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Borderplex Business Barometer, Volume 6, Number 6

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T.M. Fullerton, Jr., and S.L. Fullerton, 2022, "Record Gas Prices? Not Really," *Borderplex Business Barometer* 6(6), 1-66.



BORDERPLEX BUSINESS BAROMETER

June 2022

Border Region Modeling Project

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Border Commerce & Economics

Borderplex Business Barometer, Volume 6, Number 6

Record High Gasoline Prices? Not Really.

The Bureau of Labor Statistics Consumer Price Index (CPI) for Urban Consumers increased by 8.6 percent in the 12-month period to May 2022. As national media headlines emphasized, that is the fastest 12-month increase in the CPI since 1981. Important contributors to this include housing, food, and energy prices.

Within the energy category, gasoline and diesel prices have risen dramatically. In nominal terms, the price of regular unleaded gasoline reached an all-time high in May, averaging approximately \$4.17 per gallon over the course of that month. On the surface, that sounds alarming, but an all-time record has not truly been established. That is because nominal data from different time periods do not account for inflation. After adjusting for inflation, the record setting monthly average gasoline price for El Paso occurred in July 2008 just prior to a national banking crisis.

Many local residents are justifiably concerned over how rapidly gasoline and diesel prices have increased since May 2021. Even in real terms, prices are at fairly high levels. However, after inflation adjustment, regular gasoline was nearly 26 percent more expensive in July 2008 than it is today. While there are plausible scenarios under which gasoline and diesel prices could ascend to the levels of mid-2008, the local market is not yet there.

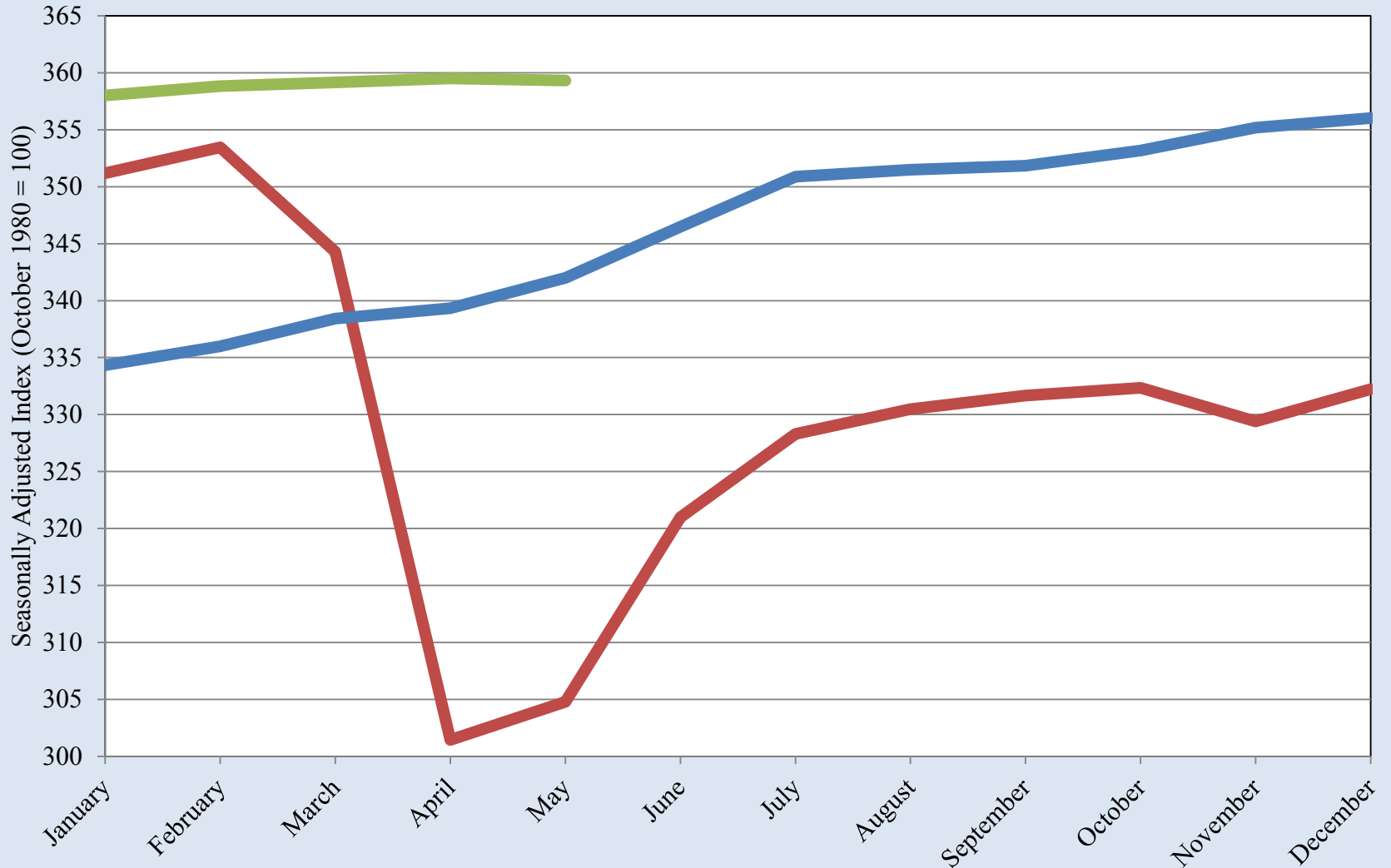
What goes into gasoline prices? Four major cost categories comprise gasoline and diesel prices on any given day. According to the United States Energy Information Administration (EIA), the breakdown is as follows. Oil represents 59 percent of the price of gasoline, refining is 18 percent, distribution and marketing account for 12 percent, with taxes making up the remaining 11 percent. State gasoline taxes in Texas and New Mexico are much lower than in other oil producing states such as California or Pennsylvania. That clarifies why Borderplex fuel prices tend to be lower than almost anywhere else in the USA.

Because inflation has remained well above the Federal Reserve (Fed) target of 2 percent, monetary policy is tightening. The federal funds target rate for overnight lending between commercial banks was increased by 75 basis points on 15 June 2022. The Fed is also raising longer term interest rates by executing a quantitative

tightening policy that involves selling long term Treasury bonds and other securities. Analysts are nervous about these changes, because economic history suggests that higher borrowing costs almost always place the national economy at risk of falling into a recession. As noted in last month's issue of the *Barometer*, there is a 70 percent chance that El Paso may enter a business cycle contraction during the fourth of this year. Other possible Borderplex developments include higher unemployment in El Paso and Las Cruces, declining IMMEX payrolls in Ciudad Juarez, a weaker peso, lower fuel prices, plus lower housing prices on both sides of the border. Whether inflation subsides quickly or slowly, future issues of this report will monitor Borderplex regional economic changes in response to fluctuating international business conditions and evolving national policy decisions.

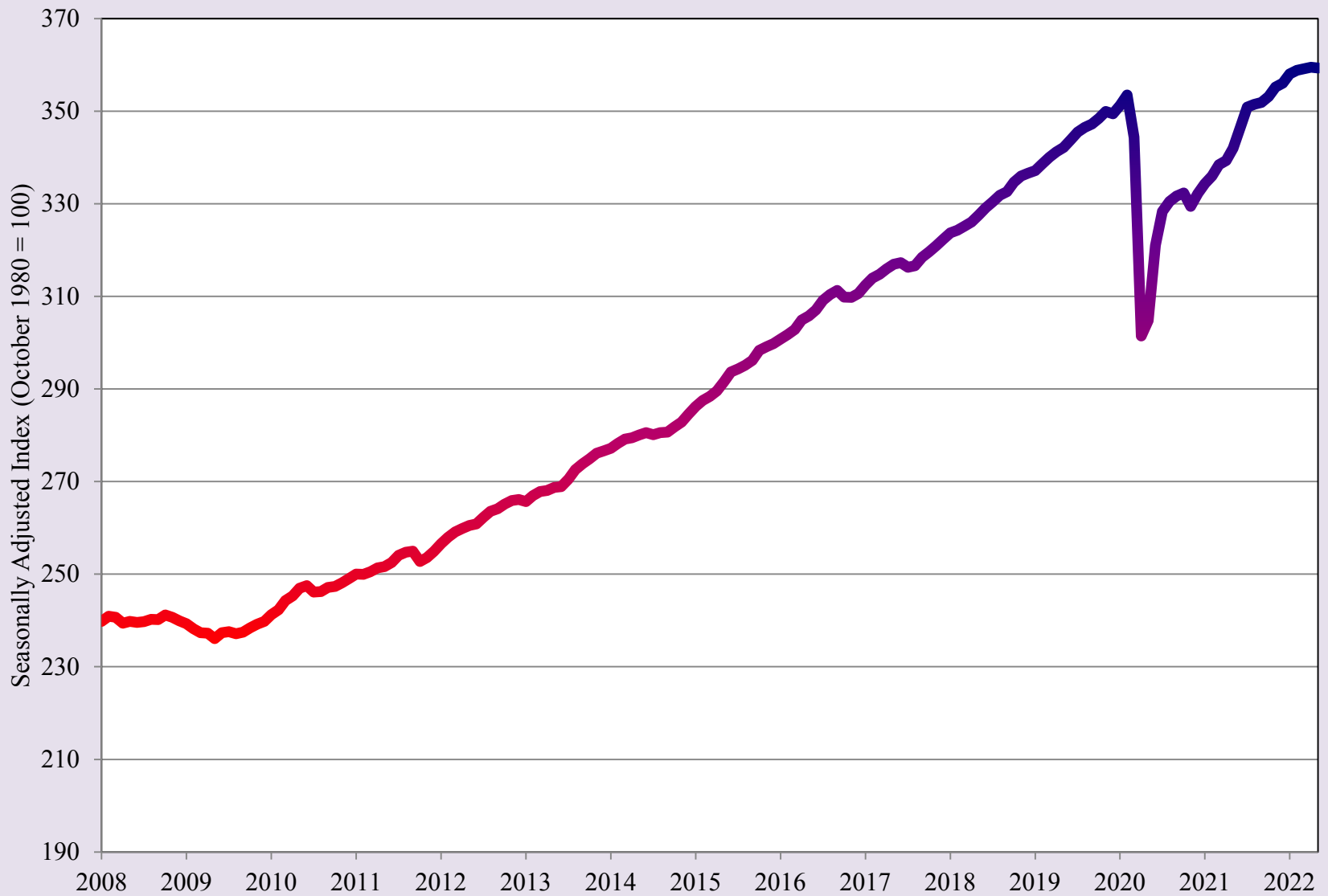
El Paso Metropolitan Business Cycle Index

