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Borderplex Business Barometer, Volume 2, Number 9

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Pretty Good Outcomes

The Federal Reserve Bank of Dallas Business Cycle Index for the El Paso metropolitan economy set another record in July. Private sector payrolls continue to expand in El Paso and the El Paso unemployment rate has declined on a year-over-year basis throughout 2018. While local income data are still not available, it is anticipated that wage and salary disbursements have strengthened this year, also.

Although the metropolitan economy seems to be firing on all cylinders, the El Paso Household Economic Stress Index remained above year-ago levels for a third consecutive month in July. Continued increases in interest rates are likely to cause further deterioration of this measure in coming months. In spite of that, household economic stress in El Paso remains well below the levels experienced between 2009 and 2015. Reflective of that, supplemental nutrition assistance program (SNAP or food stamp) enrollments remained below 175,000 for a sixth consecutive month again in August.

The median housing price for single-family units climbed above $157,000 in July. That is 4.1 percent higher than it was twelve months earlier, as Sun City residential real estate continues to benefit from low unemployment and moderate mortgage rates. Symptomatically, the months of housing supply for El Paso declined to only 4.2 months in July. Although the single-family housing market has not experienced this degree of inventory tightness since 2006, pending sales declined again in August.

The average price for regular unleaded gasoline in El Paso held steady at $2.69 per gallon in August. That is 50 cents per gallon above the year-ago, but 68 cents per gallon below the August 2014 average. Although gasoline and diesel prices often decline after Labor Day each year, continued strong demand may lead to more price stability than usual this year. Unexpected supply disruptions might lead to disproportionate price jumps if the last part of the hurricane season affects key refineries near coastal areas.

The Doña Ana County unemployment rate remained more than 100 basis points below year-ago levels for a fourth consecutive month in July. Preliminary Bureau of Labor Statistics data indicate that the Mesilla Valley civilian labor force continued to decline after Labor Day each year, continued strong demand may lead to more price stability than usual this year. Unexpected supply disruptions might lead to disproportionate price jumps if the last part of the hurricane season affects key refineries near coastal areas.

The peso-per-dollar nominal exchange rate declined by more 120 centavos in July. The magnitude of the gap between the nominal exchange rate and the Borderplex restaurant price ratio indicates that additional nominal appreciation of the peso is likely, especially if a trade accord is reached with the United States. Traffic volumes across the international bridges remained strong in July, as did trade flows.

Export manufacturing payrolls remained below year-ago levels in Ciudad Juarez in June, but northern region manufacturing orders increased on a year-over-year basis in both June and July. Construction activity in the State of Chihuahua also grew on a year-over-year basis in both May and June. State level retail activity performed similarly for a fourth consecutive month in June.
Borderplex Business Barometer

Border Region Modeling Project
Department of Economics & Finance
University of Texas at El Paso
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

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

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Nominal Price (Dollars per Gallon)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$2.00</td>
</tr>
<tr>
<td>2018</td>
<td>$3.50</td>
</tr>
</tbody>
</table>

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

Unemployment Rate (Not Seasonally Adjusted)

Source: Bureau of Labor Statistics
Las Cruces Area SNAP (Food Stamp) Cases

Number of SNAP Cases

Source: New Mexico Human Services Department
Las Cruces Area SNAP (Food Stamp) Cases

Source: New Mexico Human Services Department
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

Index (March 1997 = 100)

Source: UTEP Border Region Modeling Project
Number of Vehicles

Personal Vehicle International Bridge Crossings to El Paso

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1,300,000</td>
</tr>
<tr>
<td>2018</td>
<td>1,200,000</td>
</tr>
</tbody>
</table>

Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Personal Vehicle International Bridge Crossings to El Paso

Number of Vehicles

Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Pedestrian International Bridge Crossings to El Paso

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Pedestrians</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>700,000</td>
</tr>
<tr>
<td>2018</td>
<td>600,000</td>
</tr>
</tbody>
</table>

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

2017

2018

Number of Cargo Trucks

Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Total Trade (Exports + Imports) in Millions of Nominal Dollars

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

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

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Value in 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>
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</tbody>
</table>

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

Thousands of June 2012 Pesos

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.