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# Borderplex Business Barometer, Volume 3, Number 2

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# BORDERPLEX BUSINESS BAROMETER

**February 2019**

**Border Region Modeling Project**

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*Border Commerce & Economics*

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**Minor Data Mysteries**

Although regional economic conditions remain fairly good, statistical uncertainty is in the air due to data delays resulting from the recent federal government shutdown. The data mystery is less concerning for the El Paso metropolitan economy because the Federal Reserve Bank of Dallas business cycle index rose, again, in December. In fact, all of the 2018 BCI monthly values exceeded the corresponding values from 2017. El Paso County enrollments in the Supplemental Nutrition Assistance Program (SNAP) are not updated this month due to data interruptions associated with the shutdown. Once updated enrollment estimates become available, additional downward movement is likely as a consequence of ongoing steady economic growth in the local economy.

The El Paso housing market opened 2019 in good shape. The January median price of \$149,950 was approximately 2.4 percent higher than the corresponding figure for January 2018. At 3.9, the months of housing inventory for El Paso remained below 4.0 for a third consecutive month. Housing inventory has tightened to a range not observed since 2006. Regular gasoline prices fell by 20 cents to \$1.89 per gallon in January 2019, partly due to oil price weakness during the government closure. Prices have rebounded somewhat in recent weeks, but consumers enjoyed the respite while it lasted.

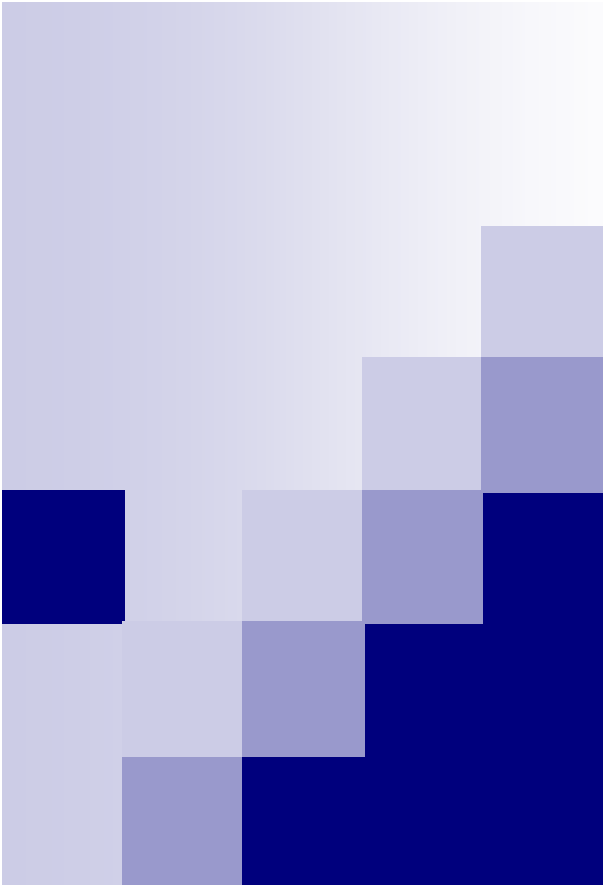
In Doña Ana County, unemployment remained below year-ago levels for the entirety of 2018. Better labor market conditions helped the number of Las Cruces area SNAP cases to remain below 27,500 throughout 2018. UTEP Border Region Modeling Project econometric forecast analysis indicates that additional labor market strengthening is likely in 2019, boding well for income performance and helping further ease the demand for social safety net services in the Mesilla Valley.

The peso-per-dollar nominal exchange continued to fluctuate minimally around 19.50 in the last quarter of 2018. Barring any USMCA policy disasters, the exchange rate may continue trade near current levels in 2019. In real terms, the peso remains at least somewhat undervalued against the dollar. The latter point is underscored regionally by a persistent 40-percent gap between the exchange rate and the Borderplex restaurant price ratio.

Northbound international bridge personal vehicle flows fell below 1.0 million during both of the last two months in 2018. The decline began in August, probably in reaction to increased homicides and violence related to illegal narcotics smuggling activities. In spite of the latter, northbound pedestrian traffic volumes rose above year-ago levels for nearly every month of 2018. Cross-border cargo truck traffic grew by 4.1 percent in 2018. That development was driven by increased merchandise trade. During the first

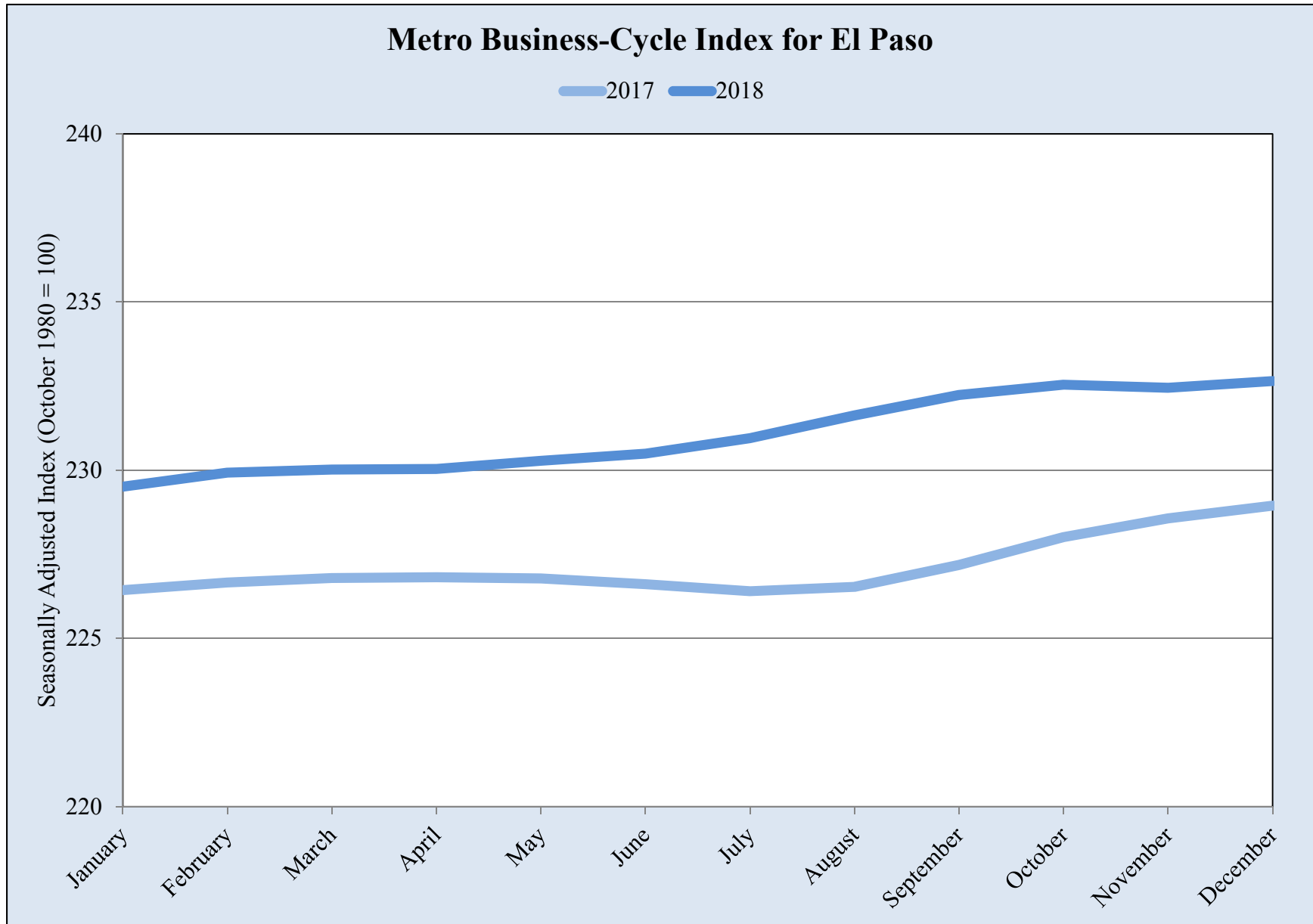
11 months of 2018, total trade through the El Paso Customs District expanded to more than \$103 million. After adjusting for inflation, real trade increased by 5.7 percent during that period in this district.

Export-oriented manufacturing employment in Ciudad Juárez stood at 277,247 in November 2018, a 0.5 percent increase relative to the same month in 2017. The Northern Mexico Manufacturing Orders Index was 4.7 percentage points higher, on average, in 2018 than in 2017. The Chihuahua state retail activity index rose in both October and November and seems poised for growth in 2019.

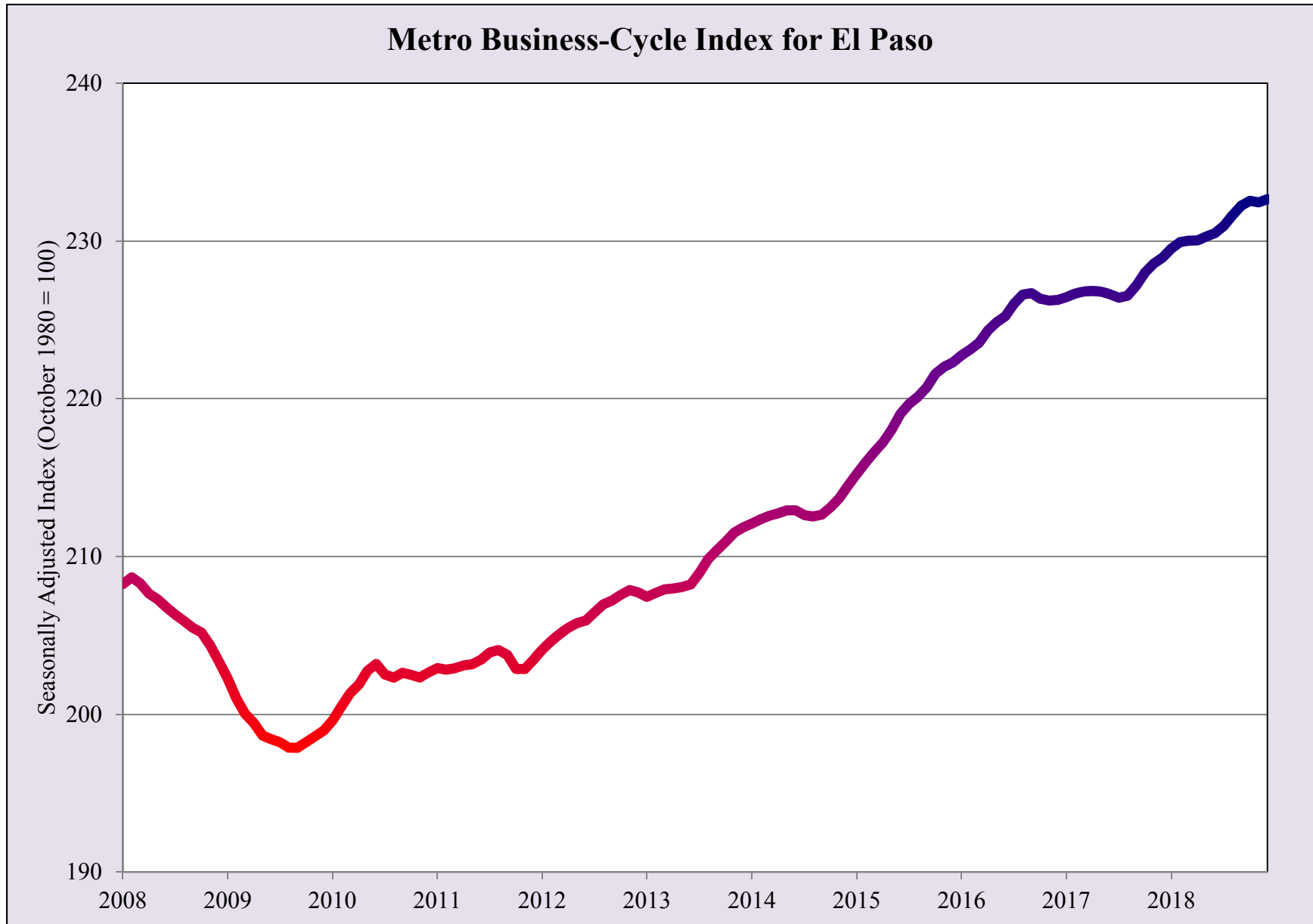


# **Borderplex Business Barometer**

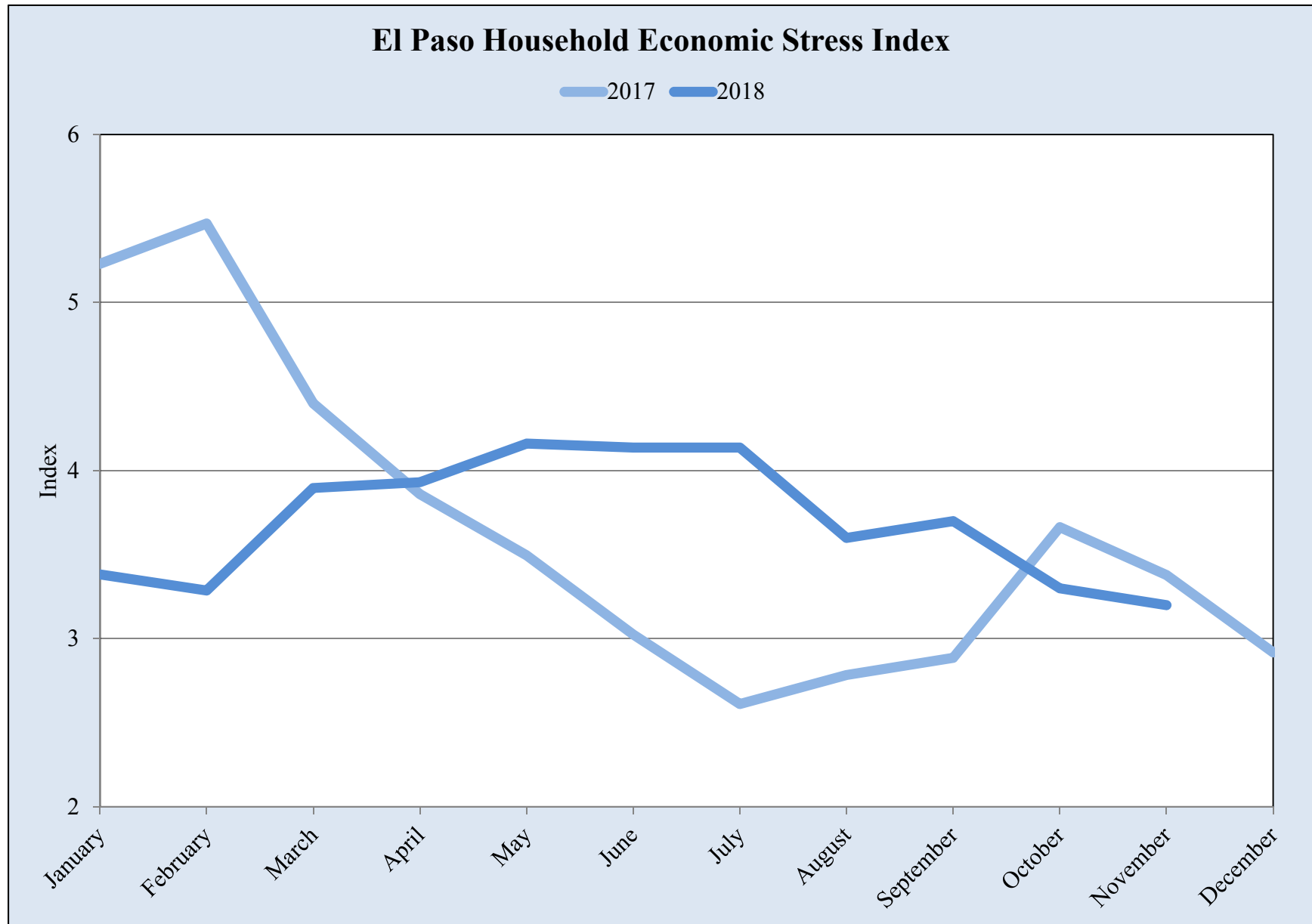
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Department of Economics & Finance  
University of Texas at El Paso



