

August 22, 2018

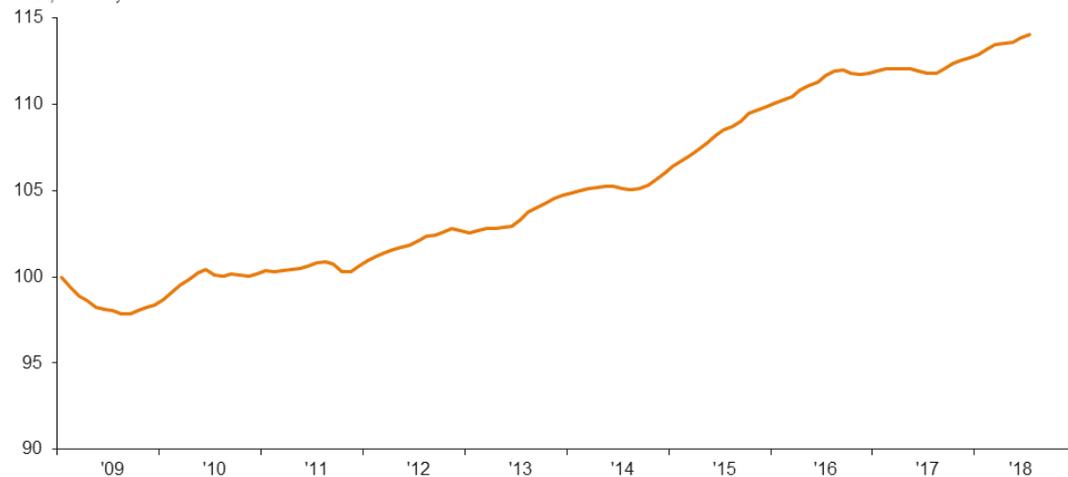
A strong labor market is boosting the El Paso economy. Year-to-date jobs gains have been broad based, and trade through the El Paso port of entry is up. Housing affordability remains above average. However, south of the border, maquiladora employment has slowed.

## Business-Cycle Index

The El Paso Business-Cycle Index grew at a 2.3 percent annualized rate in July (*Chart 1*). The strong growth in the index seen in 2018 is attributed to the robust labor market.

**Chart 1**  
**El Paso Business-Cycle Index**

Index, January 2009 = 100\*

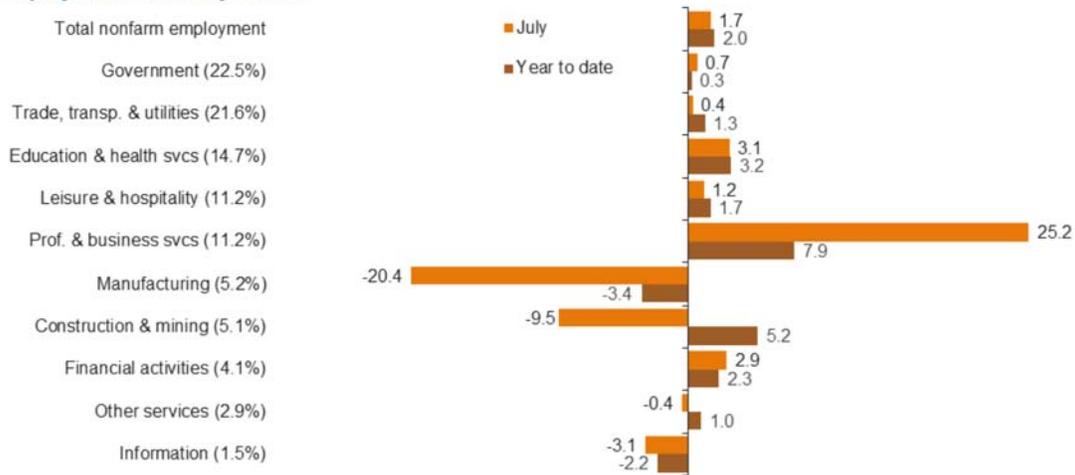


\*Seasonally adjusted, monthly.  
SOURCE: Dallas Fed.

