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Borderplex Business Barometer, Volume 2, Number 6

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BORDERPLEX BUSINESS BAROMETER

June 2018

Border Region Modeling Project

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Border Commerce & Economics

Borderplex Business Barometer, Volume 2, Number 6

Uneven Border Region Growth

In April 2018, the Federal Reserve Bank of Dallas Metropolitan Business Cycle Index for El Paso was 0.9 percent higher than in the same month last year, but it was unchanged relative to March 2018. Similarly, the UTEP Border Region Modeling Project's El Paso Household Economic Stress Index remained flat between March and April. However, the unemployment rate declined from 4.5 to 4.1 percent over the same period. These trends suggest that economic conditions in El Paso continue to improve, but the rate of growth may have subsided.

Median housing prices experienced strong growth between March and April, rising to \$154,550 by the latter month. That is the second-highest value in the historical price series. The peak historical value of \$157,725 was observed in December 2017. In another sign of strong housing demand, months of housing inventory fell to levels not observed since mid-2006. Like housing prices, gasoline prices also shot upward in recent months. Strong gasoline demand plus international oil supply curtailments are among the main factors driving the price increases.

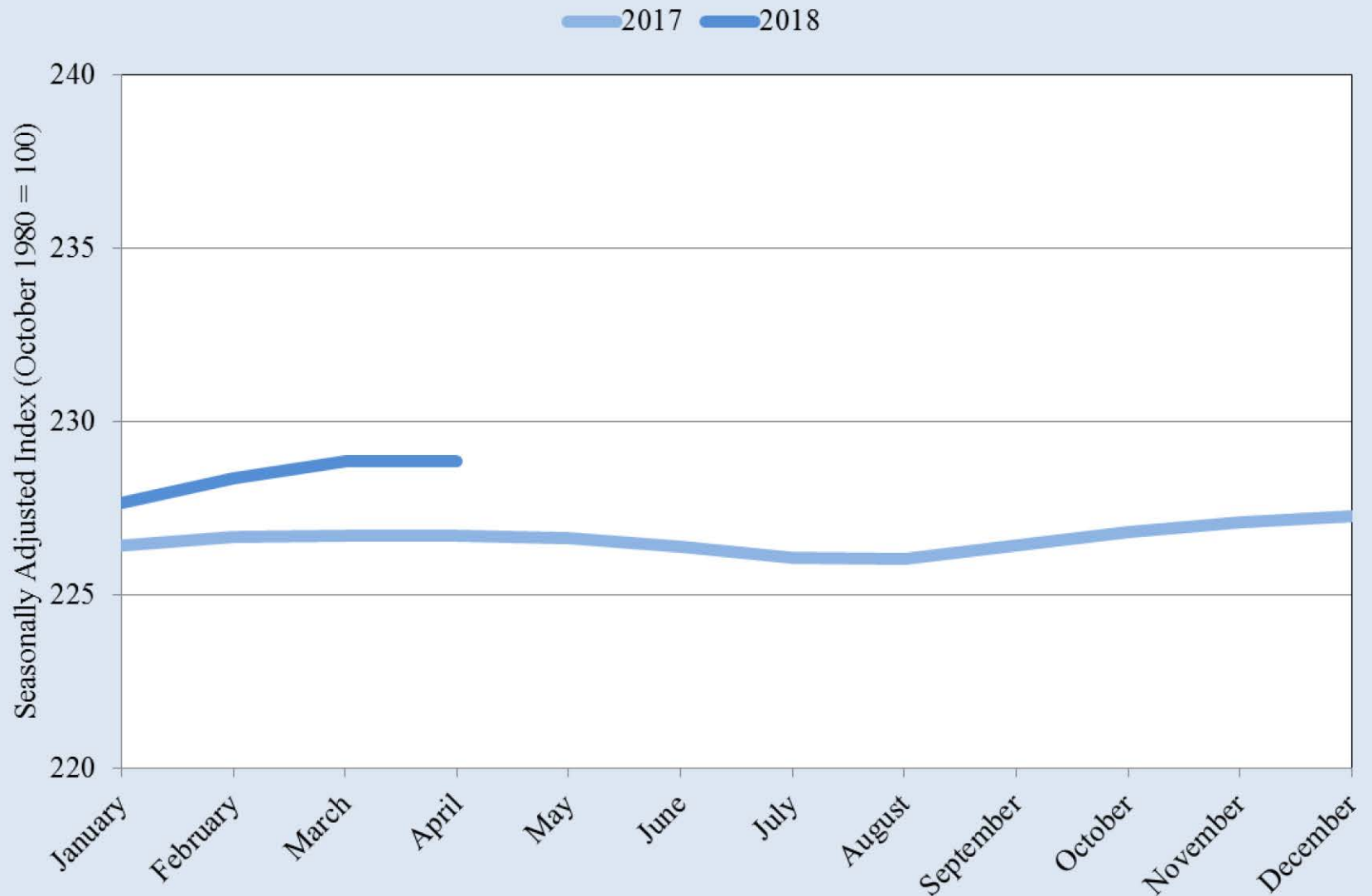
The Doña Ana County unemployment rate dropped to 5.5 percent in April, down more than one percentage point from the year-ago level. Sectors of the local economy that have done relatively well in recent months include healthcare, transportation, and warehousing. Las Cruces area enrollment in the Supplemental Nutrition Assistance Program (SNAP) program also declined slightly in April. Overall, these trends appear to bode well for the Mesilla Valley economy.

The nominal peso-per-dollar exchange rate fell to 18.34 in April. At the same time, the ratio of restaurant prices in Ciudad Juárez to those in El Paso for identical menu items edged slightly upward to 12.94 pesos per dollar. Trade related peso jitters will widen that gap once the data are tabulated for May. The temporary real appreciation of the peso in recent months helps explain an increase in traffic through El Paso's ports of entry. Personal vehicle international bridge crossings increased by 8.2 percent in the first four months of 2018, relative to the first four months of 2017. Pedestrian bridge crossings increased by 6.4 percent over the same period, while cargo vehicle crossings increased by 3.6 percent.

The export-processing employment figure for March 2018 was 268,761, which is 1.3 percent below the March 2017 value. It is also below the peak employment level of 279,972 jobs recorded in May 2017. Recent trends for this variable suggest that export-processing employment in Ciudad Juárez is being adversely affected by United States trade policy positions. On a region-wide scale, the Northern Mexico

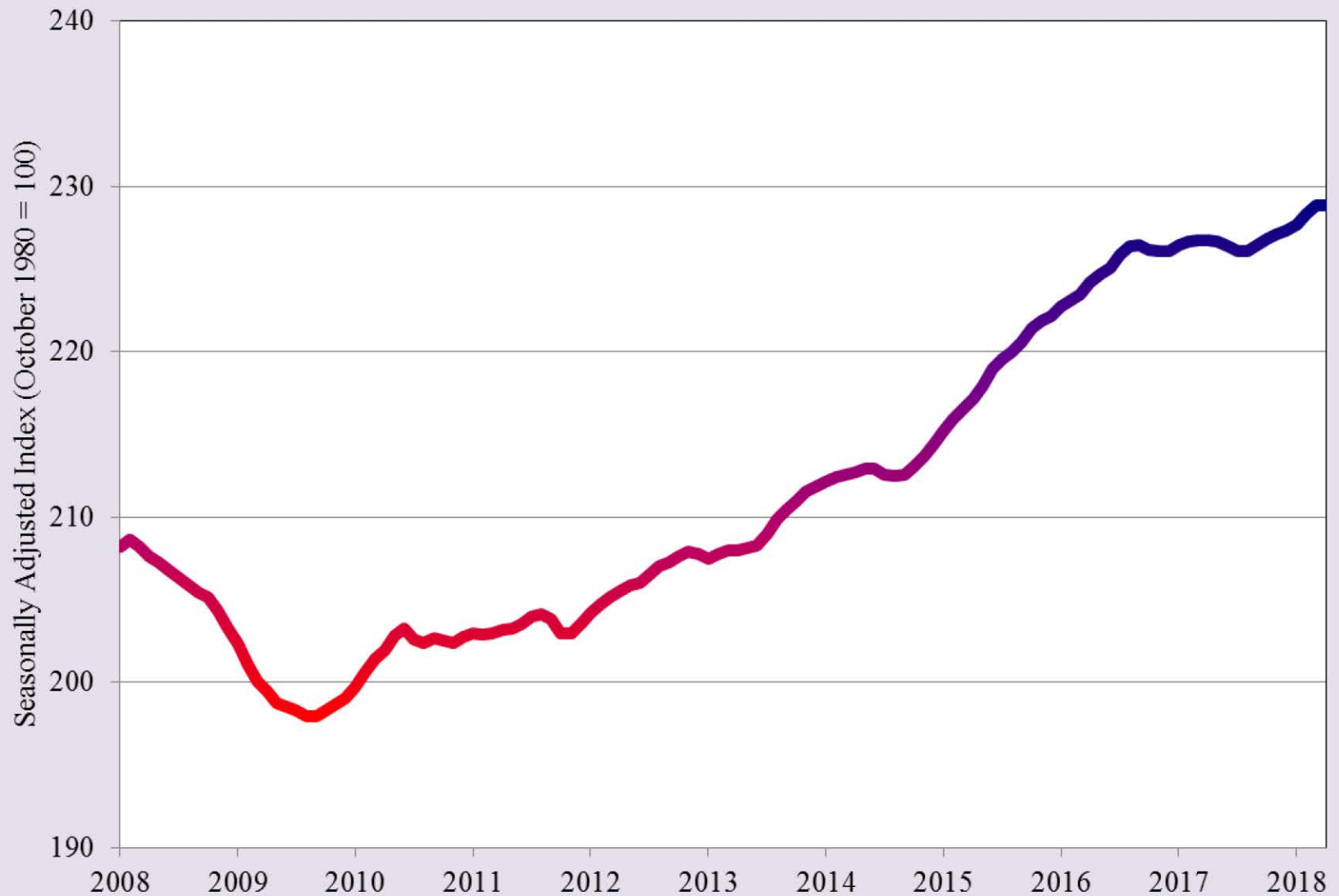
Manufacturing Orders Index has fared more favorably, increasing by 2.7 percentage points, on average, in the first four months of 2018, relative to the first four months of 2017. The value of construction in the state of Chihuahua dropped 4.7 percent in March, relative to February. This represents a continuation of the trend towards weakening state-level construction activity that began nearly two years ago. The retail sector in the state of Chihuahua stagnated in the first quarter of 2018. Given shifts in the real exchange rate, it is likely that a portion of this stagnation was due to cross-border shopping by residents of Mexico. That pattern may be reversed in coming months.

