



# Regional Economic Update

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The views expressed in this presentation are strictly those of the authors and do not necessarily reflect the positions of the Federal Reserve Bank of Dallas or of the Federal Reserve System.

# Outline

1. Texas economic update
2. El Paso economic update
3. Concluding Remarks



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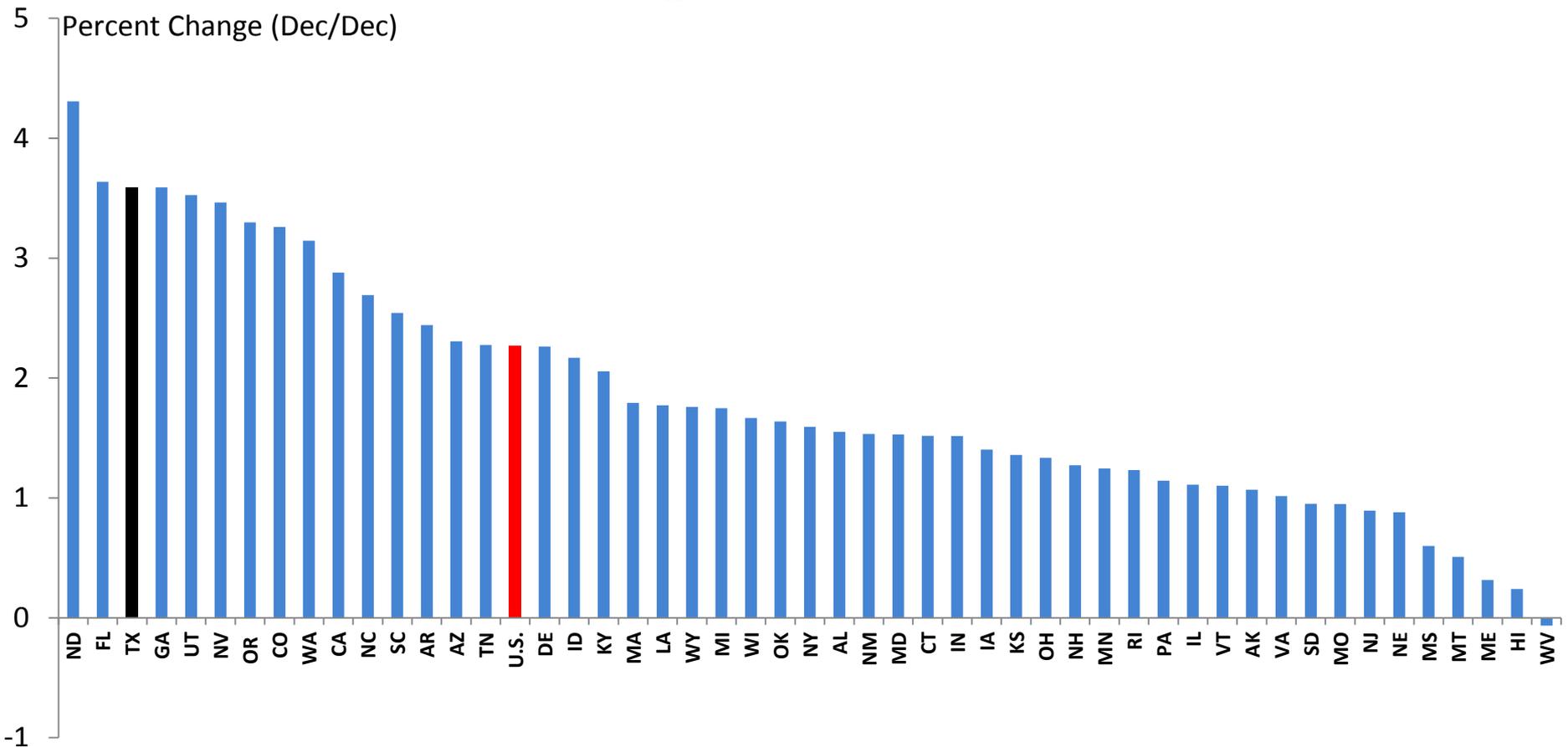


# Texas Economic Update

- After growing rapidly for three years, Texas employment growth slowed in 2015
- Grew 3.6% in 2014
  - Added 384,000 jobs
- Grew 1.2 % through June (annualized)
  - Added 68,600 jobs
- Expect slow growth in 2015

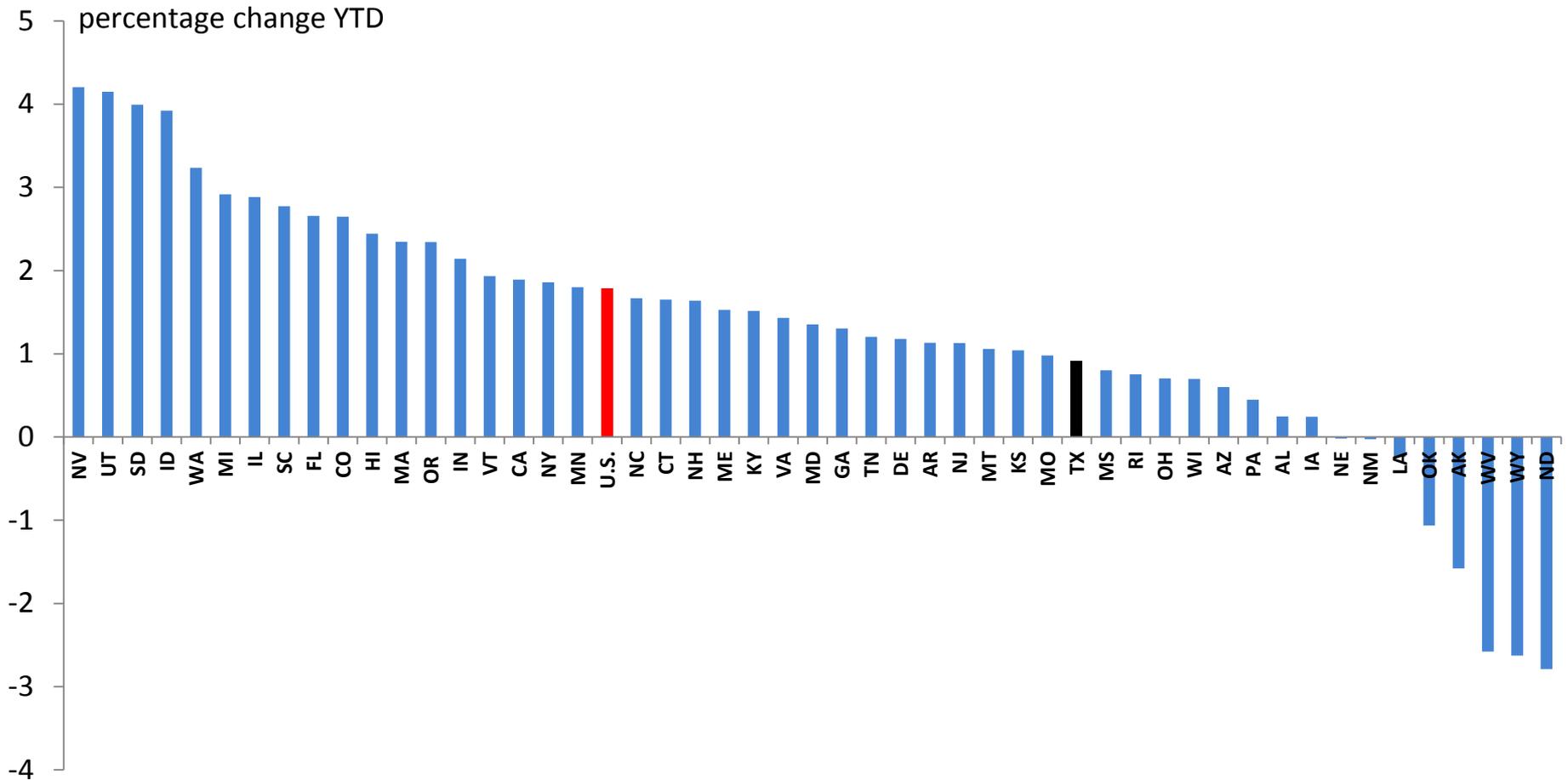


# Texas posted third-fastest job growth among states in 2014



SOURCES: Bureau of Labor Statistics; FRB Dallas.

