

# Ciudad Juárez Economic outlook

10th Border Economic Forum

By Erika Donjuan





## The topics of Juárez's economy that I'll present are:

- *Evolution of the number of companies in Juarez.*
- *Formal employment.*
- *The evolution of the industrial sector.*
- *The evolution of the tertiary sector (trade and services).*
- *Some forecasts of inflation, exchange rate and GDP growth).*
- *The economic risks for this year.*



# Evolution of the number of companies in Juárez





## Evolution of the number of companies in Juárez

- In 2014 an estimated growth of 8.2 % compared to 2013 in the number of companies according to INEGI data was recorded.
- Primarily micro , small and medium companies which joined the statistics.

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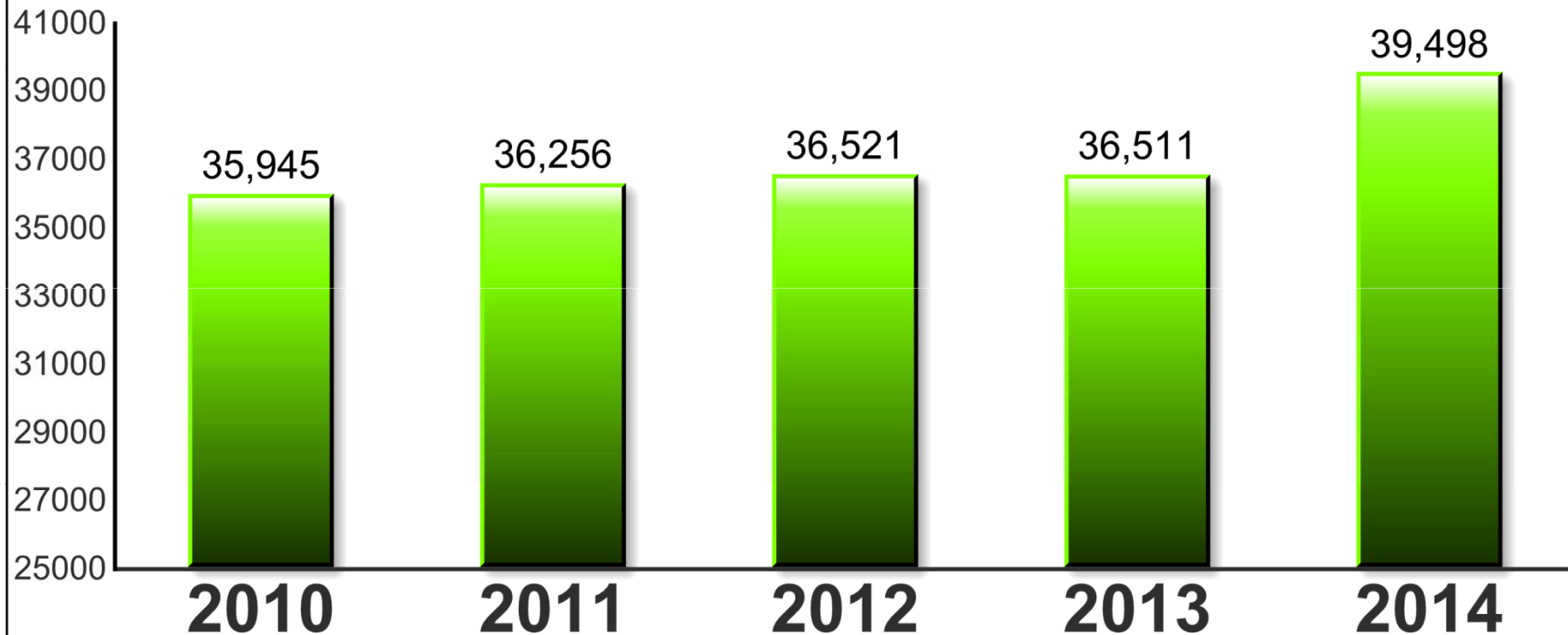
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## Number of companies

Juárez, Chihuahua.

■ Companies



SOURCE: INEGI-DIRECTORIO ESTADÍSTICO NACIONAL DE UNIDADES ECONÓMICAS.

- In 2014 39,498 companies were accounted for INEGI.
- This growth is a clear reflection of the economic recovery that is living Juárez.





