



FEDERAL RESERVE BANK *of* DALLAS
EL PASO BRANCH

El Paso economy leading the recovery

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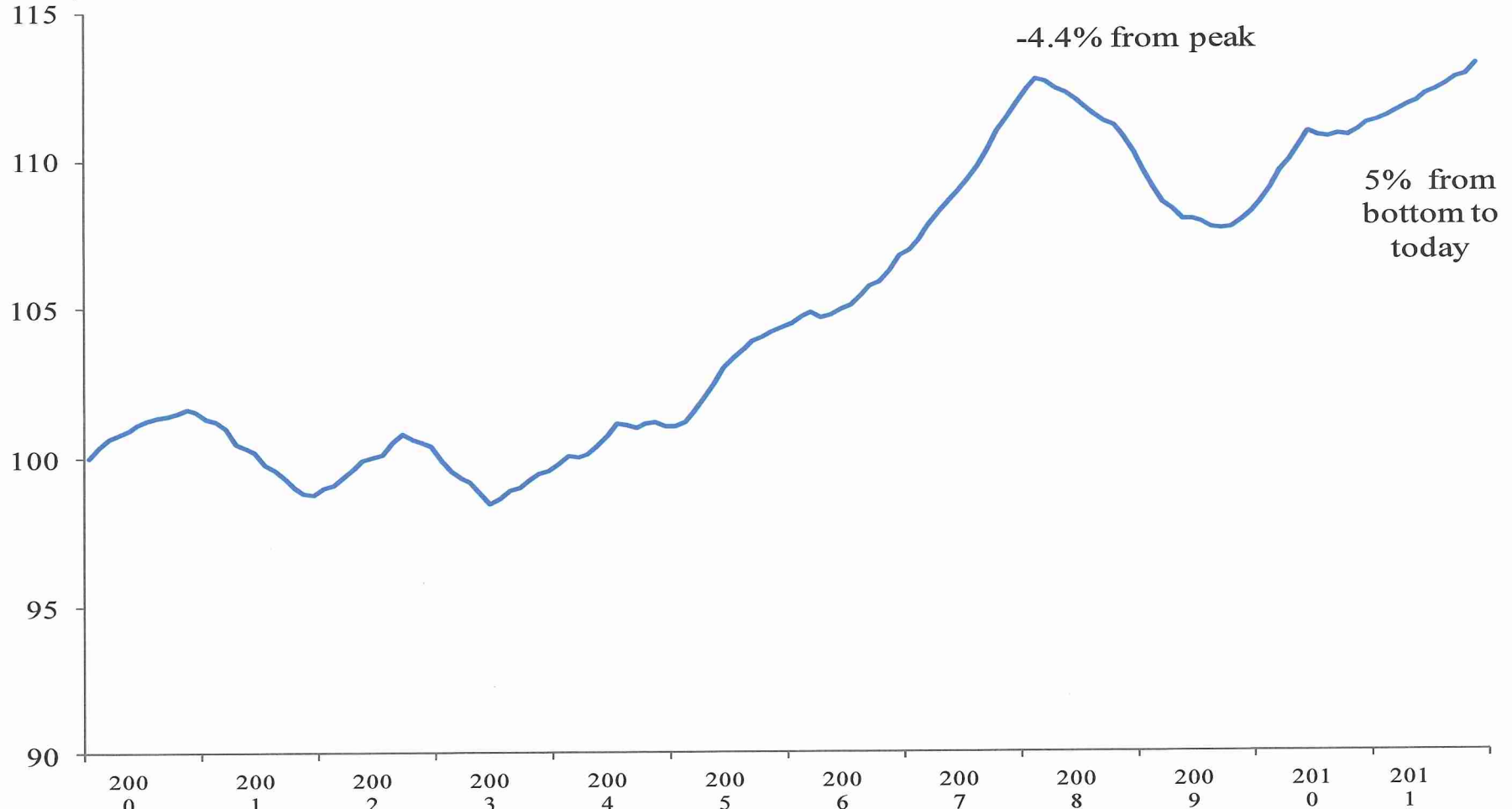
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El Paso is now in expansion mode

