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Borderplex Business Barometer, Volume 2, Number 4

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

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BORDERPLEX BUSINESS BAROMETER

April 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 4

Moderate Growth

The El Paso Metropolitan Business Cycle Index has remained virtually flat for more than a year. The value of the index increased by a mere 0.4 percent between February 2017 and February 2018, but that is not necessarily a harbinger of economic sluggishness. The El Paso Household Economic Stress Index has been at historically low levels since July of last year. Part of the reason for that is an unemployment rate that is still below 5 percent. Likewise, El Paso County enrollment in the Supplemental Nutrition Assistance Program (SNAP) fell to 176,227 in February, the lowest level observed since 2014.

Median El Paso County housing prices in January and February, 2018, were almost identical to the values observed one year earlier. While that suggests that the pace of local housing price inflation may be tapering off, revised housing inventory figures indicate that the local market had only 5.2 months-worth of housing supply during that same period. Gasoline prices remain above the year-ago levels observed in 2017. Typically, gasoline prices tend to increase during spring and summer, but that seasonal pattern can be disrupted by weather related and refinery capacity disruptions.

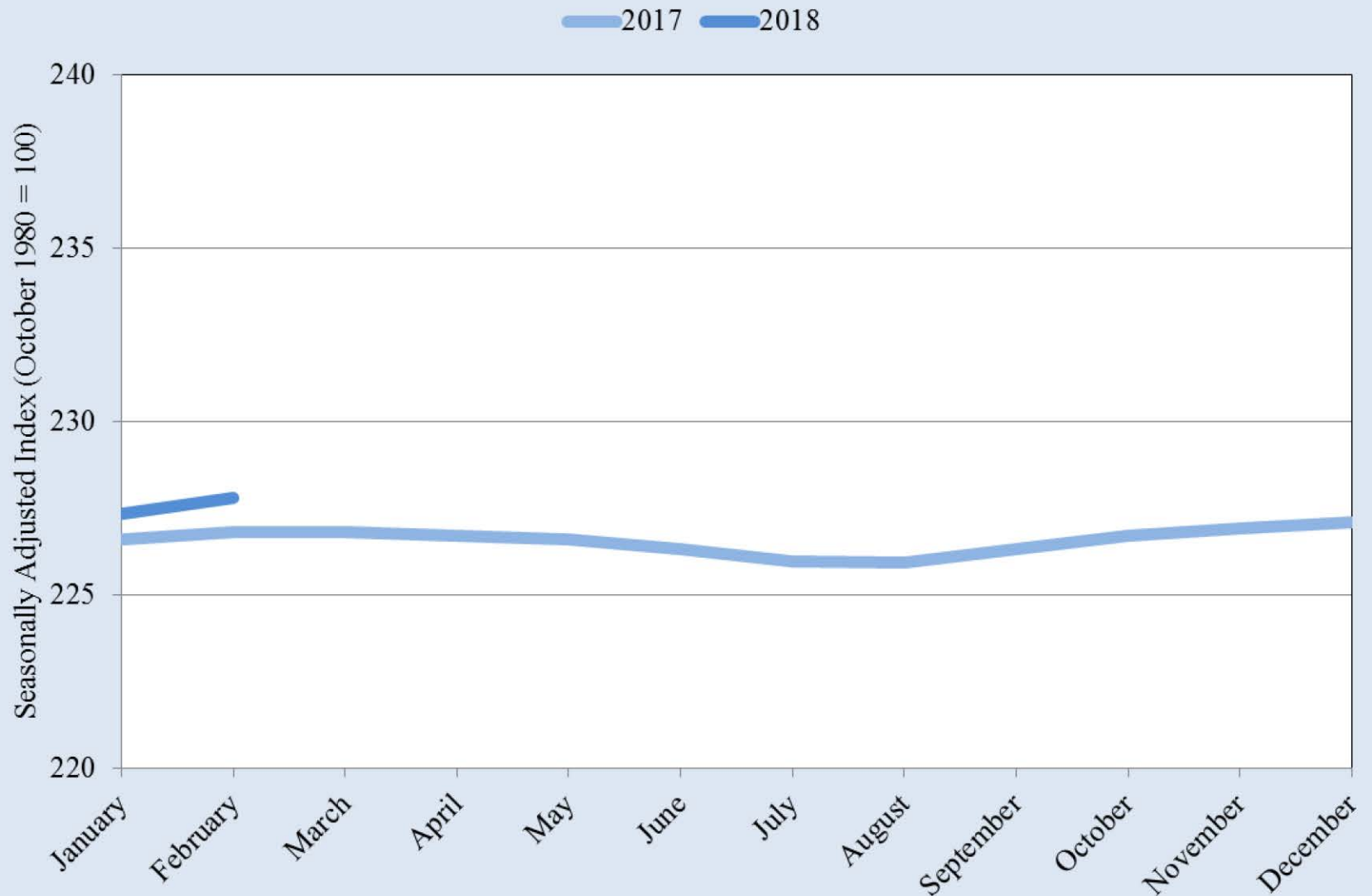
For the first time since 2009, Doña Ana County began the year with an unemployment rate below 7 percent. This is good news for the local business sector and reflects an uptick in the growing healthcare services segment of the Mesilla Valley economy. Accompanying that development, the number of Las Cruces area SNAP cases also remained below 29 thousand for a 12th consecutive month.

The Border Region Modeling Project's monthly survey of restaurant prices indicates that the ratio of prices in Ciudad Juárez to those in El Paso was 12.92 pesos per dollar in February. This remains well below the nominal exchange rate of 18.62 pesos per dollar. However, the price ratio has increased by 2.8 percent over the last year, while the exchange rate has decreased by 8.6 percent over the same time period. Reflective of that movement towards convergence, the real peso-per-dollar exchange rate index declined from 132.8 to 115.4 over the course of the last twelve months. The peso remains undervalued relative to the dollar, with trade policy uncertainties still affecting the currency market.

The value of imports and exports shipped through the El Paso Customs District increased moderately in the first two months of 2018, relative to last year. A similar trend also characterizes the Northern Mexico Manufacturing Orders Index. Export-processing employment in Ciudad Juárez stood at 267,513 in January 2018. That represents a fairly modest 1.4 percent year-over-year increase, which contrasts with

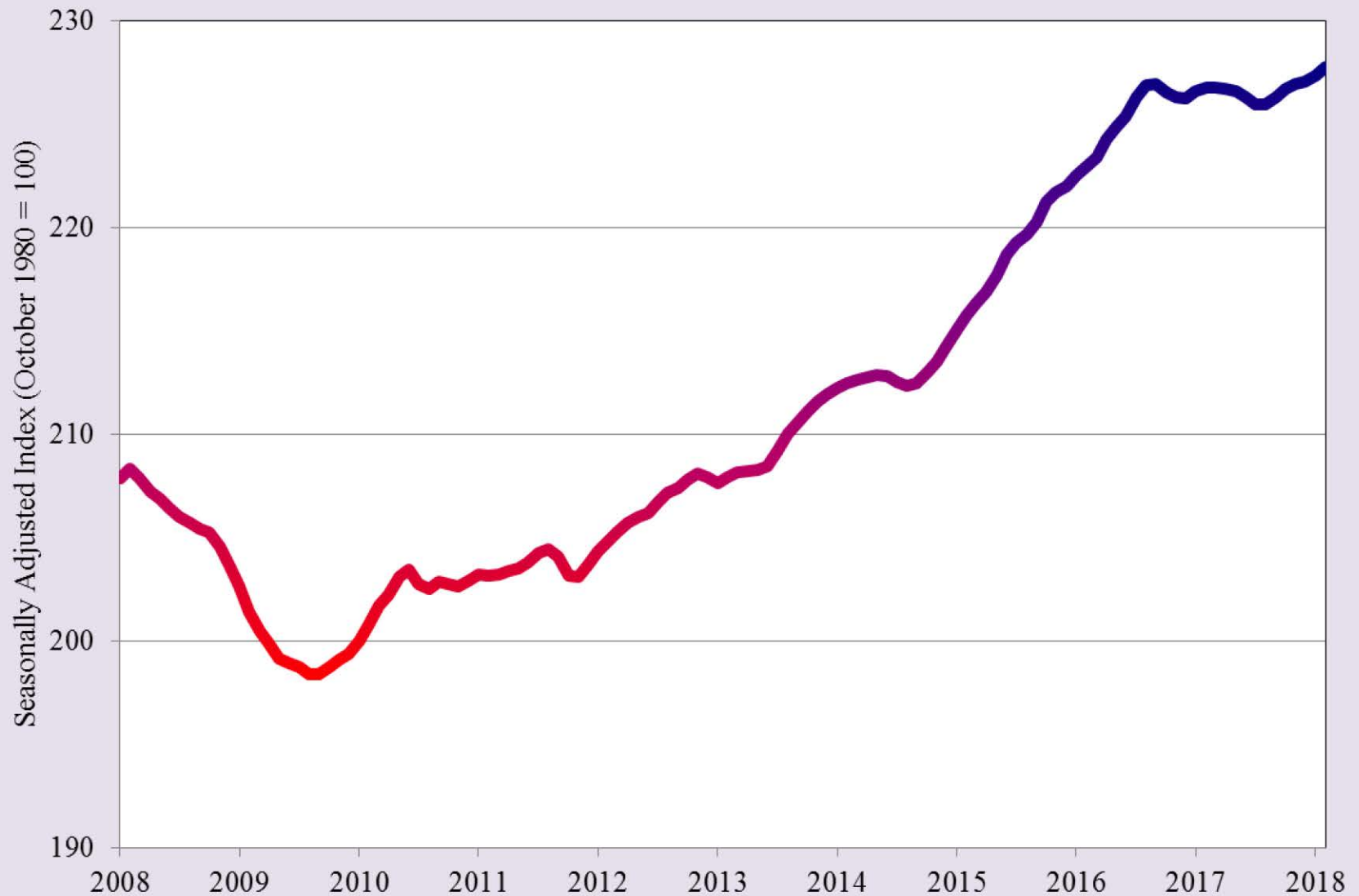
growth rates of greater than 6 percent per year observed over the last five years. These data suggest that economic growth on the south side of the border is also being affected by private sector apprehension over policy prospects during the second half of 2018. As further evidence of the uncertain economic environment in northern Mexico, the value of construction across the state of Chihuahua plummeted 31 percent in January, reaching its lowest level since 2011. The latter development is at least partially due to the interest rate hikes engineered by the central bank last year. Given that, it comes as no surprise that the real retail sales index has been in a holding pattern during the last 24 months. Statewide commerce undoubtedly faces more downside risks than upside potential in 2018.