2020 2021 2022



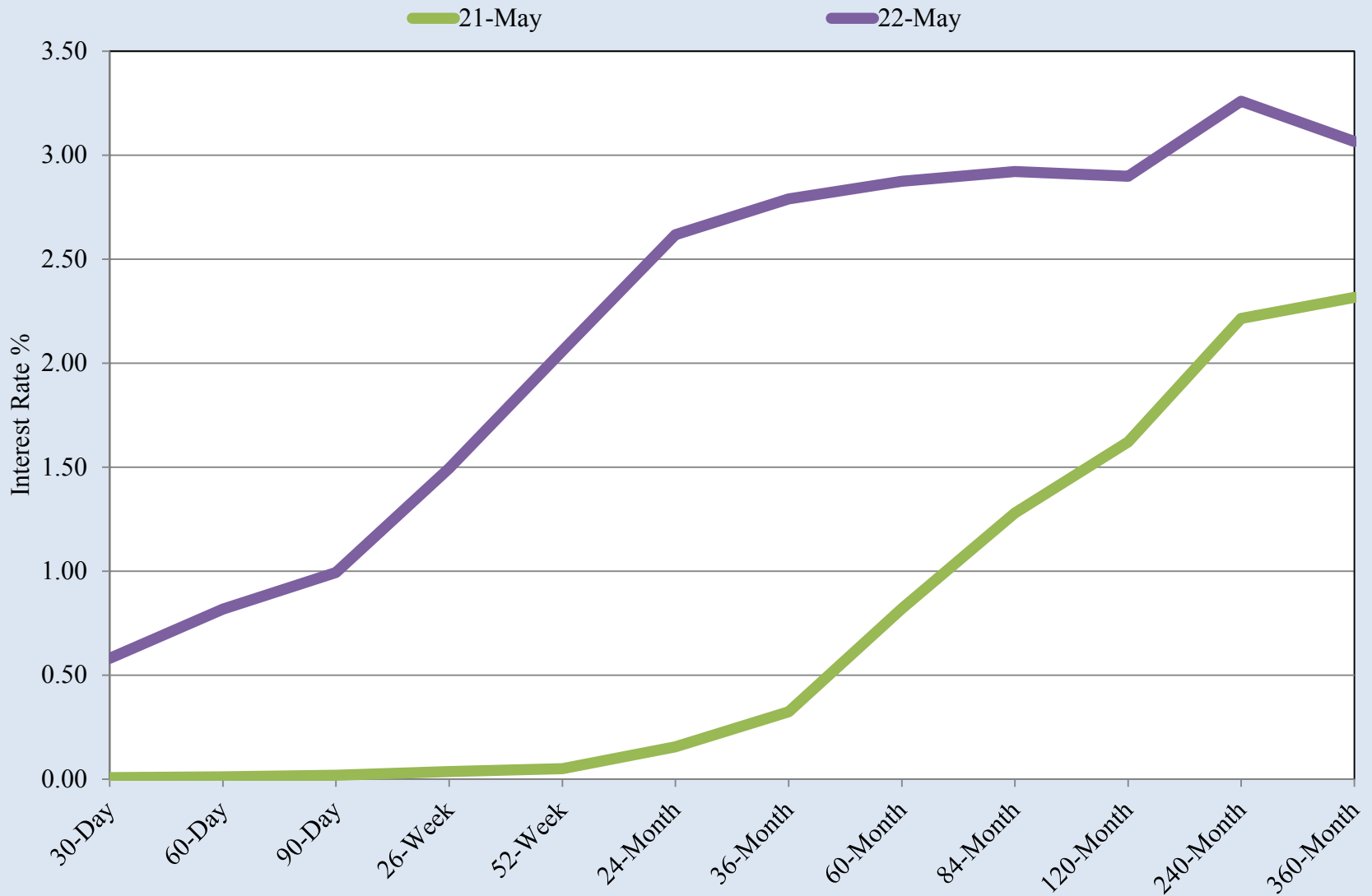
Source: Federal Reserve Bank of Dallas

El Paso Metropolitan Business Cycle Index



Source: Federal Reserve Bank of Dallas

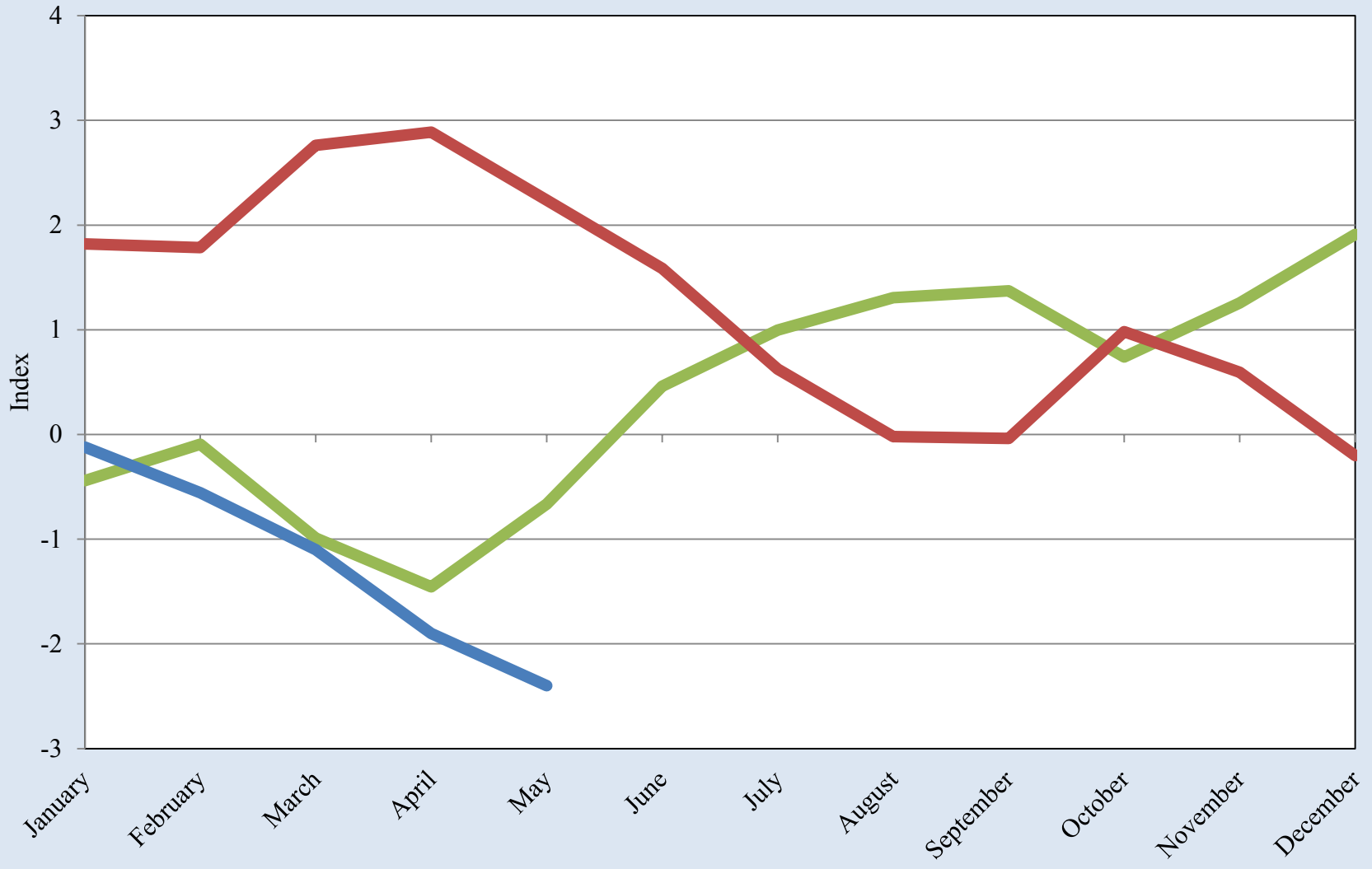
Average Treasury Yield Curve Rates



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

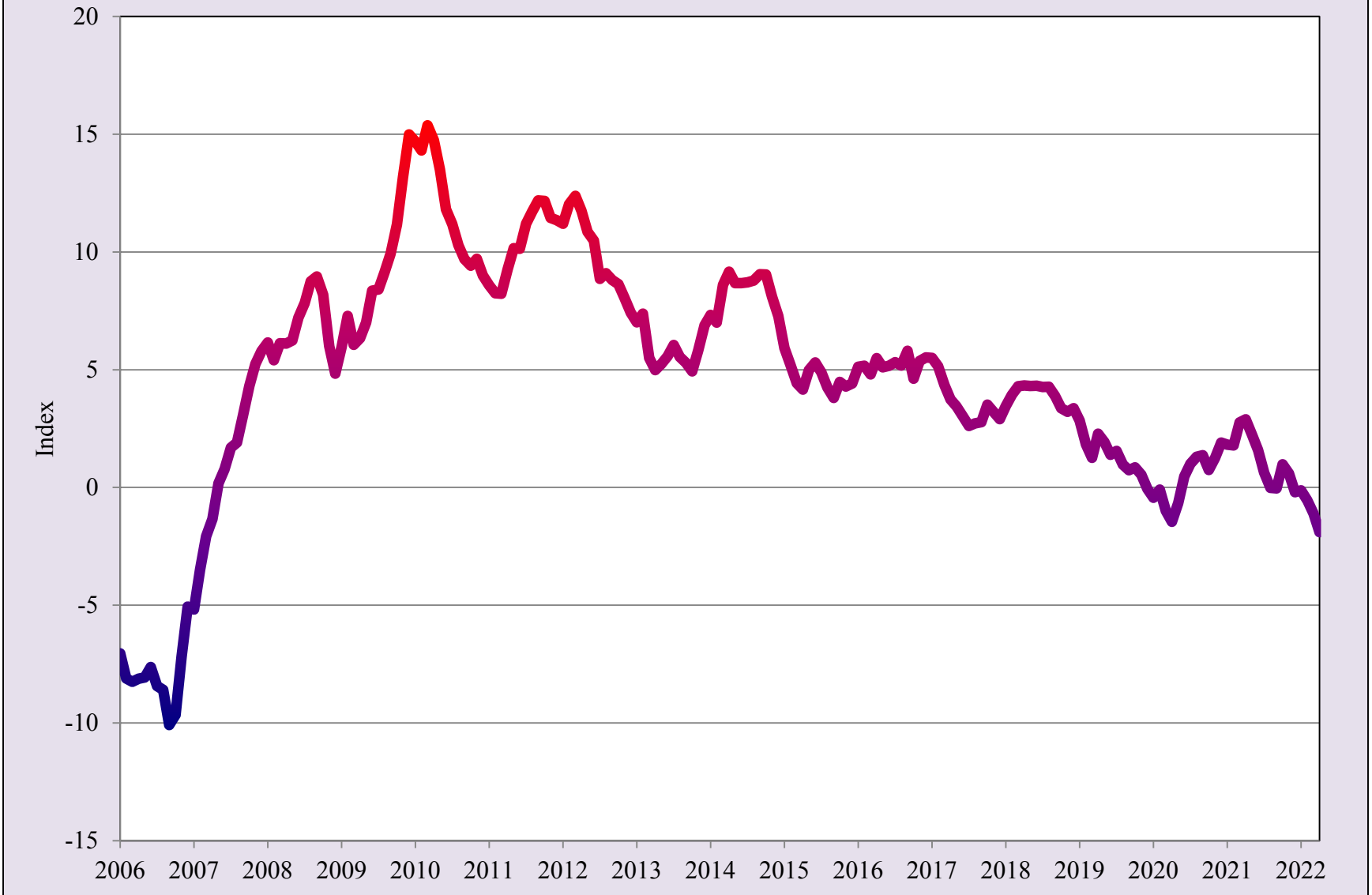
El Paso Household Economic Stress Index

2020 2021 2022



Source: UTEP Border Region Modeling Project

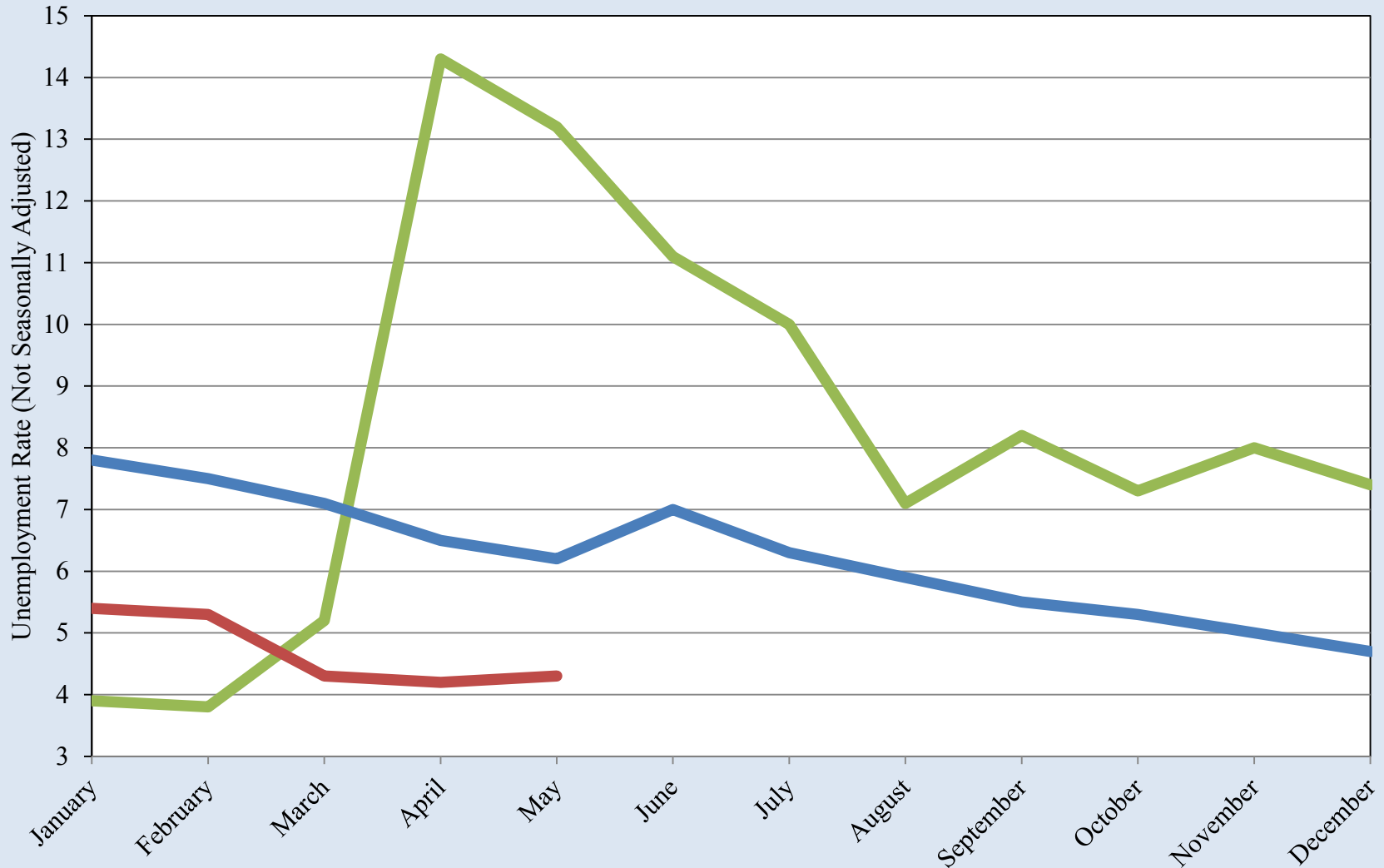
El Paso Household Economic Stress Index



