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# Borderplex Business Barometer, Volume 2, Number 1

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# BORDERPLEX BUSINESS BAROMETER

**January 2018**

**Border Region Modeling Project**

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*Border Commerce & Economics*

Borderplex Business Barometer, Volume 2, Number 1

**Uncertainties at the Dawn of a New Year**

Revisions by the Federal Reserve Bank of Dallas to the El Paso Metropolitan Business Cycle Index indicate a slower pace of growth in the first ten months of 2017 than previously estimated. The revised index increased by a mere 0.9 percent between January and November 2017. The BRMP Household Economic Stress Index declined in November after rising the previous month. The El Paso County unemployment rate ticked upward slightly to 4.0 percent in November, still well below the level observed in the same month of 2016. Local enrollment in the Supplemental Nutrition Assistance Program (SNAP) was relatively flat between August and November, but remains about 2 percent below last year's levels.

The median housing price increased to \$153,000 in November, very close to the record-high level observed in August. Months of housing inventory remained steady near 5.5 between August and November. These data are indicative of relatively strong demand for local housing. Similarly, strong demand in the El Paso fuel market has prevented gasoline prices from falling below \$2.40 per gallon in the last four months. On average, local gasoline prices were 16 percent higher in 2017 than in 2016.

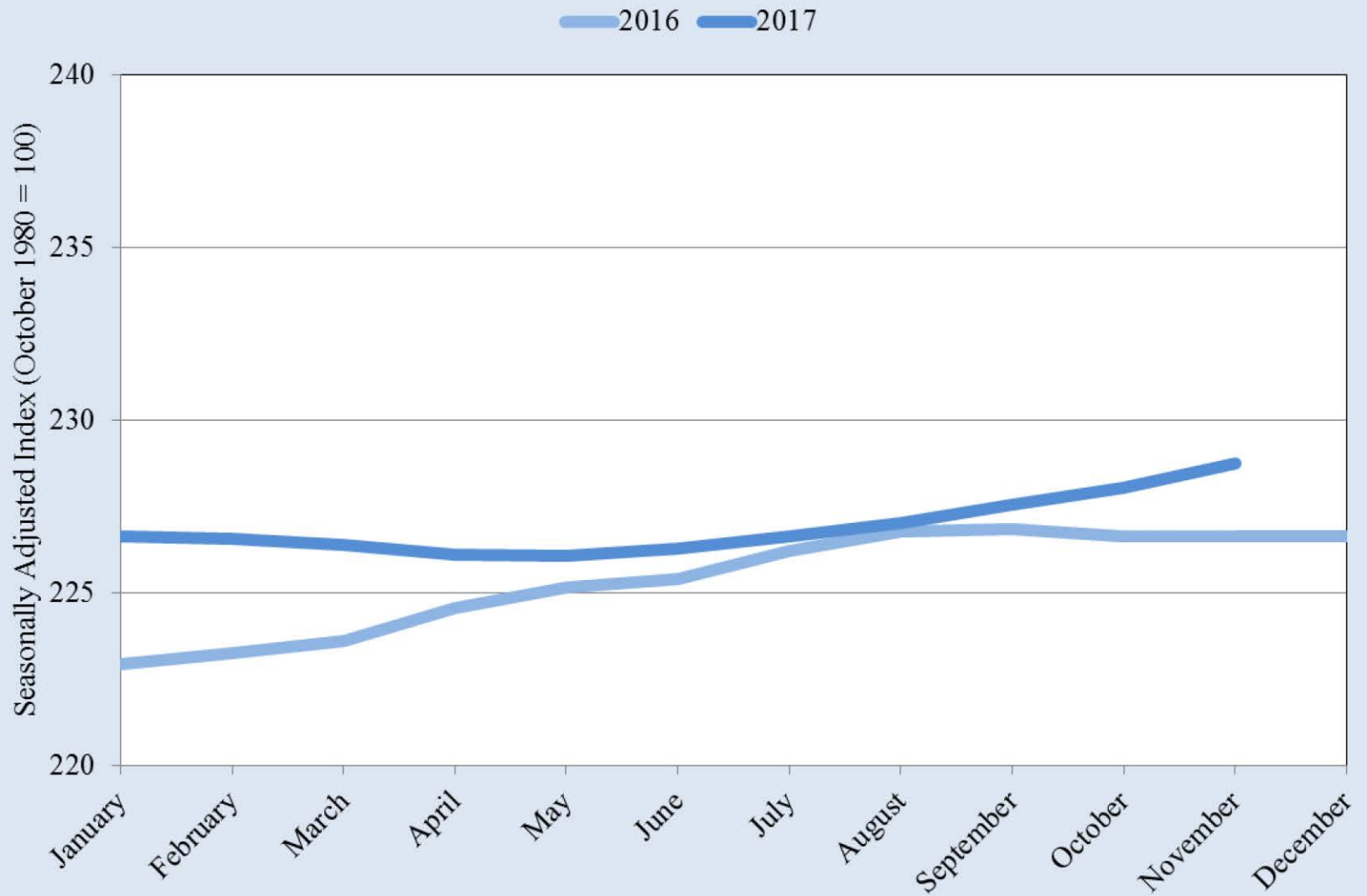
Labor markets in Las Cruces and New Mexico enjoyed moderately better conditions in 2017. The Doña Ana County unemployment rate was 6.3 percent in November 2017, compared to 6.7 percent one year earlier. In another sign of economic growth, local SNAP enrollment declined in both October and November. These data suggest that the Las Cruces area economy is slowly gaining momentum.

The nominal peso-per-dollar exchange rate decreased from a high of 21.4 in January, 2017, to a low of 17.8 in August. Multiple earthquakes, plus trade and election uncertainties subsequently caused a partial reversal to 19.0 pesos per dollar by November. The real exchange rate index displays a similar pattern, though with a less pronounced upswing in the latter part of 2017. Real exchange rate movements generally influence the number of international bridge crossings. Personal vehicle bridge crossings were 2.4 percent higher, on average, between January and November 2017 as compared to the same period of 2016. However, pedestrian crossings were generally lower in 2017 than in 2016. Cargo vehicle crossings were 2.0 percent higher in the first eleven months of 2017 than in the same period of 2016.

The real volume of trade through the El Paso Customs District was about 5 percent lower in the first eleven months of 2017 compared to the corresponding period of 2016. Employment in the export-processing sector in Ciudad Juárez increased from January to May, but then levelled off. Apprehensions regarding NAFTA renegotiation

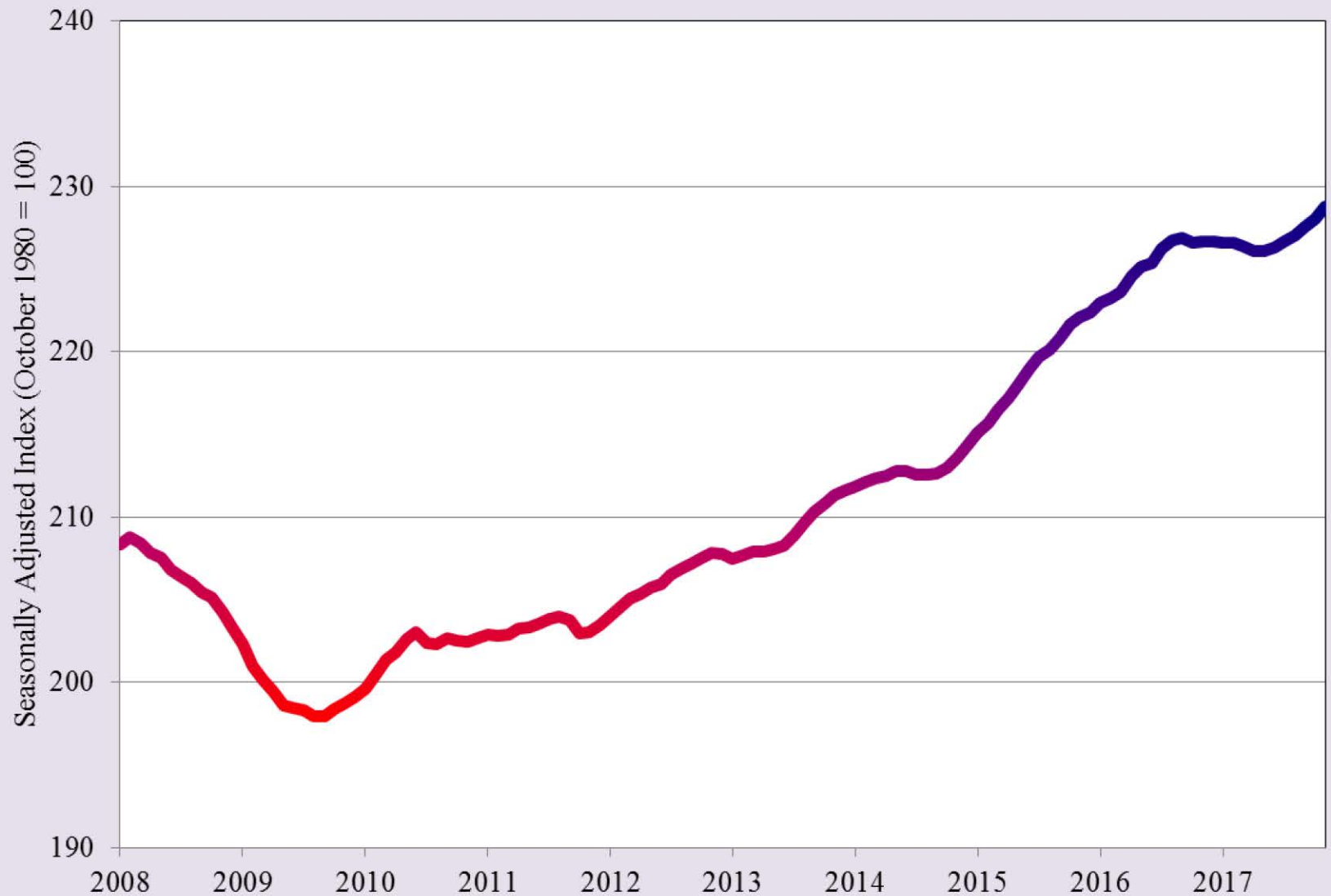
prospects, along with moderate peso appreciation may have reduced the dynamism of Mexico's border-region export-oriented manufacturing sector, at least in the short term. In this context, the real value of construction in the State of Chihuahua has continued a downward slide that began in November 2016. The real value of construction was 36 percent lower in October 2017 than one year earlier. Currency market volatility, rising interest rates, and the risk of United States protectionism combined to slow Mexican investment and economic growth in 2017. While Chihuahua state retail activity has generally held up, the value of the real retail activity index for October 2017 was 2 percent below the value recorded in the same month of the previous year.

## Metro Business-Cycle Index for El Paso



Source: Federal Reserve Bank of Dallas

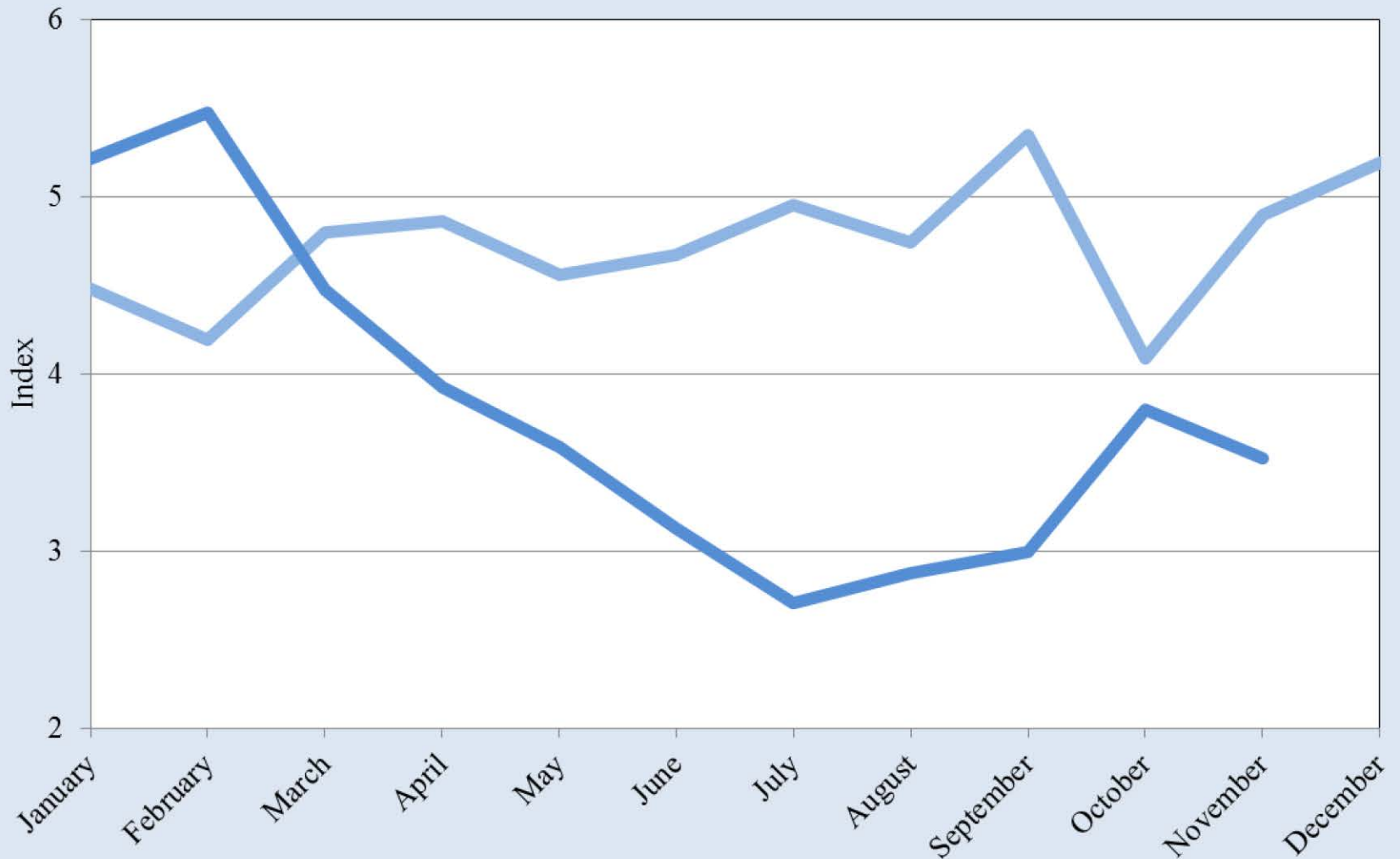
## Metro Business-Cycle Index for El Paso



Source: Federal Reserve Bank of Dallas

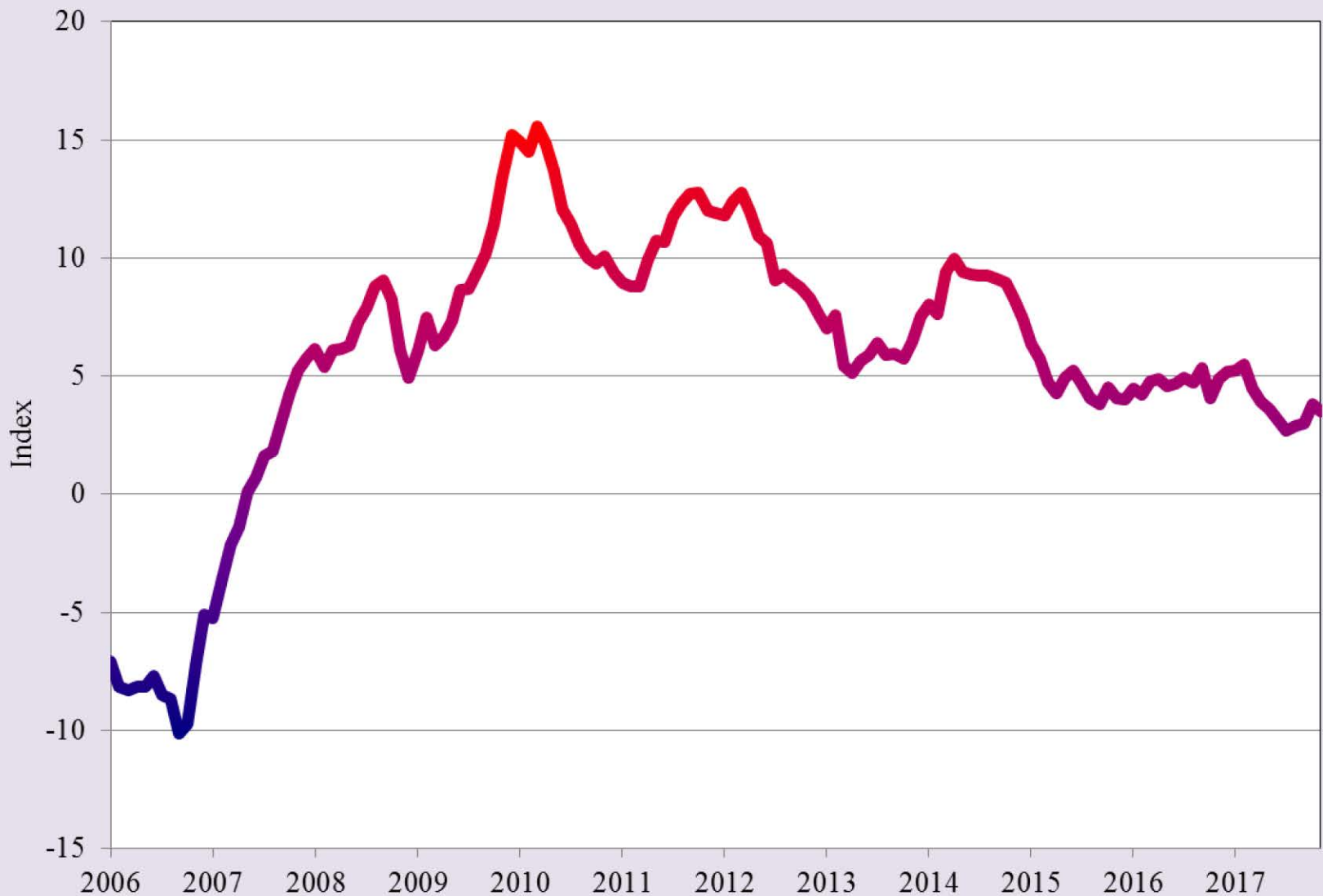
## El Paso Household Economic Stress Index

