

West Texas & Southern New Mexico Economic Update

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The views expressed are my own and do not necessarily reflect official positions of the Federal Reserve System

EL PASO BRANCH



Federal Reserve
Bank of Dallas

Outline

- El Paso Economic Update
- Southern New Mexico Economic Update

El Paso

El Paso Economic Update

- U.S. economy on solid footing
- Mexico's economy continues expanding in the second quarter
- Solid maquiladora activity continues to boost regional growth
- El Paso retail sales weathering the strong Dollar better than in prior years
- Government employment in El Paso holds steady

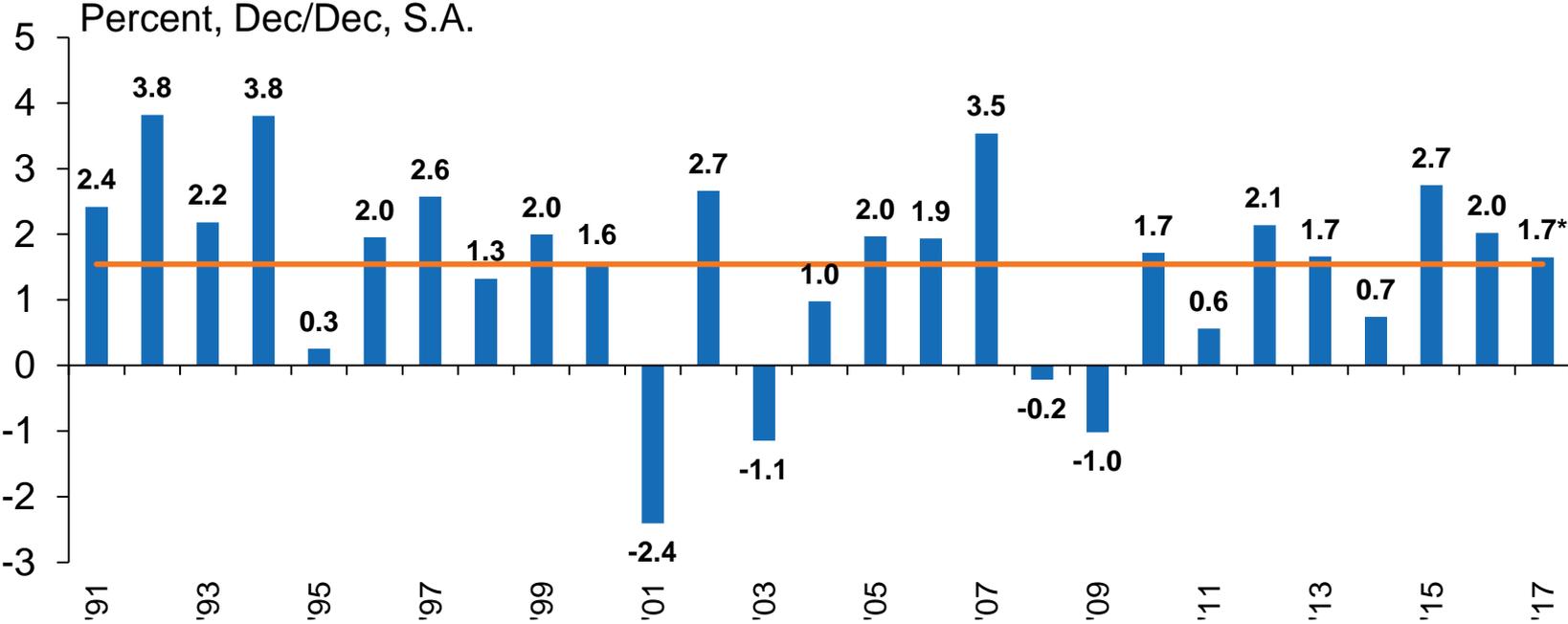
El Paso economy expanding



Note: The index reflects broad movements in local economic conditions. It is constructed based on the aggregated movements in the local area unemployment rate, nonagricultural employment, inflation-adjusted wages, and inflation-adjusted retail sales.

