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# Borderplex Business Barometer, Volume 2, Number 10

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# BORDERPLEX BUSINESS BAROMETER

**October 2018**

**Border Region Modeling Project**

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**Borderplex Business Barometer, Volume 2, Number 10**

**Onwards and Upwards**

The Federal Reserve Bank of Dallas Business Cycle Index for the El Paso metropolitan economy set another record in August. To a large extent, that reflects ongoing labor market health. Unemployment has remained below 5 percent in El Paso for the better part of two consecutive years for the first time since 1972. Preliminary data indicate that wages are rising at rates in excess of inflation this year, also.

Given the above, it is not surprising that the El Paso Household Economic Stress Index continues to remain low by recent standards. Higher interest rates have yet to levy very much damage on household well-being, but that will potentially change in future months. At present, current economic conditions have translated into lower supplemental nutrition assistance program (SNAP or food stamp) enrollments. El Paso County participation remained below 175,000 for a seventh consecutive month again in September.

At \$154,000, the median housing price for single-family units was above the prior year level again in August. It has only been in recent months that the median price exceeds \$150,000 on a sustained basis. The supply side of the market is still tight. Months of inventory dropped to 4.2 in August, the lowest it has been since 2006. The average sales time was only 93 days in August.

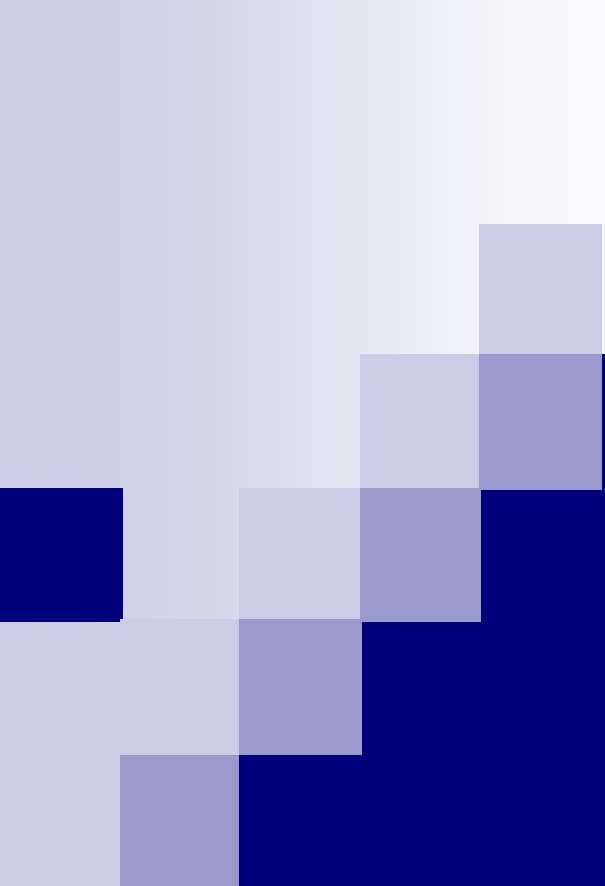
Unleaded gasoline prices declined slightly to \$2.68 per gallon in September. That is 20 cents per gallon above the year-ago average when fuel prices spiked in response to Hurricane Harvey. While gasoline has been relatively expensive throughout the first three quarters, the September price is approximately 58 cents per gallon below the September 2014 average. Geopolitical strife and unpredictable weather patterns contribute to unexpected supply variations in this market and uncertainty abounds as 2018 heads into the fourth quarter.

The Las Cruces unemployment rate remained more than 100 basis points below year-ago levels for a fifth consecutive month in August. Preliminary Bureau of Labor Statistics data indicate that the Doña Ana County civilian labor force continued to decline in August, as Permian Basin - Little Texas energy companies continue to lure workers out of the Mesilla Valley. Closer to home, employment in Las Cruces has increased on a year-to-year basis for every month in 2018. Illustrative of improved labor market health, area SNAP caseloads remained below the 28,000 mark for a seventeenth consecutive month in August.

The peso-per-dollar nominal exchange rate declined by 31 centavos in August.

Although a new trade accord (USMCA) with Canada and Mexico has been announced, there is enough global economic and financial uncertainty to maintain a sizable gap between the nominal exchange rate and the Borderplex restaurant price ratio. If large scale economic disruptions are avoided, further divergence between those measures should be avoided.

Traffic volumes across the international bridges have been relatively stable in 2018. For large trucks, that reflects merchandise trade flow patterns through the El Paso Customs District. Manufacturing orders in Northern Mexico have also been fairly stationary in 2018. If a business cycle downturn is avoided, reduced trade frictions between Washington and Mexico City may reverse those trends.

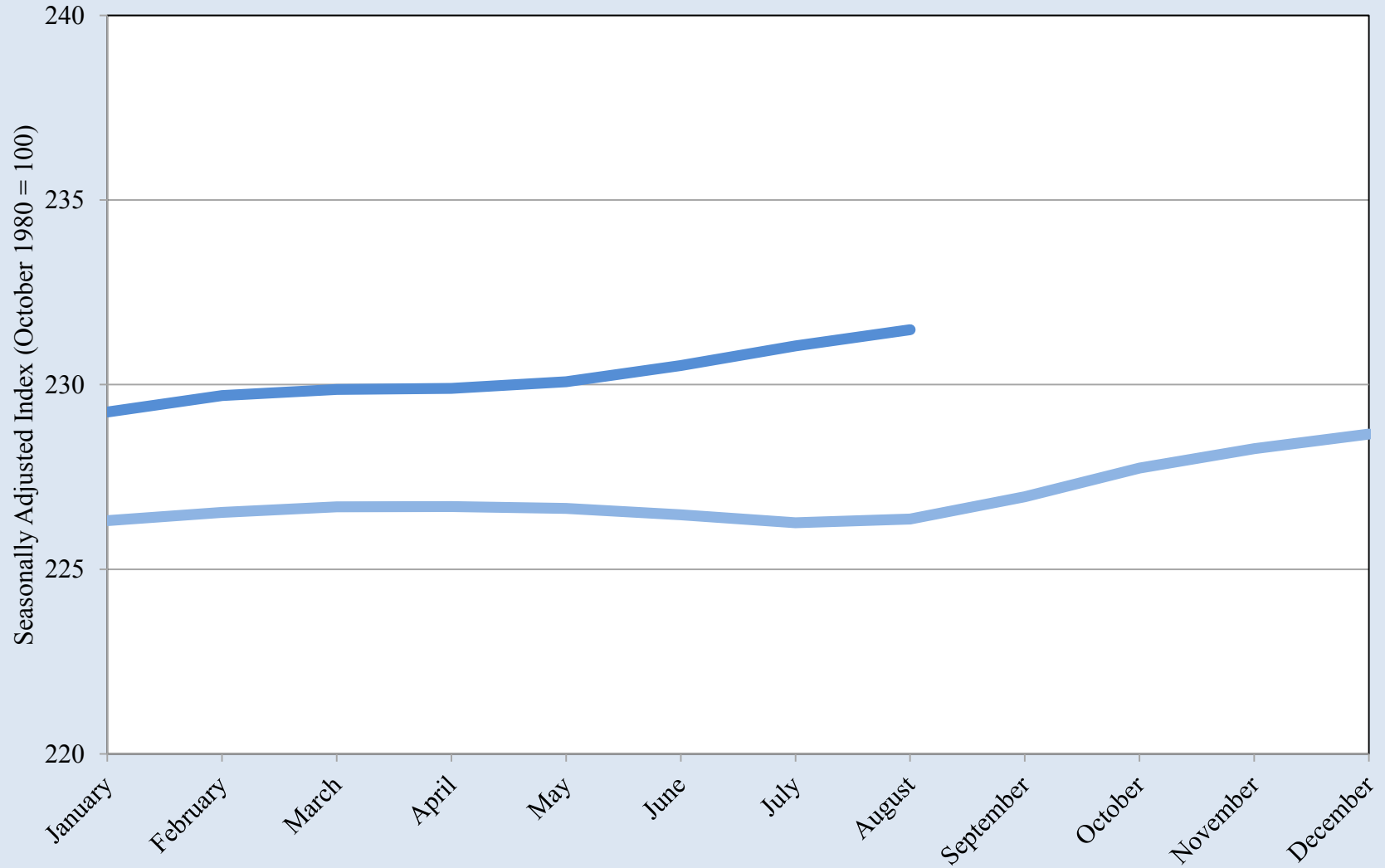


# **Borderplex Business Barometer**

Border Region Modeling Project  
Department of Economics & Finance  
University of Texas at El Paso

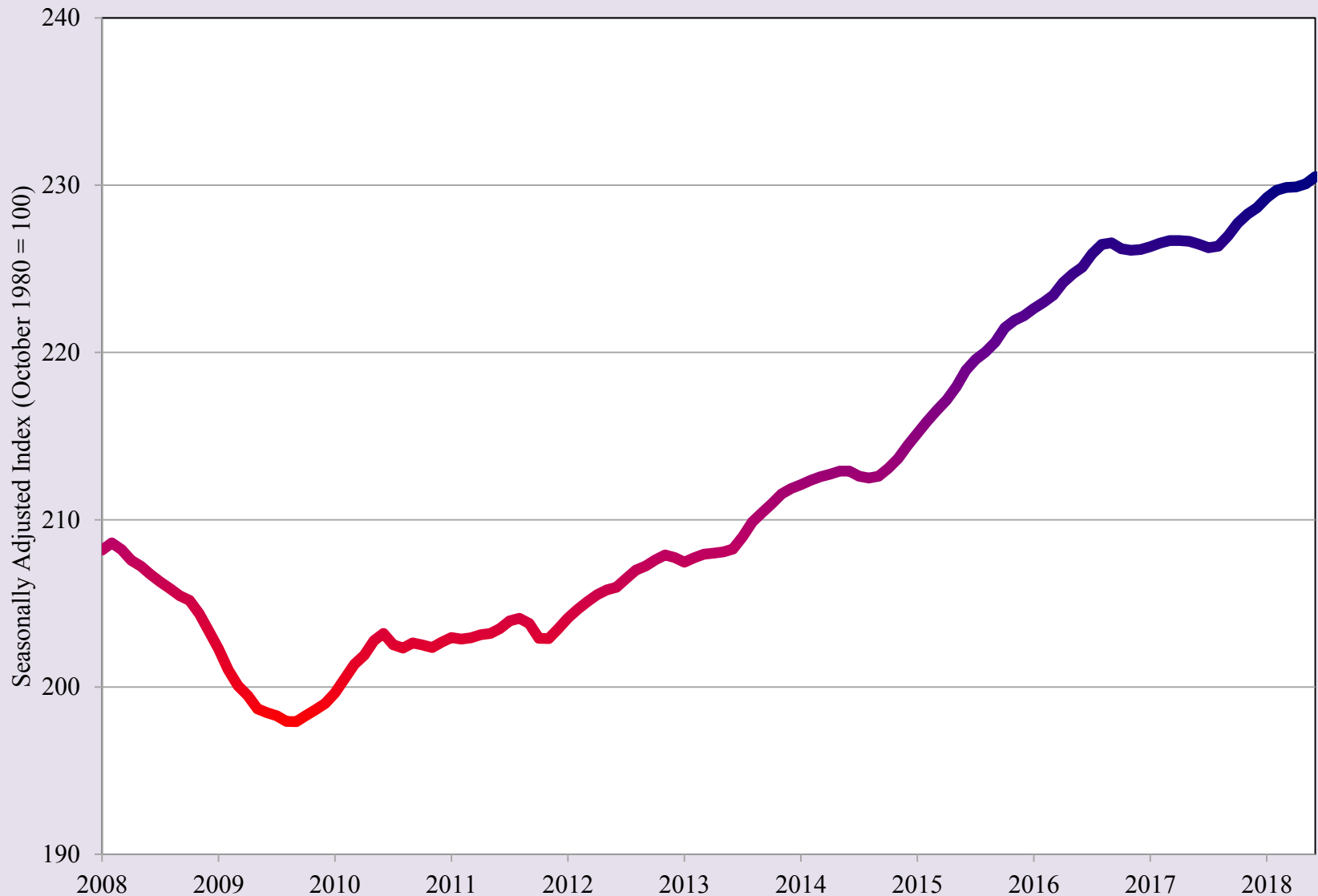
## Metro Business-Cycle Index for El Paso

2017 2018



Source: Federal Reserve Bank of Dallas

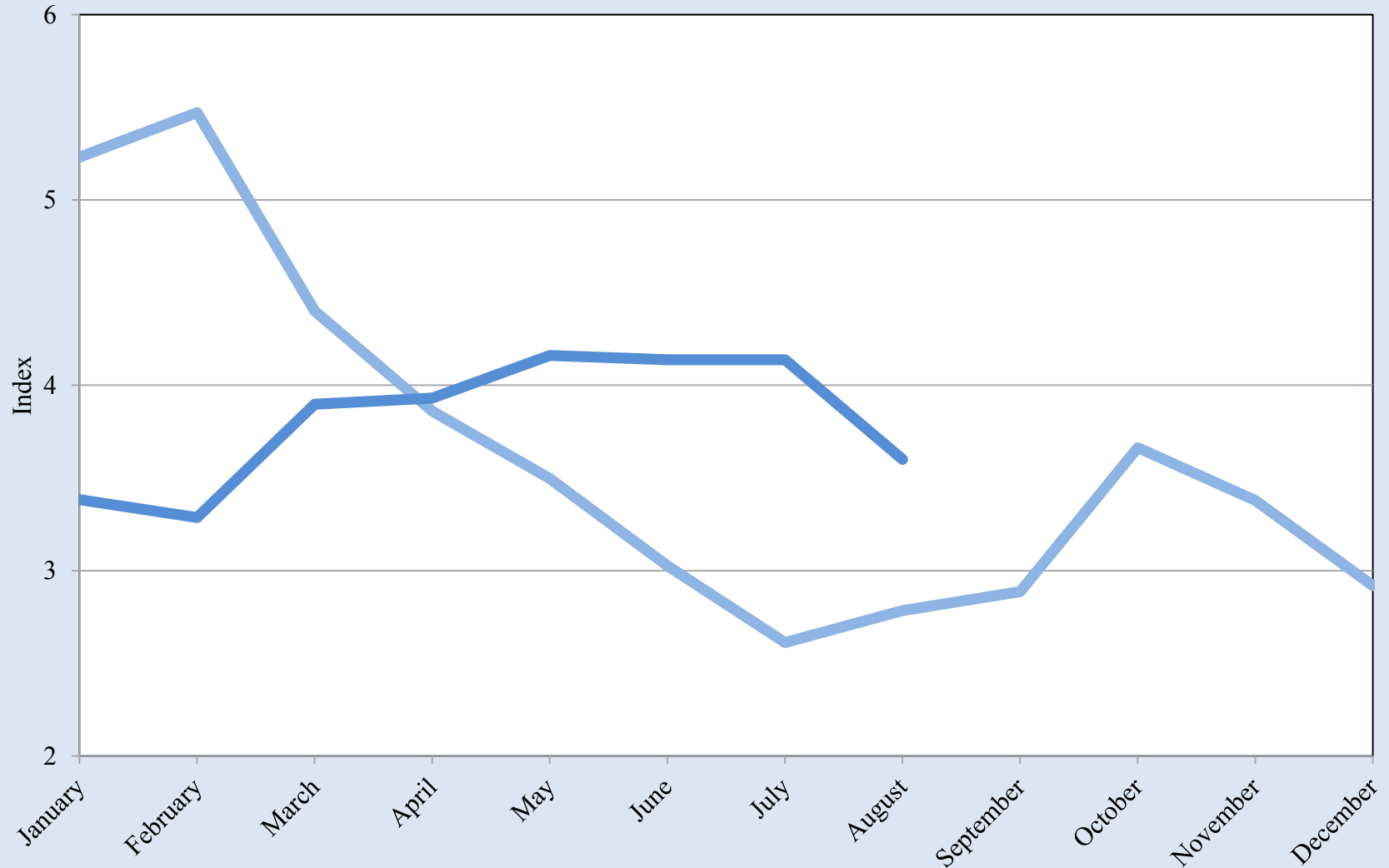
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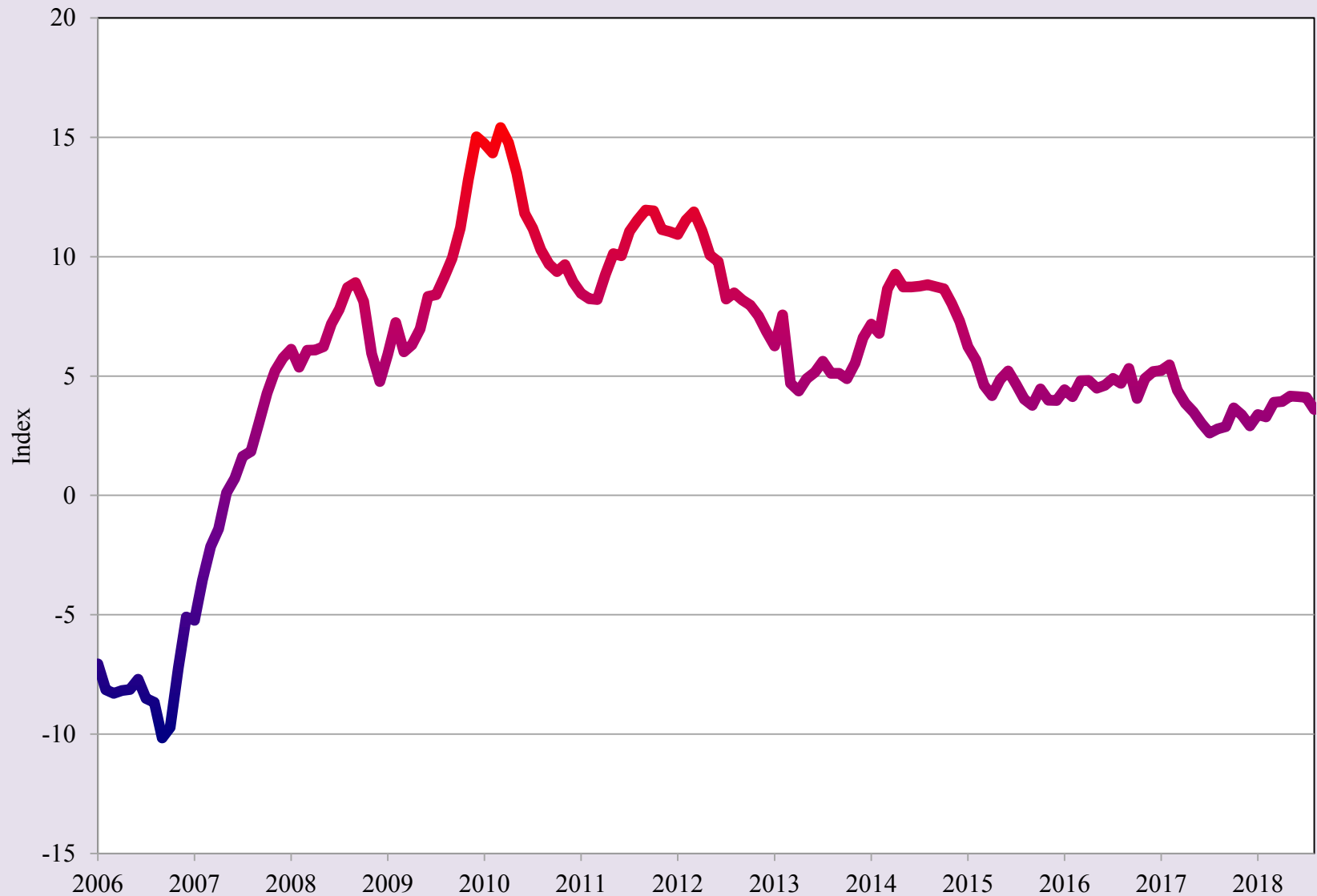
## El Paso Household Economic Stress Index

