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Borderplex Business Barometer, Volume 4, Number 2

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BORDERPLEX BUSINESS BAROMETER

February 2020

Border Region Modeling Project

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**For more information about the Border Region
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Border Commerce & Economics

Borderplex Business Barometer, Volume 4, Number 2

Like SARS or Worse?

Regional economic conditions seem to be in relatively good shape, but uncertainty abounds. Factors contributing to that include data delays, unquantified trade war outcomes for global manufacturing, and the Covid-19 Coronavirus outbreak. Data lags have caused delays for the Federal Reserve Bank of Dallas El Paso Metropolitan Business Cycle Index and the BRMP El Paso Household Economic Stress Index. Of course, many veteran border watchers are not overreacting and claim that the recent developments are "Same as it ever was!" (with apologies to the Talking Heads).

The January 2020 yield curve is substantially below year-ago rates across all maturities. Reminiscent of the controversies from mid-2019, 1-year, 2-year, and 3-year Treasury note yields have dipped below those associated with shorter term Treasury bills. The slope of the yield curve may become steeper in the coming weeks as the Federal Reserve Open Market Committee cut the target rate for the federal funds rate by 50 basis points due to concerns over the Coronavirus outbreak.

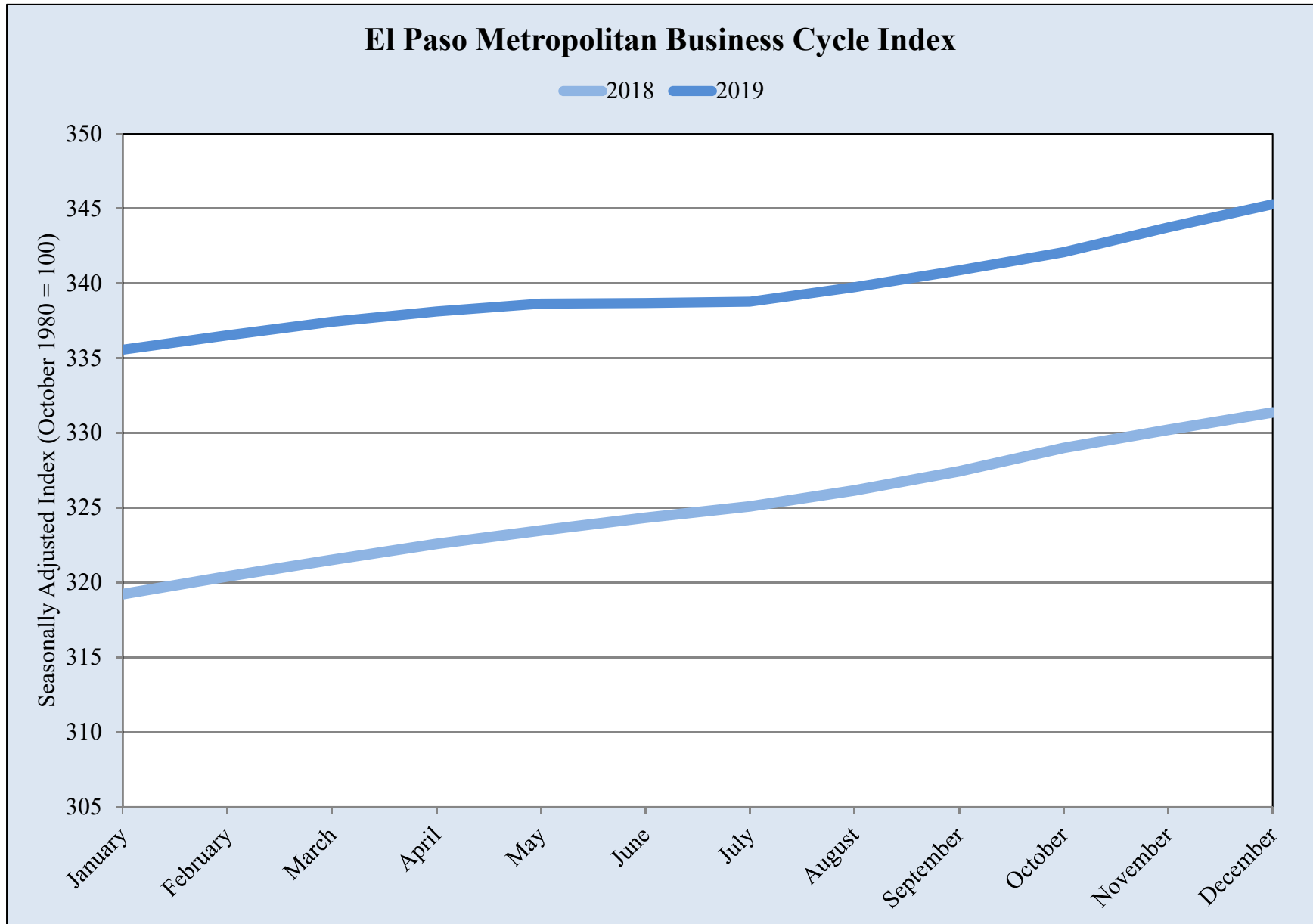
The El Paso housing market opened 2020 in good shape. The January median price rose to \$161,950, approximately 8 percent higher than the corresponding figure for January 2019. Contributing to that development are tight housing inventories in El Paso. The months of housing inventory for sale remained at 3.0 months in January. Also, boosting local housing prices are conventional fixed mortgage rates that remained below 4 percent for 15-, 20-, and 30-year loans in January.

Sun city unleaded gasoline prices averaged \$2.40 per gallon in January, a 51 cent increase from the same month in 2019. That meant that El Paso paid the highest unleaded gasoline prices in Texas, according to the U.S. Energy Information Administration. While that is an unenviable mark of distinction, the January 2020 price is well below the prices observed between April and October 2018.

The December 2019 unemployment rate for Las Cruces was below its year-ago rate for a fourth consecutive month. Public sector, healthcare services, and business services were the segments with most notable payroll gains. Mesilla Valley SNAP (food stamp) enrollments remained unchanged on a year-over-year basis with 27,182 participants.

The gap between the nominal peso per dollar exchange rate and the BRMP restaurant ratio narrowed somewhat following the partial approval of the USMCA trade pact in late 2019. Financial market uncertainties related to the Coronavirus may cause the two measures to diverge in the coming months, but that type of movement was relatively muted during the SARS epidemic between 2002 and 2004. The real peso-per-dollar exchange rate declined to 112.41 in January 2020, a level not seen since August 2015. During January 2020, brand name medicine prices in Mexico were 42 cents below the corresponding north-of-the-border prices.

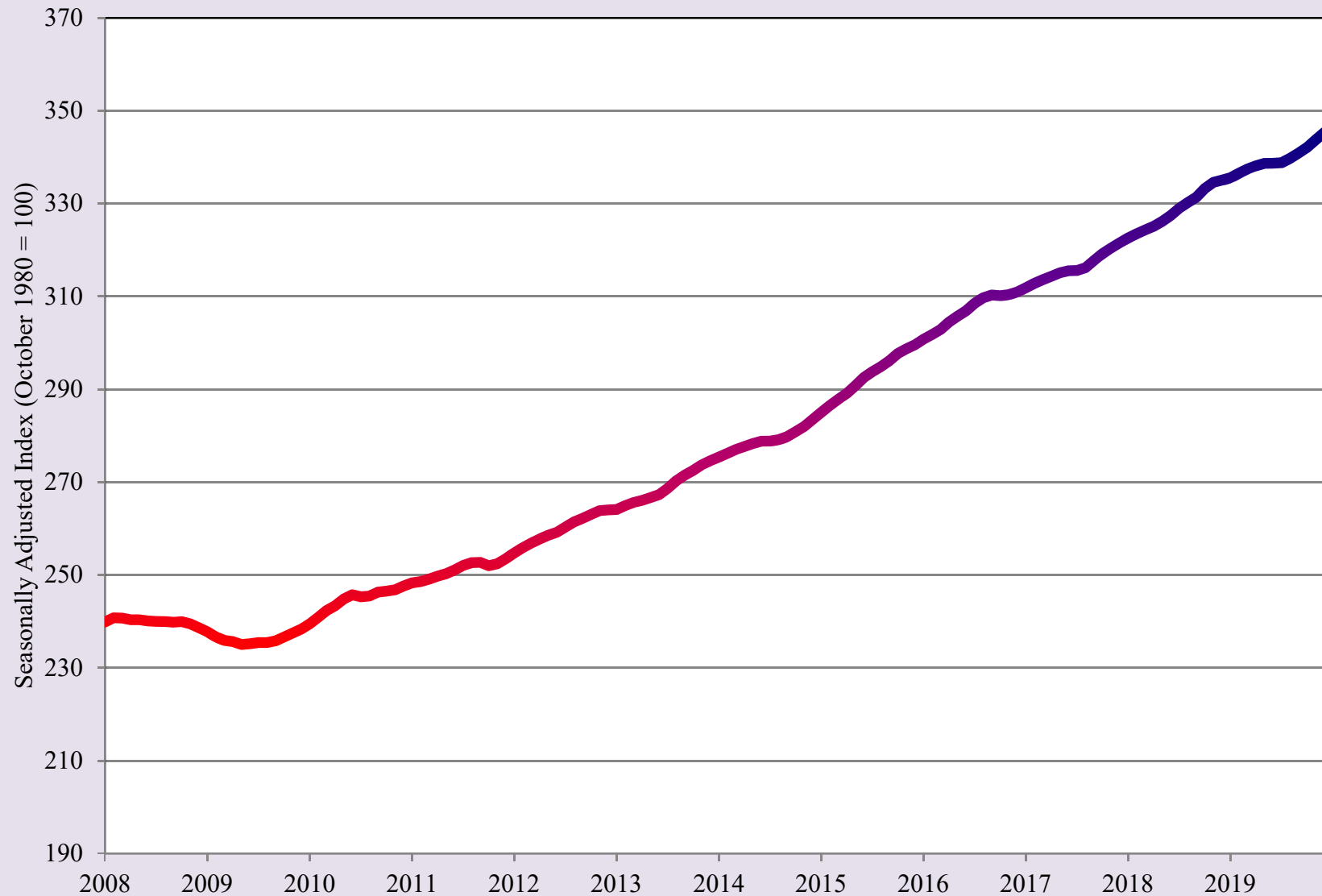
Border wait times rose above year-ago levels in January 2020, with the greatest increase occurring at the Bridge of the Americas. Real total trade through the El Paso Customs District was 7.8 percent higher in December 2019 than in December 2018. Similarly, export manufacturing employment in Ciudad Juarez was slightly above the year-ago level for November. In a departure from those patterns, however, the Northern Mexico manufacturing Orders Index dipped below its year-ago level in December 2019. If the Covid-19 outbreak causes supply chain problems, more manufacturing upheavals may ripple across the region during the first half of 2020.



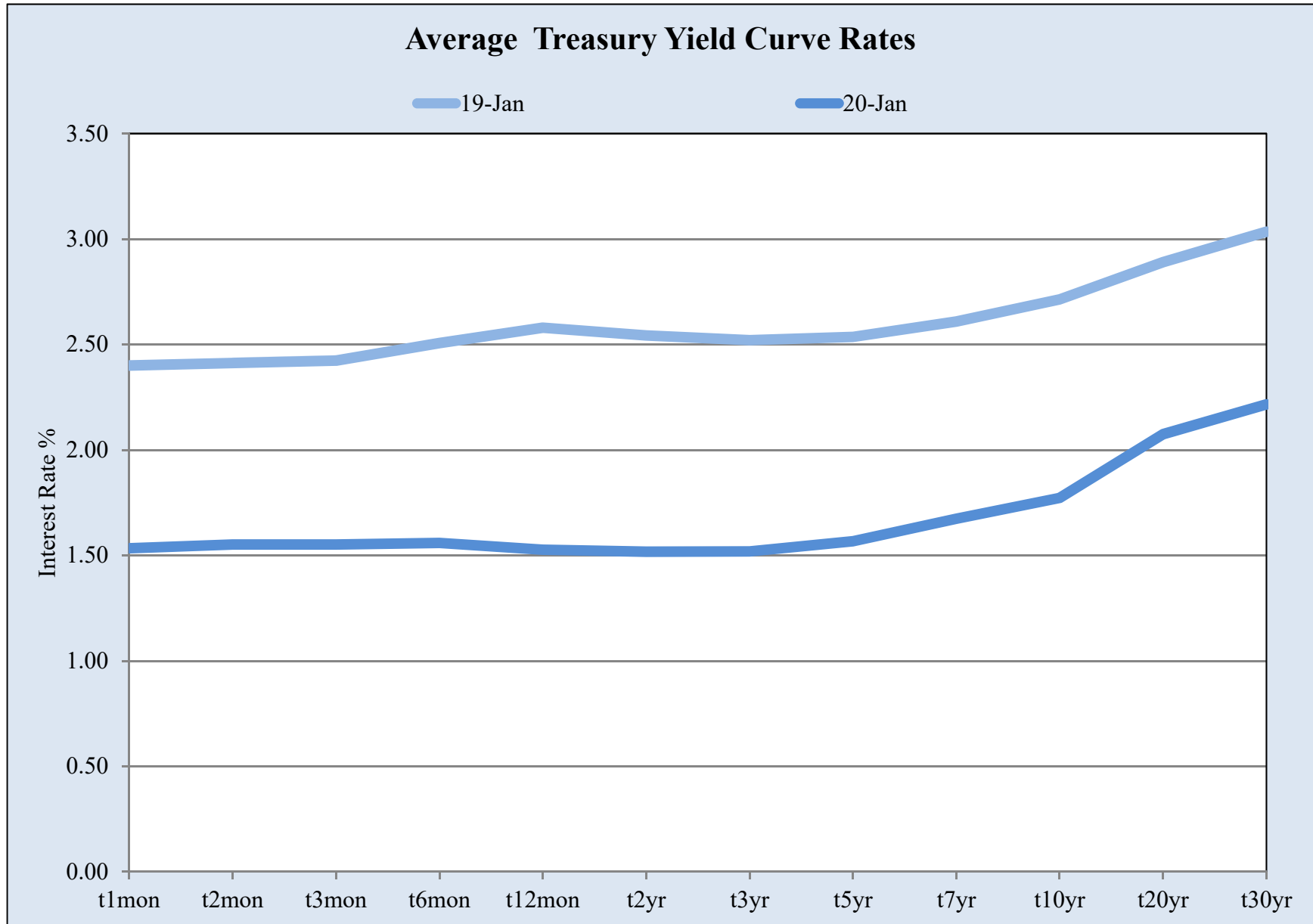
Source: Federal Reserve Bank of Dallas



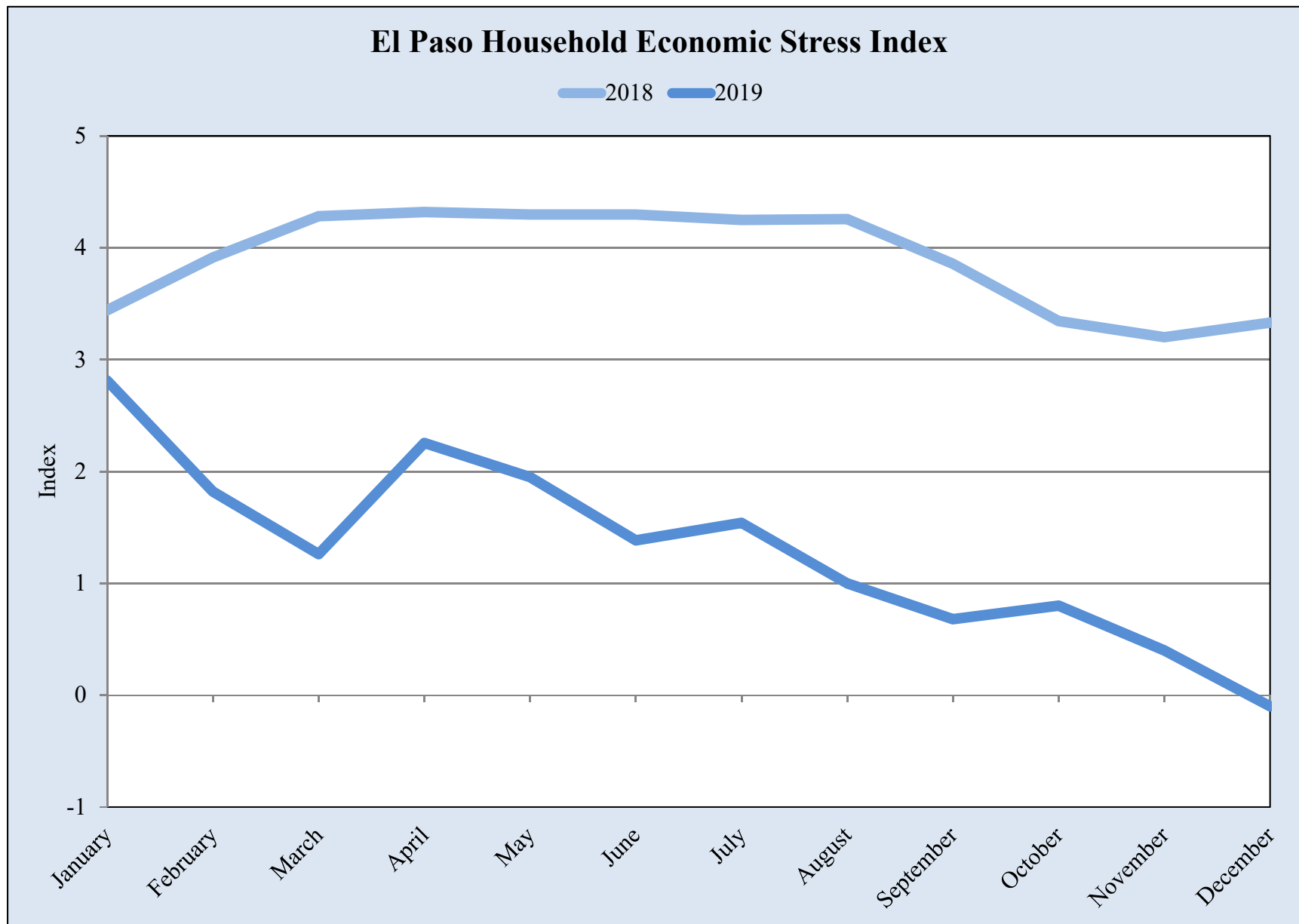
El Paso Metropolitan Business Cycle Index



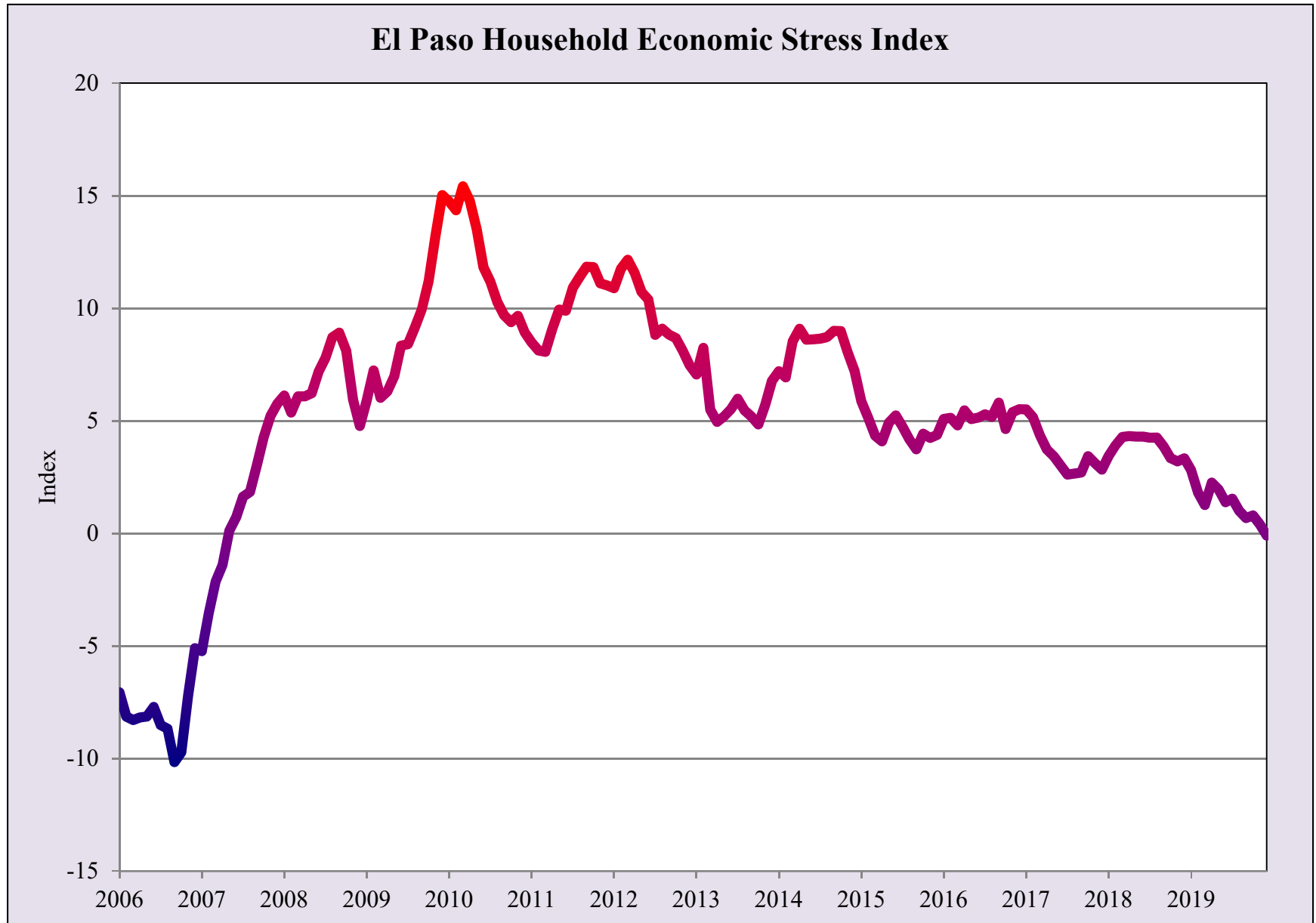
Source: Federal Reserve Bank of Dallas



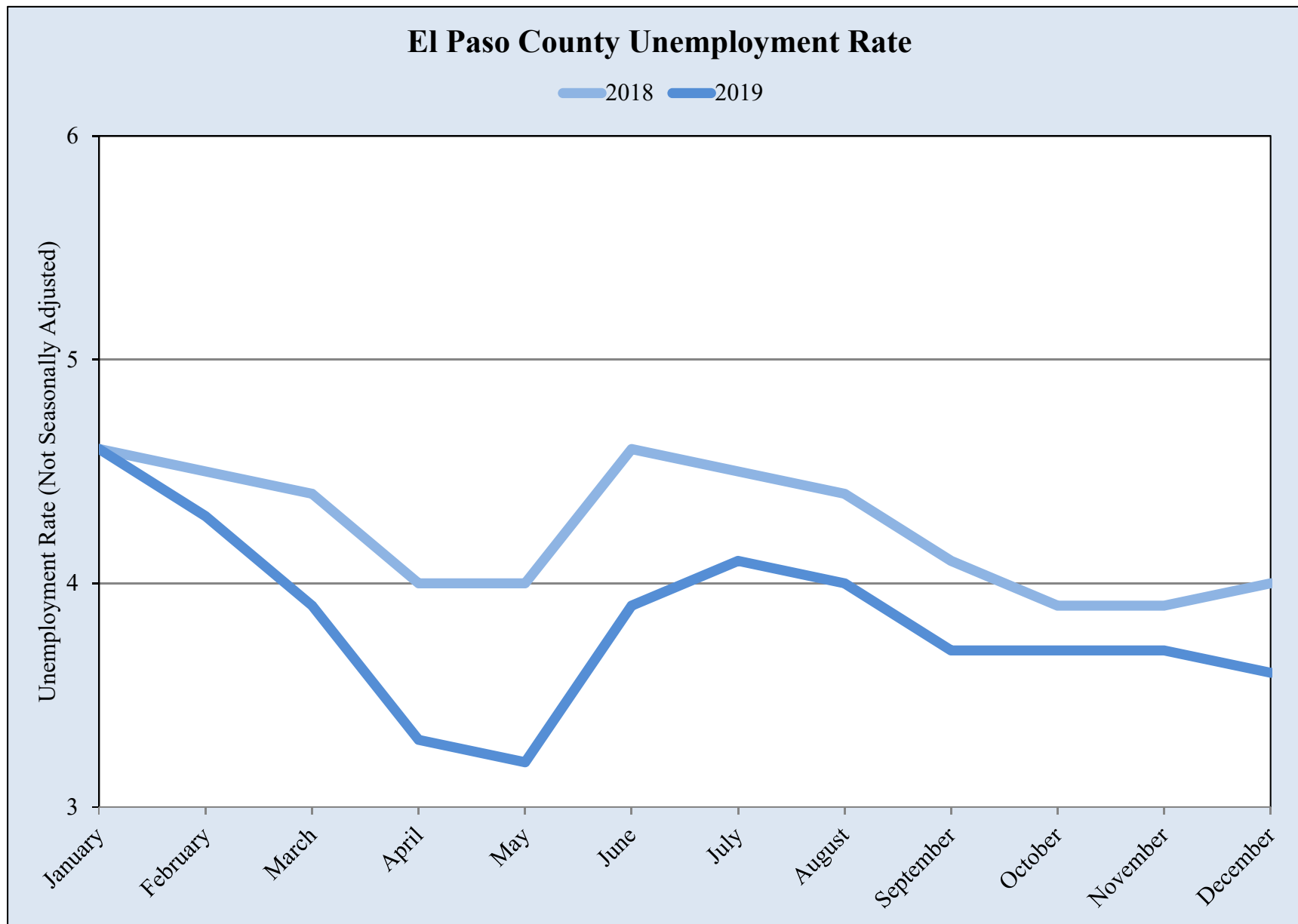
Source: U.S. Treasury, Daily Treasury Yield Curve Rates and BRMP Calculations