Metro Business-Cycle Index for El Paso



Source: Federal Reserve Bank of Dallas

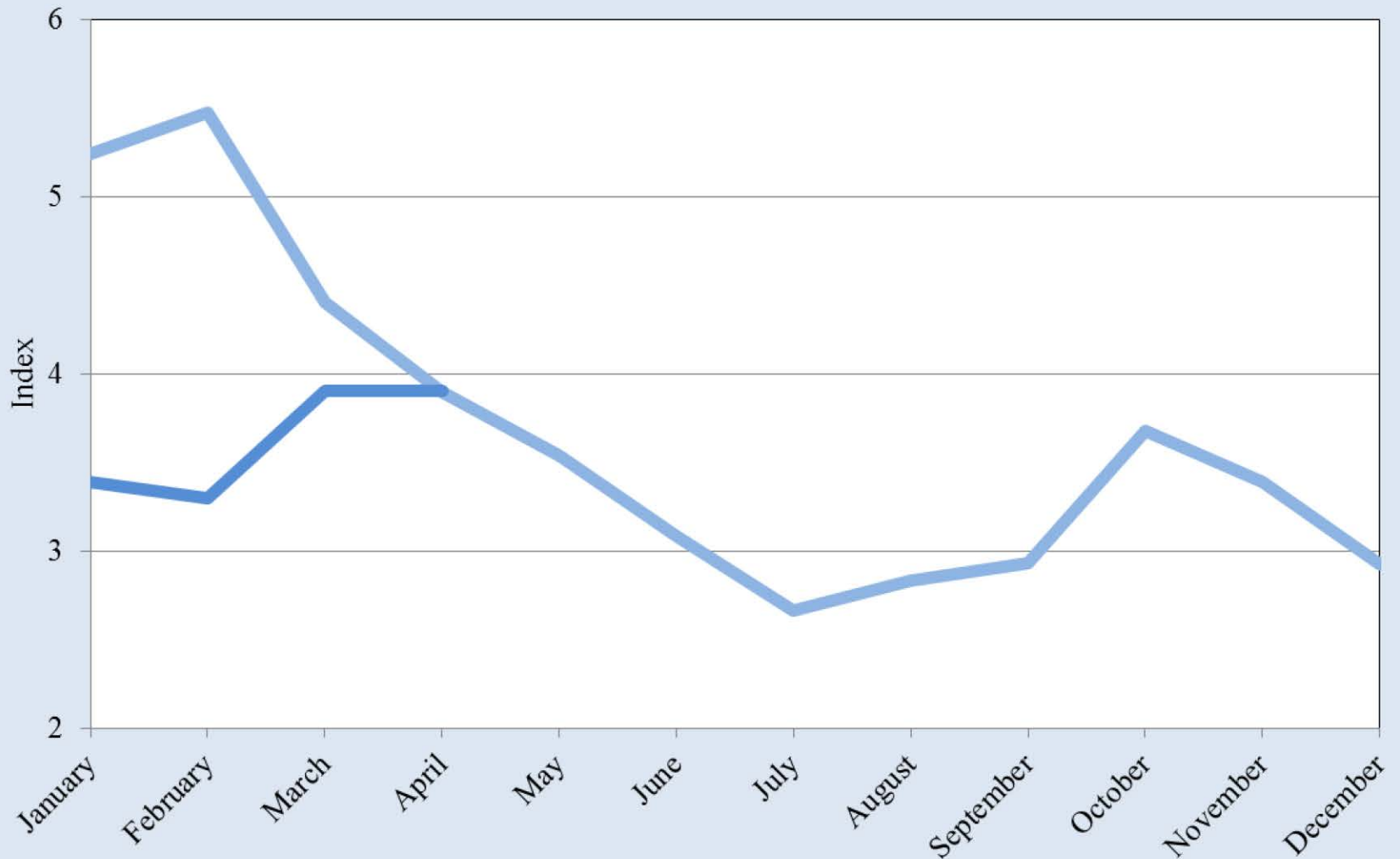
Metro Business-Cycle Index for El Paso



Source: Federal Reserve Bank of Dallas

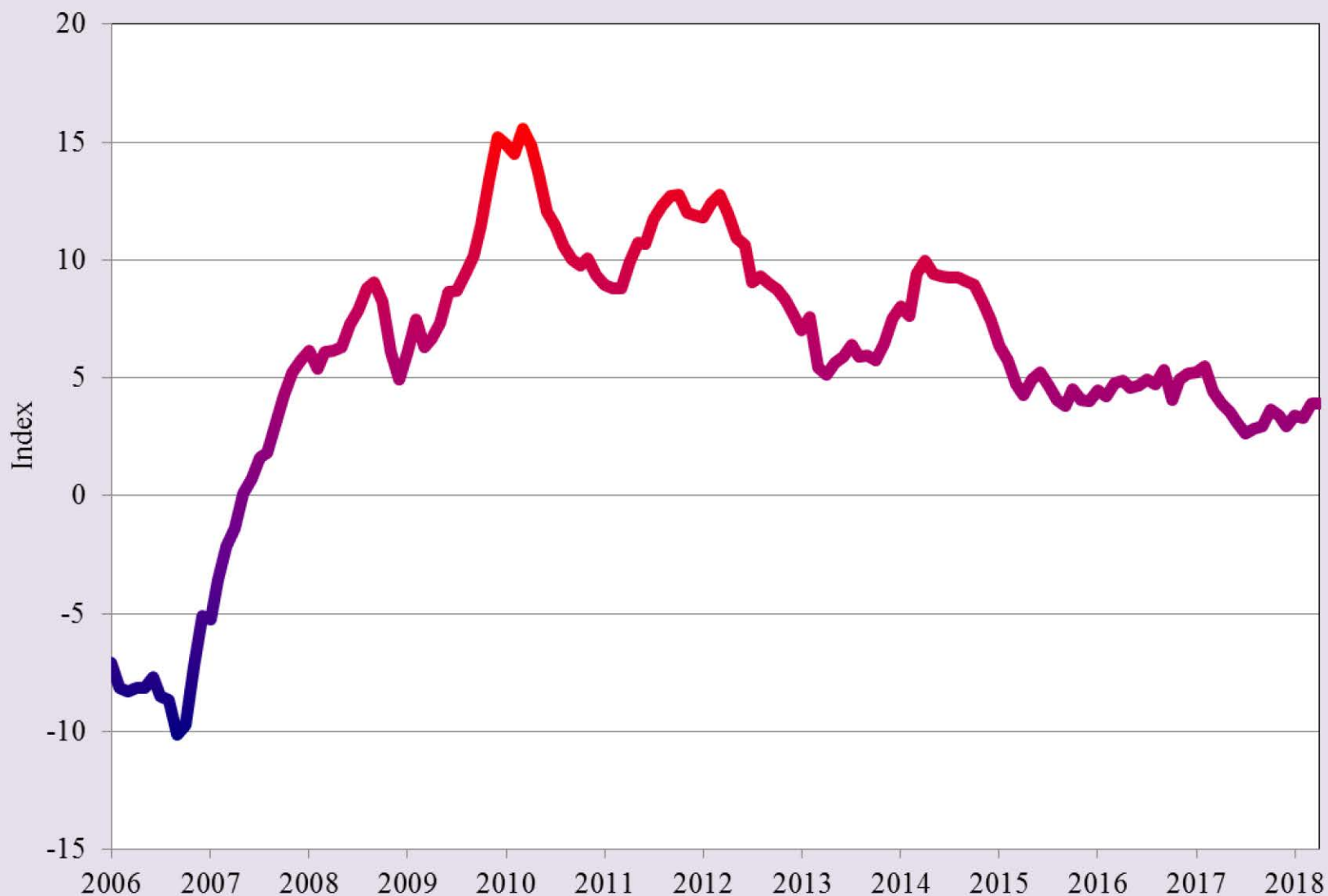
El Paso Household Economic Stress Index

— 2017 — 2018



Source: UTEP Border Region Modeling Project

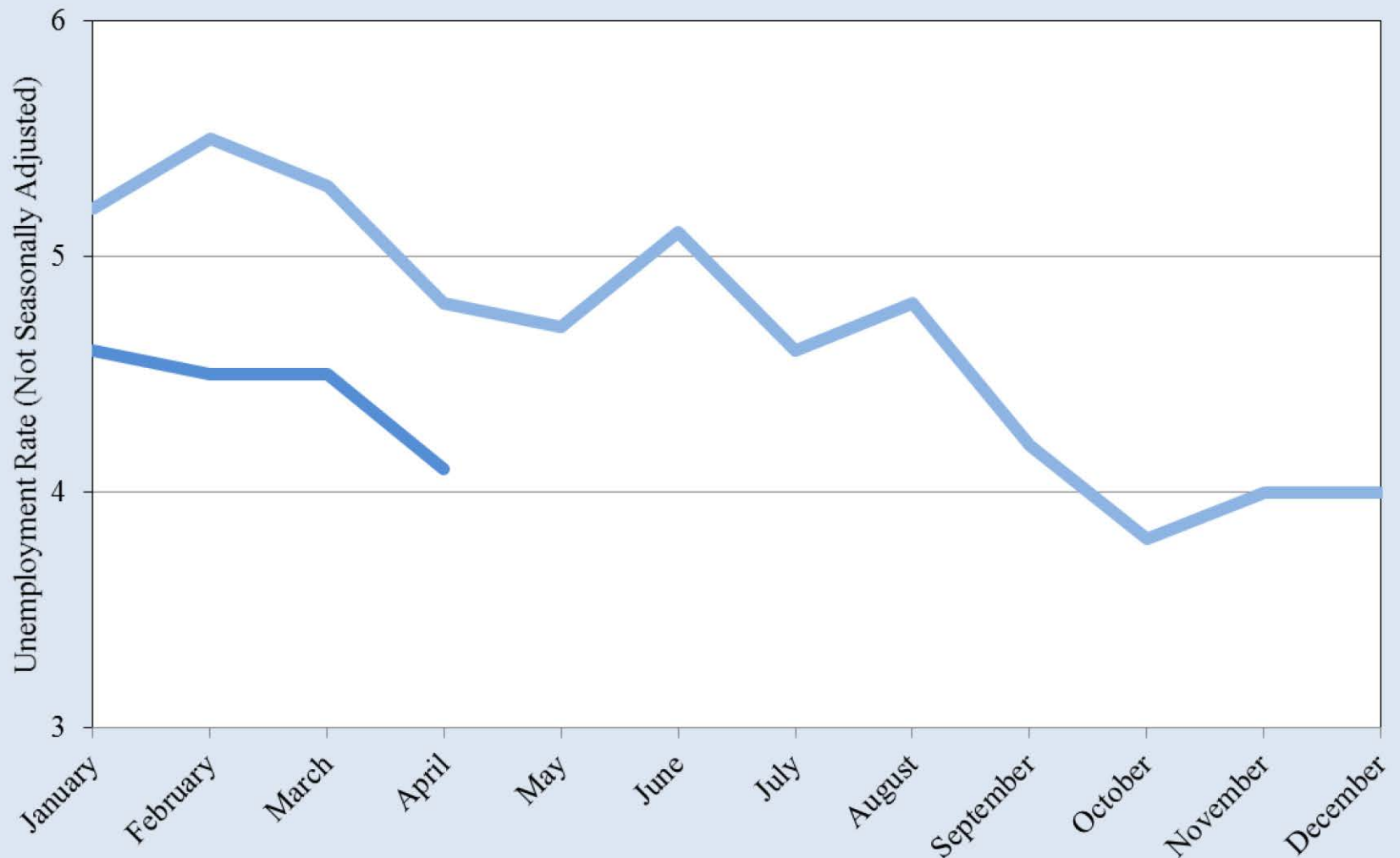
El Paso Household Economic Stress Index



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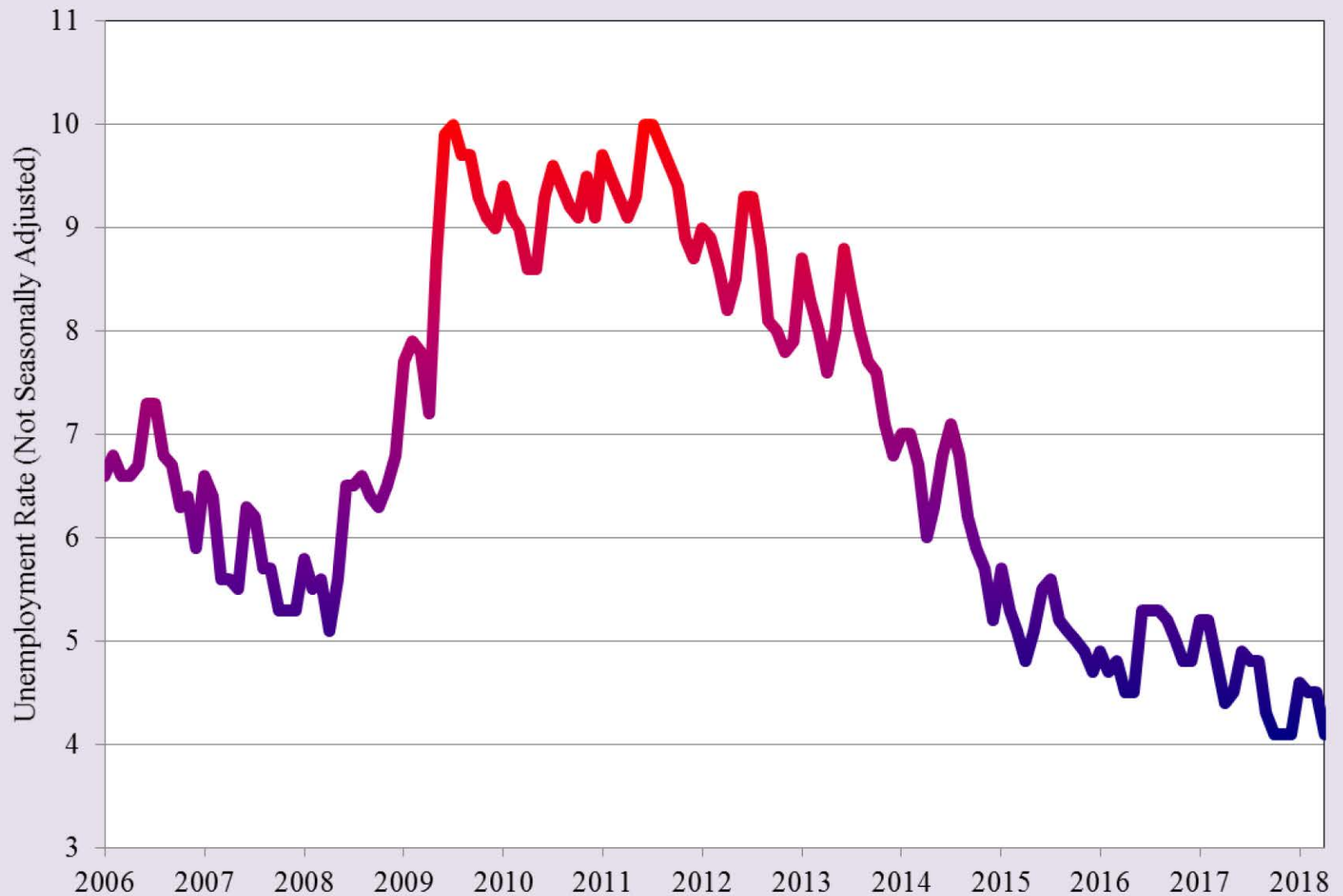
El Paso County Unemployment Rate

— 2017 — 2018



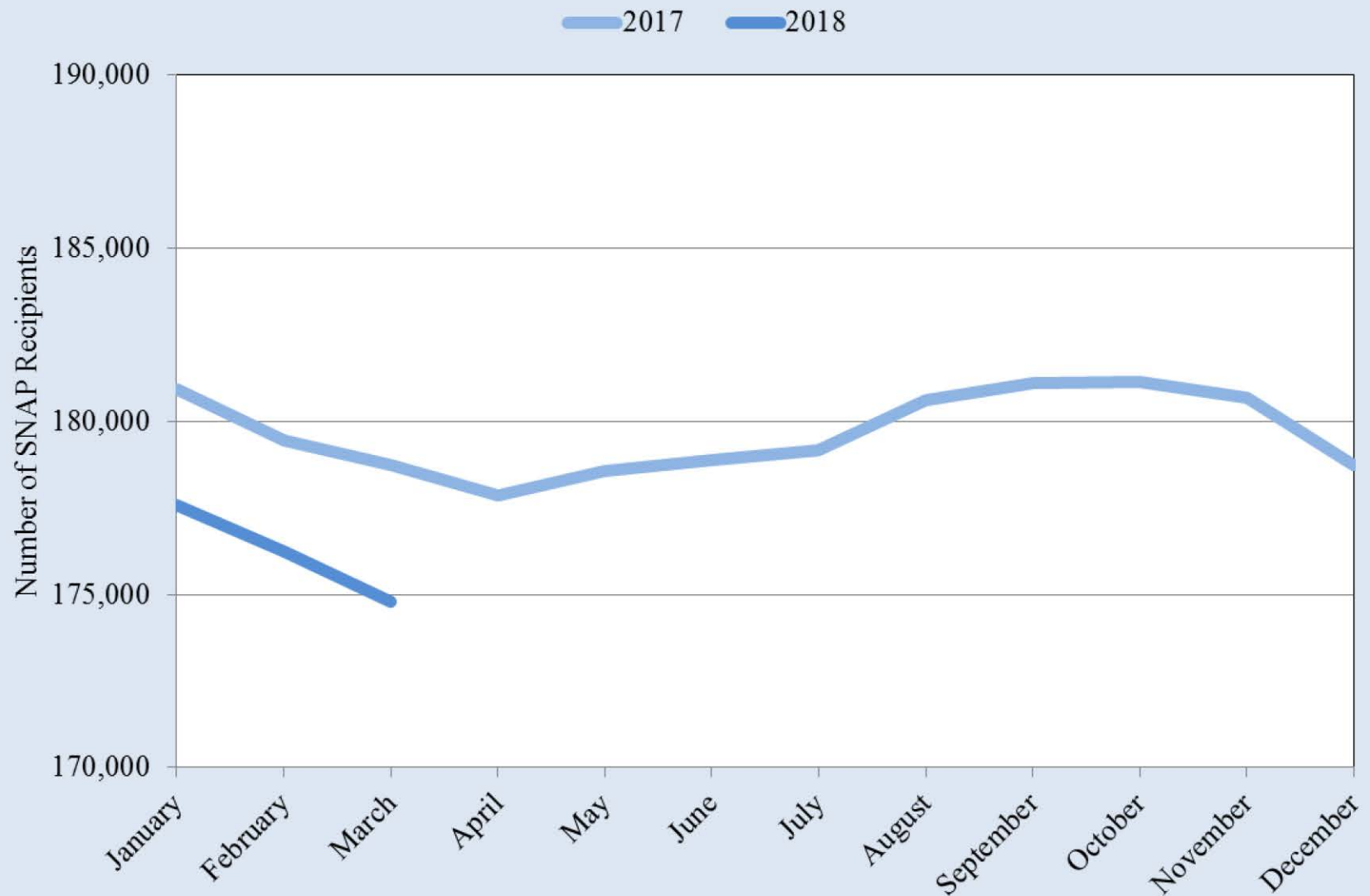
Source: Bureau of Labor Statistics

El Paso County Unemployment Rate



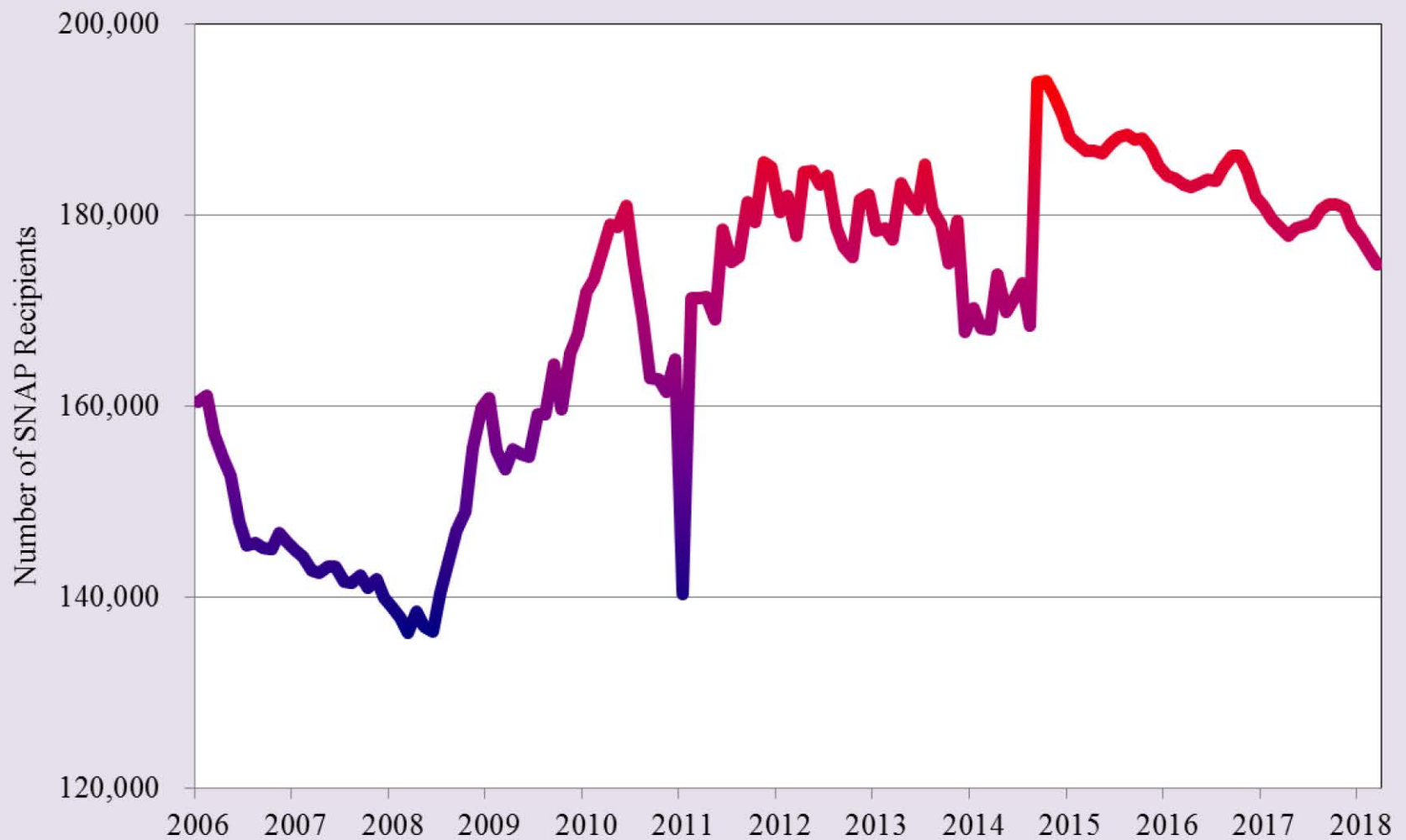
Source: Bureau of Labor Statistics

El Paso County SNAP (Food Stamp) Enrollment



Source: Texas Health and Human Services Commission

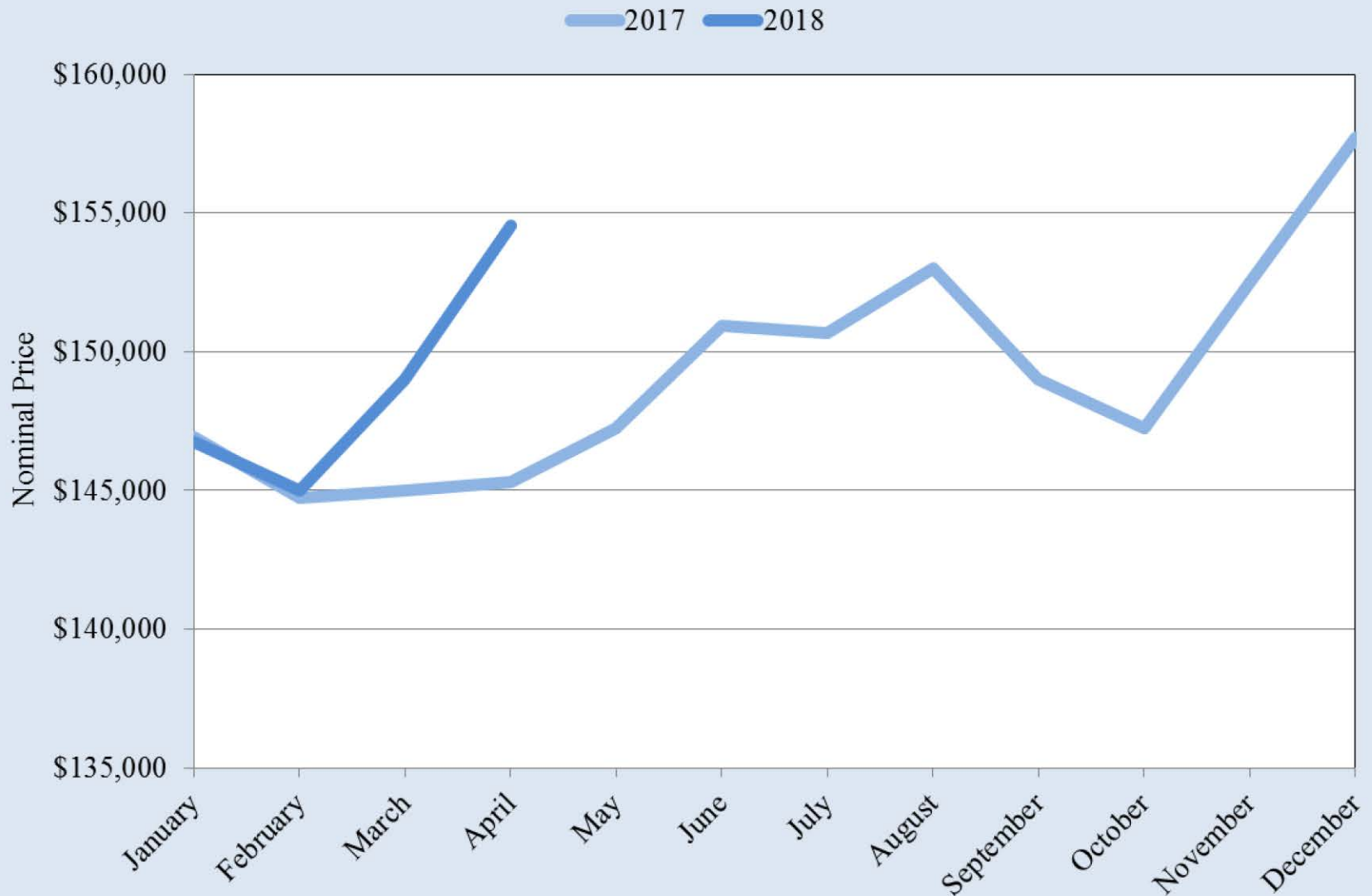
El Paso County SNAP (Food Stamp) Enrollment



