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Borderplex Business Barometer, Volume 5, Number 8

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BORDERPLEX BUSINESS BAROMETER

August 2021

Border Region Modeling Project
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Borderplex Business Barometer, Volume 5, Number 8

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.

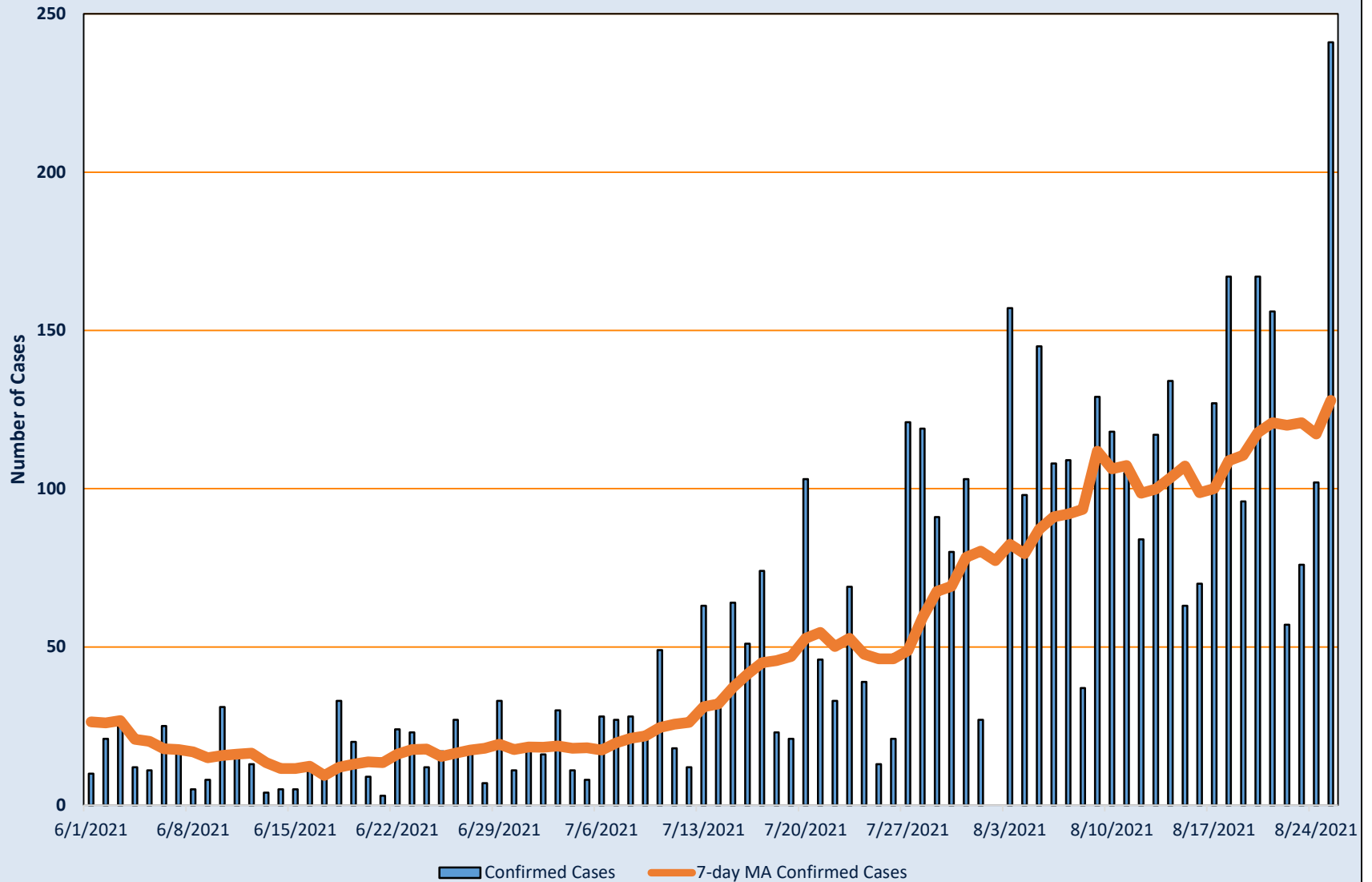
In El Paso and Las Cruces, labor market conditions continue to improve. Both metropolitan economies have vaccination rates that are well ahead of national and regional rates. Local health authorities argue that the latter will help protect the labor force and, by extension, large swaths of regional business 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.

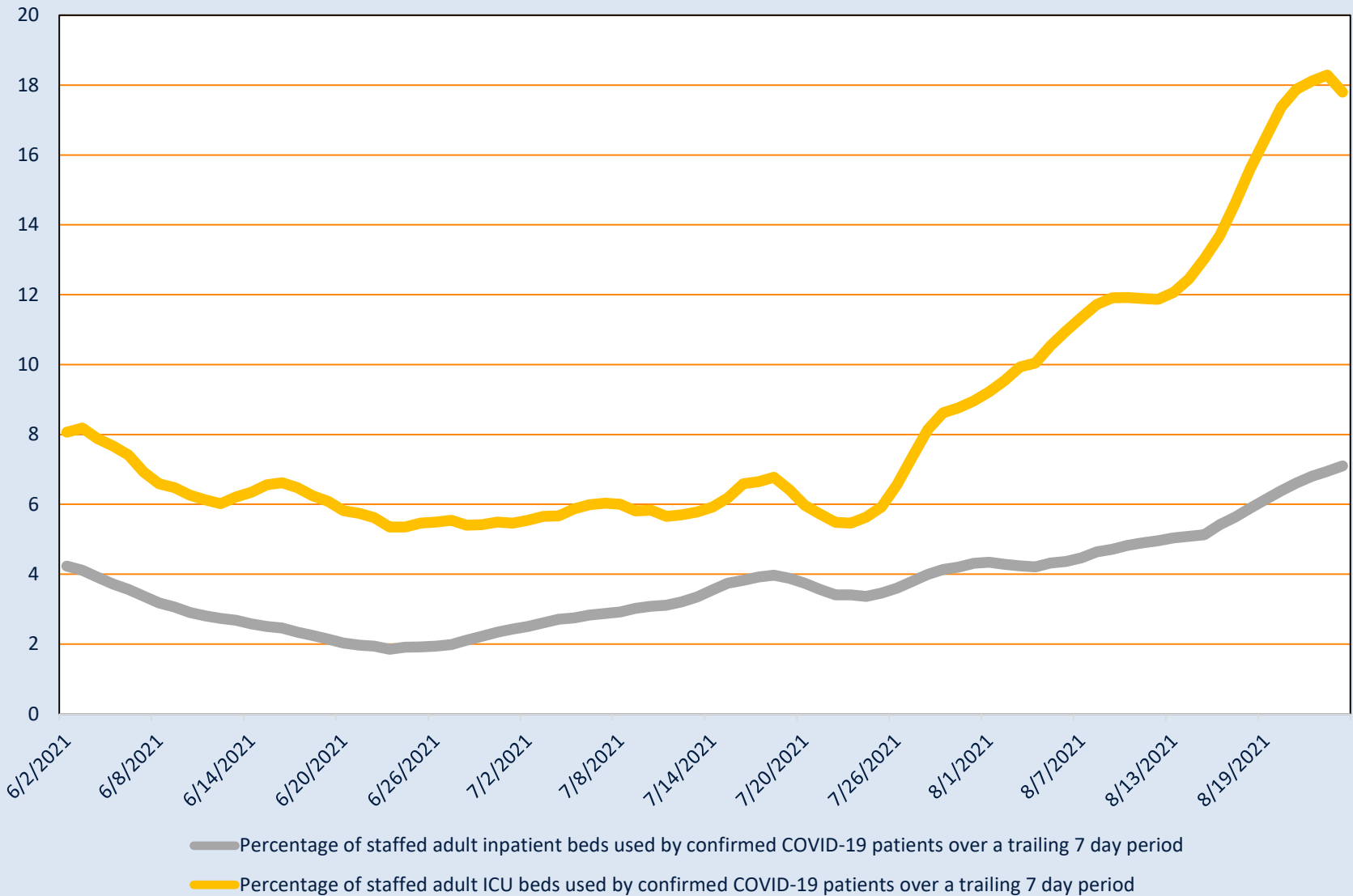
While the problems that have emerged in recent months affect all regions of North America, the Borderplex does have several bright spots that set it apart. Warehouse construction has accelerated, not only because of the Amazon project in Far East El Paso, but also because vacancy rates are fairly low. 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

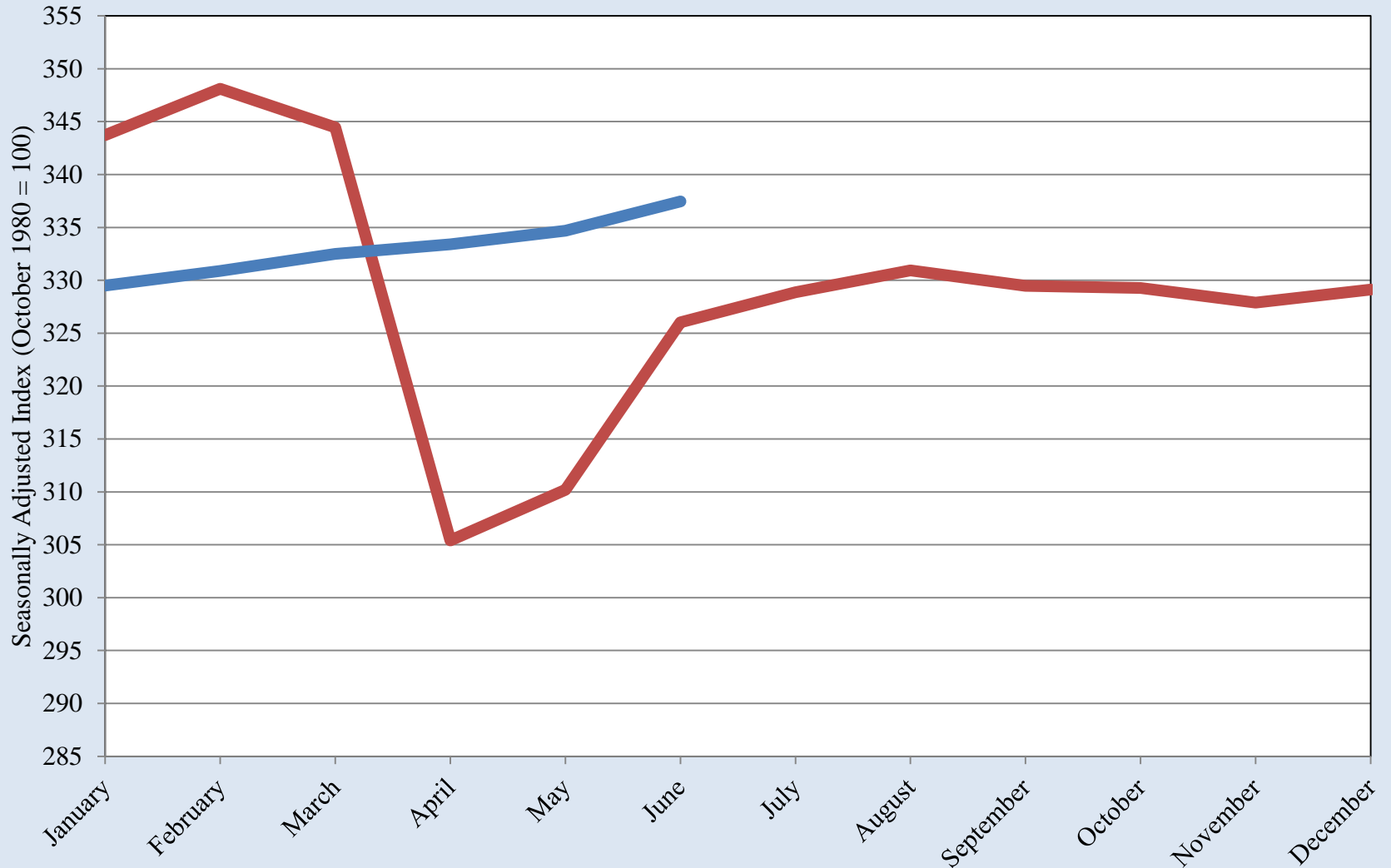
COVID-19 Hospital Confirmed Beds



Source: Center for Disease Control and Prevention

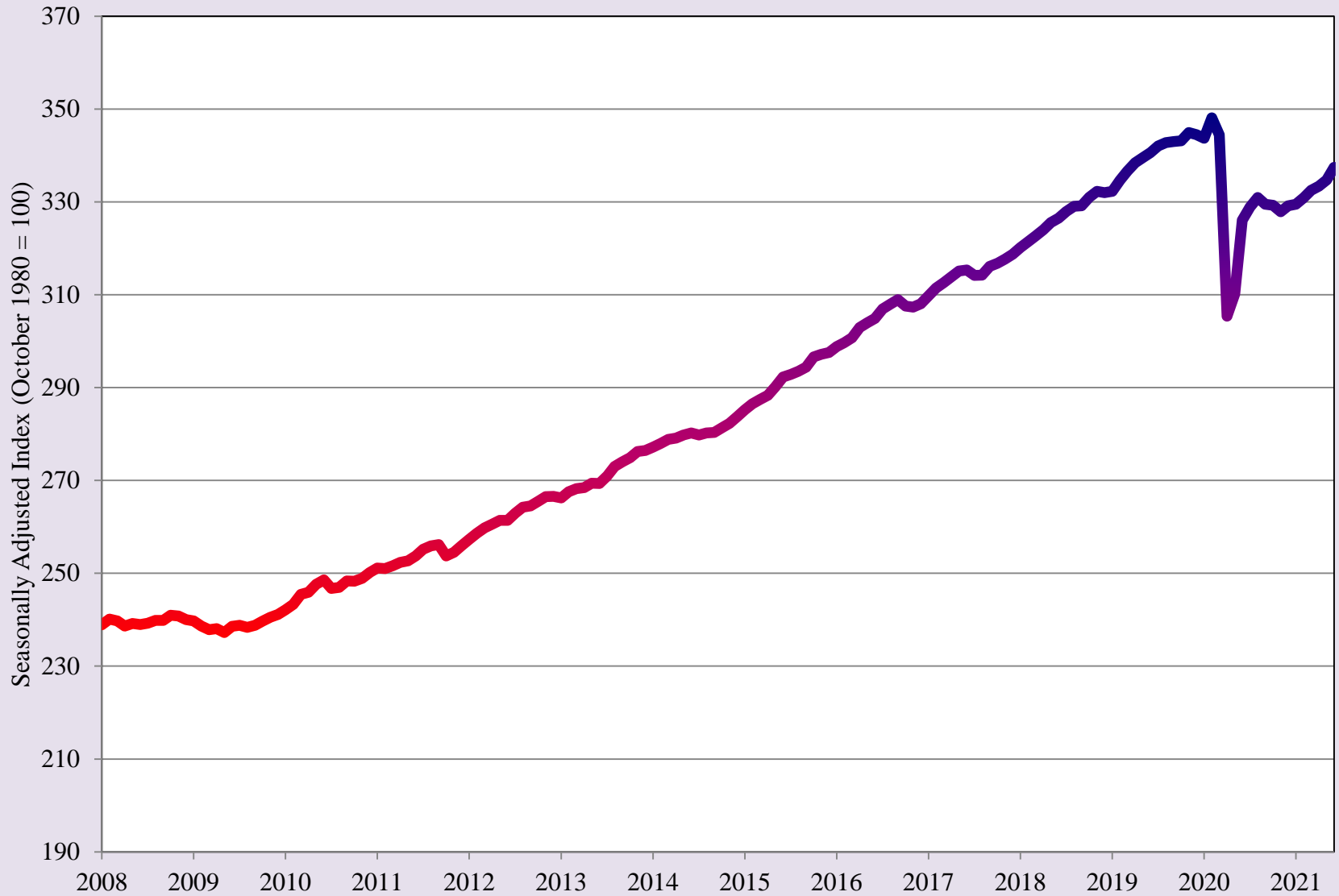
El Paso Metropolitan Business Cycle Index