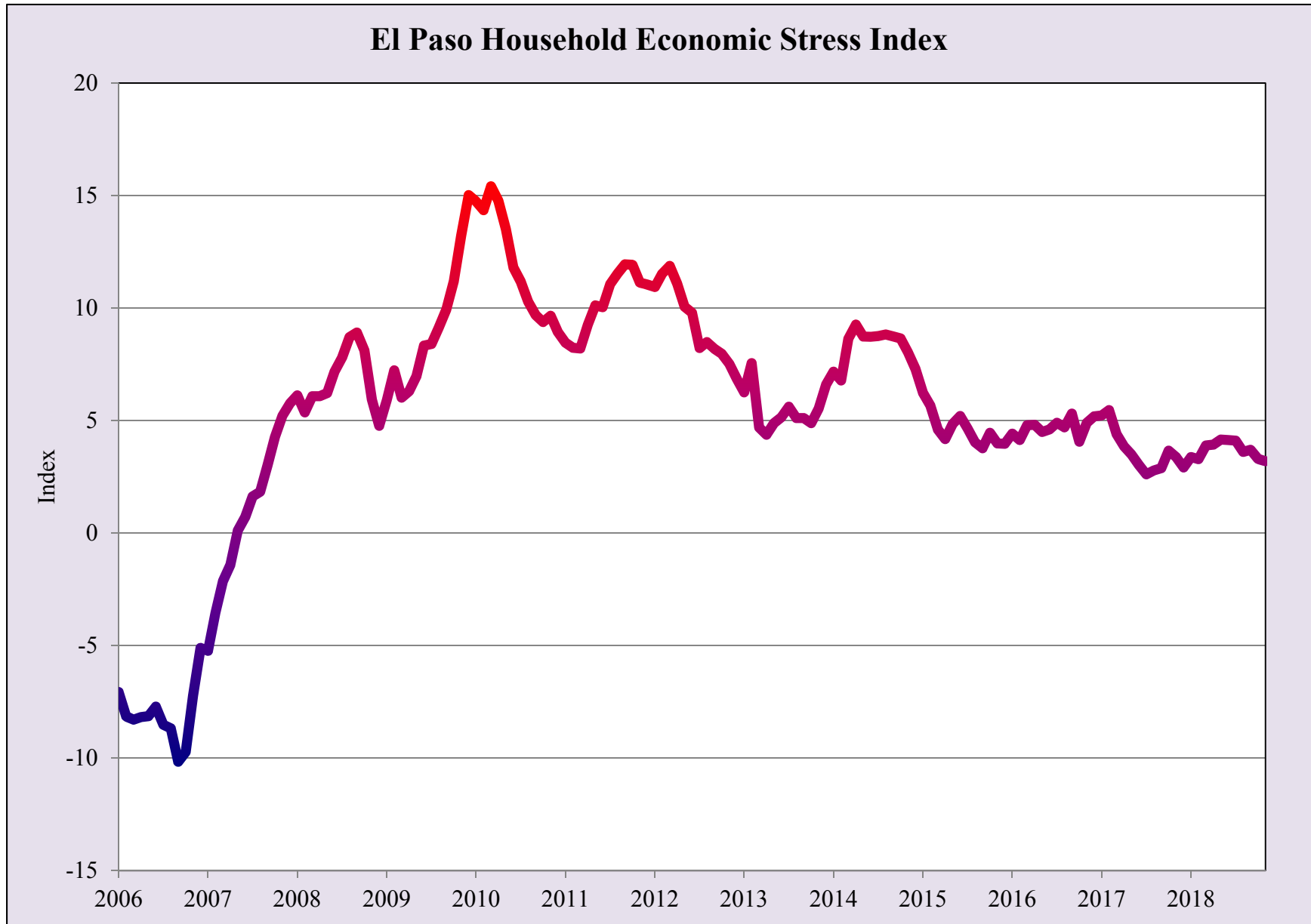
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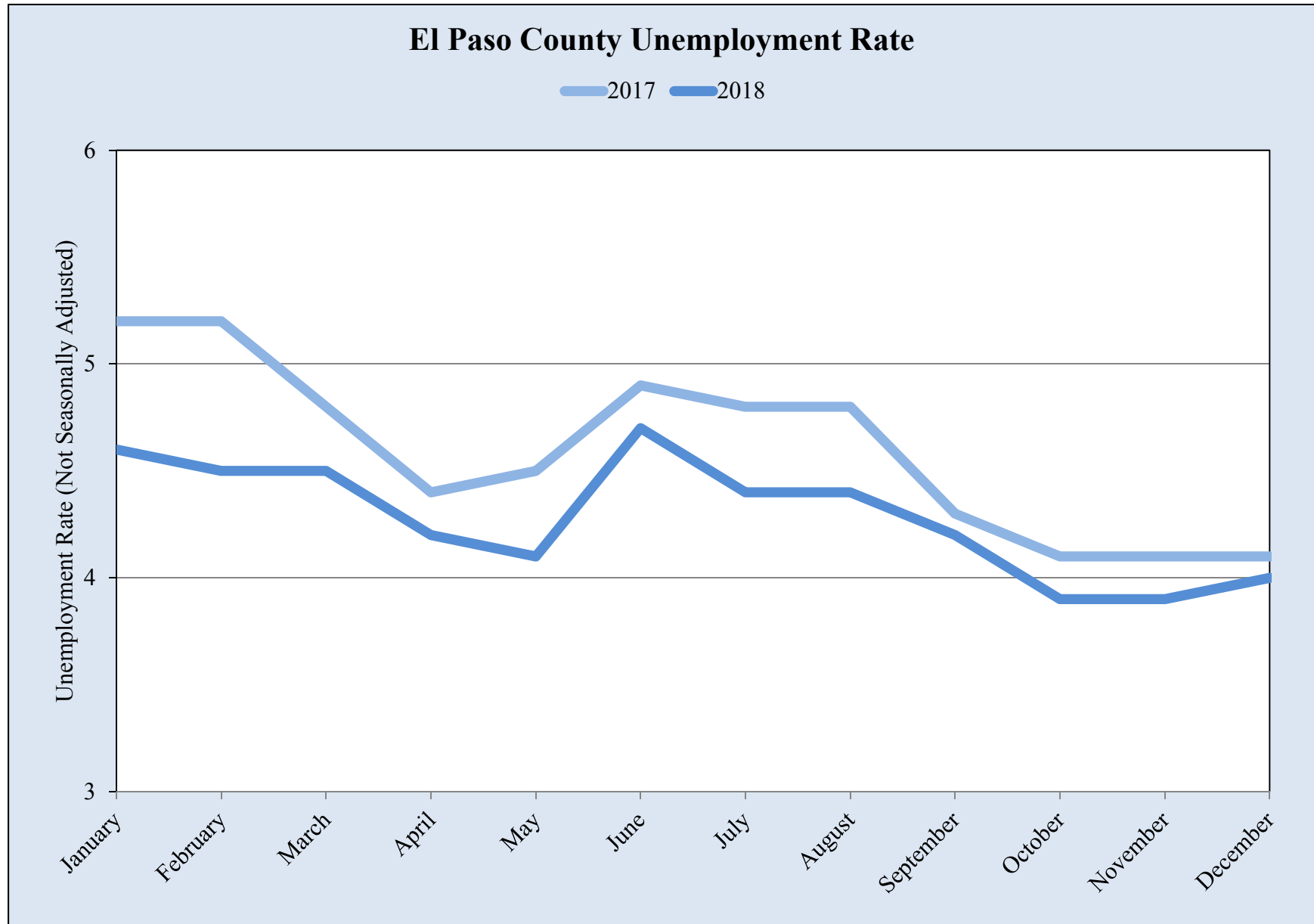
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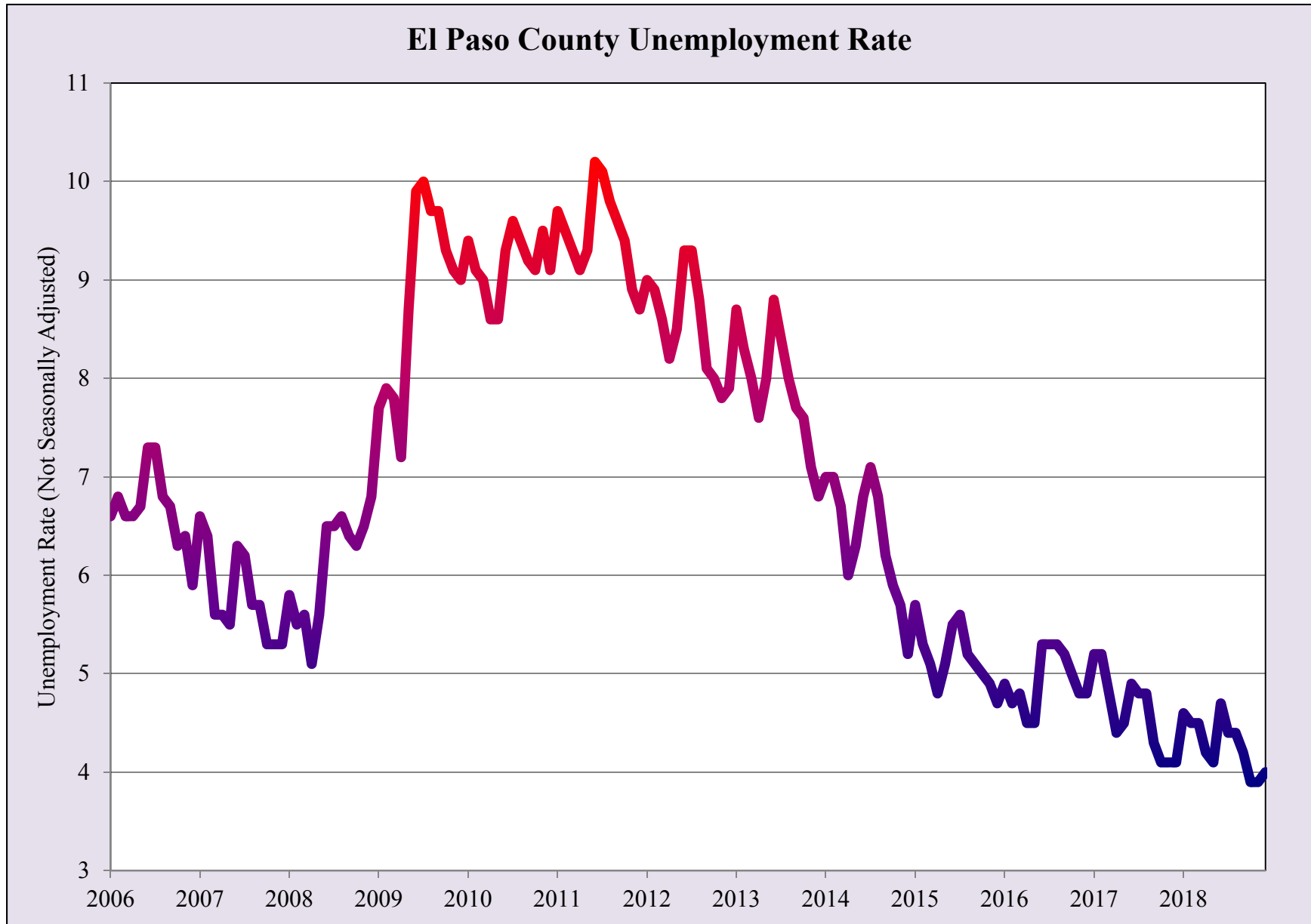


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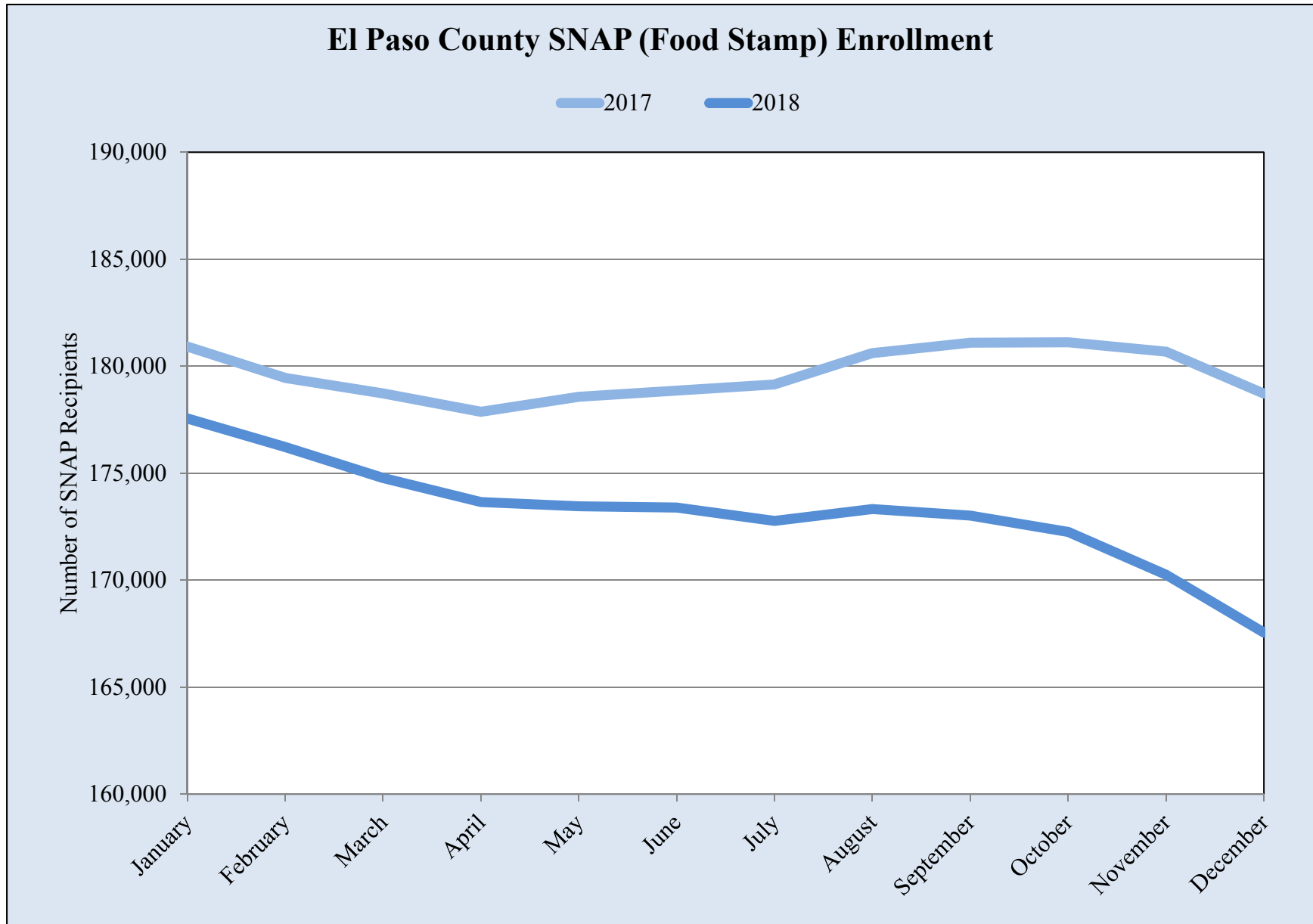


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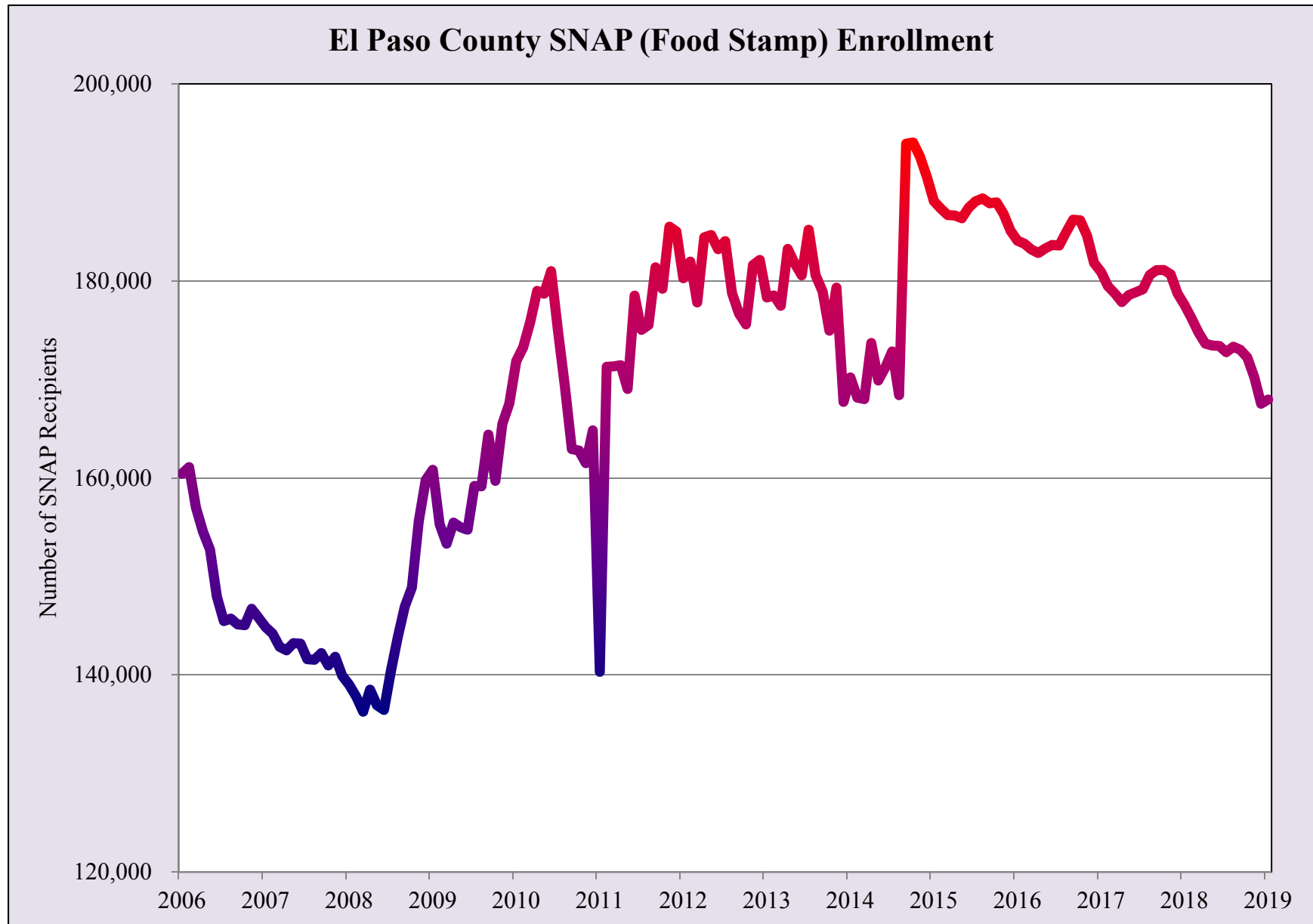




