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Borderplex Business Barometer, Volume 5, Number 2

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BORDERPLEX BUSINESS BAROMETER

February 2021

Border Region Modeling Project

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Border Commerce & Economics

Borderplex Business Barometer, Volume 5, Number 2

Short-Term T-Bill Yields still close to Zero

The regional economy seems poised for recovery acceleration to begin during the second half of 2021. That outlook is dependent on continued success in the mass COVID-19 vaccine rollouts throughout North America. Along those lines, the El Paso Metropolitan Business Cycle Index of the Federal Reserve Bank of Dallas ended 2020 on an upward note. Less favorably, the BRMP El Paso household stress index rose to its highest level since April 2019, but the federal stimulus packages have prevented this gauge from rising to the post-banking crisis levels of 2010.

Loan demand still remains weak. Short-term U.S. Treasury bills still hovered very close to zero percent yields in January 2021. Yields on longer term Treasury notes and bonds now exceed 1 percent and have closed much of the gap with respect to the yields observed in January 2020. Unless the national economy accelerates more rapidly than expected, upward rate moves at the shorter end of the interest spectrum may not materialize until 2023. In business cycle forecasting, surprises like that sometimes exist.

The El Paso County unemployment rate was 8.0 percent in December 2020, a 440 basis point jump from its prior-year level. Although all employment sectors were damaged in El Paso, leisure and hospitality suffered the greatest job losses during 2020. By year-end, El Paso Supplemental Nutrition Assistance Program (SNAP or food stamp) enrollments rose to nearly 159 thousand recipients.

The median price for single-family homes in El Paso increased to \$185,000 for January 2021, approximately 12 percent higher than the corresponding figure from January 2020. Incredibly, the months of housing inventory for sale in El Paso dropped to 1.2 months in January. Also supporting the record high prices are low mortgage rates.

El Paso gasoline prices grew by more than 20 cents per gallon in February 2021. A bad winter storm forced many refineries in Texas were shut down. Beyond that, West Texas Intermediate (WTI) crude oil averaged more than \$58 per barrel during February.

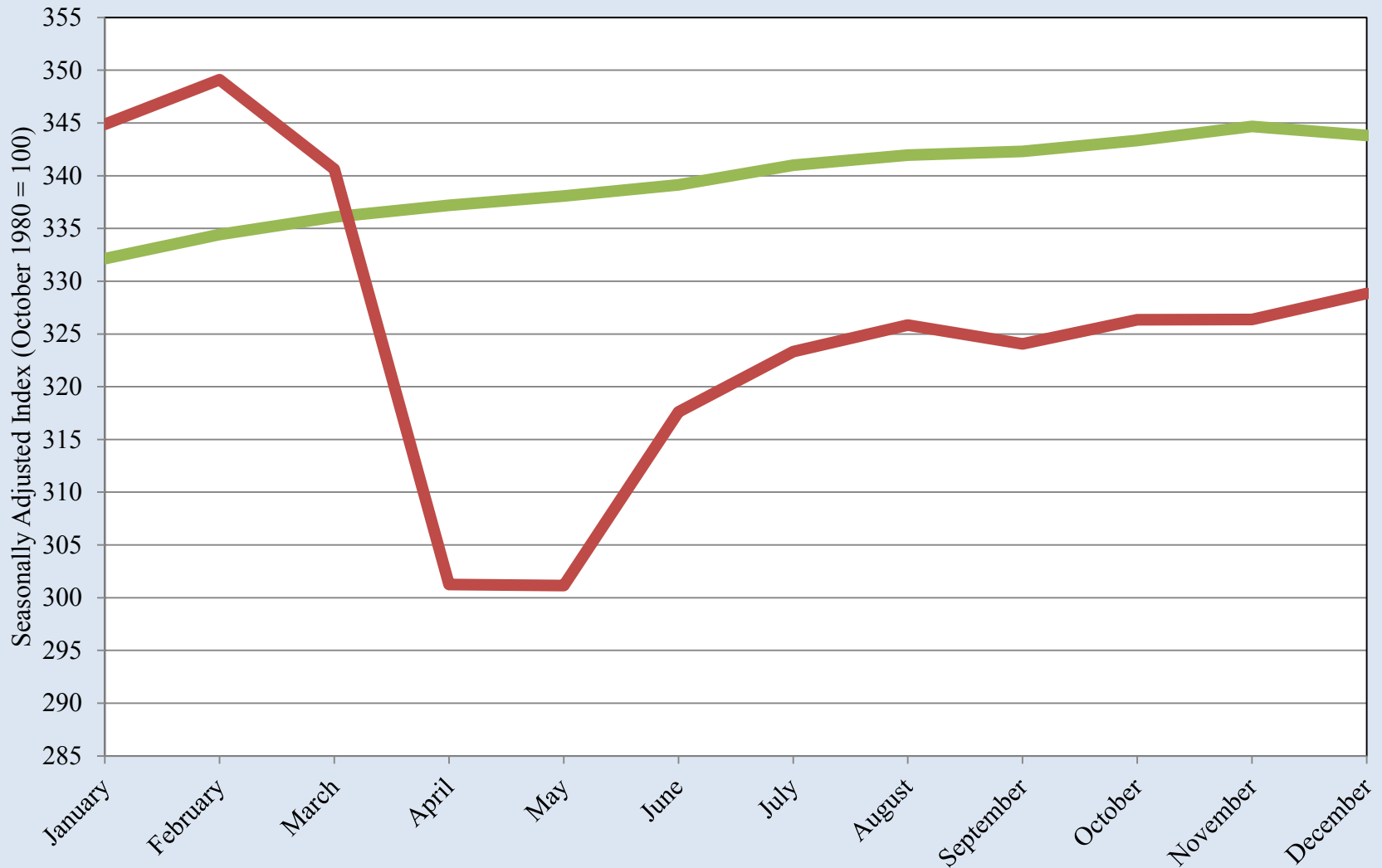
For 2020 as a whole, the Las Cruces unemployment rate increased by 300 basis points from 5.7 percent in 2019 to 8.7 percent. As was the case down the river in El Paso, leisure and hospitality was the segment with the most notable payroll reductions in Doña Ana County. Mesilla Valley SNAP enrollments grew by more than 3.2 thousand

on a year-over-year basis, with 30,402 recipients in January 2021.

The gap between the nominal peso per dollar exchange rate the BRMP restaurant price ratio narrowed slightly in January 2021. Additional convergence is likely during the balance of the year. USMCA government restrictions on non-essential border crossings continued to limit automobile and pedestrian traffic flows across international bridges in December 2020. However, in a harbinger of things to come, cross-border cargo vehicle traffic exceeded the prior-year volume in December. Stay tuned because total trade through the El Paso Customs District is projected to increase in nominal and real terms in 2021.

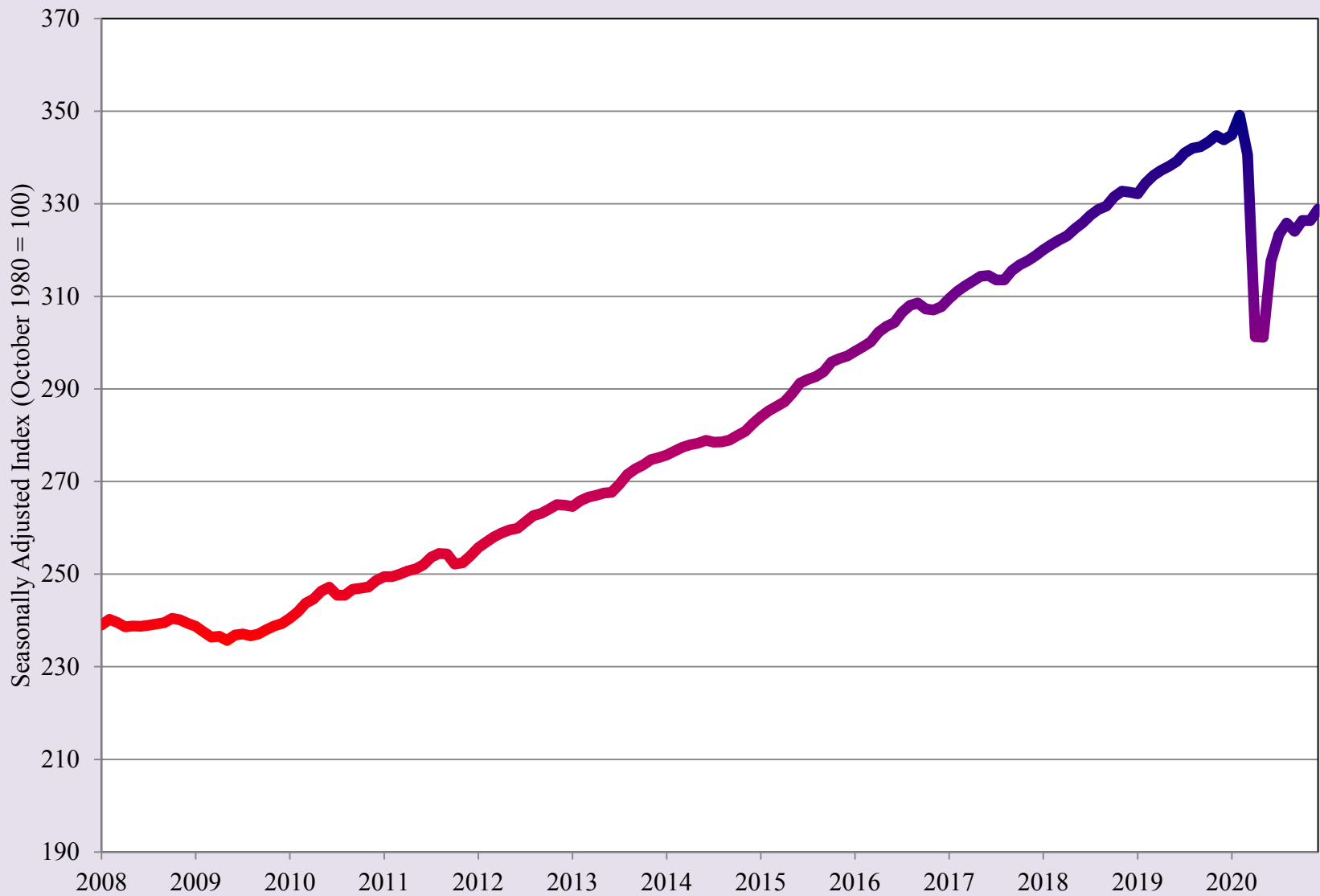
El Paso Metropolitan Business Cycle Index

