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Borderplex Business Barometer, Volume 4, Number 6

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T.M. Fullerton, Jr., S.L. Fullerton, A.P. Gutierrez-Zubiarte, and I. Santana-Ramirez, 2020, "The Unending First Wave" *Borderplex Business Barometer* 4(6), 1-52.



BORDERPLEX BUSINESS BAROMETER

June 2020

Border Region Modeling Project

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Border Commerce & Economics

Borderplex Business Barometer, Volume 4, Number 6

The Unending First Wave

Novel coronavirus economic data gymnastics continued unabated in May. The Federal Reserve Bank of Dallas El Paso Metropolitan Cycle Index rose by more than 4 points. The UTEP BRMP El Paso Household Economic Stress Index improved slightly, as well. Those developments do not point to convincing economic strength. Treasury instrument yields remain below 1.50 percent at all term-lengths, rates that are substantially lower than those of twelve months ago.

El Paso County labor market conditions remain both weak and vulnerable. The May 2020 jobless rate is more than 11 percentage points above the May 2019 rate. Following the abortive Texas state economic opening in June, it would not be surprising if further attrition occurs during the summer. Although El Paso County Supplemental Nutrition Program (SNAP or Food Stamps) enrollments increased by more than 5 thousand recipients in May, the new number is below the May 2018 level.

Economic uncertainty has caused single-family homeowners to avoid putting properties up for sale unless necessary. Consequently, the months of inventory declined to only 2.3 months. El Paso County listed 1.675 thousand homes in May for sale, while only 2.504 thousand homes were on the market one year earlier. That caused the median price to increase to \$169,950 in May, a \$16 thousand upturn from its year-ago level. Further, fortifying housing prices were a 30-year fixed mortgage rate of 3.23 percent and a 15-year fixed mortgage rate of 2.69 percent.

Regular unleaded gasoline in El Paso sold for \$1.71 per gallon, on average, in May. That represents a 93 cent from the corresponding figure from a year earlier. From a regional perspective, West Texas Intermediate Crude oil averaged \$28.56 for a 42-gallon barrel in May 2020, compared to \$60.83 per barrel last year.

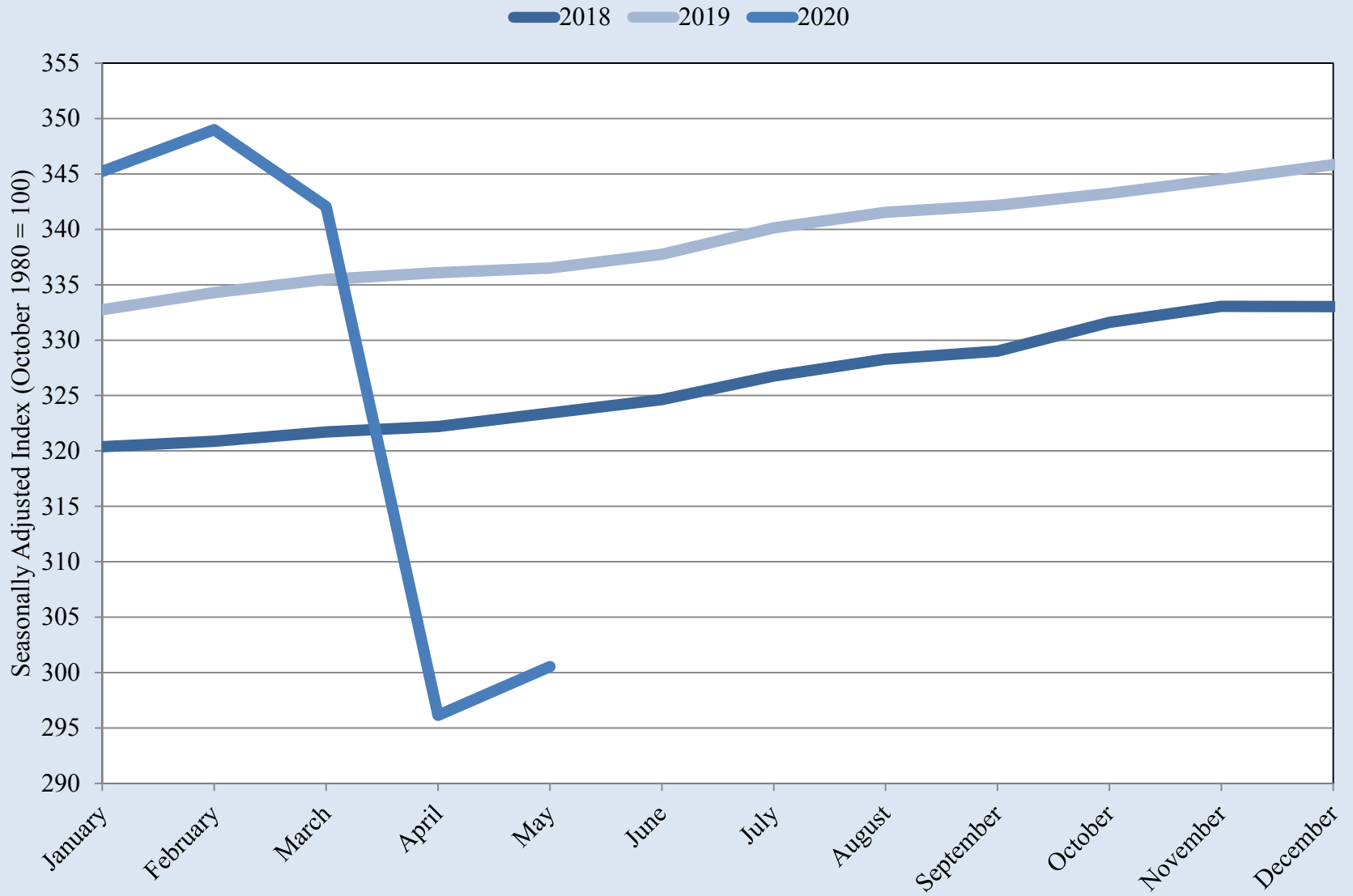
At 8.5 percent, the Doña Ana County unemployment rate remained substantially above its year-ago level. Reflective of Covid-19 global labor market infirmity, total employment was 8.9 percentage points below where it was in May 2019 in Las Cruces. Not surprisingly, Mesilla Valley food stamp enrollments rose to 29,077 in April.

The gap between the nominal peso/dollar exchange rate and the UTEP BRMP restaurant price ratio remained above 50 percent for a third straight month in May.

The closures to non-essential traffic allowed border wait times at all three El Paso ports of entry to stay below prior-year averages. The closures contributed to plummeting personal vehicle and pedestrian traffic totals in April.

Although international trade is classified as essential, the number of cargo vehicles crossing into El Paso nosedived in April. That decline was a consequence of a considerable downturn in total merchandise shipments through the El Paso Customs District in April. That development helps illustrate the severity of the lockdown recession. April is usually a month during which cross-border trade volumes increase. After adjusting for inflation, real total trade through the El Paso Customs District plunged to \$3.4 billion, the lowest mark tallied since March 2014. The COVID-19 recession caused the Northern Mexico Manufacturing Orders Index to tumble in April. A rollercoaster rebound then occurred in May, albeit to a level that is substantially below the comparable figure for 2019. Not surprisingly, the Chihuahua State Total Value of Construction collapsed in April, falling to less than \$1 billion pesos for the first time since January 2018. Chihuahua State retail activity also dropped in April.

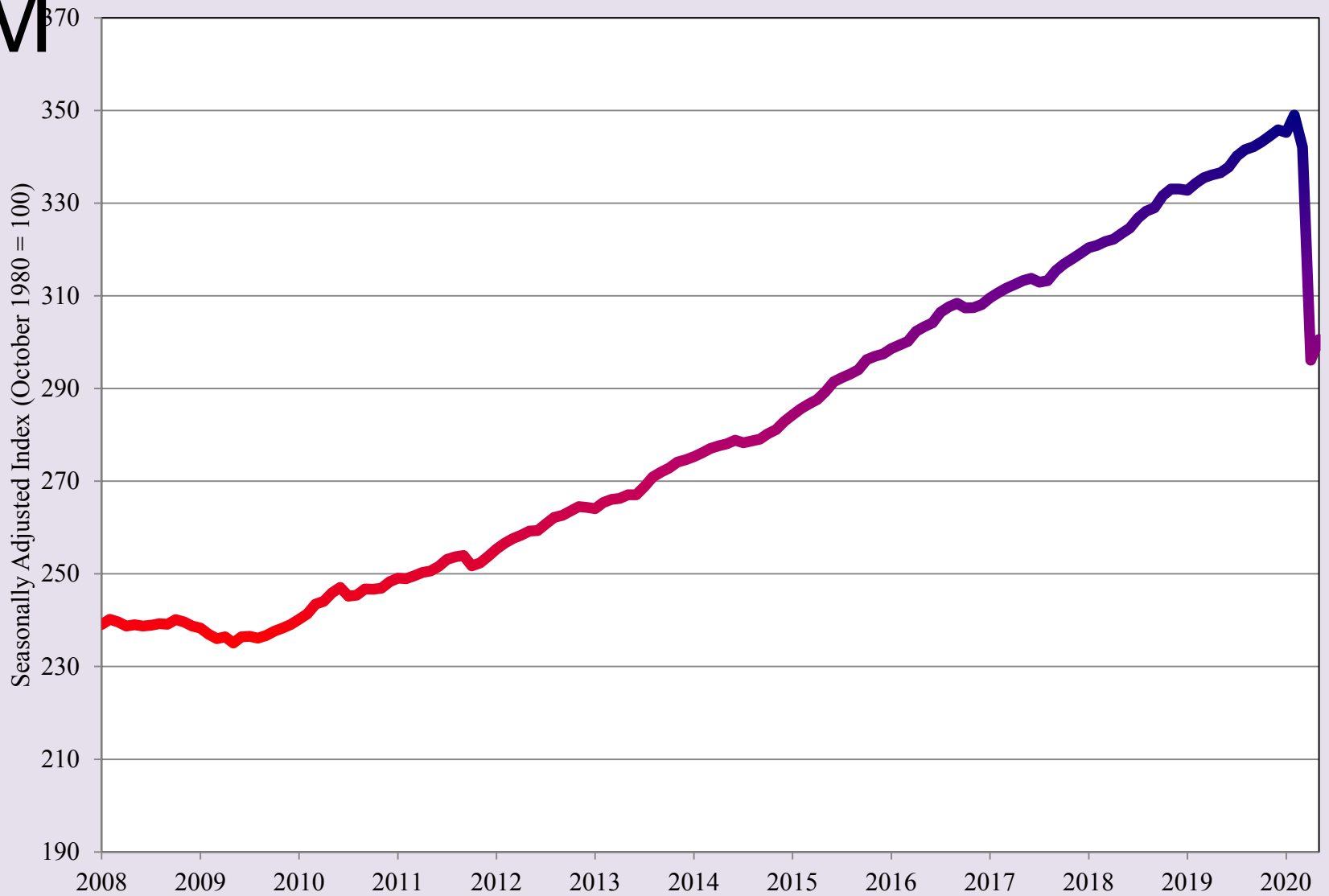
El Paso Metropolitan Business Cycle Index



Source: Federal Reserve Bank of Dallas

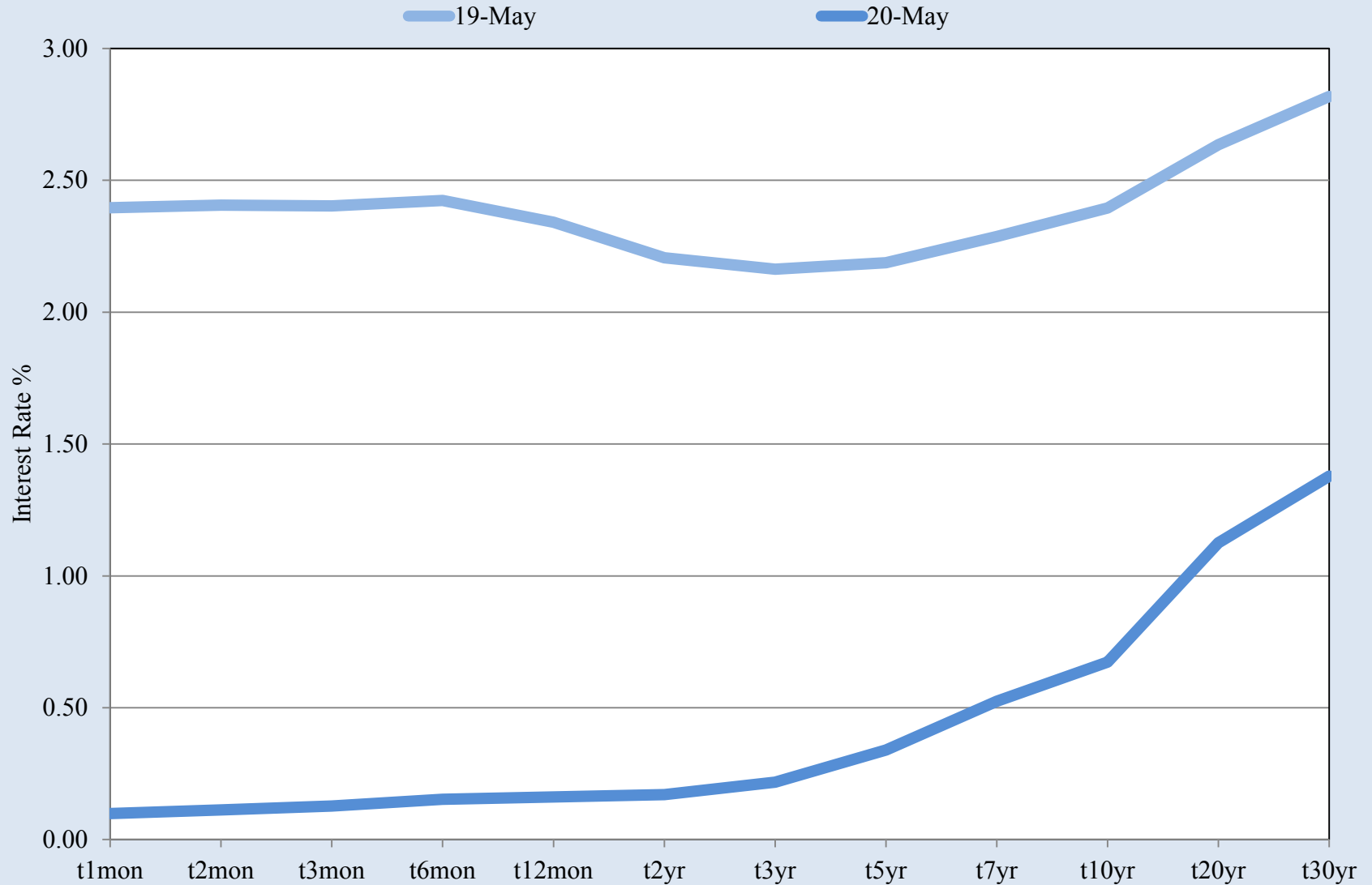
El Paso Metropolitan Business Cycle Index

M



Source: Federal Reserve Bank of Dallas

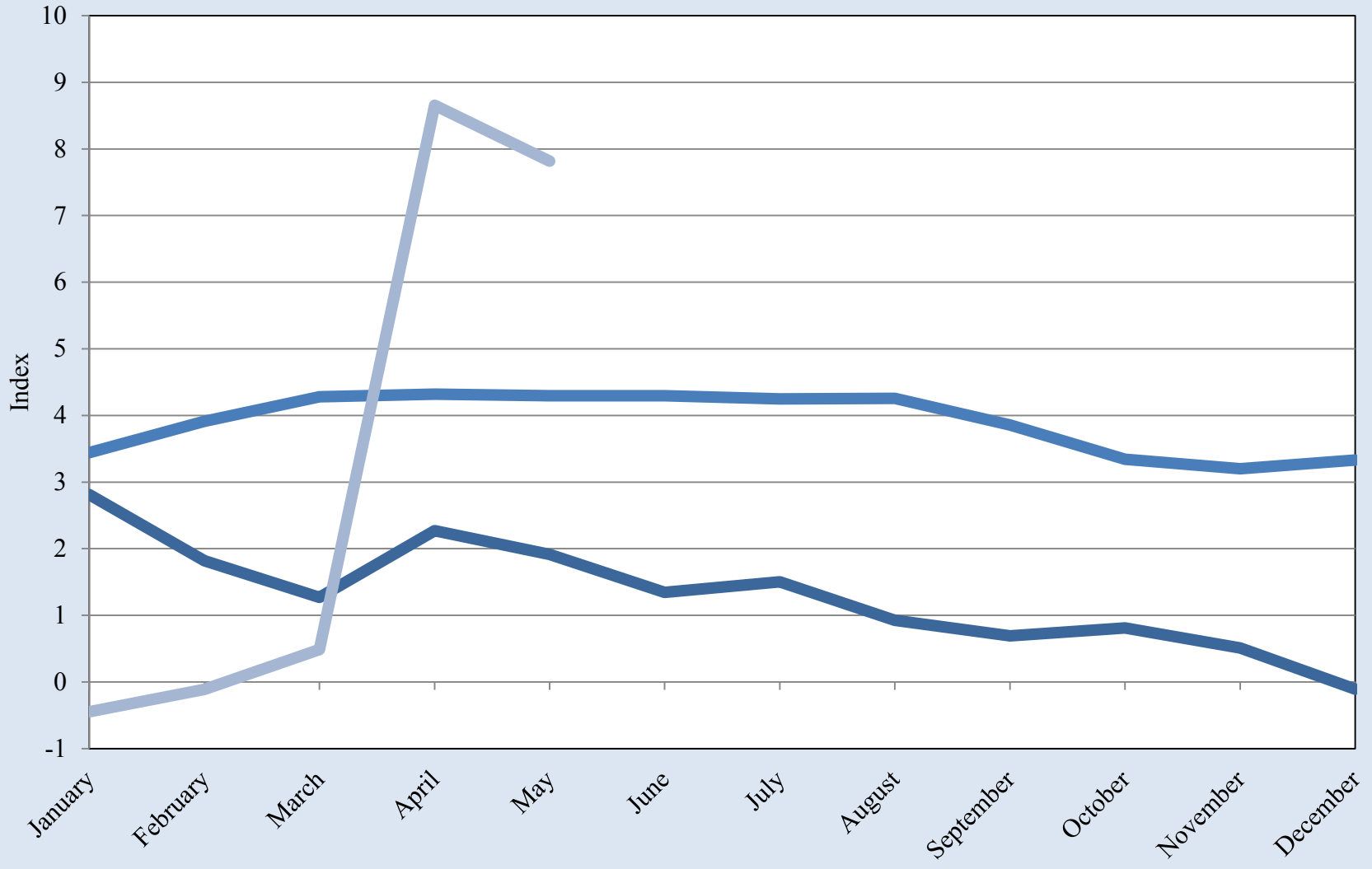
Average Treasury Yield Curve Rates



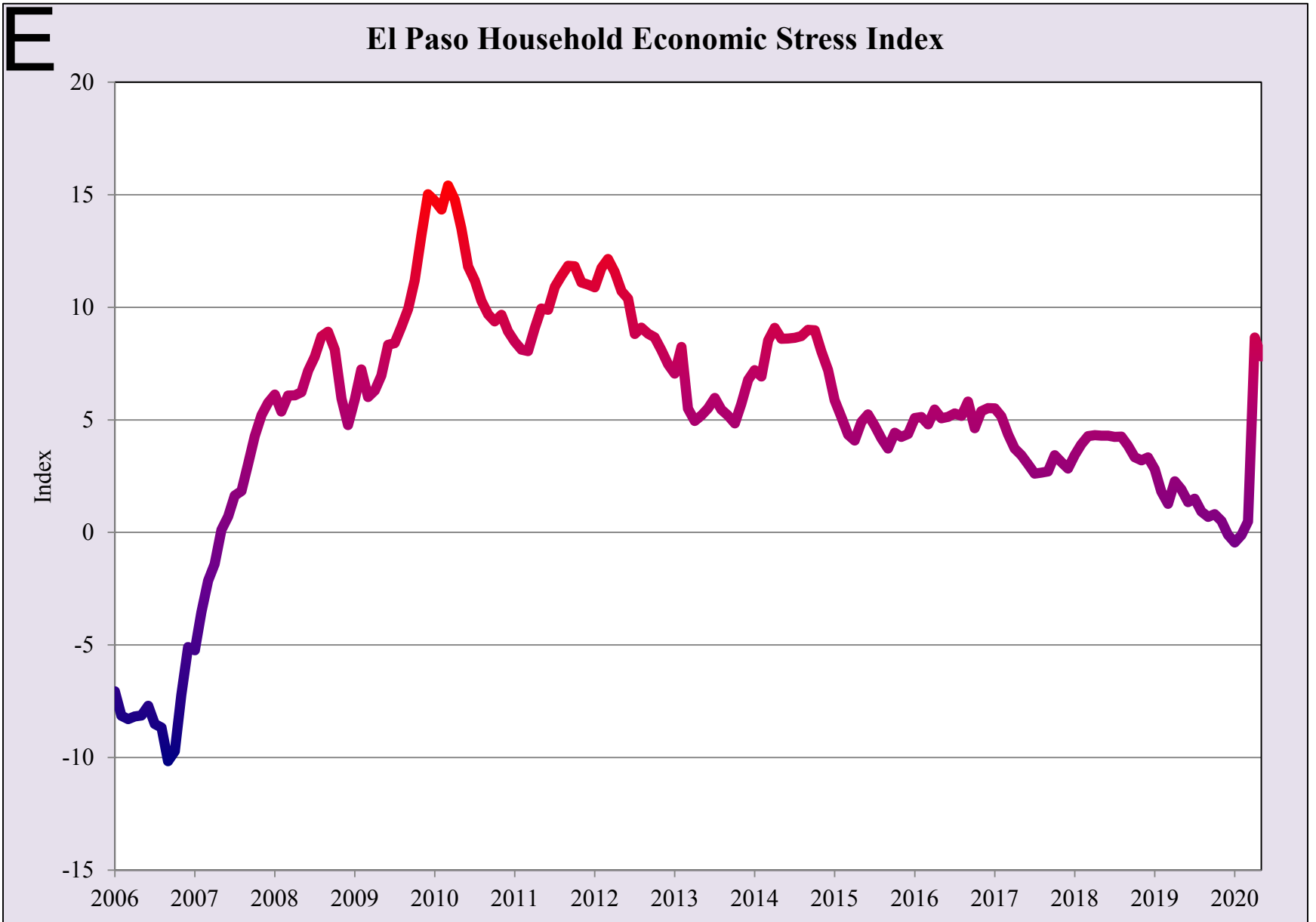
Source: U.S. Treasury, Daily Treasury Yield Curve Rates and BRMP Calculations

