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Borderplex Business Barometer, Volume 1, Number 9

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BORDERPLEX BUSINESS BAROMETER

September 2017

Border Region Modeling Project

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Border Commerce & Economics

Borderplex Business Barometer, Volume 1, Number 9

Steady Growth

The El Paso Household Economic Stress Index has dropped to the lowest level observed since August, 2007. Relatively low rates of inflation and local unemployment, along with fairly strong growth in local housing prices, contribute to the favorable trend in this summary measure of economic conditions. The El Paso County unemployment rate dipped to 4.6 percent in July, which is below the rate registered in the same month of 2016. Trends in Supplemental Nutrition Assistance Program (SNAP) enrollment also suggest generally favorable local economic conditions.

Median housing prices continued to increase in recent months, reaching \$151,300 in July, the latest month for which data are available. Generally rising housing prices date back at least five years, though the trend is somewhat obscured by large month-to-month fluctuations in that variable. Months of housing inventory edged slightly upward in June and July, while remaining below year-ago levels. It seems likely that higher housing prices have slightly slowed growth in the demand for housing. The price of gasoline also ticked upward recently, rising to an average of \$2.19 per gallon in August. Further increases in gasoline prices due to the disruptions following Hurricane Harvey are not fully reflected in the August figures.

In July, the Doña Ana County unemployment rate remained below year-ago levels. Nonetheless, at 7.7 percent, the county's unemployment rate was well above the rate observed in El Paso County and in New Mexico. Las Cruces area SNAP enrollment has remained relatively flat since April, suggesting stable economic conditions.

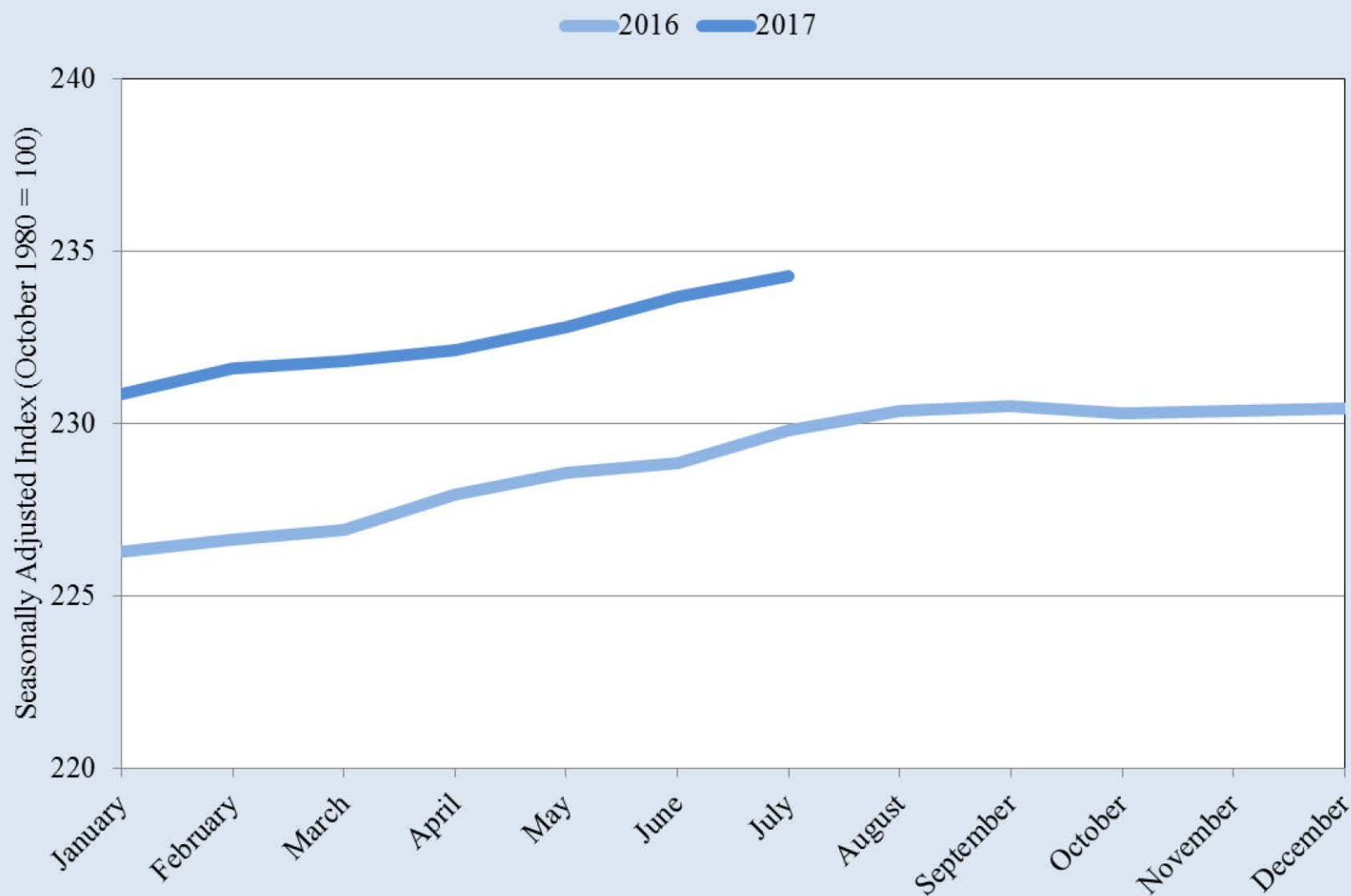
The ratio of peso to dollar restaurant prices increased by 4.4 percent between July 2016 and July 2017. In the same span of time, the nominal peso-to-dollar exchange rate decreased by 3.8 percent. That points to gradual convergence of the price ratio with the nominal exchange rate, which is what generally occurs. Consumer price inflation in Mexico has outpaced inflation in the United States in 2017. This, combined with the downward trend in the nominal peso-to-dollar exchange rate has helped reduce the real peso-to-dollar exchange rate index and lessen peso undervaluation.

Real and nominal total trade through the El Paso Customs District increased in June, both in month-over-month terms and in comparison to the same month last year. Export-oriented manufacturing employment in Ciudad Juárez dipped slightly in June after experiencing strong growth in May. This fluctuation is most likely due to seasonal factors, though it is also possible that some portion of the decline can be ascribed to NAFTA uncertainty. In July, however, the Northern Mexico Manufacturing Orders Index remained slightly above the year-ago value, suggesting that manufacturing

activity across the border remains relatively strong.

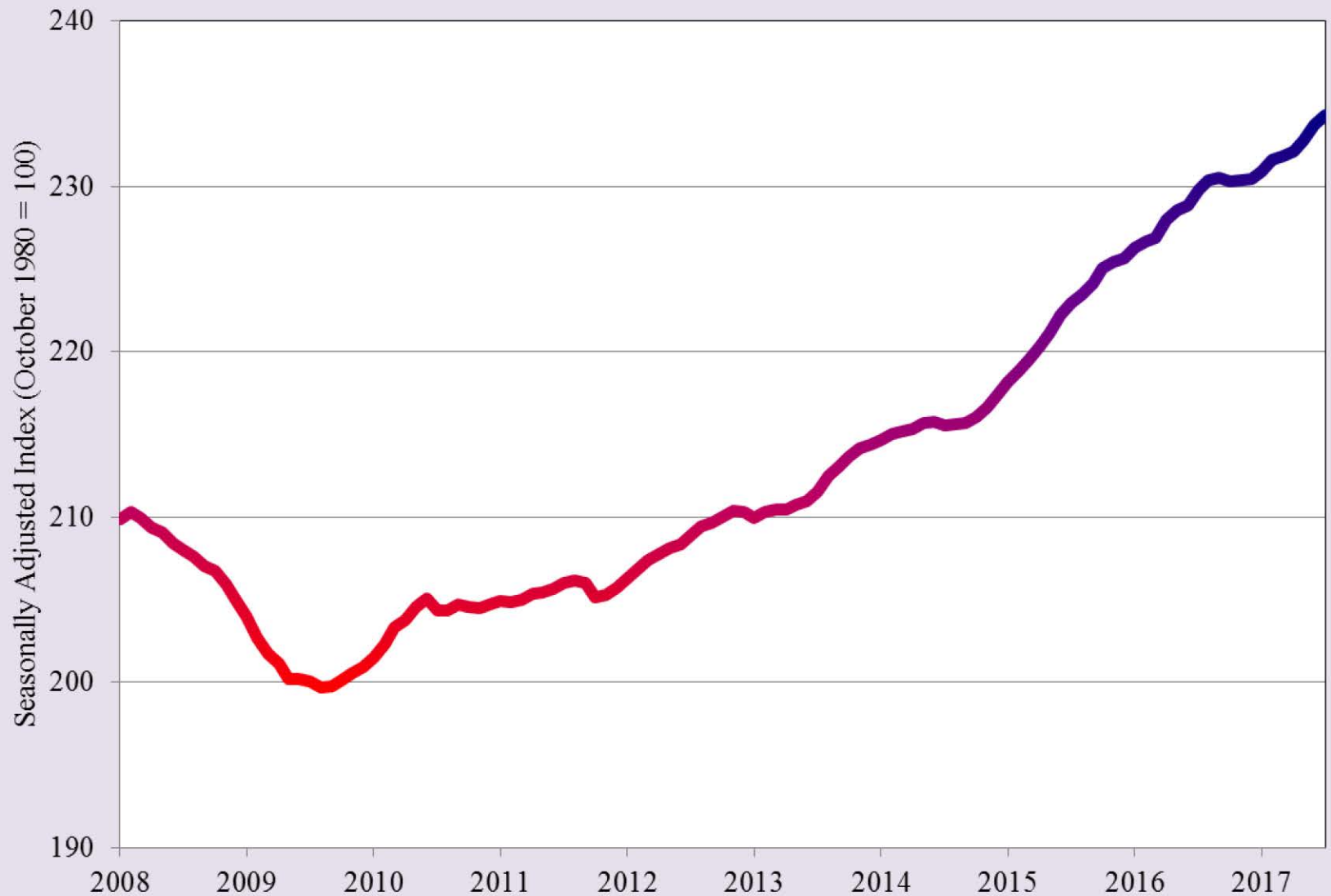
The Quarterly Indicator of Economic Activity for the state of Chihuahua registered 2.4 percent year-over-year growth in the first quarter of 2017. This is similar to the first-quarter growth rate observed at the national level in Mexico and suggests a fairly healthy state economy. The total value of construction in the state of Chihuahua edged slightly upward in June, while remaining below levels observed in 2016. Finally, year-over-year growth in the state's retail activity index slackened somewhat in June. Peso appreciation may have made Mexican bargain hunting less attractive for north-of-the-border shoppers in recent months.