— 2017 — 2018



Source: UTEP Border Region Modeling Project

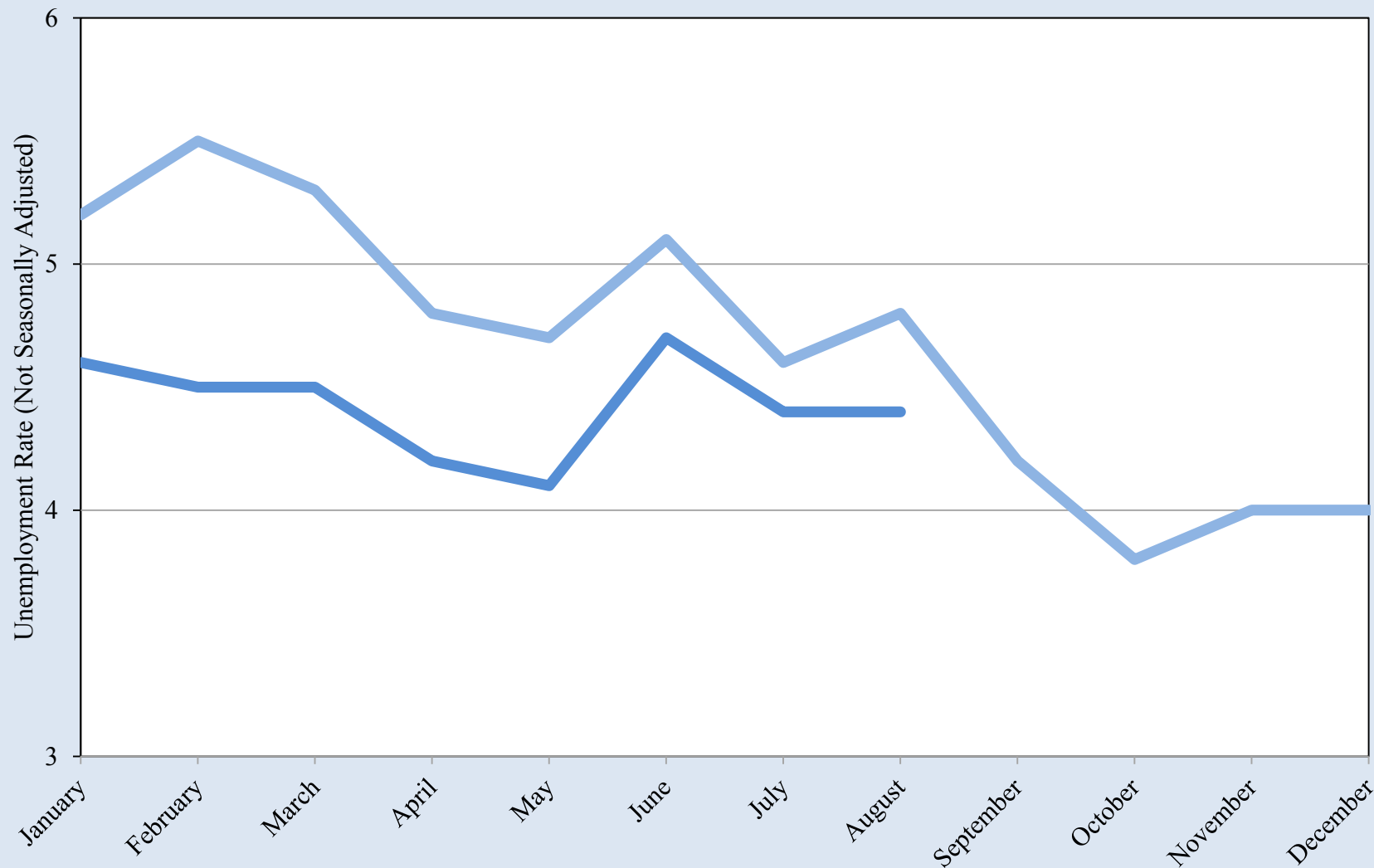
## El Paso Household Economic Stress Index



Source: UTEP Border Region Modeling Project

## El Paso County Unemployment Rate

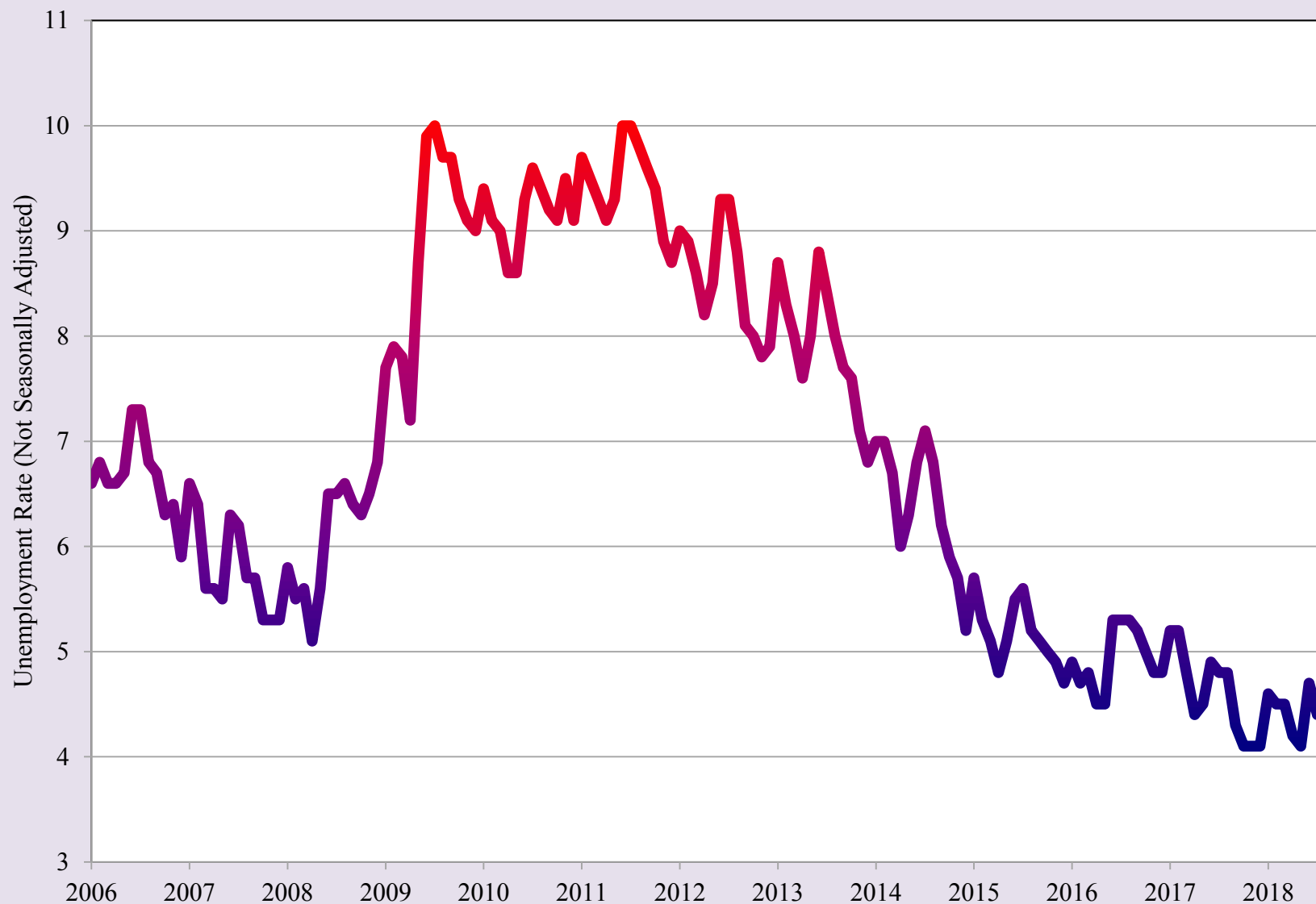
— 2017 — 2018



Source: Bureau of Labor Statistics

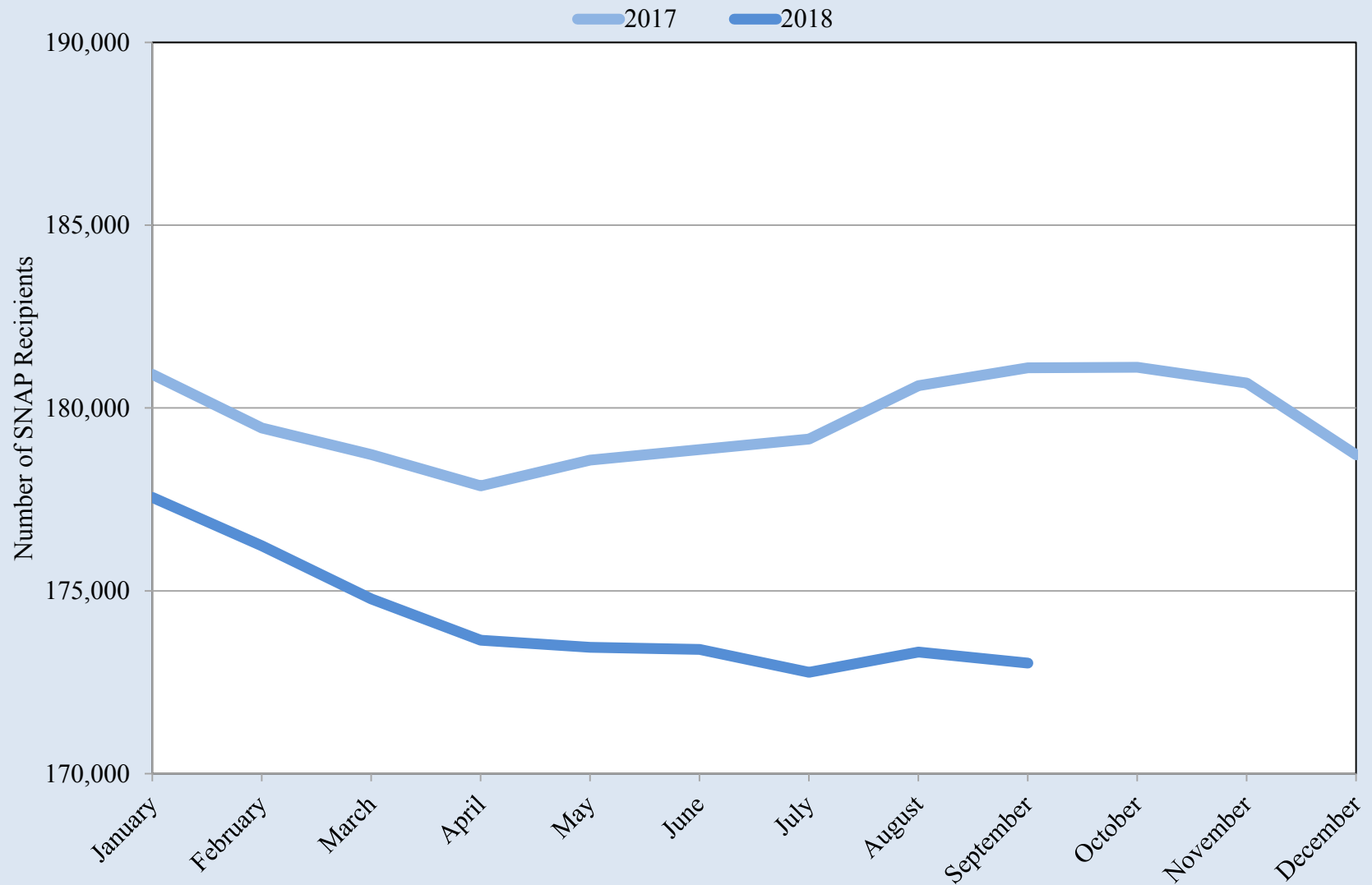


## El Paso County Unemployment Rate



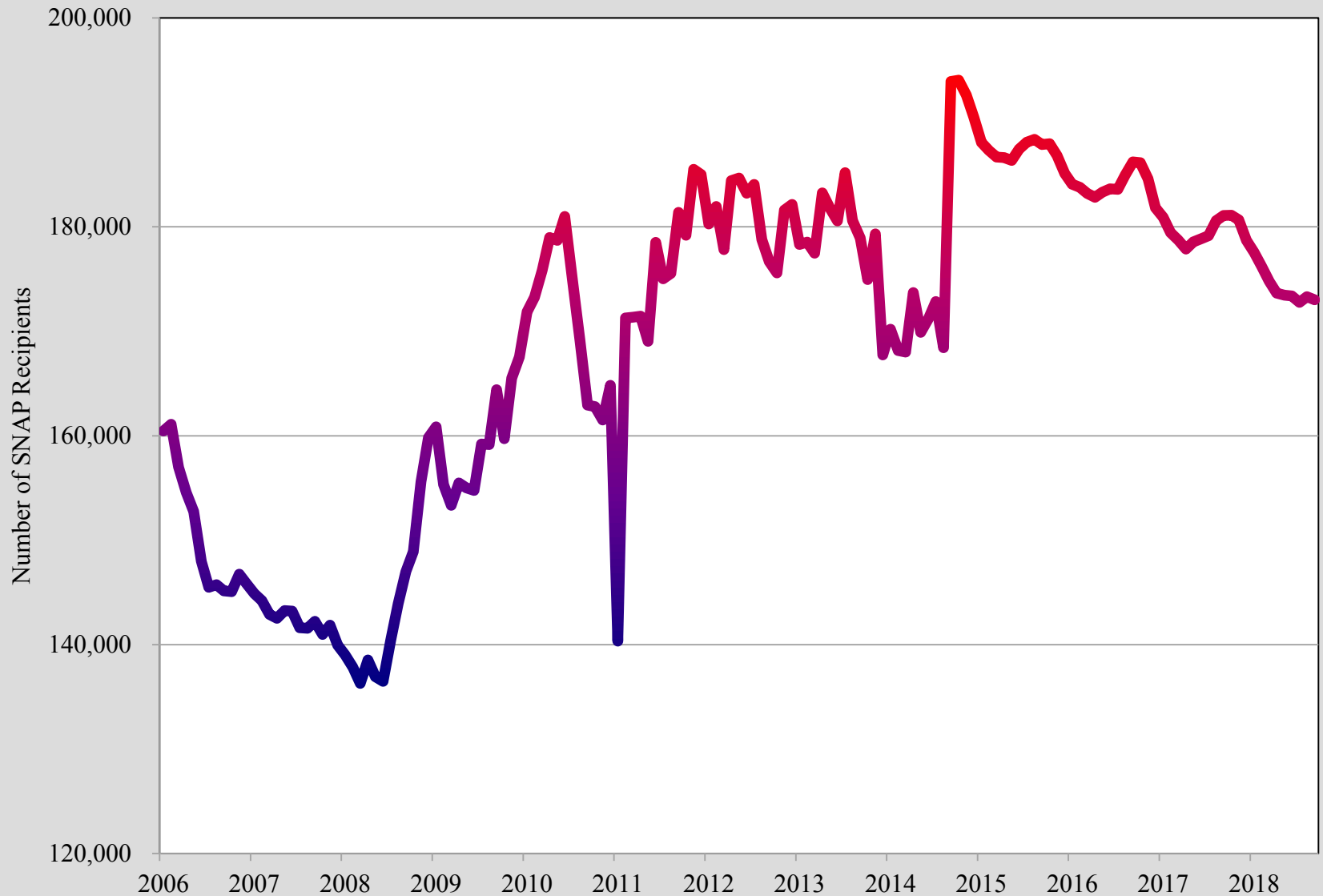
Source: Bureau of Labor Statistics

## El Paso County SNAP (Food Stamp) Enrollment



Source: Texas Health and Human Services Commission

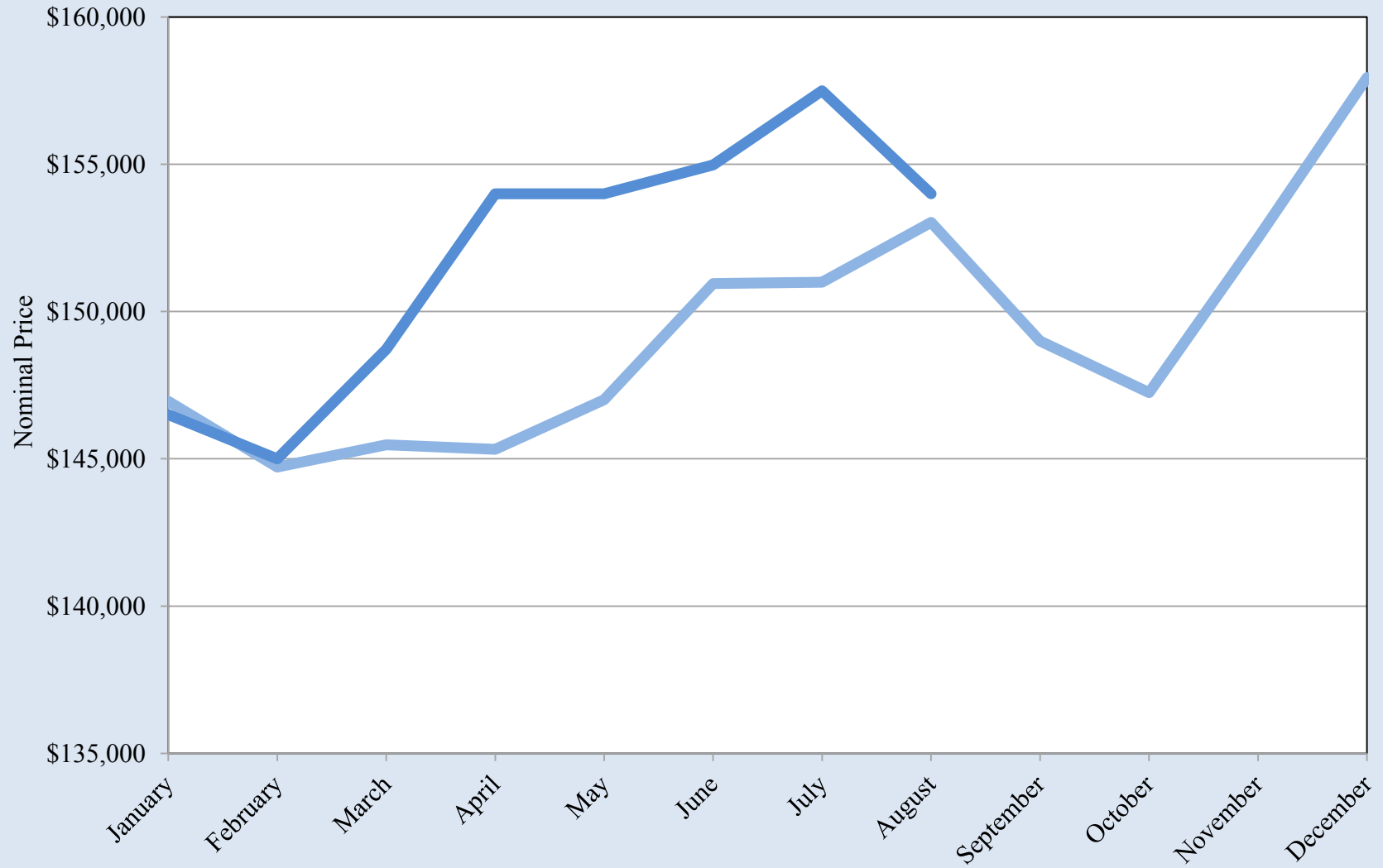
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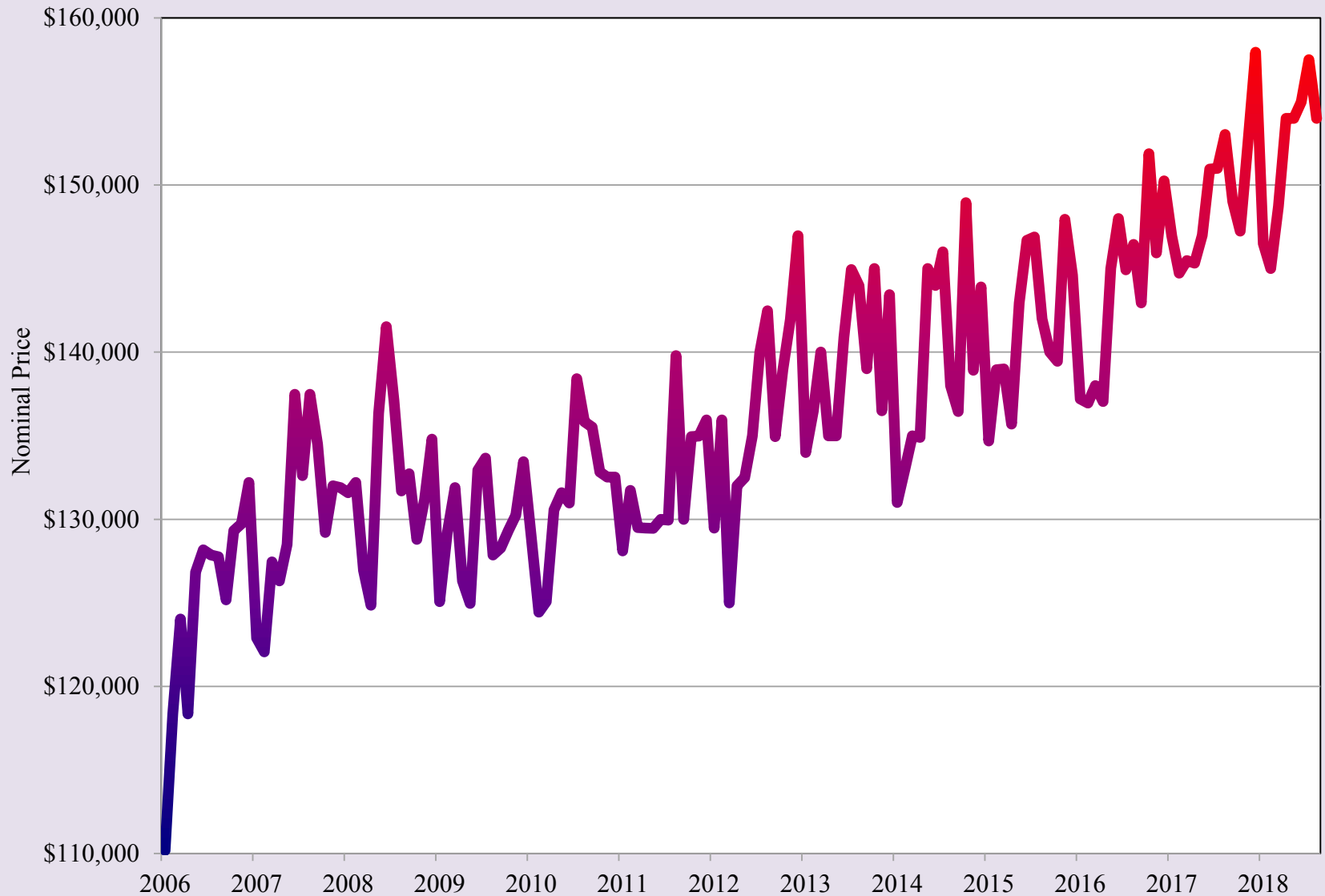
## El Paso Median Housing Prices