El Paso Household Economic Stress Index

— 2018 — 2019 — 2020



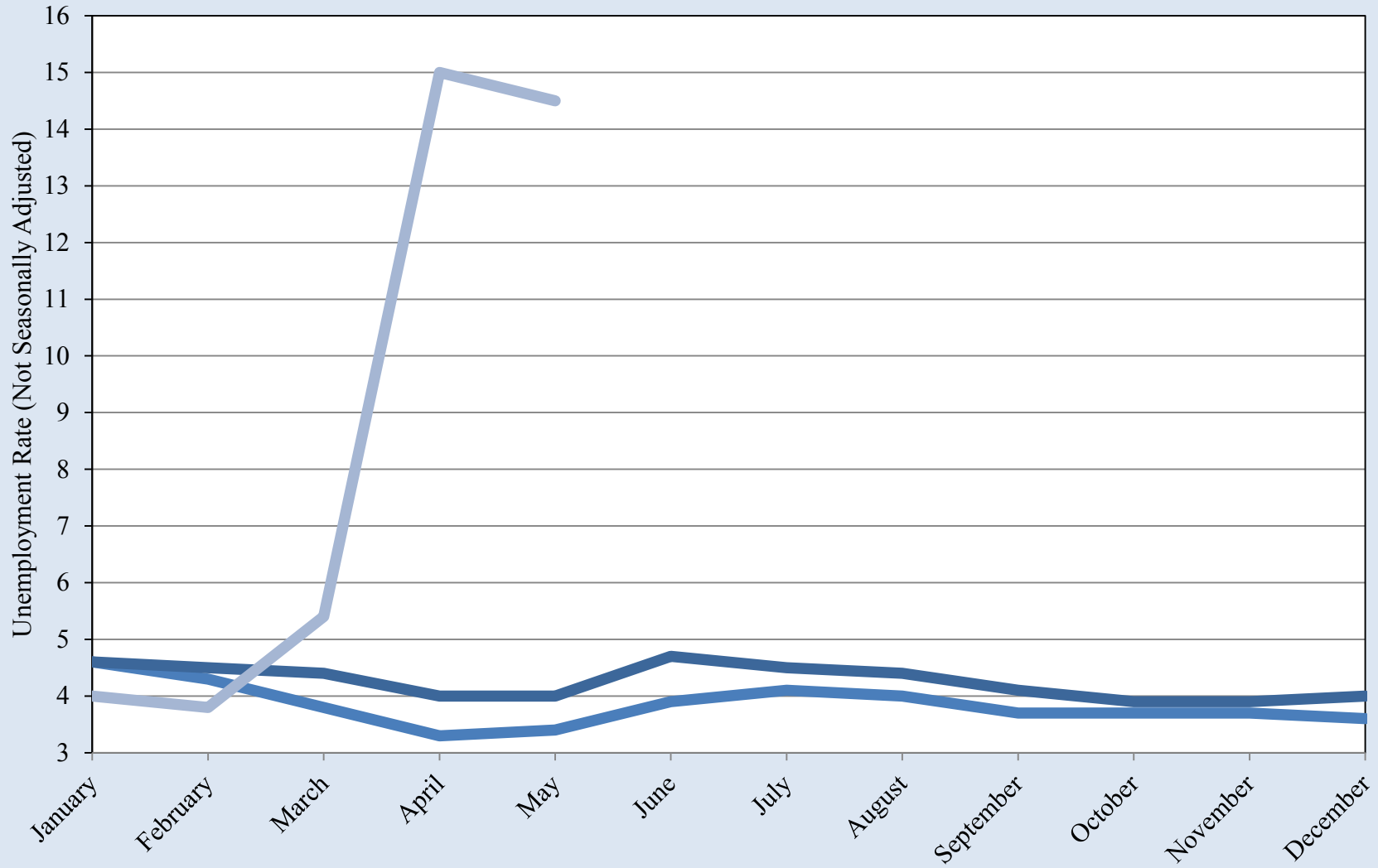
Source: UTEP Border Region Modeling Project



Source: UTEP Border Region Modeling Project

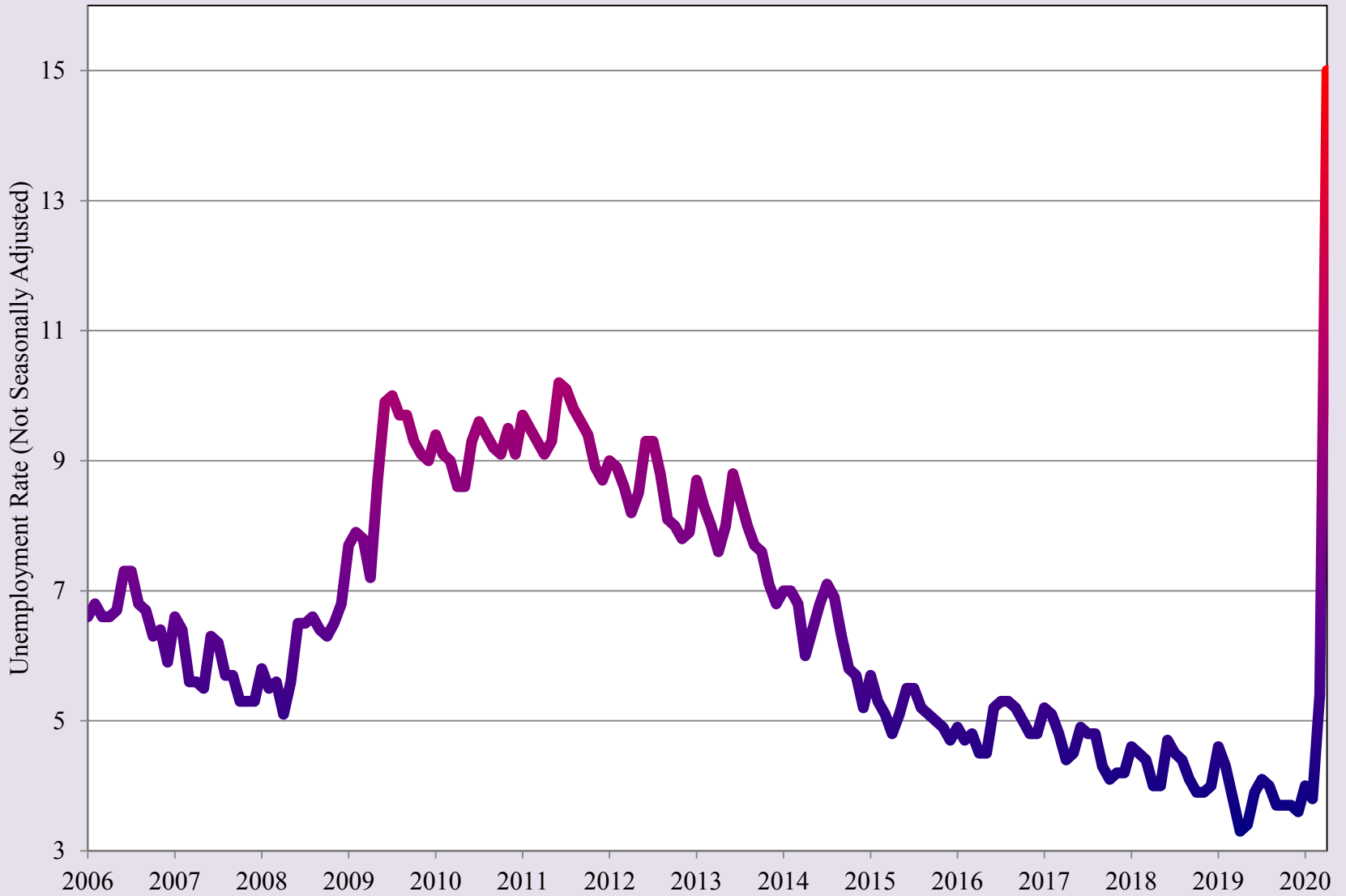
El Paso County Unemployment Rate

2018 2019 2020



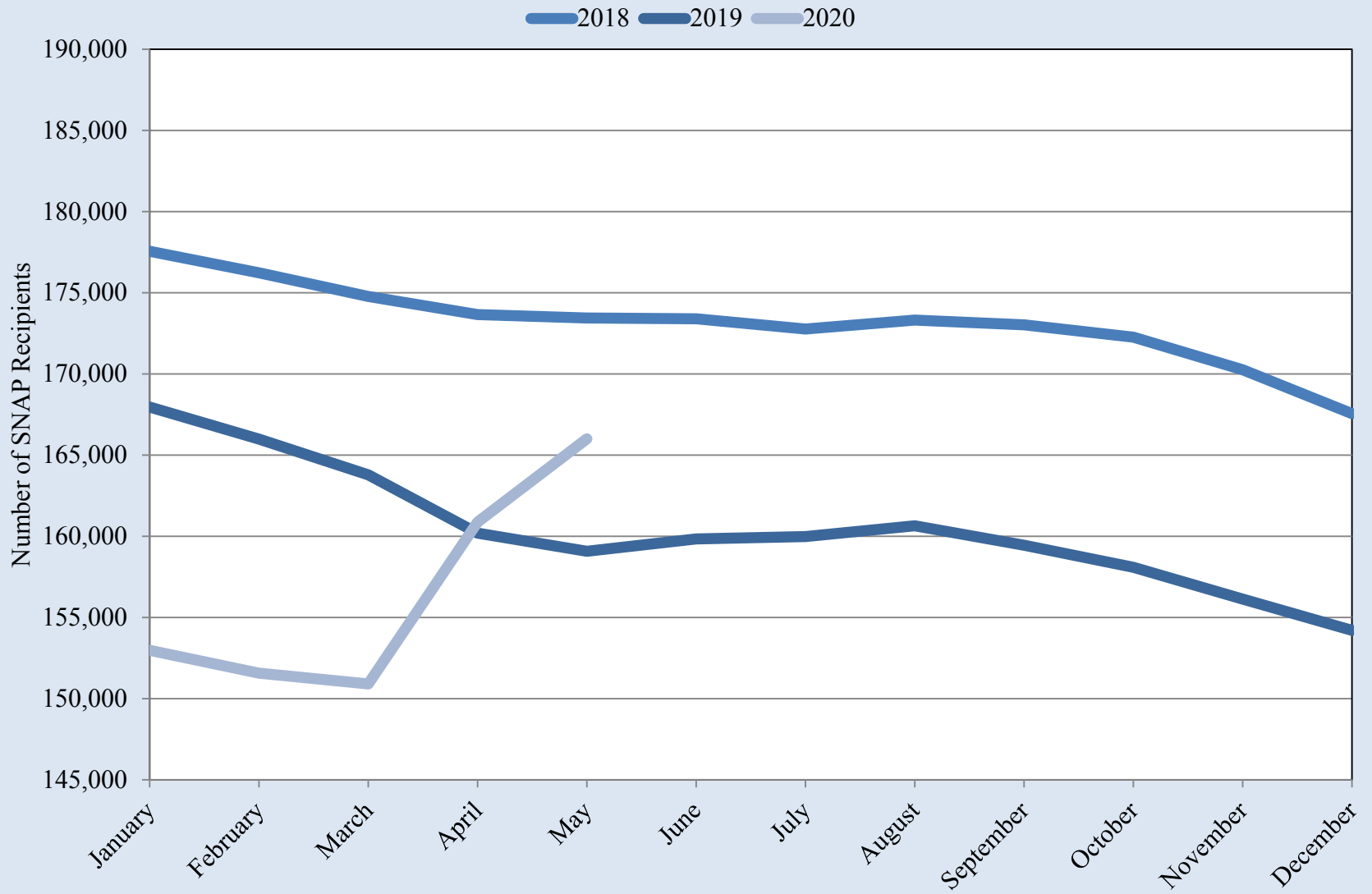
Source: Bureau of Labor Statistics

El Paso County Unemployment Rate



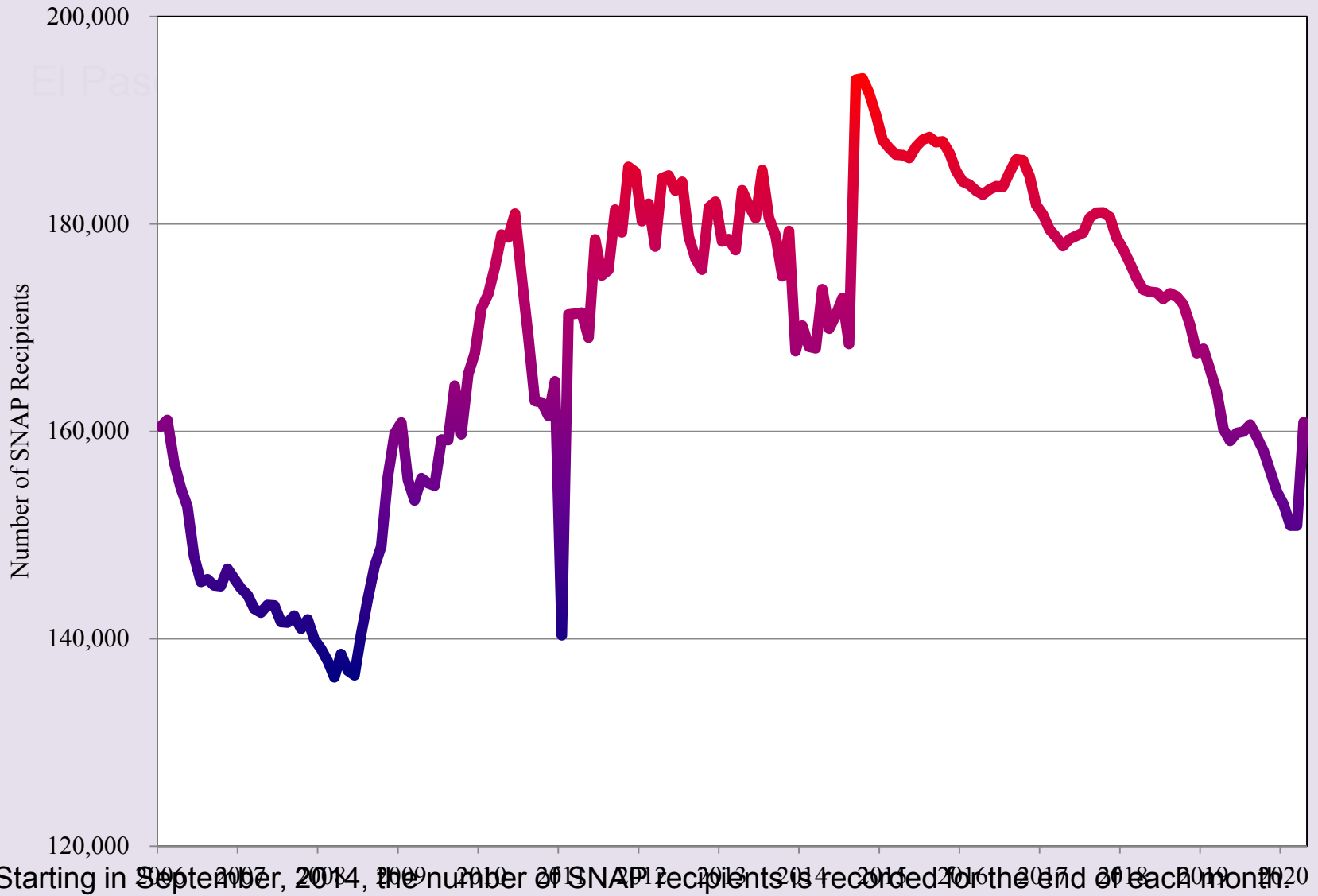
Source: Bureau of Labor Statistics

El Paso County SNAP (Food Stamp) Enrollment



Source: Texas Health and Human Services Commission

El Paso County SNAP (Food Stamp) Enrollment

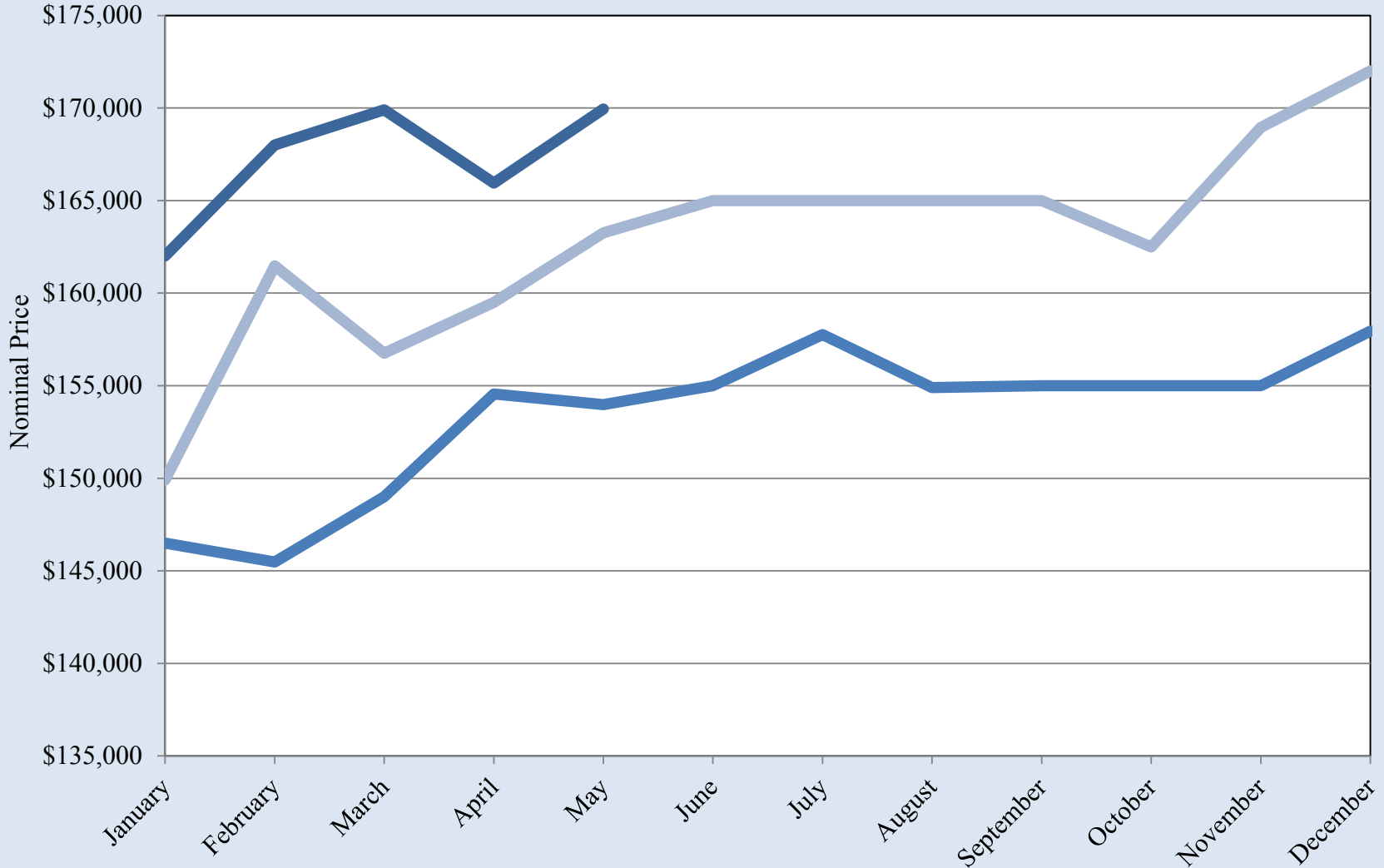


Starting in September, 2014, the number of SNAP recipients is recorded to the end of each month.