Metro Business-Cycle Index for El Paso



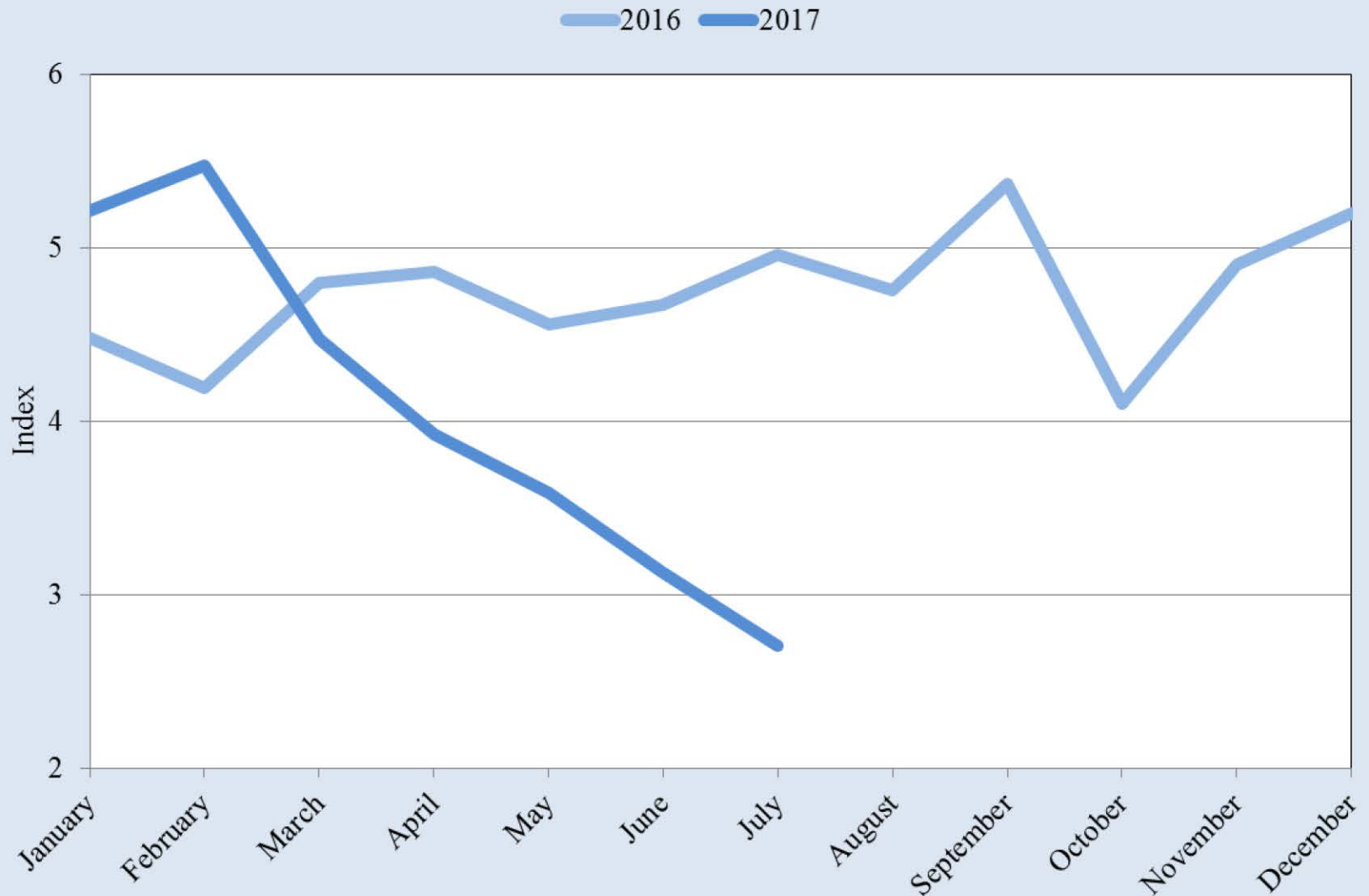
Source: Federal Reserve Bank of Dallas

Metro Business-Cycle Index for El Paso



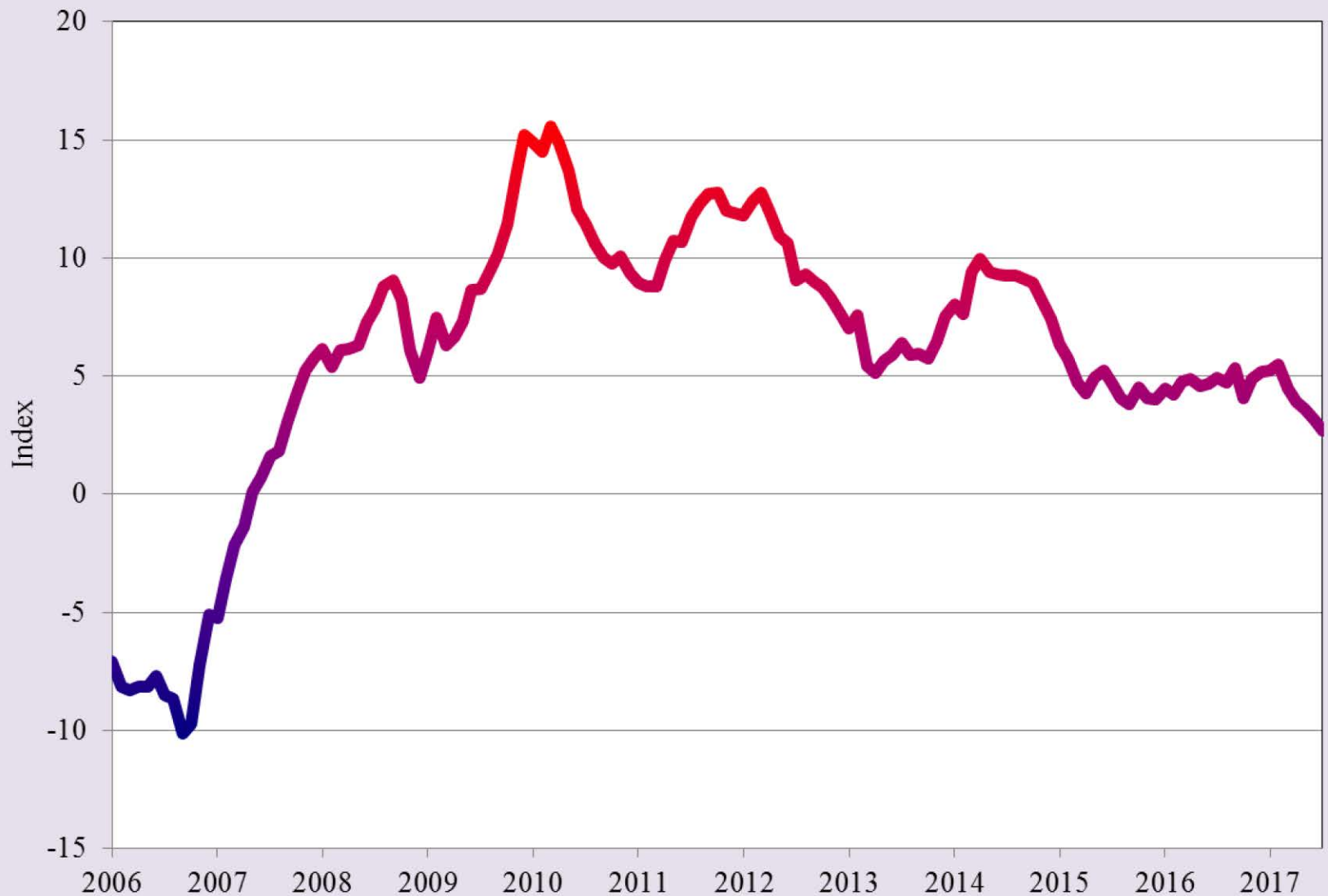
Source: Federal Reserve Bank of Dallas

El Paso Household Economic Stress Index



Source: UTEP Border Region Modeling Project

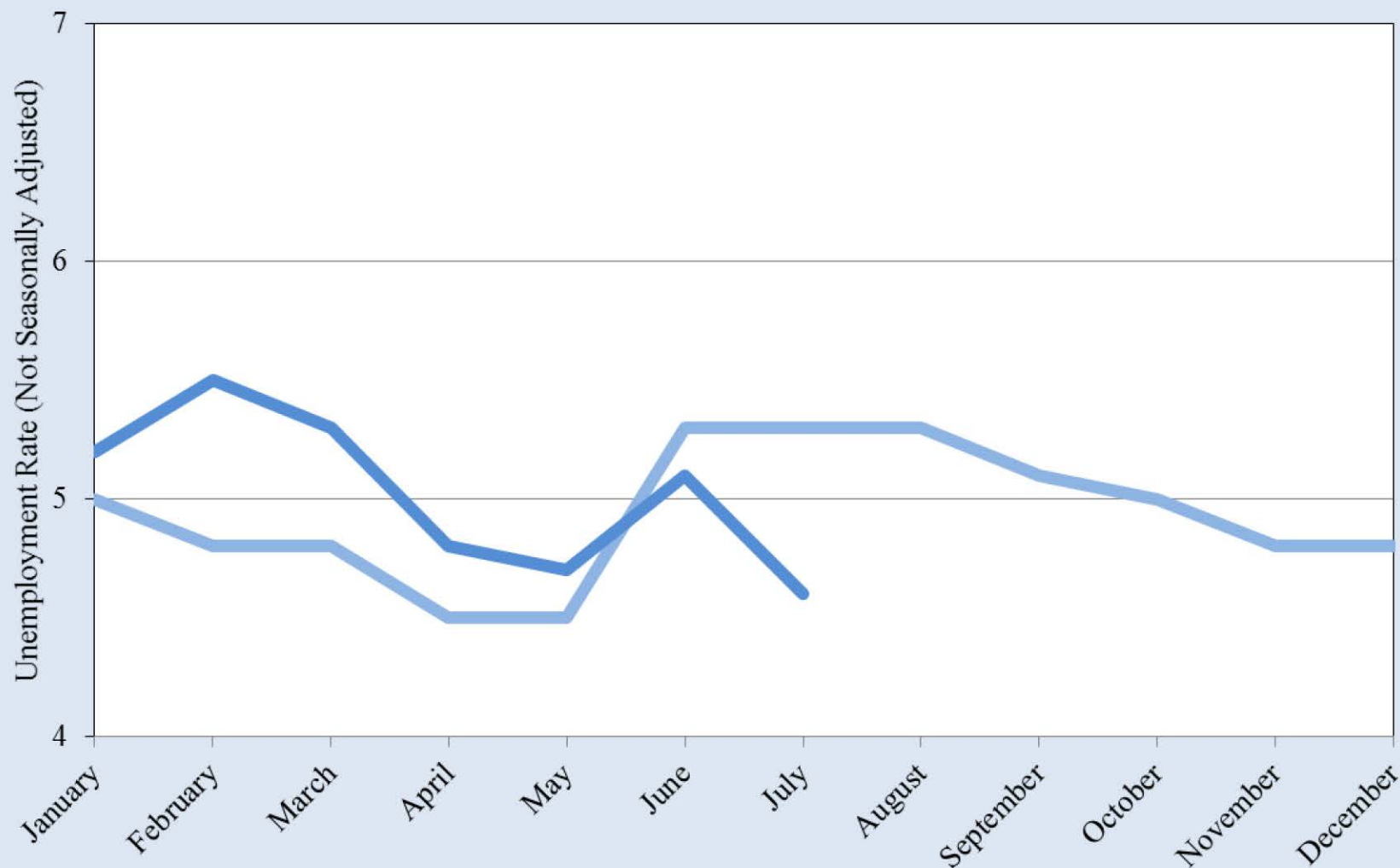
El Paso Household Economic Stress Index



Source: UTEP Border Region Modeling Project

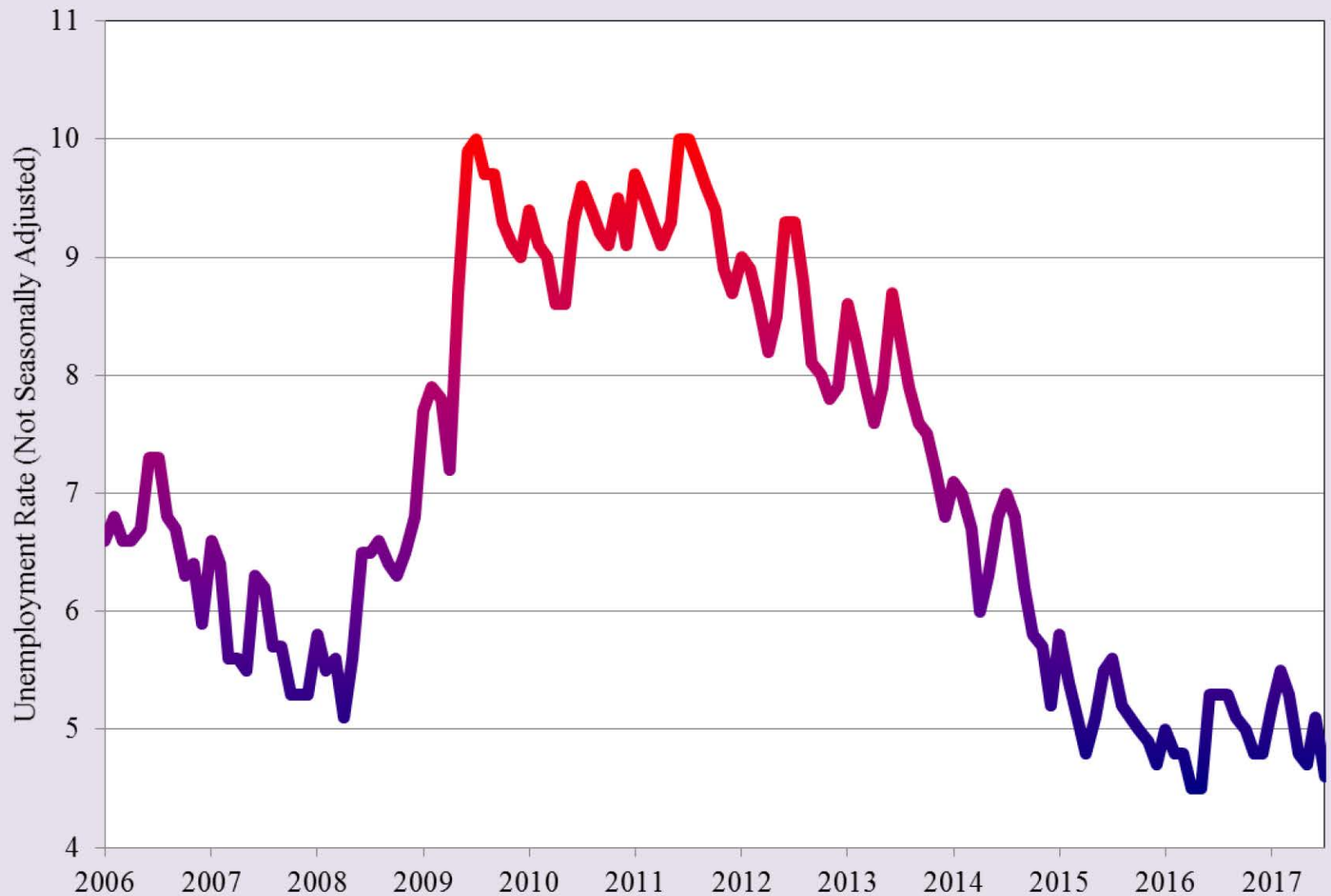
El Paso County Unemployment Rate

— 2016 — 2017



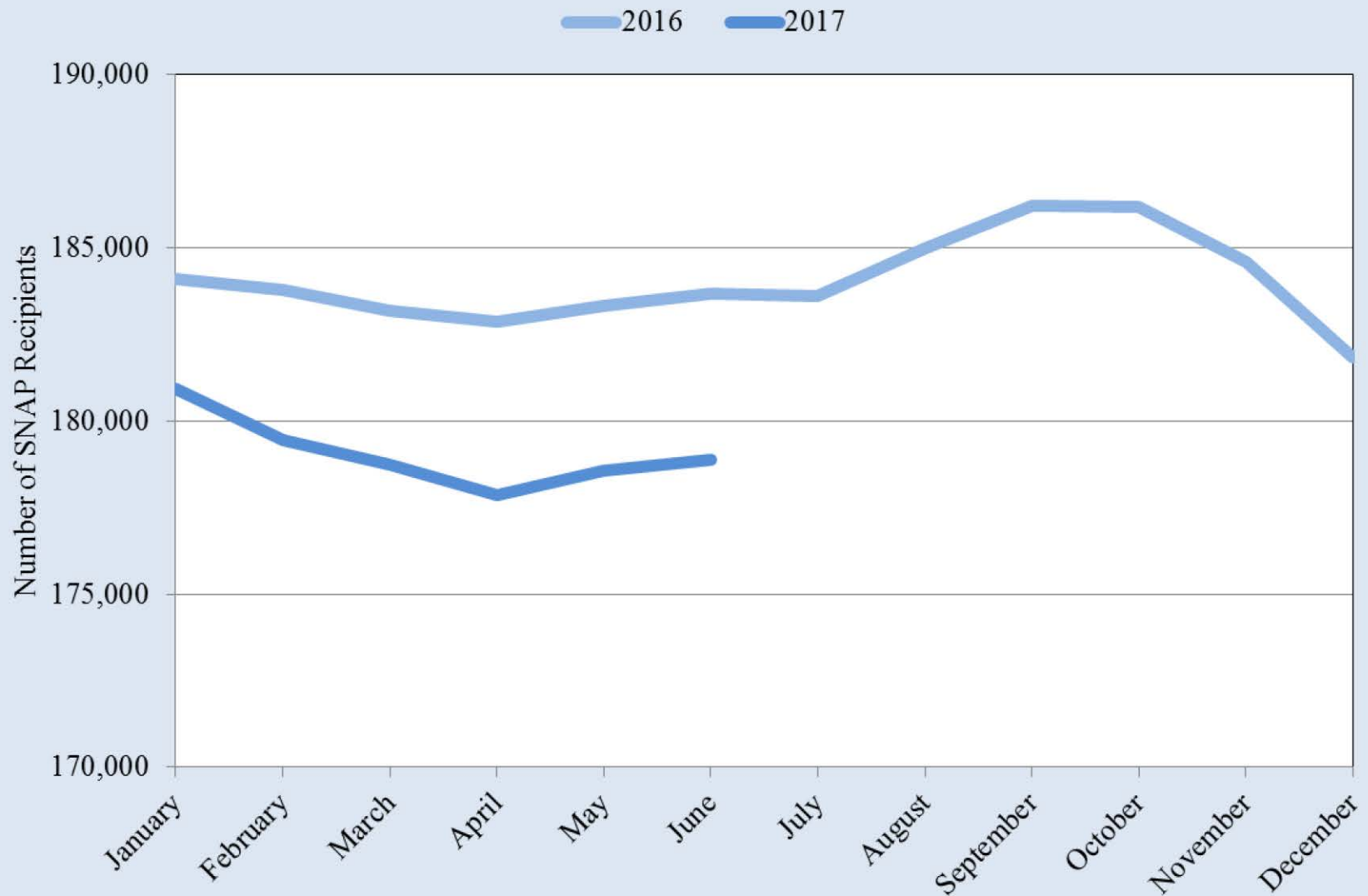
Source: Bureau of Labor Statistics

El Paso County Unemployment Rate



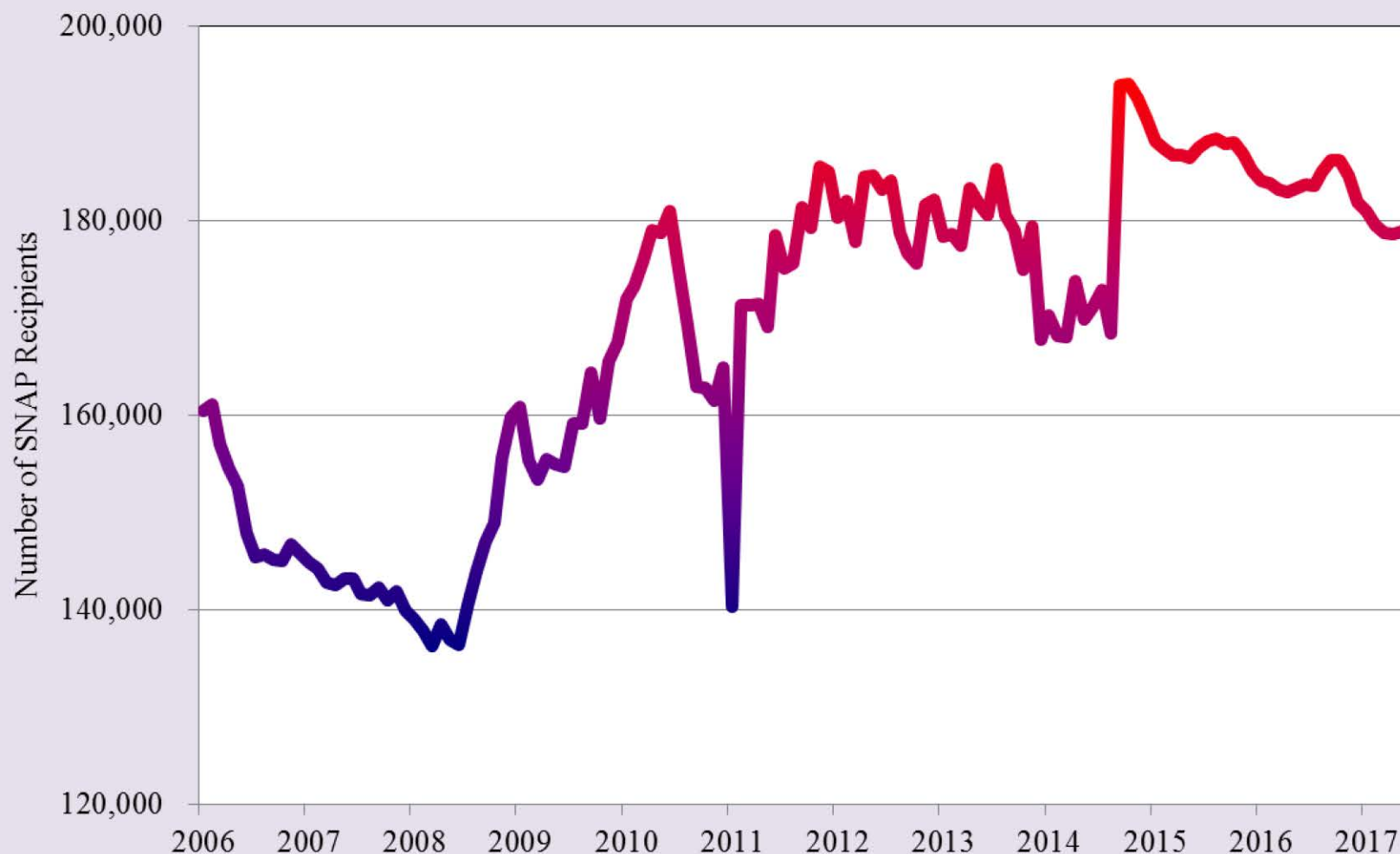
Source: Bureau of Labor Statistics

El Paso County SNAP (Food Stamp) Enrollment



Source: Texas Health and Human Services Commission

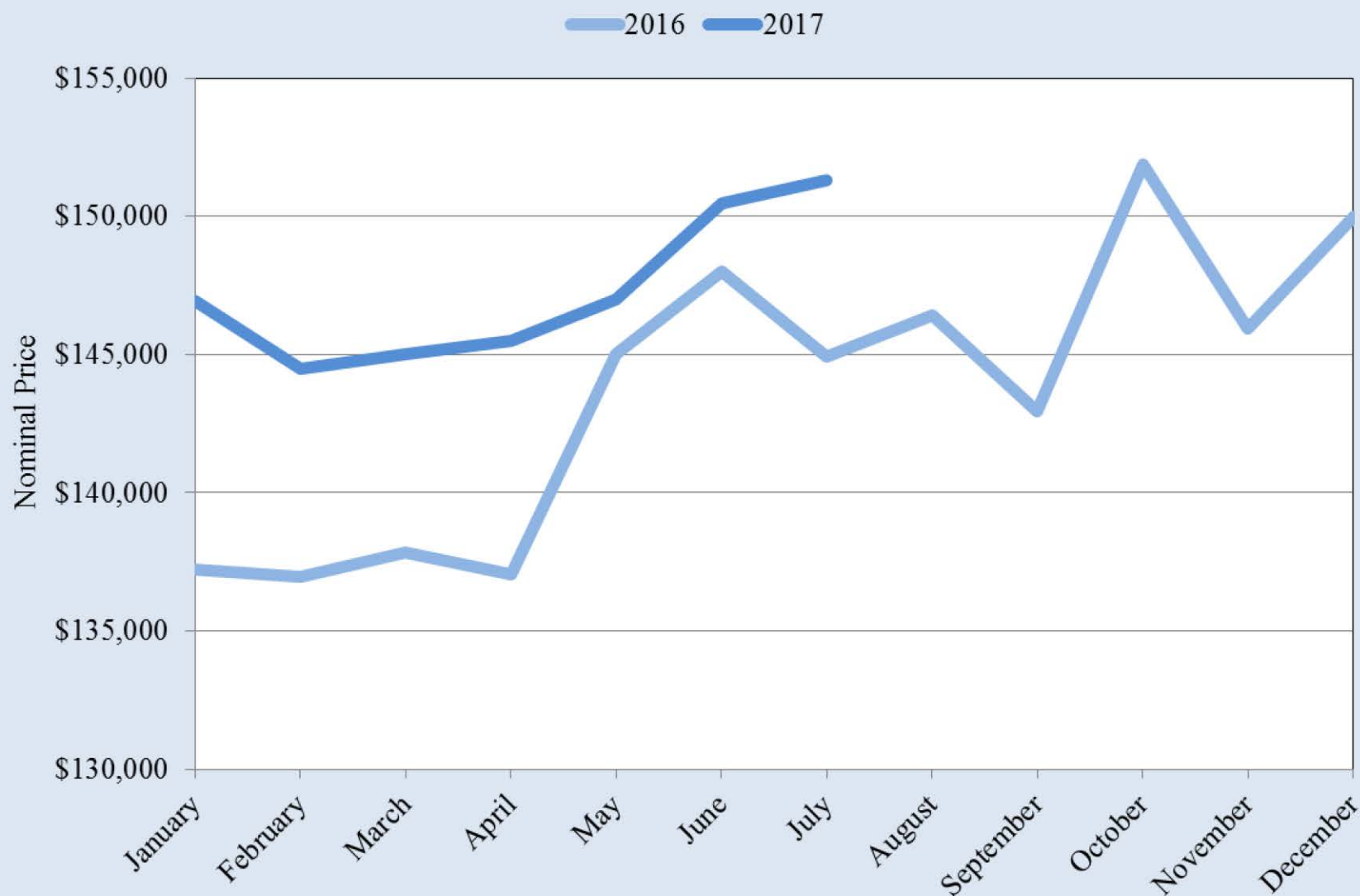
El Paso County SNAP (Food Stamp) Enrollment



Starting in September, 2014, the number of SNAP recipients is recorded for the end of each month.