Source: UTEP Border Region Modeling Project

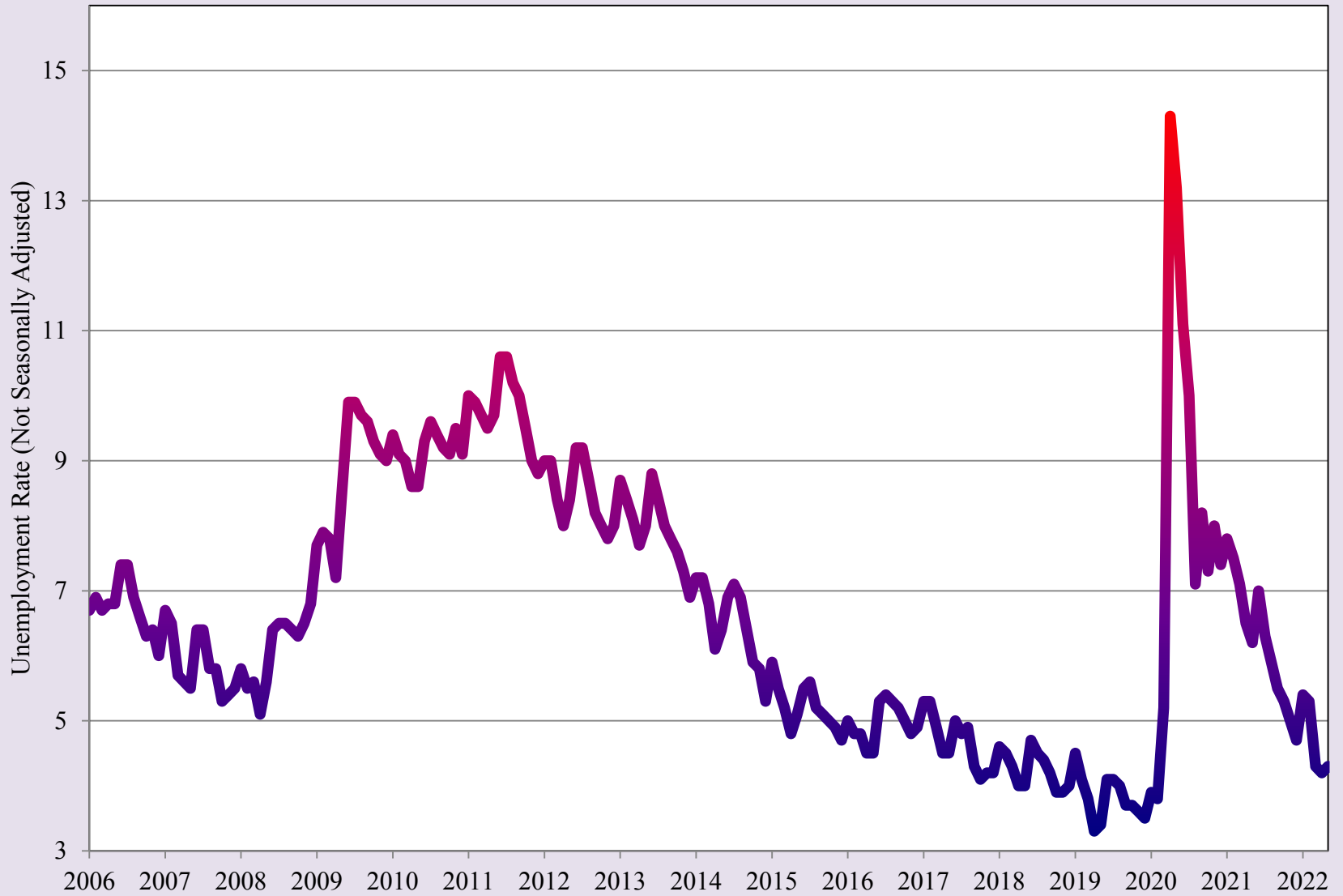
El Paso County Unemployment Rate

2020 2021 2022



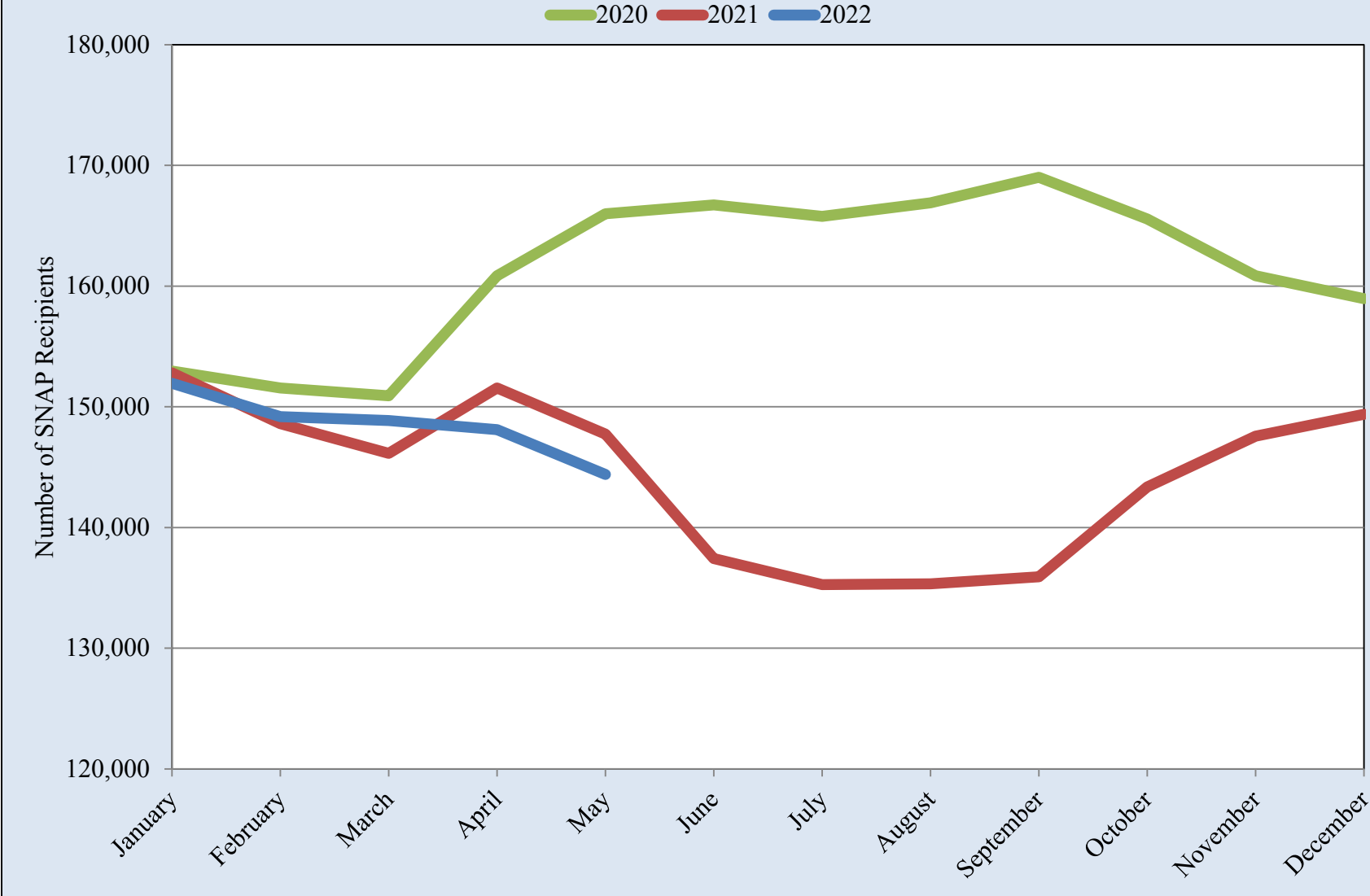
Source: Bureau of Labor Statistics

El Paso County Unemployment Rate



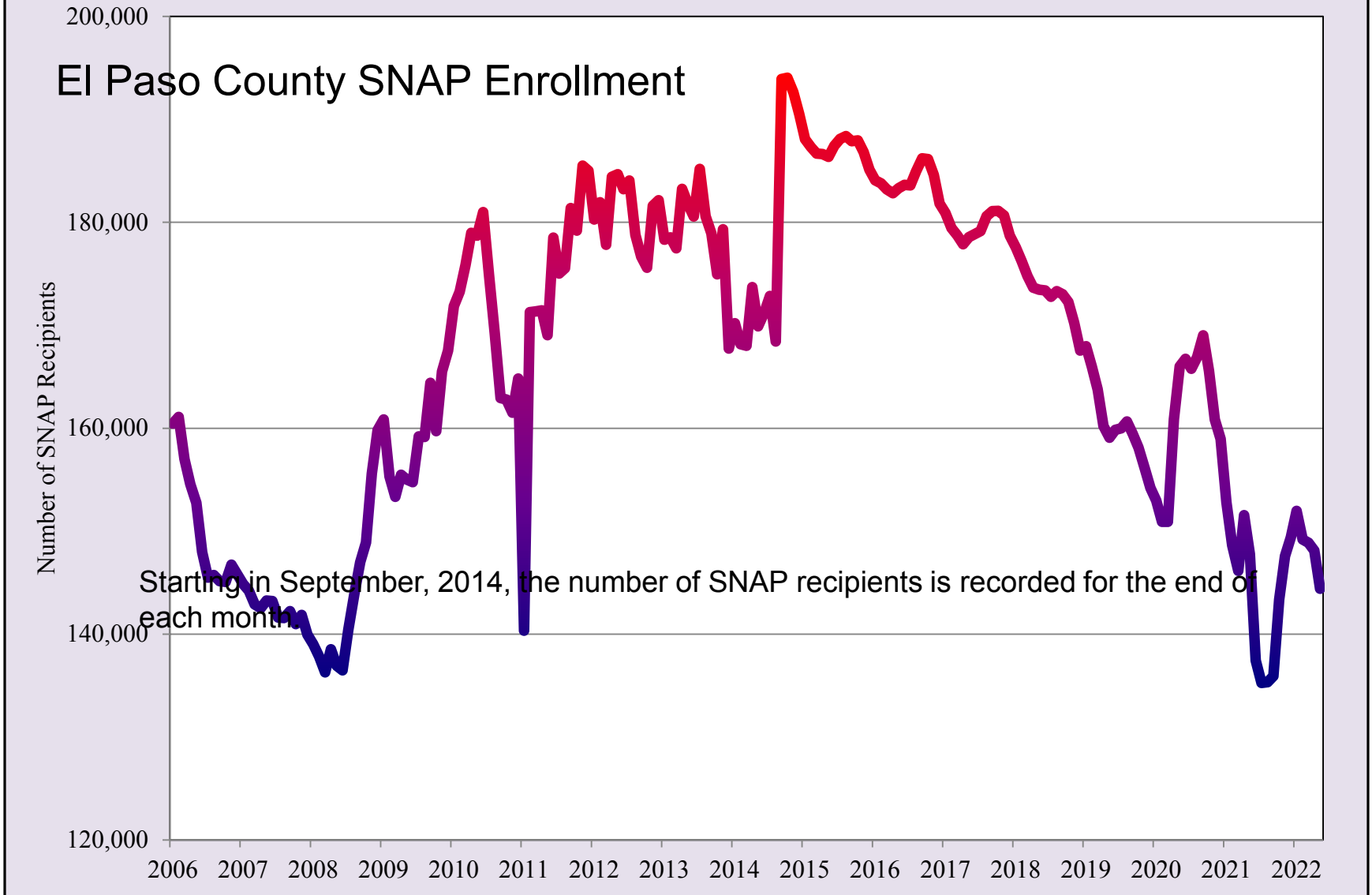
Source: Bureau of Labor Statistics

El Paso County SNAP (Food Stamp) Enrollment



Source: Texas Health and Human Services Commission

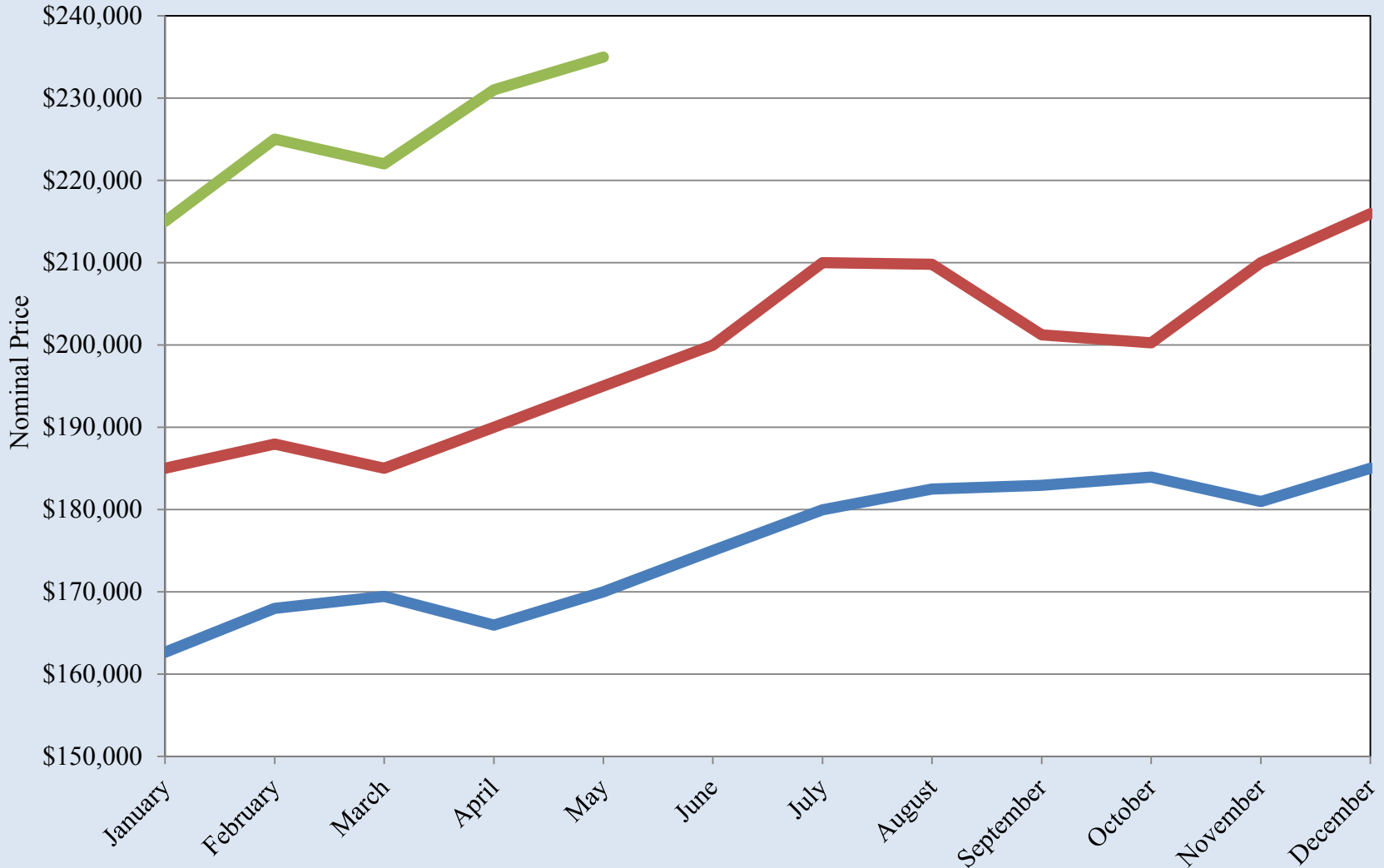
El Paso County SNAP (Food Stamp) Enrollment



