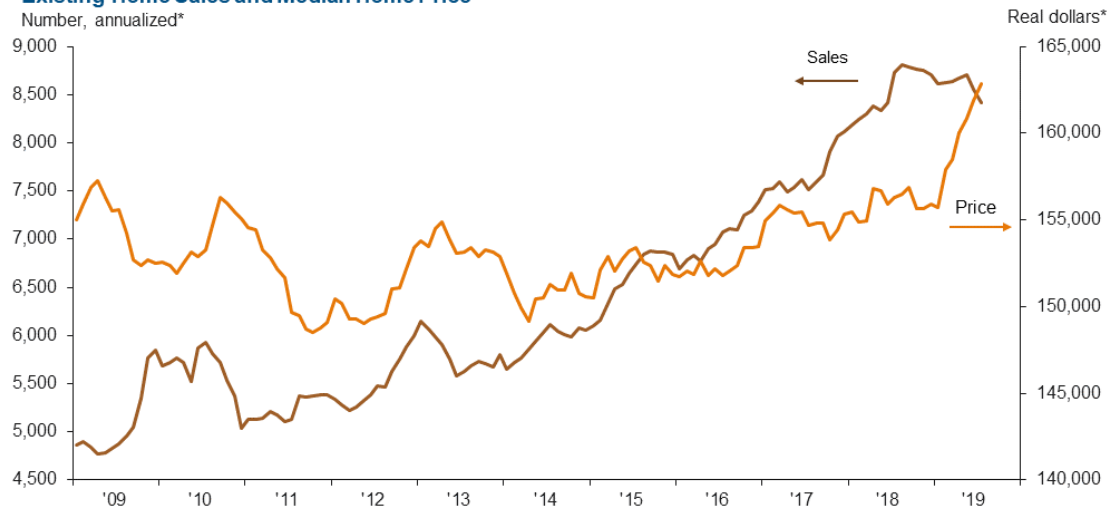
SOURCES: Bureau of Labor Statistics; adjustments by the Dallas Fed.

The El Paso unemployment rate inched up from 3.8 in June to 3.9 percent in July. The Texas and U.S. monthly unemployment rates remained at 3.4 percent and 3.7 percent, respectively.

Housing Market

El Paso existing-home sales (annualized) declined 3.7 percent year over year to 8,412 in July (*Chart 3*). Median home prices rose 4.2 percent to \$162,821 from July 2018 to July 2019.

Chart 3
Existing-Home Sales and Median Home Price



*Seasonally adjusted, six-month moving average

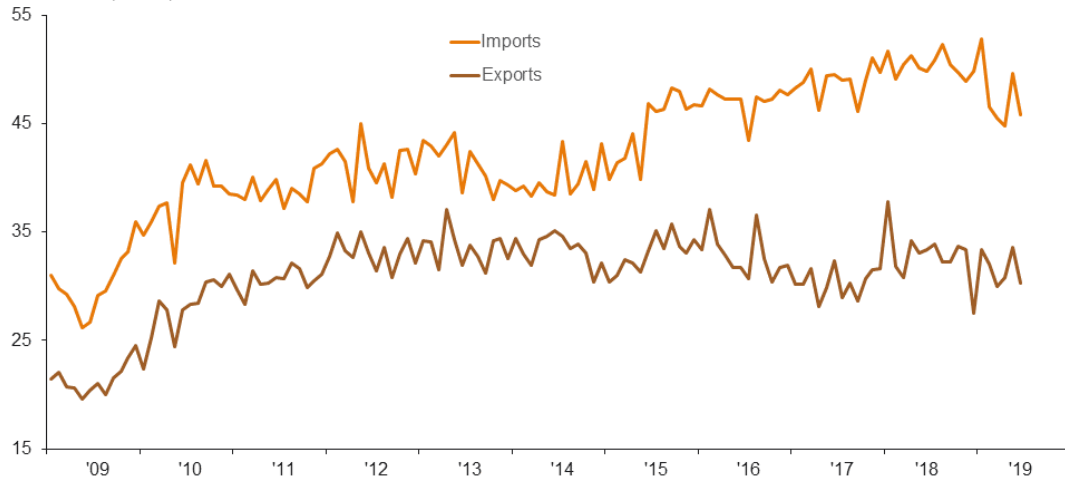
SOURCES: Real Estate Center at Texas A&M; adjustments by the Dallas Fed.