2020 2021



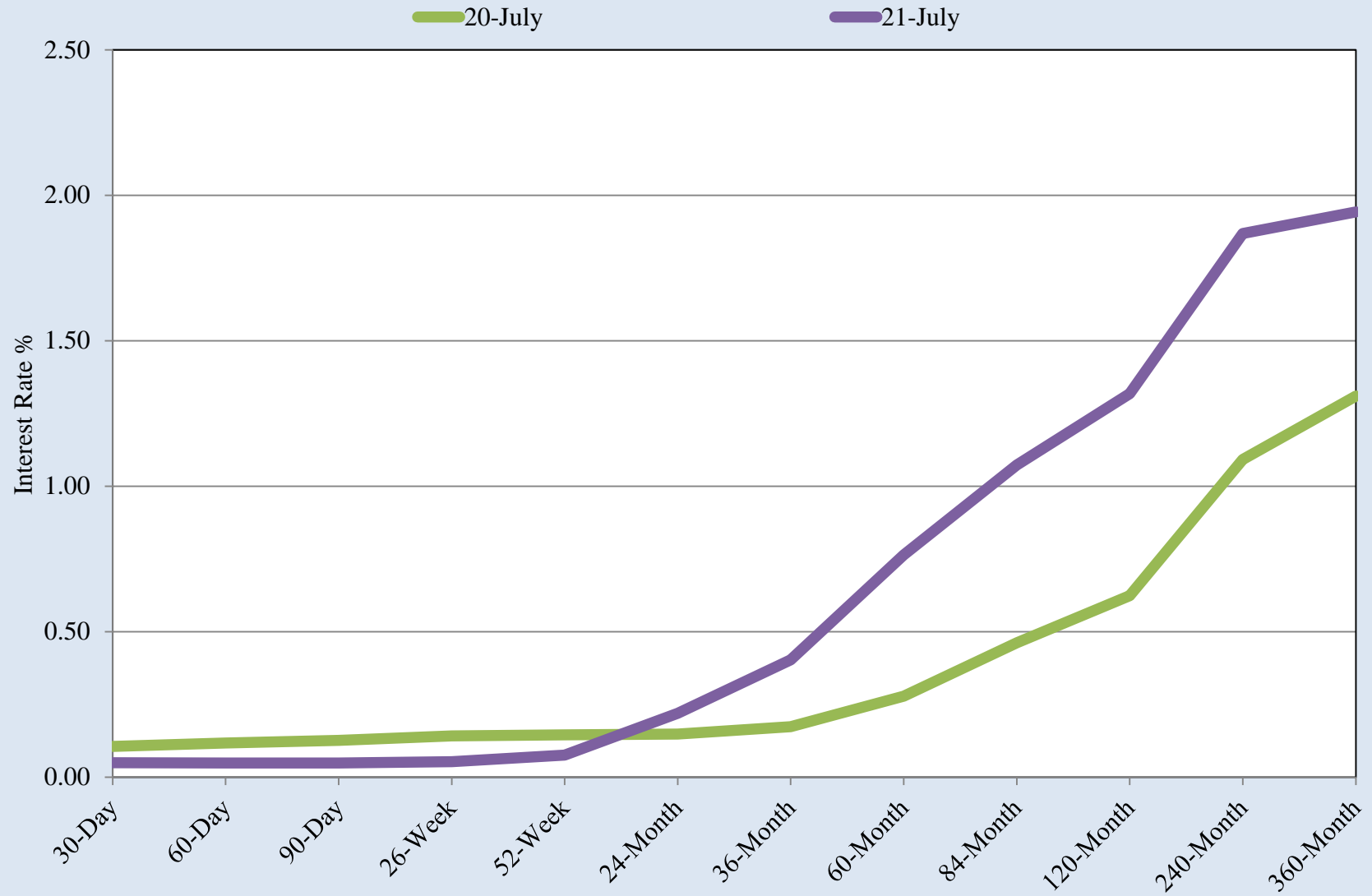
Source: Federal Reserve Bank of Dallas

El Paso Metropolitan Business Cycle Index



Source: Federal Reserve Bank of Dallas

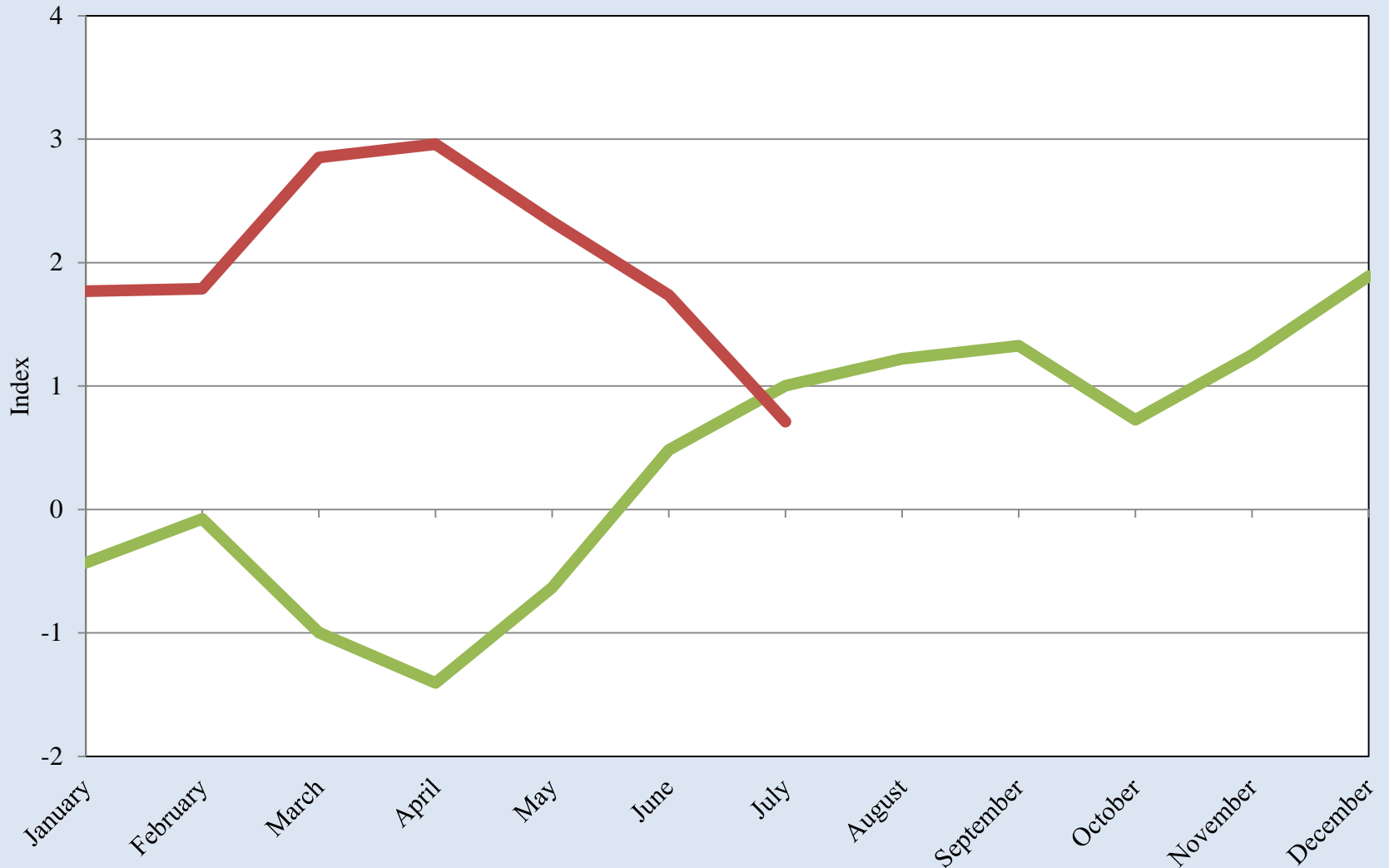
Average Treasury Yield Curve Rates



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

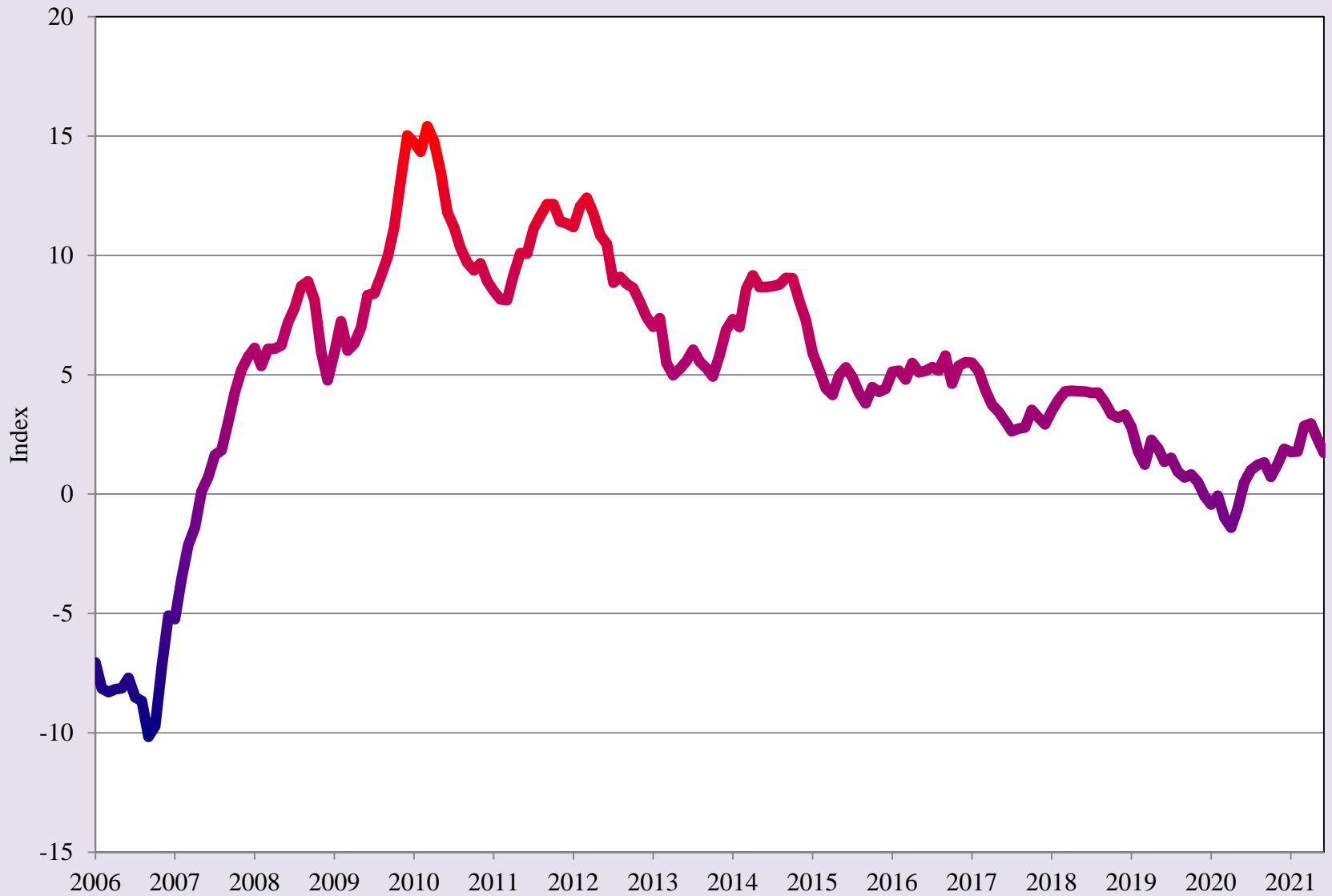
El Paso Household Economic Stress Index

2020 2021



Source: UTEP Border Region Modeling Project

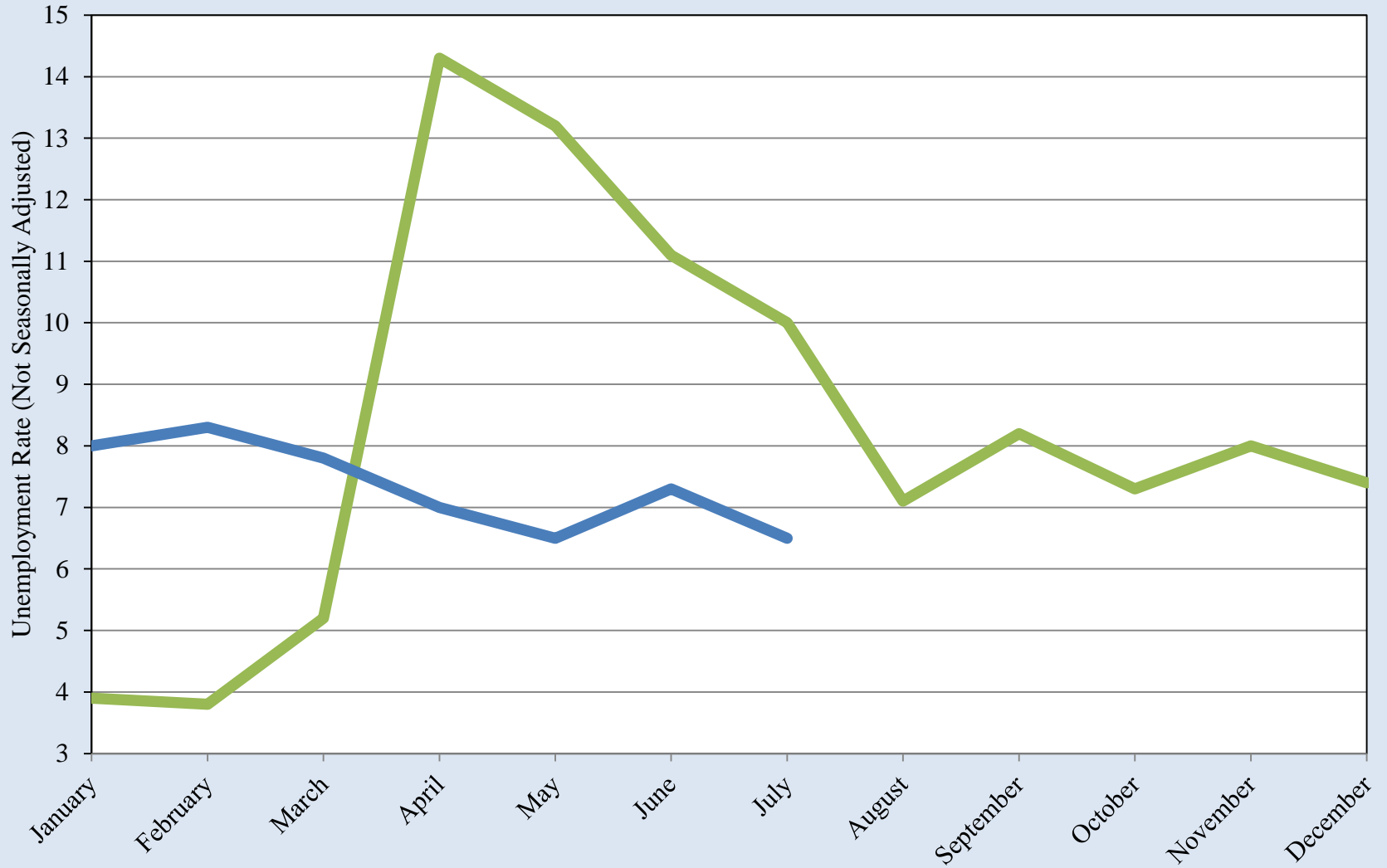
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Source: UTEP Border Region Modeling Project

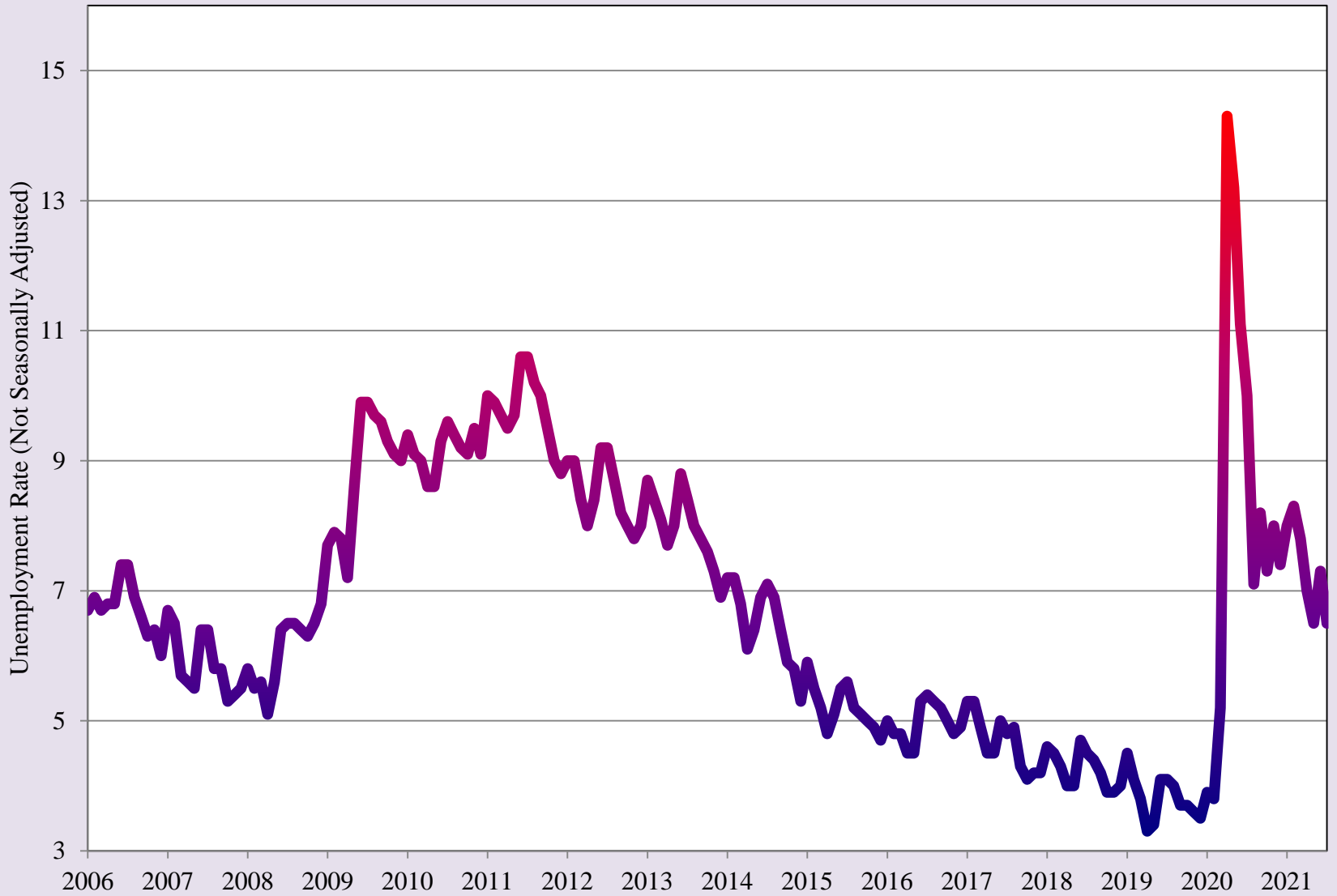
El Paso County Unemployment Rate

2020 2021



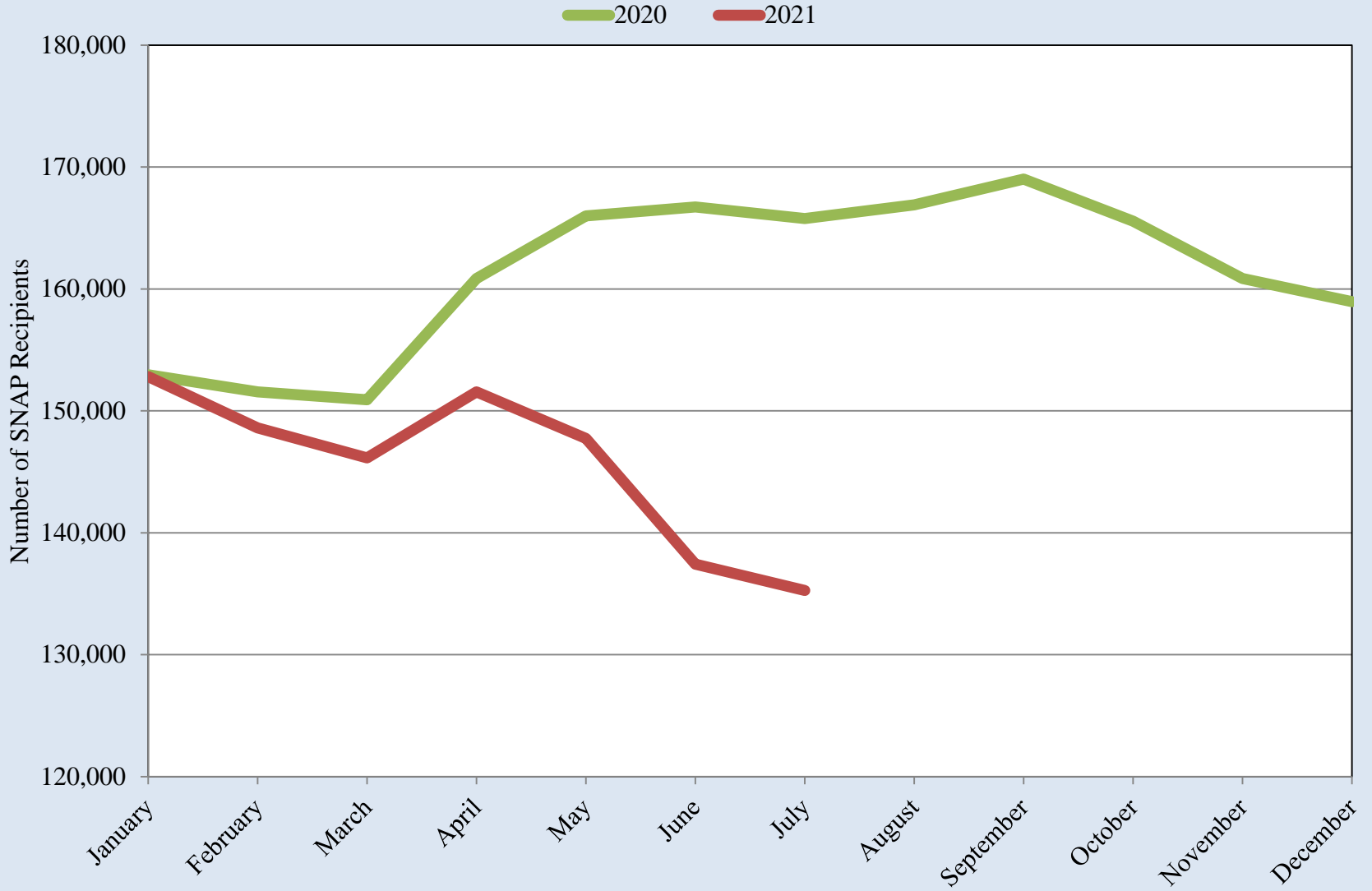
Source: Bureau of Labor Statistics

El Paso County Unemployment Rate



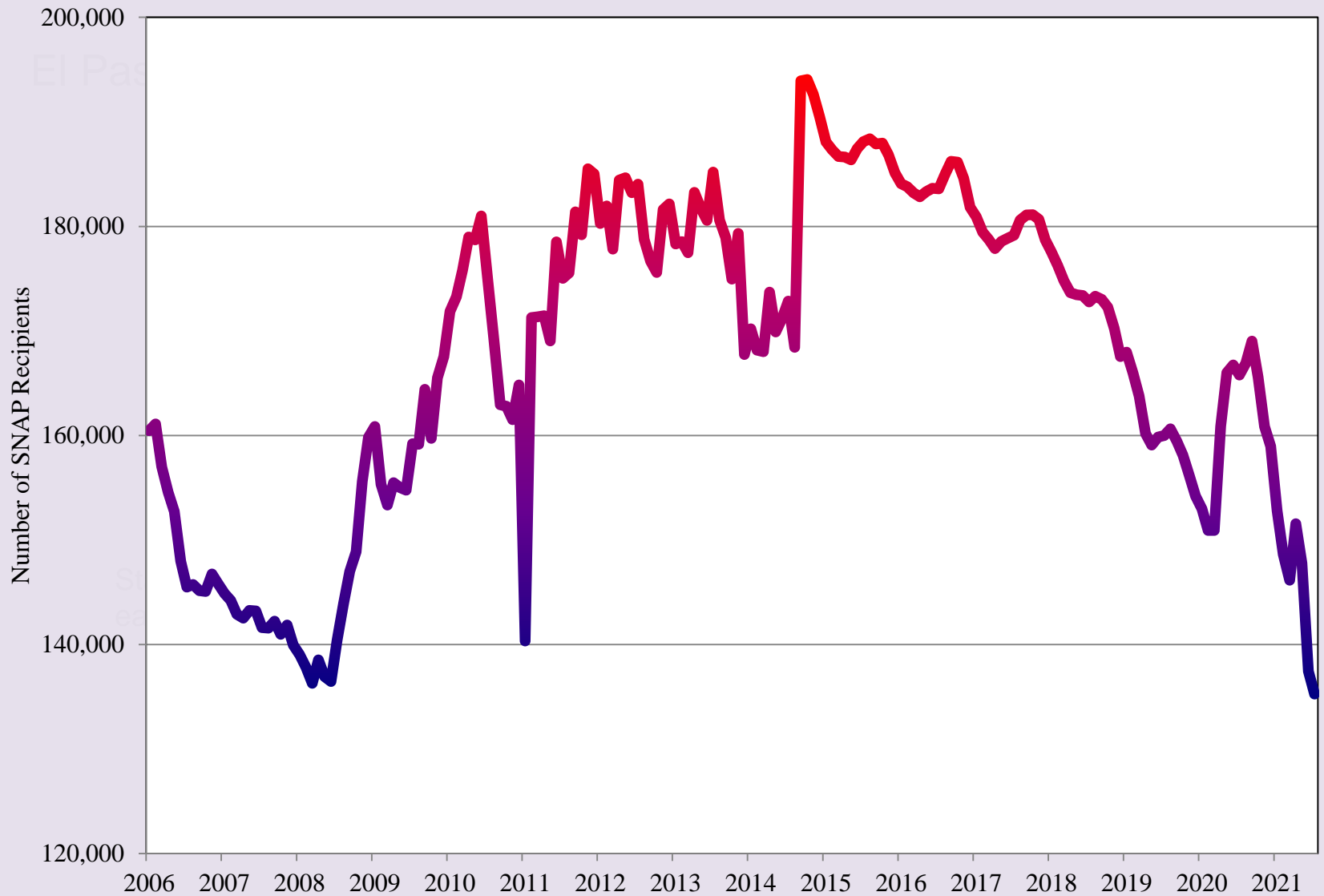
Source: Bureau of Labor Statistics

El Paso County SNAP (Food Stamp) Enrollment



Source: Texas Health and Human Services Commission

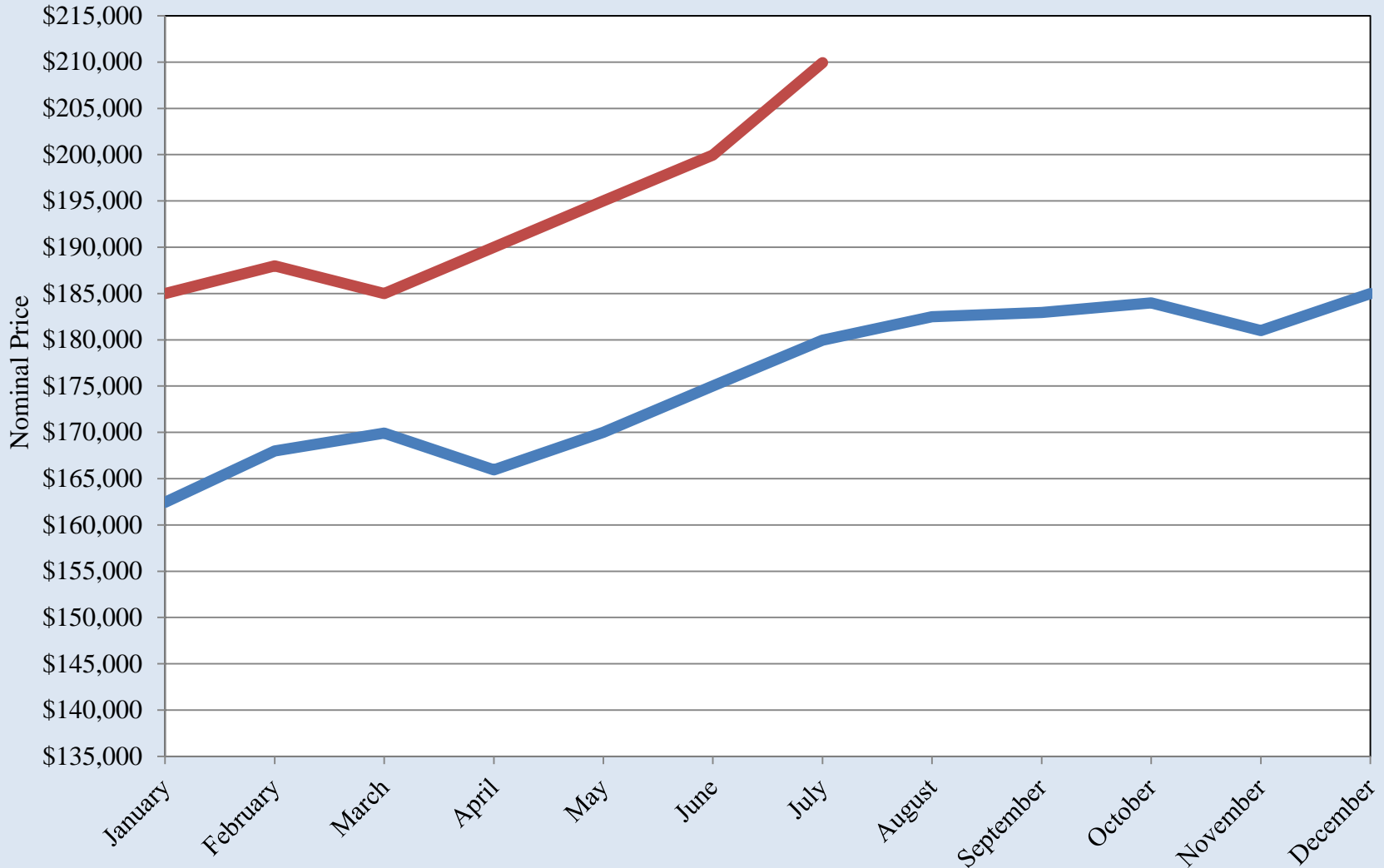
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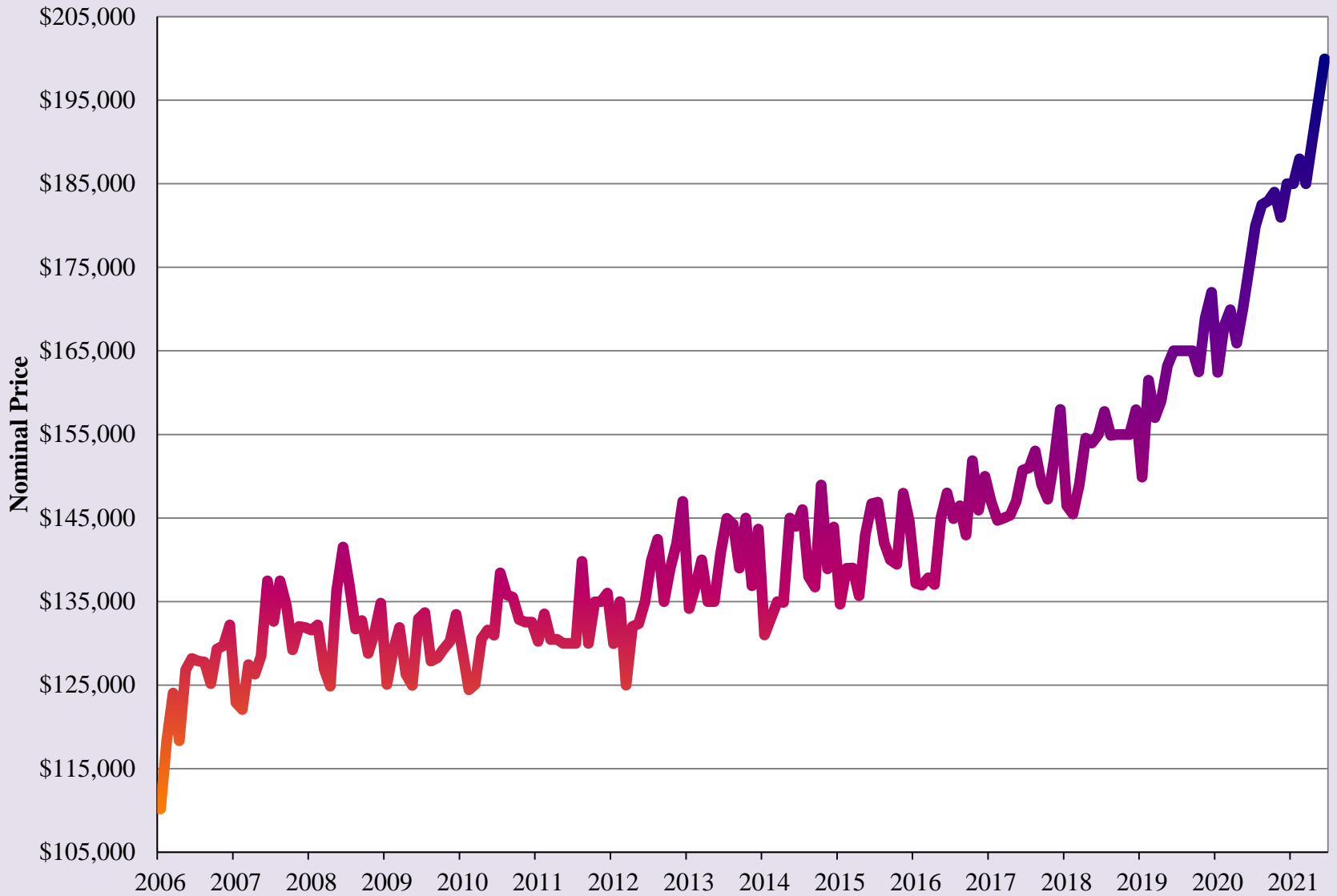
El Paso Median Housing Prices

