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Borderplex Business Barometer, Volume 1, Numbers 1 - 4

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BORDERPLEX BUSINESS BAROMETER

April 2017

Border Region Modeling Project

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Border Commerce & Economics

Borderplex Business Barometer, Volume 1, Number 4

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.

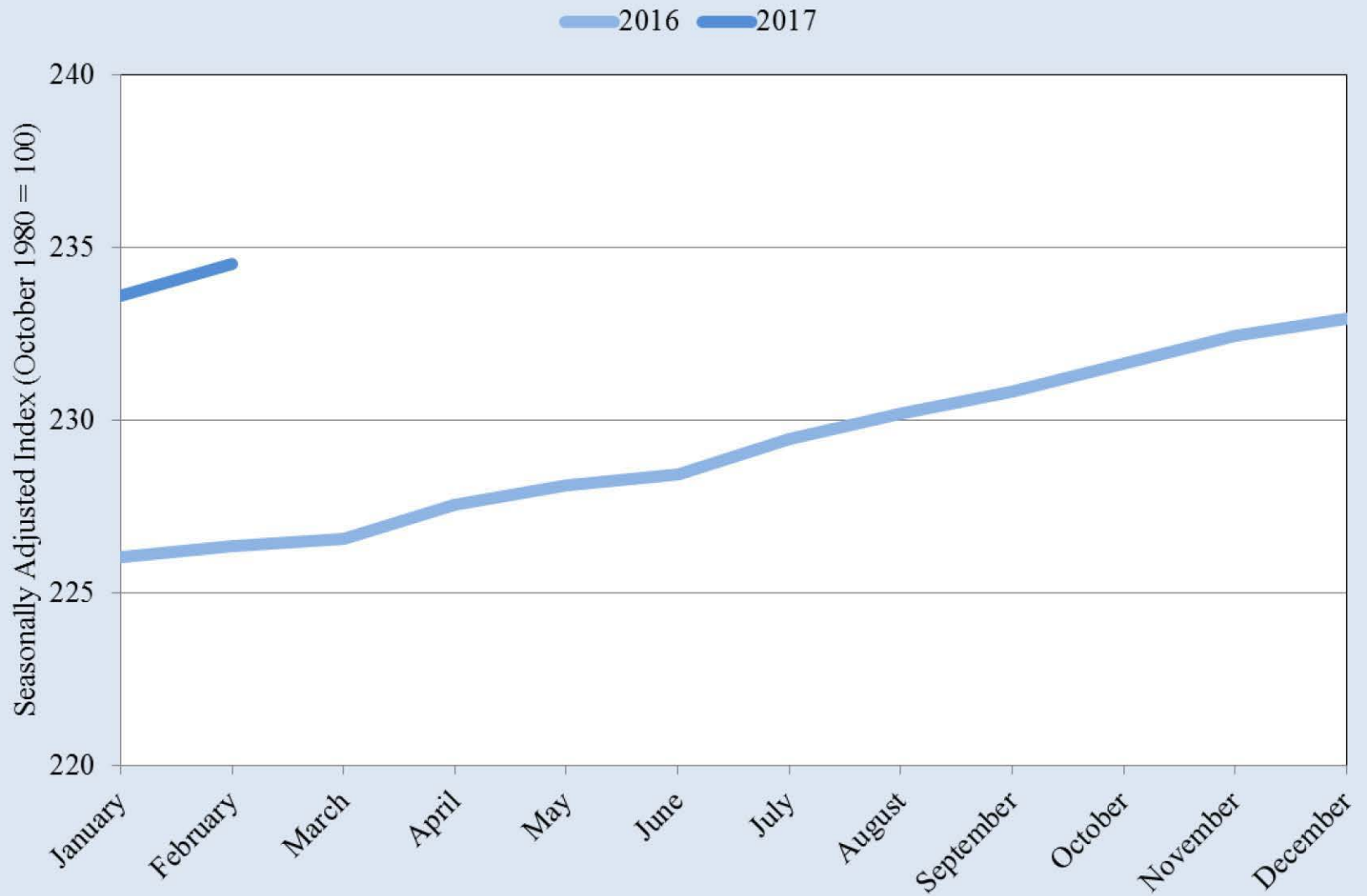
The peso per dollar nominal exchange rate peaked at just below P/\$ 22.00 in mid-January. Border Region Modeling Project calculations indicate that the peso was 40 percent undervalued in real, inflation adjusted terms at that point. Given that, the subsequent ascent of the peso is not very surprising 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.

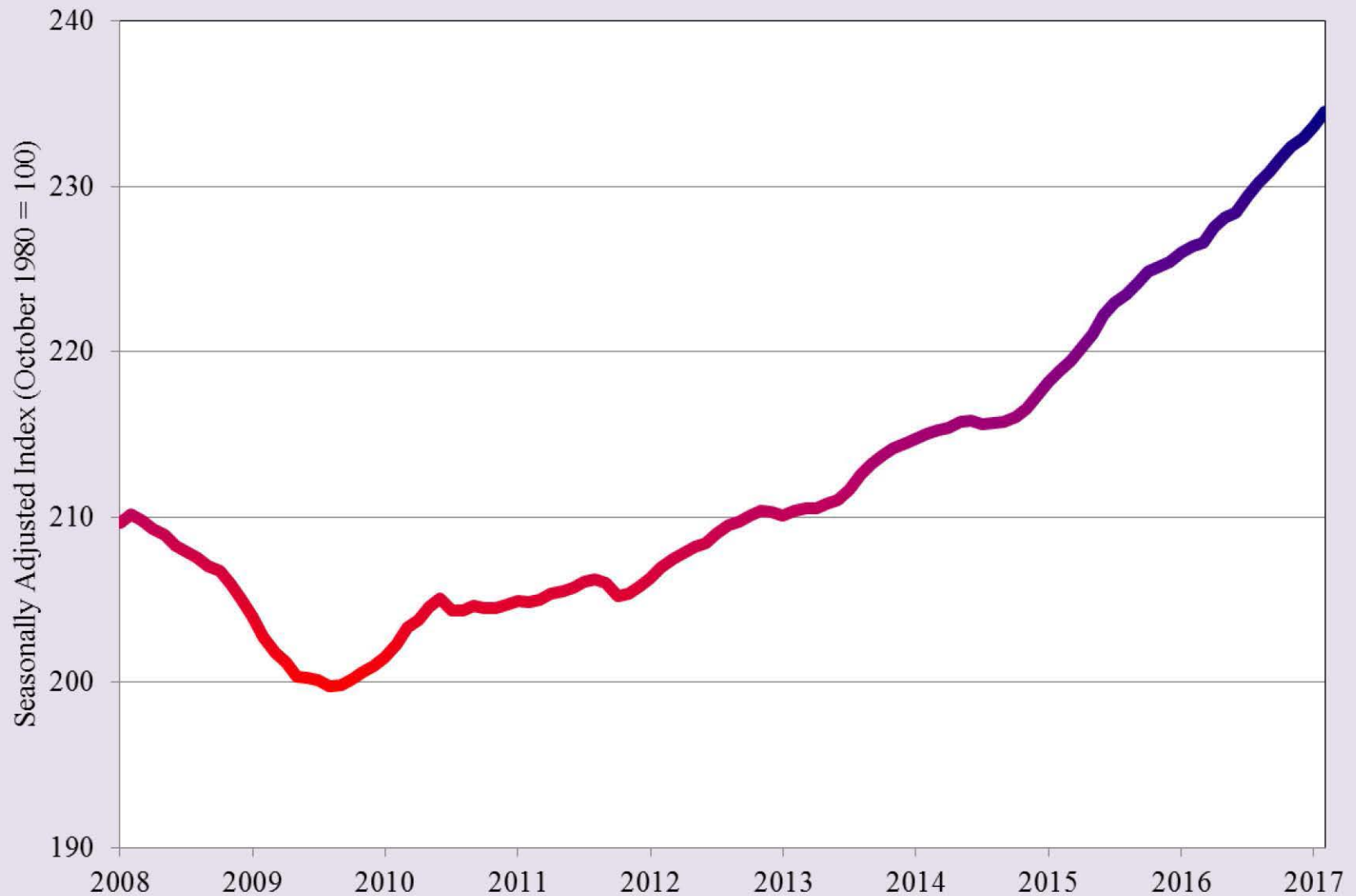
As always, the decline of the peso helped increase export-oriented manufacturing payrolls in Ciudad Juárez. Economic activity for the State of Chihuahua also increased during most of 2016. With fewer shoppers crossing into El Paso, domestic retail sales grew in Ciudad Juárez and the rest of the state 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