— 2017 — 2018



Source: Texas A&M Real Estate Center

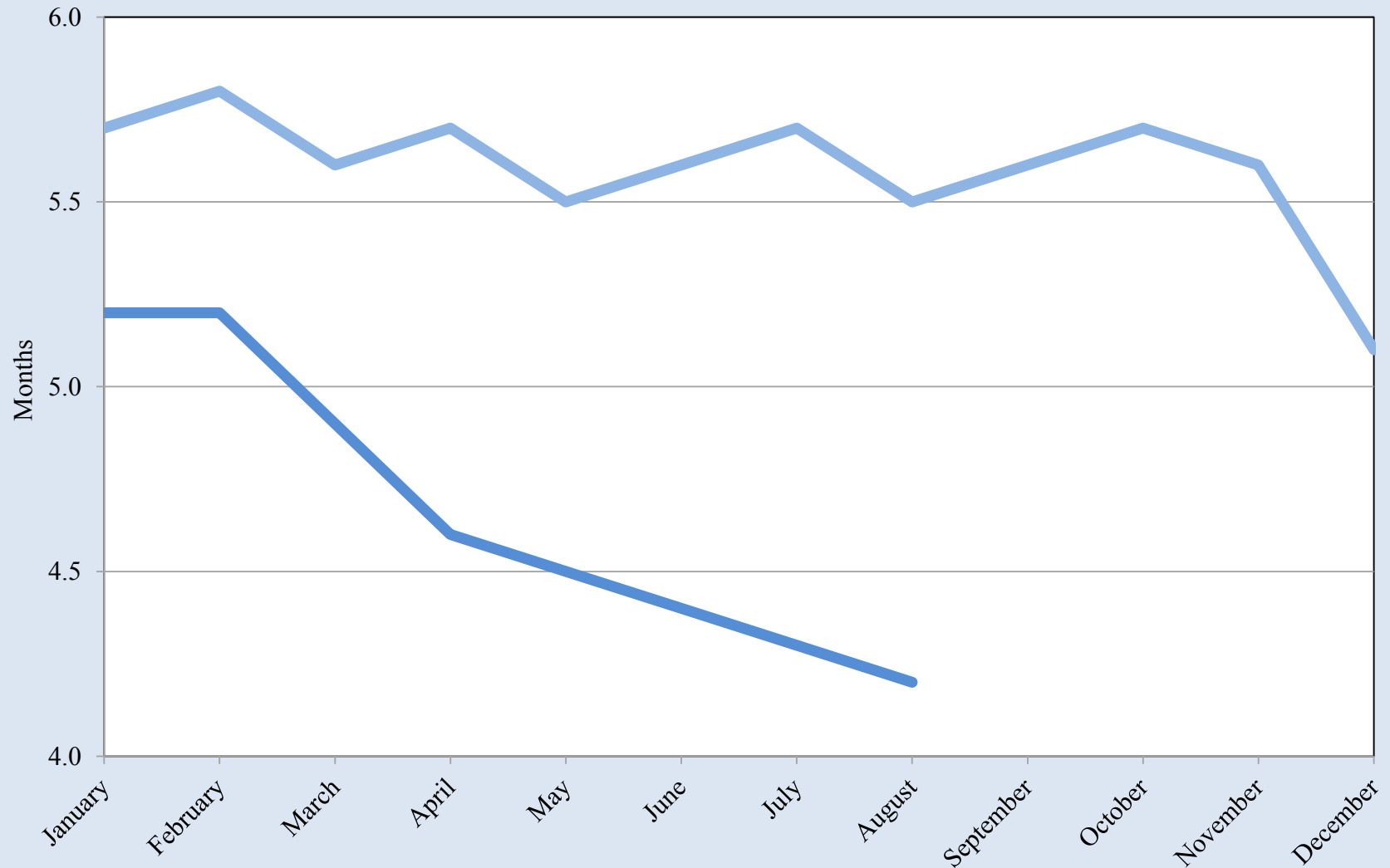
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Source: Texas A&M Real Estate Center

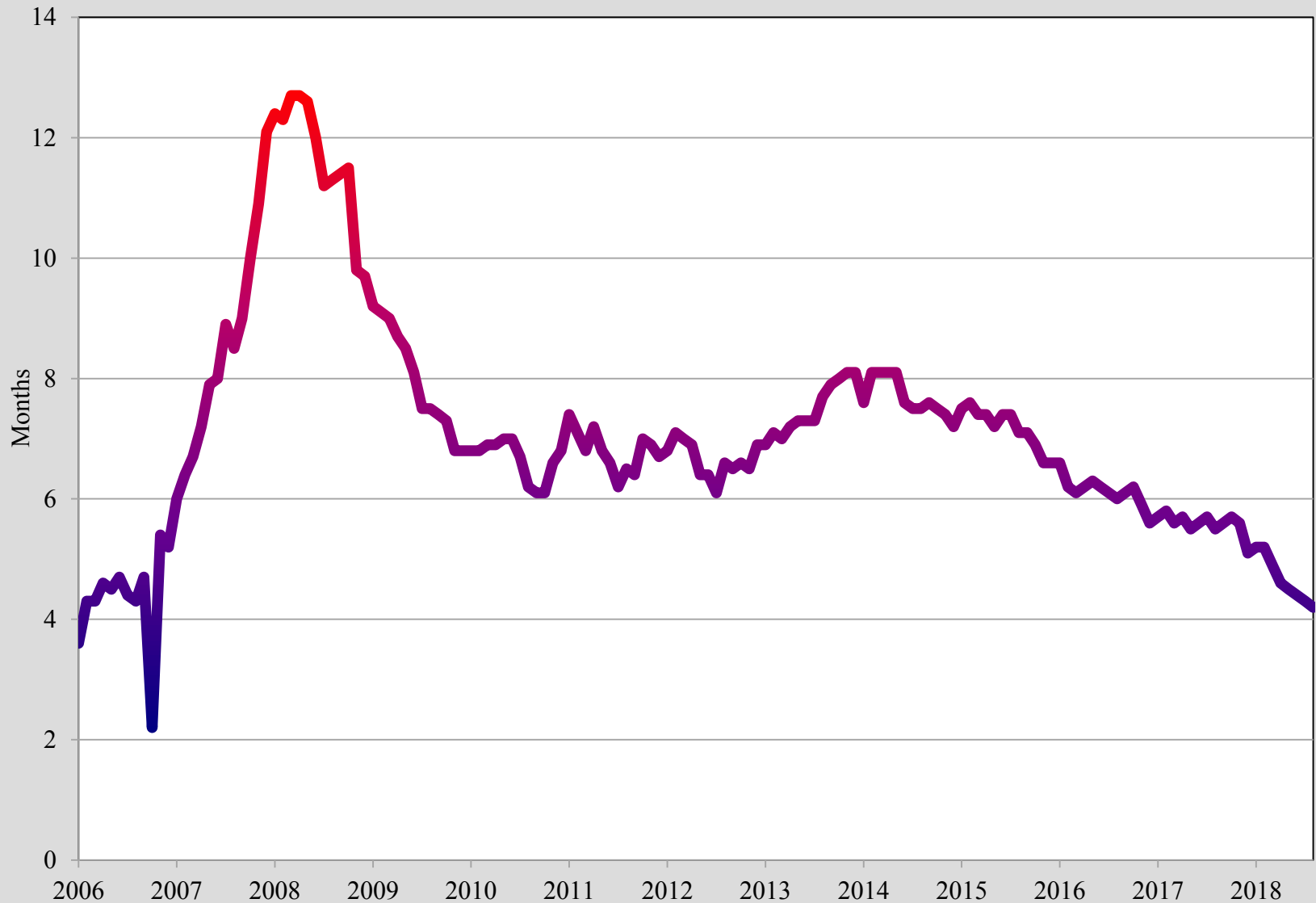
## Months of Housing Inventory for El Paso

— 2017 — 2018



Source: Texas A&M Real Estate Center

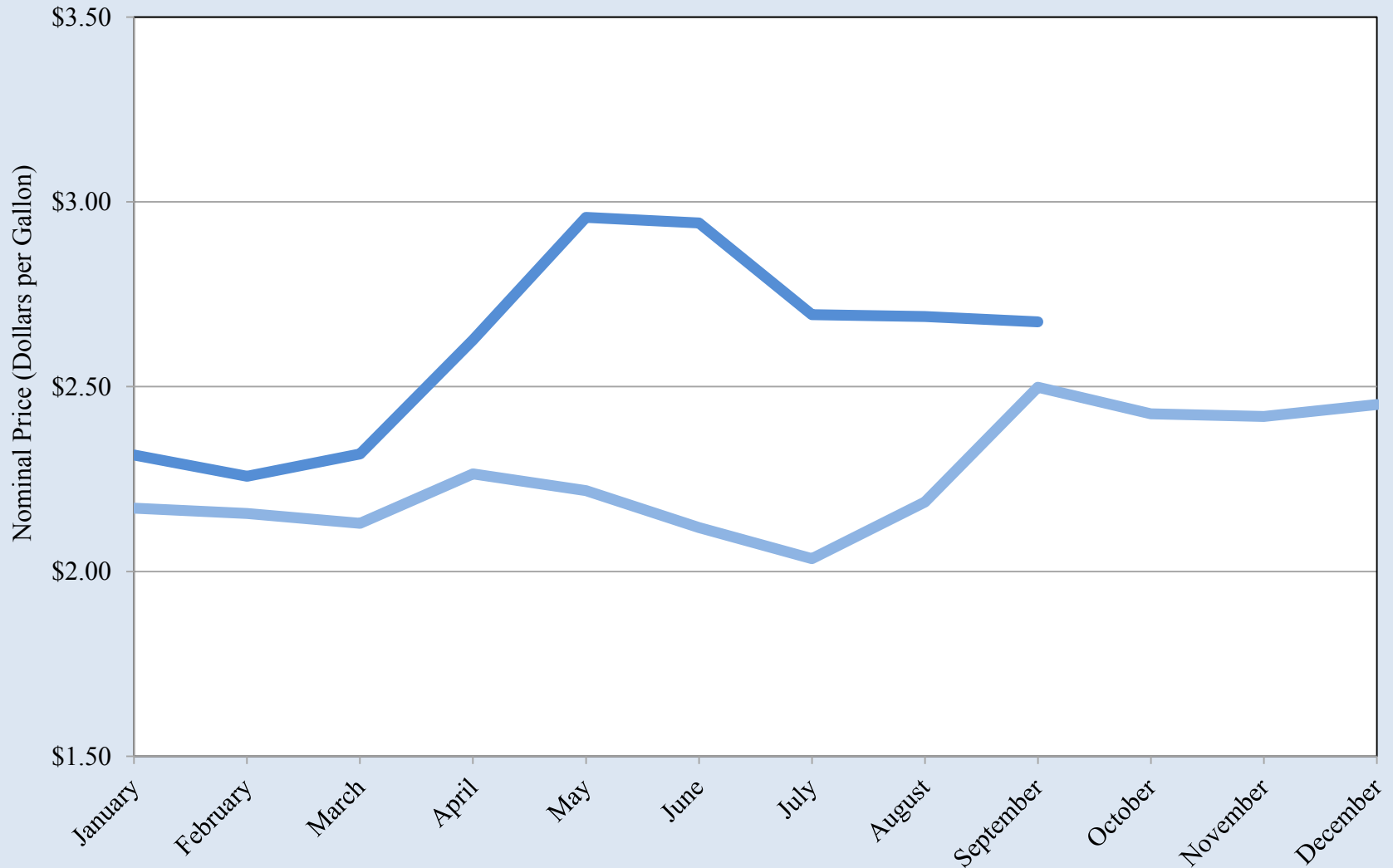
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Source: Texas A&M Real Estate Center

