Borderplex Business Barometer, Volume 1, Number 10

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Recommended Citation  
Fullerton, Thomas M. Jr.; Walke, Adam G.; Solis, Omar; and Arellano, Patricia, "Borderplex Business Barometer, Volume 1, Number 10" (2017). *Border Region Modeling Project*. 44.  
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Stable Conditions

The Federal Reserve Bank of Dallas Metropolitan Business Cycle Index indicates that the El Paso economy continued to grow in August. The Household Economic Stress Index ticked slightly upward as the result of somewhat higher price inflation, but remains low by recent historical standards. The local unemployment rate was 4.8 percent in August compared to a rate of 5.3 percent recorded during the same month in 2016. Enrollment in the Supplemental Nutrition Assistance Program (SNAP) increased, though this may be partly due to seasonal oscillations in caseloads.

Median local housing prices rose to an all-time high in August, exceeding $153,000. The housing data, which have been revised since last month, also indicate that months of housing inventory have fluctuated near 5.5 since May. That is the lowest level recorded for this variable since 2006 and indicates robust demand in the local housing market. Gasoline prices rose to $2.50 per gallon on average in September, mainly due to various market disruptions occasioned by Hurricane Harvey.

The Doña Ana County unemployment rate fell to 6.8 percent in August. The average unemployment rate for the first eight months of 2017 is 7.3 percent, which is lower than the average for the first eight months of any year since 2008. This suggests that, while still relatively lackluster, the Las Cruces economy is gradually improving. Las Cruces area SNAP enrollments increased at a moderate month-over-month rate of 0.9 percent in August 2017, but remain comfortably below year-ago levels.

The nominal US-Mexico exchange rate was 17.81 pesos per dollar in August, which reflects little change relative to July. The cross-border restaurant price ratio also remained flat over the same time span. The price ratio indicates that a menu item that costs one dollar in El Paso costs approximately 72 cents in Ciudad Juárez when prices are converted into dollar terms. The real exchange rate index budged only slightly, moving from 115.8 in July to 115.5 in August.

Total real trade flows through the El Paso Customs District have been somewhat below 2016 levels on average this year. Most of the decline is due to reduced US exports through the customs district, while the volume of imports has remained relatively stable. Jobs in the export-oriented manufacturing sector of Ciudad Juárez increased slightly in July to 275,352. In another sign of stability in the region’s industrial sector, the Northern Mexico Manufacturing Orders Index has remained one percentage point above the level observed last year, on average, since January.

The total value of construction in the state of Chihuahua dropped to $1.3 billion pesos in July. Construction activity remained below last year’s levels throughout the first half of 2017. This is due partly to increases in interest rates in Mexico, which are driven in turn by healthy economic conditions, greater price inflation, and the trajectory of interest rates in the United States. Uncertainty over the future of Mexico’s trade relations with the United States may also contribute to the decline in construction activity. Although commerce has generally fared well in 2017, real retail activity in the state of Chihuahua fell slightly in July, both with respect to June and with respect to July of last year.
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 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

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
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
- 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

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
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.