Borderplex Business Barometer, Volume 4, Number 4

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Data on the Brink, Data in the Abyss

The Federal Reserve Bank of Dallas El Paso Metropolitan Business Cycle Index (BCI) reached an all-time high in February. Following that, it declined, marginally, in March. While that may seem at odds with the layoffs and business closures that began in late March, it is an artifact of when data measurements are taken every month. The true takeaway from the first quarter BCI readings is that the local economy entered the pandemic downturn from a position of economic strength.

Similarly, the UTEP BRMP El Paso Household Economic Stress Index (HESI) declined in March. In fact, the HESI reached its lowest level since April 2007. While it will undoubtedly move back into positive territory in April, El Paso households entered into the downturn from a position of well-being. The latter point is underscored by El Paso County Supplemental Nutrition Program (SNAP or Food Stamp) enrollments. First quarter SNAP enrollments were at levels not observed since 2009. Unfortunately, the number of food stamp recipients will increase substantially in April.

Several harbingers of what has happened to the economy did surface in March. The El Paso unemployment rate rose by 110 basis points relative to its year-ago mark. The 5 percent jobless rate is the highest it has reached since February 2017.

Even more dramatic developments occurred with the Yield Curve in March. All twelve of the Treasury rates that comprise this metric fell below 1.50 percent. Relative to March 2019, all twelve rates are more than 150 basis points below what were considered as low yields for an economy in expansion.

Gasoline prices in El Paso averaged $1.93 per gallon in March, nearly a 30 cent per gallon decline from February. That drop was not surprising as the West Texas Intermediate oil price fell to $29.21 per barrel in March 2020, drastically lower than the year-ago $58.15 price for the same month. As regional economies begin to re-open, energy demand is likely to rise. In response, gasoline and diesel prices should begin to rise in June once oil inventories level off. In the meantime, oil patch layoffs will cause joblessness to increase further in both El Paso and Las Cruces.

The Doña Ana County unemployment rate for March is estimated at 7.5 percent, an increase of 150 basis points from year-ago levels. For the greater Las Cruces metropolitan economy, the unemployment rate for April is expected to exceed 13 percent. The rise in unemployment will lead to sharply higher SNAP enrollments in the Mesilla Valley area.

COVID-19 effects also roiled the currency market and weakened the peso. In nominal terms, the 22.38 peso per dollar average for March represents a record low for the Aztec currency. In real terms, the peso reached its lowest rate against the dollar since February 2017 when the fate of hemispheric trade was in question. Bridge traffic and trade volumes largely held steady in February. Sharp declines are anticipated for March in response to international travel restrictions and rapidly weakening industrial prospects.

At present, North American automobile manufacturing is expected to contract by more than 10 percent in 2020, and that will affect numerous parts manufacturers in Ciudad Juarez and Chihuahua City, as well as several in El Paso. That will be a big change from what was recorded during the first quarter when the Northern Mexico Manufacturing Orders Index remained above 50 in all three months, and any reading above 50 indicates increased output. The April reading will drop below 50 due to the Coronavirus recession.
El Paso Metropolitan Business Cycle Index

Source: Federal Reserve Bank of Dallas
El Paso Metropolitan Business Cycle Index

Seasonally Adjusted Index (October 1980 = 100)

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

Reflects 1 month, 2 month, 3 month, 6 month, 12 month, 2 yr, 3 yr, 5 yr, 7 yr, 10 yr, 20 yr, 30 yr.

Interest Rate %

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
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

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

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
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

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

Price Ratio

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

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
Ysleta Monthly Wait Times

Source: UTEP Border Region Modeling Project
Bridge of the Americas Monthly Wait Times

Source: UTEP Border Region Modeling Project
Monthly Border Wait Times

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

Number of Vehicles

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

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Pedestrians</th>
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<tbody>
<tr>
<td>2018</td>
<td>300,000</td>
</tr>
<tr>
<td>2019</td>
<td>400,000</td>
</tr>
<tr>
<td>2020</td>
<td>500,000</td>
</tr>
</tbody>
</table>

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

2018 2019 2020

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Trade in Millions of 1982 Dollars</th>
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<tr>
<td>2018</td>
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</tr>
<tr>
<td>2021</td>
<td>$5,500</td>
</tr>
</tbody>
</table>

Aggregate 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

Number of Jobs

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
Aggregate quarterly indicator of economic activity for the state of Chihuahua

Quarterly Indicator of Economic Activity for the State of Chihuahua

Index (2008 = 100)

Source: INEGI
Total Value of Construction in 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
Short-Term Outlook to 2021
University of Texas at El Paso
Heather Wilson, President
John Wiebe, Acting Provost
Roberto Osegueda, Vice President for Research

UTEP College of Business Administration
Jim Payne, Dean
Erik Devos, Associate Dean
Faith Xie, Associate Dean
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Borderplex Business Barometer is a monthly publication of the Border Region Modeling Project (BRMP), a research unit within the Department of Economics & Finance at the College of Business Administration of The University of Texas at El Paso. BRMP information is available at: https://www.utep.edu/business/border-region-modeling-project/index.html. For additional information, contact the Border Region Modeling Project - CBA 236, UTEP Department of Economics & Finance, 500 West University Avenue, El Paso, TX 79968-0543, USA, (915) 747-7775.