

Key Takeaways

Employment

- In September 2023, Year-over-Year (YoY) non-farm employment gains continued for thirty consecutive months in the U.S., El Paso, and Las Cruces, and thirty-eight consecutive months in Ciudad Juárez.
- Recent Month-over-Month (MoM) data shows a plateauing or even a decline in specific employment sectors in the Paso del Norte region, indicating a potential deceleration in job creation.

Inflation

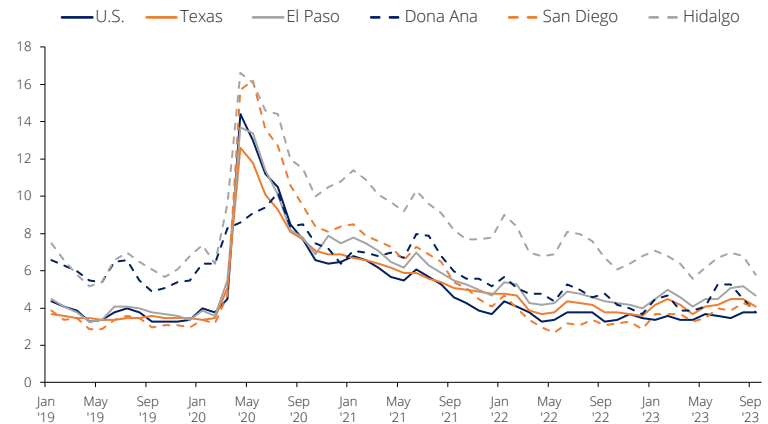
- Ciudad Juárez has the second lowest inflation compared to the other border cities analyzed, with an inflation of 4.0%, lower than the national level.¹
- In Mexico, on a YoY basis, national inflation in November 2023 reached 4.3%.

Residential Building Permits

- From January to September 2023, the number of new, privately owned, single-unit buildings per 100,000 inhabitants declined across the selected MSAs with Las Cruces recording the largest decline of 126 (-32.0%).²
- All selected MSAs experienced an increase in the average value of new, privately owned, single-unit building permits issued from the first three quarters of 2022 to the same period in 2023. Laredo recorded the highest increase in average value by 70,539 (45.2%).

Quick-Glance Indicators

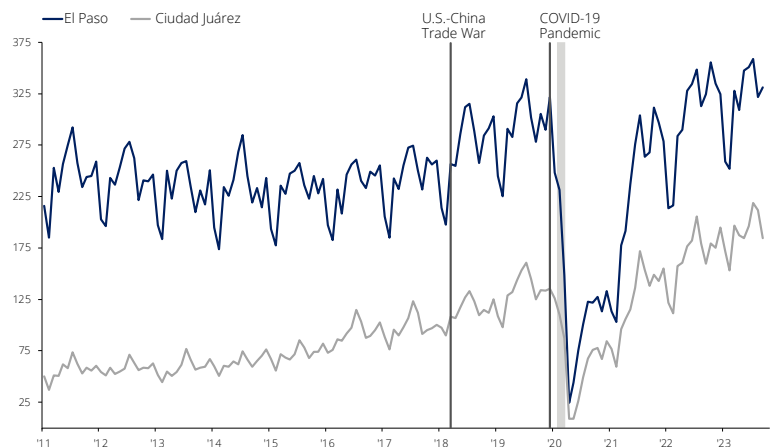
Unemployment Rates for U.S., State, and Selected MSA Economies



Note: Data as of September 2023.

Source: Hunt Institute calculations using data from the U.S. Bureau of Labor Statistics.

El Paso and Ciudad Juárez Air Passengers, Thousands



Note: Data as of September 2023. Shaded area indicates recession as defined by the National Bureau of Economic Research (2020 recession began in February and ended in April).

Source: Hunt Institute using El Paso International Airport and Grupo OMA data.