Metro Business-Cycle Index for El Paso



Source: Federal Reserve Bank of Dallas

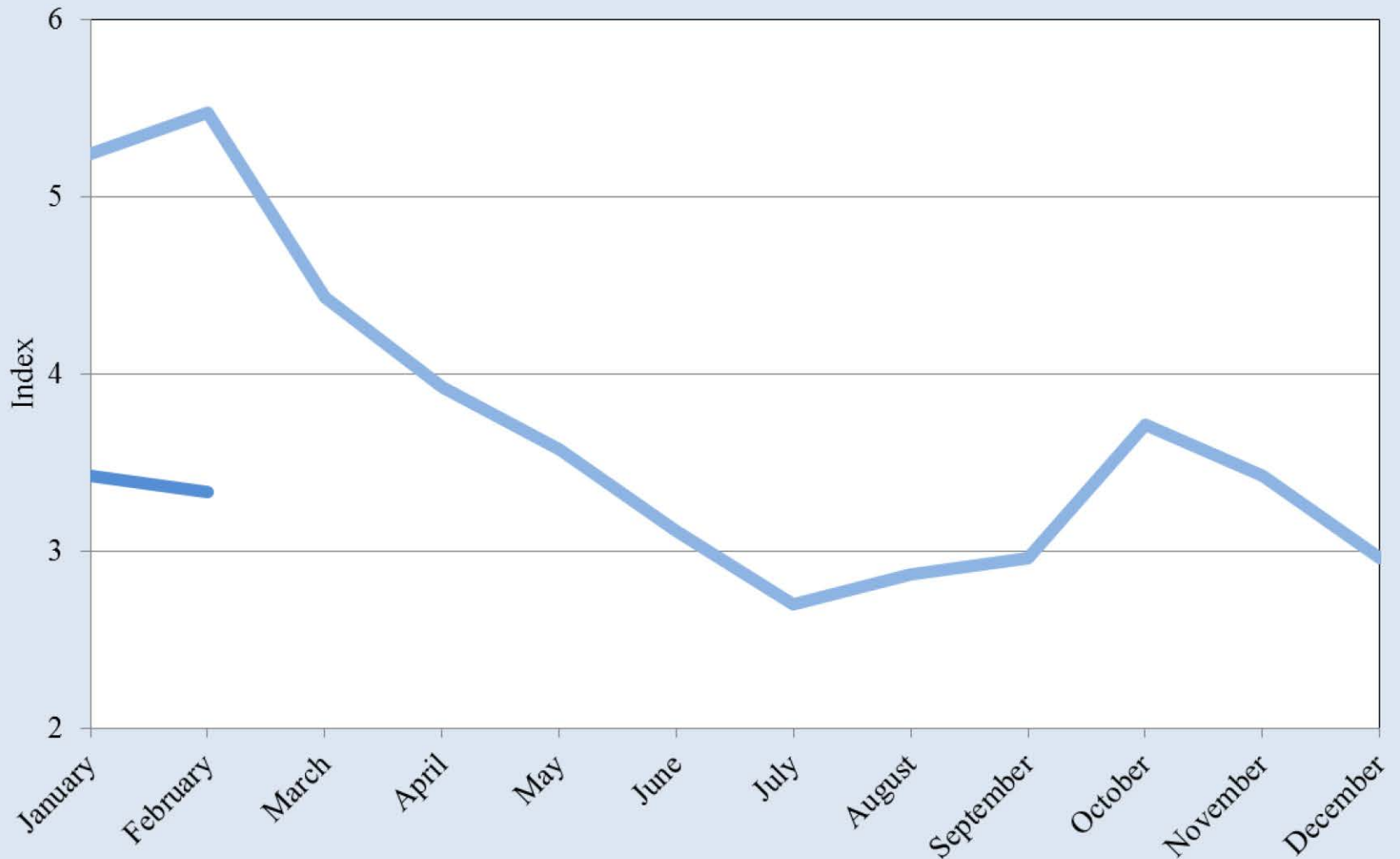
Metro Business-Cycle Index for El Paso



Source: Federal Reserve Bank of Dallas

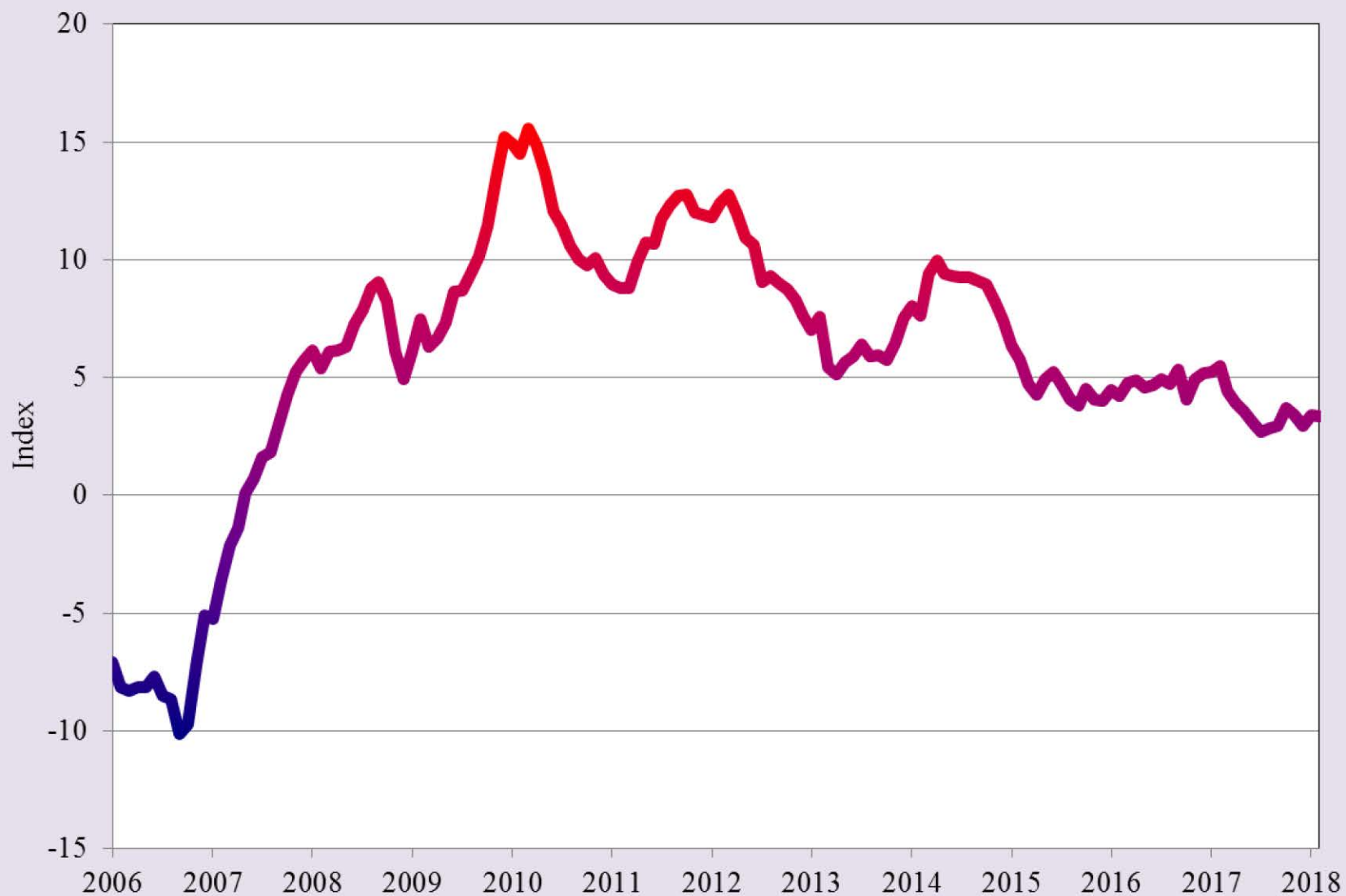
El Paso Household Economic Stress Index

— 2017 — 2018



Source: UTEP Border Region Modeling Project

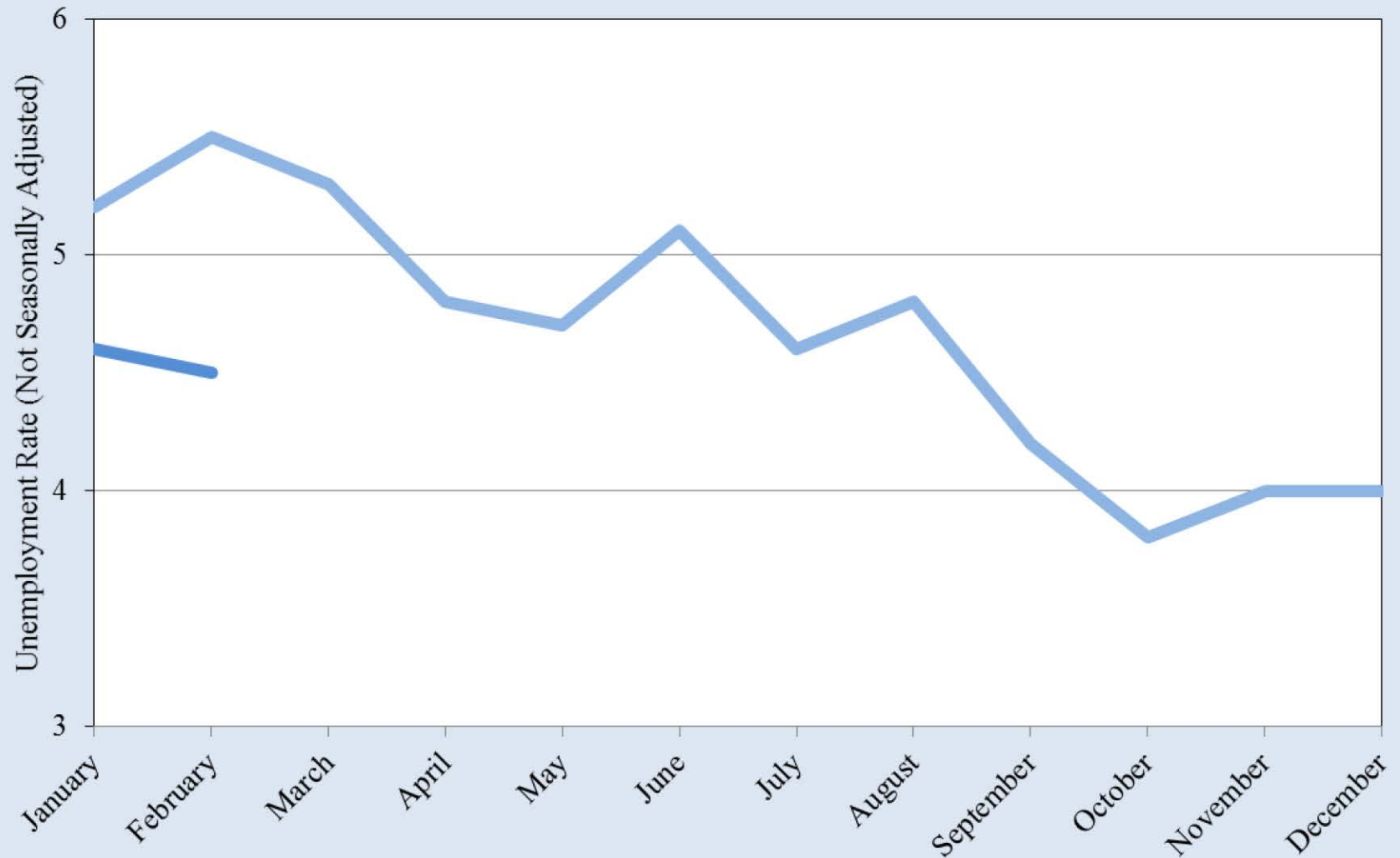
El Paso Household Economic Stress Index



Source: UTEP Border Region Modeling Project

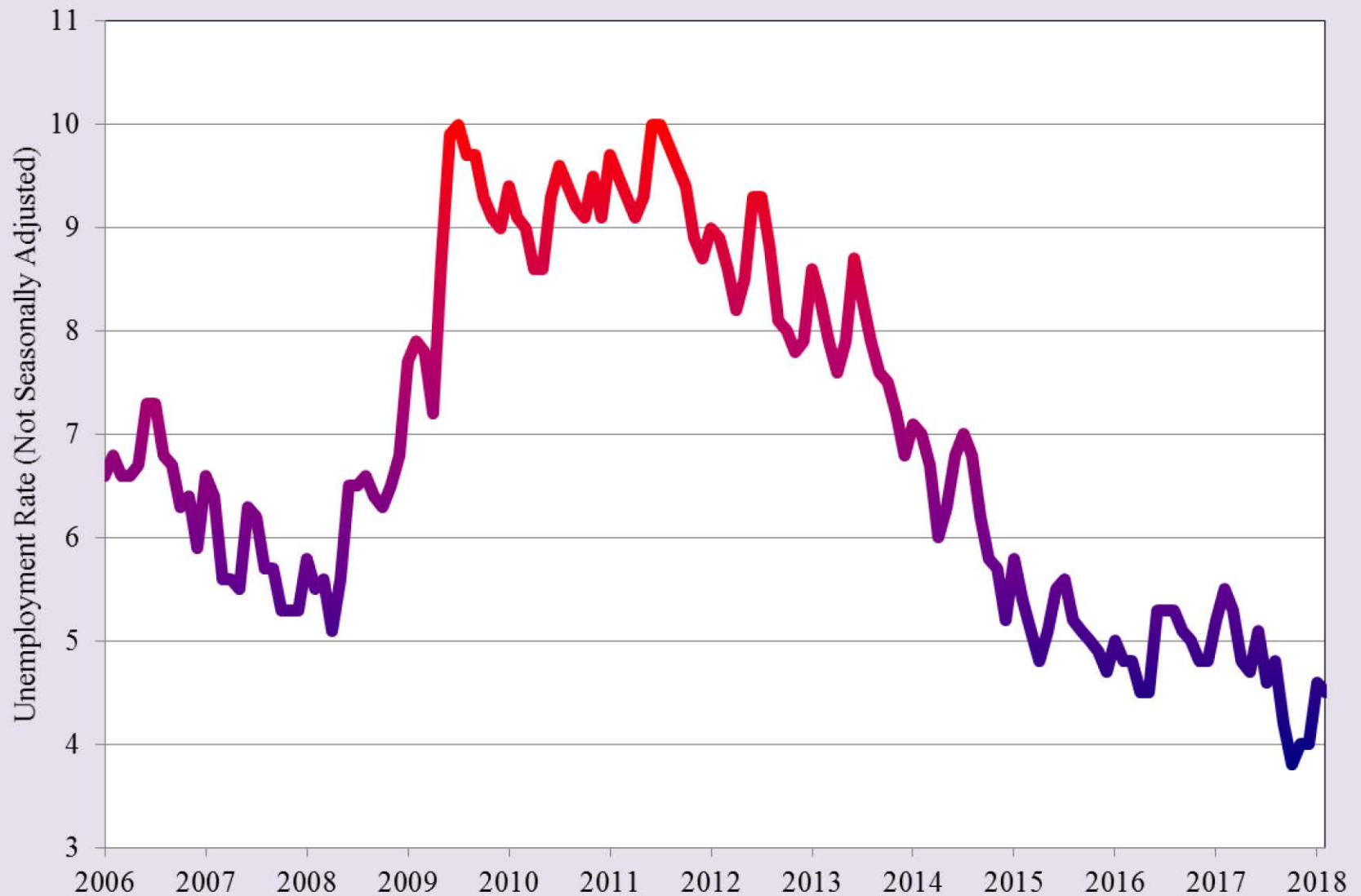
El Paso County Unemployment Rate

— 2017 — 2018



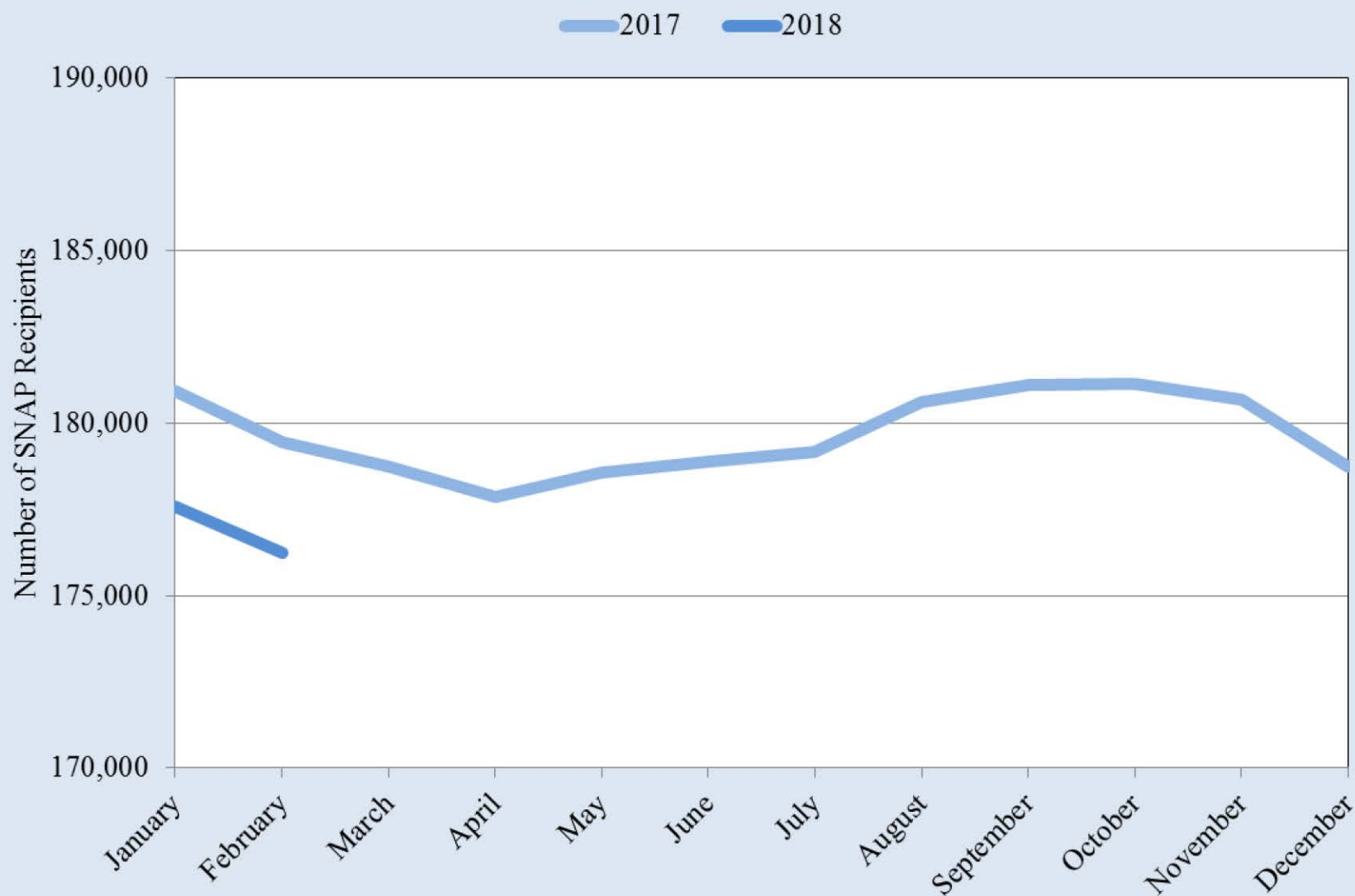
Source: Bureau of Labor Statistics

El Paso County Unemployment Rate



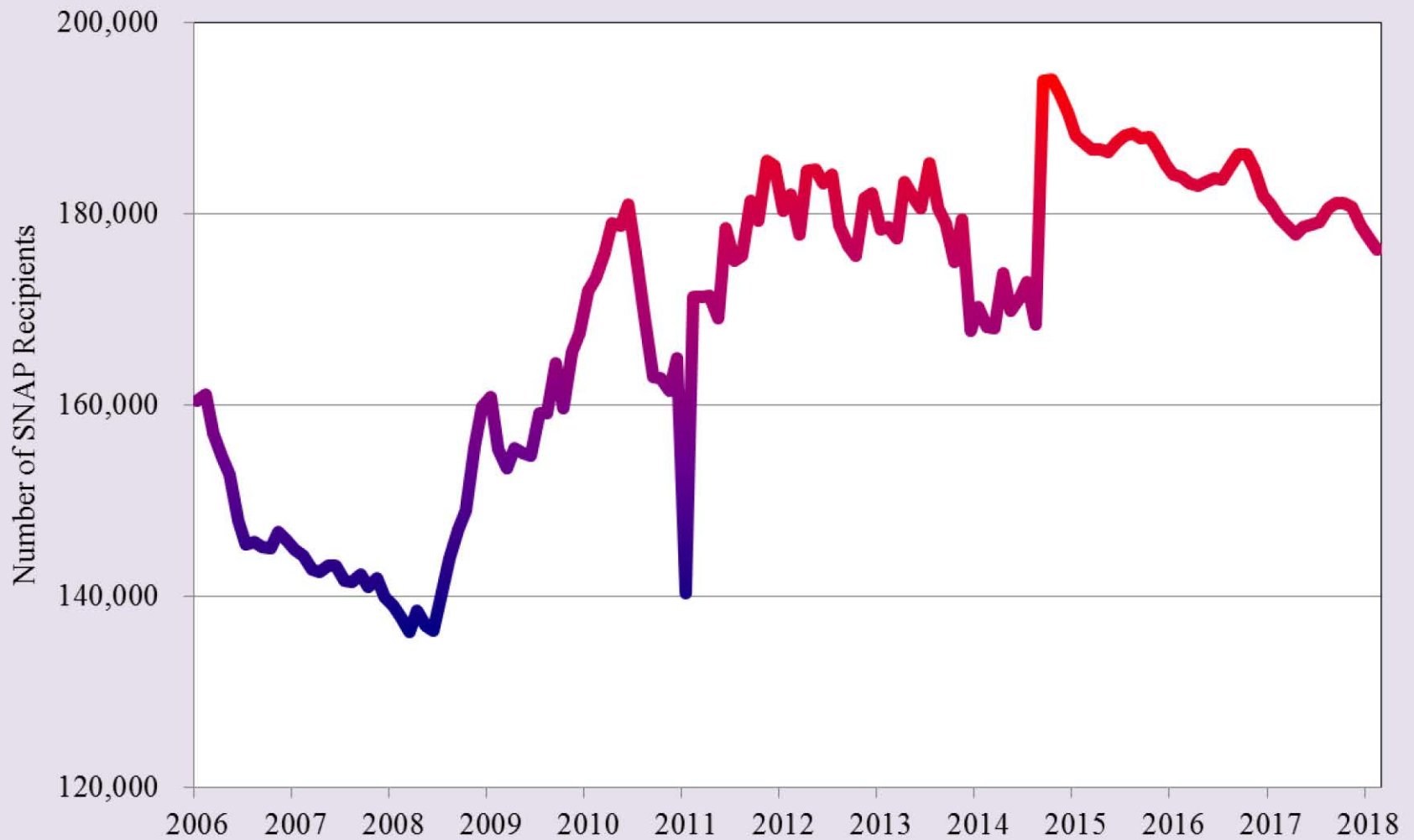
Source: Bureau of Labor Statistics

El Paso County SNAP (Food Stamp) Enrollment



Source: Texas Health and Human Services Commission

El Paso County SNAP (Food Stamp) Enrollment

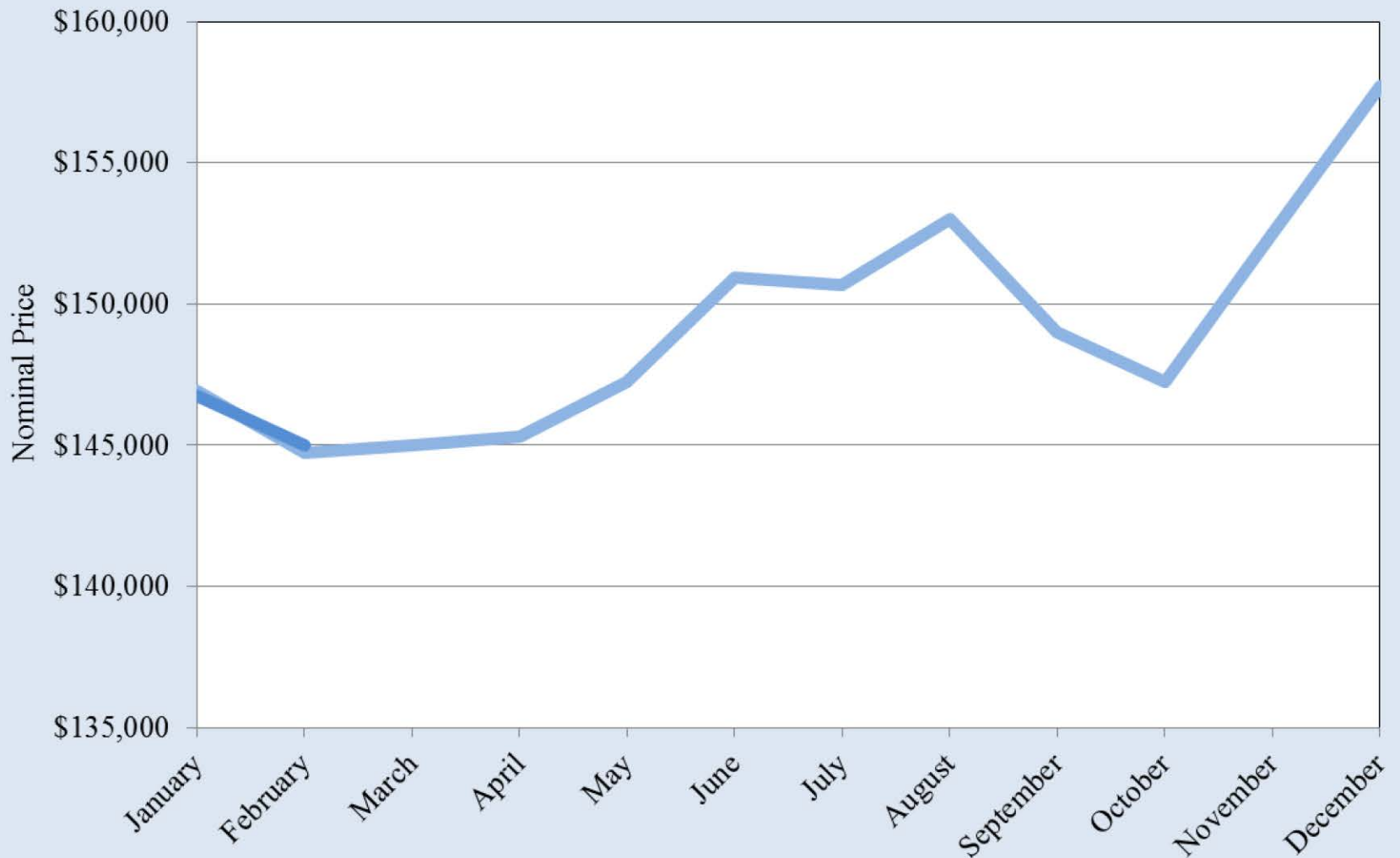


Starting in September, 2014, the number of SNAP recipients is recorded for the end of each month.

