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Borderplex Business Barometer, Volume 4, Number 5

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BORDERPLEX BUSINESS BAROMETER

May 2020

Border Region Modeling Project

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[For more information about the Border Region Modeling Project \(click here\)](#)

Border Commerce & Economics

Borderplex Business Barometer, Volume 4, Number 5

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.

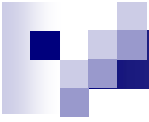
Sun City gasoline prices averaged \$1.65 per gallon for regular unleaded in April. That is 88 cents below the April 2019 figure. In real terms, the April price for regular unleaded fell to its lowest level since March 2003 when the national economy was still extracting itself from the aftermath of the 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

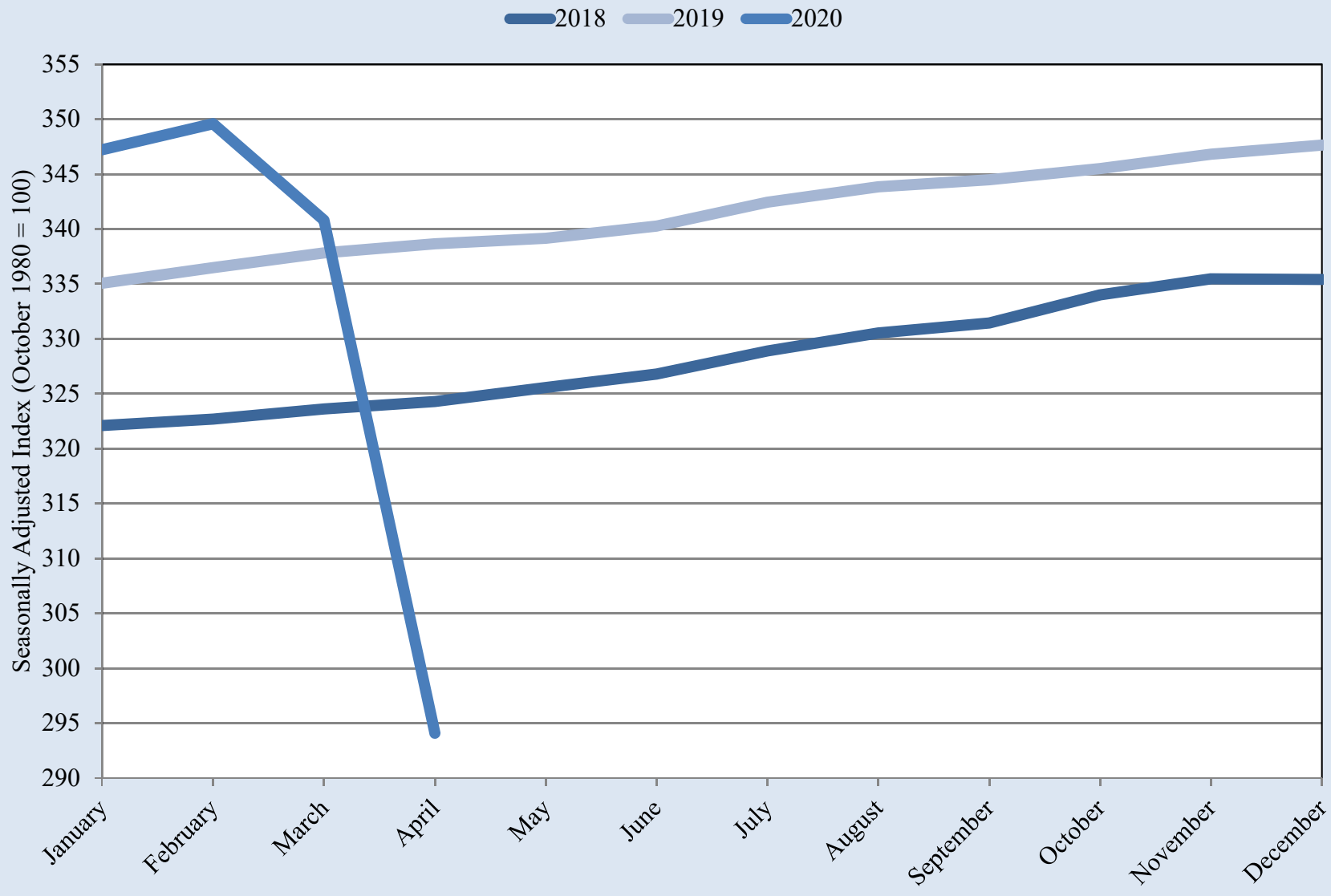
for April.

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.

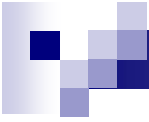
The April estimate for the Northern Mexico Manufacturing Orders nosedived to 31.9, indicating sharp contraction in the manufacturing sector. That development was accompanied by export-oriented manufacturing payroll cuts in Ciudad Juarez. The COVID-19 recession will also translate into markedly lower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



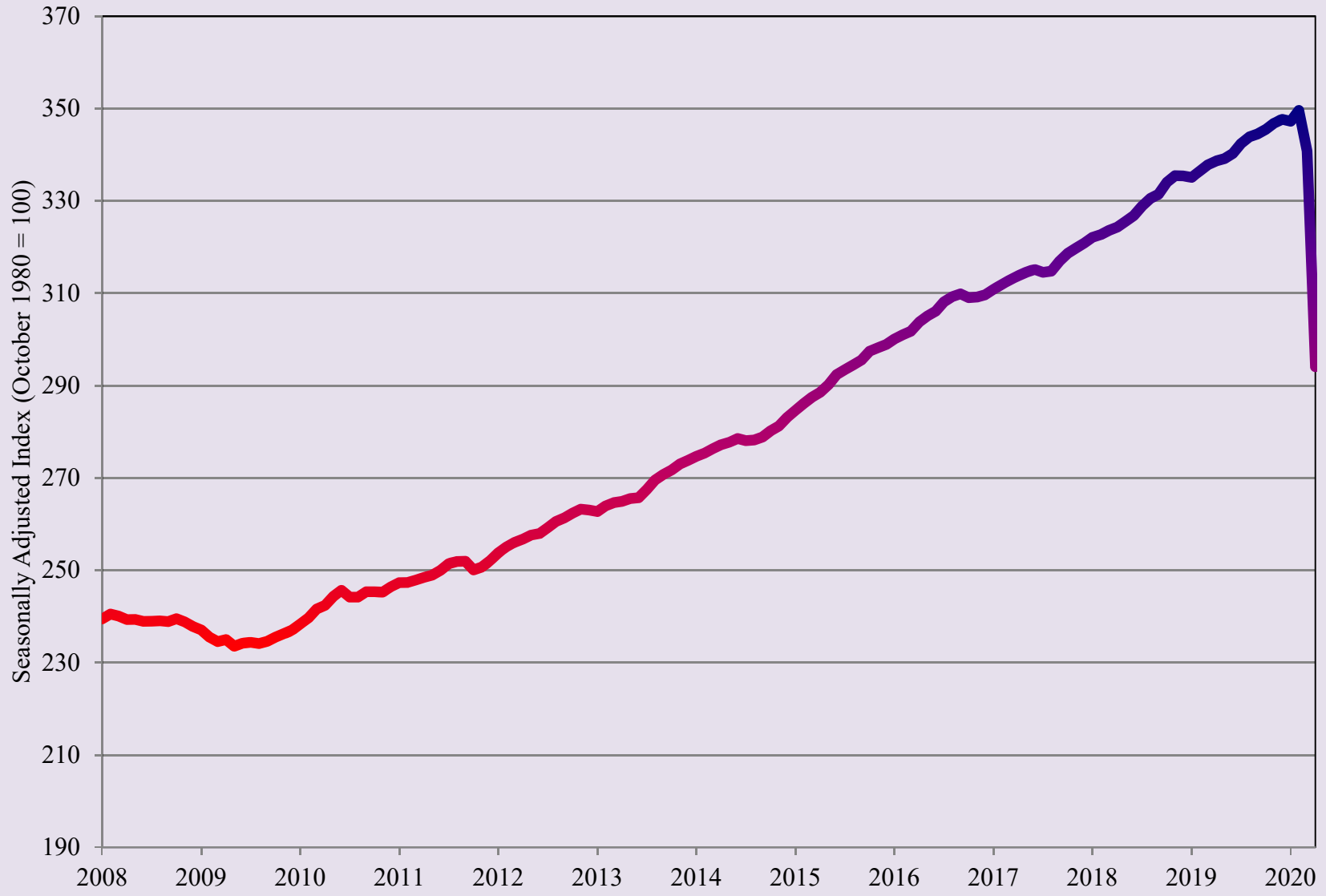
El Paso Metropolitan Business Cycle Index