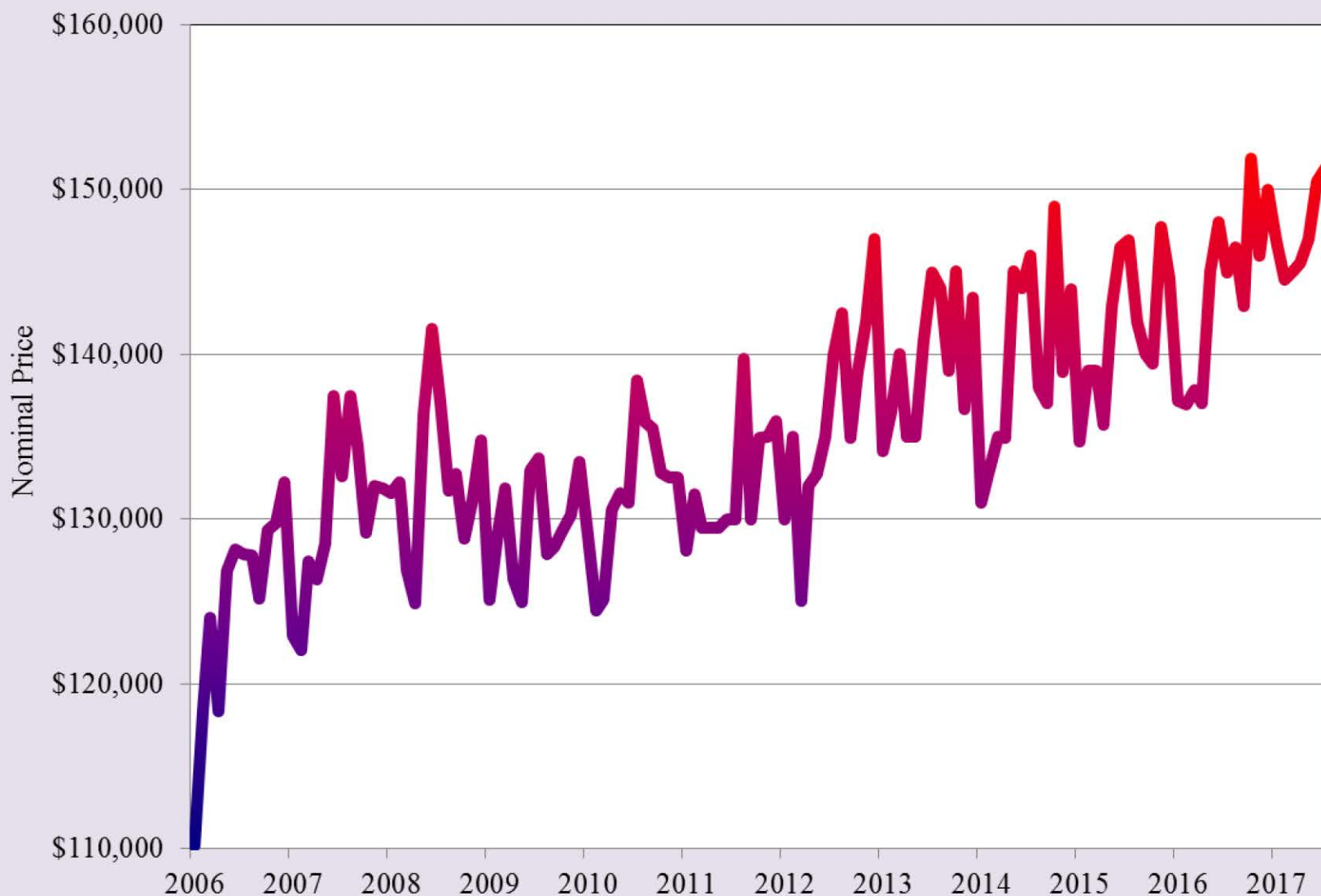
Source: Texas Health and Human Services Commission

El Paso Median Housing Prices



Source: Texas A&M Real Estate Center

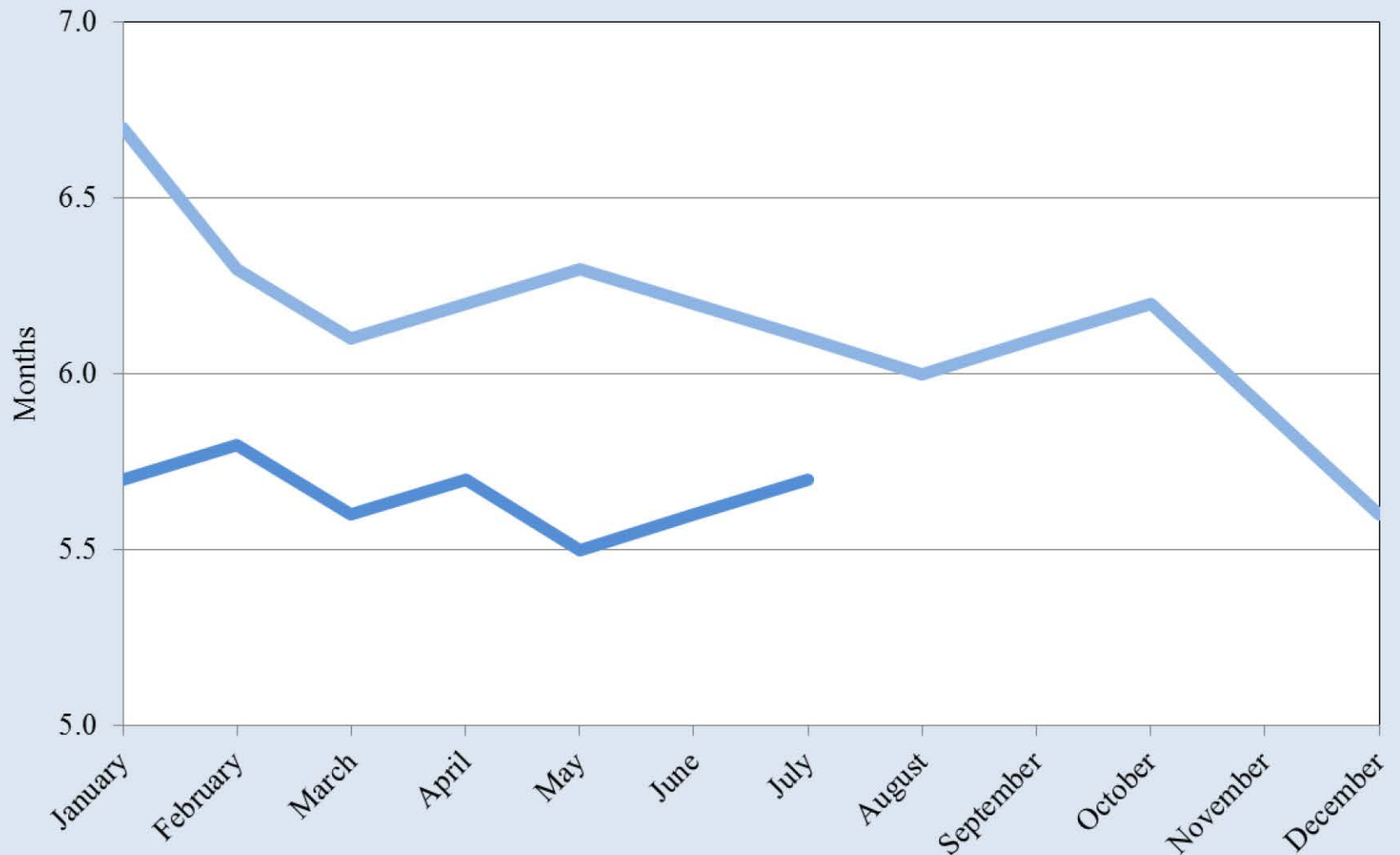
El Paso Median Housing Prices



Source: Texas A&M Real Estate Center

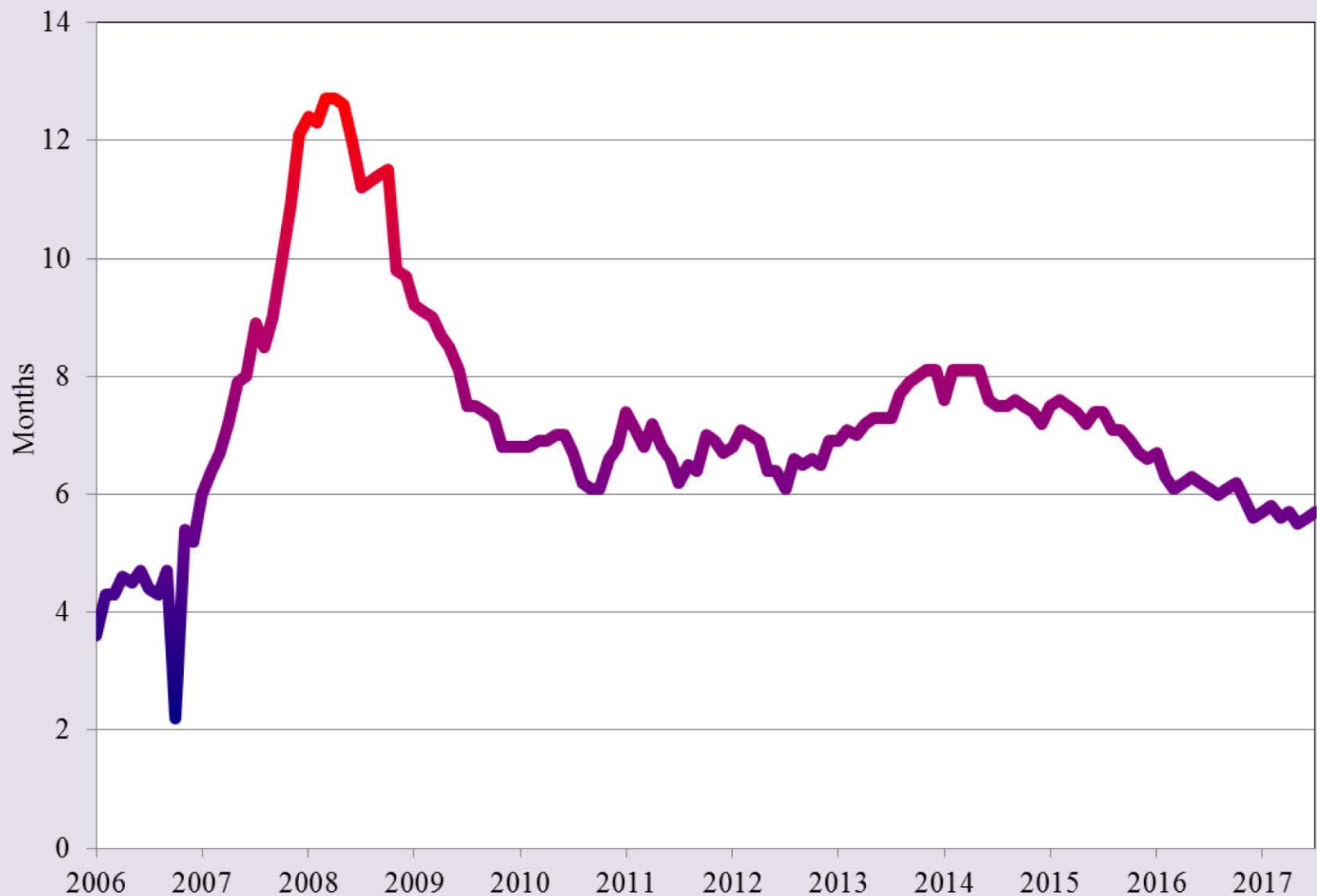
Months of Housing Inventory for El Paso

2016 2017



Source: Texas A&M Real Estate Center

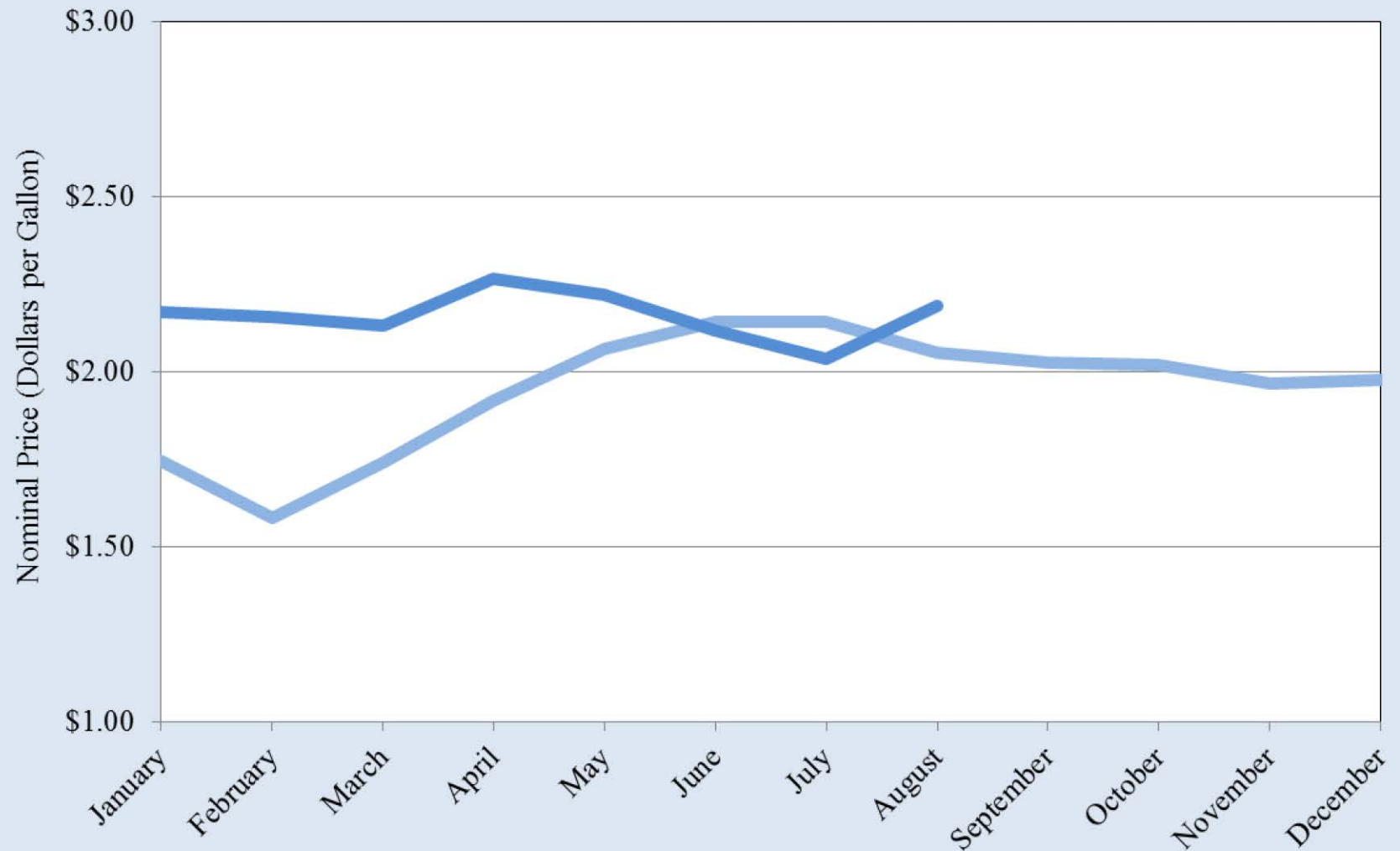
Months of Housing Inventory for El Paso



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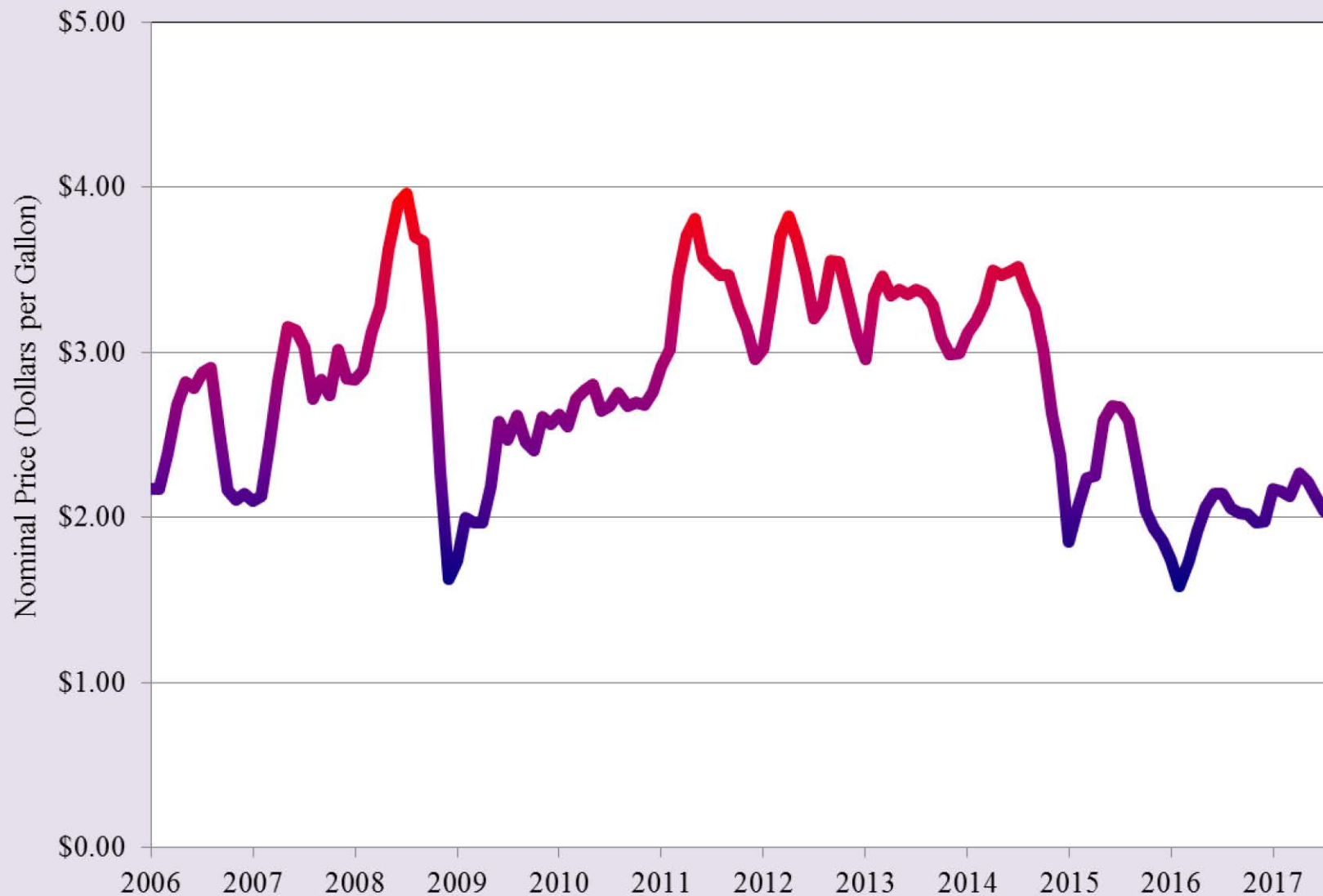
El Paso Gasoline Prices