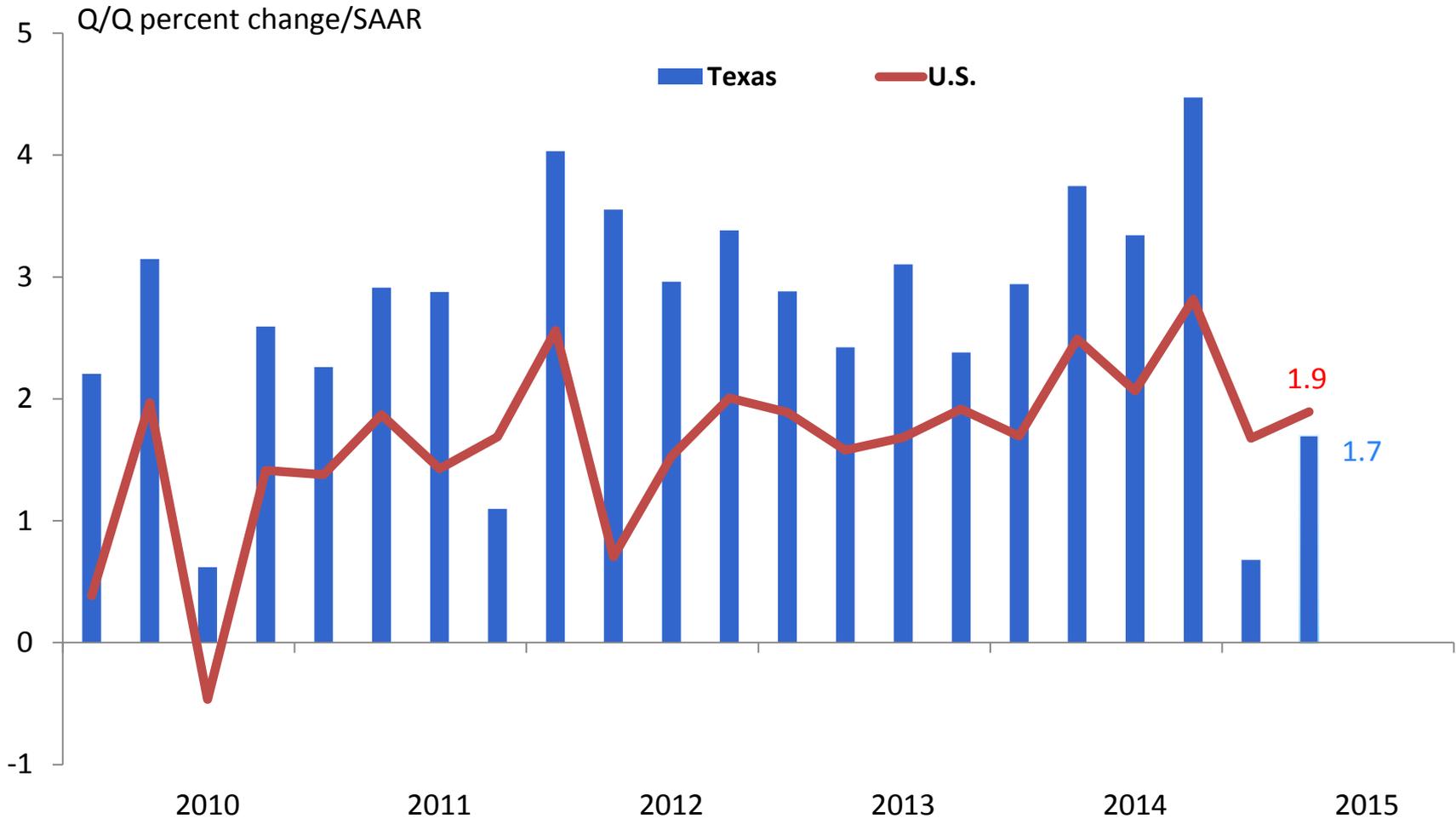
# In 2015, Texas ranks a distant 34<sup>th</sup> in job growth so far



NOTE: Year-to-date is through June and rate is annualized.  
SOURCES: Bureau of Labor Statistics; FRB Dallas.



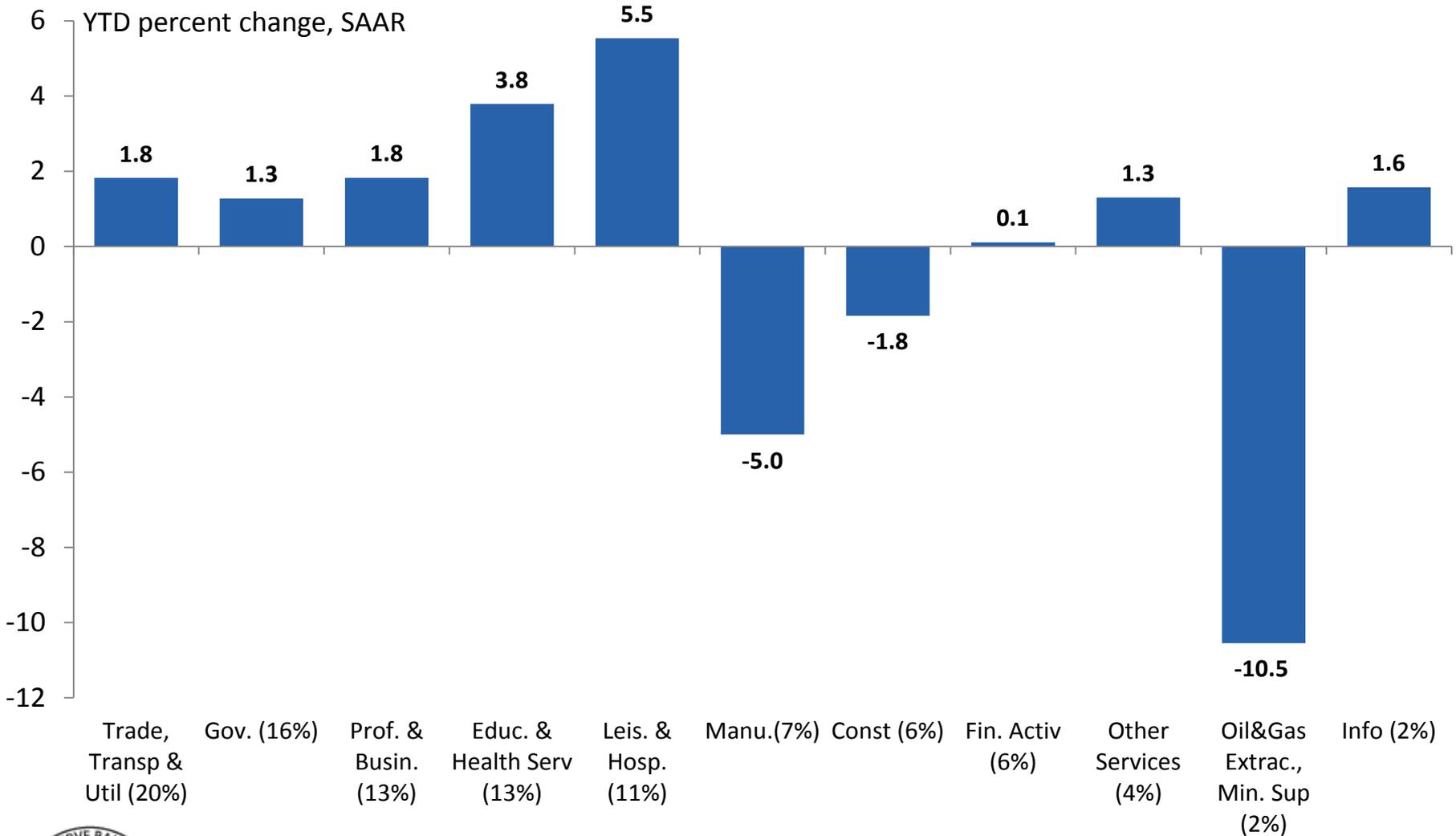
# In 2015, state job growth falls short of nation's



NOTES: Quarterly employment is last month of a quarter.

SOURCES: Bureau of Labor Statistics, Texas Workforce Commission, seasonal adjustment by FRB Dallas