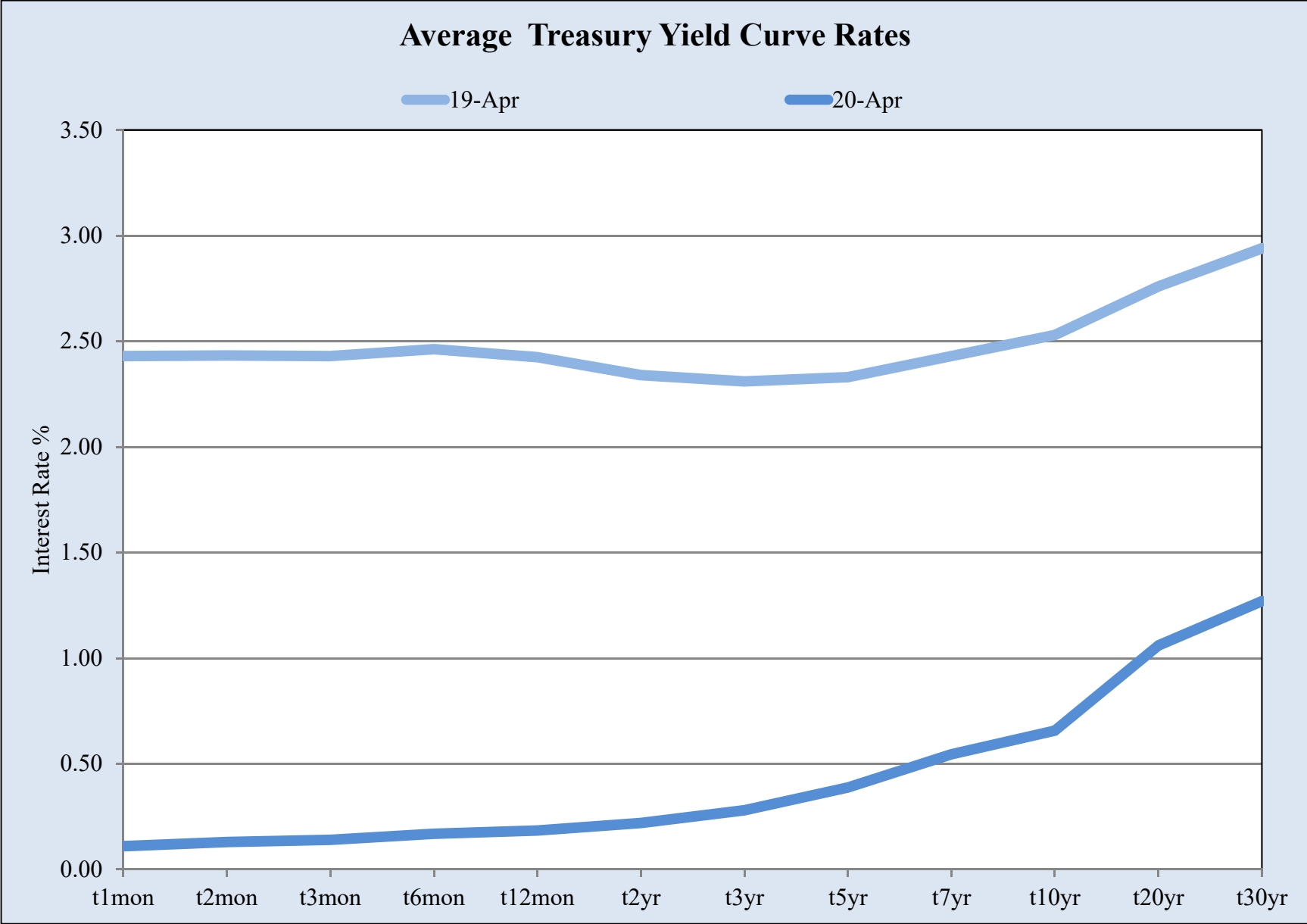
Source: Federal Reserve Bank of Dallas



El Paso Metropolitan Business Cycle Index



Source: Federal Reserve Bank of Dallas

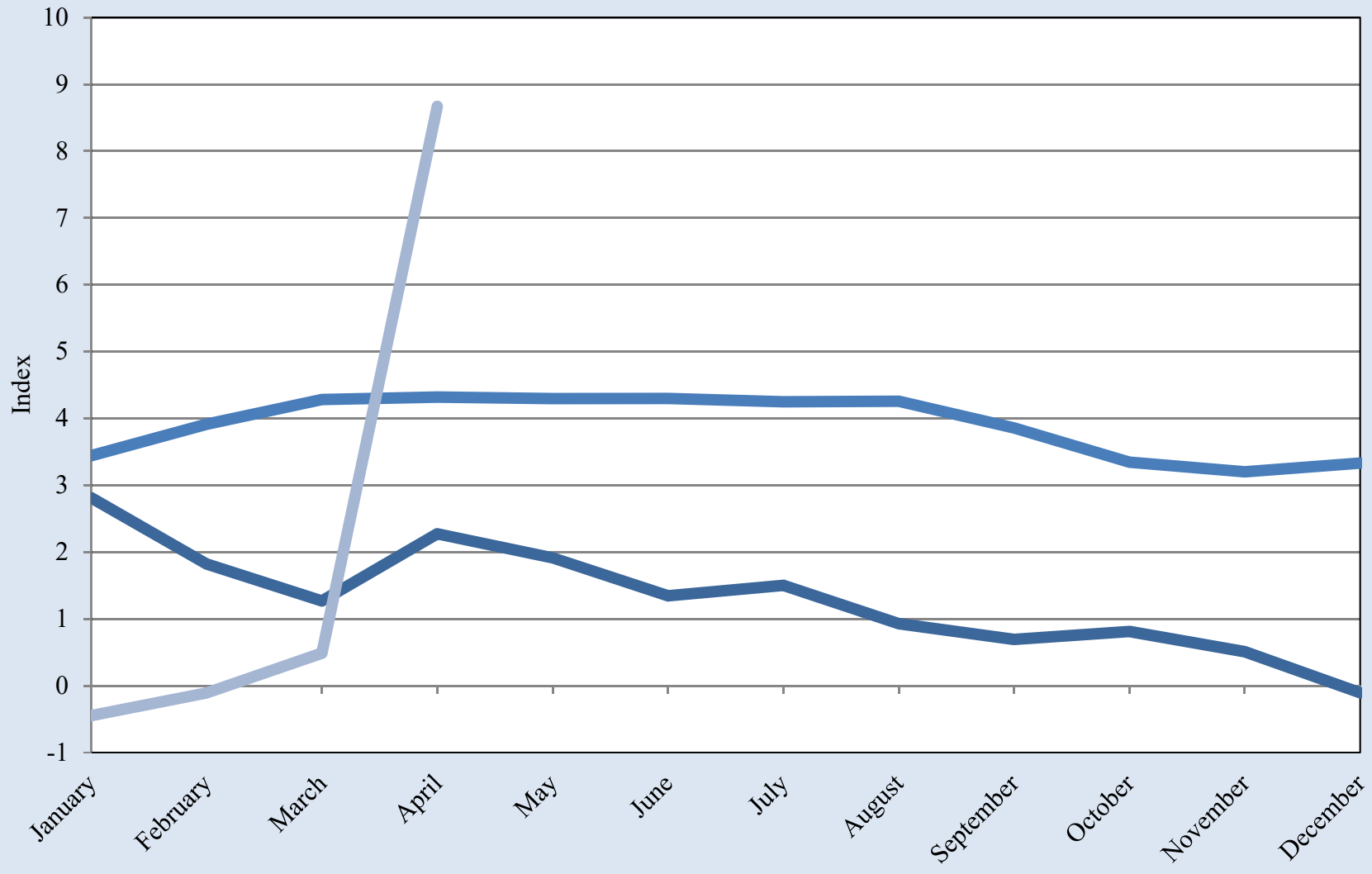


Source: U.S. Treasury, Daily Treasury Yield Curve Rates and BRMP Calculations

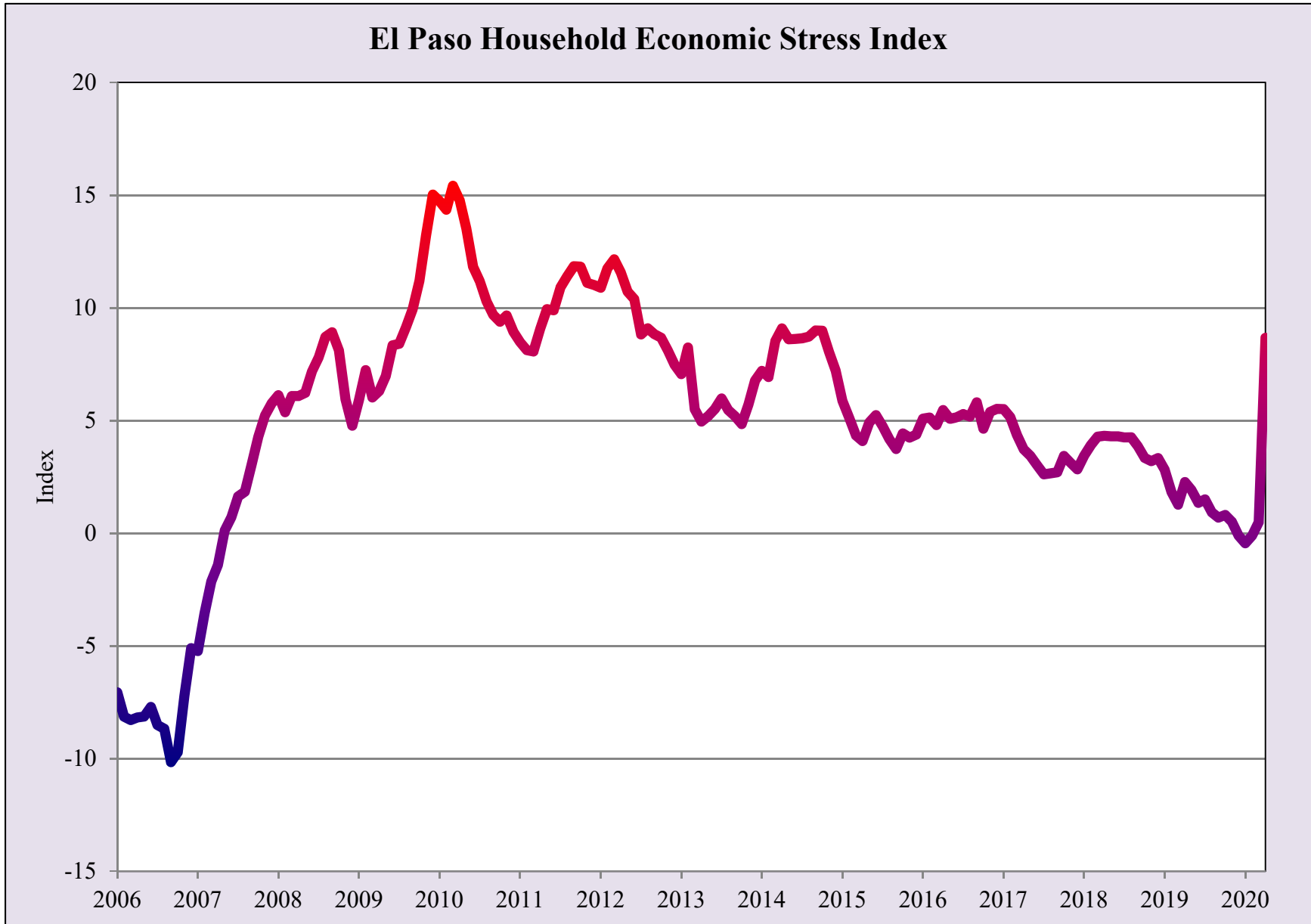


El Paso Household Economic Stress Index

— 2018 — 2019 — 2020



Source: UTEP Border Region Modeling Project

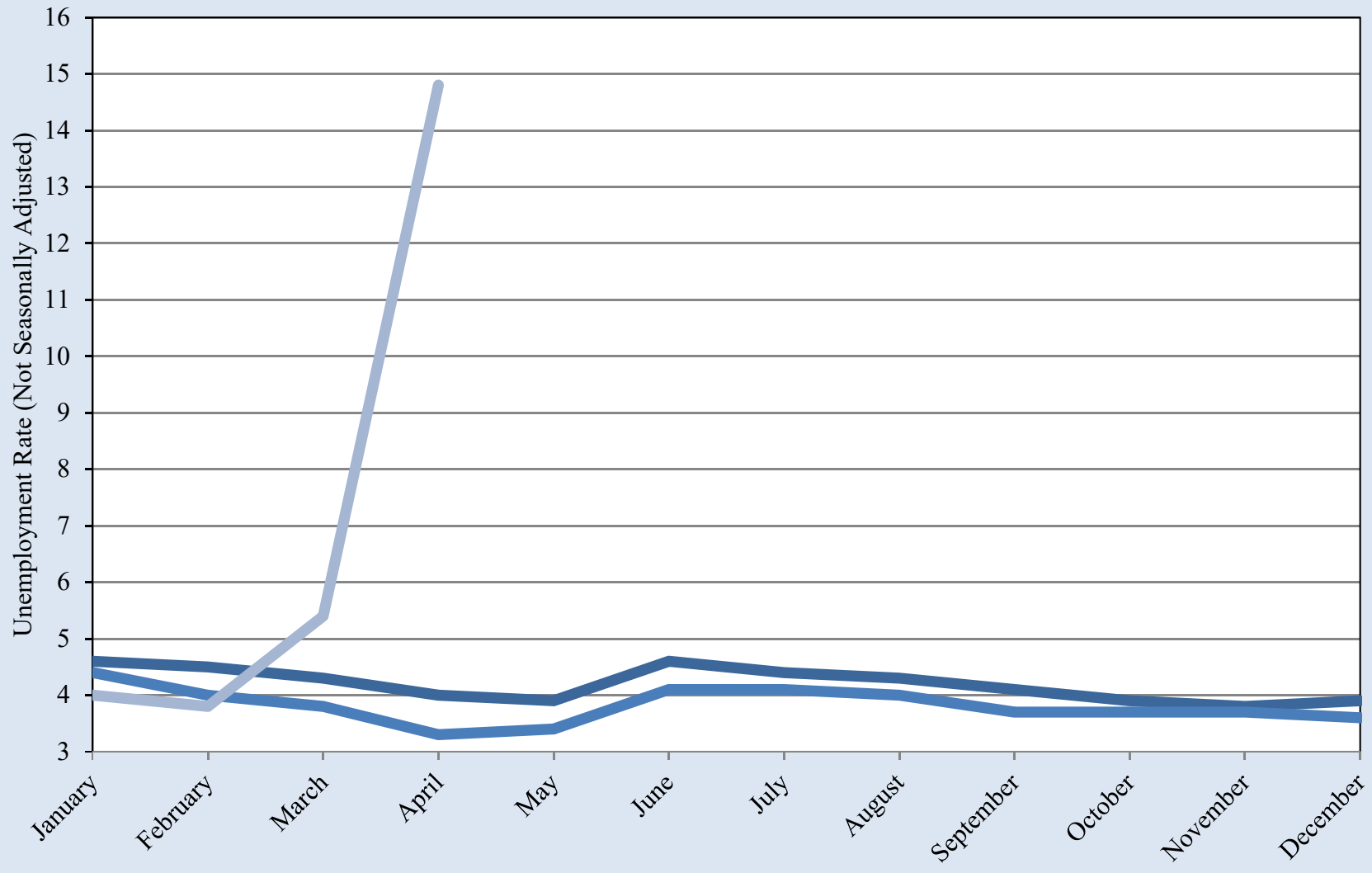


Source: UTEP Border Region Modeling Project

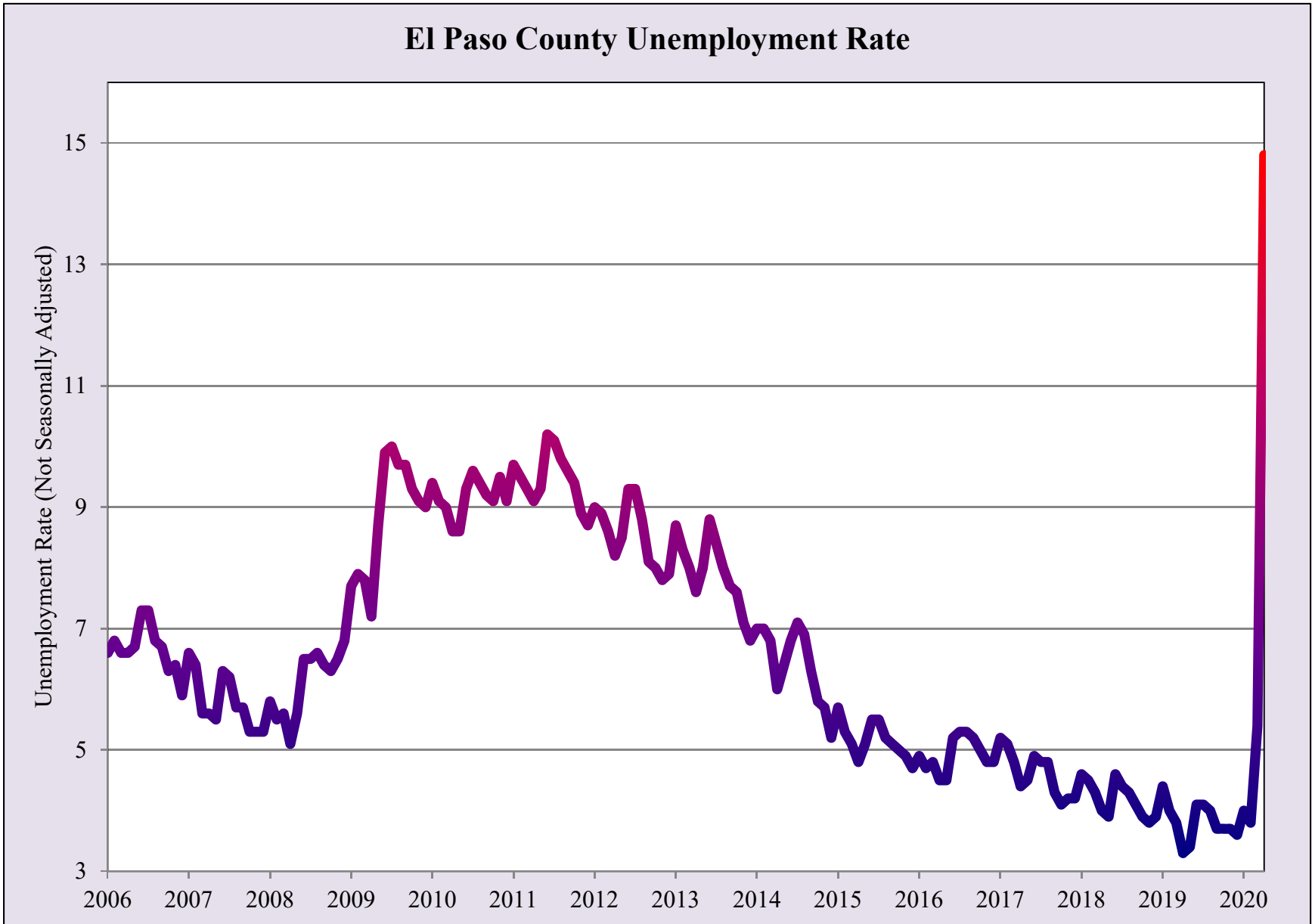
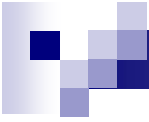


El Paso County Unemployment Rate

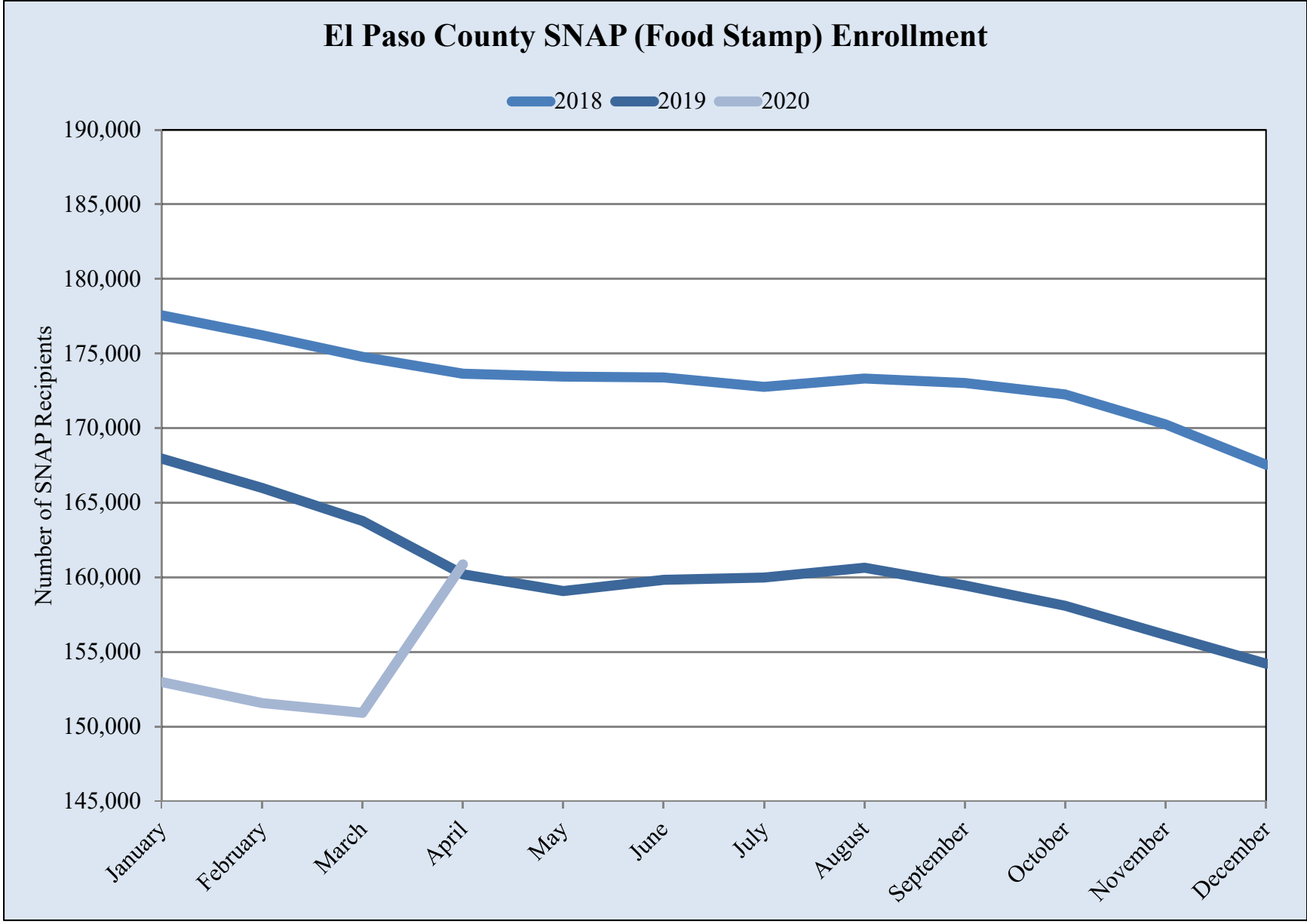
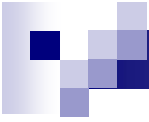
— 2018 — 2019 — 2020



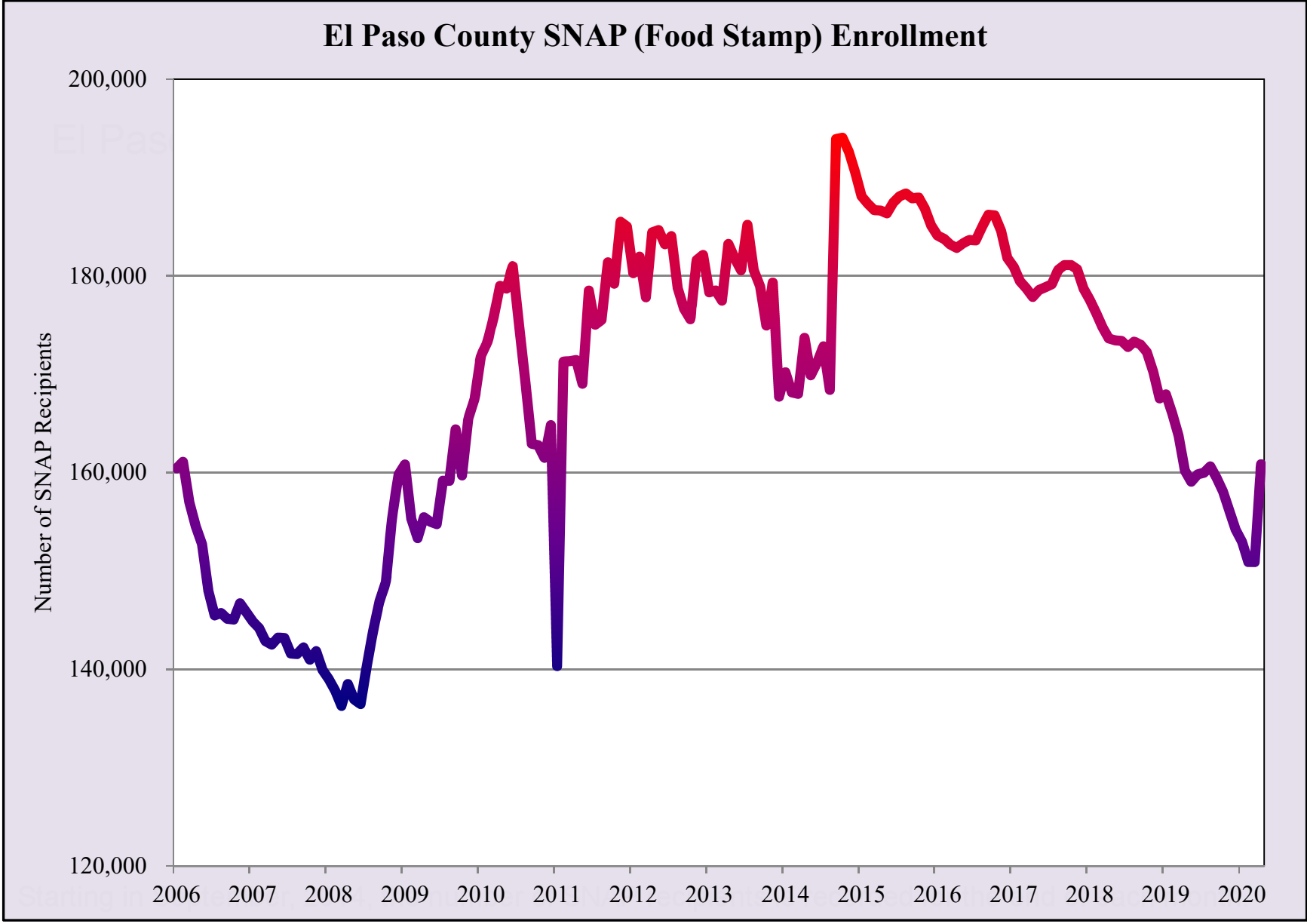
Source: Bureau of Labor Statistics



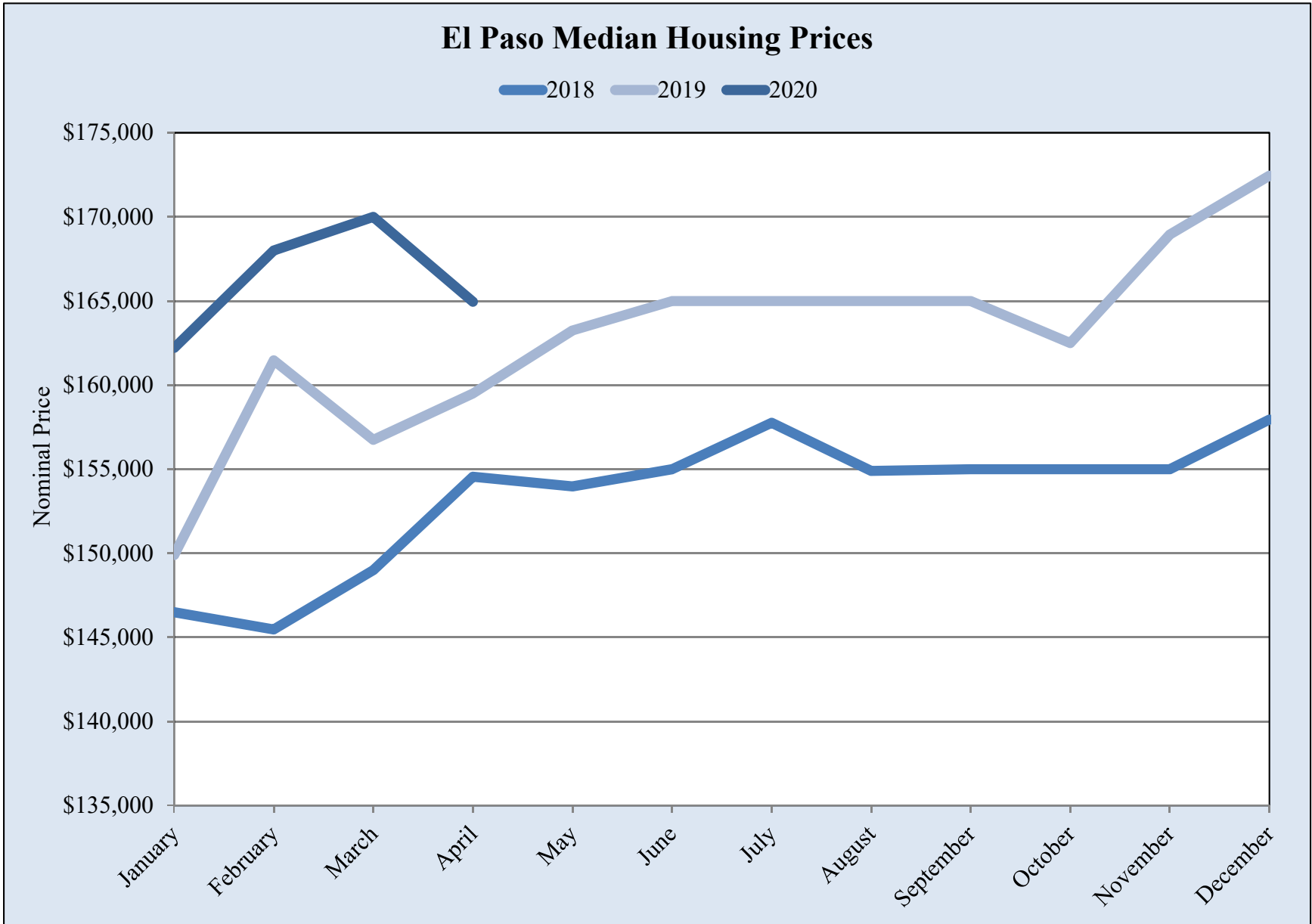
Source: Bureau of Labor Statistics



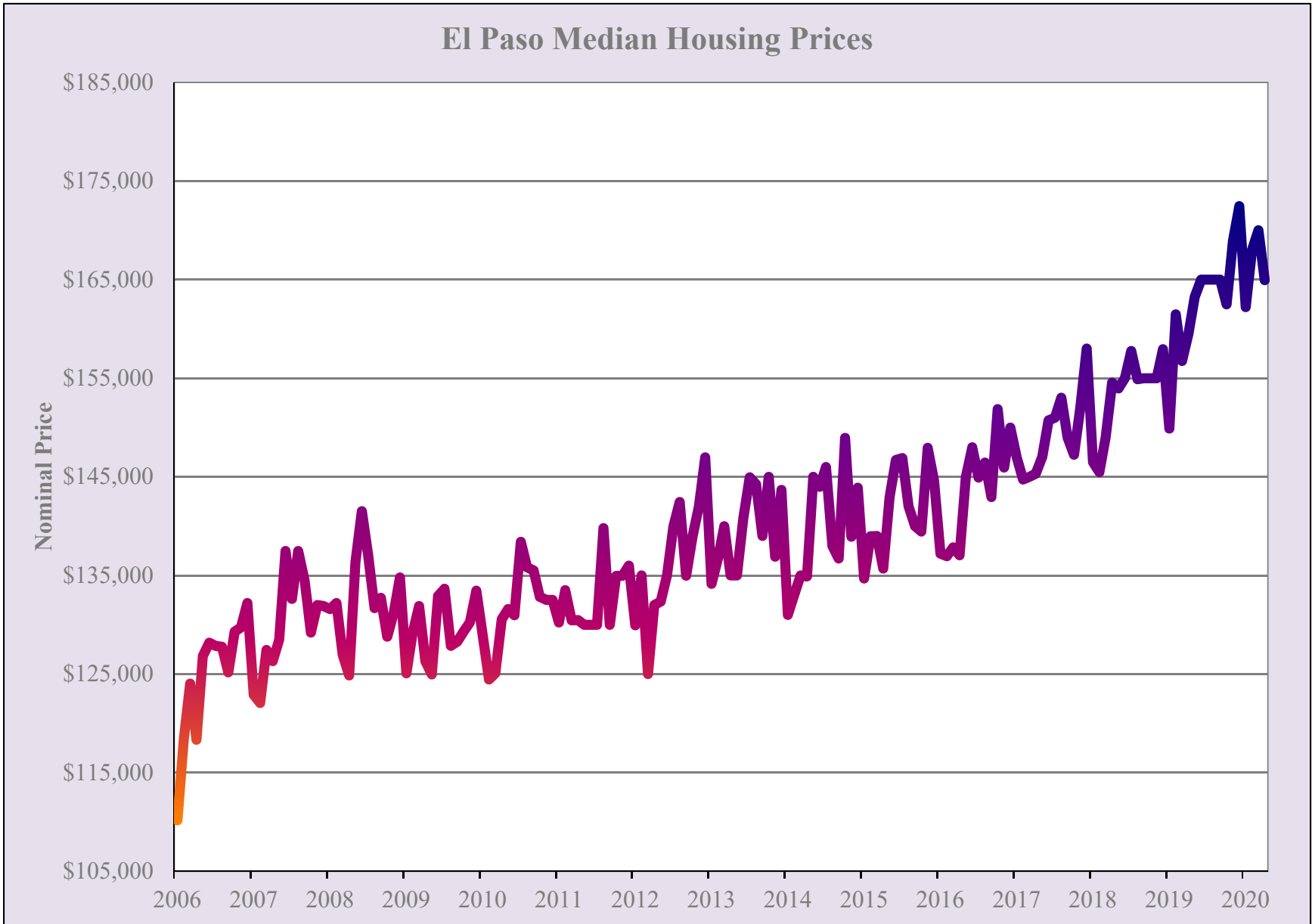
Source: Texas Health and Human Services Commission



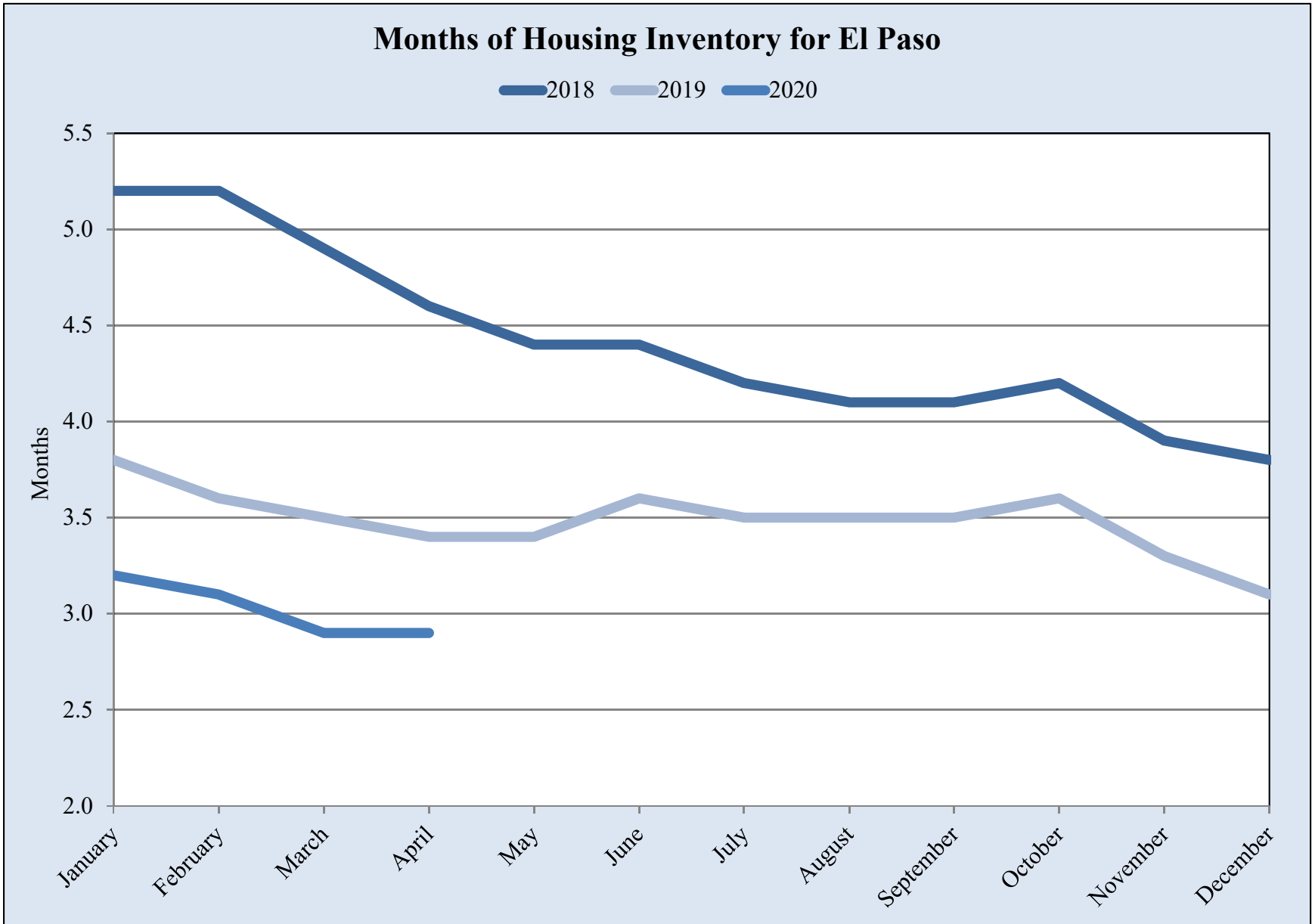
Source: Texas Health and Human Services Commission



