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Borderplex Business Barometer, Volume 1, Number 7

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BORDERPLEX BUSINESS BAROMETER

July 2017

Border Region Modeling Project

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Border Commerce & Economics

Borderplex Business Barometer, Volume 1, Number 7

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.

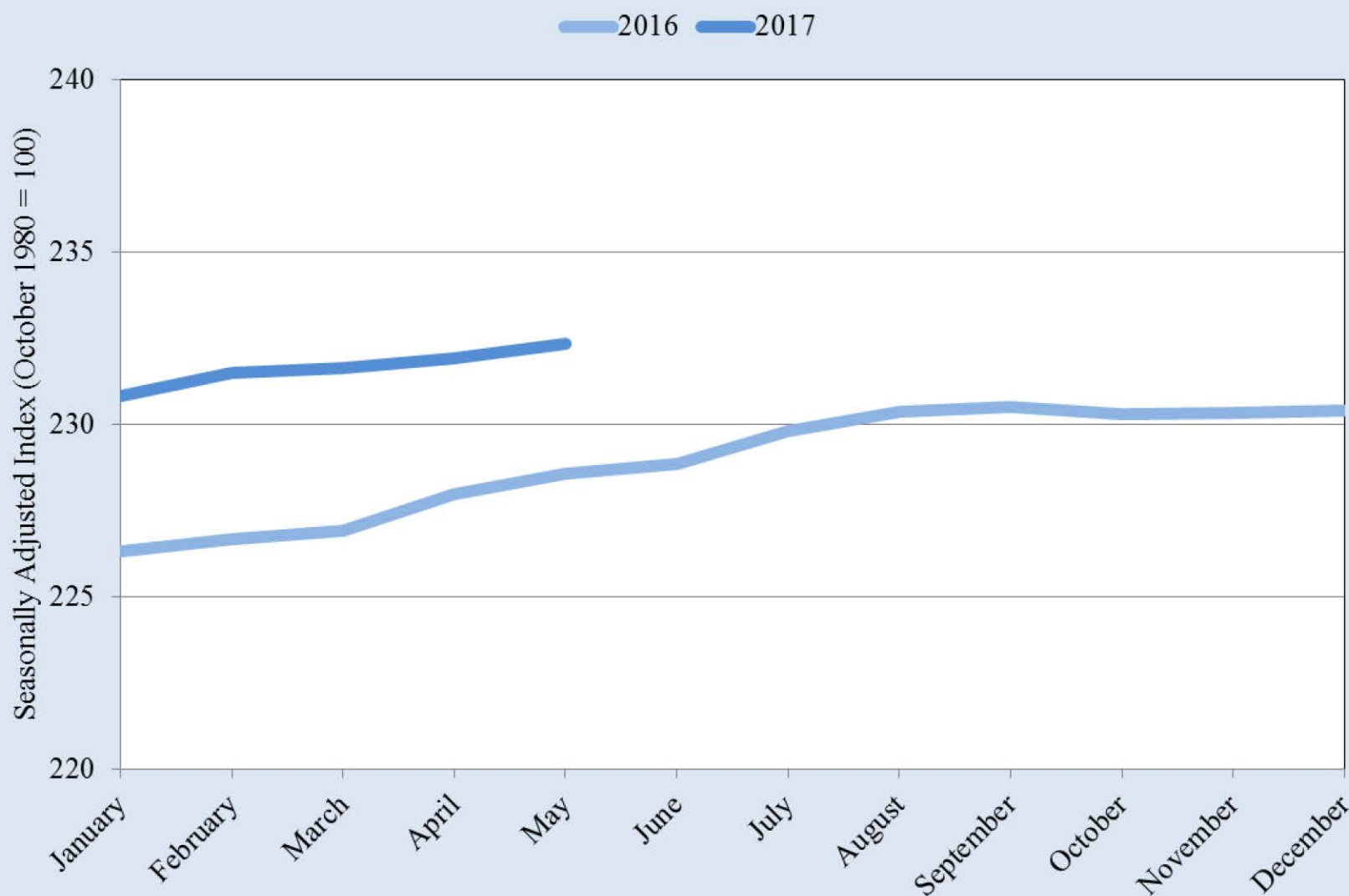
The ratio of Mexican (peso-denominated) restaurant prices to United States (dollar-denominated) prices rose in May to 12.73, compared to a ratio of 12.29 one year earlier. This may reflect a relative rise in inflation rates in Mexico due in part to higher transportation prices in 2017. The monthly average 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.

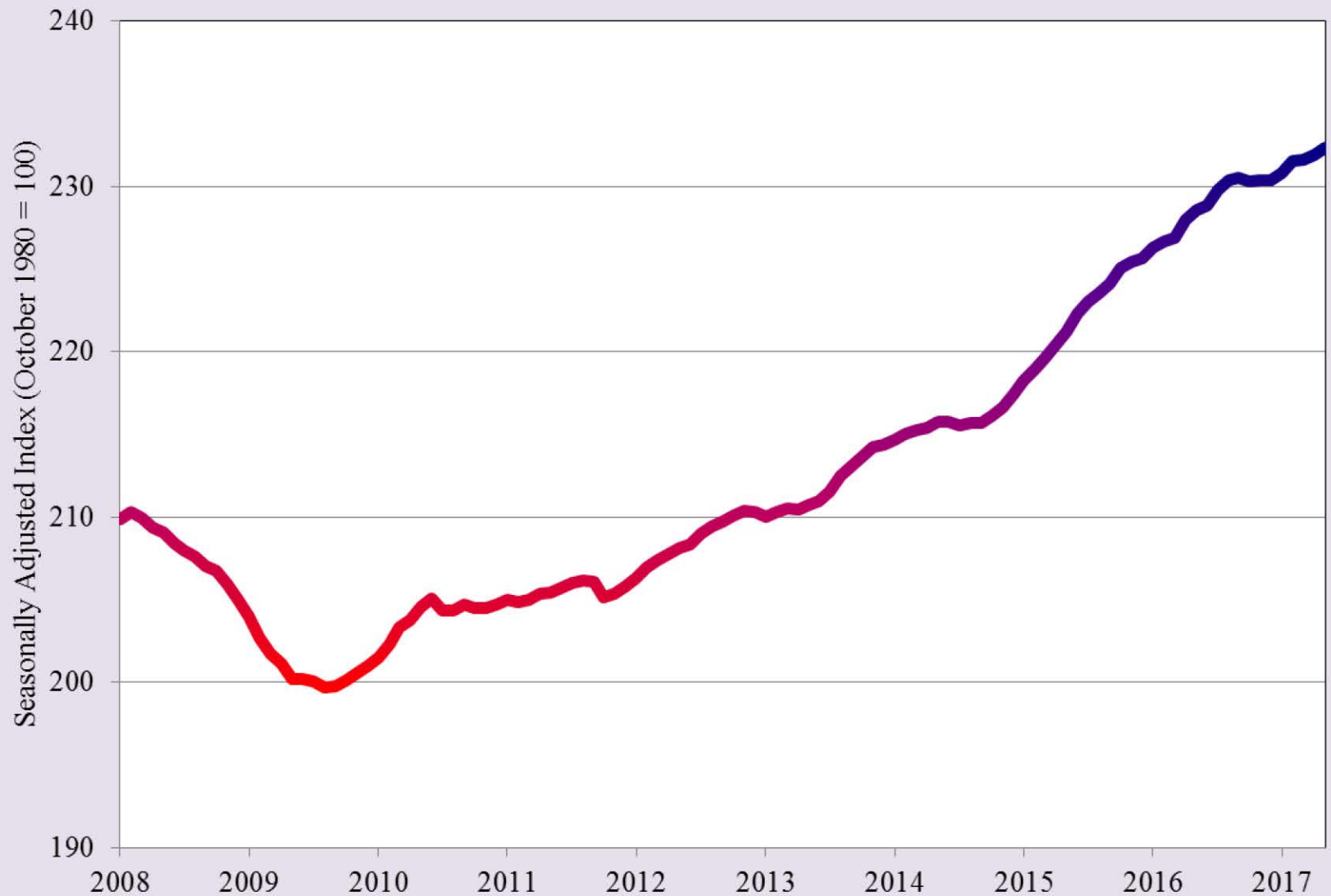
The real value of construction in the state of Chihuahua remains slightly below the levels recorded last year. One drag on this sector is higher interest rates in Mexico. In spite of more costly loan rates, statewide real retail sales managed to increase slightly on a year over year basis thus far in 2017.

