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Paso Del Norte Economic Indicator Review, October

Hunt Institute for Global Competitiveness

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Key Takeaways

Employment

- El Paso non-farm employment exhibited the strongest recovery, increasing 1.5% in August (4,500 jobs gained) with respect to July. During this same period, non-farm employment remained nearly stagnant in Las Cruces (increasing 0.3% or 200 jobs gained) and in Ciudad Juárez (increasing 0.5% or 2,300 jobs gained), with the latter exhibiting an increase for the third month in a row. For the first time since last February, non-farm employment for Ciudad Juárez reached its levels from a year ago in August, with a 0.7% increase (3,200 jobs gained).

Unemployment Rates by Wage Quartiles

- Between March and August, the unemployment rate reached the highest levels across all four wage quartiles in April for El Paso but in July for Las Cruces, indicating a continuing gradual recovery for El Paso and further deterioration for Las Cruces in the midst of the continuing COVID-19 crisis.

Border Crossings

- Five of the top ten U.S. land ports of entry in 2019, accounting for 42.1% of full container truck crossings across the U.S., were on the U.S.-Mexico border. The remaining five on the U.S.-Canada border processed 33.4% of these crossings. Due to the COVID-19 public health crisis, these top 10 border PoEs registered decreases in terms of full container truck border crossings during the January to July 2020 period on a year-over-year basis. Of these, the Laredo PoE and the El Paso PoE witnessed the highest absolute losses.

Non-Farm Employment

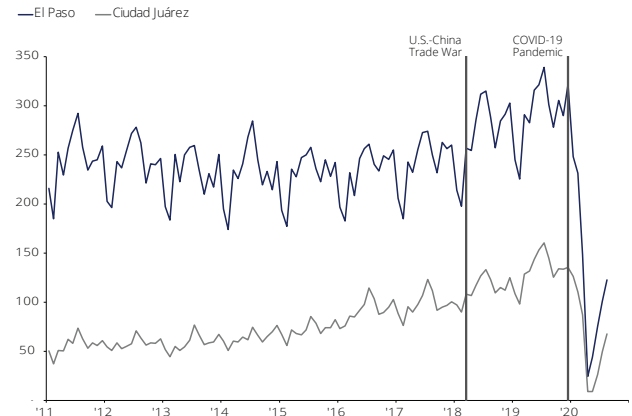
Las Cruces Job Recovery Struggle Continues

Las Cruces continued to struggle to recover its pre-COVID non-farm employment levels.

Paso del Norte region non-farm employment continued to show contrasting signs across El Paso, Las Cruces, and Ciudad Juárez for the month of August. Across these major areas, El Paso non-farm employment exhibited the strongest recovery, increasing in August by 1.5% (4,500 jobs gained) with respect to July. During this same period, non-farm employment remained nearly stagnant in Las Cruces (increasing 0.3% or 200 jobs gained) and in Ciudad Juárez (increasing 0.5% or 2,300 jobs gained), with the latter exhibiting an increase for the third month in a row. On a year-over-year basis, non-farm employment in El Paso decreased by 4.4% (14,200 jobs lost) in August. In Las Cruces, non-farm employment decreased by 9.4% (6,900 jobs lost) year-over-year, nearly reaching the 10% decrease it saw in April, reversing the continued slow recovery initiated that month. For the first time since last February, non-farm employment for Ciudad Juárez reached its levels from a year ago in August, with a 0.7% increase (3,200 jobs gained).

Quick-Glance Indicators

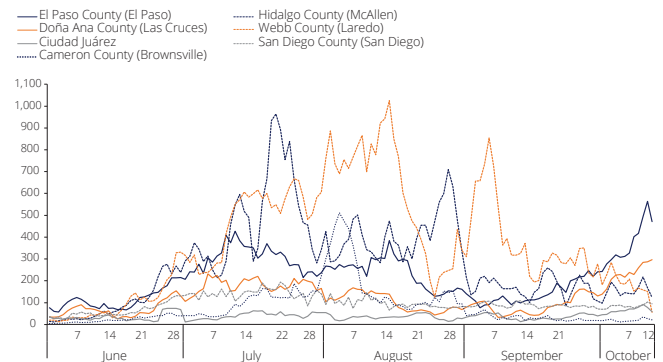
El Paso and Ciudad Juárez Air Passengers, Thousands



Note: Data as of August 2020.

Source: El Paso International Airport and Grupo OMA.

