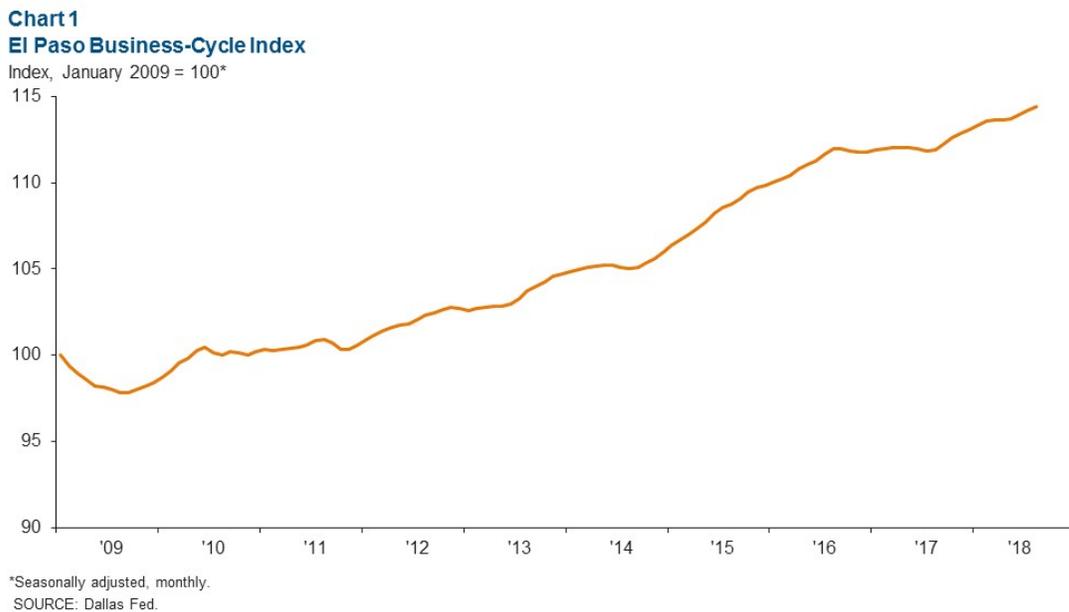


October 1, 2018

Growth in El Paso remains broad based. Year to date, the metro has added jobs at a 2.0 percent annualized rate, above its long-run average of 1.5 percent. Home sales are at an all-time high, while home-price appreciation is moderate. Trade through the port is above year-ago levels, while maquiladora employment remains steady.

Business-Cycle Index

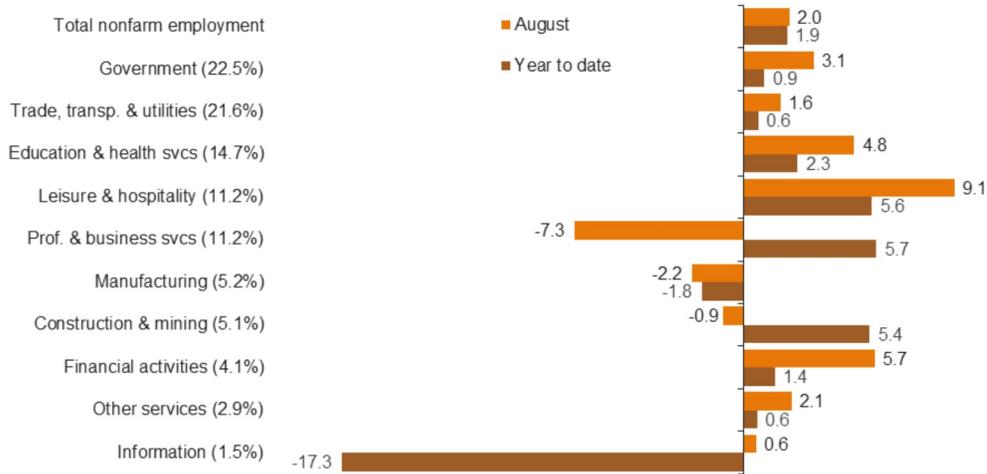
The El Paso Business-Cycle Index grew at a 2.3 percent annualized rate in August (*Chart 1*). Strong growth in the index in 2018 is attributed to the robust labor market.