Source: Texas Health and Human Services Commission

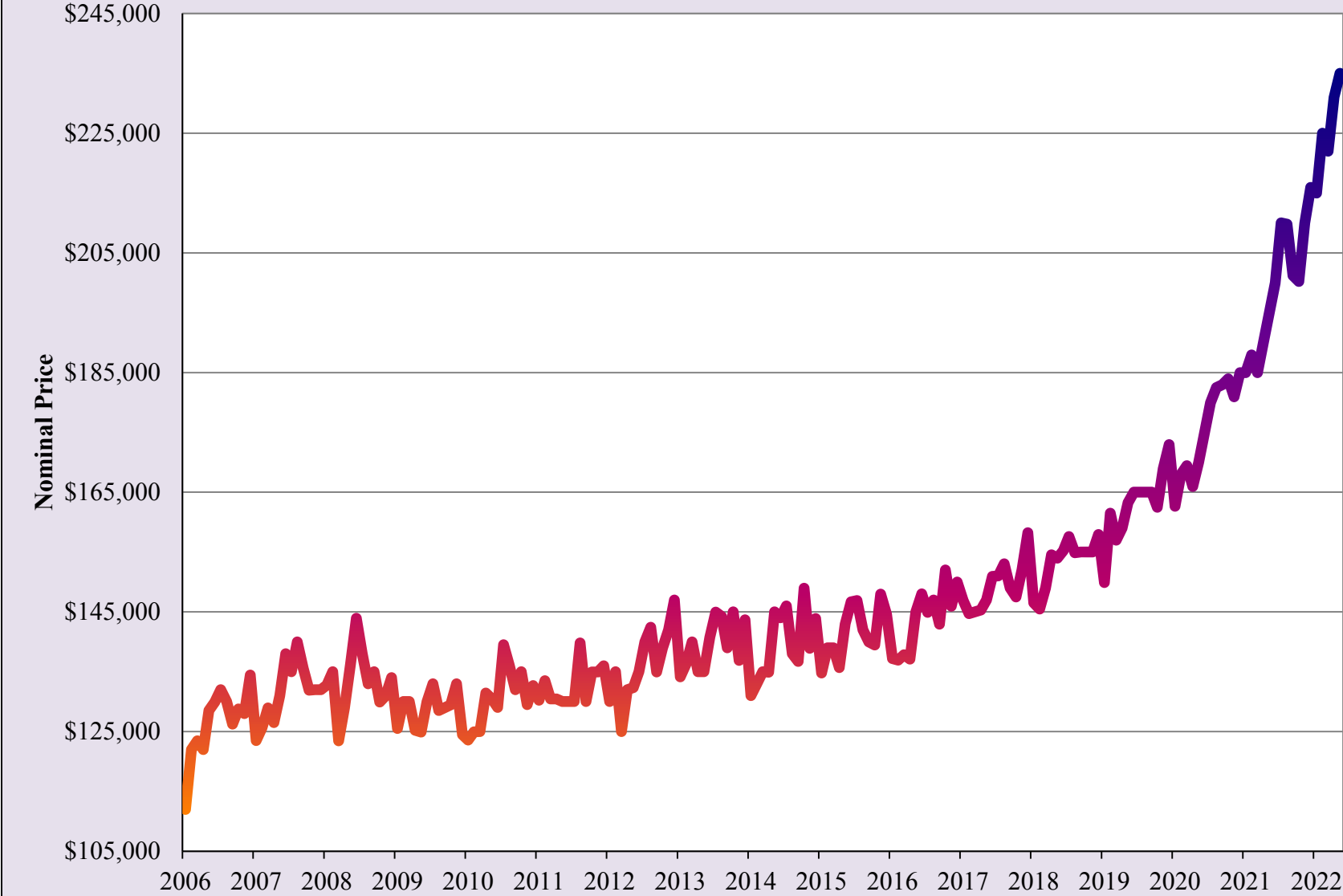
El Paso Median Housing Prices

2020 2021 2022



Source: Texas A&M Real Estate Center

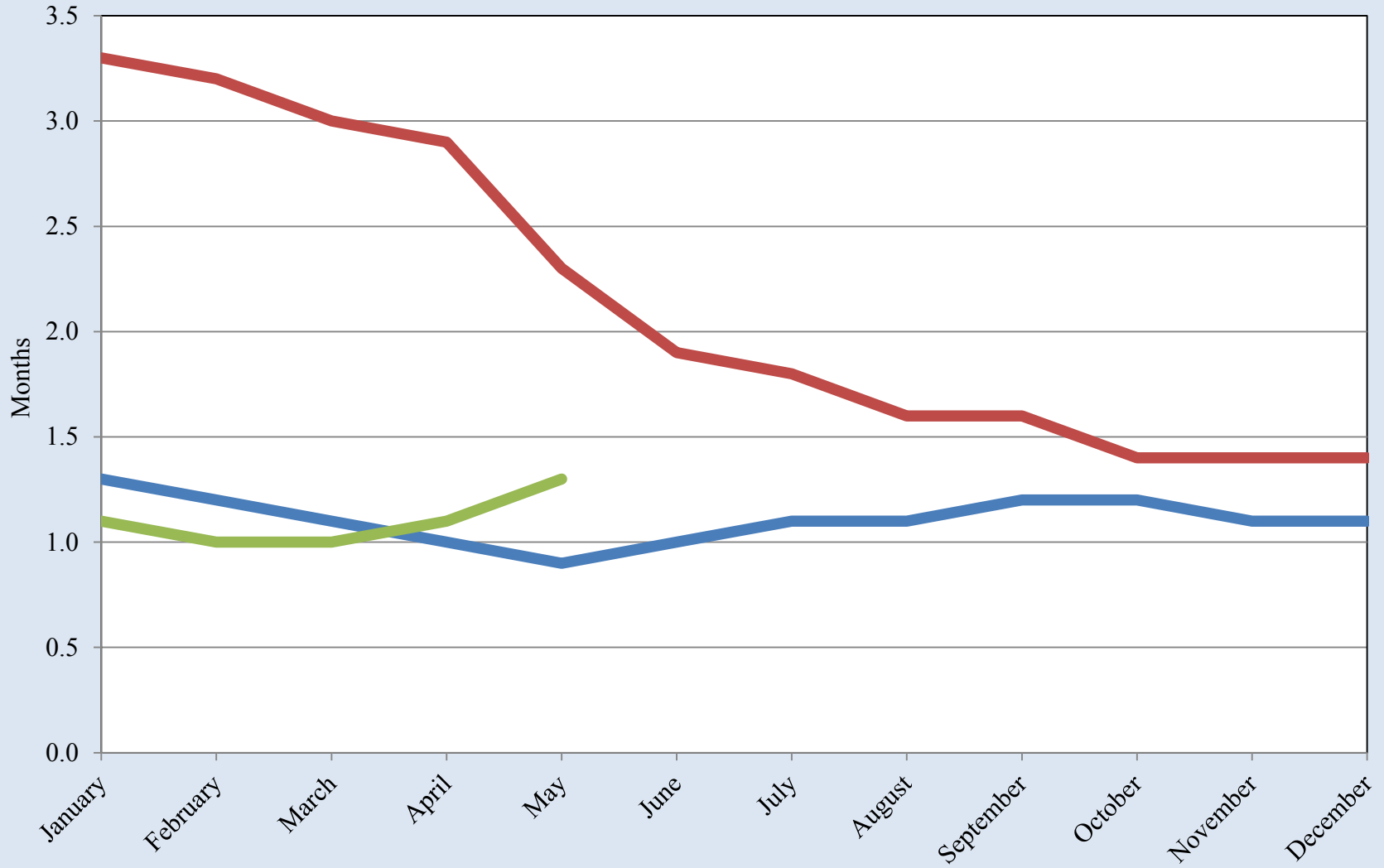
El Paso Median Housing Prices



Source: Texas A&M Real Estate Center

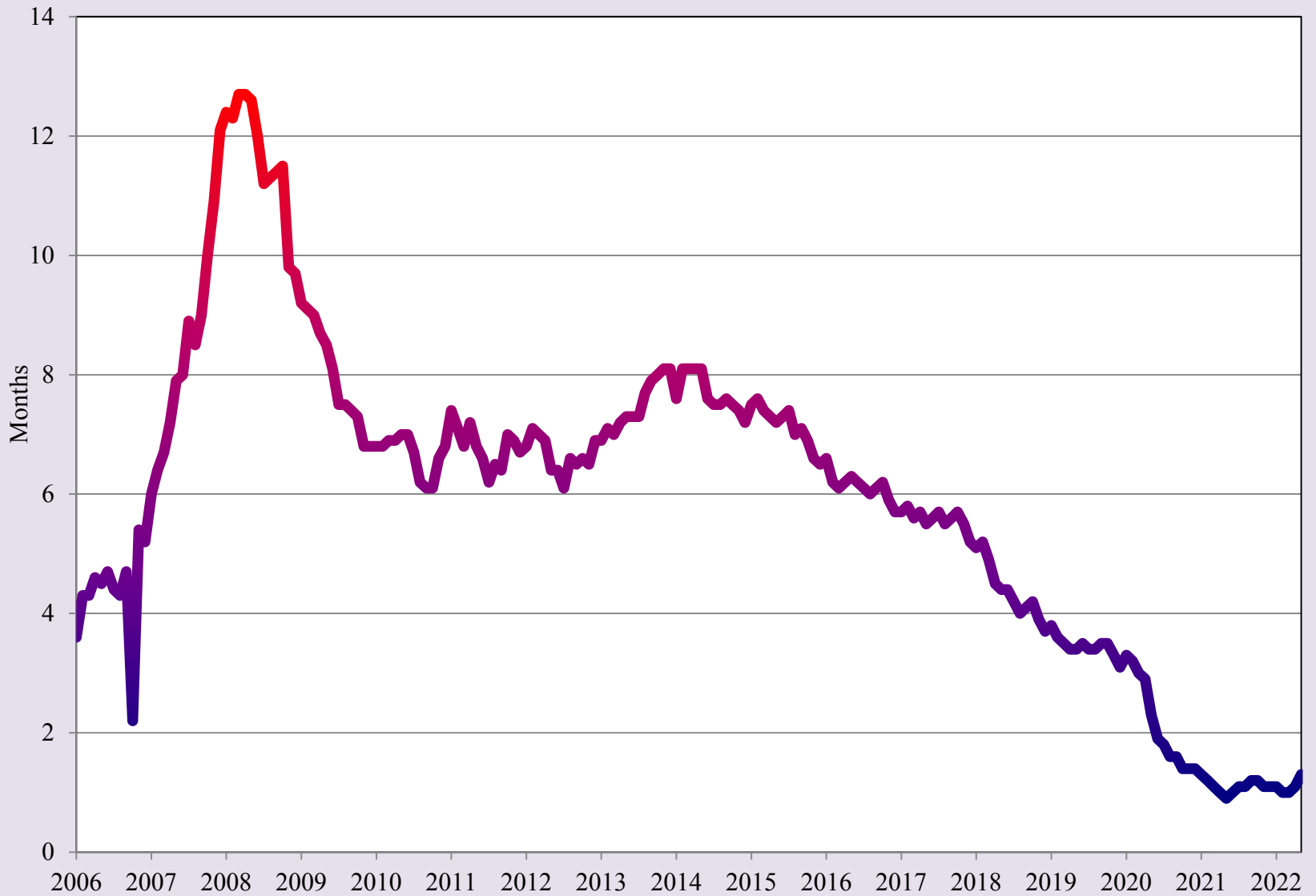
