

# West Texas 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

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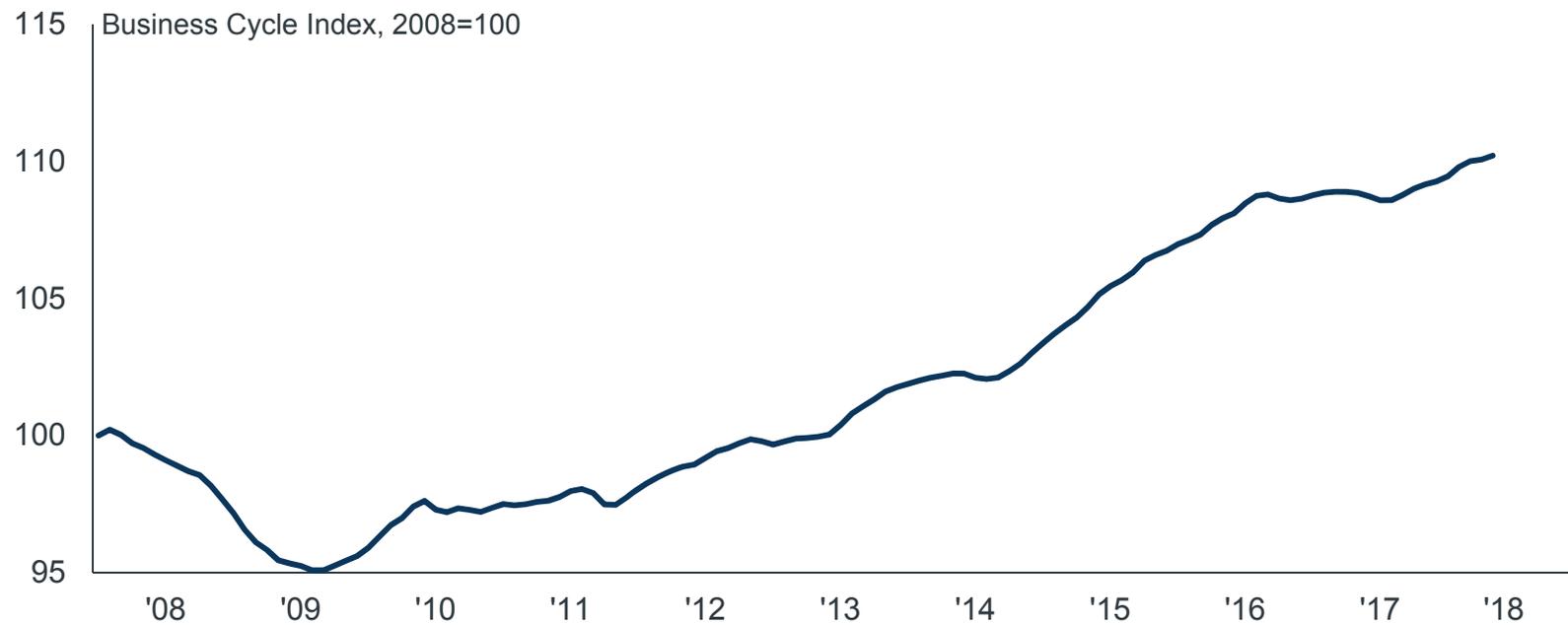


Federal Reserve  
Bank of Dallas

## El Paso Economic Update

- Continued growth in U.S. economic activity
- Mexico's economy expands at a strong pace
- Solid maquiladora activity continues to boost regional growth
- Slowing retail activity with weaker peso
- Government employment in El Paso holds steady

