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# Borderplex Business Barometer, Volume 2, Number 5

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# BORDERPLEX BUSINESS BAROMETER

**May 2018**

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*Border Commerce & Economics*

Borderplex Business Barometer, Volume 2, Number 5

## **Border Economy Still on Track**

After faltering slightly last summer, the Federal Reserve Bank of Dallas El Paso Metropolitan Business Cycle Index has risen each month since September 2017. In contrast, the El Paso Household Economic Stress Index increased from 3.3 to 3.9 points between February and March. Factors contributing to that development include a pick-up in the rate of general price inflation and somewhat slower growth in local housing prices. Encouragingly, the index remains below its March 2017 value of 4.4 points, indicating an improvement relative to last year. The El Paso County unemployment rate remained flat at 4.5 percent in March and countywide enrollment in the Supplemental Nutrition Assistance Program (SNAP) fell below 175,000.

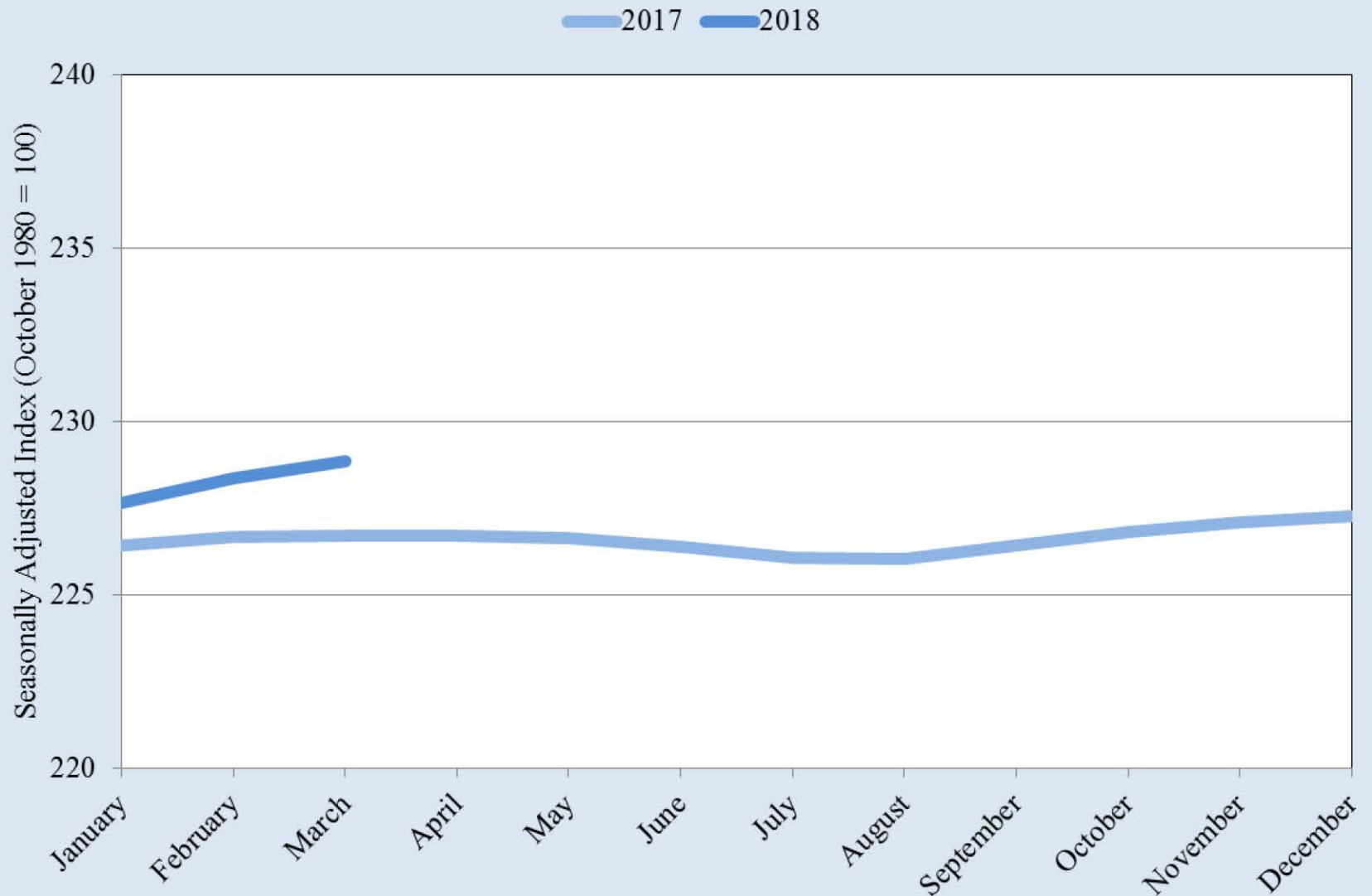
The El Paso median housing price rose to \$147,500 in March. While below the December 2017 median price of \$157,725, it is still more than the value recorded one year earlier. Reflective of overall market strength, March 2018 housing inventory levels dropped below 5 months of supply for the first time since October 2006. Global supply constraints, seasonal blend shifts, and strong demand have caused local retail gasoline prices to increase. In April, the average El Paso price of regular grade gasoline rose above \$2.50 per gallon for the first time in 32 months.

The Doña Ana County unemployment rate fell to 6.4 percent in March, nearly one percentage point below the level recorded a year earlier. The latest estimates from the Bureau of Labor Statistics indicate that the Doña Ana County unemployment rate has declined, in year-over-year terms, for 19 consecutive months. Las Cruces area SNAP caseloads also declined in both February and March of this year.

The peso appreciated, in inflation-adjusted terms, relative to the dollar during the first quarter. Real peso appreciation makes goods and services priced in dollars more affordable to Mexican consumers. This may be one reason that the number of international bridge crossings increased in the first two months of 2018 relative to early 2017. Personal vehicle bridge crossings increased by 8.8 percent from February 2017 to February of this year and pedestrian crossings rose by 8.1 percent over the same time span. This represents a continuation of the upswing in pedestrian and personal vehicle bridge traffic that began in late 2017. The number of cargo vehicle bridge crossings also increased at the start of 2018. The latter suggests that regional trade linkages between the United States and Mexico remain strong. The nominal volume of trade through the El Paso Customs District was also 8.4 percent higher during the first quarter of 2018 than it was during the same period in 2017.

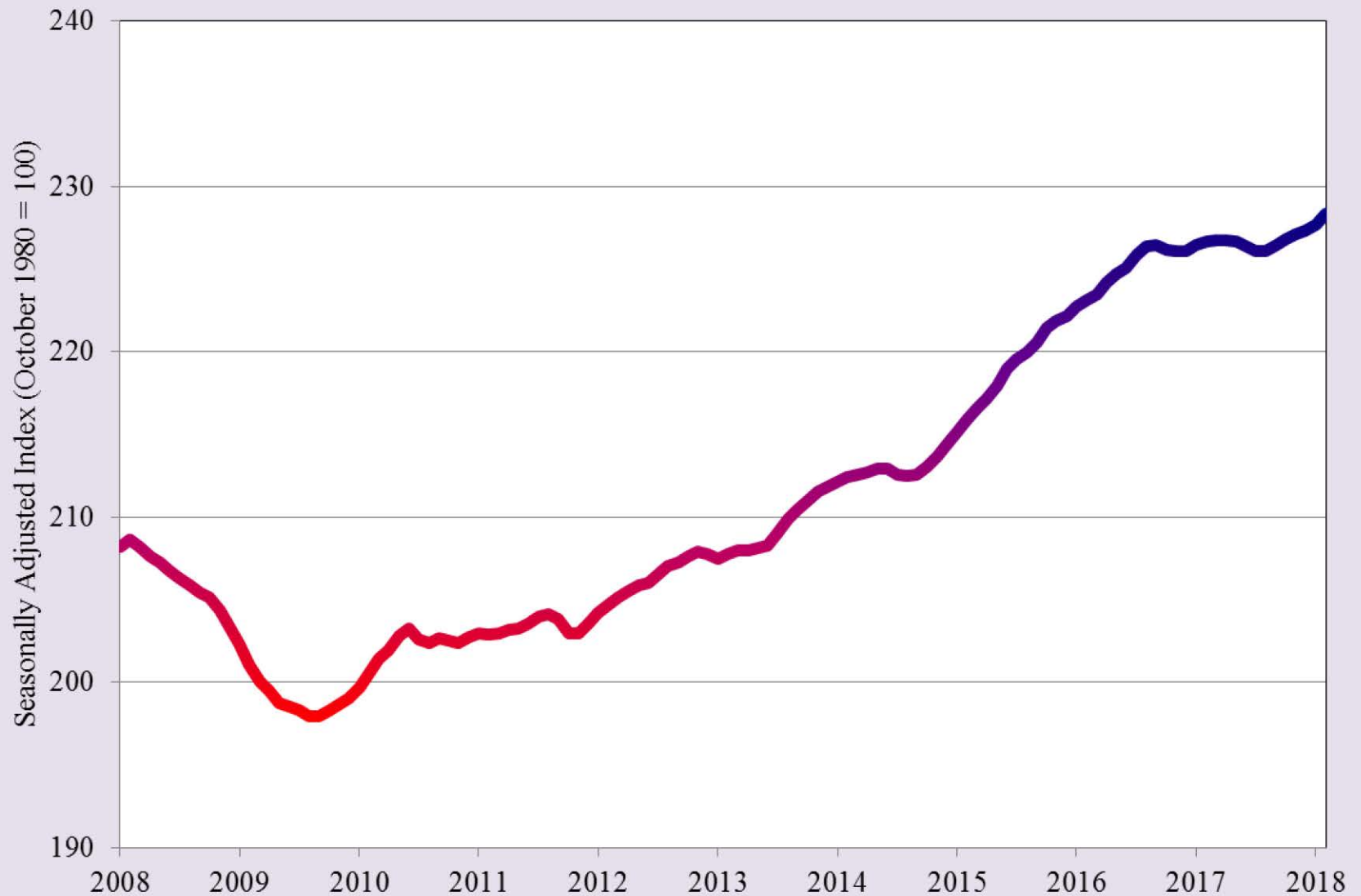
With ongoing NAFTA uncertainty, the number of export-processing jobs in Ciudad Juárez declined, on a year-over-year basis, in two of the last three months for which data are available. This is the first time such declines have been observed since 2011 and it may forebode difficulties ahead for this important sector of the border economy. More favorably, the Northern Mexico Manufacturing Orders Index performed relatively well during the first quarter of 2018. Although the pace of growth tapered off towards the end of 2017, the Chihuahua state economic activity indicator suggests that modest growth of 2.3 percent occurred between 2016 and 2017. The value of construction in the state rebounded somewhat in February 2018, while remaining well below year-ago levels. Finally, retail activity in the state suffered a setback in February, perhaps partly due to peso appreciation and an attendant increase in cross-border shopping by Mexican nationals.

## Metro Business-Cycle Index for El Paso



Source: Federal Reserve Bank of Dallas

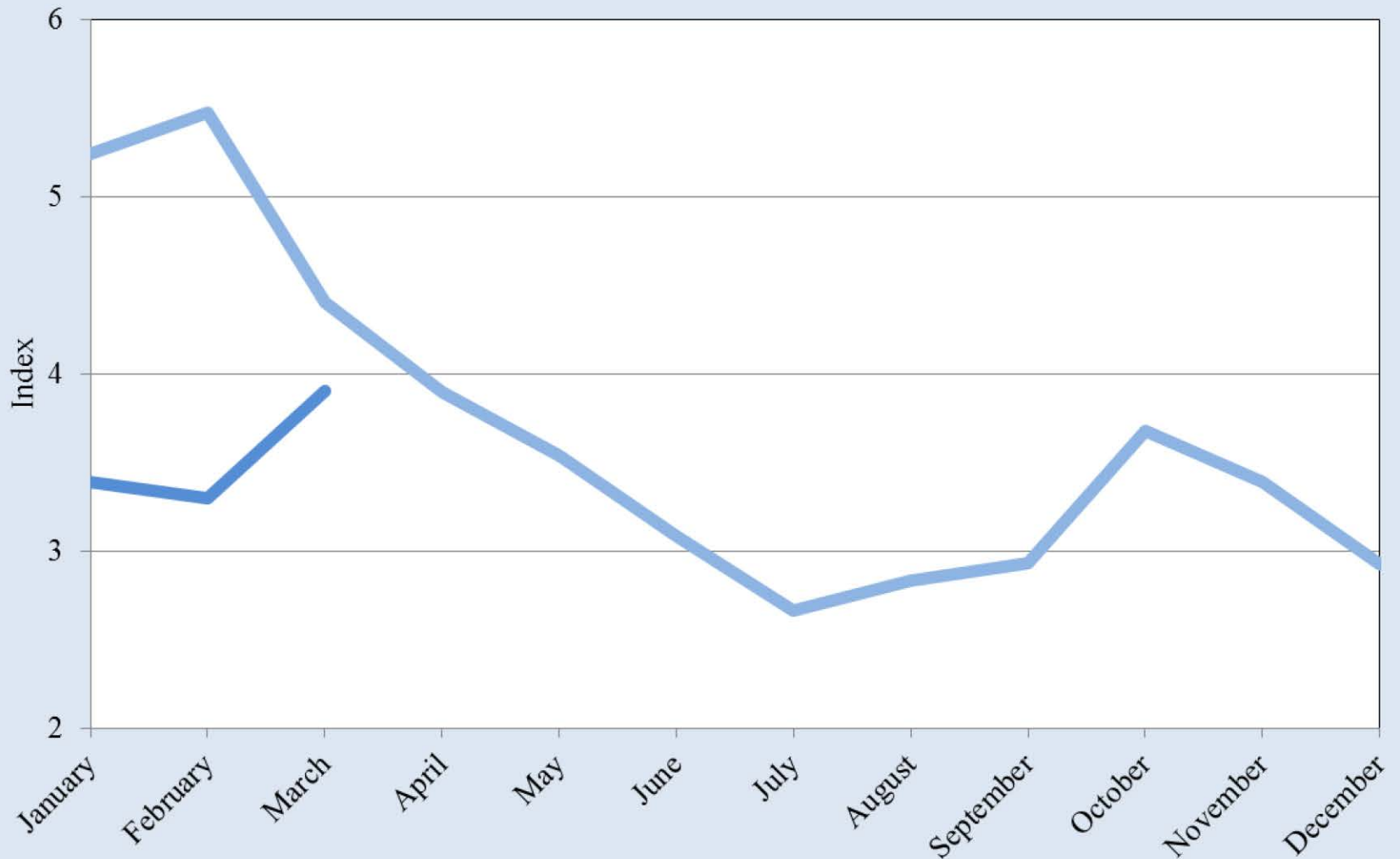
## Metro Business-Cycle Index for El Paso



Source: Federal Reserve Bank of Dallas

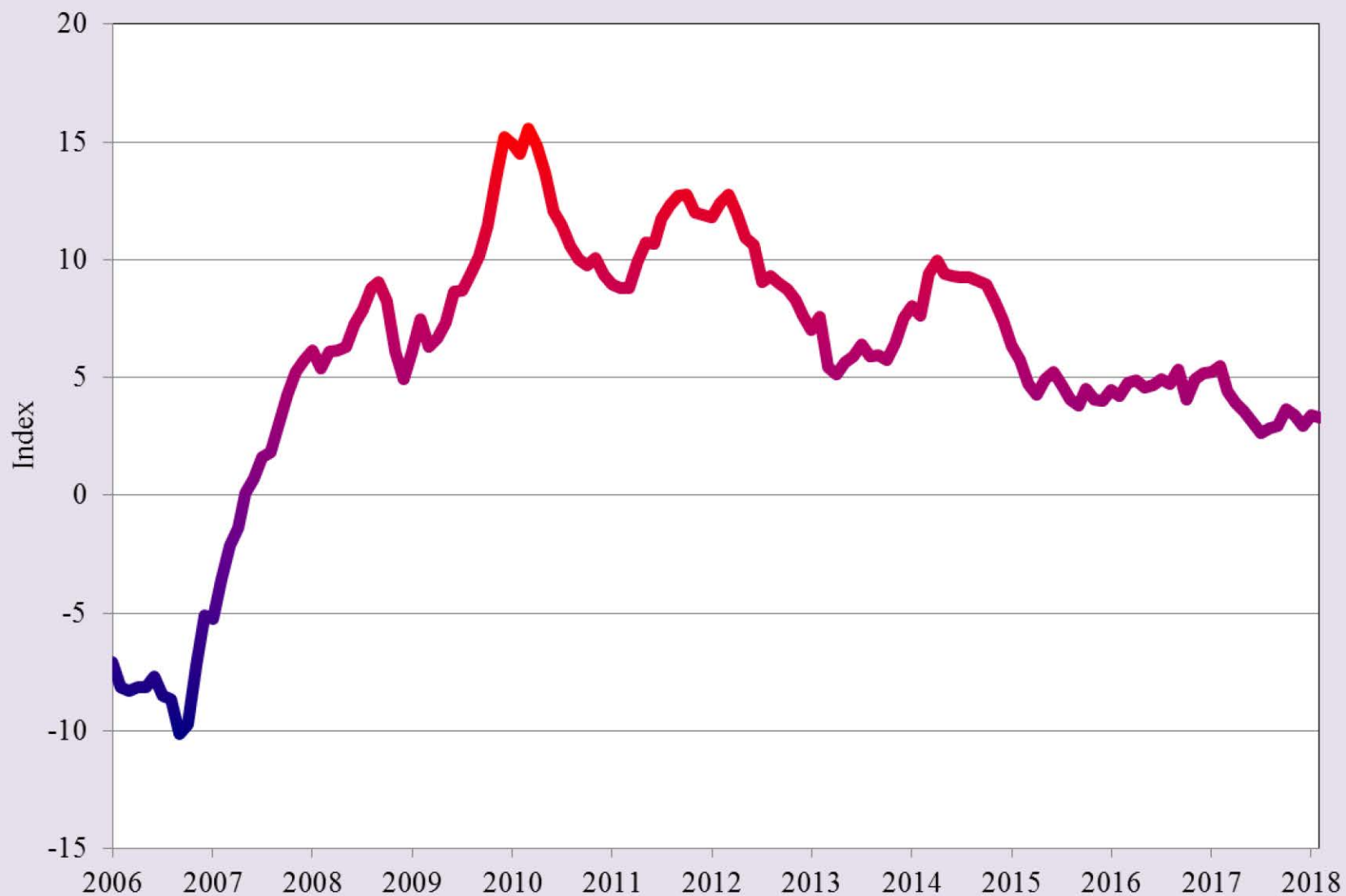
## El Paso Household Economic Stress Index