— 2016 — 2017



Source: UTEP Border Region Modeling Project

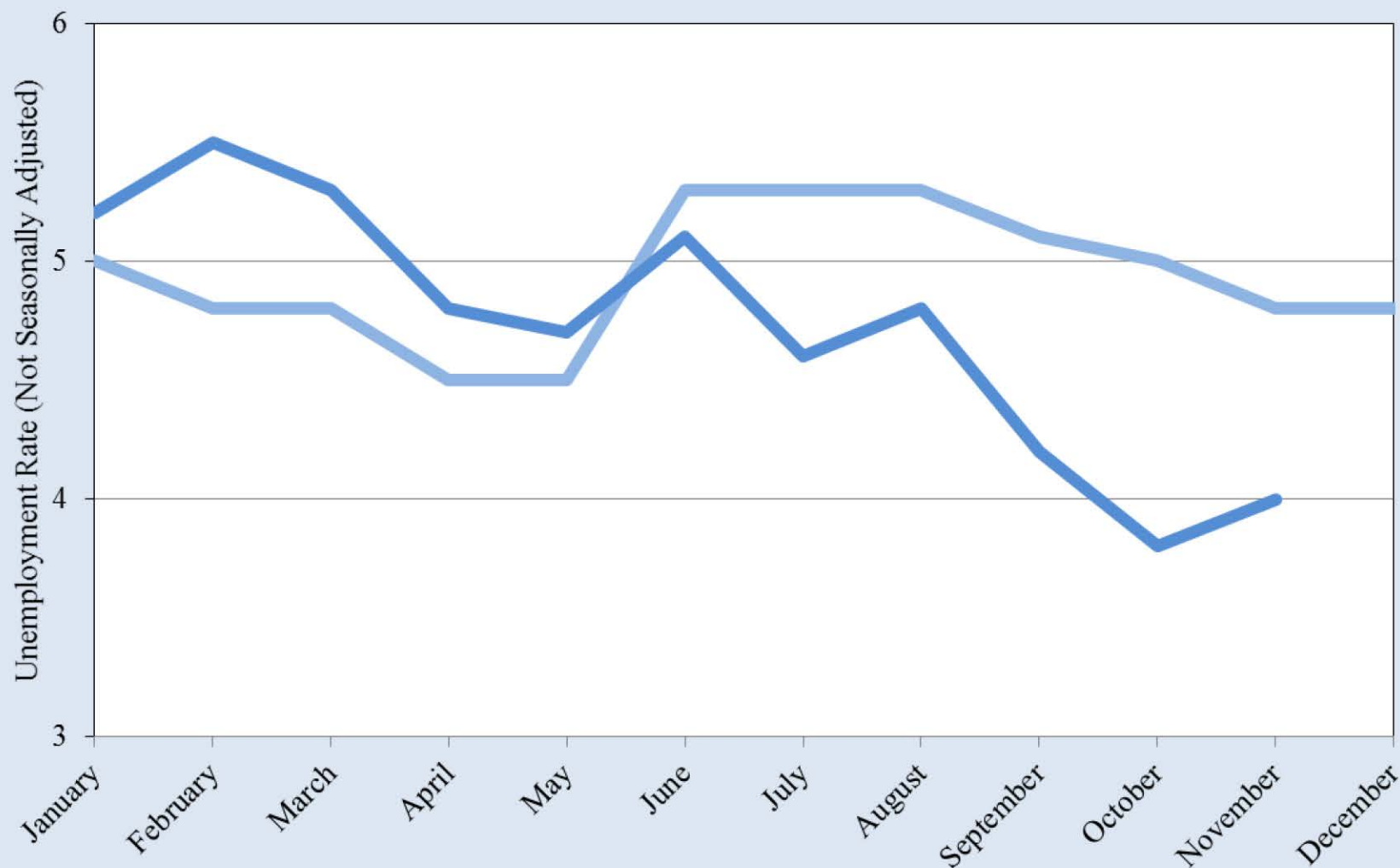
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Source: UTEP Border Region Modeling Project

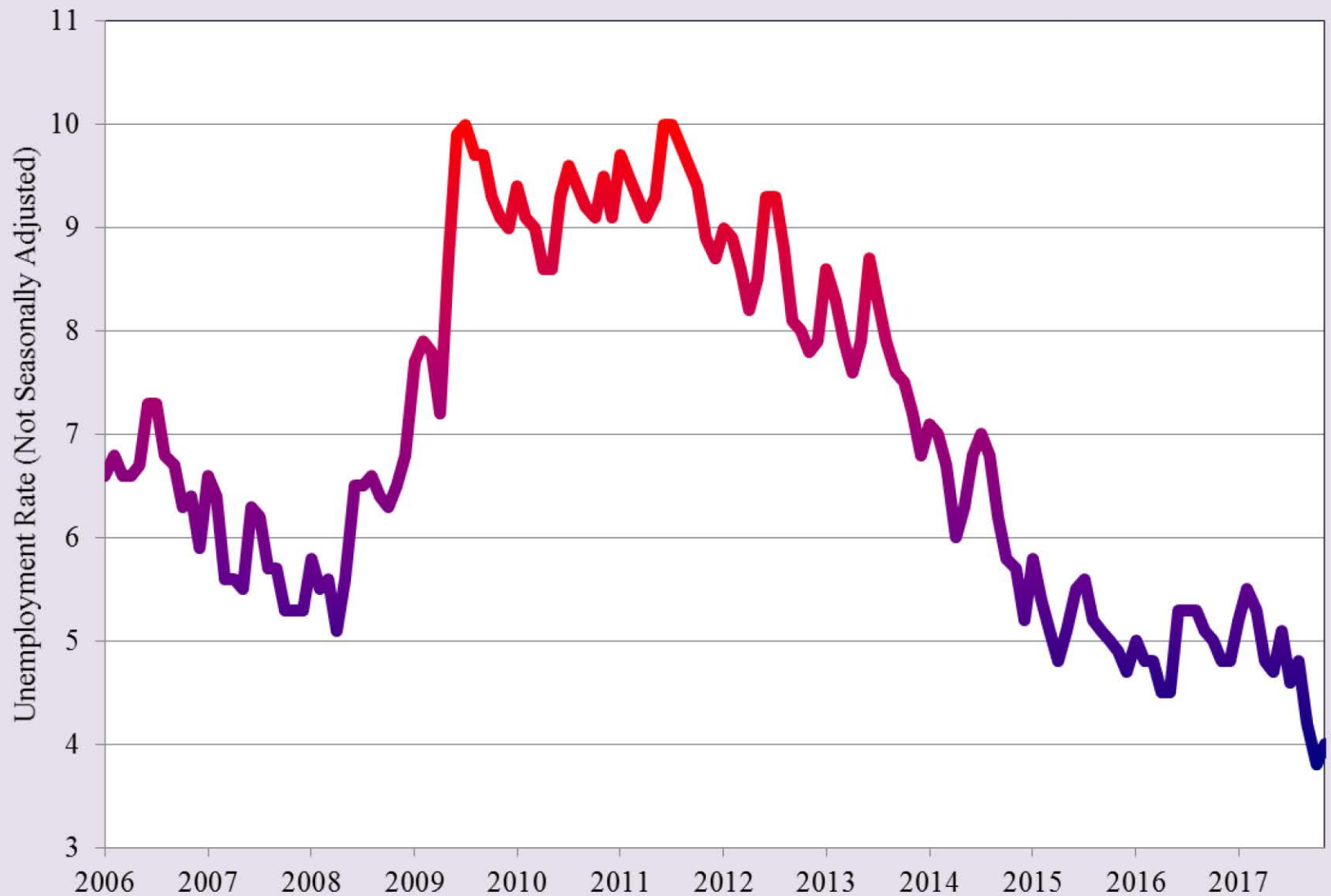
## El Paso County Unemployment Rate

— 2016 — 2017



Source: Bureau of Labor Statistics

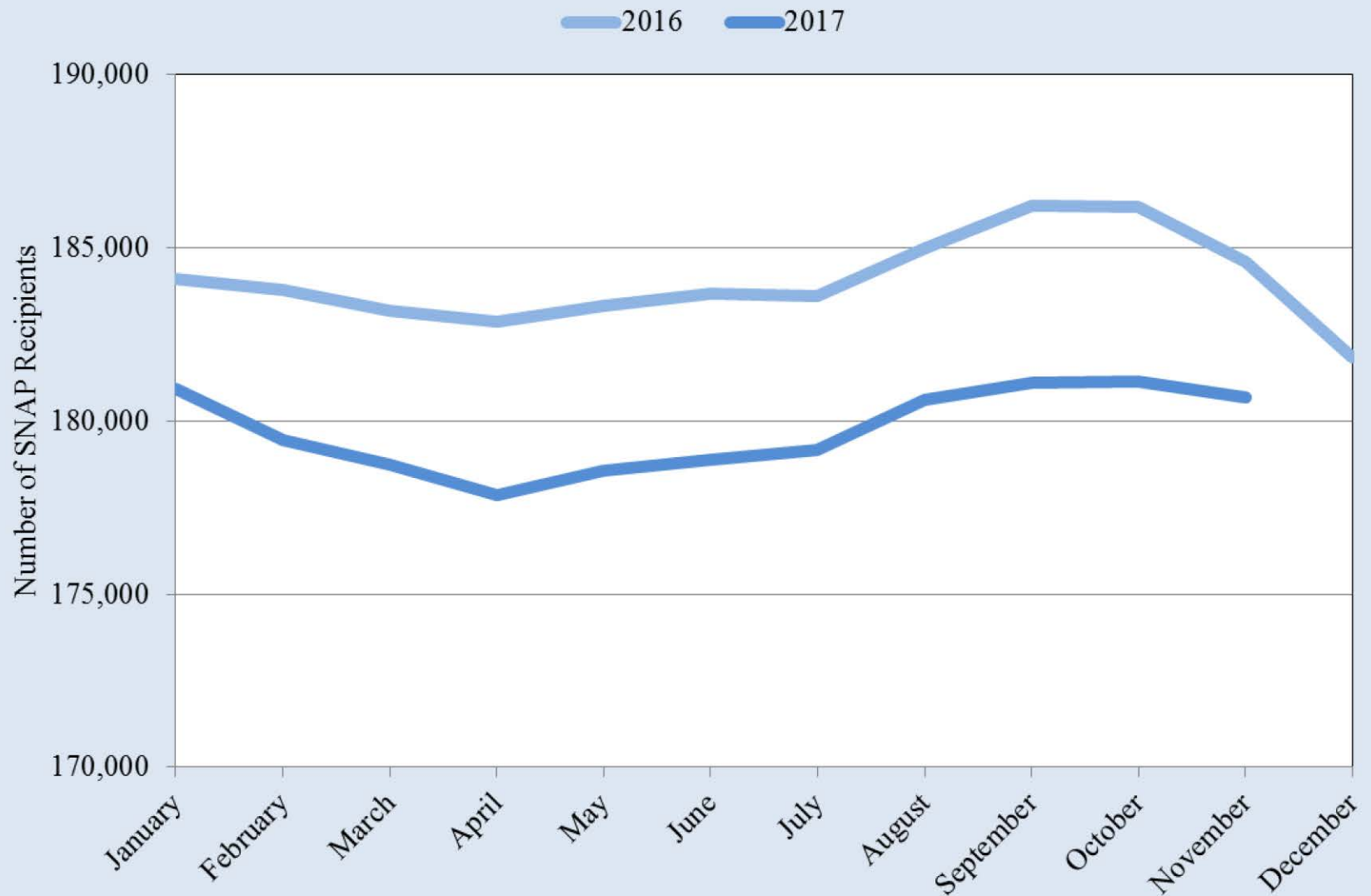
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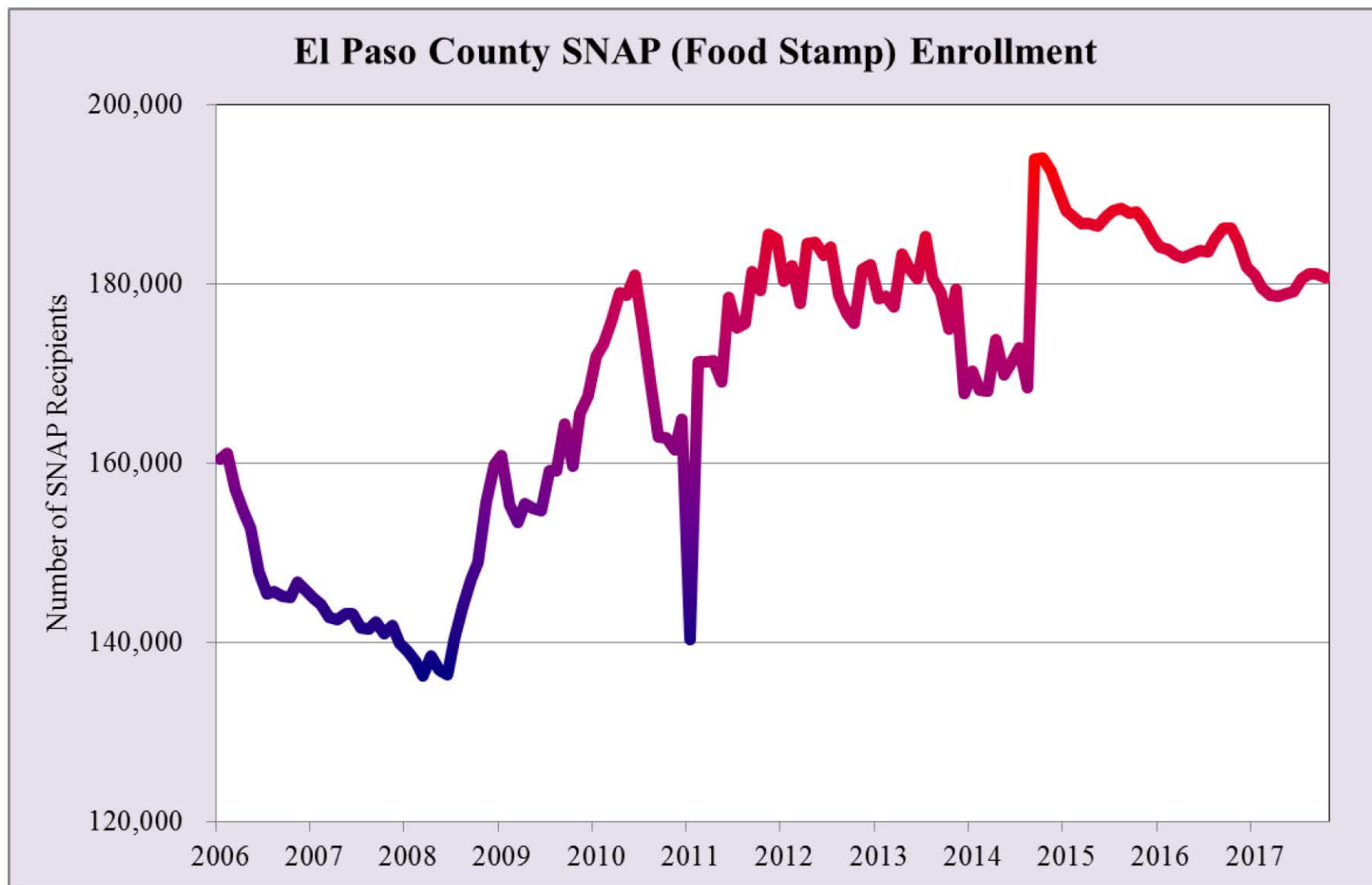
Source: Bureau of Labor Statistics



## El Paso County SNAP (Food Stamp) Enrollment



Source: Texas Health and Human Services Commission

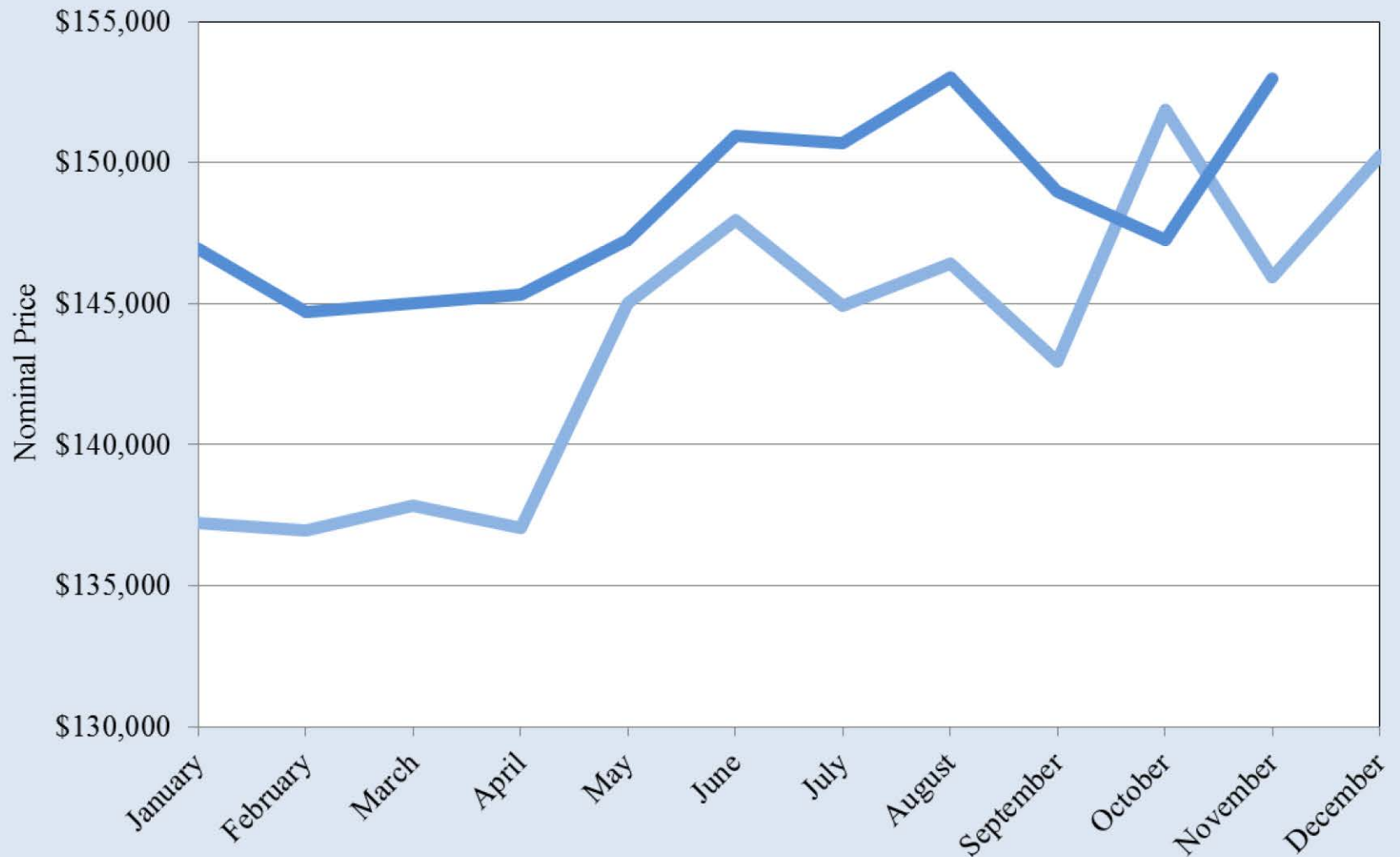


Starting in September, 2014, the number of SNAP recipients is recorded for the end of each month.