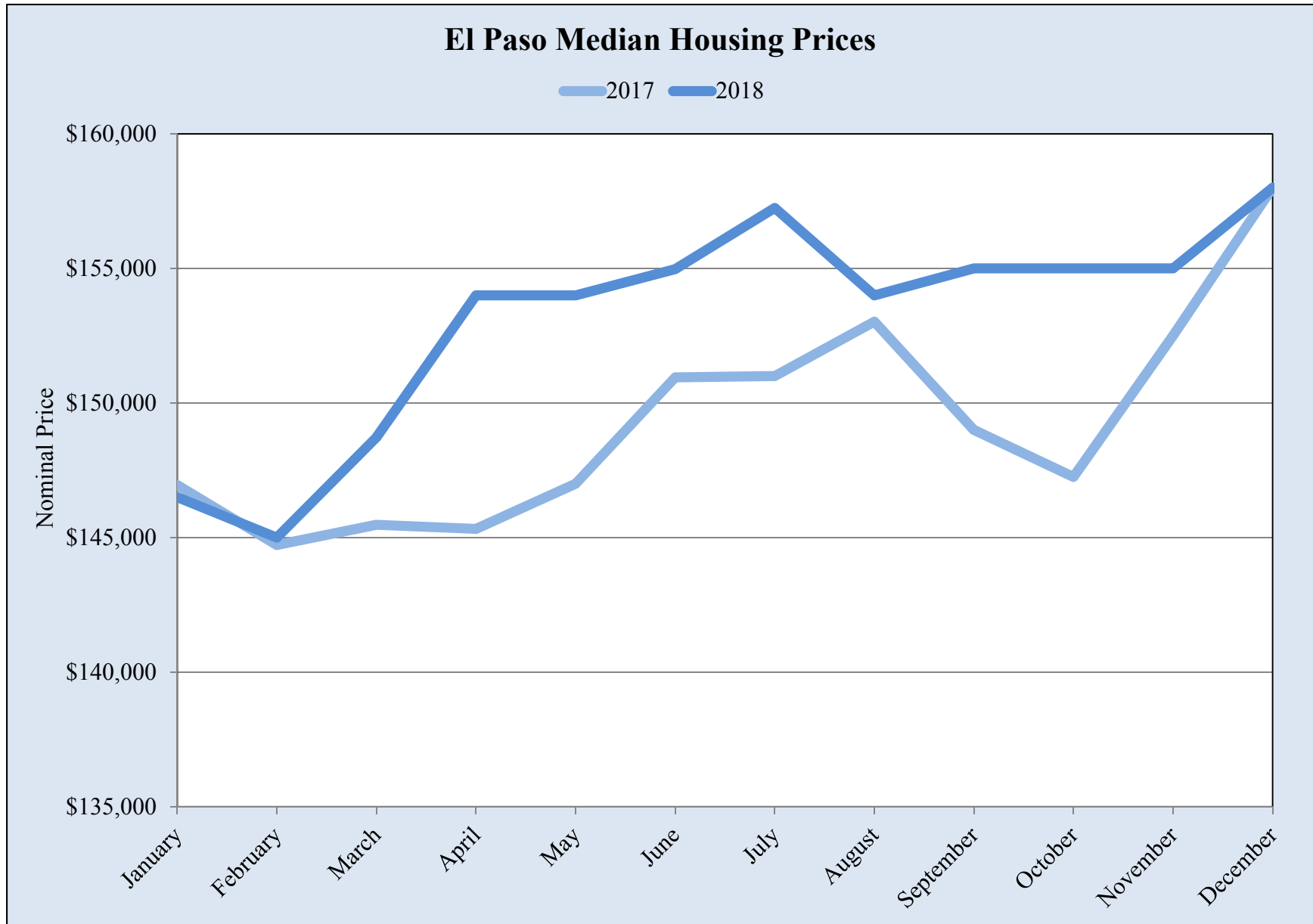
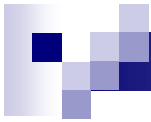
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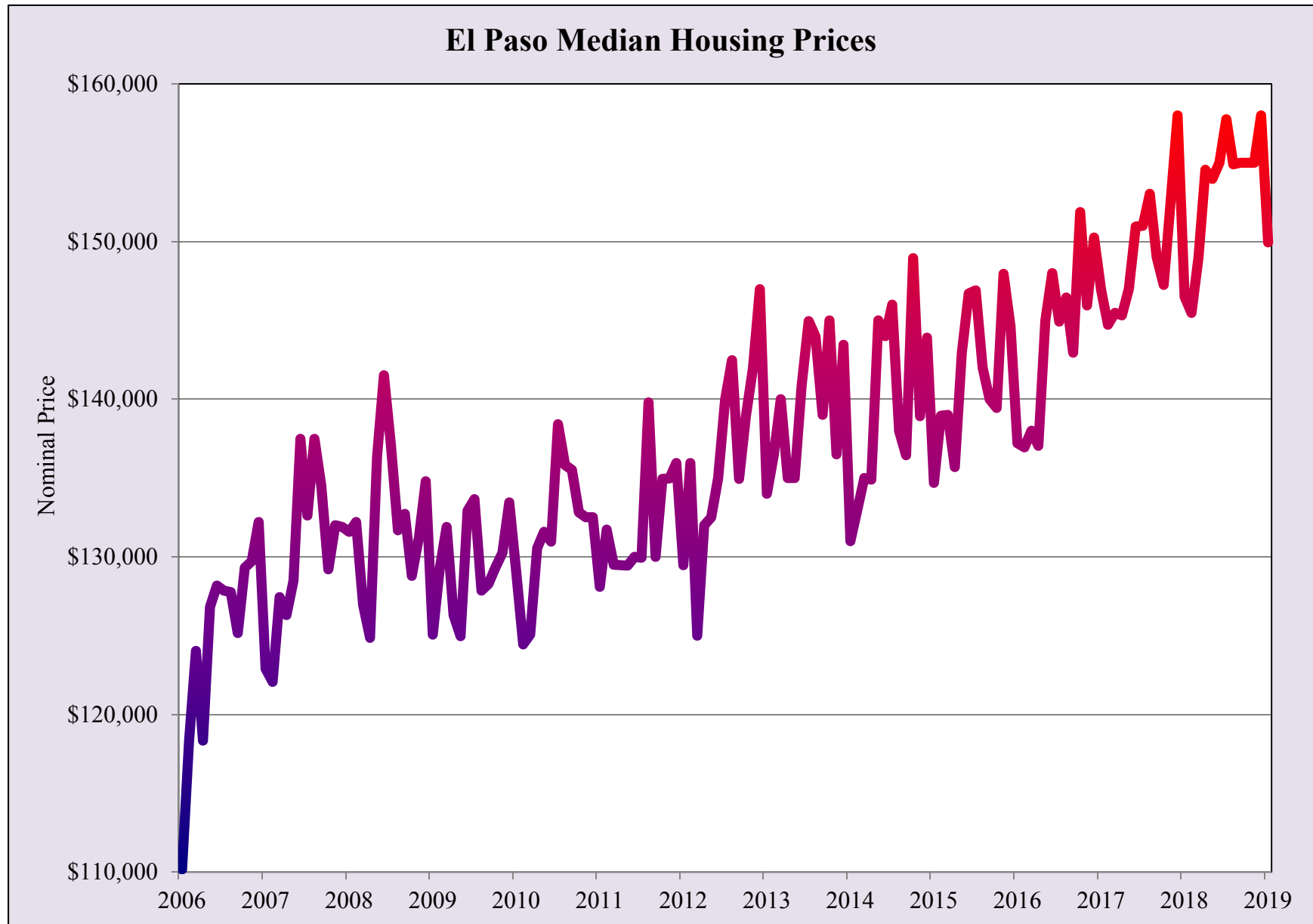
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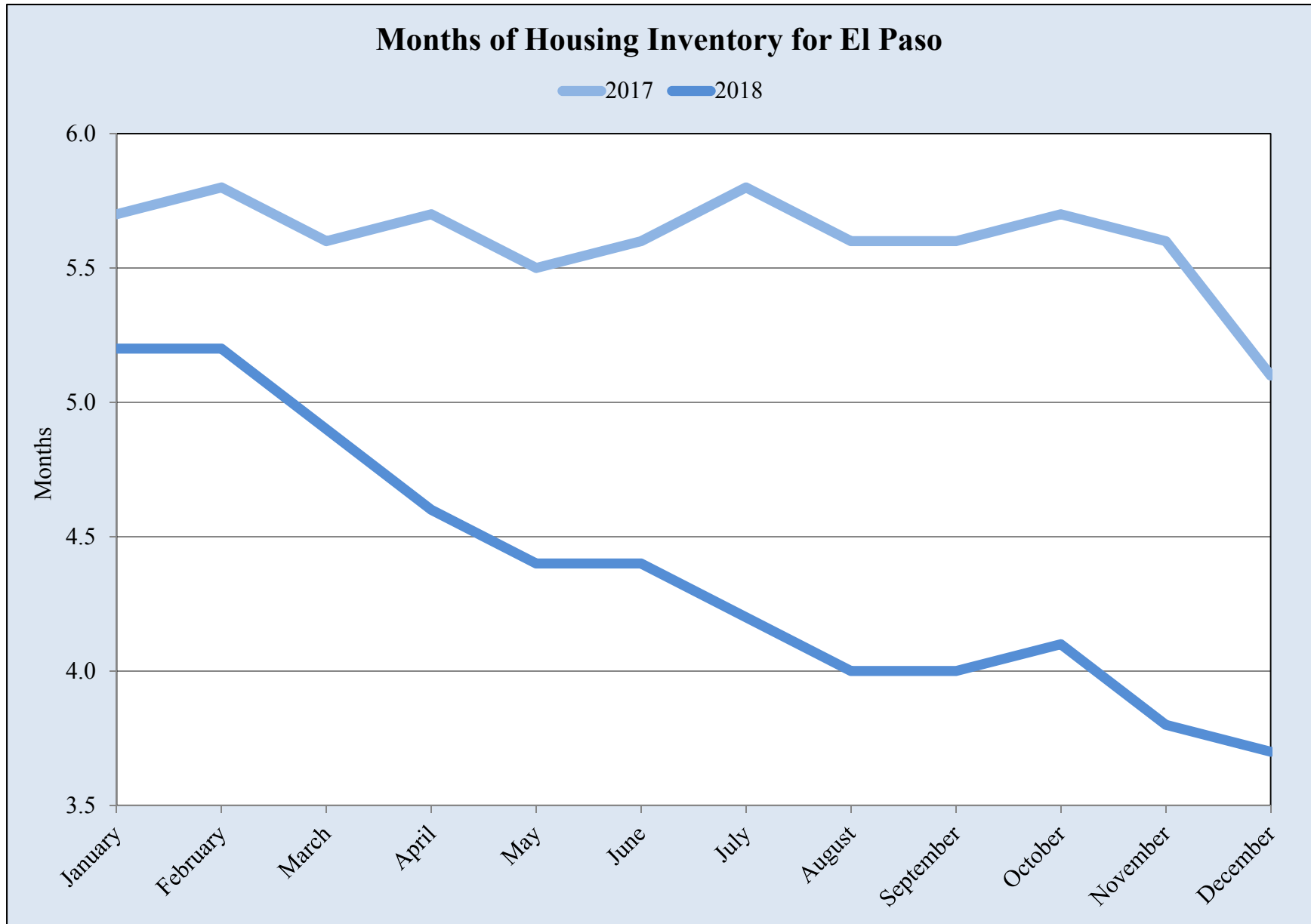
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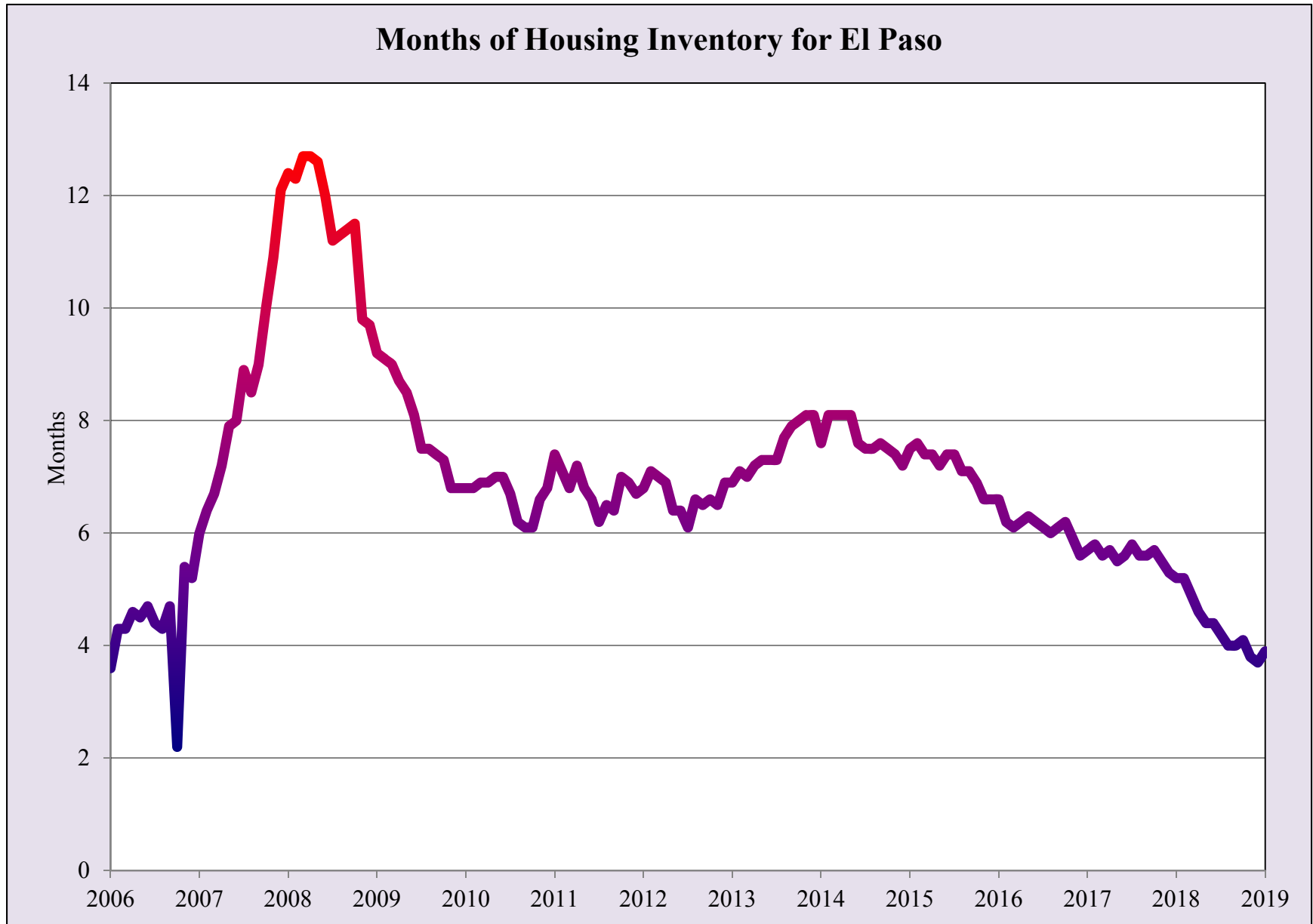
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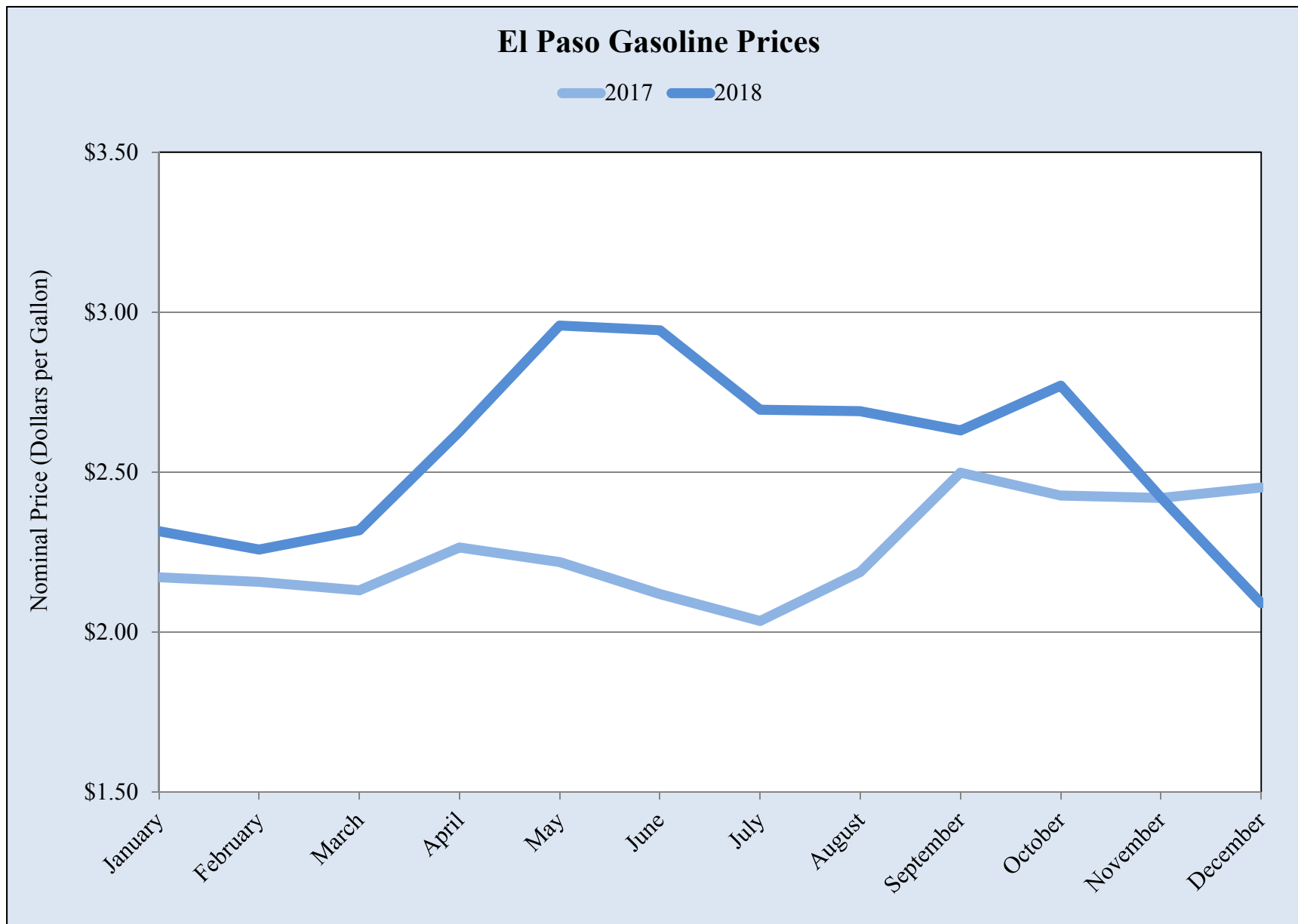
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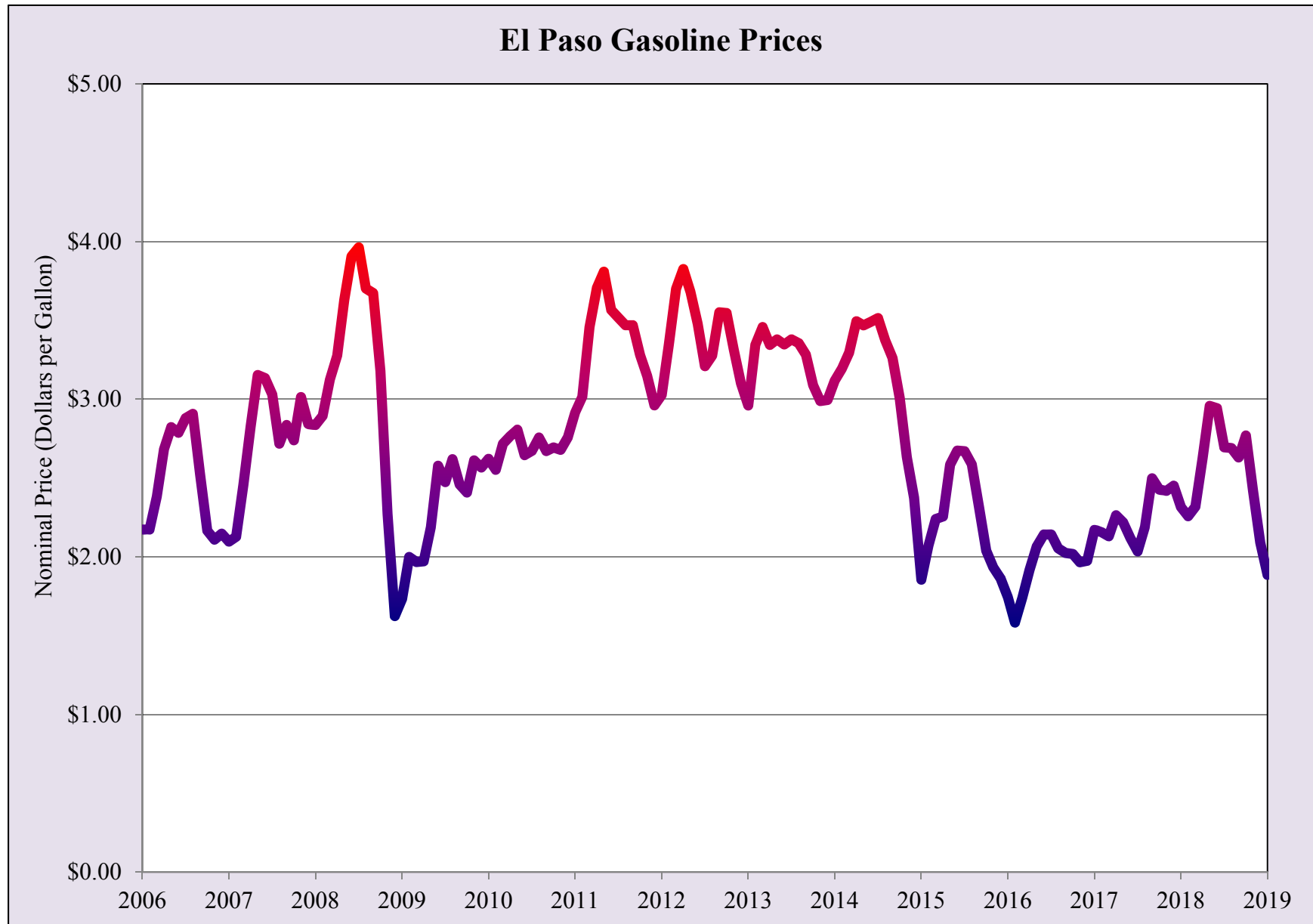


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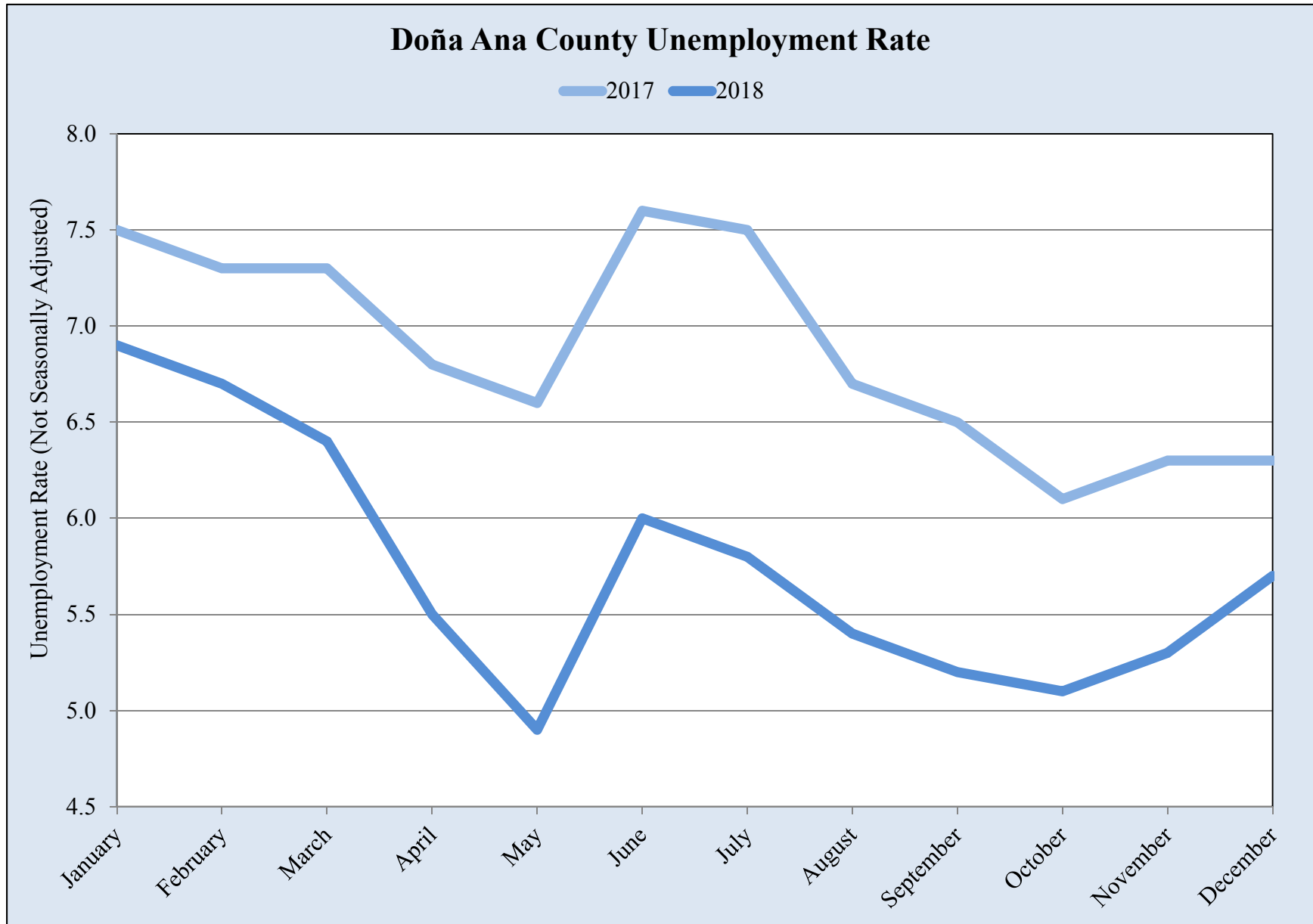