— 2020 — 2021



Source: Texas A&M Real Estate Center

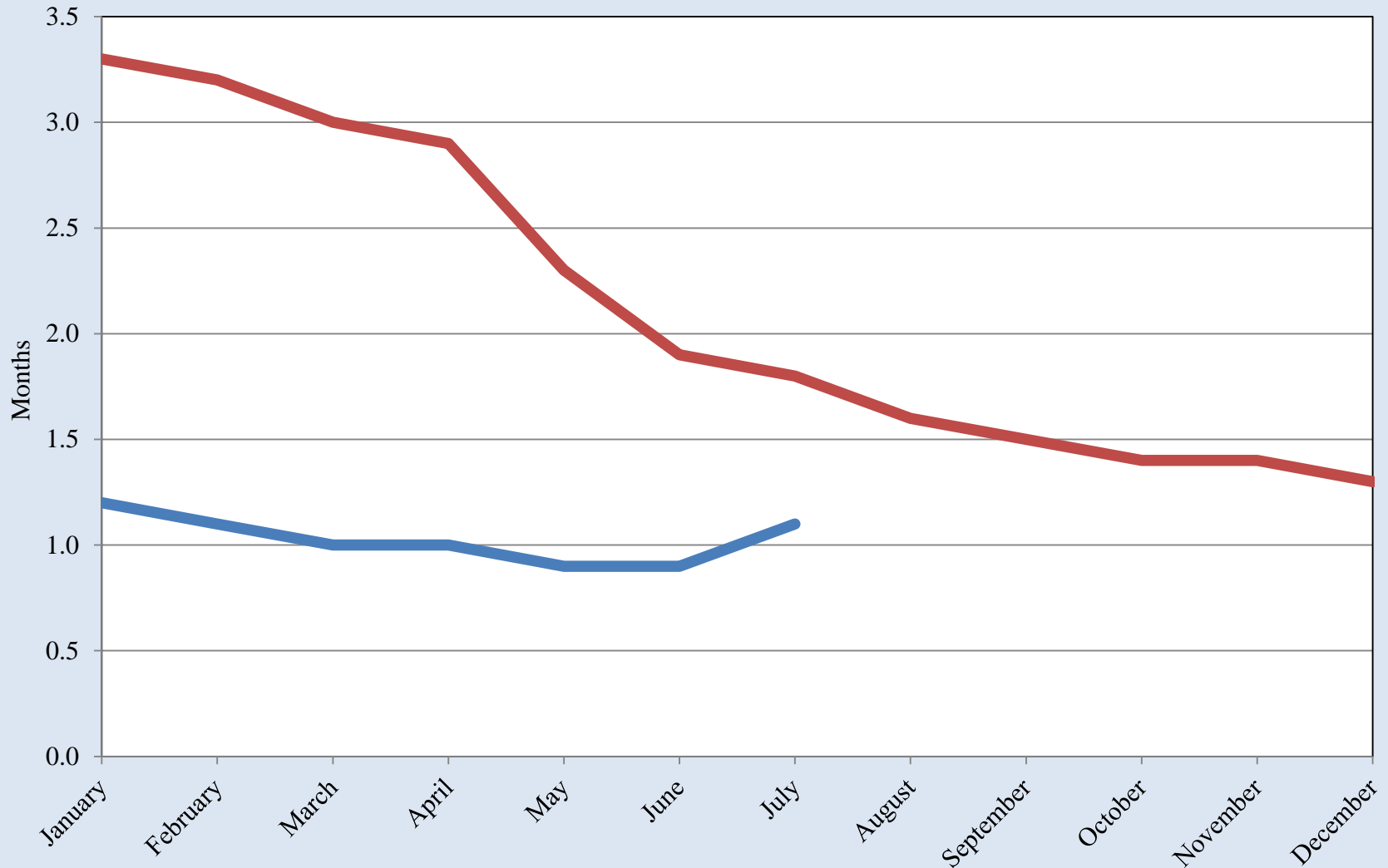
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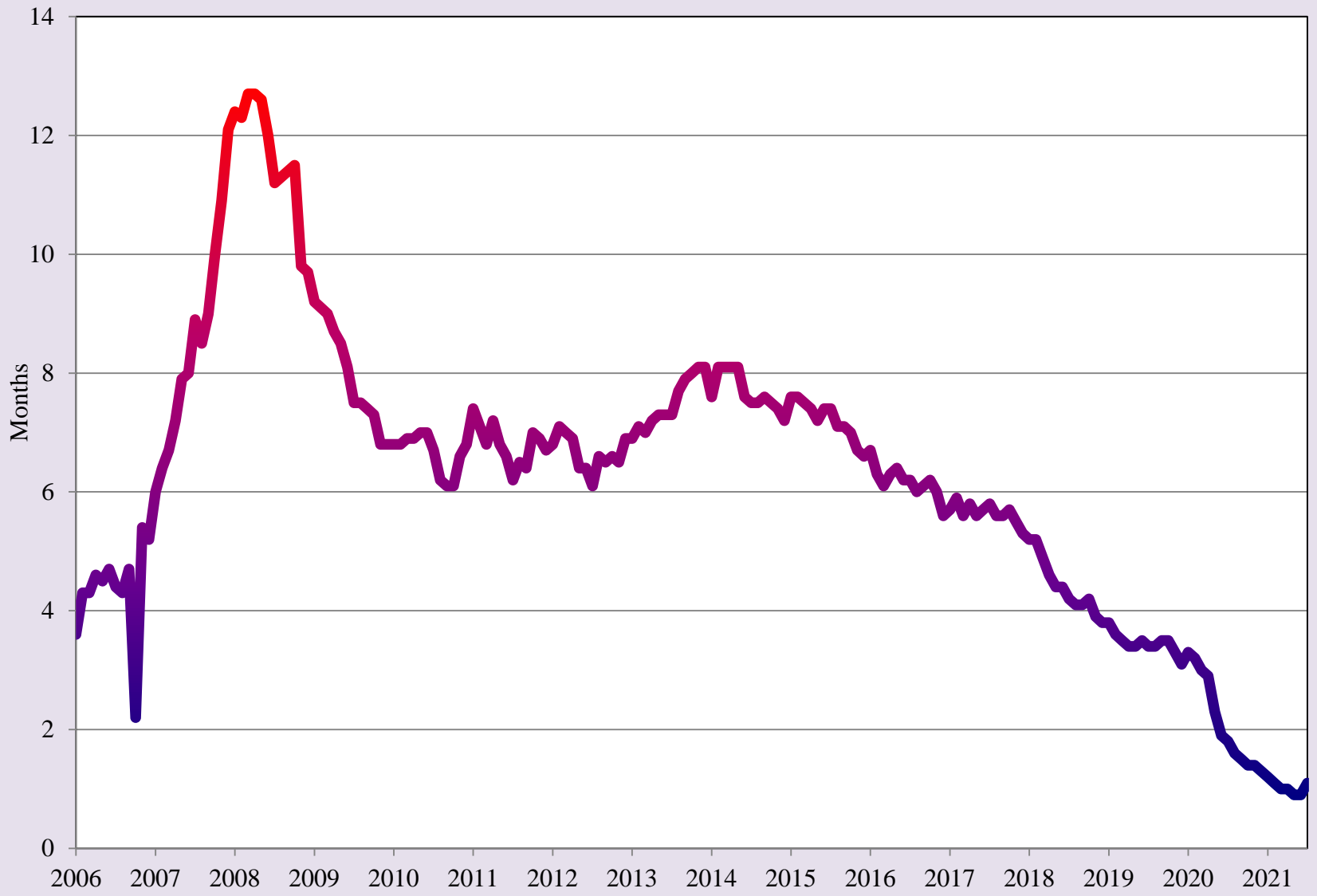
Months of Housing Inventory for El Paso

2020 2021



Source: Texas A&M Real Estate Center

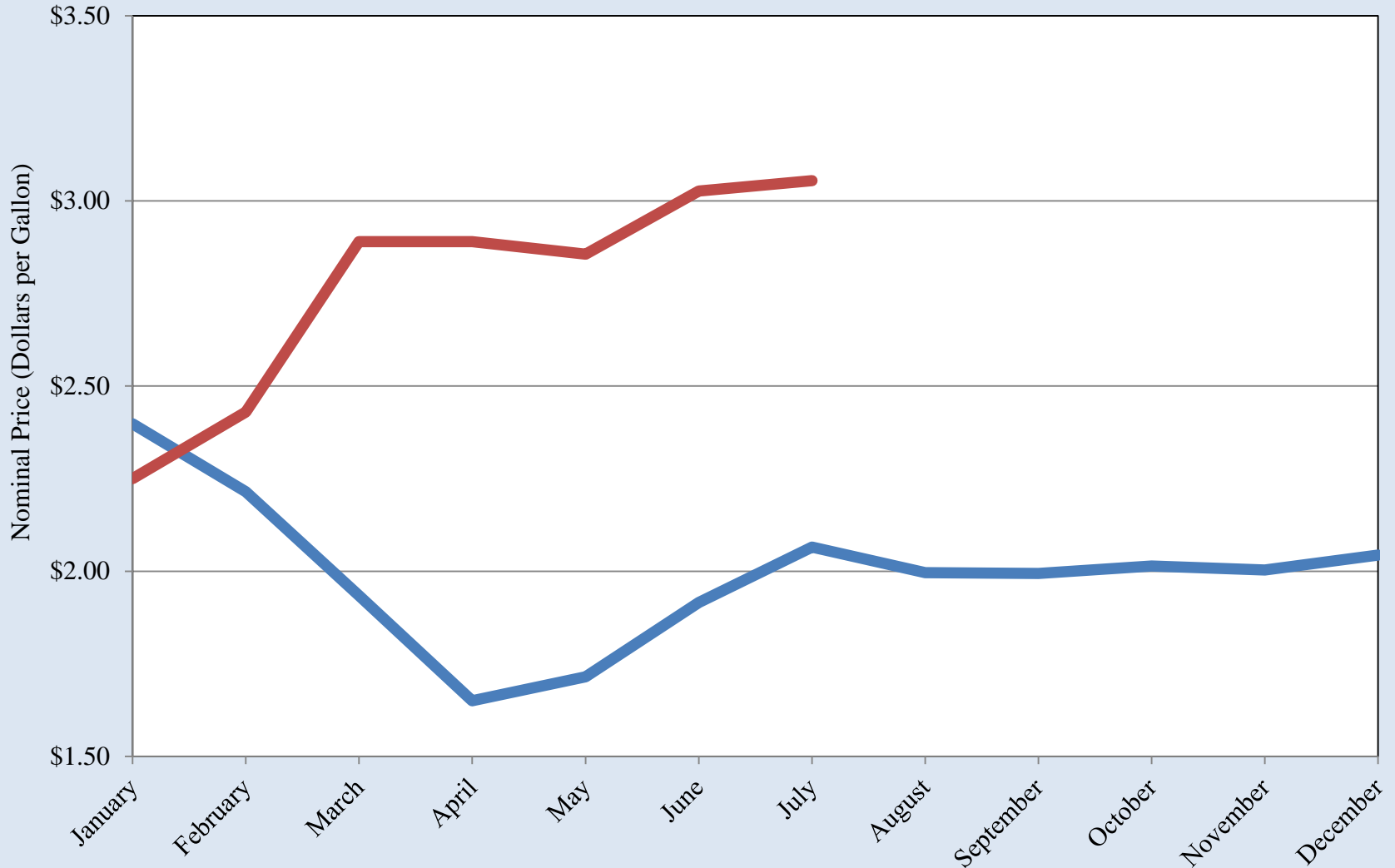
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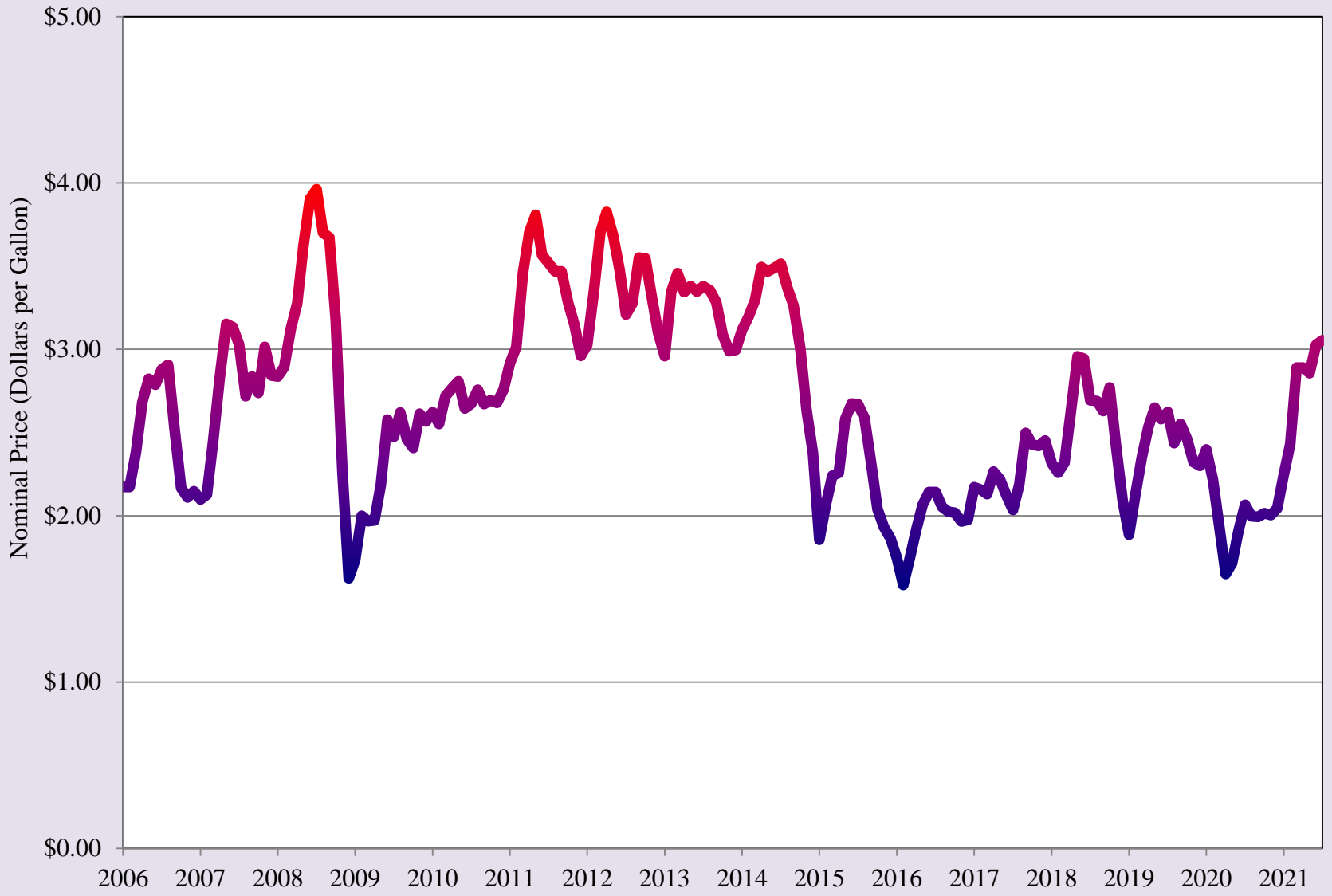
El Paso Gasoline Prices

2020 2021



Source: GasBuddy.com

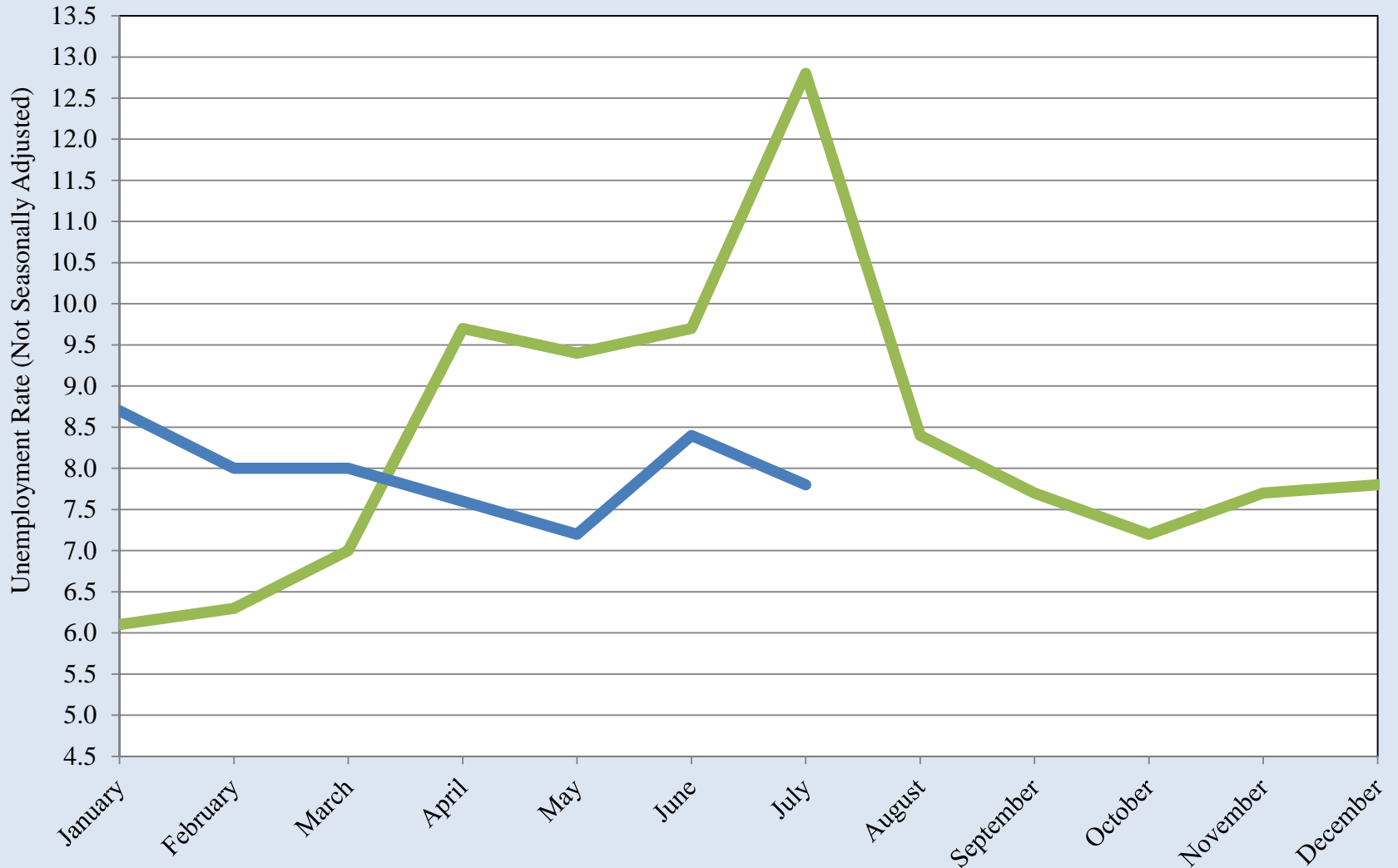
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Source: GasBuddy.com