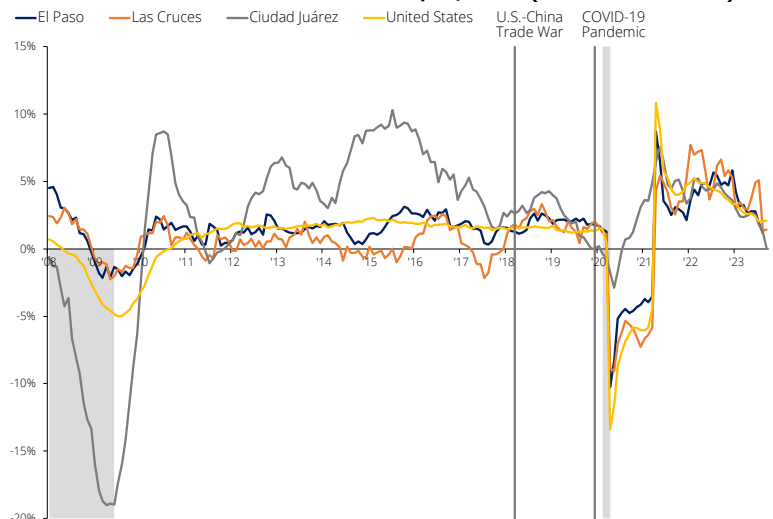
Employment

Paso del Norte's Employment on 30-Month High, Amid Signs of a Shift

Non-farm employment in September 2023 for the Paso del Norte region exceeded September 2022.

September 2023 marked the thirty consecutive month of YoY non-farm employment gains in the U.S., El Paso, and Las Cruces, and the thirty-eight consecutive month in Ciudad Juárez. While the region continues to exhibit YoY employment growth, there's a noticeable deceleration in the monthly comparisons, as several sectors have stagnated or declined. This shift suggests that the pace of job creation is slowing. At the national level, YoY gains of 3,192,000 jobs (2.1%) were observed in September

Paso del Norte Total Non-Farm Employment (Year-over-Year, %)



Note: Preliminary data for September 2023. Shaded area indicates recession as defined by the National Bureau of Economic Research (2020 recession began in February and ended in April).

Source: Hunt Institute calculations using data from the U.S. Bureau of Labor Statistics and Instituto Mexicano del Seguro Social.

1 Border cities include Ciudad Juárez, Chih., Mexicali, B.C., Tijuana, B.C., Ciudad Acuña, Coah., Matamoros, Tamp.

2 The selected MSAs are Houston-The Woodlands-Sugar Land, TX; Austin-Round Rock-Georgetown, TX; Dallas-Fort Worth-Arlington, TX; Laredo, TX; Las Cruces, NM; San Antonio-New Braunfels, TX; and El Paso, TX

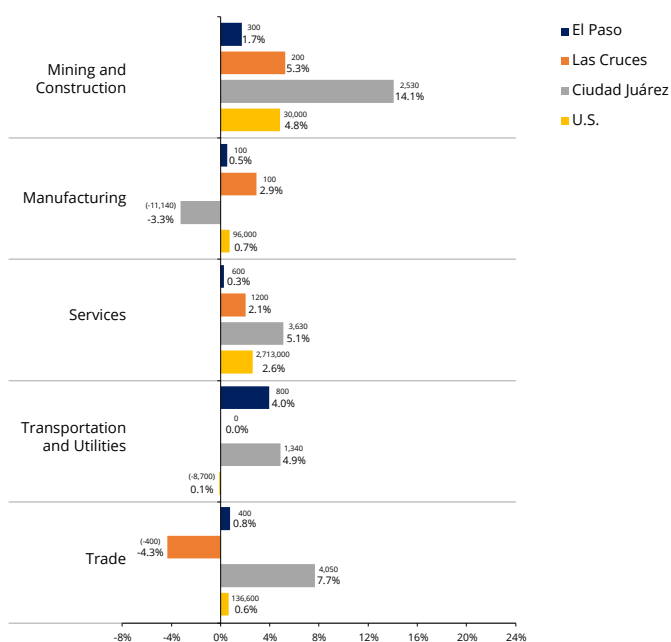
PASO DEL NORTE ECONOMIC INDICATOR REVIEW

November 2023

2023. Total non-farm employment also increased in El Paso by 2,200 jobs (0.7%), Las Cruces by 1,100 jobs (1.4%), and Ciudad Juárez by 400 jobs (0.1%). In a MoM comparison, however, the non-farm employment outlook for the U.S. and the Paso del Norte region is mixed, with an increase in the U.S. and Las Cruces of 585,000 jobs (0.4%) and 1,900 jobs (2.5%), respectively. El Paso lost 500 jobs (-0.1%), while Ciudad Juárez lost 1,670 (-0.3%) MoM.