Labor Market

In August, employment rose at an annualized rate of 1.9 percent. Year to date, employment gains have been widespread across sectors in 2018, with payrolls in professional and business services, leisure and hospitality, and construction leading growth (*Chart 2*). While all major sectors have expanded their payrolls, manufacturing and information, which together represent only about 7 percent of El Paso jobs, have posted losses.

Chart 2
Employment Growth by Sector



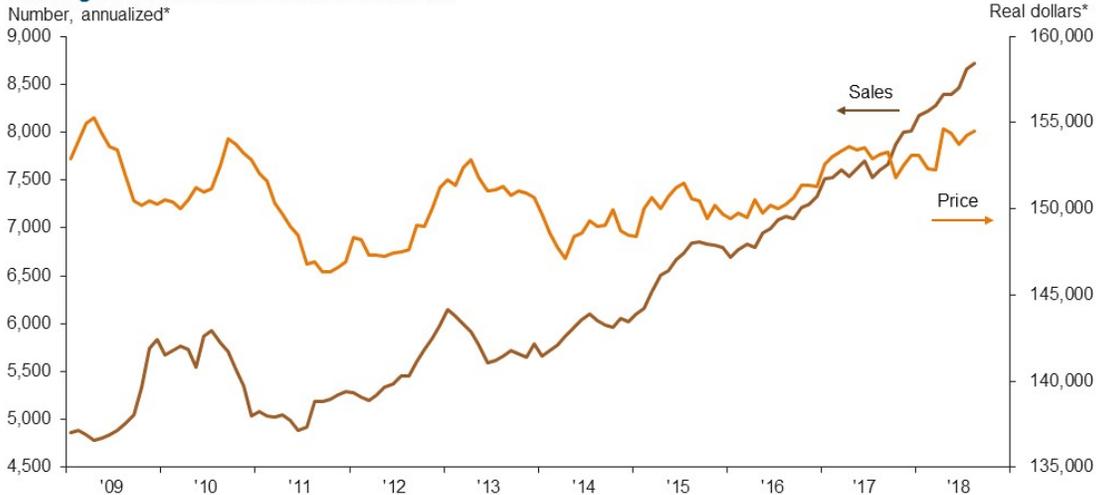
NOTES: Data show seasonally adjusted and annualized percentage employment growth by sector. Numbers in parentheses represent share of total employment and may not sum to 100 due to rounding.
SOURCES: Bureau of Labor Statistics; adjustments by the Dallas Fed.

Through August, El Paso has added over 3,900 jobs, nearly on par with 2017's total gain of 4,000 jobs. The jobless rate in El Paso remained at 4.2 percent, slightly above the state and U.S. unemployment rates.

Housing Market

Existing-home sales rose to a new high in El Paso last month. Sales reached an annualized rate of 8,720 in August, 14.7 percent above year-ago levels (*Chart 3*). While sales continue to rise at robust rates, the median home price has posted moderate increases. In August, the median home price was \$154,480, up 0.9 percent from the previous year.