Source: Texas Health and Human Services Commission

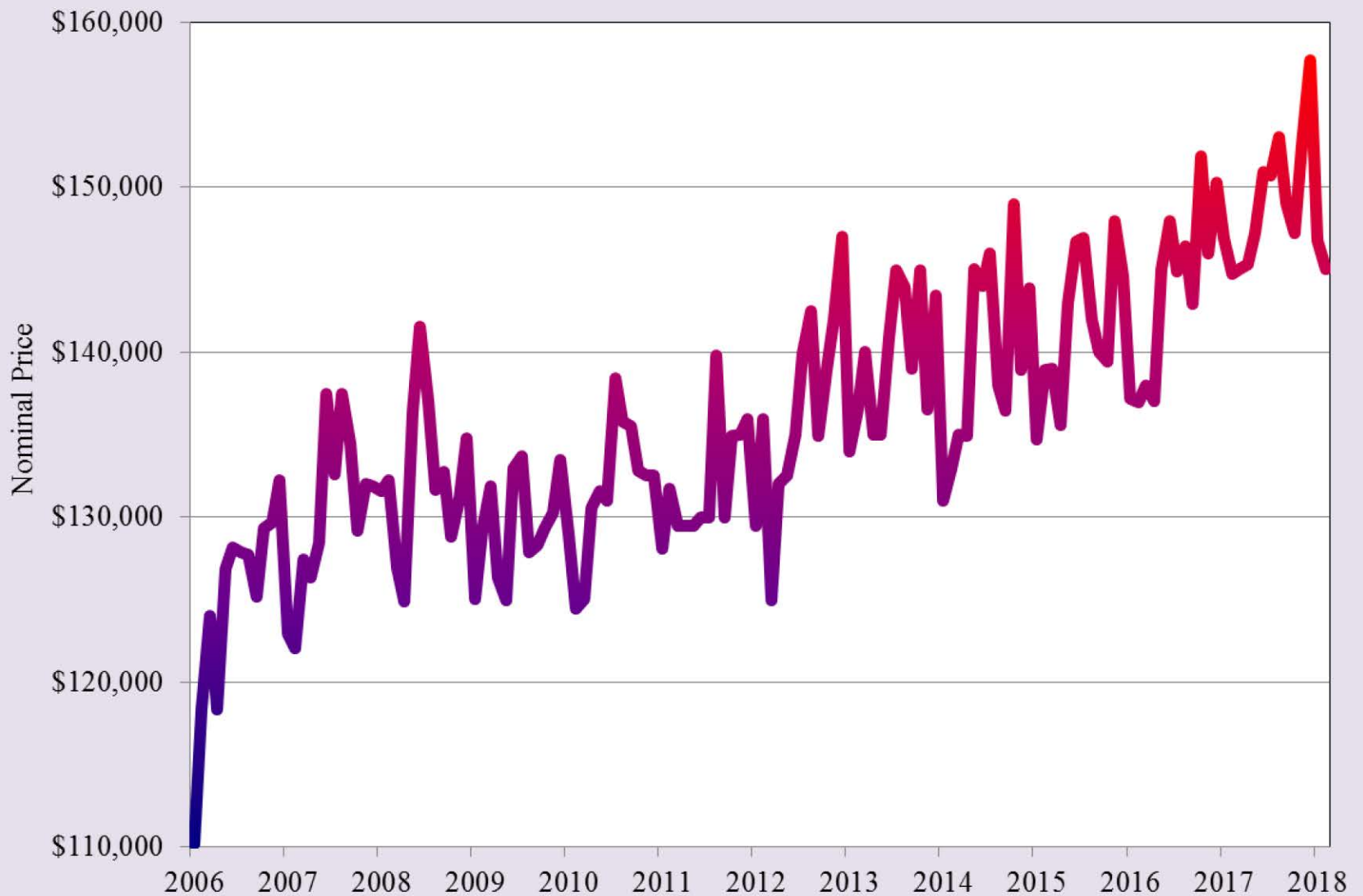
El Paso Median Housing Prices

— 2017 — 2018



Source: Texas A&M Real Estate Center

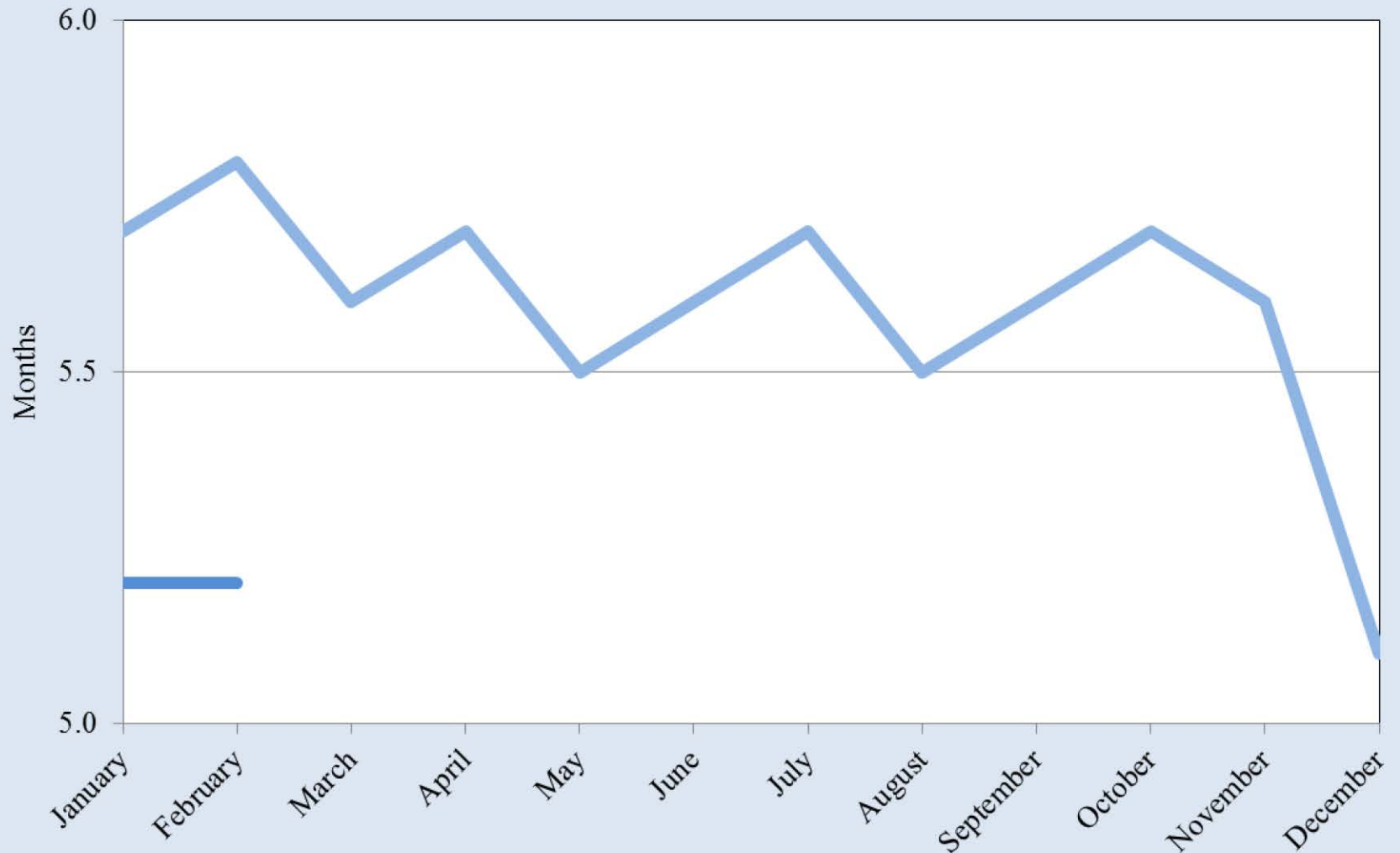
El Paso Median Housing Prices



Source: Texas A&M Real Estate Center

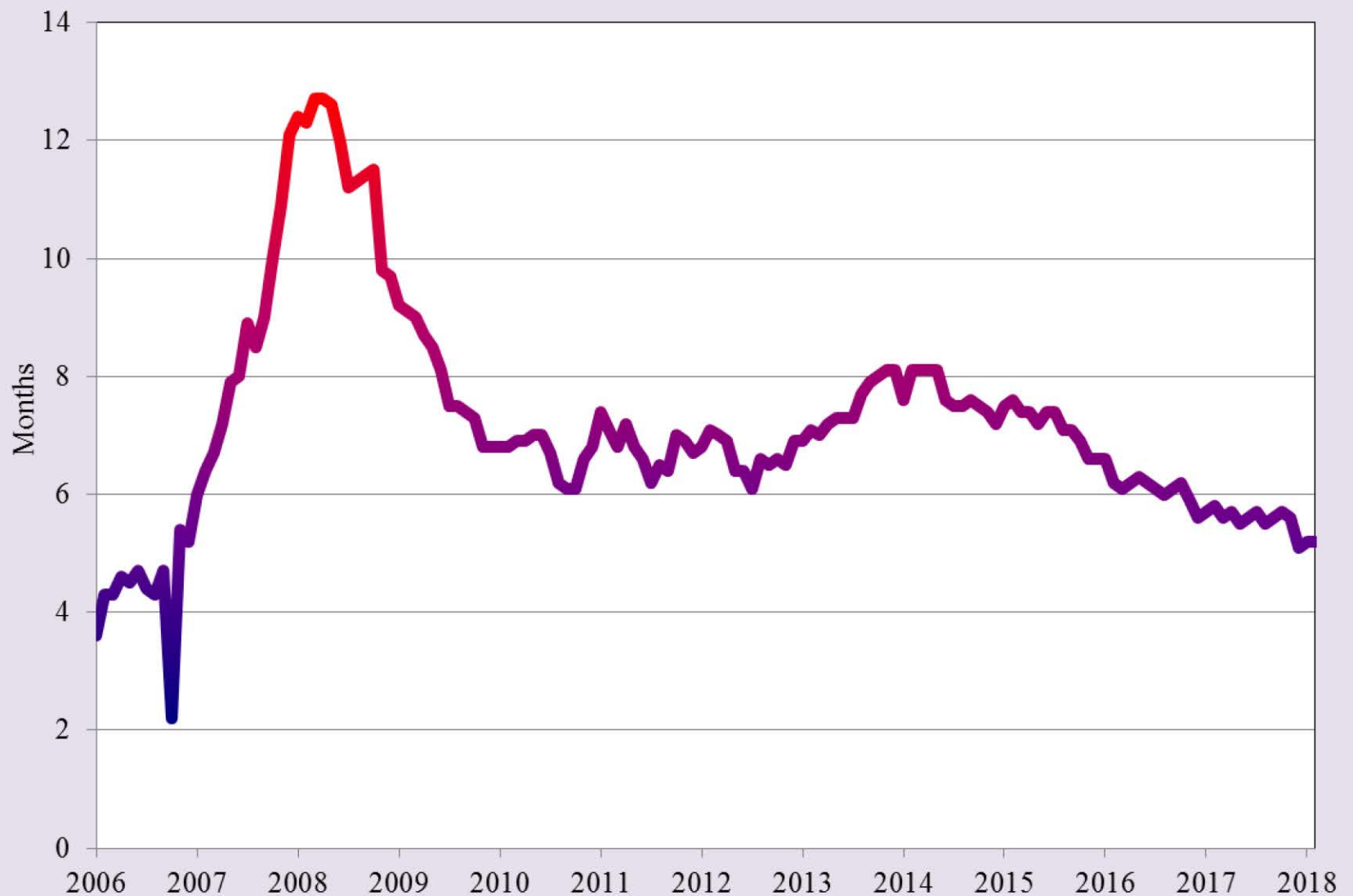
Months of Housing Inventory for El Paso

— 2017 — 2018



Source: Texas A&M Real Estate Center

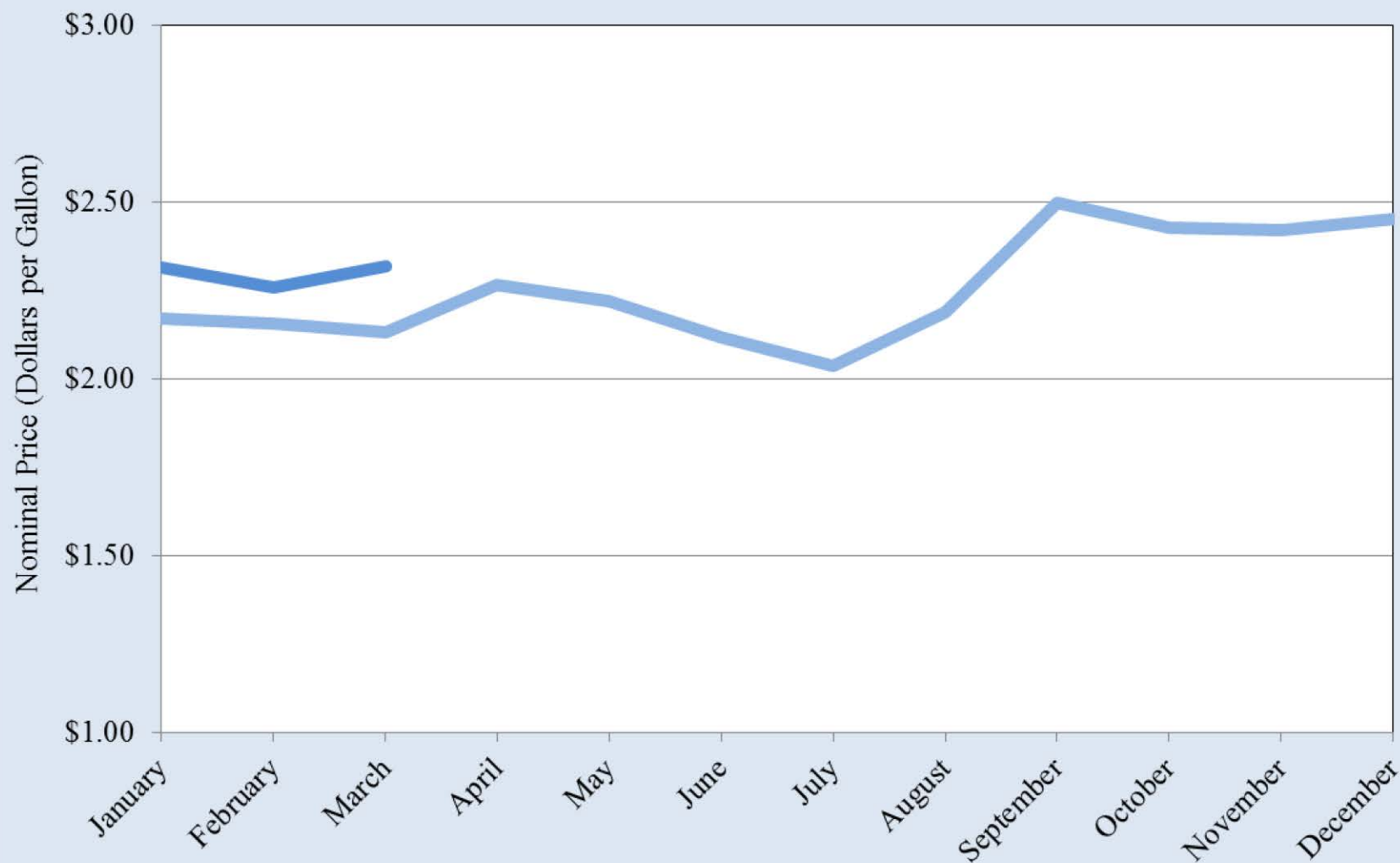
Months of Housing Inventory for El Paso



Source: Texas A&M Real Estate Center

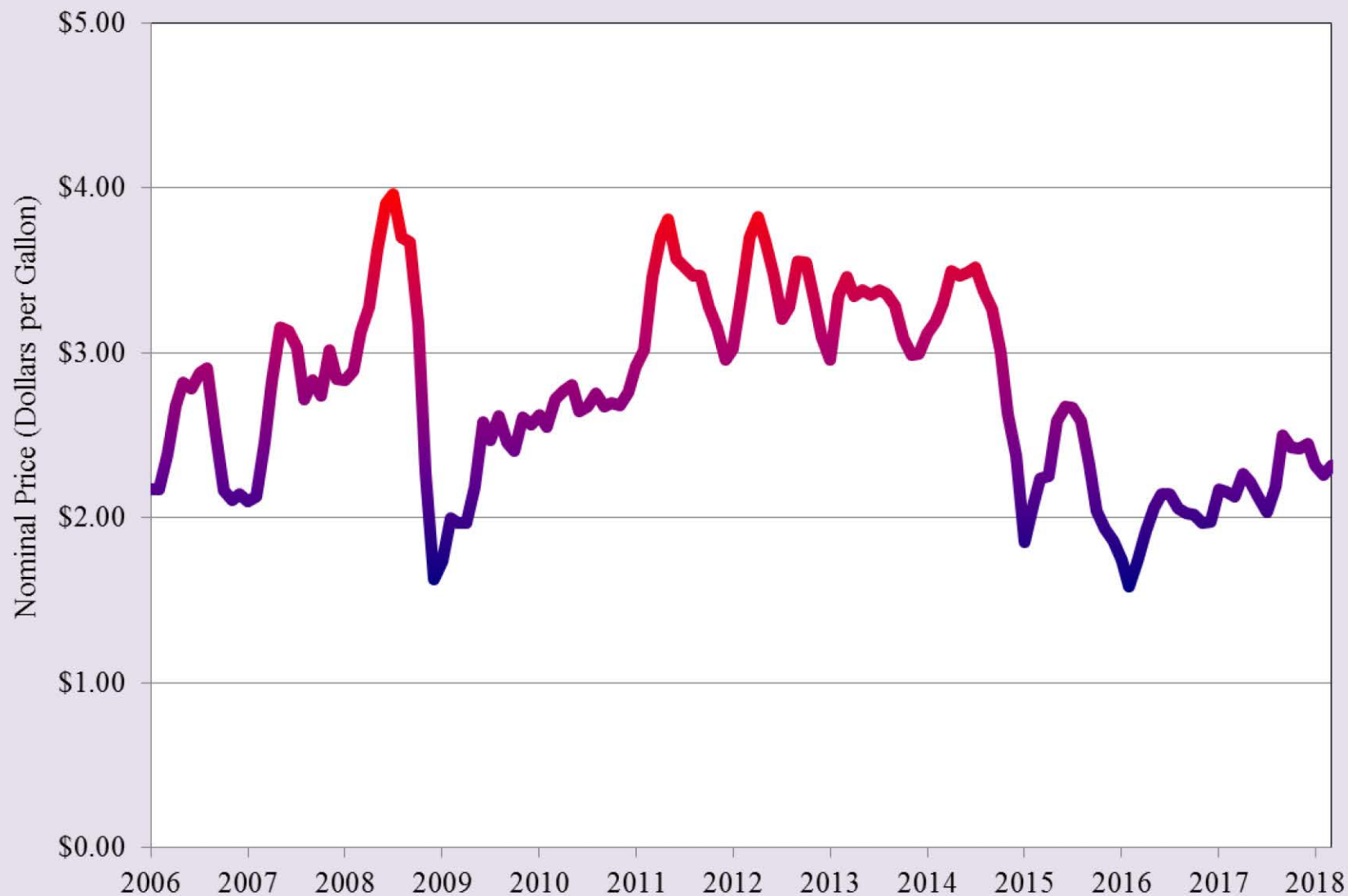
El Paso Gasoline Prices

2017 2018



Source: GasBuddy.com

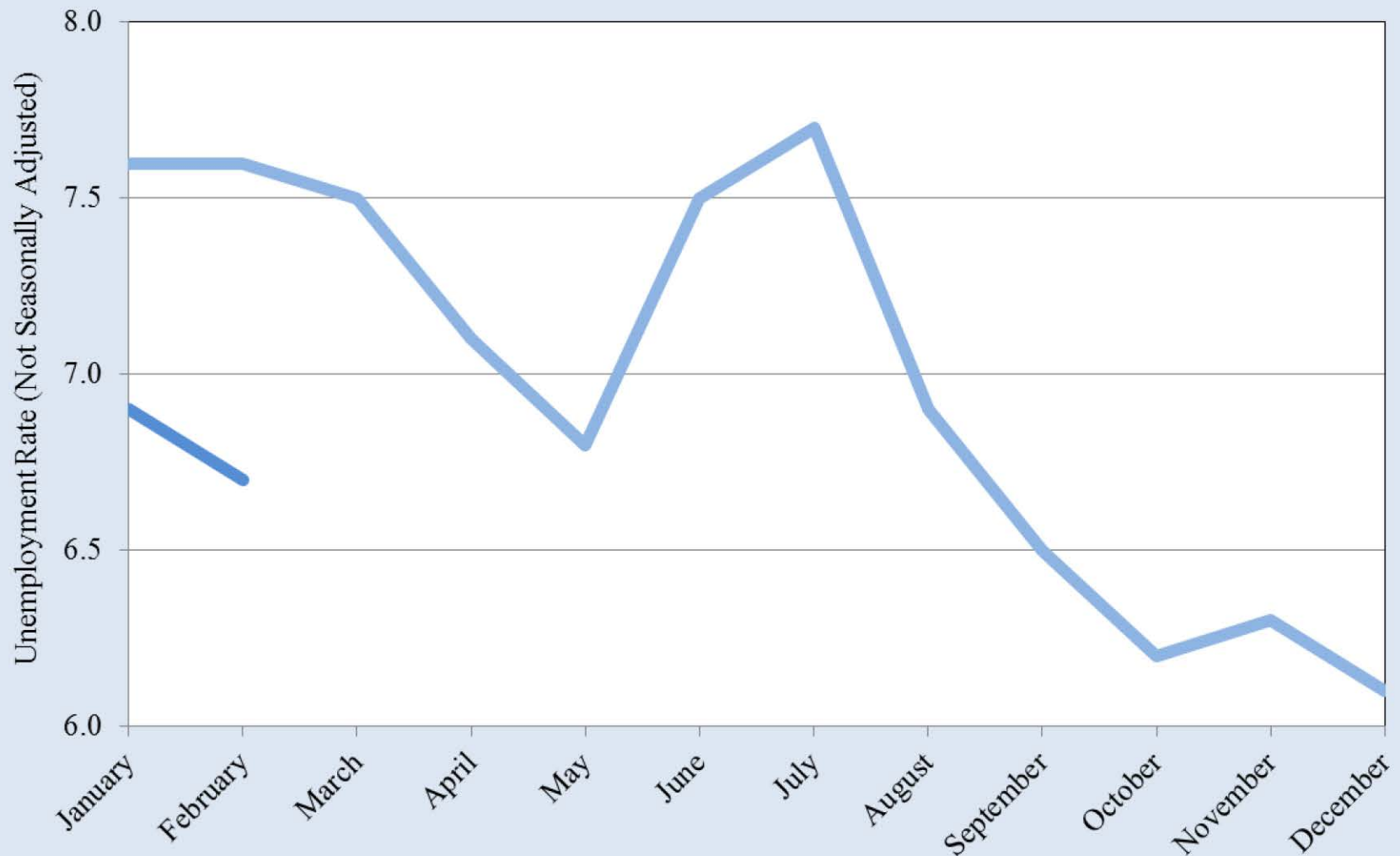