Source: Texas Health and Human Services Commission

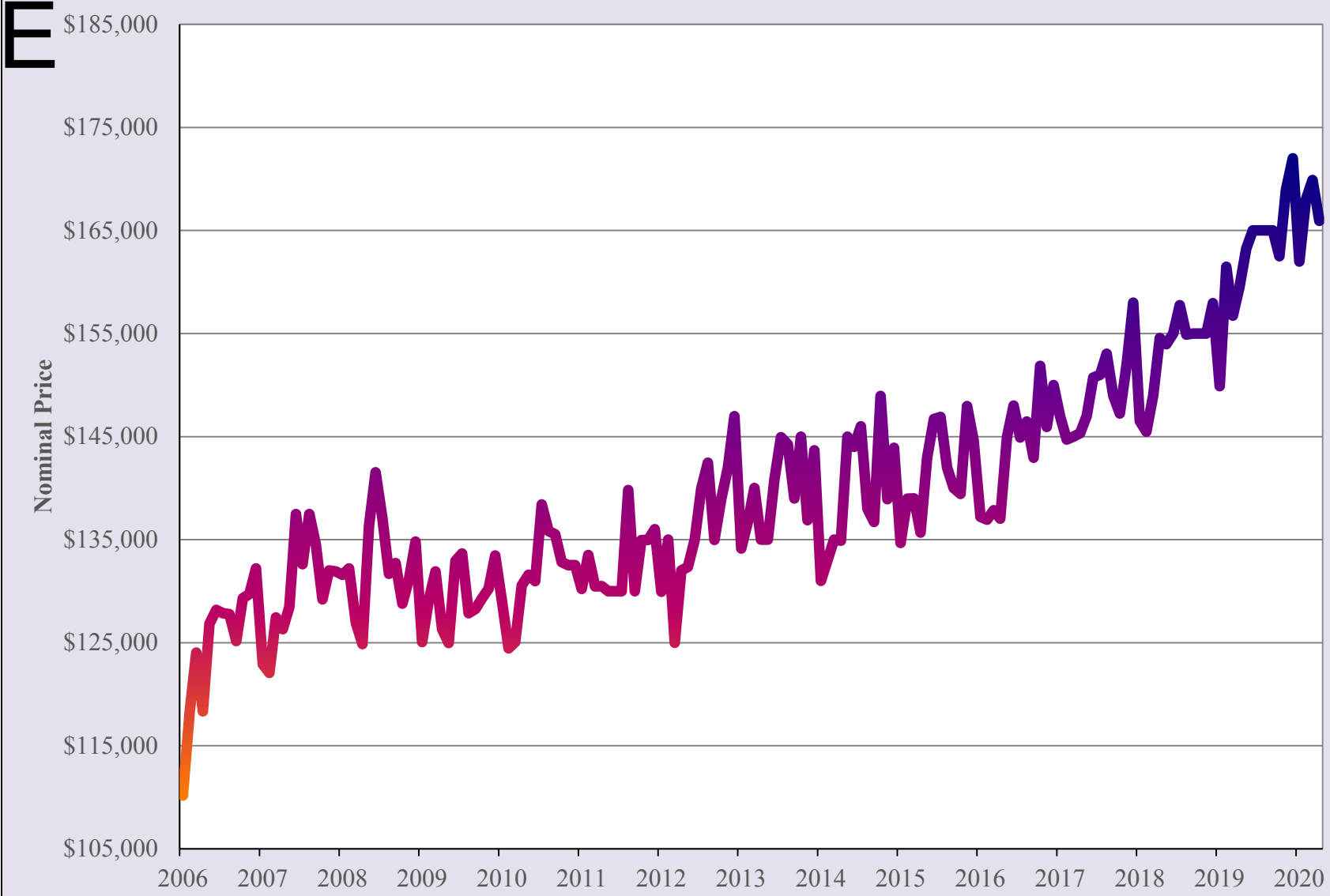
El Paso Median Housing Prices

— 2018 — 2019 — 2020



Source: Texas A&M Real Estate Center

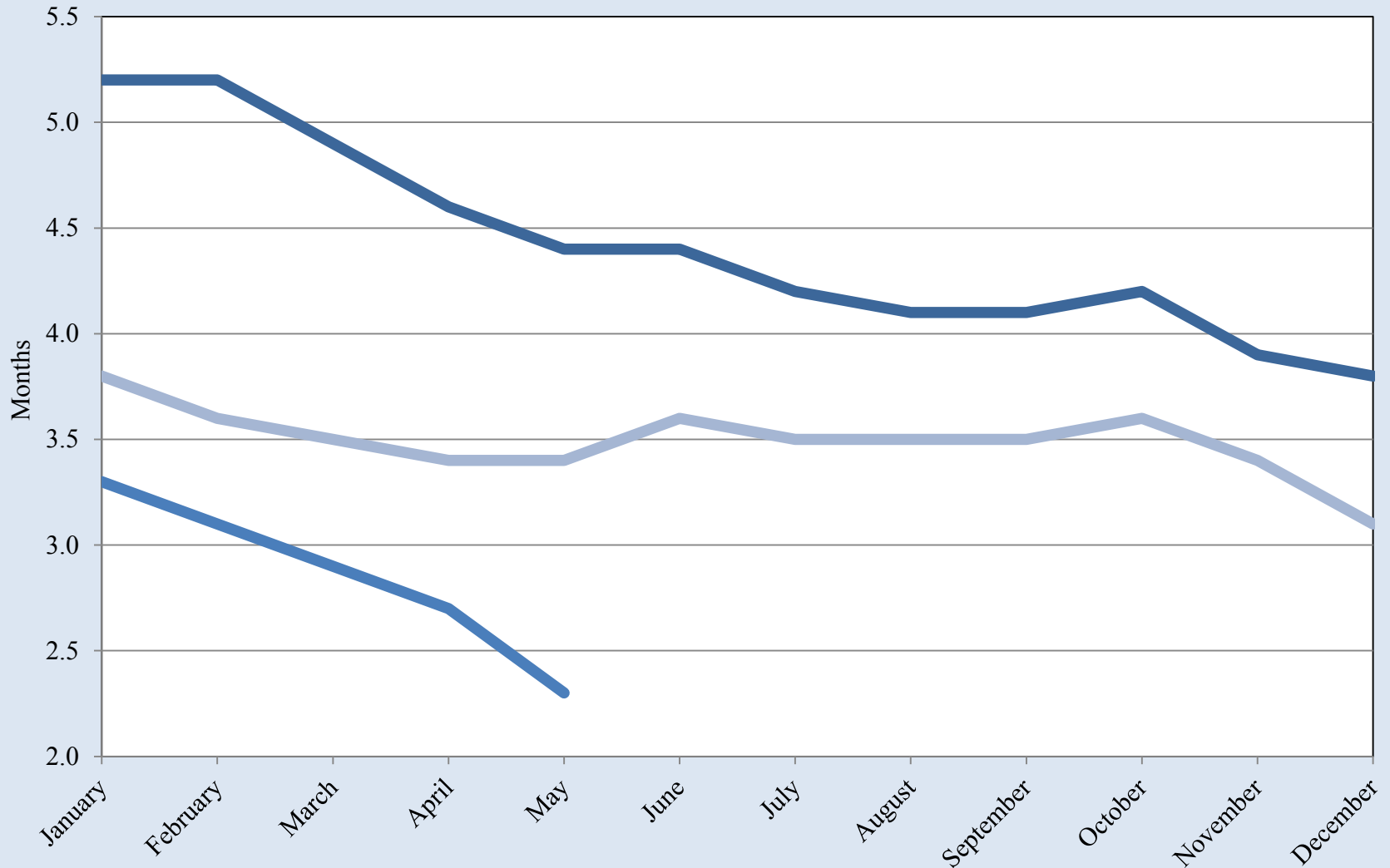
El Paso Median Housing Prices



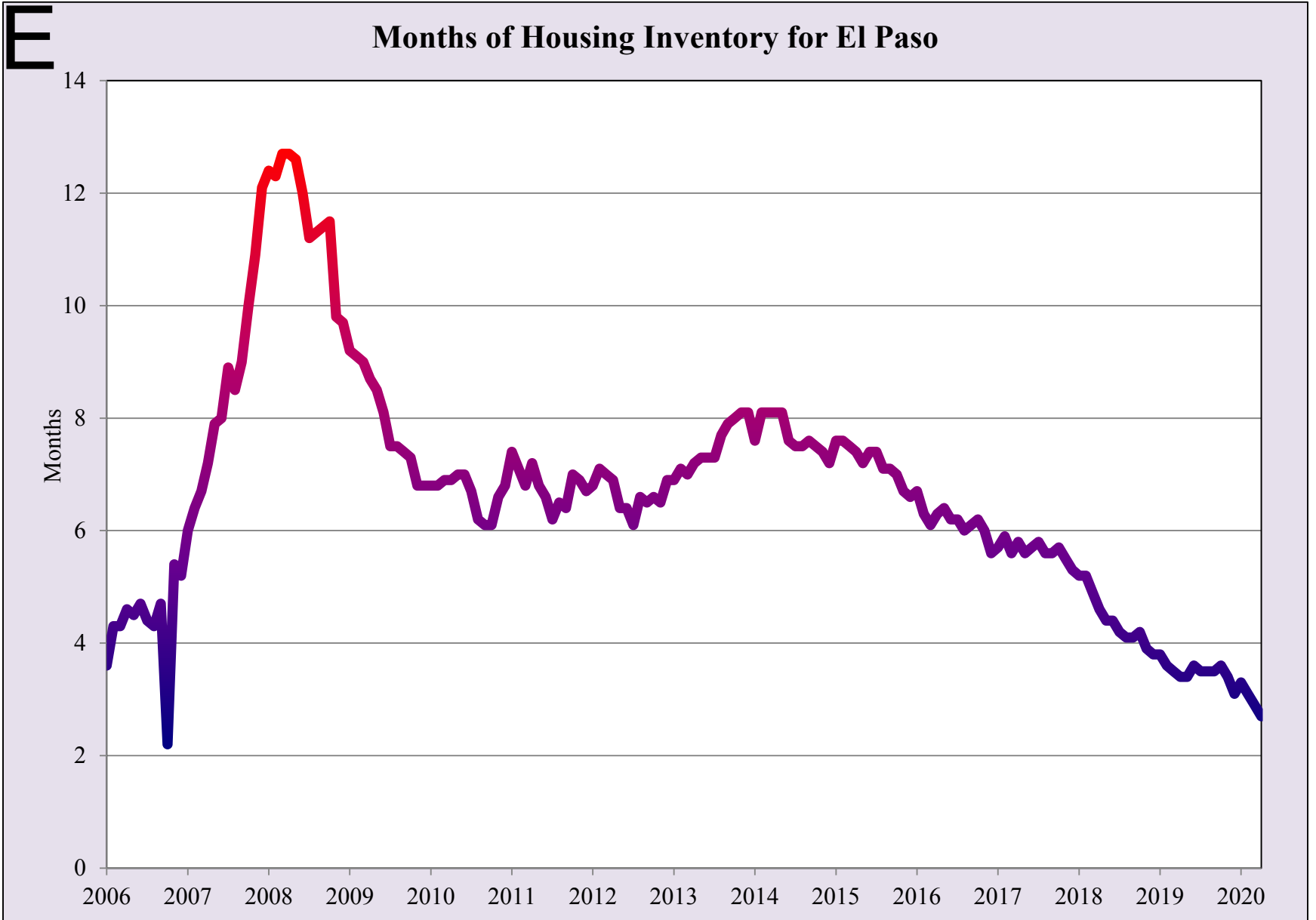
Source: Texas A&M Real Estate Center

Months of Housing Inventory for El Paso

2018 2019 2020



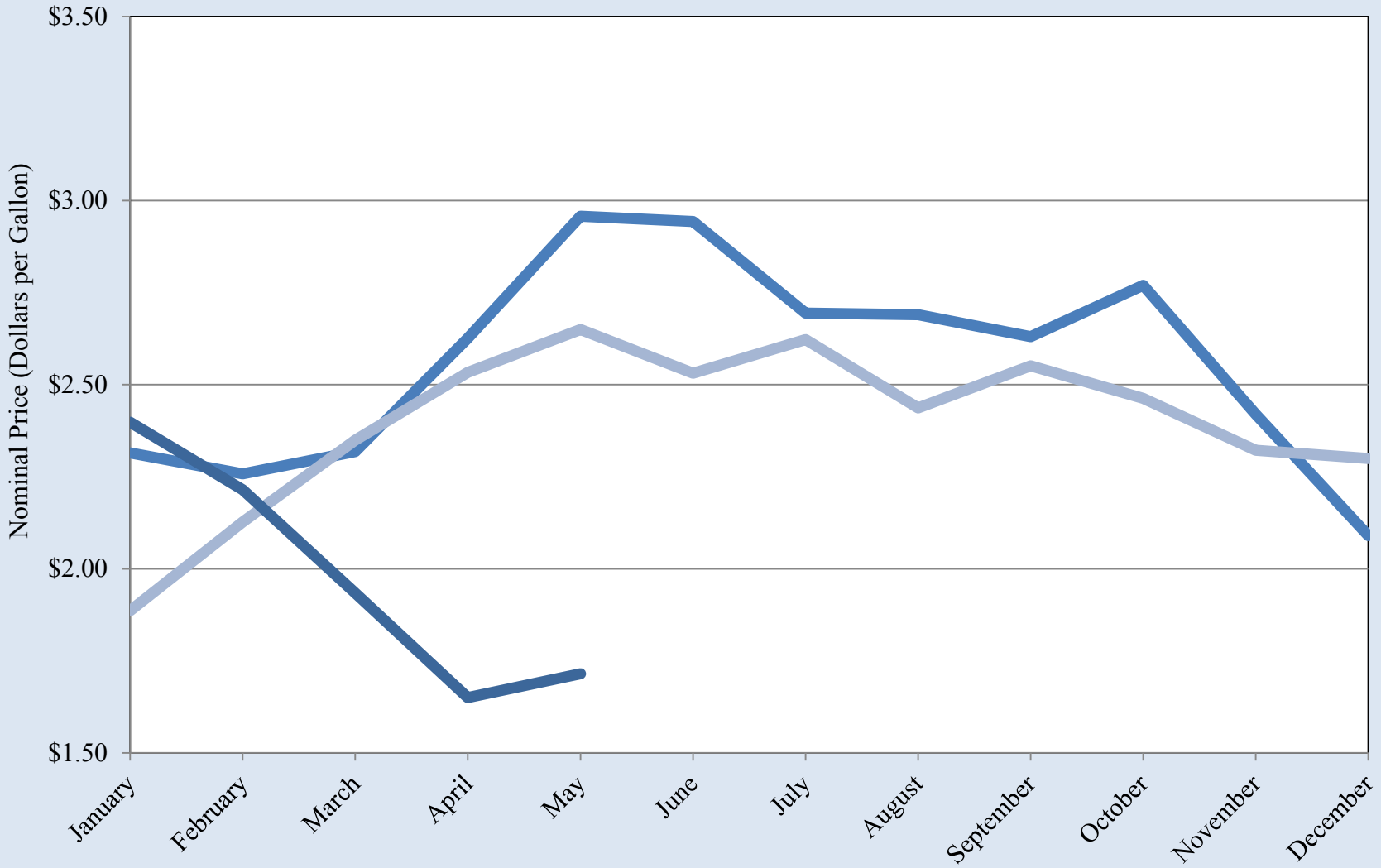
Source: Texas A&M Real Estate Center



Source: Texas A&M Real Estate Center

El Paso Gasoline Prices

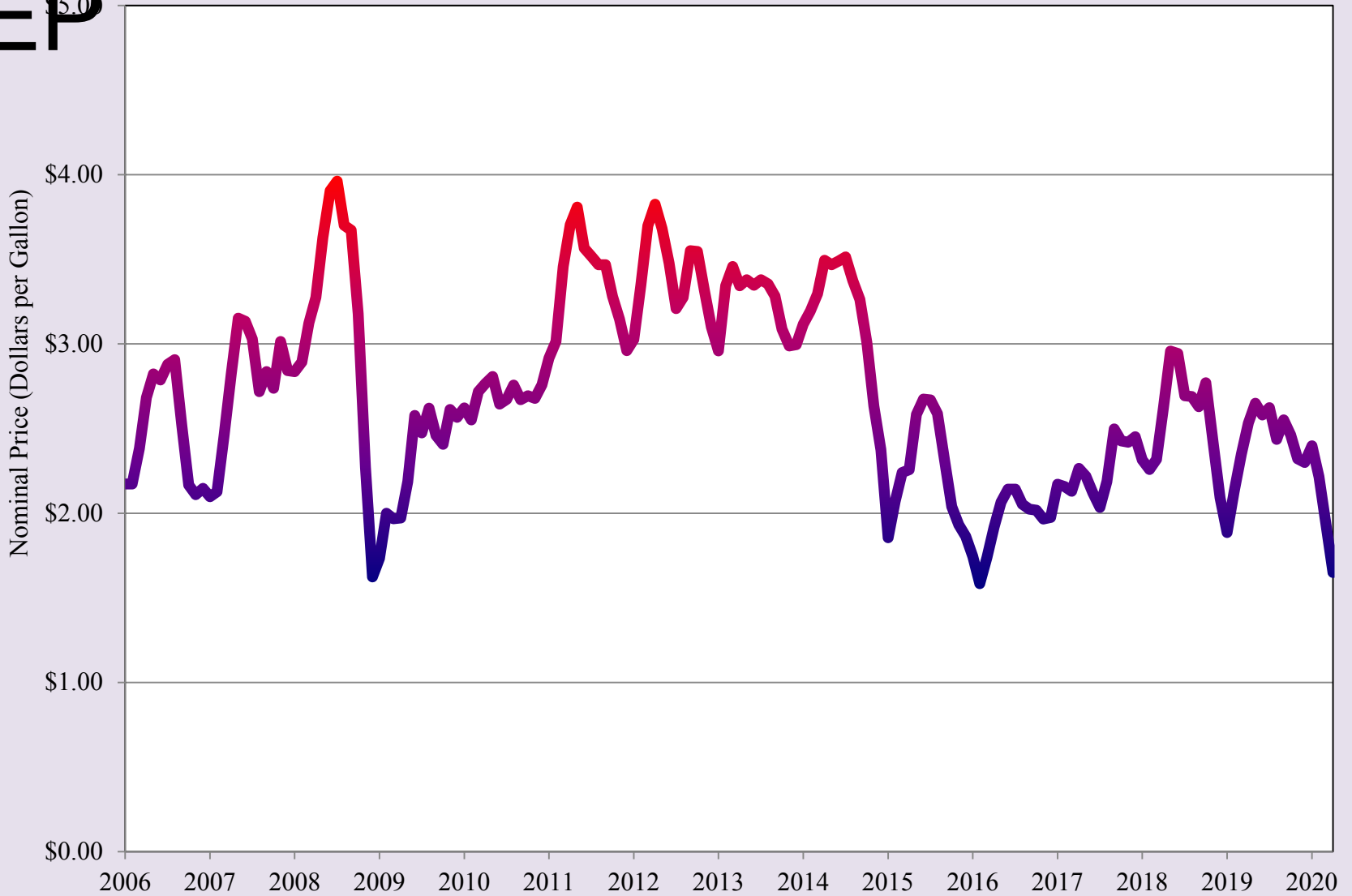
2018 2019 2020



Source: GasBuddy.com

El Paso Gasoline Prices

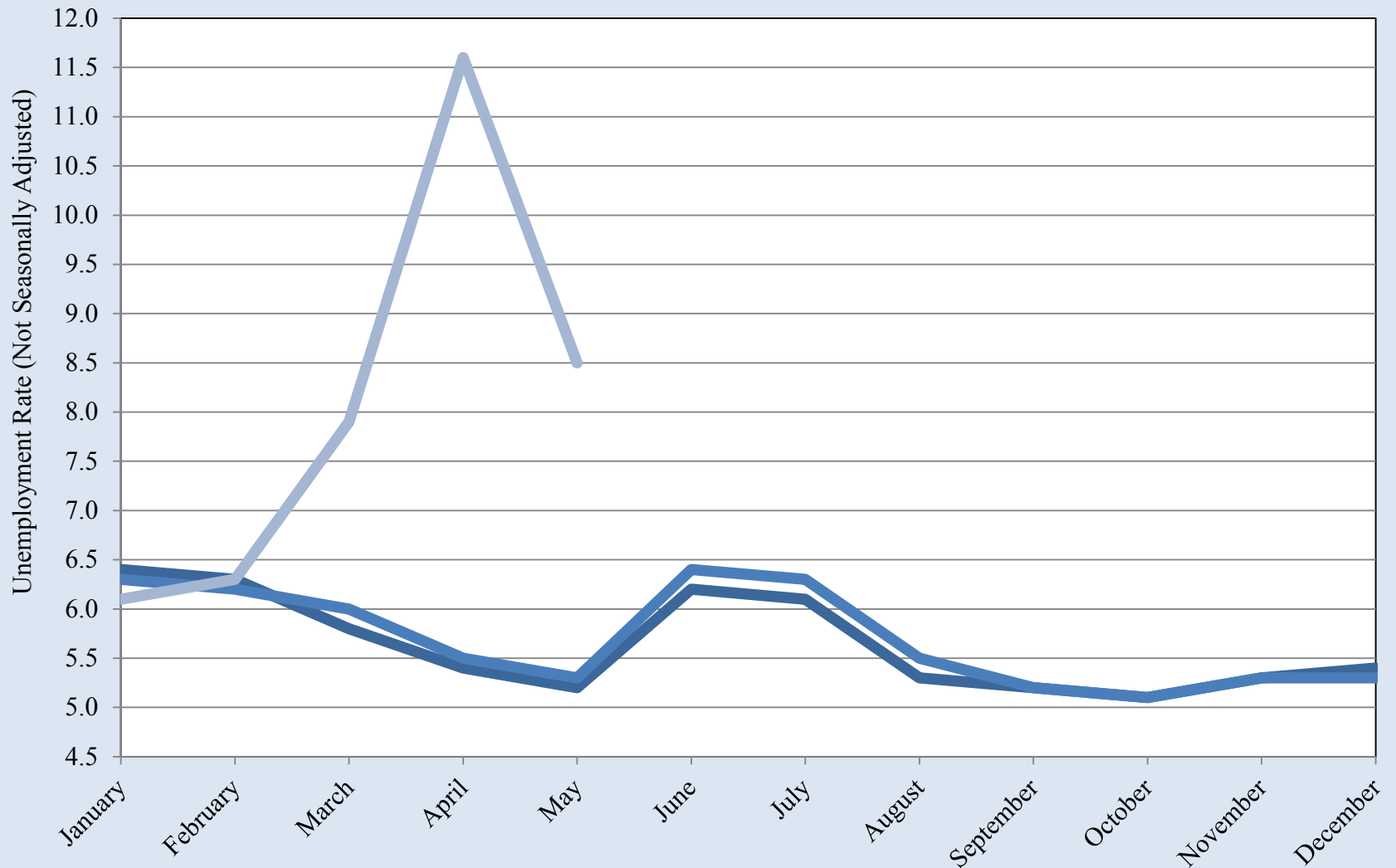
EP



Source: GasBuddy.com

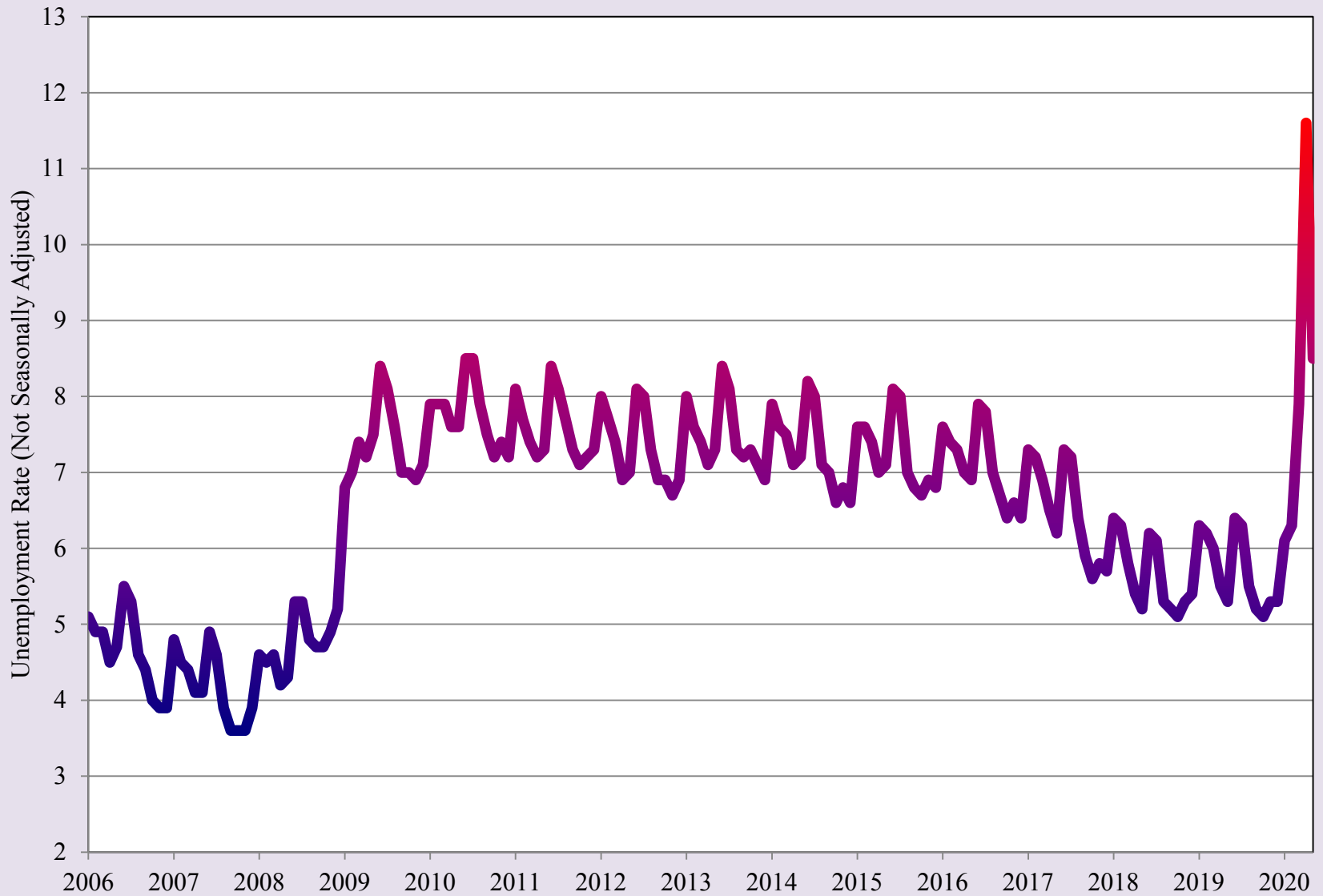
Doña Ana County Unemployment Rate

2018 2019 2020



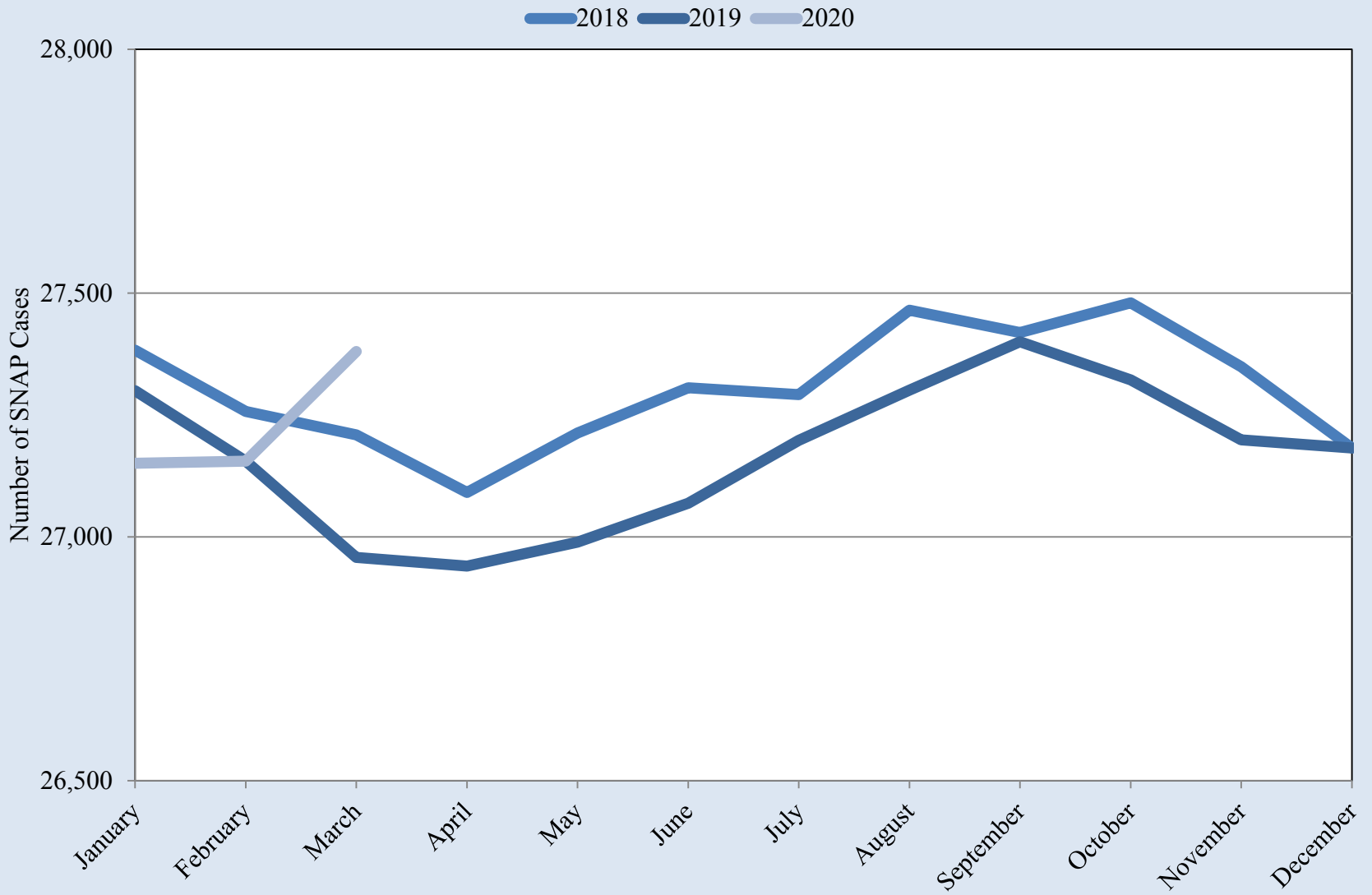