Metro Business-Cycle Index for El Paso



Source: Federal Reserve Bank of Dallas

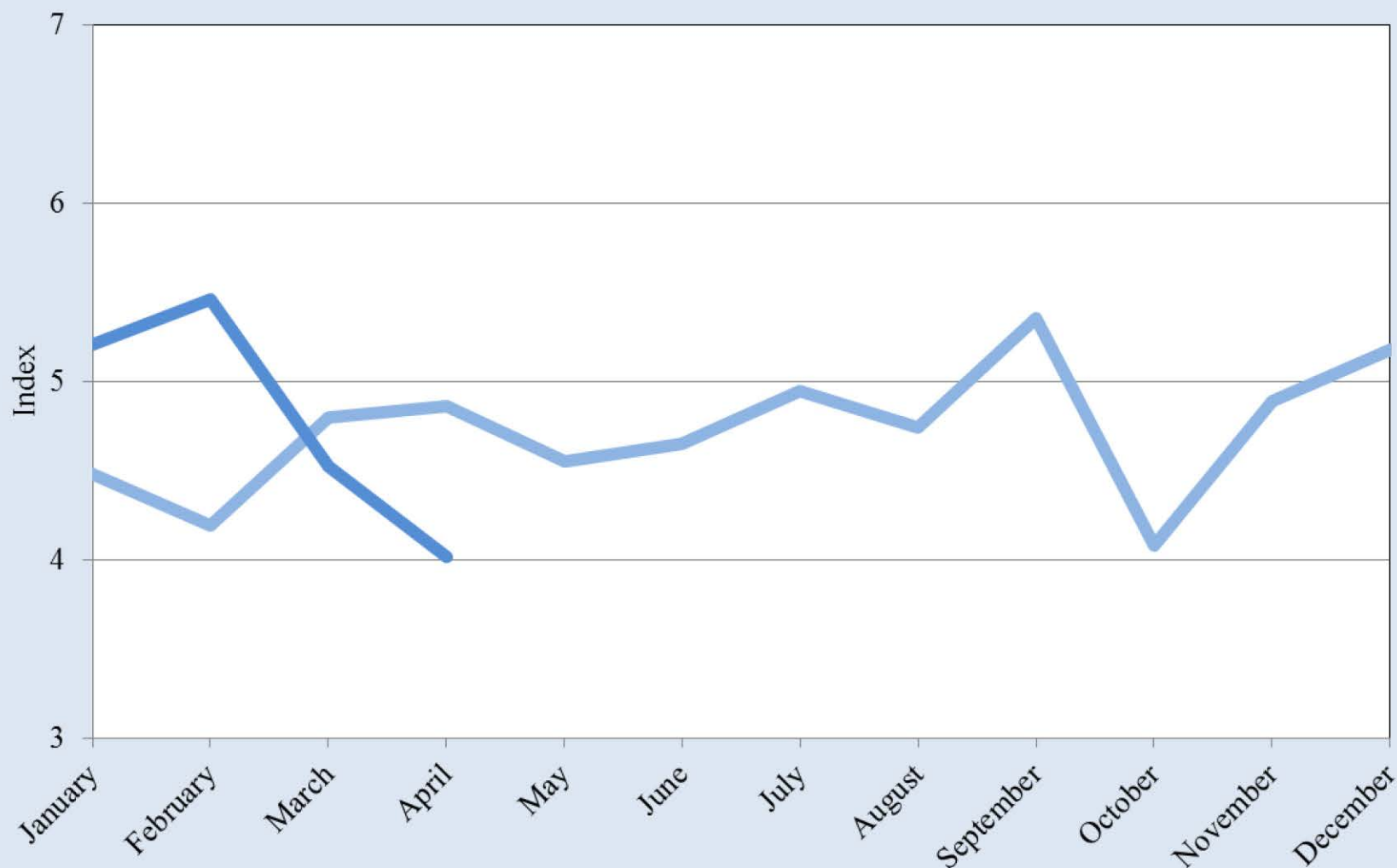
Metro Business-Cycle Index for El Paso



Source: Federal Reserve Bank of Dallas

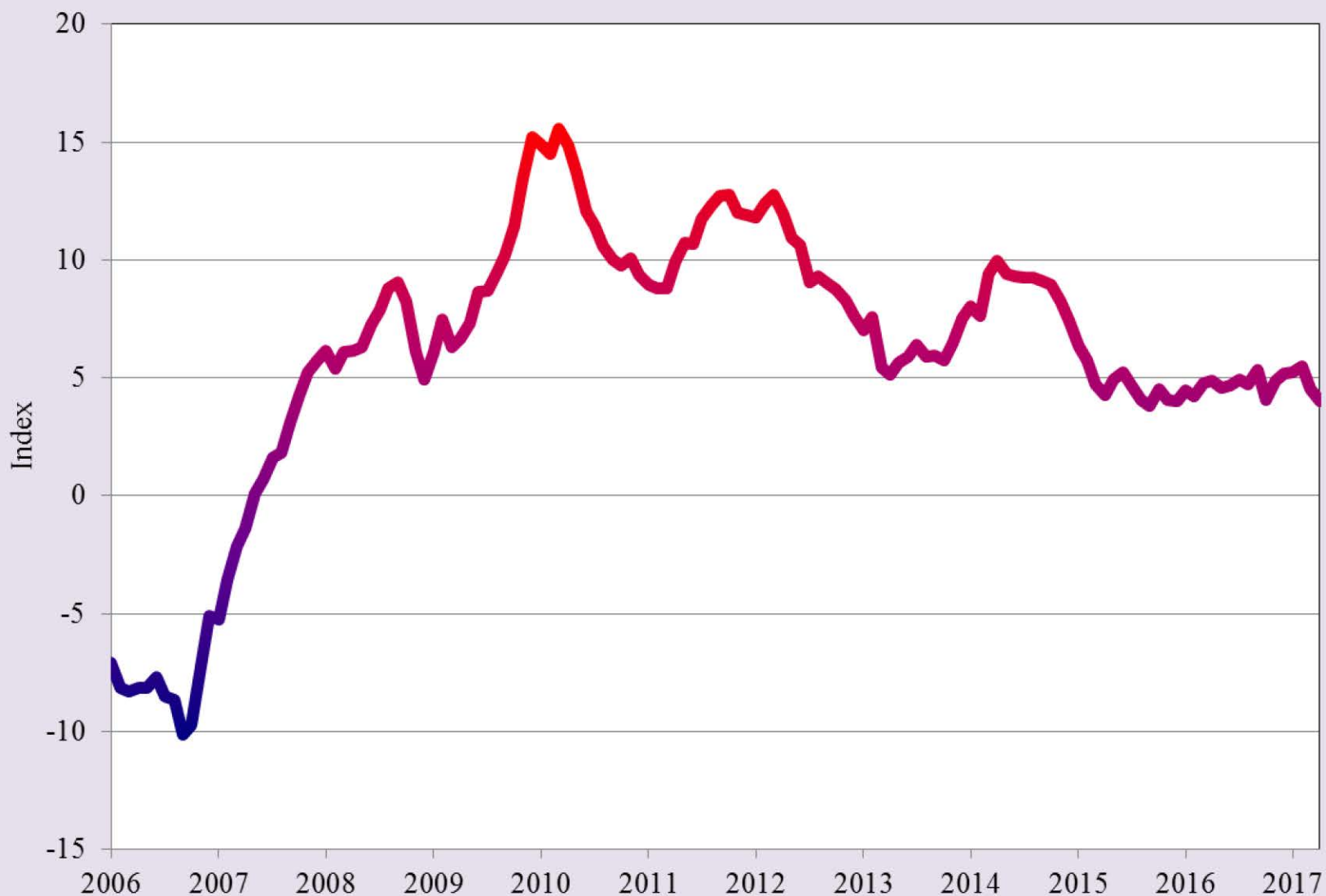
El Paso Household Economic Stress Index

— 2016 — 2017



Source: UTEP Border Region Modeling Project

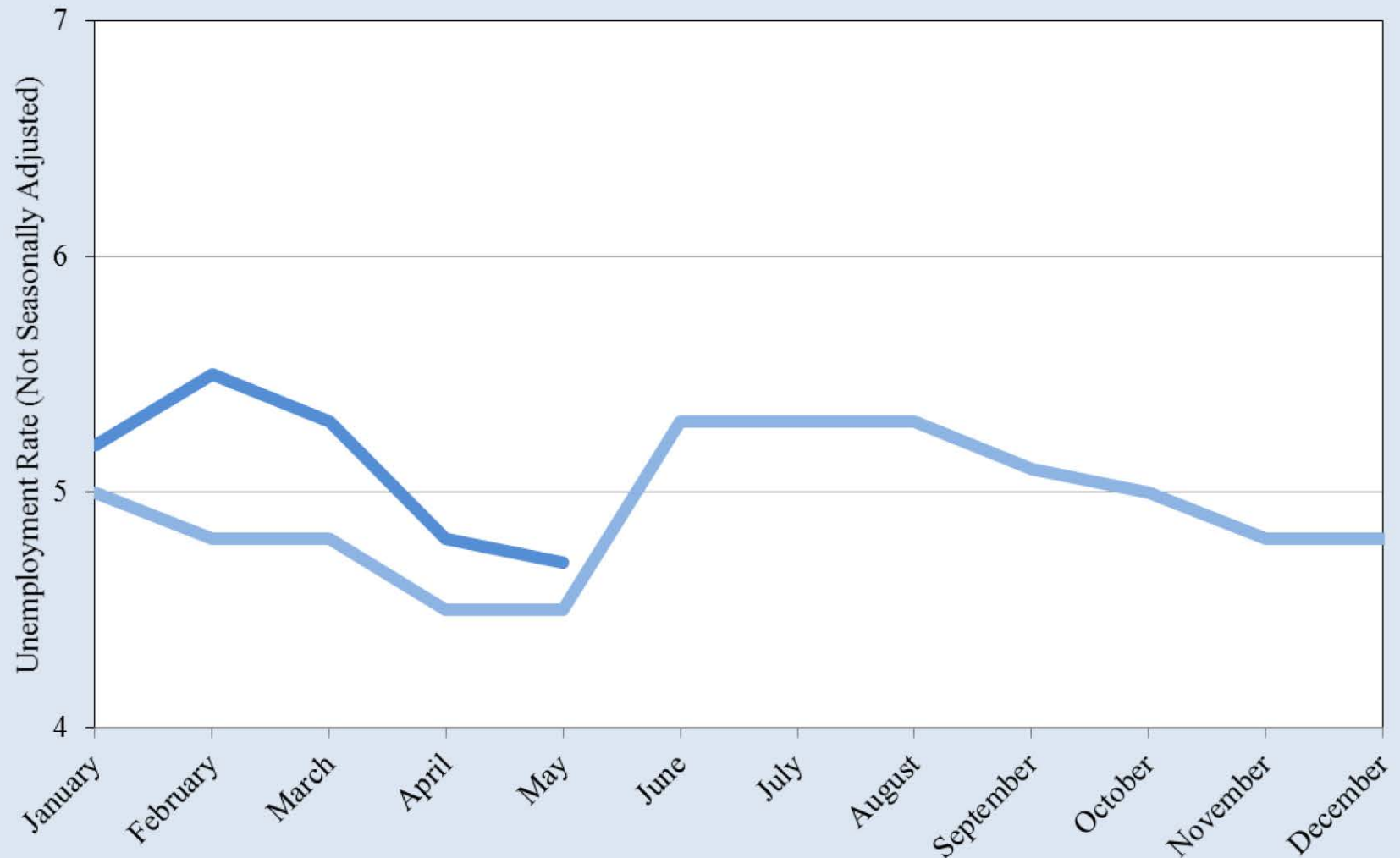
El Paso Household Economic Stress Index



Source: UTEP Border Region Modeling Project

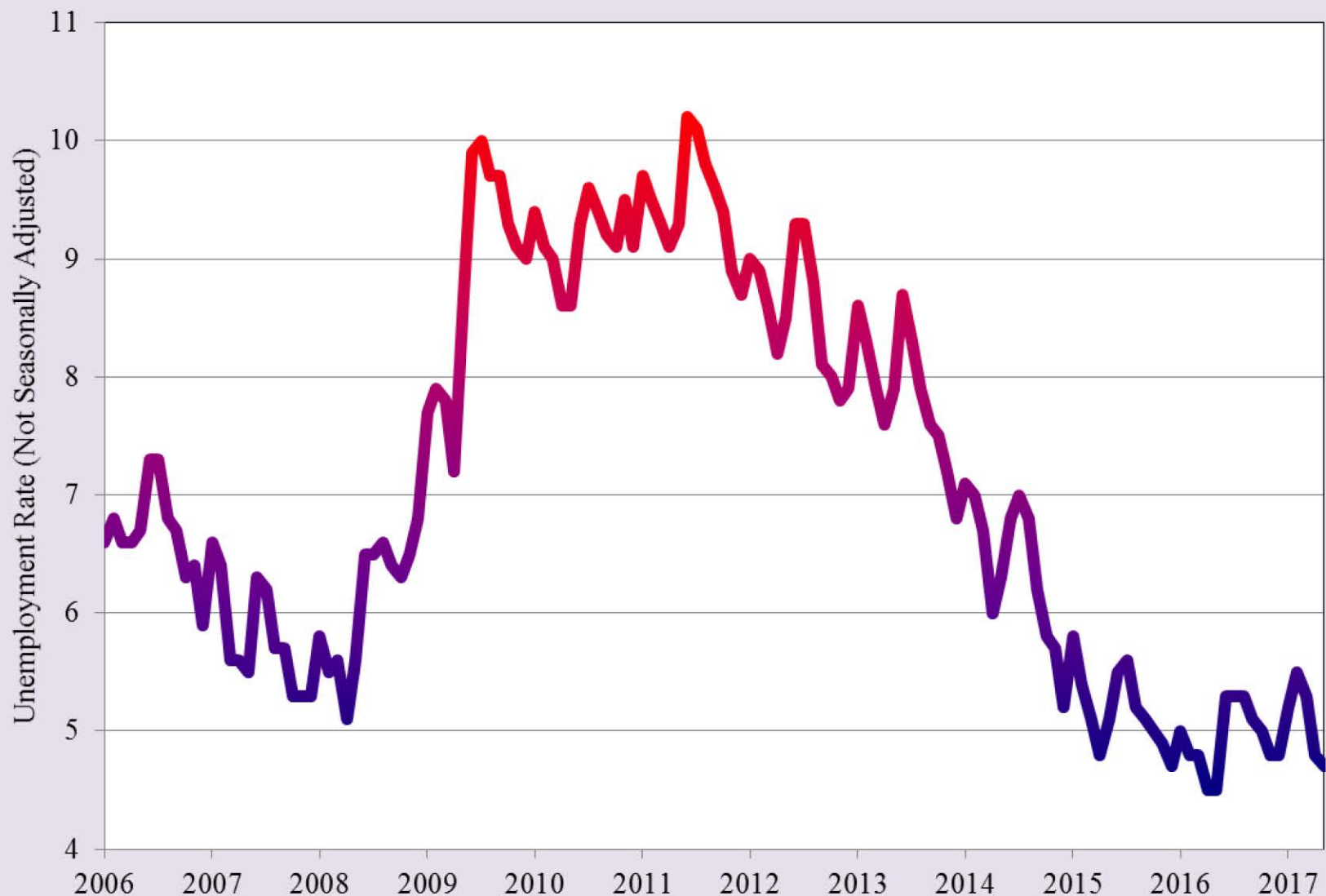
El Paso County Unemployment Rate

2016 2017



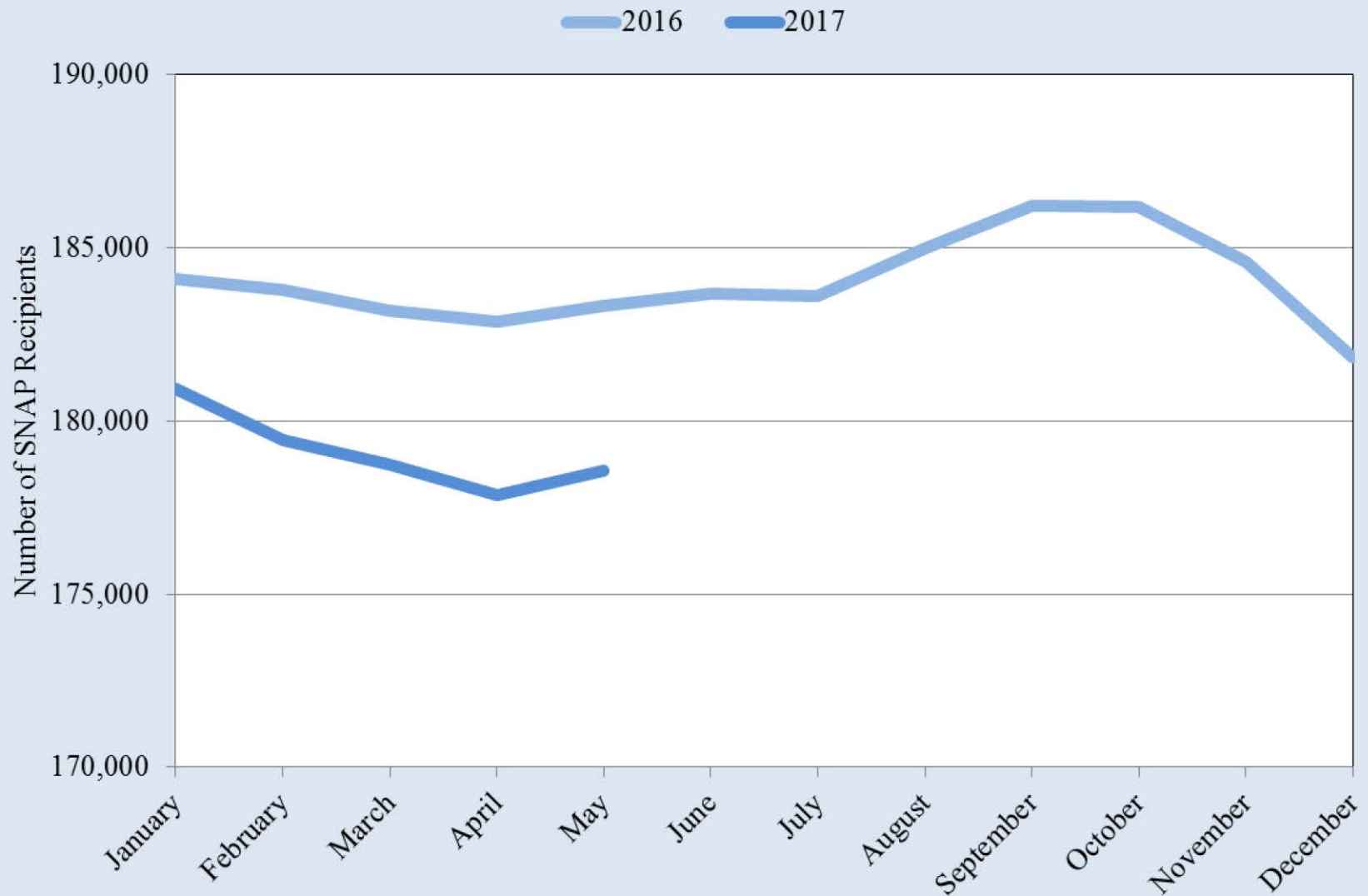
Source: Bureau of Labor Statistics

El Paso County Unemployment Rate



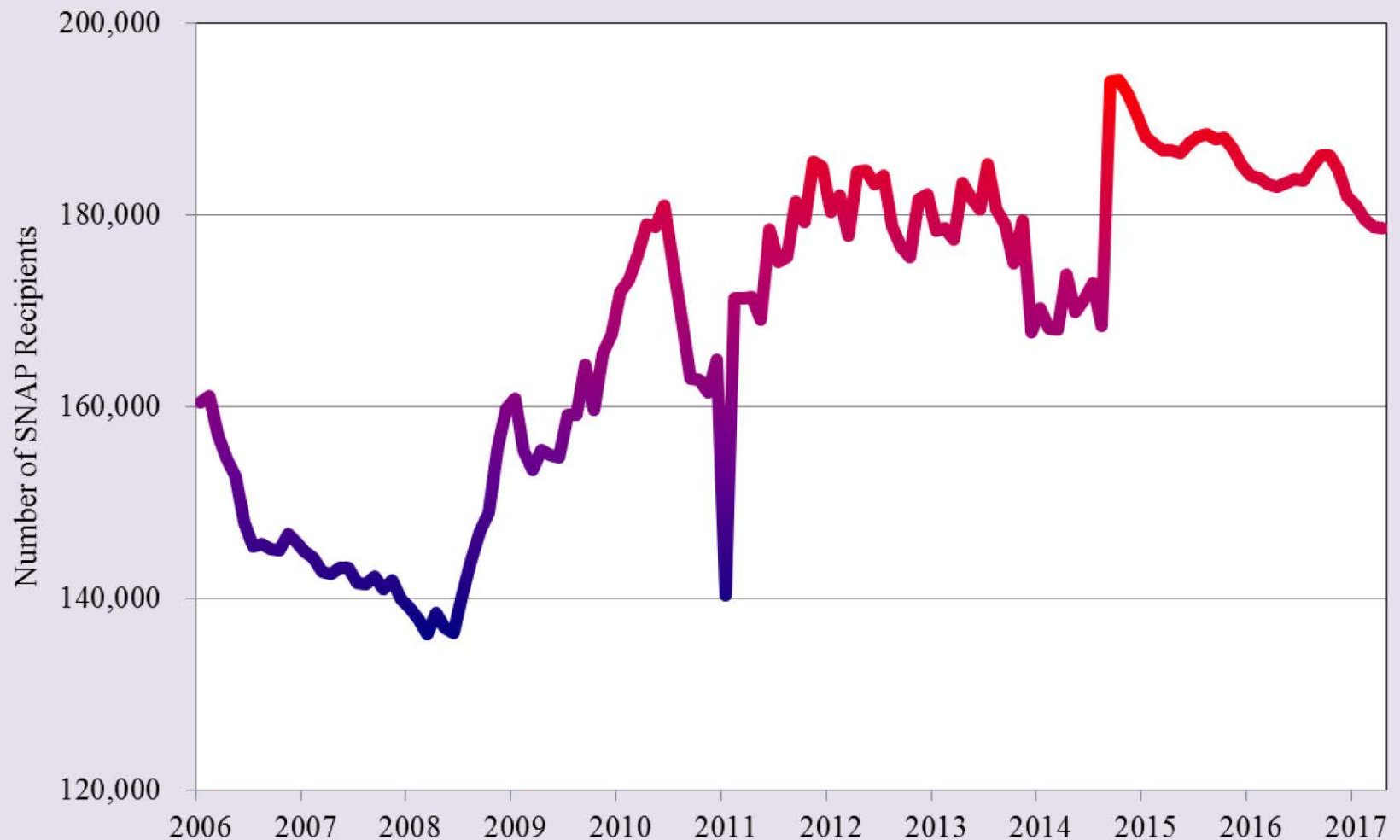
Source: Bureau of Labor Statistics

El Paso County SNAP (Food Stamp) Enrollment



Source: Texas Health and Human Services Commission

El Paso County SNAP (Food Stamp) Enrollment

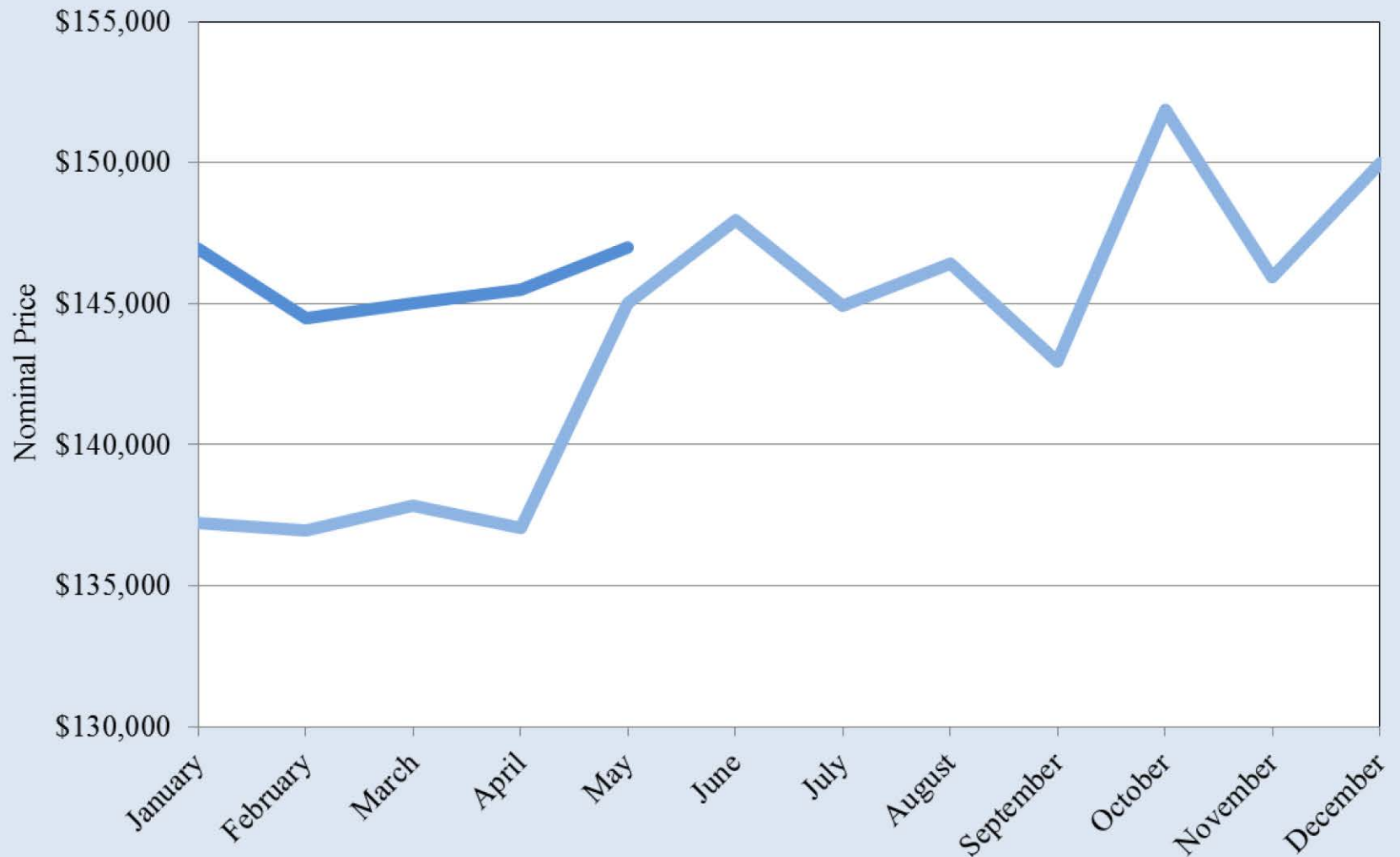


Starting in September, 2014, the number of SNAP recipients is recorded for the end of each month.