Source: Texas Health and Human Services Commission

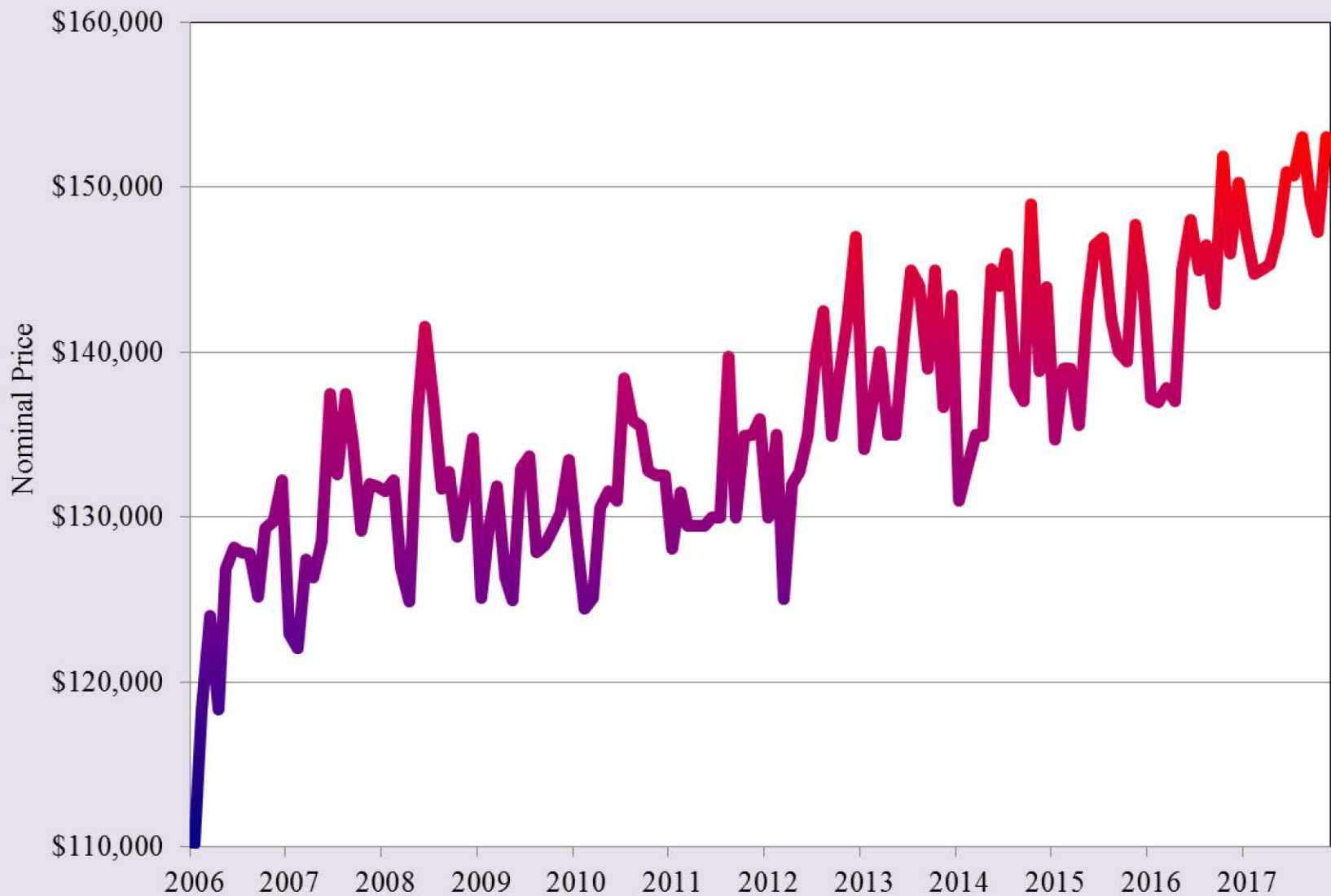
## El Paso Median Housing Prices

— 2016 — 2017



Source: Texas A&M Real Estate Center

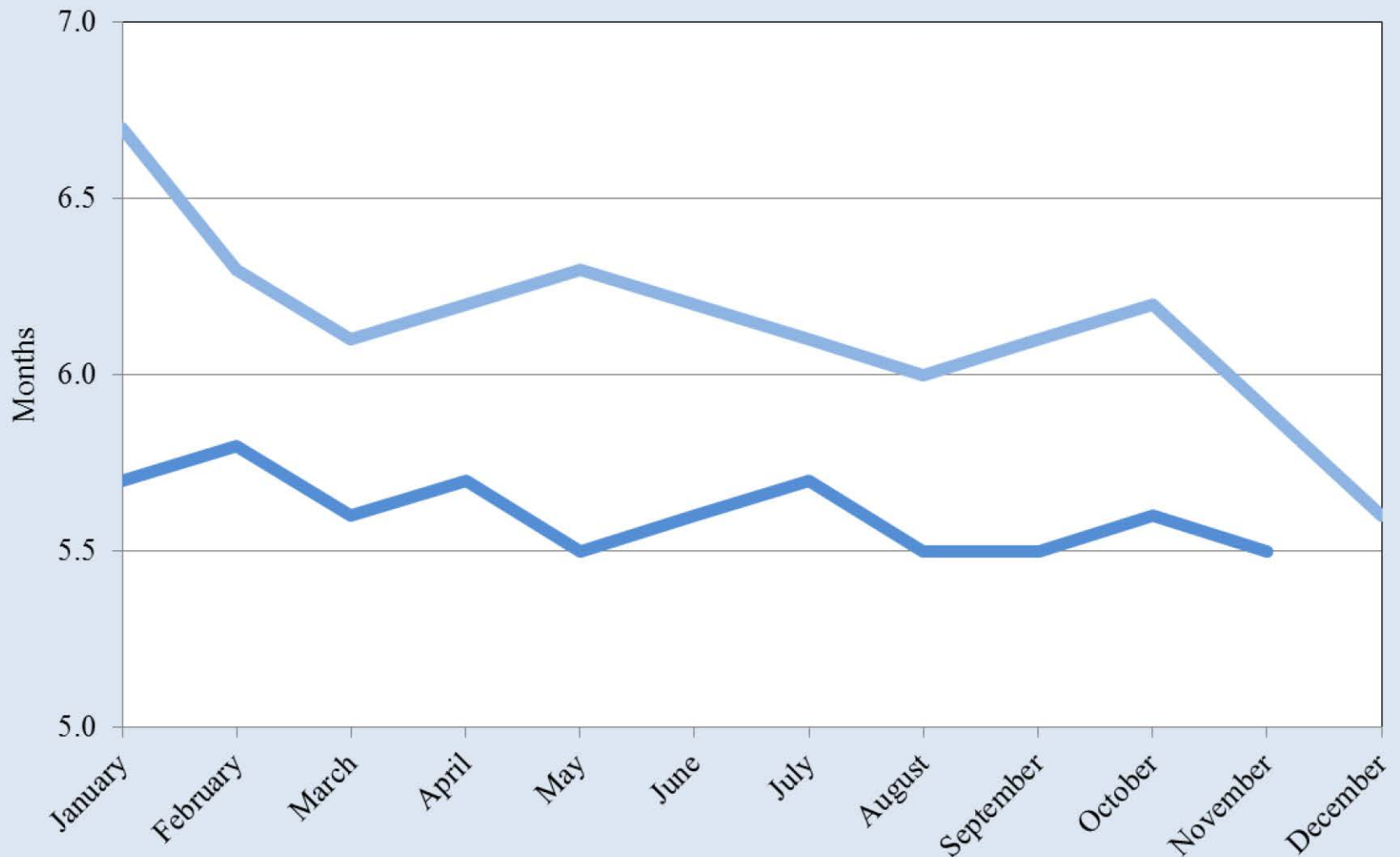
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Source: Texas A&M Real Estate Center

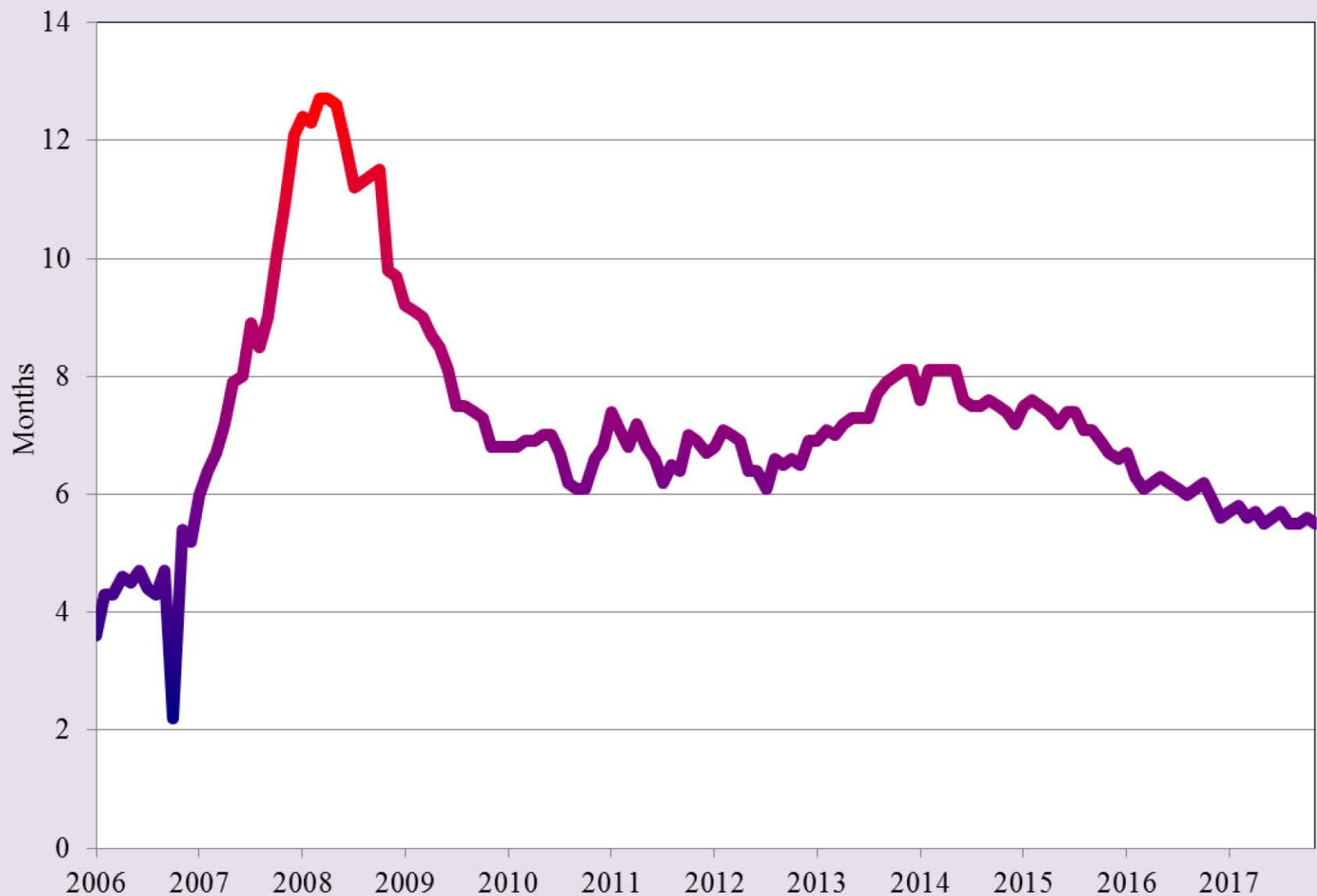
## Months of Housing Inventory for El Paso

— 2016 — 2017



Source: Texas A&M Real Estate Center

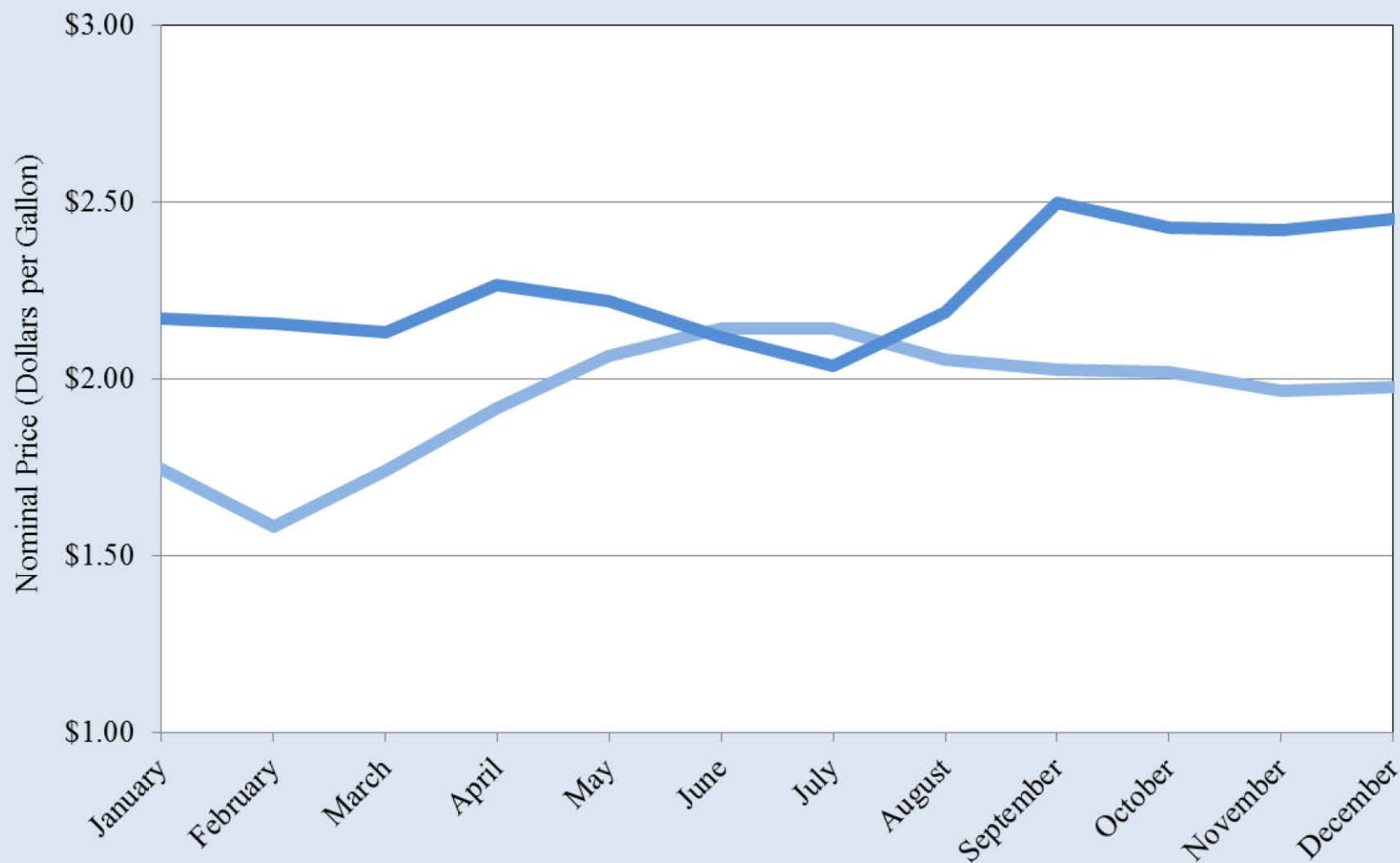
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Source: Texas A&M Real Estate Center