— 2017 — 2018



Source: UTEP Border Region Modeling Project

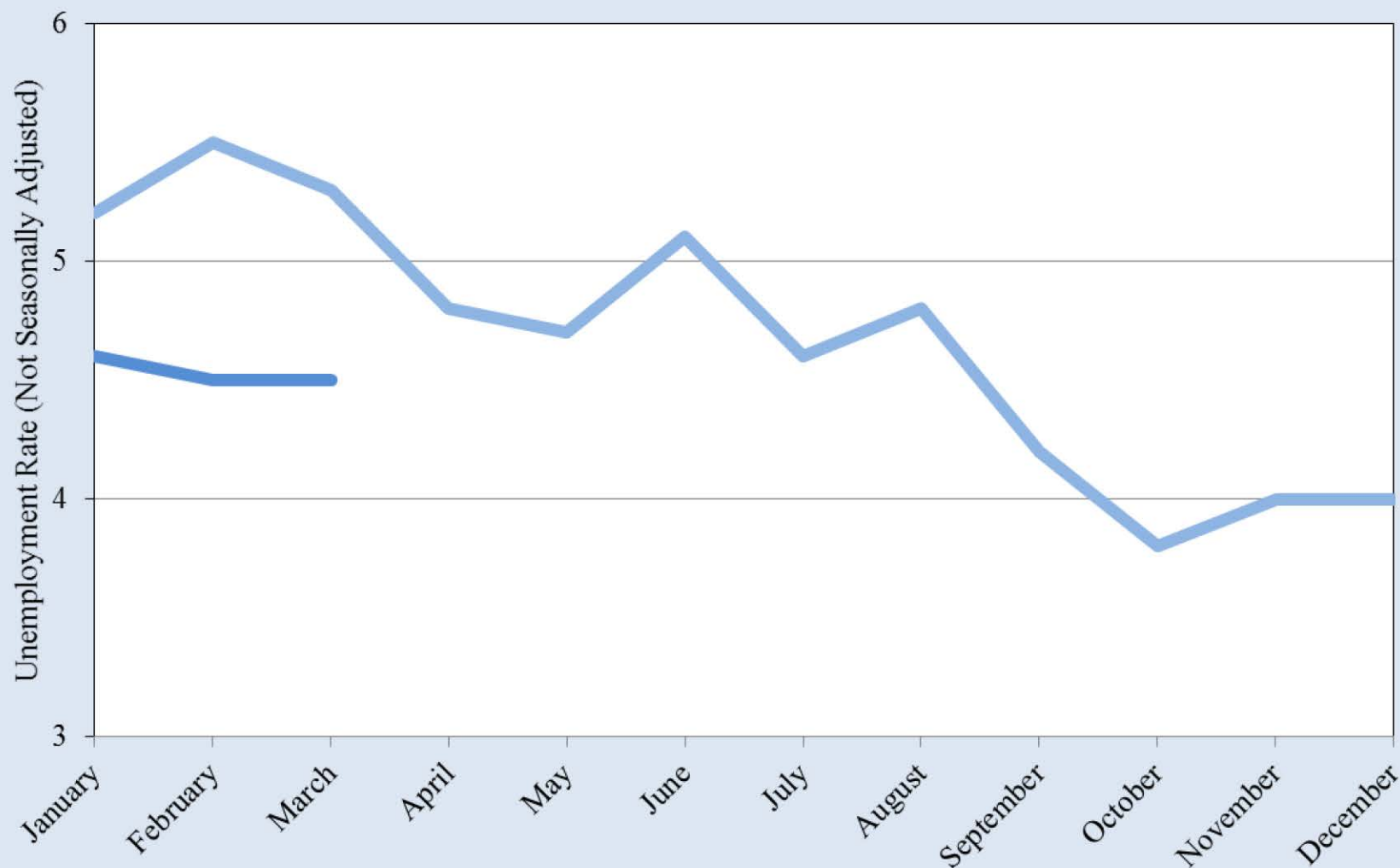
## El Paso Household Economic Stress Index



Source: UTEP Border Region Modeling Project

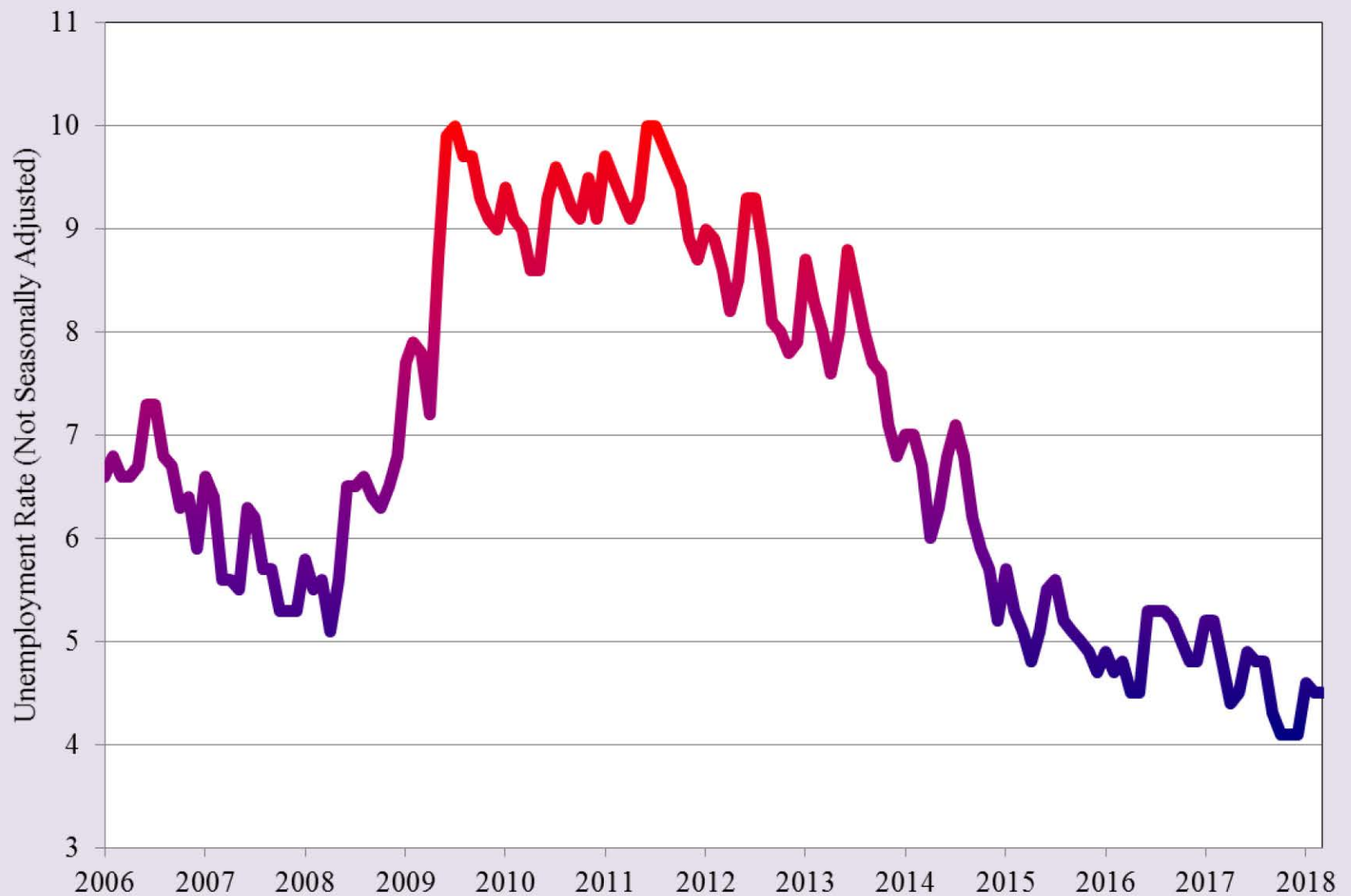
## El Paso County Unemployment Rate

— 2017 — 2018



Source: Bureau of Labor Statistics

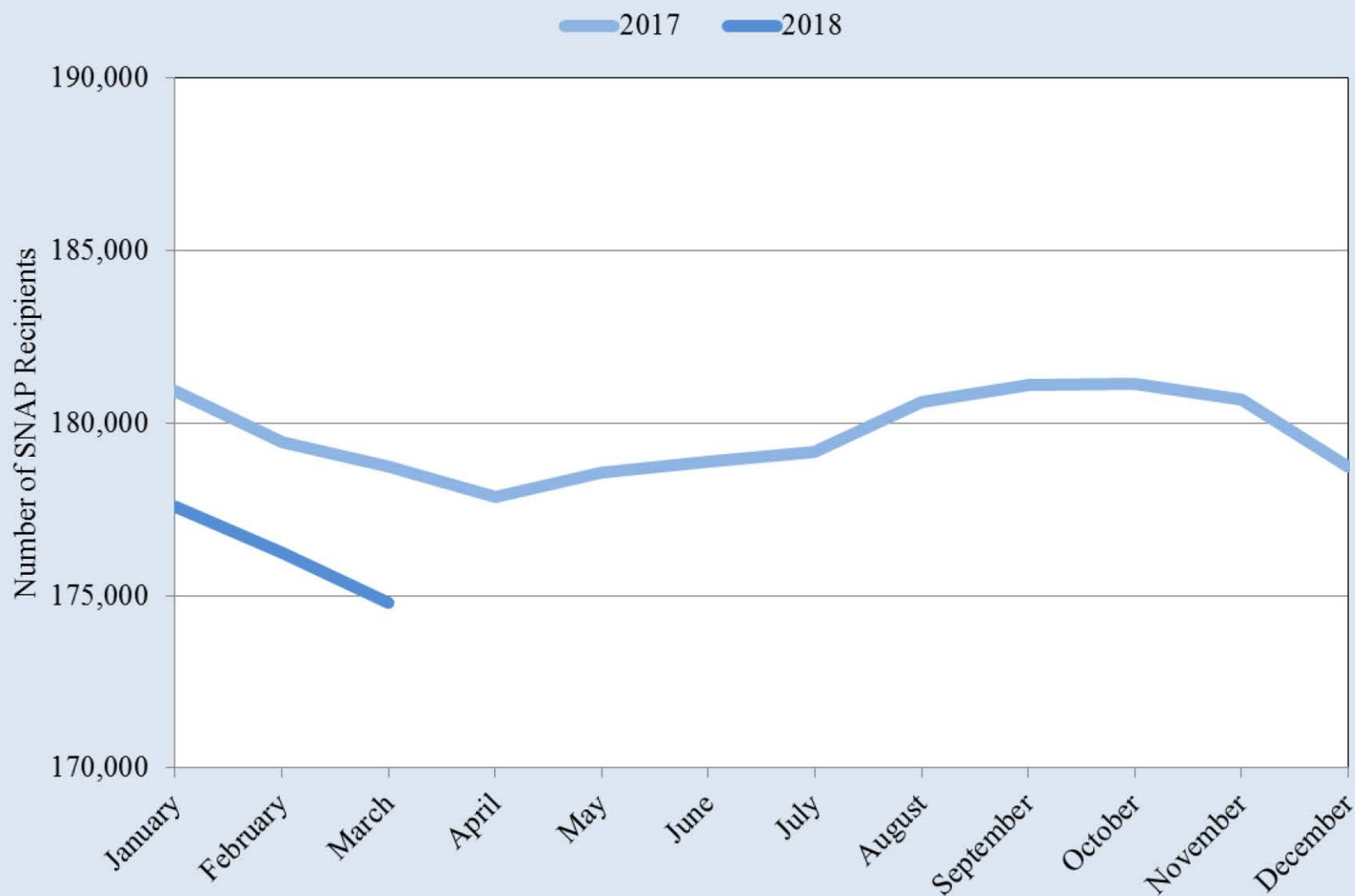
## El Paso County Unemployment Rate



Source: Bureau of Labor Statistics

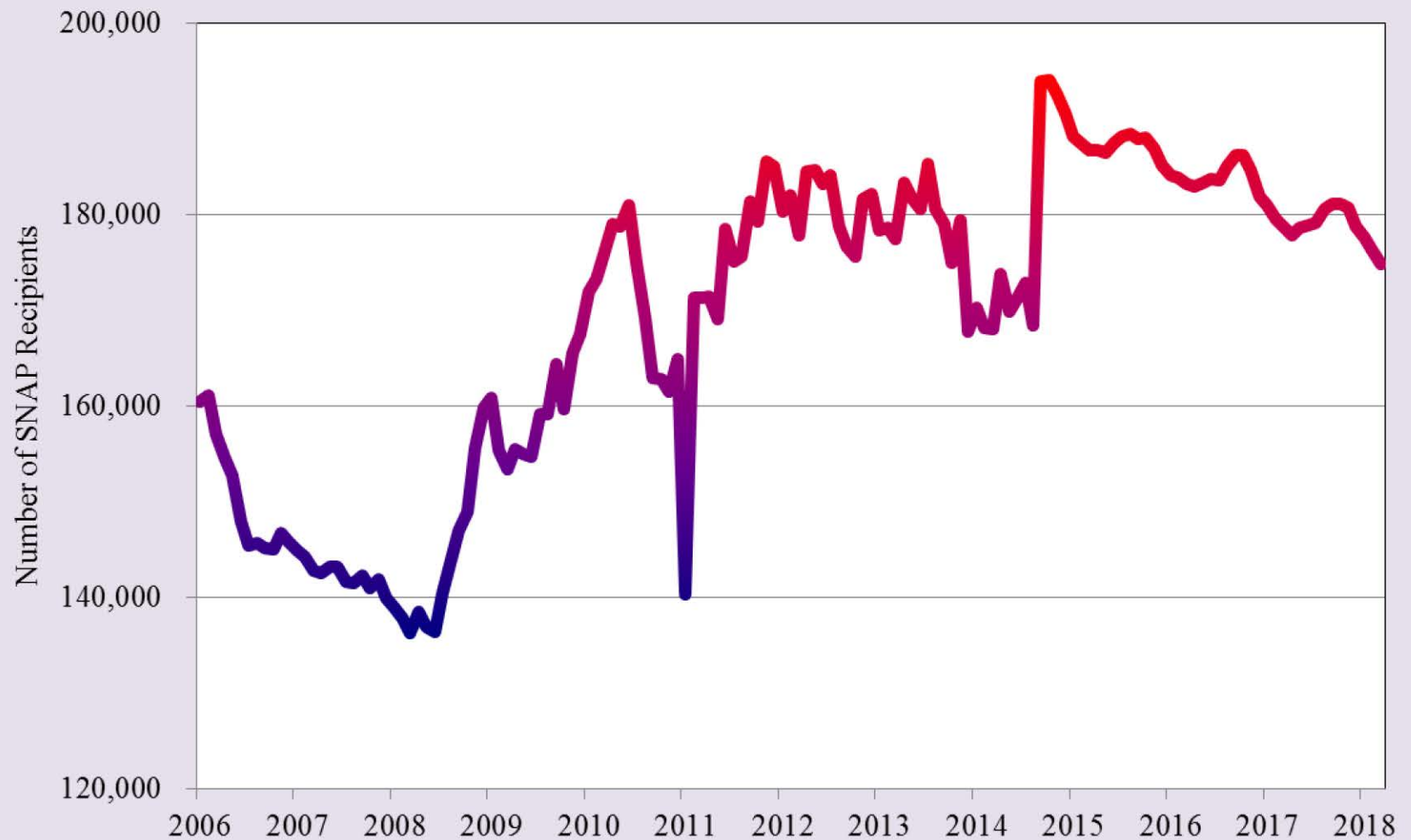


## El Paso County SNAP (Food Stamp) Enrollment



Source: Texas Health and Human Services Commission

## El Paso County SNAP (Food Stamp) Enrollment

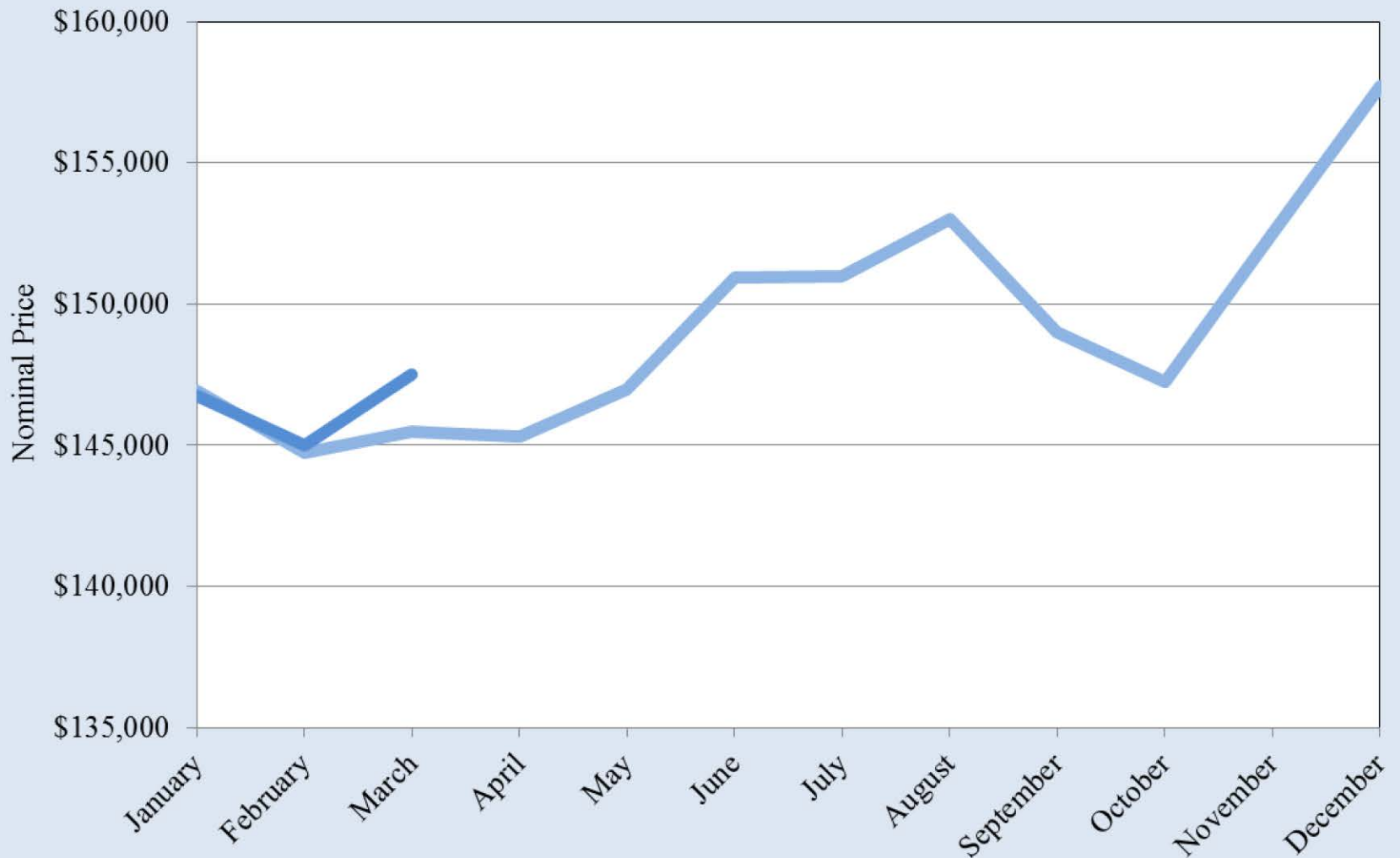


Starting in September, 2014, the number of SNAP recipients is recorded for the end of each month.