## El Paso Gasoline Prices

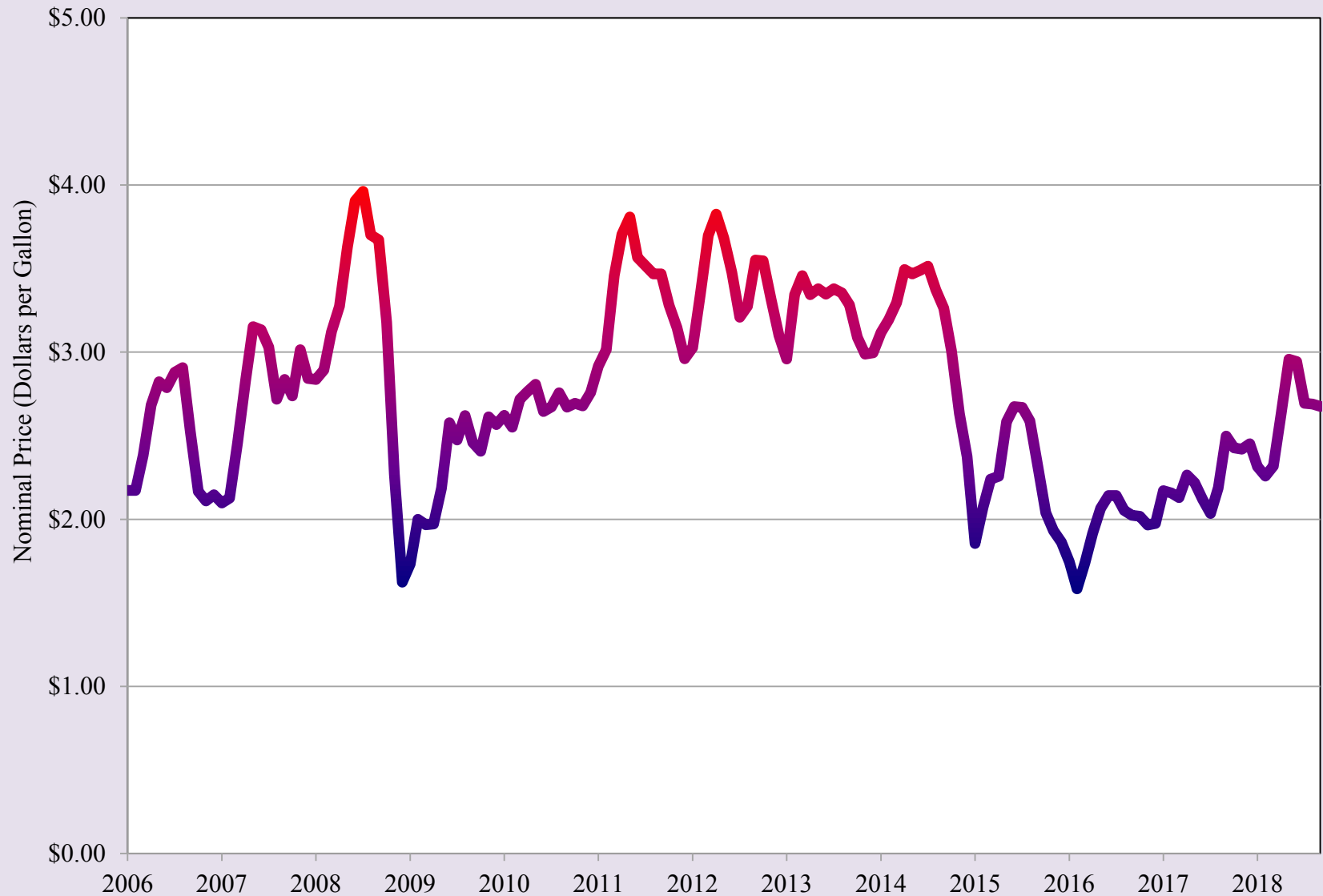
— 2017 — 2018



Source: GasBuddy.com



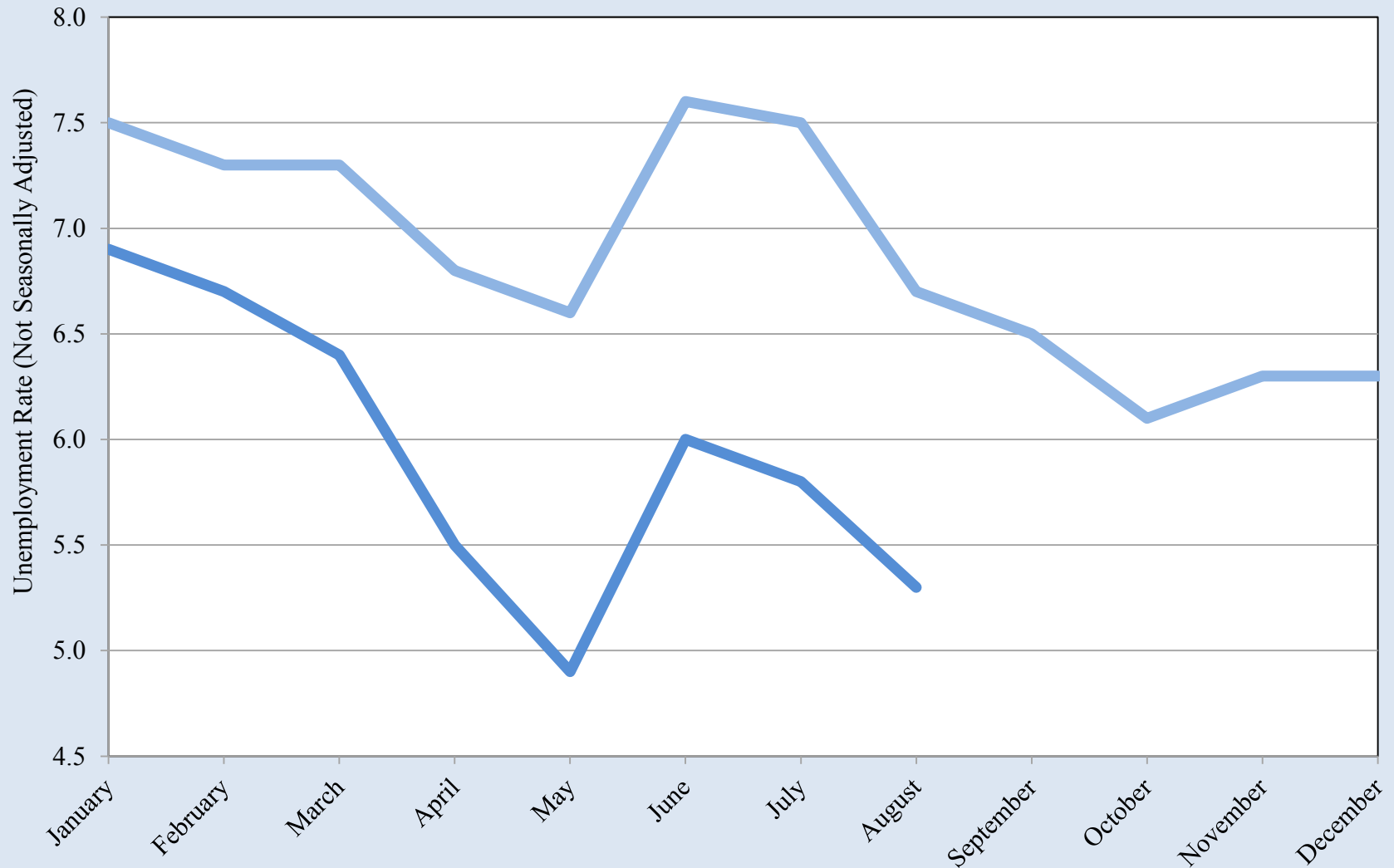
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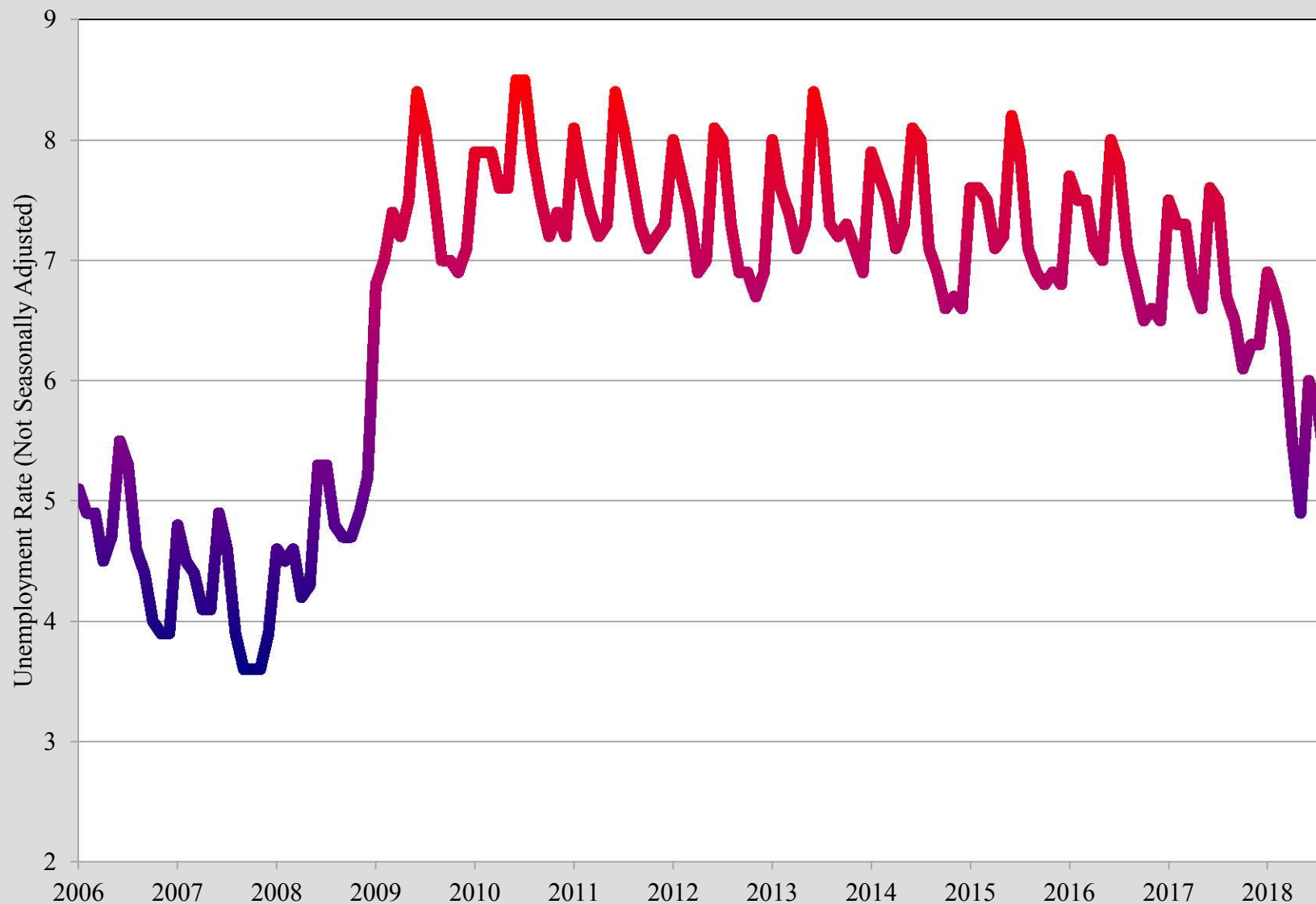
## Doña Ana County Unemployment Rate

— 2017 — 2018



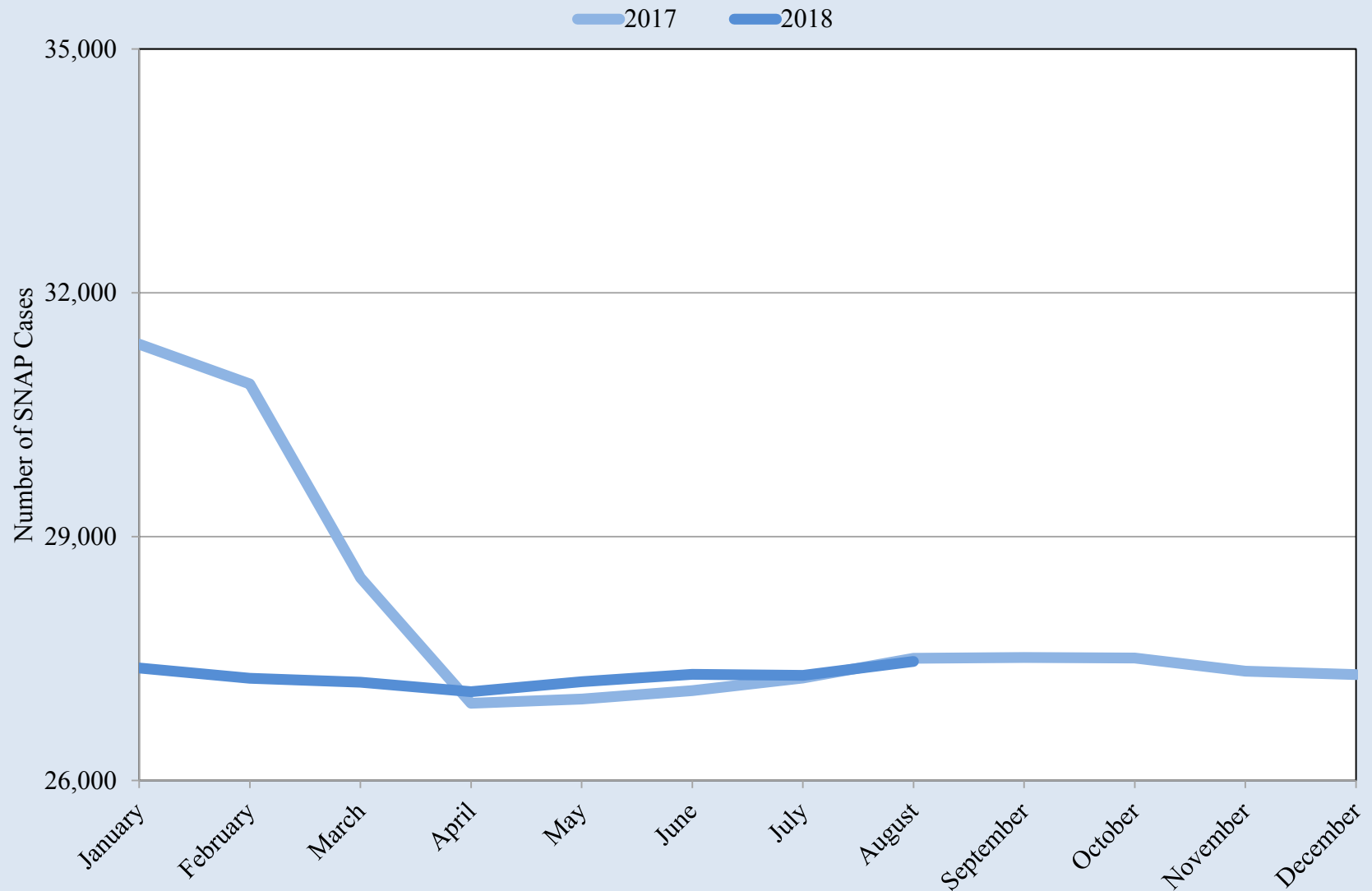
Source: Bureau of Labor Statistics

## Doña Ana County Unemployment Rate



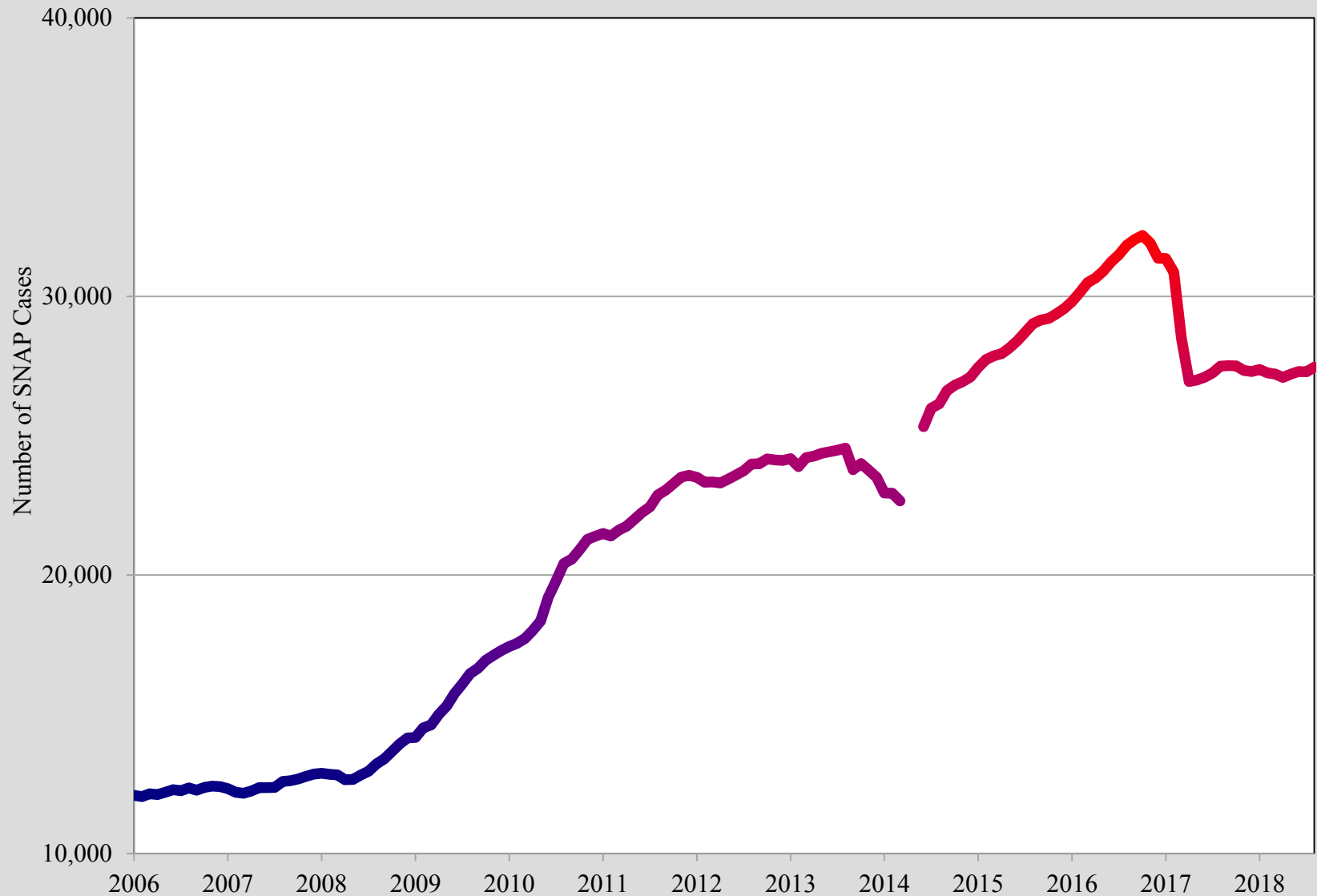
Source: Bureau of Labor Statistics

## Las Cruces Area SNAP (Food Stamp) Cases



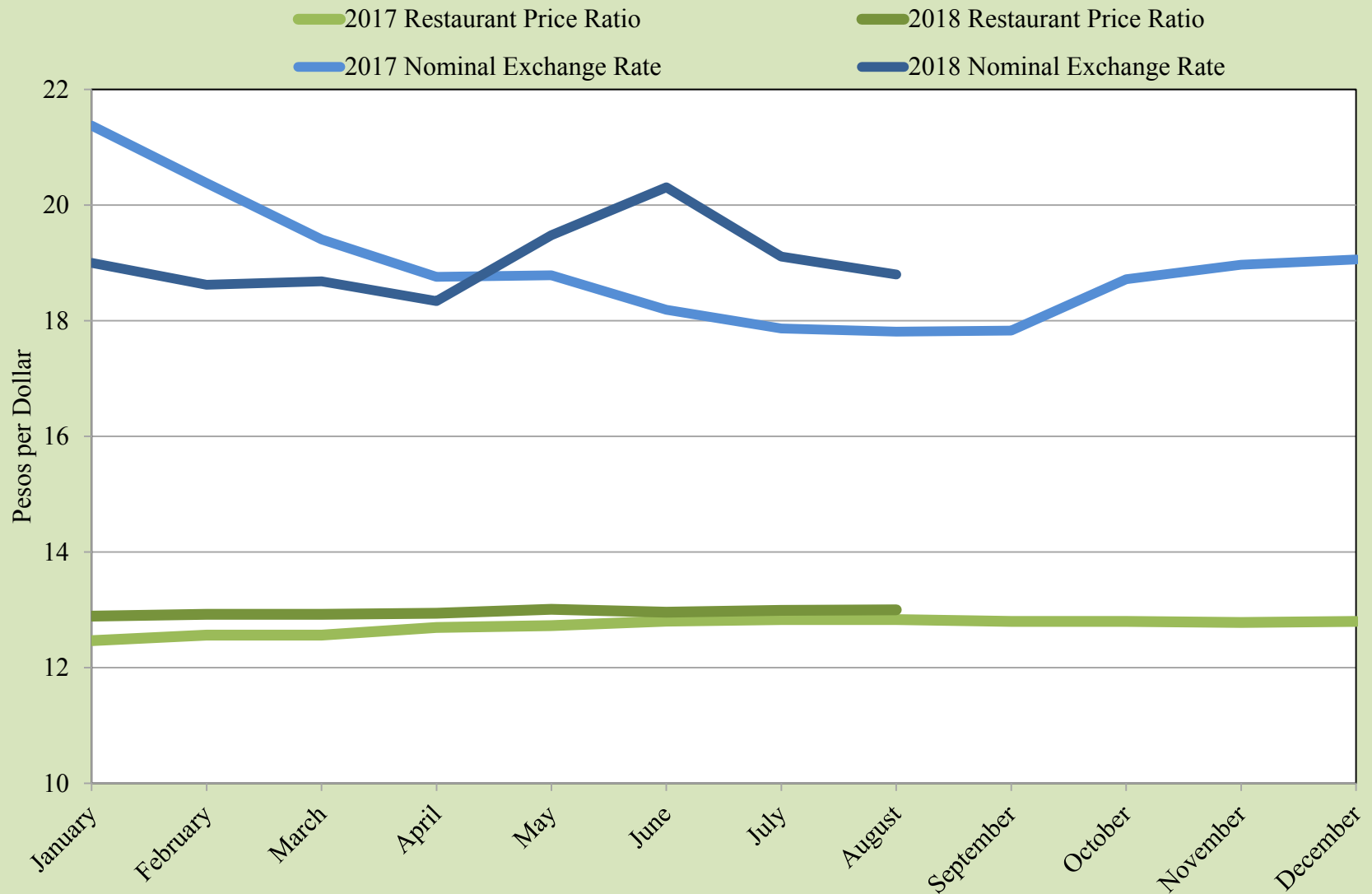
Source: New Mexico Human Services Department