El Paso Gasoline Prices



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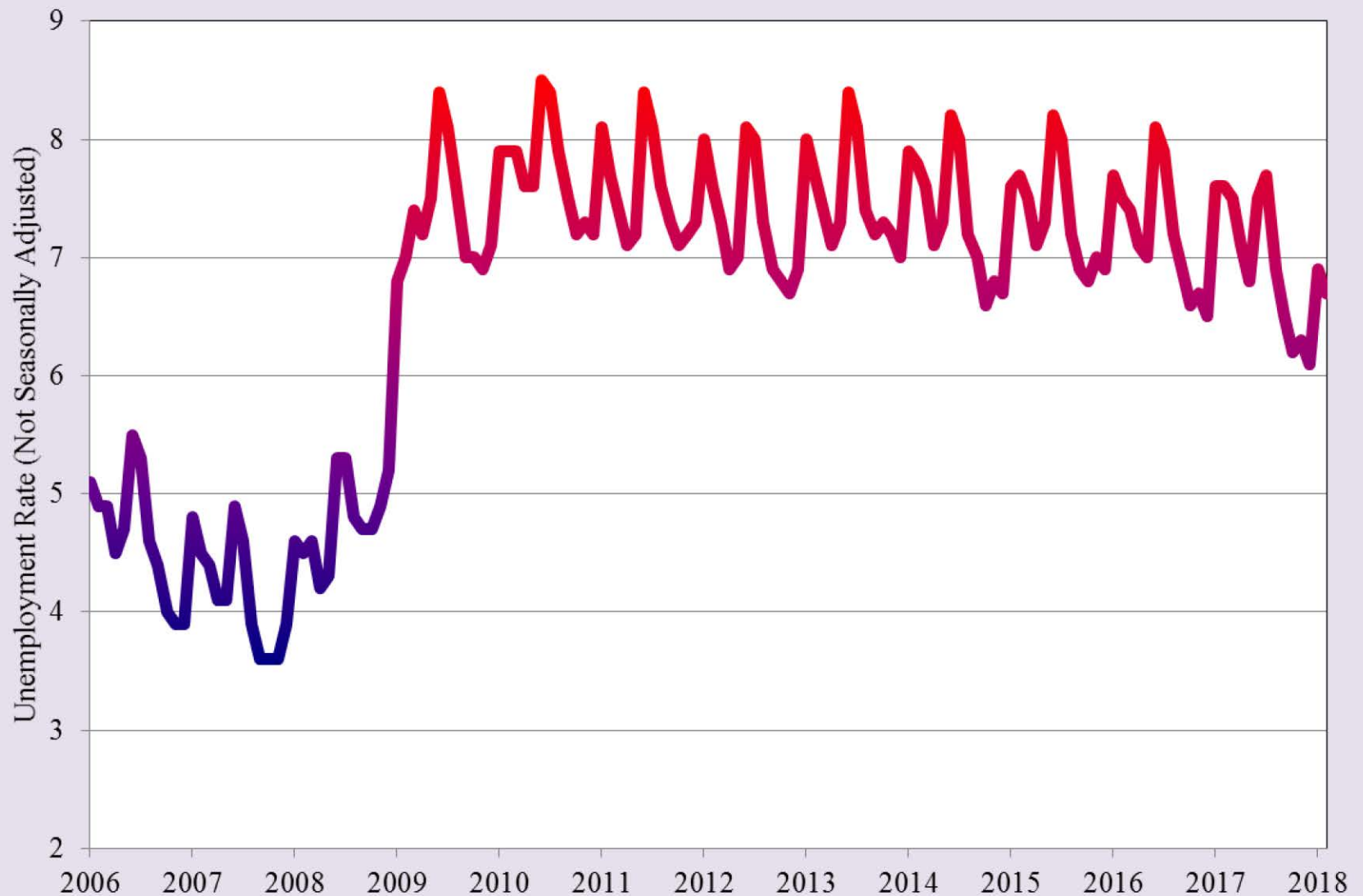
Doña Ana County Unemployment Rate

2017 2018



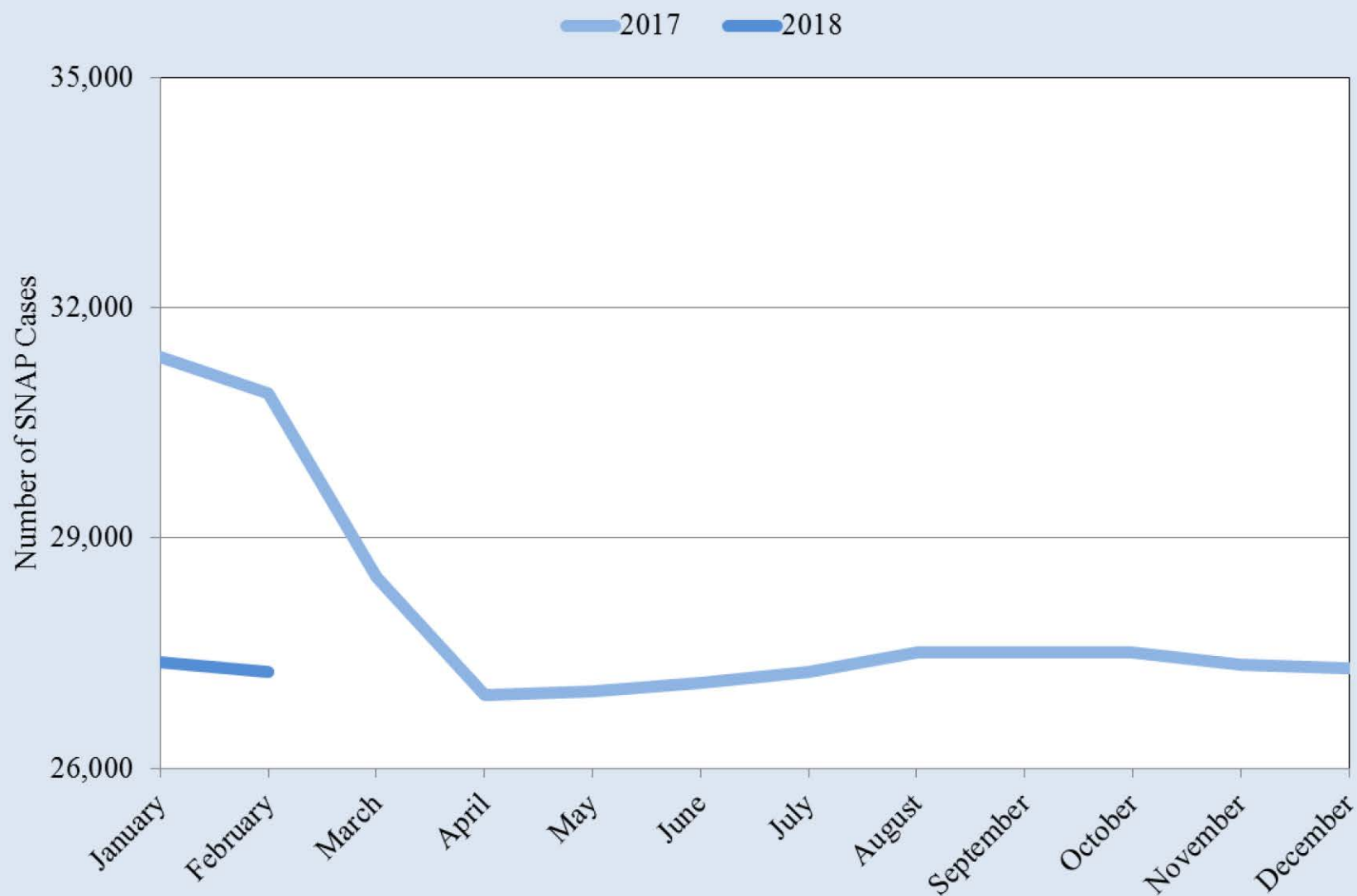
Source: Bureau of Labor Statistics

Doña Ana County Unemployment Rate



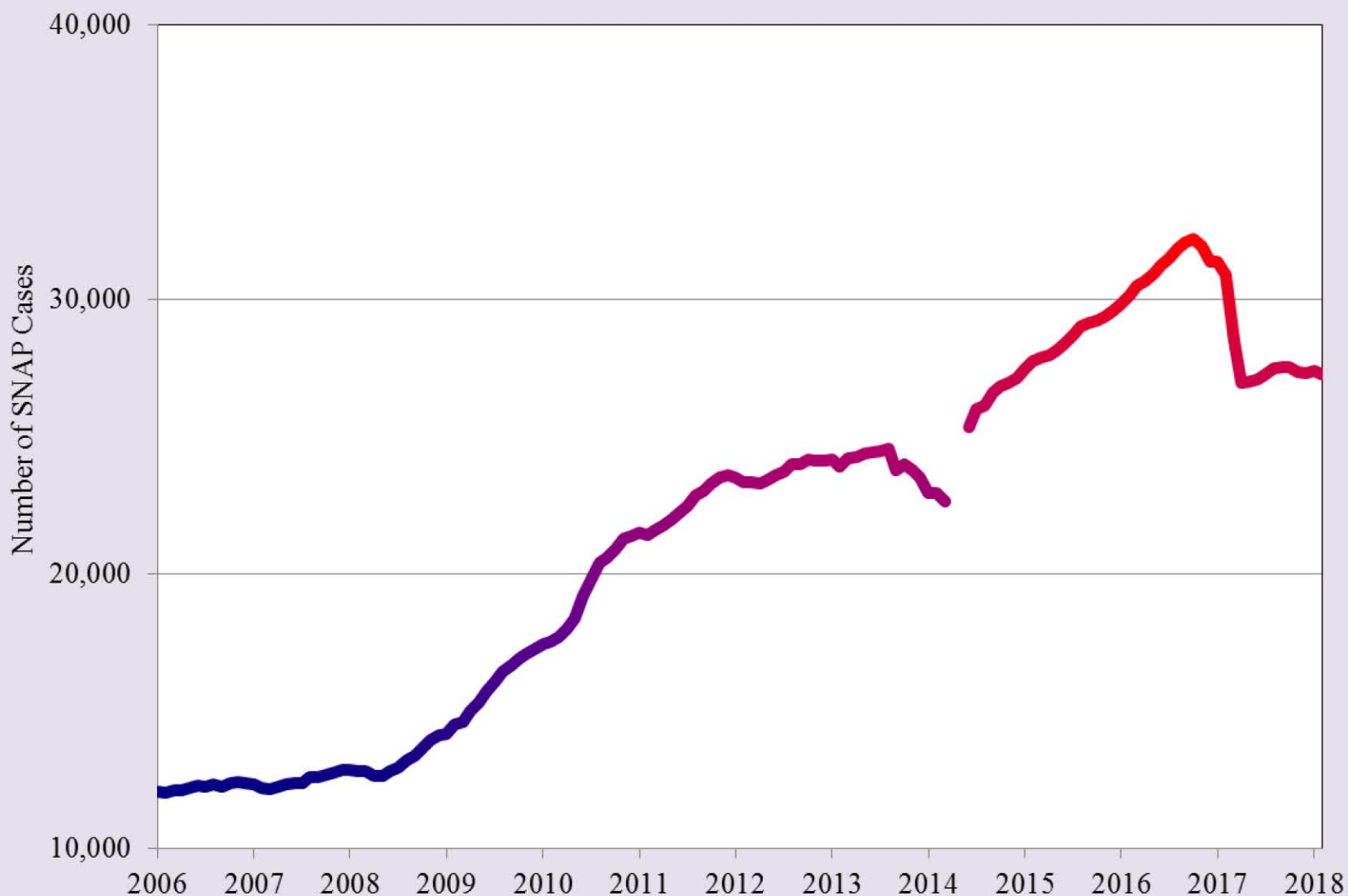
Source: Bureau of Labor Statistics

Las Cruces Area SNAP (Food Stamp) Cases



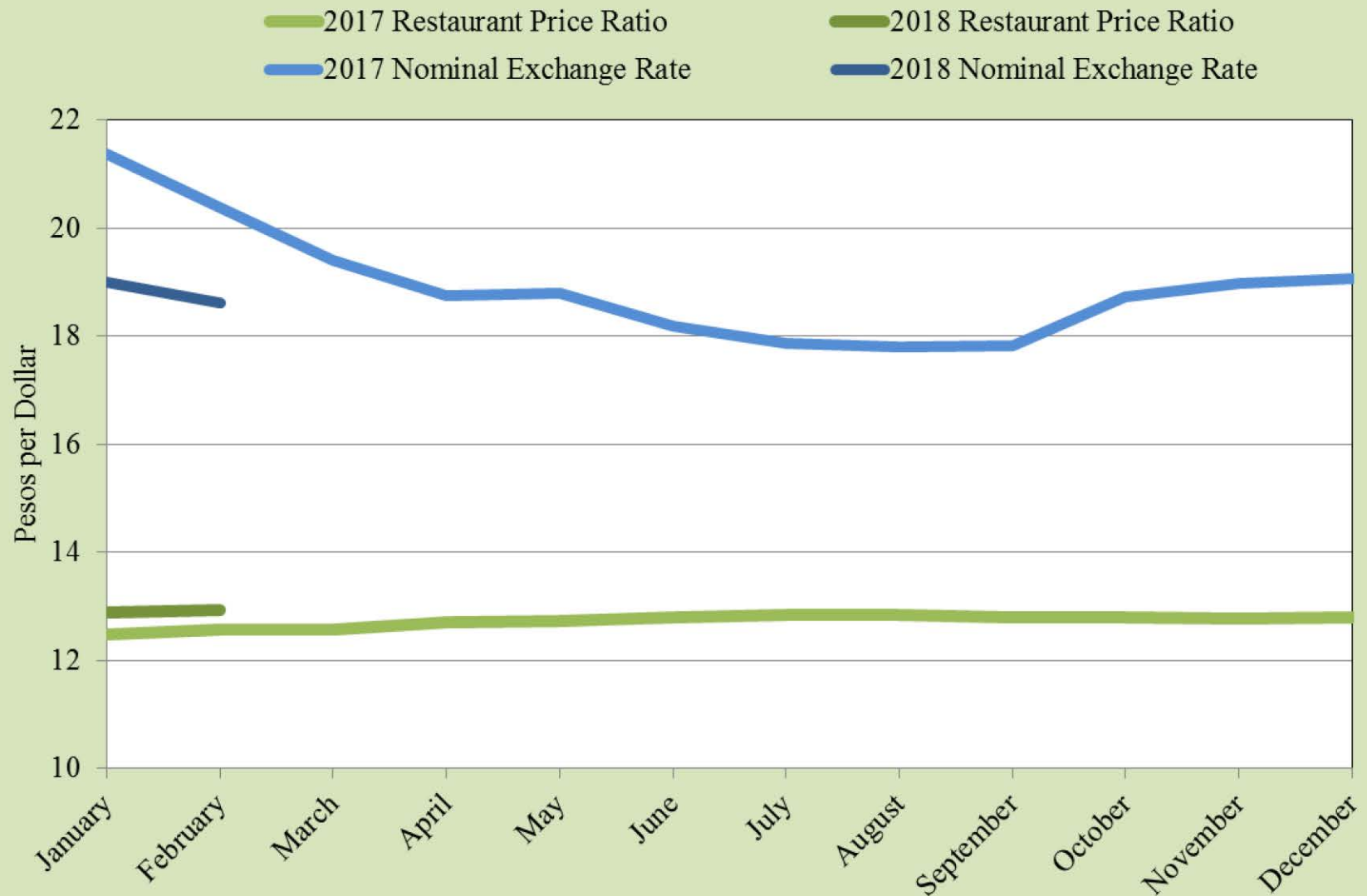
Source: New Mexico Human Services Department

Las Cruces Area SNAP (Food Stamp) Cases



Source: New Mexico Human Services Department

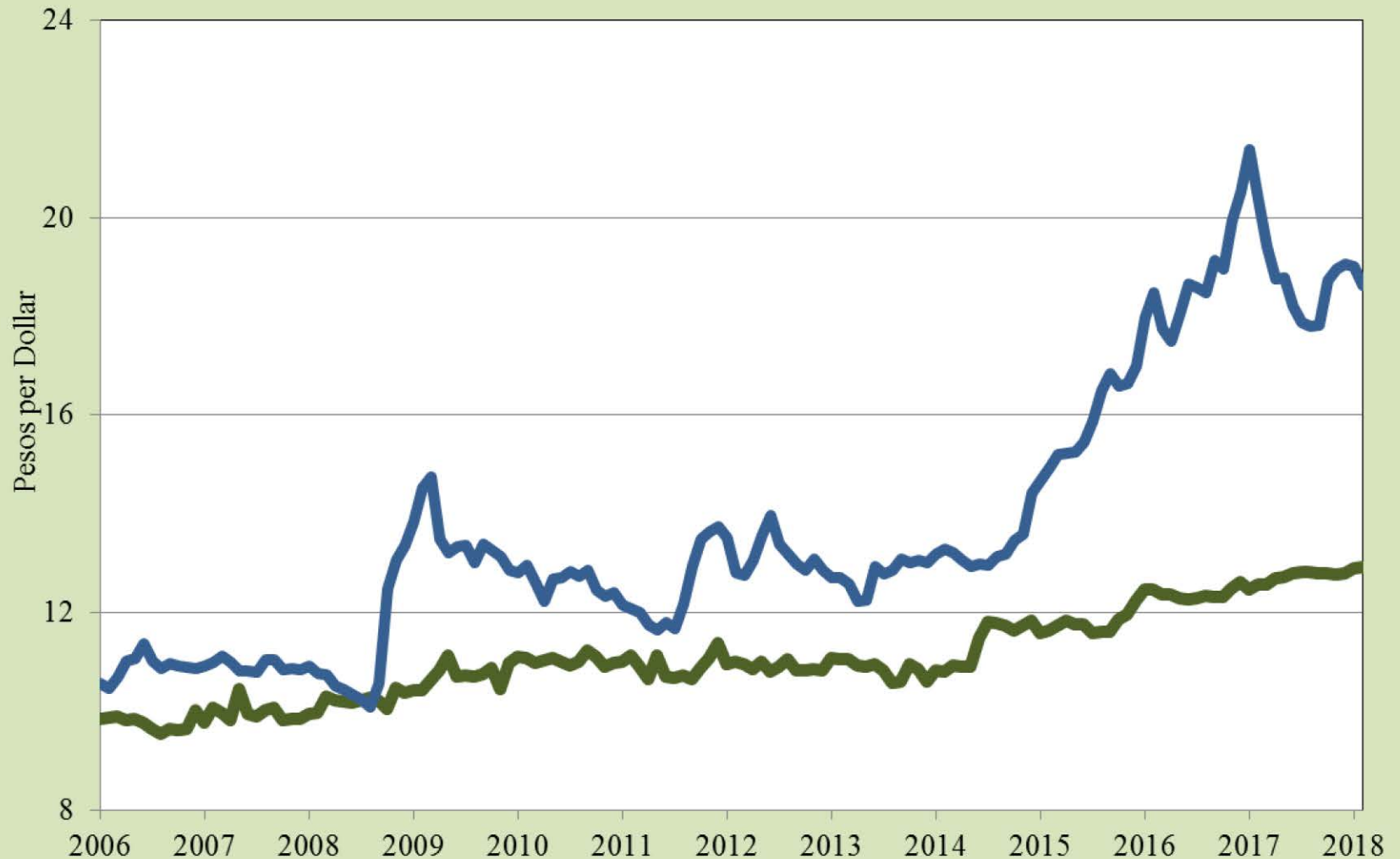
Restaurant Price Ratio and Exchange Rate



