

April 1, 2019

El Paso's economy continues to expand. While employment contracted in February, jobs rose 1.2 percent year to date. Existing-home sales dipped, while median-home prices inched up in February. Trade through the port remains steady, and maquiladora employment also remains solid.

## Business-Cycle Index

The El Paso Business-Cycle Index edged up an annualized 0.4 percent in February, below January's increase of 1.4 percent (*Chart 1*). Slower gains in the index are likely attributed to the softer labor market.

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

Index, January 2009 = 100\*

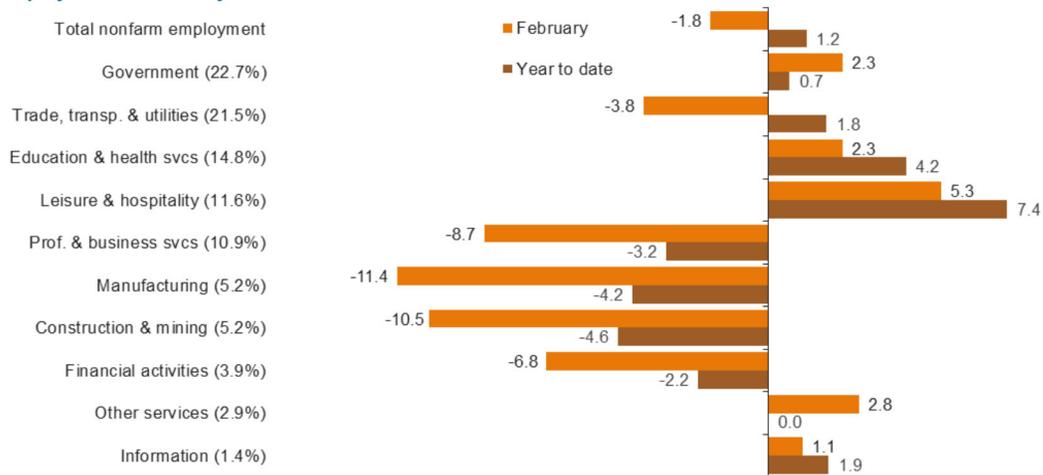


\*Seasonally adjusted, monthly.  
SOURCE: Dallas Fed.

## Labor Market

In February, El Paso jobs contracted an annualized 1.8 percent, and job growth was mixed across sectors (*Chart 2*). However, El Paso's job gains year to date were positive at an annualized 1.2 percent, slightly below their long-term average of 1.5 percent. Year to date, most major sectors added jobs. Leisure and hospitality, which accounts for one of every 10 jobs, posted the strongest growth—up 7.4 percent year to date. El Paso's unemployment rate in February was 4.3 percent, above the 3.8 percent figure for both Texas and the U.S.

**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.

## Housing Market

Housing sales slowed in February to an annualized 8,481, down from the most recent peak of 8,788 sales seen in September 2018 (Chart 3). Meanwhile, the median price ticked up to \$156,495, up 1.5 percent from January and up 2.1 percent from February 2018.

**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.

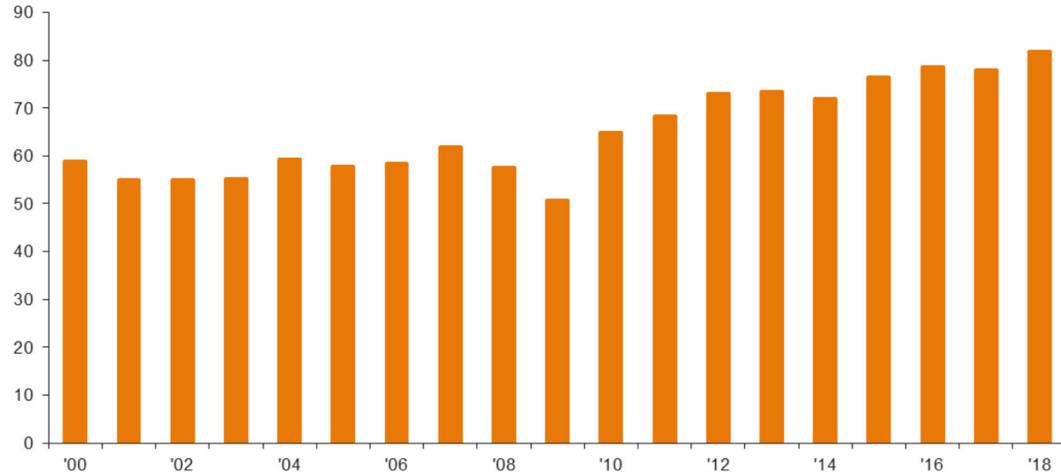
While sales have slowed, inventories remain low. In February, inventories stood at 3.7 months, well below the six months of supply considered to be a balanced market.

## Trade

In 2018, trade through the port totaled \$81.9 billion, up 5.1 percent from \$77.9 billion in 2017 (*Chart 4*). Gains in total trade were boosted by both increasing imports and exports. Exports totaled \$32.3 billion, up 8.3 percent from the previous year; imports rose 3.1 percent over the year to \$49.6 billion.

**Chart 4**  
**Trade**

Real dollars (billions)



SOURCES: Census Bureau; adjustments by the Dallas Fed.

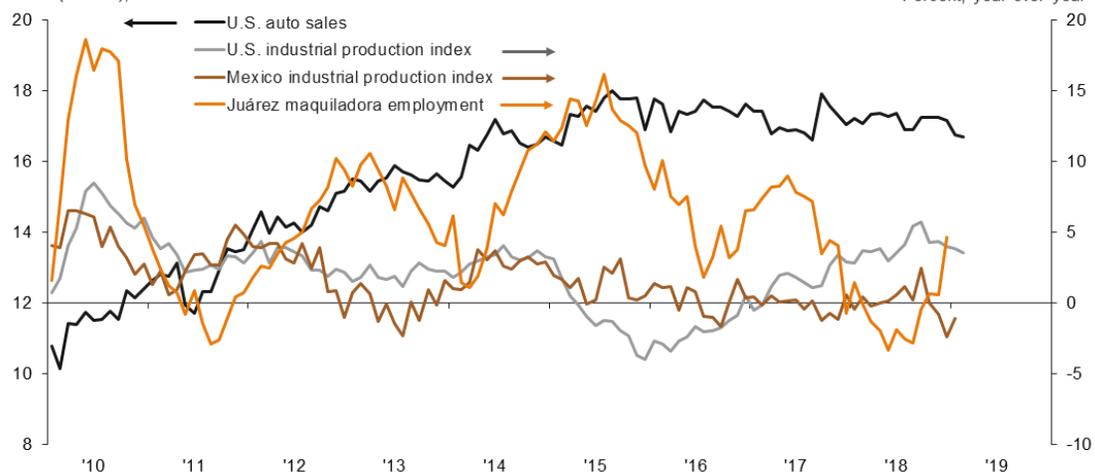
## Industrial Production and Maquiladora Activity

U.S. industrial production rose 3.5 percent year over year in February (*Chart 5*). The Institute for Supply Management manufacturing index fell from 56.6 in January to 54.2 in February, but the reading remains 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); Bureau of Economic Analysis; Federal Reserve Board; adjustments by the Dallas Fed.

Across the border from El Paso, Juárez maquiladora employment posted year-over-year growth in December. According to Mexico's official series, maquiladora employment rose 4.7 percent in December to 278,315.

U.S. auto and light-truck production was 10.6 million units in February, below the 11.0 million units produced a year earlier. Meanwhile, monthly auto sales totaled 16.7 million, down from year-ago sales of 17.1 million. 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**

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