Source: Texas Health and Human Services Commission

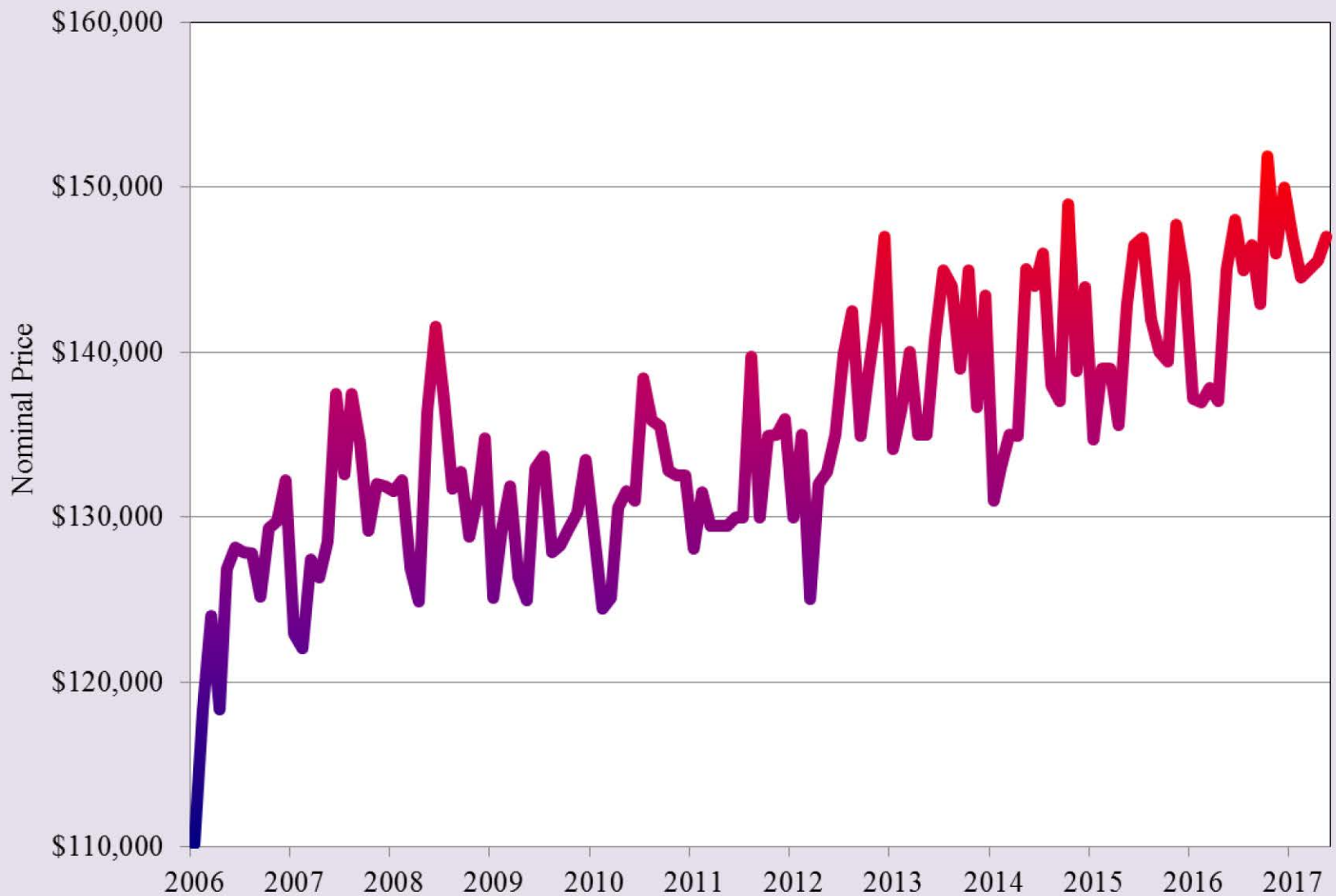
El Paso Median Housing Prices

— 2016 — 2017



Source: Texas A&M Real Estate Center

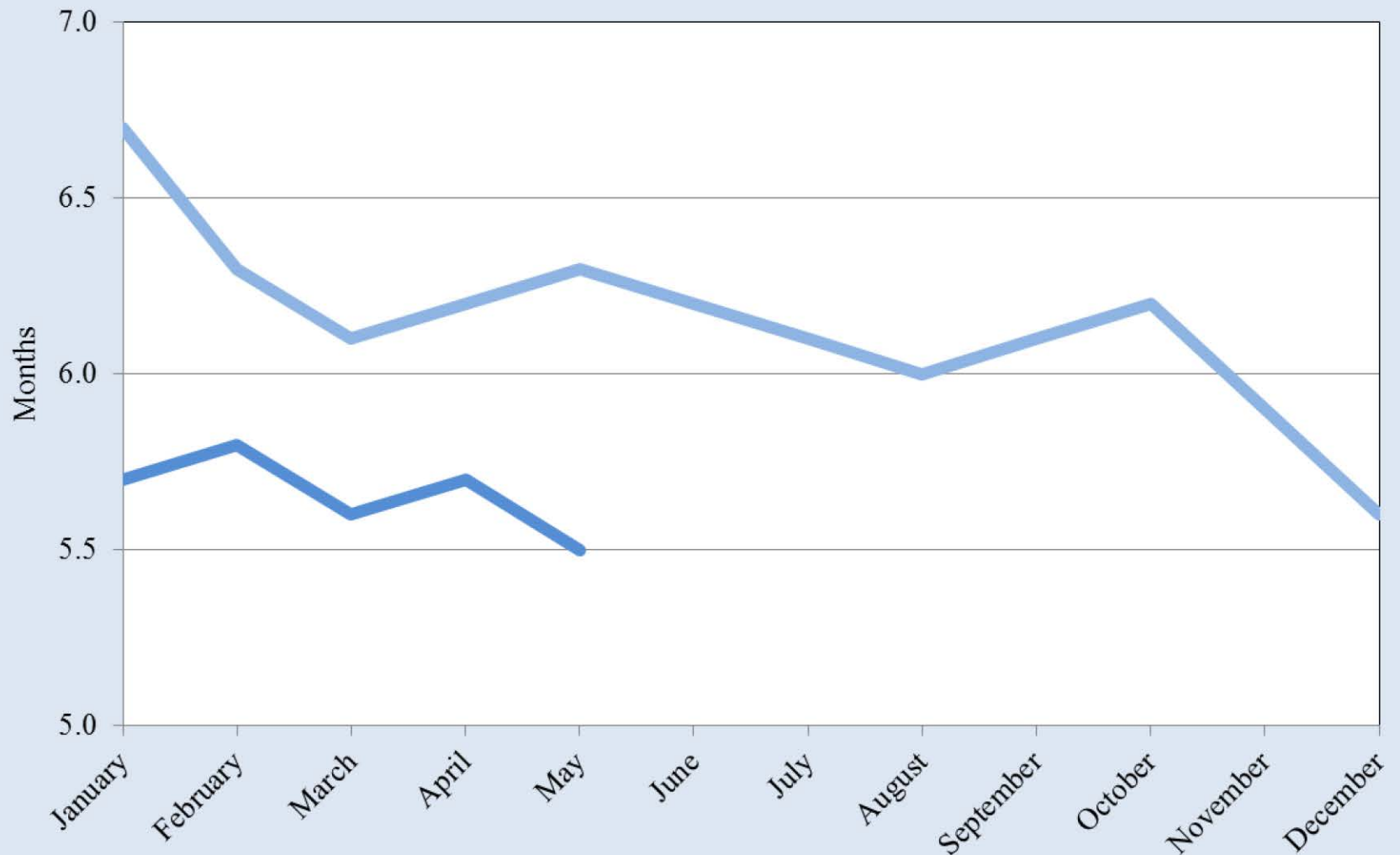
El Paso Median Housing Prices



Source: Texas A&M Real Estate Center

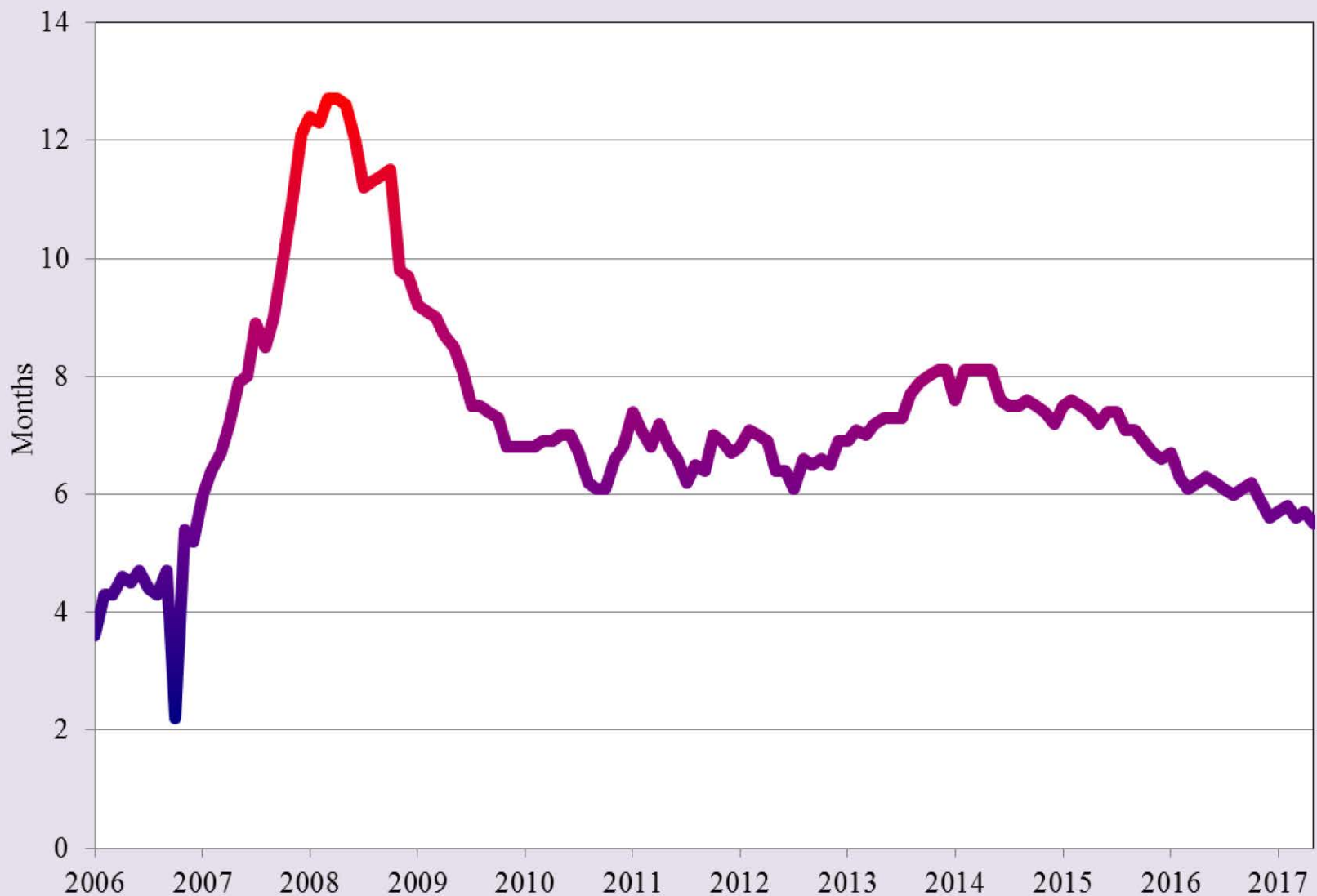
Months of Housing Inventory for El Paso

2016 2017



Source: Texas A&M Real Estate Center

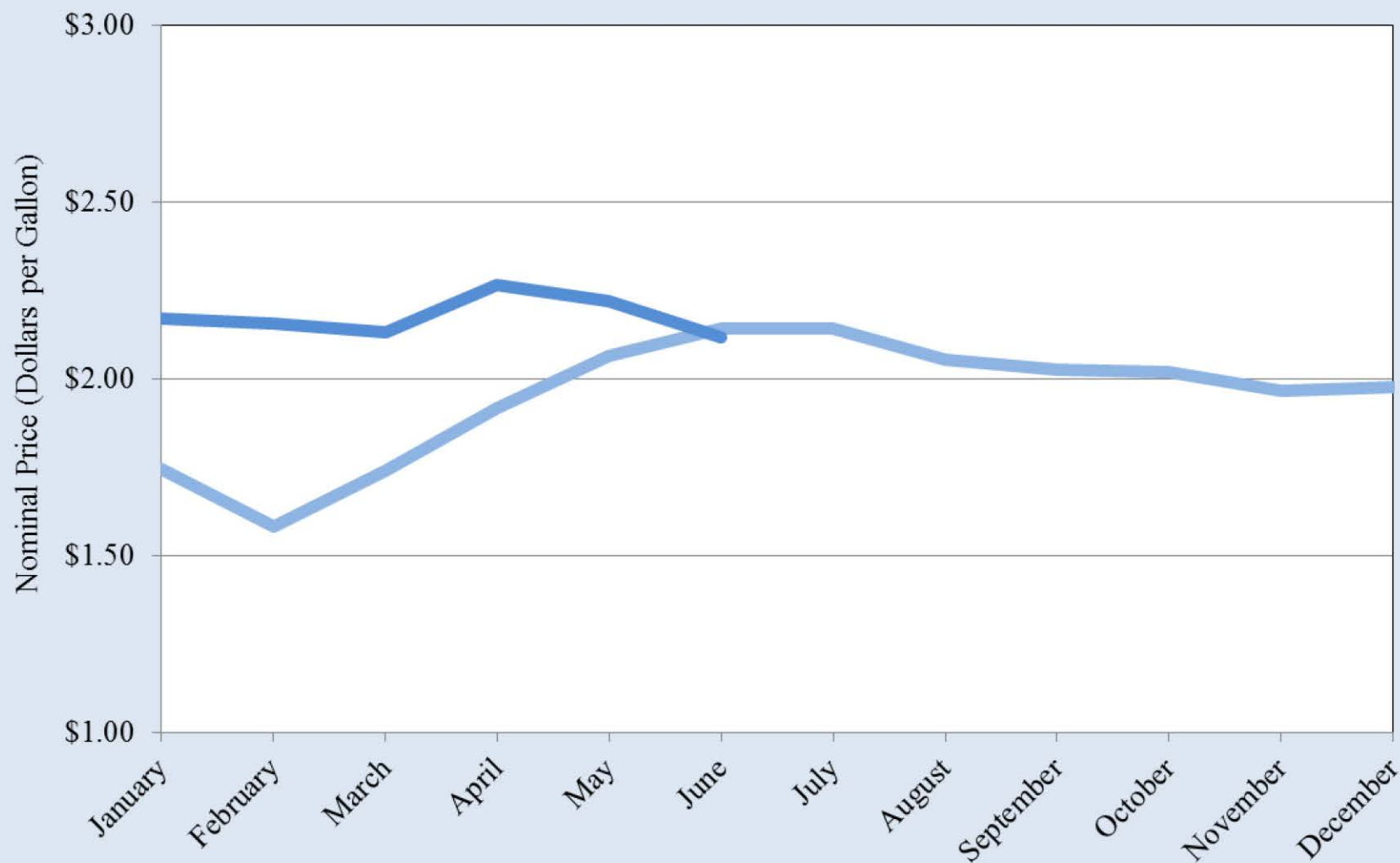
Months of Housing Inventory for El Paso



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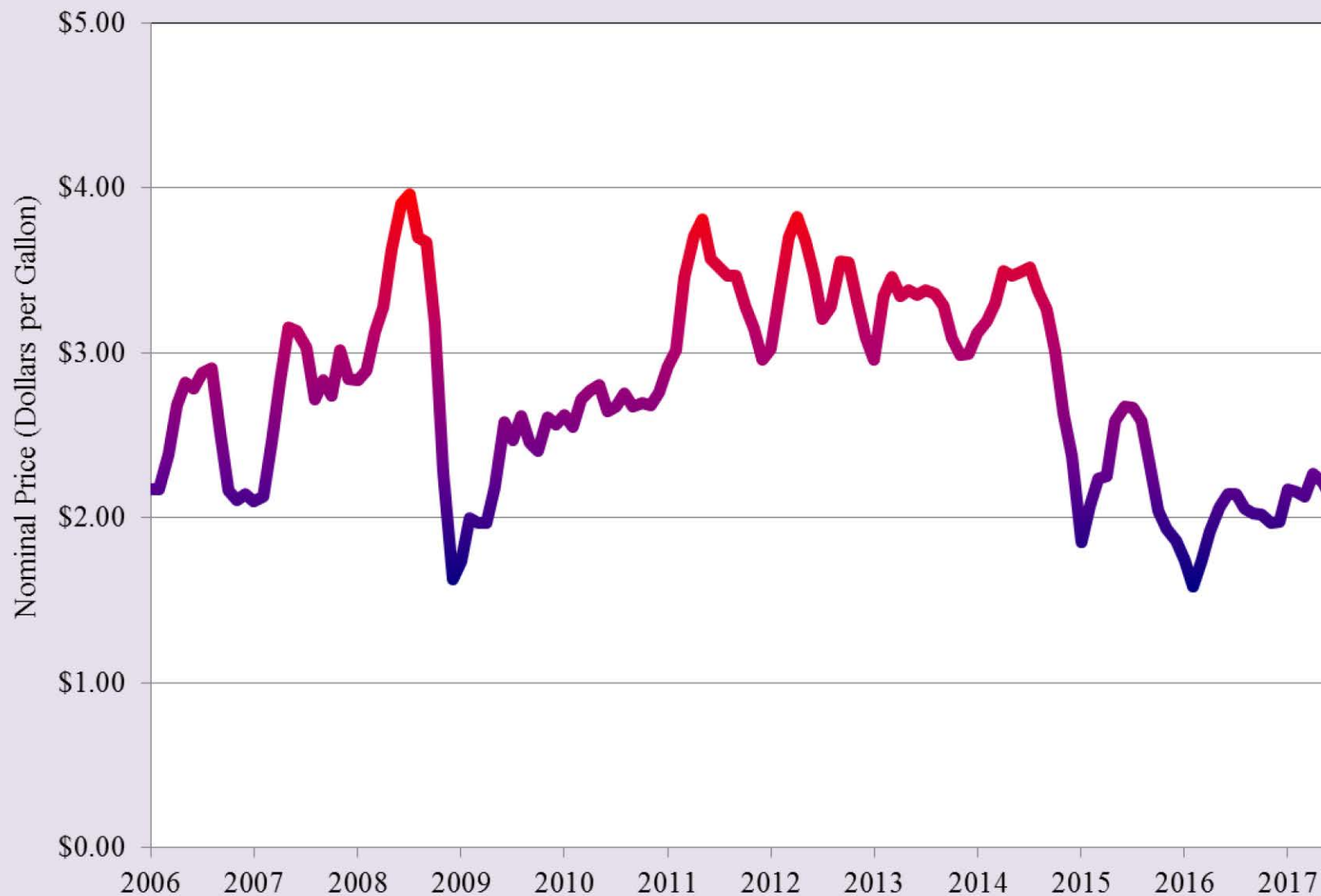
El Paso Gasoline Prices