Source: UTEP Border Region Modeling Project and Banco de Mexico

Restaurant Price Ratio and Exchange Rate

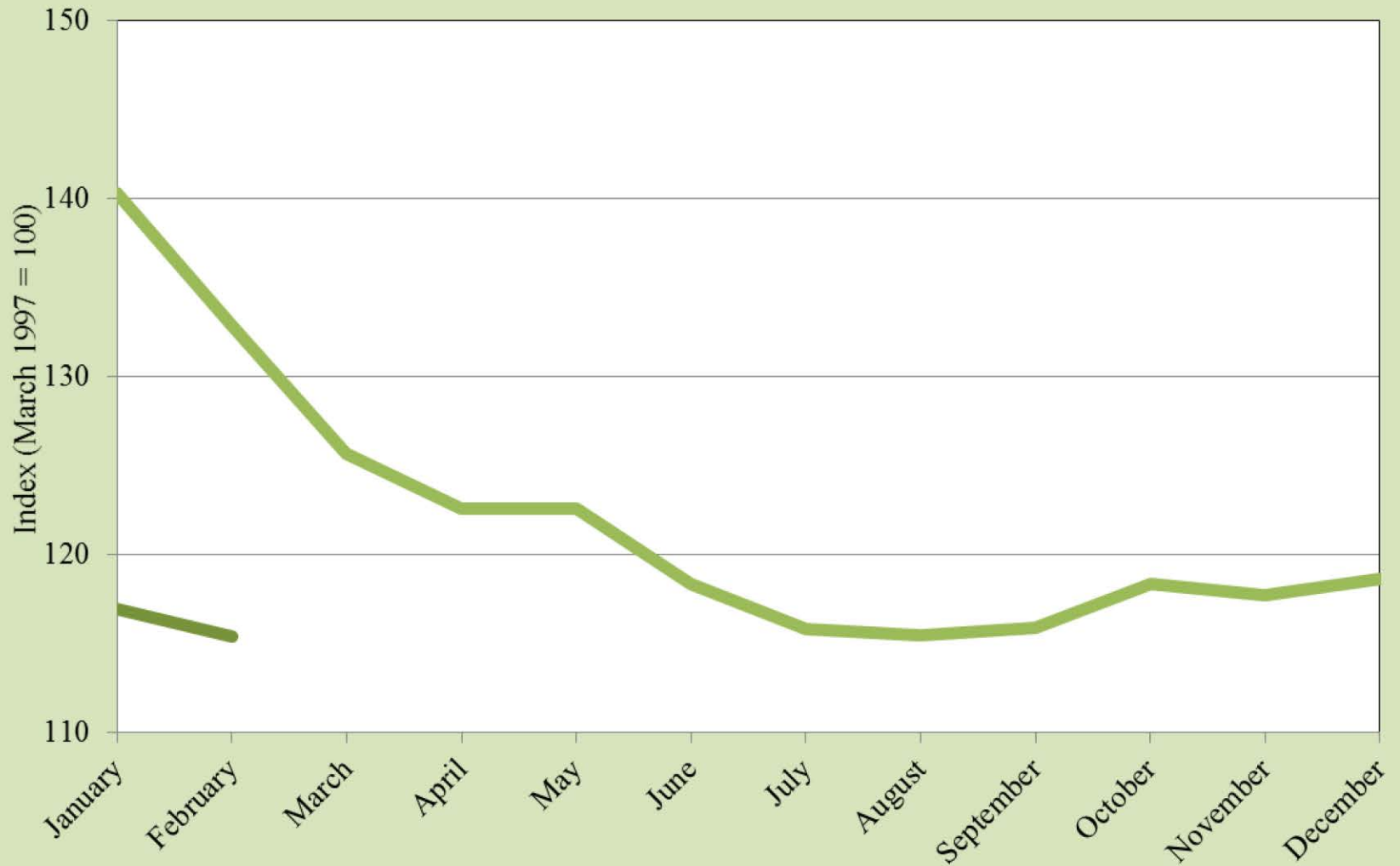
— Restaurant Price Ratio — Nominal Exchange Rate



Source: UTEP Border Region Modeling Project and Banco de Mexico

Real Peso-per-Dollar Exchange Rate Index

2017 2018



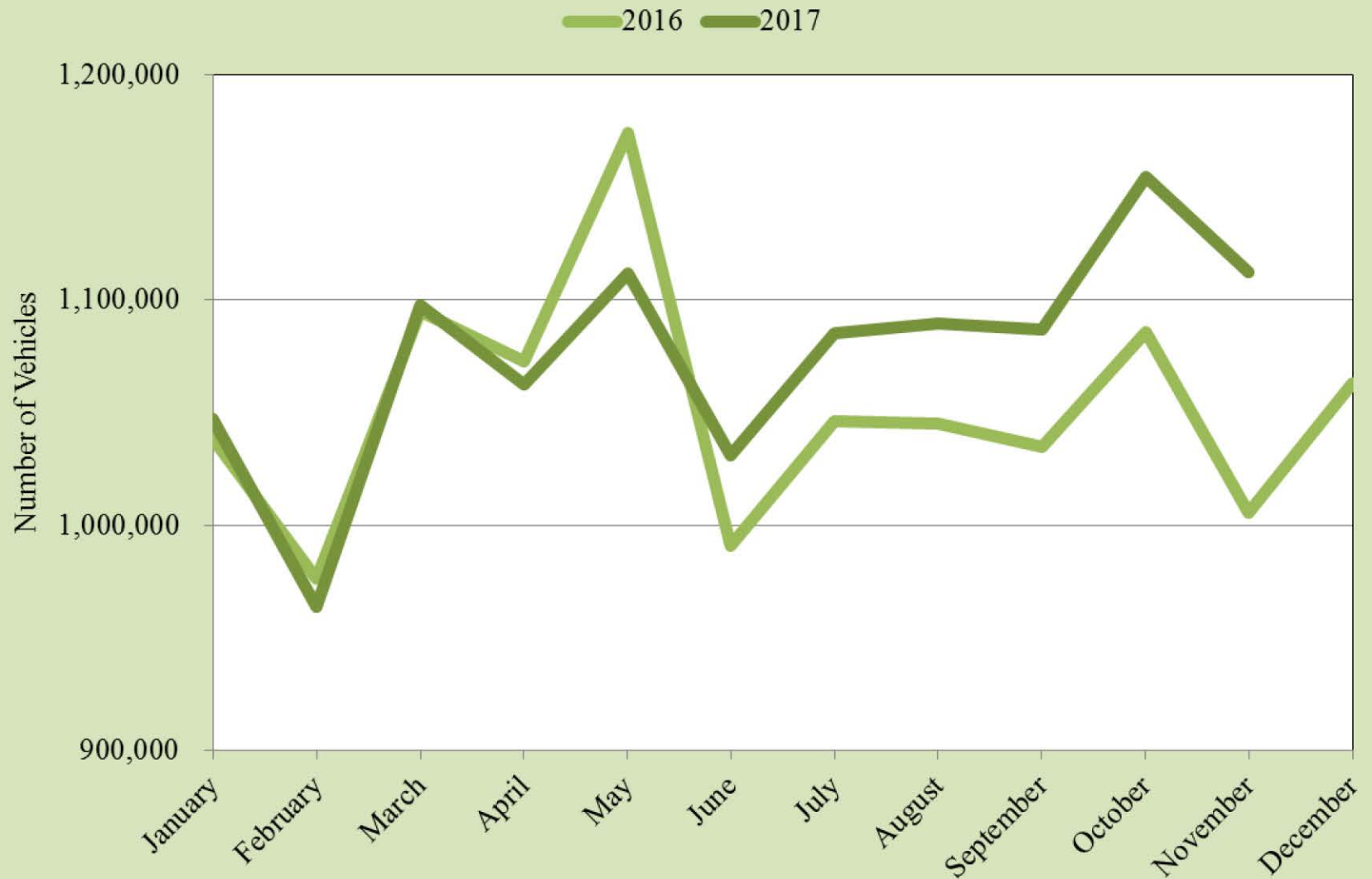
Source: UTEP Border Region Modeling Project

Real Peso-per-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

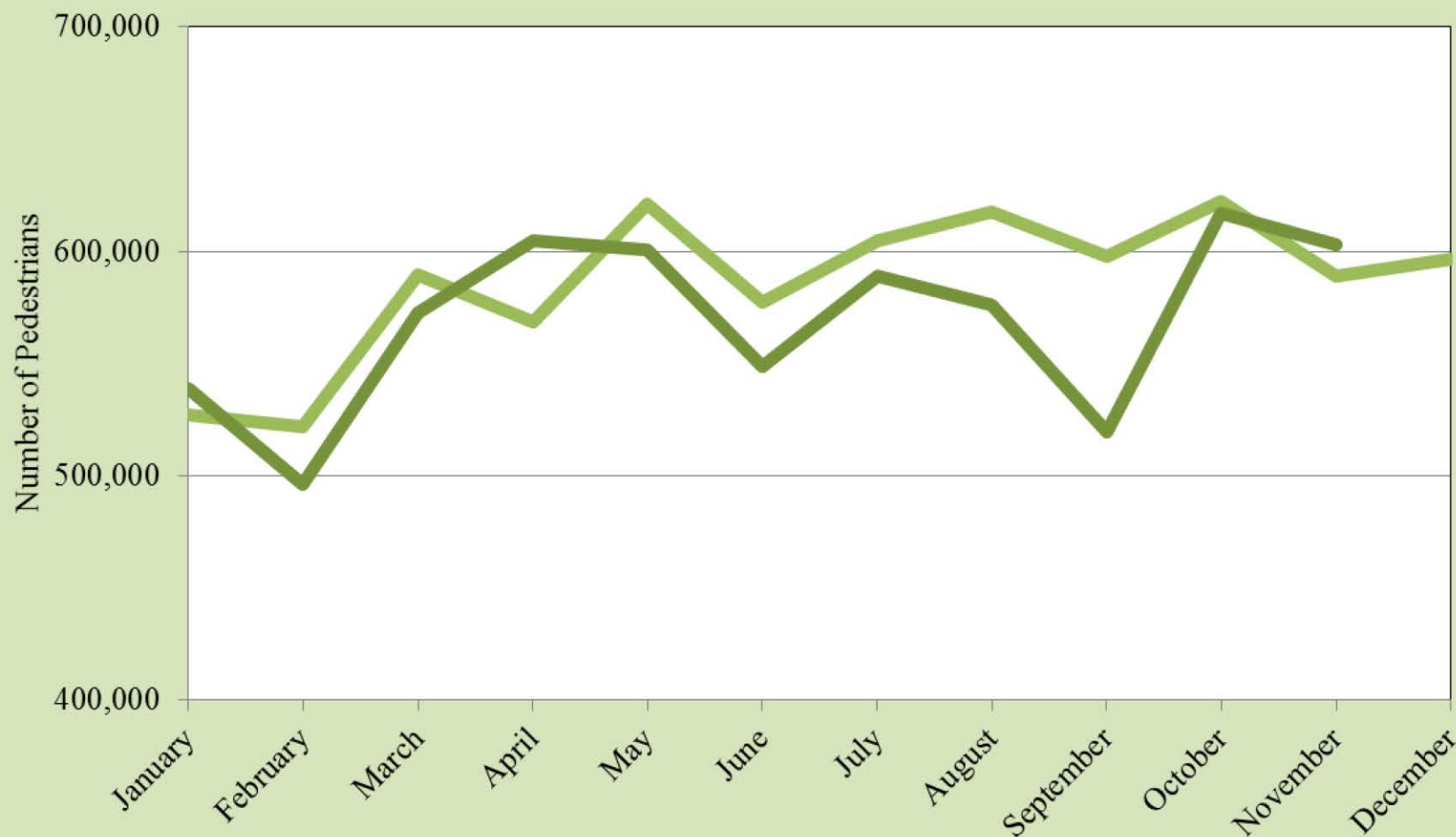
Personal Vehicle International Bridge Crossings to El Paso



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

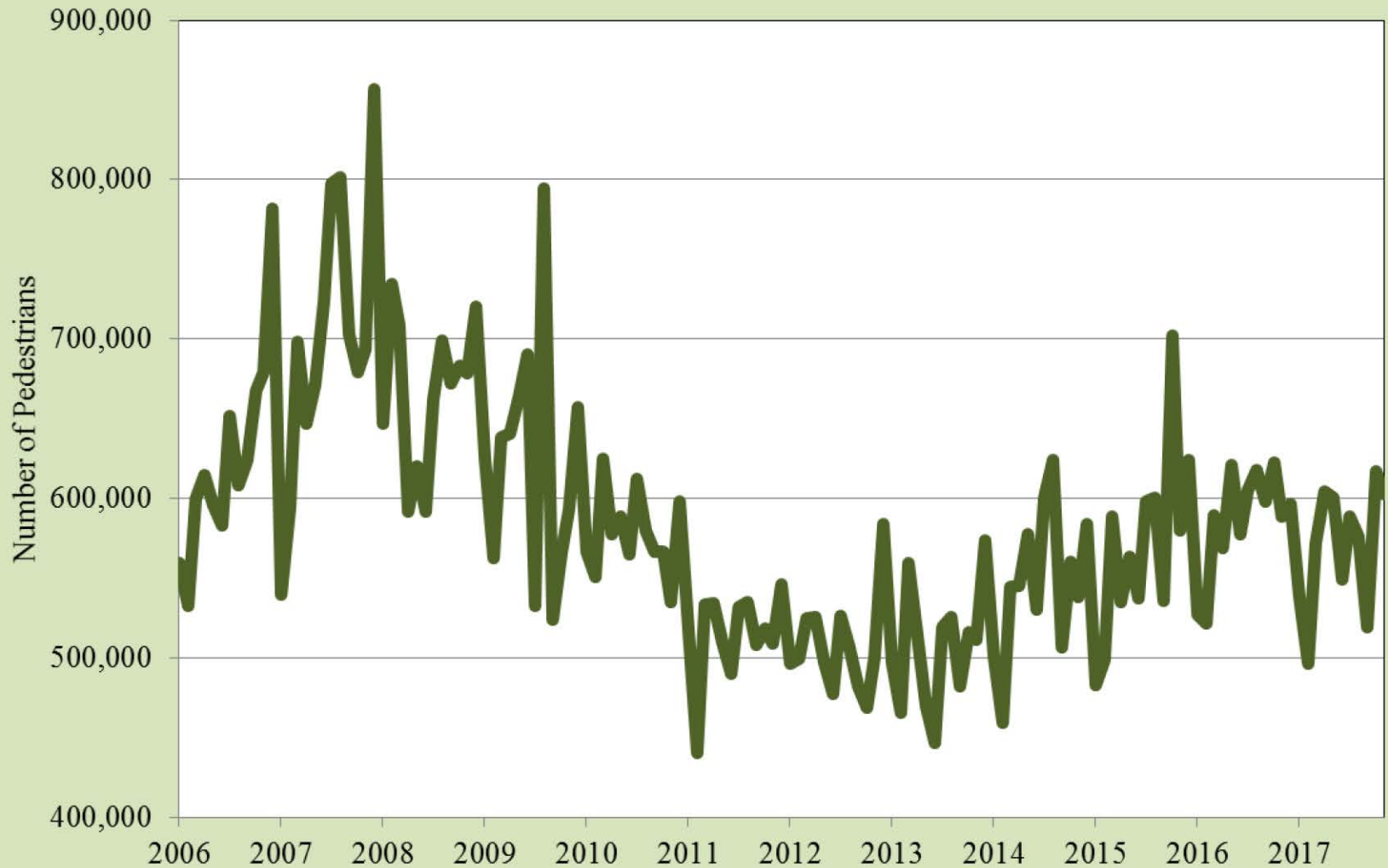
Pedestrian International Bridge Crossings to El Paso

2016 2017



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

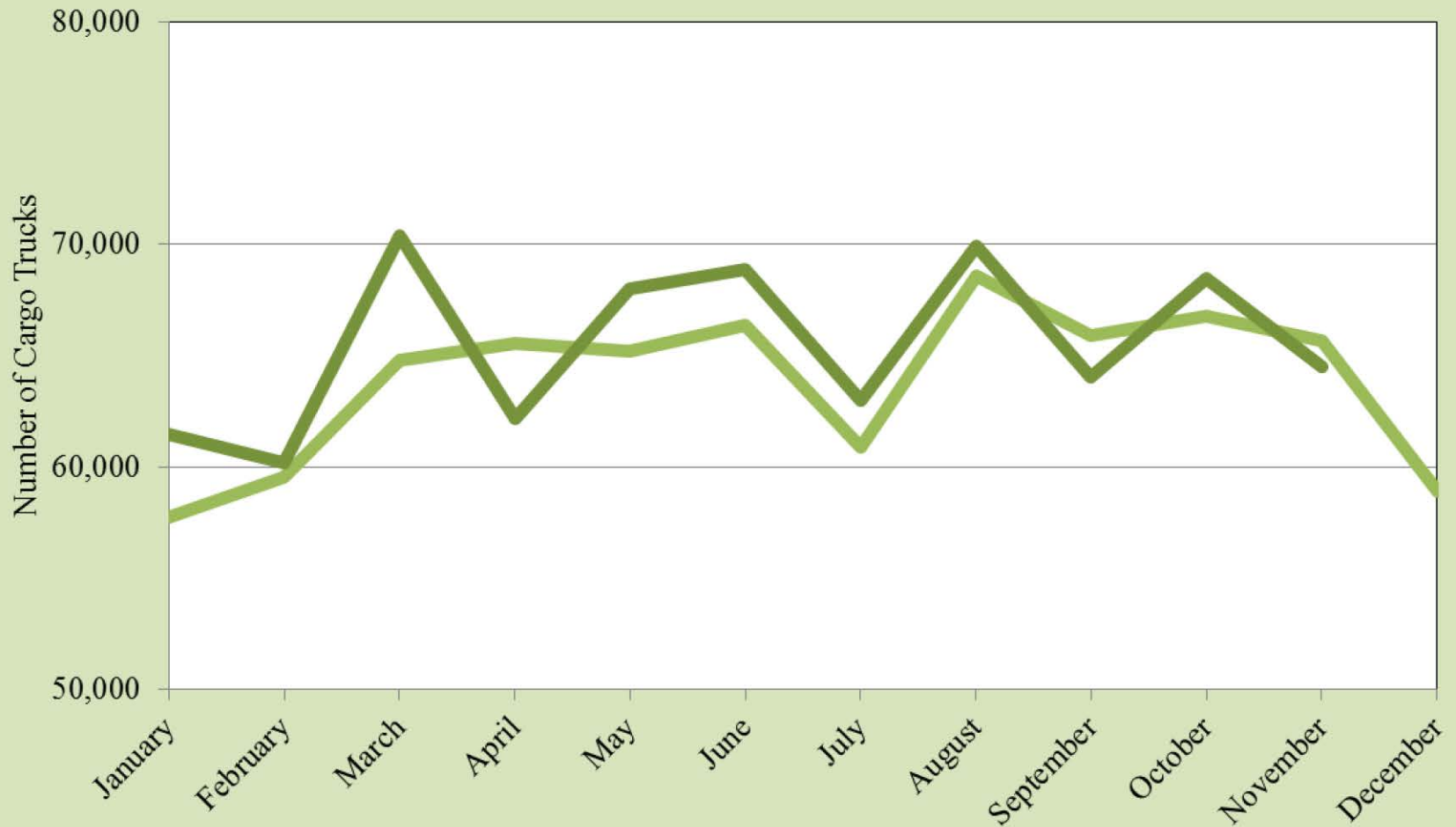
Pedestrian International Bridge Crossings to El Paso



