

# El Paso Economic Indicators

Federal Reserve  
Bank of Dallas

November 26, 2019

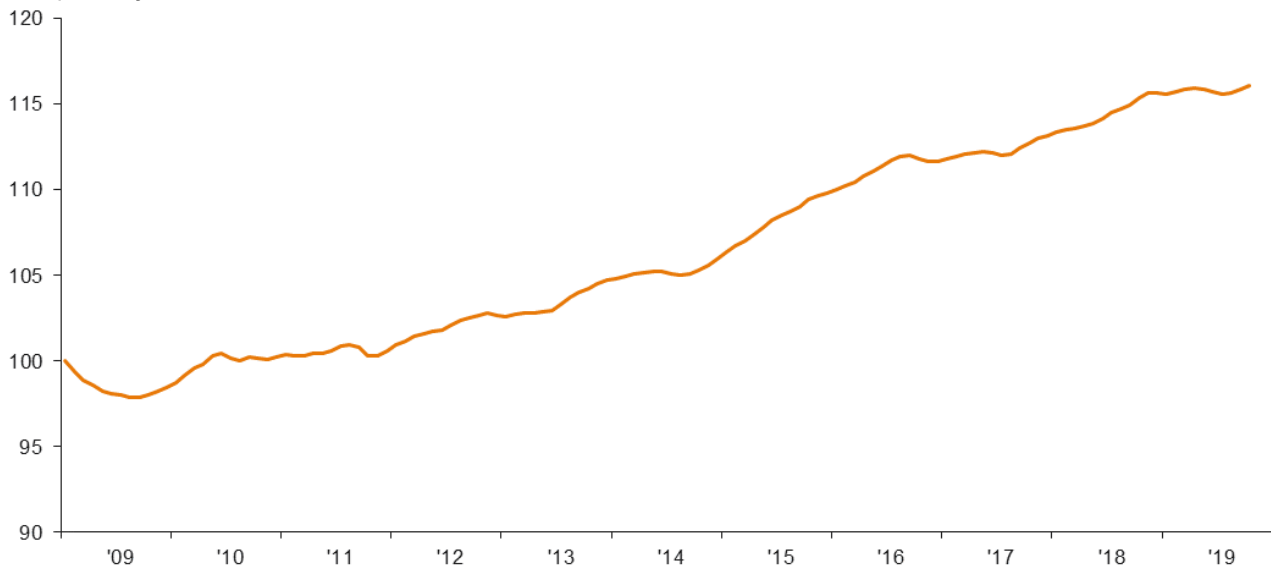
El Paso economic growth remained mixed through October. Year to date, the metro added jobs at a 0.7 percent annualized rate. Employment in educational and health services continued to shine, while trade and transportation suffered. Weak housing sales and rising prices were attributed to tight inventories. October industrial production on both sides of the border continued to lose ground, and U.S. auto production and sales deteriorated dramatically.

## Business-Cycle Index

The El Paso Business-Cycle Index advanced at a 2.2 percent annualized rate in October (*Chart 1*). Growth in the index was attributed to payroll expansion.

**Chart 1**  
**El Paso Business-Cycle Index**

Index, January 2009 = 100\*



\*Seasonally adjusted, monthly.