Source: Bureau of Labor Statistics

Doña Ana County Unemployment Rate



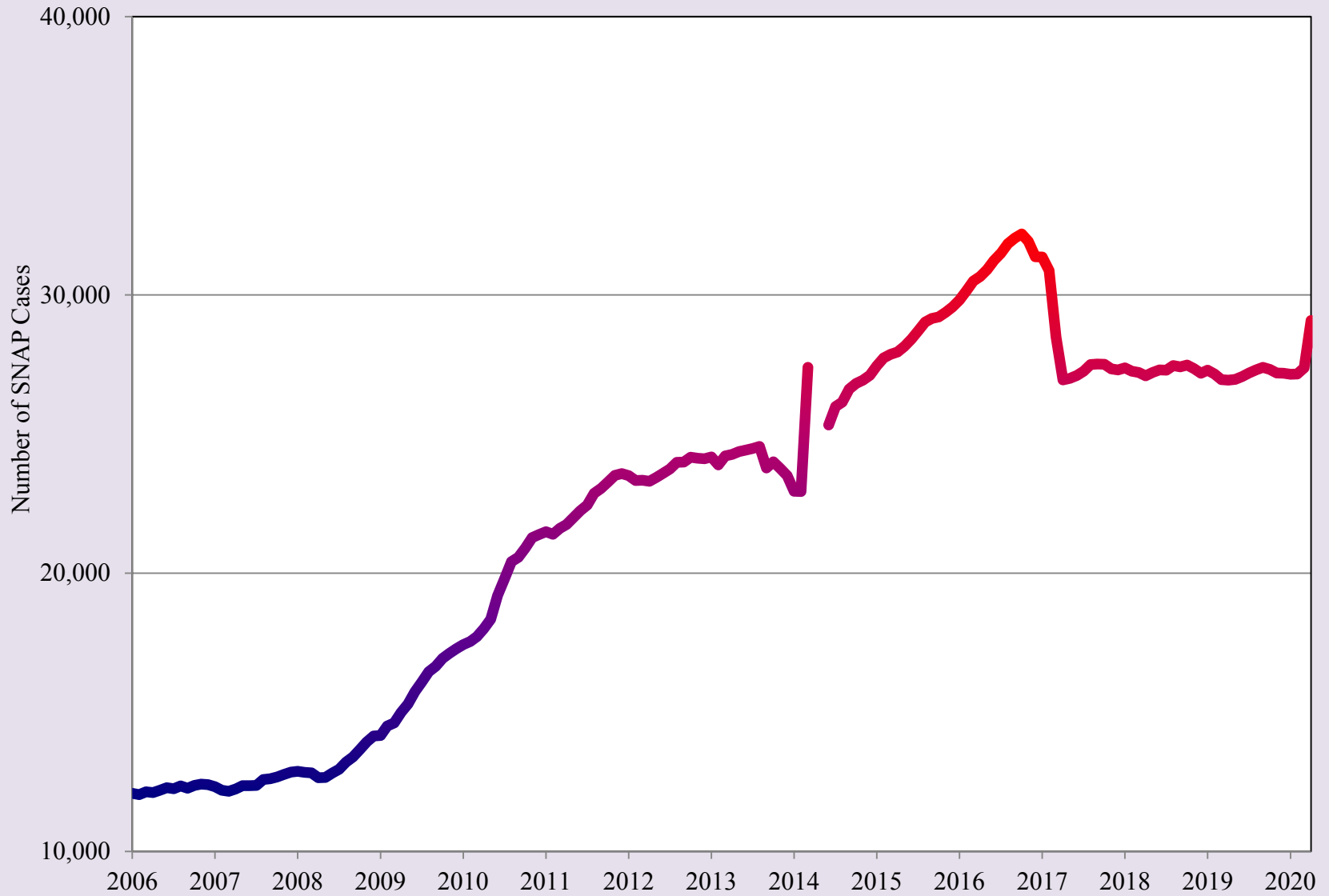
Source: Bureau of Labor Statistics

Las Cruces Area SNAP (Food Stamp) Cases



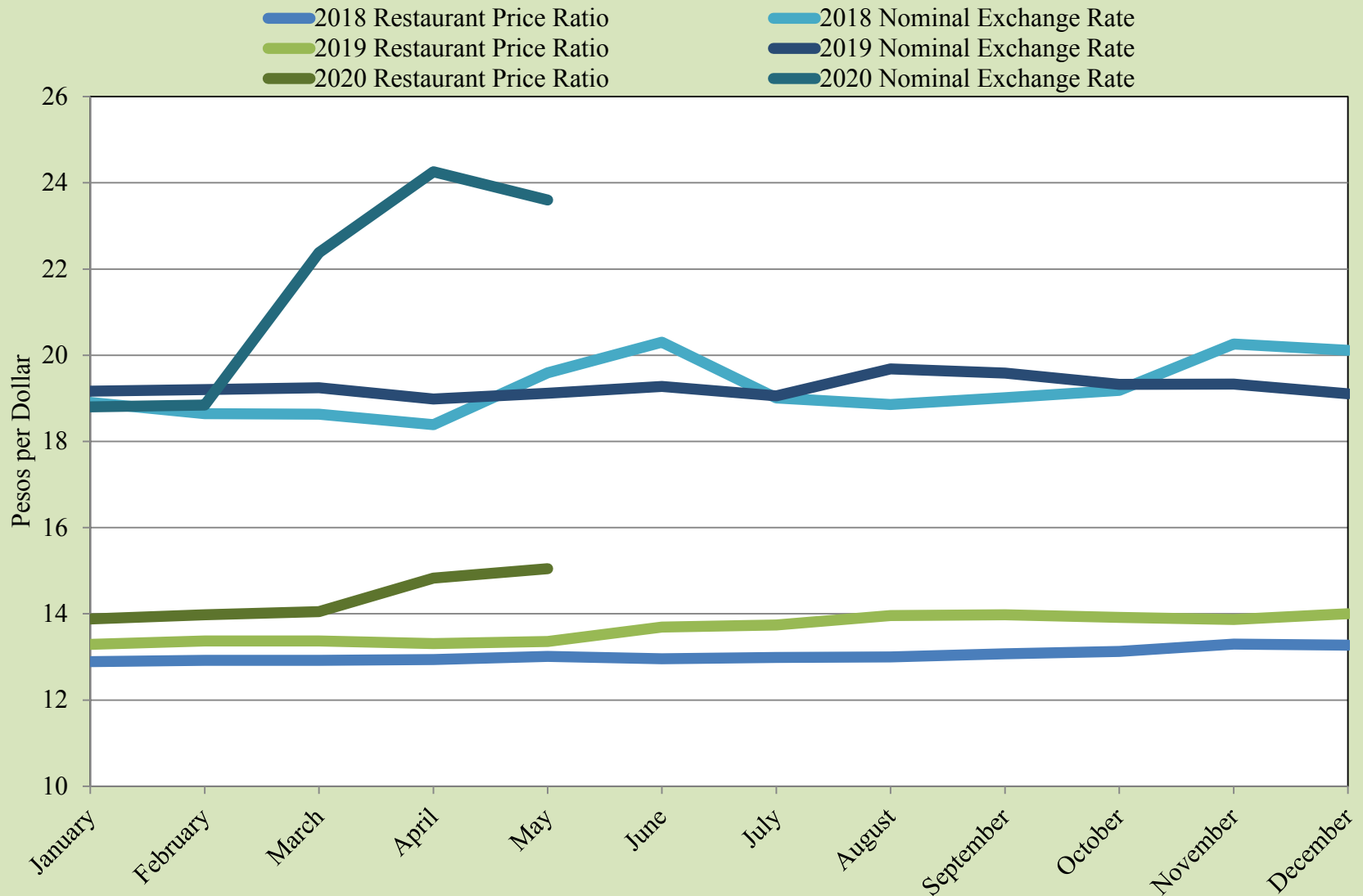
Source: New Mexico Human Services Department

Las Cruces Area SNAP (Food Stamp) Cases



Source: New Mexico Human Services Department

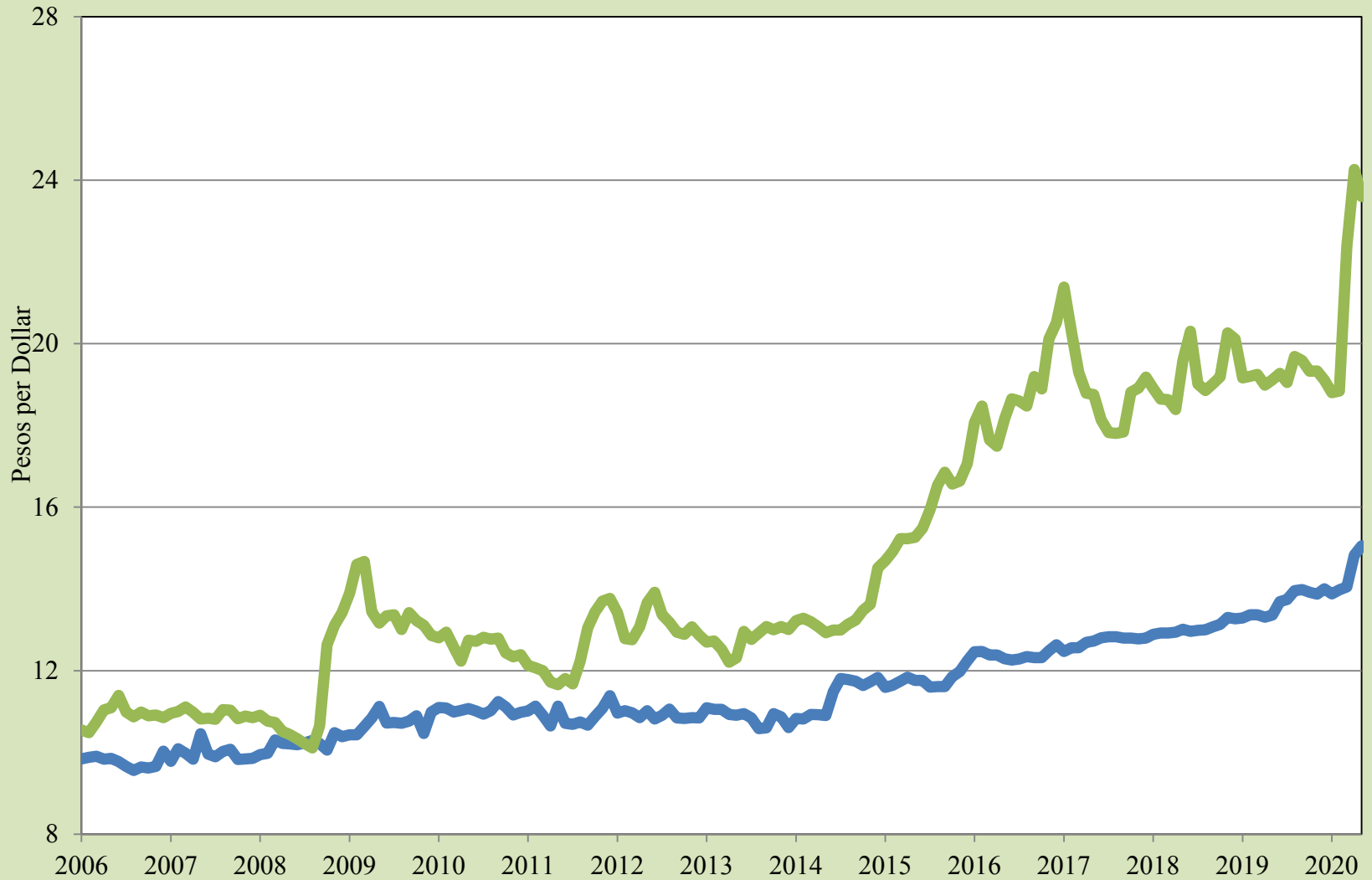
Restaurant Price Ratio and Exchange Rate



Source: UTEP Border Region Modeling Project and Banco de Mexico

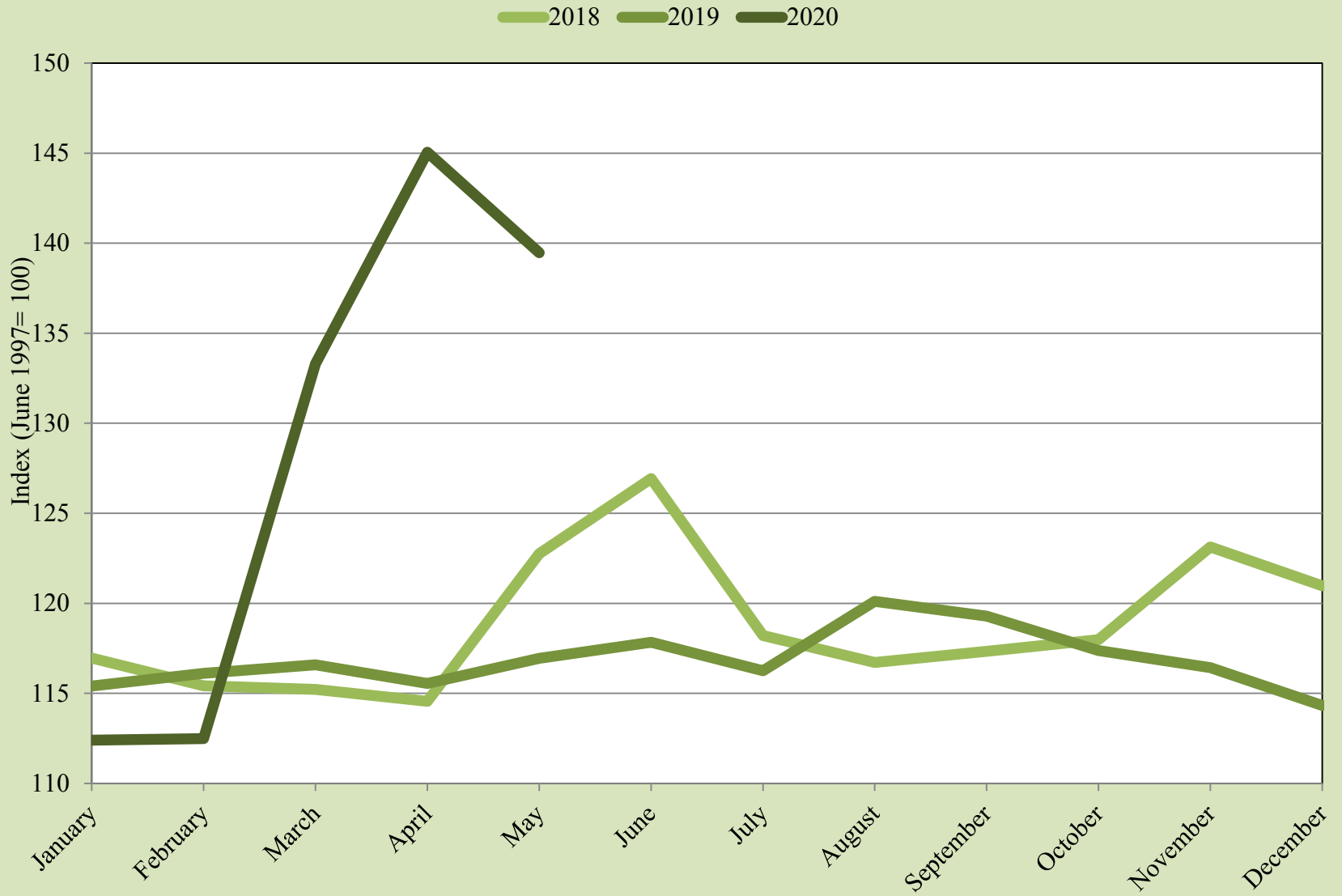
Restaurant Price Ratio and Exchange Rate

Price Ratio Exchange Rate



Source: UTEP Border Region Modeling Project and Banco de Mexico

Real Peso-per-Dollar Exchange Rate Index



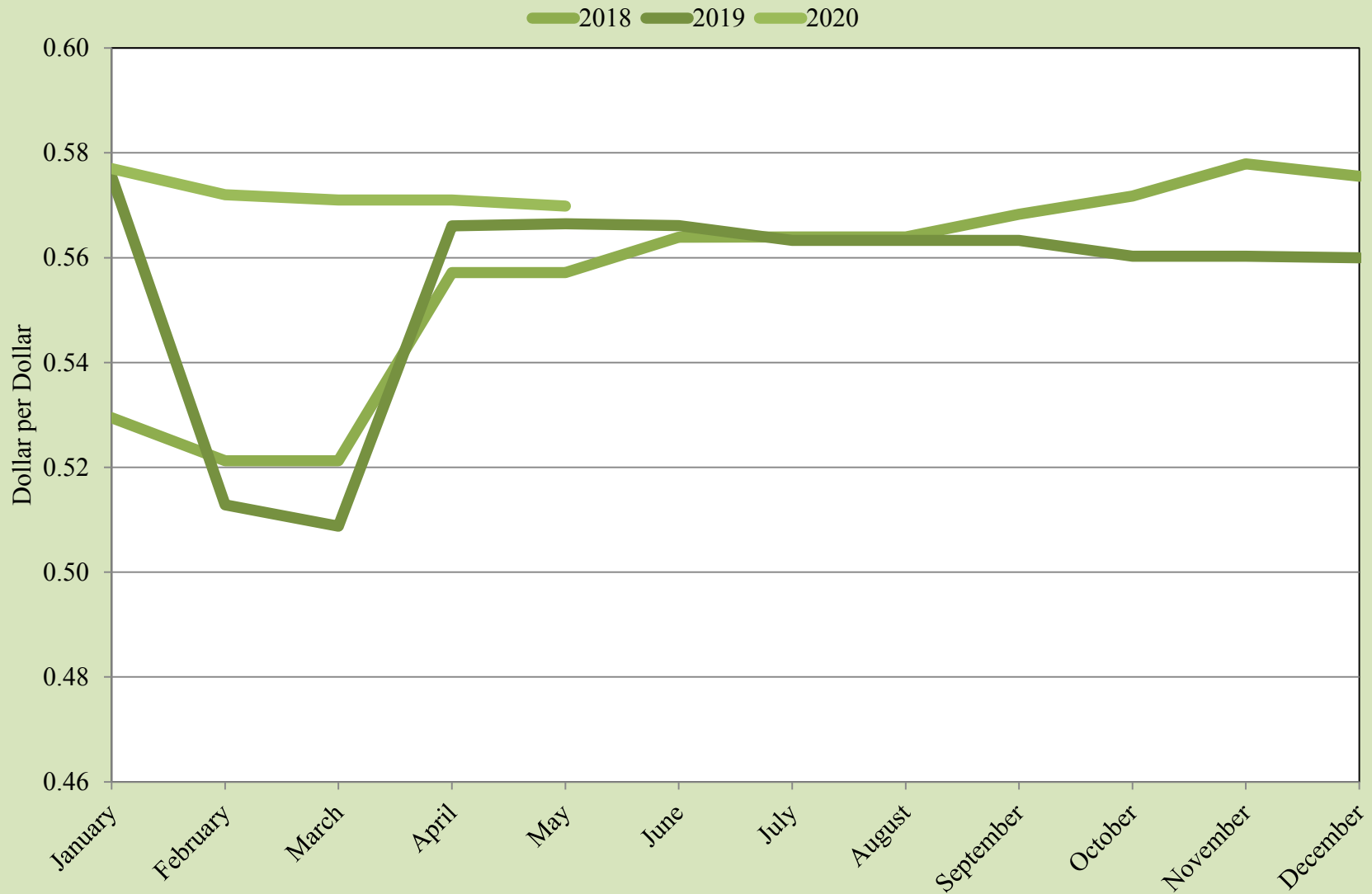
Source: UTEP Border Region Modeling Project