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

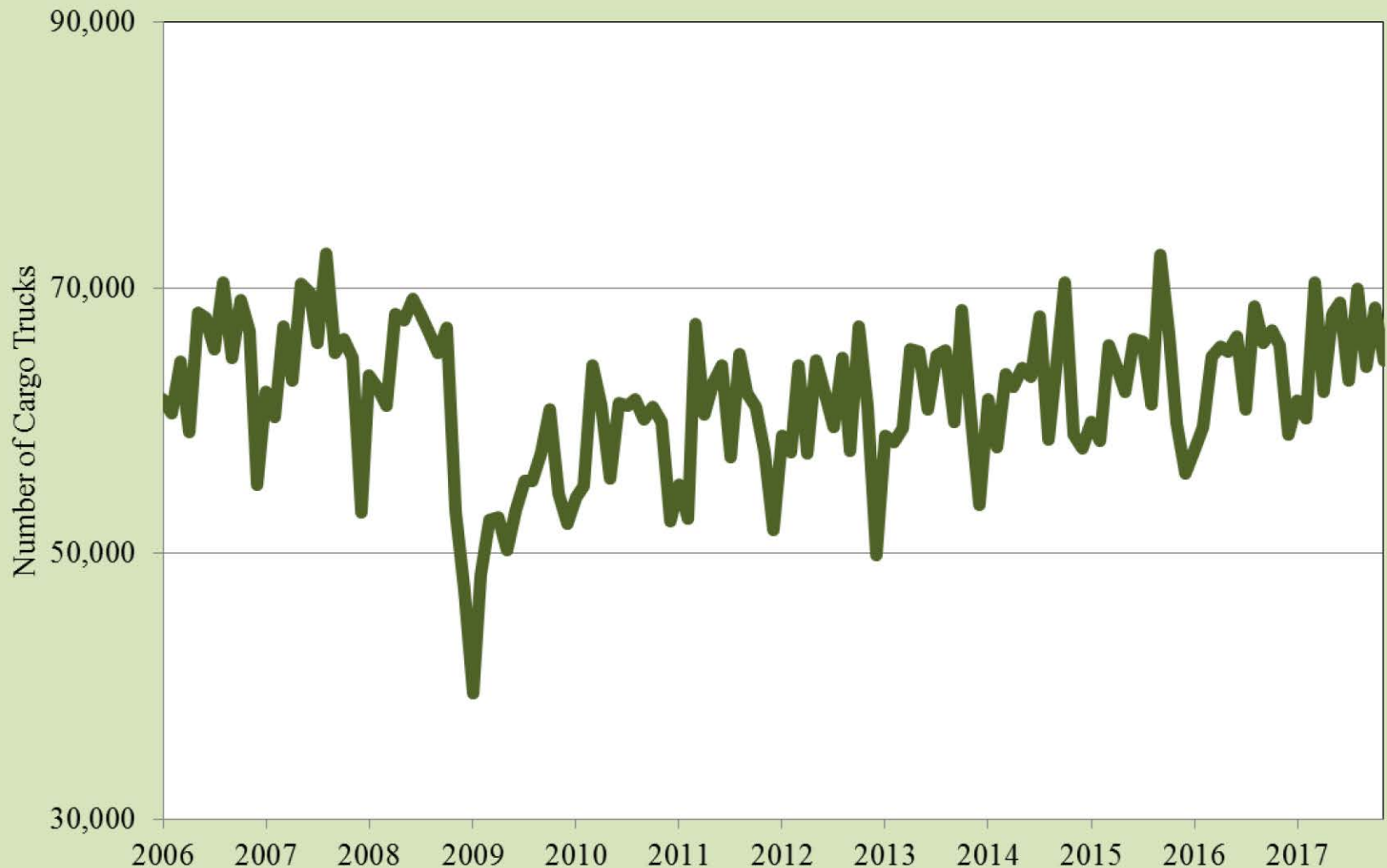
Cargo Truck International Bridge Crossings to El Paso

2016 2017



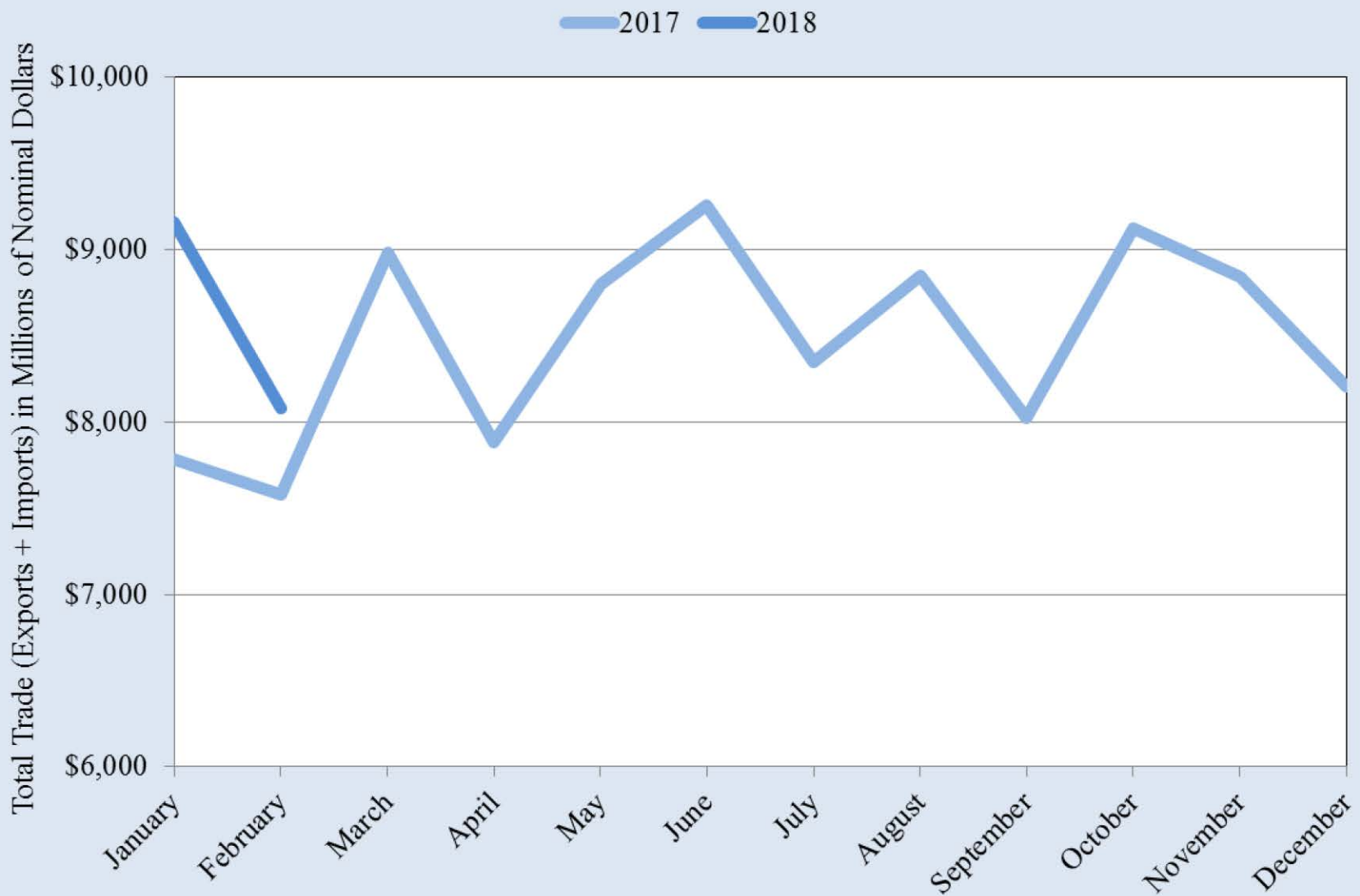
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Cargo Truck International Bridge Crossings to El Paso



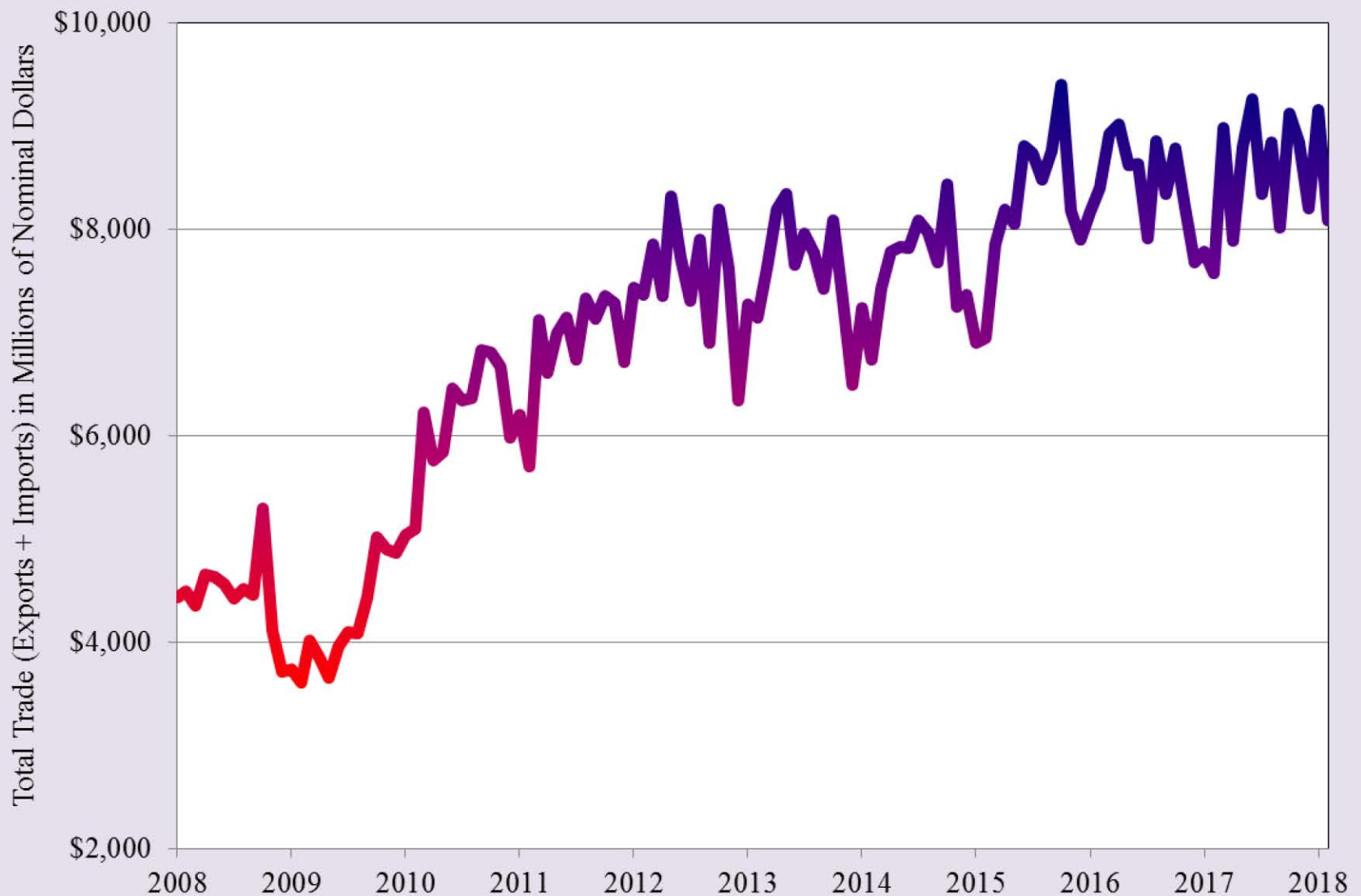
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Total Trade through the El Paso Customs District



Source: U.S. International Trade Commission

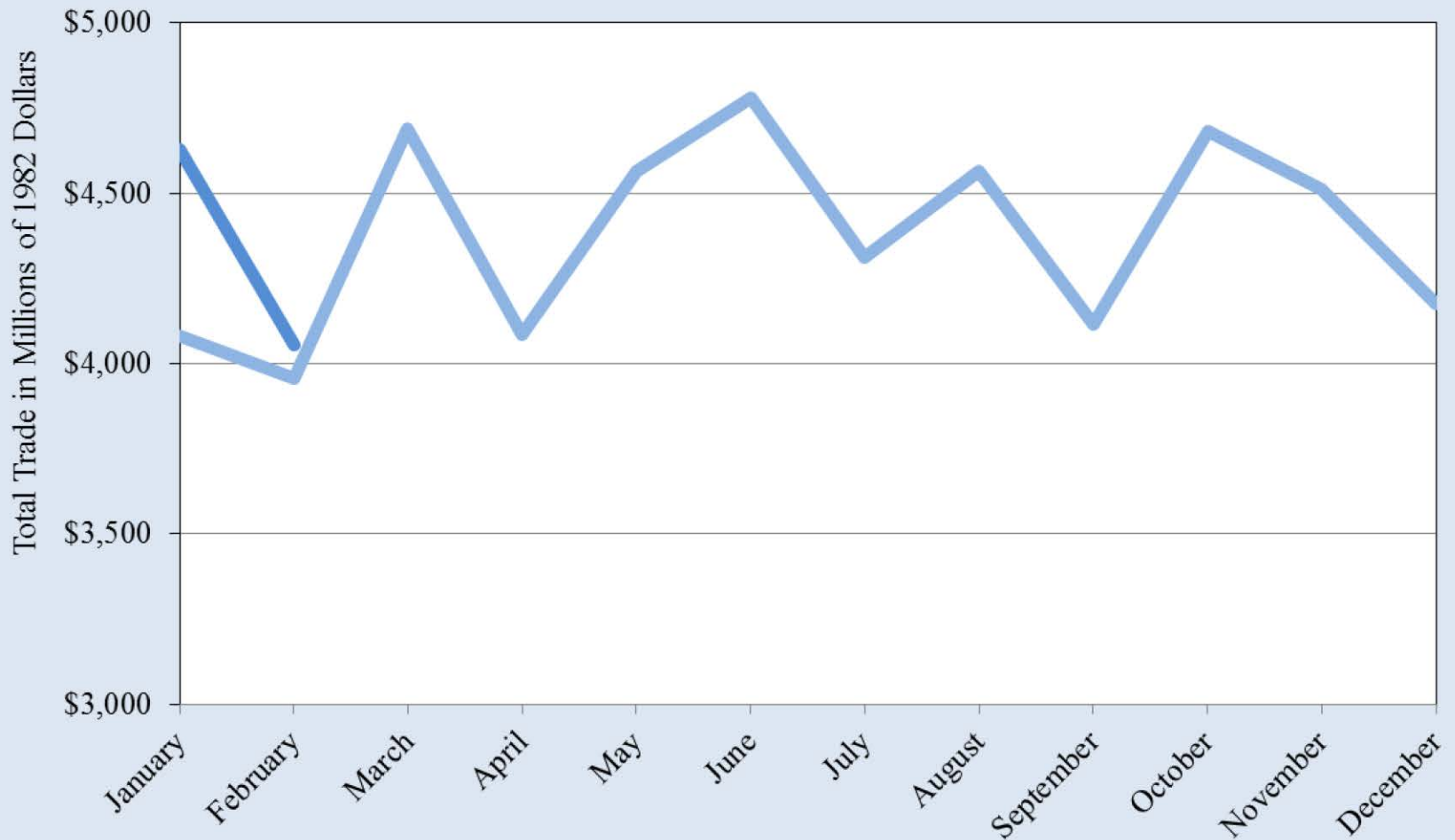
Total Trade through the El Paso Customs District



Source: U.S. International Trade Commission

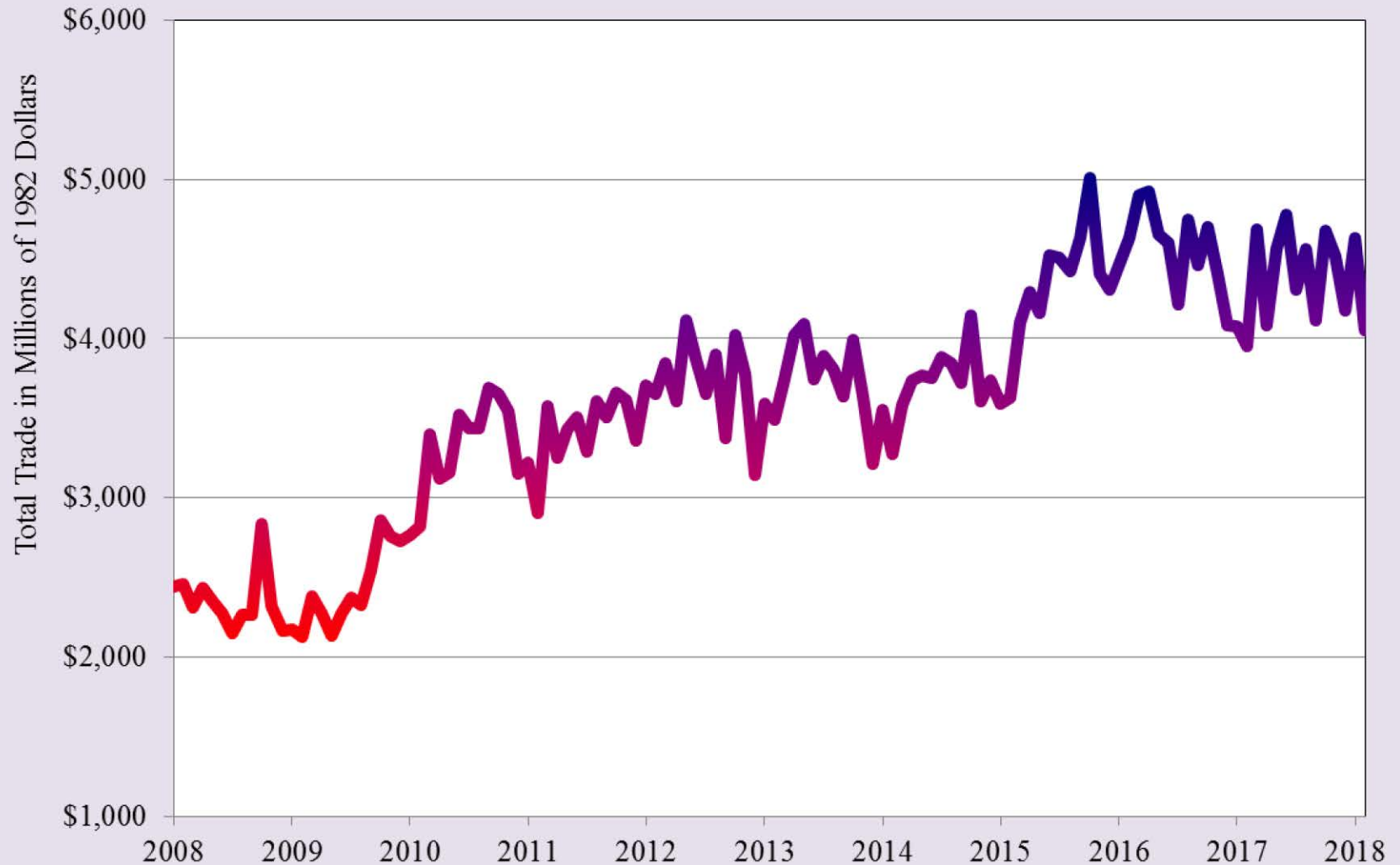
Real Total Trade through the El Paso Customs District