## Las Cruces Area SNAP (Food Stamp) Cases



Source: New Mexico Human Services Department

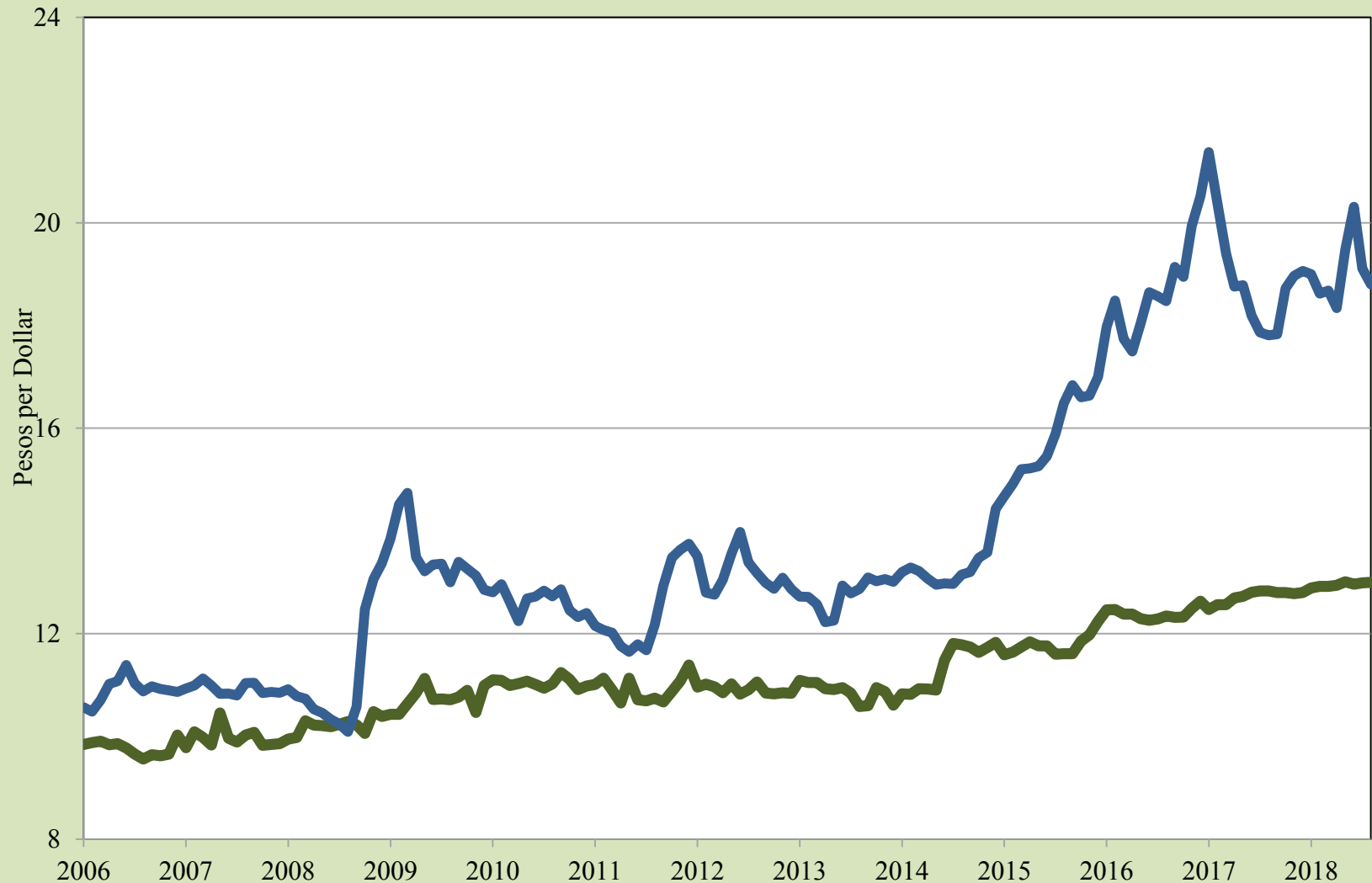
## Restaurant Price Ratio and Exchange Rate



Source: UTEP Border Region Modeling Project and Banco de Mexico

## Restaurant Price Ratio and Exchange Rate

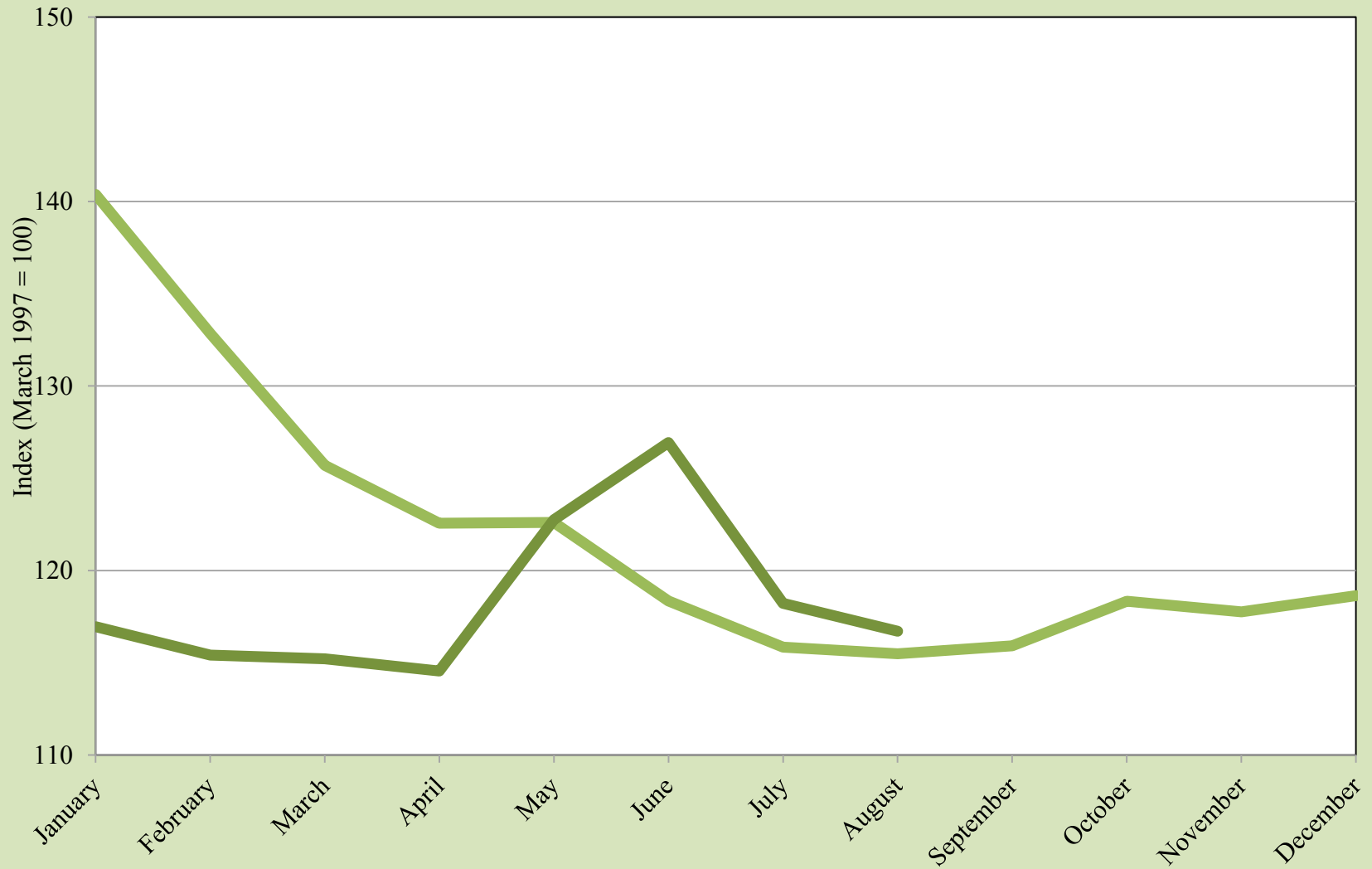
Price Ratio Exchange Rate



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



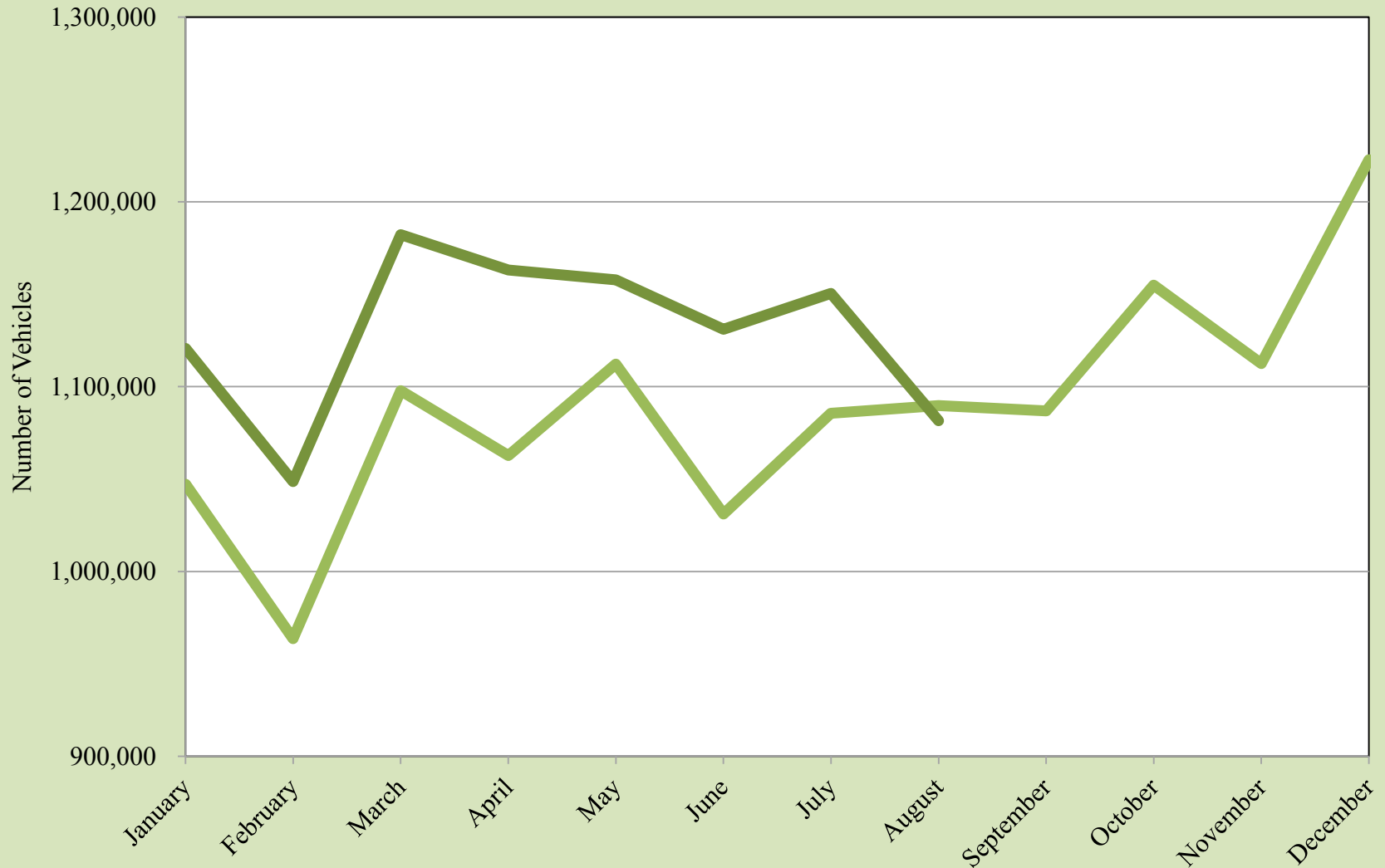
## Real Peso-per-Dollar Exchange Rate Index



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

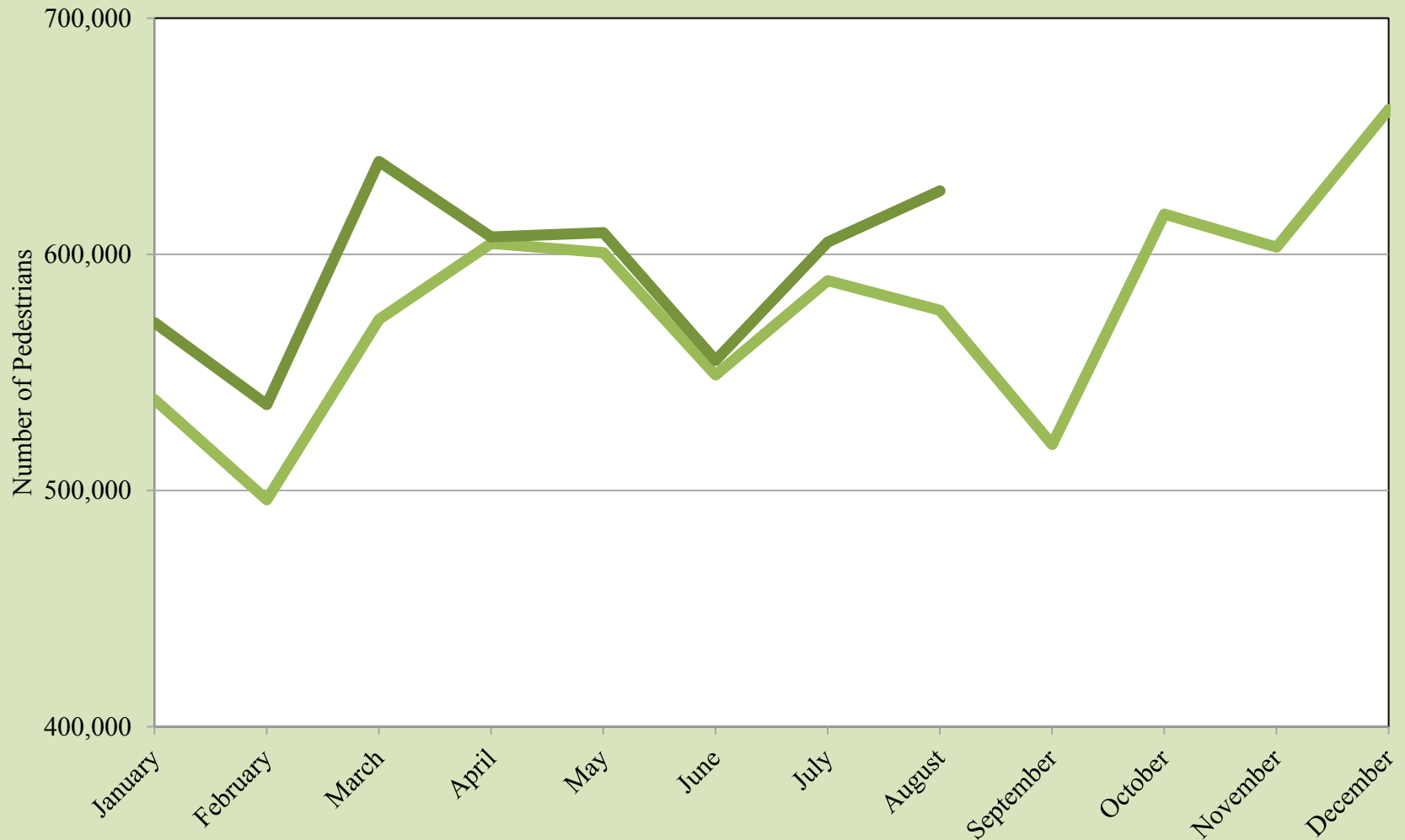
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Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

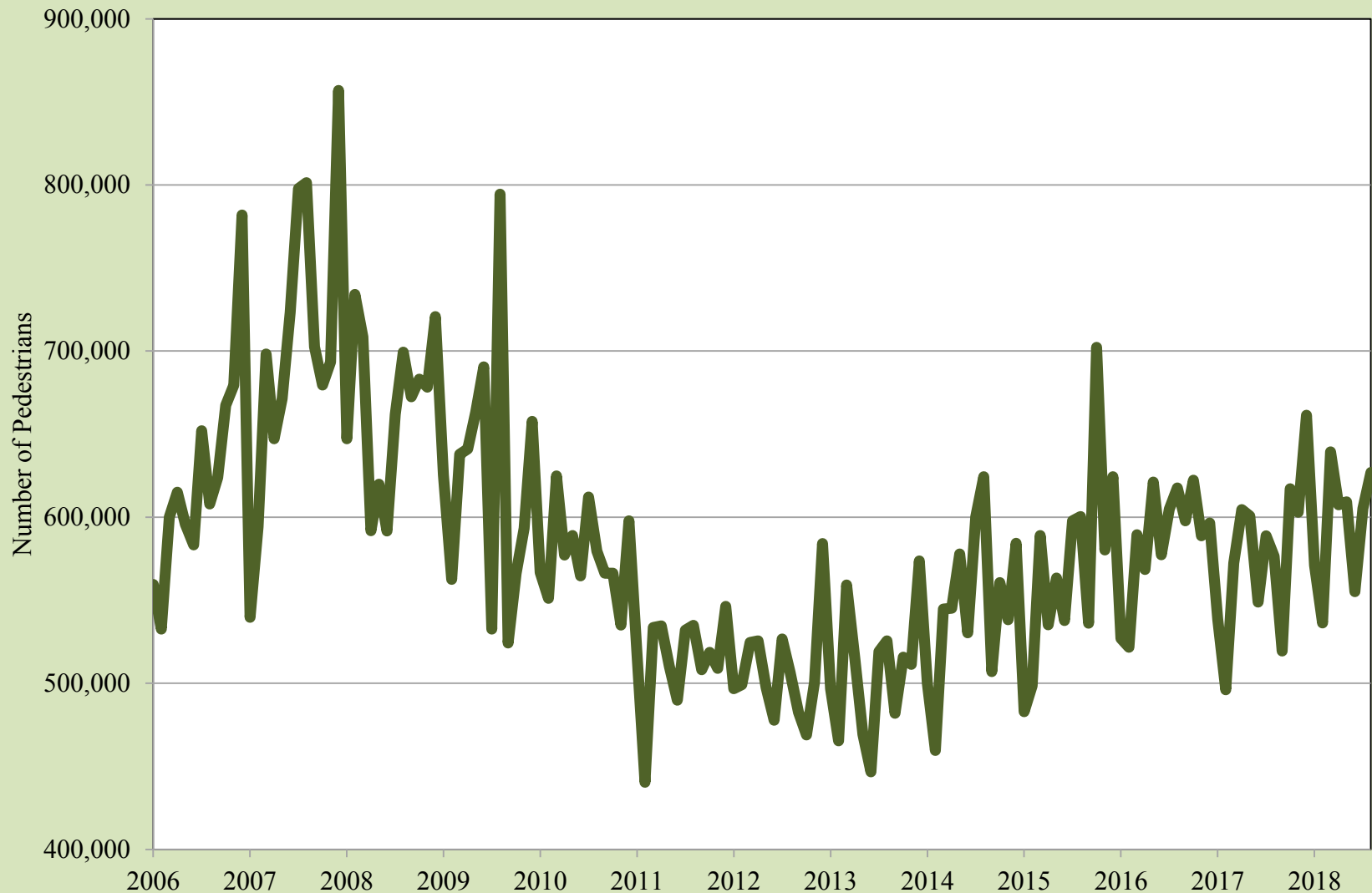
## Pedestrian International Bridge Crossings to El Paso

2017 2018



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

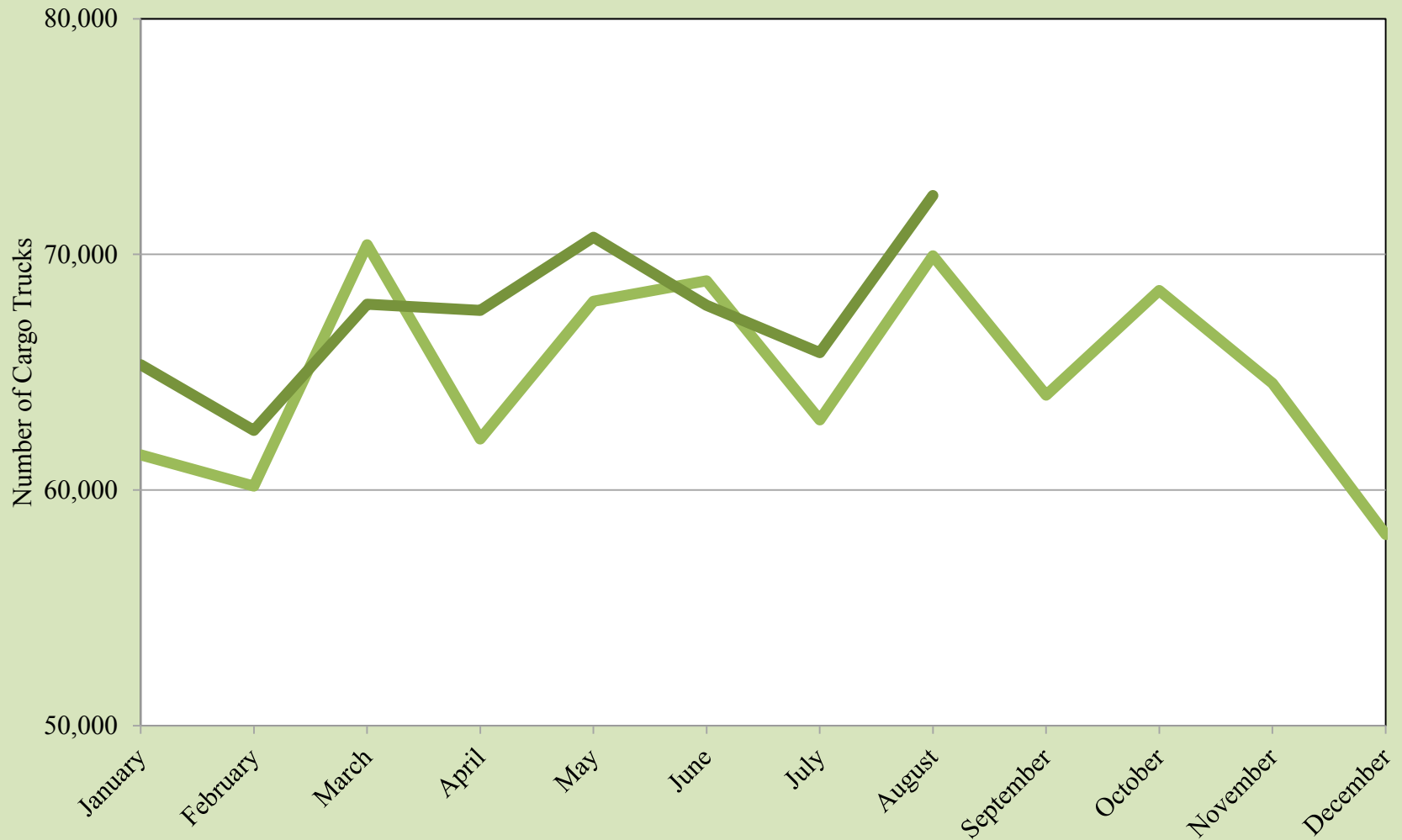
## Pedestrian International Bridge Crossings to El Paso



