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Borderplex Business Barometer, Volume 2, Number 2

Thomas M. Fullerton Jr.
University of Texas at El Paso, tomf@utep.edu

Adam G. Walke
University of Texas at El Paso, agwalke@utep.edu

Omar Solís
University of Texas at El Paso, osolis3@miners.utep.edu

Esmeralda P. Muñiz
University of Texas at El Paso, eporozcogutierrez@miners.utep.edu

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BORDERPLEX BUSINESS BAROMETER

February 2018

Border Region Modeling Project

Thomas M. Fullerton, Jr.

Adam G. Walke

Omar Solís

Esmeralda P. Muñiz

Department of Economics & Finance

College of Business Administration

University of Texas at El Paso

Mailing Address

Border Region Modeling Project - CBA 236

UTEP Department of Economics & Finance

500 West University Avenue

El Paso, TX 79968-0543

Physical Address

College of Business Administration, Room 325

University of Texas at El Paso

Email

tomf@utep.edu

agwalke@utep.edu

Telephone

915-747-7747

915-747-7775

Fax

915-747-6282

Website

<http://academics.utep.edu/border>

Border Commerce & Economics

Borderplex Business Barometer, Volume 2, Number 2

Partial Upward Progress

The Federal Reserve Bank of Dallas Metropolitan Business Cycle Index for El Paso grew by a meager 0.6 percent from 2016 to 2017, overall. That represents the slowest year-over-year rate of growth using this metric since 2011. However, the El Paso Household Economic Stress Index remains fairly low by recent historical standards, suggesting relatively good overall economic conditions. The local unemployment rate remained flat at 4 percent in December. Finally, El Paso County enrollment in the Supplemental Nutrition Assistance Program (SNAP) declined by more than 3.1 thousand relative to December 2016. Overall, these statistics suggest that El Paso's economy has continued to grow, though perhaps at a somewhat slower pace than in previous years.

Median housing prices increased substantially in late 2017, rising to nearly \$158,000 in December. Compared to December 2016, that represents more than a 5.1 percent increase, a notable uptick in the pace of housing price inflation. Likewise, months of housing inventory sunk to the lowest level observed since October 2006. Jointly, these numbers point to robust housing market conditions in El Paso. Similar to the rest of the country, local gasoline prices are nearly 50 cents a gallon above year ago levels.

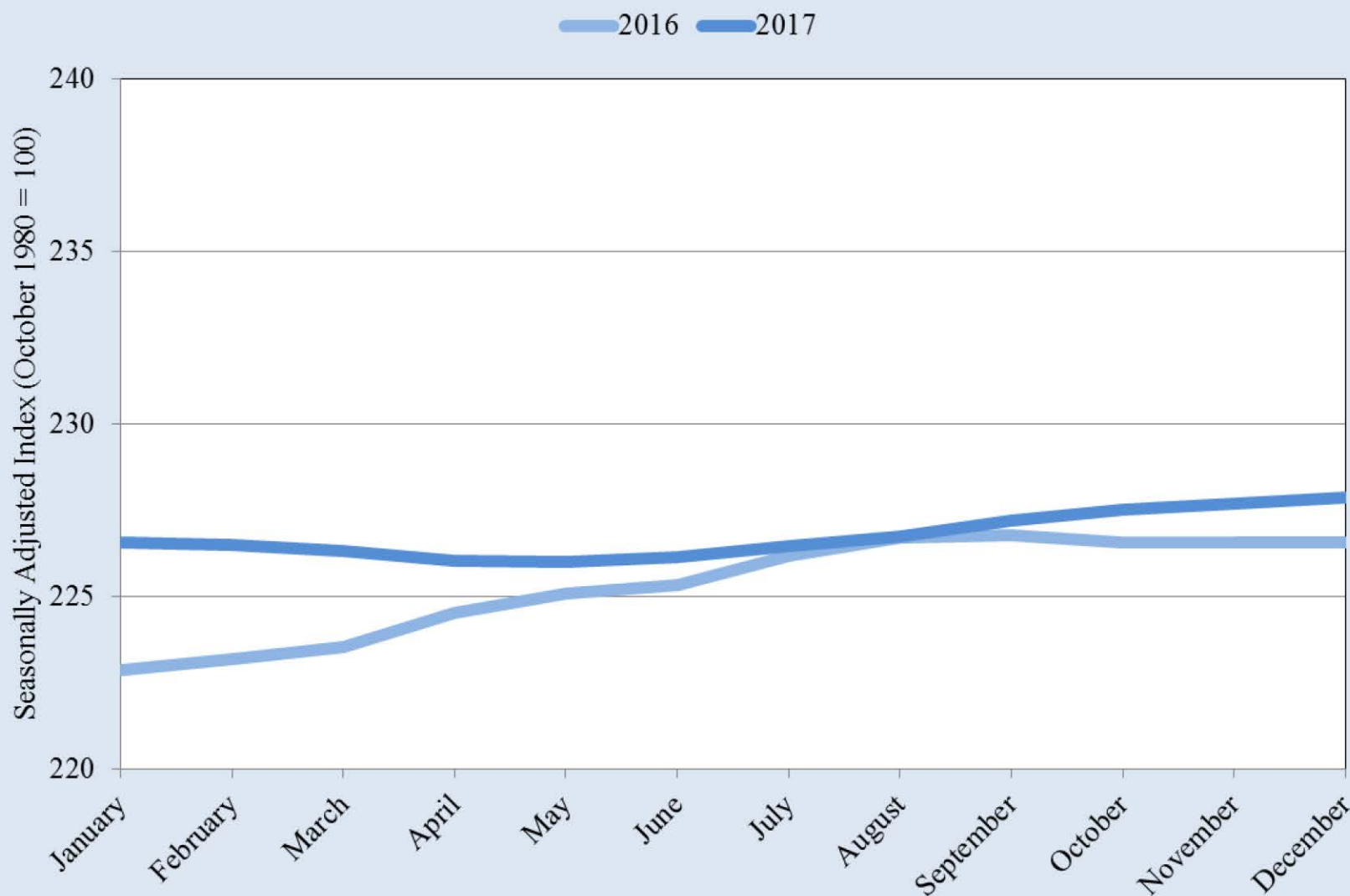
In December, the Doña Ana County unemployment rate fell to 6.1 percent. This is the lowest level recorded in nine years. Labor market conditions have improved recently in New Mexico as a whole, with a statewide unemployment rate of 5.5 percent being recorded in December. In another sign of economic revival, Las Cruces area year-end SNAP enrollments were more than 4 thousand lower than in December 2016.

The peso continued to oscillate minimally in both nominal and real terms during the last quarter of 2017. The number of personal vehicles crossing the border into El Paso increased modestly last year, while the number of pedestrian crossings held steady. The low inflation-adjusted value of the peso relative to the dollar makes retail items in El Paso more expensive than similar items in Ciudad Juárez, thereby compressing customer traffic across the international bridges. Cargo vehicle flows were essentially flat last year. Approximately \$8.8 billion in exports and imports passed through the El Paso Customs District in November 2017. This represents an increase relative to the \$8.2 billion in trade recorded in November 2016. As in the nation as a whole, imports through the El Paso Customs District grew more rapidly than exports in 2017.

In Ciudad Juárez, the export processing sector continued to grow, though at a reduced pace. Export-oriented manufacturing employment stood at 275,687 in November 2017, a 4 percent increase relative to the same month in 2016. The Northern Mexico Manufacturing Orders Index was 1.4 percentage points higher, on average, in 2017

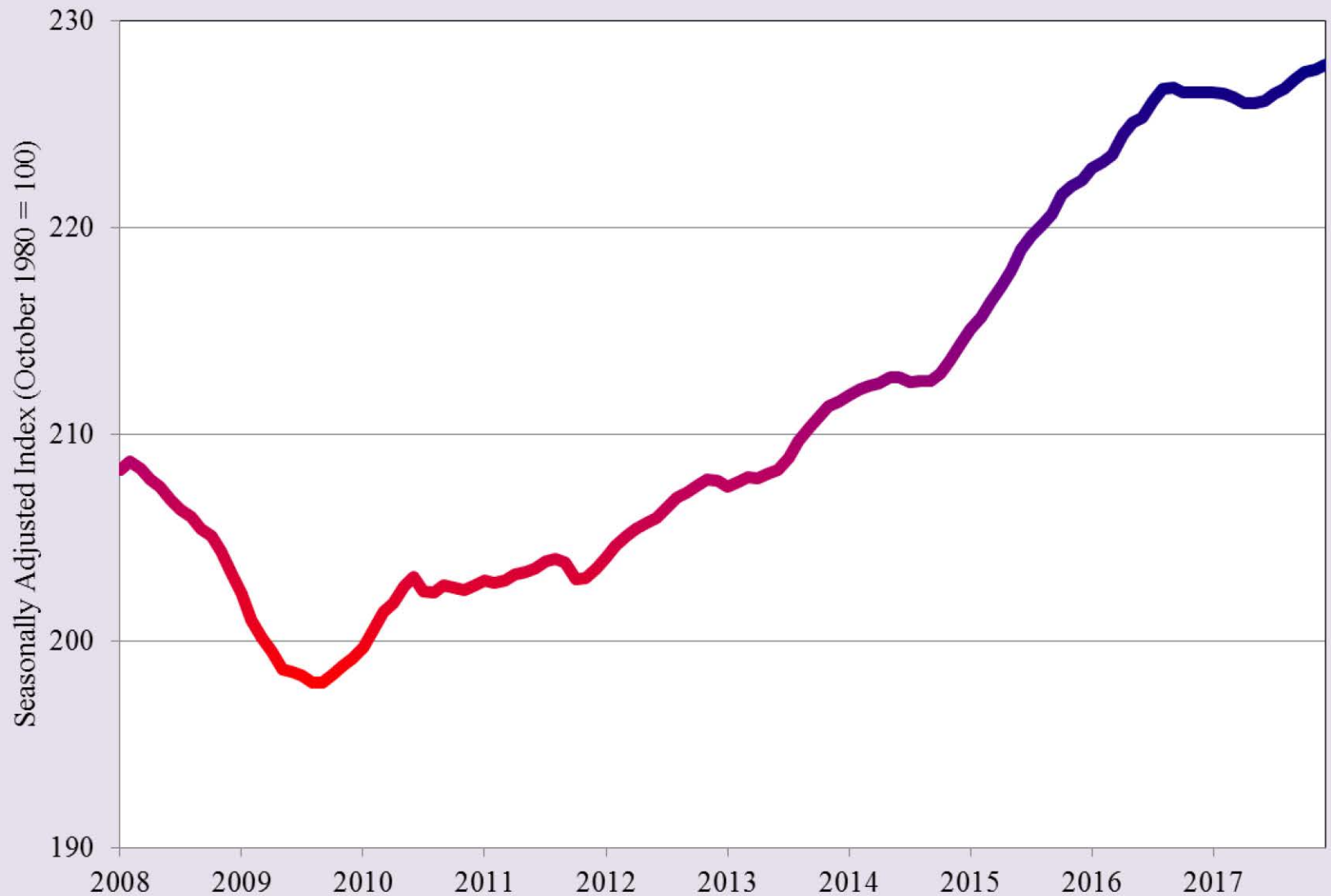
than in 2016. At the state level, the Quarterly Indicator of Economic Activity for Chihuahua declined slightly between the second and third quarters of 2017. That decline is in contrast to the growth tallied during the same period in 2016 and may presage broader economic difficulties. One of the areas where economic sluggishness is most visible is the construction sector. Statewide construction declined on a year-over-year basis for each of the first eleven months of 2017. Statewide real retail sales were also lower in both October and November relative to the volumes achieved one year earlier.

