Borderplex Business Barometer, Volume 1, Number 9

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Steady Growth

The El Paso Household Economic Stress Index has dropped to the lowest level observed since August, 2007. Relatively low rates of inflation and local unemployment, along with fairly strong growth in local housing prices, contribute to the favorable trend in this summary measure of economic conditions. The El Paso County unemployment rate dipped to 4.6 percent in July, which is below the rate registered in the same month of 2016. Trends in Supplemental Nutrition Assistance Program (SNAP) enrollment also suggest generally favorable local economic conditions.

Median housing prices continued to increase in recent months, reaching $151,300 in July, the latest month for which data are available. Generally rising housing prices date back at least five years, though the trend is somewhat obscured by large month-to-month fluctuations in that variable. Months of housing inventory edged slightly upward in June and July, while remaining below year-ago levels. It seems likely that higher housing prices have slightly slowed growth in the demand for housing. The price of gasoline also ticked upward recently, rising to an average of $2.19 per gallon in August. Further increases in gasoline prices due to the disruptions following Hurricane Harvey are not fully reflected in the August figures.

In July, the Doña Ana County unemployment rate remained below year-ago levels. Nonetheless, at 7.7 percent, the county’s unemployment rate was well above the rate observed in El Paso County and in New Mexico. Las Cruces area SNAP enrollment has remained relatively flat since April, suggesting stable economic conditions.

The ratio of peso to dollar restaurant prices increased by 4.4 percent between July 2016 and July 2017. In the same span of time, the nominal peso-to-dollar exchange rate decreased by 3.8 percent. That points to gradual convergence of the price ratio with the nominal exchange rate, which is what generally occurs. Consumer price inflation in Mexico has outpaced inflation in the United States in 2017. This, combined with the downward trend in the nominal peso-to-dollar exchange rate has helped reduce the real peso-to-dollar exchange rate index and lessen peso undervaluation.

Real and nominal total trade through the El Paso Customs District increased in June, both in month-over-month terms and in comparison to the same month last year. Export-oriented manufacturing employment in Ciudad Juárez dipped slightly in June after experiencing strong growth in May. This fluctuation is most likely due to seasonal factors, though it is also possible that some portion of the decline can be ascribed to NAFTA uncertainty. In July, however, the Northern Mexico Manufacturing Orders Index remained slightly above the year-ago value, suggesting that manufacturing activity across the border remains relatively strong.

The Quarterly Indicator of Economic Activity for the state of Chihuahua registered 2.4 percent year-over-year growth in the first quarter of 2017. This is similar to the first-quarter growth rate observed at the national level in Mexico and suggests a fairly healthy state economy. The total value of construction in the state of Chihuahua edged slightly upward in June, while remaining below levels observed in 2016. Finally, year-over-year growth in the state’s retail activity index slackened somewhat in June. Peso appreciation may have made Mexican bargain hunting less attractive for north-of-the-border shoppers in recent months.
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

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
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
El Paso Gasoline Prices

Source: GasBuddy.com
El Paso Gasoline Prices

Source: GasBuddy.com
Doña Ana County Unemployment Rate

Source: Bureau of Labor Statistics
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
- 2017 Restaurant Price Ratio
- 2016 Nominal Exchange Rate
- 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
Real Peso/Dollar Exchange Rate Index

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

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
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
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