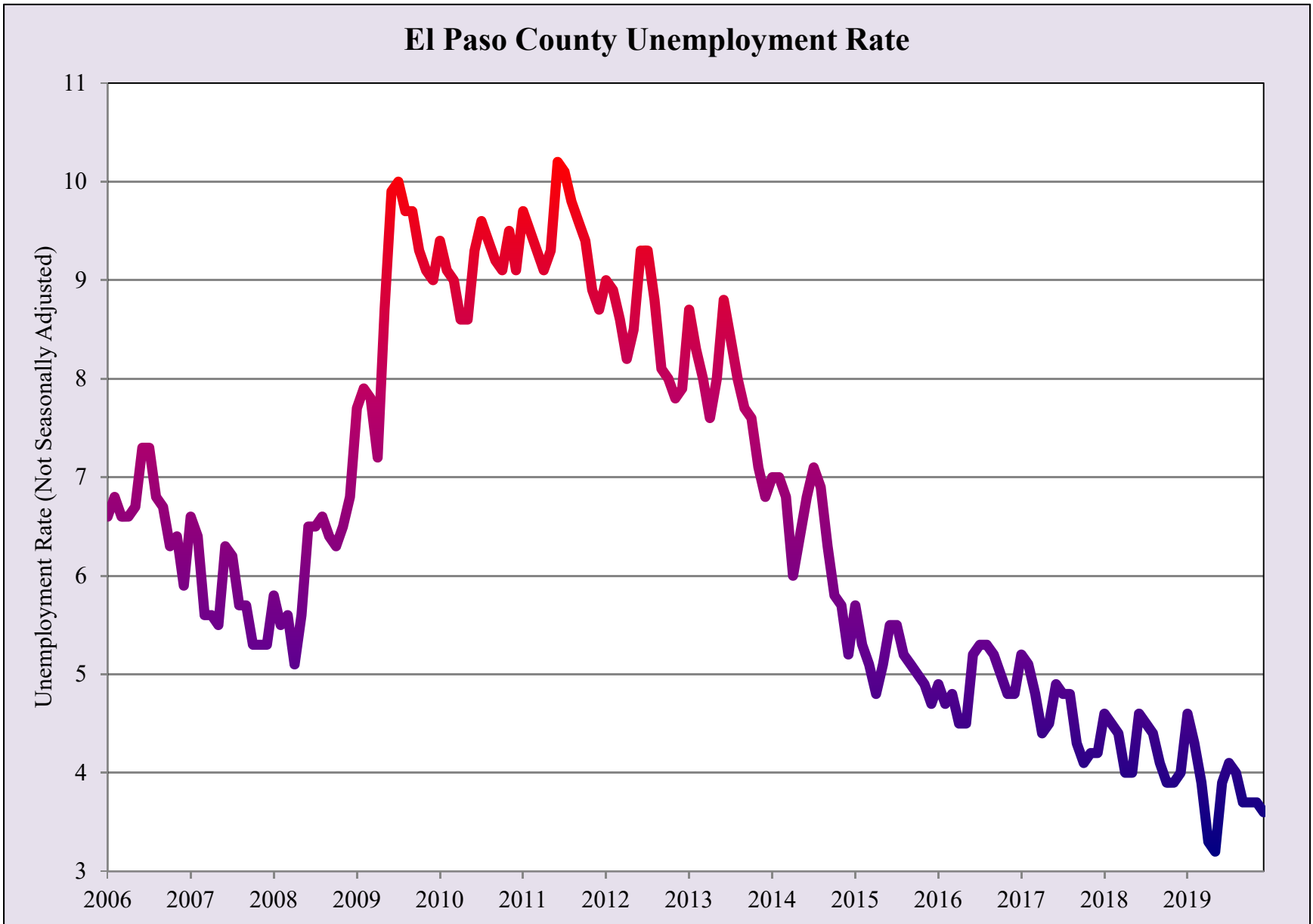
Source: UTEP Border Region Modeling Project



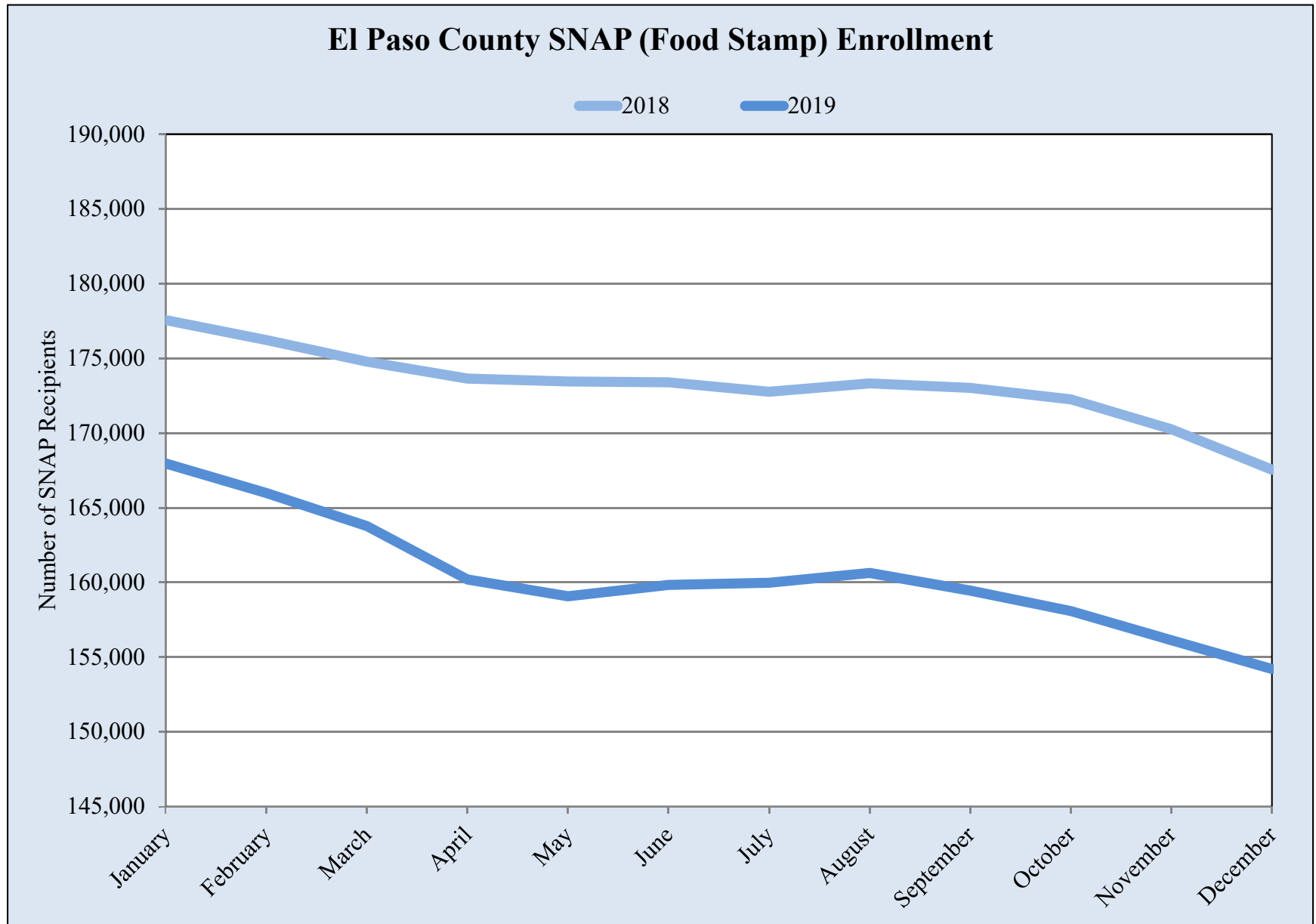
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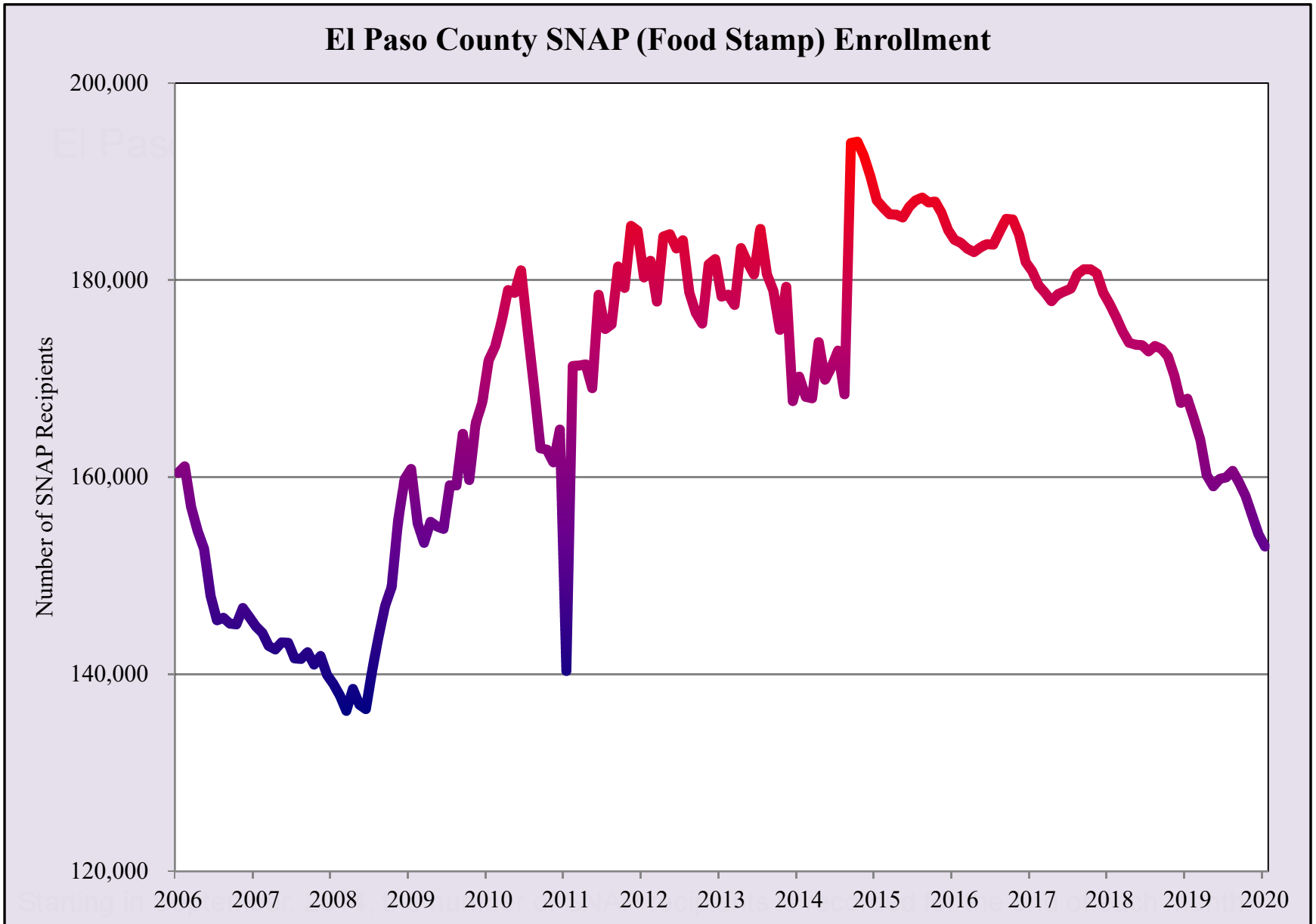
Source: Bureau of Labor Statistics



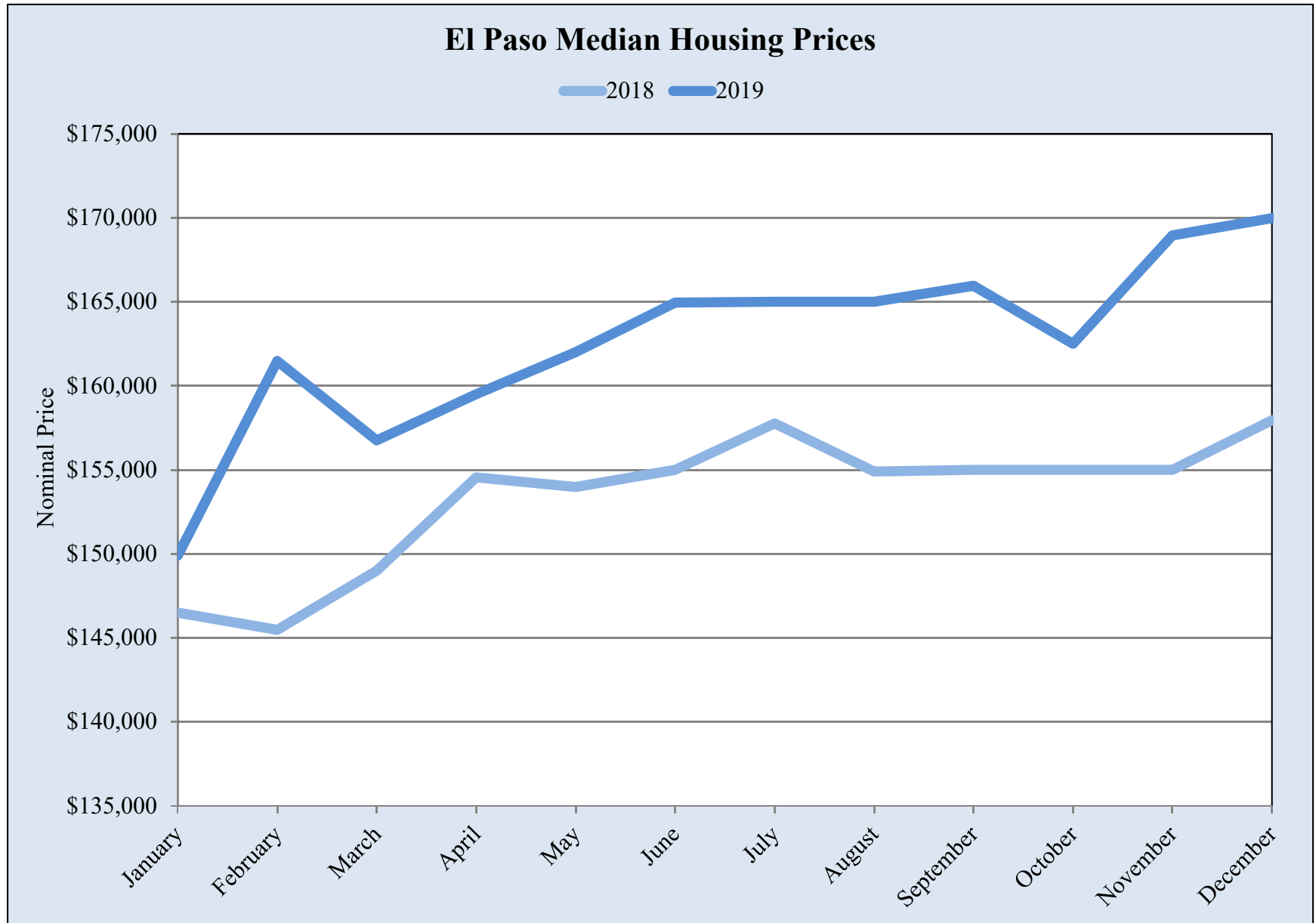
Source: Bureau of Labor Statistics



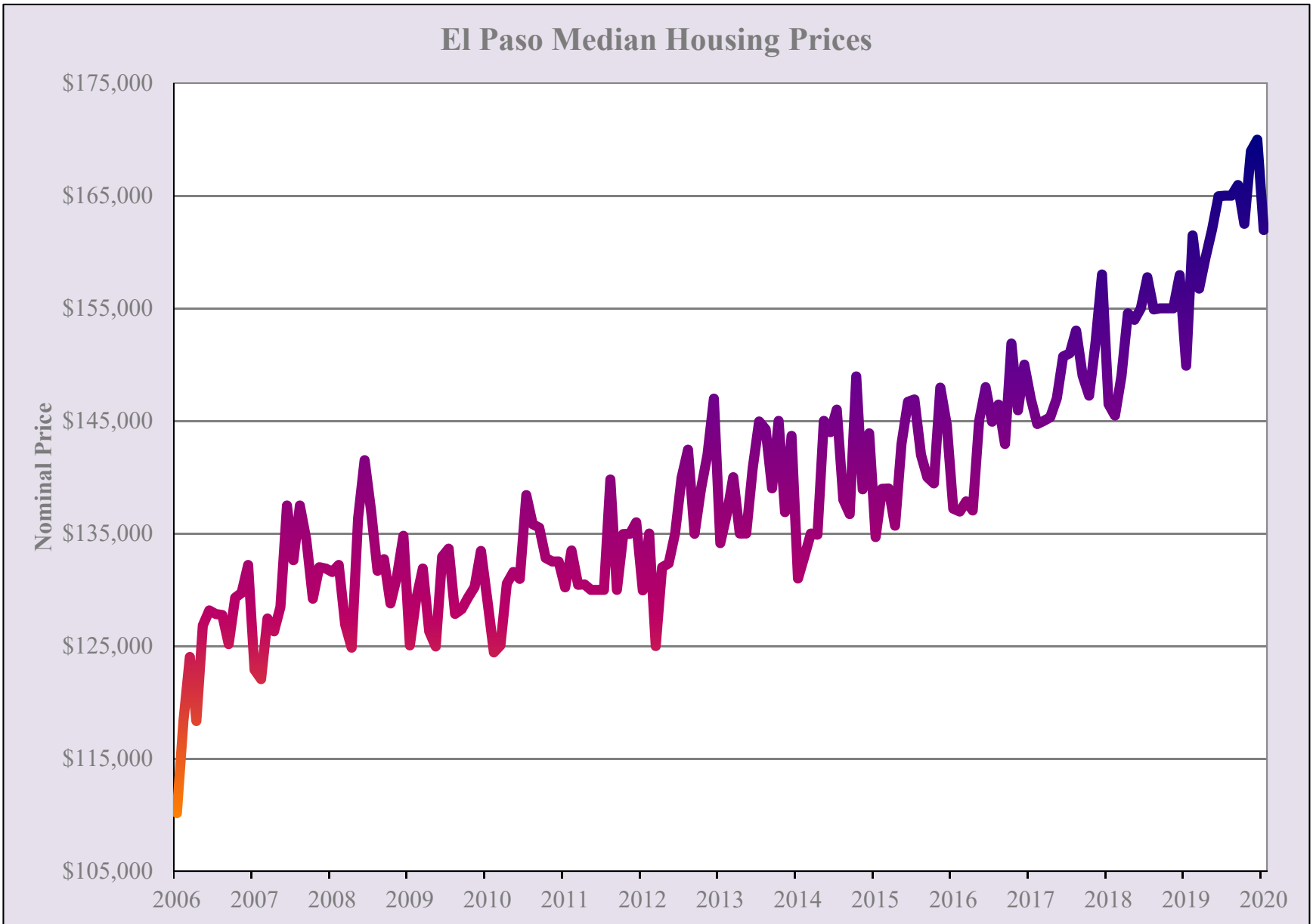
Source: Texas Health and Human Services Commission