The Hunt Institute tracks five non-farm employment sectors in the Paso del Norte region. In September 2023, only El Paso added jobs in all five sectors YoY. In contrast, the U.S. and Ciudad Juárez added jobs in four out of five sectors, while Las Cruces added jobs in three out of five sectors. The Services sector drove YoY job growth in the Paso del Norte region and the U.S.

Paso del Norte Total Non-Farm Employment by Sector, September 2023 (Year-over-Year)



Note: Preliminary data for September 2023. Services excludes Transportation and Utilities, and Trade. Numbers are rounded to the nearest hundred.

Source: Hunt Institute calculations using data from the U.S. Bureau of Labor Statistics and Instituto Mexicano del Seguro Social.

In El Paso, the following sectors experienced employment growth: Services by 600 jobs (0.3%), Manufacturing by 100 jobs (0.5%), Transportation and Utilities by 800 jobs (4.0%), Mining and Construction by 300 jobs (1.7%), and Trade by 400 jobs (0.8%). Ciudad Juárez recorded increases in four sectors: 4,050 jobs (7.7%) in Trade, 2,530 jobs (14.1%) in Mining and Construction, 1,340 jobs (4.9%) in Transportation and Utilities, and 3,630 jobs (5.1%) in Services. The Manufacturing sector lost 11,140 jobs (-3.3%). Las Cruces experienced growth in only three out of five sectors: the Services sector added 1,200 jobs (2.1%), the Mining and Construction sector increased by 200

jobs (5.3%), and the Manufacturing sector grew by 100 jobs (2.9%). The Trade sector decreased by 400 jobs (-4.3%), while the Transportation and Utilities sector remained stagnant.

In a MoM comparison, El Paso's non-farm employment decreased in four out of the five sectors. The Services sector lost 600 jobs (-0.3%), while the Transportation and Utilities sector added 100 jobs (0.5%). The Mining and Construction, Manufacturing, and Trade sectors remained stagnant. Las Cruces added 2,000 jobs (3.5%) in the Services sector while losing 100 jobs (-2.4%) in the Mining and Construction sector. The Manufacturing, Transportation and Utilities, and Trade sectors remained stagnant. Ciudad Juárez's gains and losses were balanced in a MoM comparison. The Services sector added 485 jobs (0.7%), the Transportation and Utilities sector grew by 200 jobs (0.7%), and the Trade sector surged by 50 jobs (0.1%). The Manufacturing sector lost 2,340 jobs (-0.7%), and the Mining and Construction sector shrank by 70 jobs (-0.3%).

Inflation

Inflation Closely Matches the National Level in Northern Mexico

In November 2023, YoY inflation in Mexican border cities was 4.32%. These cities generally mirror or are close to the national inflation level.

Inflation in Mexican border cities reached a total of 4.3% on a YoY basis in November 2023, a decrease compared to 7.8% in 2022 and 7.4% in 2021. Border cities have closely followed the national level, with some cities being under or close to the national level. Ciudad Juárez exhibited an inflation level of 4.0% in November 2023, being the second lowest of the border cities analyzed. Tijuana, the Mexican border city with San Diego, CA, registered an inflation of 3.4%. The highest inflation level registered was in Ciudad Acuña with 4.8%.

Inflation in Mexican Border Cities November 2023 vs 2022

Border City	Inflation %
Mexicali, Baja California	4.3%
Ciudad Juárez, Chihuahua	4.0%
Tijuana, Baja California	3.4%
Ciudad Acuña, Coahuila	4.9%
Matamoros, Tamaulipas	4.8%

Source: Hunt Institute calculations using data from INEGI.

In a MoM comparison, prices at the national level increased in the following items: electricity, eggs, green tomatoes, taco restaurants, family-owned restaurants, housing, sugar, soft drinks, air transportation, beans, and professional services. On the other hand, the items that decreased during the same

period are lemon, natural gas, avocado, onions, tomatoes, televisions, oranges, cleaning supplies, potatoes, and computers.

Ciudad Juárez inflation in a MoM comparison reached 2.0% in November, the highest level reached in the last three months. Matamoros had the largest inflation increase compared to the other border cities, with 2.4%. The only city that obtained a deflation (negative inflation) was Ciudad Acuña, with a MoM deflation of -0.1%. This month, hurricane Otis destroyed certain areas of the south of Mexico, explaining why prices increased considerably compared to other months.

