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Borderplex Business Barometer, Volume 4, Number 4

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T.M. Fullerton, Jr., S.L. Fullerton, A.P. Gutierrez-Zubiata, and I. Santana-Ramirez, 2020, "Data on the Brink, Data in the Abyss" *Borderplex Business Barometer* 4(4), 1-52.



BORDERPLEX BUSINESS BAROMETER

April 2020

Border Region Modeling Project

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Border Commerce & Economics

Borderplex Business Barometer, Volume 4, Number 4

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.

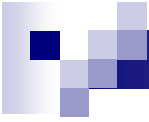
Even more dramatic developments occurred with the Yield Curve in March. All twelve of the Treasury rates that comprise this metric fell below 1.50 percent. Relative to March 2019, all twelve rates are more than 150 basis points below what were considered as low yields for an economy in expansion.

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.

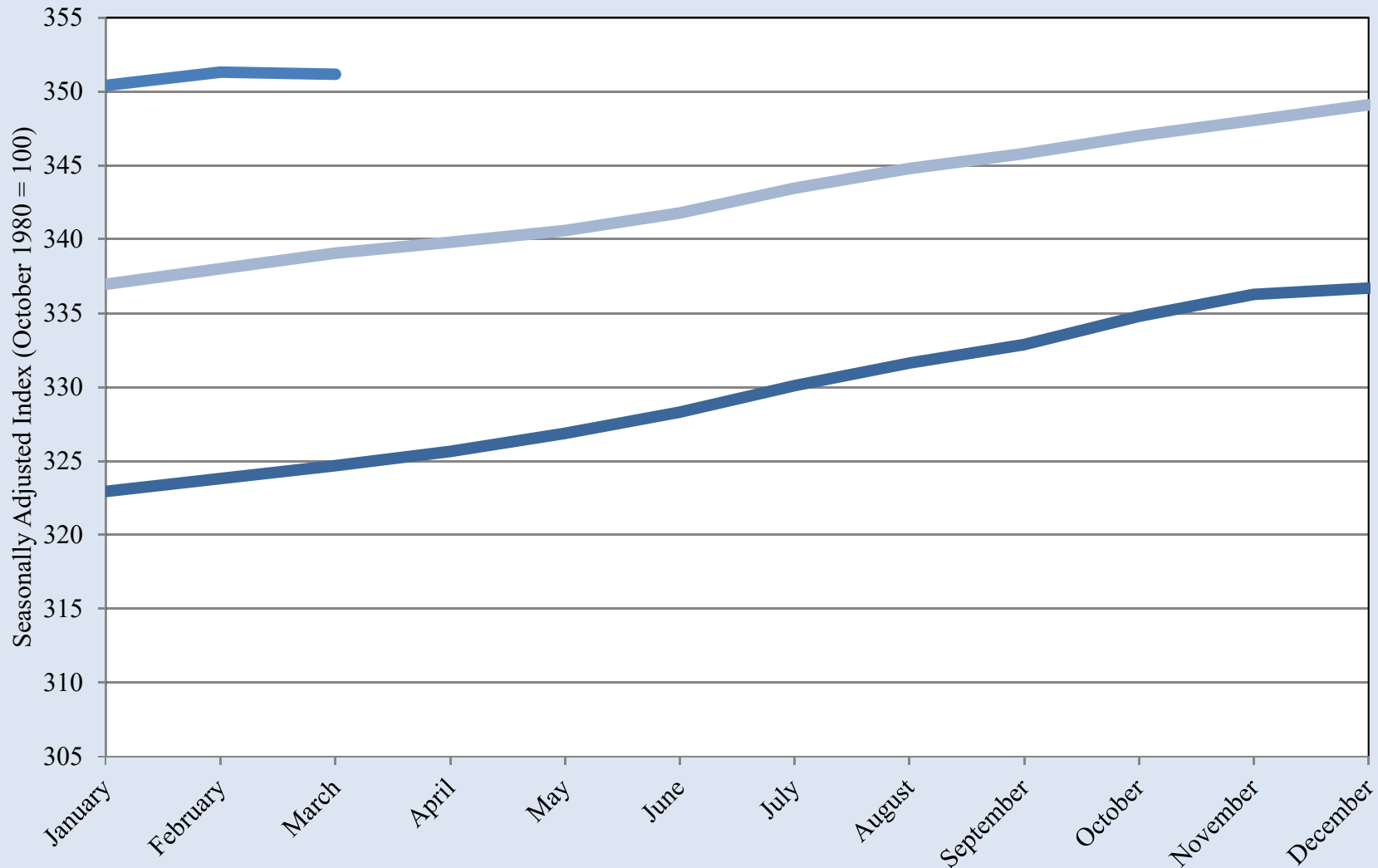
COVID-19 effects also roiled the currency market and weakened the peso. In nominal terms, the 22.38 peso per dollar average for March represents a record low for the Aztec currency. In real terms, the peso reached its lowest rate against the dollar since February 2017 when the fate of hemispheric trade 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

