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At Least for Now

The El Paso metropolitan economy continues to enjoy favorable business conditions. In June, the Federal Reserve Bank of Dallas Business Cycle Index surpassed 230 for the first time. Private sector payrolls have undergirded much of the improvement exhibited by this index in 2018 and the El Paso unemployment rate has declined on a year-over-year basis throughout 2018.

The El Paso Household Economic Stress Index remains low by historical standards. It has, however, climbed above year-ago levels in recent months and has been slowly trending upwards since mid-2017. Much of the increase in that measure is attributable to higher interest rates. Additional interest rate hikes are likely in coming months, raising overall risks both regionally and nationally. Although the latter are undeniable, supplemental nutrition assistance program (SNAP or food stamp) enrollments were below year-ago levels again in June.

The median housing price for single-family units in June reached $155,000. That is 2.7 percent higher than it was last year and continues the general upward trajectory exhibited by this measure in recent years. Not surprisingly, the months of housing supply for El Paso remained comfortably below year-ago levels again in June. That is welcome news at City Hall, where higher real estate values may lead to stronger property tax collections during the coming fiscal year.

In a seasonally atypical development, El Paso gasoline prices declined to $2.70 per gallon in July. That is nearly a 25-cent drop from June, and a welcome development for a geographically fractured urban economy where local travelling distances tend to be fairly long. Strong energy demand and global supply constraints have kept gasoline and diesel prices above year-ago levels throughout 2018.

The Doña Ana County unemployment rate remained below year-ago levels for a sixth consecutive month in July. Preliminary Bureau of Labor Statistics data indicate that the Mesilla Valley civilian labor force continued to decline in June, but employment also rose on a year-to-year basis for a third consecutive month in June. Fortunately, area SNAP caseloads remained below the 28,000 mark for a fourteenth consecutive month in May.

Market jitters caused the peso-per-dollar nominal exchange rate to increase by more than 80 centavos in June. Additional volatility may occur in future months if NAFTA renewal talks appear to stall. Traffic volumes across the international bridges have not weakened in 2018. The latter developments are in spite of increased violence during the first half of 2018 in Ciudad Juárez.
Metro Business-Cycle Index for El Paso

2017

2018

Seasonally Adjusted Index (October 1980 = 100)

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 County Unemployment Rate

Source: Bureau of Labor Statistics
Unemployment Rate (Not Seasonally Adjusted)

El Paso County Unemployment Rate

Source: Bureau of Labor Statistics
El Paso County SNAP (Food Stamp) Enrollment

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of SNAP Recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>190,000</td>
</tr>
<tr>
<td>2018</td>
<td>185,000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$160,000</td>
<td>$155,000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate (Not Seasonally Adjusted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>8.0</td>
</tr>
<tr>
<td>2018</td>
<td>7.5</td>
</tr>
</tbody>
</table>

Source: Bureau of Labor Statistics
Doña Ana County Unemployment Rate

Unemployment Rate (Not Seasonally Adjusted)

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

Pesos per Dollar

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

Price Ratio

Exchange Rate

Pesos per Dollar

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
Personal Vehicle International Bridge Crossings to El Paso

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

2017
2018

Number of Pedestrians

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

<table>
<thead>
<tr>
<th>Month</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td></td>
<td></td>
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<tr>
<td>February</td>
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<td>March</td>
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<td>November</td>
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<tr>
<td>December</td>
<td></td>
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</table>

Export-Oriented Manufacturing Employment in Ciudad Juárez

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>290,000</td>
</tr>
<tr>
<td>2018</td>
<td>280,000</td>
</tr>
</tbody>
</table>

Source: INEGI
Export-Oriented Manufacturing Employment in Ciudad Juárez

Number of Jobs

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

Index (2008 = 100)

Source: INEGI
Total Value of Construction in the State of Chihuahua

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (Thousands of June 2012 Pesos)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1,600,000</td>
</tr>
<tr>
<td>2018</td>
<td>1,400,000</td>
</tr>
</tbody>
</table>

Source: INEGI
Total Value of Construction in the State of Chihuahua

Source: INEGI
Real Retail Activity Index for the State of Chihuahua

Source: INEGI
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