# Formal Employment

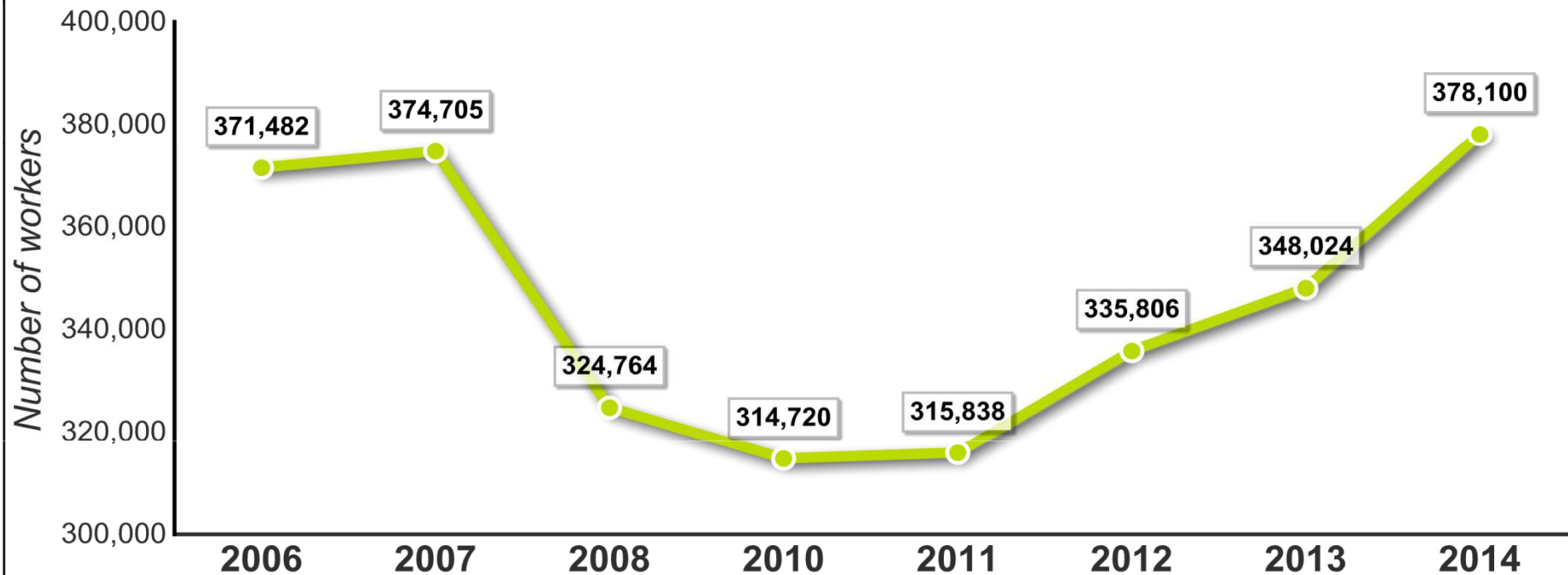




## Formal Employment

- Juárez has regained formal employment that was lost by the economic crisis and insecurity experienced in past years.
- In 2014 Juárez generated a record of formal employment figure: the highest recorded 378,100 jobs according to data from IMSS.

## FORMAL EMPLOYMENT: Permanent and Temporary workers Juárez, Chihuahua



Fuente: INFOMEX. Instituto Mexicano del Seguro Social.

- ***In December 2014 formal employment***, as given by the number of workers that are members of the Mexican Social Security Institute (IMSS), ***increased in 8.3 percent between December 2013 and December 2014.***
- From December 2013 to December 2014 thirty thousand and seventy-six formal jobs (30,076) were created.
- In 2015 is expected to continue the growth of formal employment.





# The evolution of the industrial sector





## The evolution of the industrial sector

- The maquiladora industry continues to drive the economy in Juárez.
- About 59% of formal employment generated is direct employment in the maquiladora industry .

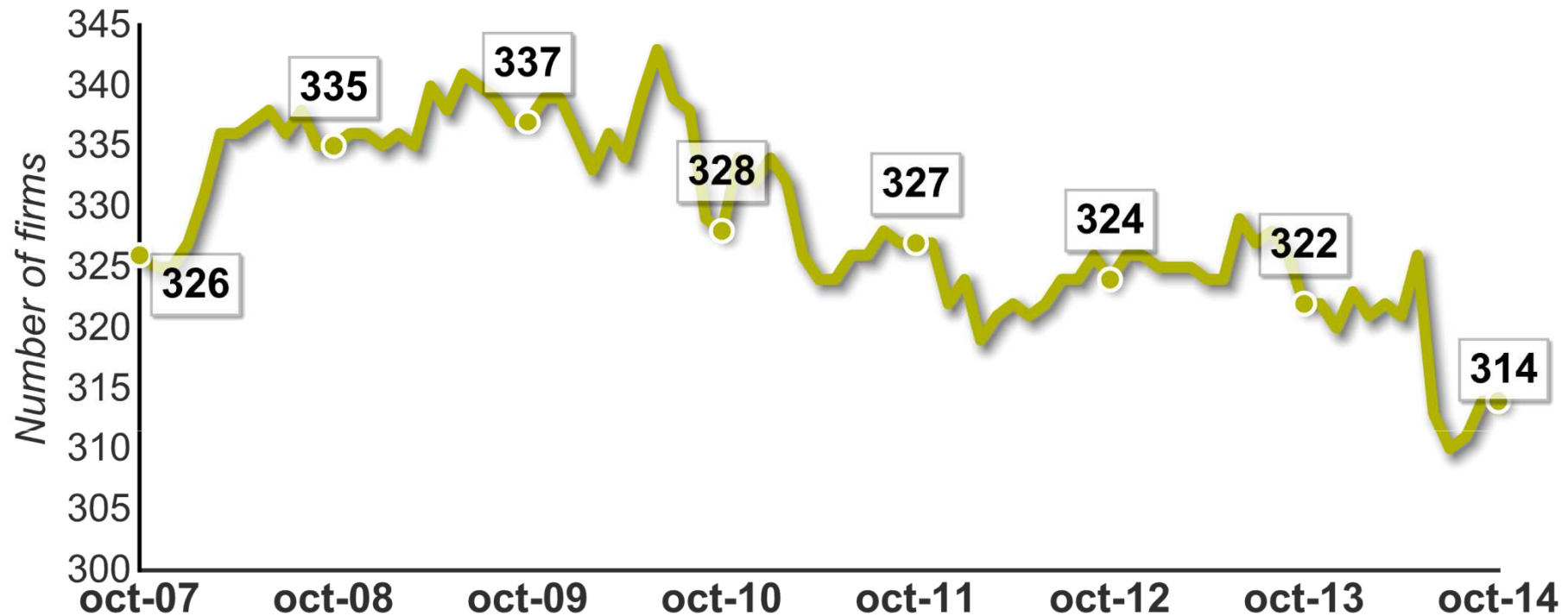


## The evolution of the industrial sector...

- Although data from INEGI indicate that there are fewer companies IMMEX , they generate more jobs than before.
- The growth of this sector is directly linked to the improvement of the US economy , because a significant portion of the plants in Juárez capital of US origin.