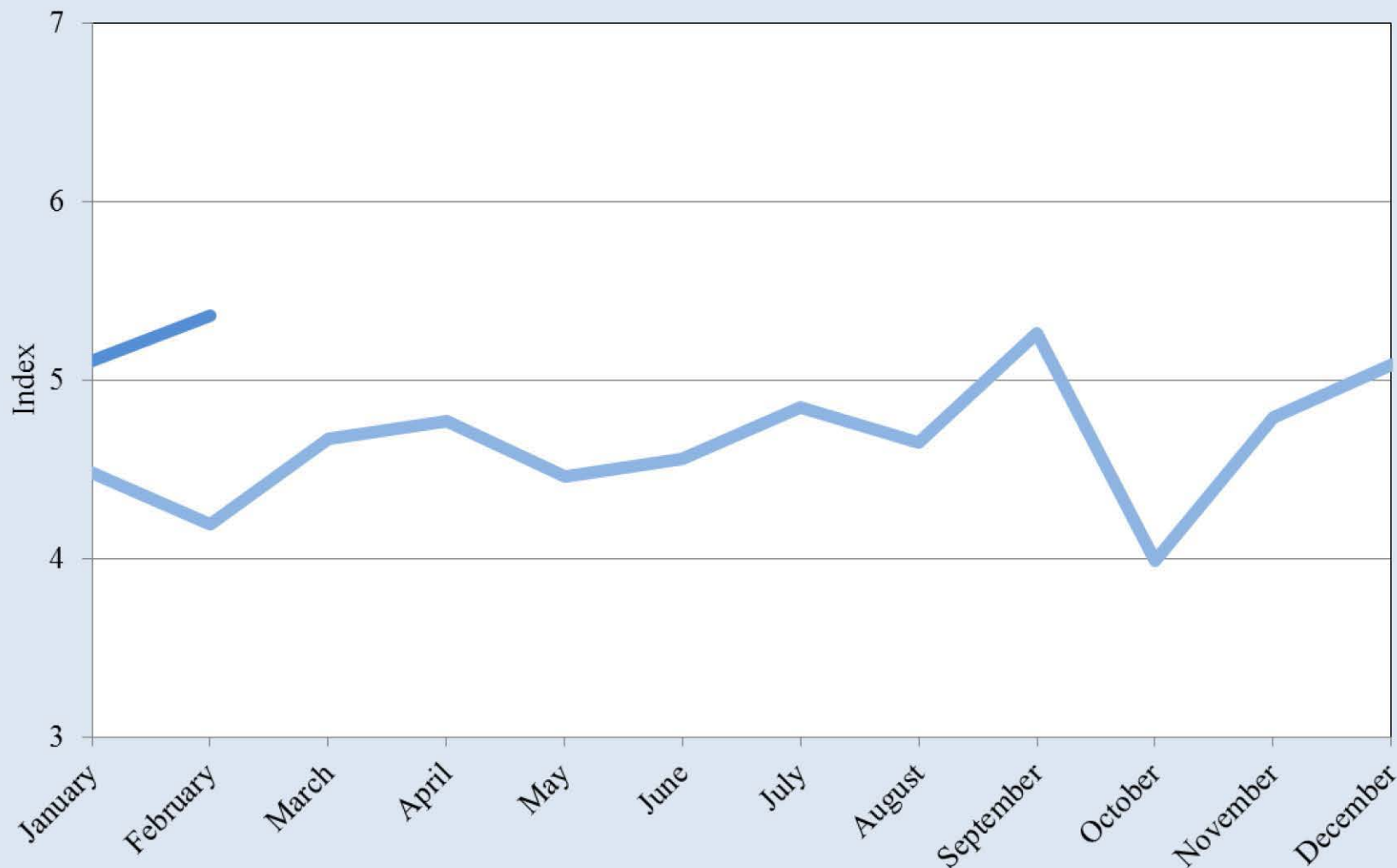
Metro Business-Cycle Index for El Paso



Source: Federal Reserve Bank of Dallas

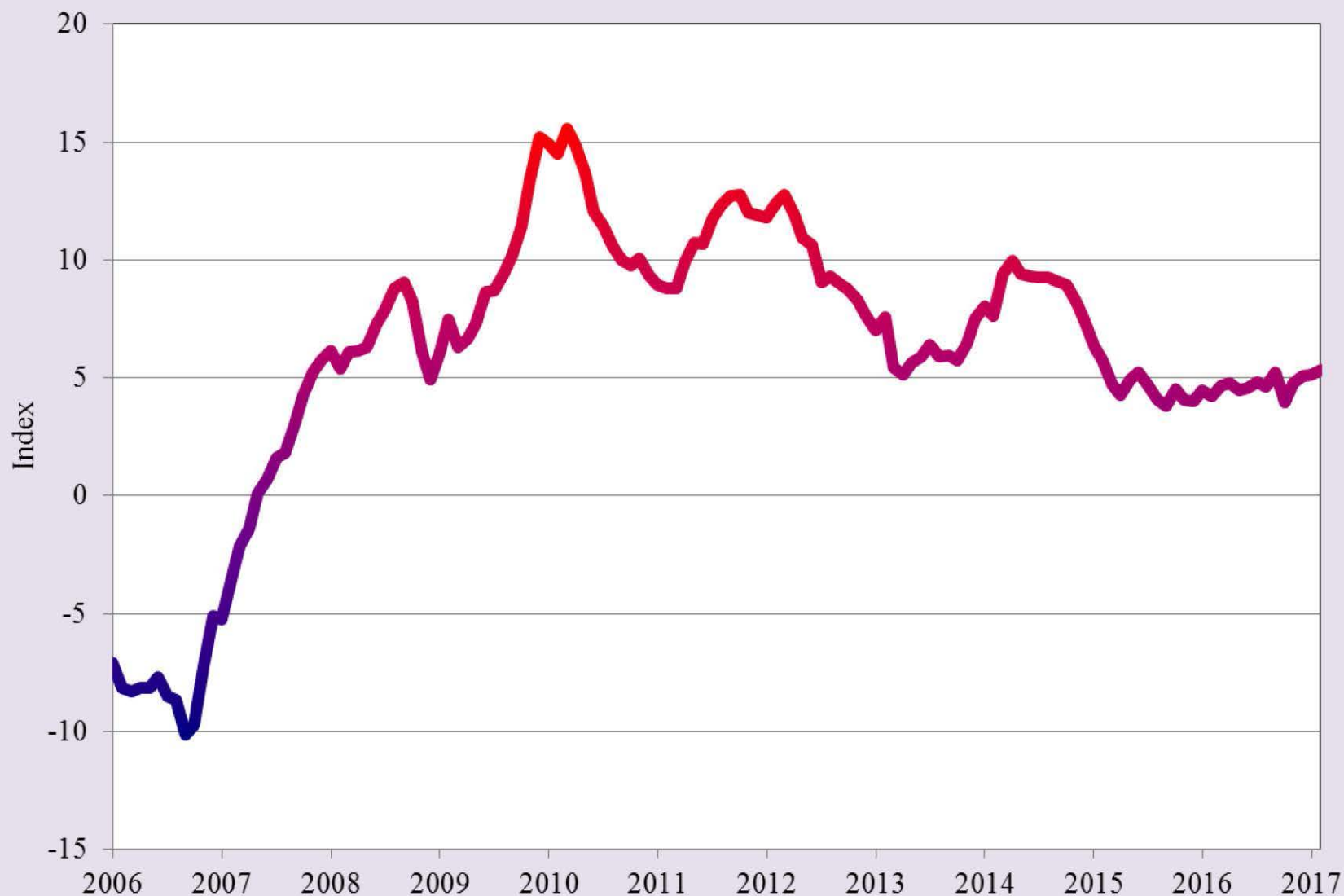
El Paso Household Economic Stress Index

— 2016 — 2017



Source: UTEP Border Region Modeling Project

El Paso Household Economic Stress Index



Source: UTEP Border Region Modeling Project

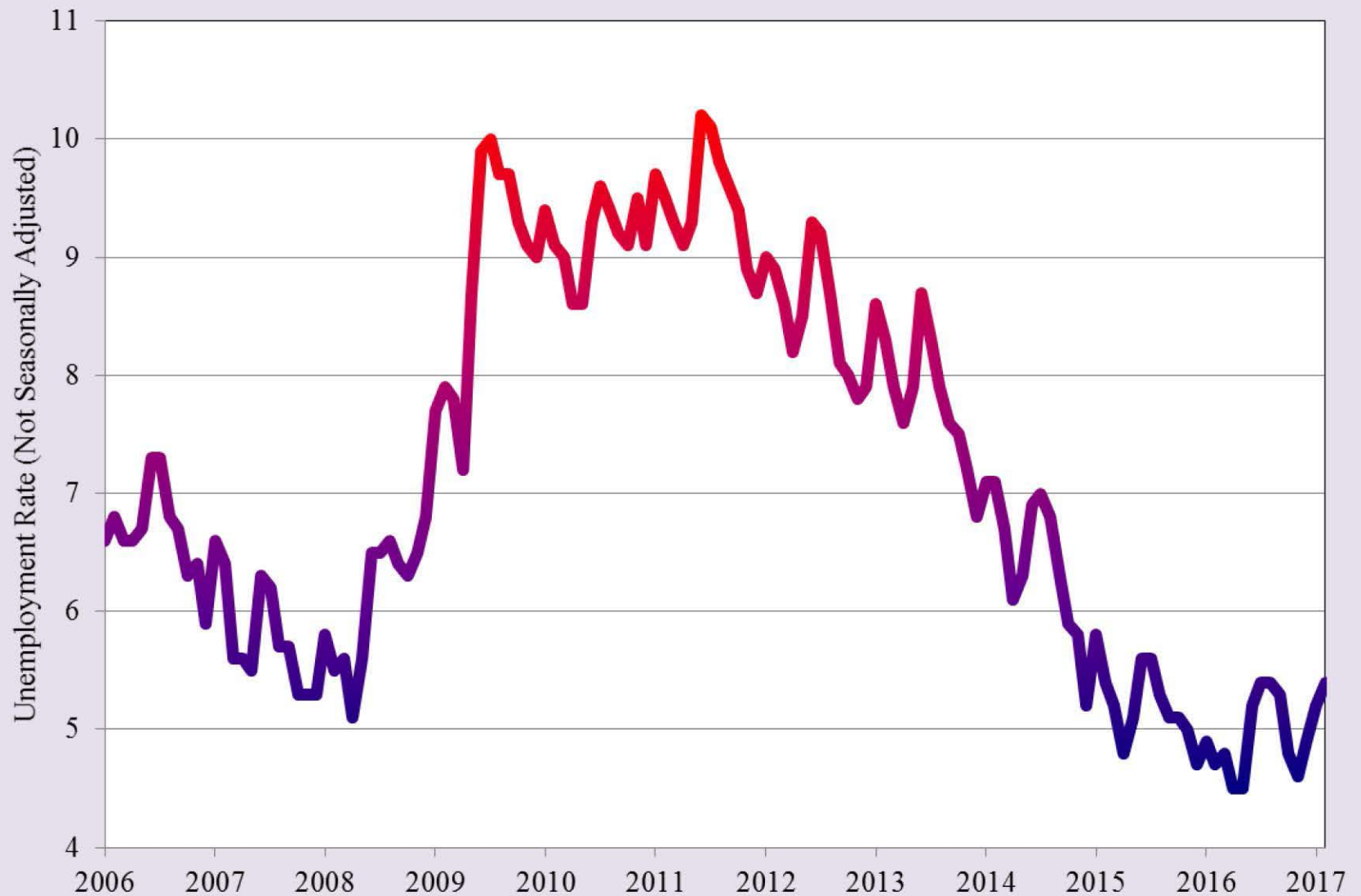
El Paso County Unemployment Rate

2016 2017



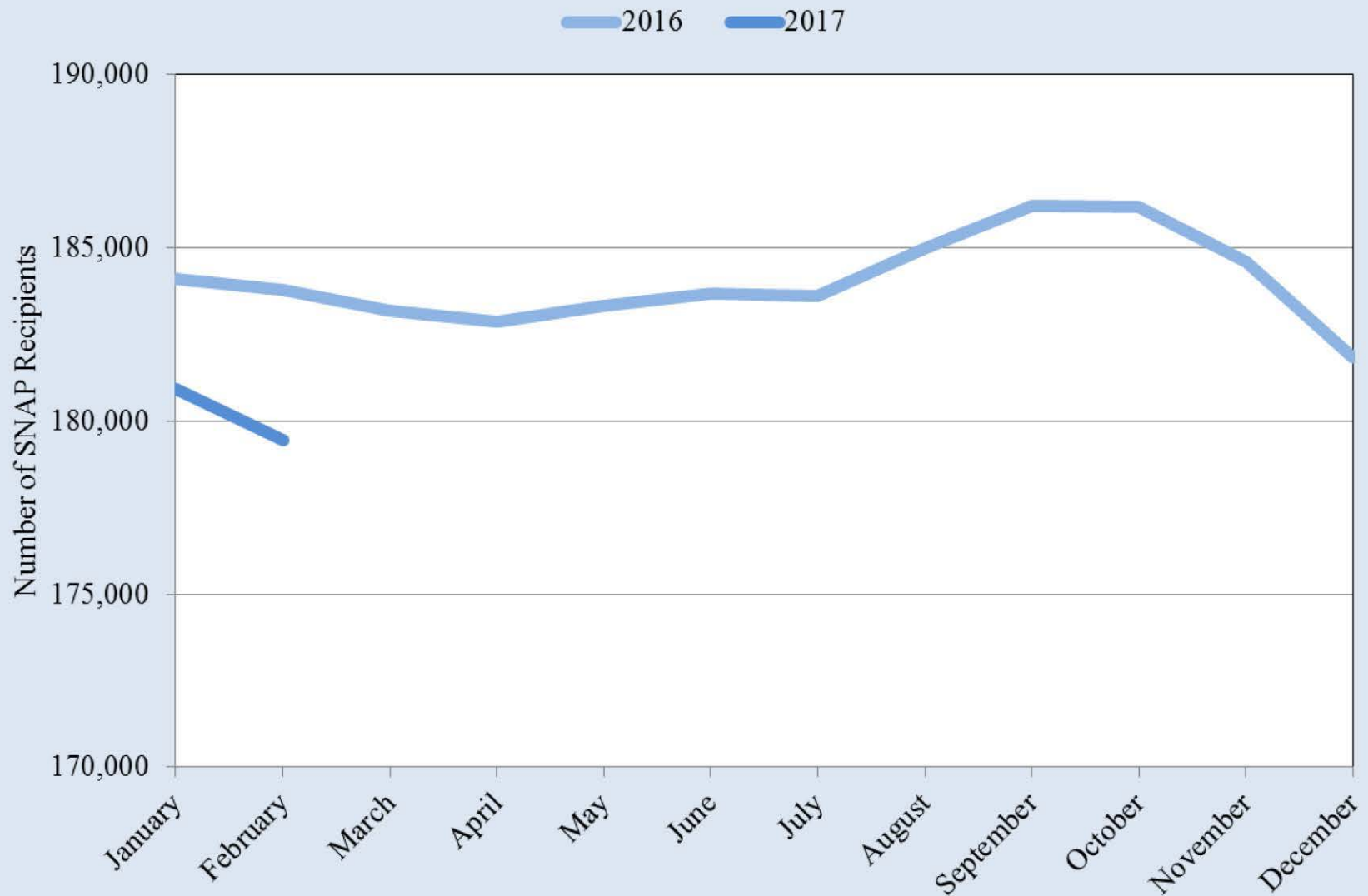
Source: Bureau of Labor Statistics

El Paso County Unemployment Rate



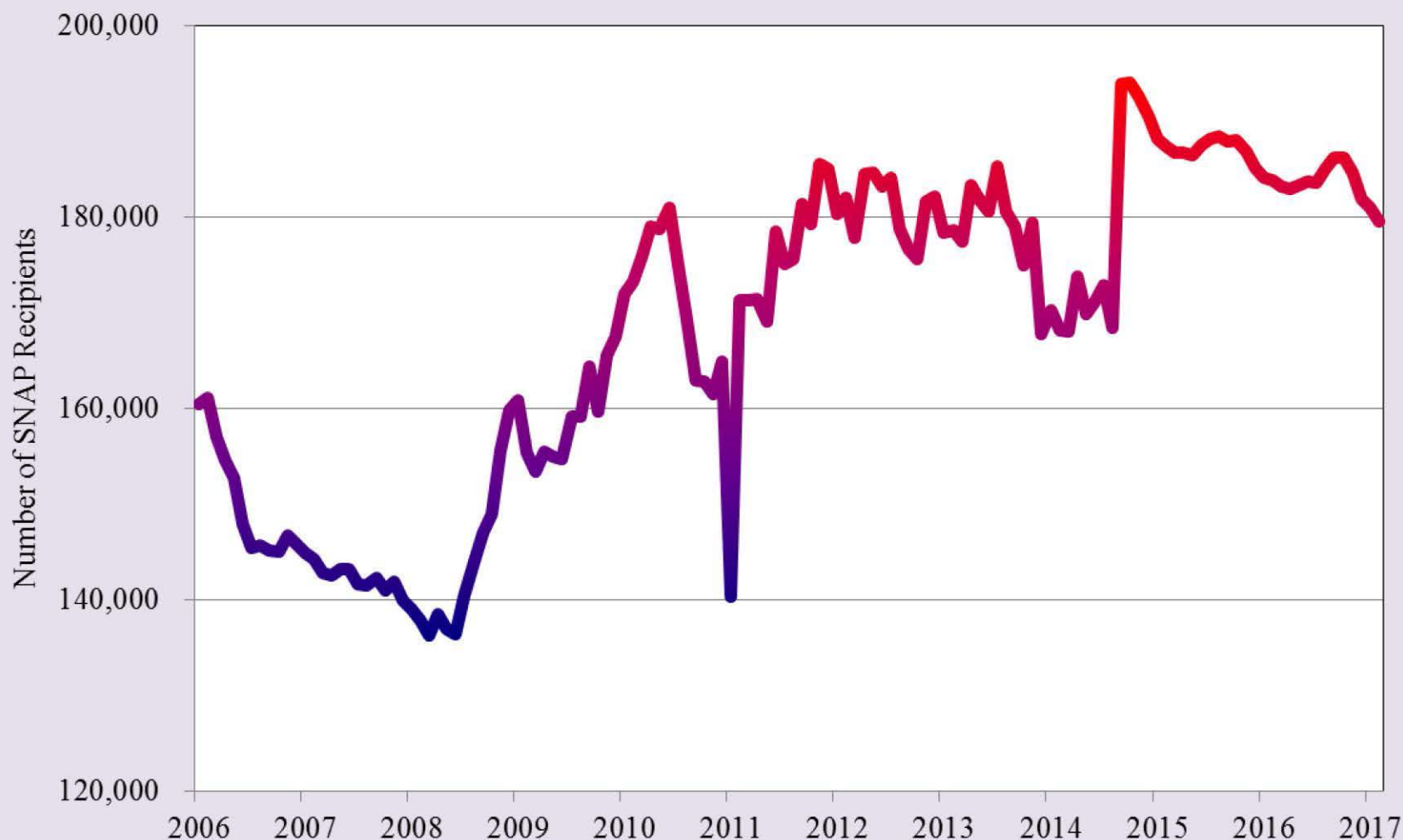
Source: Bureau of Labor Statistics

El Paso County SNAP (Food Stamp) Enrollment



Source: Texas Health and Human Services Commission

El Paso County SNAP (Food Stamp) Enrollment

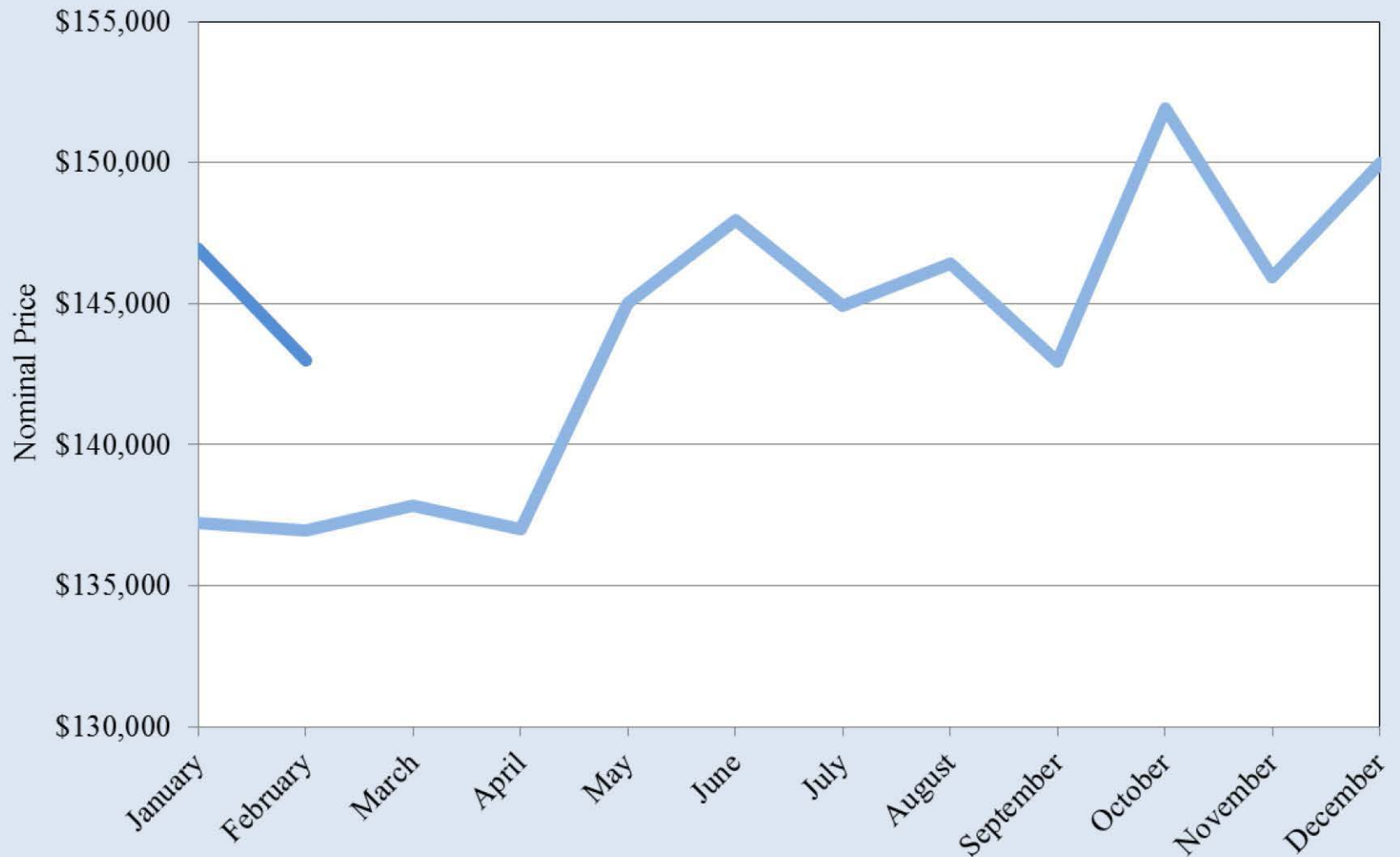


Starting in September, 2014, the number of SNAP recipients is recorded for the end of each month.