2019 2020



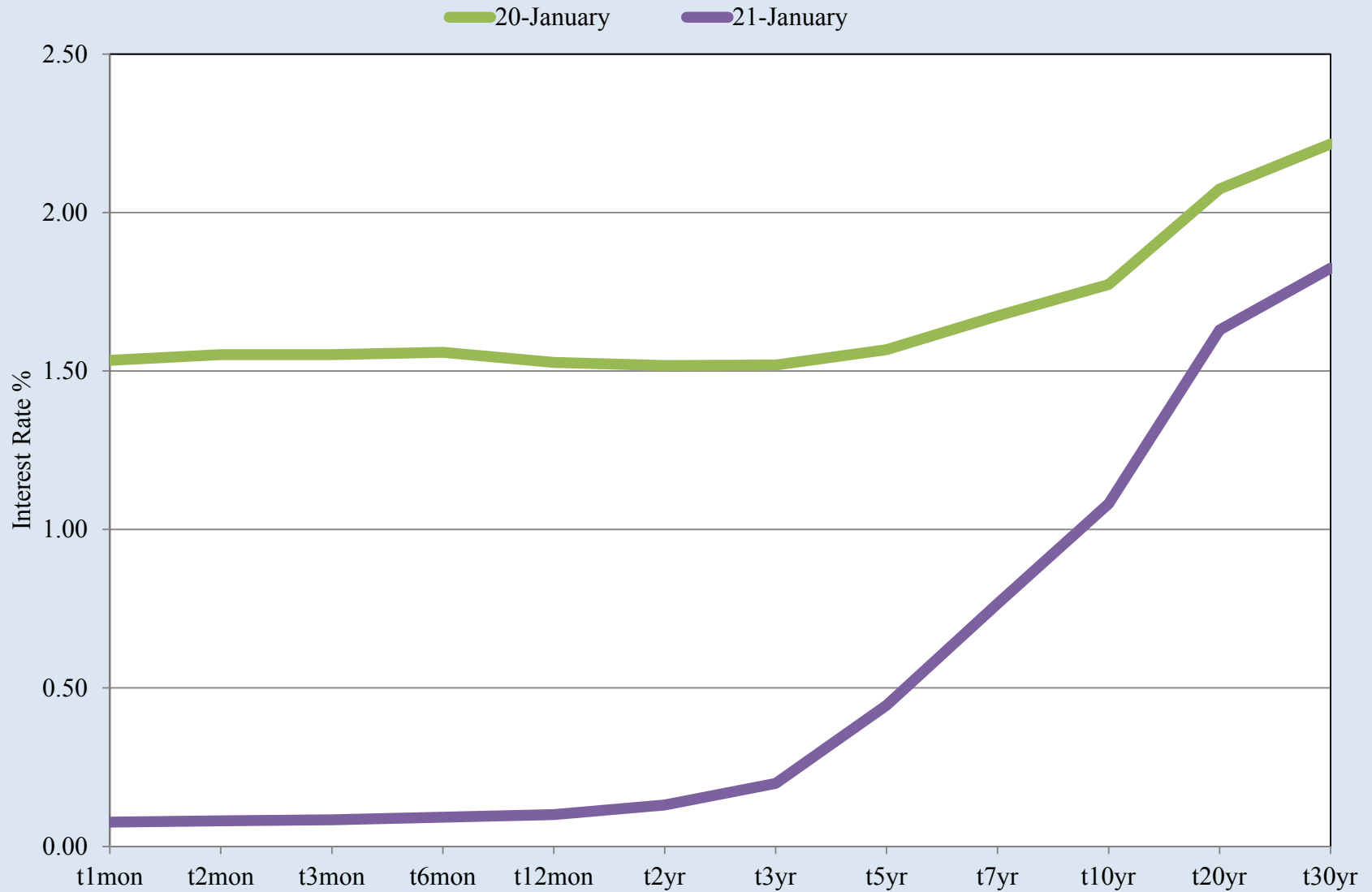
Source: Federal Reserve Bank of Dallas

El Paso Metropolitan Business Cycle Index



Source: Federal Reserve Bank of Dallas

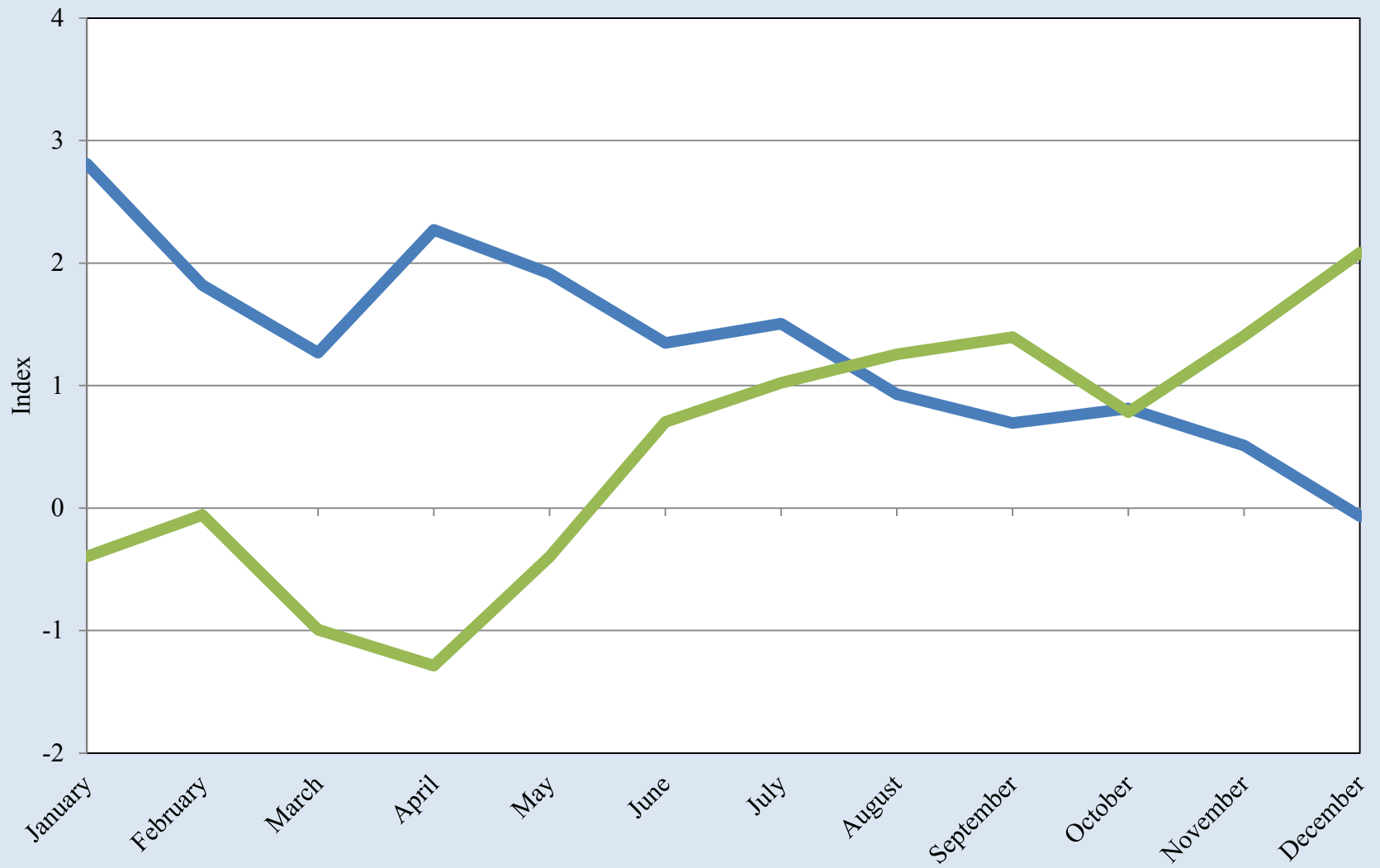
Average Treasury Yield Curve Rates



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

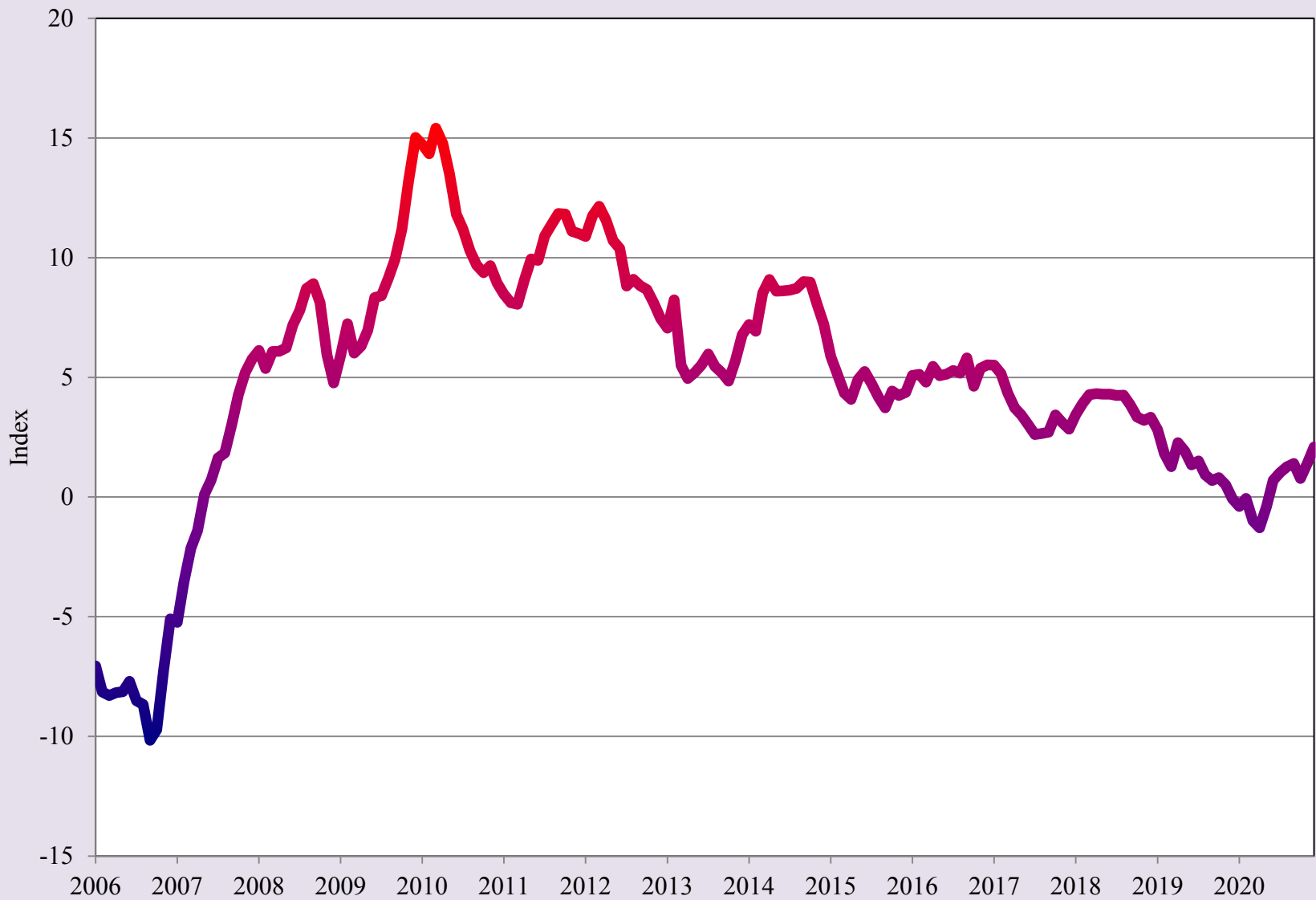
El Paso Household Economic Stress Index

— 2019 — 2020



Source: UTEP Border Region Modeling Project

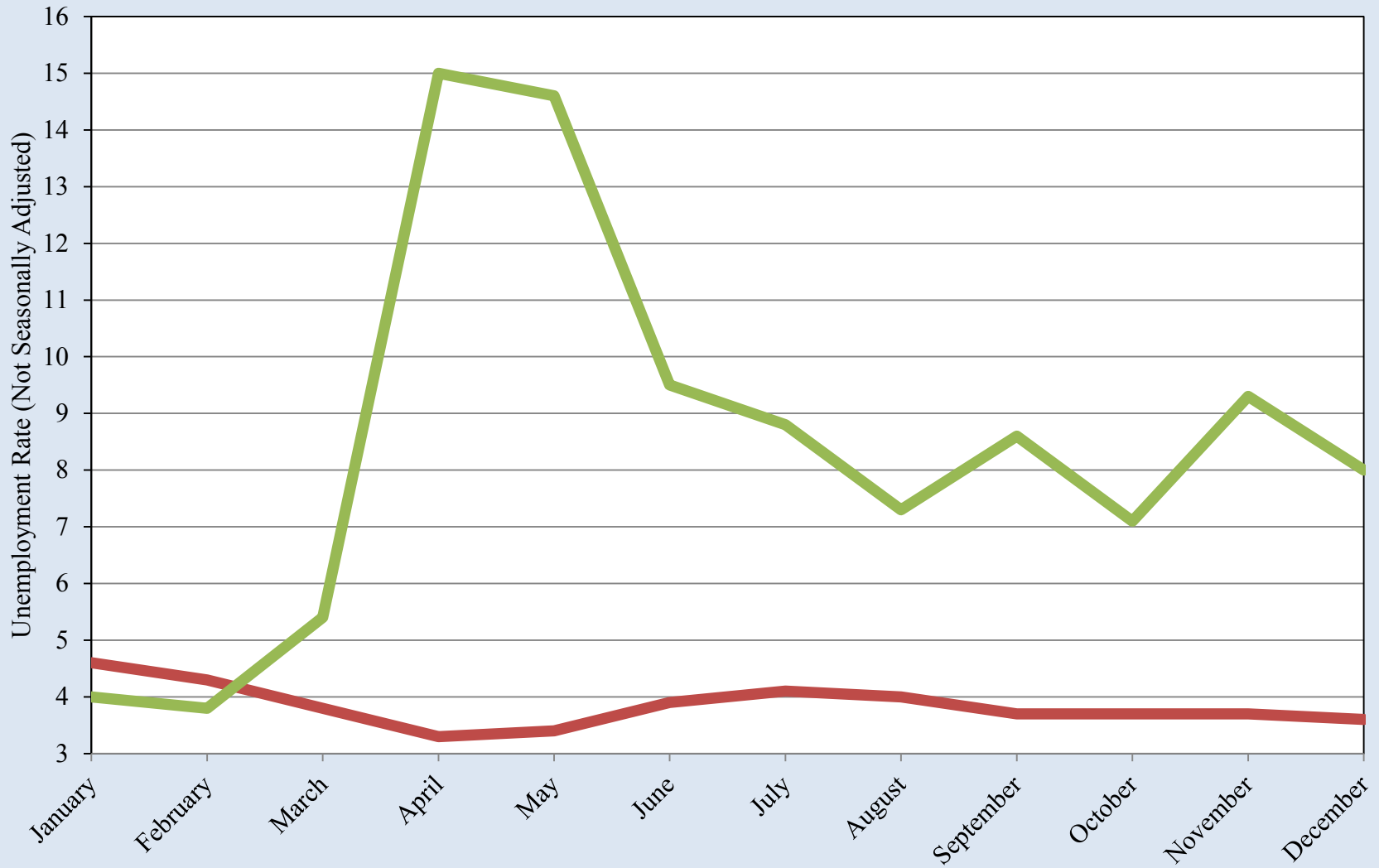
El Paso Household Economic Stress Index



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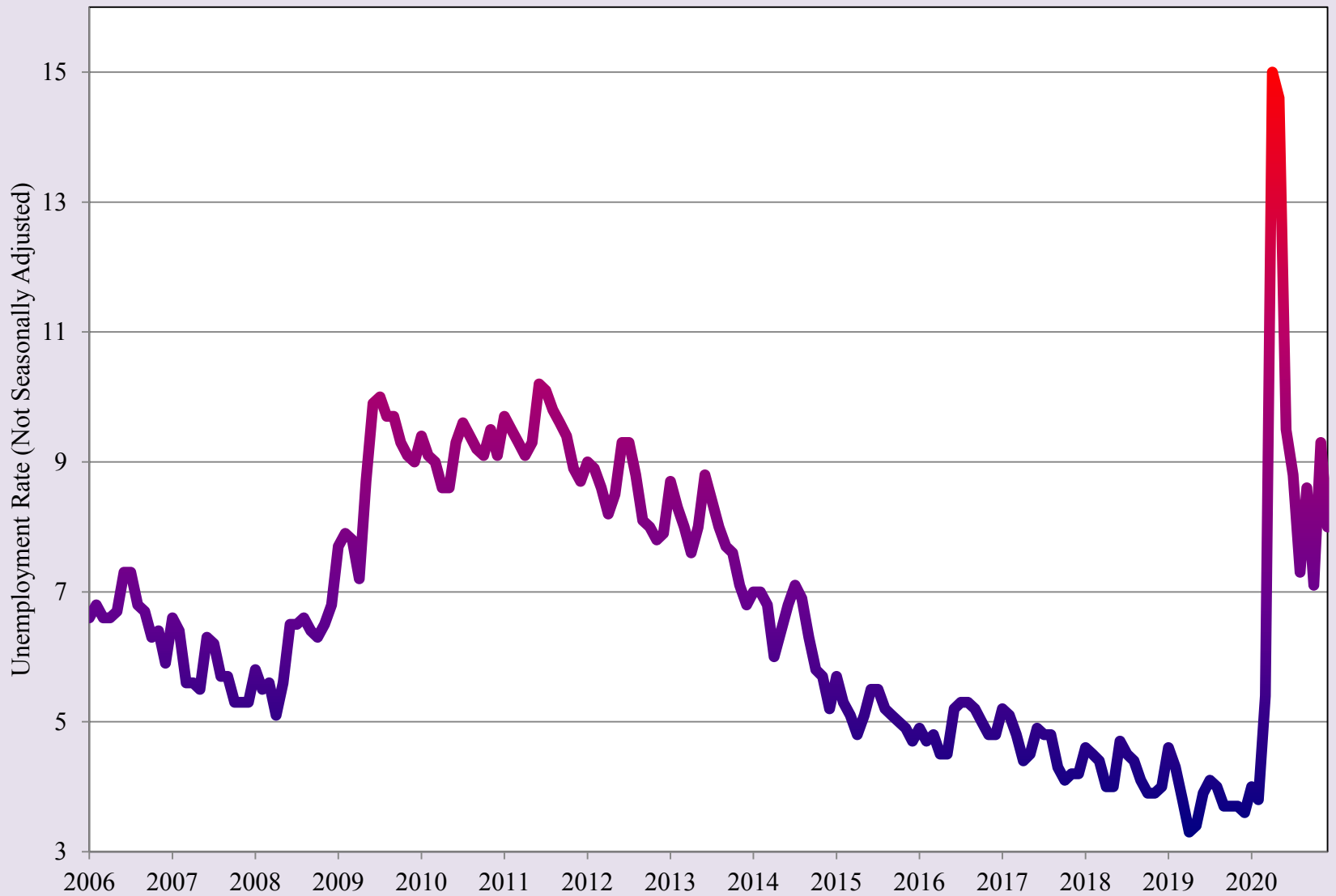
El Paso County Unemployment Rate

2019 2020



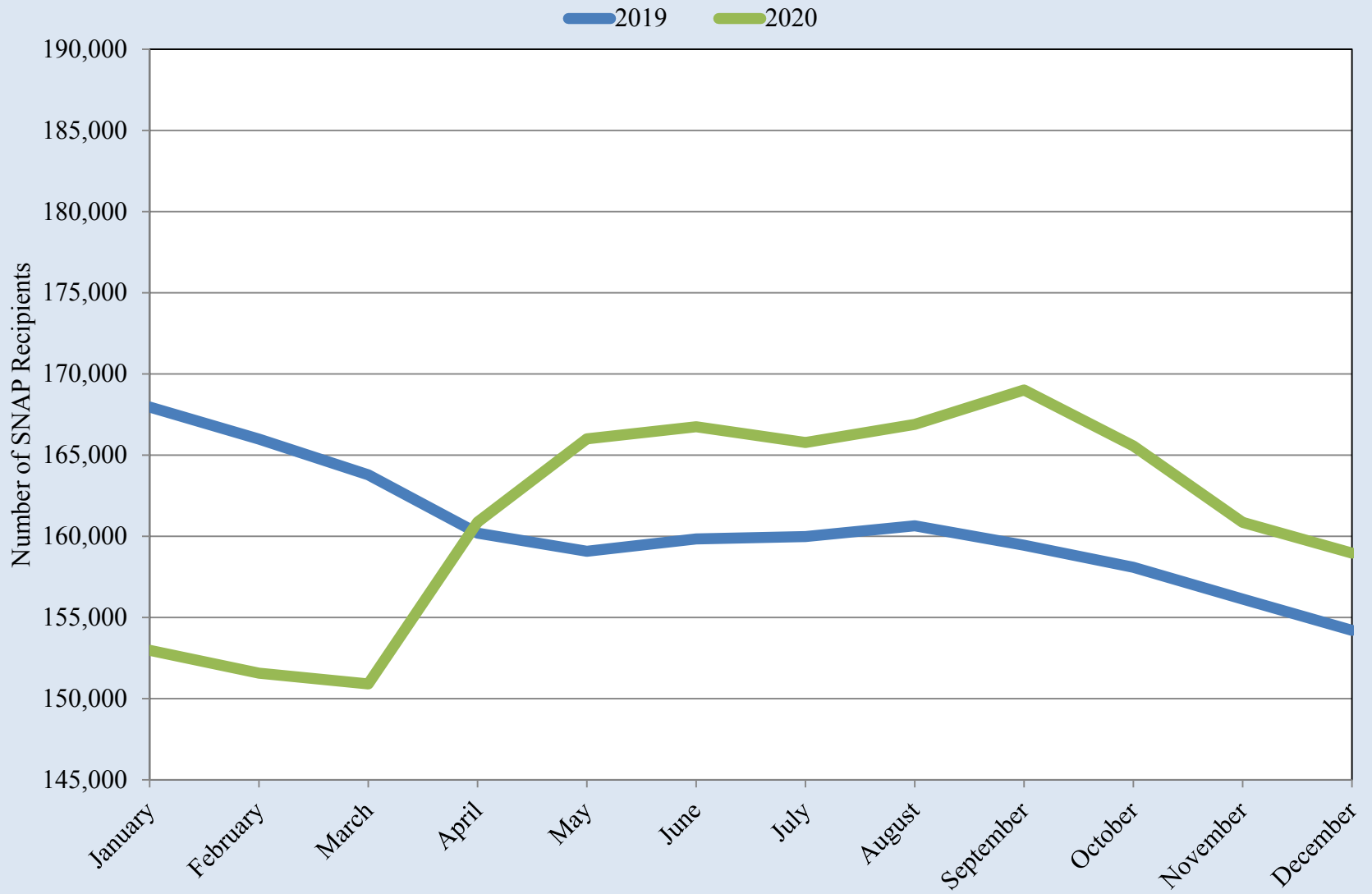
Source: Bureau of Labor Statistics

El Paso County Unemployment Rate



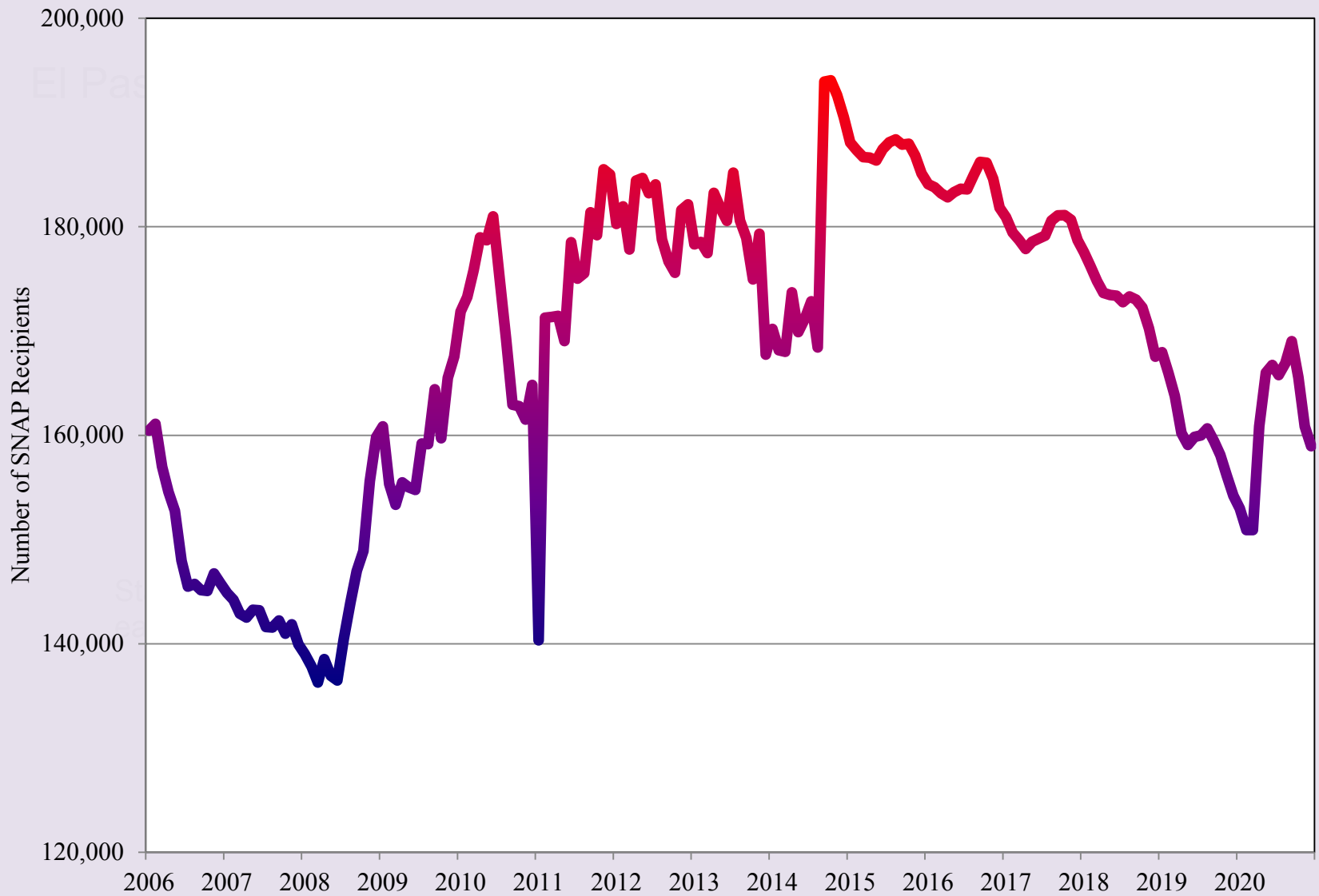
Source: Bureau of Labor Statistics

El Paso County SNAP (Food Stamp) Enrollment



Source: Texas Health and Human Services Commission

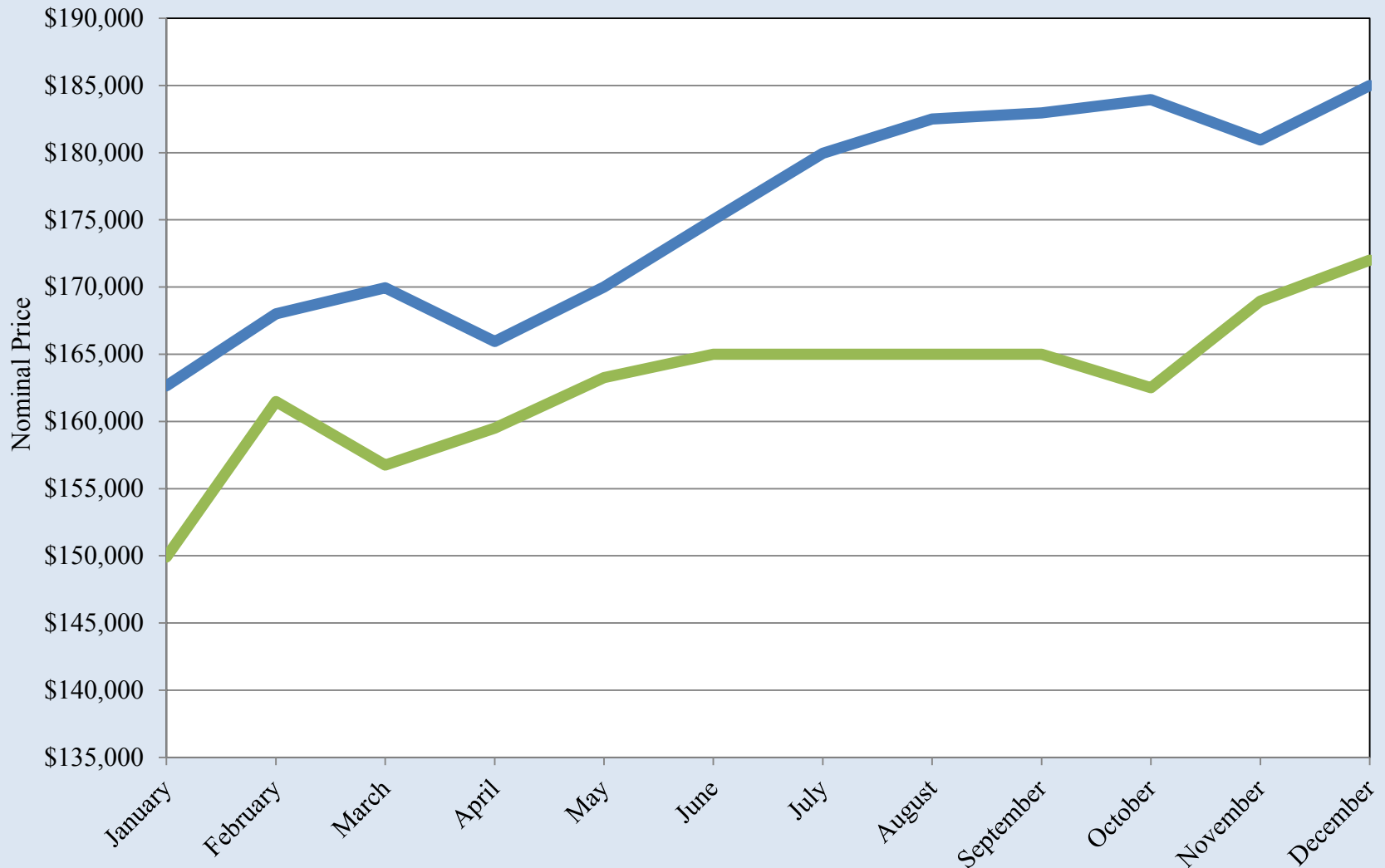
El Paso County SNAP (Food Stamp) Enrollment