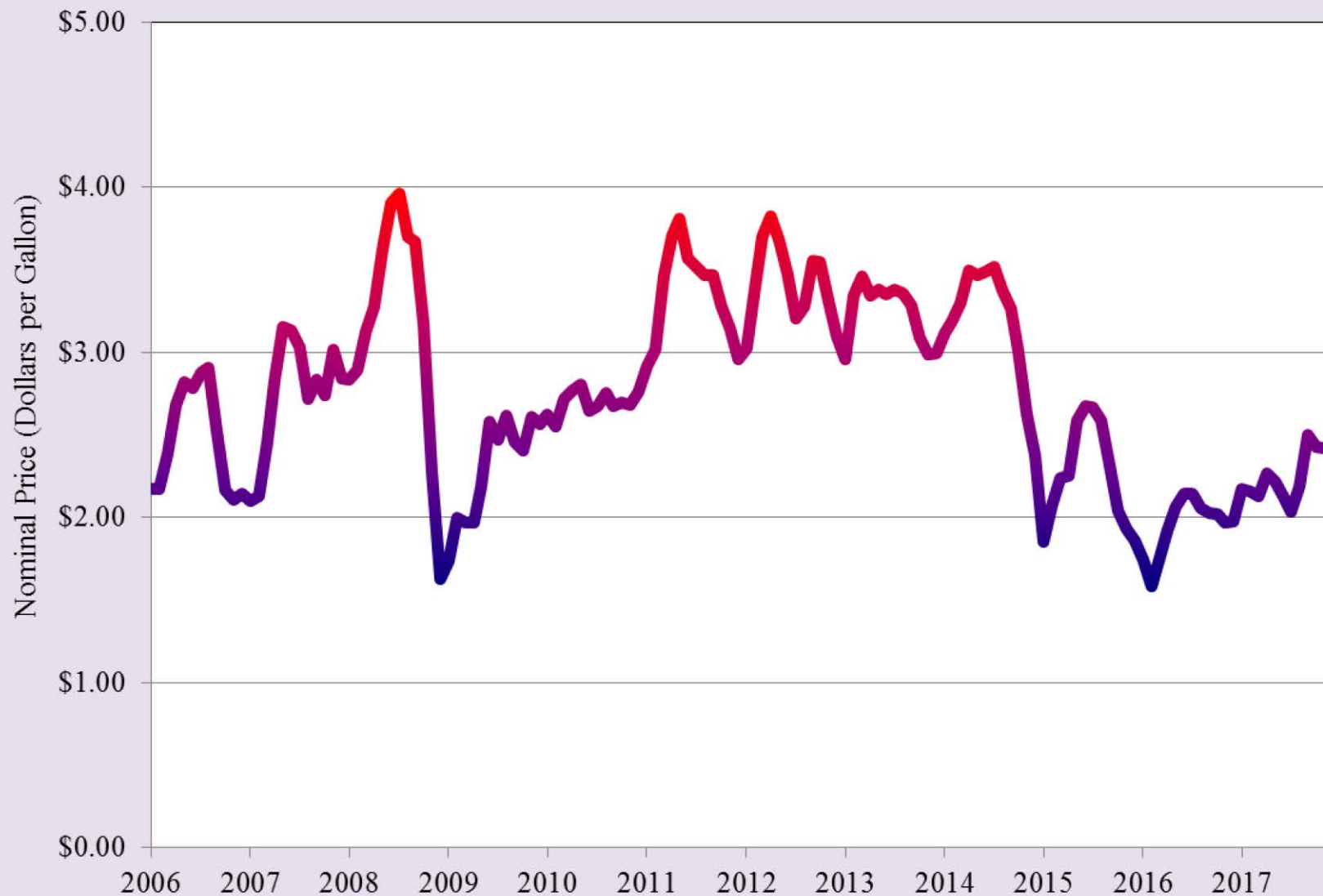
## El Paso Gasoline Prices

2016 2017



Source: GasBuddy.com

## El Paso Gasoline Prices

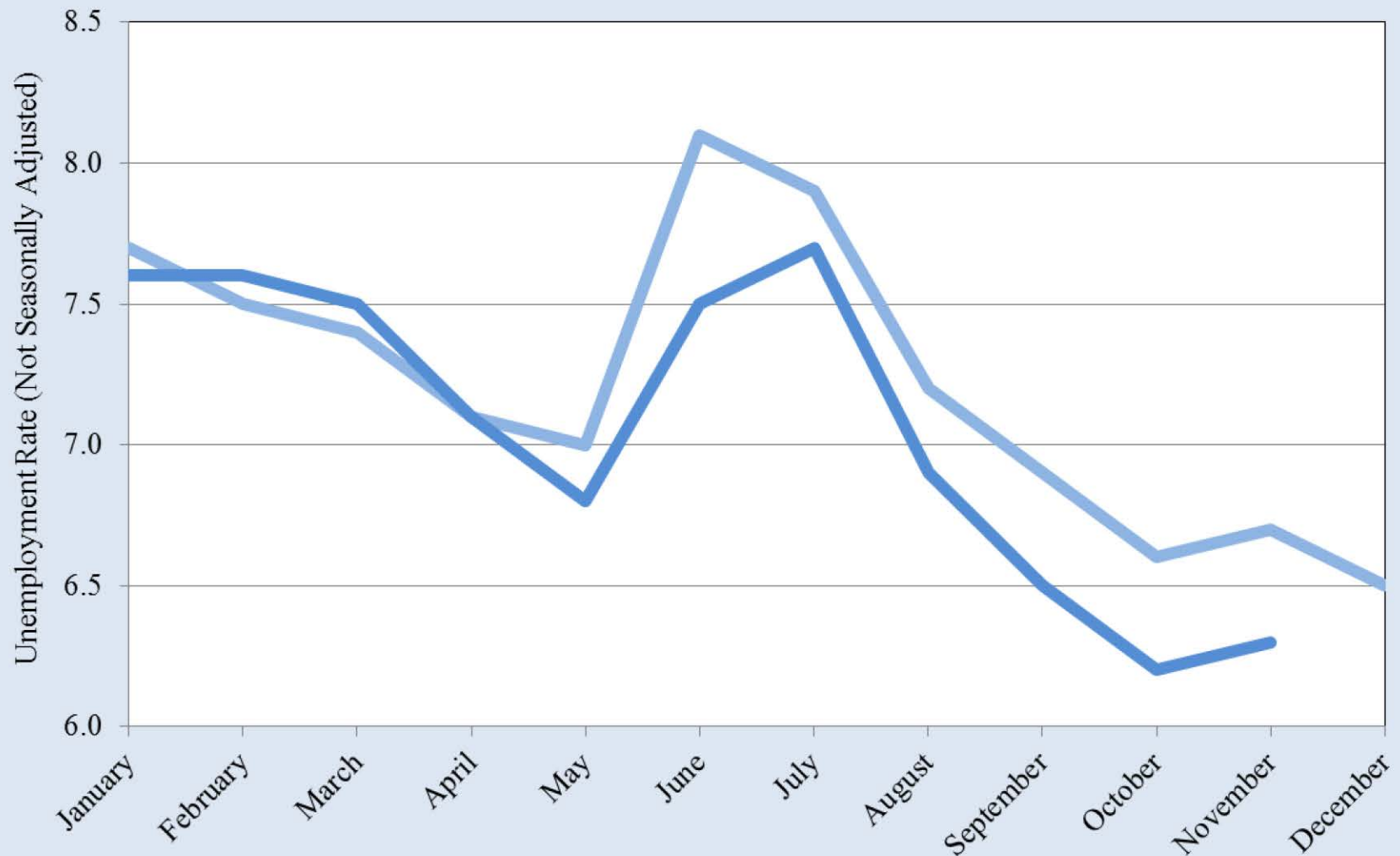


Source: GasBuddy.com



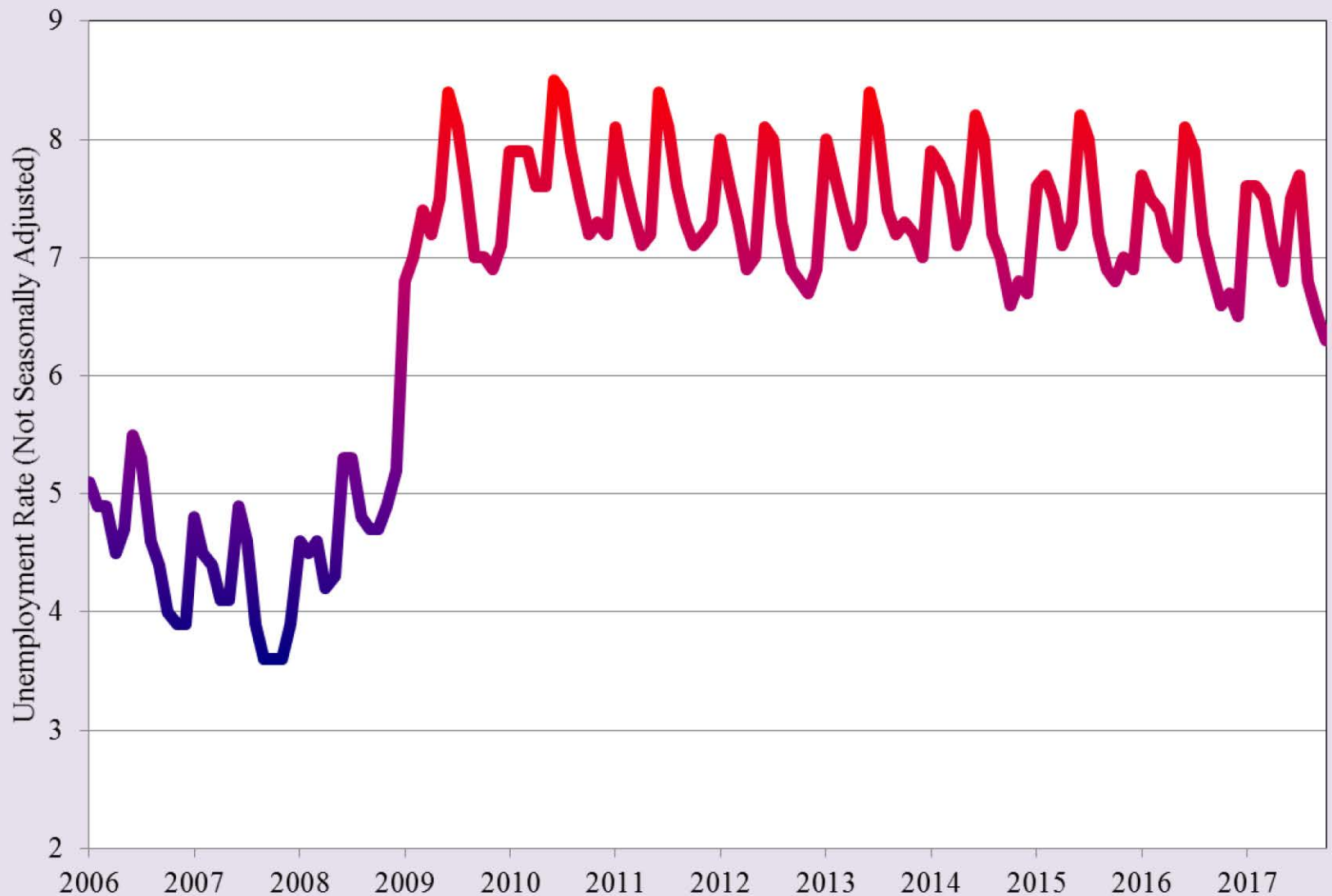
## Doña Ana County Unemployment Rate

— 2016 — 2017



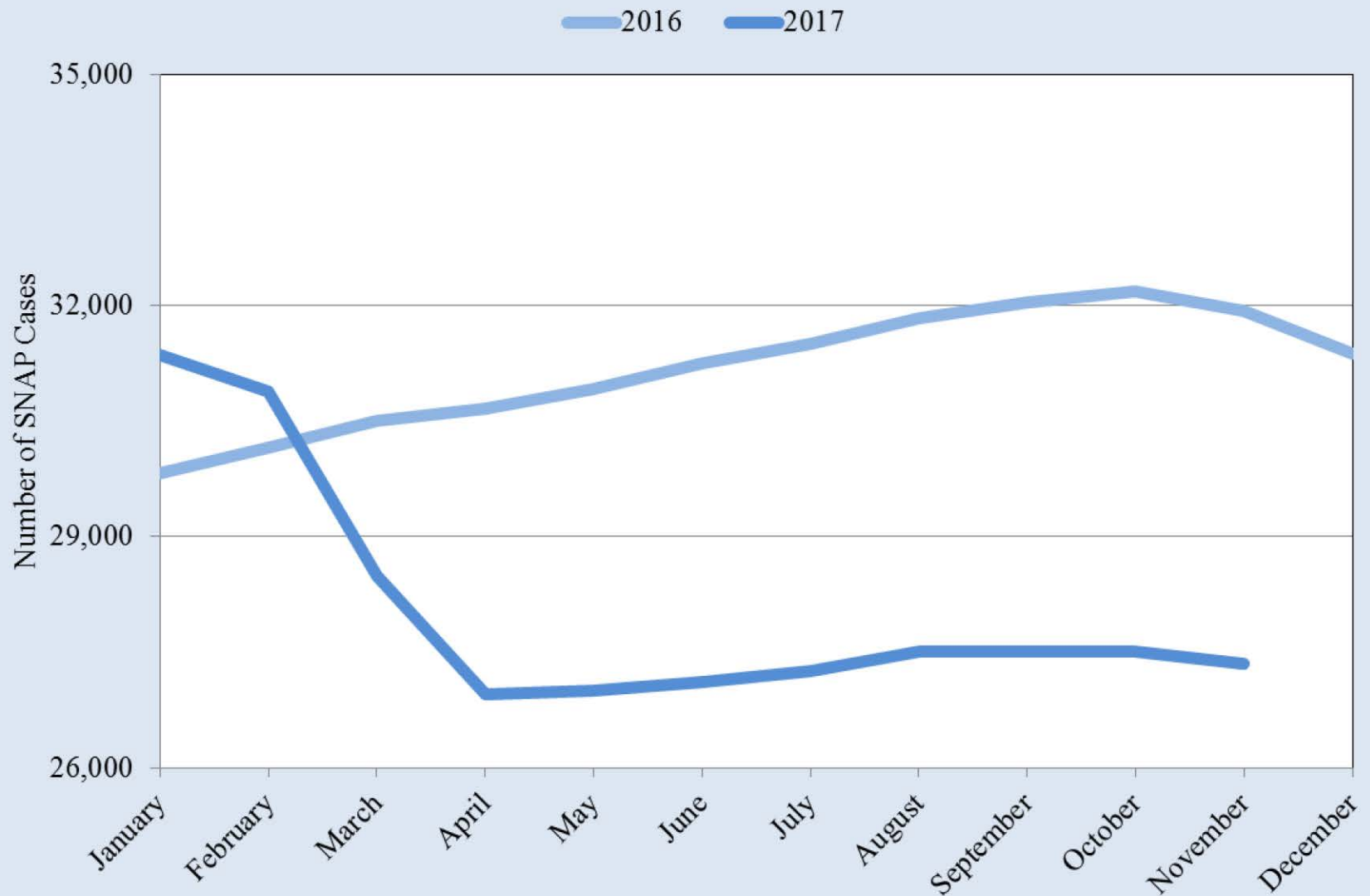
Source: Bureau of Labor Statistics

## Doña Ana County Unemployment Rate



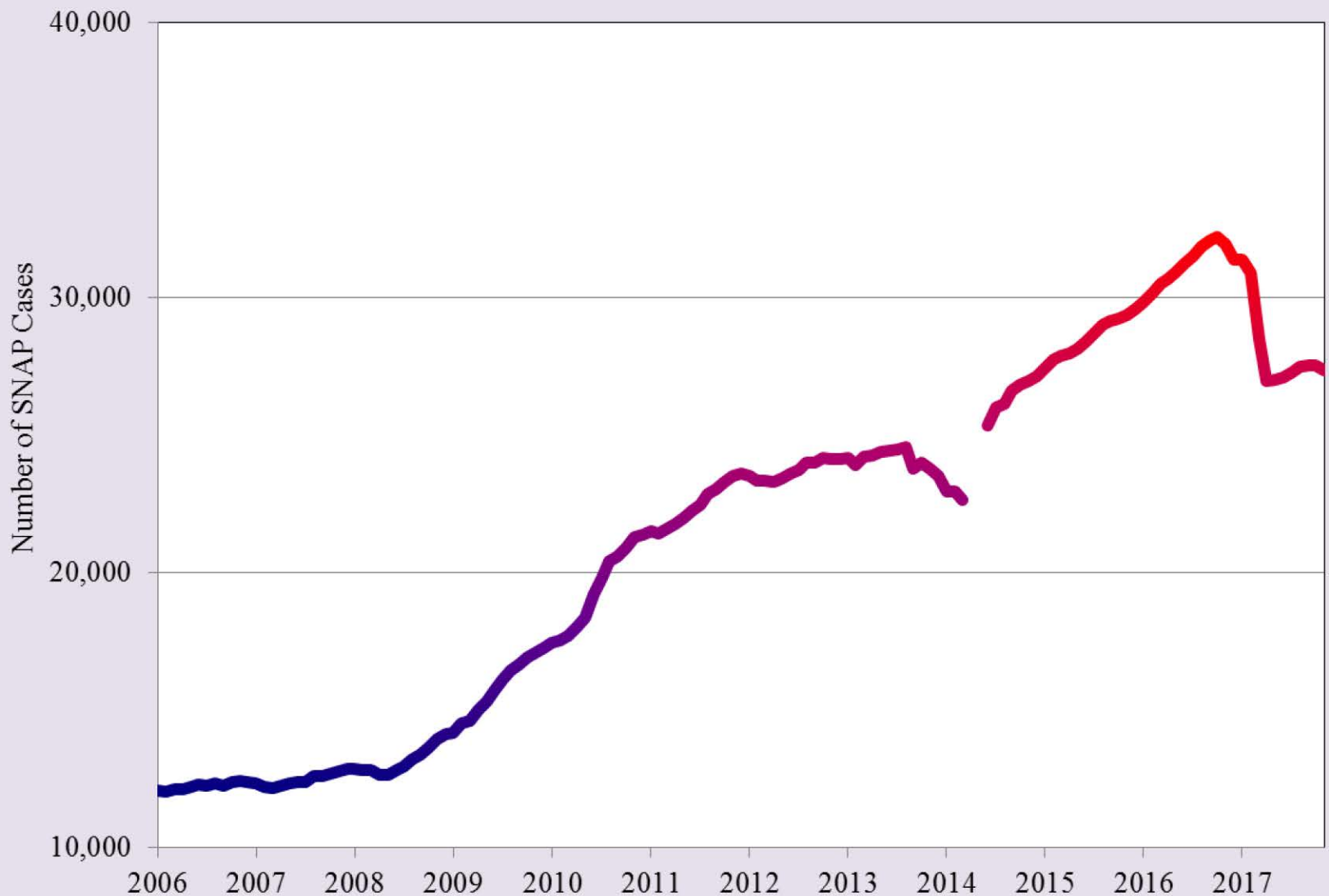
Source: Bureau of Labor Statistics

## Las Cruces Area SNAP (Food Stamp) Cases



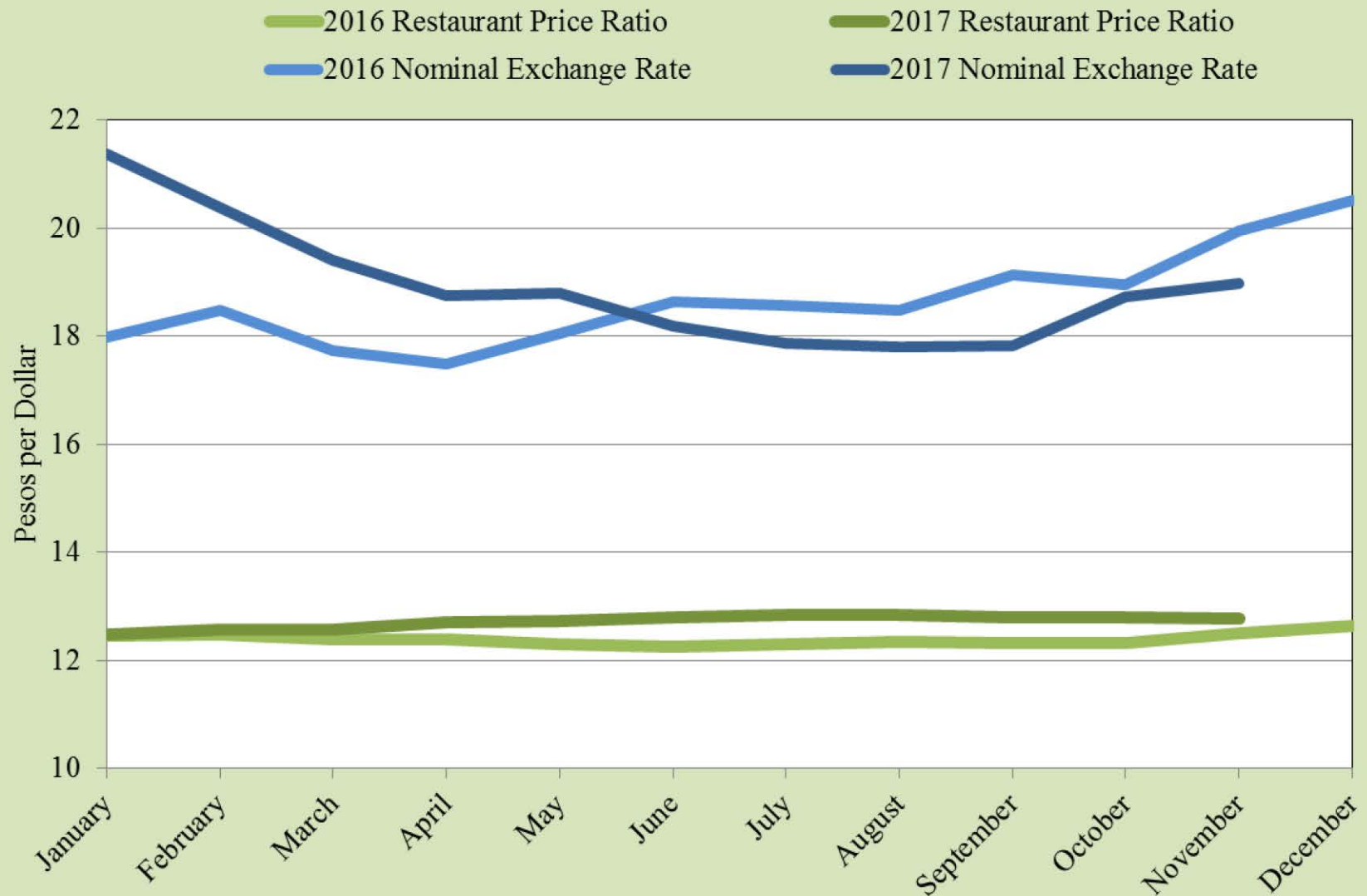
Source: New Mexico Human Services Department

## Las Cruces Area SNAP (Food Stamp) Cases



Source: New Mexico Human Services Department

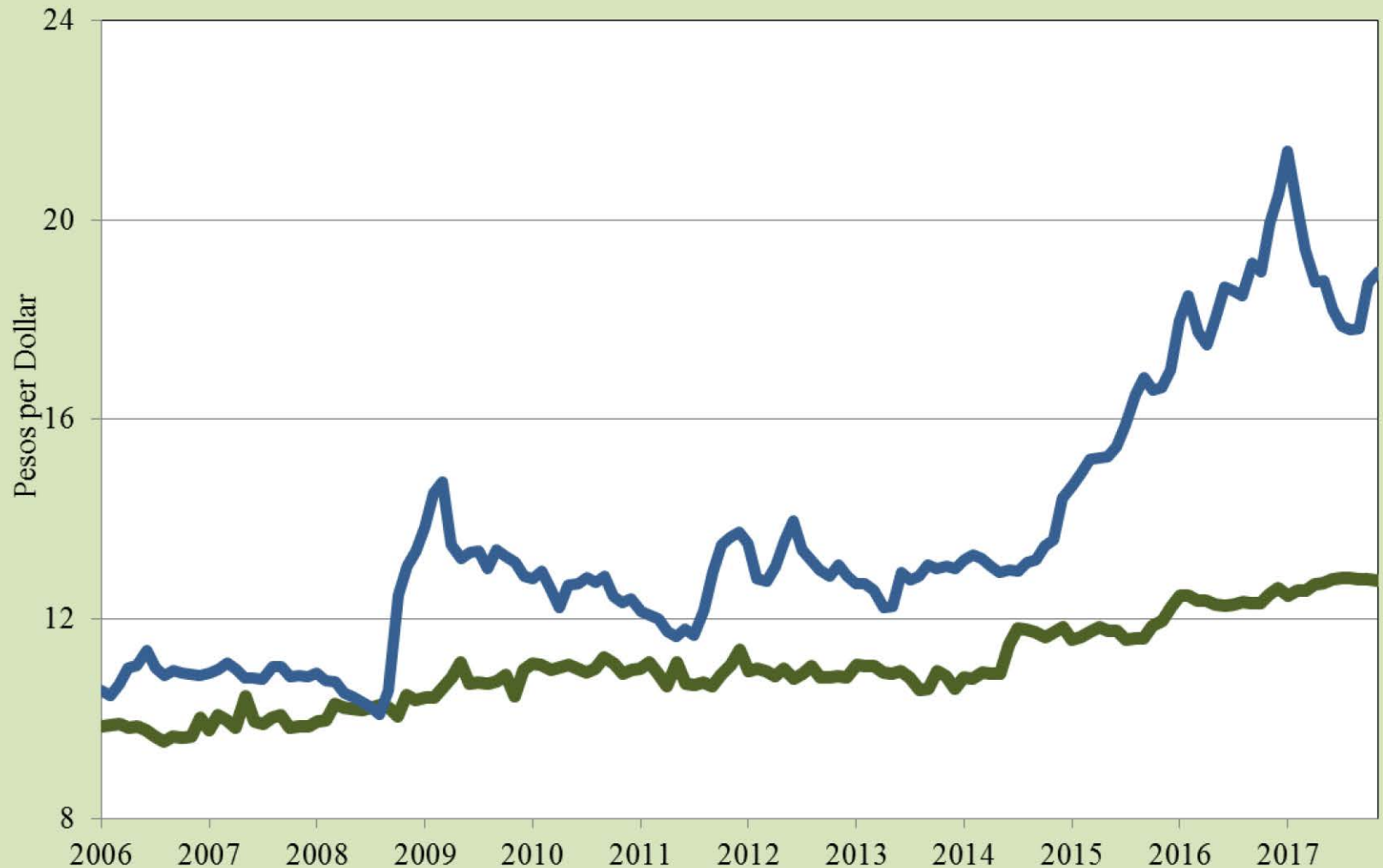
## Restaurant Price Ratio and Exchange Rate