Source: Federal Reserve Bank of Dallas

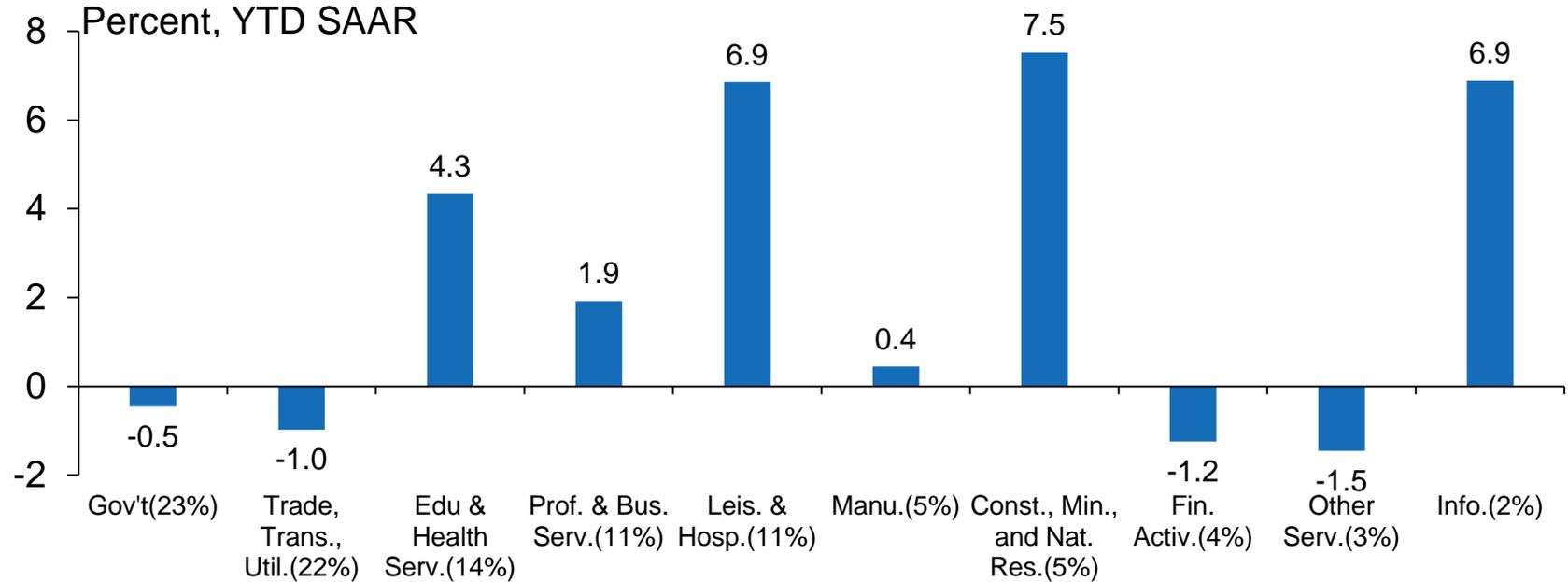
El Paso employment growth on par with long-term average