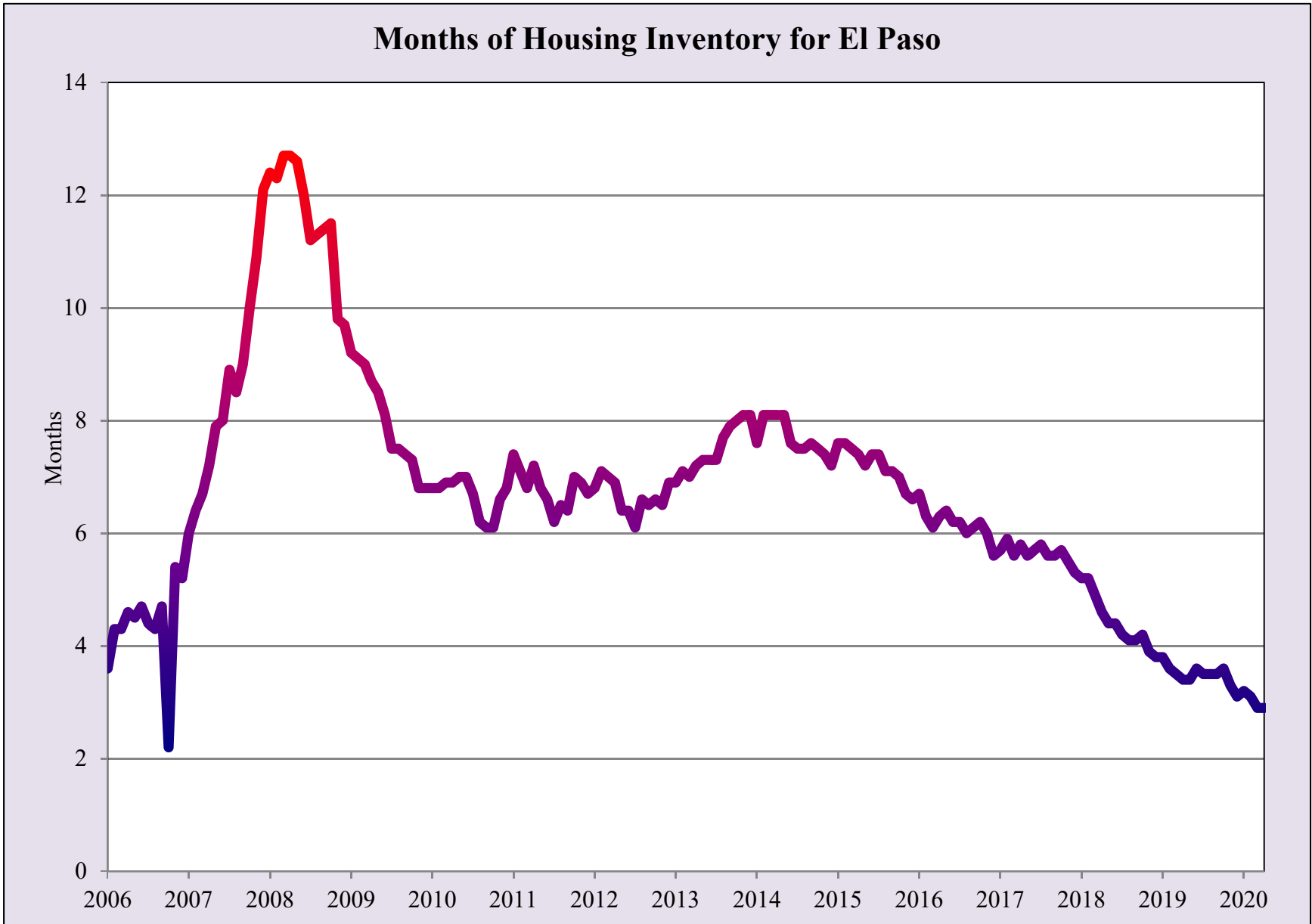
Source: Texas A&M Real Estate Center



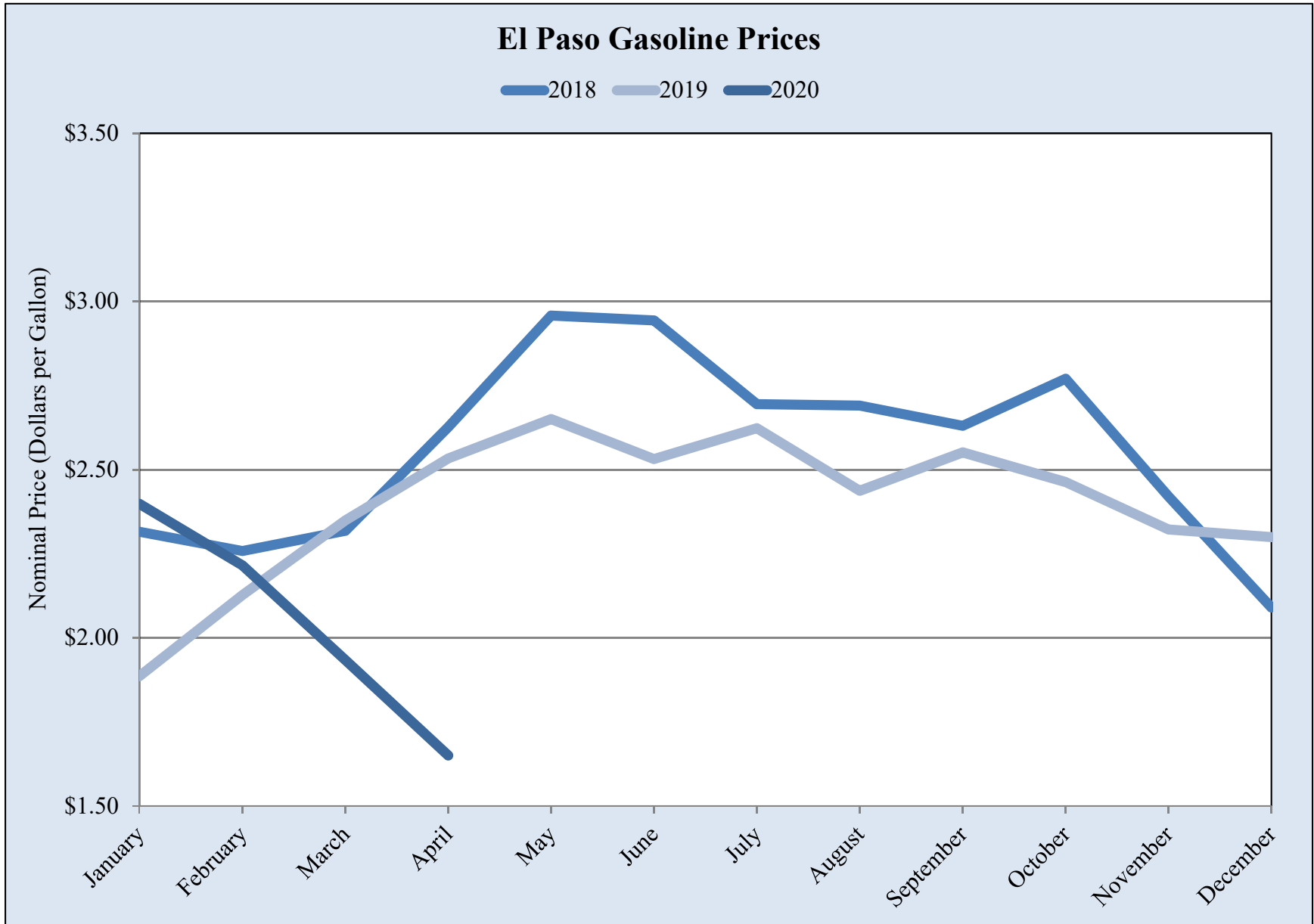
Source: Texas A&M Real Estate Center



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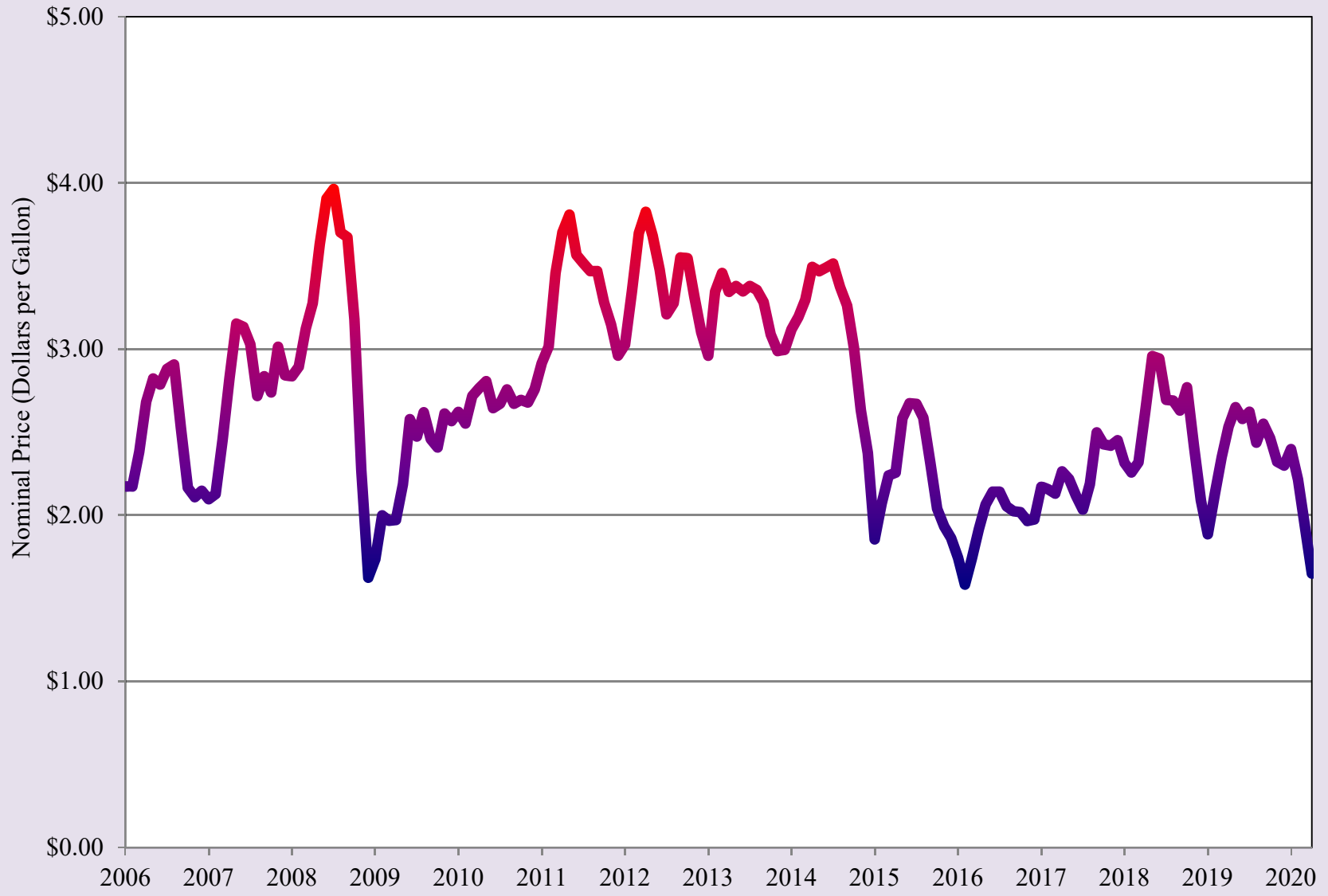


Source: Texas A&M Real Estate Center

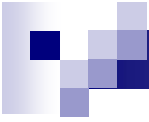


Source: GasBuddy.com

El Paso Gasoline Prices

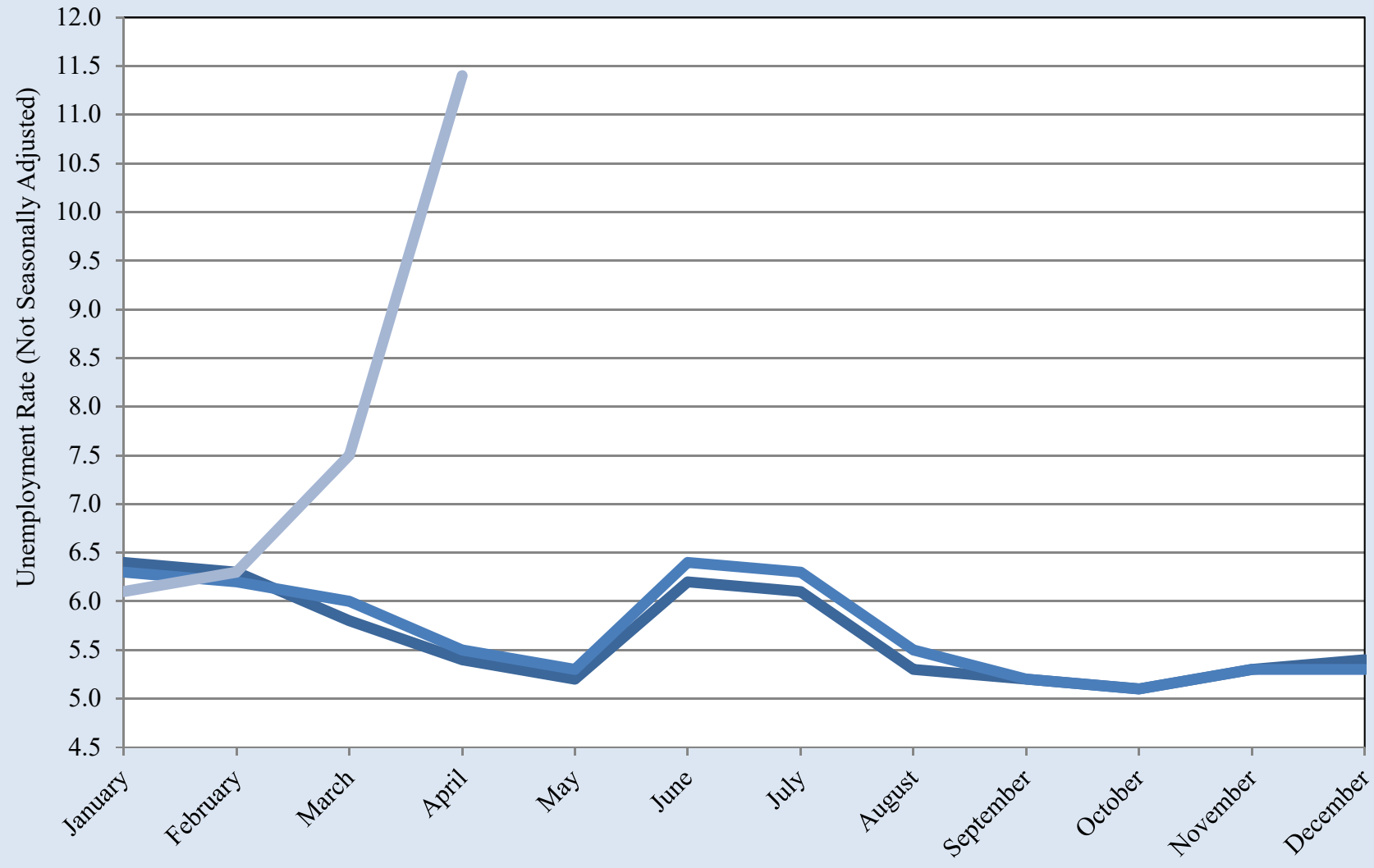


Source: GasBuddy.com

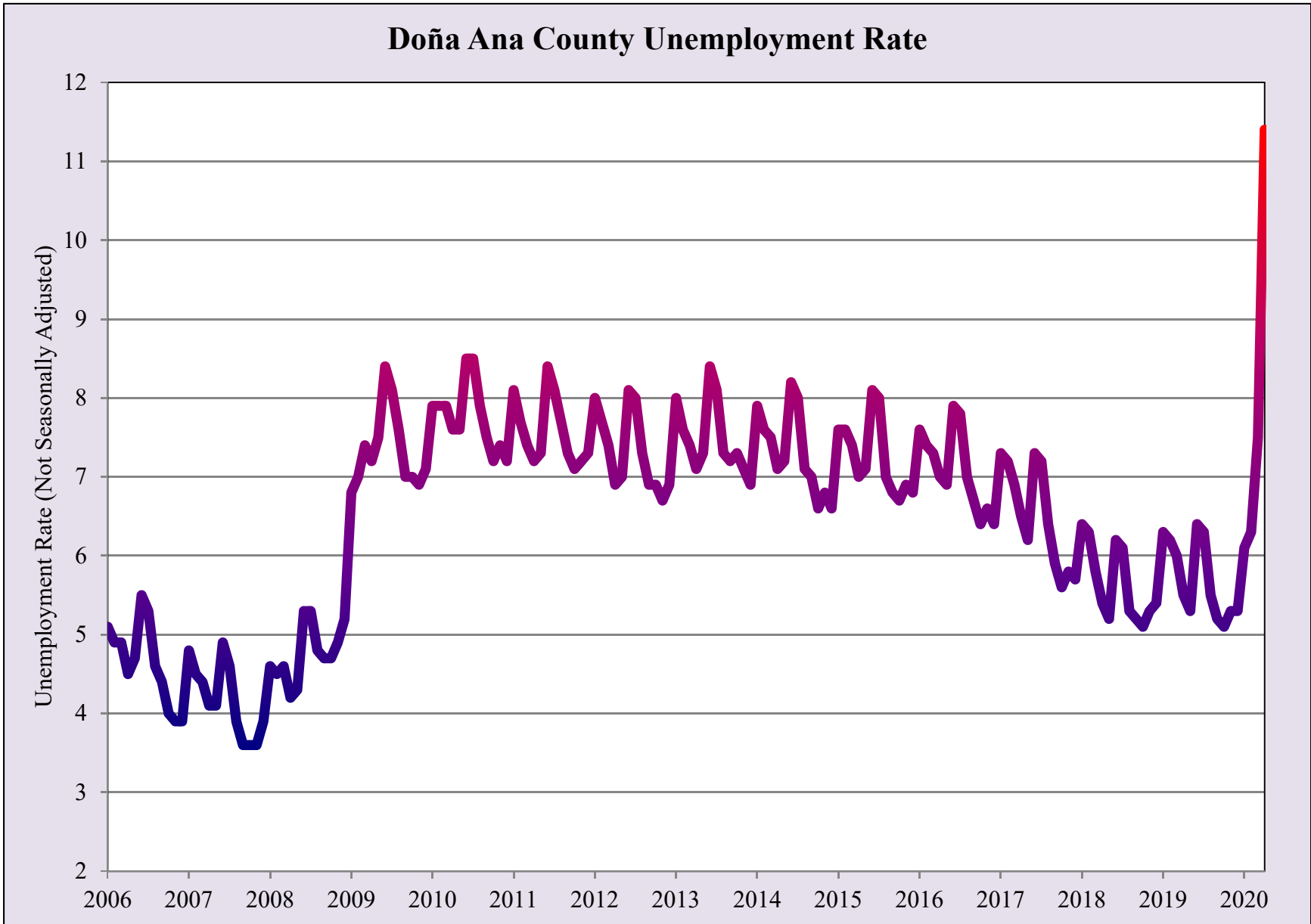
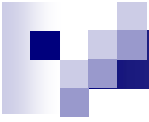


