

FEDERAL RESERVE BANK OF DALLAS • MAY 3, 2016

Summary The El Paso economy expanded in March. Trade through the ports remains strong, likely boosted by robust maquiladora activity. In the first quarter, El Paso added jobs at an annualized rate of 2.1 percent, faster than the state's job gain of 1.4 percent.

El Paso Business-Cycle Index

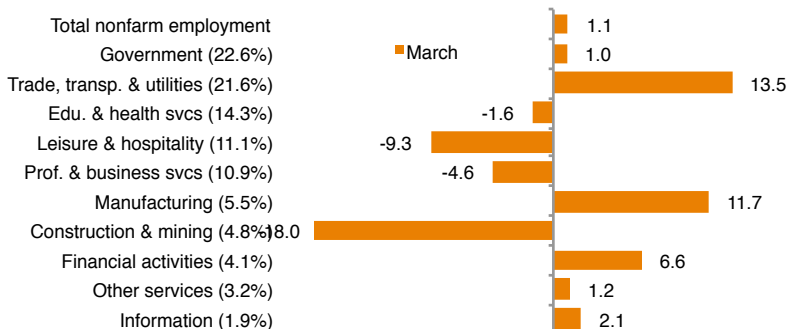


*Monthly, seasonally adjusted.
SOURCE: Dallas Fed.

► The El Paso Business-Cycle Index continues to post strong expansion with annualized growth of 1.7 percent for March.

► Job creation and a decline in the unemployment rate have contributed to the gains in the business cycle. The timeliest data available for real wages paid in El Paso also point toward growth. However, retail sales in the metro area have declined slightly, possibly due to the strength of the dollar slowing cross-border retail.

Employment Growth by Sector

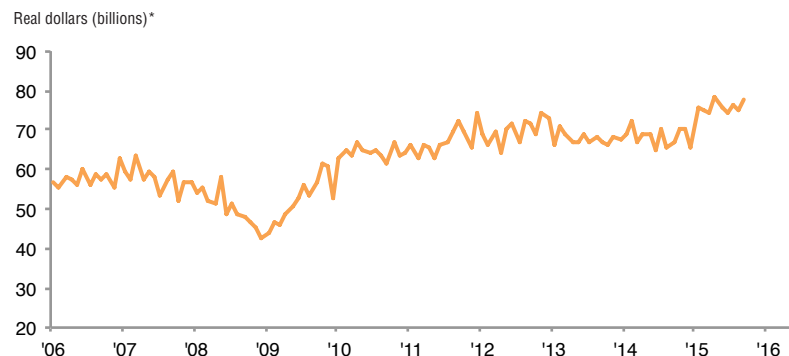


NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector. Numbers in parentheses represent share of total employment and may not sum to 100 due to rounding.
SOURCES: Bureau of Labor Statistics; adjustments by the Dallas Fed.

► In March, El Paso employment increased at a monthly annualized rate of 1.1 percent. Monthly job growth was mixed across industries. Trade, transportation and utilities had the strongest gains, climbing at a monthly annualized rate of 13.5 percent. The rises may be linked to the strong manufacturing activity south of the Rio Grande. Manufacturing, financial activities, information, government and other services also posted monthly hikes.

► In March, the unemployment rate rose to 5.0 percent. The El Paso reading was above the Texas rate of 4.4 percent and on par with the U.S. rate.

Trade Flows



*Annualized, seasonally adjusted.
SOURCES: Census Bureau; adjustments by the Dallas Fed.

► In February, annualized total trade (exports plus imports) totaled \$78.1 billion, up 4.0 percent from January. Imports increased 0.5 percent over the same period, while exports jumped 8.9 percent.

Existing-Home Sales



*Seasonally adjusted, six-month moving average.

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

► March home sales in El Paso stood at an annualized six-month moving average of 6,661, up slightly from February's 6,611. The median home price remained nearly unchanged at \$137,097 from \$137,000 in February.

► As home sales have remained solid, inventories of existing single-family homes dropped to four months in March, the lowest level since 2006.

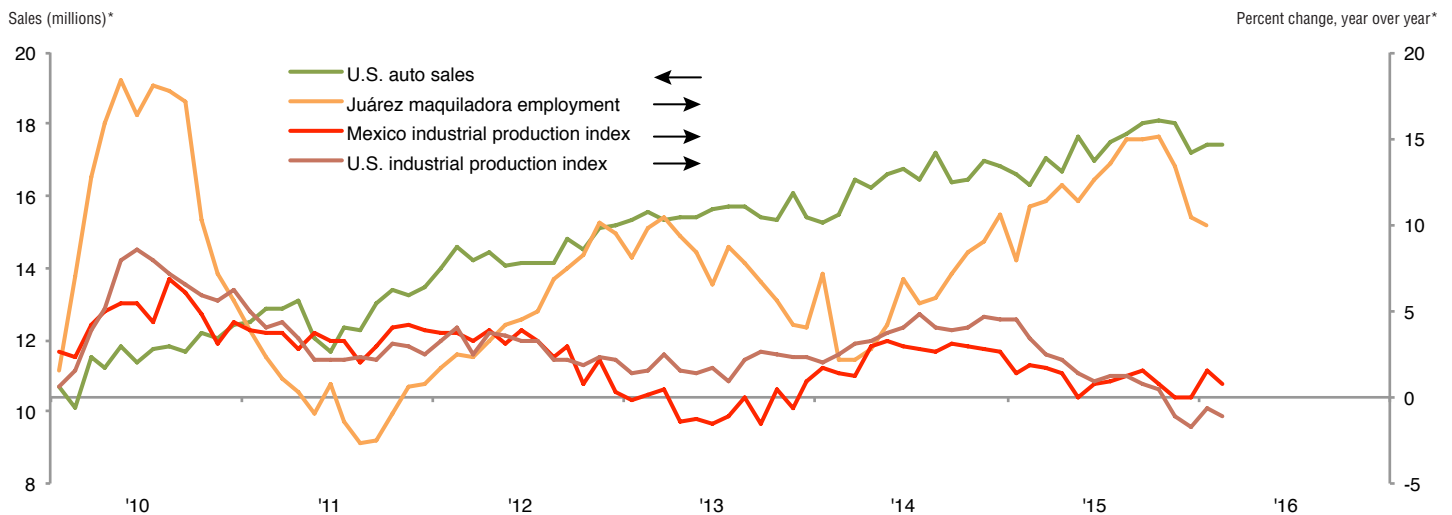
Juárez Maquiladora Employment

► U.S. industrial production contracted 0.6 percent in March. The Institute for Supply Management manufacturing index and its associated new-orders index—a leading indicator of industrial activity—posted gains in March.

► Despite the sluggish U.S. industrial sector, Mexico's maquiladoras continue to add jobs. According to Mexico's newer IMMEX series, Juárez manufacturing employment rose 10.4 percent year over

year in January (latest data available), bringing total maquiladora employment to 249,700.

► U.S. auto and light-truck production dipped to 11.8 million units in March, while U.S. auto sales slowed to 16.5 million units on an annual basis in March. Auto sales are closely linked to the local economy because roughly half of maquiladoras are auto related.



*Seasonally adjusted.

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

NOTES: Data may not match previously published numbers due to revisions. The El Paso metropolitan statistical area includes El Paso and Hudspeth counties.

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