*YTD seasonally adjusted annualized rate from December 2016 to August 2017

Source: Bureau of Labor Statistics, Federal Reserve Bank of Dallas

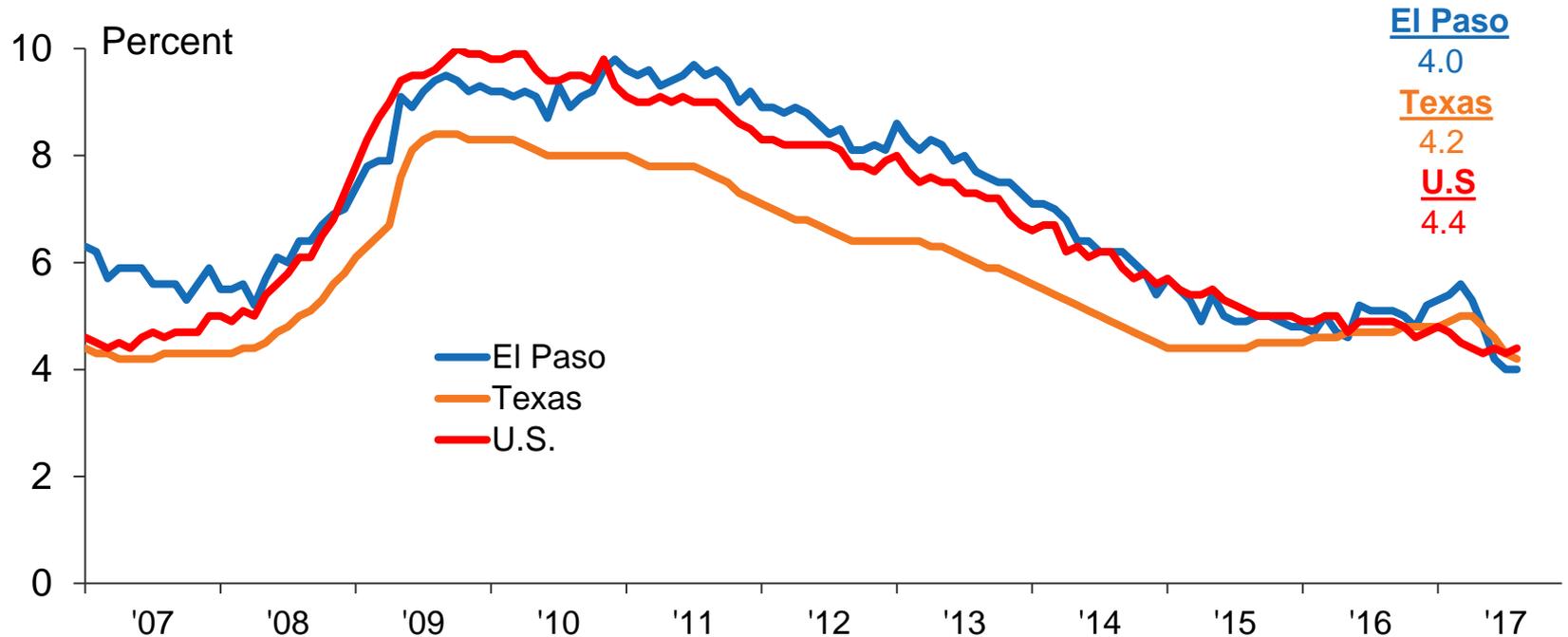
Construction posts strongest gain



*YTD seasonally adjusted annualized rate from December 2016 to August 2017

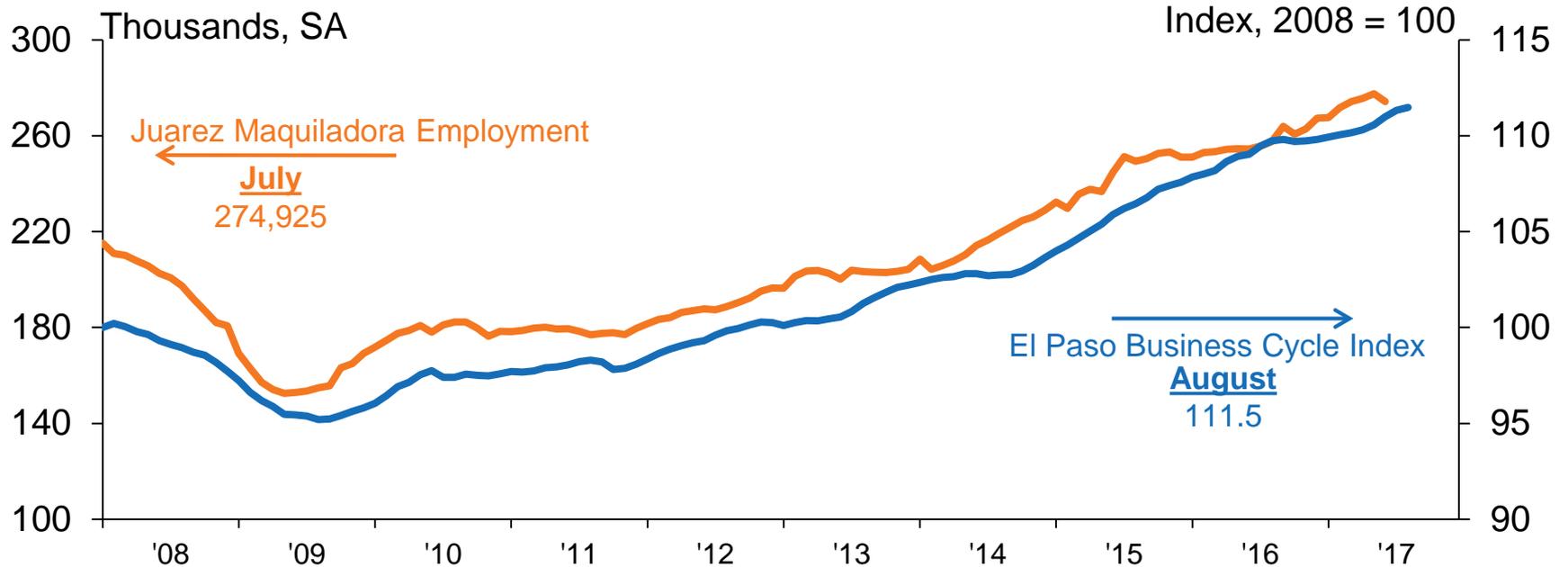
Source: Bureau of Labor Statistics, Federal Reserve Bank of Dallas

