

# El Paso Economic Indicators

Federal Reserve  
Bank of Dallas

June 25, 2020

The El Paso economy rebounded somewhat in May as many indicators turned around following a historical retrenchment in April due to COVID-19 measures. El Paso's business-cycle index ticked upward, monthly employment rose and the unemployment rate dipped. El Pasoans began to leave their homes more frequently in May and gradually returned to work, and this trend continued through late June. U.S. industrial production continued to weaken in May. Mexico's industrial activity also declined sharply in April. U.S. auto sales and production figures reversed their downward course from April to May but remained depressed.

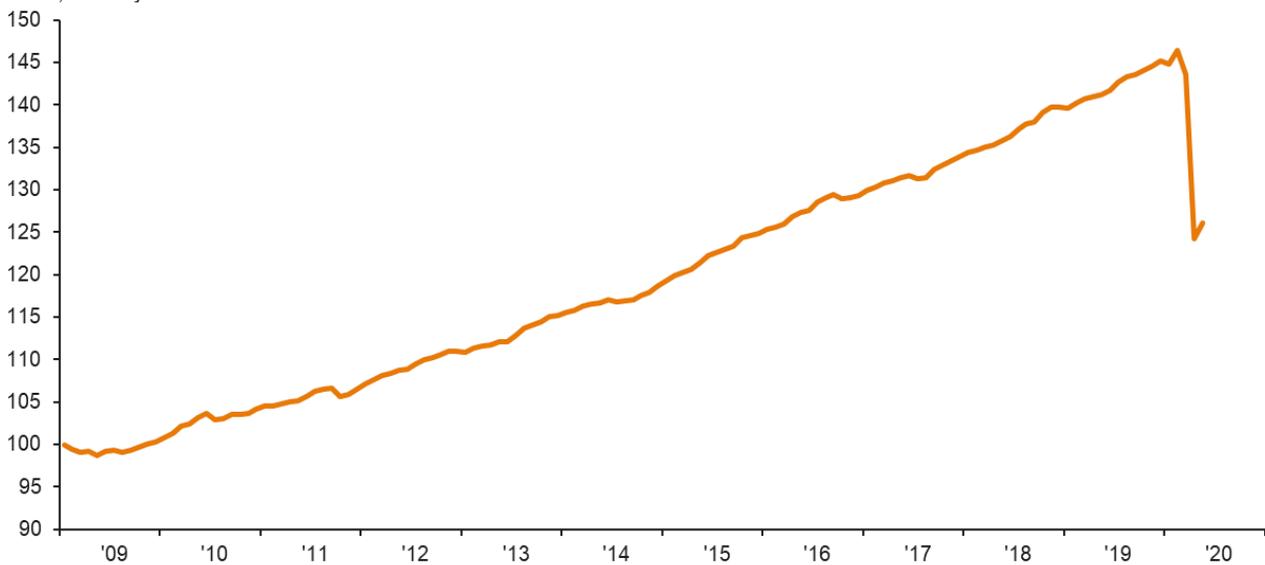
## Business-Cycle Index

The El Paso Business-Cycle Index grew an annualized 19.4 percent from April to May (*Chart 1*). Improvement in the index was due to a reduction in the unemployment rate and an upturn in monthly employment numbers.

