Borderplex Business Barometer, Volume 3, Number 1

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A Fairly Good Report Card

The Federal Reserve Bank of Dallas Business Cycle Index for the El Paso metropolitan economy continued its upward trajectory in December. Healthy job growth, improved retail sales, and stable wages buoyed the indicator throughout 2018. The December unemployment rate of 4.0 percent means that the annual jobless rate for El Paso remained below 5.0 percent for a third consecutive year for the first time since 1972.

Against that backdrop, it is not surprising that the El Paso Household Economic Stress Index moved slightly downward in November. Local enrollments in the supplemental nutrition assistance program (El Paso County SNAP) fell to 167,548 in December. SNAP enrollments in 2018 were below the corresponding figures for 2017 in every month.

The median price for single-family housing units rose to $158,000. Housing demand remains firm relative to supply. The months of housing inventory remained below 4.0 again in December. That, plus the lull in mortgage rate increases, implies that local prices may have some unrealized upward potential.

Average unleaded gasoline prices for December in El Paso fell below the $2.10 per gallon mark for the first time since prior to when Hurricane Harvey made landfall in August 2017. December 2018 El Paso gasoline prices were thirty-six cents lower than what they were in December 2017. While gasoline price fell in many regions, the local decline was more pronounced than the thirty-cent decrement observed nationwide in the United States.

The Doña Ana County unemployment rate remained below 7.0 percent during every month of 2018. That is the first time that has occurred in the Mesilla Valley labor market since 2008. More importantly, the civilian labor force grew on a year-over-year basis for a fifth consecutive month in December. That means that job growth has accelerated enough to absorb the increases in the local labor force and reduce out-migration to the oil patch. The healthier labor market helped ensure that SNAP program enrollments remained below 28 thousand for a nineteenth consecutive month in November.

The peso-per-dollar nominal exchange rate increased by 1.19 pesos to 20.25 in November. The gap between the nominal exchange rate and the Borderplex restaurant price ratio increased in November. Given the breadth of that gap, history indicates that there is ample room for peso appreciation in the coming months, at least if financial market instability is avoided. Because of the recent federal government shutdown in the United States, updates for data collected by several agencies are not available. The latter includes northbound international bridge traffic and customs district trade flows.

Ciudad Juárez export manufacturing employment increased again in October to almost 277,000. If the USMCA trade agreement is approved by all three countries, more payroll increases are likely in 2019. Reflective of the better outlook, the Northern Mexico Manufacturing Orders Index finished above its year-ago level for a seventh straight month in December. October construction activity and retail sales for the State of Chihuahua also remained above year-ago levels. Finally, the indicator of economic activity in the State of Chihuahua was above the corresponding figure for 2017 for a second straight trimester during the third quarter. These indicators jointly point to solid economic growth in Ciudad Juárez, and Chihuahua as a whole, in recent months with more to come this year.
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 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.
El Paso Median Housing Prices

Source: Texas A&M Real Estate Center
El Paso Median Housing Prices

Source: Texas A&M Real Estate Center
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

Nominal Price (Dollars per Gallon)

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

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
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
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
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
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. 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.