El Paso unemployment – lowest level since 1990



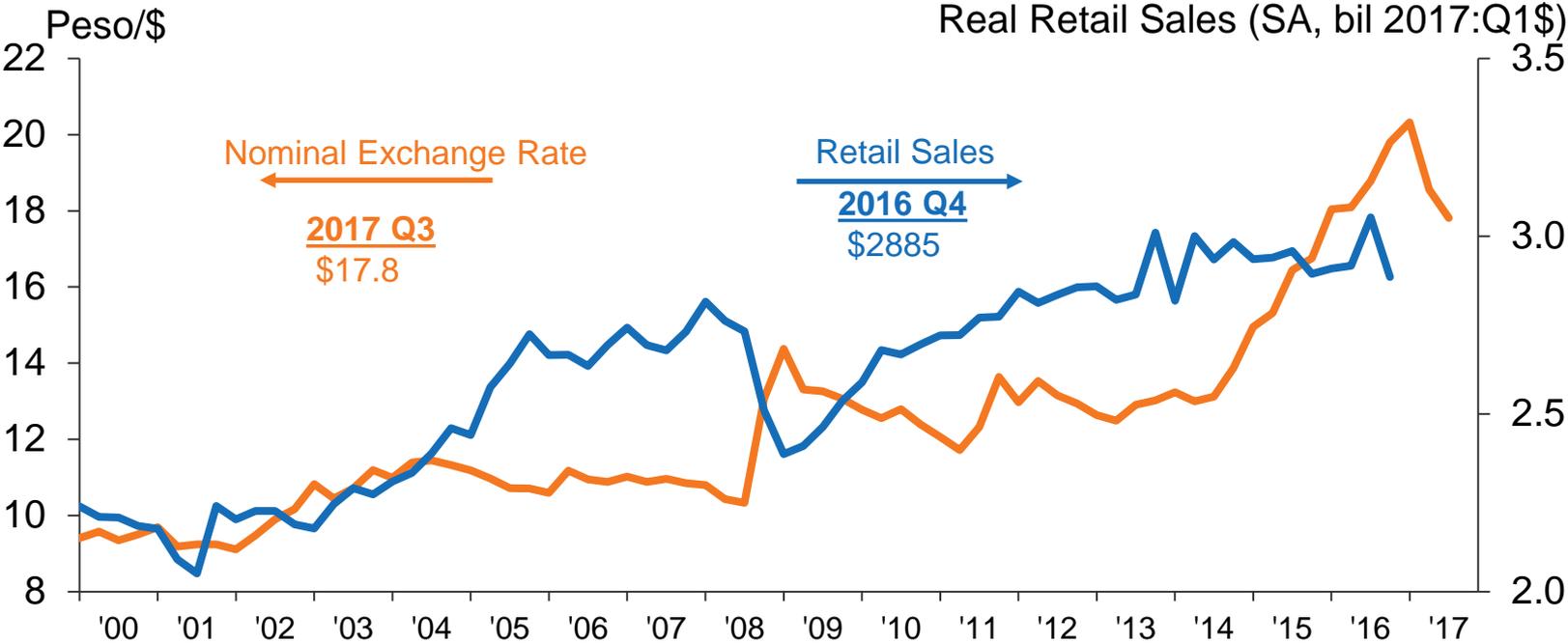
Source: Bureau of Labor Statistics, Federal Reserve Bank of Dallas