Doña Ana County Unemployment Rate

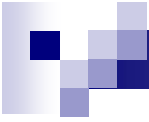
— 2018 — 2019 — 2020



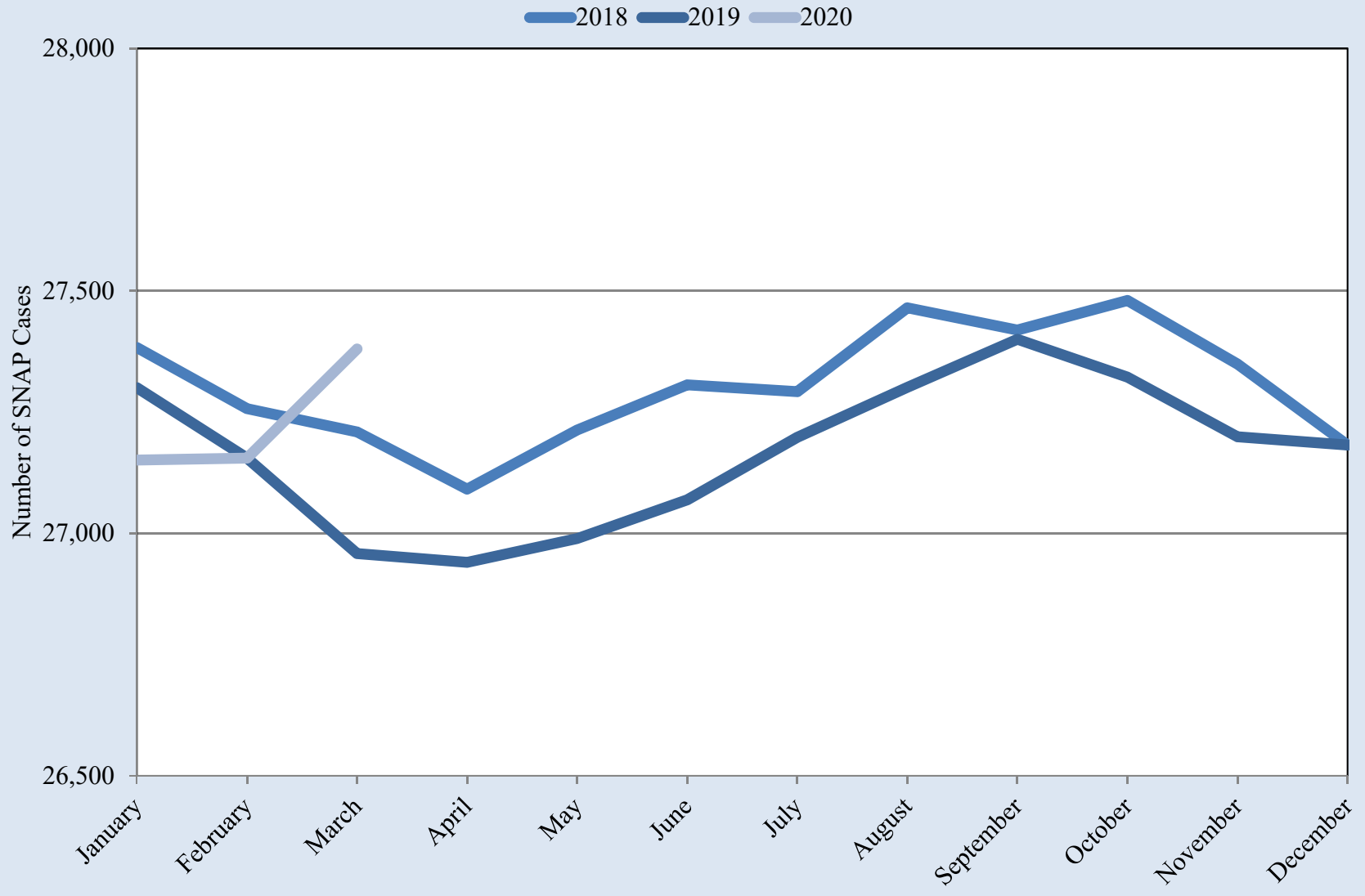
Source: Bureau of Labor Statistics



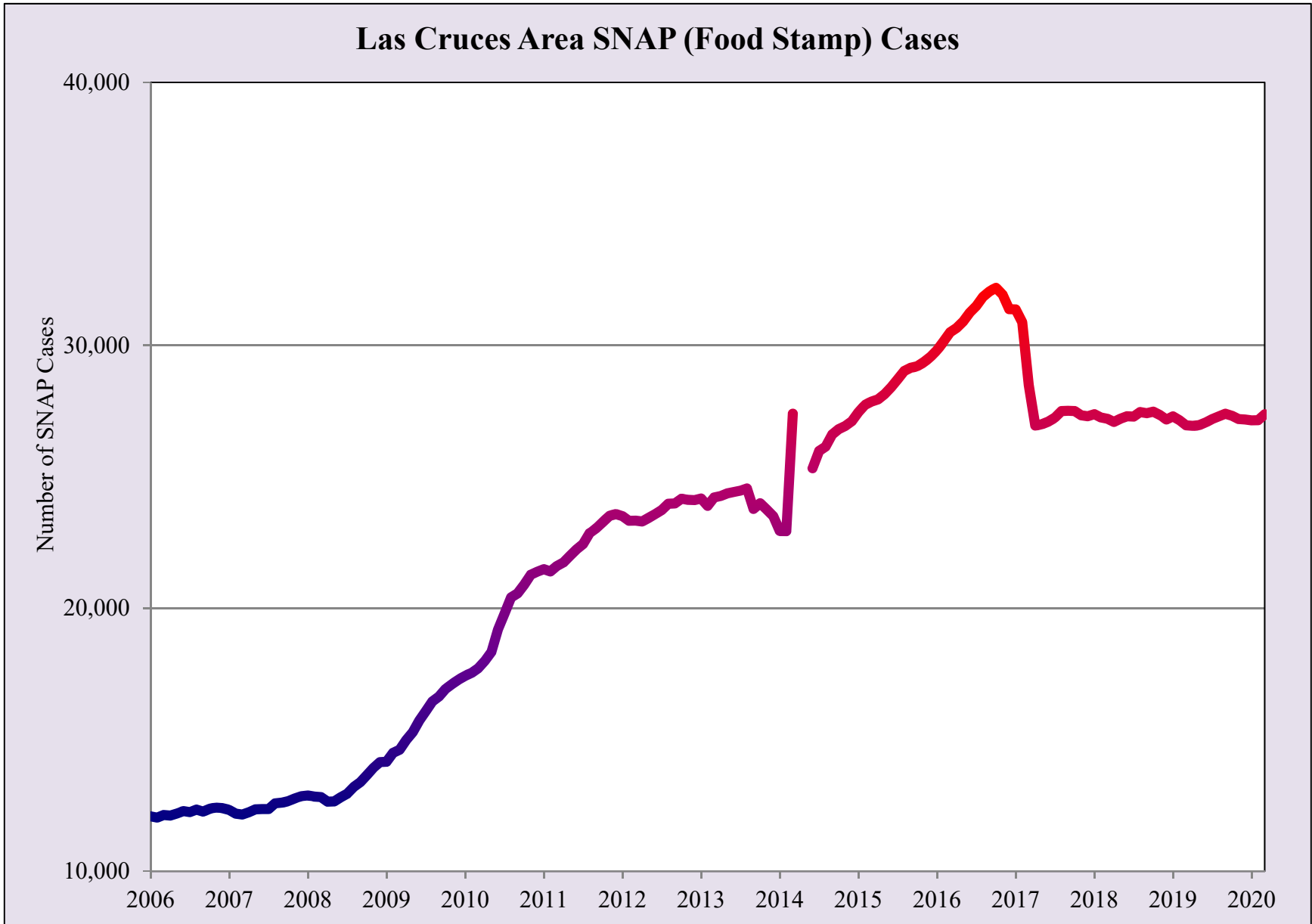
Source: Bureau of Labor Statistics



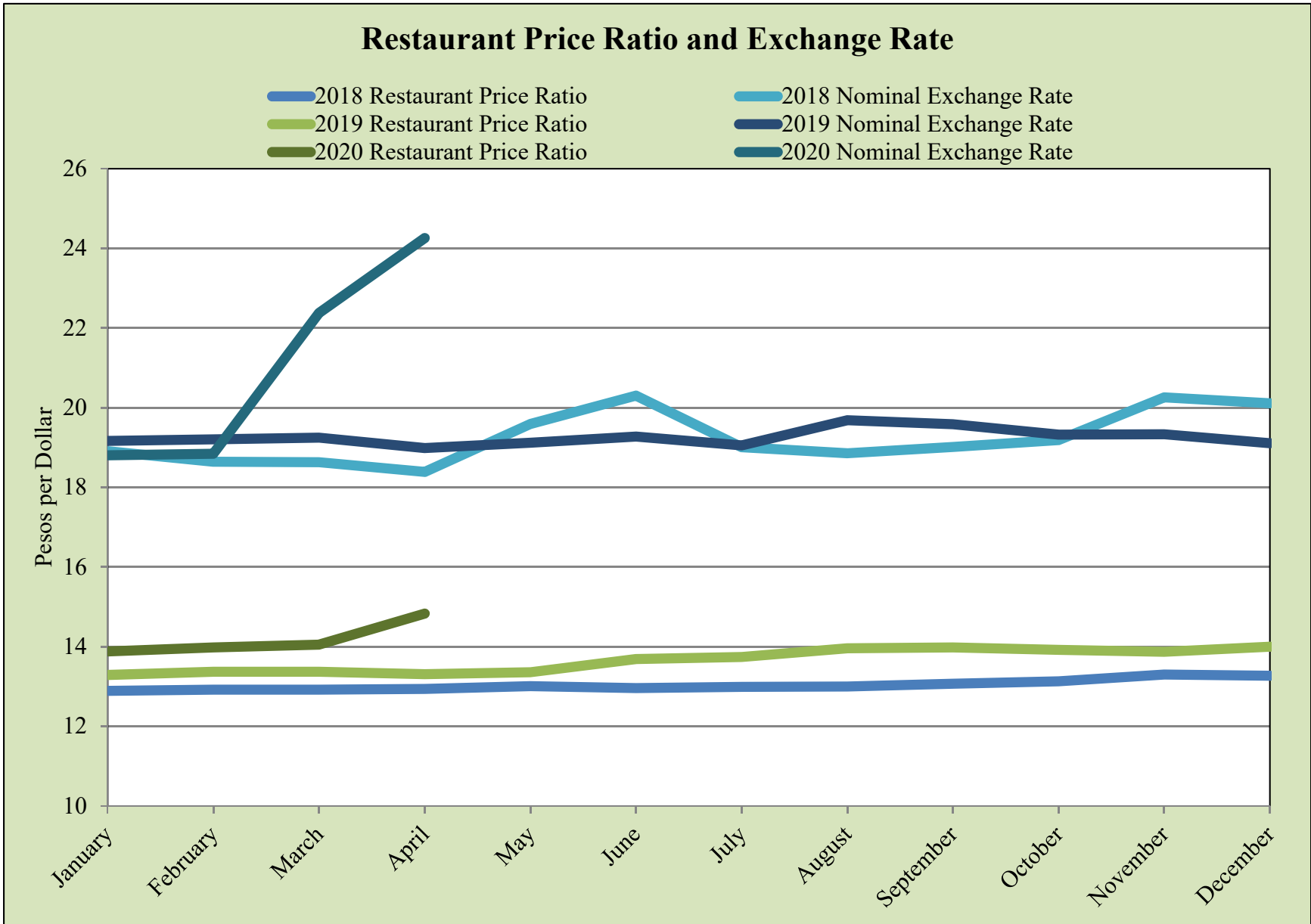
Las Cruces Area SNAP (Food Stamp) Cases



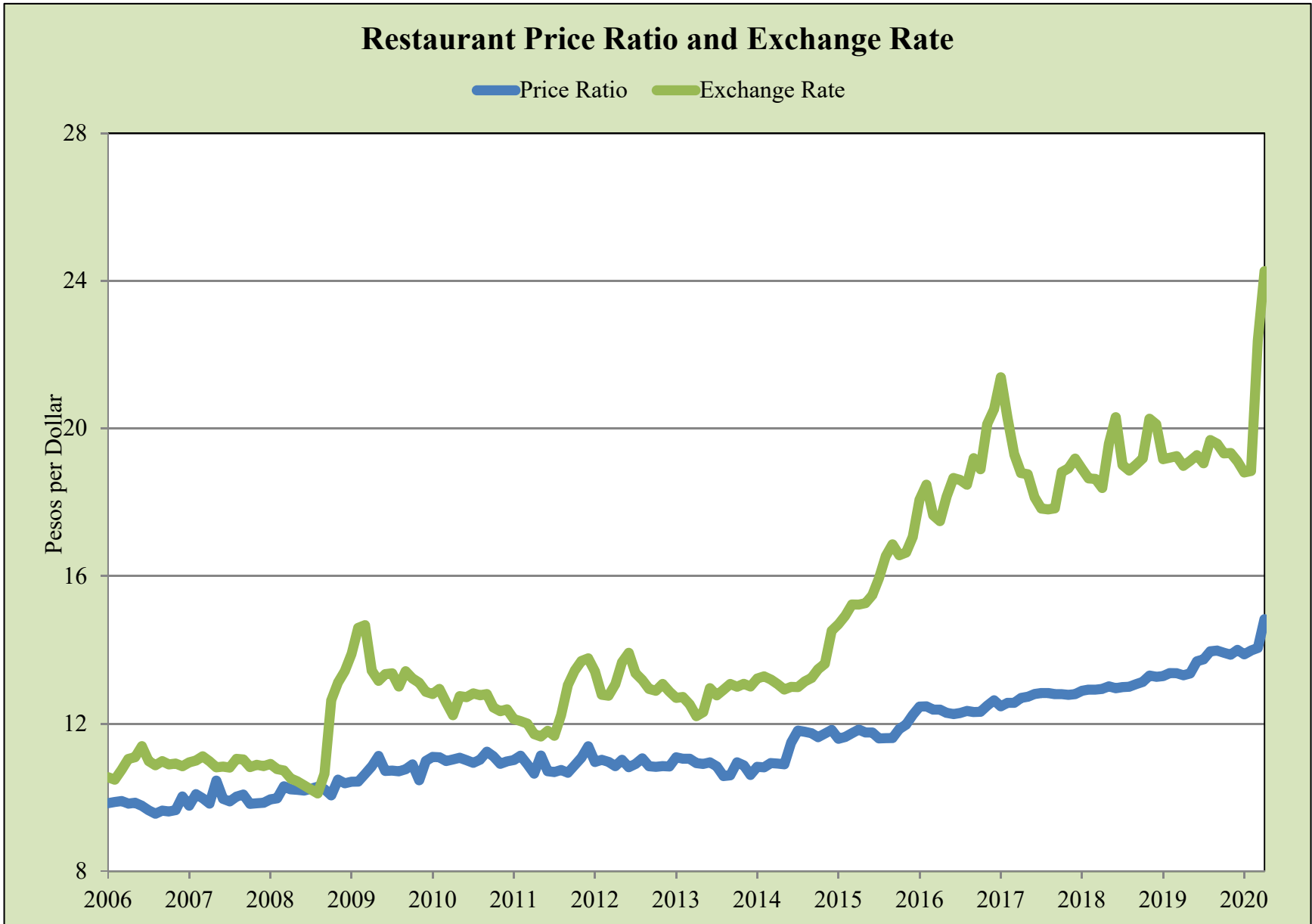
Source: New Mexico Human Services Department



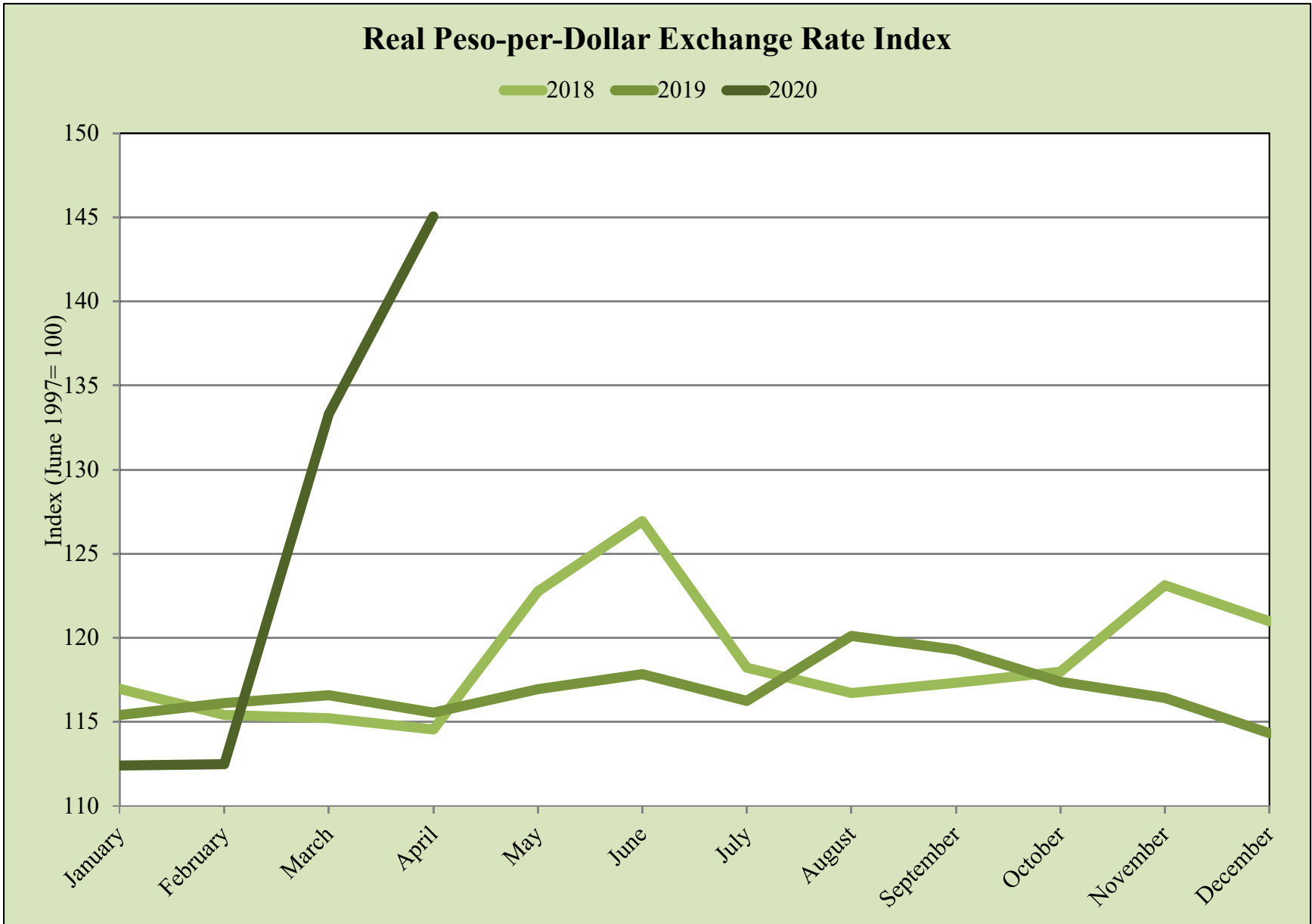
Source: New Mexico Human Services Department



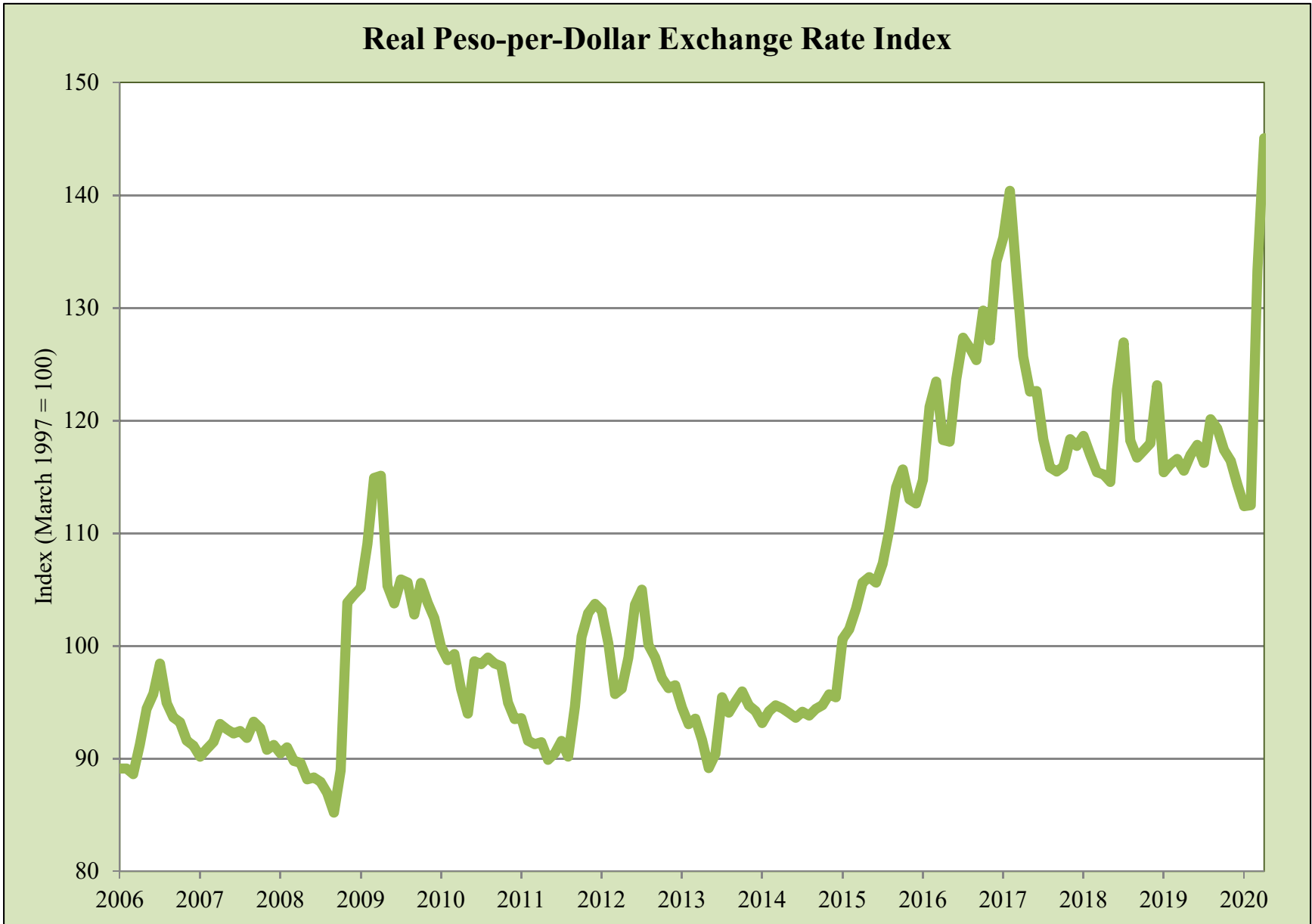
Source: UTEP Border Region Modeling Project and Banco de Mexico



Source: UTEP Border Region Modeling Project and Banco de Mexico



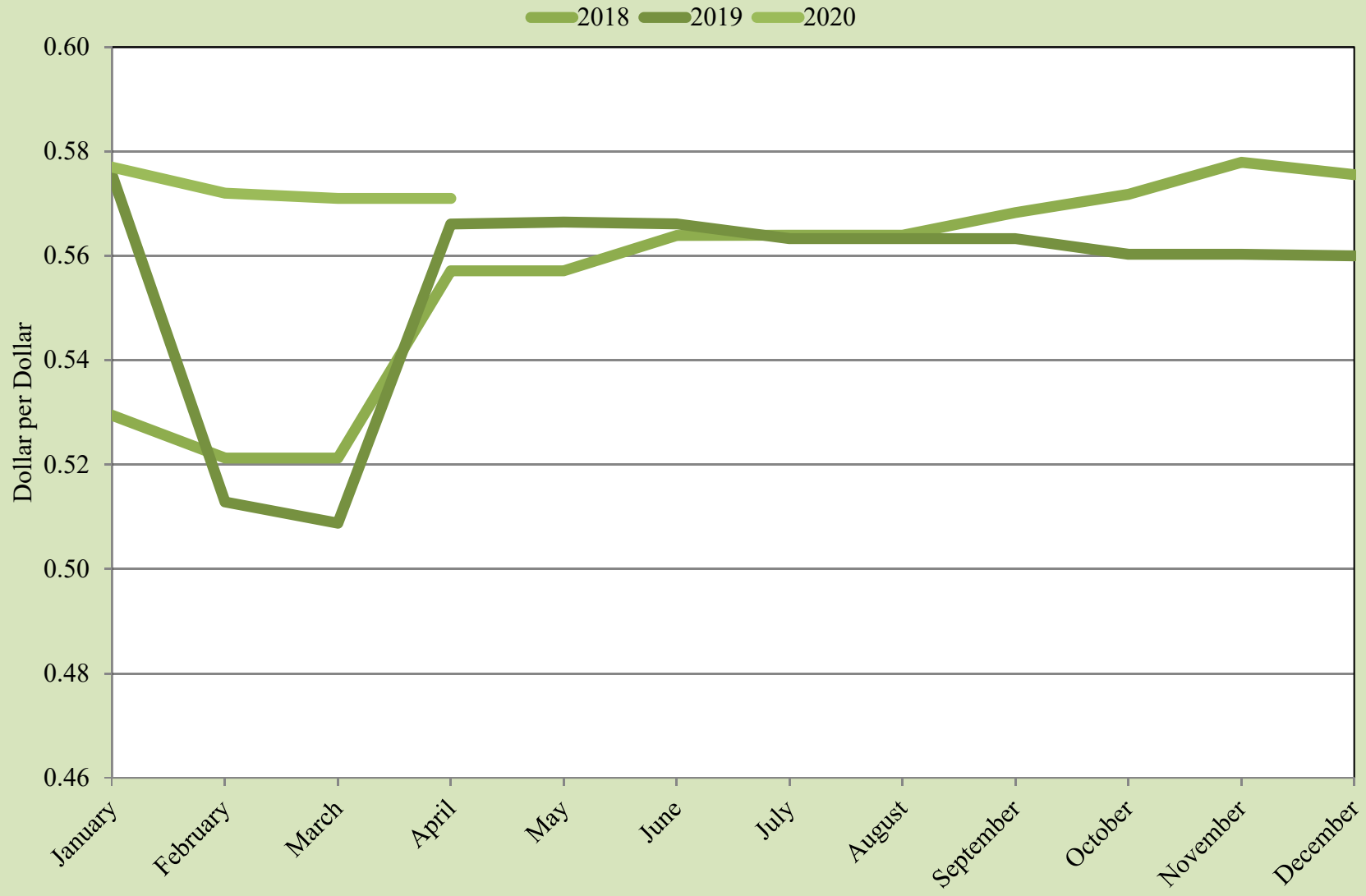
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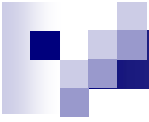
Source: UTEP Border Region Modeling Project



