Borderplex Business Barometer, Volume 1, Number 8

Thomas M. Fullerton Jr.
*University of Texas at El Paso*, tomf@utep.edu

Adam G. Walke
*University of Texas at El Paso*, agwalke@utep.edu

Ernesto Duarte Ronquillo
*University of Texas at El Paso*, eduarteronquillo@miners.utep.edu

Omar Solís
*University of Texas at El Paso*, osolis3@miners.utep.edu

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Regional Growth Uptick

Indices measuring metropolitan business cycle movements and household economic stress levels indicate that El Paso area economic conditions continue to improve. The El Paso County unemployment rate (with no seasonal adjustment) was 5.0 percent in June 2017, slightly below the value registered in June 2016. Supplemental Nutrition Assistance Program (SNAP) enrollment has also remained below levels recorded last year. The median El Paso County home price in June rose, for the fourth consecutive month, to $150,275. Months of housing inventory remain low by recent historical standards, suggesting a relatively strong local housing market. In contrast to housing prices, gasoline prices in El Paso have declined in recent months. Summer months are usually associated with increases in gasoline prices induced by a seasonal bump in travel demand. This year, however, gasoline prices are lower than in January.

Unemployment rates in El Paso and Doña Ana counties often tend to increase between May and June due to seasonal factors. That is true again this year, but the increases are relatively small. In the case of Doña Ana County, the unemployment rate rose to only 7.4 percent in June, compared to rates of more than 8 percent recorded in June of every year since 2009. Though the most recent unemployment figure is preliminary and subject to change, it may augur a long-awaited improvement in Las Cruces area economic conditions. In another promising sign for the local economy, SNAP enrollments grew relatively little between April and June of this year.

The peso-to-dollar nominal exchange rate has declined in recent months and it appears to be gradually converging towards the restaurant price ratio series collected by the Border Region Modeling Project (BRMP). The latter has risen slightly, coinciding with somewhat higher general price inflation this year in Mexico relative to the United States. These trends have led to a reduction in the real exchange rate index calculated by the BRMP using data on nominal exchange rates and inflation rates in the United States and Mexico. The real exchange rate index in June was 118.3, the same as the figure recorded in March of 2016.

International bridge crossings have remained near the levels observed during the first half of 2016. The sharp reduction in the purchasing power of the peso observed through January of this year appears to have had relatively little effect on the total number of northbound pedestrian and personal vehicle border crossings in the El Paso-Ciudad Juárez area. The border crossing data aggregate trips by United States and Mexican residents. Even though the total number of cross-border trips has not changed drastically in the last year it is possible that the recent exchange rate fluctuations may have changed the nationality composition of cross border traffic flows as consumers who earn dollar incomes can find relative bargains on items purchased in Mexico.

Northbound cargo vehicle border crossings grew by about 3.1 percent during the first half 2017 compared to the same period last year. Real and nominal total trade through the El Paso Customs District, which covers the ports from Antelope Wells to Presidio, increased in May and June. Export-oriented manufacturing employment in Ciudad Juárez rose to 279,972 in May 2017, 9.1 percent above the figure for May 2016. Other indicators for Ciudad Juárez and the state of Chihuahua indicate generally stable economic conditions.
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

2016 - 2017

185,000

180,000

175,000

170,000

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
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

2016 - 2017

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

- Restaurant Price Ratio
- Nominal 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.