— 2016 — 2017



Source: GasBuddy.com

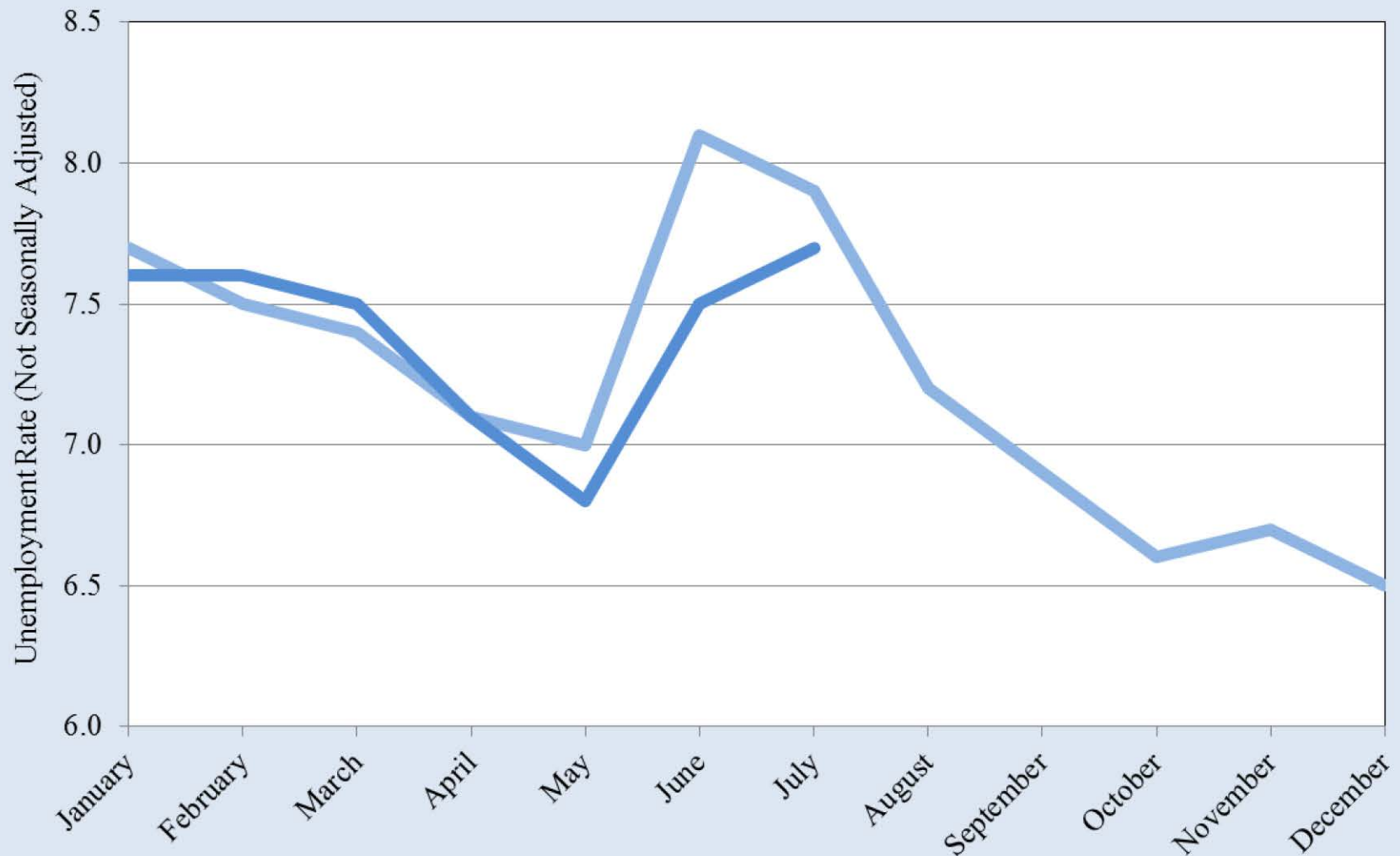
El Paso Gasoline Prices



Source: GasBuddy.com

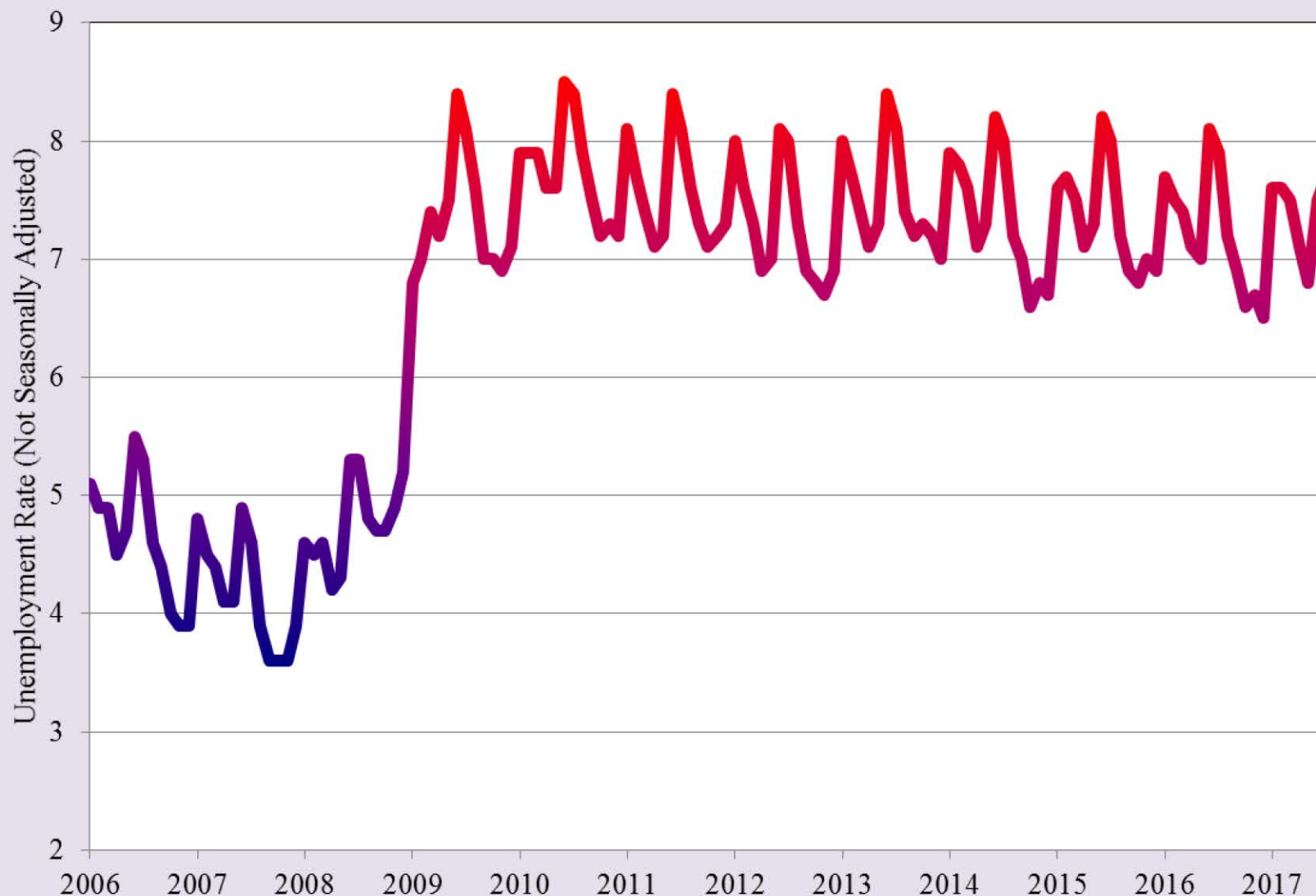
Doña Ana County Unemployment Rate

— 2016 — 2017



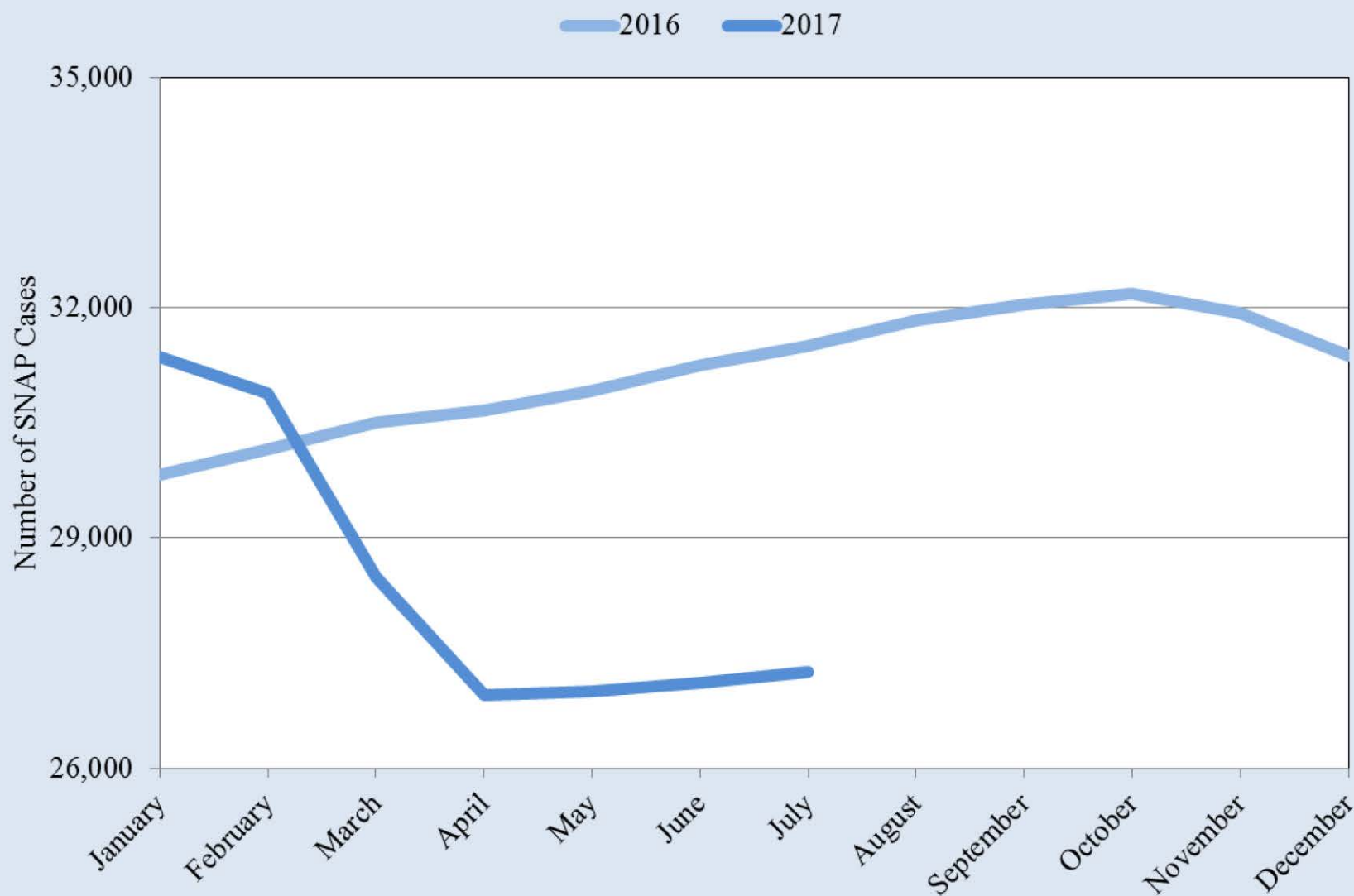
Source: Bureau of Labor Statistics

Doña Ana County Unemployment Rate



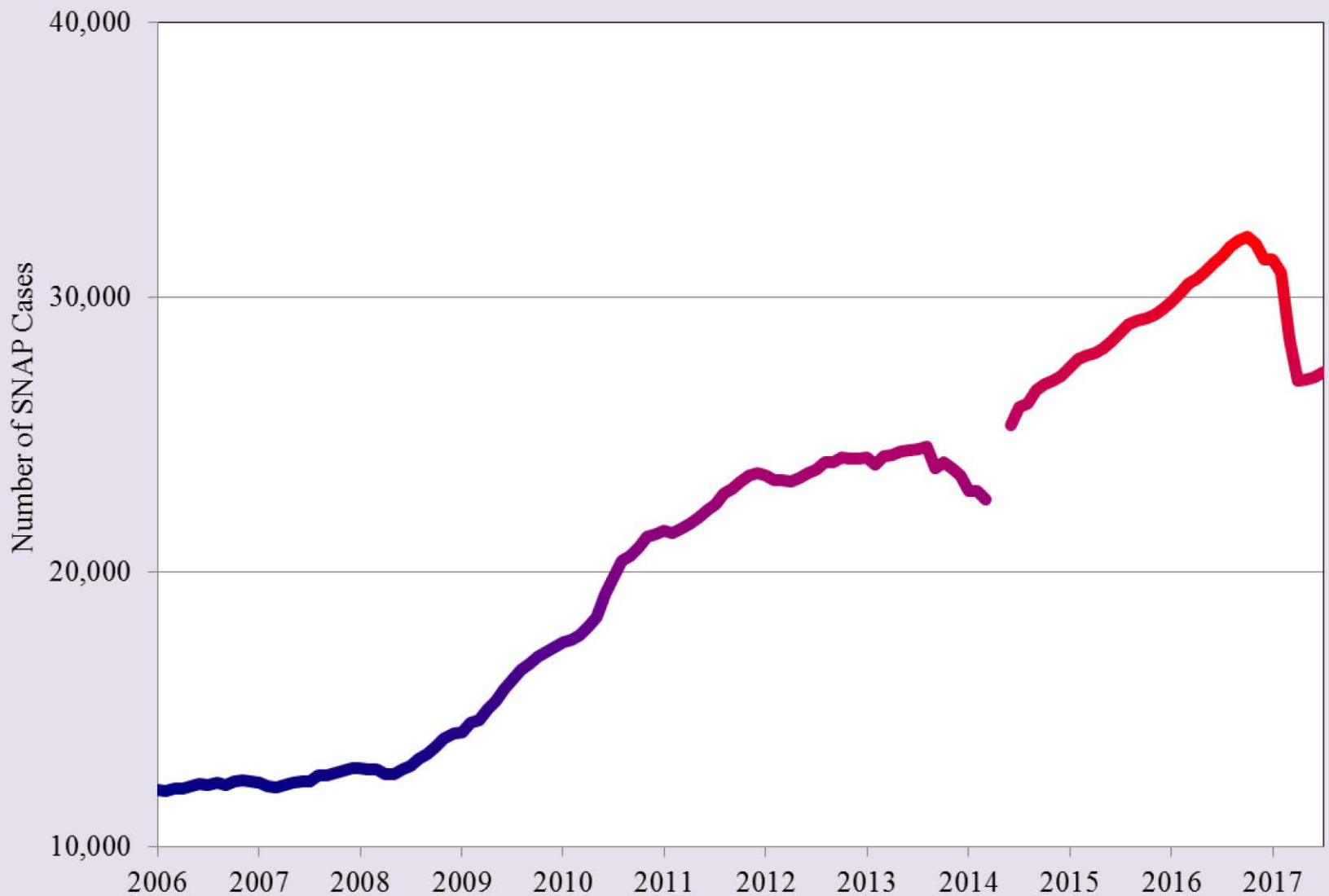
Source: Bureau of Labor Statistics

Las Cruces Area SNAP (Food Stamp) Cases



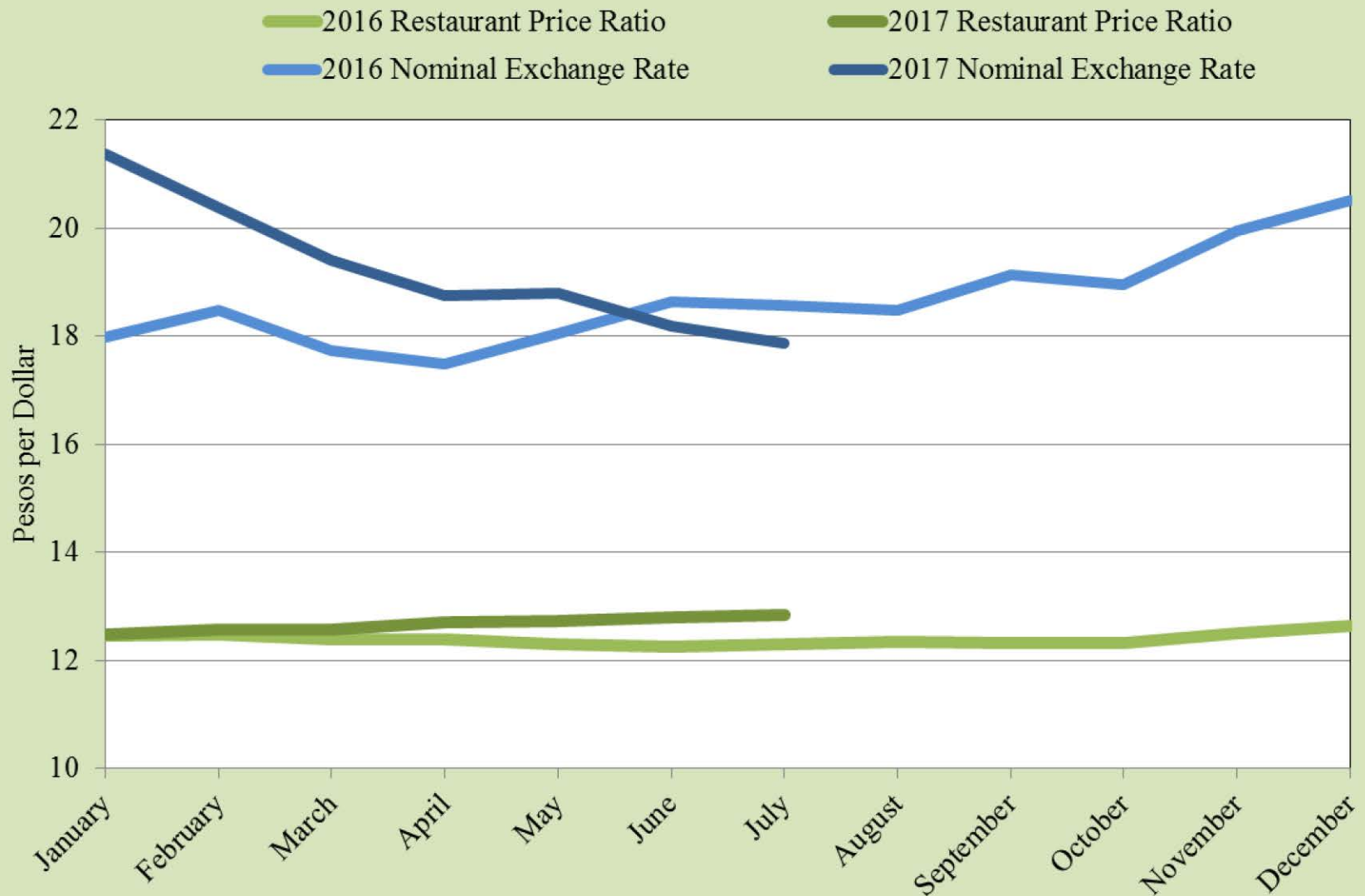
Source: New Mexico Human Services Department

Las Cruces Area SNAP (Food Stamp) Cases



Source: New Mexico Human Services Department

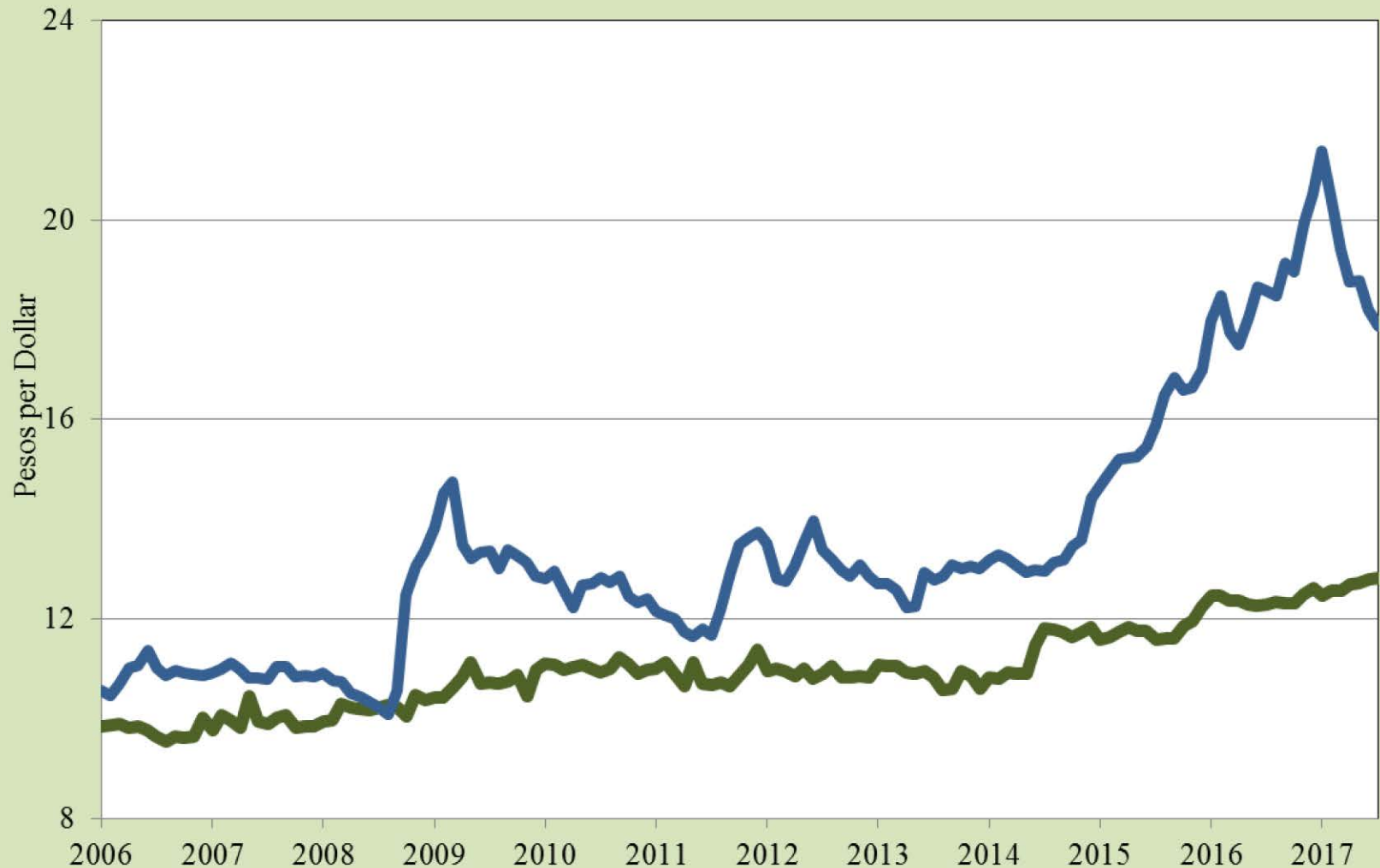
Restaurant Price Ratio and Exchange Rate