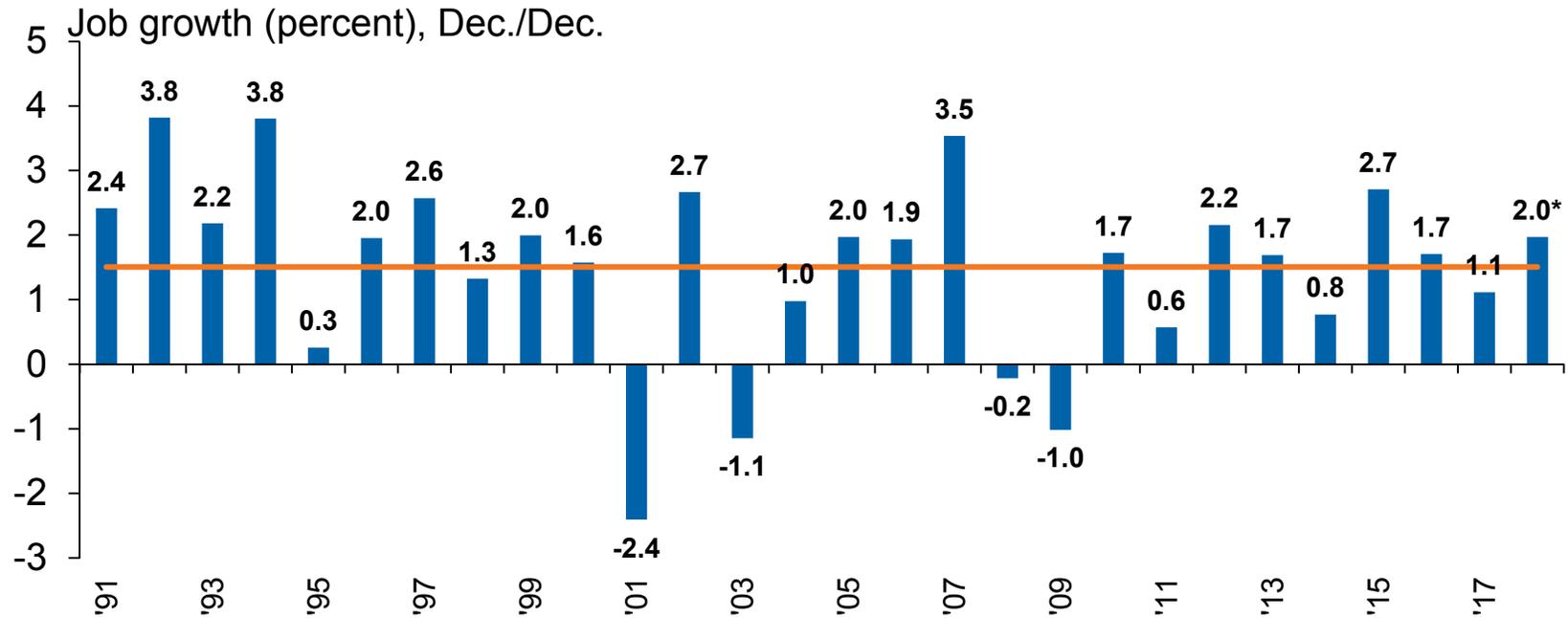
## El Paso economy expanding



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.

