

El Paso Economic Indicators

Federal Reserve
Bank of Dallas

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El Paso's economic recovery resumed in October after faltering in September. The El Paso Business-Cycle Index picked up thanks to monthly payroll gains, largely within the professional and business services sector. Although the monthly unemployment rate fell, weekly initial unemployment claims surged in El Paso County. U.S. industrial conditions and auto production improved, while auto sales declined.

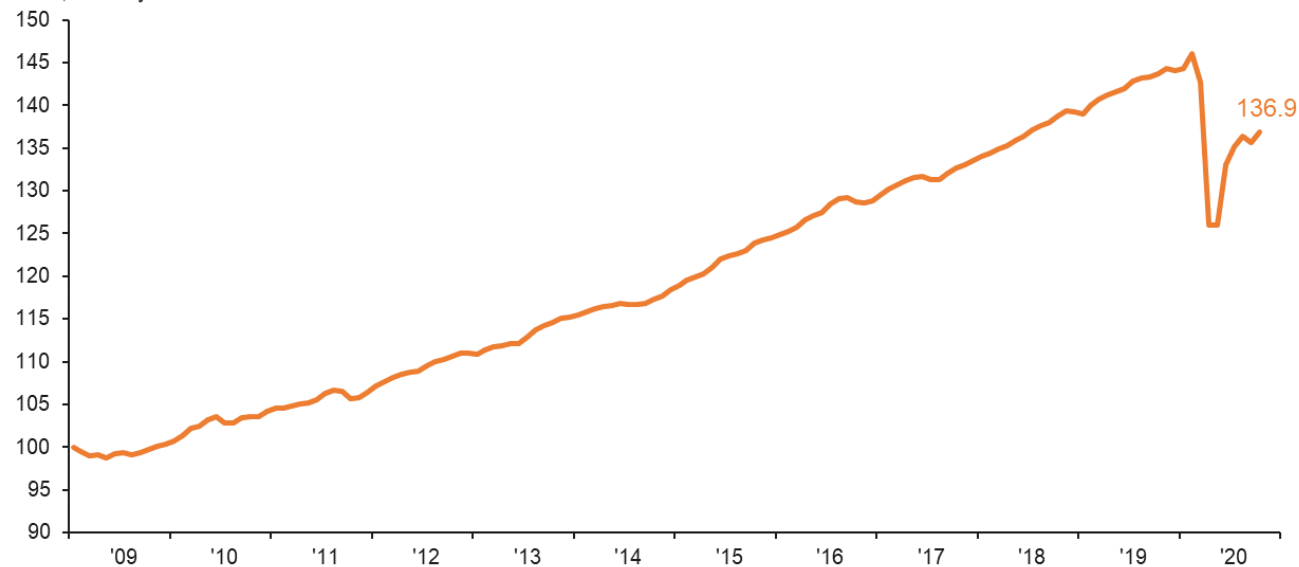
Business-Cycle Index

The El Paso Business-Cycle Index rose an annualized 10.8 percent in October. Since February's high, the index is down an annualized 9.4 percent (*Chart 1*).

Chart 1

El Paso Business-Cycle Index

Index, January 2009 = 100*



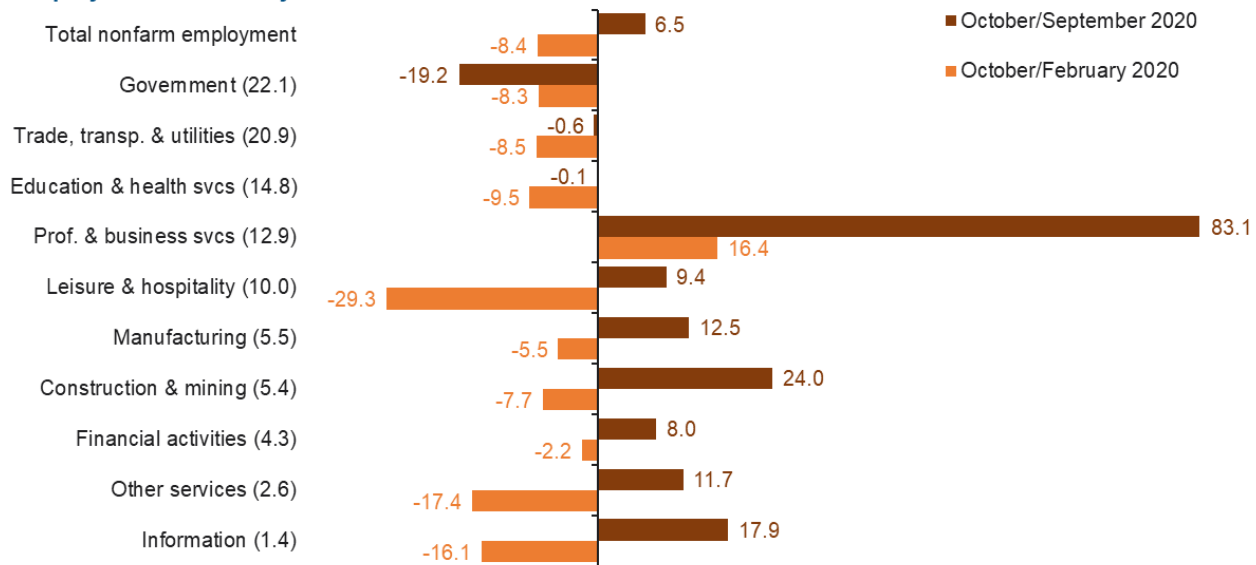
*Seasonally adjusted, monthly.