Trade

Annualized total trade in El Paso was \$76.1 billion in June, down 8.6 percent from \$83.3 billion a year earlier (*Chart 4*). This ebb in trade was driven by decreases in both exports and imports. Exports totaled \$30.3 billion in June, a year-over-year decrease of 10 percent, while imports totaled \$45.8 billion, an 8 percent decline from June 2018. Weakened trade volumes may be due to increased delays at the border.

Chart 4
Trade

Real dollars (billions)



SOURCES: Census Bureau; adjustments by the Dallas Fed.

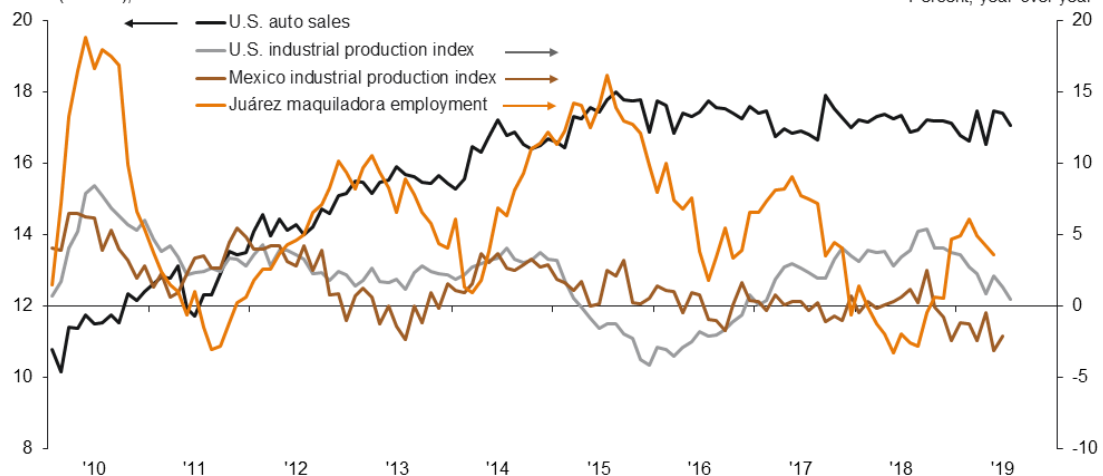
Industrial Production and Maquiladora Activity

U.S. industrial production continued to climb, albeit at a slower pace than previous months, up 0.5 percent year over year in July (*Chart 5*). The Institute for Supply Management manufacturing index fell to 51.2 in July from 51.7 in June. Despite the monthly decline, the index remained above 50 and continued to signal growth, although it may be slowing. U.S. and Mexican production and manufacturing trends are important to the local economy because of cross-border manufacturing relationships.

Chart 5

Juárez Maquiladora and Related Activity

Sales (millions), annualized*



*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.

According to Mexico's official series, maquiladora employment rose 3.6 percent year over year in May to 278,766, but month-to-month employment continued its decline for the third straight month, with 1,277 jobs lost since March. U.S. auto and light-truck production was 11.4 million, 9.2 percent above the 10.4 million produced a year earlier. However, monthly auto sales were mostly unchanged from a year ago, with 17.0 million sold in July 2019 versus 17.1 million in July 2018. 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

Questions can be addressed to Marycruz De León at marycruz.deleon@dal.frb.org. *El Paso Economic Indicators* is released on the fourth Wednesday of every month.