

January 3, 2019

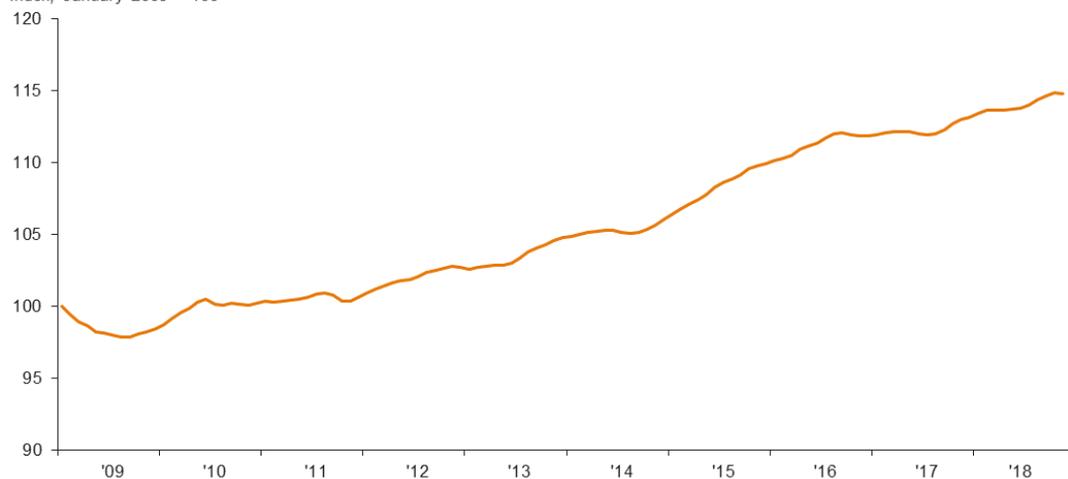
El Paso payrolls fell in November, but year-to-date employment growth remains near its long-term average of 1.5 percent. The housing market remains strong and existing-home inventories continue to shrink. Ciudad Juárez maquiladora employment edged up in October, and trade through the El Paso port of entry expanded.

Business-Cycle Index

The El Paso Business-Cycle Index edged down at a 0.1 percent annualized rate in November (*Chart 1*). The contraction is likely due to the decline in November payrolls.

Chart 1
El Paso Business-Cycle Index

Index, January 2009 = 100*

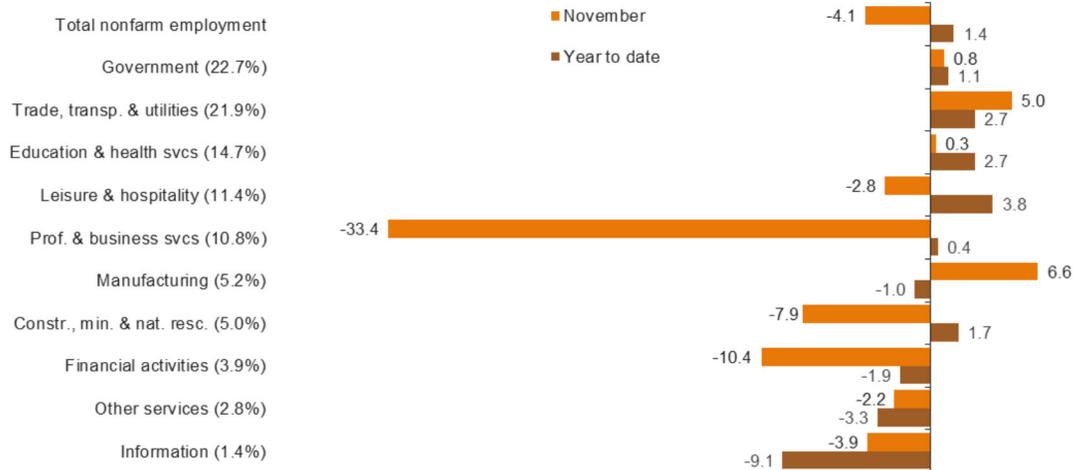


*Seasonally adjusted, monthly.
SOURCE: Dallas Fed.

Labor Market

In November, El Paso payrolls fell at an annualized rate of 4.1 percent, driven by a sharp contraction in professional and business services (*Chart 2*). However, year to date, payrolls have expanded at an annualized rate of 1.4 percent. Of the 4,000 jobs added year to date, trade, transportation and utilities has added more than any other sector (1,700).

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.

In November, the unemployment rate remained unchanged from October at 4.1 percent. The El Paso rate is slightly above the U.S. and Texas rates of 3.7 percent.

Housing

Although El Paso existing-home sales edged down over the month, sales remain robust compared with a year earlier (*Chart 3*). In November, annualized sales totaled 8,587, 7.3 percent above the same period a year ago. Also in November, the median home price stood at \$154,007, up 0.6 percent from November 2017.

