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Borderplex Business Barometer, Volume 2, Number 3

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BORDERPLEX BUSINESS BAROMETER

March 2018

Border Region Modeling Project

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Border Commerce & Economics

Borderplex Business Barometer, Volume 2, Number 3

Tailwinds and Headwinds

Various statistics summarizing economic conditions in El Paso and Las Cruces point towards continued growth in both metropolitan economies. Some of the graphs presented on subsequent pages are unchanged since last month for two reasons. First, data for early 2018 have not yet been released for some variables. Second, when data for only one month of 2018 are available, the single data point cannot be clearly displayed on the year-to-year comparison graphs. The latter is the case for graphs of El Paso County enrollment in the Supplemental Nutrition Assistance Program (SNAP). The January 2018 figure for that variable is 177,557. That compares favorably with enrollment figures for January 2017 (180,919), January 2016 (184,091), and January 2015 (188,093). The downward overall trend in local SNAP enrollments is indicative of steady economic growth over the last few years in El Paso.

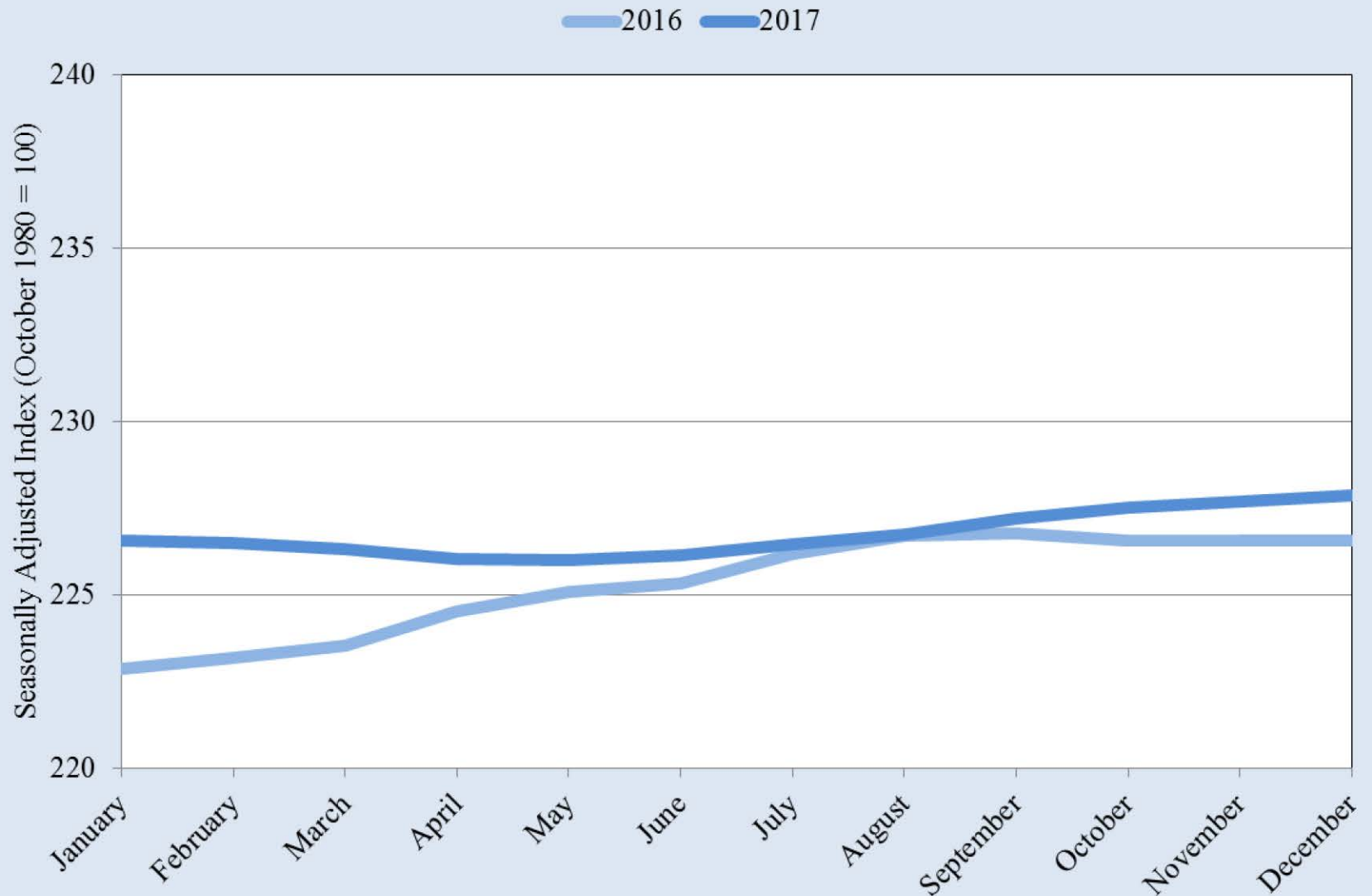
Median El Paso County housing prices were, on average, 3.8 percent higher in 2017 than in 2016. However, the January 2018 median housing price of \$147,000 is nearly equal to the figure observed one year earlier, a departure from the upward trajectory observed in prior months. The statistics for housing inventory, measured in months of available supply, continue to suggest robust growth in the local housing market. The months of housing inventory indicator has declined steadily for the last four years and, as of January, stood at 5.2 months. Local gasoline prices declined from an average of \$2.45 in December to \$2.26 in February, which is only slightly higher than the prices observed during the first quarter of 2017.

In Doña Ana County, unemployment rates continue to slowly subside, after remaining stubbornly high for several years in the wake of the Great Recession. The number of Las Cruces area SNAP cases held steady at 27,383 in January and the total caseload has changed little since last April. These indicators seem to suggest that the Mesilla Valley economy still faces a rocky path to full economic recovery.

Restaurant menu prices in Ciudad Juárez appear to be slowly rising, relative to those in El Paso. From January 2017 to January 2018 the restaurant price ratio rose from 12.47 pesos per dollar to 12.89 pesos per dollar. In Mexico as a whole, the pace of price inflation has picked up over the course of the last year, partly as a lagged response to prior peso depreciation. Over the same time span, the bilateral nominal exchange rate declined from 21.4 pesos per dollar in January 2017 to 19.0 in January 2018. Similarly, the inflation-adjusted peso-per-dollar exchange rate index was nearly 17 percent lower in January than one year earlier. Contributing factors include declining interest rates in the United States and a rising inflation rate in Mexico, relative to the United States.

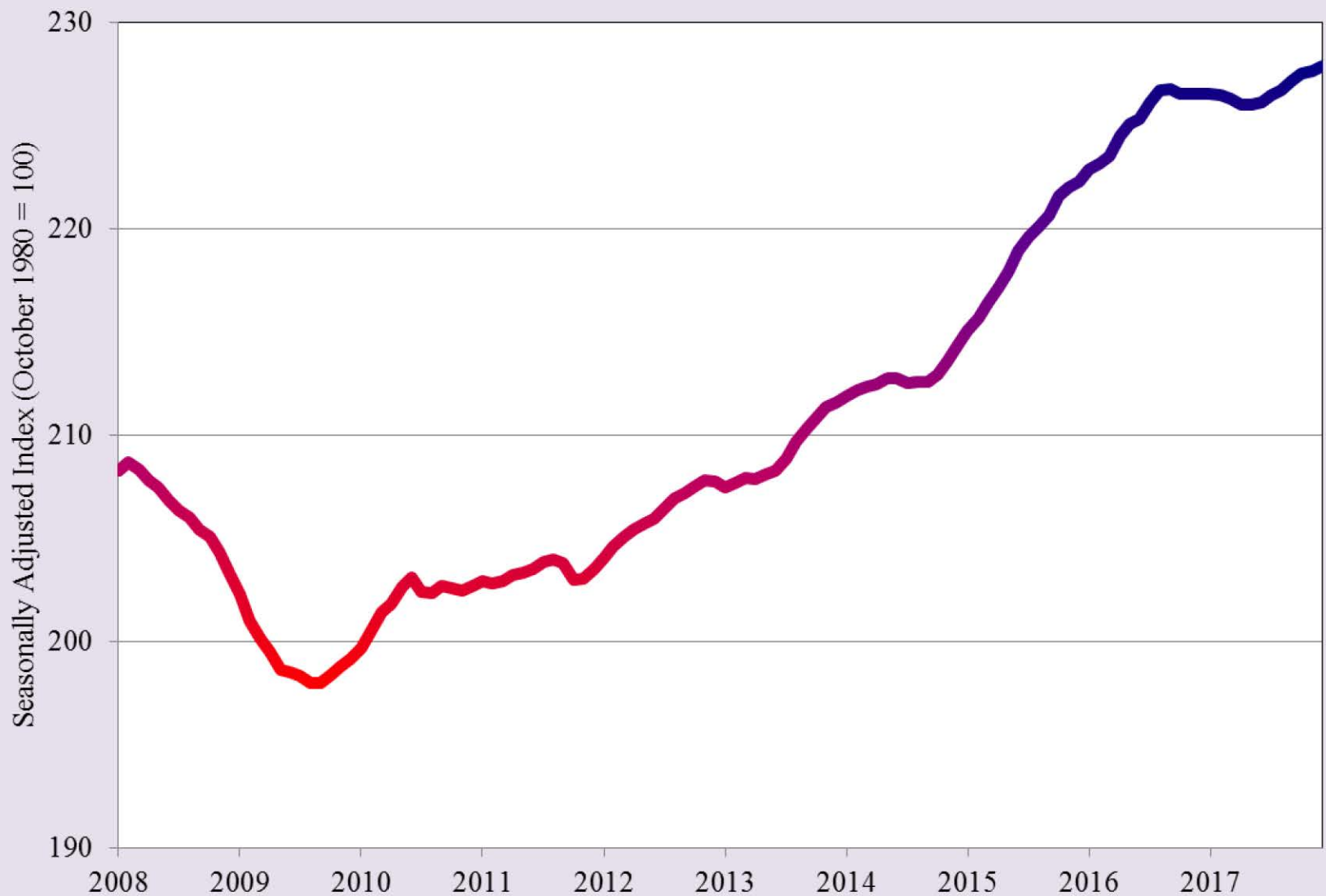
The statistics for Ciudad Juárez, Chihuahua State, and Northern Mexico paint a mixed picture of overall economic health. On average, total trade through the El Paso Customs District remained flat in nominal terms from 2016 to 2017. US imports through the district grew by 3.8 percent while US exports declined by 5.1 percent. Export-oriented (IMMEX) manufacturing employment in Ciudad Juárez dropped for a second consecutive month in December, finishing the year at 264,490. This was the first time in 2017 that IMMEX employment dipped below 2016 levels and it may augur increasing difficulties related to protectionist trade policies being applied by the United States. Surprisingly, the Northern Mexico Manufacturing Orders Index rose to 59.7 points in January 2018, compared to 54.0 points in January 2017. Stay tuned, this apparent bifurcation will ultimately prove temporary.

