Borderplex Business Barometer, Volume 2, Number 10

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Onwards and Upwards

The Federal Reserve Bank of Dallas Business Cycle Index for the El Paso metropolitan economy set another record in August. To a large extent, that reflects ongoing labor market health. Unemployment has remained below 5 percent in El Paso for the better part of two consecutive years for the first time since 1972. Preliminary data indicate that wages are rising at rates in excess of inflation this year, also.

Given the above, it is not surprising that the El Paso Household Economic Stress Index continues to remain low by recent standards. Higher interest rates have yet to levy very much damage on household well-being, but that will potentially change in future months. At present, current economic conditions have translated into lower supplemental nutrition assistance program (SNAP or food stamp) enrollments. El Paso County participation remained below 175,000 for a seventh consecutive month again in September.

At $154,000, the median housing price for single-family units was above the prior year level again in August. It has only been in recent months that the median price exceeds $150,000 on a sustained basis. The supply side of the market is still tight. Months of inventory dropped to 4.2 in August, the lowest it has been since 2006. The average sales time was only 93 days in August.

Unleaded gasoline prices declined slightly to $2.68 per gallon in September. That is 20 cents per gallon above the year-ago average when fuel prices spiked in response to Hurricane Harvey. While gasoline has been relatively expensive throughout the first three quarters, the September price is approximately 58 cents per gallon below the September 2014 average. Geopolitical strife and unpredictable weather patterns contribute to unexpected supply variations in this market and uncertainty abounds as 2018 heads into the fourth quarter.

The Las Cruces unemployment rate remained more than 100 basis points below year-ago levels for a fifth consecutive month in August. Preliminary Bureau of Labor Statistics data indicate that the Doña Ana County civilian labor force continued to decline in August, as Permian Basin - Little Texas energy companies continue to lure workers out of the Mesilla Valley. Closer to home, employment in Las Cruces has increased on a year-to-year basis for every month in 2018. Illustrative of improved labor market health, area SNAP caseloads remained below the 28,000 mark for a seventeenth consecutive month in August.

The peso-per-dollar nominal exchange rate declined by 31 centavos in August. Although a new trade accord (USMCA) with Canada and Mexico has been announced, there is enough global economic and financial uncertainty to maintain a sizable gap between the nominal exchange rate and the Borderplex restaurant price ratio. If large scale economic disruptions are avoided, further divergence between those measures should be avoided.

Traffic volumes across the international bridges have been relatively stable in 2018. For large trucks, that reflects merchandise trade flow patterns through the El Paso Customs District. Manufacturing orders in Northern Mexico have also been fairly stationary in 2018. If a business cycle downturn is avoided, reduced trade frictions between Washington and Mexico City may reverse those trends.
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>
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<tbody>
<tr>
<td>2017</td>
<td>190,000</td>
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<tr>
<td>2018</td>
<td>185,000</td>
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Source: Texas Health and Human Services Commission
El Paso County SNAP (Food Stamp) Enrollment

Source: Texas Health and Human Services Commission
El Paso Median Housing Prices

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
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</thead>
<tbody>
<tr>
<td>2017</td>
<td>$160,000</td>
<td>$155,000</td>
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<tr>
<td>2018</td>
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<td>$145,000</td>
</tr>
<tr>
<td>2019</td>
<td>$140,000</td>
<td>$135,000</td>
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</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

<table>
<thead>
<tr>
<th>Month</th>
<th>2017</th>
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<tbody>
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<tr>
<td>September</td>
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<td>November</td>
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<tr>
<td>December</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

Source: GasBuddy.com
El Paso Gasoline Prices

Source: GasBuddy.com
Doña Ana County Unemployment Rate

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of SNAP Cases</th>
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</thead>
<tbody>
<tr>
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<td>35,000</td>
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<tr>
<td>2018</td>
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<td></td>
<td>29,000</td>
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<td></td>
<td>26,000</td>
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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
Personal Vehicle International Bridge Crossings to El Paso

Number of Vehicles

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

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

Number of Cargo Trucks

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

Number of Jobs

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

Index (2008=100)

Quarter 1
Quarter 2
Quarter 3
Quarter 4

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

Index (2008 = 100)

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.