Real Peso-per-Dollar Exchange Rate Index



Source: UTEP Border Region Modeling Project

Pharmaceutical Nominal Price Ratio in the USA and Mexico



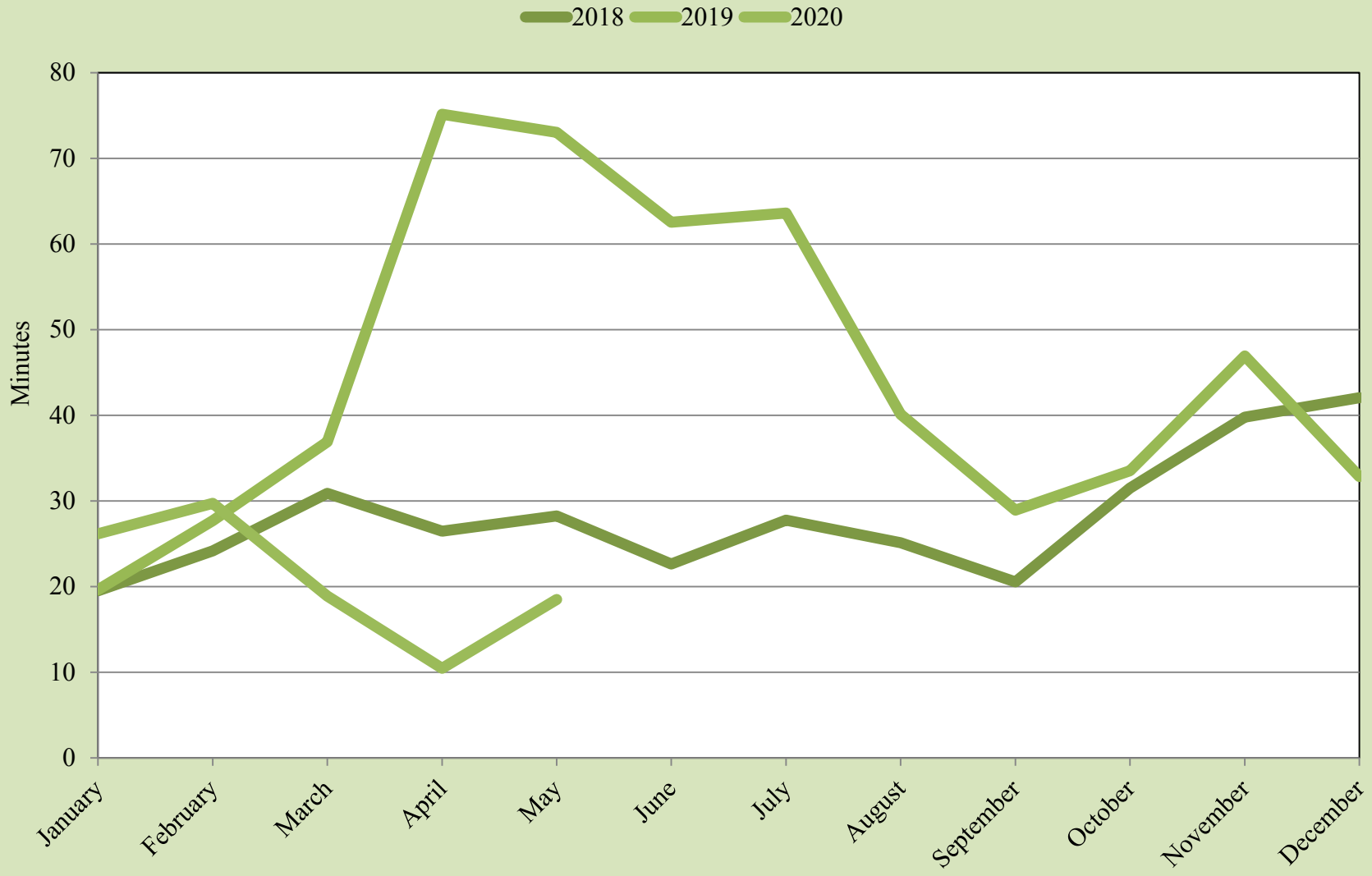
Source: UTEP Border Region Modeling Project, healthwarehouse.com, medicinesmexico.com, medsmex.com

Pharmaceutical Nominal Price Ratio in the USA and Mexico



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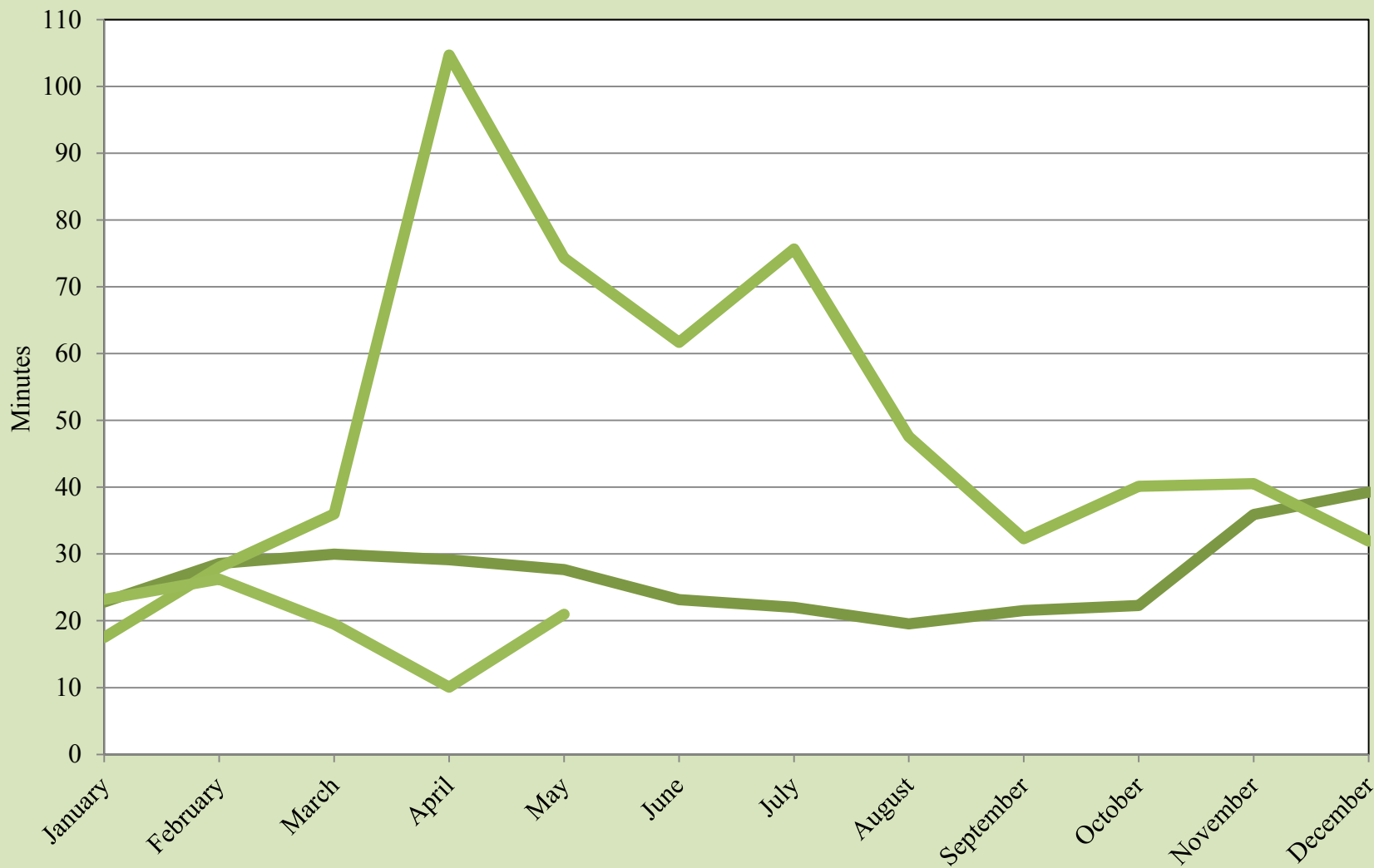
Paso del Norte Monthly Wait Times



Source: UTEP Border Region Modeling Project

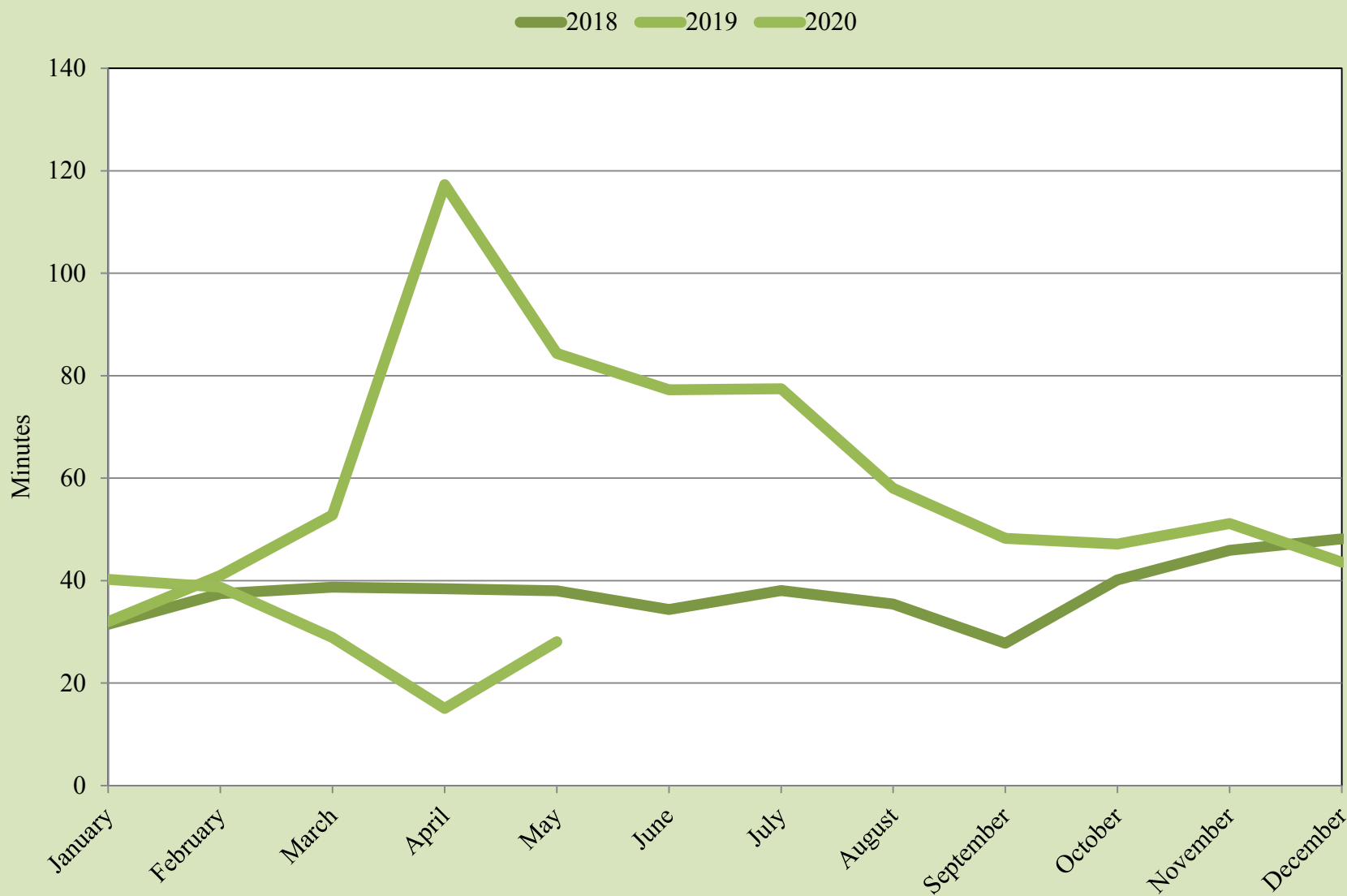
Ysleta Monthly Wait Times

— 2018 — 2019 — 2020



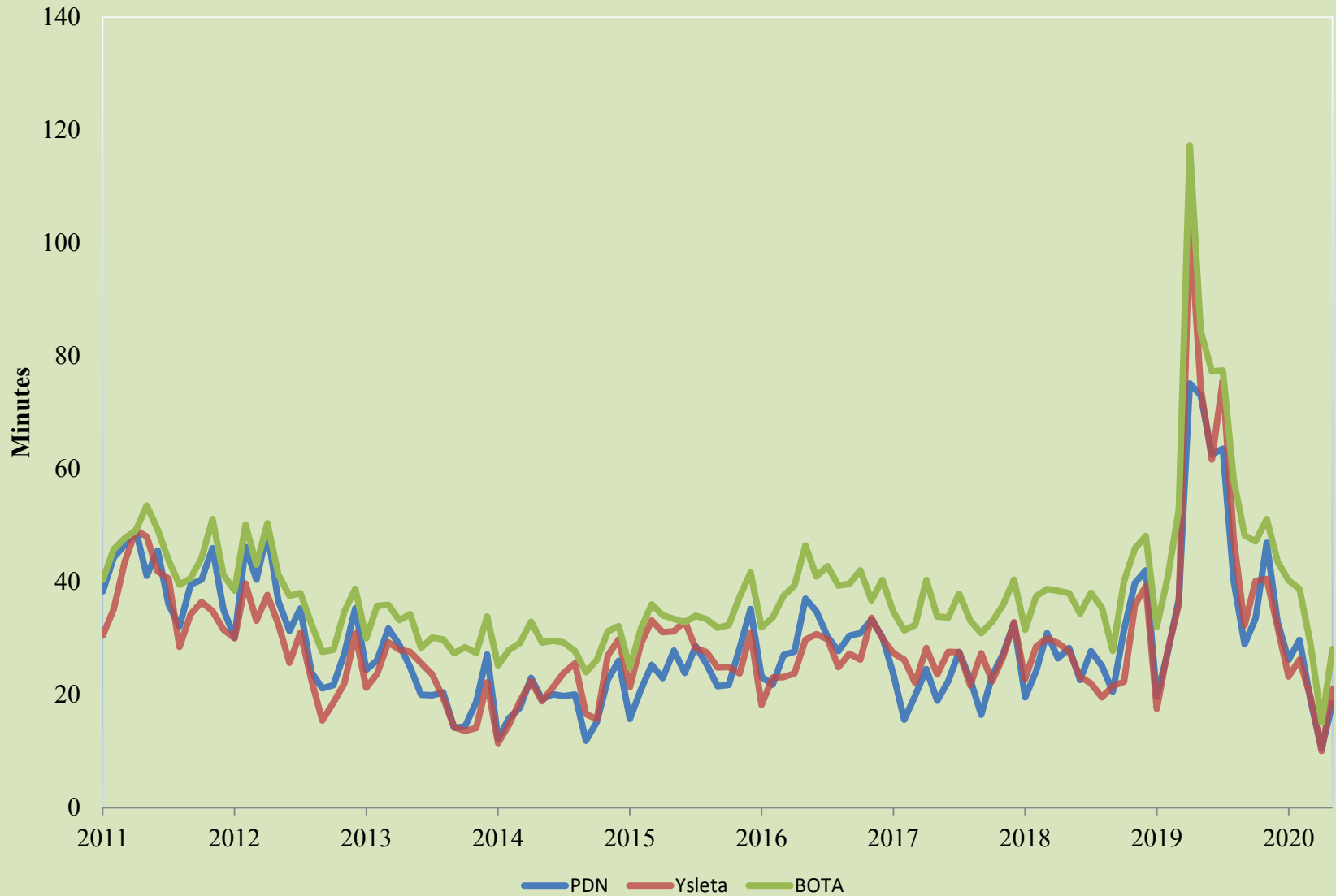
Source: UTEP Border Region Modeling Project

Bridge of the Americas Monthly Wait Times



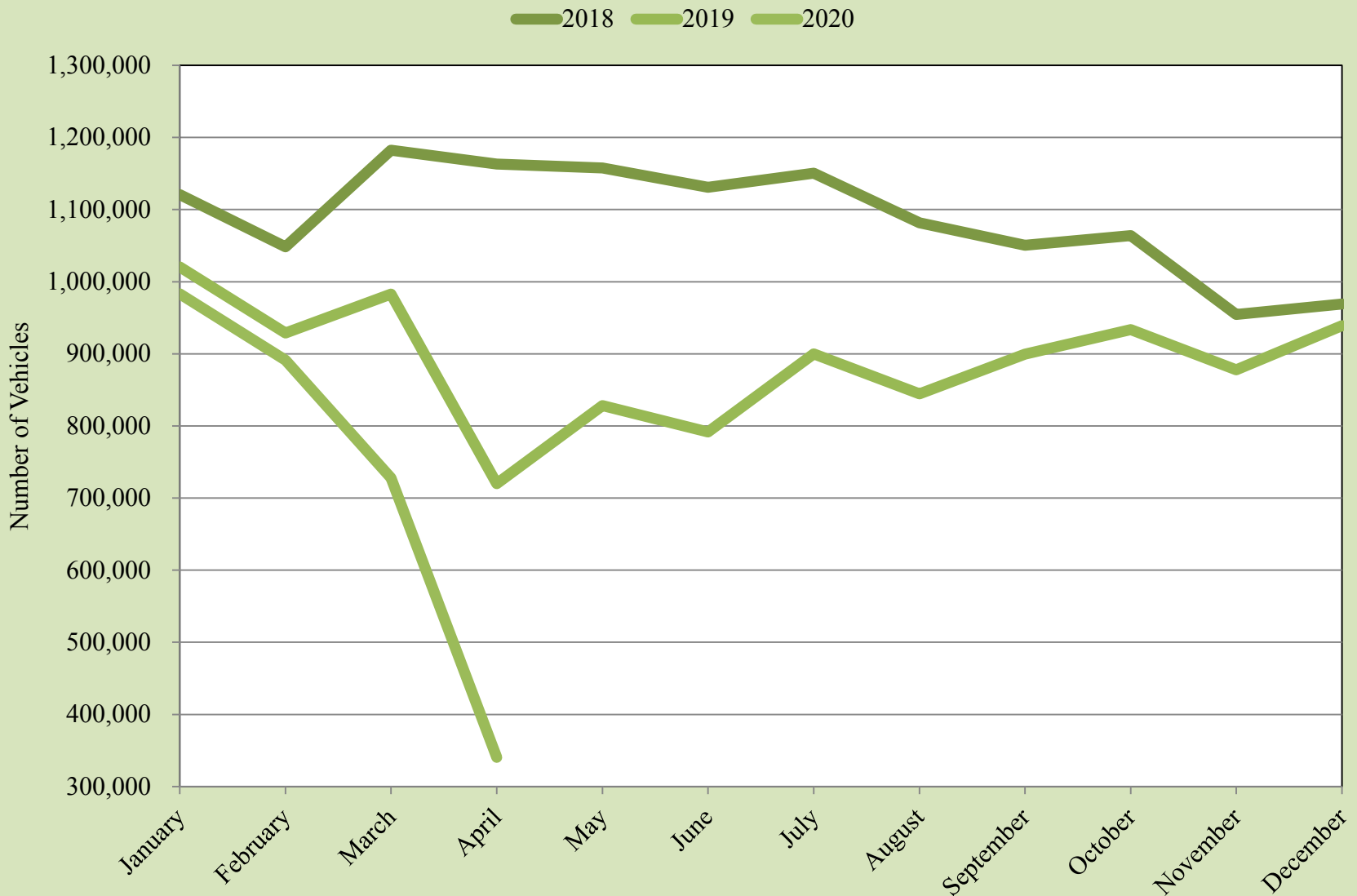
Source: UTEP Border Region Modeling Project

