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Borderplex Business Barometer, Volume 1, Number 6

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BORDERPLEX BUSINESS BAROMETER

June 2017

Border Region Modeling Project

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Border Commerce & Economics

Borderplex Business Barometer, Volume 1, Number 6

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.

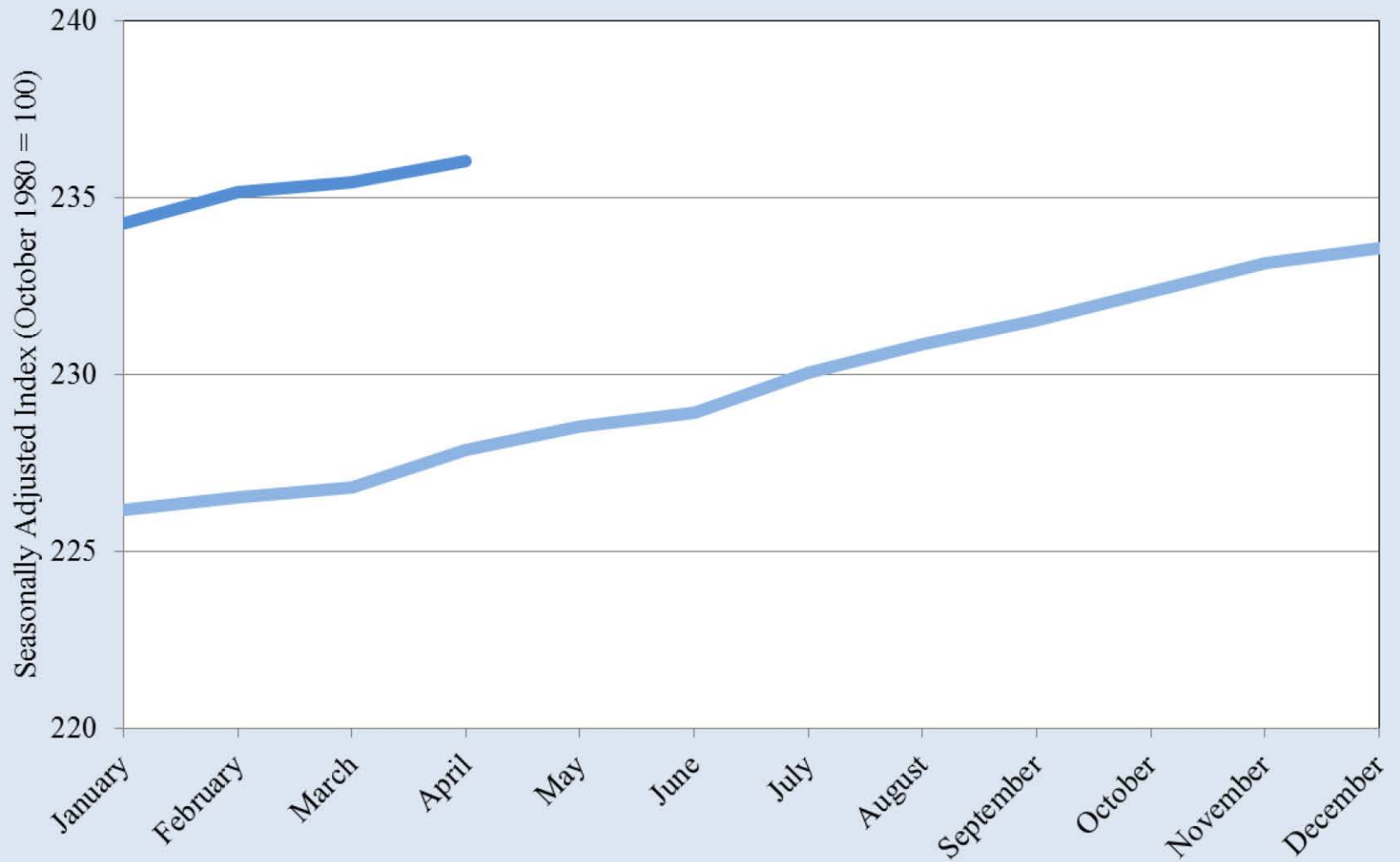
Real trade through the El Paso Customs District was slightly lower in the first four months of 2017 than in the first four months of 2016. Most of this decline was due to lower US exports to Mexico. At the same time, the boom in export-processing activity in Ciudad Juárez appears to be continuing apace, 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.