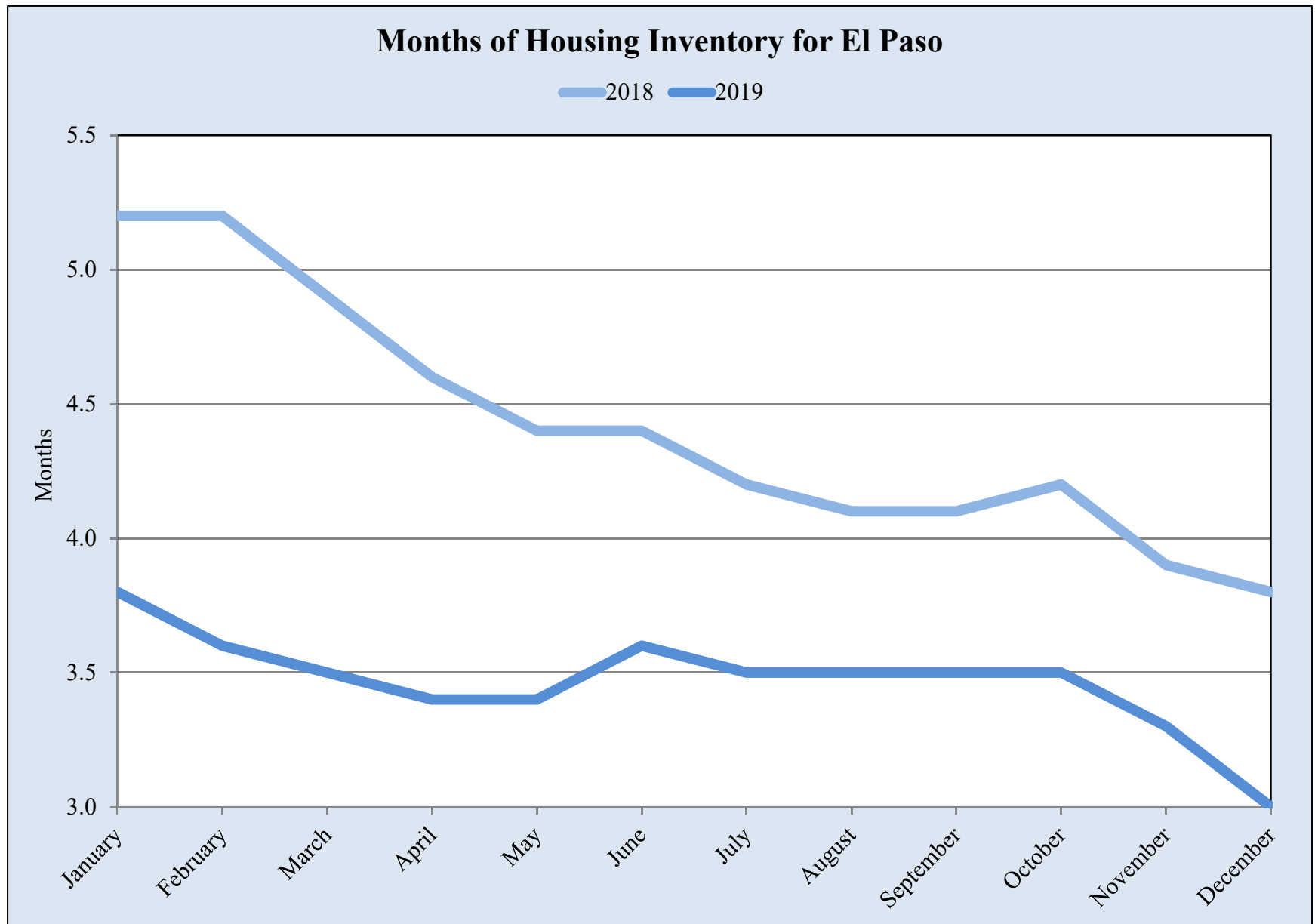
Source: Texas Health and Human Services Commission



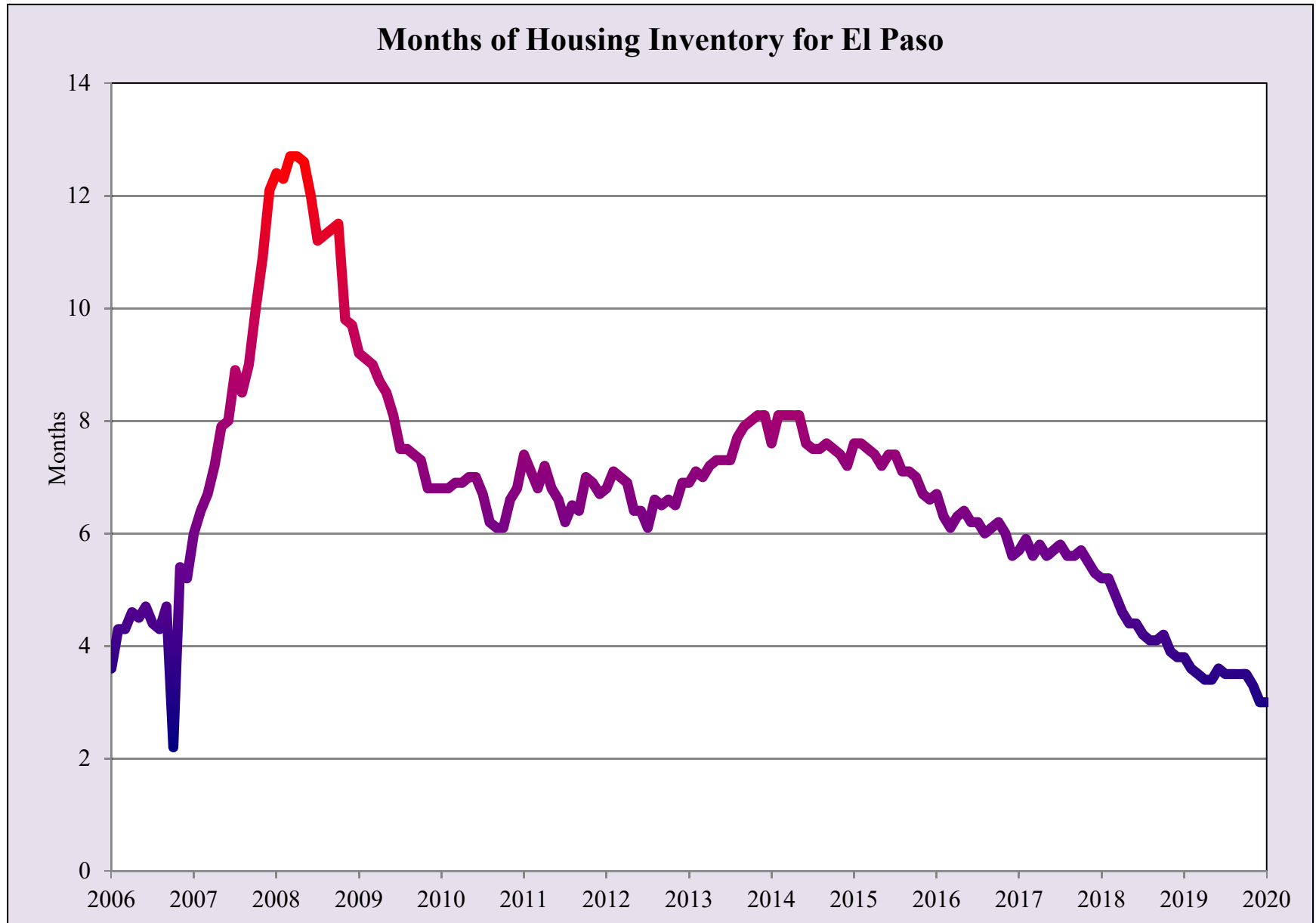
Source: Texas A&M Real Estate Center



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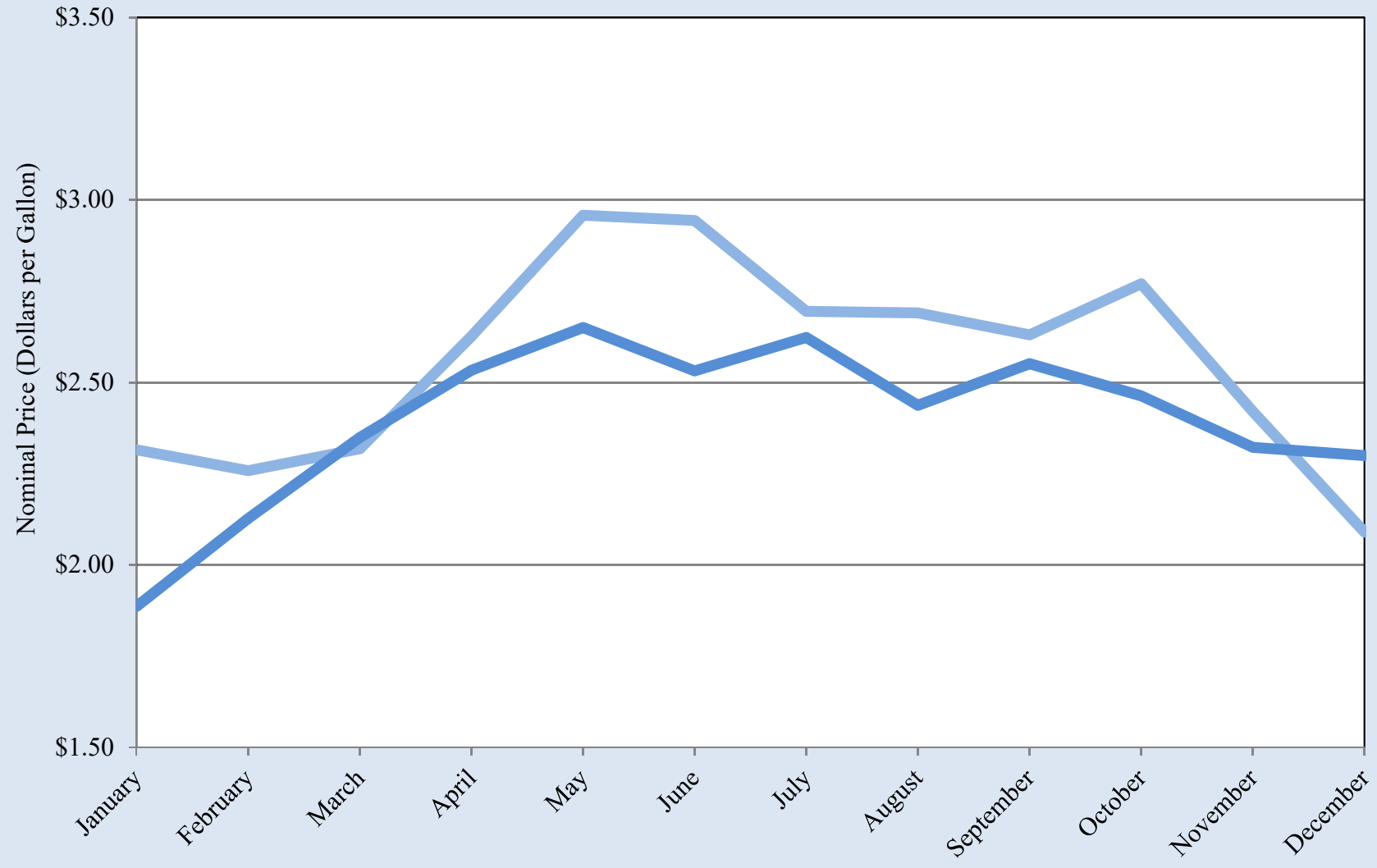
Source: Texas A&M Real Estate Center



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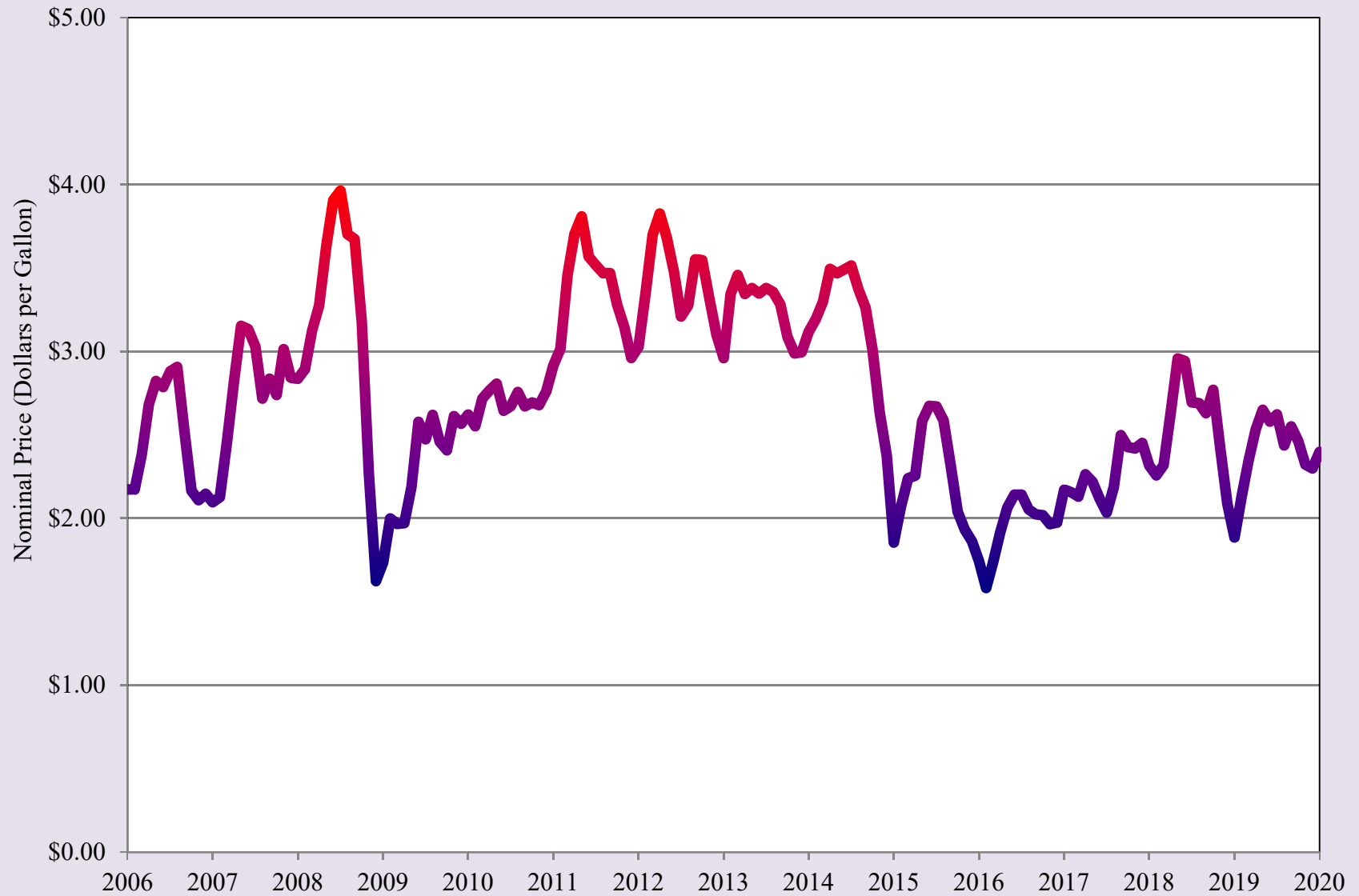
El Paso Gasoline Prices