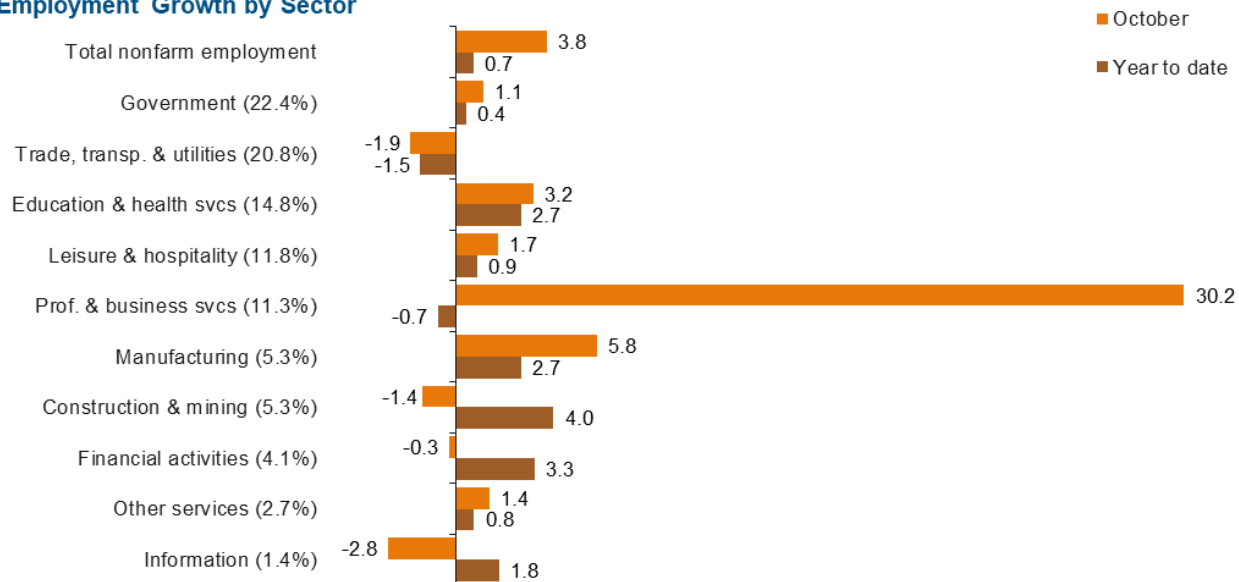
SOURCE: Dallas Fed.

## Labor Market

Year to date, El Paso payrolls have grown at an annualized rate of 0.7 percent, or by 1,940 jobs (*Chart 2*). The strongest contributor to year-to-date employment has been the educational and health services sector, adding 1,050 jobs. Construction and mining has expanded at an annualized rate of 4.0 percent (560 jobs) since the beginning of 2019. Infrastructure improvements and commercial developments have boosted construction employment. Employment in trade and transportation, the second-largest sector in the metro, is down 830 jobs year to date.

The jobless rate in El Paso remained at 3.8 percent in October, slightly above the state's 3.4 percent rate and nation's 3.6 percent rate.

**Chart 2**  
**Employment Growth by Sector**



NOTE: 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.

