Borderplex Business Barometer, Volume 2, Number 4

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Moderate Growth

The El Paso Metropolitan Business Cycle Index has remained virtually flat for more than a year. The value of the index increased by a mere 0.4 percent between February 2017 and February 2018, but that is not necessarily a harbinger of economic sluggishness. The El Paso Household Economic Stress Index has been at historically low levels since July of last year. Part of the reason for that is an unemployment rate that is still below 5 percent. Likewise, El Paso County enrollment in the Supplemental Nutrition Assistance Program (SNAP) fell to 176,227 in February, the lowest level observed since 2014.

Median El Paso County housing prices in January and February, 2018, were almost identical to the values observed one year earlier. While that suggests that the pace of local housing price inflation may be tapering off, revised housing inventory figures indicate that the local market had only 5.2 months-worth of housing supply during that same period. Gasoline prices remain above the year-ago levels observed in 2017. Typically, gasoline prices tend to increase during spring and summer, but that seasonal pattern can be disrupted by weather related and refinery capacity disruptions.

For the first time since 2009, Doña Ana County began the year with an unemployment rate below 7 percent. This is good news for the local business sector and reflects an uptick in the growing healthcare services segment of the Mesilla Valley economy. Accompanying that development, the number of Las Cruces area SNAP cases also remained below 29 thousand for a 12th consecutive month.

The Border Region Modeling Project’s monthly survey of restaurant prices indicates that the ratio of prices in Ciudad Juárez to those in El Paso was 12.92 pesos per dollar in February. This remains well below the nominal exchange rate of 18.62 pesos per dollar. However, the price ratio has increased by 2.8 percent over the last year, while the exchange rate has decreased by 8.6 percent over the same time period. Reflective of that movement towards convergence, the real peso-per-dollar exchange rate index declined from 132.8 to 115.4 over the course of the last twelve months. The peso remains undervalued relative to the dollar, with trade policy uncertainties still affecting the currency market.

The value of imports and exports shipped through the El Paso Customs District increased moderately in the first two months of 2018, relative to last year. A similar trend also characterizes the Northern Mexico Manufacturing Orders Index. Export-processing employment in Ciudad Juárez stood at 267,513 in January 2018. That represents a fairly modest 1.4 percent year-over-year increase, which contrasts with growth rates of greater than 6 percent per year observed over the last five years. These data suggest that economic growth on the south side of the border is also being affected by private sector apprehension over policy prospects during the second half of 2018. As further evidence of the uncertain economic environment in northern Mexico, the value of construction across the state of Chihuahua plummeted 31 percent in January, reaching its lowest level since 2011. The latter development is at least partially due to the interest rate hikes engineered by the central bank last year. Given that, it comes as no surprise that the real retail sales index has been in a holding pattern during the last 24 months. Statewide commerce undoubtedly faces more downside risks than upside potential in 2018.
Metro Business-Cycle Index for El Paso

Source: Federal Reserve Bank of Dallas
Source: Federal Reserve Bank of Dallas
El Paso Household Economic Stress Index

Source: UTEP Border Region Modeling Project
El Paso County Unemployment Rate

Source: Bureau of Labor Statistics
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
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

2017 Restaurant Price Ratio
2017 Nominal Exchange Rate
2018 Restaurant Price Ratio
2018 Nominal Exchange Rate

Source: UTEP Border Region Modeling Project and Banco de Mexico
Restaurant Price Ratio and Exchange Rate

Source: UTEP Border Region Modeling Project and Banco de Mexico
Real Peso-per-Dollar Exchange Rate Index

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

Source: UTEP Border Region Modeling Project
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
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](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.