Index, Jan 2000 = 100



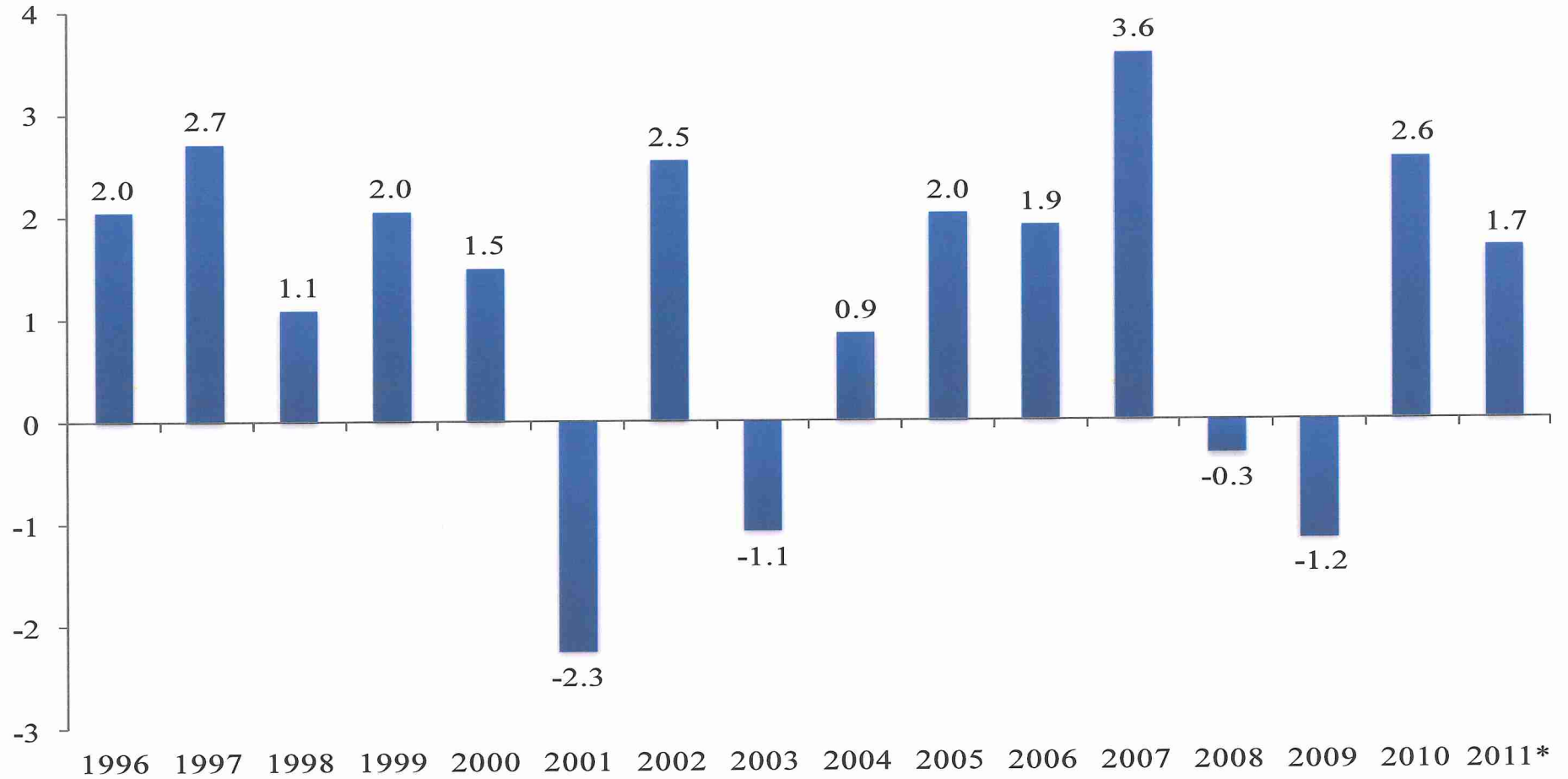
Note: El Paso Business Cycle is a composite index that includes employment, unemployment rate, retail sales and wages.
Source: Federal Reserve Bank of Dallas



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El Paso employment growth

Percent, Dec/Dec, S.A.