Chart 1

### El Paso Business-Cycle Index

Index, January 2009 = 100\*



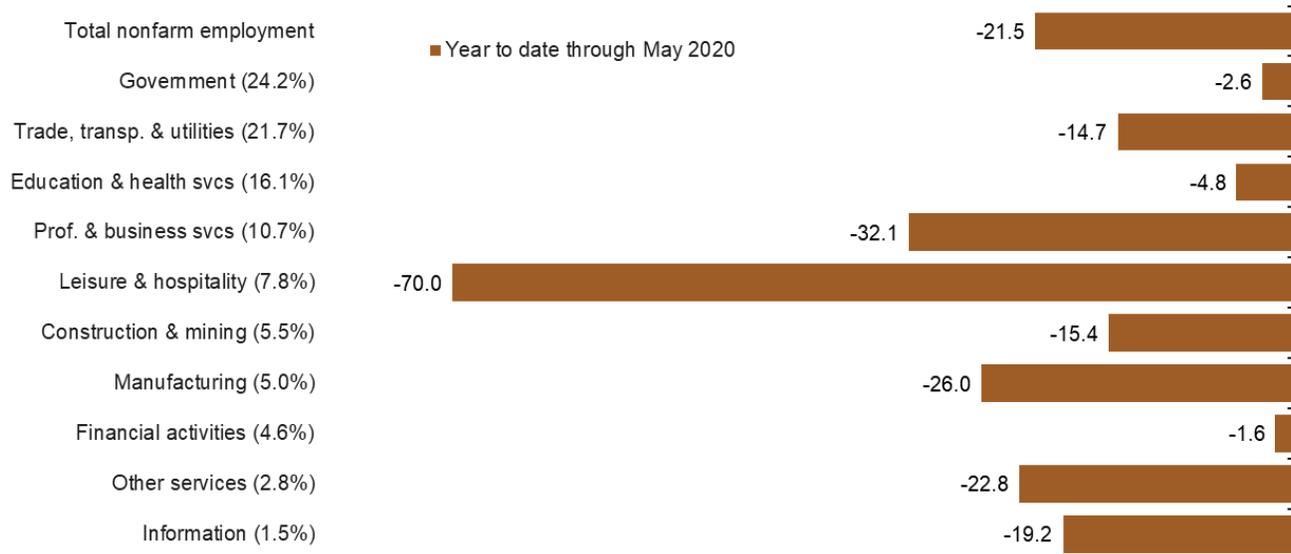
\*Seasonally adjusted, monthly.

SOURCE: Dallas Fed.

## Labor Market

Employment rebounded in May, with El Paso adding a net 8,508 jobs (42.0 percent annualized, or a 3.0 percent nonannualized increase) due to gains in the leisure and hospitality (5,524 jobs), other services (2,375 jobs), education and health services (1,532 jobs) and trade, transportation and utilities sectors (1,047 jobs). However, payroll employment remained negative on a year-to-date basis in May (*Chart 2*). Since the beginning of the year, the metro has lost 31,395 jobs (-21.5 percent annualized, or -9.6 percent nonannualized), or 9.4 percent of the labor force. While all sectors posted job declines, leisure and hospitality saw the largest drop, losing 15,113 jobs (-70.0 percent annualized, or -39.5 percent nonannualized). Job losses were also prevalent in the professional and business services; trade, transportation and utilities; manufacturing; and construction sectors.

**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.

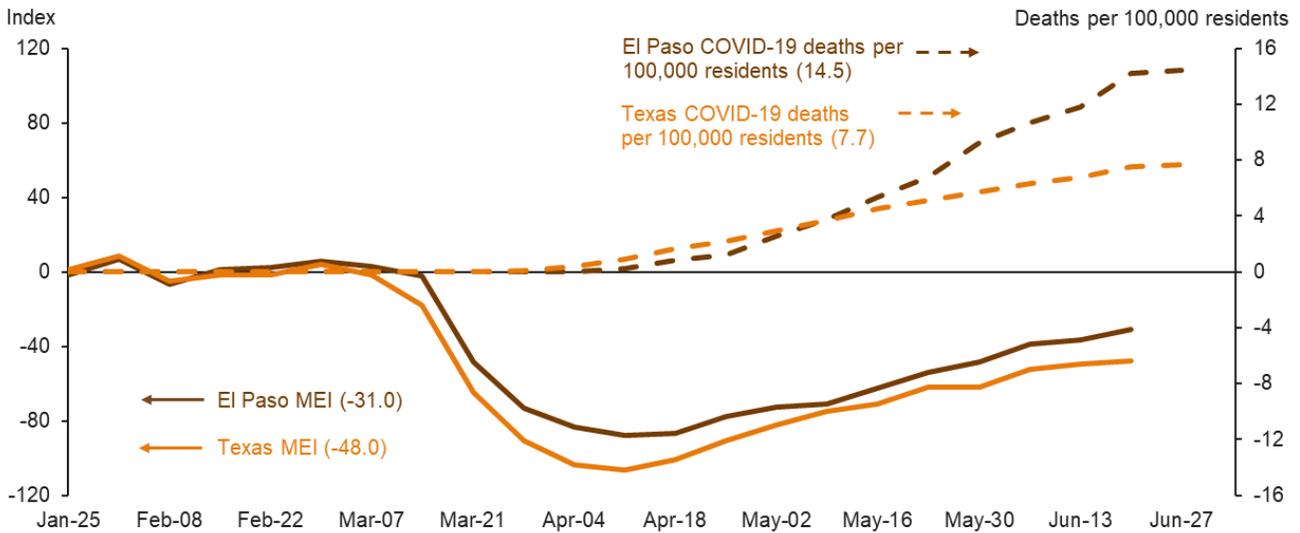
SOURCE: Bureau of Labor Statistics; adjustments by the Dallas Fed.