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

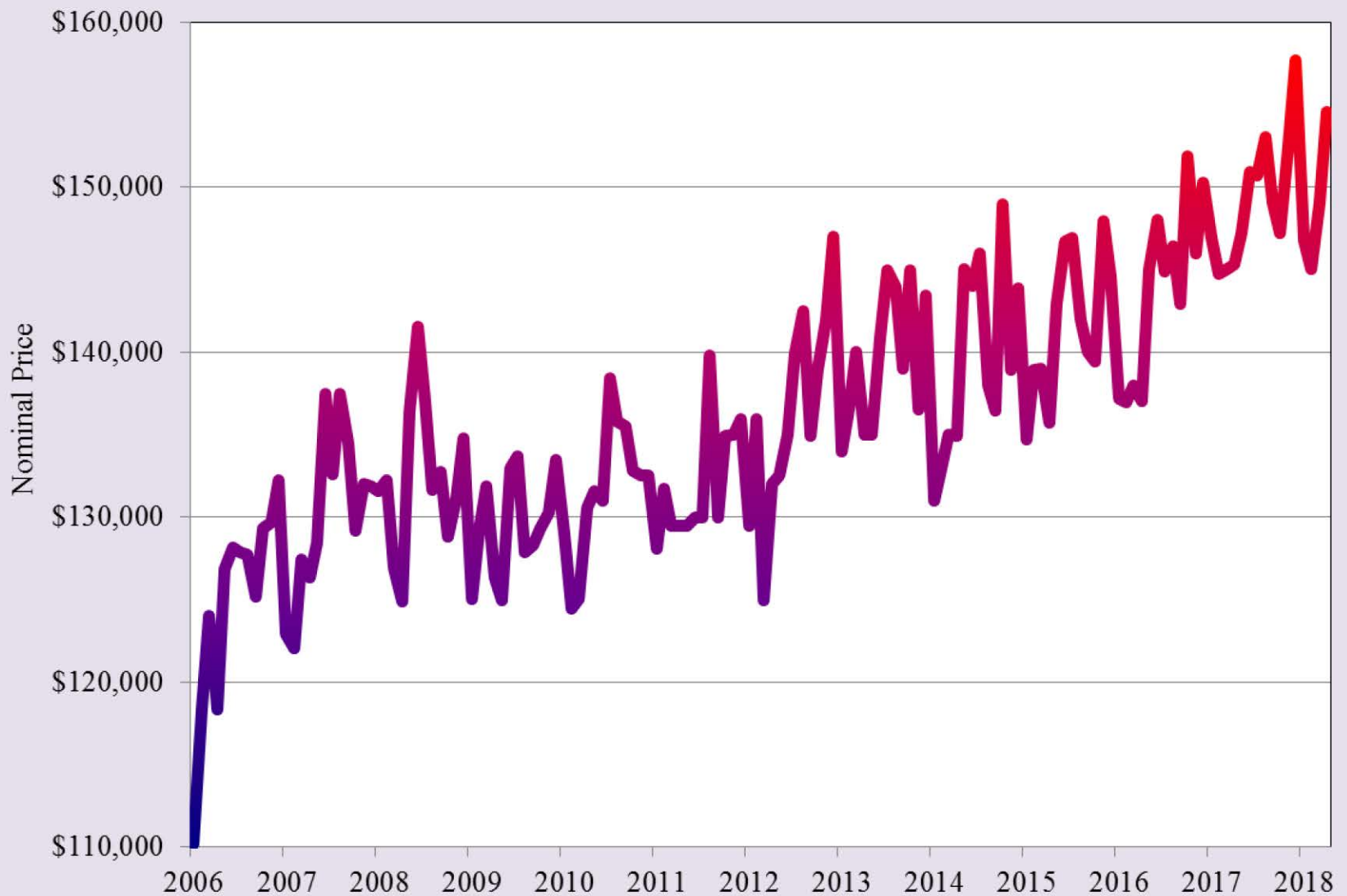
Source: Texas Health and Human Services Commission

El Paso Median Housing Prices



Source: Texas A&M Real Estate Center

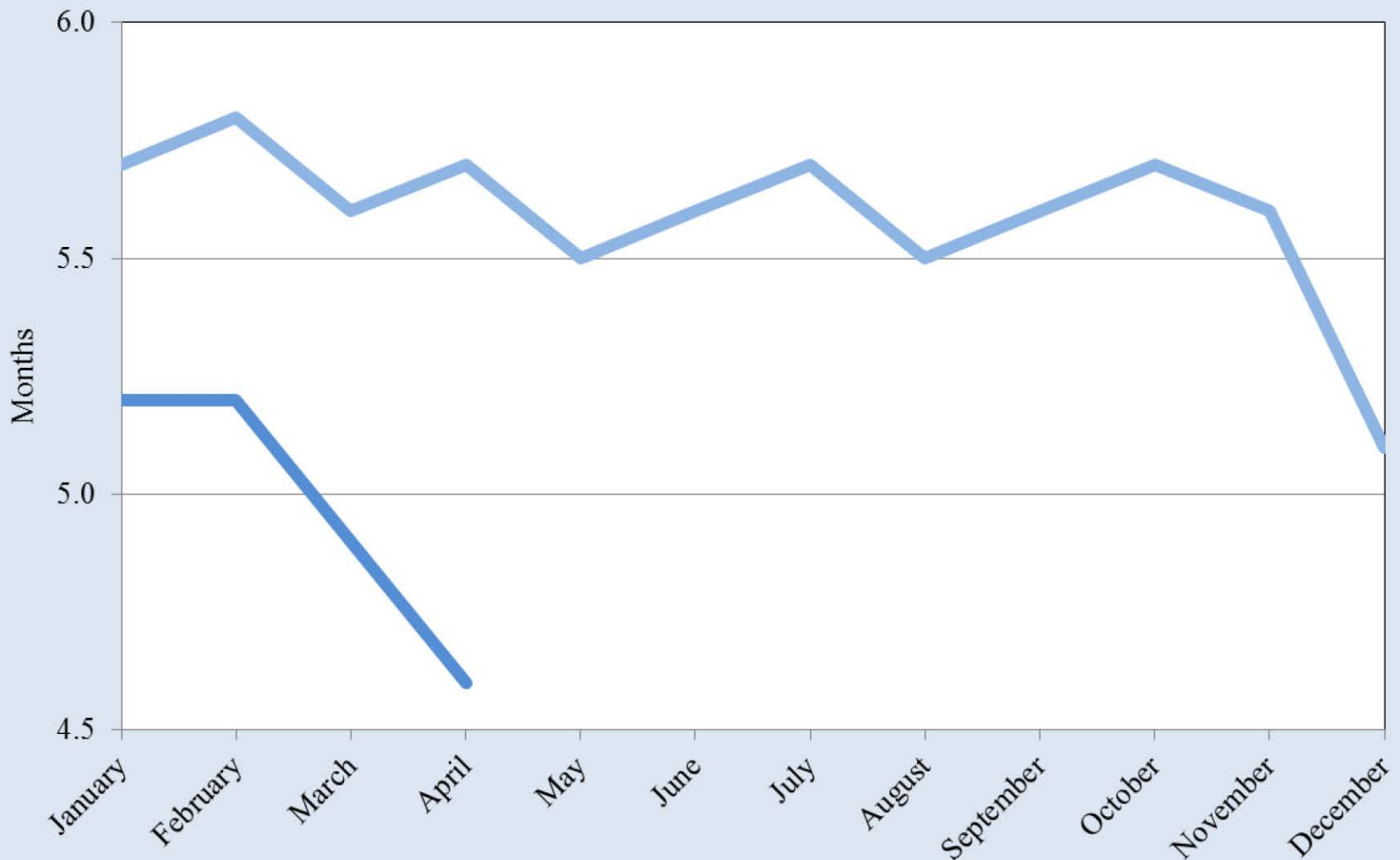
El Paso Median Housing Prices



Source: Texas A&M Real Estate Center

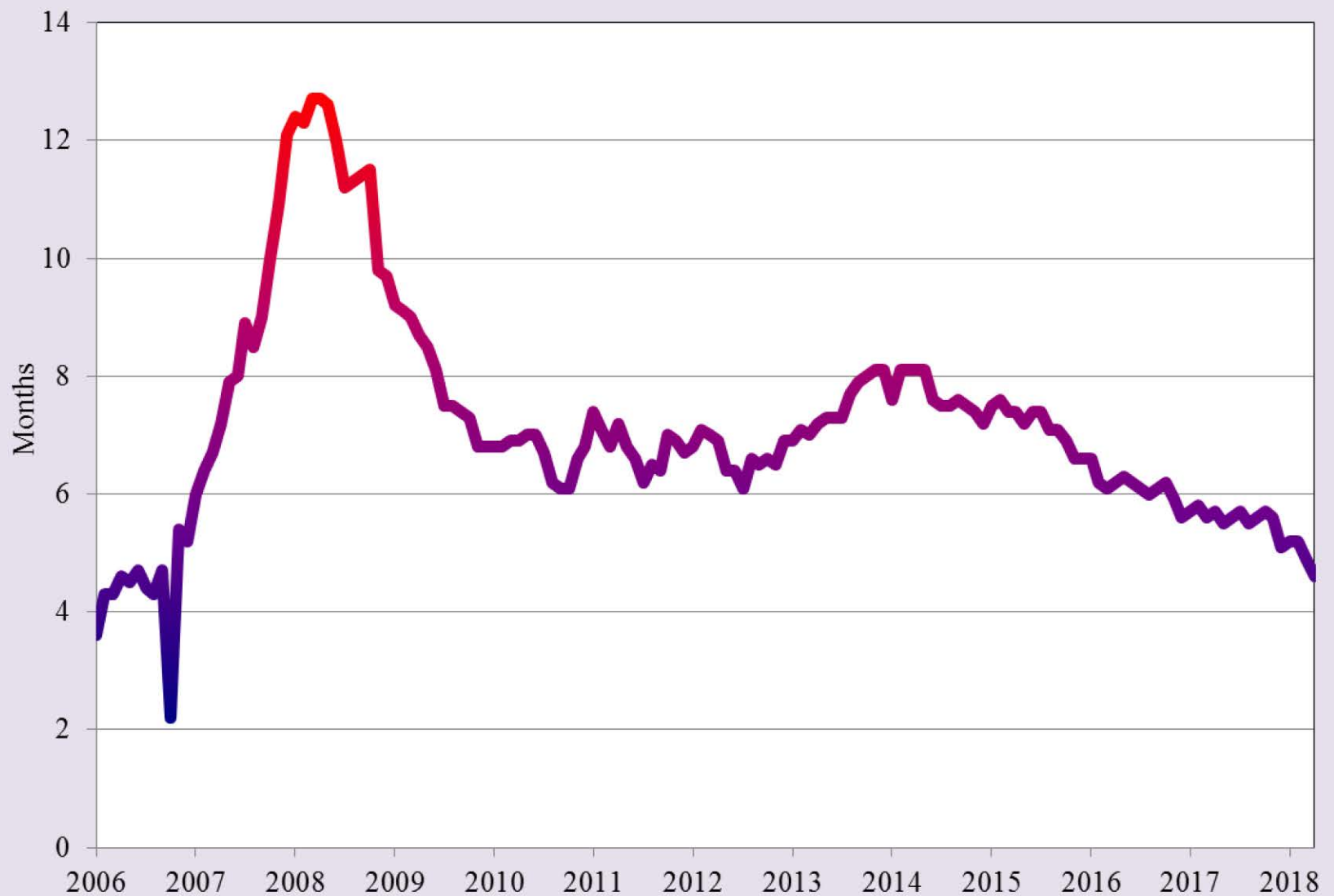
Months of Housing Inventory for El Paso

2017 2018



Source: Texas A&M Real Estate Center

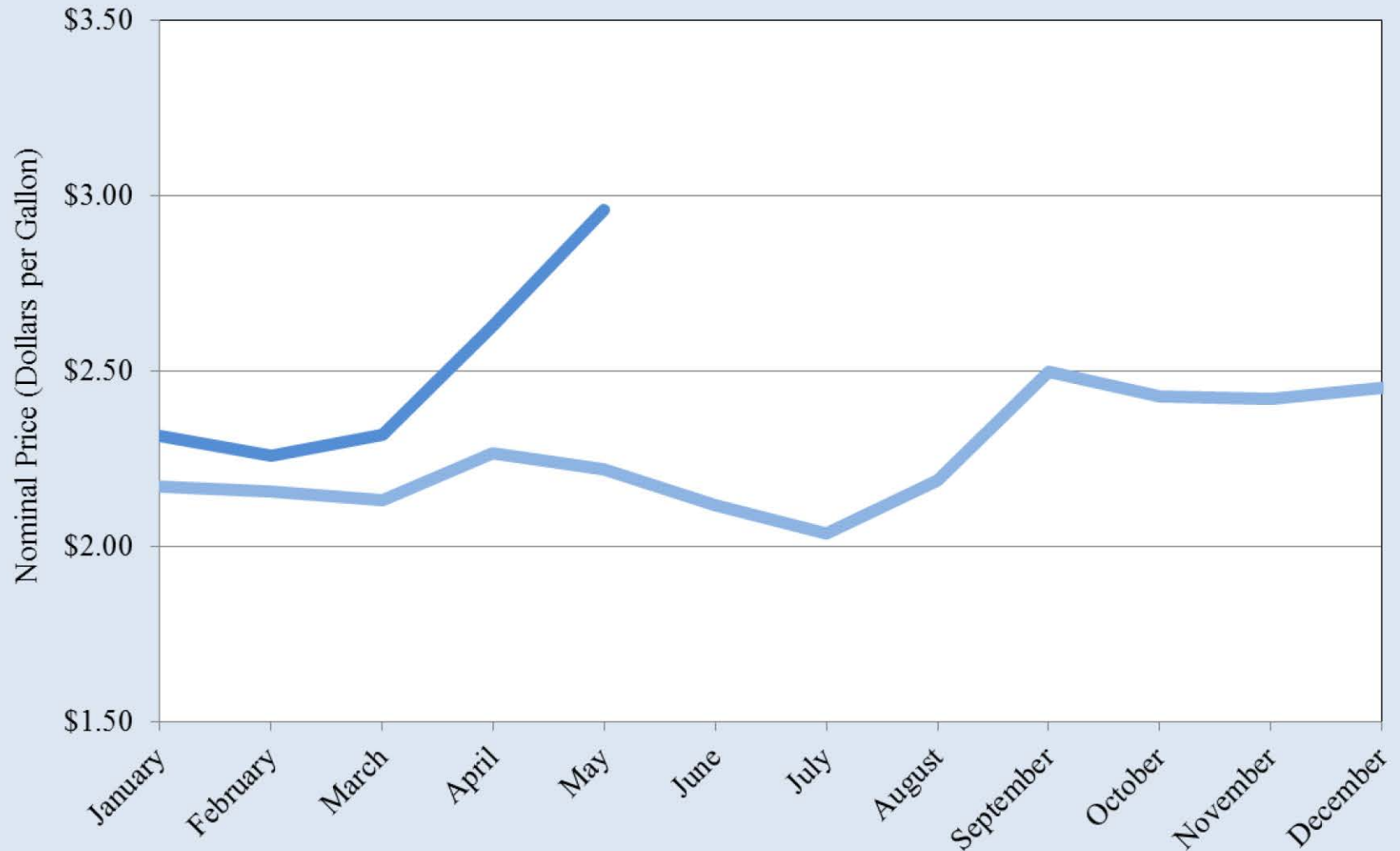
Months of Housing Inventory for El Paso



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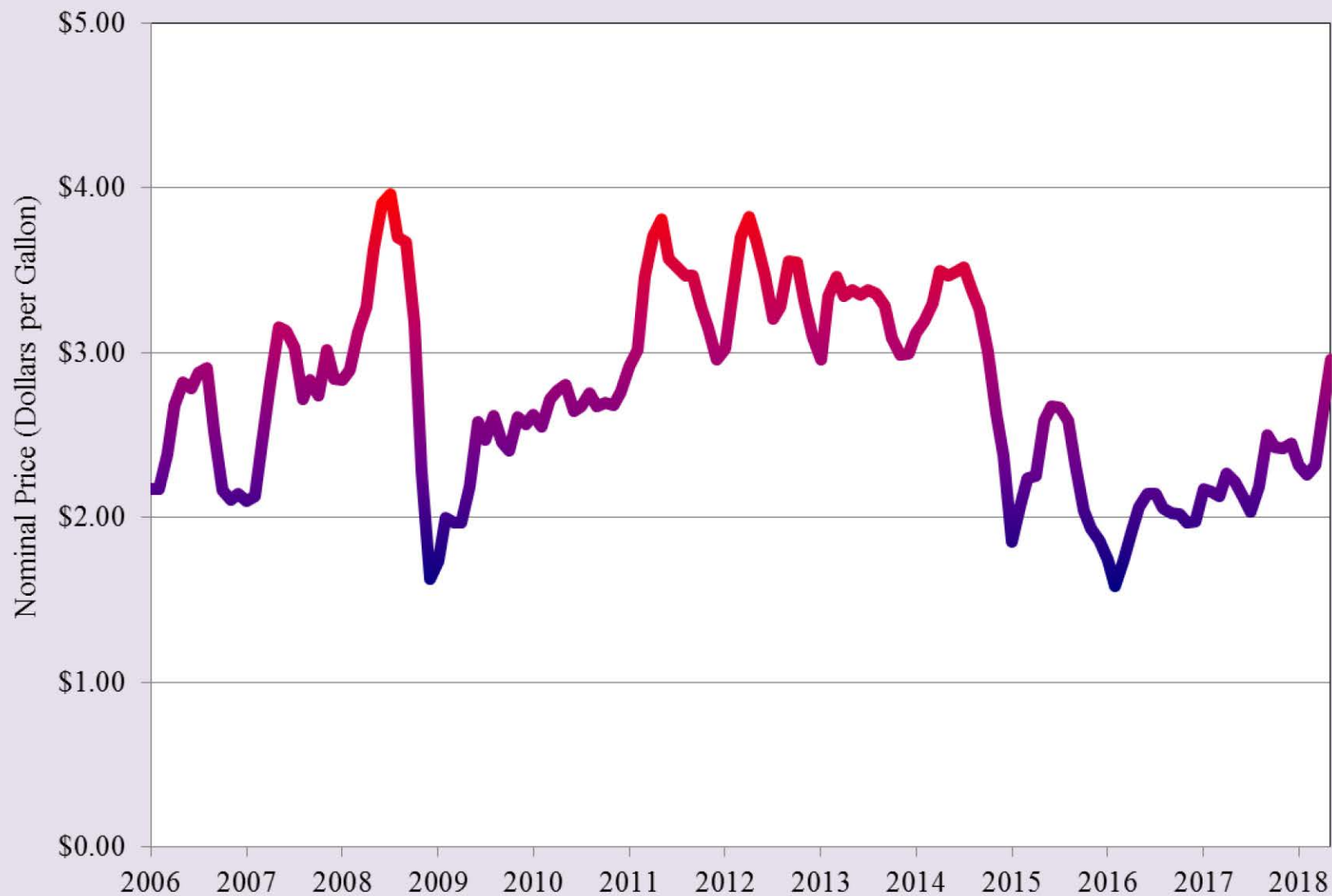
El Paso Gasoline Prices