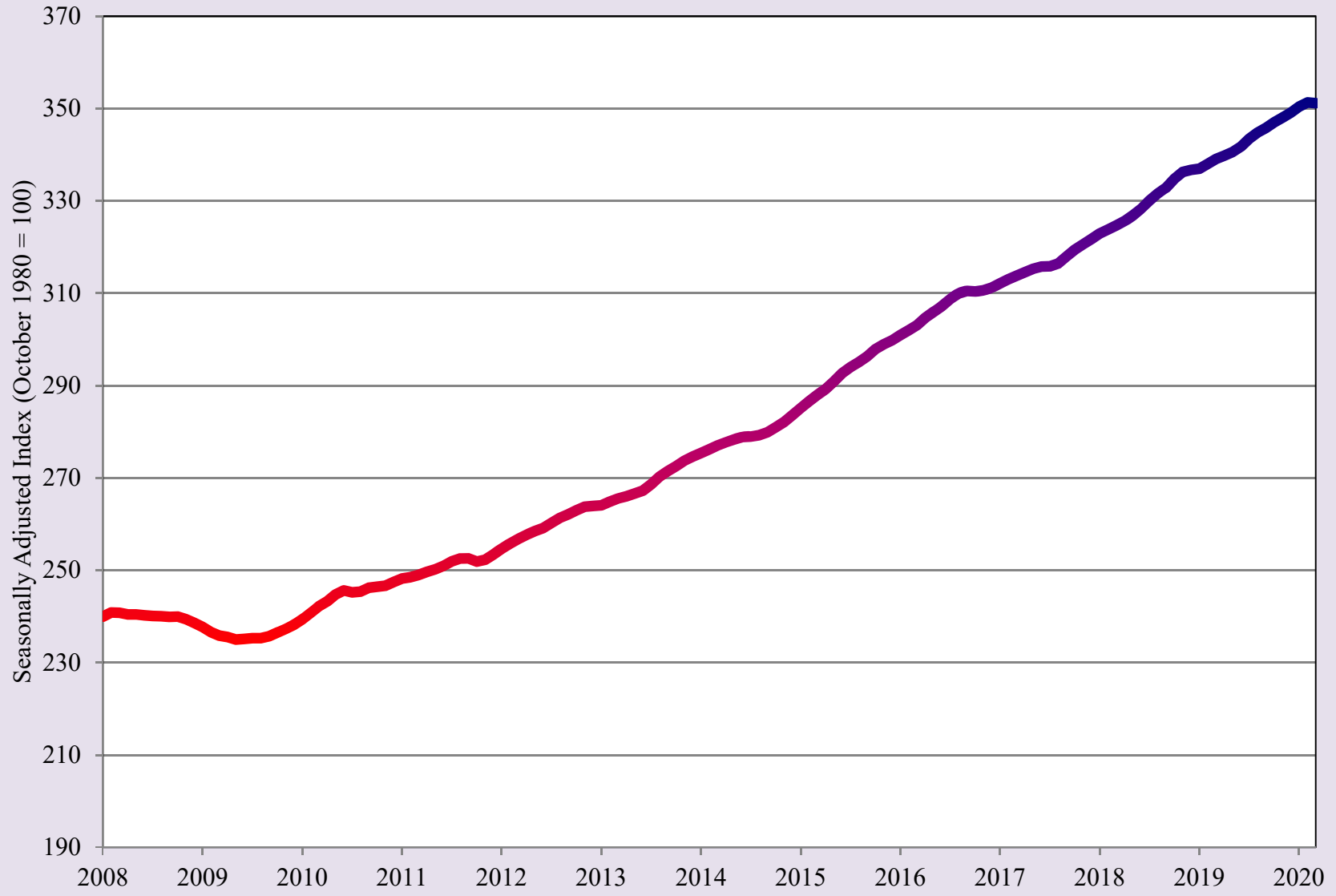
— 2018 — 2019 — 2020



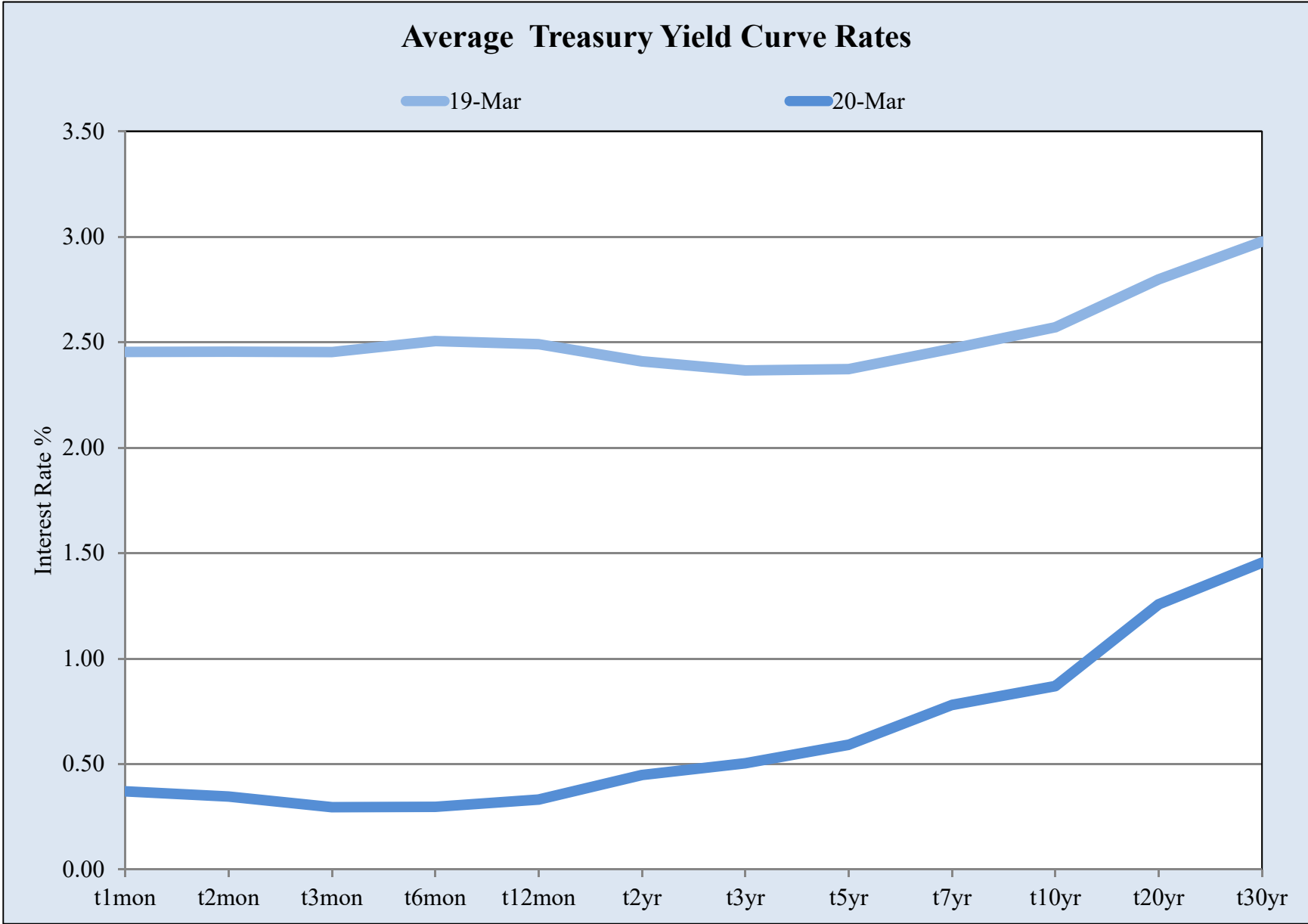
Source: Federal Reserve Bank of Dallas



El Paso Metropolitan Business Cycle Index



Source: Federal Reserve Bank of Dallas

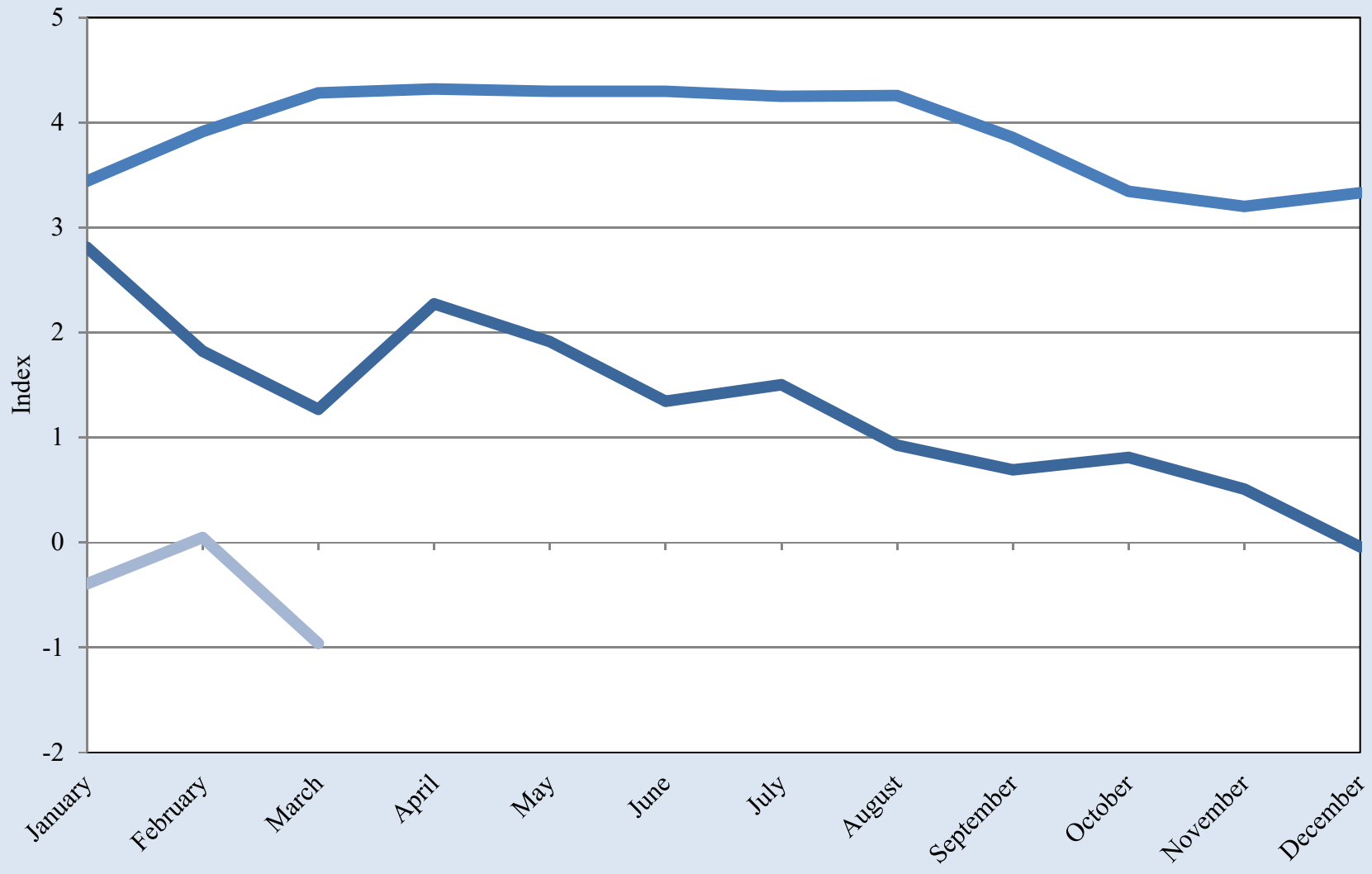


Source: U.S. Treasury, Daily Treasury Yield Curve Rates and BRMP Calculations

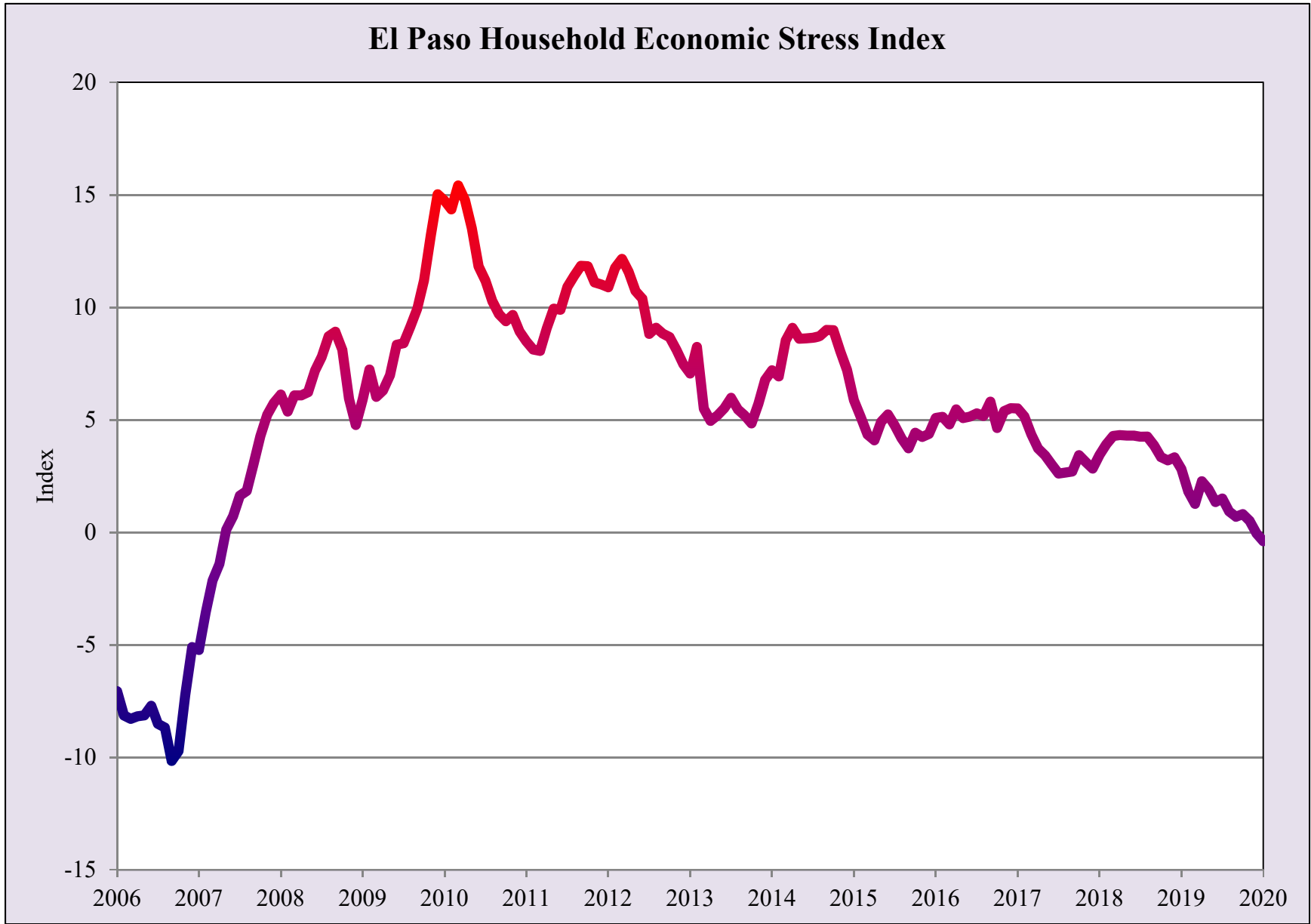


El Paso Household Economic Stress Index

— 2018 — 2019 — 2020



Source: UTEP Border Region Modeling Project

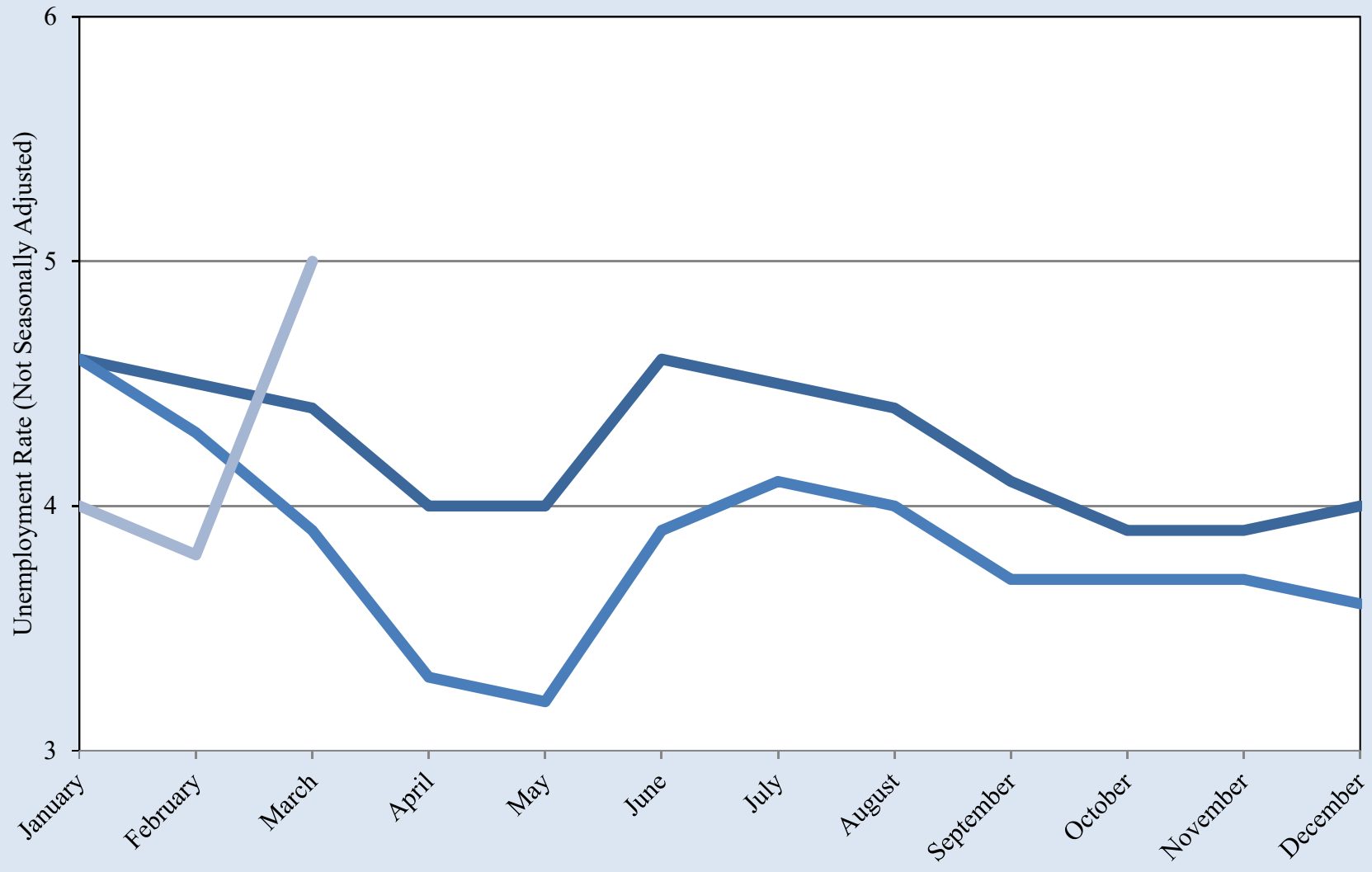


Source: UTEP Border Region Modeling Project

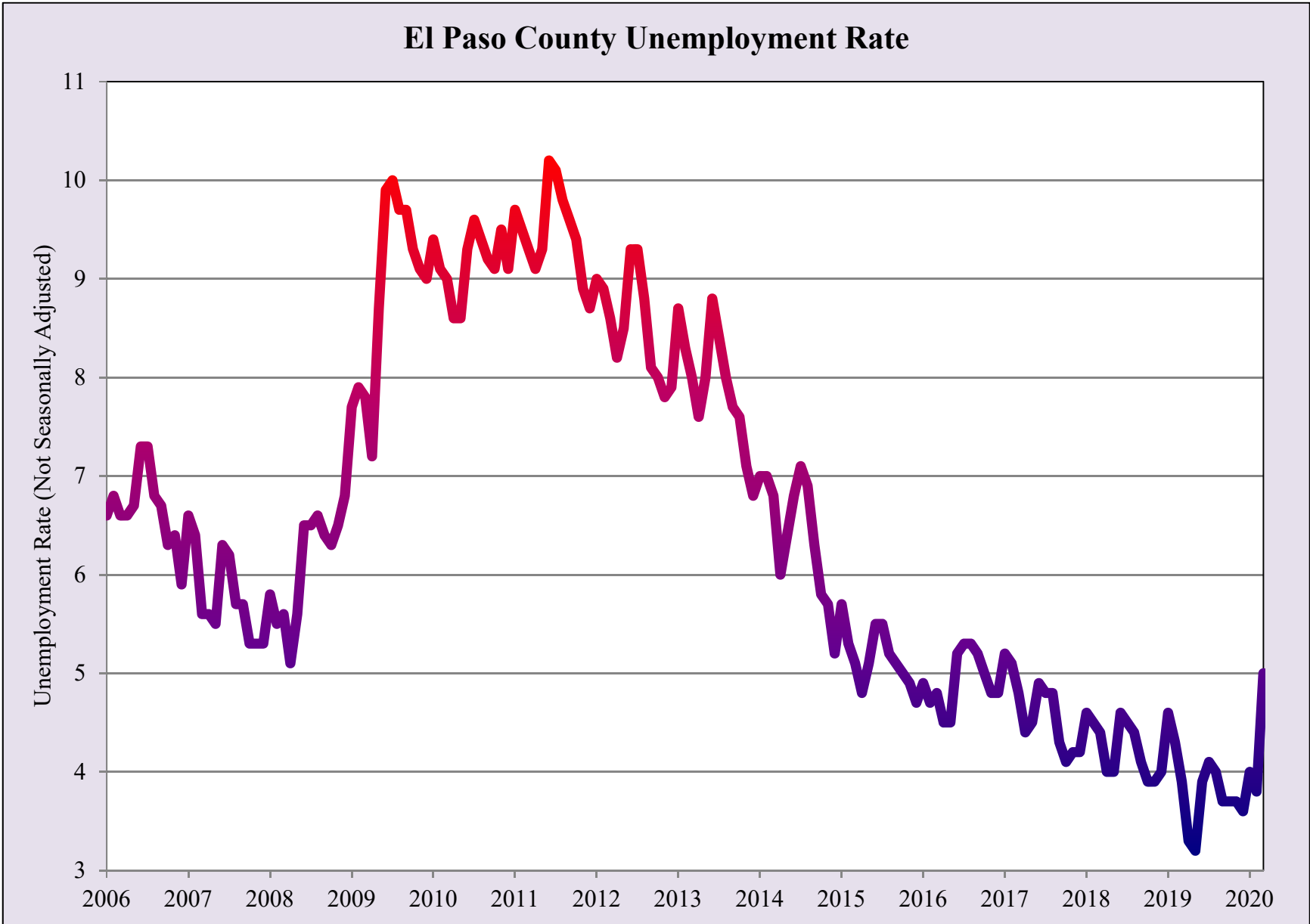


El Paso County Unemployment Rate

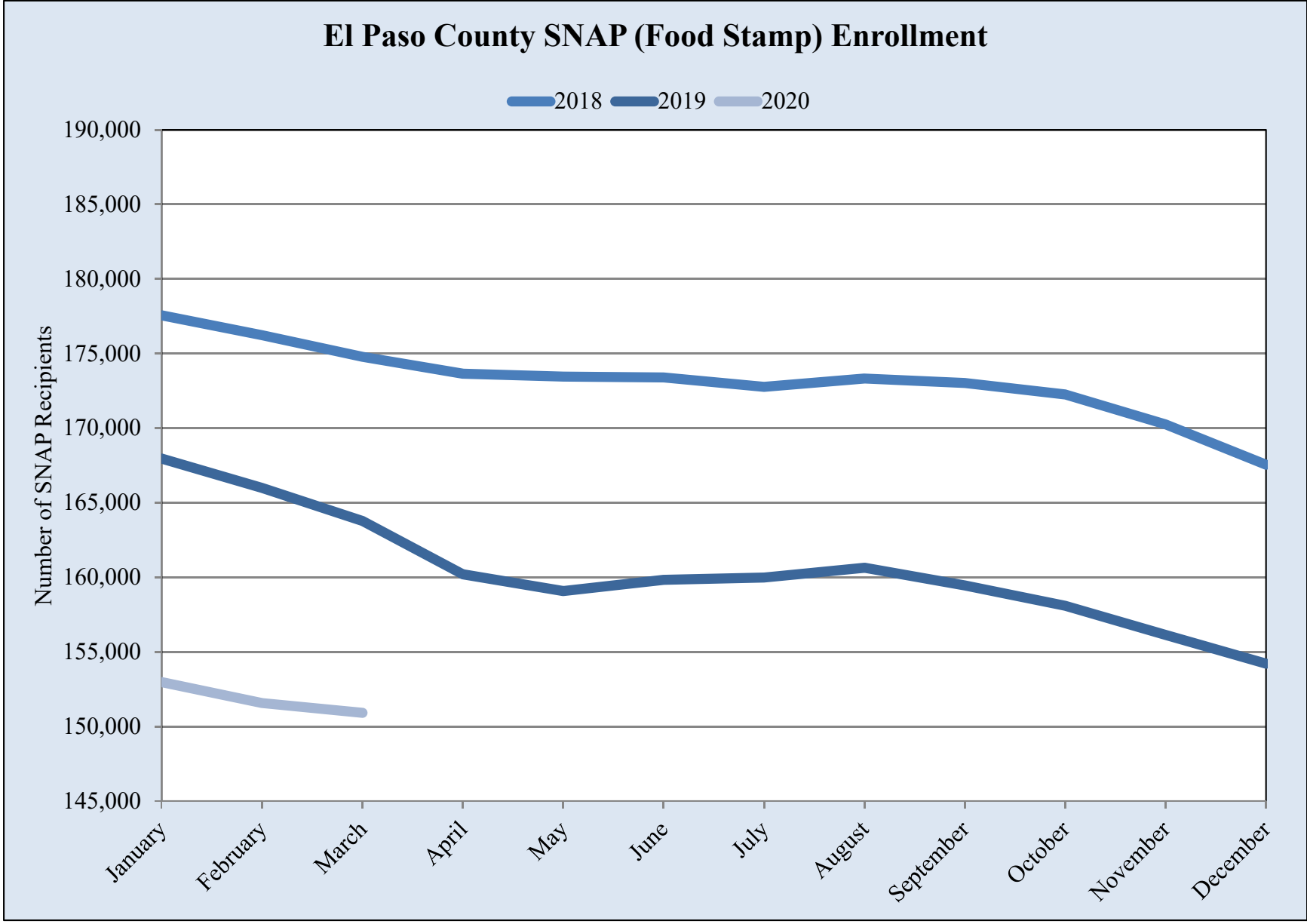
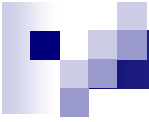
— 2018 — 2019 — 2020



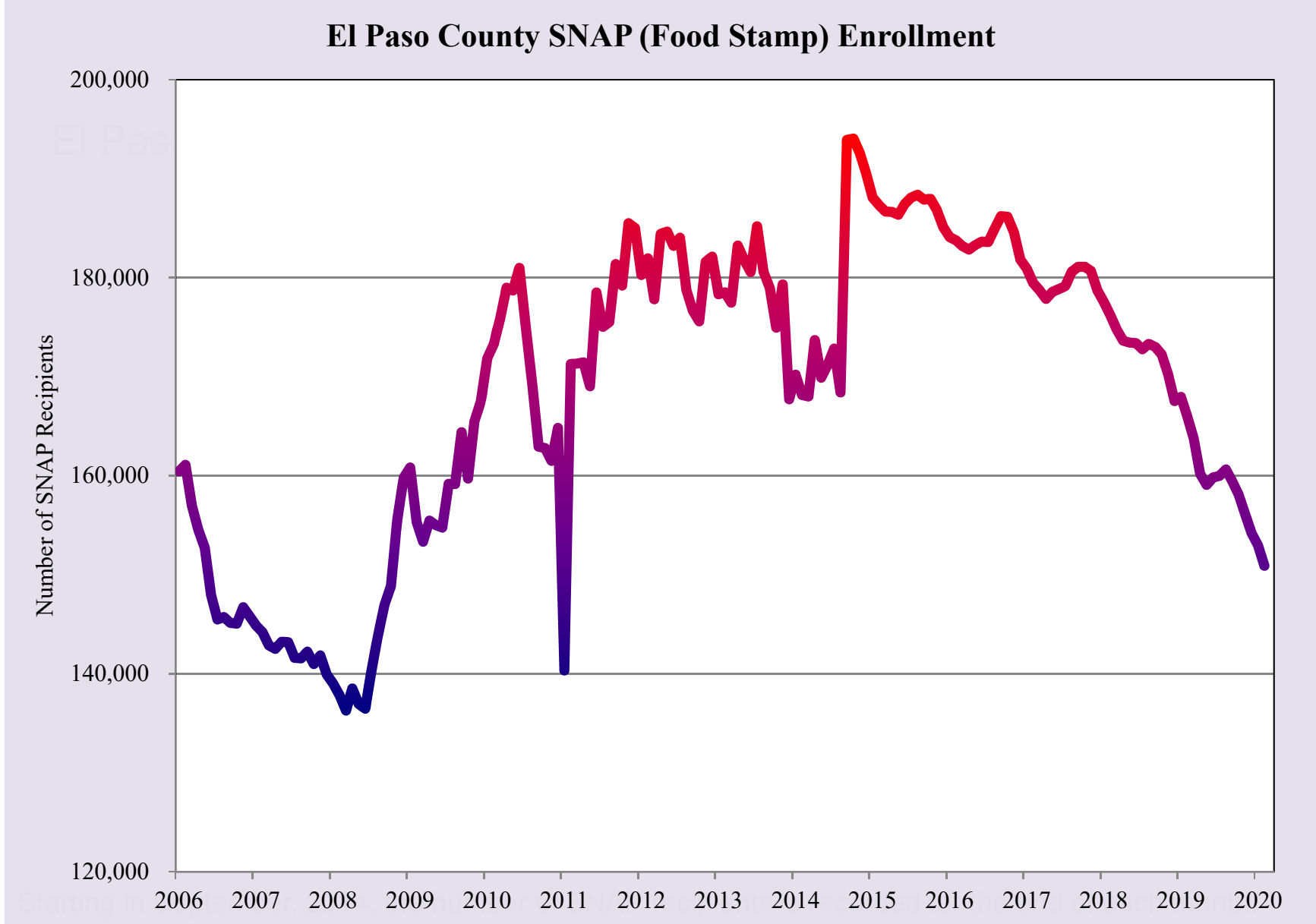
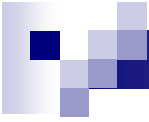
Source: Bureau of Labor Statistics



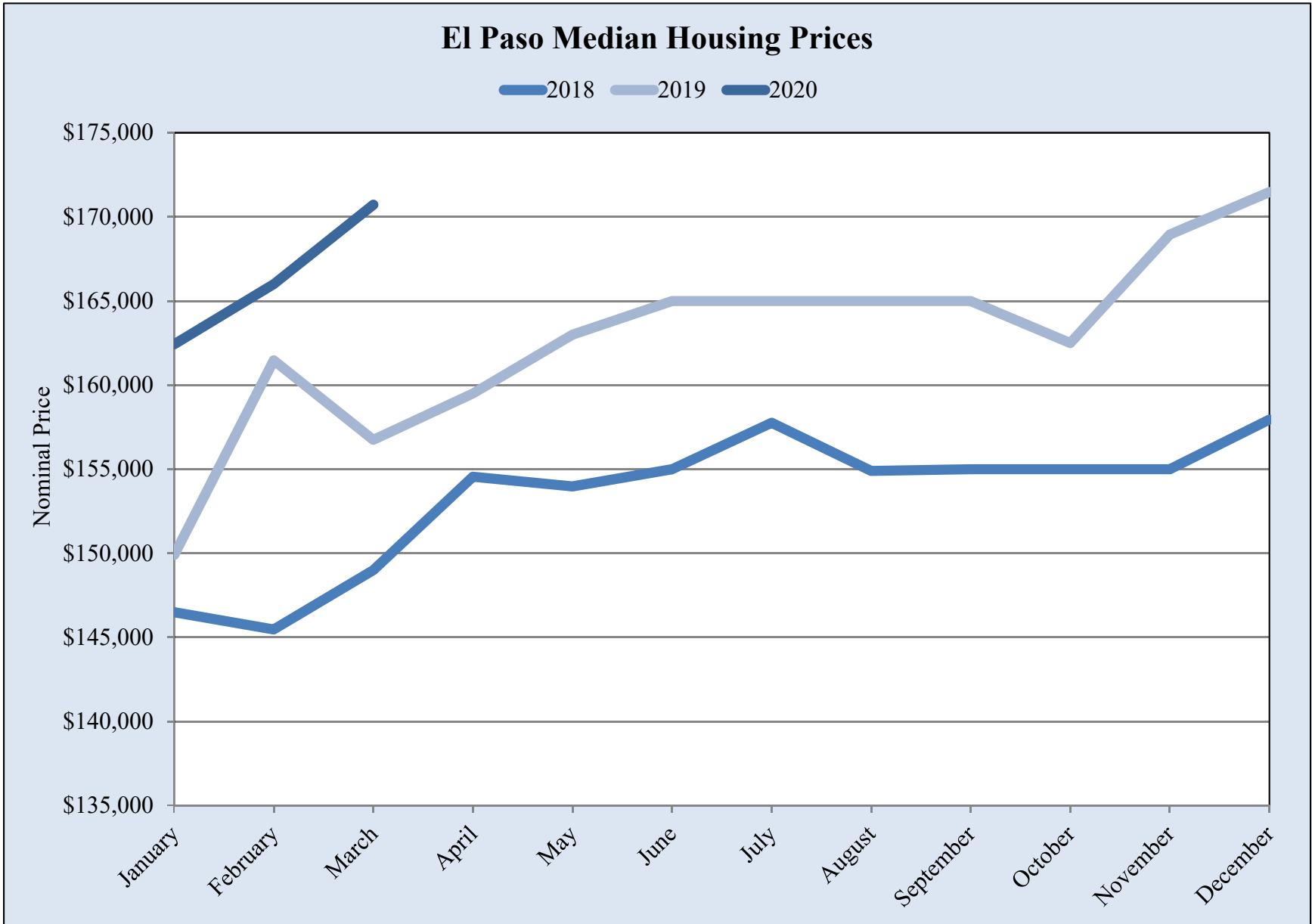
Source: Bureau of Labor Statistics



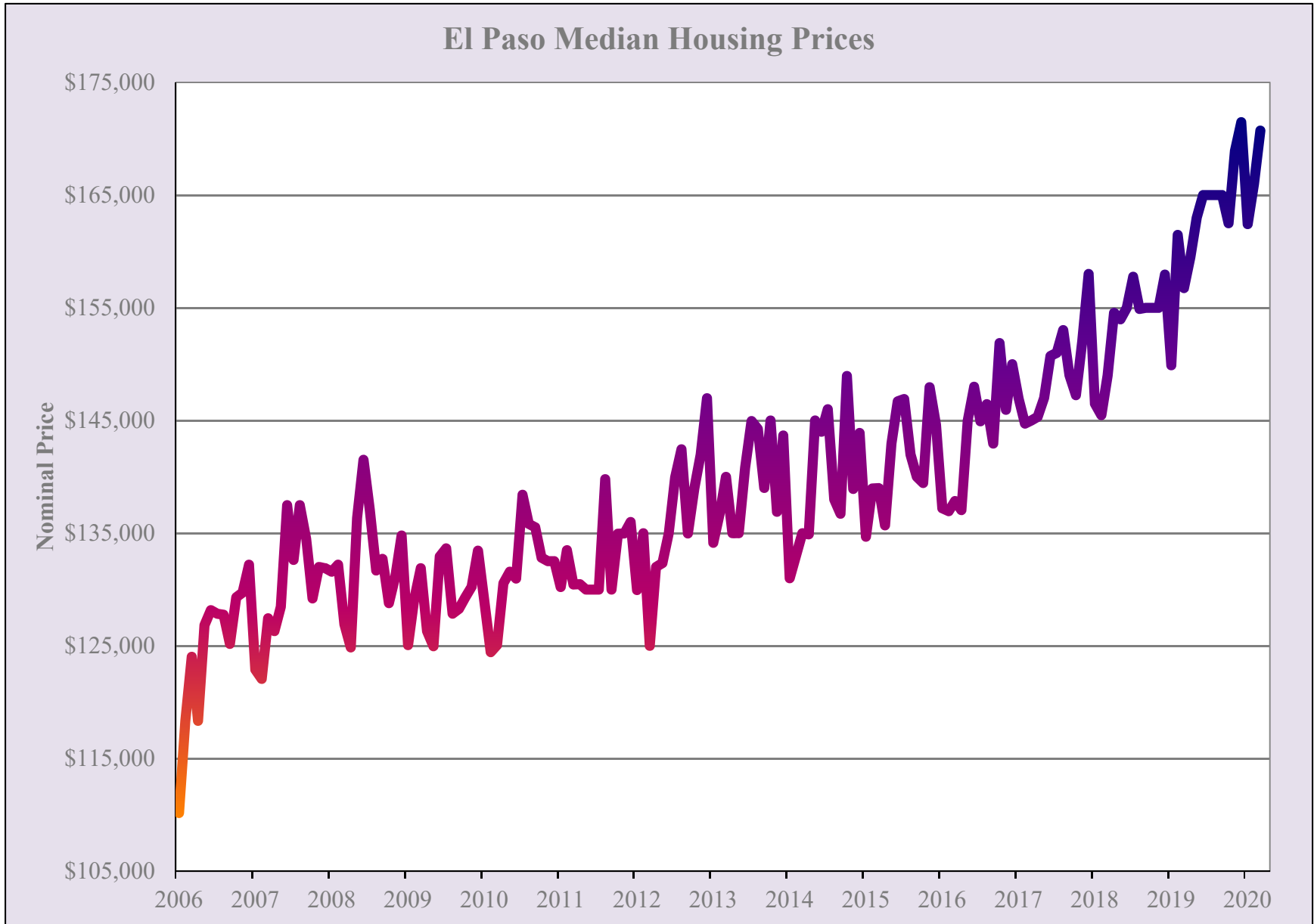
Source: Texas Health and Human Services Commission