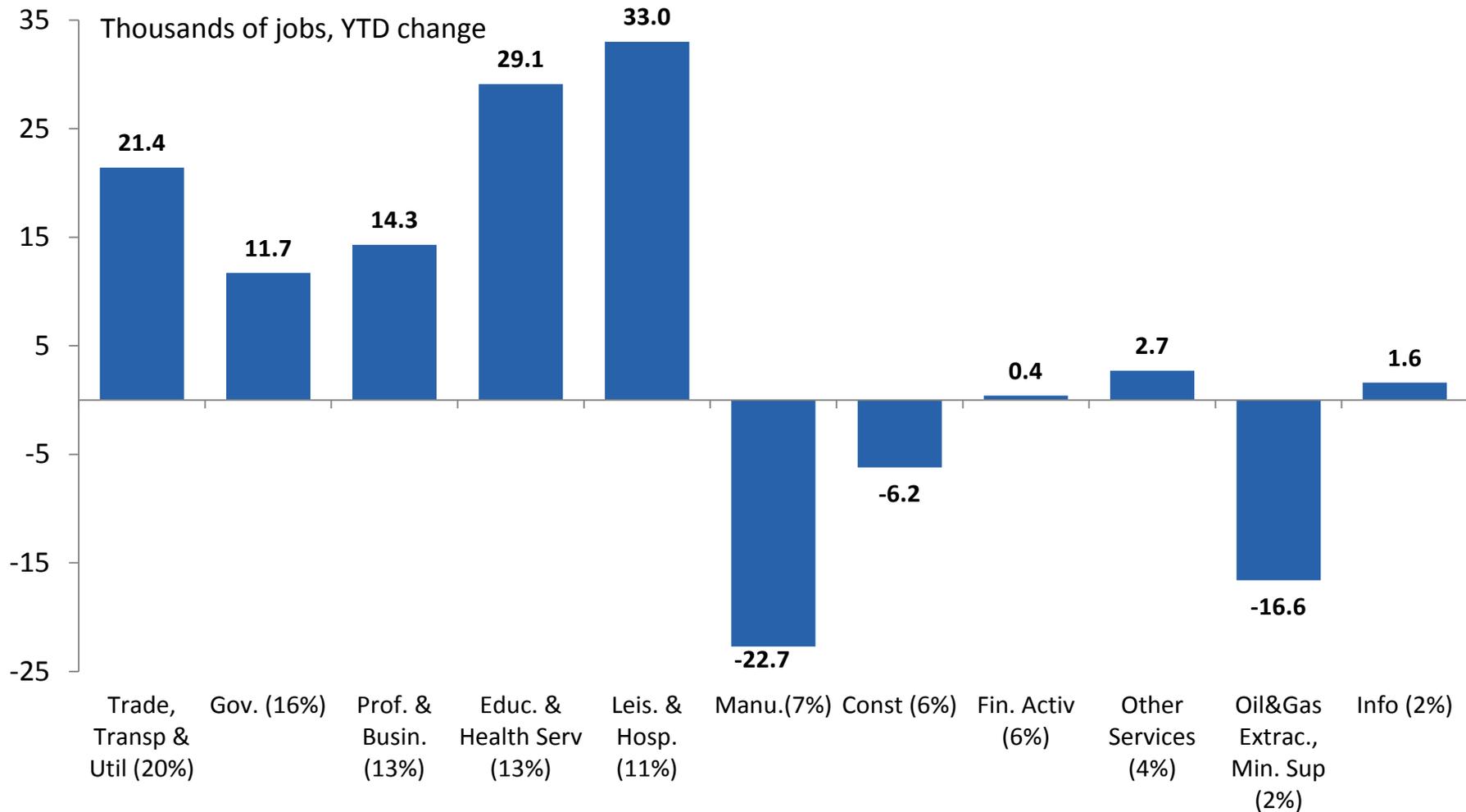
# Texas Employment growth by sector



SOURCES: Bureau of Labor Statistics; Texas Workforce Commission, seasonal adjustment by FRB Dallas.  
June 2015



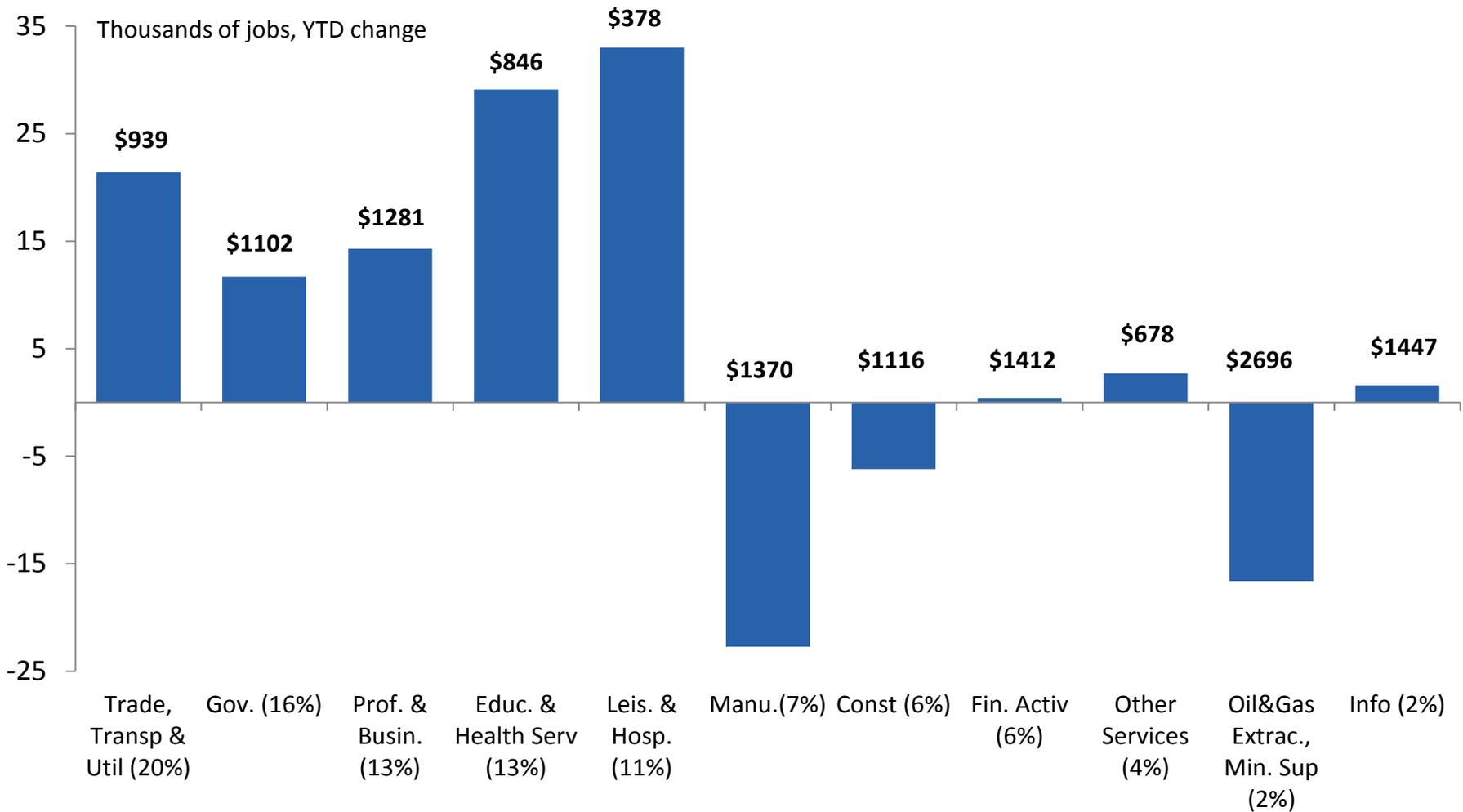
# Texas employment growth by sector



SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal adjustment by FRB Dallas  
June 2015



# We sure will miss the energy sector jobs



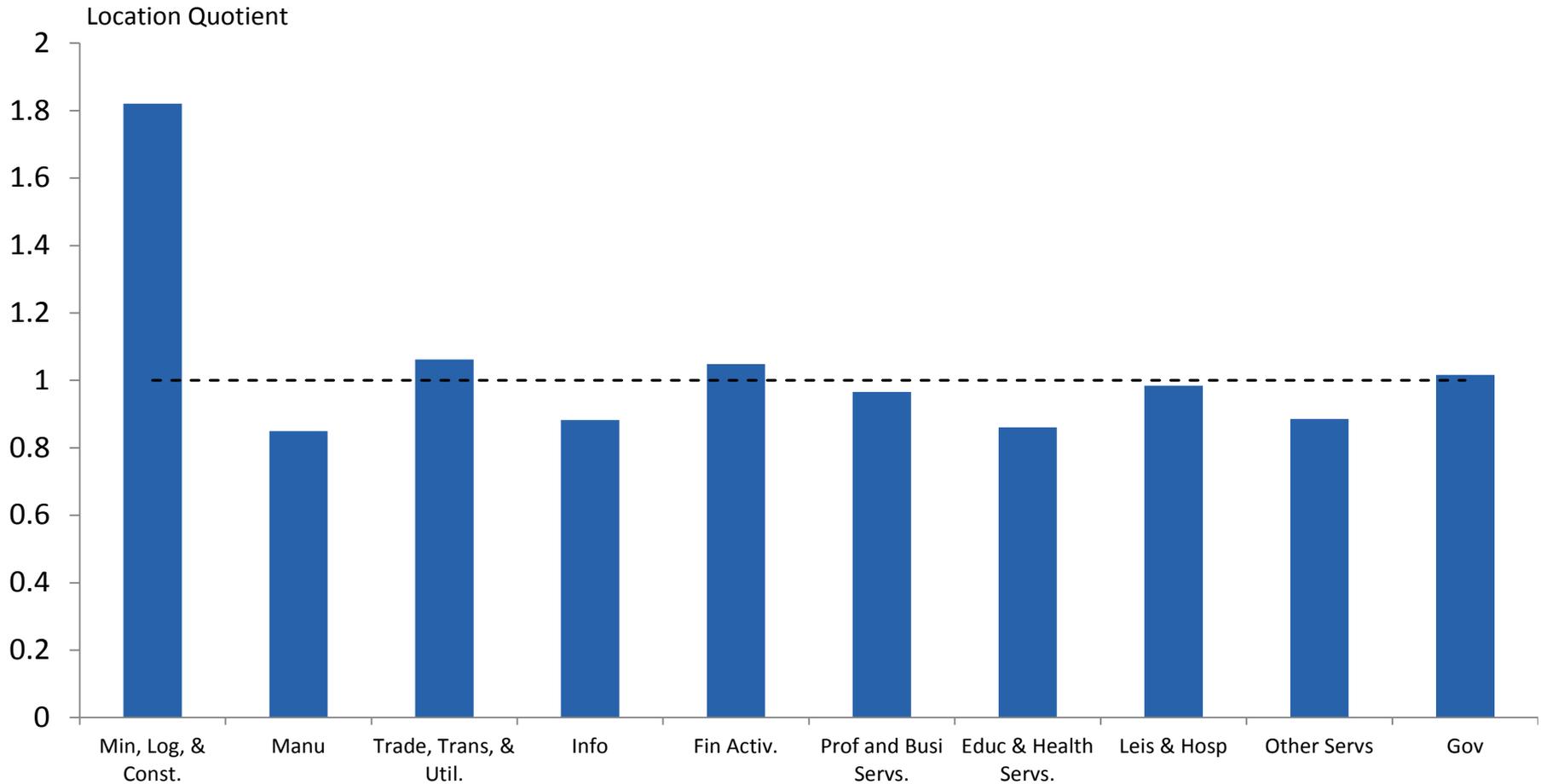
SOURCES: Bureau of Labor Statistics; FRB Dallas.; Texas Workforce Commission

NOTE: Average weekly earnings are listed on the bars.