— 2017 — 2018



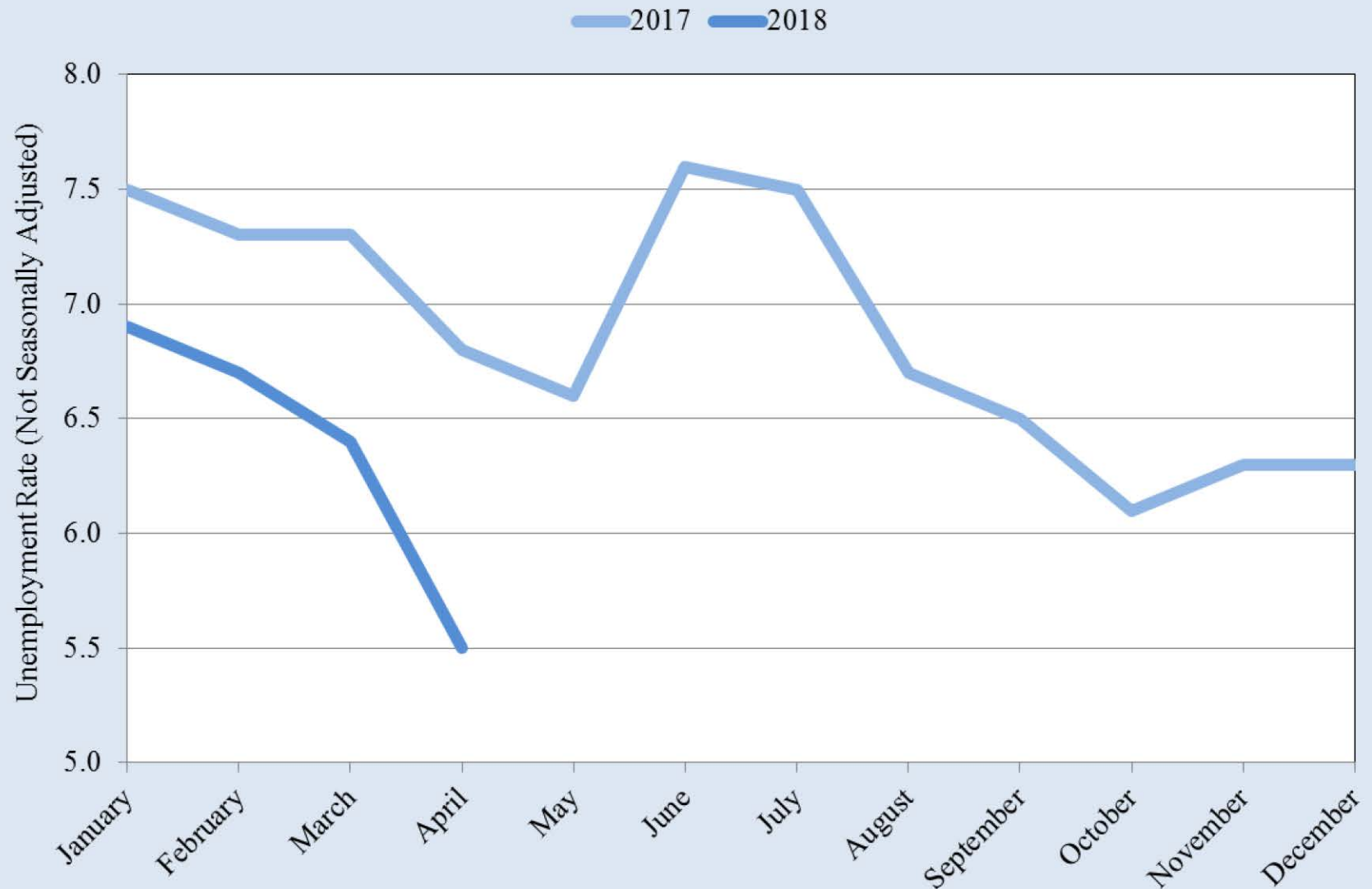
Source: GasBuddy.com

El Paso Gasoline Prices



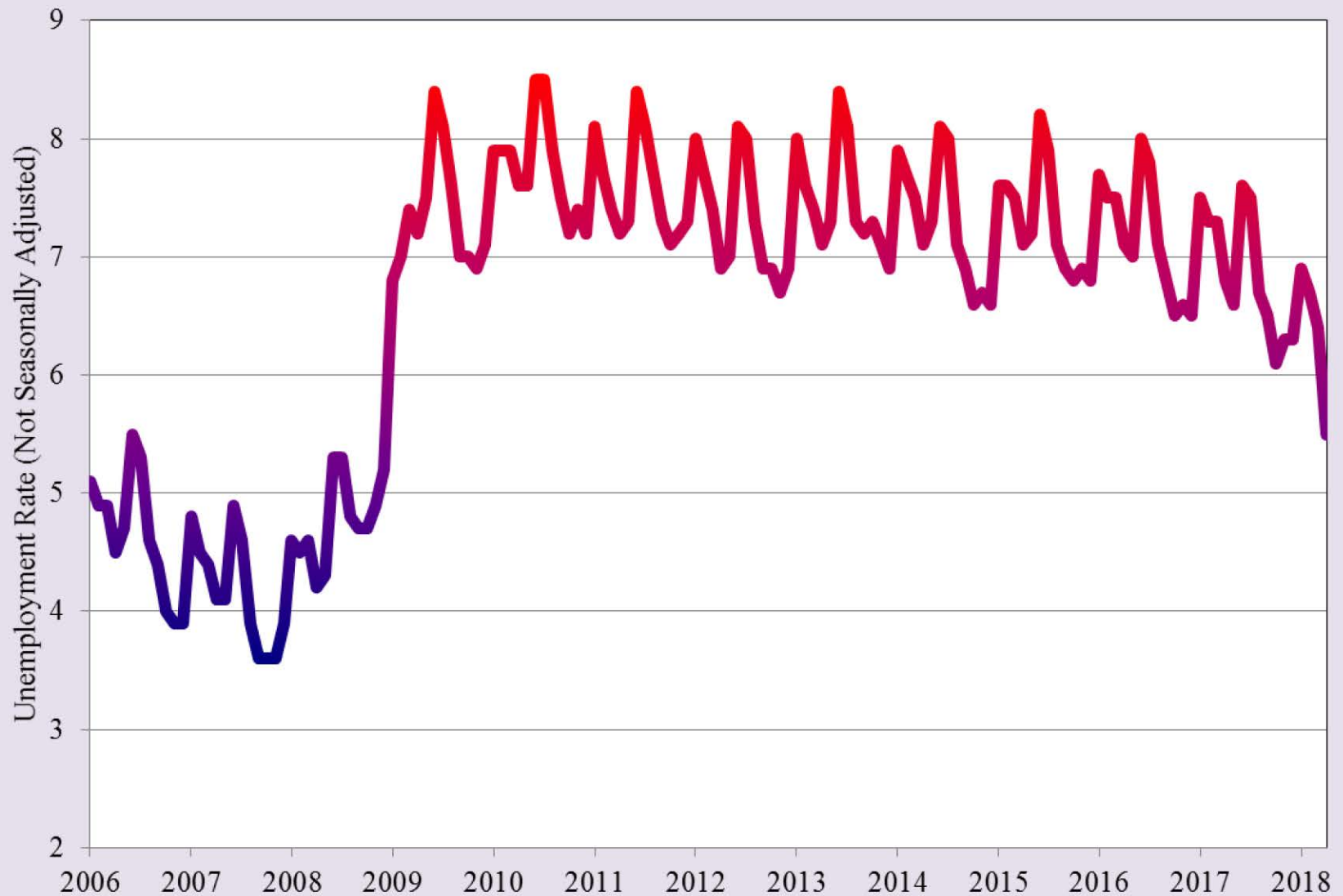
Source: GasBuddy.com

Doña Ana County Unemployment Rate



Source: Bureau of Labor Statistics

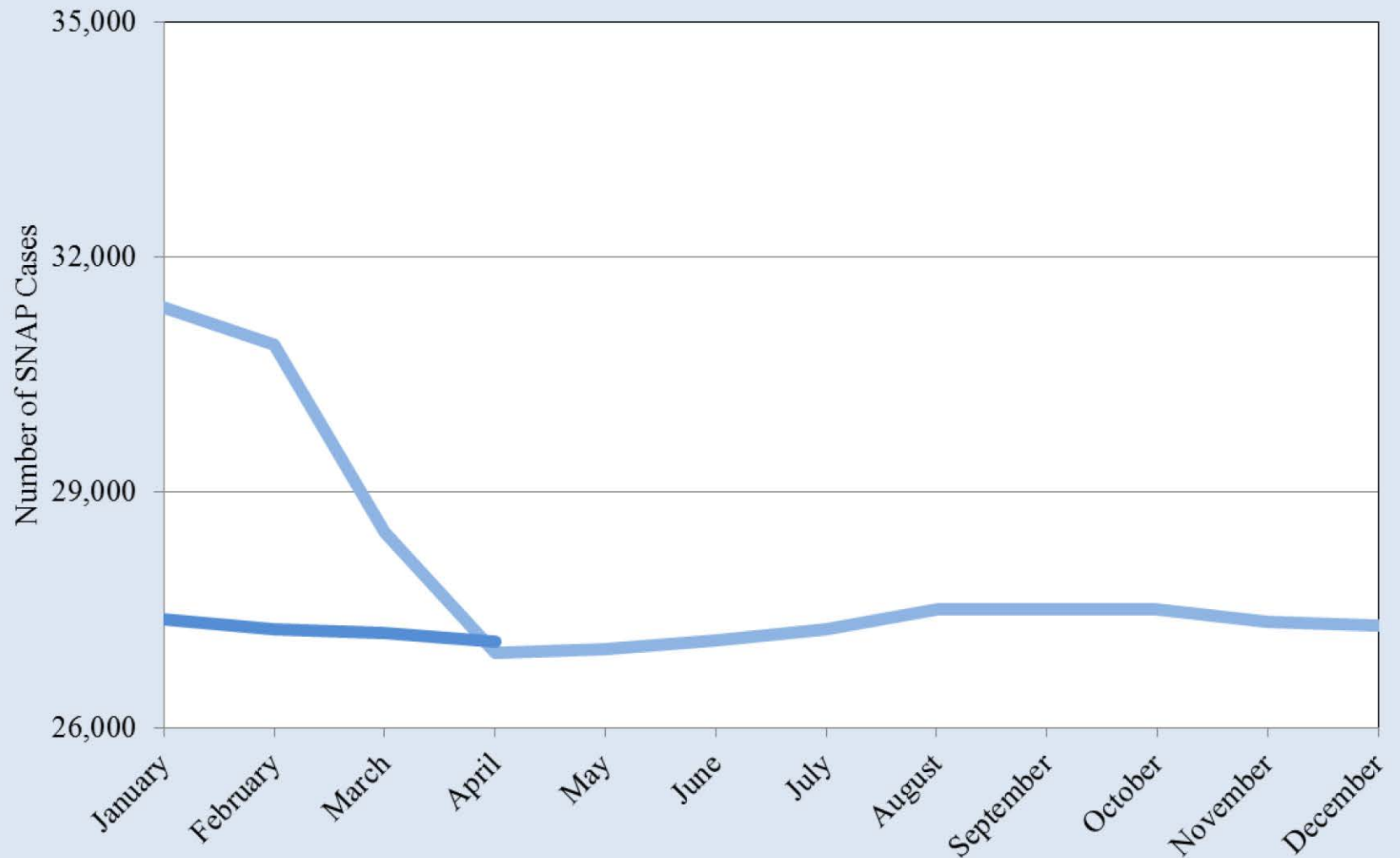
Doña Ana County Unemployment Rate



Source: Bureau of Labor Statistics

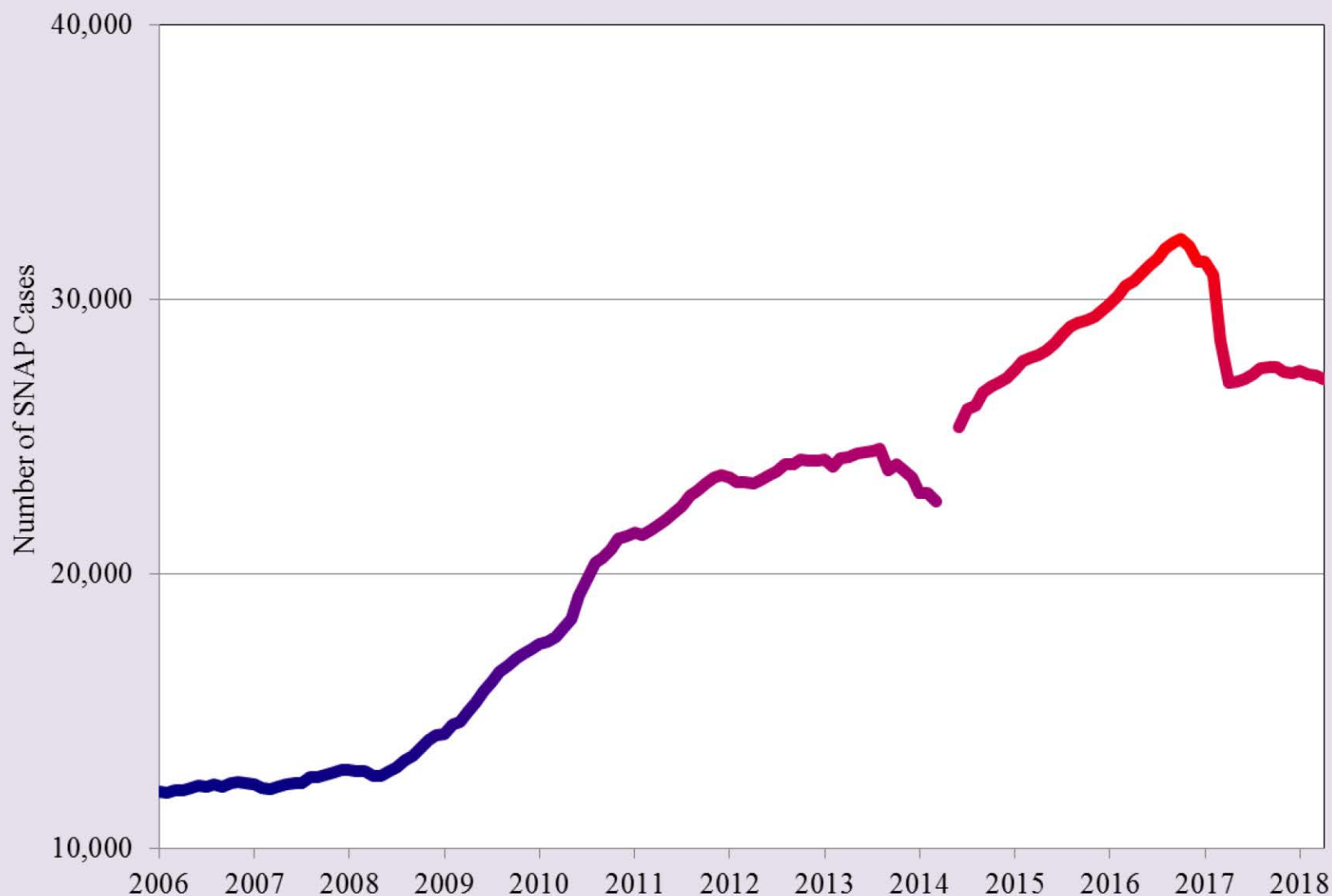
Las Cruces Area SNAP (Food Stamp) Cases

— 2017 — 2018



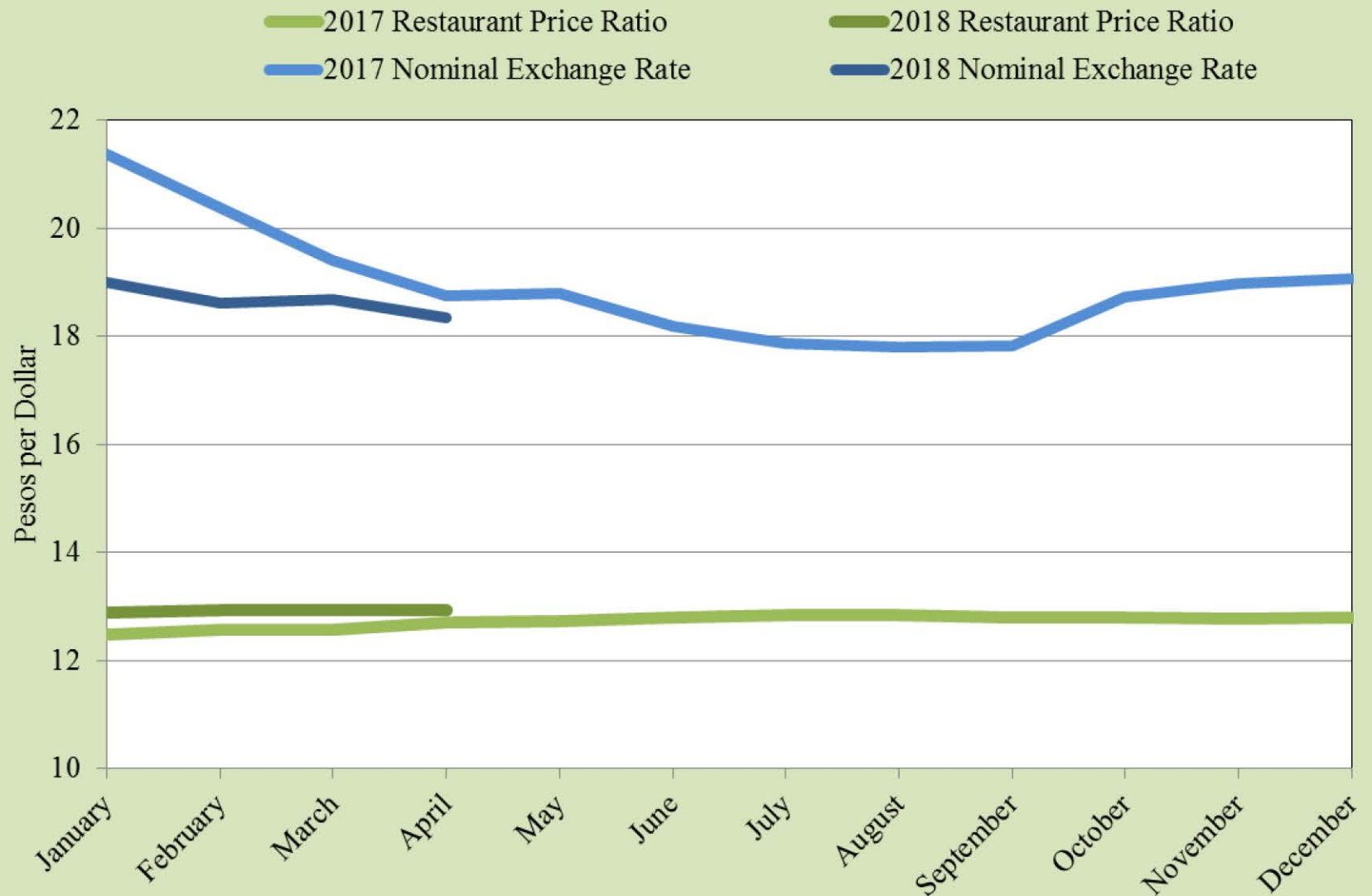
Source: New Mexico Human Services Department

Las Cruces Area SNAP (Food Stamp) Cases



Source: New Mexico Human Services Department

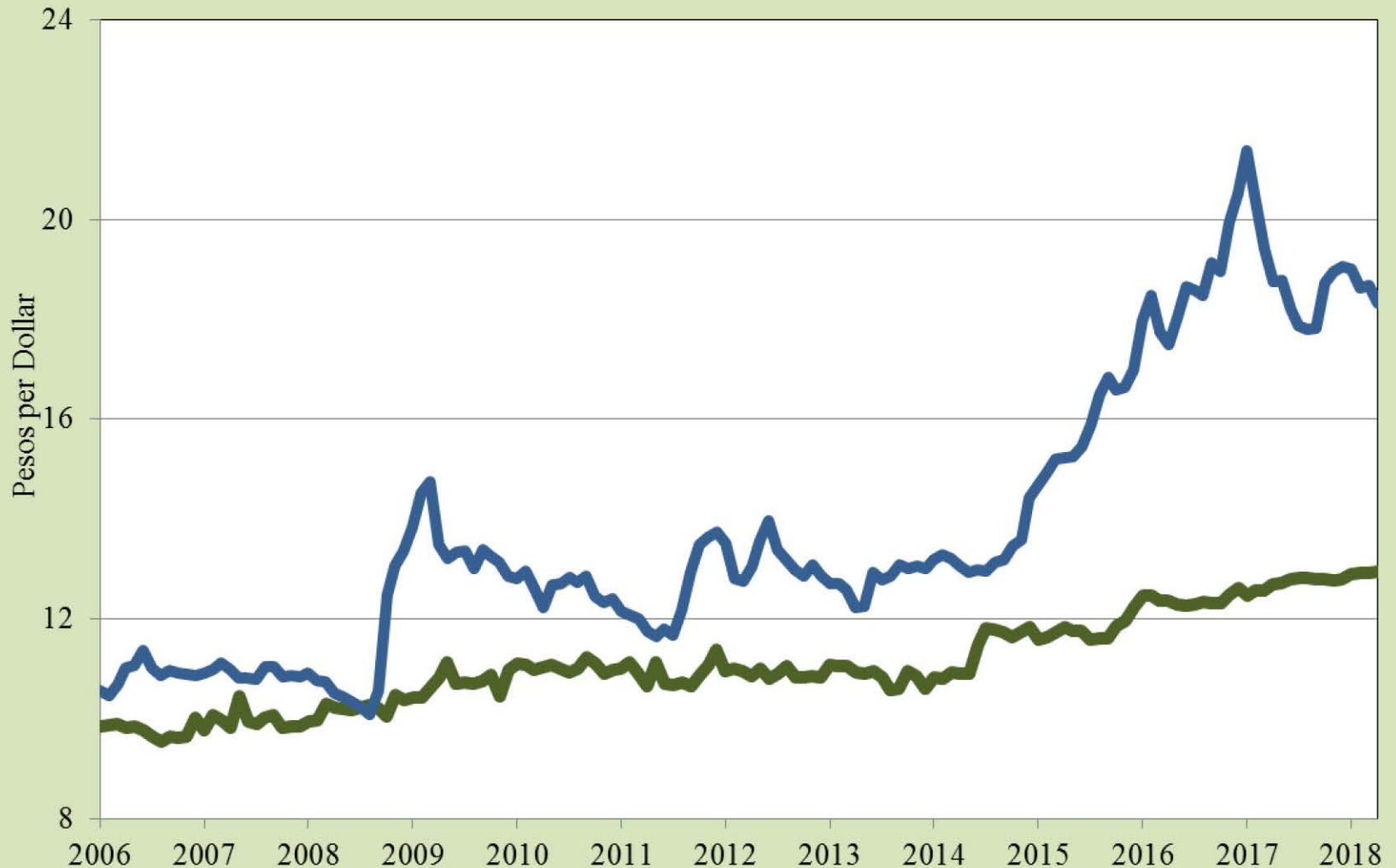
Restaurant Price Ratio and Exchange Rate