2016 2017



Source: GasBuddy.com

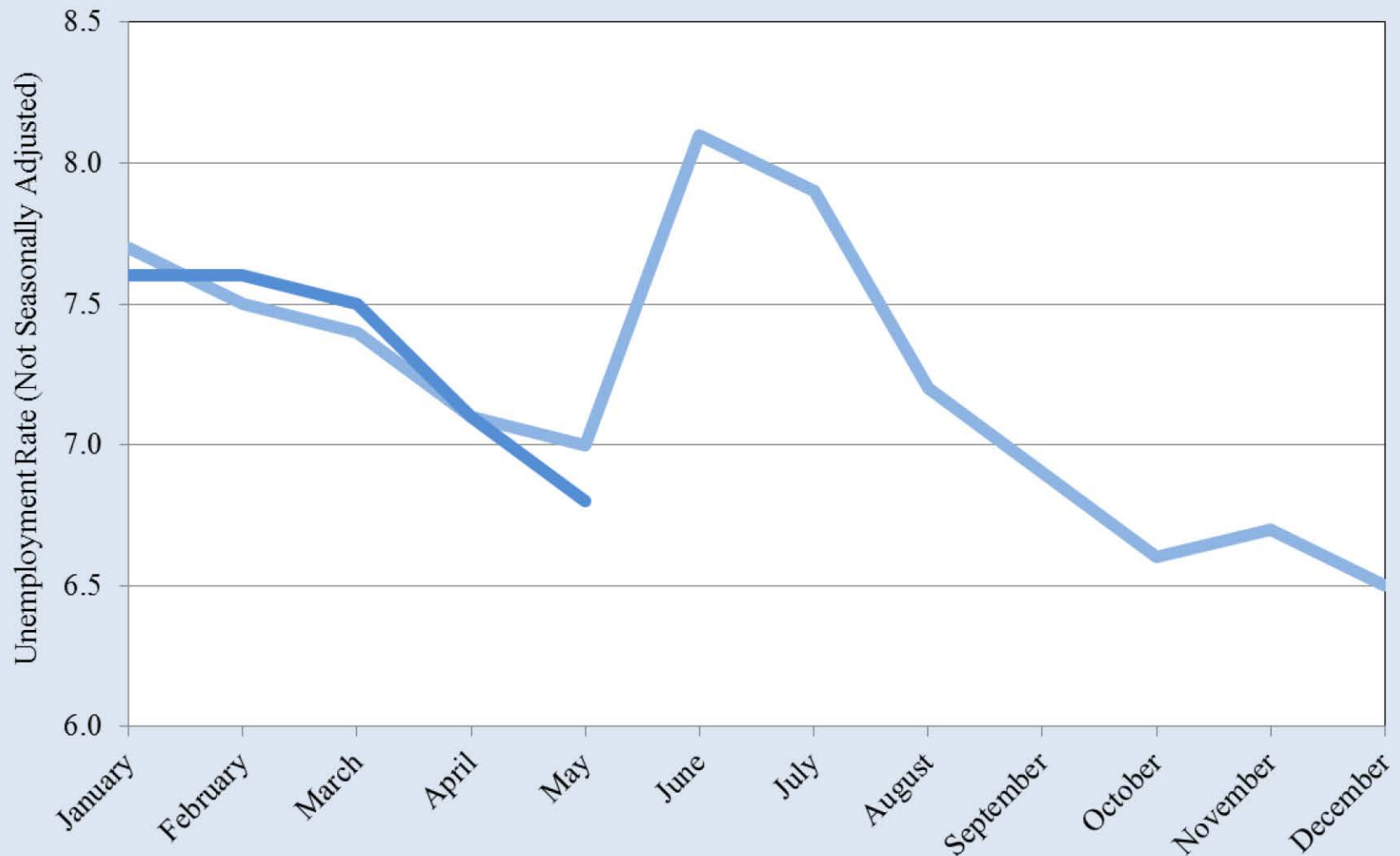
El Paso Gasoline Prices



Source: GasBuddy.com

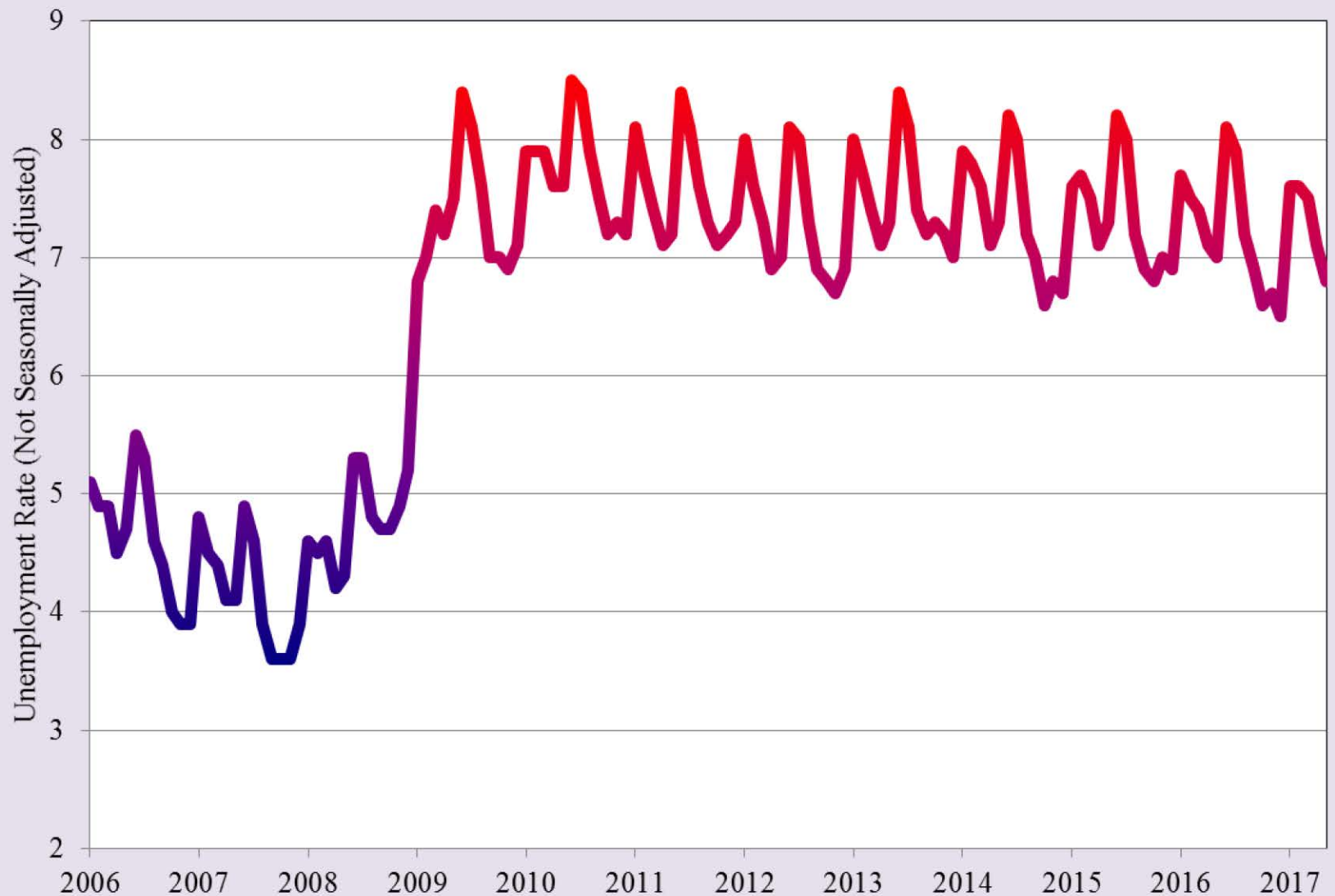
Doña Ana County Unemployment Rate

— 2016 — 2017



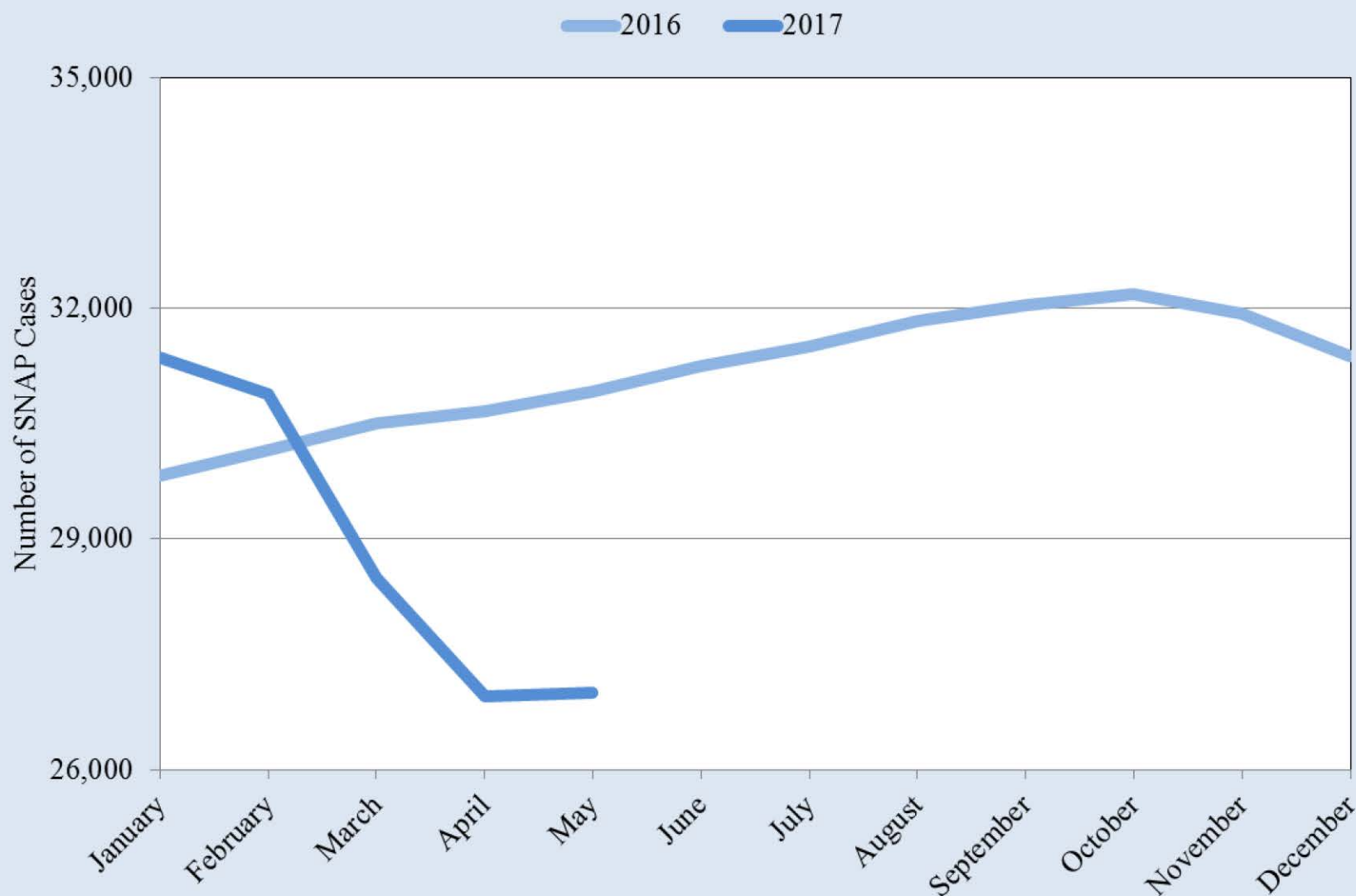
Source: Bureau of Labor Statistics

Doña Ana County Unemployment Rate



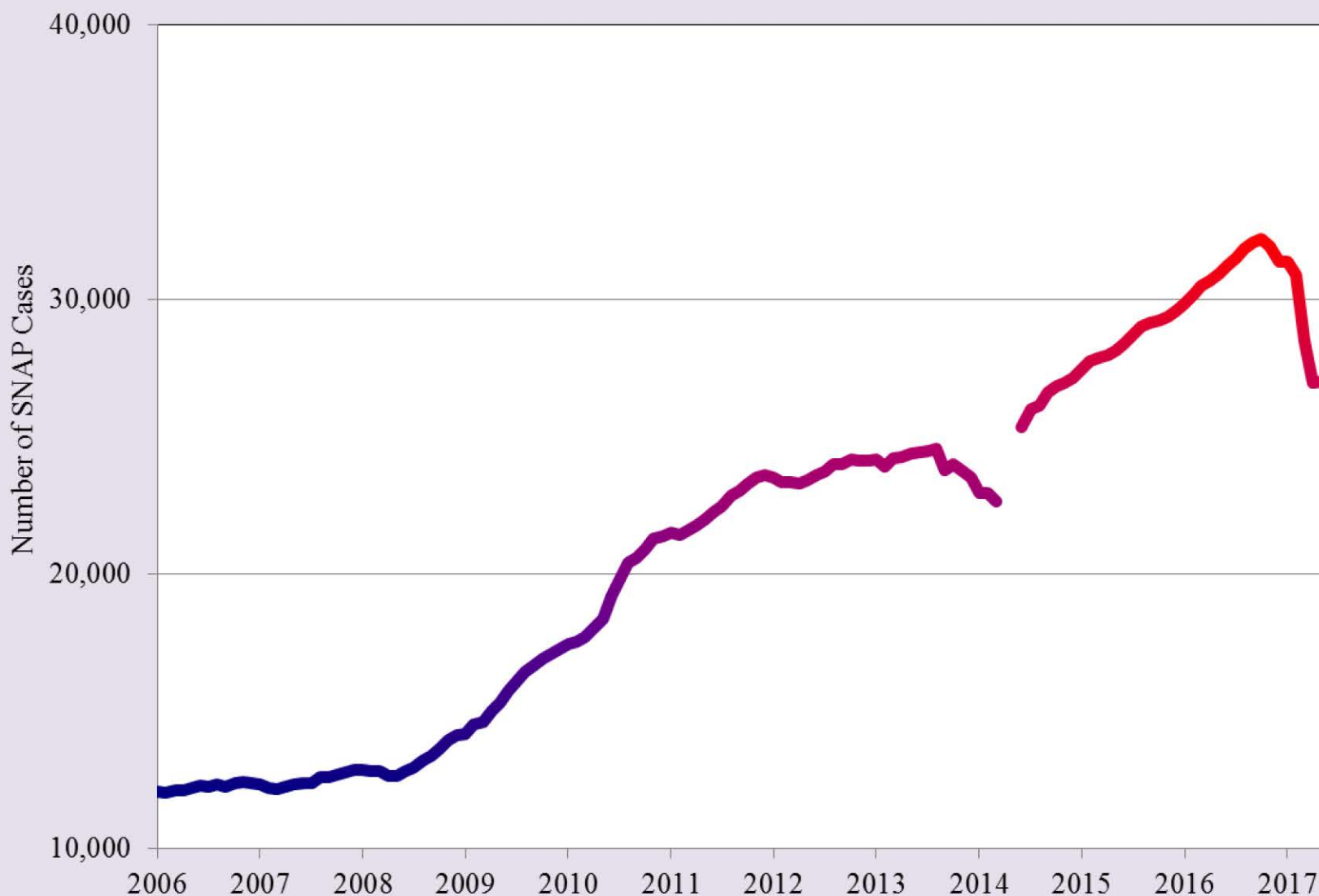
Source: Bureau of Labor Statistics

Las Cruces Area SNAP (Food Stamp) Cases



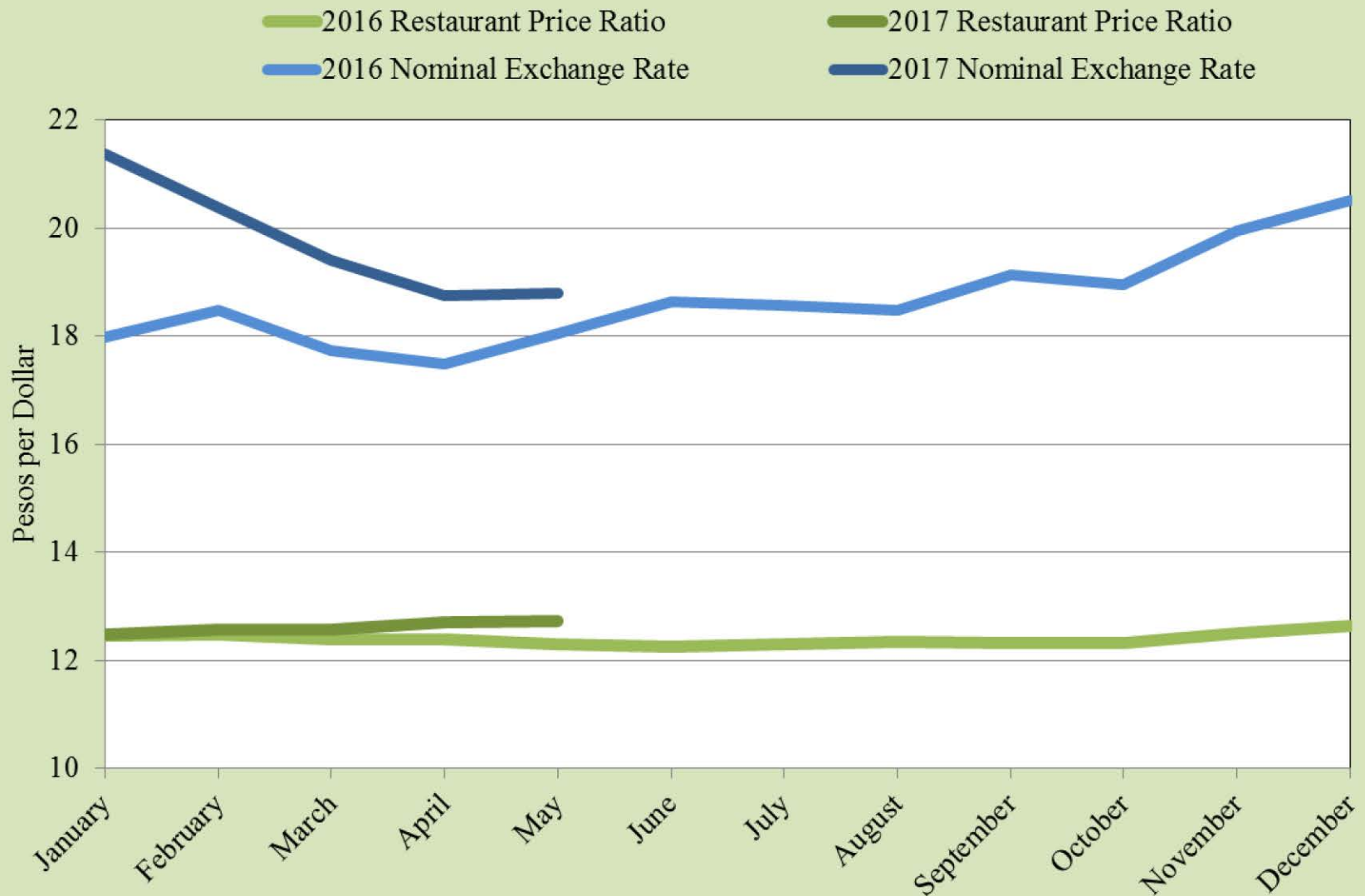
Source: New Mexico Human Services Department