Source: Texas Health and Human Services Commission

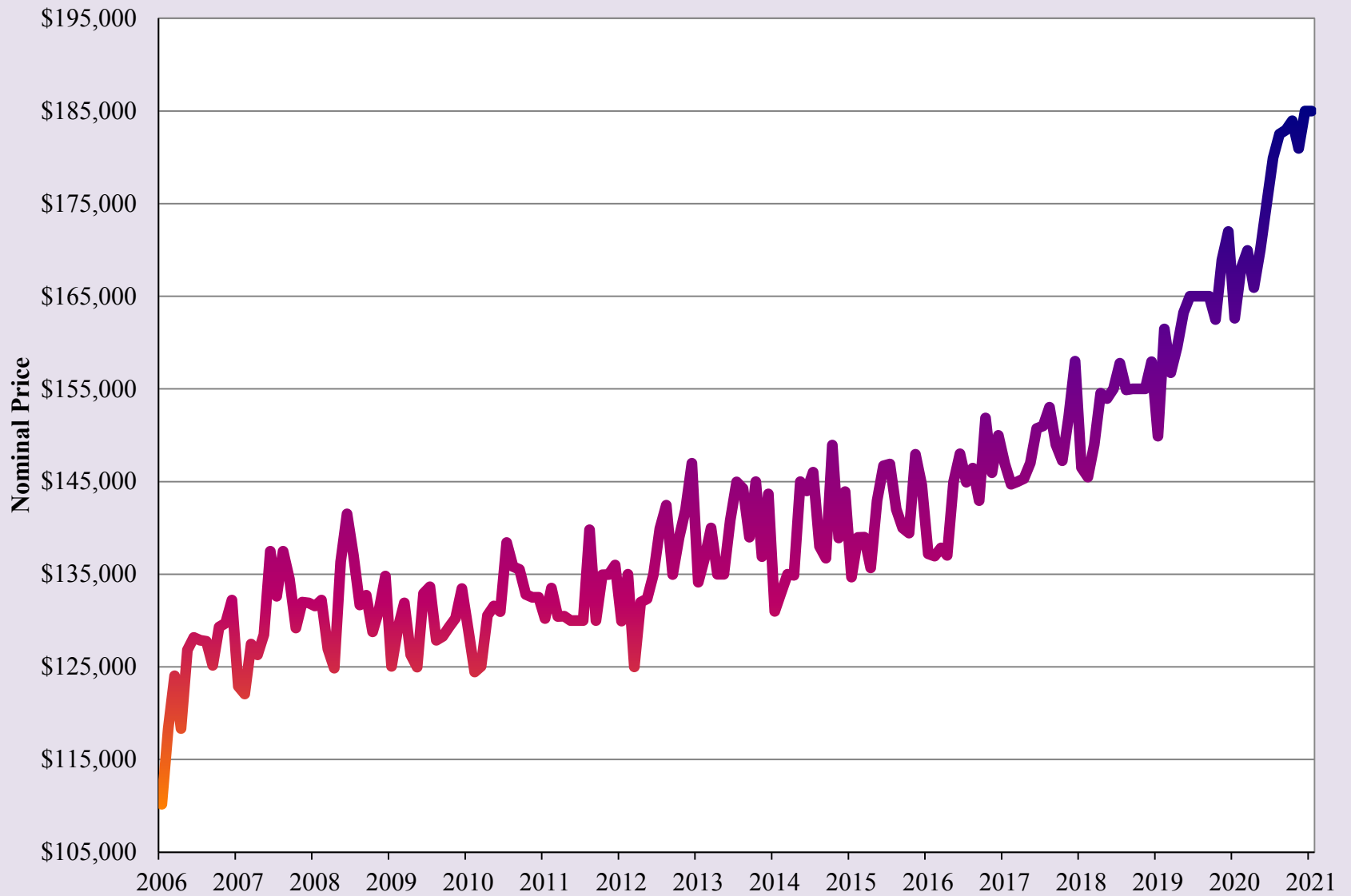
El Paso Median Housing Prices

2019 2020



Source: Texas A&M Real Estate Center

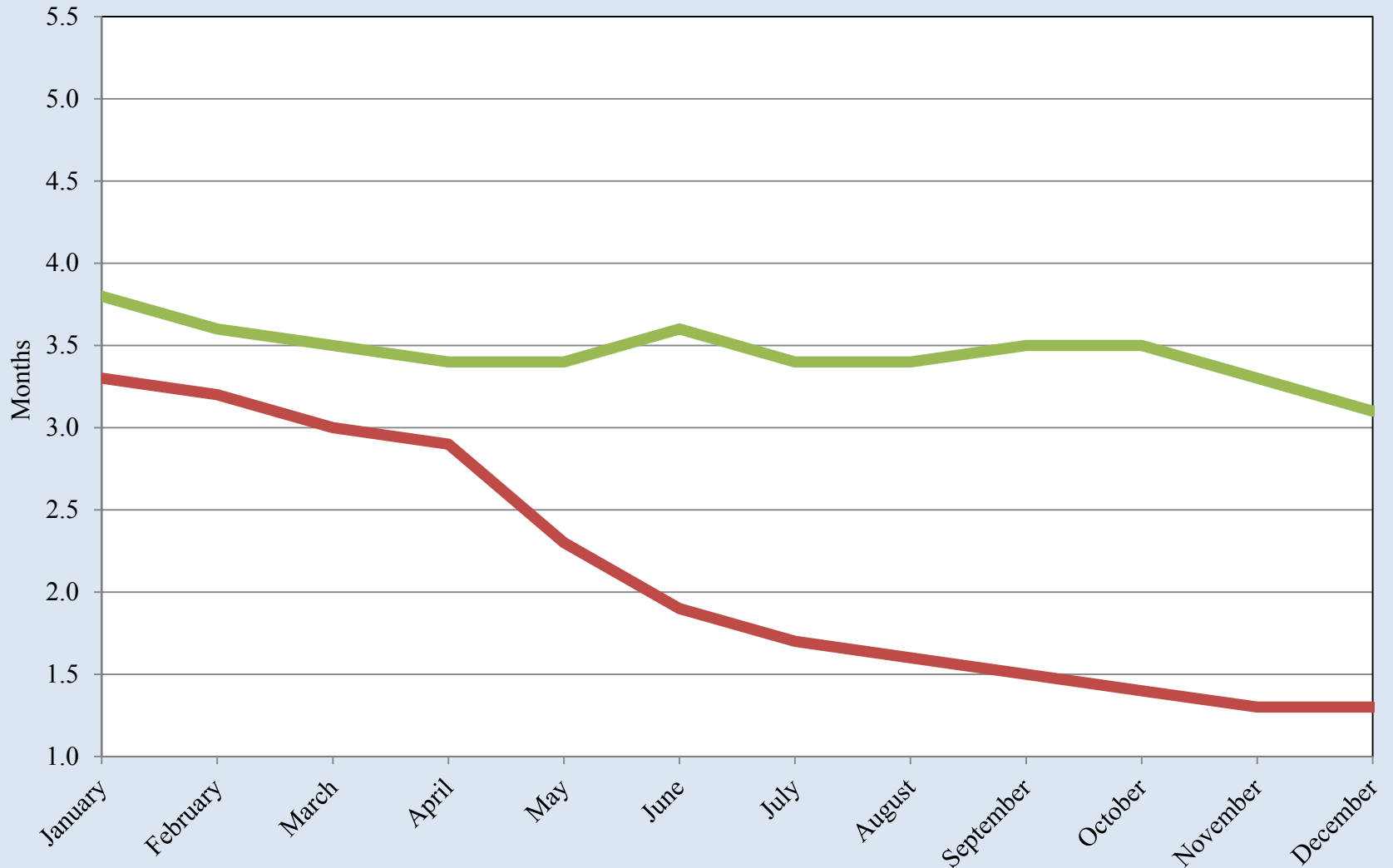
El Paso Median Housing Prices



Source: Texas A&M Real Estate Center

Months of Housing Inventory for El Paso

2019 2020



Source: Texas A&M Real Estate Center

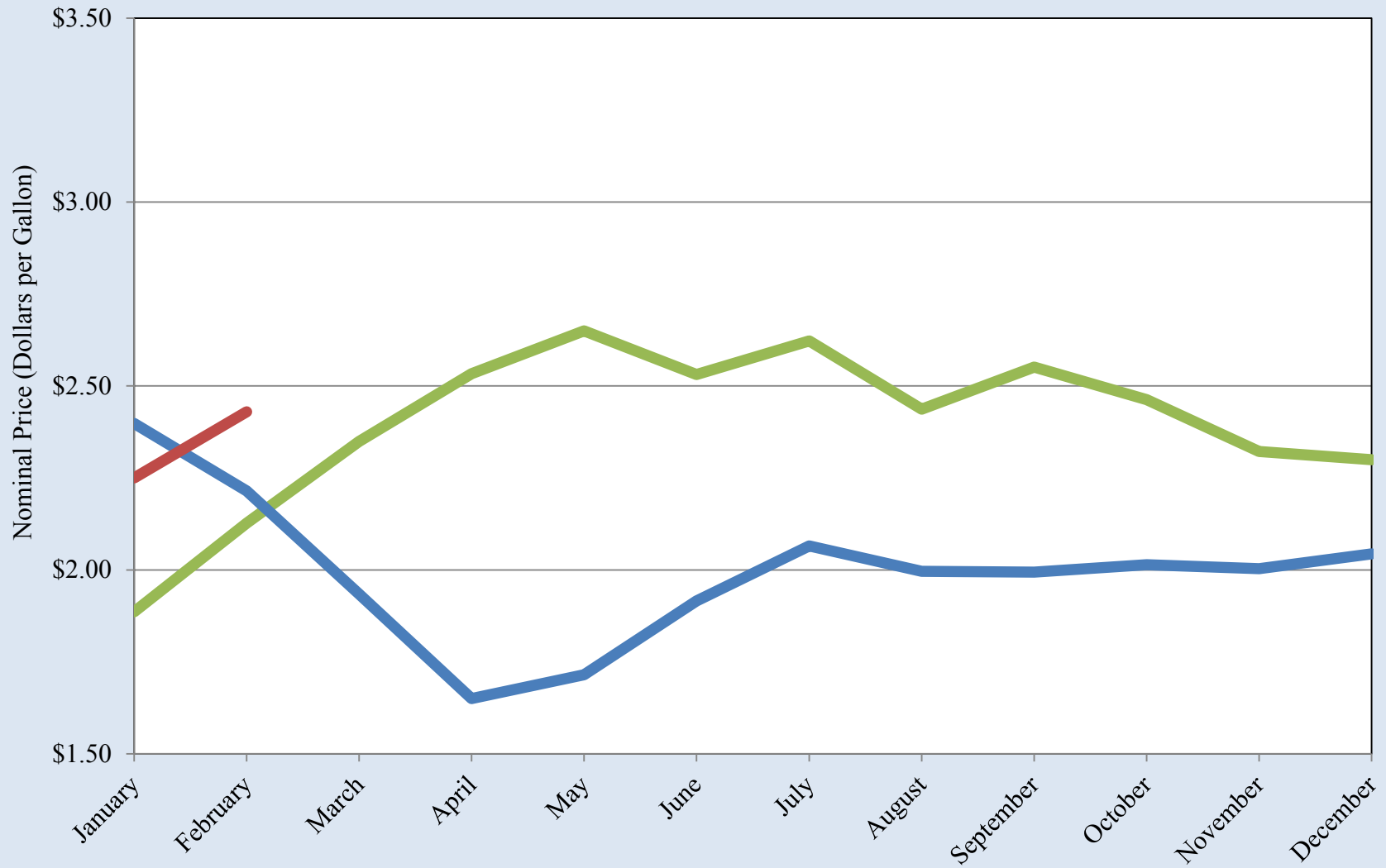
Months of Housing Inventory for El Paso



Source: Texas A&M Real Estate Center

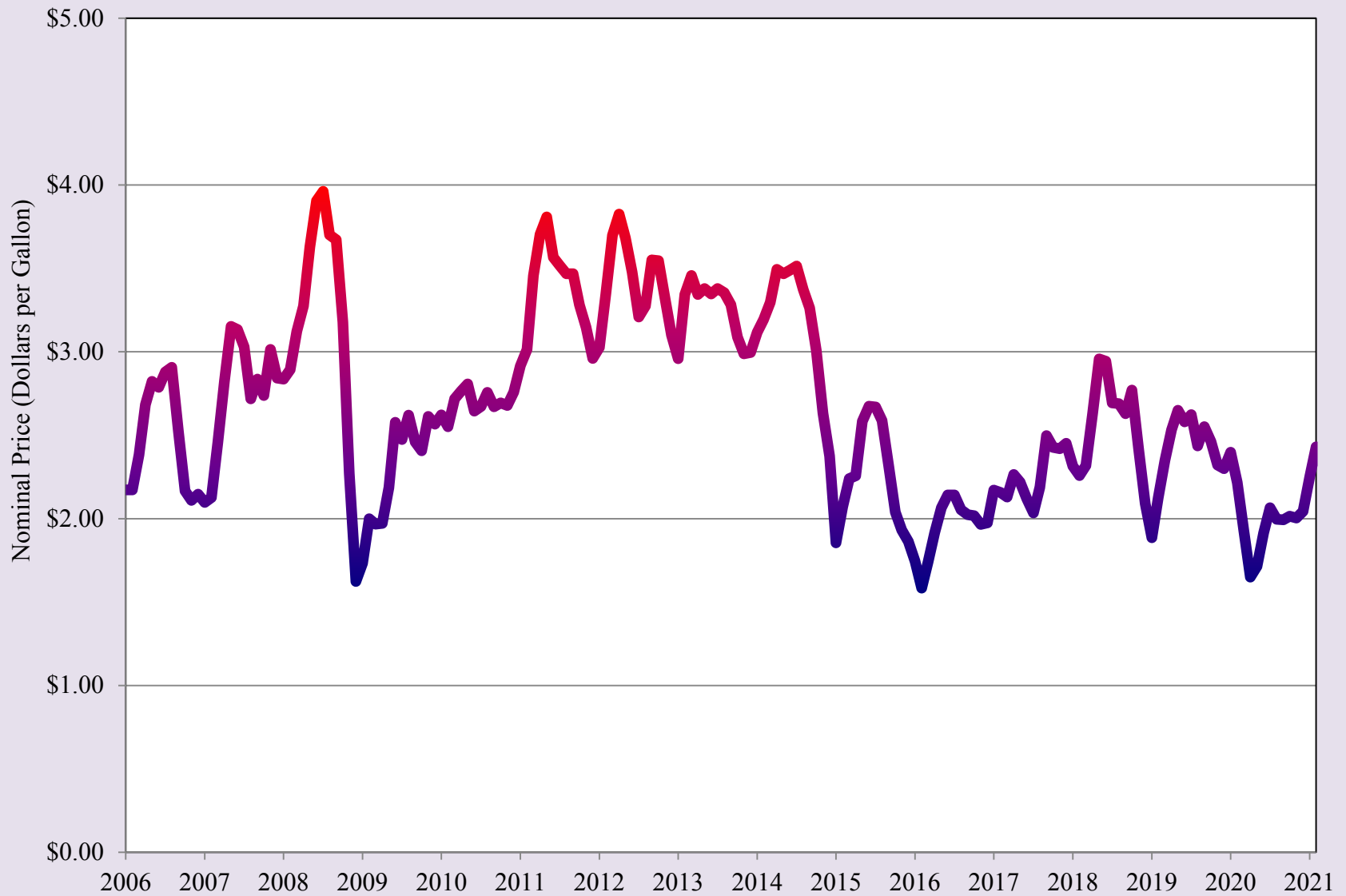
El Paso Gasoline Prices

2019 2020 2021



Source: GasBuddy.com

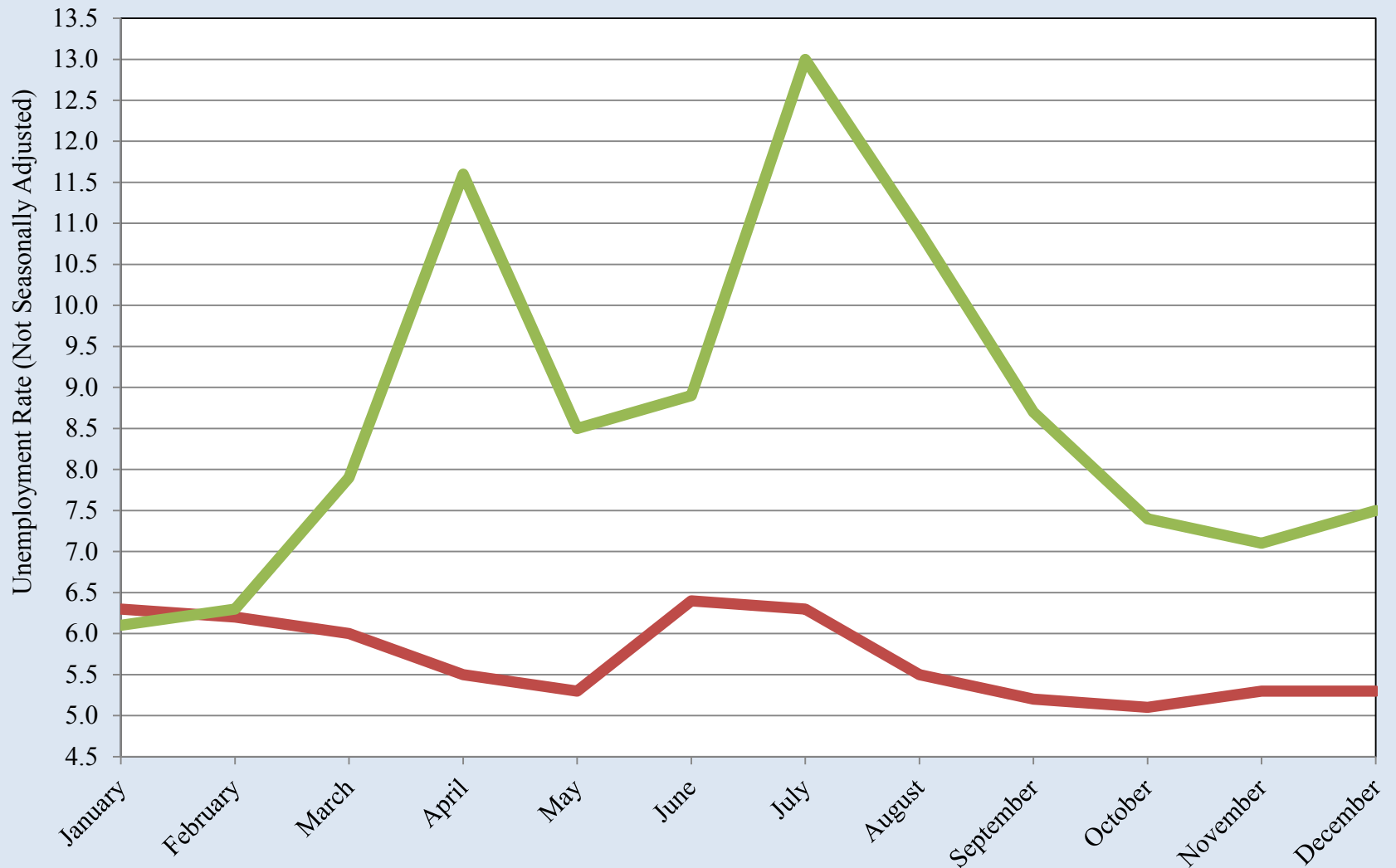
El Paso Gasoline Prices



Source: GasBuddy.com

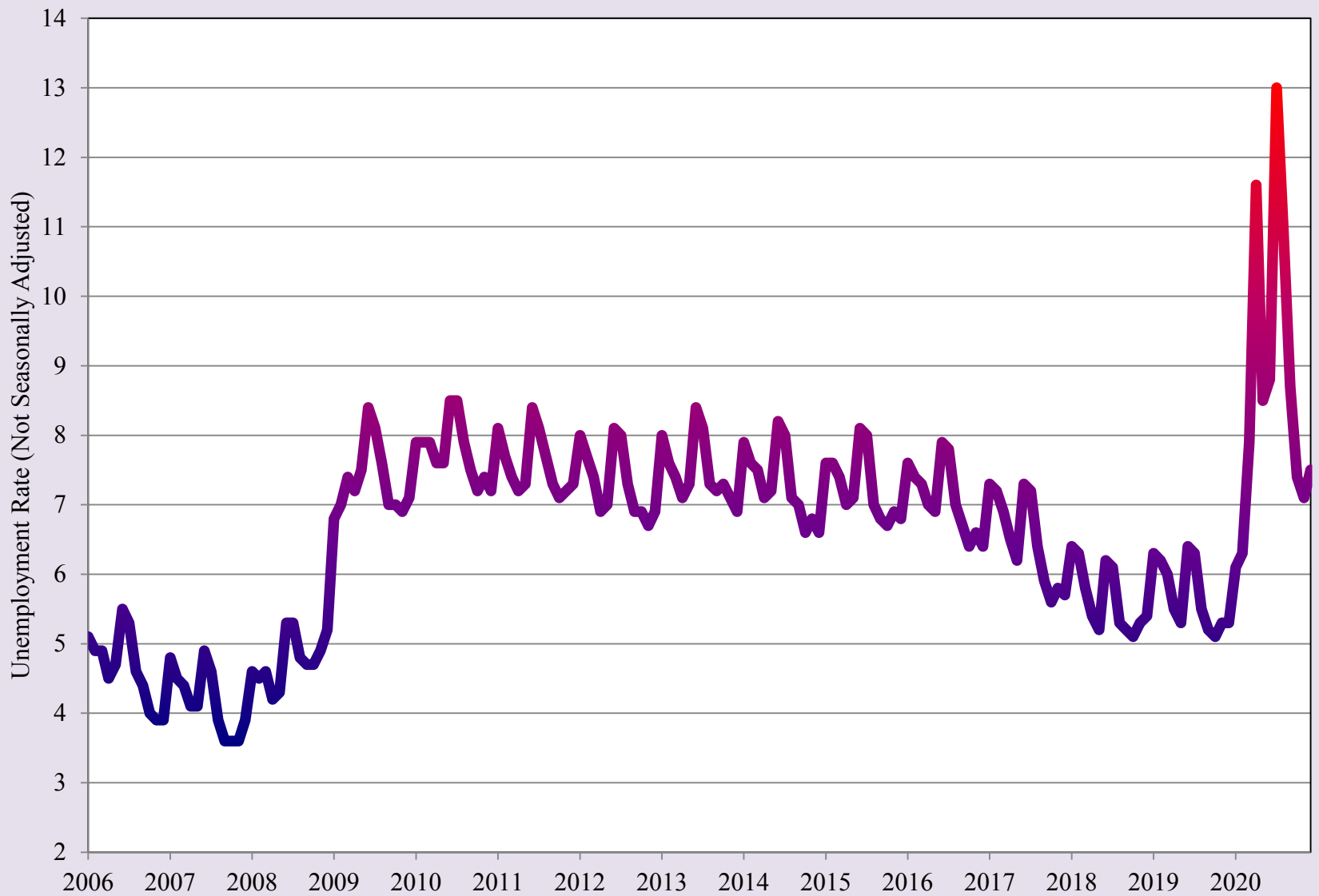
Doña Ana County Unemployment Rate

2019 2020



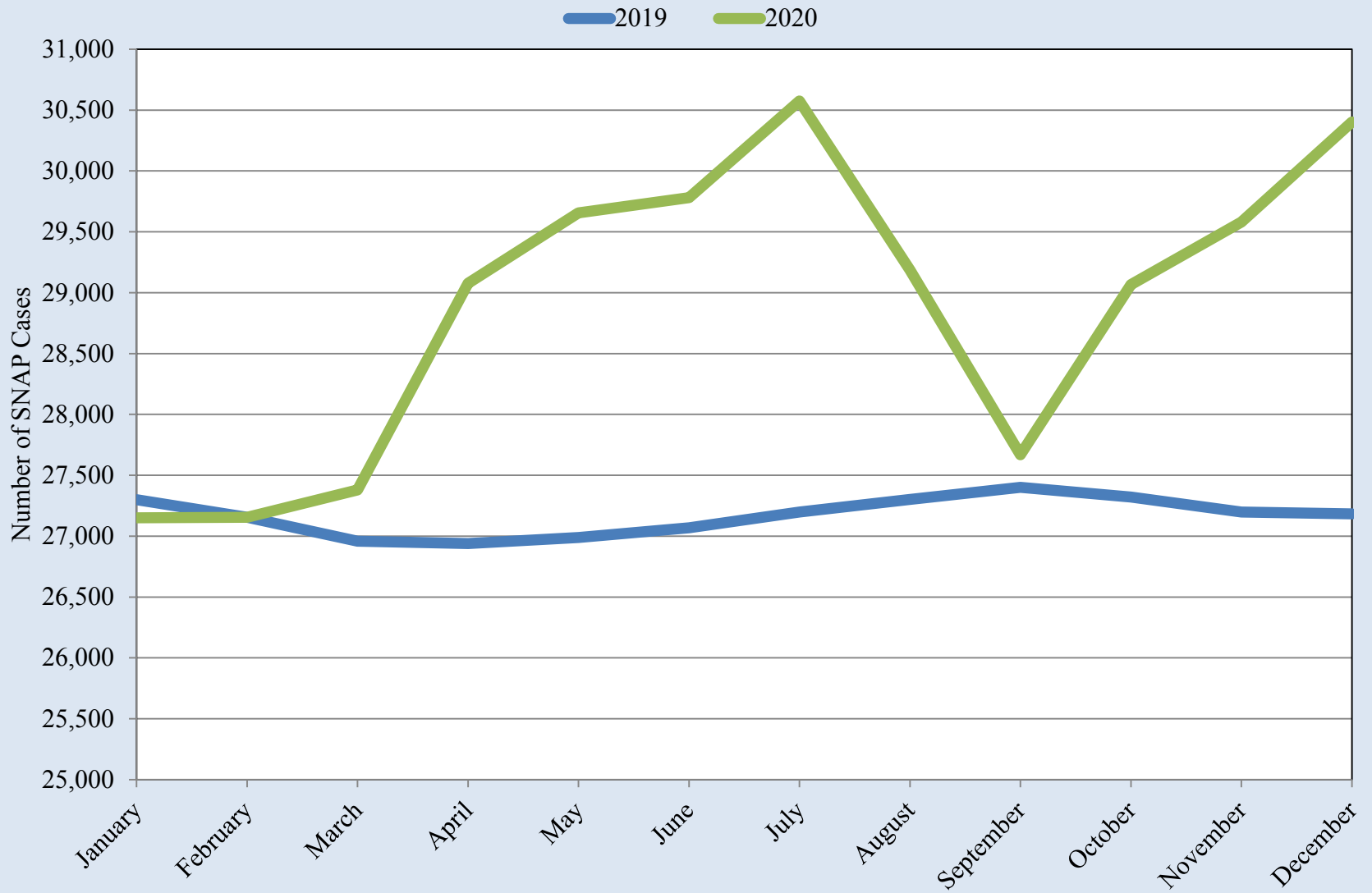
Source: Bureau of Labor Statistics

Doña Ana County Unemployment Rate