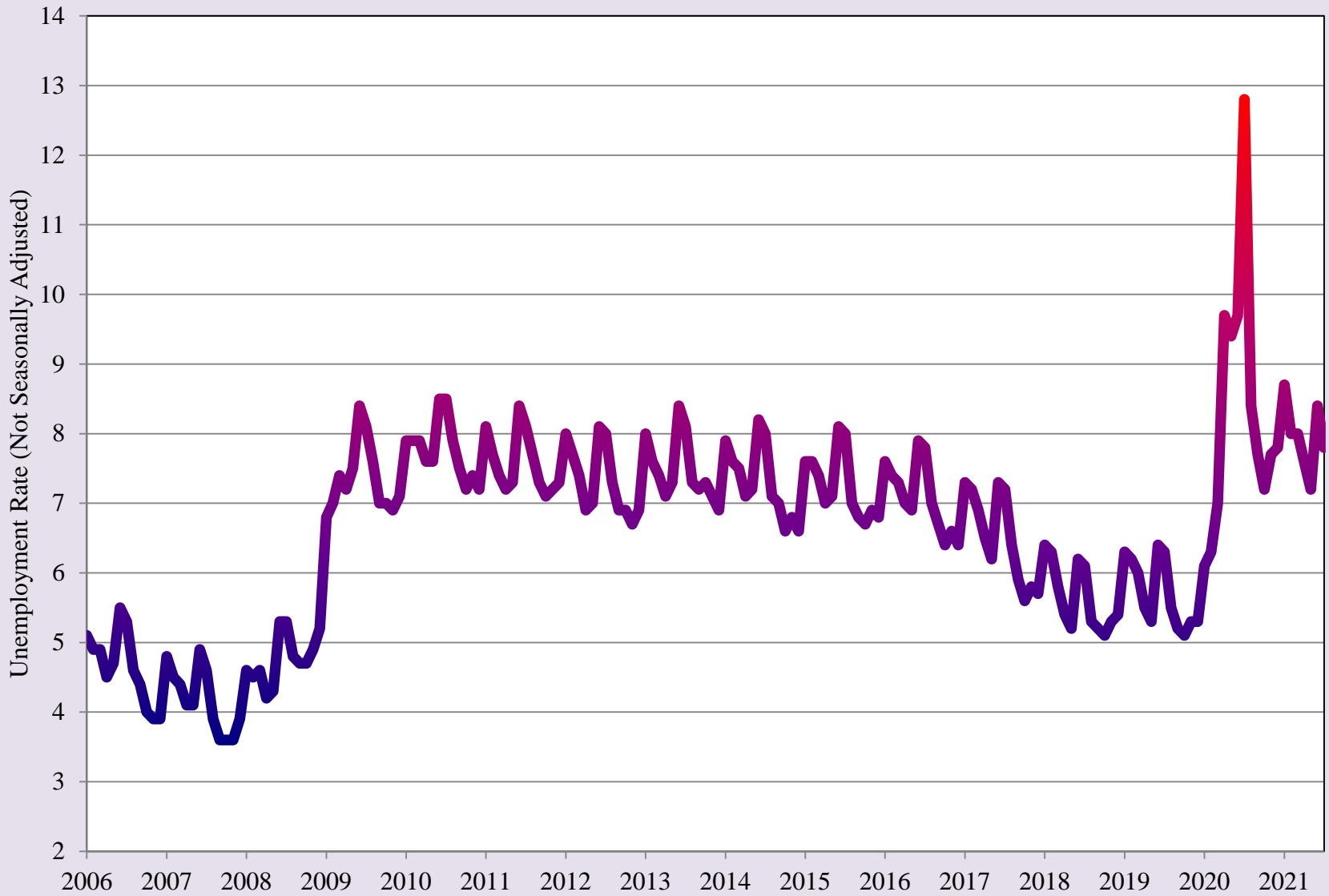
Doña Ana County Unemployment Rate

2020 2021



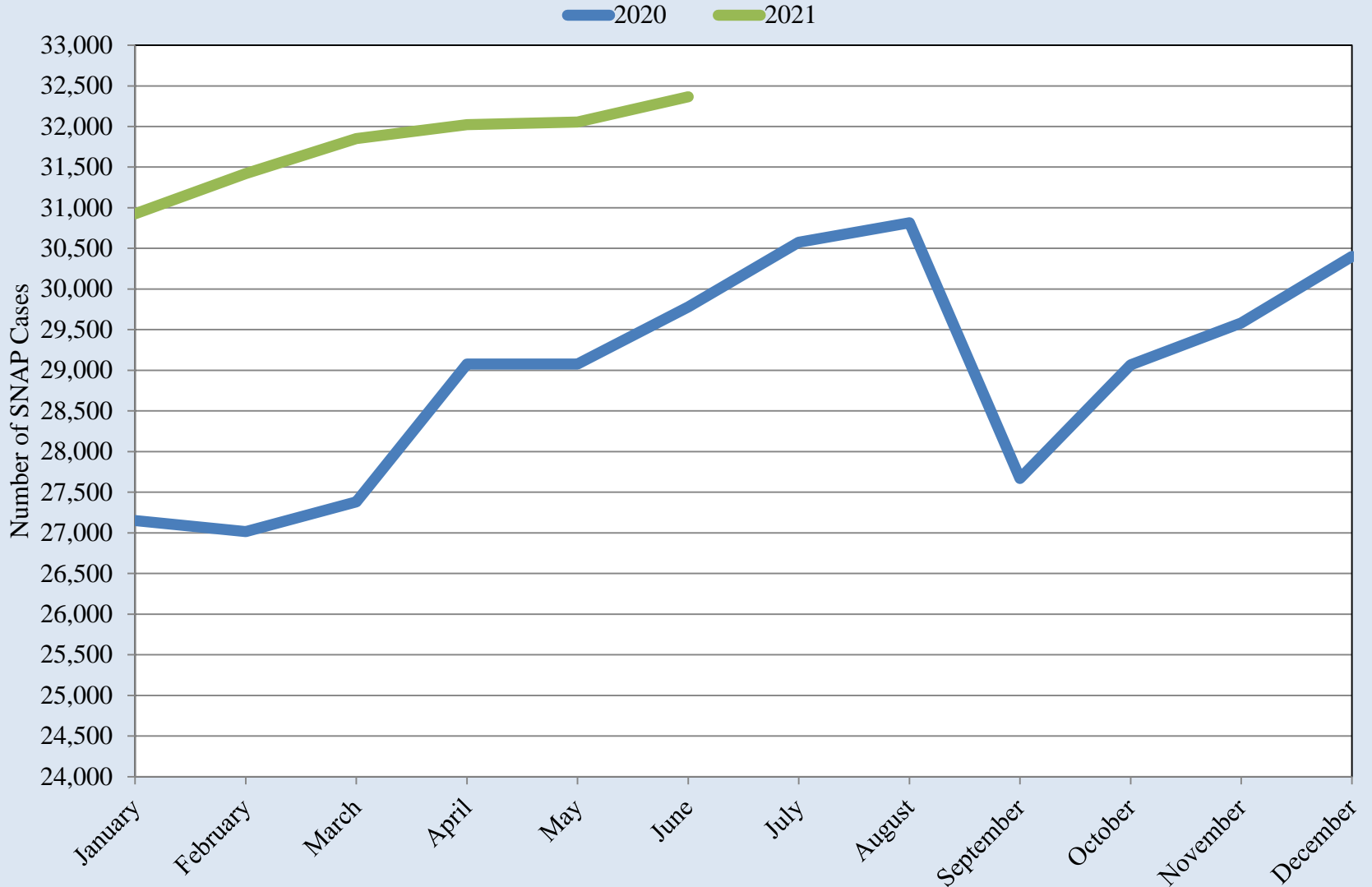
Source: Bureau of Labor Statistics

Doña Ana County Unemployment Rate



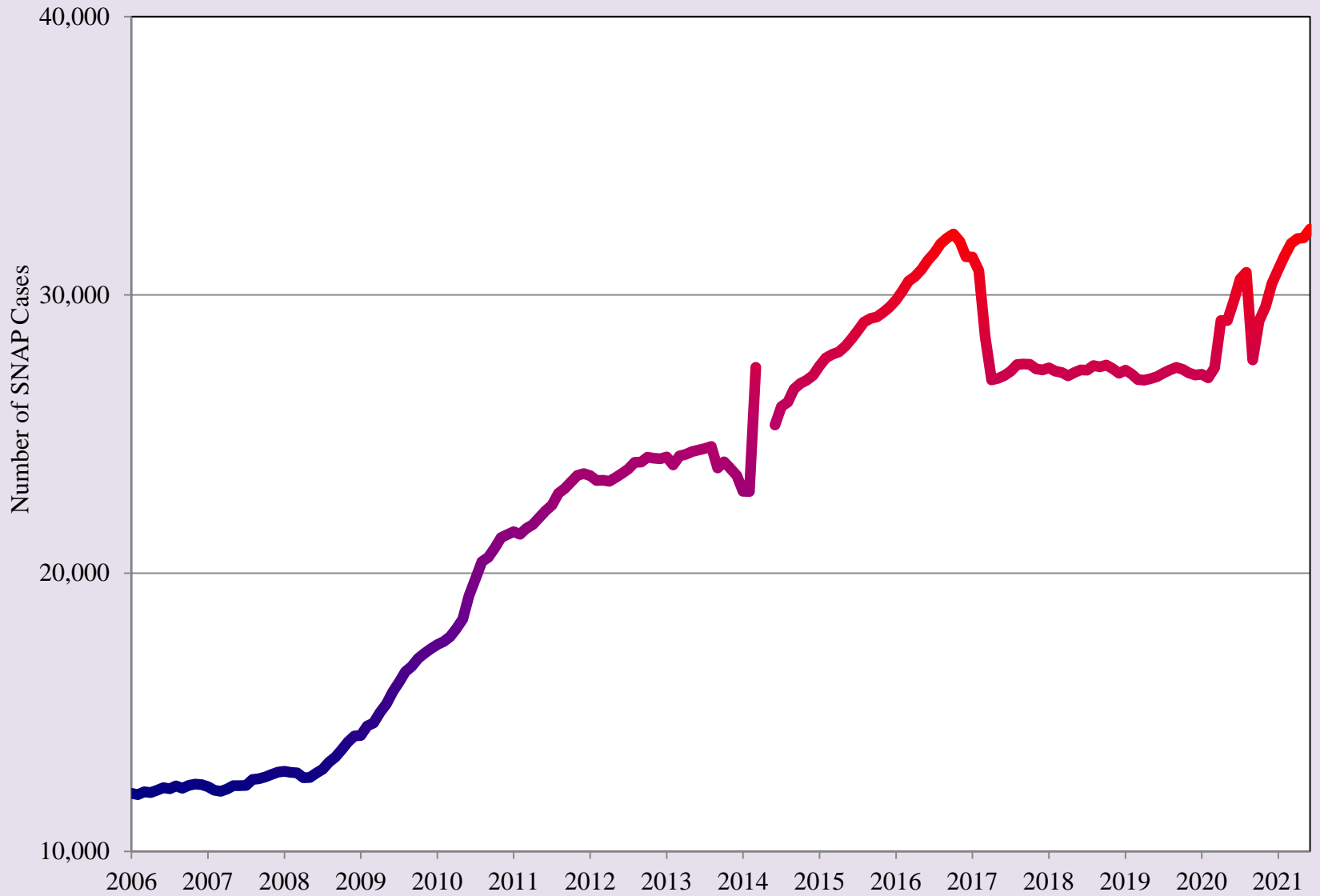
Source: Bureau of Labor Statistics

Las Cruces Area SNAP (Food Stamp) Cases



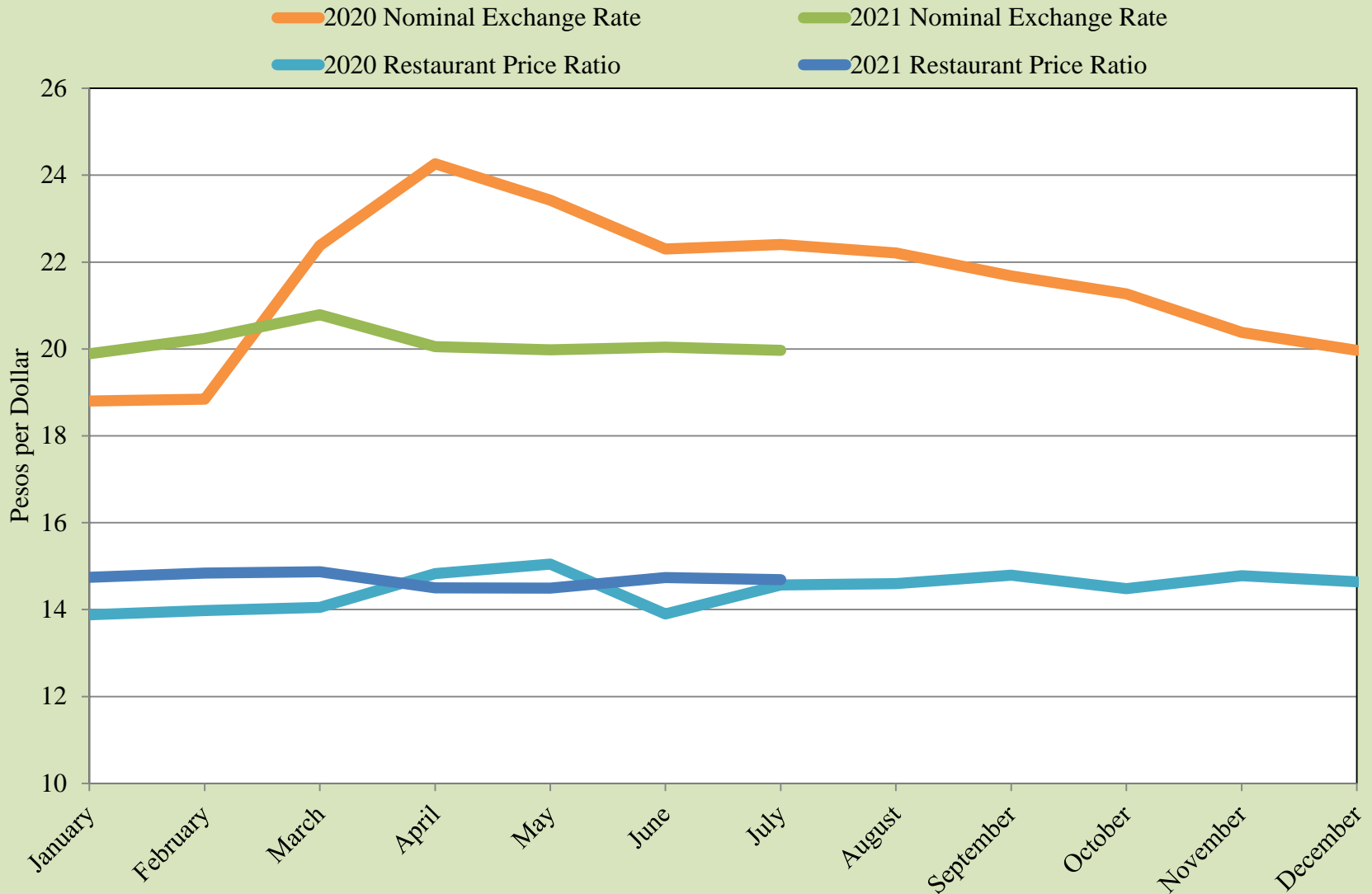
Source: New Mexico Human Services Department

Las Cruces Area SNAP (Food Stamp) Cases



Source: New Mexico Human Services Department

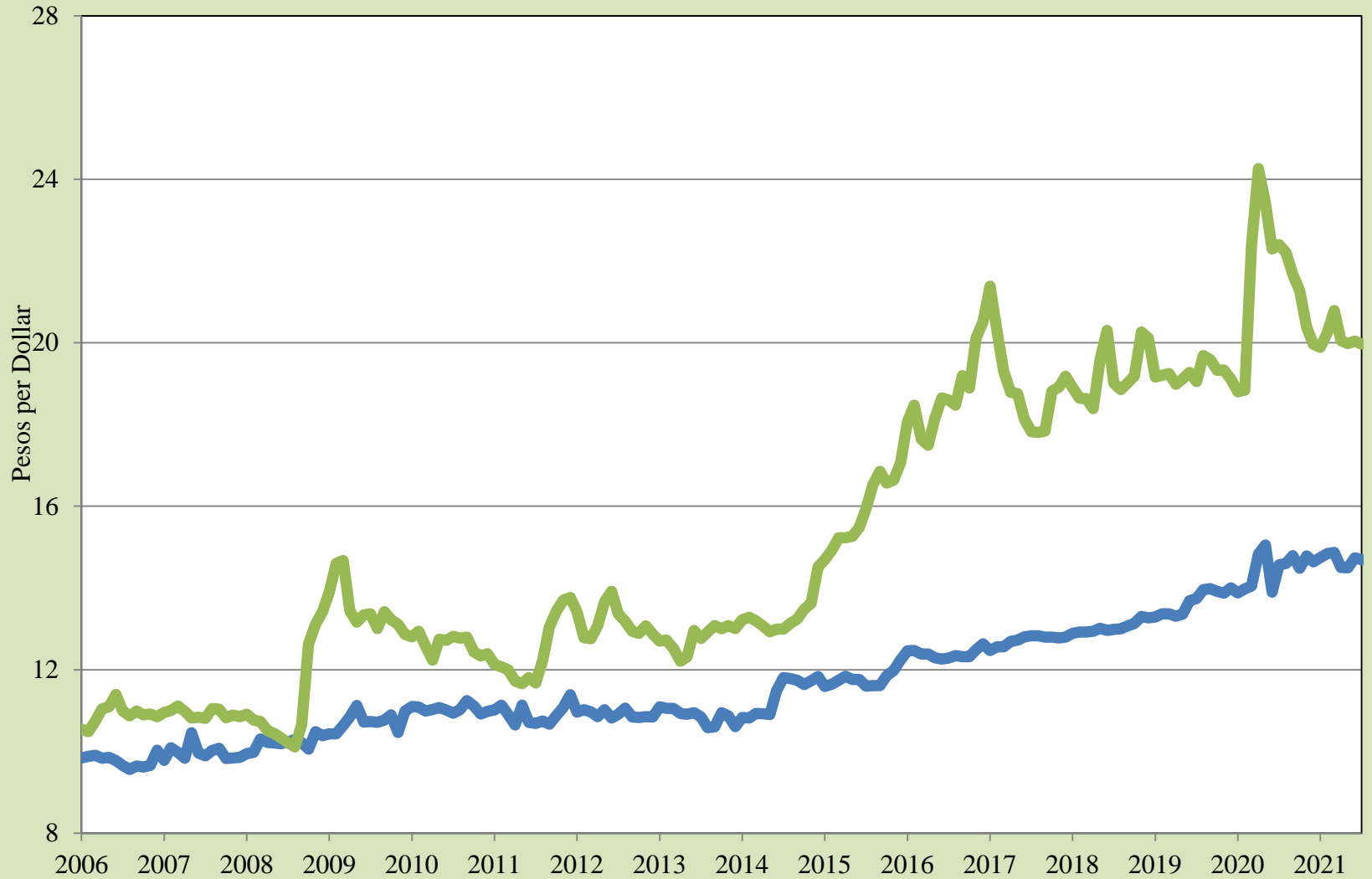
Restaurant Price Ratio and Exchange Rate



Source: UTEP Border Region Modeling Project and Banco de Mexico

Restaurant Price Ratio and Exchange Rate

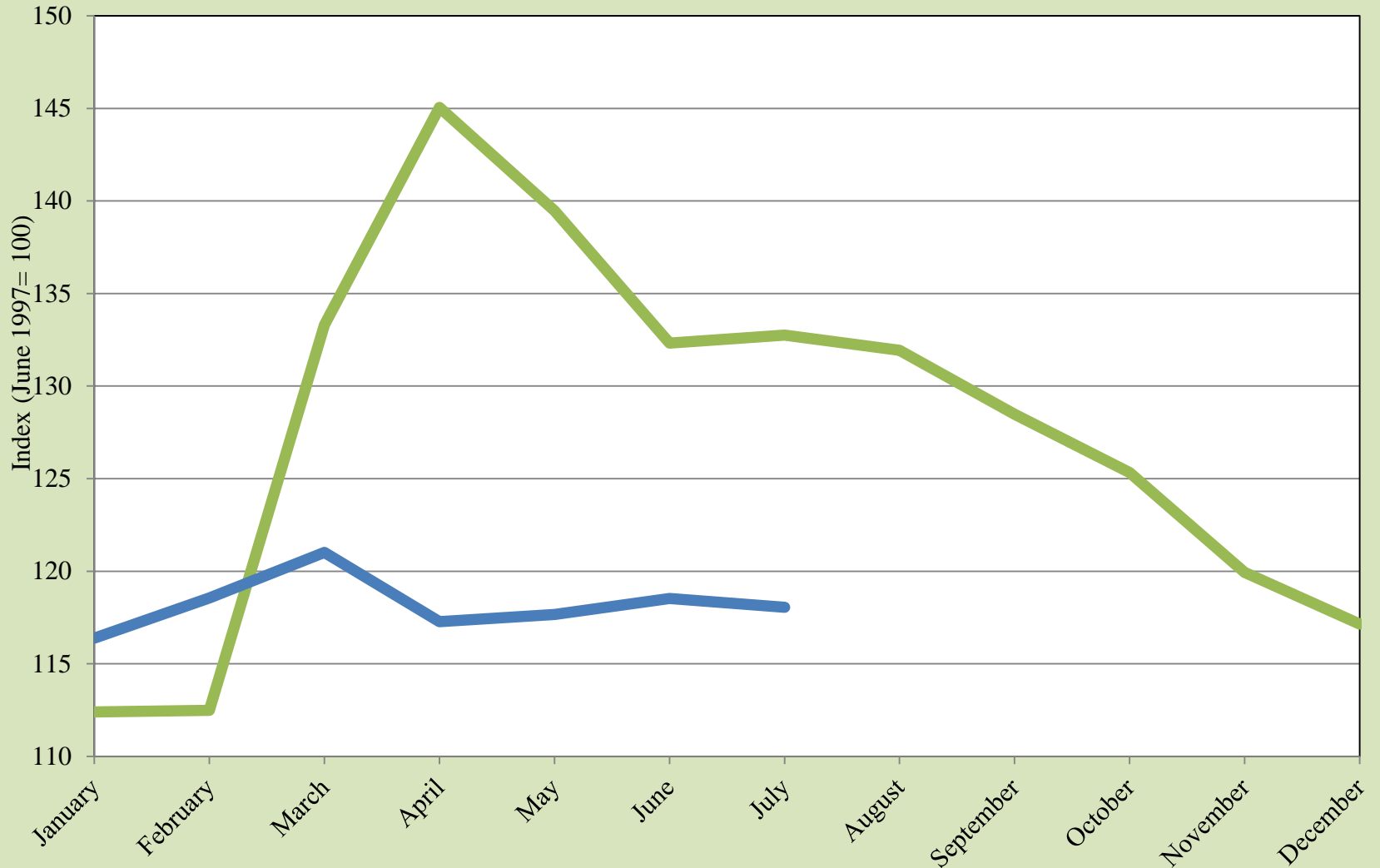
Price Ratio Exchange Rate



Source: UTEP Border Region Modeling Project and Banco de Mexico

Real Peso-per-Dollar Exchange Rate Index

— 2020 — 2021



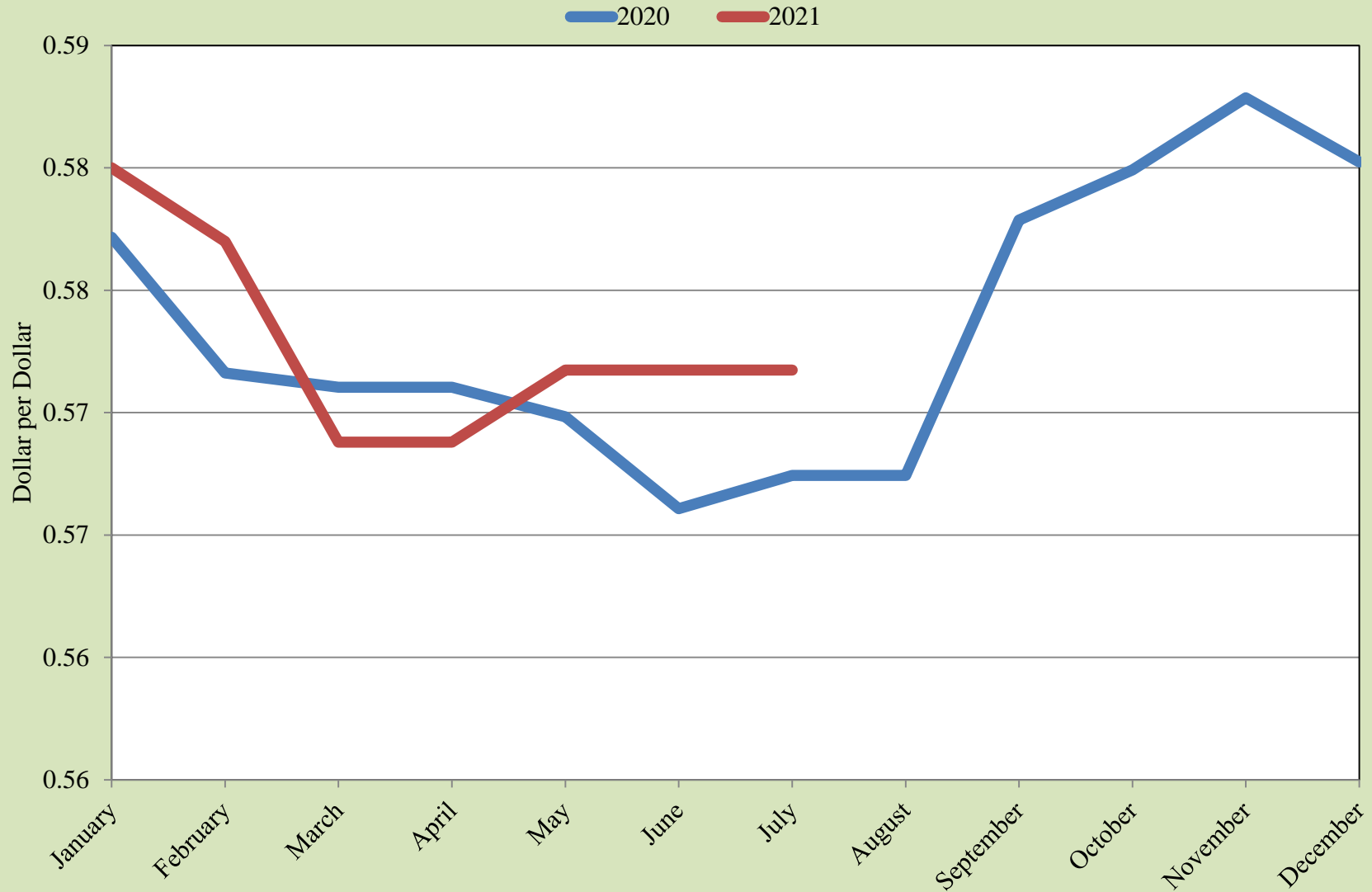
Source: UTEP Border Region Modeling Project

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, goodrx.com, medsmex.com

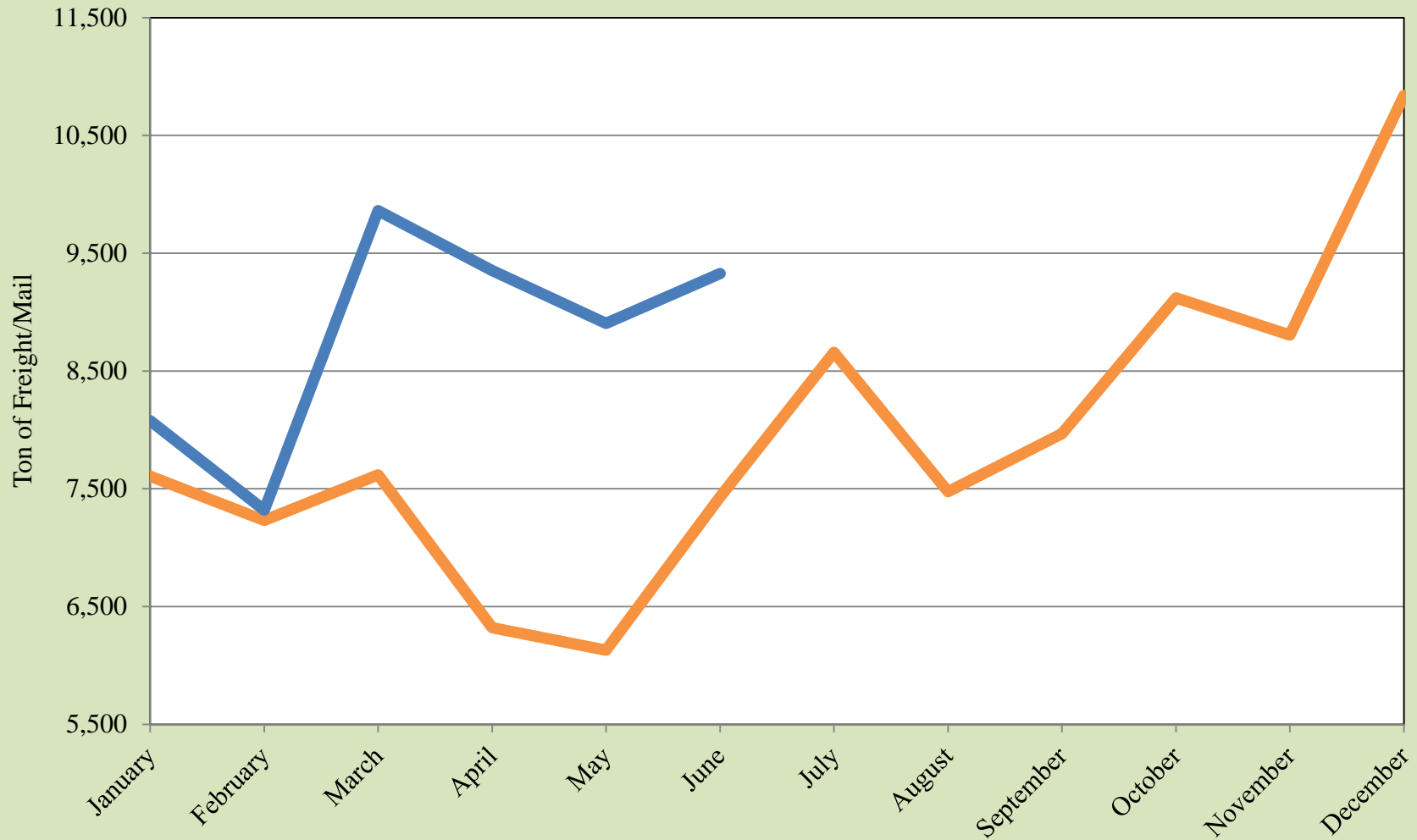
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EPIA Freight and Mail

