

11-2020

Paso Del Norte Economic Indicator Review, November

Hunt Institute for Global Competitiveness

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Key Takeaways

Employment

- Non-farm employment continued its recovery across El Paso and Las Cruces, with Las Cruces leading the way with 2,200 jobs gained (3.3%) in September with respect to August. El Paso's jobs recovery remained almost stagnant, increasing by only 600 jobs (0.2%) with respect to August. Non-farm employment continued to increase in Ciudad Juárez, increasing in September on both a month-over-month and year-over-year basis.
- The Leisure and Hospitality sector continued to be the hardest hit sector in El Paso and Las Cruces, with year-over-year decreases in September for each MSA of 6,700 jobs (-17.6%) and 2,900 jobs (-33.7%), respectively.

Bankruptcies

- Total bankruptcy filings in El Paso are down throughout 2020 in comparison to 2019. During the January to October 2020 period, total bankruptcy filings in El Paso fell by approximately 37% when compared to the same period in 2019. Nevertheless, in October, bankruptcy filings increased 54.3% from September in El Paso.

Border Crossings

- The extension of the travel restrictions continues to discourage cross-border travel and economic activity for large numbers of people across border cities. While truck crossings with loaded containers remained nearly stagnant at the El Paso Port of Entry (PoE) in September with respect to August with a 0.9% increase, Santa Teresa PoE increased by 6.3%. However, during the January to September 2020 period, the El Paso and Santa Teresa PoEs were the most severely impacted across major U.S. border ports of entry in terms of truck crossings with loaded containers, which roughly translates to a 32% decrease at each port.

Employment

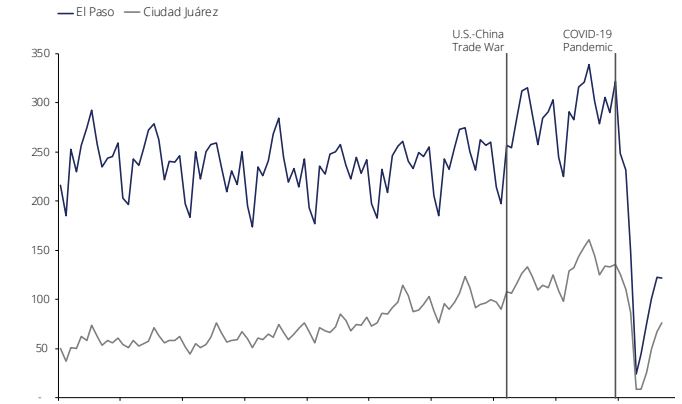
Jobs Recovery Continue Throughout Region

Las Cruces showed strong job recovery from August, while El Paso has remained nearly stagnant.

In September, non-farm employment showed signs of improvement across El Paso, Las Cruces, and Ciudad Juárez. While El Paso non-farm employment remained nearly stagnant by increasing 0.2% (600 jobs gained) in respect to August, indicating a continuing but slow recovery, Las Cruces non-farm employment saw its strongest increase on a month-over-month basis since the onset of COVID-19, at 3.3% (2,200 jobs gained) in September. In Ciudad Juárez, non-farm employment increased for the fourth month in a row, at 0.6% (2,800 jobs gained) in September. However, on a year-over-year basis non-farm employment in September continued to be down in El Paso and Las Cruces by 4.7% (15,300 jobs lost) and 6.7% (5,000 jobs lost), respectively.

Quick-Glance Indicators

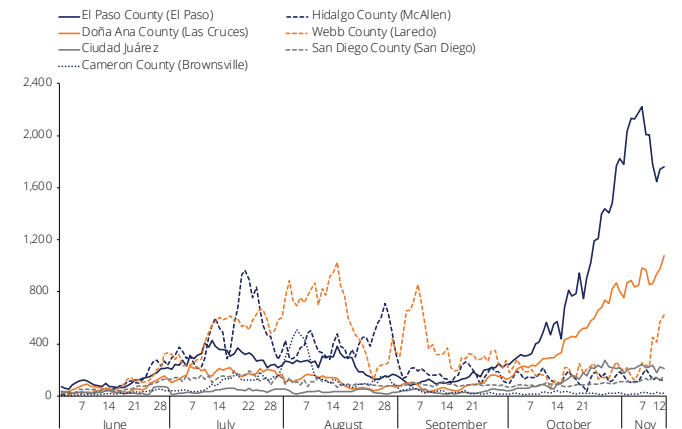
El Paso and Ciudad Juárez Air Passengers, Thousands



Note: Data as of September 2020.