Source: UTEP Border Region Modeling Project and Banco de Mexico

Restaurant Price Ratio and Exchange Rate

Price Ratio Nominal Exchange Rate



Source: UTEP Border Region Modeling Project and Banco de Mexico

Real Peso-per-Dollar Exchange Rate Index

2017 2018



Source: UTEP Border Region Modeling Project

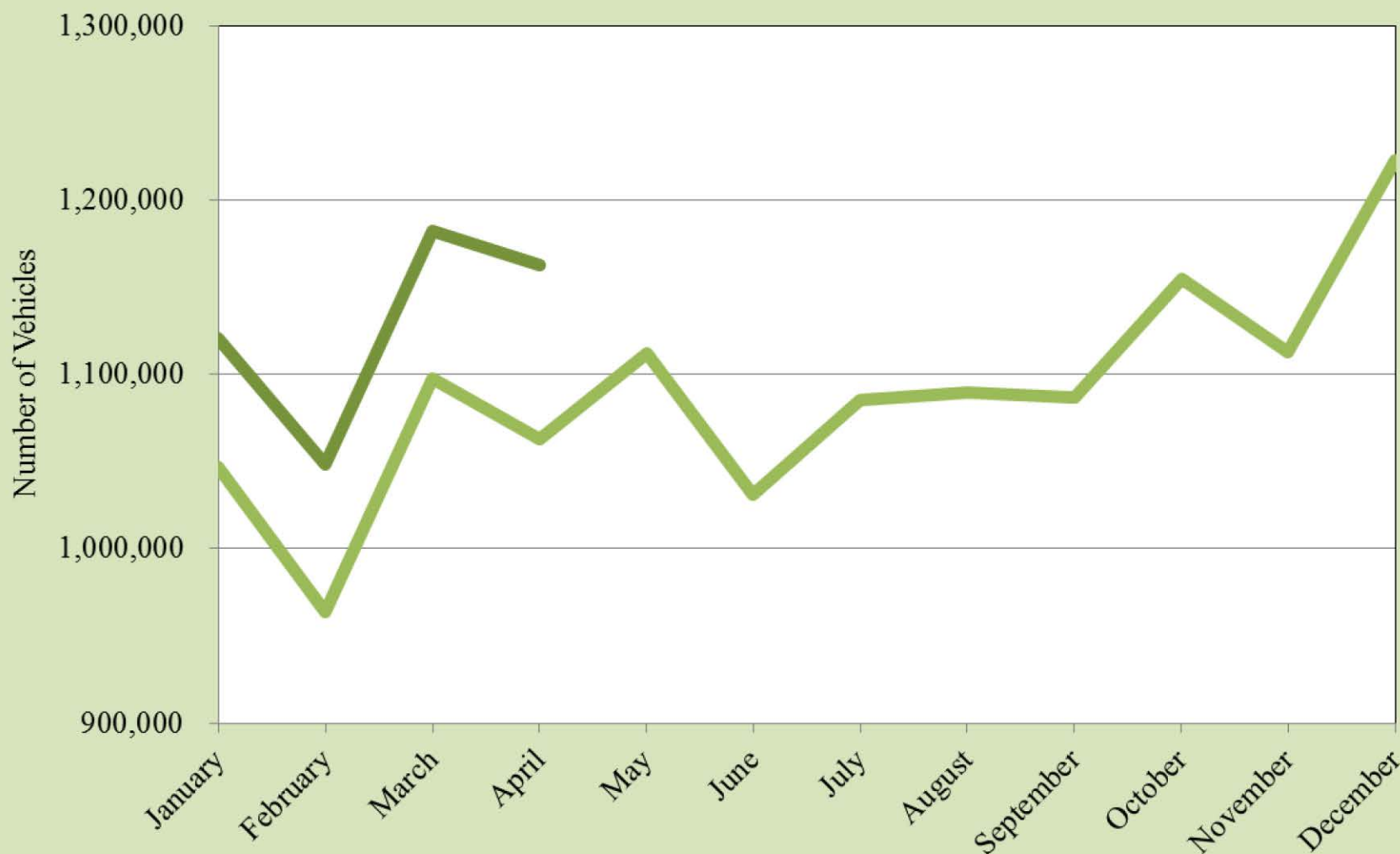
Real Peso-per-Dollar Exchange Rate Index



Source: UTEP Border Region Modeling Project

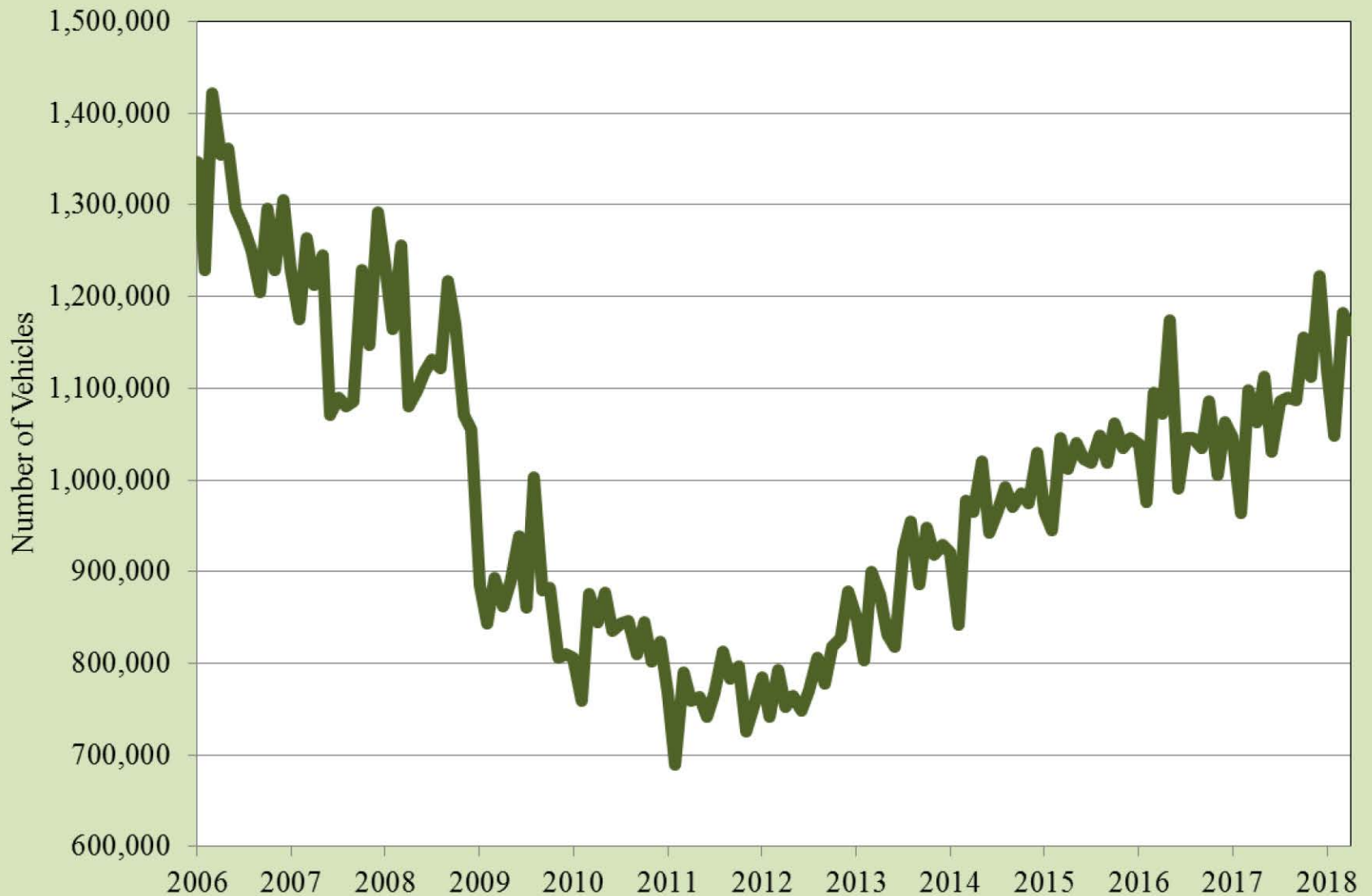
Personal Vehicle International Bridge Crossings to El Paso

— 2017 — 2018



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

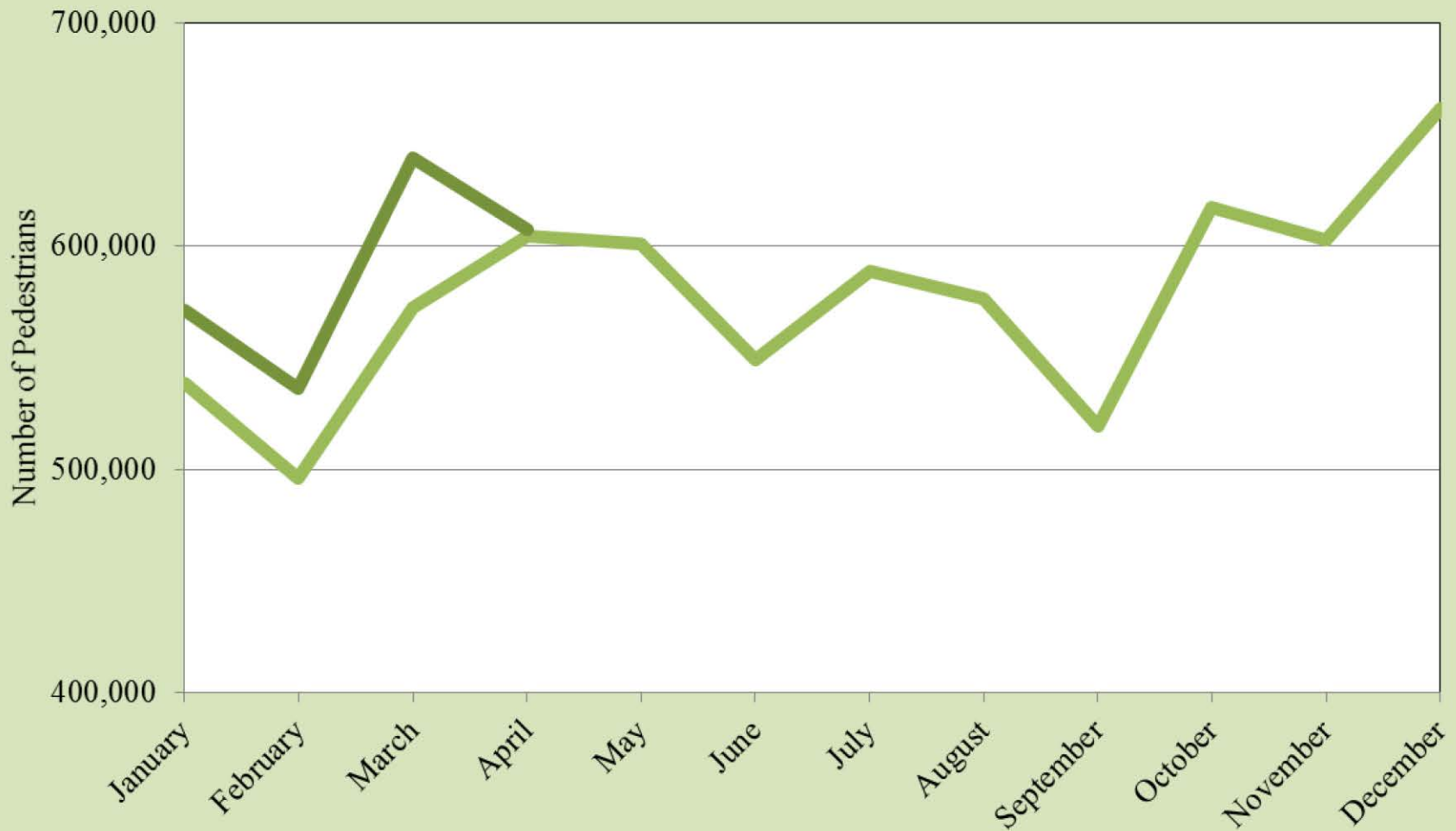
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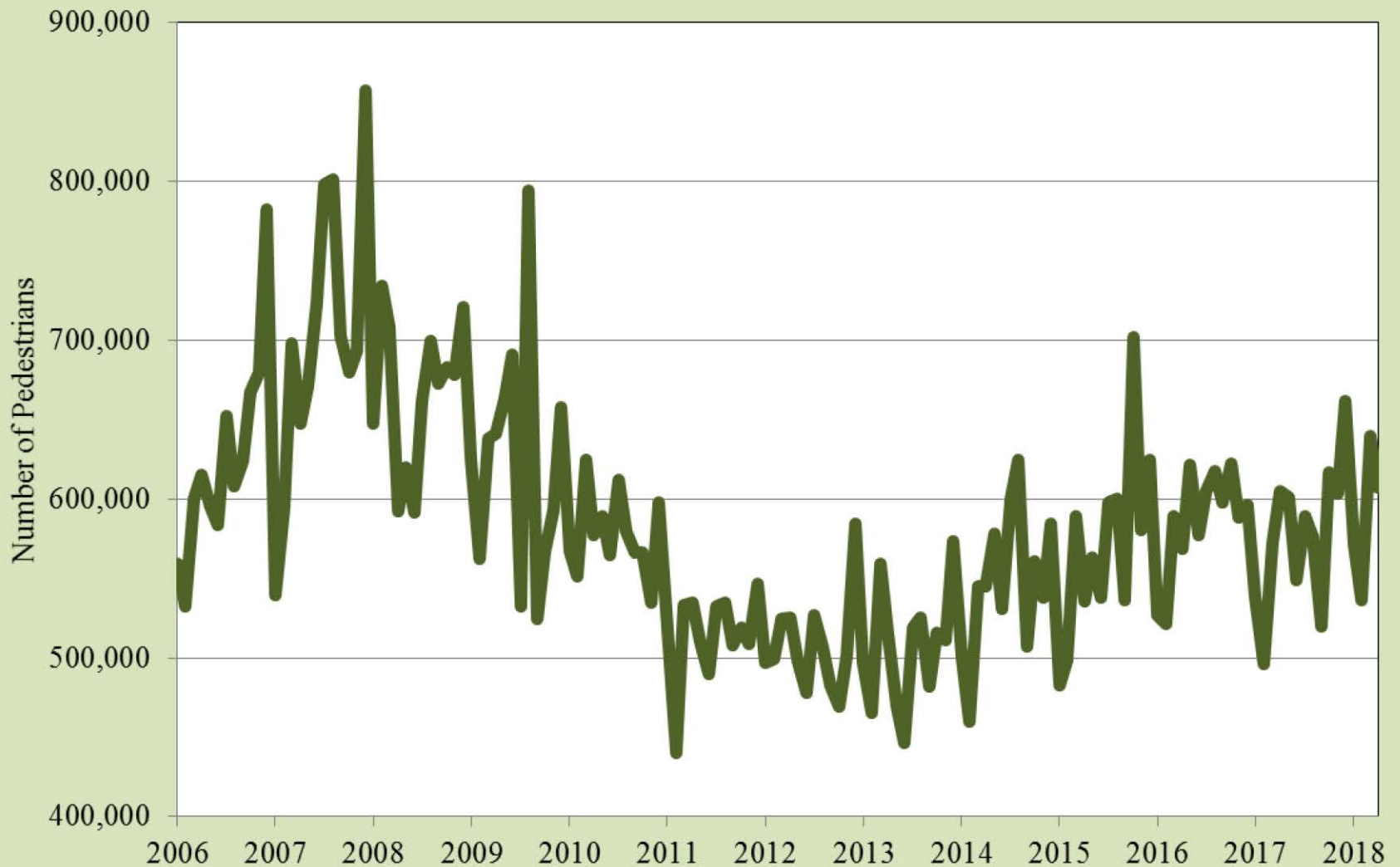
Pedestrian International Bridge Crossings to El Paso

2017 2018



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

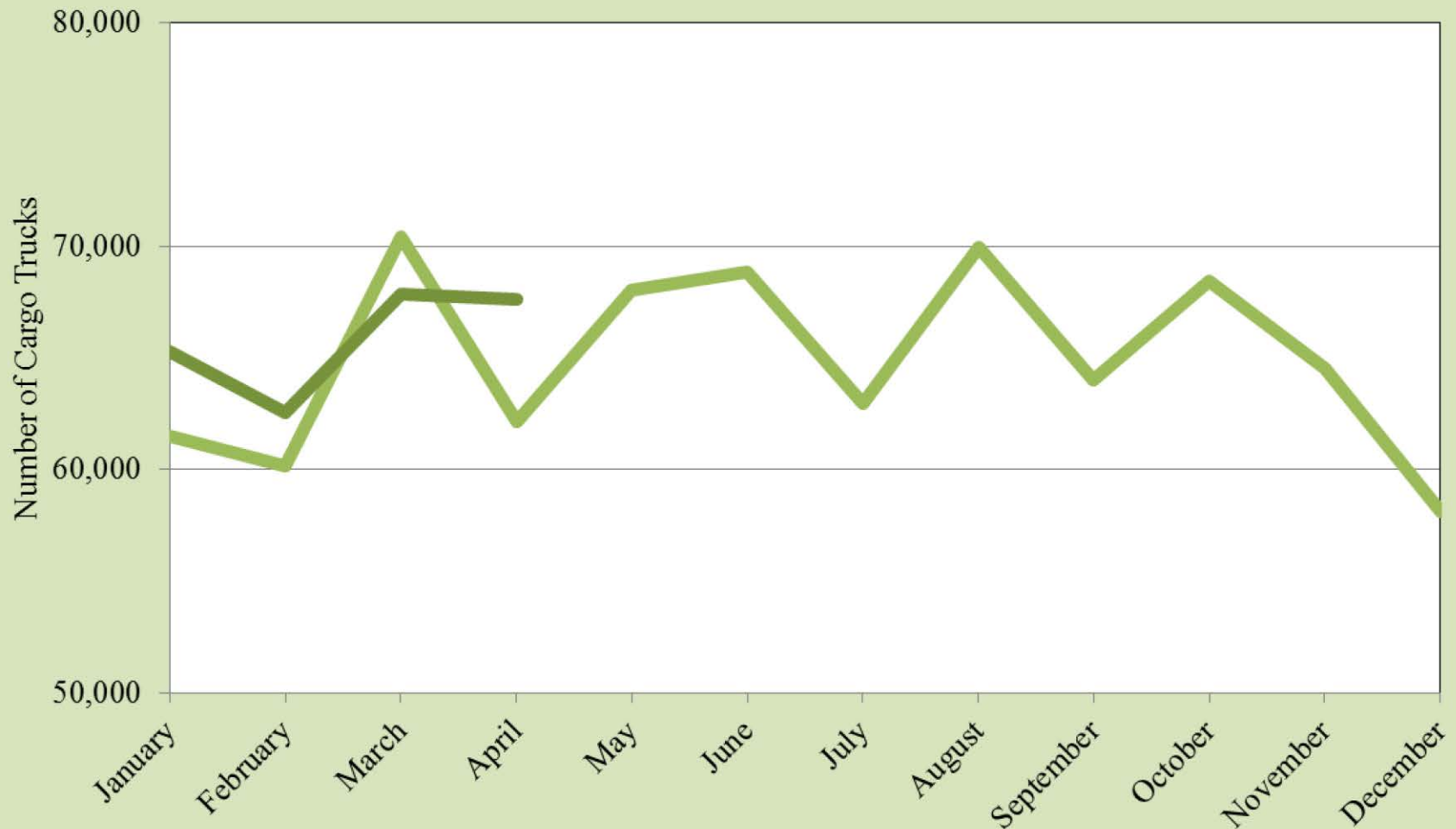
Pedestrian International Bridge Crossings to El Paso