Months of Housing Inventory for El Paso

2020 2021 2022



Source: Texas A&M Real Estate Center

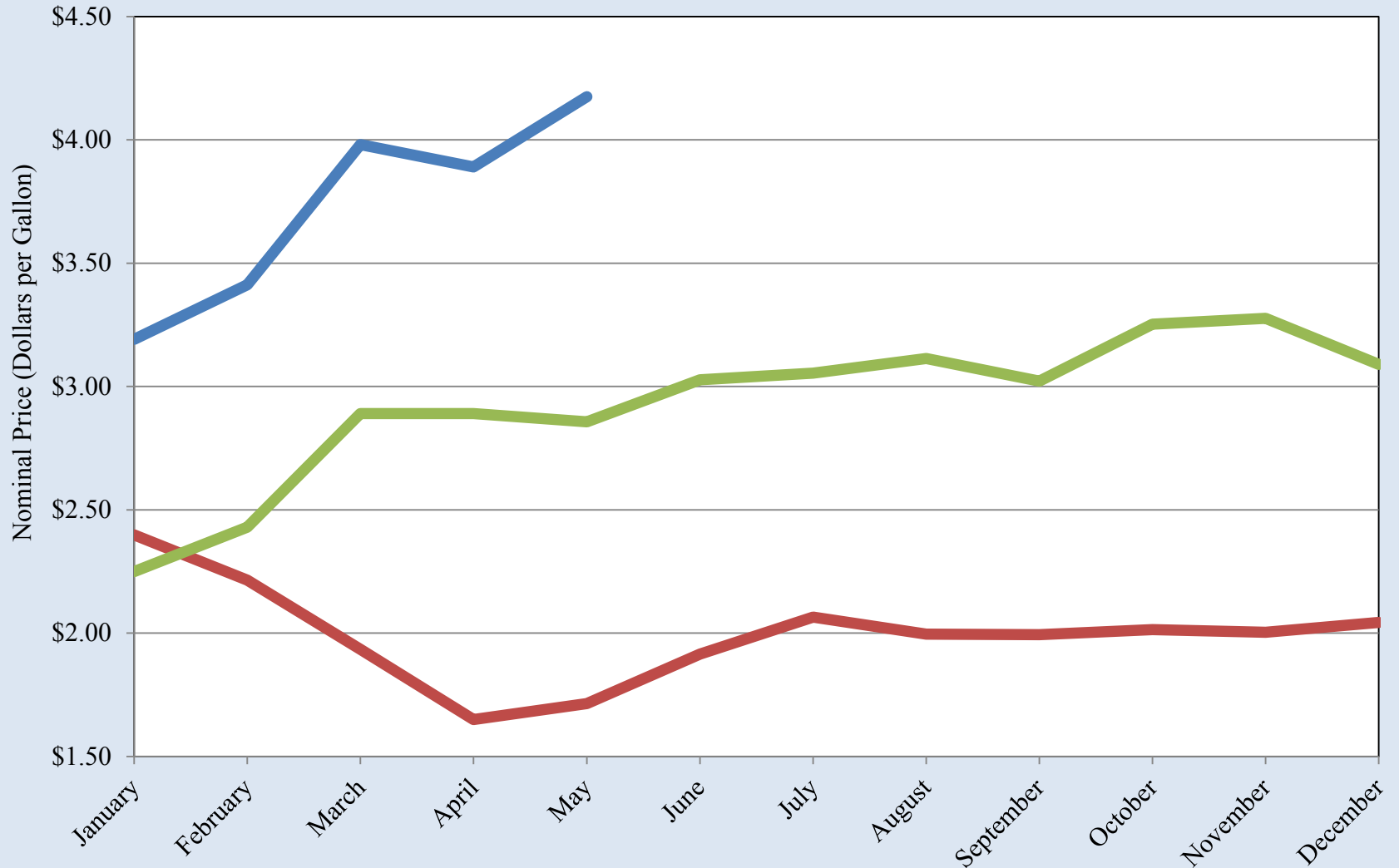
Months of Housing Inventory for El Paso



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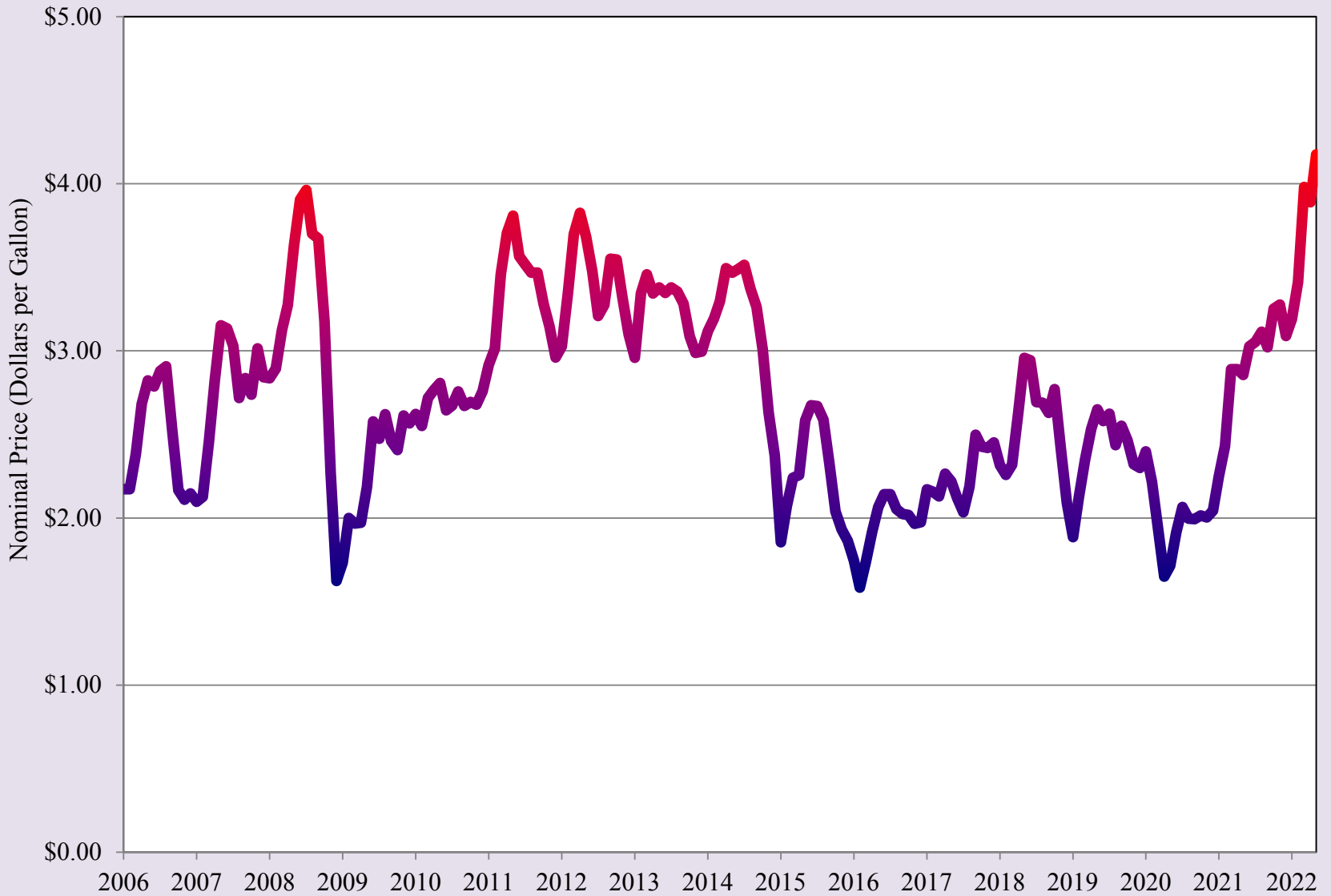
El Paso Gasoline Prices