Source: Texas Health and Human Services Commission

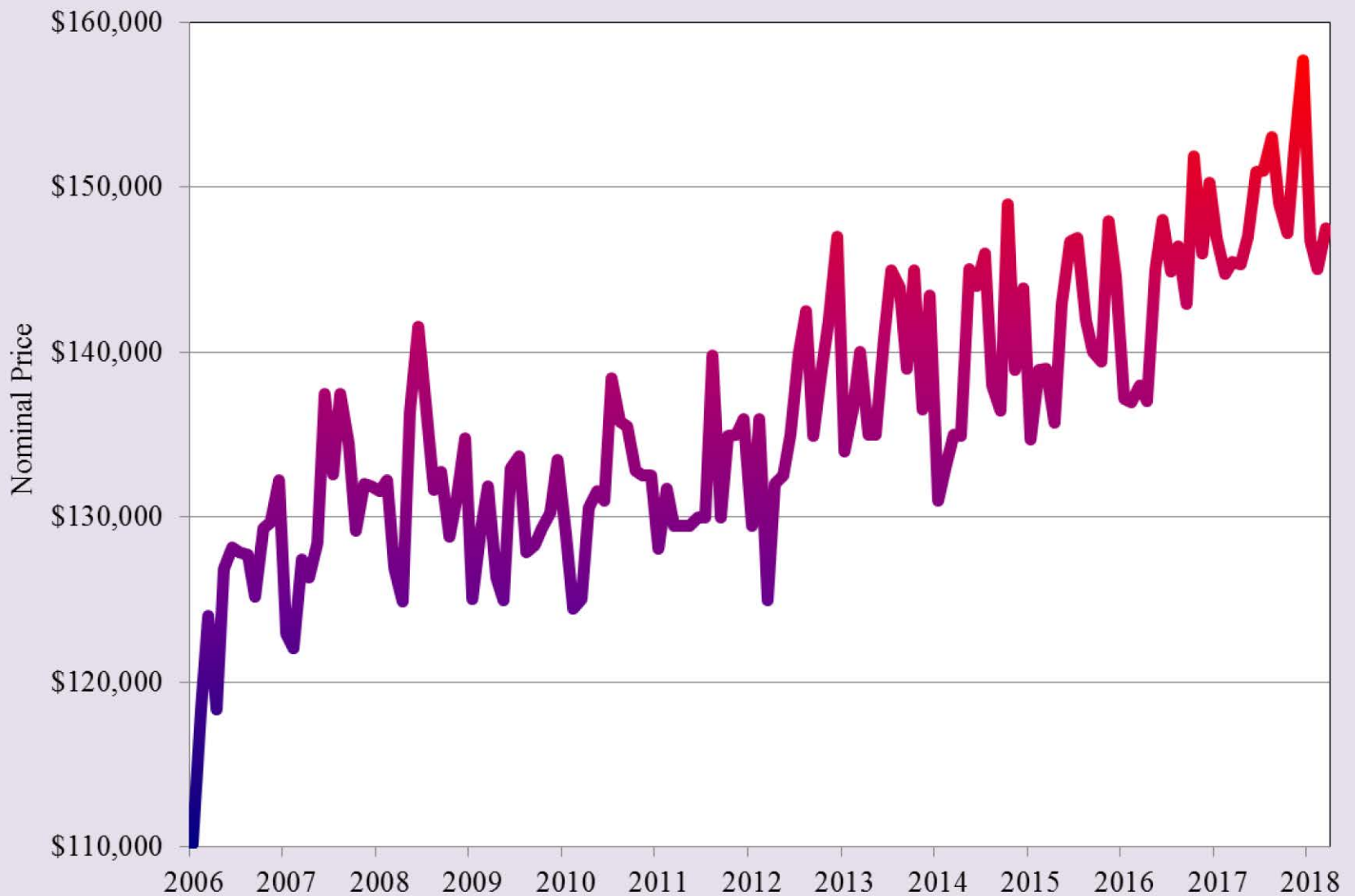
## El Paso Median Housing Prices

— 2017 — 2018



Source: Texas A&M Real Estate Center

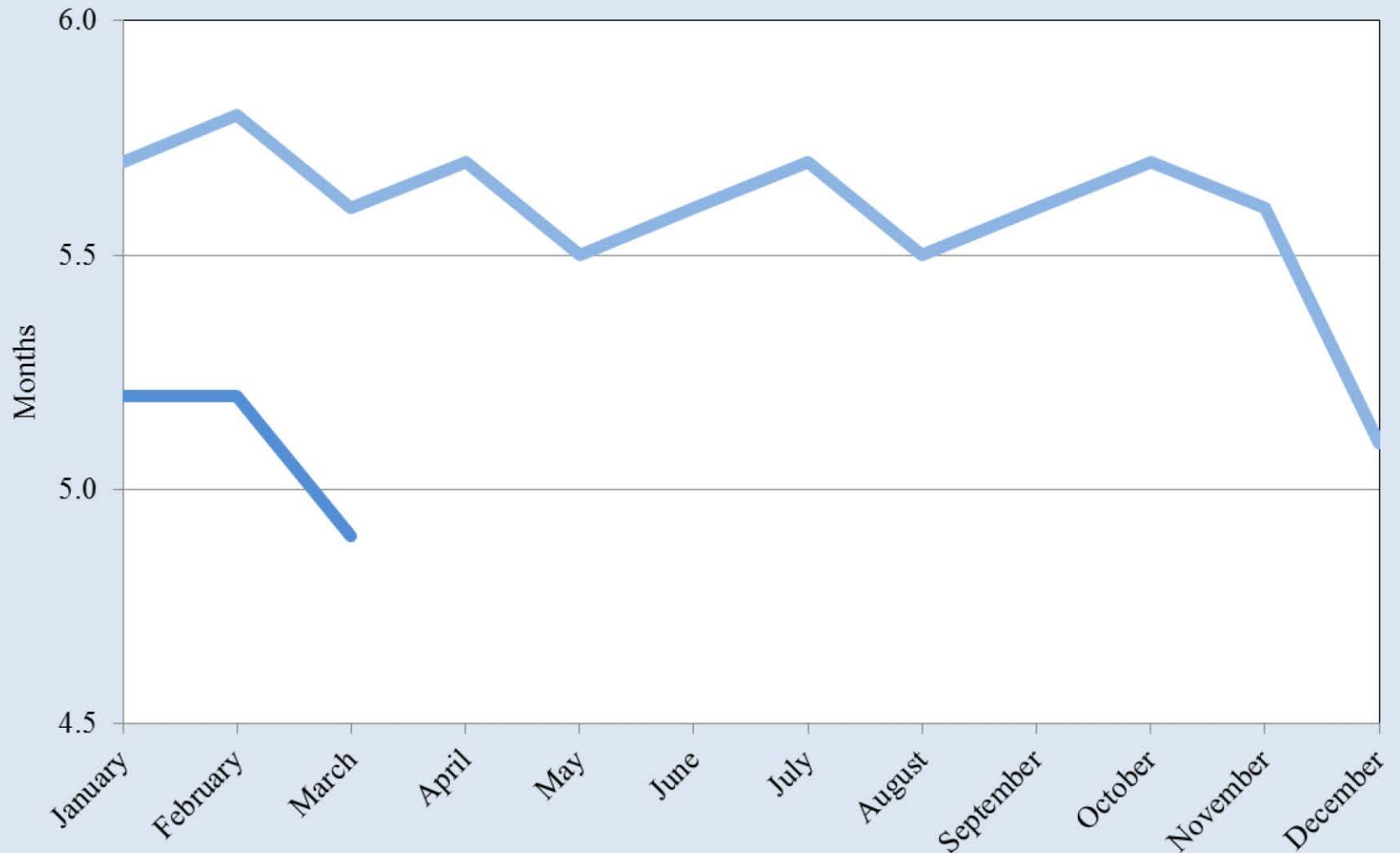
## El Paso Median Housing Prices



Source: Texas A&M Real Estate Center

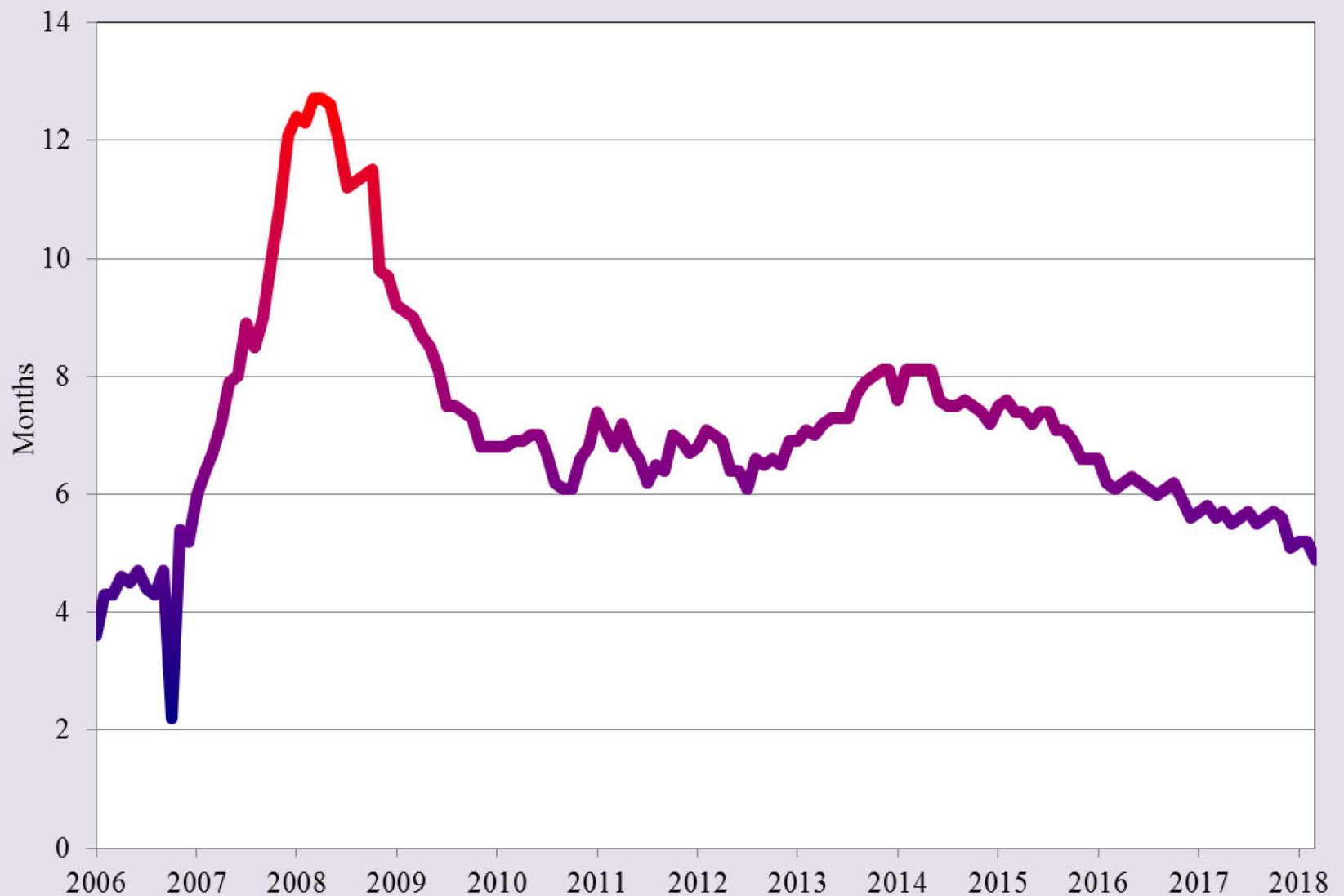
## Months of Housing Inventory for El Paso

— 2017 — 2018



Source: Texas A&M Real Estate Center

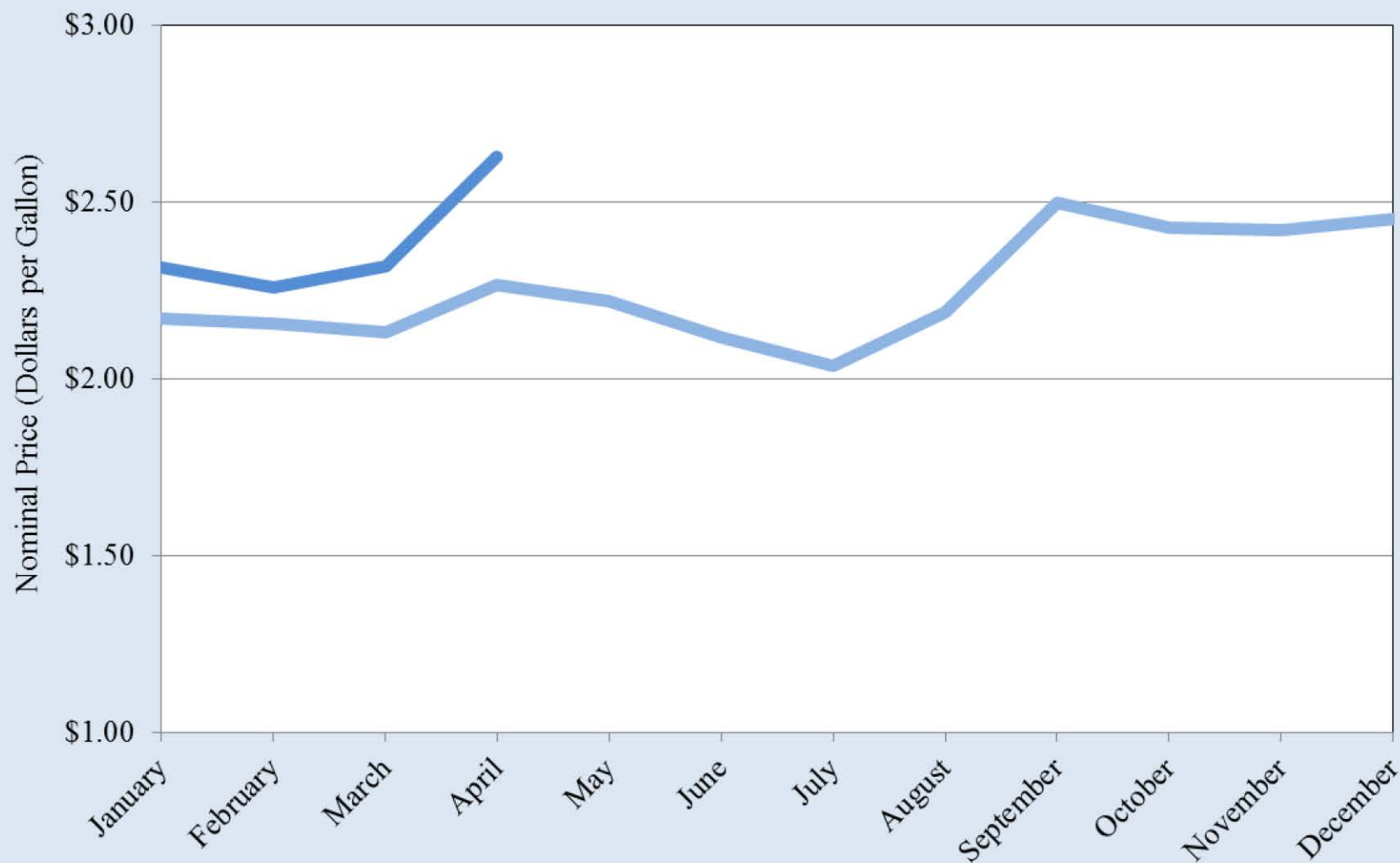
## Months of Housing Inventory for El Paso



