

9-2020

Paso del Norte Economic Indicator Review, September

Hunt Institute for Global Competitiveness

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Key Takeaways

Employment

- Amidst a surge in COVID-19 cases in El Paso and Las Cruces in July, non-farm employment experienced a slowdown in its recovery, increasing only 0.2% in El Paso from June to July and decreasing 1.5% in Las Cruces. Non-farm employment in Ciudad Juárez continued its recovery, increasing 1.9% from June to July.

Unemployment by Skill Level, Major Group, and Occupation

- Estimates indicate that the unemployment rate in June 2020 for El Paso was lower for high-skilled workers (5.5%) than for low-skilled workers (11.2%). Similar to El Paso, the unemployment rate in June 2020 for Las Cruces was estimated at a lower rate for high-skilled workers (5%) than for low-skilled workers (10%).
- Due to the sanitary measures taken by state, local, and federal authorities to reduce transmission of COVID-19, Personal Care and Service and Food Preparation and Serving Related Occupations were the two major occupation groups with the highest unemployment rates in June 2020.

Maquiladoras

- In 2019, Mexico's northern border cities accounted for 39% of overall Mexican maquiladora employment, with Ciudad Juárez accounting for the highest share across border maquiladora employment (30.6%).
- The monthly salary per production worker in Ciudad Juárez reached an average of \$384 in the January to June 2020 period, the second lowest among Mexican northern border cities. During the first half of the year, the average monthly salary per administrative worker in Ciudad Juárez (\$1,593) was the fourth highest among the northern border cities.

Non-Farm Employment

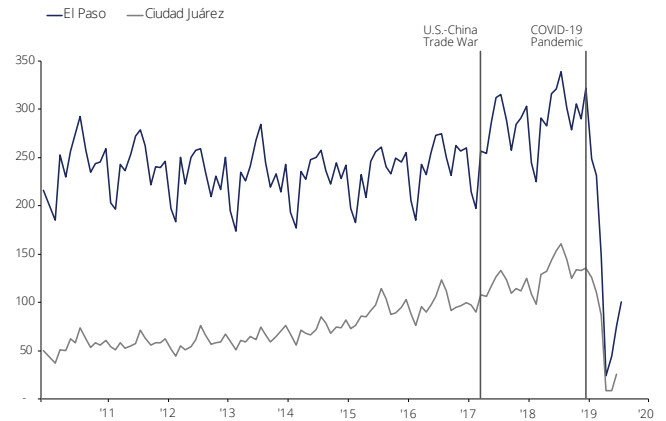
Ciudad Juárez Leads Jobs Recovery Amidst Pandemic

Ciudad Juárez led the way for employment recovery in July as it reached pre-COVID employment levels seen in 2019.

Non-farm employment in the Paso del Norte region in July differed across El Paso, Las Cruces, and Ciudad Juárez. Non-farm employment in El Paso indicated a steady but slow recovery, increasing in July by only 0.2% (500 jobs gained) with respect to June. In Las Cruces, non-farm employment in July decreased by 1.5% (1,000 jobs lost), while in Ciudad Juárez, non-farm employment continued its recovery, increasing by 1.9% in July (8,300 jobs gained). On a year-over-year basis, non-farm employment recorded losses across the region, with decreases in July of 4.7% (15,200 jobs lost) in El Paso and 6.9% (4,900 jobs lost) in Las Cruces. However, in Ciudad Juárez, non-farm employment in July almost completely recovered to the level it held a year ago, being down only 0.1% (500 jobs lost).

Quick-Glance Indicators

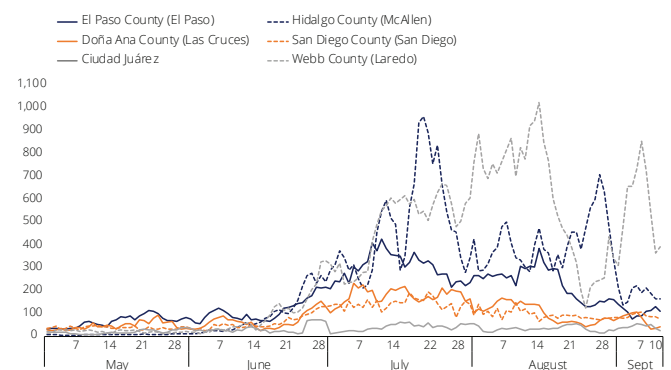
El Paso and Ciudad Juárez Air Passengers, Thousands



Note: Data as of July 2020.