Source: UTEP Border Region Modeling Project and Banco de Mexico

## Restaurant Price Ratio and Exchange Rate

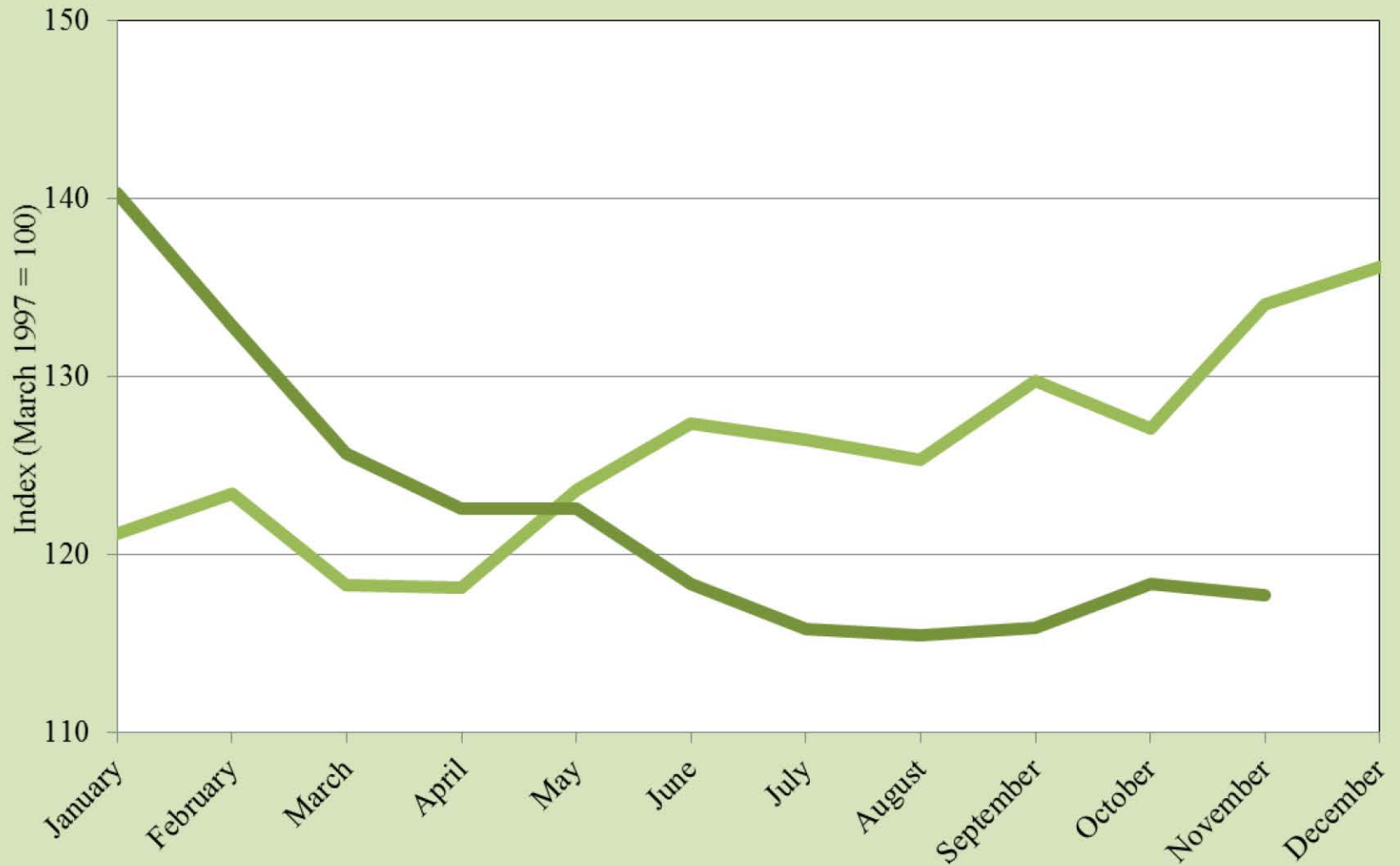
— Restaurant Price Ratio    — Nominal Exchange Rate



Source: UTEP Border Region Modeling Project and Banco de Mexico

## Real Peso/Dollar Exchange Rate Index

2016 2017



Source: UTEP Border Region Modeling Project

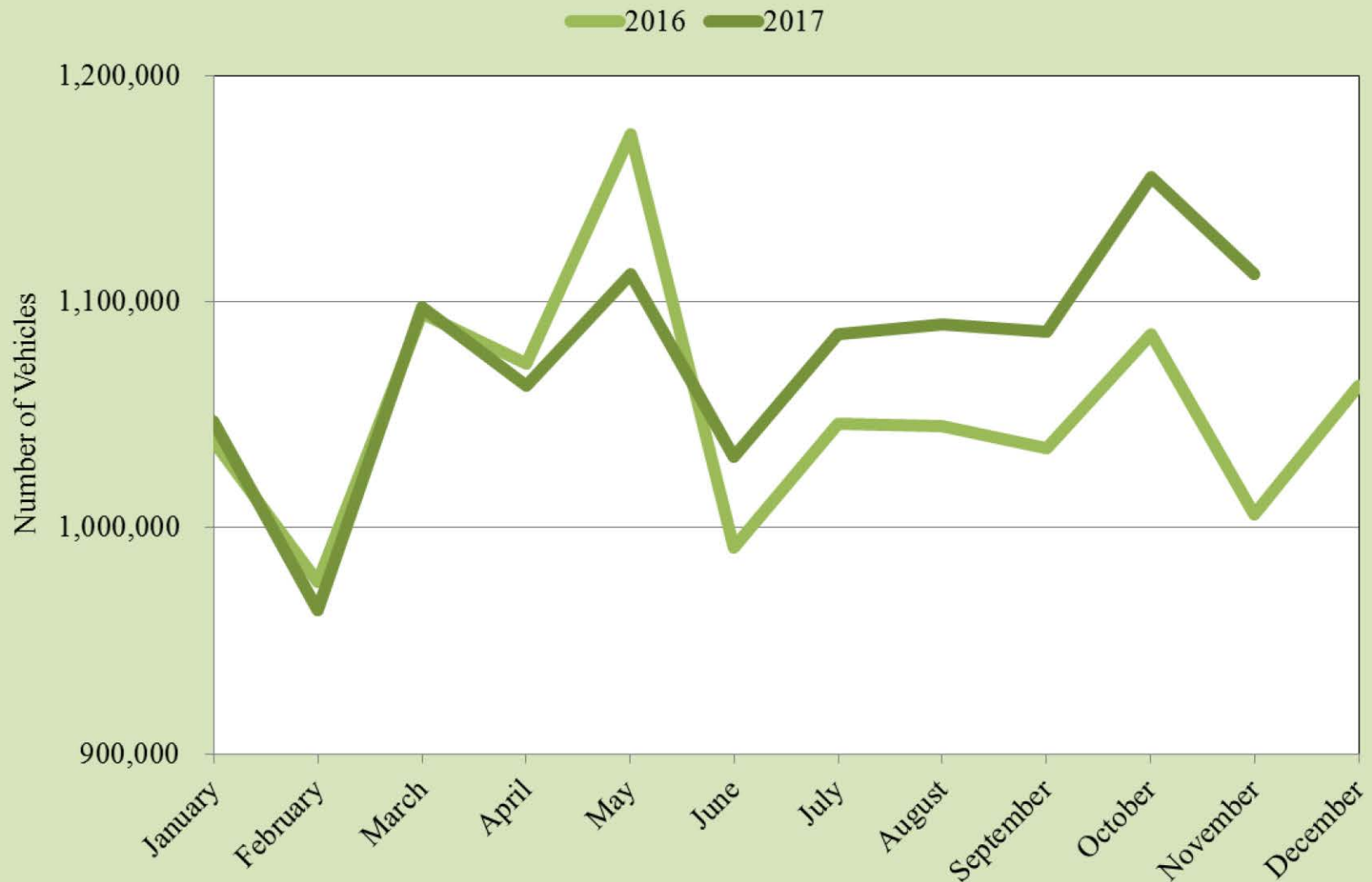
## Real Peso/Dollar Exchange Rate Index



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

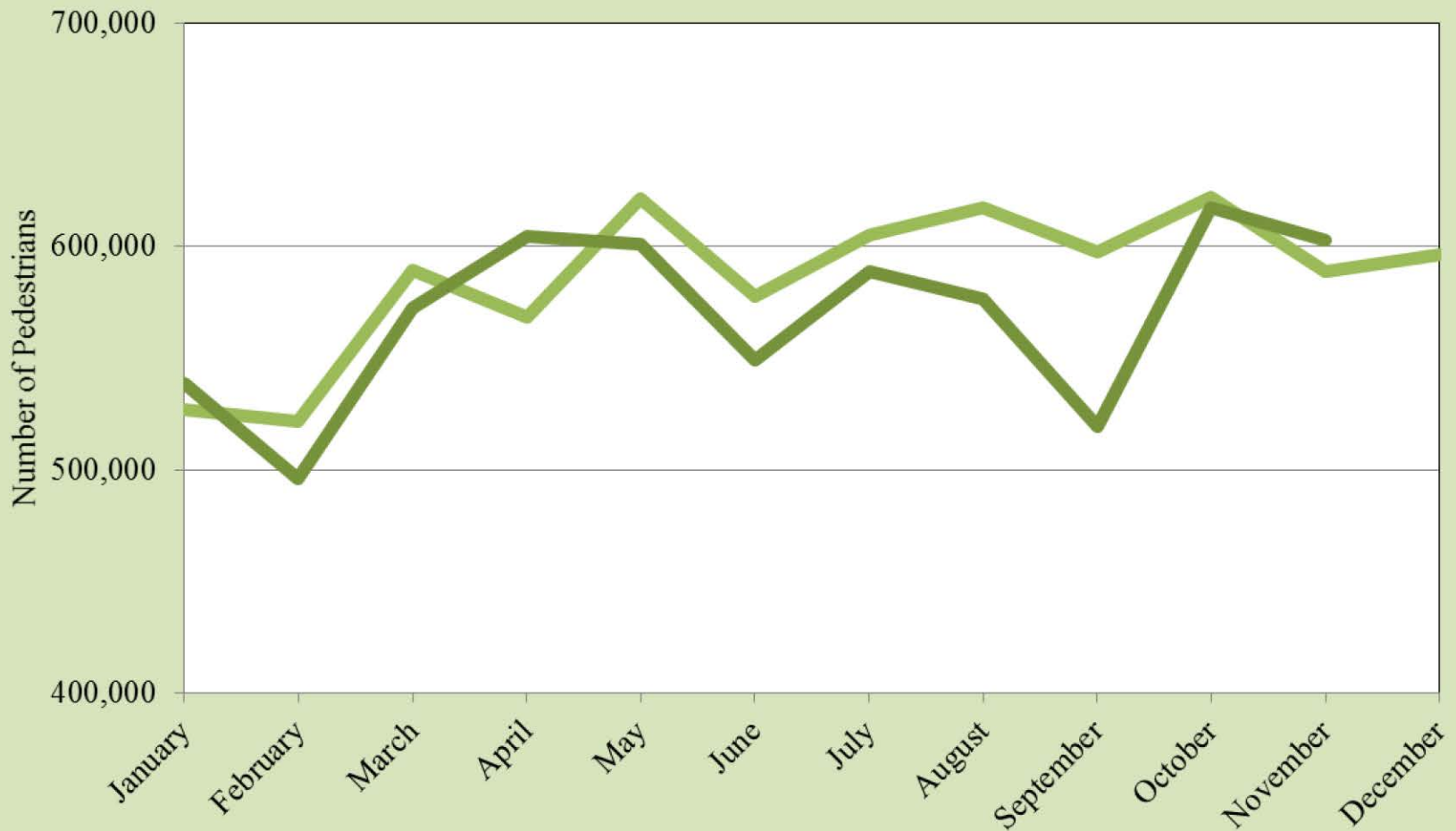
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Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

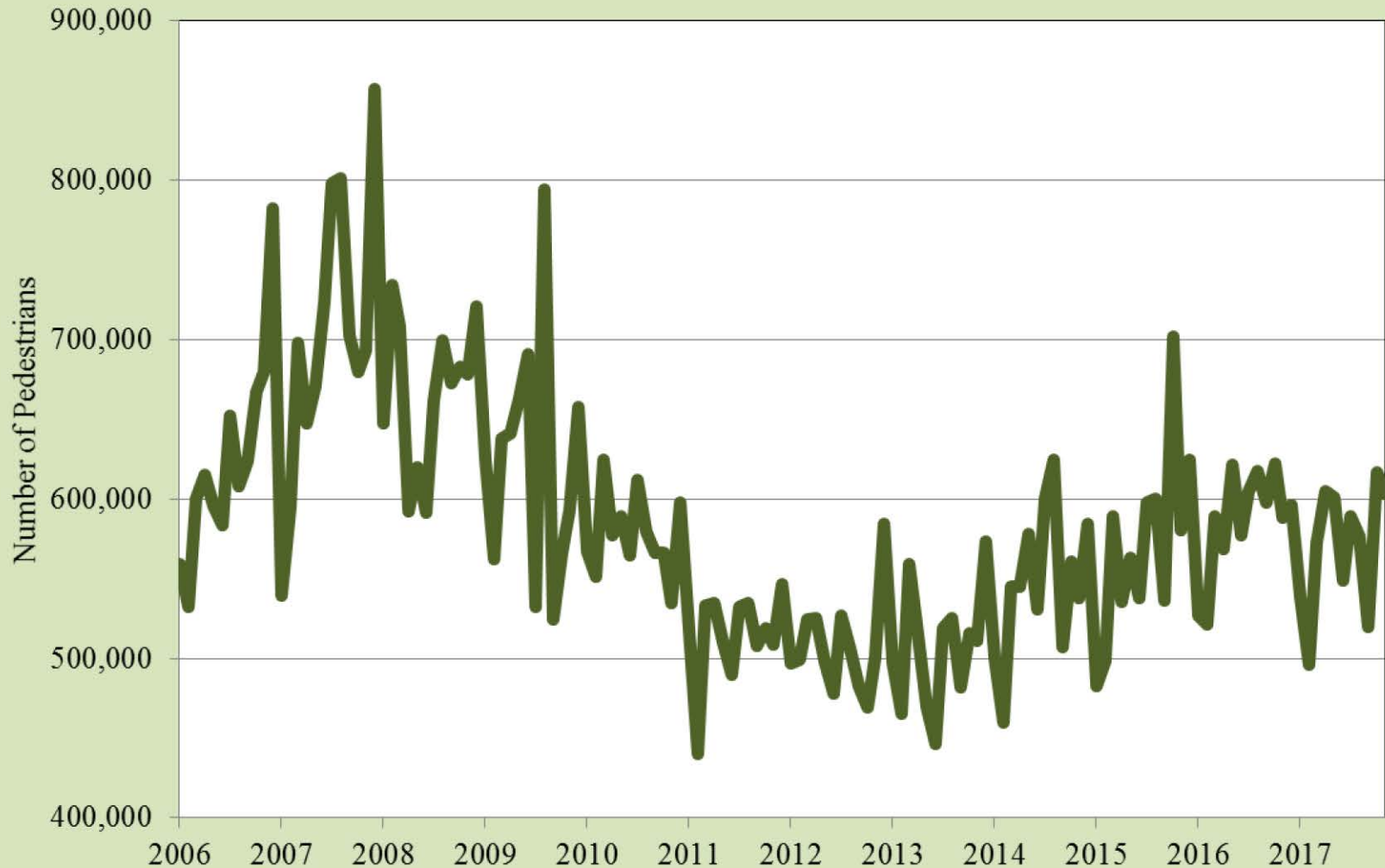
## Pedestrian International Bridge Crossings to El Paso

2016 2017



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

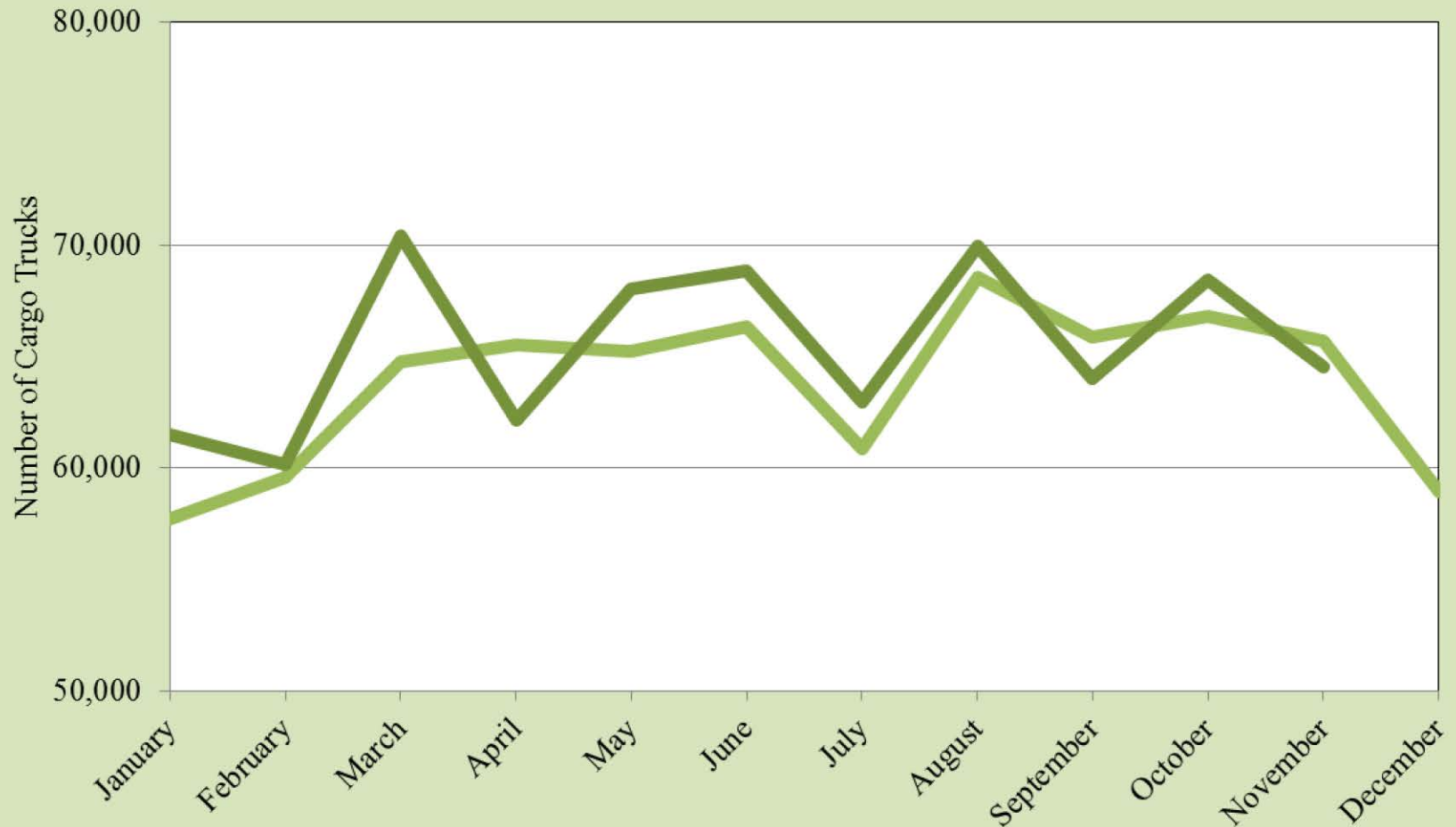
## Pedestrian International Bridge Crossings to El Paso