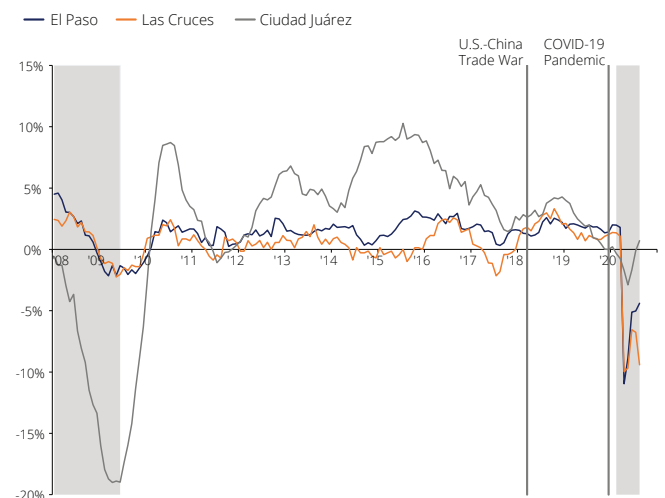
New Coronavirus Cases per 1 Million Inhabitants, 5-Day Moving Average



Note: Data as of October 12, 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.

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

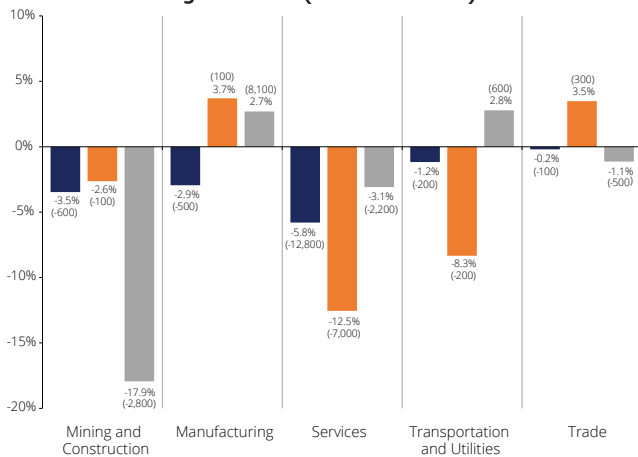


Note: Preliminary data for August 2020. Shaded area indicates NBER defined recession (2020 recession began in February with no end date at time of publication).

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

Analyzing five sectors of employment for the region in August, El Paso showed stronger signs of recovery when compared to July, with increases across all sectors on a monthly basis, led by Services and Trade with gains of 2,100 jobs and 1,700 jobs, respectively. In Las Cruces, Trade and Transportation and Utilities increased by 200 jobs and 100 jobs, respectively, while Mining and Construction lost 100 jobs. In Ciudad Juárez, Manufacturing and Transportation and Utilities increased on a monthly basis by 2,700 jobs and 300 jobs, while Services and Trade had the largest decreases with 300 and 200 jobs lost, respectively. On a year-over-year basis, all sectors, except Manufacturing and Trade in Las Cruces and Manufacturing and Transportation and Utilities in Ciudad Juárez, exhibited negative growth rates. In August, the largest over-the-year job losses in absolute terms for these sectors across the region were: Services in El Paso (-12,800 approximately), Services in Las Cruces (-7,000 approximately), and Mining and Construction in Ciudad Juárez (-2,800 approximately).

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



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

Source: Hunt Institute calculations using BLS and IMSS data.

Unemployment Rate by Wage Quartiles

Higher Unemployment Rates for Lowest-Paid Workers

Estimates indicate that the lowest-paid workers have borne most of the impacts from COVID-19, consistently experiencing the highest unemployment rates since March across wage quartiles in El Paso and Las Cruces.

To explore the impact that COVID-19 has had on wage earners, the Hunt Institute analyzed the unemployment rate by wage quartiles since March. Wage quartiles were estimated by distributing average annual wages across job occupations for the first quarter of 2020.

Average Annual Wage Quartiles, USD Thousand

Quartiles	El Paso	Las Cruces
WQ1	<= \$30	<= \$31.1
WQ2	>\$30 - \$43.1	>\$31.1 - \$43.6
WQ3	>\$43.1 - \$62.9	>\$43.6 - \$62.4
WQ4	>\$62.9 - \$245.8	>\$62.4 - \$269.7

Note: WQ stands for wage quartile.

Source: Hunt Institute calculations using JobsEQ data.

