According to the business-cycle index produced by the Federal Reserve Bank of Dallas, economic activity in the El Paso metropolitan economy has slowed in recent months. In April, El Paso's business-cycle index contracted at a 0.04 percent annualized rate.

Ciudad Juarez maquiladora payrolls continue to inch up, although at a slower pace. Given the uncertainty around government expenditures in the near future, Fort Bliss might be negatively impacted.

El Paso’s nonfarm employment decreased in May at a 0.8 percent annualized rate. From April to May, El Paso lost close to 2,000 jobs. In May, job losses were concentrated in the government, and professional and business services sectors.

As a result of recent job losses, the El Paso unemployment rate increased to 9.3 percent in May. The Texas unemployment rate for May is 6.5 percent, while the national rate is 7.6 percent.

Midland–Odessa employment decreased in May at a 2.2 percent annualized rate, and the unemployment rate increased to 3.7 percent.

Nonfarm employment in Las Cruces, N.M., grew at a 1.8 percent annualized rate in May. The unemployment rate decreased from 7.7 percent in March to 7.1 percent in April. For May, the unemployment rate for New Mexico is 6.7.
Trade flows through the El Paso port of entry increased in April at a 14.5 percent rate on a 12-month basis. As of April, total trade (exports plus imports) is over $73 billion (annual rate), above the $64 billion (annual rate) a year ago. Trade flows had been slowing for the last couple of months but overall have remained healthy over the past 12 months; this is likely the result of increased maquiladora activity in Ciudad Juarez.

In May, El Paso home sales increased at a 0.6 percent rate on a 12-month basis. The median home price in May was $136,500. Inventory levels are at eight months. Over the past three months, the number of single-family building permits—a leading indicator for the housing sector—has decreased an average of 18.1 percent on a 12-month basis.

The Midland–Odessa housing sector continues to improve, although growth in home sales has decelerated. In addition, building permits have been growing at double-digit rates over the past several months.
Conditions in Chihuahua and Juarez

The U.S. industrial production increased in May at a 0.4 percent annualized rate. The Institute for Supply Management manufacturing index and its associated new orders index (a leading indicator of industrial activity) have signaled a slowdown in the industrial sector in recent months. In spite of this, growth in formal manufacturing employment in the Mexican state of Chihuahua is 3.9 percent so far this year.

The Dallas Fed developed a model—based on the U.S. industrial production index and Chihuahua manufacturing employment—that tracks Juarez maquiladora employment since 2006. The model indicates that Juarez maquiladoras continue to expand their payrolls. For instance, in 2012 maquiladoras south of the Rio Grande posted strong job growth of 8 percent, representing more than 18,000 new jobs. More recently, maquiladoras have added over 8,000 jobs from December to May of 2013.

After experiencing a setback in late summer and early fall 2012, U.S. auto and light truck production returned to levels above 10 million units during the past seven months. U.S. auto sales dropped slightly in April but returned to levels above 15 million on an annual basis in May. This is good news for the local economy because roughly half the maquiladoras across the Rio Grande are auto related.

U.S. Manufacturing and Maquiladora Employment (Year over year)

NOTE: Seasonally adjusted.

Home Sales: Texas A&M University Real Estate Center.

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More Dallas Fed economic updates