## Labor Market

El Paso jobs rose at an annualized rate of 1.7 percent in July (*Chart 2*). Year to date, the El Paso labor market has expanded at an annualized rate of 2.0 percent and has added over 3,600 jobs. The year-to-date gain was led by education and health services, and professional and business services. Together, these two sectors accounted for nearly two-thirds of all gains.

**Chart 2**  
**Employment Growth by Sector**



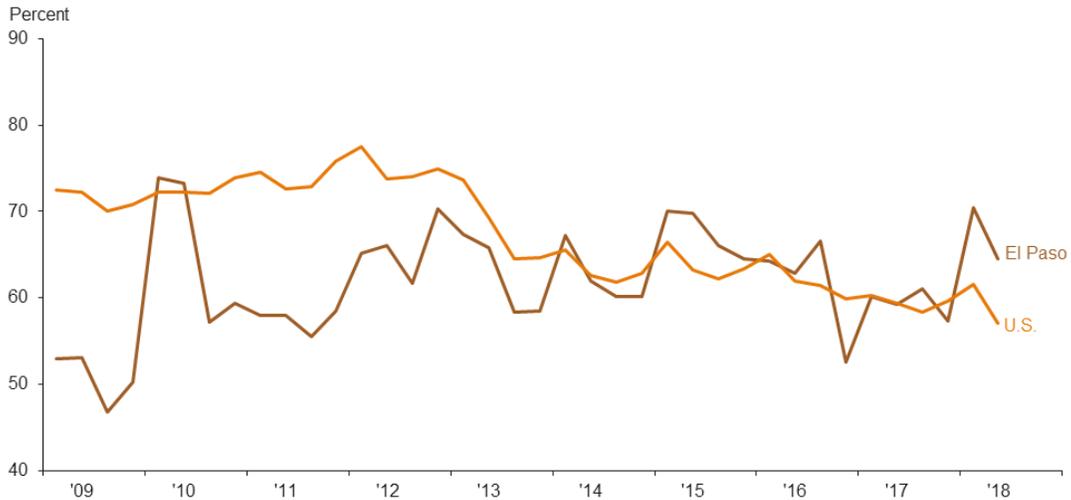
NOTES: Data show seasonally adjusted and annualized percentage employment growth by sector. Numbers in parentheses represent share of total employment and may not sum to 100 due to rounding.  
 SOURCES: Bureau of Labor Statistics; adjustments by the Dallas Fed.

The unemployment rate fell in July to 4.2 percent, which is slightly above the Texas rate of 4.0 percent and the U.S. rate of 3.9 percent.

## Housing Market

Housing affordability in El Paso fell in second quarter 2018 to 64.5 from 70.5 the previous quarter, based on the National Association of Home Builders Housing Opportunity Index, which represents the share of homes sold that are considered affordable to a family earning the median income (*Chart 3*). However, the index remained well above the U.S. reading of 57.1 as El Paso median income has increased faster than the median home sales price.

**Chart 3**  
**Housing Opportunity Index**



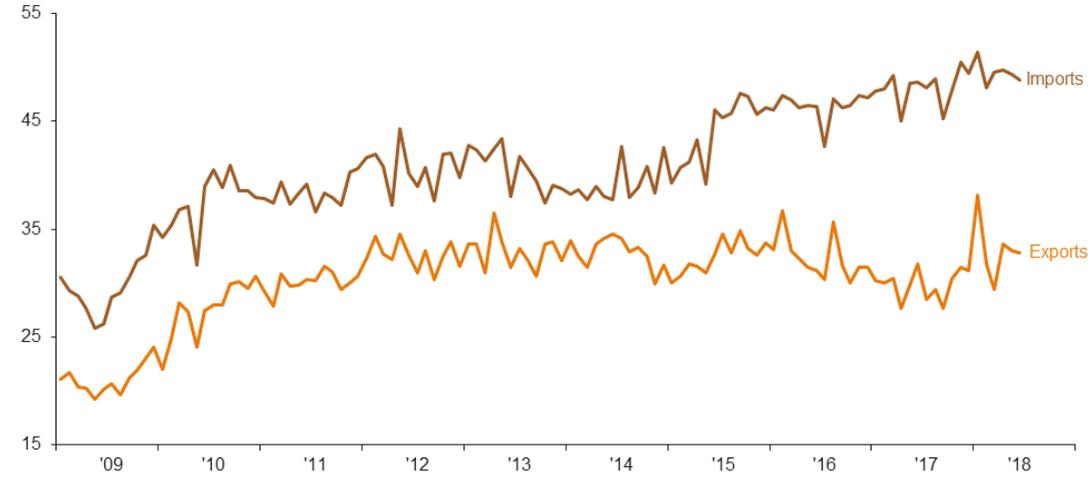
SOURCE: National Association of Home Builders.