Metro Business-Cycle Index for El Paso



Source: Federal Reserve Bank of Dallas

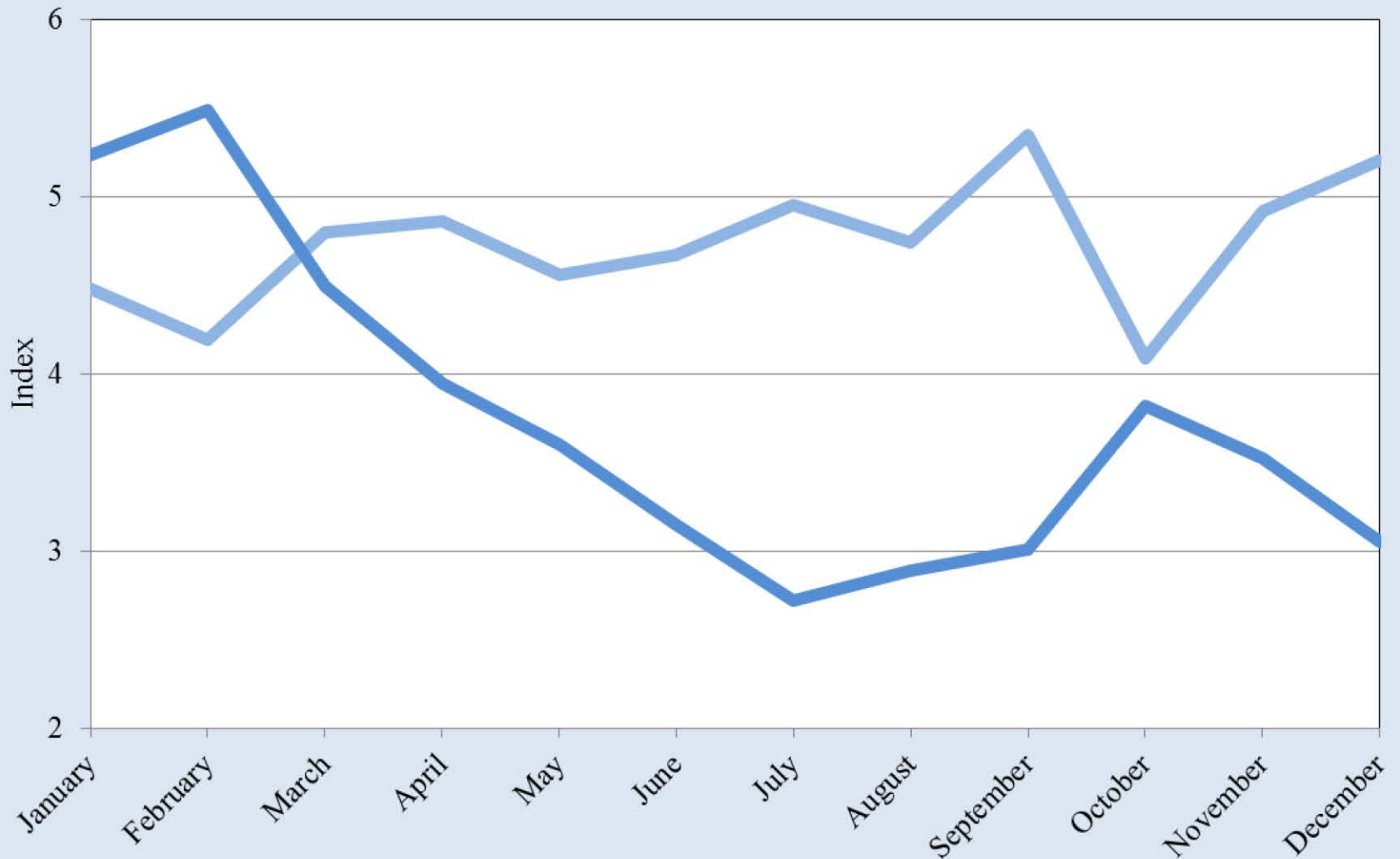
Metro Business-Cycle Index for El Paso



Source: Federal Reserve Bank of Dallas

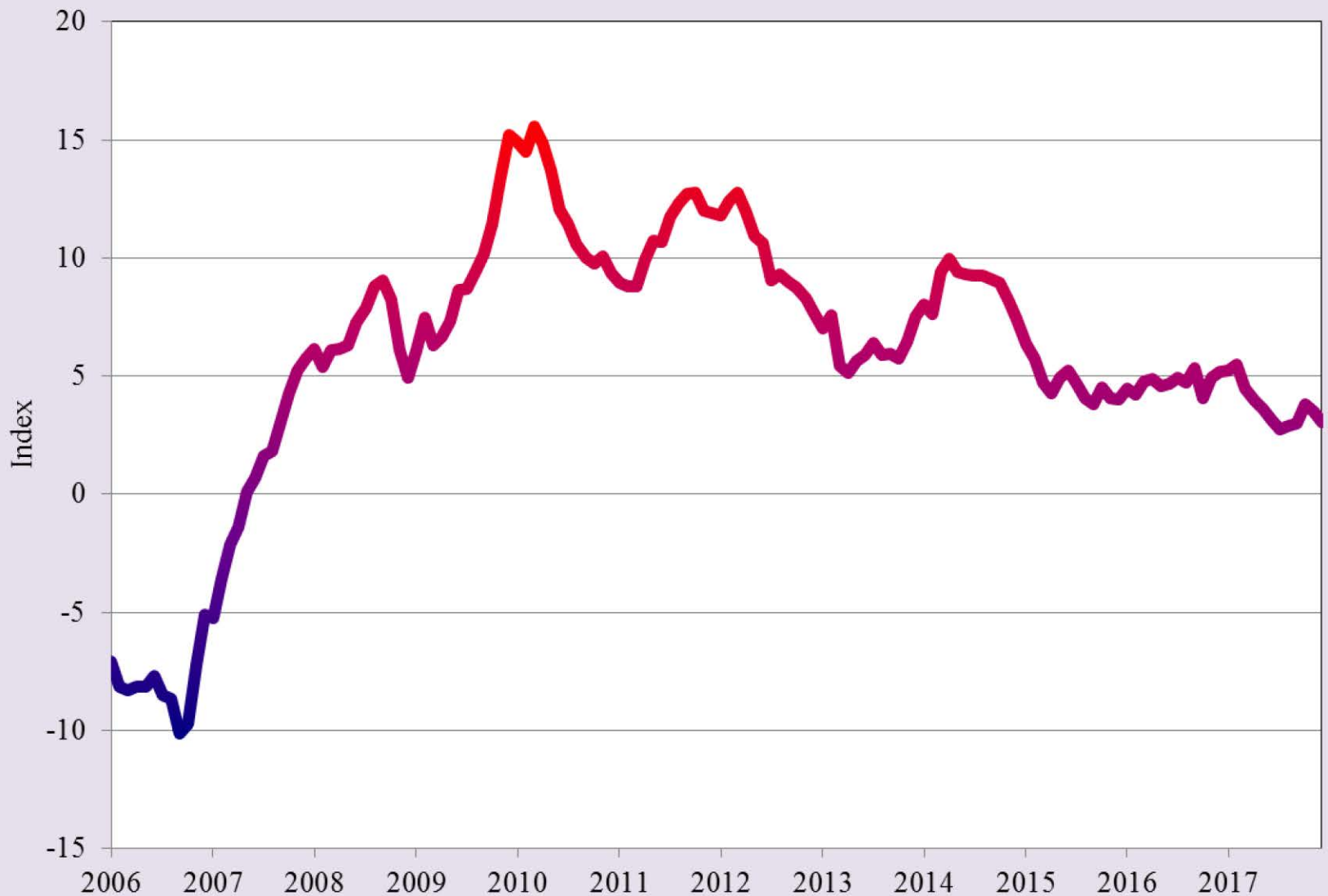
El Paso Household Economic Stress Index

— 2016 — 2017



Source: UTEP Border Region Modeling Project

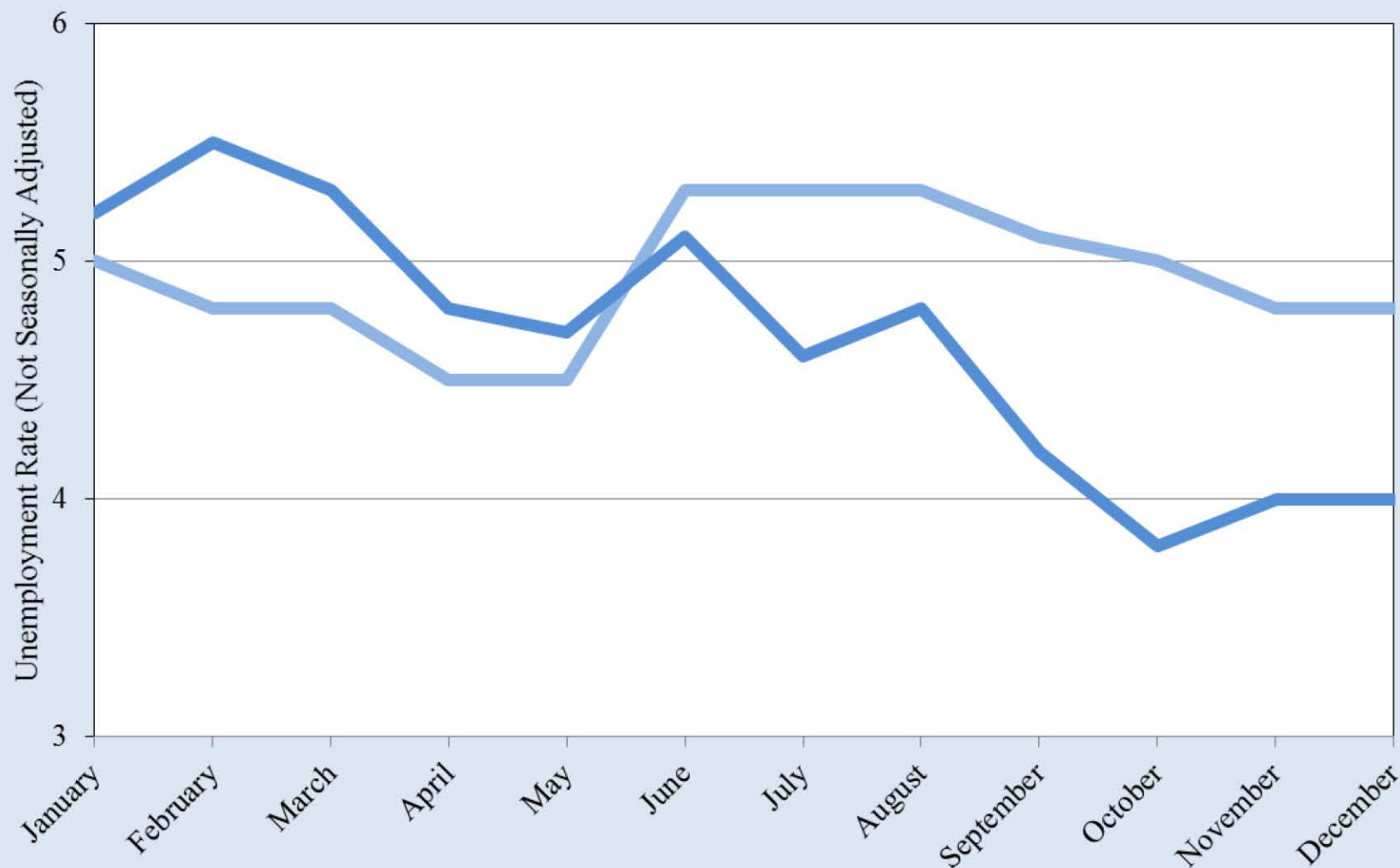
El Paso Household Economic Stress Index



Source: UTEP Border Region Modeling Project

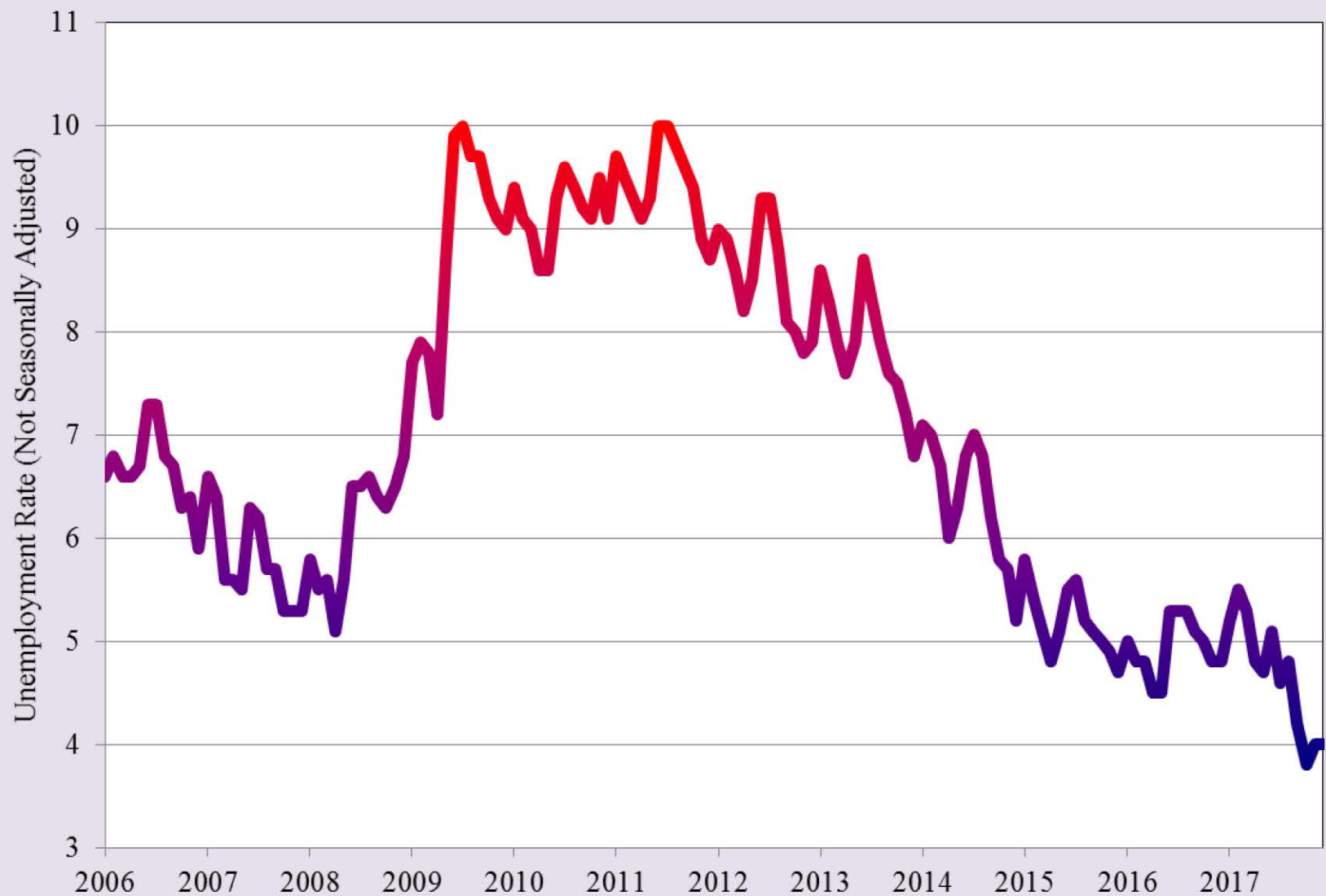
El Paso County Unemployment Rate

— 2016 — 2017



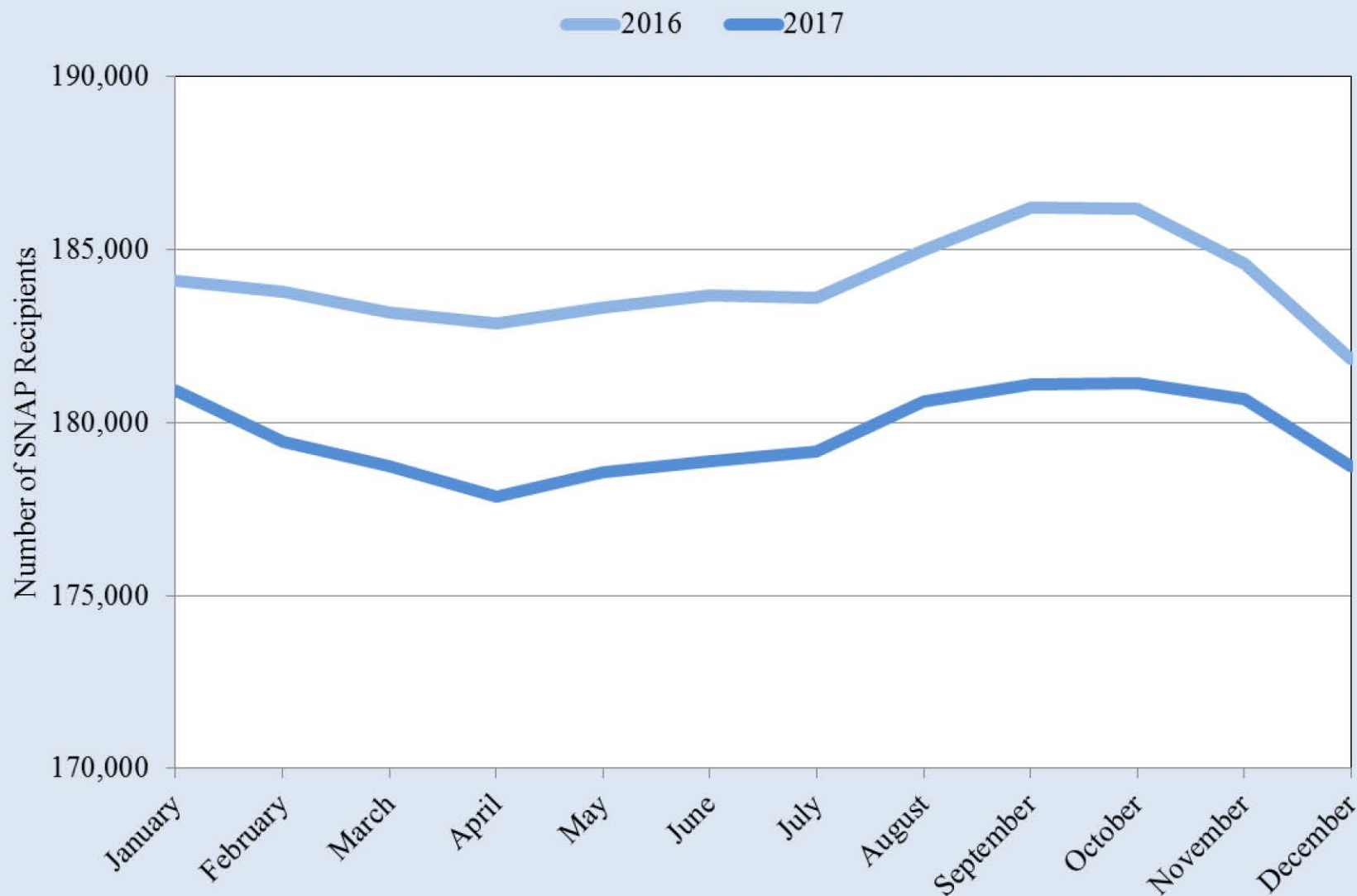
Source: Bureau of Labor Statistics

El Paso County Unemployment Rate

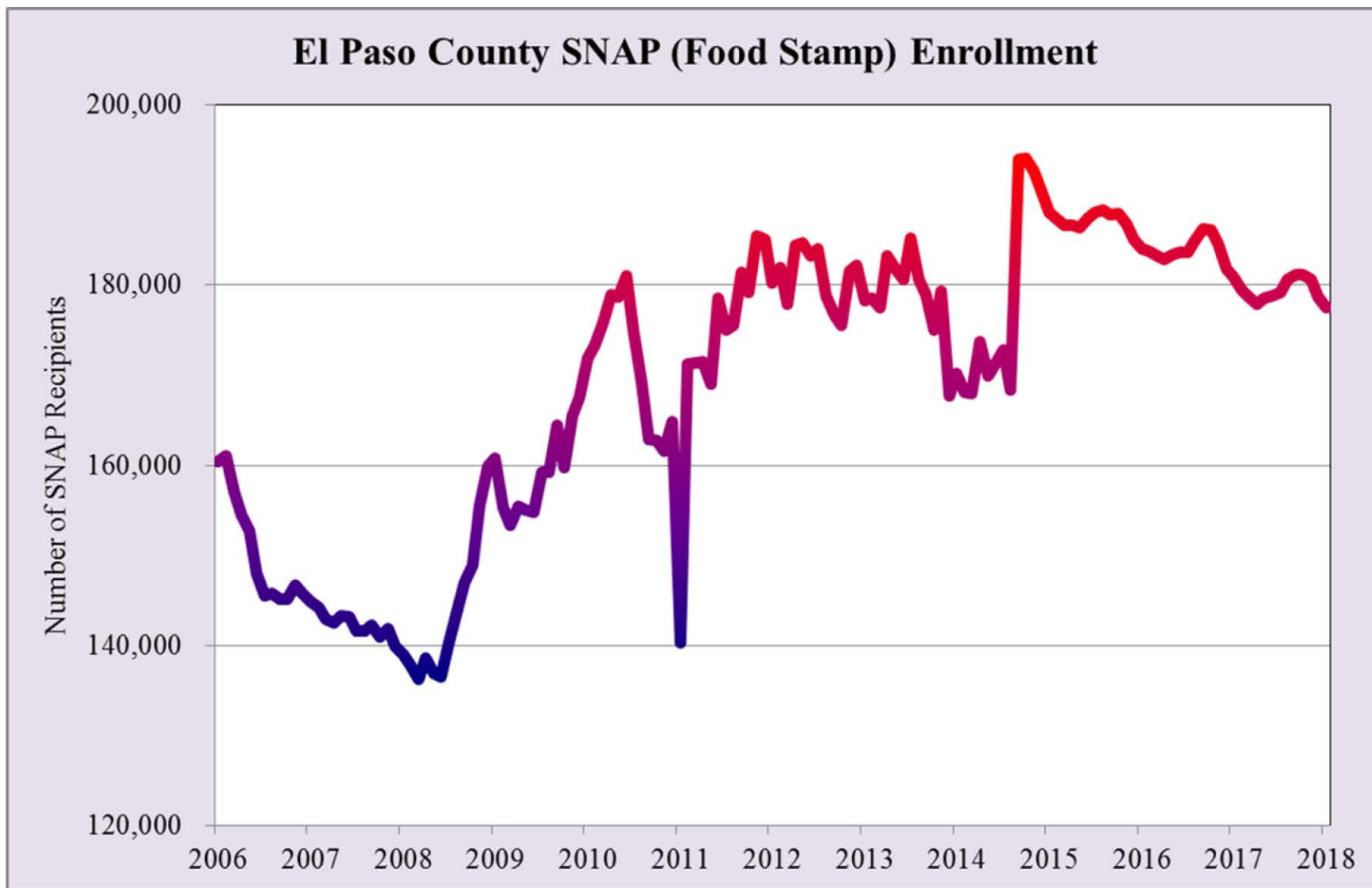


Source: Bureau of Labor Statistics

El Paso County SNAP (Food Stamp) Enrollment



Source: Texas Health and Human Services Commission

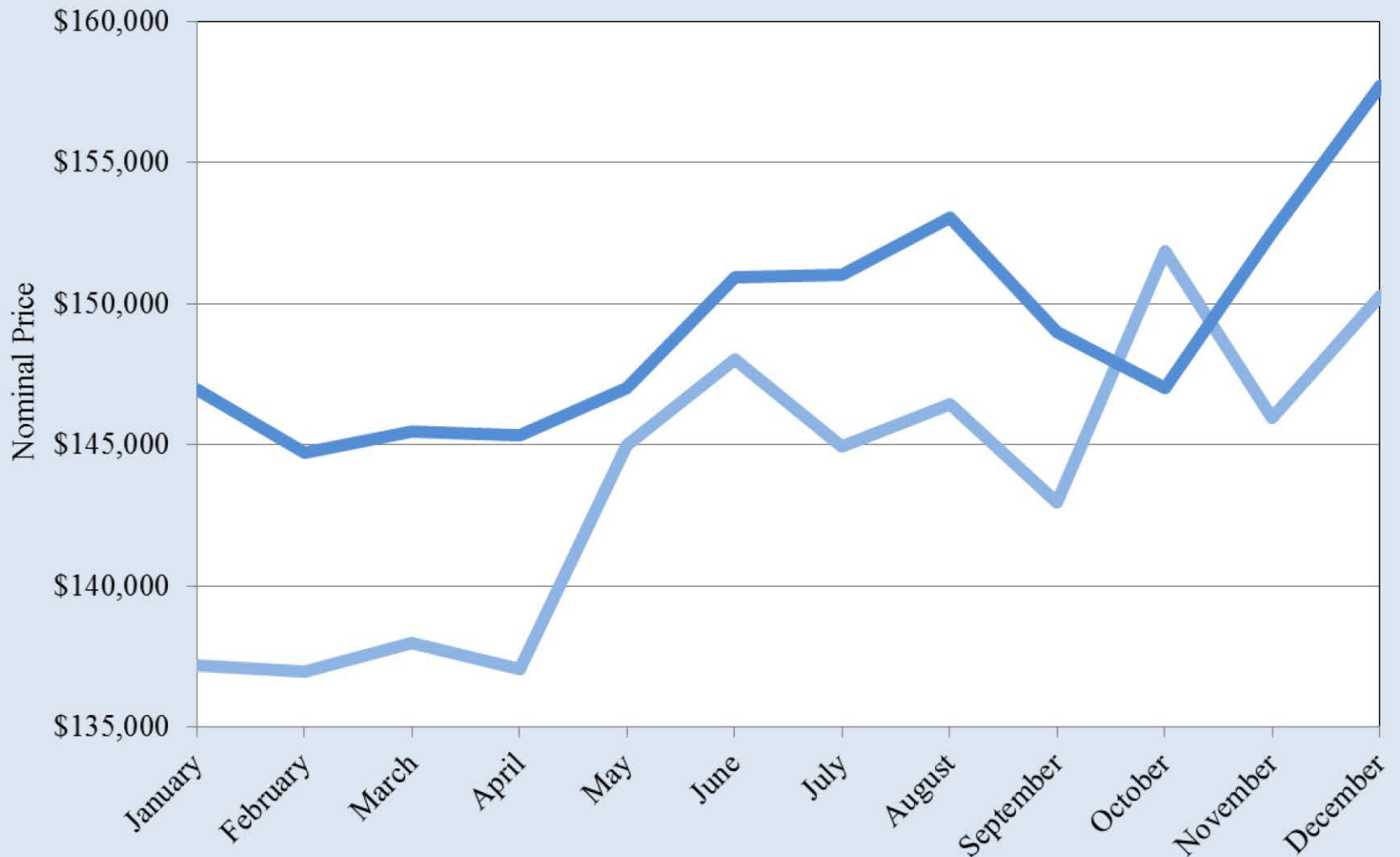


Starting in September, 2014, the number of SNAP recipients is recorded for the end of each month.