Source: El Paso International Airport and Grupo OMA.

New Coronavirus Cases per 1 Million Inhabitants, 5-Day Moving Average

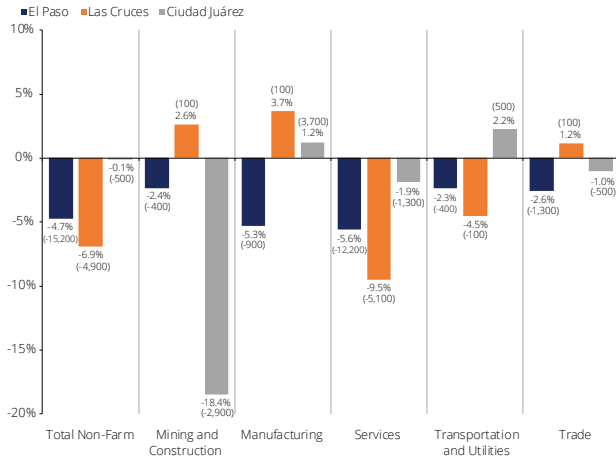


Note: Data as of September 10, 2020.

Source: Texas Health and Human Services, New Mexico Department of Health, Secretaría de Salud de Chihuahua, Center for Systems Science and Engineering at Johns Hopkins University, U.S. Census Bureau, and Consejo Nacional de Población.

Analyzing five sectors of employment for the region in July, there are signs of a slow recovery in El Paso with increases in Manufacturing (400 jobs gained), Services (300 jobs gained), and Transportation and Utilities (200 jobs gained), while Mining and Construction and Trade decreased each by 200 jobs on a monthly basis. In Las Cruces, Manufacturing and Trade were the only sectors with gains in employment on a monthly basis; the Services sector had the highest decrease, falling by 1,000 jobs, followed by Transportation and Utilities (200 jobs lost), and Mining and Construction (100 jobs lost). In Ciudad Juárez, all employment sectors, except Services and Trade, increased on a monthly basis, led by Manufacturing with 9,400 jobs gained. On a year-over-year basis, all sectors, except Mining and Construction, Manufacturing, and Trade in Las Cruces and Manufacturing and Transportation and Utilities in Ciudad Juárez, exhibited negative growth rates. The highest over-the-year job losses in absolute terms for these sectors across the region in July were: Services in El Paso (-12,200 approximately), Services in Las Cruces (-5,100 approximately), and Mining and Construction in Ciudad Juárez (-2,900 approximately).

Paso del Norte Total Non-Farm Employment by Sector July 2020 (Year-over-Year)



Note: Preliminary data for July 2020. Services exclude Transportation and Utilities and Trade. Numbers are rounded to the nearest hundred.

Source: U.S. Bureau of Labor Statistics and Instituto Mexicano del Seguro Social.

Skill Unemployment

Lower Unemployment Rates for High-Skilled Workers in El Paso and Las Cruces

In June 2020, the unemployment rate for high-skilled workers was lower than for low-skilled workers in El Paso and Las Cruces.

In order to determine the unemployment rate by skill level, the Hunt Institute analyzed those occupations that require a bachelor's degree or a post graduate degree (high-skilled jobs) versus those that do not (low-skilled jobs). Our estimates indicate that the unemployment rate in June 2020 for El Paso was lower for high-skilled workers (5.5%) than for low-skilled workers (11.2%). Similar to El Paso, the unemployment rate in June 2020 for Las Cruces was estimated at a lower rate for high-skilled workers (5%) than for low-skilled workers (10%).

Unemployment Rate by Skill Level, June 2020



Source: Authors' calculations using JobsEQ data for MSAs.