## Trade

Annualized total trade in El Paso was \$81.7 billion in June, up 1.7 percent from \$80.3 billion a year earlier (*Chart 4*). The gain was driven by increases in both exports and imports. Exports totaled \$32.8 billion in June, while imports amounted to \$48.9 billion.

**Chart 4**  
**Trade**

Real dollars (billions)\*



\*Seasonally adjusted, annualized.

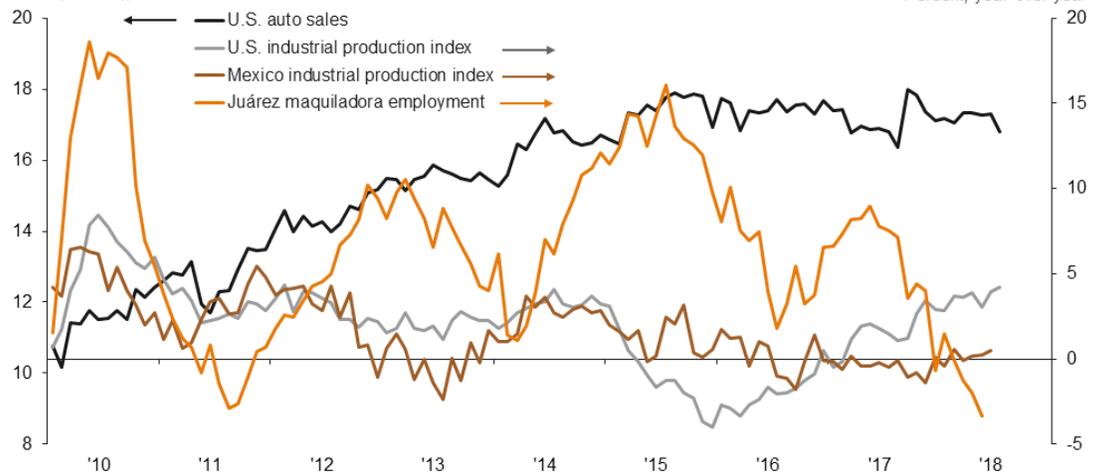
SOURCES: Census Bureau; adjustments by the Dallas Fed.

## Industrial Production and Maquiladora Activity

U.S. industrial production continues to climb, up 4.2 percent year over year in July (*Chart 5*). The Institute for Supply Management manufacturing index fell to 58.1 in July from 60.2 in June. Despite the monthly decline, the index remains well above 50 and continues to signal growth. U.S. and Mexican production and manufacturing trends are important to the local economy because of cross-border manufacturing relationships.

**Chart 5**  
**Juárez Maquiladora and Related Activity**

Sales (millions), annualized\*



\*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.

Across the border from El Paso, Juárez manufacturing employment has slowed, likely linked to a tight labor market there. According to Mexico's official series, Juárez maquiladora jobs totaled about 270,700 in May, down 3.3 percent from a year earlier.

U.S. auto and light-truck production was 10.8 million in July, above the 9.8 million units from a year earlier. Meanwhile, monthly auto sales totaled 16.8 million, unchanged from a year earlier. Auto sales are closely linked to the local economy because roughly half of maquiladoras in Juárez are auto related.

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

### **About El Paso Economic Indicators**

Questions can be addressed to Marycruz De León at [marycruz.deleon@dal.frb.org](mailto:marycruz.deleon@dal.frb.org). *El Paso Economic Indicators* is released on the fourth Wednesday of every month.