Metro Business-Cycle Index for El Paso



Source: Federal Reserve Bank of Dallas

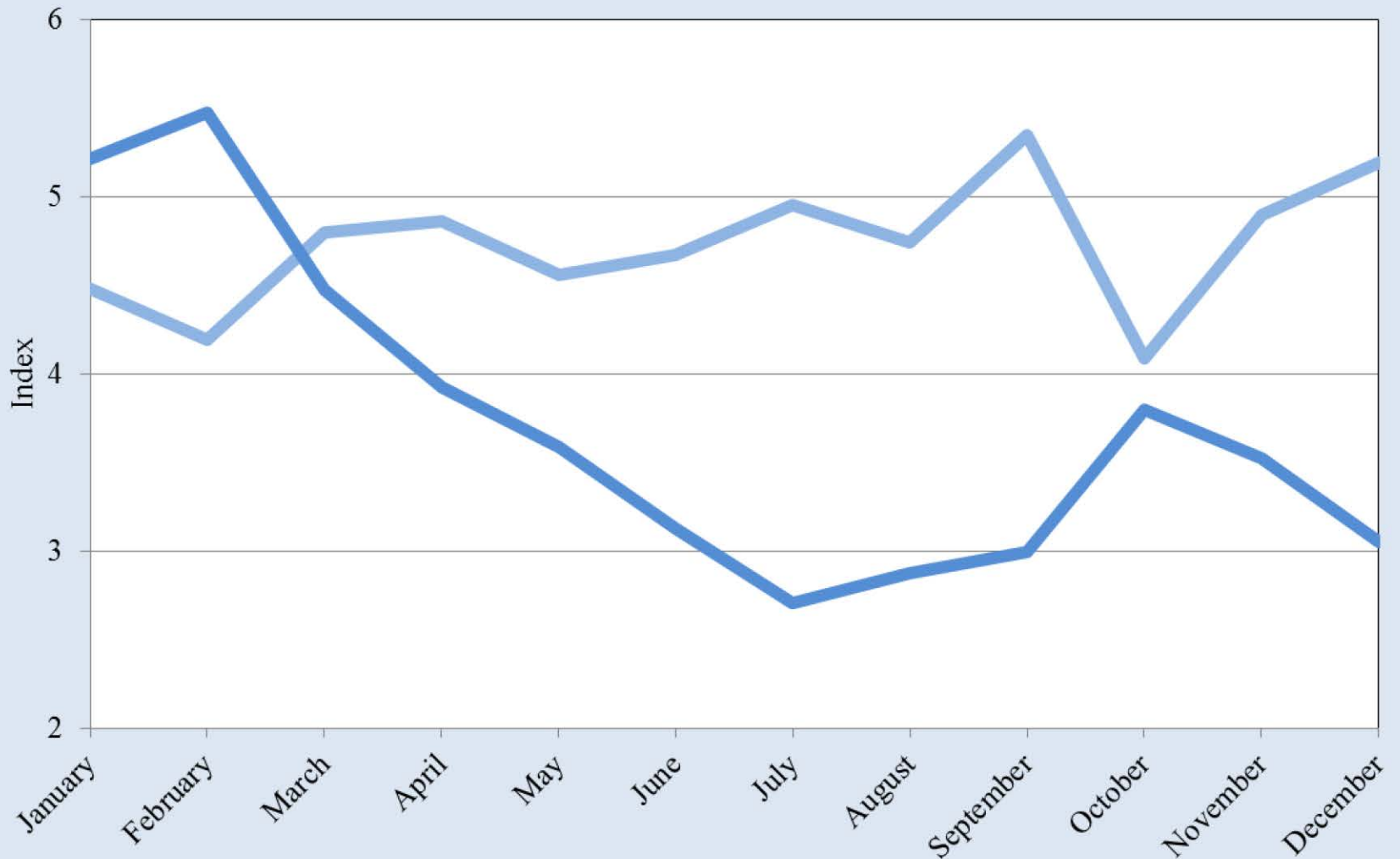
Metro Business-Cycle Index for El Paso



Source: Federal Reserve Bank of Dallas

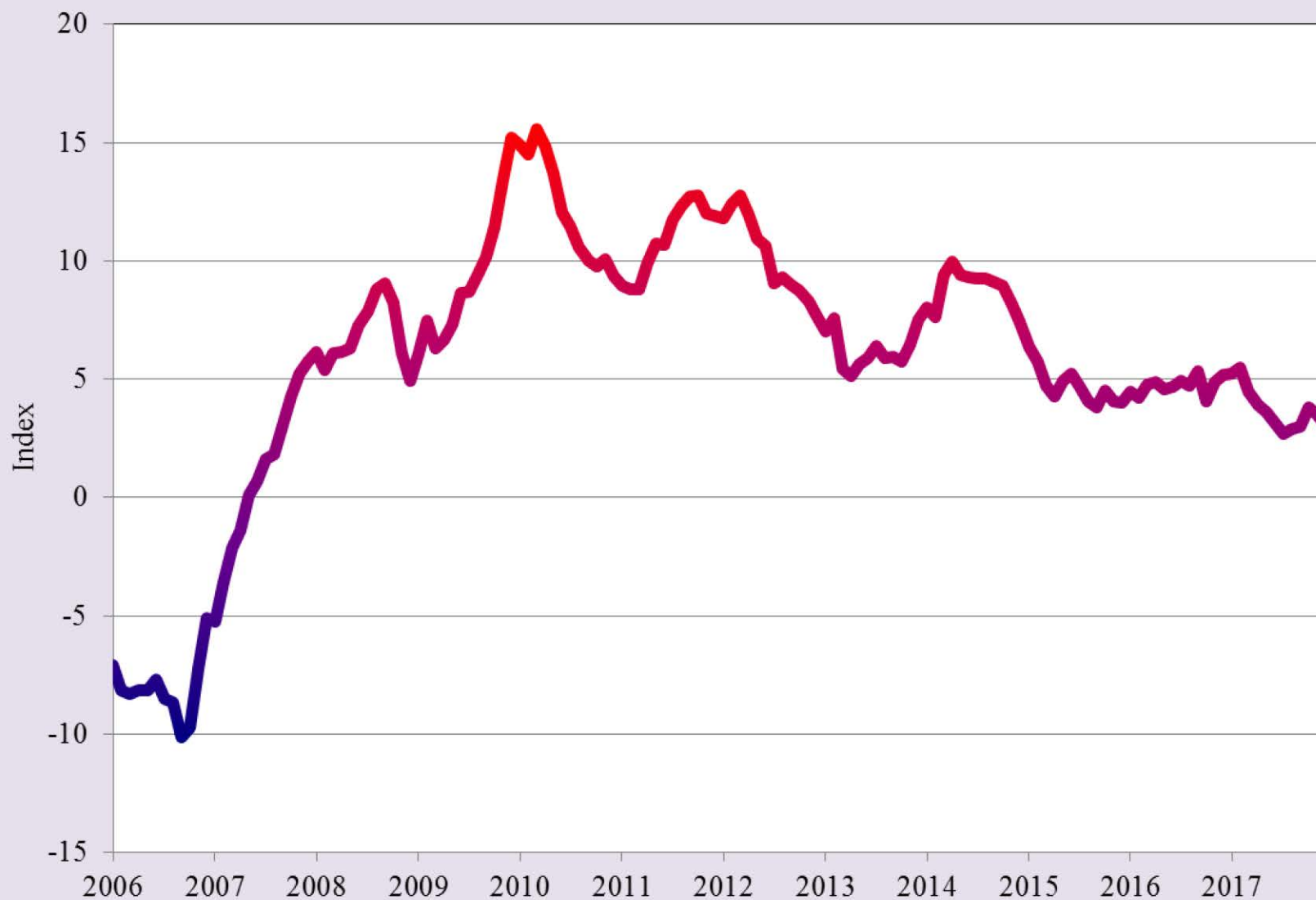
El Paso Household Economic Stress Index

— 2016 — 2017



Source: UTEP Border Region Modeling Project

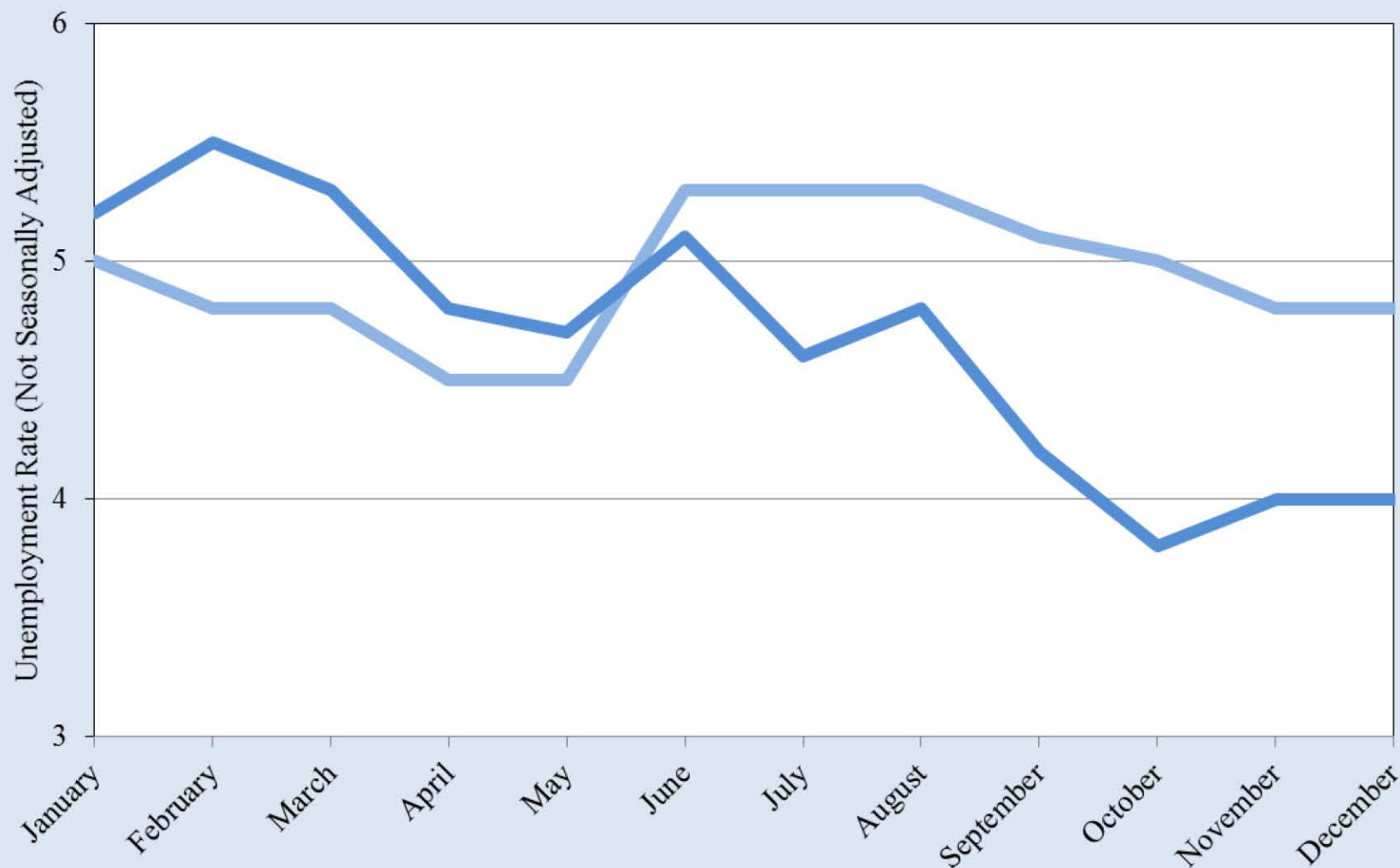
El Paso Household Economic Stress Index



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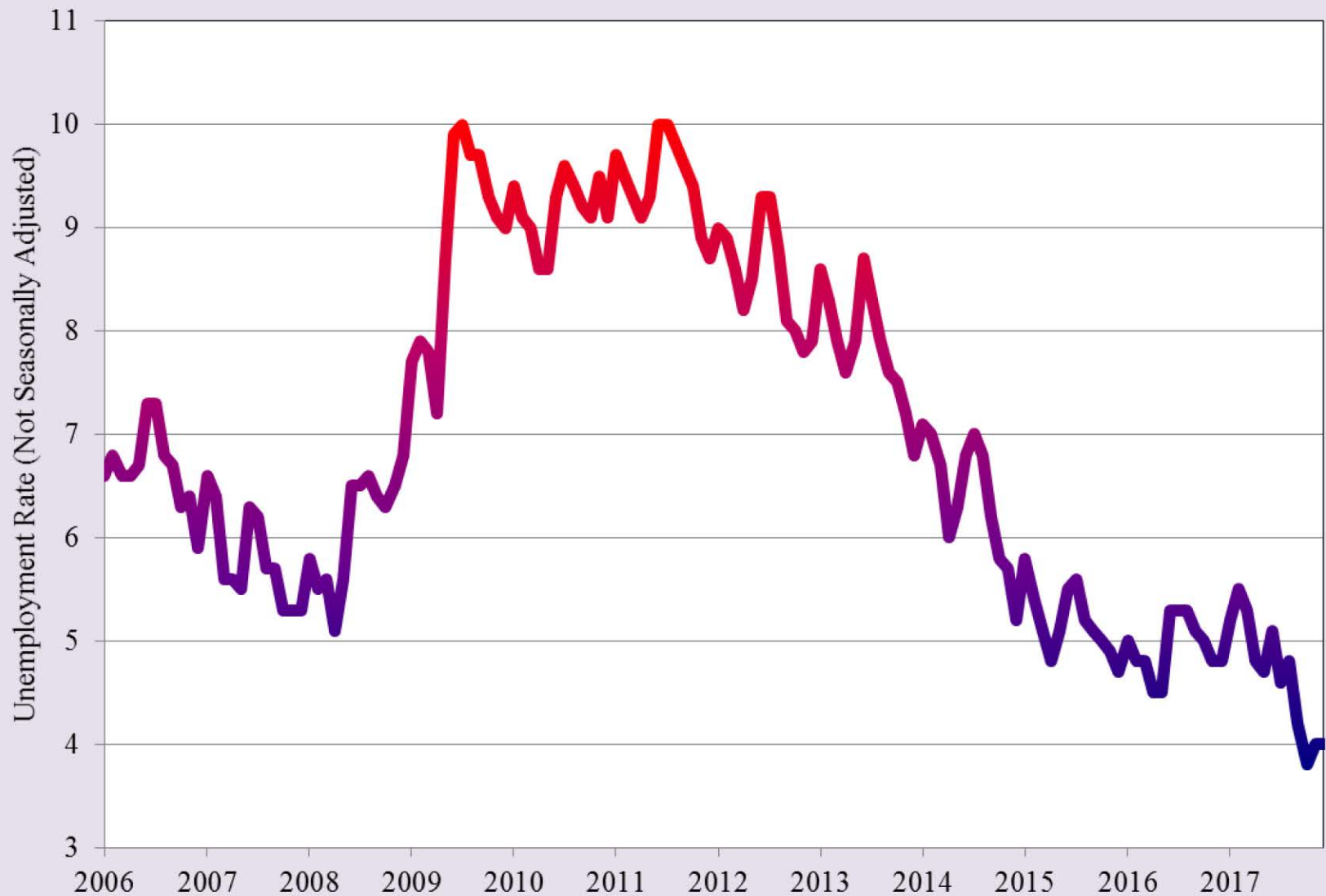
El Paso County Unemployment Rate

— 2016 — 2017



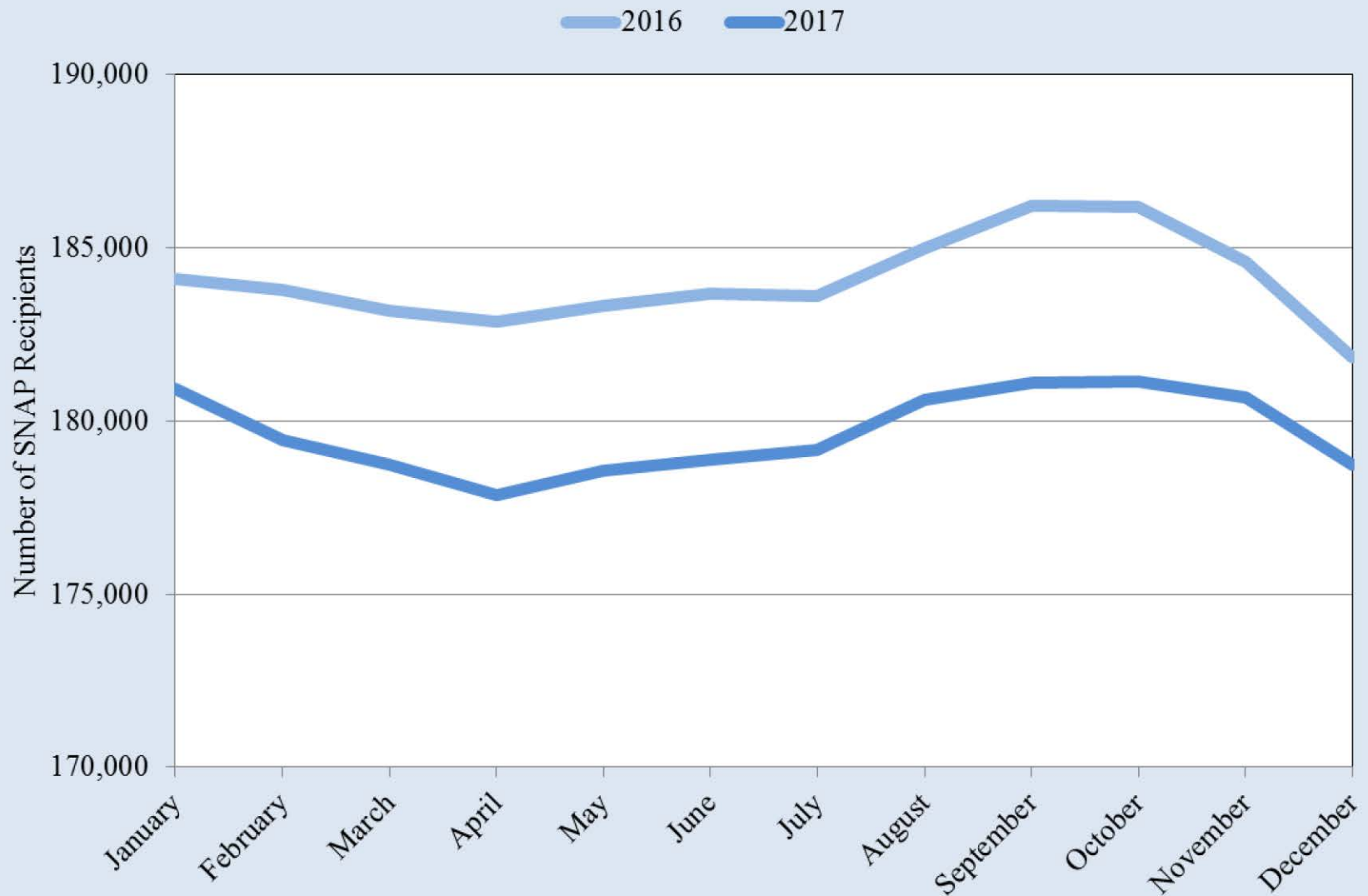
Source: Bureau of Labor Statistics

El Paso County Unemployment Rate



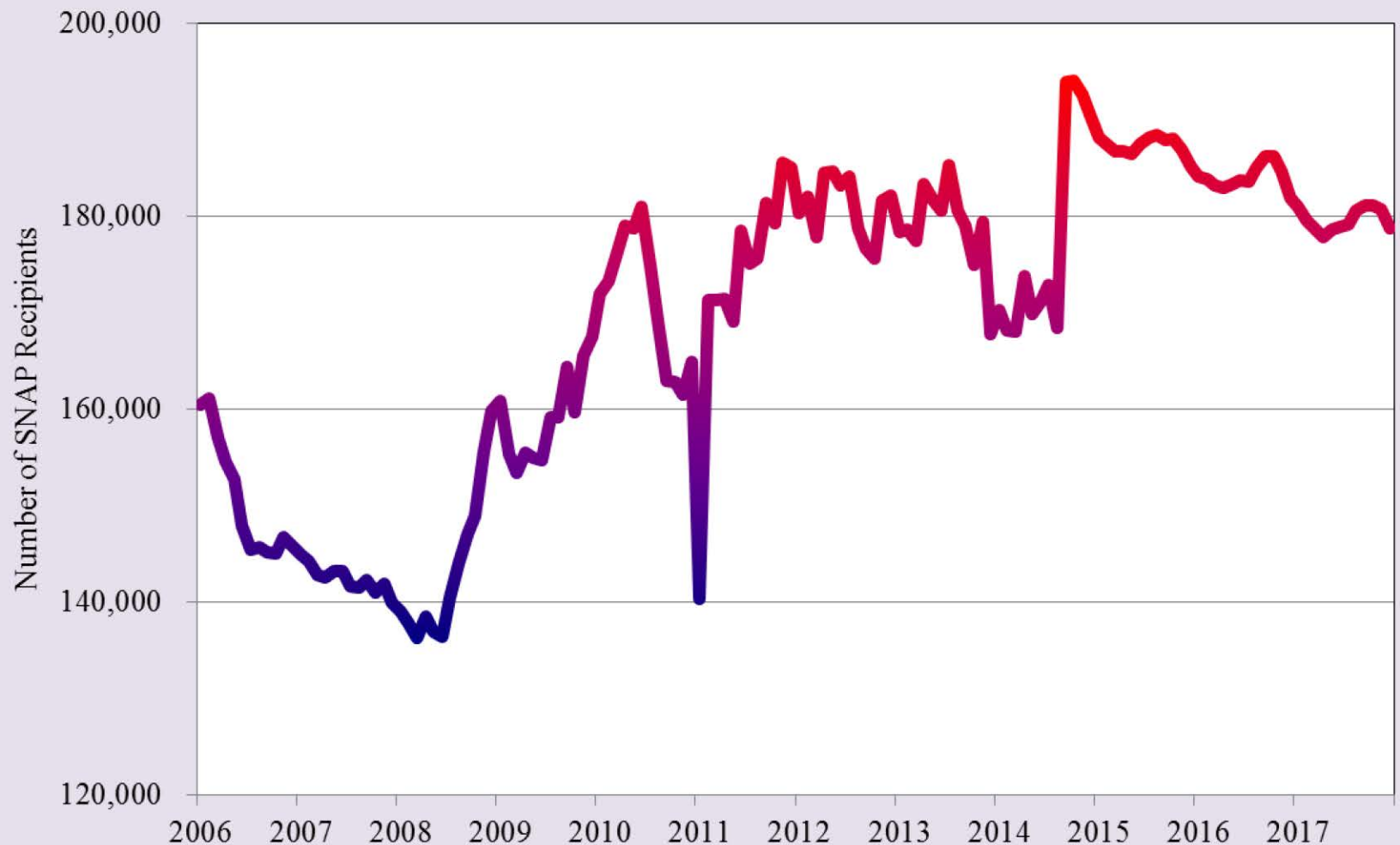
Source: Bureau of Labor Statistics

El Paso County SNAP (Food Stamp) Enrollment



Source: Texas Health and Human Services Commission

El Paso County SNAP (Food Stamp) Enrollment

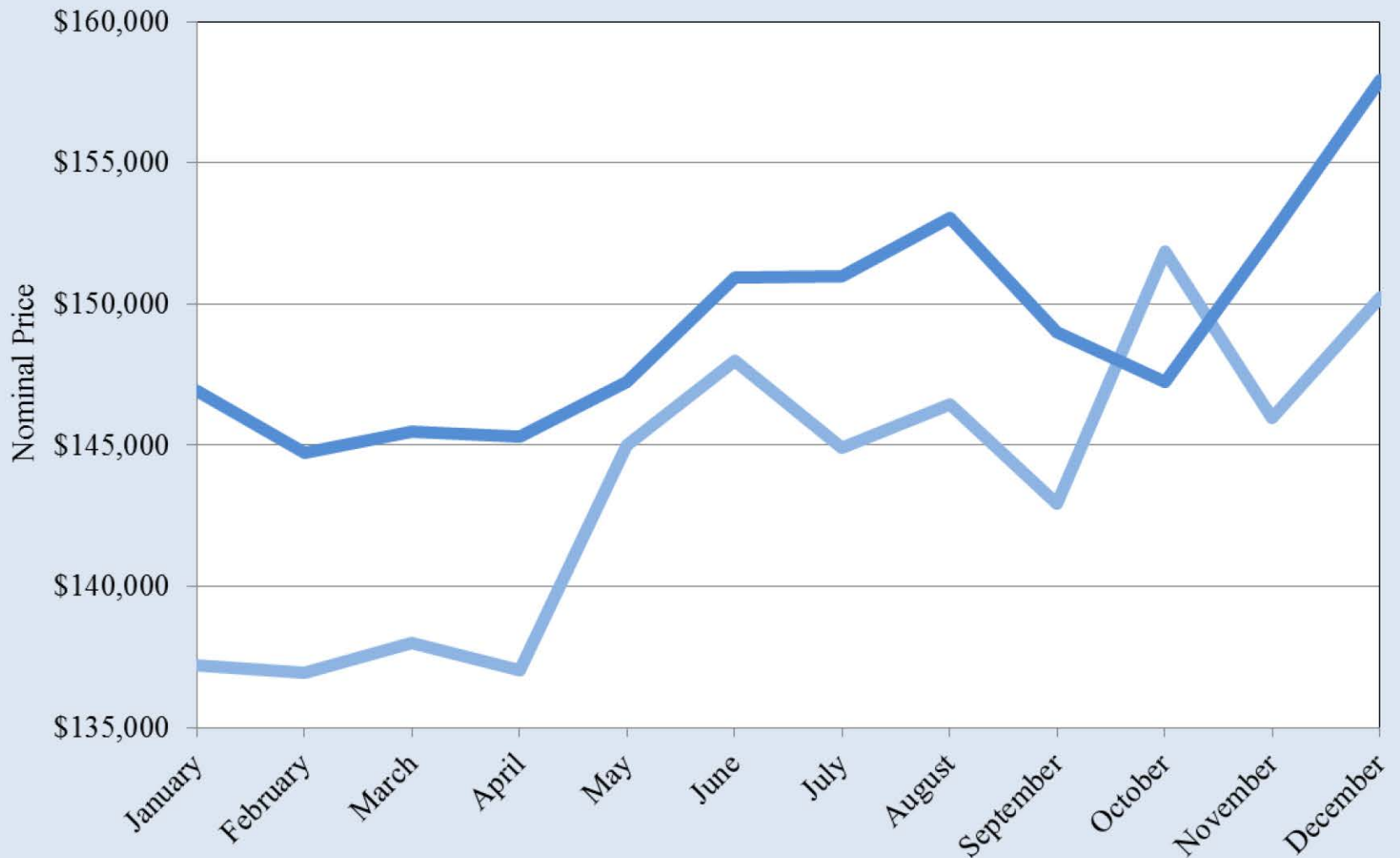


Starting in September, 2014, the number of SNAP recipients is recorded for the end of each month.