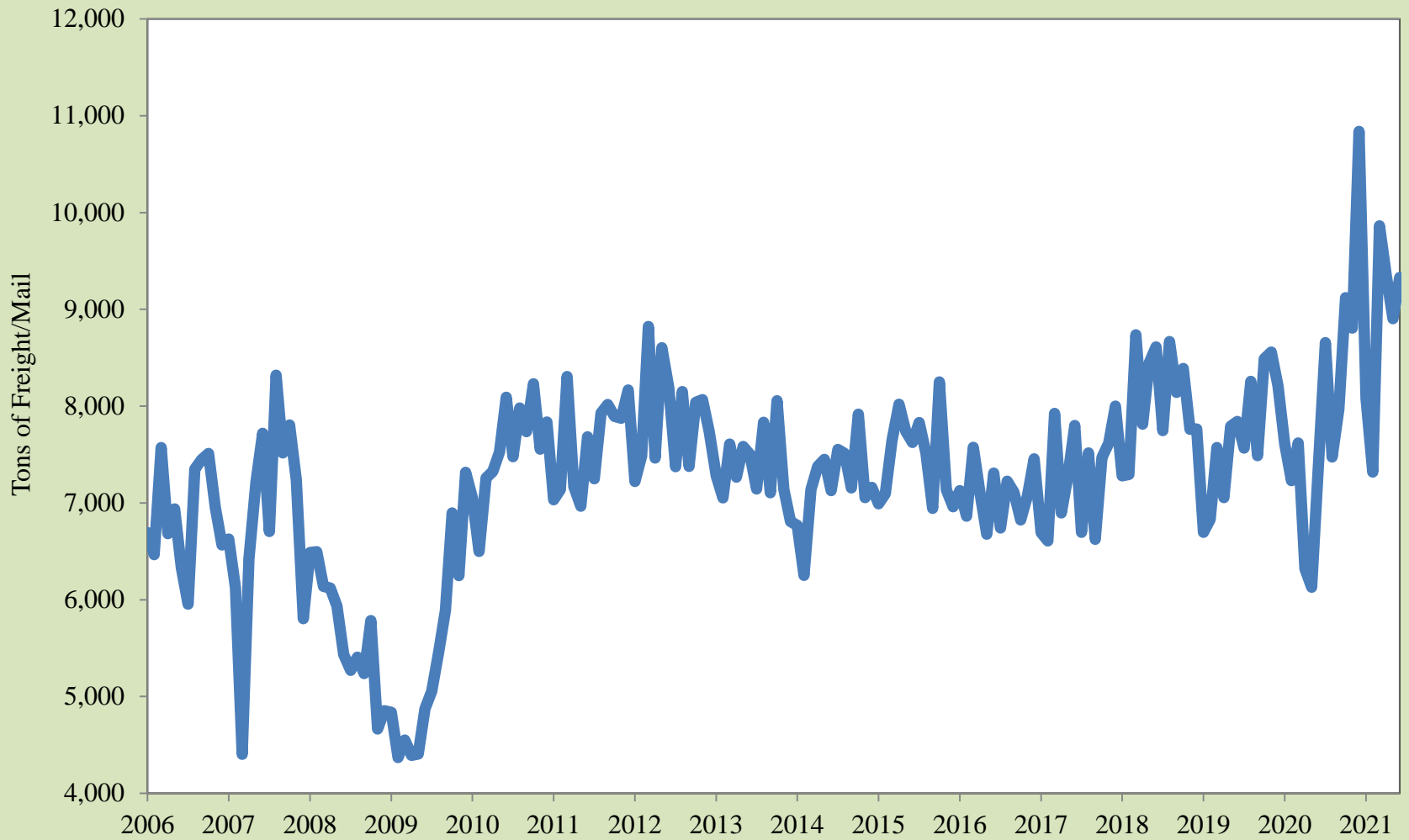
Total 2020 Total 2021



Source: EPIA Operations

EPIA Freight and Mail

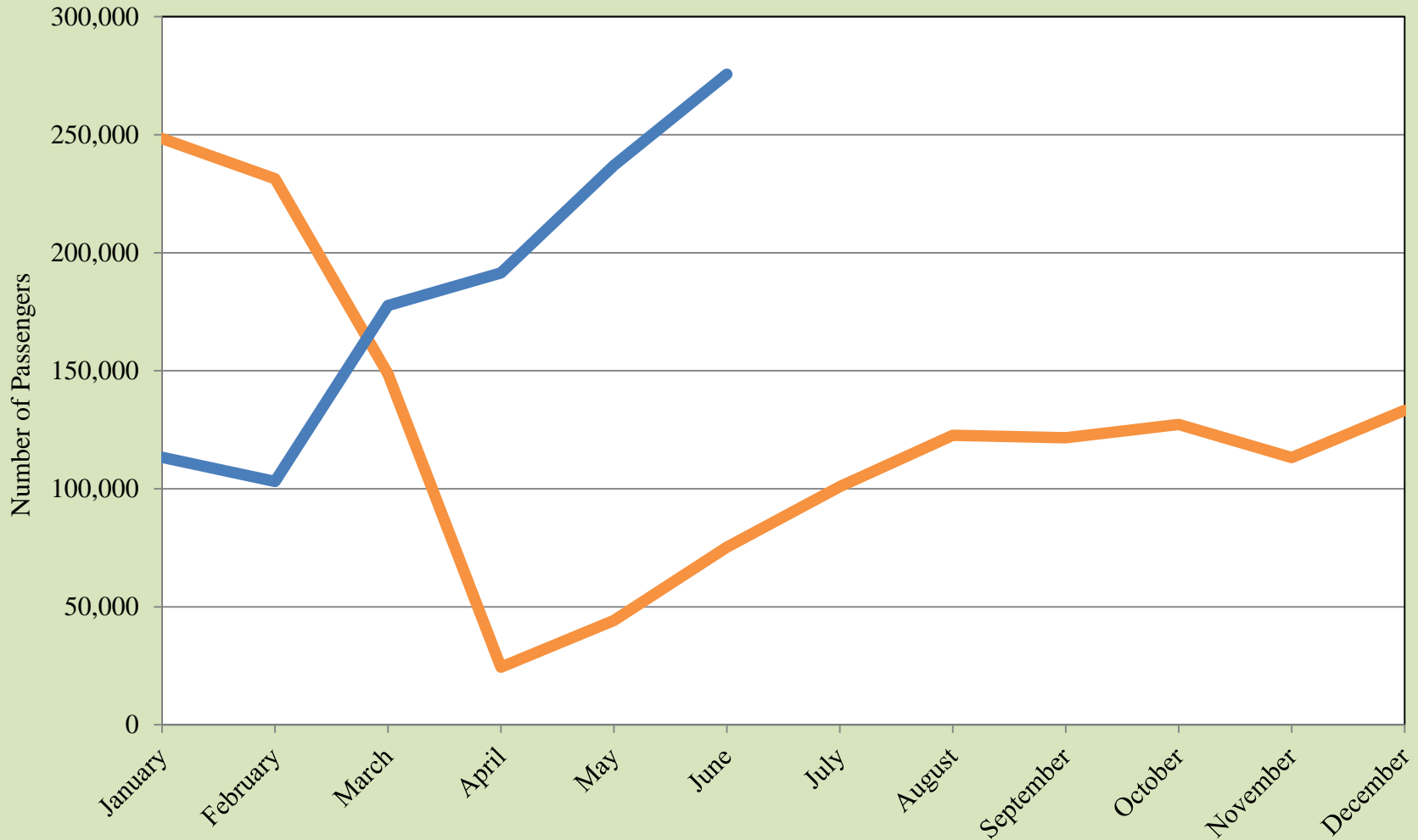
— Inbound+Outbound



Source: EPIA Operations

EPIA Passengers

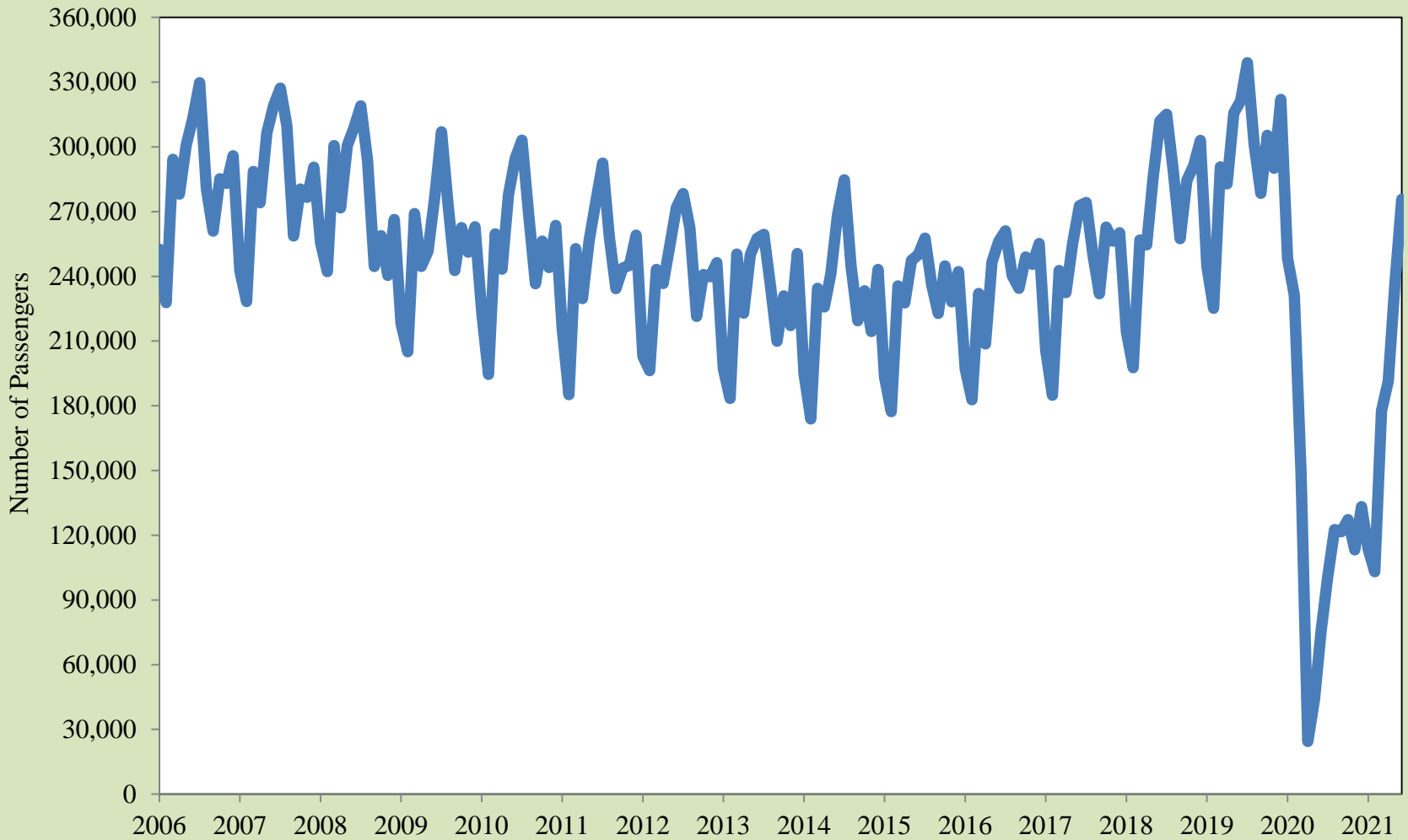
Total 2020 Total 2021



Source: EPIA Operations

EPIA Passengers

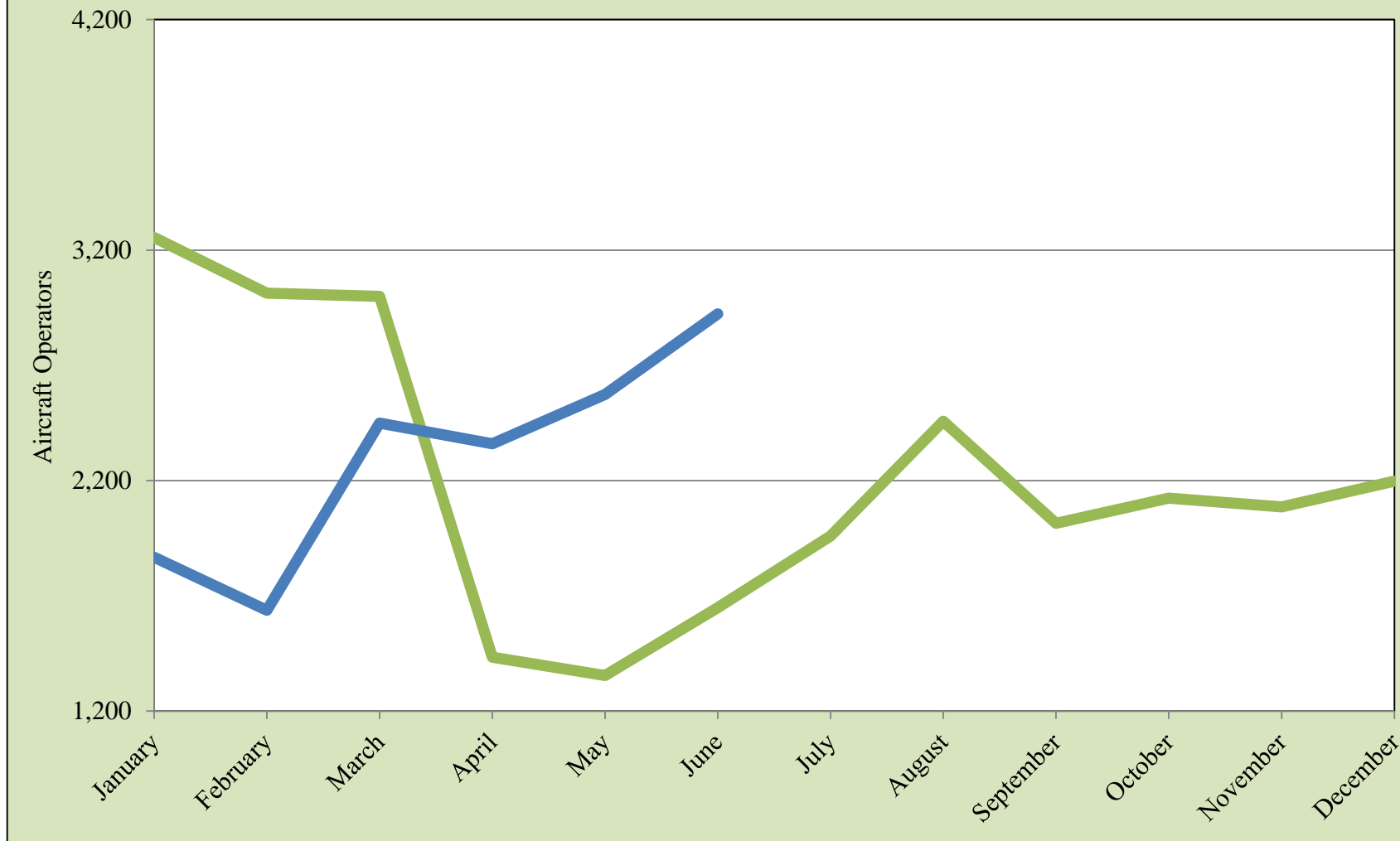
— Inbound+Outbound



Source: EPIA Operations

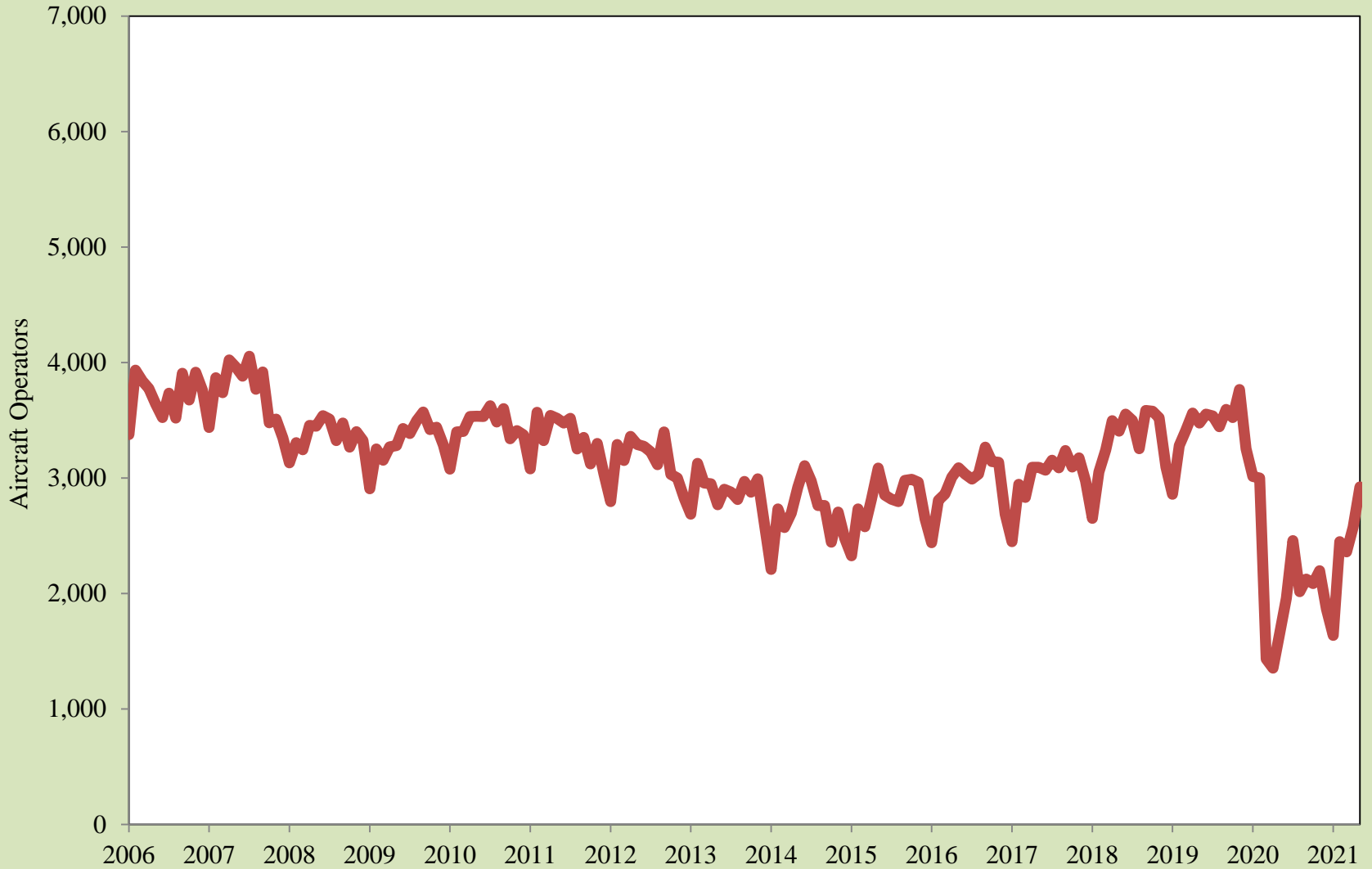
EPIA Air Carrier Operations

20-Air Carriers 21-Air Carriers



Source: EPIA Operations

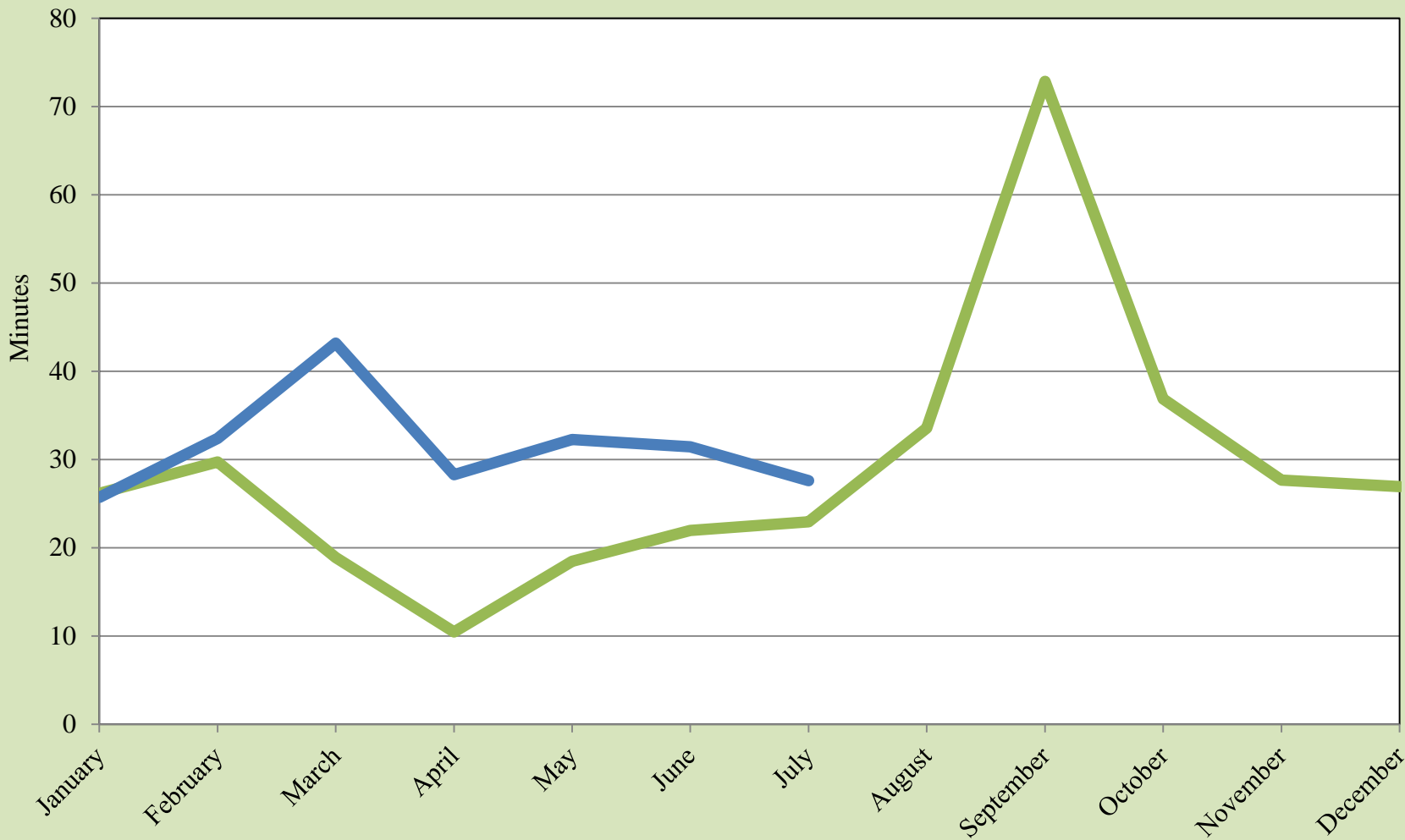
EPIA Air Carrier Operations



Source: EPIA Operations

Paso del Norte Monthly Wait Times

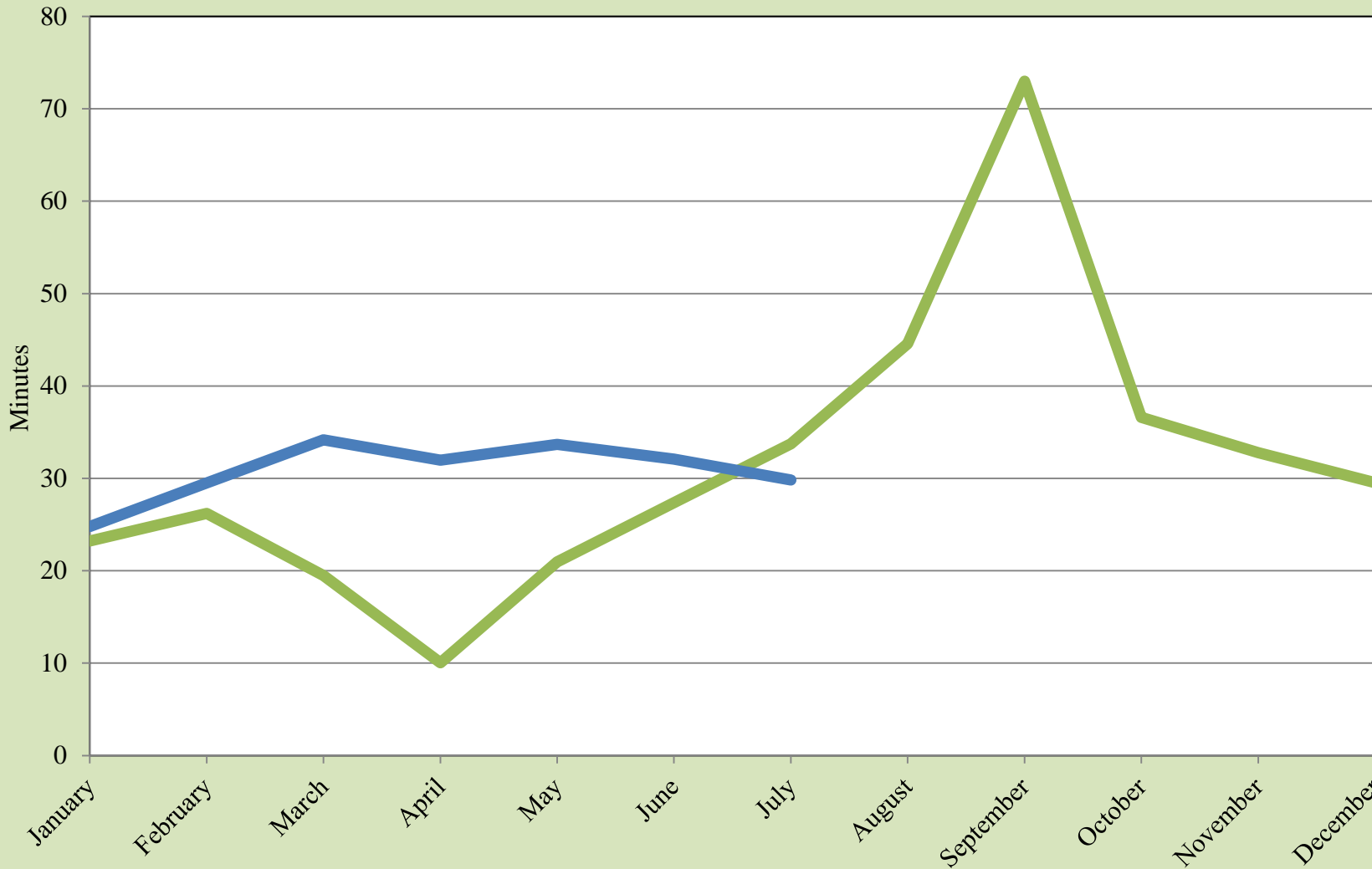
2020 2021



Source: UTEP Border Region Modeling Project

Ysleta Monthly Wait Times