# The number of firms categorized as IMMEX-Maquiladora

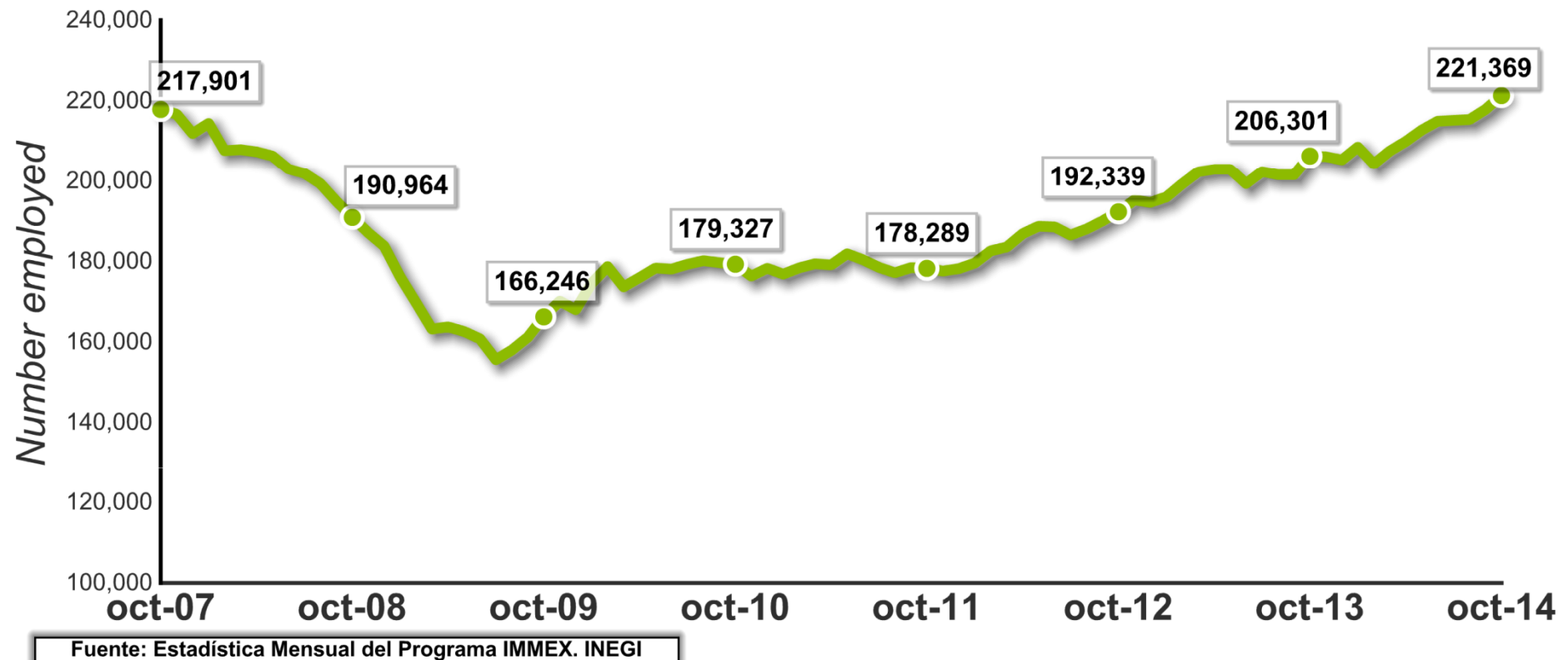
Juárez, Chihuahua.



Fuente: INEGI. Estadística Integral del Programa de la Industria Manufacturera, Maquiladora y de Servicios de Exportación.

- In terms of numbers, ***there were 2.5% fewer companies*** registered under the Mexico IMMEX-Maquiladora program ***in October 2014 than there were during the same month in the prior year.***
- ***The number of firms categorized as IMMEX-Maquiladora, and actively participating in the program, was Three hundred fourteen.***

# The number employed by IMMEX-Maquiladora Program Juárez, Chihuahua.



- Despite a smaller number of companies registered under Mexico's IMMEX-Maquiladora program over a calendar year, **employment figures are up.**
- **Employees from the IMMEX-Maquiladora Program companies increased 7.3% percent between October 2013 and October 2014**



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# Trade and services sectors





