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Borderplex Business Barometer, Volume 2, Number 1

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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

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

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

2016 - 2017

= $2.50

=$2.00

$1.50

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
- 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
Real Peso/Dollar Exchange Rate Index

Source: UTEP Border Region Modeling Project
Real Peso/Dollar Exchange Rate Index

Source: UTEP Border Region Modeling Project
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
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.