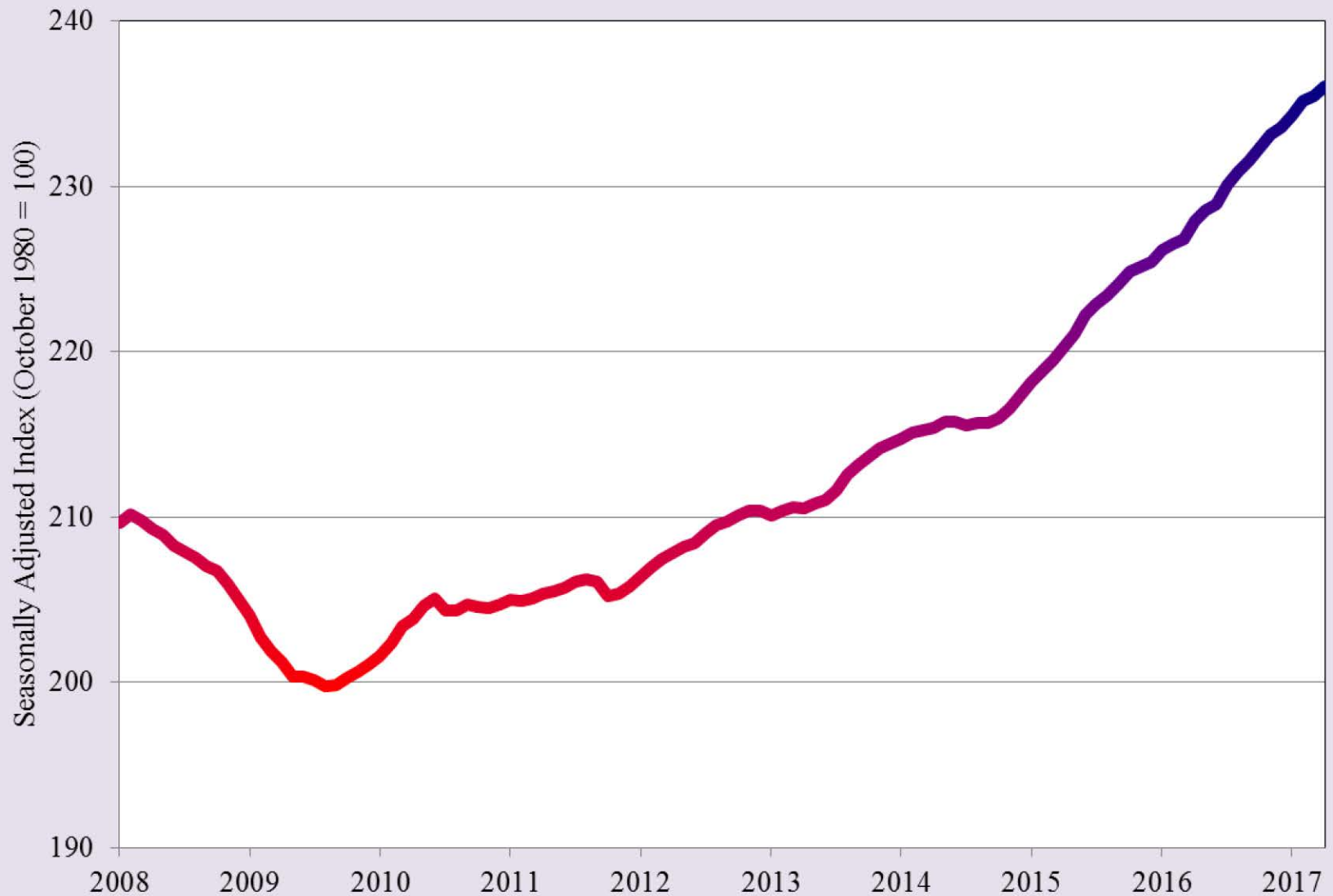
Metro Business-Cycle Index for El Paso

2016 2017



Source: Federal Reserve Bank of Dallas

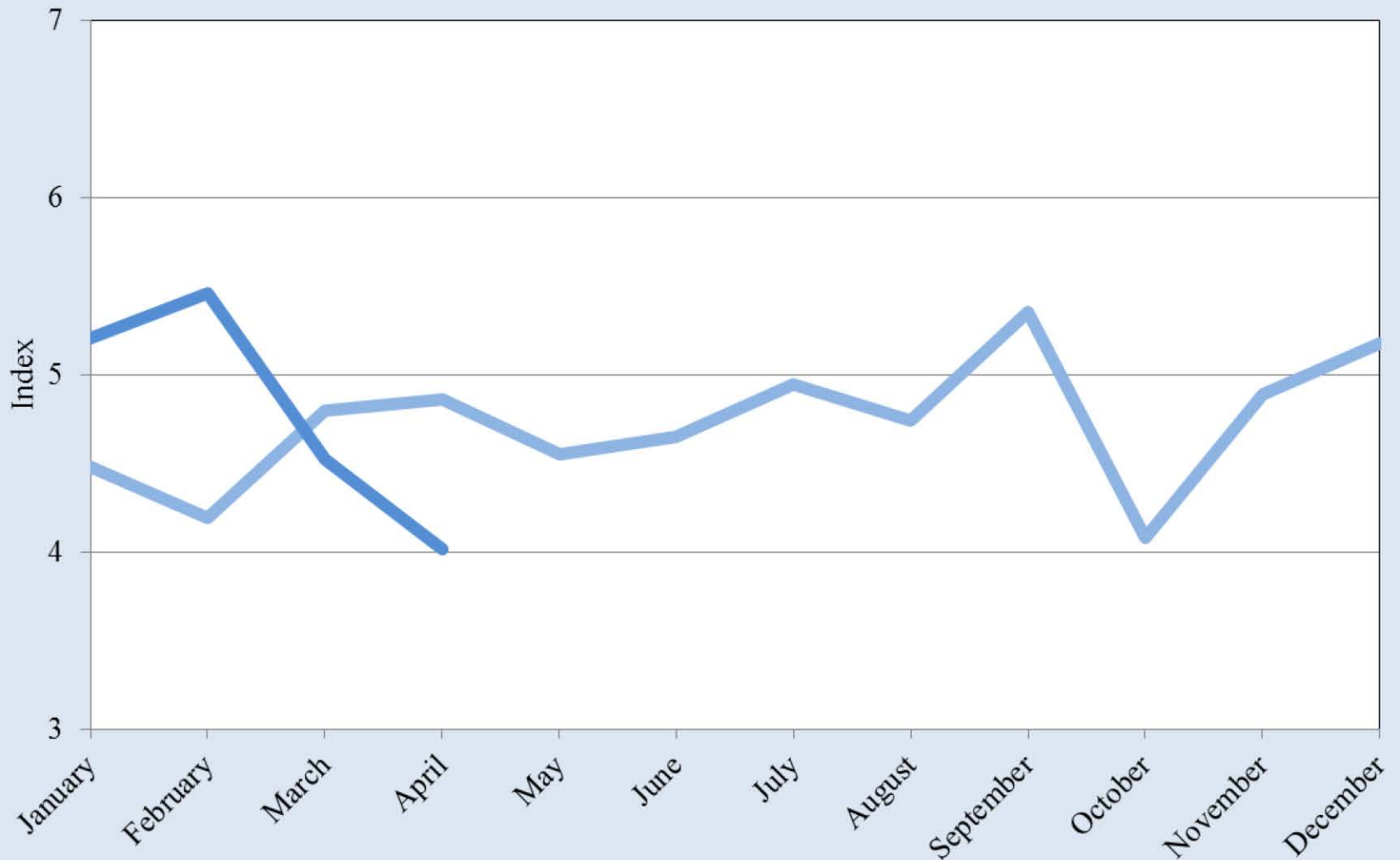
Metro Business-Cycle Index for El Paso



Source: Federal Reserve Bank of Dallas

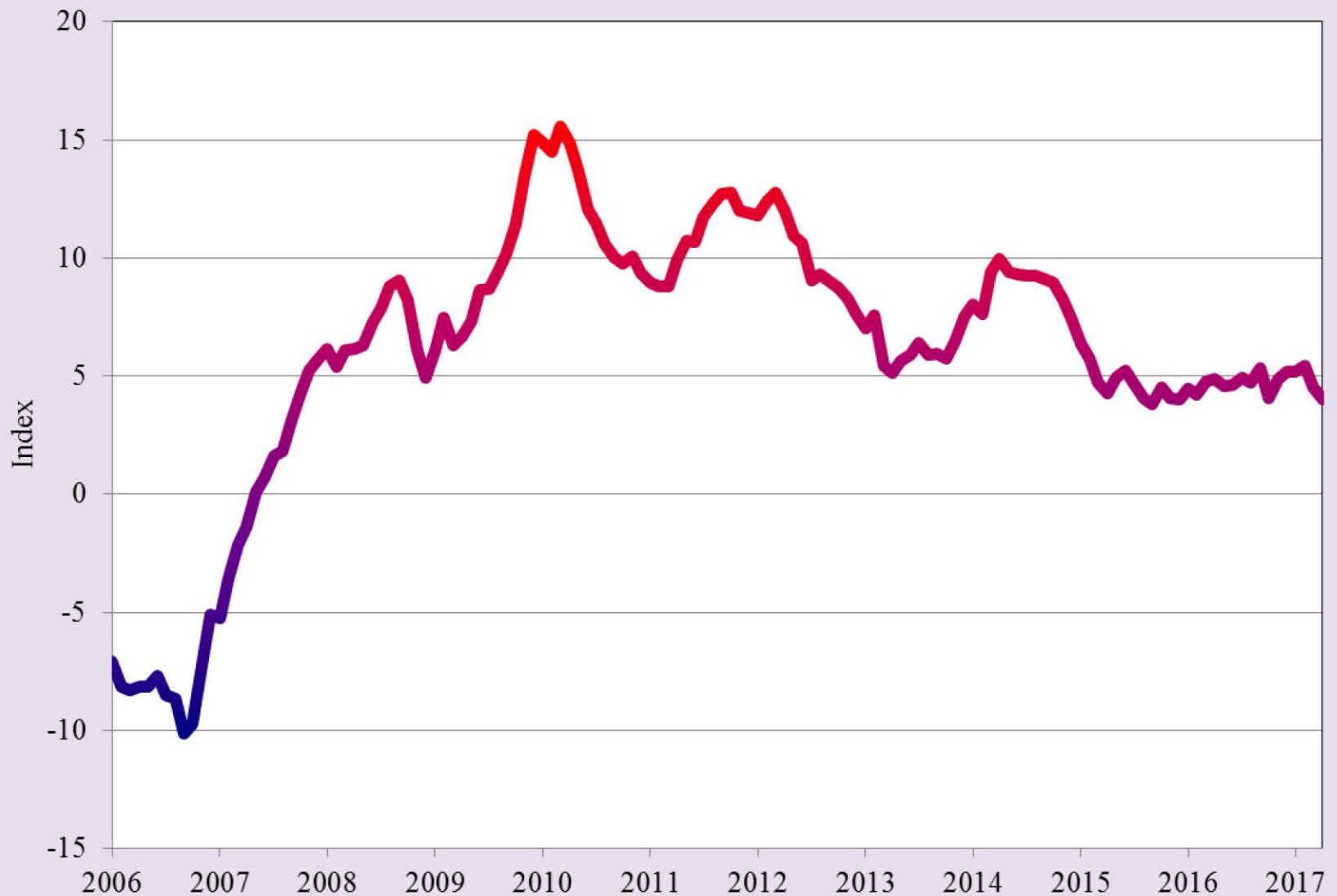
El Paso Household Economic Stress Index

— 2016 — 2017



Source: UTEP Border Region Modeling Project

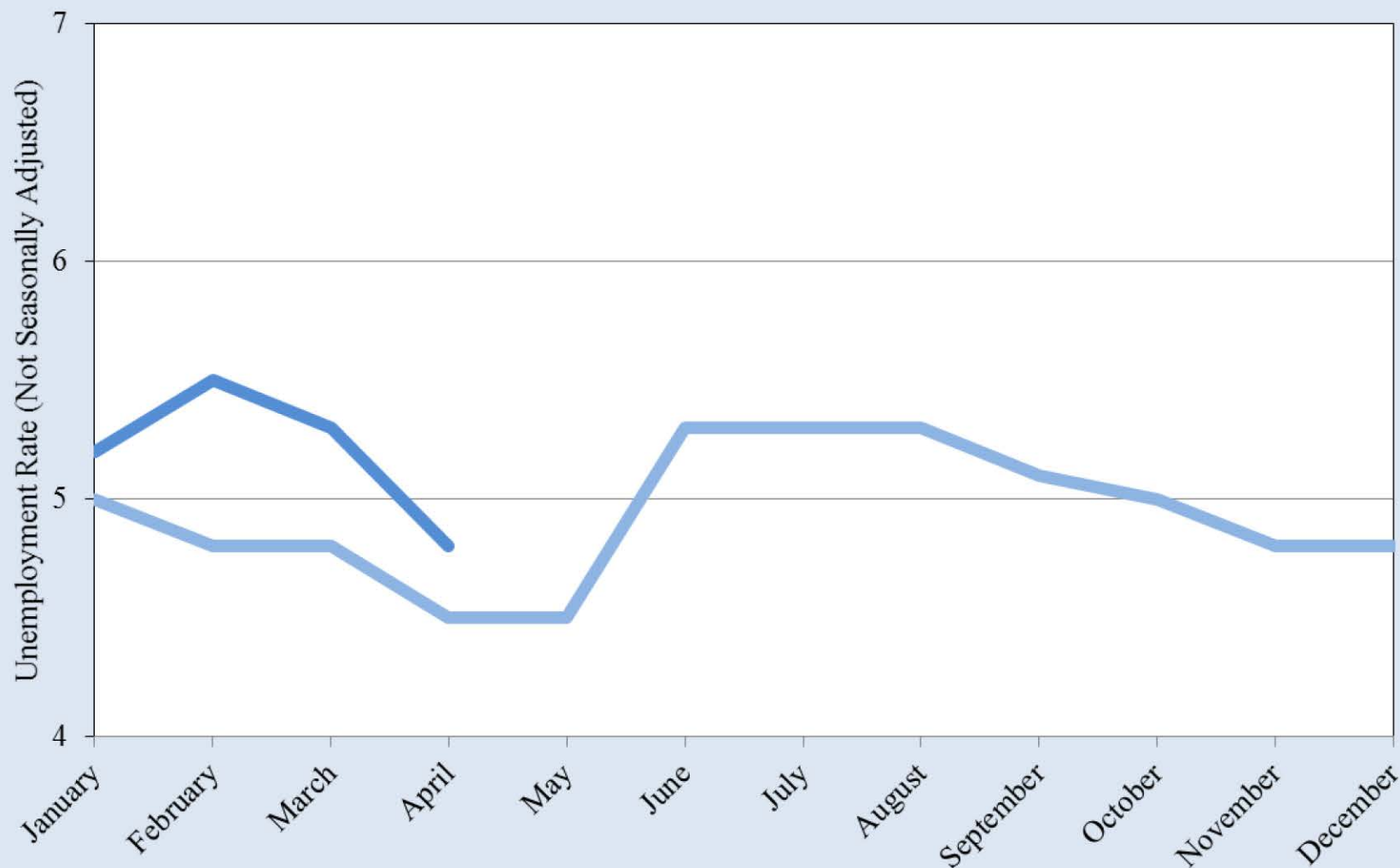
El Paso Household Economic Stress Index



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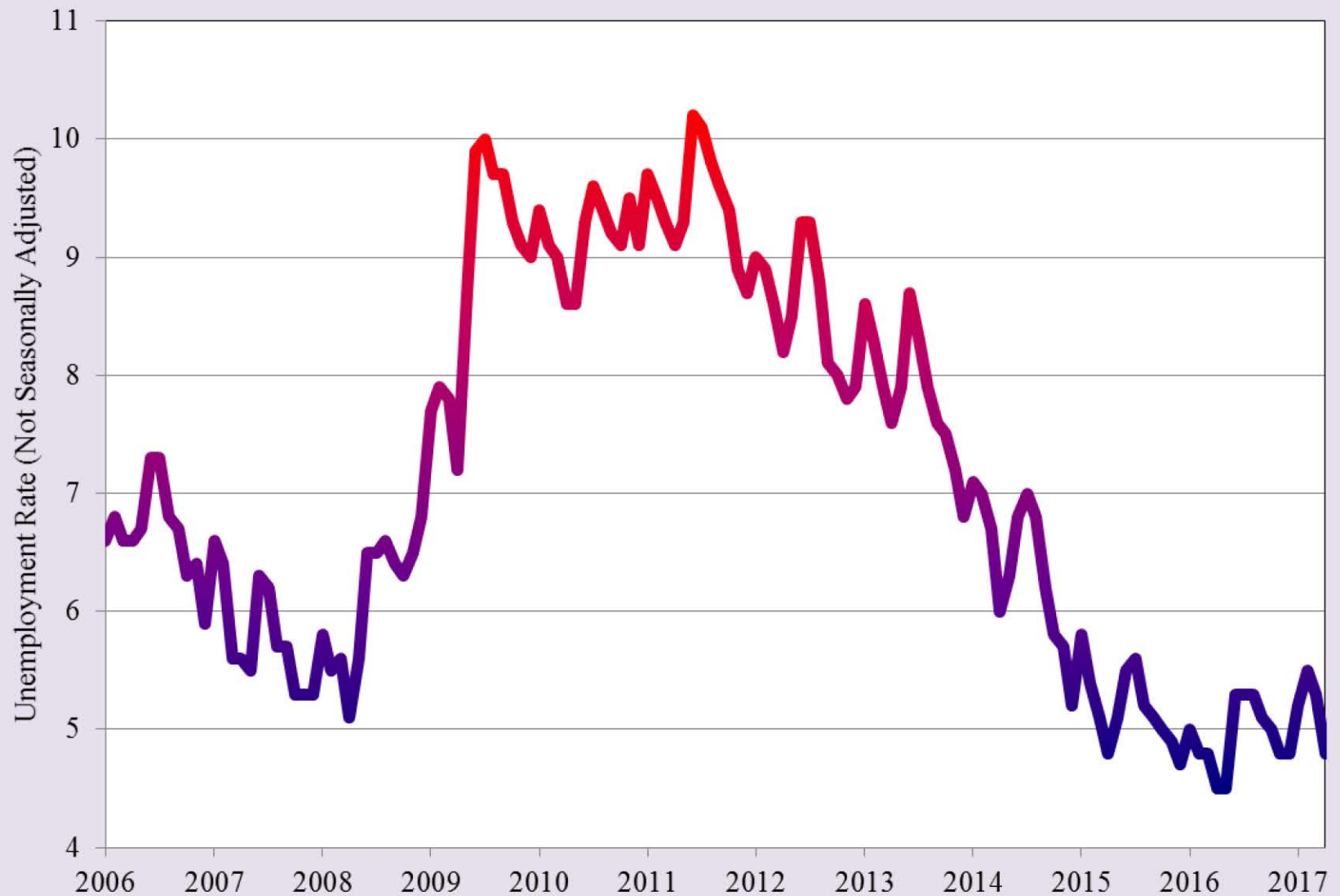
El Paso County Unemployment Rate

2016 2017



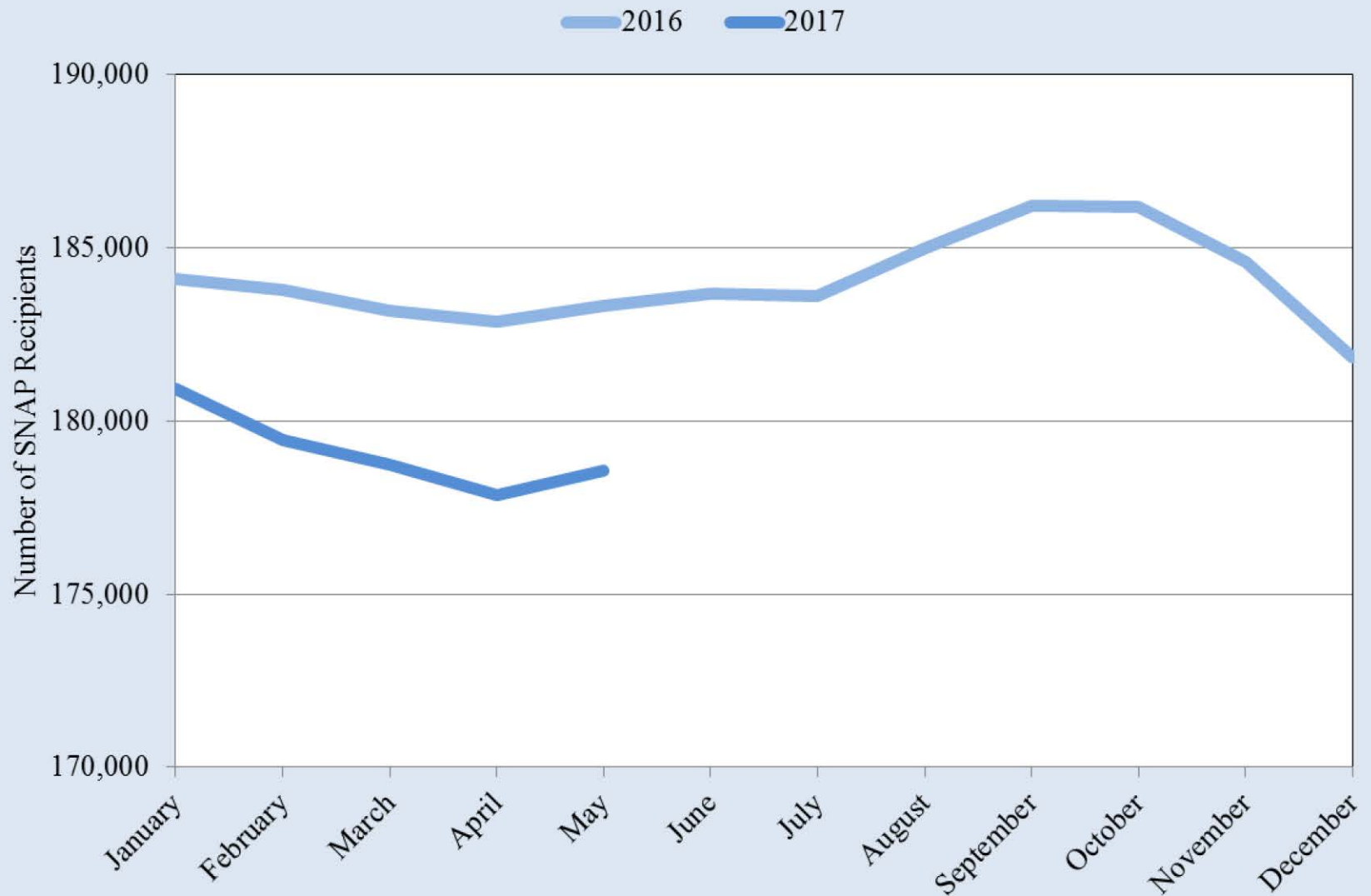
Source: Bureau of Labor Statistics

El Paso County Unemployment Rate



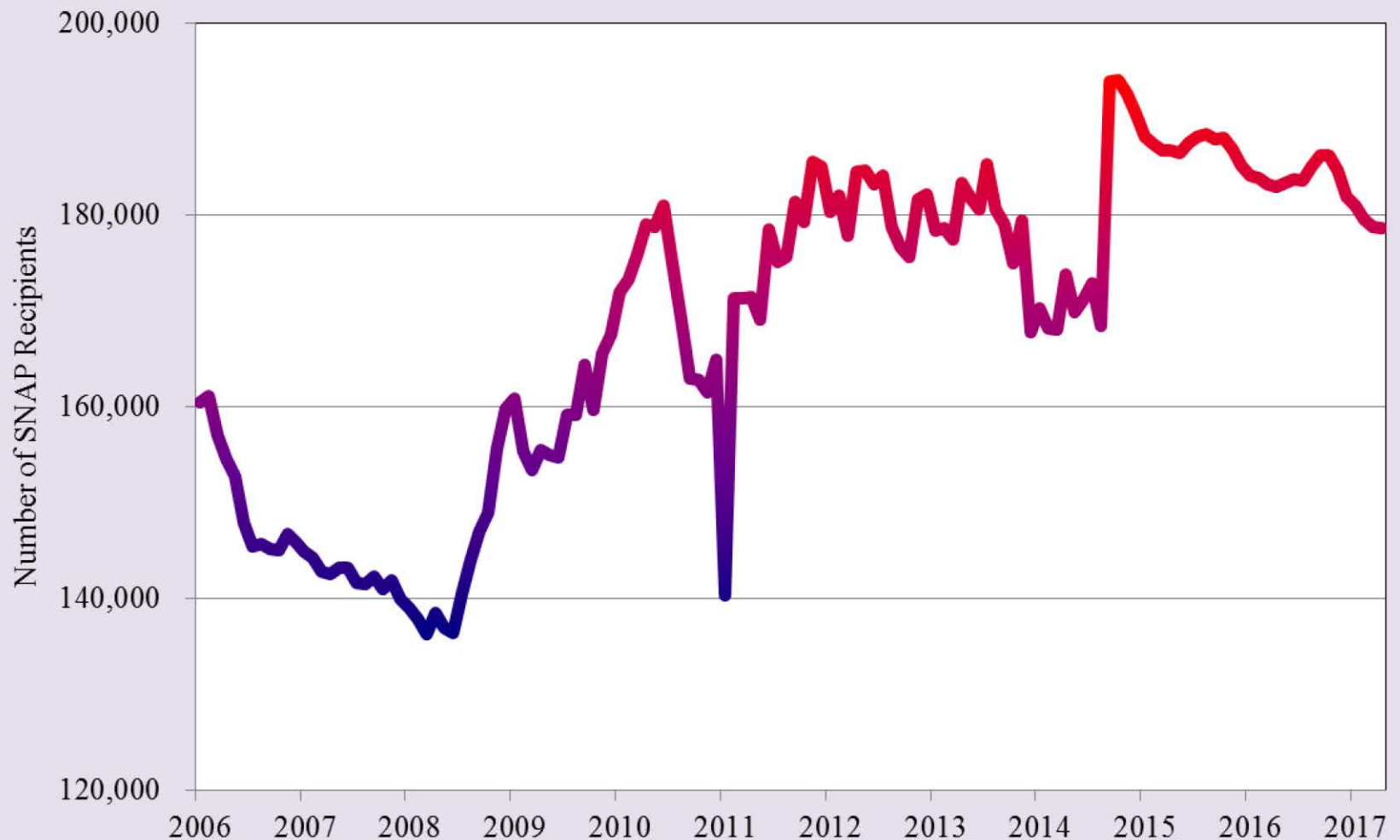
Source: Bureau of Labor Statistics

El Paso County SNAP (Food Stamp) Enrollment



Source: Texas Health and Human Services Commission

El Paso County SNAP (Food Stamp) Enrollment

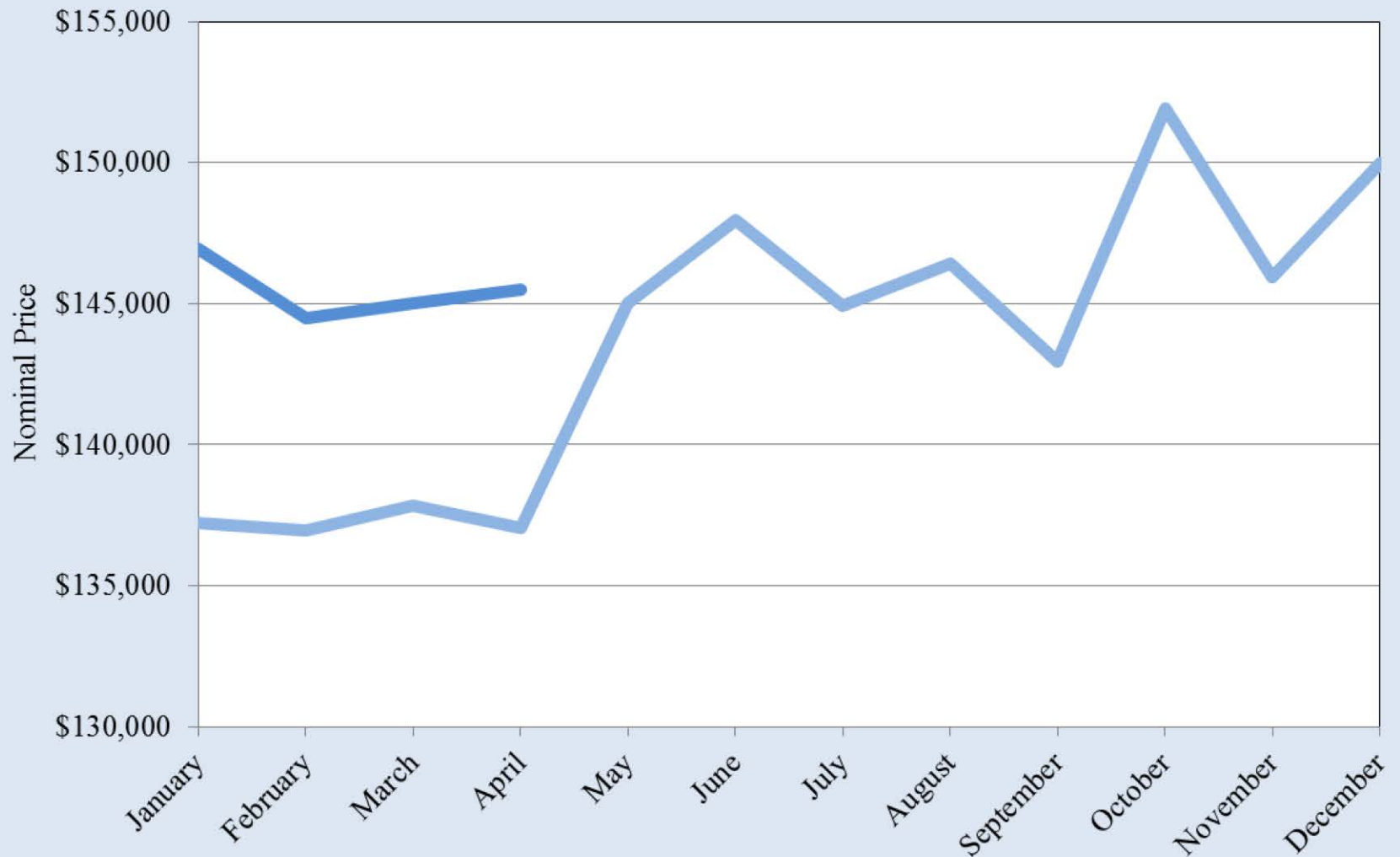


Starting in September, 2014, the number of SNAP recipients is recorded for the end of each month.