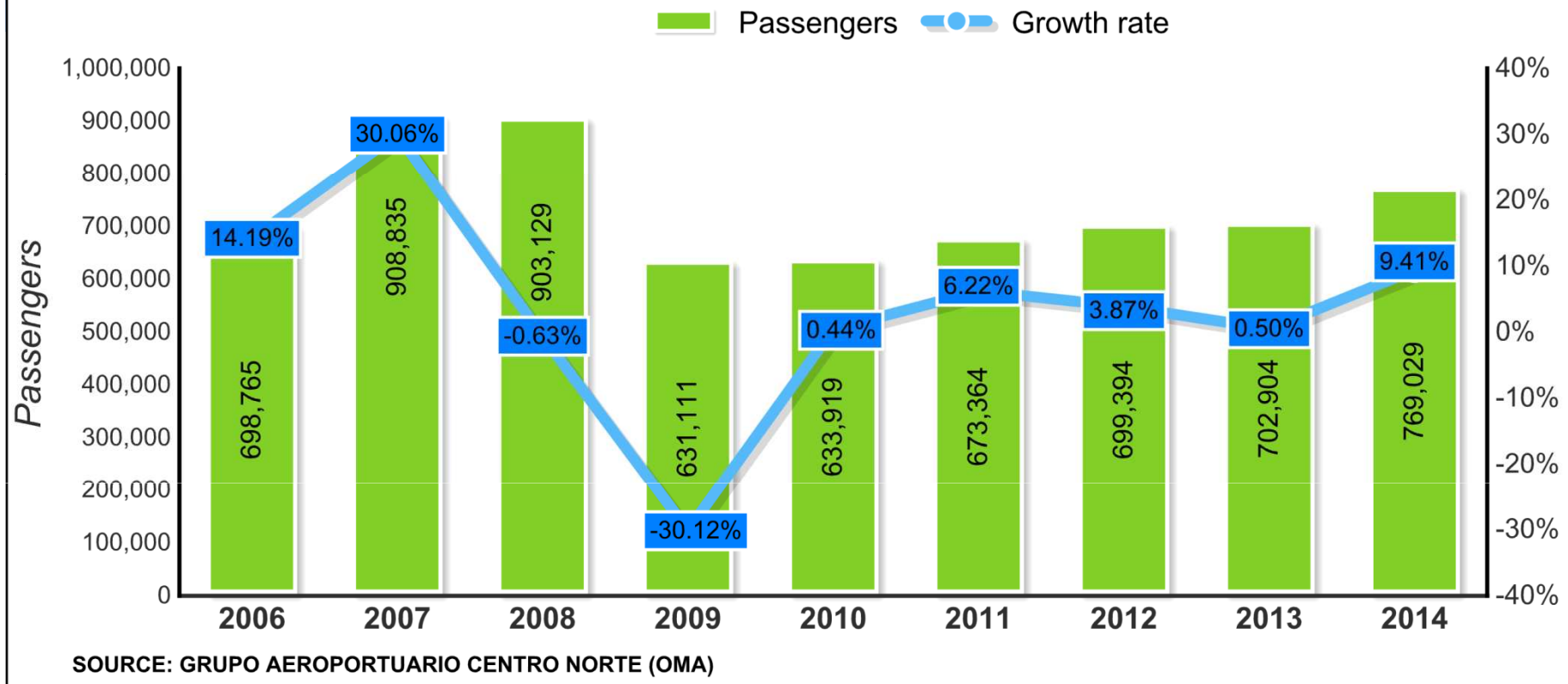


## Trade and services sectors

- Unfortunately this recovery has not occurred to the same extent in the case of trade, services and tourism in Juárez.
- Although insecurity levels have dropped, national and international perception of insecurity continues to affect tourism in Juárez.
- Changes in the tax reform also affected the growth of trade and services of domestic firms .

# Airline passengers served

Juárez, Chihuahua

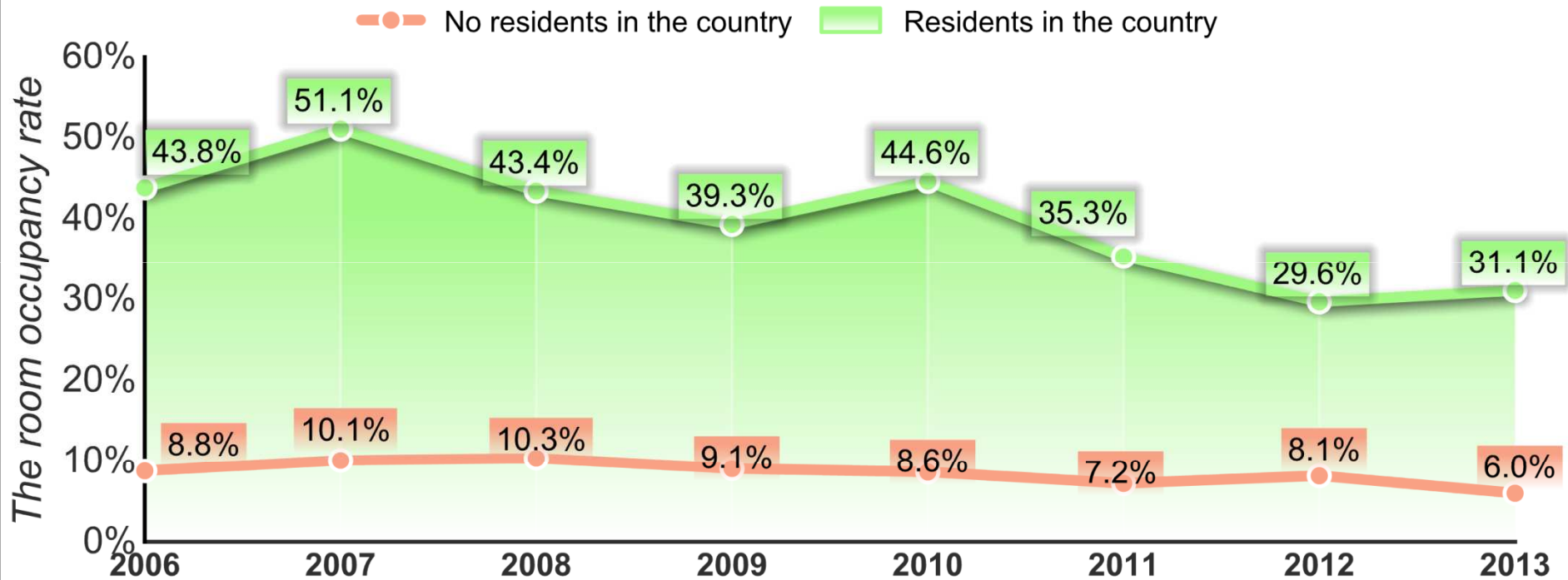


- 769,029 were served in 2014 at Juárez's airport, a 9.41% increase compared to 2013.
- The number of passengers served in 2014 has not recovered to the high levels reached in 2007 and 2008
- Crime and violence experienced in the past is affecting the image of Juárez even today .



