Economic activity in the El Paso metropolitan area has slowed in recent months, according to the business-cycle index produced by the Federal Reserve Bank of Dallas. So far this year, the El Paso index has averaged 0.9 percent annualized growth, compared with 2.1 percent growth last year.

Ciudad Juárez, Mexico, maquiladora payrolls are beginning to see the effect of the slowdown in U.S. industrial production. In addition, Fort Bliss in El Paso has been negatively impacted by the recent cuts to government expenditures.

El Paso’s nonfarm employment decreased in June at a 3.7 percent annualized rate. From December to June, El Paso lost close to 700 jobs. In June, losses were concentrated in the construction, manufacturing, and leisure and hospitality sectors.

The June unemployment rate for El Paso stood at 9.1 percent. The Texas unemployment rate for June was 6.5 percent, while the national rate was 7.6 percent.

Midland–Odessa, Texas, employment increased in June at a 7 percent annualized rate, while the unemployment rate decreased to 3.5 percent.

Nonfarm employment in Las Cruces, N.M., posted healthier growth of 3.5 percent annualized in June, but the unemployment rate increased to 7.3 percent. For June, the New Mexico unemployment rate was 6.8.
Trade Flows

Trade flows through the El Paso port of entry decreased in May at a 2 percent rate on a 12-month basis. As of May, total trade (exports plus imports) was more than $72 billion annualized, below the $74 billion rate in May 2012. Trade flows have slowed in recent months but have remained healthy the past 12 months; this is likely the result of the recent increase in maquiladora activity in Ciudad Juárez.

Regional Housing Markets

In June, El Paso home sales decreased 2.5 percent on a 12-month basis. The median home price in June was $142,900. 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 31 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 Ciudad Juárez

- U.S. industrial production increased in June at a 3.8 percent annualized rate. However, 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, formal manufacturing employment in the Mexican state of Chihuahua is up 4 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 Juárez maquiladora employment since 2006. The model indicates that the slowdown in U.S. industrial production is beginning to impact Juárez maquiladoras. In 2012, maquiladoras south of the Rio Grande posted strong job growth of 8 percent, representing more than 18,000 new jobs. From December 2012 to June 2013, maquiladoras have added close to 8,000 jobs. However, after five months of consecutive job gains, the model indicates that Juárez maquiladoras lost around 700 jobs during June.

- 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 annualized during the past eight months. U.S. auto sales remain at levels above 15 million on an annual basis in June. This is good news for the local economy because roughly half of the maquiladoras across the Rio Grande are auto related.

![U.S. Manufacturing and Maquiladora Employment](chart)

**Percent**

*Year-over-year change; seasonally adjusted.*

**Sources**

El Paso total trade: Census Bureau, Foreign Trade Division.
Home sales: Texas A&M University Real Estate Center.

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