Borderplex Business Barometer, Volume 1, Number 7

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Stable Growth on Both Sides of the Border

Revisions to the El Paso Metropolitan Business Cycle Index indicate slower growth in recent months than previous estimates. The Household Economic Stress Index suggests that local economic conditions have fluctuated over a fairly narrow band over the course of the same period. El Paso County unemployment stood at 4.7 percent in May, just slightly above the rate tallied one year earlier. Local enrollment in the Supplemental Nutrition Assistance Program (SNAP) program edged upward slightly from April to May, but this most likely reflects a mere seasonal uptick.

Median single-family housing prices have oscillated between $142,000 and $152,000 during the past year. The figure for May is $147,000. Demand for housing appears to remain relatively strong. In May, the months of housing inventory in the local market descended to 5.5, the lowest level registered since before the most recent recession. The average price of gasoline in June was $2.12, the lowest average monthly price observed in El Paso so far this year. Normally, gasoline prices peak during the summer months, but 2017 is proving to be a maverick year.

The Doña Ana County unemployment rate dipped to 6.8 percent in May, slightly below the rate observed one year earlier. Las Cruces area SNAP cases have declined in recent months due, in part, to state budget cuts. The number of cases leveled off, however, in May.

The ratio of Mexican (peso-denominated) restaurant prices to United States (dollar-denominated) prices rose in May to 12.73, compared to a ratio of 12.29 one year earlier. This may reflect a relative rise in inflation rates in Mexico due in part to higher transportation prices in 2017. The monthly average exchange rate remained below 19 pesos per dollar for a second consecutive month in May. The combination of more rapidly rising price levels in Mexico and nominal exchange rate appreciation has resulted in a decline in the real exchange rate index. The index has fallen from 140 in January to 123 in May, almost identical to the value of 124 from twelve months earlier.

Total trade through the El Paso Customs District has followed a see-saw pattern in the first few months of 2017. Trade flows appear to be holding steady although they are slightly lower, in real terms, than those observed last year. Trade through the regional customs district has followed a pattern similar to the Northern Mexico Manufacturing Orders Index. That is reflective of the importance of intra-industry trade to regional commerce and industry. The value of the peso relative to the dollar, still low by historical standards, also contributes to ongoing manufacturing investments in Ciudad Juárez. Export-oriented manufacturing employment in Ciudad Juárez topped 274,000 in April, an 8.2 percent increase over the same month last year. That suggests fairly strong confidence in North American trade relations as well as in the Ciudad Juárez metropolitan economy.

The real value of construction in the state of Chihuahua remains slightly below the levels recorded last year. One drag on this sector is higher interest rates in Mexico. In spite of more costly loan rates, statewide real retail sales managed to increase slightly on a year over year basis thus far 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 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
Cl 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
Real Peso/Dollar Exchange Rate Index

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

Source: UTEP Border Region Modeling Project
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
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

$10,000

$9,000

$8,000

$7,000

$6,000

January February March April May June July August September October November December

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
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.