Source: Texas Health and Human Services Commission



Source: Texas A&M Real Estate Center

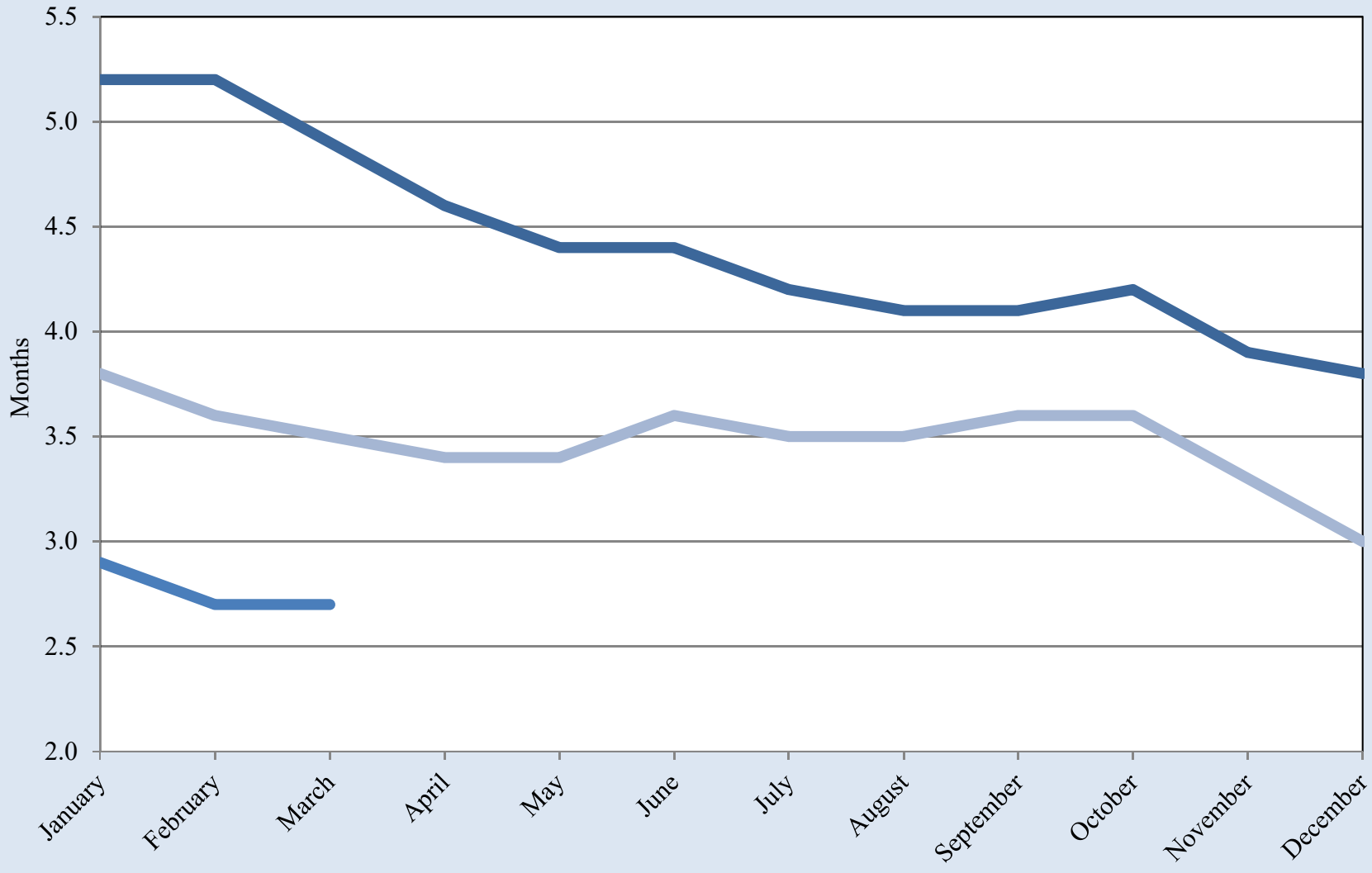


Source: Texas A&M Real Estate Center

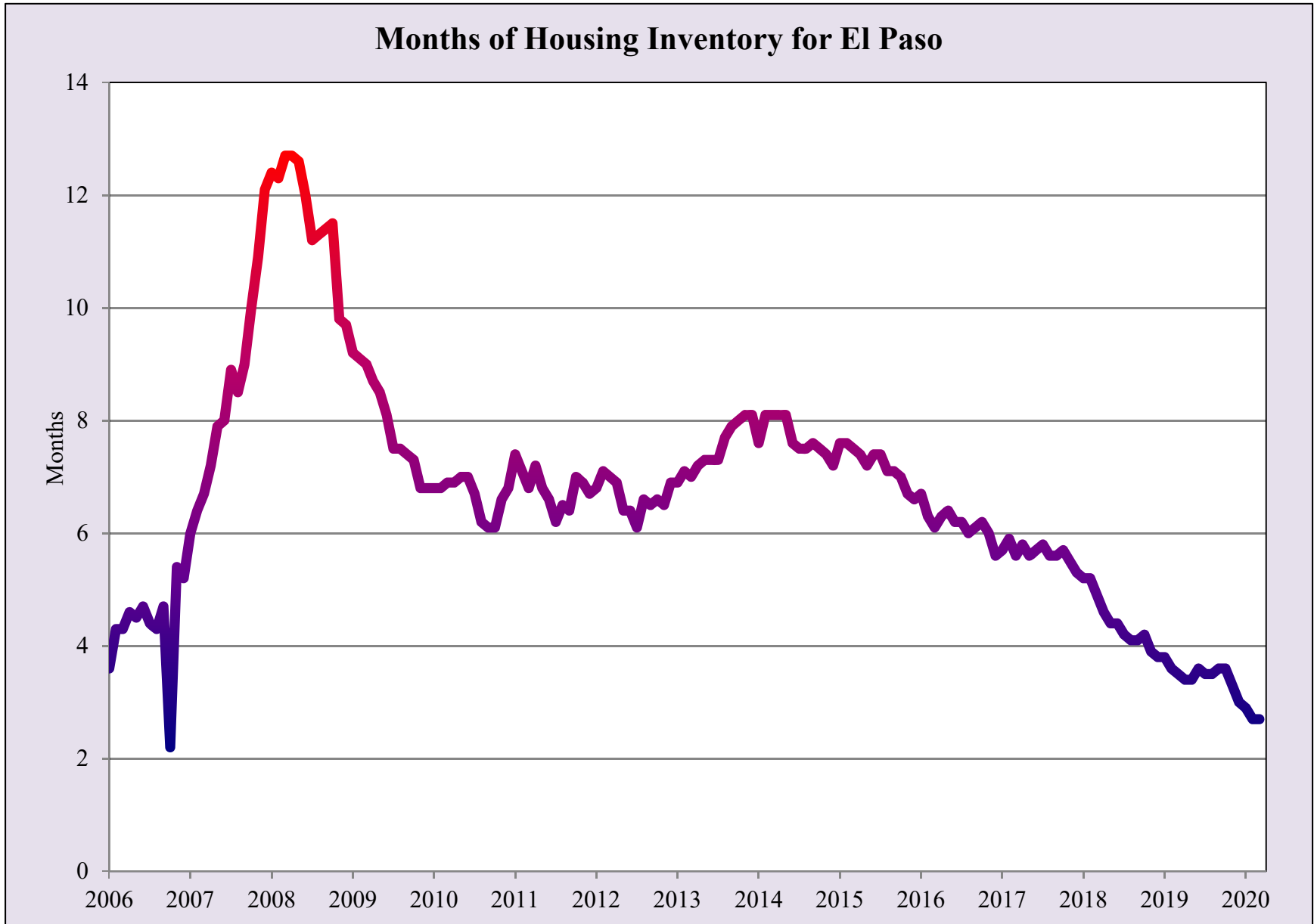


Months of Housing Inventory for El Paso

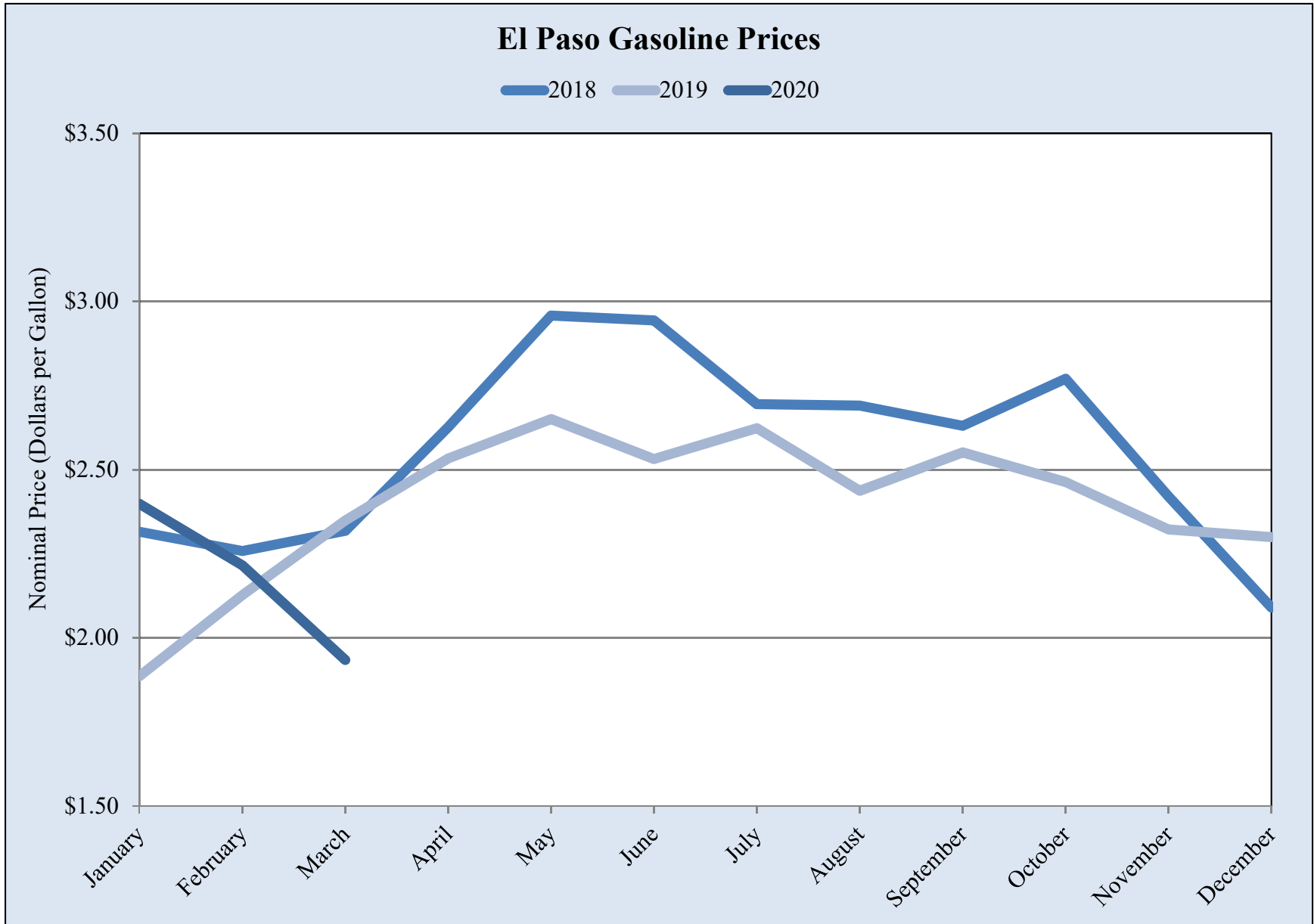
— 2018 — 2019 — 2020



Source: Texas A&M Real Estate Center

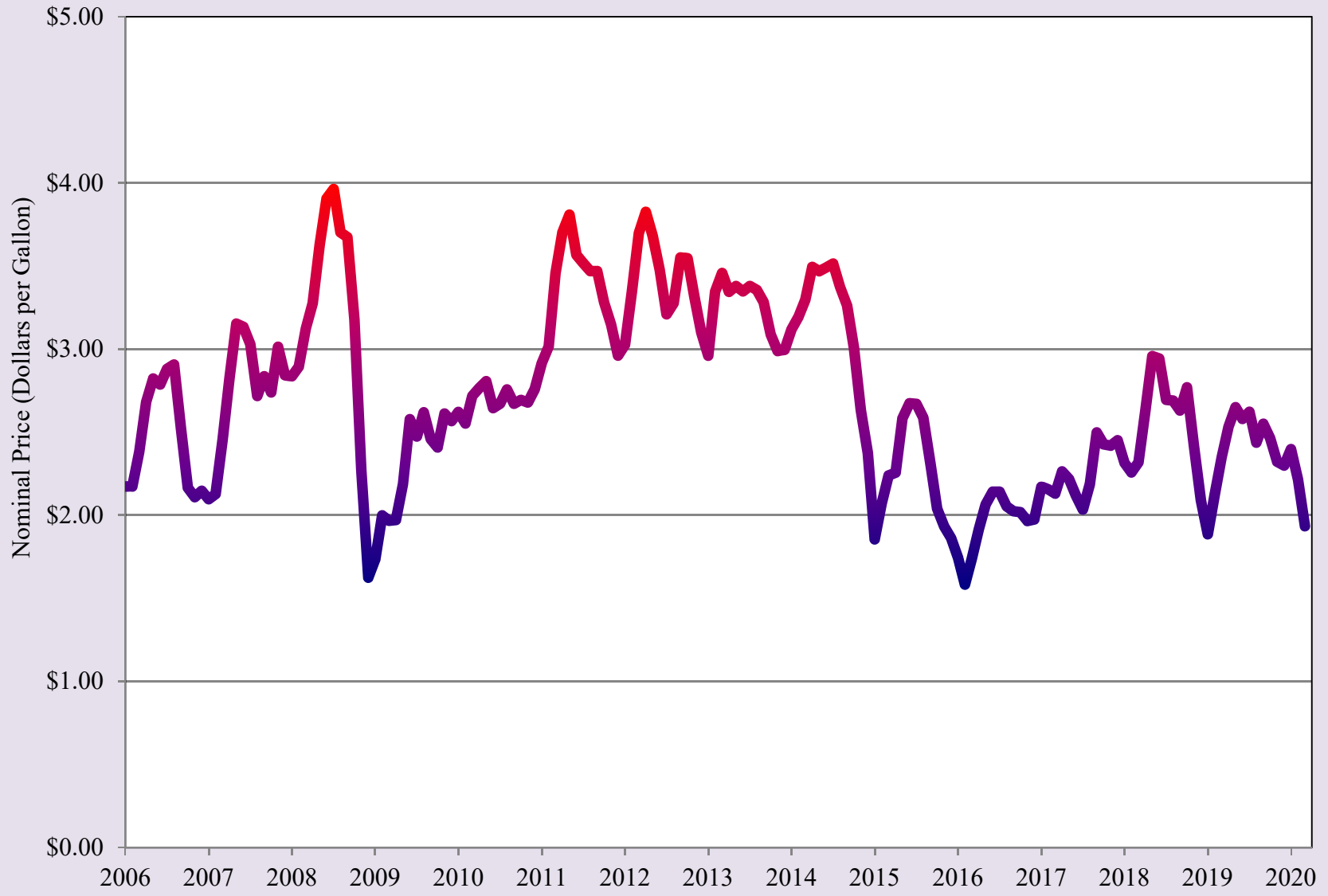


Source: Texas A&M Real Estate Center

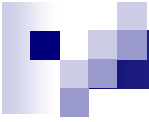


Source: GasBuddy.com

El Paso Gasoline Prices

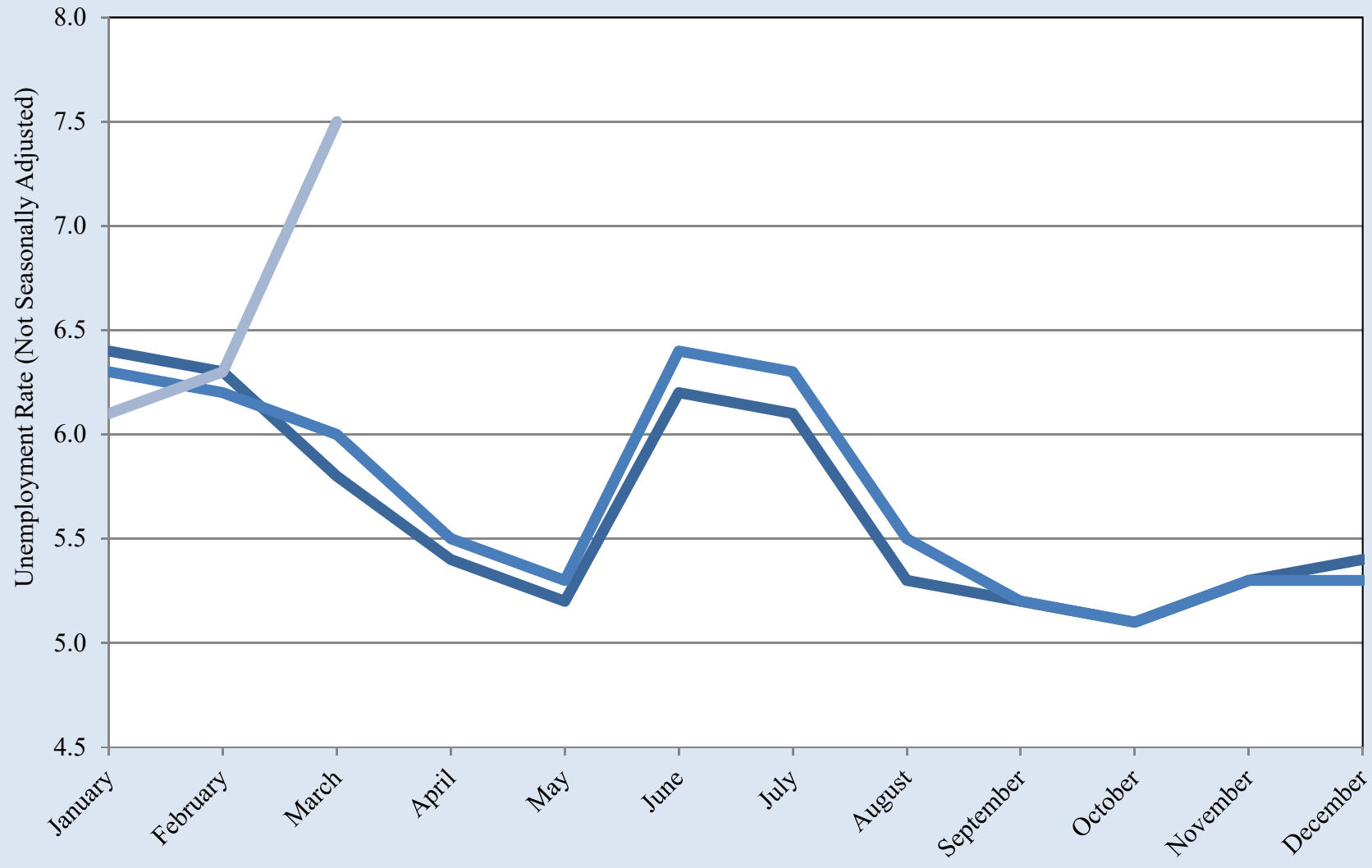


Source: GasBuddy.com

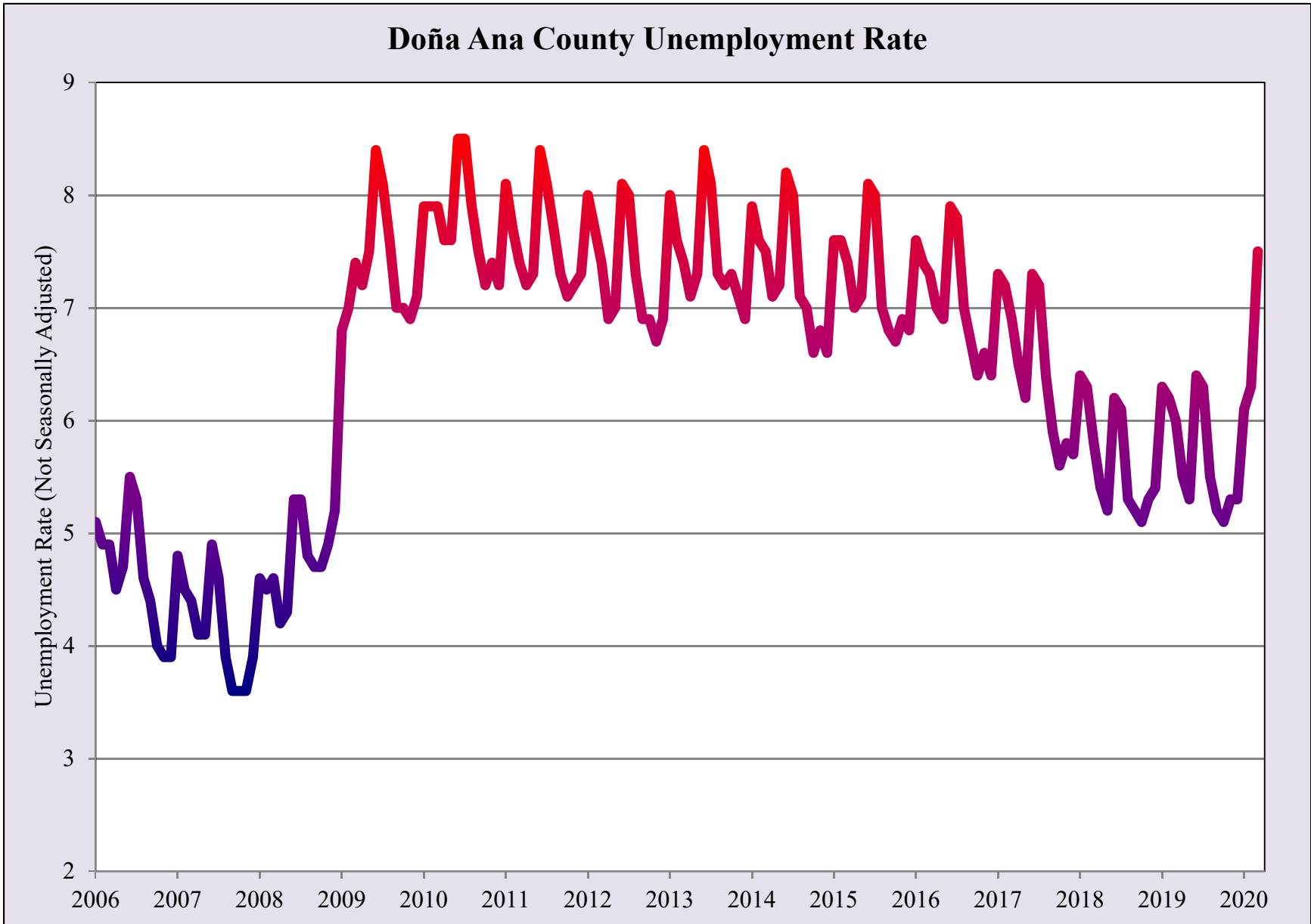
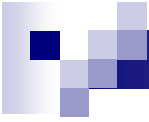