Source: Texas Health and Human Services Commission

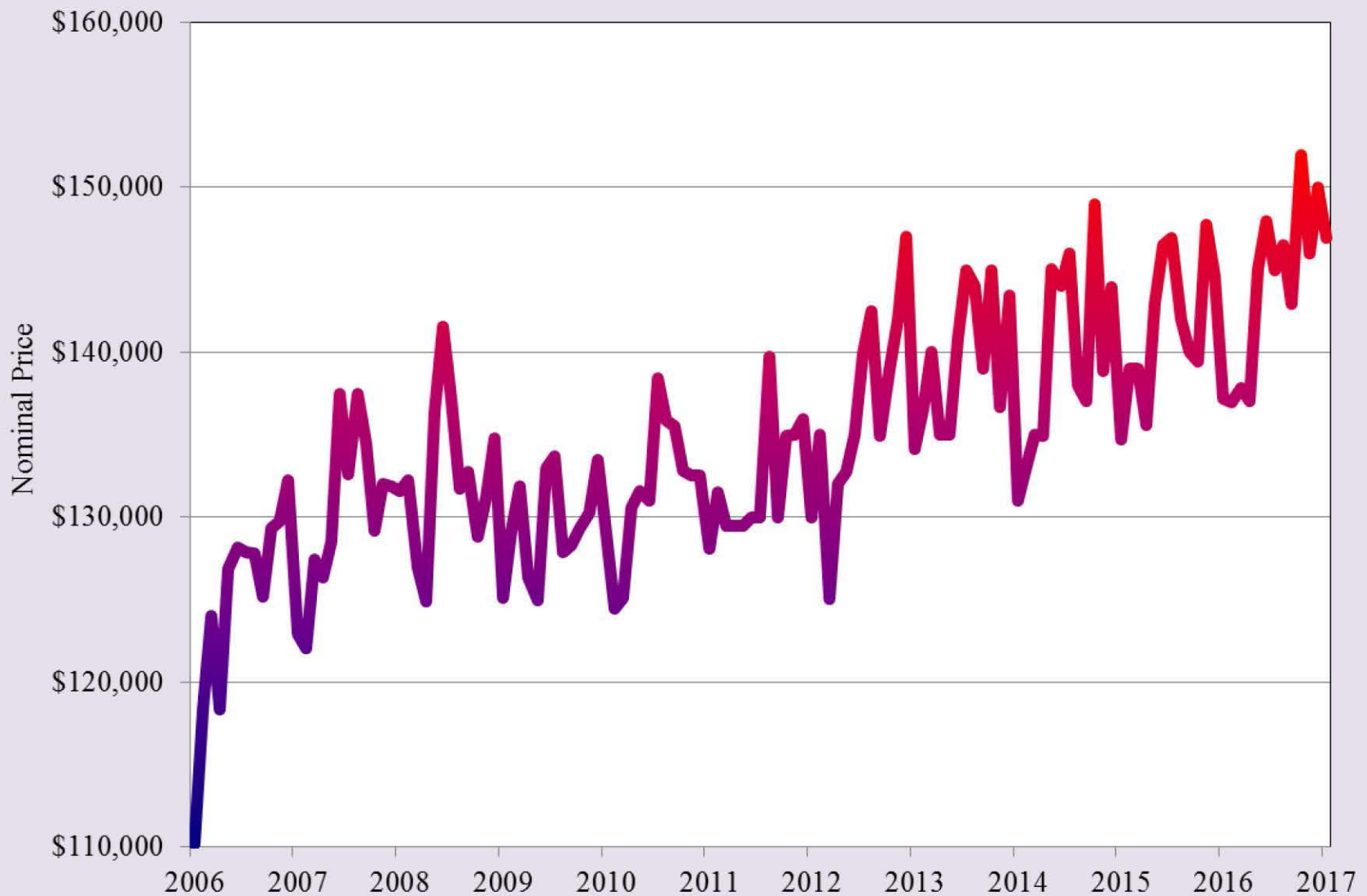
El Paso Median Housing Prices

— 2016 — 2017



Source: Texas A&M Real Estate Center

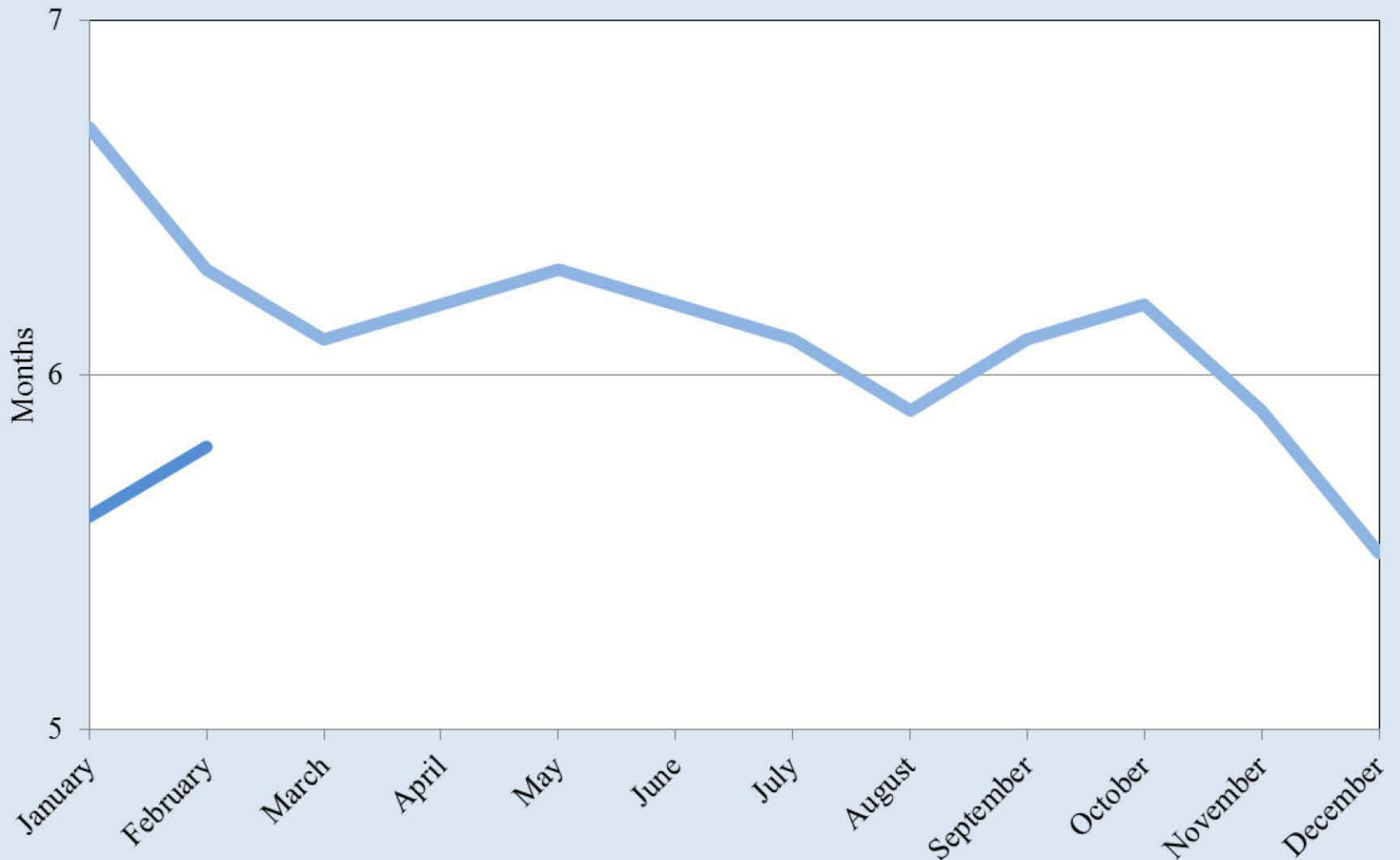
El Paso Median Housing Prices



Source: Texas A&M Real Estate Center

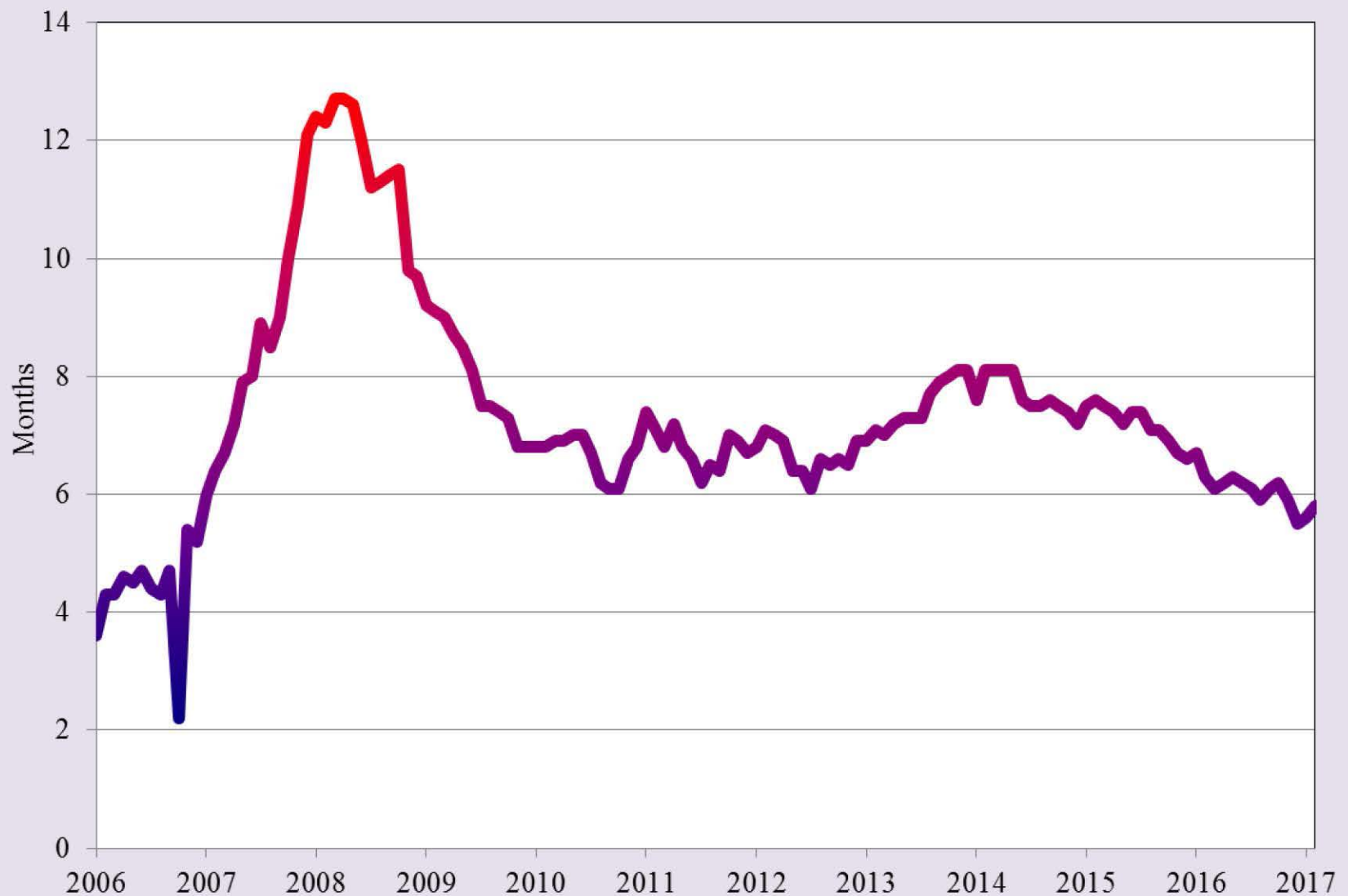
Months of Housing Inventory for El Paso

— 2016 — 2017



Source: Texas A&M Real Estate Center

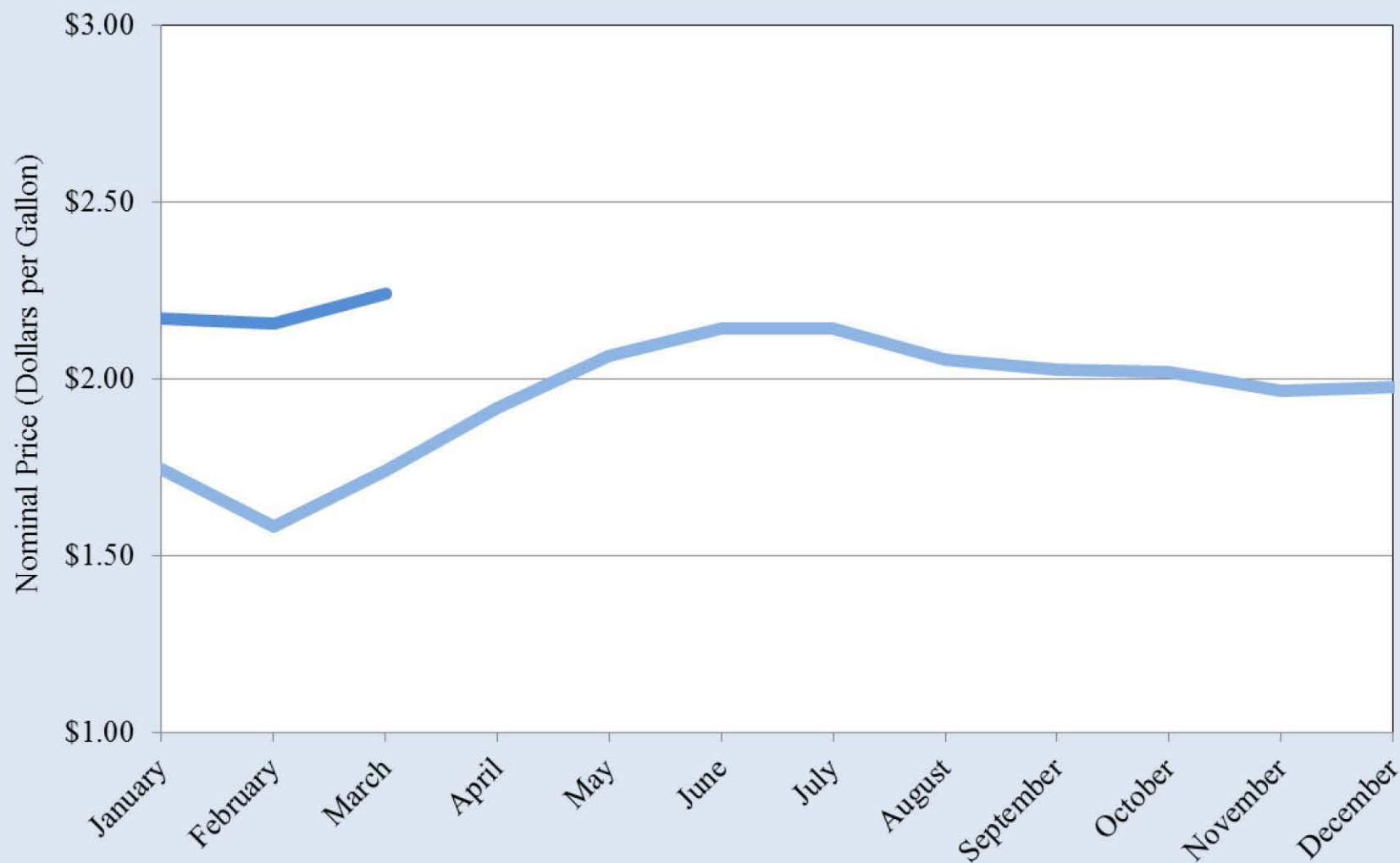
Months of Housing Inventory for El Paso



Source: Texas A&M Real Estate Center

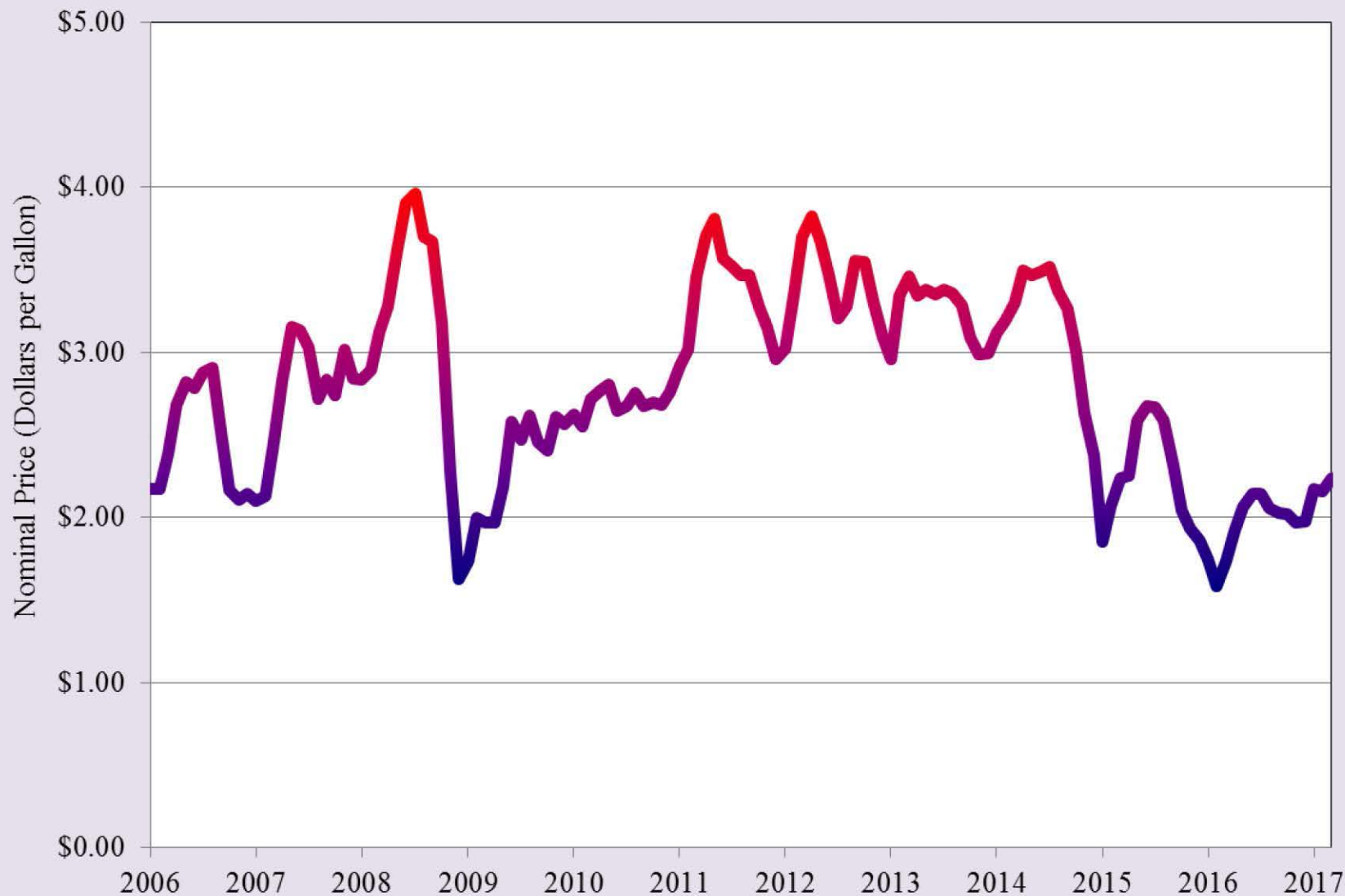
El Paso Gasoline Prices

2016 2017



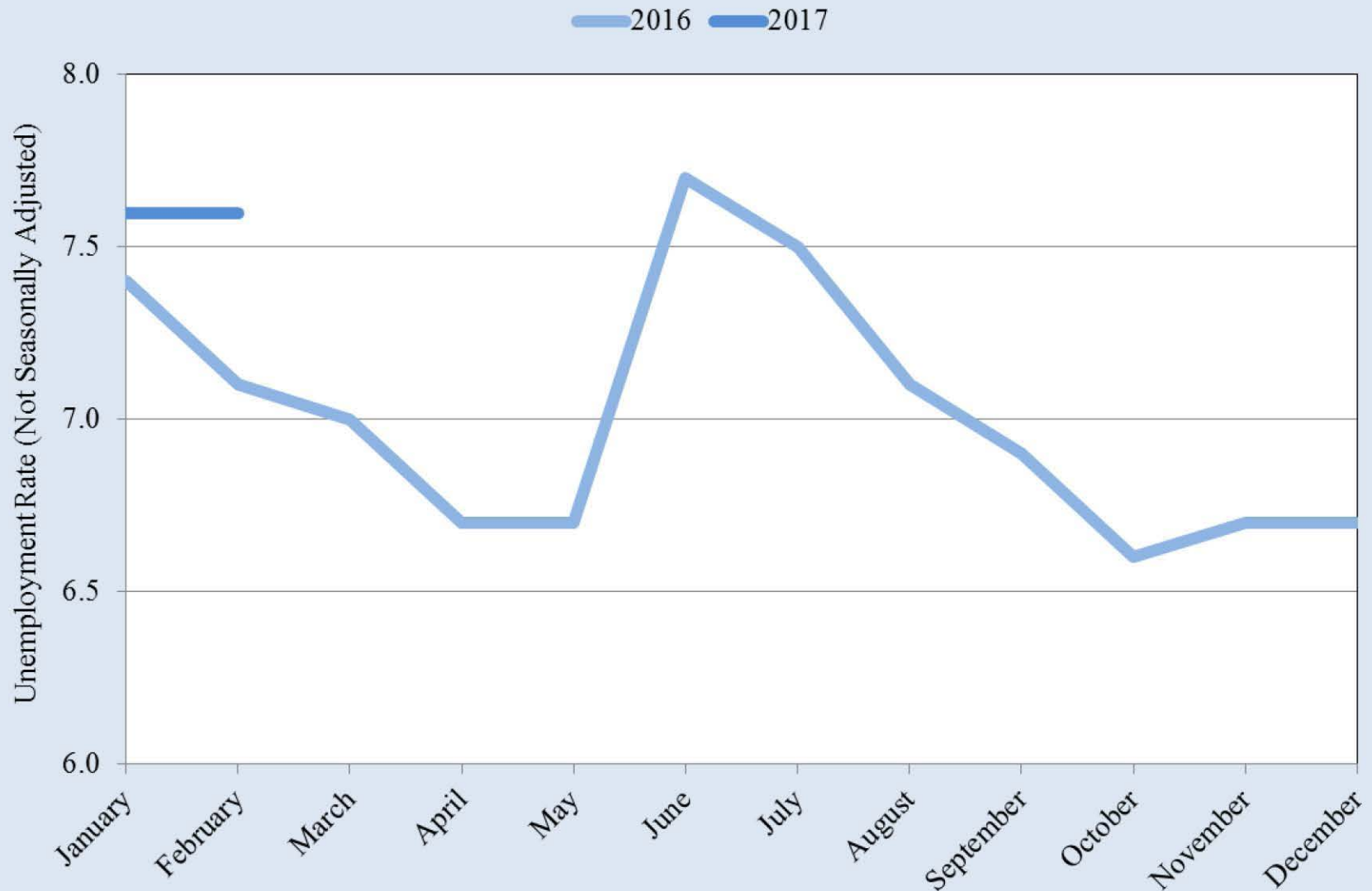
Source: GasBuddy.com

El Paso Gasoline Prices



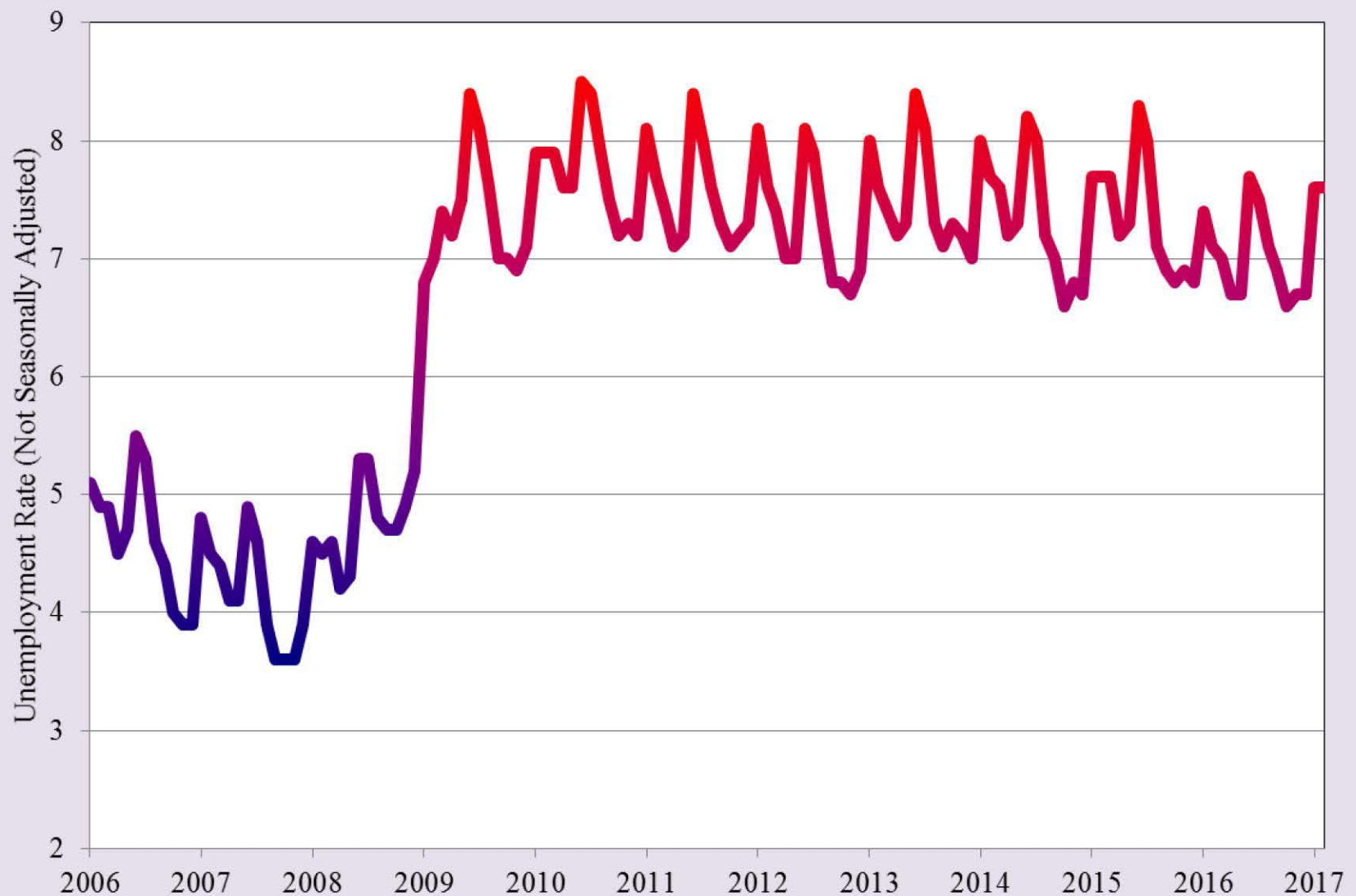