Source: Texas Health and Human Services Commission

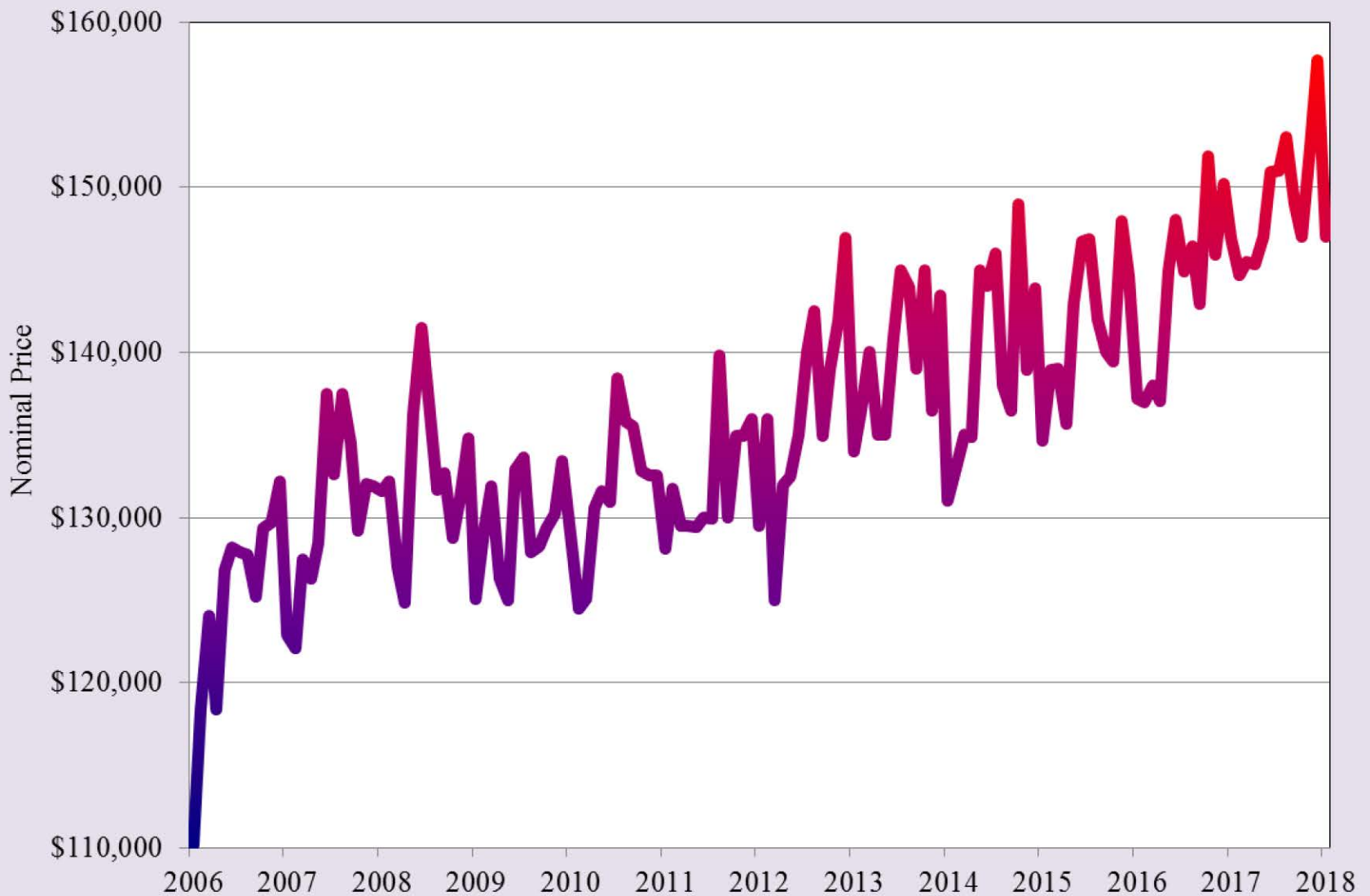
El Paso Median Housing Prices

— 2016 — 2017



Source: Texas A&M Real Estate Center

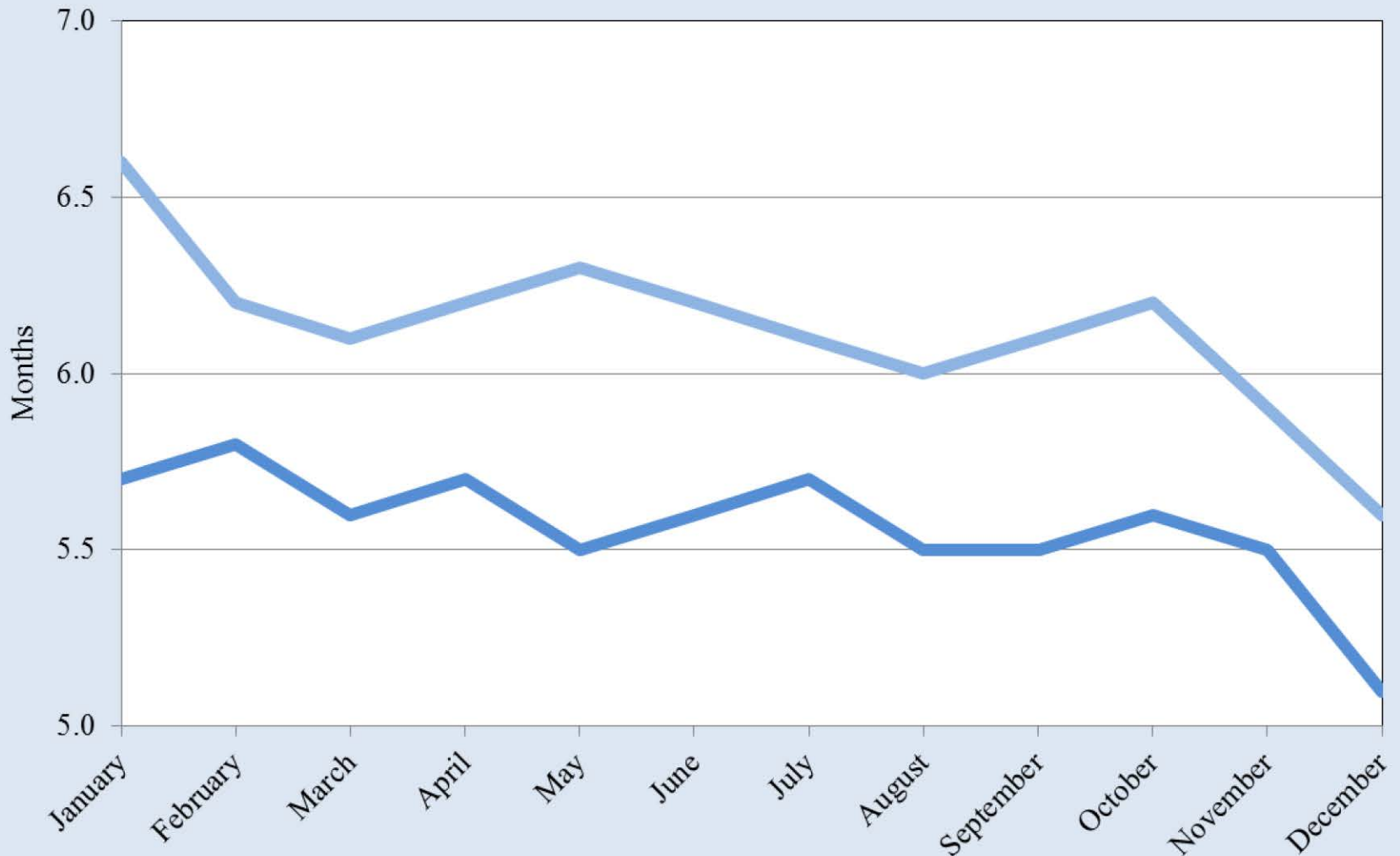
El Paso Median Housing Prices



Source: Texas A&M Real Estate Center

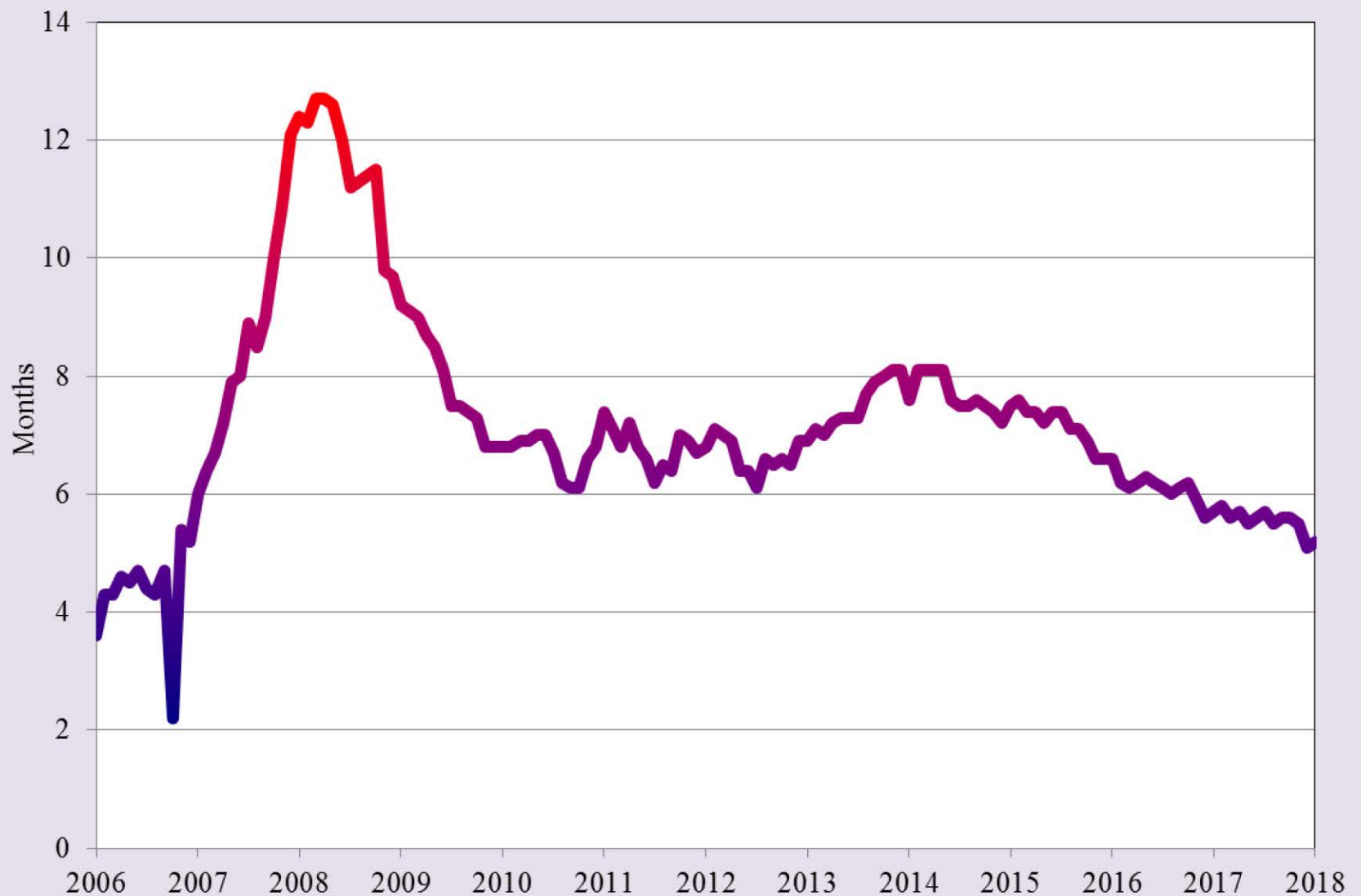
Months of Housing Inventory for El Paso

— 2016 — 2017



Source: Texas A&M Real Estate Center

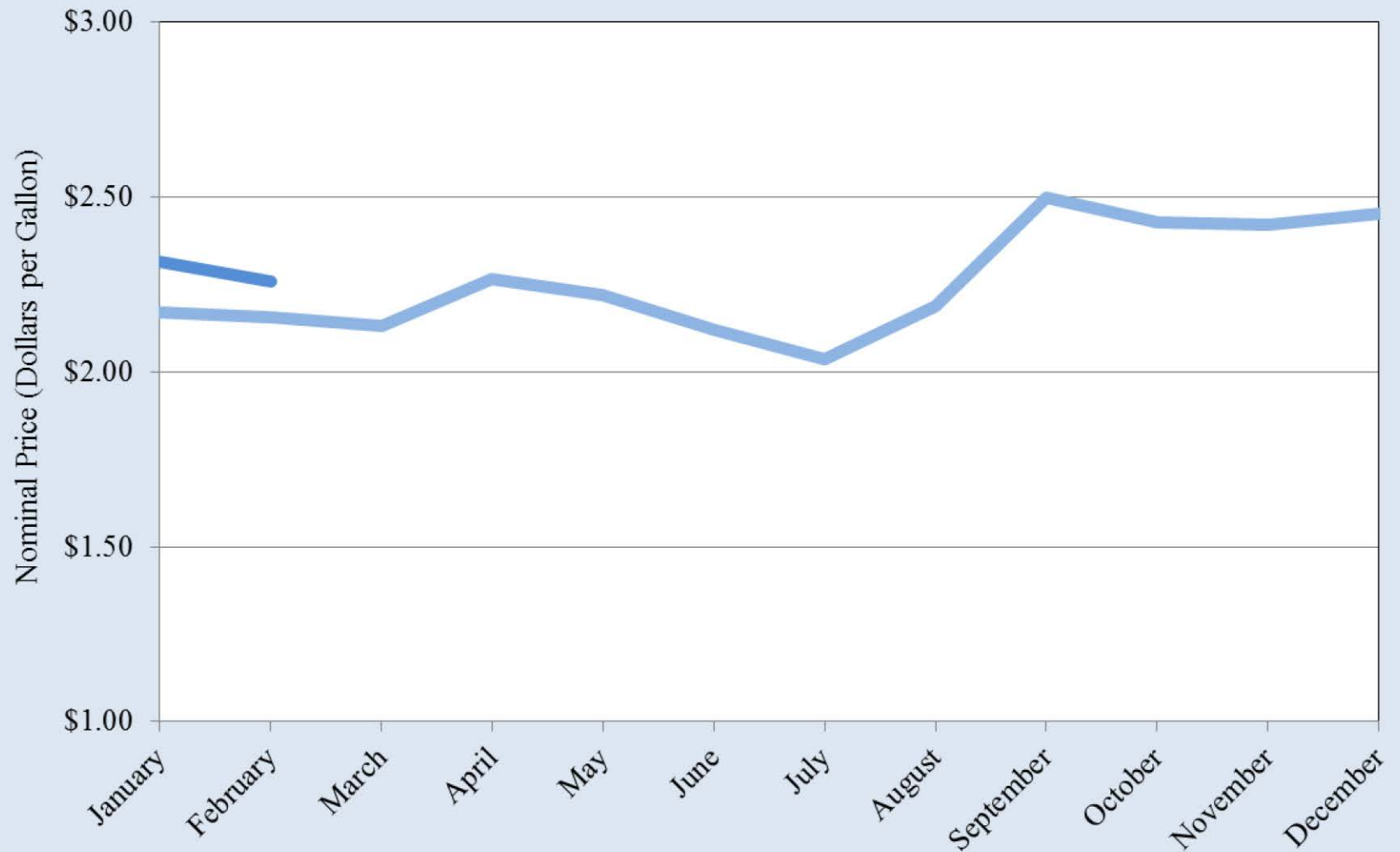
Months of Housing Inventory for El Paso



Source: Texas A&M Real Estate Center

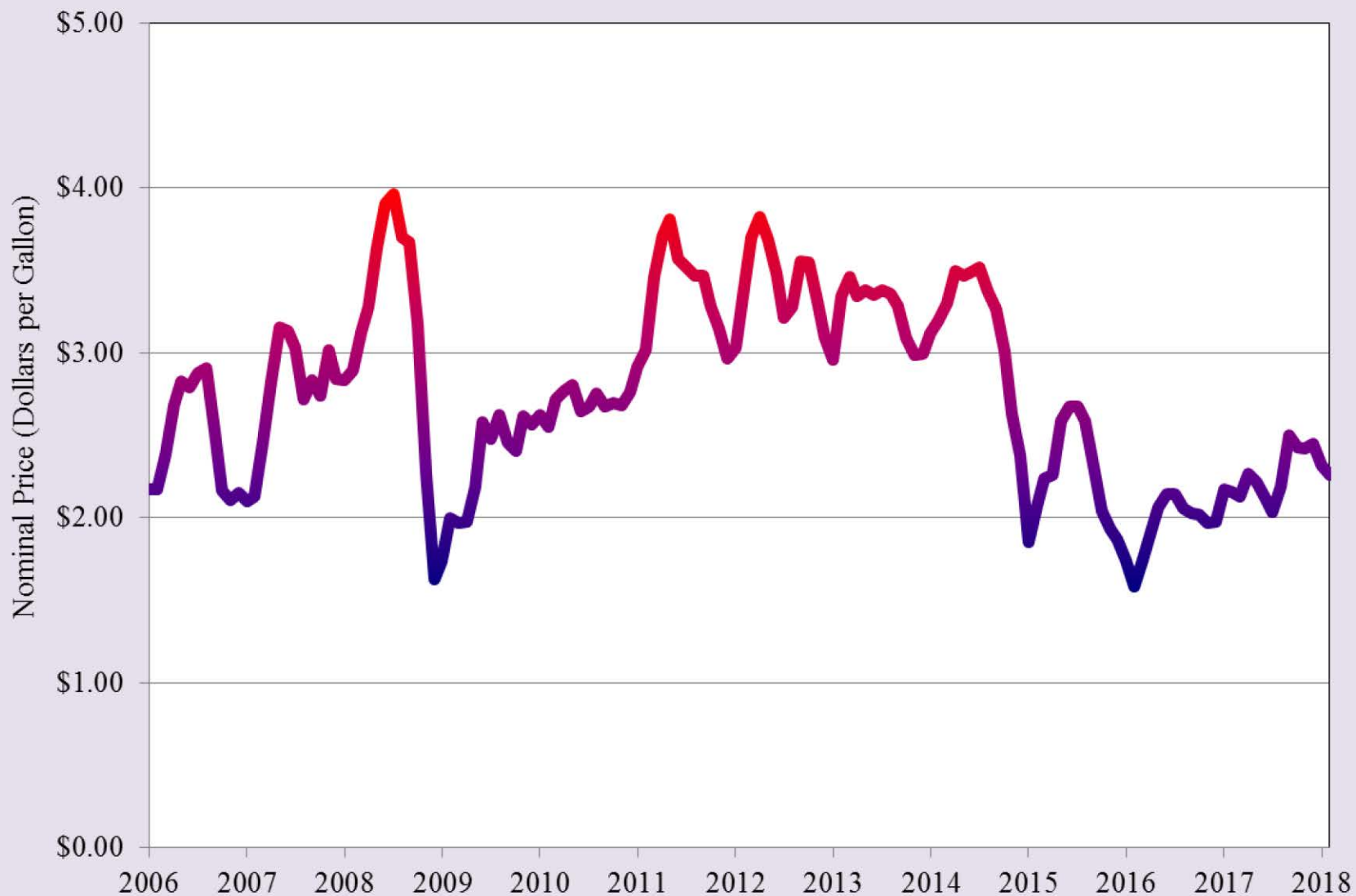
El Paso Gasoline Prices

2017 2018



Source: GasBuddy.com