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

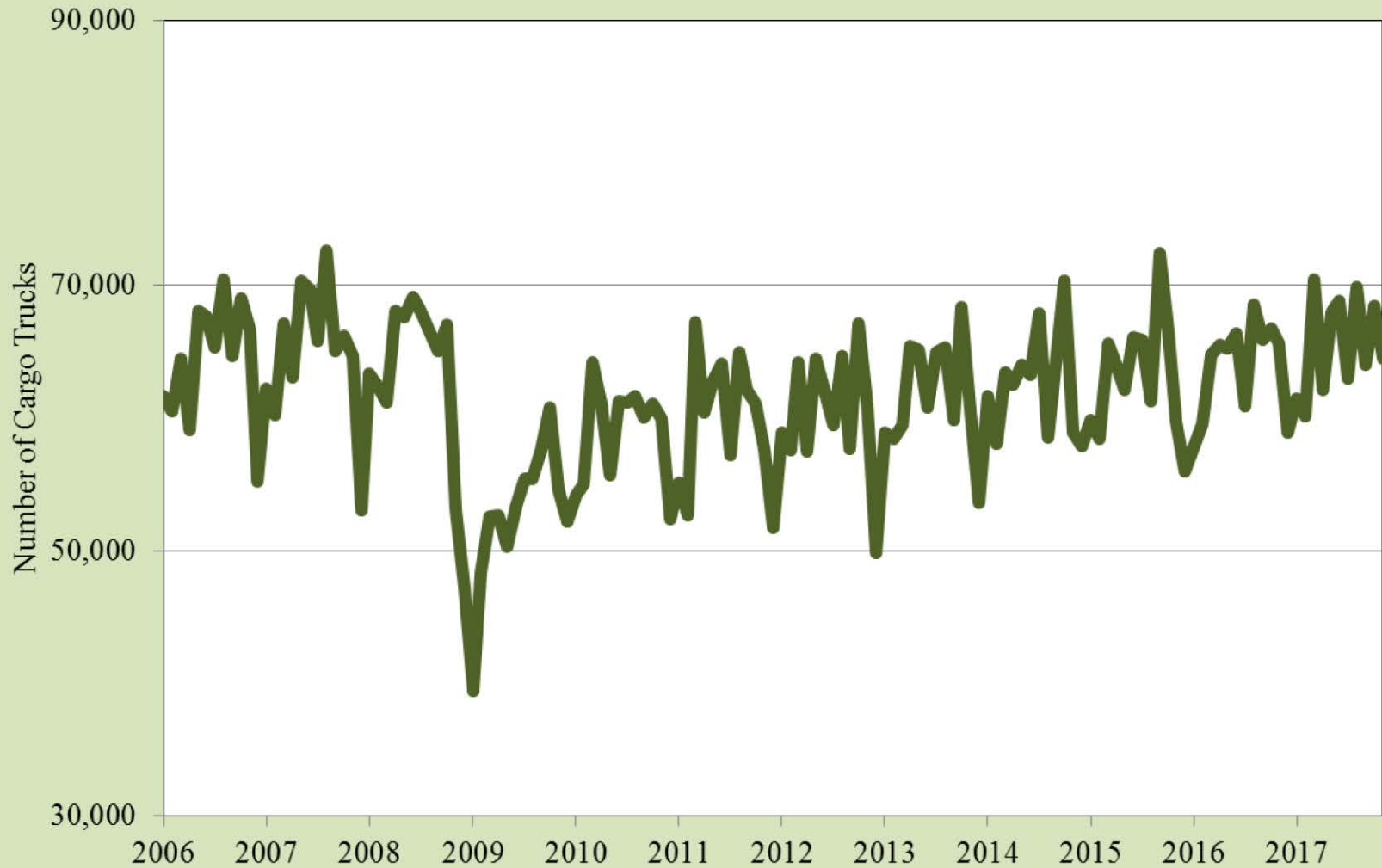
## Cargo Truck International Bridge Crossings to El Paso

2016 2017



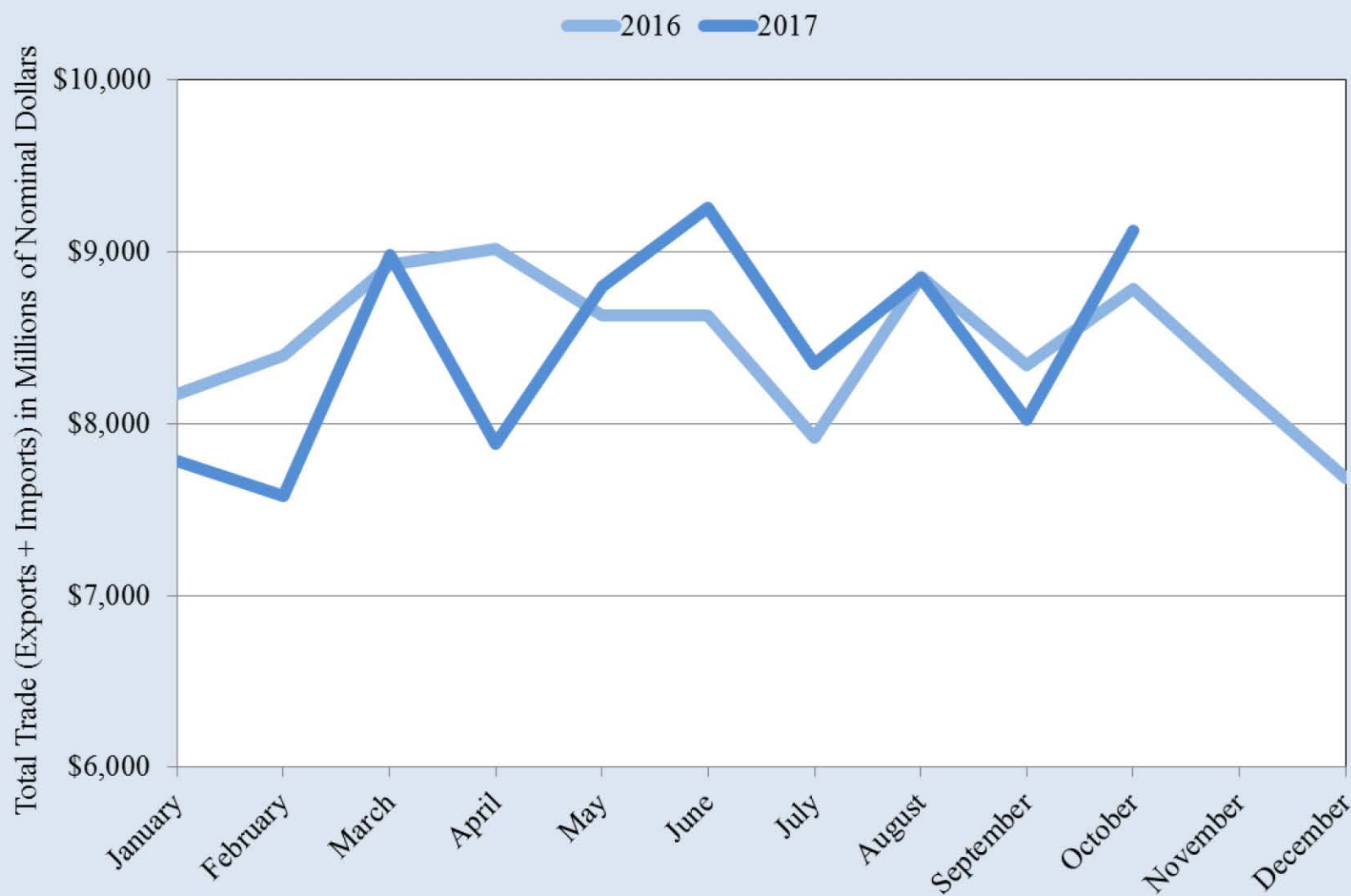
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

## Cargo Truck International Bridge Crossings to El Paso



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

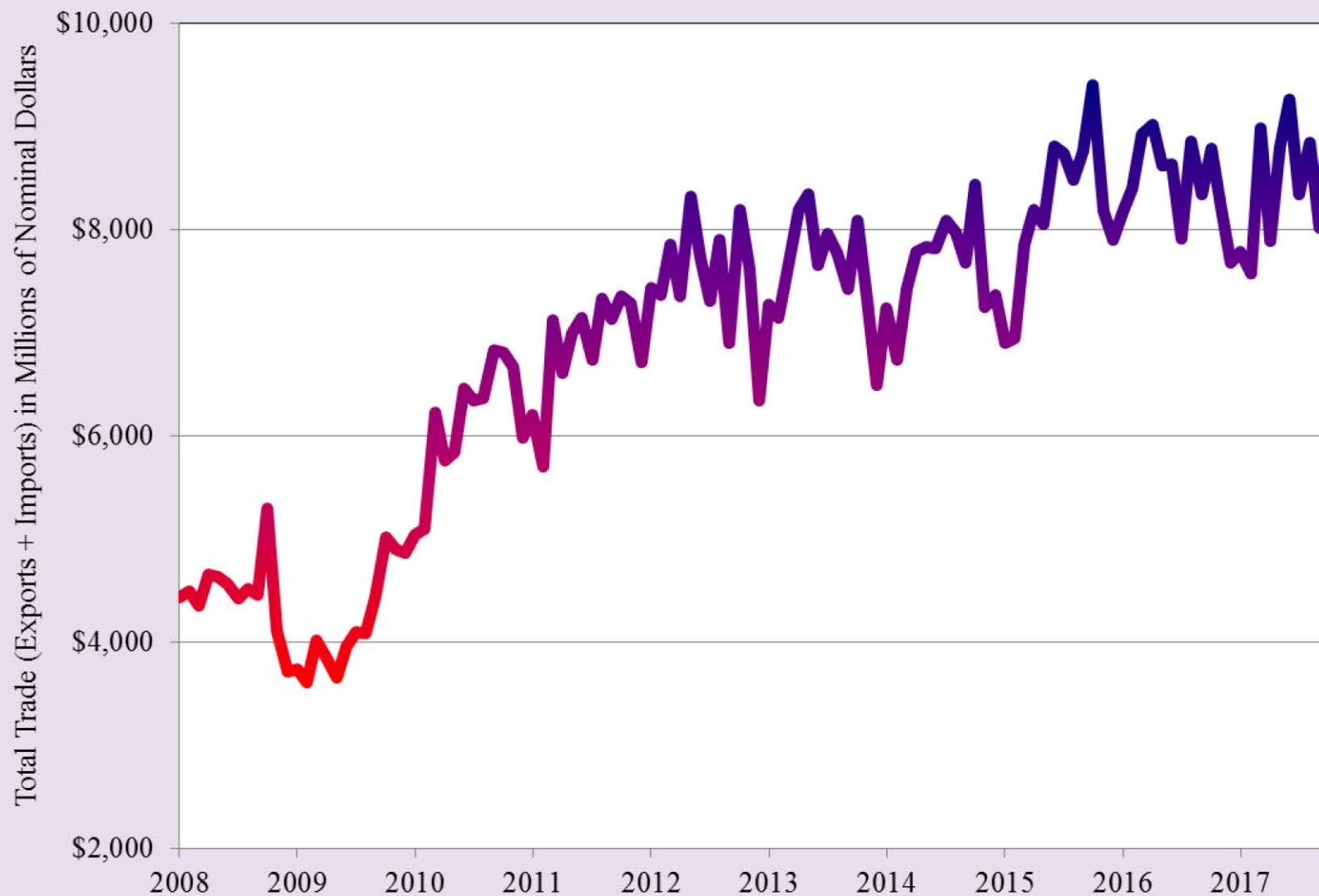
## Total Trade through the El Paso Customs District



Source: U.S. International Trade Commission



## Total Trade through the El Paso Customs District

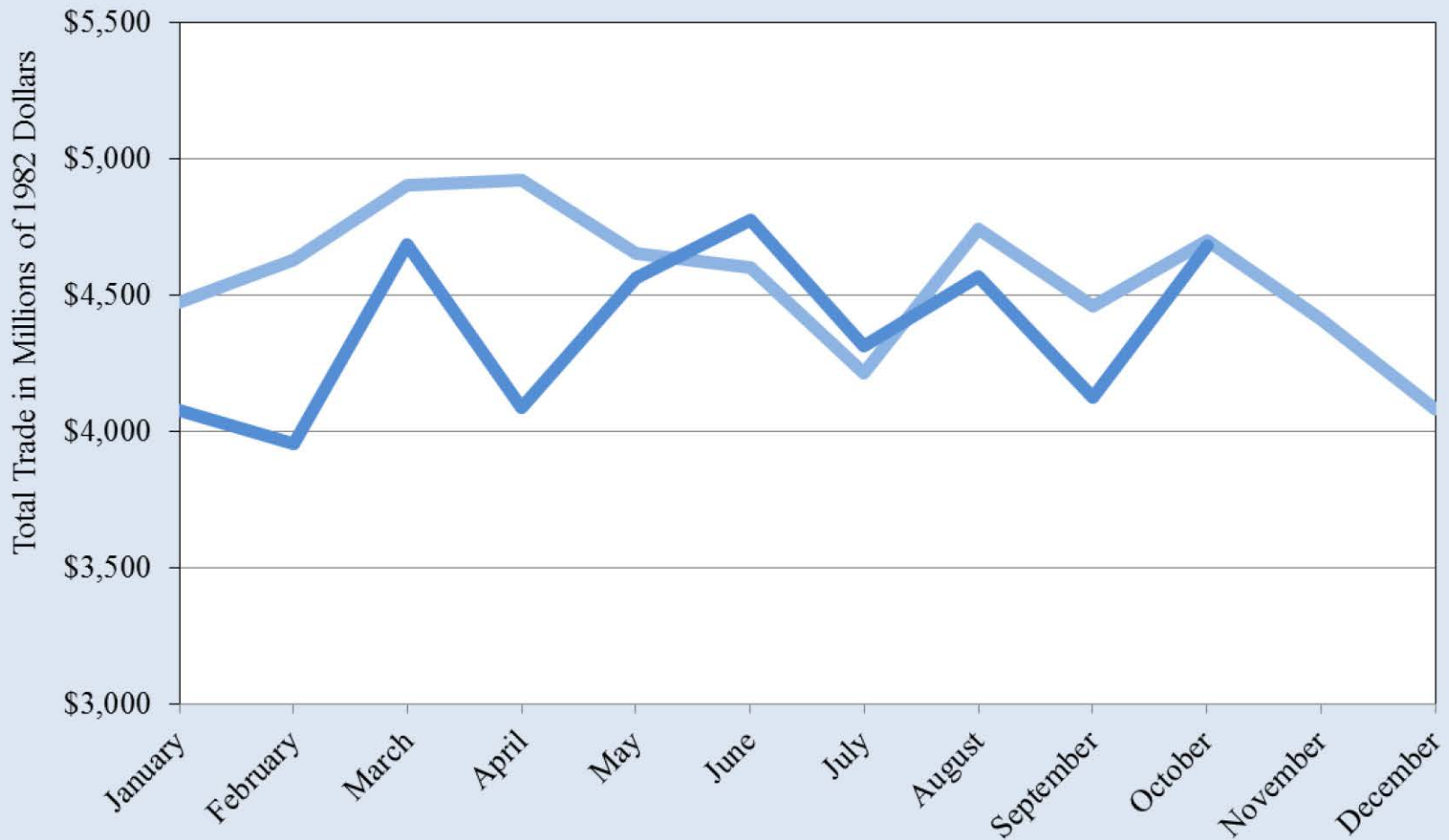


Source: U.S. International Trade Commission



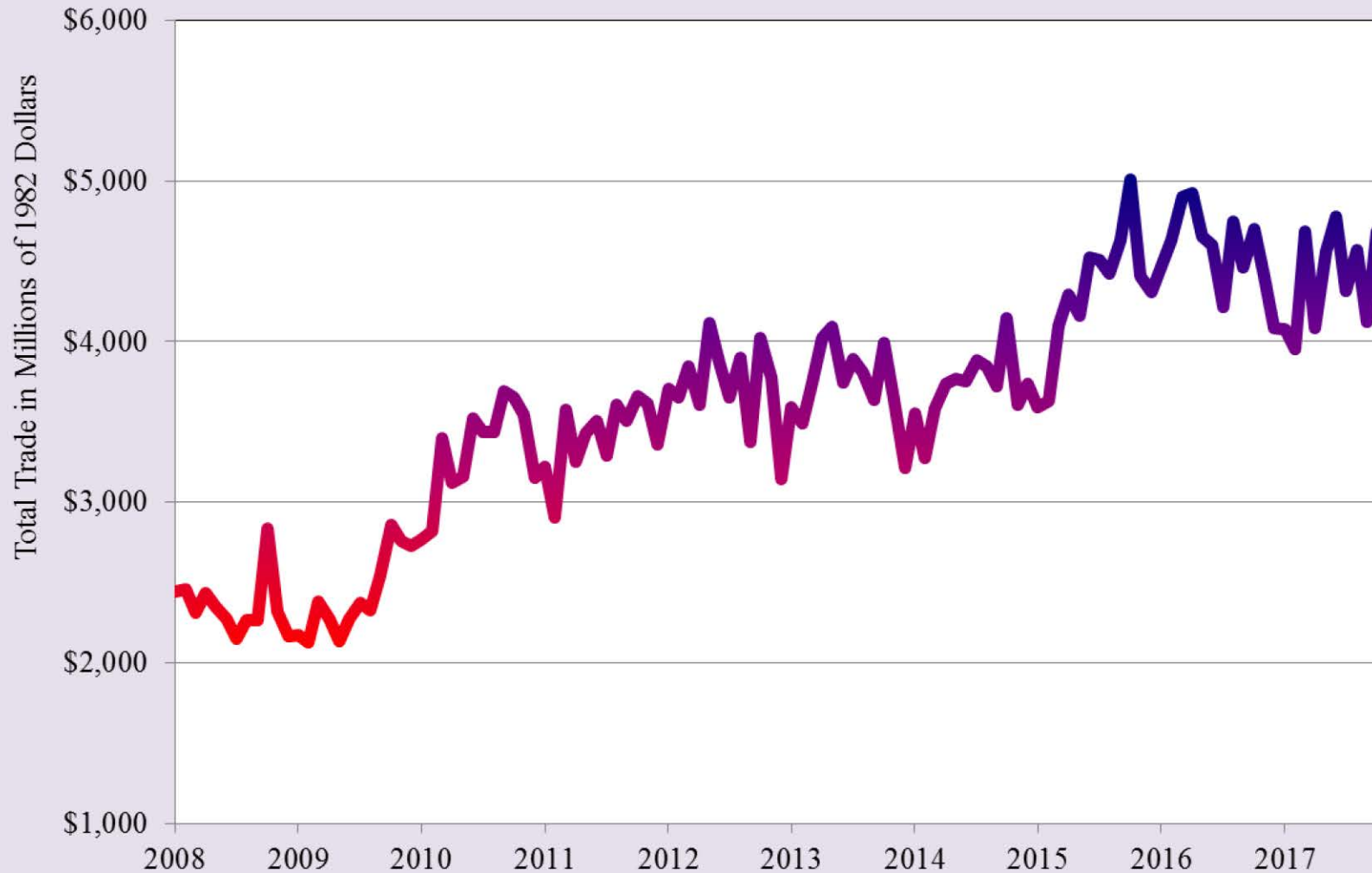
## Real Total Trade through the El Paso Customs District