2020 2021 2022



Source: GasBuddy.com

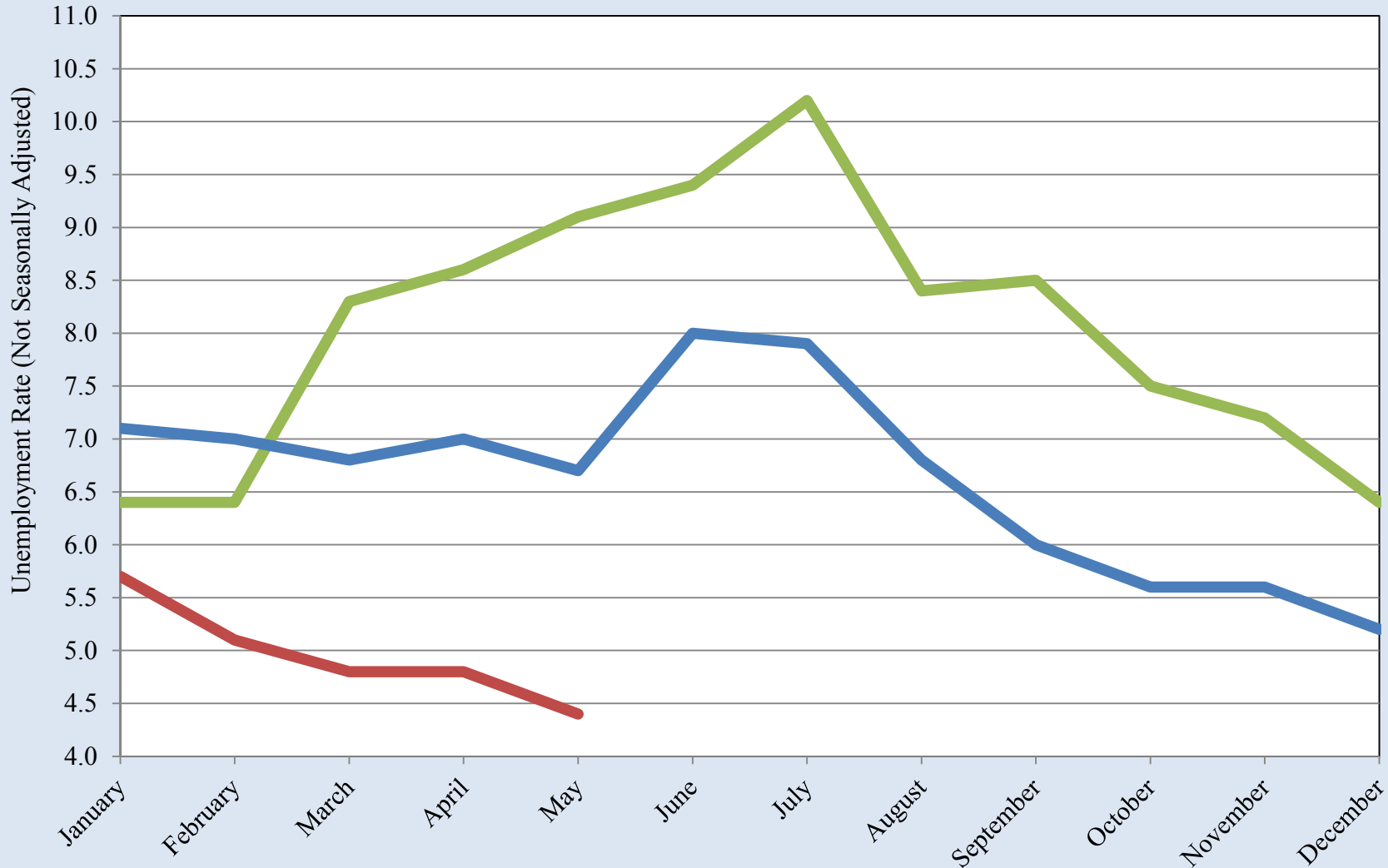
El Paso Gasoline Prices



Source: GasBuddy.com

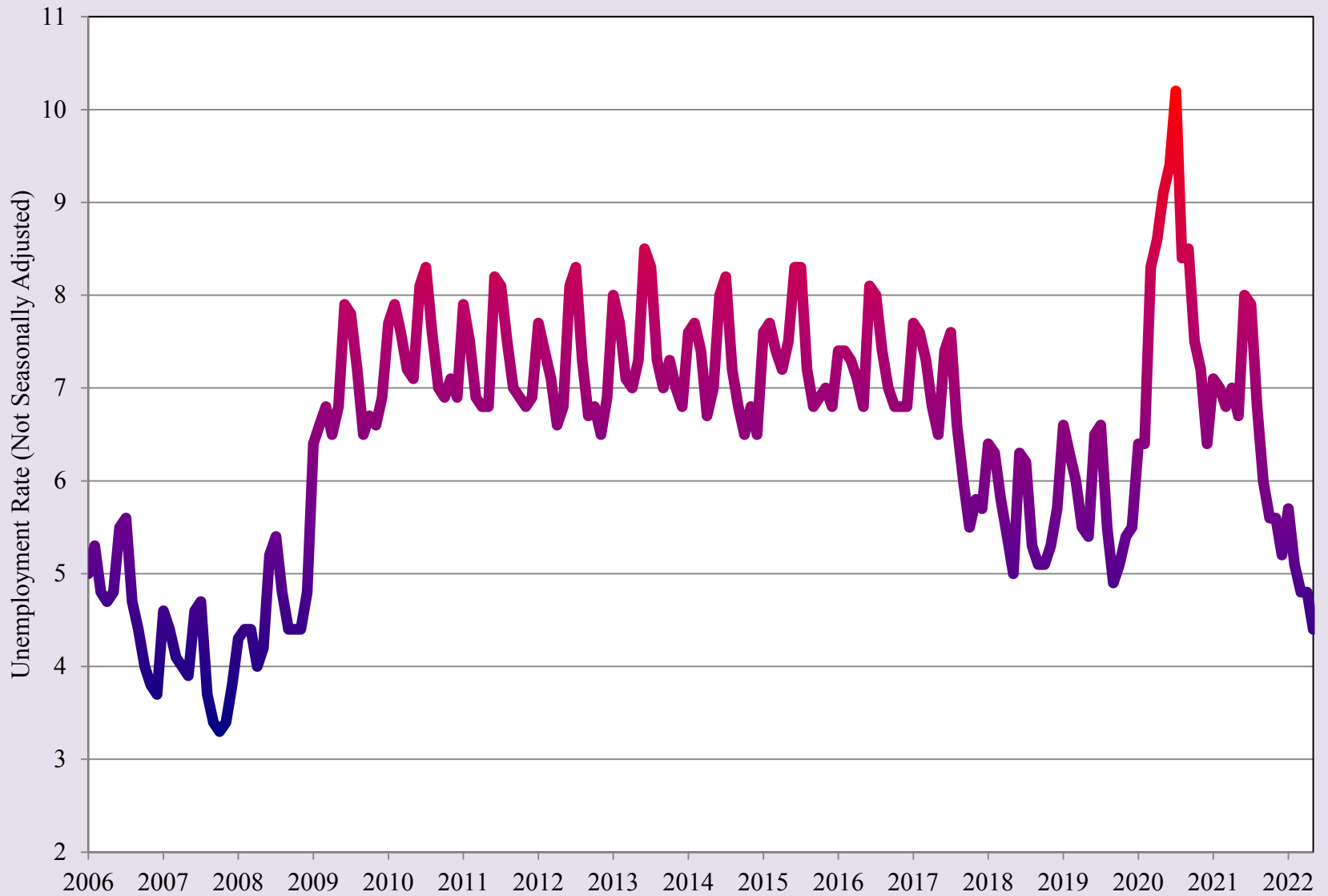
Doña Ana County Unemployment Rate

2020 2021 2022



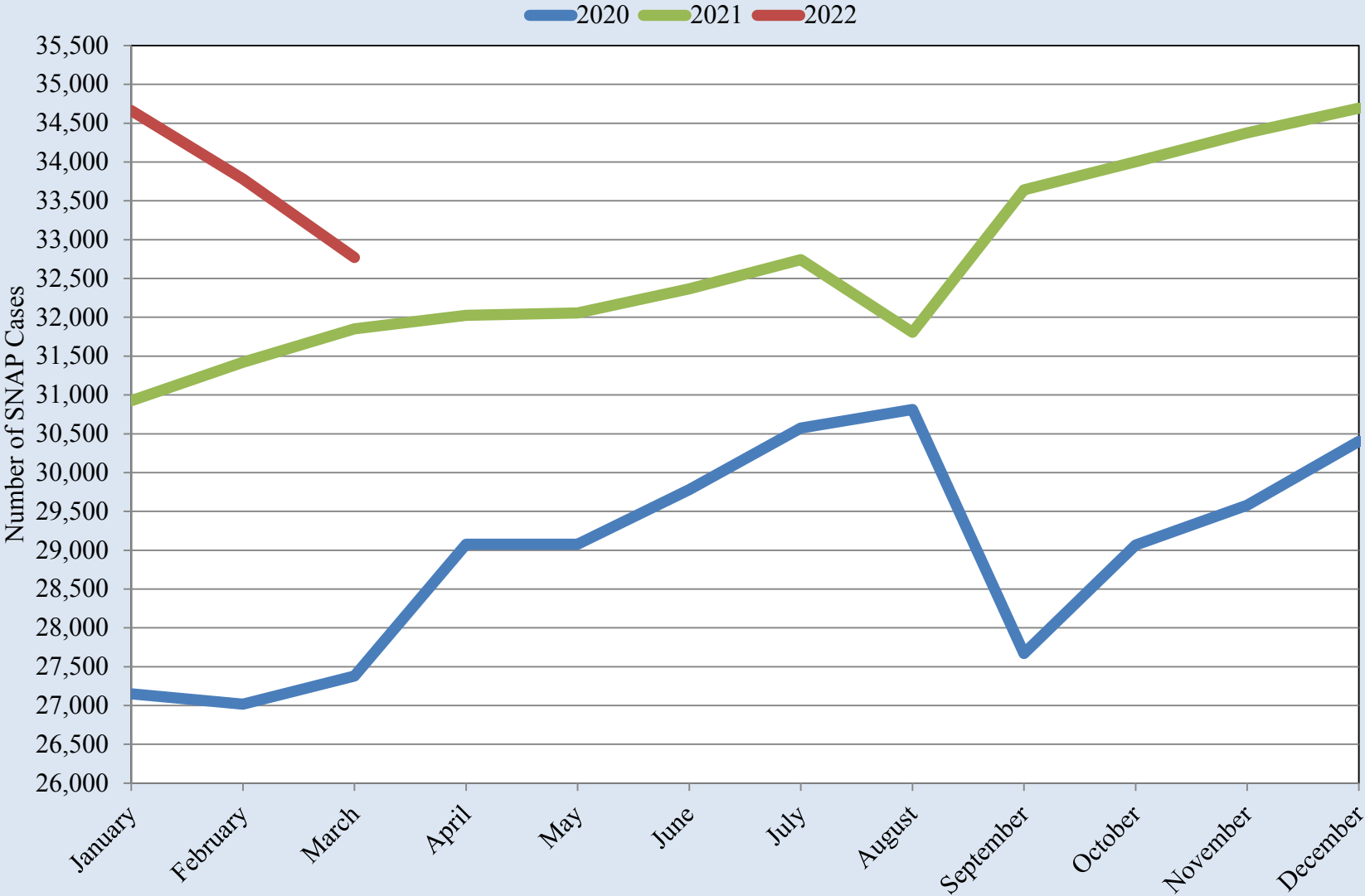
Source: Bureau of Labor Statistics

Doña Ana County Unemployment Rate



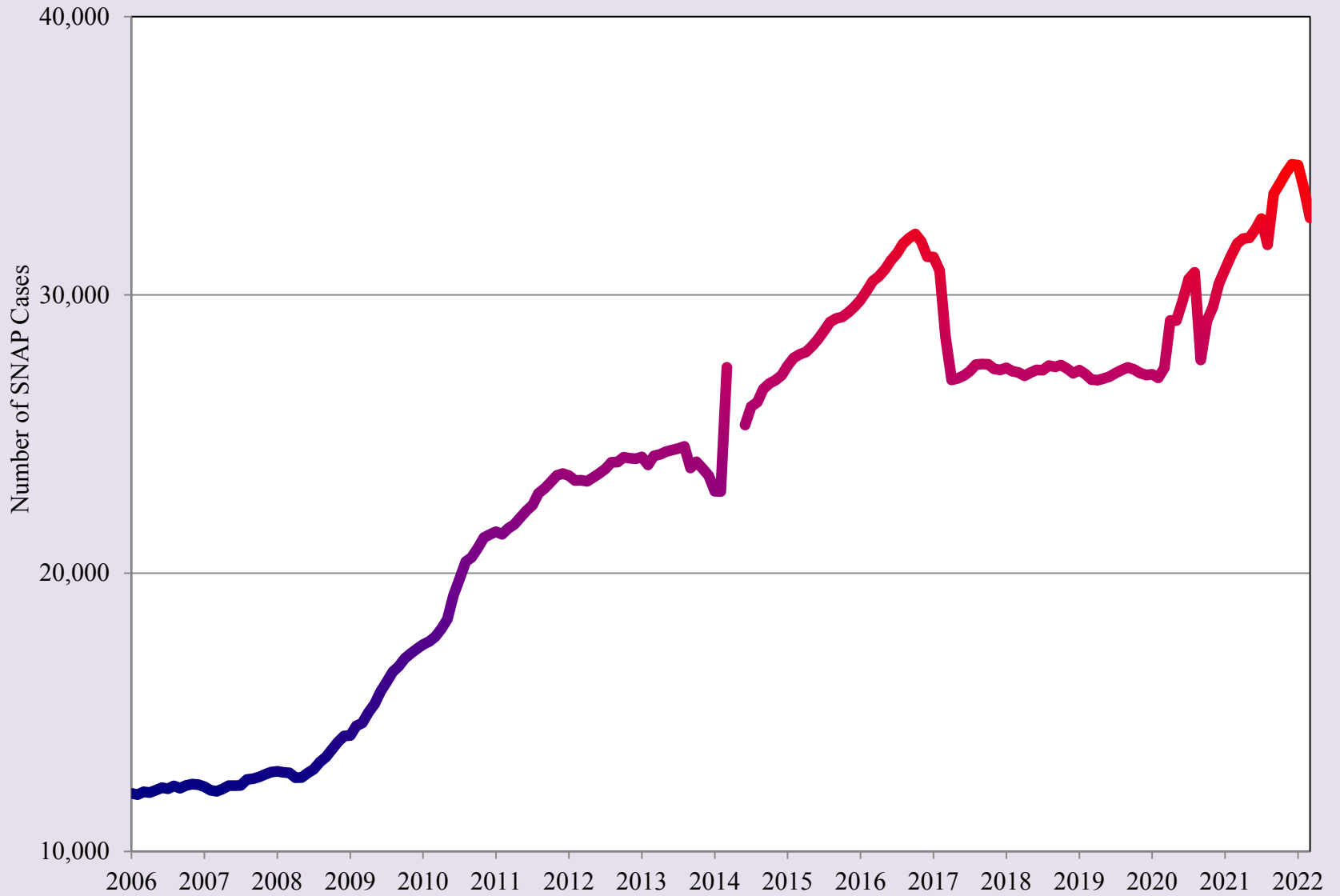
Source: Bureau of Labor Statistics