Inflation in Mexican Border Cities November 2023 vs 2022

Border City	September	October	November
Mexicali, Baja California	0.5%	0.2%	0.6%
Ciudad Juárez, Chihuahua	0.9%	0.4%	2.0%
Tijuana, Baja California	0.5%	0.6%	0.4%
Ciudad Acuña, Coahuila	0.5%	3.4%	-0.1%
Matamoros, Tamaulipas	0.4%	0.3%	2.4%

Source: Hunt Institute calculations using data from INEGI.

Residential Building Permits

Average Value of Single-Unit Residential Building Permits Rises

All selected MSAs experienced a decline in the number of new privately owned single-unit buildings per 100,000 inhabitants. In contrast, all the selected MSAs experienced an increase in the average value of new privately owned single-unit building permits issued.

New, privately owned, single-unit building permits were examined to assess residential building development in El Paso, Texas, Las Cruces, New Mexico, and other selected MSAs' in Texas. The Hunt Institute estimated the number of building permits per 100,000 inhabitants to compare population differences across these MSAs. For these estimations, El Paso ranked last across these MSAs from January to September 2022 and the same period in 2023. All the selected MSAs experienced declines in terms of the number of new, privately owned, single-unit buildings per 100,000 inhabitants during this period. Austin had the largest decrease at 24.7% (176 permits), followed by Las Cruces at 32.0% (126 permits), with San Antonio-New Braunfels experiencing the smallest decline at 23.2% (75 permits).

In September 2023, most MSAs saw a YoY increase of over 5% in the average value of building permits for new privately owned single-unit housing. El Paso had the smallest increase, approximately 1.0%.

During January–September 2022, Dallas-Fort Worth-Arlington led in average permit value at around \$270,929, while Austin-Round Rock-Georgetown took the lead in 2023 at roughly \$25,139 higher (9.3%). Laredo ranked last in both years but experienced the largest increase at \$70,539 (45.2%).

The contrast between declining new building numbers and increasing permit values in these MSAs may be due to housing demand, market preferences, and rising construction costs or interest rates.

Building Permits for New, Privately Owned, Single-Unit Housing in Selected MSAs per 100,000 Inhabitants

MSA	A Jan-Sep '22	B Jan-Sep '23	B-A	B-A (Δ%)
Austin, TX	713	537	-176	-24.7%
Houston, TX	539	531	-8	-1.5%
Dallas, TX	459	402	-57	-12.4%
Laredo, TX	386	323	-63	-16.2%
Las Cruces, NM	394	268	-126	-32.0%
San Antonio, TX	322	248	-75	-23.2%
El Paso, TX	234	180	-54	-23.1%

Note: Authorized unadjusted units by Metropolitan Statistical Area (MSA). Austin includes Round Rock and Georgetown; Houston includes The Woodlands and Sugar Land; Dallas-Fort Worth includes Arlington; McAllen includes Edinburg and Mission; and San Antonio includes New Braunfels. The number of building permits issued per 100,000 inhabitants is rounded to the nearest whole number. The percentage change may differ slightly as a result.

Source: Hunt Institute calculations using data from the U.S. Census Bureau.

Average Price of Building Permits for New, Privately Owned, Single-Unit Housing in Selected MSAs (Thousand USD)

MSA	A Jan-Sep '22	B Jan-Sep '23	B-A	B-A (Δ%)
Austin, TX	\$271	\$296	\$25	9.3%
Las Cruces, NM	\$250	\$295	\$44	17.7%
Dallas, TX	\$271	\$290	\$19	7.1%
San Antonio, TX	\$248	\$269	\$21	8.3%
Houston, TX	\$246	\$256	\$10	4.1%
El Paso, TX	\$235	\$238	\$3	1.1%
Laredo, TX	\$156	\$227	\$71	45.2%

Note: Authorized unadjusted units by Metropolitan Statistical Area (MSA). Austin includes Round Rock and Georgetown; Houston includes The Woodlands and Sugar Land; Dallas-Fort Worth includes Arlington; McAllen includes Edinburg and Mission; and San Antonio includes New Braunfels.

Source: Hunt Institute calculations using data from the U.S. Census Bureau.

About Hunt Institute for Global Competitiveness

Since 2014, the Hunt Institute for Global Competitiveness at The University of Texas at El Paso has provided economic analysis of the Paso del Norte Region that includes the binational communities of El Paso, Texas; Las Cruces, N.M.; and Ciudad Juárez, Mexico. The mission of the Hunt Institute is to produce high-quality market analysis tools that strengthen regional and binational cross-border social and economic development.

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