Source: Texas A&M Real Estate Center

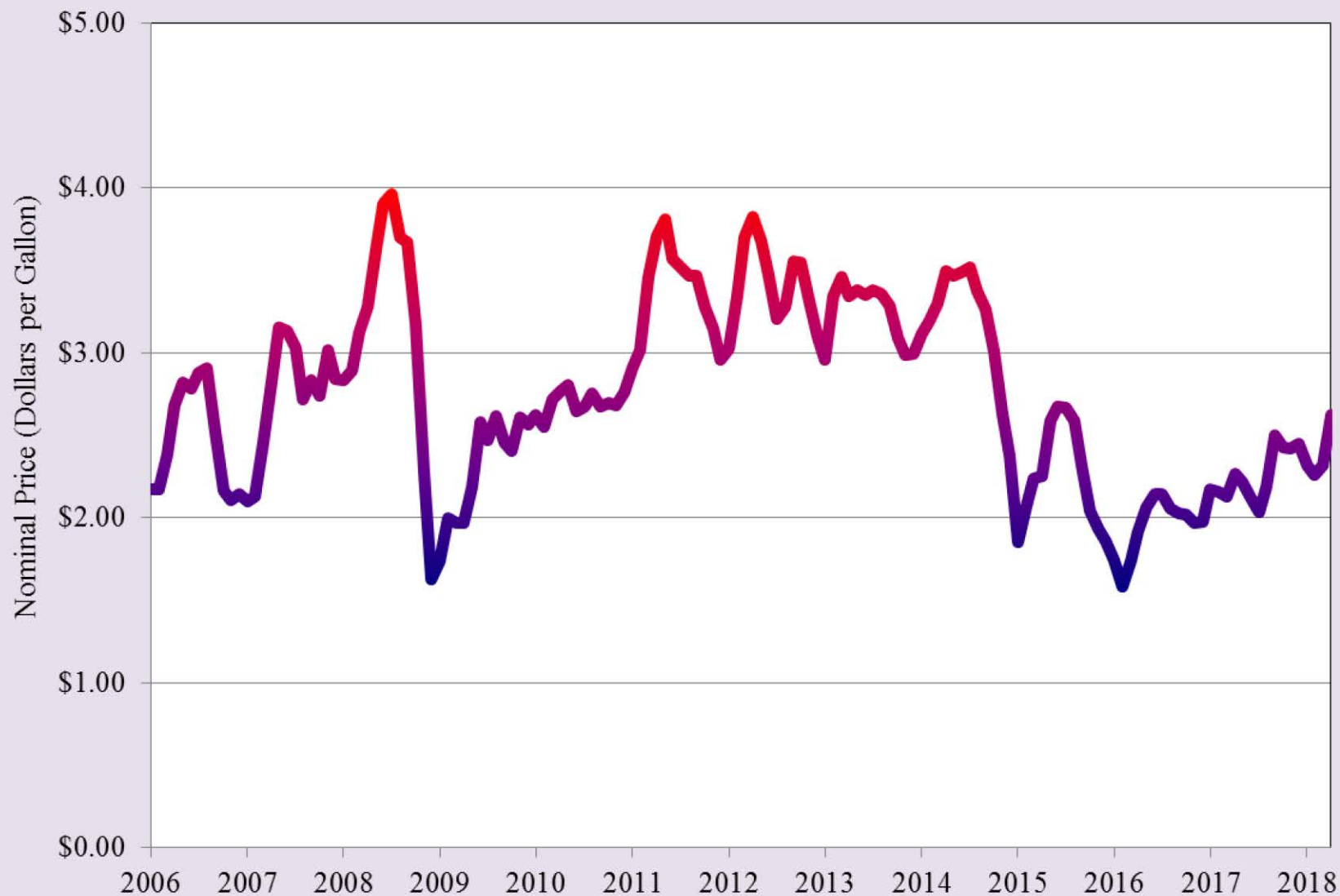
## El Paso Gasoline Prices

2017 2018



Source: GasBuddy.com

## El Paso Gasoline Prices

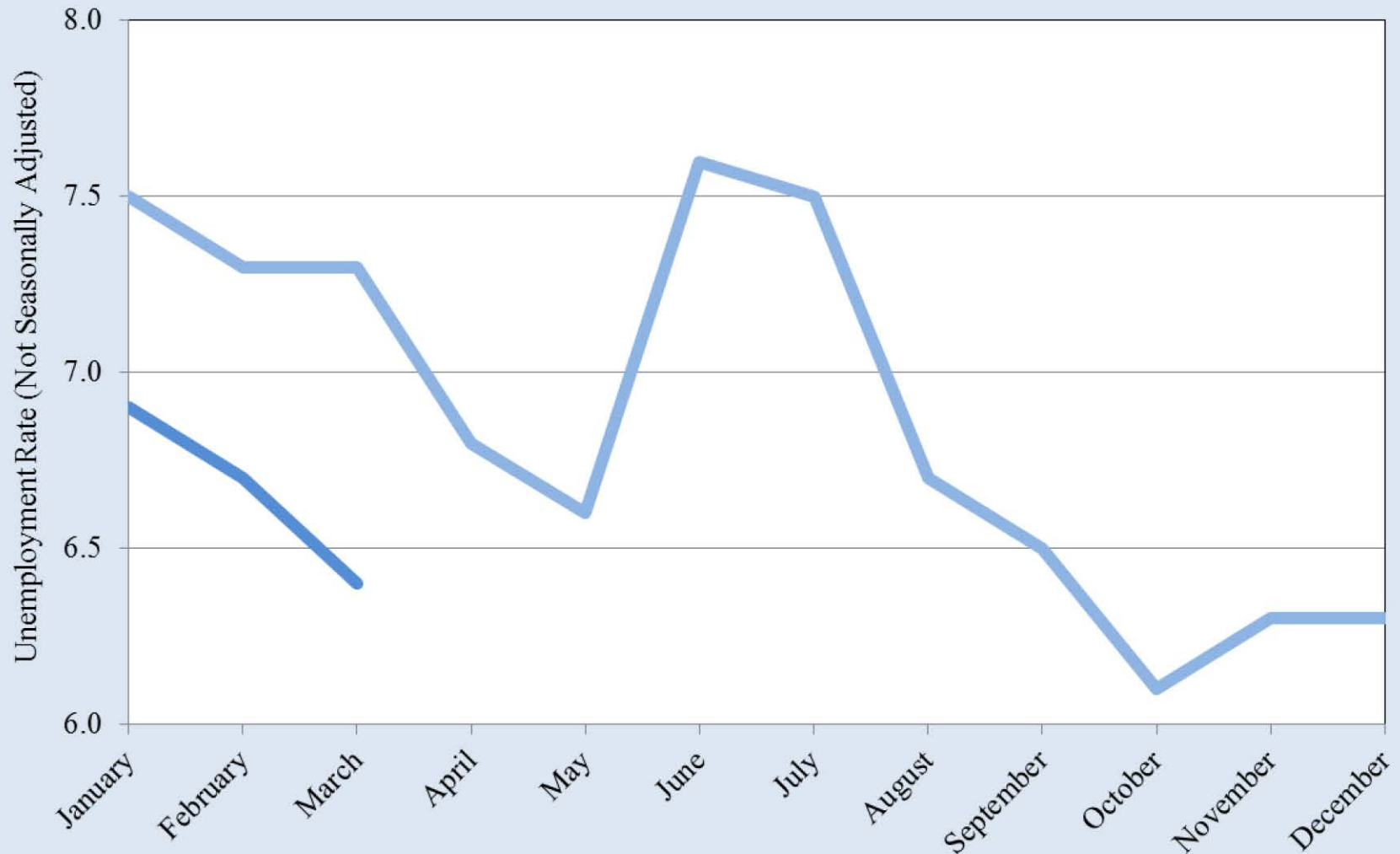


Source: GasBuddy.com



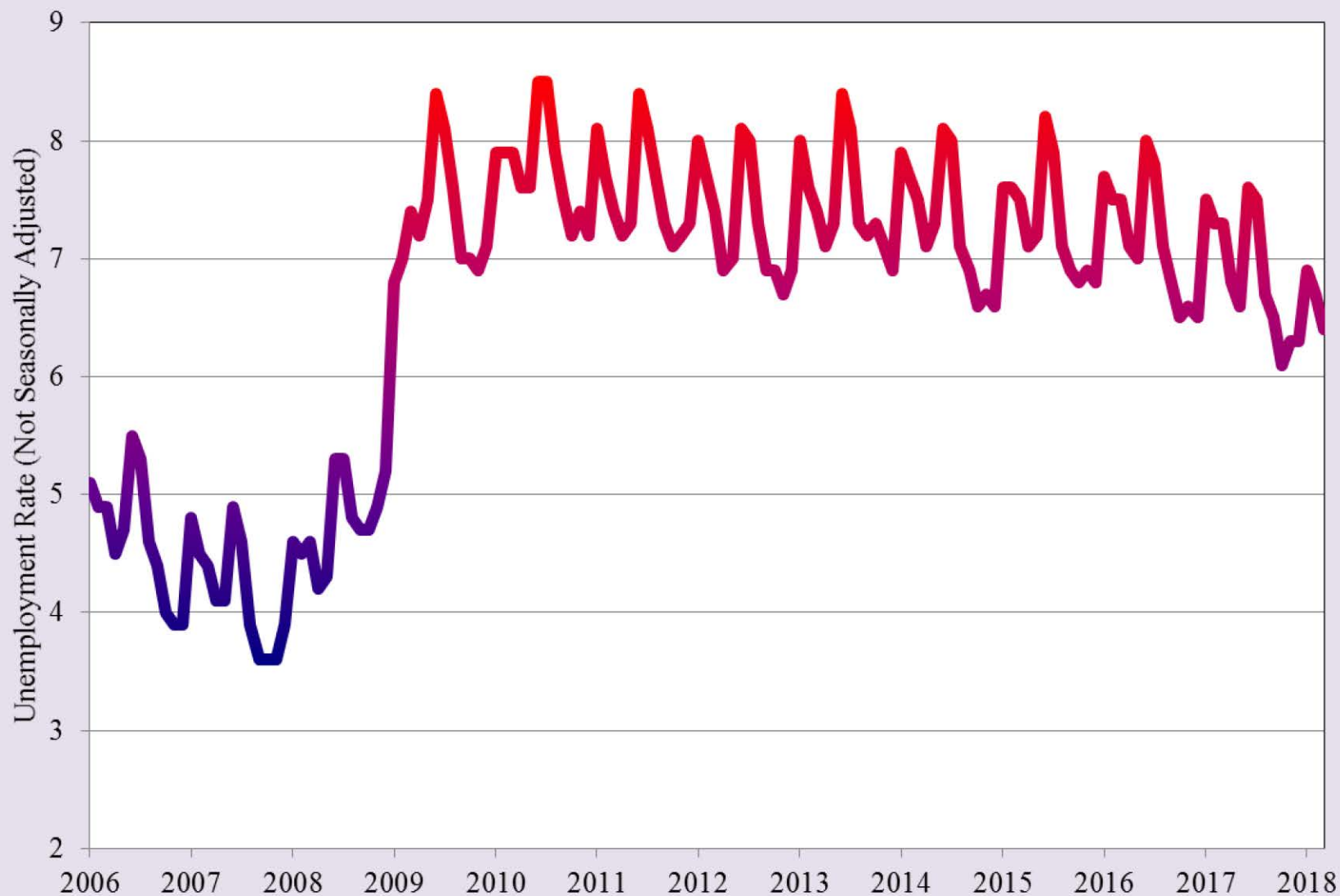
## Doña Ana County Unemployment Rate

2017 2018



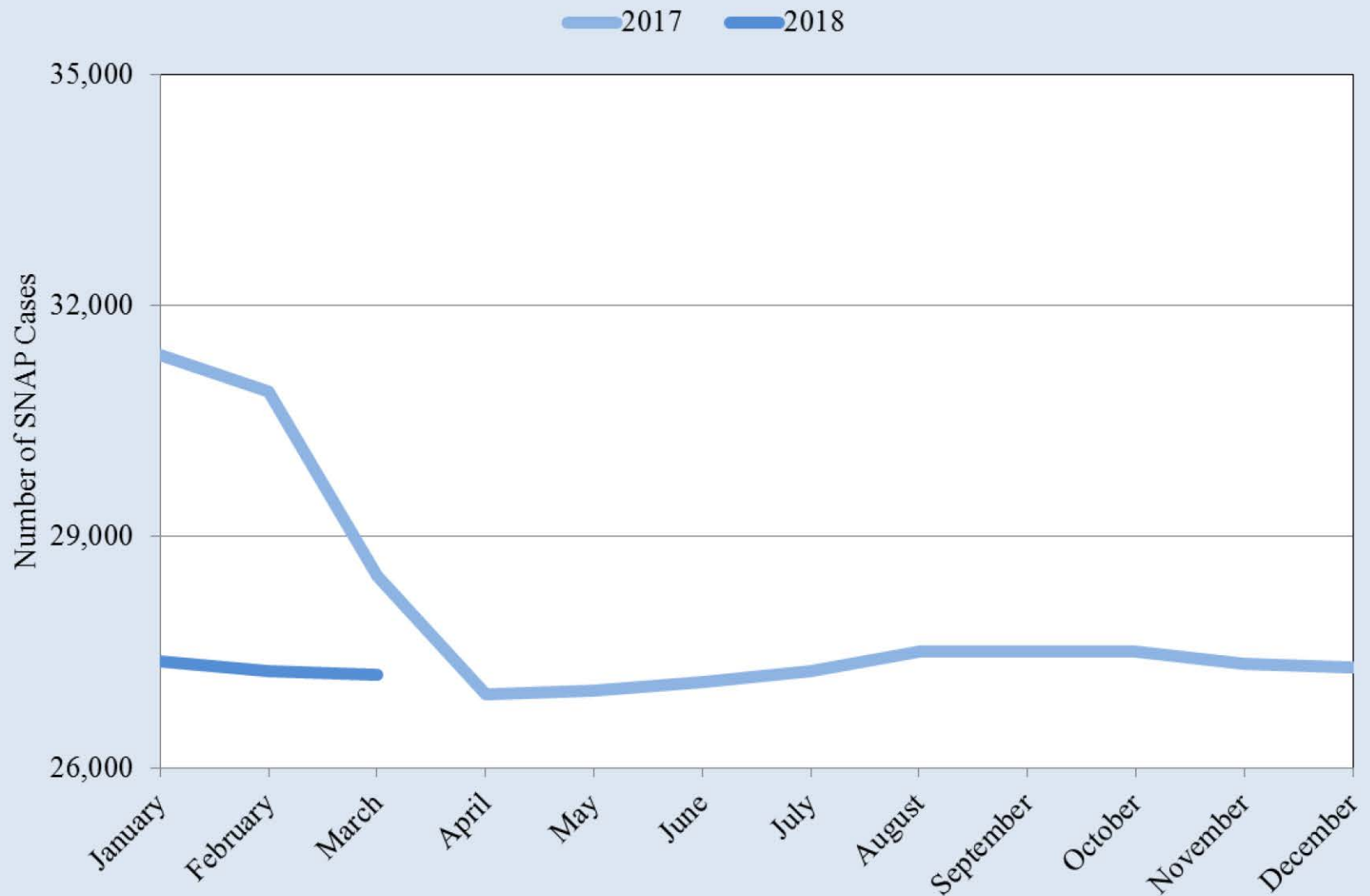
Source: Bureau of Labor Statistics

## Doña Ana County Unemployment Rate



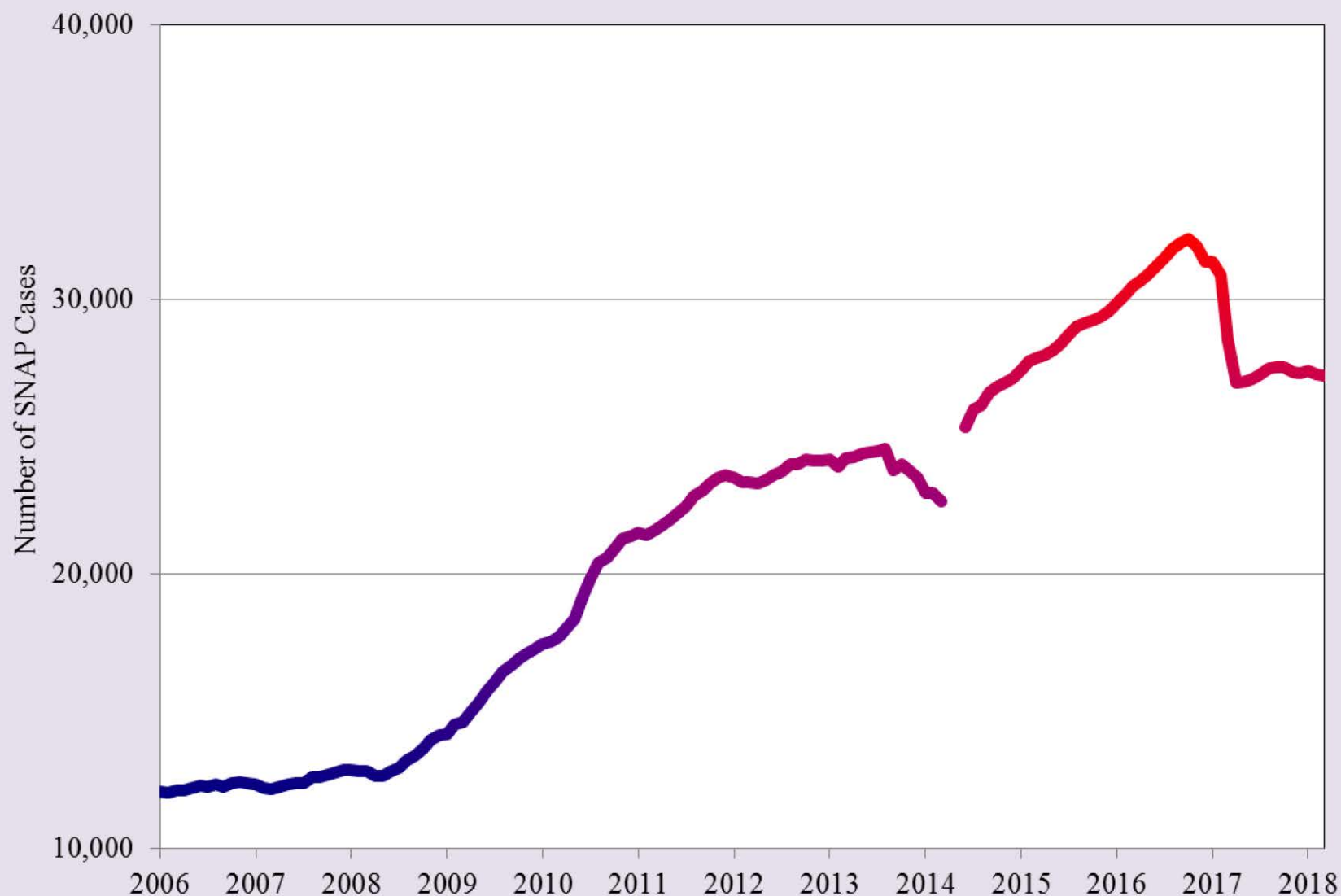
Source: Bureau of Labor Statistics

## Las Cruces Area SNAP (Food Stamp) Cases



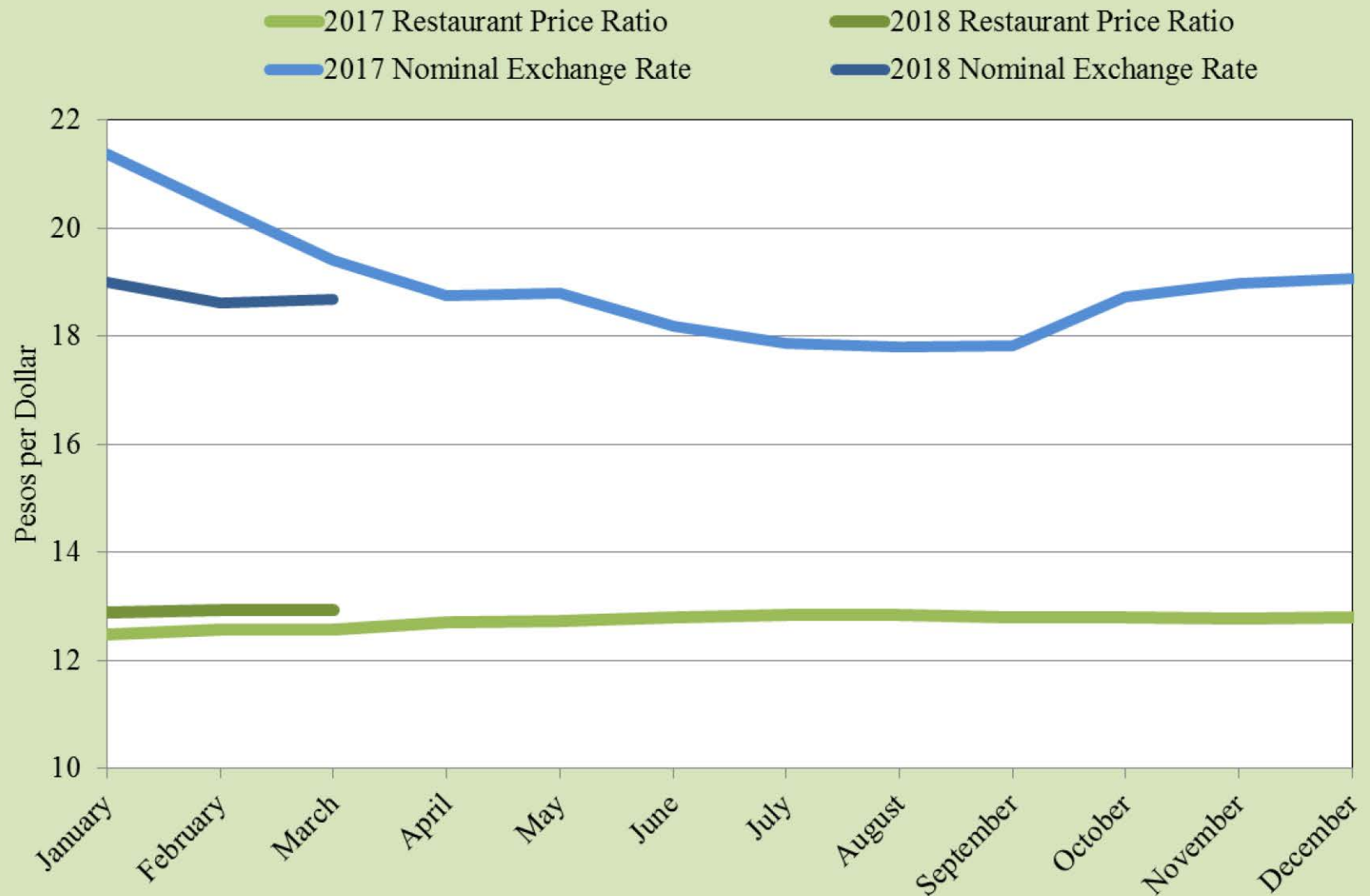
Source: New Mexico Human Services Department