2018 2019

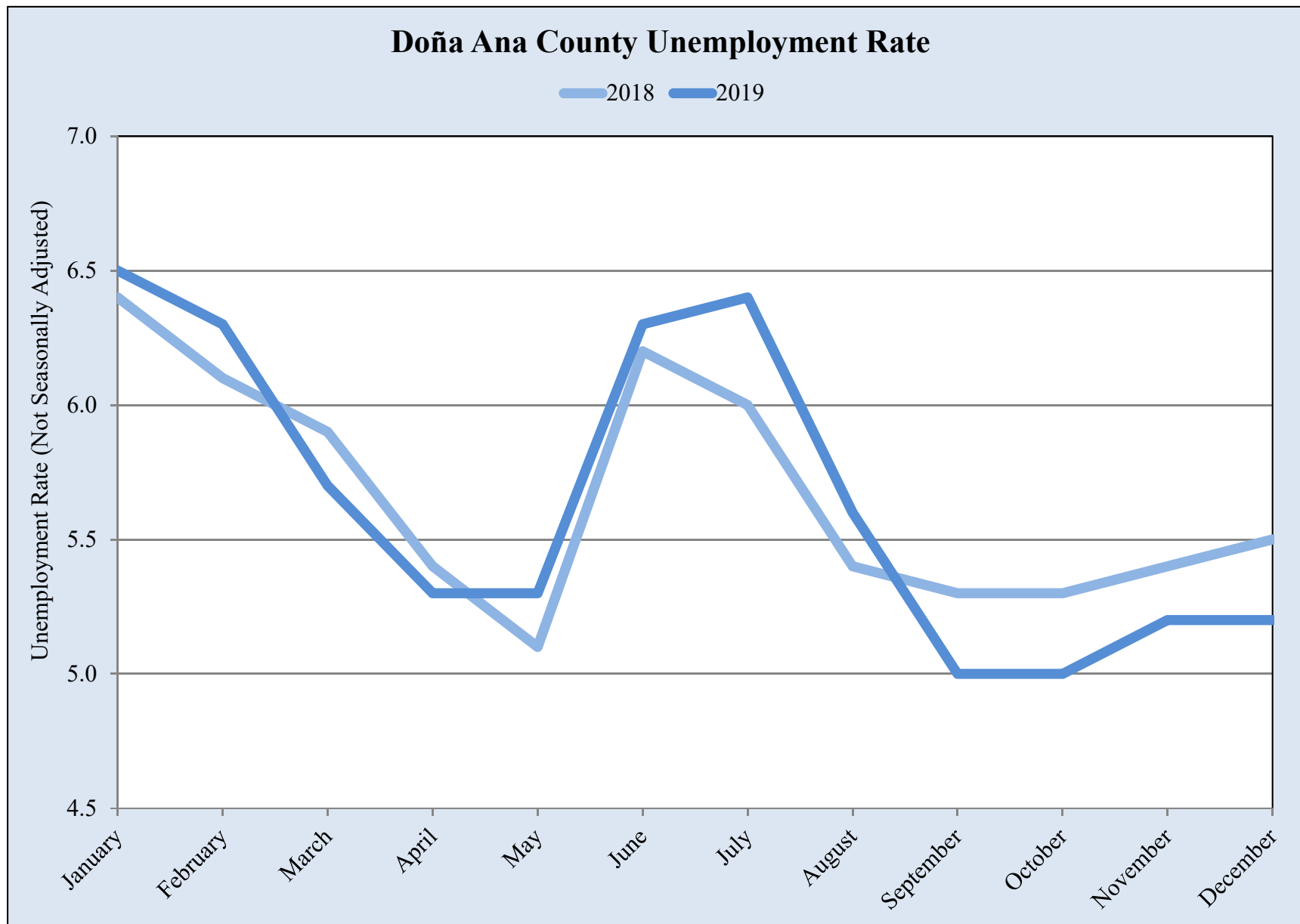


Source: GasBuddy.com

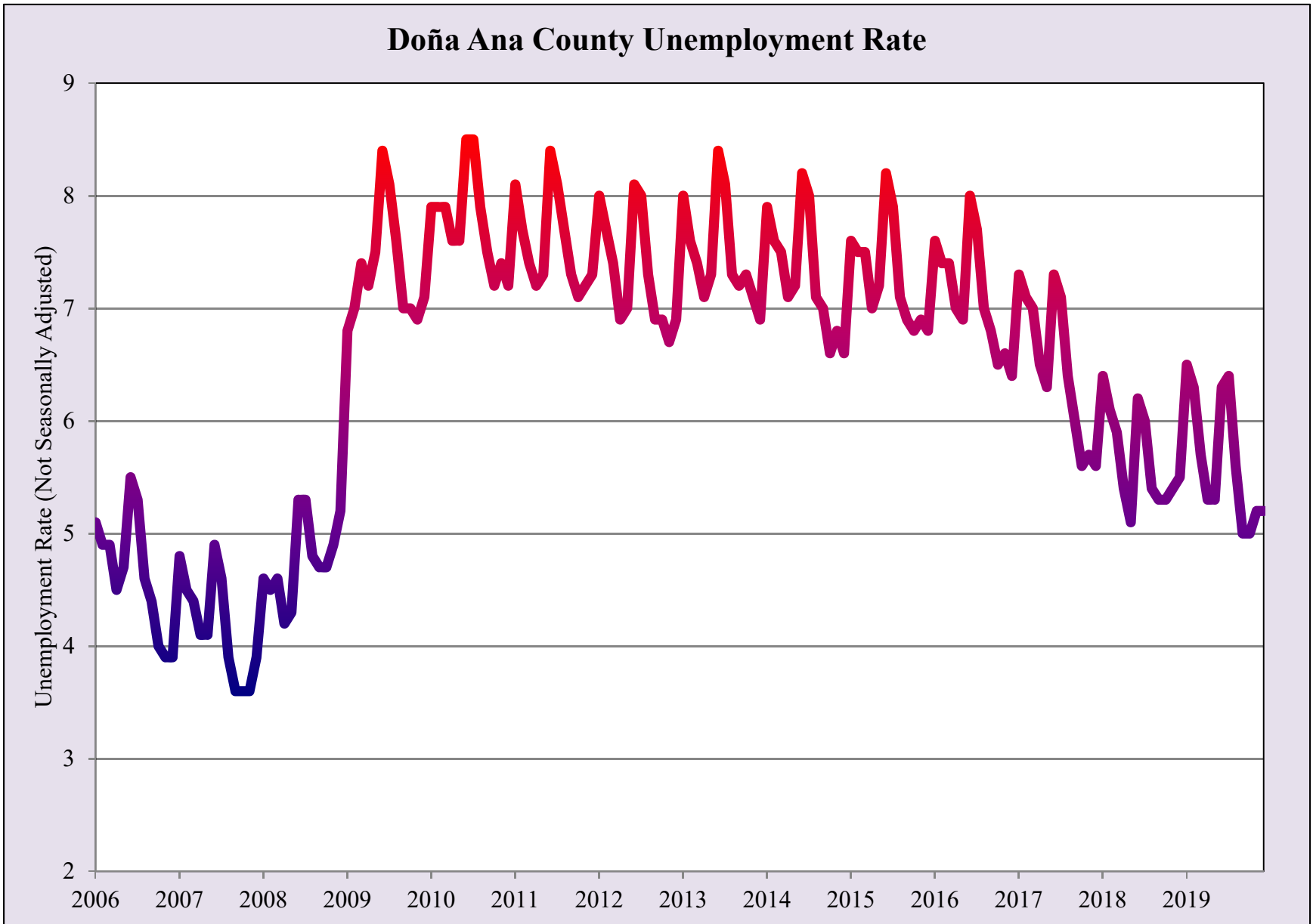
El Paso Gasoline Prices



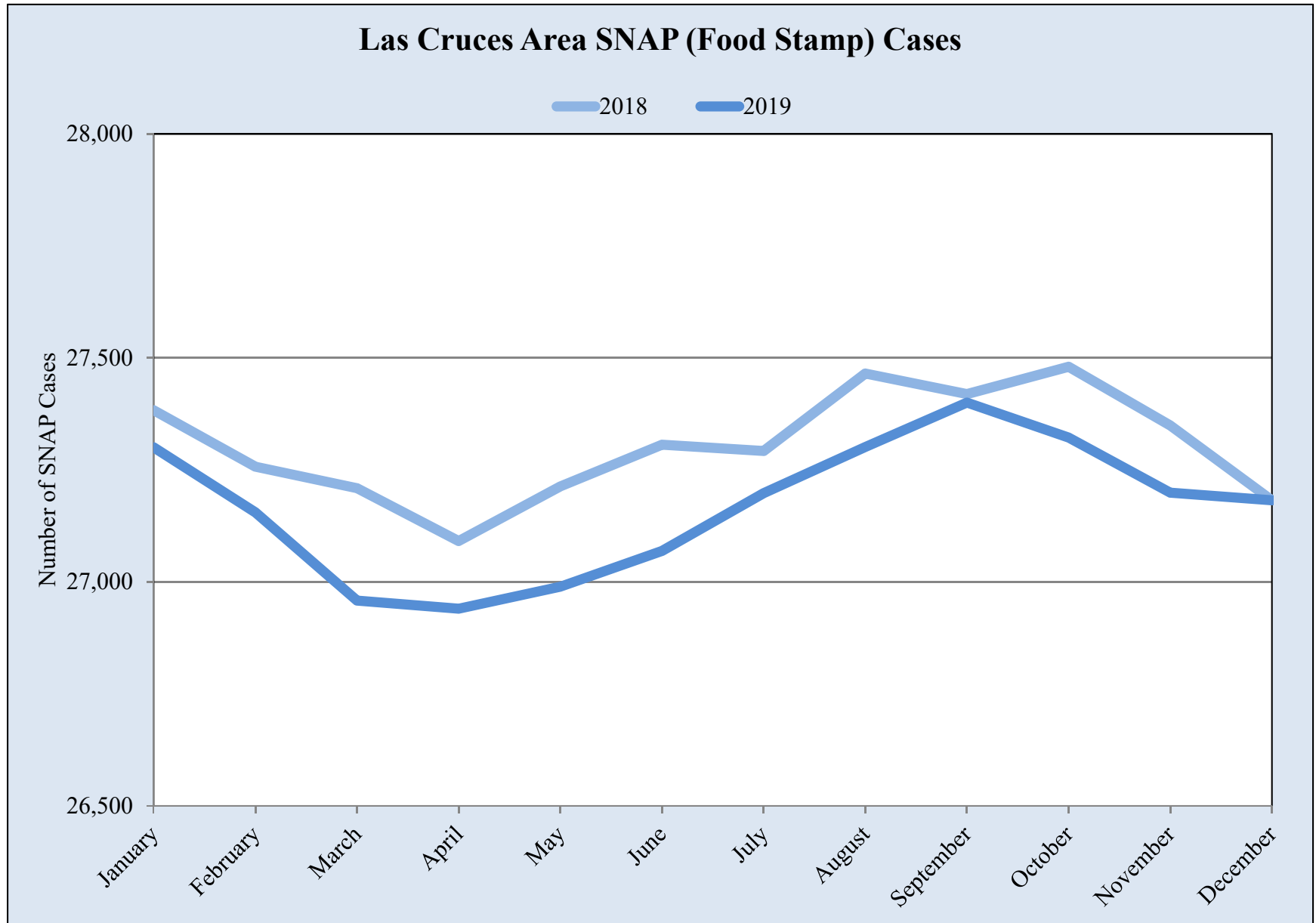
Source: GasBuddy.com



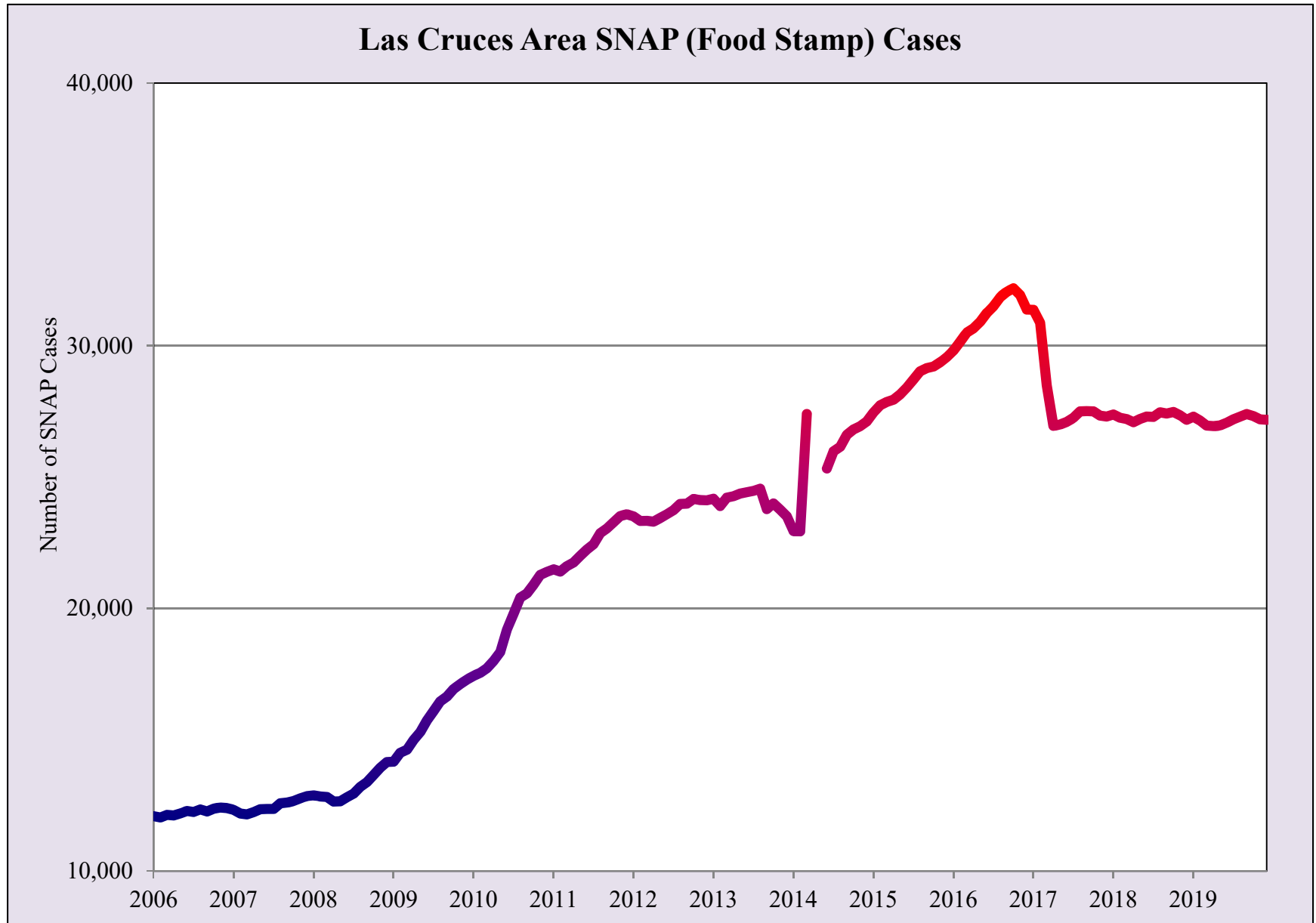
Source: Bureau of Labor Statistics



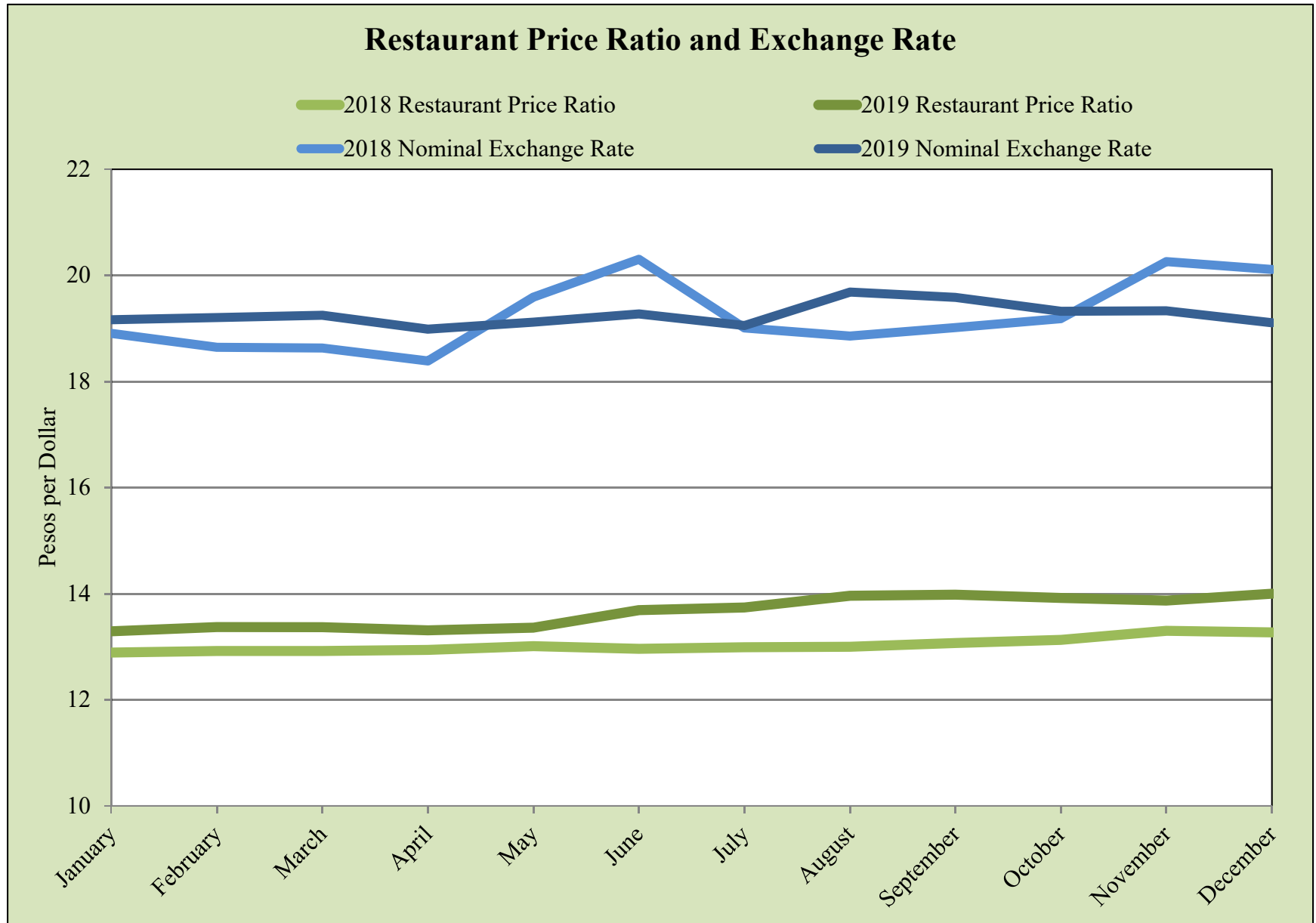
Source: Bureau of Labor Statistics



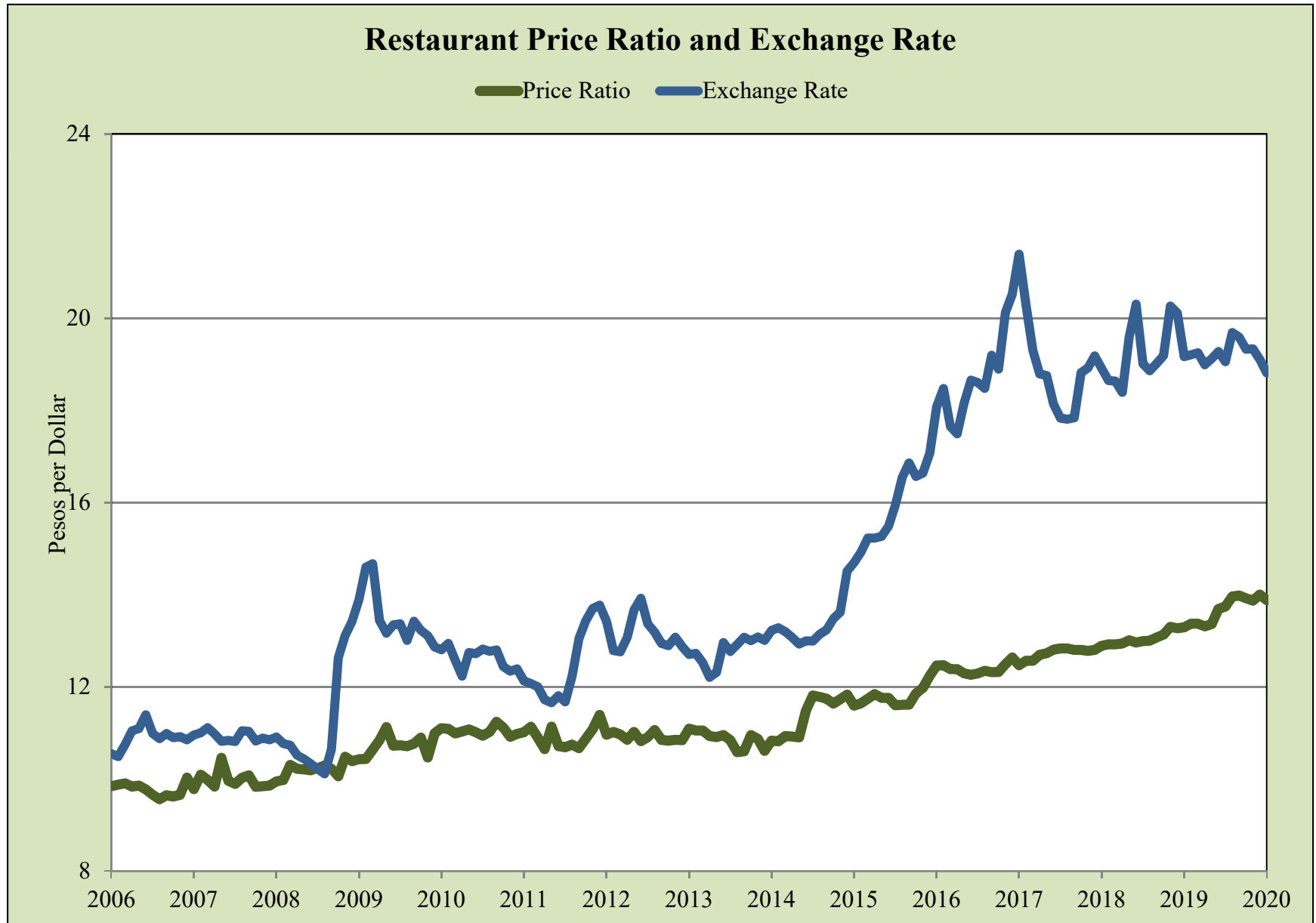
Source: New Mexico Human Services Department



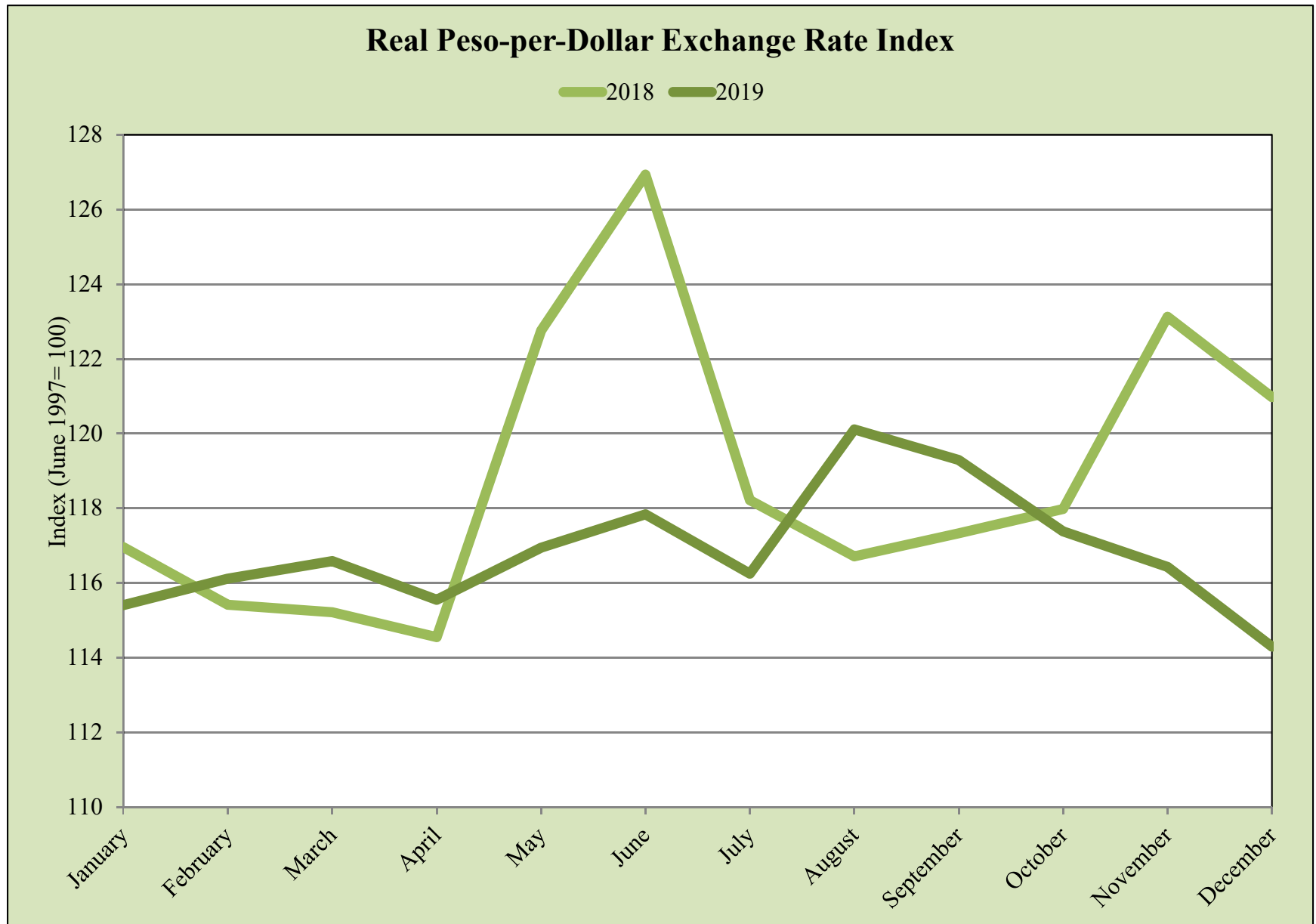
Source: New Mexico Human Services Department



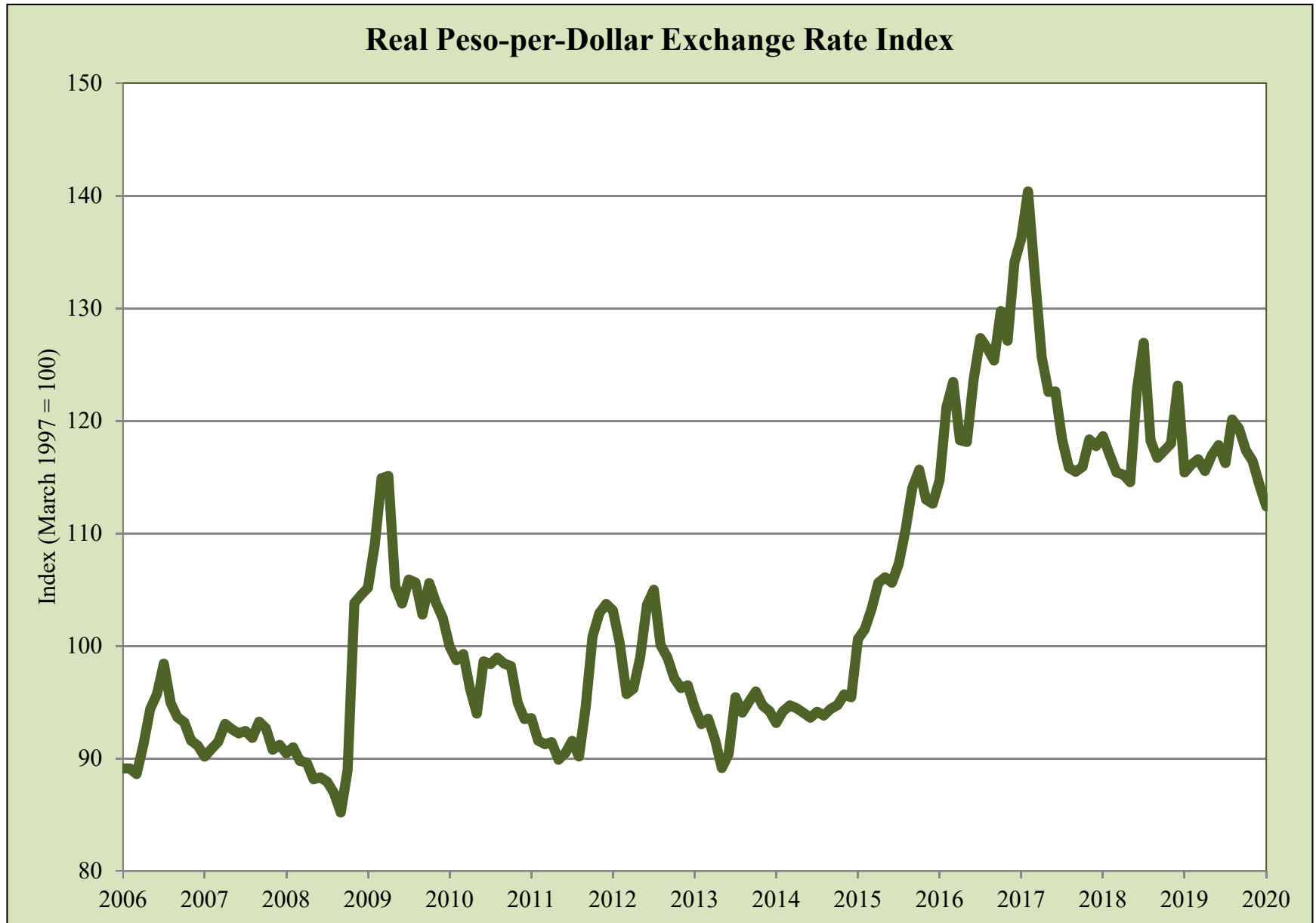
Source: UTEP Border Region Modeling Project and Banco de Mexico



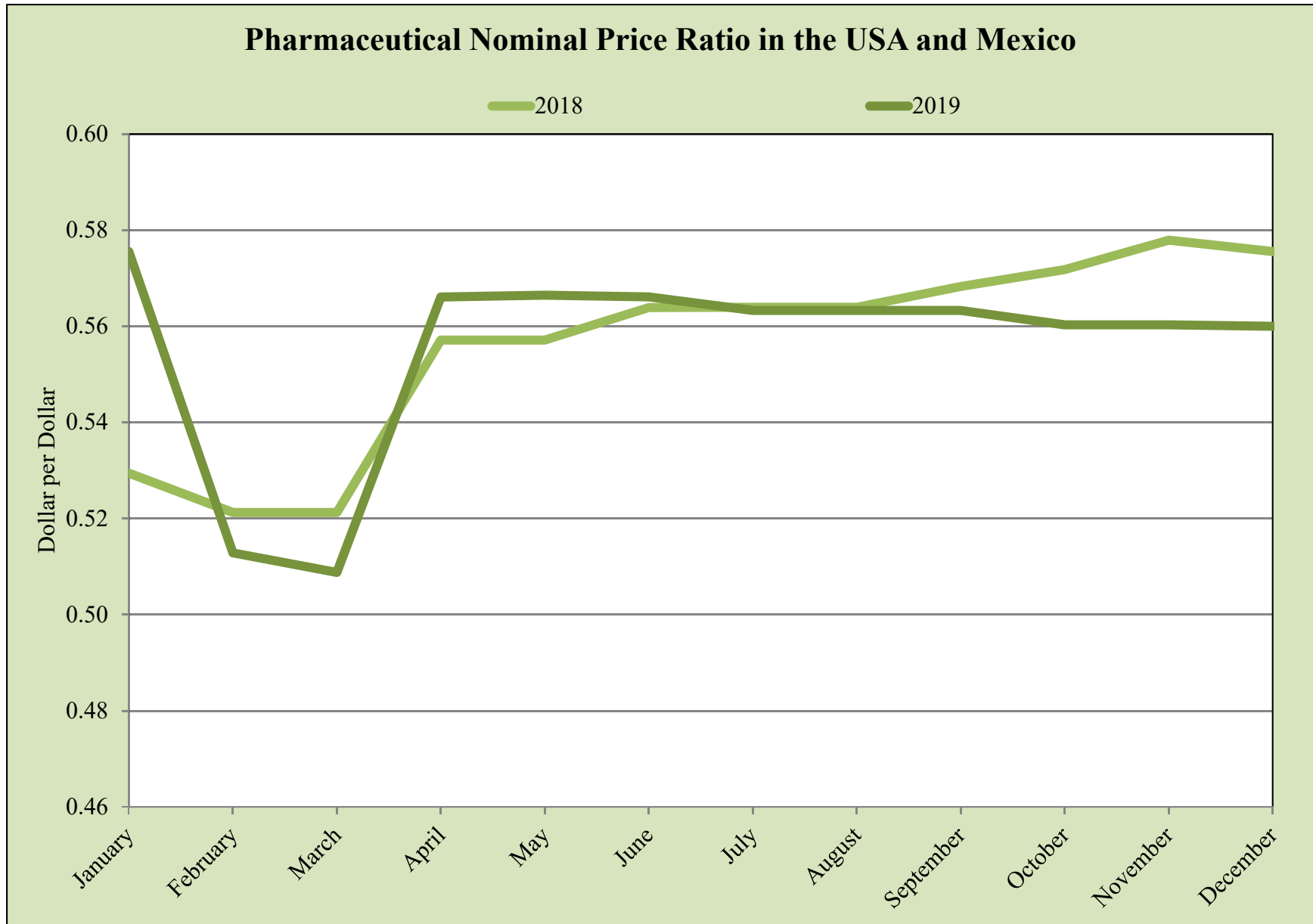
Source: UTEP Border Region Modeling Project and Banco de Mexico