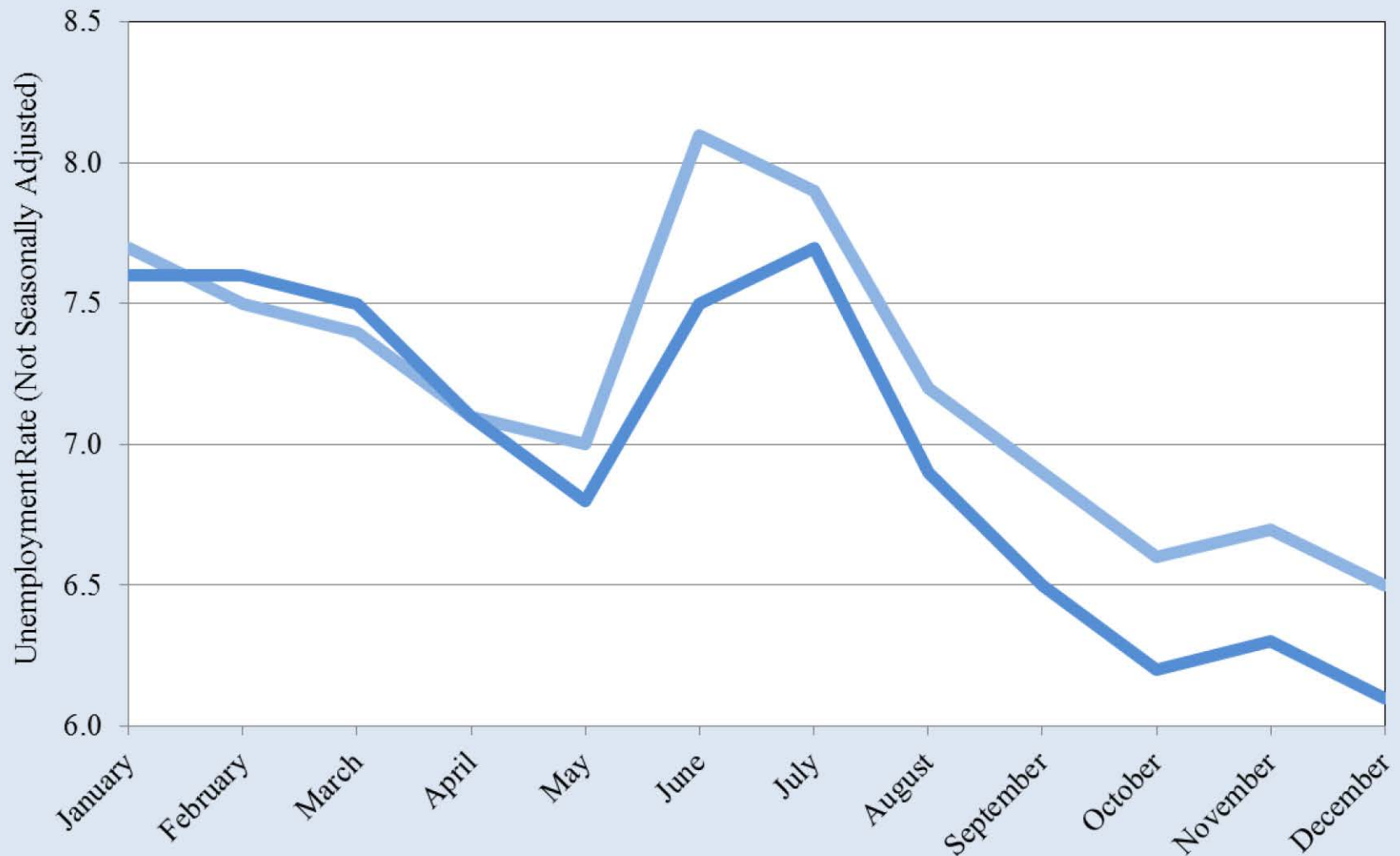
El Paso Gasoline Prices



Source: GasBuddy.com

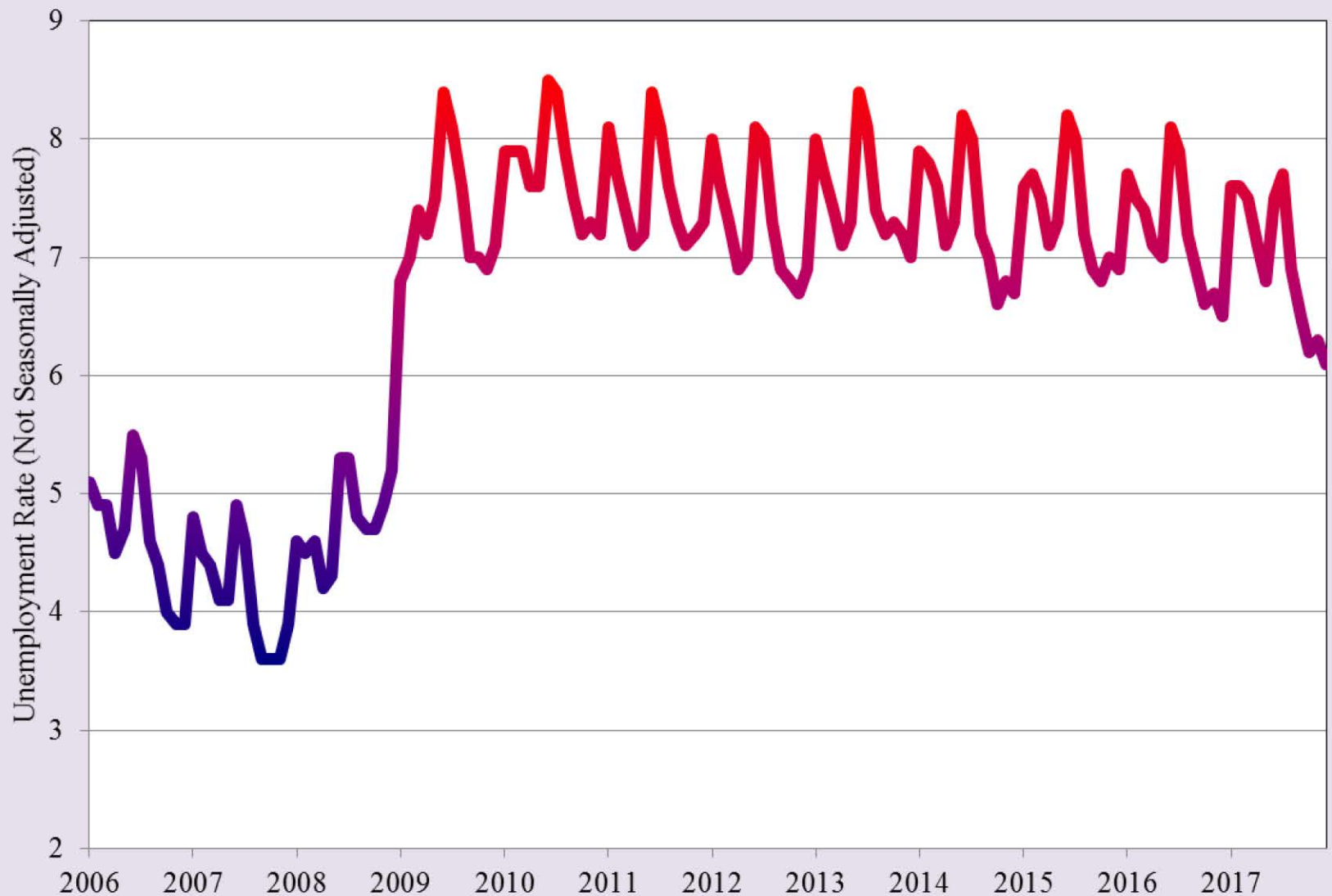
Doña Ana County Unemployment Rate

— 2016 — 2017



Source: Bureau of Labor Statistics

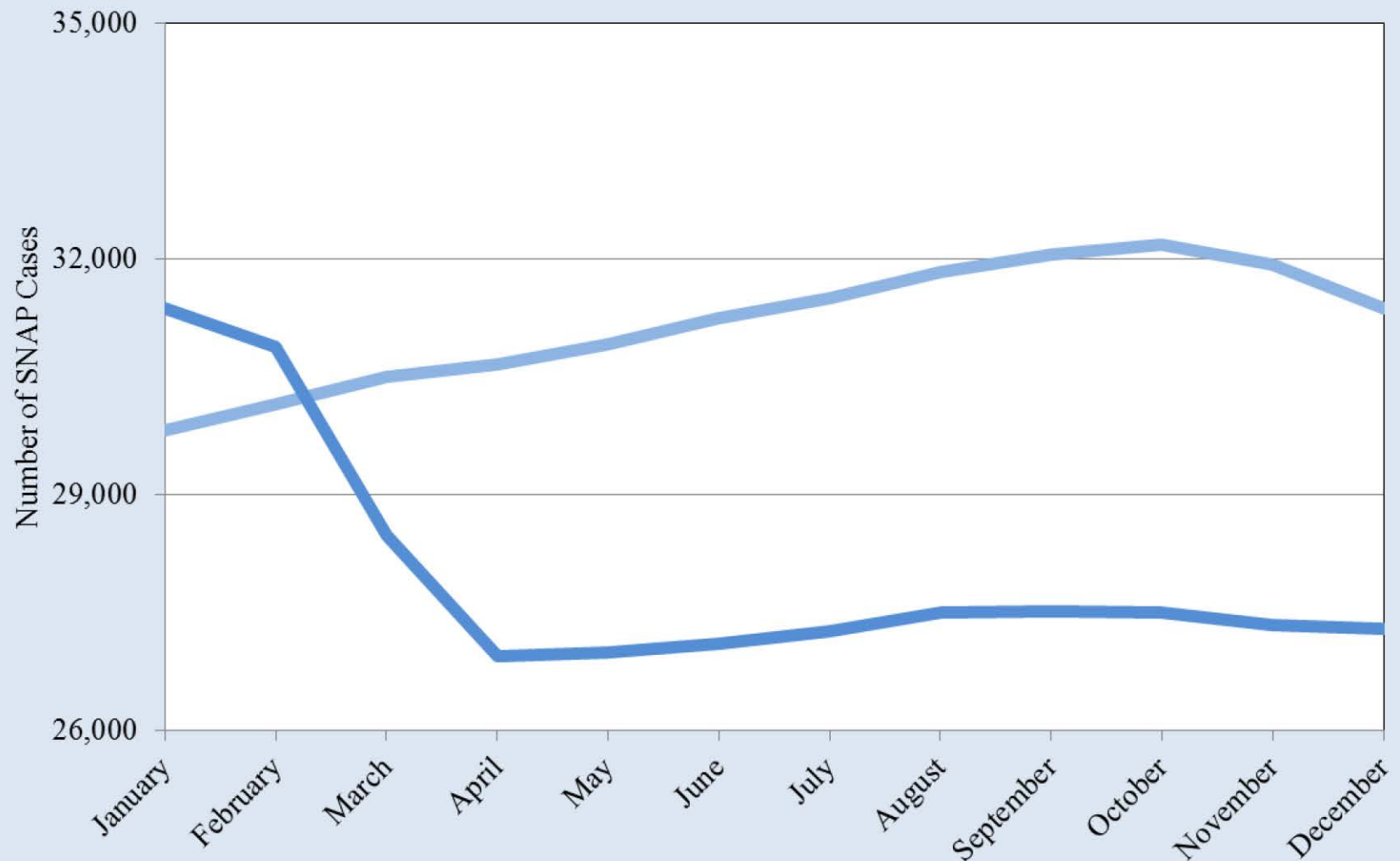
Doña Ana County Unemployment Rate



Source: Bureau of Labor Statistics

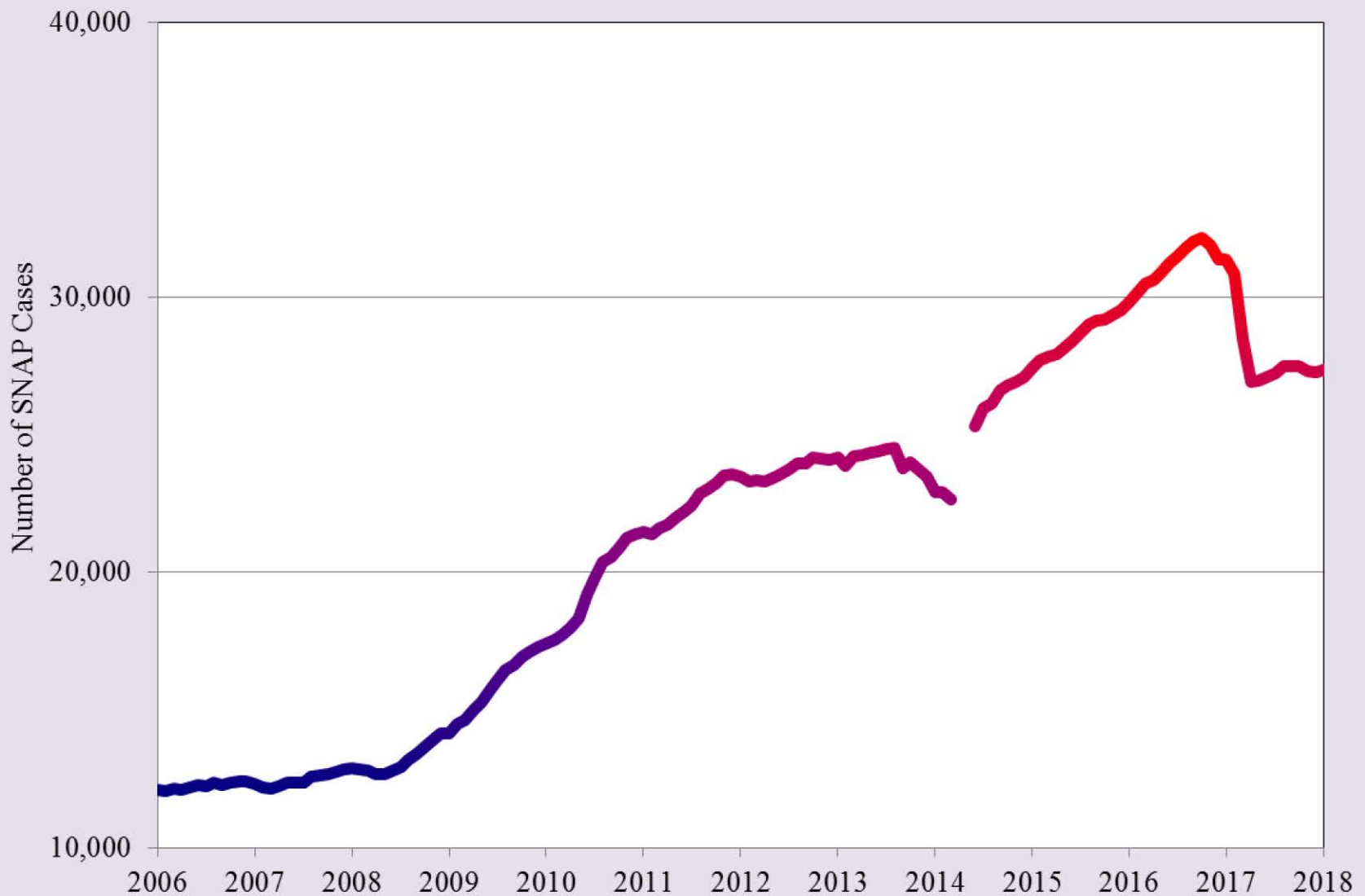
Las Cruces Area SNAP (Food Stamp) Cases

2016 2017



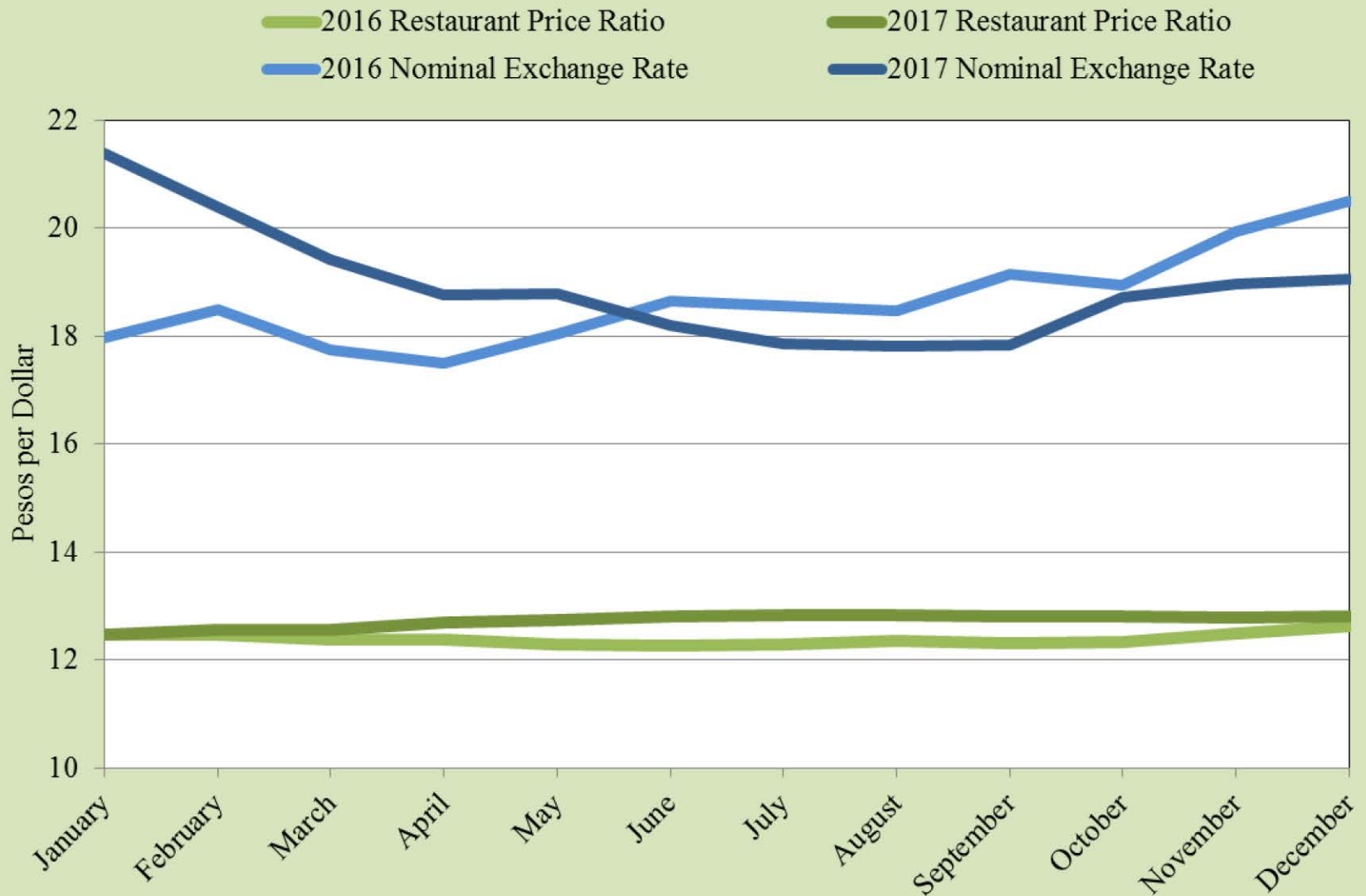
Source: New Mexico Human Services Department

Las Cruces Area SNAP (Food Stamp) Cases



Source: New Mexico Human Services Department

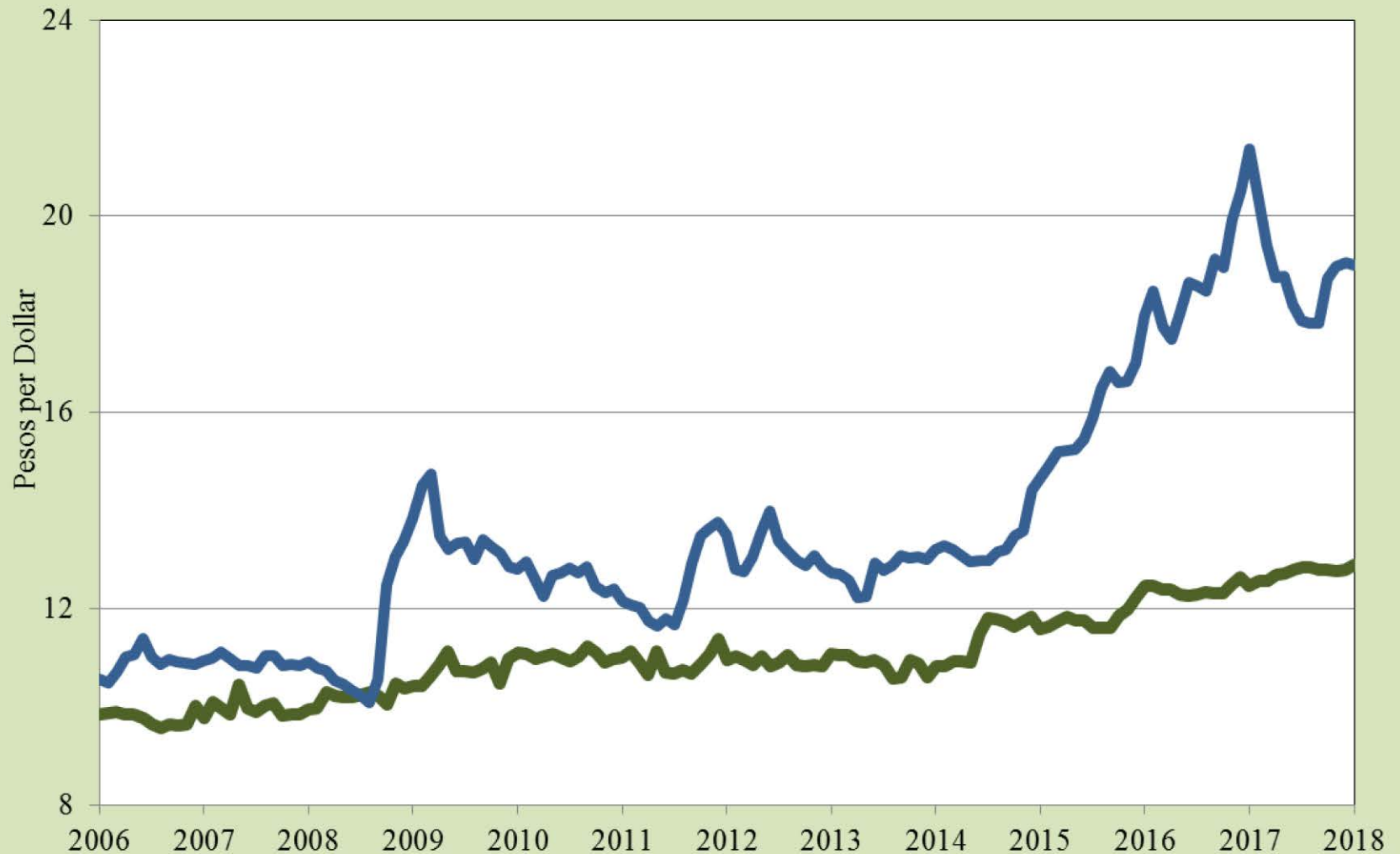
Restaurant Price Ratio and Exchange Rate



