

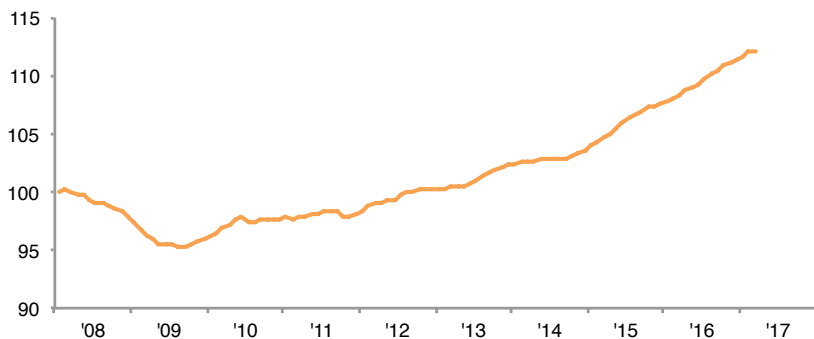
FEDERAL RESERVE BANK OF DALLAS • APRIL 27, 2017

Summary

The El Paso economy continues to expand, boosted by a solid job market and stronger wages. Trade through El Paso ports has slowed as exports have declined. The metro area population rose in 2016 but at a slower rate than the historical average.

El Paso Business-Cycle Index

Index, January 2008 = 100*

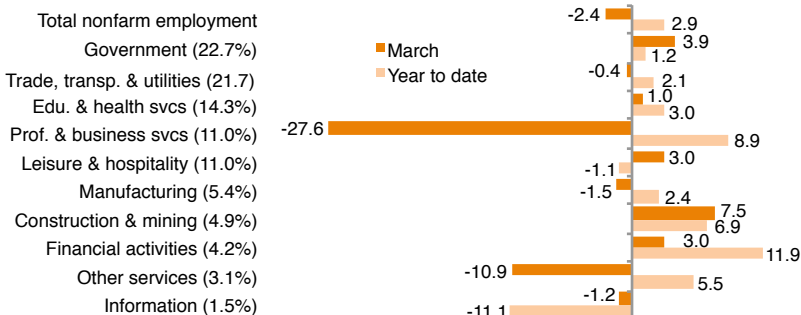


*Seasonally adjusted, monthly.

SOURCE: Dallas Fed.

► The El Paso Business-Cycle Index, which is based on employment, unemployment, retail sales and wages, posted annualized growth of 1.0 percent in March. The continued growth in the index is due to increases in the job market and wage gains. Meanwhile, retail sales totaled \$2.9 billion in third quarter 2016 (latest data available), showing no change from second quarter 2016 sales. The lack of growth in retail sales may be attributed to a slowdown in retail spending by Mexican nationals. Research shows that peso-dollar exchange rate fluctuations significantly influence cross-border shopping activity.

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.

► El Paso jobs declined at a 2.4 percent annualized pace in March. Declines were broad based with professional and business services posting the steepest decline. Despite the sharp monthly decreases, year-to-date job growth remains solid, rising an annualized 2.9 percent. The metro has added over 2,200 jobs in the first three months of the year. The bulk of the growth has been in service-providing industries, which added 1,900 jobs.

Total Trade

Real dollars (billions)*

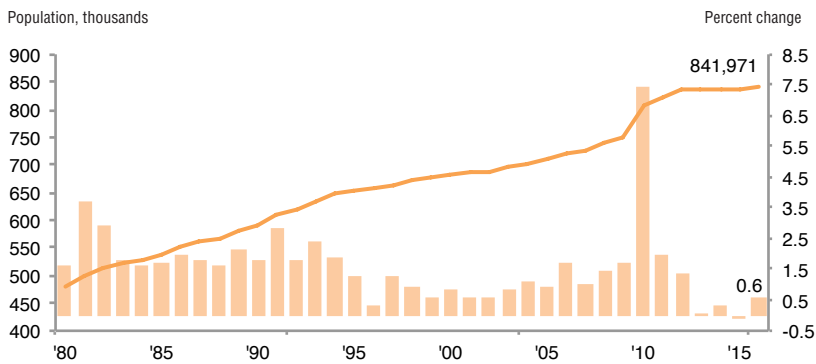


*Seasonally adjusted, annualized.