Chart 3
Existing-Home Sales and Median Home Price



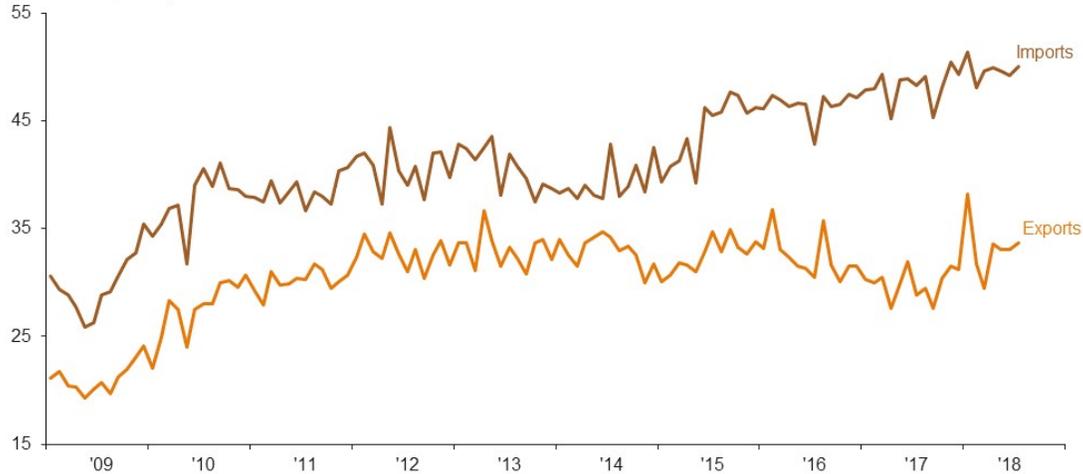
*Seasonally adjusted, six-month moving average
SOURCES: Real Estate Center at Texas A&M; adjustments by the Dallas Fed.

Trade

Annualized total trade in El Paso was \$83.8 billion in July, up 8.7 percent from \$77.1 billion a year earlier (*Chart 4*). The gain was driven by increases in both exports and imports. Exports totaled \$33.7 billion in July, while imports amounted to \$50.1 billion.

Chart 4
Trade

Real dollars (billions)*



*Seasonally adjusted, annualized.

SOURCES: Census Bureau; adjustments by the Dallas Fed.

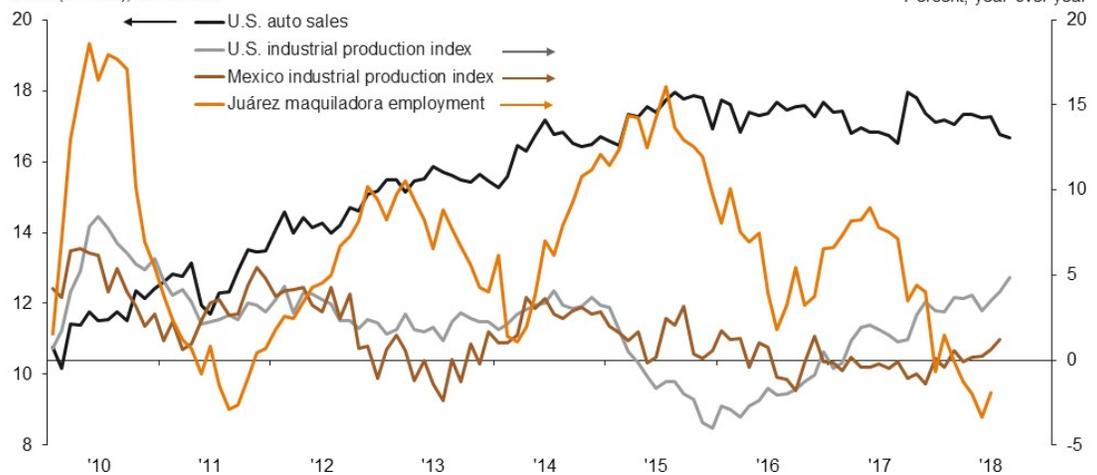
Industrial Production and Maquiladora Activity

U.S. industrial production continues to climb, up 4.9 percent year over year in August (*Chart 5*). The Institute for Supply Management manufacturing index also rose from 58.1 in July to 61.3 in August. The new orders index showed a solid increase from 60.2 to 65.1. 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 269,200 in June, down 1.9 percent from a year earlier.

U.S. auto and light-truck production was 11.2 million in August, above the 10.4 million units from a year earlier. Meanwhile, monthly auto sales totaled 16.7 million, slightly above the 16.5 million sales last August. Auto sales are closely linked to the local economy because roughly half of maquiladoras in Juárez are auto related.

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

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