Monthly Border Wait Times



Source: UTEP Border Region Modeling Project

Personal Vehicle International Bridge Crossings to El Paso



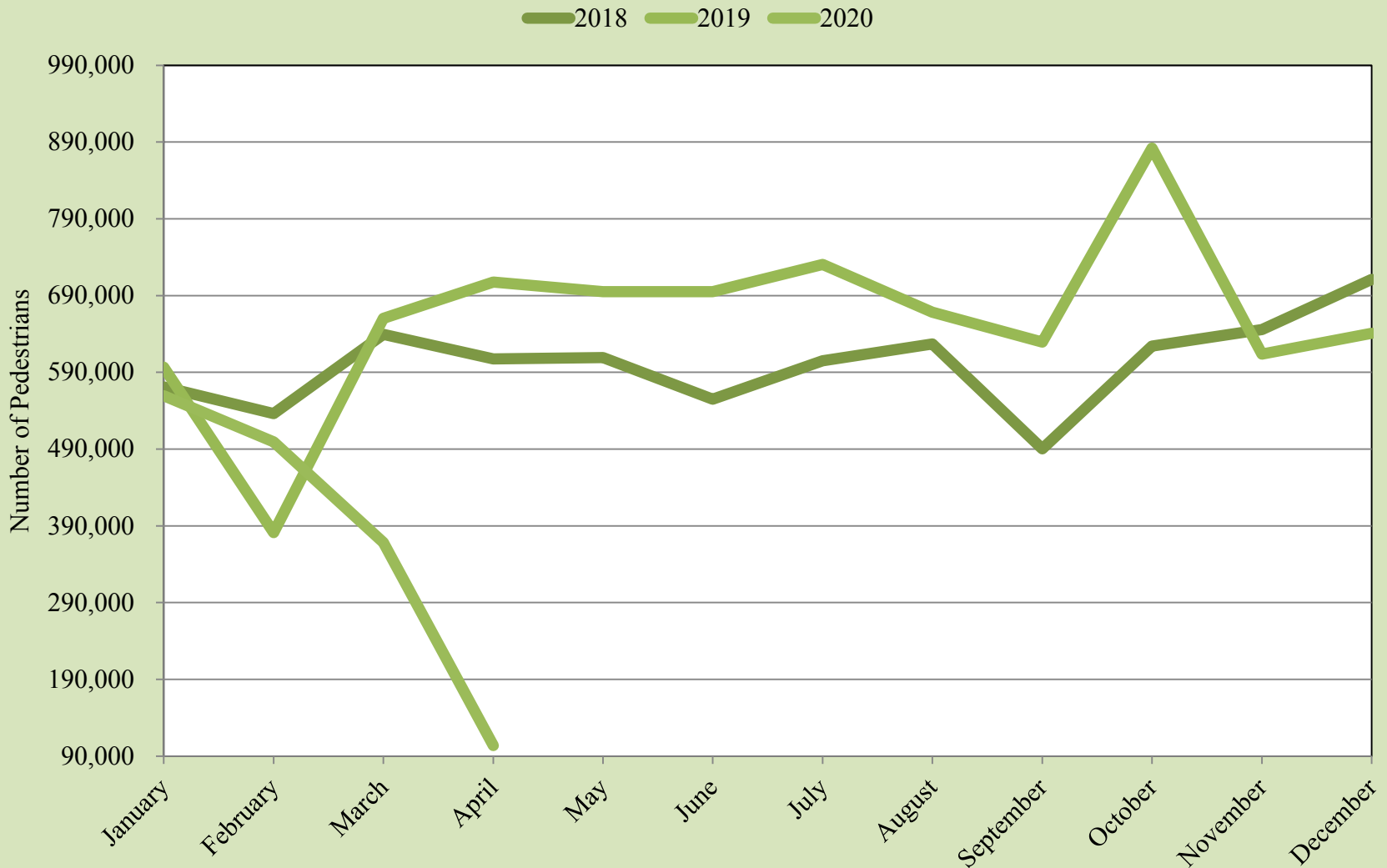
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Personal Vehicle International Bridge Crossings to El Paso



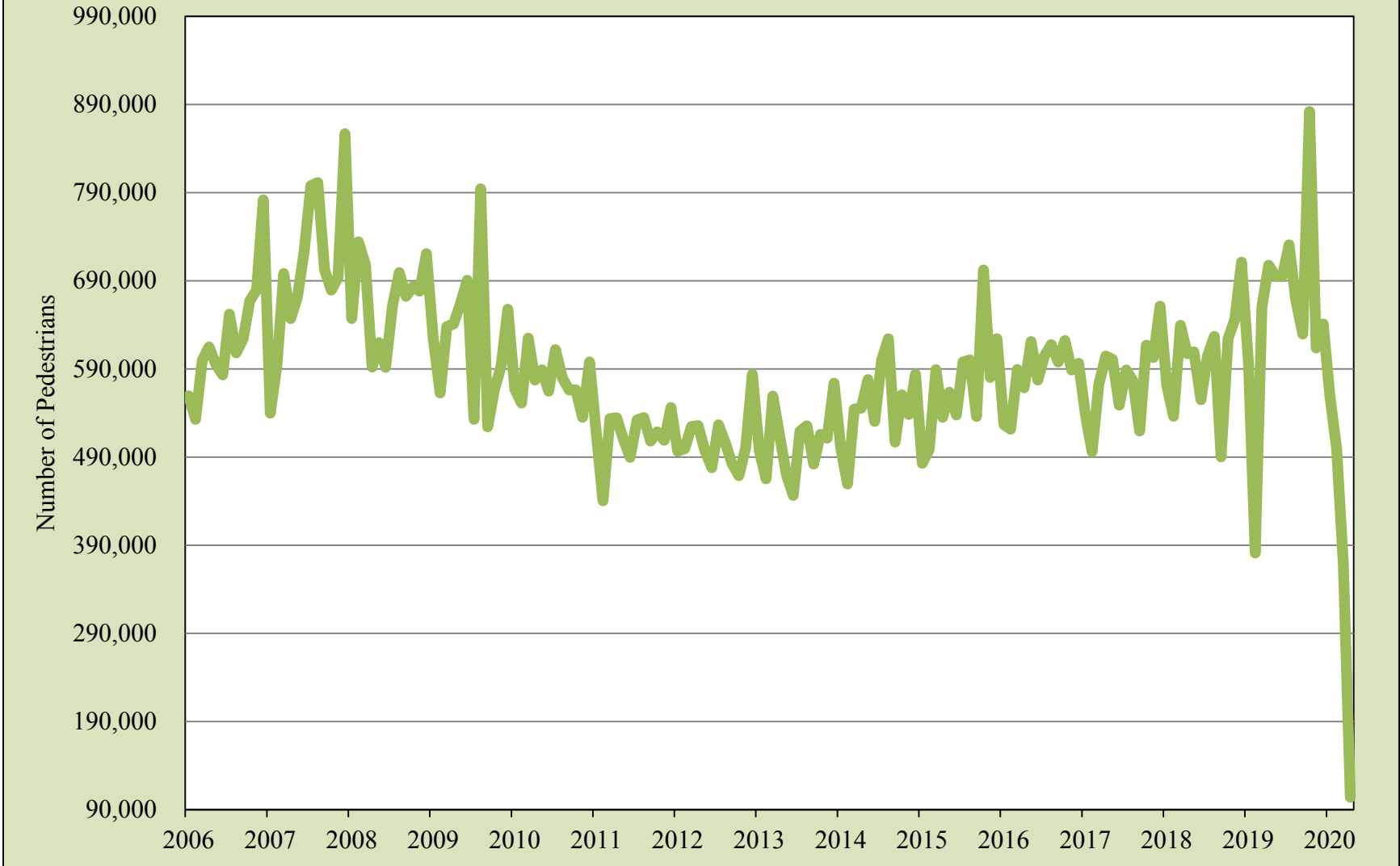
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Pedestrian International Bridge Crossings to El Paso



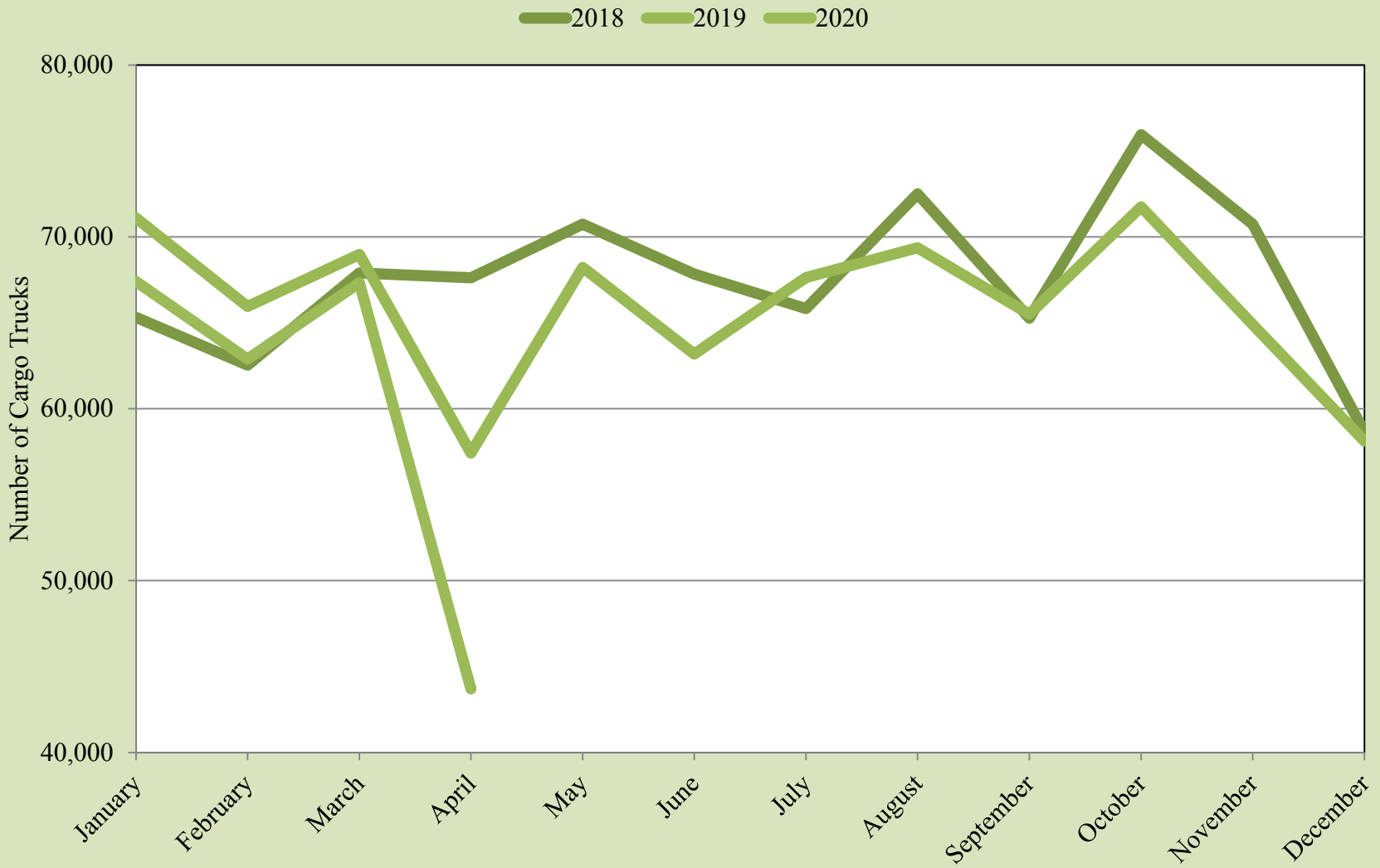
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Pedestrian International Bridge Crossings to El Paso



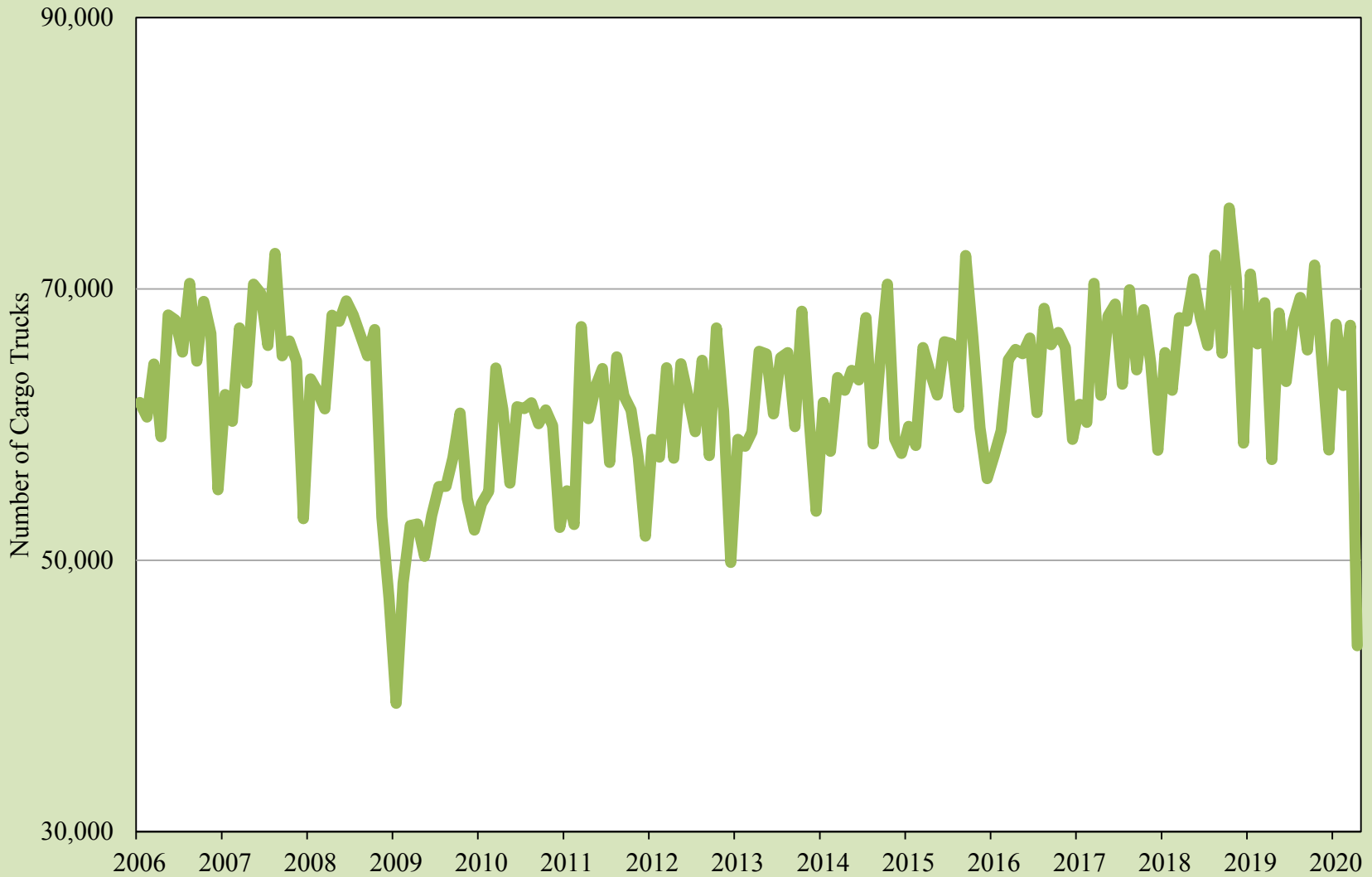
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Cargo Truck International Bridge Crossings to El Paso



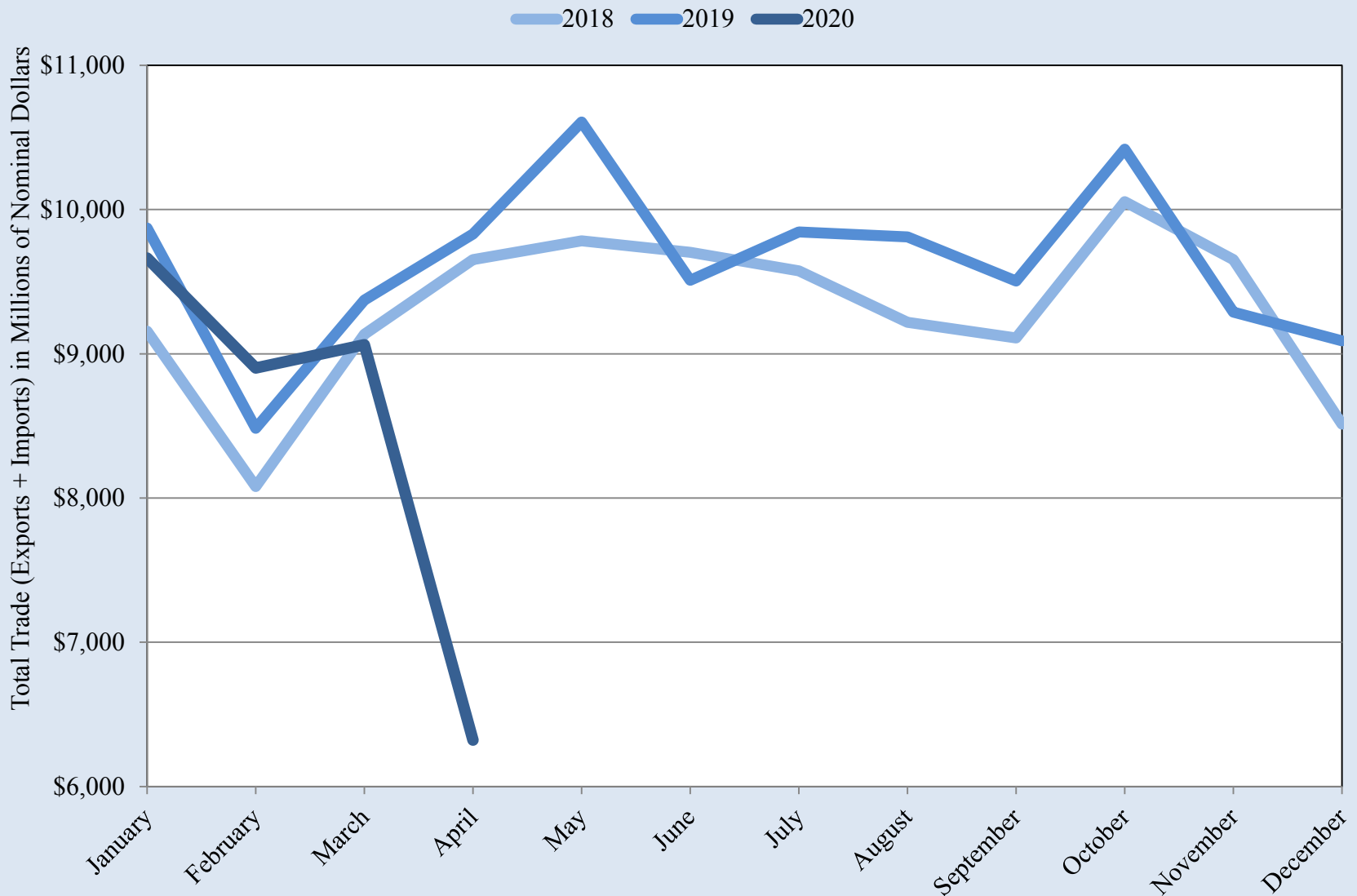
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Cargo Truck International Bridge Crossings to El Paso



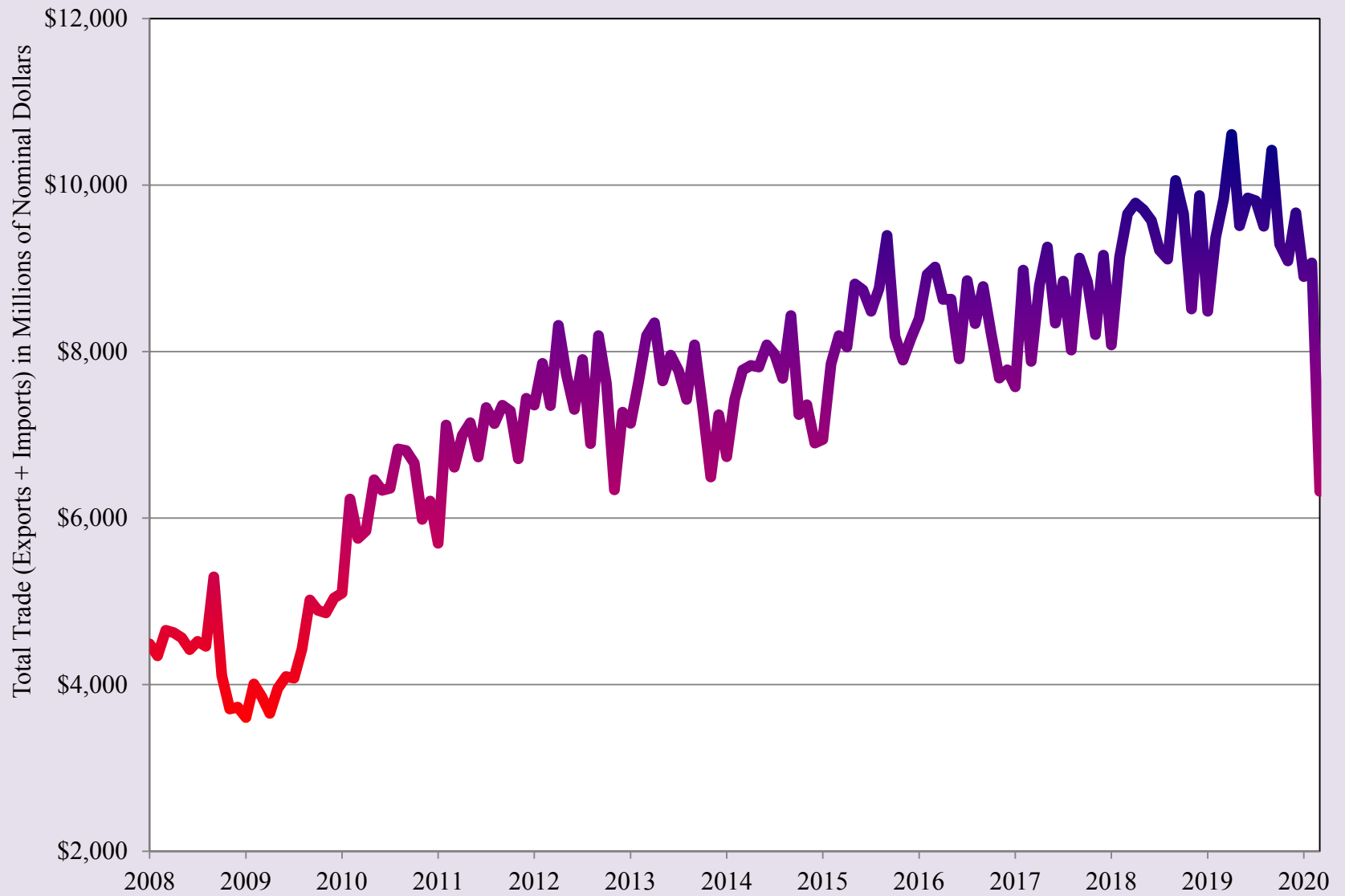
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Total Trade through the El Paso Customs District