## Las Cruces Area SNAP (Food Stamp) Cases



Source: New Mexico Human Services Department

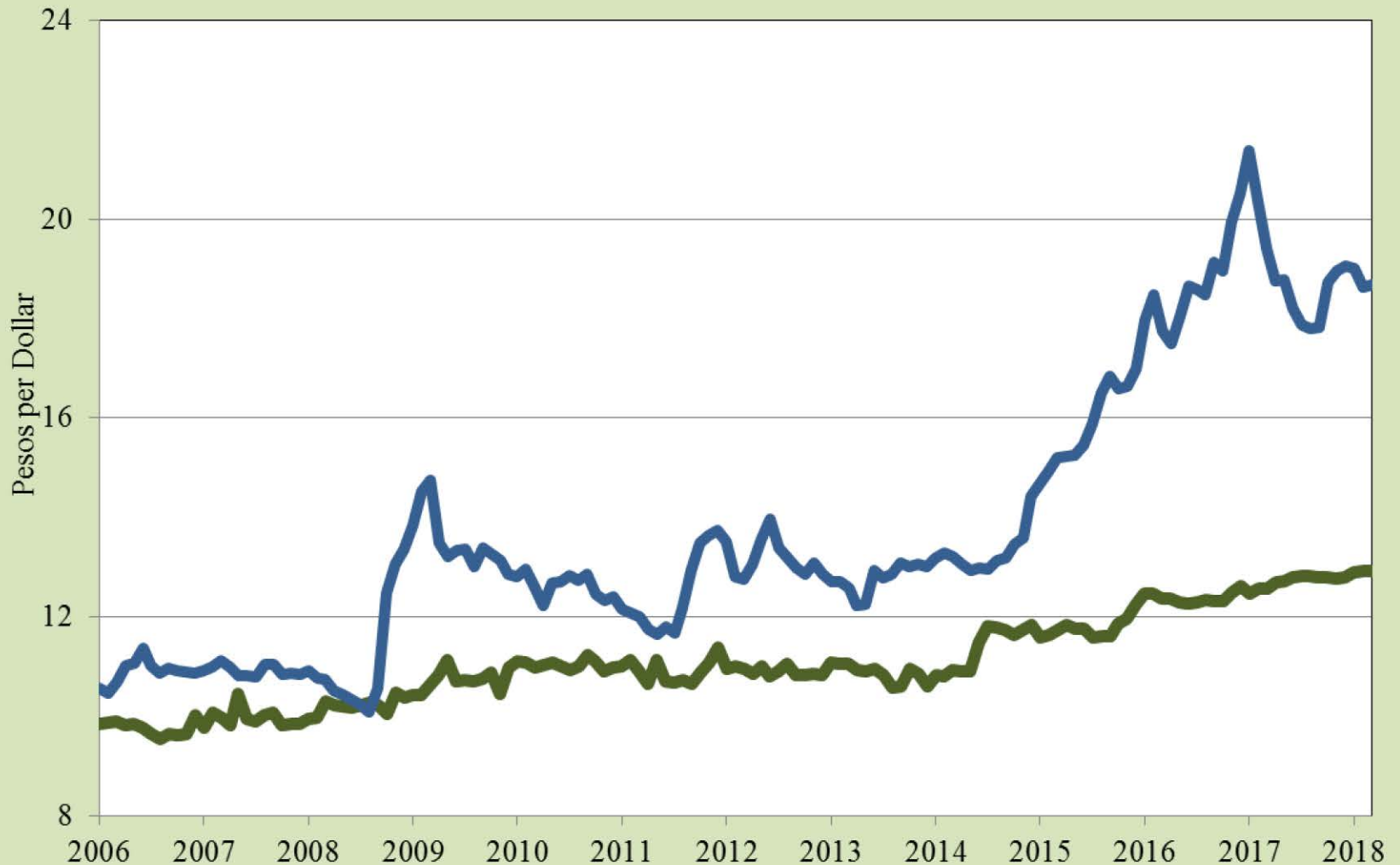
## Restaurant Price Ratio and Exchange Rate



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

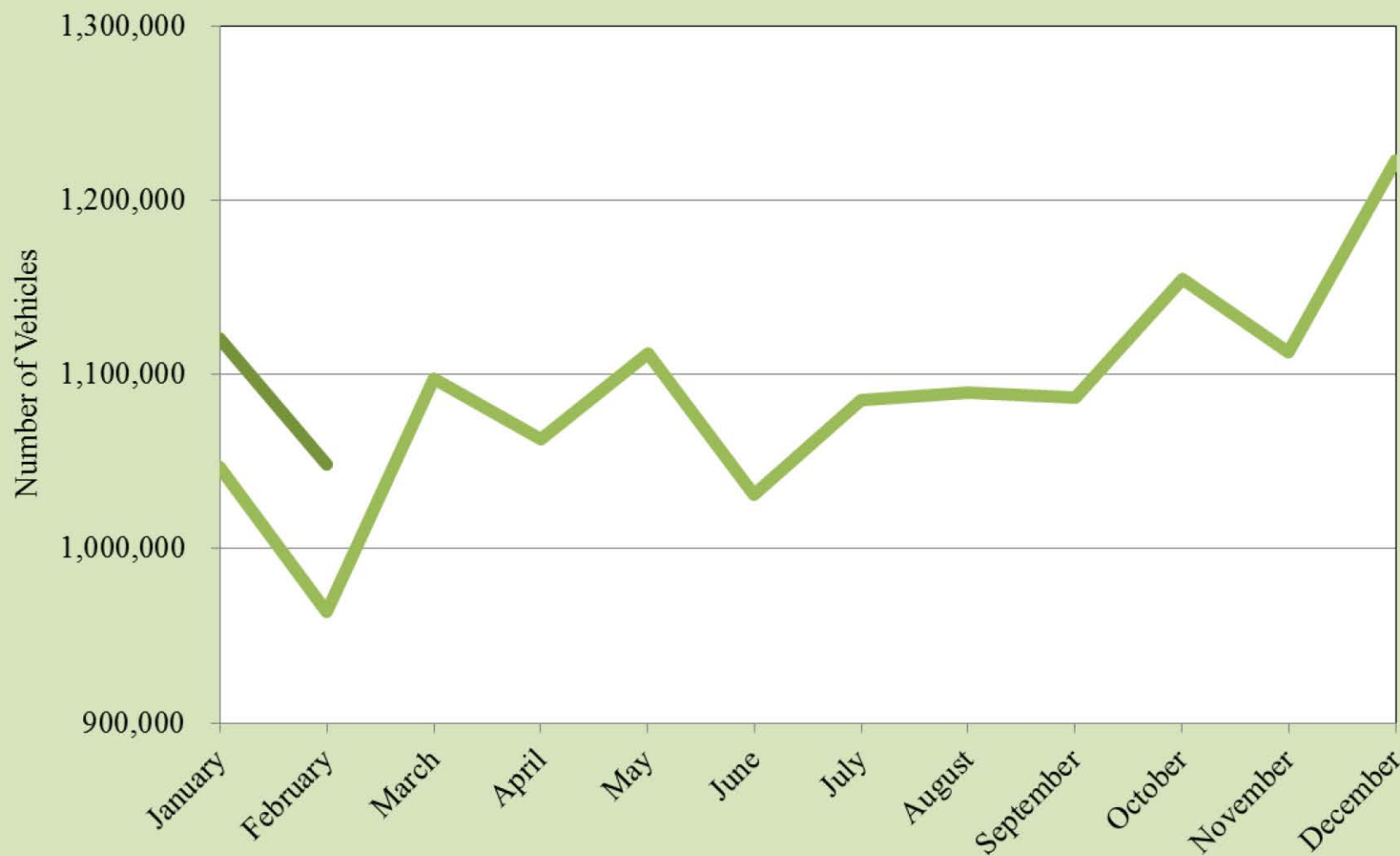


Source: UTEP Border Region Modeling Project



## Personal Vehicle International Bridge Crossings to El Paso

2017 2018



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

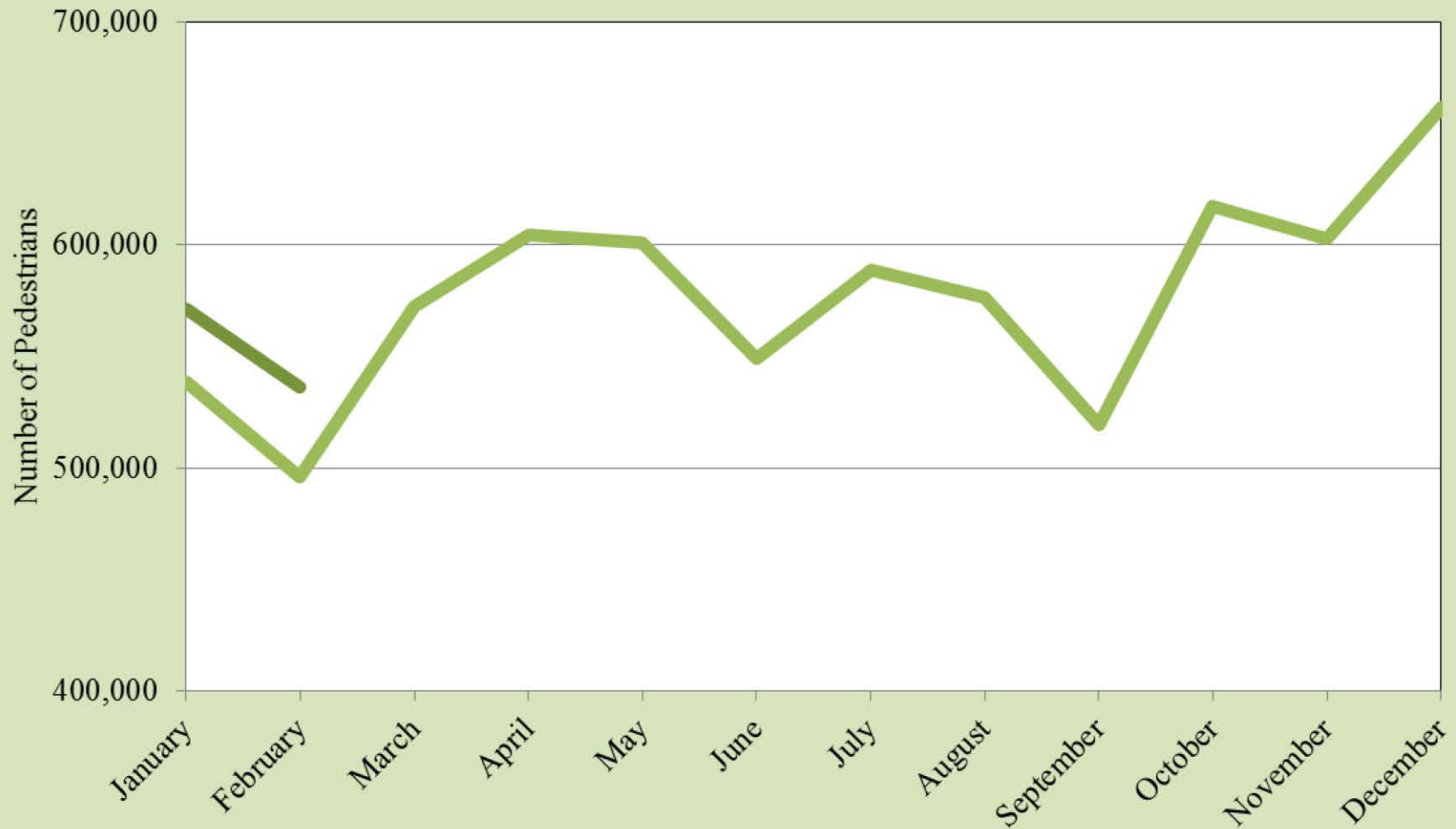
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Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

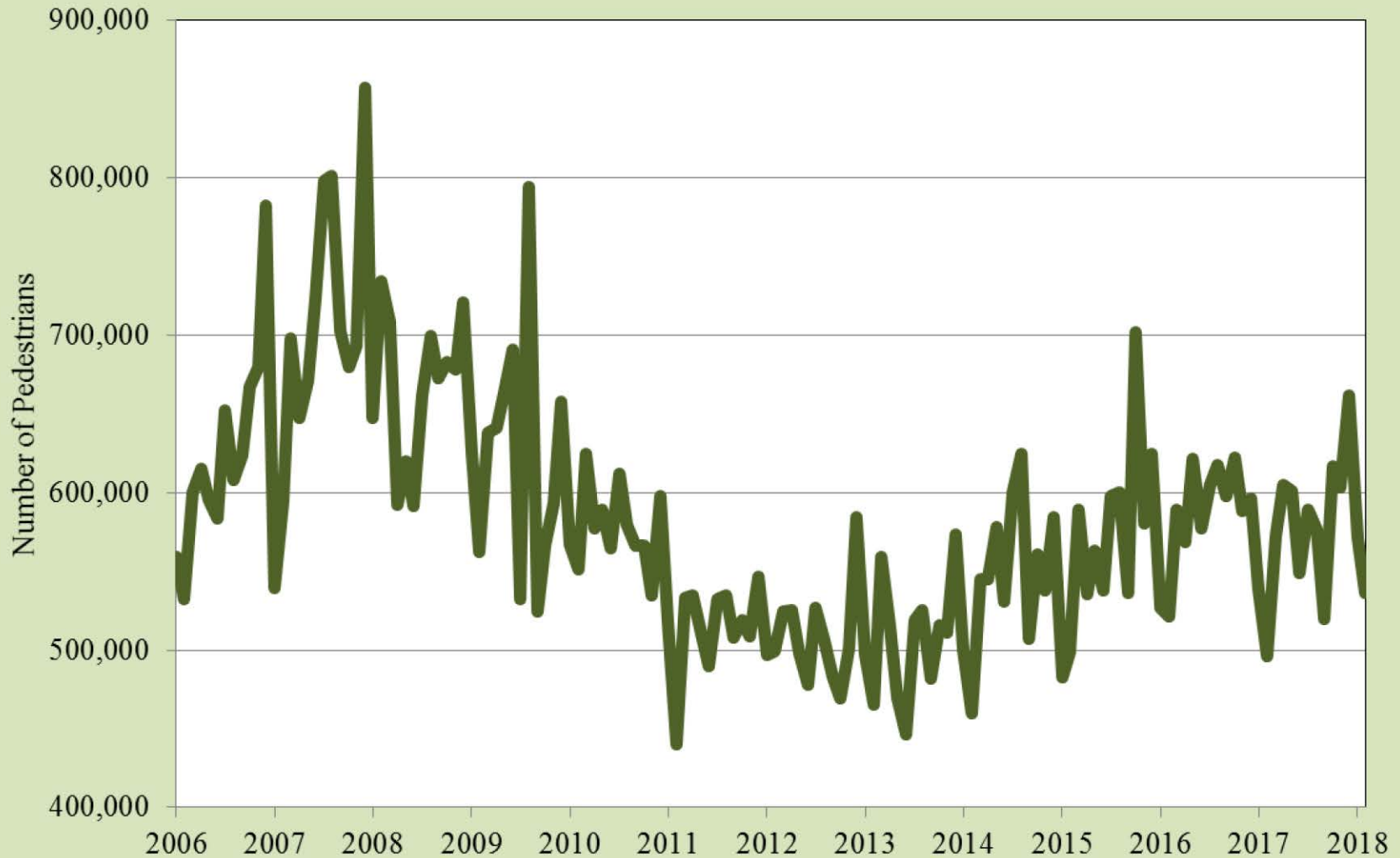
## Pedestrian International Bridge Crossings to El Paso

