

ECONOMIC UPDATE: EL PASO

El Paso non-farm employment increased in December at a 3.2 percent annualized rate. El Paso's labor market rose by 2,800 jobs in 2006, representing a 1.1 percent increase. During December, employment gains took place in the service providing sectors, namely,

professional and business services, government, leisure and hospitality and trade, transportation and utilities. Manufacturing was the only sector that posted job losses, while the rest of the sectors remained unchanged. As a result of the recent job gains, the unemployment rate decreased in

December to 6.4 from 6.9 percent in November. In December, retail sales tax rebates decreased by 2.3 percent. Furthermore, the El Paso Business-cycle Index increased at a 4.9 percent annualized rate in December, suggesting that the El Paso economy is expanding.

El Paso Employment Growth Month-over-Month Annualized Growth Rates

	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Nonfarm Employment	-8.6	5.1	2.3	9.9	-0.9	3.2
Goods Producing	3.4	-9.5	-18.3	7.0	0.0	0.0
Construction, Mining & Natural Resources	9.2	9.1	-8.4	19.0	0.0	9.0
Manufacturing	0.0	-19.3	-23.9	0.0	0.0	-5.4
Services Providing	-10.4	7.6	5.9	10.3	-1.0	3.7
Trade, Transportation & Utilities	-4.1	4.2	6.4	6.4	-2.0	2.1
Information	-40.7	-23.6	31.0	-23.6	31.0	0.0
Financial Activities	-10.5	0.0	0.0	0.0	11.7	0.0
Professional & Business Services	0.0	27.5	4.1	-24.7	-4.0	8.5
Educational & Health Services	-13.7	7.6	-16.9	11.8	0.0	0.0
Leisure & Hospitality	-4.5	-4.6	9.7	4.7	0.0	4.7
Other Services	0.0	-27.7	17.7	0.0	0.0	0.0
Government	-19.6	17.2	17.0	46.7	-3.7	5.8
Unemployment Rate	7.2	7.0	6.9	7.1	6.9	6.4

Notes: Seasonally adjusted data

Source: Federal Reserve Bank of Dallas with data from the Bureau of Labor Statistics

El Paso Sales Tax Rebates

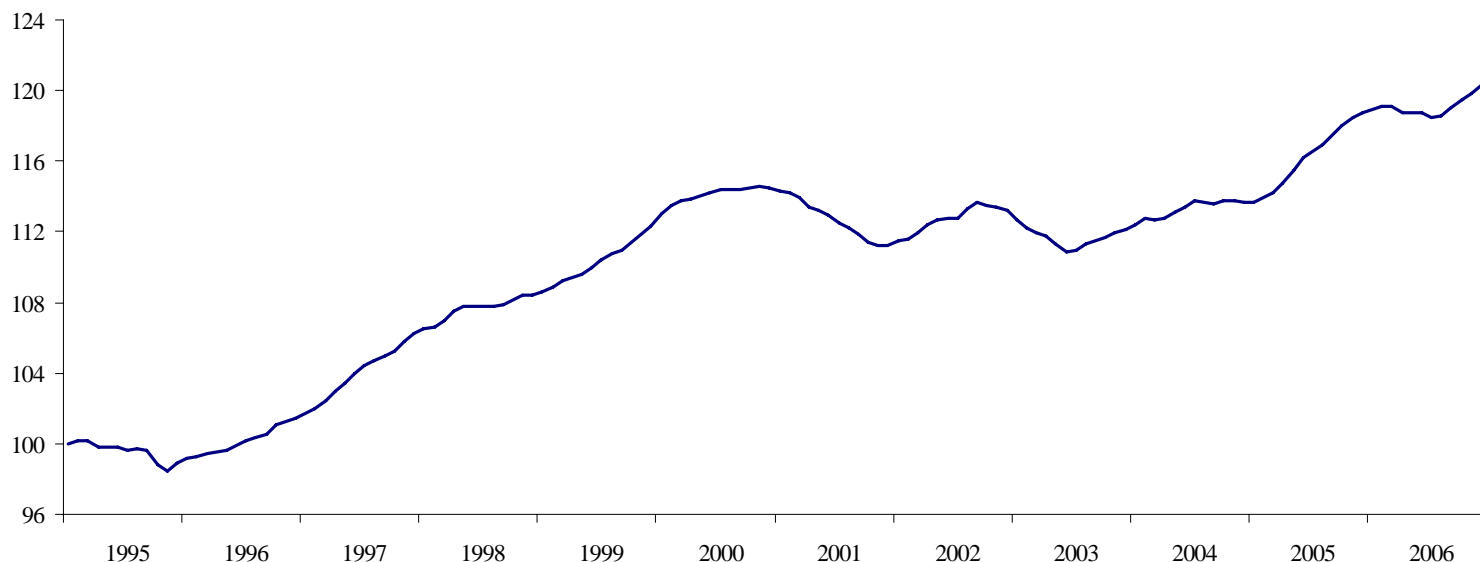
	Month-over-Month Percent Change	Index (1994=100)
Dec-06	-2.3	117.9
Nov-06	-0.4	120.7
Oct-06	3.5	121.2
Sep-06	2.5	117.1
Aug-06	-2.1	114.3
Jul-06	9.4	116.8
Jun-06	-8.9	106.8
May-06	-3.8	117.2
Apr-06	8.8	121.8
Mar-06	-3.5	111.9
Feb-06	2.5	116.0
Jan-06	-0.5	113.2
Dec-05	0.6	113.7