Source: Texas Health and Human Services Commission

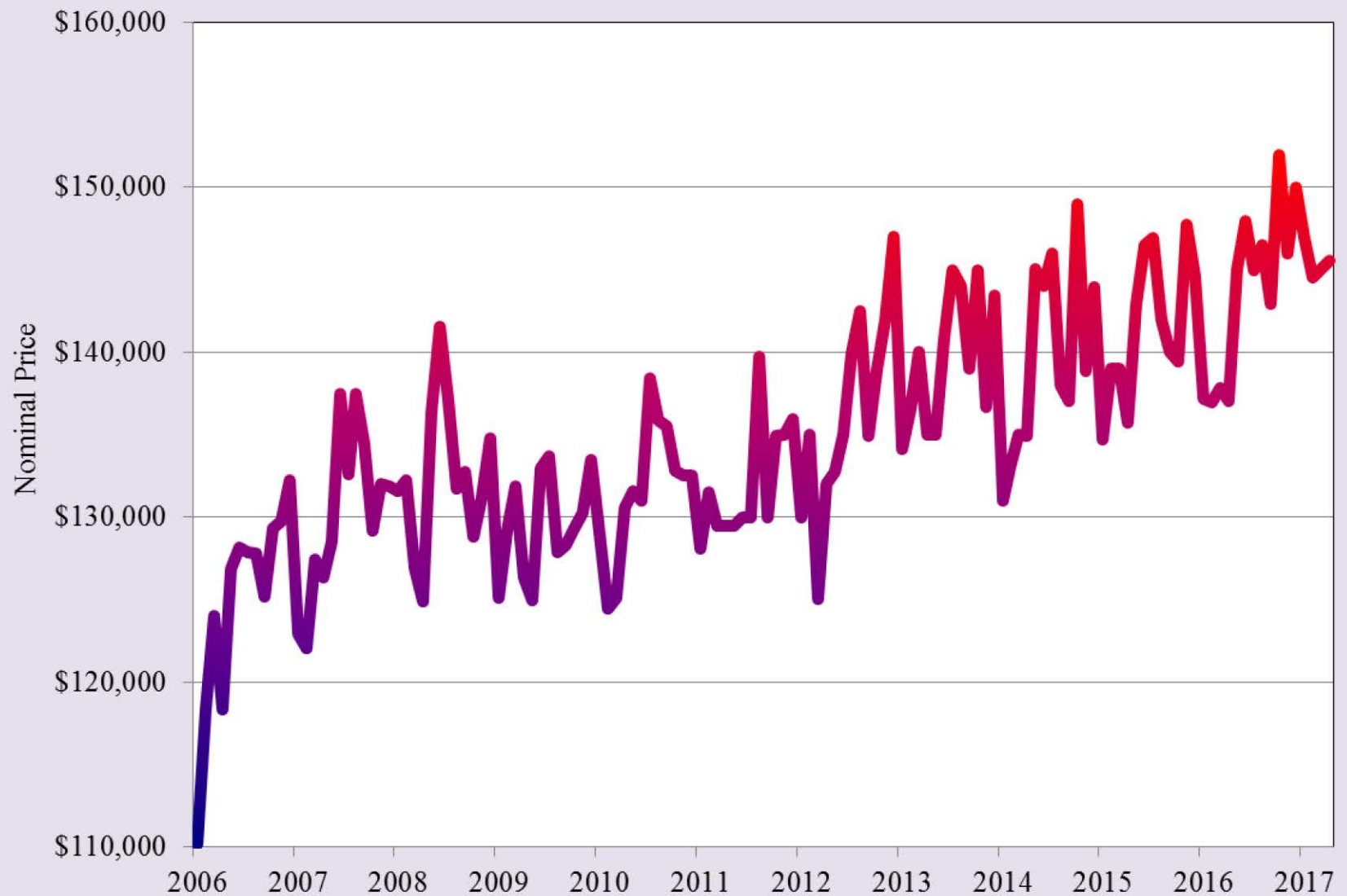
El Paso Median Housing Prices

— 2016 — 2017



Source: Texas A&M Real Estate Center

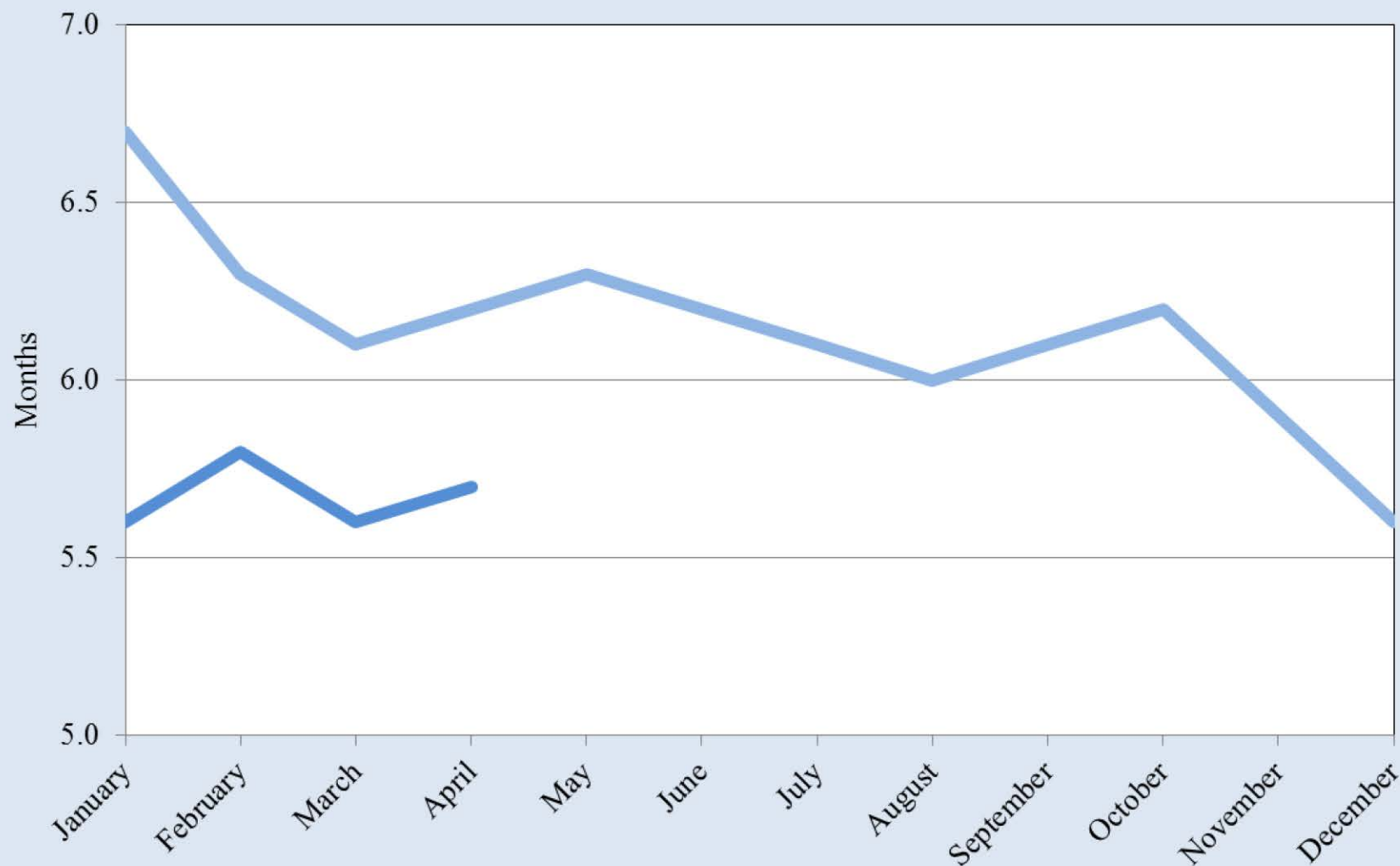
El Paso Median Housing Prices



Source: Texas A&M Real Estate Center

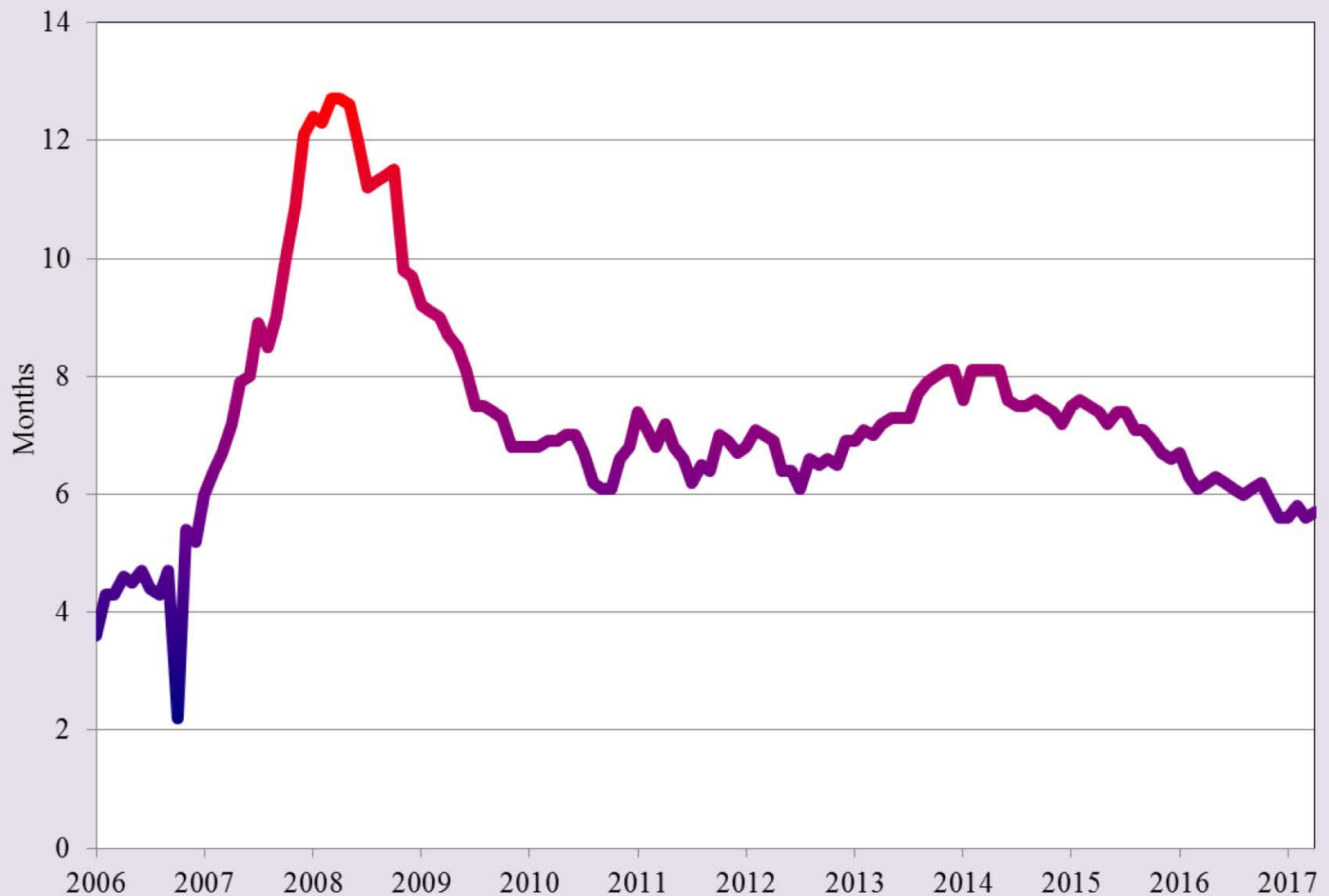
Months of Housing Inventory for El Paso

2016 2017



Source: Texas A&M Real Estate Center

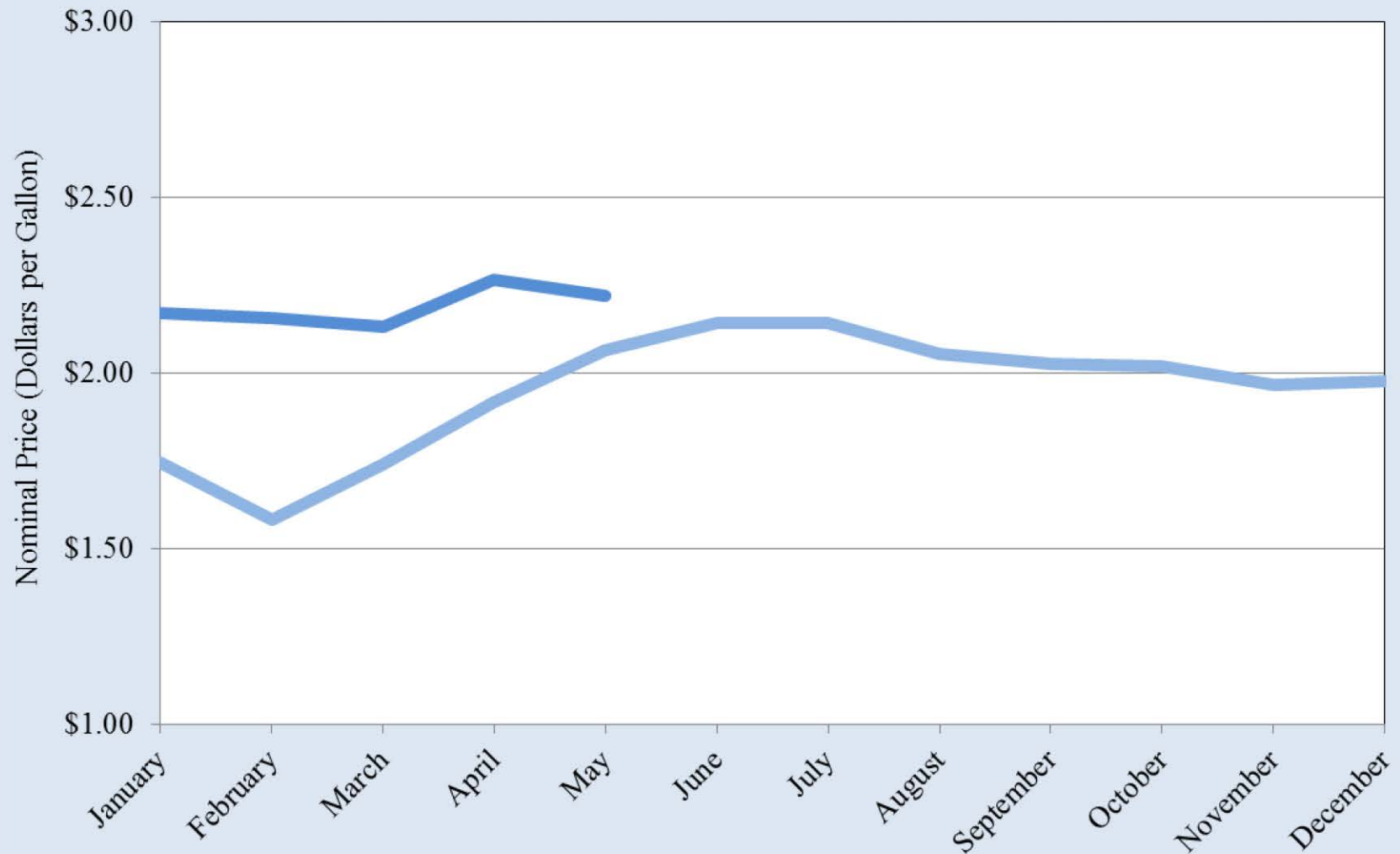
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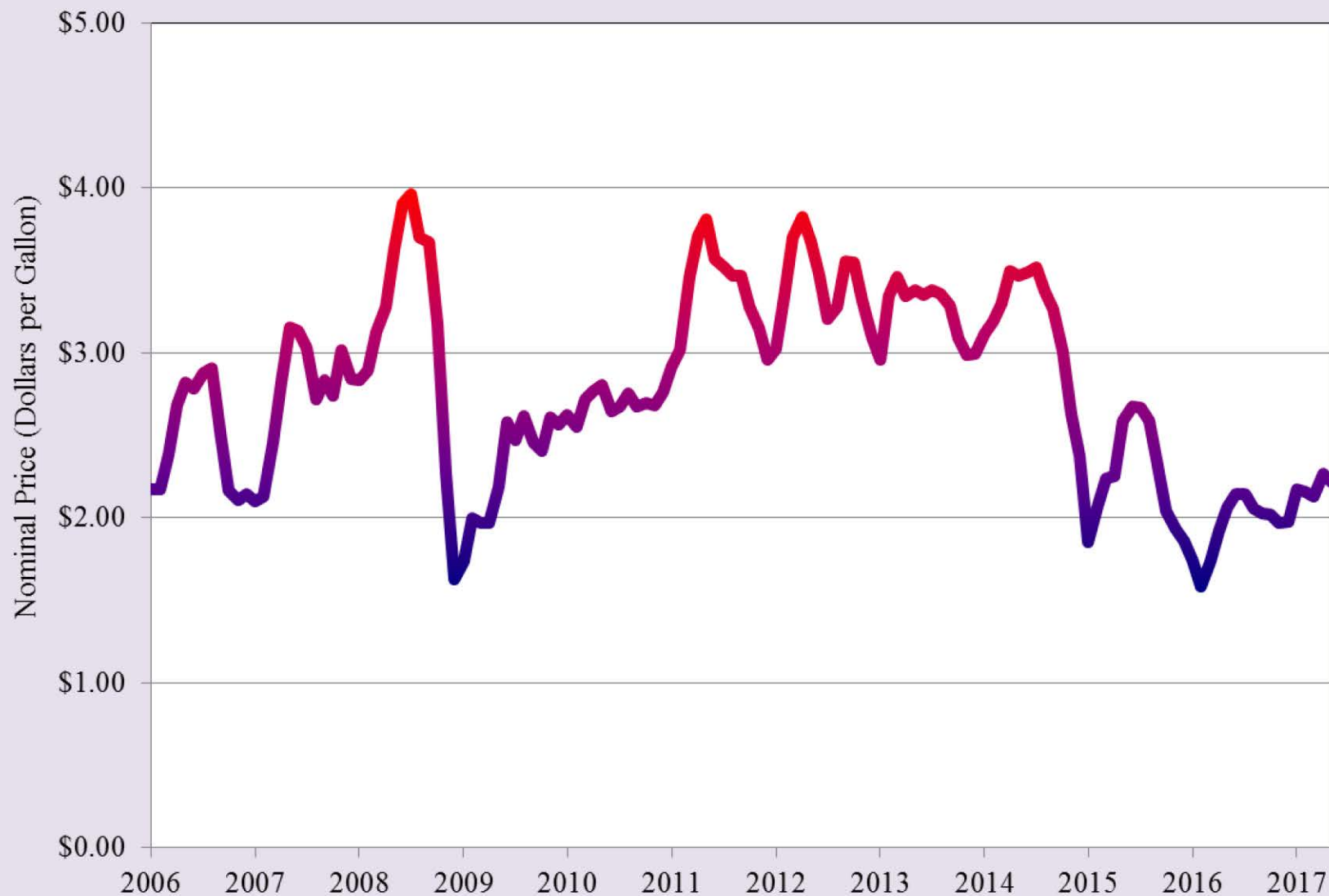
El Paso Gasoline Prices

