Economic activity in the El Paso metropolitan area has slowed in recent months, according to the Federal Reserve Bank of Dallas business-cycle index. So far this year, the index has registered 0.7 percent annualized growth, compared with 4.3 percent growth over the same period last year.

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

From December to July, El Paso lost close to 800 jobs. However, the area's nonfarm employment increased in July at a 1.7 percent annualized rate after three consecutive months of payroll contractions. In July, job gains were concentrated in the leisure and hospitality, construction, and financial services sectors.

El Paso's July unemployment rate stood at 8.8 percent. The Texas unemployment rate for July was 6.5 percent, while the national rate was 7.4 percent.

Midland–Odessa, Texas, employment increased in July at a 5.3 percent annualized rate, and the unemployment rate decreased to 3.5 percent.

Nonfarm employment in Las Cruces, N.M., remained unchanged in July. The unemployment rate increased to 8.5 percent in June. For July, the New Mexico unemployment rate was 6.9 percent.
Trade Flows

Trade flows through the El Paso port of entry decreased in June at a 4 percent rate on a 12-month basis. As of June, total trade (exports plus imports) was more than $65 billion annualized, below the $68 billion level in June 2012. The fall in trade flows in recent months is likely the result of the recent slowdown in maquiladora activity in Juárez.

Regional Housing Markets

In July, El Paso home sales increased 26 percent on a 12-month basis. The median home price in July was $146,800. Inventory levels are at eight months, above the six months considered optimal. The number of single-family building permits—a leading indicator for the housing sector—has decreased an average of 29 percent the past three months on a 12-month basis.

The Midland–Odessa housing sector continues to improve, although growth in home sales has decelerated. 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 July at a 0.5 percent annualized rate. The Institute for Supply Management manufacturing index and its associated new-orders index, a leading indicator of industrial activity, continued to signal expansion in the industrial sector in July. Formal manufacturing employment in the Mexican state of Chihuahua, meanwhile, is up 4.4 percent so far this year.

- The Dallas Fed developed a model—based on the U.S. industrial production index and Chihuahua manufacturing employment—that has tracked maquiladora employment in the Chihuahua city of Juárez since 2006, when Mexico changed the methodology for maquiladora industry statistics. The model indicates that the slow growth in U.S. industrial production is impacting Juárez maquiladoras.

- In 2012, maquiladoras south of the Rio Grande turned in strong job growth of 8 percent, representing more than 18,000 new jobs. From December 2012 to July 2013, maquiladoras added over 8,000 jobs. After posting job losses during June, Juárez maquiladoras gained more than 800 jobs during July, estimates indicate.

- U.S. auto and light truck production have remained above 10 million units annualized during the last several months. Furthermore, U.S. auto sales remained at a healthy level, above 16 million on an annual basis, in July. 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 Ciudad Juárez Maquiladora Employment](image-url)

*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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