Source: Texas Health and Human Services Commission

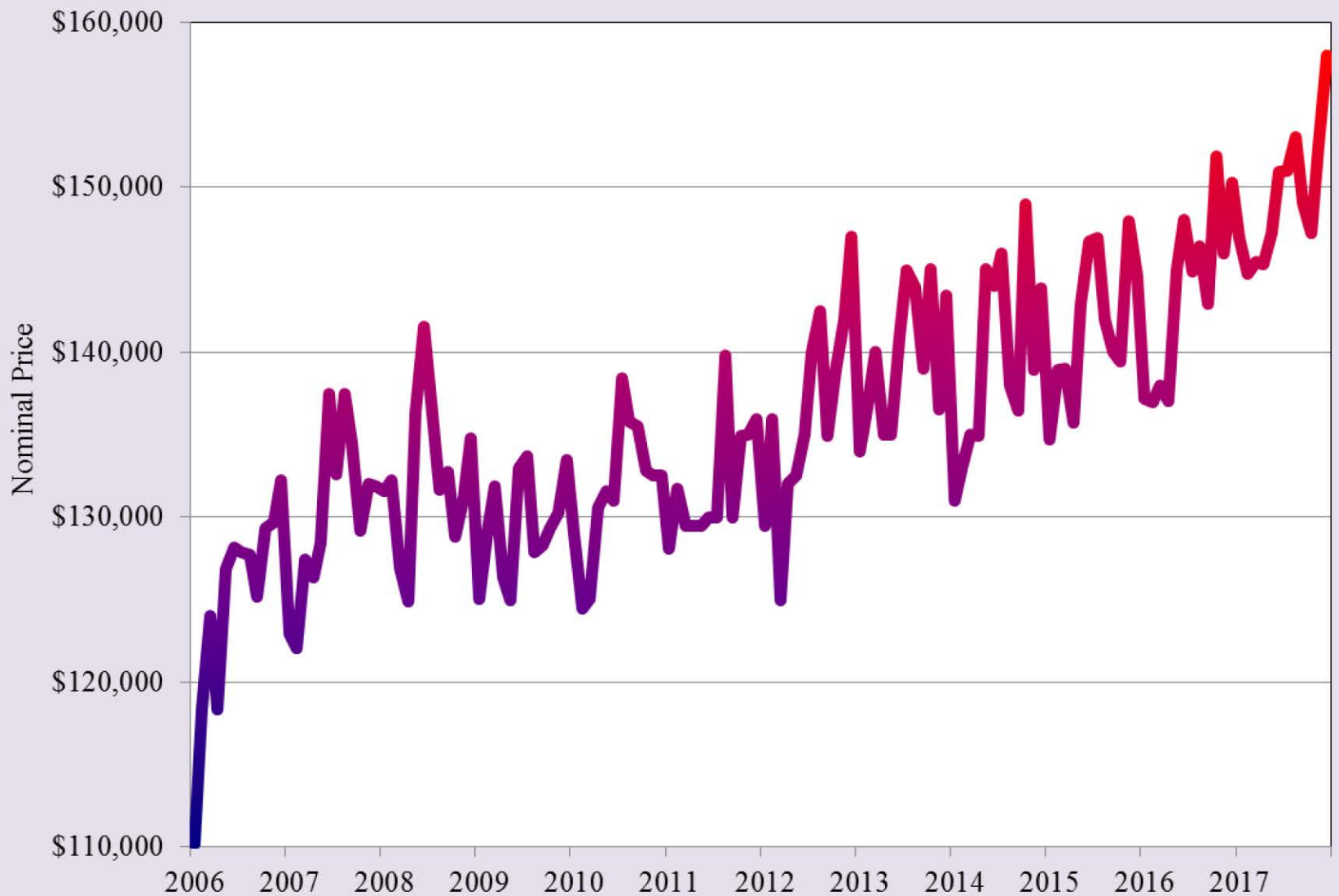
El Paso Median Housing Prices

— 2016 — 2017



Source: Texas A&M Real Estate Center

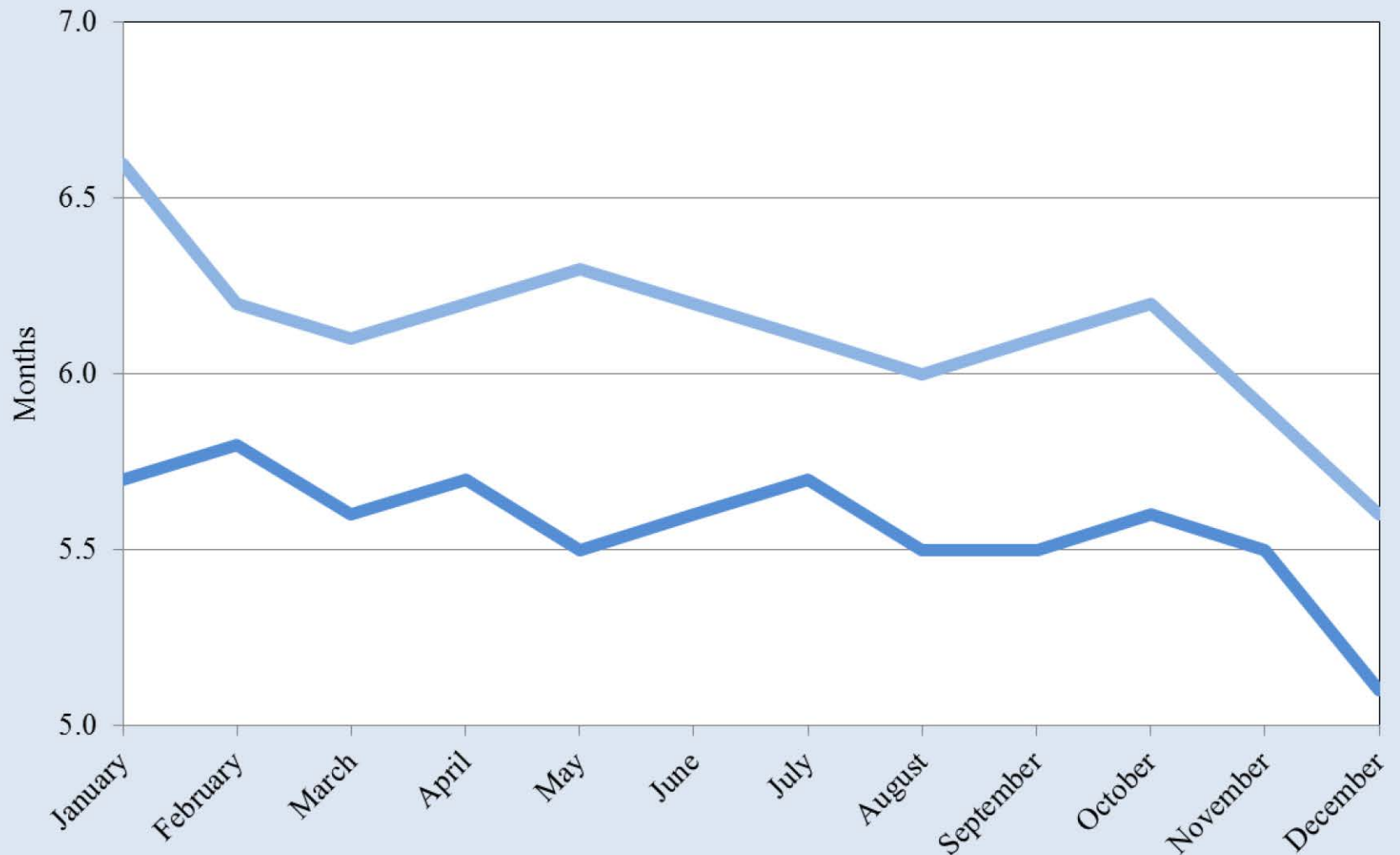
El Paso Median Housing Prices



Source: Texas A&M Real Estate Center

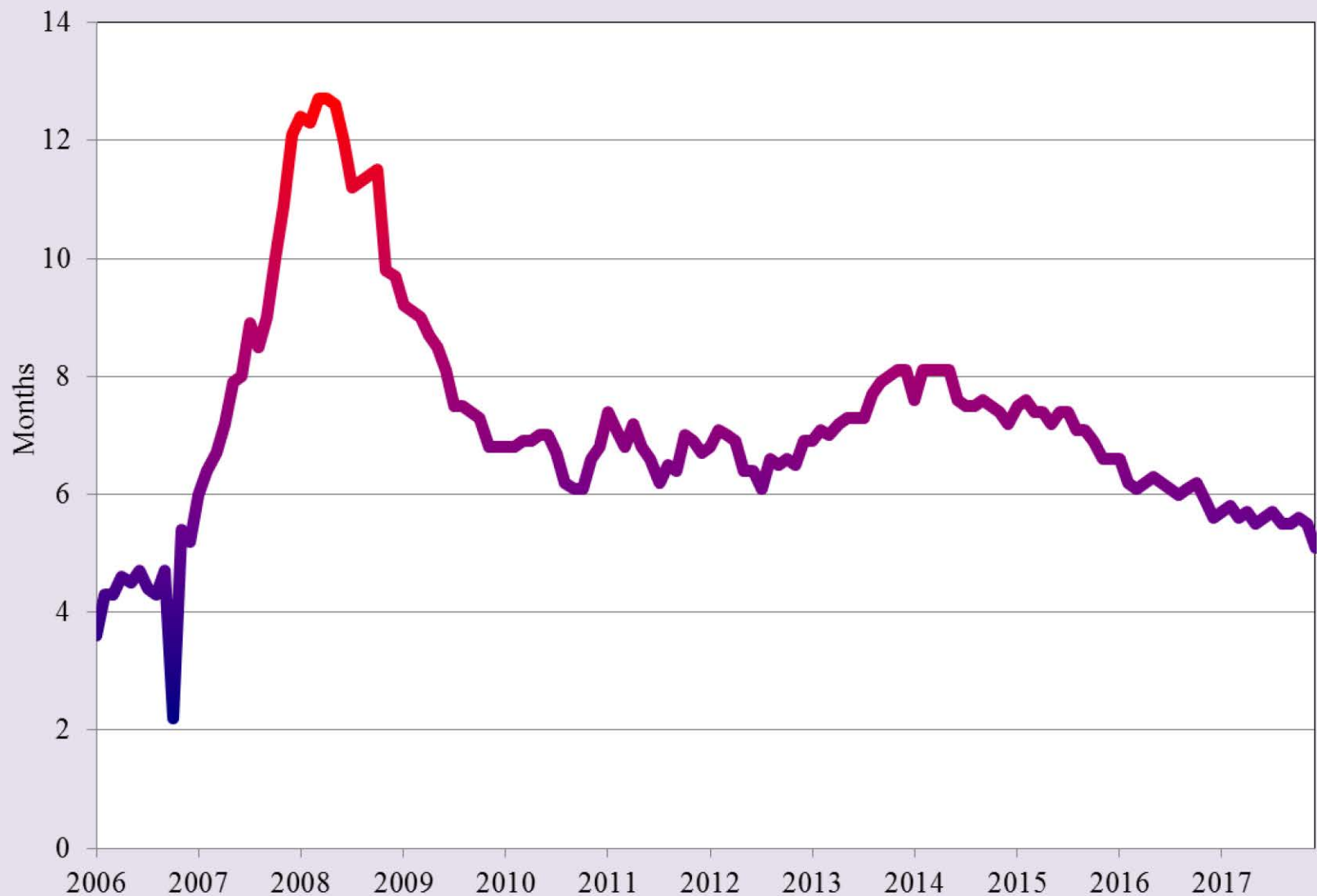
Months of Housing Inventory for El Paso

— 2016 — 2017



Source: Texas A&M Real Estate Center

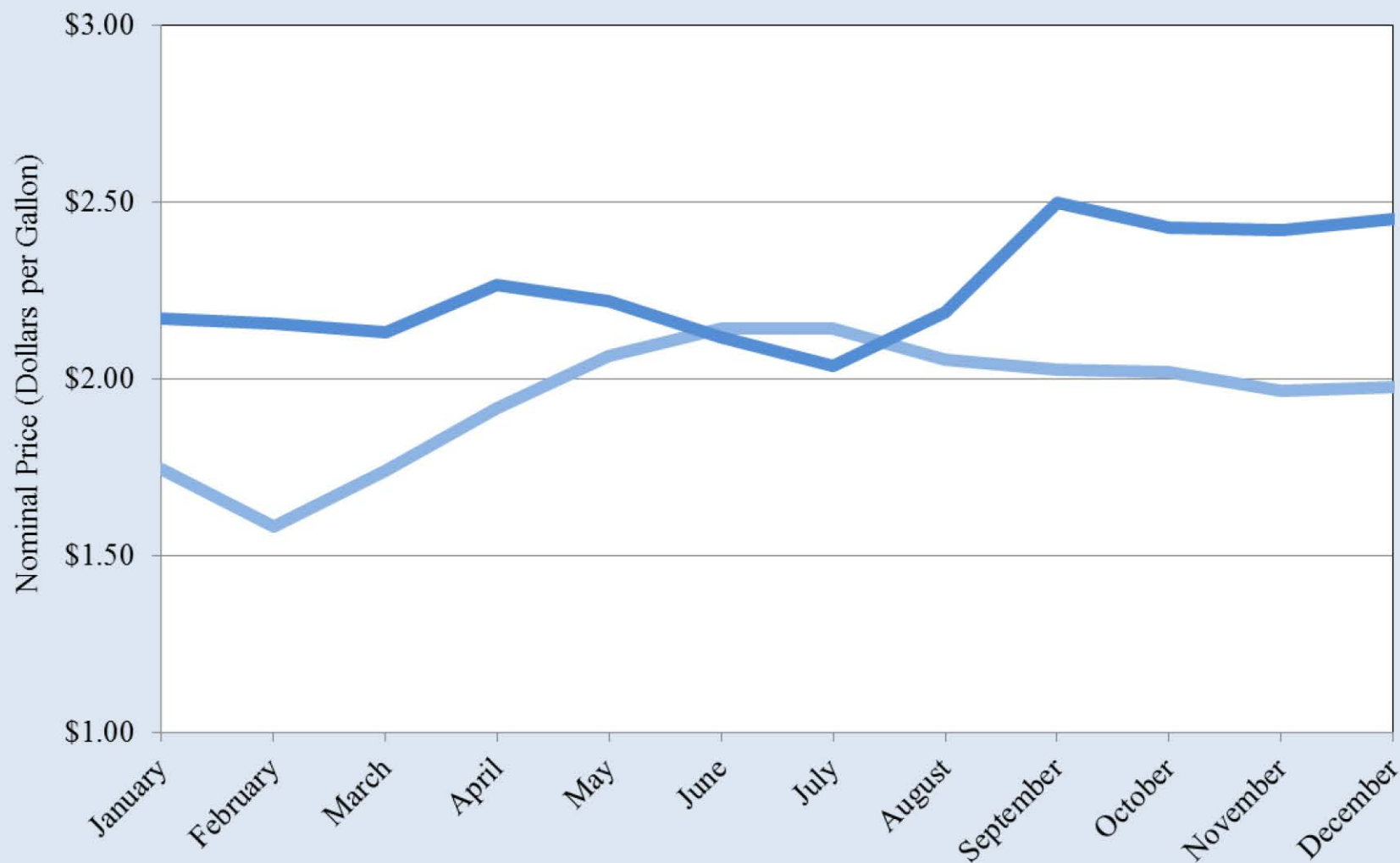
Months of Housing Inventory for El Paso



Source: Texas A&M Real Estate Center

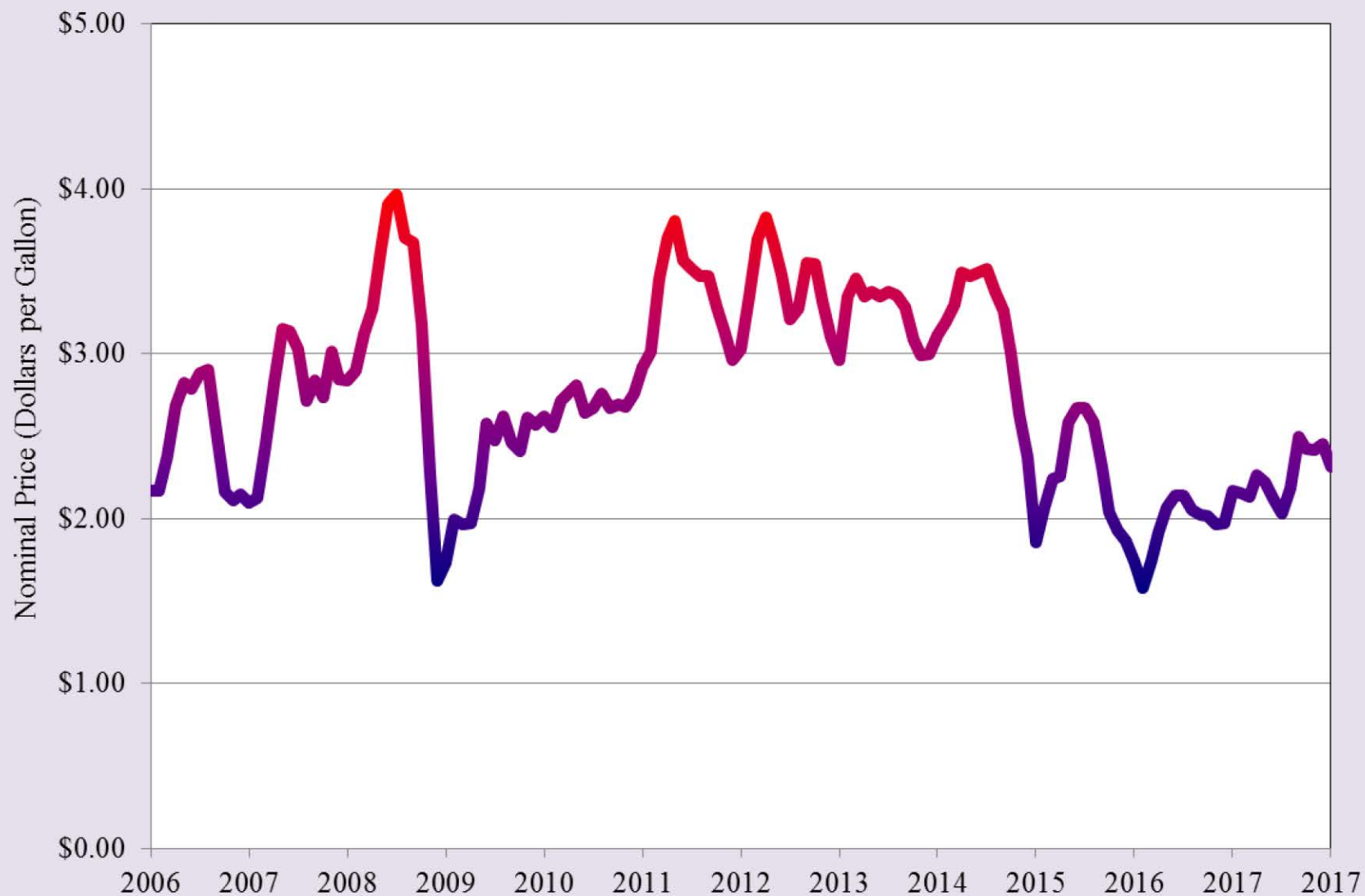
El Paso Gasoline Prices

2016 2017



Source: GasBuddy.com

