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Unmasking the First Wave

Four months of the coronavirus pandemic have exerted powerful impacts on the Borderplex regional economy. The Federal Reserve Bank of Dallas El Paso Metropolitan Business Cycle Index posted its largest ever decline in April. Correspondingly, the UTEP BRMP El Paso Household Economic Stress Index posted its largest ever one month increase in April. Federal Reserve actions to lower interest rates successfully pushed all Treasury instrument yields to less than 1.50 percent, sharply lower than year-ago levels.

Regional labor market conditions have deteriorated in an unprecedented manner. El Paso County unemployment rose from 3.8 percent in February to a record 14.8 percent in April. El Paso County Supplemental Nutrition Program (SNAP or Food Stamps) enrollments jumped by nearly 10 thousand in April and will likely increase further. BRMP model simulations indicate that total personal income is likely to decline on an annual basis for the first time since 1975 during OPEC I oil shock recession.

El Paso housing market conditions have also changed. At 686, April sales of single-family units dropped by 104 units from the same month in 2019. Total listing in April were 2.124 thousand, substantially below the 2.492 units listed one year earlier. The drop in listings kept inventories tight at only 2.9 months. Given that development, the median price for single-family housing of $164,950 was approximately 3.4 percent higher than it was in April 2019. Although affordability is being damaged by income declines, conventional fixed mortgage rates are substantially below prior-year levels. In April, the 30-year rate averaged 3.15 percent and the 15-year rate averaged 2.62 percent.

Sun City gasoline prices averaged $1.65 per gallon for regular unleaded in April. That is 88 cents below the April 2019 figure. In real terms, the April price for regular unleaded fell to its lowest level since March 2003 when the national economy was still extracting itself from the aftermath of the dot.com recession and the regional economy was experiencing the effects of the China syndrome manufacturing exodus.

The greater Las Cruces metropolitan economy is also experiencing the fallout from the COVID-19 lockdown recession. The April unemployment rate for Doña Ana County rose to 11.4 percent, breaking the previous record from January 1996. SNAP enrollments rose to 27.38 thousand in March with even higher enrollments forecast for April.

Currency market turmoil caused the peso to weaken noticeably in March and April. In nominal terms, the peso per dollar exchange rate averaged 24.26 for April. The BRMP real exchange rate increased to 145, the weakest monthly reading for the peso since December 1987. The U.S.-Mexico border closure to ‘non-essential’ traffic allowed automobile wait times at the three principal ports of entry to plummet in April. Pedestrian and personal vehicle crossings to El Paso decreased by more than 50 percent each on a year-over-year basis, while cargo traffic decreased by roughly 24 percent.

The April estimate for the Northern Mexico Manufacturing Orders nosedived to 31.9, indicating sharp contraction in the manufacturing sector. That development was accompanied by export-oriented manufacturing payroll cuts in Ciudad Juarez. The COVID-19 recession will also translate into markedly lower trade volumes once second quarter 2020 data are tallied.
El Paso Metropolitan Business Cycle Index

Seasonally Adjusted Index (October 1980 = 100)

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
Unemployment Rate (Not Seasonally Adjusted)

El Paso County Unemployment Rate

Source: Bureau of Labor Statistics
El Paso County Unemployment Rate

Source: Bureau of Labor Statistics
El Paso County SNAP (Food Stamp) Enrollment

2018: 145,000
2019: 150,000
2020: 155,000

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
EP Inventory in months for housing

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

Source: GasBuddy.com
El Paso Gasoline Prices


Nominal Price (Dollars per Gallon)

$5.00

$4.00

$3.00

$2.00

$1.00

$0.00

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
- 2018 Nominal Exchange Rate
- 2019 Restaurant Price Ratio
- 2019 Nominal Exchange Rate
- 2020 Restaurant Price Ratio
- 2020 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
Internet Pharmacy Nominal Price Ratio

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

<table>
<thead>
<tr>
<th>Year</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
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<th>September</th>
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<td>2020</td>
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</tbody>
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Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Aggregate Personal vehicle bridge crossing to El Paso

250,000
350,000
450,000
550,000
650,000
750,000
850,000
950,000
1,050,000
1,150,000
1,250,000
1,350,000
1,450,000

Number of Vehicles

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

Number of Pedestrians

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

<table>
<thead>
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<th>Year</th>
<th>Number of Pedestrians</th>
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<tr>
<td>2006</td>
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<tr>
<td>2007</td>
<td>190,000</td>
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<td>2008</td>
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<td>2014</td>
<td>890,000</td>
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<tr>
<td>2015</td>
<td>990,000</td>
</tr>
</tbody>
</table>

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
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
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
Total Value of Construction in the State of Chihuahua

Thousands of June 2013 Pesos

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
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