SOURCE: Dallas Fed.

Labor Market

Payrolls grew an annualized 6.5 percent, or a net gain of 1,614 jobs (nonannualized) in October (*Chart 2*). Professional and business services saw the fastest job growth, gaining nearly 2,000 jobs. The government sector shed 1,235 jobs, while employment in trade, transportation and utilities was mostly unchanged.

Chart 2
Employment Growth by Sector



NOTE: Data show seasonally adjusted and annualized percentage employment growth by sector. Numbers in parentheses represent the share of total employment and may not sum to 100 due to rounding.

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

Since the onset of the pandemic, the El Paso labor market has contracted at an annualized rate of 8.4 percent, or a loss of 16,280 jobs (nonannualized). Only professional and business services posted job gains, adding almost 3,400 jobs over the previous eight months. Job losses between February and October were widespread and mainly driven by leisure and hospitality (-6,937 jobs), government (-3,544 jobs), trade, transportation and utilities (-3,455 jobs), education and health services (-2,750 jobs), and other services (-961 jobs).

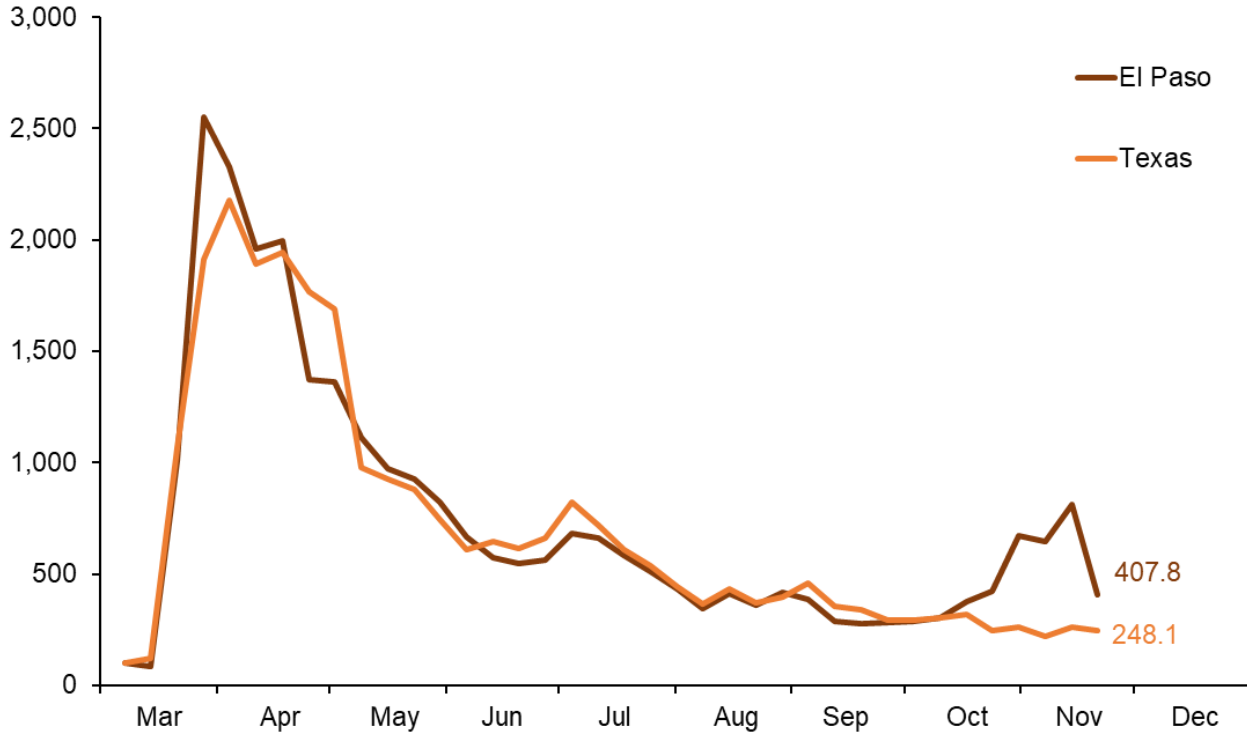
El Paso's unemployment rate fell from 8.8 percent in September to 7.5 percent in October. Similarly, the jobless rate in Texas and the U.S. fell to 6.9 percent in October.