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

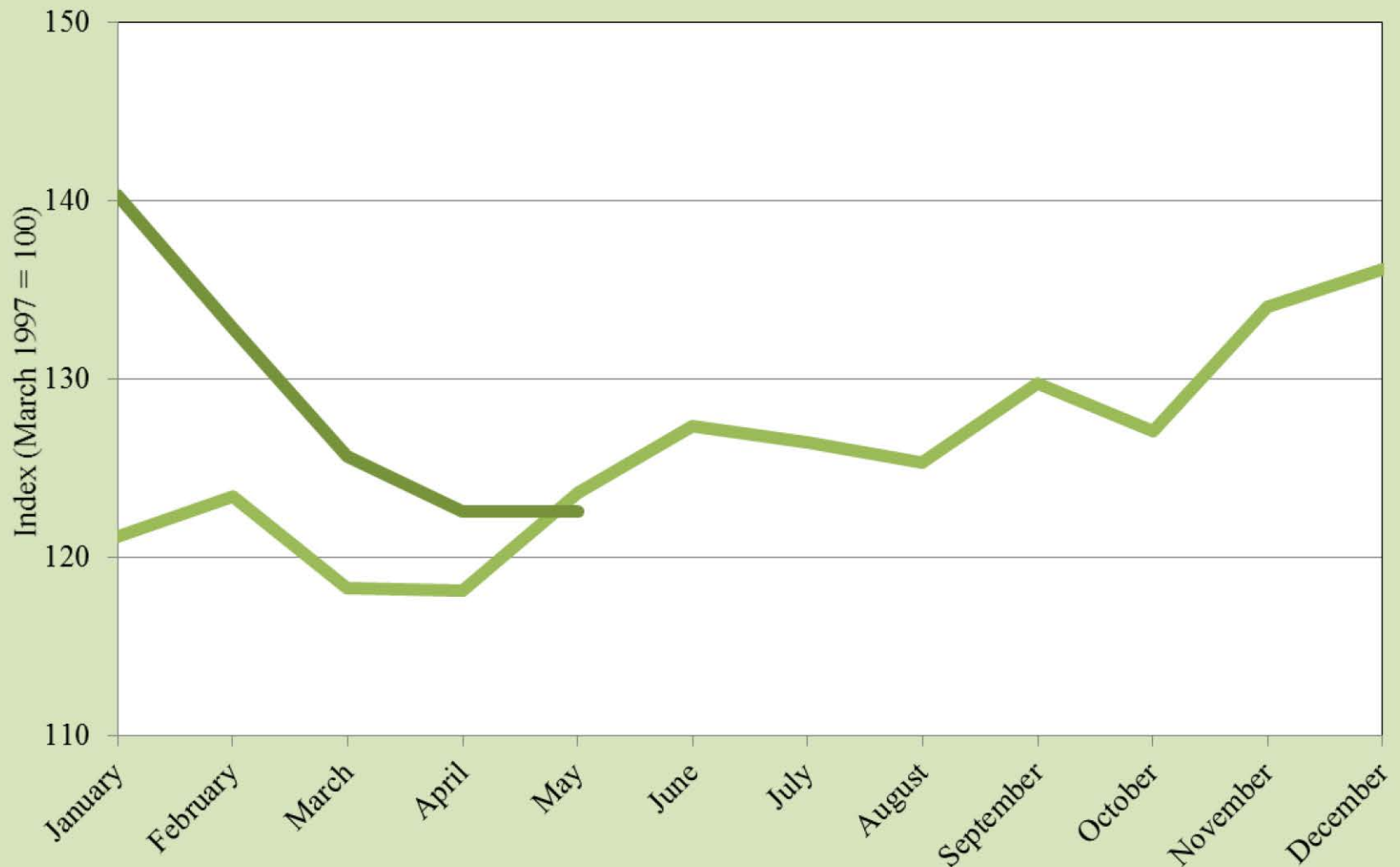
— Restaurant Price Ratio — Nominal Exchange Rate



Source: UTEP Border Region Modeling Project and Banco de Mexico

Real Peso/Dollar Exchange Rate Index

2016 2017



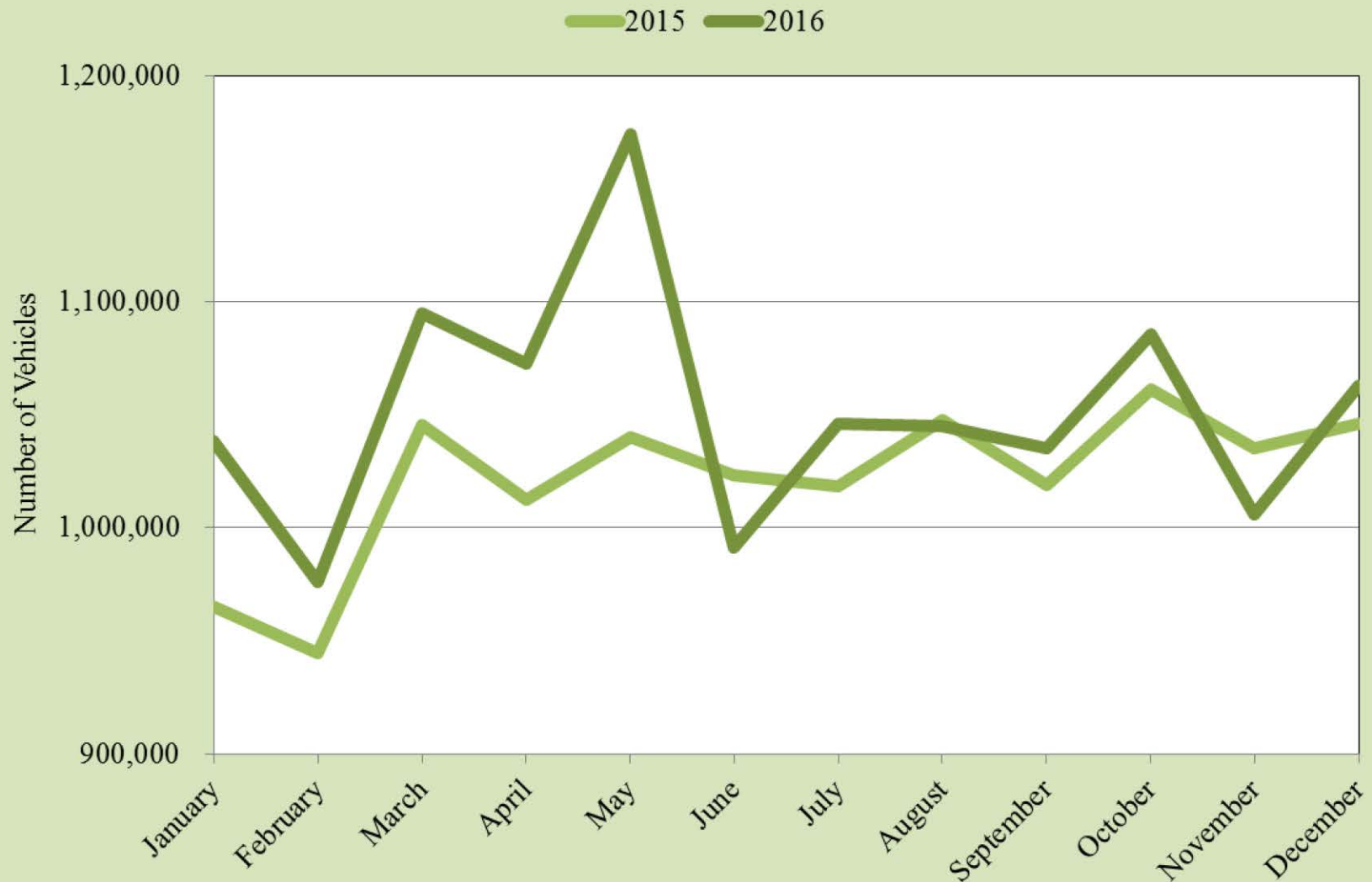
Source: UTEP Border Region Modeling Project

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

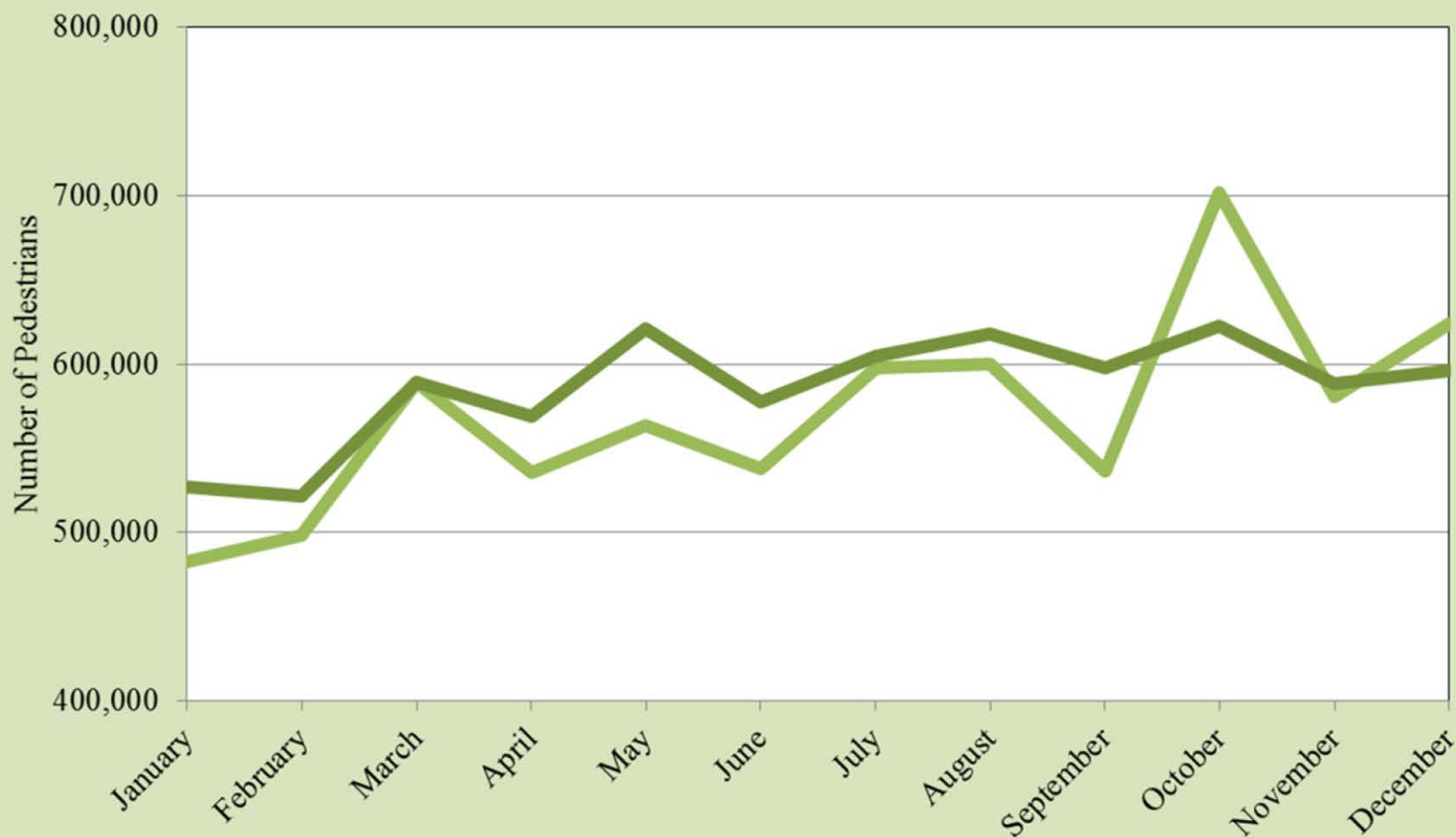
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Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

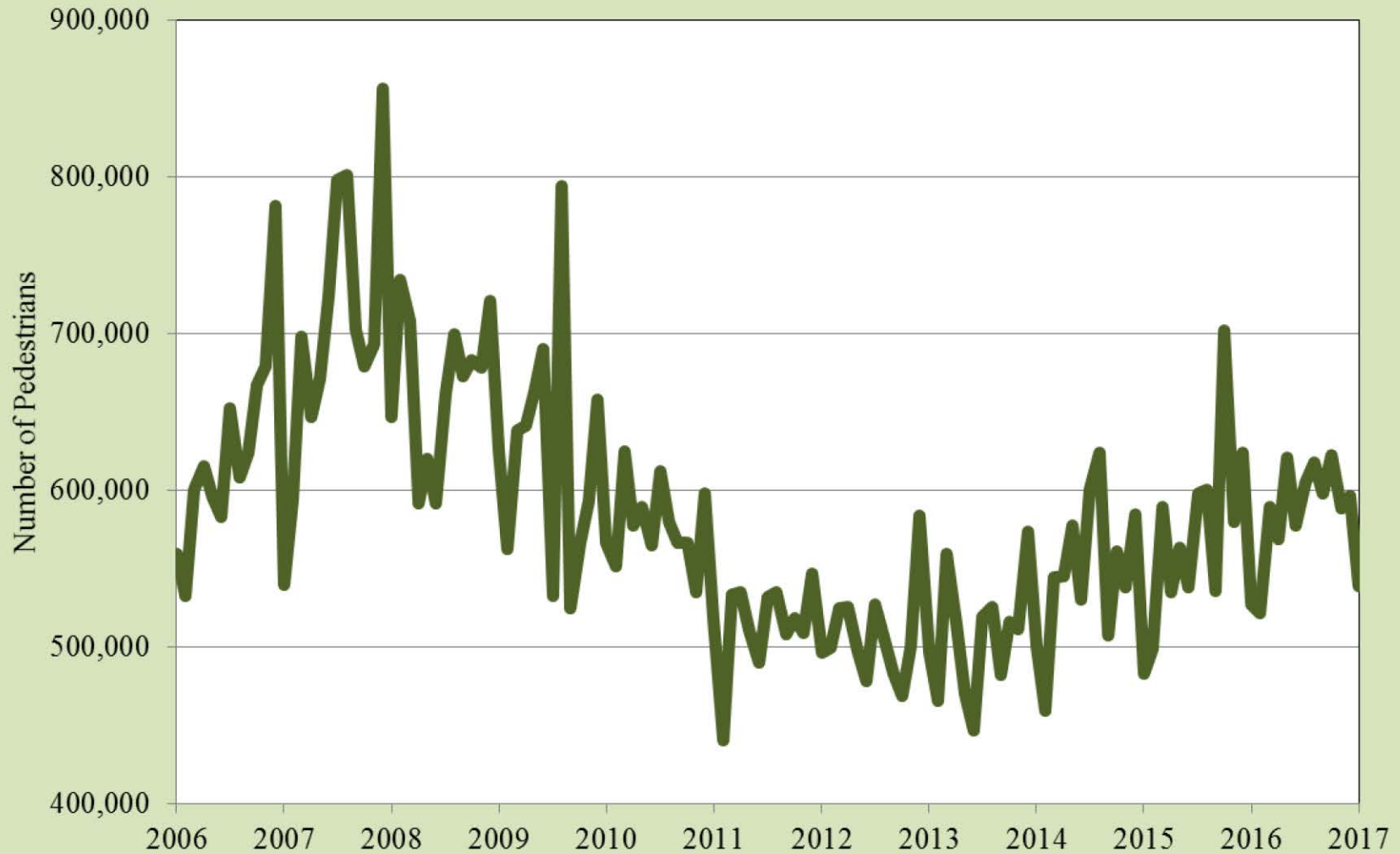
Pedestrian International Bridge Crossings to El Paso

2015 2016



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

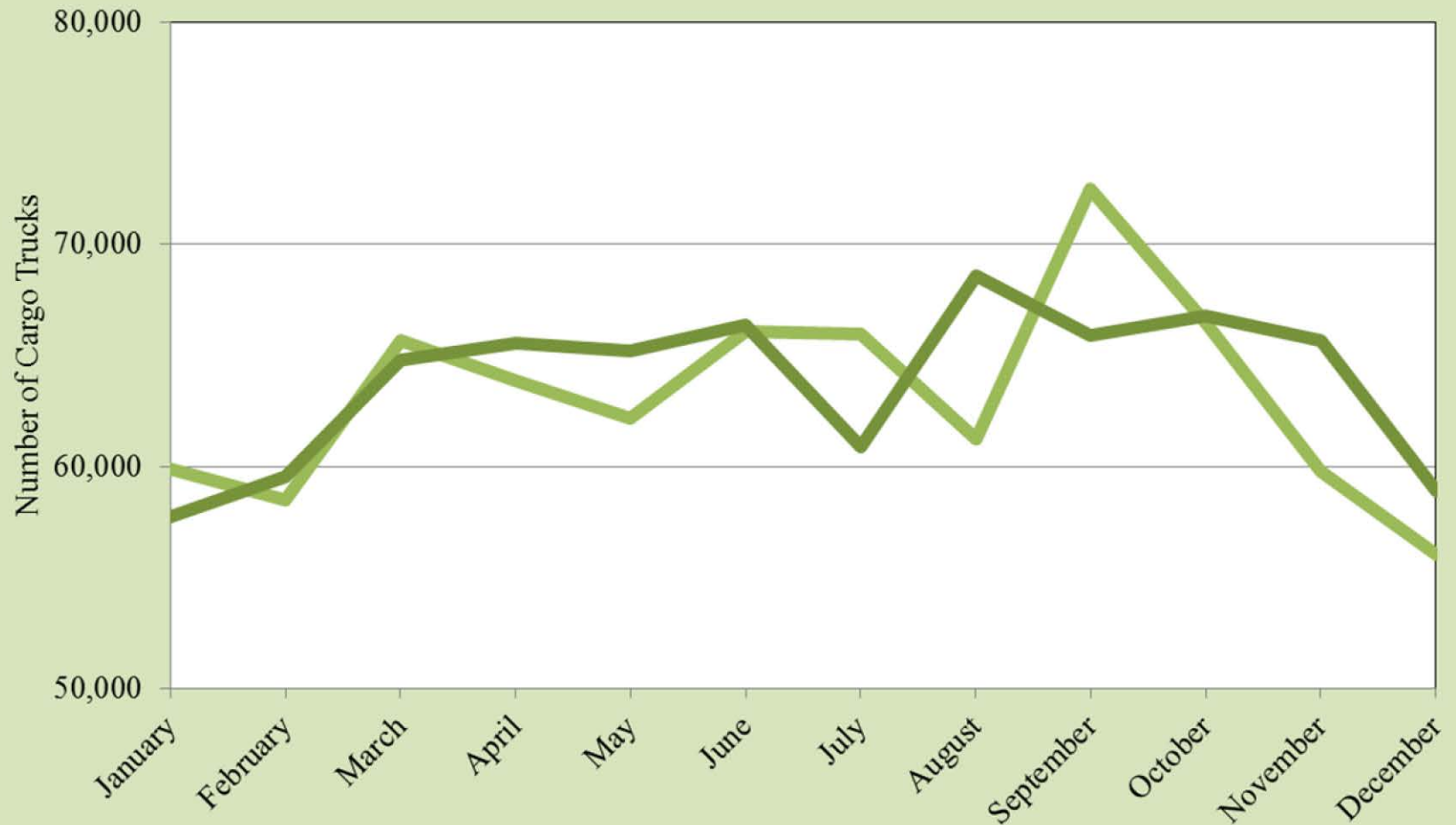
Pedestrian International Bridge Crossings to El Paso



