

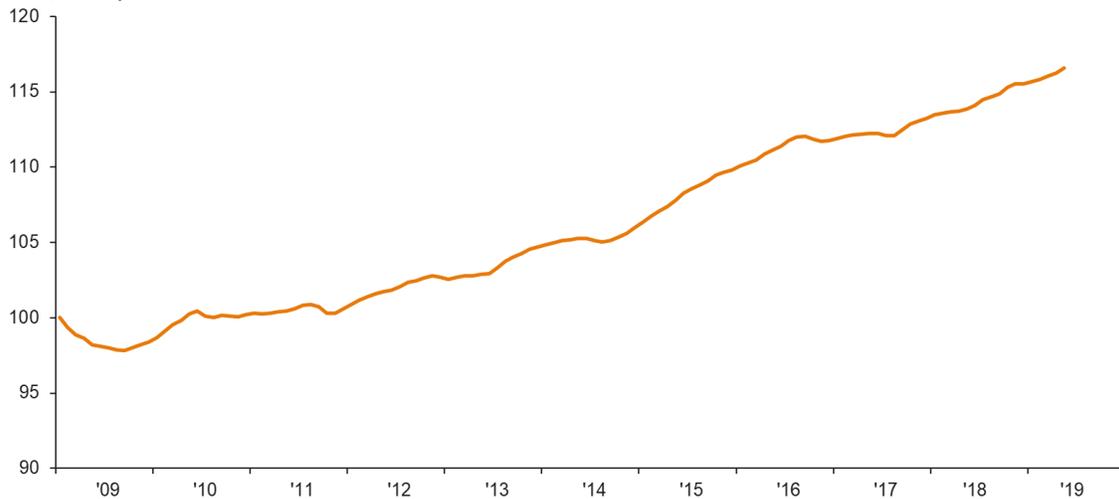
June 28, 2019

The El Paso economy continues to expand. The labor market is healthy, with job growth above the long-term average. Existing-home sales are strong, and the median home price has begun to pick up. Meanwhile, maquiladora employment growth slackened in March, and April trade data also showed a slowdown.

Business-Cycle Index

The El Paso Business-Cycle Index expanded in May (*Chart 1*). The index rose an annualized 3.2 percent in May, stronger than April's 2.3 percent rate. Solid labor market gains and increases in inflation-adjusted wages and retail sales are boosting the index.

Chart 1
El Paso Business-Cycle Index
Index, January 2009 = 100*

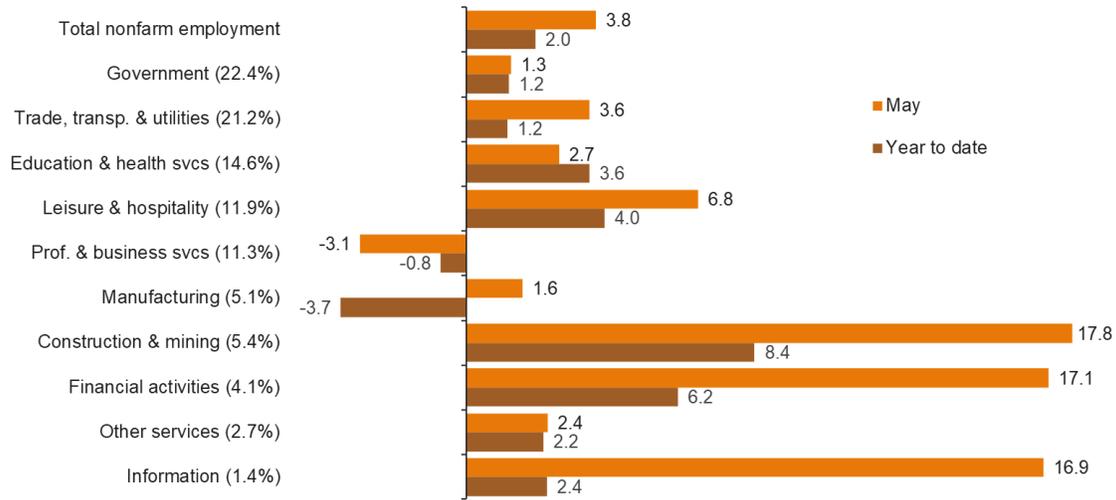


*Seasonally adjusted, monthly.
SOURCE: Dallas Fed.

Labor Market

In the first five months of the year, El Paso payrolls have expanded at a 2.0 percent annual rate, adding over 2,600 jobs (*Chart 2*). Growth in the metro continues to be driven by education and health services (690 jobs), leisure and hospitality (630 jobs), and construction, mining and natural resources (570 jobs).

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 El Paso labor market continues to tighten. In May, the unemployment rate fell to 3.5 percent, down from 3.6 percent the previous month, and its lowest level since 1990 (when the series began). El Paso's jobless figure was on par with the Texas rate in May but below that of the U.S. (3.6 percent).

Housing

El Paso existing-home sales have been on the rise since February. In May, home sales were an annualized 8,717, up 3.7 percent from a year earlier (*Chart 3*). While home sales rise, inventories continue to decline. In May, housing inventories stood at 3.4 months, well below the six months considered a balanced market.