Doña Ana County Unemployment Rate

— 2018 — 2019 — 2020



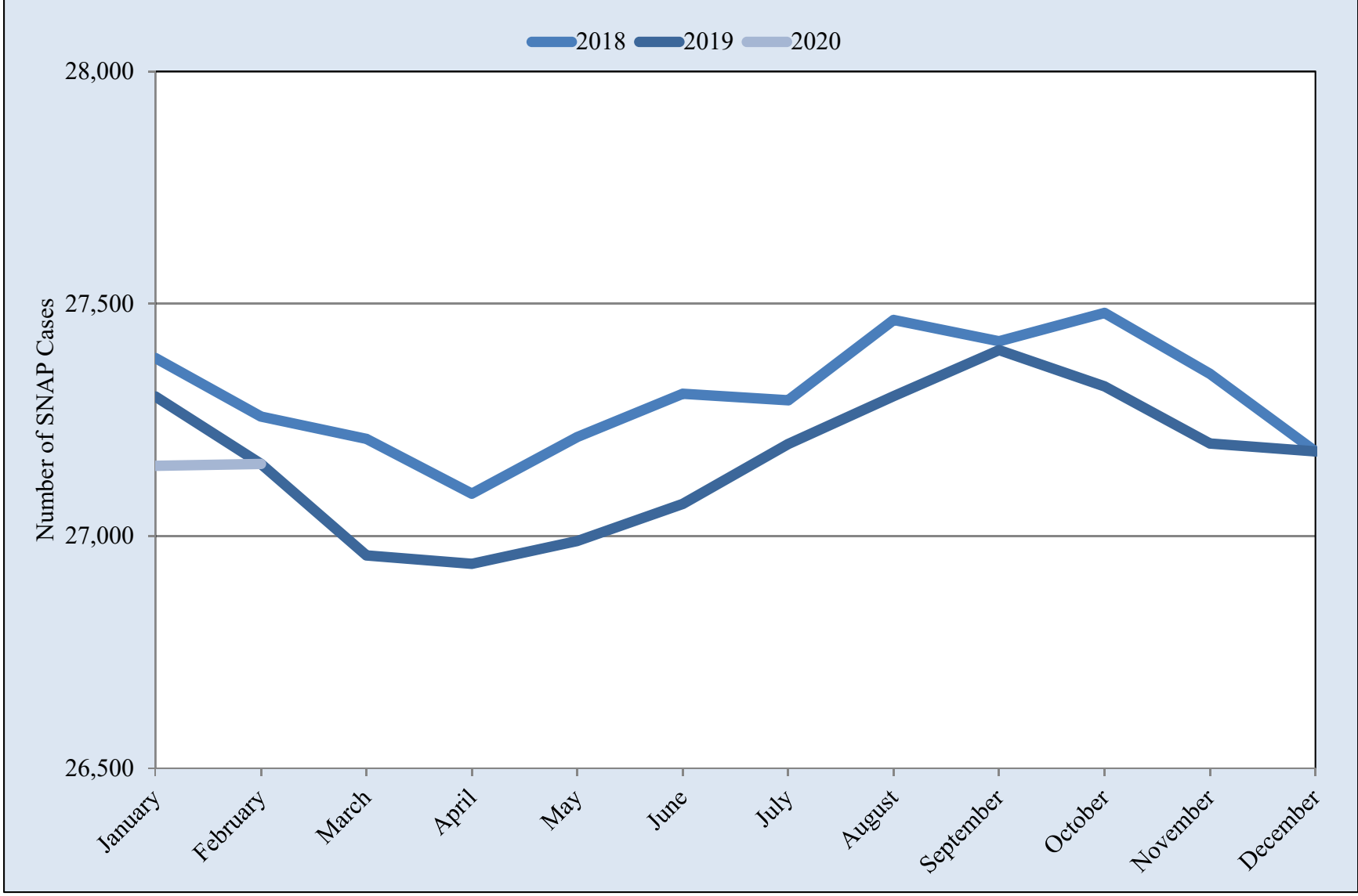
Source: Bureau of Labor Statistics



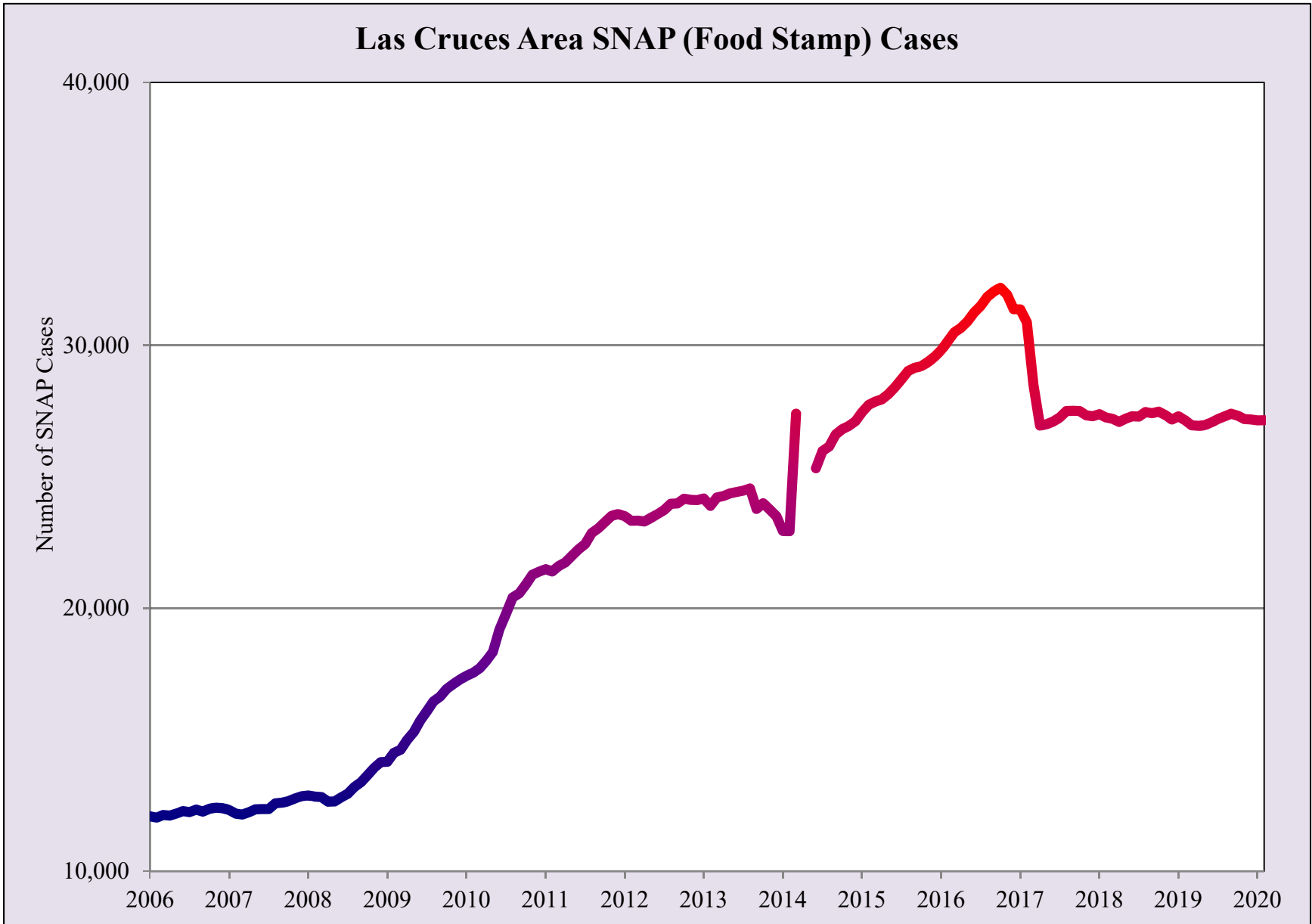
Source: Bureau of Labor Statistics



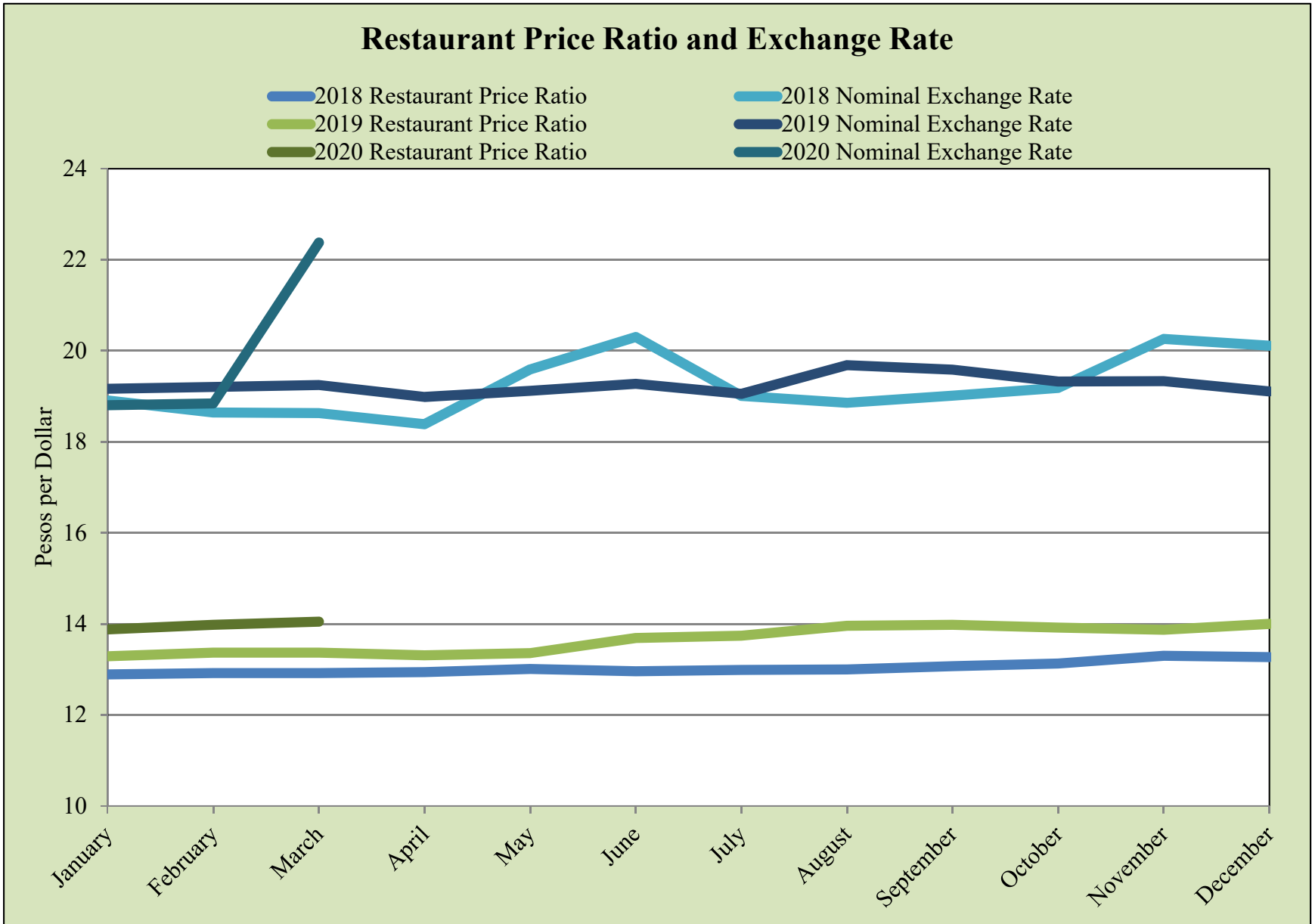
Las Cruces Area SNAP (Food Stamp) Cases



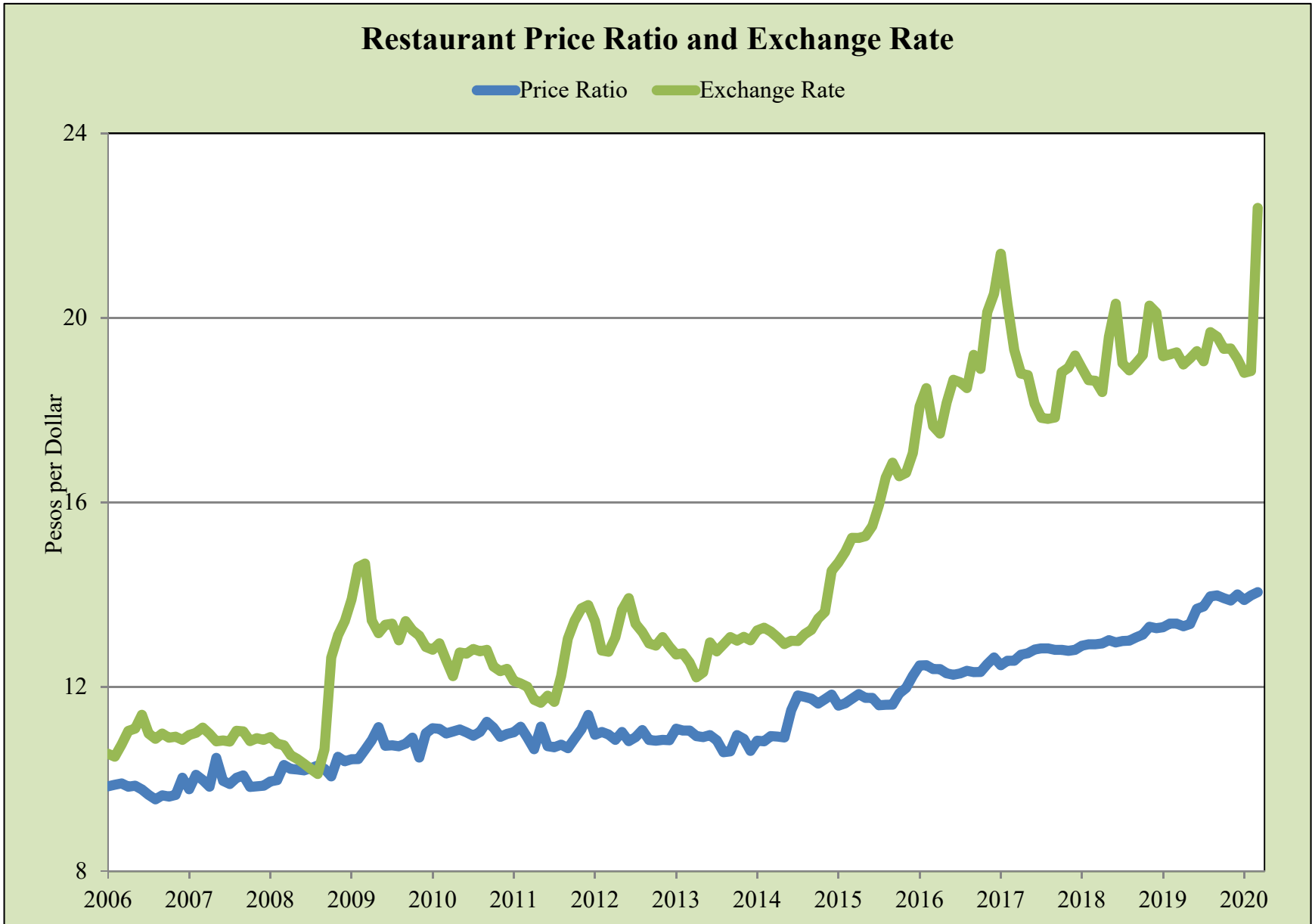
Source: New Mexico Human Services Department



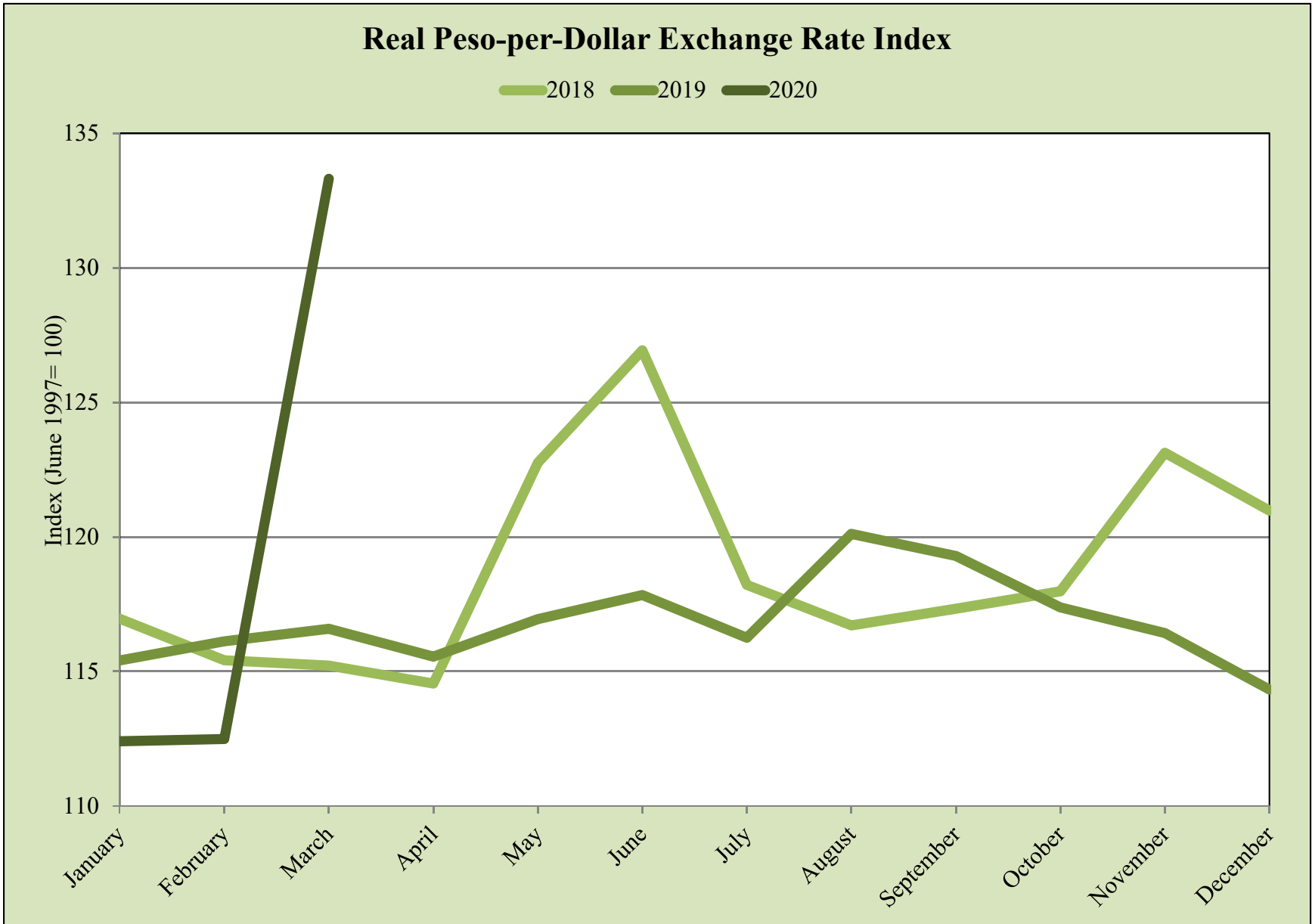
Source: New Mexico Human Services Department



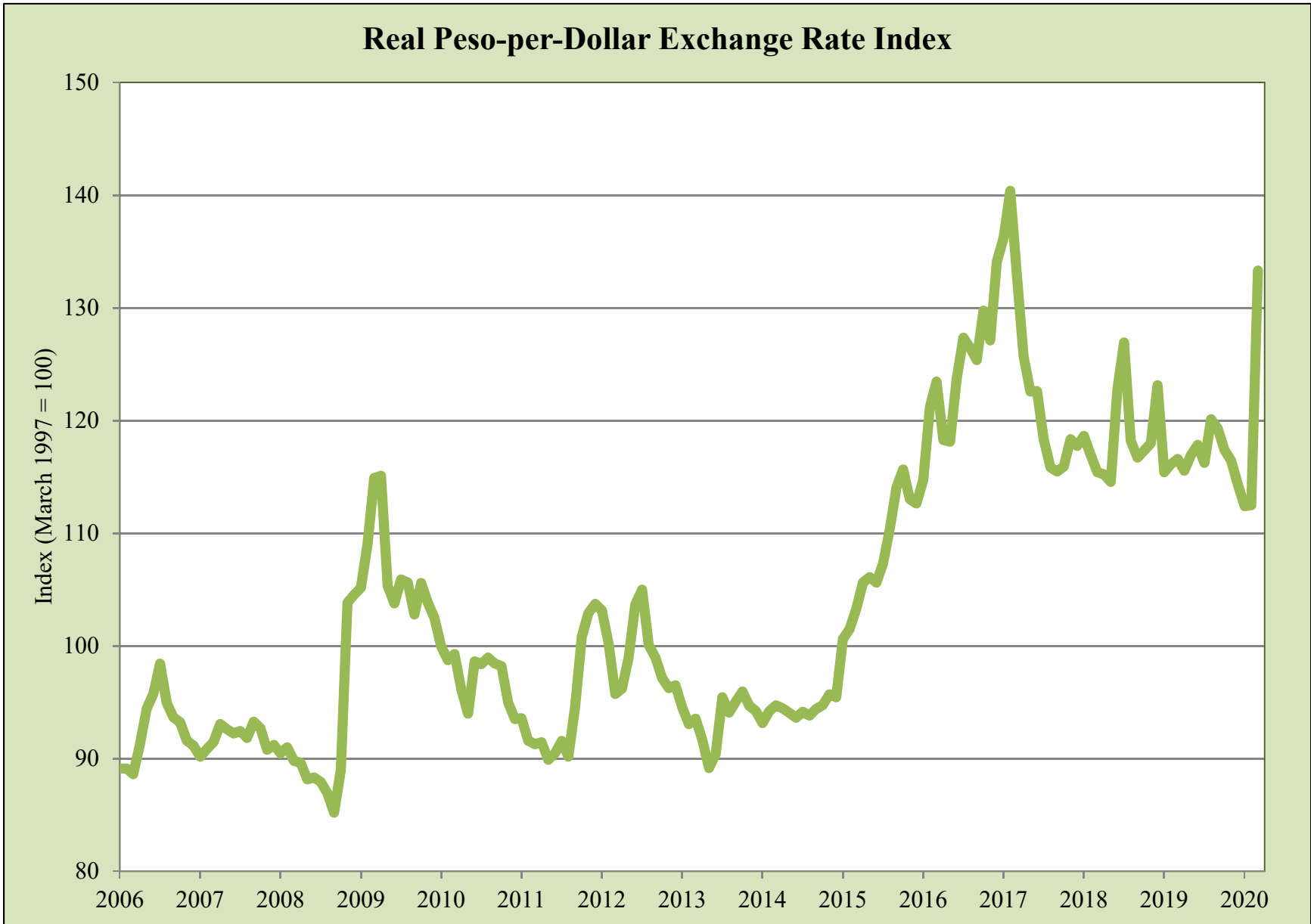
Source: UTEP Border Region Modeling Project and Banco de Mexico



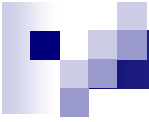
Source: UTEP Border Region Modeling Project and Banco de Mexico