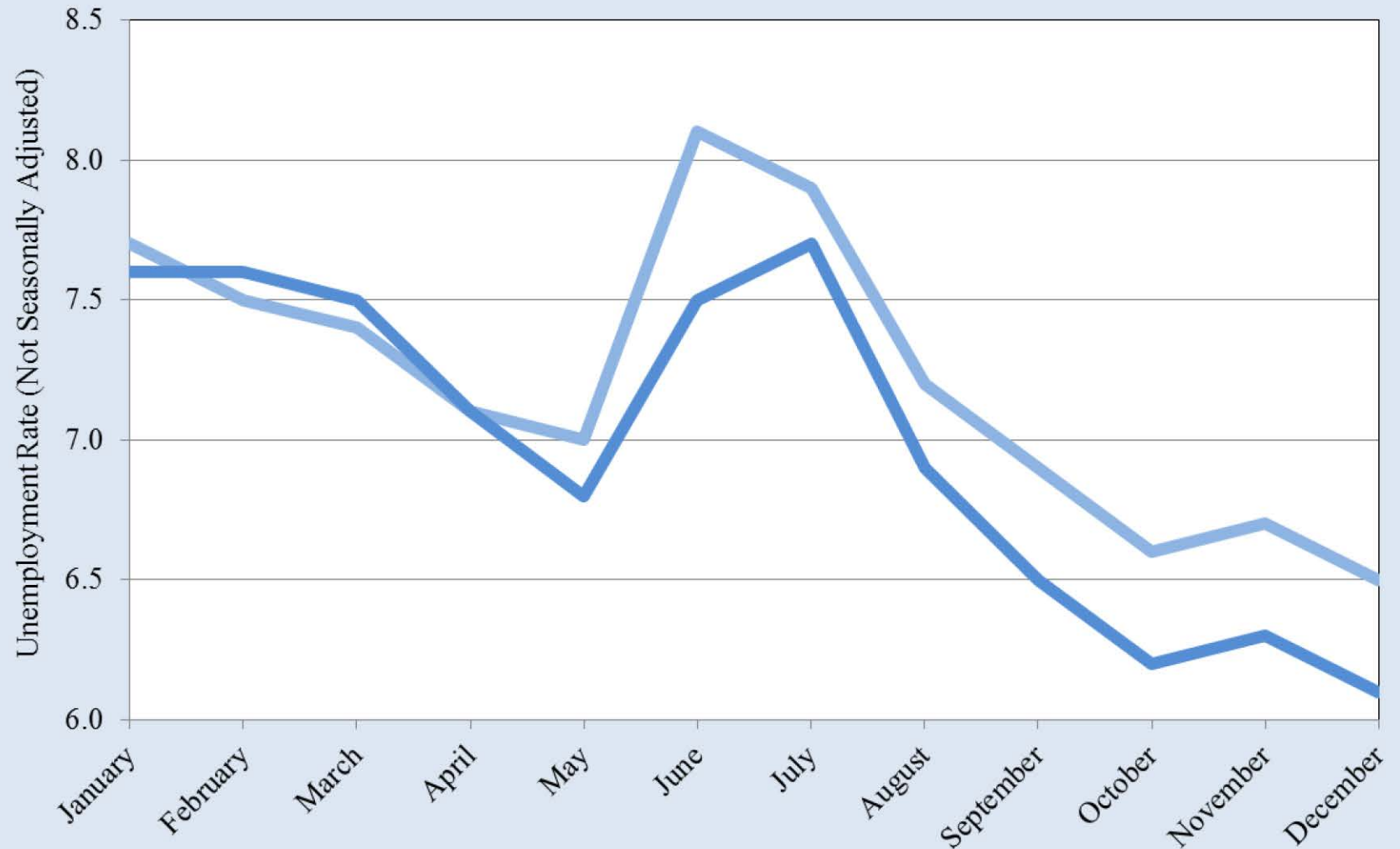
El Paso Gasoline Prices



Source: GasBuddy.com

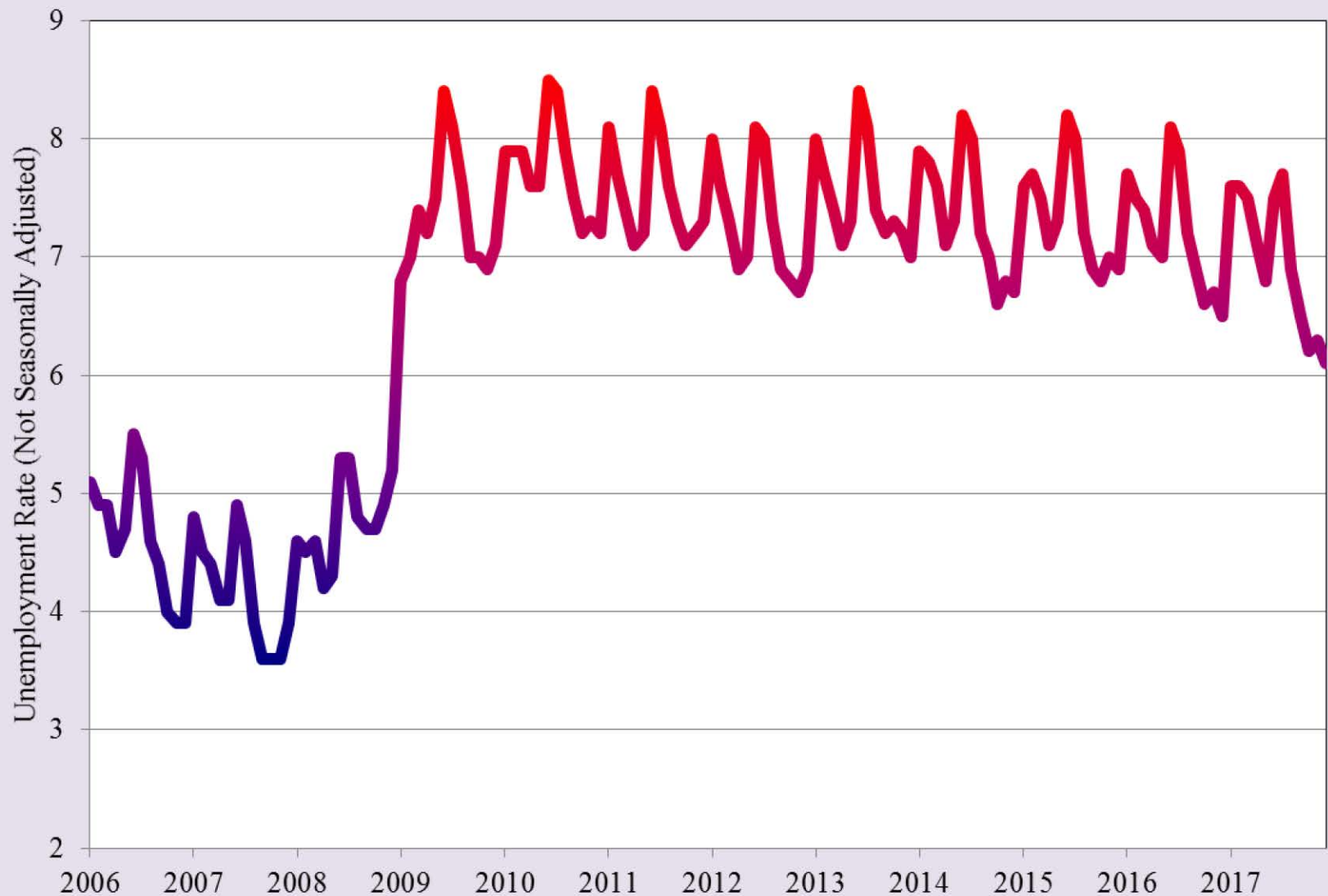
Doña Ana County Unemployment Rate

— 2016 — 2017



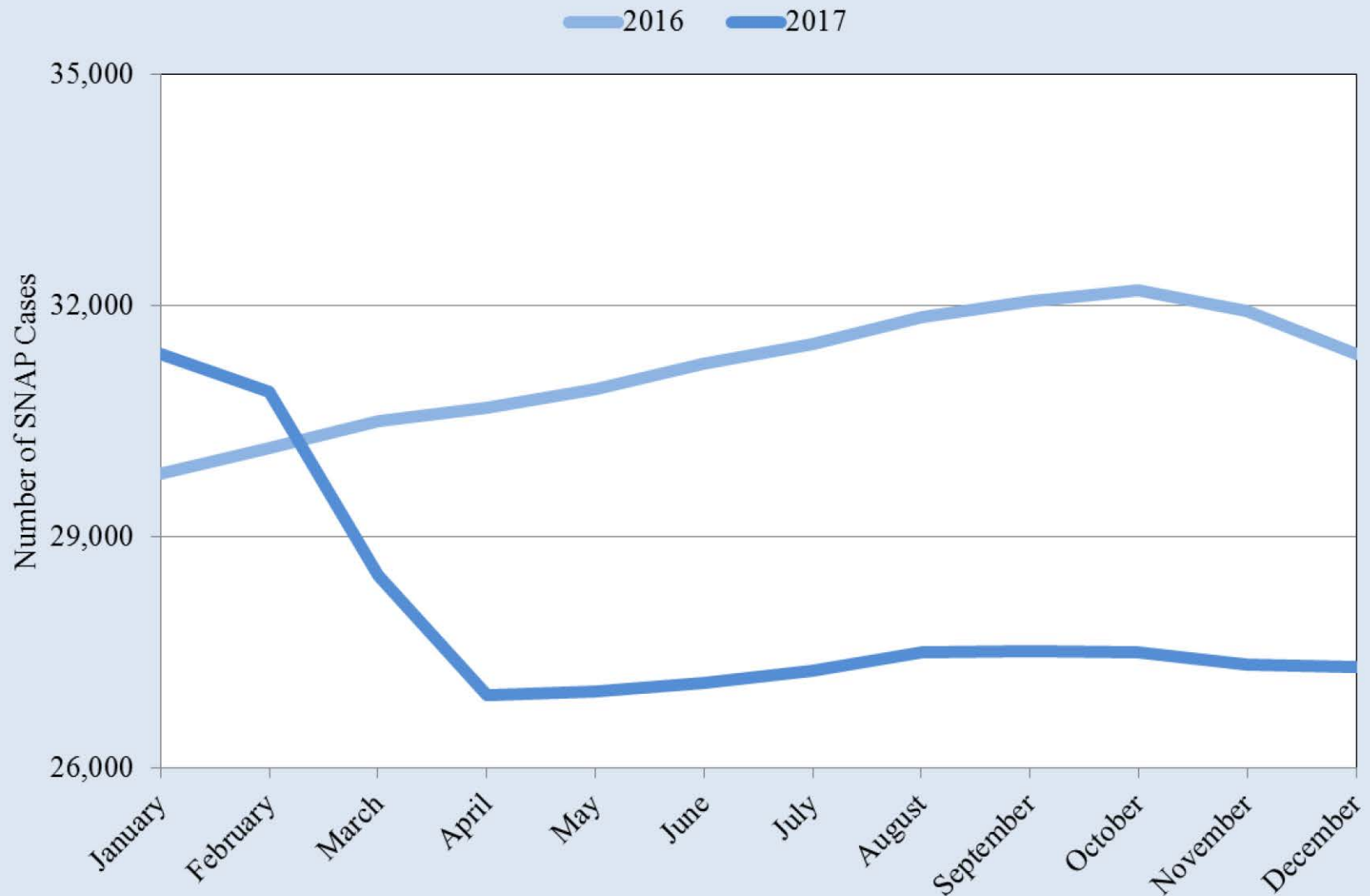
Source: Bureau of Labor Statistics

Doña Ana County Unemployment Rate



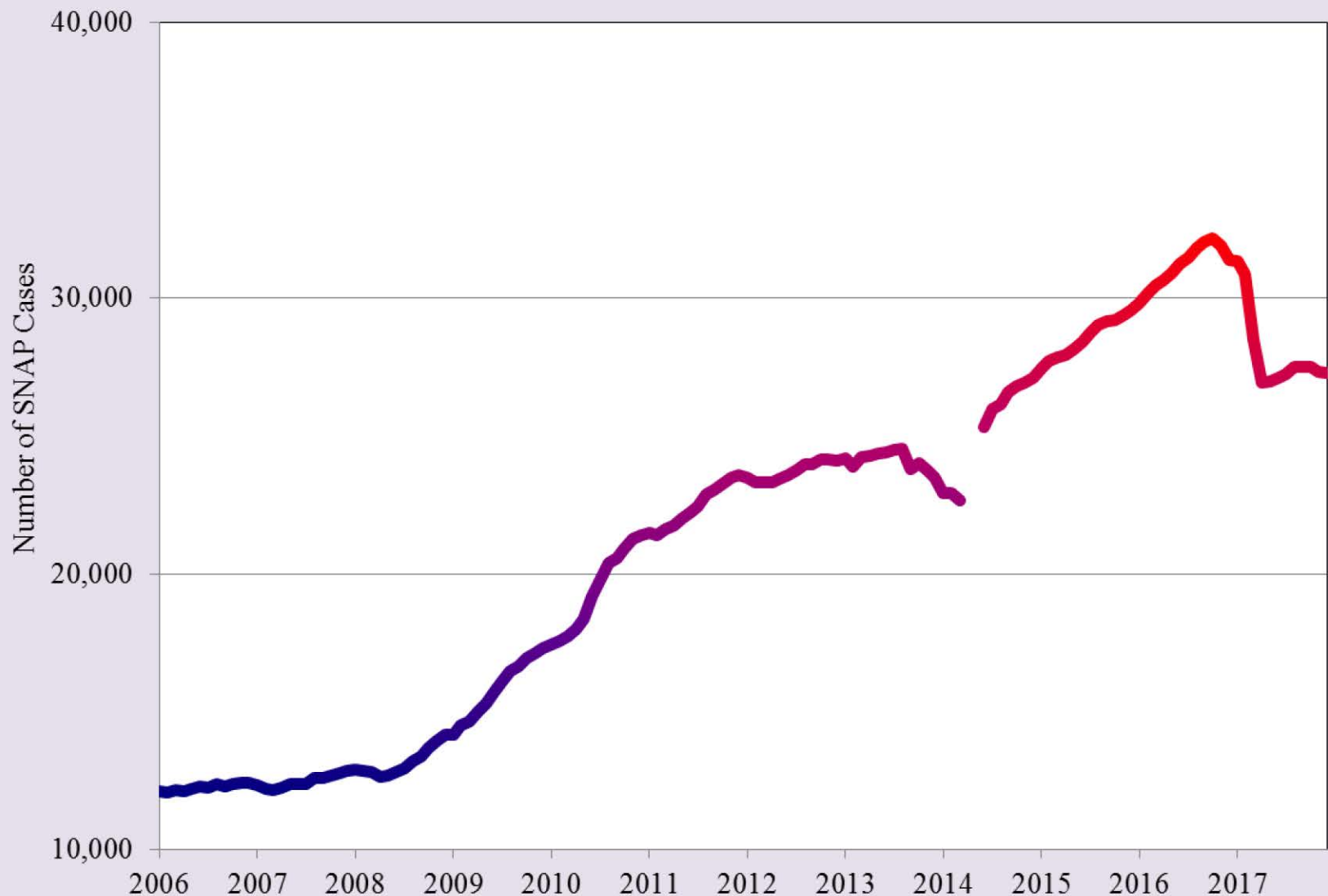
Source: Bureau of Labor Statistics

Las Cruces Area SNAP (Food Stamp) Cases



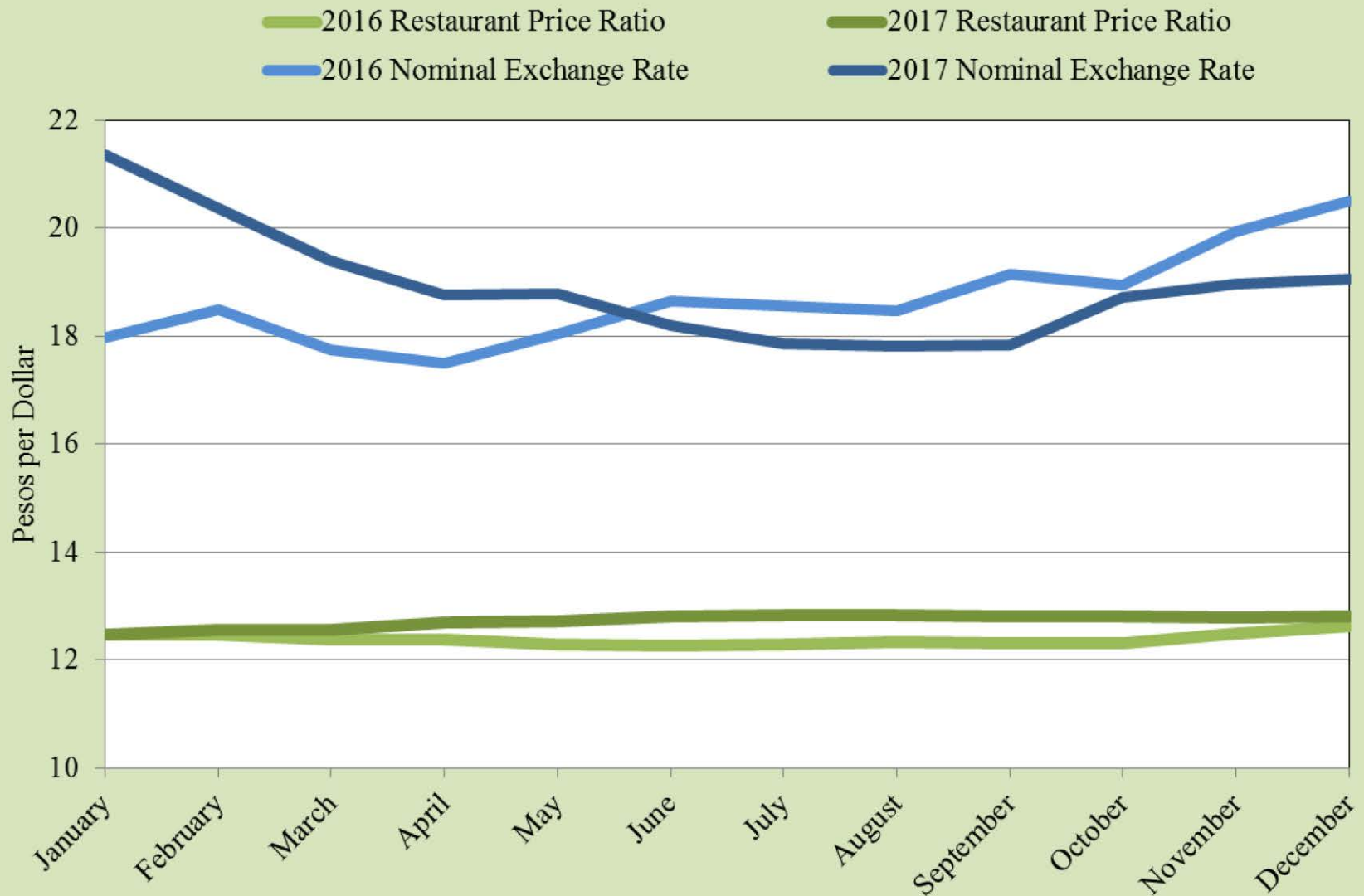
Source: New Mexico Human Services Department

Las Cruces Area SNAP (Food Stamp) Cases



Source: New Mexico Human Services Department

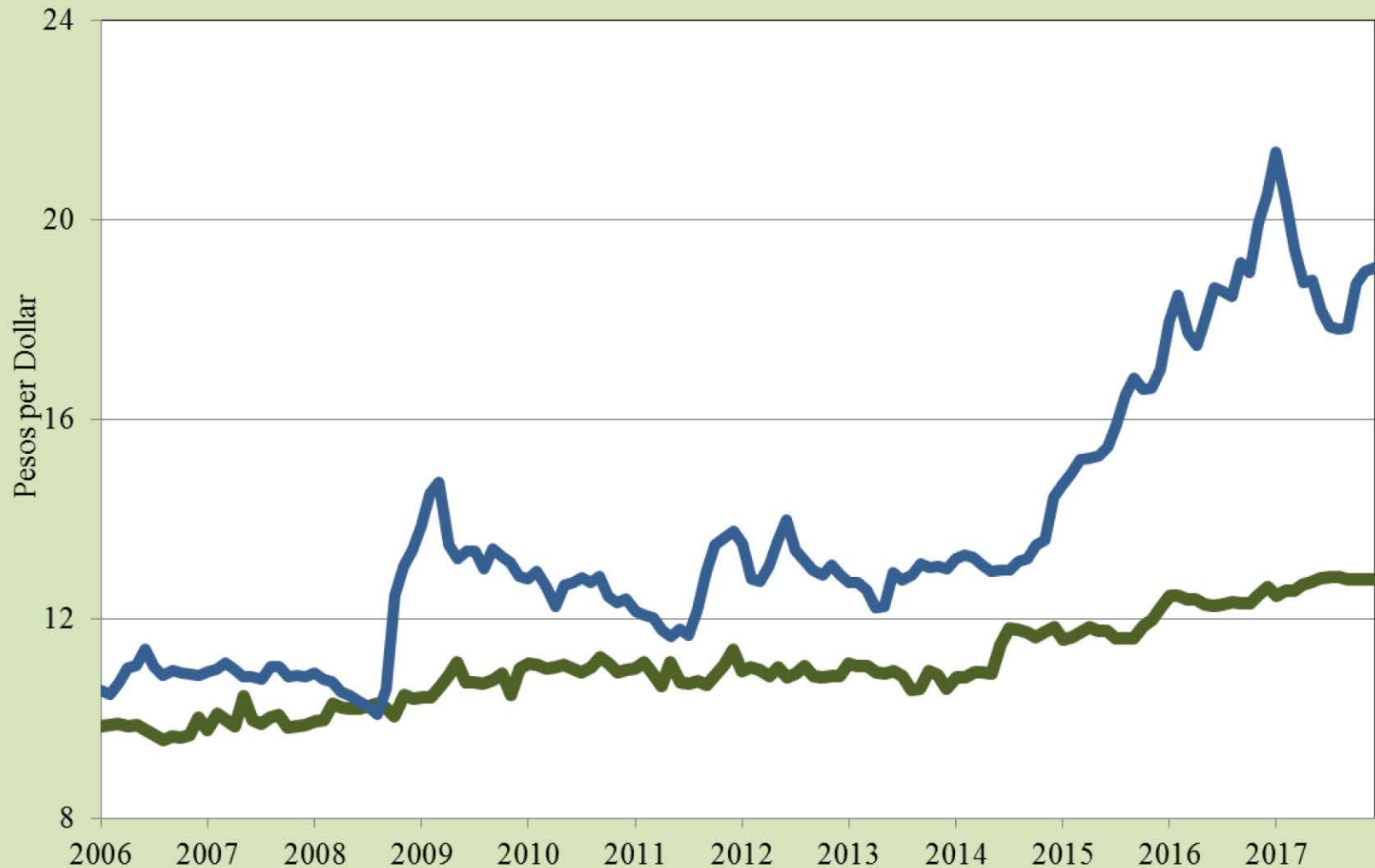
Restaurant Price Ratio and Exchange Rate