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

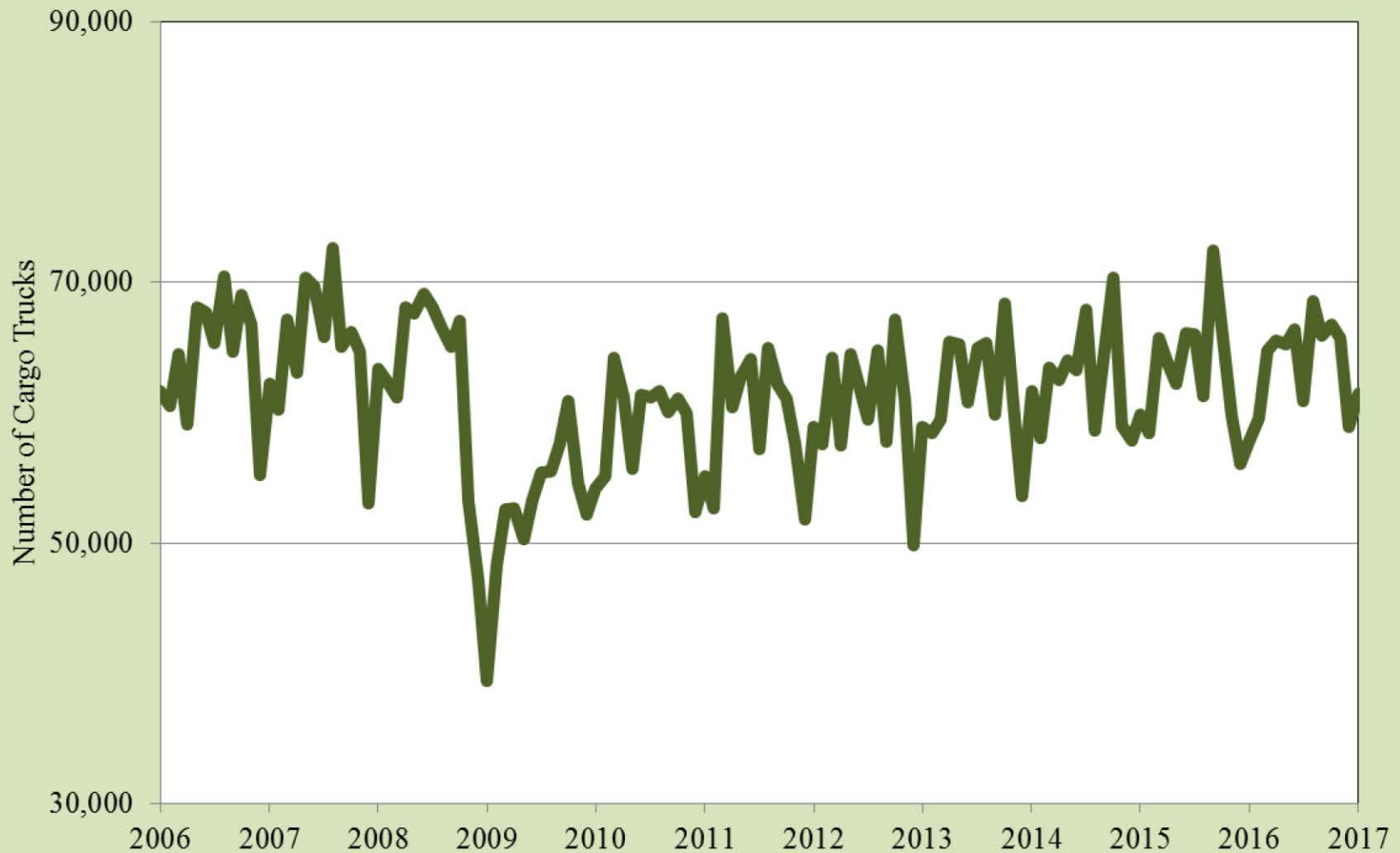
Cargo Truck International Bridge Crossings to El Paso

2015 2016



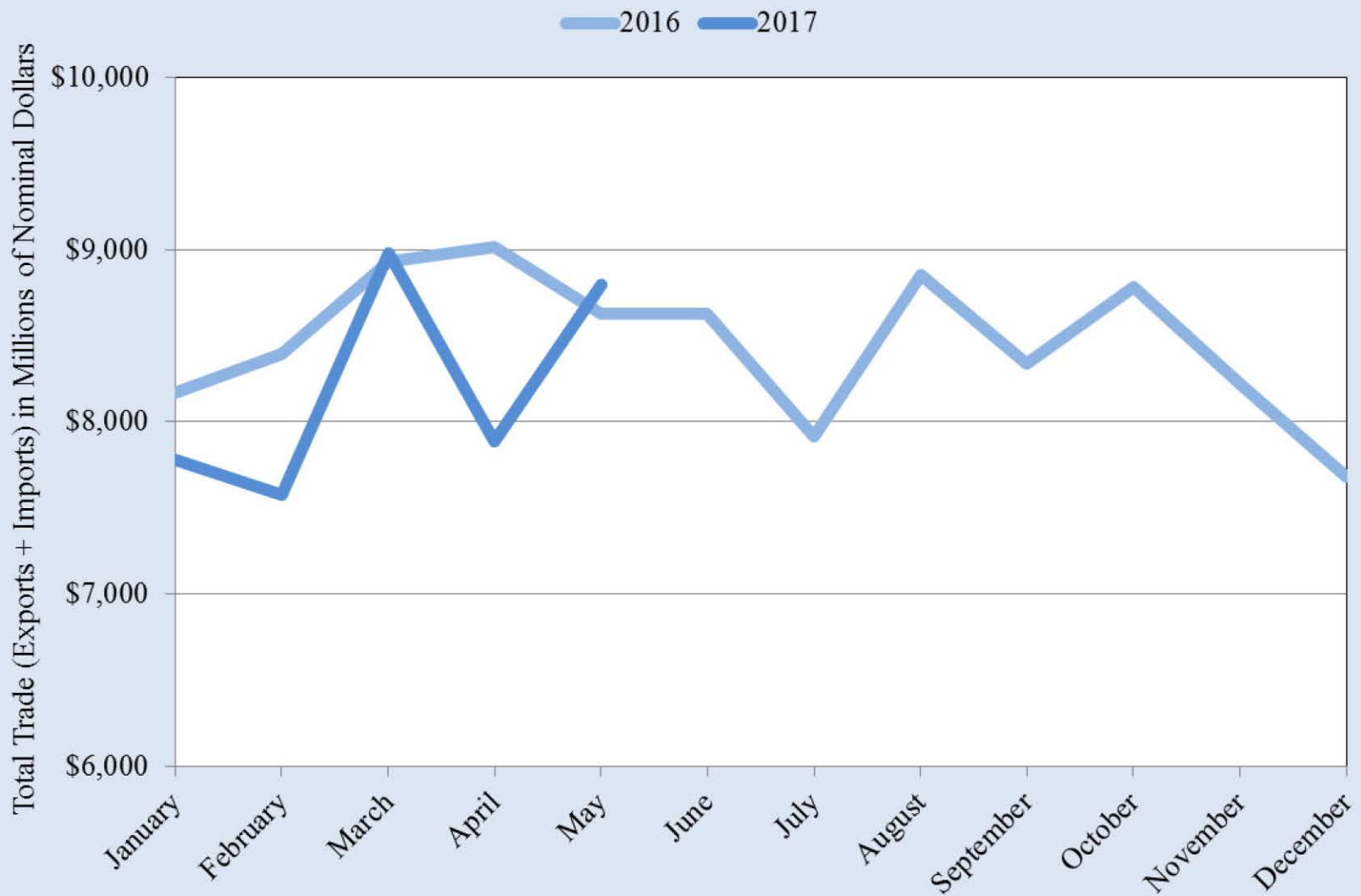
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Cargo Truck International Bridge Crossings to El Paso



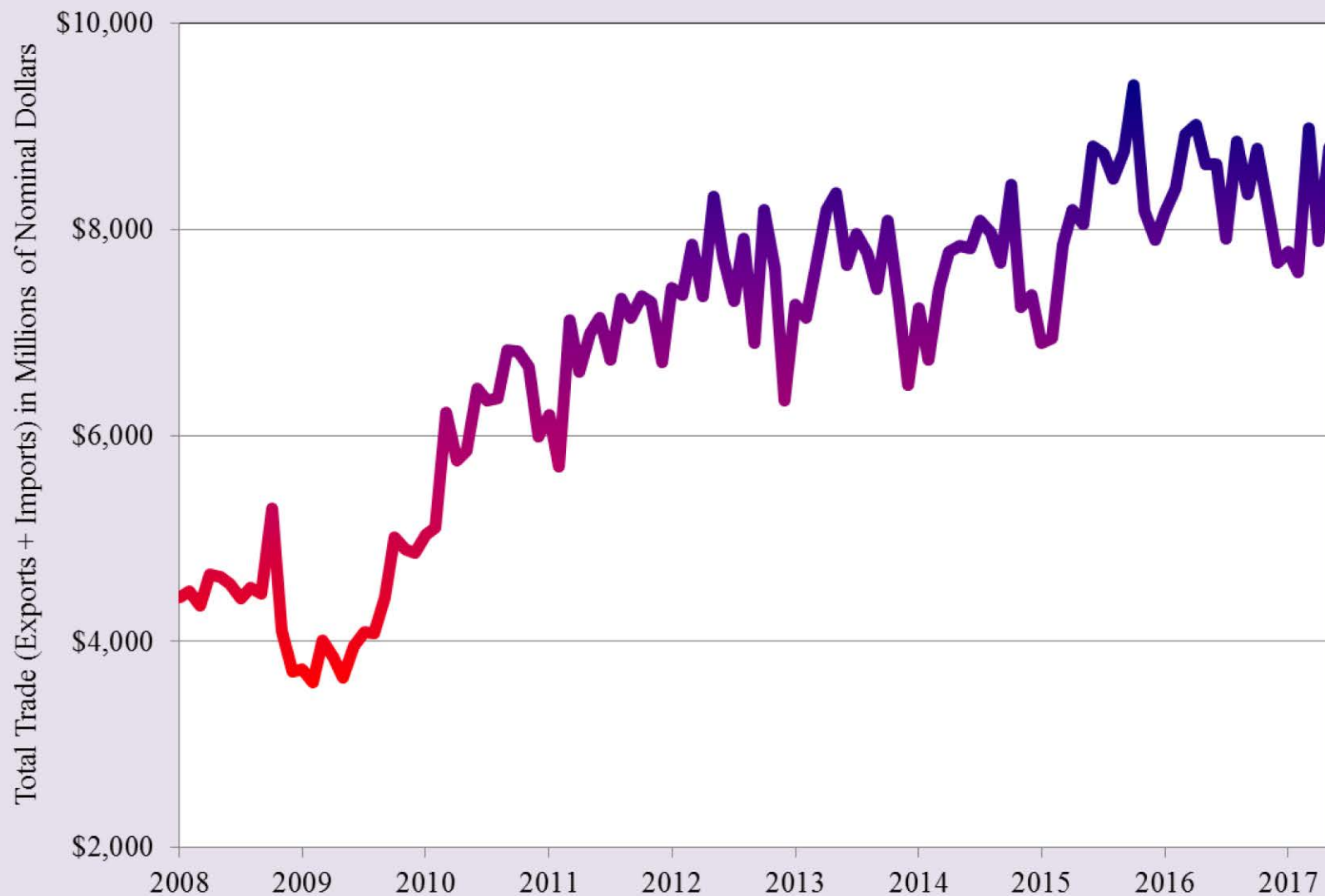
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Total Trade through the El Paso Customs District



Source: U.S. International Trade Commission

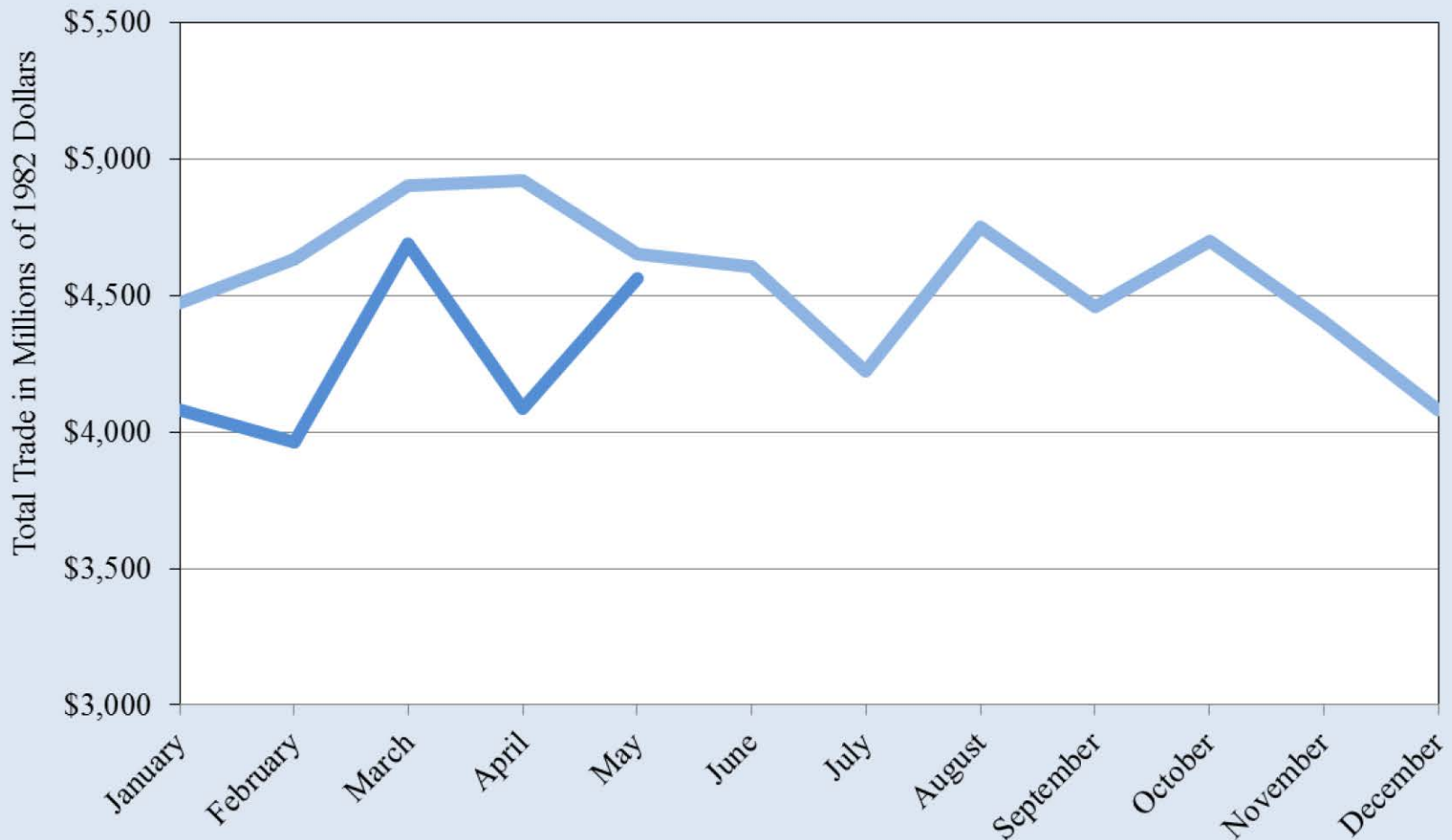
Total Trade through the El Paso Customs District



Source: U.S. International Trade Commission

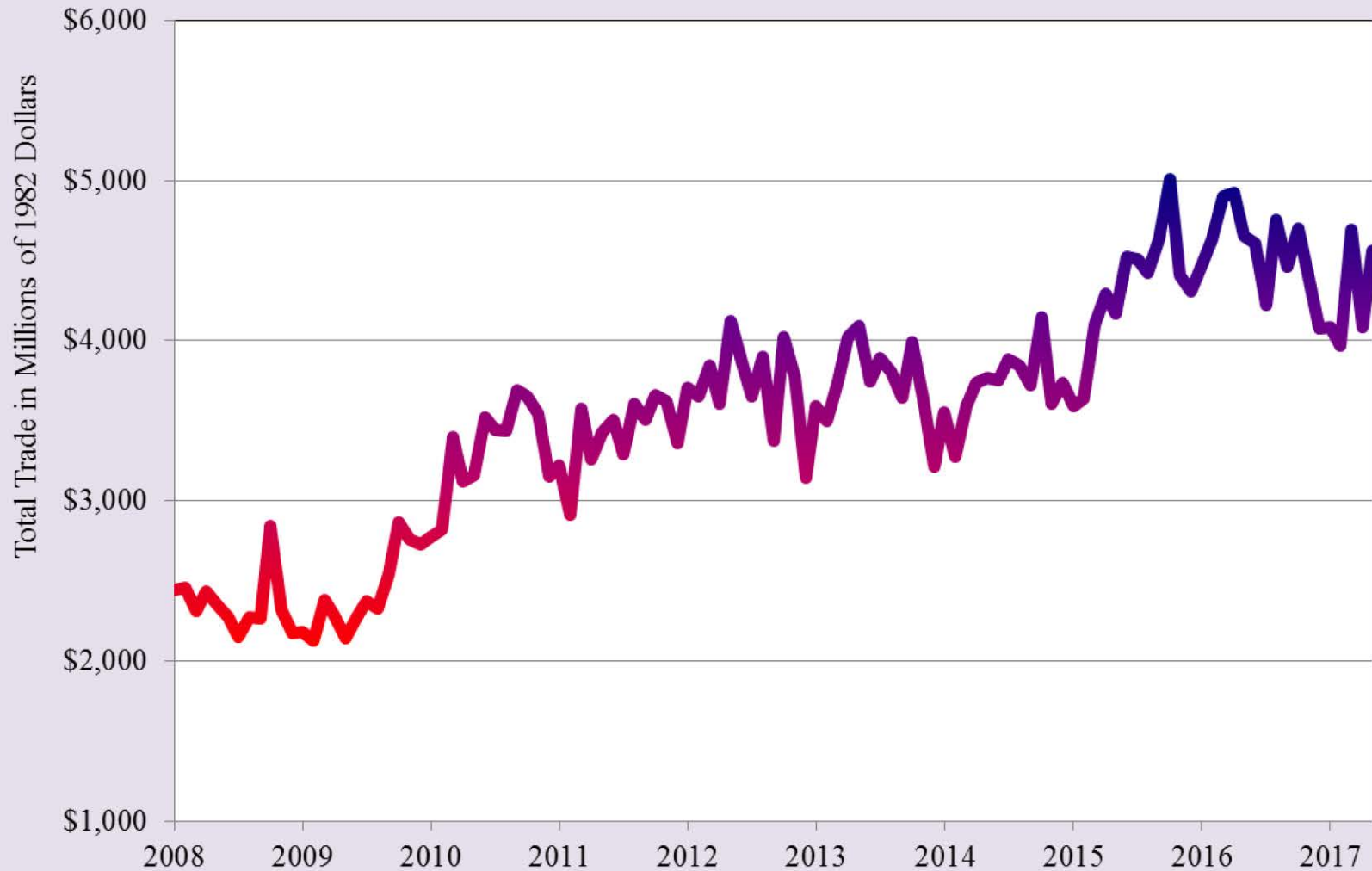
Real Total Trade through the El Paso Customs District