2017 2018



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

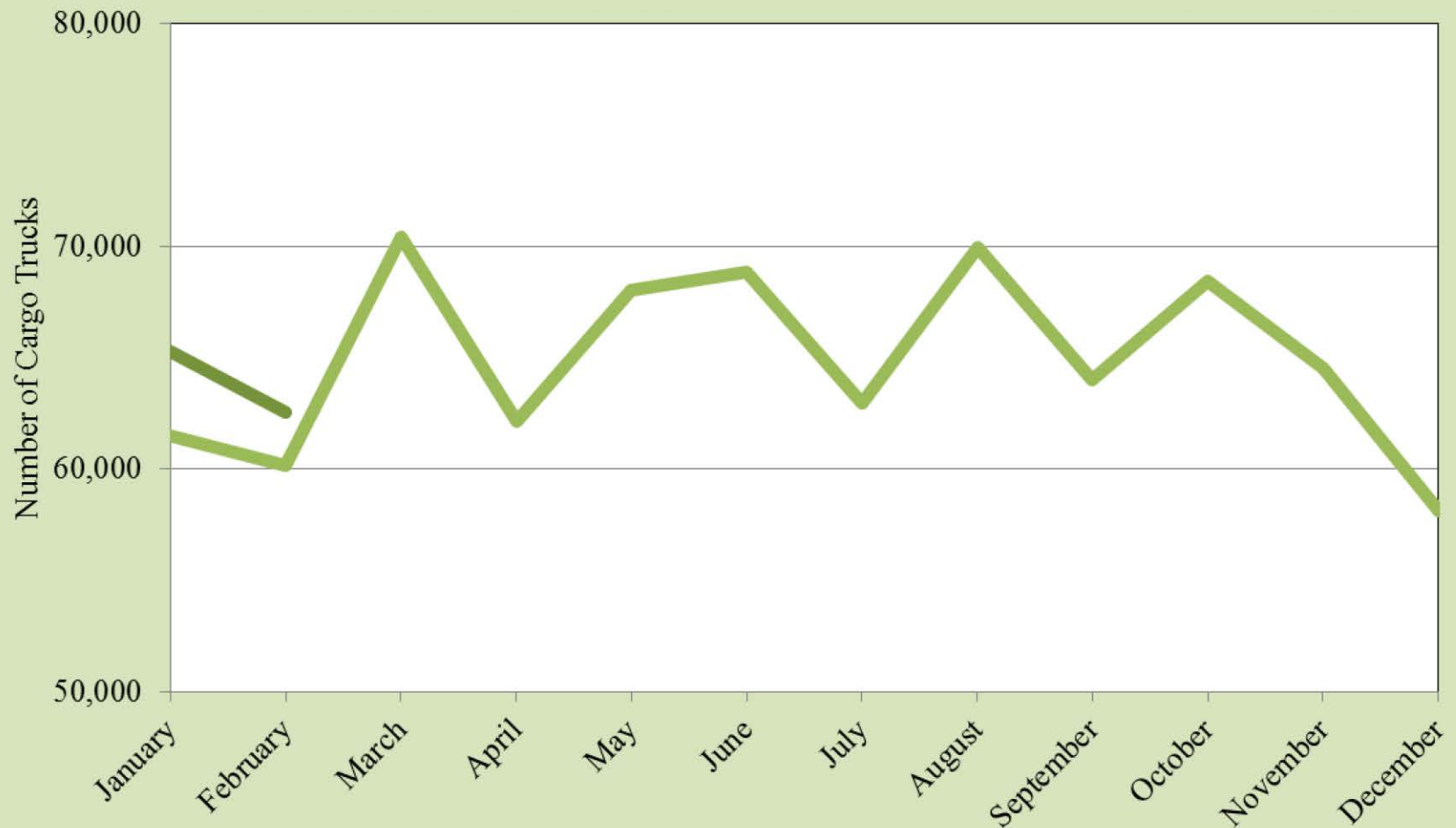
## Pedestrian International Bridge Crossings to El Paso



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

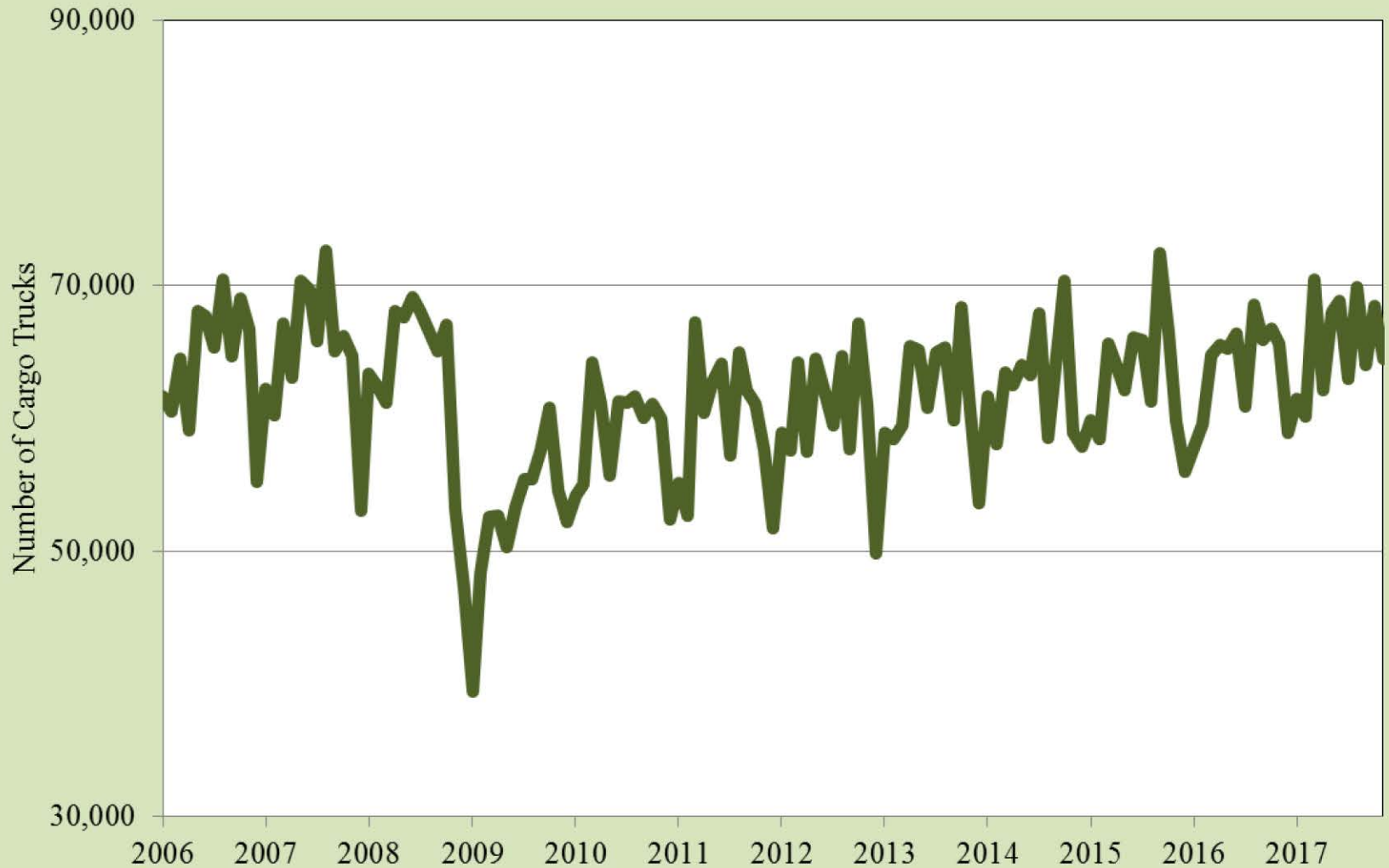
## Cargo Truck International Bridge Crossings to El Paso

2017 2018



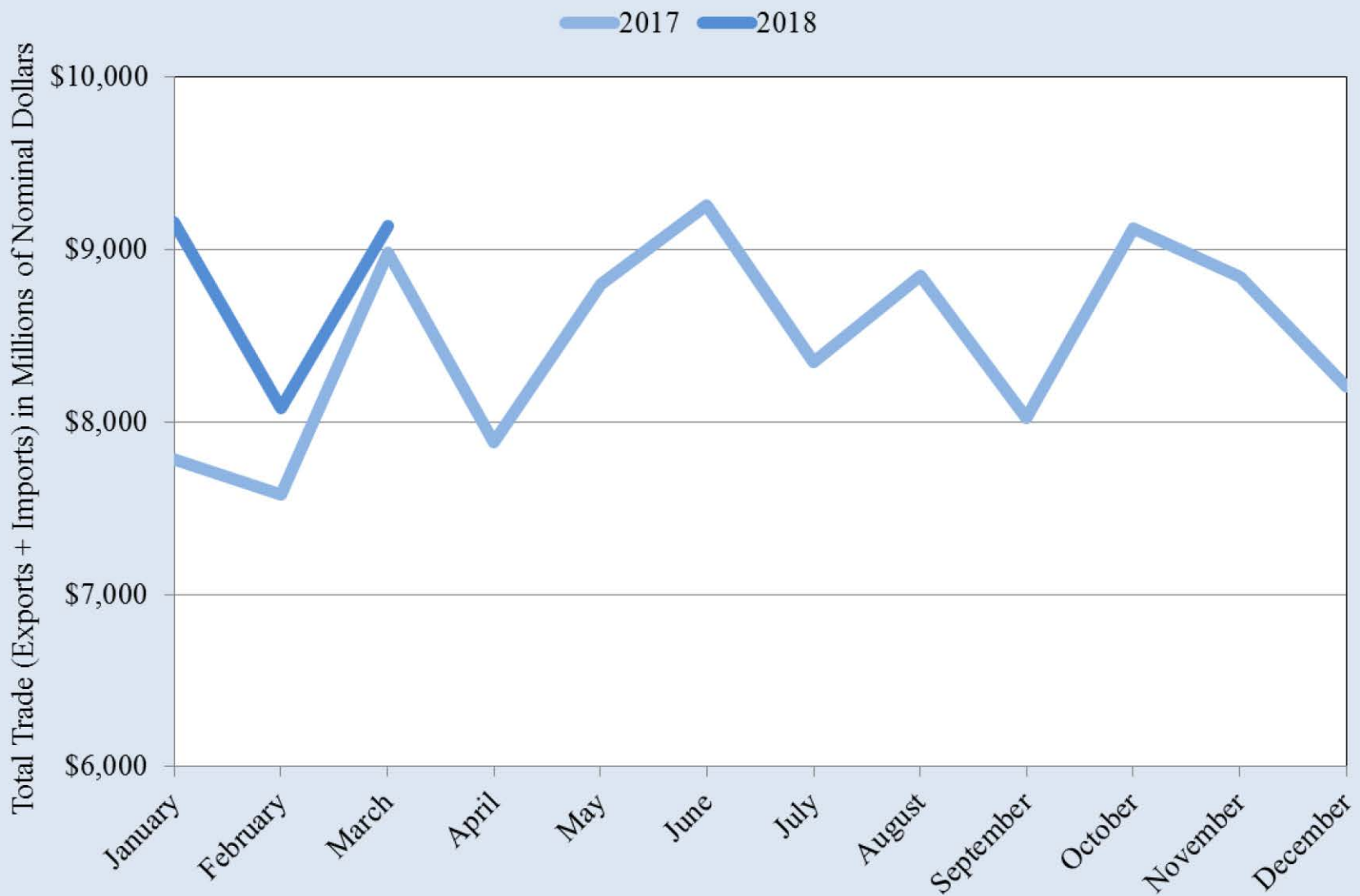
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

## Cargo Truck International Bridge Crossings to El Paso



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

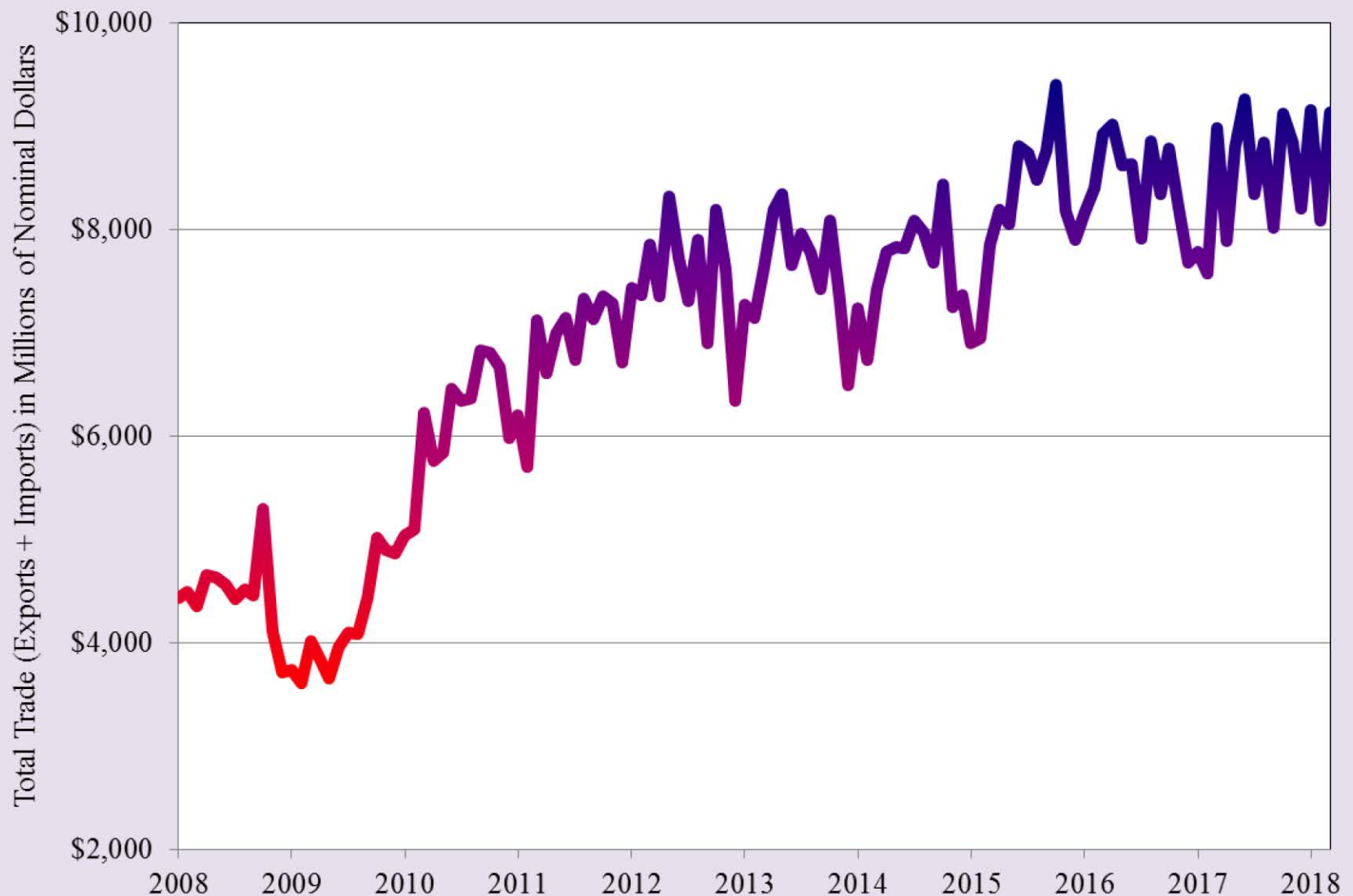
## Total Trade through the El Paso Customs District



Source: U.S. International Trade Commission



## Total Trade through the El Paso Customs District

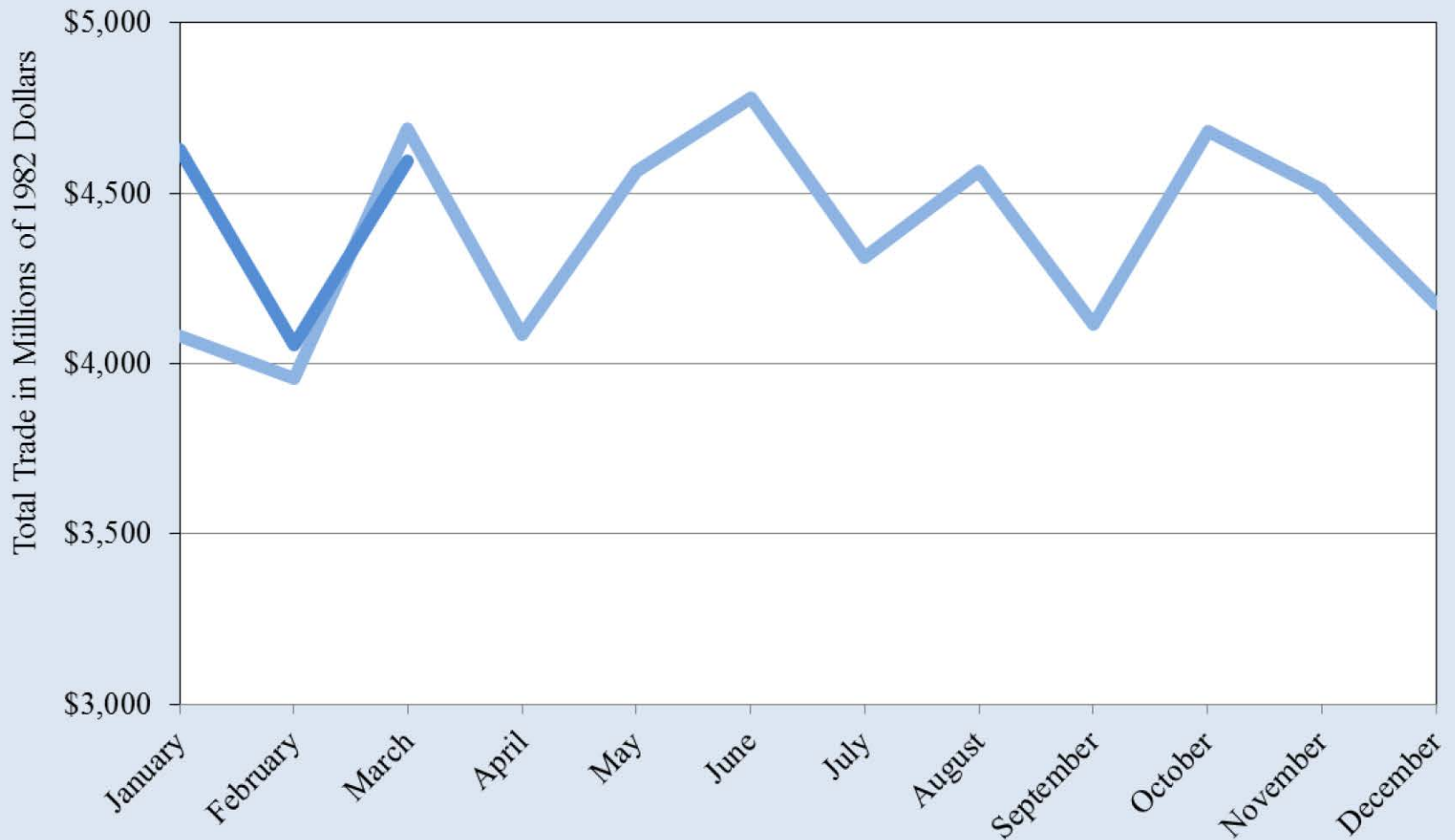


Source: U.S. International Trade Commission



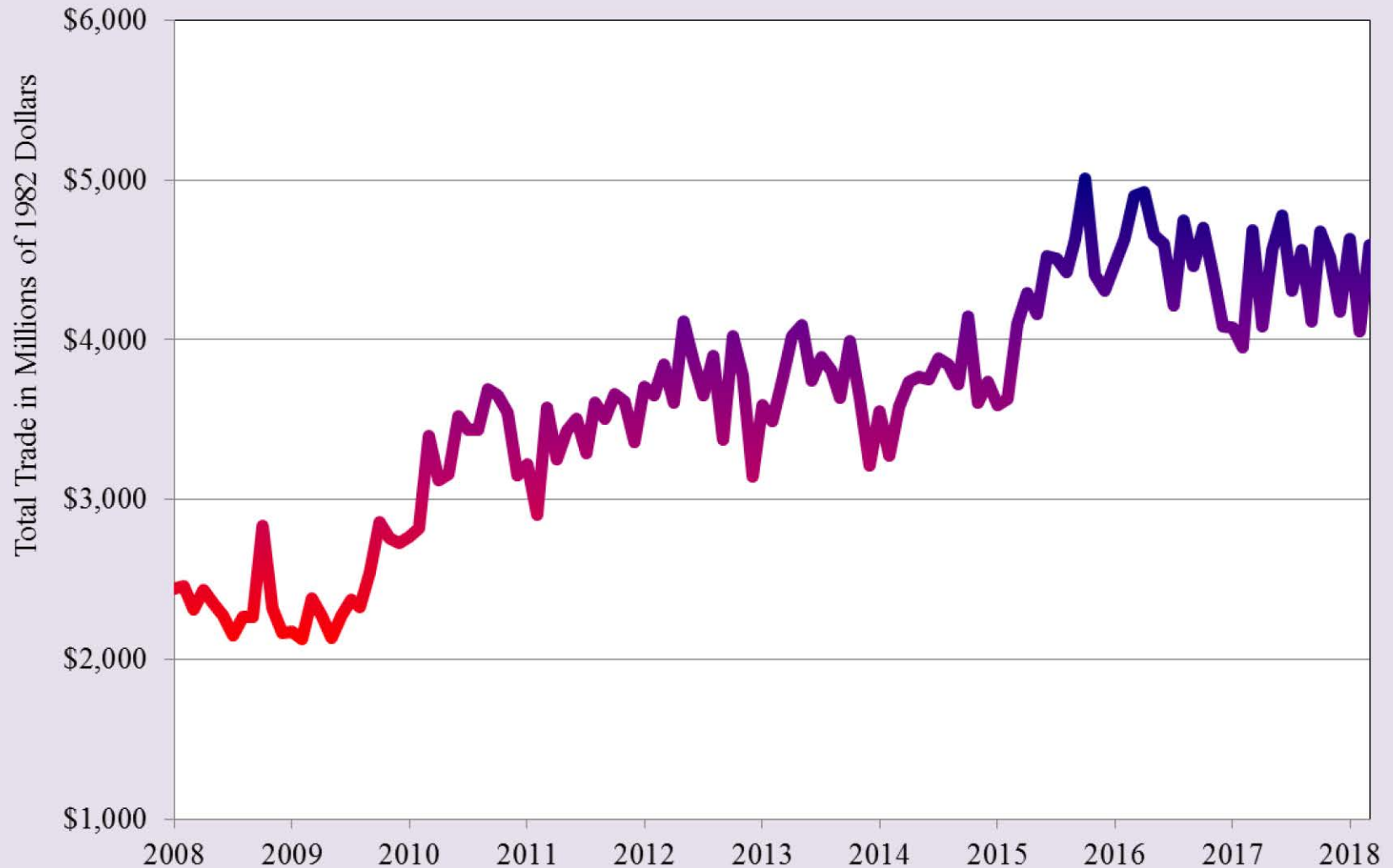
## Real Total Trade through the El Paso Customs District