El Paso follows the maquiladora industry



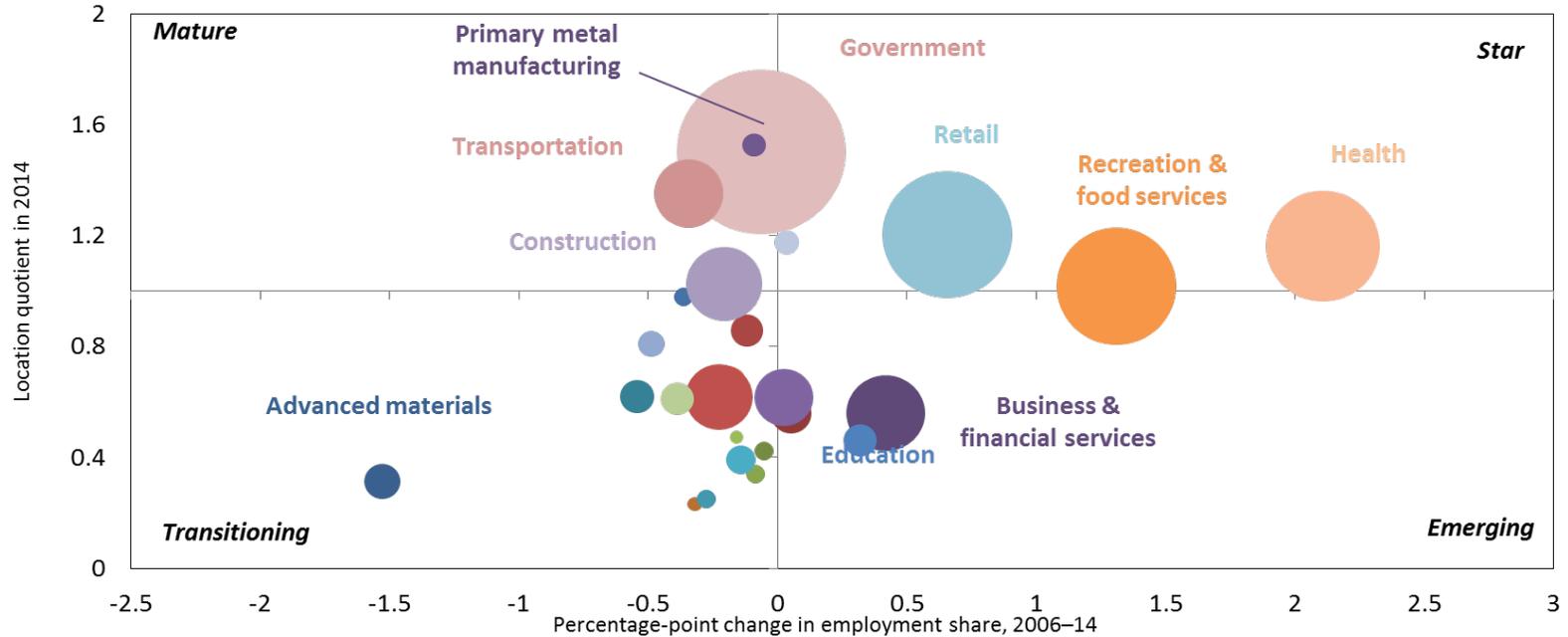
Source: Instituto Nacional de Estadística, Geografía e Informática (INEGI), Federal Reserve Bank of Dallas