Source: UTEP Border Region Modeling Project and Banco de Mexico

Restaurant Price Ratio and Exchange Rate

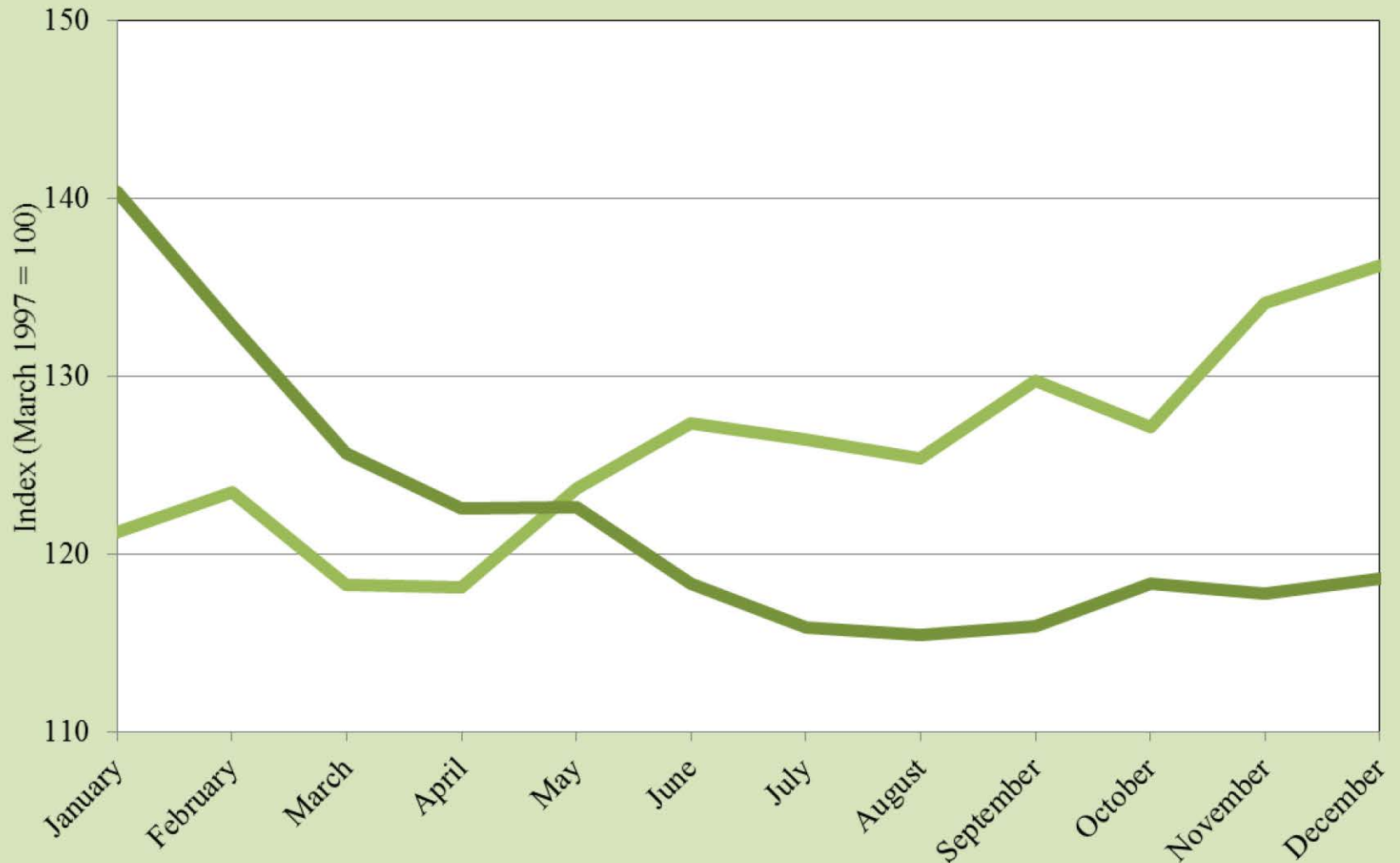
— Restaurant Price Ratio — Nominal Exchange Rate



Source: UTEP Border Region Modeling Project and Banco de Mexico

Real Peso/Dollar Exchange Rate Index

2016 2017



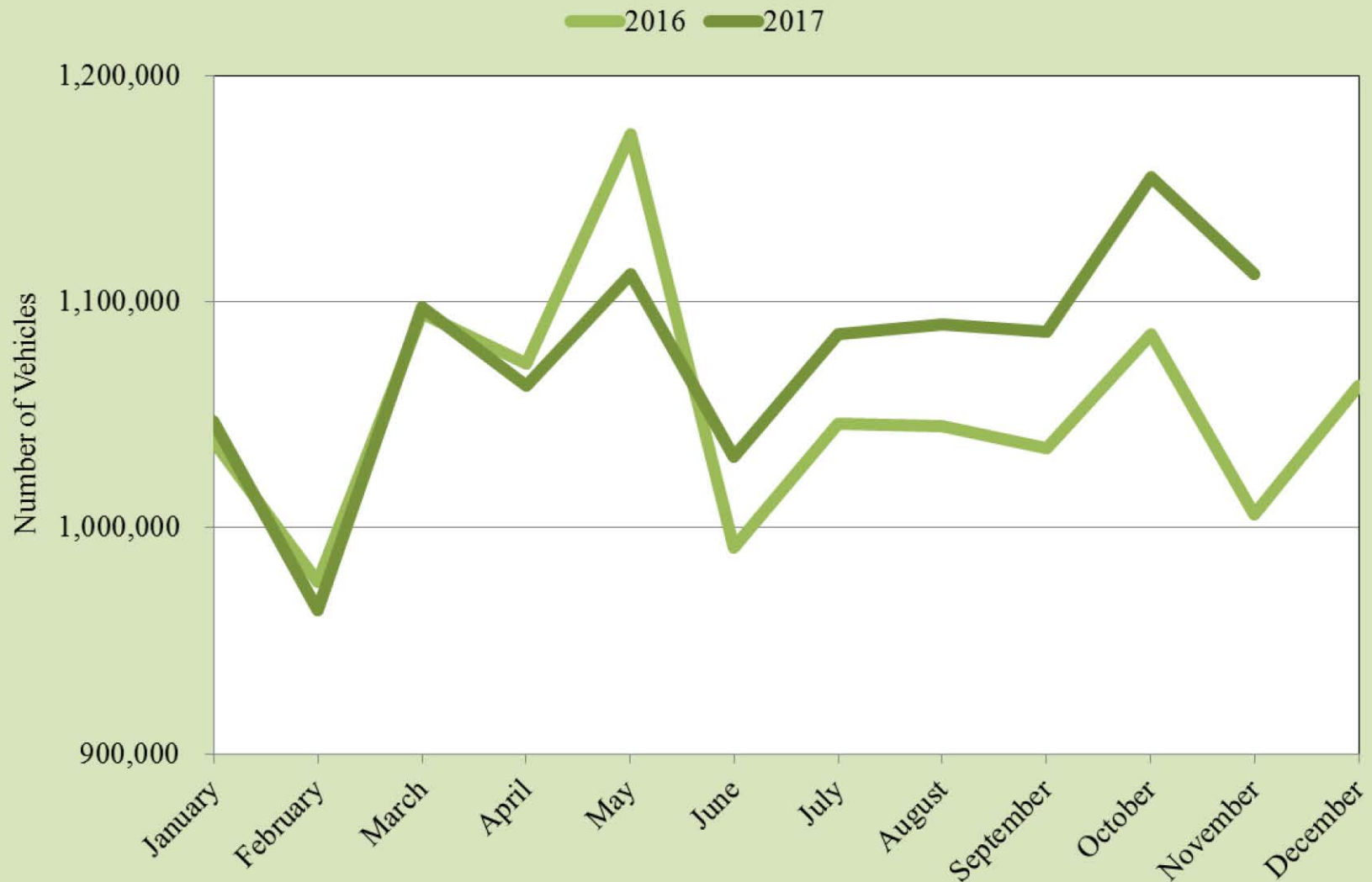
Source: UTEP Border Region Modeling Project

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

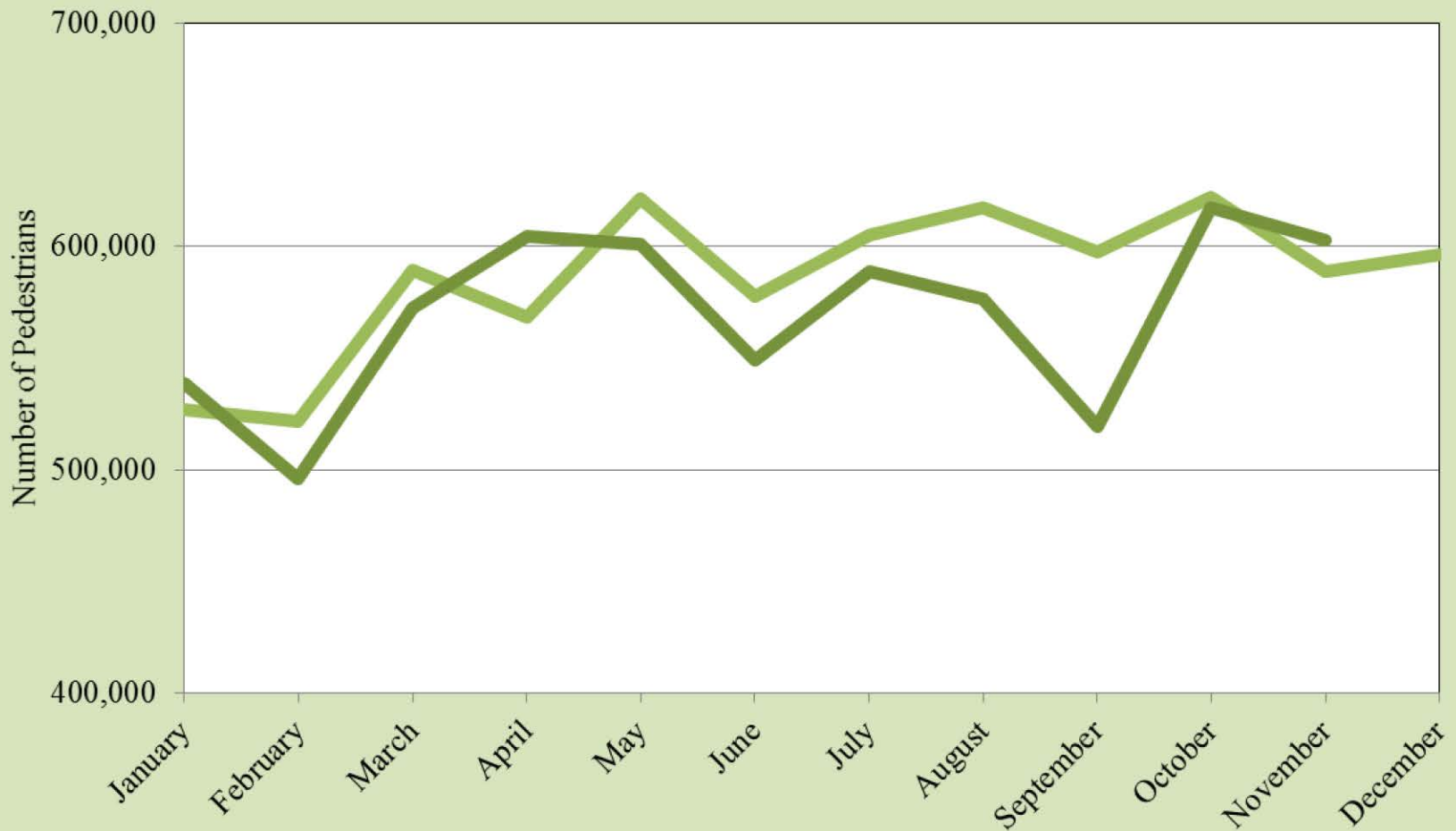
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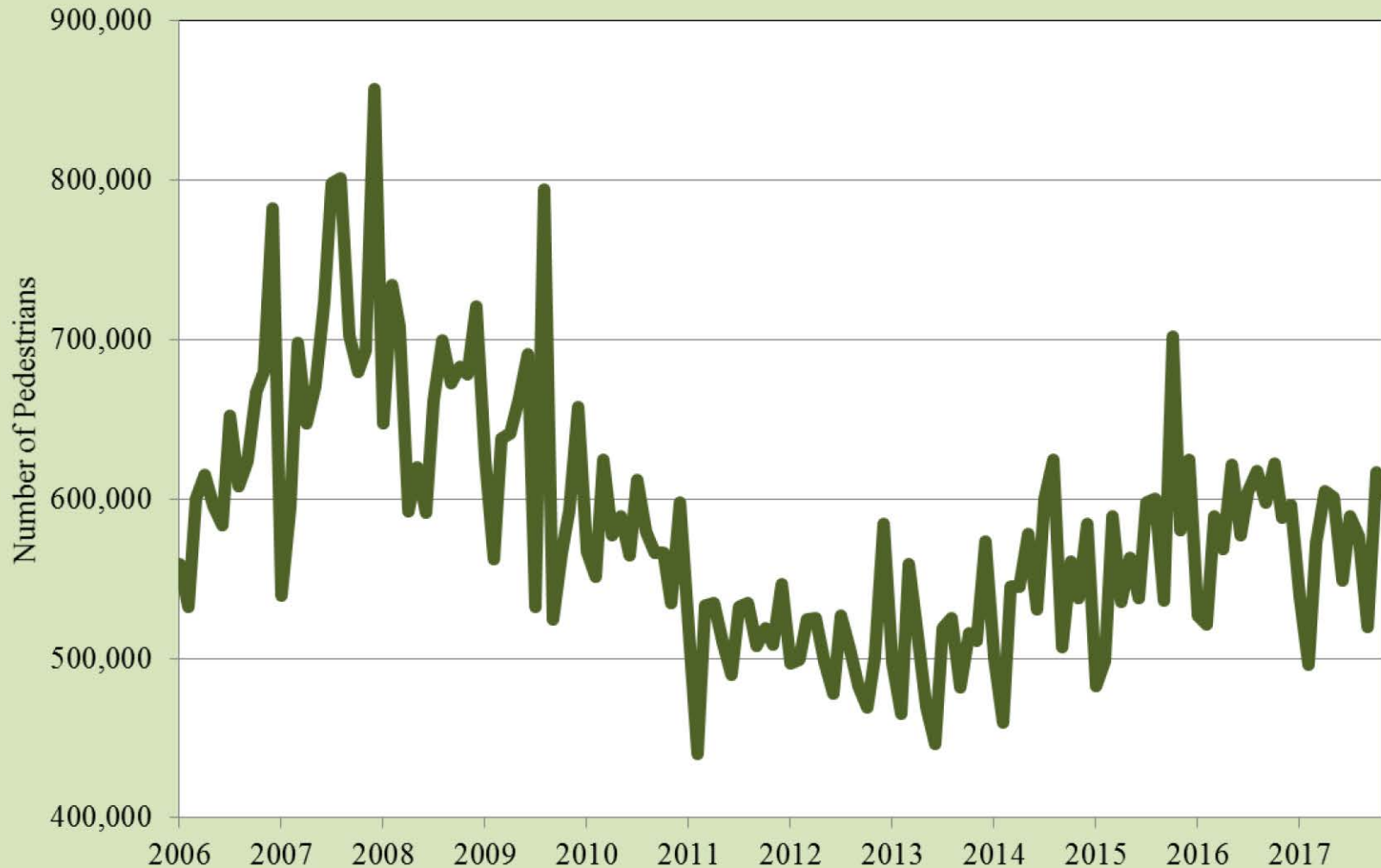
Pedestrian International Bridge Crossings to El Paso

— 2016 — 2017



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

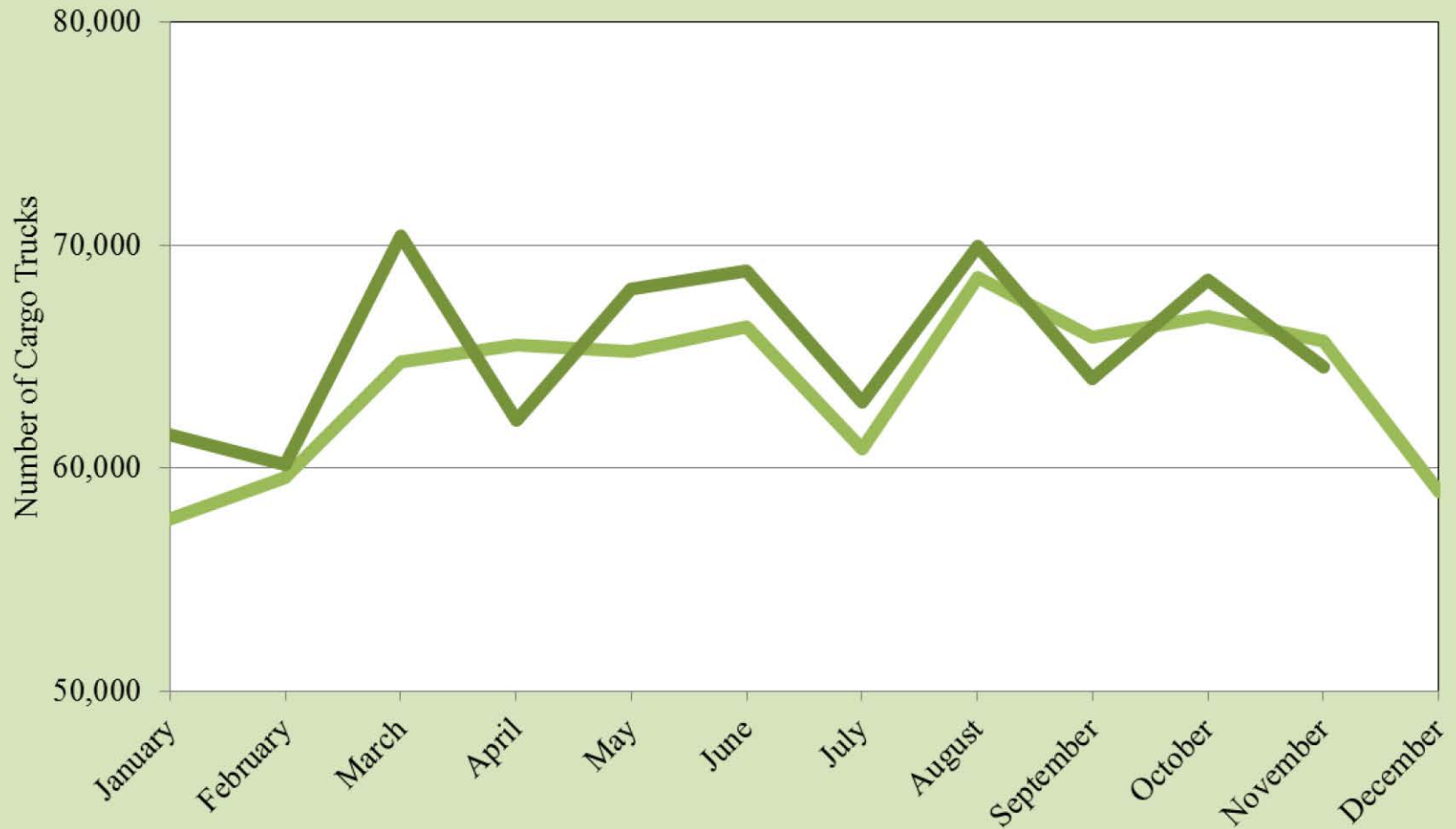
Pedestrian International Bridge Crossings to El Paso