Source: GasBuddy.com

Doña Ana County Unemployment Rate



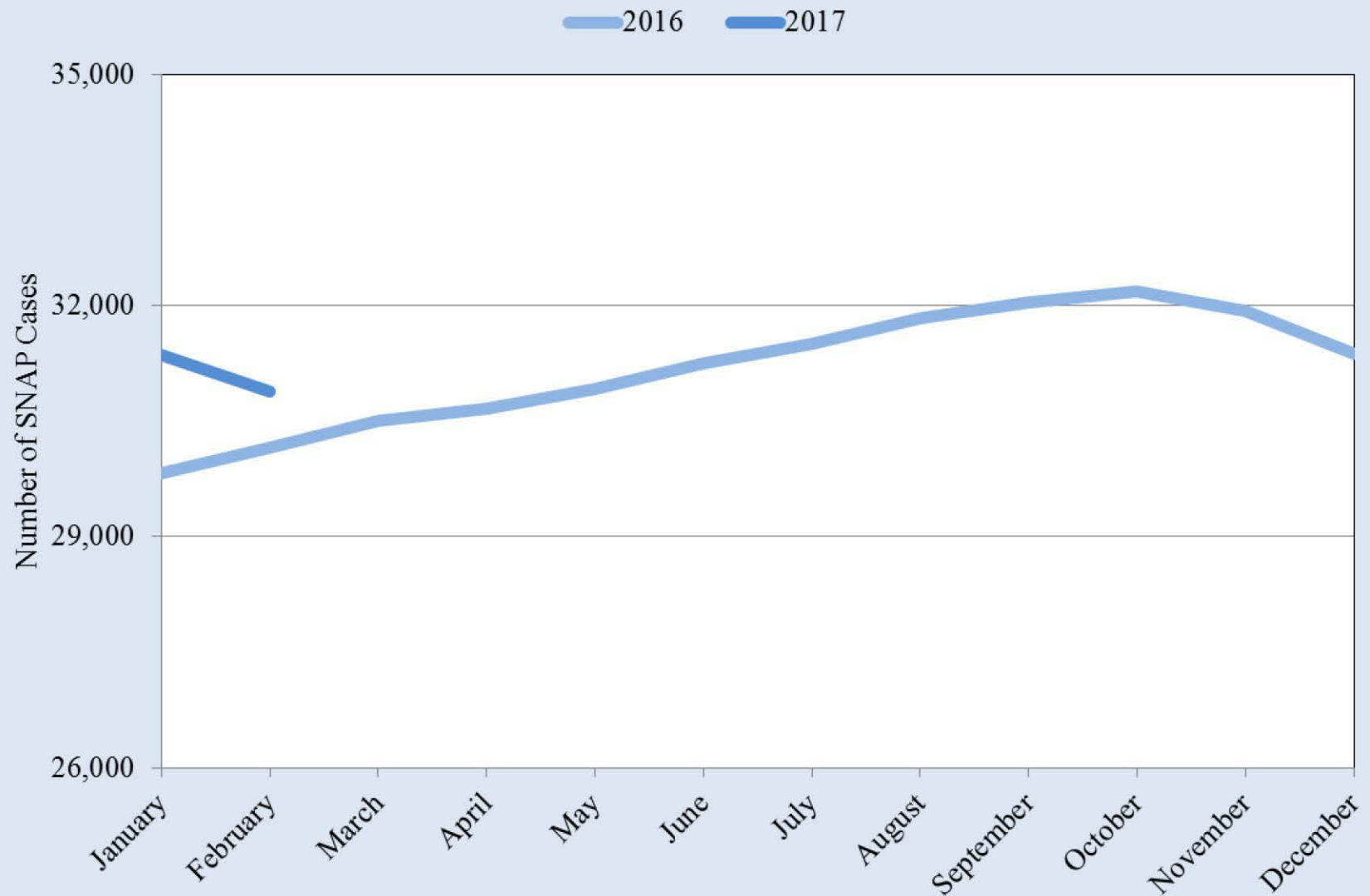
Source: Bureau of Labor Statistics

Doña Ana County Unemployment Rate



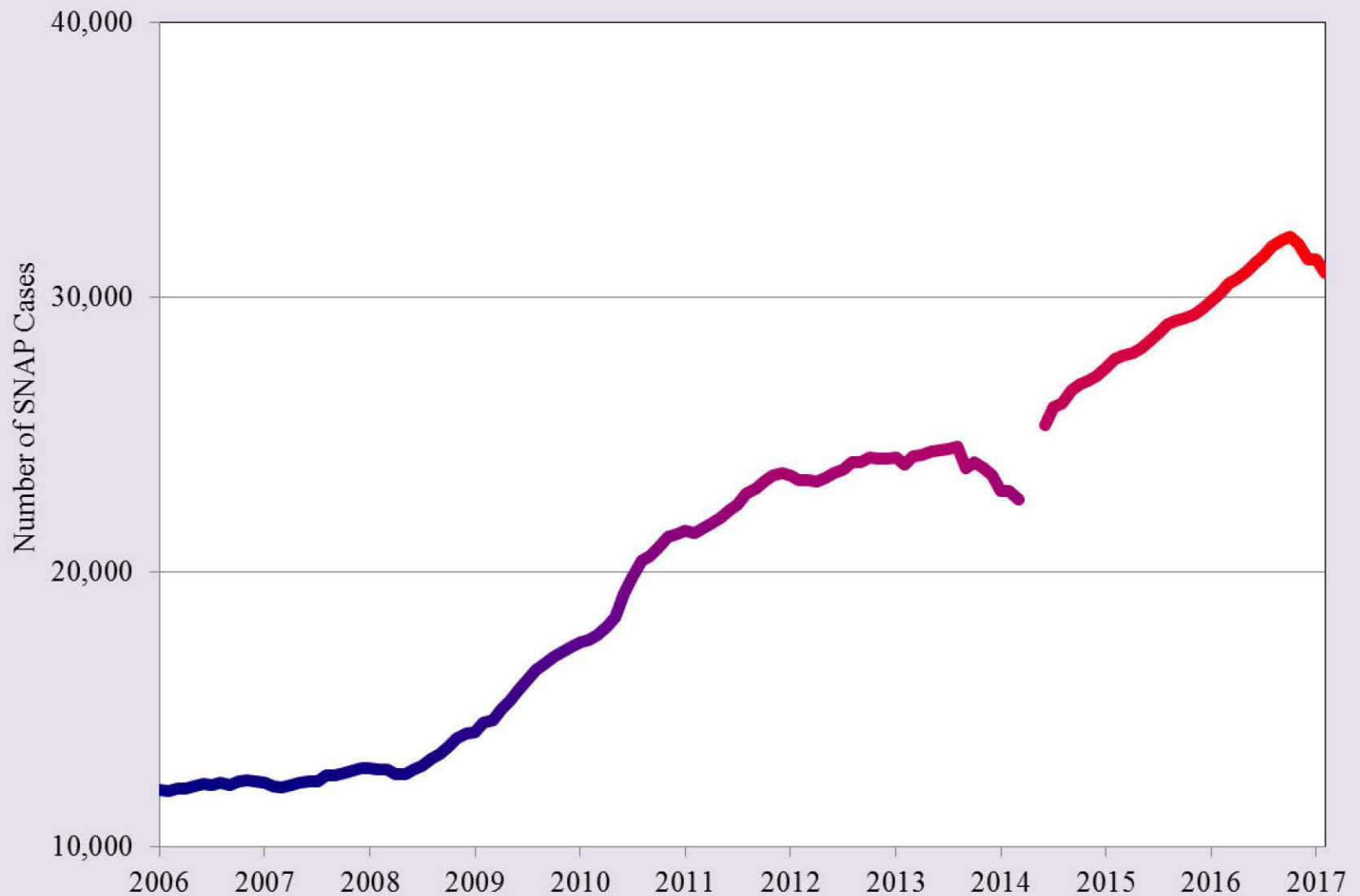
Source: Bureau of Labor Statistics

Las Cruces Area SNAP (Food Stamp) Cases



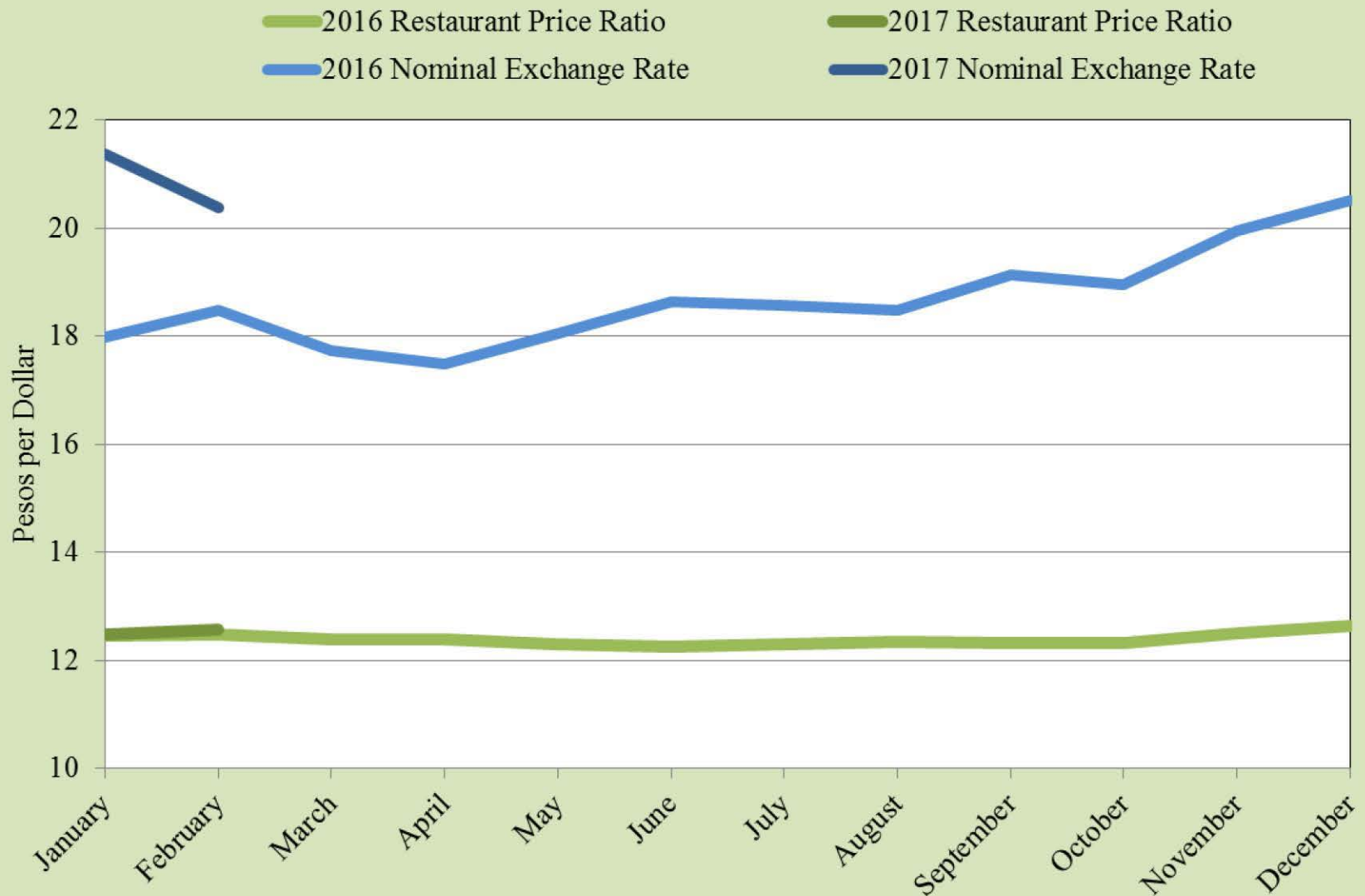
Source: New Mexico Human Services Department

Las Cruces Area SNAP (Food Stamp) Cases



Source: New Mexico Human Services Department

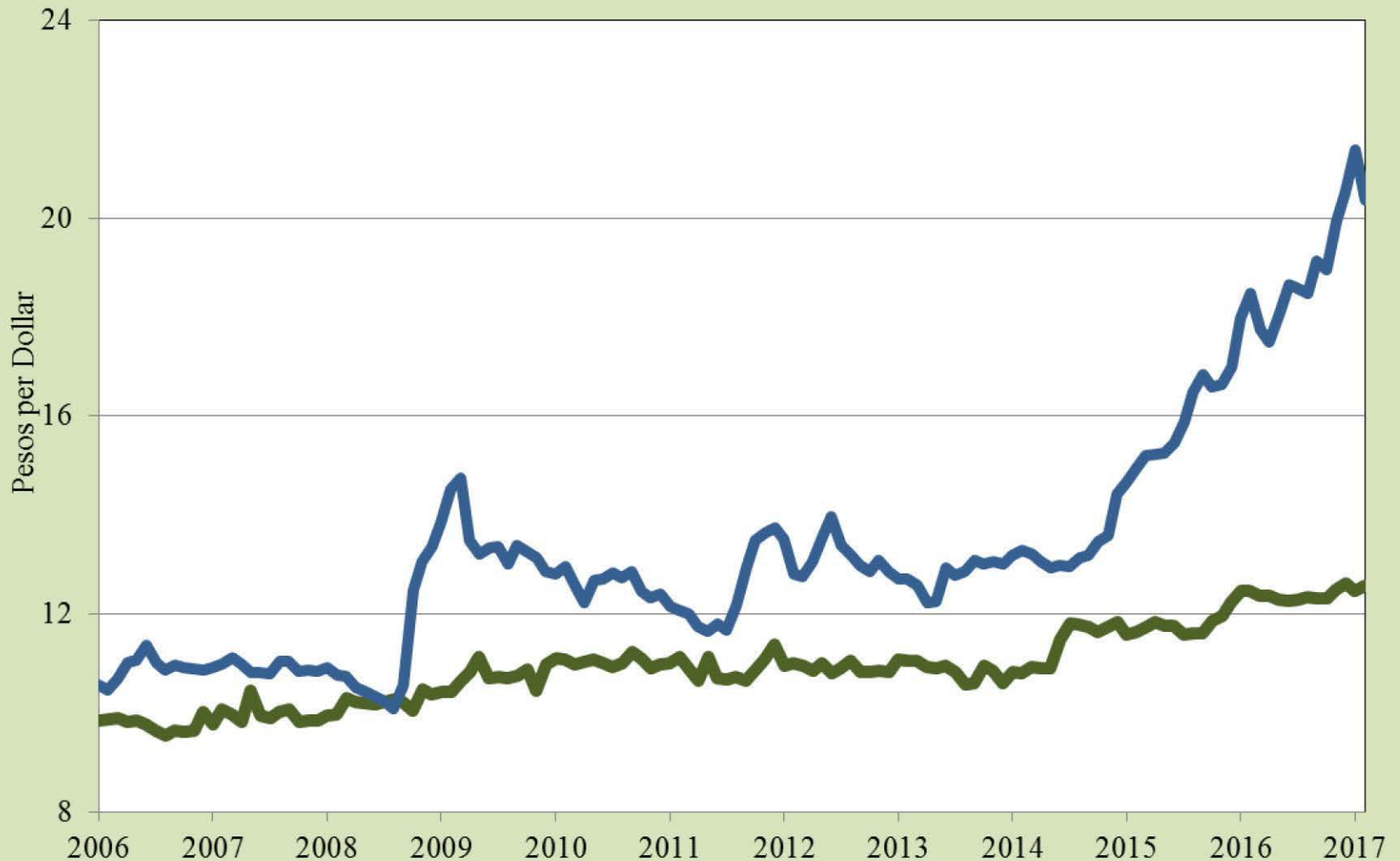
Restaurant Price Ratio and Exchange Rate



Source: UTEP Border Region Modeling Project and Banco de Mexico

Restaurant Price Ratio and Exchange Rate

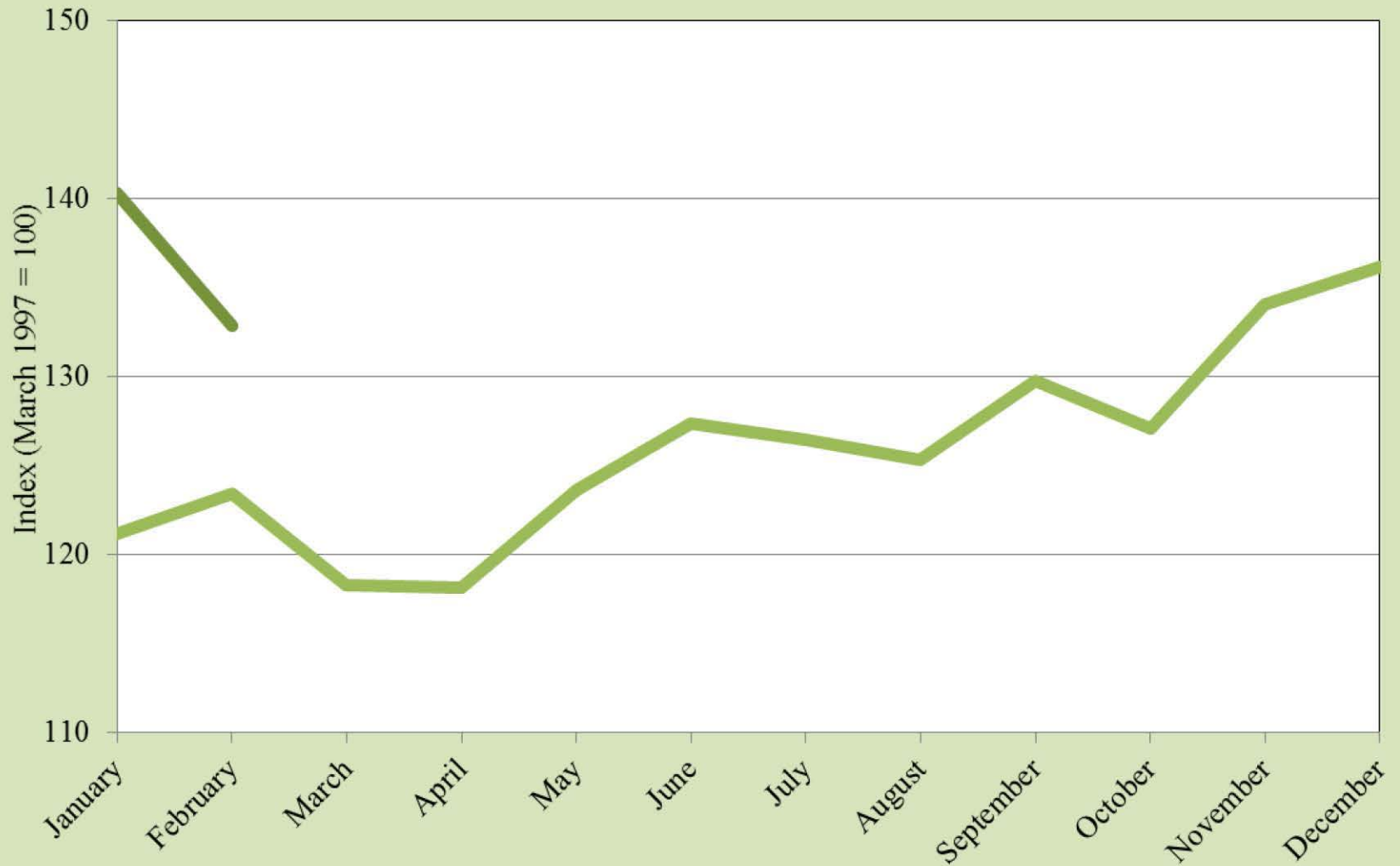
— Restaurant Price Ratio — Nominal Exchange Rate