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

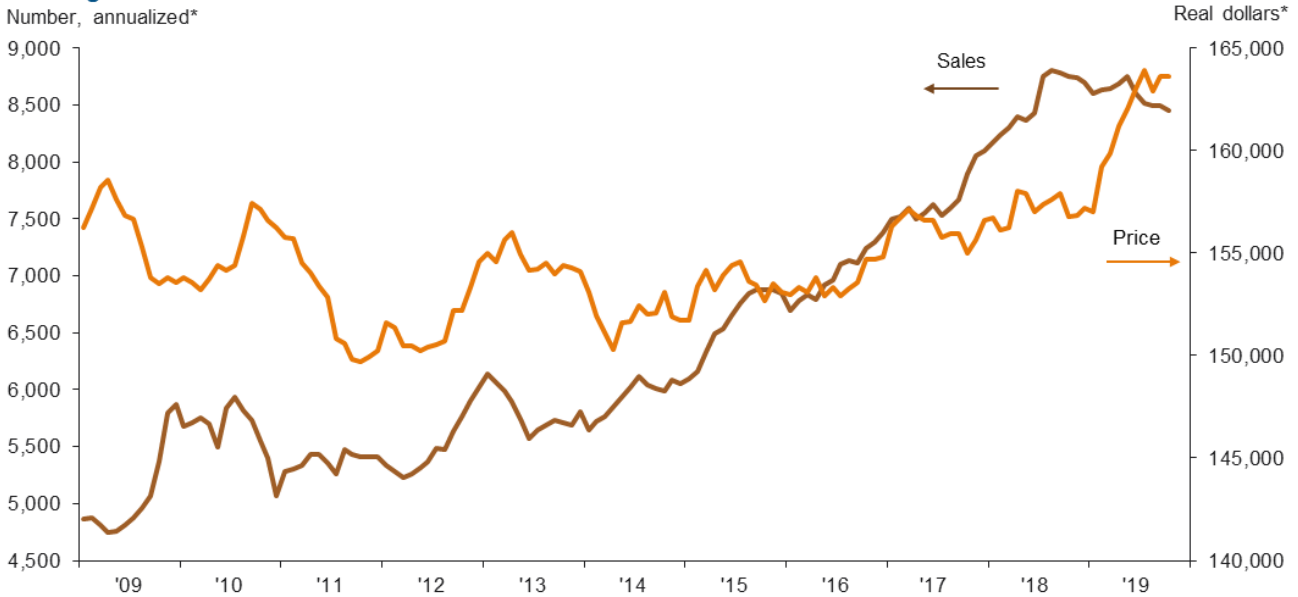
## Housing Market

### Homes Sales Continue Slide

Annualized housing sales continued to fall in October, standing at 8,446 units, or 3.5 percent below a year prior (*Chart 3*). The year-over-year median home price increased in October to \$163,635, representing an appreciation of 4.4 percent.

Tight inventories may be to blame for the weak sales and rising home prices. In October, inventories stood at 3.7 months, well below the six months of supply associated with a balanced market.

**Chart 3**  
**Existing-Home Sales and Median Home Price**

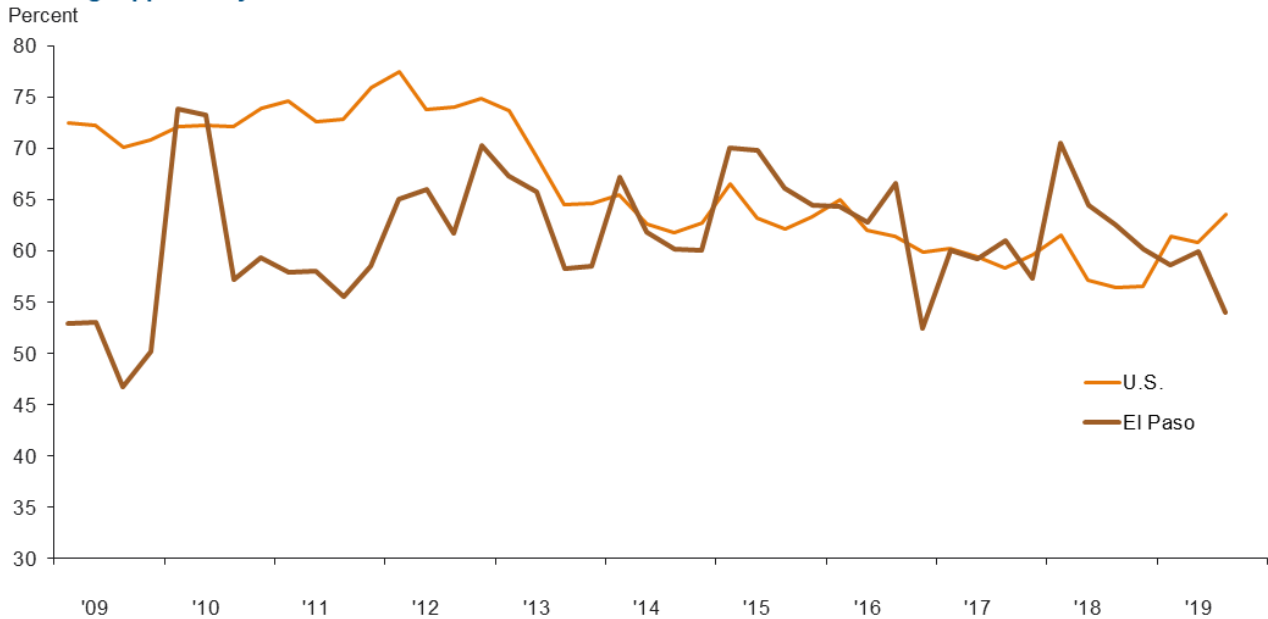


\*Seasonally adjusted, six-month moving average.  
 SOURCE: Real Estate Center at Texas A&M University; adjustments by the Dallas Fed.