El Paso retail sector is weathering the strength of the dollar fairly well



Source: Texas Comptroller of Public Accounts, Federal Reserve Board

Fast-growing Health cluster, a new pillar for regional economy



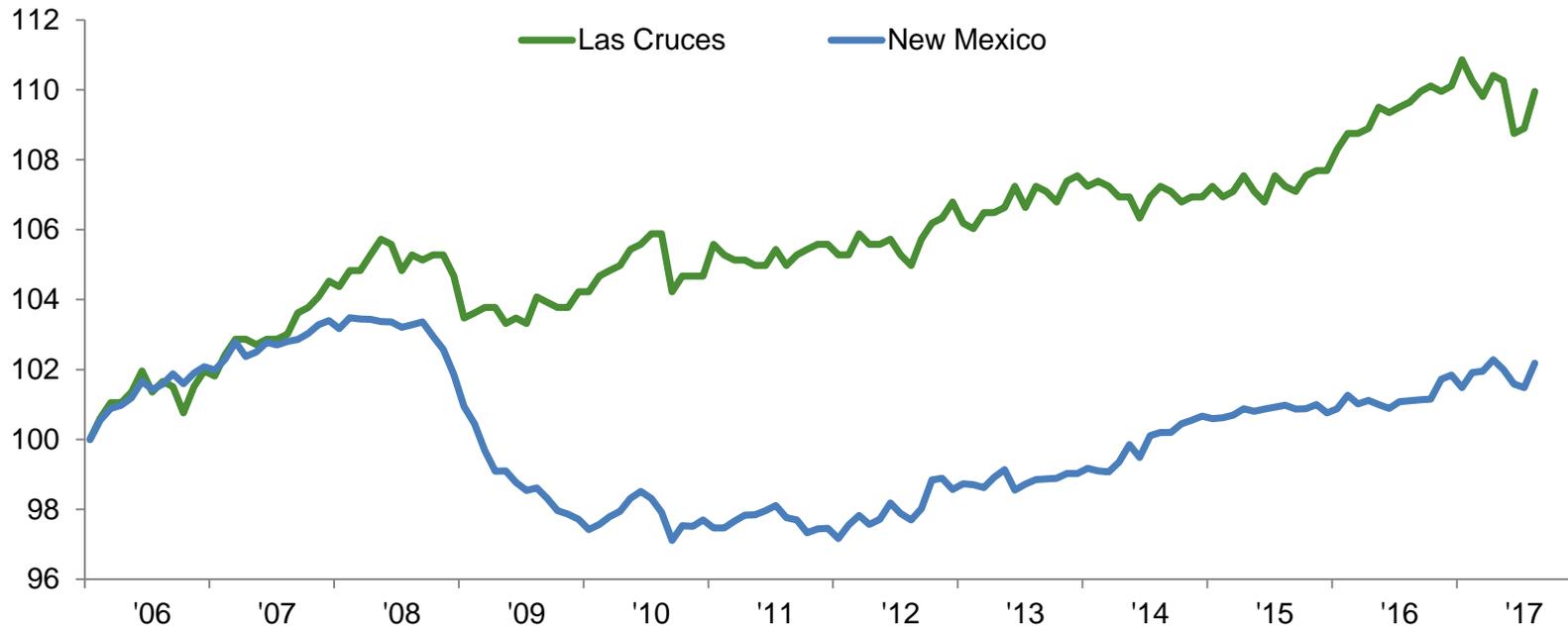
Note: Bubble size represents cluster share of metropolitan statistical area employment.

Source: "At the Heart of Texas: Cities' Industry Clusters Drive Growth" Federal Reserve Bank of Dallas, February 2016;