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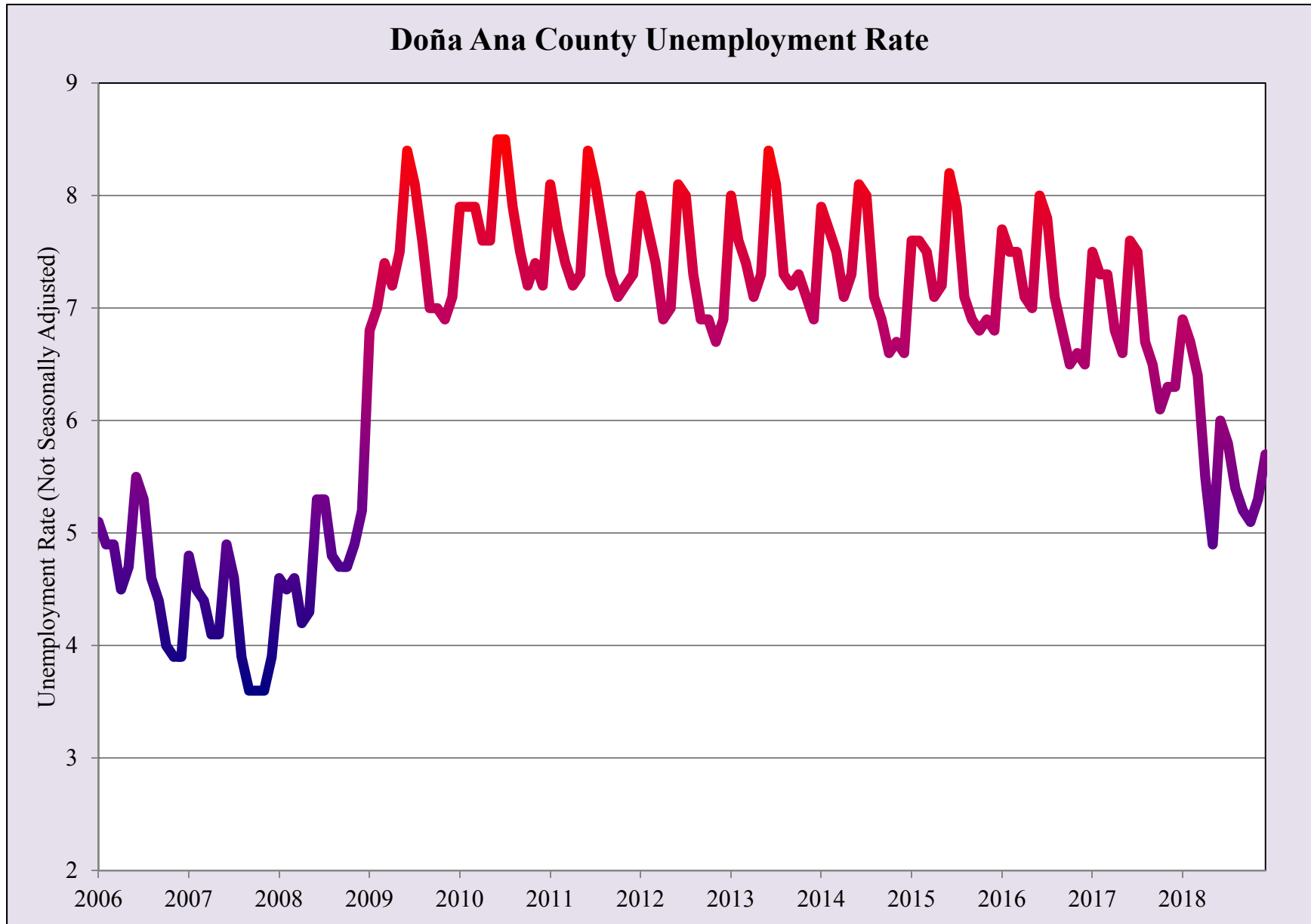




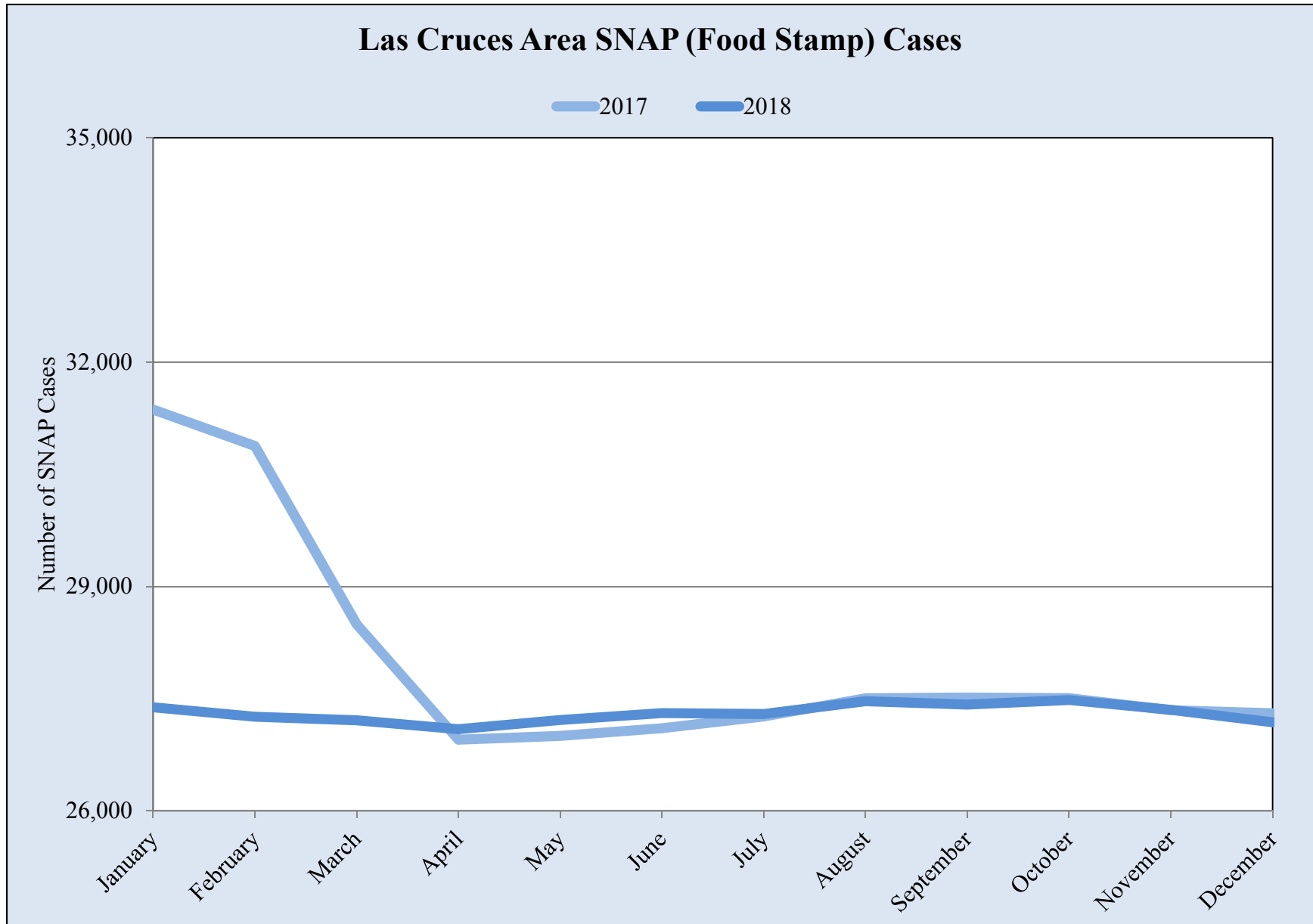
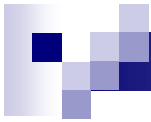
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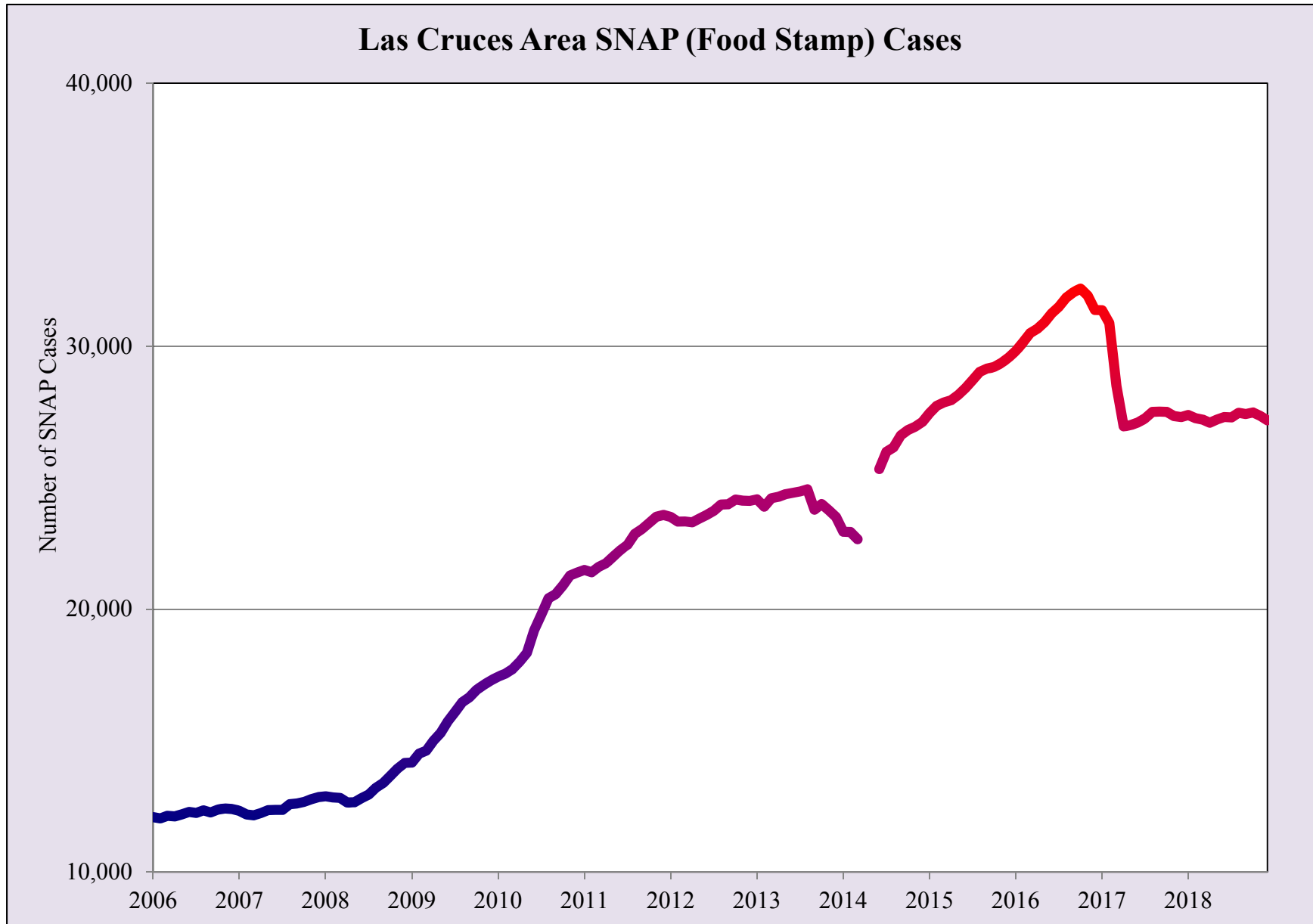
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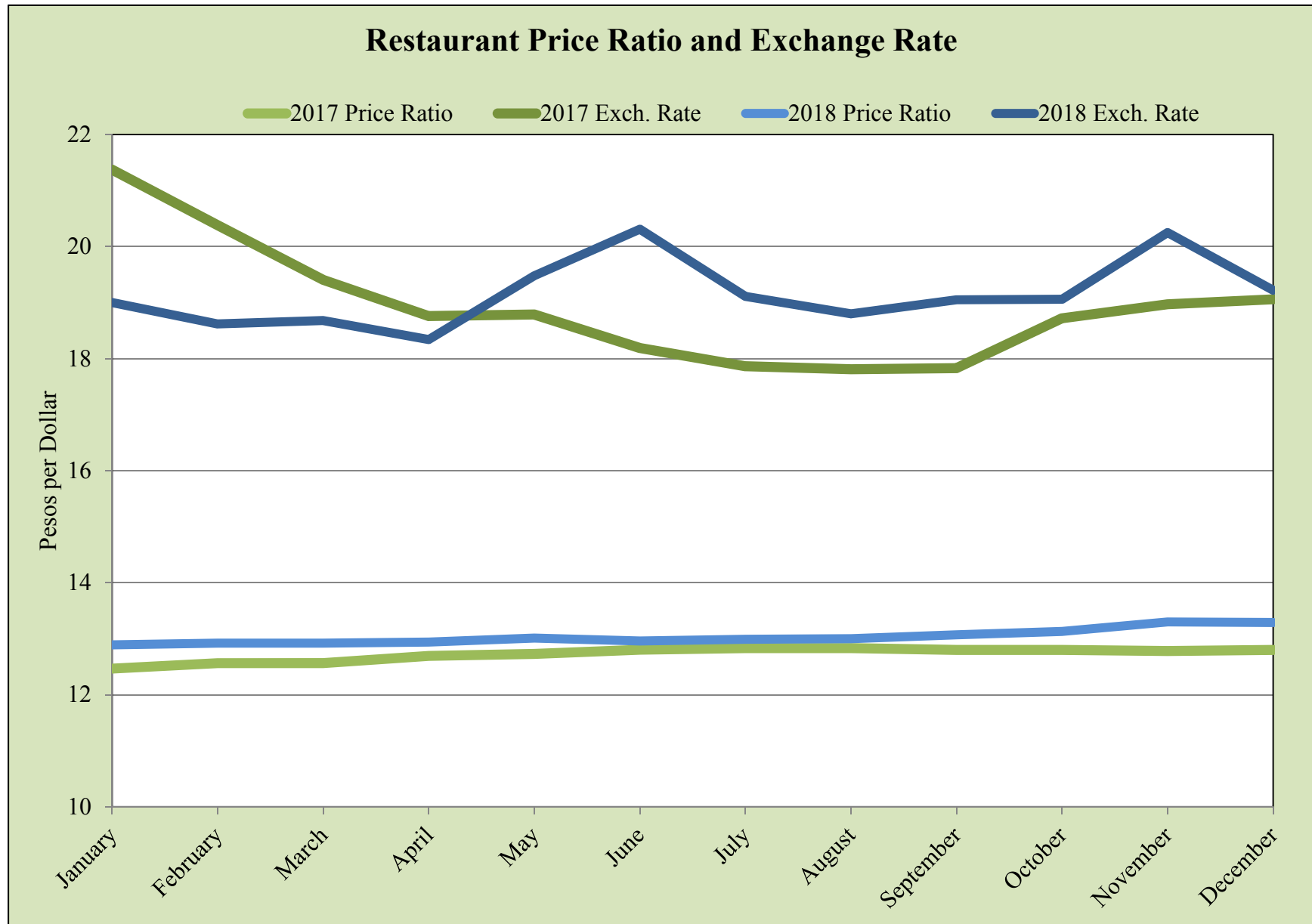
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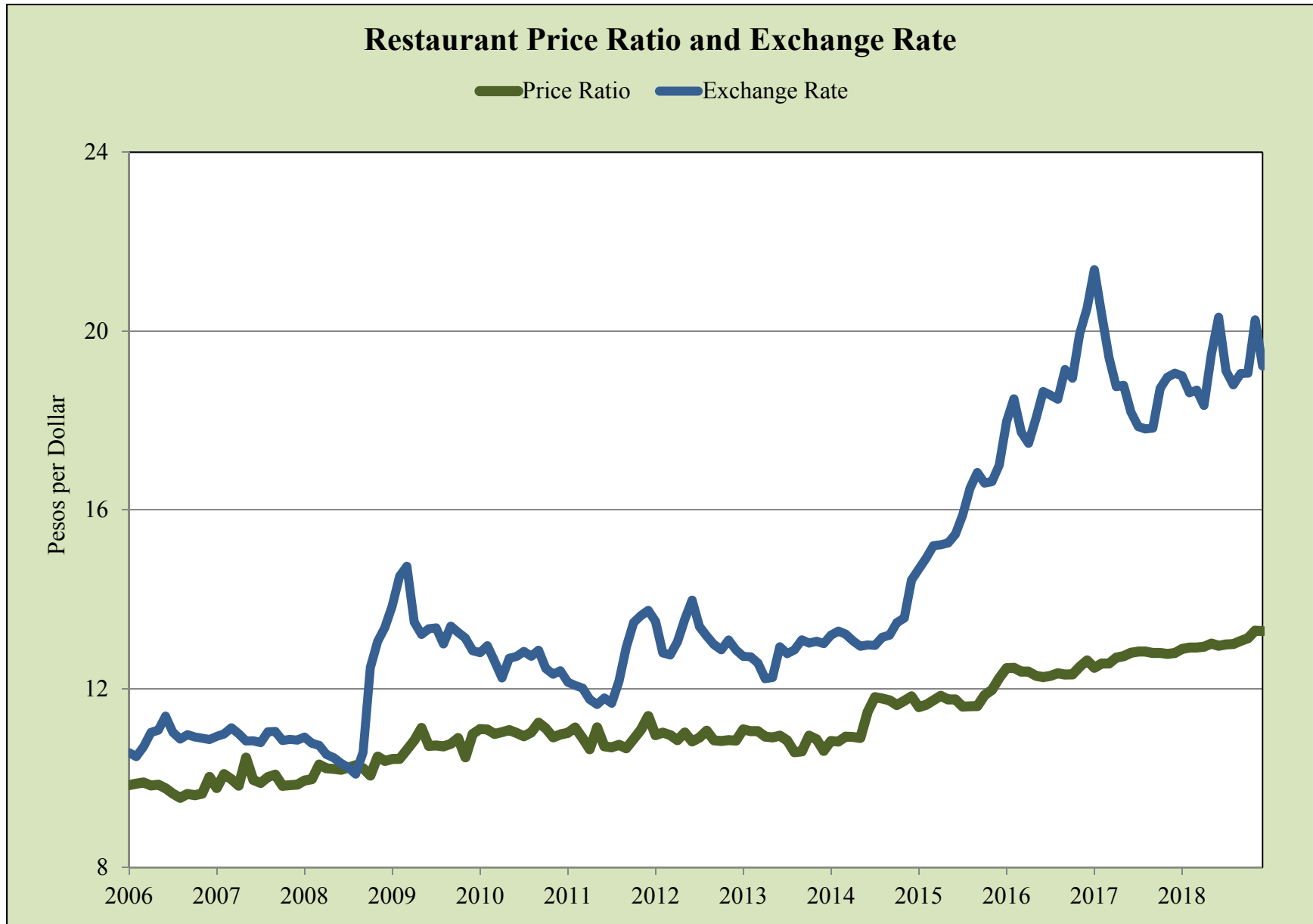
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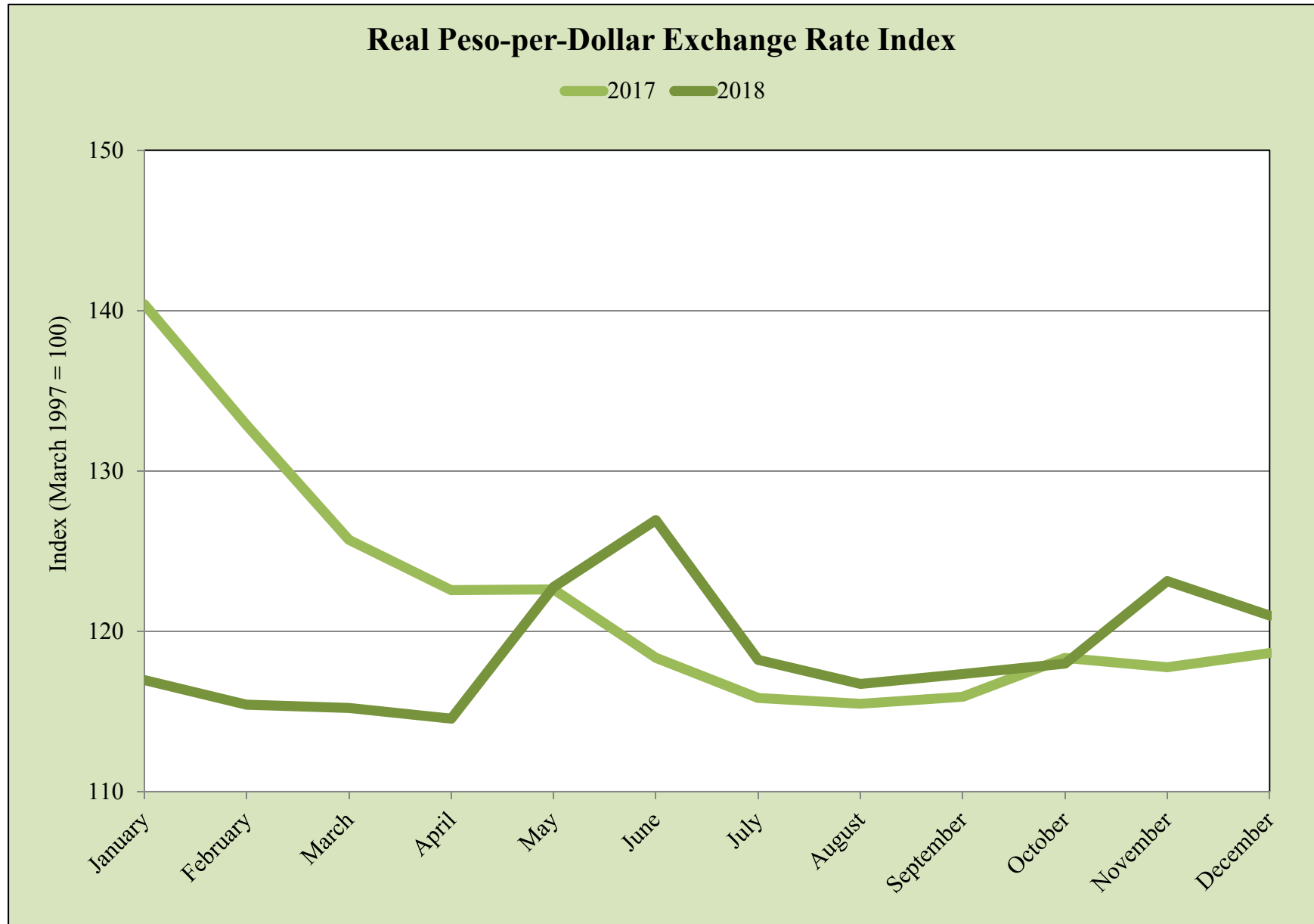
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Source: UTEP Border Region Modeling Project and Banco de Mexico

