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Borderplex Business Barometer, Volume 4, Number 9

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Border Commerce & Economics

Borderplex Business Barometer, Volume 4, Number 9

Pessimistic, Optimistic, or Realistic?

The Federal Reserve Bank of Dallas Metropolitan Business Cycle Index for El Paso notched additional gains in August, but remains well below year-ago levels. Reflective of a stronger economy, the yield curve is no longer u-shaped, but rates are still low by historical standards. Lower unemployment plus strong housing prices helped the BRMP El Paso Household Economic Stress Index to continue to decline in August. Similarly, El Paso County Supplemental Nutritional Assistance Program (SNAP) enrollments remained largely unchanged from July to August as lockdown restrictions continued to be eased.

The median price for existing homes in El Paso increased to an all-time record of $182,250 in August. Demand continued to easily outstrip supply in August with months of inventory remaining at a miniscule 1.6 months. Monthly sales surpassed the 1 thousand mark for the first time as the seller’s market strengthened even more in August. In contrast, gasoline supplies are so ample that El Paso regular unleaded gasoline averaged $2 per gallon during August, a 44 cent year over year decrease.

The jobless rate in Doña Ana County was 10.9 percent in August. That is nearly double the rate from twelve months earlier with the greatest volumes of job losses occurring in the health care and public sectors. Against that backdrop of labor market weakness, it comes as no surprise that July SNAP enrollments surpassed 30 thousand recipients for the first time since February 2017.

A 66 percent gap separates the August 2020 exchange rate from the Borderplex restaurant price ratio. Historically, when the gap is that wide, the peso tends to appreciate against the dollar. Border wait times rose at all three of the major bridges linking Ciudad Juarez and El Paso in August. CBP announced that wait times would be deliberately maintained at higher than necessary levels as a means for reducing non-essential travel between the two countries. Crossing volumes had already declined substantially at the three heavily travelled bridges, with automobiles falling by more than 300 thousand cars on a year-over-year basis in July. Pedestrian traffic contracted even more sharply during that period, shrinking by more than half a million people in July of this year. In stark contrast to those developments, cargo traffic and total trade surpassed year-ago levels in July as manufacturing activity expanded this summer.

Six new graphs are introduced with this issue of Borderplex Business Barometer. The new graphs provide information regarding activity at El Paso International Airport (EPIA). Industrial sector recovery has spurred greater freight and mail flows through EPIA. In July, total freight and mail volumes processed at EPIA reached 8,657 tons, its highest volume since August 2018. EPIA passenger volumes increased for a third consecutive month in July, but remains more than 70 percent below the corresponding month in 2019. The number of air carrier operations at EPIA also remained well below year-ago levels in July.
Source: Federal Reserve Bank of Dallas
El Paso Metropolitan Business Cycle Index

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

Source: UTEP Border Region Modeling Project
El Paso Household Economic Stress Index

Source: UTEP Border Region Modeling Project
El Paso County Unemployment Rate

Unemployment Rate (Not Seasonally Adjusted)

2019 2020

Source: Bureau of Labor Statistics
El Paso County Unemployment Rate

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

Number of SNAP Recipients

190,000

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

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
Unemployment rate for Doña Ana County

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
Source: UTEP Border Region Modeling Project
Pharmaceutical Nominal Price Ratio in the USA and Mexico

Dollar per Dollar

2019 2020

0.60 0.58 0.56 0.54 0.52 0.50 0.48 0.46

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
EPIA Freight and Mail (Inbound and Outbound) 2019 and 2020

<table>
<thead>
<tr>
<th>Ton of Freight/Mail</th>
<th>Total 2019</th>
<th>Total 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>9,000</td>
<td>8,500</td>
<td>8,000</td>
</tr>
<tr>
<td>7,500</td>
<td>7,000</td>
<td>6,500</td>
</tr>
<tr>
<td>6,000</td>
<td>5,500</td>
<td></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 Air Carrier Operations 2019-2020

Source: EPIA Operations
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

- 2019
- 2020

Source: UTEP Border Region Modeling Project
Monthly Border Wait Times

Source: UTEP Border Region Modeling Project
Aggregate Personal vehicle bridge crossing 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>Year</th>
<th>Number of Pedestrians</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>990,000</td>
</tr>
<tr>
<td>2020</td>
<td>890,000</td>
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</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Pedestrians</th>
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<tbody>
<tr>
<td>2006</td>
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<tr>
<td>2007</td>
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<td>2011</td>
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<tr>
<td>2019</td>
<td>90,000</td>
</tr>
<tr>
<td>2020</td>
<td>90,000</td>
</tr>
</tbody>
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Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Cargo Truck International Bridge Crossings to El Paso

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Cargo Trucks</th>
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<tbody>
<tr>
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<td>2020</td>
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<td>2019</td>
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<tr>
<td>2020</td>
<td>45,000</td>
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<tr>
<td>2019</td>
<td>35,000</td>
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</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
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

Aggregate Real Total Trade through the El Paso Customs District

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
Quarterly Indicator of Economic Activity for the State of Chihuahua

Source: INEGI
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

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
University of Texas at El Paso
Heather Wilson, President
John Wiebe, Provost
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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.