Southern New Mexico

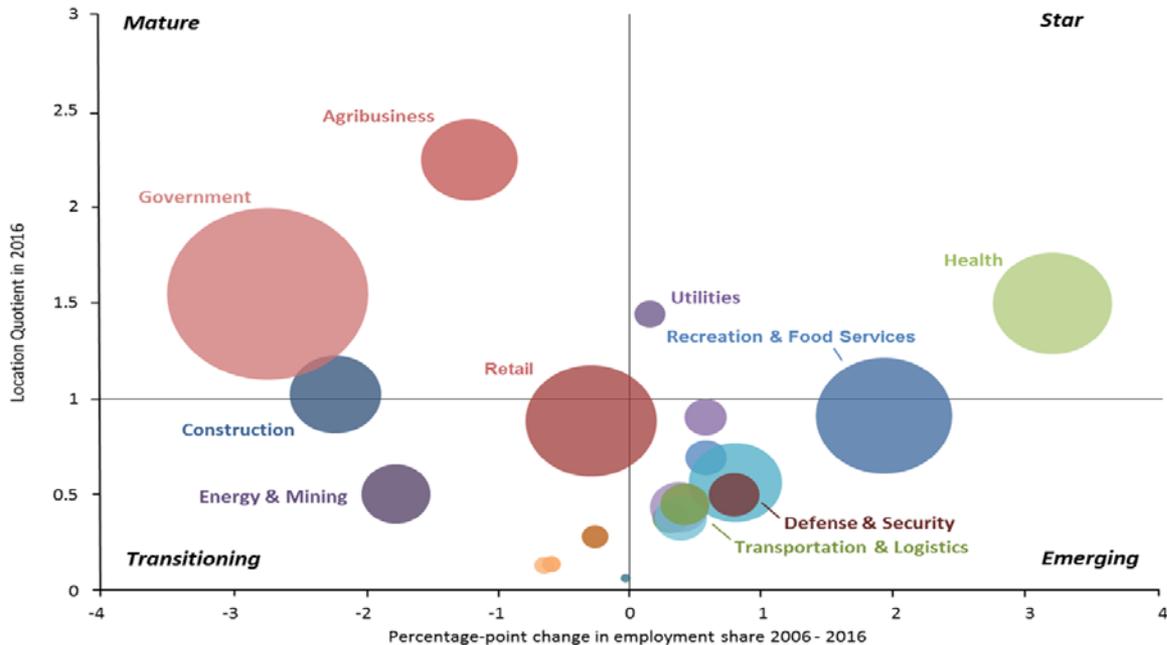
Las Cruces employment stagnates

Index, January 2006 = 100



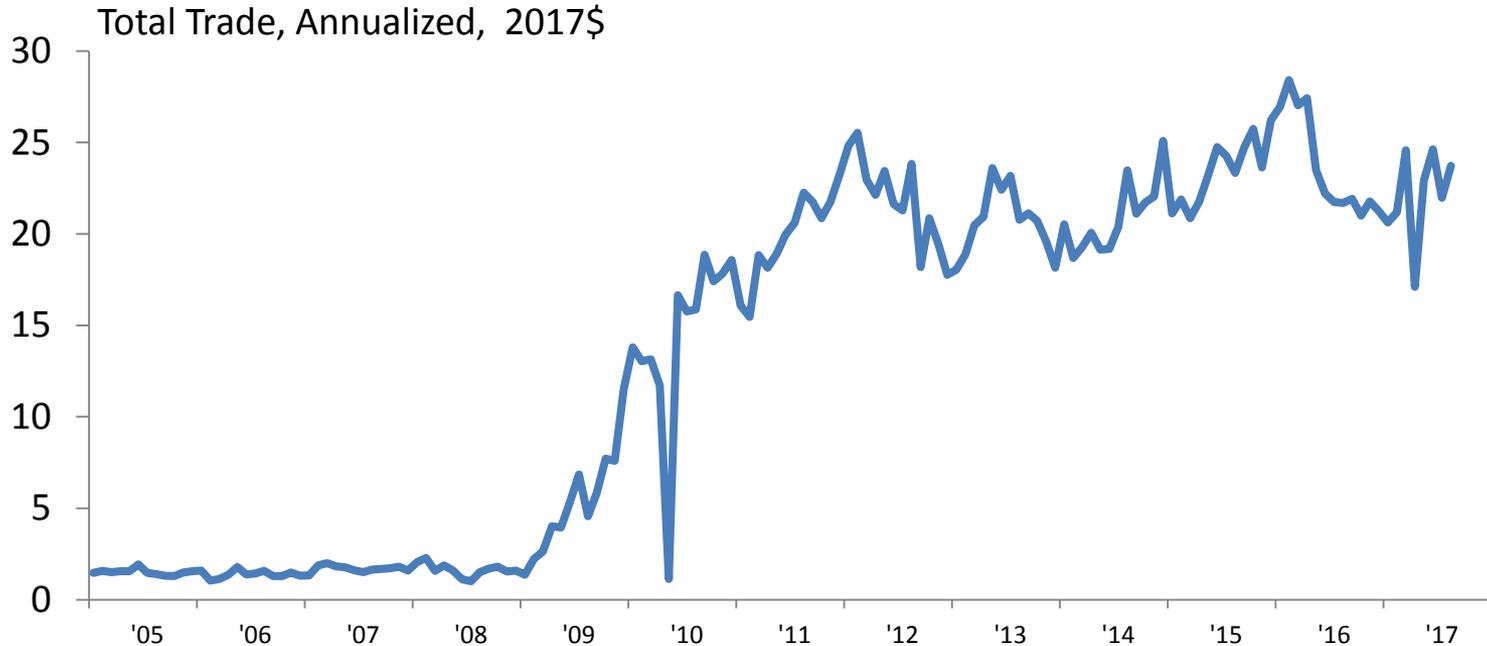
Source: Bureau of Labor Statistics / Haver Analytics

Government, Largest Cluster



NOTE: Bubble size represents cluster share of metropolitan statistical area employment.
SOURCE: Bureau of Labor Statistics; authors' calculations.

Trade through Santa Teresa up since 2009



Source: Foreign Trade Division/Census Bureau/Haver Analytics

Concluding Remarks

- El Paso economy posted solid growth in 2016 and first half of 2017
 - **Headwinds:** government budget, U.S. auto sales, uncertainty regarding trade policy
 - **Tailwinds:** strong manufacturing activity in Mexico, construction, expansion of healthcare sector
- Southern New Mexico
 - **Headwinds:** government budgets, uncertainty regarding trade policy
 - **Tailwinds:** growing industrial base in Santa Teresa, growing metro exports

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www.dallasfed.org**