Source: El Paso International Airport and Grupo OMA.

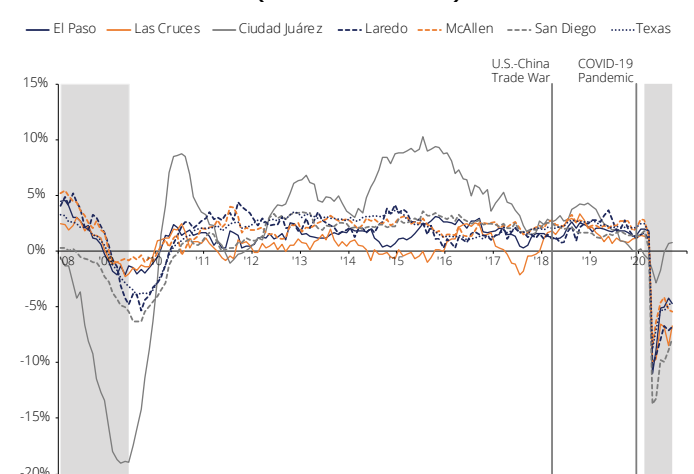
New Coronavirus Cases per 1 Million Inhabitants, 5-Day Moving Average



Note: Data as of November 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, %)



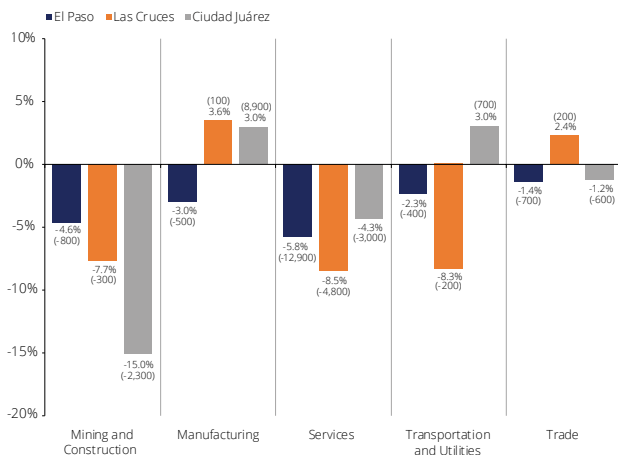
Note: Preliminary data for September 2020. Shaded area indicates NBER defined recession (2020 recession) began in February with no end date at time of publication.

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

For Las Cruces, this was still a notable improvement from its year-over-year decrease in August (-8.5%); for El Paso, it was a slight decrease when compared to August (-4.2%), potentially signaling a W-shaped recovery. Following its gains in August, non-farm employment in Ciudad Juárez increased once again on a year-over-year basis in September, this time by 0.8% (3,700 jobs gained).

El Paso non-farm employment recovery has mirrored that of Texas as a whole. When compared to southern border cities to the east such as Laredo and McAllen, El Paso has shown stronger signs of recovery. In September, non-farm employment in Texas, McAllen, and Laredo decreased by 4.5%, 5.4%, and 6.8%, respectively, on a year-over-year basis, in comparison to the aforementioned 4.7% decrease in El Paso. In September, across the border cities under analysis, San Diego showed the highest non-farm employment decrease on a year-over-year basis at -7.8%.

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



Note: Preliminary data for September 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.

Analyzing the five sectors that the Hunt Institute has assembled to compare non-farm employment across the Paso del Norte region, in September over the month, El Paso only increased in the Services sector (1,300 jobs gained), with Manufacturing unchanged, and decreased in Mining and Construction (100 jobs lost), Transportation and Utilities (300 jobs lost), and Trade (300 jobs lost). In Las Cruces, stronger signs of recovery were shown as Services and Manufacturing led the job gains with increases of 2,300 jobs and 100 jobs, respectively, while Mining and Construction and Trade each lost 100 jobs. In Ciudad Juárez, all sectors except Trade increased on a monthly basis in September, led by Manufacturing and Transportation and Utilities with gains of approximately 2,300 jobs and 300 jobs, 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 September, the highest over-the-year job losses in absolute terms for

these sectors across the region were: Services in El Paso (-12,900 approximately), Services in Las Cruces (-4,800 approximately), and Services in Ciudad Juárez (-3,000 approximately). September was the first month since the onset of COVID-19 in which Services held the largest year-over-year decreases in Ciudad Juárez, rather than either Mining and Construction or Manufacturing.