Analyzing unemployment rates by major occupational groups, Personal Care and Service and Food Preparation and Serving Related Occupations were the two major occupation groups with the highest

unemployment rates in June 2020. On the other hand, Legal and Healthcare Practitioners and Technical Occupations were the two major groups with the lowest unemployment rates in both metropolitan areas.

Unemployment Rate by Major Occupation Group, June 2020

Major Occupation Group	El Paso	Las Cruces
Management	3.7%	3.4%
Business and Financial Operations	3.8%	3.5%
Computer and Mathematical	3.7%	2.9%
Architecture and Engineering	5.3%	4.7%
Life, Physical, and Social Science	4.9%	4.5%
Community and Social Service	3.9%	3.7%
Legal	2.9%	2.8%
Educational Instruction and Library	10.0%	9.2%
Arts, Design, Entertainment, Sports, and Media	16.5%	15.5%
Healthcare Practitioners and Technical	3.3%	2.8%
Healthcare Support	6.7%	5.7%
Protective Service	4.3%	4.4%
Food Preparation and Serving Related	20.3%	18.8%
Building and Grounds Cleaning and Maintenance	9.6%	8.6%
Personal Care and Service	27.8%	23.8%
Sales and Related	10.4%	9.8%
Office and Administrative Support	8.2%	7.3%
Farming, Fishing, and Forestry	5.5%	5.0%
Construction and Extraction	12.0%	10.8%
Installation, Maintenance, and Repair	8.7%	8.1%
Production	10.0%	9.0%
Transportation and Material Moving	11.9%	11.0%

Source: Authors' calculations using JobsEQ data for MSAs.

In June 2020, in terms of unemployment by job occupations, Fast Food and Counter Workers was the occupation with the highest number of unemployed workers in both El Paso (2,791) and Las Cruces (596). El Paso and Las Cruces' top four occupations in terms of unemployment came from two major occupation groups, Food Preparation and Serving Related Occupations, and Sales and Related Occupations. Moreover, in both El Paso and Las Cruces, the top four occupations in terms of unemployment accounted for 19% of the total number of unemployed in June for both metropolitan areas.

Top 4 Occupations by Unemployment, June 2020

Occupation	El Paso		Las Cruces	
	Unemployed	Salary	Unemployed	Salary
Fast Food and Counter Workers	2,791	\$19,400	596	\$21,400
Retail Salespersons	1,318	\$24,600	262	\$26,900
Cashiers	1,261	\$21,400	305	\$22,200
Waiters and Waitresses	1,202	\$20,100	274	\$21,000

Note: Salary refers to average annual salary.

Source: Authors' calculations using JobsEQ data.

Maquiladoras

Mexican Northern Border Cities See Decrease in Maquiladora Employment

While still accounting for the highest maquiladora employment share along the border, Ciudad Juárez experienced one of the largest drops in maquiladora employment.

In 2019, the Mexican's northern border cities accounted for 39% of overall Mexican maquiladora employment with approximately 850,000 workers. Three of these cities accounted for 72% of maquiladora northern border employment: Ciudad Juárez with 30.6%, Tijuana with 26.4%, and Reynosa with 14.7%. However, the onset of the pandemic negatively affected maquiladora northern border employment, which dropped 3.6% (30,209 jobs lost) in the January to June 2020 period on a year-over-year basis. In particular, the most impacted northern Mexican border cities were Ciudad Acuña with 8,028 jobs lost (-18.1%), Reynosa with 7,833 jobs lost (-6.3%), and Ciudad Juárez with 7,169 jobs lost (-2.7%).

Maquiladora Employment in Mexican Northern Border Cities

City/Region	2019	Share (%)	A Jan-Jun 2019	B Jan-Jun 2020	B-A (Δ %)
Ciudad Juárez	259,139	30.6%	260,692	253,523	-2.7%
Tijuana	223,650	26.4%	222,251	217,283	-2.2%
Reynosa	124,674	14.7%	125,014	117,181	-6.3%
Mexicali	63,089	7.4%	62,908	62,084	-1.3%
Matamoros	59,492	7.0%	57,552	58,350	1.4%
Acuña	41,807	4.9%	44,263	36,235	-18.1%
Nogales	35,519	4.2%	36,031	35,160	-2.4%
Nuevo Laredo	29,178	3.4%	29,532	28,341	-4.0%
Tecate	11,269	1.3%	11,193	11,069	-1.1%
Border	847,817	100%	849,435	819,226	-3.6%
Chihuahua City	60,198		59,784	59,838	0.1%
Rest of Mexico	1,329,954		1,332,552	1,293,483	-2.9%
Nationwide	2,177,771		2,181,987	2,112,709	-3.2%

Note: Average of maquiladora hired workers (not subcontracted).