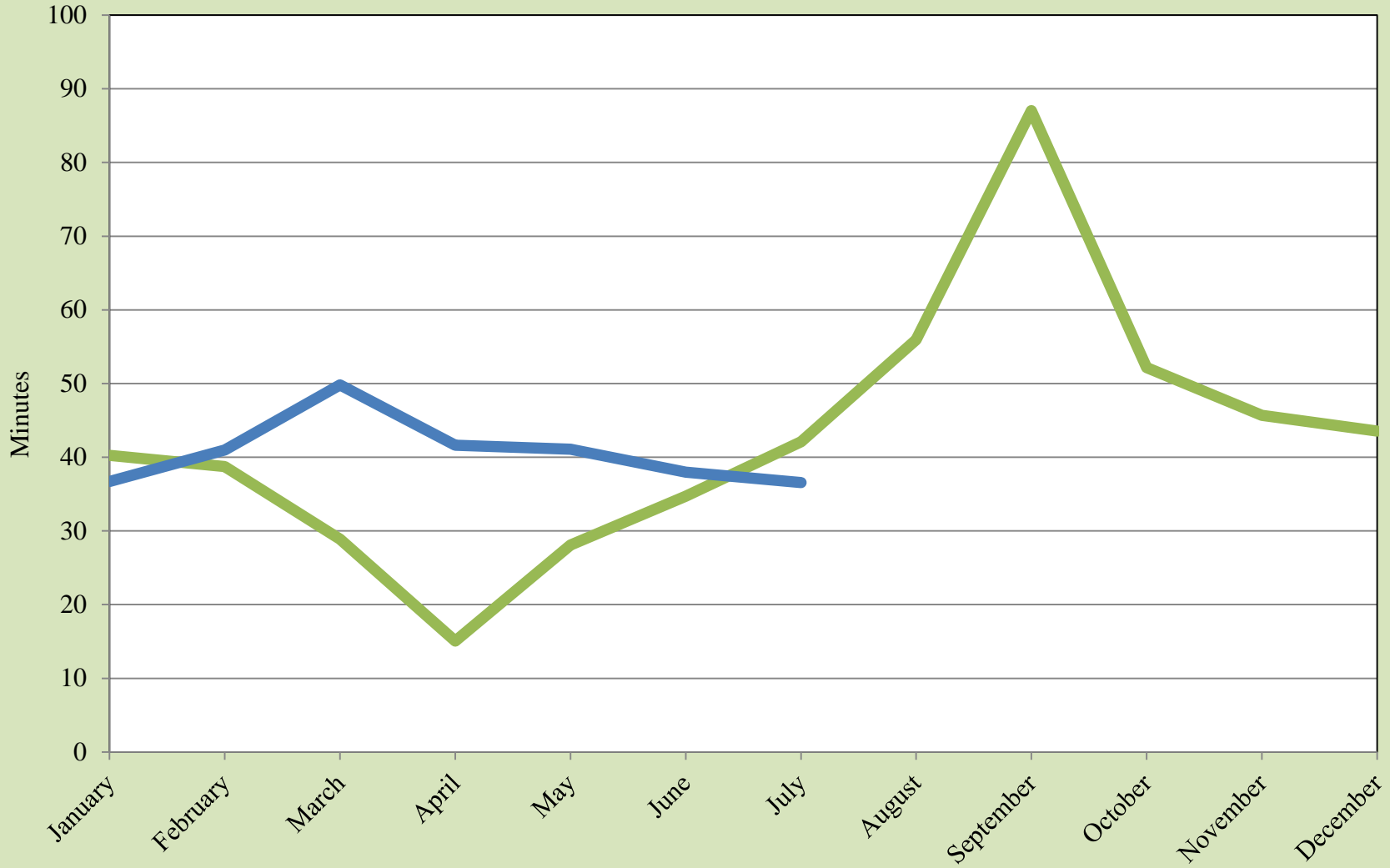
— 2020 — 2021



Source: UTEP Border Region Modeling Project

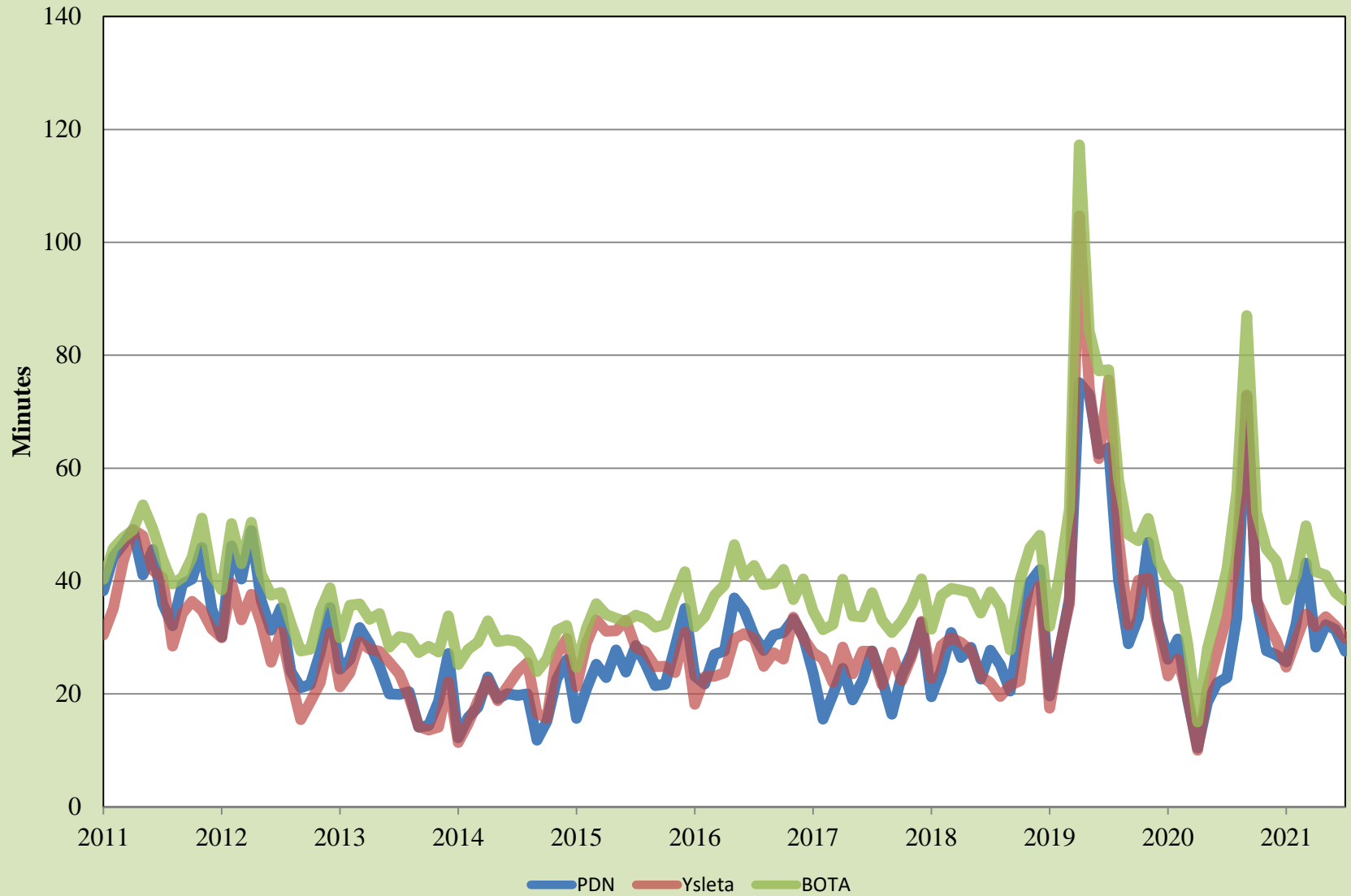
Bridge of the Americas Monthly Wait Times

2020 2021



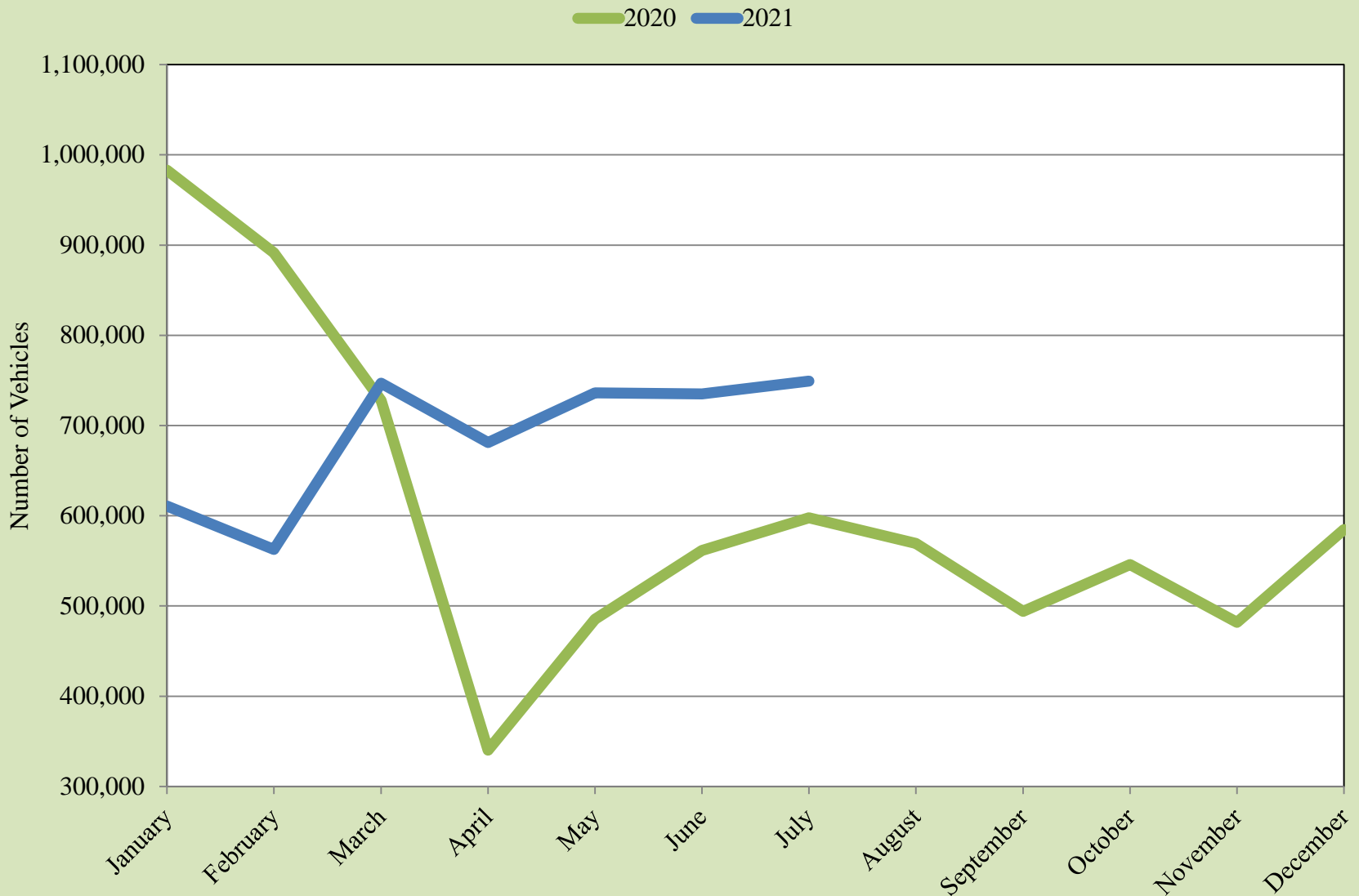
Source: UTEP Border Region Modeling Project

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

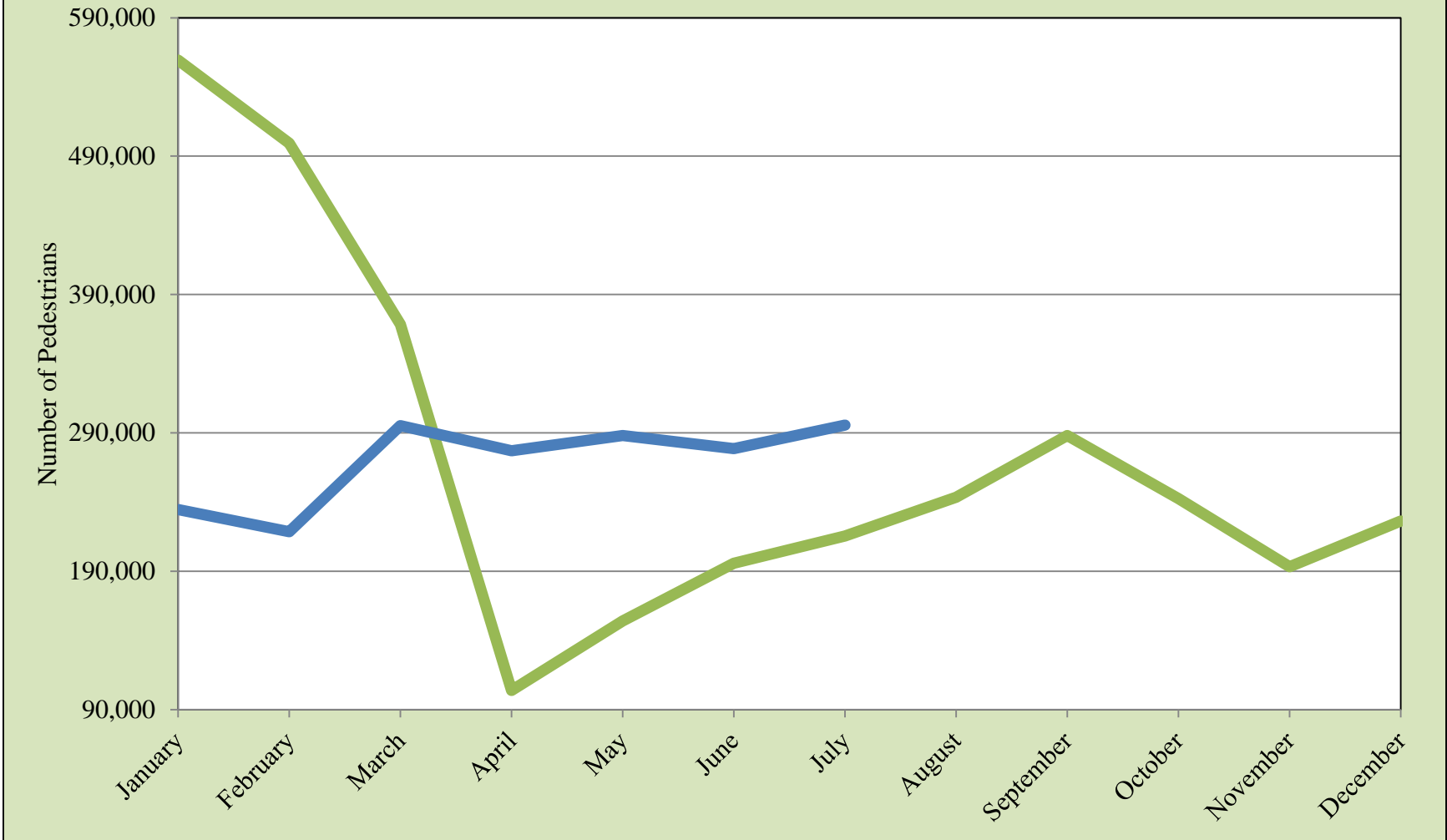
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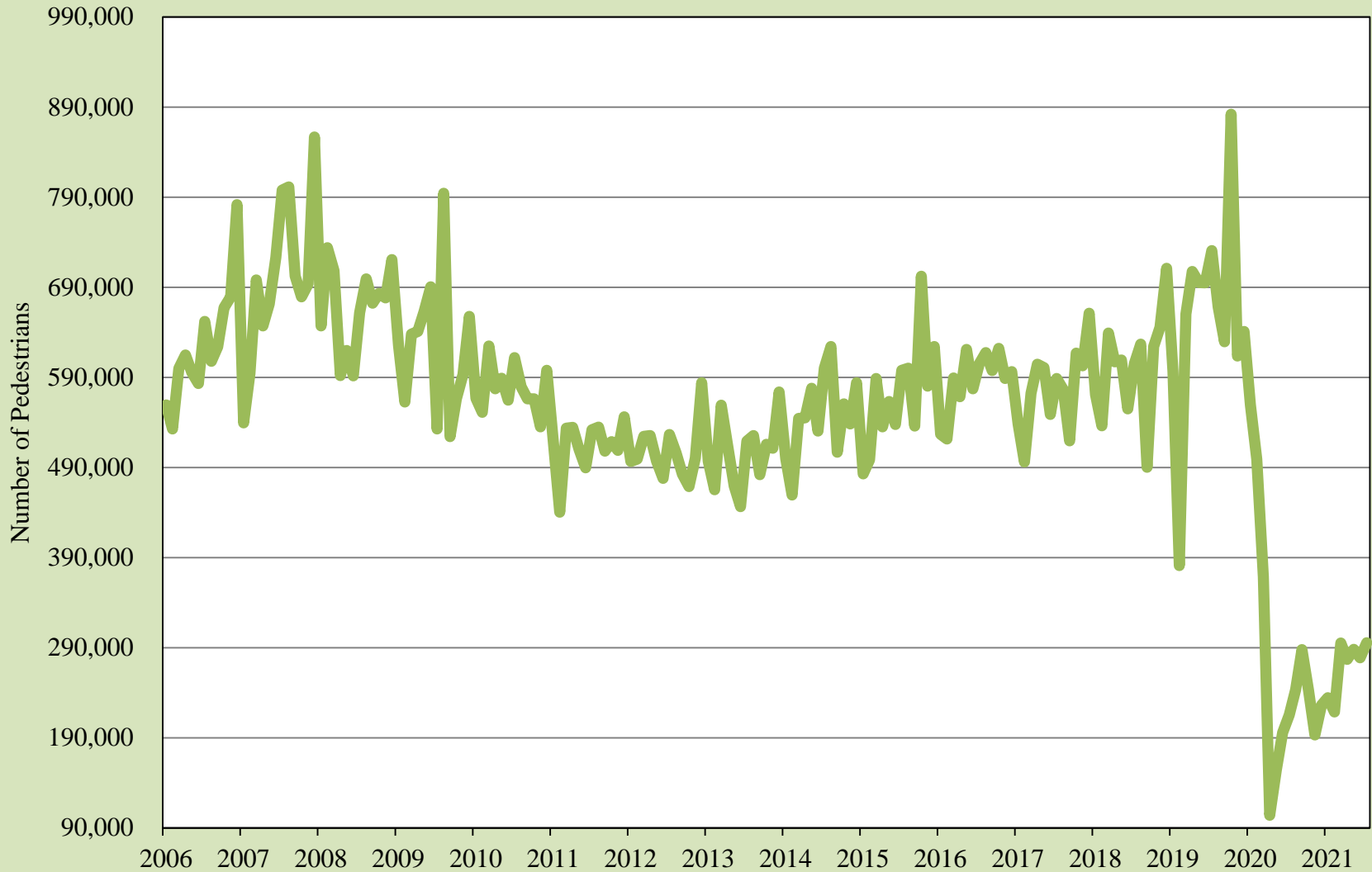
Pedestrian International Bridge Crossings to El Paso

2020 2021



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

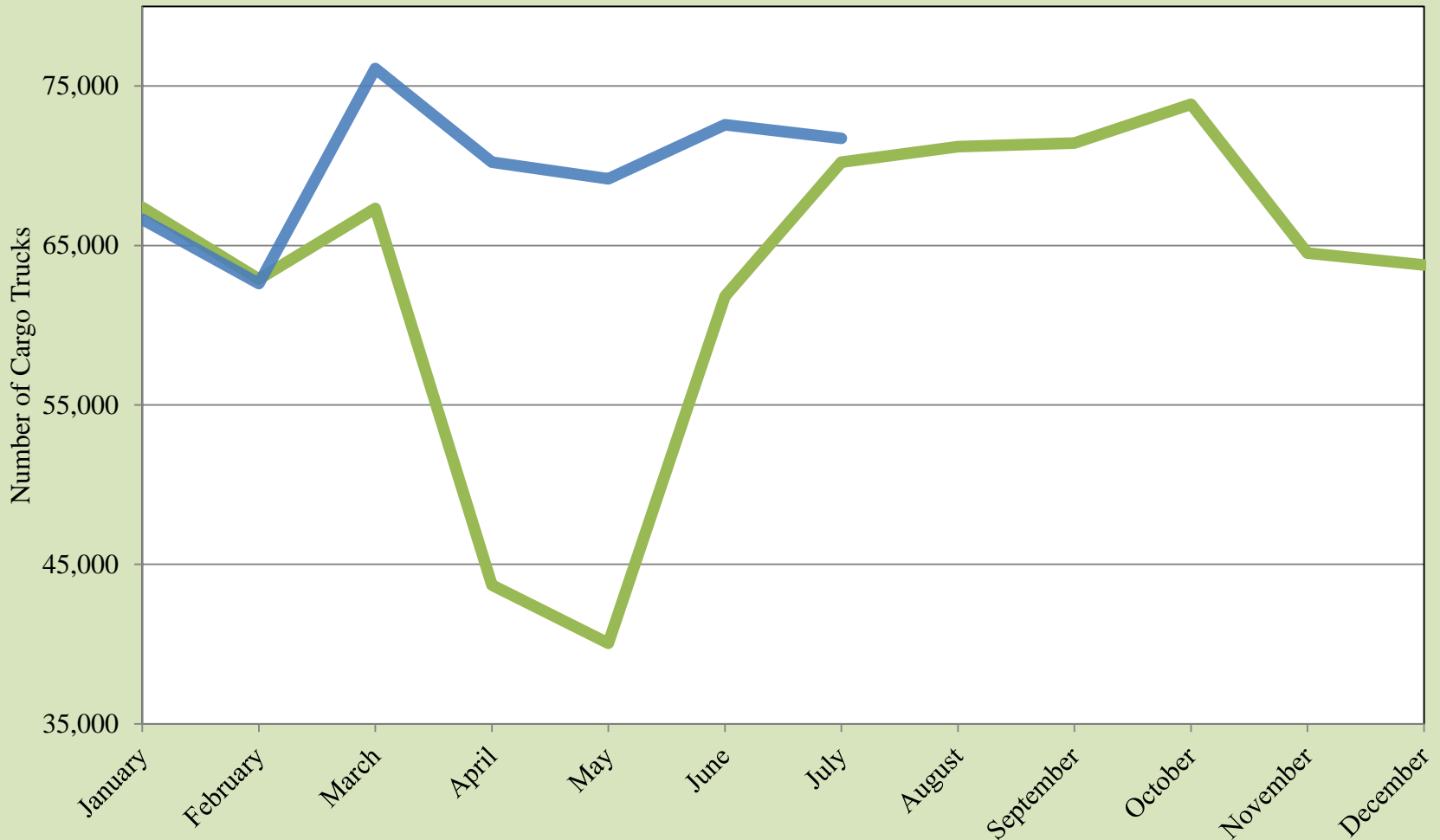
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Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

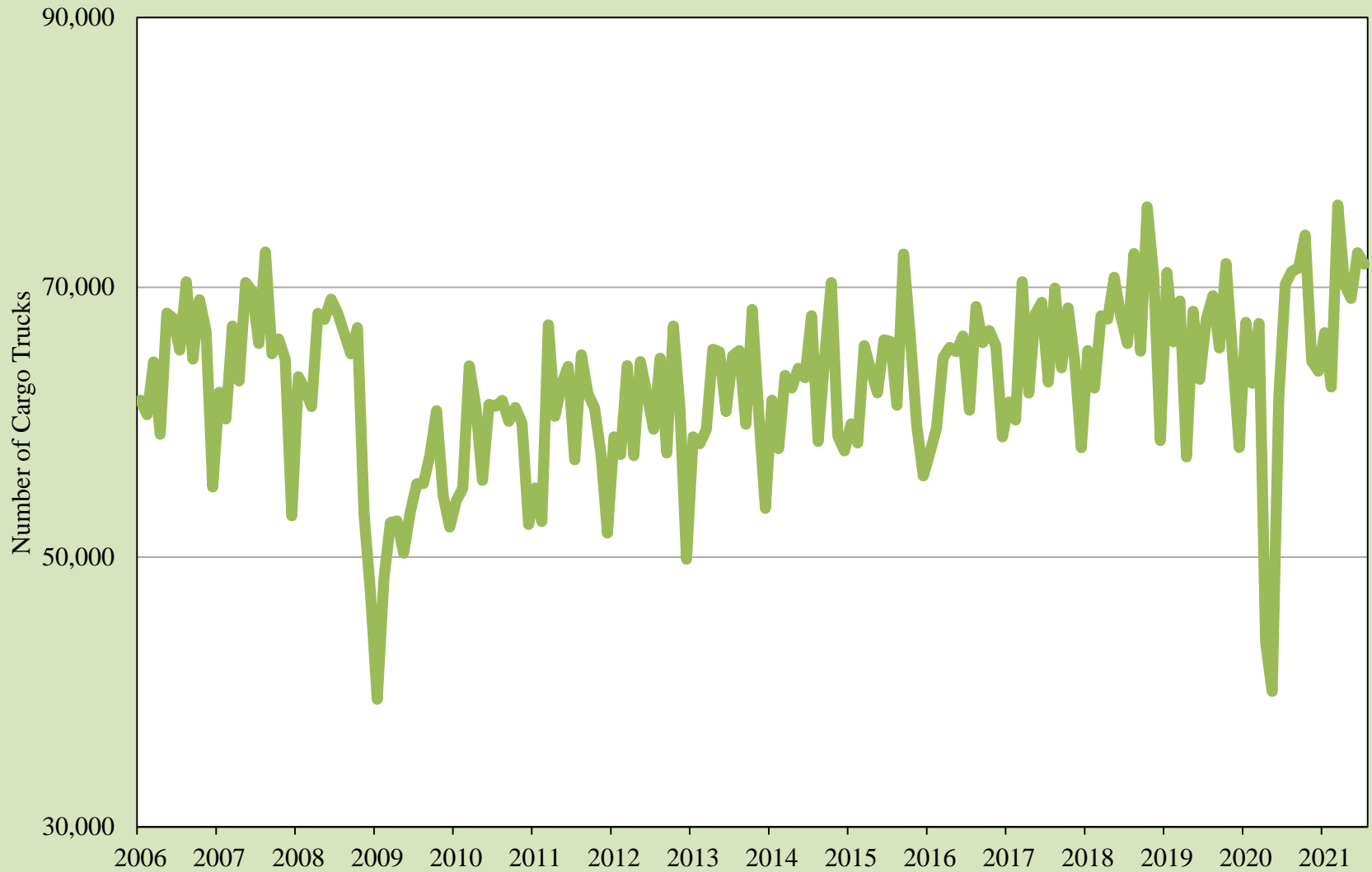
Cargo Truck International Bridge Crossings to El Paso