June 2015



# Share of Texas' jobs in Energy much higher than national average



NOTE: Data from June 2015; location quotients measure the ratio of employment share locally to employment share nationally. A value of 1 represents an equivalent share of jobs locally to the national average.

SOURCES: Bureau of Labor Statistics; FRB Dallas.



# Oil price impact on the Texas economy

- Oil price declines hurt Texas
  - In Texas, oil price decline benefits:
    - consumers, refiners, petrochemical producers
  - Oil price decline hurts:
    - oil producers and all industries that benefitted from the oil boom
  - 50% sustained oil price decline leads to a 1.2 % decline in Texas employment=> 140,000 jobs
- State severance taxes will decline



SOURCE: FRB Dallas, Director of Research, Mine Yucel

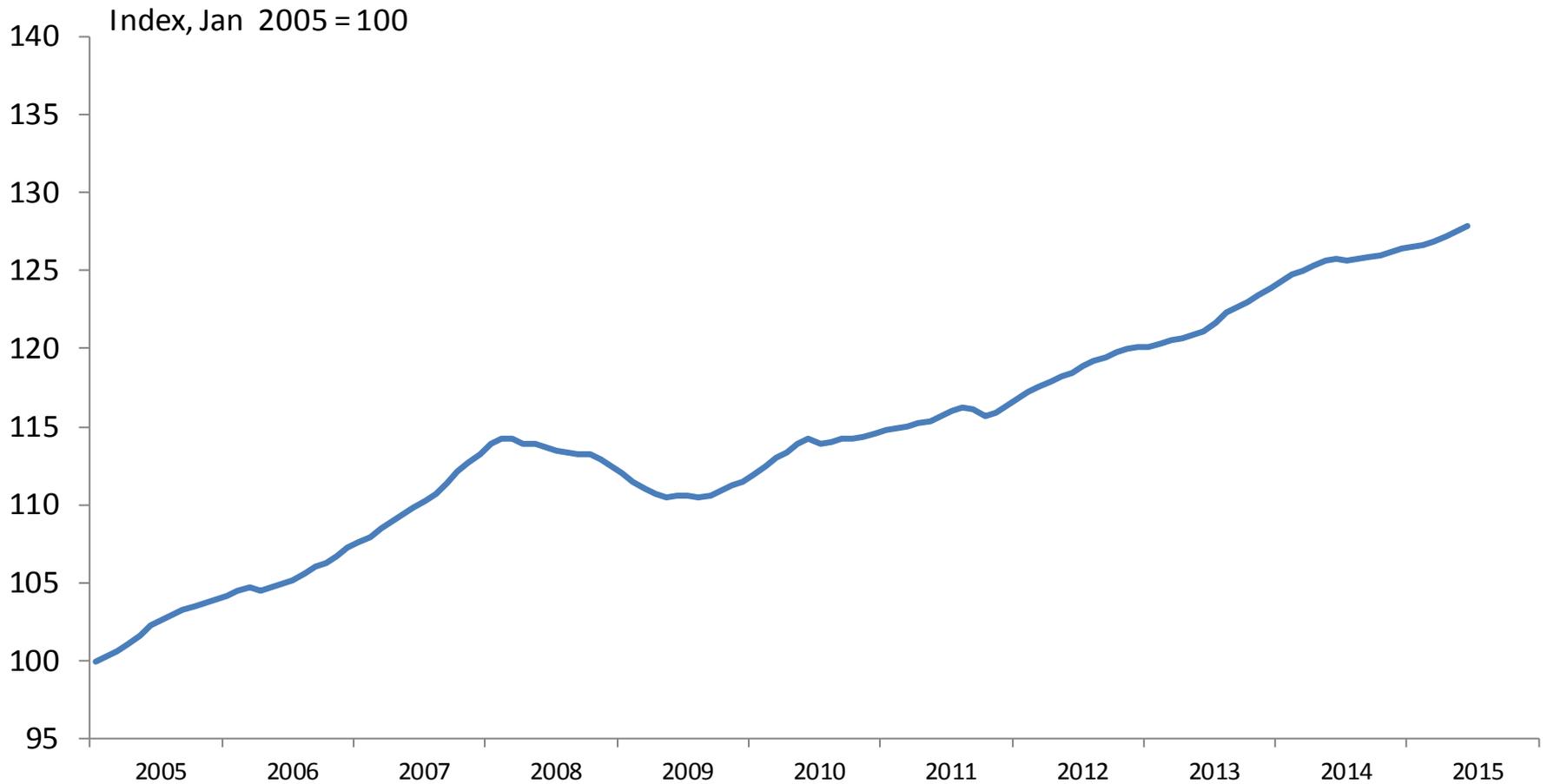


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# El Paso's economy continues to expand...



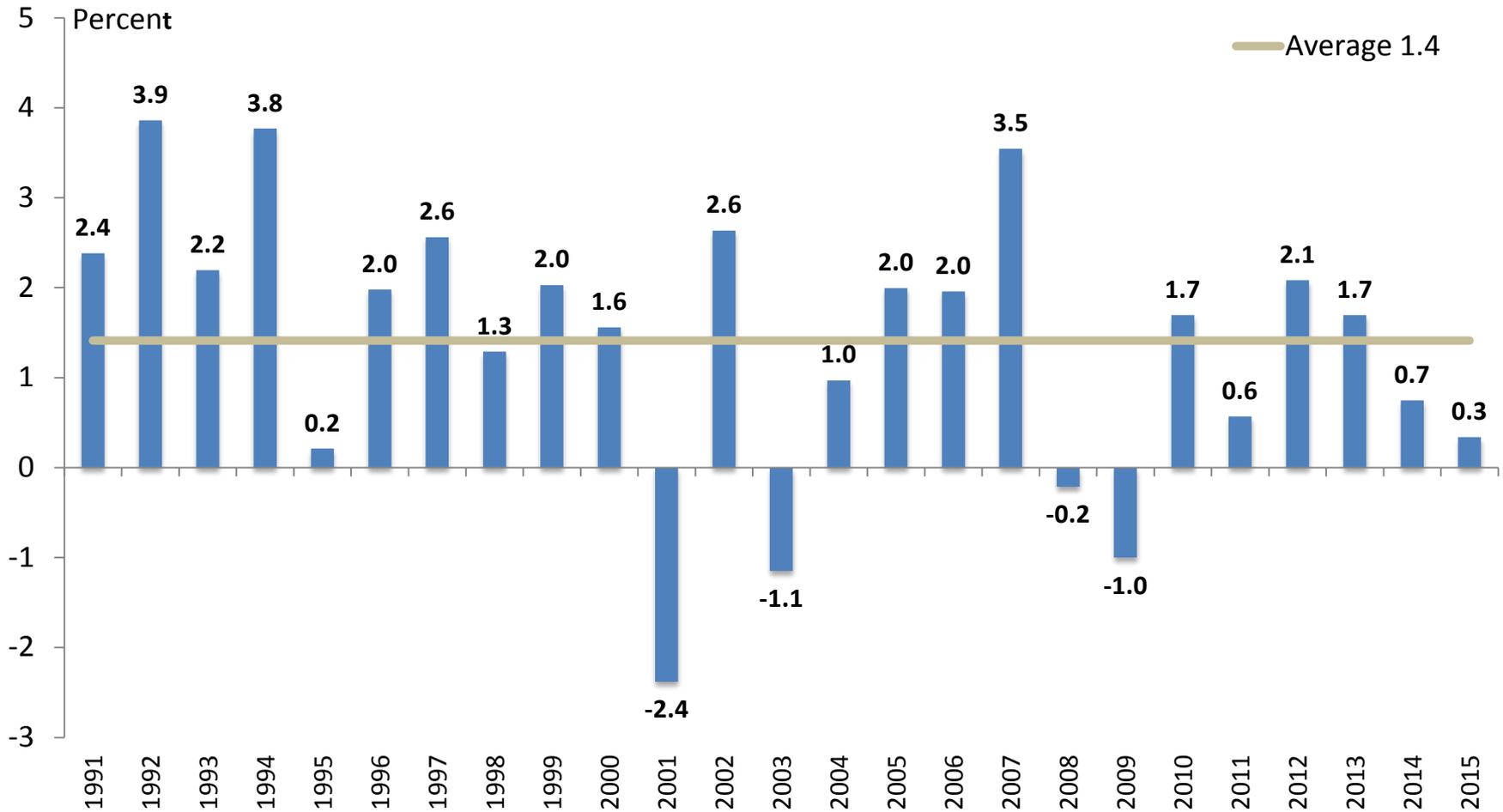
NOTE: El Paso Business Cycle is a composite index that includes employment, unemployment rate, retail sales and wages.