Although still elevated, El Paso's unemployment rate dropped from 14.3 percent in April to 13.5 percent in May. The Texas and U.S. unemployment rates also fell, from 13.5 percent to 13.0 percent and 14.7 percent to 13.3 percent, respectively.

## Mobility and Engagement Indexes and COVID-19 Deaths

Social-distancing measures helped flatten the curve of COVID-19-related deaths in April. Cumulative deaths per 100,000 residents in mid-April in the El Paso metro area and in Texas were 0.2 and 0.9, respectively. By June 23, deaths per 100,000 residents rose to 14.5 in El Paso and 7.7 in Texas (*Chart 3*). These data are subject to adjustments.

**Chart 3**  
**Mobility and Engagement Indexes and COVID-19 Deaths in 2020**



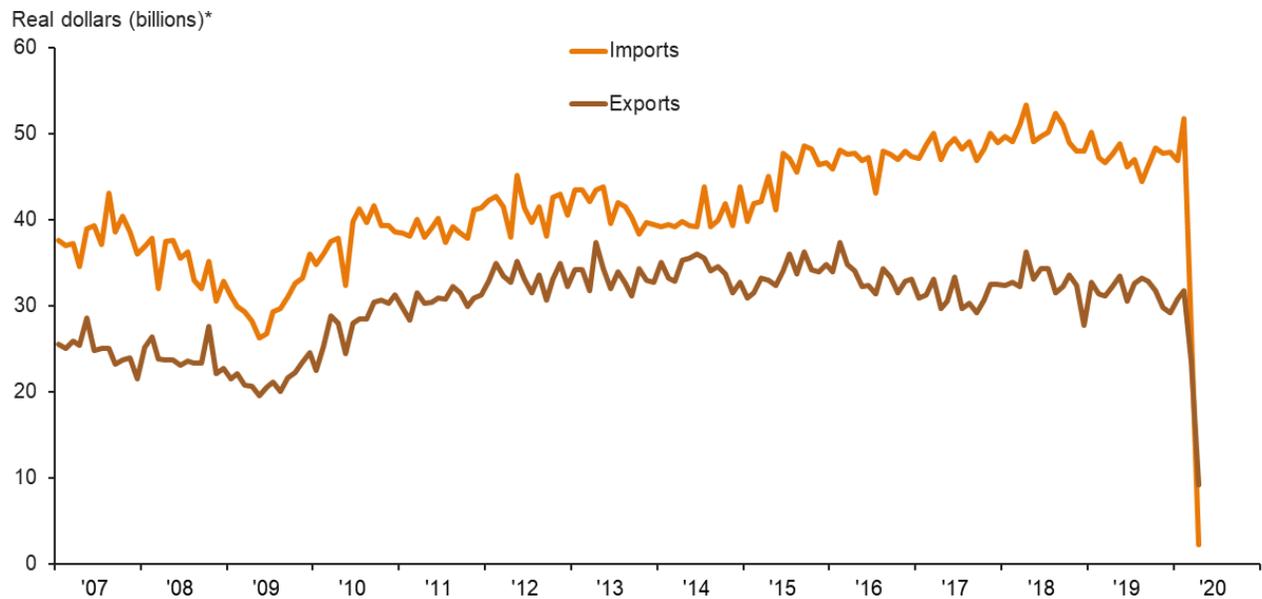
NOTE: The Mobility and Engagement Index (MEI) summarizes the information in seven different variables based on geolocation data collected from a large sample of mobile devices to gain insight into the economic impact of the pandemic. The MEI measures the deviation from normal mobility behaviors induced by COVID-19. MEI data are through June 20. COVID-19 deaths are cumulative per 100,000 persons and are through June 23. Population data are as of 2019. SOURCE: Dallas Fed; SafeGraph; Johns Hopkins University; Census Bureau.

The Dallas Fed's Mobility and Engagement Indexes (MEIs) for El Paso and Texas bottomed out April 11 and have trended upward since. This was driven by people leaving their home more often, traveling further distances from their homes and staying at those other locations longer as stay-at-home orders were lifted and the economy partially reopened. The El Paso MEI was 64.6 percent higher for the week ending June 20 compared with April 11, while the Texas MEI was 55.0 percent higher over the same period.