— 2016 — 2017



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

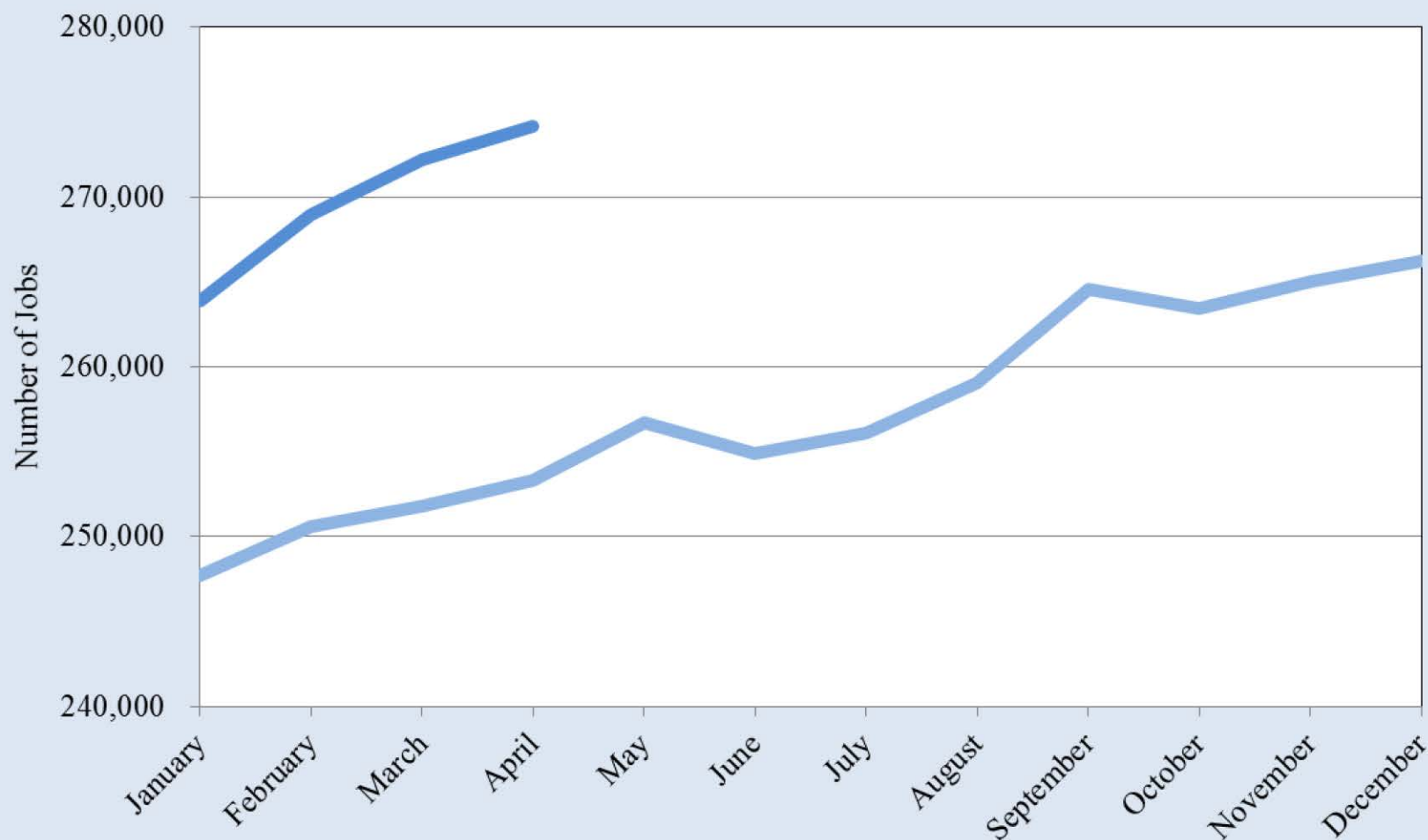
Real Total Trade through the El Paso Customs District



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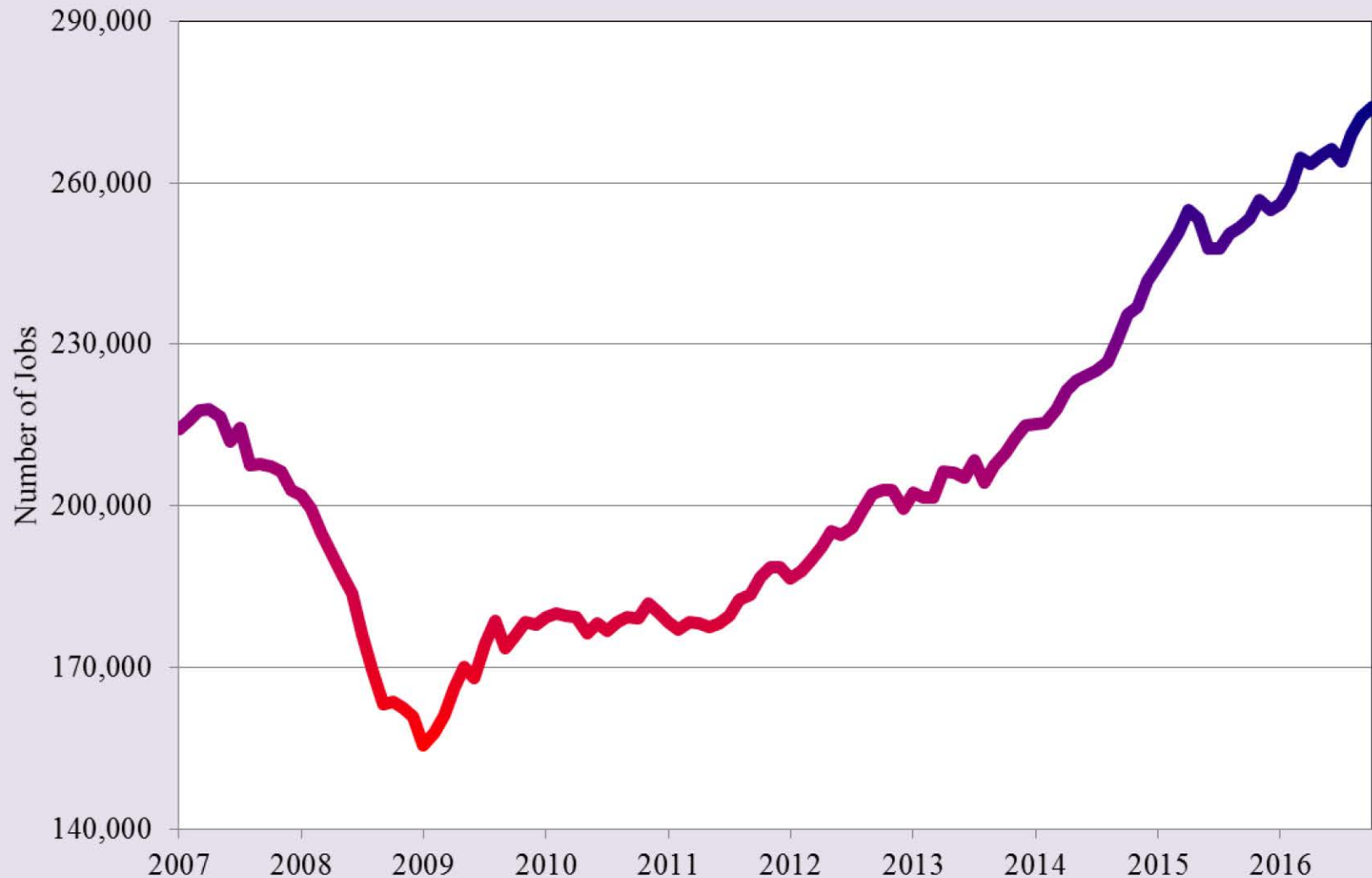
Export-Oriented Manufacturing Employment in Ciudad Juárez

— 2016 — 2017



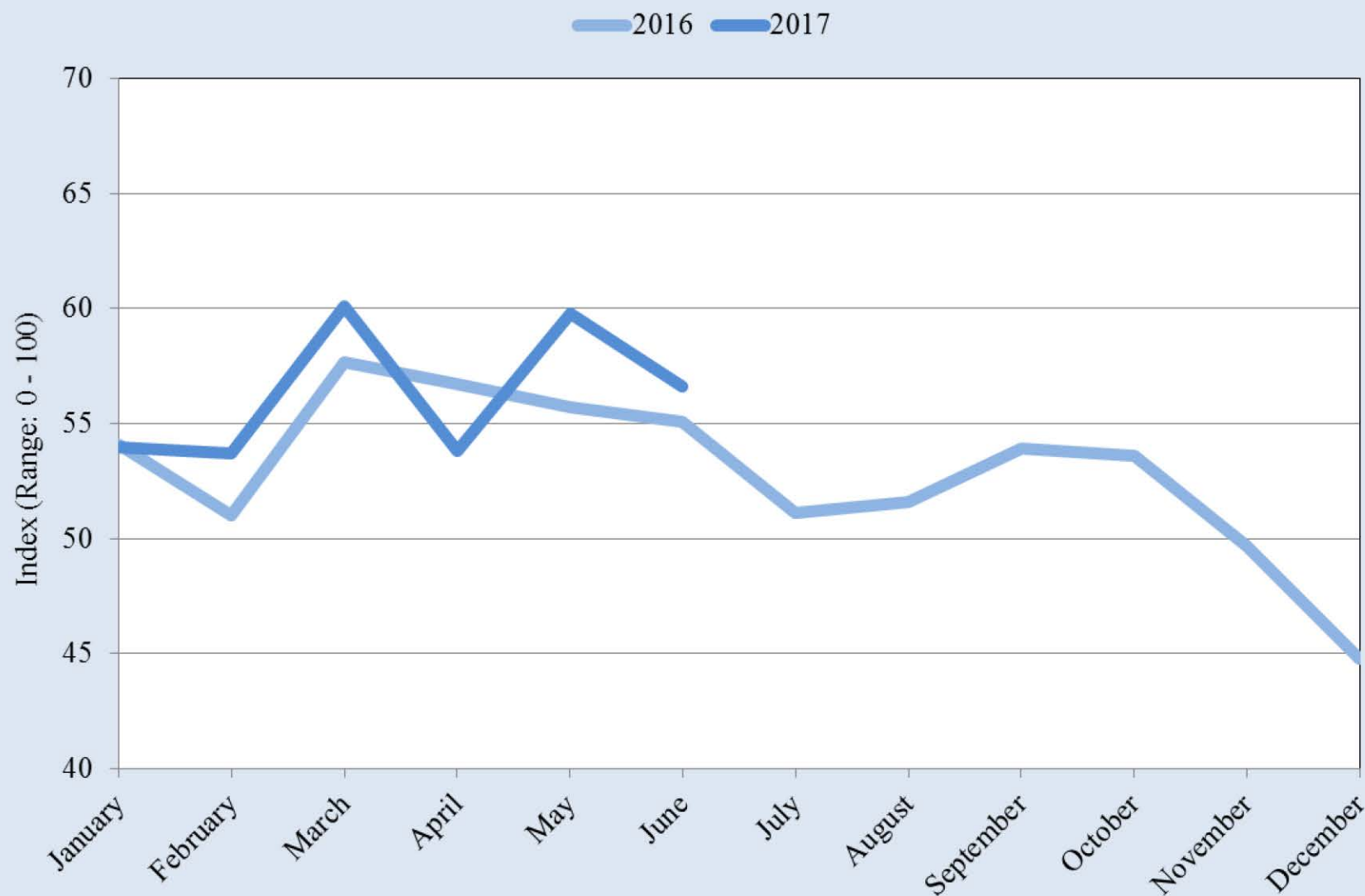
Source: INEGI

Export-Oriented Manufacturing Employment in Ciudad Juárez



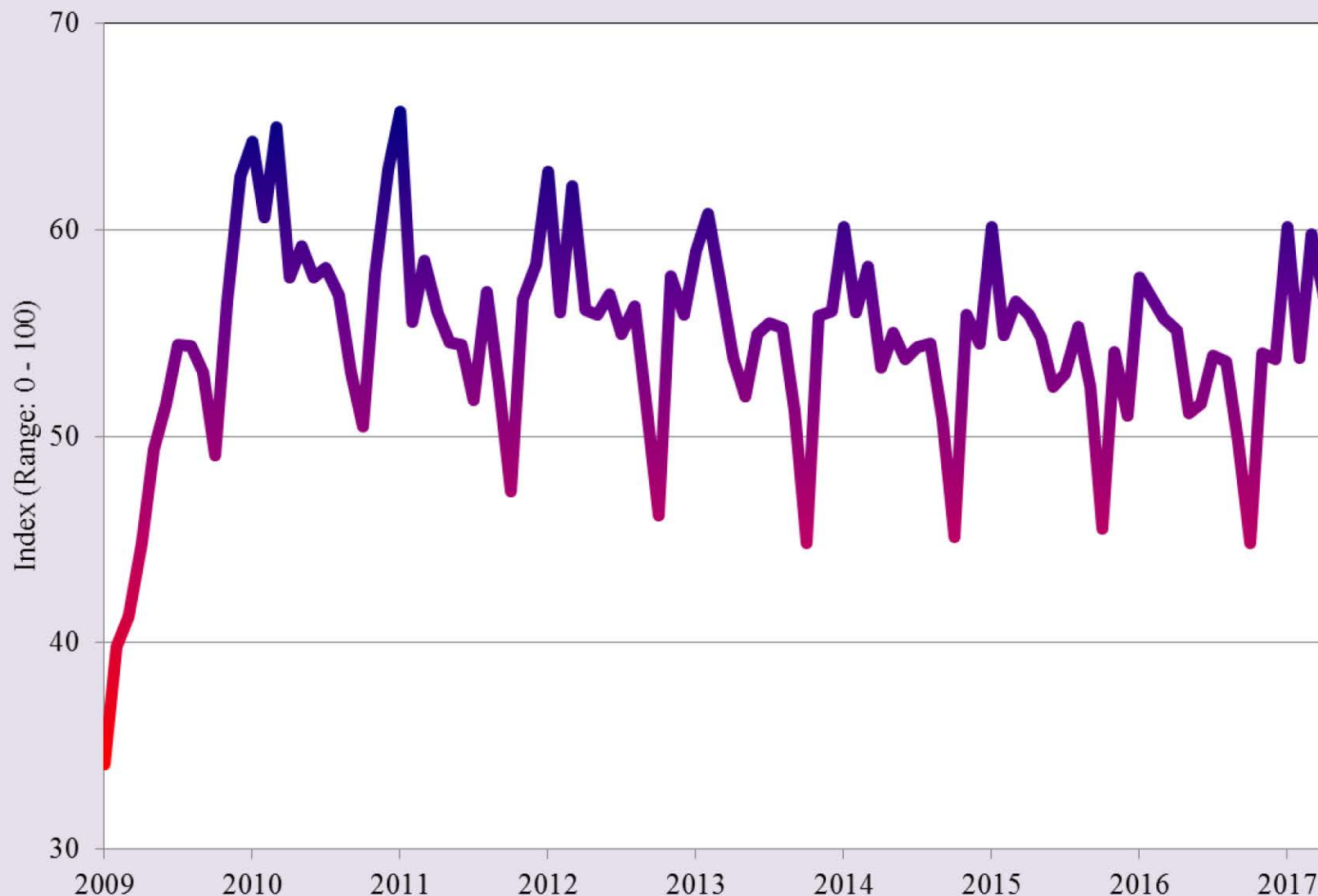
Source: INEGI

Northern Mexico Manufacturing Orders Index



Source: Banco de México

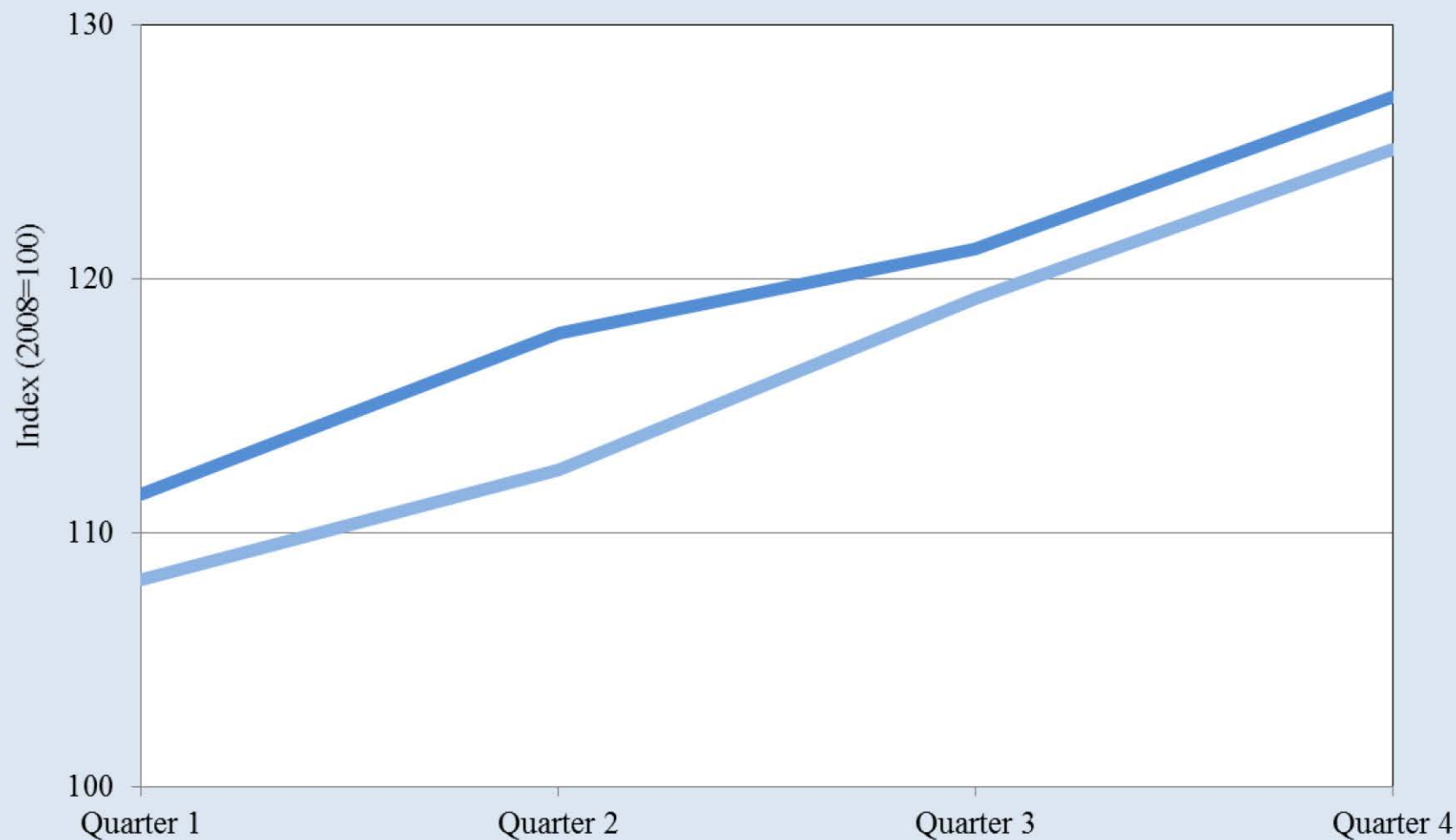
Northern Mexico Manufacturing Orders Index