SOURCE: Federal Reserve Bank of Dallas

June 2015



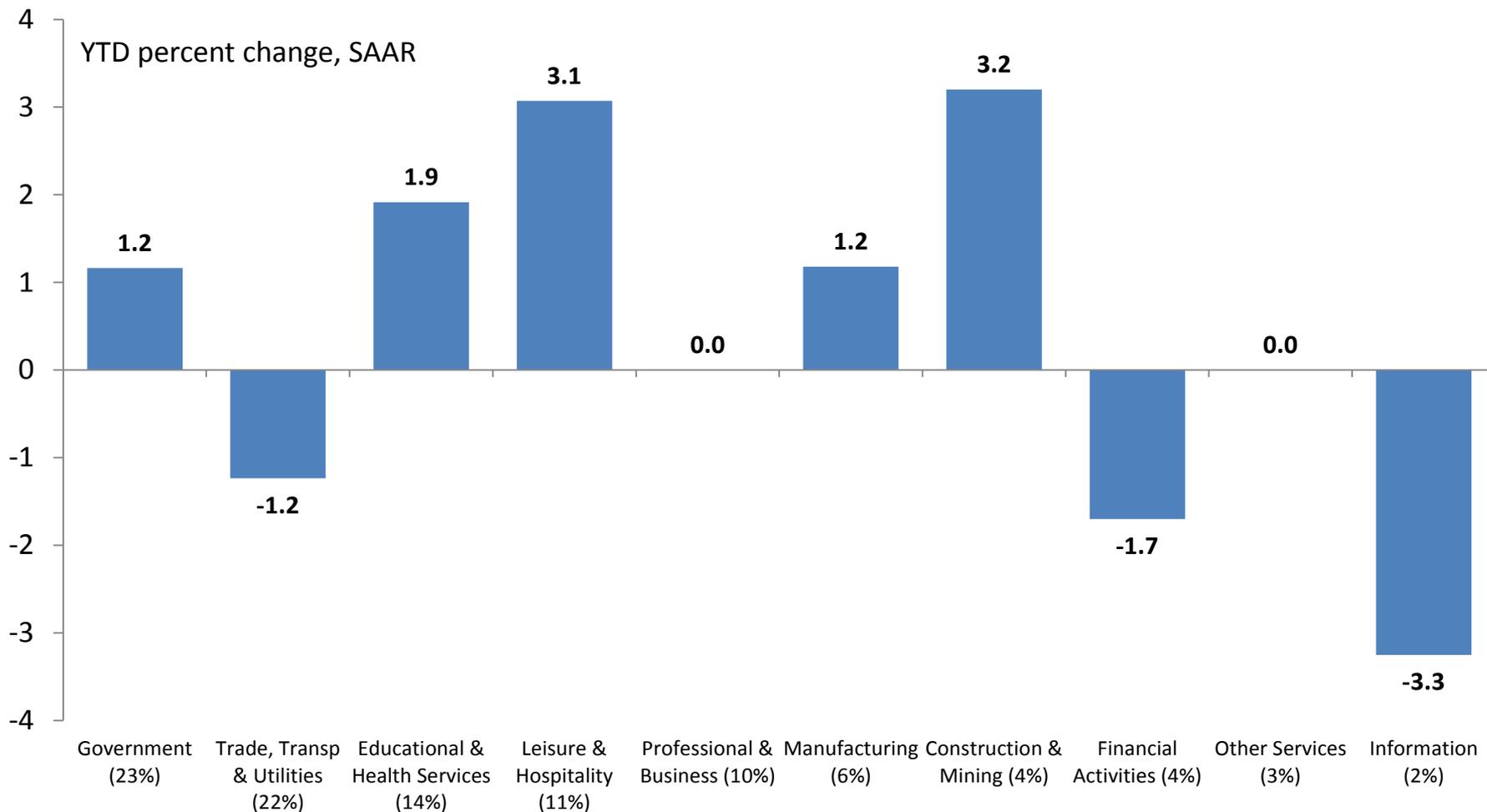
# ...But employment growth slower than average



Note: Data for 2015- June/June, S.A.  
Source: Federal Reserve Bank of Dallas.