Chart 3
Existing-Home Sales and Median Home Price



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

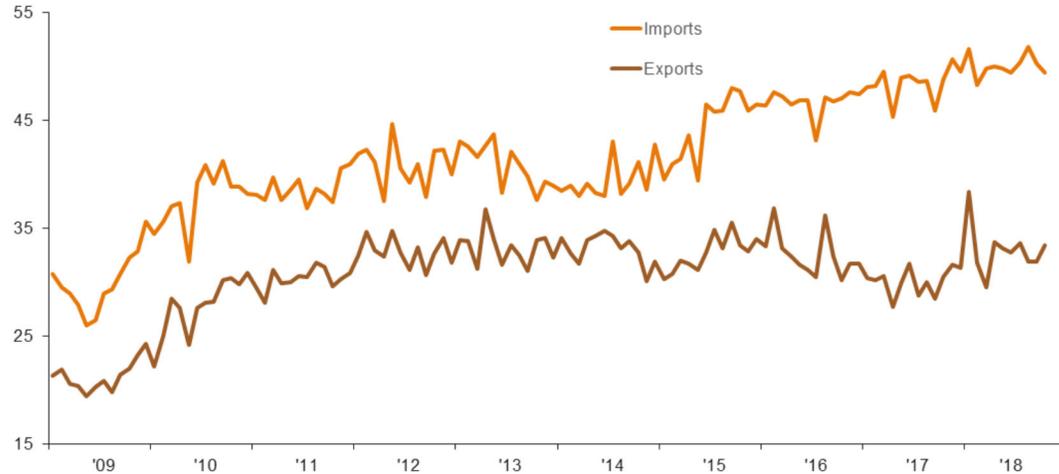
Meanwhile, existing-home inventories continue to slip. In November, inventories stood at 4.1 months, well below the six months of supply associated with a balanced market.

Trade

In October, annualized trade through the port totaled \$82.8 billion, up 4.5 percent from a year earlier. The gain is due to increases in both imports and exports (*Chart 4*). October exports were an annualized \$33.4 billion, up 9.6 percent from the previous year, while annualized imports summed to \$49.4 billion, up 1.4 percent.

Chart 4
Trade

Real dollars (billions)*



*Seasonally adjusted, annualized.

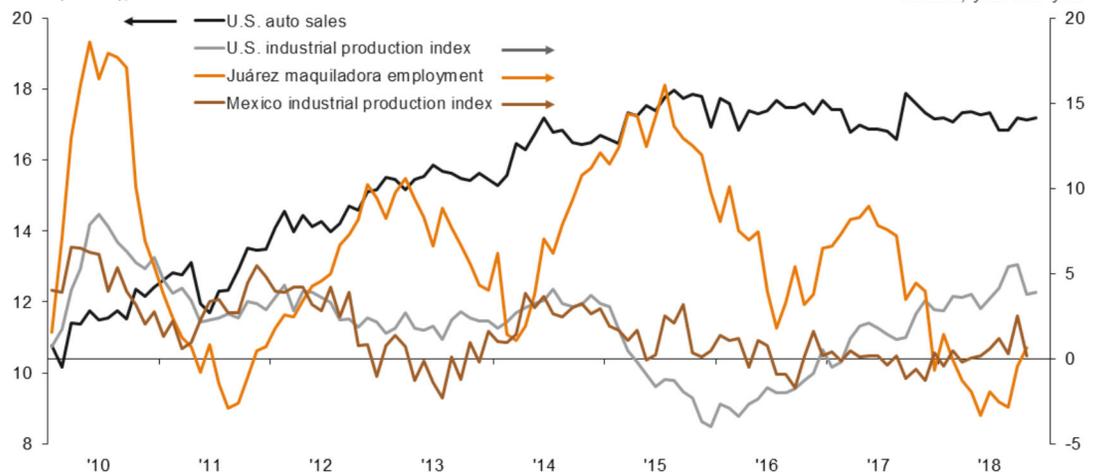
SOURCES: Census Bureau; adjustments by the Dallas Fed.

Industrial Production and Maquiladora Activity

U.S. industrial production rose 3.9 percent year over year in November (*Chart 5*), and the Institute for Supply Management manufacturing index rose to 59.3, well above 50, which signals expansion. U.S. manufacturing conditions remain solid. 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 maquiladora employment posted year-over-year growth in October, the first positive reading since January 2018. According to Mexico's official series, maquiladora employment rose 0.6 percent in October to 274,444. The tight labor market is likely partially responsible for the sluggish growth.

U.S. auto and light-truck production was 11.0 million in November, slightly above the 10.6 million units produced a year earlier. Meanwhile, monthly auto sales totaled 17.2 million, just below the 17.3 million sold a year earlier. 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

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