Pharmaceutical Nominal Price Ratio in the USA and Mexico



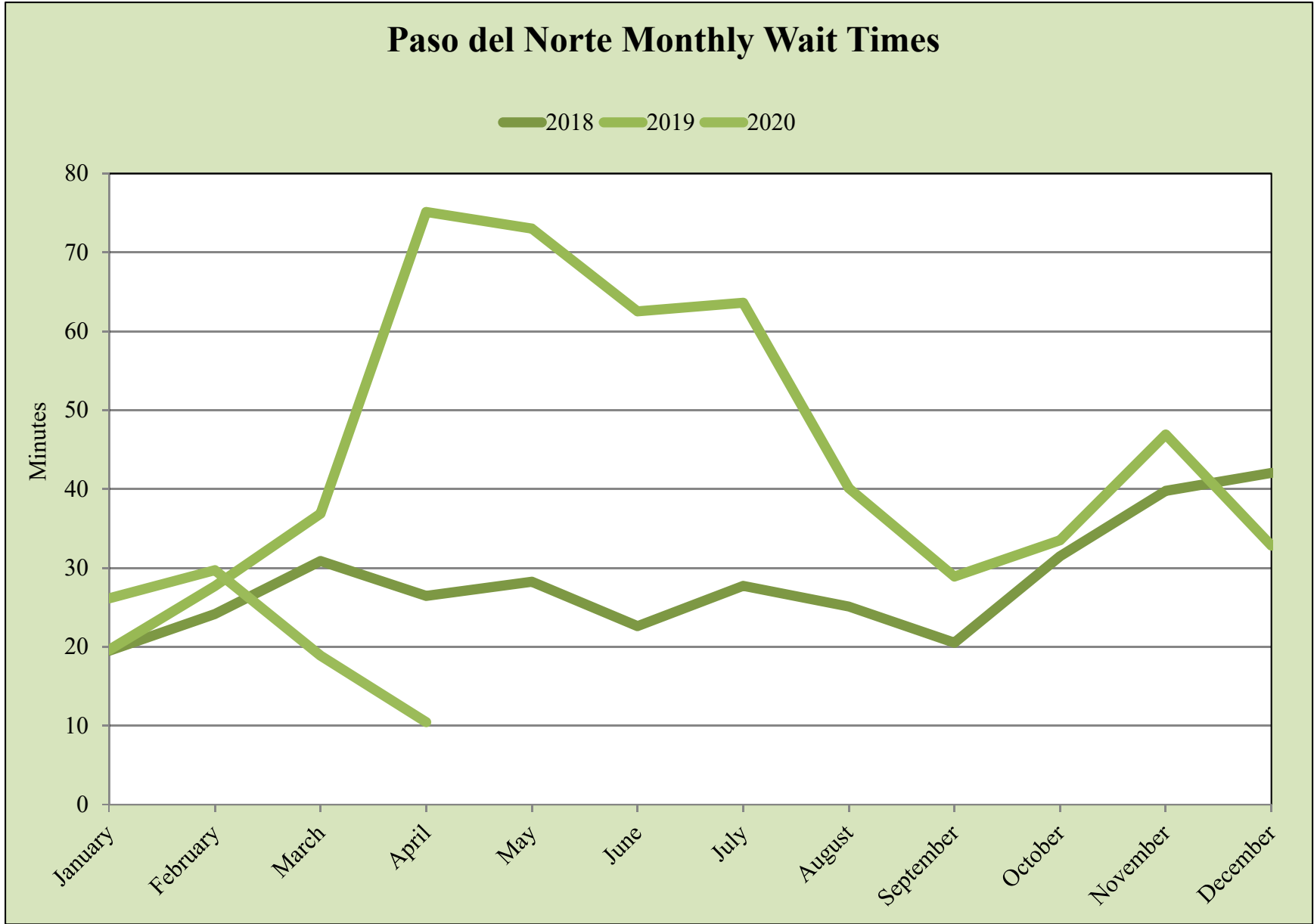
Source: UTEP Border Region Modeling Project, healthwarehouse.com, medicinesmexico.com, medsmex.com



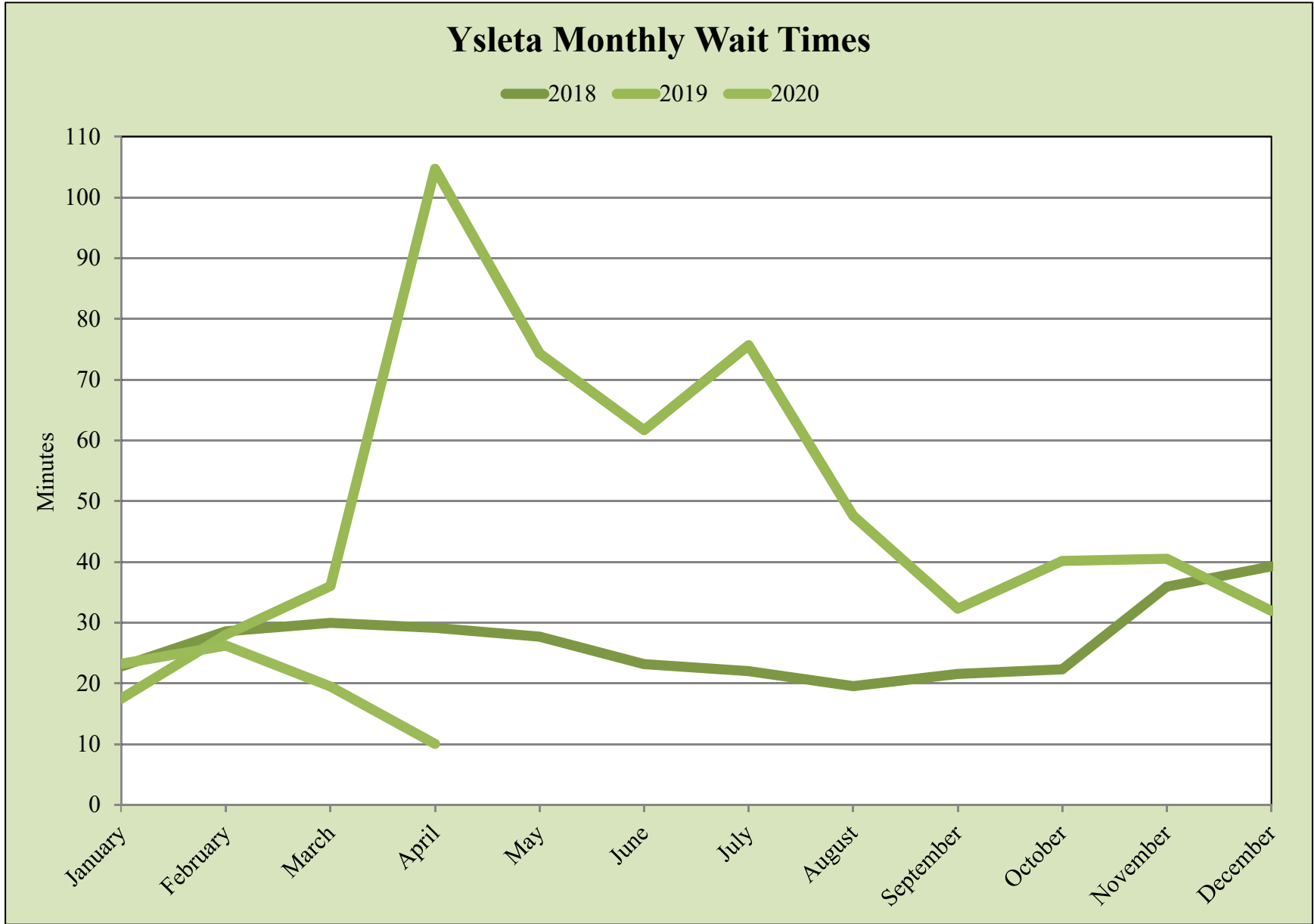
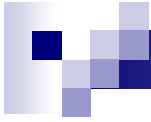
Pharmaceutical Nominal Price Ratio in the USA and Mexico



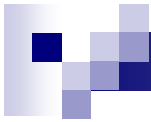
Source: UTEP Border Region Modeling Project, healthwarehouse.com, medicinesmexico.com, medsmex.com



Source: UTEP Border Region Modeling Project

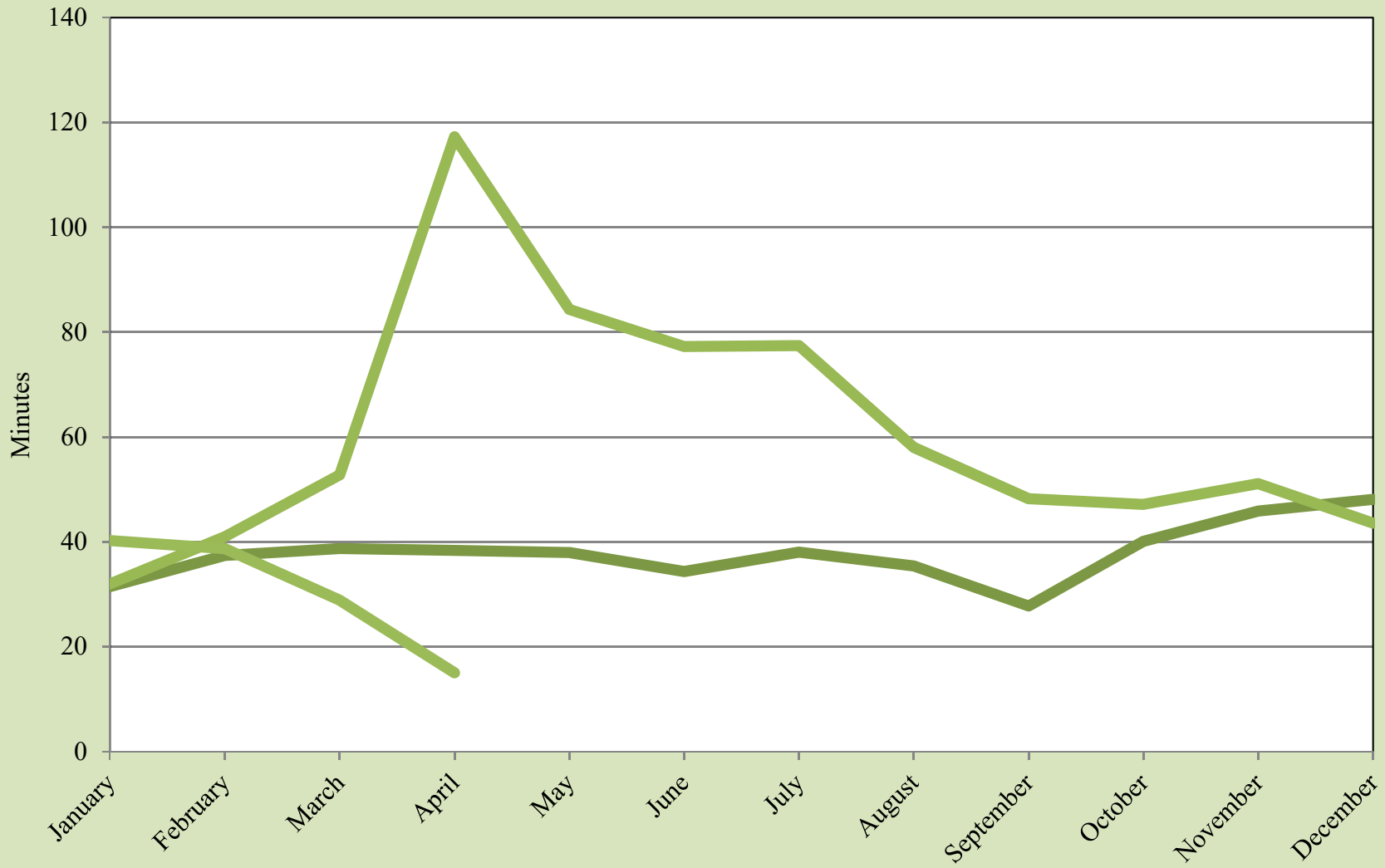


Source: UTEP Border Region Modeling Project

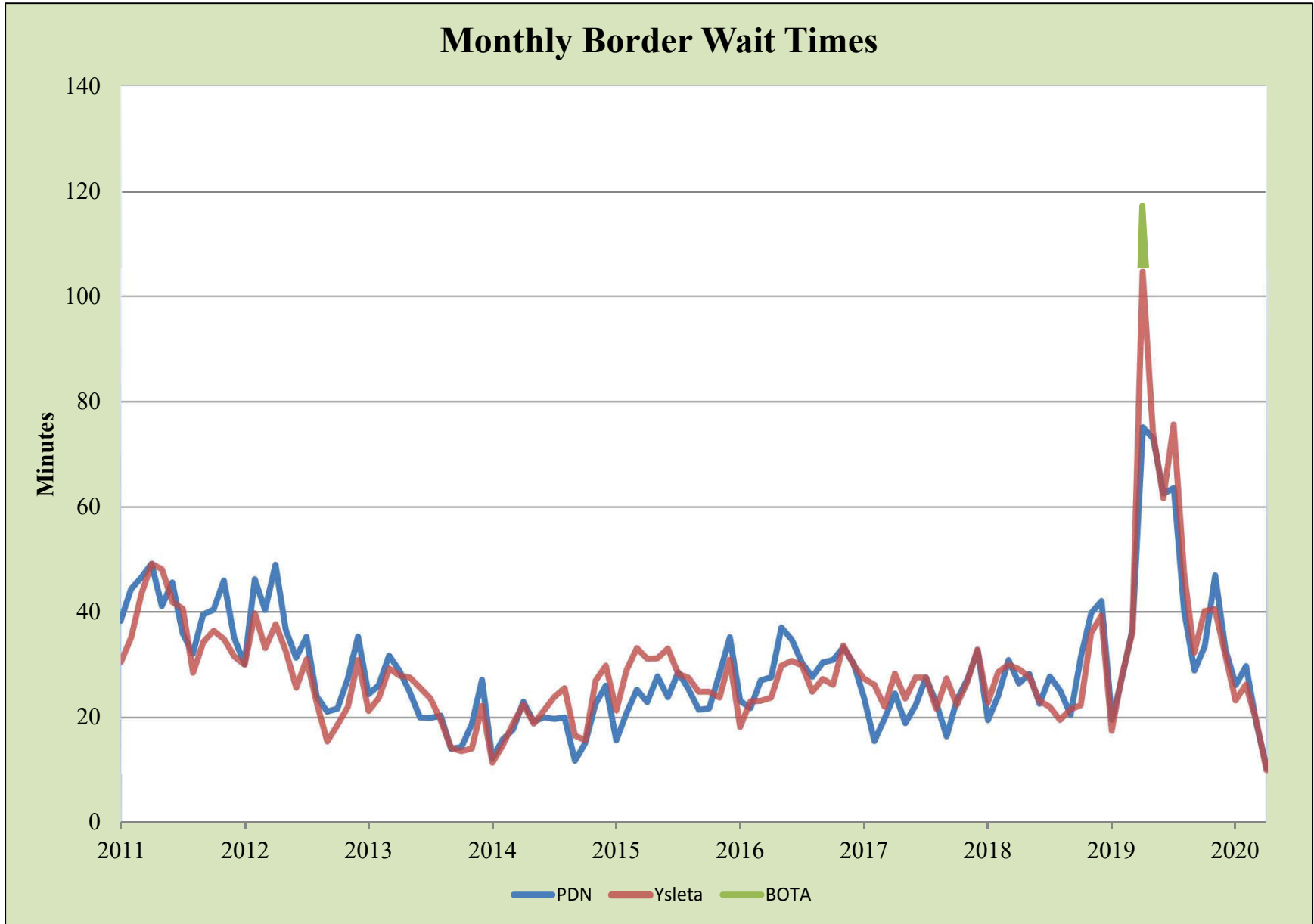


Bridge of the Americas Monthly Wait Times

— 2018 — 2019 — 2020



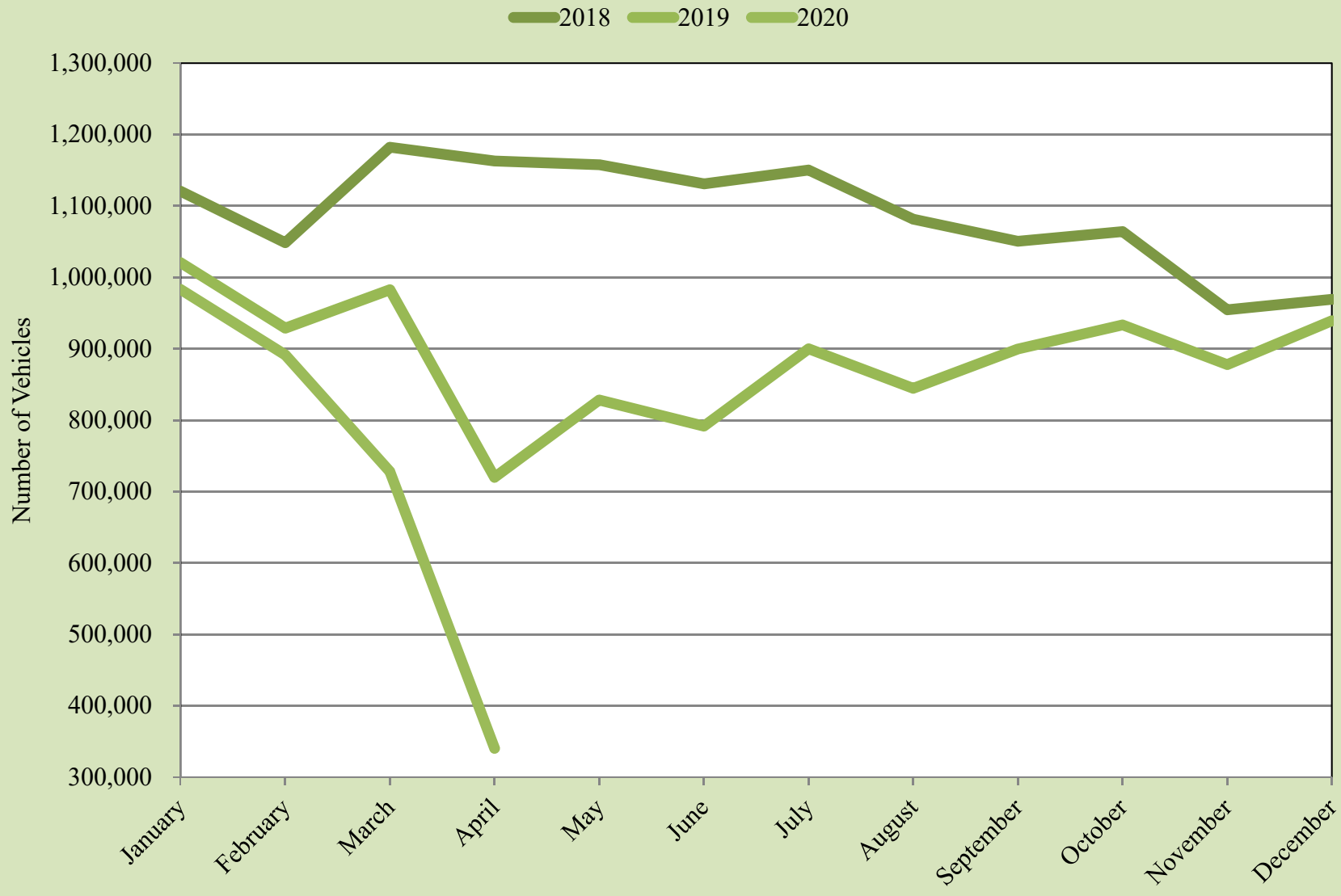
Source: UTEP Border Region Modeling Project



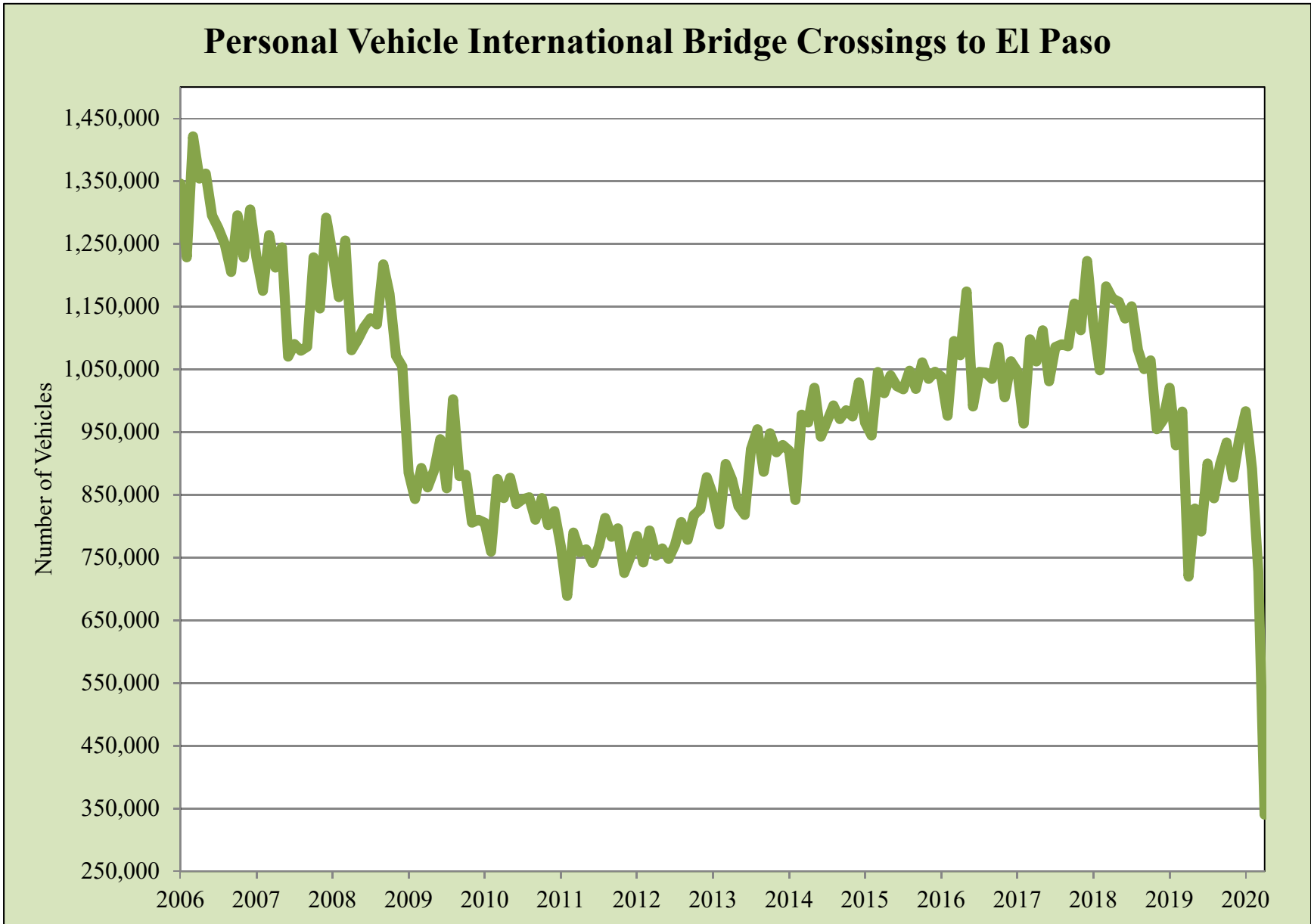
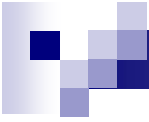
Source: UTEP Border Region Modeling Project