Source: UTEP Border Region Modeling Project and Banco de Mexico

Restaurant Price Ratio and Exchange Rate

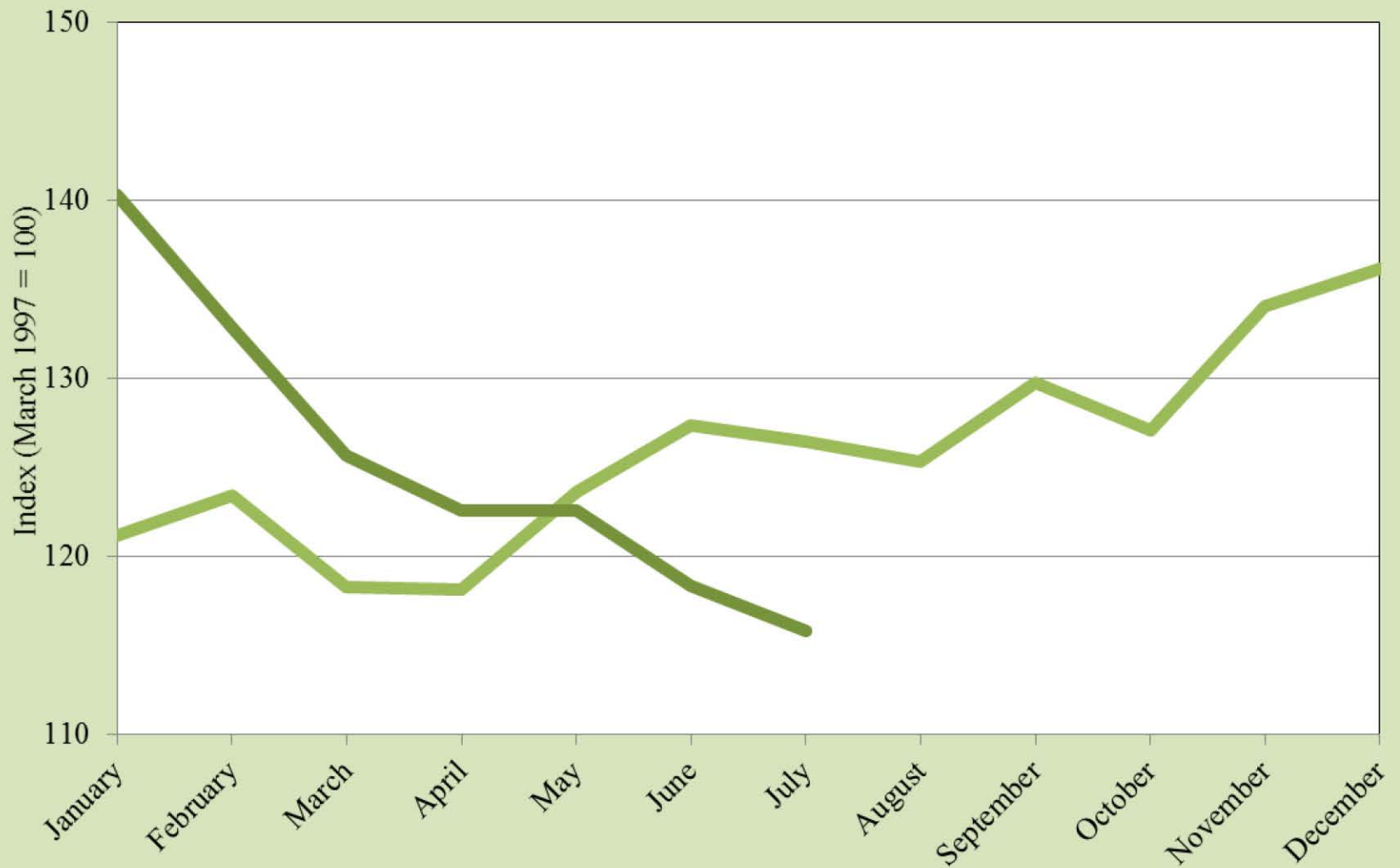
— Restaurant Price Ratio — Nominal Exchange Rate



Source: UTEP Border Region Modeling Project and Banco de Mexico

Real Peso/Dollar Exchange Rate Index

2016 2017



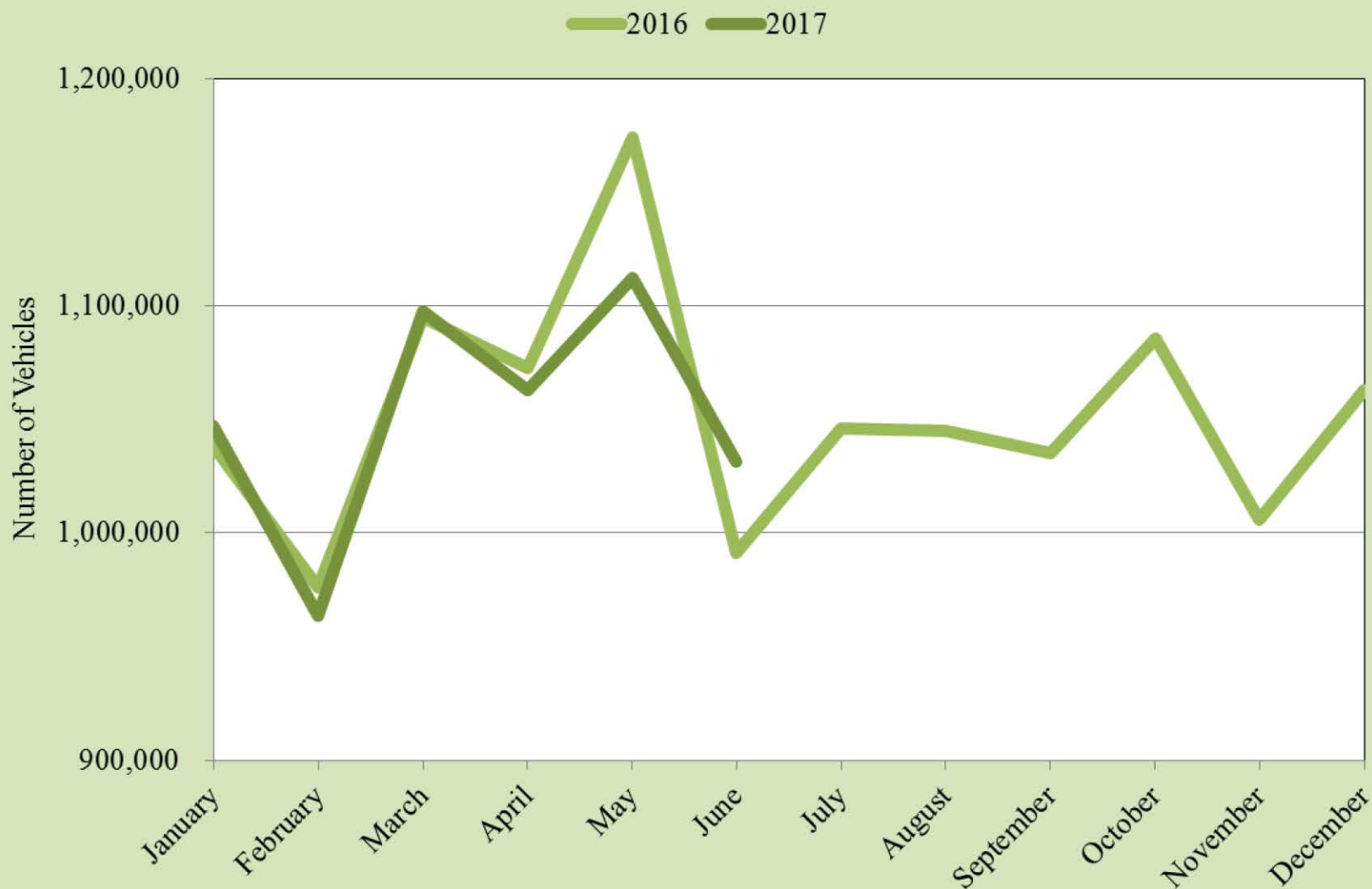
Source: UTEP Border Region Modeling Project

Real Peso/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

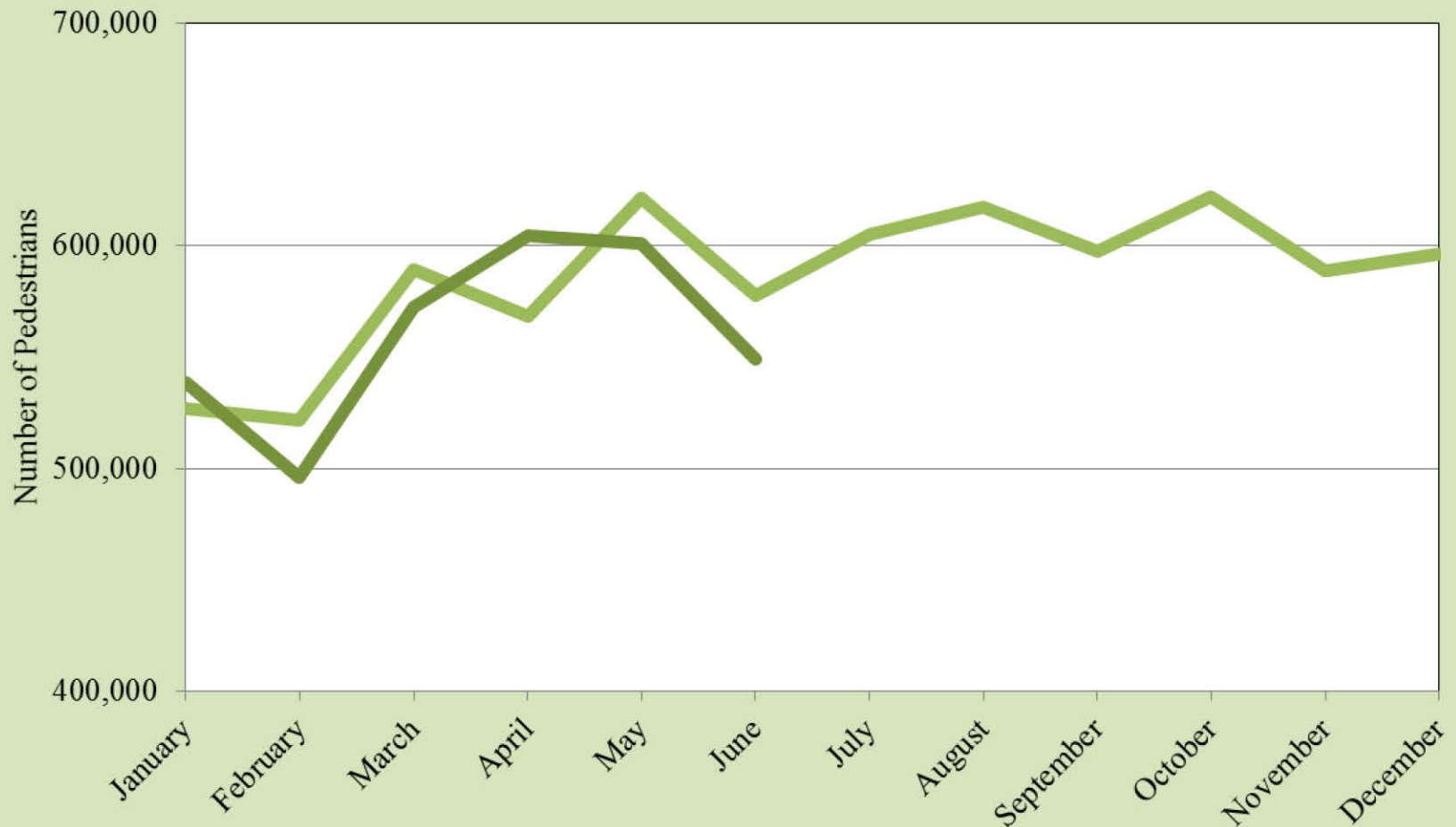
Personal Vehicle International Bridge Crossings to El Paso



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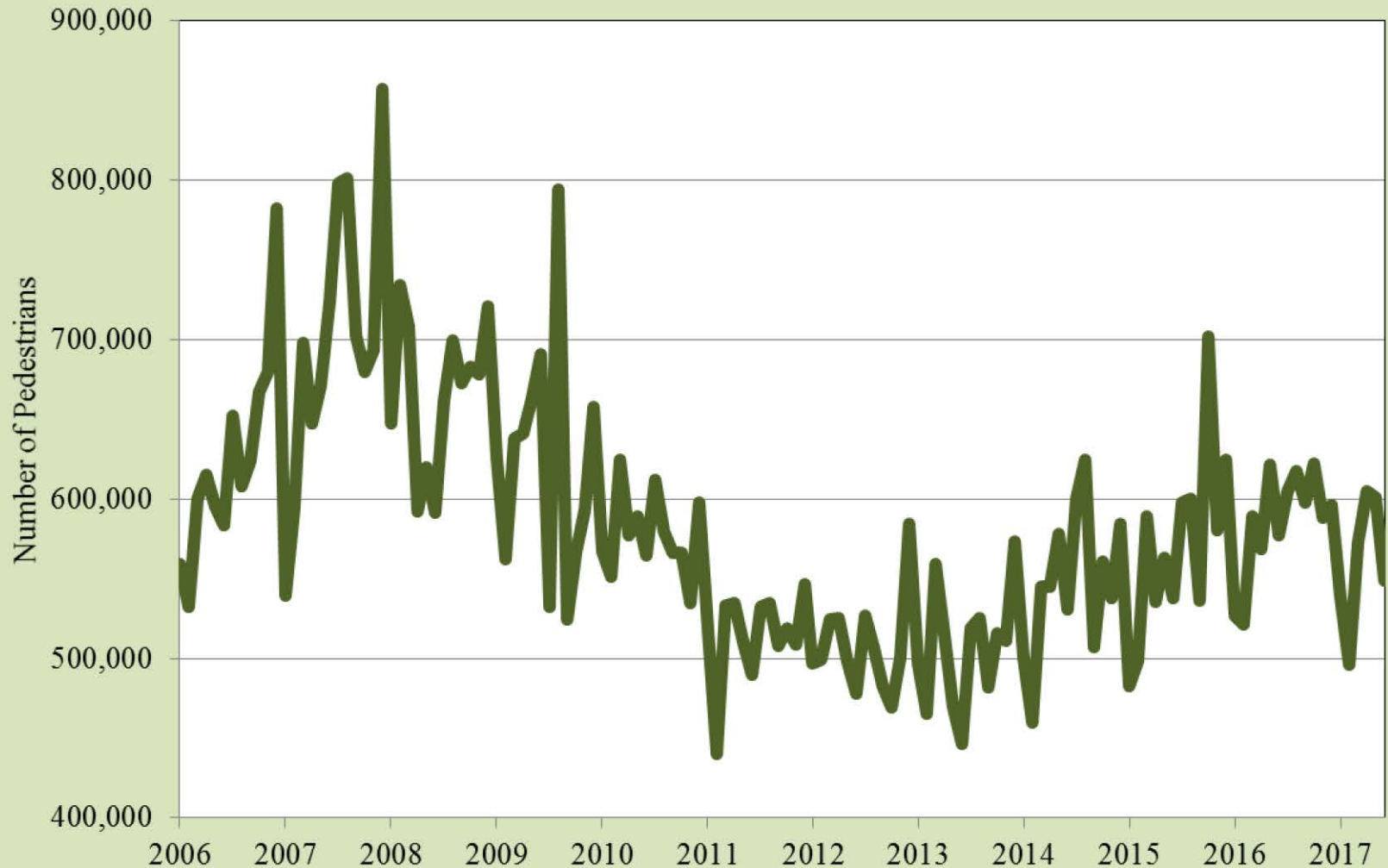
Pedestrian International Bridge Crossings to El Paso

2016 2017



Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

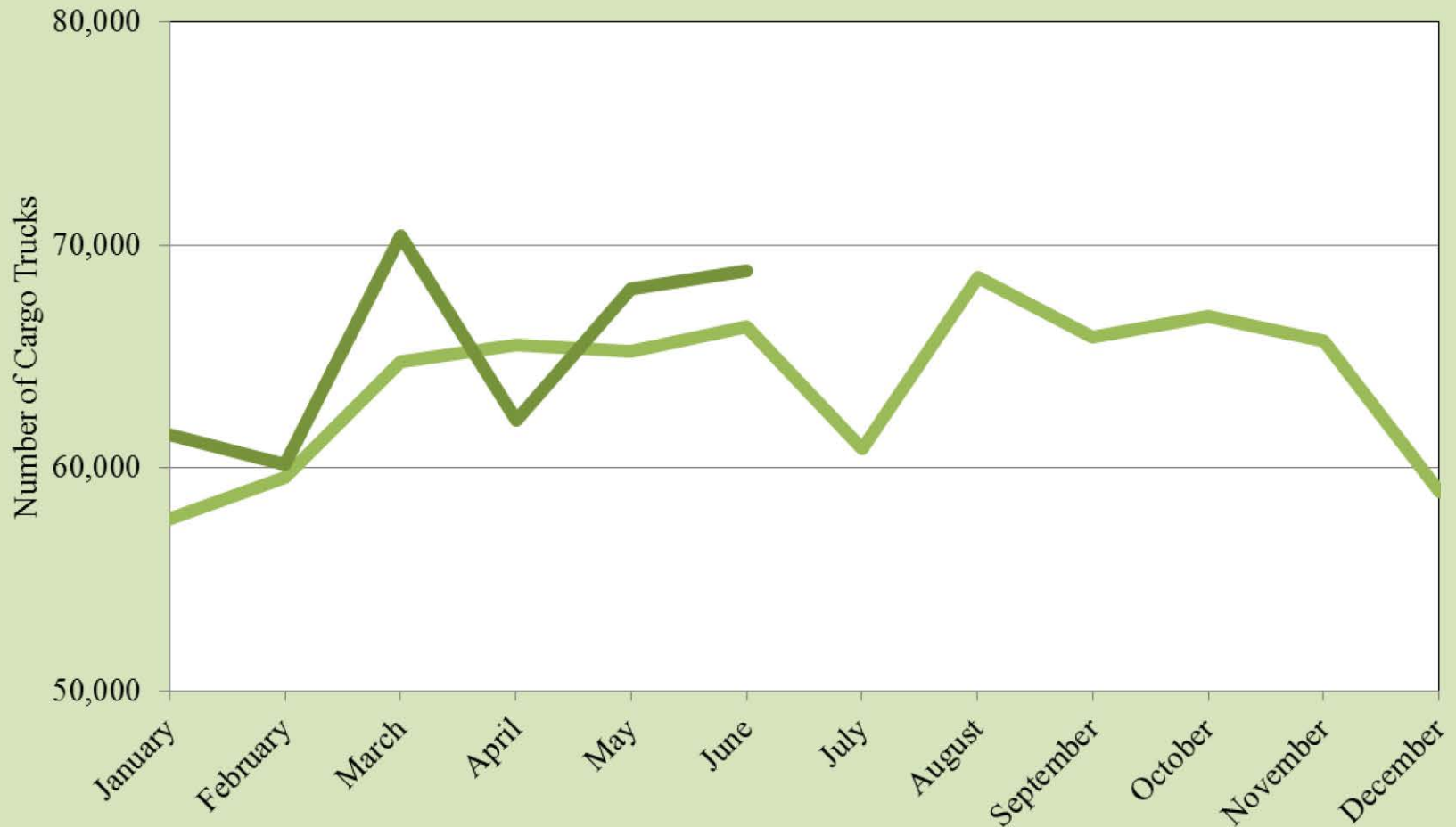
Pedestrian International Bridge Crossings to El Paso



Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

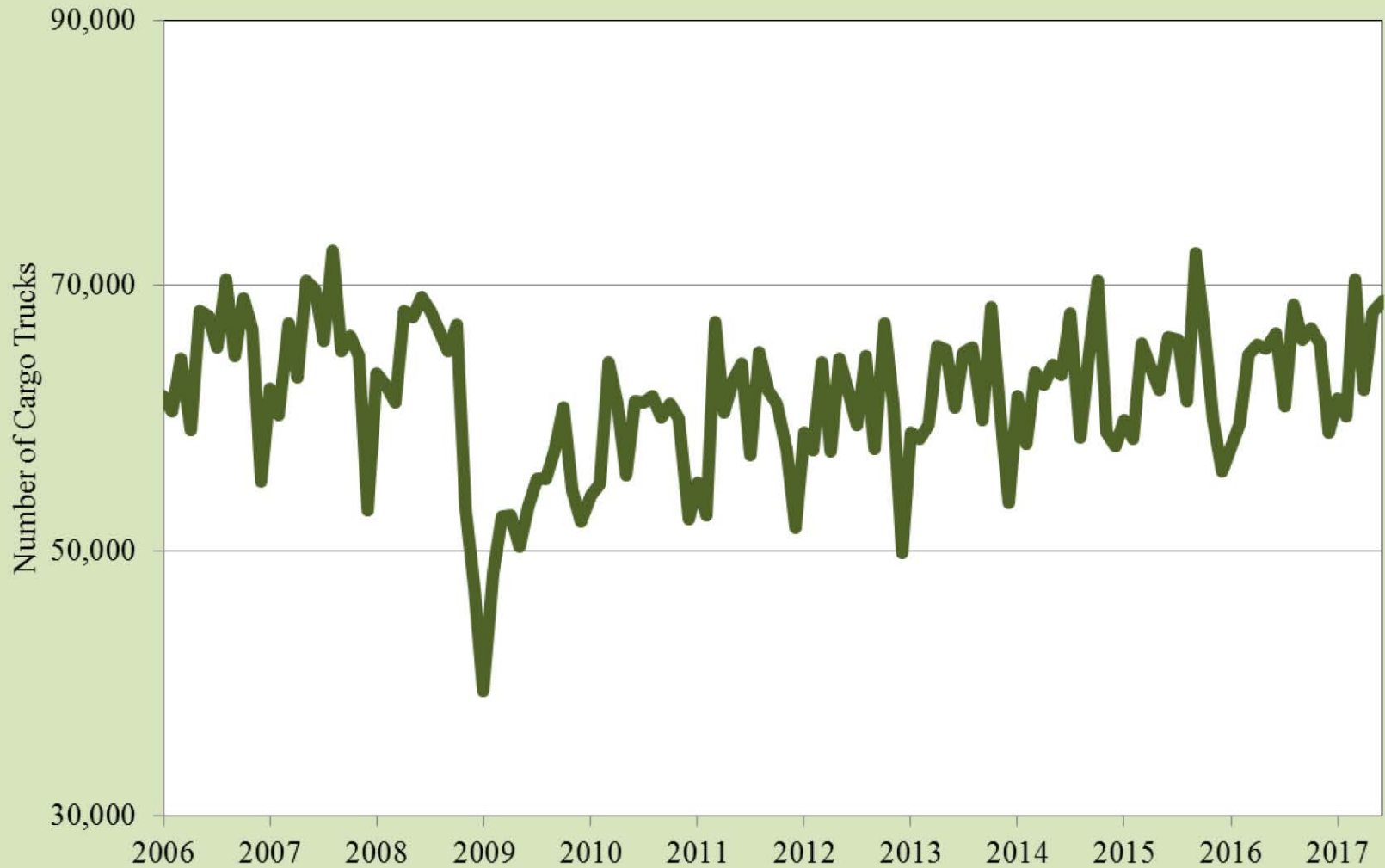
Cargo Truck International Bridge Crossings to El Paso

2016 2017



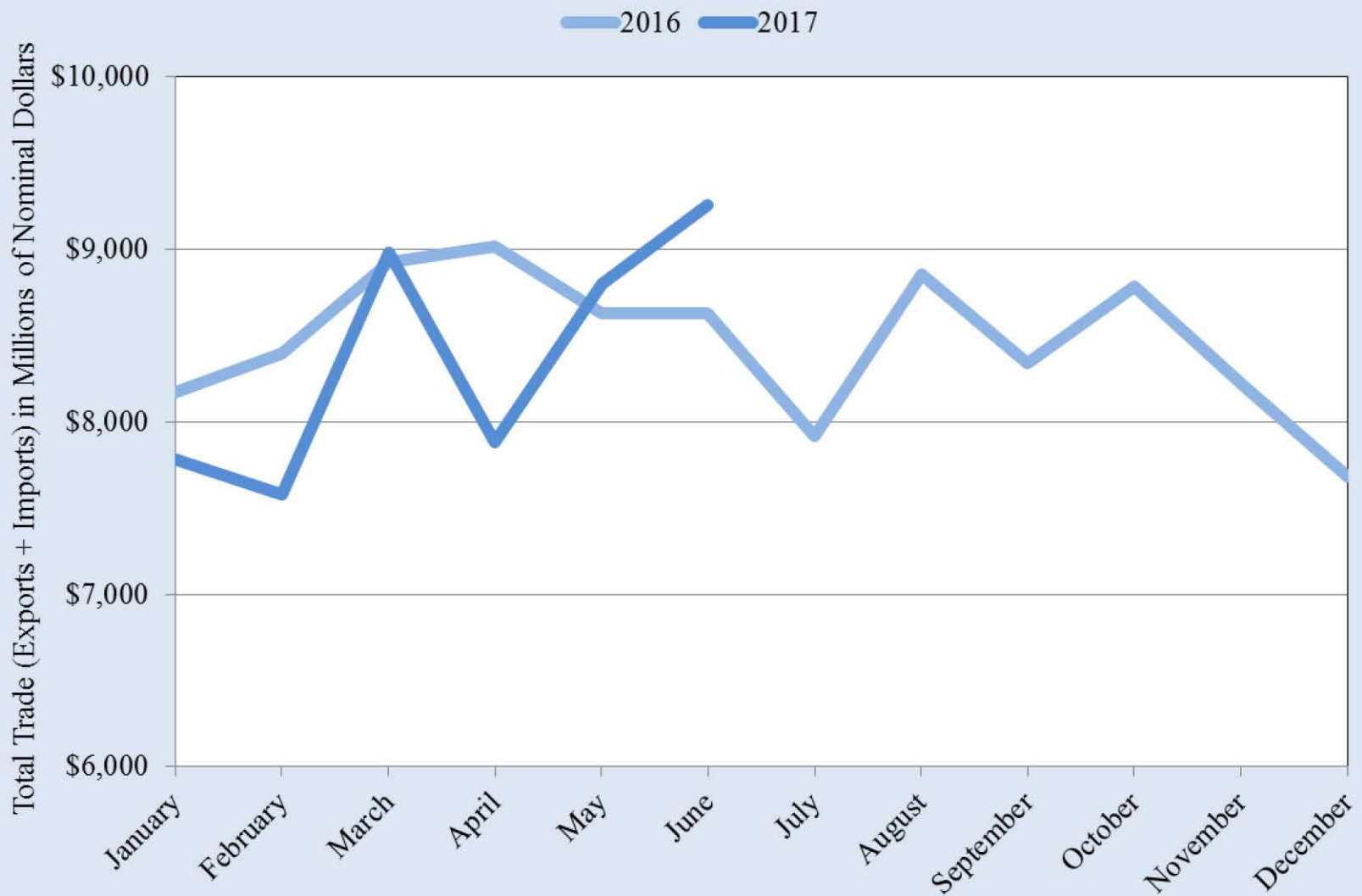
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Cargo Truck International Bridge Crossings to El Paso



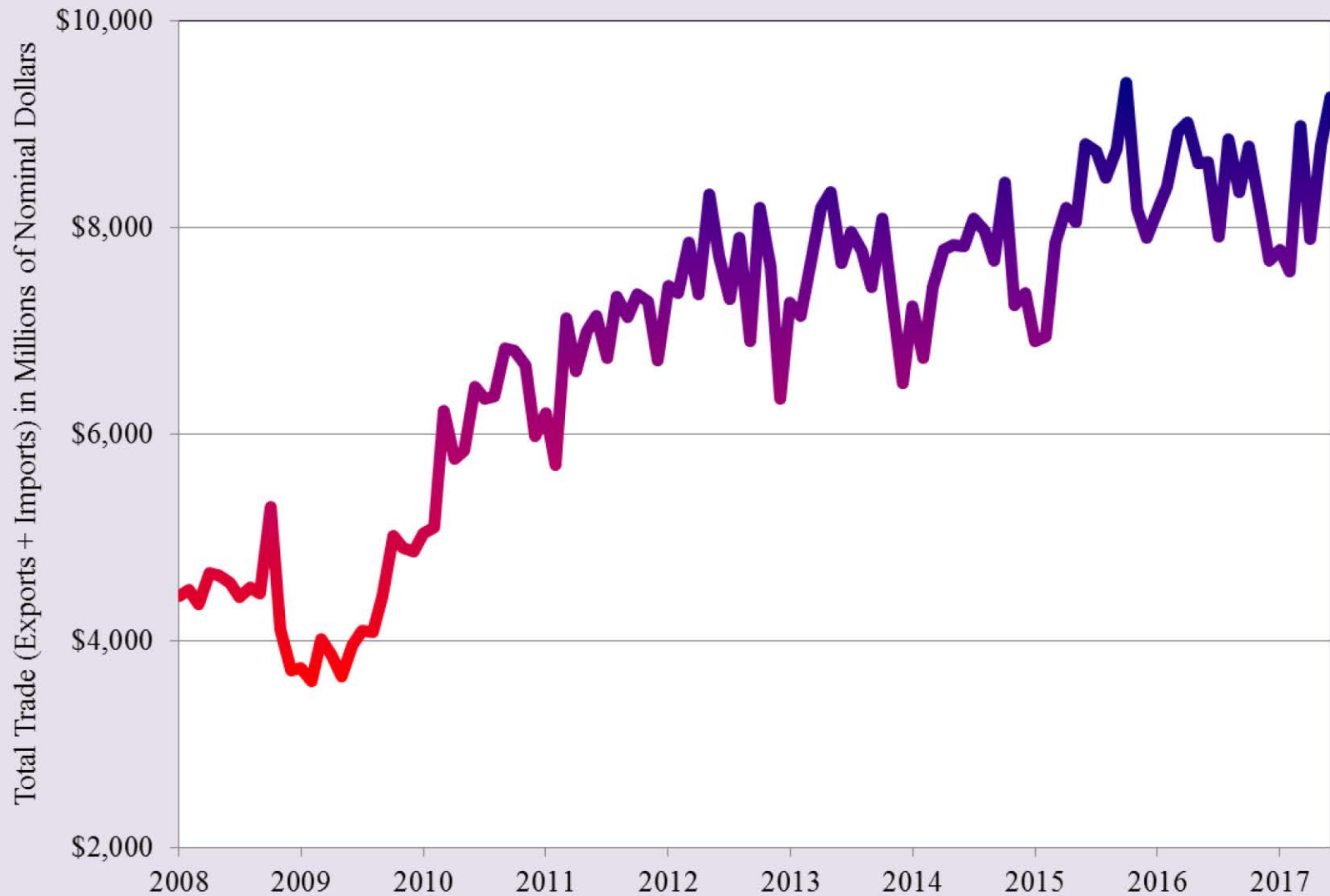
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Total Trade through the El Paso Customs District



Source: U.S. International Trade Commission

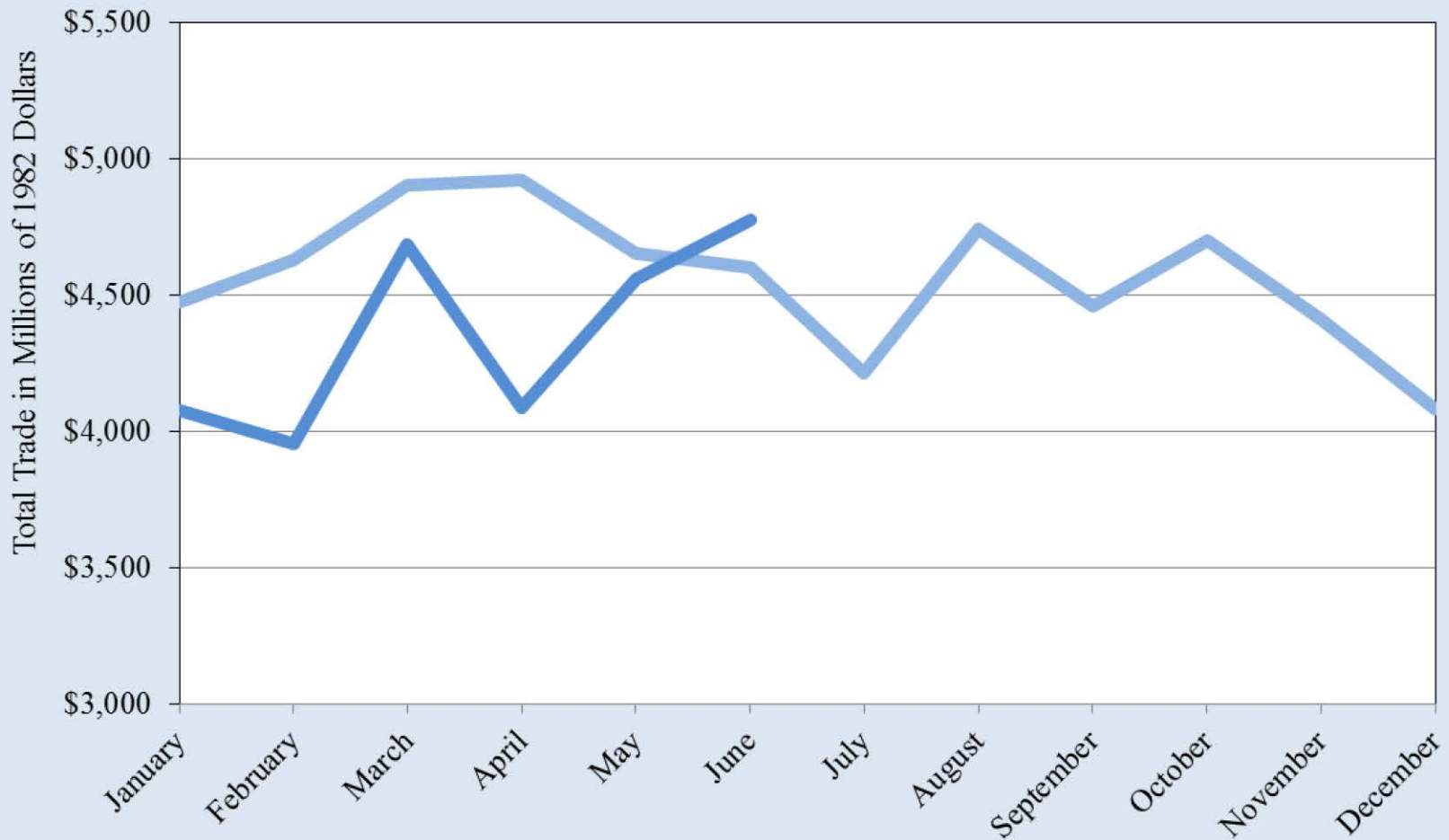
Total Trade through the El Paso Customs District



Source: U.S. International Trade Commission

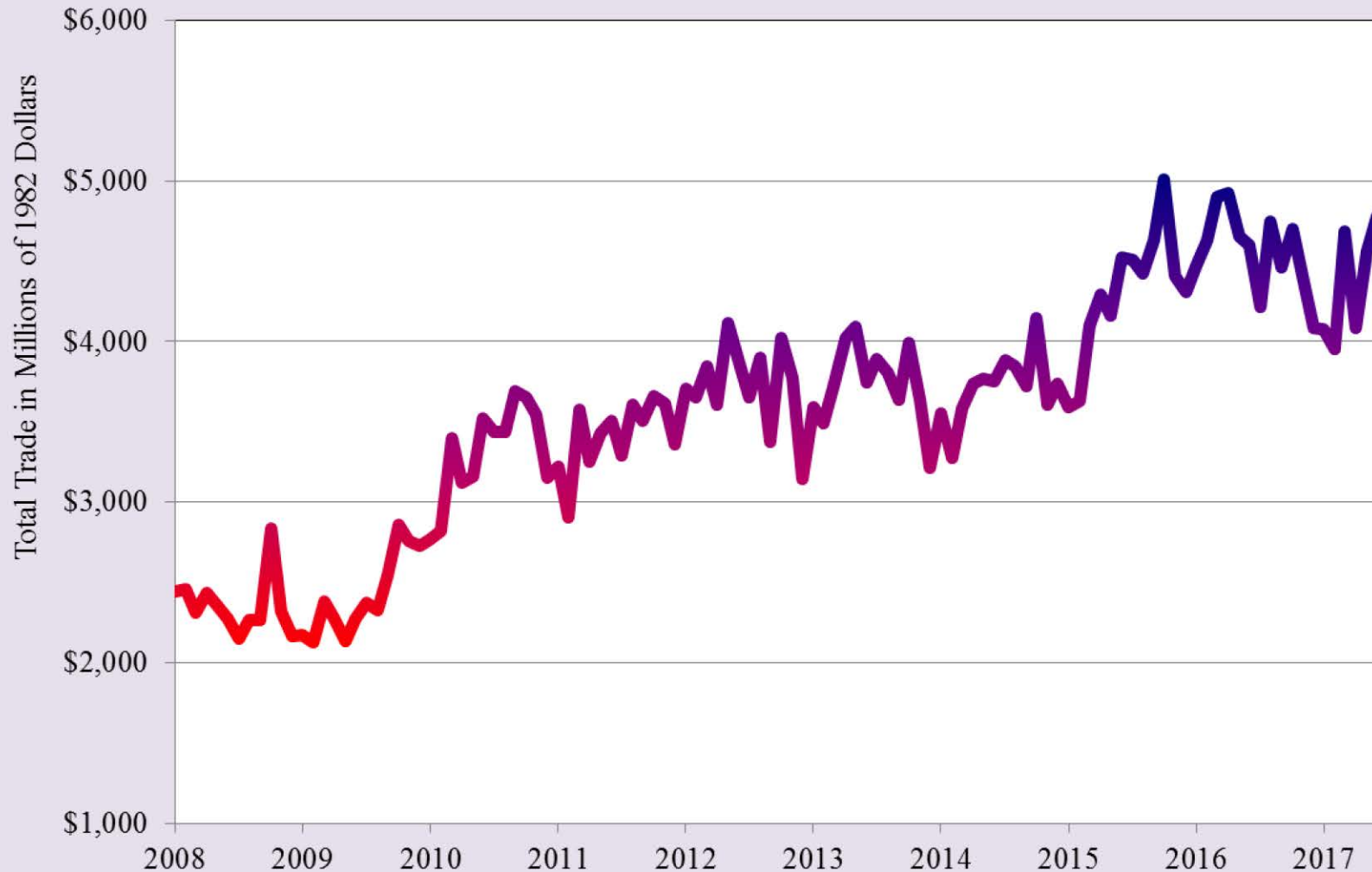
Real Total Trade through the El Paso Customs District

