Borderplex Business Barometer, Volume 4, Number 6

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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

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.

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
El Paso County SNAP Enrollment. Two year period 2018 to 2019

Source: Texas Health and Human Services Commission
Starting in September, 2014, the number of SNAP recipients is recorded for the end of each month.

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
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

Source: UTEP Border Region Modeling Project and Banco de Mexico
Real Peso-per-Dollar Exchange Rate Index

Index (June 1997=100)

Source: UTEP Border Region Modeling Project
Real Peso-per-Dollar Exchange Rate Index

Index (March 1997 = 100)

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, healthcarehouse.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

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>
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<th>Year</th>
<th>Number of Pedestrians</th>
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<td>2027</td>
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Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Aggregate Pedestrian International Bridge Crossings to El Paso

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

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>
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<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
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<td></td>
<td>$5,700</td>
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Aggregate Real Total Trade through the El Paso Customs District

Total Trade in Millions of 1982 Dollars

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
Thousands of June 2013 Pesos

Total Value of Construction in the State of Chihuahua

2018 2019

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

Index (2013= 100)

Source: INEGI
Real Retail Activity Index for the State of Chihuahua

Source: INEGI
Short-Term Outlook to 2021
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.