Personal Vehicle International Bridge Crossings to El Paso



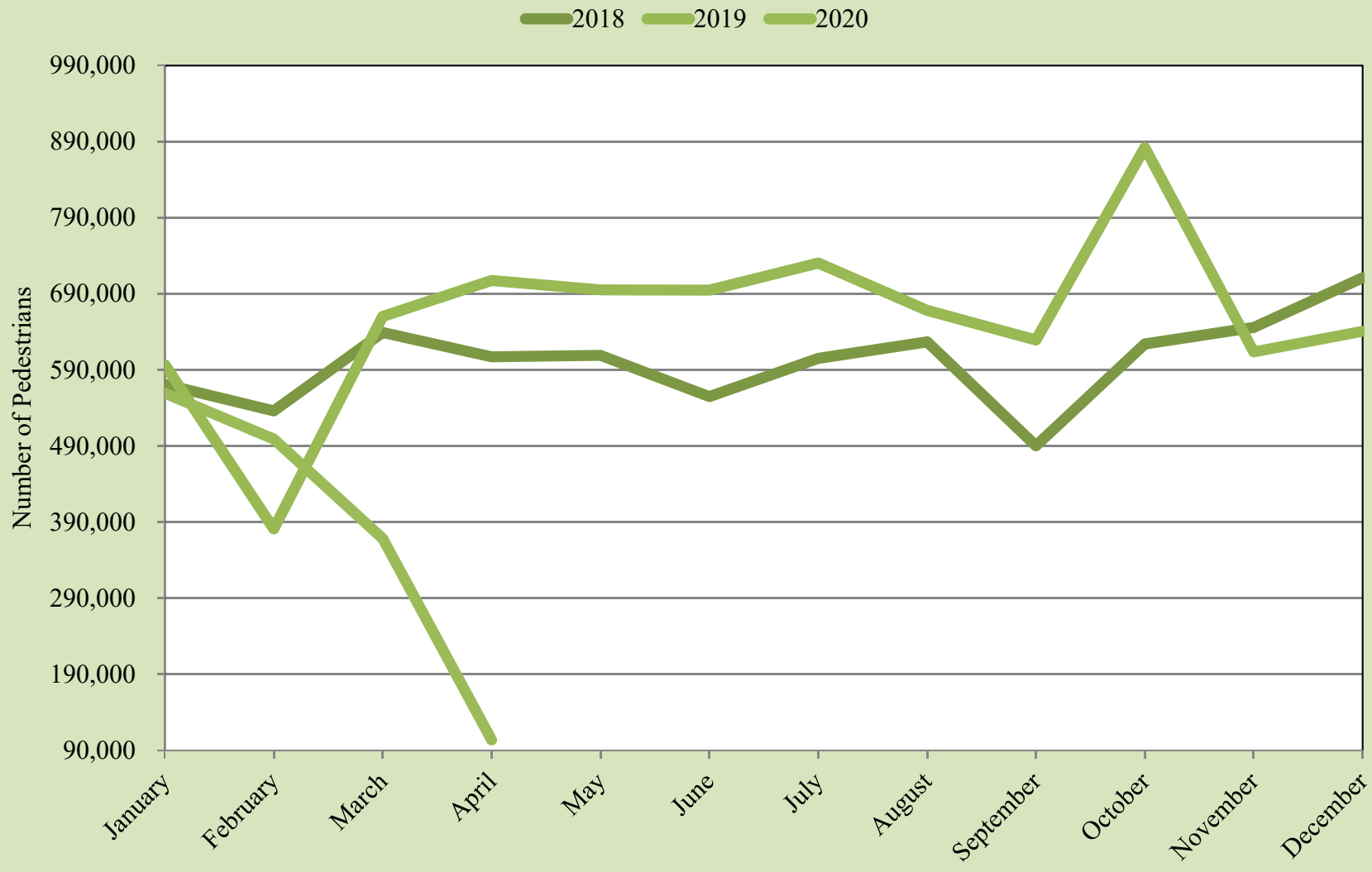
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection



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



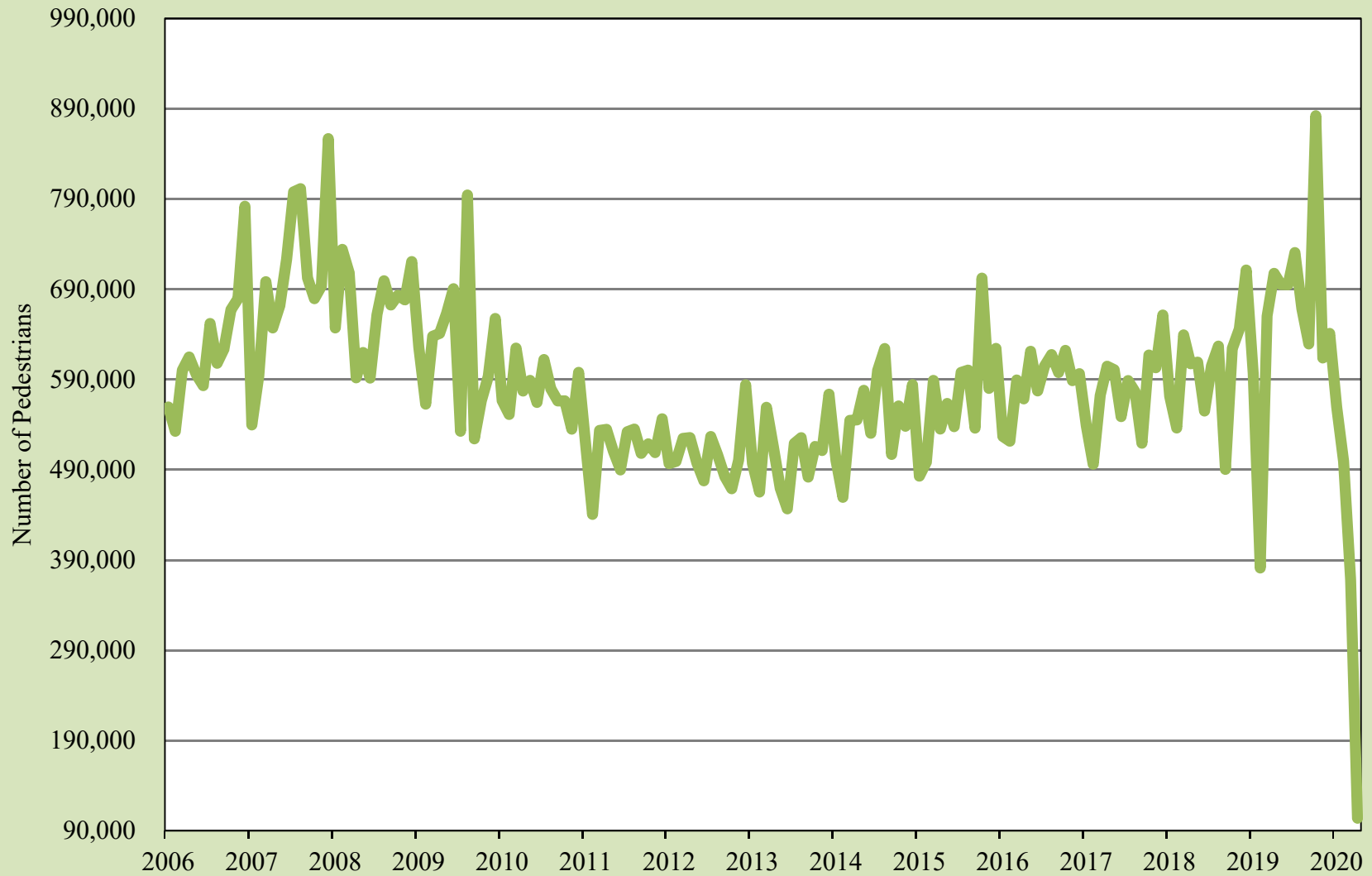
Pedestrian International Bridge Crossings to El Paso



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



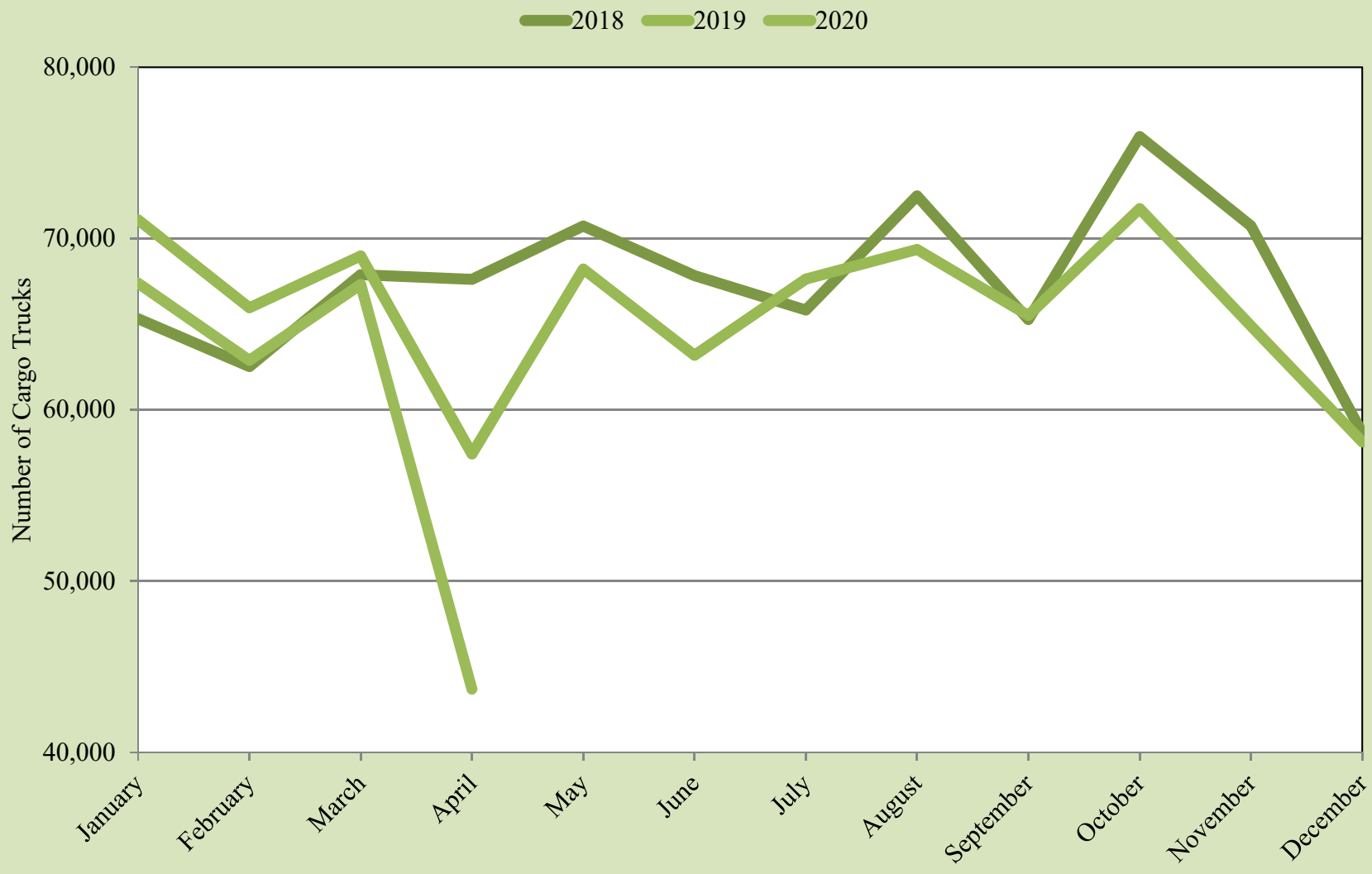
Pedestrian International Bridge Crossings to El Paso



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



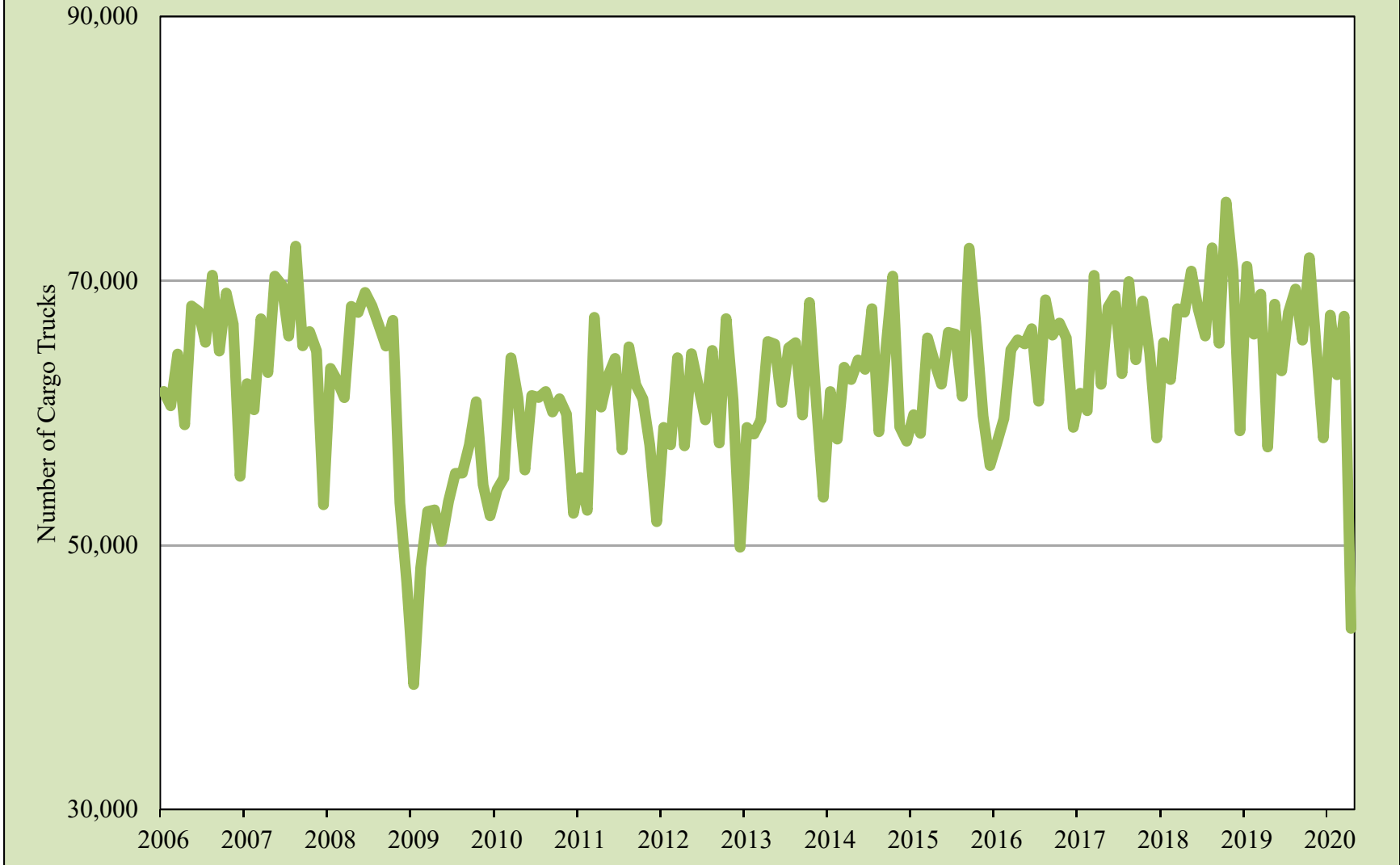
Cargo Truck International Bridge Crossings to El Paso



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



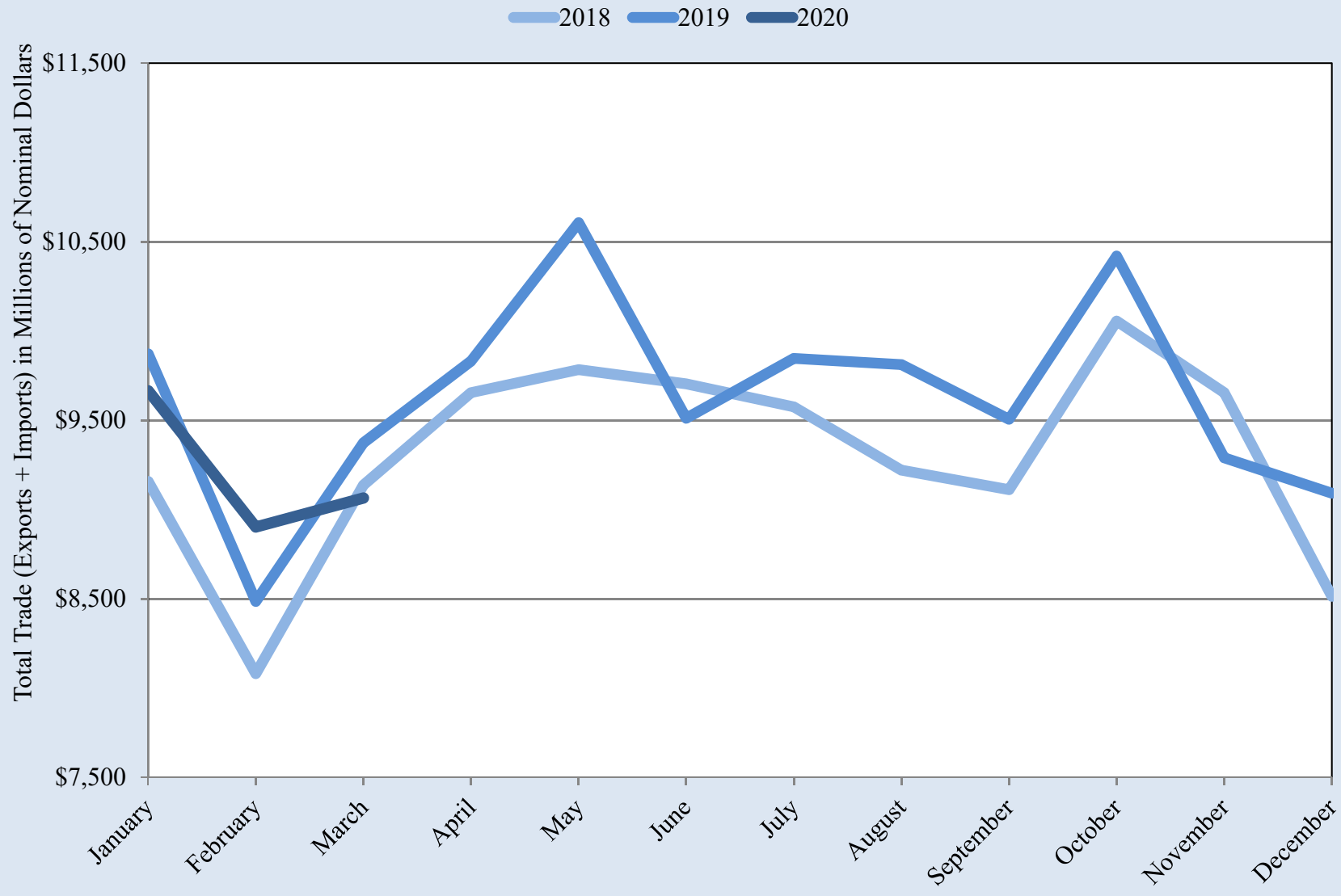
Cargo Truck International Bridge Crossings to El Paso



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



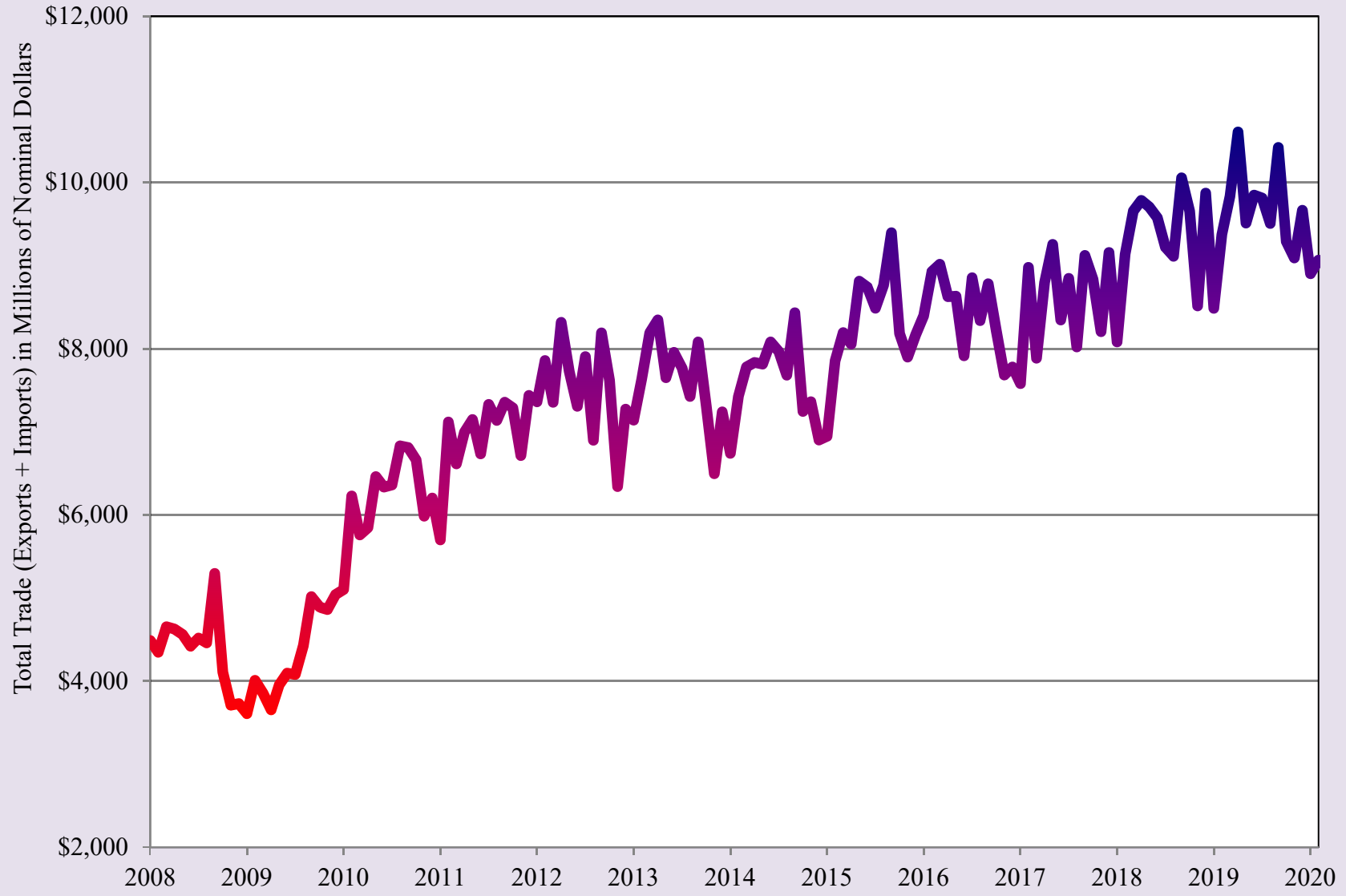
Total Trade through the El Paso Customs District