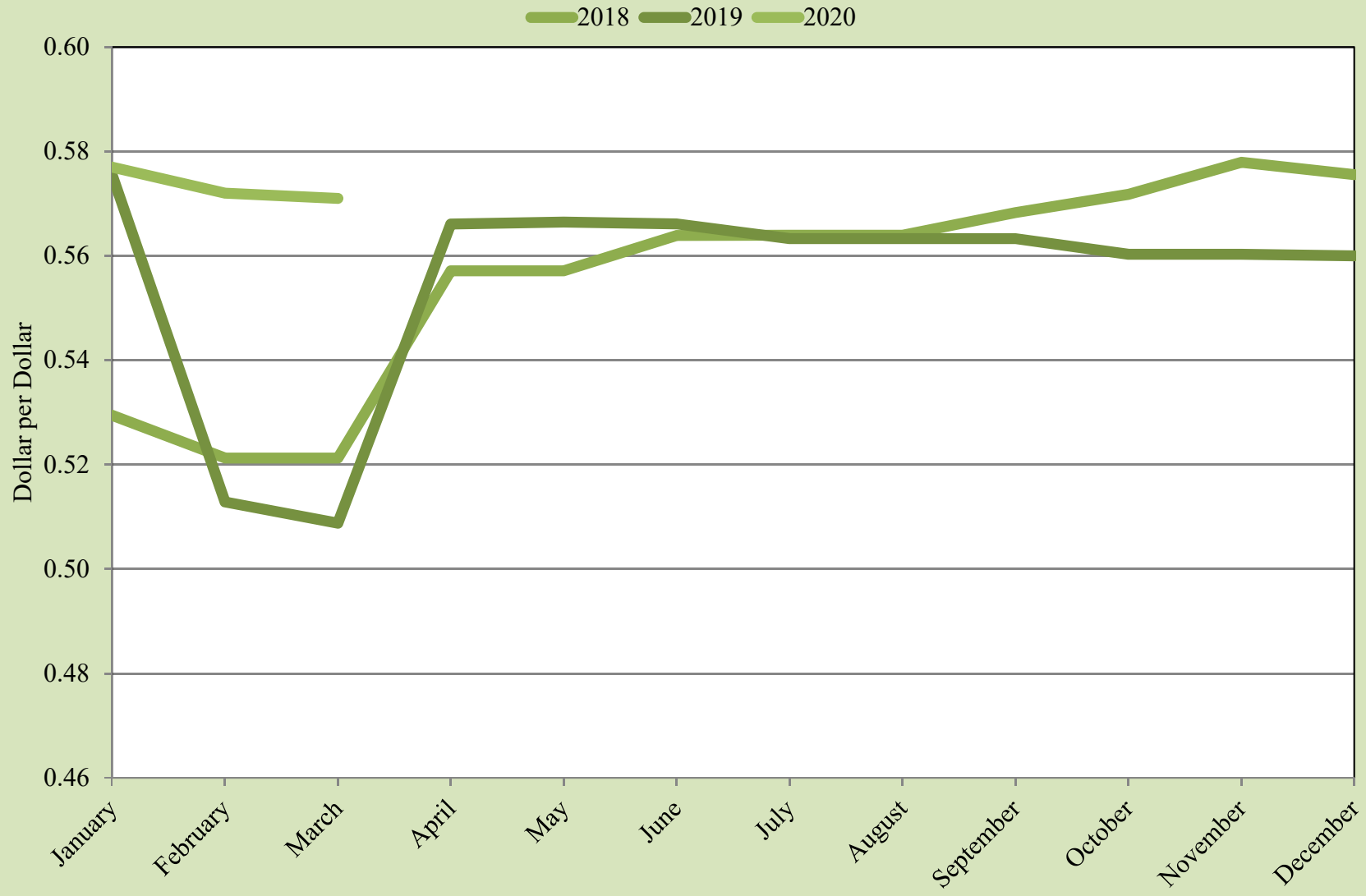
Source: UTEP Border Region Modeling Project



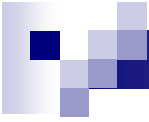
Source: UTEP Border Region Modeling Project



Pharmaceutical Nominal Price Ratio in the USA and Mexico



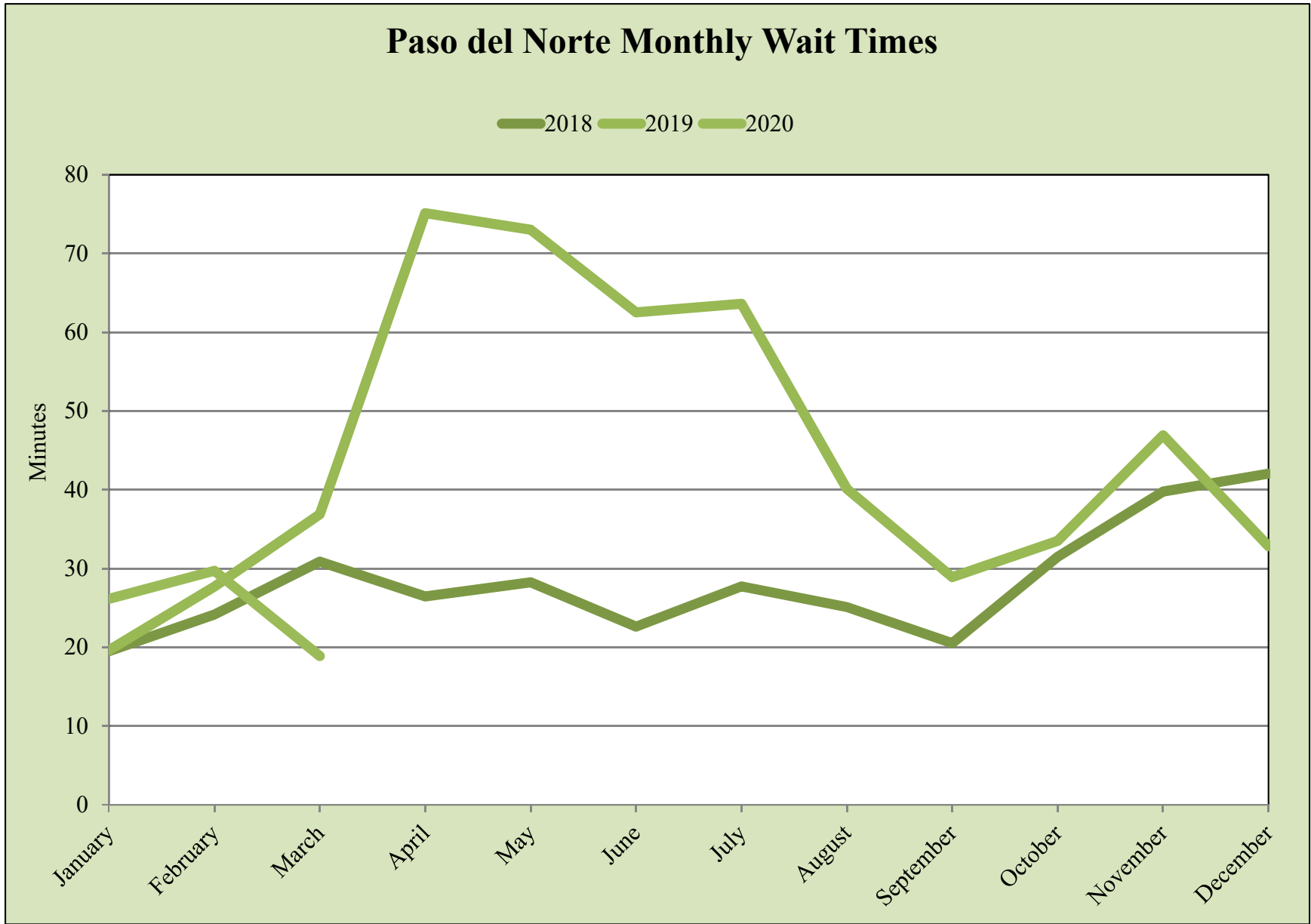
Source: UTEP Border Region Modeling Project, healthwarehouse.com, medicinesmexico.com, medsmex.com



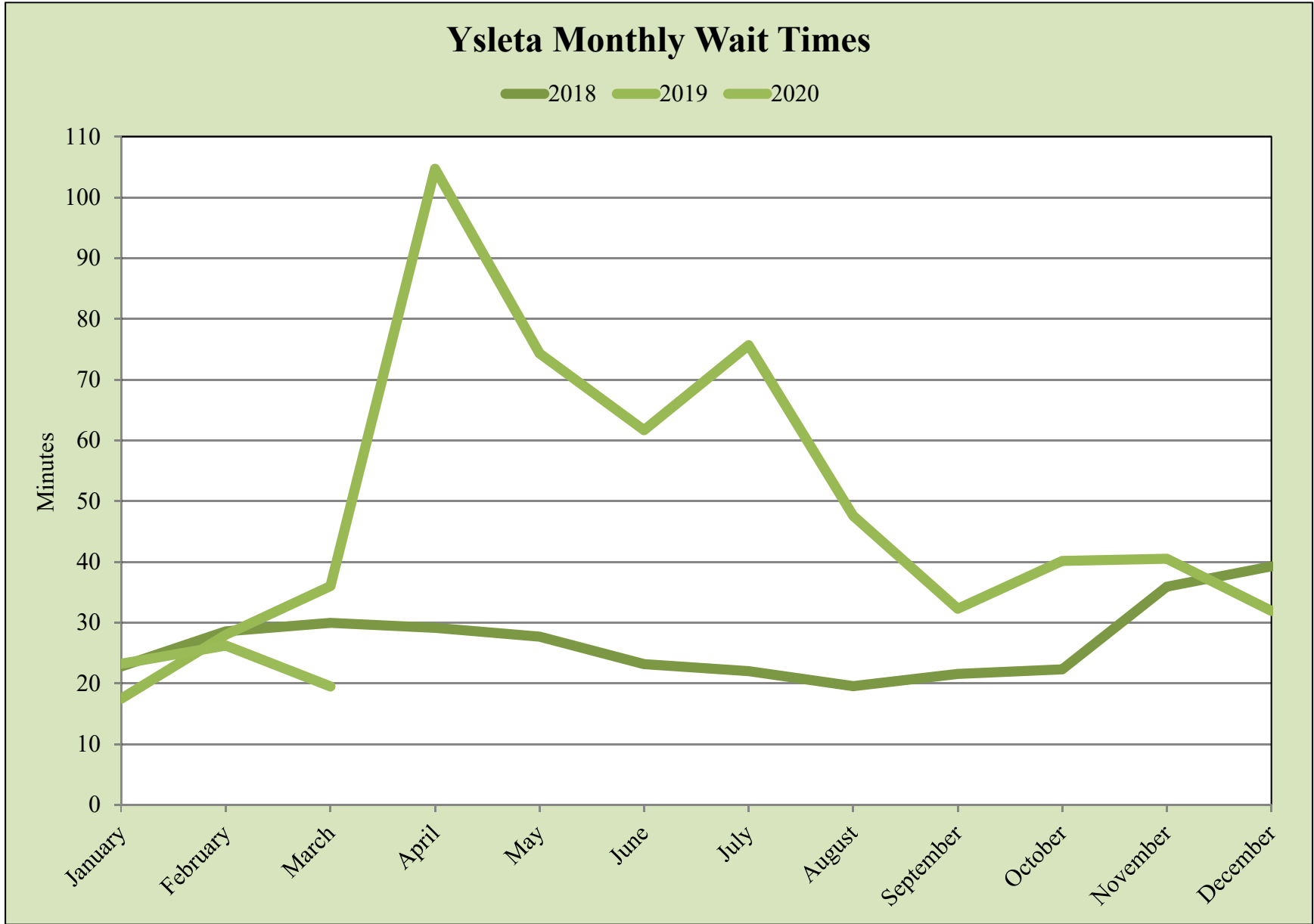
Pharmaceutical Nominal Price Ratio in the USA and Mexico



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



Source: UTEP Border Region Modeling Project

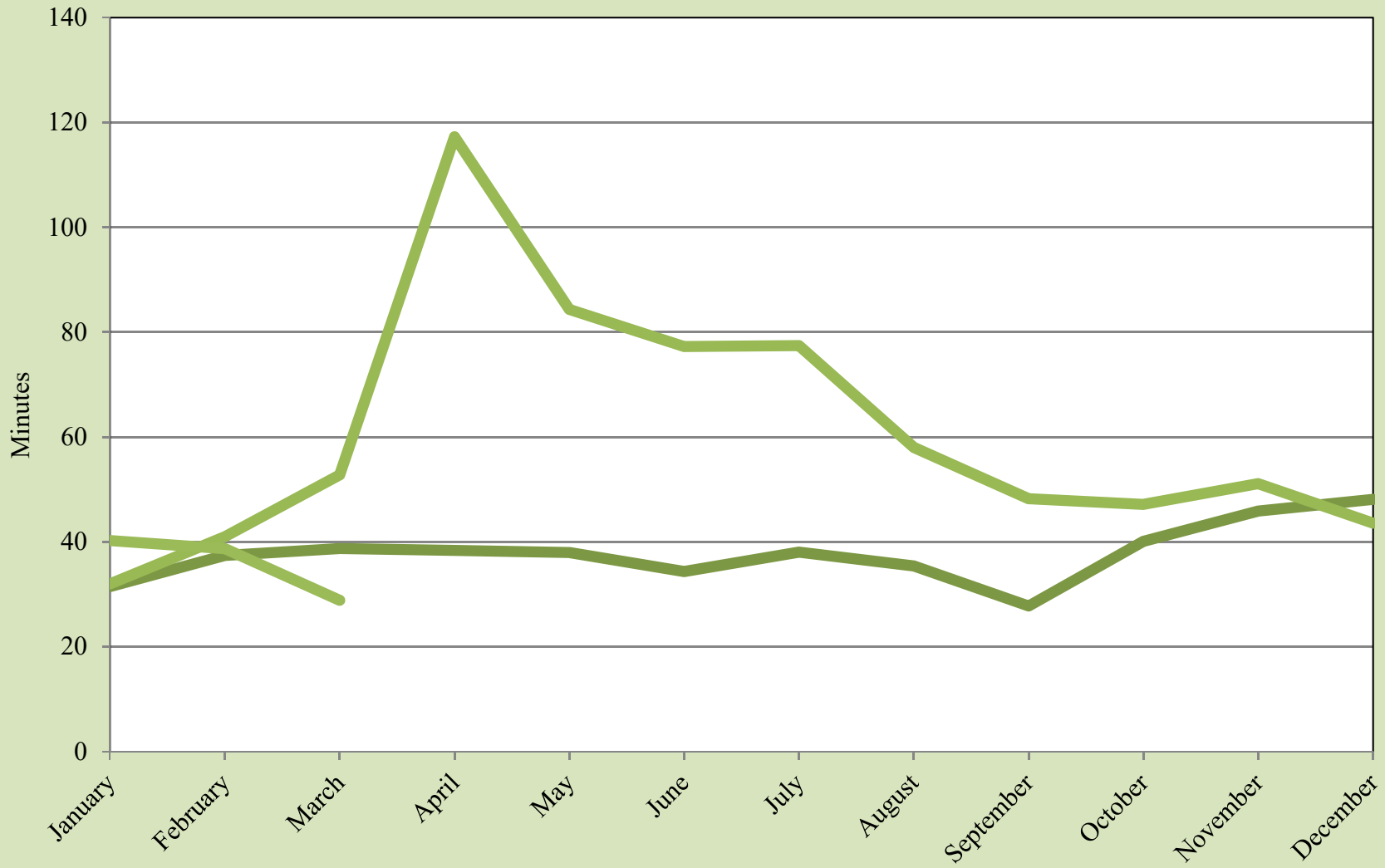


Source: UTEP Border Region Modeling Project

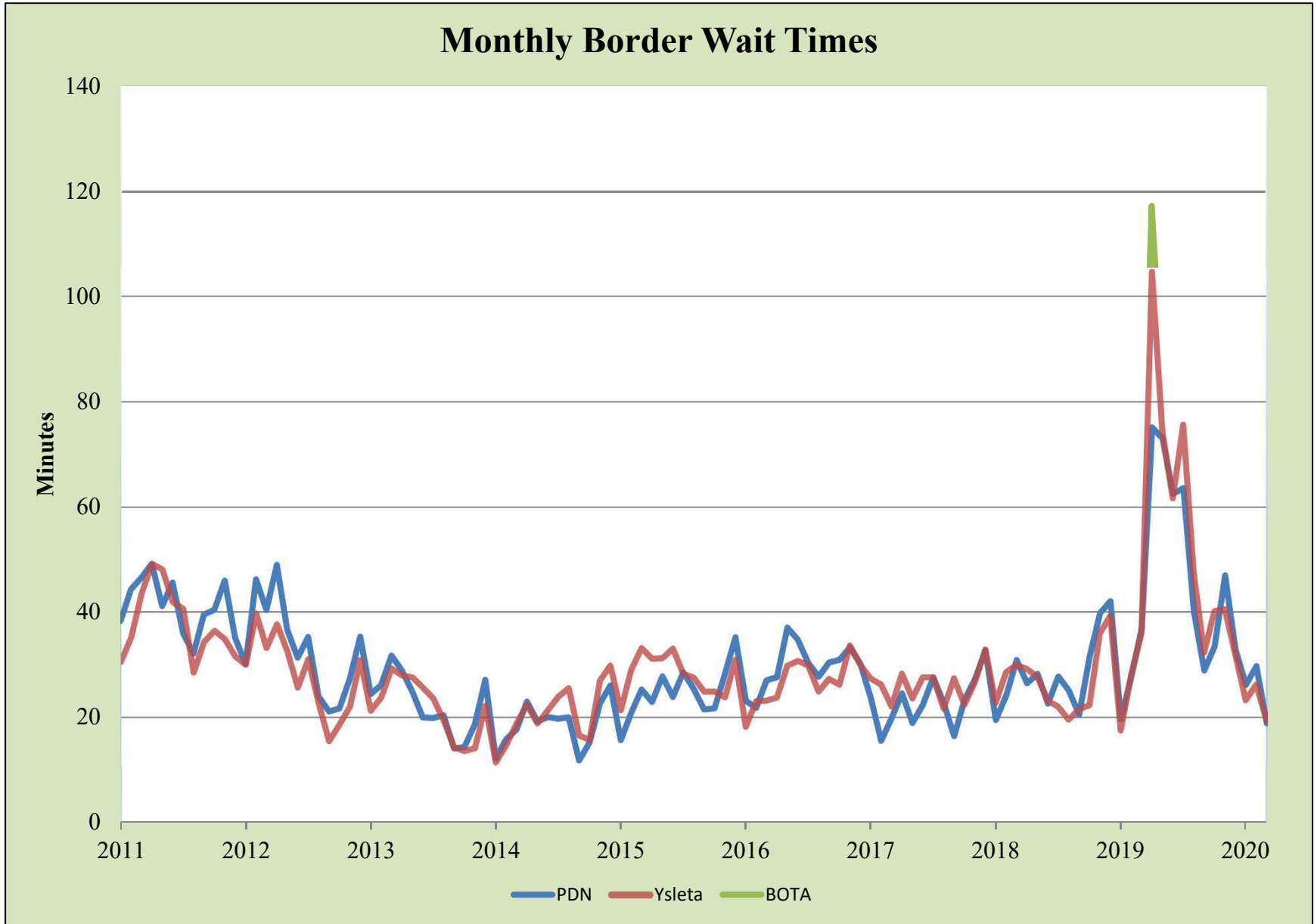


Bridge of the Americas Monthly Wait Times

— 2018 — 2019 — 2020



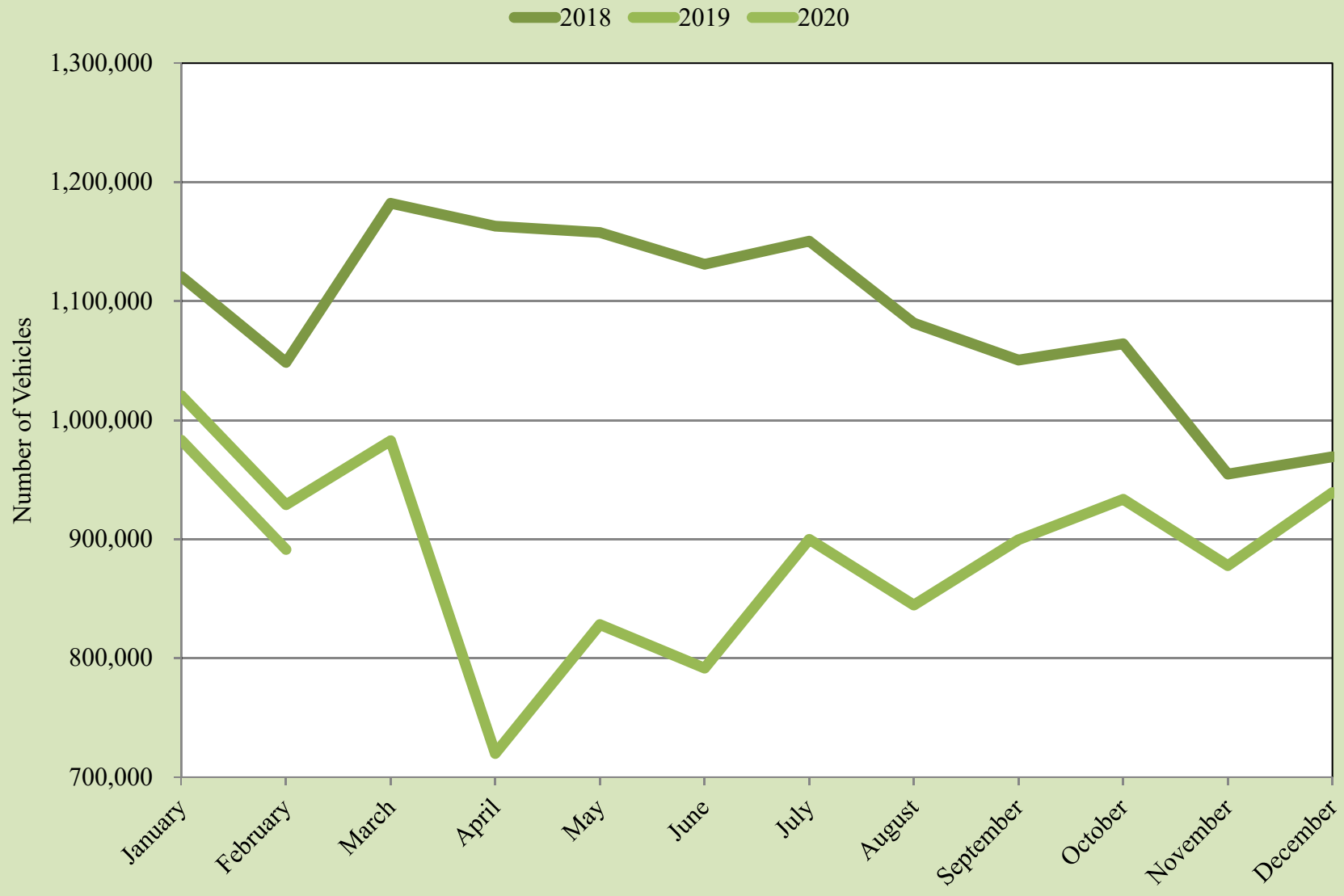
Source: UTEP Border Region Modeling Project