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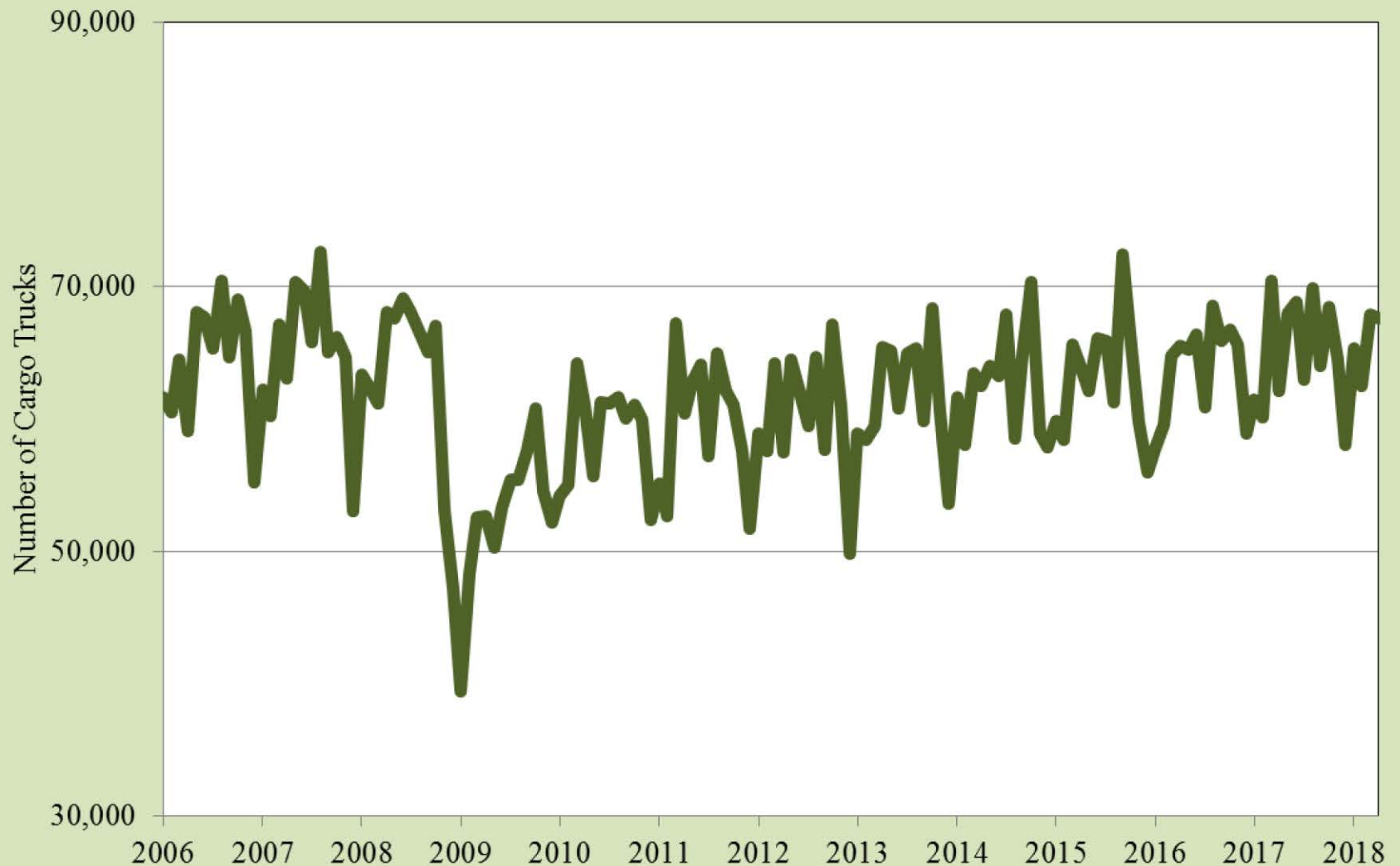
Cargo Truck International Bridge Crossings to El Paso

2017 2018



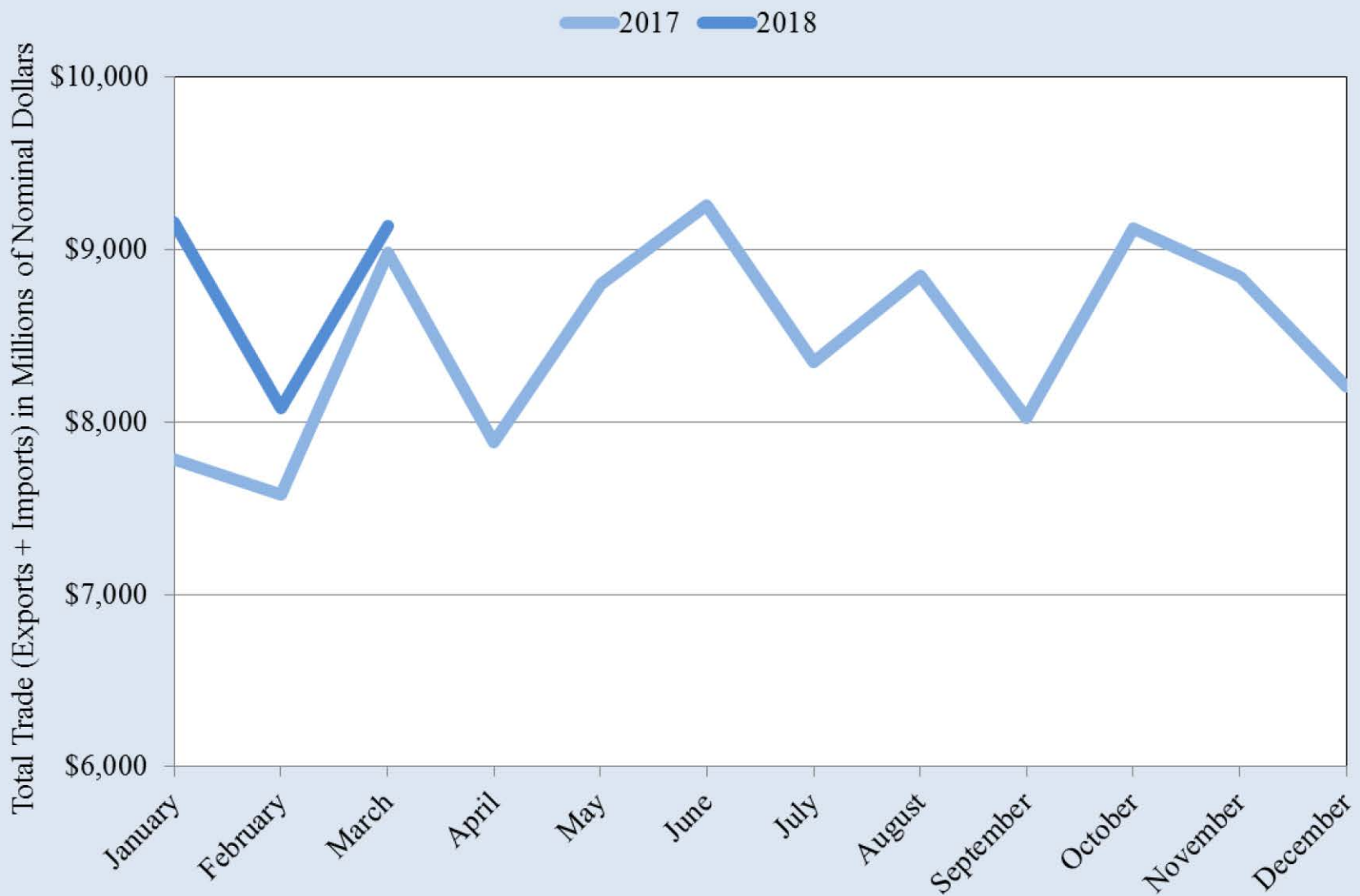
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Cargo Truck International Bridge Crossings to El Paso



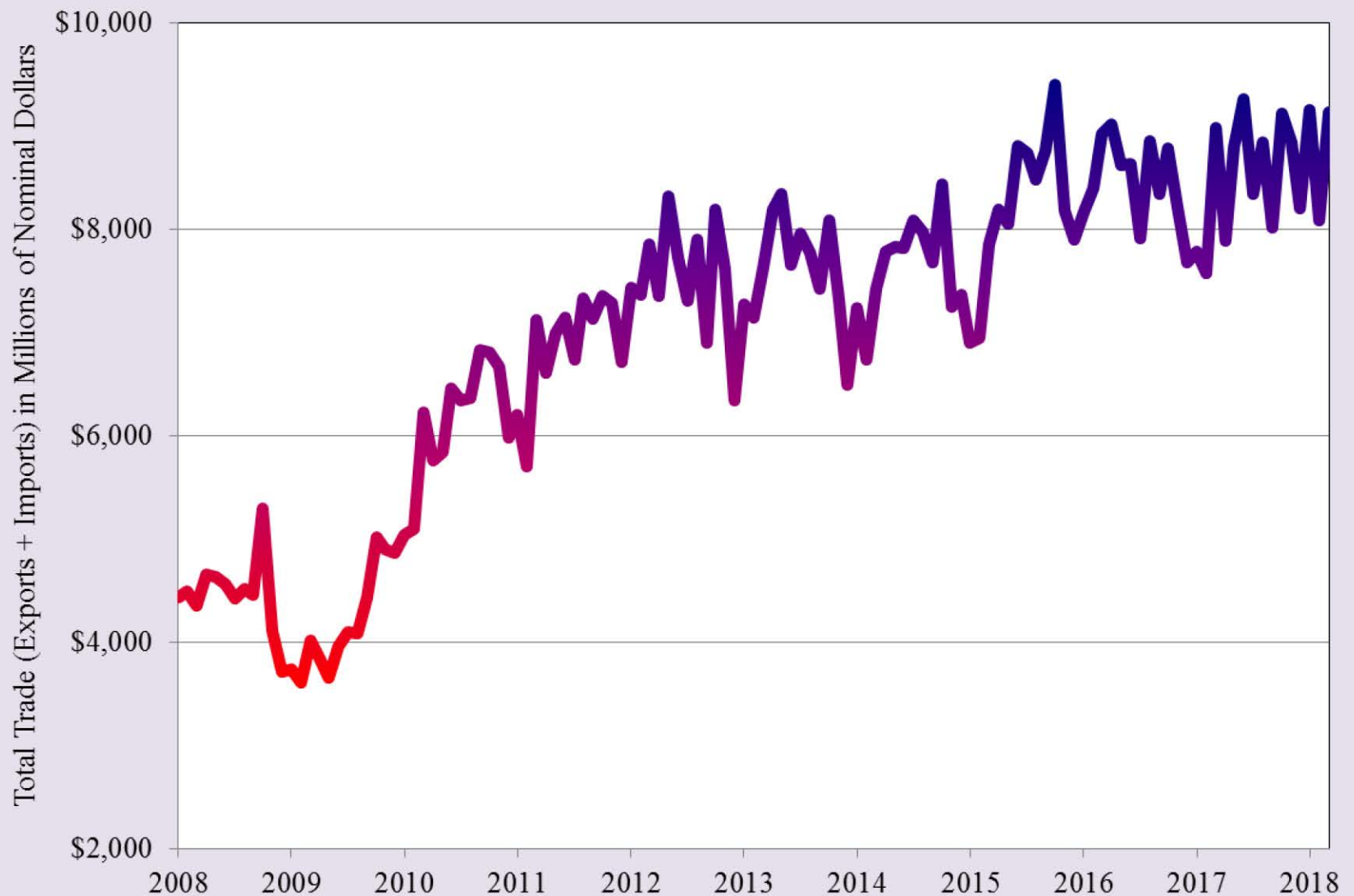
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Total Trade through the El Paso Customs District



Source: U.S. International Trade Commission

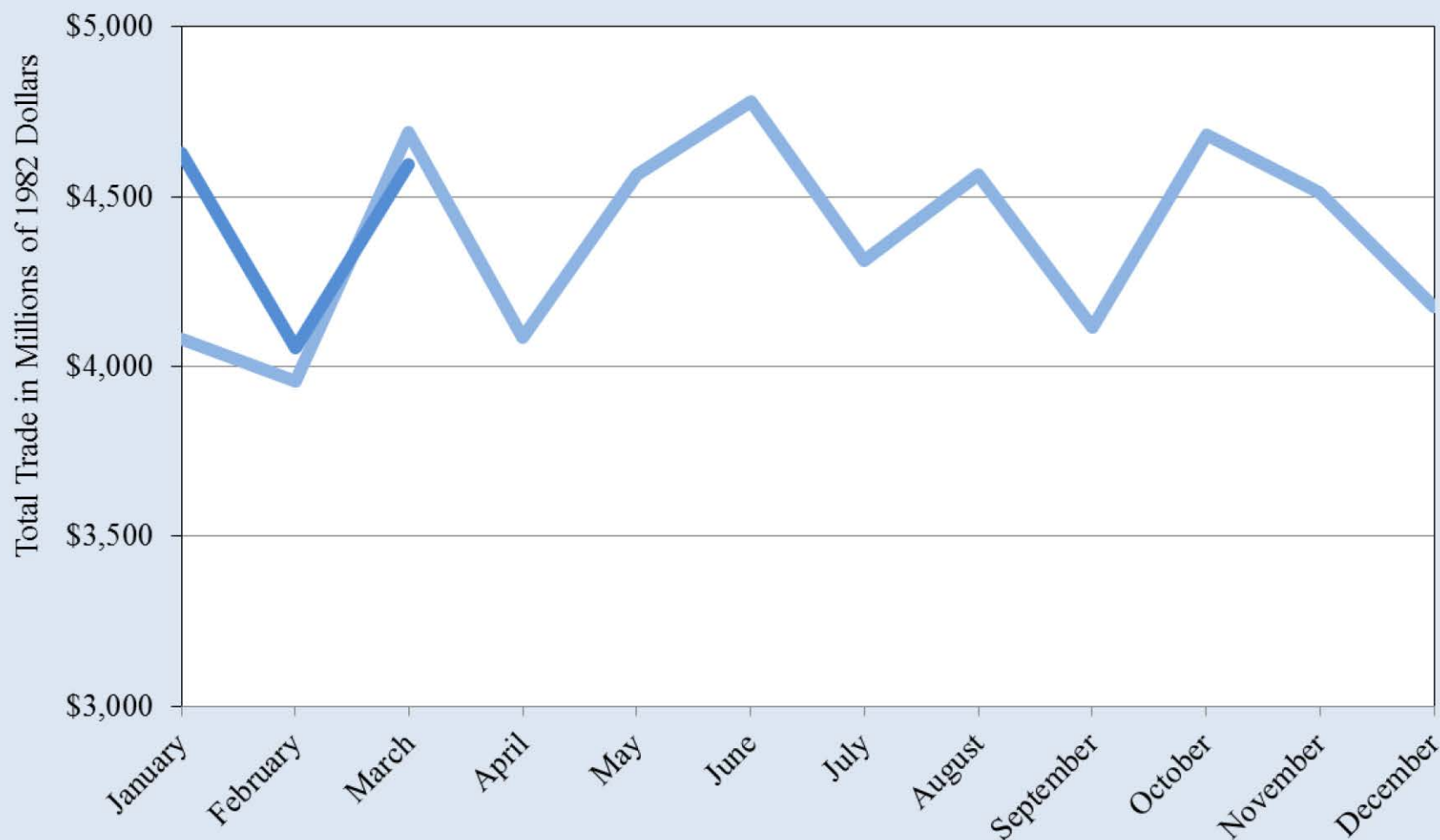
Total Trade through the El Paso Customs District



Source: U.S. International Trade Commission

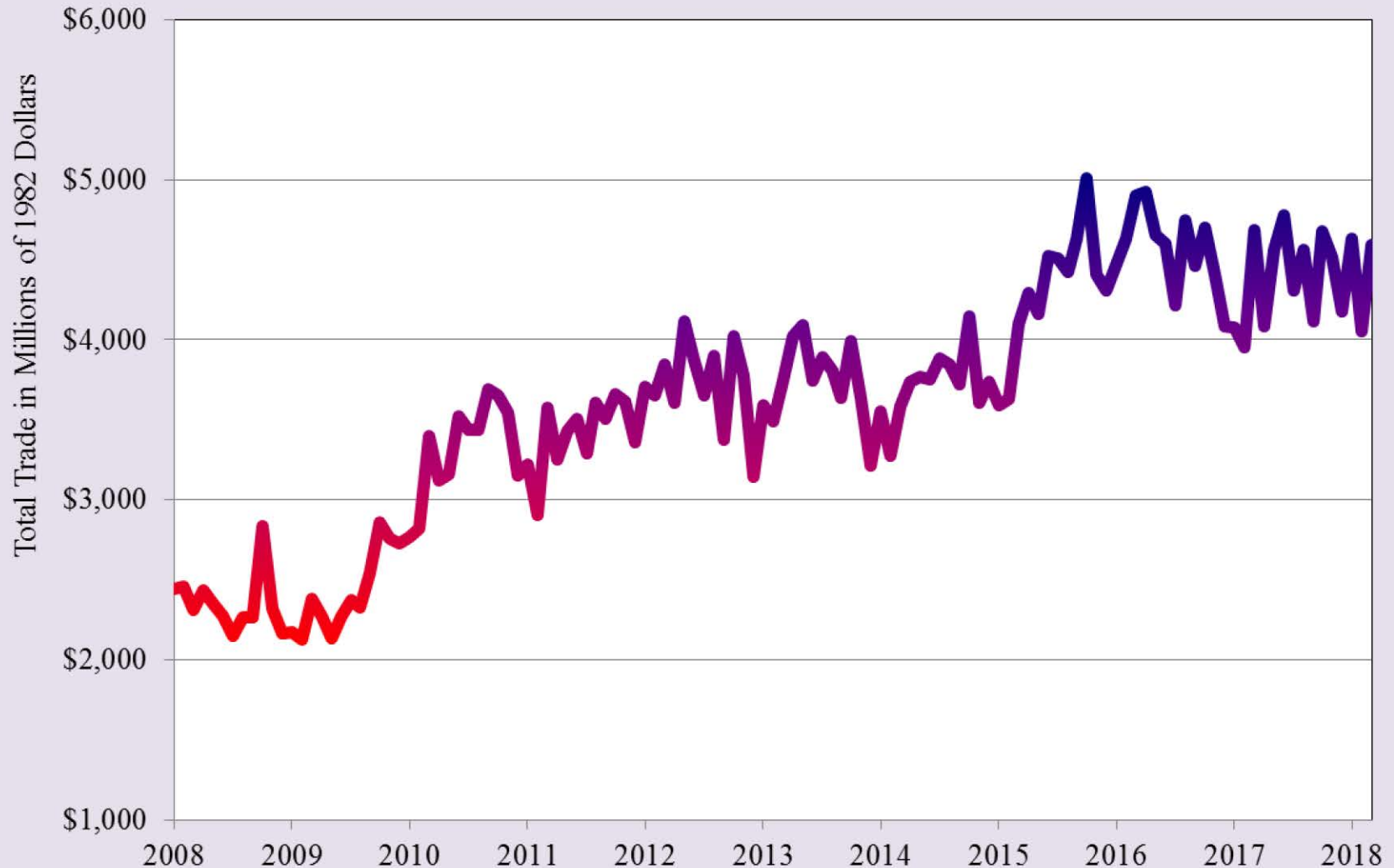
Real Total Trade through the El Paso Customs District