Source: U.S. International Trade Commission



Total Trade through the El Paso Customs District

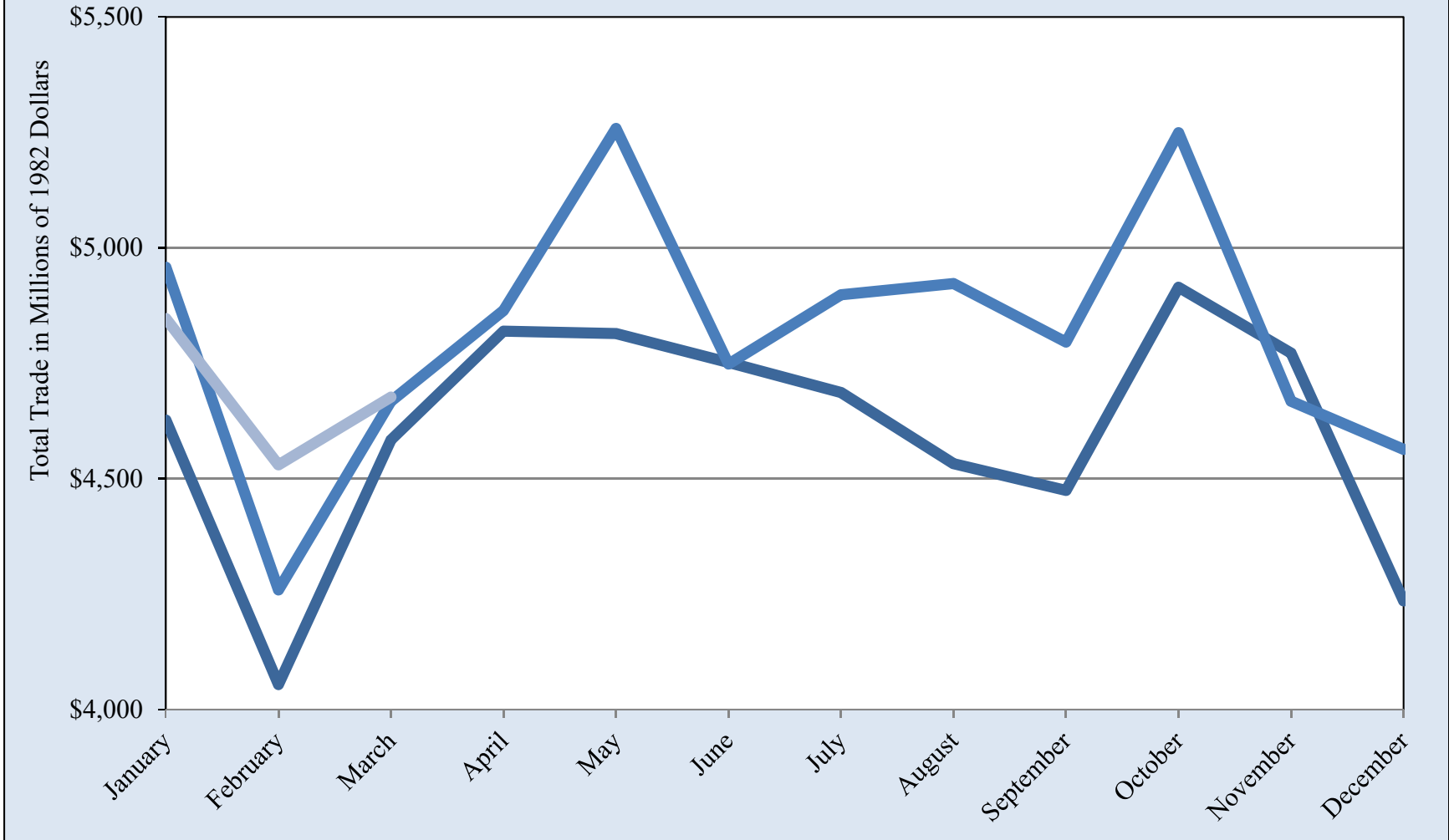


Source: U.S. International Trade Commission



Real Total Trade through the El Paso Customs District

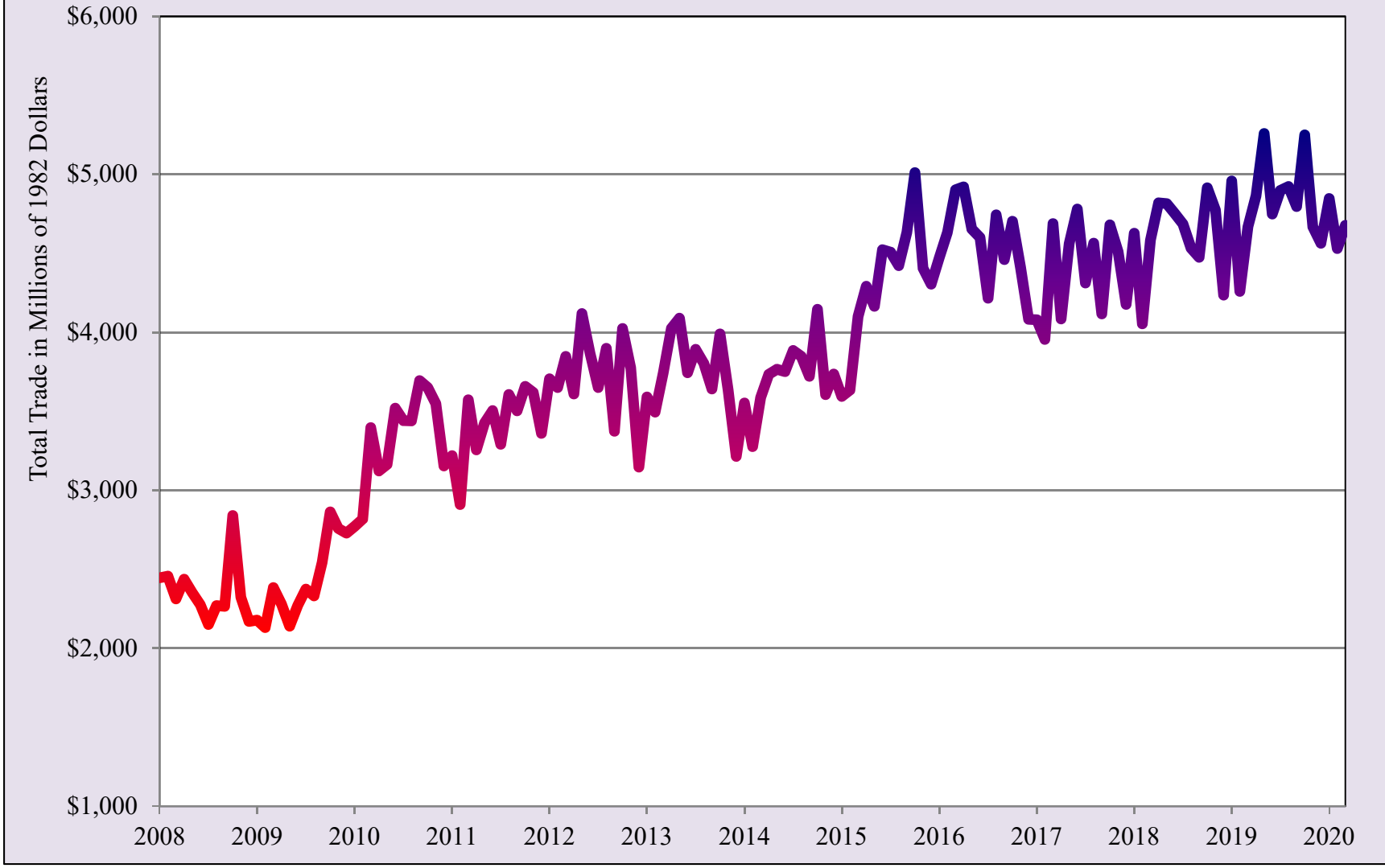
— 2018 — 2019 — 2020



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



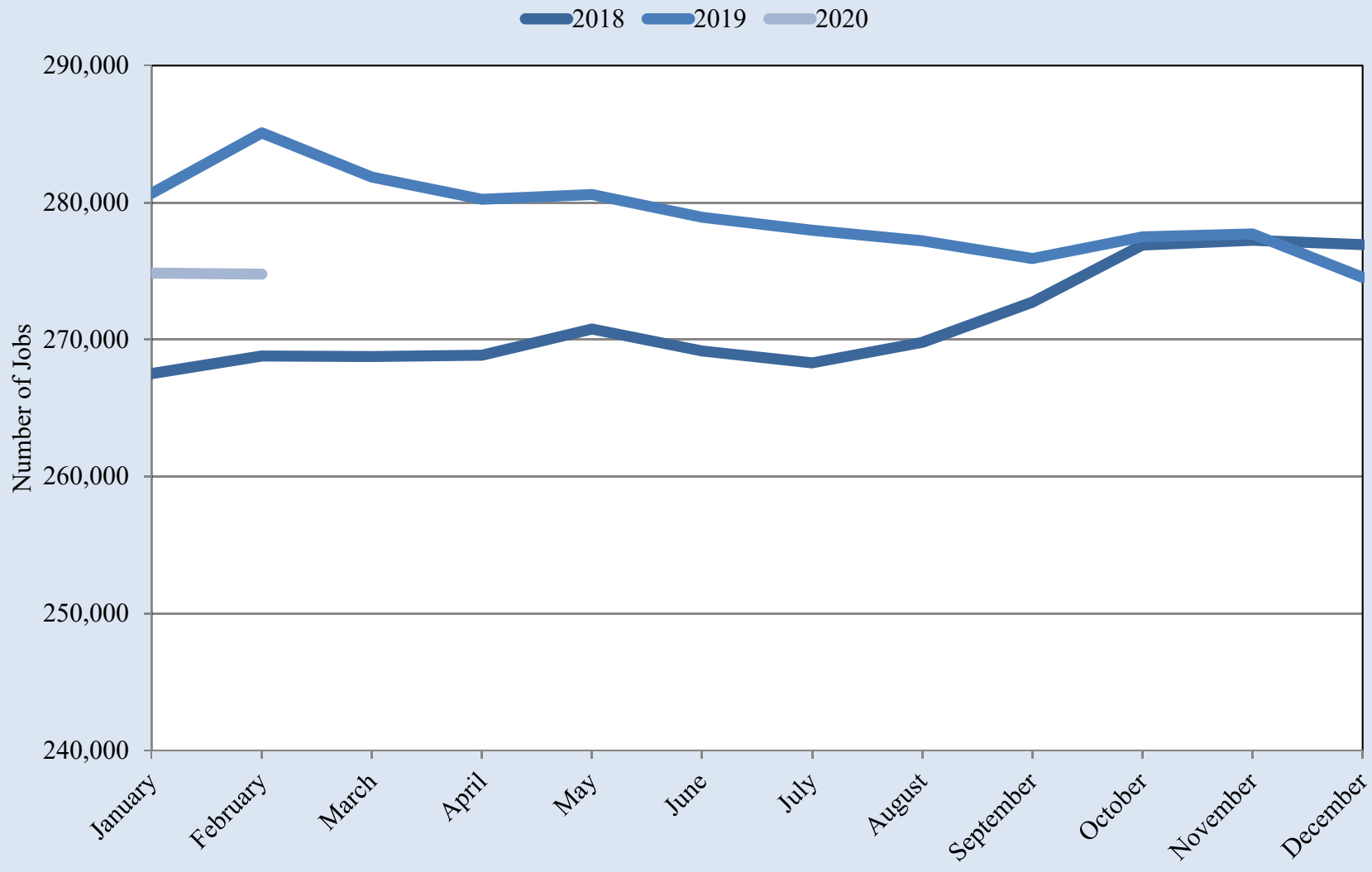
Real Total Trade through the El Paso Customs District



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



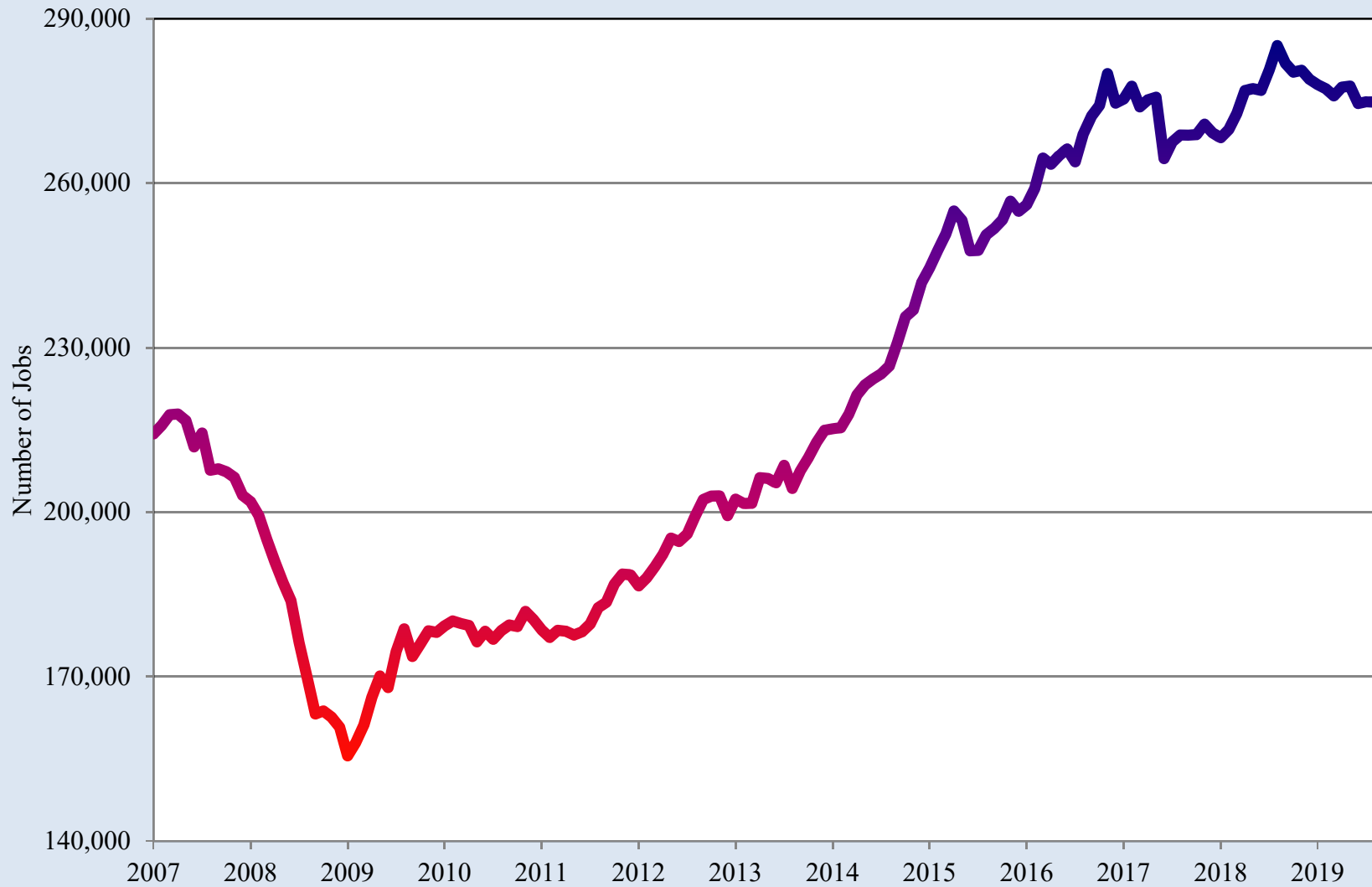
Export-Oriented Manufacturing Employment in Ciudad Juárez



Source: INEGI



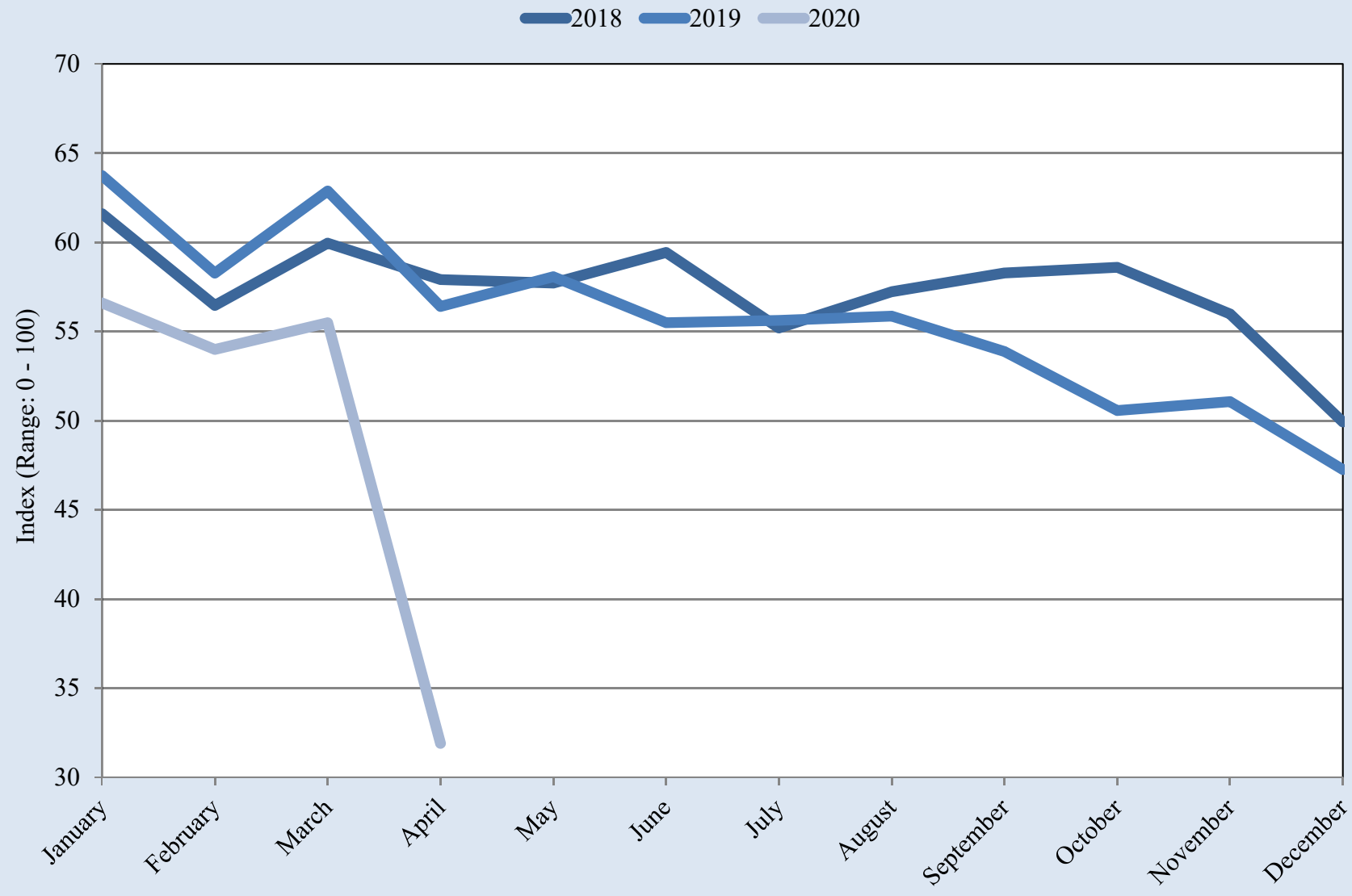
Export-Oriented Manufacturing Employment in Ciudad Juárez



