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Borderplex Business Barometer, Volume 1, Numbers 1 - 4

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Recent Borderplex Business Developments

El Paso unemployment has remained below 6 percent for more than 24 consecutive months. This represents a notable improvement relative to the double digit jobless rate spikes that occurred during the beginning of this decade. Data from the Texas Workforce Commission indicate that sectors exhibiting relatively strong rates of expansion include construction, transportation, business services, healthcare, and retail trade. Although the labor market is less robust, at present, in Las Cruces, a downward trend in joblessness also seems to be developing in the Mesilla Valley.

Given the labor market improvements in El Paso, it comes as no surprise that SNAP (Supplemental Nutrition Assistance Program) enrollments have declined. Formerly known as the Food Stamp Program, SNAP enrollments still remain above the levels observed prior to the onset of the financial crisis of 2008. In Las Cruces, SNAP participation rates increased throughout 2016 relative to 2015. If the labor market continues to strengthen, lower enrollments are likely to emerge in Doña Ana County this year.

El Paso housing market conditions have solidified in recent months. Median prices for existing and new units continue to increase. Somewhat of a sellers’ market has also materialized. Data from the Texas A&M Real Estate Center indicate that months of single-family unit inventory dipped below 6 months during the fourth quarter in 2016.

El Paso gasoline prices began declining in 2014 and continued to do so in 2015. During the second half of 2016, the price of unleaded regular gasoline stabilized near $2 per gallon. It subsequently rose to above $2.10 per gallon for the first quarter of 2017. United States Energy Information Agency data indicate that gasoline stocks remain fairly ample, so the average price of unleaded regular gasoline in El Paso is likely to descend toward $2 per gallon during April.

The peso per dollar nominal exchange rate peaked at just below P/$ 22.00 in mid-January. Border Region Modeling Project calculations indicate that the peso was 40 percent undervalued in real, inflation adjusted terms at that point. Given that, the subsequent ascent of the peso is not very surprising and a return to year-ago levels near P/$ 17.50 is plausible. That would require, however, that the policy dialogue between the White House and Los Pinos continue to be cordial.

Although the peso is currently undervalued in inflation-adjusted terms, light vehicle crossings from Ciudad Juárez to El Paso remain relatively robust. That is probably due in part to an increase in the number of residents from El Paso crossing the border to take advantage of greater effective purchasing power for customers paying with dollars. Stores on the north side of the river, continue to experience reduced sales volumes as a consequence of protracted peso weakness.

As always, the decline of the peso helped increase export-oriented manufacturing payrolls in Ciudad Juárez. Economic activity for the State of Chihuahua also increased during most of 2016. With fewer shoppers crossing into El Paso, domestic retail sales grew in Ciudad Juárez and the rest of the state in 2016. The trend shown in the graph below is likely to subside somewhat if the peso continues to strengthen in 2017.
Metro Business-Cycle Index for El Paso

Source: Federal Reserve Bank of Dallas
Metro Business-Cycle Index for El Paso

Source: Federal Reserve Bank of Dallas
El Paso Household Economic Stress Index

Source: UTEP Border Region Modeling Project
El Paso Household Economic Stress Index

Source: UTEP Border Region Modeling Project
El Paso County Unemployment Rate

Source: Bureau of Labor Statistics
El Paso County Unemployment Rate

Source: Bureau of Labor Statistics
El Paso County SNAP (Food Stamp) Enrollment

2016 - 2017

Source: Texas Health and Human Services Commission
Starting in September, 2014, the number of SNAP recipients is recorded for the end of each month.

Source: Texas Health and Human Services Commission
El Paso Median Housing Prices

Source: Texas A&M Real Estate Center
El Paso Median Housing Prices

Source: Texas A&M Real Estate Center
Months of Housing Inventory for El Paso

Source: Texas A&M Real Estate Center
Months of Housing Inventory for El Paso

Source: Texas A&M Real Estate Center
El Paso Gasoline Prices
2016 - 2017

Source: GasBuddy.com
El Paso Gasoline Prices

Source: GasBuddy.com
Doña Ana County Unemployment Rate

Source: Bureau of Labor Statistics
Doña Ana County Unemployment Rate

Source: Bureau of Labor Statistics
Las Cruces Area SNAP (Food Stamp) Cases

Source: New Mexico Human Services Department
Las Cruces Area SNAP (Food Stamp) Cases

Source: New Mexico Human Services Department
Restaurant Price Ratio and Exchange Rate

- 2016 Nominal Exchange Rate
- 2016 Restaurant Price Ratio
- 2017 Nominal Exchange Rate
- 2017 Restaurant Price Ratio

Source: UTEP Border Region Modeling Project and Banco de Mexico
Restaurant Price Ratio and Exchange Rate

Restaurant Price Ratio  Nominal Exchange Rate

Source: UTEP Border Region Modeling Project and Banco de Mexico
Real Peso/Dollar Exchange Rate Index

Source: UTEP Border Region Modeling Project
Real Peso/Dollar Exchange Rate Index

Source: UTEP Border Region Modeling Project
Personal Vehicle International Bridge Crossings to El Paso

Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Personal Vehicle International Bridge Crossings to El Paso

Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Pedestrian International Bridge Crossings to El Paso

Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Pedestrian International Bridge Crossings to El Paso

Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Cargo Truck International Bridge Crossings to El Paso

Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Cargo Truck International Bridge Crossings to El Paso

Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Total Trade through the El Paso Customs District

Source: U.S. International Trade Commission
Total Trade through the El Paso Customs District

Source: U.S. International Trade Commission
Real Total Trade through the El Paso Customs District

Real Total Trade through
the El Paso Customs District

Export-Oriented Manufacturing Employment in Ciudad Juárez

Source: INEGI
Export-Oriented Manufacturing Employment in Ciudad Juárez.

Source: INEGI
Northern Mexico Manufacturing Orders Index

Source: Banco de México
Northern Mexico Manufacturing Orders Index

Source: Banco de México
Quarterly Indicator of Economic Activity for the State of Chihuahua

Source: INEGI
Quarterly Indicator of Economic Activity for the State of Chihuahua

Source: INEGI
Total Value of Construction in the State of Chihuahua

Source: INEGI
Source: INEGI
Real Retail Activity Index for the State of Chihuahua

Source: INEGI
Real Retail Activity Index for the State of Chihuahua

Source: INEGI
Borderplex Business Barometer is a monthly publication of the Border Region Modeling Project (BRMP), a research unit within the Department of Economics & Finance at the College of Business Administration of The University of Texas at El Paso. BRMP information is available at: http://academics.utep.edu/border. For additional information, contact the Border Region Modeling Project - CBA 236, UTEP Department of Economics & Finance, 500 West University Avenue, El Paso, TX 79968-0543, USA, (915) 747-7775.