— 2016 — 2017



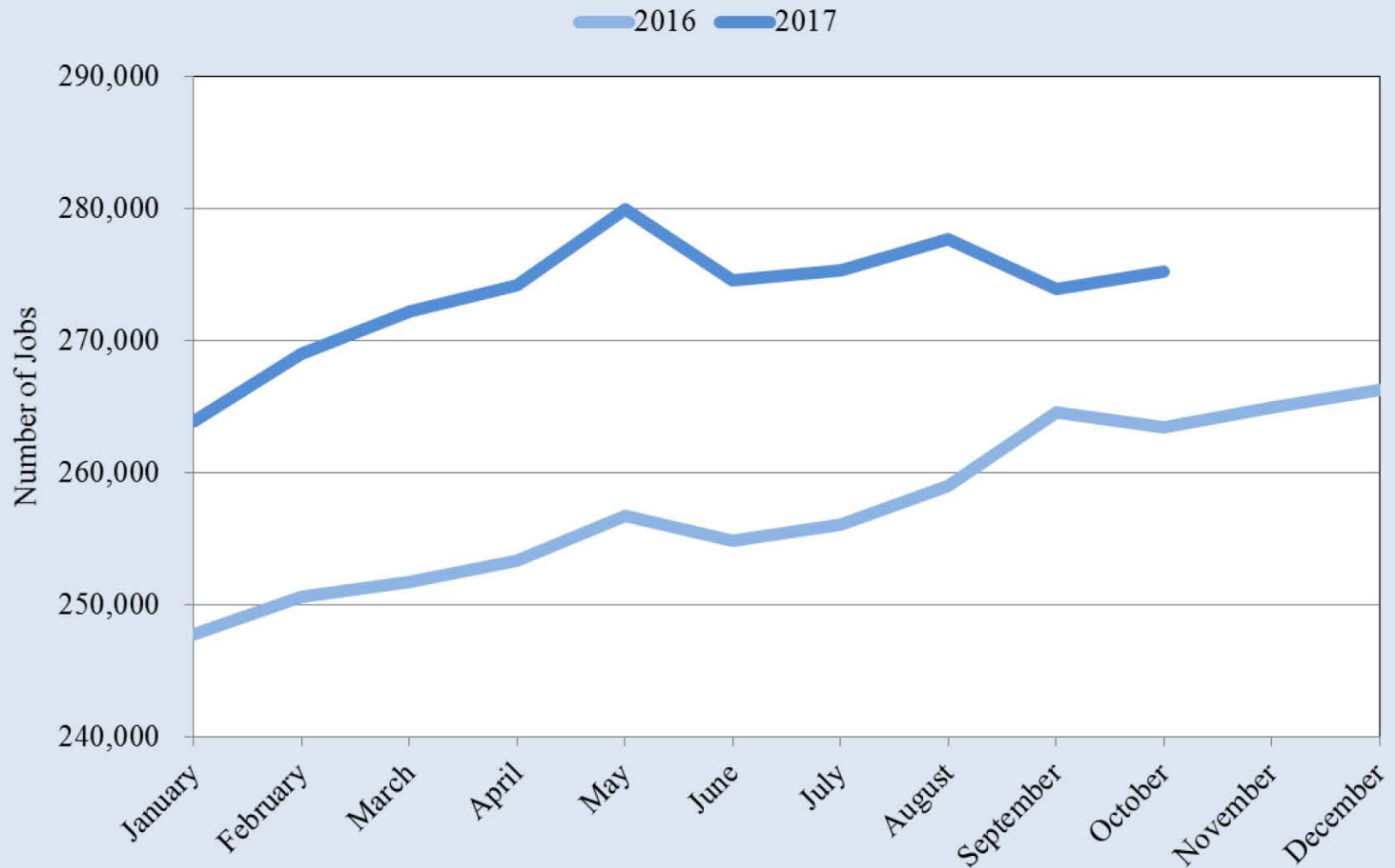
Sources: U.S. International Trade Commission and Bureau of Labor Statistics

## Real Total Trade through the El Paso Customs District



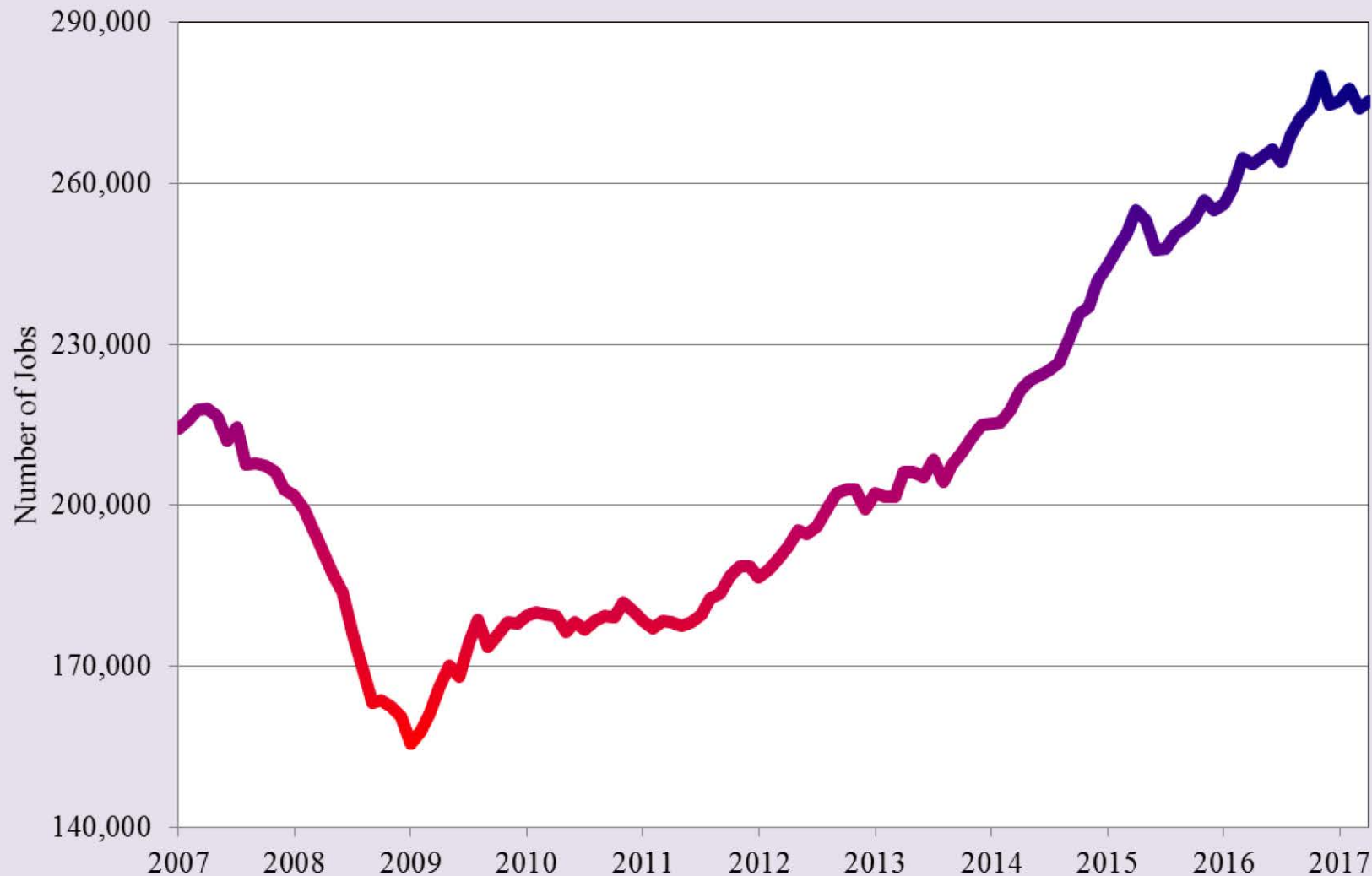
Sources: U.S. International Trade Commission and Bureau of Labor Statistics

## Export-Oriented Manufacturing Employment in Ciudad Juárez



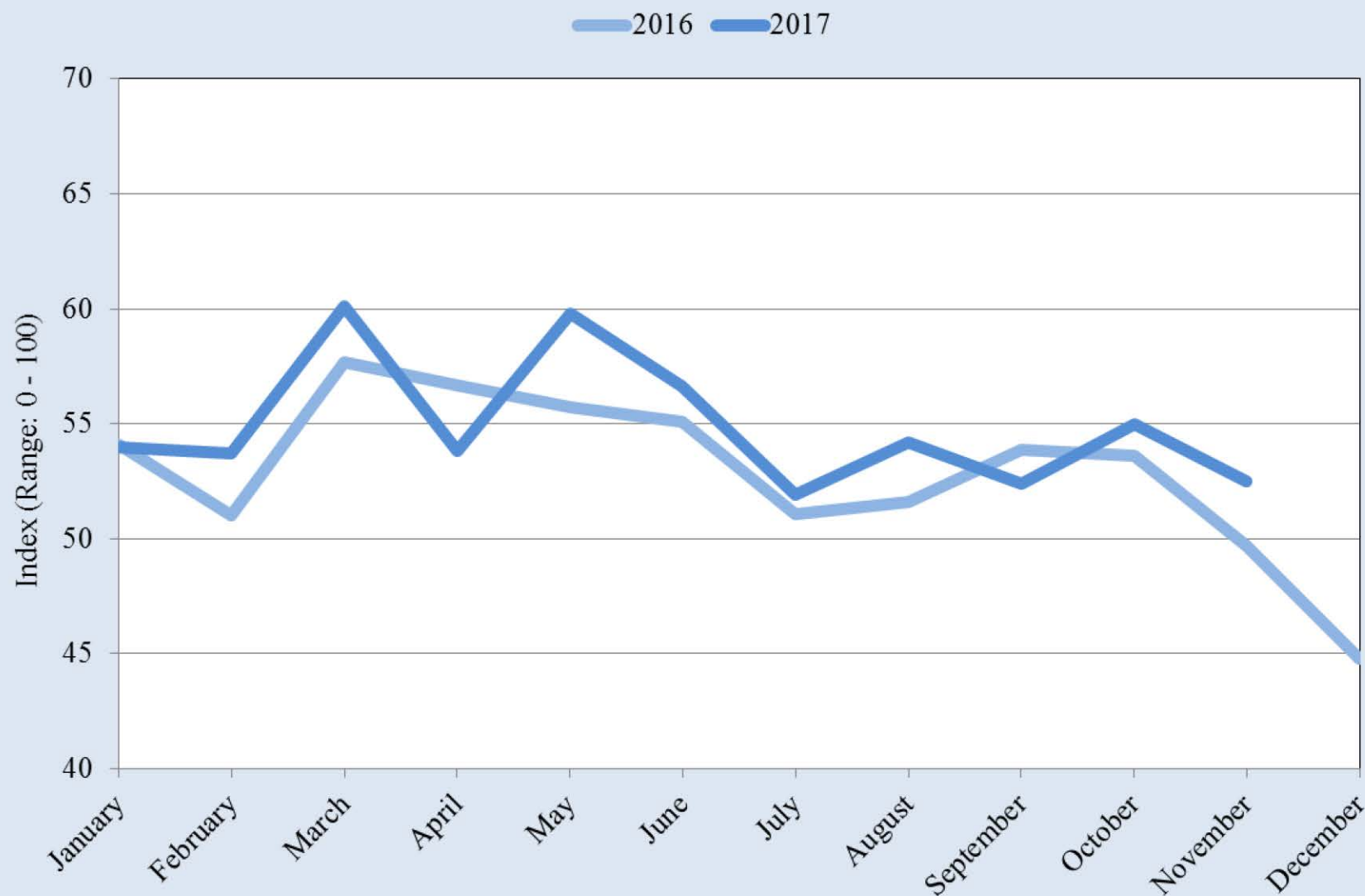
Source: INEGI

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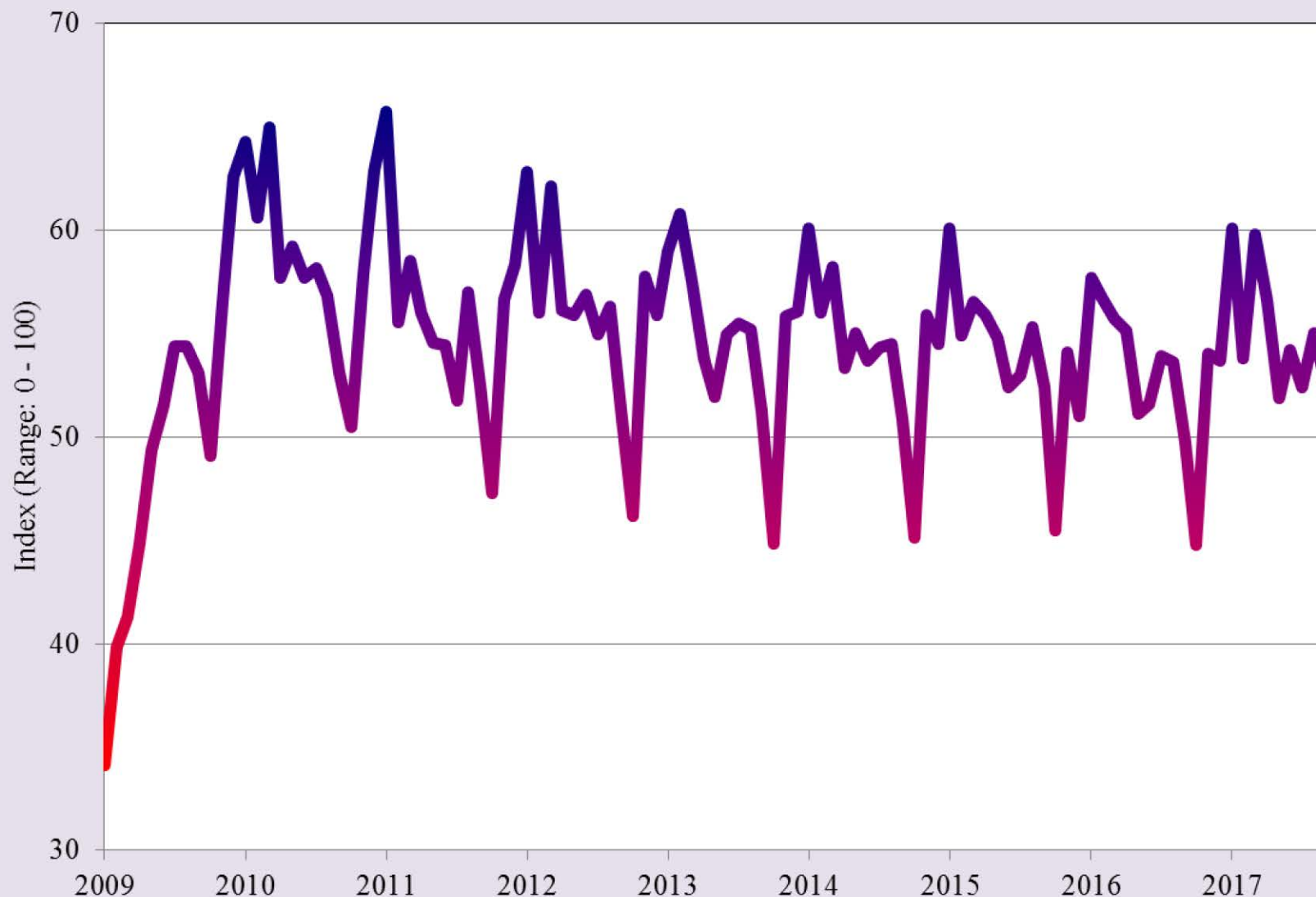
Source: INEGI