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



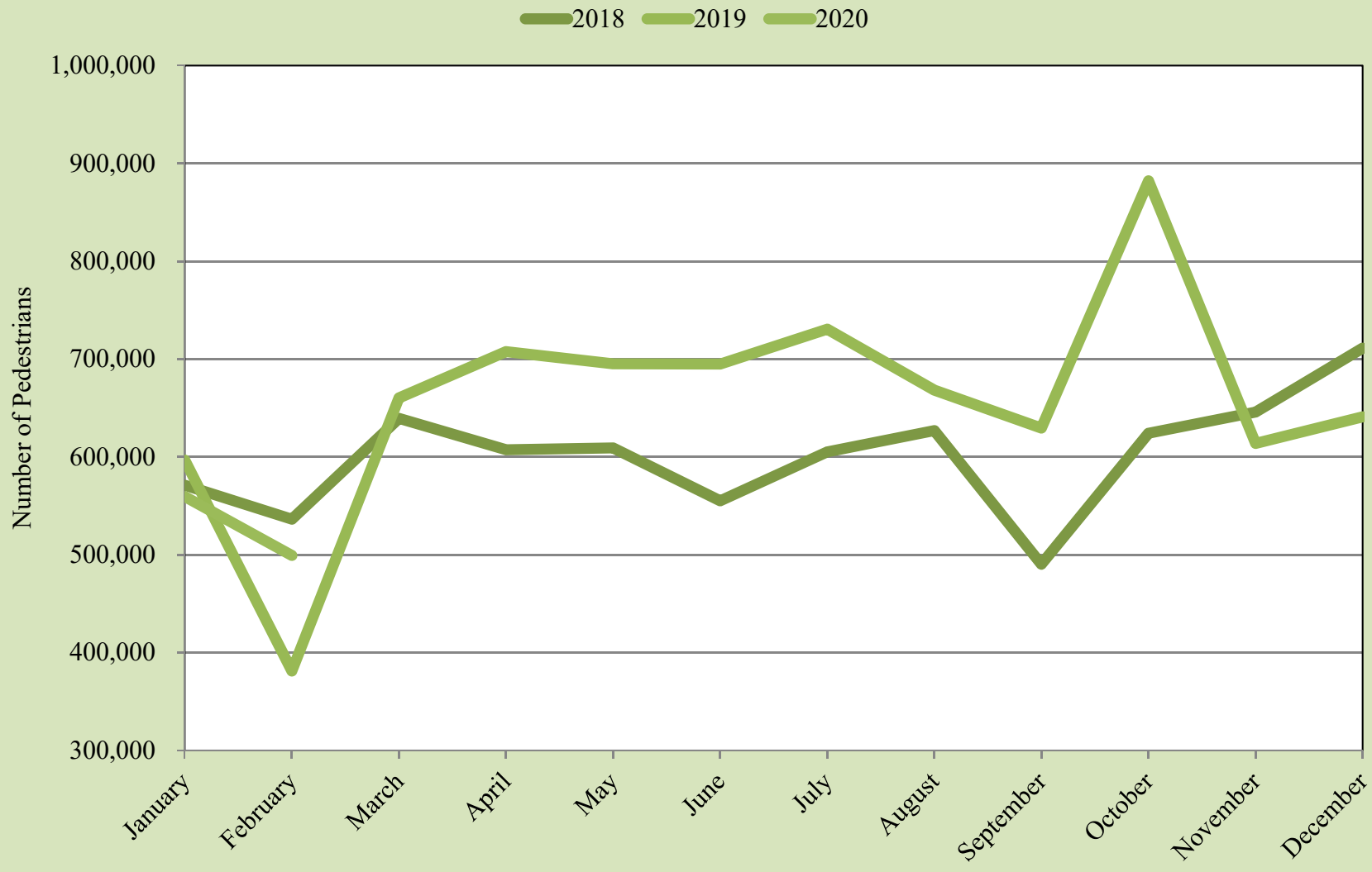
Personal Vehicle International Bridge Crossings to El Paso



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



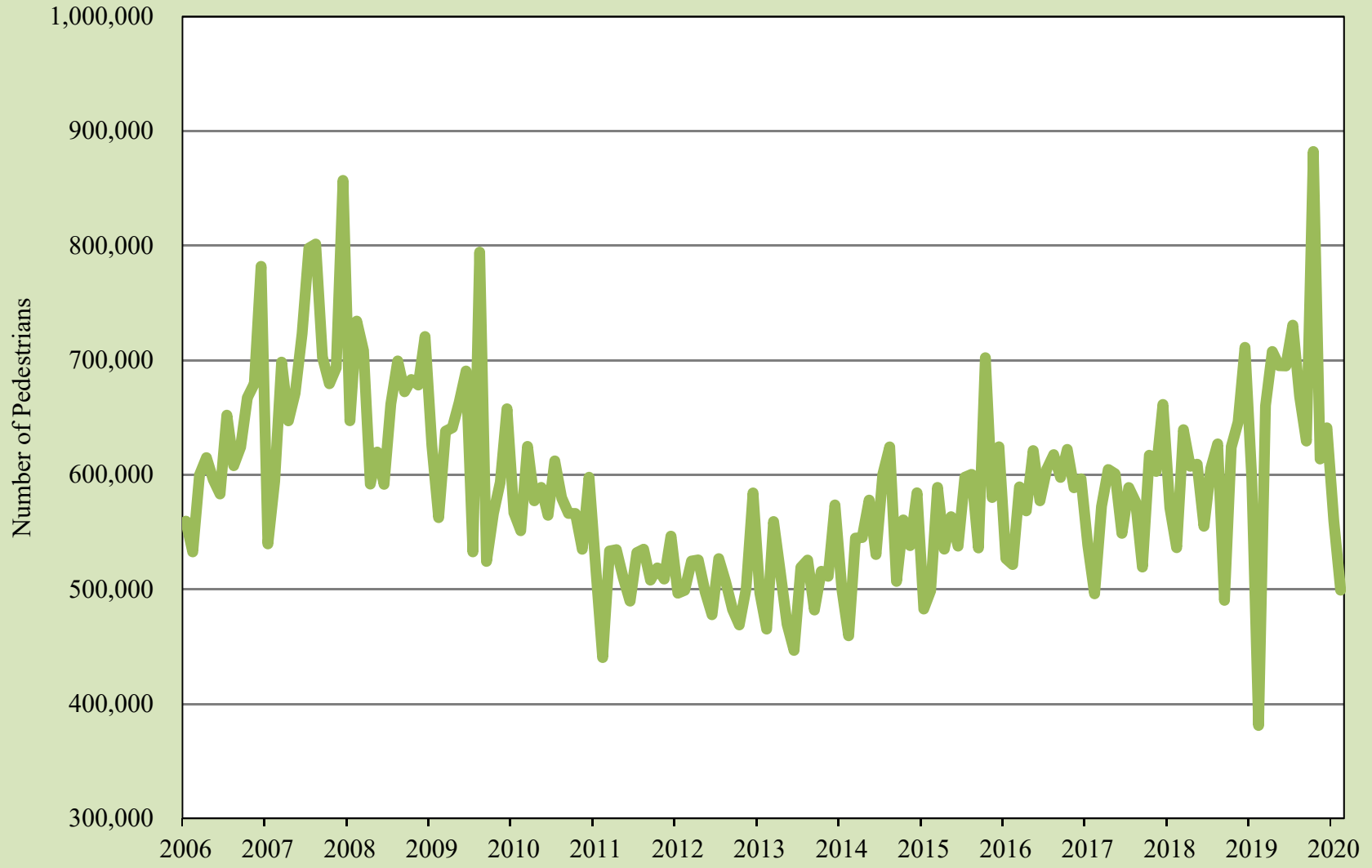
Pedestrian International Bridge Crossings to El Paso



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



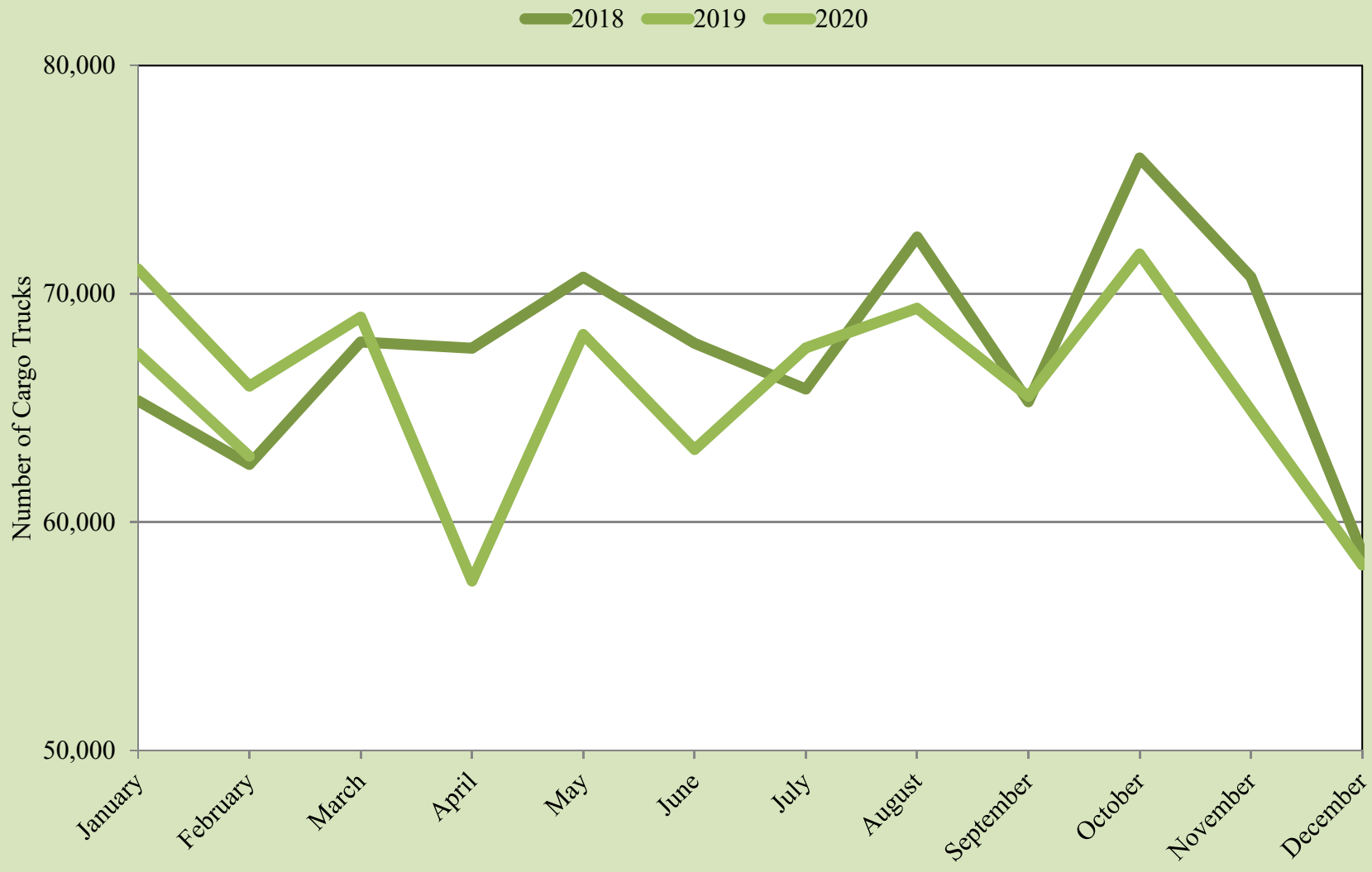
Pedestrian International Bridge Crossings to El Paso



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



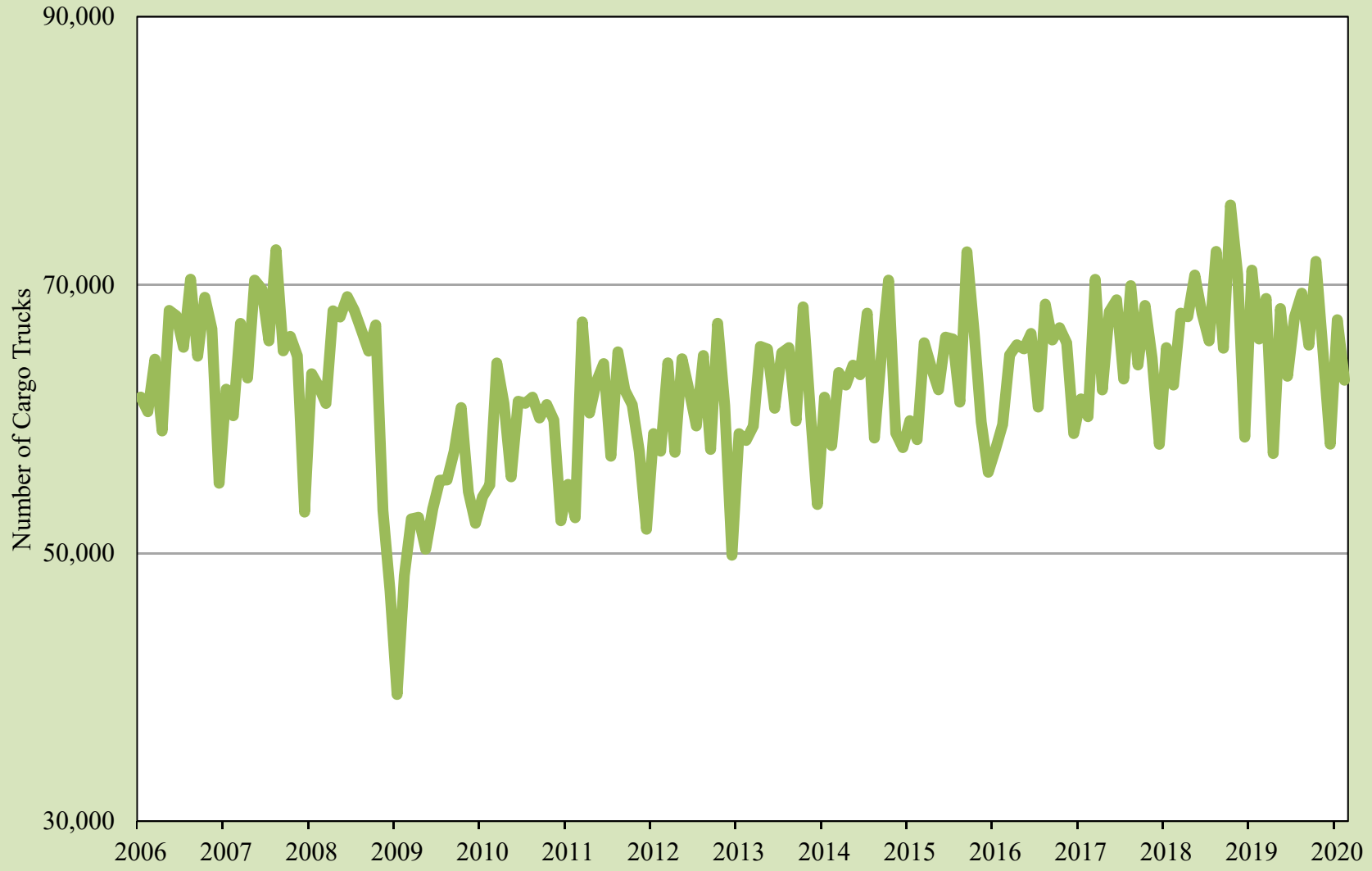
Cargo Truck International Bridge Crossings to El Paso



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



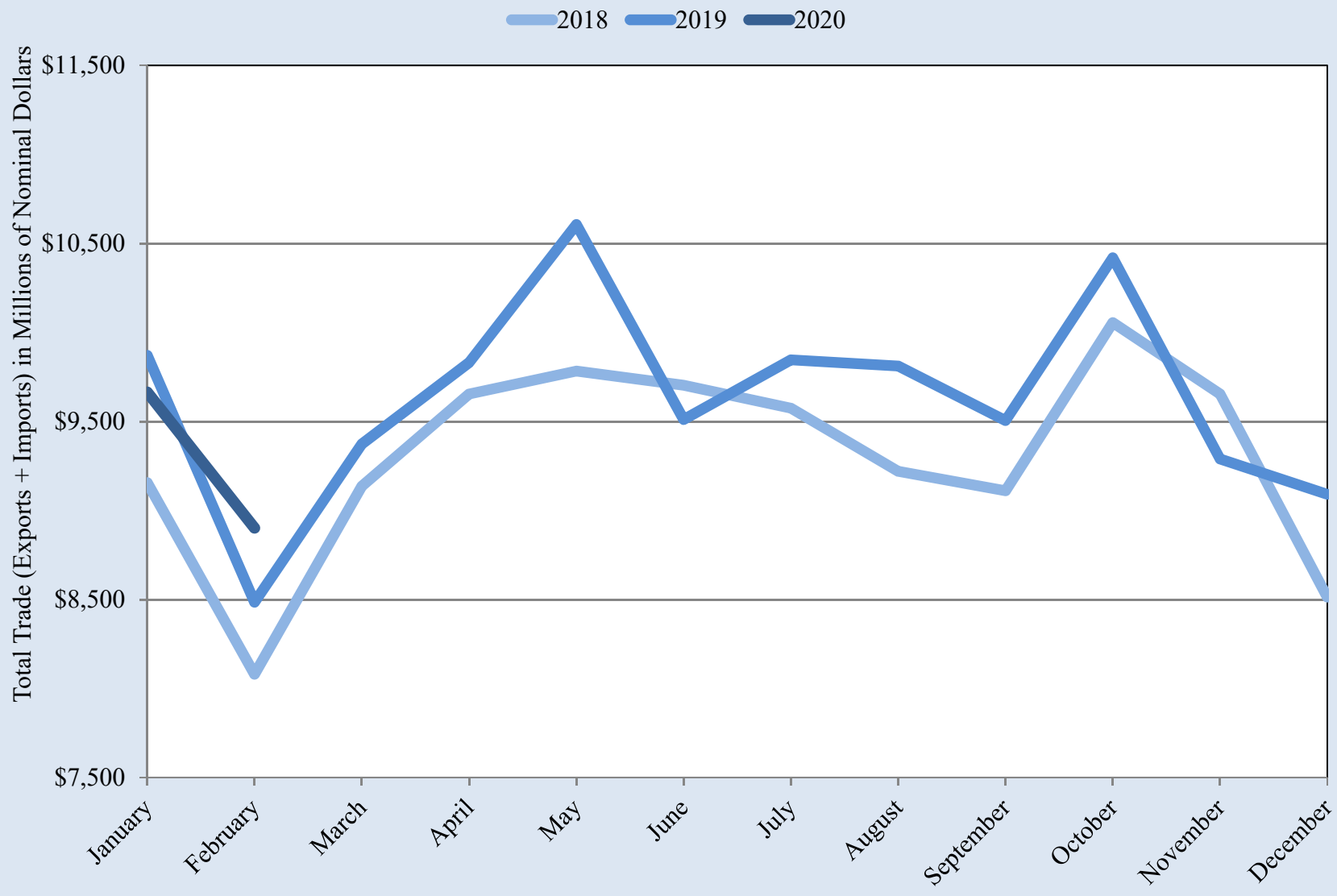
Cargo Truck International Bridge Crossings to El Paso



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



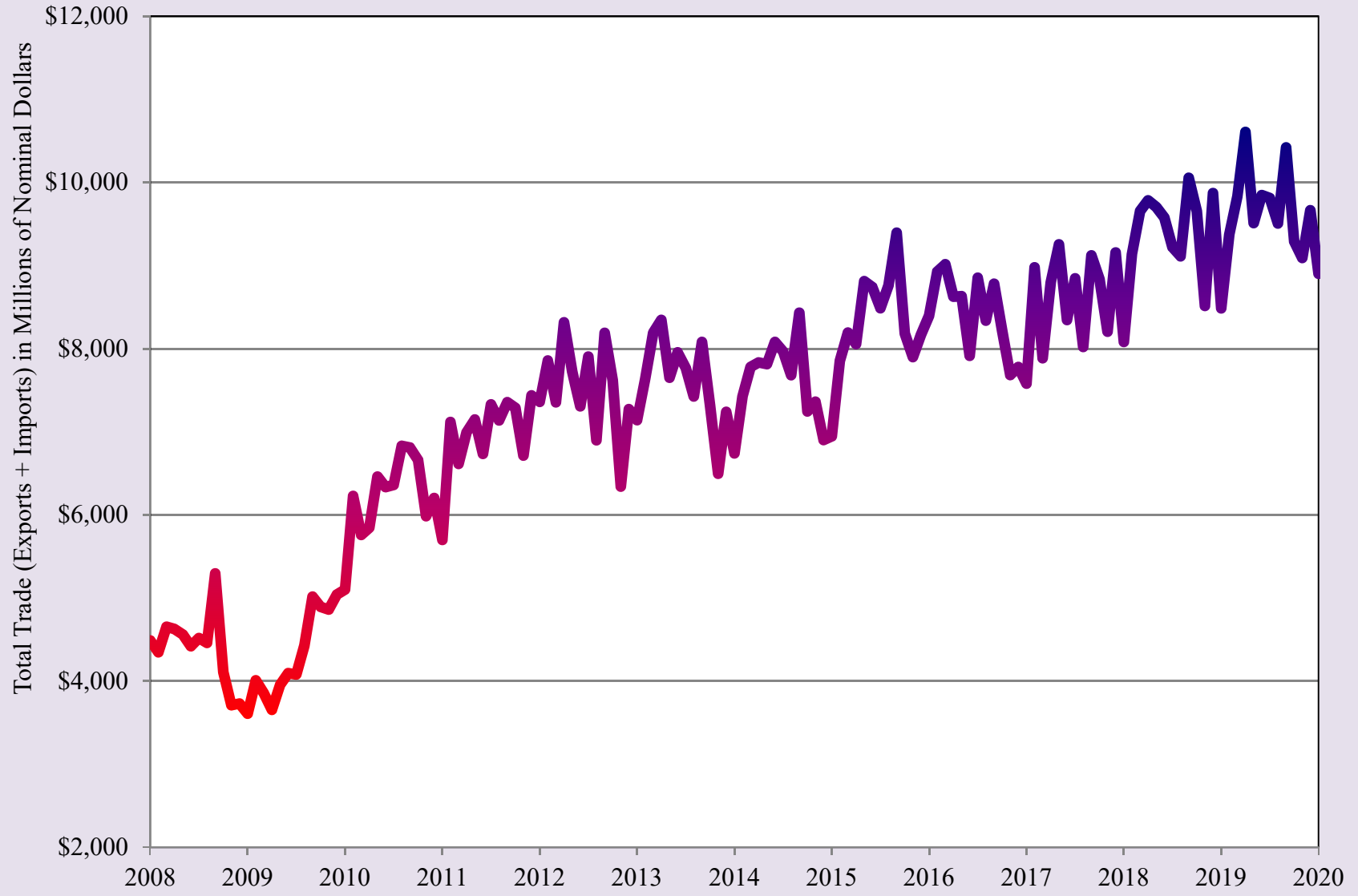
Total Trade through the El Paso Customs District