Las Cruces Area SNAP (Food Stamp) Cases



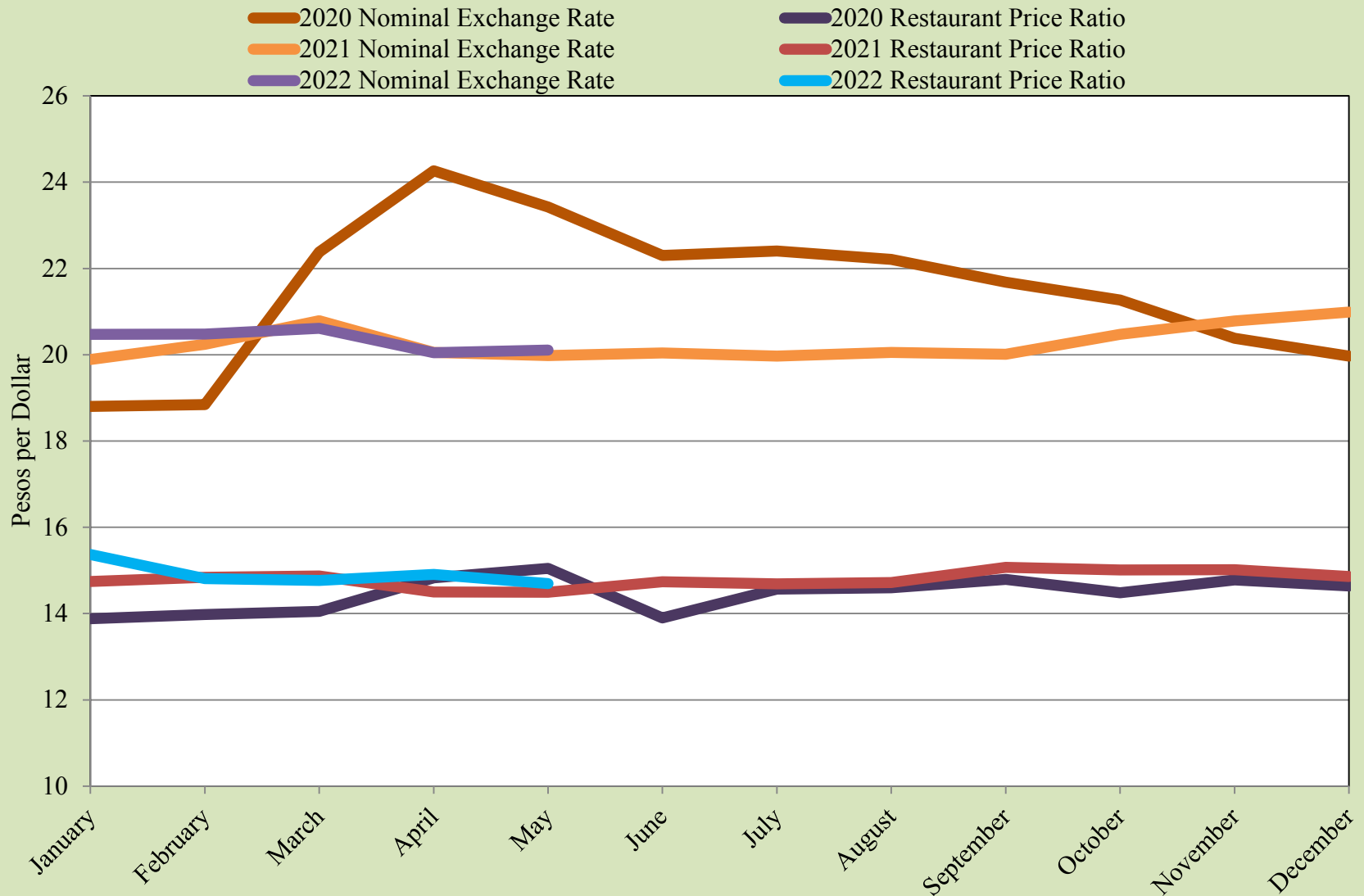
Source: New Mexico Human Services Department

Las Cruces Area SNAP (Food Stamp) Cases



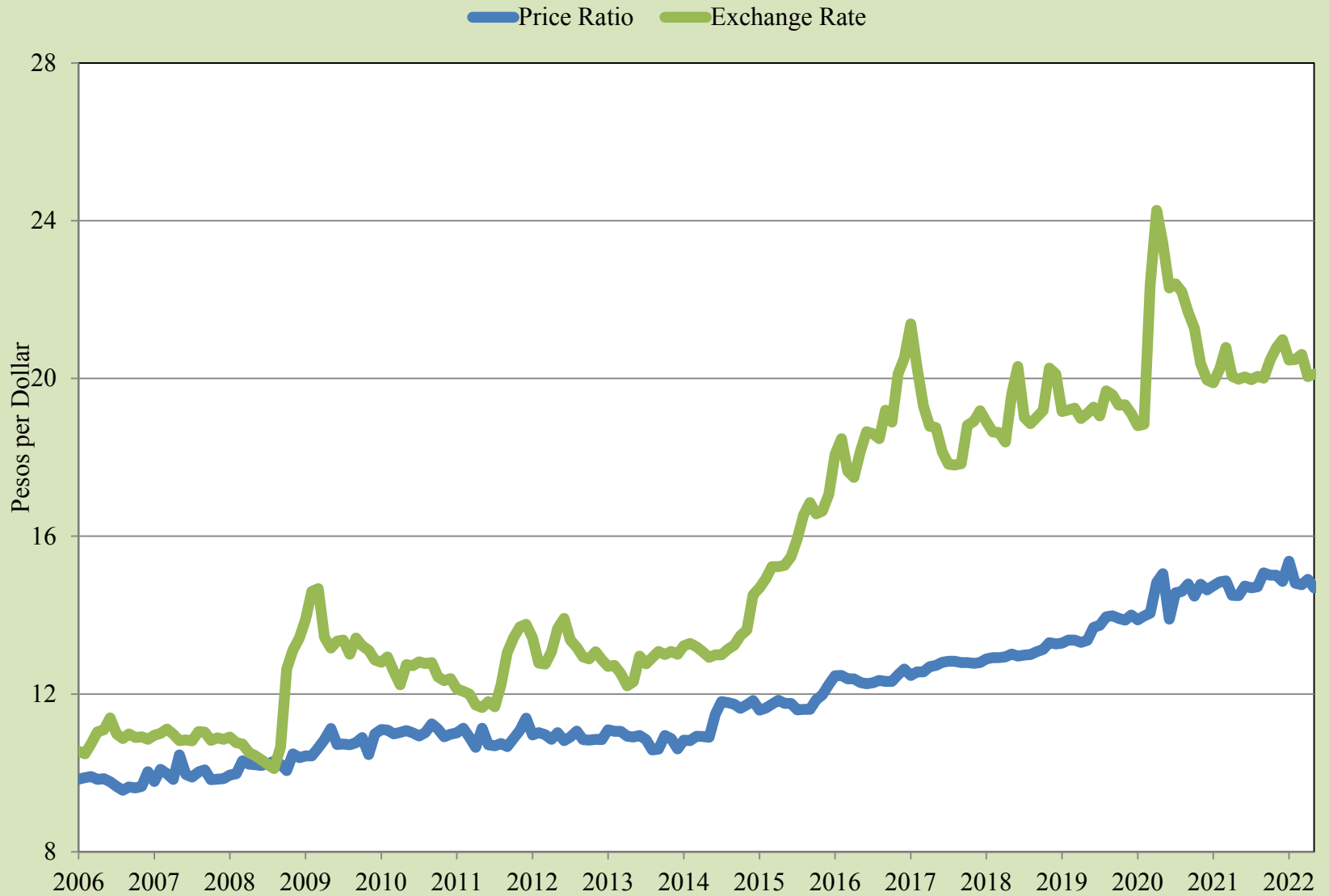
Source: New Mexico Human Services Department

Restaurant Price Ratio and Exchange Rate



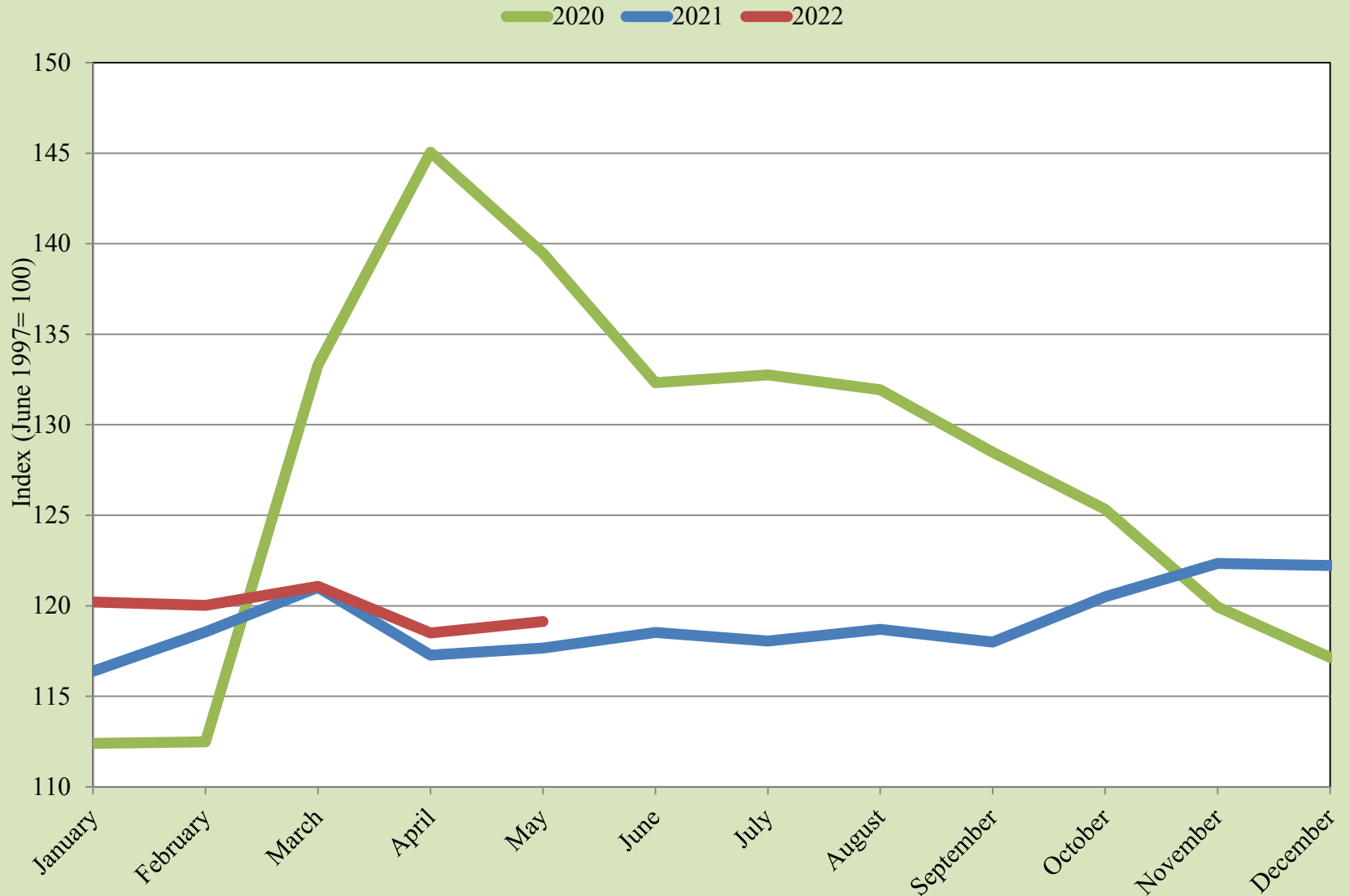
Source: UTEP Border Region Modeling Project and Banco de Mexico