Breaking-down non-farm employment sectors, the main sector in September contributing to year-over-year job losses in El Paso continued to be the Leisure and Hospitality sector with 6,700 jobs lost (-17.6%), with Professional and Business Services also falling (2,900 jobs lost or -7.9%). In Las Cruces, those sectors with the largest year-over-year job losses in September were Leisure and Hospitality with 2,900 jobs lost (-33.7%); Education and Health Services with 1,000 jobs lost (-6.1%); Financial Activities with 300 jobs lost (-12.0%); and Professional and Business Services with 300 jobs lost (-4.0%). Leisure and Hospitality in Las Cruces did, however, gain 300 jobs (5.6%) in September with respect to August, the second largest increase after the Government sector, which increased by 2,100 jobs (12.1%). In fact, the Government sector was the sector that recorded the largest job increases over the month in El Paso as well, with 1,800 jobs added, a 2.6% increase. In Ciudad Juárez, the Manufacturing sector recorded the largest job increase in September over the year, with approximately 8,900 jobs gained (3.0%).

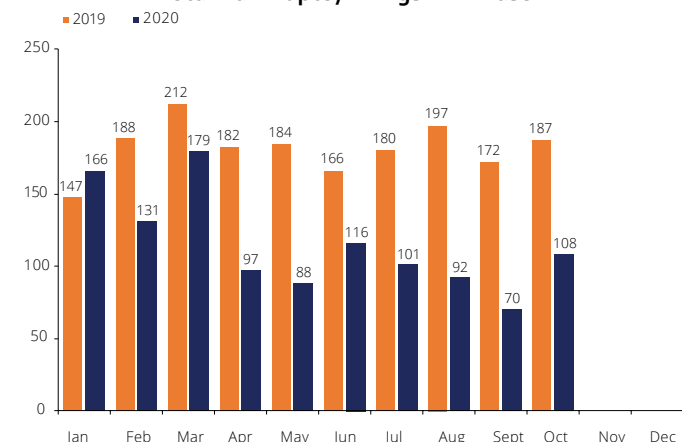
Bankruptcies

Bankruptcy Filings Increase in El Paso

Amidst the current public health crisis, bankruptcy filings increased 54.3% in October from September in El Paso.

Total bankruptcy filings, including Chapter 7, Chapter 11, and Chapter 13 cases, for the El Paso Office of the Western District of Texas U.S. Bankruptcy Court are down throughout 2020 in comparison to 2019. During the January to October 2020 period, total bankruptcy filings in El Paso fell by approximately 37% (667 filings) when compared to the same period in 2019. In fact, January has been the only month in 2020 with a higher number of bankruptcy filings in El Paso on a year-over-year basis, with 166 cases in 2020 compared to the 147 in January of 2019.

Total Bankruptcy Filings in El Paso



Source: U.S. Bankruptcy Court: Western Texas District.

In March, when the City of El Paso issued the “Stay Home-Work Safe” emergency directive, the largest number of bankruptcy filings during 2020 (179) occurred. Since 2006, the year with the highest number of bankruptcy filings in El Paso was 2009 with 2,895 filings in the aftermath of the 2008 financial crisis. In 2019, there were a total of 2,119 filings for bankruptcy in El Paso.

Border Crossings

Truck Crossings Increase

As truck crossings showed improvement, passenger and pedestrian crossings continued to struggle.

All of the top 10 U.S. land PoEs in terms of truck crossings with loaded containers in 2019, along with Santa Teresa PoE which ranked 18th, saw decreases in these crossings during the January to September 2020 period on a year-over-year basis, led by the El Paso and Laredo PoEs with absolute decreases of approximately 150,000 and 128,000, respectively. The largest relative decreases, however, were seen at the El Paso and Santa Teresa PoEs with decreases of 32.5% and 31.9%, respectively. Nevertheless, signs of recovery were present, as 8 of the 11 ports witnessed increases in truck crossings in September with respect to August, including the Santa Teresa PoE at 6.3% and the El Paso PoE at 0.9%. Moreover, several of the ports showed increases in September on a year-over-year basis when compared to September of 2019, with Laredo increasing 6.7%, Otay Mesa 5.8%, and Port Huron on the U.S.-Canada border increasing 4.3%. The Santa Teresa PoE was the most negatively impacted on a year-over-year basis in the month of September with a decrease of 23.8%.