Source: U.S. International Trade Commission



Total Trade through the El Paso Customs District

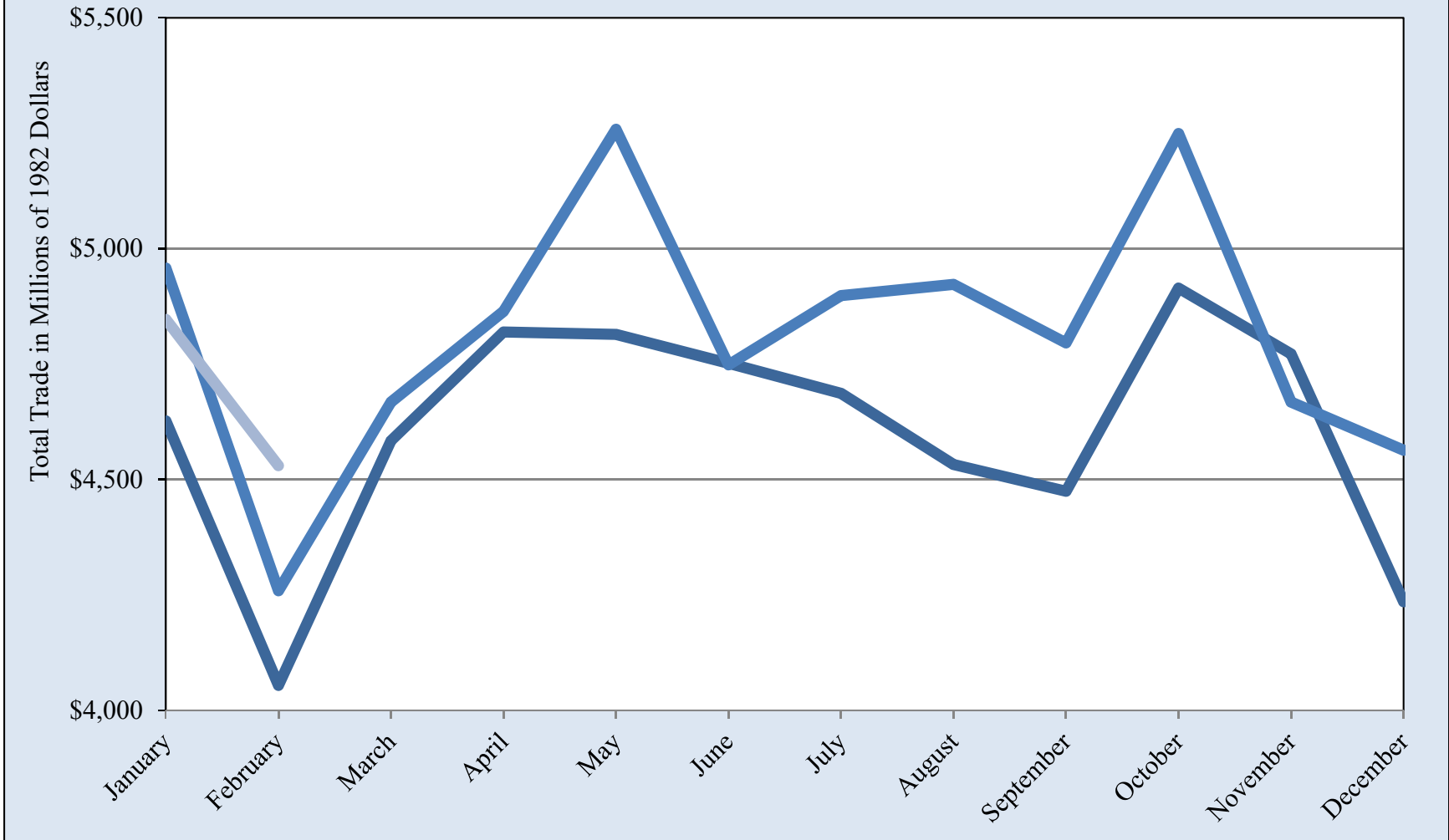


Source: U.S. International Trade Commission



Real Total Trade through the El Paso Customs District

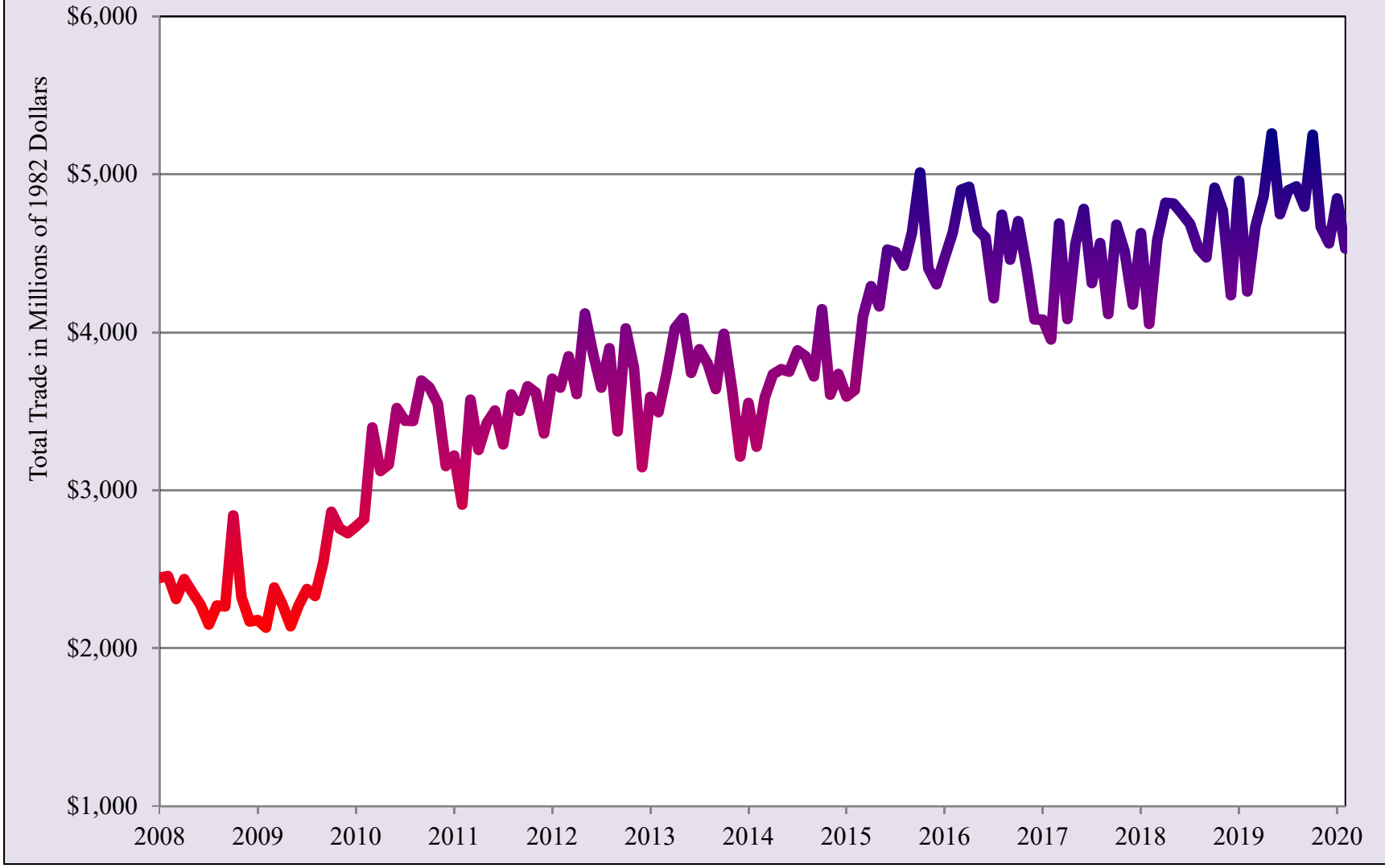
— 2018 — 2019 — 2020



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



Real Total Trade through the El Paso Customs District

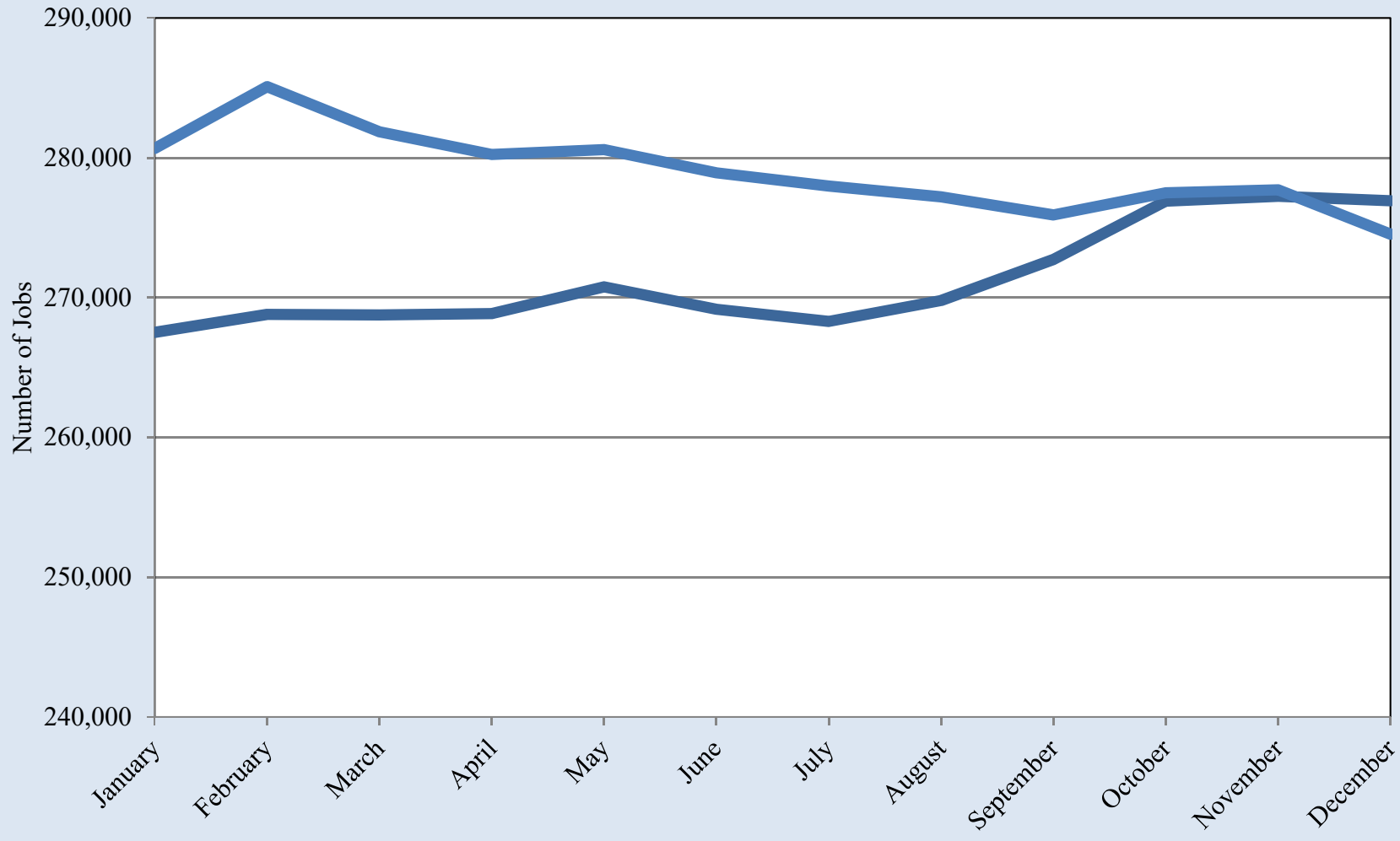


Source: U.S. International Trade Commission and Bureau of Labor Statistics



Export-Oriented Manufacturing Employment in Ciudad Juárez

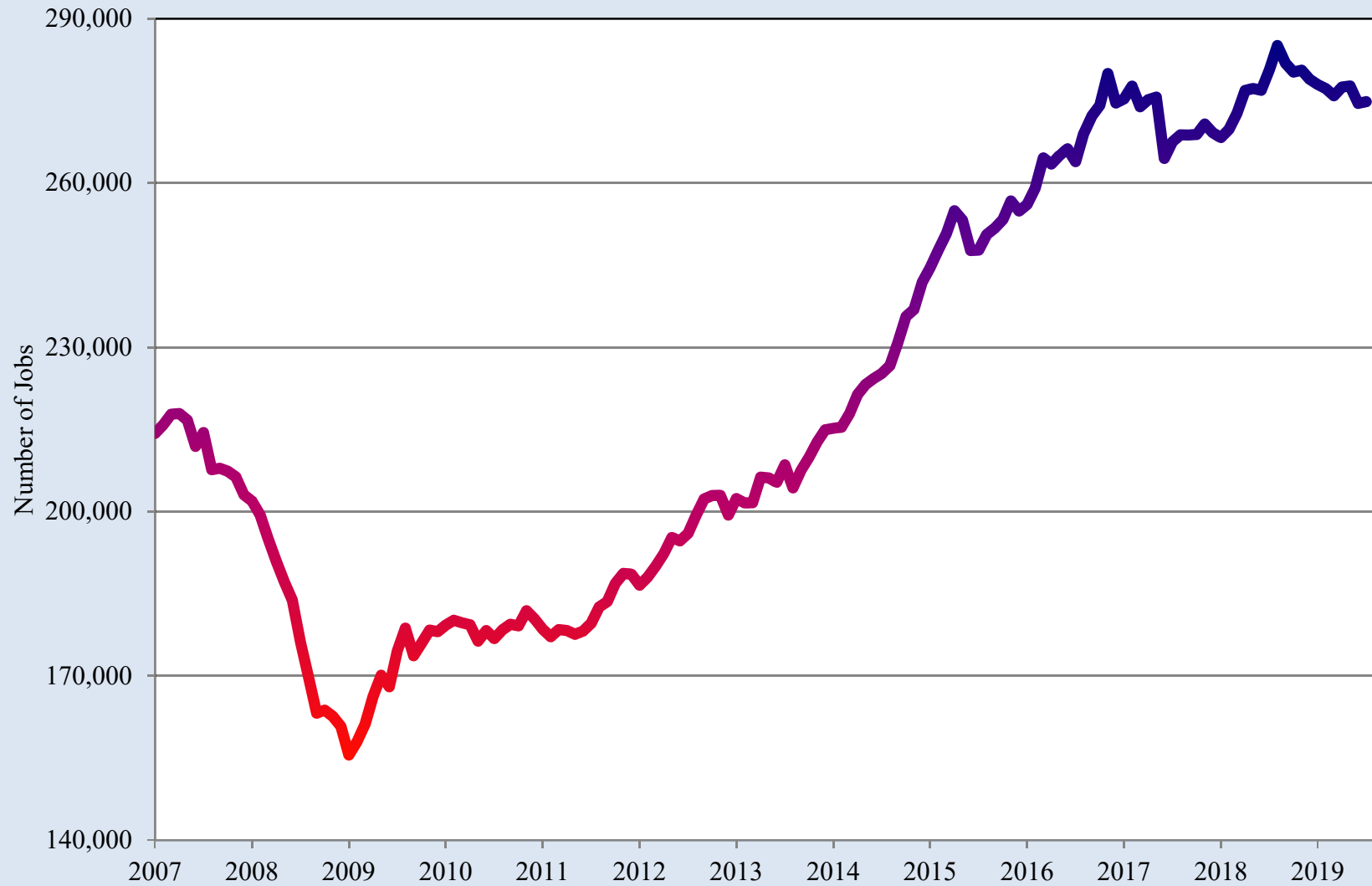
— 2018 — 2019



Source: INEGI



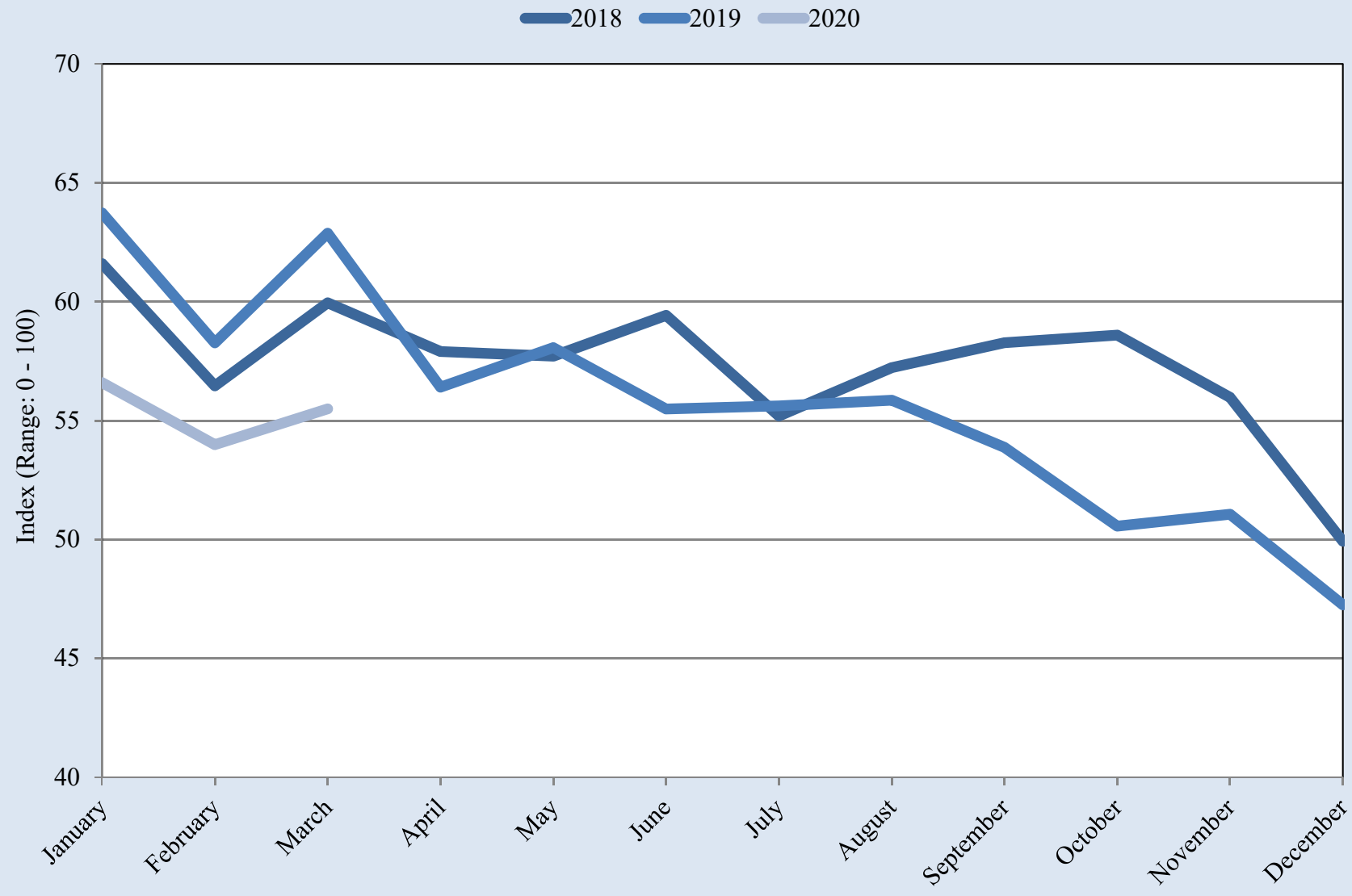
Export-Oriented Manufacturing Employment in Ciudad Juárez



Source: INEGI



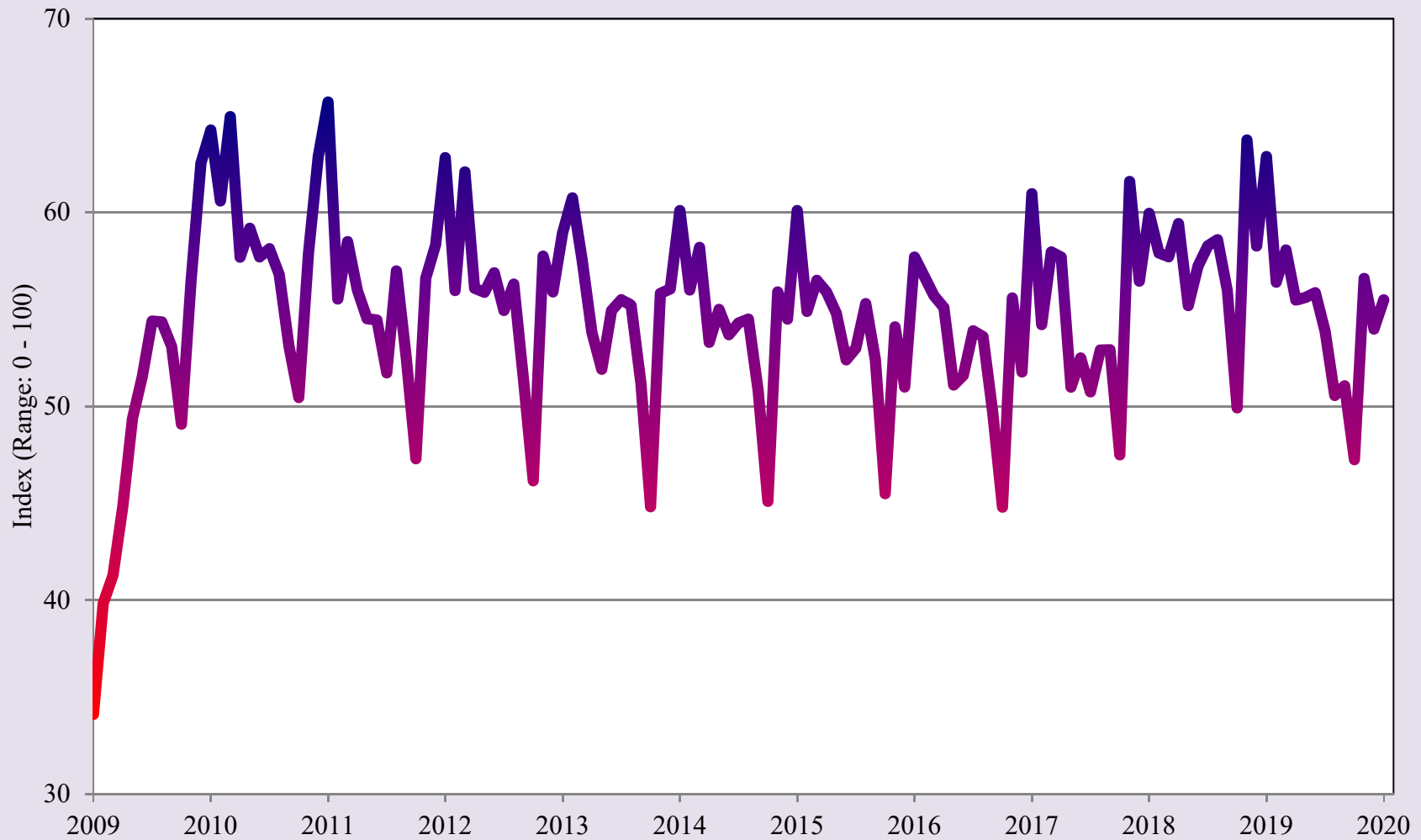
Northern Mexico Manufacturing Orders Index