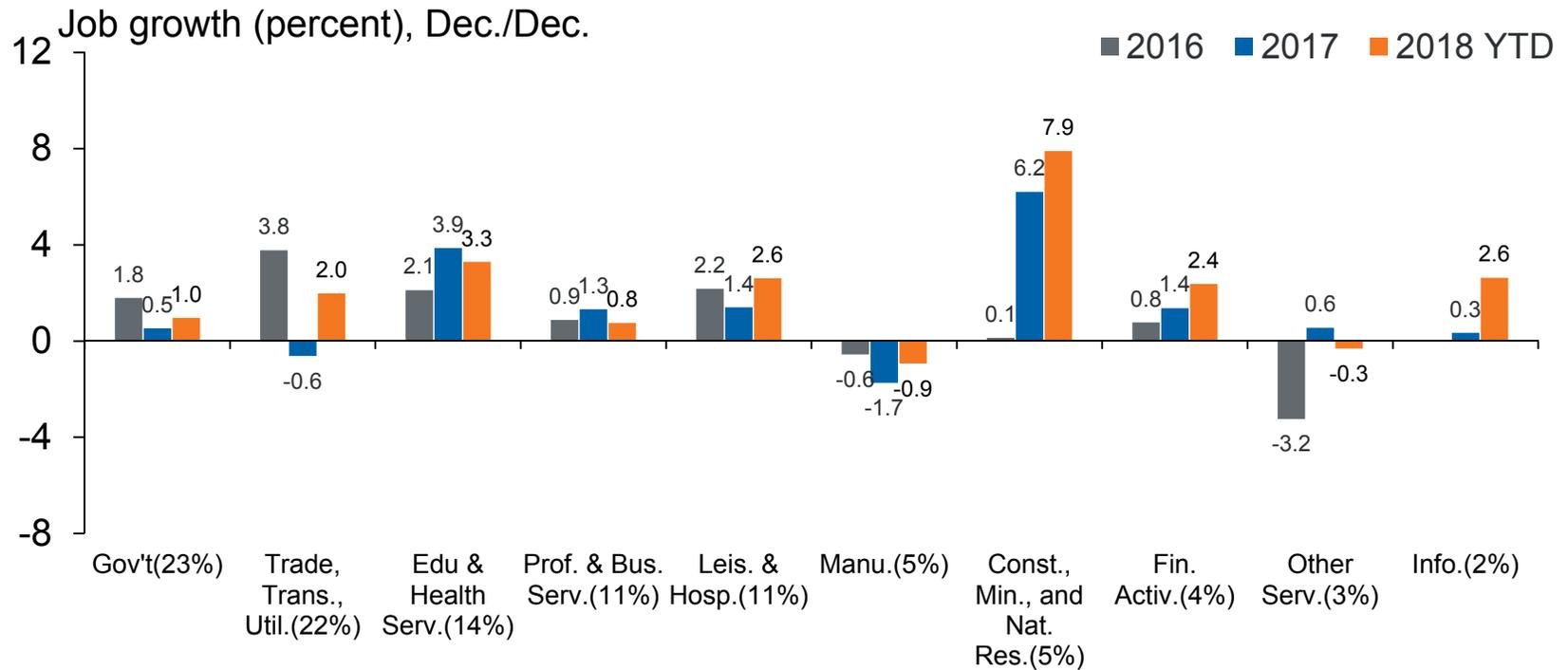
Source: Federal Reserve Bank of Dallas

# El Paso employment growth above long-term average



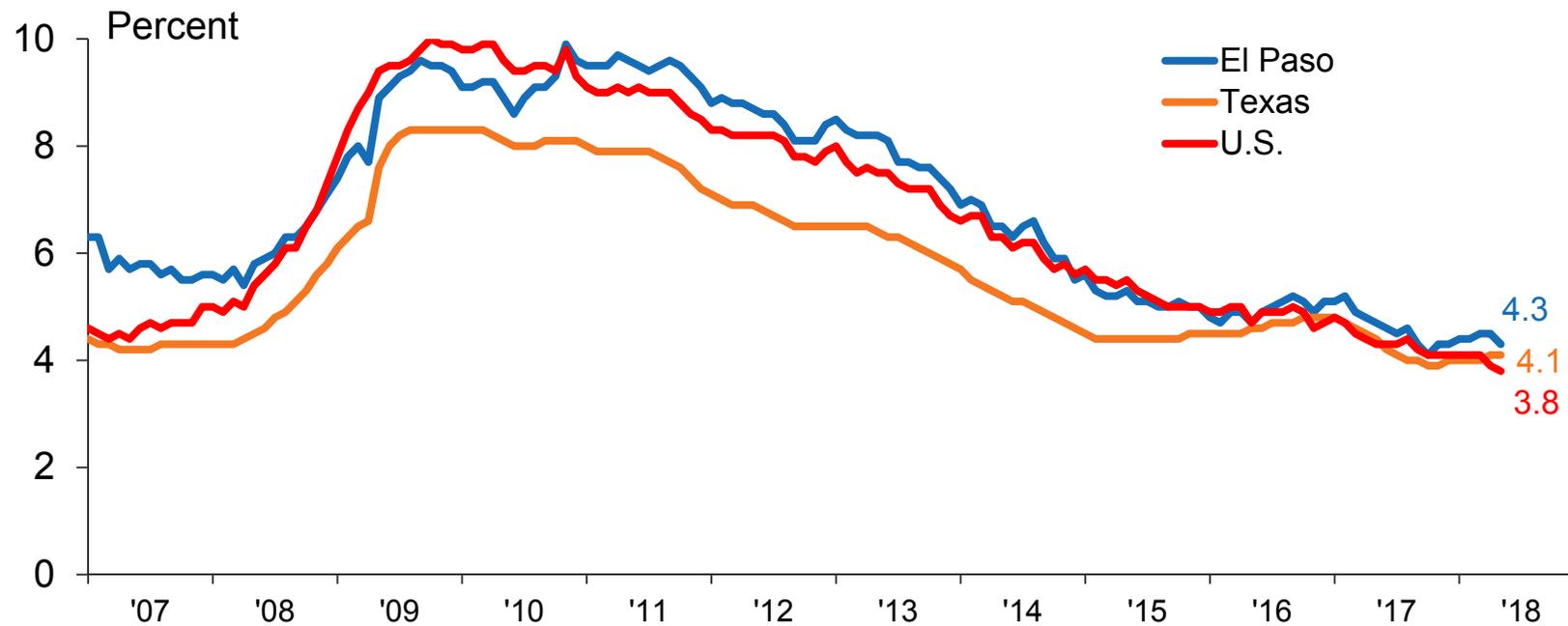
\*YTD seasonally adjusted annualized rate from December 2017 to May 2018  