For the six-month period from March to August, the unemployment rate in El Paso reached its highest levels for all four wage quartiles in April. The unemployment rate then partially recovered in the ensuing months across all four quartiles. For the same period in Las Cruces, the unemployment rate for all four wage quartiles reached its highest levels in July, indicating a further deterioration after a partial recovery during May and June. Although unemployment rates across wage quartiles in both El Paso and Las Cruces declined in August with respect to July, neither have reached the levels seen prior to the lockdowns in March.

The unemployed from the bottom wage distribution (WQ1) represent more than 60% of the total unemployed in El Paso and Las Cruces, respectively. While workers at the top wage quartiles of the distribution have been impacted by the current public health crisis, the lowest-paid workers, those at the lowest wage quartile, have borne most of the impact, consistently experiencing the highest unemployment rates since March.

Unemployment Rate by Wage Quartiles, El Paso MSA

	WQ1	WQ2	WQ3	WQ4	Total
March	7.1%	5.5%	3.7%	2.6%	5.5%
April	20.3%	14.2%	9.5%	6.7%	14.9%
May	20.0%	13.2%	9.5%	6.0%	14.5%
June	12.6%	8.8%	6.5%	4.5%	9.5%
July	11.4%	7.9%	6.2%	4.7%	8.8%
August	9.5%	6.5%	5.2%	3.9%	7.3%

Note: WQ stands for wage quartile.

Source: Hunt Institute calculations using JobsEQ data.

Unemployment Rate by Wage Quartiles, Las Cruces MSA

	WQ1	WQ2	WQ3	WQ4	Total
March	10.2%	8.5%	5.1%	3.5%	7.9%
April	15.8%	11.3%	7.0%	5.2%	11.6%
May	11.9%	8.3%	4.9%	3.6%	8.5%
June	11.8%	8.7%	5.9%	4.4%	8.9%
July	17.1%	12.0%	8.5%	7.1%	13.0%
August	14.3%	10.4%	7.1%	6.1%	10.9%

Note: WQ stands for wage quartile.

Source: Hunt Institute calculations using JobsEQ data.

Border Crossings

COVID-19 Takes Toll on US-Mexico Border Ports of Entry

Laredo PoE and El Paso PoE led the declines in full container truck crossings witnessed across the top 10 U.S. border ports of entry, falling steeply over the first seven months of the year when compared to the same period in 2019.

Back in 2019, ten key U.S. land ports of entry (PoE) processed 75.5% of all full container truck crossings. Five of these were located on the U.S.-Mexico border and accounted for 42.1% of full container truck crossings across all U.S. ports. Among these, the Laredo PoE on the U.S.-Mexico border held the highest rank with 1,711,670 border crossings, an 18.7% share of all full container truck crossings across U.S. PoEs. Second on the U.S.-Mexico border was the Otay Mesa PoE, ranking 3rd overall with 759,362 border crossings, an 8.3%

share of the total. Third on the U.S.-Mexico border was the El Paso PoE, ranking 6th overall with 610,869 border crossings, a 6.7% share of all full container truck border crossings across U.S. PoEs. Santa Teresa PoE ranked 18th with approximately 115,000 full container truck border crossings (1.3% share).

Top 10 U.S. Border Ports by Truck Crossings with Full Containers

Port of Entry	2019	Share (%)	A Jan-July 2019	B Jan-July 2020	B-A	B-A (Δ%)
Laredo, TX	1,711,670	18.7%	1,013,872	879,159	(134,713)	-13.3%
Detroit, MI	1,091,674	12.0%	627,663	565,960	(61,703)	-9.8%
Otay Mesa, CA	759,362	8.3%	433,188	382,451	(50,737)	-11.7%
Buffalo-Niagara Falls, NY	736,525	8.1%	426,969	361,139	(65,830)	-15.4%
Port Huron, MI	638,281	7.0%	368,873	315,787	(53,086)	-14.4%
El Paso, TX	610,869	6.7%	355,103	226,889	(128,214)	-36.1%
Hidalgo, TX	469,777	5.1%	280,838	245,689	(35,149)	-12.5%
Blaine, WA	303,093	3.3%	176,115	132,411	(43,704)	-24.8%
Nogales, AZ	293,771	3.2%	202,100	170,059	(32,041)	-15.9%
Champlain-Rouses Point, NY	276,975	3.0%	158,335	137,589	(20,746)	-13.1%

Note: Numbers in parenthesis indicate negative numbers. El Paso PoE includes Ysleta PoE.
Source: Hunt Institute calculations using U.S. Bureau of Transportation Statistics data.