2016 2017



Source: GasBuddy.com

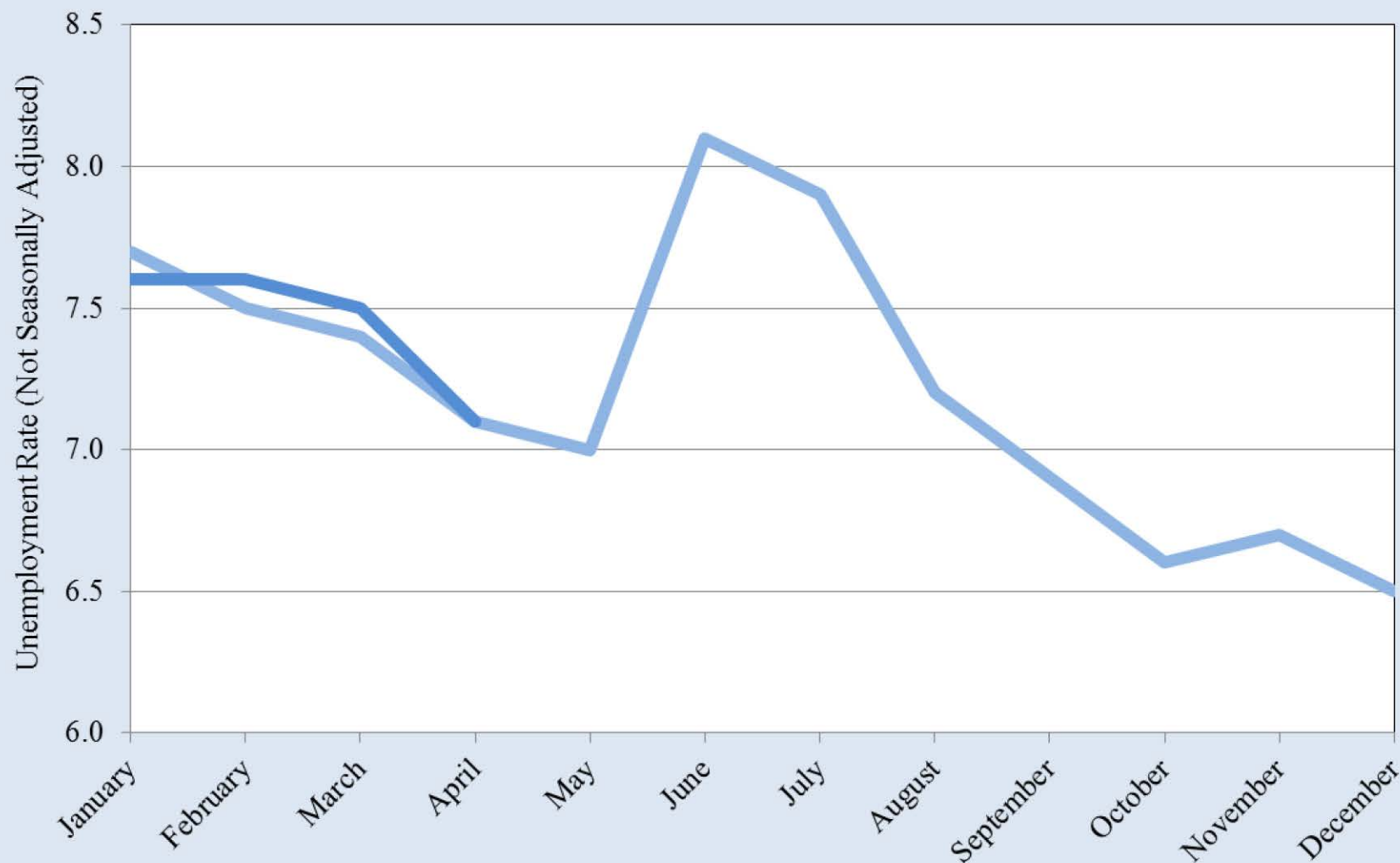
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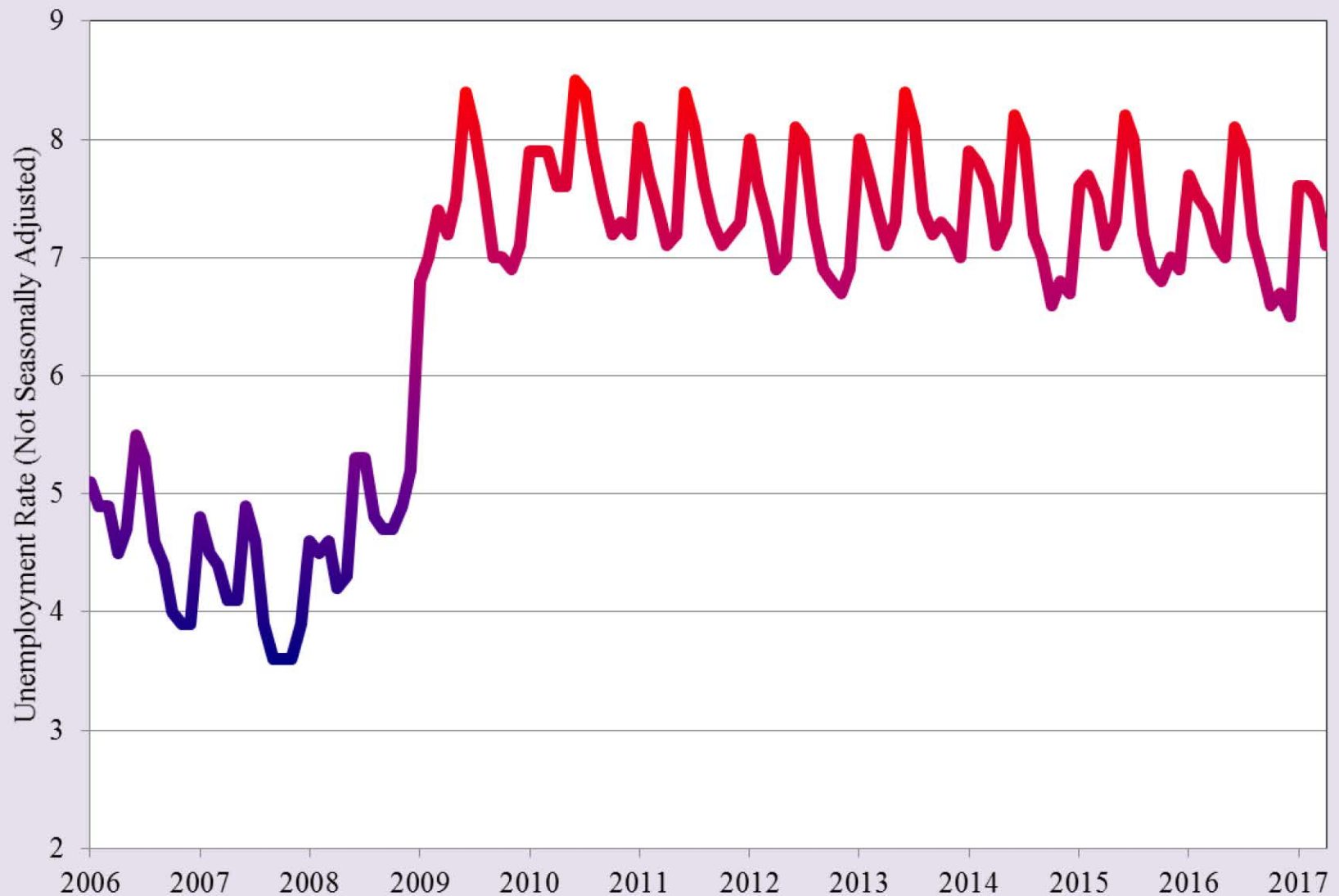
Doña Ana County Unemployment Rate

— 2016 — 2017



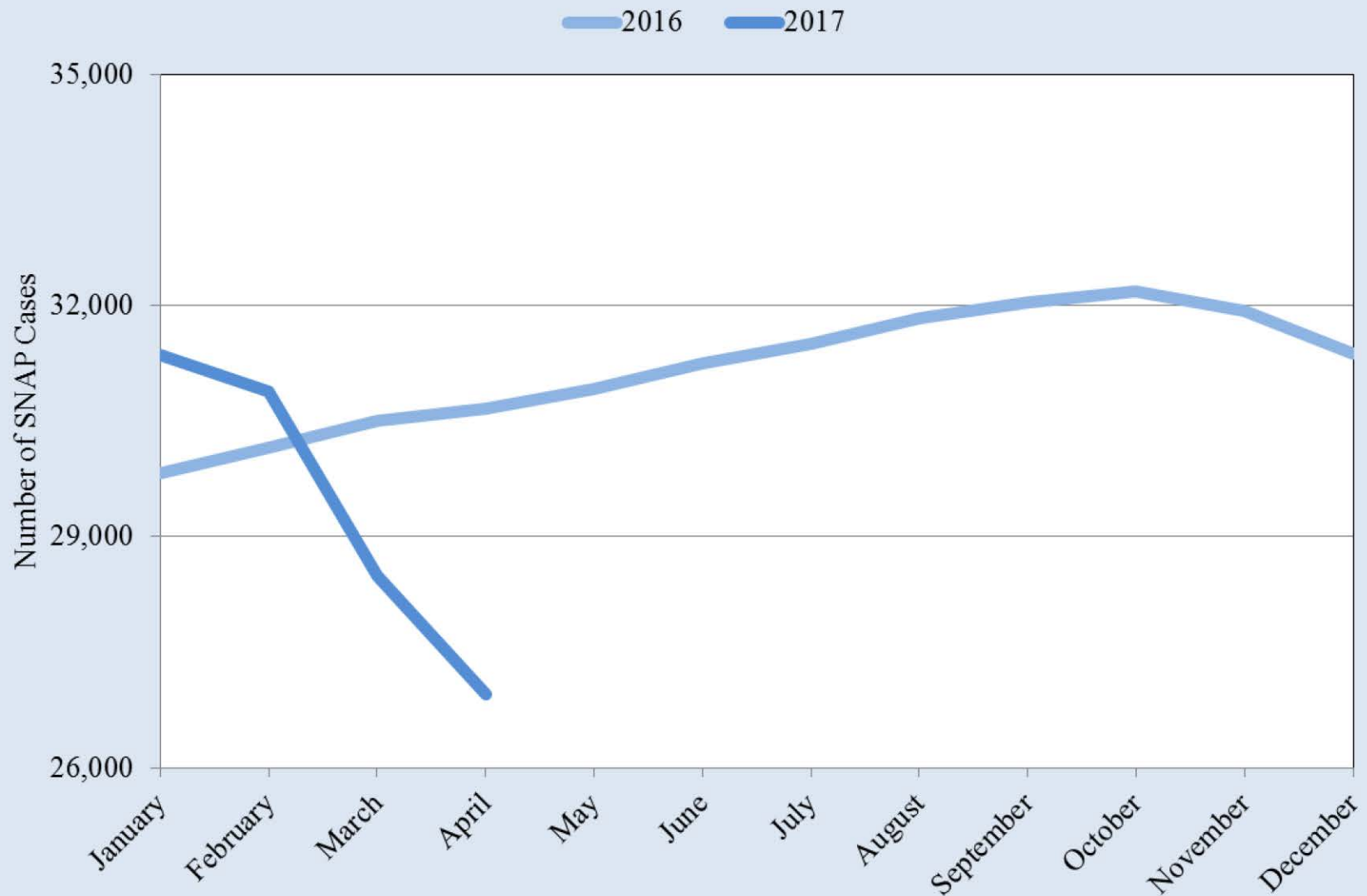
Source: Bureau of Labor Statistics

Doña Ana County Unemployment Rate



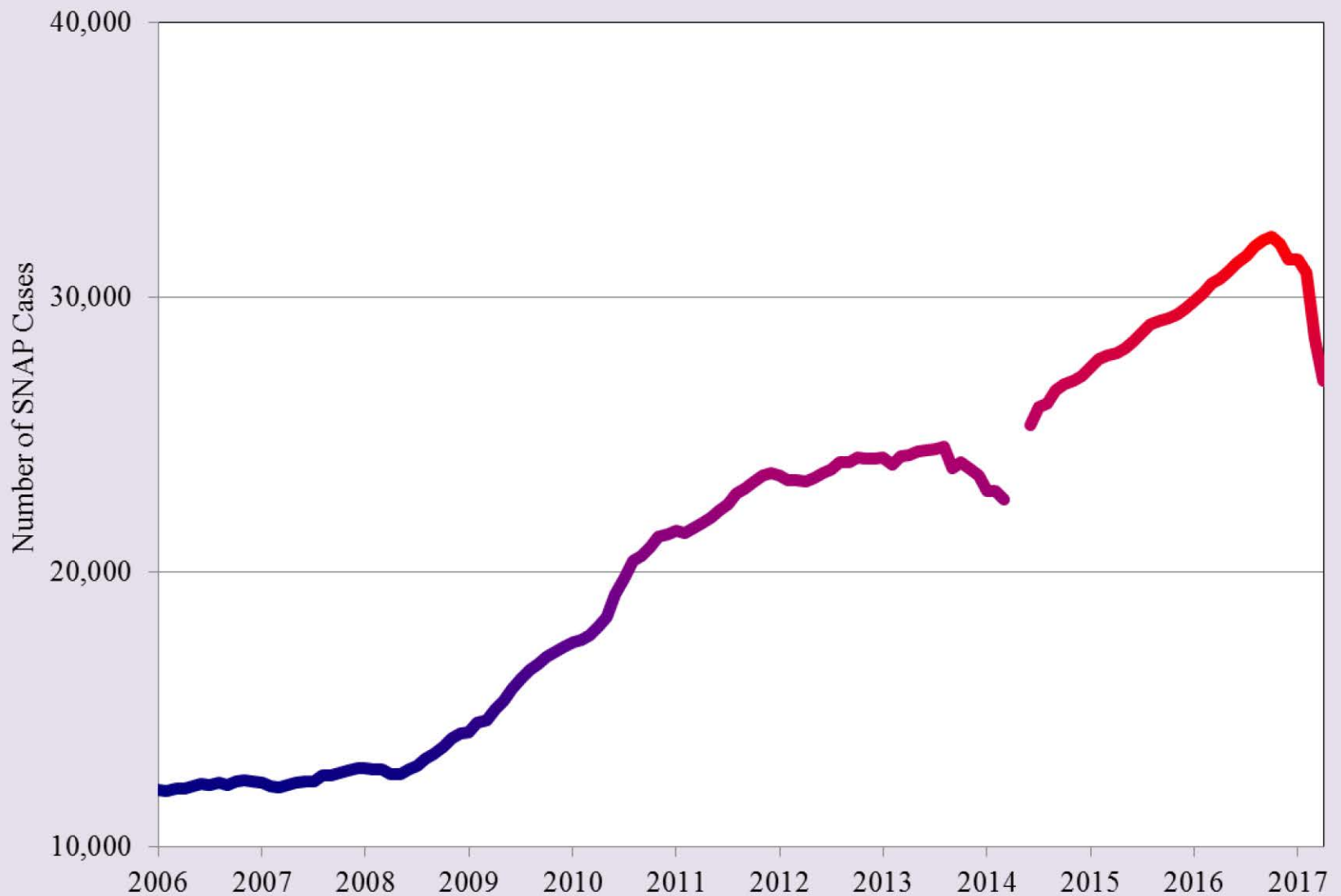
Source: Bureau of Labor Statistics

Las Cruces Area SNAP (Food Stamp) Cases



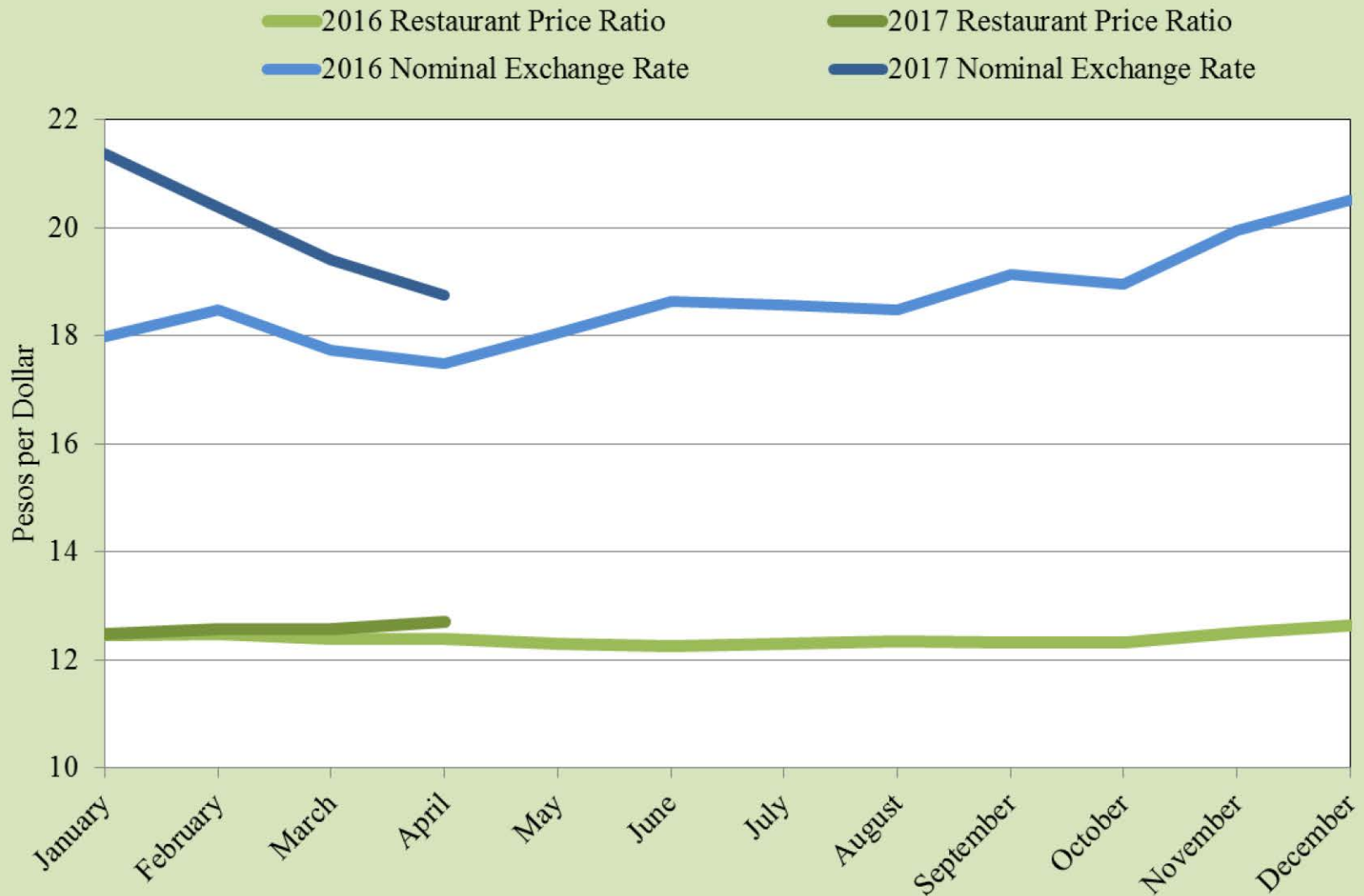
Source: New Mexico Human Services Department

Las Cruces Area SNAP (Food Stamp) Cases



Source: New Mexico Human Services Department

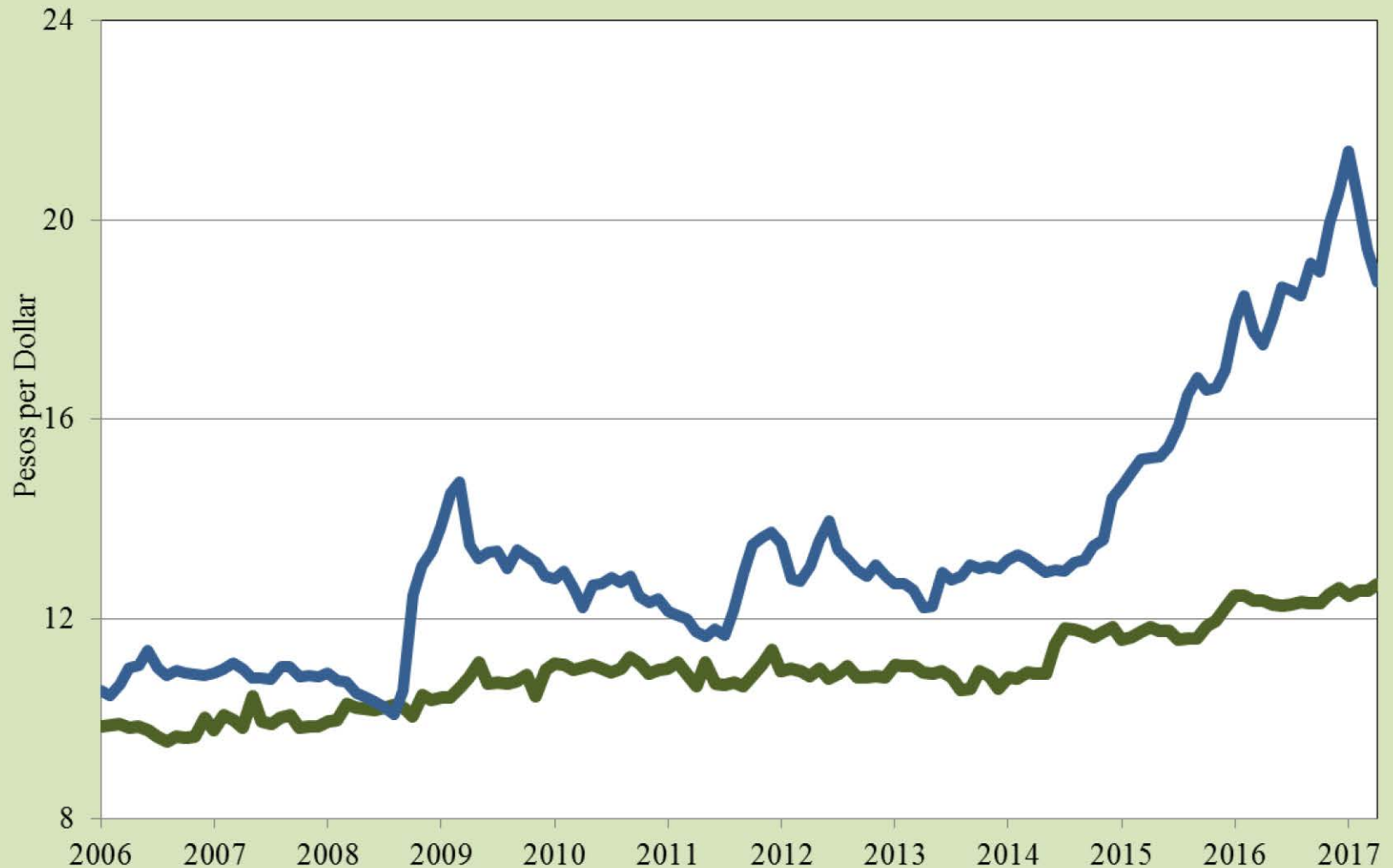
Restaurant Price Ratio and Exchange Rate