Source: Banco de México

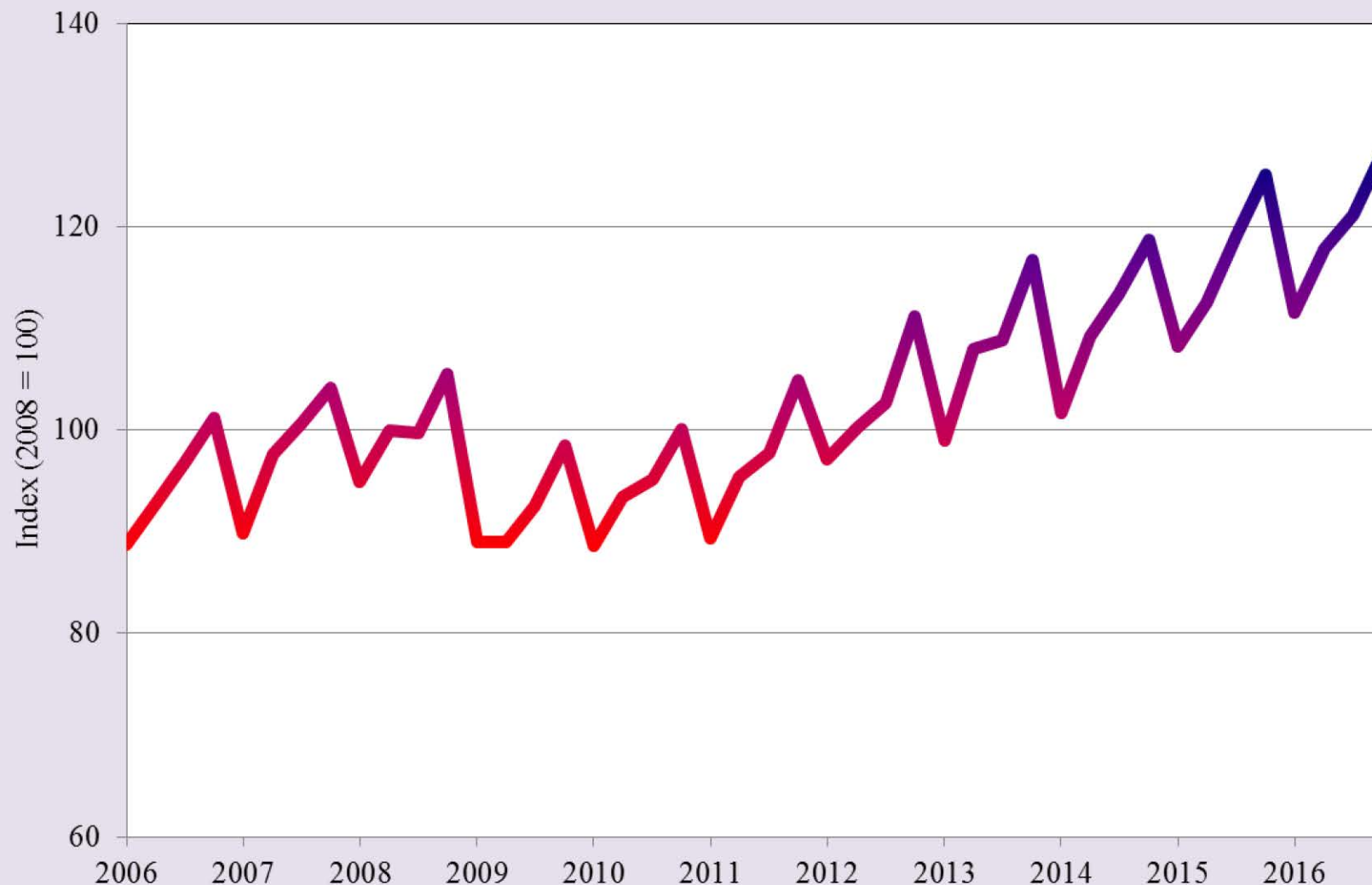
Quarterly Indicator of Economic Activity for the State of Chihuahua

— 2015 — 2016



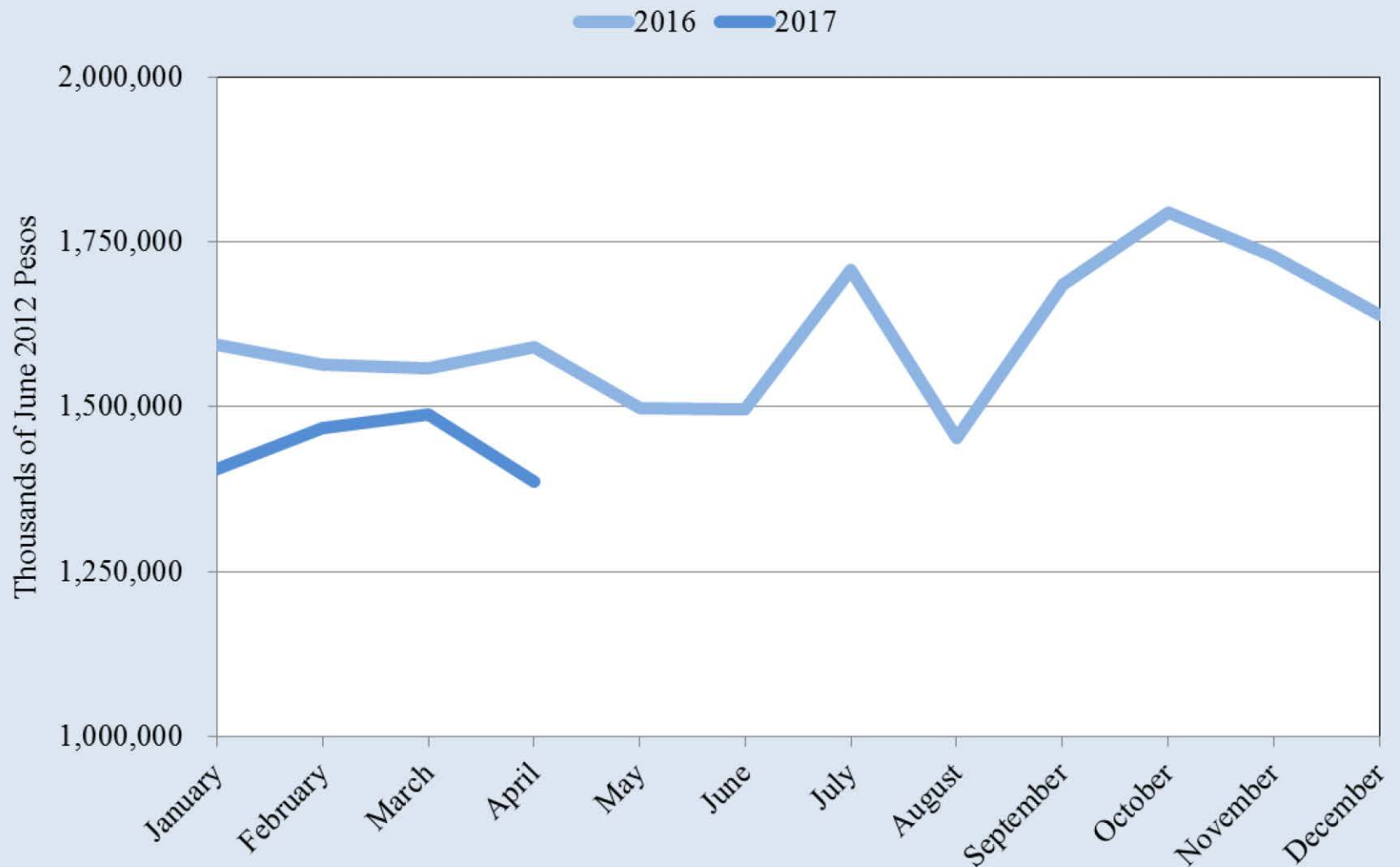
Source: INEGI

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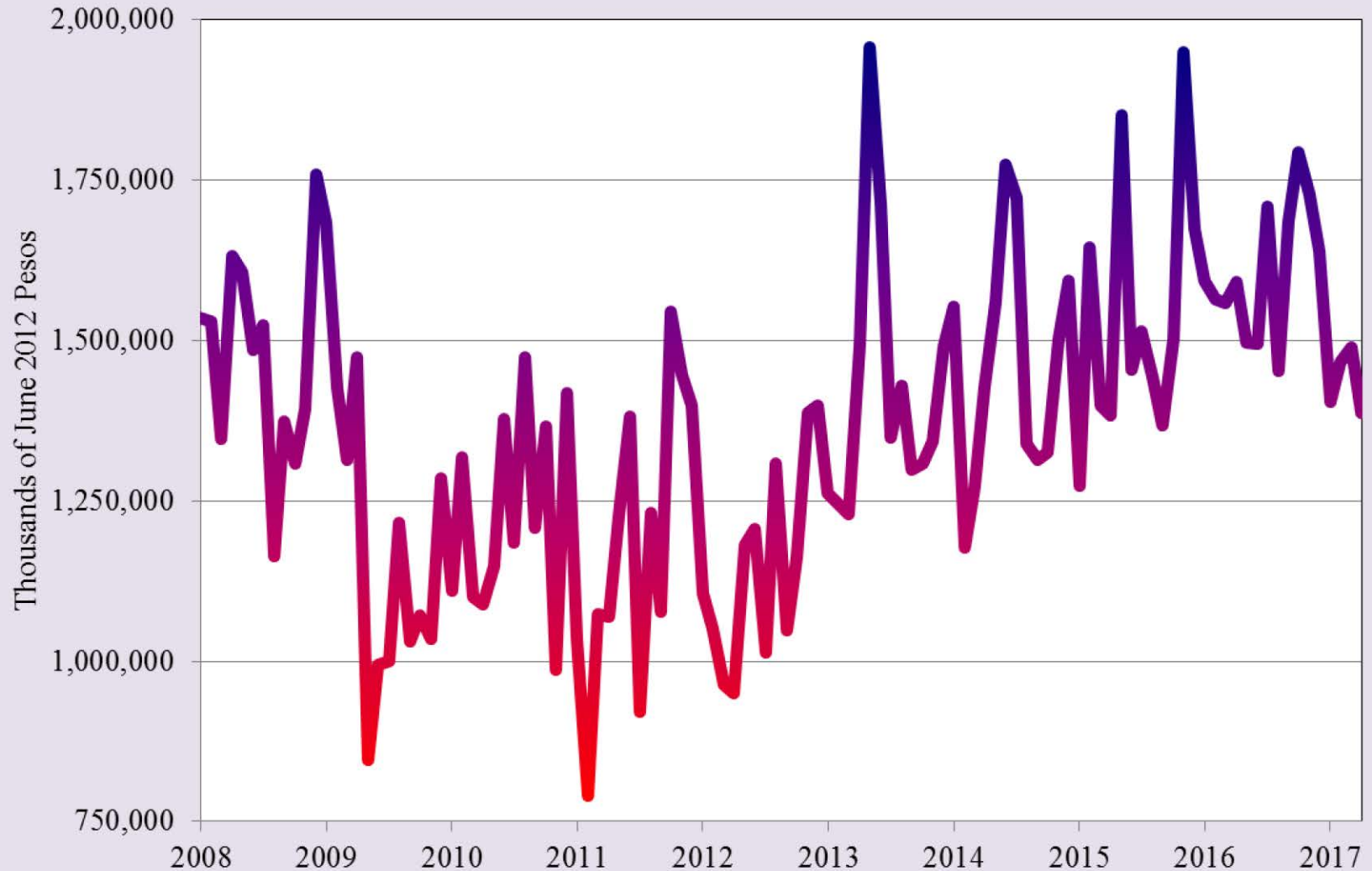
Source: INEGI

Total Value of Construction in the State of Chihuahua



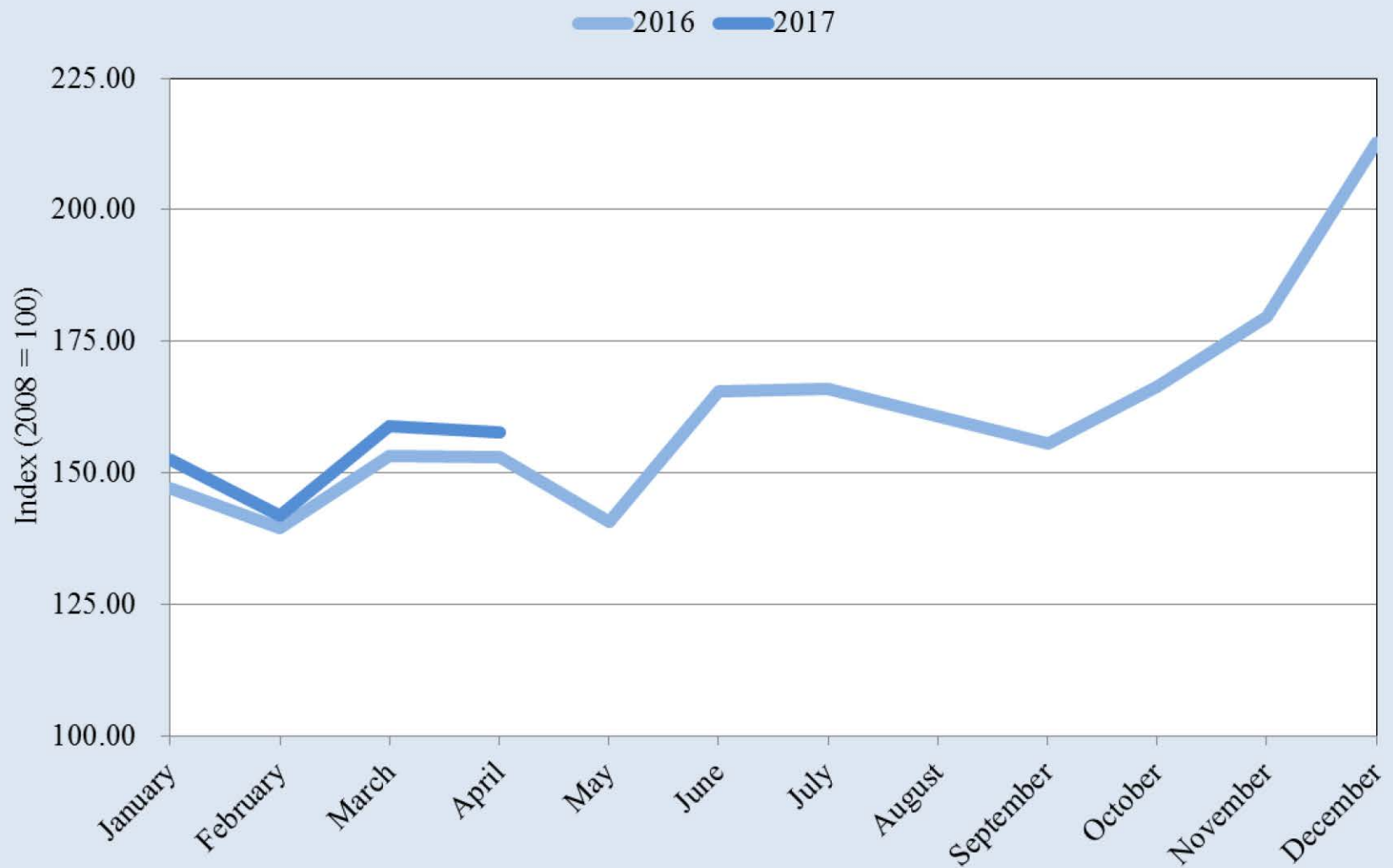
Source: INEGI

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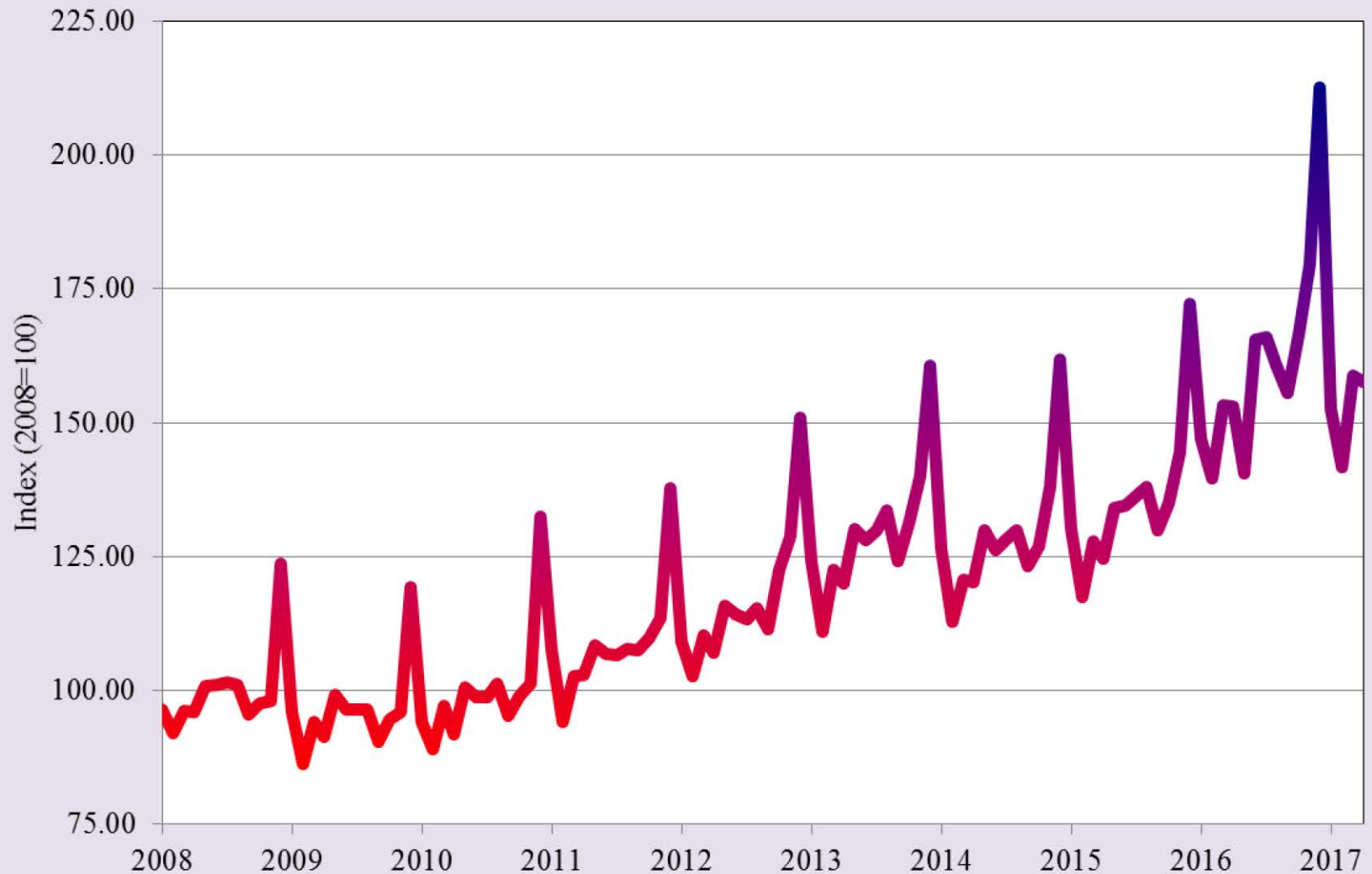
Source: INEGI

Real Retail Activity Index for the State of Chihuahua



Source: INEGI

Real Retail Activity Index for the State of Chihuahua



Source: INEGI



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