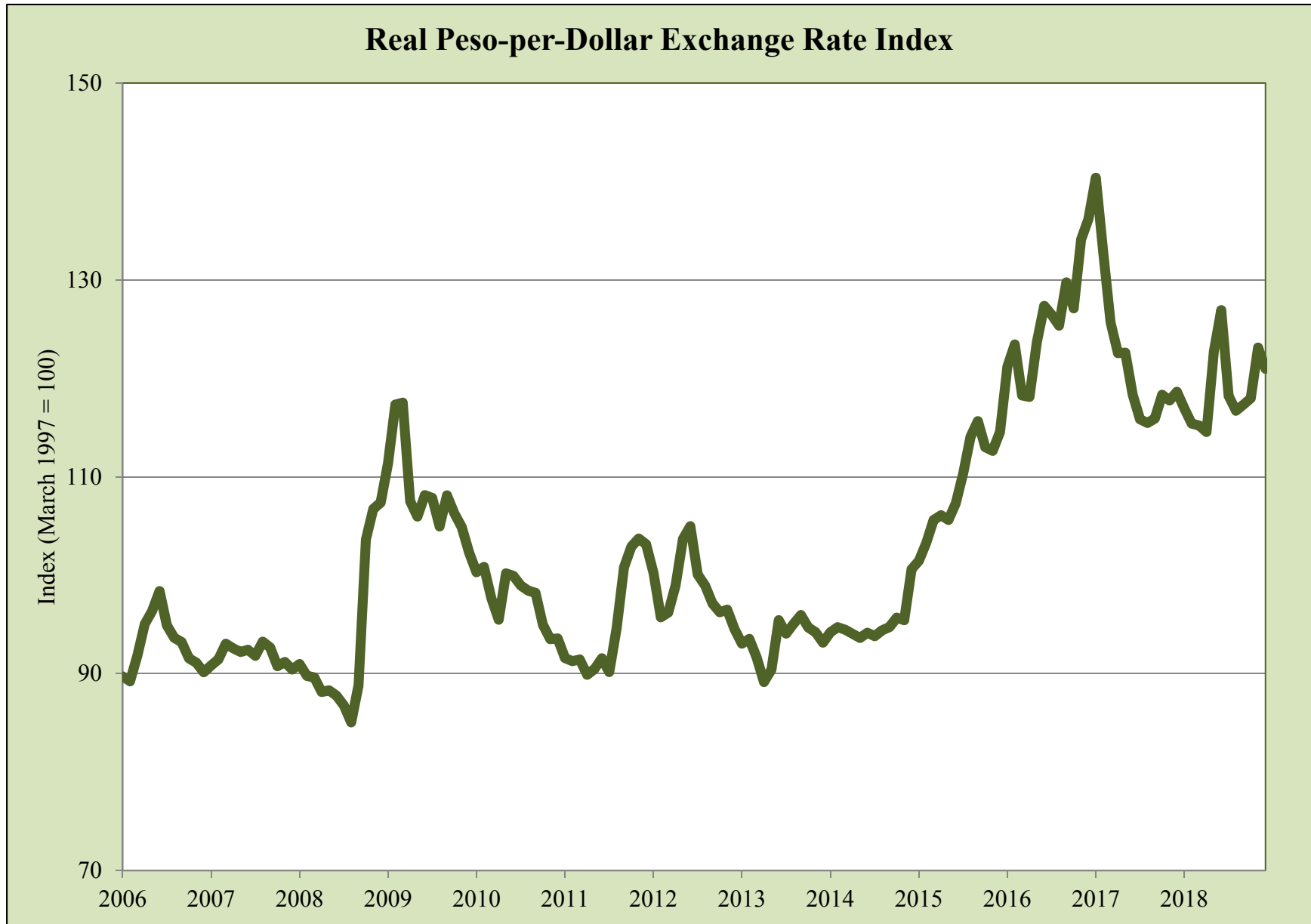


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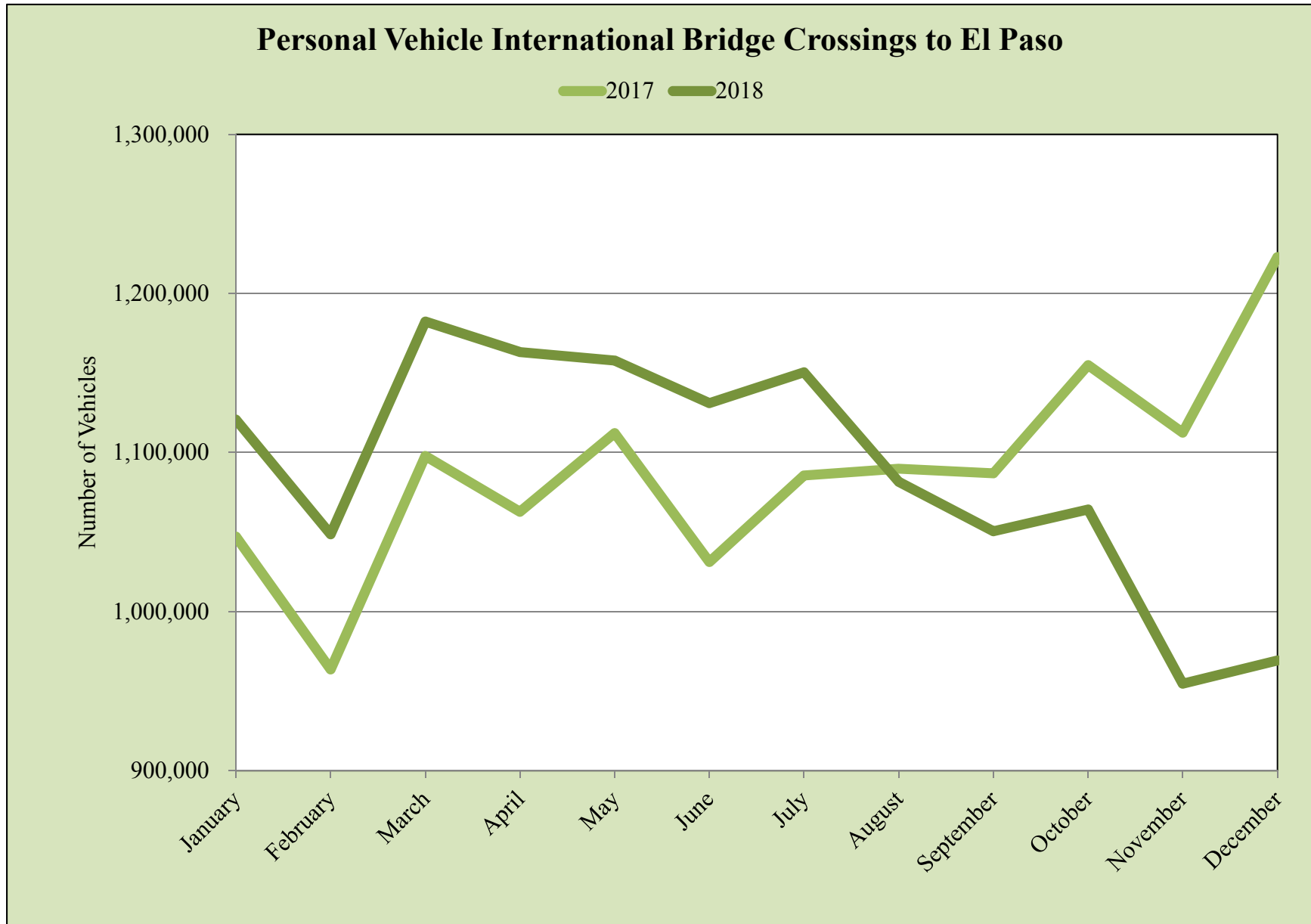


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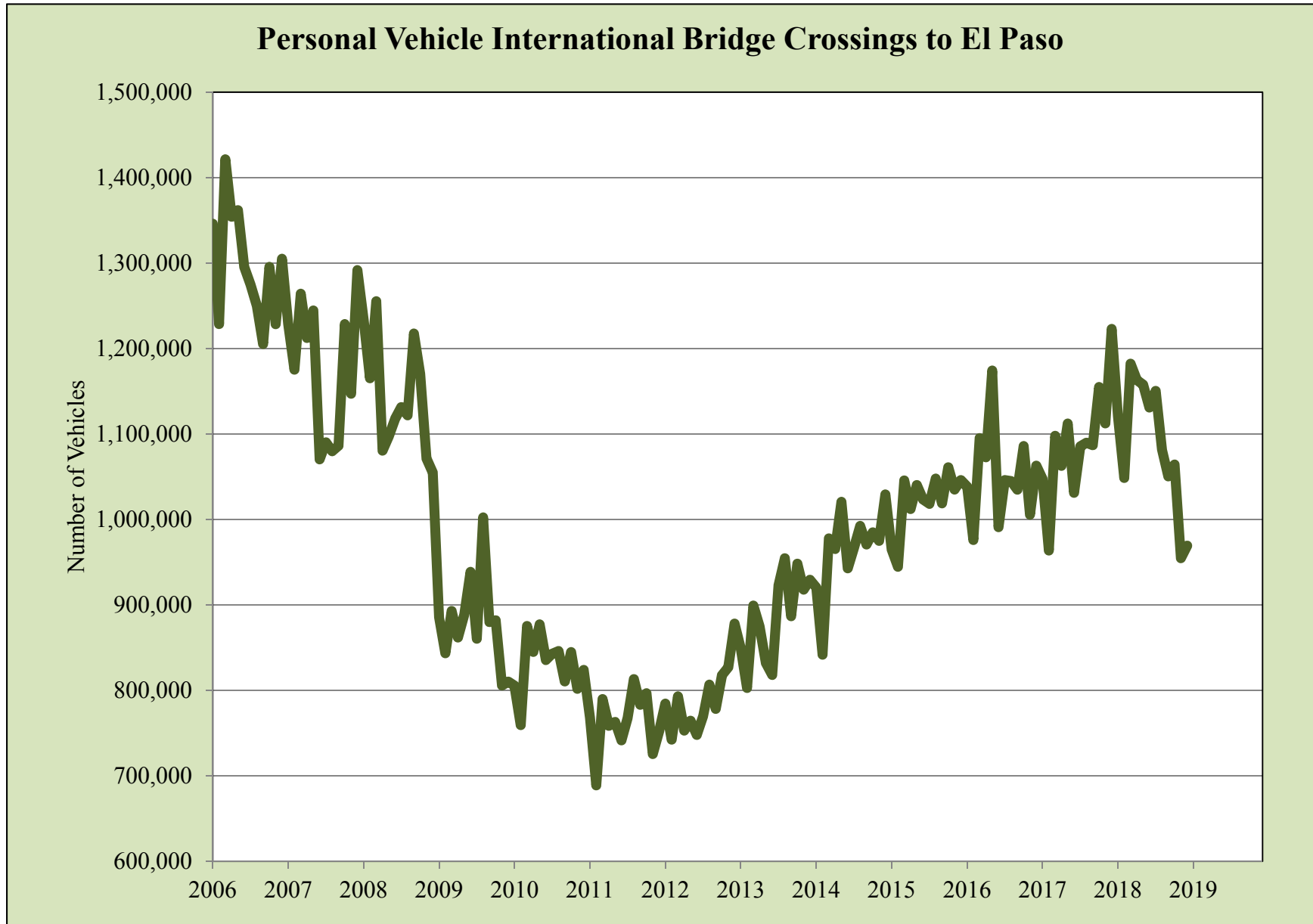