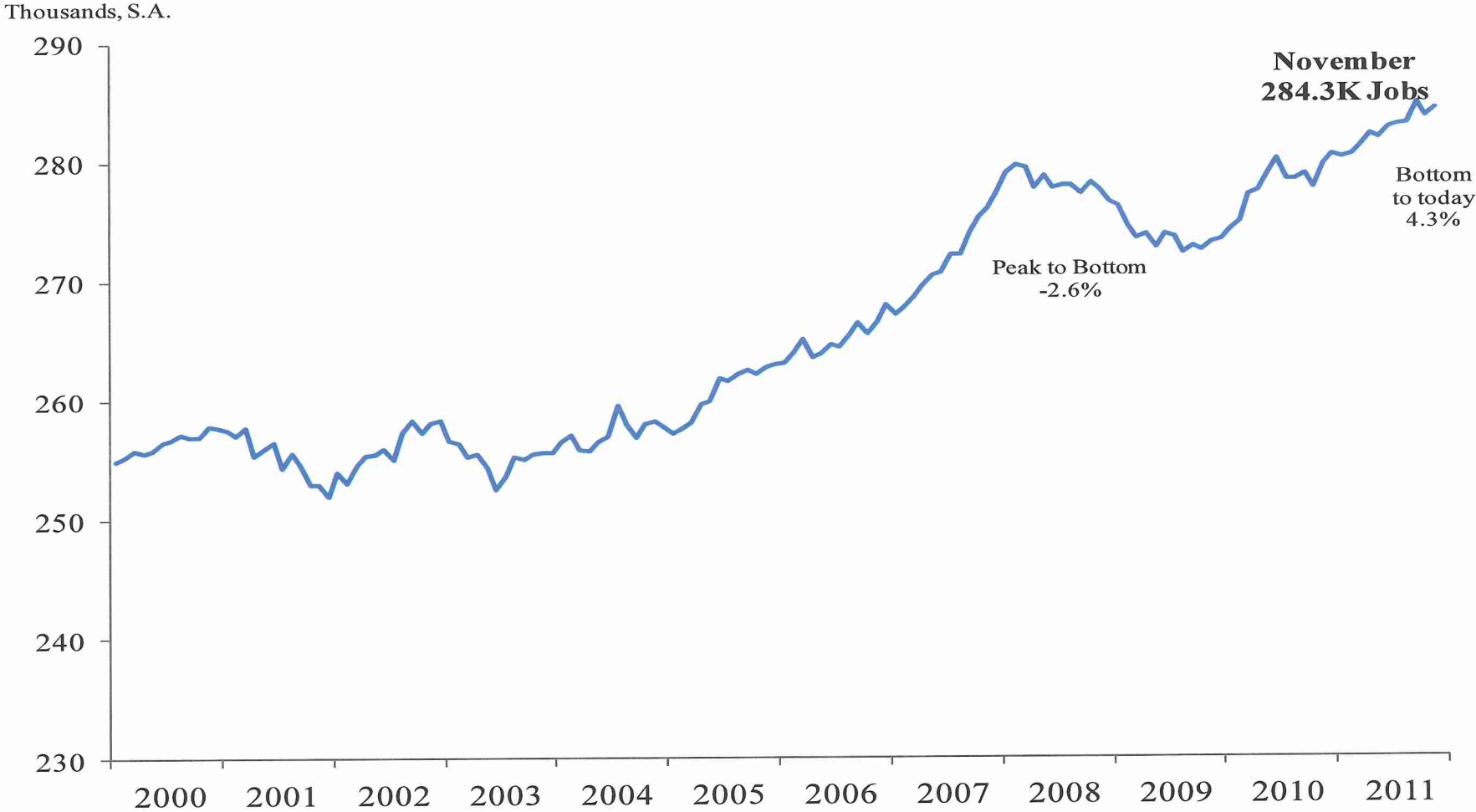
Source: Federal Reserve Bank of Dallas.