 Source: Bureau of Labor Statistics, Federal Reserve Bank of Dallas

## Broad based employment growth



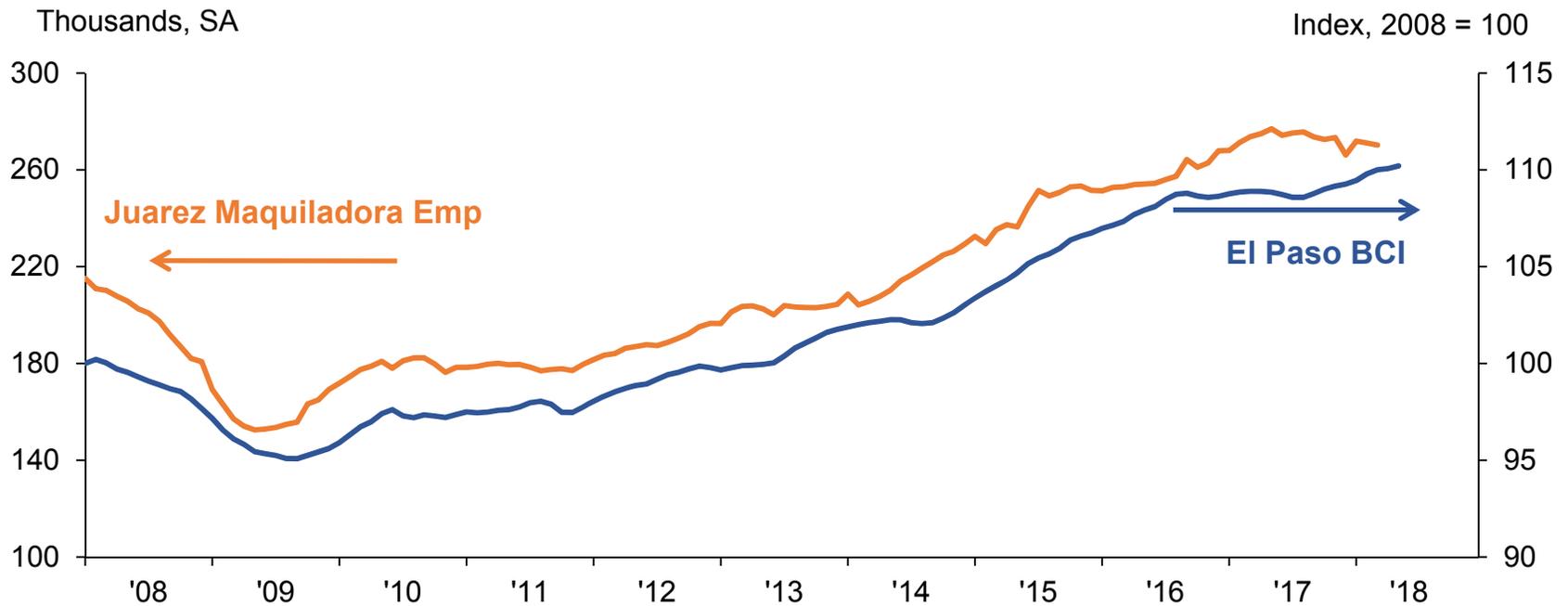
Note: 2018 is December 2017 to May 2018 YTD SAAR  
 Source: Bureau of Labor Statistics, Federal Reserve Bank of Dallas