Source: UTEP Border Region Modeling Project and Banco de Mexico

Restaurant Price Ratio and Exchange Rate

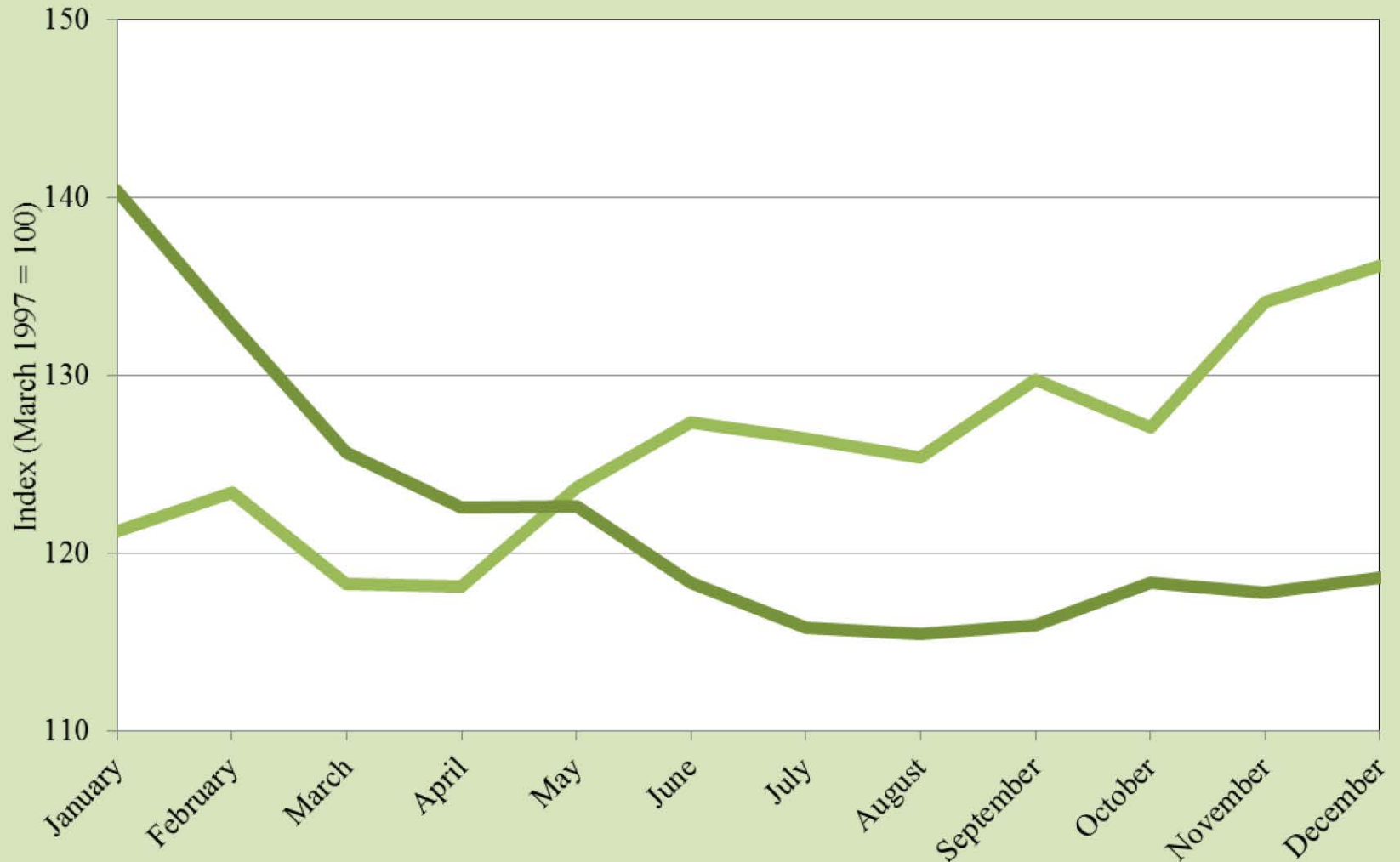
— Restaurant Price Ratio — Nominal Exchange Rate



Source: UTEP Border Region Modeling Project and Banco de Mexico

Real Peso-per-Dollar Exchange Rate Index

2016 2017



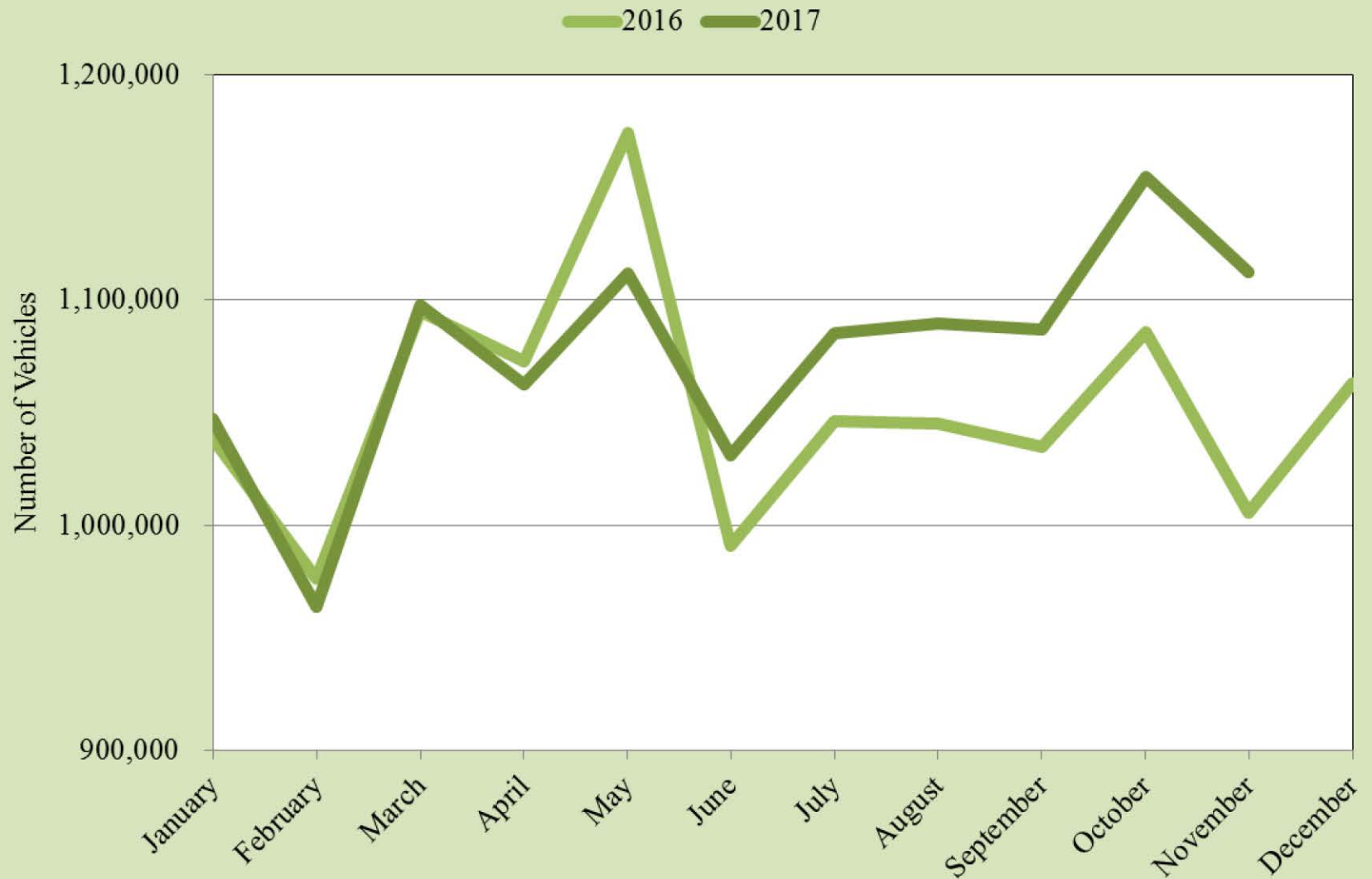
Source: UTEP Border Region Modeling Project

Real Peso-per-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

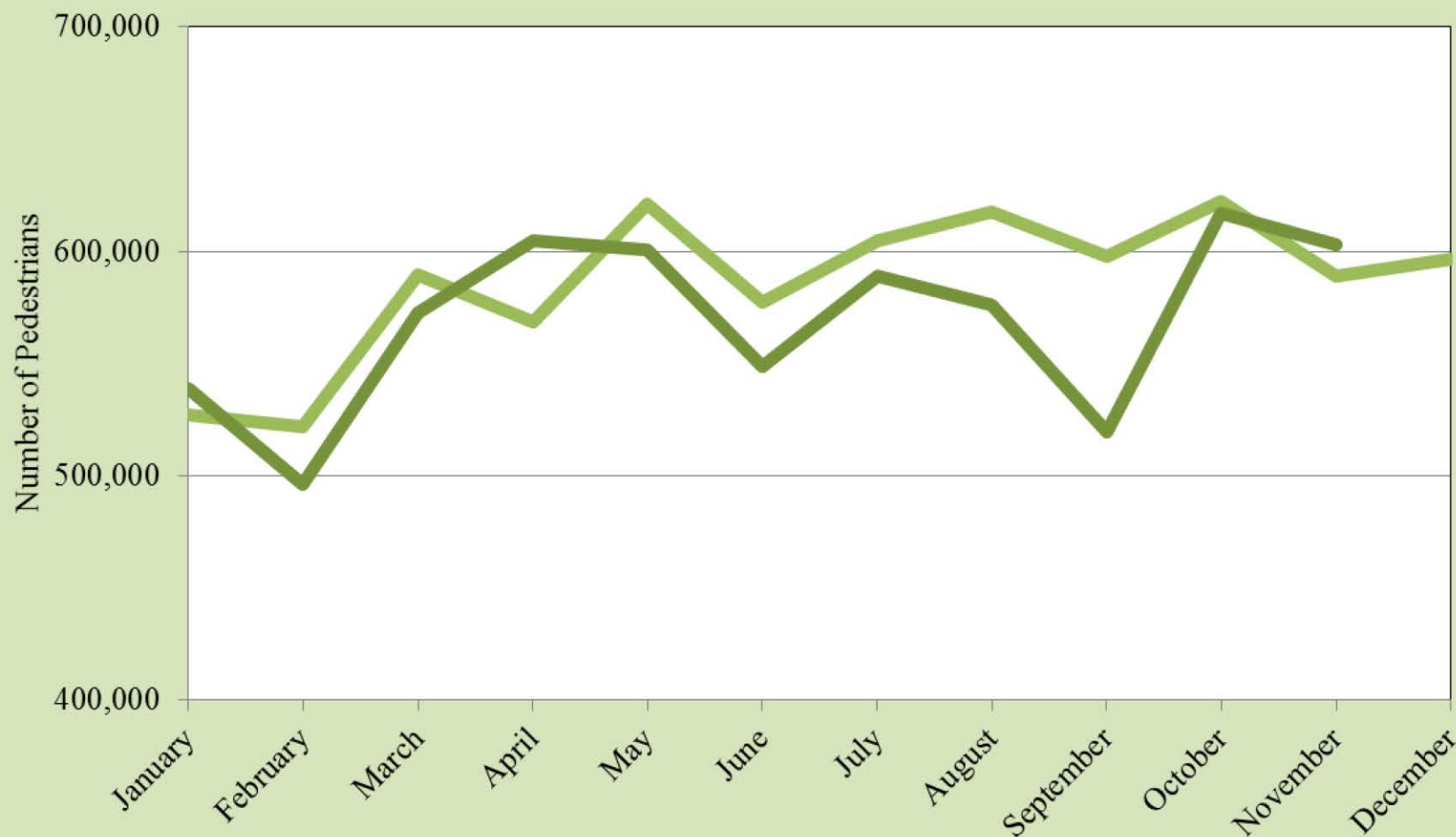
Personal Vehicle International Bridge Crossings to El Paso



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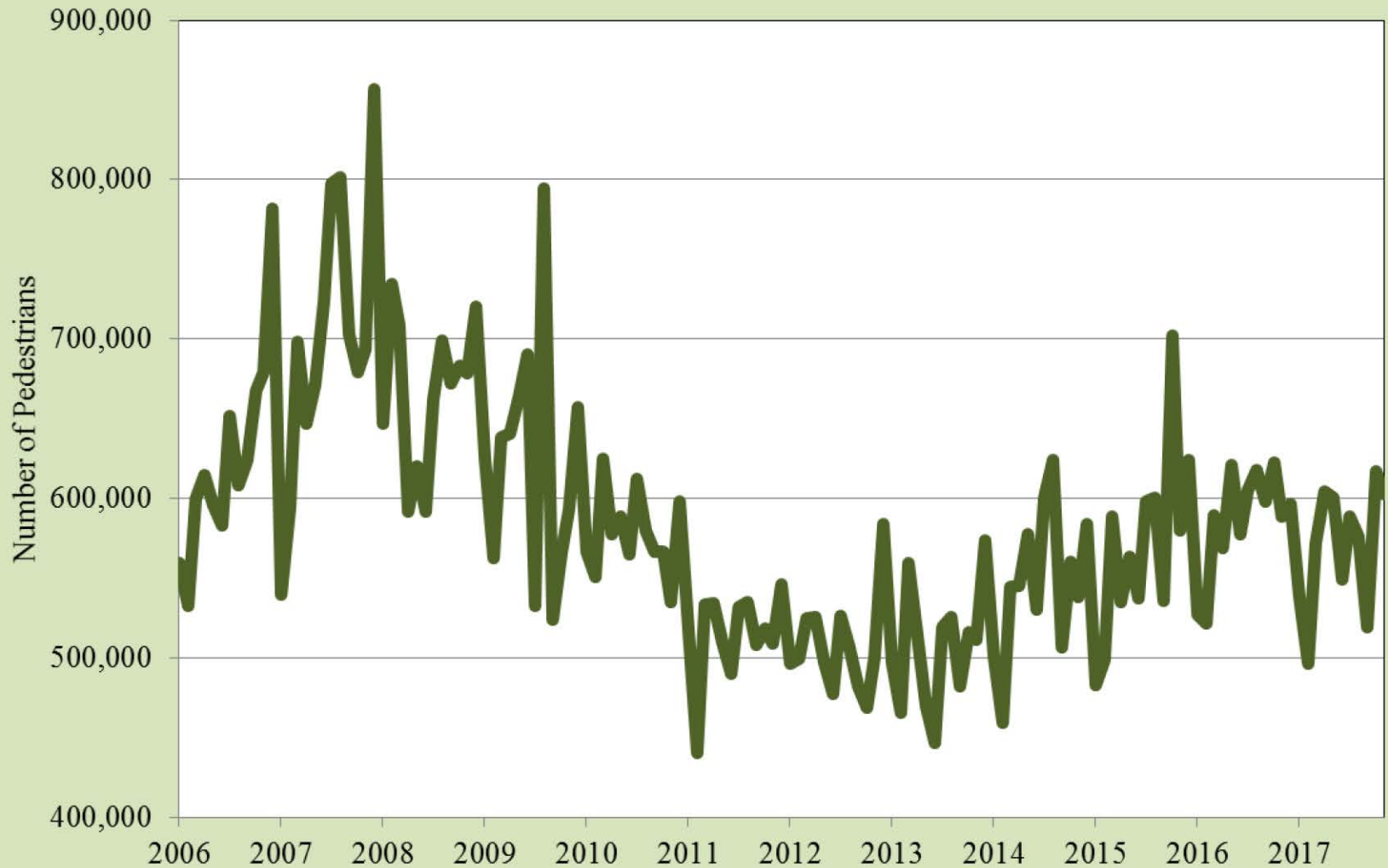
Pedestrian International Bridge Crossings to El Paso

2016 2017



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

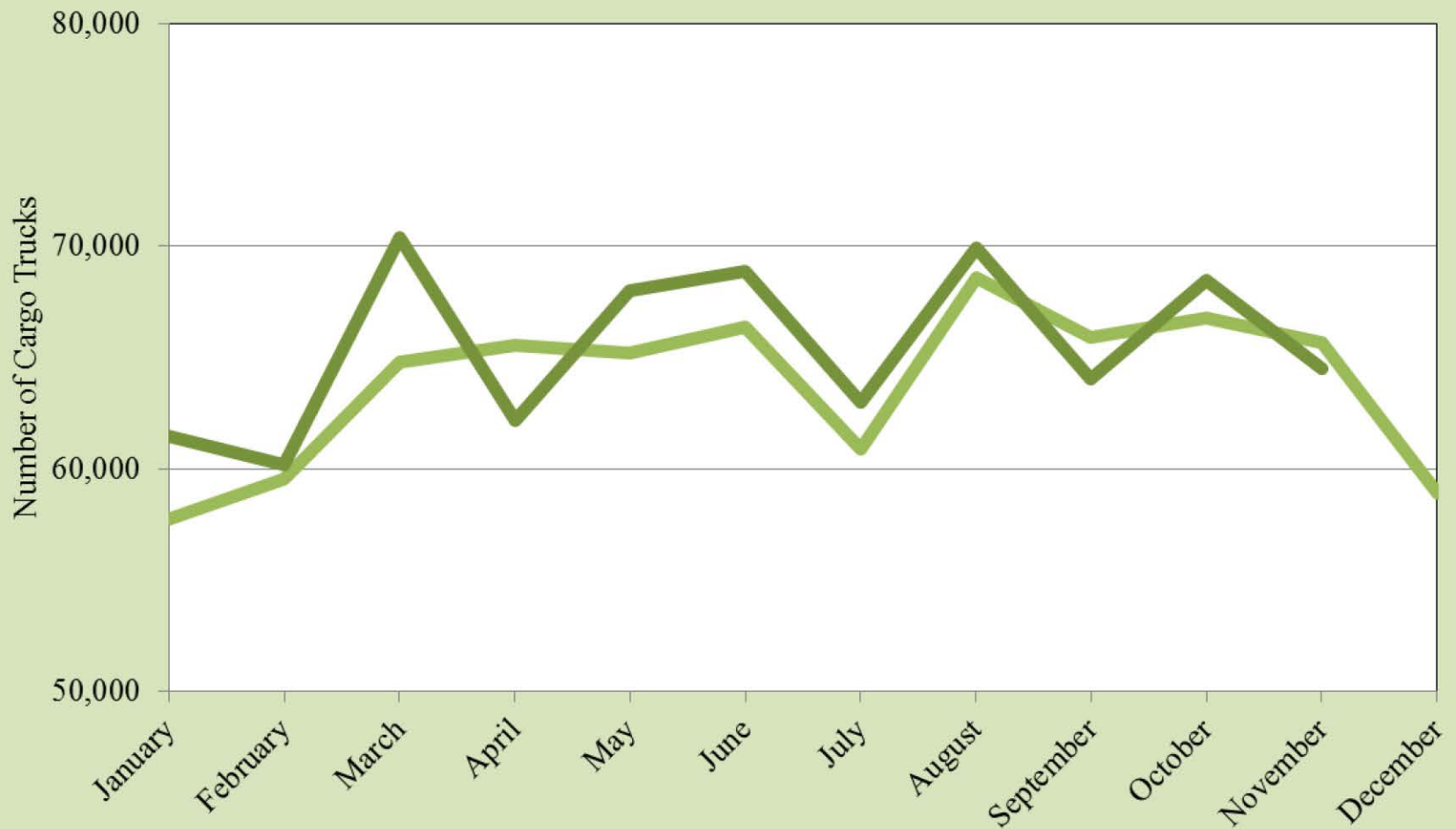
Pedestrian International Bridge Crossings to El Paso