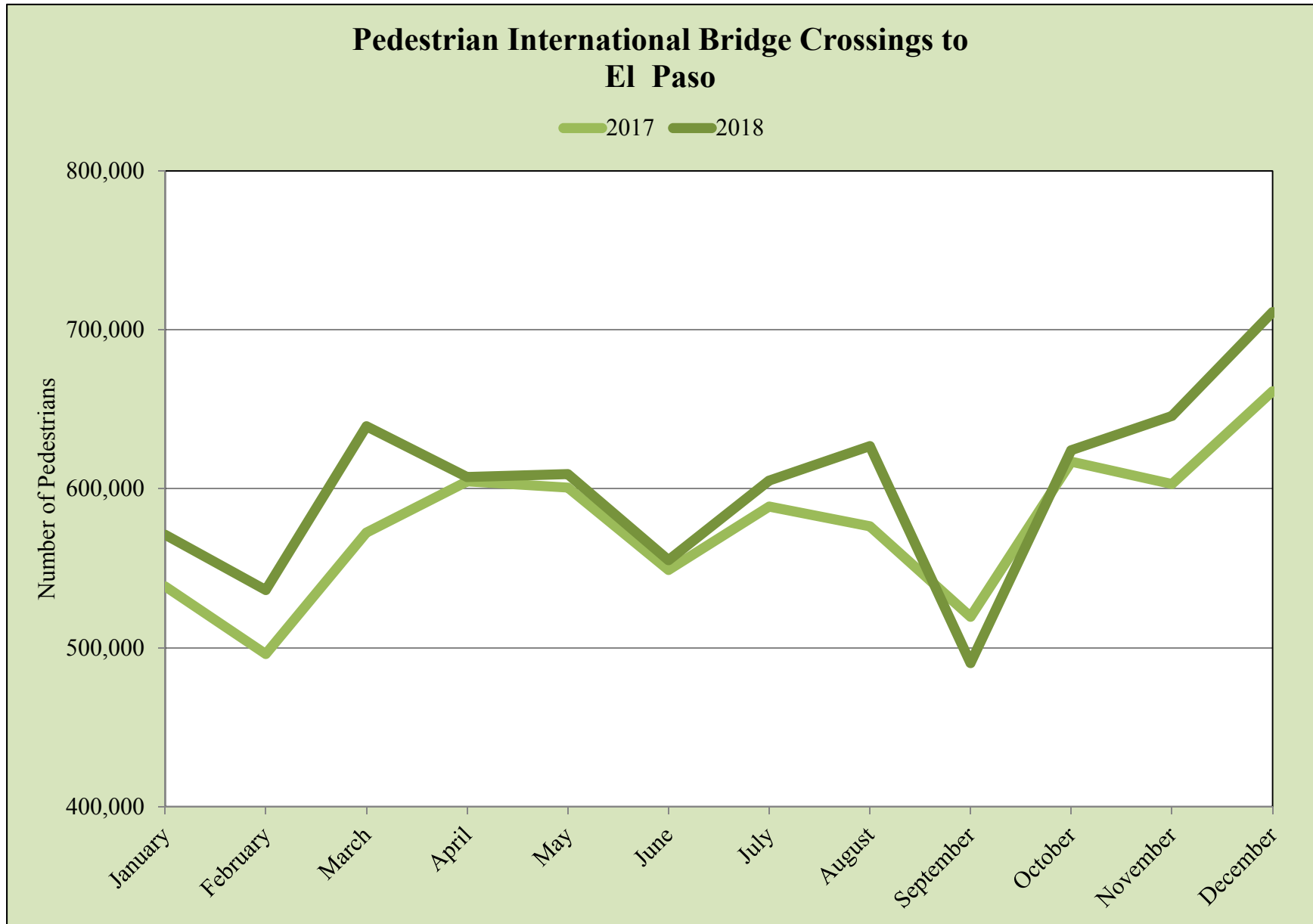
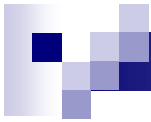
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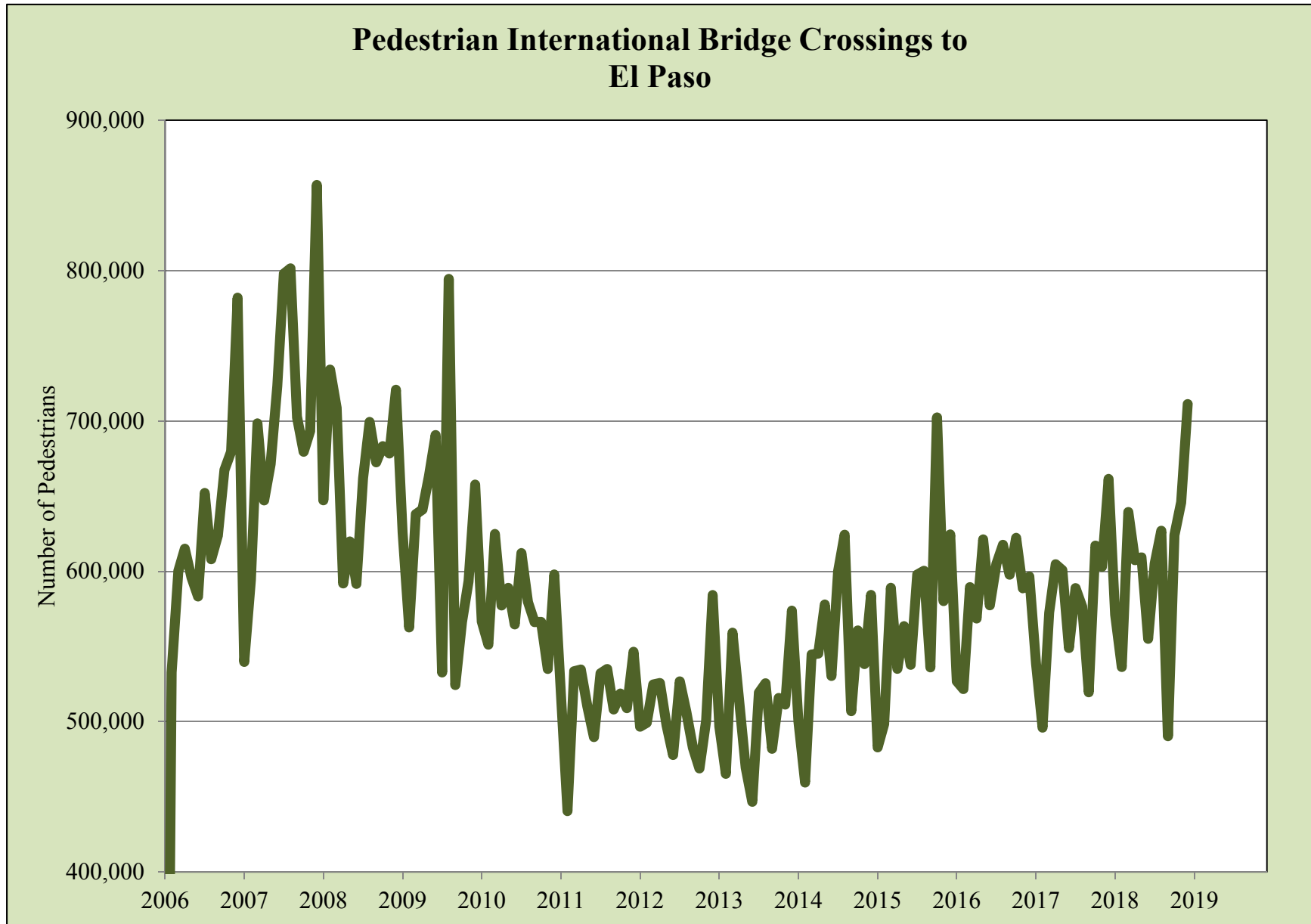
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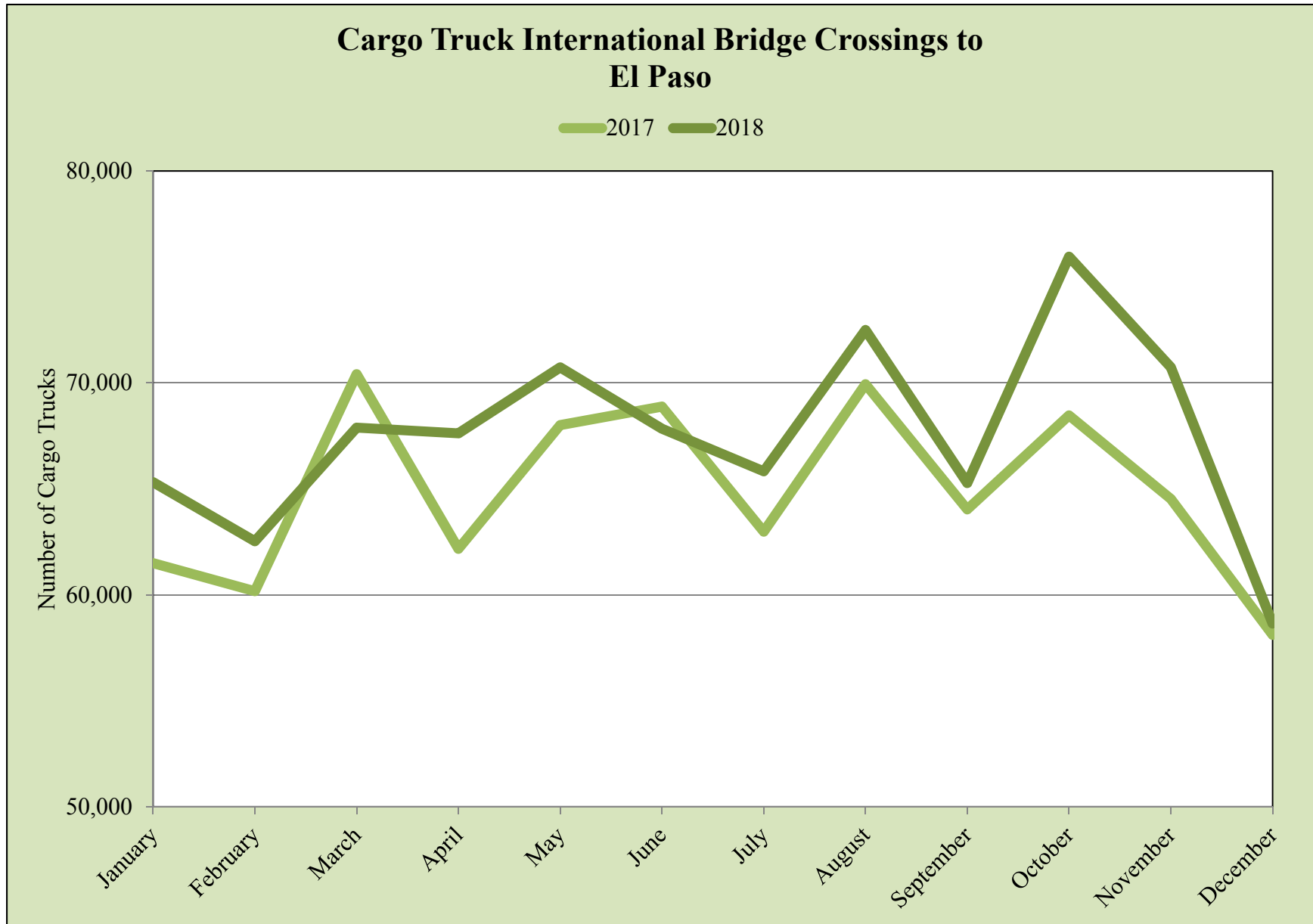
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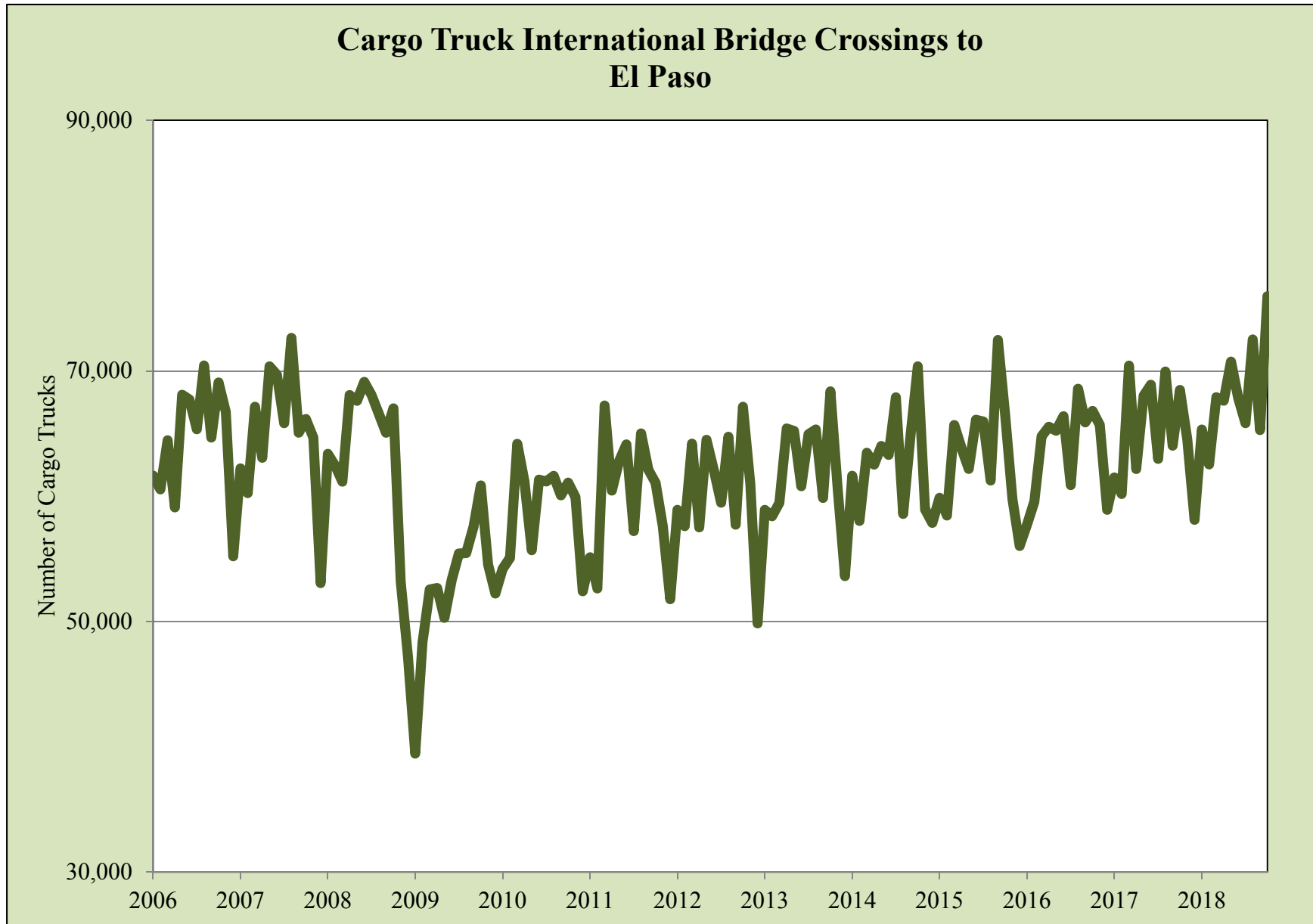
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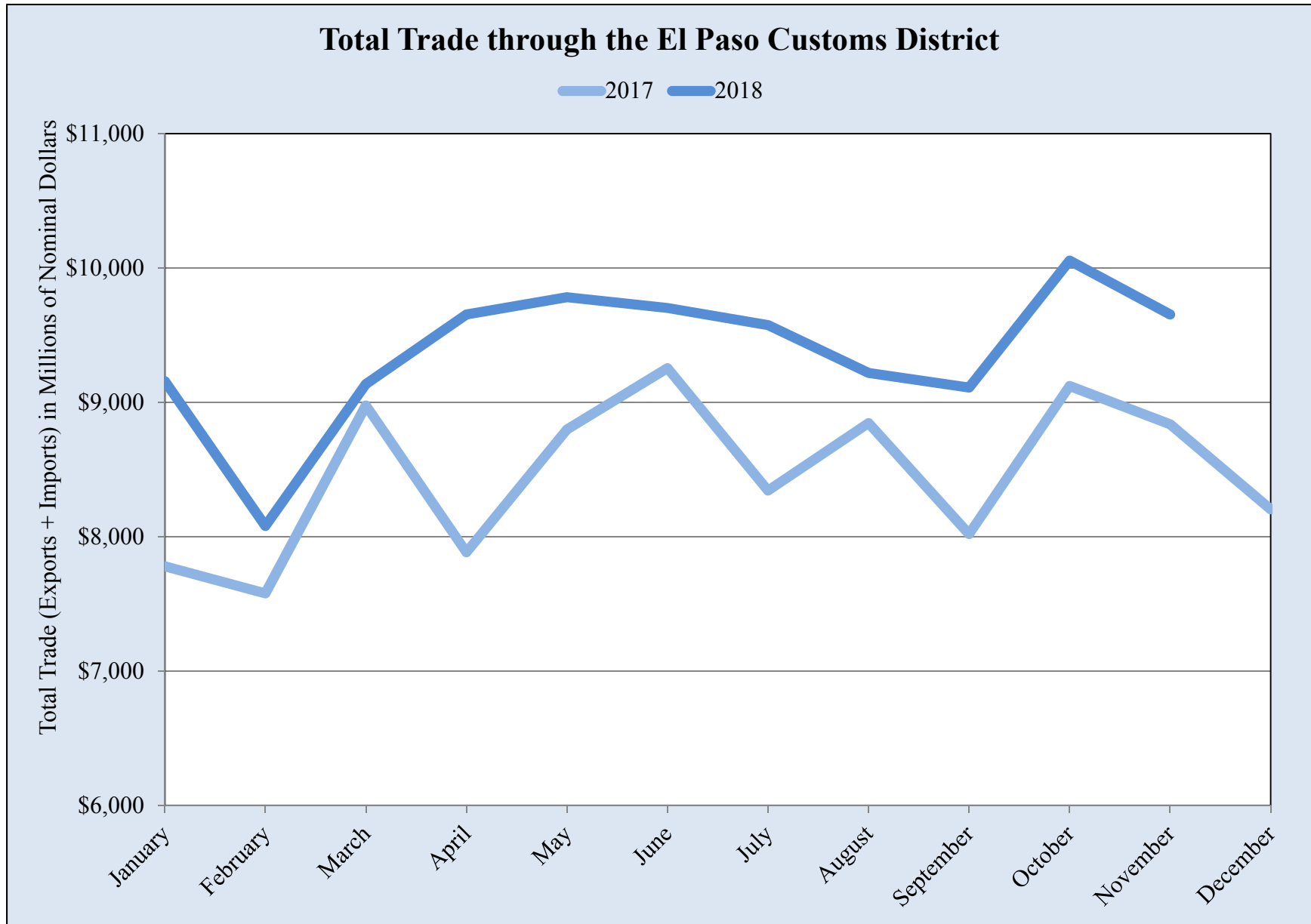
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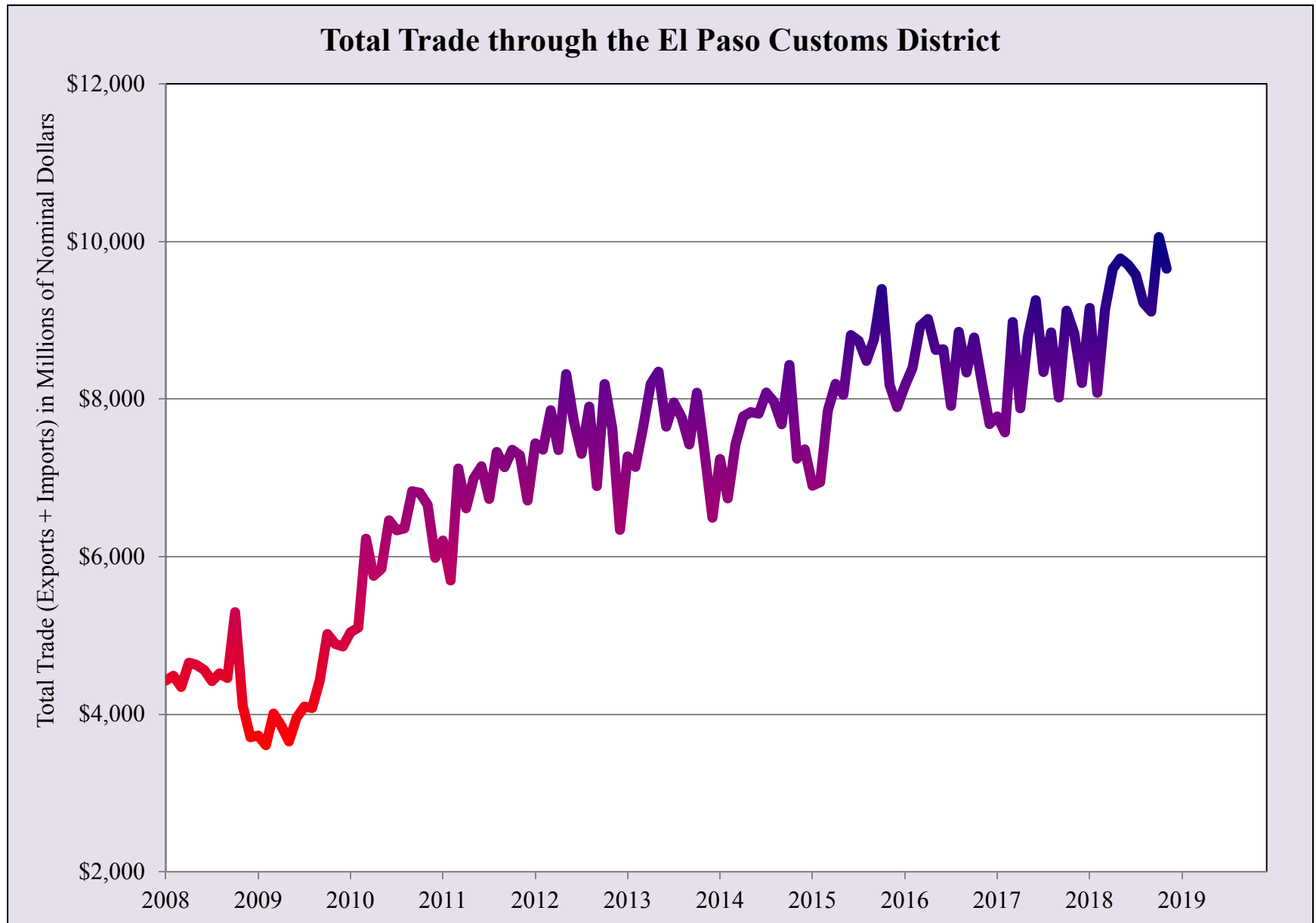


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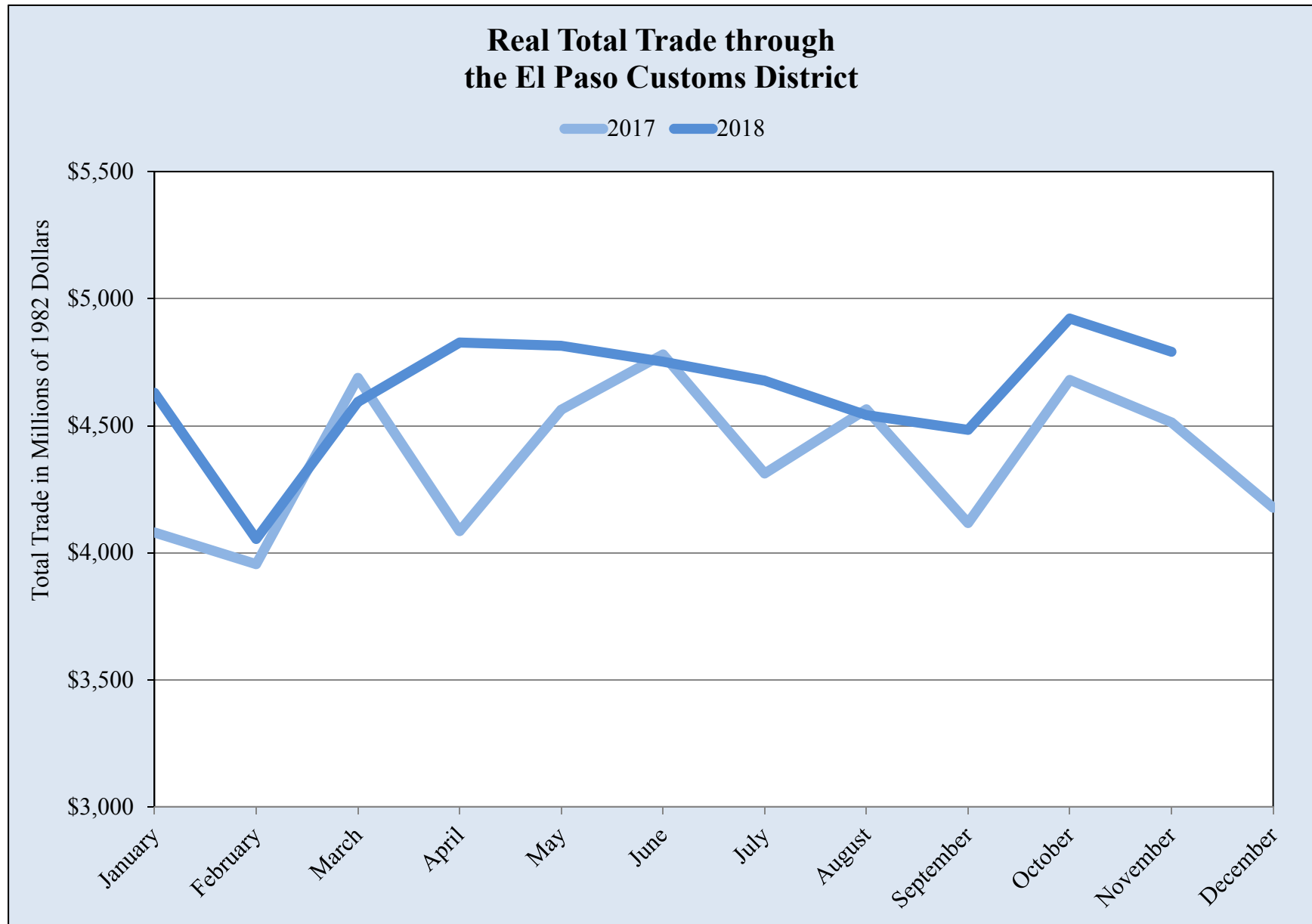