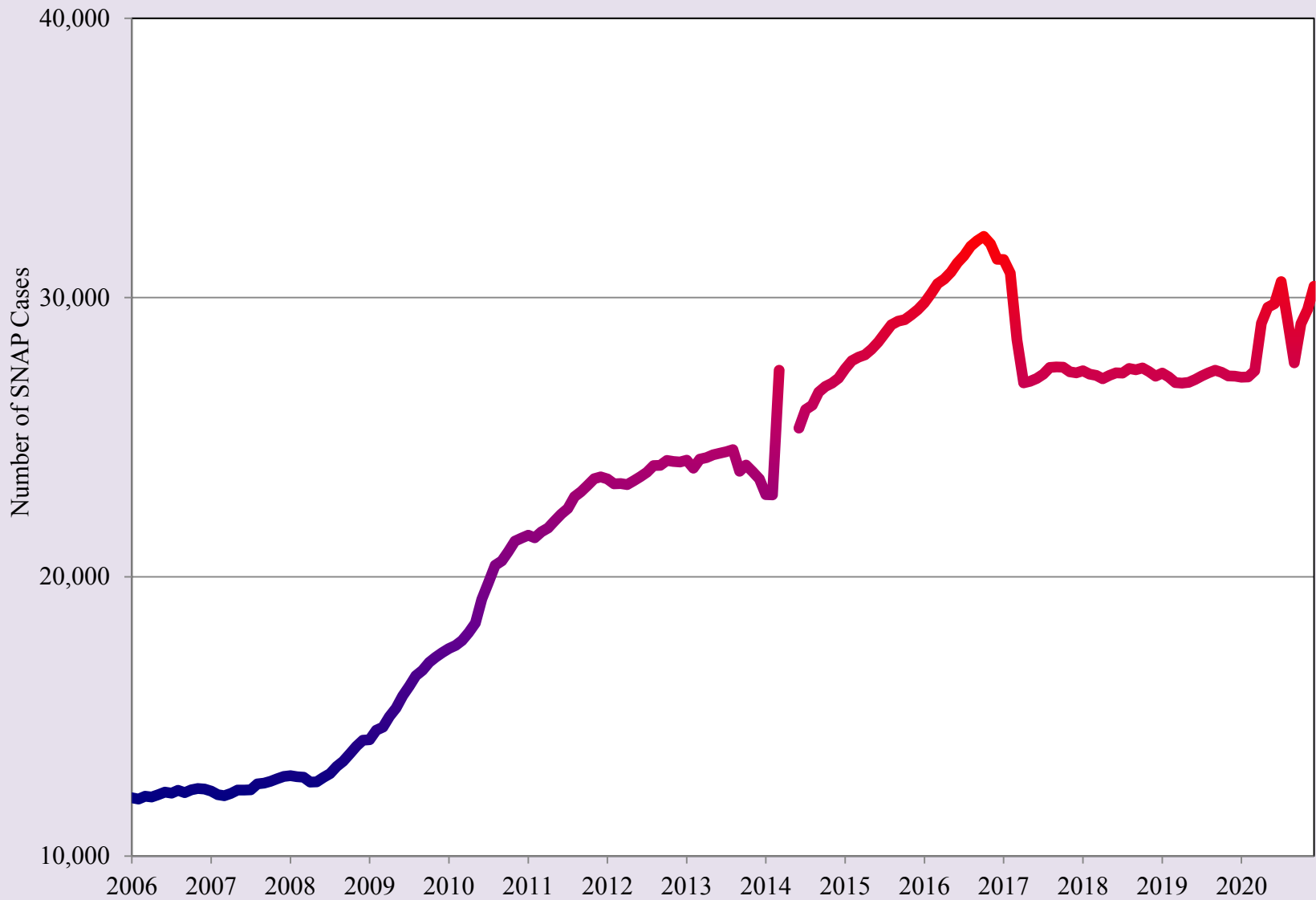
Source: Bureau of Labor Statistics

Las Cruces Area SNAP (Food Stamp) Cases

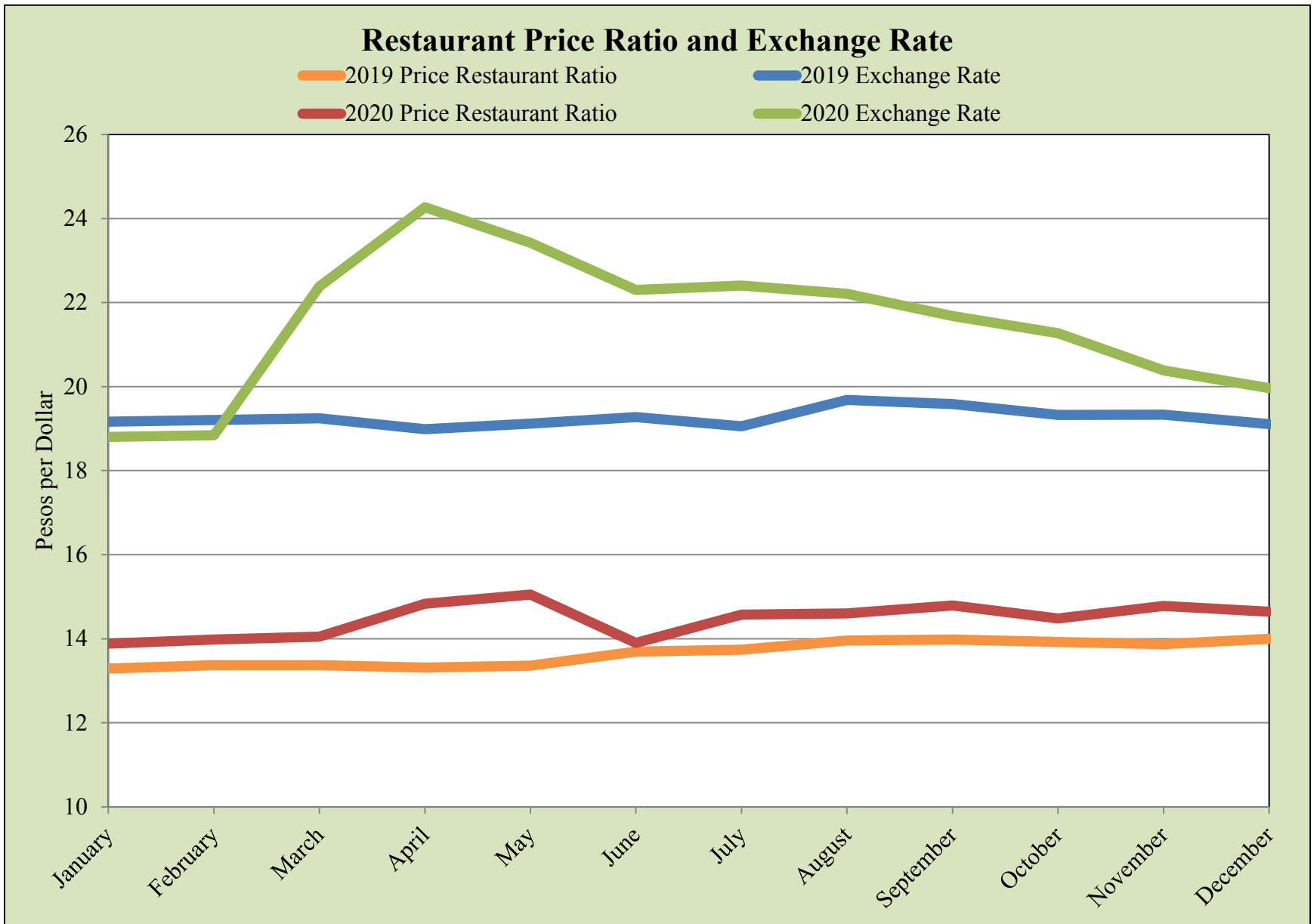


Source: New Mexico Human Services Department

Las Cruces Area SNAP (Food Stamp) Cases

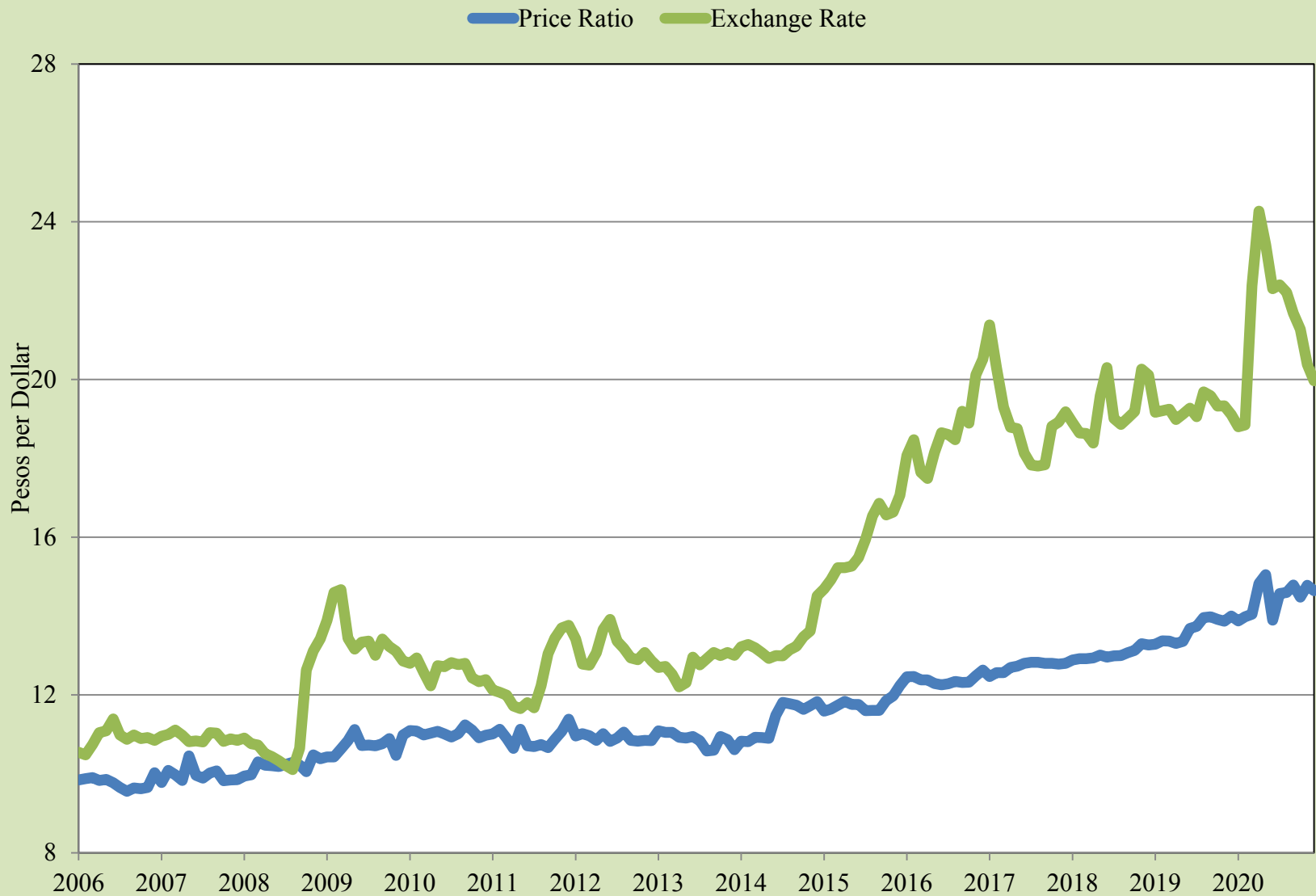


Source: New Mexico Human Services Department



Source: UTEP Border Region Modeling Project and Banco de Mexico

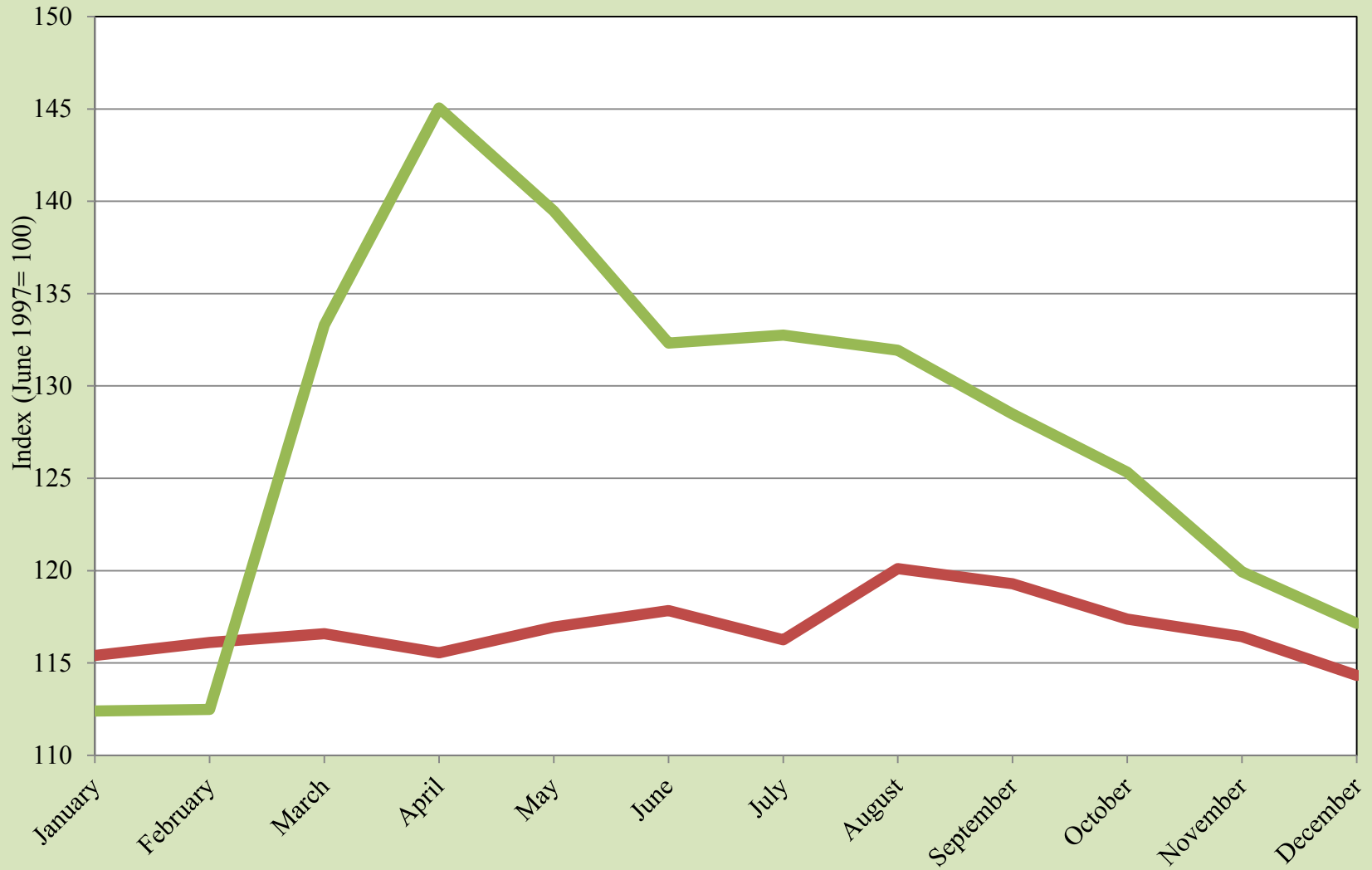
Restaurant Price Ratio and Exchange Rate



Source: UTEP Border Region Modeling Project and Banco de Mexico

Real Peso-per-Dollar Exchange Rate Index

2019 2020



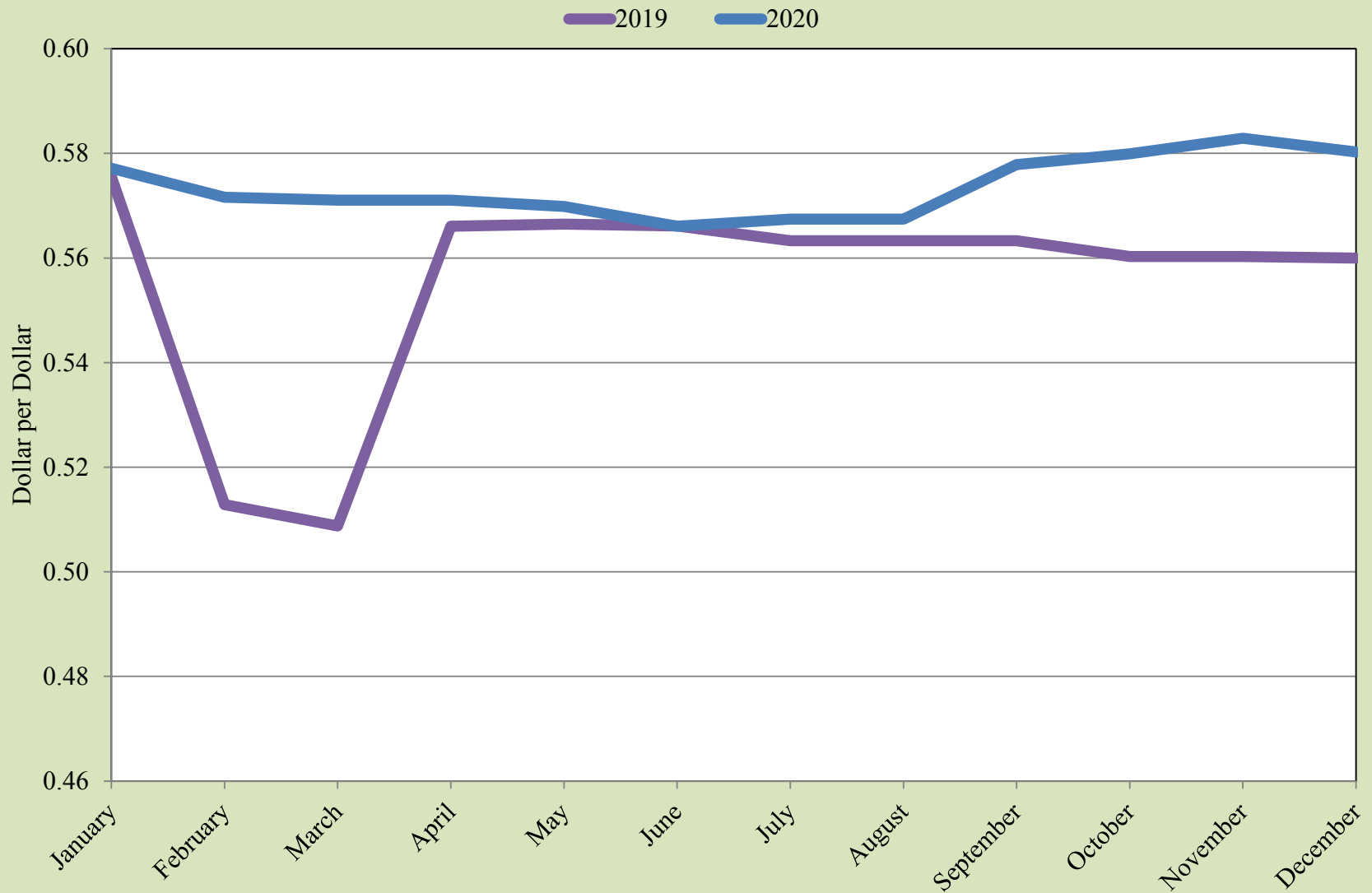
Source: UTEP Border Region Modeling Project

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

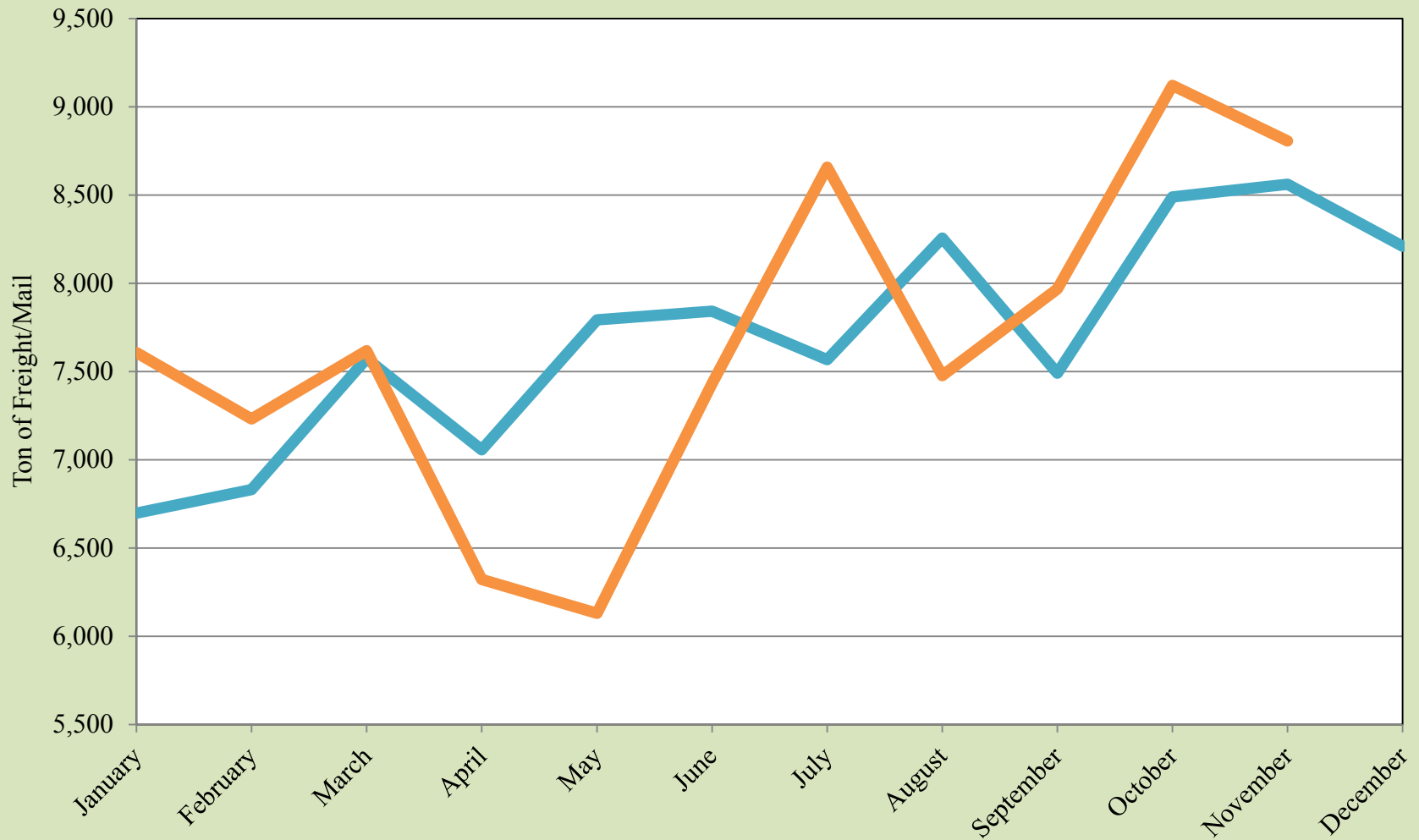
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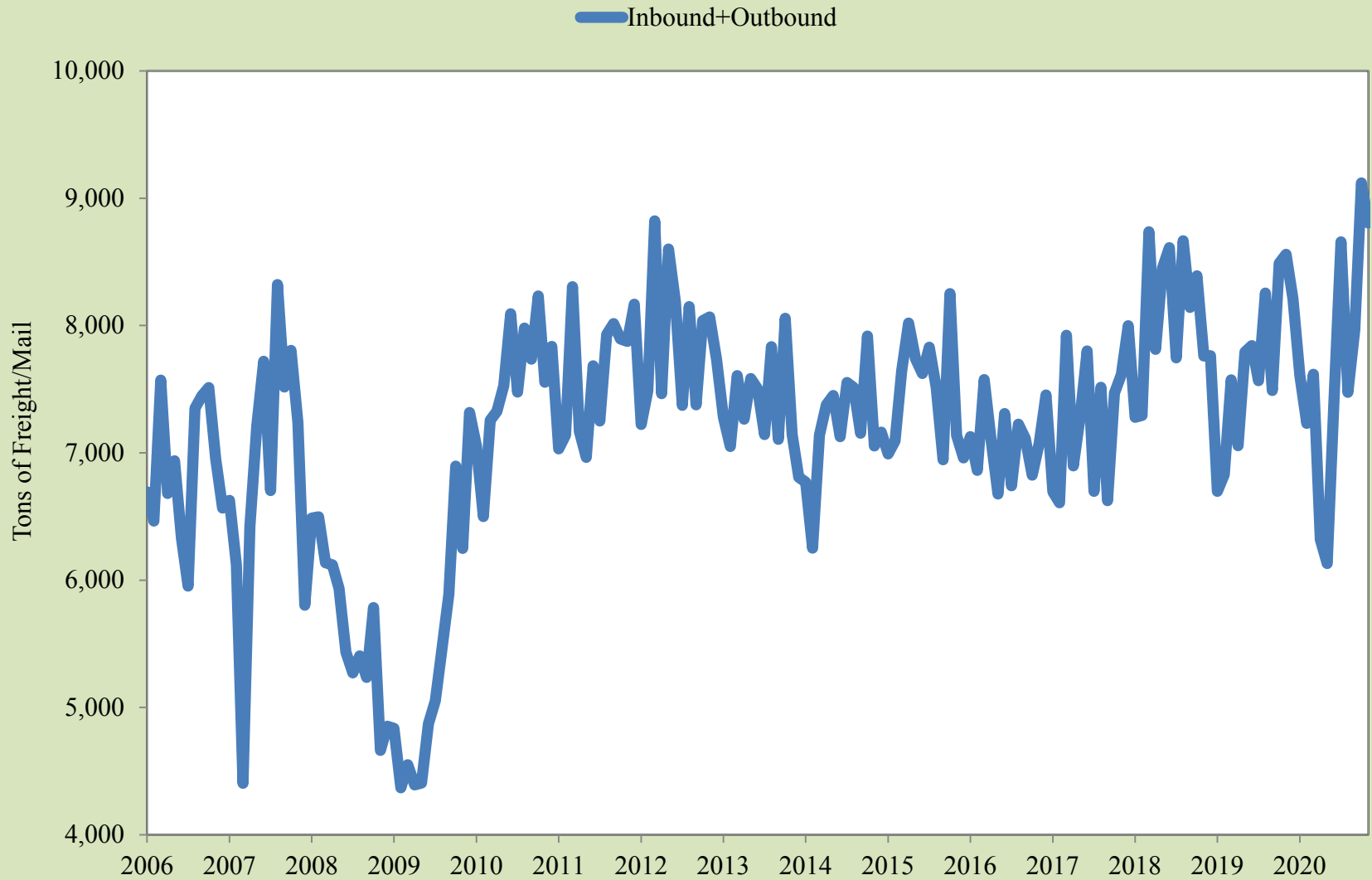
EPIA Freight and Mail