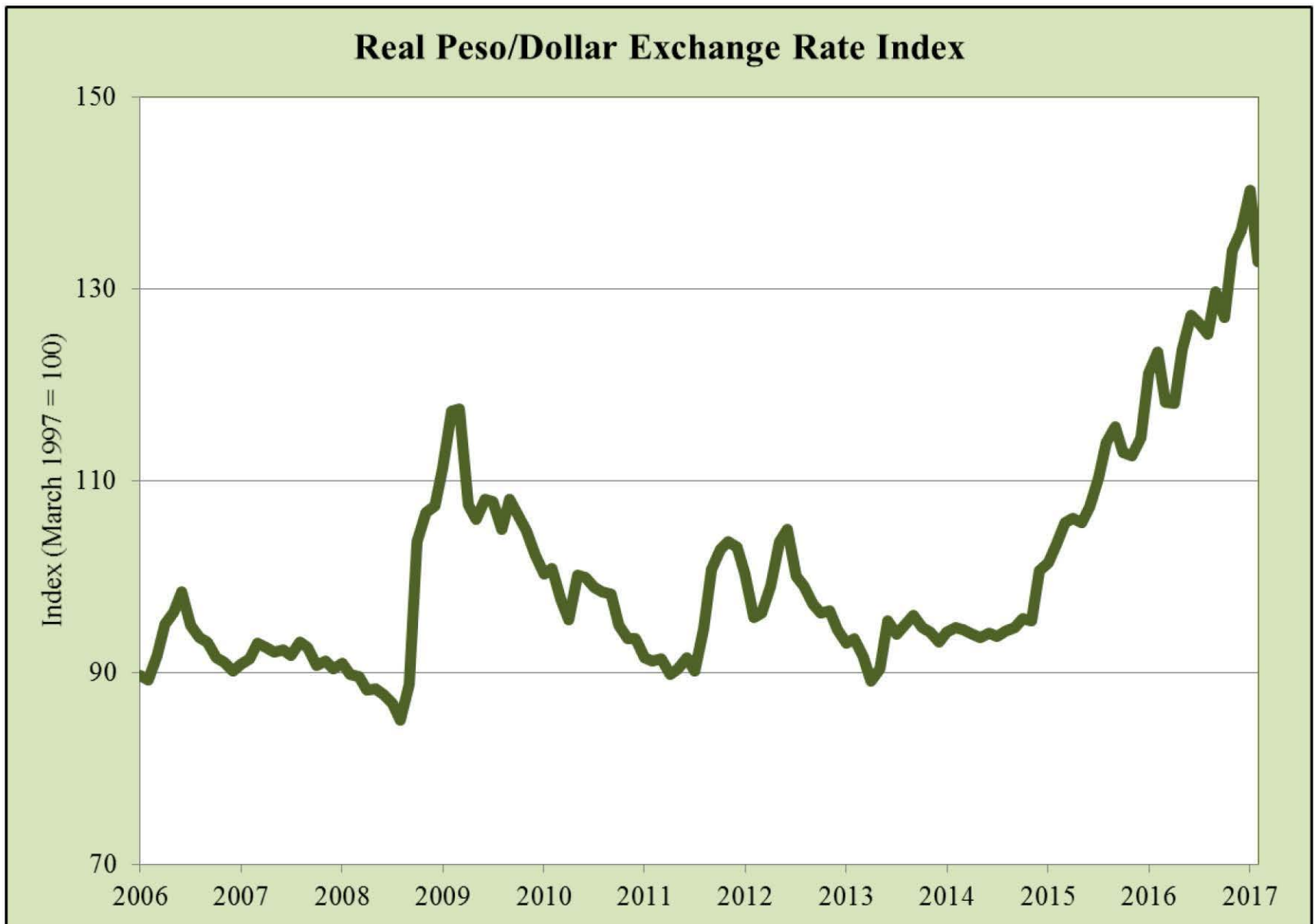
Source: UTEP Border Region Modeling Project and Banco de Mexico

Real Peso/Dollar Exchange Rate Index

2016 2017

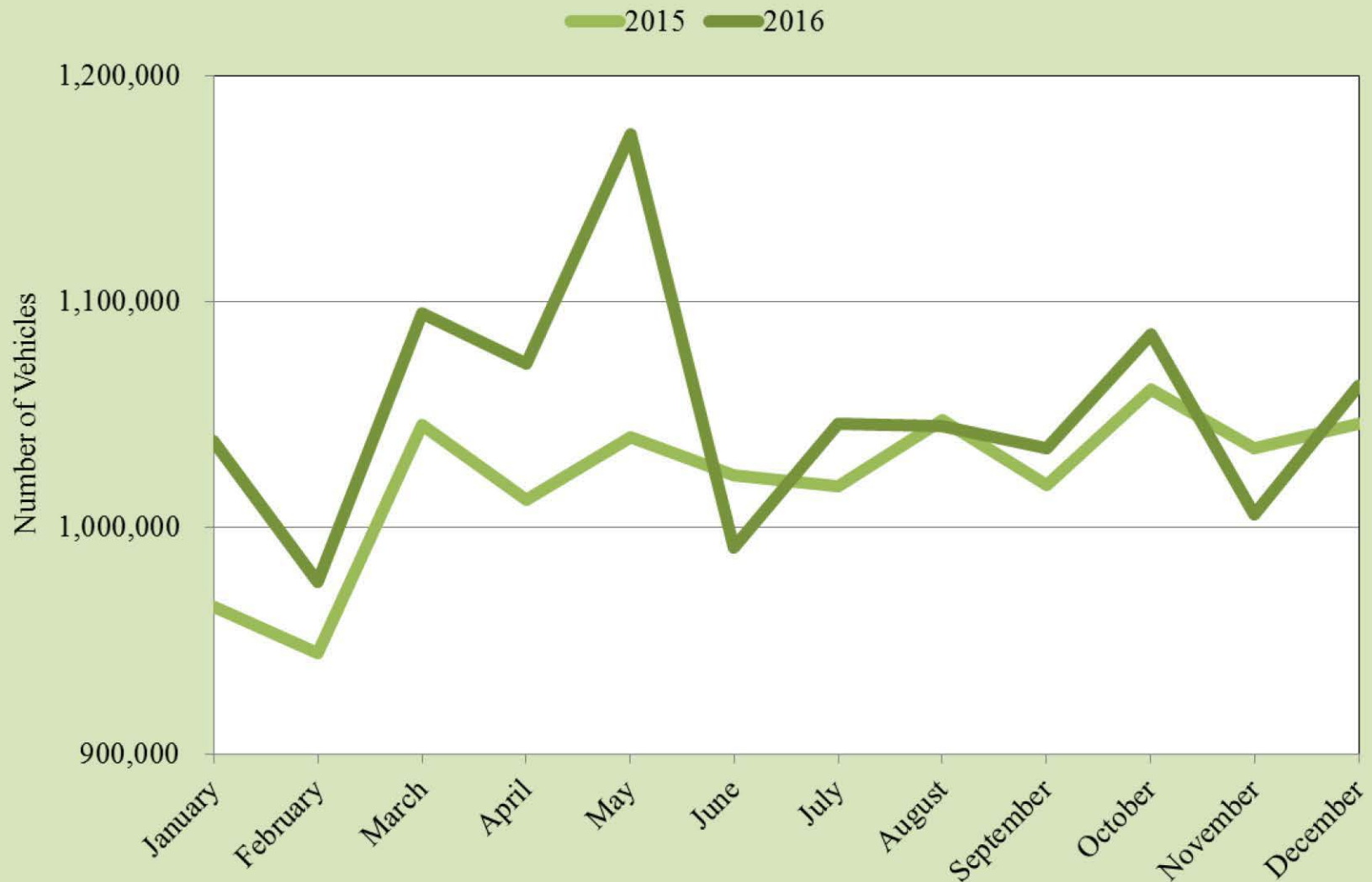


Source: UTEP Border Region Modeling Project



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

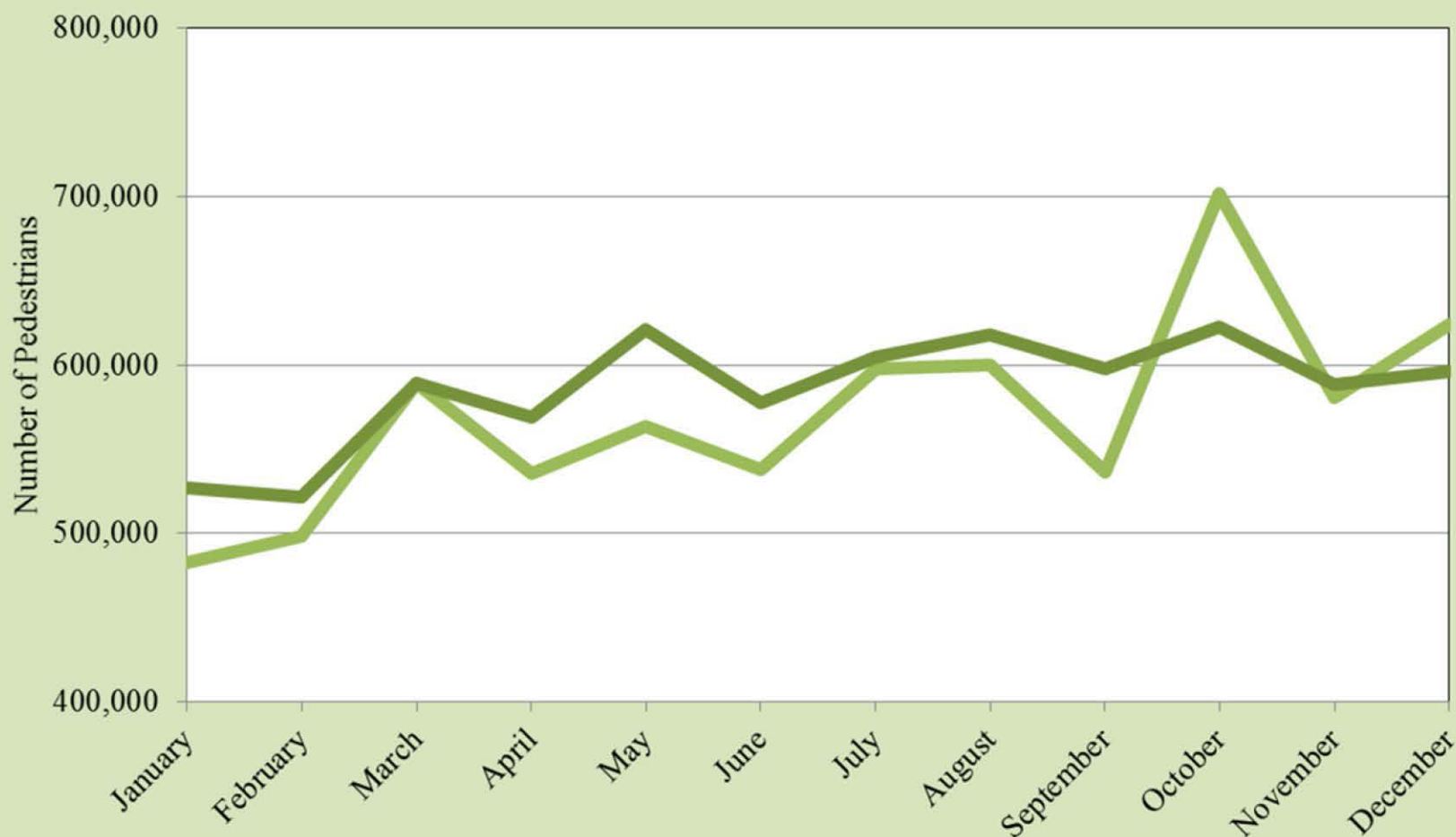
Personal Vehicle International Bridge Crossings to El Paso



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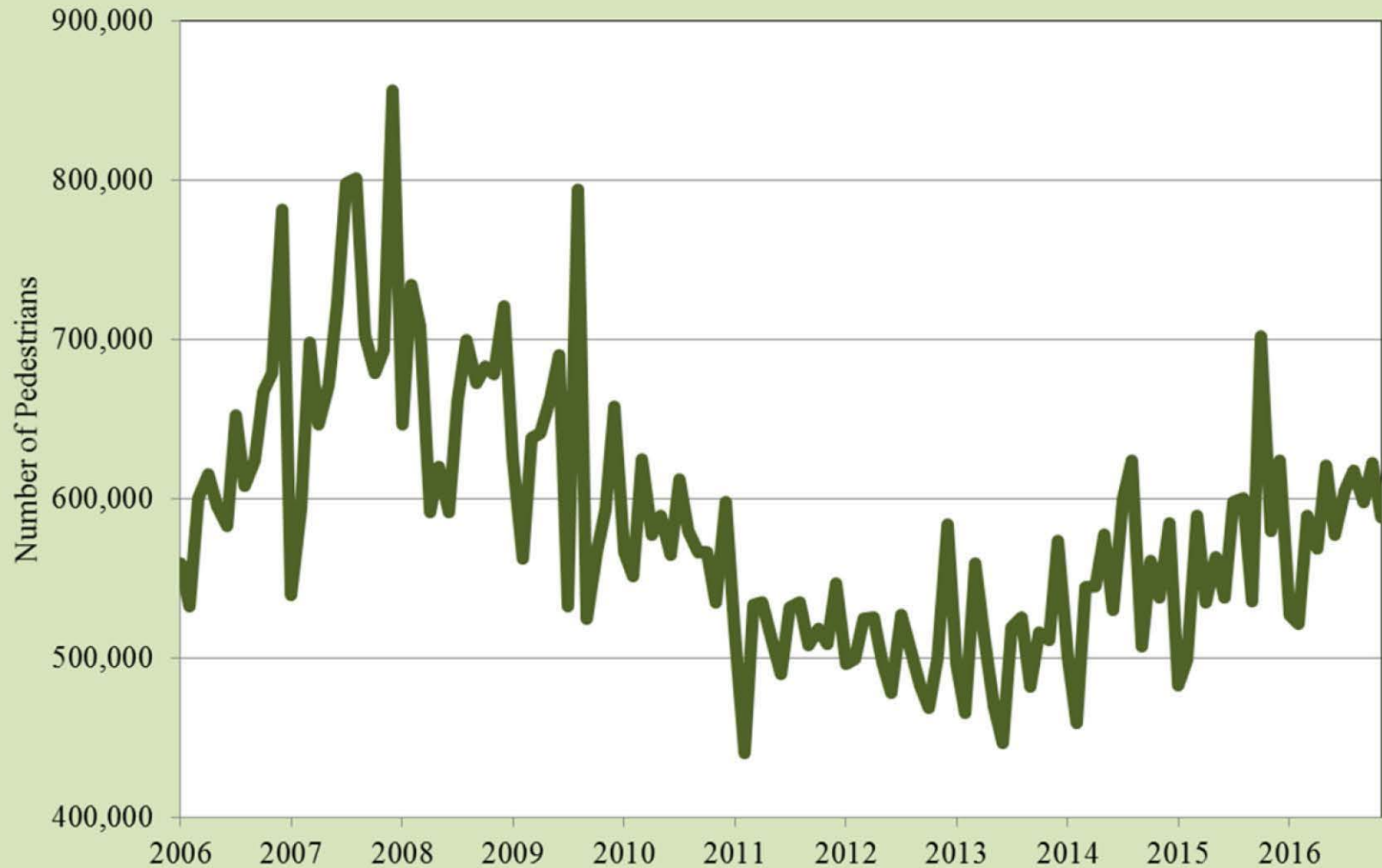
Pedestrian International Bridge Crossings to El Paso

2015 2016



Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

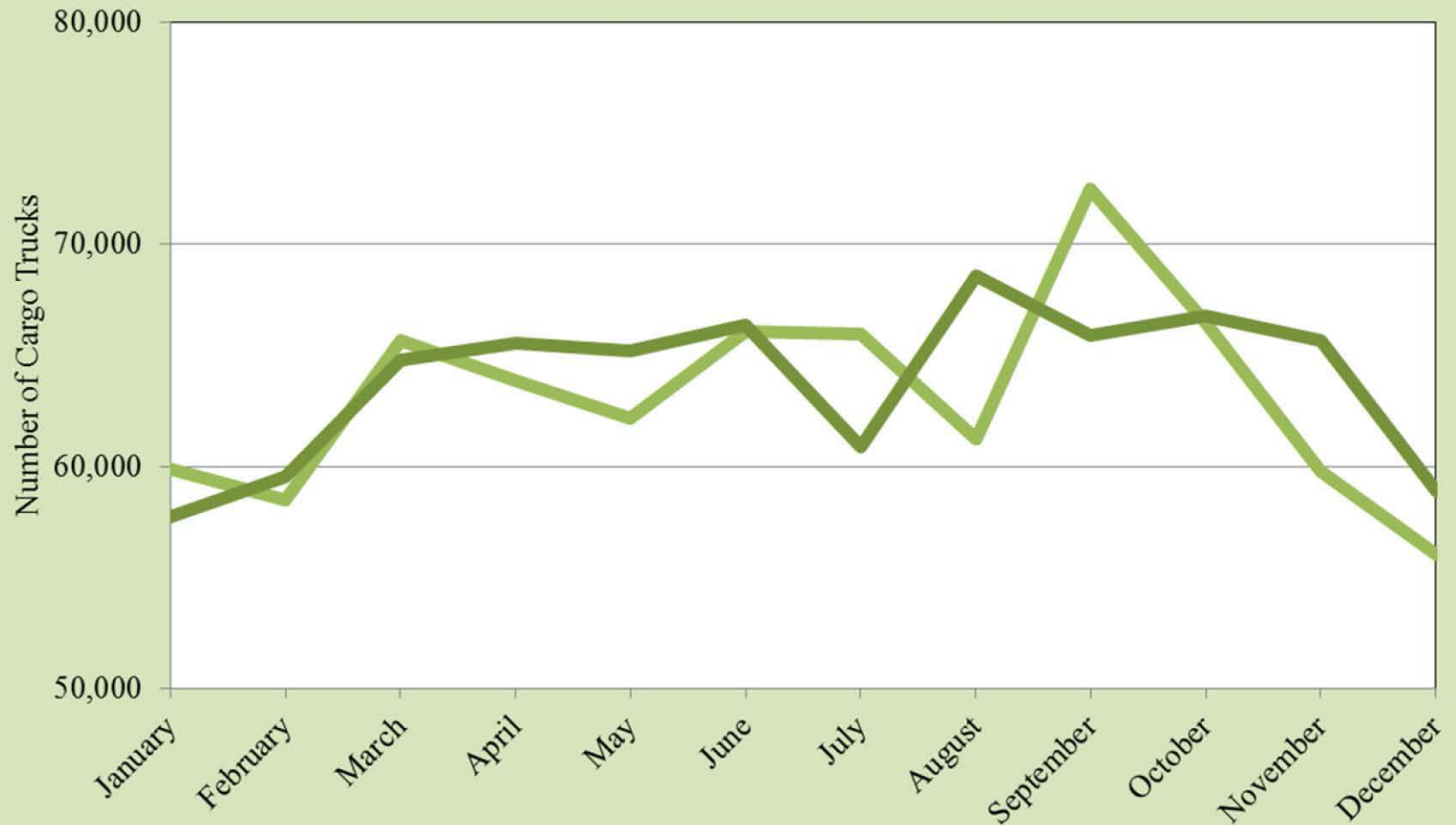
Pedestrian International Bridge Crossings to El Paso



Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

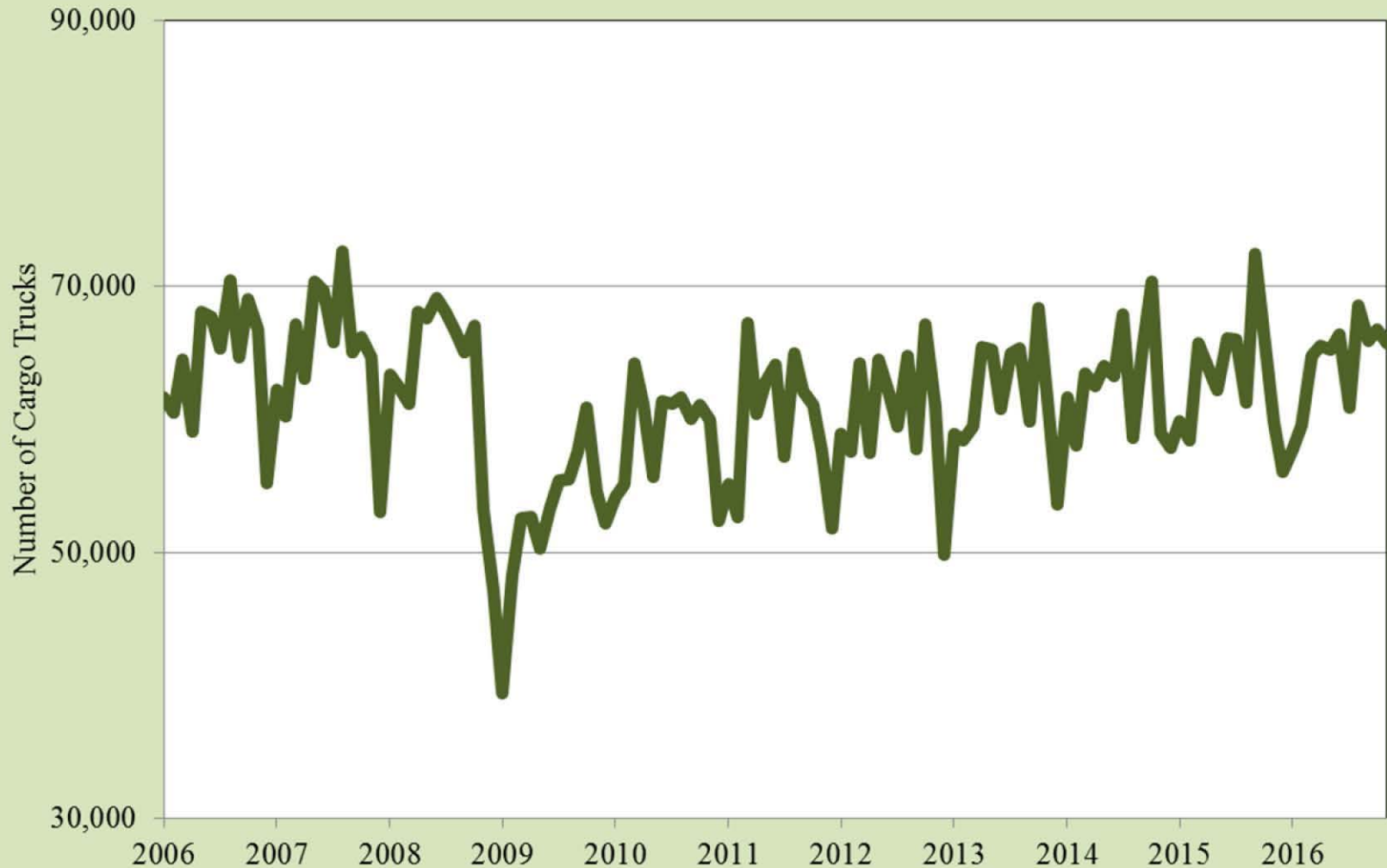
Cargo Truck International Bridge Crossings to El Paso

2015 2016



Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

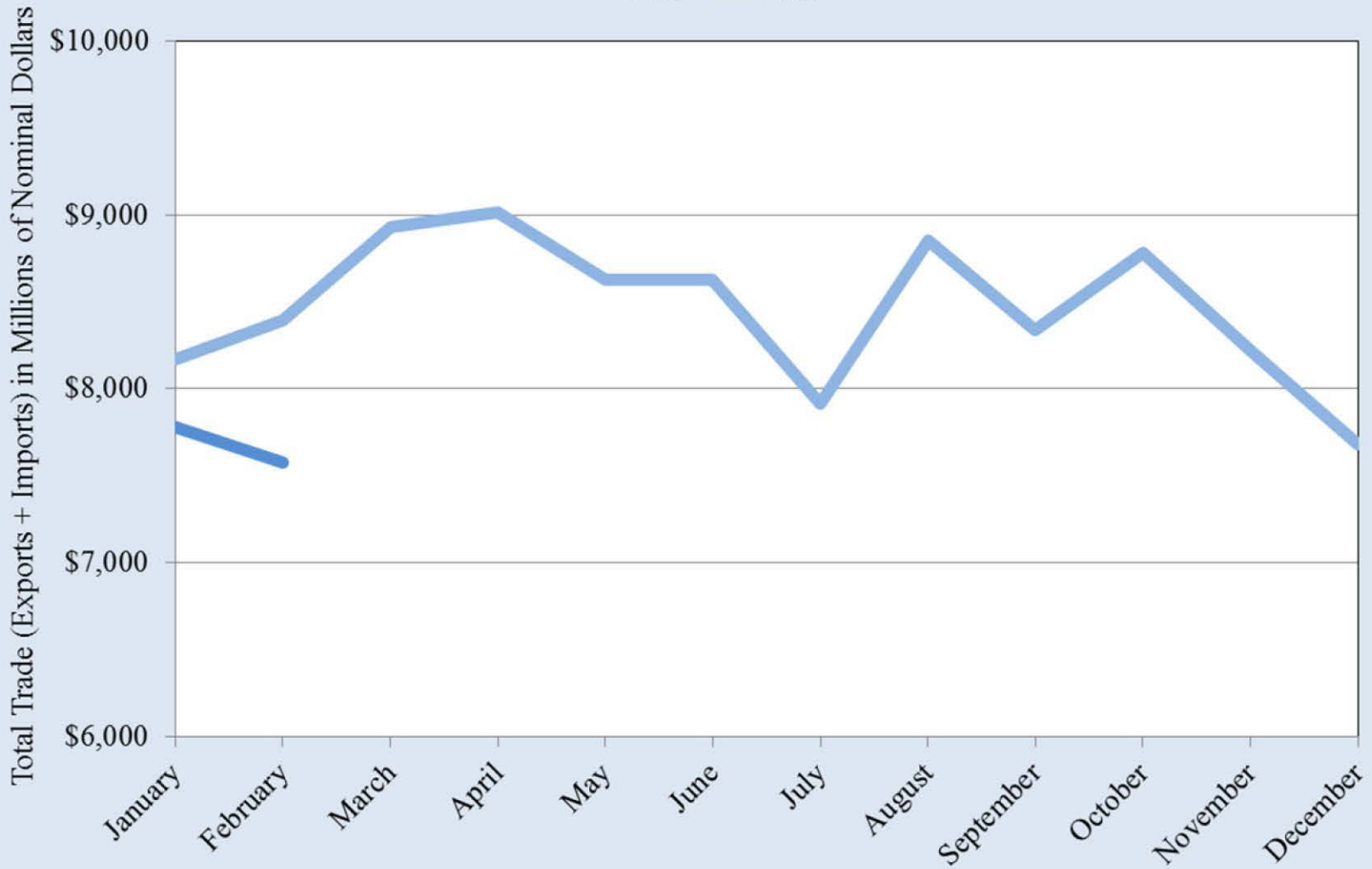
Cargo Truck International Bridge Crossings to El Paso



Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

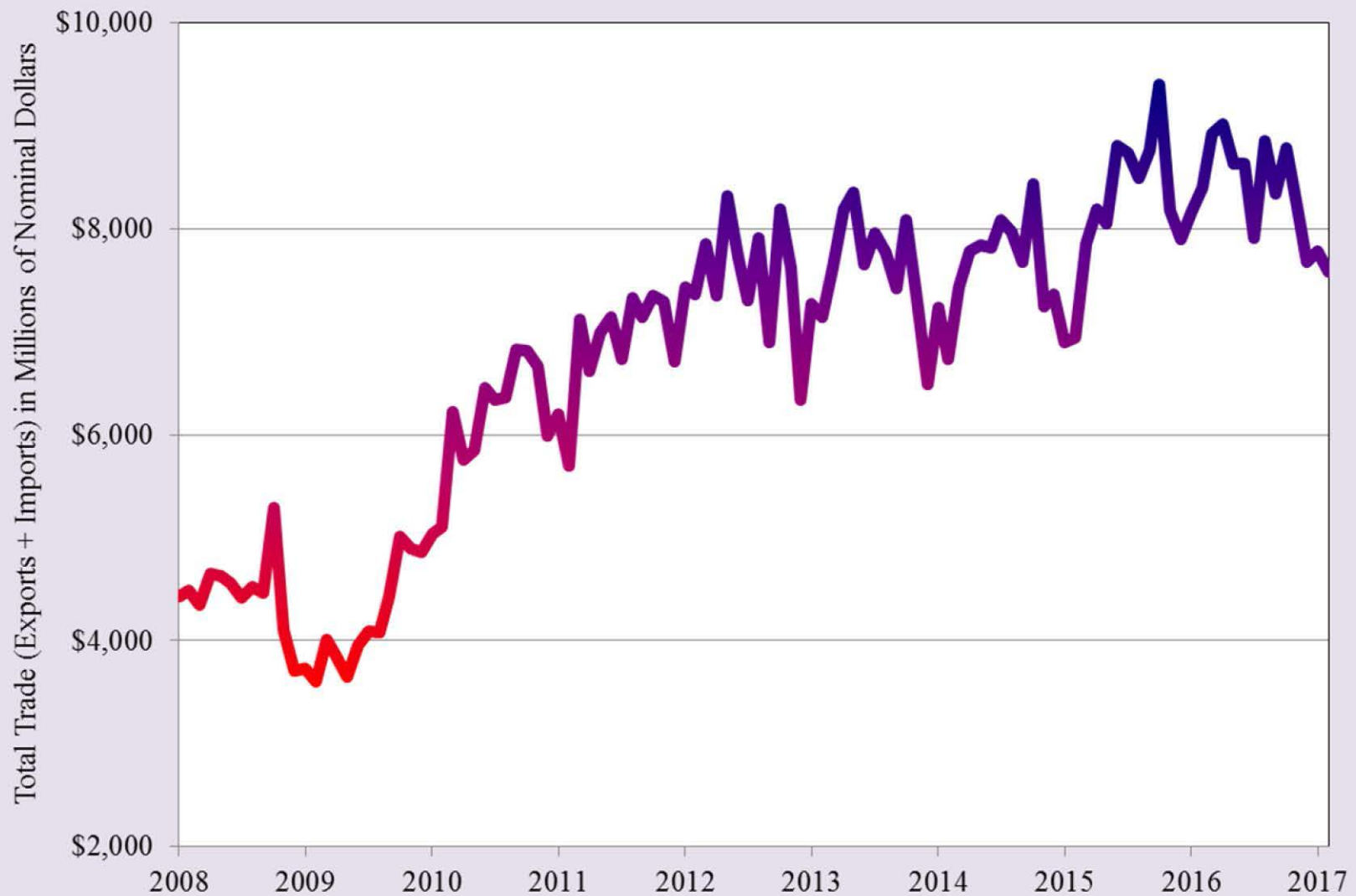
Total Trade through the El Paso Customs District

— 2016 — 2017



Source: U.S. International Trade Commission

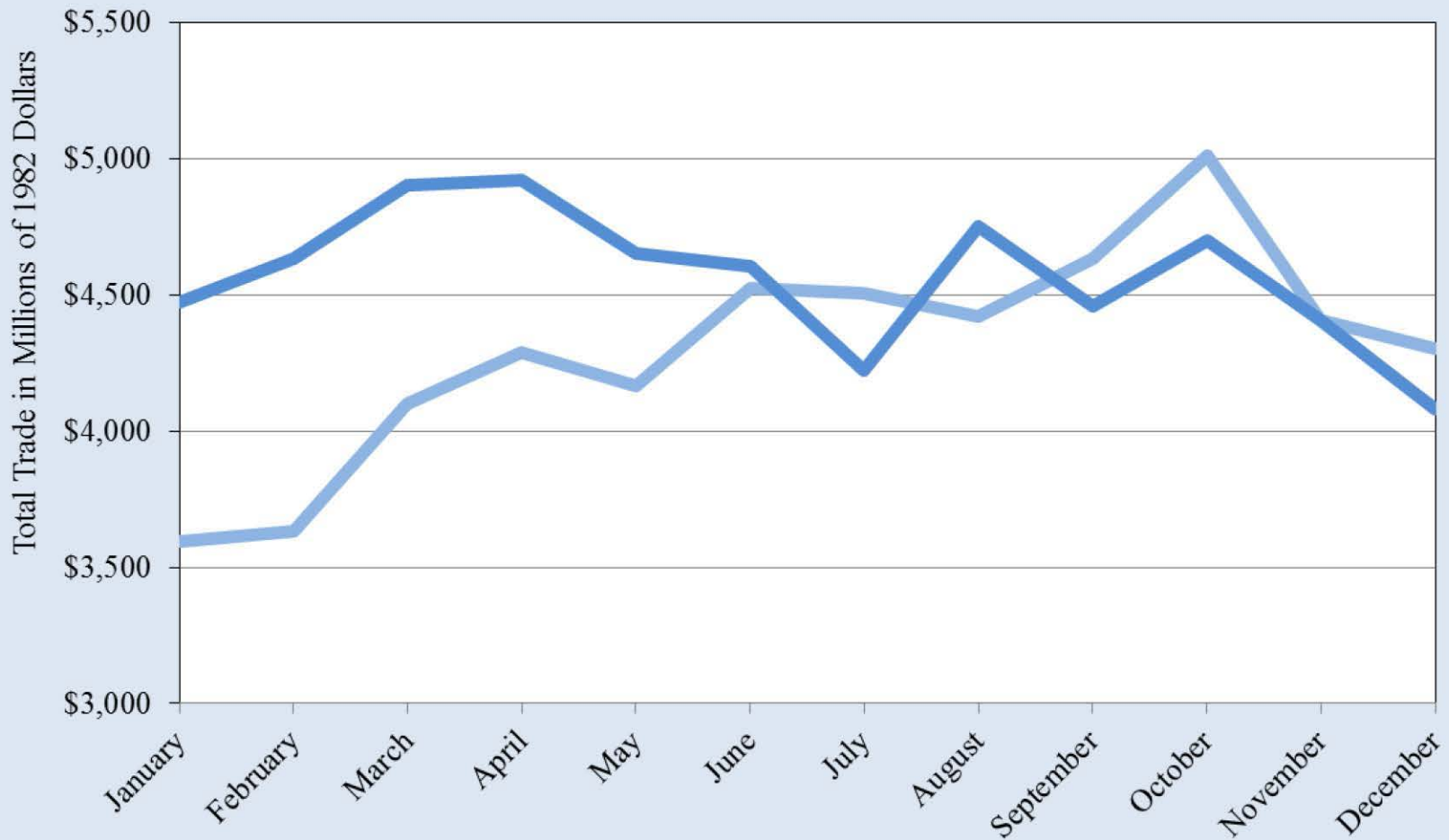
Total Trade through the El Paso Customs District



Source: U.S. International Trade Commission

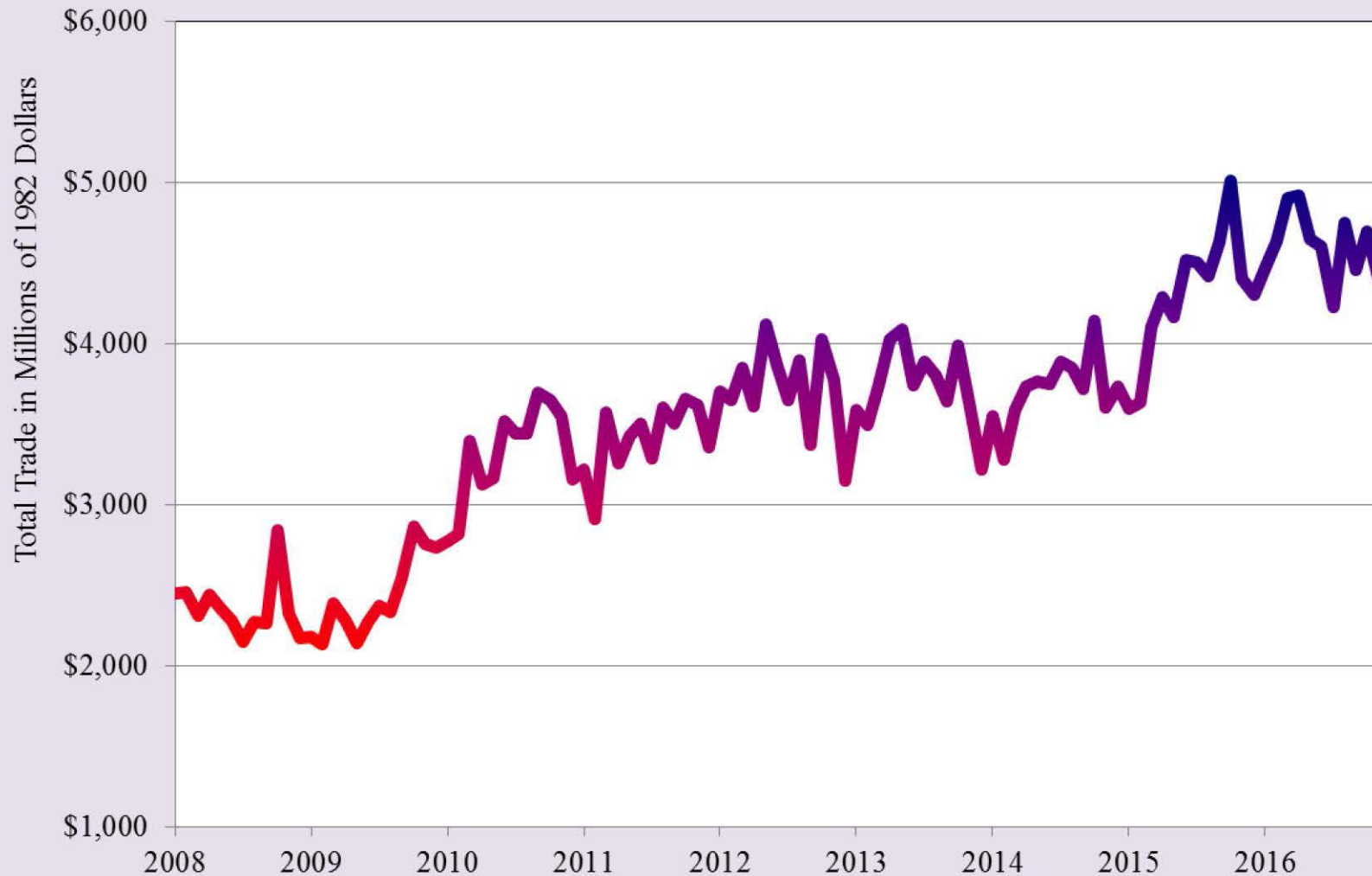
Real Total Trade through the El Paso Customs District