## El Paso unemployment declines



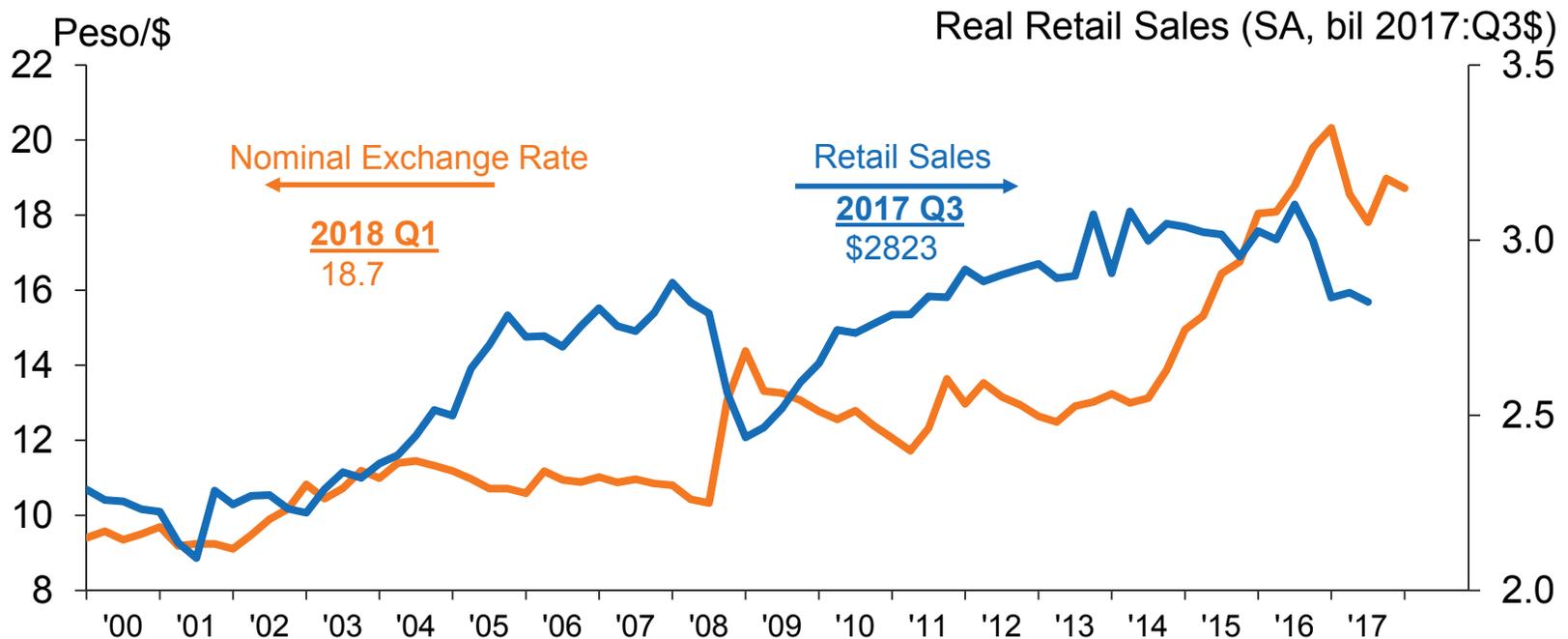
Source: Bureau of Labor Statistics, Federal Reserve Bank of Dallas