SOURCES: Census Bureau; adjustments by the Dallas Fed.

► Annualized total trade in El Paso amounted to \$75.3 billion in February. Total trade was down 2 percent from January; however, trade has declined 7.6 percent when compared with February 2016. The strong over-the-year decline is attributed to slower exports. Year over year, exports fell 18.4 percent, while imports rose 0.8 percent.

Population Growth



SOURCE: Census Bureau.

► Population growth has stagnated in El Paso. Recently released census population estimates show the metro had 841,971 residents in 2016, up only 0.6 percent from 2015. The slowdown in population growth is due to a slower natural increase and out-migration. El Paso ranks as the sixth largest metro in Texas, following McAllen.

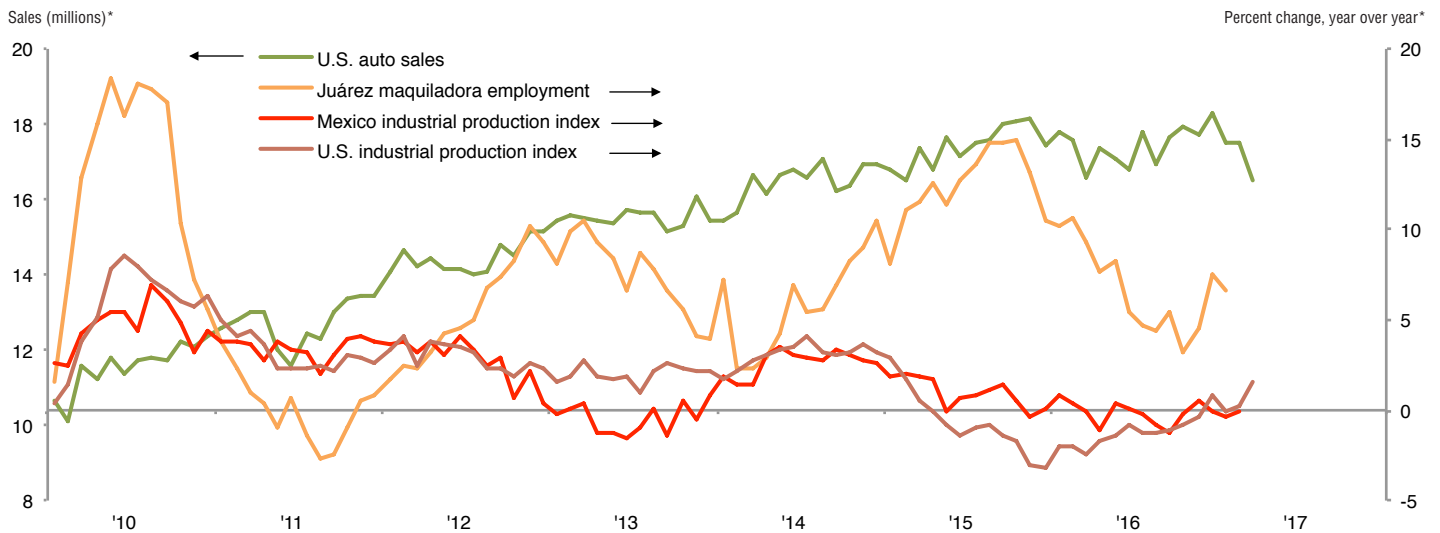
Juárez Maquiladora Activity

► U.S. industrial production rose 1.5 percent year over year in March. The Institute for Supply Management manufacturing index edged down to 57.2 in March from 57.7 in February. Its associated new-orders index—a leading indicator of industrial activity—also inched down to 64.5 from 65.1 the previous month.

► As the U.S. industrial sector continues to show growth, Mexico's maquiladoras continue to add jobs. In January, maquiladoras grew 6.7 percent year over year but in December, growth was more than

7 percent year over year. According to Mexico's IMMEX series, Juárez manufacturing employment totaled over 267,500 in January.

► U.S. auto and light-truck production fell to 11.1 million units in March from 11.5 million in February. Meanwhile, U.S. auto sales in March also slowed to 16.5 million units on an annual basis. Auto sales are closely linked to the local economy because roughly half of maquiladoras in Juárez 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.

Questions regarding *El Paso Economic Indicators* can be addressed to Marycruz De León at marycruz.deleon@dal.frb.org.

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