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

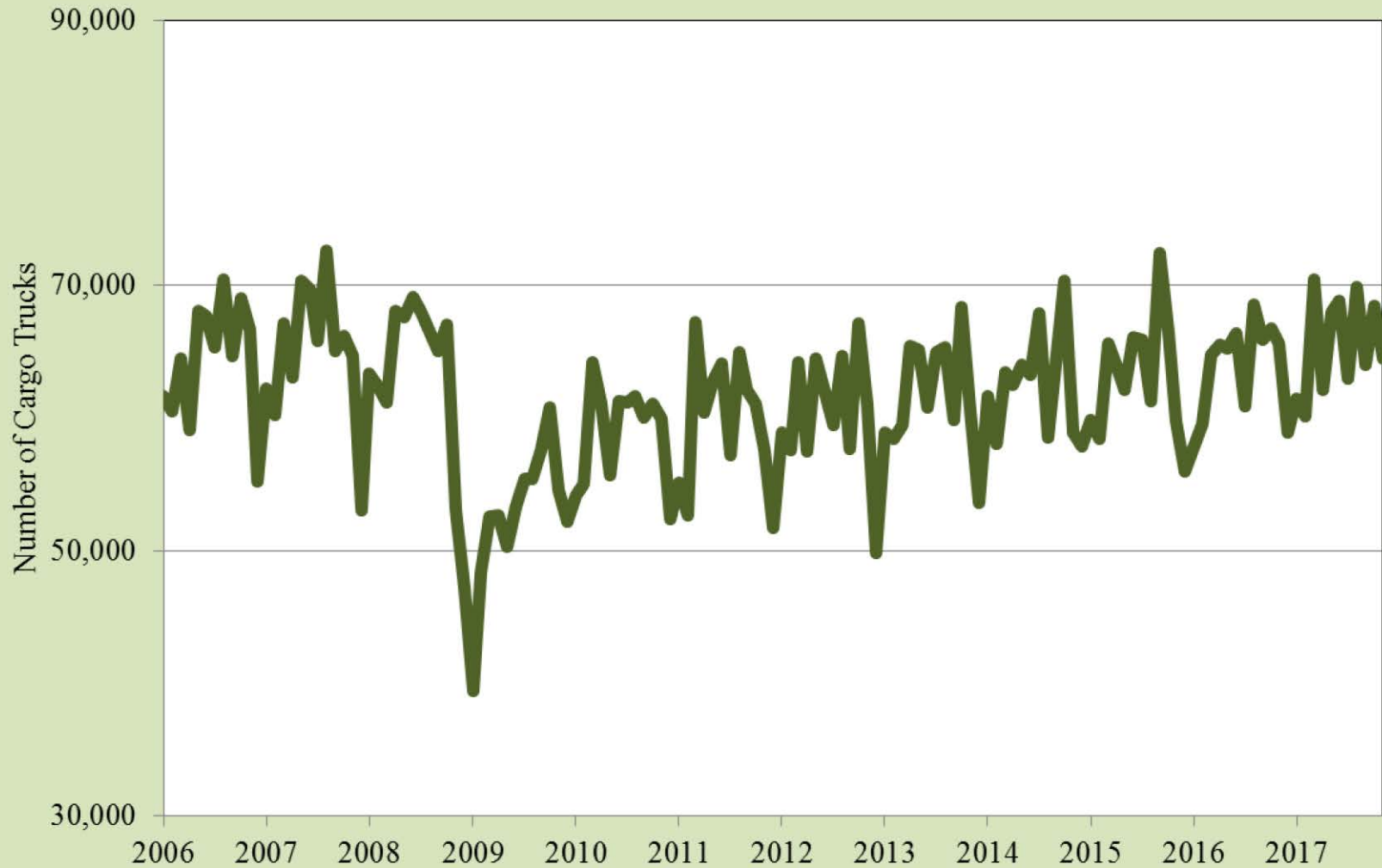
Cargo Truck International Bridge Crossings to El Paso

2016 2017



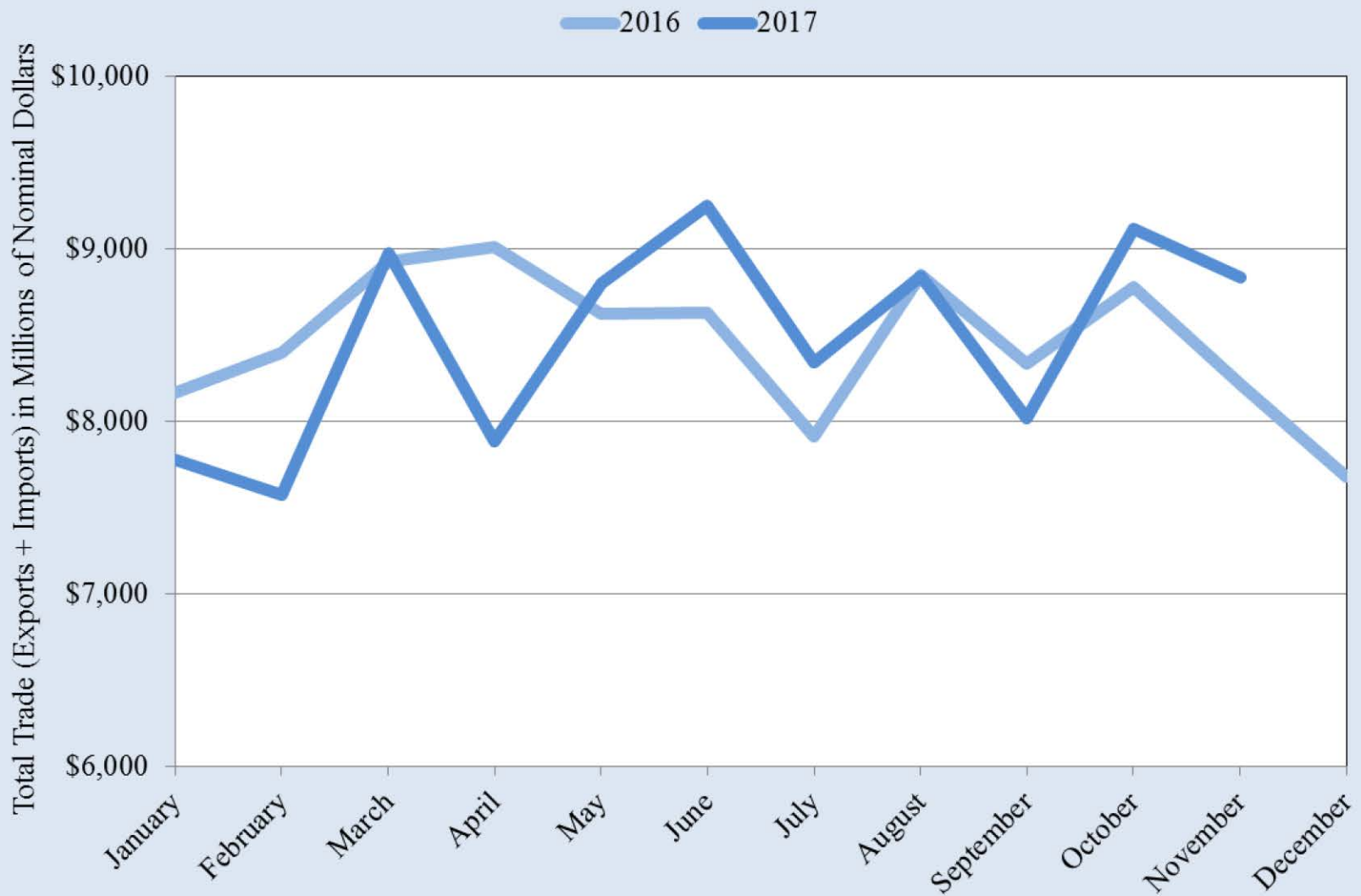
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Cargo Truck International Bridge Crossings to El Paso



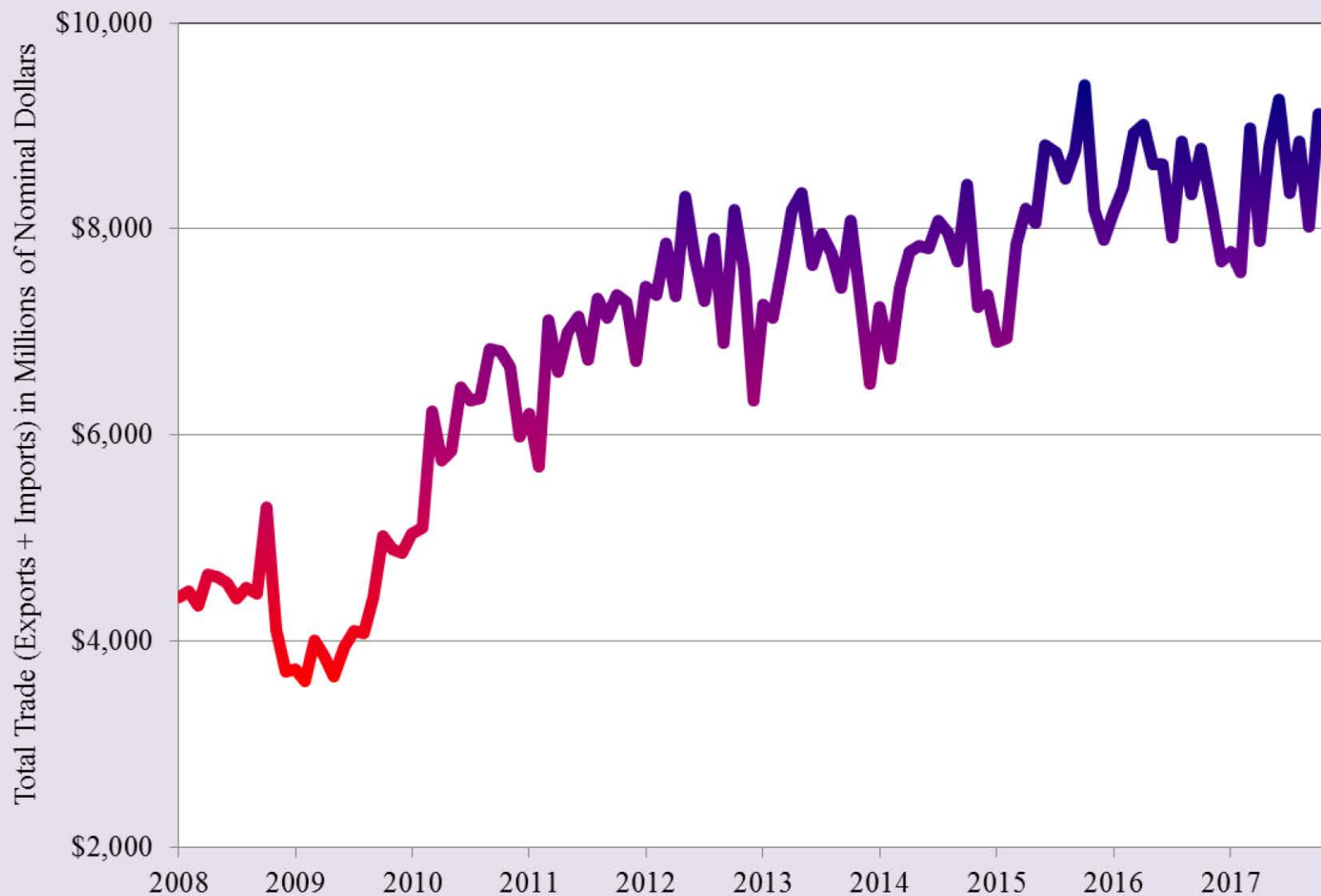
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Total Trade through the El Paso Customs District



Source: U.S. International Trade Commission

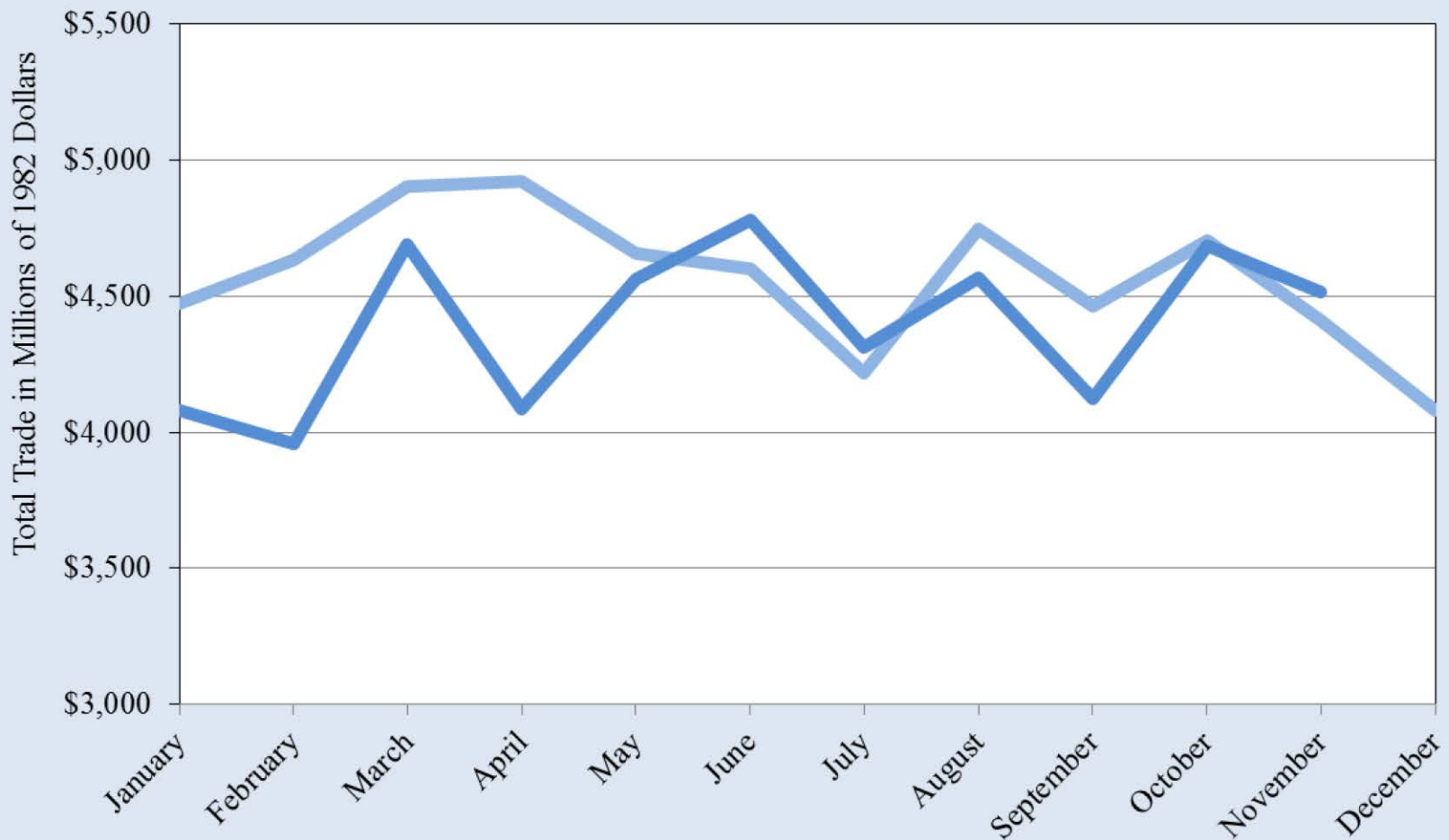
Total Trade through the El Paso Customs District



Source: U.S. International Trade Commission

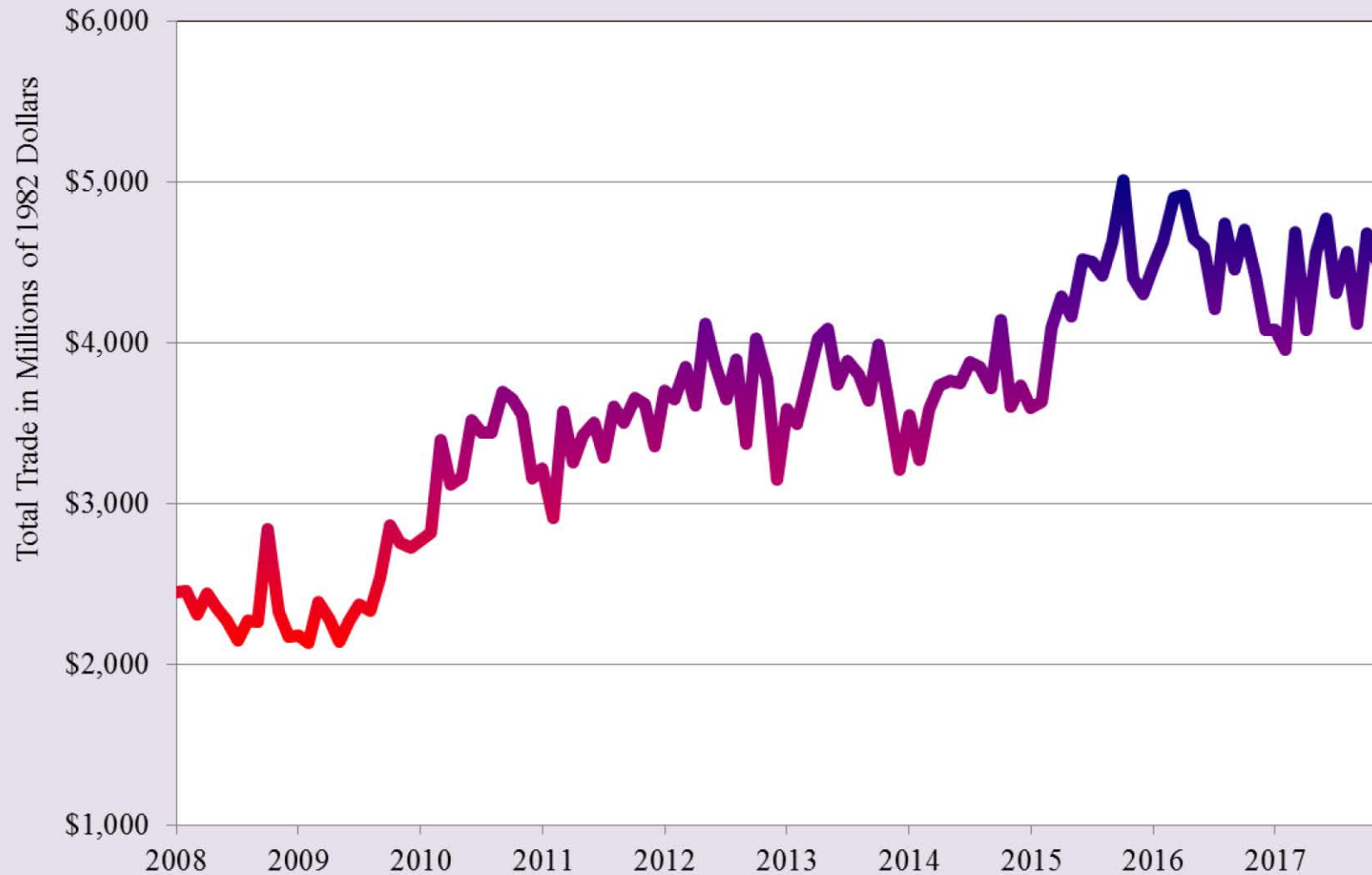
Real Total Trade through the El Paso Customs District