— Total 2019 — Total 2020



Source: EPIA Operations

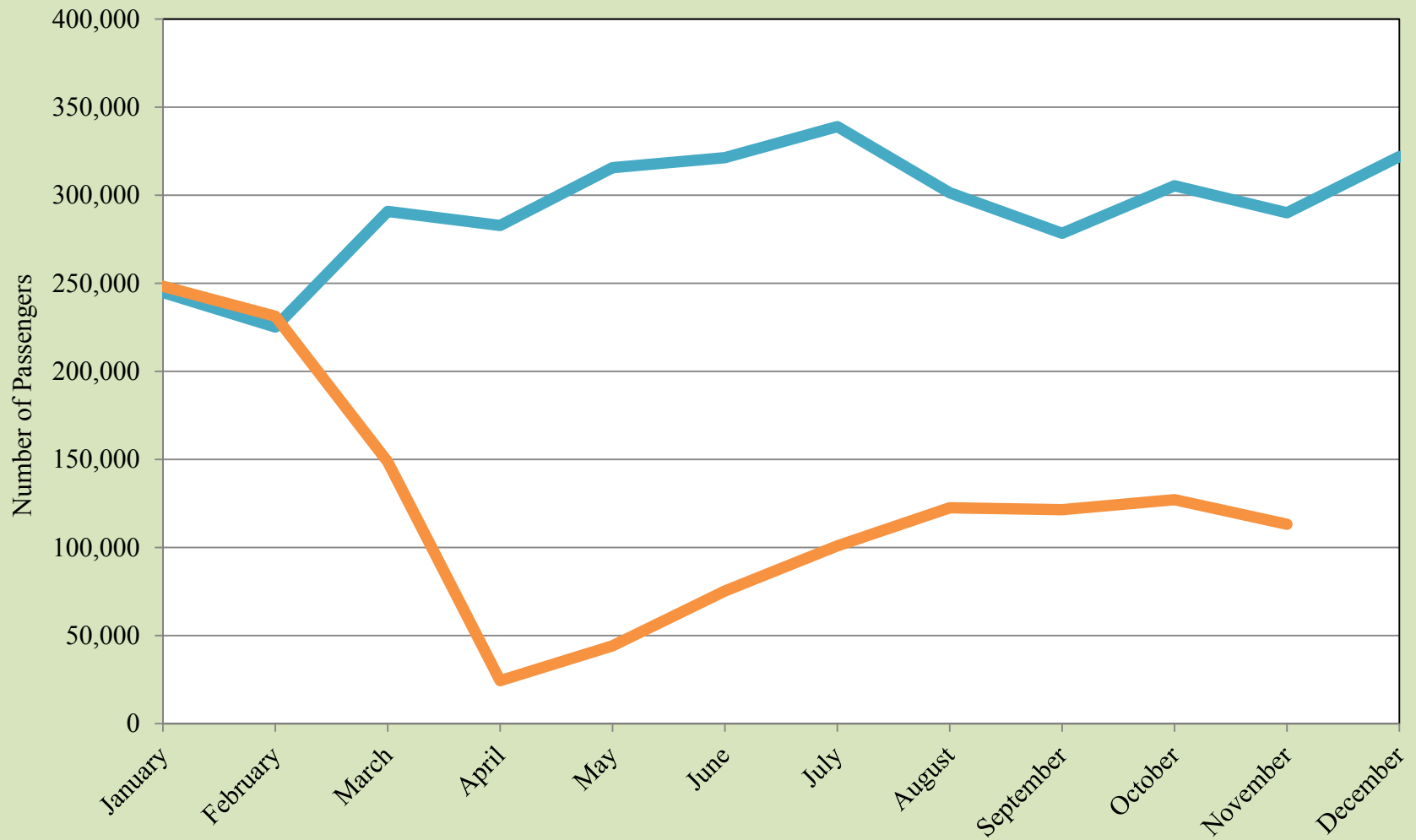
EPIA Freight and Mail



Source: EPIA Operations

EPIA Passengers

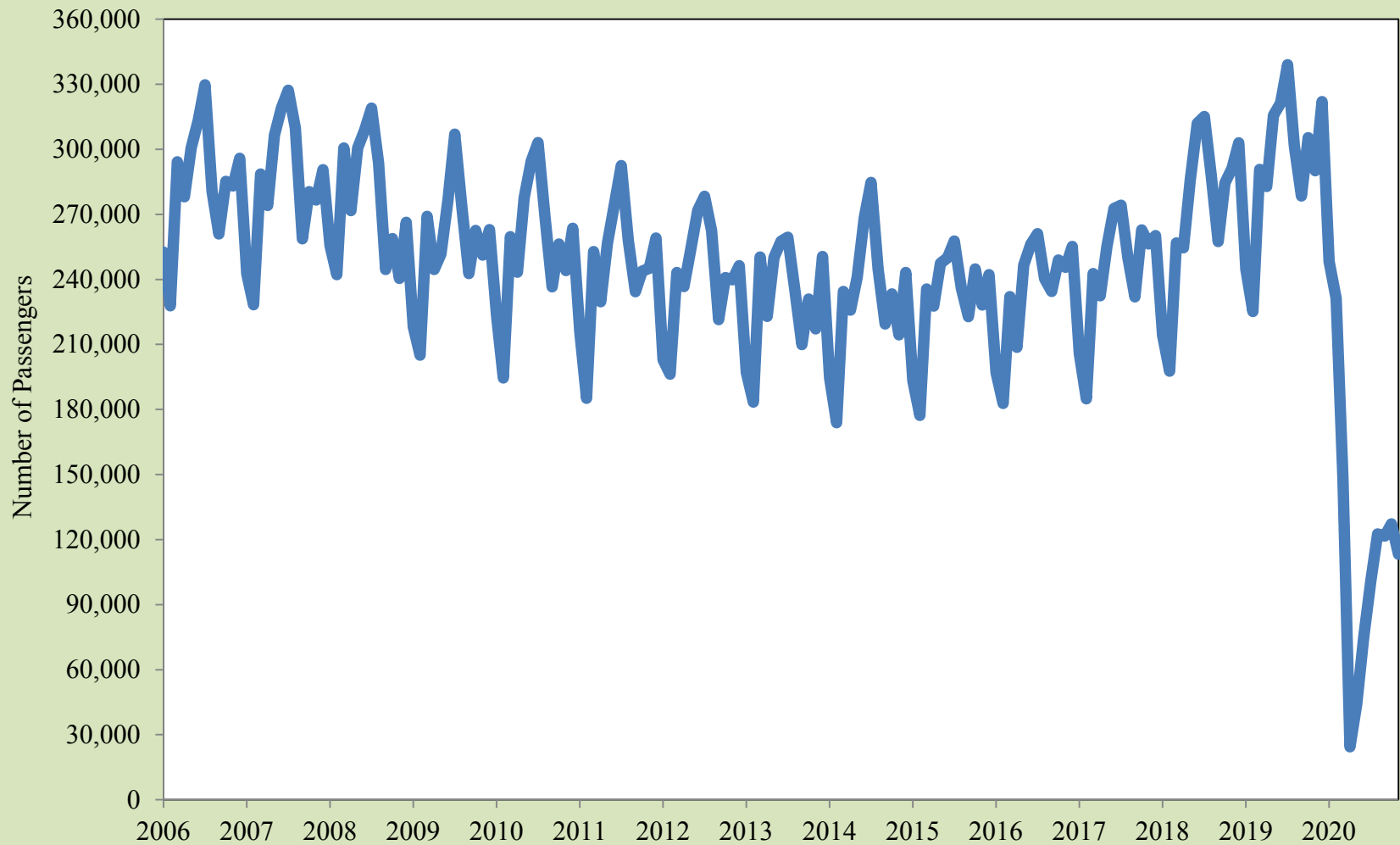
EPIA 2019 EPIA 2020



Source: EPIA Operations

EPIA Passengers

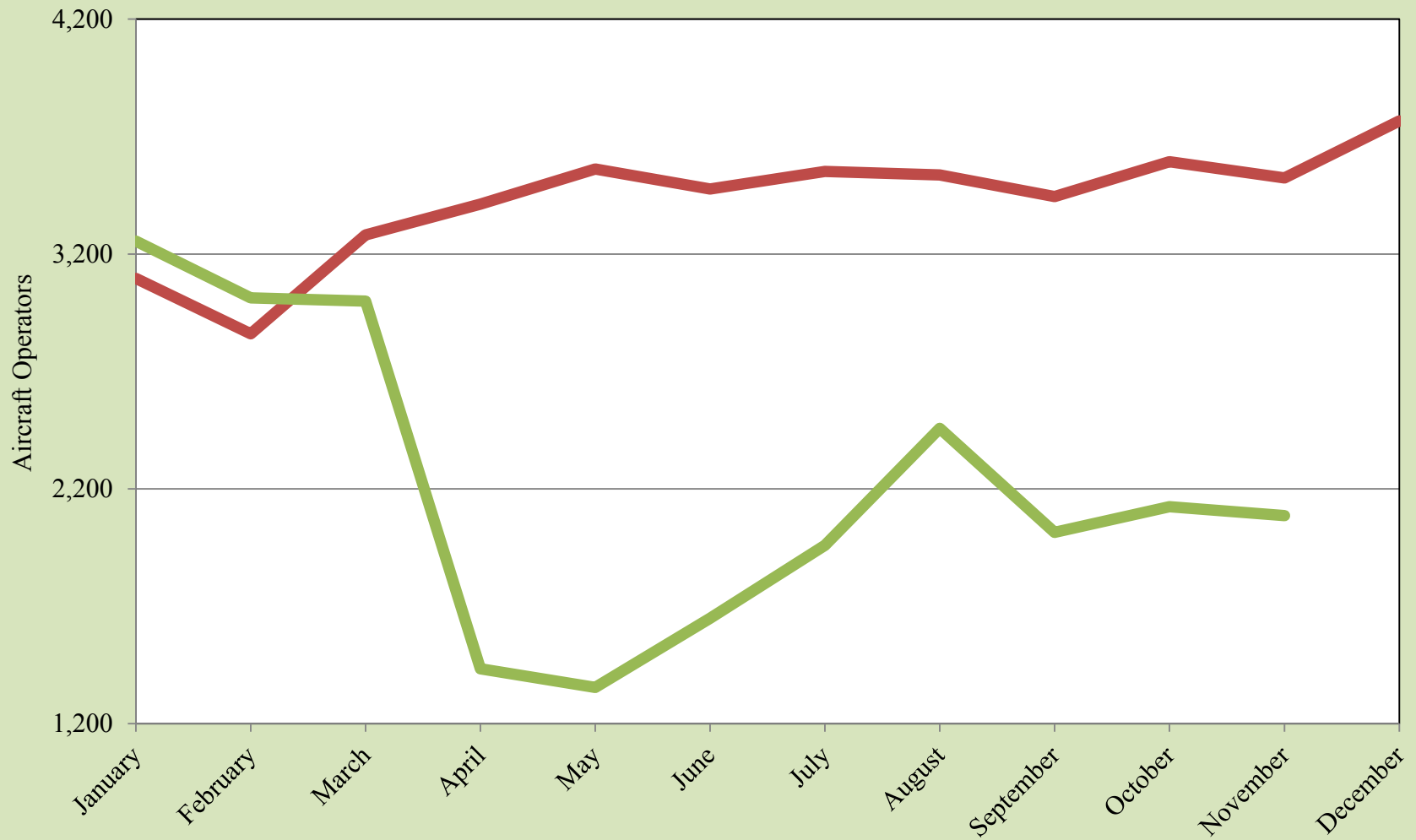
— Inbound+Outbound



Source: EPIA Operations

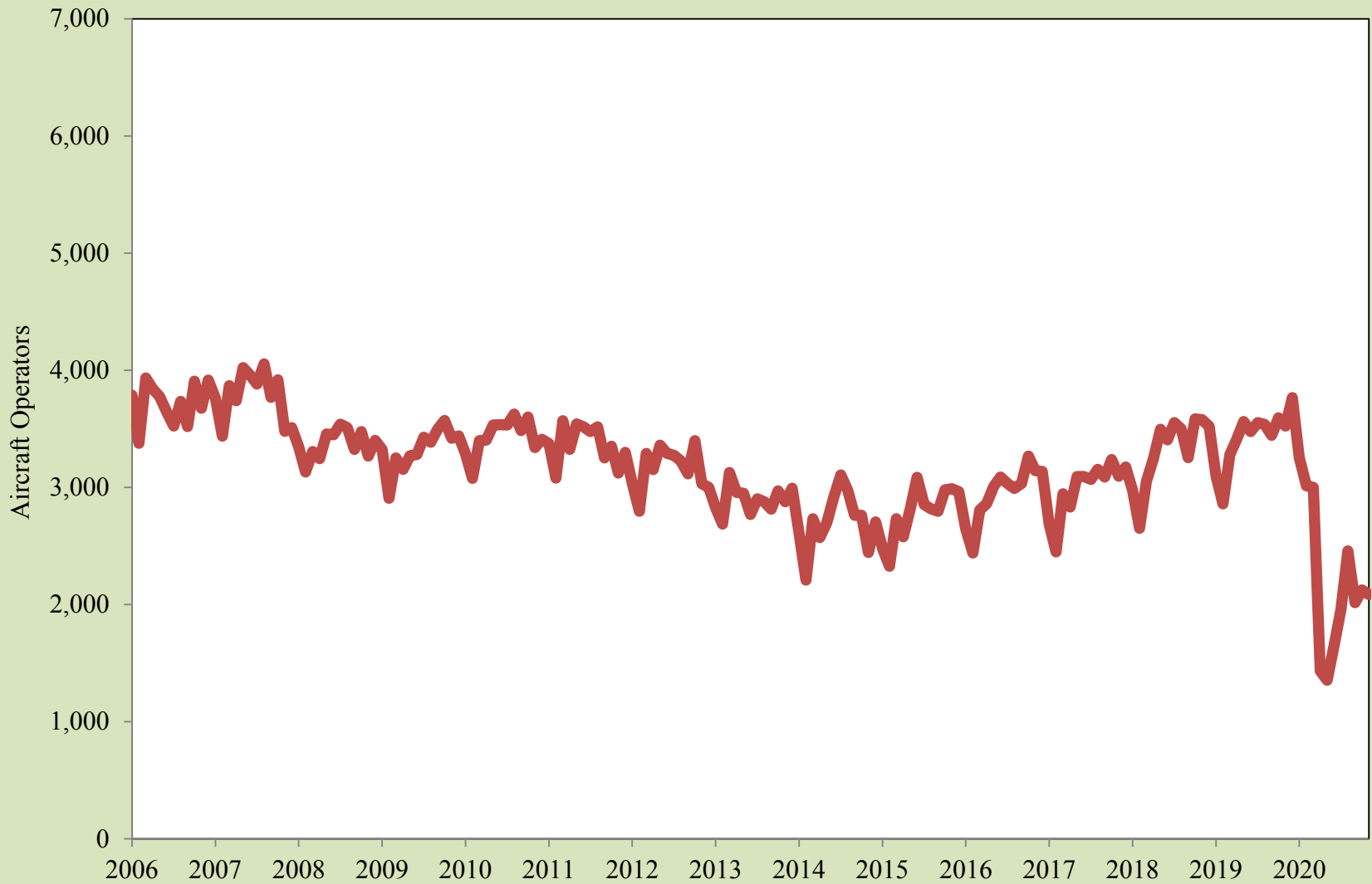
EPIA Air Carrier Operations

— Air Carrier Operations 2019 — Air Carrier Operations 2020



Source: EPIA Operations

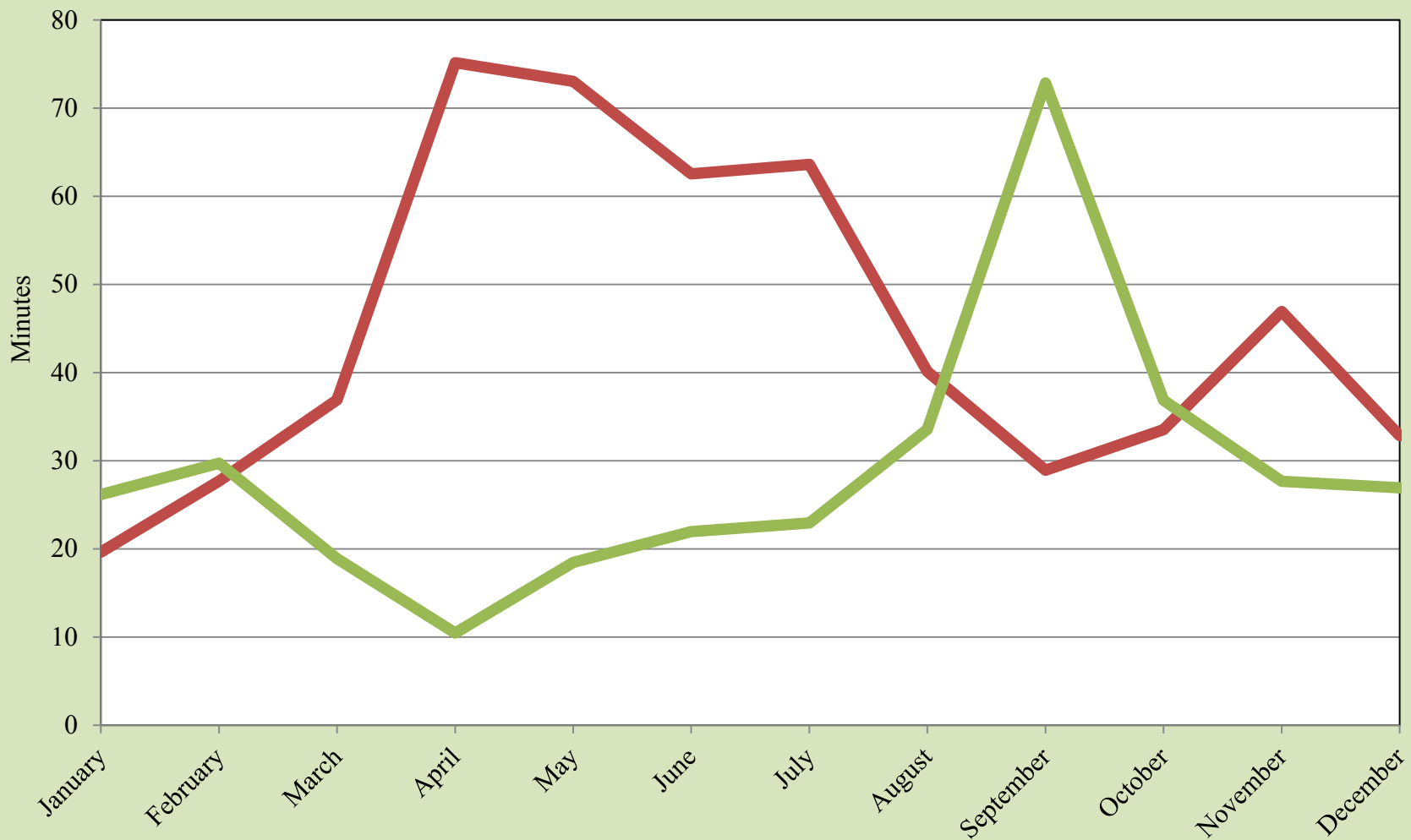
EPIA Air Carrier Operations



Source: EPIA Operations

Paso del Norte Monthly Wait Times

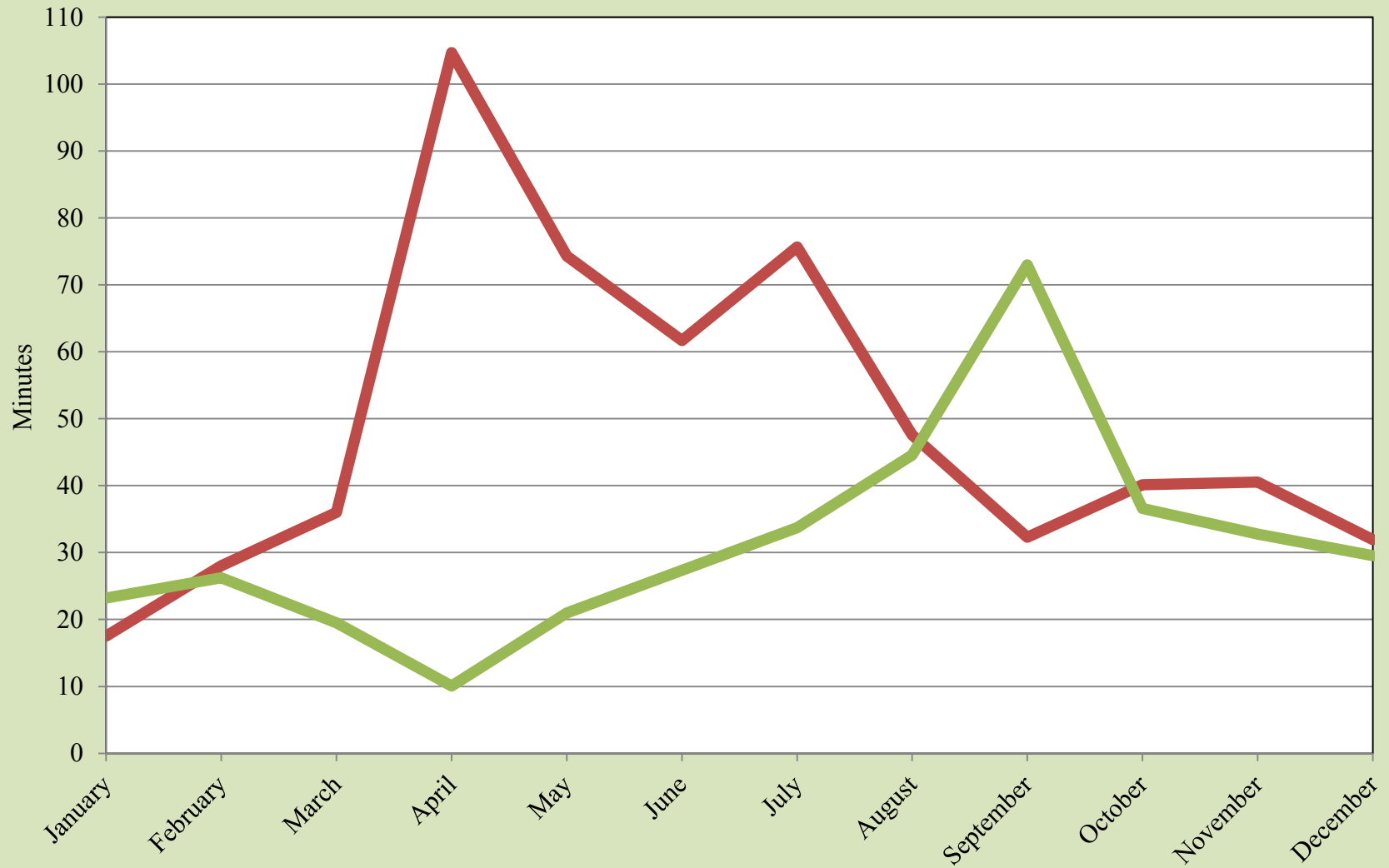
2019 2020



Source: UTEP Border Region Modeling Project

Ysleta Monthly Wait Times

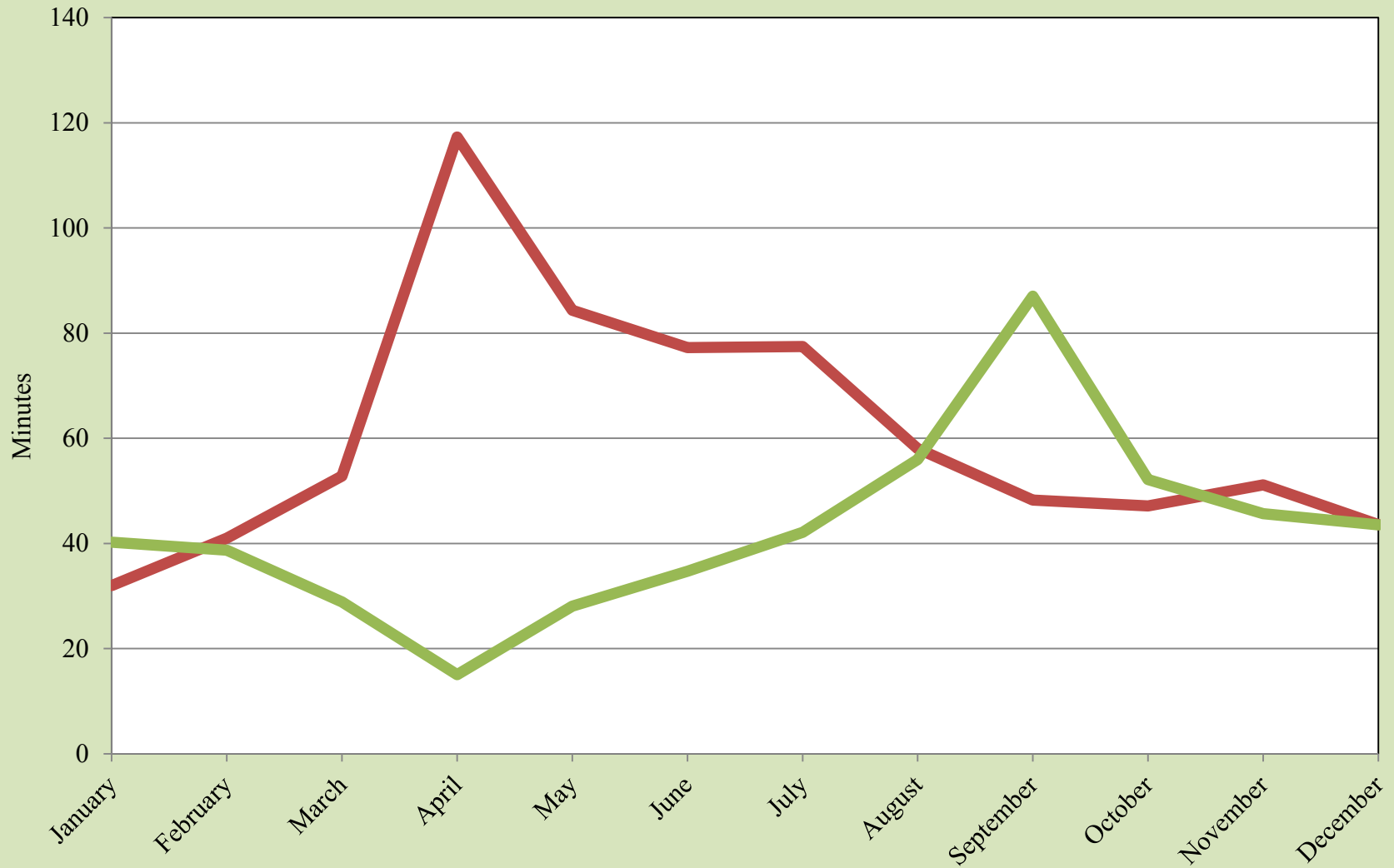
2019 2020



Source: UTEP Border Region Modeling Project

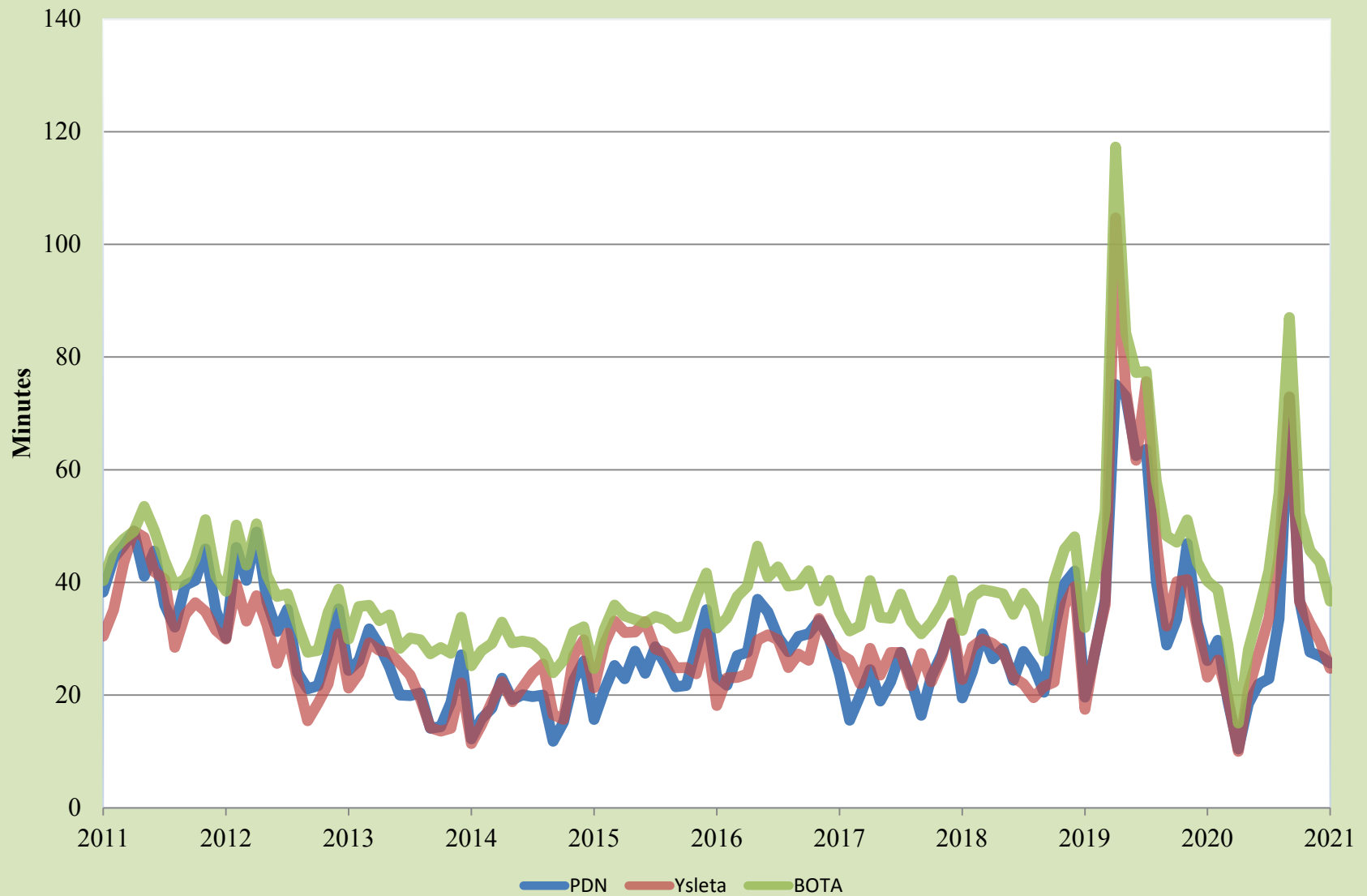
Bridge of the Americas Monthly Wait Times