2020 2021



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

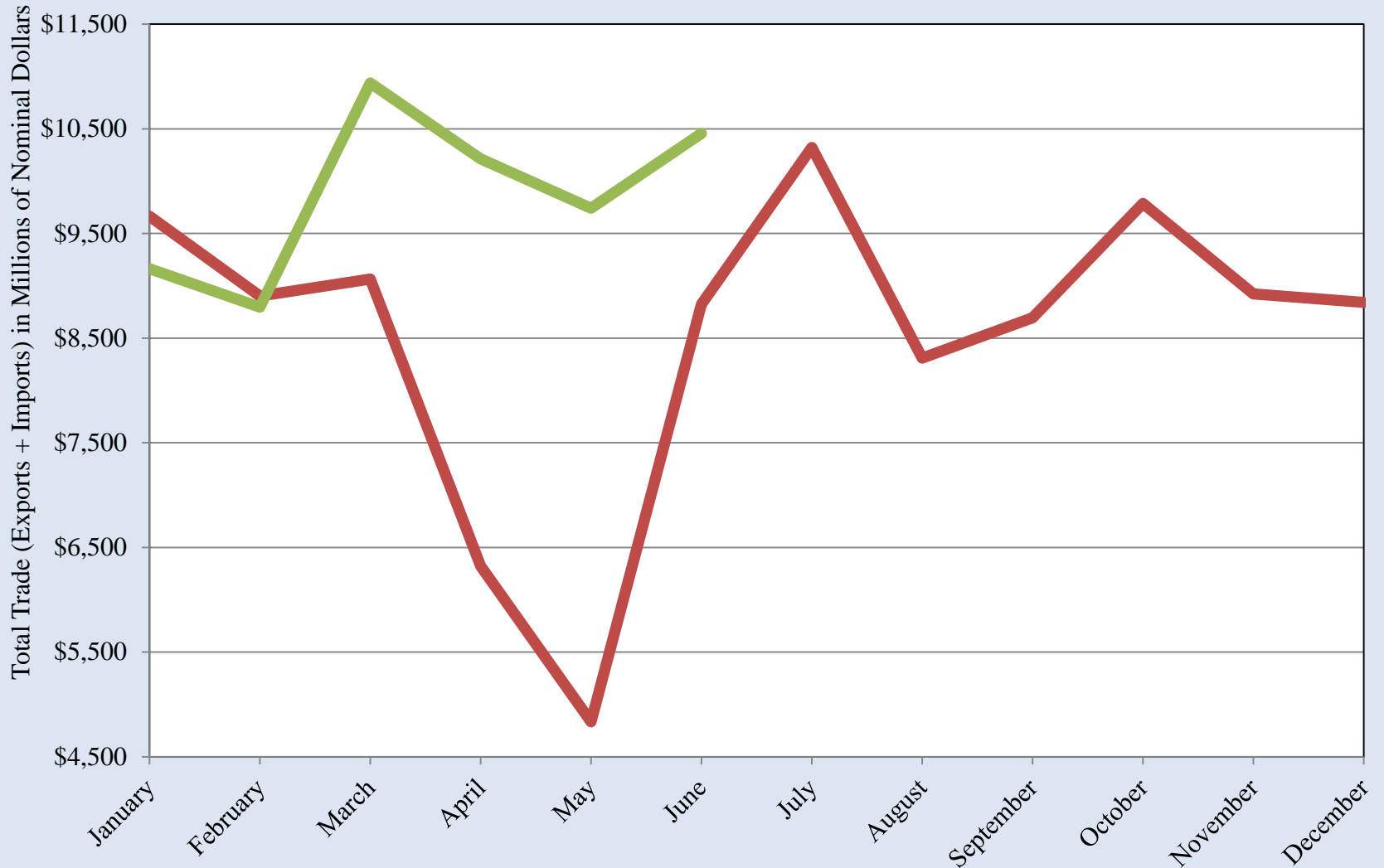
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Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

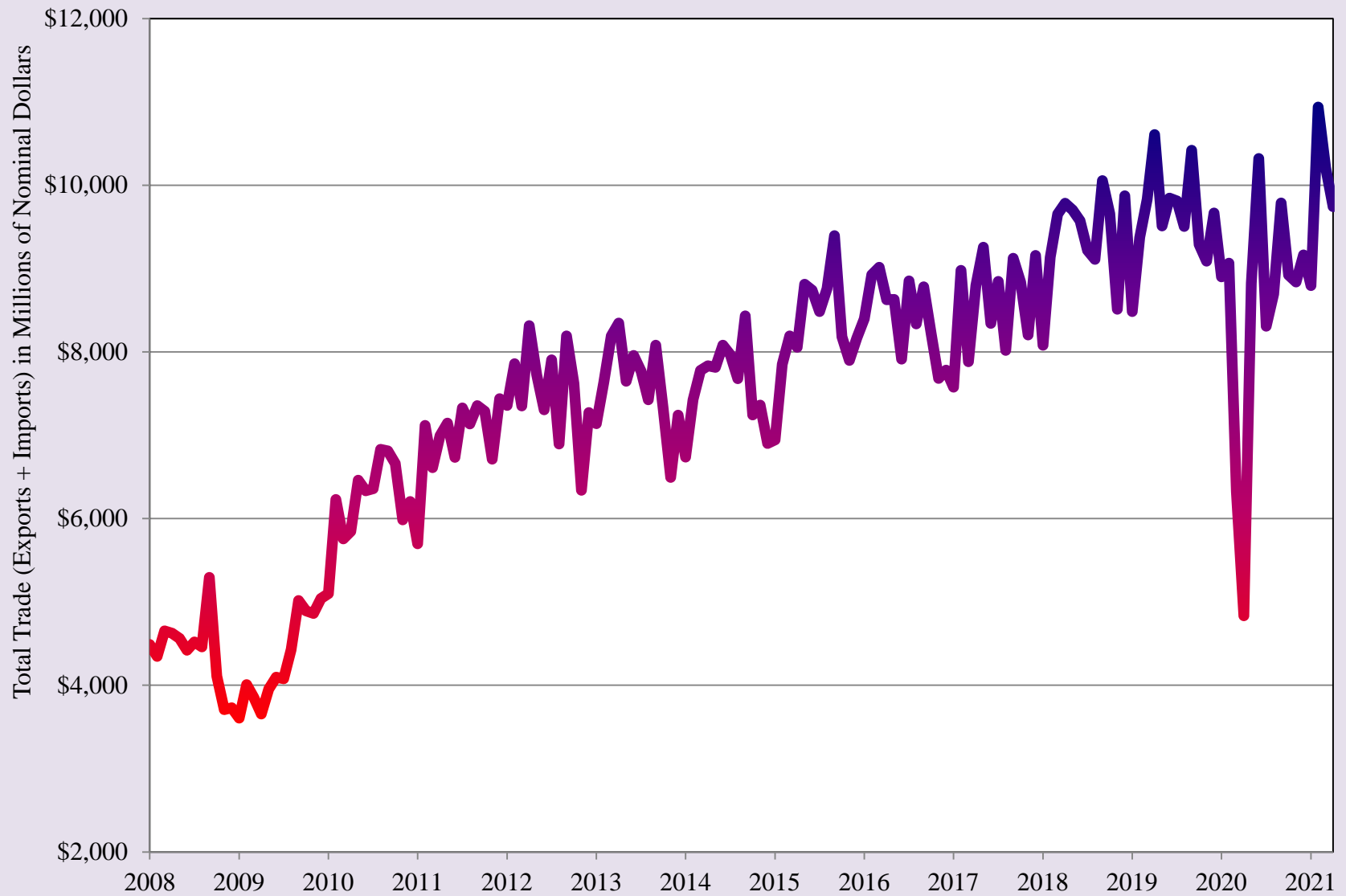
Total Trade through the El Paso Customs District

2020 2021



Source: U.S. International Trade Commission

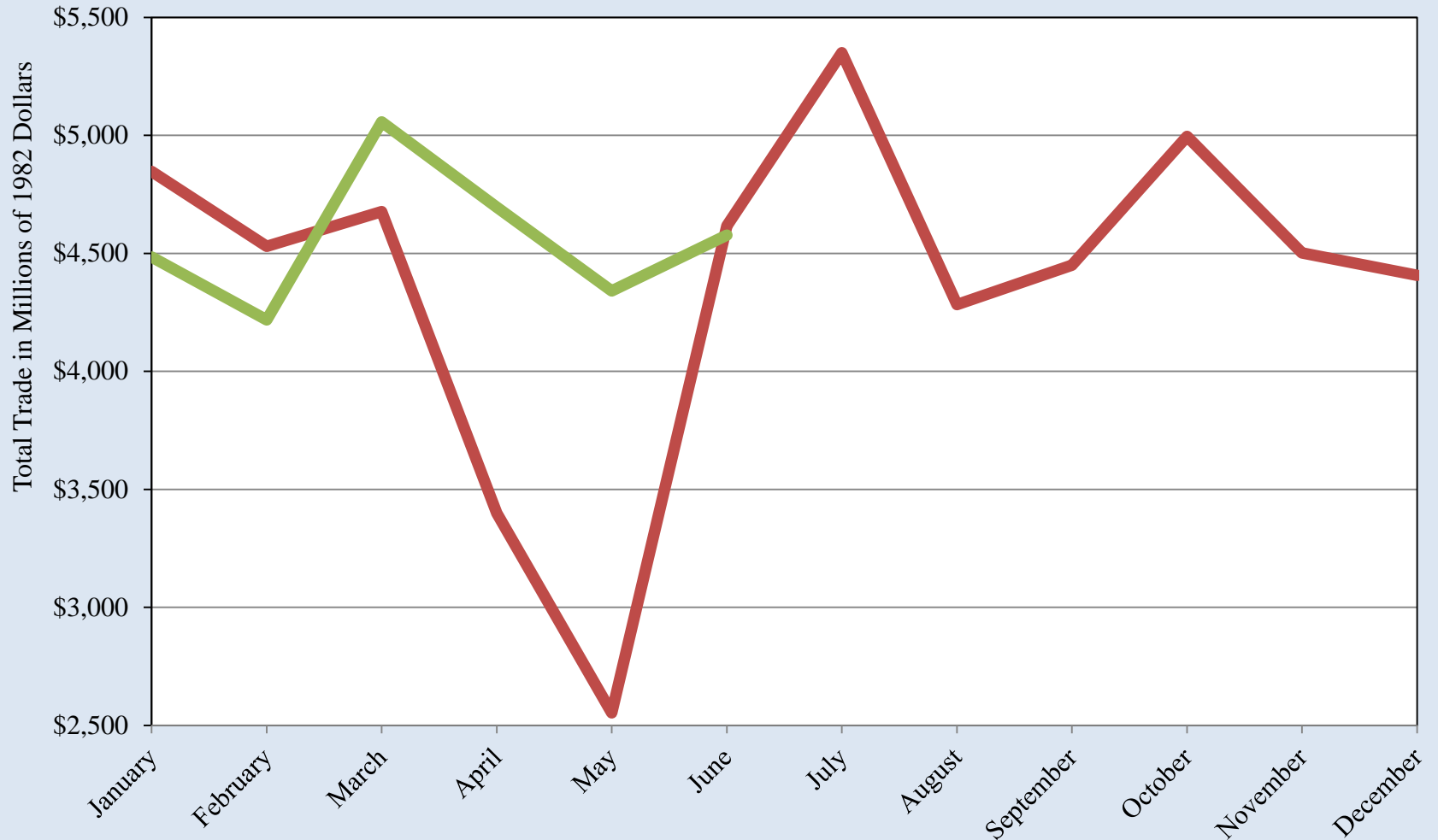
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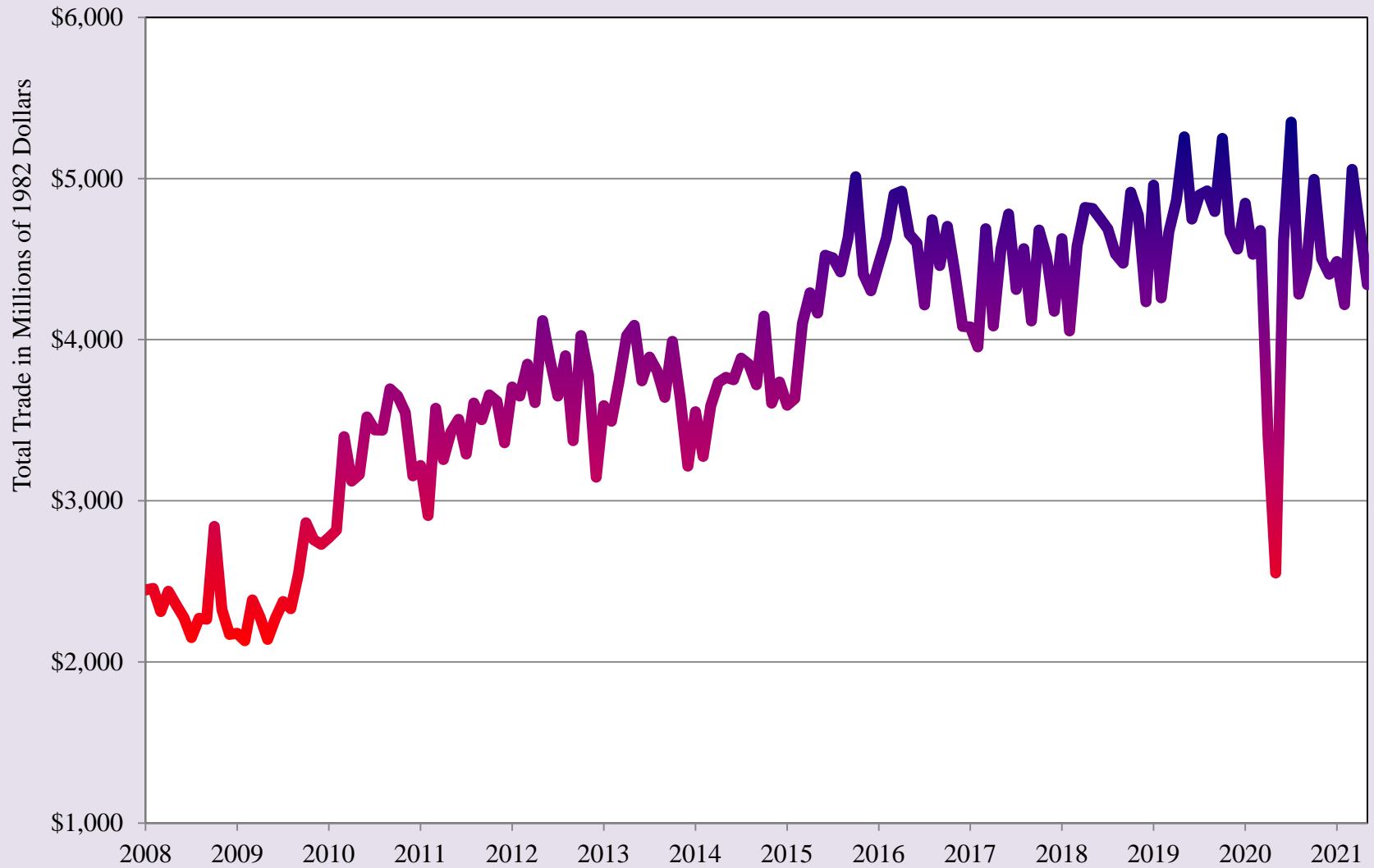
Real Total Trade through the El Paso Customs District

— 2020 — 2021



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

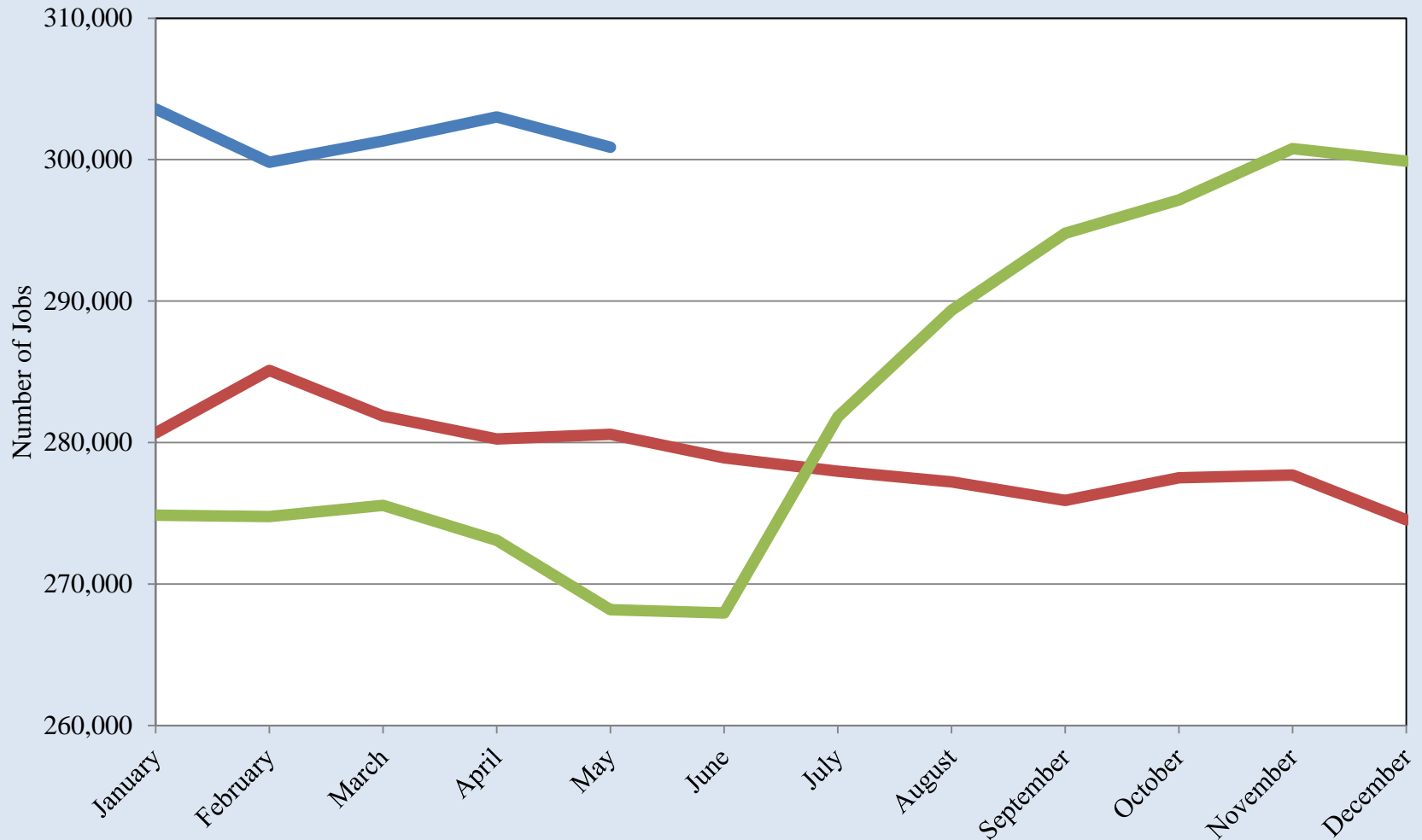
Real Total Trade through the El Paso Customs District



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

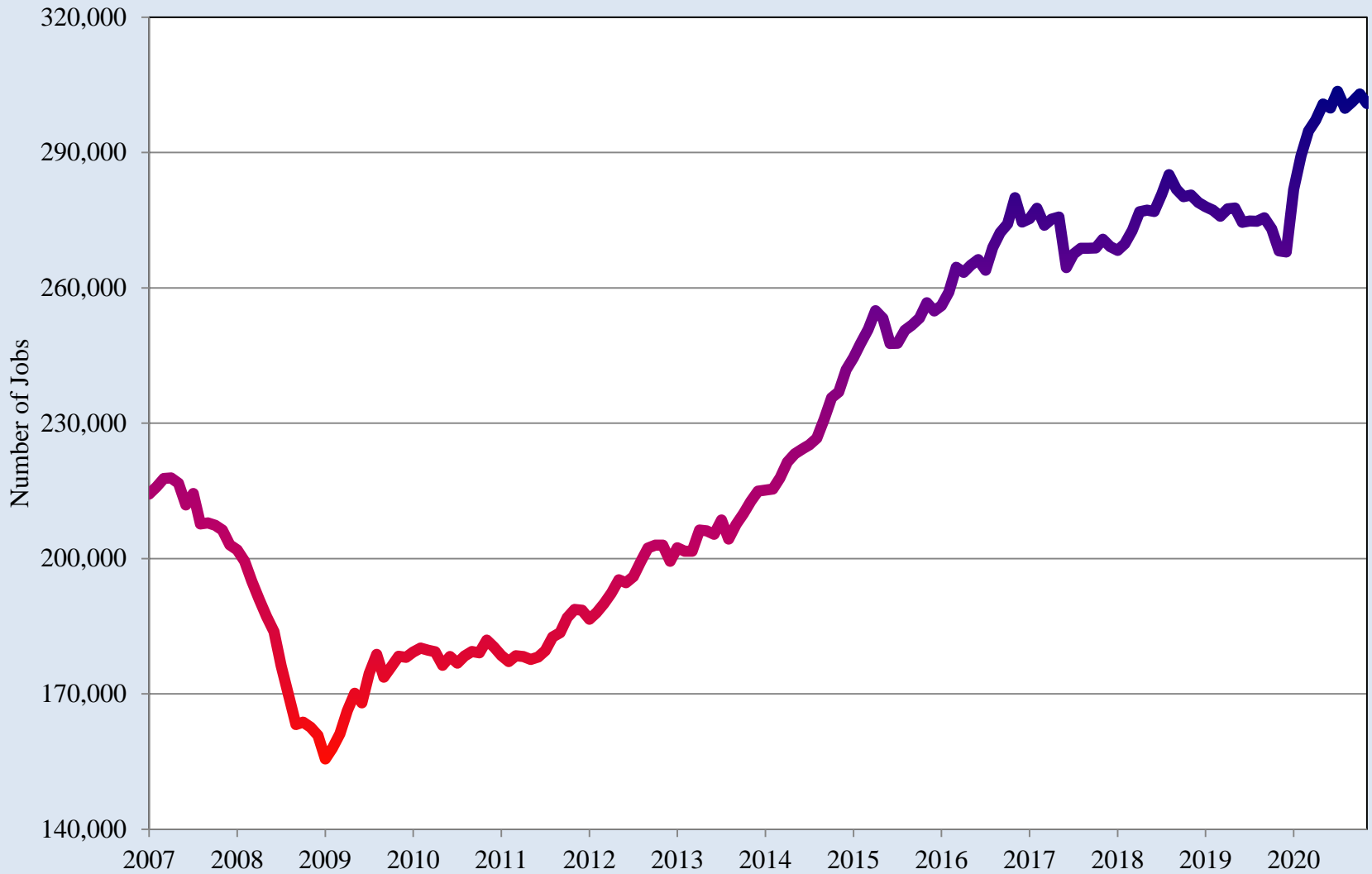
Export-Oriented Manufacturing Employment in Ciudad Juárez

2019 2020 2021



Source: INEGI

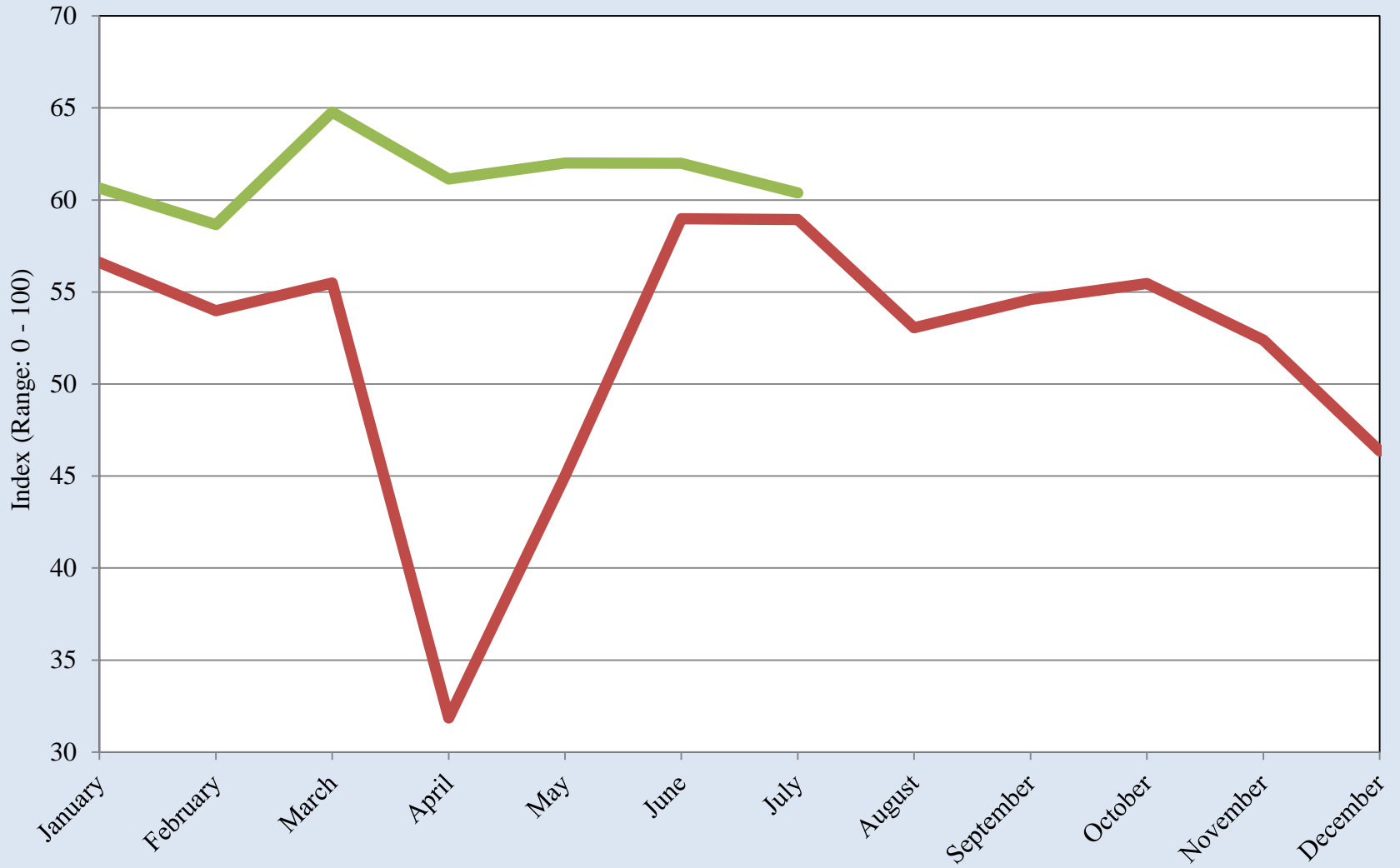
Export-Oriented Manufacturing Employment in Ciudad Juárez



