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Steady Progress amid Ongoing Uncertainty

In spite of regional mask mandate disagreements and a protracted border closure, local business conditions continue to improve. In August, the Federal Reserve Bank of Dallas El Paso Metropolitan Business Cycle Index climbed close to its pre-pandemic level. The latter occurred even though the 12-month rate of consumer price inflation rose to 5.3 percent in August. Local gasoline prices also remained above $3 per gallon for a third straight month.

All of the Treasury bill, note, and bond rates shown in the Yield Curve graph remain negative in real terms in August. Those historically low rates are helping to fuel rapid housing price inflation across the United States. In El Paso, the median price for single-family homes rose 14.9 percent above its August 2020 level. The Months of Inventory ratio has remained below 2.0 for 15 consecutive months. As long as 30- and 15-year mortgage rates remain below 3 percent in nominal terms, housing demand should remain strong.

The El Paso labor market continues to improve. In August, the jobless rate dropped below 6.0 percent for the first time since March 2020. Successful COVID-19 vaccination efforts have allowed labor force participation to expand in El Paso. Particularly robust rates of job growth have been tallied by the leisure and hospitality, information, and construction in recent months. Against that backdrop, it is not surprising that Supplemental Nutrition Assistance Program, SNAP or food stamp, enrollments plunged by more than 31.5 thousand in the 12 months to August 2021.

Las Cruces labor market conditions have also strengthened noticeably. The Doña Ana county unemployment rate fell below 6.5 percent for the first time since the onset of the pandemic. While total employment has yet to recover to 2019 levels completely, good progress has been achieved across multiple segments such as leisure and hospitality, business services, manufacturing, and retail trade. While that is good news, Mesilla Valley SNAP enrollments remain above year-ago levels.

Borderplex businesses have begun to prepare for border travel restrictions to, possibly, be lifted in October. If non-essential travel is allowed to re-start, pent-up demand will probably cause local wait times to skyrocket at regional ports of entry. The return of retail tourism from Northern Mexico may also cause inventory shortages at many stores. El Paso hotel occupancy rates may decline as visitors welcome a chance to once again, visit the United States.

In nominal terms, the exchange rate hovered near 20 pesos per dollar during the first 9 months of 2021. While that is substantially lower than the historically high levels reached during the second quarter of 2020, the peso still remains relatively weak in real terms. Historically, that circumstance usually translates into greater manufacturing investment flows into Ciudad Juarez and other parts of the State of Chihuahua. The Northern Mexico Manufacturing Orders Index has exceeded year-ago levels throughout 2021, indicating that the pattern remains in place. The number of northbound cargo vehicles crossing the border from Ciudad Juarez has also exceeded 62 thousand trucks per month for January to August 2021.
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.

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 SNAP (Food Stamp) Enrollment

Number of SNAP Recipients

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

Number of SNAP Recipients

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 unleaded gasoline prices from January 2006 to August 2021

Nominal Price (Dollars per Gallon)

El Paso Gasoline Prices

Source: GasBuddy.com
Doña Ana County Unemployment Rate

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

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

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, healthwarehouse.com, goodrx.com, medsmex.com
EPIA Freight and Mail

2020 and 2021 (2 year comparison)

Source: EPIA Operations
EPIA Freight and Mail

Inbound+Outbound

Source: EPIA Operations
EPIA Passengers

Source: EPIA Operations
EPIA Passengers

Number of Passengers


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
Monthly border wait times at Paseo Del Norte, Ysleta, and Bridge of the Americas. Data set ranging from January 2011 to August 2021.

Source: UTEP Border Region Modeling Project
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
Cargo Truck International Bridge Crossings to El Paso

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

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

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

Index (2008 = 100)

Source: INEGI
Total Value of Construction in the State of Chihuahua

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
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.