Source: UTEP Border Region Modeling Project and Banco de Mexico

Restaurant Price Ratio and Exchange Rate

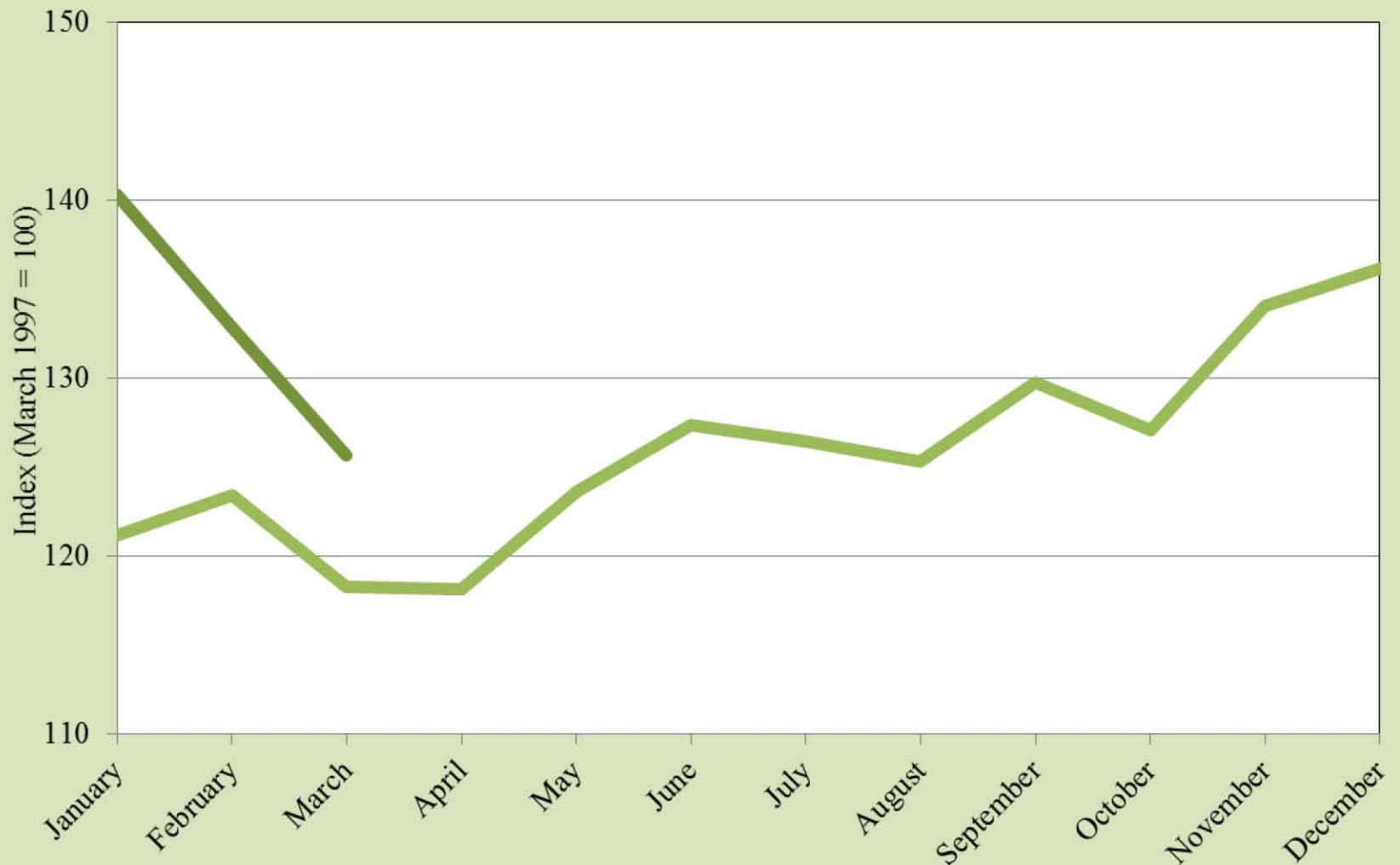
— Restaurant Price Ratio — Nominal Exchange Rate



Source: UTEP Border Region Modeling Project and Banco de Mexico

Real Peso/Dollar Exchange Rate Index

2016 2017



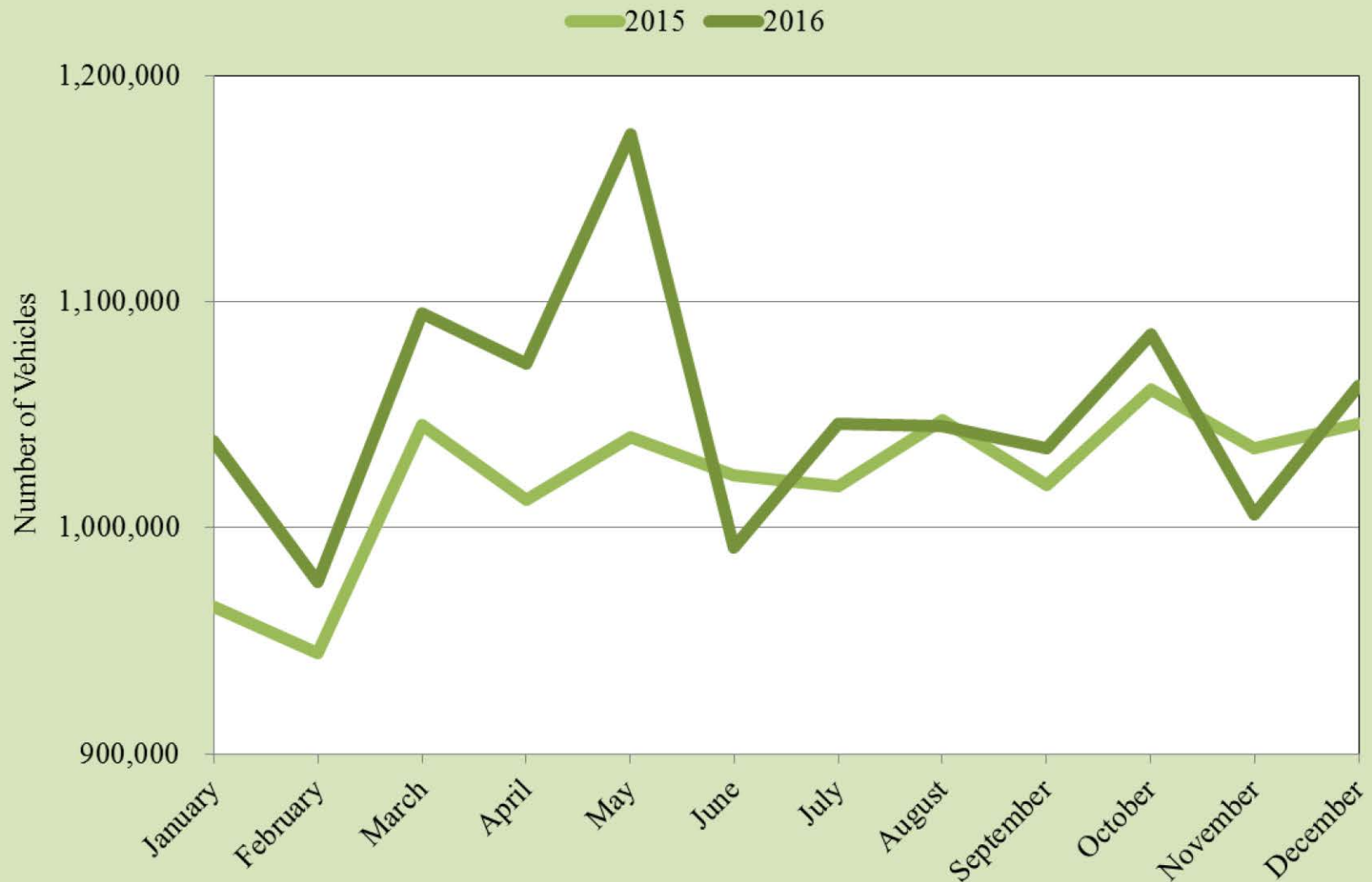
Source: UTEP Border Region Modeling Project

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

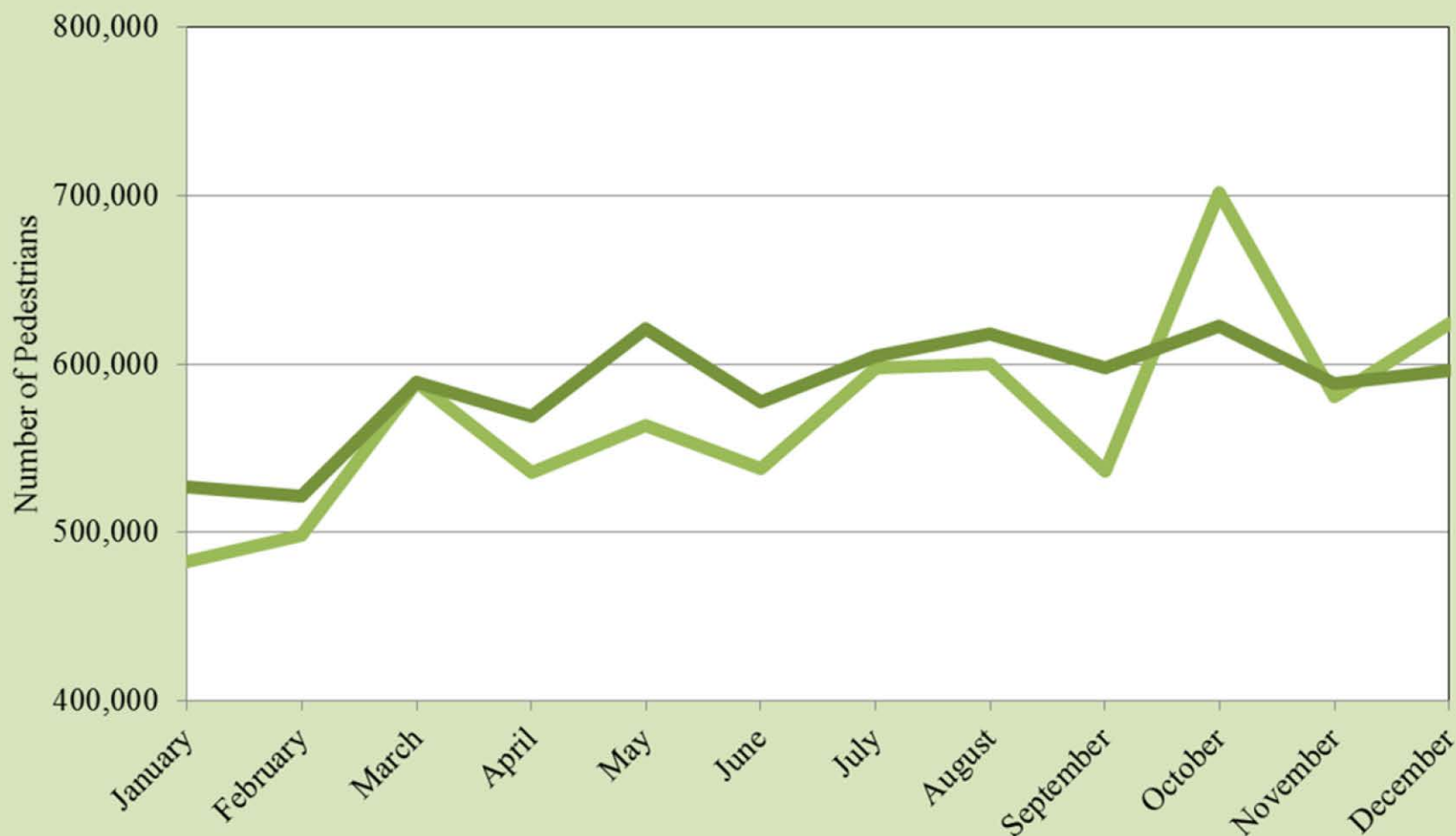
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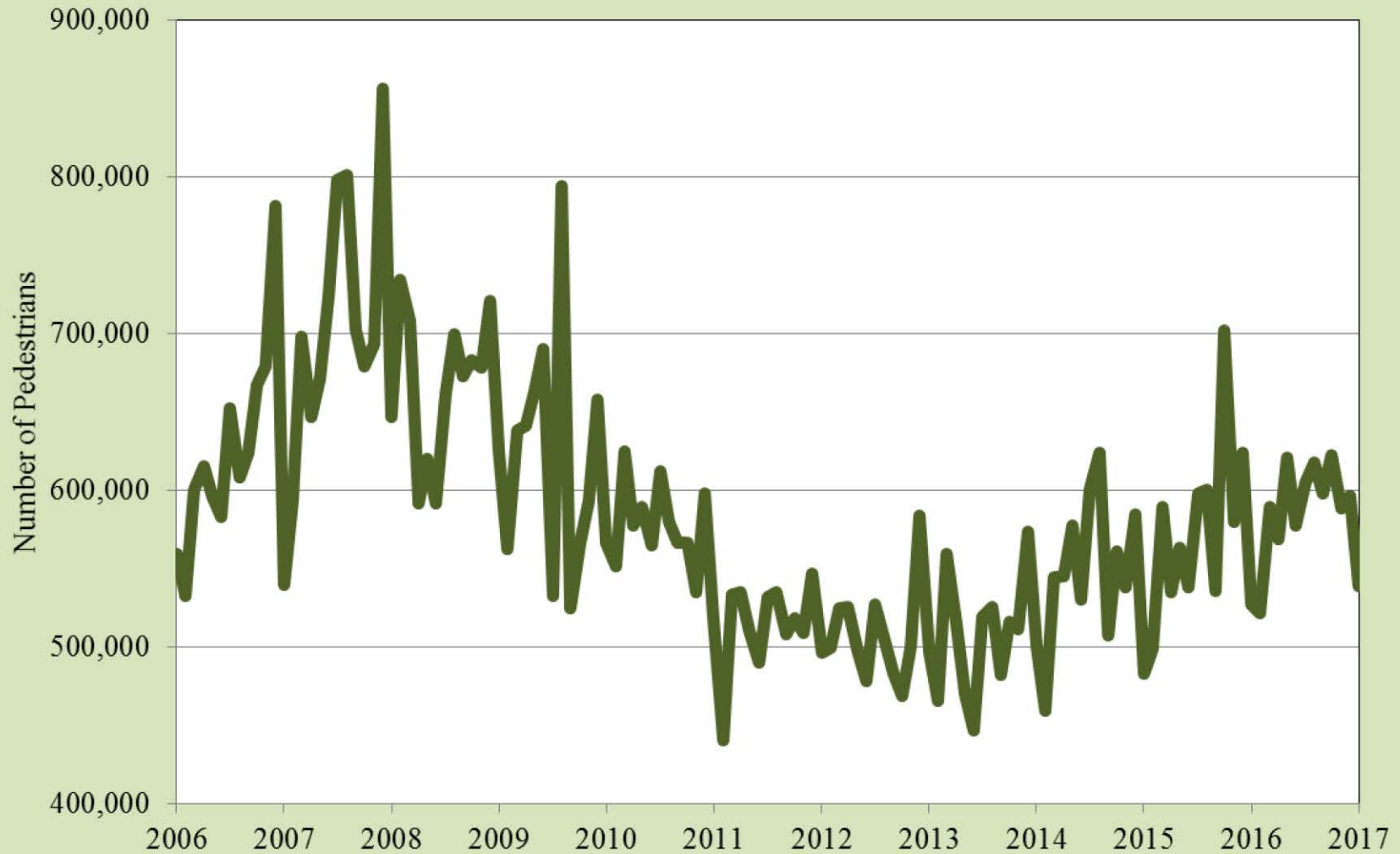
Pedestrian International Bridge Crossings to El Paso