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

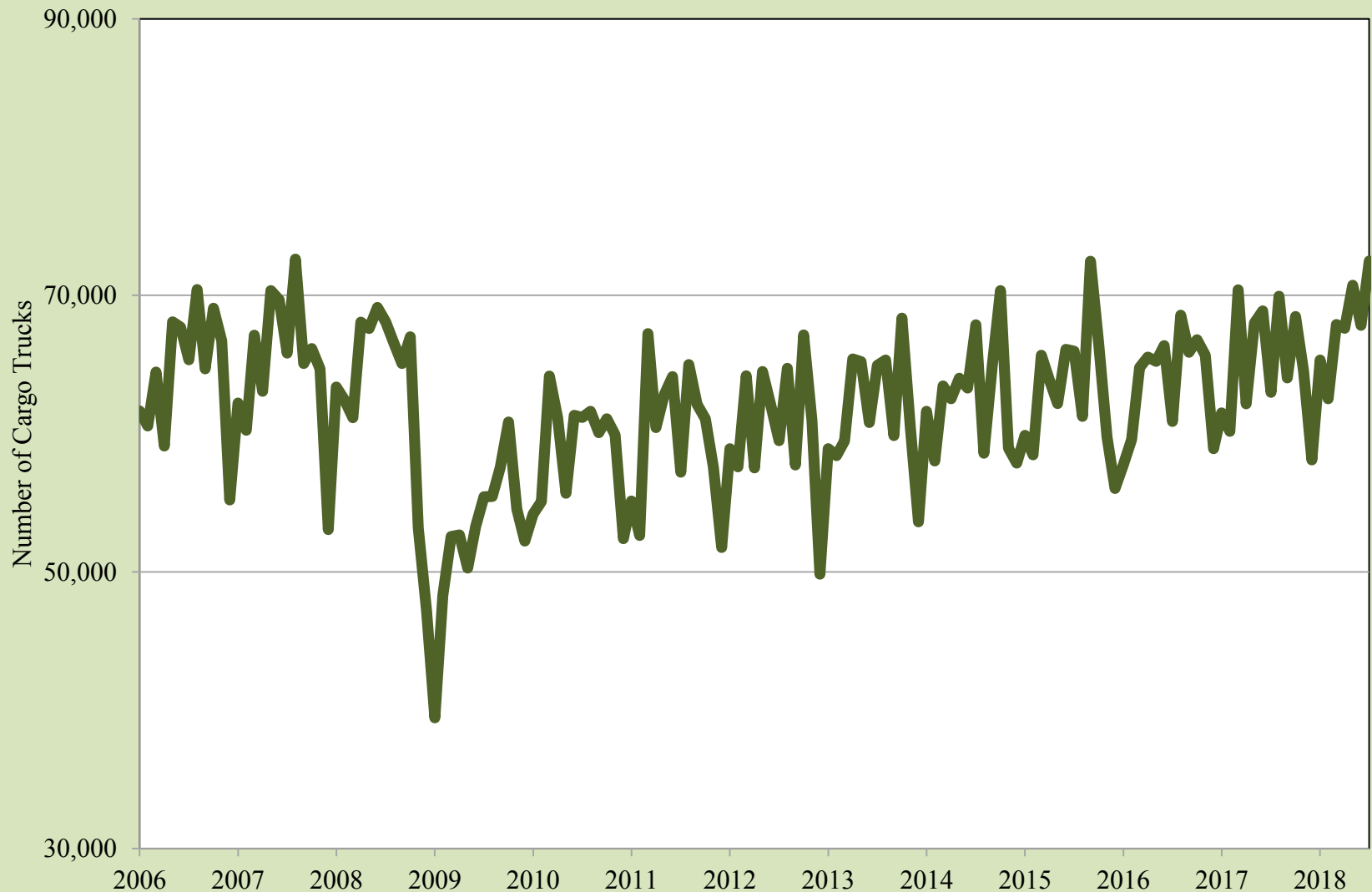
## Cargo Truck International Bridge Crossings to El Paso

2017 2018



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

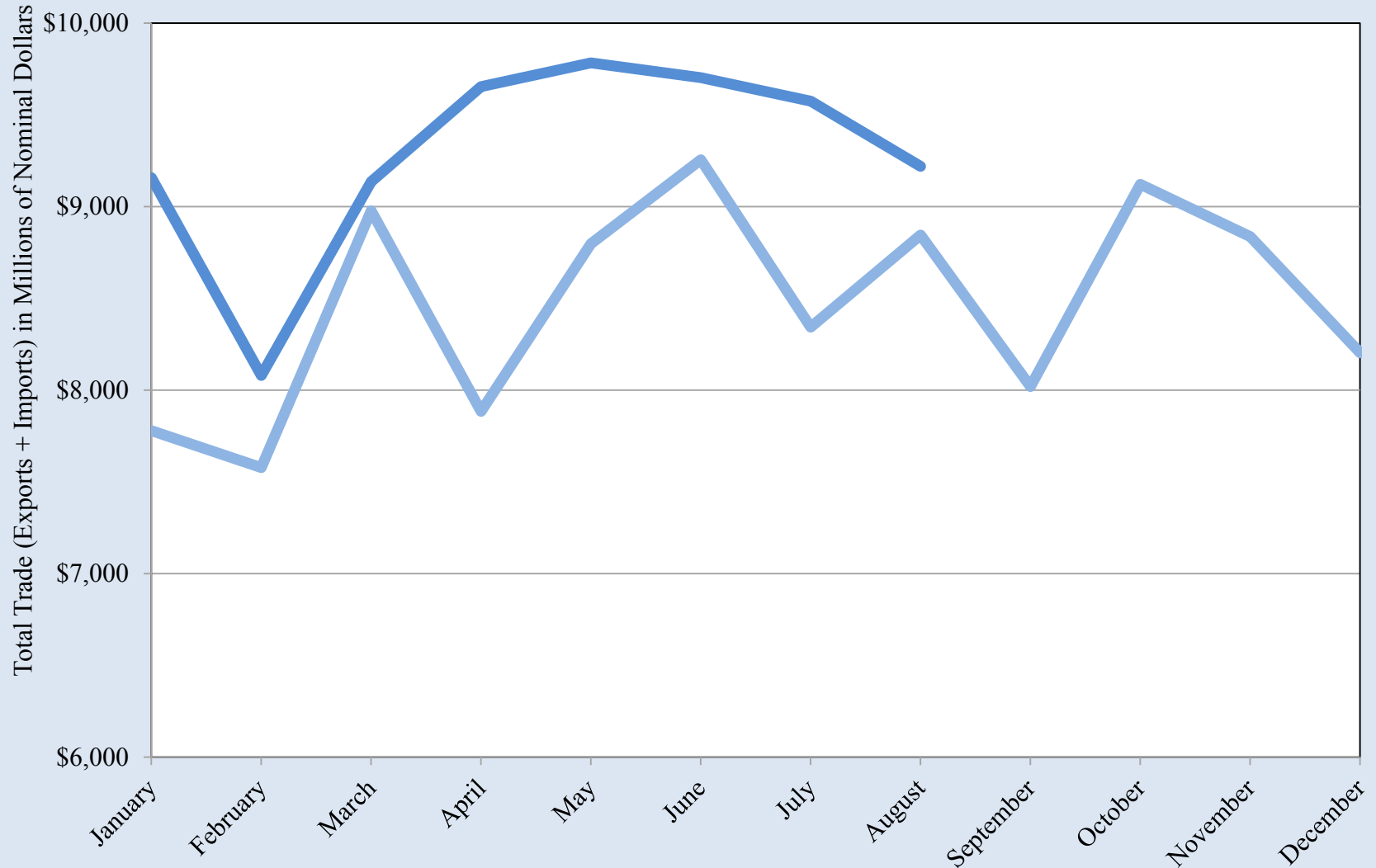
## Cargo Truck International Bridge Crossings to El Paso



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

## Total Trade through the El Paso Customs District

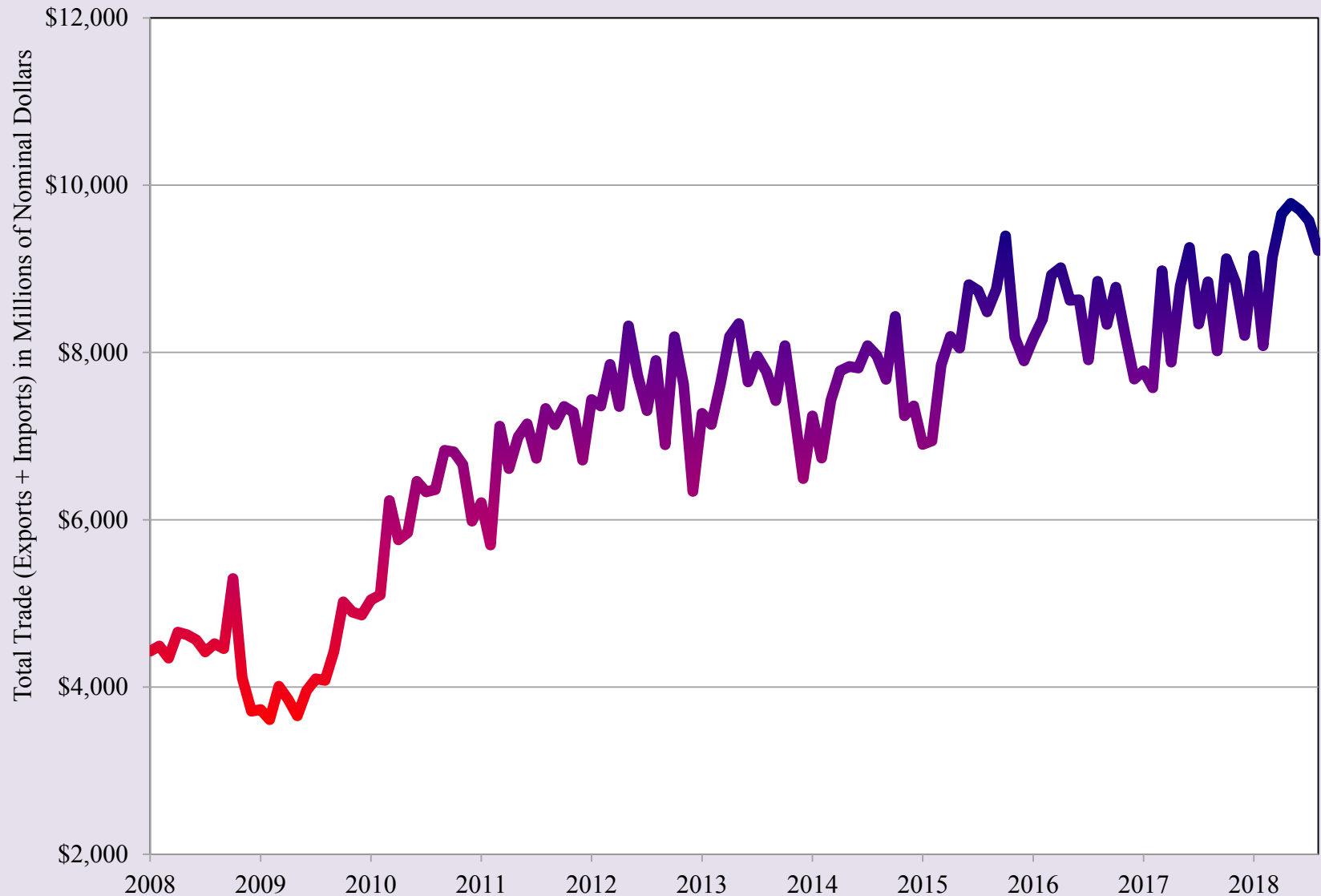
— 2017 — 2018



Source: U.S. International Trade Commission



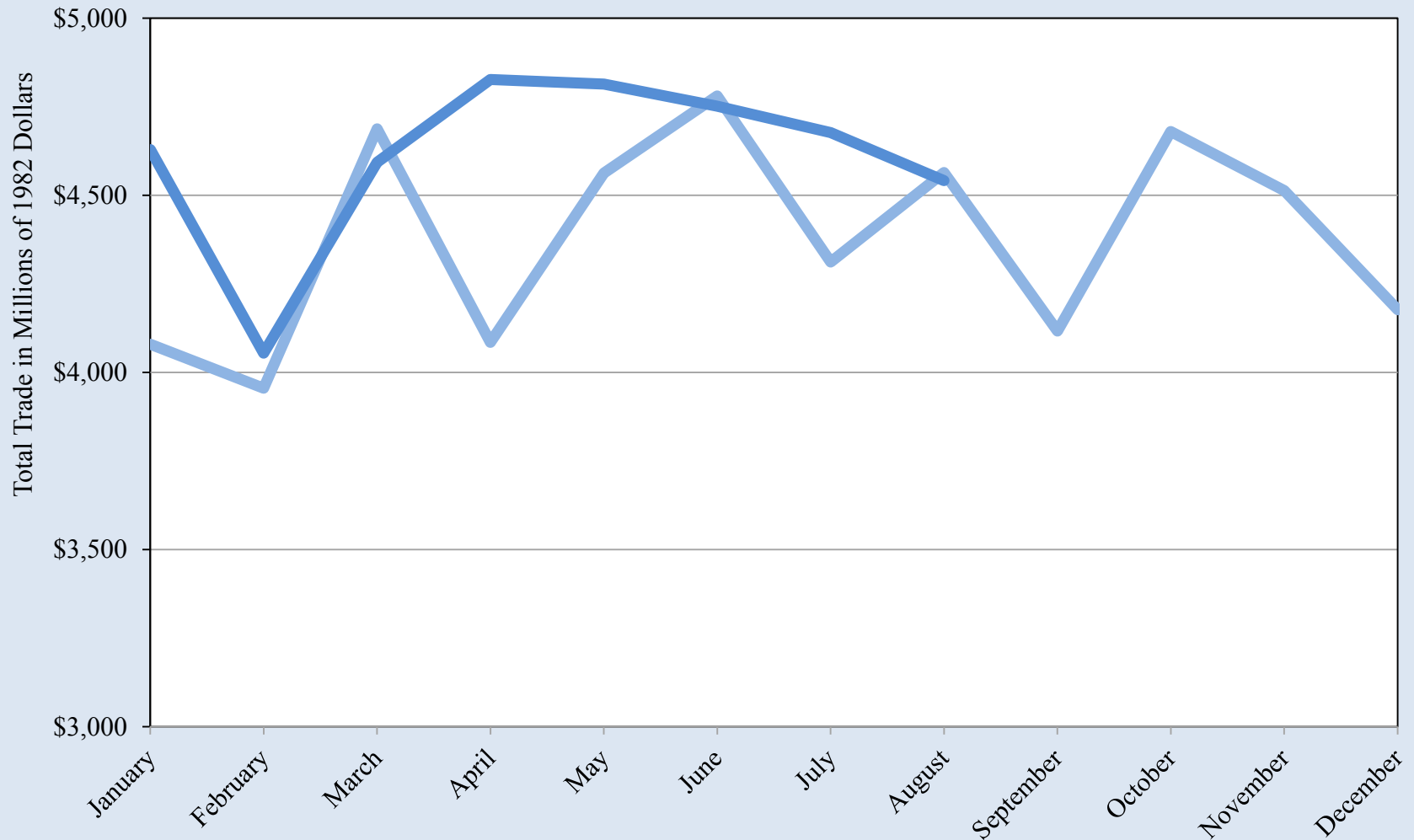
## Total Trade through the El Paso Customs District



Source: U.S. International Trade Commission

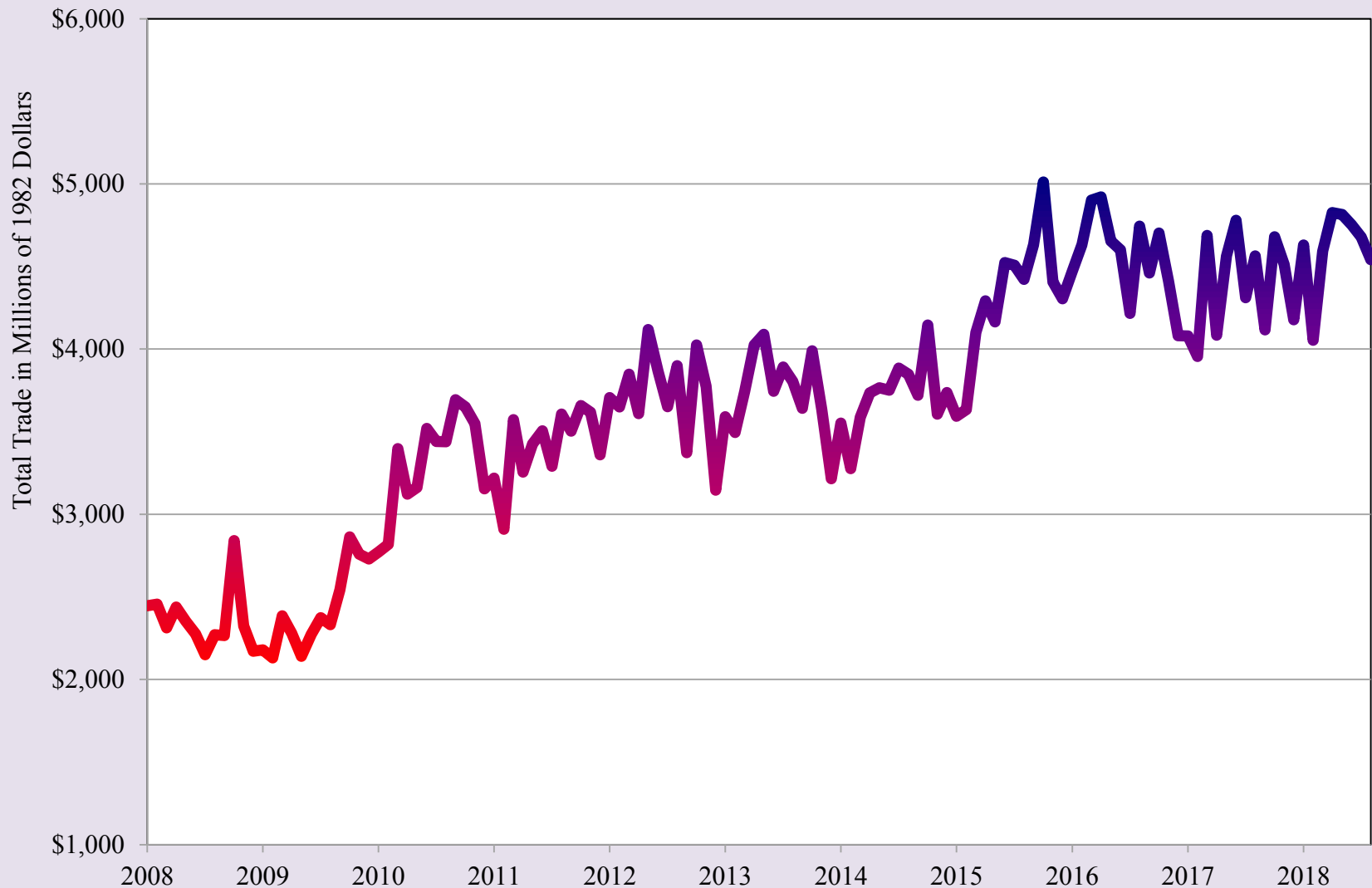
## Real Total Trade through the El Paso Customs District