## Northern Mexico Manufacturing Orders Index



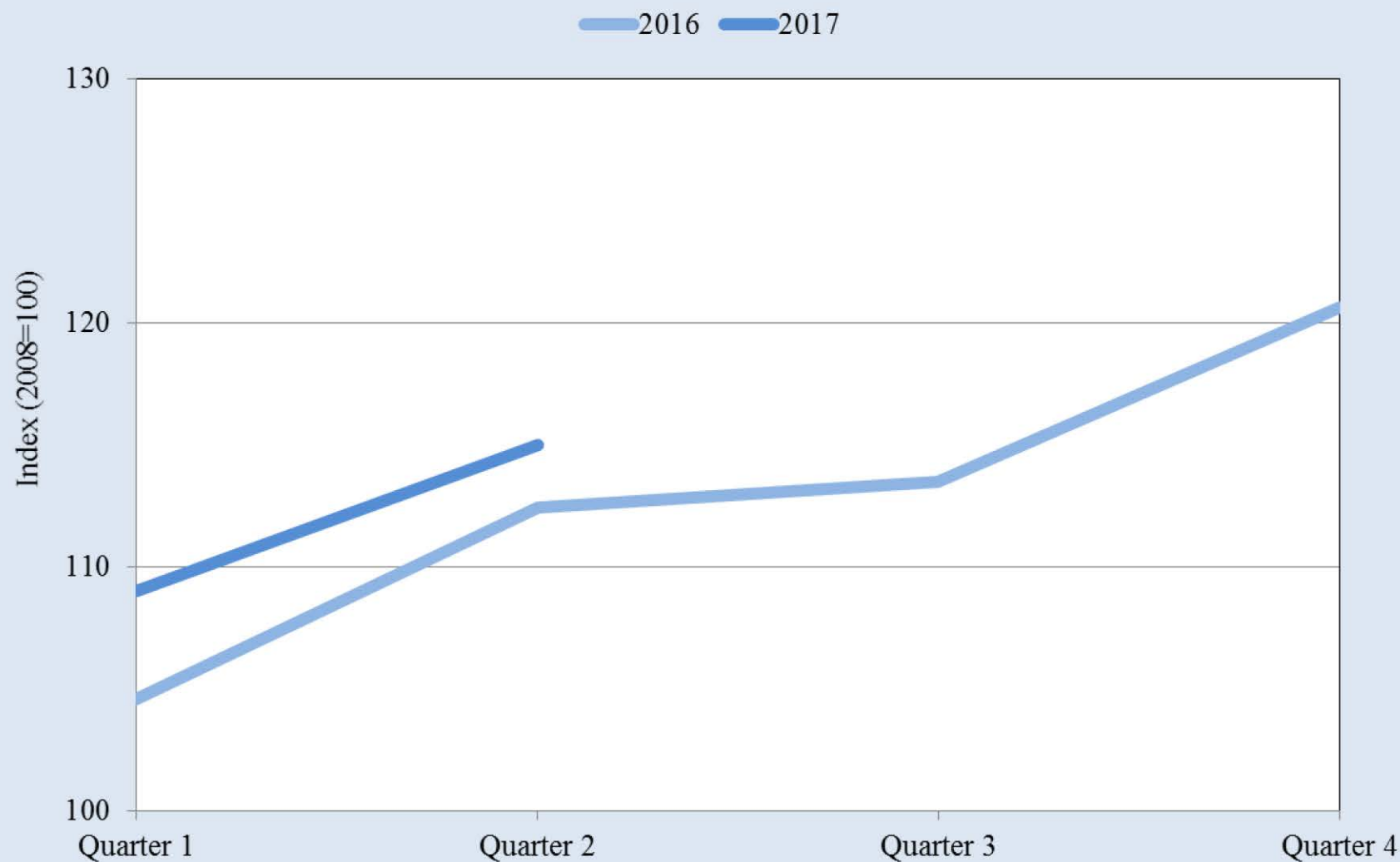
Source: Banco de México

## Northern Mexico Manufacturing Orders Index



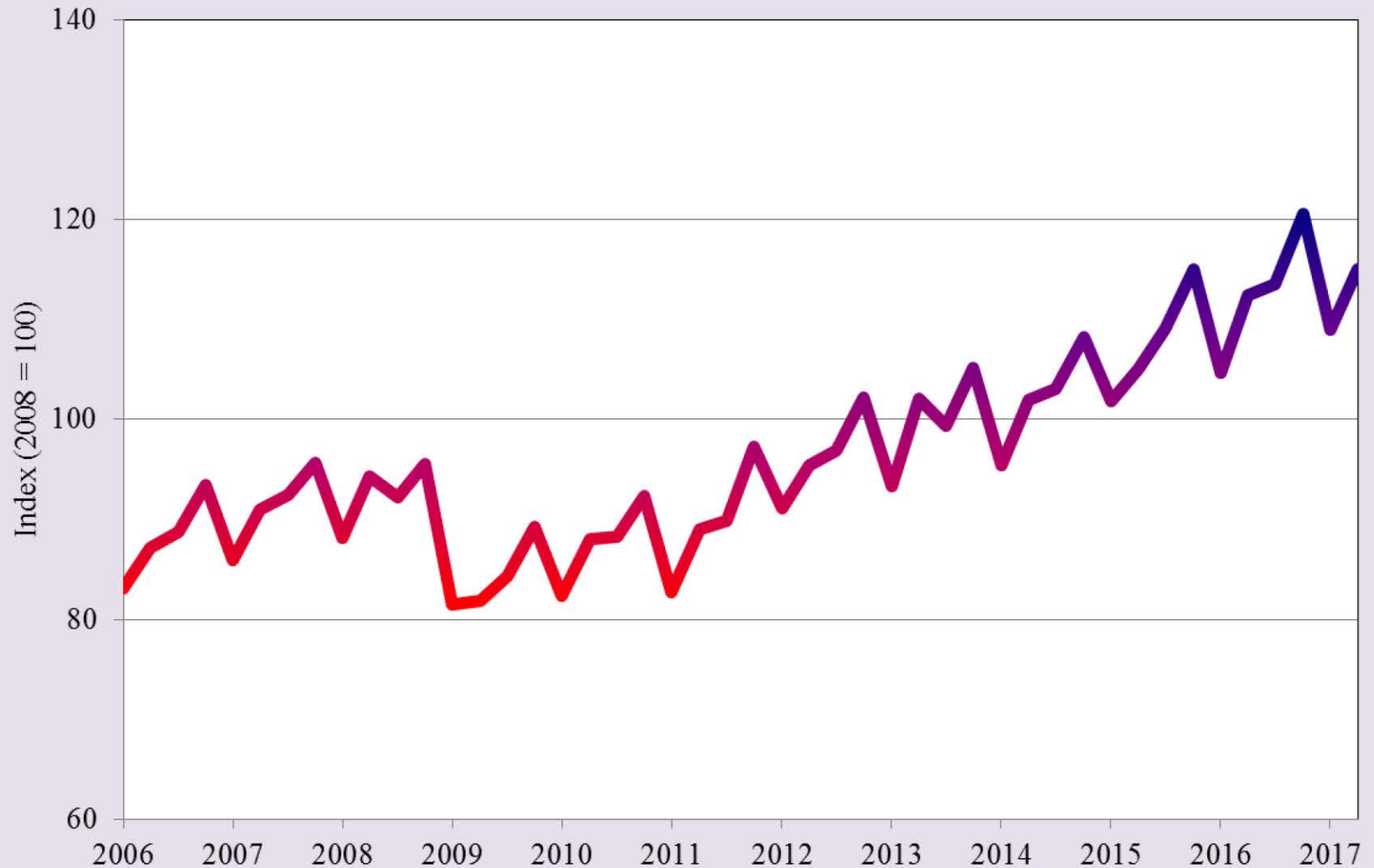
Source: Banco de México

## Quarterly Indicator of Economic Activity for the State of Chihuahua



Source: INEGI

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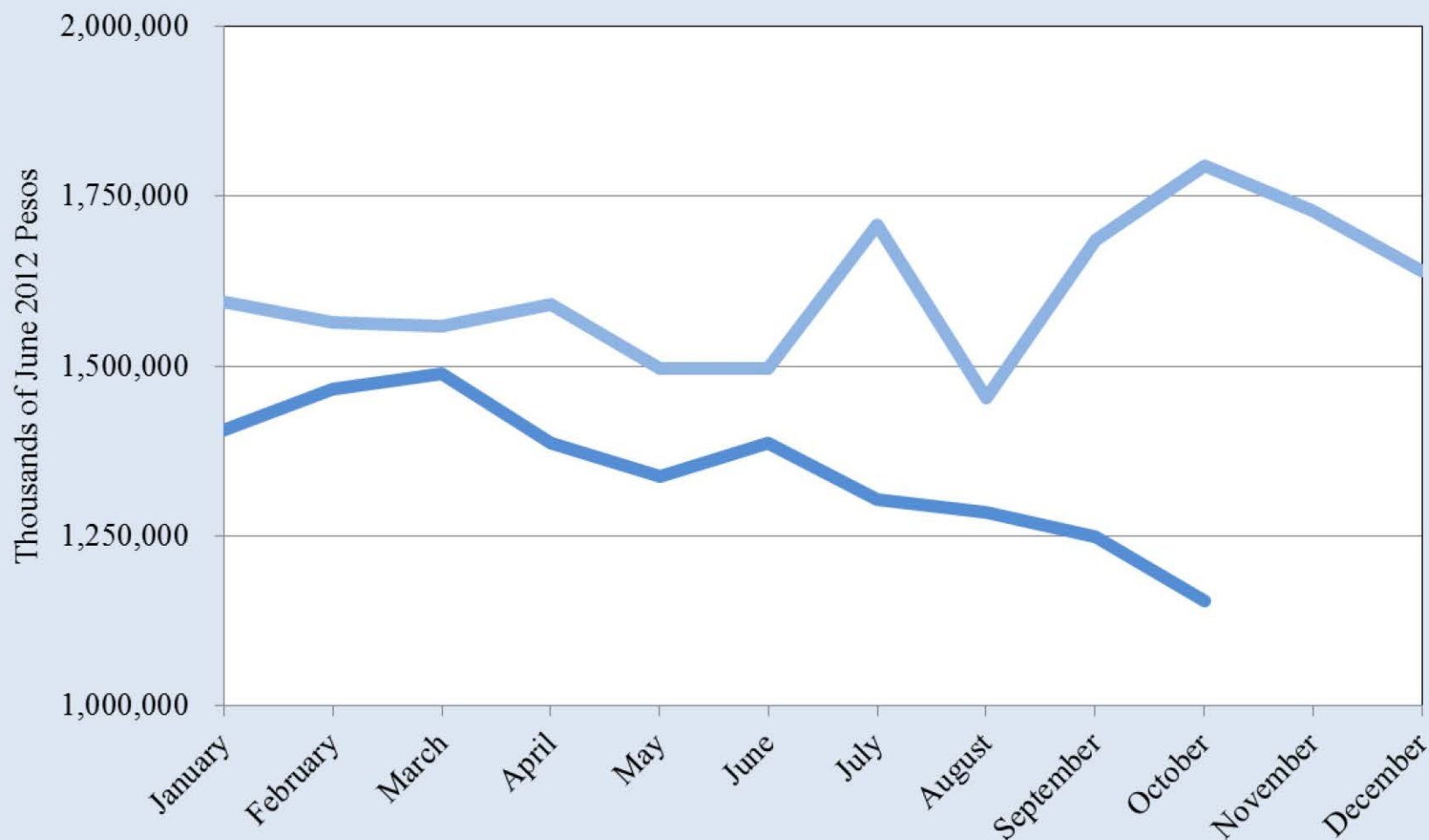


Source: INEGI



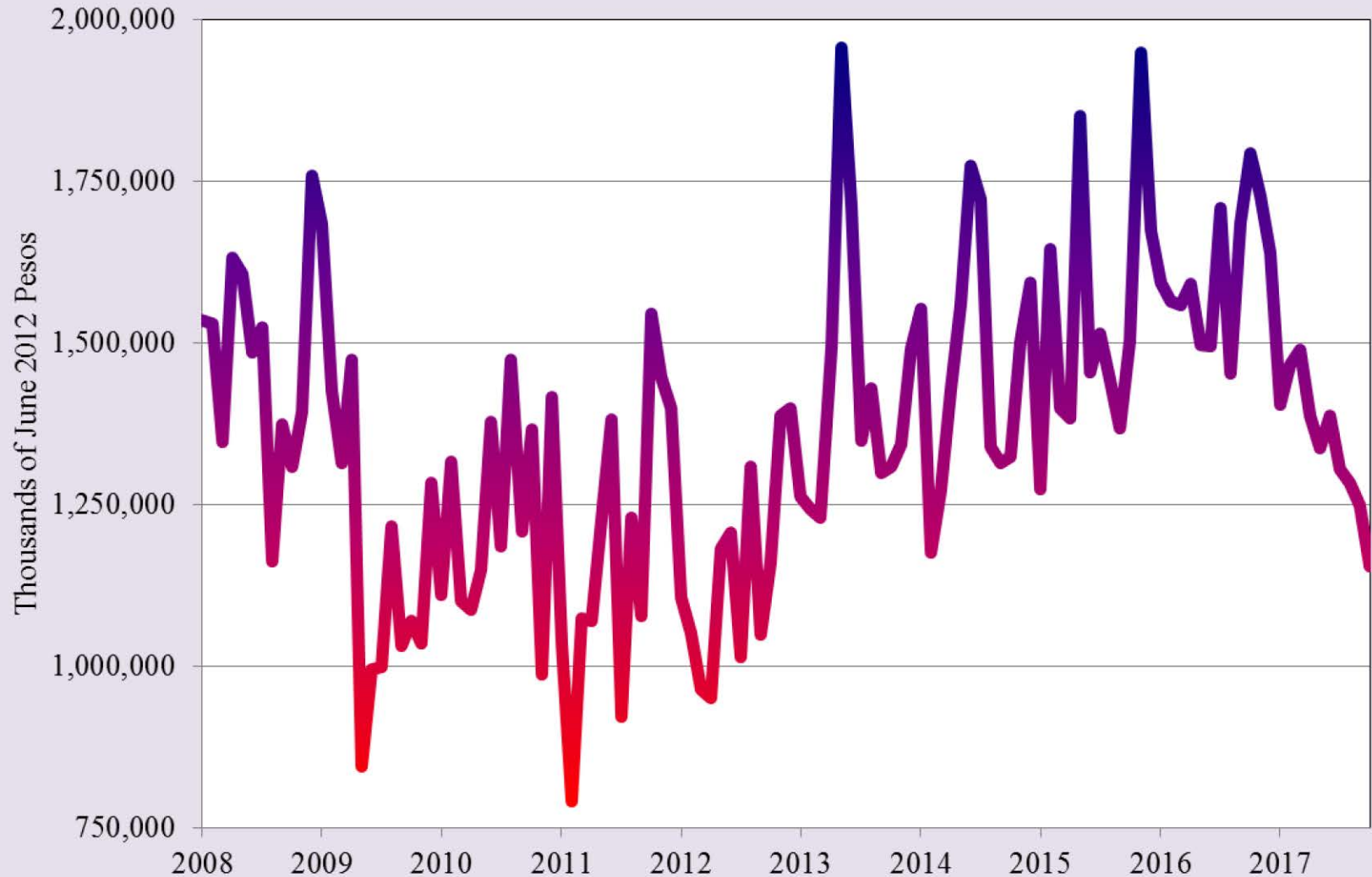
## Total Value of Construction in the State of Chihuahua

— 2016 — 2017



Source: INEGI

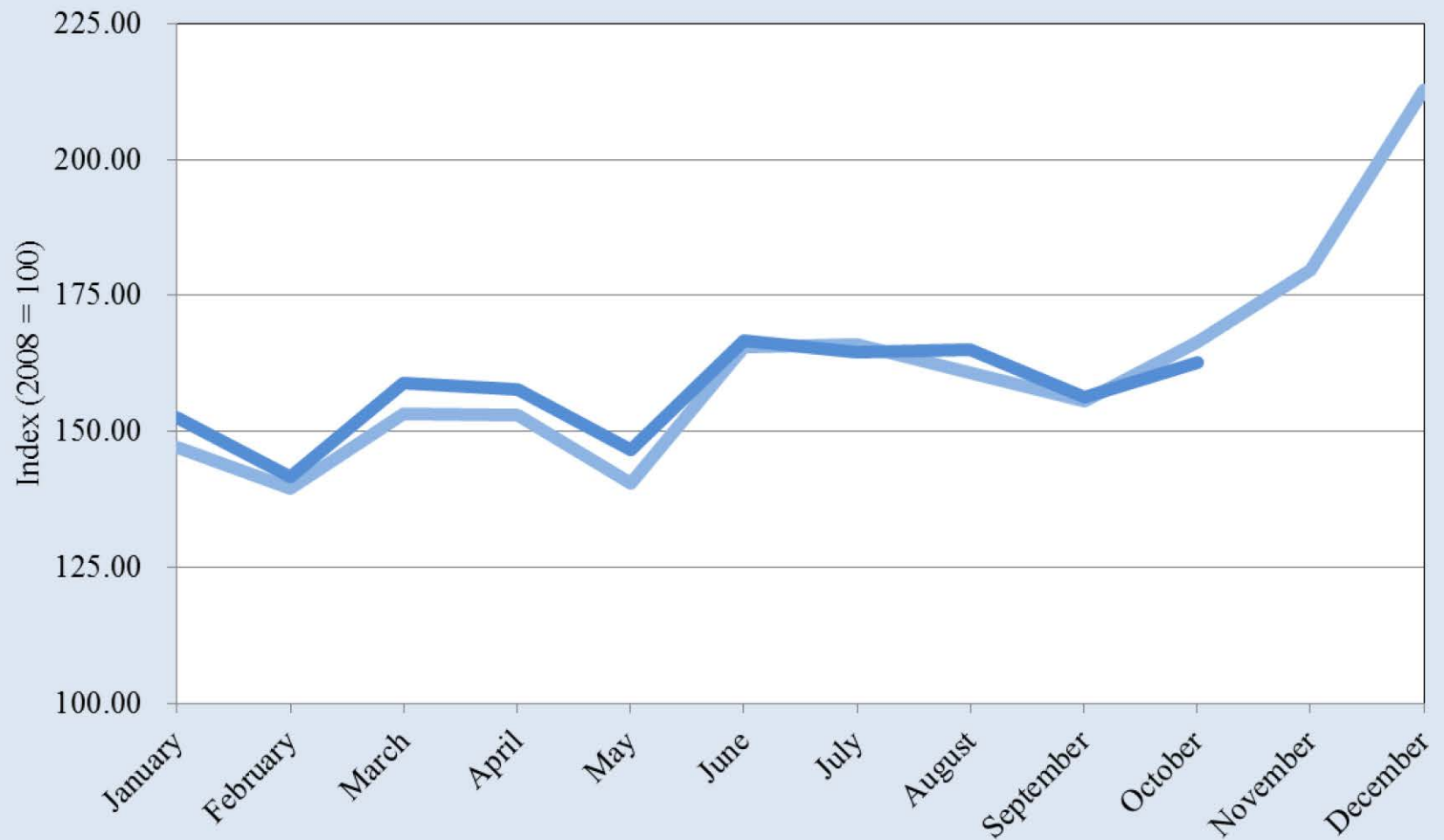
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Source: INEGI

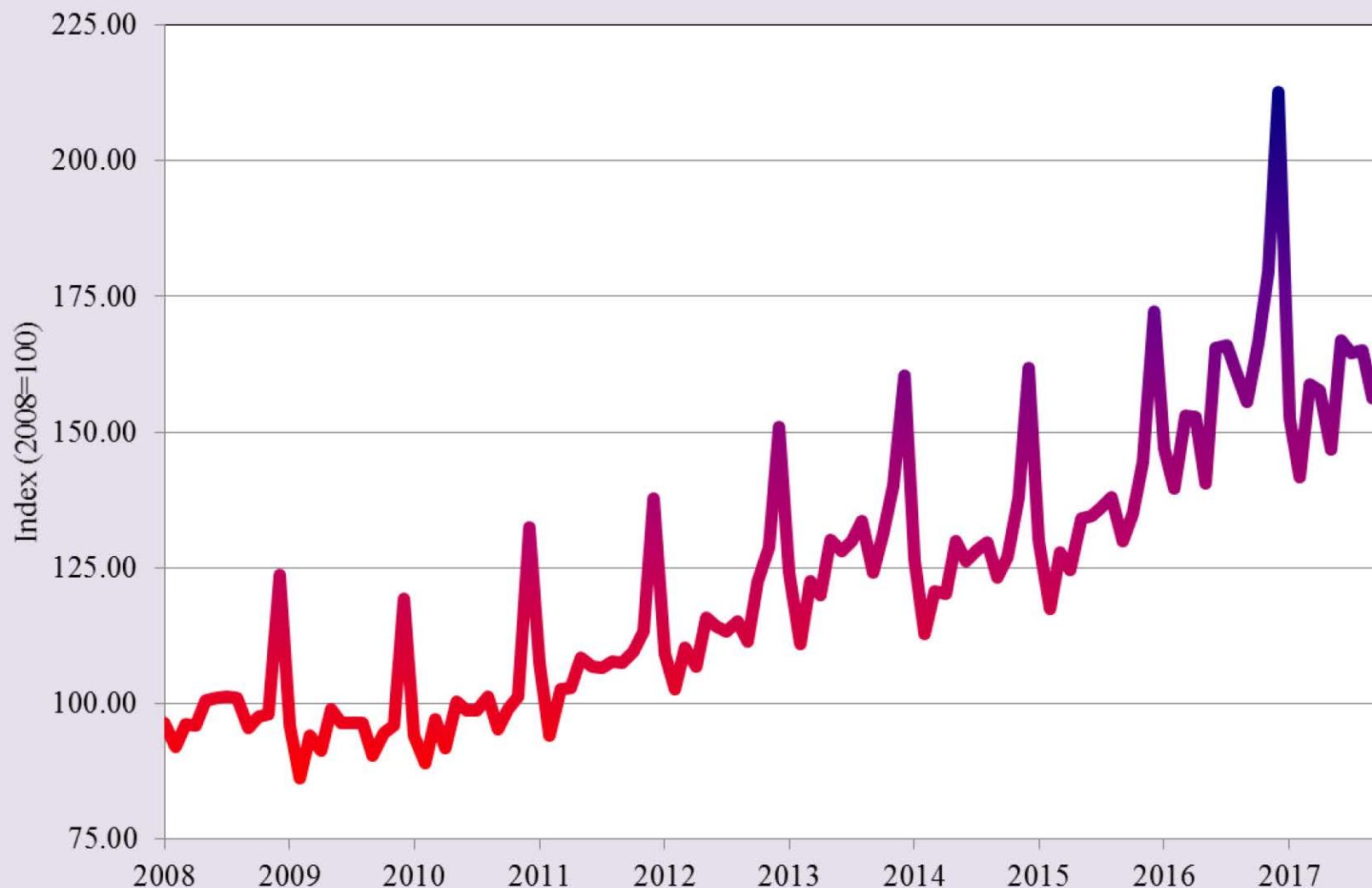
## Real Retail Activity Index for the State of Chihuahua

— 2016 — 2017



Source: INEGI

## Real Retail Activity Index for the State of Chihuahua



Source: INEGI



# BORDERPLEX BUSINESS BAROMETER

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