## TOURIST ACTIVITY: Occupation of hotels and motels

Juárez, Chihuahua

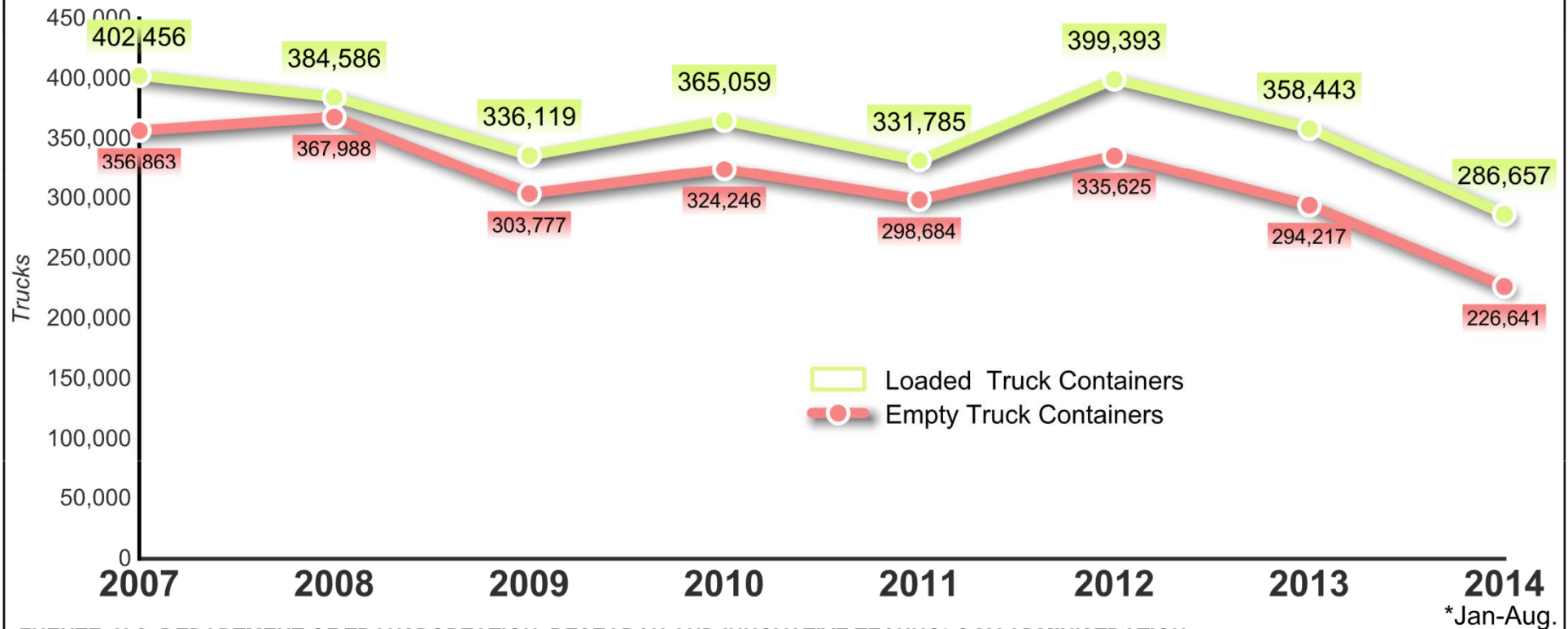


Source: DATATUR y Anuario Estadístico de Chihuahua, INEGI.

- The occupancy rate of hotels and motels in Juárez remains low compared to previous years.

# BORDER CROSSING: Freight

Ciudad Juárez



FUENTE: U.S. DEPARTMENT OF TRANSPORTATION, RESEARCH AND INNOVATIVE TECHNOLOGY ADMINISTRATION.

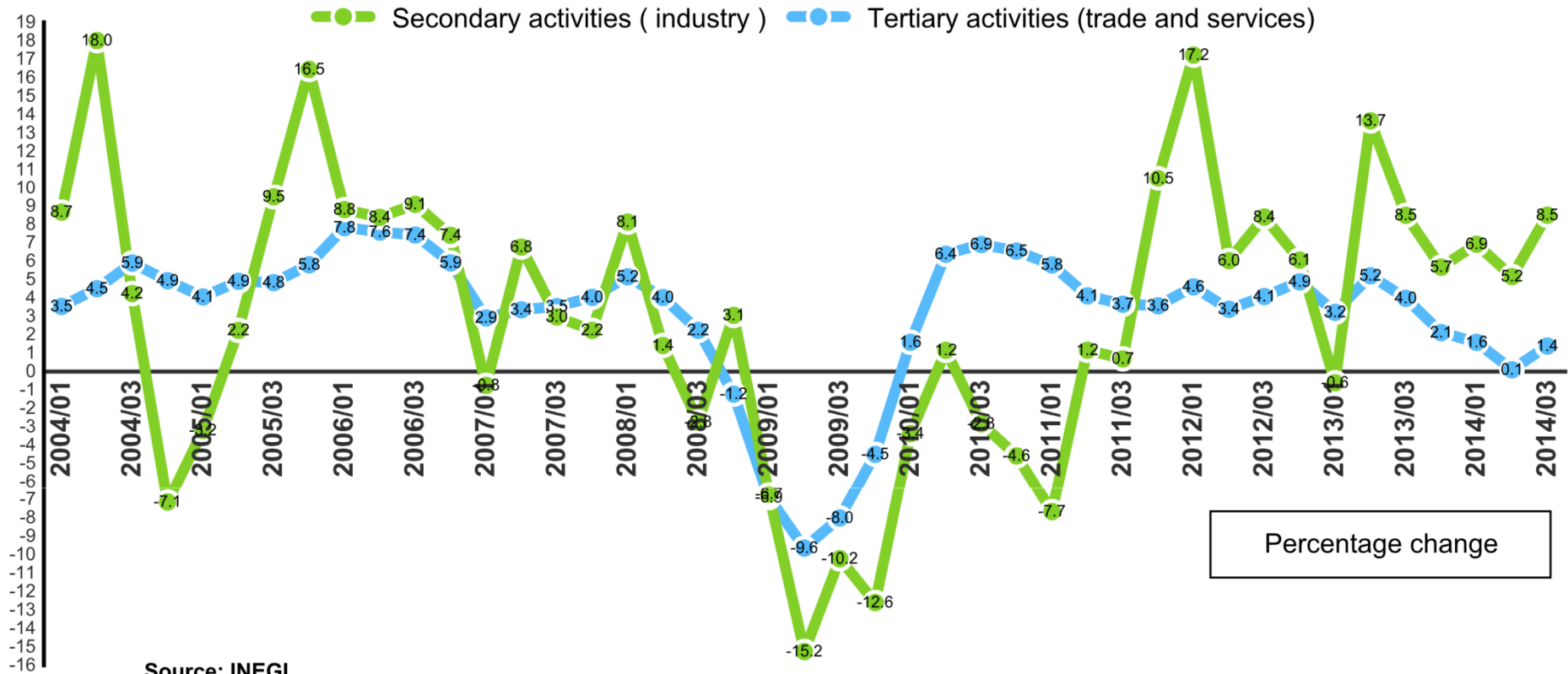
\* Jan-Aug.

The Bureau of Transportation Statistics (BTS) Border Crossing/Entry Data provides summary statistics for incoming crossings at the U.S -Mexican border at port level.