2017 2018



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

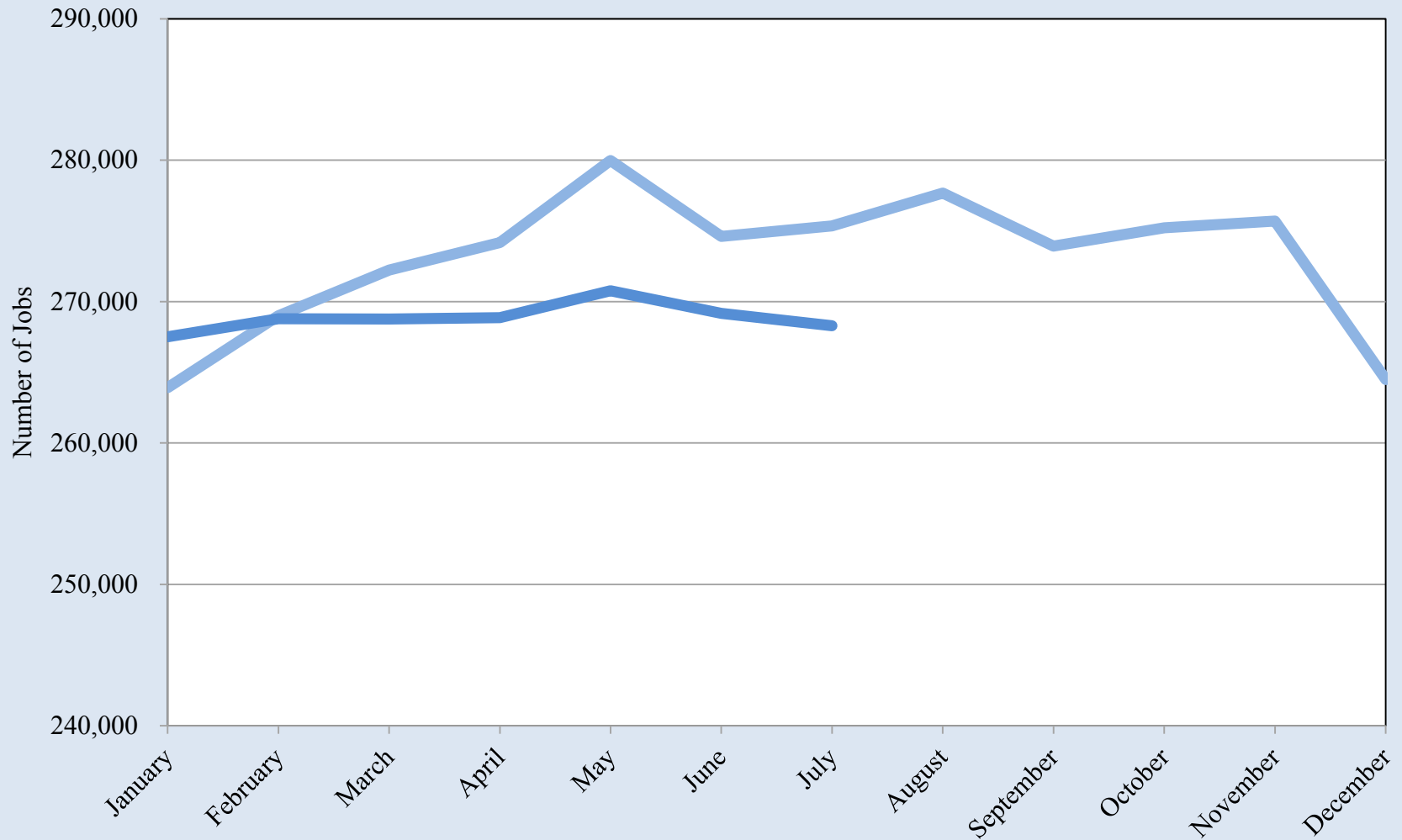
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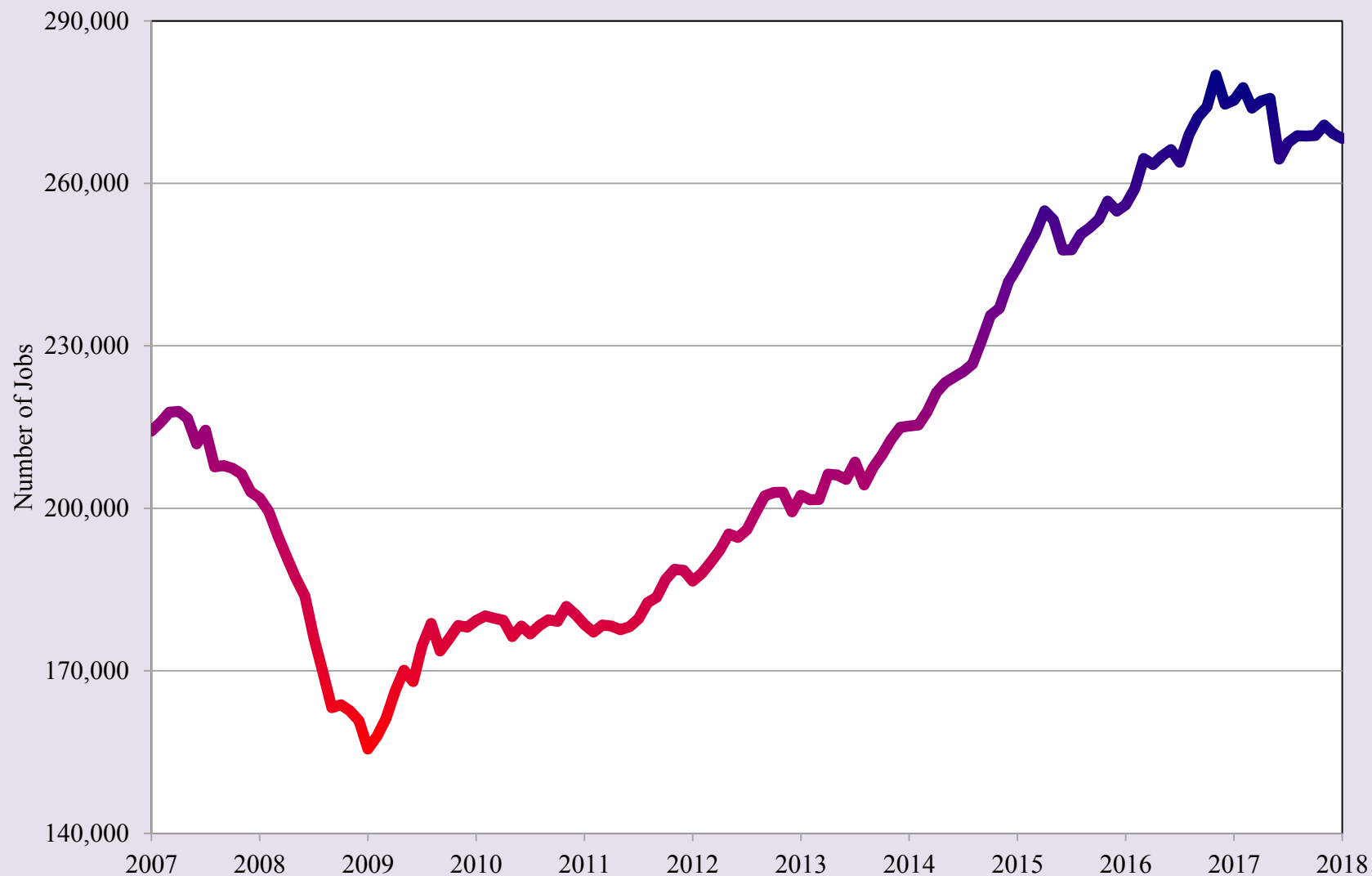
## Export-Oriented Manufacturing Employment in Ciudad Juárez

2017 2018



Source: INEGI

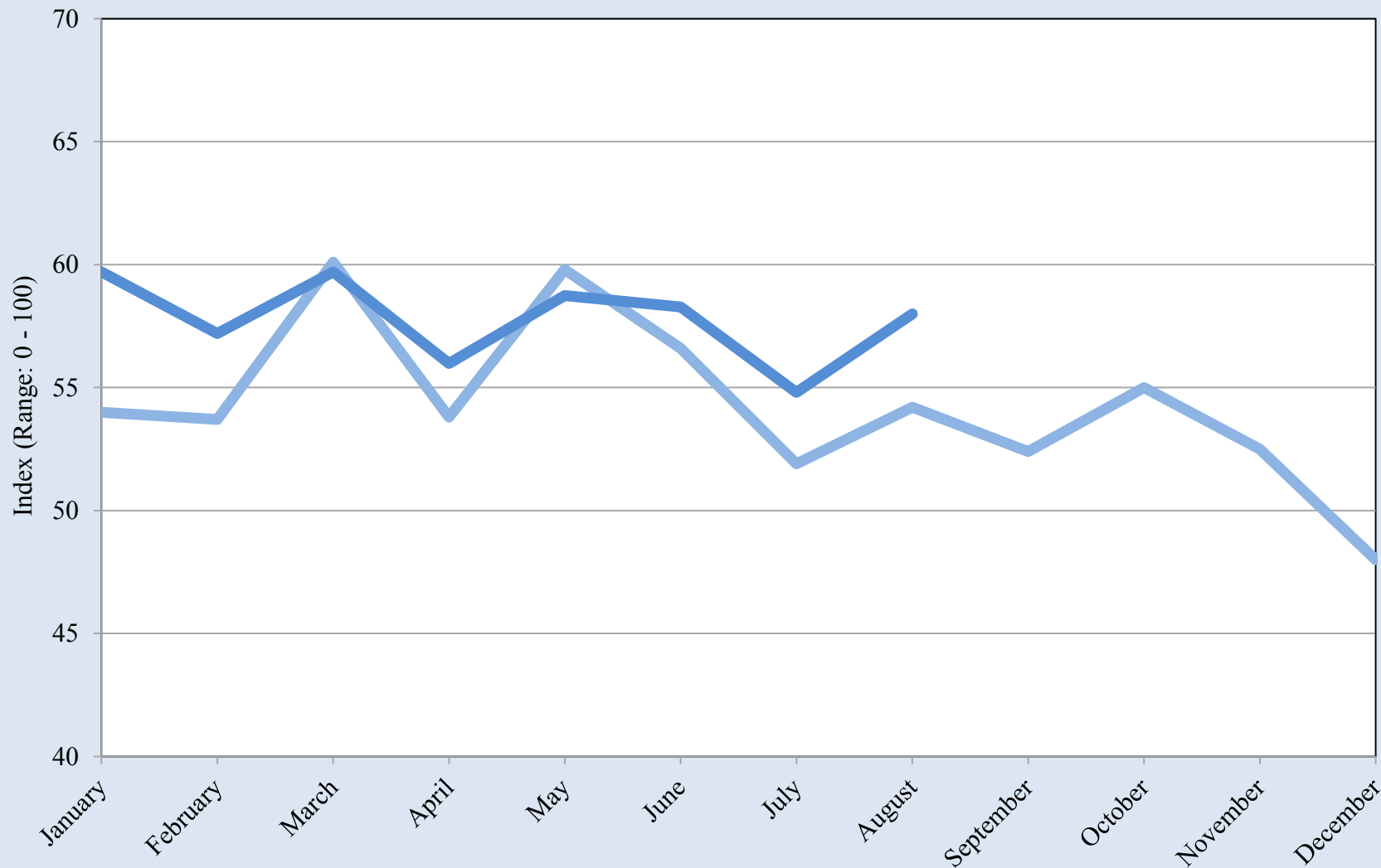
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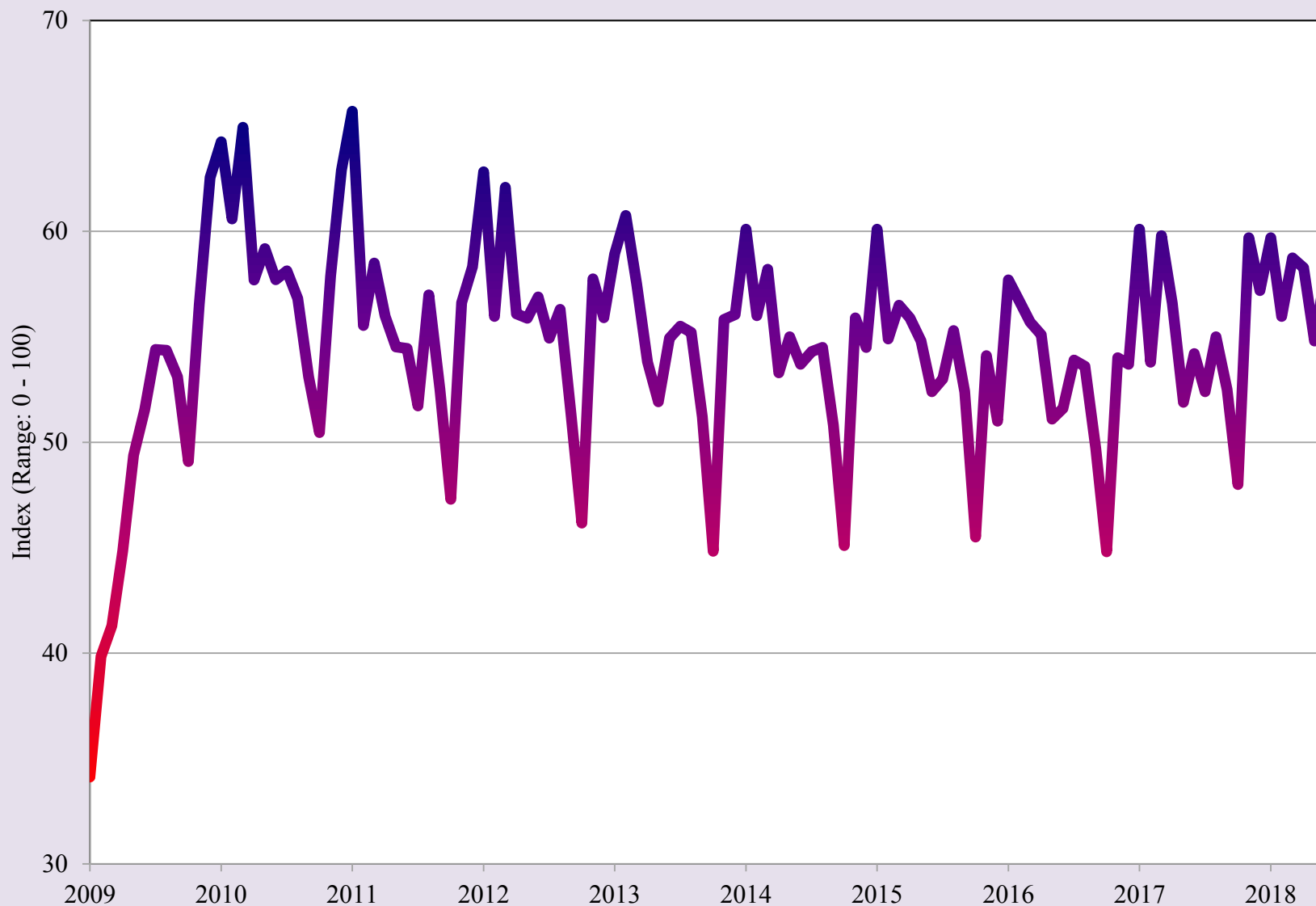
## Northern Mexico Manufacturing Orders Index

— 2017 — 2018



Source: Banco de México

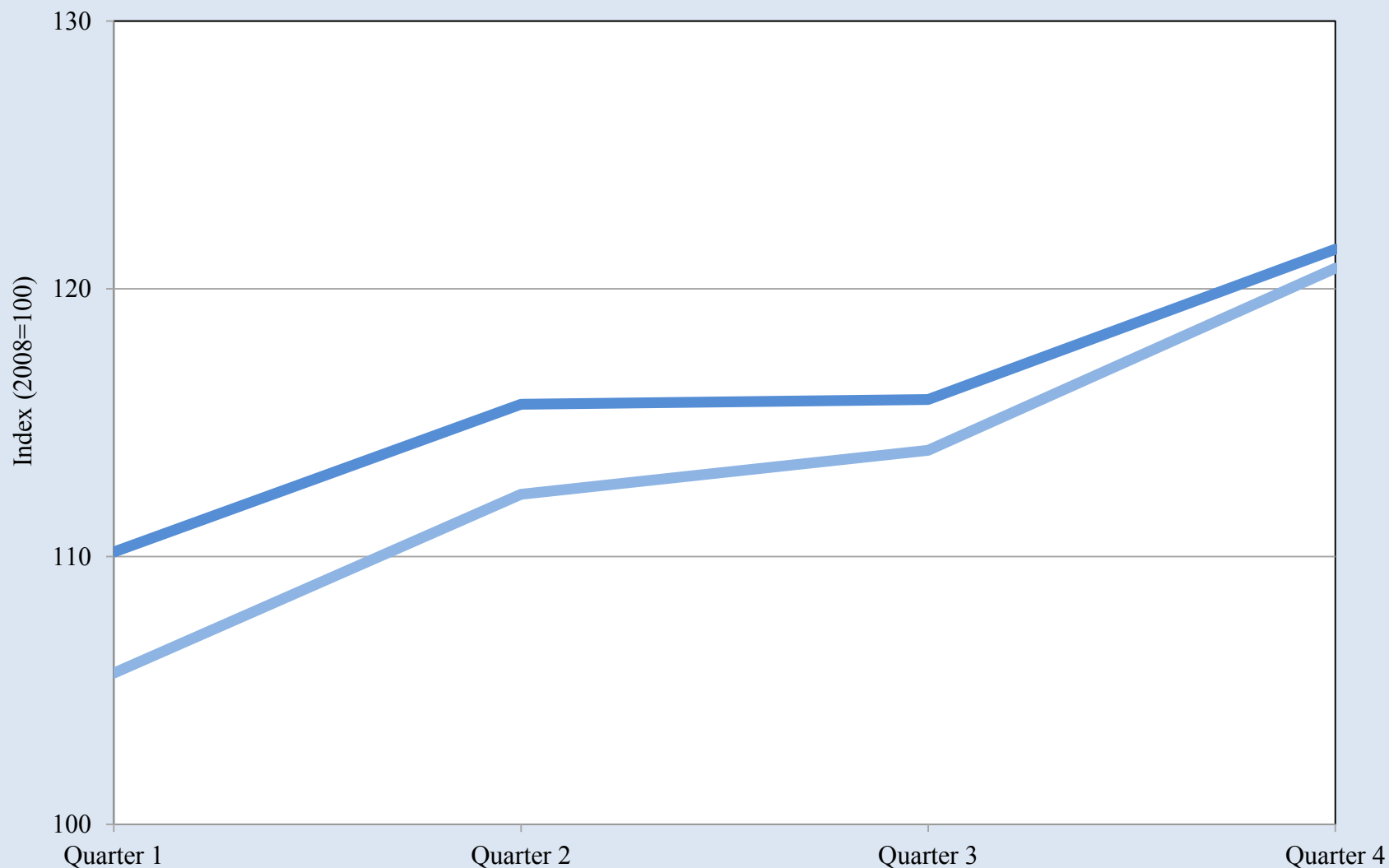
## Northern Mexico Manufacturing Orders Index



