Borderplex Business Barometer, Volume 5, Number 7

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Surprising Labor Market Developments

The Federal Reserve Bank of Dallas El Paso Metropolitan Business Cycle Index rose for a seventh consecutive month in June. Accompanying that development, the UTEP BRMP El Paso Household Economic Stress Index declined, again, in June. While that indicates that economic conditions are improving, substantial risks still exist in terms of the Delta variant of the Novel Coronavirus. Those risks are more serious in Ciudad Juárez than in El Paso, but a severe outbreak in the former will also affect economic performance in the latter.

The June unemployment rates in El Paso and Las Cruces were substantially lower than those observed 12 months ago during the COVID-19 lockdown. As each metropolitan economy has lifted lockdown restrictions, businesses in both cities have found it difficult to recruit employees. Suspicions linger that labor force participation has declined as a consequence of the $300 per week federal supplemental unemployment insurance payments. Other factors are also influencing the region.

As underscored by the spreading COVID-19 Delta variant, there are serious health care concerns faced by many households. Daycare center closures and staffing shortages also prevent many adults from seeking work because they have young children at home. Similarly, many households with school-aged children cannot re-enter the labor force until August or September, when schools will re-open. Both of those factors disproportionately reduce female workforce participation.

Structural changes are also affecting regional labor markets. The Baby Boom generation is steadily aging into retirement. While some continue to work on part-time schedules, many others permanently withdraw from the labor force. Net international migration peaked in 1998 and, contrary to widespread opinion, has declined every year since. That further reduces the pool of working-aged adults available in this region and beyond.

Work habits are also changing due to personal choices among those whose jobs were impacted by lay-offs or terminations during the lockdown. Many workers who initially lost jobs have now decided to work only part-time. Others have become self-employed. Labor supplies were tight before the pandemic, and they are even tighter in the aftermath of the pandemic.

As business leaders will affirm, regional labor markets have been affected by all of these developments. Civilian labor forces in El Paso and Las Cruces fell sharply during the second quarter of 2020. The most recent observations are for June 2021. In the case of El Paso, the civilian labor force is now estimated to be larger than what it was in June 2019. In Las Cruces, the labor force has not quite recovered to its June 2019 level, but is within striking distance of that threshold.

In Ciudad Juárez, labor market conditions have been buffeted by the pandemic as well as the non-essential travel restrictions enacted by Ottawa, Washington, and Mexico City. Industrial business conditions are strong and 2021 IMMEX employment figures exceed those of 2019. Commerce is still struggling, however, and payrolls remain hampered by weak sales conditions and ongoing health care difficulties.
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 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 – 2021

El Paso County SNAP (Food Stamp) Enrollment

Number of SNAP Recipients

Source: Texas Health and Human Services Commission
El Paso County SNAP (Food Stamp) 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
El Paso Median Housing Prices from 2006 to 2021

<table>
<thead>
<tr>
<th>Year</th>
<th>Median Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$105,000</td>
</tr>
<tr>
<td>2007</td>
<td>$115,000</td>
</tr>
<tr>
<td>2008</td>
<td>$125,000</td>
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<tr>
<td>2009</td>
<td>$135,000</td>
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<td>2010</td>
<td>$145,000</td>
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<tr>
<td>2011</td>
<td>$155,000</td>
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<td>2012</td>
<td>$165,000</td>
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<tr>
<td>2013</td>
<td>$175,000</td>
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<td>2014</td>
<td>$185,000</td>
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<td>2015</td>
<td>$195,000</td>
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<td>2016</td>
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<td>2017</td>
<td>$215,000</td>
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<td>2018</td>
<td>$225,000</td>
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<td>2019</td>
<td>$235,000</td>
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<tr>
<td>2020</td>
<td>$245,000</td>
</tr>
<tr>
<td>2021</td>
<td>$255,000</td>
</tr>
</tbody>
</table>

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 in El Paso for single family homes 2006-2021

Source: Texas A&M Real Estate Center
El Paso unleaded gasoline prices from January 2006 to May 2021

El Paso Gasoline Prices

2020 2021

$3.50 Nominal Price (Dollars per Gallon)

$3.00

$2.50

$2.00

$1.50

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 ranging from January 2006 to June 2021.