Initial Unemployment Claims

Initial unemployment claims reached historic highs in late March as stay-at-home orders were implemented in states across the nation. As stay-at-home orders were lifted in the El Paso metro area, economic activity resumed, and weekly initial claims fell from their peak of 8,550 during the week of March 28. However, as residents' mobility and economic engagement declined over the past 10 weeks, initial claims have risen. Initial claims for unemployment benefits in El Paso for the week ending Nov. 21 totaled 1,366, 46.9 percent higher than the 930 claims filed during the week of Sept. 19 (*Chart 3*). In contrast, Texas total initial claims fell 27.4 percent to 35,885 during the week of Nov. 21, compared with 49,415 for the week of Sept. 19.

Chart 3
Initial Unemployment Claims

Index, March 2020 = 100



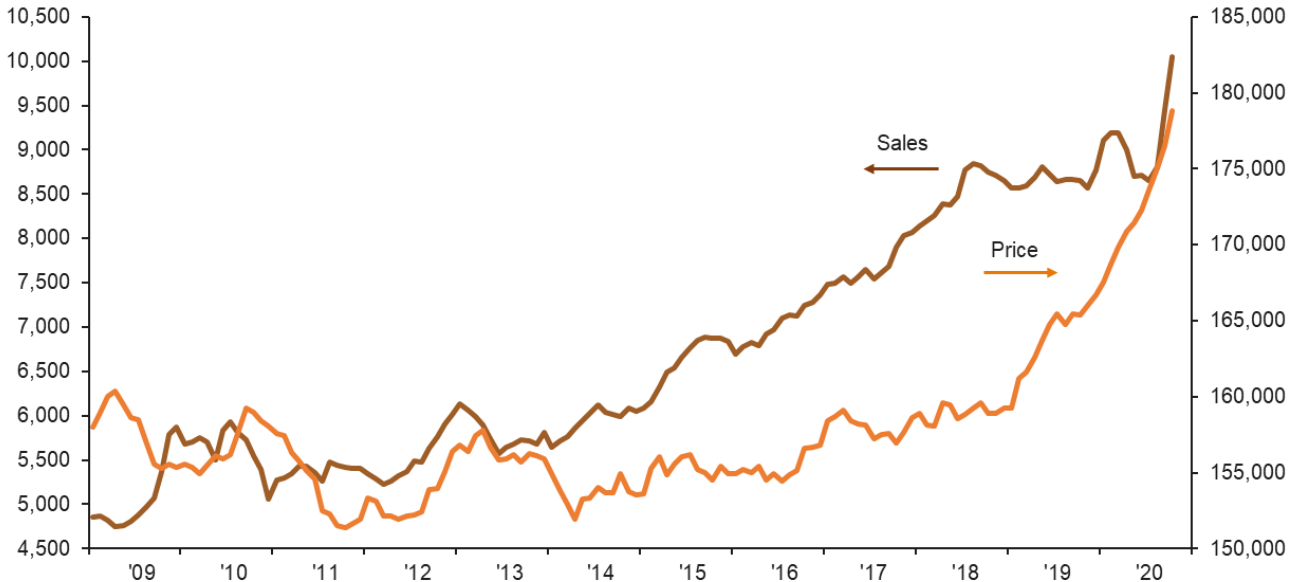
NOTE: The data reflect weekly initial unemployment insurance claims for the El Paso metropolitan statistical area versus Texas, indexed to March 7, 2020.
 SOURCE: Texas Workforce Commission; Department of Labor; adjustments by the Dallas Fed.