Source: Banco de México

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

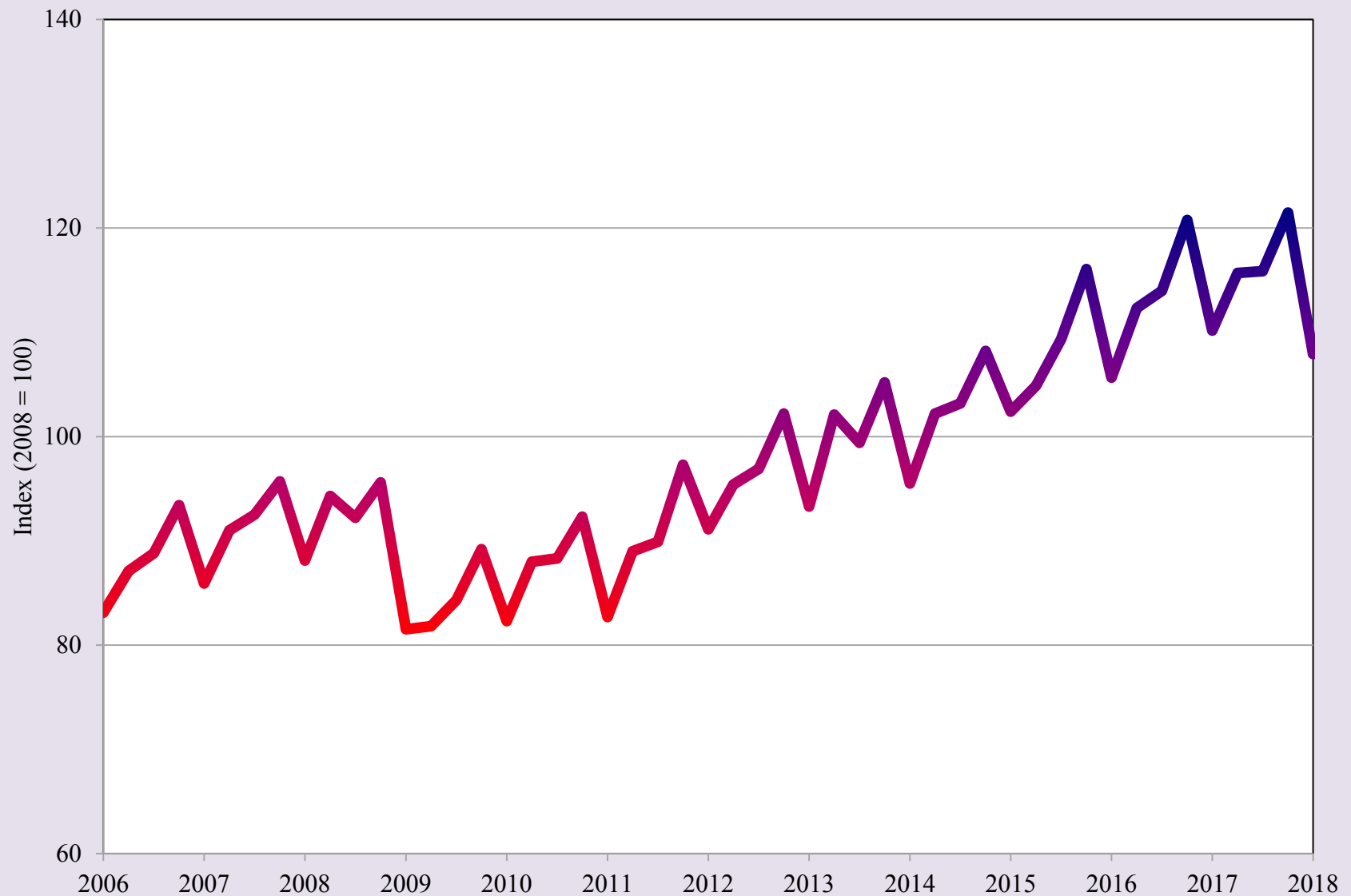
— 2016 — 2017



Source: INEGI



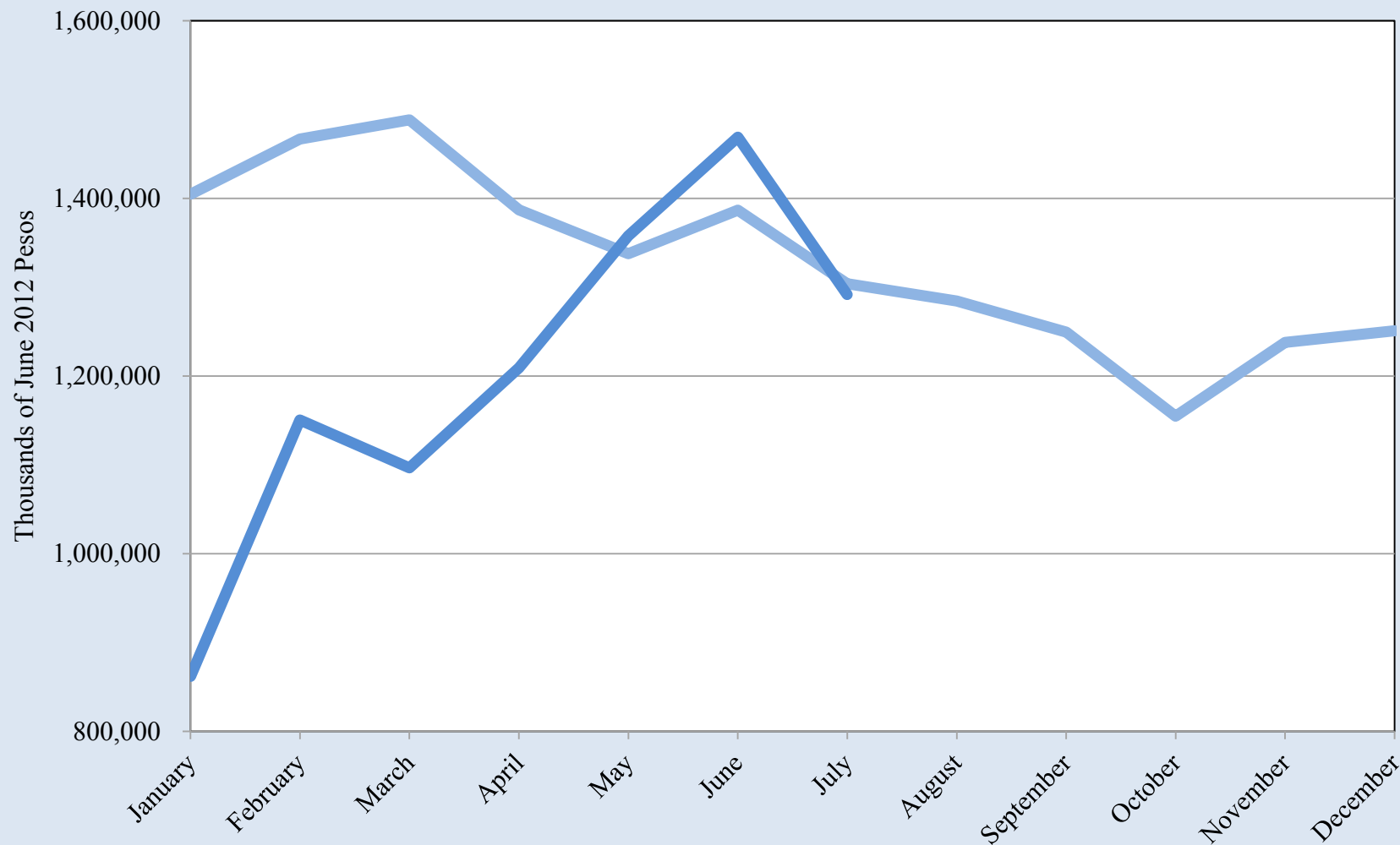
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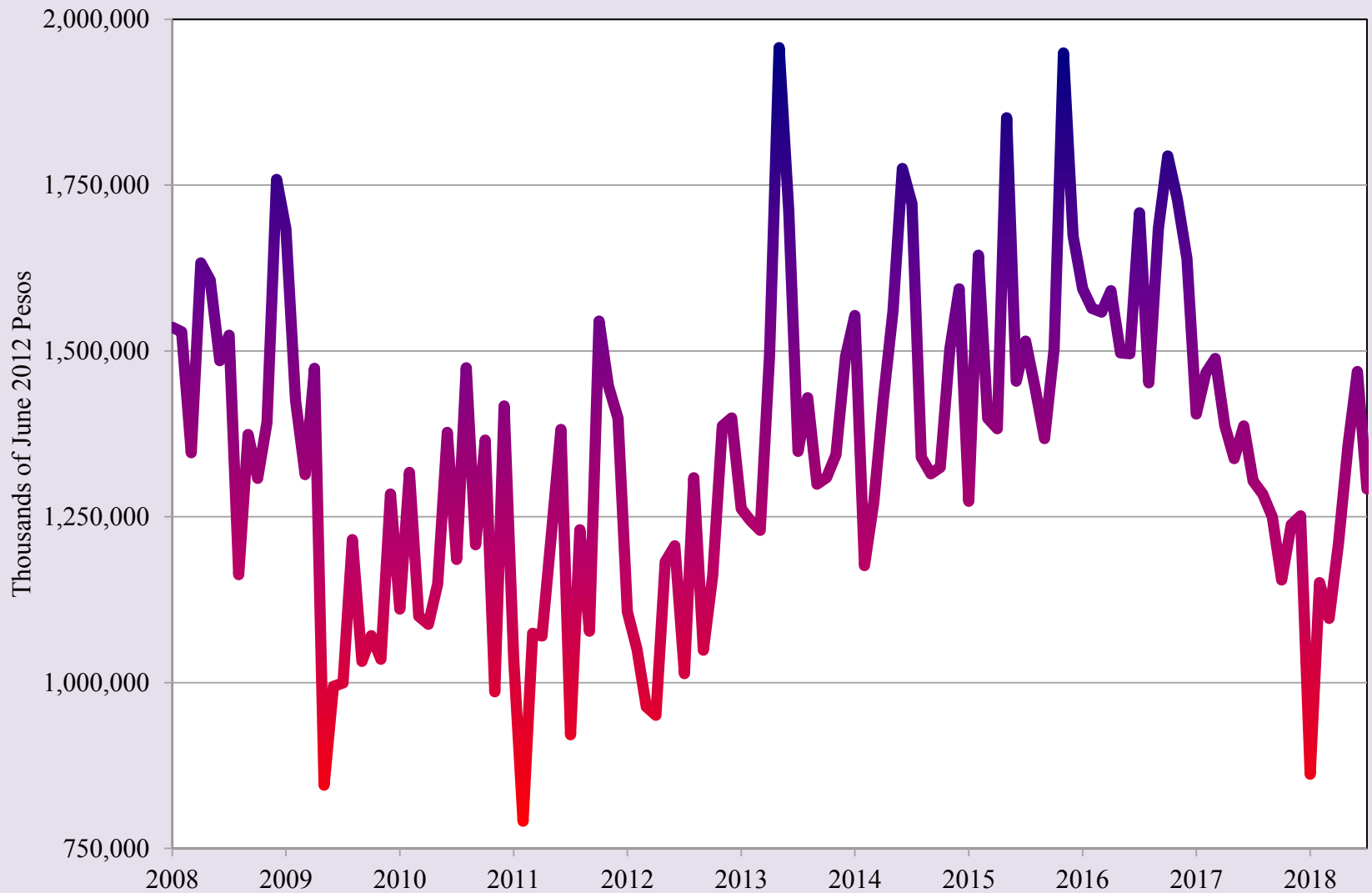
## Total Value of Construction in the State of Chihuahua

— 2017 — 2018



Source: INEGI

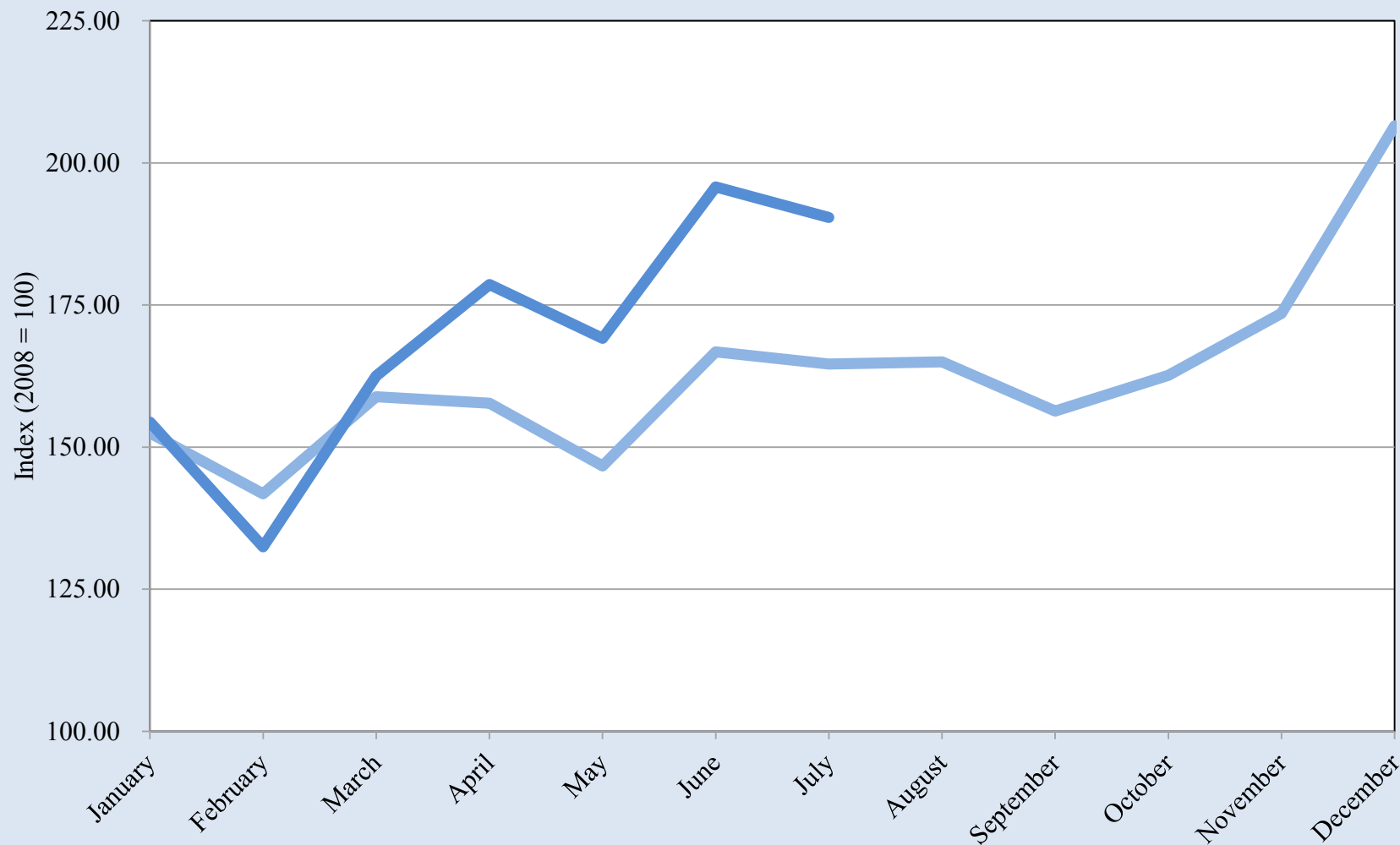
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Source: INEGI

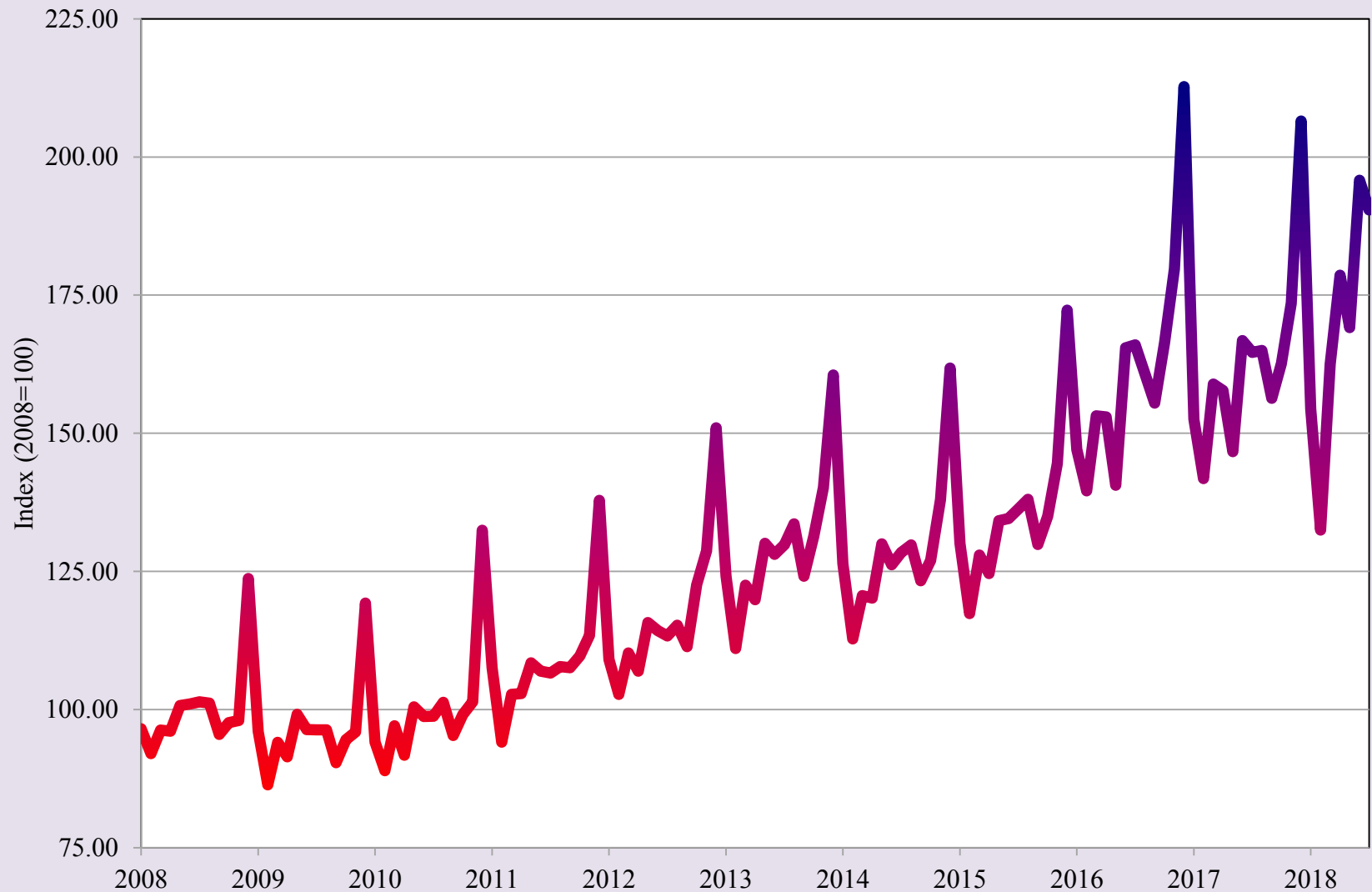
## Real Retail Activity Index for the State of Chihuahua

— 2017 — 2018



Source: INEGI

## Real Retail Activity Index for the State of Chihuahua



Source: INEGI



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