— 2016 — 2017



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

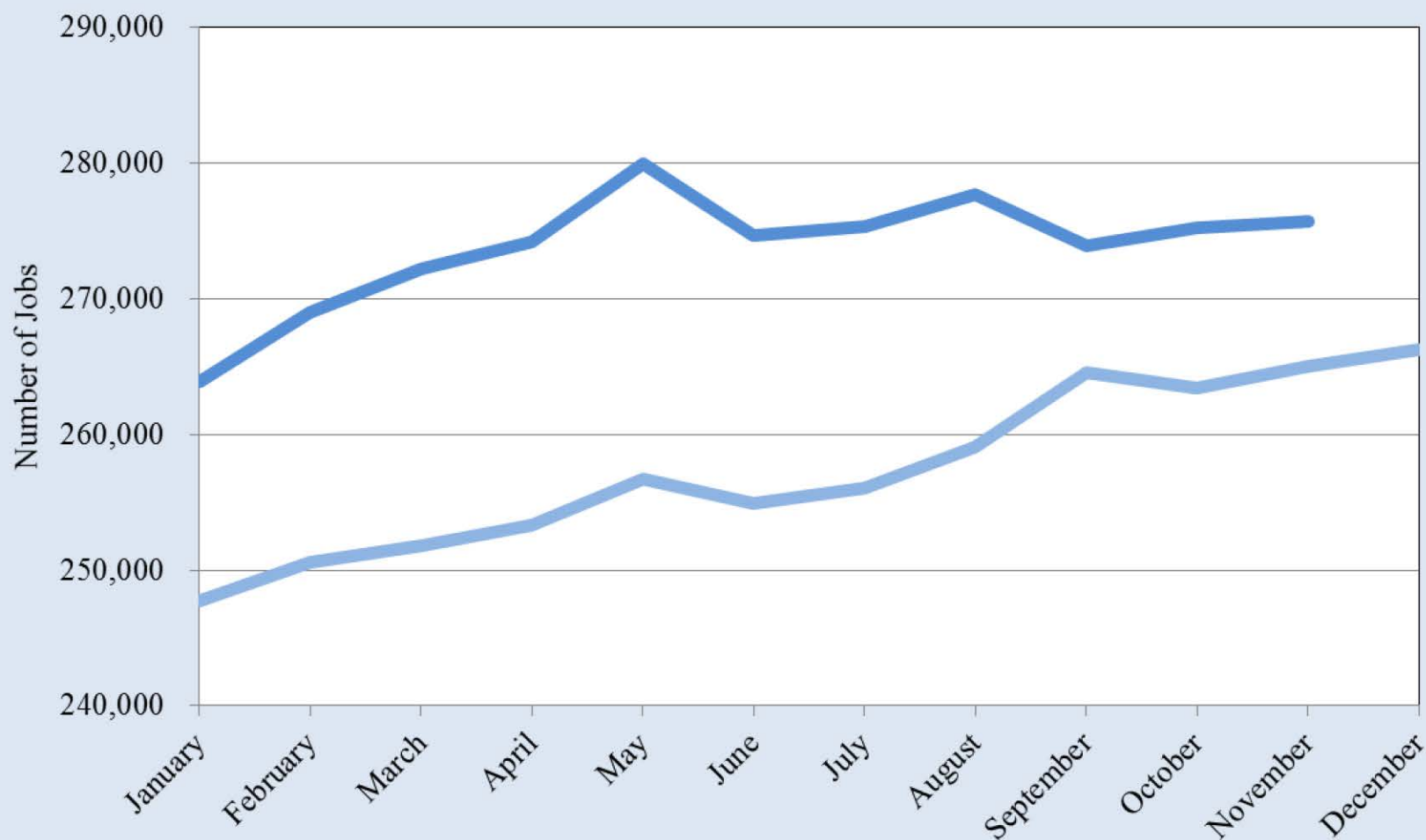
Real Total Trade through the El Paso Customs District



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

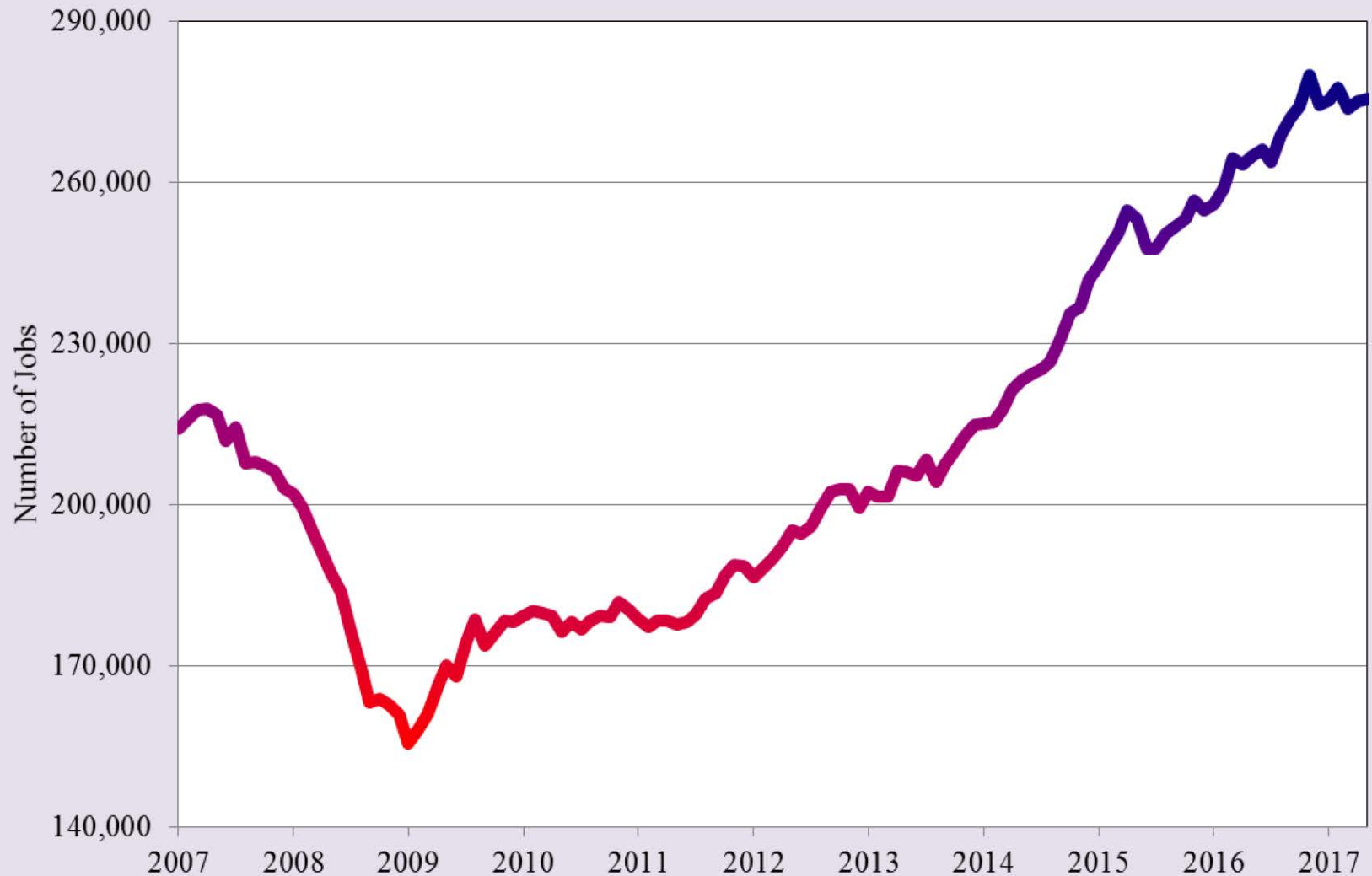
Export-Oriented Manufacturing Employment in Ciudad Juárez

— 2016 — 2017



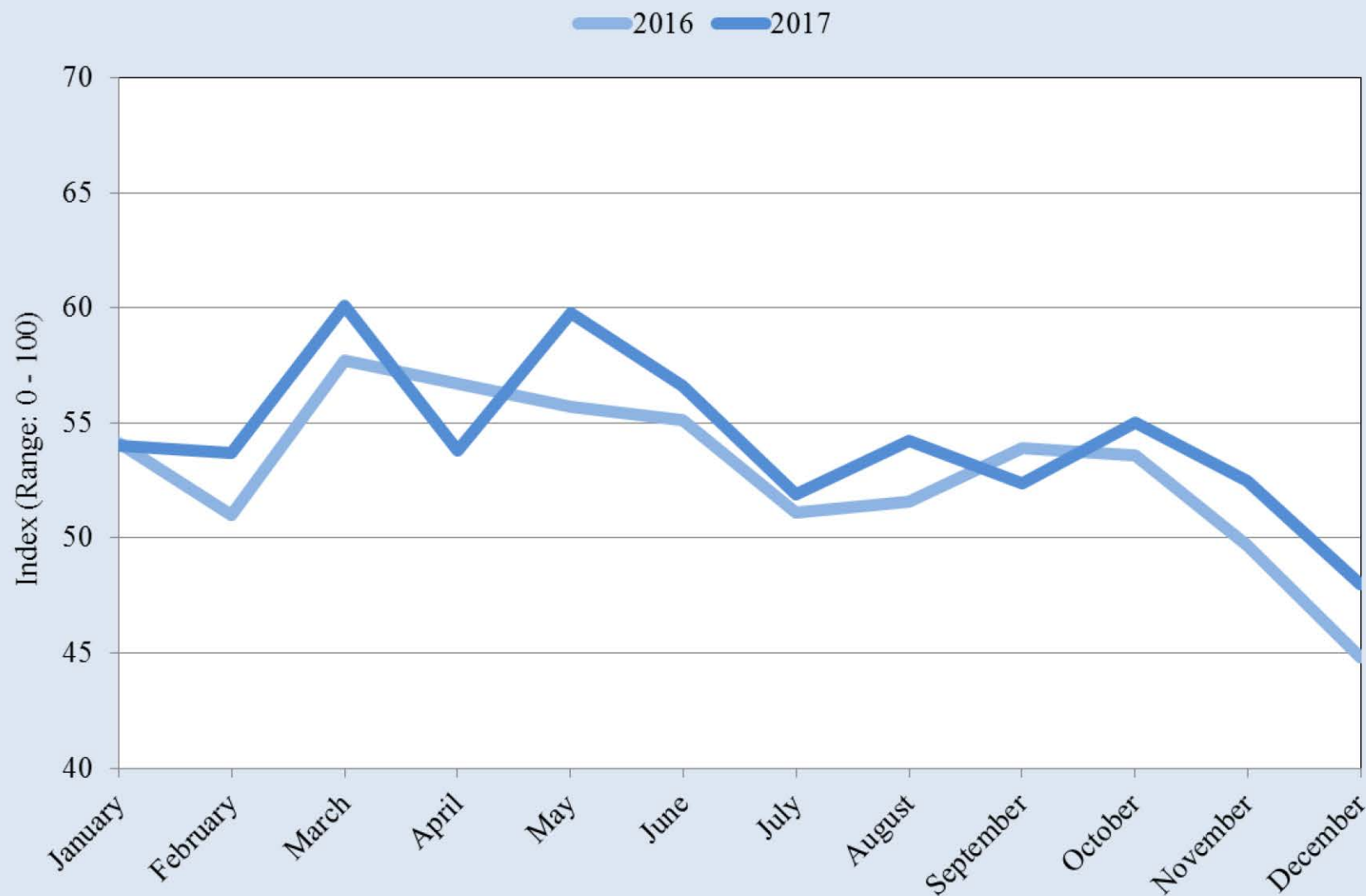
Source: INEGI

Export-Oriented Manufacturing Employment in Ciudad Juárez



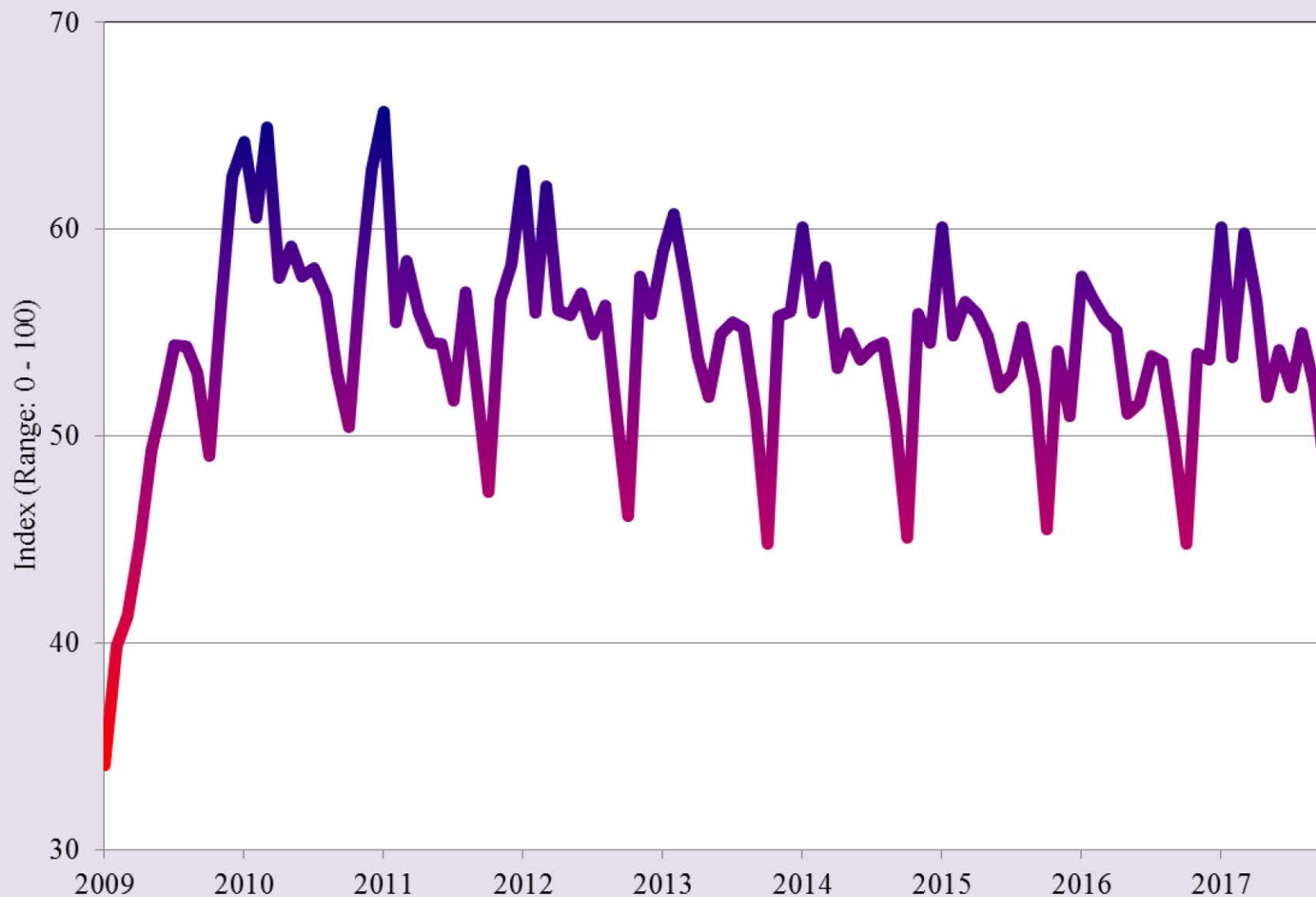
Source: INEGI

Northern Mexico Manufacturing Orders Index



Source: Banco de México

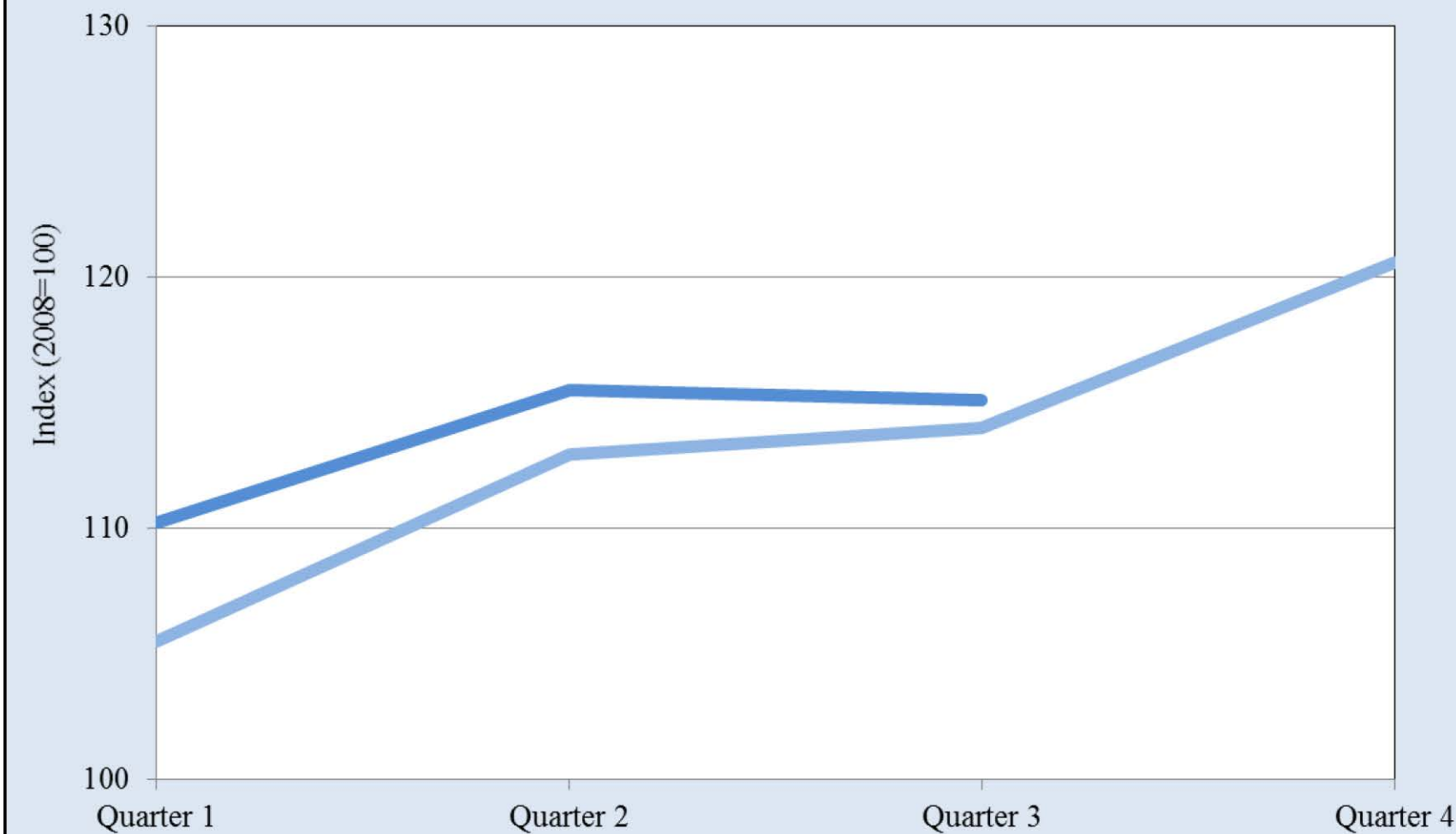
Northern Mexico Manufacturing Orders Index