Source: U.S. International Trade Commission

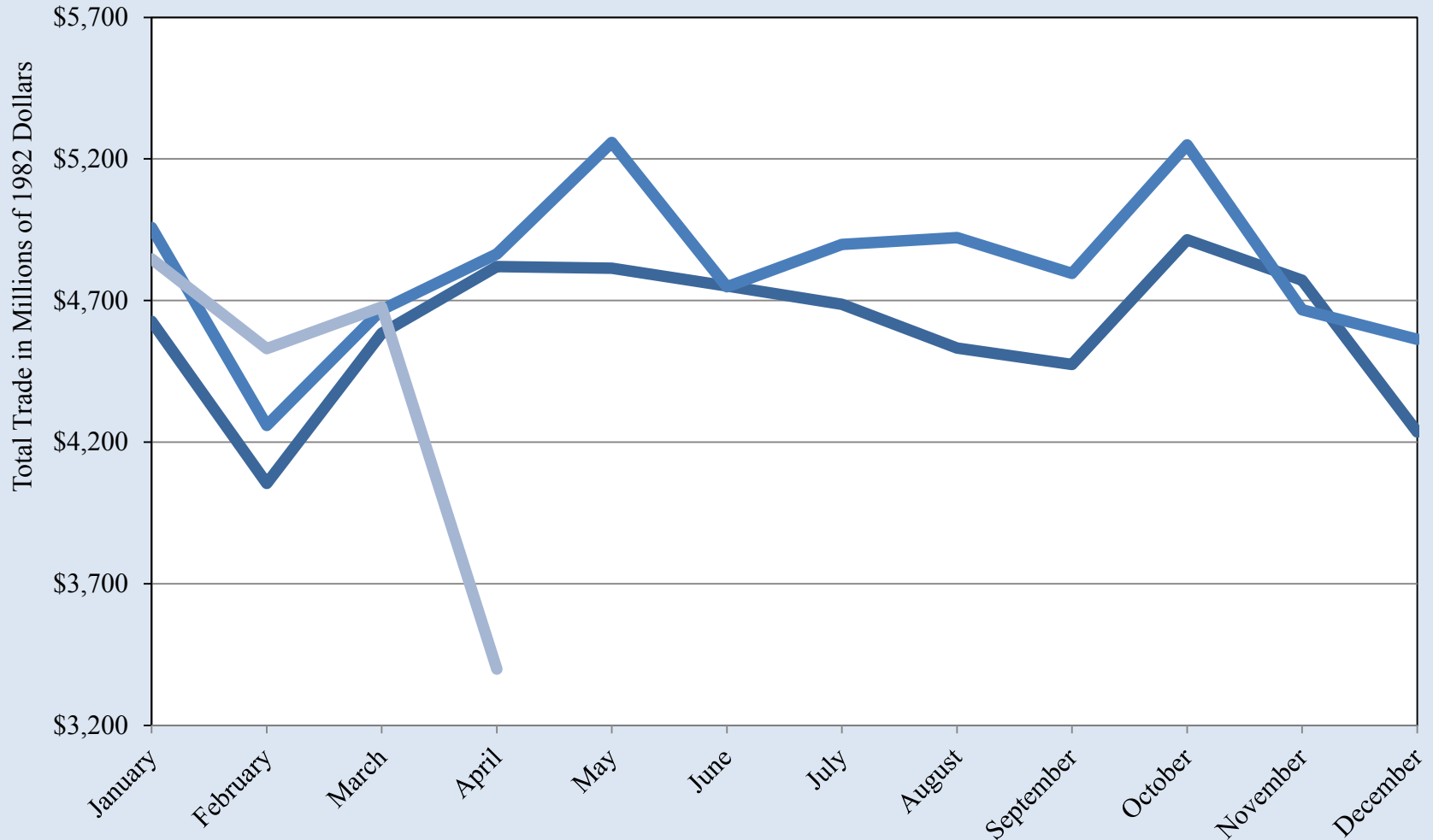
Total Trade through the El Paso Customs District



Source: U.S. International Trade Commission

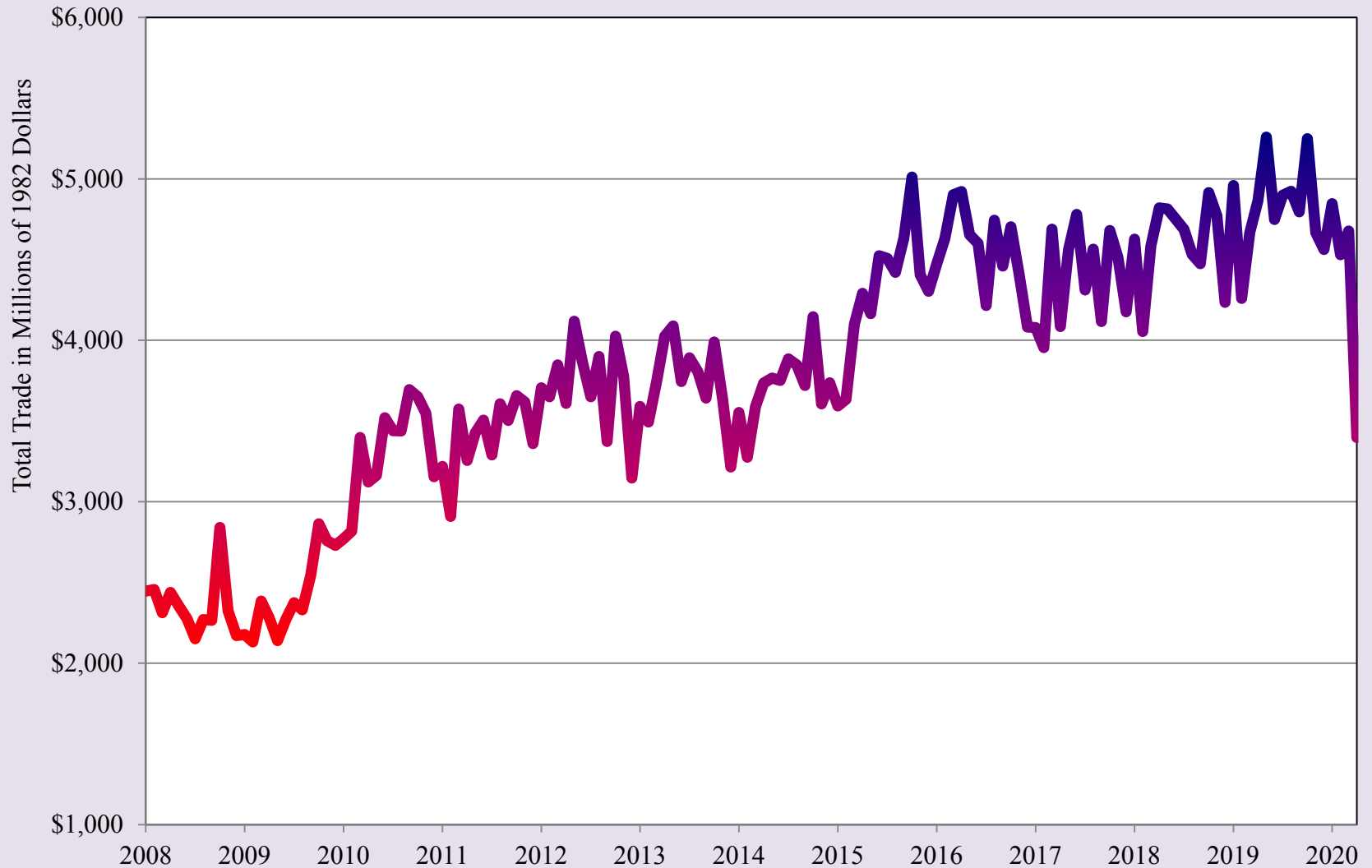
Real Total Trade through the El Paso Customs District

— 2018 — 2019 — 2020



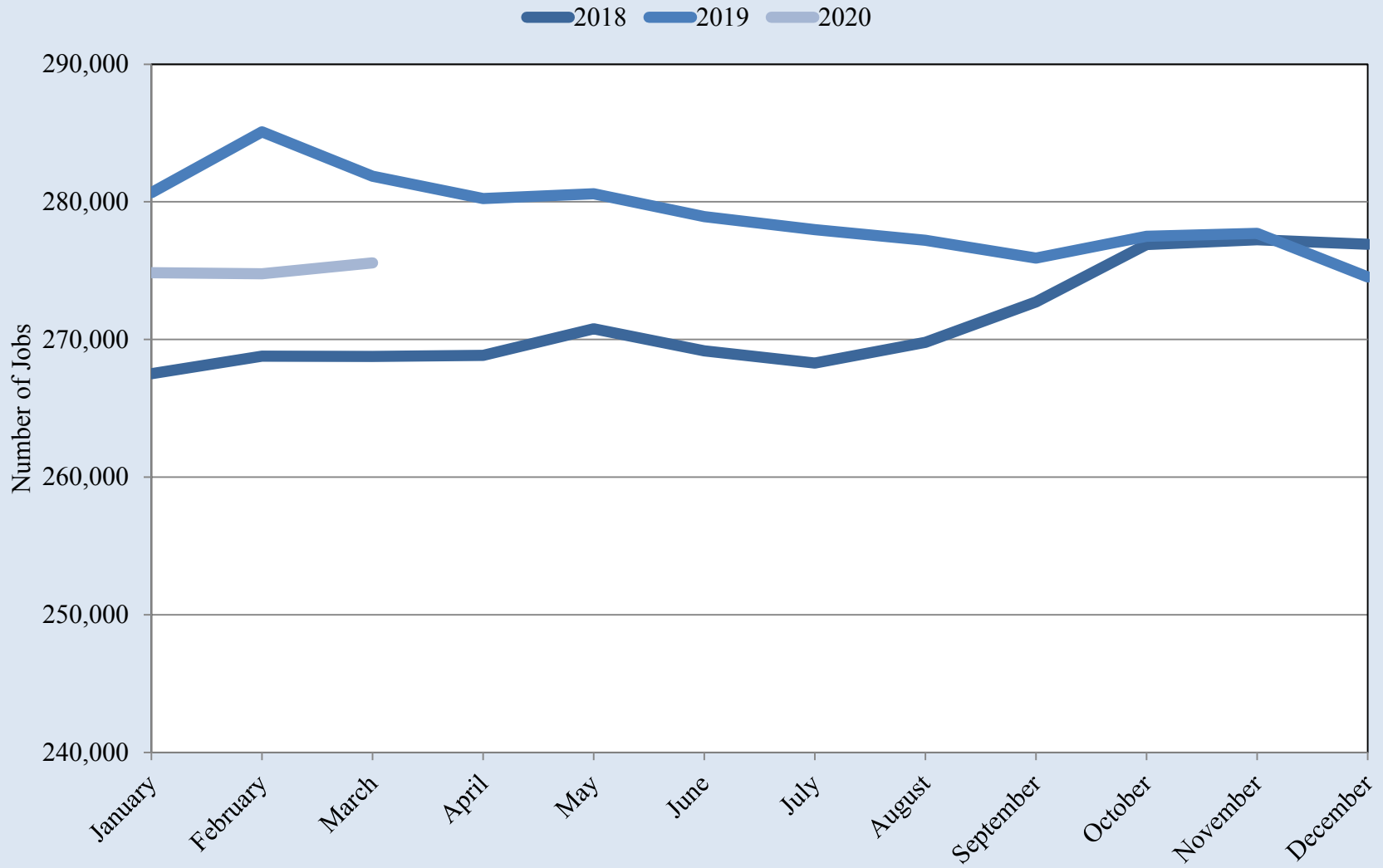
Source: U.S. International Trade Commission and Bureau of Labor Statistics

Real Total Trade through the El Paso Customs District



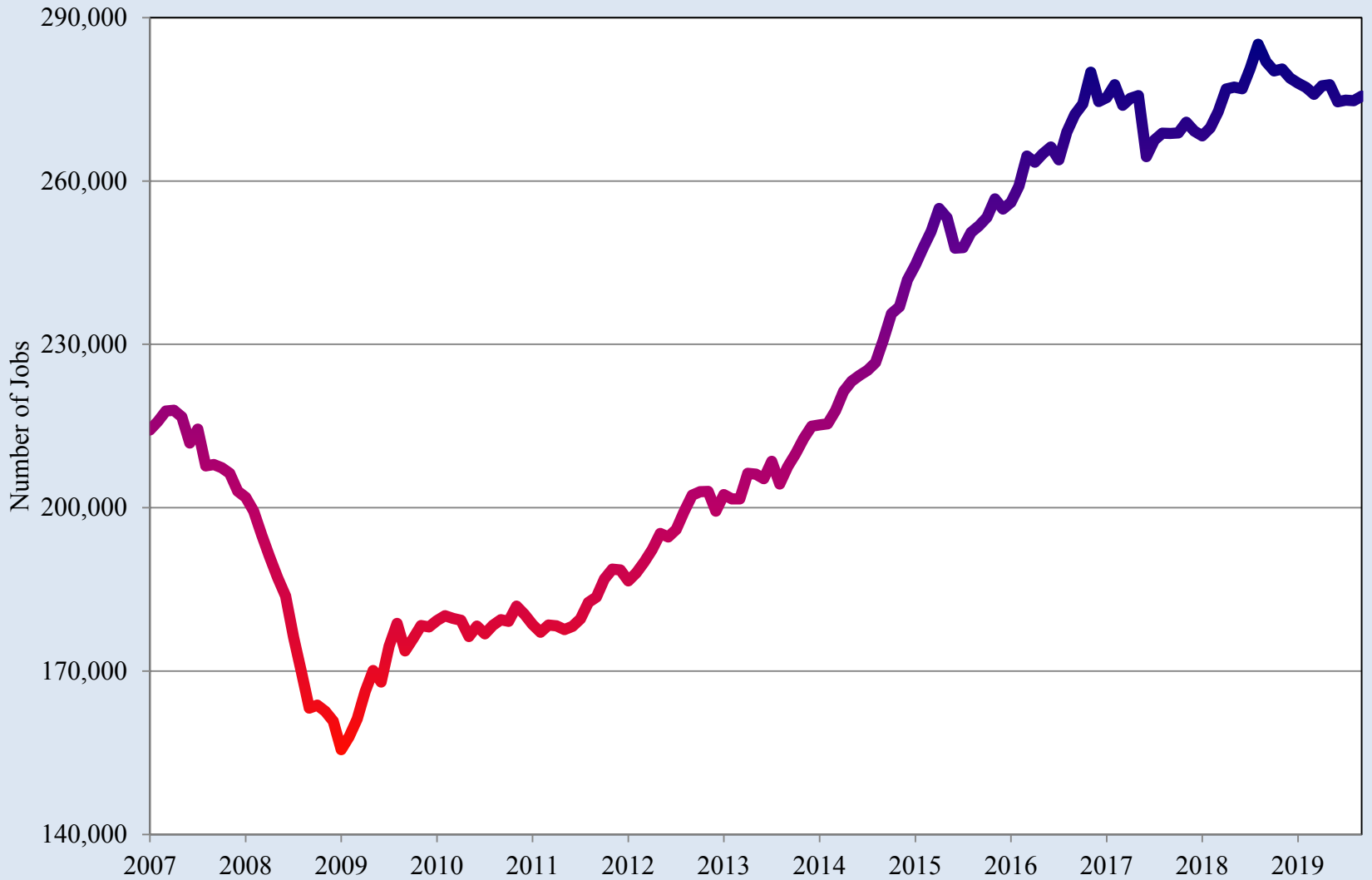
Source: U.S. International Trade Commission and Bureau of Labor Statistics

Export-Oriented Manufacturing Employment in Ciudad Juárez



Source: INEGI

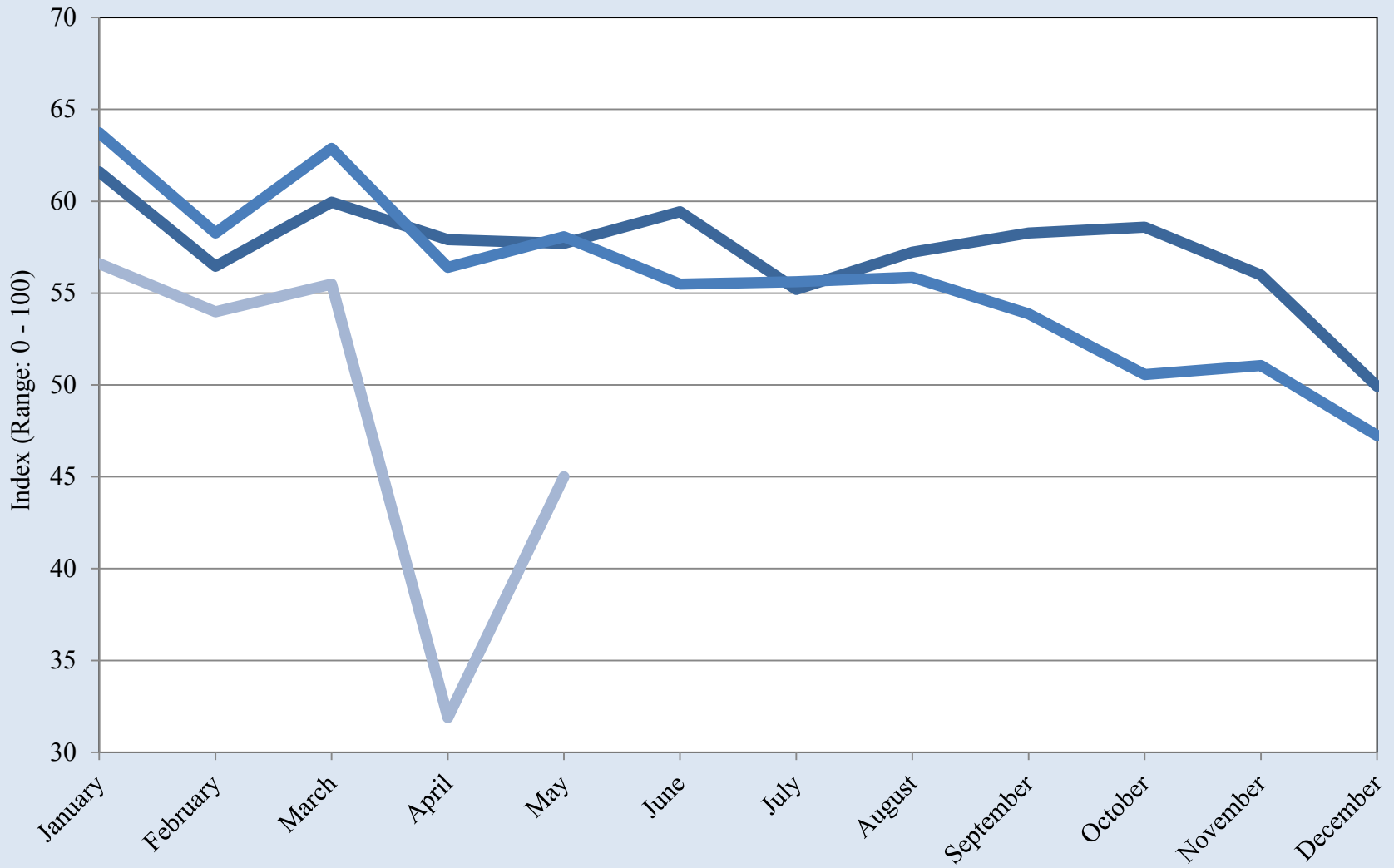
Export-Oriented Manufacturing Employment in Ciudad Juárez



Source: INEGI

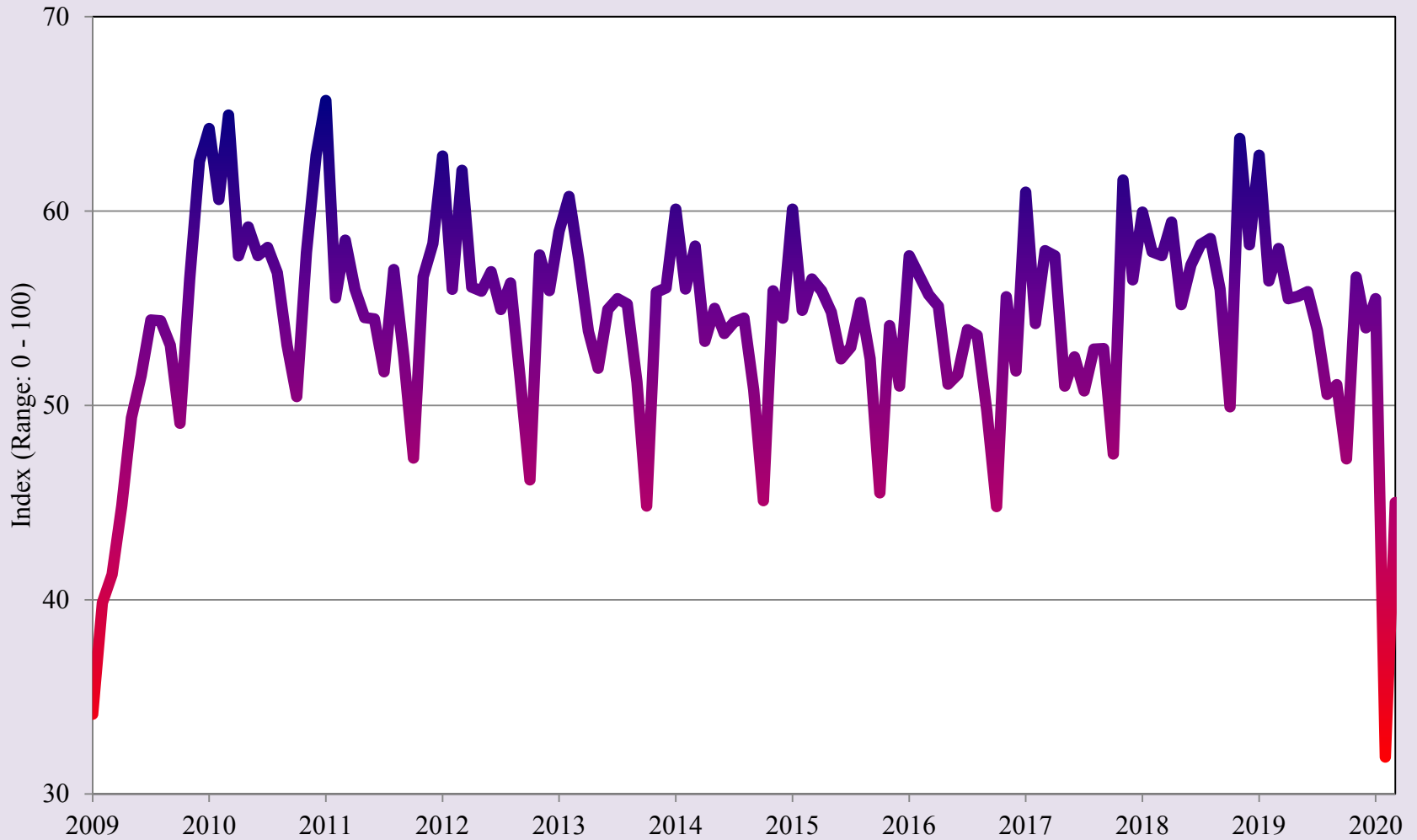
Northern Mexico Manufacturing Orders Index