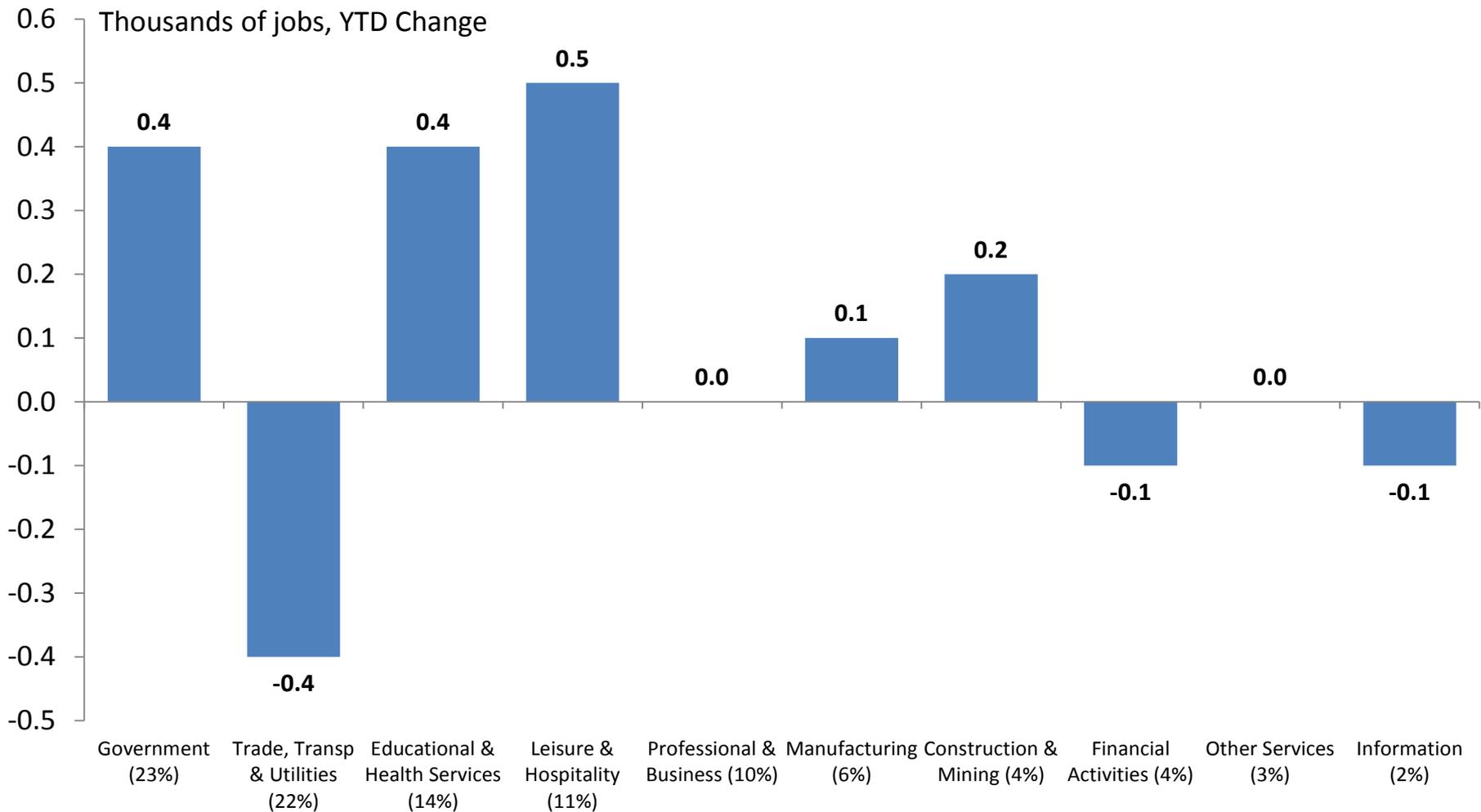


# El Paso employment growth rates by sector



SOURCES: Bureau of Labor Statistics; FRB Dallas.  
June 2015

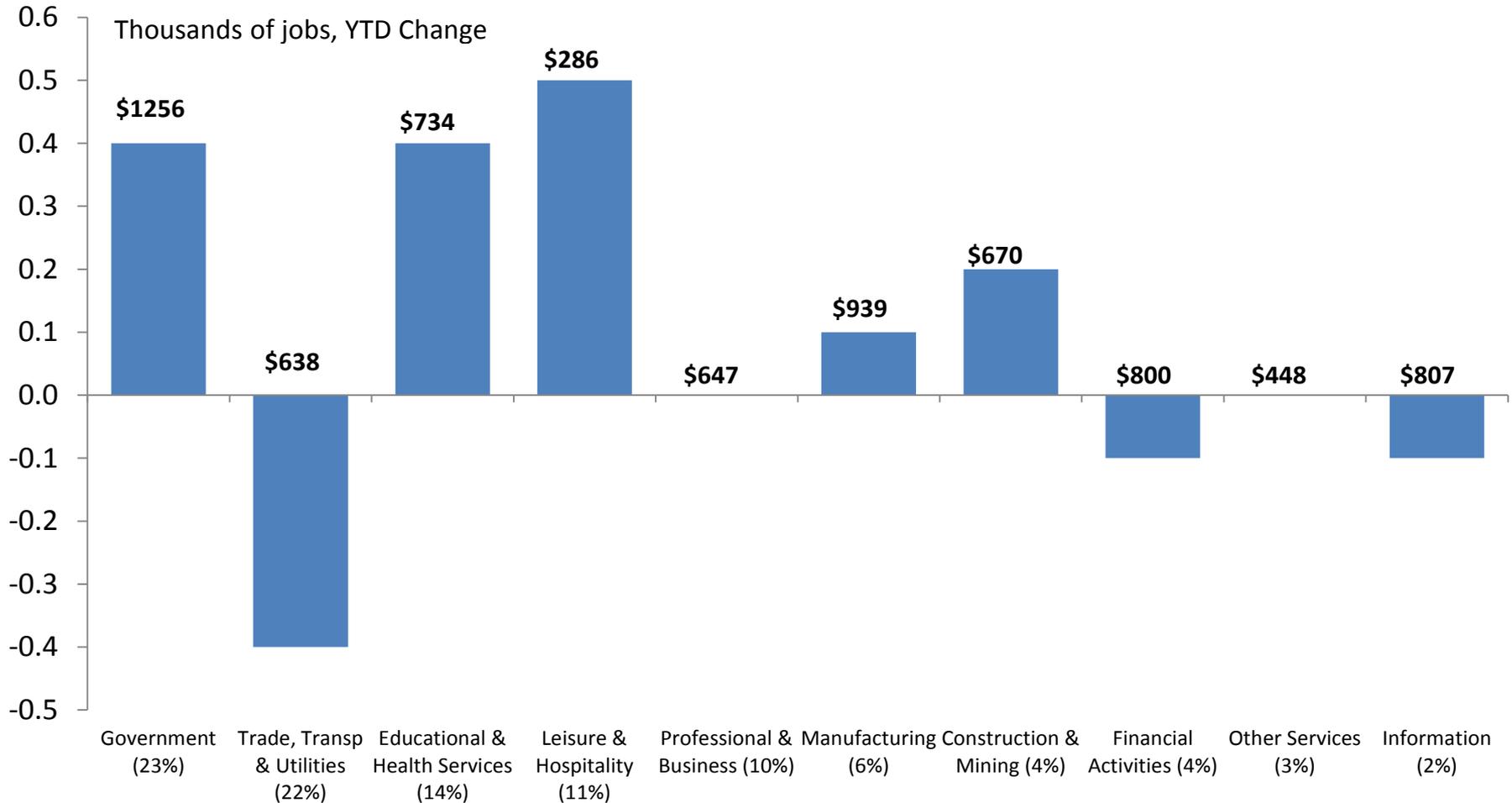
# El Paso employment growth by sector



SOURCES: Bureau of Labor Statistics; FRB Dallas.  
June 2015



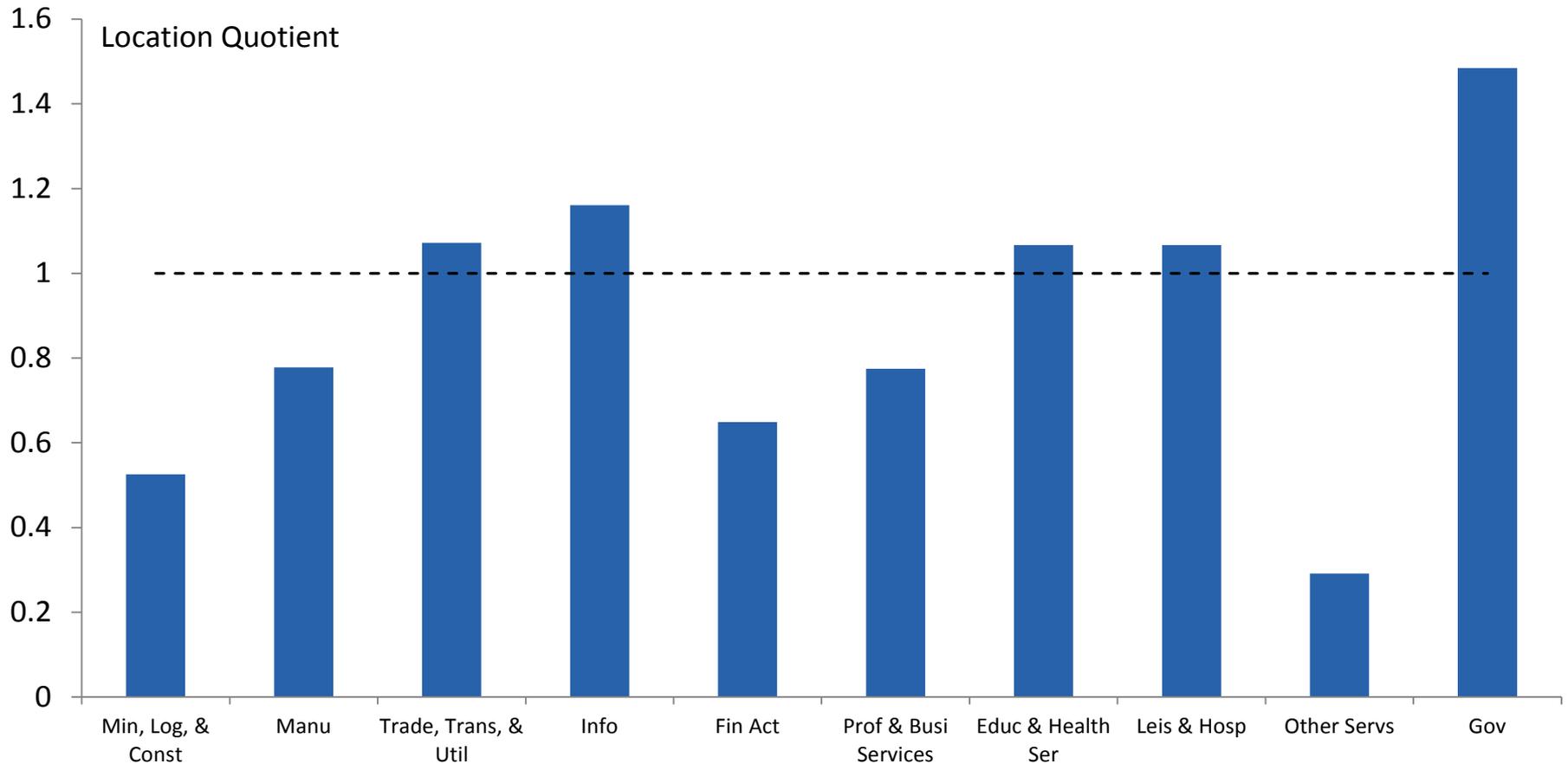
# Gain in government jobs helps El Paso



SOURCES: Bureau of Labor Statistics; FRB Dallas.; Texas Workforce Commission

NOTE: Average weekly earnings are listed on the bars.

# Share of El Paso's jobs in Government much higher than national average



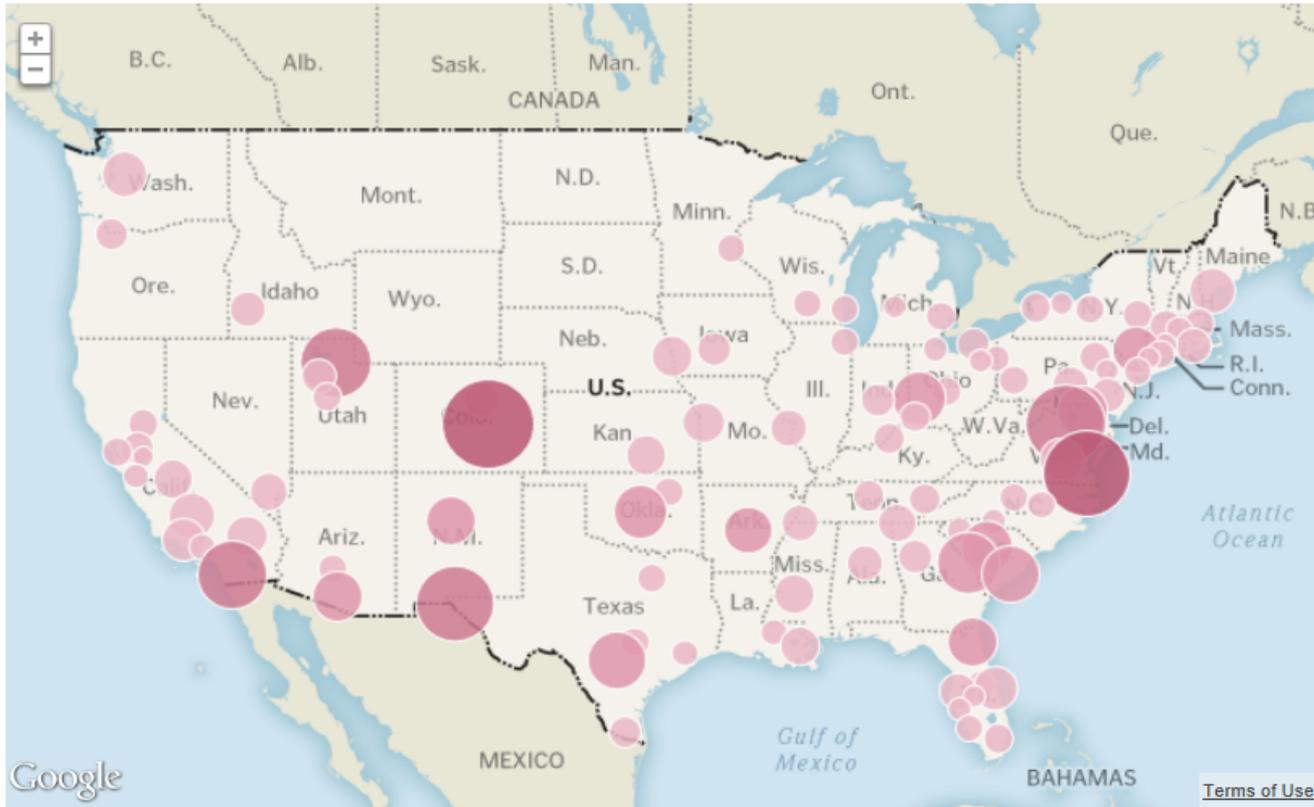
NOTE: Data from June 2015; location quotients measure the ratio of employment share locally to employment share for Texas. A value of 1 represents an equivalent share of jobs locally to the national average.