Source: Banco de México



Northern Mexico Manufacturing Orders Index

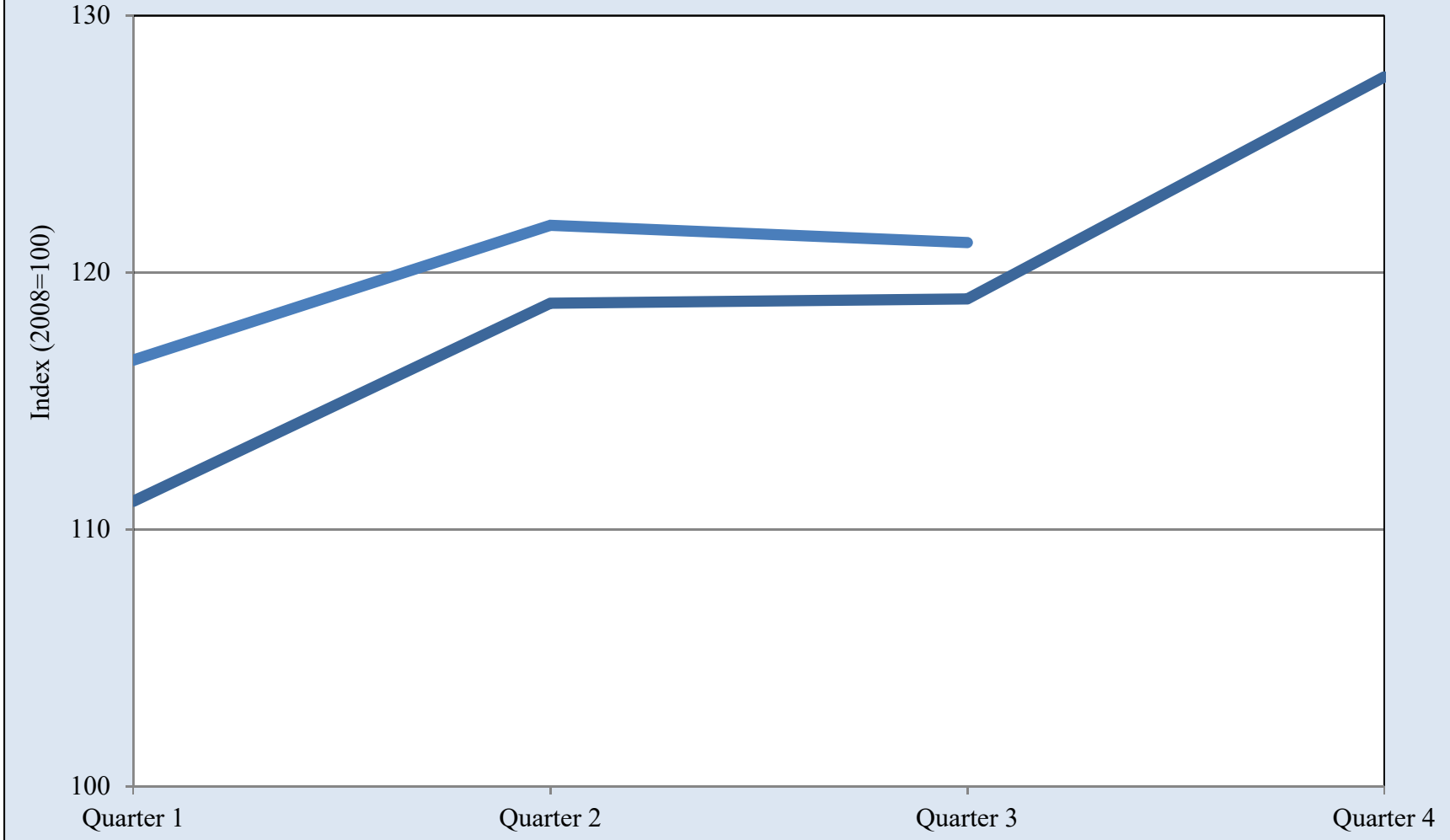


Source: Banco de México



Quarterly Indicator of Economic Activity for the State of Chihuahua

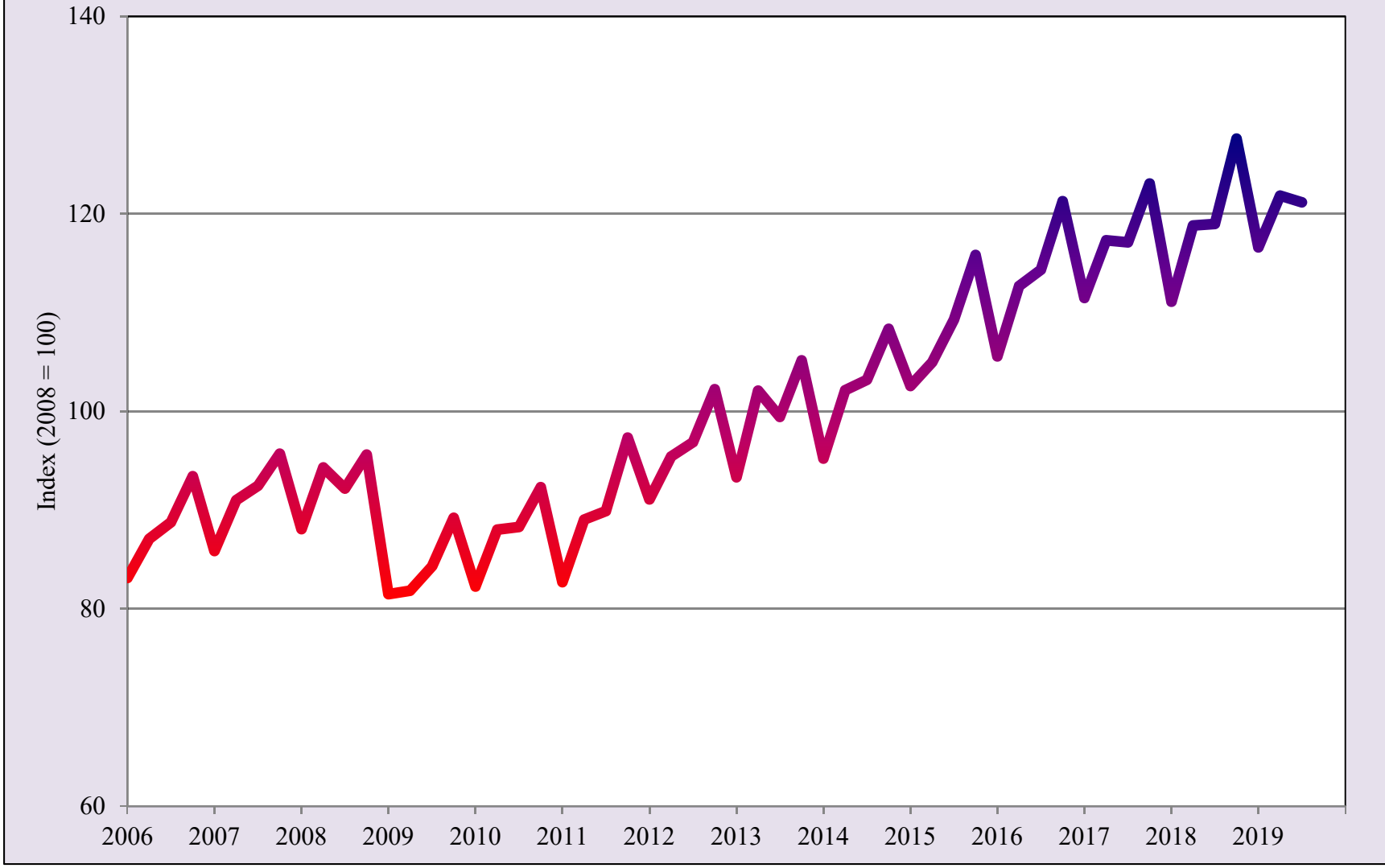
— 2018 — 2019



Source: INEGI



Quarterly Indicator of Economic Activity for the State of Chihuahua

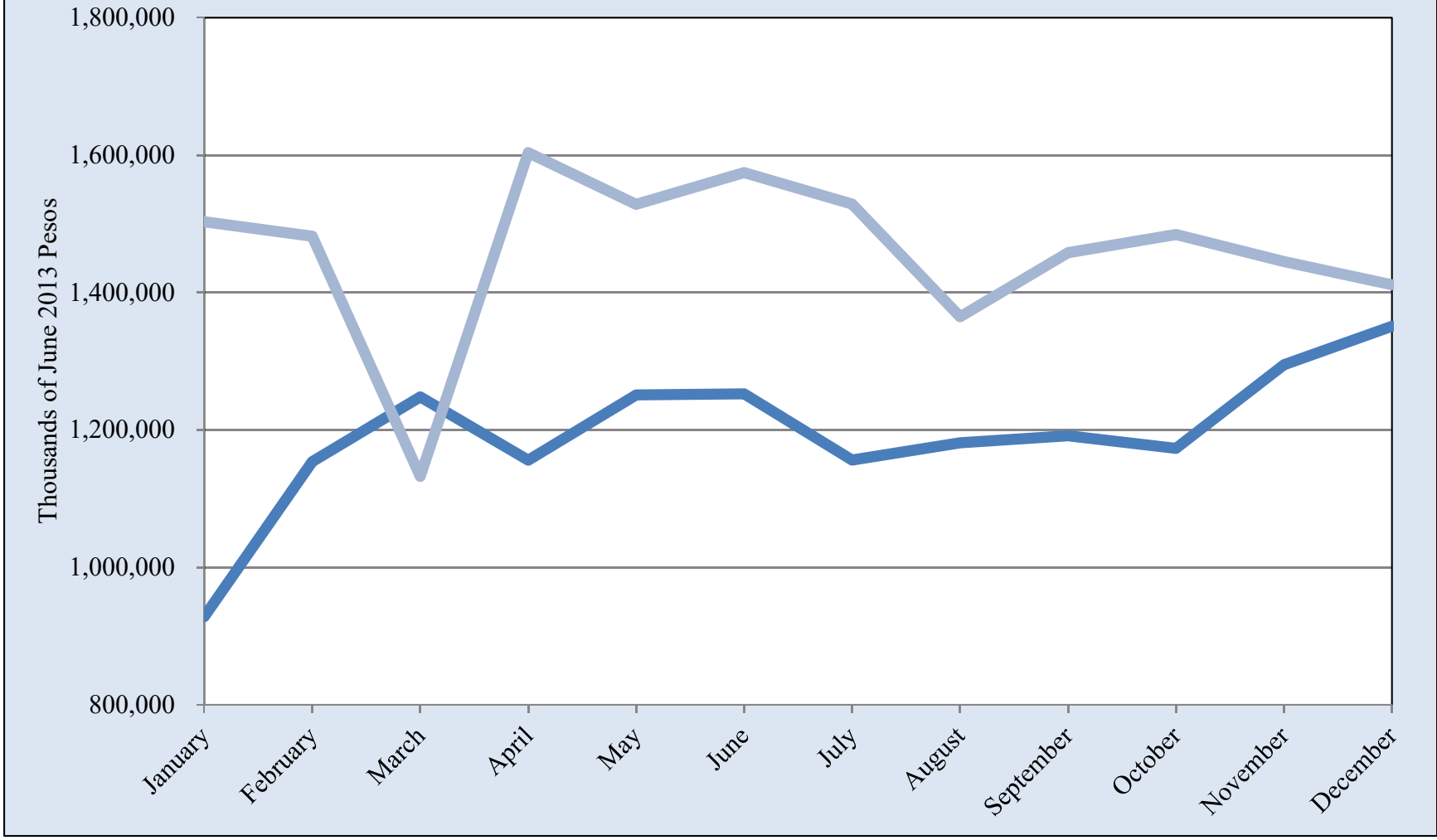


Source: INEGI



Total Value of Construction in the State of Chihuahua

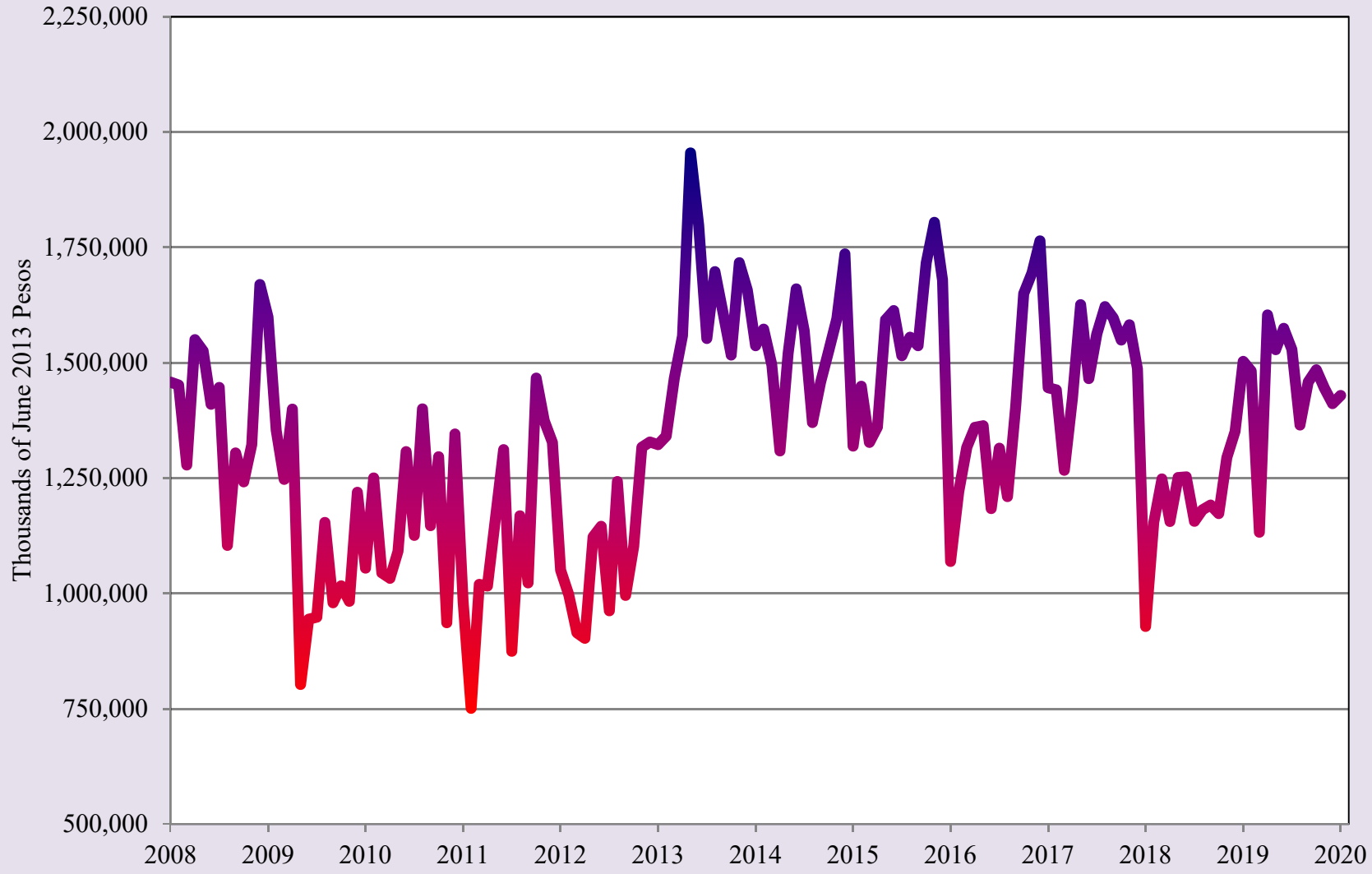
— 2018 — 2019



Source: INEGI



Total Value of Construction in the State of Chihuahua

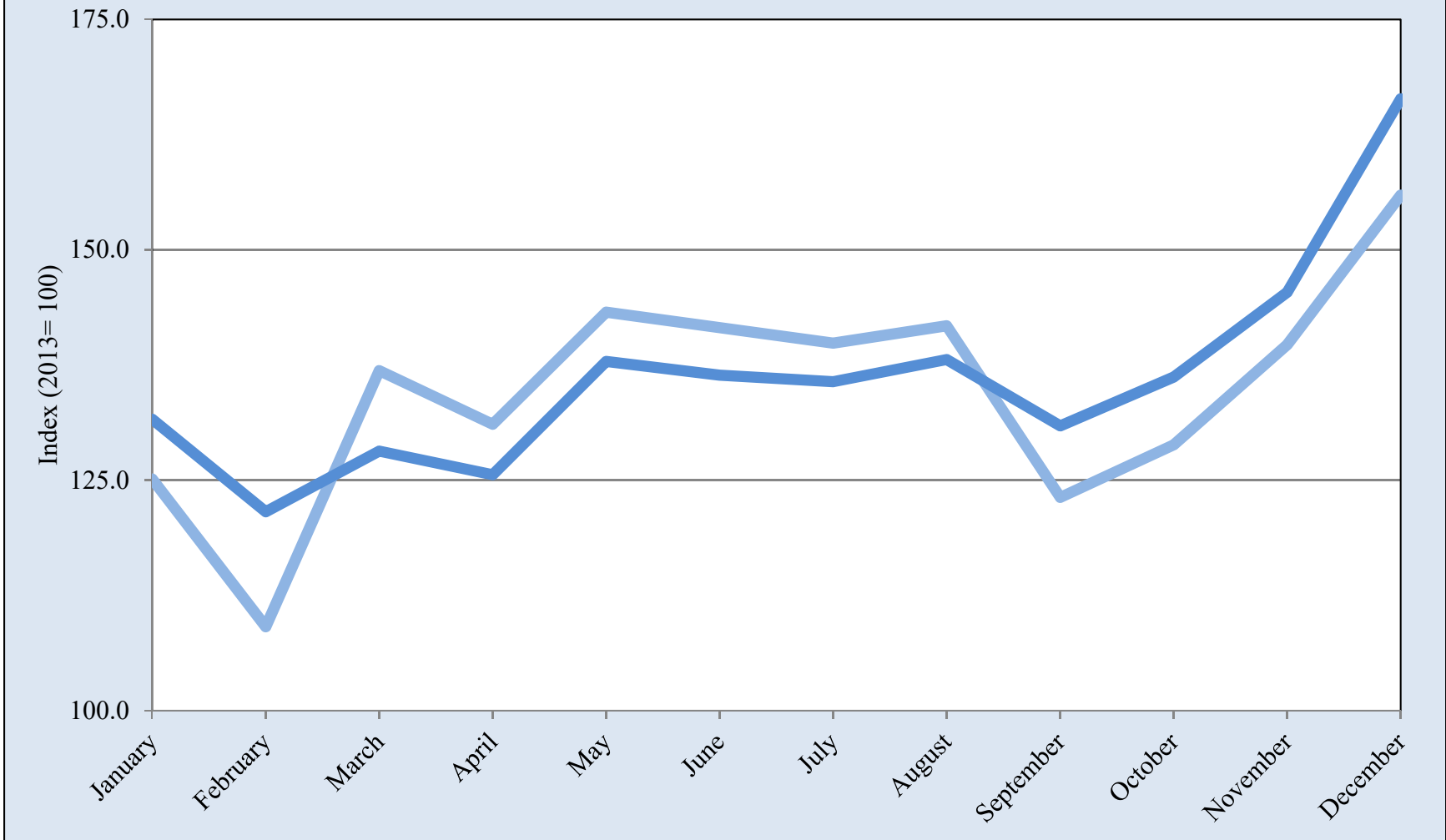


Source: INEGI



Real Retail Activity Index for the State of Chihuahua

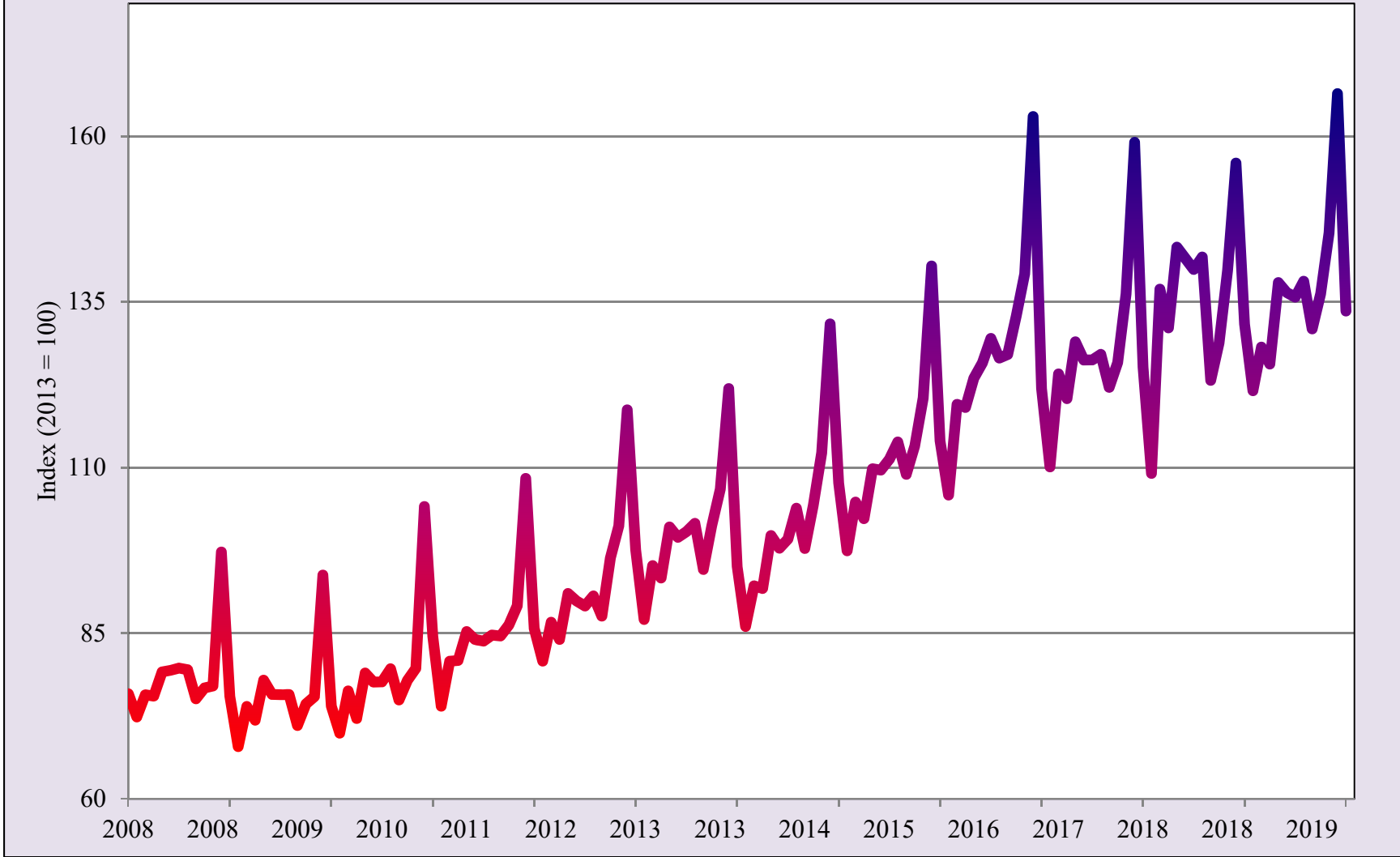
— 2018 — 2019



Source: INEGI



Real Retail Activity Index for the State of Chihuahua



Source: INEGI



Short-Term
Outlook to 2021



BORDERPLEX BUSINESS BAROMETER

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