Borderplex Business Barometer, Volume 4, Number 2

Thomas M. Fullerton Jr.
*University of Texas at El Paso*, tomf@utep.edu

Steven L. Fullerton
*University of Texas at El Paso*, slfullerton@utep.edu

Ana Gutierrez Zubiate
*University of Texas at El Paso*, apgutierrez3@miners.utep.edu

Ignacio Santana
*University of Texas at El Paso*, isantana2@miners.utep.edu

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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.
El Paso Metropolitan Business Cycle Index

Source: Federal Reserve Bank of Dallas
Average Treasury Yield Curve Rates

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Source: U.S. Treasury, Daily Treasury Yield Curve Rates and BRMP Calculations
El Paso Household Economic Stress Index

Source: UTEP Border Region Modeling Project
El Paso Household Economic Stress Index

Source: UTEP Border Region Modeling Project
El Paso County Unemployment Rate

Source: Bureau of Labor Statistics
El Paso County Unemployment Rate

Source: Bureau of Labor Statistics
El Paso County SNAP Enrollment. Two year period 2018 to 2019

145,000
150,000 155,000 160,000 165,000
170,000
175,000 180,000 185,000 190,000

Number of SNAP Recipients

El Paso County SNAP (Food Stamp) Enrollment

Source: Texas Health and Human Services Commission
Starting in September, 2014, the number of SNAP recipients is recorded for the end of each month.

El Paso County SNAP Enrollment

120,000
140,000
160,000
180,000
200,000


Number of SNAP Recipients

Source: Texas Health and Human Services Commission
El Paso Median Housing Prices

Source: Texas A&M Real Estate Center
El Paso Median Housing Prices

Source: Texas A&M Real Estate Center
Months of Housing Inventory for El Paso

Source: Texas A&M Real Estate Center
Months of Housing Inventory for El Paso

Source: Texas A&M Real Estate Center
El Paso Gasoline Prices

Source: GasBuddy.com
El Paso Gasoline Prices

Source: GasBuddy.com
Doña Ana County Unemployment Rate

Source: Bureau of Labor Statistics
Doña Ana County Unemployment Rate

Source: Bureau of Labor Statistics
Las Cruces Area SNAP (Food Stamp) Cases

Source: New Mexico Human Services Department
Las Cruces Area SNAP (Food Stamp) Cases

Source: New Mexico Human Services Department
Restaurant Price Ratio and Exchange Rate

2018 Restaurant Price Ratio
2019 Restaurant Price Ratio
2018 Nominal Exchange Rate
2019 Nominal Exchange Rate

Source: UTEP Border Region Modeling Project and Banco de Mexico
Restaurant Price Ratio and Exchange Rate

Source: UTEP Border Region Modeling Project and Banco de Mexico
Real Peso-per-Dollar Exchange Rate Index

Source: UTEP Border Region Modeling Project
Real Peso-per-Dollar Exchange Rate Index

Index (March 1997 = 100)

Source: UTEP Border Region Modeling Project
Pharmaceutical Nominal Price Ratio in the USA and Mexico

Source: UTEP Border Region Modeling Project, healthwarehouse.com, medicinesmexico.com, medsmex.com
Pharmaceutical Nominal Price Ratio in the USA and Mexico

Source: UTEP Border Region Modeling Project, healthwarehouse.com, medicinesmexico.com, medsmex.com
Paso del Norte Monthly Wait Times

Source: UTEP Border Region Modeling Project
Source: UTEP Border Region Modeling Project
Source: UTEP Border Region Modeling Project
Monthly Border Wait Times

Source: UTEP Border Region Modeling Project
Personal Vehicle International Bridge Crossings to El Paso

Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Aggregate Personal vehicle bridge crossing to El Paso


Number of Vehicles

Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Pedestrian International Bridge Crossings to El Paso

Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Aggregate Pedestrian International Bridge Crossing to EP

Number of Pedestrians

Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Cargo Truck International Bridge Crossings to El Paso

Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Cargo Truck International Bridge Crossings to El Paso

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
Total Trade through the El Paso Customs District

Source: U.S. International Trade Commission
Real Total Trade through the El Paso Customs District

Real Total Trade through the El Paso Customs District

Export Oriented manufacturing employment in Ciudad Juárez

Number of Jobs

Export-Oriented Manufacturing Employment in Ciudad Juárez

Source: INEGI
Aggregate Export-Oriented Manufacturing Employment in Ciudad Juárez

Source: INEGI
Northern Mexico Manufacturing Orders Index

Source: Banco de México
Northern Mexico Manufacturing Orders Index

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
Total Value of Construction in the State of Chihuahua

Source: INEGI
Real Retail Activity Index for the State of Chihuahua

Source: INEGI
Real Retail Activity Index for the State of Chihuahua

Index (2013 = 100)

Source: INEGI
Links:
Borderplex Economic Outlook to 2021
Borderplex Bridge Delay Headaches: 2010-2016
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