SOURCE: Bureau of Labor Statistics; FRB Dallas.

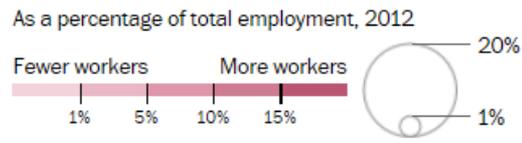


# El Paso is (unfortunately) on the map

**Here's how the government shutdown affects federal workers.**



## Top 100 metro areas with government and military workers



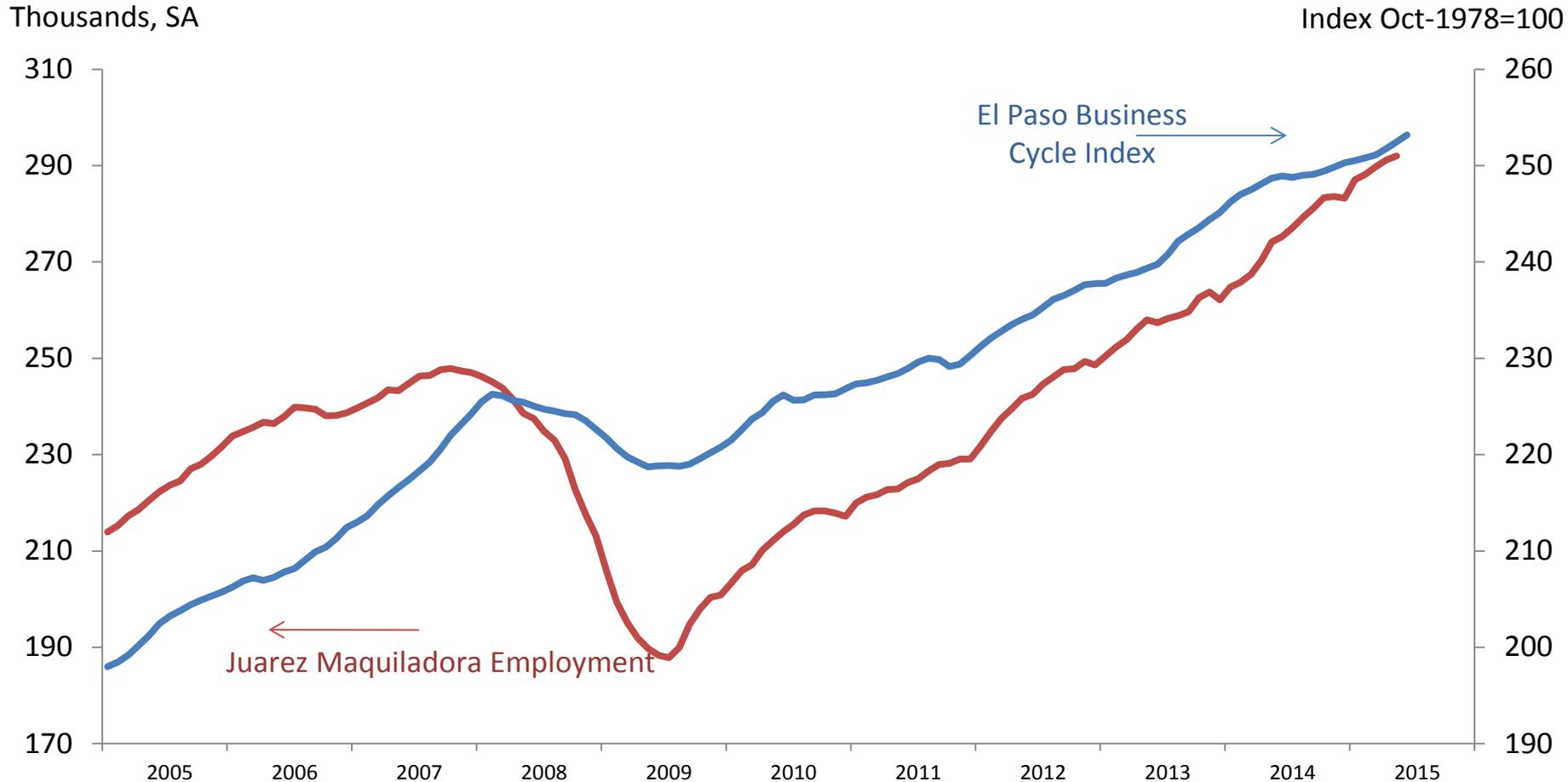
Click to view city

	Percent of workers
1. Colorado Springs	18.8%
2. Virginia Beach-N.C.	17.2%
3. Honolulu	17.2%
4. D.C. region	14.3%
5. El Paso	13.6%
6. Ogden-Clearfield, Utah	11.5%
7. San Diego-Carlsbad-San Marcos	10.9%
8. Augusta, Ga.-S.C.	9.1%
9. San Antonio	7.8%
10. Charleston S.C.	7.6%

Sources: Brookings analysis of Moody's Economy.com, 2013; Bureau of Economic Analysis. Metropolitan statistical areas from the U.S. Census. GRAPHIC: Darla Cameron - The Washington Post. Published March 7, 2013, Updated Oct. 1, 2013.



# El Paso follows the maquiladora industry



NOTE: El Paso Business Cycle is a composite index that includes employment, unemployment rate, retail sales and wages. Juarez maquiladora employment after January 2007 corresponds to Federal Reserve Bank of Dallas, El Paso Branch estimates.

SOURCE: INEGI and Dallas Fed



# Maquiladoras impact on El Paso

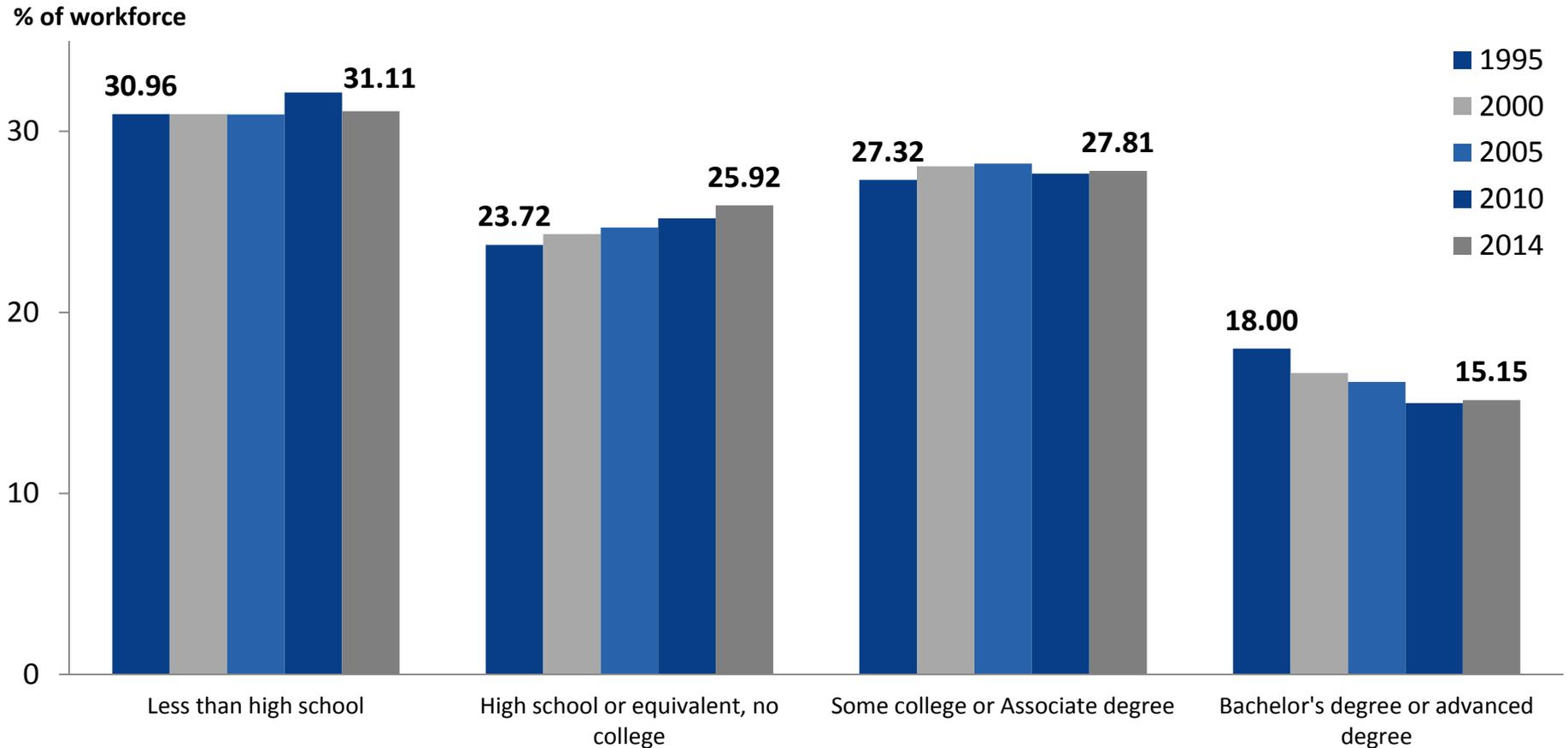
**10 percent increase in maquiladora output in Ciudad Juarez leads to an increase in El Paso employment as follows:**

- **2.8 percent increase in total employment**
- 5.3 percent in transportation employment
- 1.3 percent in retail trade employment
- 2.1 percent in finance, insurance and real estate (FIRE) employment
- 1.8 percent in services employment
- (-) 1.3 percent in manufacturing employment