Housing Market

Home sales totaled an annualized 10,049 in October, up 16.2 percent from year-ago levels (*Chart 4*). The median home price in El Paso reached a new high of \$178,848 in October, up 9.1 percent since the beginning of the pandemic in February. Existing-home inventories stood at 1.6 months in October, well below the six months of supply associated with a balanced market.

Chart 4
Existing-Home Sales and Median Home Price

Number, annualized*



*Seasonally adjusted, six-month moving average.

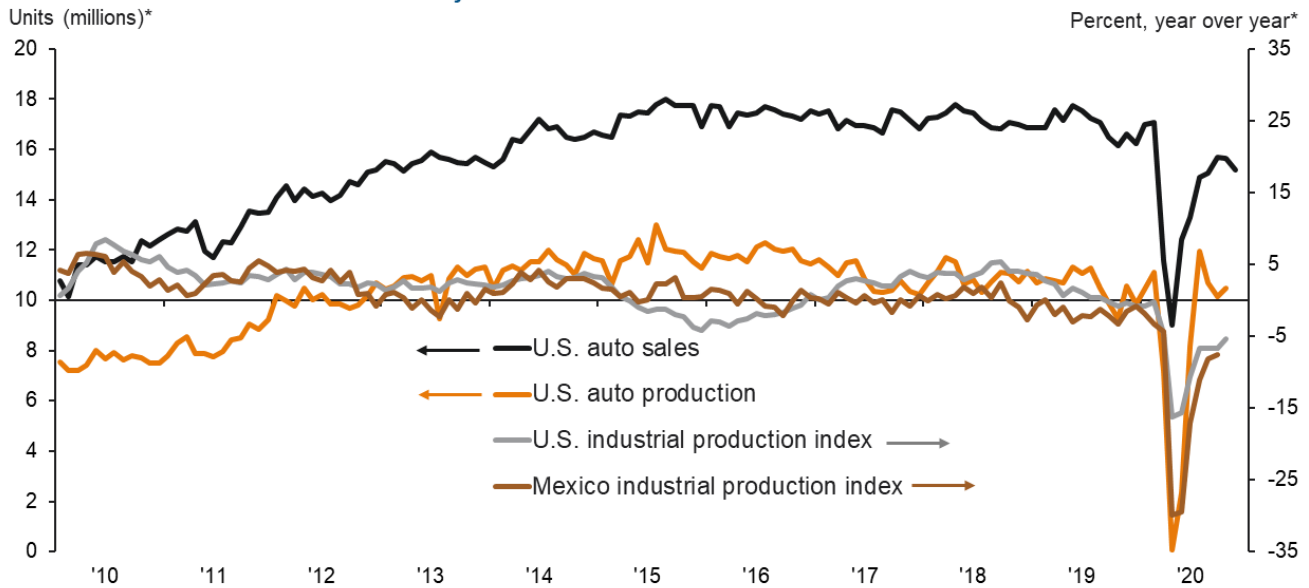
SOURCE: Real Estate Center at Texas A&M University; adjustments by the Dallas Fed.

Industrial Production and Maquiladora Activity

The U.S. industrial production index rose from 102.1 in September to 103.2 in October but was down 5.3 percent on a year-over-year basis (*Chart 5*). Mexico's industrial production index fell slightly on a monthly basis in October, moving from 94.4 to 94.3 and was down 7.5 percent compared with a year prior. The Institute for Supply Management (ISM) manufacturing index was 57.5 in November, down from October's figure of 59.3. November's number indicates continued expansion in the manufacturing sector for the seventh month in a row. Some manufacturers indicated they are facing problems such as absenteeism, temporary shutdowns to sanitize buildings, and trouble hiring or rehiring. ISM survey respondents expect muted growth in the manufacturing sector until the pandemic ends.

Chart 5

Industrial Production and Auto Activity



*Seasonally adjusted.

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

Across the border, the Juárez maquiladora industry added 6,044 jobs from August to September, totaling 295,720 manufacturing jobs. U.S. auto and light-truck production stood at 10.5 million units in October, 13.2 percent higher than the 9.3 million units in October 2019. Meanwhile, monthly auto sales fell in November, totaling 15.2 million and were 8.5 percent lower than 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

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