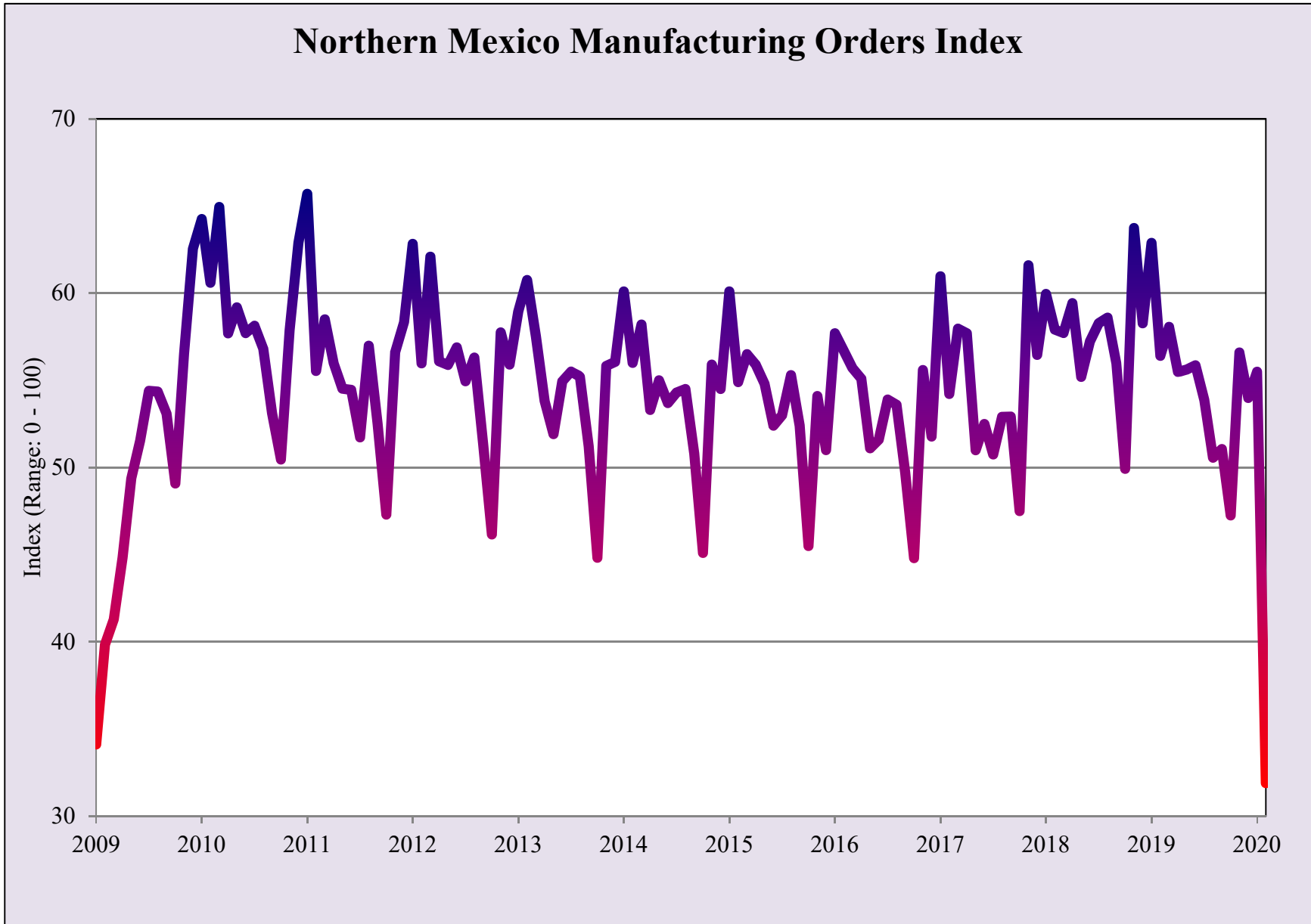
Source: INEGI



Northern Mexico Manufacturing Orders Index



Source: Banco de México

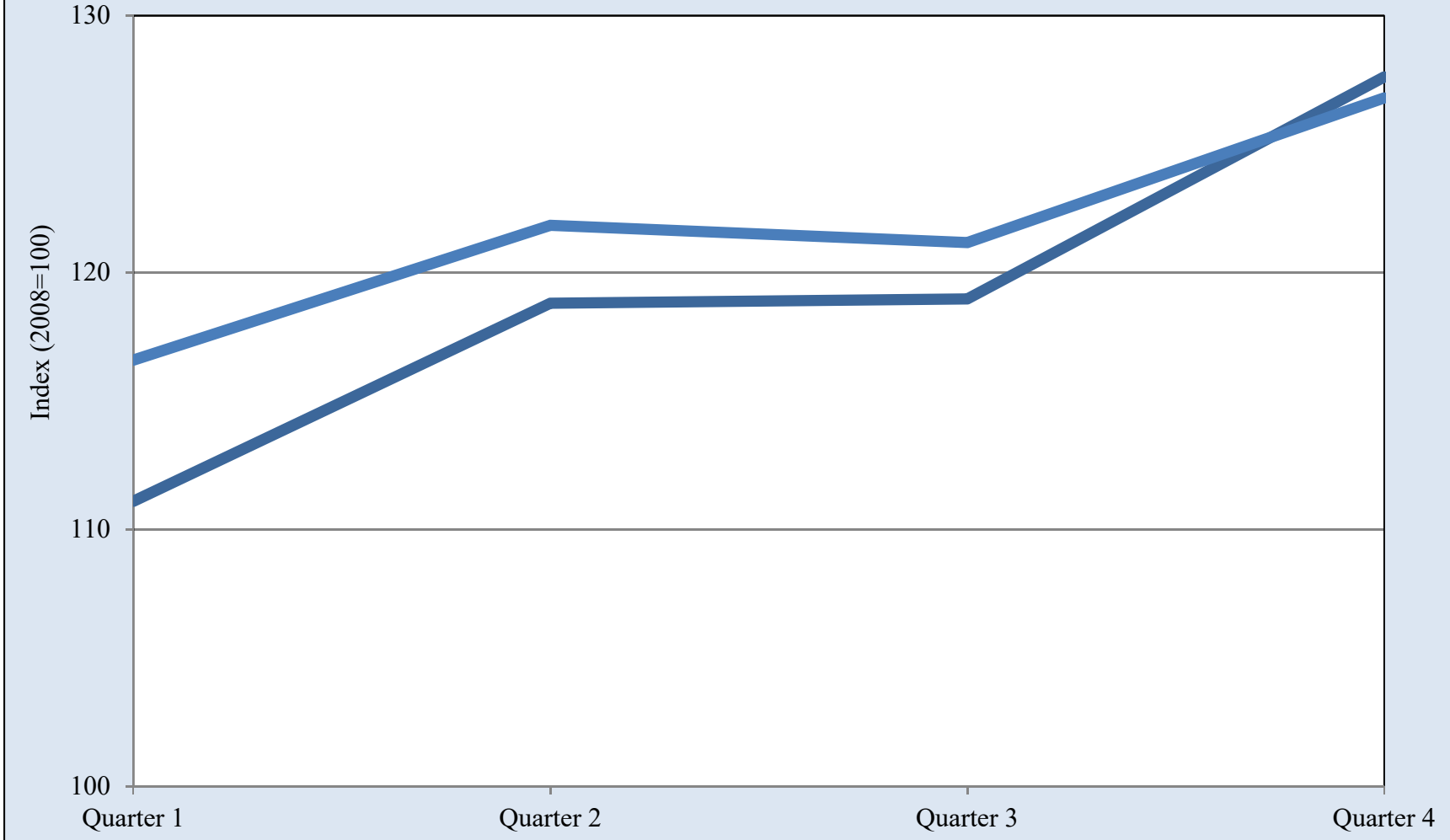


Source: Banco de México



Quarterly Indicator of Economic Activity for the State of Chihuahua

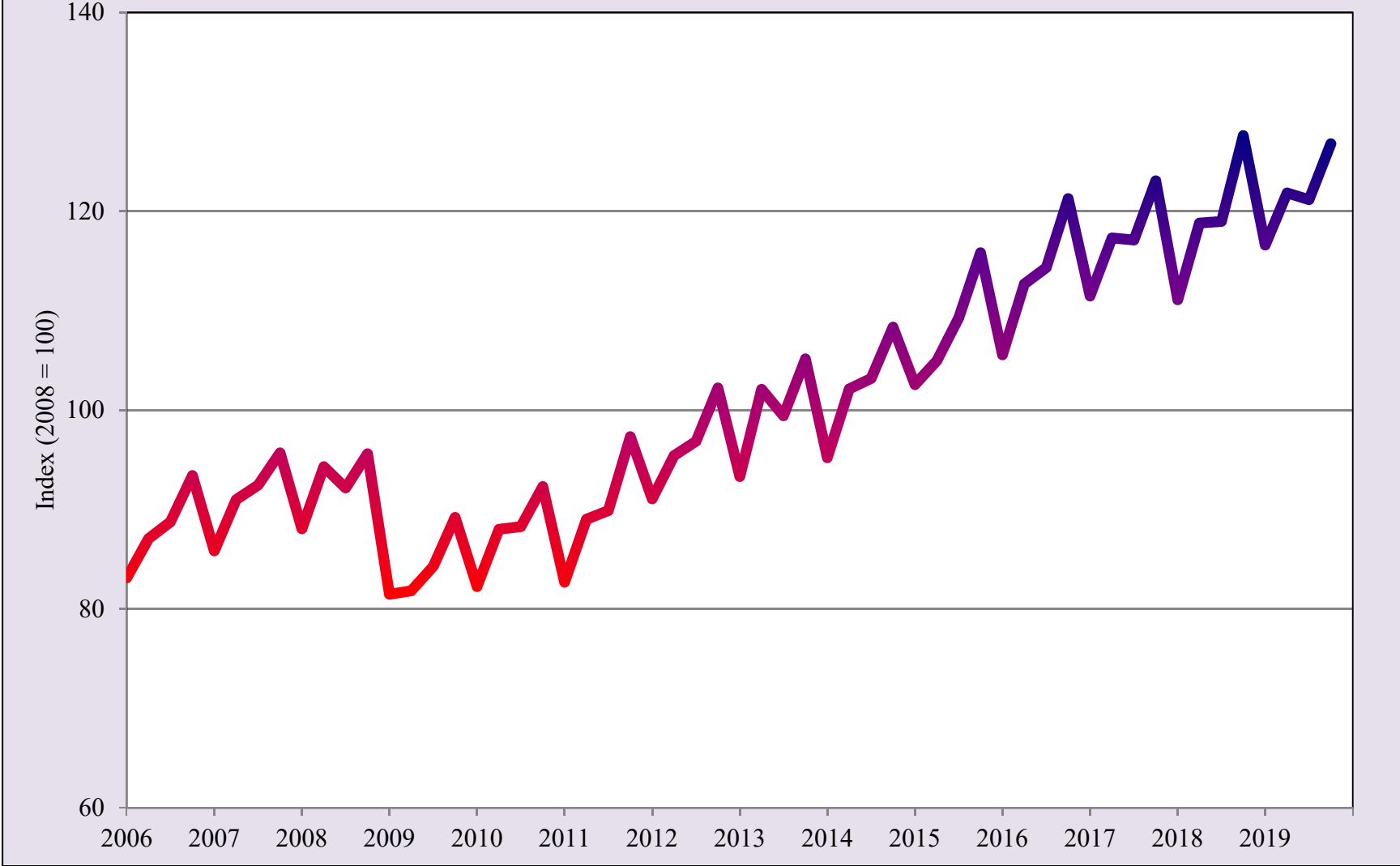
— 2018 — 2019



Source: INEGI



Quarterly Indicator of Economic Activity for the State of Chihuahua

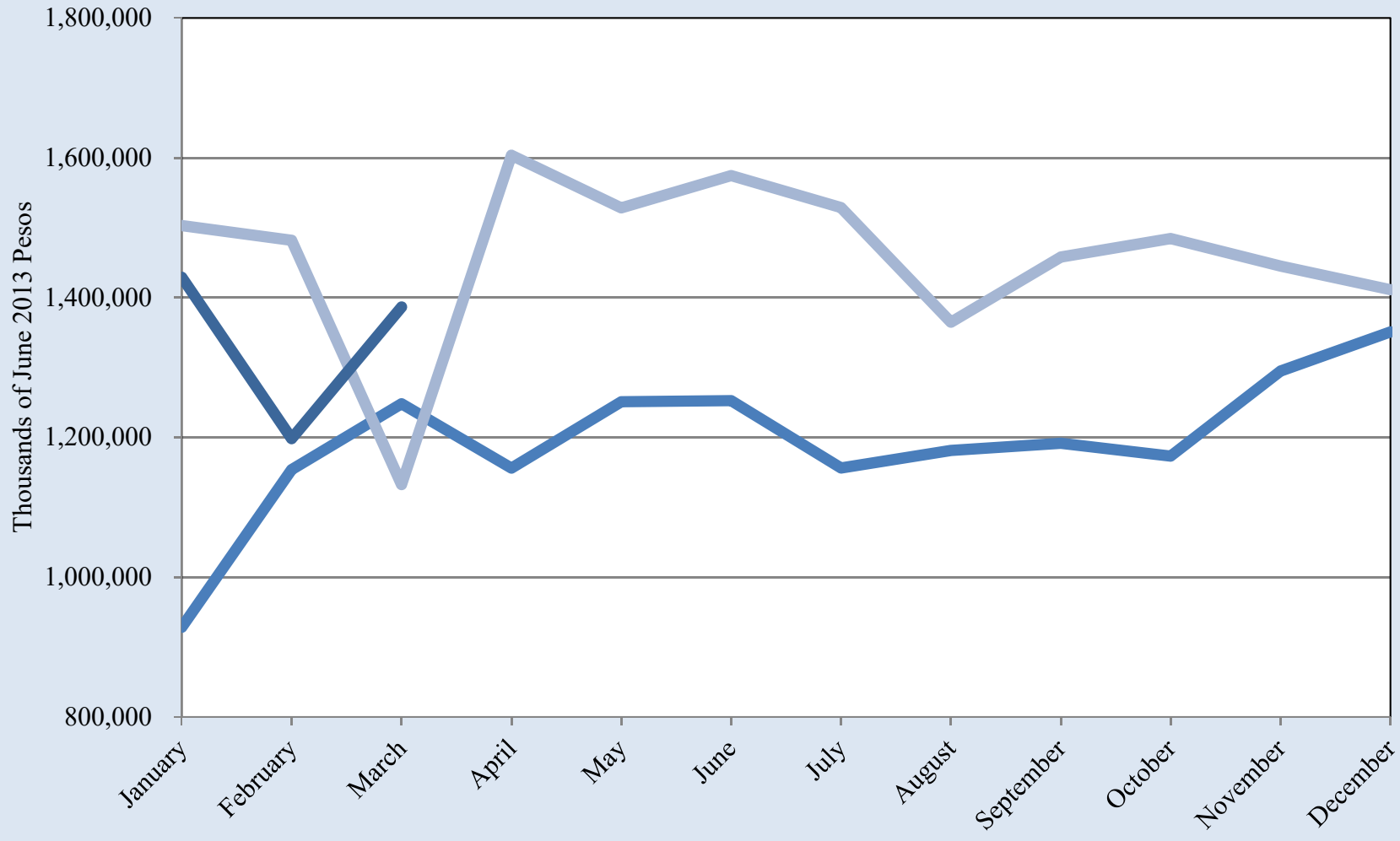


Source: INEGI

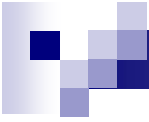


Total Value of Construction in the State of Chihuahua

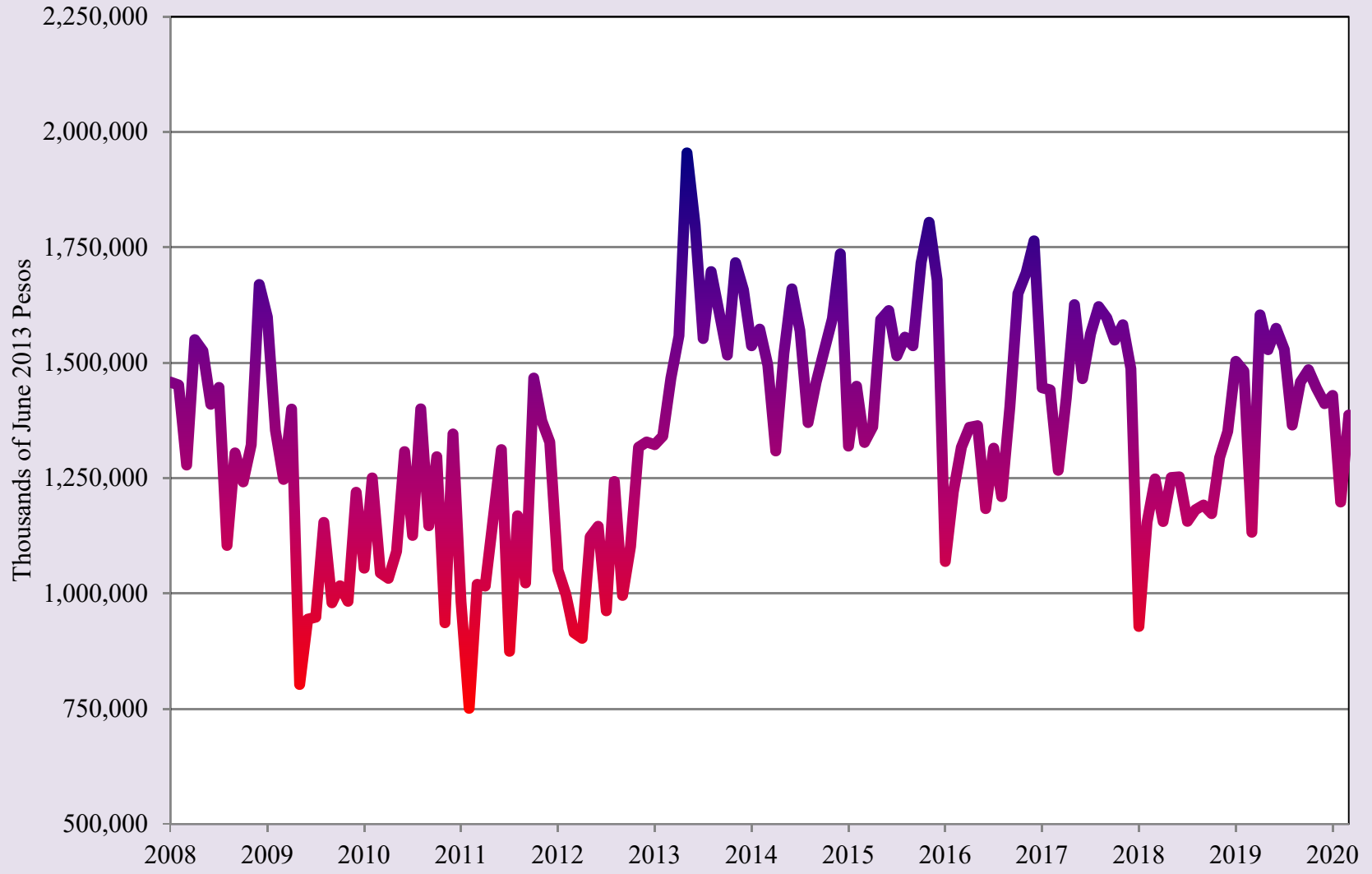
— 2018 — 2019



Source: INEGI



Total Value of Construction in the State of Chihuahua

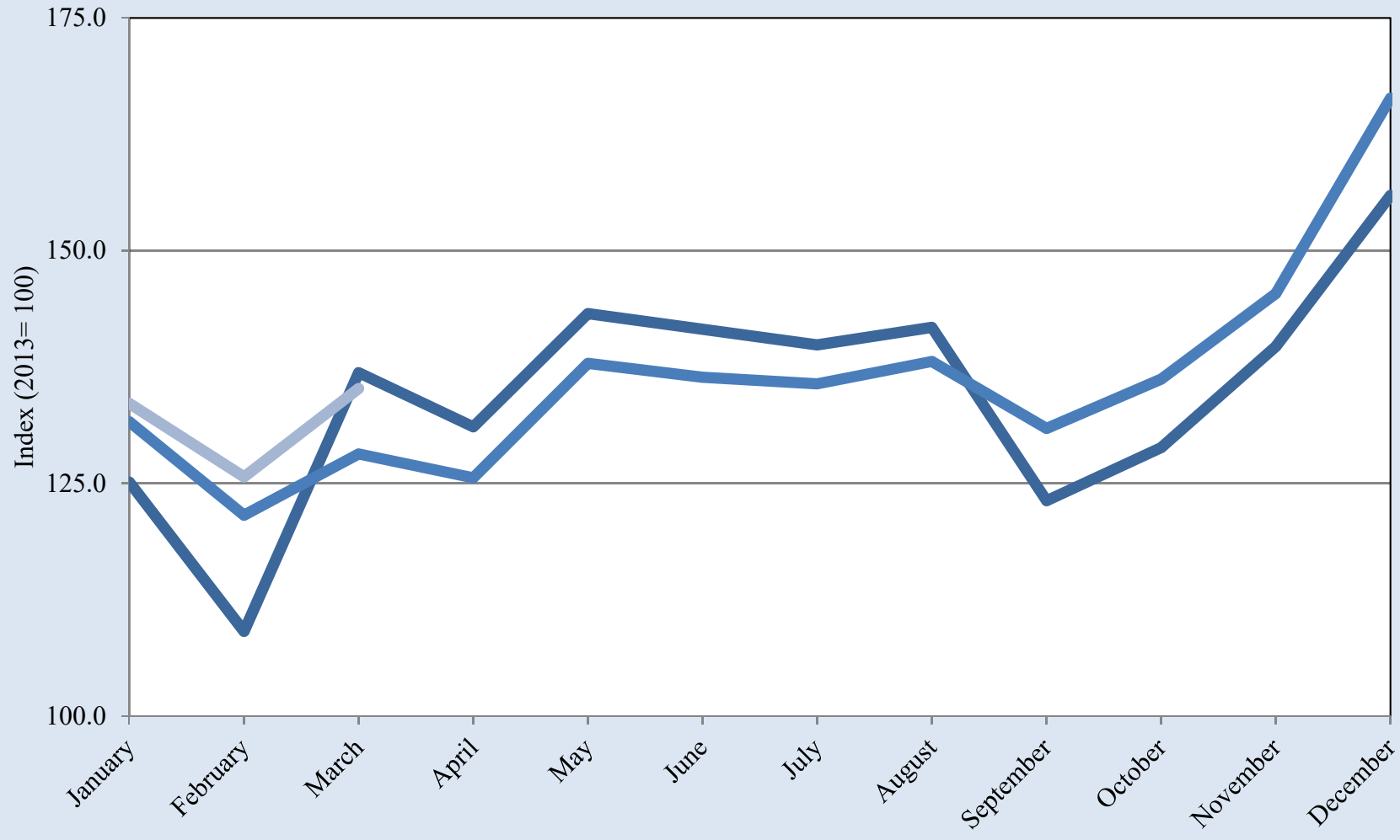


Source: INEGI



Real Retail Activity Index for the State of Chihuahua

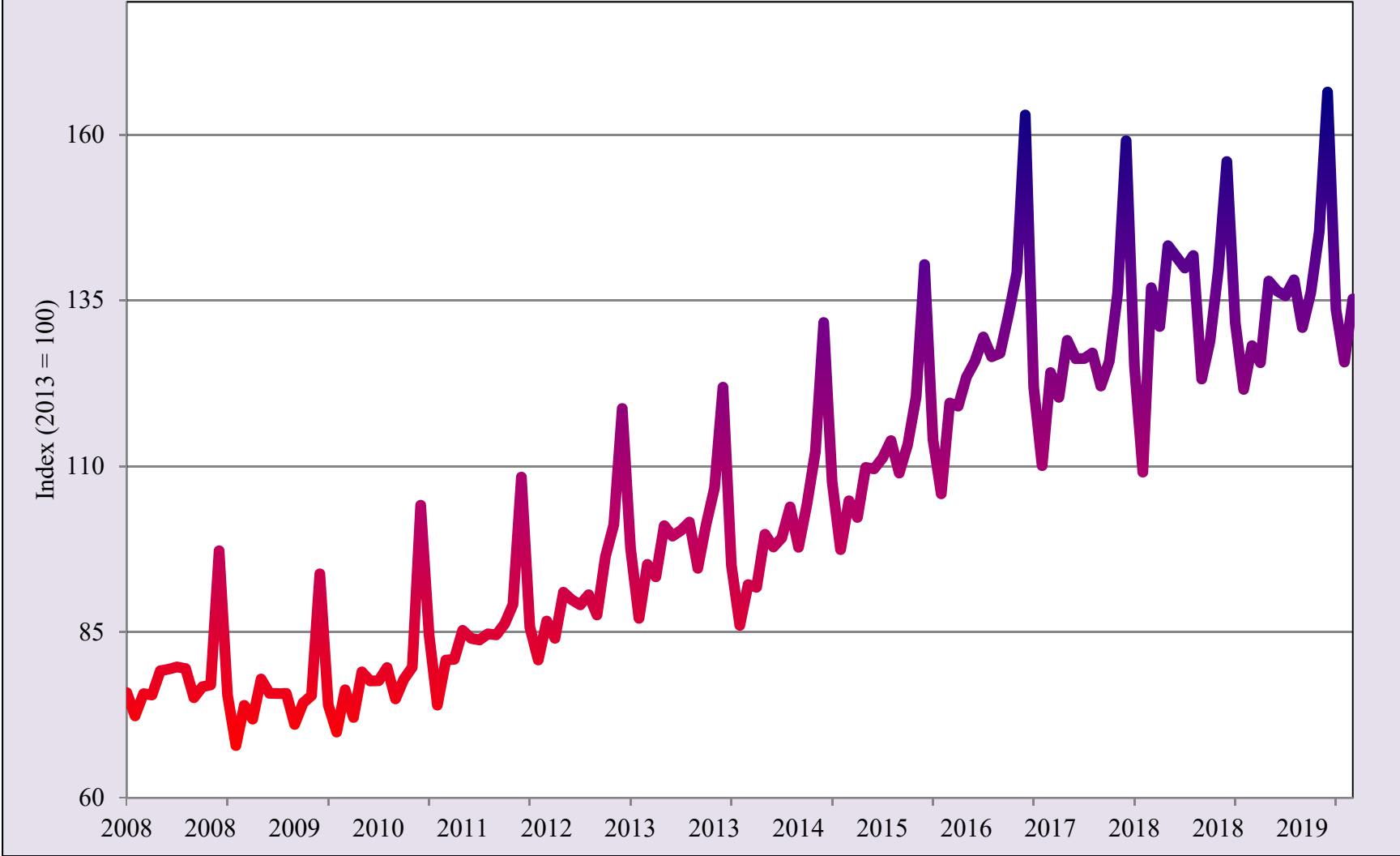
— 2018 — 2019 — 2020



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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