2015 2016



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

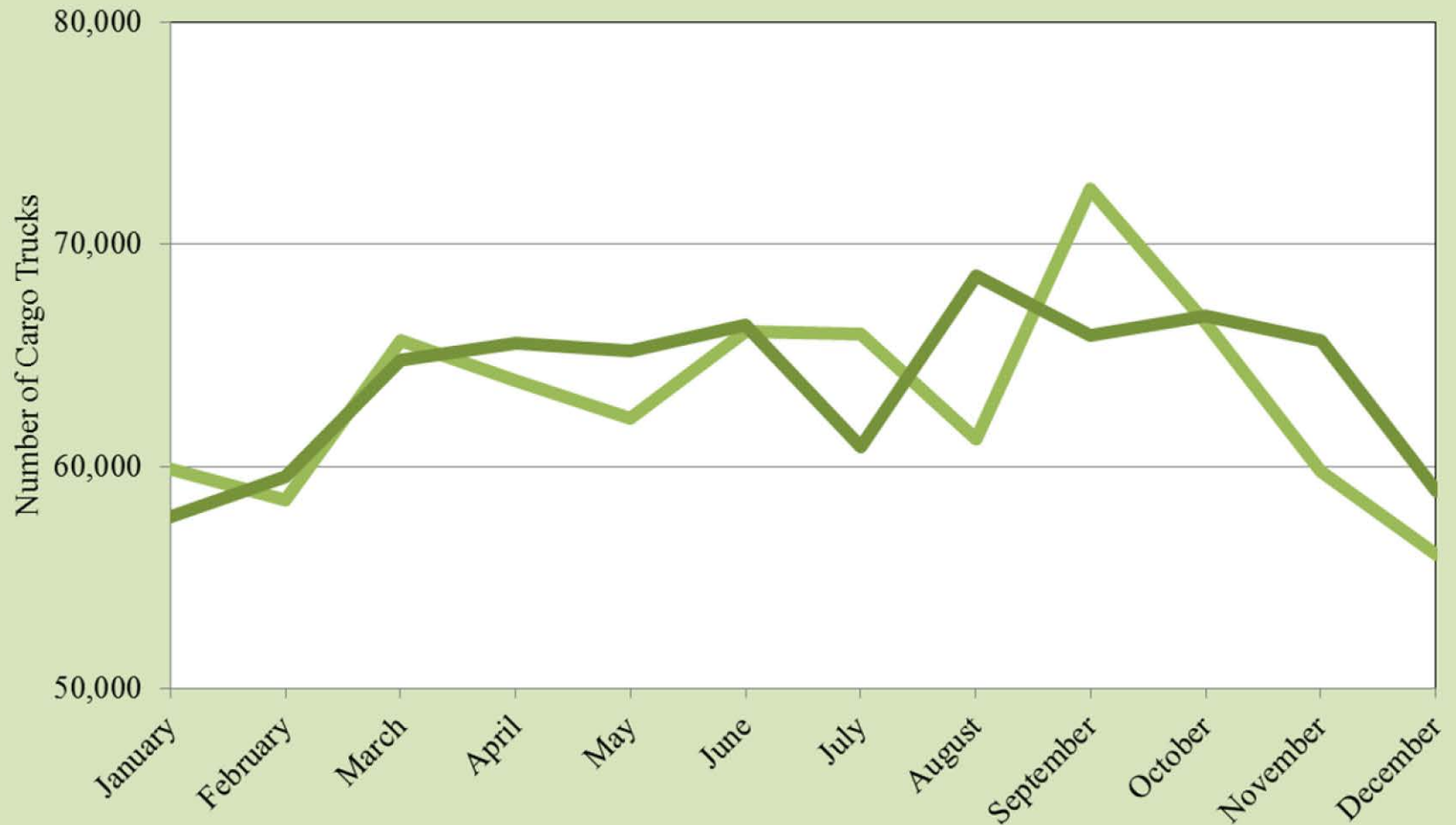
Pedestrian International Bridge Crossings to El Paso



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

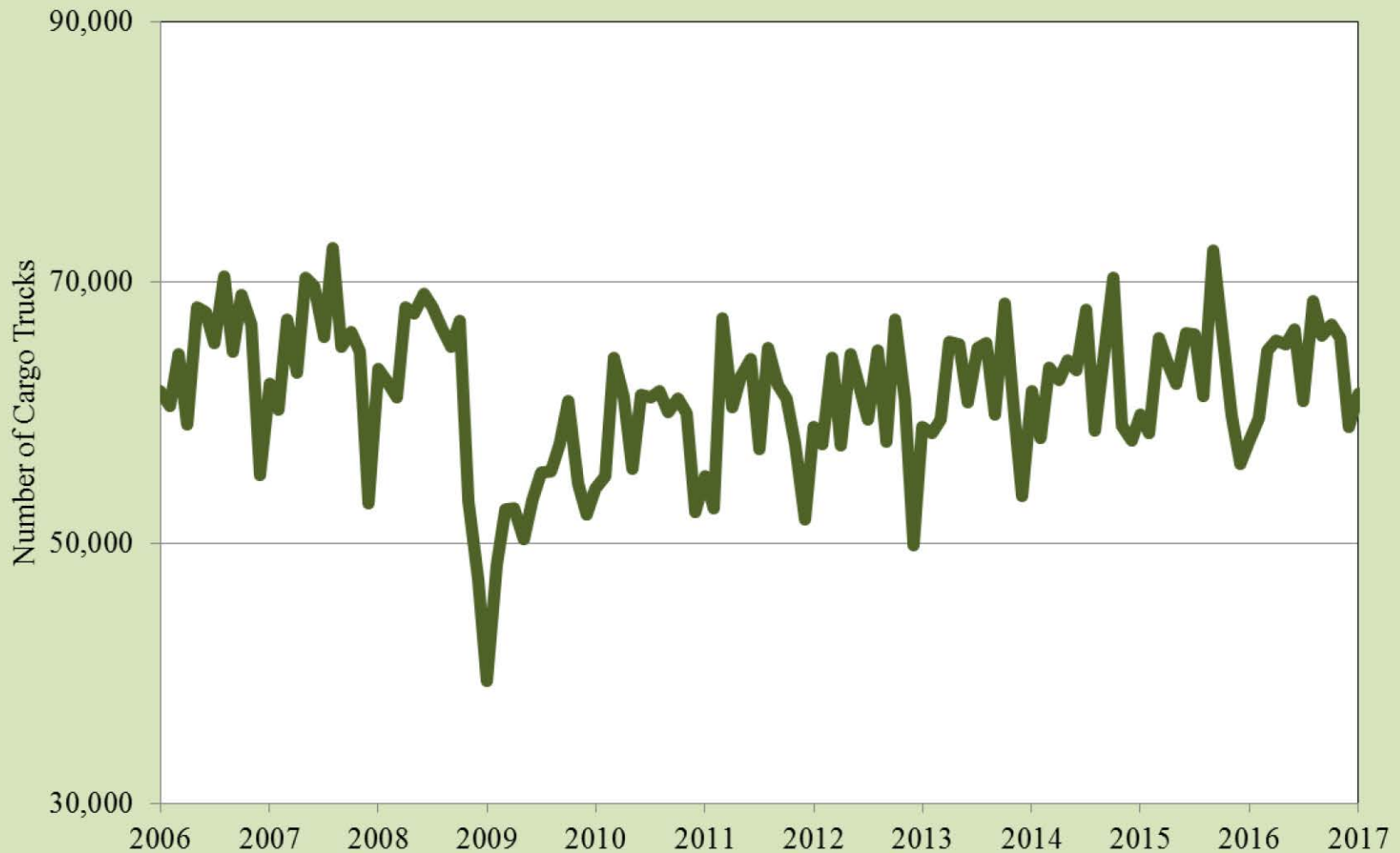
Cargo Truck International Bridge Crossings to El Paso

2015 2016



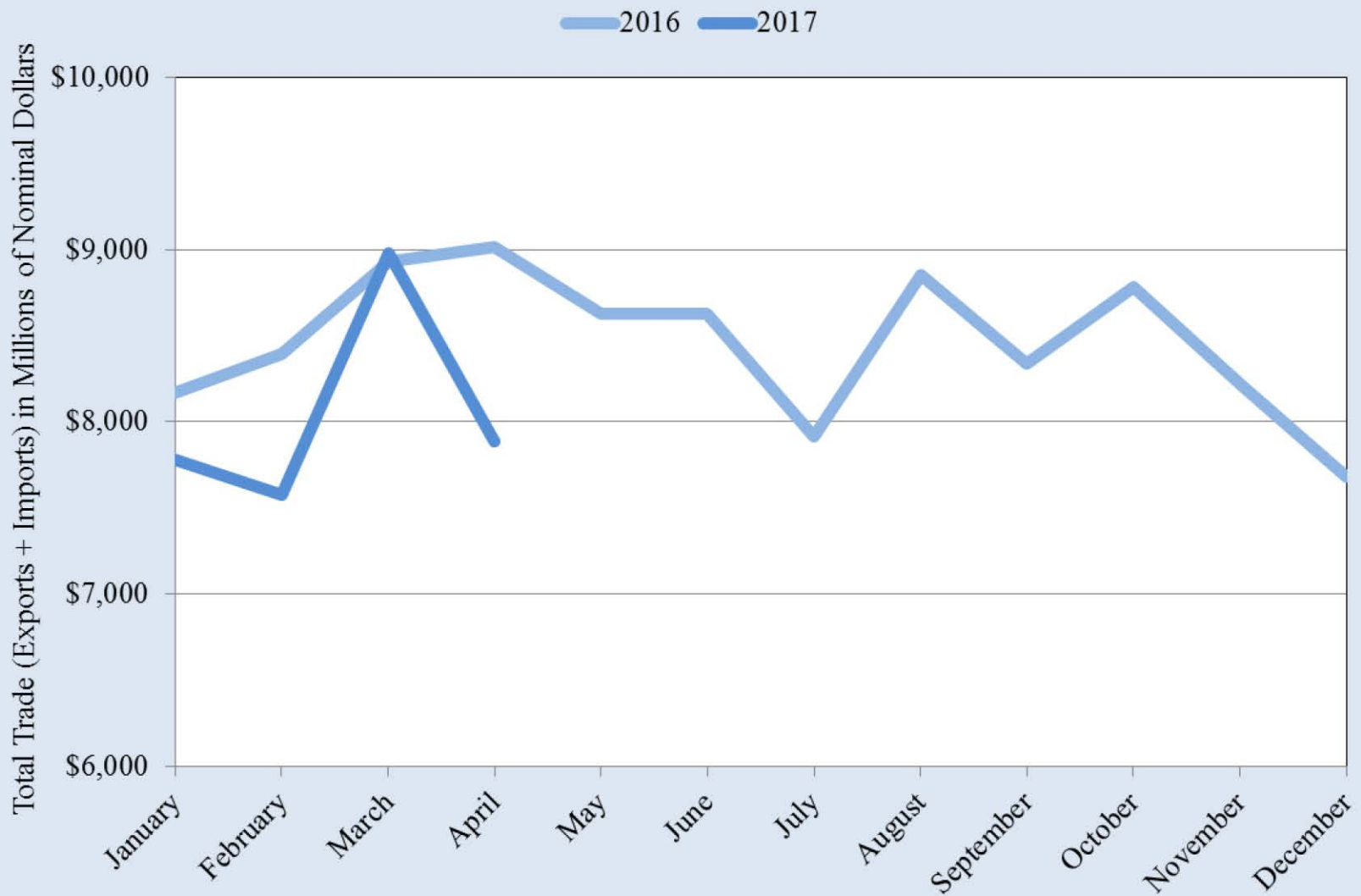
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Cargo Truck International Bridge Crossings to El Paso



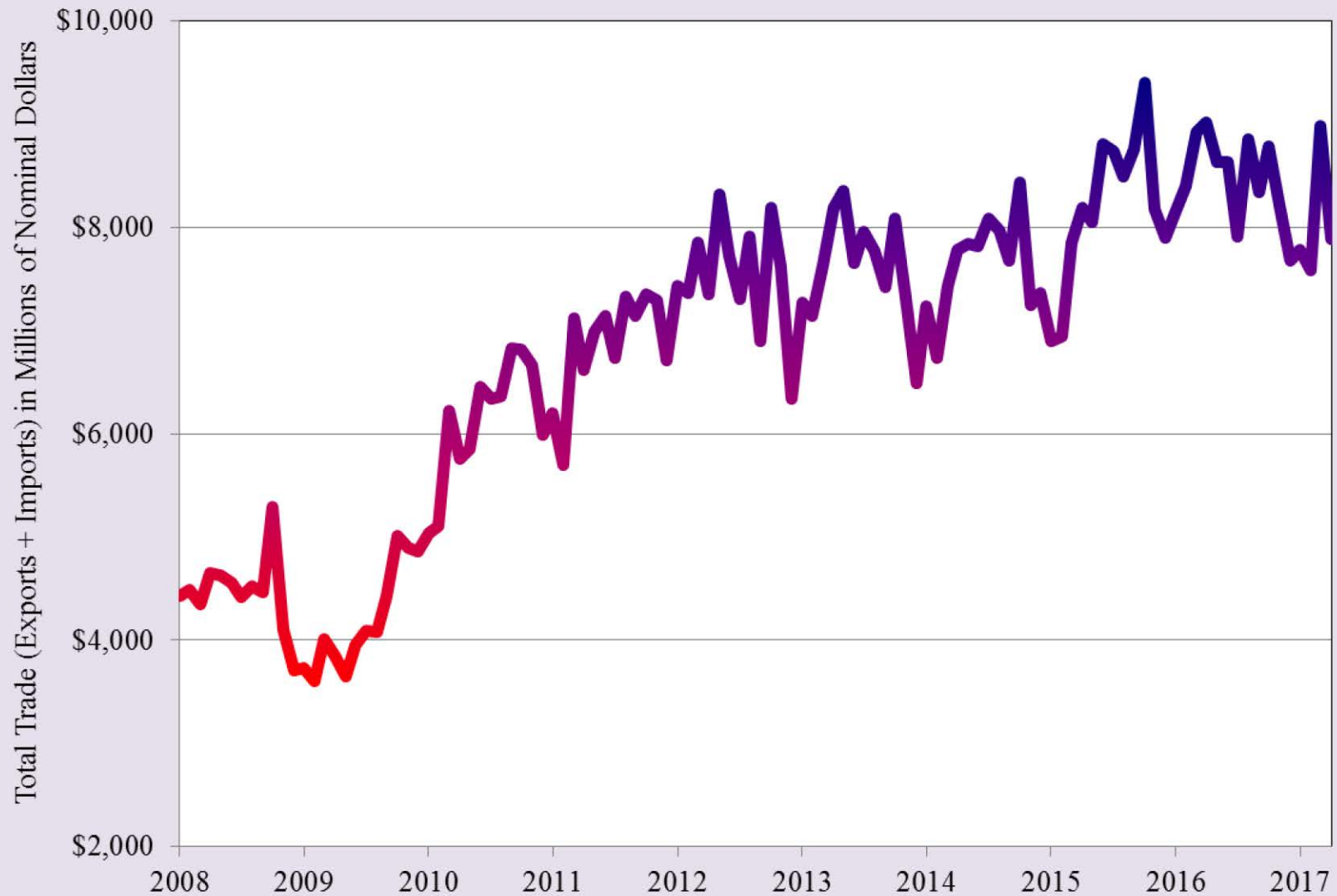
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Total Trade through the El Paso Customs District



Source: U.S. International Trade Commission

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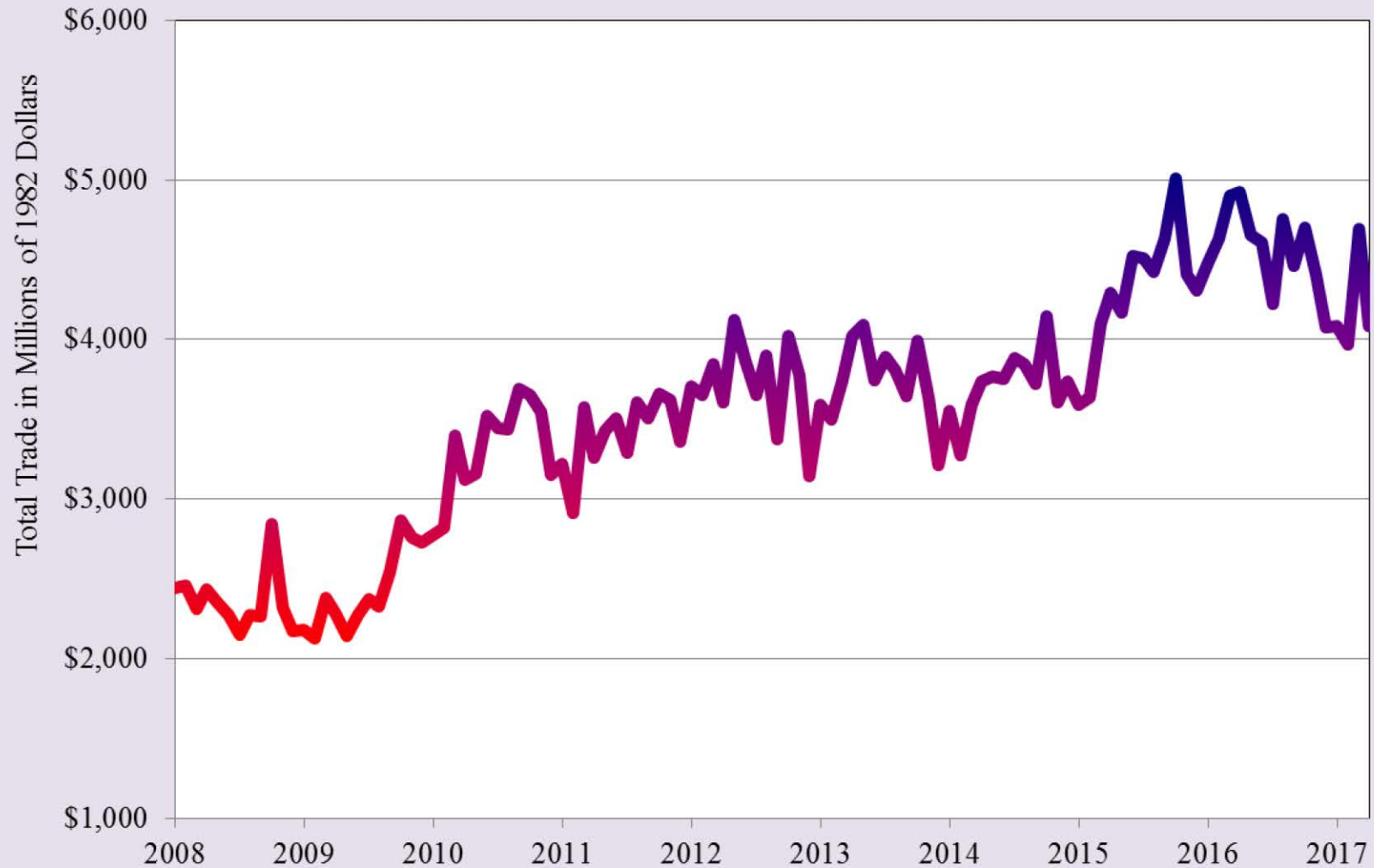
Real Total Trade through the El Paso Customs District