The data reflects the number of containers entering the United States. Showing economic activity to the flow of goods that crosses this border.

# Quarterly indicator of economic activity State (ITAE) Chihuahua State

Chihuahua State



Although the data belongs to the state, Juarez is one of the leading economies of the state of Chihuahua and the graphic clearly shows that in 2014 the tertiary sector had a fall and grew at a slower pace than the industrial sector.

The green line shows the annual performance of the industrial sector and the blue line of trade and services sector.



## *Forecasts of inflation, exchange rate and GDP growth in México*







## Inflation

The table presents forecasts of inflation in 2015, an average of 3.67% inflation is projected.

	INFLATION 2014			INFLATION 2015		
		Monthly %	Annual %		Monthly %	Annual %
Observed	January	0.89	4.48	January	0.38	3.56
	February	0.25	4.23	February	0.29	3.6
	March	0.27	3.76	March	0.34	3.66
	April	-0.19	3.5	April	-0.02	3.84
	May	-0.32	3.51	May	-0.36	3.8
	June	0.17	3.75	June	0.25	3.88
	July	0.28	4.07	July	0.29	3.9
	August	0.36	4.15	August	0.24	3.78
	September	0.44	4.22	September	0.35	3.69
	October	0.55	4.3	October	0.43	3.57
	November	0.81	4.17	November	0.7	3.46
	December	0.49	4.08	December	0.35	3.32
		Annual change			Annual change	
	First quarter	4.16		First quarter	3.6	
	second quarter	3.59		second quarter	3.84	
	third quarter	4.15		third quarter	3.79	
	fourth quarter	4.18		fourth quarter	3.45	
		<b>Annual %</b>	<b>Avarege %</b>		<b>Annual %</b>	<b>Avarege %</b>
	<b>2014</b>	<b>4.08</b>	<b>4.02</b>	<b>2015</b>	<b>3.32</b>	<b>3.67</b>

Forecast

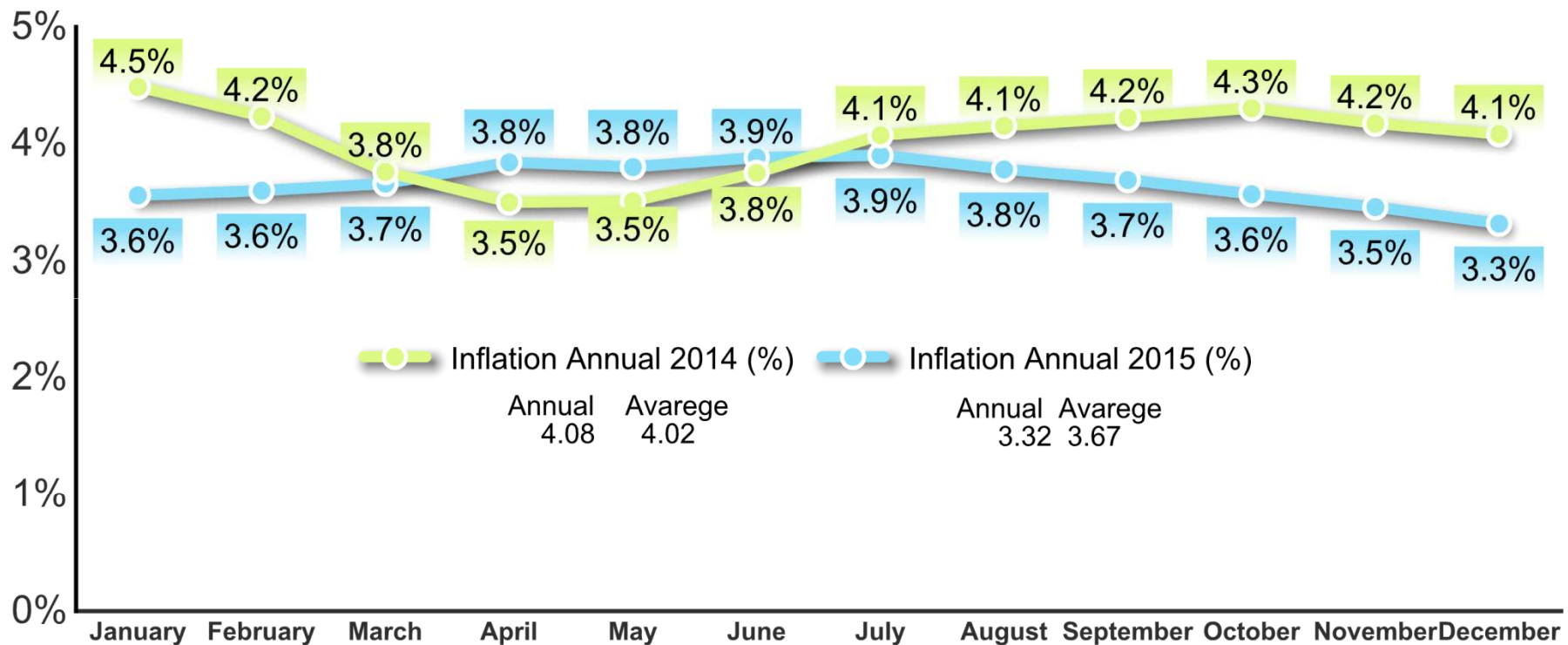
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## INFLATION IN MÉXICO: Juárez, Chihuahua



Source: Banamex con datos de BANXICO

- The green line shows inflation in 2014 .
- The blue line shows annual inflation forecasts for this year.
- Experts predict a lower rate of inflation this year.