Due to the COVID-19 public health crisis, the top 10 border PoE registered decreases in terms of full container truck border crossings during the January to July 2020 period on a year-over-year basis. Of these, the Laredo PoE and the El Paso PoE witnessed the highest absolute losses, dropping by approximately 135,000 (-13.3%) and 128,000 (-36.1%) full container truck border crossings, respectively. Santa Teresa PoE experienced an absolute loss of approximately 22,000 (-33.2%) full container truck crossings during the January to July 2020 period on a year-over-year basis.

Top 10 U.S. Border Ports by Total Passengers and Pedestrians

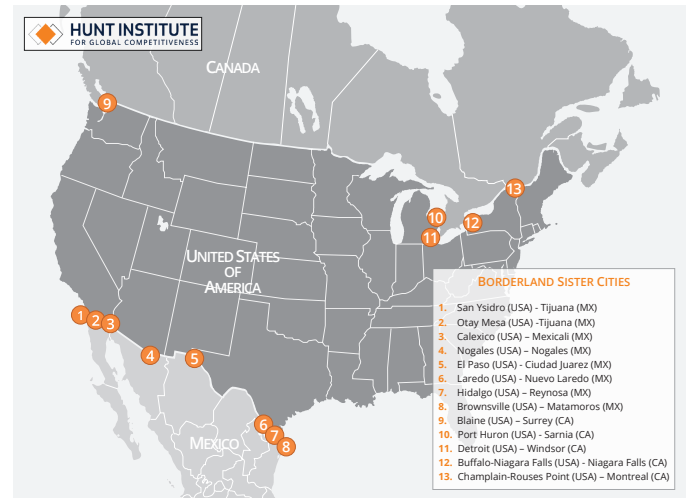
Port of Entry	2019	Share (%)	A Jan-July 2019	B Jan-July 2020	B-A	B-A (Δ%)
San Ysidro, CA	36,724,706	15.2%	20,770,830	13,919,973	(6,850,857)	-33.0%
El Paso, TX	26,644,366	11.0%	15,229,898	9,438,403	(5,791,495)	-38.0%
Laredo, TX	15,180,224	6.3%	8,916,013	5,051,695	(3,864,318)	-43.3%
Otay Mesa, CA	14,950,766	6.2%	8,740,545	5,309,619	(3,430,926)	-39.3%
Calixico, CA	12,713,669	5.3%	7,377,062	4,748,598	(2,628,464)	-35.6%
Brownsville, TX	12,587,521	5.2%	7,195,144	3,916,374	(3,278,770)	-45.6%
Buffalo-Niagara Falls, NY	11,328,878	4.7%	6,198,405	1,622,464	(4,575,941)	-73.8%
Hidalgo, TX	10,891,357	4.5%	6,275,752	3,742,037	(2,533,715)	-40.4%
Nogales, AZ	10,395,837	4.3%	5,807,427	3,262,141	(2,545,286)	-43.8%
Blaine, WA	8,052,037	3.3%	4,629,735	1,251,219	(3,378,516)	-73.0%

Note: Numbers in parenthesis indicate negative numbers. El Paso PoE includes Ysleta PoE.
Source: Hunt Institute calculations using U.S. Bureau of Transportation Statistics data.

In 2019, ten key U.S. land PoE accounted for 65.9% of all passengers and pedestrians crossings. Eight of the top ten U.S. border PoE for total passengers and pedestrians in 2019 were located on the U.S.-Mexico border, while only two were on the U.S.-Canada border.

In fact, the top six were on the U.S.-Mexico border and accounted for almost 50% (49.1%) of all of these crossings across U.S. border PoE. The San Ysidro PoE and El Paso PoE were the top two, accounting for more than a quarter (26.2%) of these crossings across U.S. border PoE with approximately 37 million (15.2%) and 27 million (11%) total passengers and pedestrians, respectively.

Top U.S. Border Crossings



Source: Hunt Institute.

However, efforts to reduce the spread of the virus add to the financial and economic costs of regional border crossings. The San Ysidro PoE and the El Paso PoE were the most impacted by the travel restrictions with a decrease in total passengers and pedestrians of approximately 6.9 million (-33%) and 5.8 million (-38%), respectively, during the January to July 2020 period on a year-over-year basis.

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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