— 2016 — 2017



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

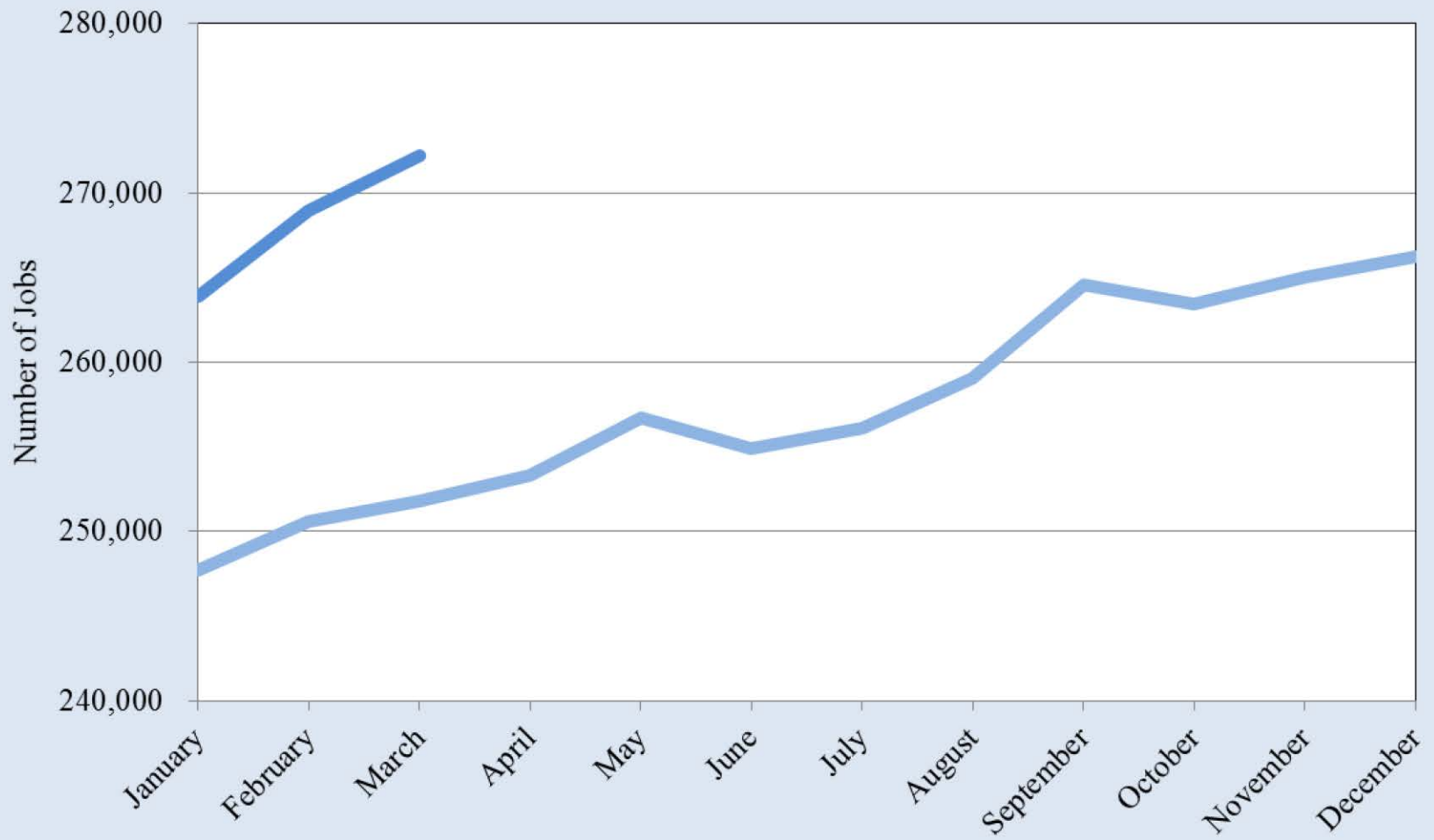
Real Total Trade through the El Paso Customs District



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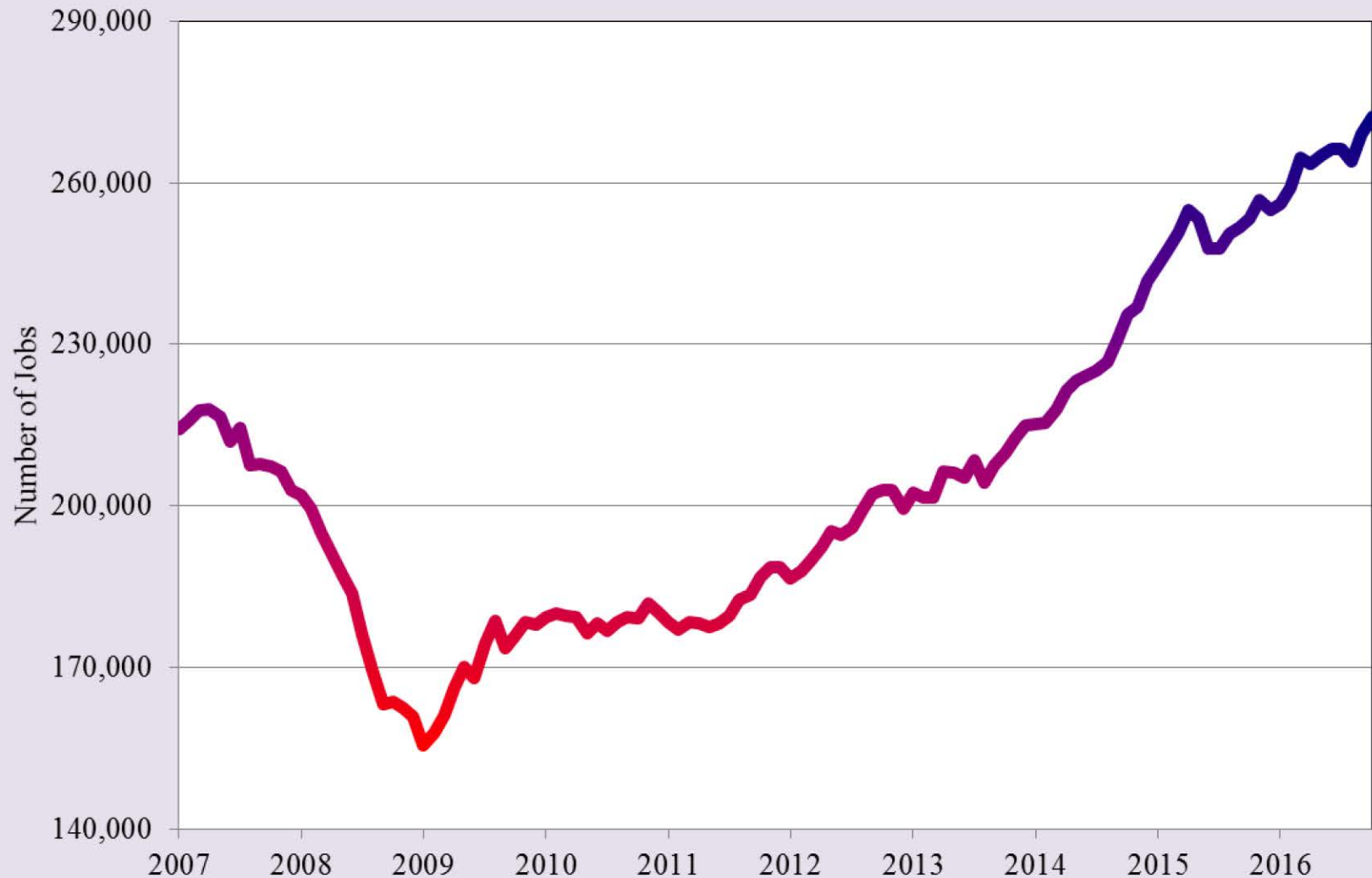
Export-Oriented Manufacturing Employment in Ciudad Juárez

— 2016 — 2017



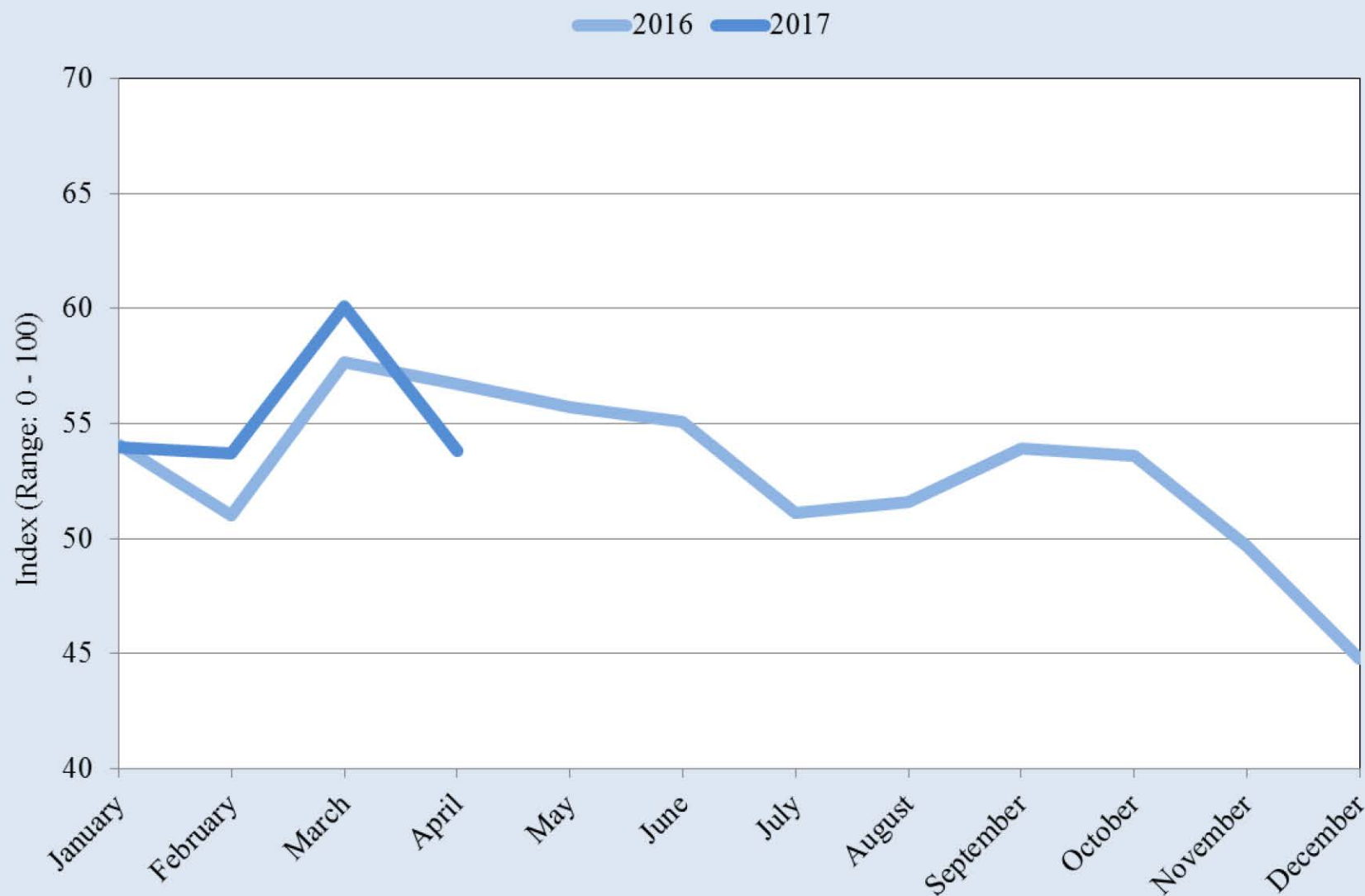
Source: INEGI

Export-Oriented Manufacturing Employment in Ciudad Juárez



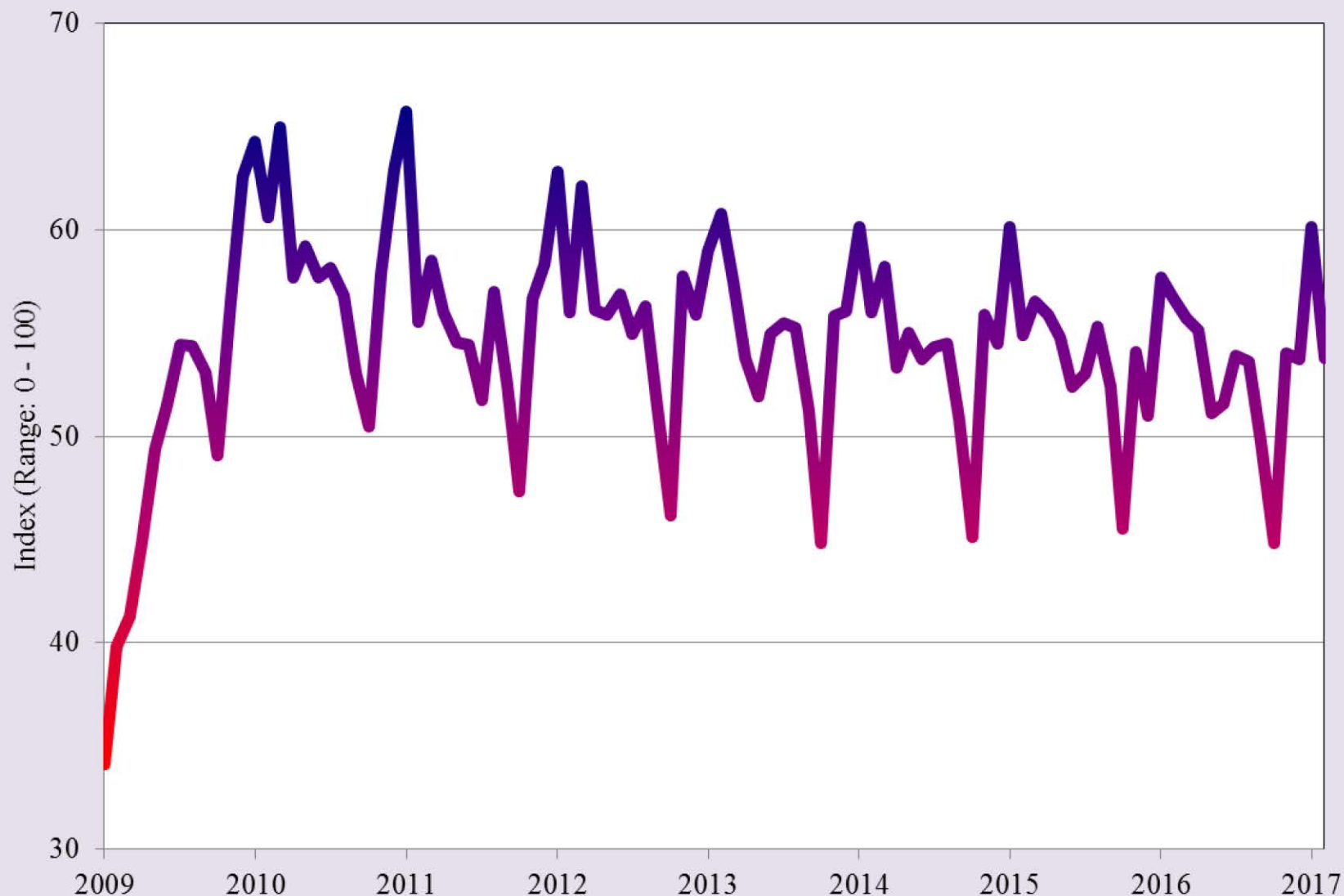
Source: INEGI

Northern Mexico Manufacturing Orders Index



Source: Banco de México

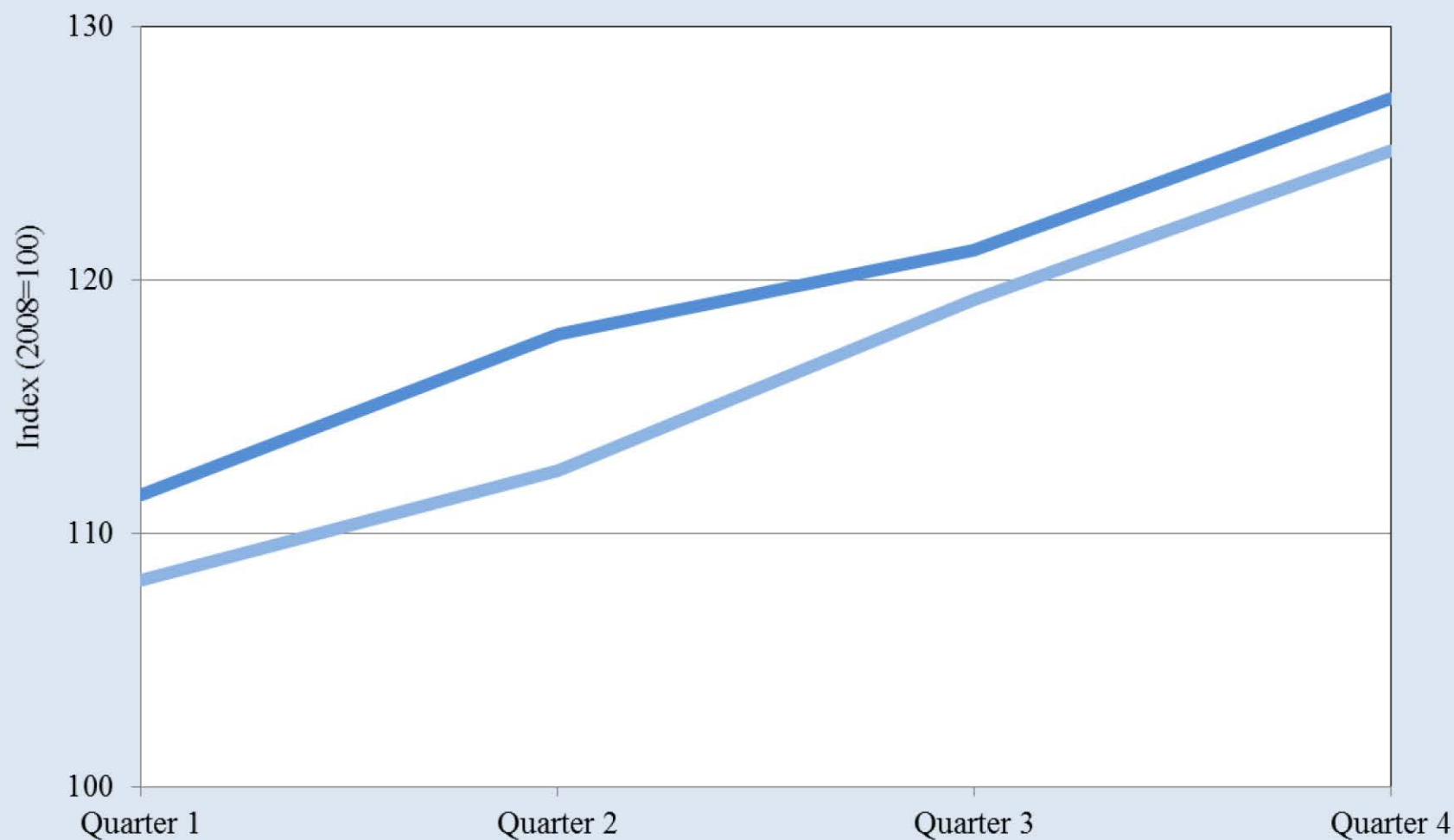
Northern Mexico Manufacturing Orders Index