### House Affordability Below U.S. Level

The National Association of Home Builders Housing Opportunity Index represents the share of homes sold that are considered affordable to a family earning the median income. The El Paso reading of 54.0 percent in third quarter 2019 was below the U.S. reading of 63.6 percent (*Chart 4*).

**Chart 4**  
**Housing Opportunity Index**

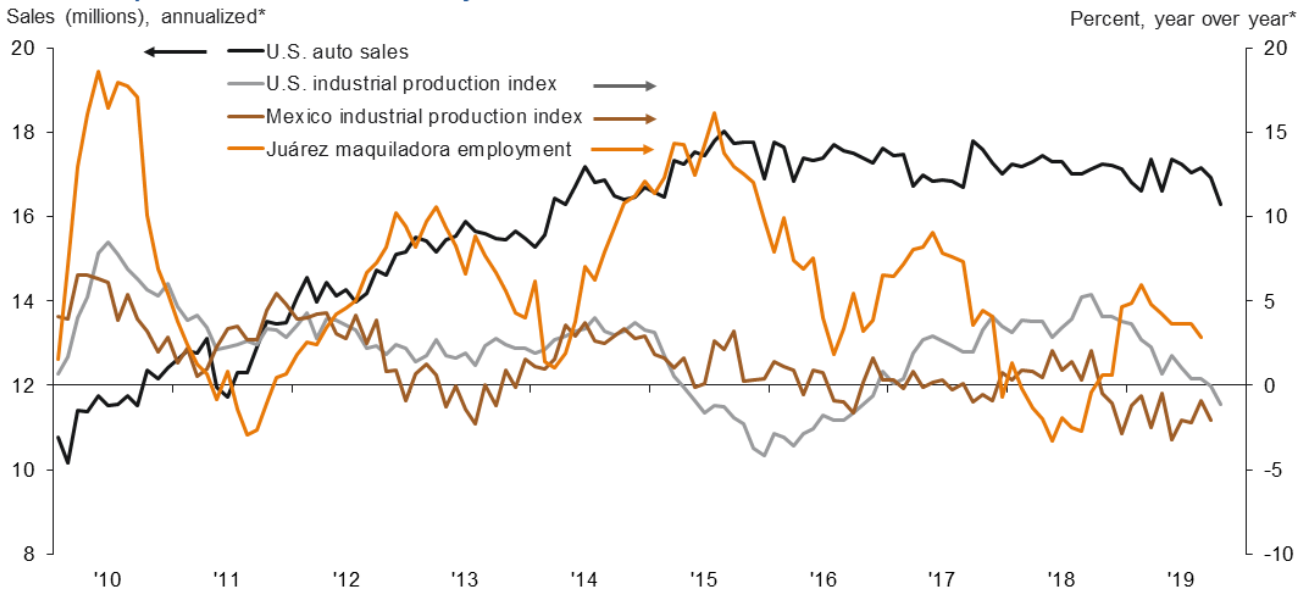


SOURCE: National Association of Homebuilders/Wells Fargo.

### Industrial Production and Maquiladora Activity

U.S. industrial production (IP) contracted 1.1 percent year over year in October, while Mexico's IP continued its 12-month decline, falling 2.0 percent from a year earlier (*Chart 5*). Meanwhile, the U.S. Institute for Supply Management manufacturing index increased 0.5 percentage points in October from September's figure of 47.8 percent. This index improved from a month prior, but sentiments remain cautious regarding near-term growth due to global trade conditions and uncertainties. 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**



\*Seasonally adjusted.

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

Mexico's maquiladoras continued to add jobs on a year-over-year basis in August, although at a slower rate than in the previous eight months. According to Mexico's IMMEX series, Juárez manufacturing employment rose 2.8 percent in August 2019 compared with August 2018. However, month-to-month employment weakened and was down 1,685 jobs from July to August. U.S. auto and light-truck production contracted to 8.8 million units in October from 10.9 million a year earlier. U.S. auto sales dropped 5.5 percent from 17.2 million units in October 2018 to 16.3 million in October 2019. 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 Keighton Allen at [keighton.allen@dal.frb.org](mailto:keighton.allen@dal.frb.org). *El Paso Economic Indicators* is released on the fourth Wednesday of every month.