

El Paso

Economic Indicators

Federal Reserve
Bank of Dallas

February 28, 2020

El Paso's labor market has been robust in recent months, placing upward pressure on average weekly wages. Home sales and prices picked up in January from a year ago. Industrial activity on both sides of the border continued to retreat late last year, but U.S. manufacturing, auto production and auto sales showed signs of improvement in January.

Wages

The El Paso unemployment rate stood at 3.7 percent at the end of 2019, down from 4.2 in 2018 and 4.4 in 2017. Falling unemployment has led to higher wages (*Chart 1*). Average weekly wages inched up from \$767 in 2017 to \$769 in 2018 and \$777 as of third quarter 2019 (the latest available data). Although wages have been trending up in El Paso, they still lag Texas average weekly wages, which stood at \$1,159 in third quarter 2019.

Chart 1
Average Weekly Wages

2019 dollars*



*Seasonally adjusted.

SOURCE: Texas Workforce Commission.

Housing Market

Home Sales and Prices at Multiyear Highs

In January, existing-home sales in El Paso reached a 15-year high on an annualized basis at 8,991, up 4.4 percent from a year ago (Chart 2). Median home prices also hit a 15-year high at \$166,106 in January, appreciating 5.0 percent from the previous year.

Chart 2
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.

Existing-home inventories stood at three months in January, well below the six months of supply associated with a balanced market.

Housing Affordability Remains Low

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 52.4 percent in fourth quarter 2019 was below the U.S. reading of 63.2 percent (Chart 3).

Chart 3
Housing Opportunity Index



*Percentage of homes that are affordable to a median-income family.

SOURCE: National Association of Homebuilders/Wells Fargo.

Trade

In 2019, trade through the port totaled \$79.2 billion, up 1.6 percent from \$78.0 billion in 2018 (*Chart 4*). Gains in total trade were boosted by exports, while imports shrank. Exports totaled \$29.9 billion, up 7.0 percent from the previous year; imports contracted 1.5 percent to \$49.3 billion.

Industrial Production and Maquiladora Activity

U.S. industrial production declined 0.8 percent year over year in January (*Chart 5*). Mexico's industrial production activity fell 1.0 percent in December 2019 from a year prior. The Institute for Supply Management (ISM) manufacturing index rose from 47.8 in December to 50.9 in January. This expansion was largely due to growing production activity in response to new-order intake. Global trade conditions and tariffs remain concerns for many manufacturing industries, but sentiments were moderately positive in January regarding near-term growth, according to the ISM report. U.S. and Mexican production and manufacturing trends are important to the local economy because of cross-border manufacturing relationships.

Juárez maquiladora employment grew year over year in November 2019, gaining 498 jobs, according to Mexico's IMMEX series. However, this gain did not offset previous payroll losses (a total of 2,604) in 2019. U.S. auto and light-truck production ticked up 2.0 percent in January from a year earlier at 10.8 million units, and U.S. auto sales rose 0.8 percent to 16.9 million units. 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. *El Paso Economic Indicators* is released on the fourth Wednesday of every month.