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

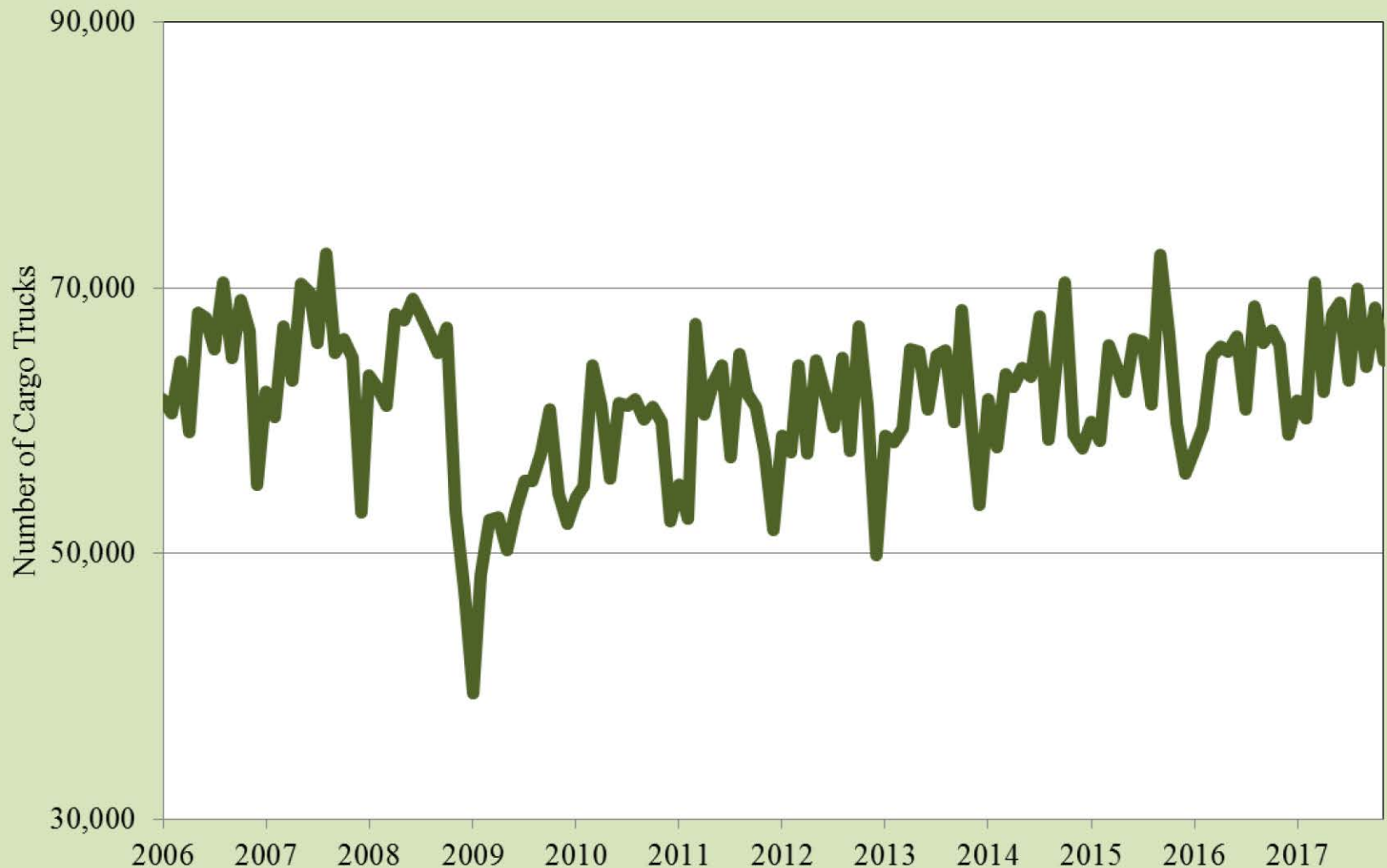
Cargo Truck International Bridge Crossings to El Paso

2016 2017



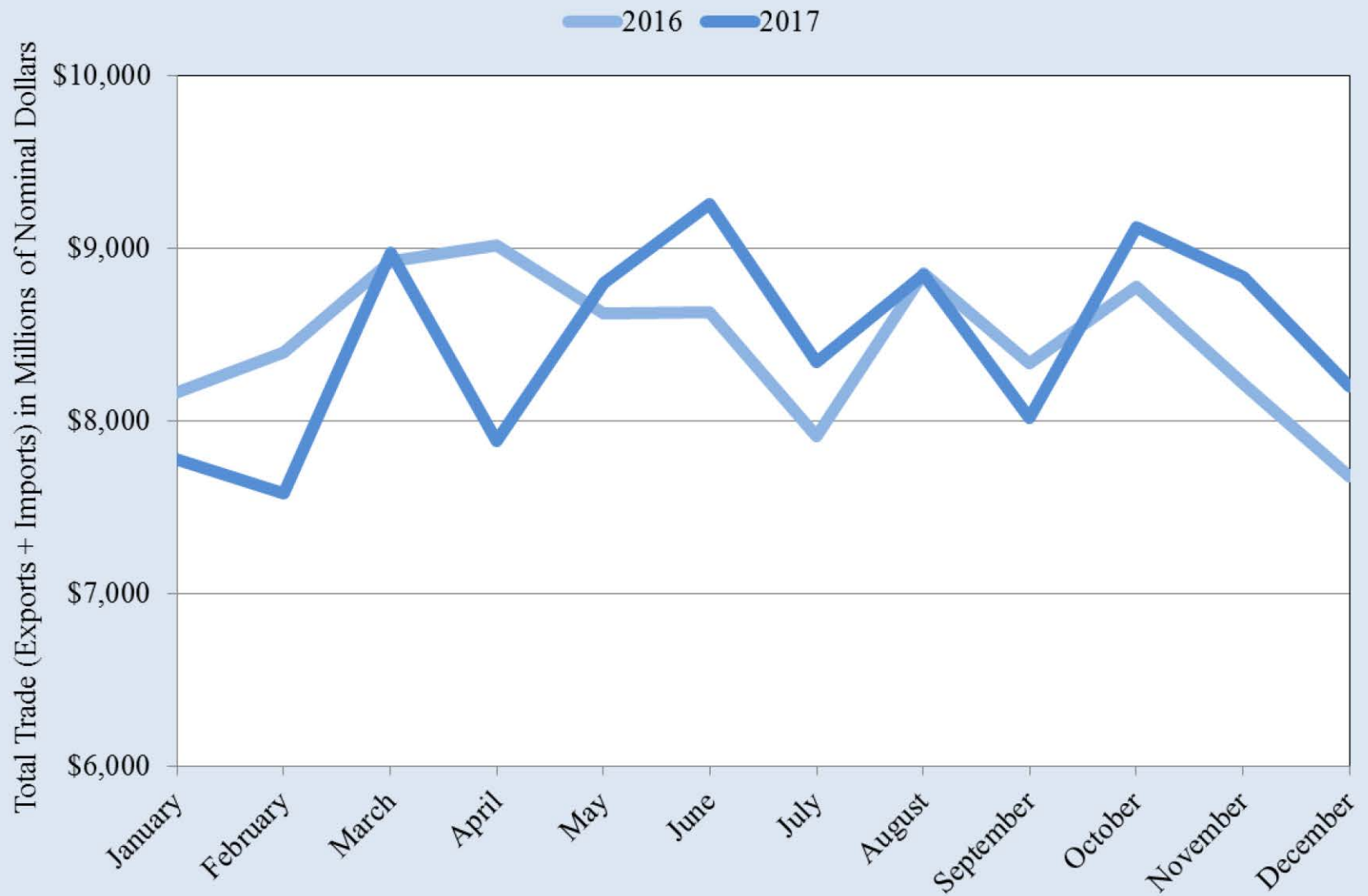
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Cargo Truck International Bridge Crossings to El Paso



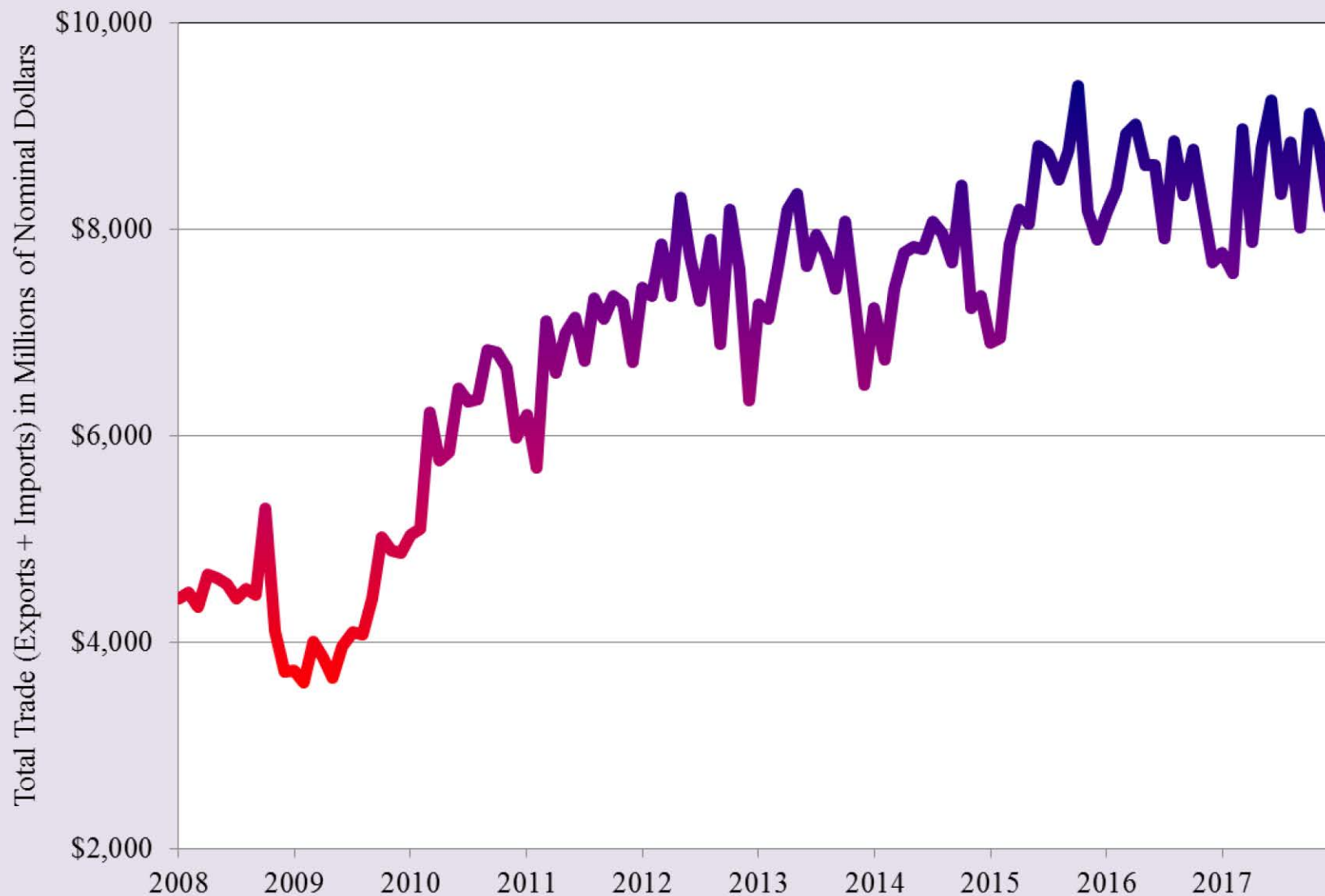
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Total Trade through the El Paso Customs District



Source: U.S. International Trade Commission

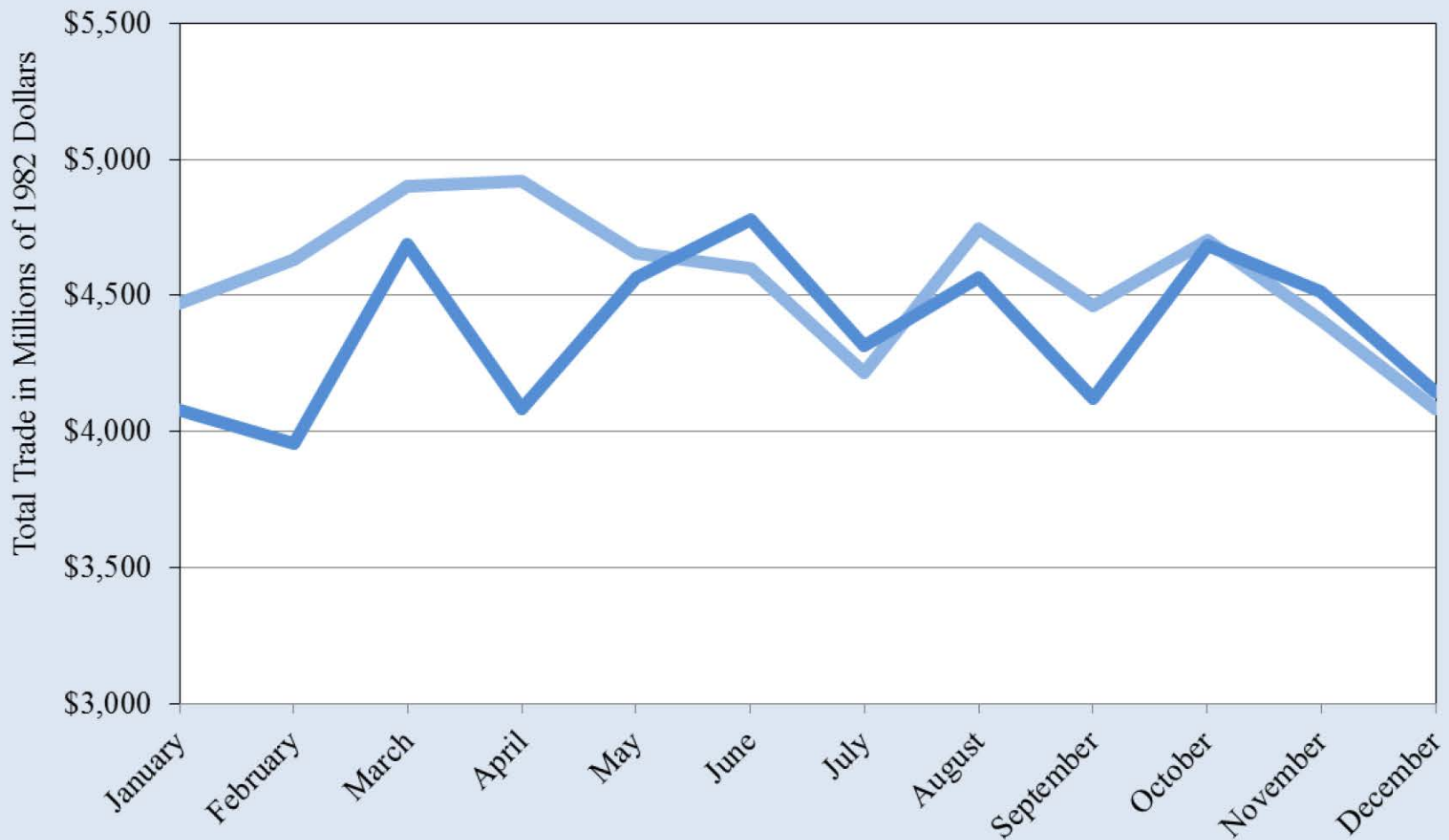
Total Trade through the El Paso Customs District



Source: U.S. International Trade Commission

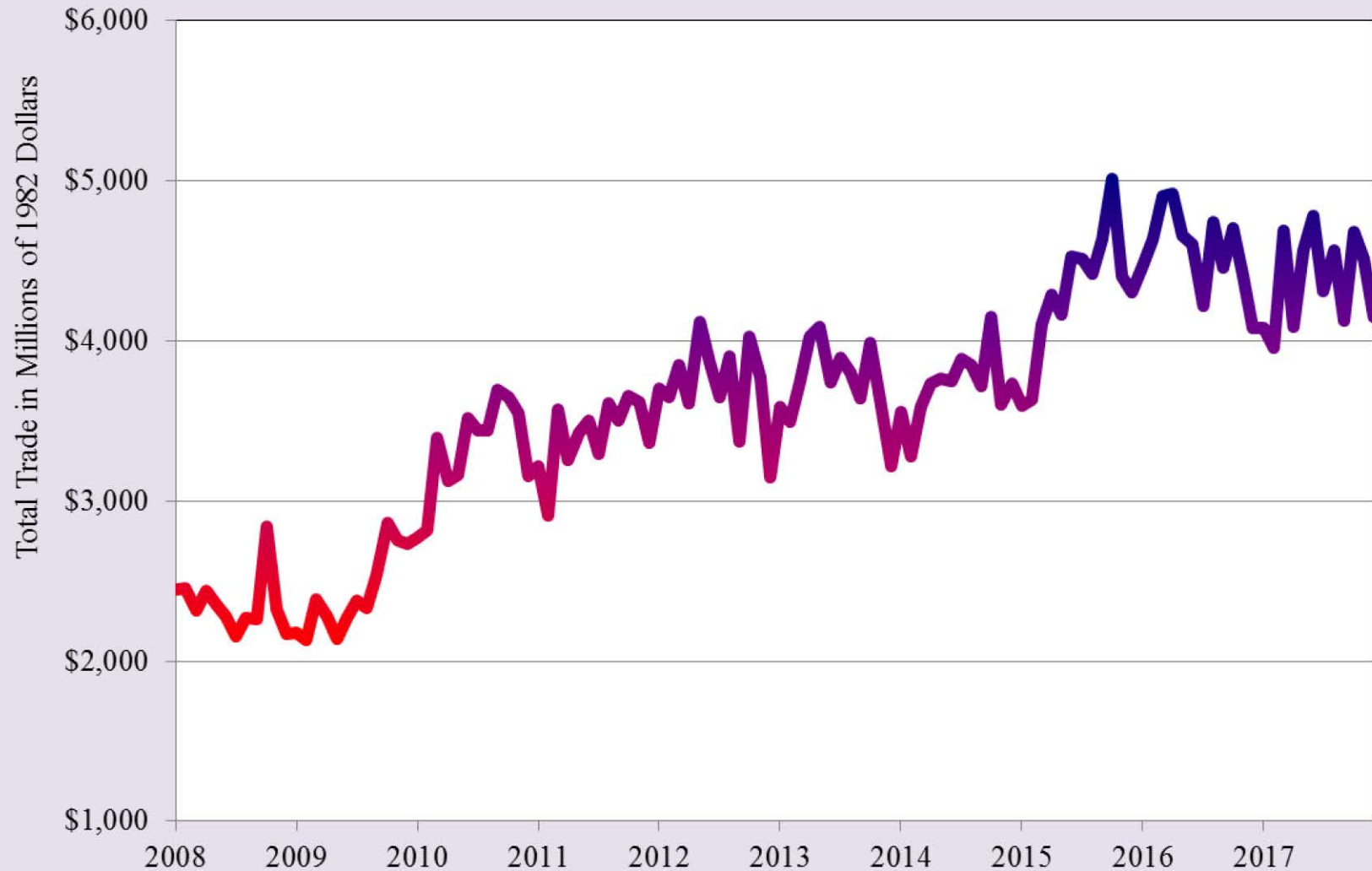
Real Total Trade through the El Paso Customs District