## Exchange rate

- It is predicted that the exchange rate (pesos per dollar) fluctuate between 14.3 and 14.61, averaging 14.47 in 2015

	Exchange rate (pesos per dollar) 2014		Exchange rate (pesos per dollar) 2015	
		Monthly		Monthly
Observed	January	13.36	January	14.6
	February	13.25	February	14.61
	March	13.06	March	14.61
	April	13.08	April	14.57
	May	12.86	May	14.53
	June	13.00	June	14.5
	July	13.22	July	14.46
	August	13.07	August	14.42
	September	13.43	September	14.38
	October	13.48	October	14.34
	November	13.93	November	14.3
	December	14.75	December	14.26
	Forecast	First quarter	13.22	First quarter
second quarter		12.98	second quarter	14.53
third quarter		13.24	third quarter	14.42
fourth quarter		14.05	fourth quarter	14.3
<b>Avarege</b>		<b>Avarege</b>		
	<b>2014</b>	<b>13.37</b>	<b>2015</b>	<b>14.47</b>

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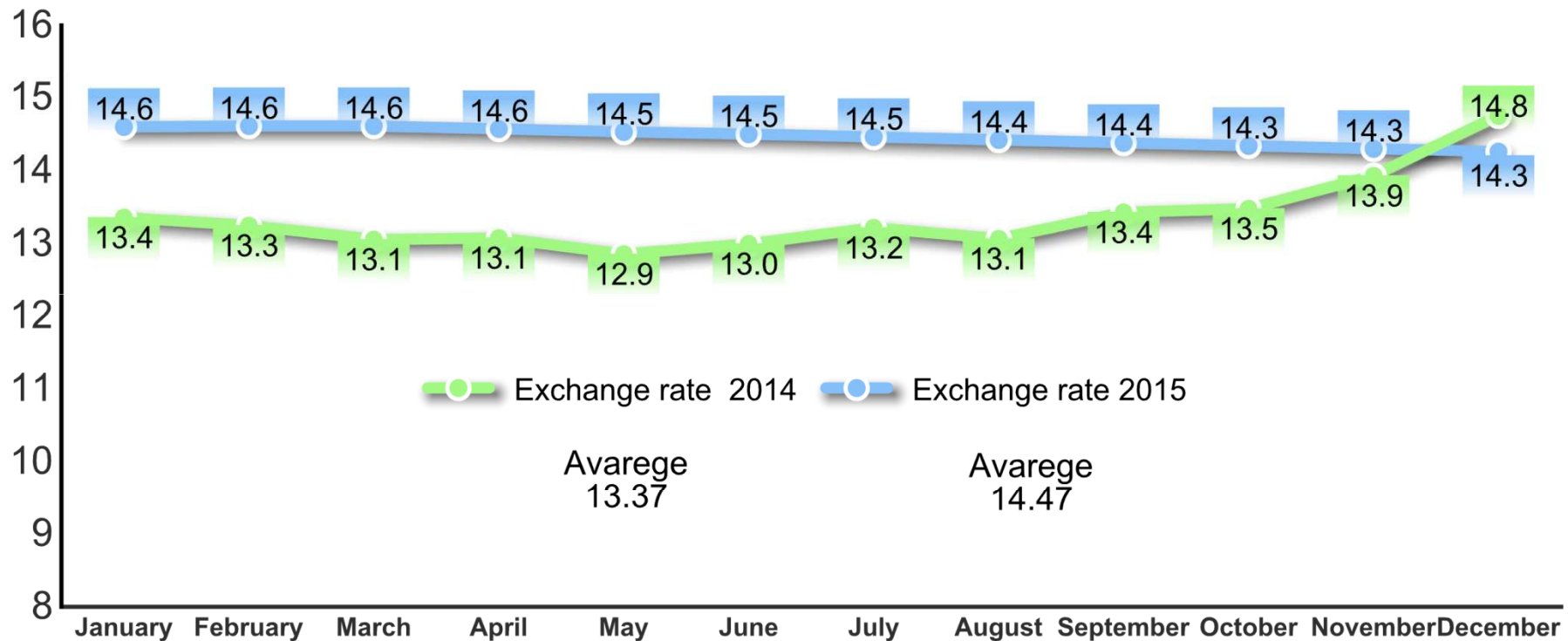
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## EXCHANGE RATE (Pesos per Dollar)

