12-2017

Borderplex Business Barometer, Volume 1, Number 12

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

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

Esmeralda Muñiz
*University of Texas at El Paso*, eporozcogutierrez@miners.utep.edu

Follow this and additional works at: [https://digitalcommons.utep.edu/border_region](https://digitalcommons.utep.edu/border_region)

Part of the [Regional Economics Commons](https://digitalcommons.utep.edu/RegionalEconomics)

Recommended Citation
[https://digitalcommons.utep.edu/border_region/48](https://digitalcommons.utep.edu/border_region/48)

---

This Article is brought to you for free and open access by the Department of Economics and Finance at DigitalCommons@UTEP. It has been accepted for inclusion in the Border Region Modeling Project by an authorized administrator of DigitalCommons@UTEP. For more information, please contact lweber@utep.edu.
Borderplex Business Barometer, Volume 1, Number 12

Ending the Year on a High Note

The Dallas Fed’s Metropolitan Business Cycle Index continued to climb this autumn and remains at an all-time historical record high level. While the El Paso Household Economic Stress Index has increased in recent months, it remains low by historical standards, reflecting healthy economic conditions. After trending downward over much of the year, the local unemployment rate fell to just 3.8 percent in October, a level not observed since 1969. Although the median housing price dipped slightly to $148,000 in October, housing demand remains fairly robust and months of housing inventory have been stable at less than 6 months throughout 2017. El Paso gasoline prices averaged $2.42 in November, nearly 40 cents per gallon above the level observed in July. Most of the price increase occurred in the aftermath of Hurricane Harvey and downward moves may result as Gulf Coast refinery capacity recovers.

The Las Cruces area economy also appears to be making progress after several years of stalled growth. The Doña Ana County unemployment rate recorded in October was 6.2 percent. That is the sixth consecutive month of jobless rate declines and represents the lowest rate observed since December 2008. Beyond that, the number of area households enrolled in the Supplemental Nutrition Assistance Program (SNAP) remained virtually unchanged from August to October, another sign that Mesilla Valley economic momentum is slowly improving.

The US-Mexico nominal exchange rate increased to 18.7 pesos per dollar in October. The real peso-to-dollar exchange rate index also ticked upward slightly in September and October after steadily declining in the first part of the year. In recent months the peso’s fortunes have fluctuated in response to NAFTA renegotiation concerns and damages resulting from recent earthquakes. Peso depreciation reduces the attractiveness of El Paso retail outlets for price-conscious shoppers from Mexico. On the flipside, however, a weaker peso tends to benefit retailers and export-oriented industries in Ciudad Juárez and other northern Mexico border cities.

Another variable that is likely to be affected by the outcome of NAFTA negotiations is the number of export-oriented (IMMEX) manufacturing jobs in Ciudad Juárez. Following multiple years of rapid expansion, export-processing sector payrolls have tapered off since May. Although IMMEX employment remained virtually unchanged between April and September, the September figure is still 3.5 percent higher than its year-ago level. The Northern Mexico Manufacturing Orders Index rose slightly in October and has been higher, on average, in 2017 relative to 2016, so an IMMEX contraction does not appear imminent.

The Quarterly Indicator of Economic Activity indicates that Chihuahua’s state economy experienced growth in the first half of 2017 (data are not yet available for the second half of the year). However, the real value of construction activity in the state has continued to slide in September, a trend that began in late 2016. The figure for September 2017, $1.25 billion 2012 pesos, represents a 26 percent decline relative to September, 2016. The combined effects of higher interest rates in Mexico and uncertainty regarding the fate of NAFTA likely contribute to the drop in Chihuahua state construction activity by curtailing business sector fixed investment. Retail activity in the state of Chihuahua, in contrast, remains relatively strong. Over the first nine months of 2017, real retail income increased by 2.1 percent compared to the first three quarters of 2016.
Metro Business-Cycle Index for El Paso

2016 vs 2017

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

<table>
<thead>
<tr>
<th>Month</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>5.5</td>
<td>4.8</td>
</tr>
<tr>
<td>February</td>
<td>5.2</td>
<td>4.3</td>
</tr>
<tr>
<td>March</td>
<td>4.9</td>
<td>4.4</td>
</tr>
<tr>
<td>April</td>
<td>4.6</td>
<td>4.3</td>
</tr>
<tr>
<td>May</td>
<td>4.4</td>
<td>4.2</td>
</tr>
<tr>
<td>June</td>
<td>4.3</td>
<td>4.1</td>
</tr>
<tr>
<td>July</td>
<td>4.1</td>
<td>4.0</td>
</tr>
<tr>
<td>August</td>
<td>4.0</td>
<td>3.9</td>
</tr>
<tr>
<td>September</td>
<td>3.9</td>
<td>3.8</td>
</tr>
<tr>
<td>October</td>
<td>3.8</td>
<td>3.7</td>
</tr>
<tr>
<td>November</td>
<td>3.7</td>
<td>3.6</td>
</tr>
<tr>
<td>December</td>
<td>3.6</td>
<td>3.5</td>
</tr>
</tbody>
</table>

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

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
Dona 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

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.