— 2016 — 2017



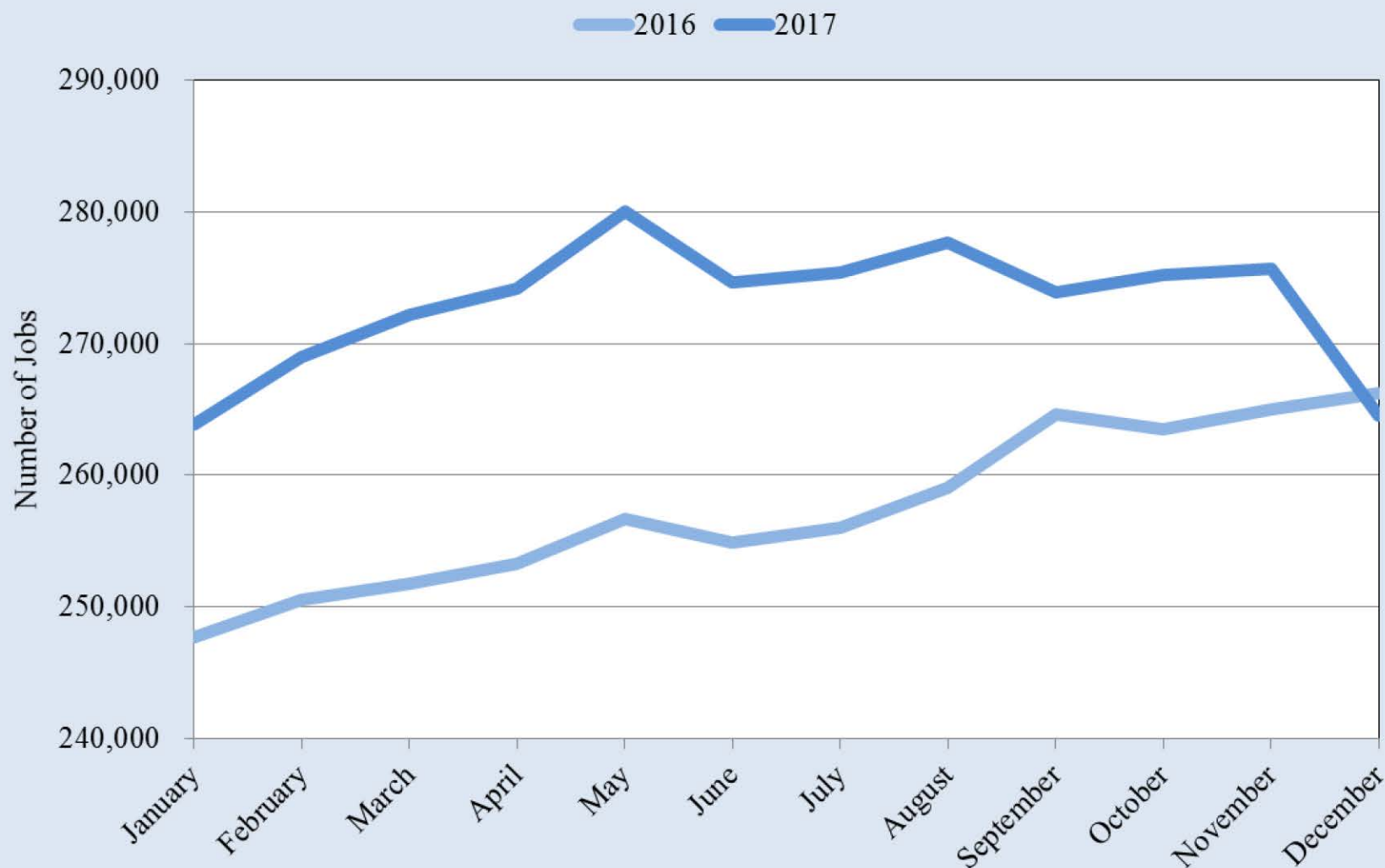
Sources: U.S. International Trade Commission and Bureau of Labor Statistics

Real Total Trade through the El Paso Customs District



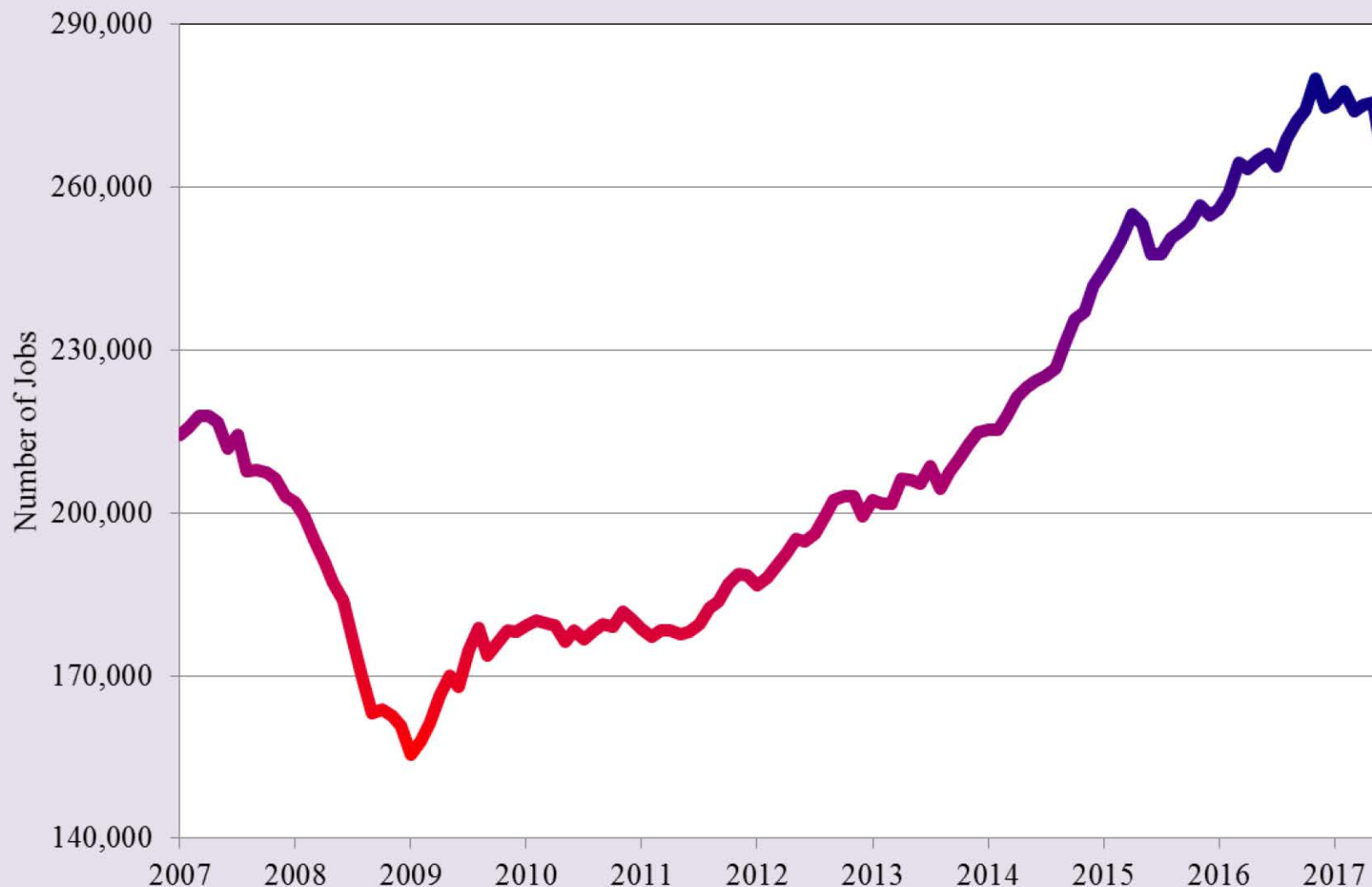
Sources: U.S. International Trade Commission and Bureau of Labor Statistics

