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

Business Cycle Index, 2006=100

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

Juarez Maquiladora Employment

Index, 2008 = 100

El Paso Business Cycle Index

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

Real Retail Sales (SA, bil 2017:Q1$)

Nominal Exchange Rate

2017 Q3
$17.8

2016 Q4
$2885

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

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
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
West Texas & Southern New Mexico Economic Update

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