Borderplex Business Barometer, Volume 4, Number 8

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Borderplex Business Barometer, Volume 4, Number 8

Double Dip Downturns?

The Federal Reserve Bank of Dallas Metropolitan Business Cycle Index for El Paso rose, again, in July. That is good news, but it remains substantially below year-ago levels. Very low T-Bond and T-Bill yields confirm the economic vulnerability that continues to characterize the national economy in 2020. The U-shaped yield curve of 12 months ago has given way to a more traditional shape in recent months. Preliminary estimates for the El Paso Household Economic Stress Index moved sharply lower in July, another positive note for an ailing economy. A similar pattern was observed for the El Paso County unemployment rate in July when business re-openings caused payrolls to expand. Federal stimulus packet benefits helped El Paso County Supplemental Nutrition Assistance Program (SNAP) enrollments dip below the levels observed in January and February. Those gains may prove ephemeral if Congress does not approve a new stimulus package in September.

As home sales skyrocketed nationwide in July, locally, single-family housing sales also did the same. On a year-over-year basis, the median price in El Paso rose by more than $14 thousand to $179,950. In nominal terms, that is a new record for El Paso County. Although 998 homes sales occurred in July, inventories remain tight. The propellants behind the sales increase in June and July were the potent brew of historically low conventional fixed mortgage rates plus pent-up demand from the April-May pandemic lockdown.

Regular unleaded gasoline averaged $2.07 per gallon in El Paso during July. That is 56 cents below the July 2019 average. Reduced energy demand resulting from the pandemic shutdown and recession was the culprit. West Texas Intermediate (WTI) oil averaged $40.71 per 42-gallon barrel in July, more than $16 per barrel below year-ago levels.

The Doña Ana County July jobless rate was 13.0 percent. Emblematic of the lockdown labor market woes, the Las Cruces civilian labor force contracted by nearly 6 percentage points relative to July 2019. June SNAP enrollments increased by more than 2,700 recipients on a year-to-year basis, but this figure is poised to increase by an even larger amount in August.

The peso weakened somewhat against the dollar in July with nominal exchange rate average rising to 22.48. A 65 percent gap separated the July 2020 exchange rate from the Borderplex restaurant price ratio as episodic novel Coronavirus outbreaks continued to roil the currency market. Partial recoveries in small vehicle and pedestrian traffic at the ports of entry were accompanied by higher average wait times in June and July. Total trade through the customs district returned to pre-pandemic volumes in June. That was accompanied by parallel increases in the number of cargo trucks crossing the Bridge of the Americas and the Ysleta-Zaragoza Bridge, along with a rebound in the Northern Mexico Manufacturing Orders Index.
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

<table>
<thead>
<tr>
<th></th>
<th>19-July</th>
<th>20-July</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>t1mon</strong></td>
<td>3.00</td>
<td></td>
</tr>
<tr>
<td><strong>t2mon</strong></td>
<td>2.50</td>
<td></td>
</tr>
<tr>
<td><strong>t3mon</strong></td>
<td>2.00</td>
<td></td>
</tr>
<tr>
<td><strong>t6mon</strong></td>
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<tr>
<td><strong>t12mon</strong></td>
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<tr>
<td><strong>t2yr</strong></td>
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<td><strong>t3yr</strong></td>
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<tr>
<td><strong>t5yr</strong></td>
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<td><strong>t20yr</strong></td>
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<tr>
<td><strong>t30yr</strong></td>
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</tbody>
</table>

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

2019 2020

Source: Bureau of Labor Statistics
El Paso County Unemployment Rate

Unemployment Rate (Not Seasonally Adjusted)

Source: Bureau of Labor Statistics
El Paso County SNAP Enrollment. Three year period 2018 – 2020

Number of SNAP Recipients

<table>
<thead>
<tr>
<th>Year</th>
<th>Recipients</th>
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<tr>
<td>2018</td>
<td>190,000</td>
</tr>
<tr>
<td>2019</td>
<td>185,000</td>
</tr>
<tr>
<td>2020</td>
<td>180,000</td>
</tr>
</tbody>
</table>

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

Nominal Price (Dollars per Gallon)

- 2019
- 2020

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

Unemployment Rate (Not Seasonally Adjusted)

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

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, healthcarewarehouse.com, medicinesmexico.com, medsmex.com
EPIA Freight and Mail (Inbound and Outbound) 2019 and 2020

<table>
<thead>
<tr>
<th>Month</th>
<th>Total 2019</th>
<th>Total 2020</th>
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<tr>
<td>January</td>
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<td>8,500</td>
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<tr>
<td>February</td>
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<td>7,500</td>
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<tr>
<td>March</td>
<td>7,000</td>
<td>6,500</td>
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<tr>
<td>April</td>
<td>5,500</td>
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<tr>
<td>May</td>
<td>7,000</td>
<td>6,000</td>
</tr>
<tr>
<td>June</td>
<td>8,000</td>
<td>7,500</td>
</tr>
<tr>
<td>July</td>
<td>9,000</td>
<td>8,500</td>
</tr>
</tbody>
</table>

Source: EPIA Operations
EPIA Freight and Mail

Inbound + Outbound

Tons of Freight/Mail


Source: EPIA Operations
EPIA Passengers (Deplaned and Enplaned)

Number of Passengers

Source: EPIA Operations
EPIA Passengers

Enplaned + Deplaned

Number of Passengers

Source: EPIA Operations
EPIA Air Carrier Operations 2019-2020

Source: EPIA Operations
EPIA Air Carrier Operations 2006-2020

Aircraft Operators

Source: EPIA Operations
Source: UTEP Border Region Modeling Project
Ysleta Monthly Wait Times

Source: UTEP Border Region Modeling Project
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

Number of Vehicles

Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Pedestrian International Bridge Crossings to El Paso

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
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<tbody>
<tr>
<td>January</td>
<td>990,000</td>
<td>890,000</td>
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<tr>
<td>February</td>
<td>790,000</td>
<td>690,000</td>
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<tr>
<td>March</td>
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<tr>
<td>April</td>
<td>490,000</td>
<td>390,000</td>
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<tr>
<td>May</td>
<td>390,000</td>
<td>290,000</td>
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<tr>
<td>June</td>
<td>290,000</td>
<td>190,000</td>
</tr>
<tr>
<td>July</td>
<td>290,000</td>
<td>90,000</td>
</tr>
</tbody>
</table>

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

990,000
890,000
790,000
690,000
590,000
490,000
390,000
290,000
190,000
90,000


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

Number of Cargo Trucks

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

Real Total Trade through the El Paso Customs District

Export-Oriented Manufacturing Employment in Ciudad Juárez

Source: INEGI
Aggregate Export-Oriented Manufacturing Employment in Ciudad Juárez

Source: INEGI
Northern Mexico Manufacturing Orders Index

Index (Range: 0 - 100)

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

Index (2008 = 100)

Source: INEGI
Thousands of June 2013 Pesos

Total Value of Construction in the State of Chihuahua

2019

2020

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

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.