— 2016 — 2017



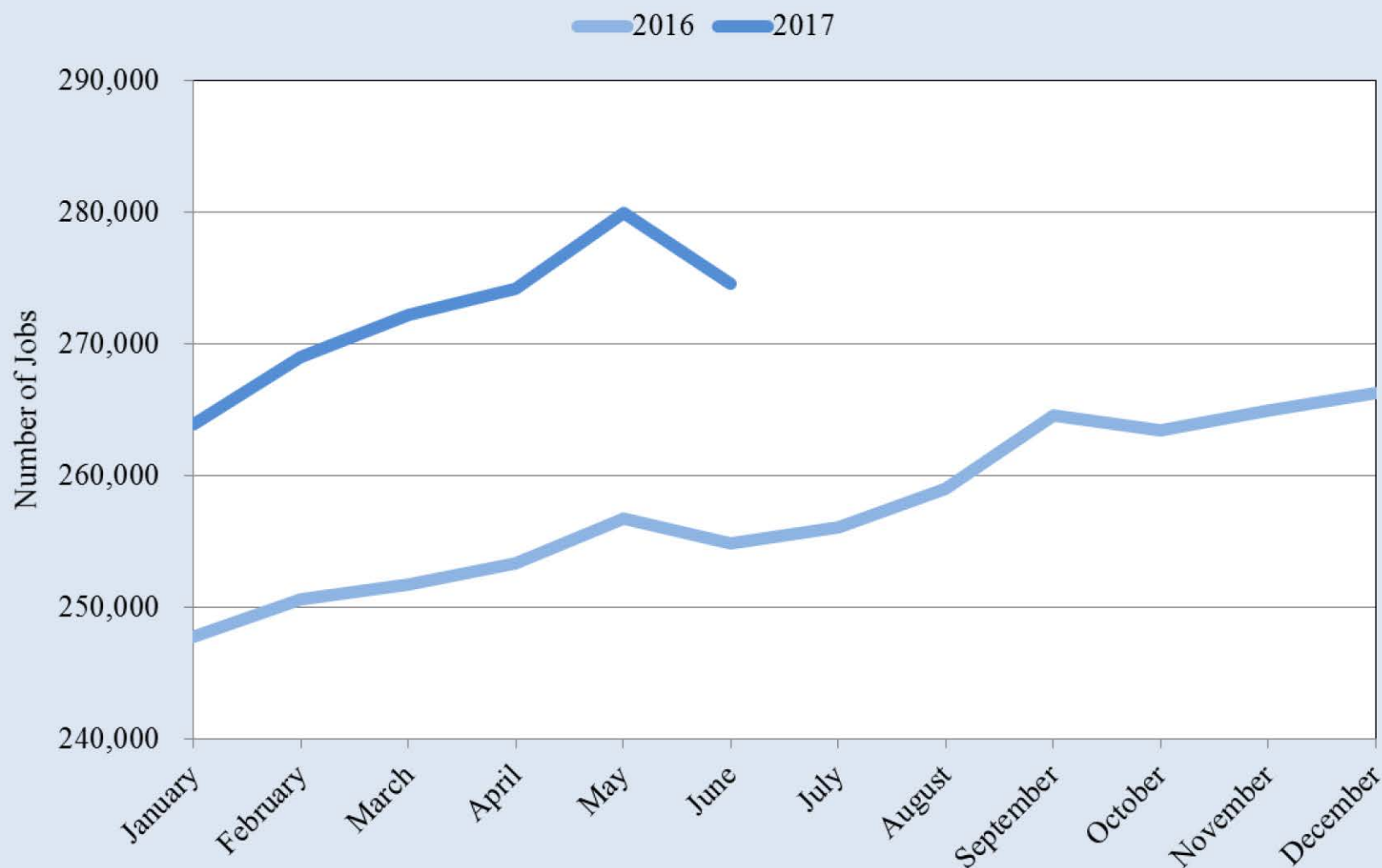
Sources: U.S. International Trade Commission and Bureau of Labor Statistics

Real Total Trade through the El Paso Customs District



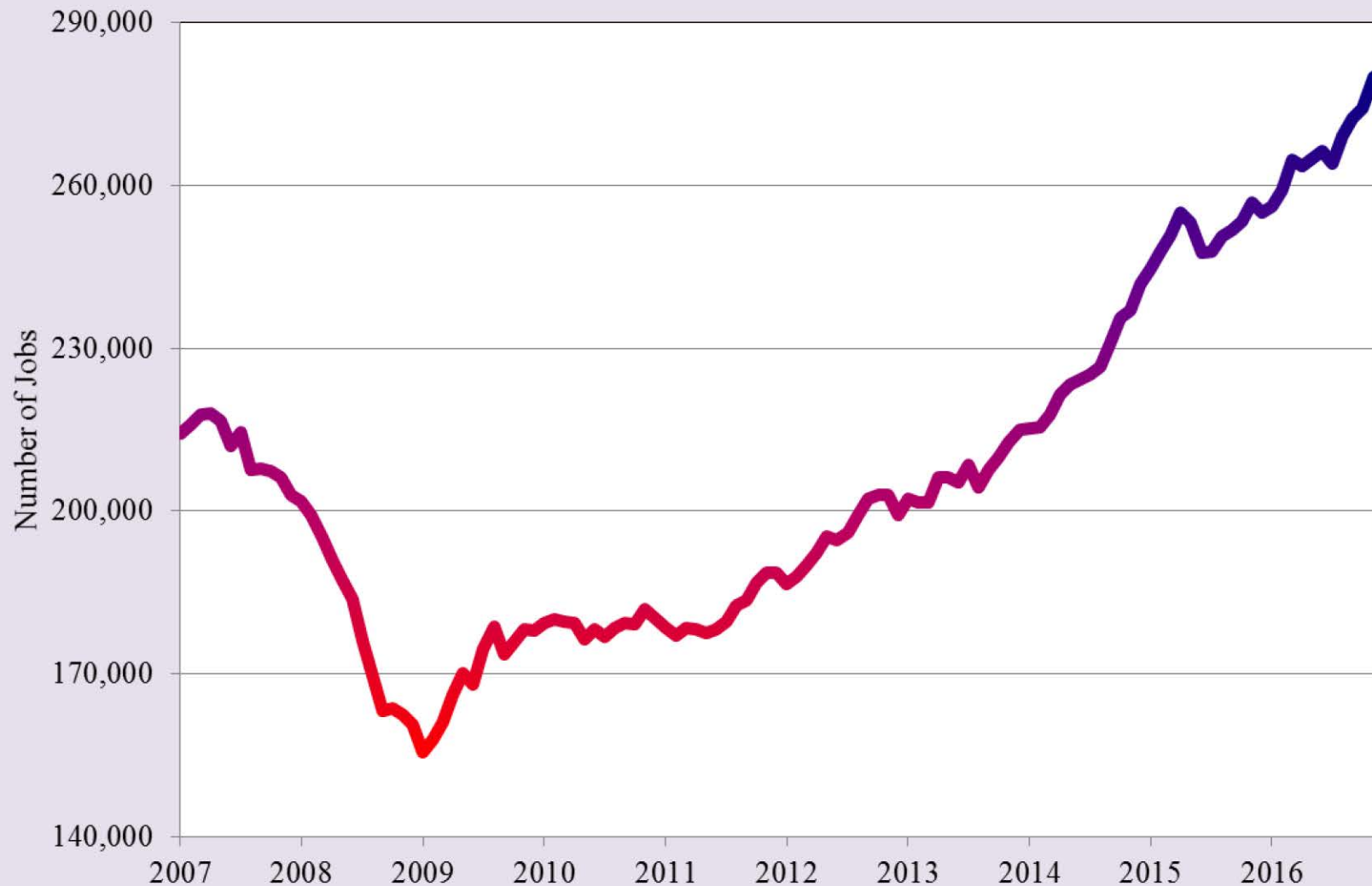
Sources: U.S. International Trade Commission and Bureau of Labor Statistics

Export-Oriented Manufacturing Employment in Ciudad Juárez



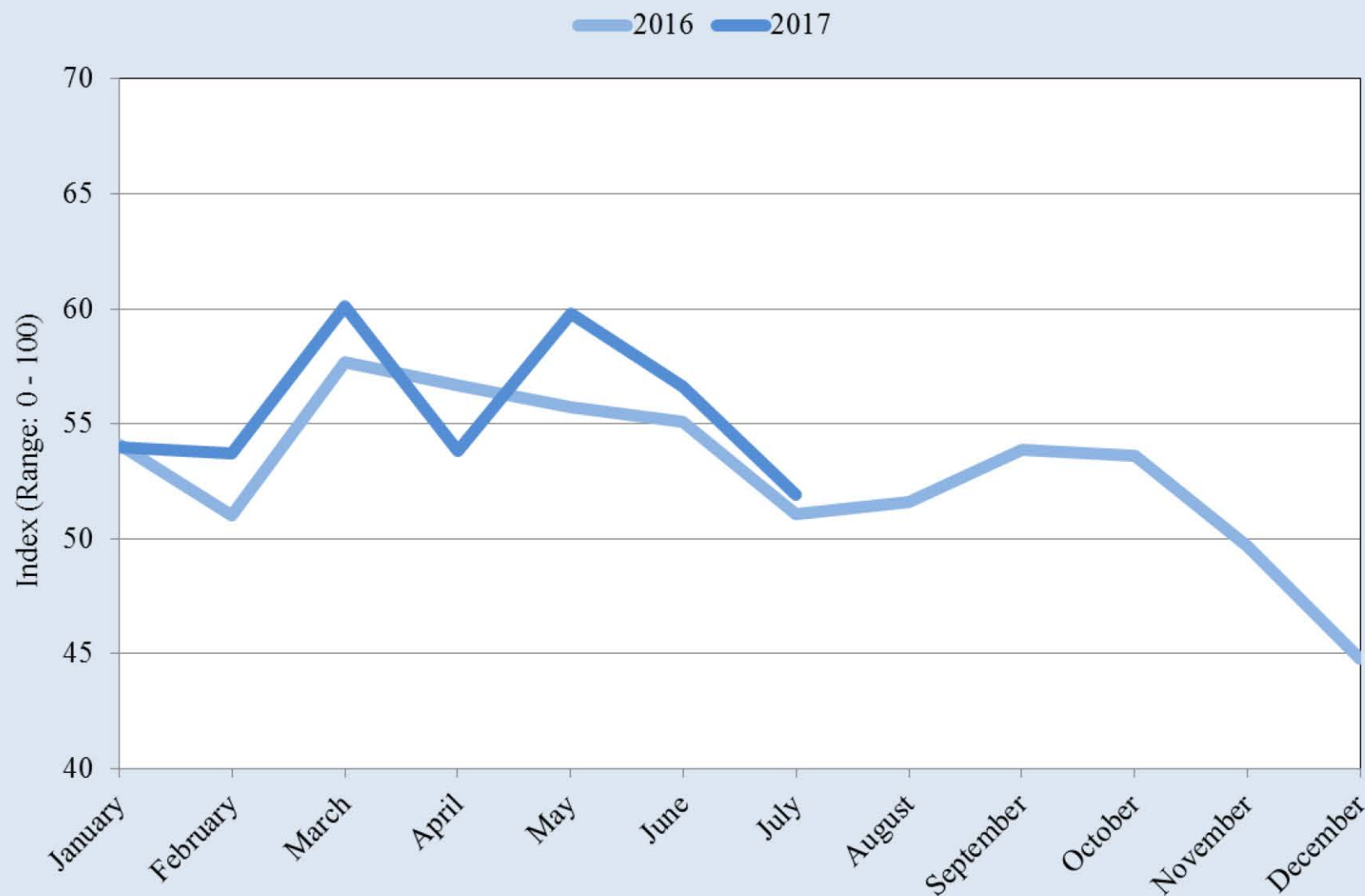
Source: INEGI

Export-Oriented Manufacturing Employment in Ciudad Juárez



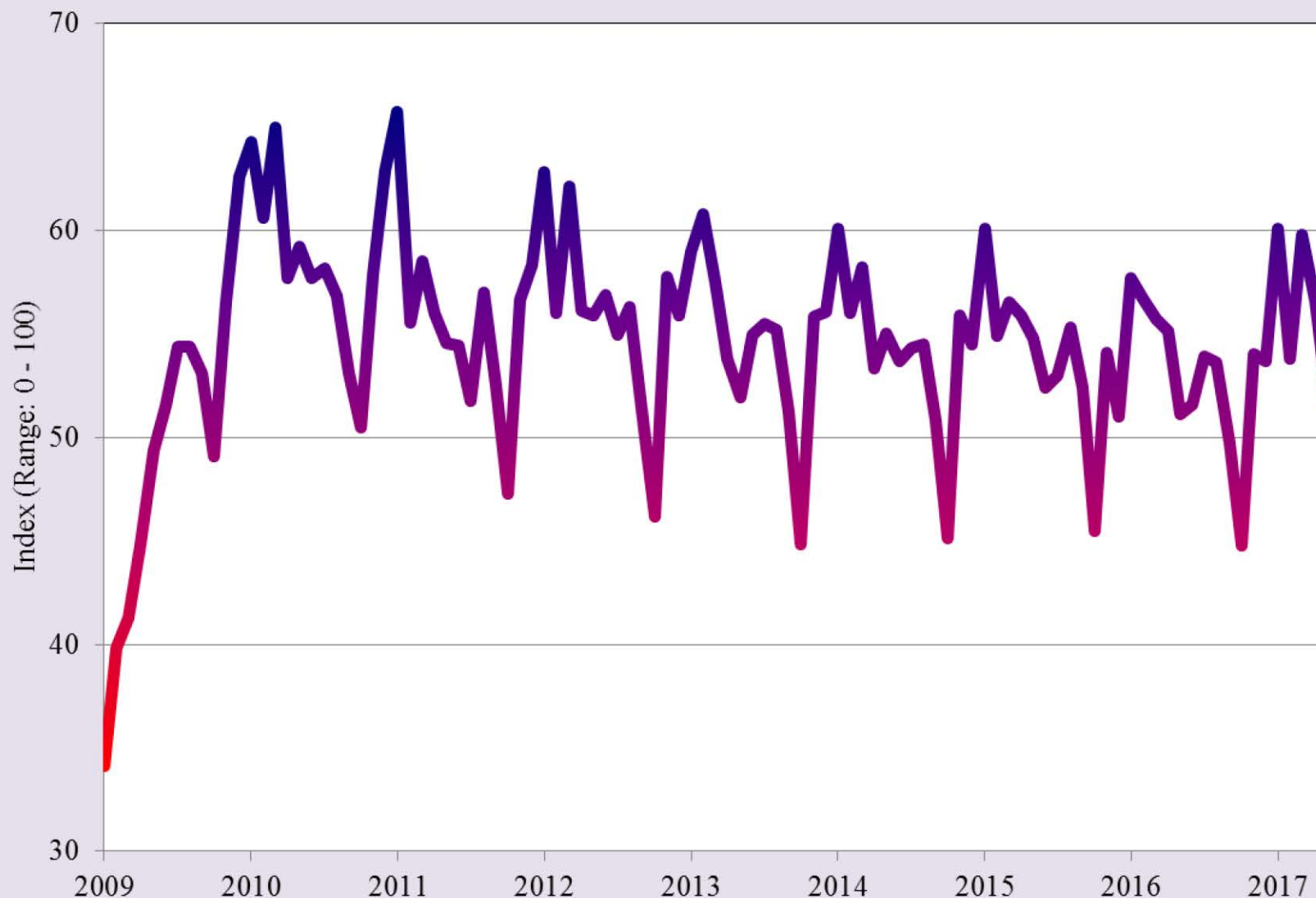
Source: INEGI

Northern Mexico Manufacturing Orders Index



Source: Banco de México

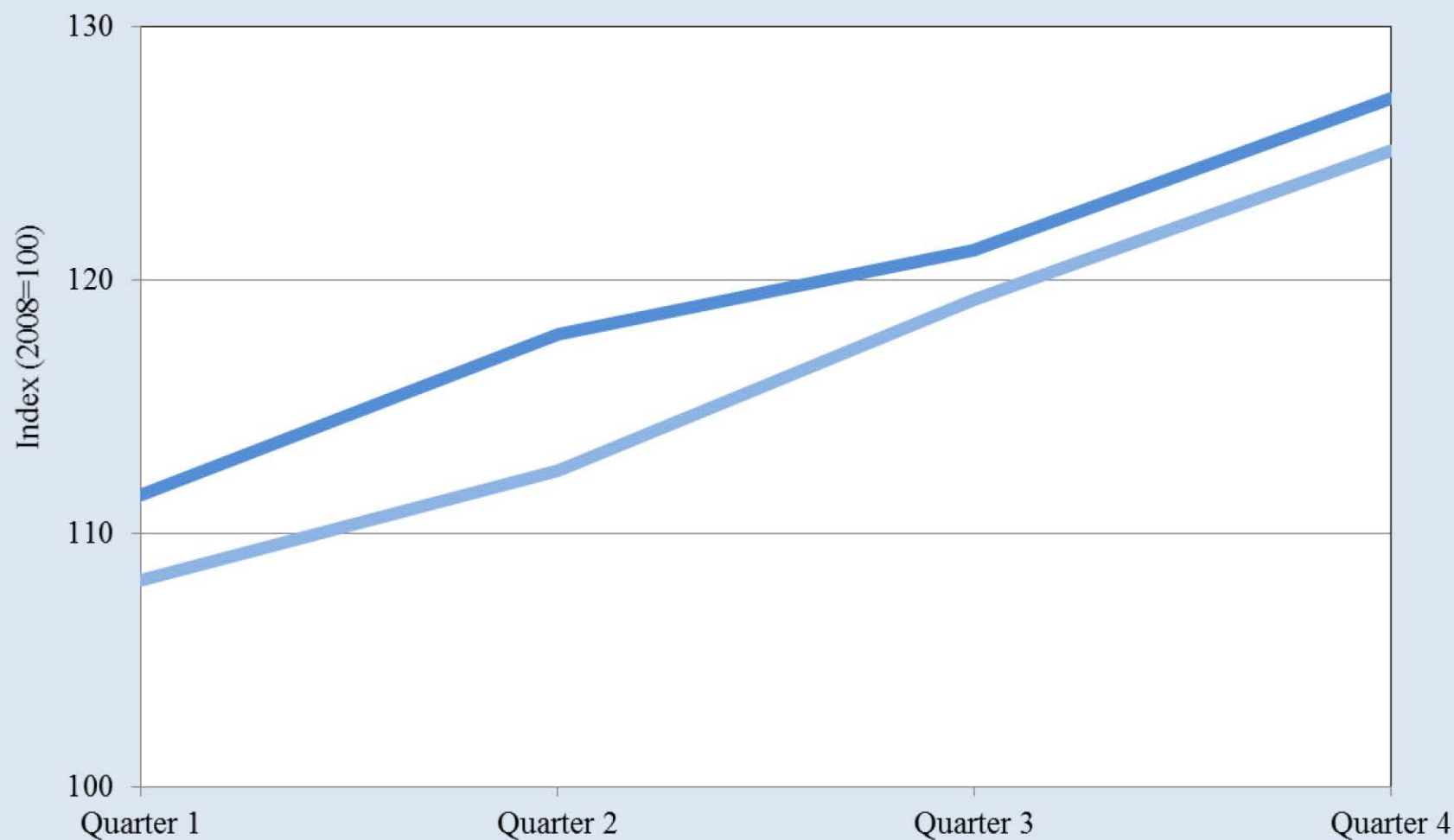
Northern Mexico Manufacturing Orders Index