2017 2018



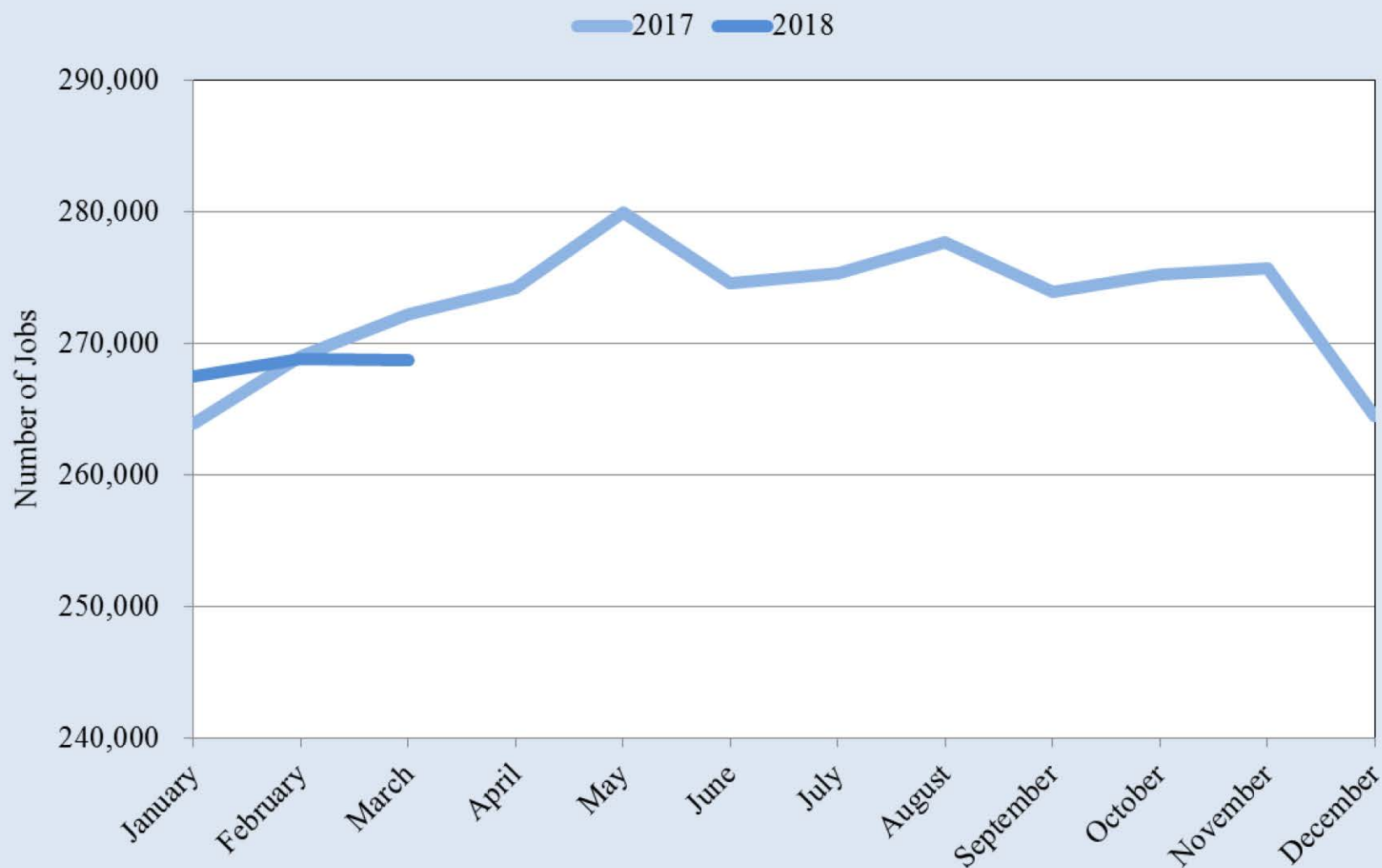
Source: U.S. International Trade Commission and Bureau of Labor Statistics

Real Total Trade through the El Paso Customs District



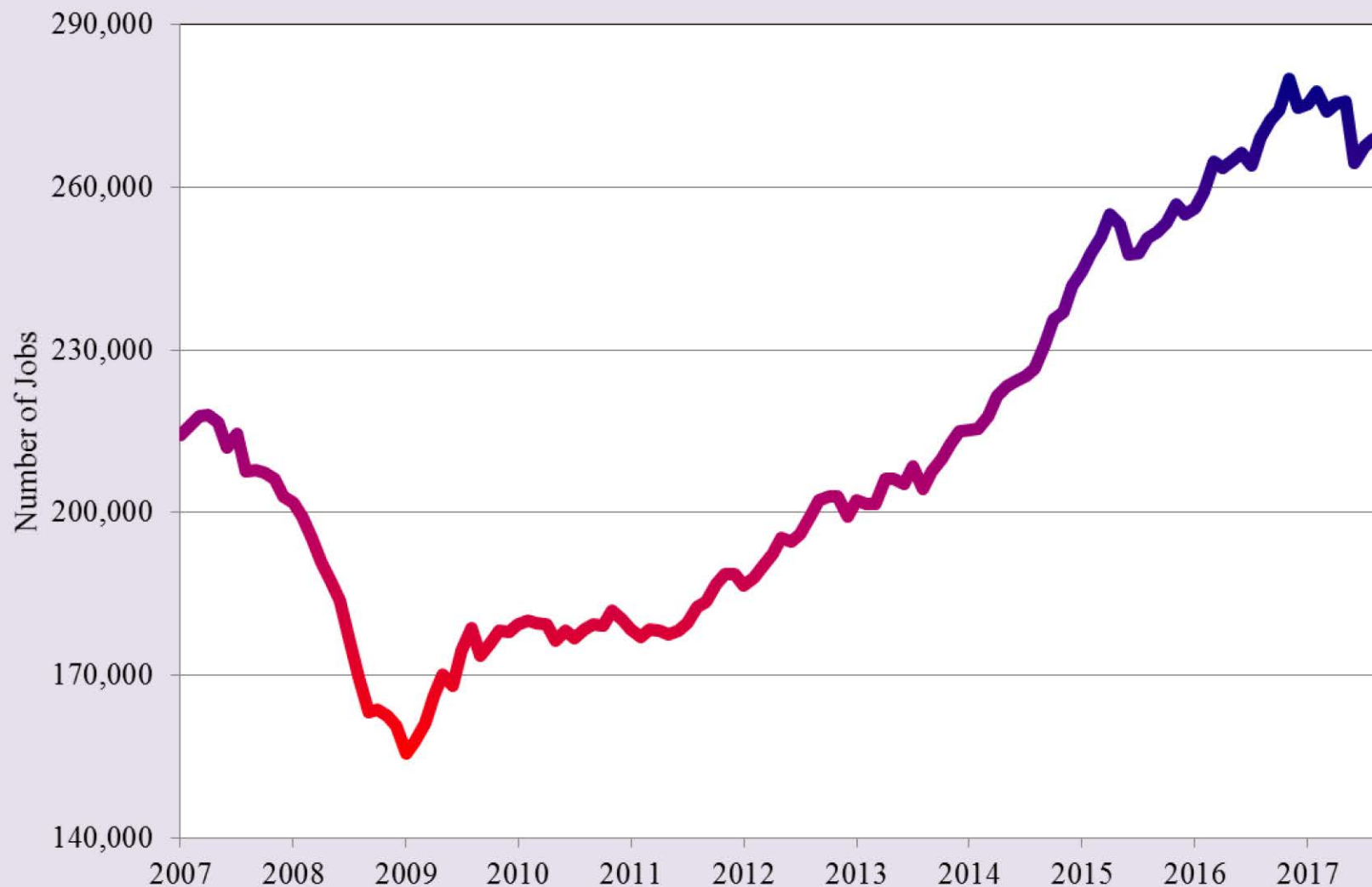
Source: U.S. International Trade Commission and Bureau of Labor Statistics

Export-Oriented Manufacturing Employment in Ciudad Juárez



Source: INEGI

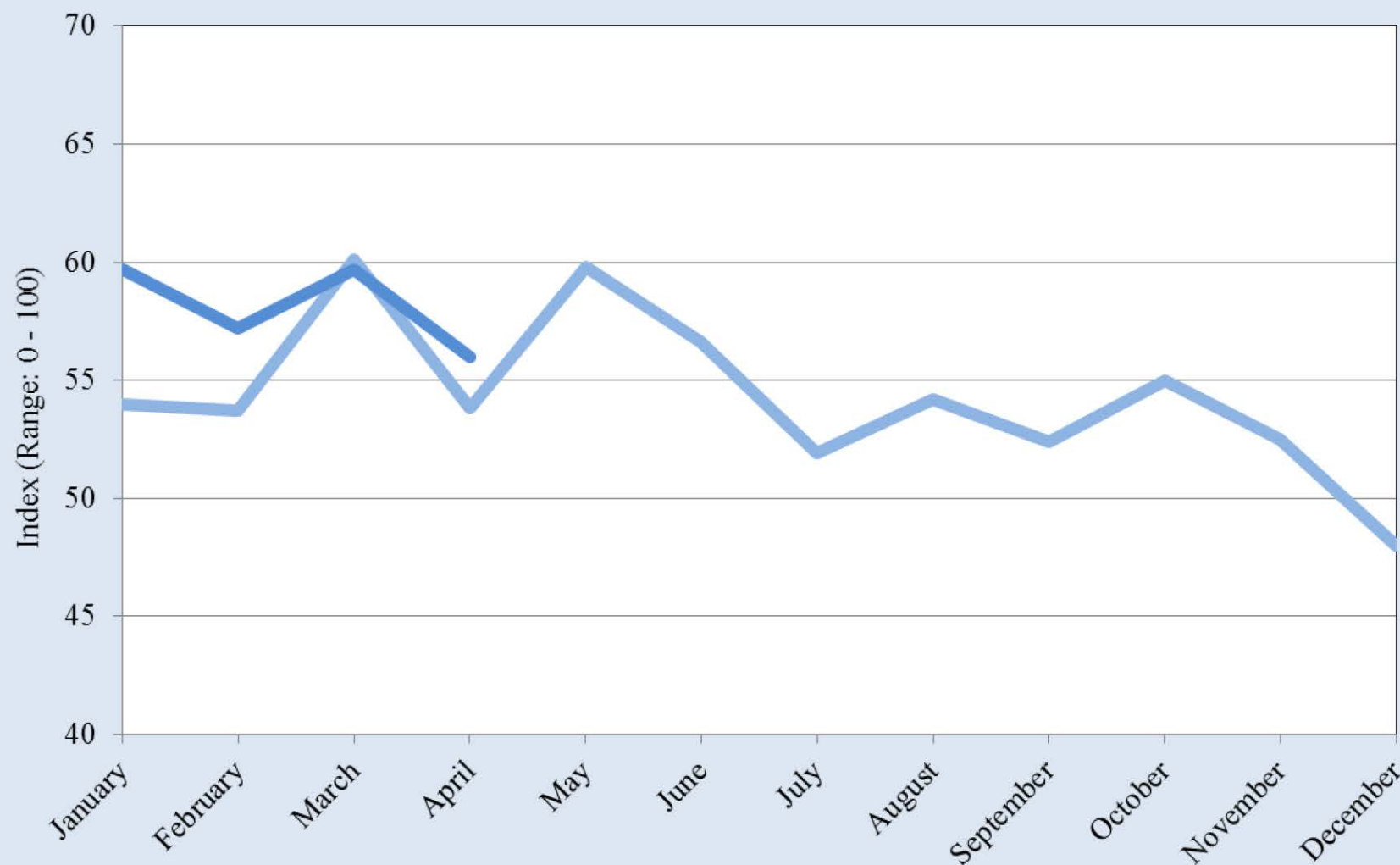
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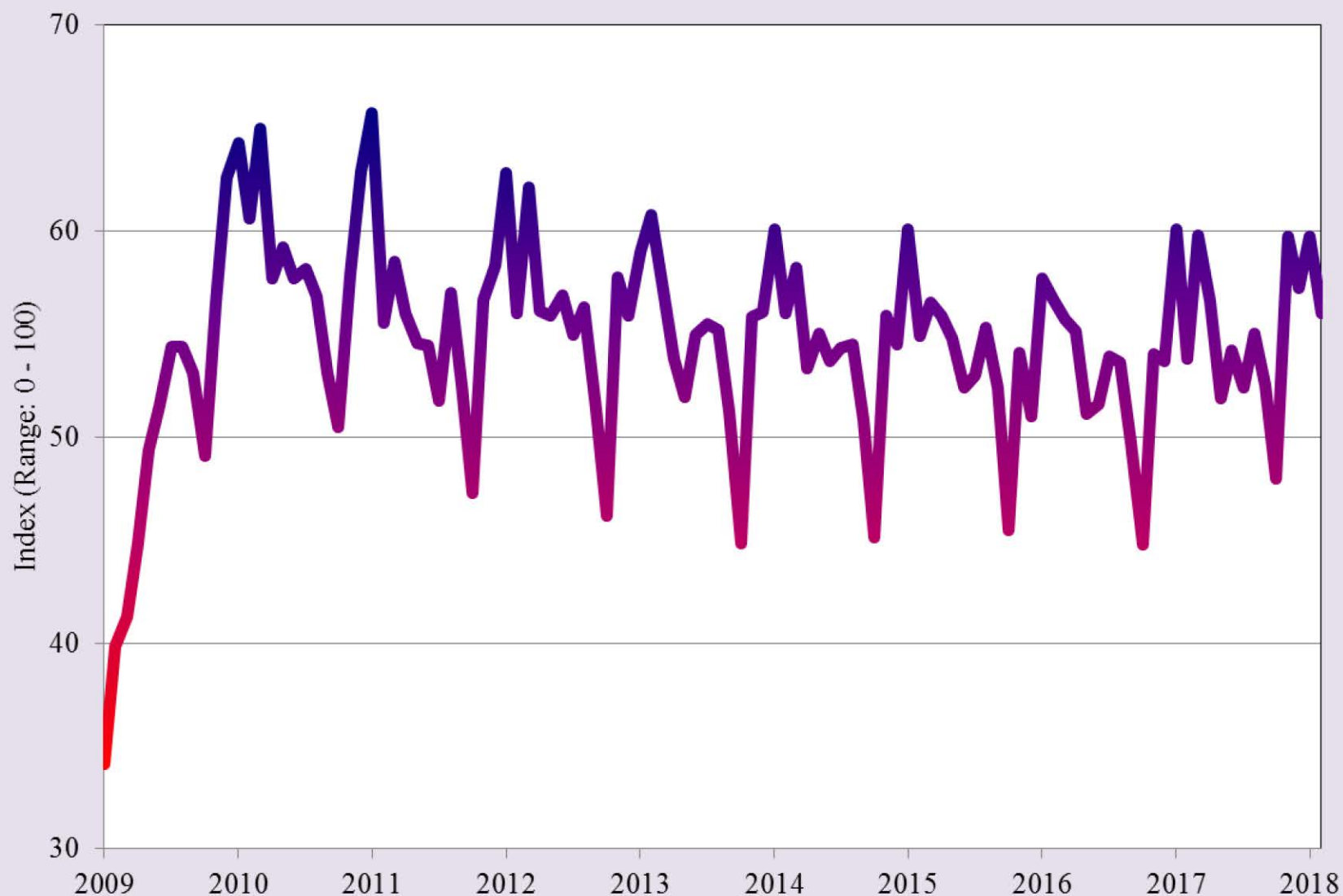
Northern Mexico Manufacturing Orders Index

— 2017 — 2018



Source: Banco de México

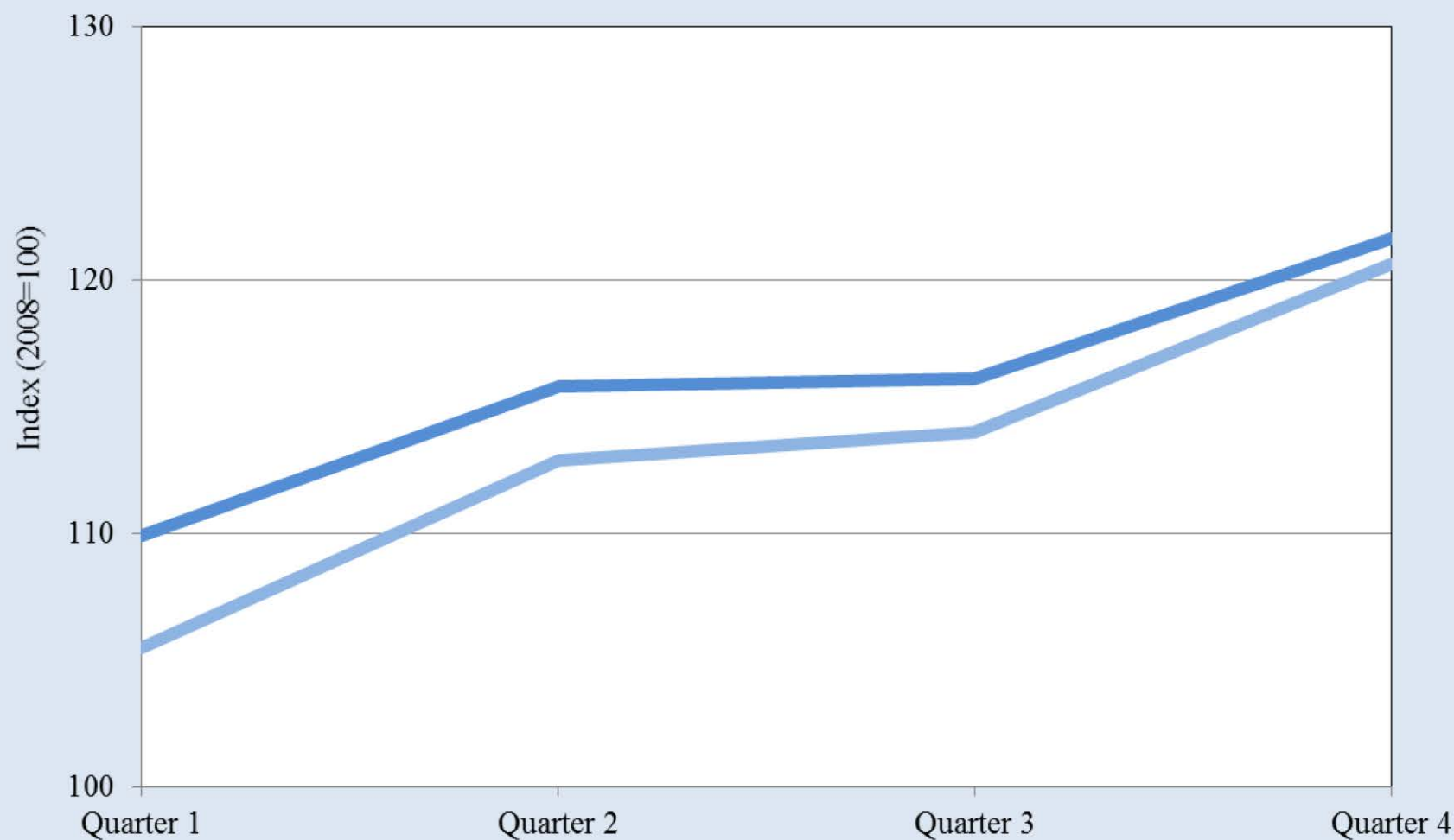
Northern Mexico Manufacturing Orders Index



