Borderplex Business Barometer, Volume 1, Number 6

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*Border Economic Expansion Continues*

El Paso economic activity continues to follow an upward trajectory as measured by the Metropolitan Business Cycle Index. The El Paso Household Economic Stress Index also declined in both March and April, indicating lower economic stress. The El Paso unemployment rate in April was 4.8 percent, which is slightly higher than last year, but still very low by local historical standards. The number of El Paso County residents enrolled in the Supplemental Nutrition Assistance Program (SNAP) was lower in the first five months of 2017 than in the same period of 2016, which is consistent with a general improvement in local economic conditions.

Housing demand remains fairly strong in El Paso. On average, median housing prices were about 6 percent higher in the first four months of 2017 than in the same period of 2016. Months of housing inventory have also decreased since last year. Average local gasoline prices decreased to $2.22 per gallon in May compared to $2.26 in April. Gasoline prices usually tend to increase in the late spring and early summer months as travel demand increases. However, fuel prices throughout the United States have remained relatively flat so far in 2017.

The Las Cruces economy continues to lag other metropolitan economies in the Borderplex region. The Doña Ana County unemployment rate was 7.1 percent in April, the same as one year earlier. The Las Cruces area unemployment rate oscillated between 6.5 and 8.5 percent from 2009 forward. Area SNAP enrollments sharply decreased in March and April. Unfortunately, at least part of that caseload decline is due to state budget cuts rather than improvements in local economic conditions.

The Mexican peso has appreciated since January. The recent appreciation is reassuring news for retailers on the north side of the border. However, the peso is still relatively undervalued as illustrated by the real peso-to-dollar exchange rate index. According to a survey of fast food restaurants conducted by the Border Region Modeling Project, a menu item that costs $1.00 (USD) in El Paso typically costs only 12.70 pesos in Ciudad Juárez, or about $0.68 (USD) in exchange-rate-adjusted terms. This means that, even after the recent peso appreciation, border area consumers still have a substantial economic incentive to shop in Ciudad Juárez.

Real trade through the El Paso Customs District was slightly lower in the first four months of 2017 than in the first four months of 2016. Most of this decline was due to lower US exports to Mexico. At the same time, the boom in export-processing activity in Ciudad Júarez appears to be continuing apace, in spite of the uncertainties that have recently clouded the US-Mexico trade relationship. The number of workers in the IMMEX manufacturing sector, which primarily produces for US markets, surpassed 270,000 in March for the first time ever. The Northern Mexico Manufacturing Orders Index registered higher values in February and March 2017 than during the same months last year, though the April index value was slightly lower than last year’s corresponding figure.

The total value of construction in the state of Chihuahua was somewhat lower during the first quarter of 2017 than it was during the first quarter of 2016. This may be due, in part, to rising interest rates in Mexico. However, retail activity in the state was moderately higher than last year. Retailers in northern Mexico border areas have benefited from the continued strength of the dollar.
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

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

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

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

Source: UTEP Border Region Modeling Project and Banco de Mexico
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

Index (Range: 0 - 100)

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
Total Value of Construction in the State of Chihuahua

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.