— 2015 — 2016



Sources: U.S. International Trade Commission and Bureau of Labor Statistics

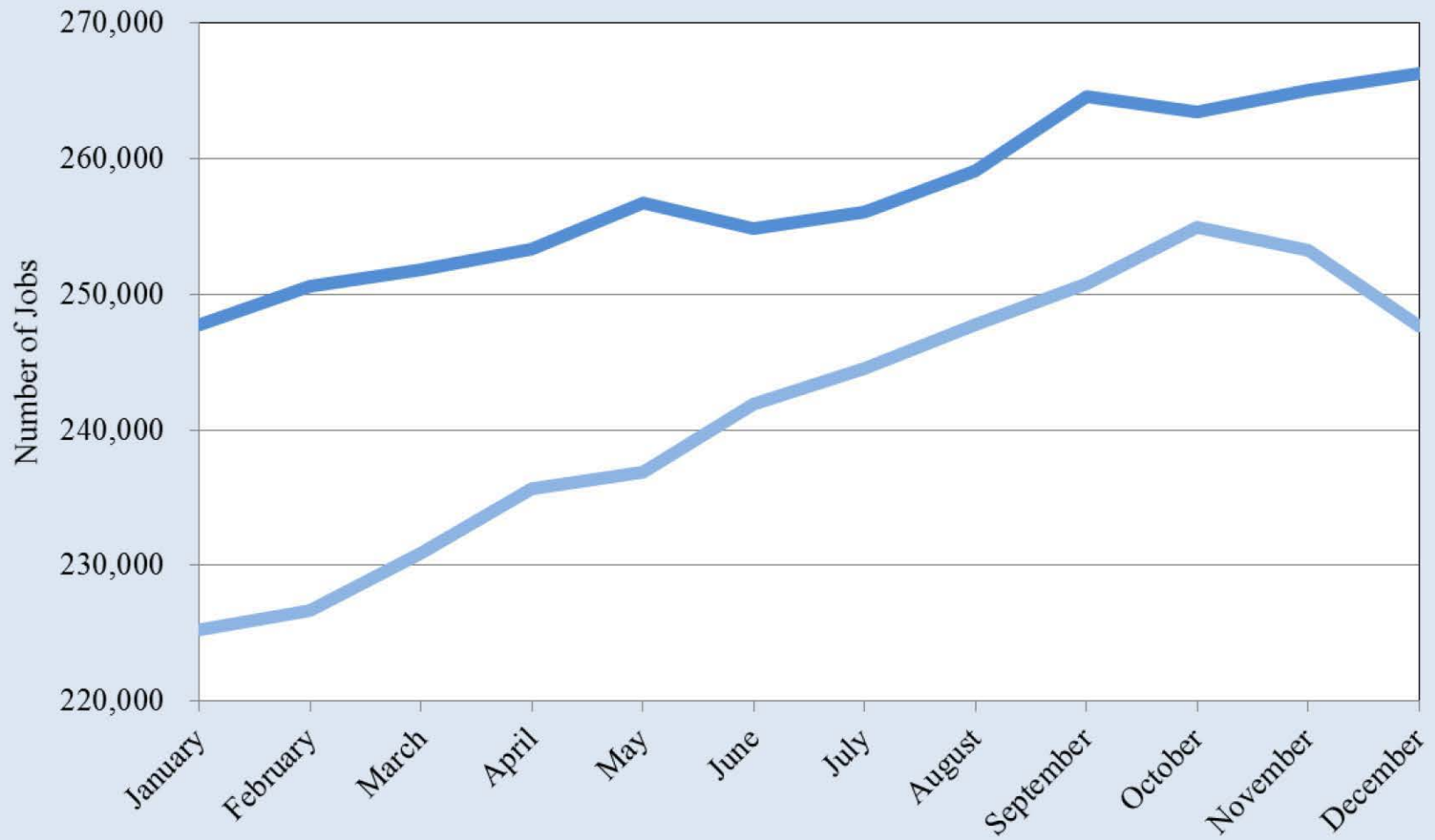
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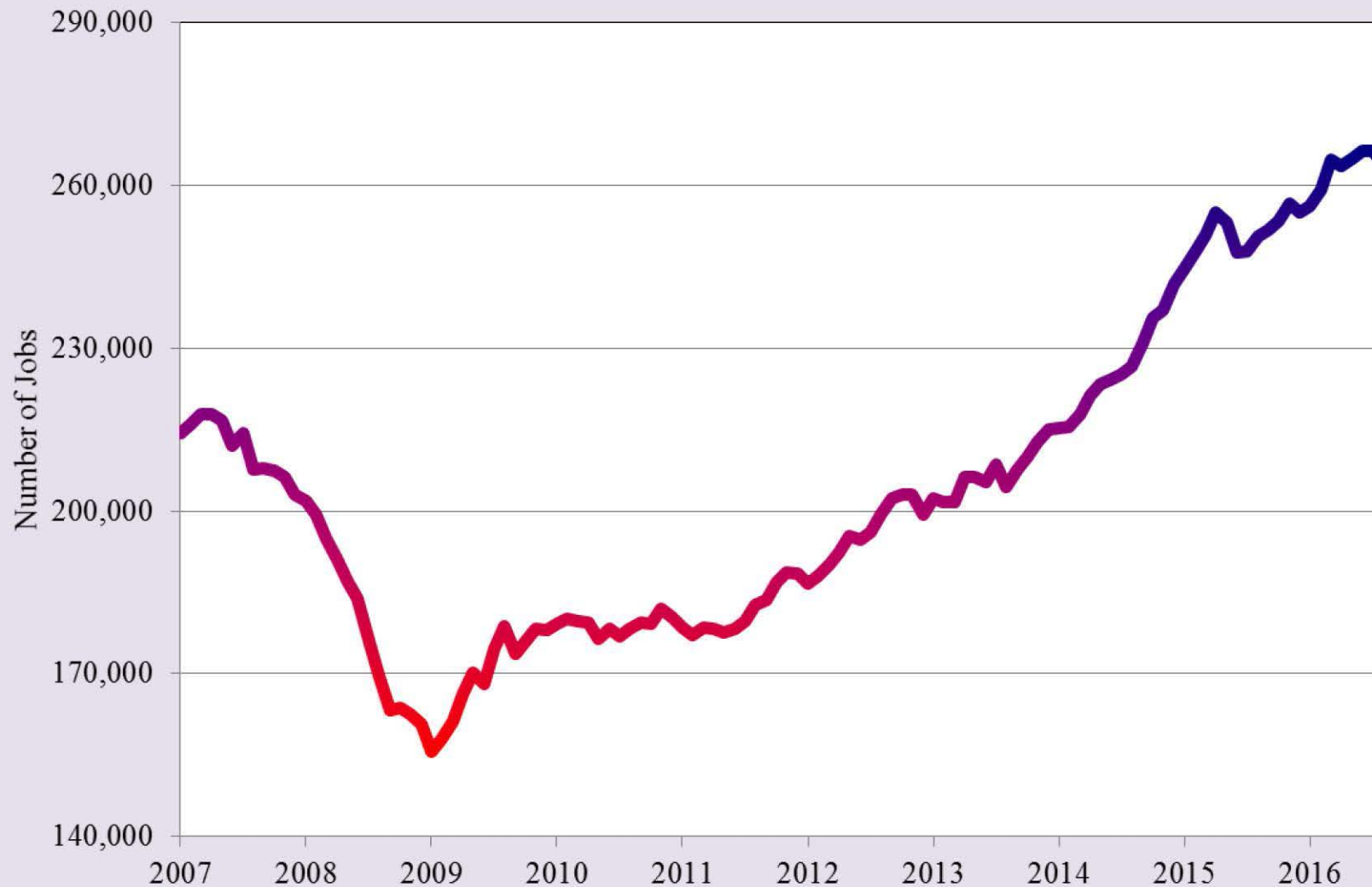
Export-Oriented Manufacturing Employment in Ciudad Juárez

— 2015 — 2016



Source: INEGI

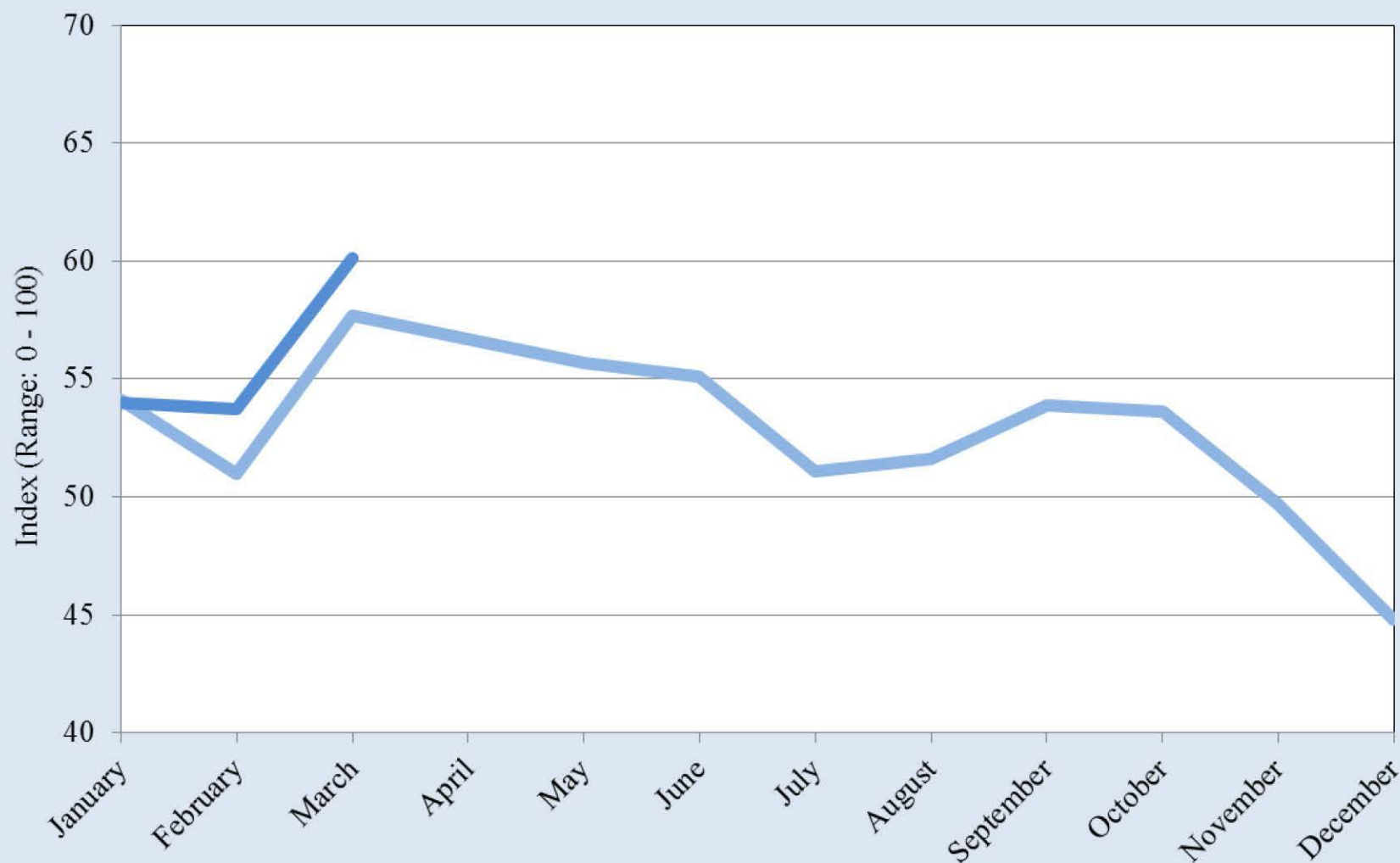
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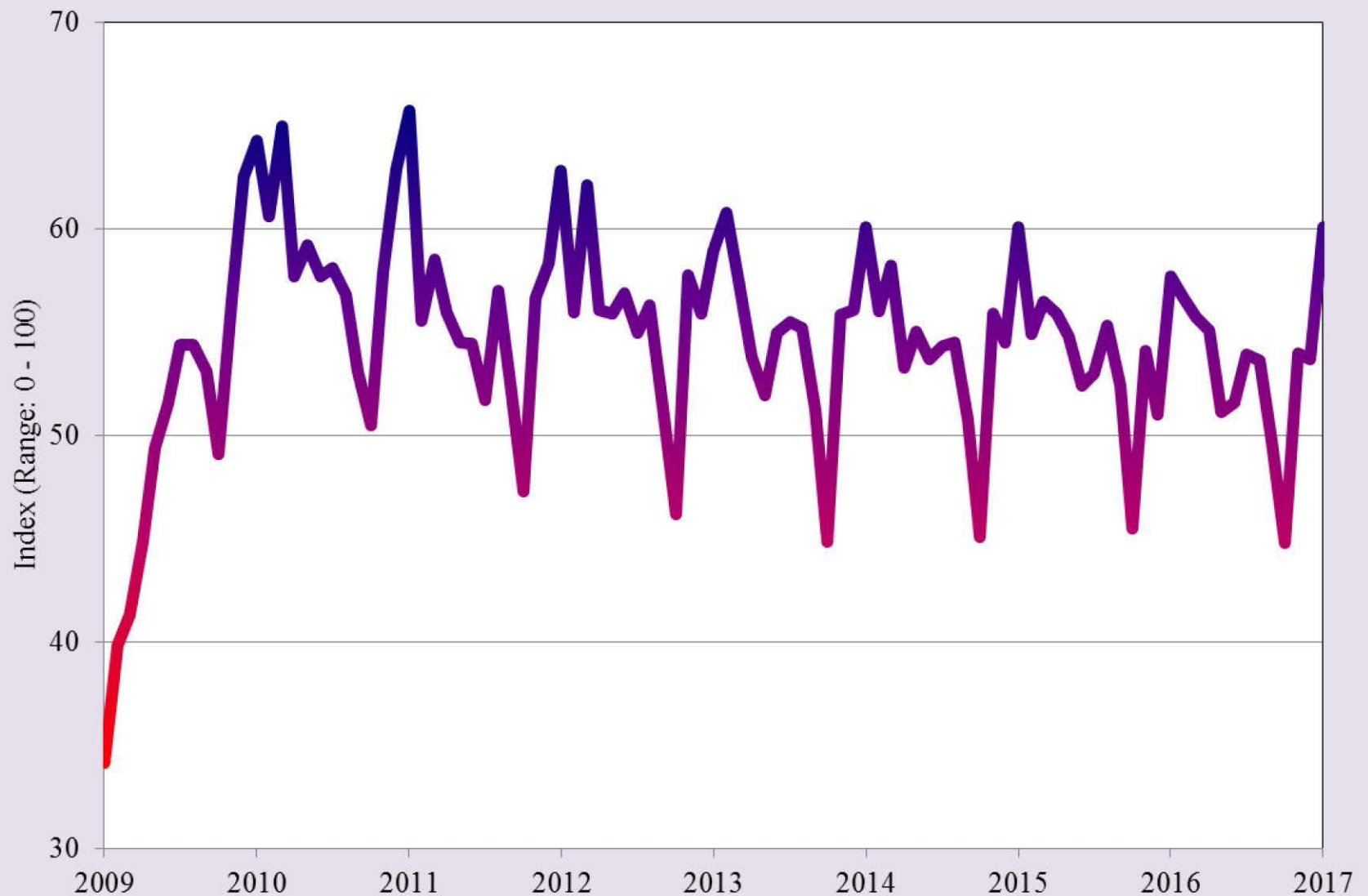
Northern Mexico Manufacturing Orders Index

— 2016 — 2017



Source: Banco de México

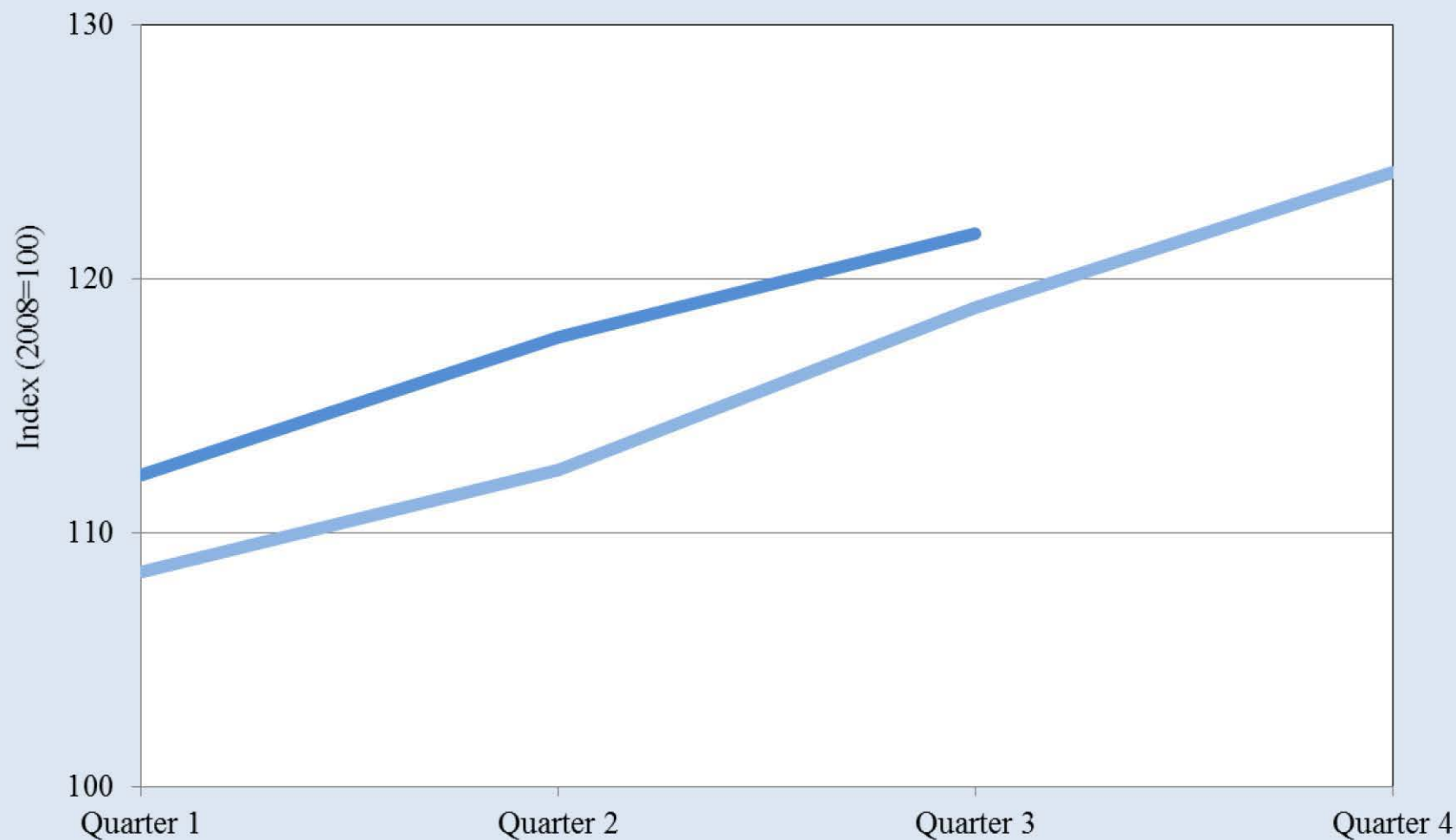
Northern Mexico Manufacturing Orders Index