— 2017 — 2018



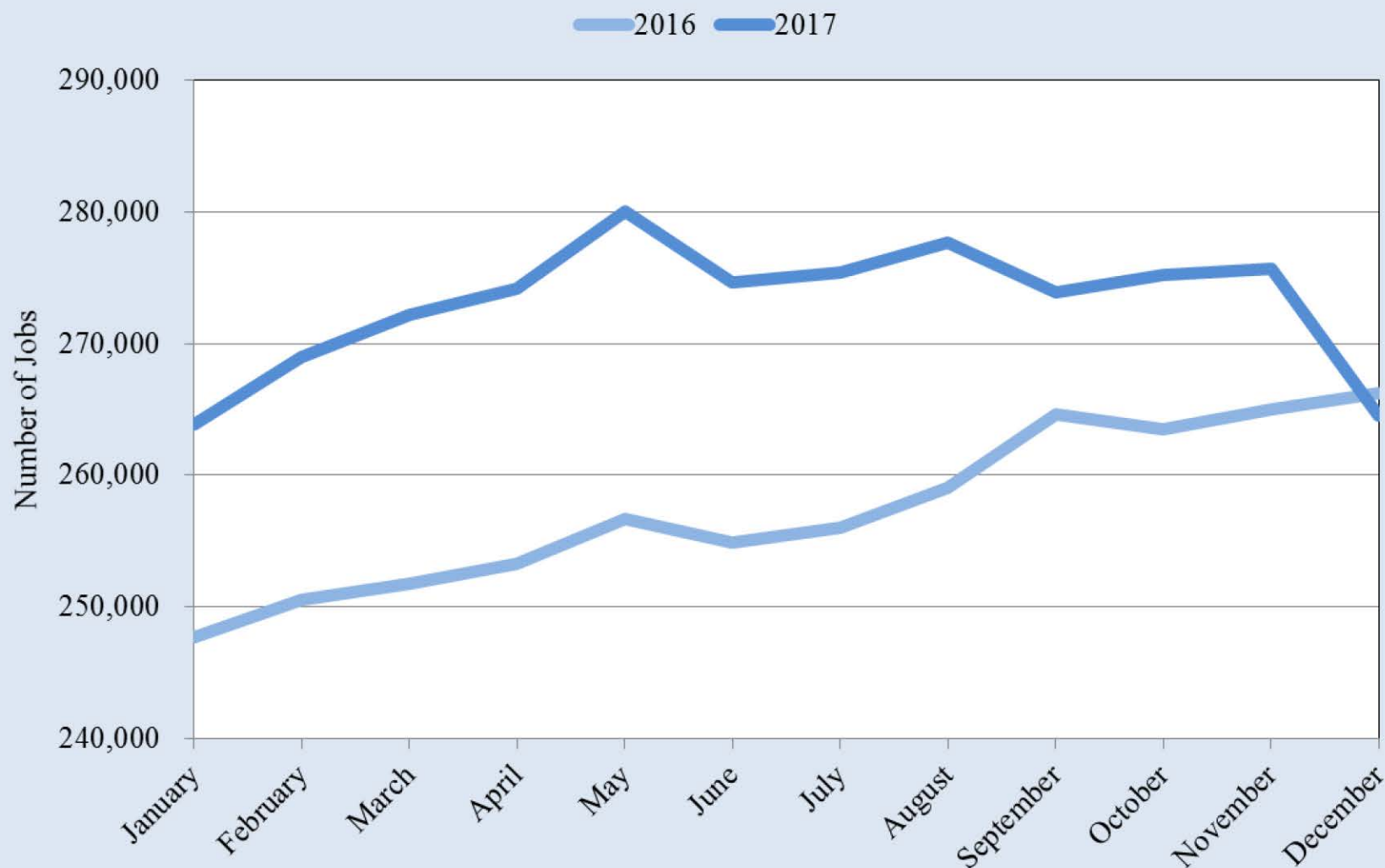
Sources: U.S. International Trade Commission and Bureau of Labor Statistics

Real Total Trade through the El Paso Customs District



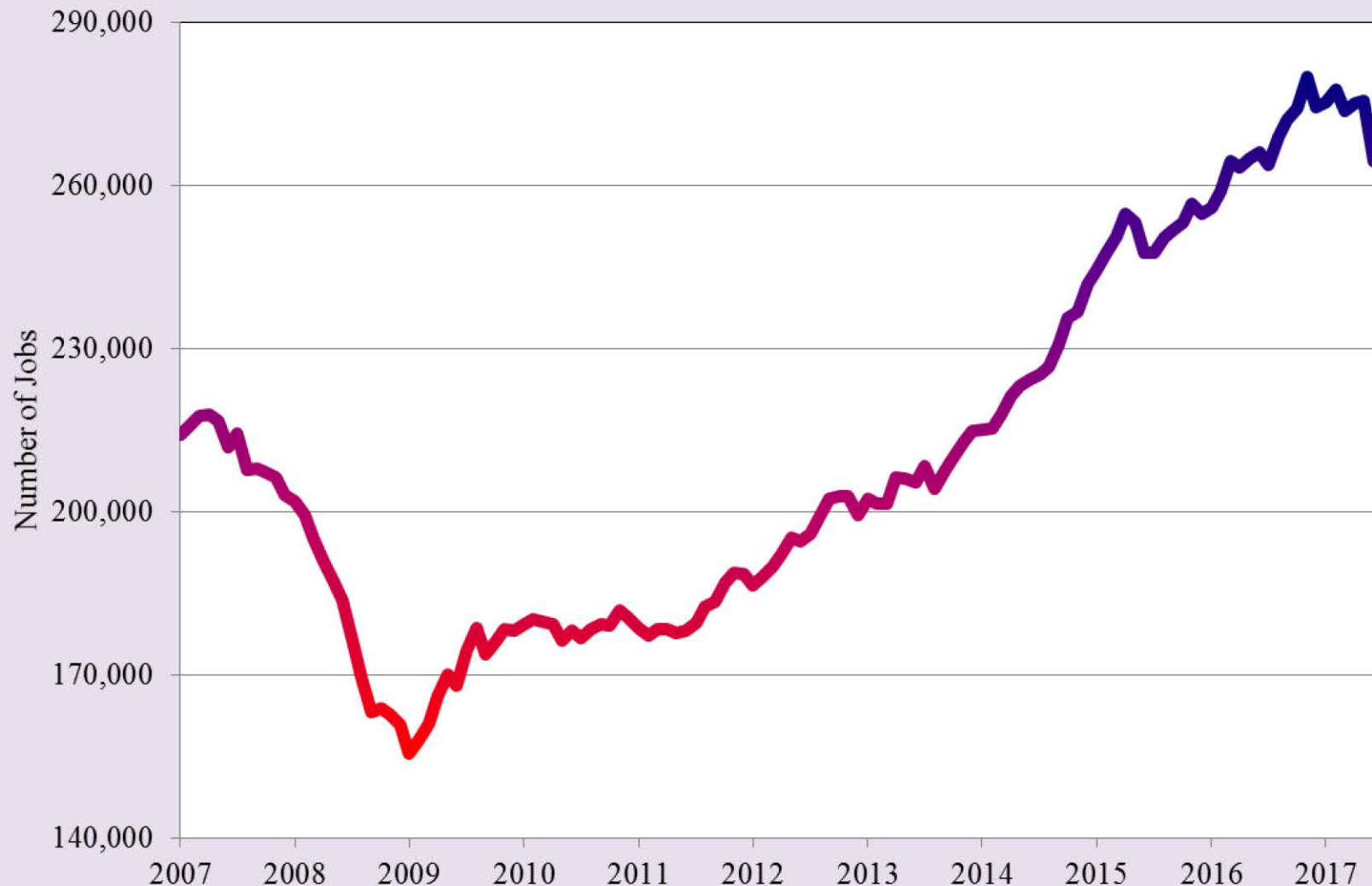
Sources: U.S. International Trade Commission and Bureau of Labor Statistics