Source: UTEP Border Region Modeling Project



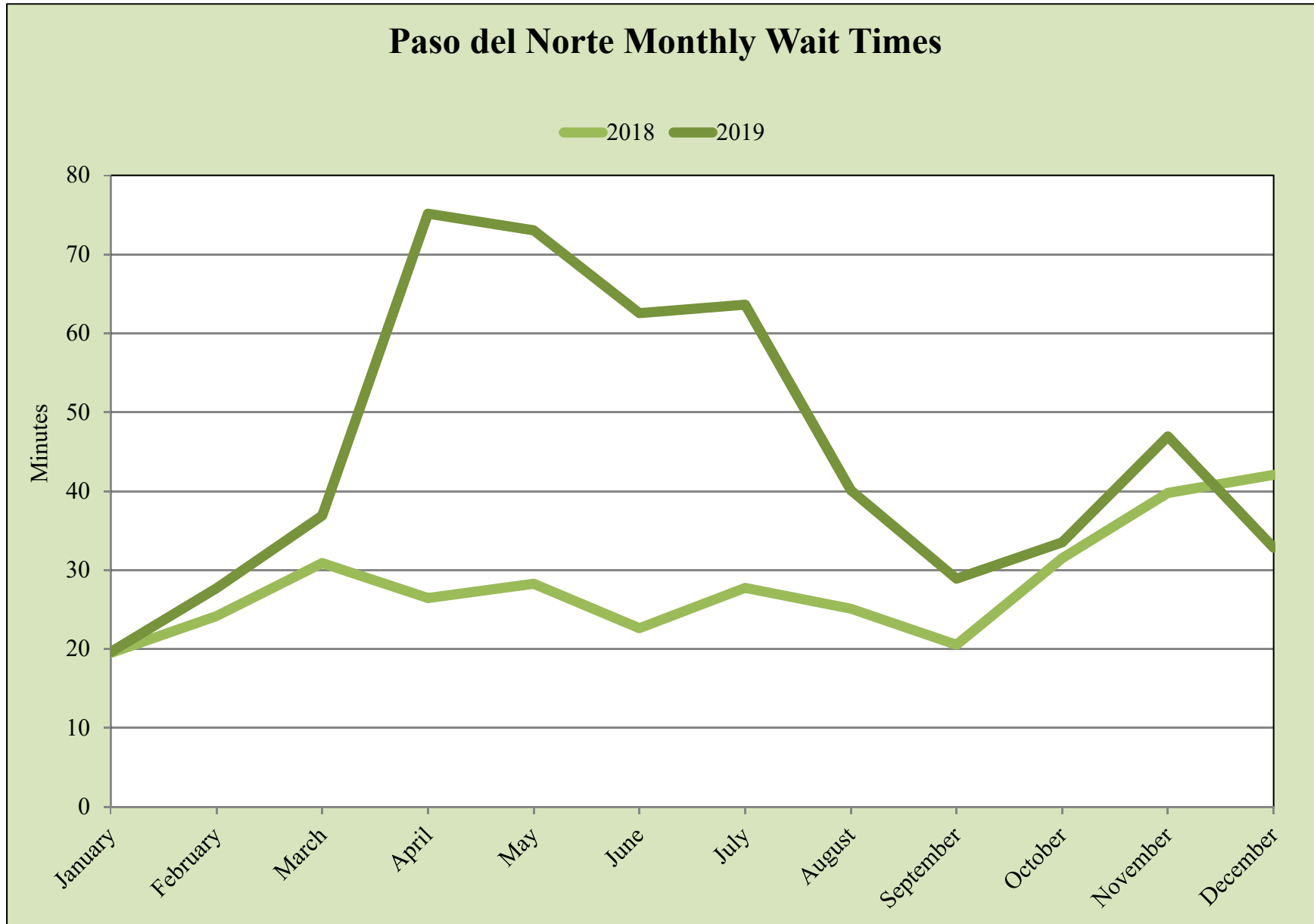
Source: UTEP Border Region Modeling Project



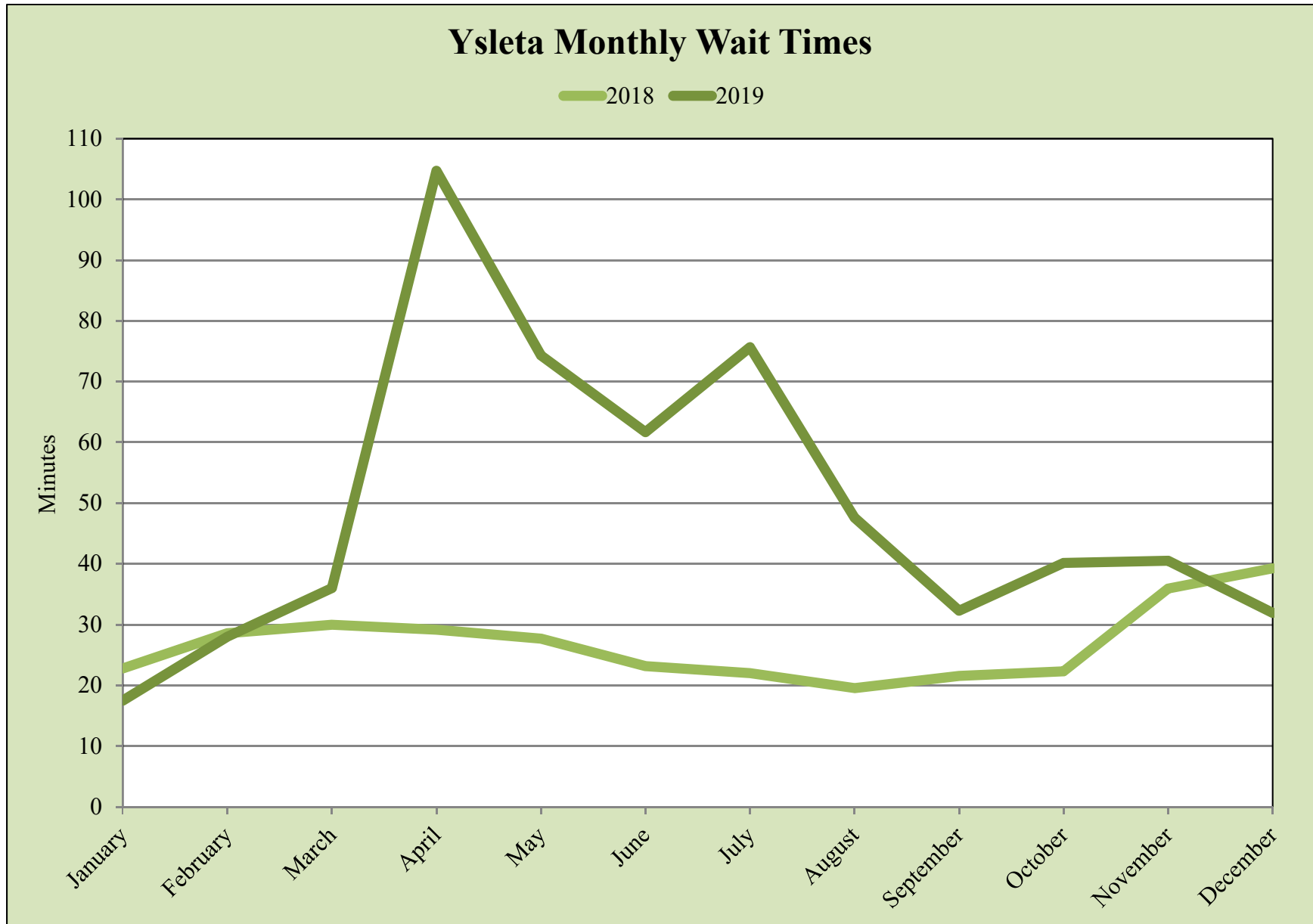
Source: UTEP Border Region Modeling Project, healthwarehouse.com, medicinesmexico.com, medsmex.com



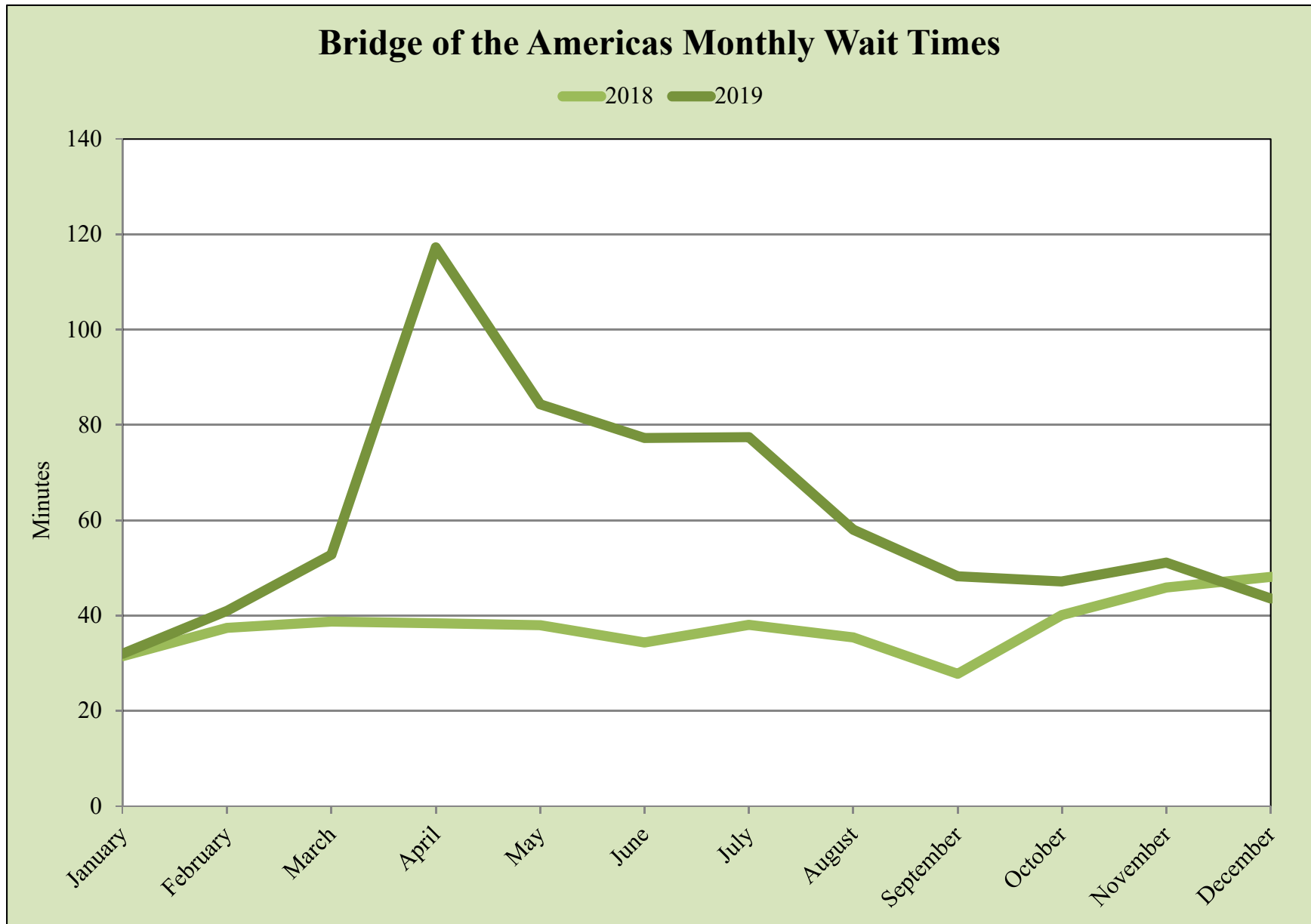
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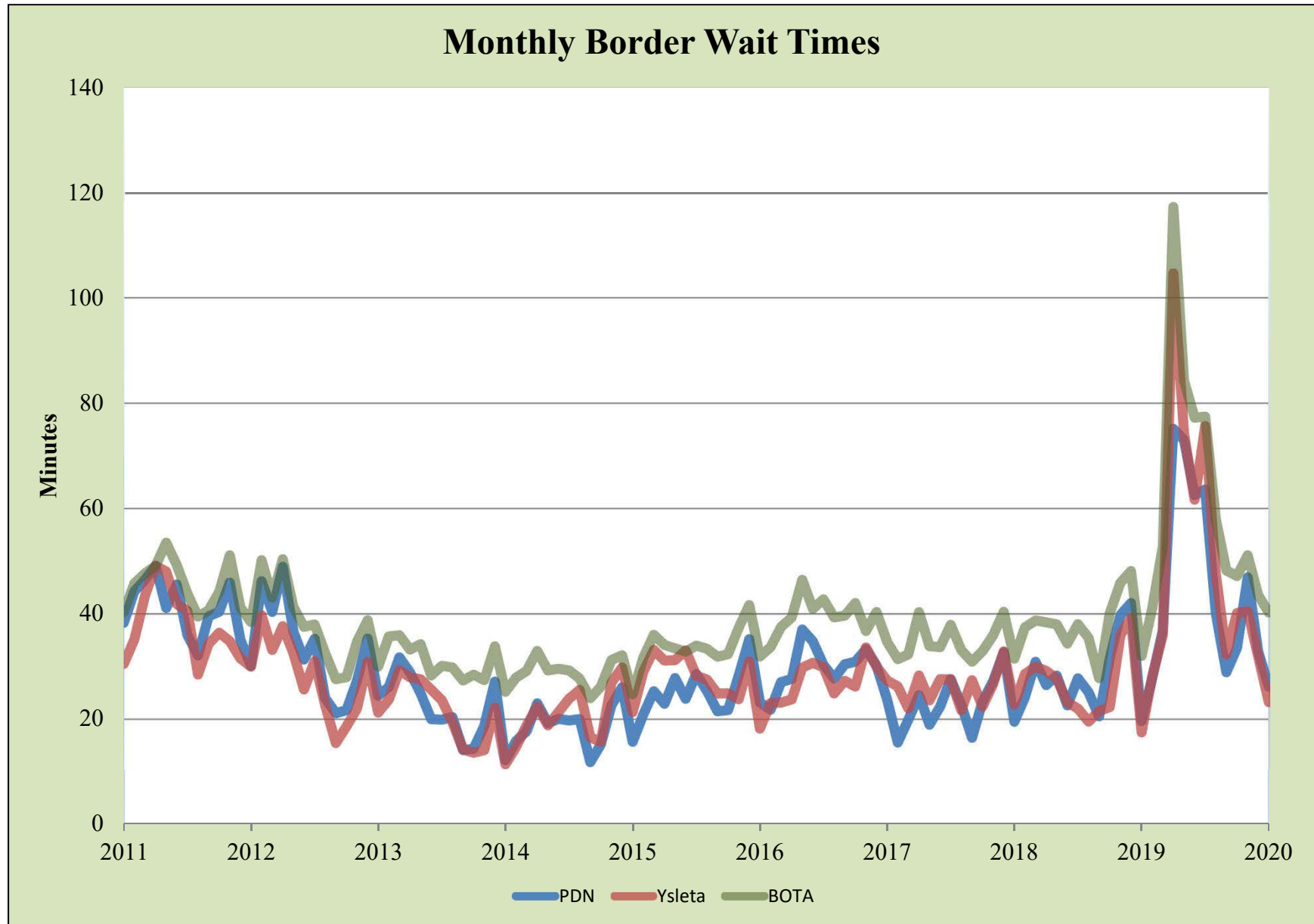
Source: UTEP Border Region Modeling Project