Notes: Seasonally and inflation adjusted data

Source: Texas Comptroller of Public Accounts

El Paso Business-cycle Index

Index Jan-95=100



Source: Federal Reserve Bank of Dallas, El Paso Branch

Research Department
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ECONOMIC UPDATE: CD. JUAREZ

Juarez employment increased in December at a 2.6 percent annualized rate. In 2006, total payroll rose by almost 18,600 jobs, a 5.1 percent growth rate. The job gains in December were widespread among sectors with the only exception being construction, which registered a 12.5 percent decline. In December, retail sales slightly decreased by 0.2

percent as compared to the previous month. Maquiladora employment in Juarez decreased in November at an 8.2 percent annualized rate. Through November in 2006, the maquiladora industry in Juarez generated almost 11,000 jobs, comprising 43 percent of the new jobs nationwide. The pause in the expansion of the maquiladora industry is related to the recent

weakness in U.S. industrial production. The latest data show that the industrial production index declined in January at a 5.7 percent annualized rate after demonstrating growth in December of last year. Such a decline should carry over into the maquiladora industry in the next couple of months.

Cd. Juarez Employment Growth
Month-over-Month Annualized Rates

	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Total	18.0	0.3	-0.3	-3.2	1.4	2.6
Goods Producing	20.2	-4.5	-1.8	-11.2	-1.0	3.0
Agriculture & Mining	-13.2	-4.4	3.1	8.1	17.3	17.4
Manufacturing	19.5	-6.6	-3.8	-11.0	-2.3	4.2
Construction	32.9	29.1	29.5	-14.9	17.3	-12.5
Service Providing	10.9	7.1	8.5	15.8	6.0	7.4
Transportation and Public Utilities	23.7	4.6	1.4	35.4	51.8	23.5
Trade	15.7	4.6	0.8	6.6	2.9	2.1
Services	5.6	9.2	15.3	18.7	1.0	8.0

Note: Seasonally adjusted data

Source: Banco de Mexico, Sucursal Ciudad Juarez with data from Instituto Mexicano del Seguro Social

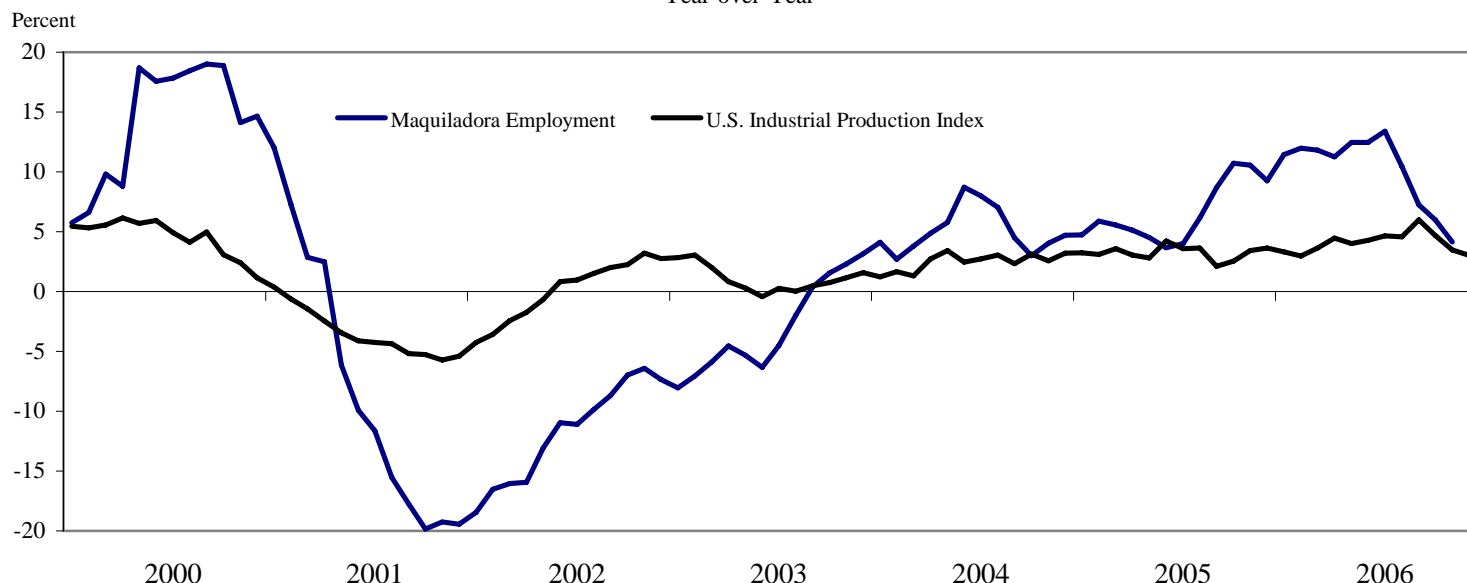
Cd. Juarez Retail Sales

	Month-over-Month Percent Change	Index (2003=100)
Dec-06	-0.2	120.3
Nov-06	-3.1	120.5
Oct-06	0.7	124.3
Sep-06	3.0	123.5
Aug-06	-0.5	119.9
Jul-06	1.5	120.5
Jun-06	2.2	118.7
May-06	-2.1	116.2
Apr-06	3.4	118.7
Mar-06	-5.1	114.8
Feb-06	6.4	121.0
Jan-06	-1.5	113.7
Dec-05	0.9	115.4

Notes: Seasonally and inflation adjusted data

Source: INEGI

Cd. Juarez Maquiladora Employment Growth
Year-over-Year



Notes: Seasonally adjusted data

Source: INEGI & Federal Reserve Bank of Dallas

Research Department
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