2019 2020



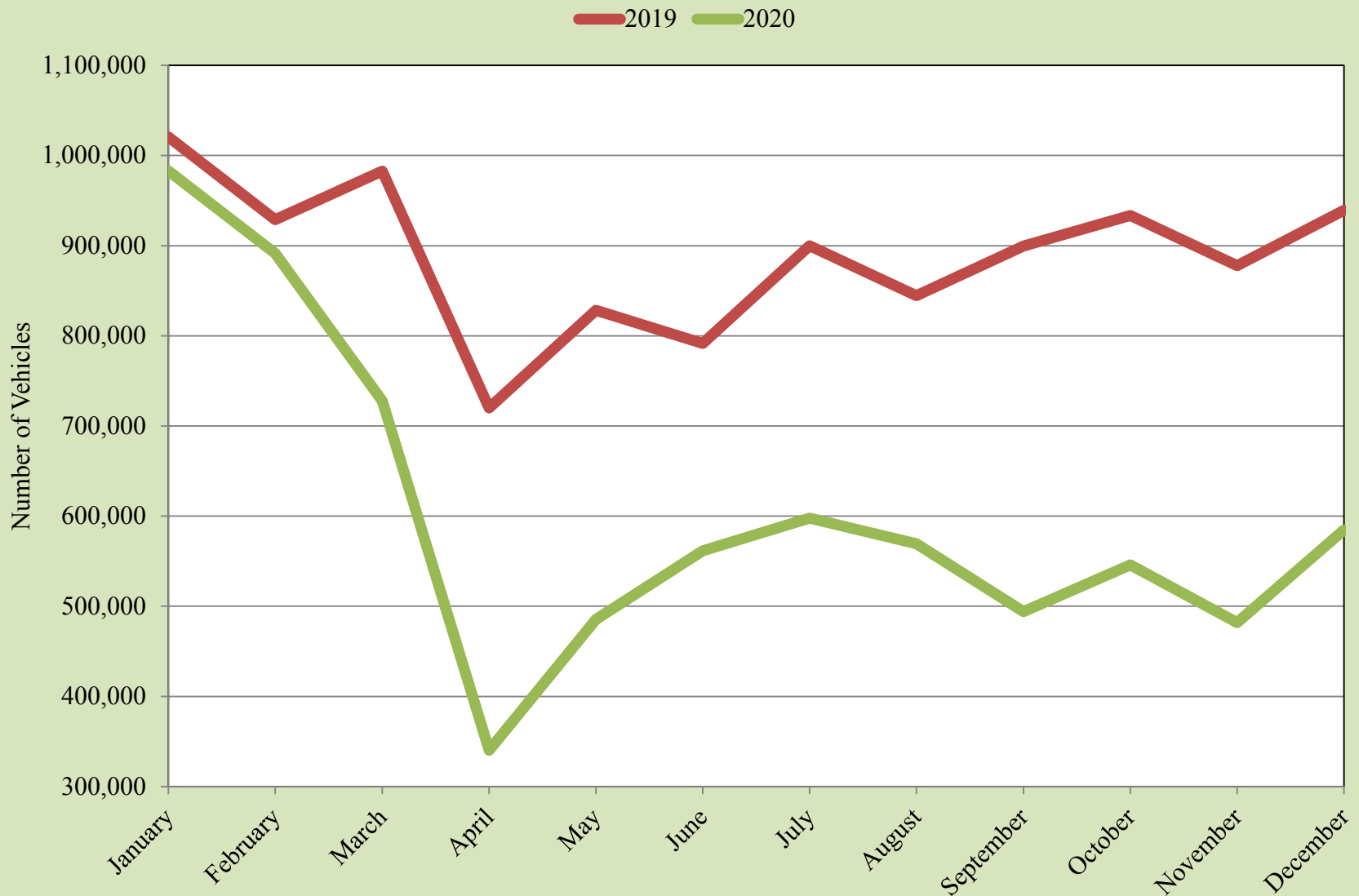
Source: UTEP Border Region Modeling Project

Monthly Border Wait Times



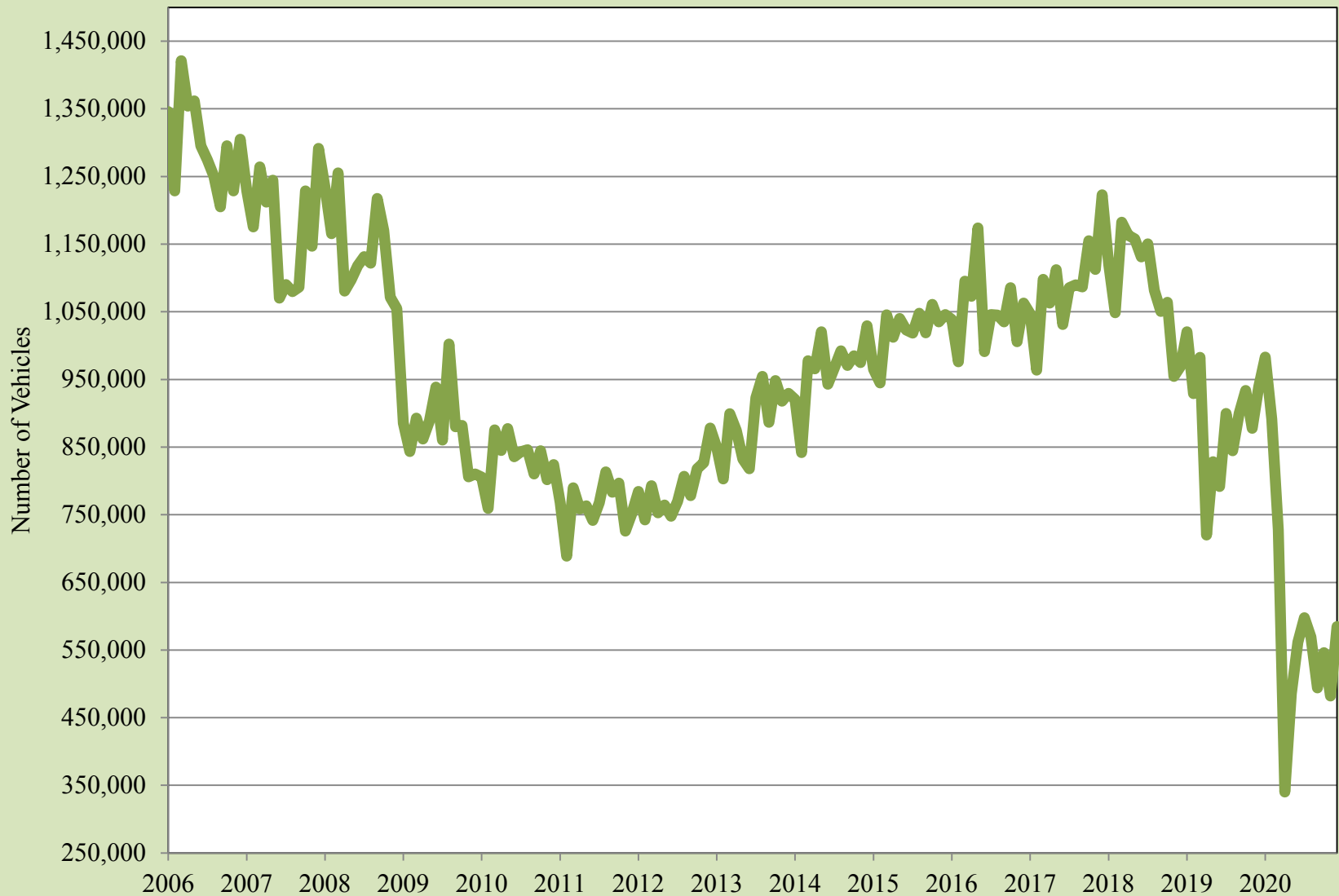
Source: UTEP Border Region Modeling Project

Personal Vehicle International Bridge Crossings to El Paso



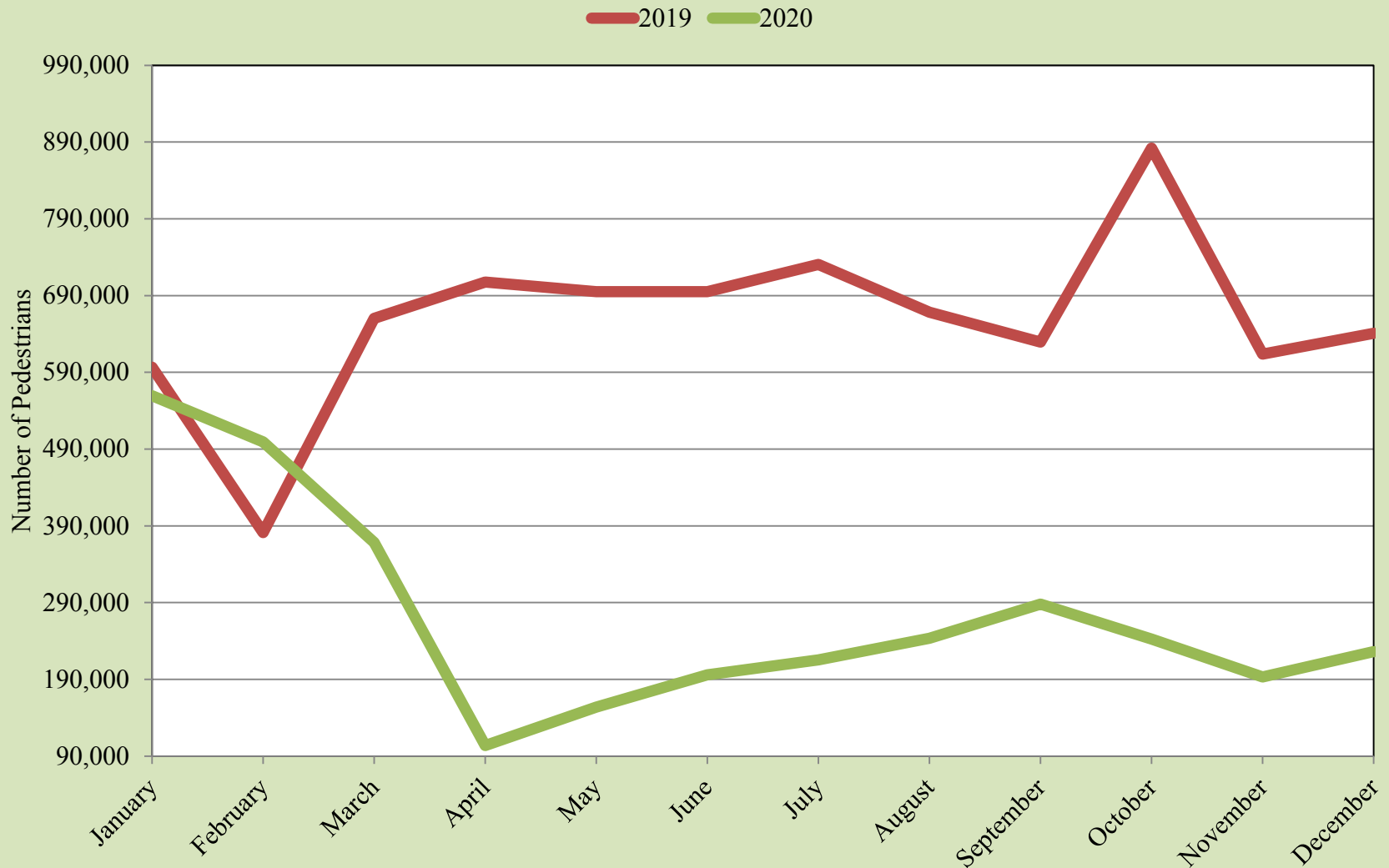
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Personal Vehicle International Bridge Crossings to El Paso



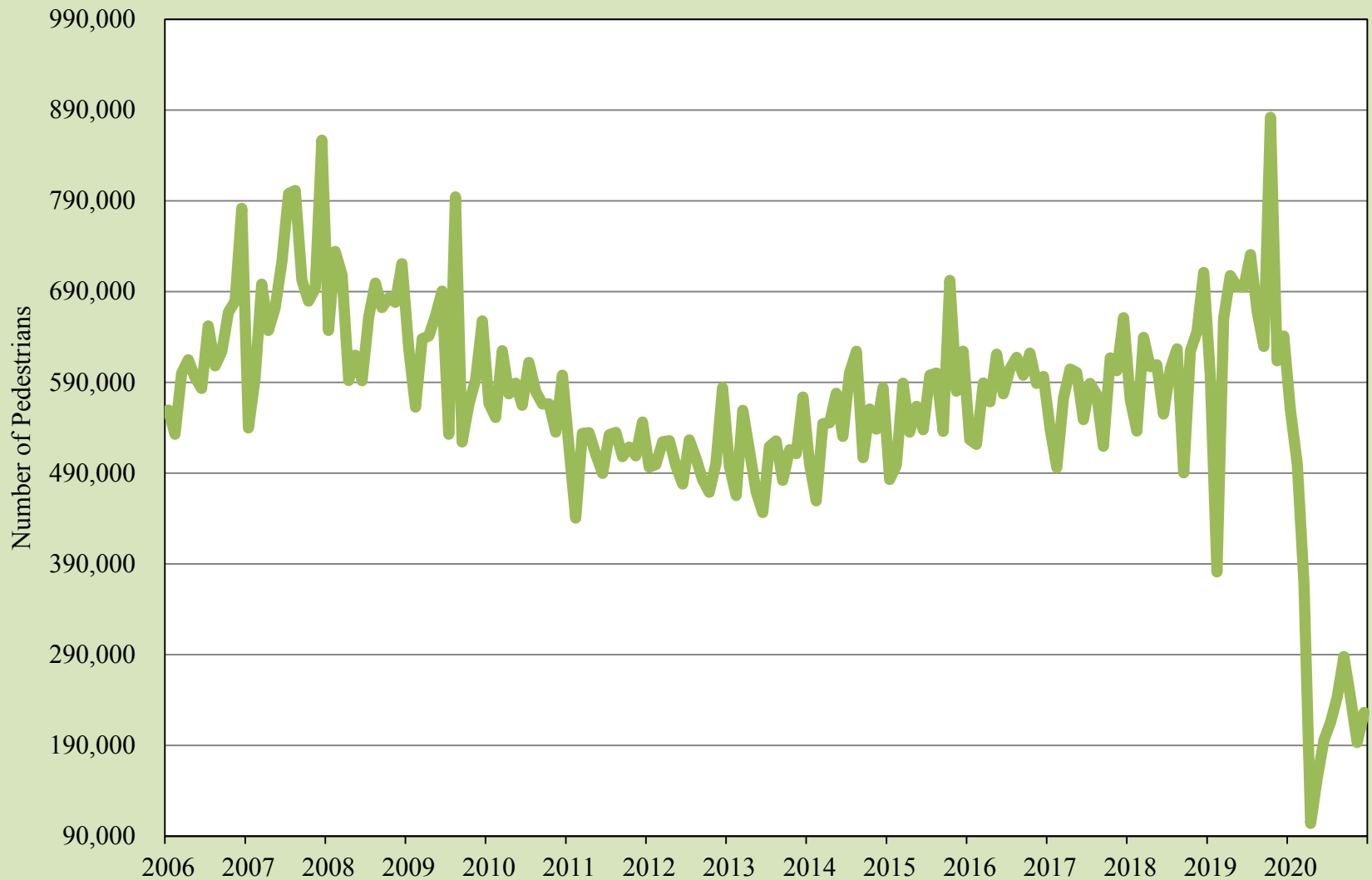
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Pedestrian International Bridge Crossings to El Paso



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

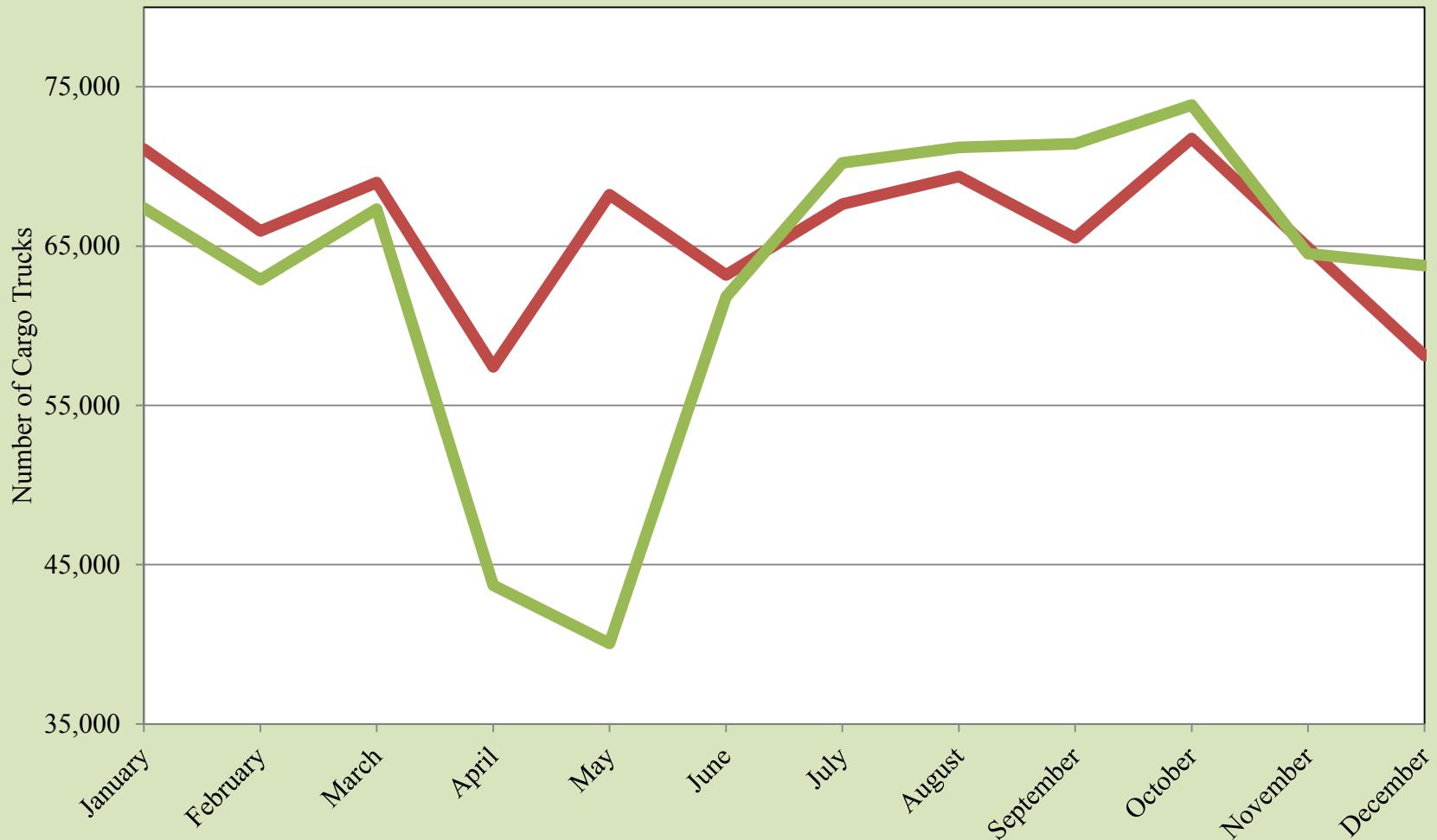
Pedestrian International Bridge Crossings to El Paso



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

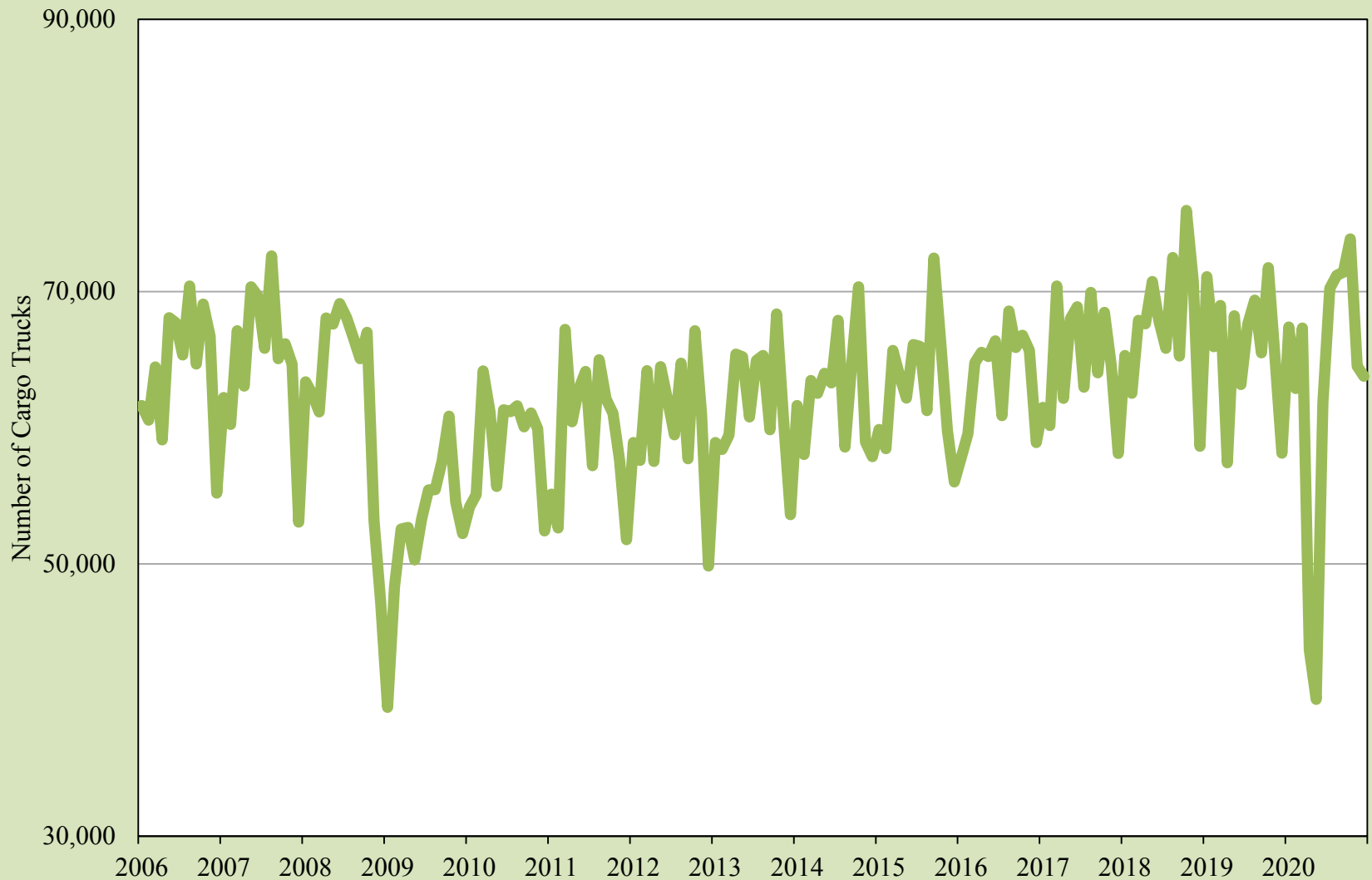
Cargo Truck International Bridge Crossings to El Paso

2019 2020



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

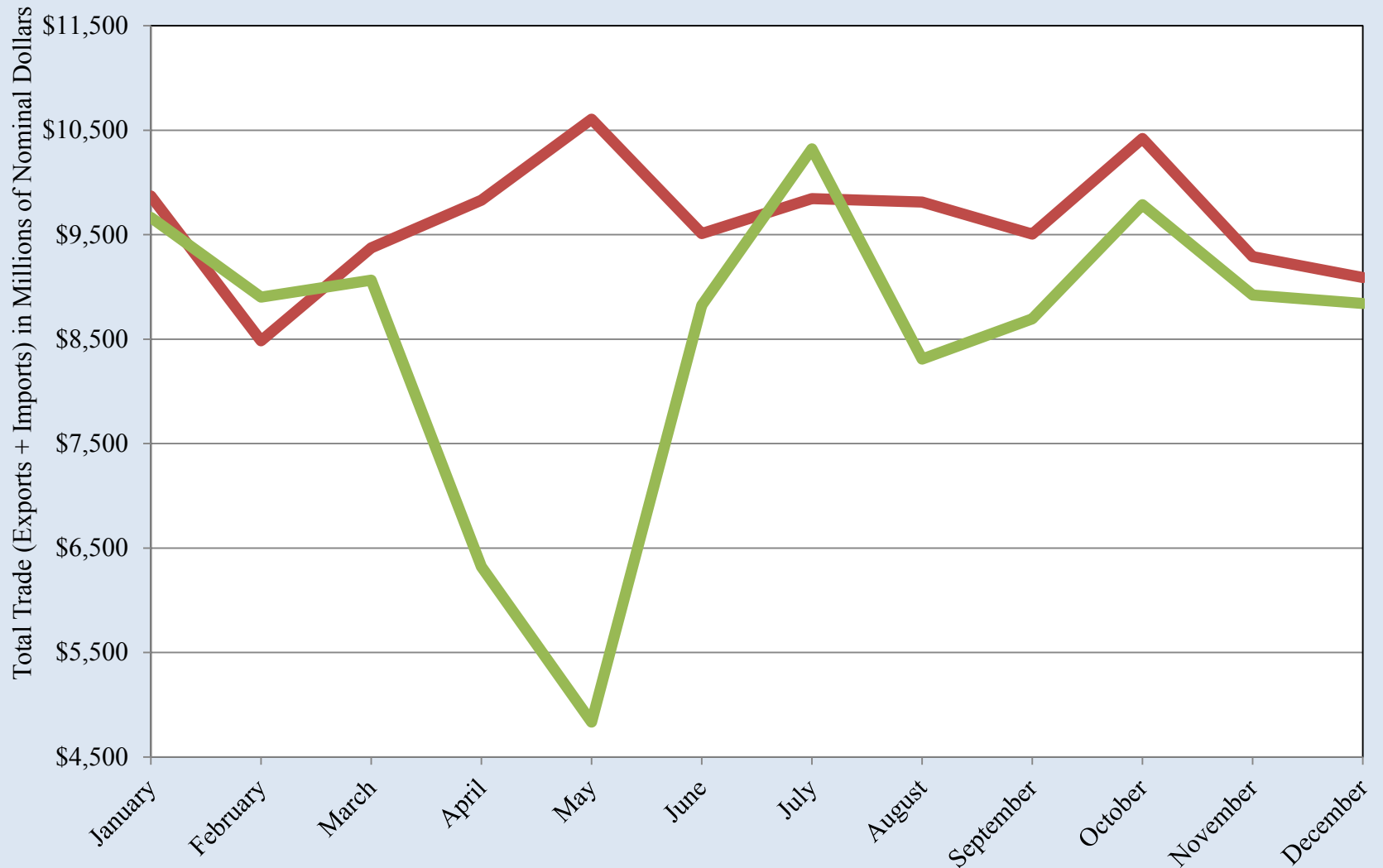
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Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