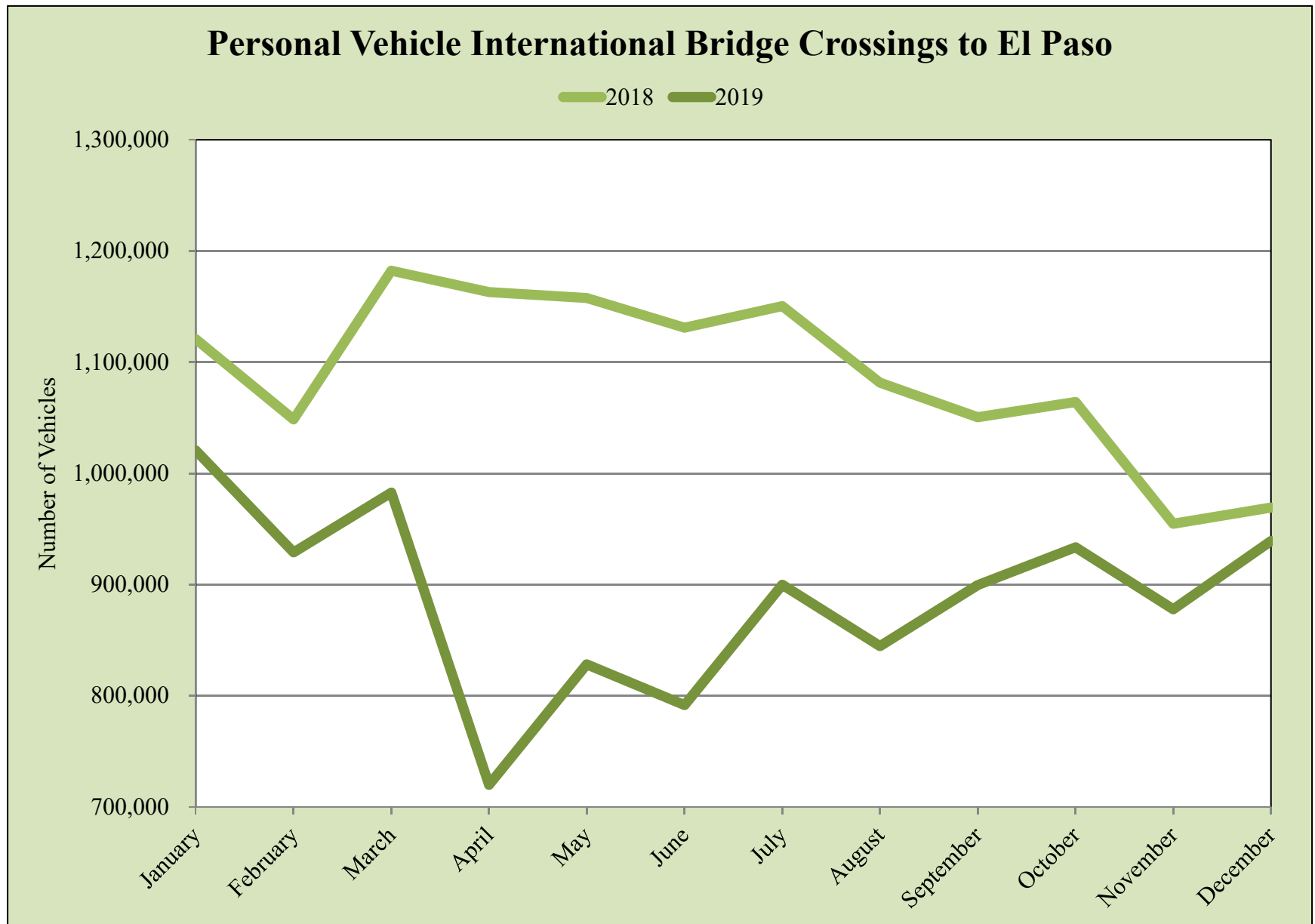
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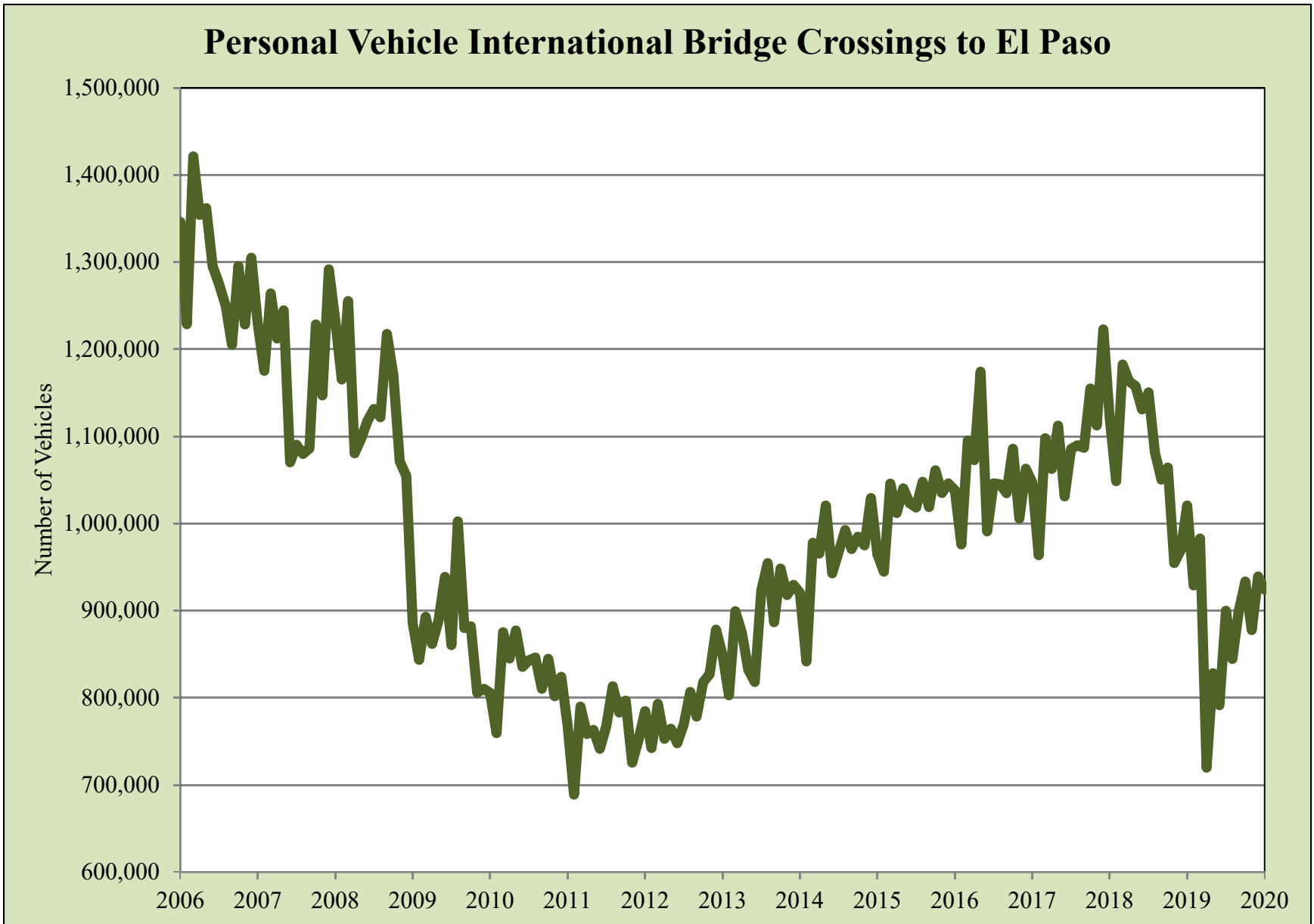
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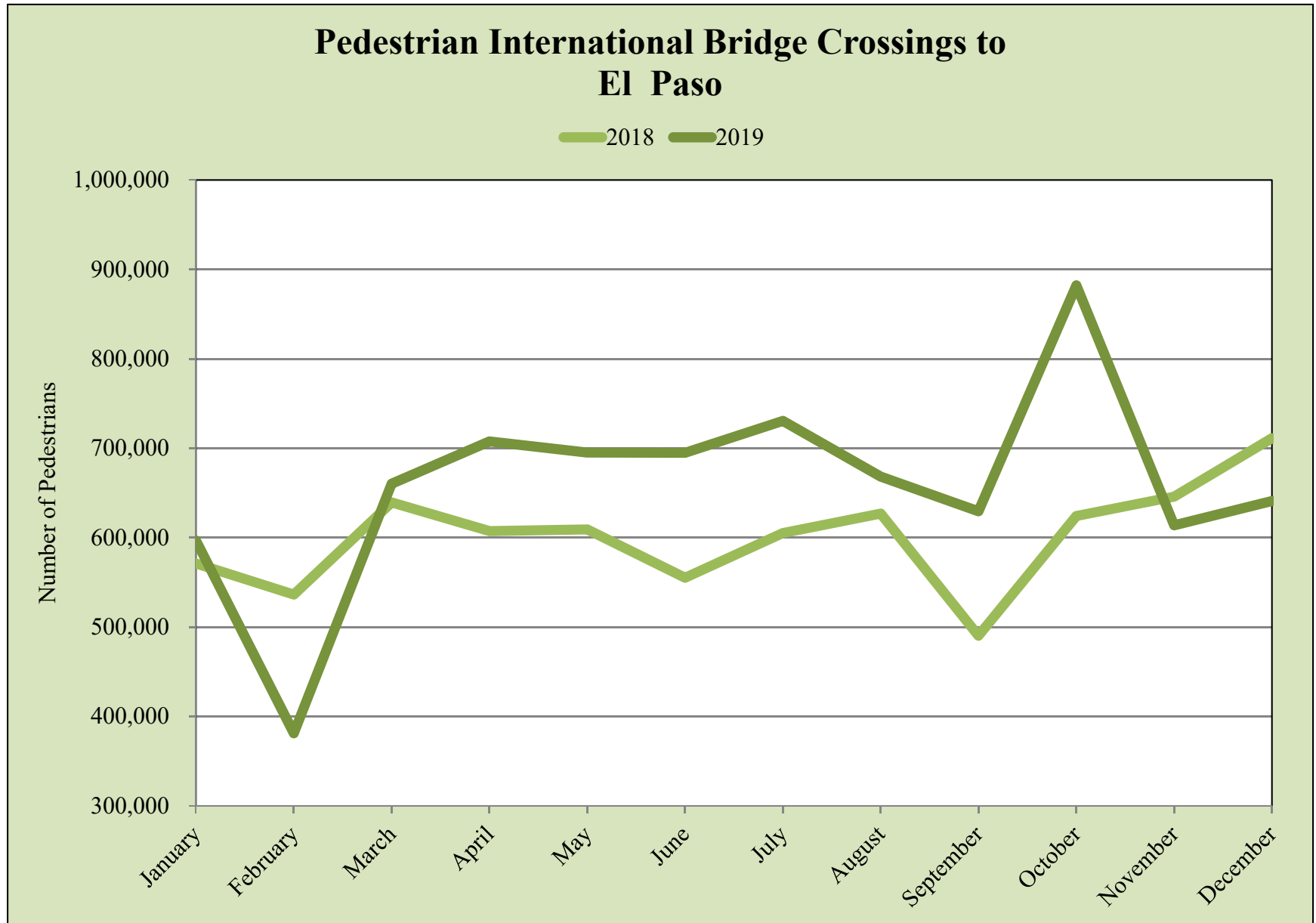
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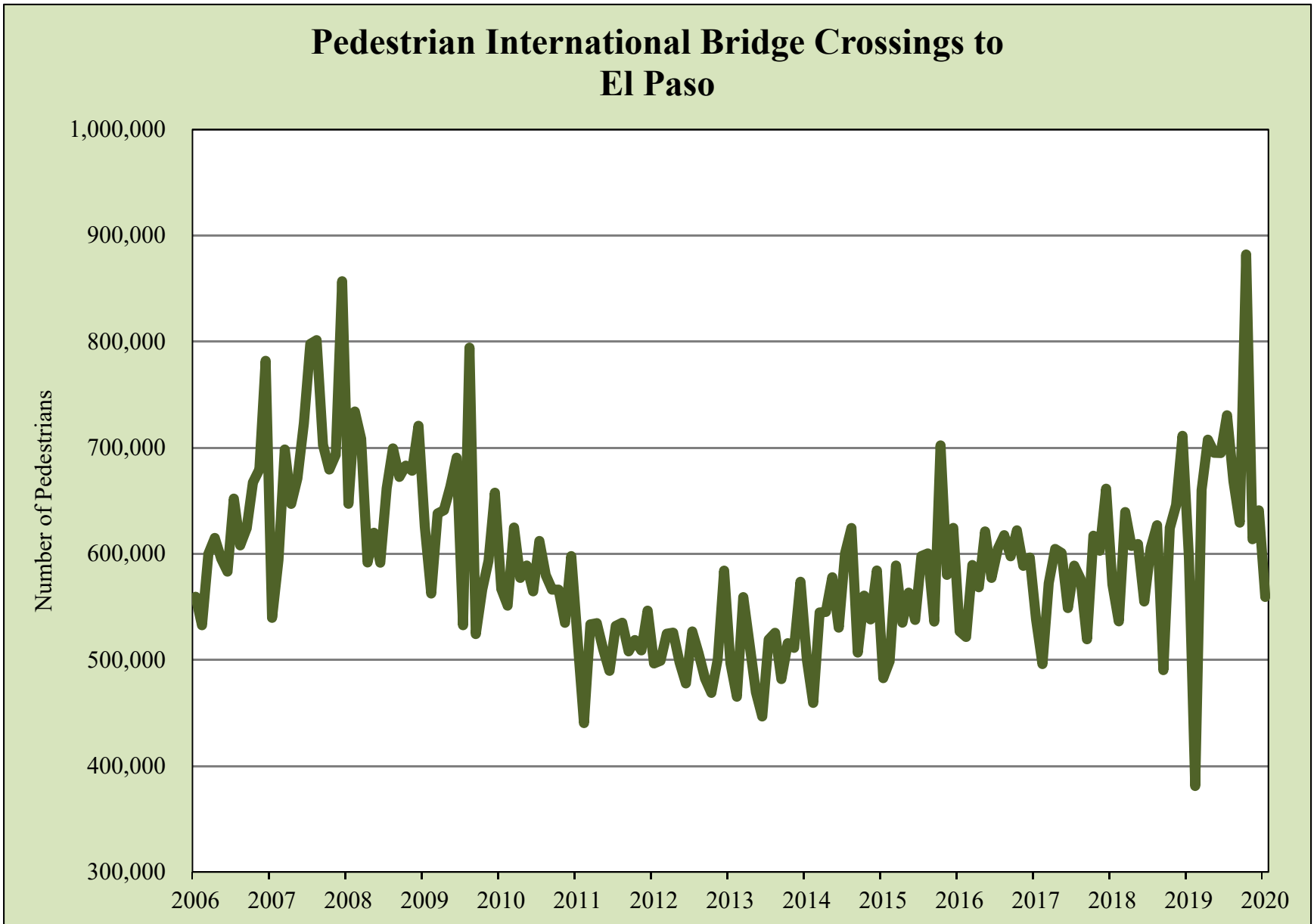
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection



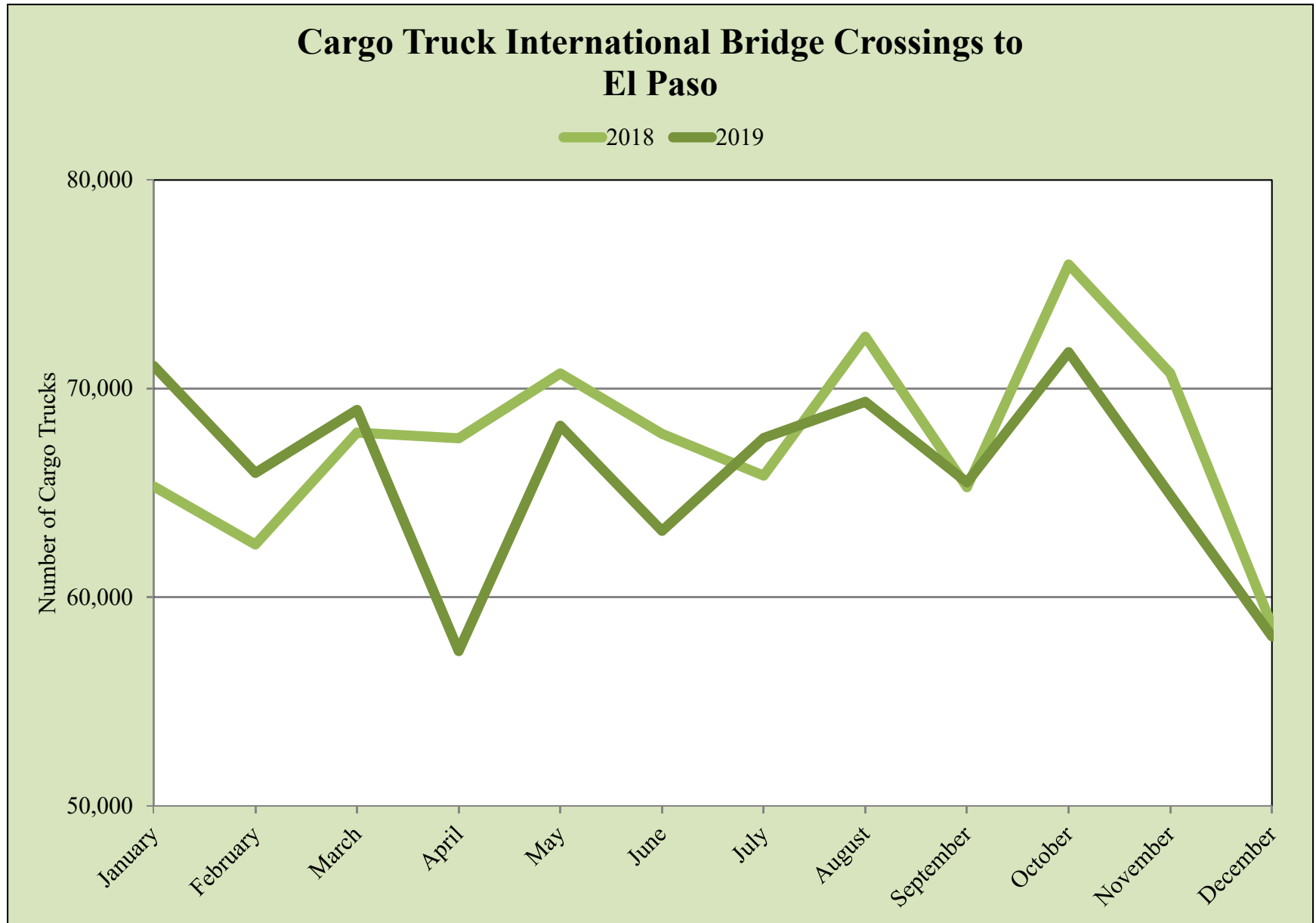
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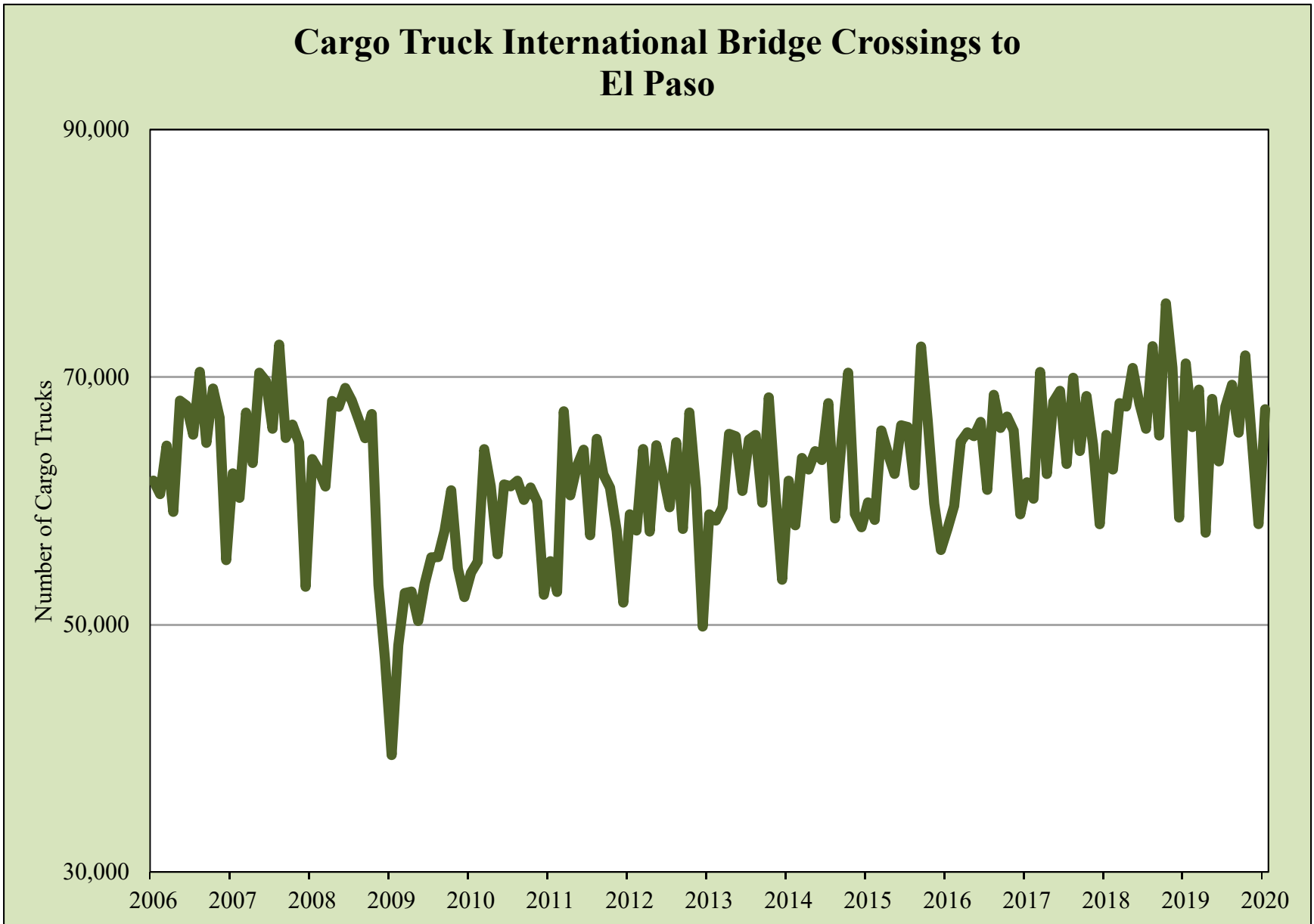
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection



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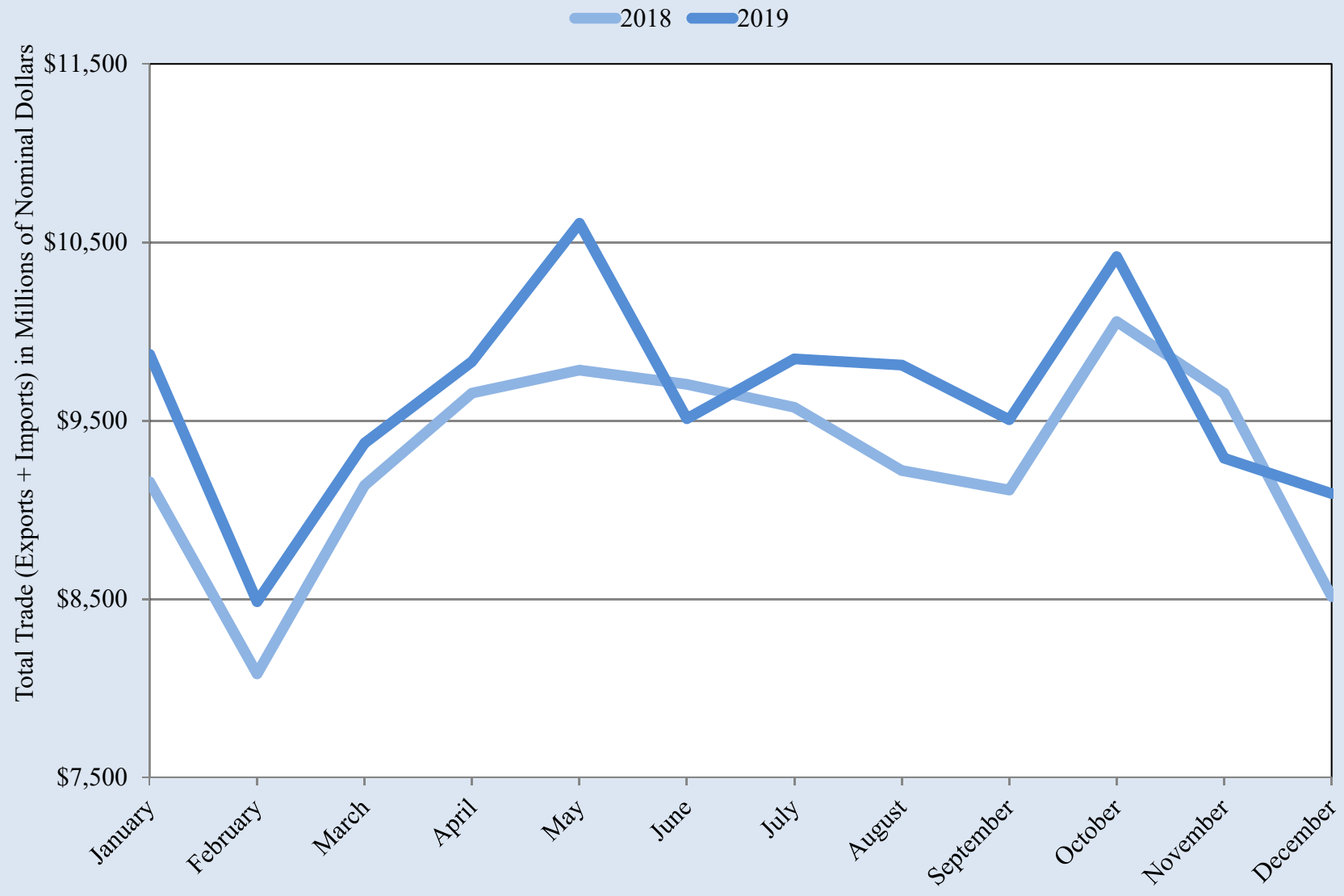
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection



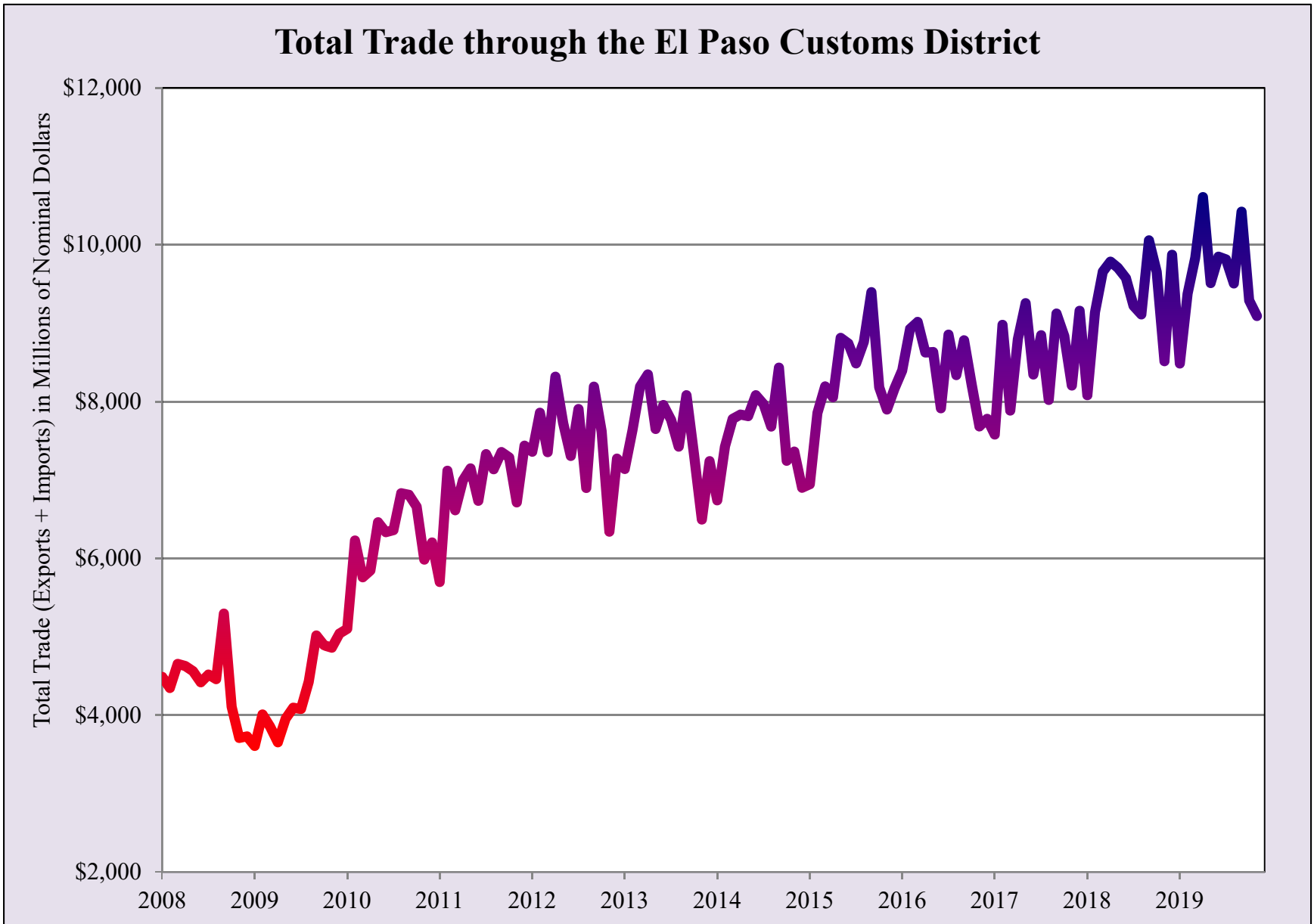
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection



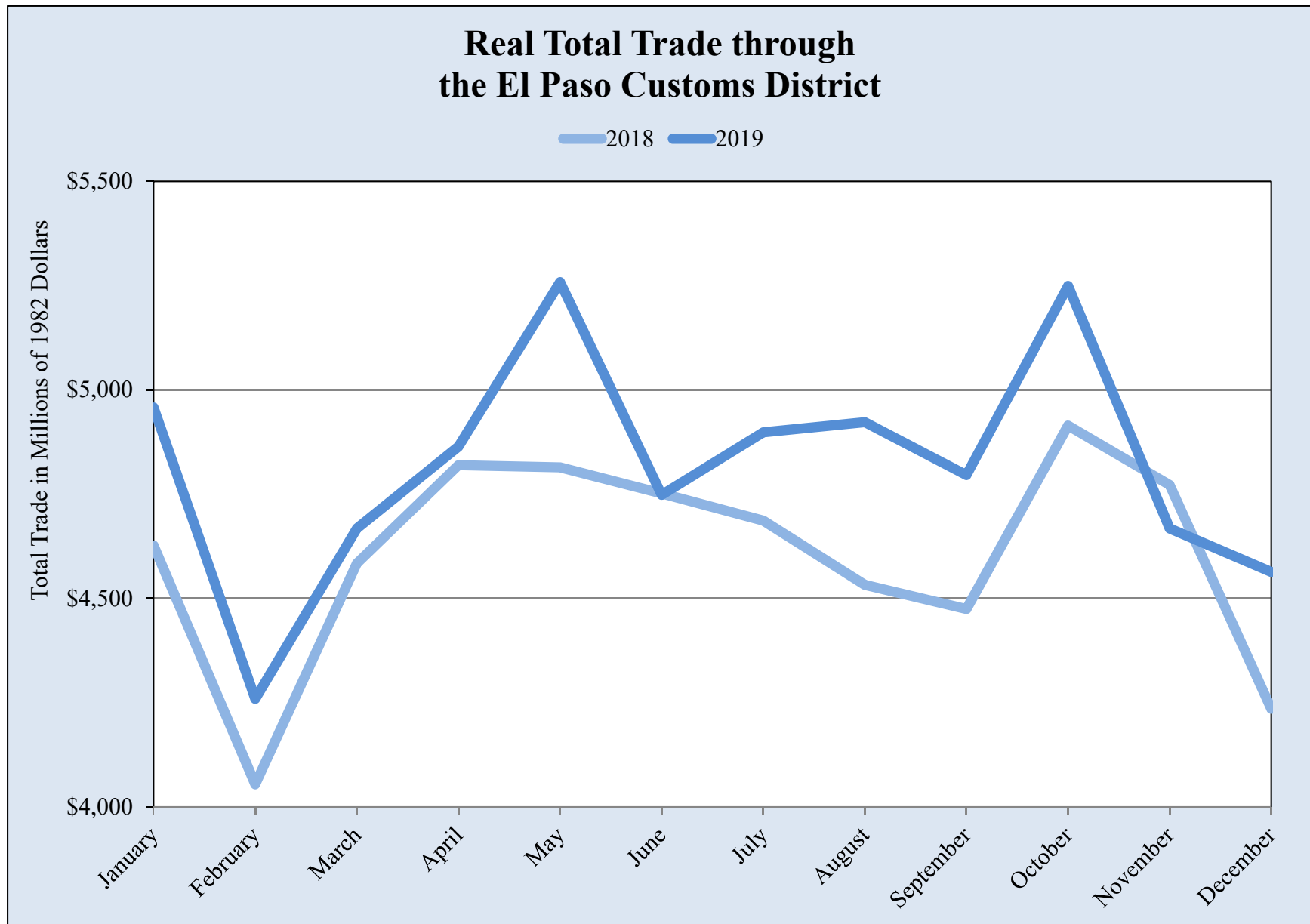
Total Trade through the El Paso Customs District



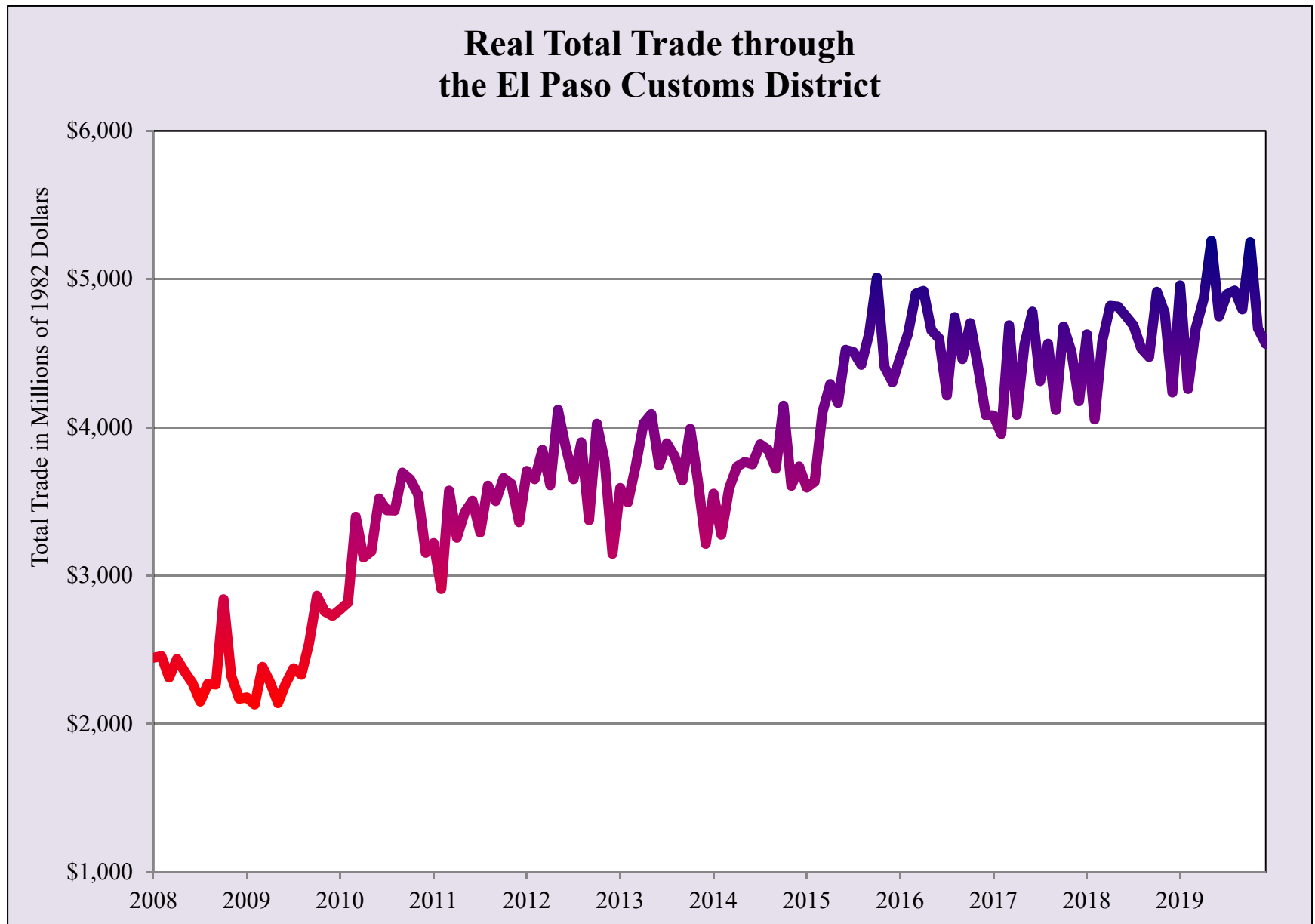
Source: U.S. International Trade Commission



Source: U.S. International Trade Commission



Source: U.S. International Trade Commission and Bureau of Labor Statistics

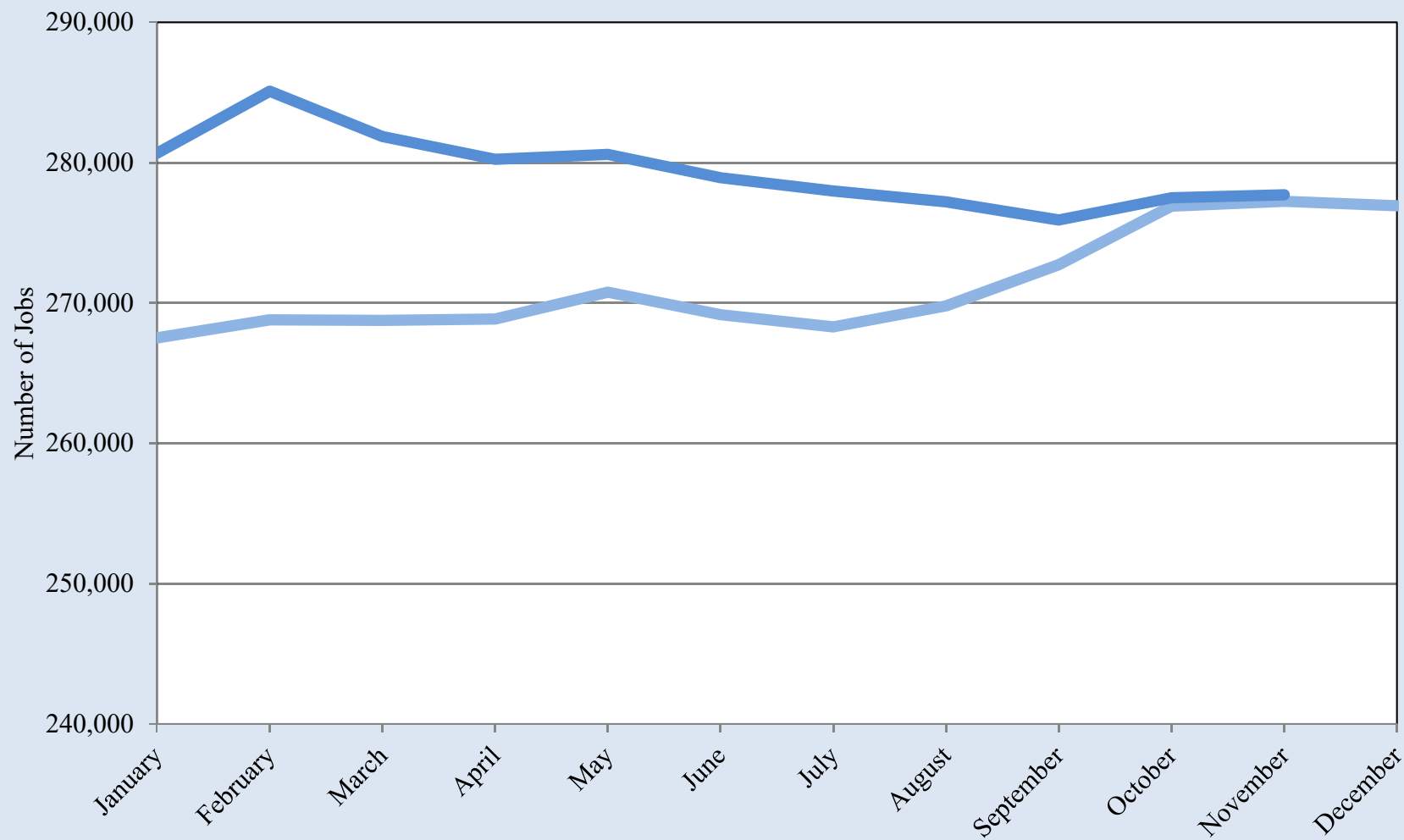


Source: U.S. International Trade Commission and Bureau of Labor Statistics



Export-Oriented Manufacturing Employment in Ciudad Juárez

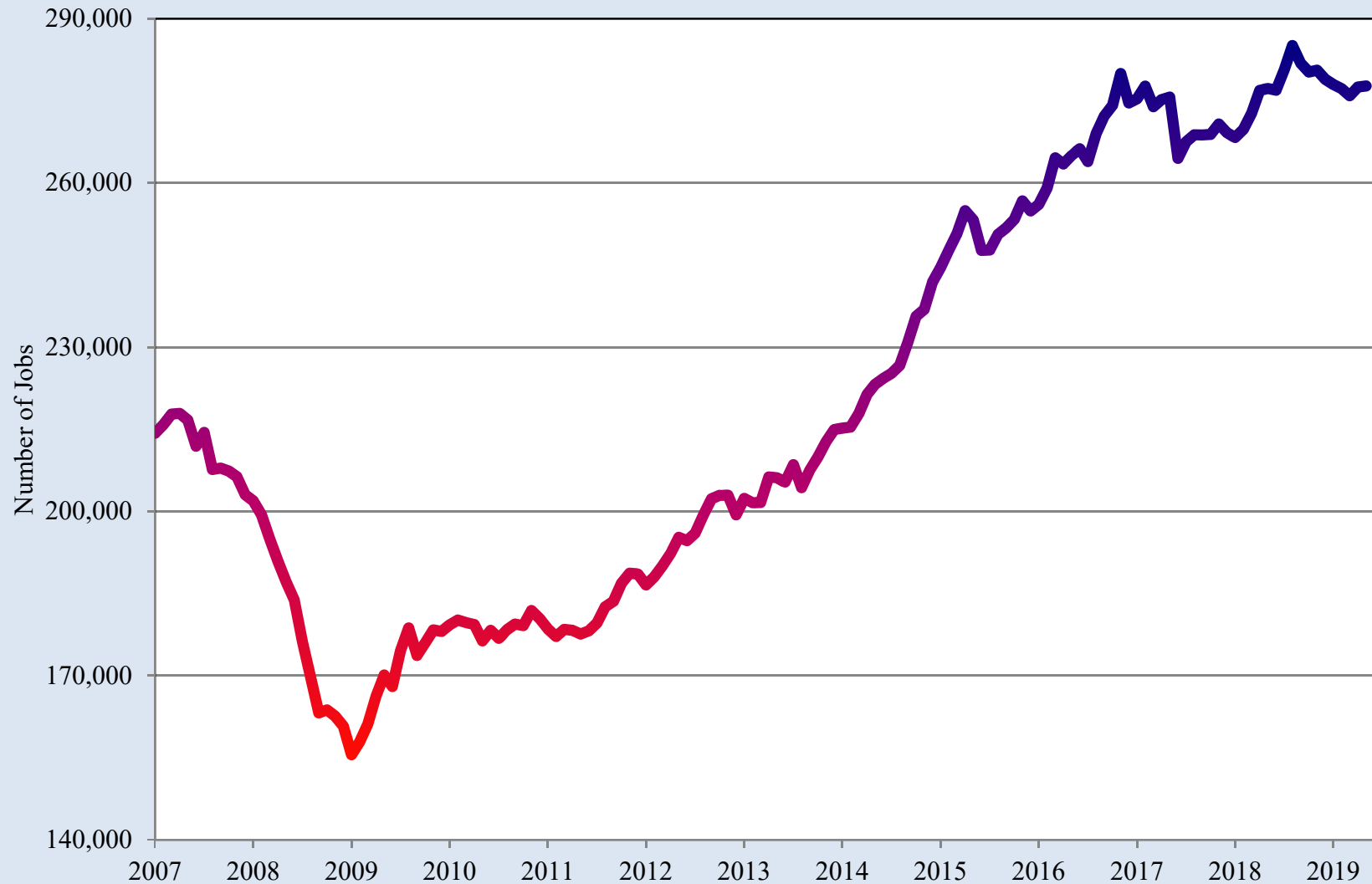
— 2018 — 2019



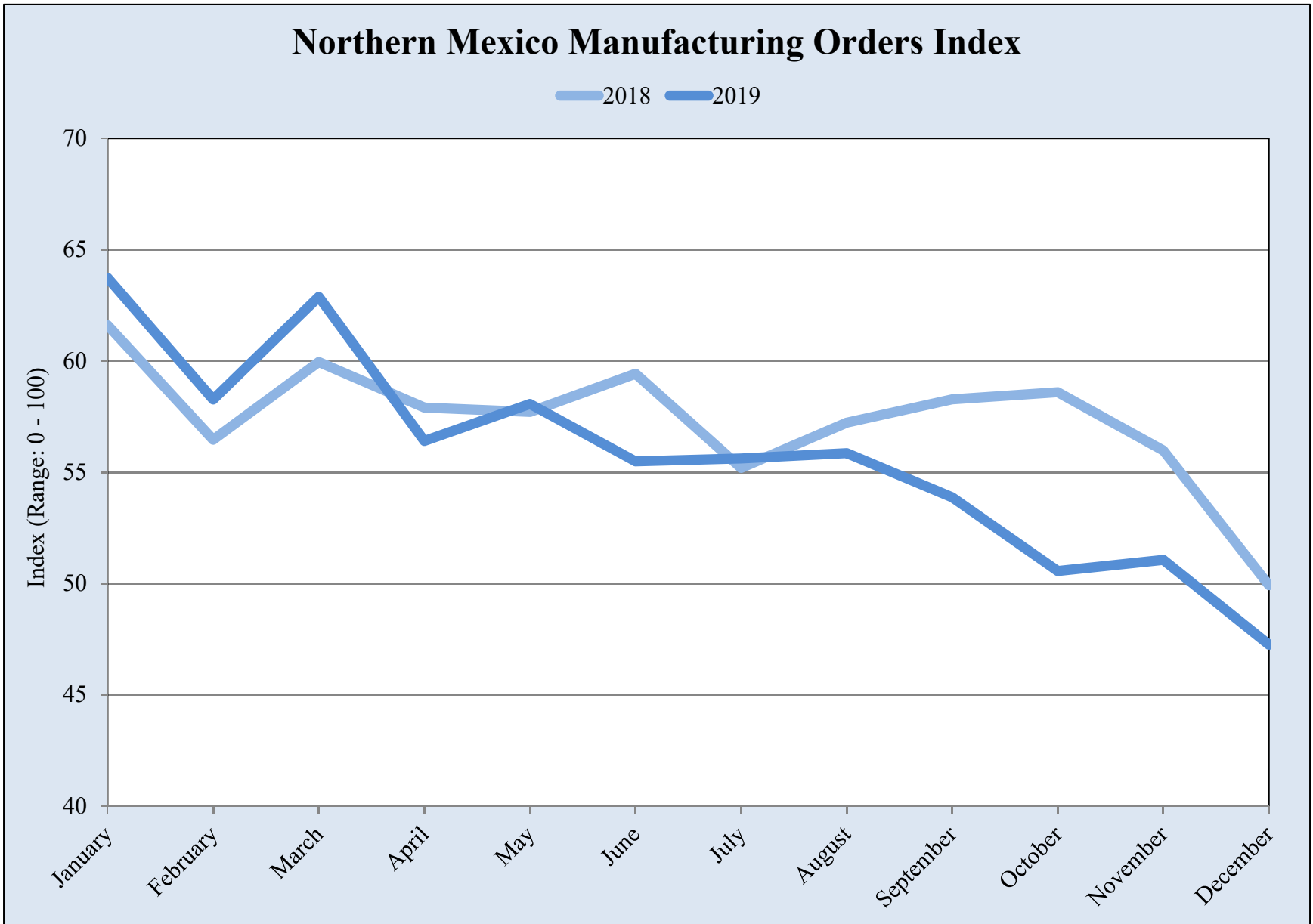
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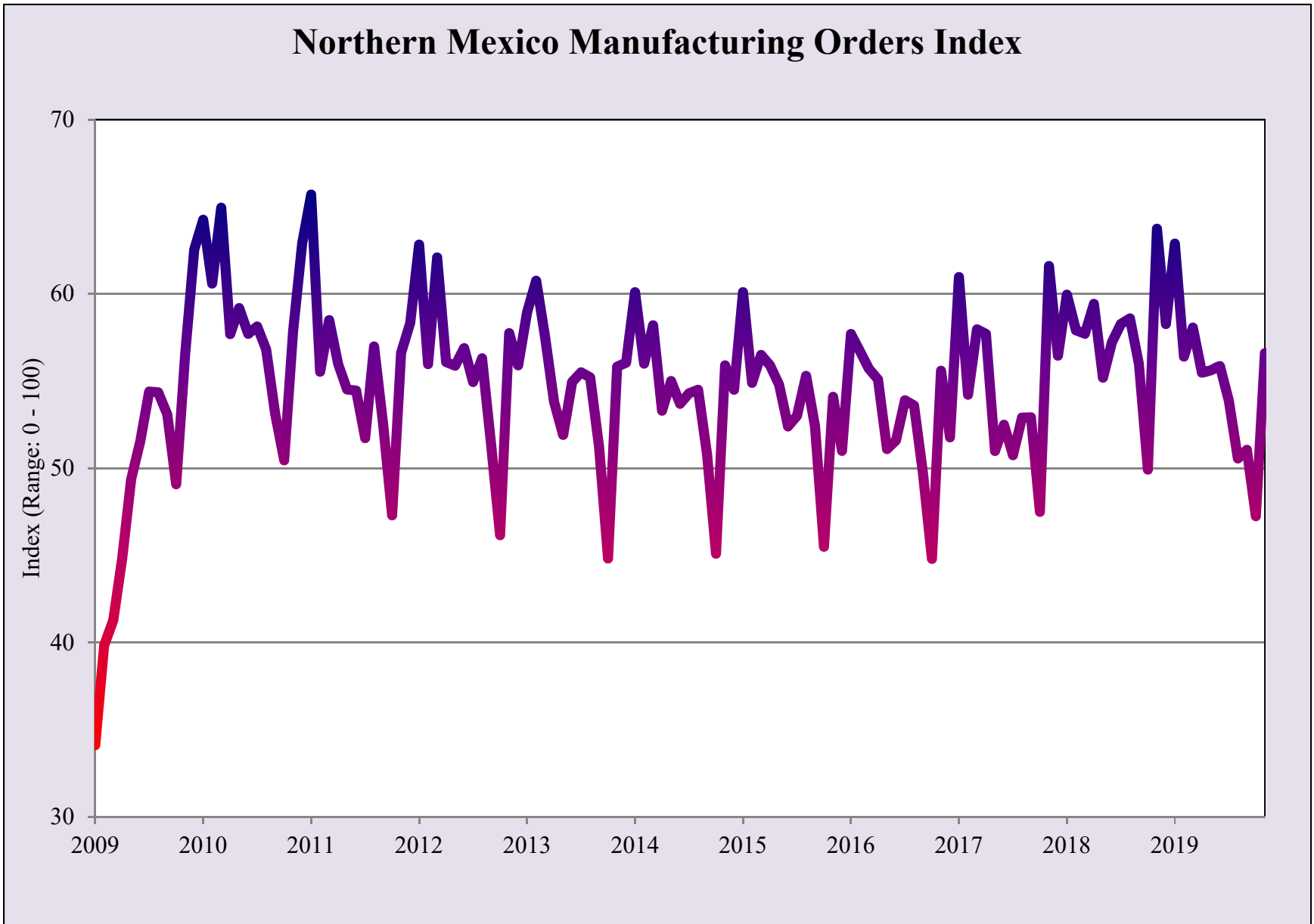
Export-Oriented Manufacturing Employment in Ciudad Juárez