## El Paso Trade

Annualized total trade in El Paso fell to a 24-year low of \$11.3 billion in April, an 85.7 percent reduction from the year prior. The drop in total trade was driven by declines of 95.3 percent in imports and 71.7 percent in exports. Imports totaled an annualized \$2.2 billion in April, while exports equaled \$9.1 billion (Chart 4).

**Chart 4**  
**Trade**



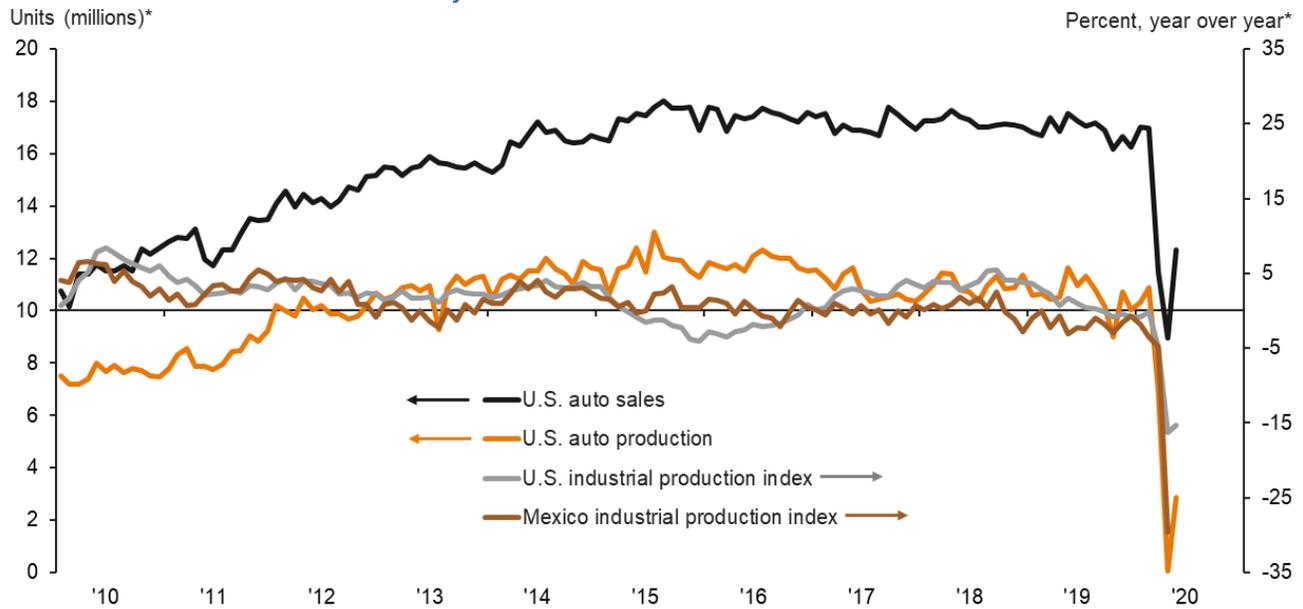
\*Seasonally adjusted, monthly.

SOURCE: Census Bureau; adjustments by the Dallas Fed.

## U.S. and Mexico Industrial Production

U.S. industrial production fell 15.3 percent year over year in May (Chart 5). Mexico's industrial production index fell in April by a much larger magnitude, declining 29.6 percent from a year prior. The Institute for Supply Management manufacturing index ticked up from 41.5 in April to 43.1 in May. The direction of the index reversed after April's contraction as many manufacturers and suppliers returned to work in late May. Panelists' near-term outlooks were cautious due to demand uncertainty caused by the COVID-19 pandemic. U.S. and Mexican production and manufacturing trends are important to the local economy because of cross-border manufacturing relationships.

**Chart 5**  
**Industrial Production and Auto Activity**



\*Seasonally adjusted.  
SOURCE: Federal Reserve Board; Bureau of Economic Analysis; adjustments by the Dallas Fed.

U.S. auto and light-truck production was 2.9 million units in May—2.8 million more than in April. However, May's production was 75.3 percent below that in May 2019. Meanwhile, monthly auto sales totaled 12.3 million in May, 37.8 percent higher than in April, but 29.7 percent below sales of 17.5 million a year prior. 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.