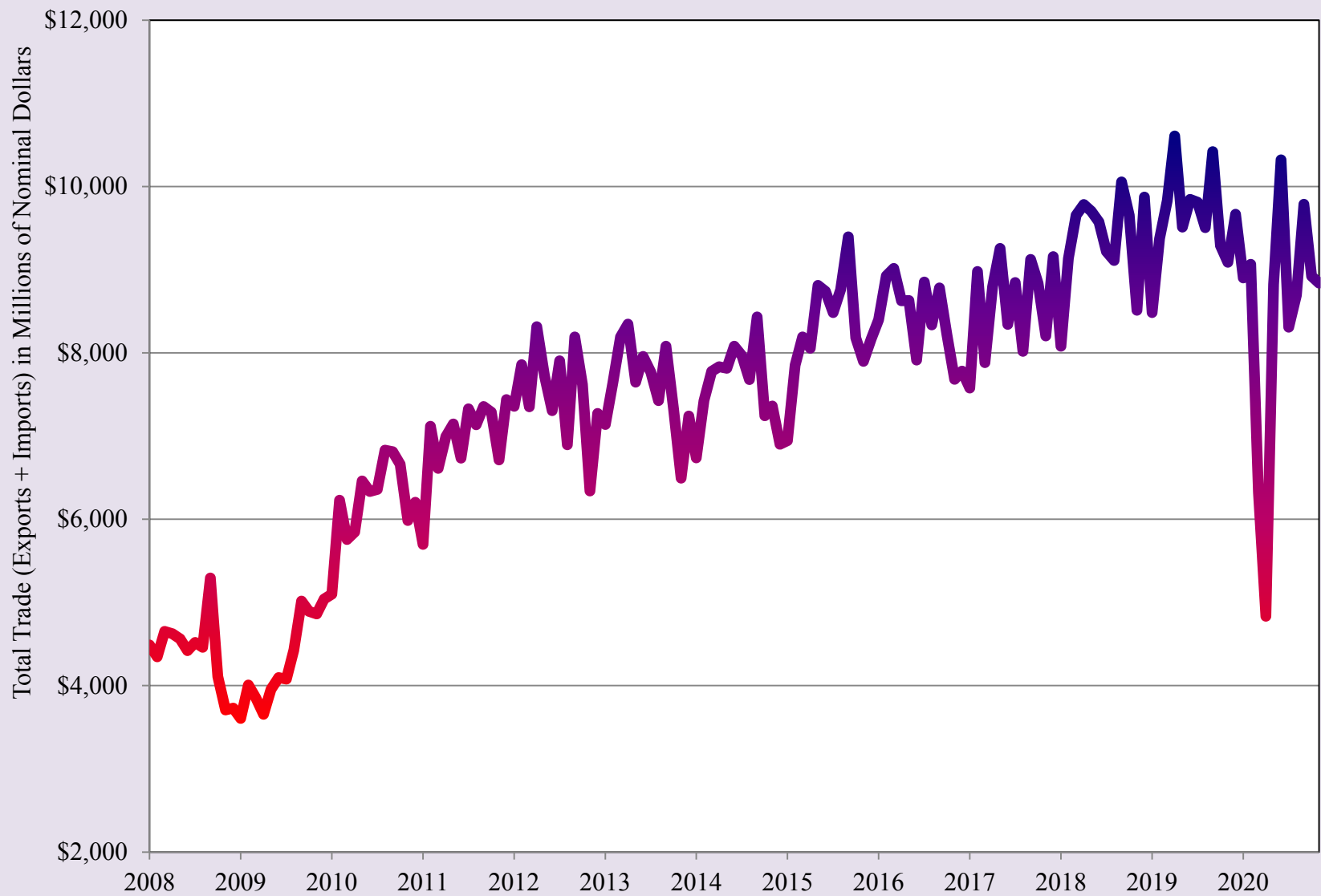
Total Trade through the El Paso Customs District

2019 2020



Source: U.S. International Trade Commission

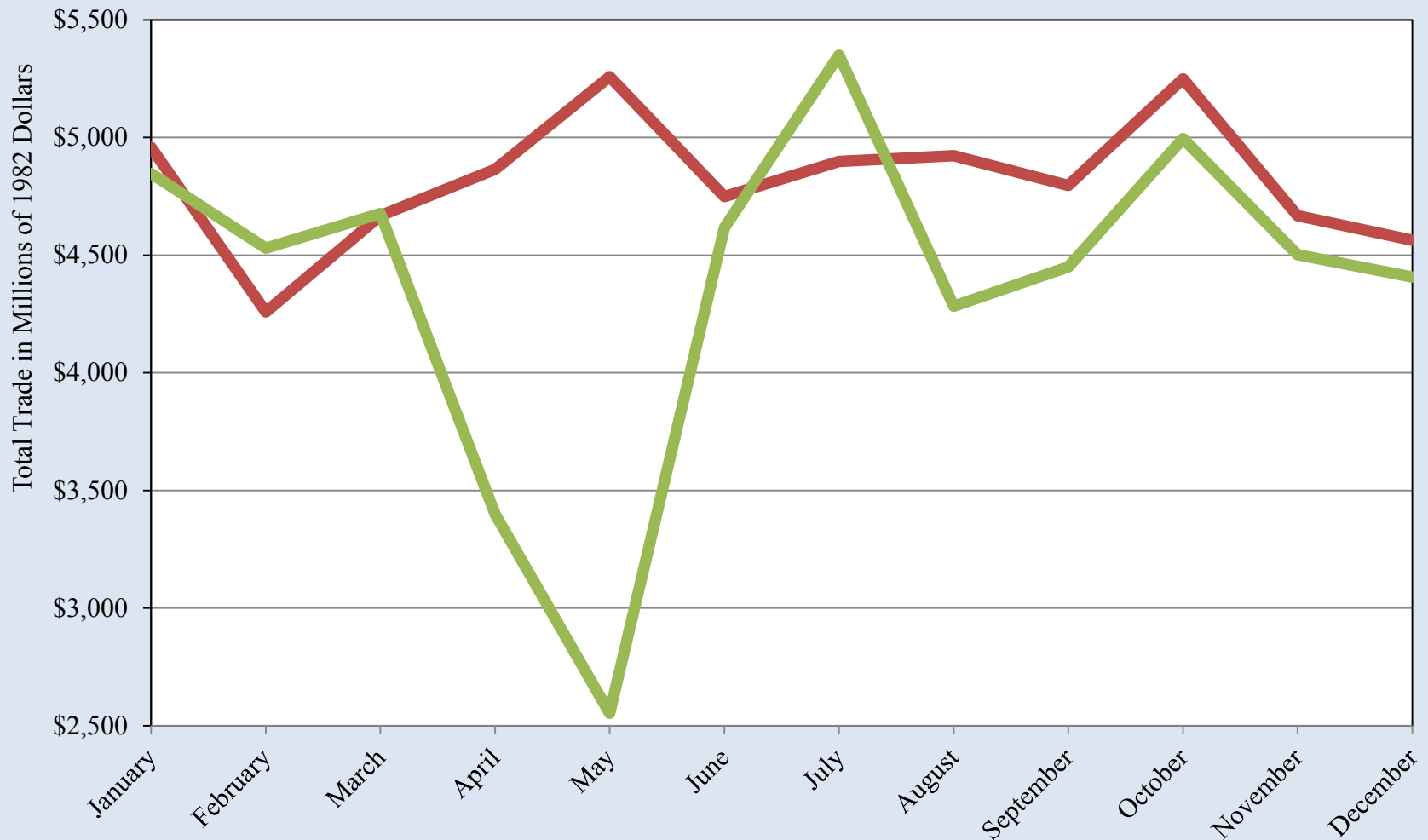
Total Trade through the El Paso Customs District



Source: U.S. International Trade Commission

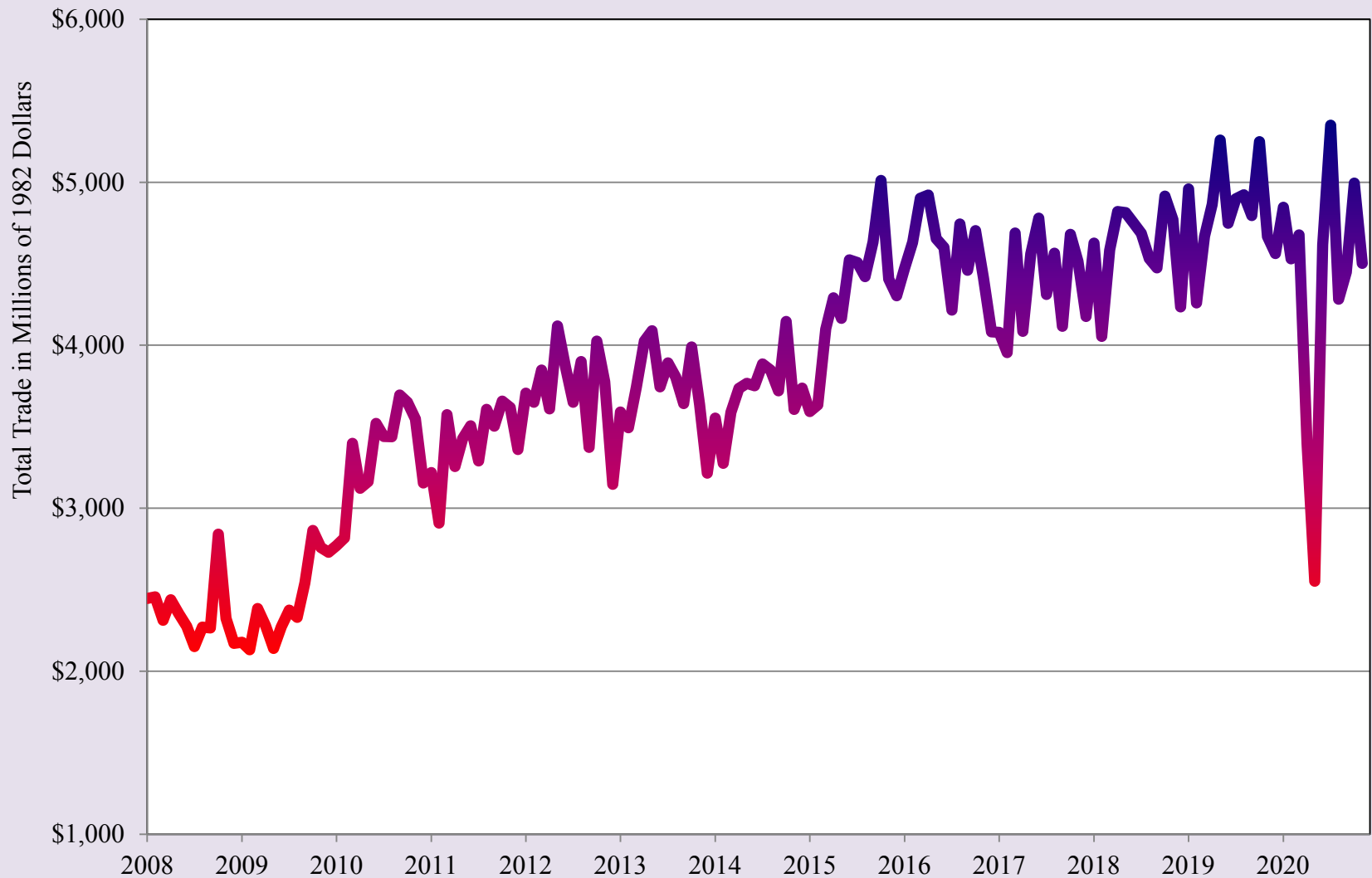
Real Total Trade through the El Paso Customs District

2019 2020



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

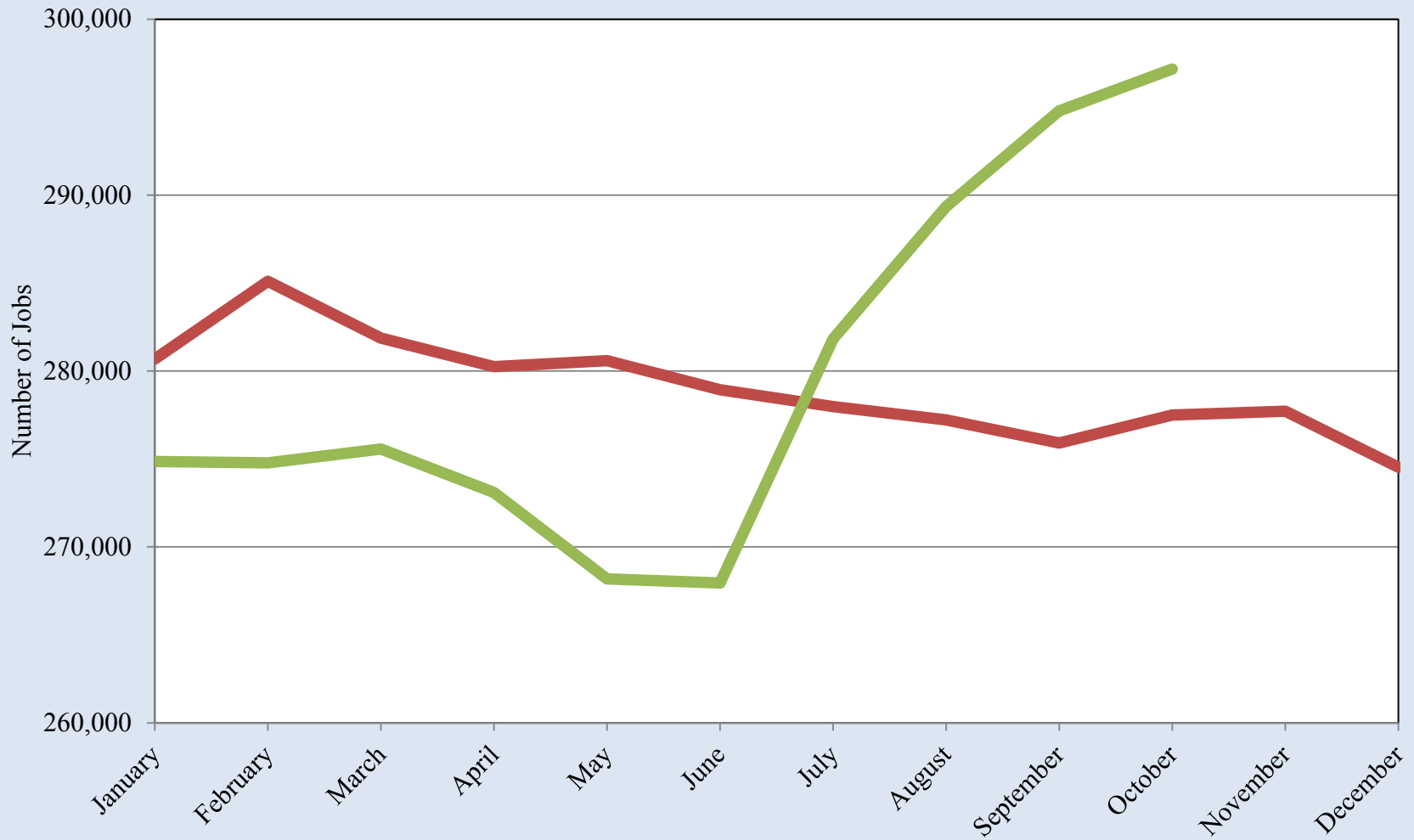
Real Total Trade through the El Paso Customs District



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

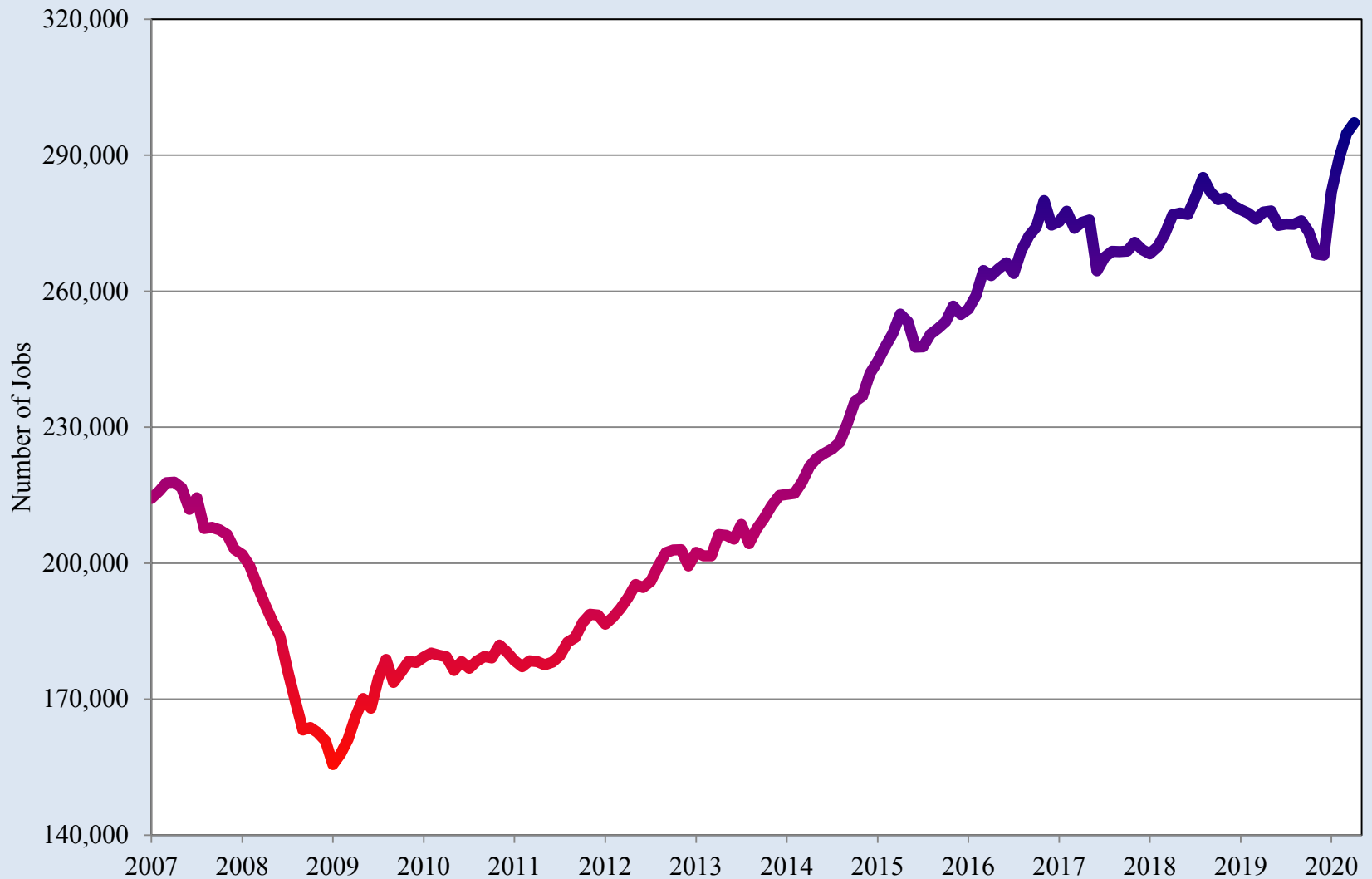
Export-Oriented Manufacturing Employment in Ciudad Juárez

— 2019 — 2020



Source: INEGI

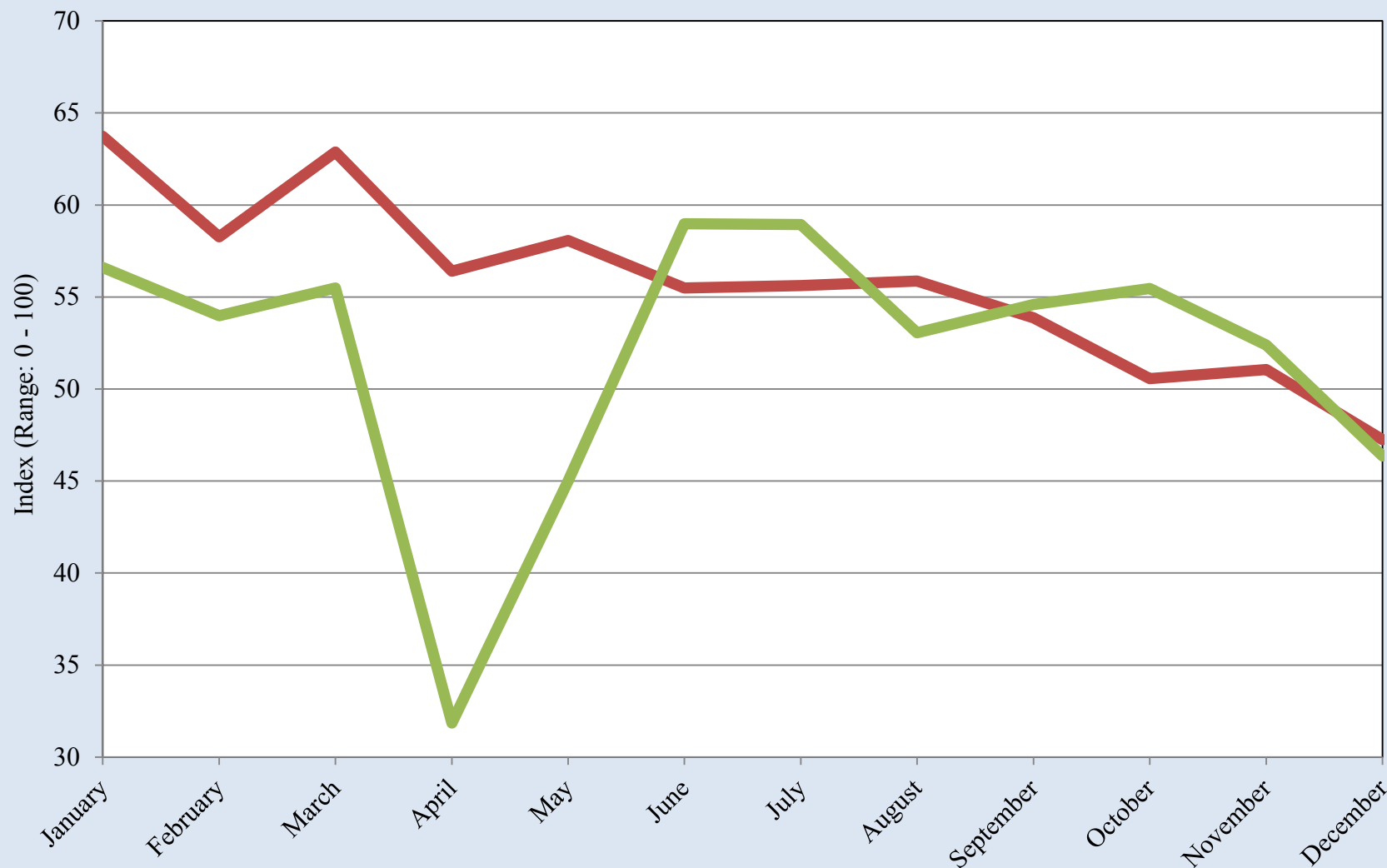
Export-Oriented Manufacturing Employment in Ciudad Juárez