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 from January 2006 with a gap in April and May of 2014 continuing June 2014 to May 2021.

Source: New Mexico Human Services Department
Restaurant Price Ratio and Exchange Rate

2020 Nominal Exchange Rate  2021 Nominal Exchange Rate
2020 Restaurant Price Ratio  2021 Restaurant Price Ratio

Source: UTEP Border Region Modeling Project and Banco de Mexico
Restaurant Price Ratio and Exchange Rate

Price Ratio 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

Dates range from January 2006 to June 2021.

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

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>0.59</td>
<td>0.58</td>
</tr>
<tr>
<td>February</td>
<td>0.58</td>
<td>0.58</td>
</tr>
<tr>
<td>March</td>
<td>0.59</td>
<td>0.57</td>
</tr>
<tr>
<td>April</td>
<td>0.58</td>
<td>0.57</td>
</tr>
<tr>
<td>May</td>
<td>0.58</td>
<td>0.57</td>
</tr>
<tr>
<td>June</td>
<td>0.57</td>
<td>0.57</td>
</tr>
<tr>
<td>July</td>
<td>0.56</td>
<td>0.57</td>
</tr>
<tr>
<td>August</td>
<td>0.56</td>
<td>0.58</td>
</tr>
<tr>
<td>September</td>
<td>0.56</td>
<td>0.58</td>
</tr>
<tr>
<td>October</td>
<td>0.56</td>
<td>0.59</td>
</tr>
<tr>
<td>November</td>
<td>0.56</td>
<td>0.59</td>
</tr>
<tr>
<td>December</td>
<td>0.56</td>
<td>0.59</td>
</tr>
</tbody>
</table>

Source: UTEP Border Region Modeling Project, healthwarehouse.com, goodrx.com, medsmex.com
Pharmaceutical Nominal Price Ratio in the USA and Mexico

Source: UTEP Border Region Modeling Project, healthwarehouse.com, goodrx.com, medsmex.com
### EPIA Freight and Mail (Inbound and Outbound) - 2020 and 2021 (2 year comparison)

<table>
<thead>
<tr>
<th>Month</th>
<th>Total 2020</th>
<th>Total 2021</th>
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</thead>
<tbody>
<tr>
<td>Jan</td>
<td>11,500</td>
<td>10,500</td>
</tr>
<tr>
<td>Feb</td>
<td>10,500</td>
<td>9,500</td>
</tr>
<tr>
<td>Mar</td>
<td>9,500</td>
<td>8,500</td>
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<tr>
<td>Apr</td>
<td>8,500</td>
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<tr>
<td>May</td>
<td>7,500</td>
<td>6,500</td>
</tr>
<tr>
<td>Jun</td>
<td>6,500</td>
<td>5,500</td>
</tr>
</tbody>
</table>

**Source:** EPIA Operations
EPIA Freight and Mail

Tons of Freight/Mail


Source: EPIA Operations
EPIA Passengers (Deplaned and Enplaned)

Number of Passengers

<table>
<thead>
<tr>
<th></th>
<th>Total 2020</th>
<th>Total 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>300,000</td>
<td>250,000</td>
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<tr>
<td>2</td>
<td>200,000</td>
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<td>50,000</td>
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<tr>
<td>4</td>
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<td>0</td>
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</table>

Source: EPIA Operations
EPIA AirCarrier 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
Monthly border wait times at Paseo Del Norte, Ysleta and Bridge of the Americas. Data set ranging from January 2011 to June 2021.

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
Pedestrian International Bridge Crossings to El Paso

590,000 Number of Pedestrians

2020 2021

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
Number of Cargo Trucks

- 2020
- 2021

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
Aggregate Export-Oriented Manufacturing Employment in Ciudad Juárez

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>290,000</td>
</tr>
<tr>
<td>2008</td>
<td>260,000</td>
</tr>
<tr>
<td>2009</td>
<td>230,000</td>
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<tr>
<td>2010</td>
<td>200,000</td>
</tr>
<tr>
<td>2011</td>
<td>170,000</td>
</tr>
<tr>
<td>2012</td>
<td>140,000</td>
</tr>
</tbody>
</table>

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
Total Value of Construction in the State of Chihuahua

Source: INEGI
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
Short-Term Outlook to 2022
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.