Borderplex Business Barometer, Volume 4, Number 10

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October 2020

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Border Commerce & Economics

Borderplex Business Barometer, Volume 4, Number 10

The Calm before the Election

As measured by the El Paso Metropolitan Business Cycle Index, the summer 2020 recovery stalled in September. The setback is not surprising. The $600 weekly federal unemployment supplements terminated in early August, and local unemployment remains twice as high as a year ago. Conditions in El Paso may presage a double dip recession for the nation as a whole.

Although longer maturity interest rates are higher than those for shorter term instruments, the yield curve shape was still atypical in September. All Treasury bills, instruments with maturities of 12 months or less, had yields of 0.15 percent or lower. Treasury notes carry maturities of 2- to 7-years. All of those certificates carried yields below 50 basis points in September. Treasury bonds have maturities of 10-, 20-, or 30-years. The returns on these long-term contracts were all below 1.5 percent in September. In sum, the yields on all 12 types of Treasury paper are substantially lower than year-ago levels.

The BRMP El Paso Household Economic Stress Index increased again in September. Labor market weakness was the primary factor contributing to heightened stress. Supplemental Nutrition Assistance Program (SNAP or food stamp) enrollments also rose in September, exceeding 169 thousand for the first time since late 2018.

The El Paso real estate market remains tight. The median price for single-family housing units reached $182,950, while the months of housing inventory held steady at 1.5 in September. Gasoline supplies have been relatively stable with the price of unleaded regular still hovering near $2.00 per gallon. West Texas Intermediate crude oil continues to sell for approximately $40 per barrel.

At 8.7 percent, the Las Cruces unemployment rate is considerably above its year-ago rate. Total nonfarm jobs fell by 6.7 percent in the year to September. The labor force remained below year-ago levels for a sixth straight month in September. Las Cruces SNAP enrollments also exceeded prior-year levels in August.

In line with what Borderplex restaurant prices have suggested for a long time, the peso has quietly gained ground against the dollar since May. Such developments are frequently accompanied by increased numbers of car and pedestrian border crossings, but higher wait times continue to discourage visits from Northern Mexico. Even though total trade was below year-ago levels in August, the number of trucks crossing the bridges was slightly above prior-year volumes again in August. That sometimes occurs when northbound cargo bays are not filled to capacity prior to sending the vehicles across the border.

Export manufacturing payrolls exceeded prior-year levels in Ciudad Juarez for the first time in 2020 in June. Although economic prospects are still uncertain, the Northern Mexico Manufacturing Orders Index remained above 50 for a fourth consecutive month in September. That is good news, but the statewide value of construction in Chihuahua has faltered substantially from April forward. Although industrial construction activity remains relatively strong, commercial, residential, and public sector building volumes have declined this year. Commercial and residential construction have dropped in response to fragile business conditions. Public sector infrastructure investment has fallen due to federal government reluctance to allow the deficit to grow.
El Paso Metropolitan Business Cycle Index

Seasonally Adjusted Index (October 1980 = 100)

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.

19-September 20-September

Interest Rate %

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

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
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<tbody>
<tr>
<td>2019</td>
<td>190,000</td>
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<tr>
<td>2020</td>
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</table>

Source: Texas Health and Human Services Commission
El Paso County SNAP (Food Stamp) Enrollment

Number of SNAP Recipients

El Paso County SNAP Enrollment

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
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
Unemployment Rate (Not Seasonally Adjusted)

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

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</table>

Source: New Mexico Human Services Department
Las Cruces Area SNAP (Food Stamp) Cases

Number of SNAP 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

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

Dollar per Dollar

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
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<tr>
<th>Month</th>
<th>Total 2019</th>
<th>Total 2020</th>
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<td>December</td>
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Source: EPIA Operations
EPIA Freight and Mail

Inbound + Outbound

Tons of Freight/Mail


Source: EPIA Operations
EPIA Passengers (Deplaned and Enplaned)

EPIA Passengers

EPIA 2019
EPIA 2020

Number of Passengers

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<th></th>
<th>2019</th>
<th>2020</th>
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Source: EPIA Operations
EPIA Air Carrier Operations 2019-2020

Source: EPIA Operations
EPIA Air Carrier Operations

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

Source: UTEP Border Region Modeling Project
Principal Bridges in El Paso

Monthly Border Wait Times

Source: UTEP Border Region Modeling Project
Personal Vehicle International Bridge Crossings to El Paso

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
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<td></td>
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<td>200,000</td>
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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>
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<th>2020</th>
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<tr>
<td>Feb</td>
<td>790k</td>
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<tr>
<td>Mar</td>
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<tr>
<td>Apr</td>
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<tr>
<td>Aug</td>
<td>190k</td>
<td>90k</td>
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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

2019 | 2020
---|---
$11,500 | $10,500
$10,500 | $9,500
$9,500 | $8,500
$8,500 | $7,500
$7,500 | $6,500
$6,500 | $5,500
$5,500
$4,500

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

Export-Oriented Manufacturing Employment in Ciudad Juárez

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

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

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

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

Source: INEGI
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.