Source: U.S. International Trade Commission

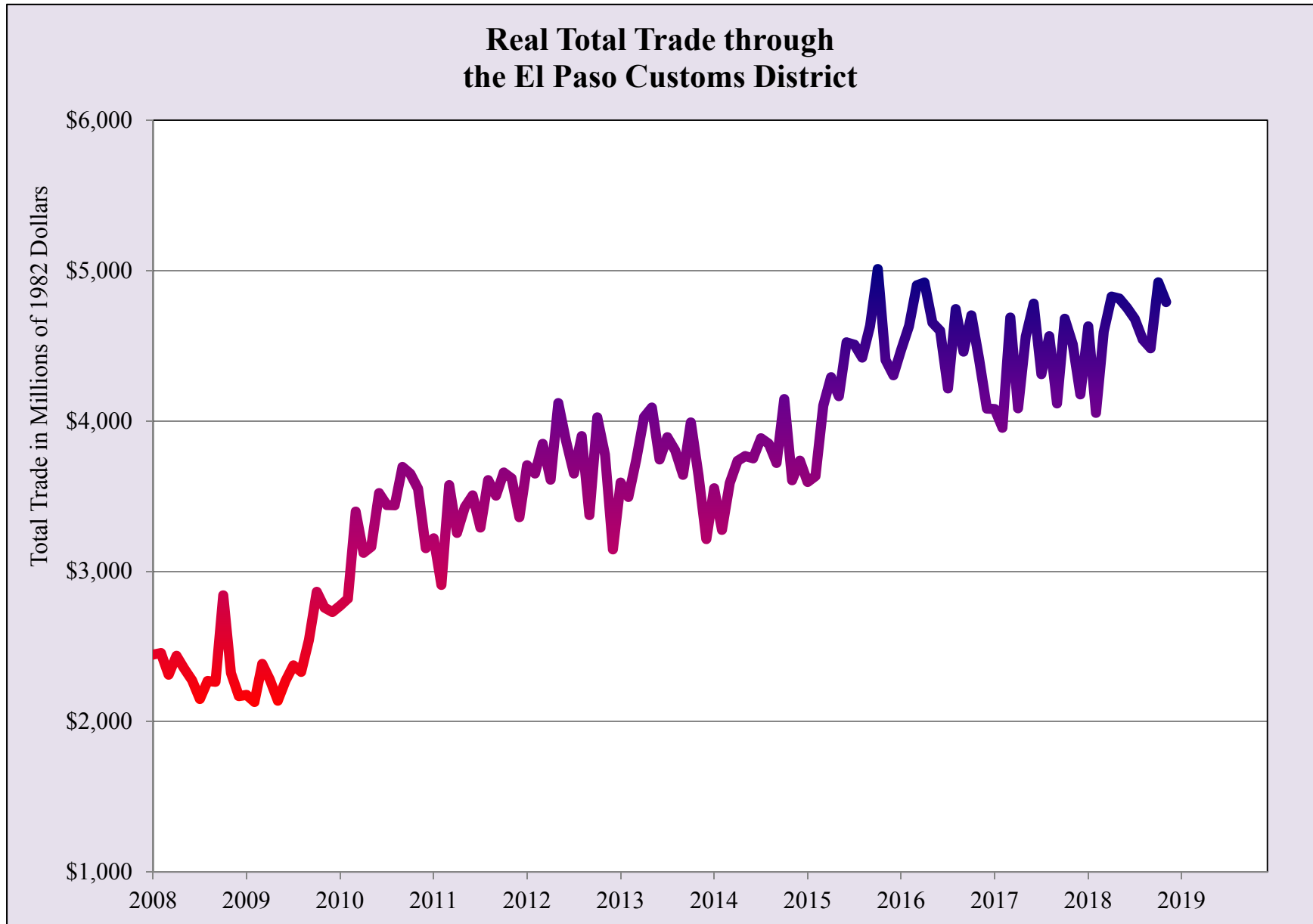




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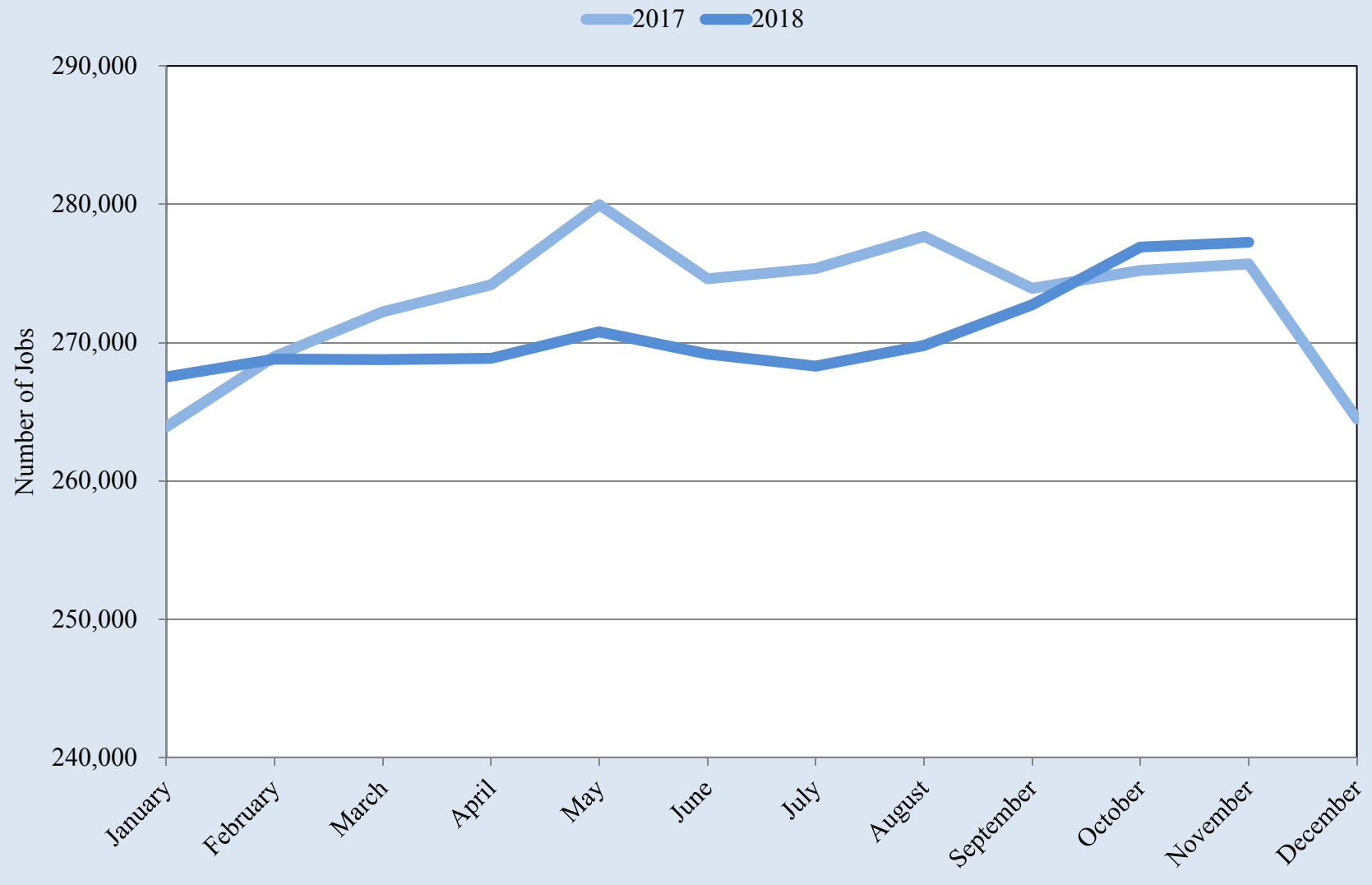
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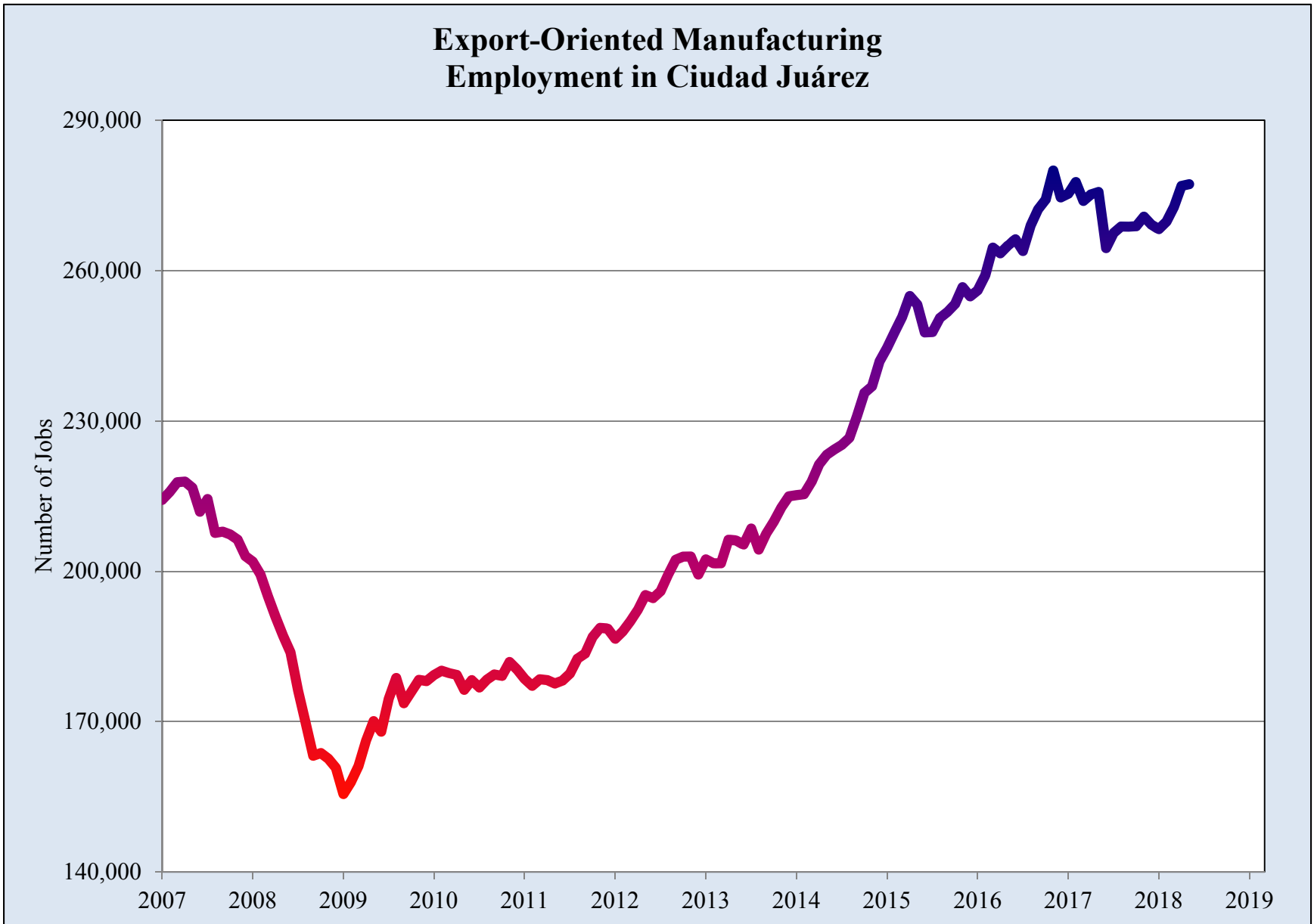
Source: U.S. International Trade Commission and Bureau of Labor Statistics



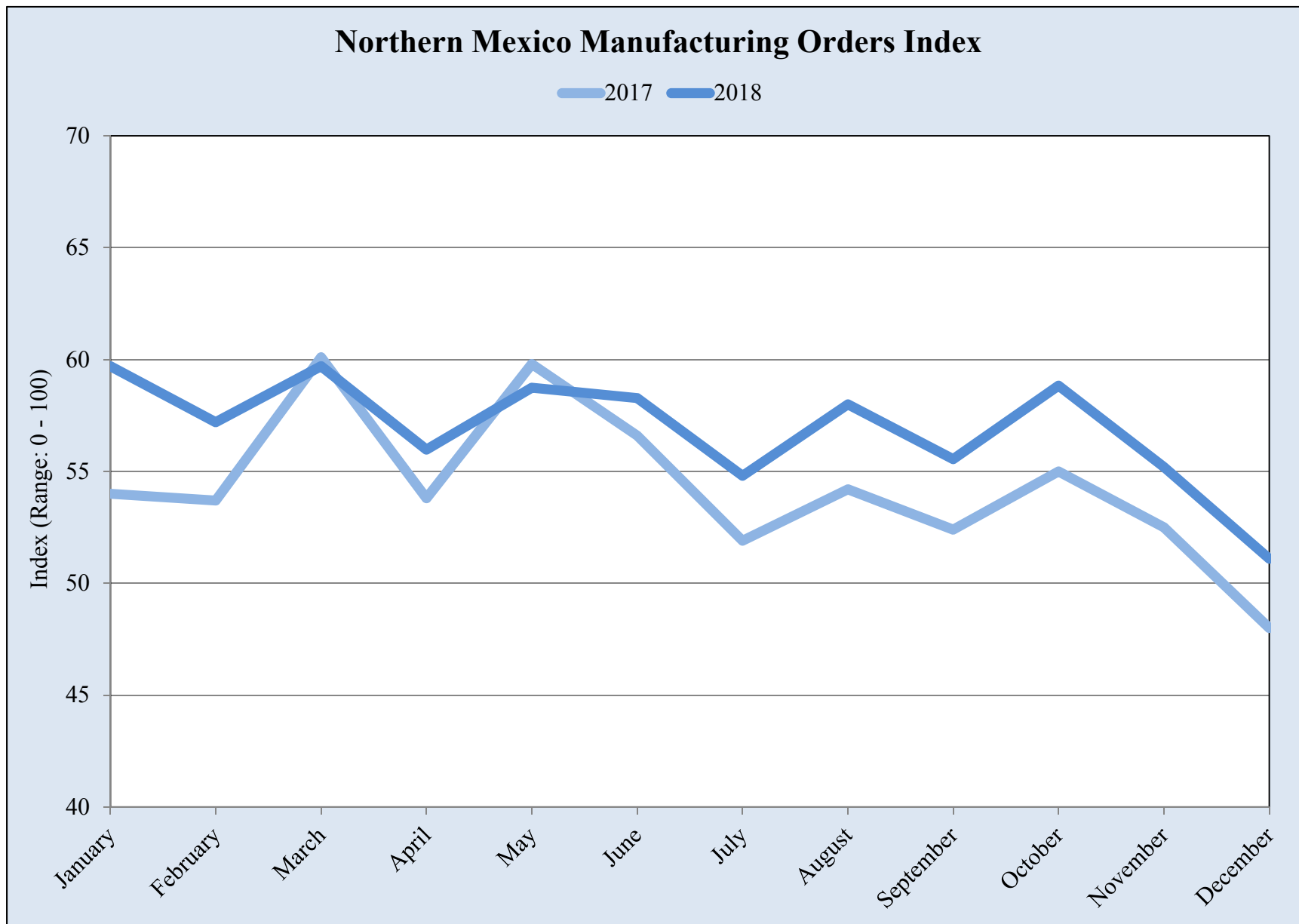
## Export-Oriented Manufacturing Employment in Ciudad Juárez



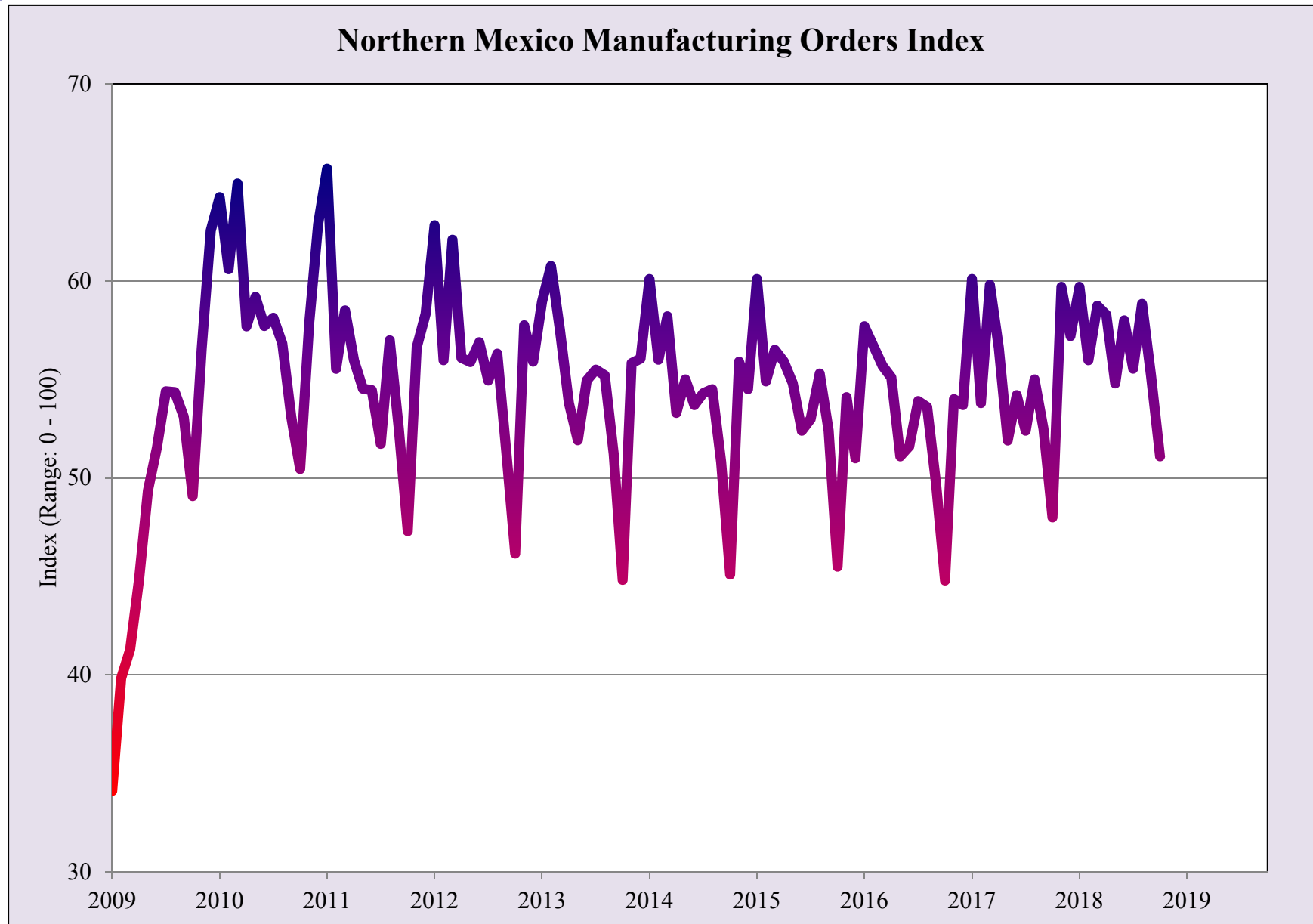
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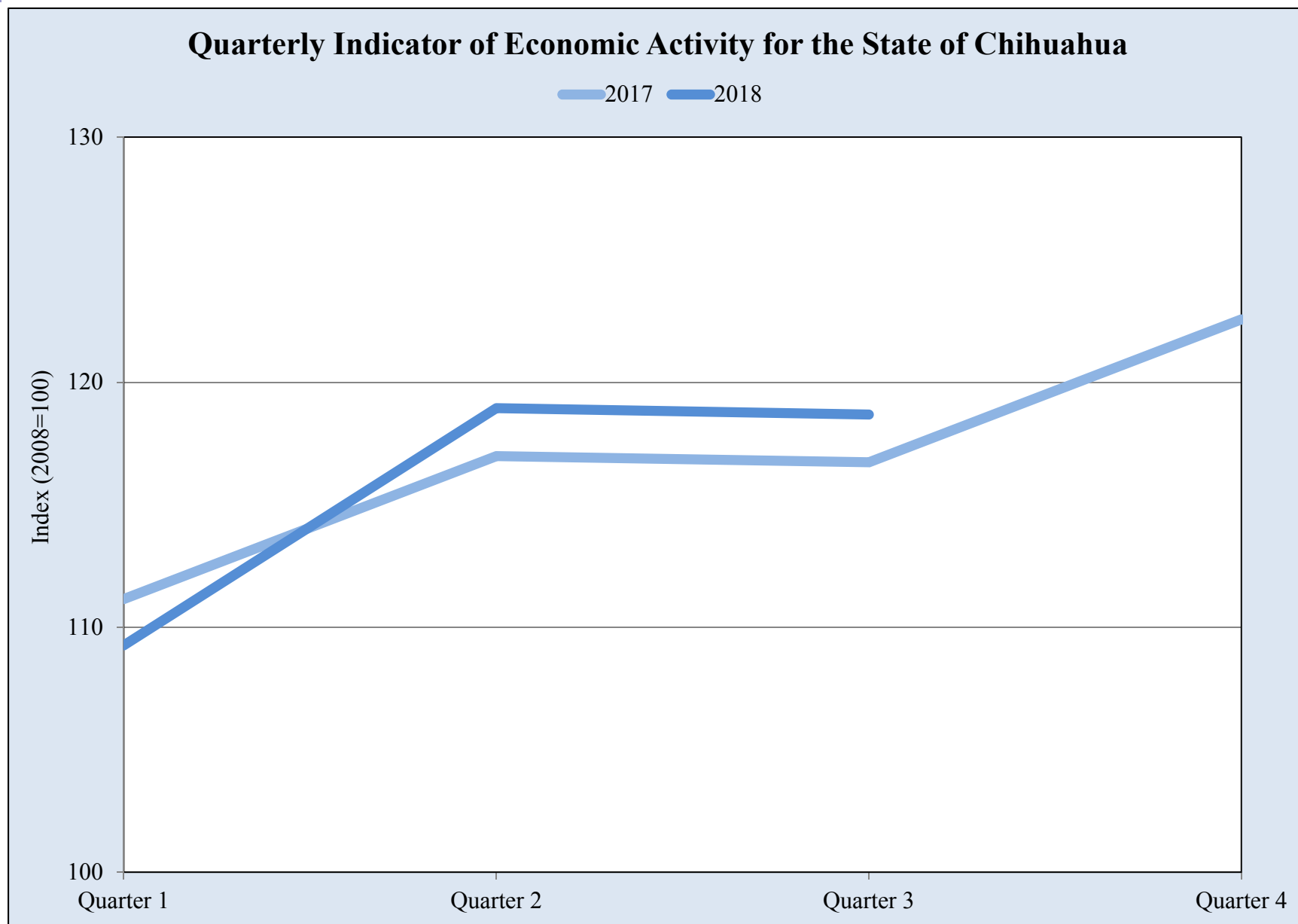
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Source: Banco de México