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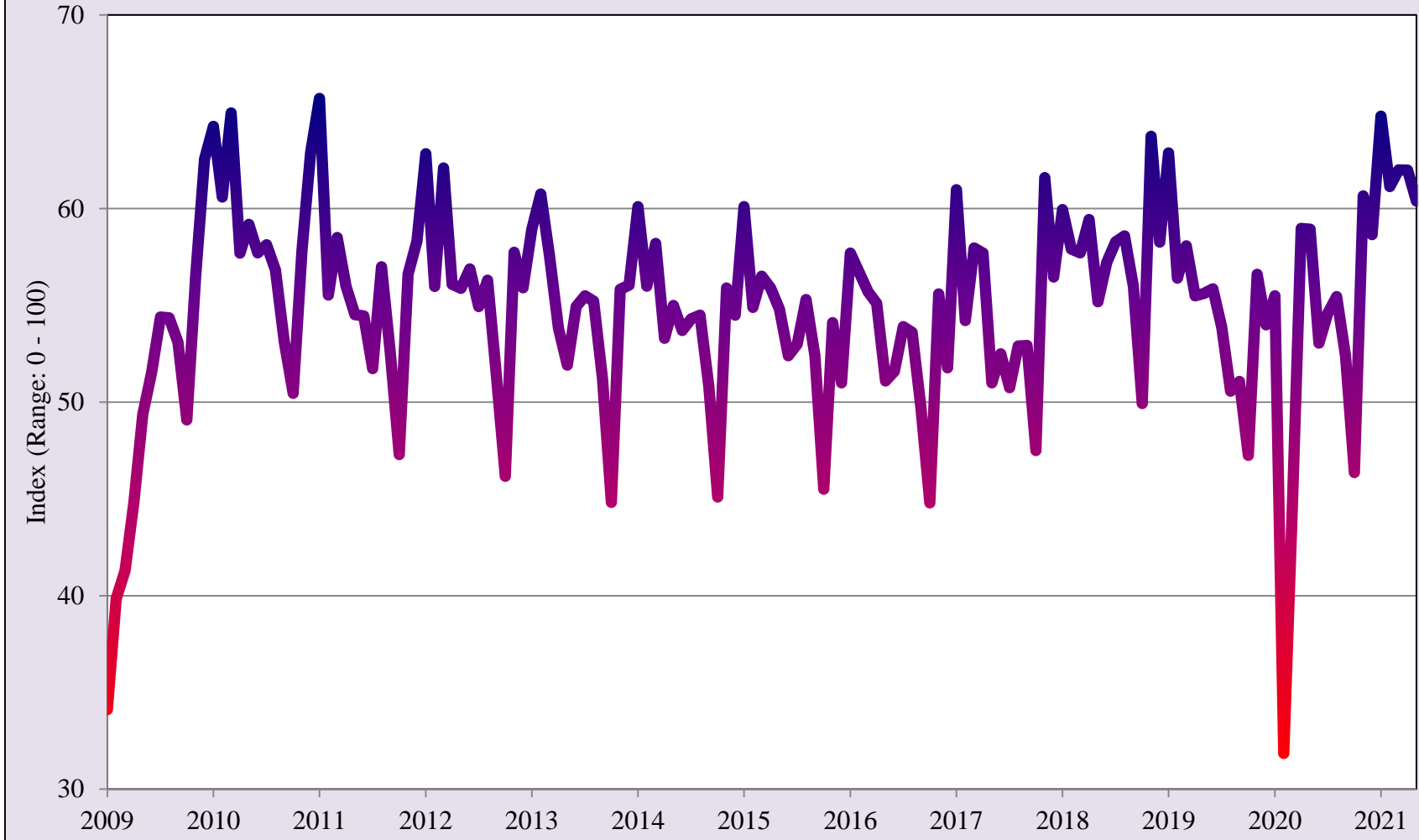
Northern Mexico Manufacturing Orders Index

2020 2021



Source: Banco de México

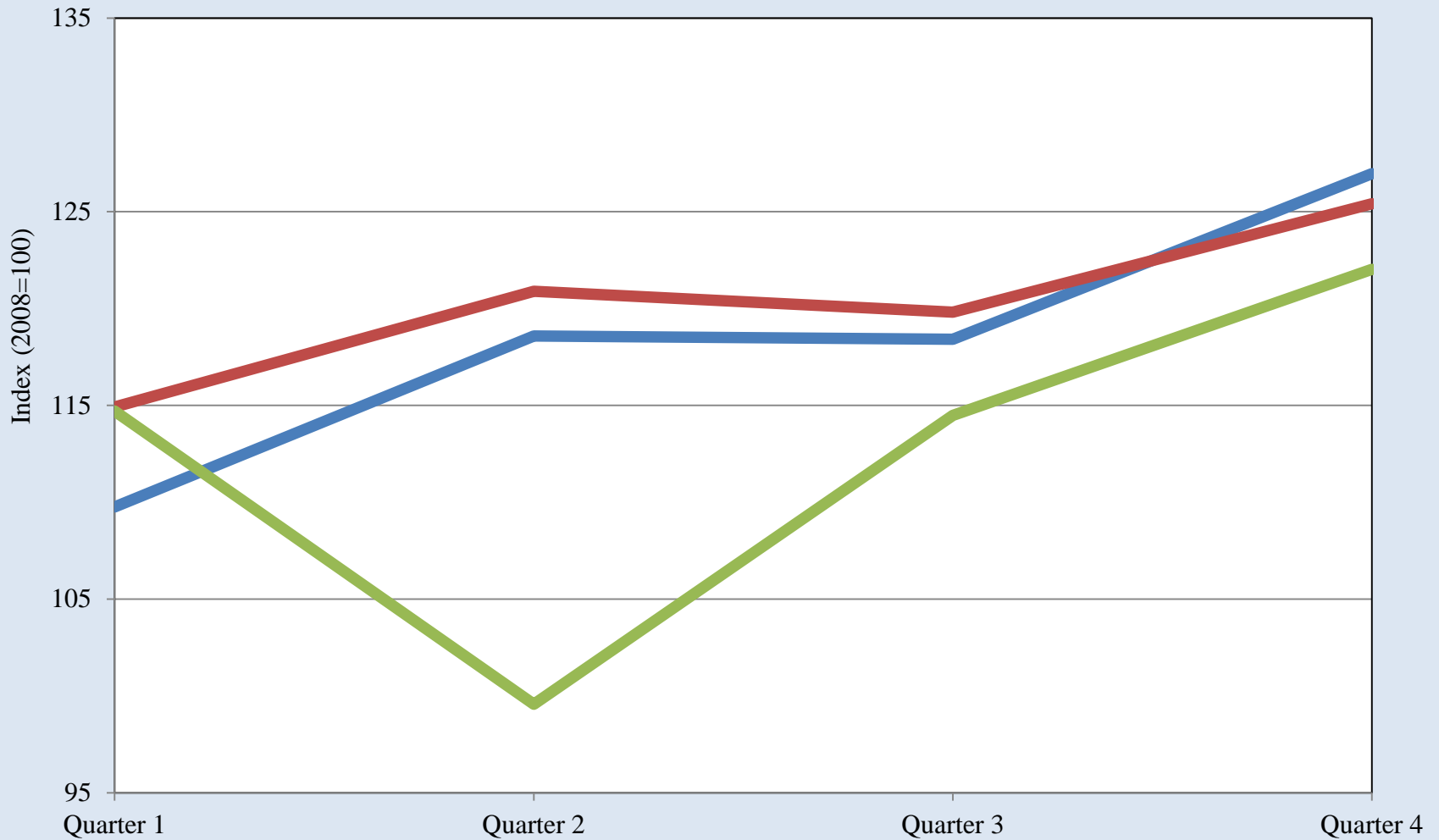
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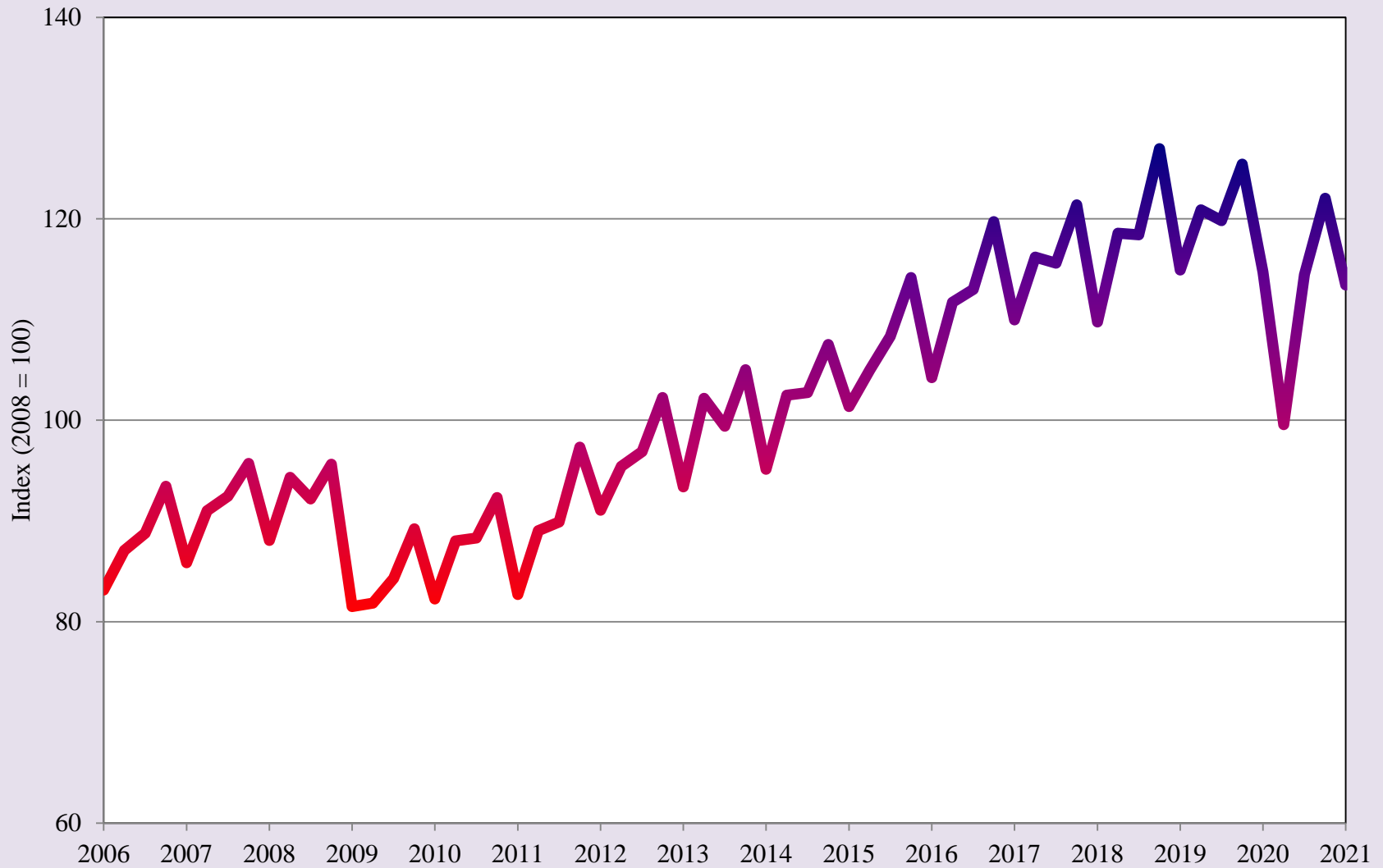
Quarterly Indicator of Economic Activity for the State of Chihuahua

2018 2019 2020



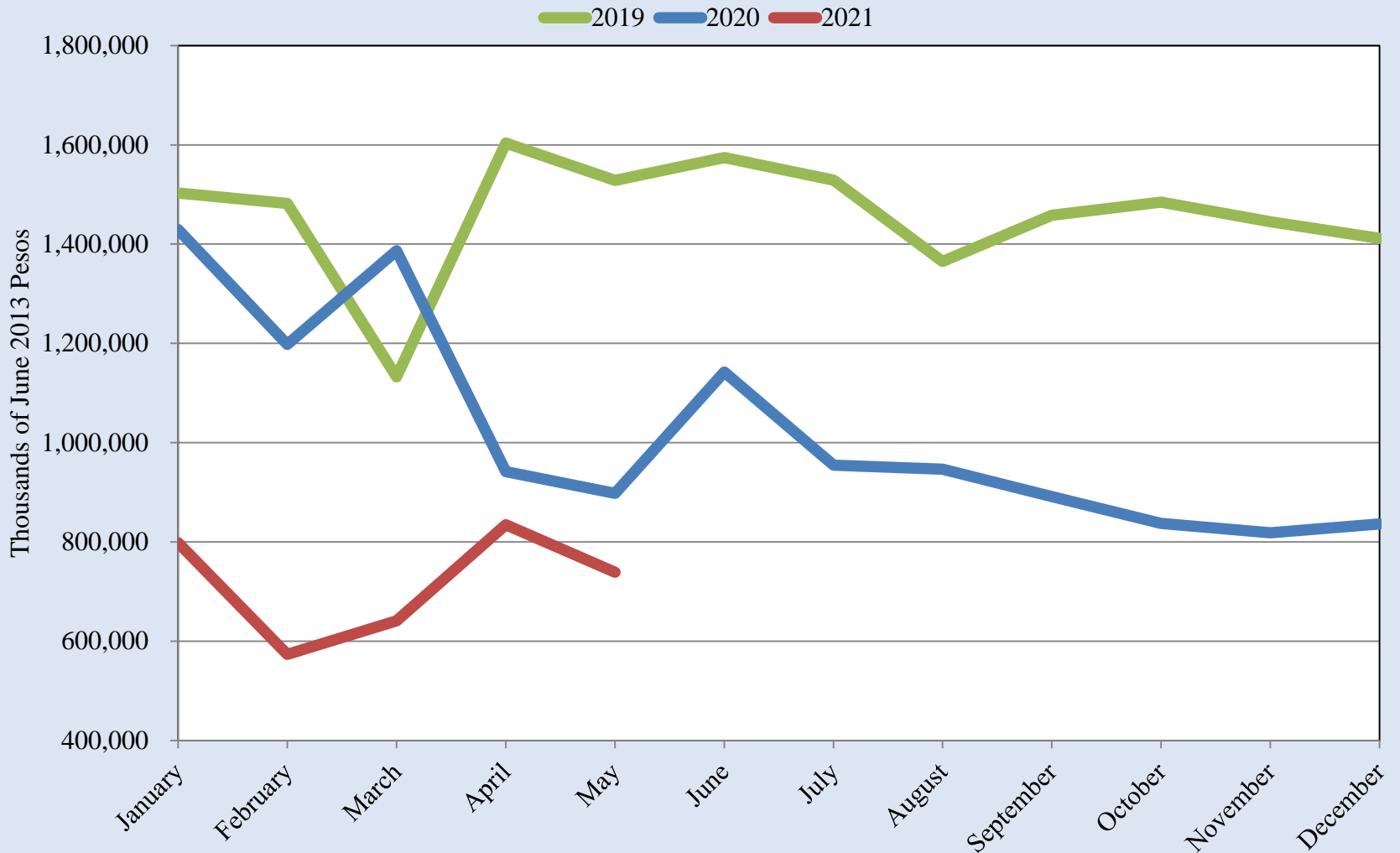
Source: INEGI

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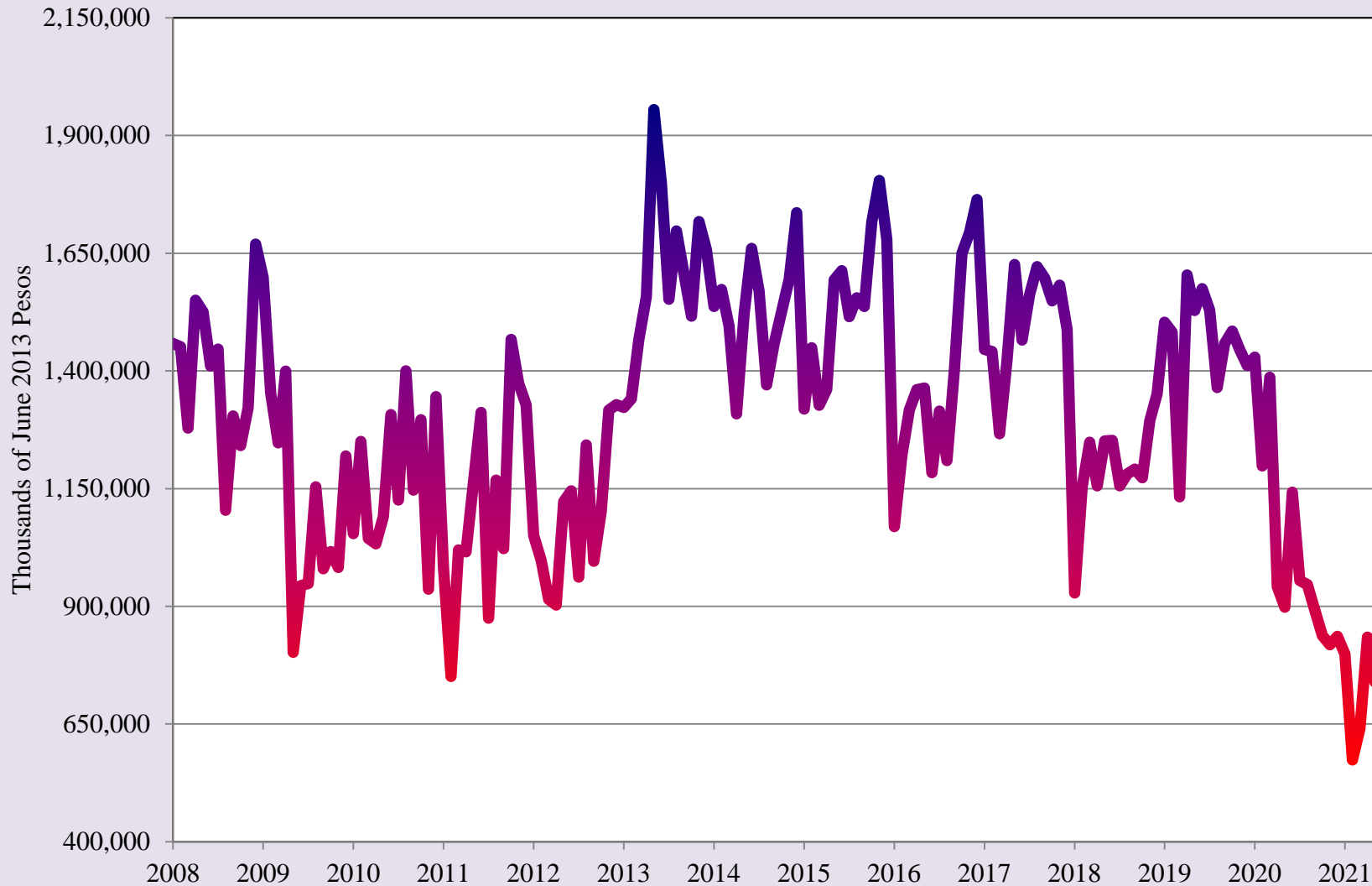
Source: INEGI

Total Value of Construction in the State of Chihuahua



Source: INEGI

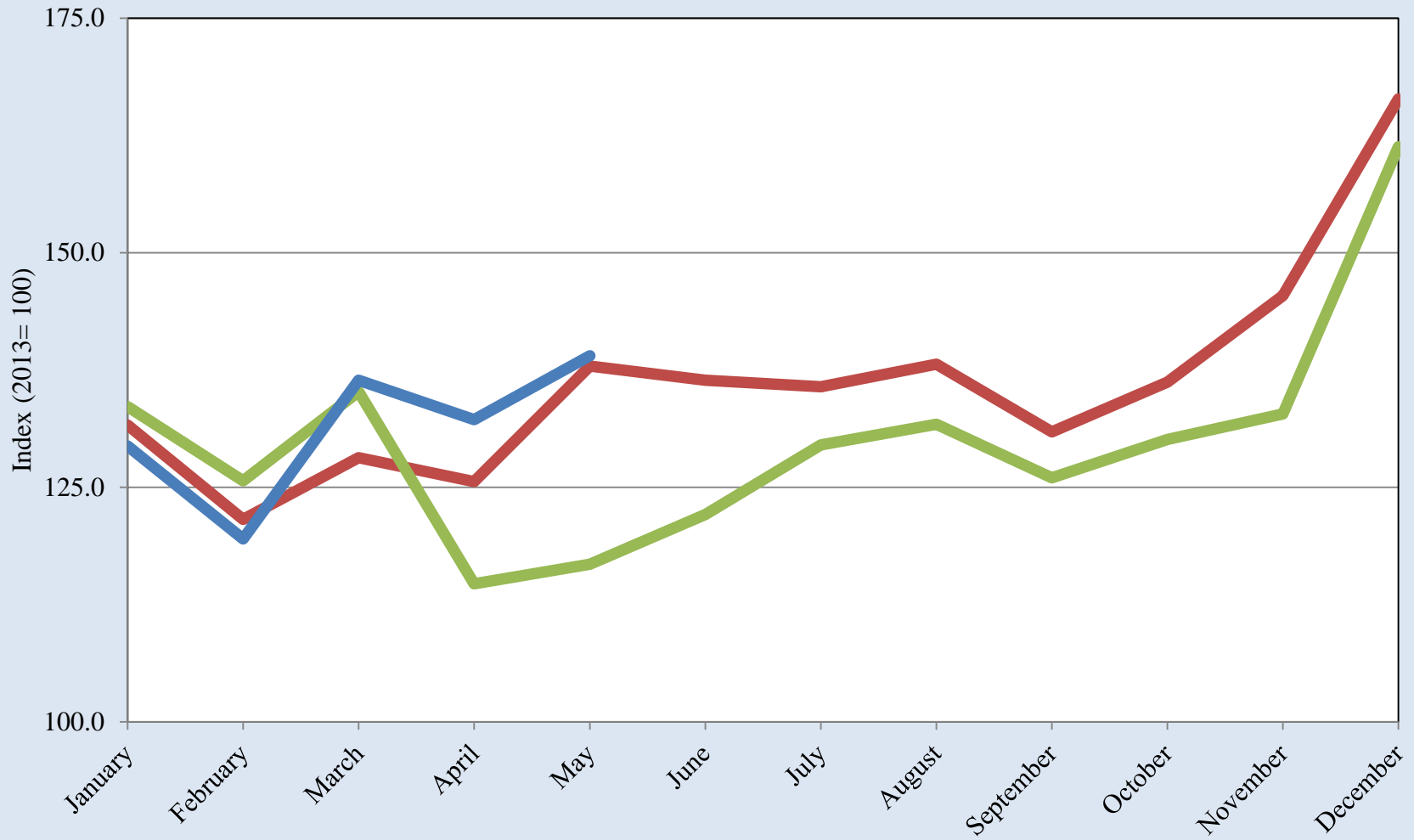
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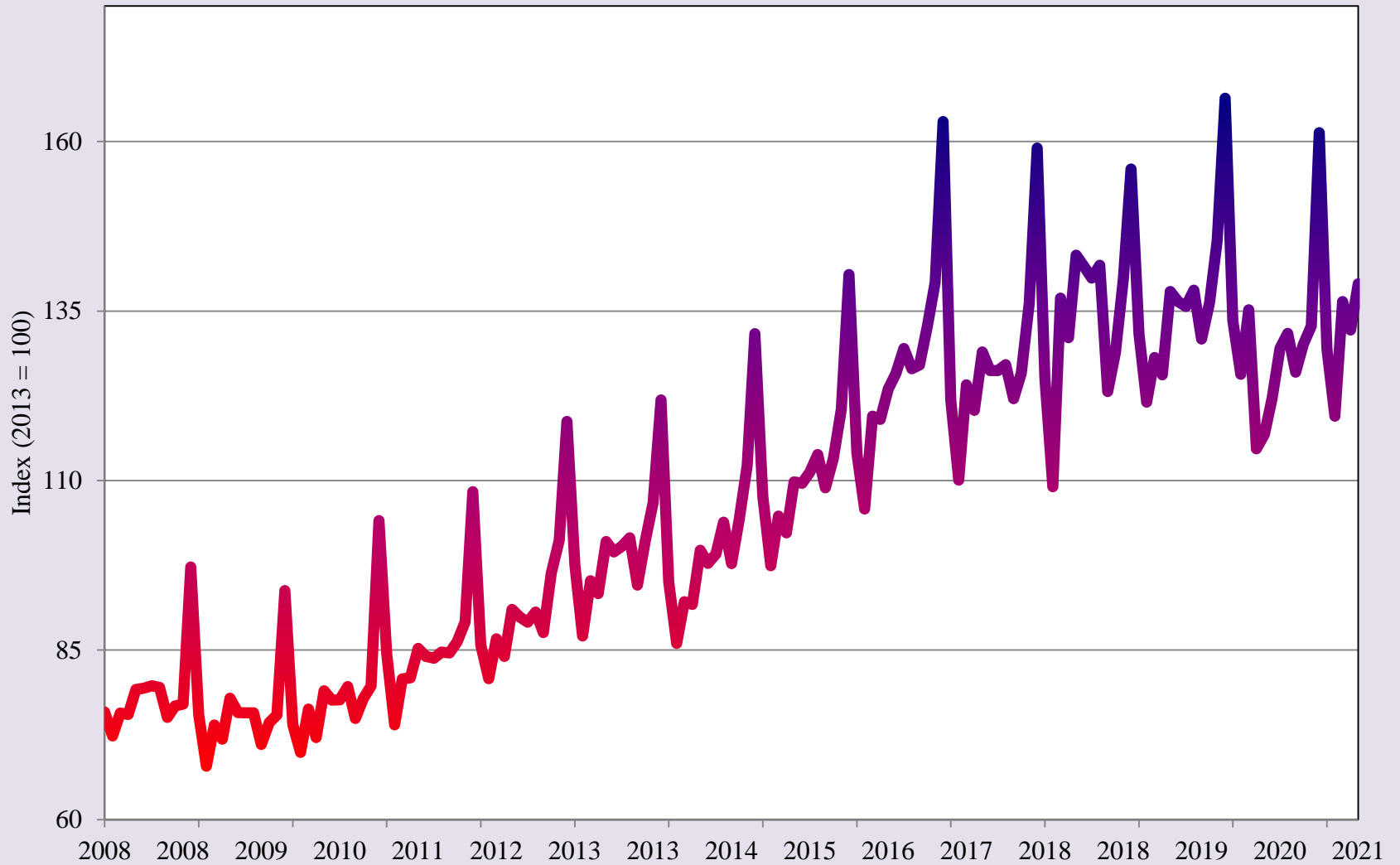
Real Retail Activity Index for the State of Chihuahua

— 2019 — 2020 — 2021



Source: INEGI

Real Retail Activity Index for the State of Chihuahua



Source: INEGI



BORDERPLEX BUSINESS BAROMETER

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