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Thomas M. Fullerton Jr.
Steven L. Fullerton
Ana Gutierrez Zubiate

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Hitting on Multiple Cylinders

The metropolitan business cycle index for El Paso reached an all-time high of 236.2 in May. That gain was propelled, in large part, by the labor market. Low unemployment, stable prices, plus higher housing prices jointly drove the March reading for the El Paso economic stress index to 1.1, the lowest reading for that gauge since June 2007. Reminiscent of the Eisenhower Administration, the El Paso jobless rate declined to 3.3 percent in April. Reflective of all of the good economic news, El Paso County Supplemental Nutrition Assistance Program (SNAP or Food Stamp) enrollments declined to 159,075.

Not surprisingly, median housing prices in El Paso continued to rise in May. At $163,500, single-family housing prices have increased by more than 6 percent on a year-over-year basis. Correspondingly, the El Paso months of housing inventory in months, for El Paso, remained below 3.5 months for a third consecutive month in May. Although the national and regional economies remain strong, gasoline prices have not increased very much in real terms. In nominal terms, the May average for regular gasoline was $2.65 per gallon, roughly 10 percent below the year-ago level for this fuel. Tinderbox conditions in the Middle East indicate that there are substantial upside risks due to potential supply disruptions.

At 5.3 percent, the March Doña Ana County unemployment rate is ten basis points below year-ago levels. Because the labor force has continued to expand during the twelve preceding months, the drop in the jobless rate reflects local labor market strength. Blue collar out-migration to the Permian Basin and other energy producing regions is also occurring. A healthy labor market has helped Las Cruces Area SNAP (Food Stamp) enrollments to decline to 26,940 in April, which is below the year-ago level for this indicator.

The peso-per-dollar nominal exchange rate has continued to fluctuate in a narrow band about P/$ 19.00 during 2019, even dipping slightly below the year-ago quote for Mayo. The 43 percent gap separating the exchange rate from Borderplex restaurant price ratio indicates that the peso is undervalued against the dollar. Barring any financial or economic disasters, more peso strengthening is likely, especially given prospective increases in the 28-day Cetes interest rate in Mexico paired against flat or declining short-term rates in the United States.

The extended delays caused by insufficient bridge staffing continues to impact personal vehicle, and cargo traffic flows across the international bridges. In response, pedestrian crossings have increased substantially. Even after adjusting for inflation, total trade through the El Paso Customs District has continued to grow, suggesting that logistics managers are filling more cargo bays before sending trucks into the bridge queues.

Export manufacturing employment in Ciudad Juarez increased by more than 10 thousand jobs during the first quarter. Potentially reflecting that development, the aggregate value of construction for the state of Chihuahua as a whole is well above year-ago levels for the first four months of 2019. That is in contrast to real retail activity for the state of Chihuahua. According to that gauge, statewide commercial activity fell below year-ago levels in both March and April.
Metro Business-Cycle Index for El Paso

Source: Federal Reserve Bank of Dallas
Metro Business-Cycle Index for El Paso

Seasonally Adjusted Index (October 1980 = 100)

Source: Federal Reserve Bank of Dallas
El Paso Household Economic Stress Index

2018  2019

Index

January  February  March  April  May  June  July  August  September  October  November  December

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
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 County SNAP Enrollment

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of SNAP Recipients</th>
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<tbody>
<tr>
<td>2006</td>
<td>200,000</td>
</tr>
<tr>
<td>2007</td>
<td>180,000</td>
</tr>
<tr>
<td>2008</td>
<td>160,000</td>
</tr>
<tr>
<td>2009</td>
<td>140,000</td>
</tr>
<tr>
<td>2010</td>
<td>120,000</td>
</tr>
</tbody>
</table>

Source: Texas Health and Human Services Commission
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
El Paso Gasoline Prices

Source: GasBuddy.com
Doña Ana County Unemployment Rate

Source: Bureau of Labor Statistics
Unemployment rate for Doña Ana County

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
Real Peso-per-Dollar Exchange Rate Index

Index (March 1997 = 100)

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
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

2018
2019

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
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
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*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: [https://www.utep.edu/business/border-region-modeling-project/index.html](https://www.utep.edu/business/border-region-modeling-project/index.html). 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.