Juárez, Chihuahua

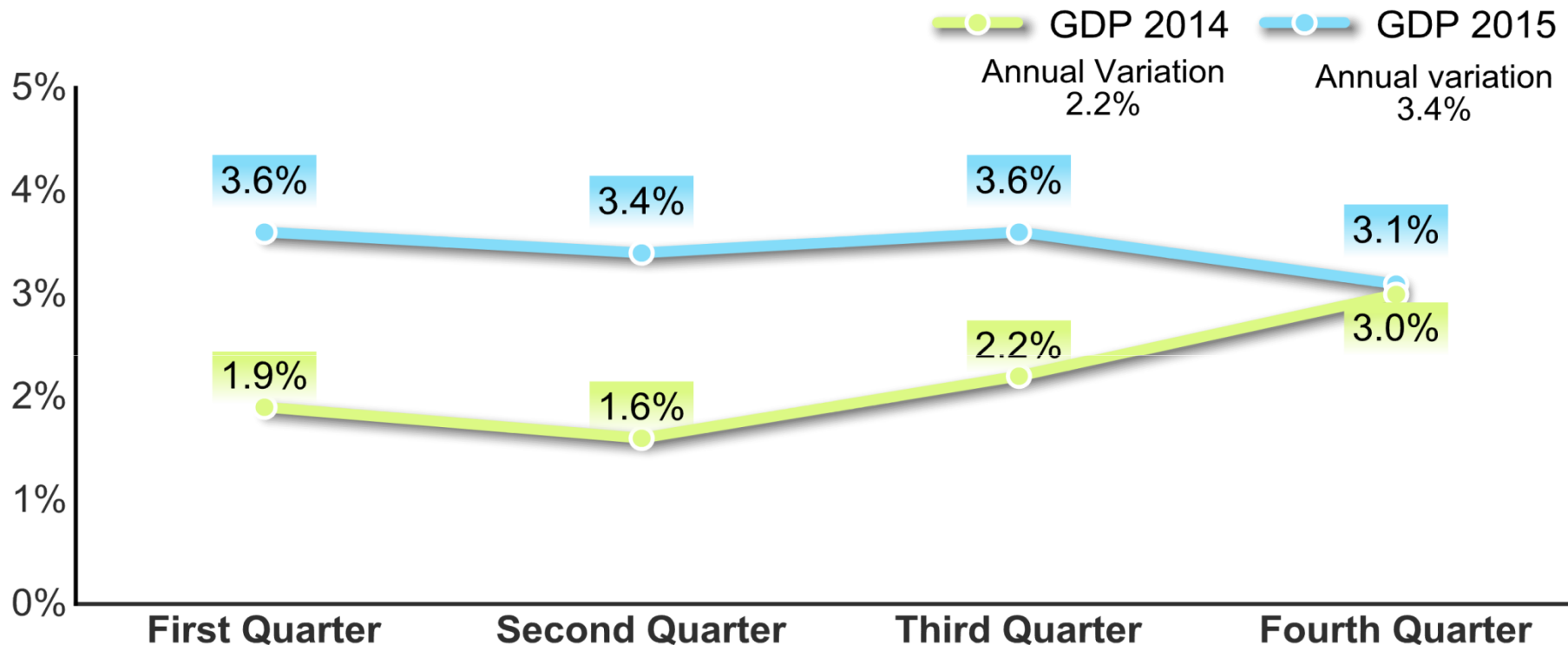


Source: Banamex con datos de BANXICO

The green line shows exchange rate in 2014 .  
The blue line shows exchange rate forecasts for this year fluctuate between 14.3 and 14.61, averaging 14.47 in 2015.



## GDP MÉXICO (annual variation)



Source: Banamex con datos de BANXICO

- Juárez 's economy is tied to the national economy. And experts estimate economic growth in 2015 to be higher than 2014.
- It is expected that in 2015 the economy of Juárez grows driven by domestic and international factors .





# Economic risks in 2015

## Juárez







## Economic risks in 2015: Juárez

There are three main risks in 2015

- ***Cut government spending by decreasing the price of oil.*** Since lower spending can negatively impact the Juárez economy.



## Economic risks in 2015: Juárez

- ***The evolution of the global economy.***  
Being a border city, Juárez is intimately linked to the cycles of the world economy. There are still signs of weakness in the global economy .



## Economic risks in 2015: Juárez

- ***Increased insecurity.*** Although levels of insecurity have decreased dramatically, remains a latent risk damage the image and economy in Juárez.

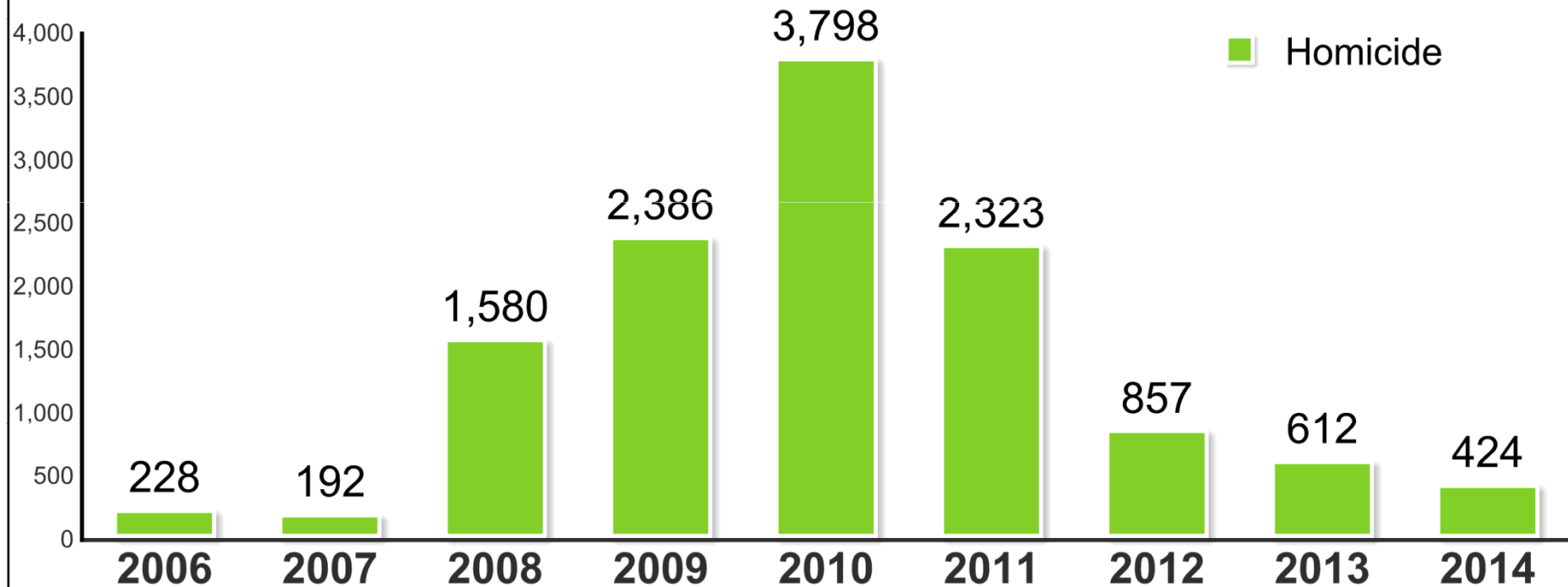
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## Homicide Juárez, Chihuahua



SOURCE: INEGI Y MESA DE SEGURIDAD

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Conclu<sup>sion</sup>

A magnifying glass with a black handle and a silver frame is positioned over the word 'Conclusion'. The lens is centered over the letters 'clu', making them appear larger and more prominent than the rest of the word. The word is written in a bold, black, sans-serif font on a white background.

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- The data will indicate that in 2015 the economy of Juárez continue expanding.
- The maquiladora industry will be the main generator of employment and economic growth engine.
- The trade and services will continue their economic recovery.
- But we must not lose sight of the factors that may affect the expansion process, such as the global economy, international oil prices and insecurity, the Government regulations, among others.



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# Thank You!

[erika@corporacionaem.com](mailto:erika@corporacionaem.com)