Source: Banco de México

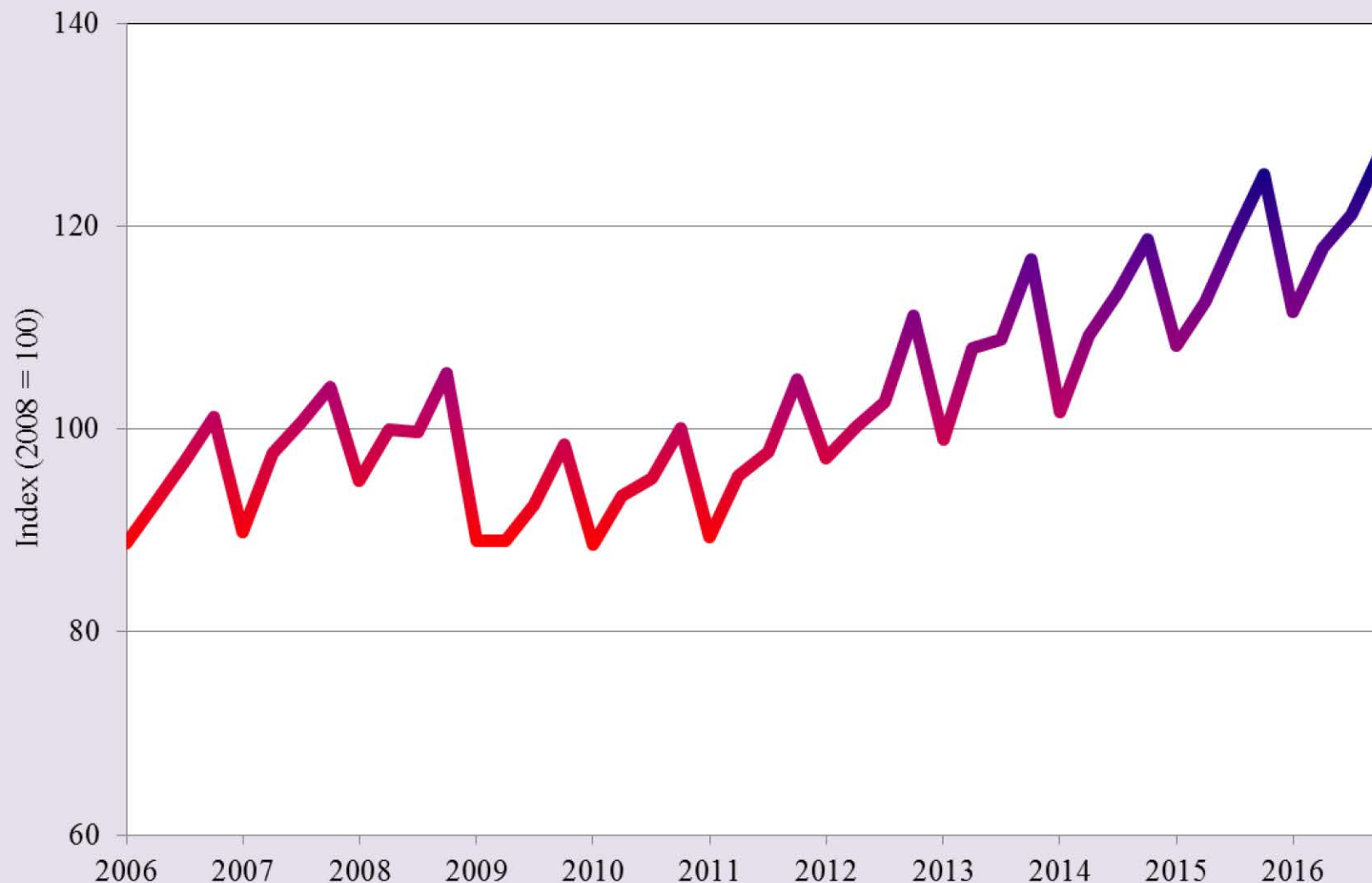
Quarterly Indicator of Economic Activity for the State of Chihuahua

— 2015 — 2016



Source: INEGI

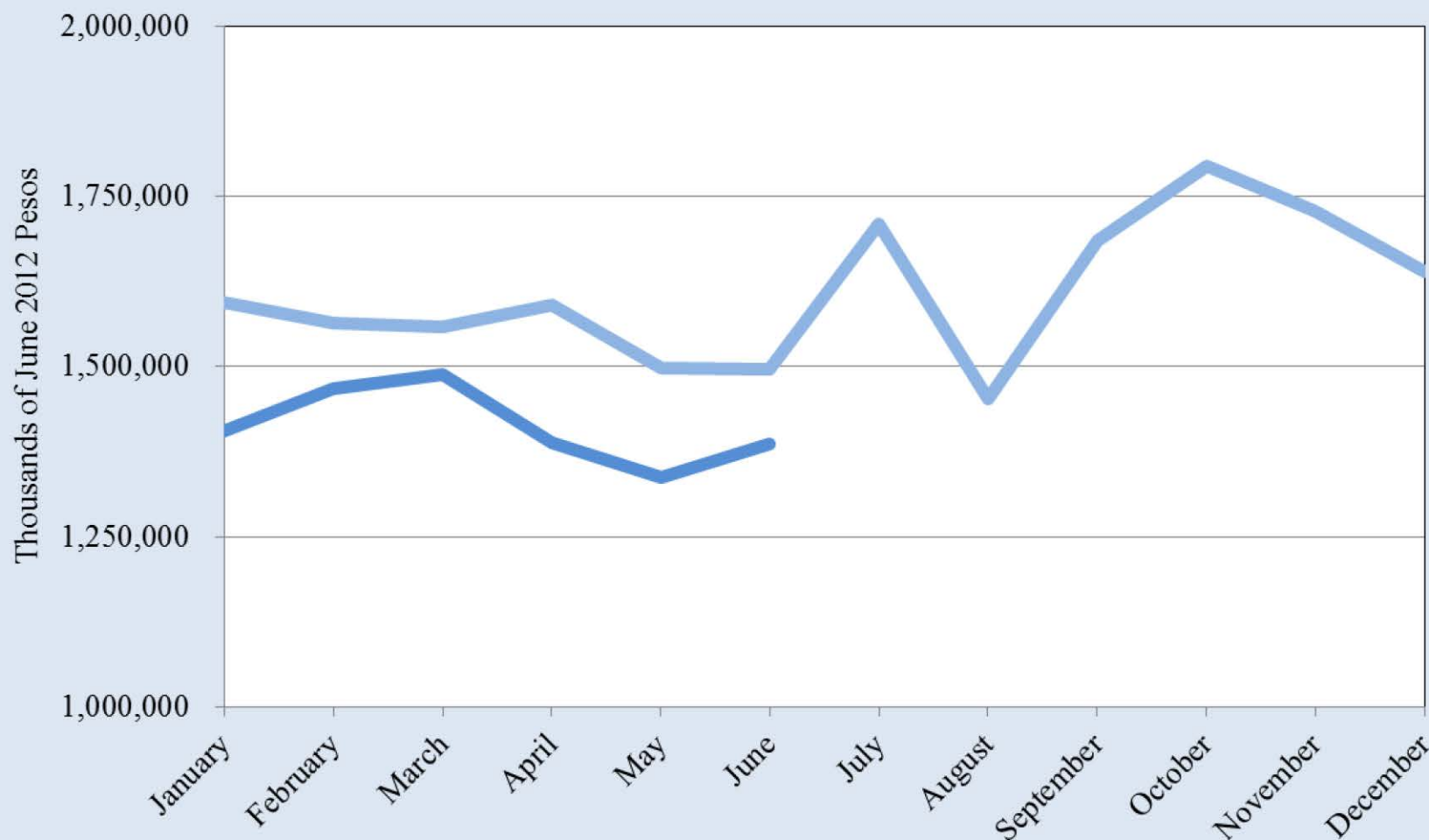
Quarterly Indicator of Economic Activity for the State of Chihuahua



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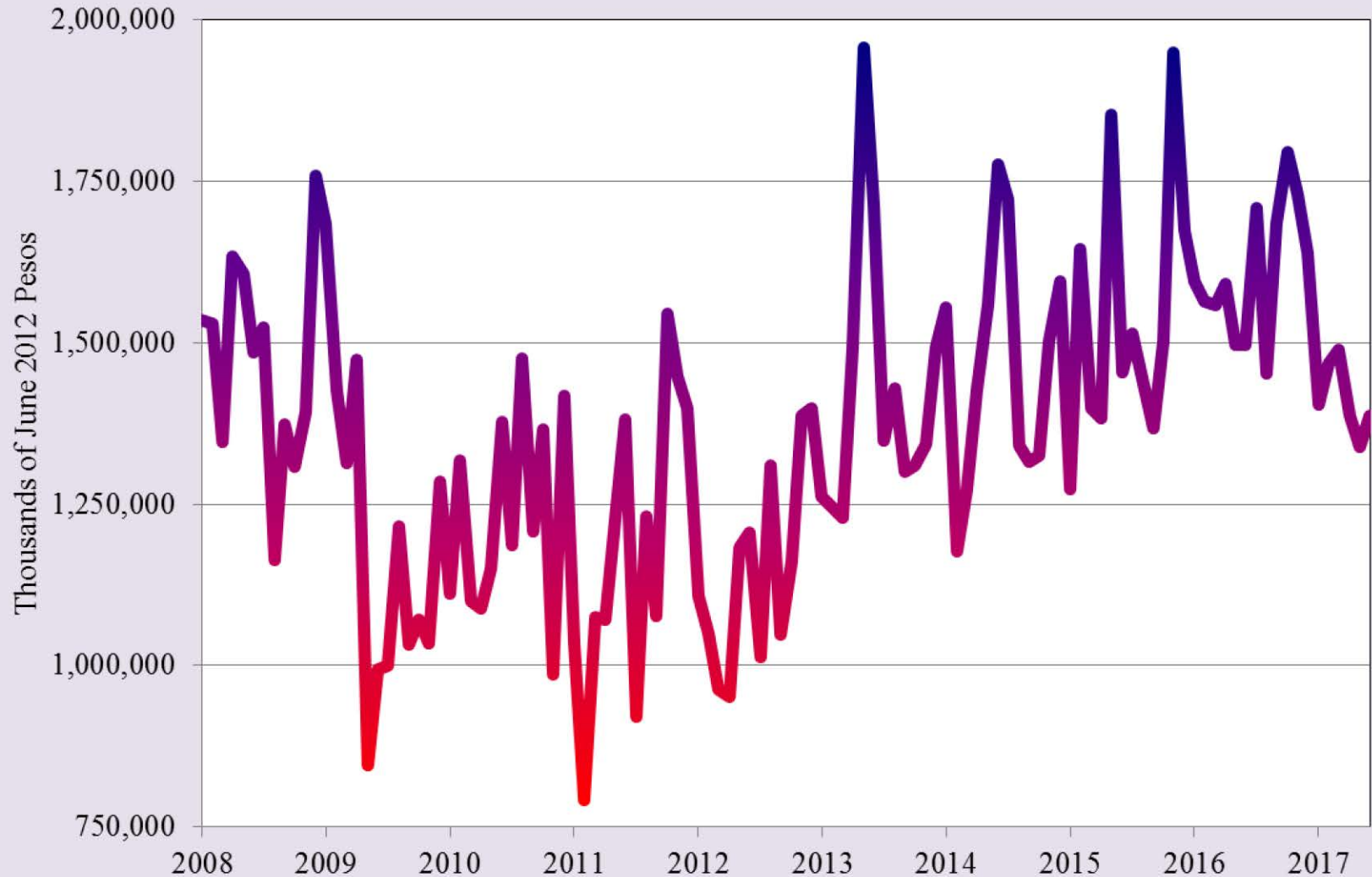
Total Value of Construction in the State of Chihuahua

— 2016 — 2017



Source: INEGI

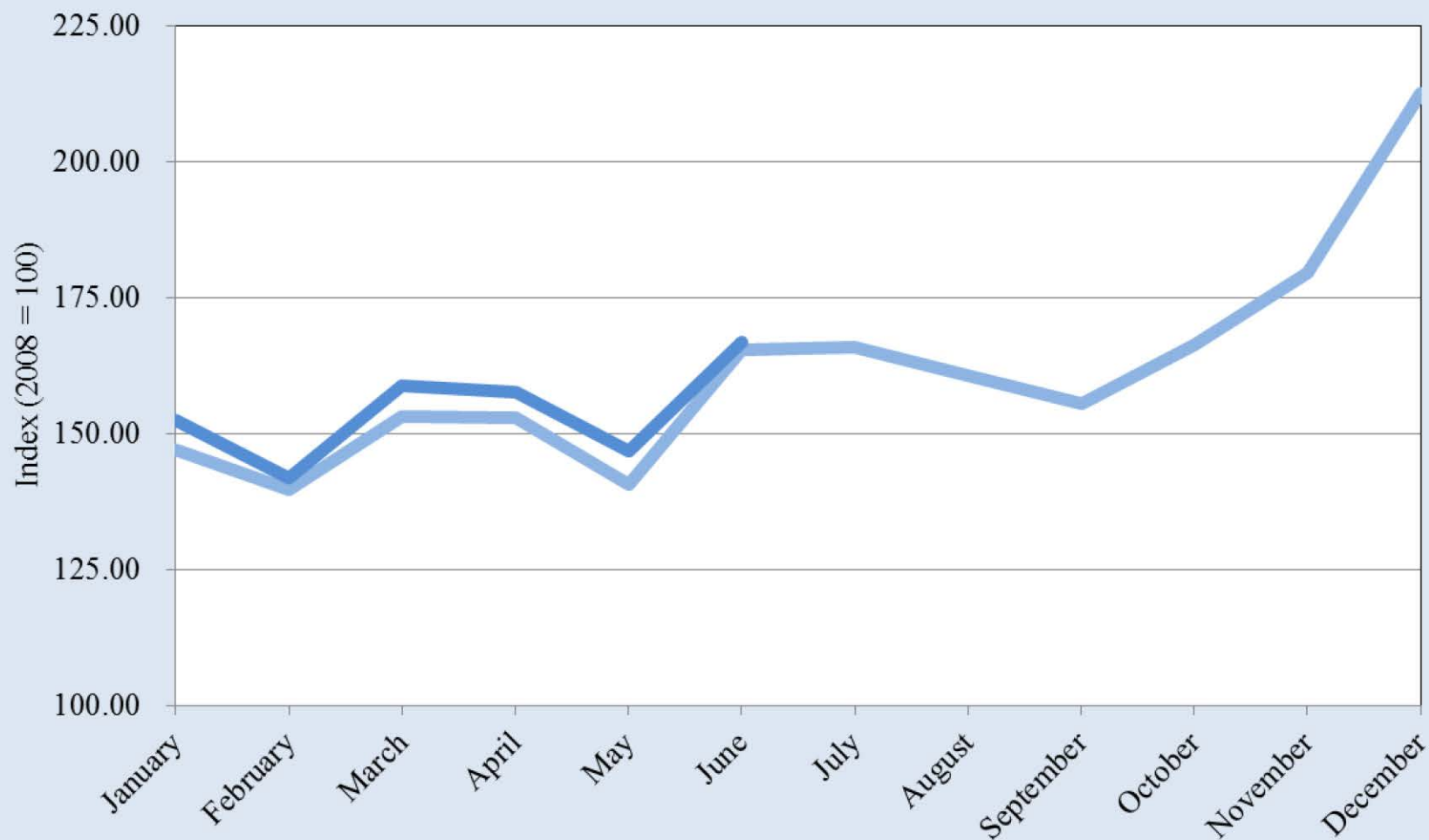
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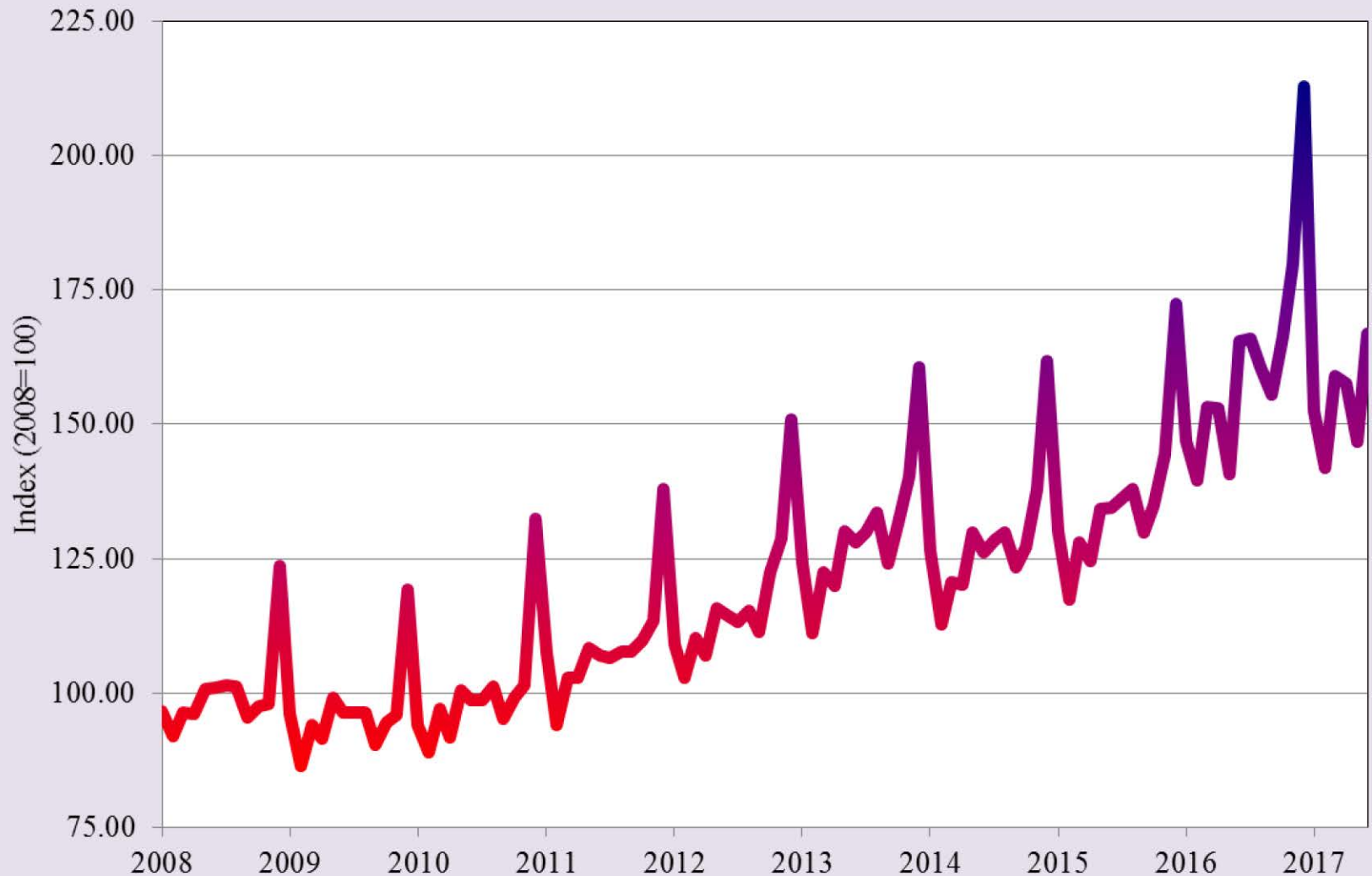
Real Retail Activity Index for the State of Chihuahua

— 2016 — 2017



Source: INEGI

Real Retail Activity Index for the State of Chihuahua



Source: INEGI



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