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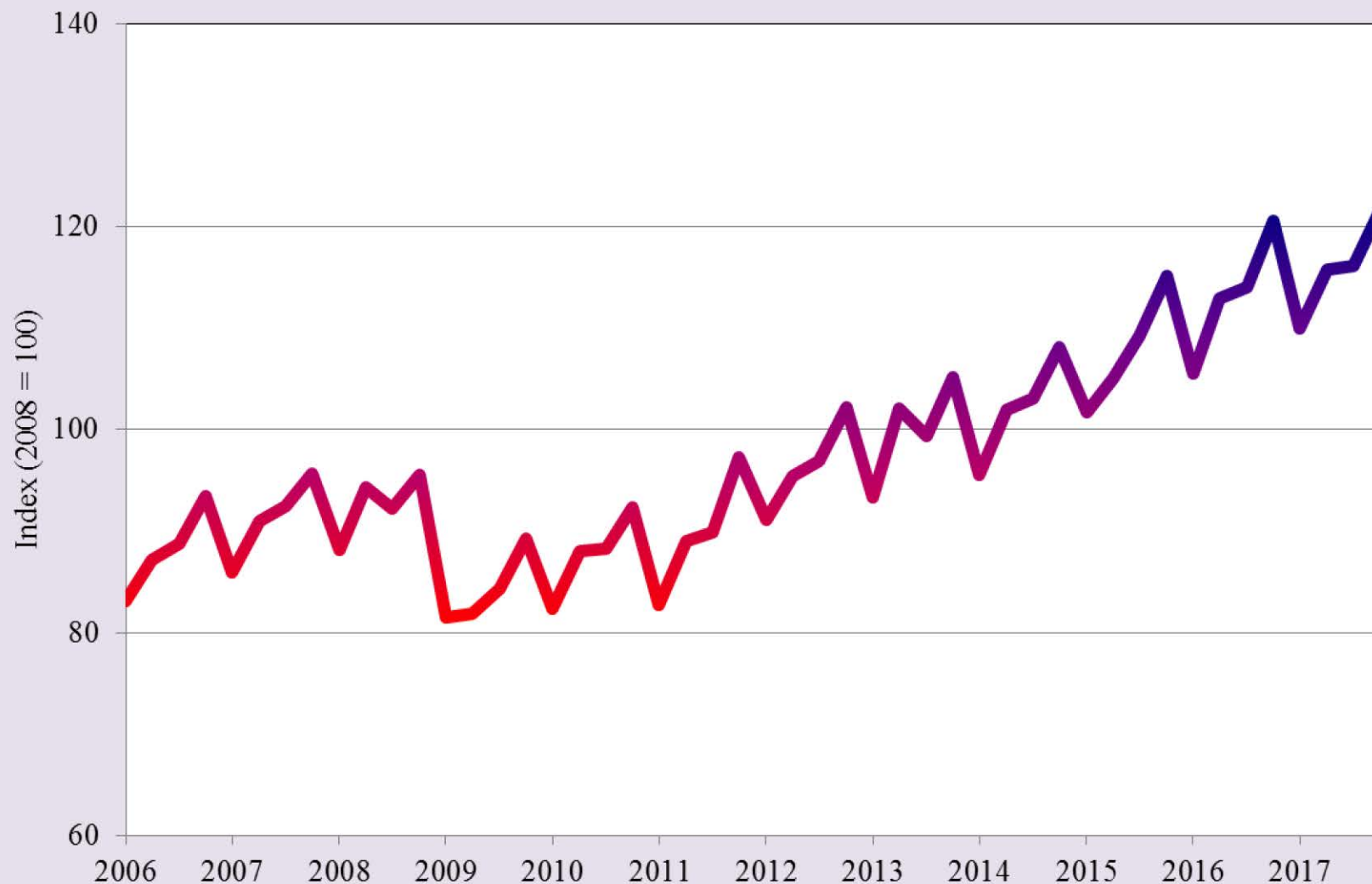
Quarterly Indicator of Economic Activity for the State of Chihuahua

— 2016 — 2017



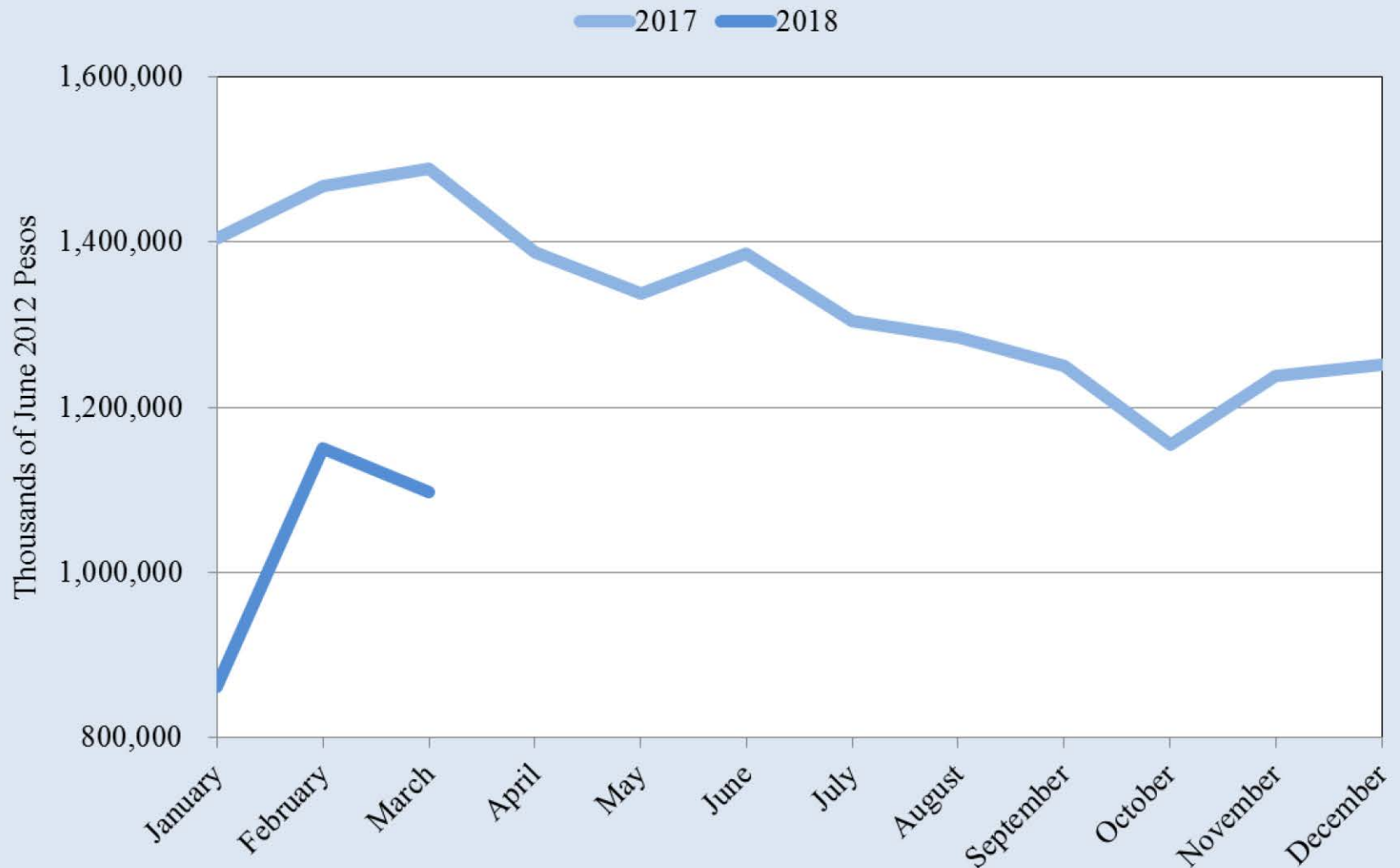
Source: INEGI

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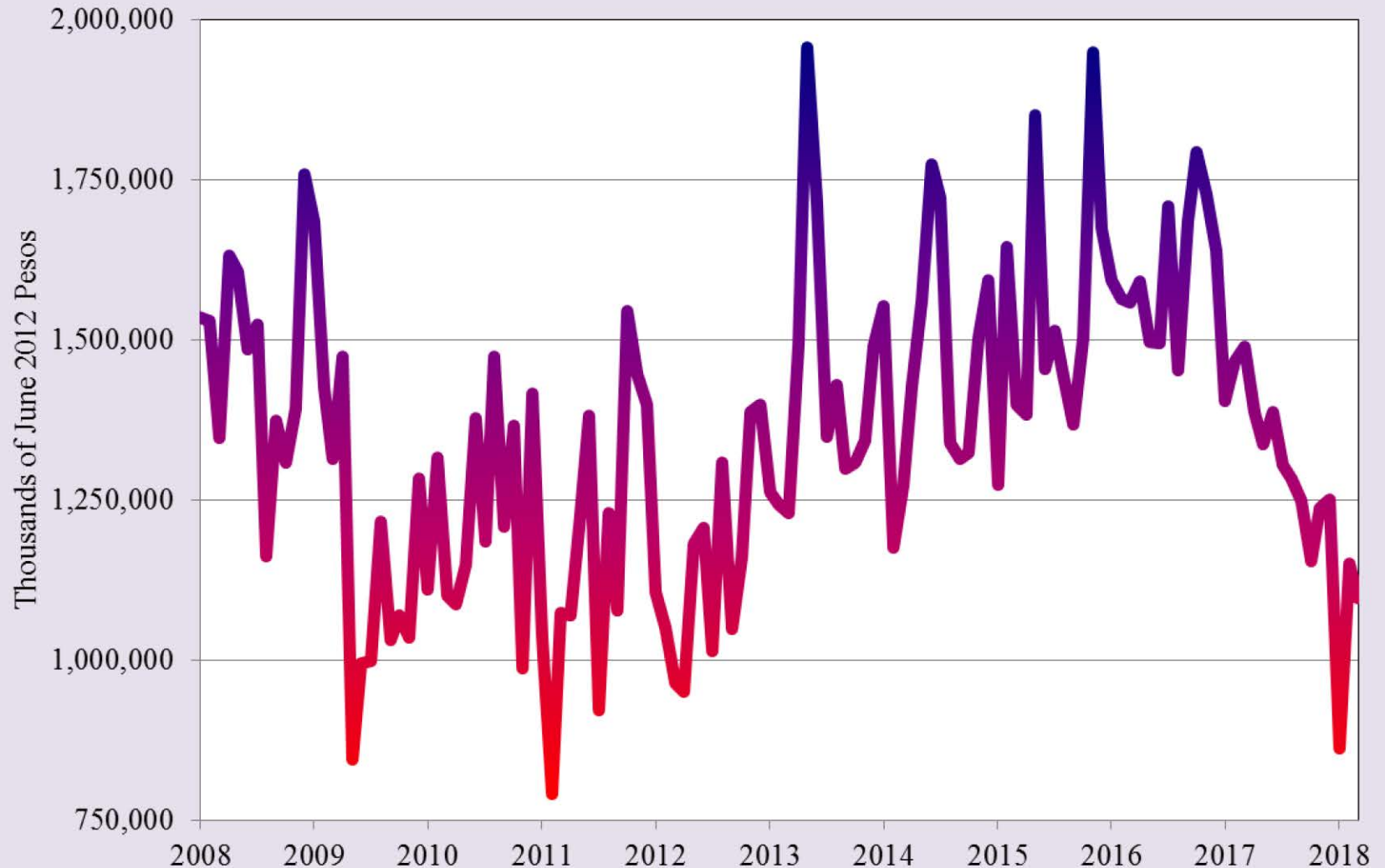
Source: INEGI

Total Value of Construction in the State of Chihuahua



Source: INEGI

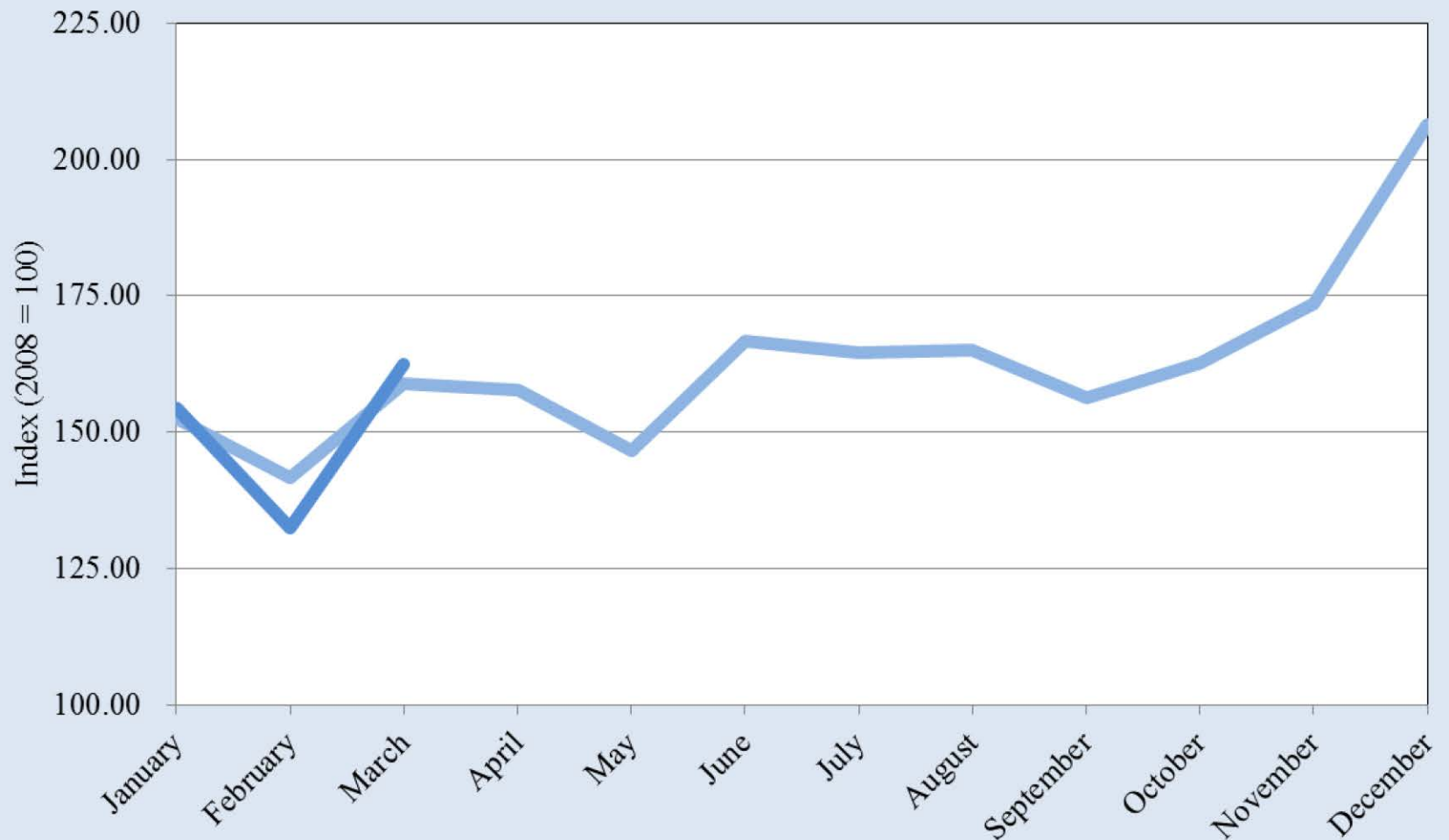
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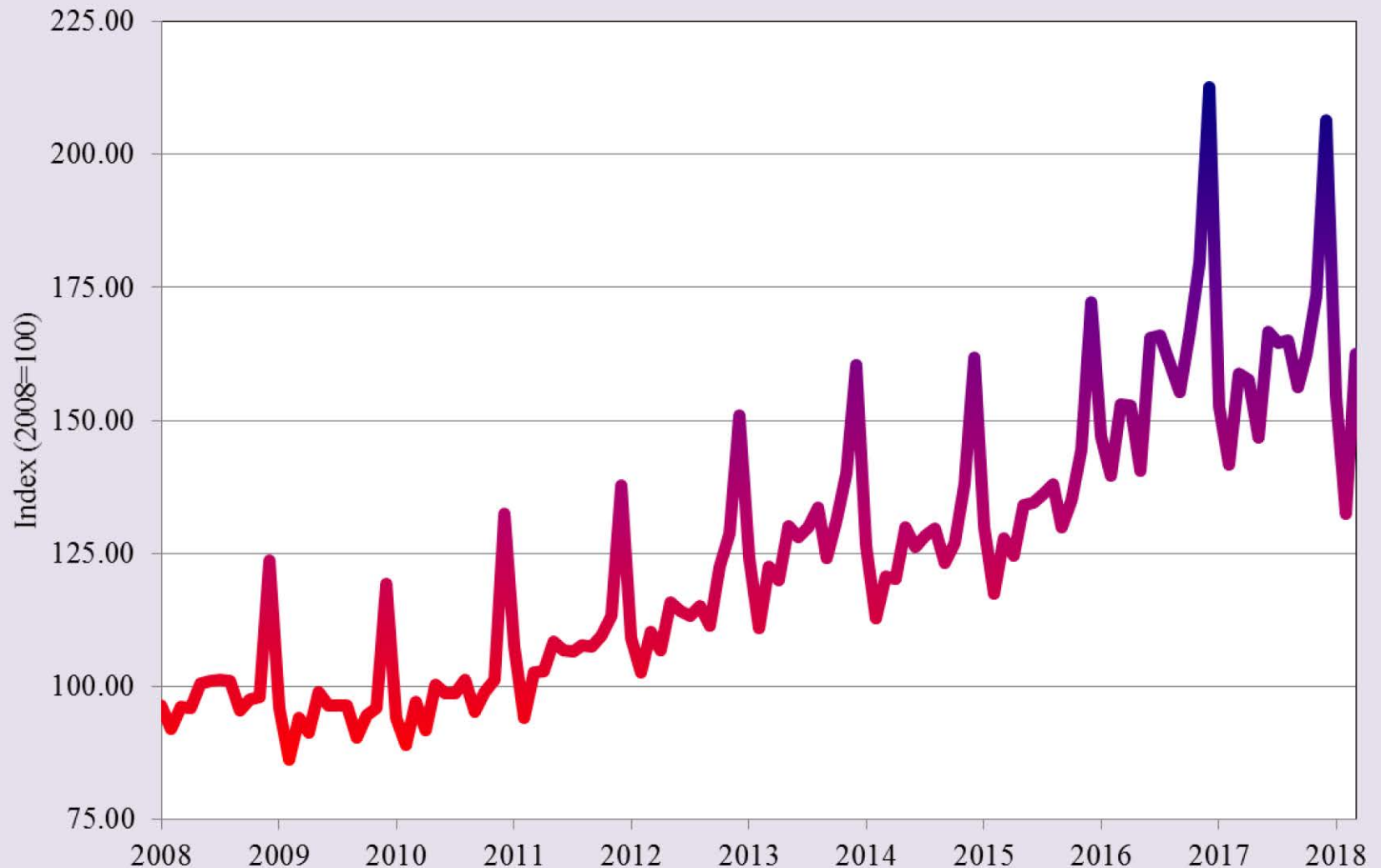
Real Retail Activity Index for the State of Chihuahua

— 2017 — 2018



Source: INEGI

Real Retail Activity Index for the State of Chihuahua



Source: INEGI



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