Chart 3
Existing-Home Sales and Median Home Price



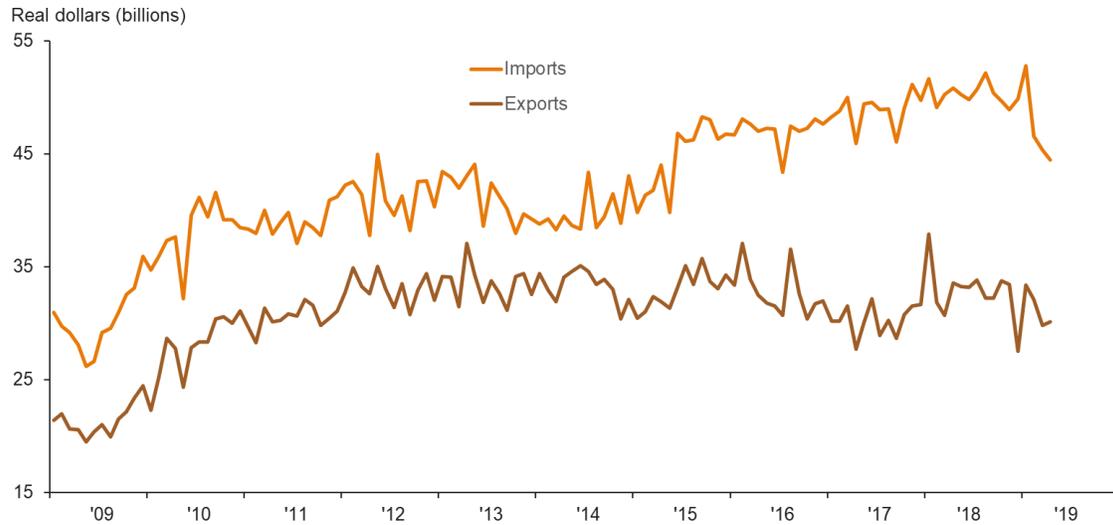
*Seasonally adjusted, six-month moving average.
SOURCES: Real Estate Center at Texas A&M University; adjustments by the Dallas Fed.

Tight housing inventory is placing pressure on home prices. The median home price was \$161,166 in May, up 2.9 percent from a year ago.

Trade

Annualized total trade through the El Paso Port of Entry amounted to \$74.6 billion in April, down 11.7 percent from a year ago (*Chart 4*). The slowdown in trade was due to declines in both imports and exports. Imports fell 12.6 percent to \$44.4 billion, and exports declined 10.3 percent to \$30.1 billion. The contraction in trade is likely linked to the recent long delays at the border crossing due to Customs and Border Protection officers being diverted to process migrants.

Chart 4
Trade

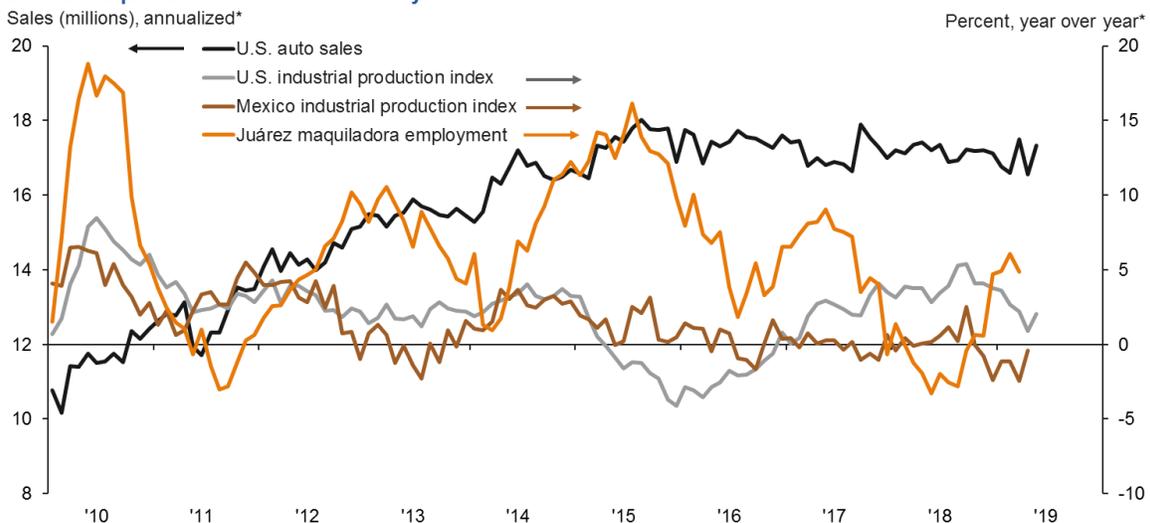


SOURCES: Census Bureau; adjustments by the Dallas Fed.

Industrial Production and Maquiladora Activity

U.S. industrial production grew 2.1 percent year over year in May (*Chart 5*). Meanwhile, the Institute for Supply Management manufacturing index inched down to 52.1 in May from 52.8 in April. The reading remains above 50, which signals expansion. 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



*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 growth slowed. According to Mexico's official series, maquiladora employment rose 4.9 percent year over year in March to 282,891.

U.S. auto and light-truck production was 10.8 million, above the 10.0 million produced a year earlier. Meanwhile, monthly auto sales totaled 17.3 million, up from year-ago sales of 17.2 million. 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.