— 2017 — 2018



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

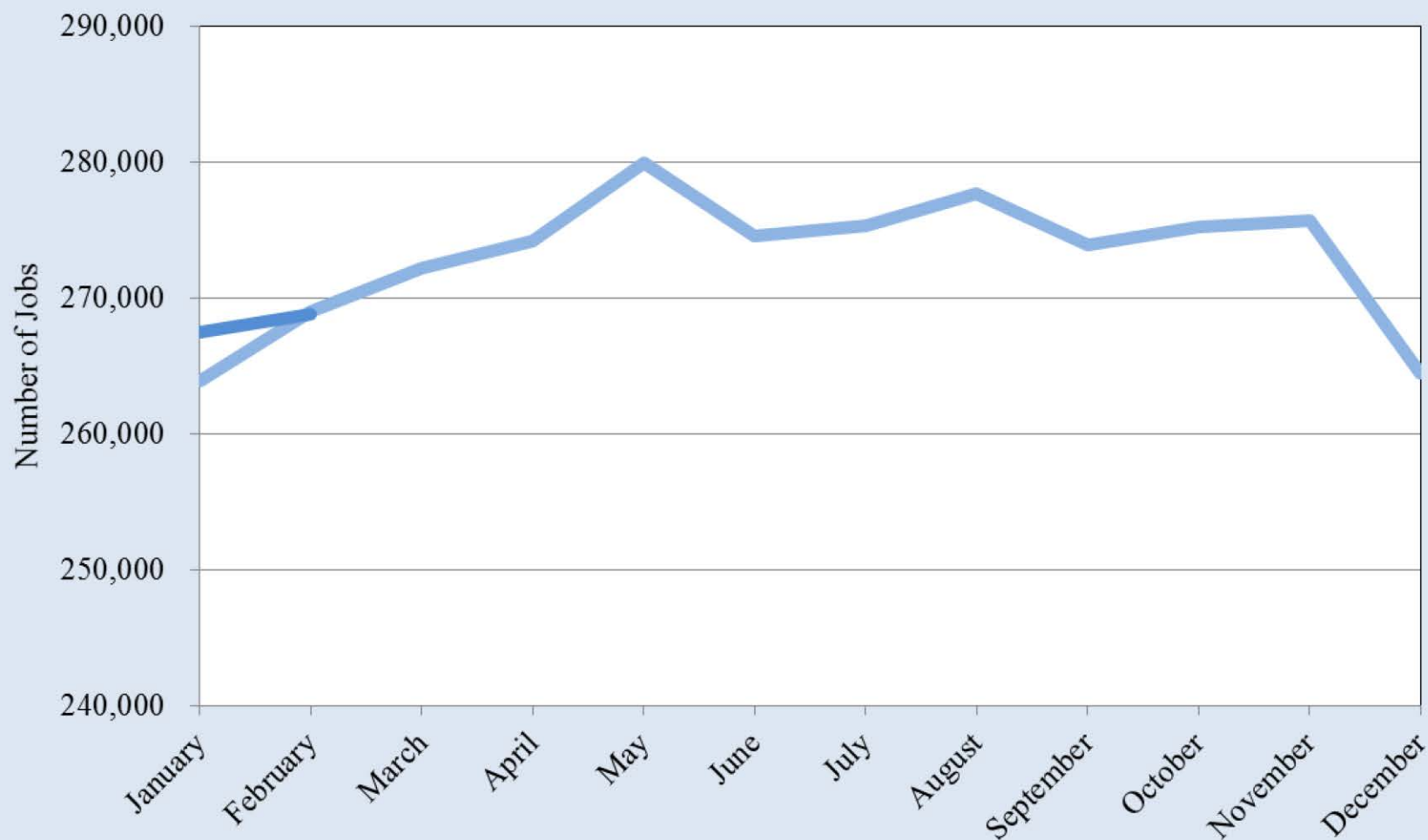
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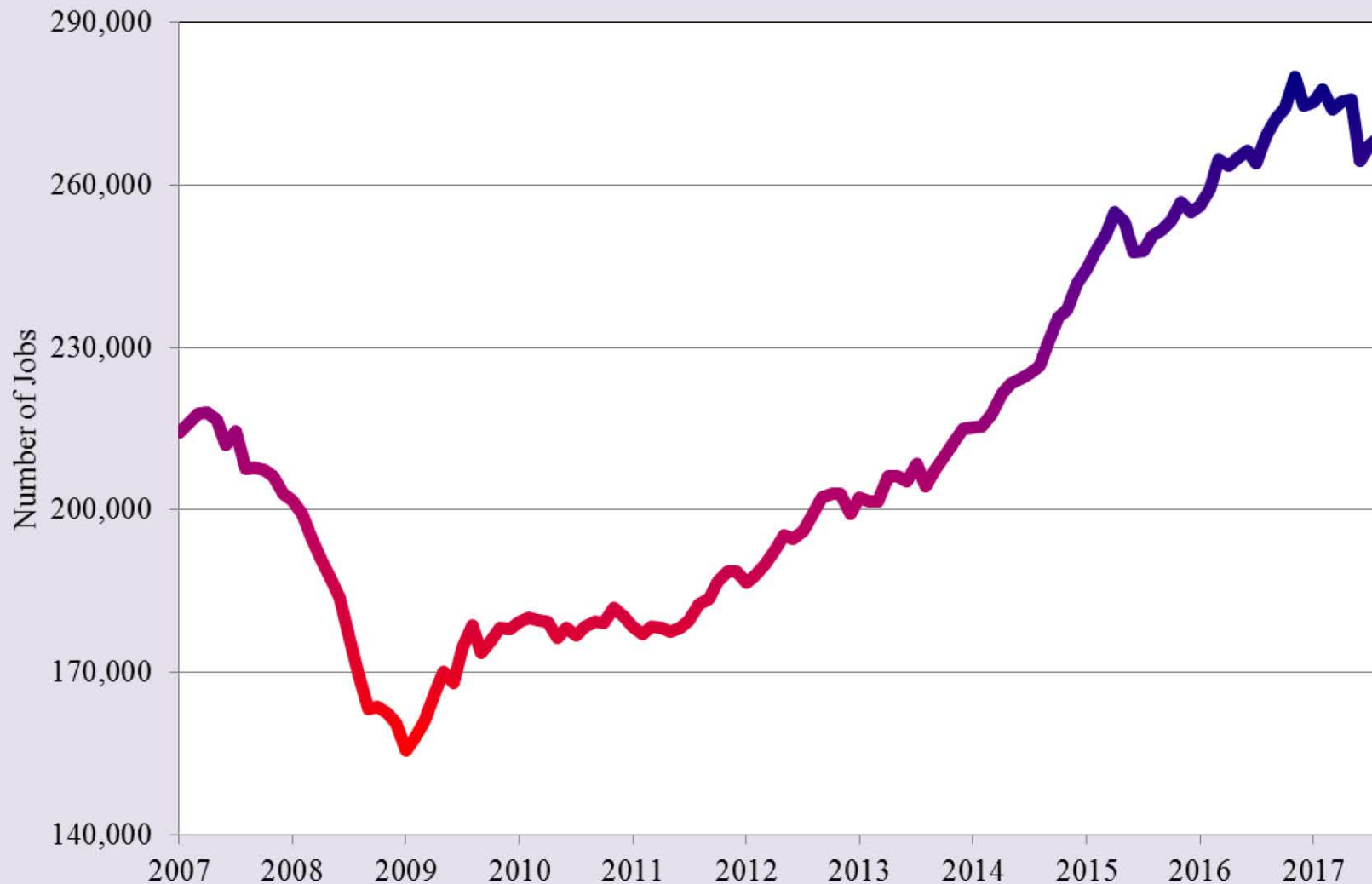
## Export-Oriented Manufacturing Employment in Ciudad Juárez

— 2017 — 2018



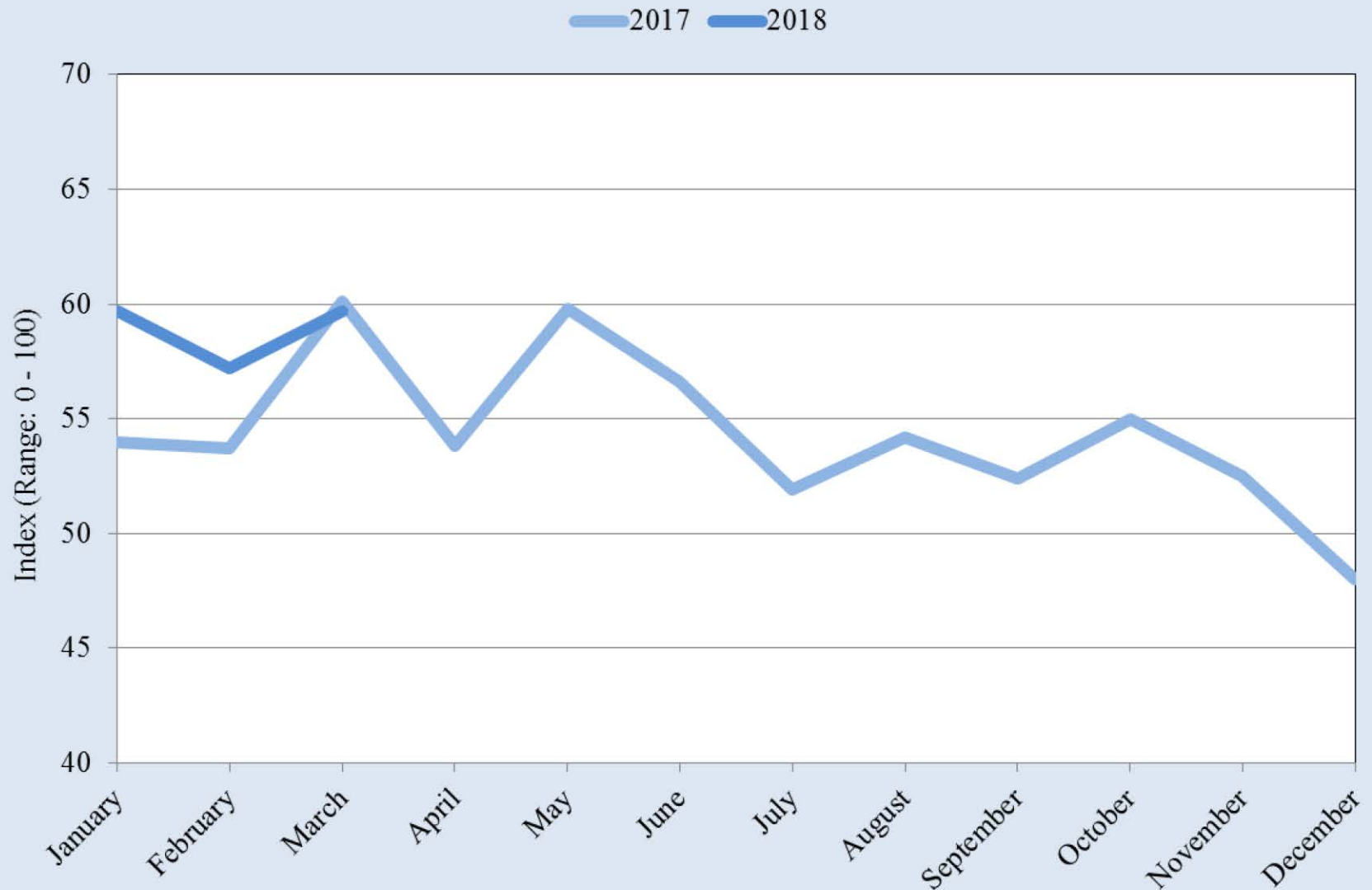
Source: INEGI

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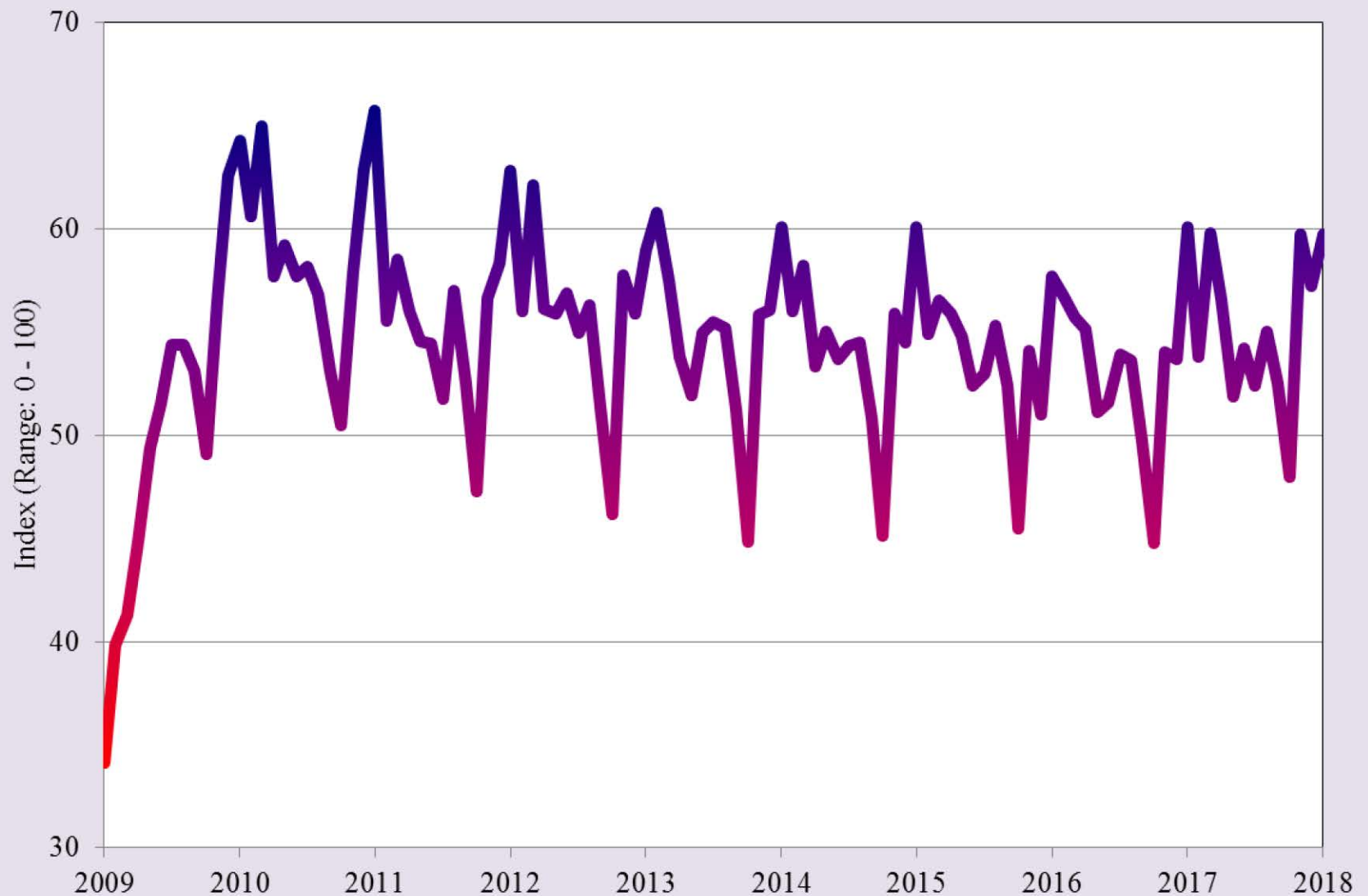
Source: INEGI