Source: INEGI



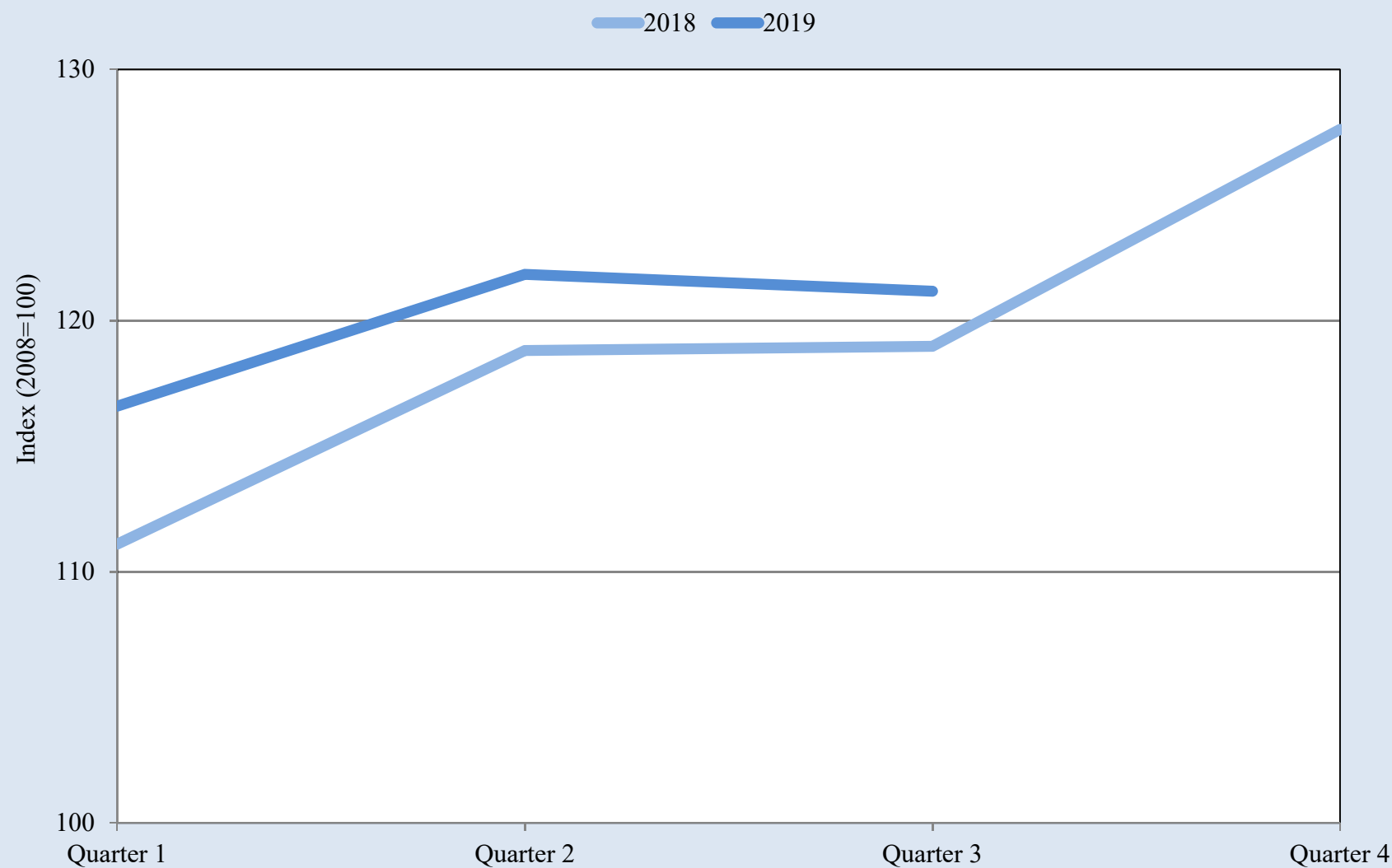
Source: Banco de México



Source: Banco de México



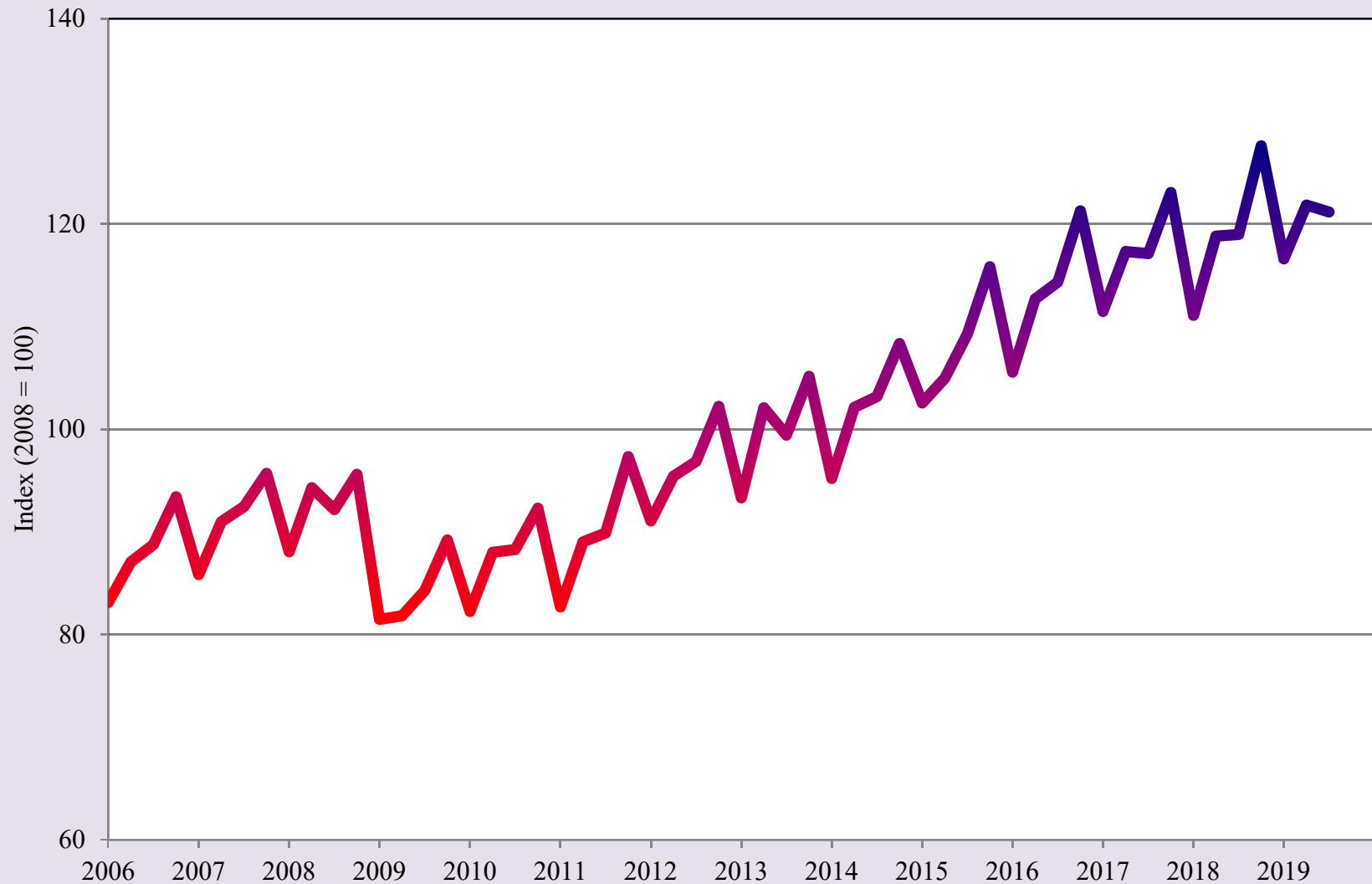
Quarterly Indicator of Economic Activity for the State of Chihuahua



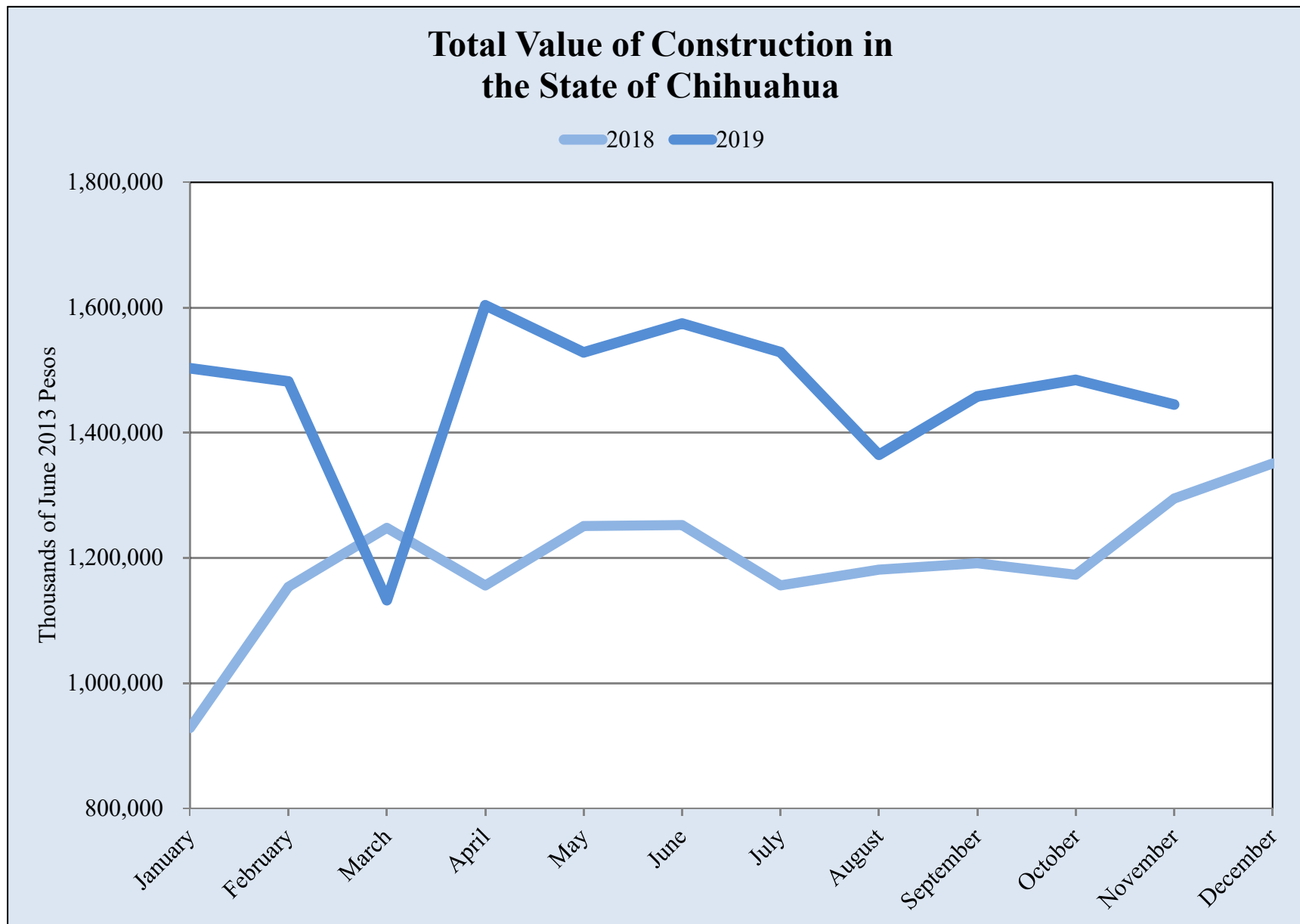
Source: INEGI



Quarterly Indicator of Economic Activity for the State of Chihuahua



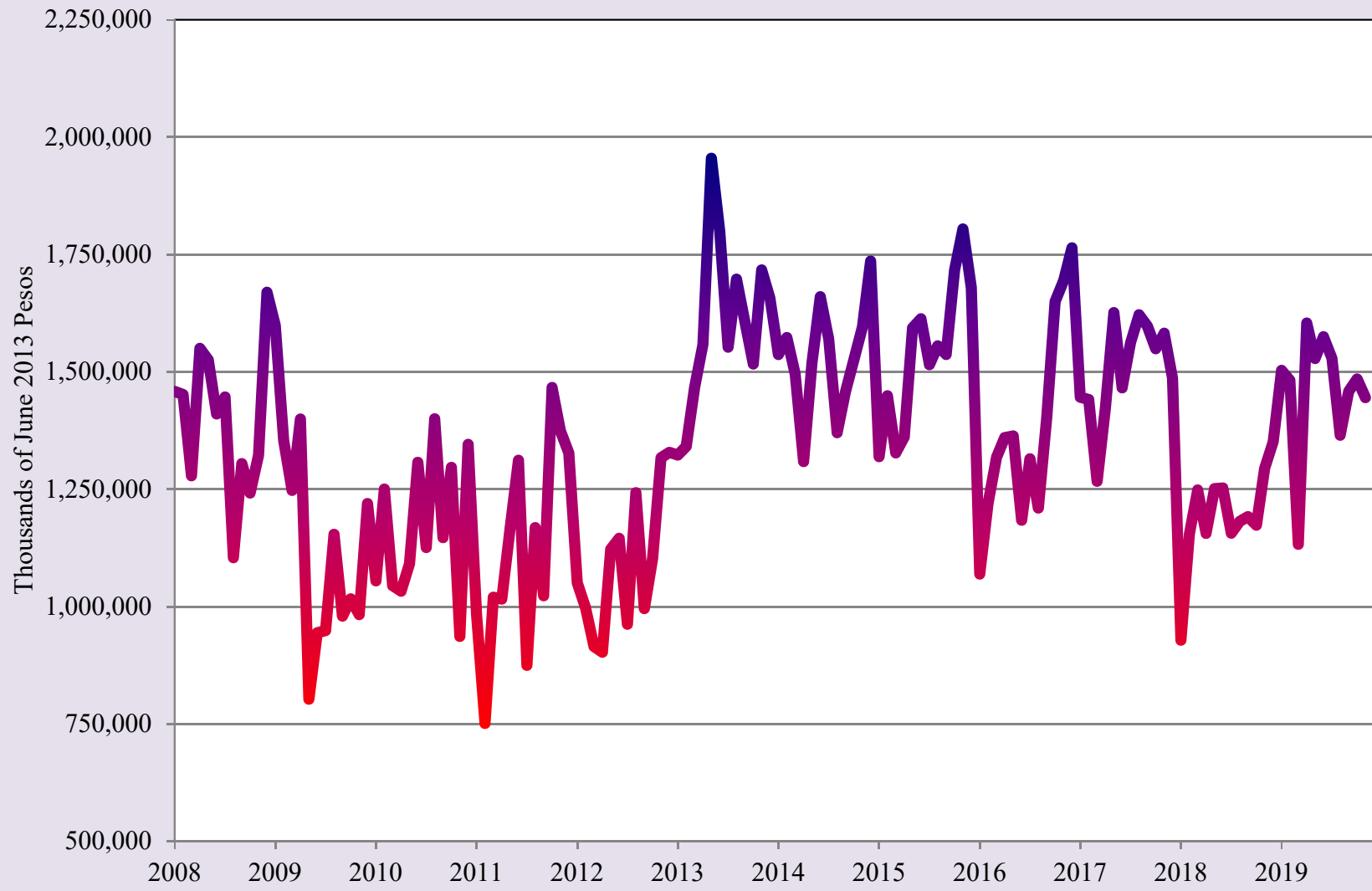
Source: INEGI



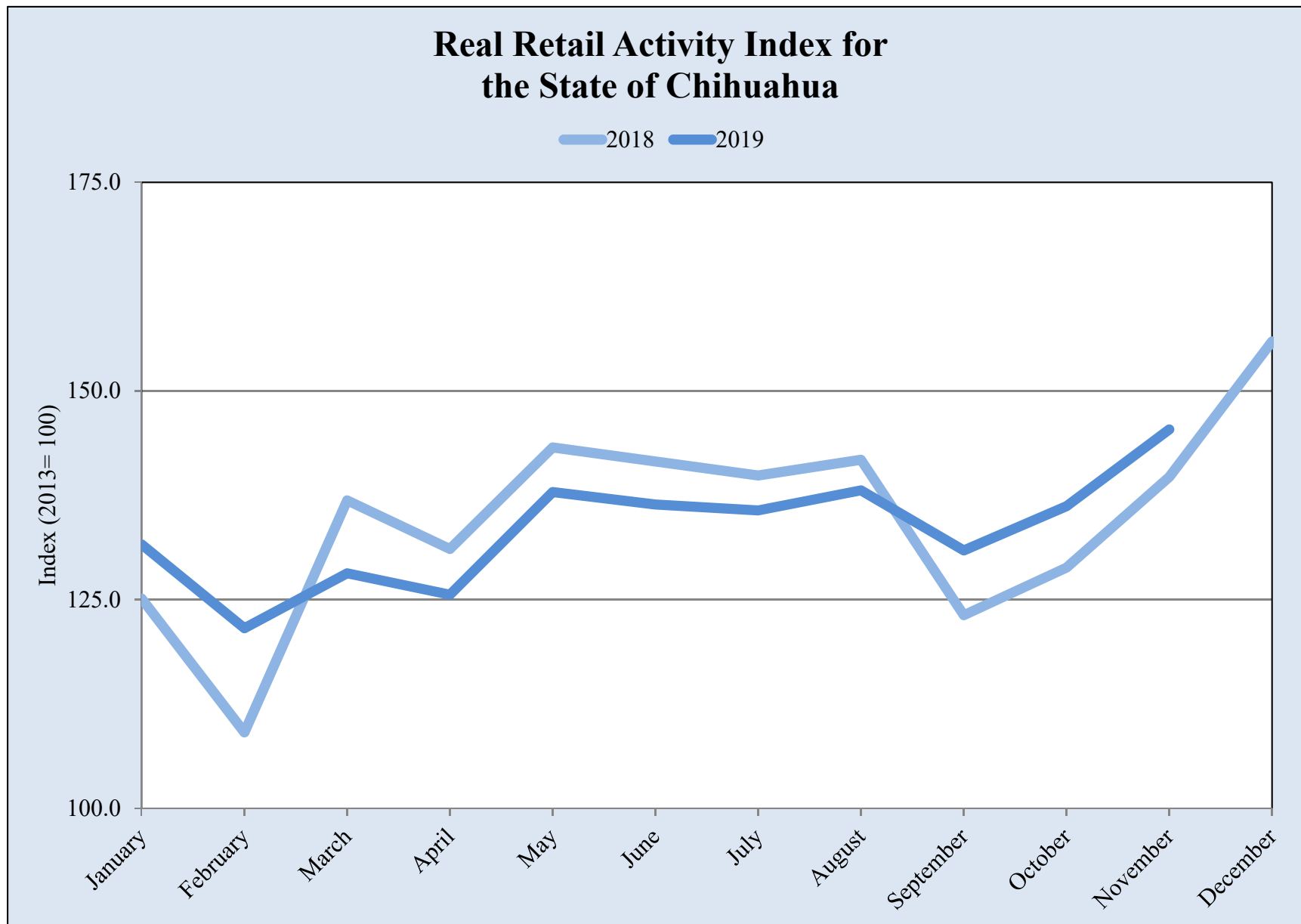
Source: INEGI



Total Value of Construction in the State of Chihuahua



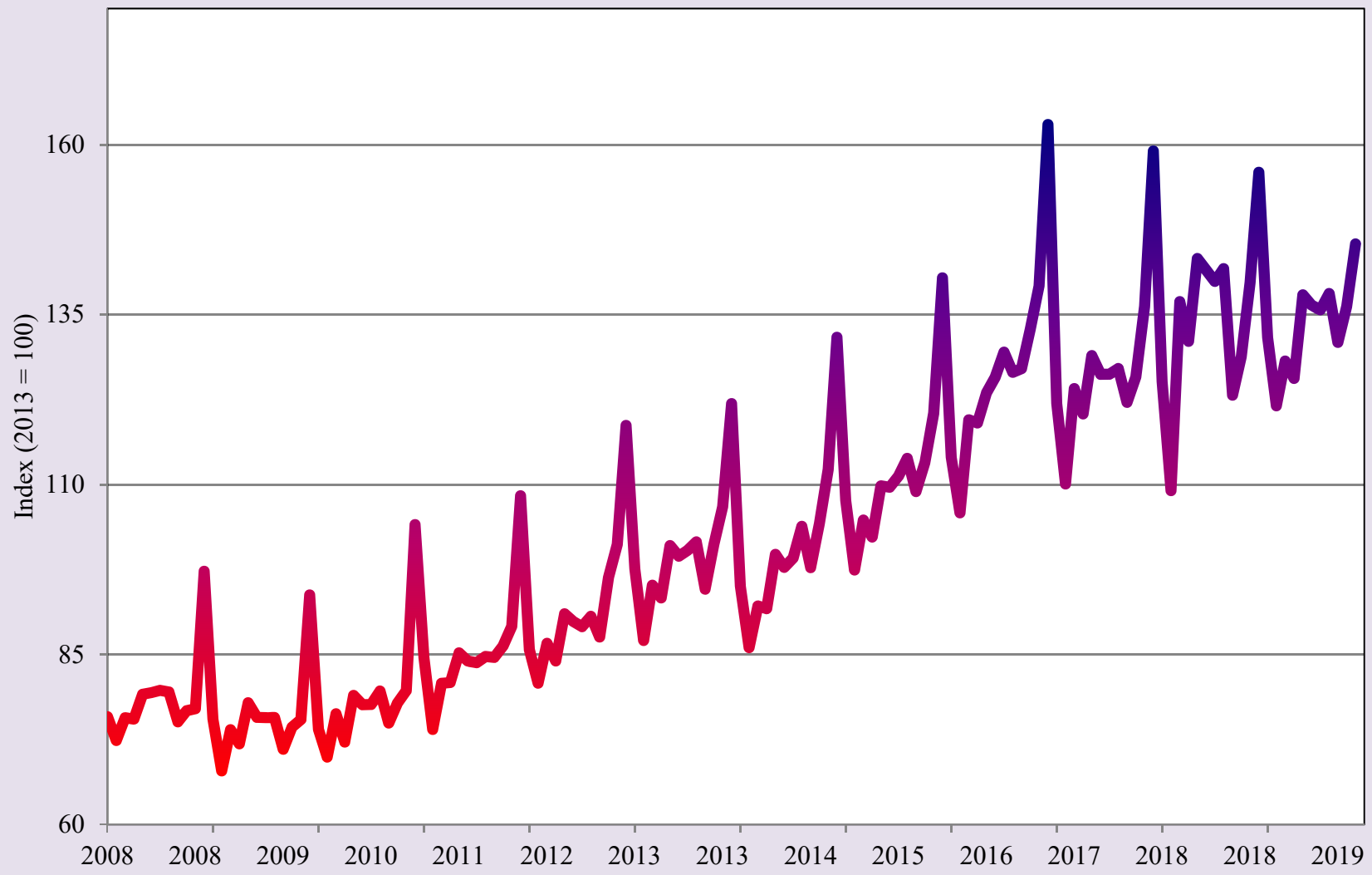
Source: INEGI



Source: INEGI



Real Retail Activity Index for the State of Chihuahua



Source: INEGI



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