Note: 2011* is November 2011/November 2010



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El Paso non-farm employment



Source: Federal Reserve Bank of Dallas

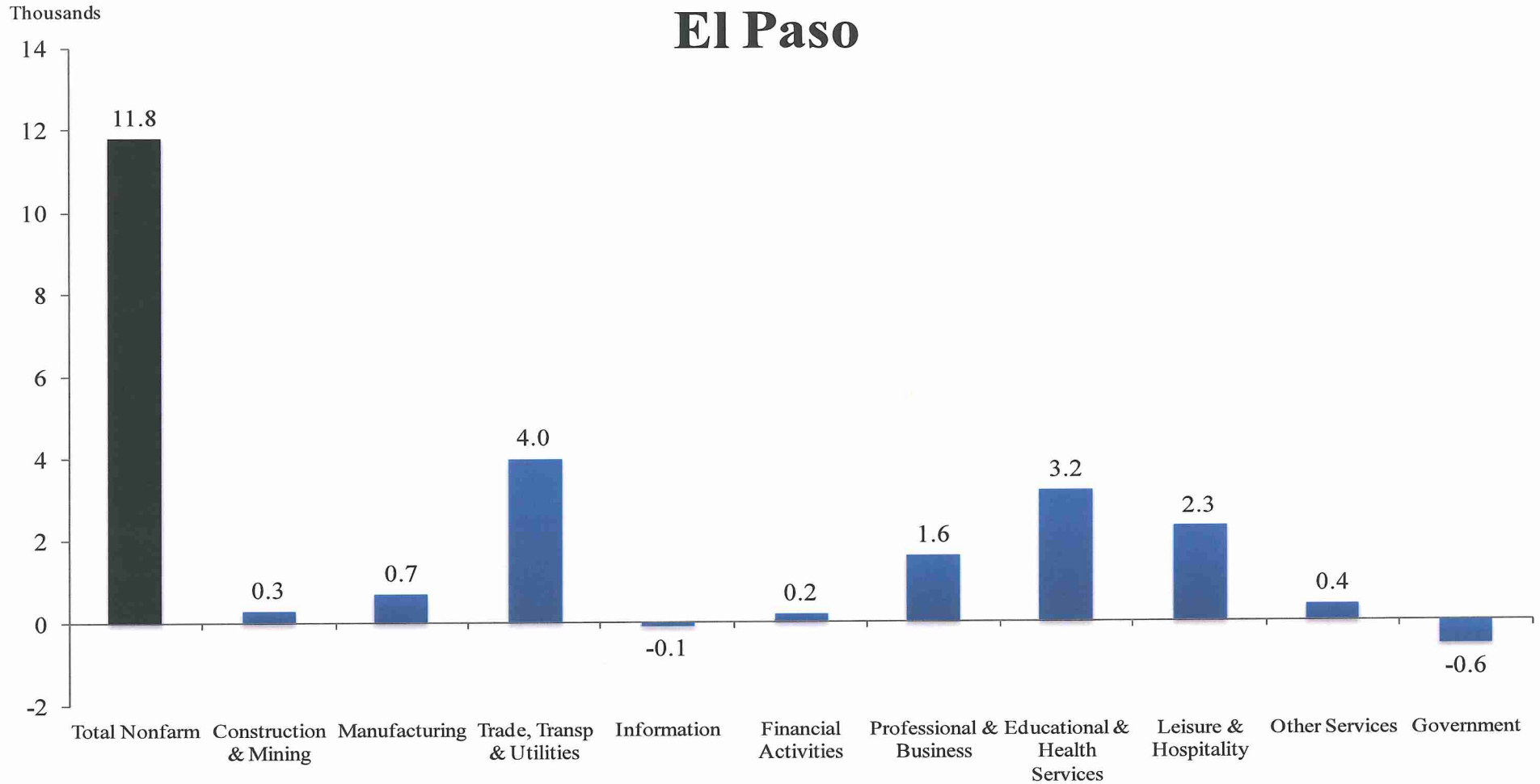


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El Paso Employment

Employment Change October 2009- November 2011

El Paso



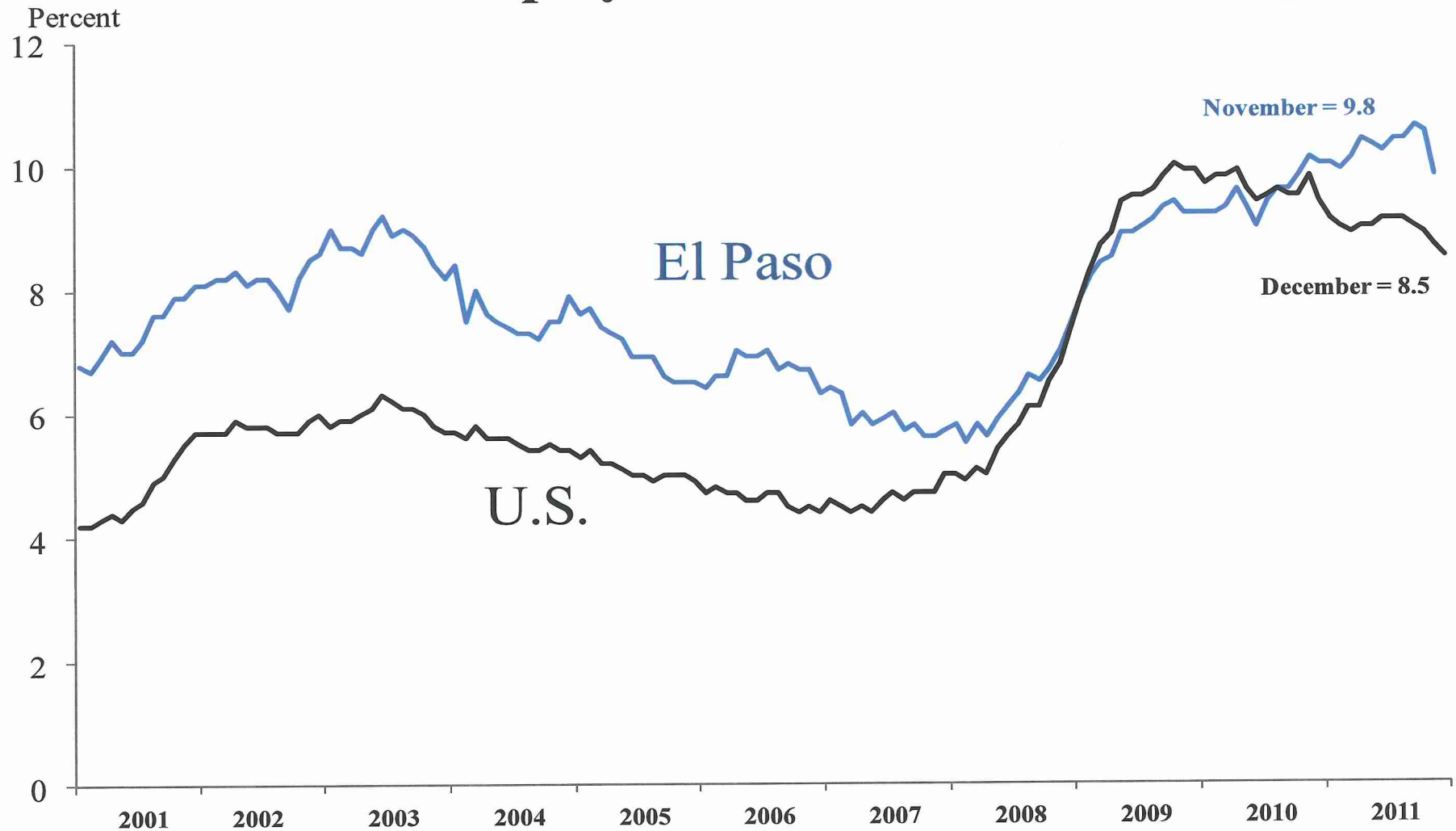
Source: Federal Reserve Bank of Dallas.

El Paso's recession milder than other border cities

Metro Area	Peak	Trough	Decline (%)	Bottom to Today (%)
Texas	July 2008	November 2009	-5.2	5.1
El Paso	February 2008	September 2009	-4.5	5.1
Brownsville	February 2008	August 2009	-5.6	6.3
Laredo	August 2007	October 2009	-19.2	14.1
McAllen	February 2008	March 2010	-16.1	9.0



El Paso unemployment rate continues to high



Source: The Federal Reserve Bank of Dallas and the Bureau of Labor Statistics



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Concluding remarks

- El Paso now in expansion mode (already exceeded pre-recession peak levels), leading the U.S.
- The local recession was milder than elsewhere.
- El Paso's dependence on manufacturing continues and the maquiladora's turnaround is good news for El Paso job growth.
- Maquiladora recovery depends heavily on U.S. auto sales.



Concluding remarks

- Stimulus from Ft. Bliss continues to be strong, but the stimulus into the local economy now changes from construction spending to population growth.
- The impact of the violence across the border might be sending mixed signals.
- Potential downside risks:
 1. Slow growth in U.S. industrial sector, in particular autos
 2. Possible inroads of violence into maquiladoras
 3. Volatile peso/dollar exchange rate will have implications for El Paso's retail sector