Source: INEGI

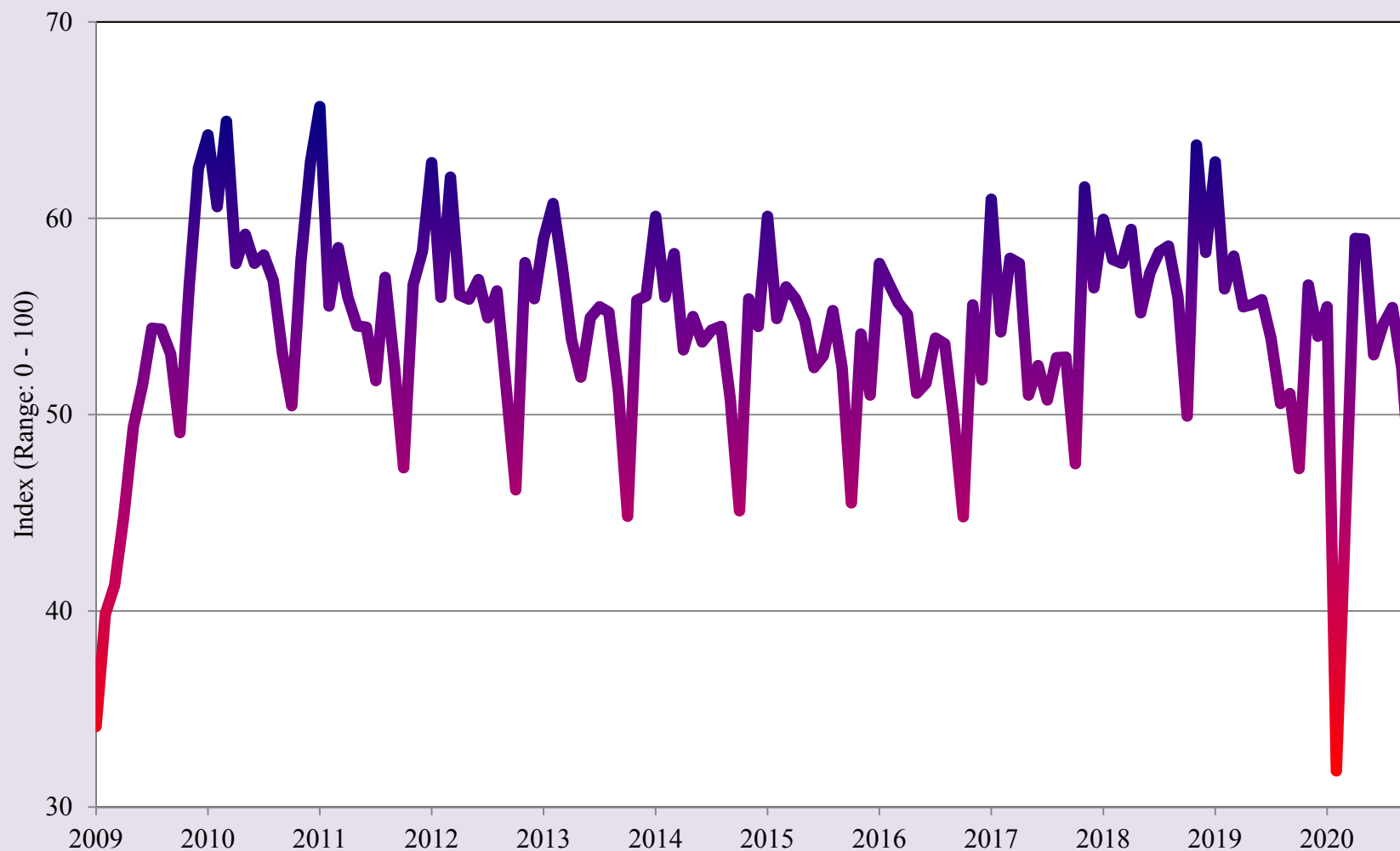
Northern Mexico Manufacturing Orders Index

2019 2020



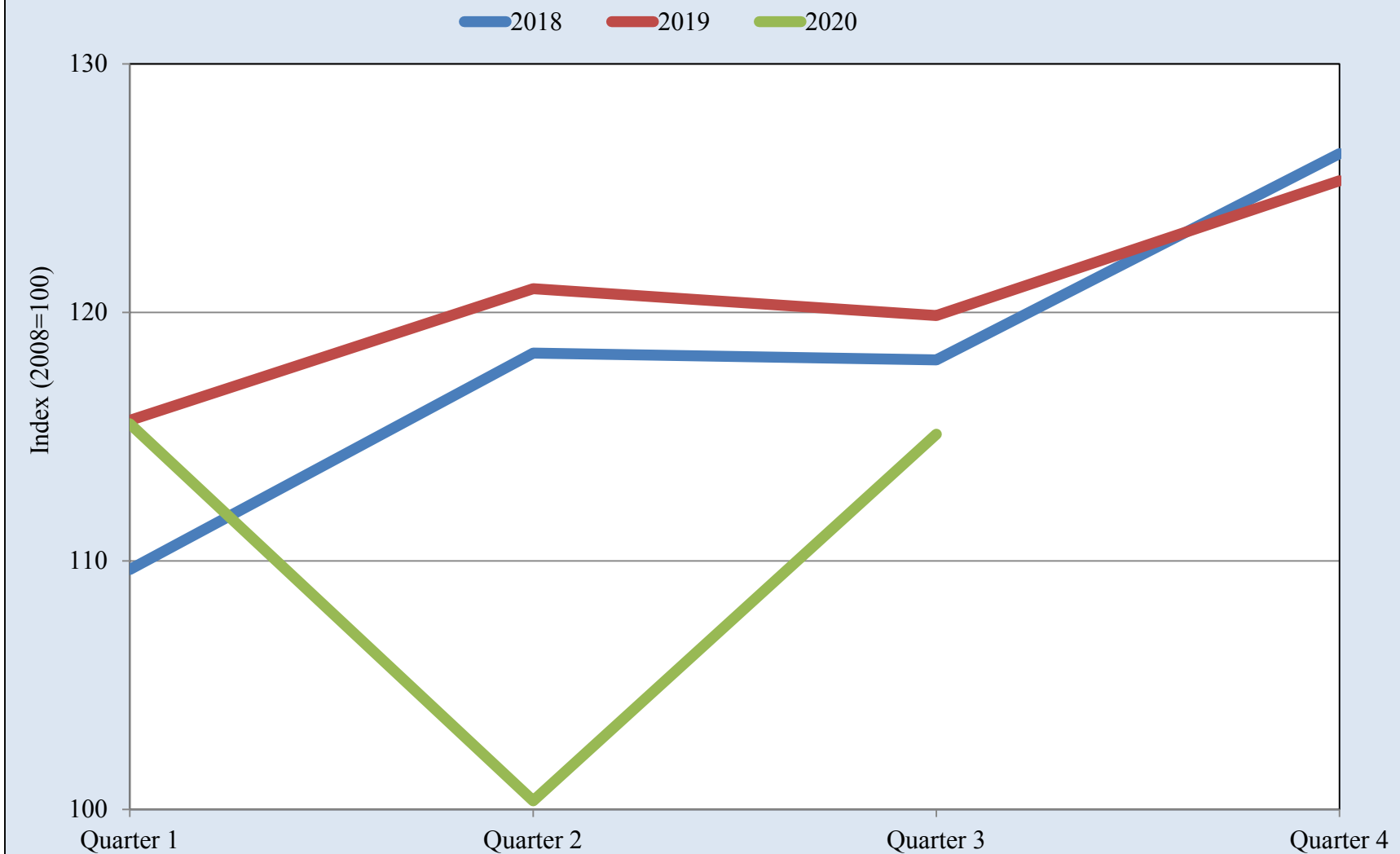
Source: Banco de México

Northern Mexico Manufacturing Orders Index



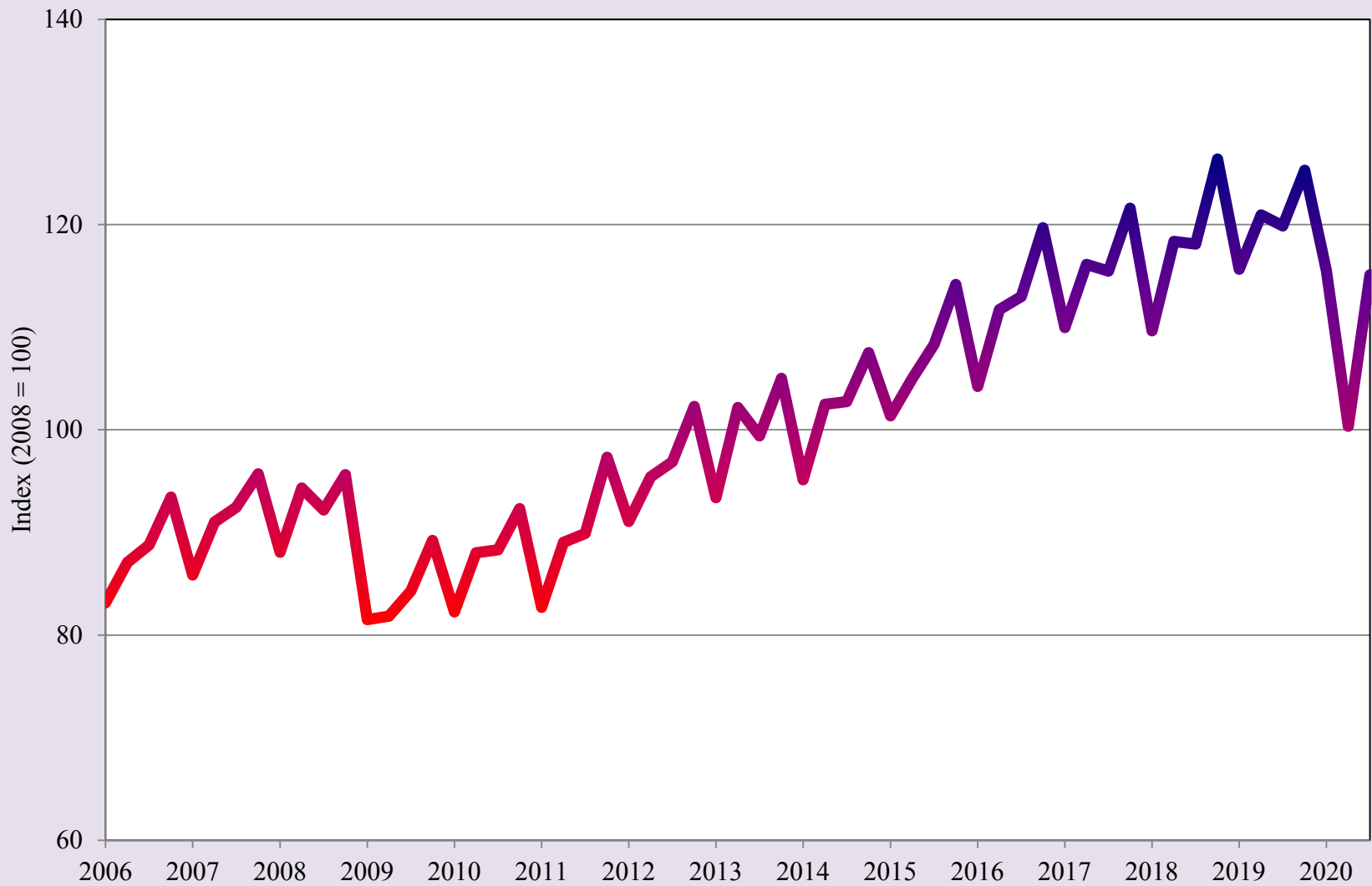
Source: Banco de México

Quarterly Indicator of Economic Activity for the State of Chihuahua



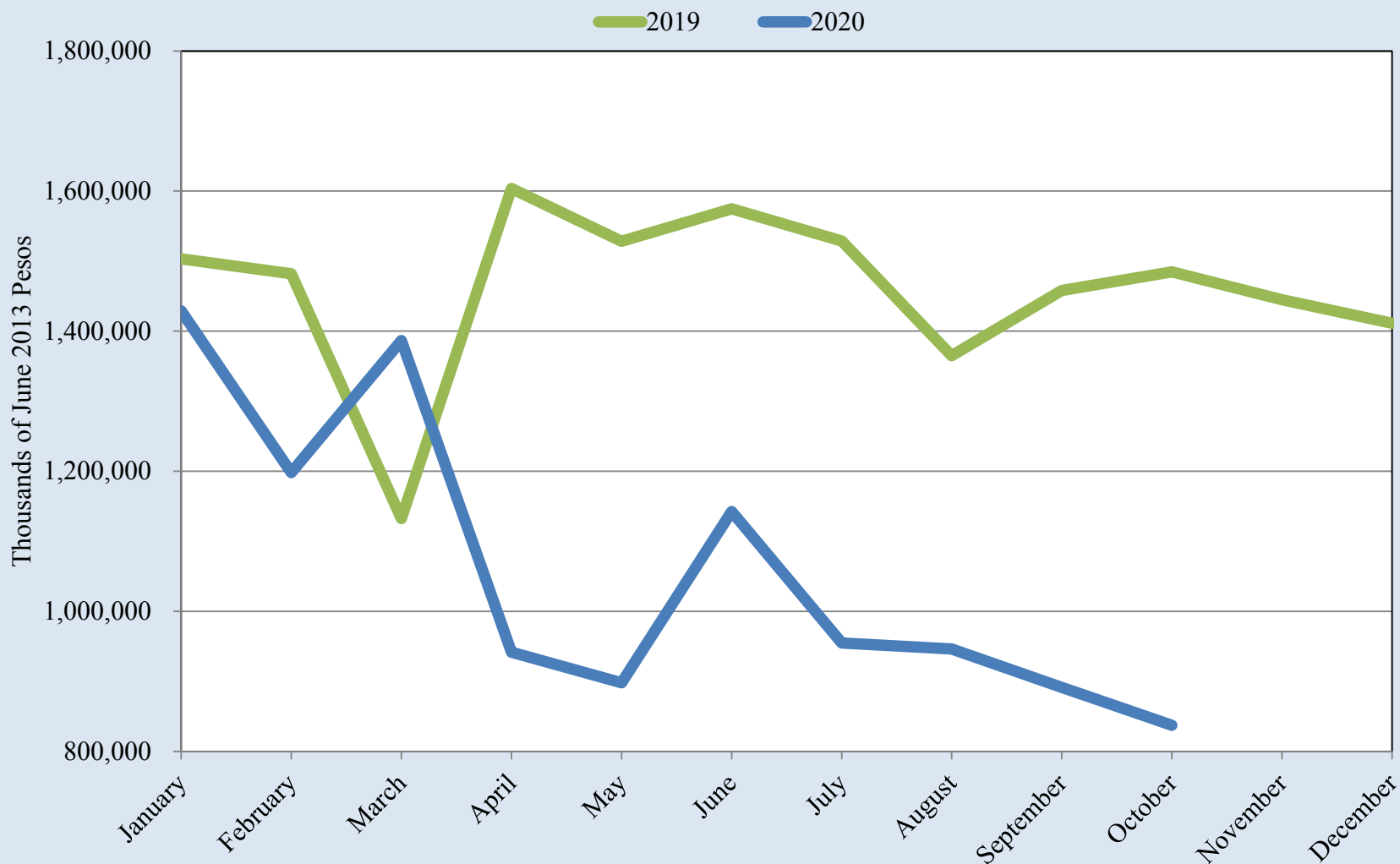
Source: INEGI

Quarterly Indicator of Economic Activity for the State of Chihuahua



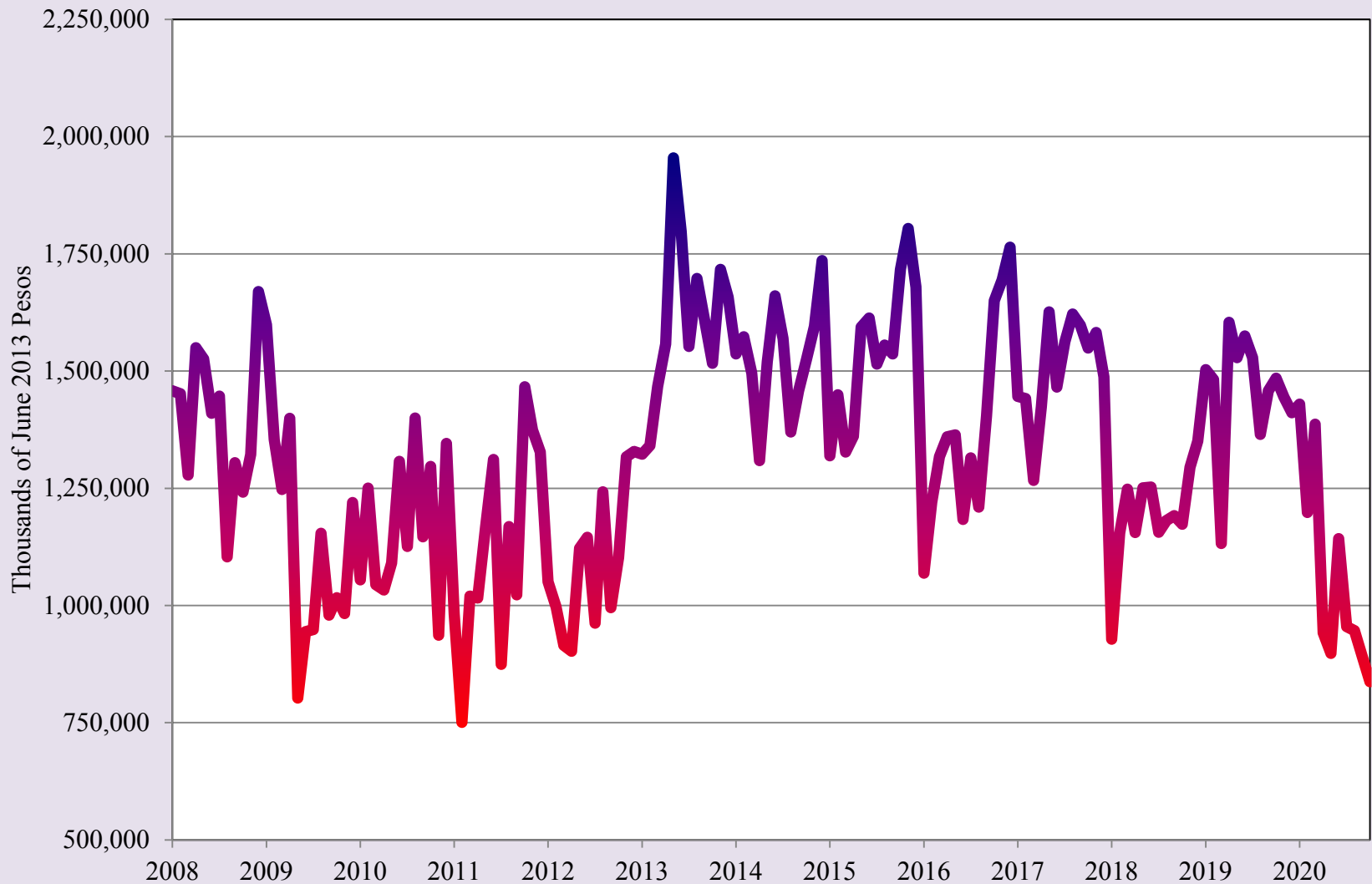
Source: INEGI

Total Value of Construction in the State of Chihuahua



Source: INEGI

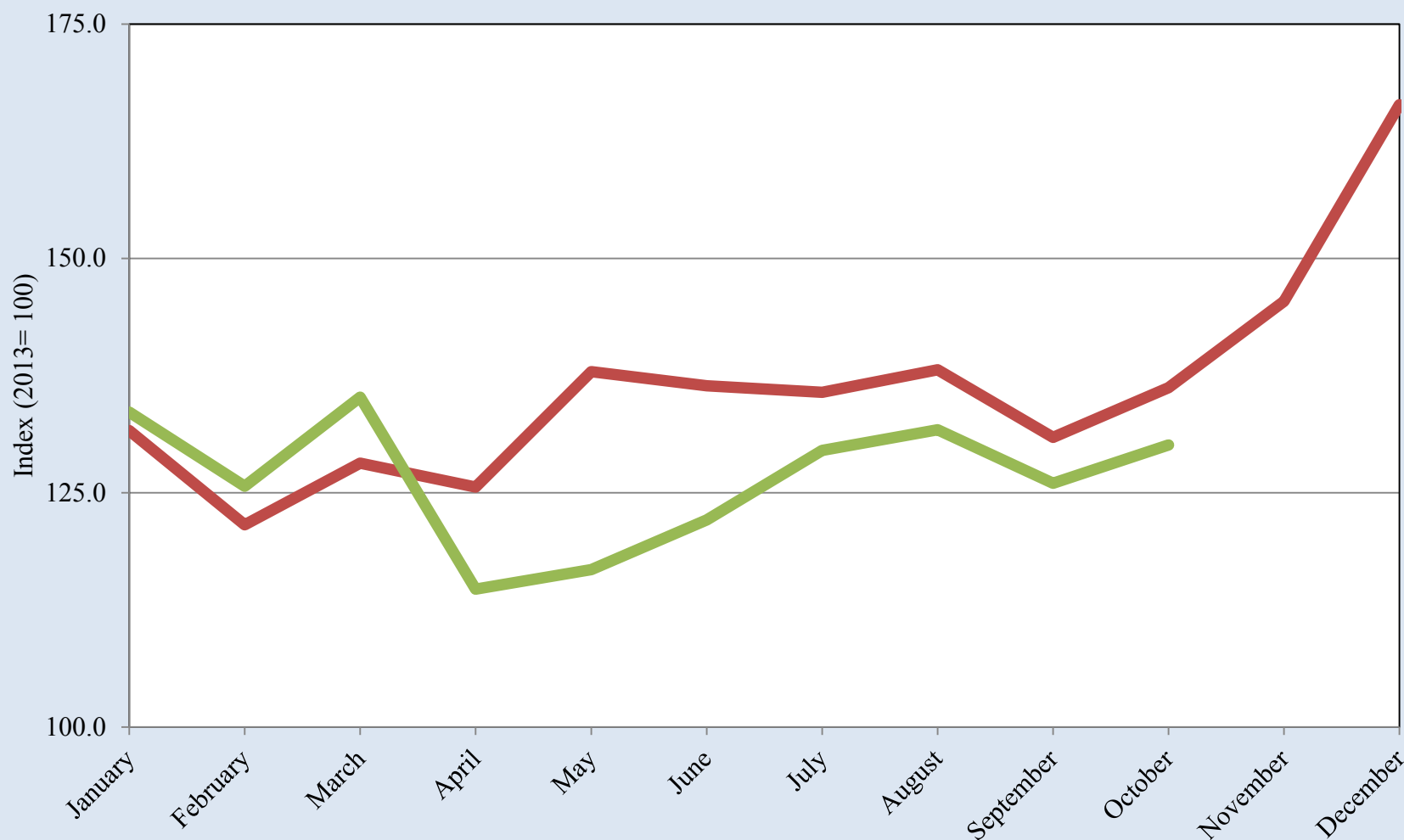
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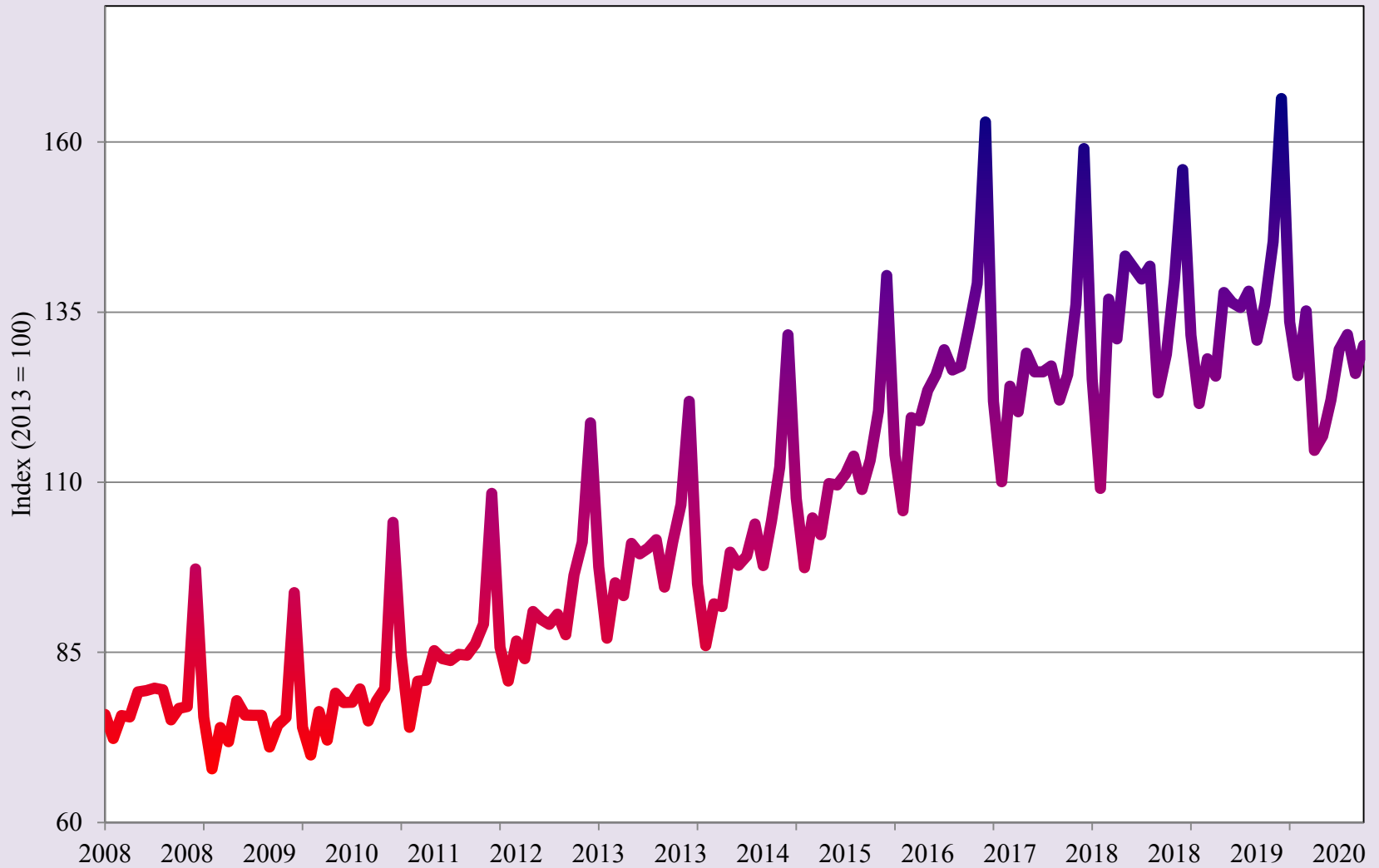
Real Retail Activity Index for the State of Chihuahua

2019 2020



Source: INEGI

Real Retail Activity Index for the State of Chihuahua



Source: INEGI



Short-Term Outlook to 2022



BORDERPLEX BUSINESS BAROMETER

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