Top U.S. Border Ports of Entry by Truck Crossings with Loaded Containers

Port of Entry	September 2020		A Jan-Sep 2019	B Jan-Sep 2020	B-A	B-A (Δ%)
	MoM (Δ%)	YoY (Δ%)				
1. Laredo	0.7%	6.7%	1,301,201	1,173,253	(127,948)	-9.8%
2. Detroit	-0.3%	0.9%	818,711	760,512	(58,199)	-7.1%
3. Otay Mesa	3.2%	5.8%	565,653	517,509	(48,144)	-8.5%
4. Buffalo Niagara Falls	4.6%	-7.3%	554,447	477,546	(76,901)	-13.9%
5. Port Huron	6.7%	4.3%	479,146	429,078	(50,068)	-10.4%
6. El Paso	0.9%	-17.5%	460,820	310,827	(149,993)	-32.5%
7. Hidalgo	-0.6%	1.0%	356,972	320,681	(36,291)	-10.2%
8. Blaine	-1.3%	-16.0%	228,305	175,823	(52,482)	-23.0%
9. Nogales	1.5%	-2.9%	227,799	194,561	(33,238)	-14.6%
10. Champlain Rouses Point	6.7%	-6.9%	206,777	182,675	(24,102)	-11.7%
18. Santa Teresa	6.3%	-23.8%	86,280	58,775	(27,505)	-31.9%

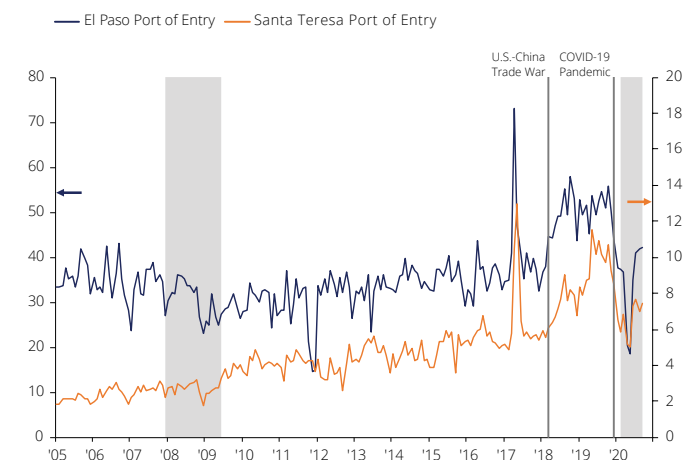
Note: Numbers in parenthesis indicate negative numbers. Top 10 determined by 2019 totals. El Paso PoE includes Ysleta PoE. Santa Teresa PoE included despite not being among top 10. MoM denotes month-over-month and YoY denotes year-over-year.

Source: Hunt Institute calculations using U.S. Bureau of Transportation Statistics data.

While truck crossings improved in some areas in September, passenger and pedestrian crossings continued to struggle. On a monthly basis, El Paso PoE passenger and pedestrian crossings fell by 7.8% in September from August, and the Santa Teresa PoE decreased by 21.7%. It is unlikely to see any noticeable improvement as long as the cross-border travel restrictions to limit the spread of COVID-19 remain in place. These restrictions were extended on October 19th until November 21st.

Both the El Paso and Santa Teresa PoEs have experienced decreases on a year-over-year basis for every month since January 2020, with their sharpest declines in May at 65.3% and 56.1%, respectively. However, both the El Paso and Santa Teresa PoEs experienced their first increases on a monthly basis for the year in June 2020 with increases of 87.7% and 44%, respectively. These were the highest monthly increases for both El Paso and Santa Teresa since January 2012 (123.5%) and April 2017 (80%), respectively. Both ports have been experiencing month-over-month increases since June, with the exception of August (-8.8%) for the Santa Teresa PoE. In September, the El Paso and Santa Teresa PoEs exhibited increases of 0.9% and 6.3%, respectively, on a monthly basis.

Northbound Border Crossings by Trucks with Loaded Containers, Thousands



Note: Data as of September 2020. El Paso PoE includes Ysleta PoE. Average of the preceding and following month for December 2013 and December 2014 for El Paso PoE. Shaded area indicates NBER defined recession (2020 recession began in February with no end date at time of publication).

Source: Hunt Institute calculations using U.S. Bureau of Transportation Statistics 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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