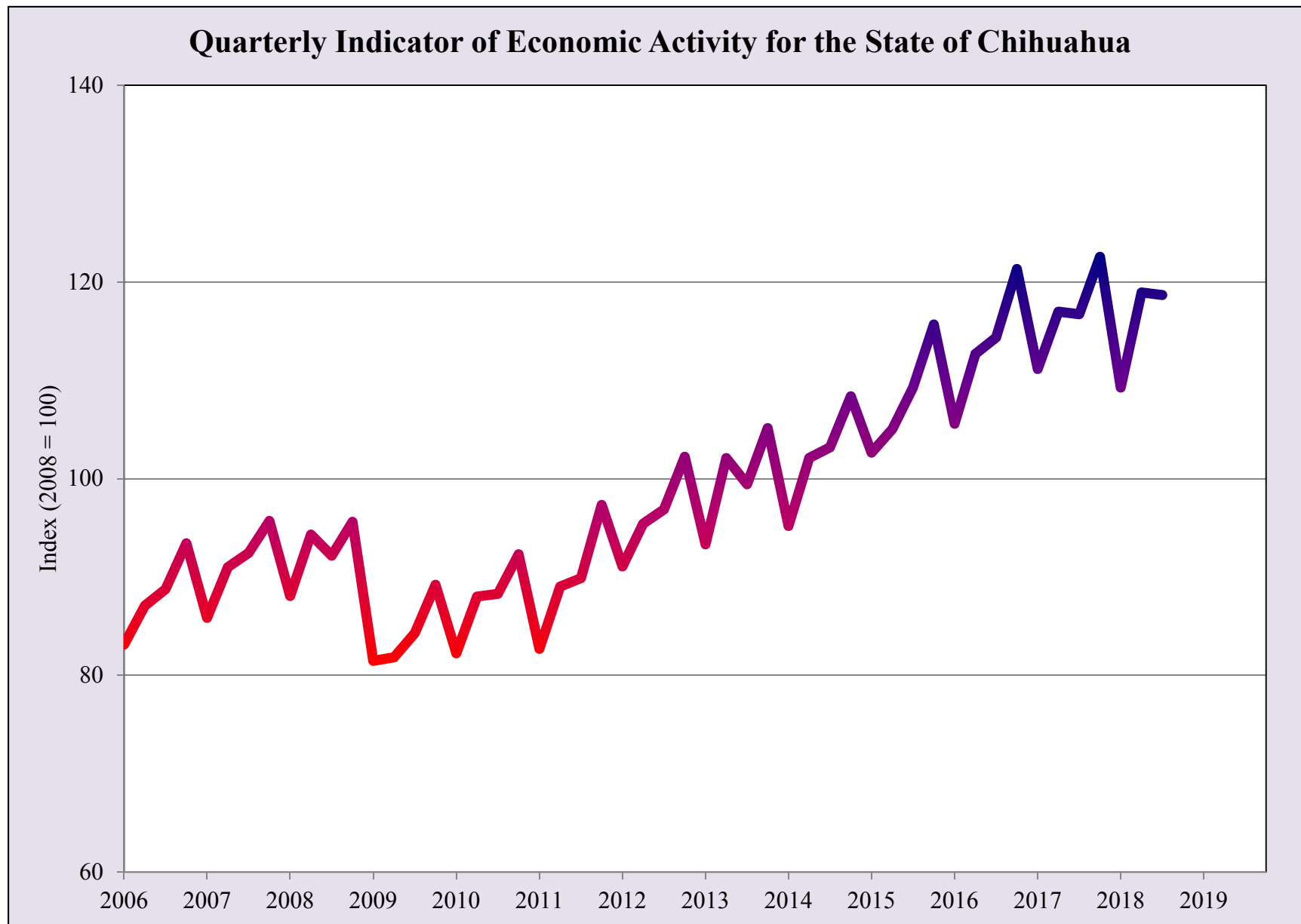


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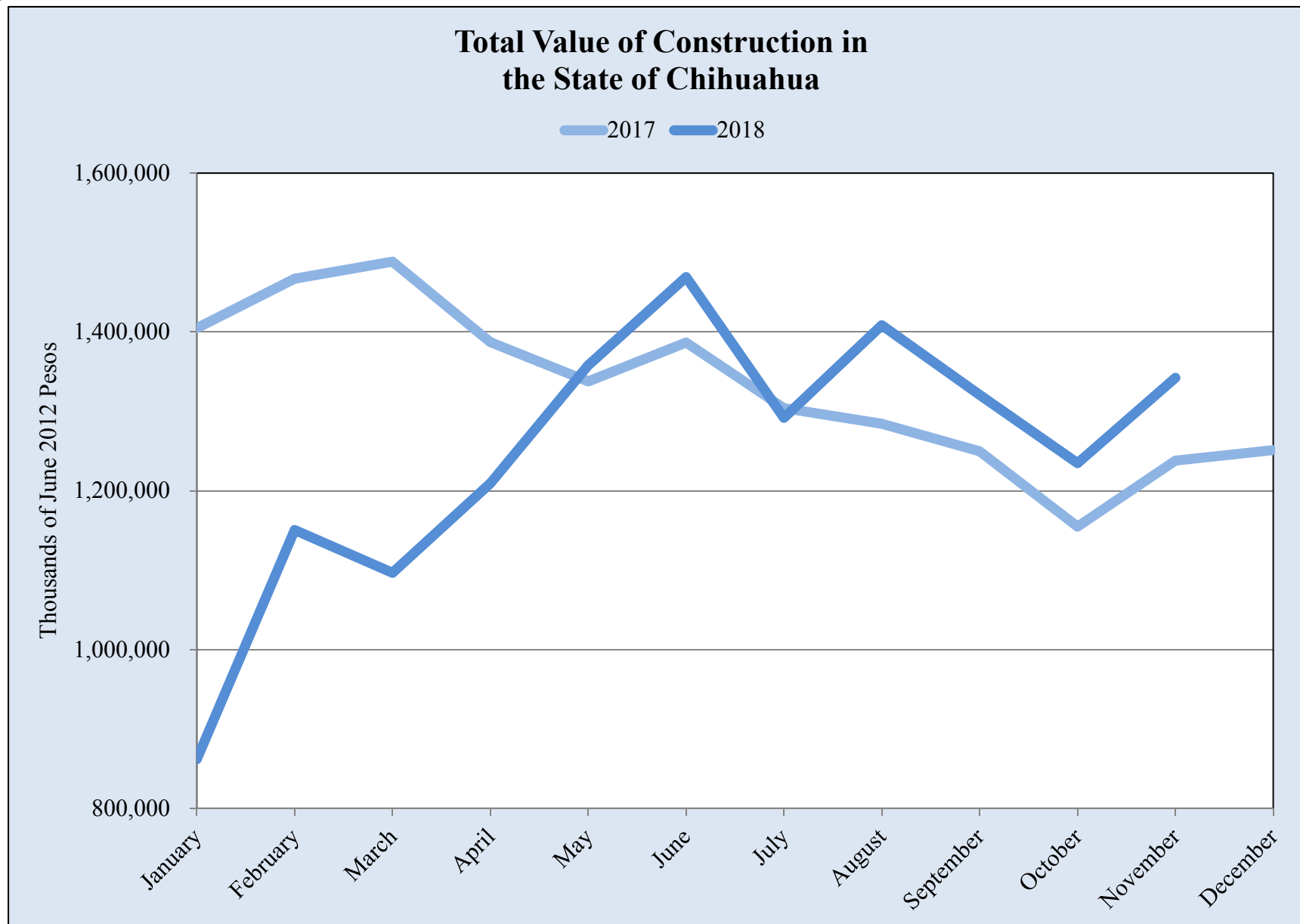


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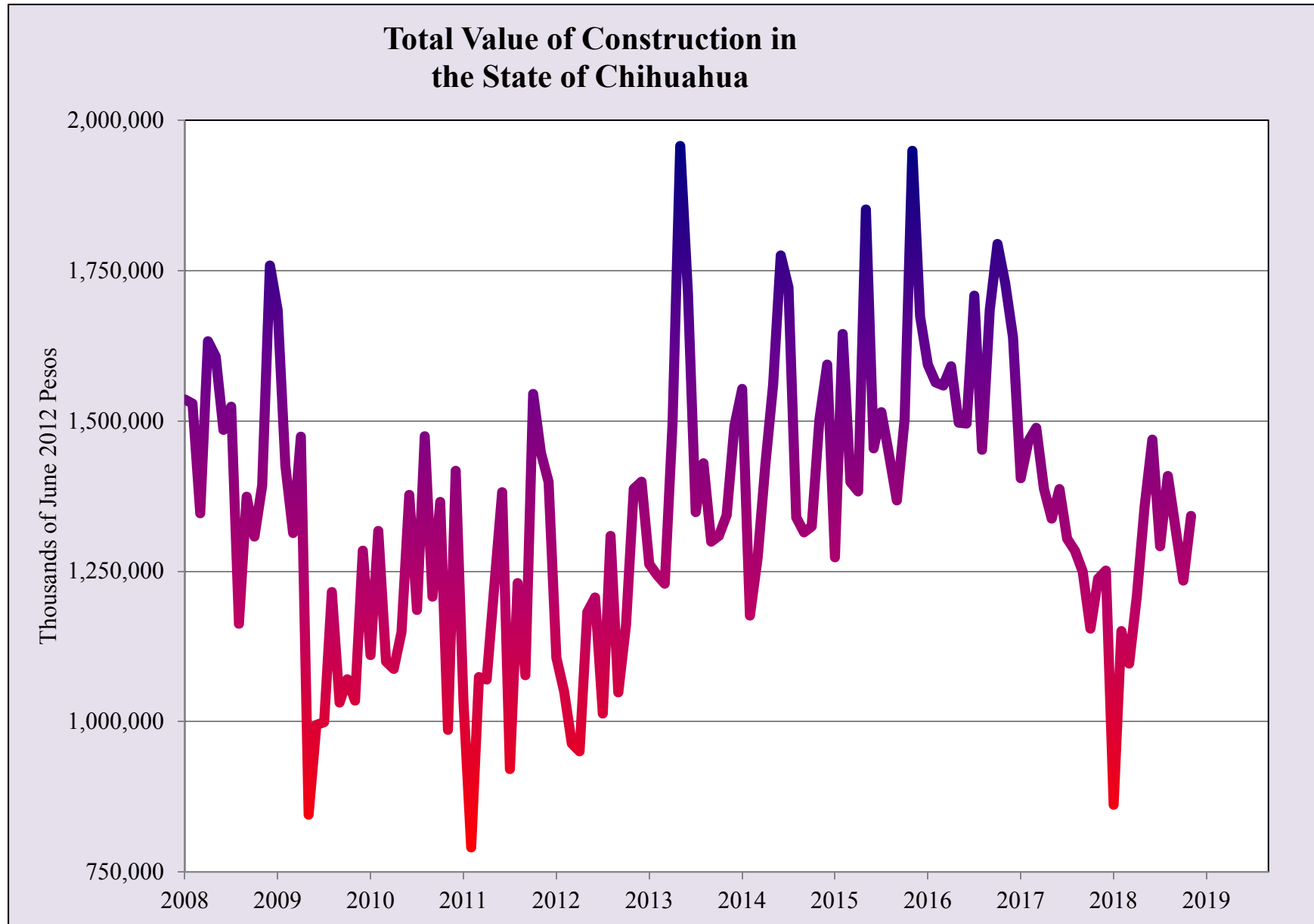




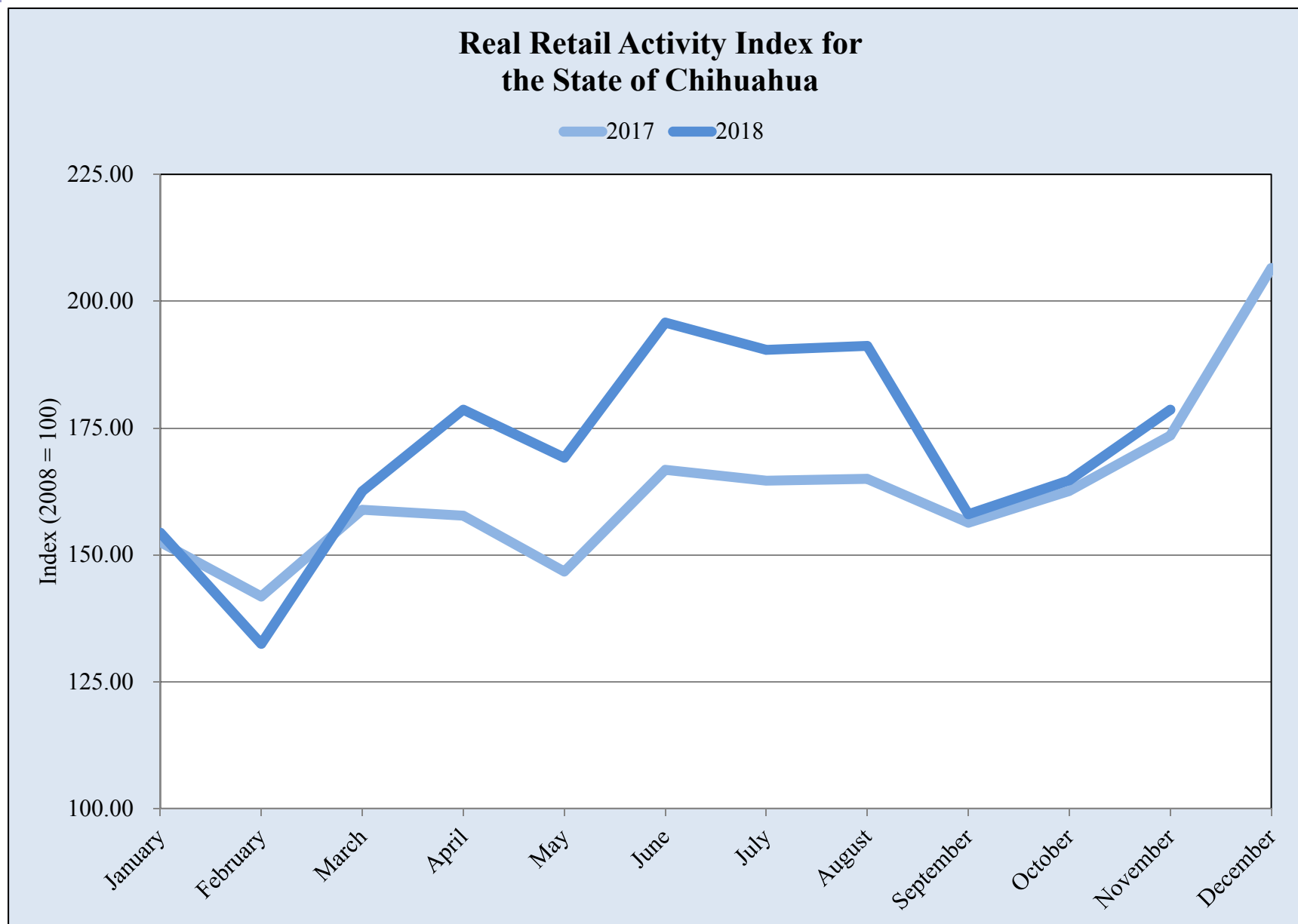
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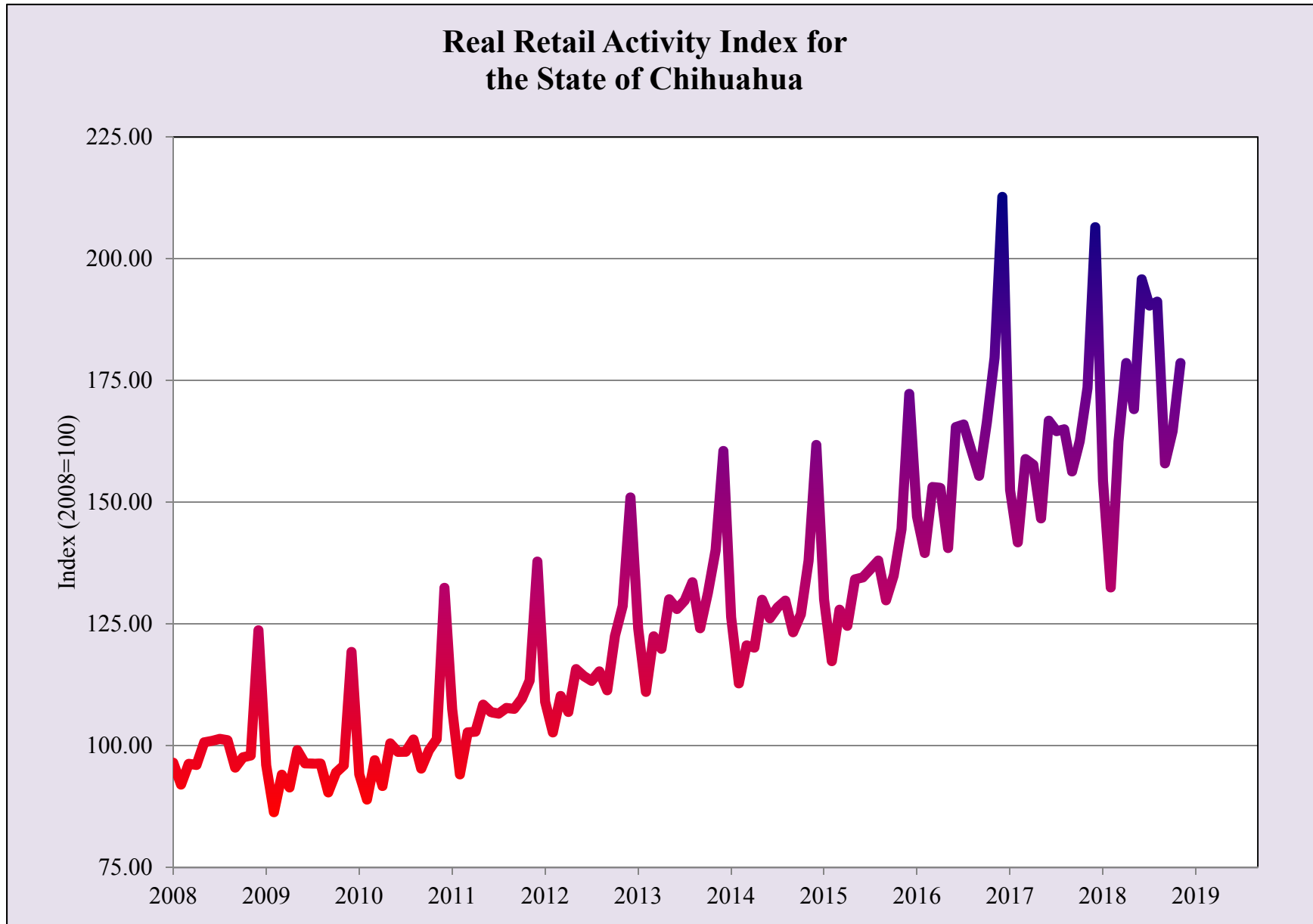
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