## El Paso follows the maquiladora industry



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

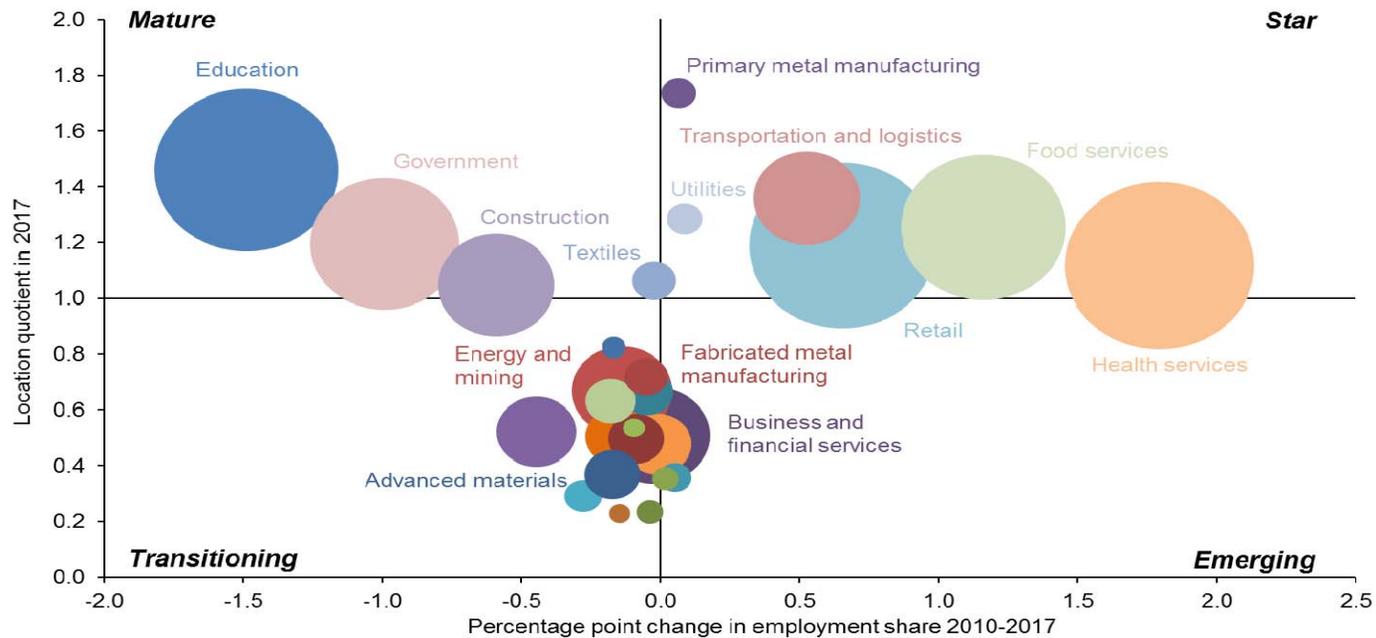
## Retail sales soften as Dollar strengthens



Source: Texas Comptroller of Public Accounts, Federal Reserve Board

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

**Chart 4.1:** El Paso's Economy Dependent on Cross-border Tourism, Government



NOTE: Bubble size represents cluster share of MSA employment. Cross-border tourism refers to activity in retail, health and food services.  
 SOURCES: Texas Workforce Commission; Bureau of Labor Statistics.

## Concluding Remarks

- El Paso economy posted solid growth in recent years
  - **Headwinds:** strong Dollar, U.S. auto sales, uncertainty regarding trade policy
  - **Tailwinds:** strong manufacturing activity in Mexico, construction, expansion of healthcare sector

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