Export-Oriented Manufacturing Employment in Ciudad Juárez



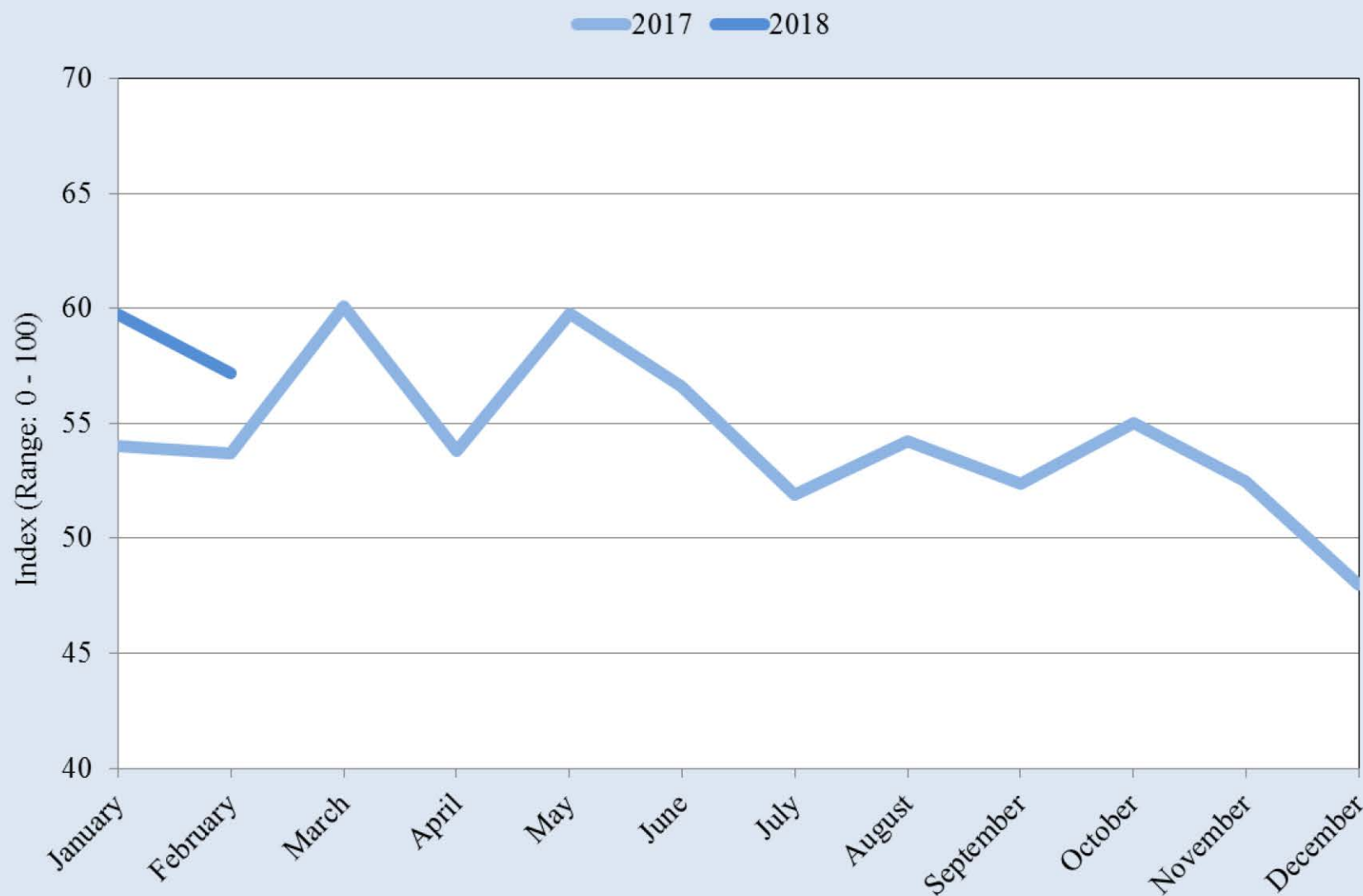
Source: INEGI

Export-Oriented Manufacturing Employment in Ciudad Juárez



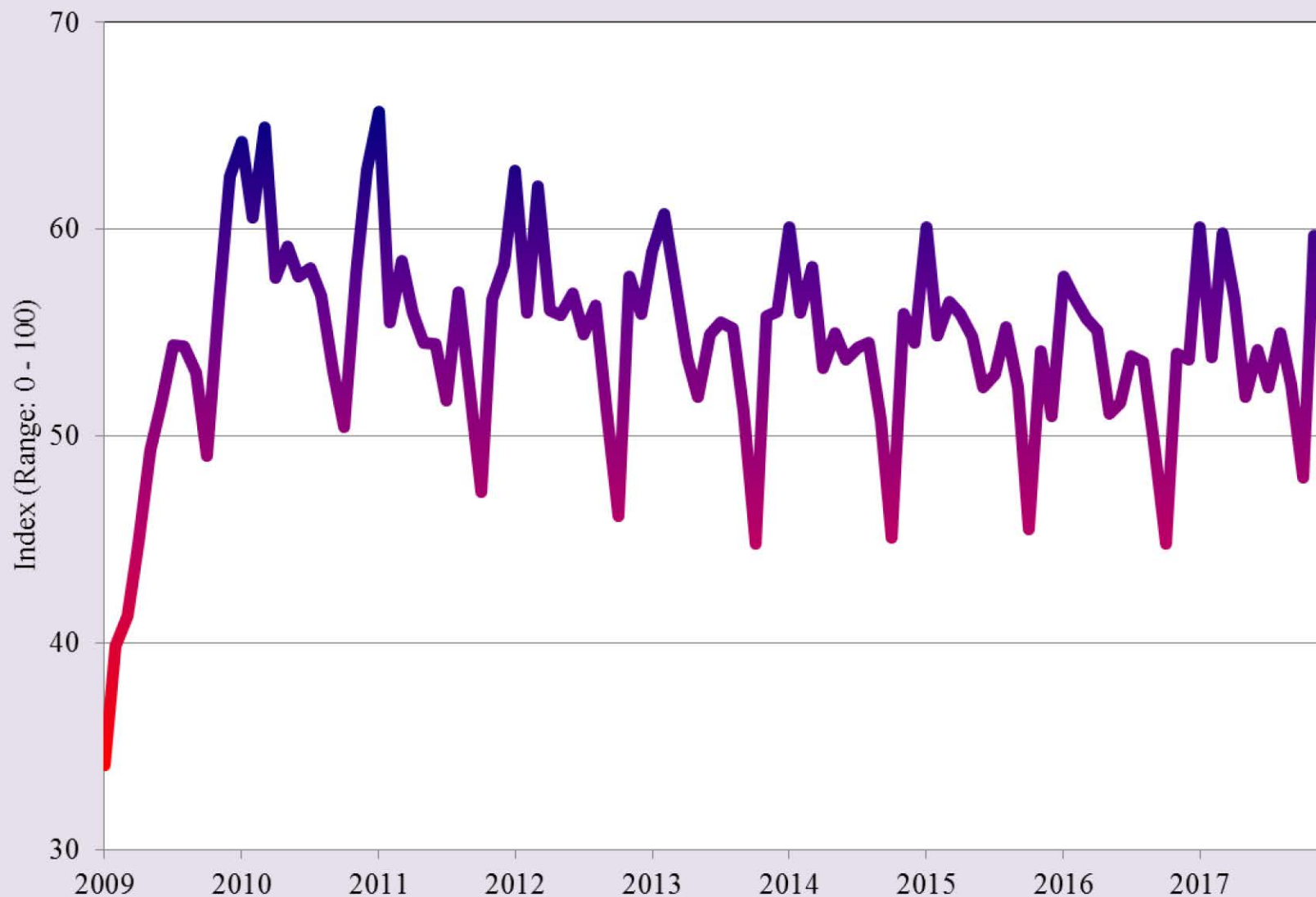
Source: INEGI

Northern Mexico Manufacturing Orders Index



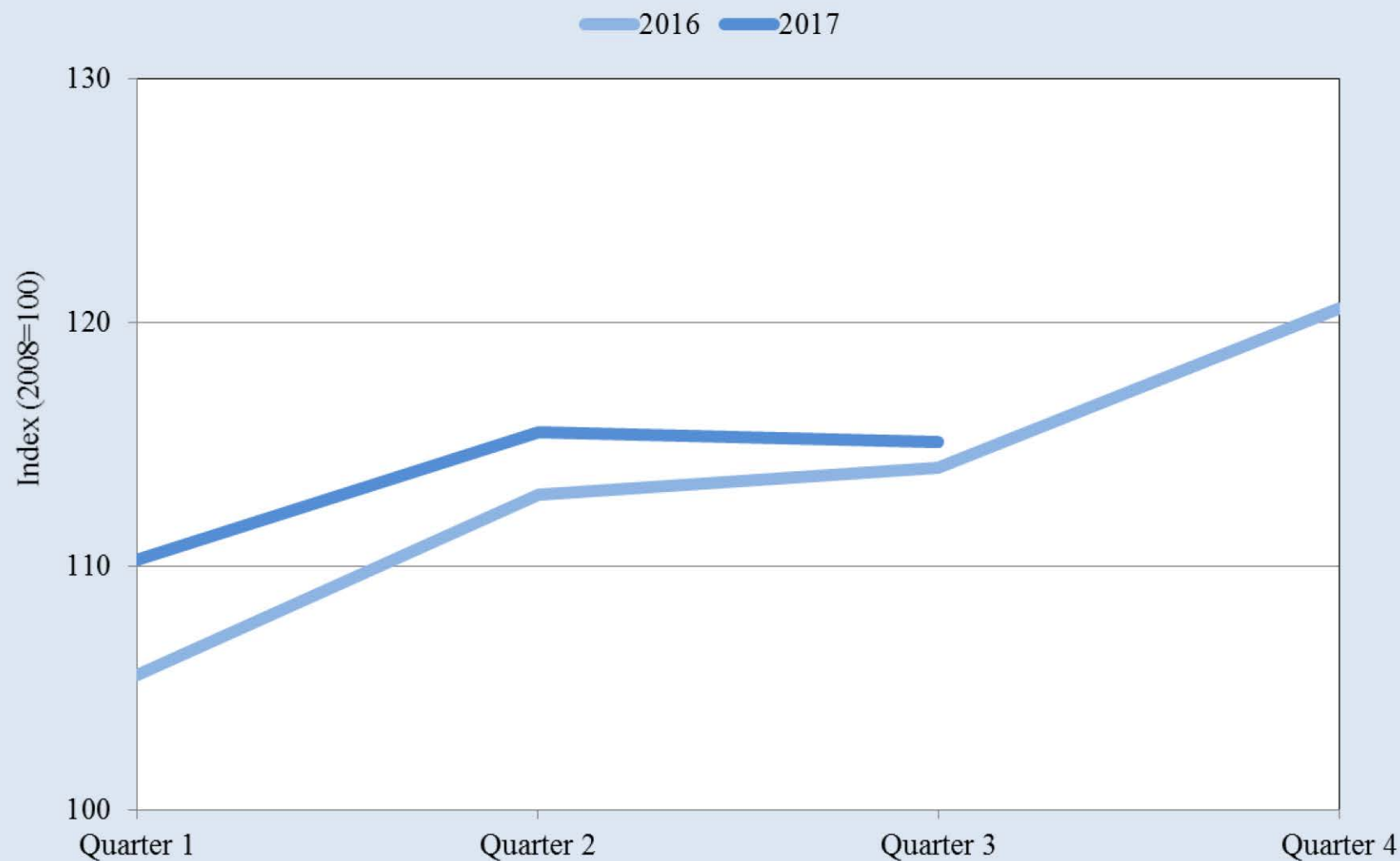
Source: Banco de México

Northern Mexico Manufacturing Orders Index



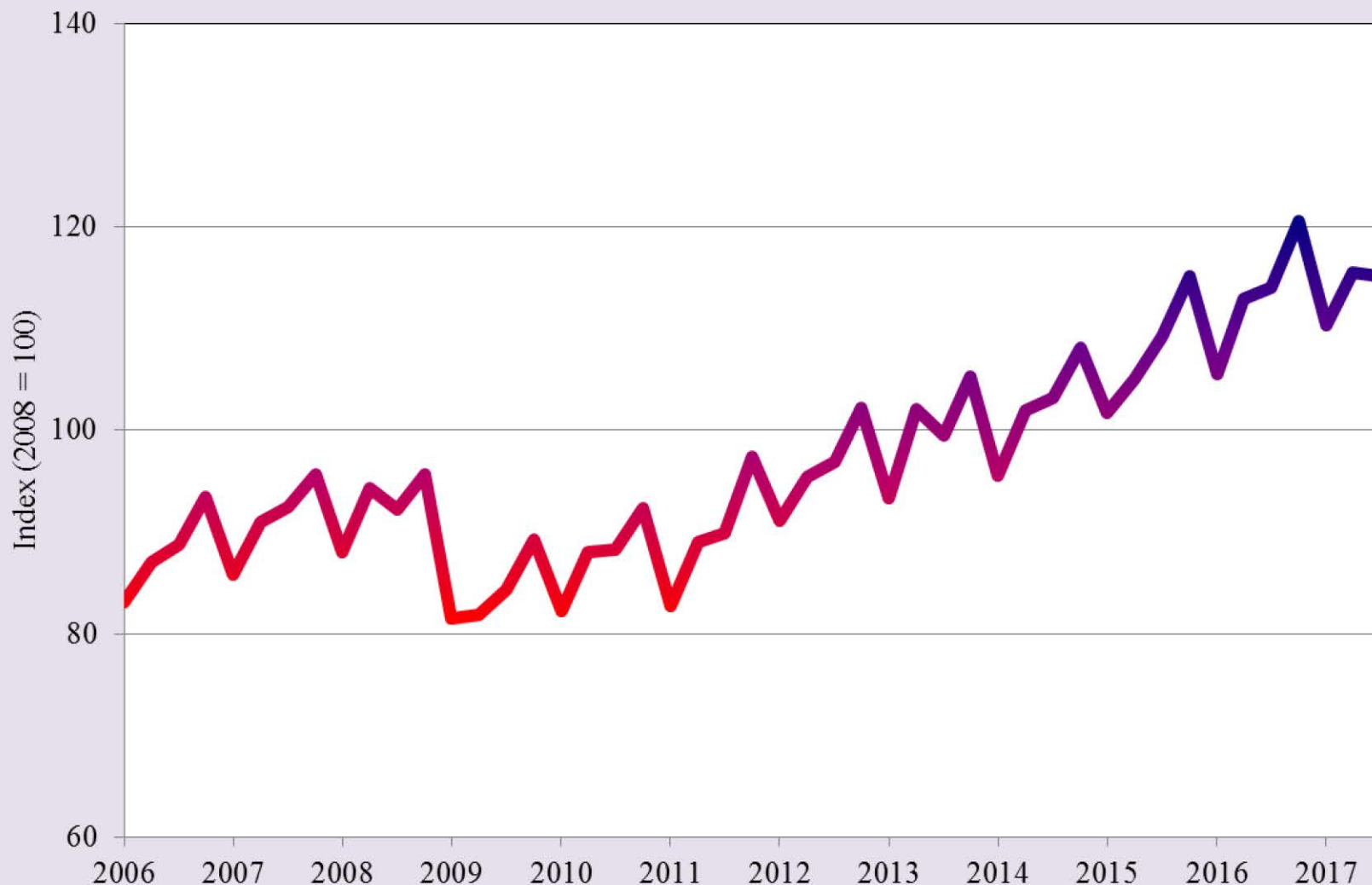
Source: Banco de México

Quarterly Indicator of Economic Activity for the State of Chihuahua



Source: INEGI

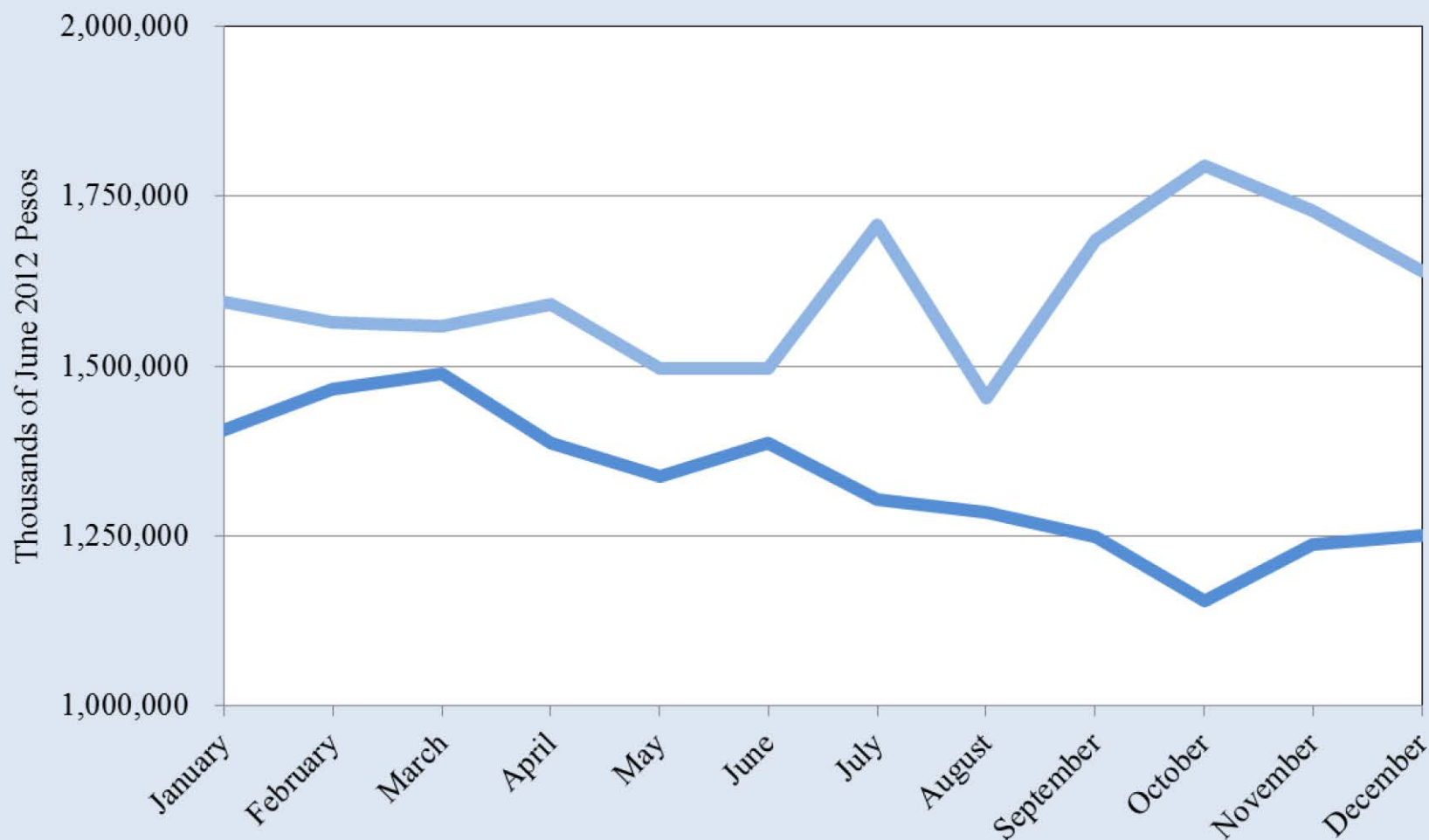
Quarterly Indicator of Economic Activity for the State of Chihuahua



Source: INEGI

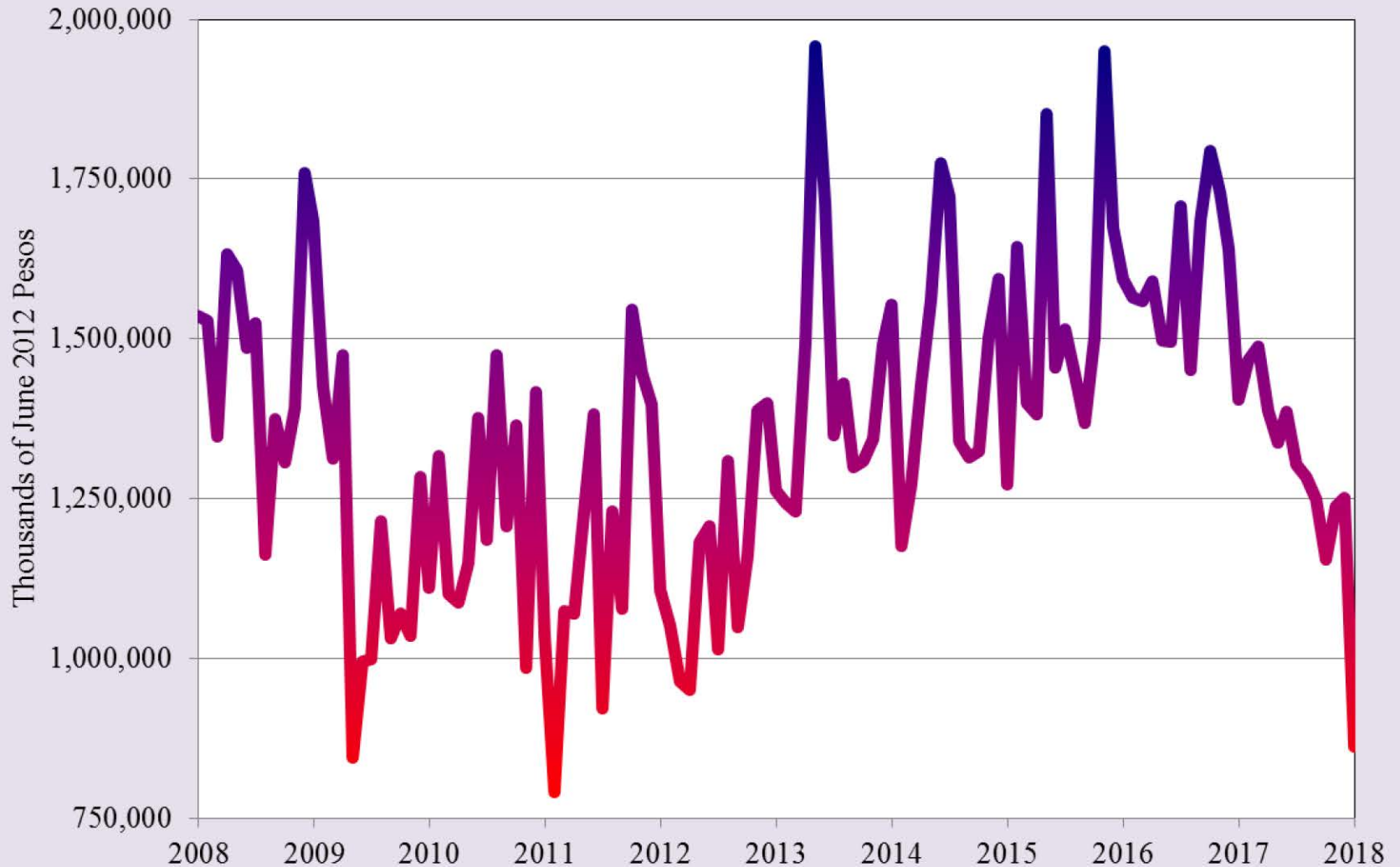
Total Value of Construction in the State of Chihuahua

— 2016 — 2017



Source: INEGI

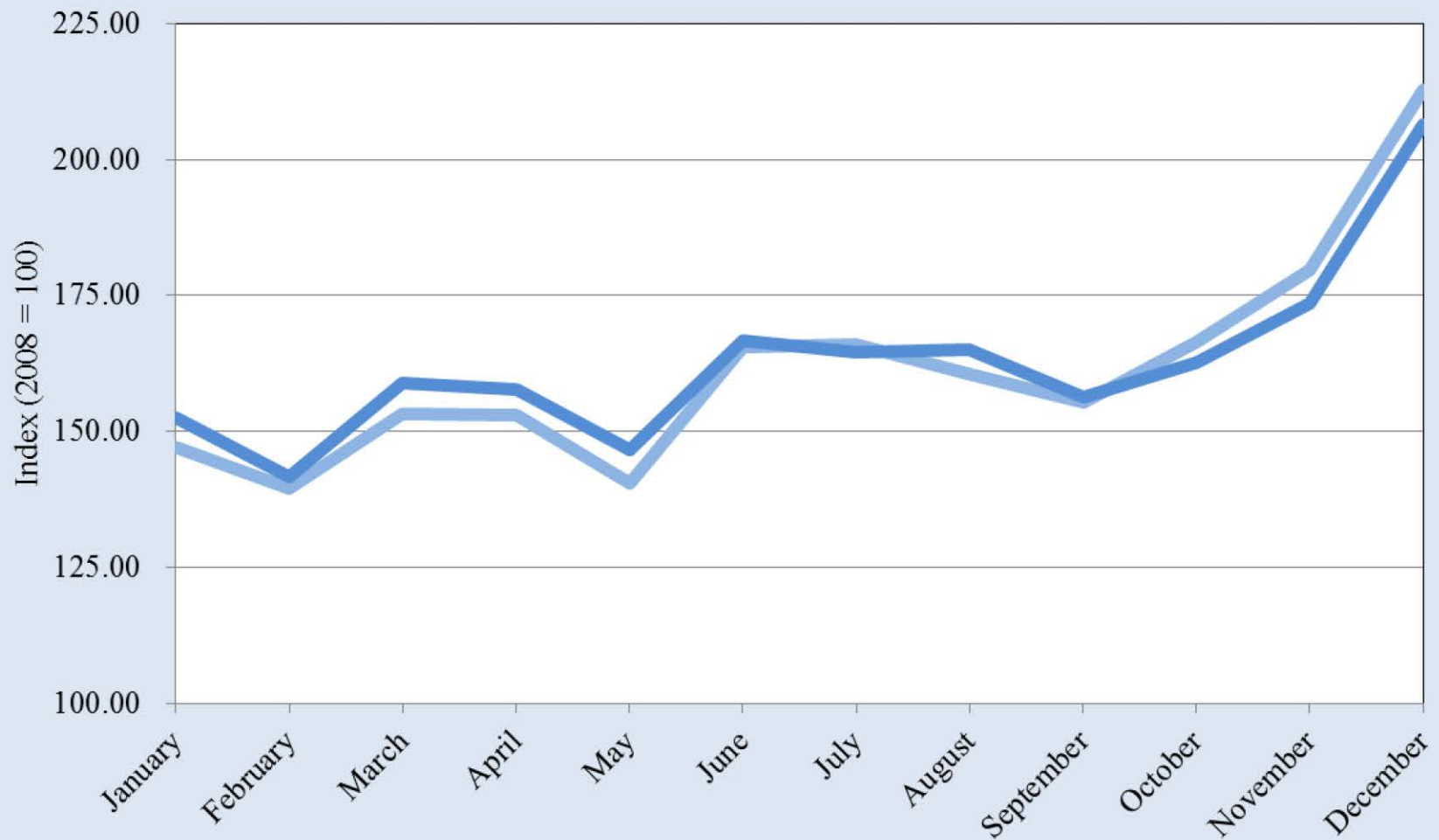
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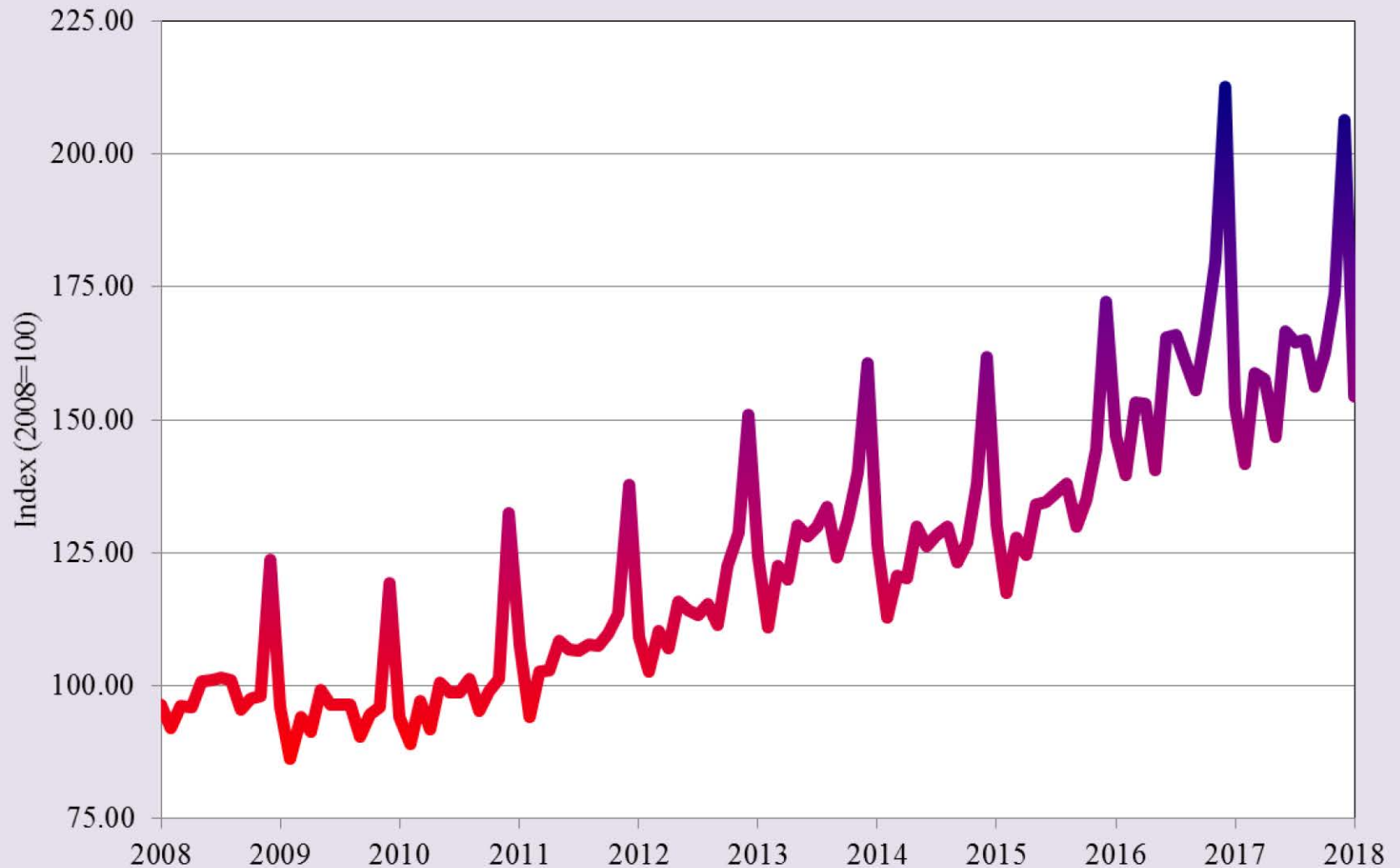
Real Retail Activity Index for the State of Chihuahua

— 2016 — 2017



Source: INEGI

Real Retail Activity Index for the State of Chihuahua



Source: INEGI



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