Export-Oriented Manufacturing Employment in Ciudad Juárez



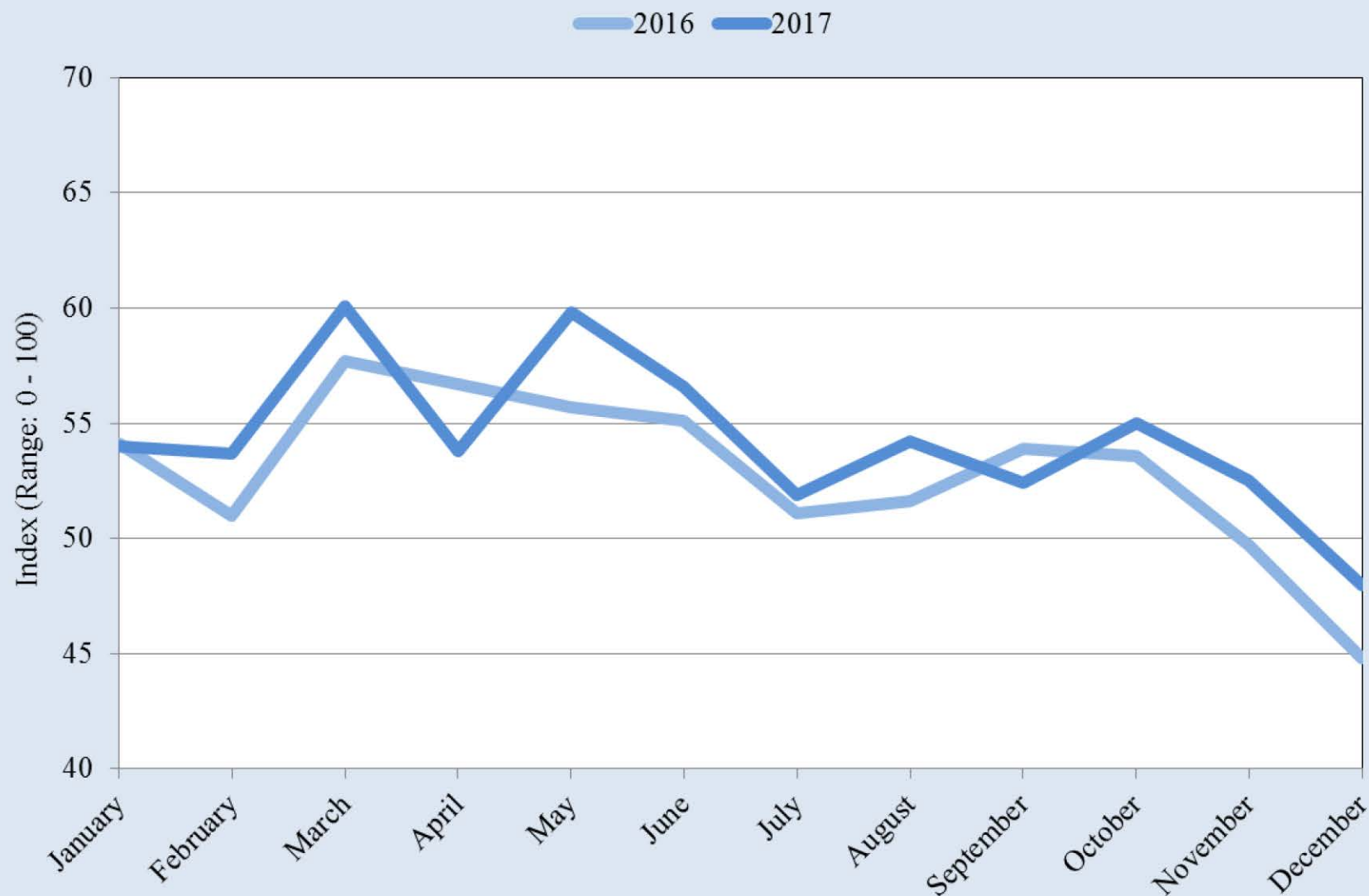
Source: INEGI

Export-Oriented Manufacturing Employment in Ciudad Juárez



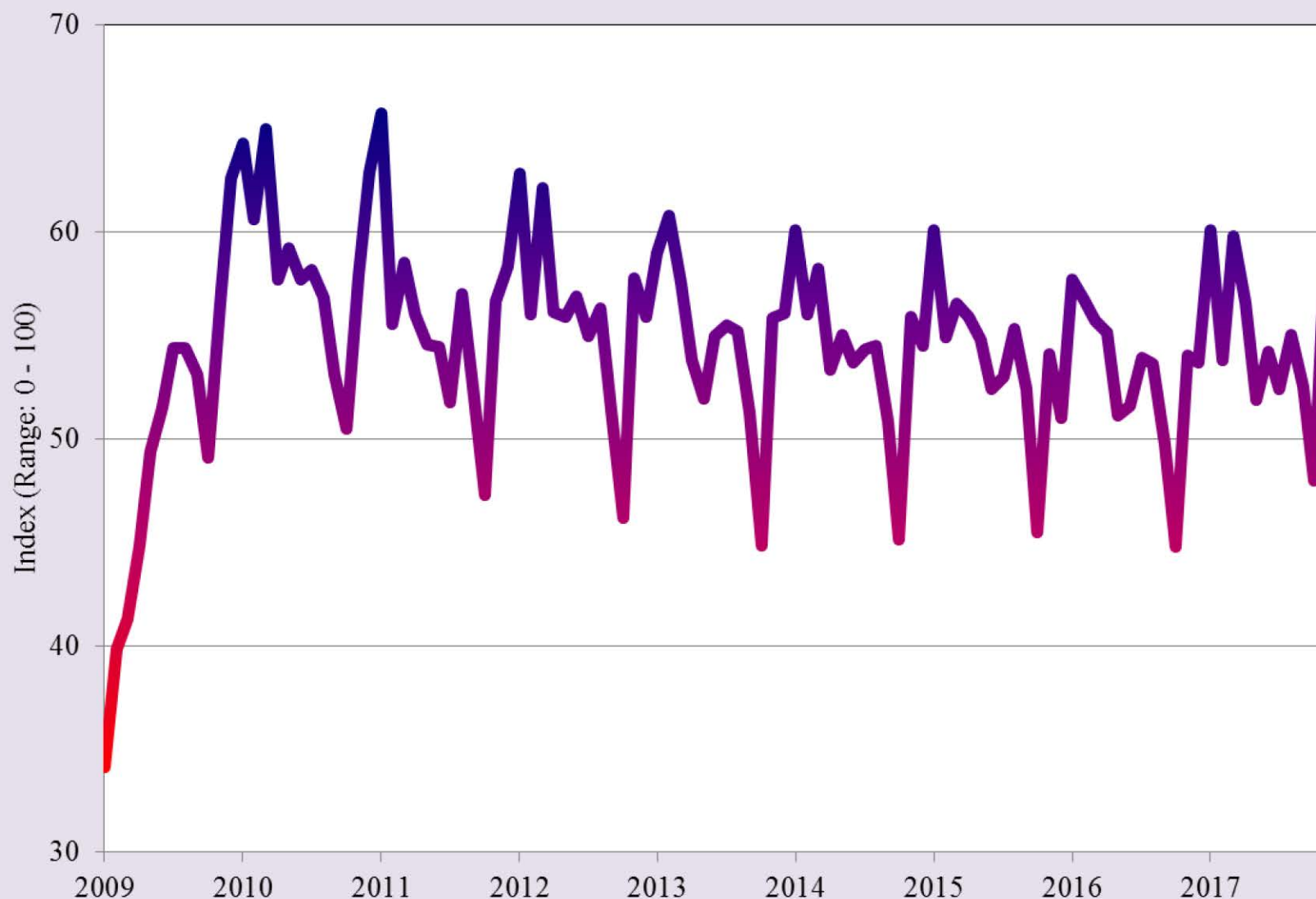
Source: INEGI

Northern Mexico Manufacturing Orders Index



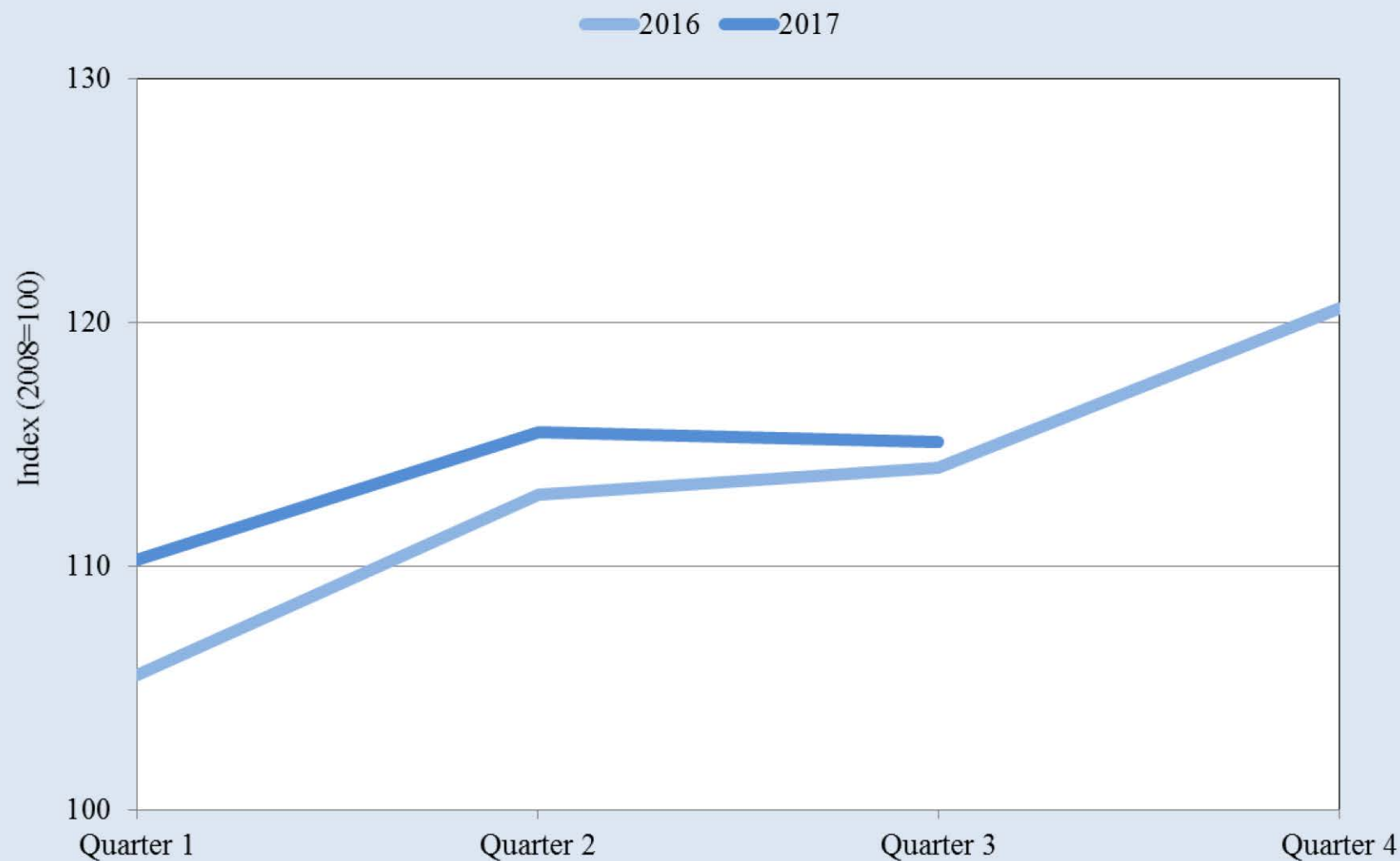
Source: Banco de México

Northern Mexico Manufacturing Orders Index



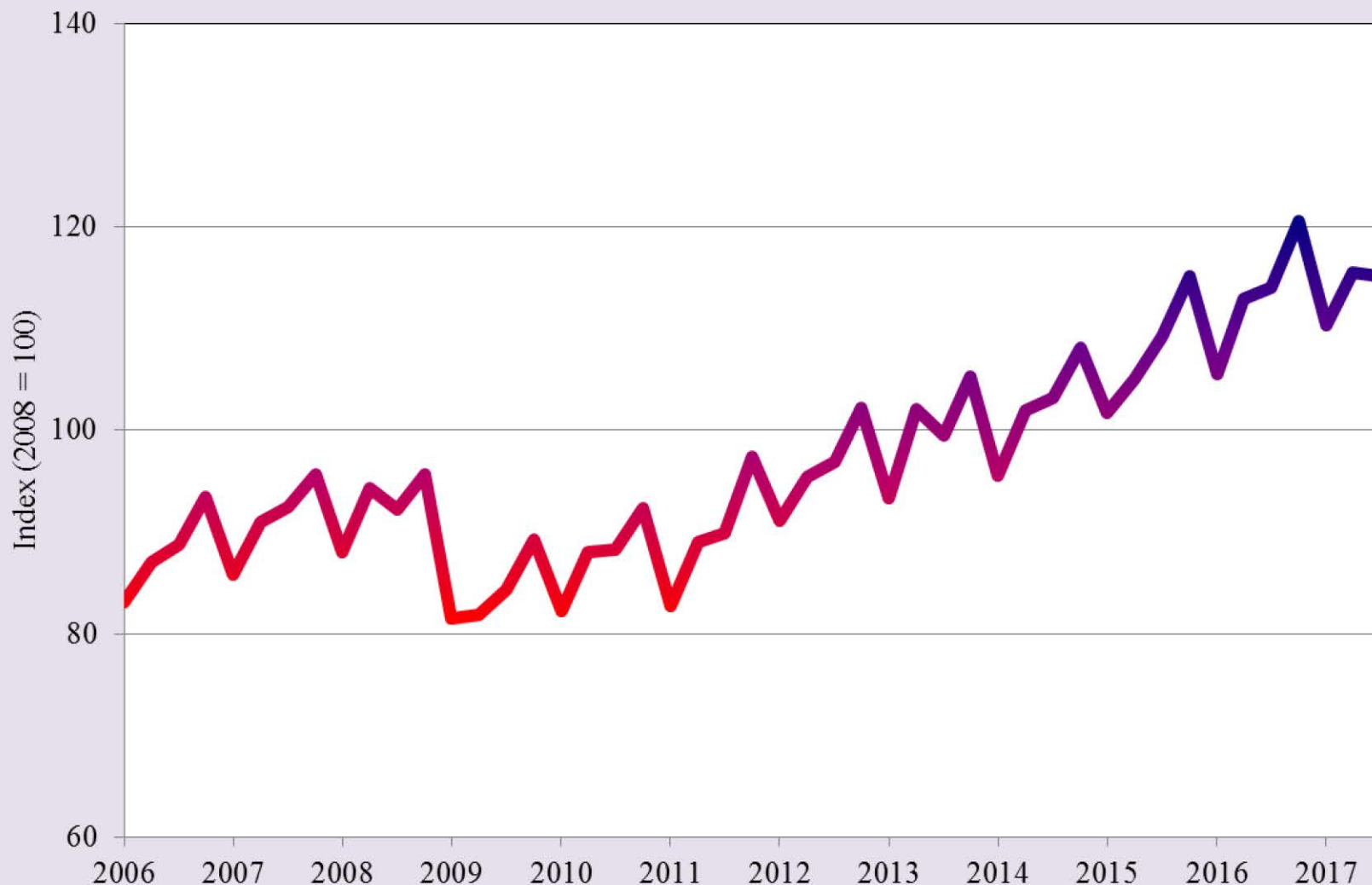
Source: Banco de México

Quarterly Indicator of Economic Activity for the State of Chihuahua



Source: INEGI

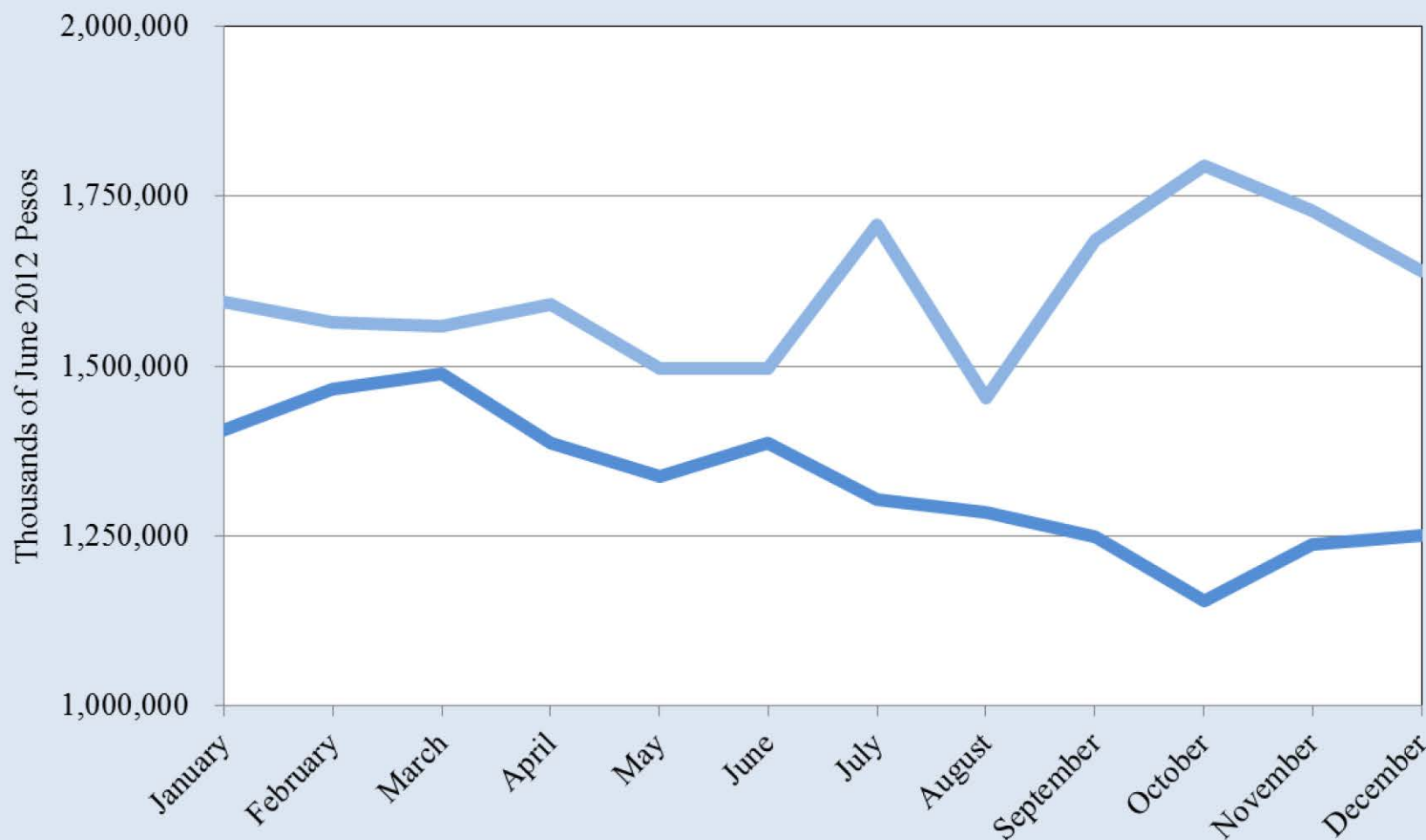
Quarterly Indicator of Economic Activity for the State of Chihuahua



Source: INEGI

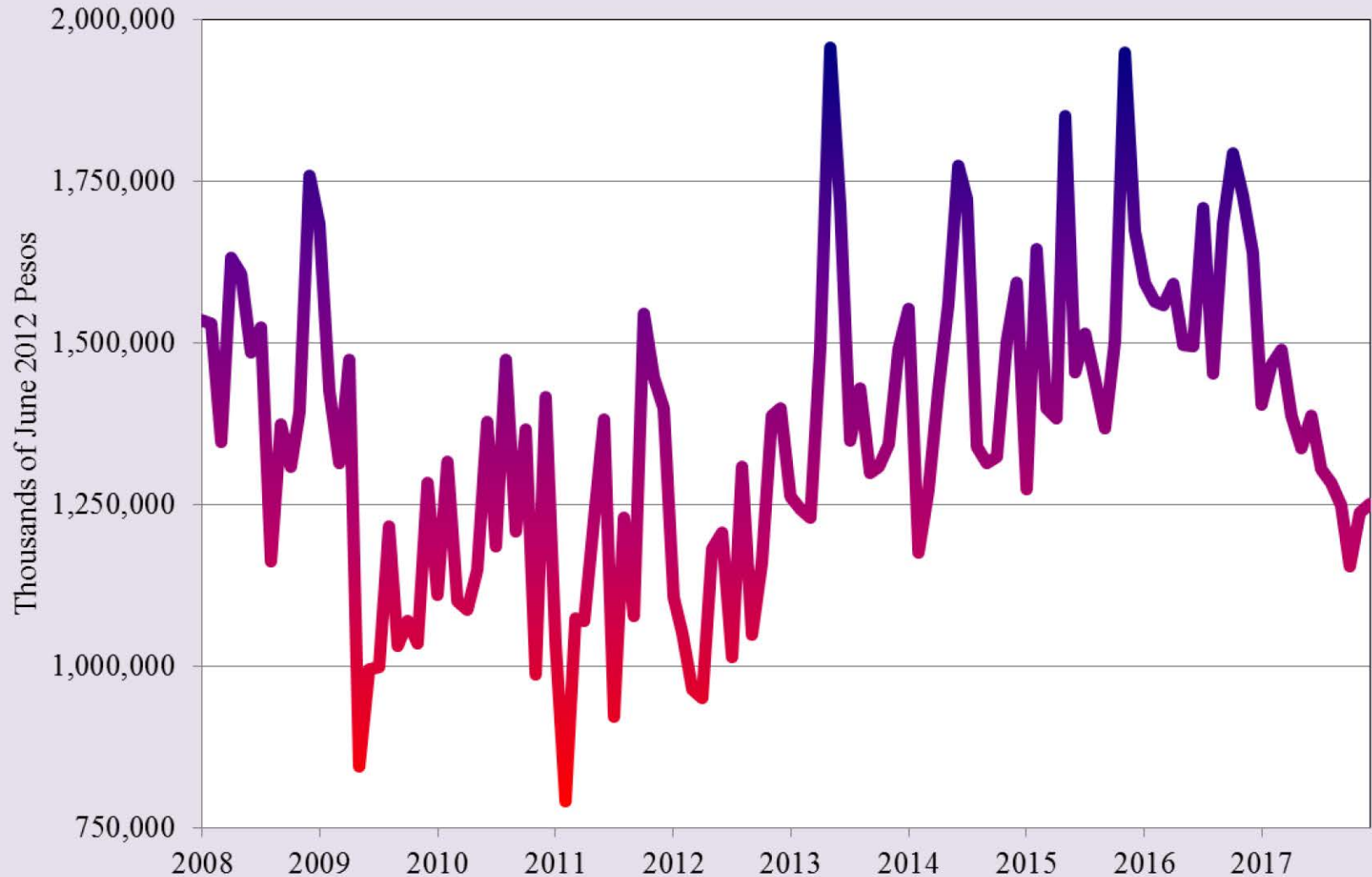
Total Value of Construction in the State of Chihuahua

— 2016 — 2017



Source: INEGI

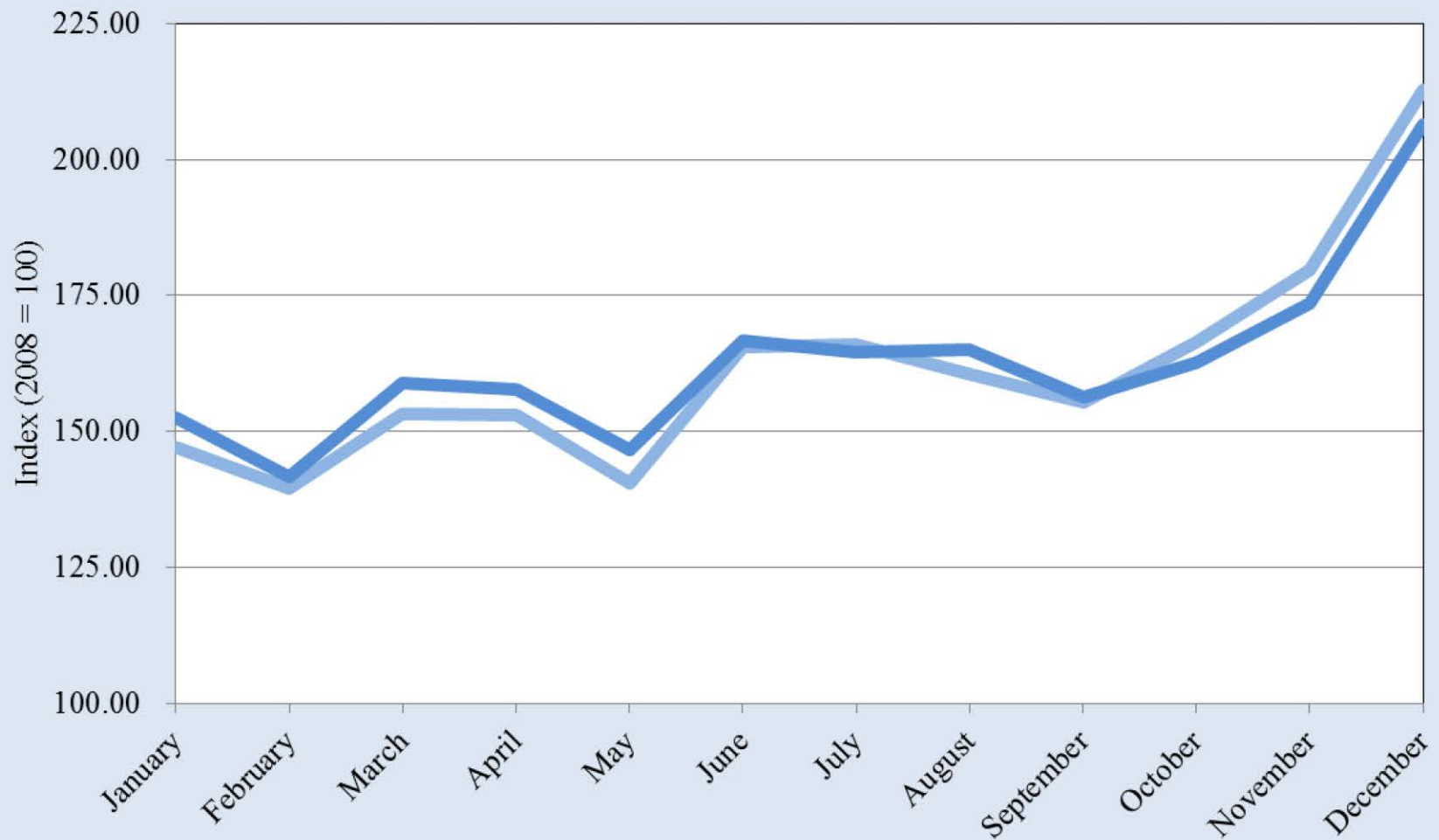
Total Value of Construction in the State of Chihuahua



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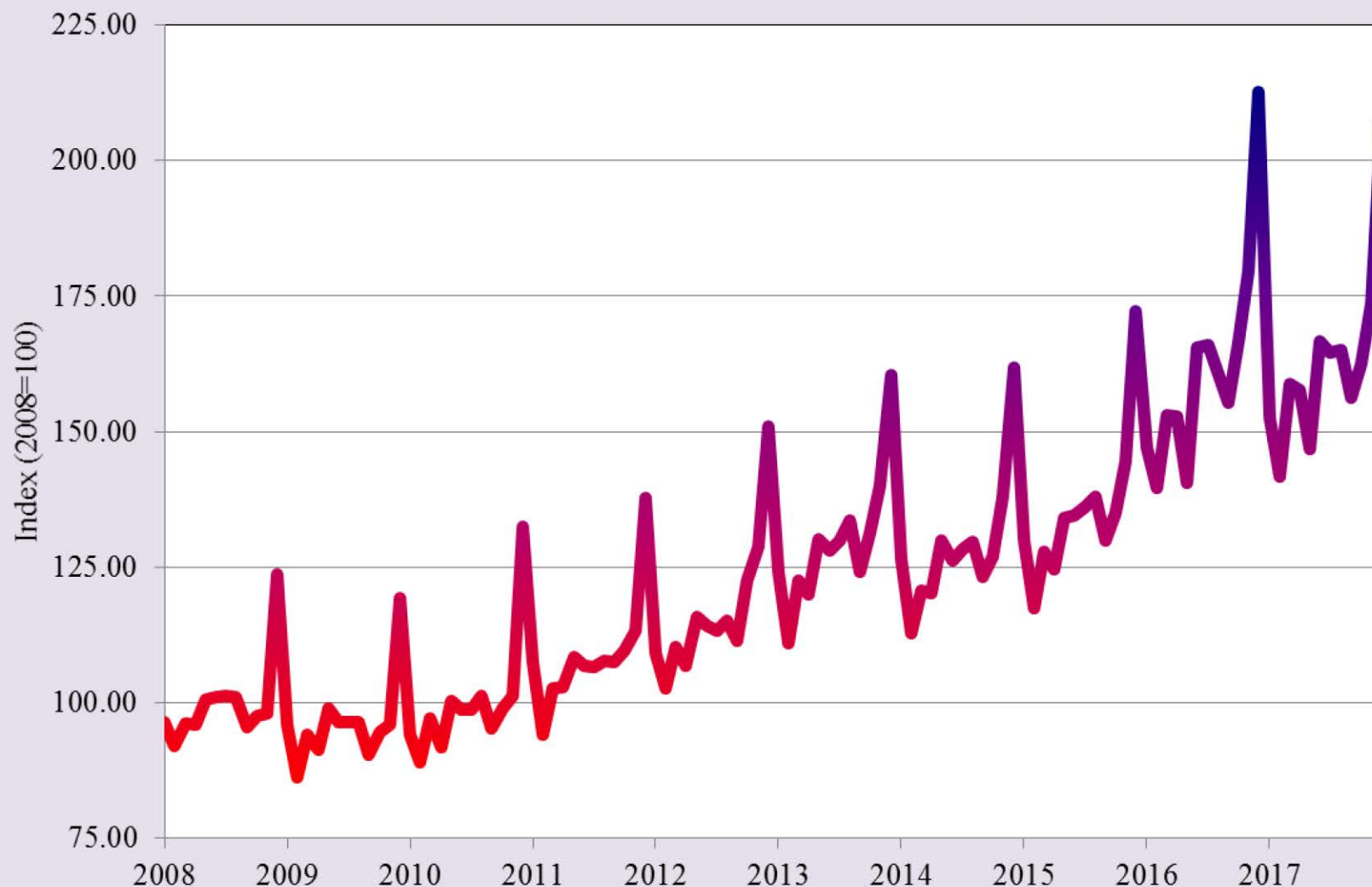
Real Retail Activity Index for the State of Chihuahua

— 2016 — 2017



Source: INEGI

Real Retail Activity Index for the State of Chihuahua



Source: INEGI



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