Source: Banco de México

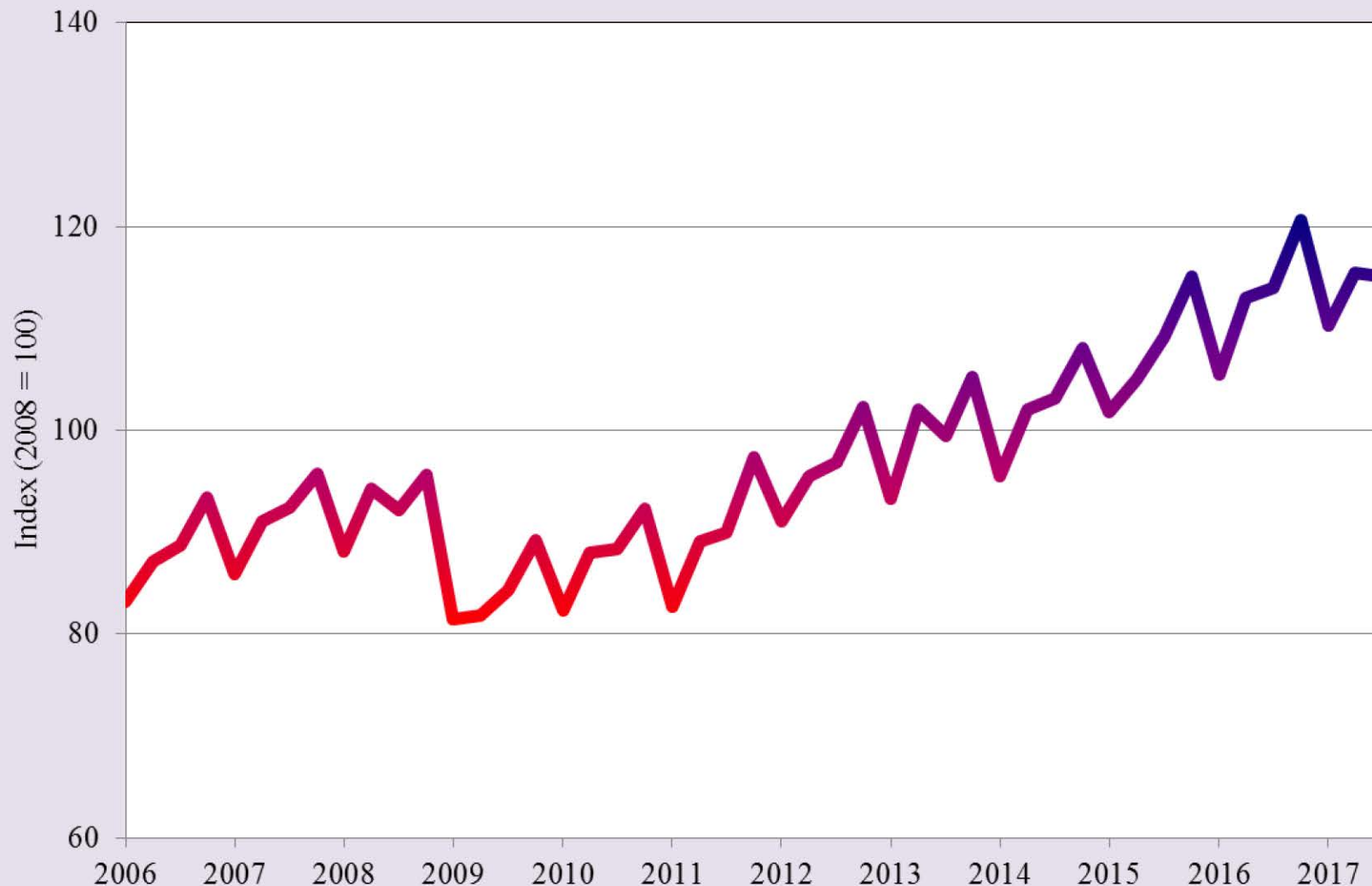
Quarterly Indicator of Economic Activity for the State of Chihuahua

— 2016 — 2017



Source: INEGI

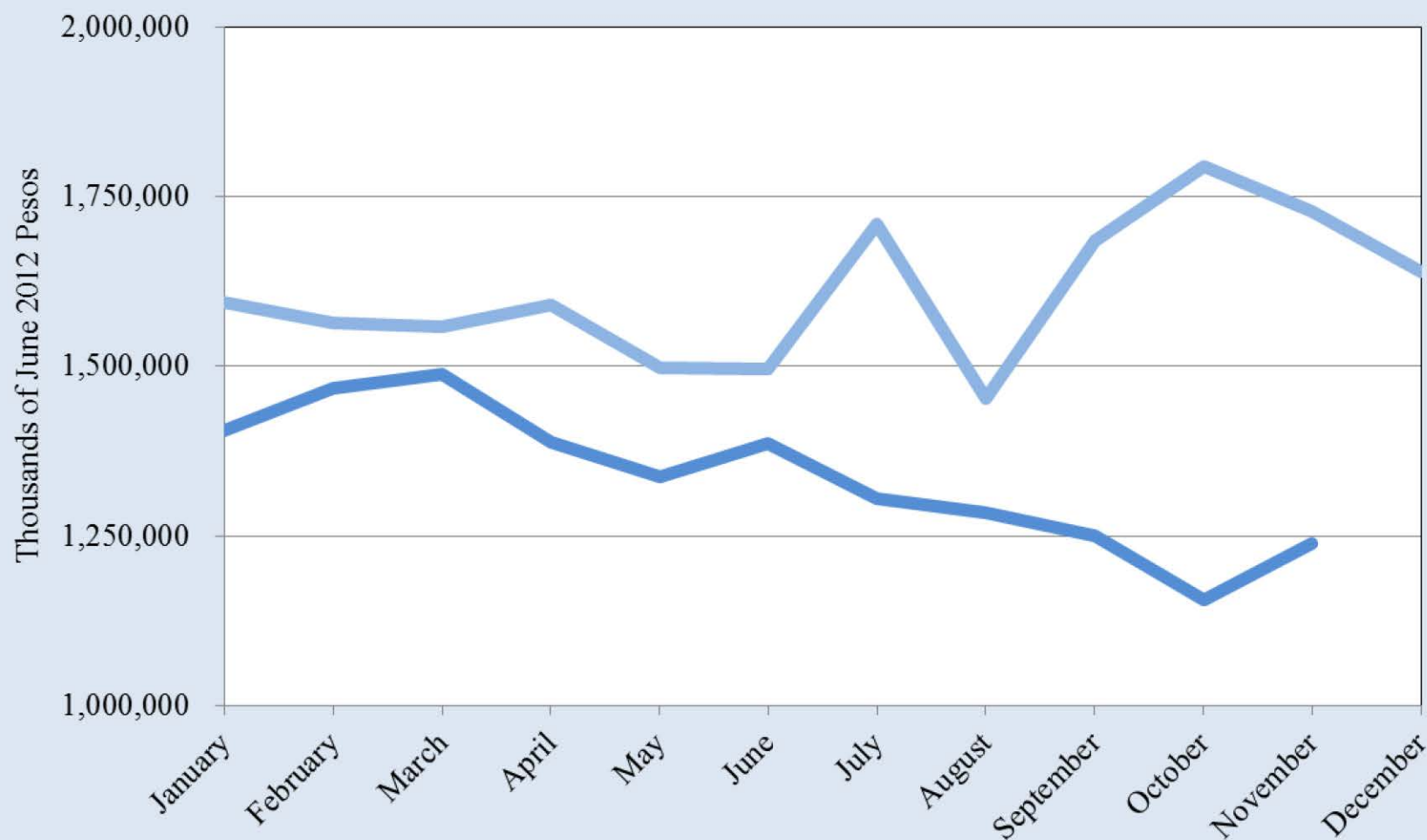
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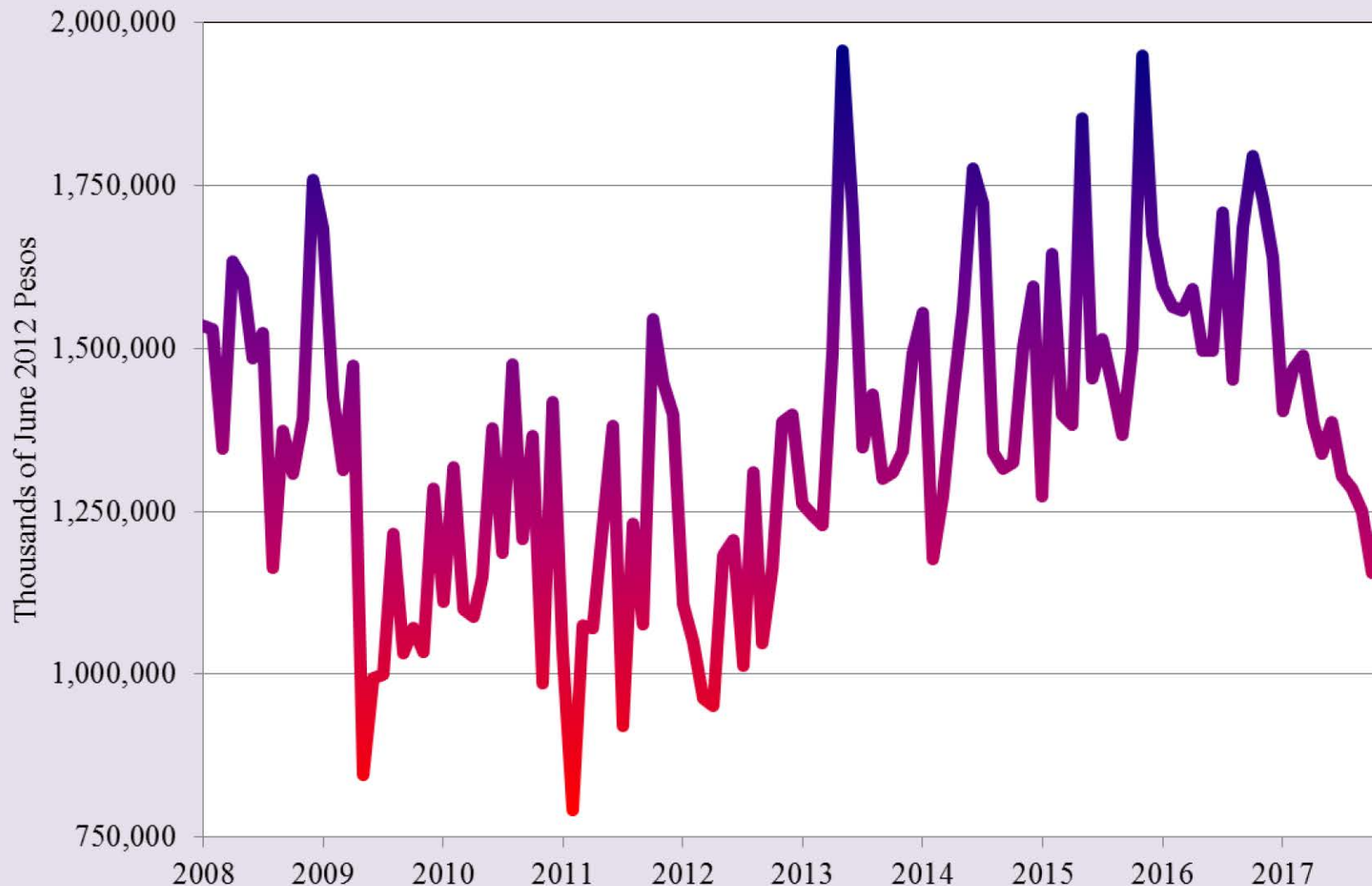
Total Value of Construction in the State of Chihuahua

— 2016 — 2017



Source: INEGI

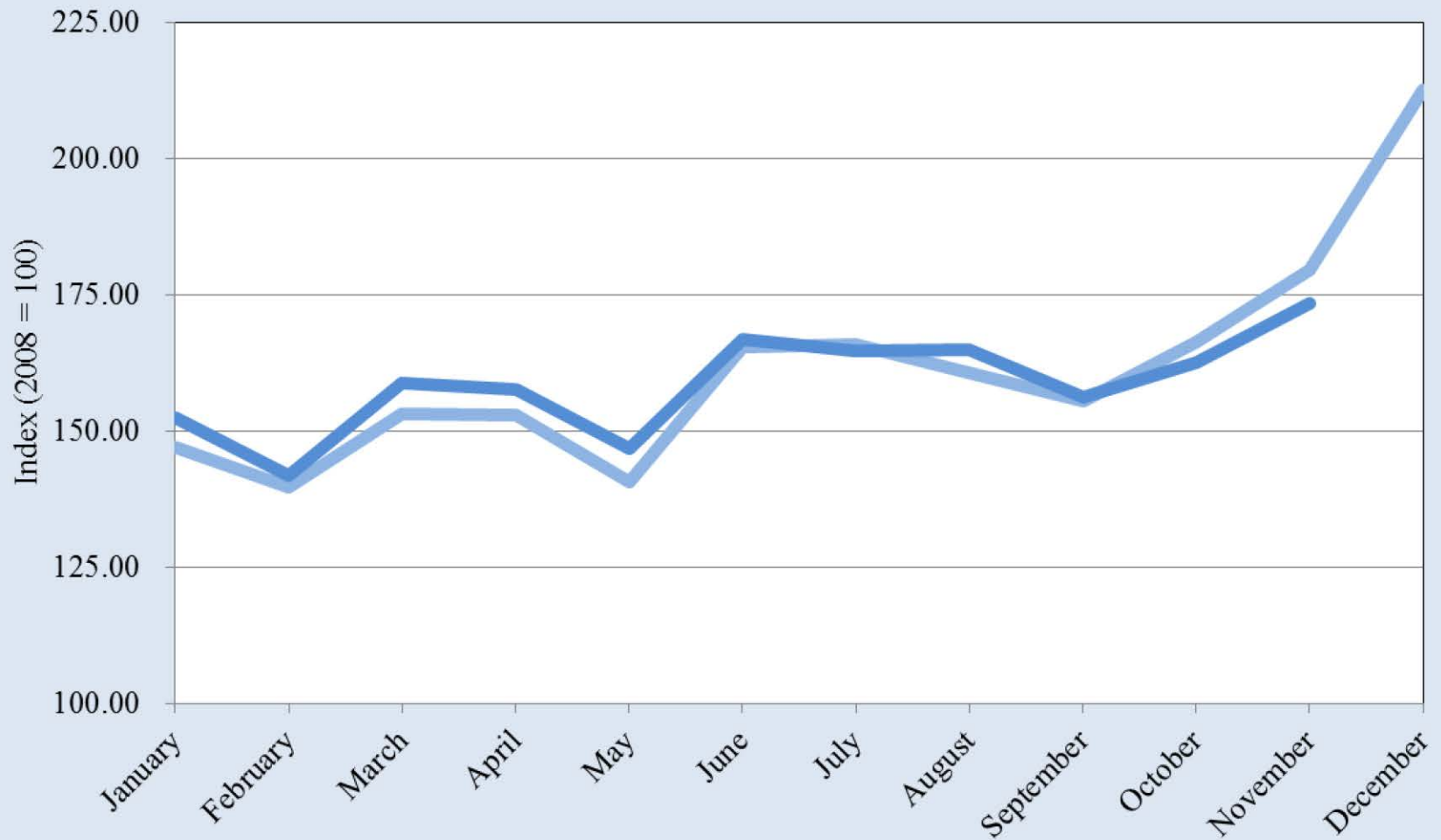
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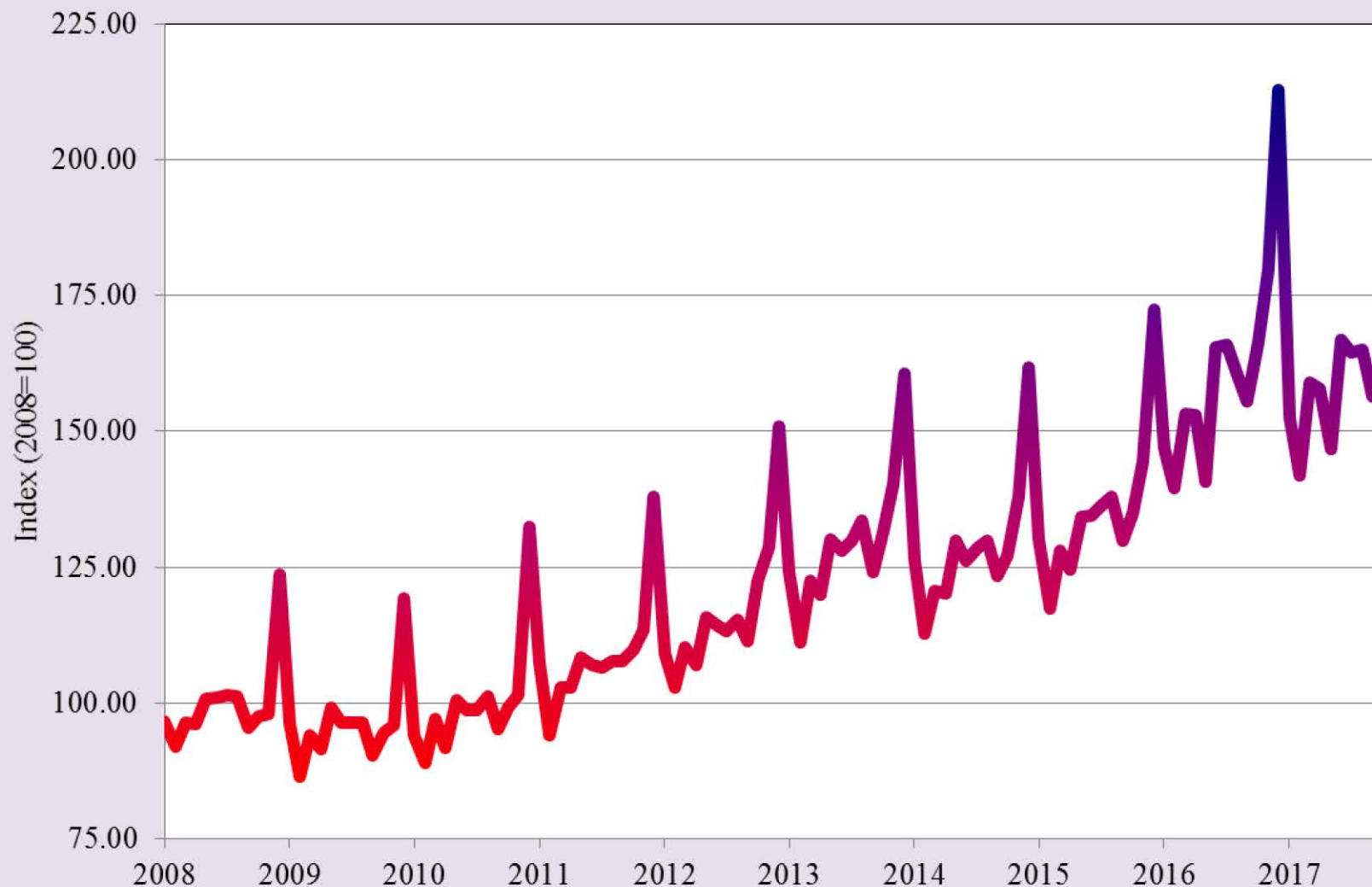
Real Retail Activity Index for the State of Chihuahua

— 2016 — 2017



Source: INEGI

Real Retail Activity Index for the State of Chihuahua



Source: INEGI



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