## Northern Mexico Manufacturing Orders Index



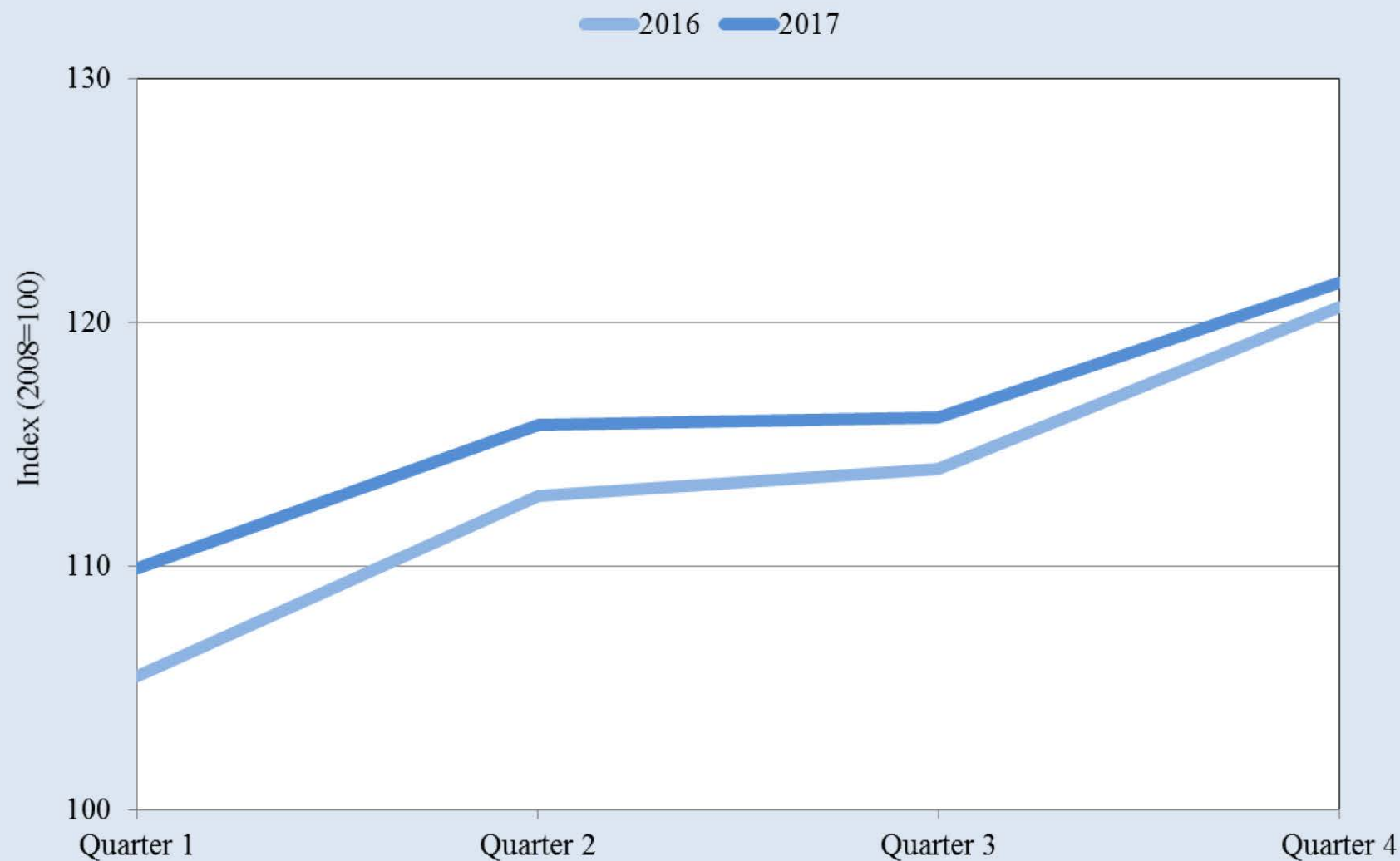
Source: Banco de México

## Northern Mexico Manufacturing Orders Index



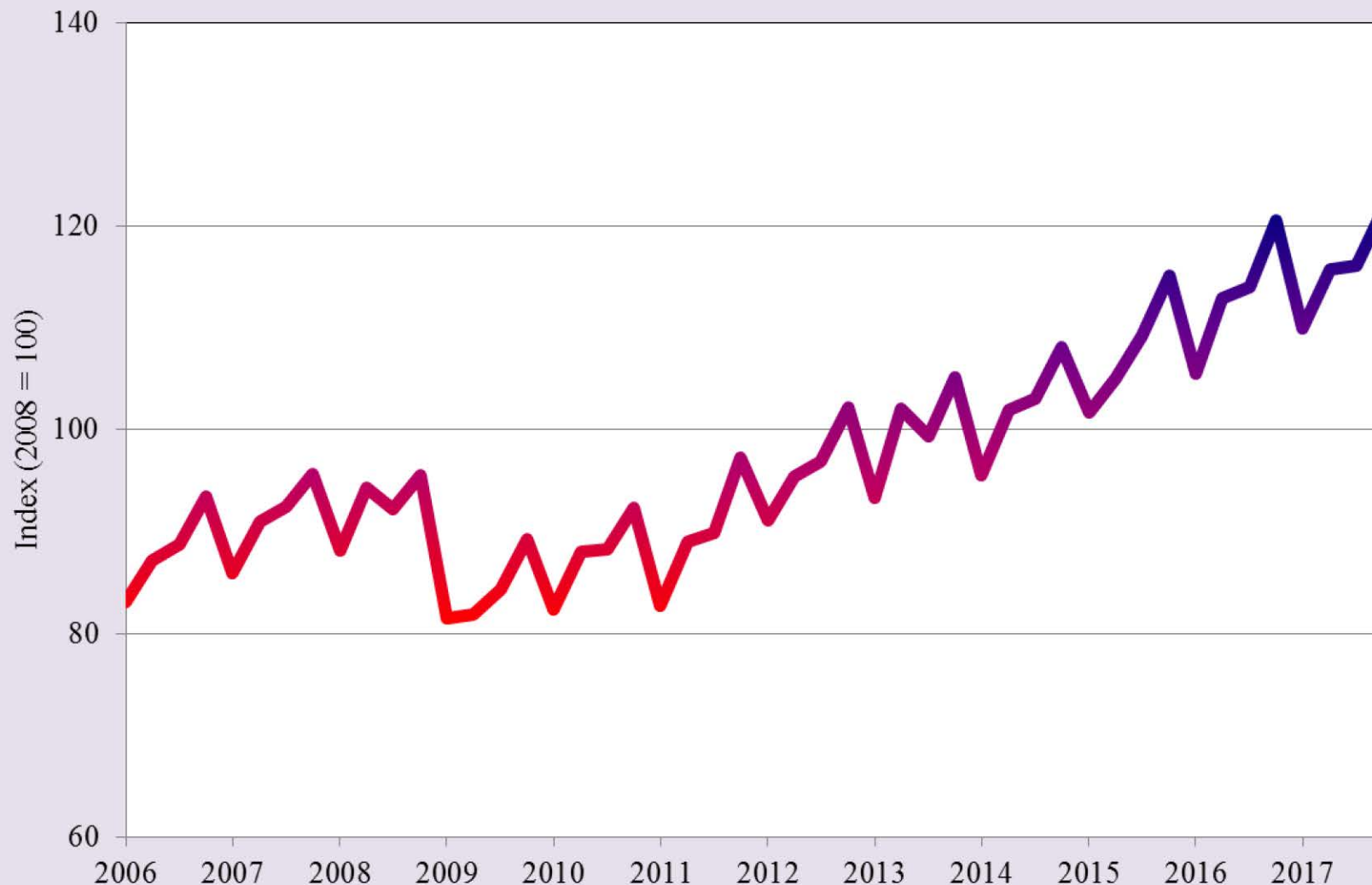
Source: Banco de México

## Quarterly Indicator of Economic Activity for the State of Chihuahua



Source: INEGI

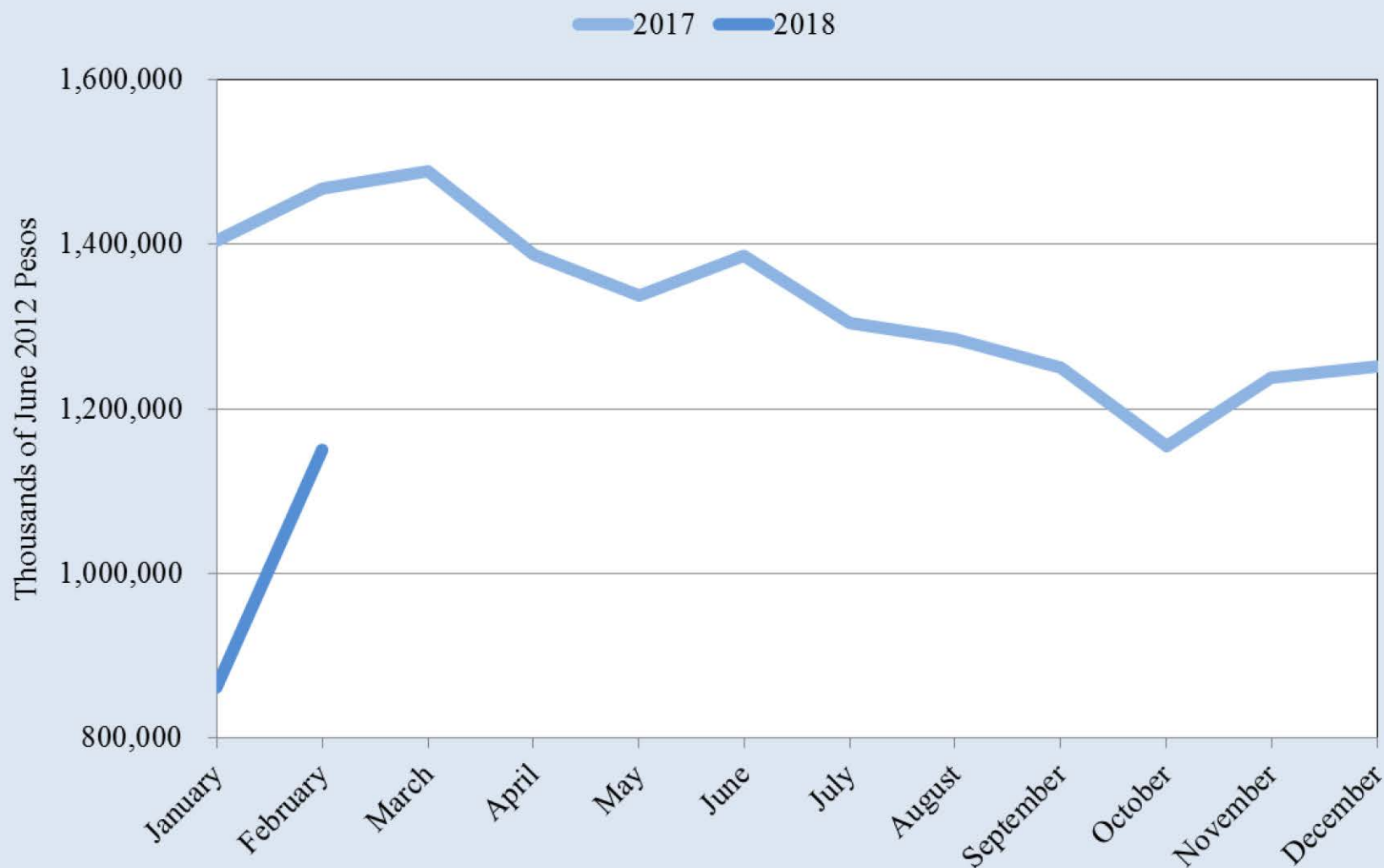
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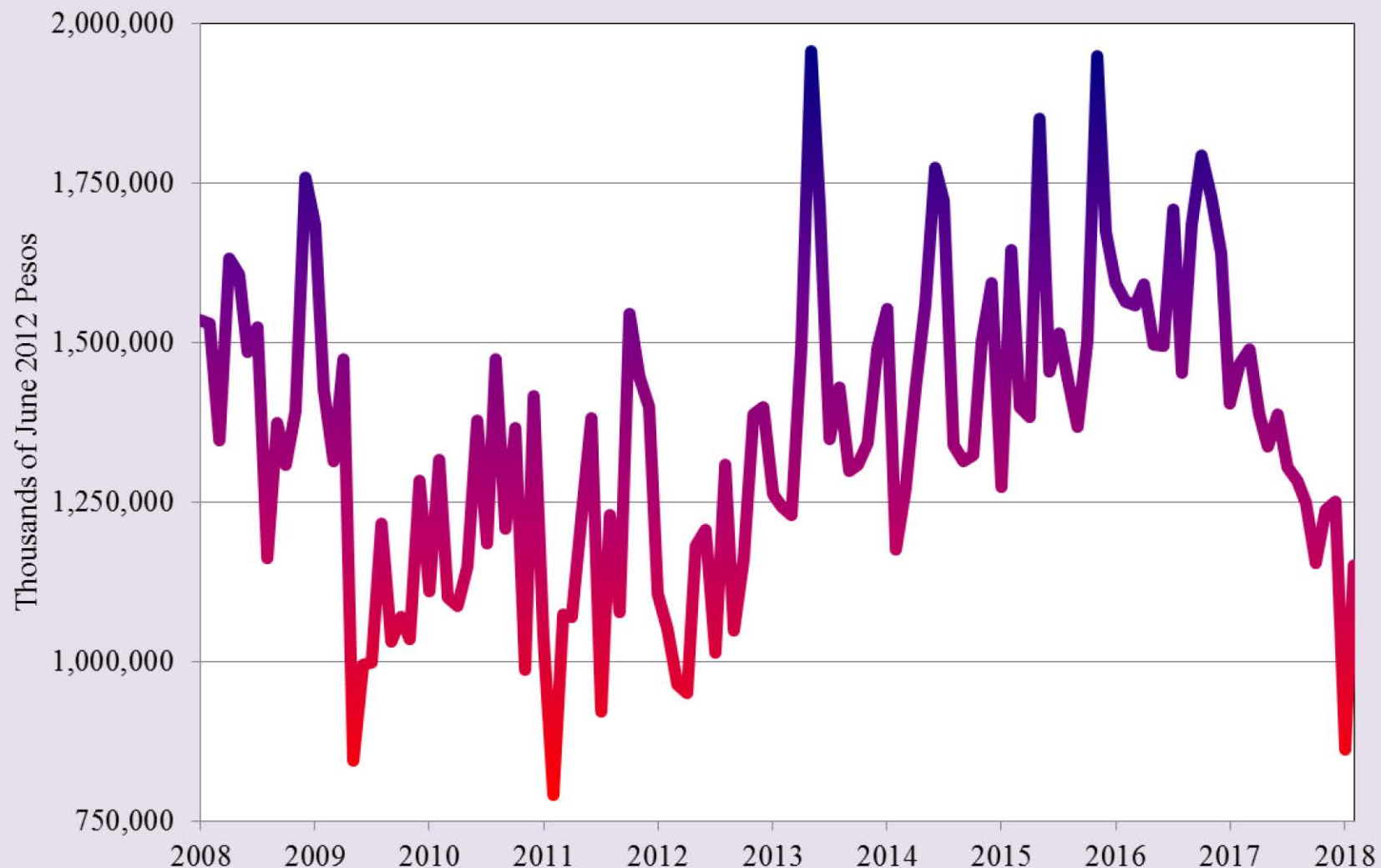


## Total Value of Construction in the State of Chihuahua



Source: INEGI

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Source: INEGI

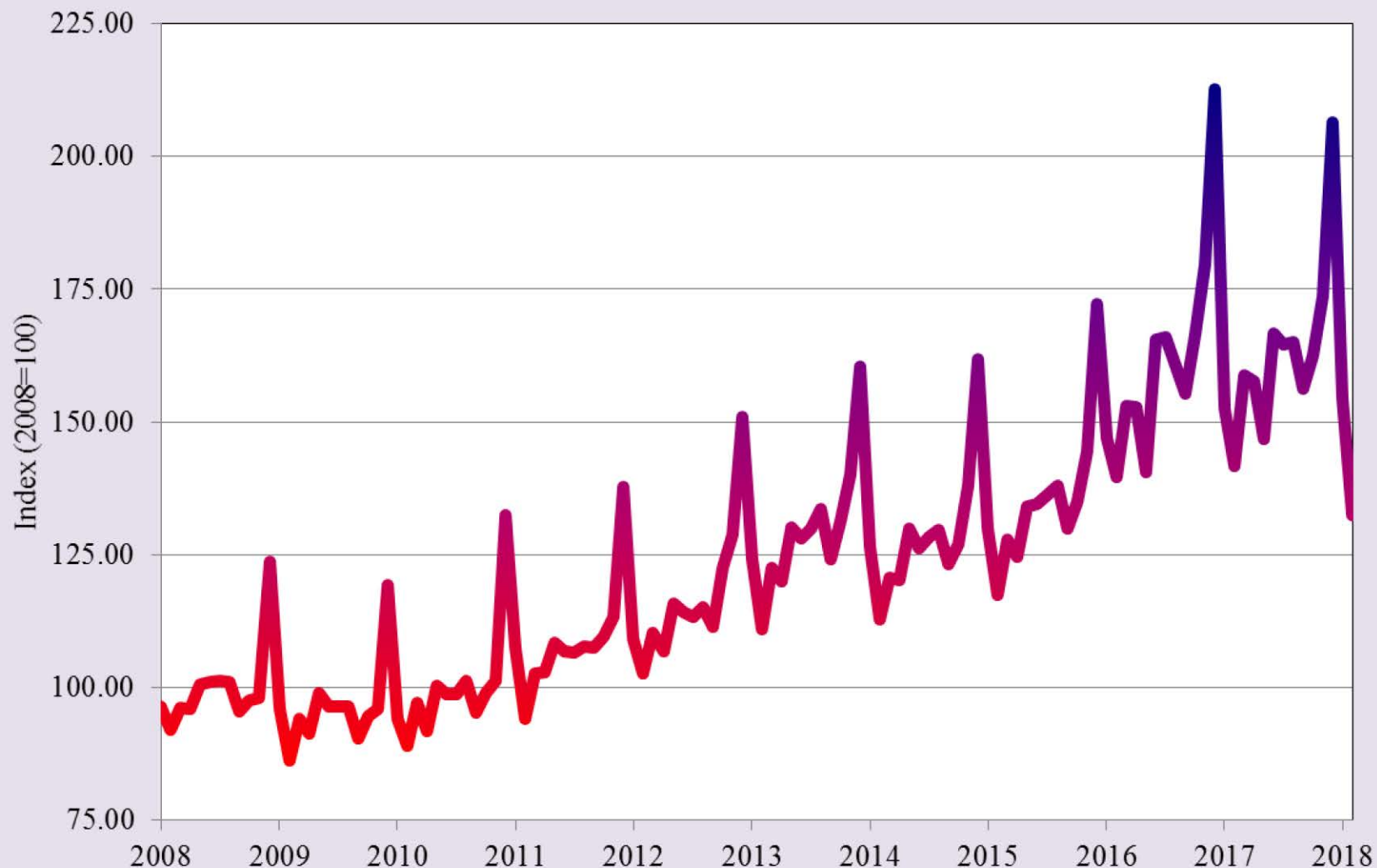
## Real Retail Activity Index for the State of Chihuahua

— 2017 — 2018



Source: INEGI

## Real Retail Activity Index for the State of Chihuahua



Source: INEGI



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