— 2018 — 2019 — 2020



Source: Banco de México

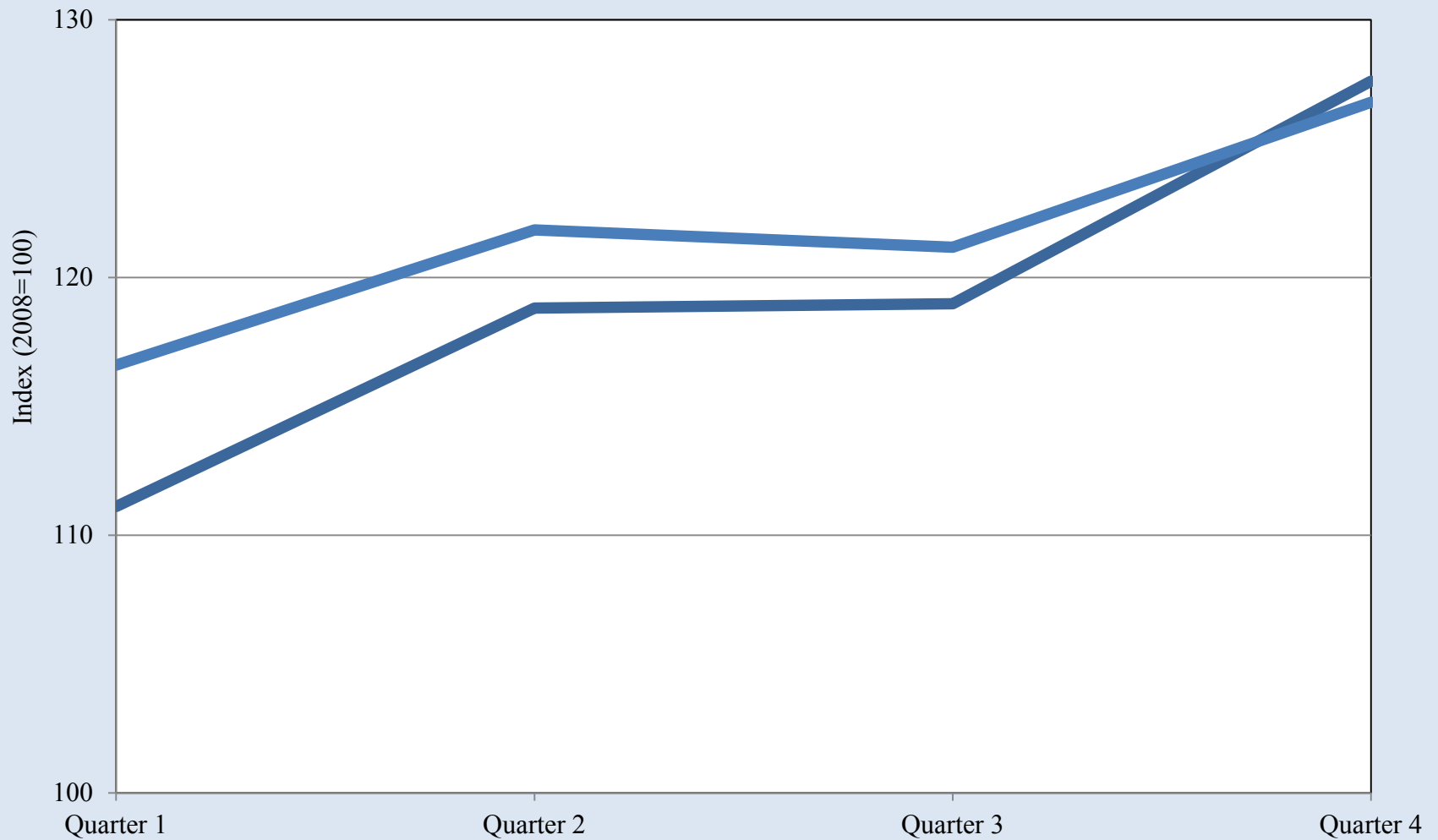
Northern Mexico Manufacturing Orders Index



Source: Banco de México

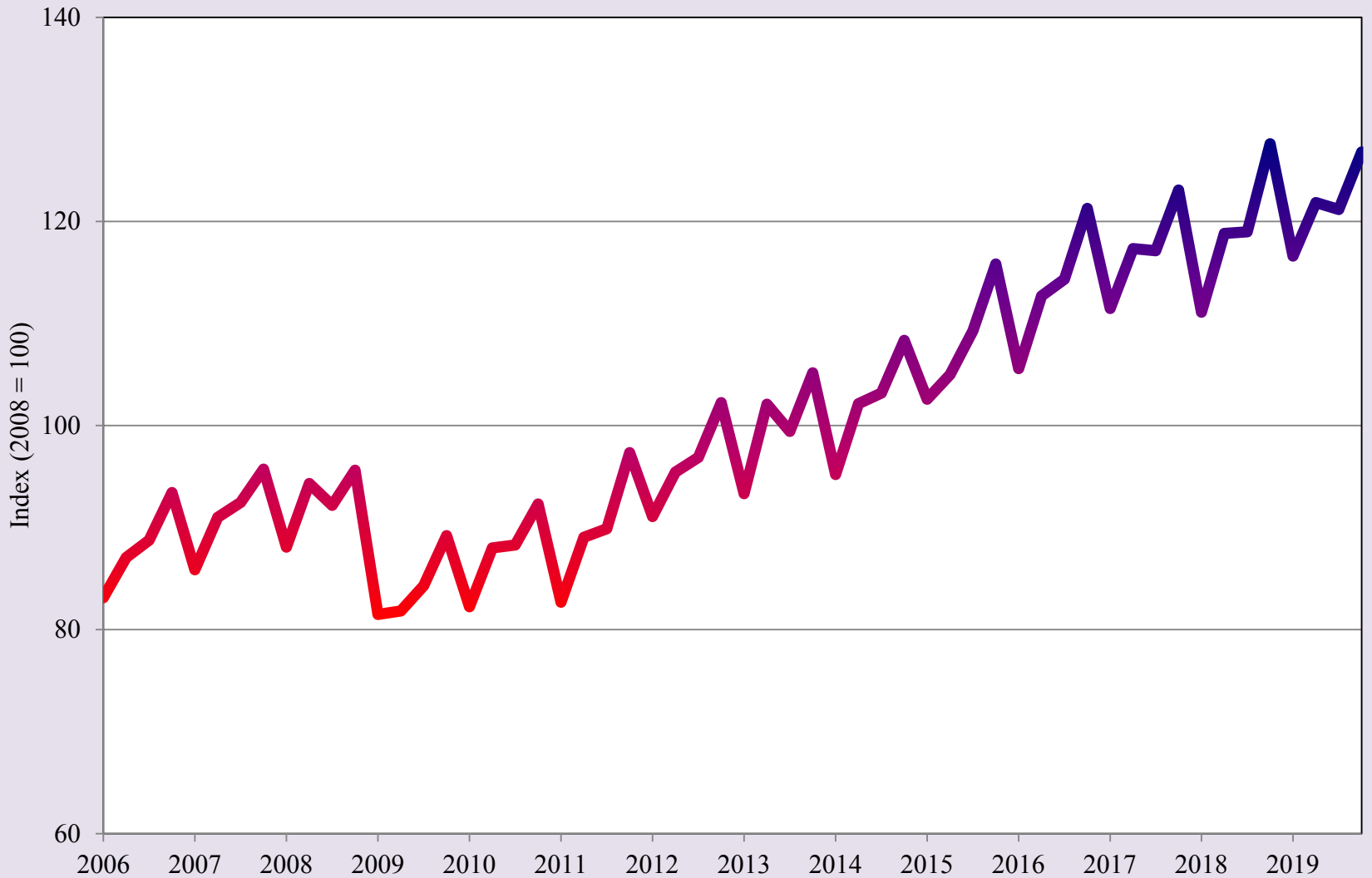
Quarterly Indicator of Economic Activity for the State of Chihuahua

— 2018 — 2019



Source: INEGI

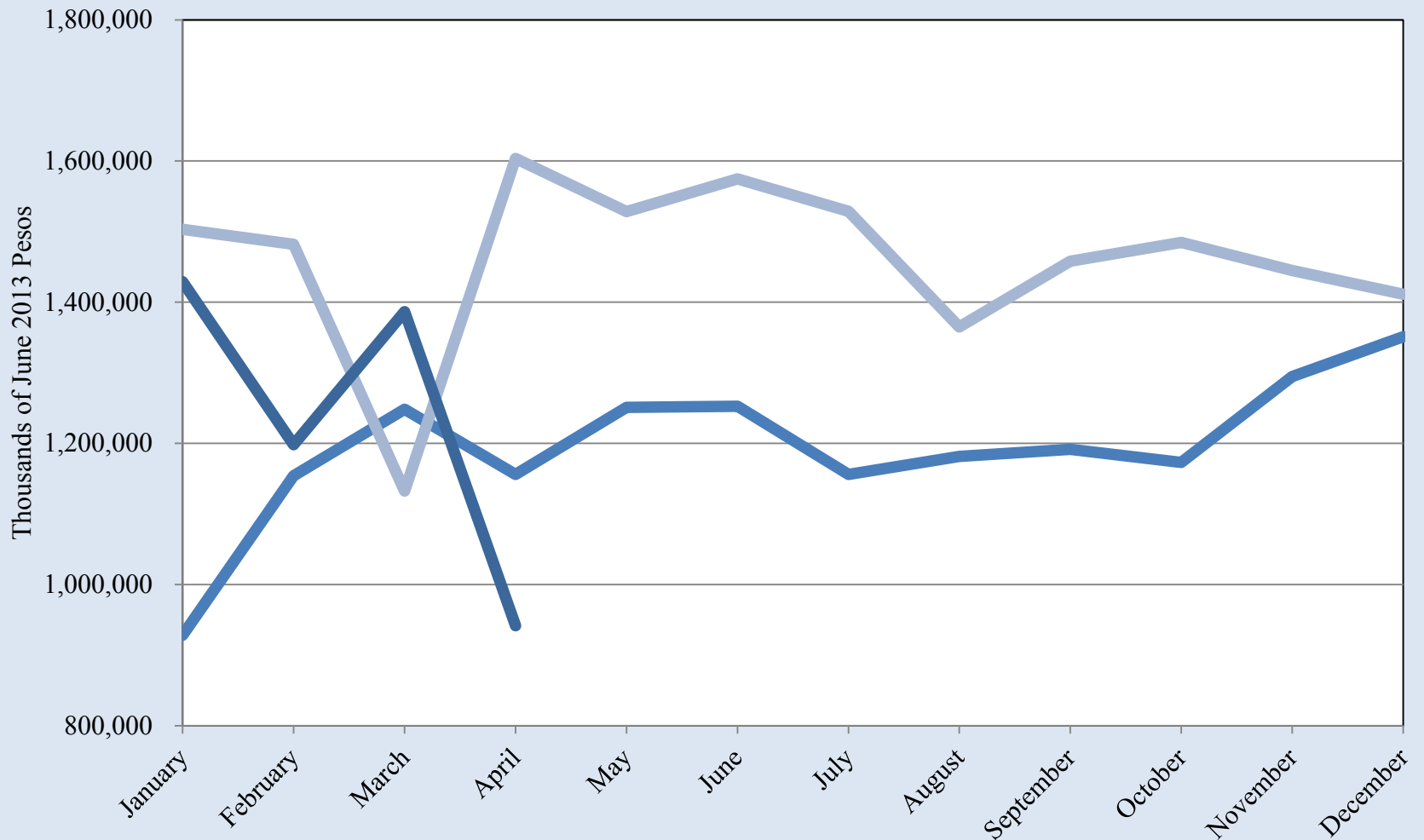
Quarterly Indicator of Economic Activity for the State of Chihuahua



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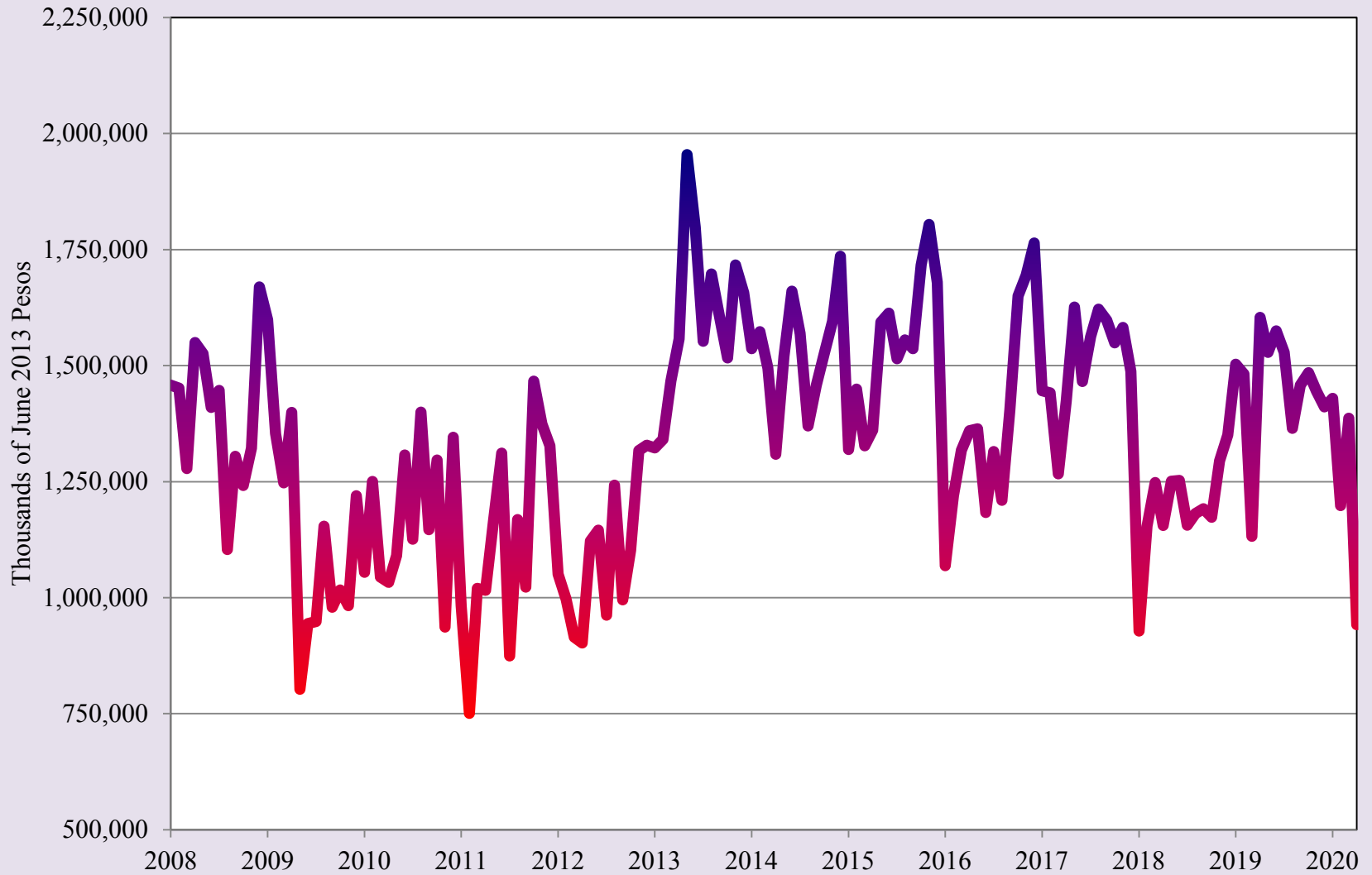
Total Value of Construction in the State of Chihuahua

— 2018 — 2019



Source: INEGI

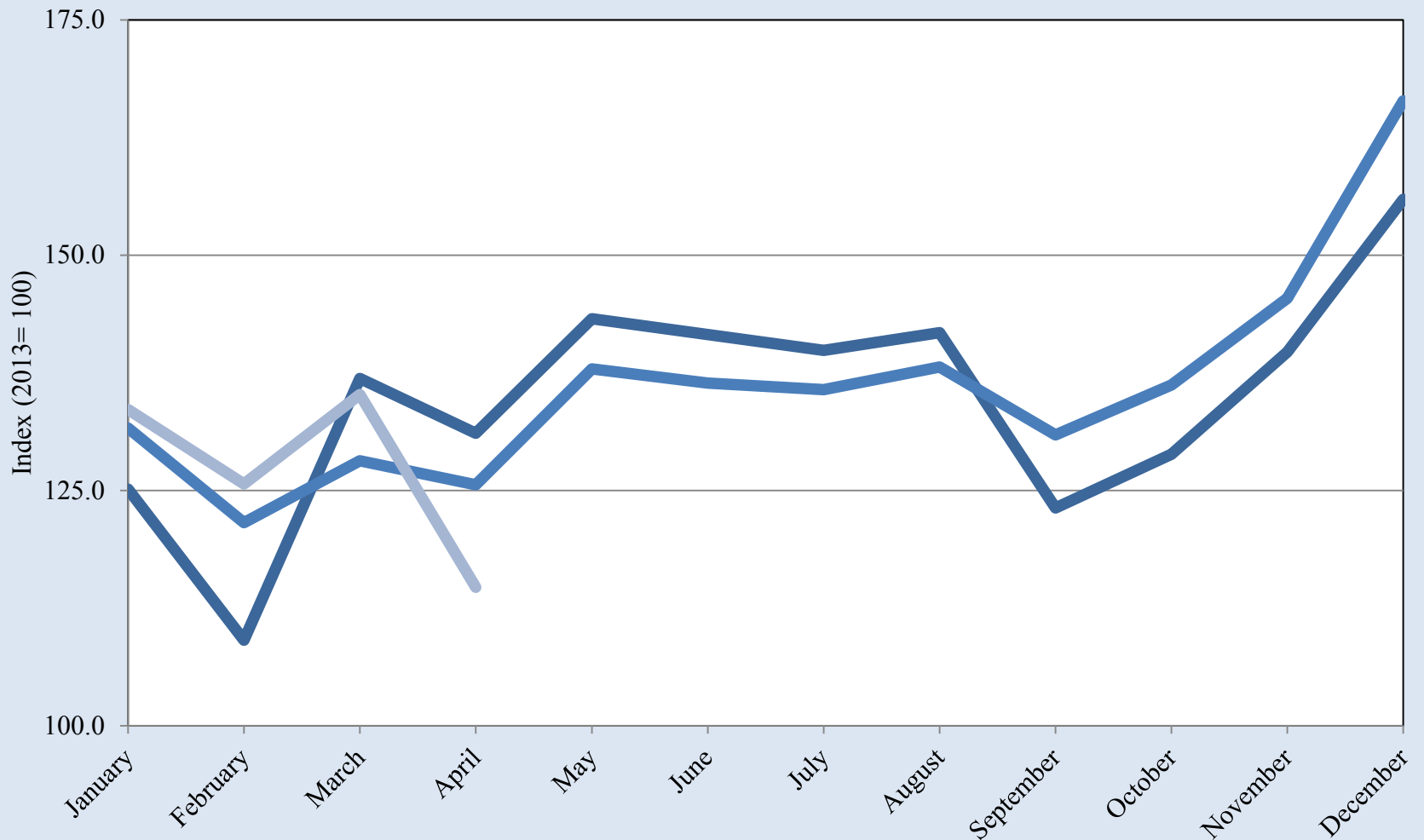
Total Value of Construction in the State of Chihuahua



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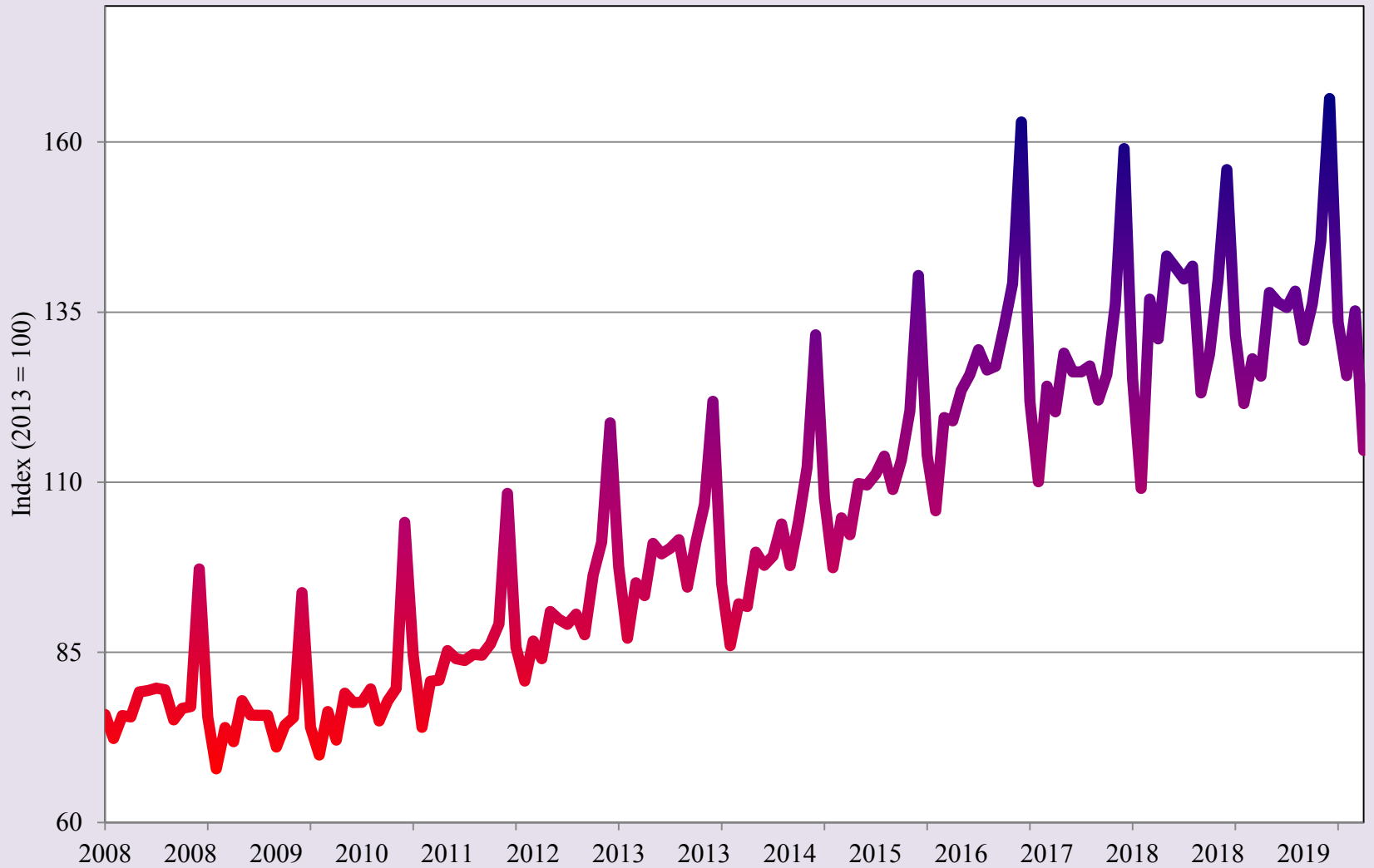
Real Retail Activity Index for the State of Chihuahua

— 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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