Source: Authors' calculations using INEGI data.

During the first half of the year, the average monthly salary per production worker was \$442 at the national level, \$434 at the border region, and \$446 in the rest of the country. While the salary per production worker remained flat on a year-over-year basis for the border region, that of the national level and the rest of the country recorded decreases of 1.7% and 2.8%, respectively. Although the salary per production worker in Ciudad Juárez reached an average of \$384 in the January to June 2020 period, increasing 1.9% from the January to June 2019 period, it was still the second lowest among northern border cities.

From January to June 2020, the monthly average salary per administrative worker was higher in the border region (\$1,551) than at the national level (\$1,376) or the rest of the country (\$1,311).

Wages per Production Worker in Maquiladoras, USD

City/Region	2019	A Jan-Jun 2019	B Jan-Jun 2020	B-A (Δ %)
Mexicali	\$519	\$507	\$510	0.6%
Nogales	\$500	\$490	\$509	3.8%
Tecate	\$508	\$492	\$497	1.1%
Tijuana	\$494	\$485	\$496	2.4%
Matamoros	\$483	\$480	\$439	-8.5%
Acuña	\$424	\$417	\$415	-0.4%
Nuevo Laredo	\$459	\$467	\$408	-12.4%
Ciudad Juárez	\$382	\$377	\$384	1.9%
Reynosa	\$391	\$388	\$372	-3.9%
Border	\$441	\$434	\$434	0.0%
Chihuahua City	\$424	\$409	\$416	1.6%
Rest of Mexico	\$471	\$459	\$446	-2.8%
Nationwide	\$459	\$449	\$442	-1.7%

Note: Average monthly real wages (June 2020=100). Exchange rate for June 2020.

Source: Authors' calculations using INEGI data.

During this period, across northern border cities, the average monthly salary per administrative worker in Ciudad Juárez (\$1,593) was the fourth highest, with the top three being in the state of Baja California: Tijuana (\$1,842), Tecate (\$1,685), and Mexicali (\$1,617). During the first half of the year on an annual basis, salaries per administrative workers decreased in four cities, three in the state of Tamaulipas and one being Ciudad Juárez: Nuevo Laredo (-17.5%), Reynosa (-7.6%), Matamoros (-3.4%), and Ciudad Juárez (-3.3%).

Wages per Administrative Worker in Maquiladoras, USD

City/Region	2019	A Jan-Jun 2019	B Jan-Jun 2020	B-A (Δ %)
Tijuana	\$1,826	\$1,752	\$1,842	5.1%
Tecate	\$1,692	\$1,653	\$1,685	2.0%
Mexicali	\$1,559	\$1,517	\$1,617	6.6%
Ciudad Juárez	\$1,656	\$1,647	\$1,593	-3.3%
Acuña	\$1,390	\$1,359	\$1,450	6.7%
Reynosa	\$1,522	\$1,506	\$1,392	-7.6%
Matamoros	\$1,439	\$1,414	\$1,365	-3.4%
Nogales	\$1,176	\$1,191	\$1,222	2.6%
Nuevo Laredo	\$1,282	\$1,275	\$1,052	-17.5%
Border	\$1,591	\$1,561	\$1,551	-0.7%
Chihuahua City	\$1,724	\$1,691	\$1,629	-3.7%
Rest of Mexico	\$1,383	\$1,349	\$1,311	-2.8%
Nationwide	\$1,439	\$1,405	\$1,376	-2.1%

Note: Average monthly real wages (June 2020=100). Exchange rate for June 2020.

Source: Authors' calculations using INEGI data.

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 can strengthen regional and binational cross-border economic and social development.

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