Border Region Modeling Project

Economics and Finance Department

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Delta Variant Disruptions Challenge Business Confidence

Worldwide business confidence has strengthened substantially in 2021. During the last 10 weeks, however, business confidence has stalled. Much of the momentum loss is due to the surge of infections caused by the Delta-variant of the Novel Coronavirus. The unexpected increases in infections and fatalities have understandably increased uncertainty for both short- and medium-term sales prospects.

As a consequence of those developments, demand for office space remains in the doldrums. The cloudy outlook has also caused inventory investment to slow and credit availability to tighten. Fortunately, the caution exhibited across multiple segments of the business sector has not translated into an economic downturn, but additional problems loom.

Hurricane Ida has damaged wide swaths of Louisiana, with further damage in parts of Mississippi and other states due to storm-related flooding. While the impacts could have been worse, the re-building efforts are likely to cause a new round of construction related supply chain imbalances. That will temporarily cause some materials prices to reverse course and rise, while others may cease declining. Because Ida caused problems across numerous state boundaries, it may lead to quicker Congressional approval of a federal infrastructure bill.

In El Paso and Las Cruces, labor market conditions continue to improve. Both metropolitan economies have vaccination rates that are well ahead of national and regional rates. Local health authorities argue that the latter will help protect the labor force and, by extension, large swaths of regional business activity. By November, preliminary evidence regarding the impacts of school re-openings on aggregate Borderplex female labor force participation rates should begin to emerge.

Not surprisingly, some sectors of the Borderplex regional economy continue to face pronounced levels of stress. Transportation companies continue to confront driver shortages, forcing many to forgo new sales opportunities. Restaurants also face ongoing staffing difficulties. Commercial real estate loan delinquency problems have not intensified this year, but the border closure and increased e-commerce have caused retail loan demand to be noticeably weaker than it usually would be for this stage of a business cycle recovery. At present, there is no end in sight for the non-essential travel restrictions, and that will continue to hamper retail activity in much of El Paso.

While the problems that have emerged in recent months affect all regions of North America, the Borderplex does have several bright spots that set it apart. Warehouse construction has accelerated, not only because of the Amazon project in Far East El Paso, but also because vacancy rates are fairly low. International trade flows through the El Paso Customs District have surpassed $10 billion during several months this year. That has translated into consistently strong manufacturing orders throughout Northern Mexico. The only way for companies to fulfill those orders is to increase payrolls, something that has happened during several consecutive months in Ciudad Juarez and Chihuahua City.
El Paso County Confirmed New COVID-19 Cases

Source: Texas Department of Health Services
COVID-19 Hospital Confirmed Beds

Source: Center for Disease Control and Prevention
El Paso Metropolitan Business Cycle Index

Seasonally Adjusted Index (October 1980 = 100)

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 County Unemployment Rate

Unemployment Rate (Not Seasonally Adjusted)

Source: Bureau of Labor Statistics
El Paso County Unemployment Rate

Unemployment Rate (Not Seasonally Adjusted)

Source: Bureau of Labor Statistics
El Paso County SNAP (Food Stamp) Enrollment

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

El Paso County SNAP Enrollment

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

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)

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.

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

- 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

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

Index (March 1997 = 100)

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

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, healthcarewarehouse.com, goodrx.com, medsmex.com
EPIA Freight and Mail (Inbound and Outbound) 2020 and 2021 (2 year comparison)

Source: EPIA Operations
Source: EPIA Operations
EPIA Passengers

Source: EPIA Operations
Source: EPIA Operations
EPIA Air Carrier Operations

Source: EPIA Operations
Paso del Norte Monthly Wait Times

Source: UTEP Border Region Modeling Project
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
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

Number of Pedestrians

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

Total Trade (Exports + Imports) in Millions of Nominal Dollars

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
Export-Oriented Manufacturing Employment in Ciudad Juárez

Source: INEGI
Northern Mexico Manufacturing Orders Index

Index (Range: 0 - 100)

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
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
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.