West Texas Economic Update

Marycruz De León
Senior Economic Analyst

June 27, 2018

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

Job growth (percent), Dec./Dec.

- Gov't (23%)
- Trade, Trans., and Util. (22%)
- Edu & Health Serv. (14%)
- Prof. & Bus. Serv. (11%)
- Leis. & Hosp. (11%)
- Manu. (5%)
- Constr., Min., and Nat. Res. (5%)
- Fin. Activ. (4%)
- Other Serv. (3%)
- Info. (2%)

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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