Source: Banco de México

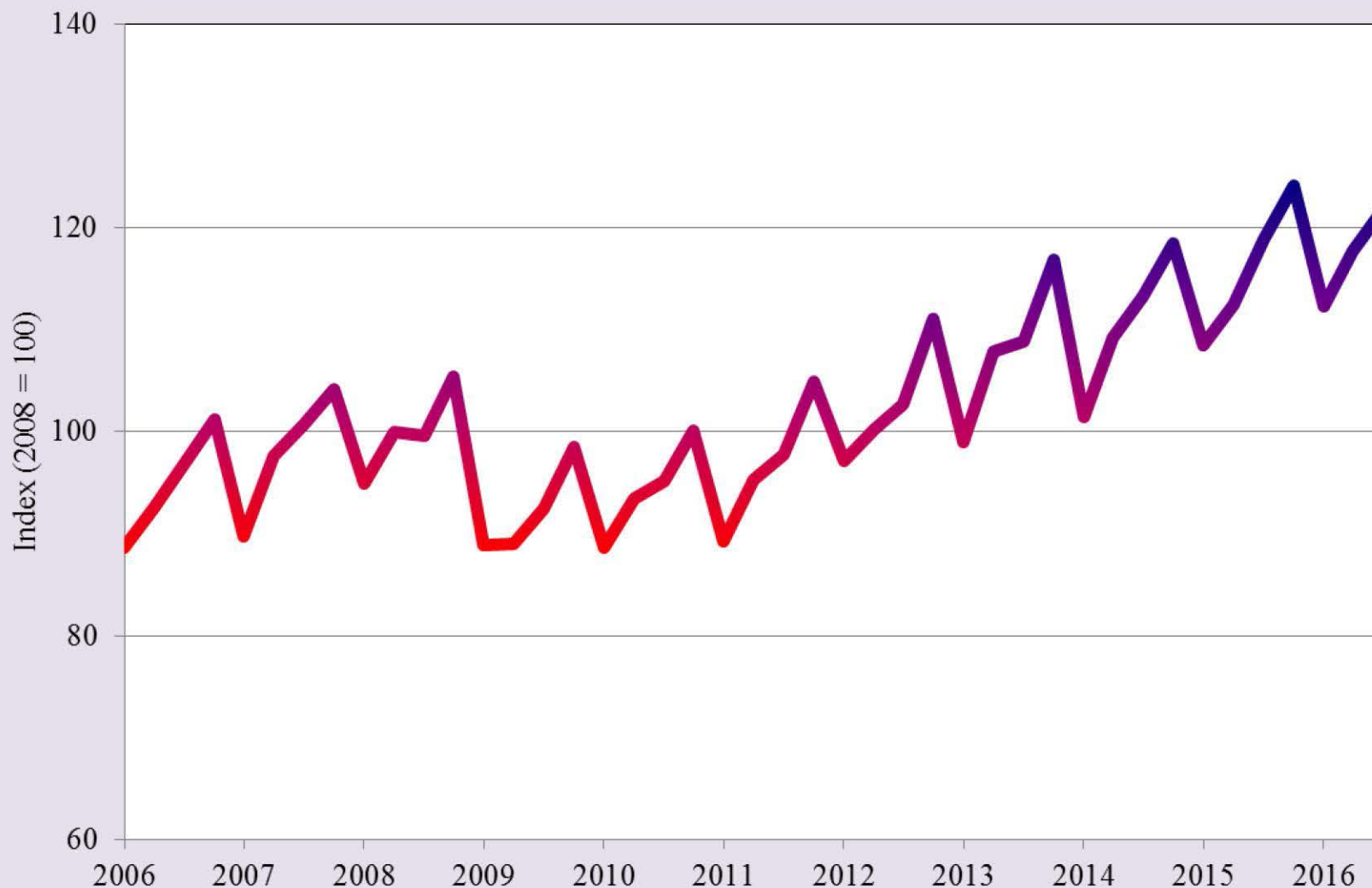
Quarterly Indicator of Economic Activity for the State of Chihuahua

— 2015 — 2016



Source: INEGI

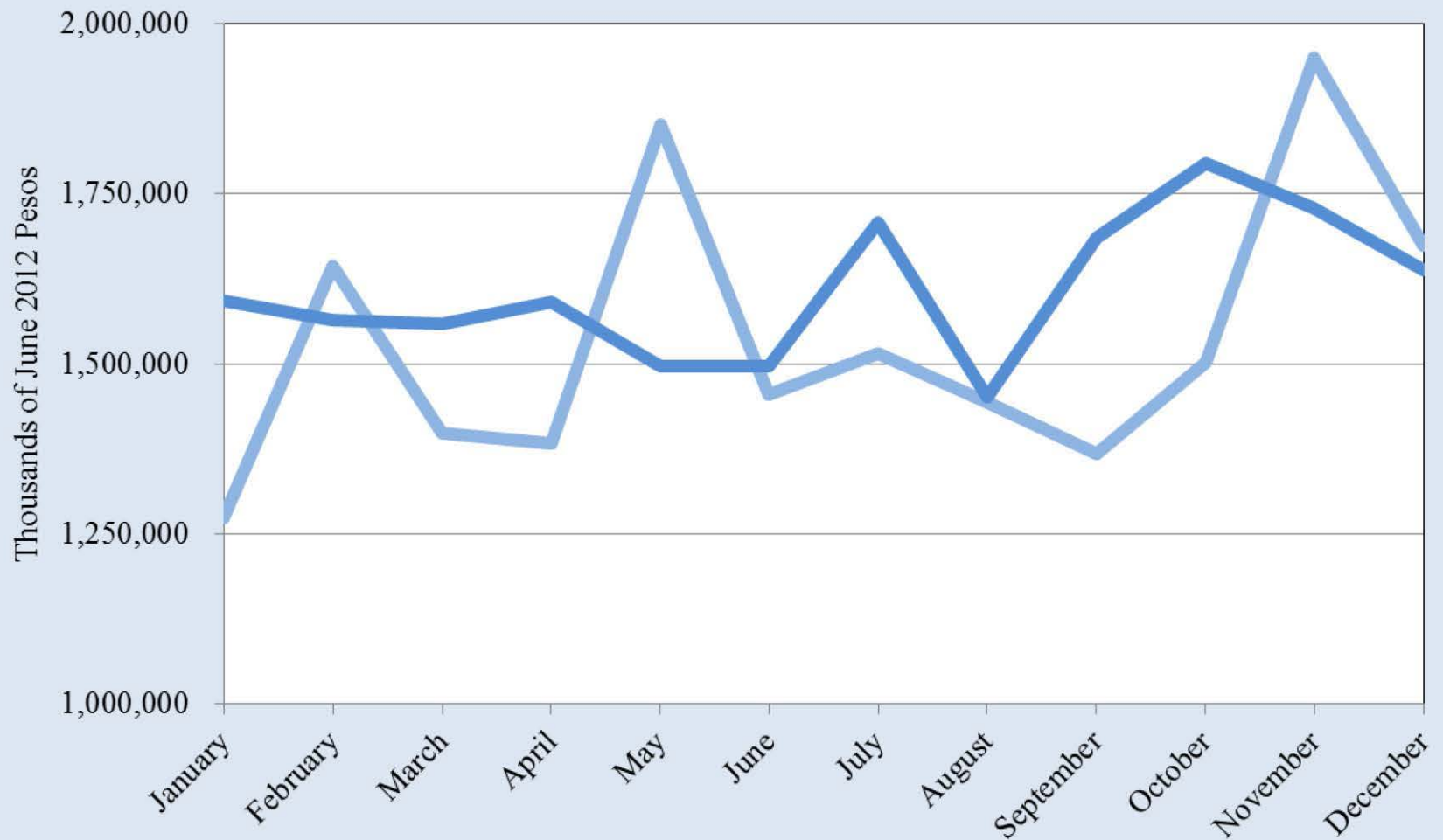
Quarterly Indicator of Economic Activity for the State of Chihuahua



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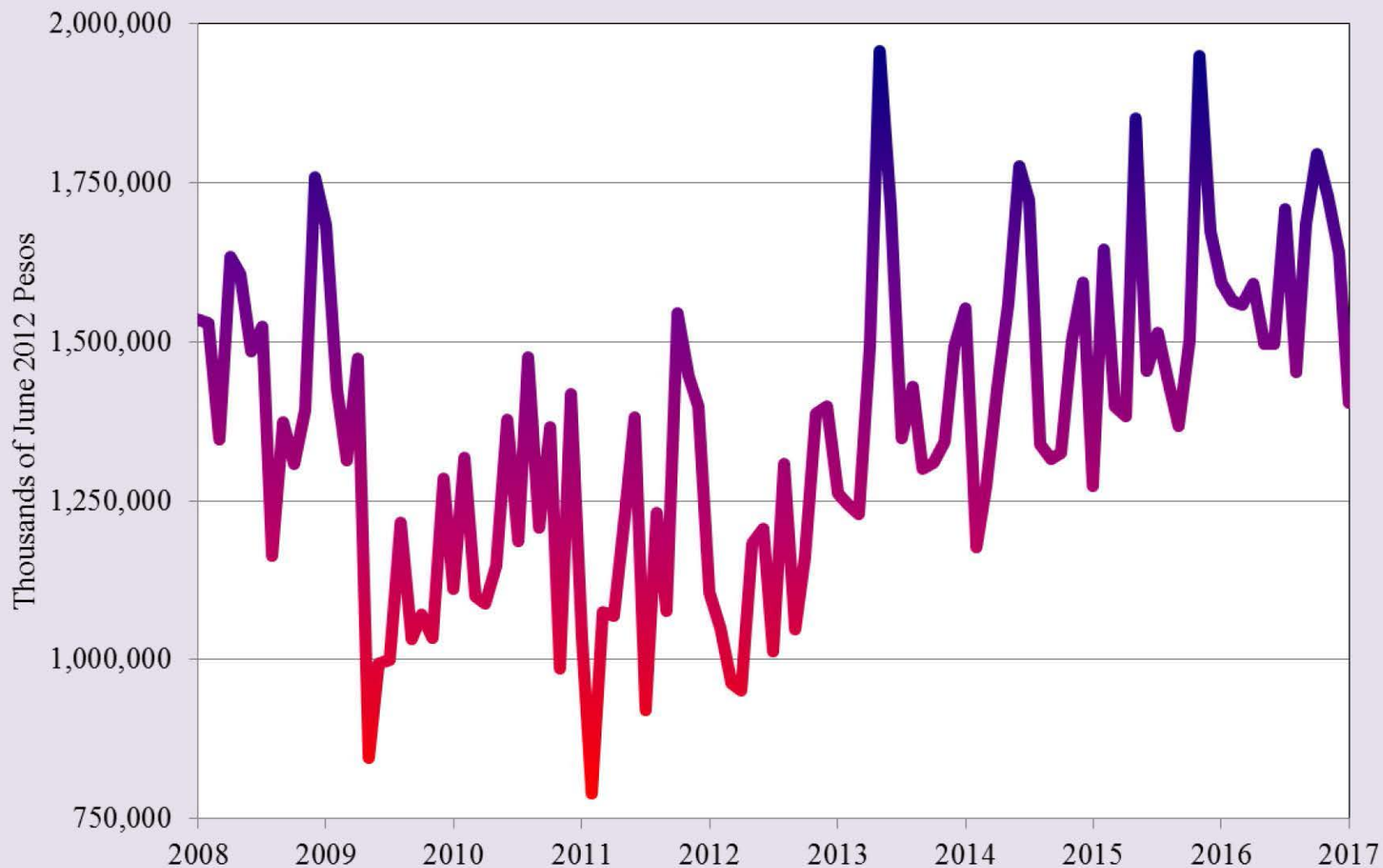
Total Value of Construction in the State of Chihuahua

— 2015 — 2016



Source: INEGI

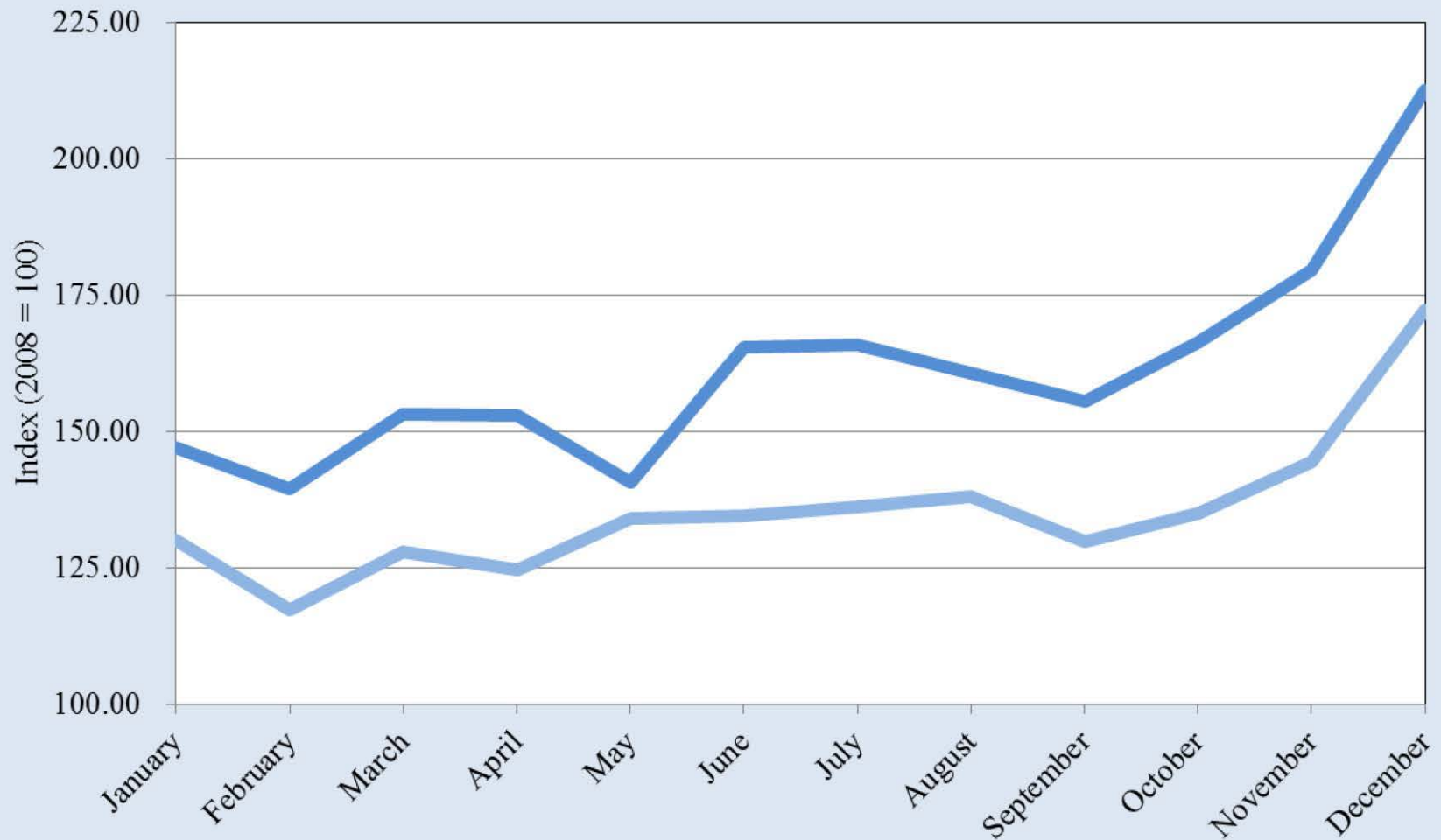
Total Value of Construction in the State of Chihuahua



Source: INEGI

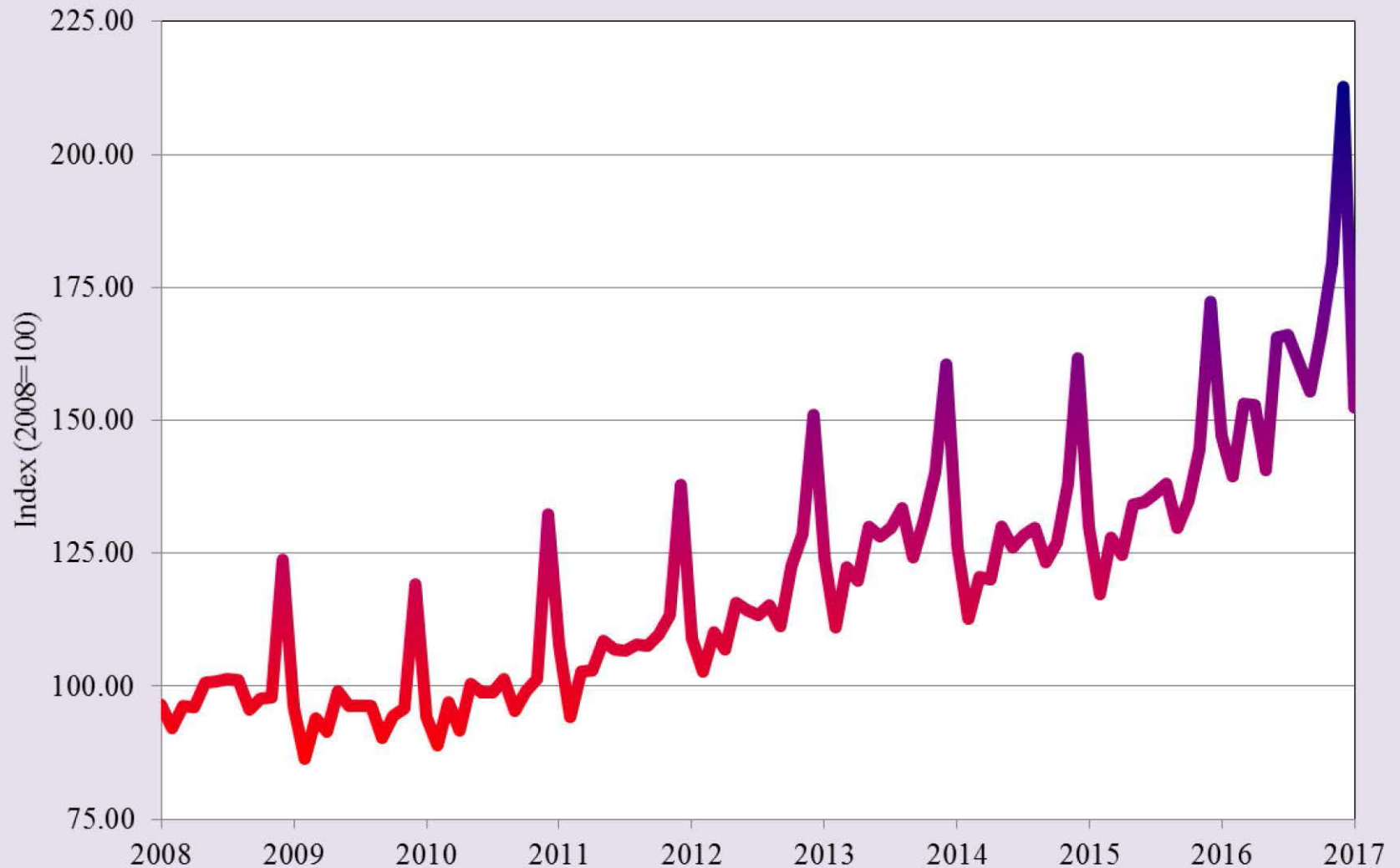
Real Retail Activity Index for the State of Chihuahua

— 2015 — 2016



Source: INEGI

Real Retail Activity Index for the State of Chihuahua



Source: INEGI



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