Source: Banco de México

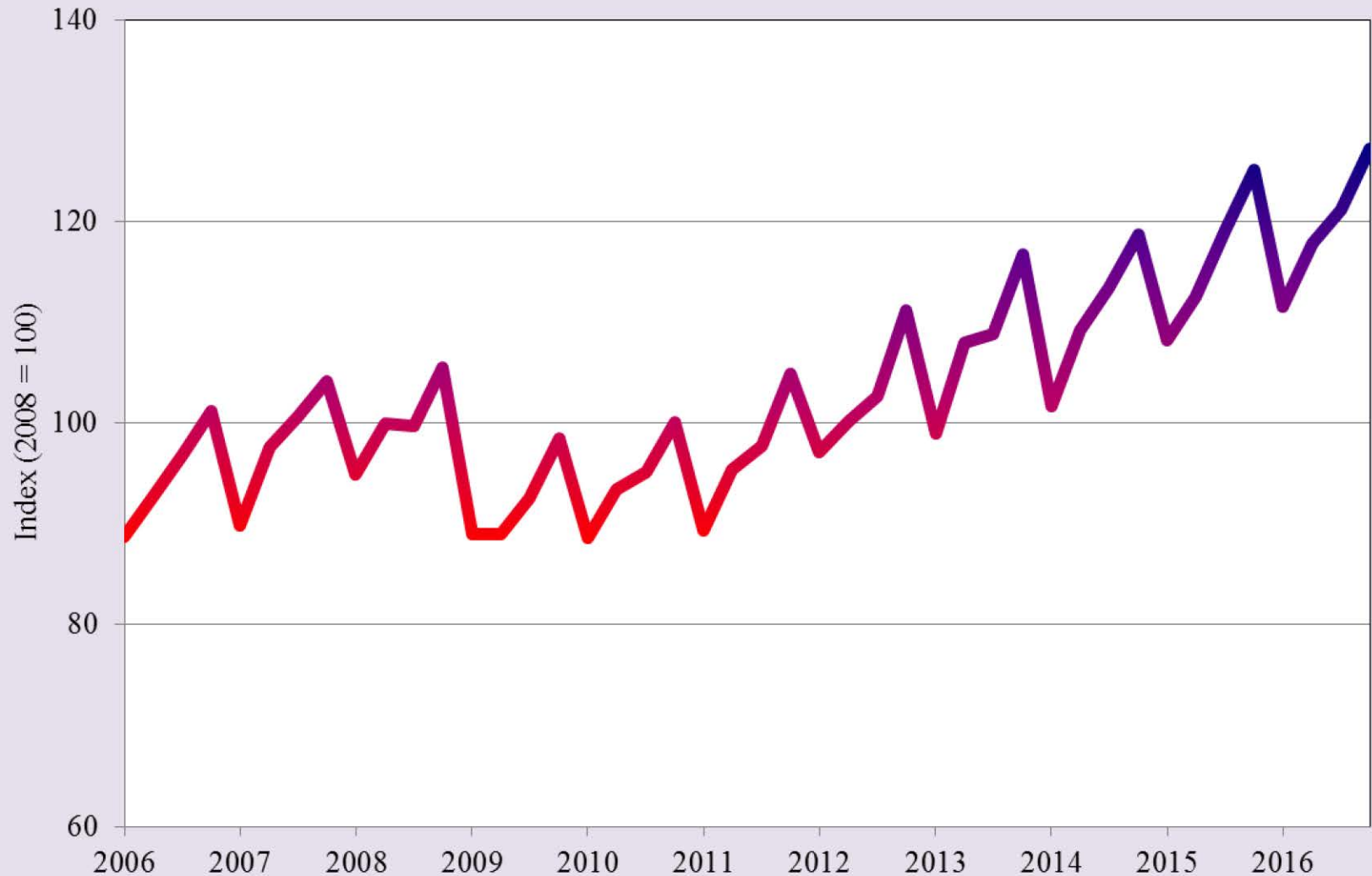
Quarterly Indicator of Economic Activity for the State of Chihuahua

— 2015 — 2016



Source: INEGI

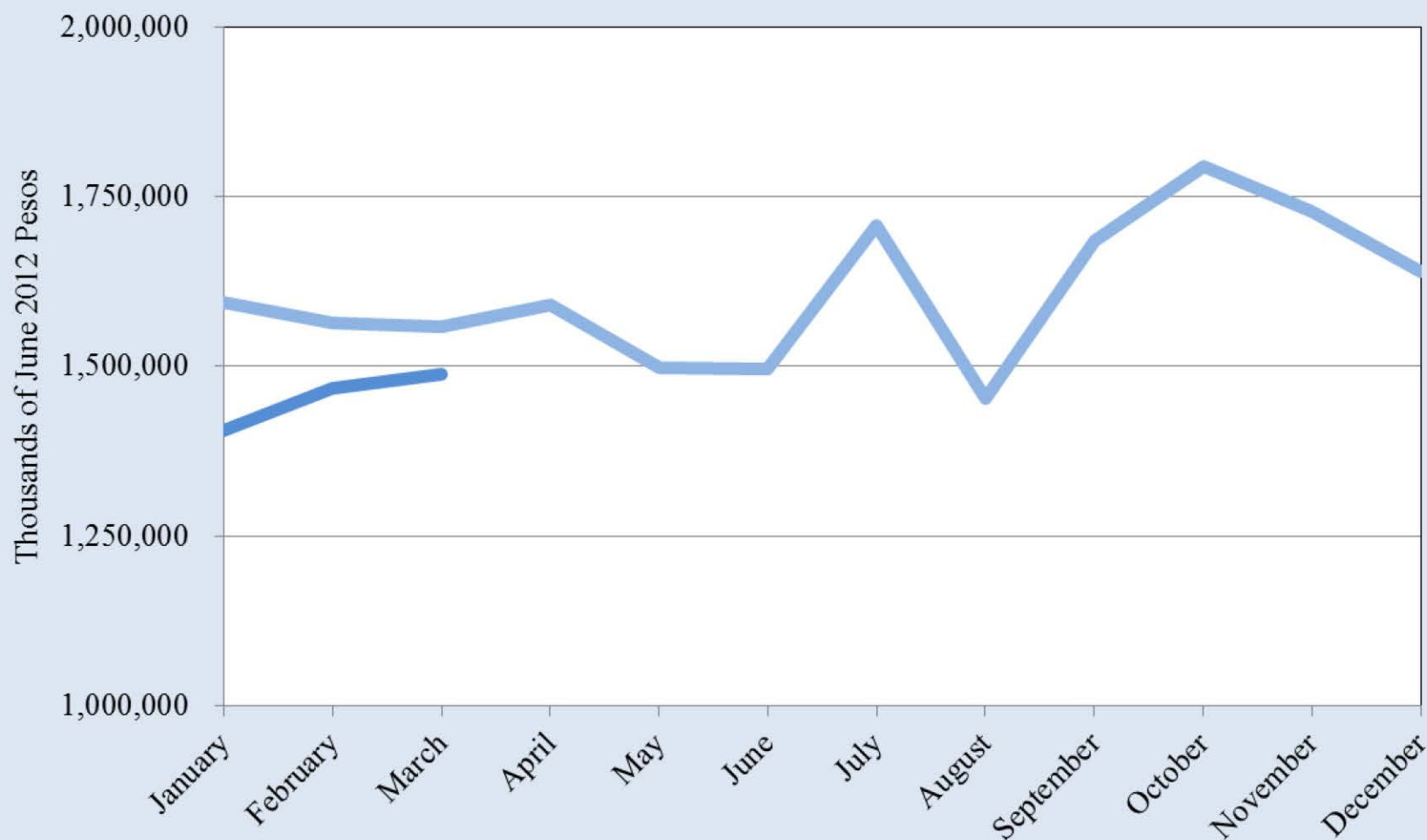
Quarterly Indicator of Economic Activity for the State of Chihuahua



Source: INEGI

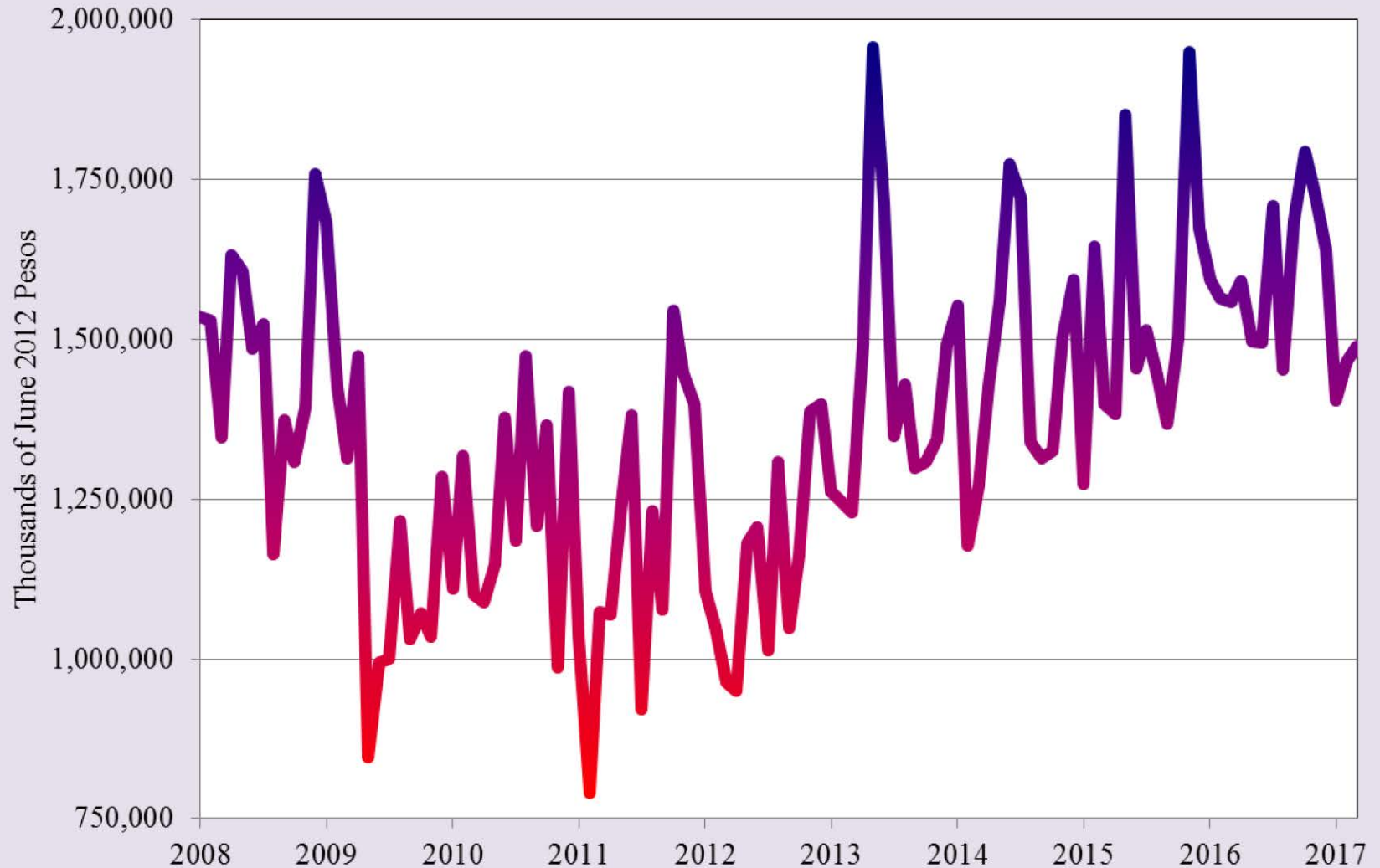
Total Value of Construction in the State of Chihuahua

— 2016 — 2017



Source: INEGI

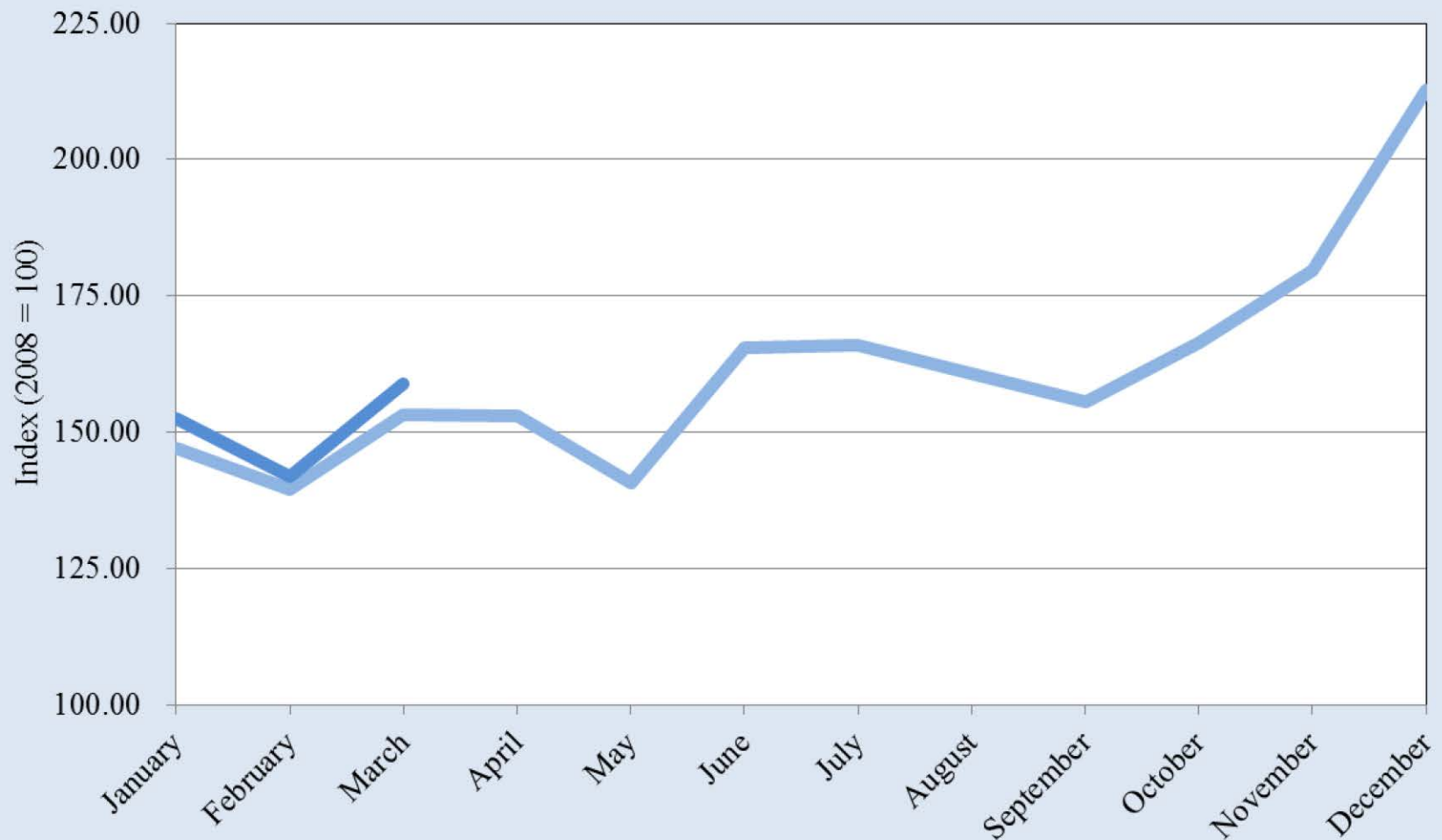
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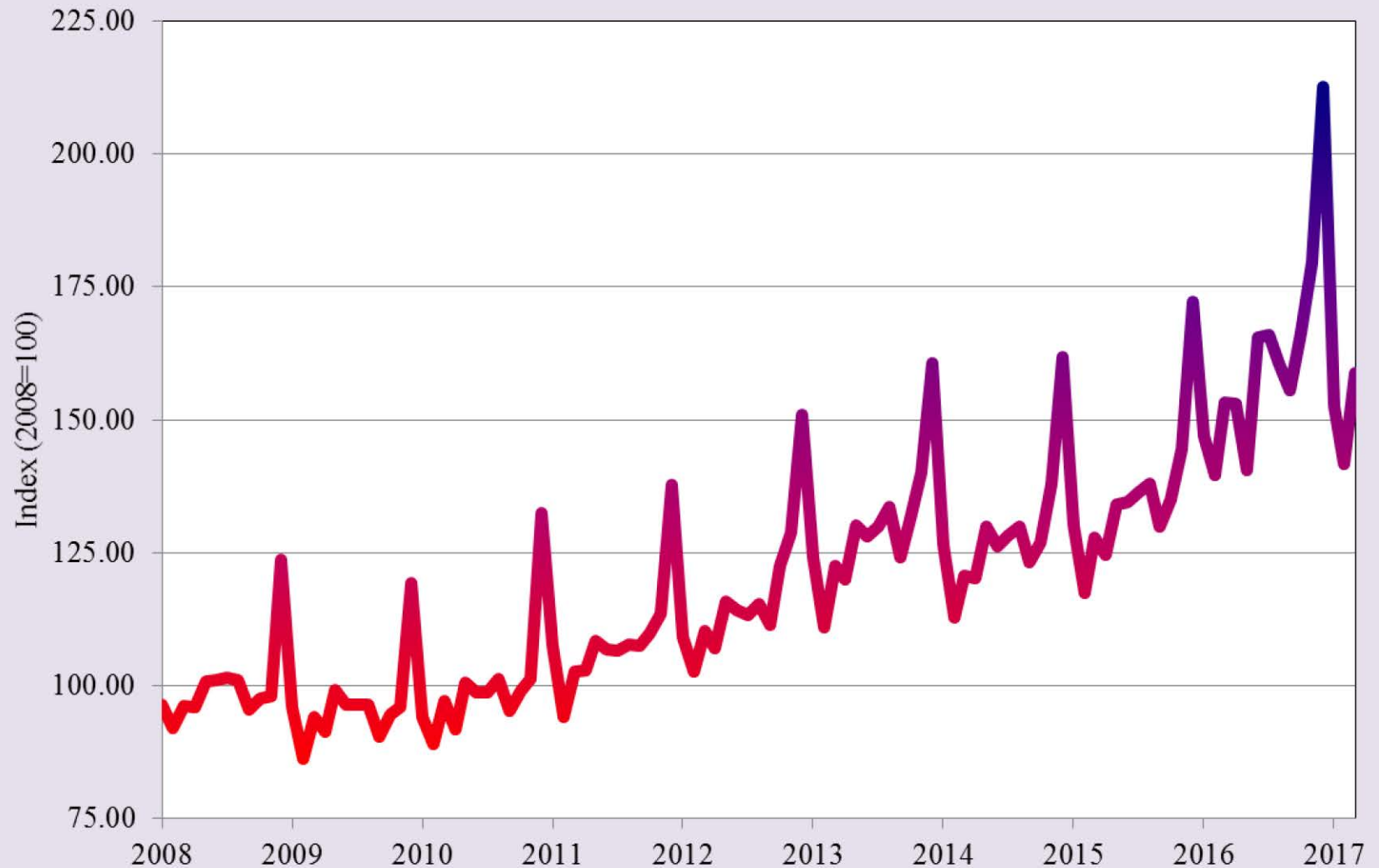
Real Retail Activity Index for the State of Chihuahua

— 2016 — 2017



Source: INEGI

Real Retail Activity Index for the State of Chihuahua



Source: INEGI



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