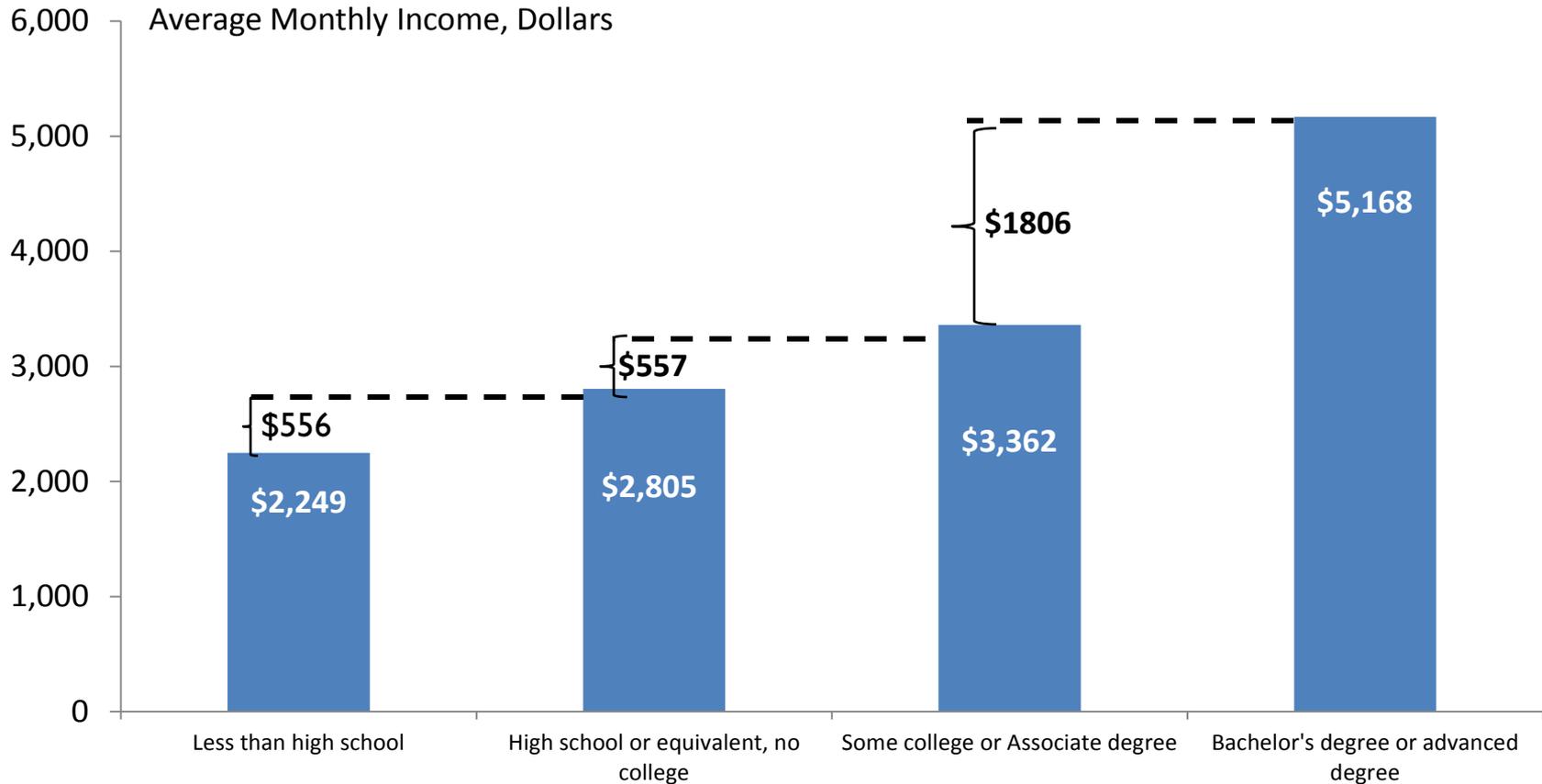
Source: Jesus Cañas, Roberto Coronado, Robert W Gilmer, and Eduardo Saucedo, "The Impact of Maquiladoras on U.S. Border Cities," *Growth and Change*, 44(3) 415–42.

# Only 15 percent of El Paso workforce has a Bachelor's degree or higher..



Note: Note: Excludes "Educational Attainment not Available (workers aged 24 or younger)"  
Source: U.S. Census Bureau, Center for Economic Studies, LEHD

# ...Yet, they have the highest earnings



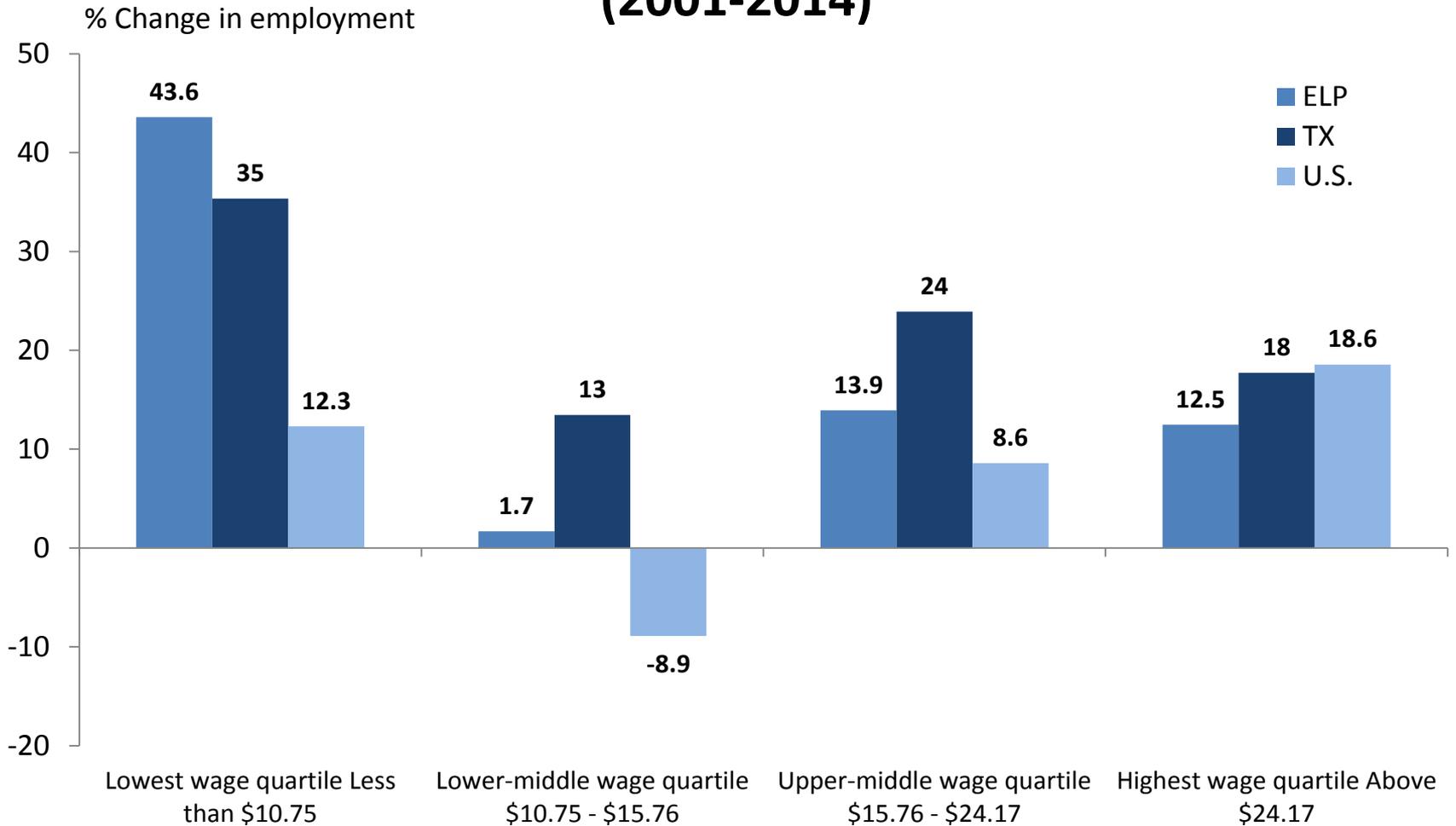
Note: Dollar amount above bars is average monthly premium compared to one level of education higher

Note: Excludes "Educational Attainment not Available (workers aged 24 or younger)"

Source: U.S. Census Bureau, Center for Economic Studies, LEHD



# Job growth by wage quartile (2001-2014)



Source: Bureau of Labor Statistics, Occupational Employment Statistics (OES) Survey

# Summary --- Texas

- The drop in energy prices has slowed the Texas economy
- Grew 1.2 % through June (annualized)
  - Added 68,600 jobs
- Texas growth may not outpace nation in 2015
- **Headwinds:** oil prices, strong dollar, global economy
- **Tailwind:** stronger U.S. economy



# Summary --- El Paso

- The El Paso economy expanded at a slower rate in 2014
- So far, growth in 2015 continues to be weak
- **Headwinds:** weak U.S. industrial sector, government budget, and weak Mexican economy
- **Tailwinds:** healthy U.S. auto market and strong manufacturing activity in Mexico
- Education continues to be a challenge for our region



# Regional Economic Update

Please go to

[www.dallasfed.org](http://www.dallasfed.org)

for data and regional information.