Restaurant Price Ratio and Exchange Rate



Source: UTEP Border Region Modeling Project and Banco de Mexico

Real Peso-per-Dollar Exchange Rate Index



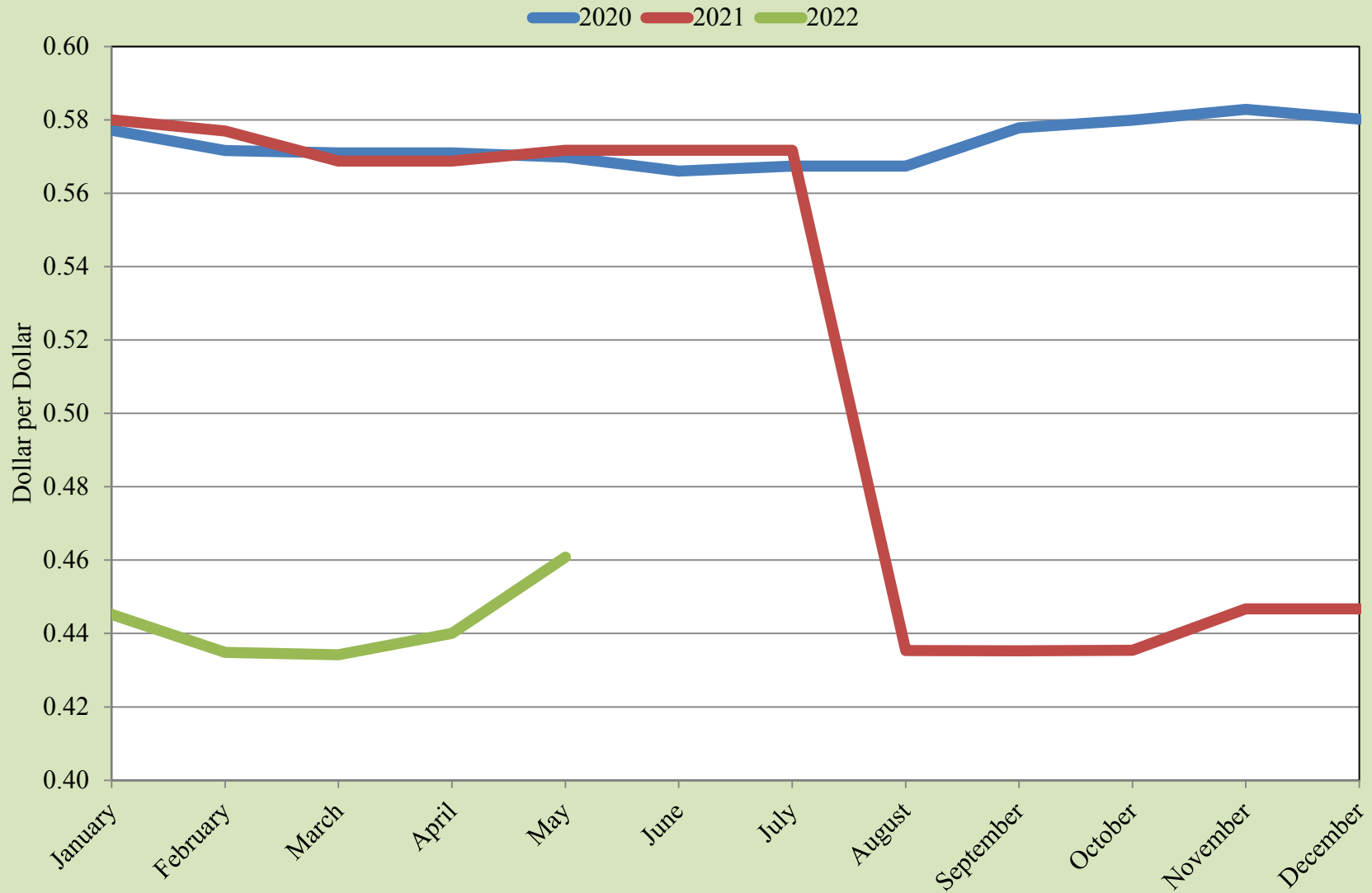
Source: UTEP Border Region Modeling Project

Real Peso-per-Dollar Exchange Rate Index



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

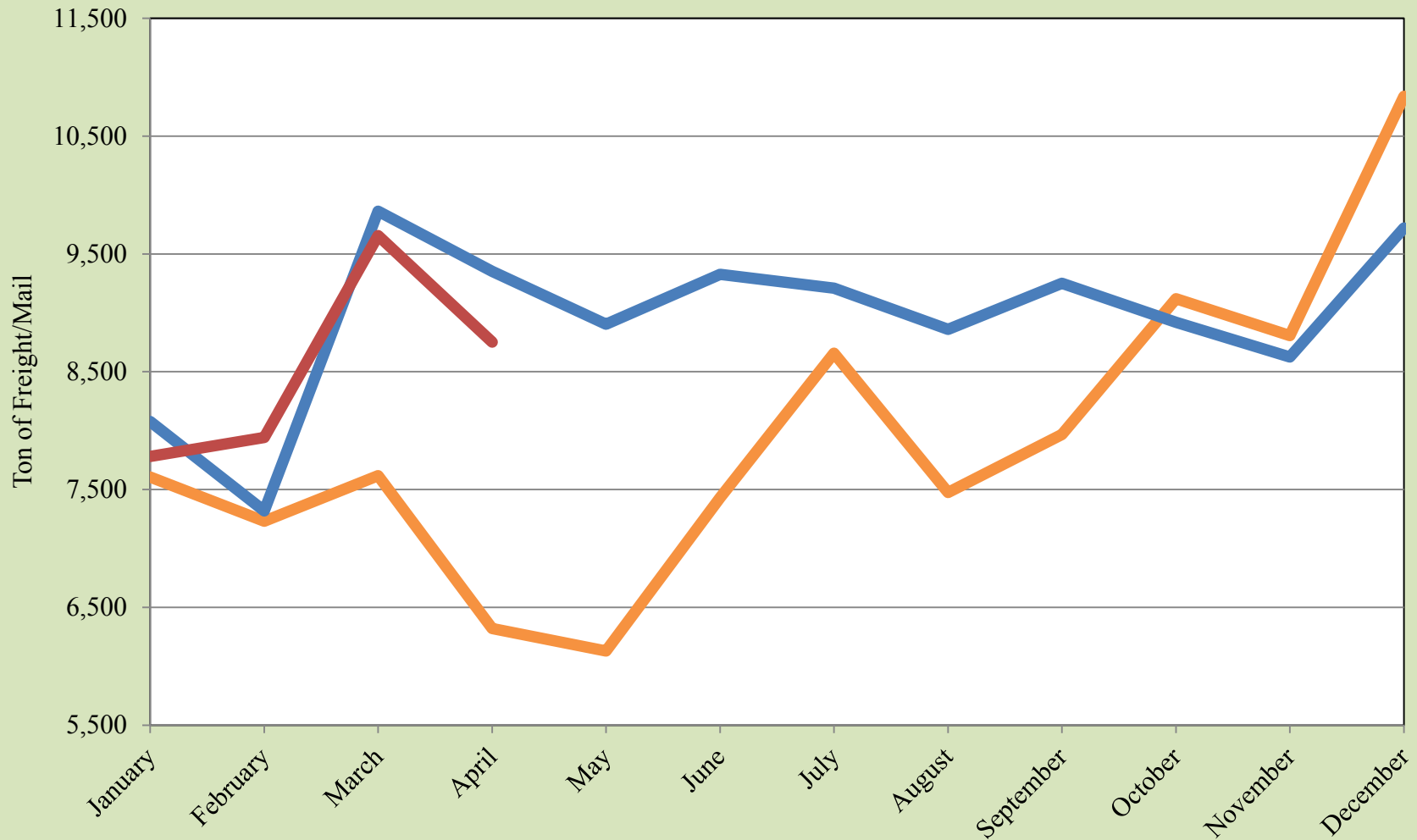
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EPIA Freight and Mail

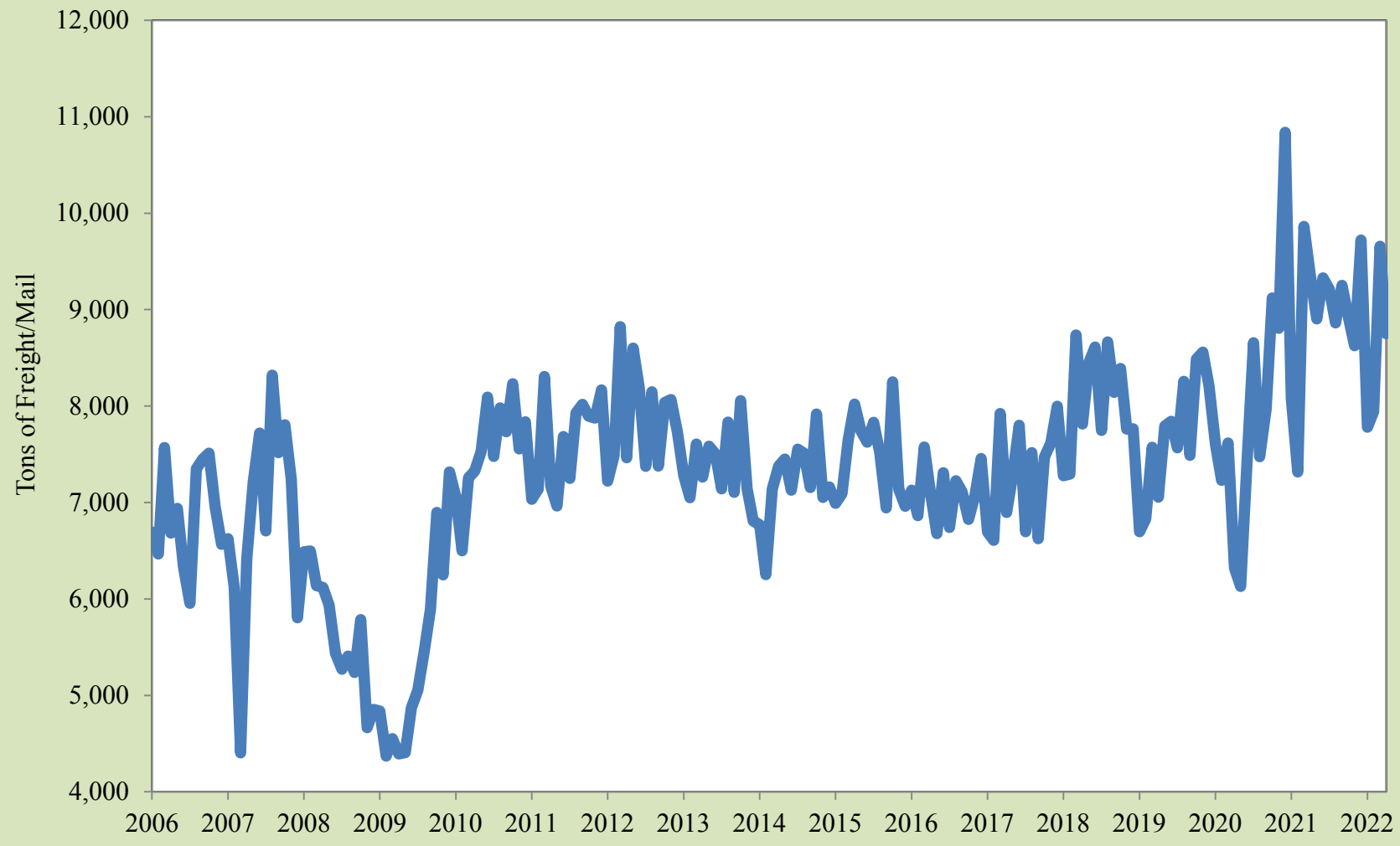
— Total 2020 — Total 2021 — Total 2022



Source: EPIA Operations

EPIA Freight and Mail

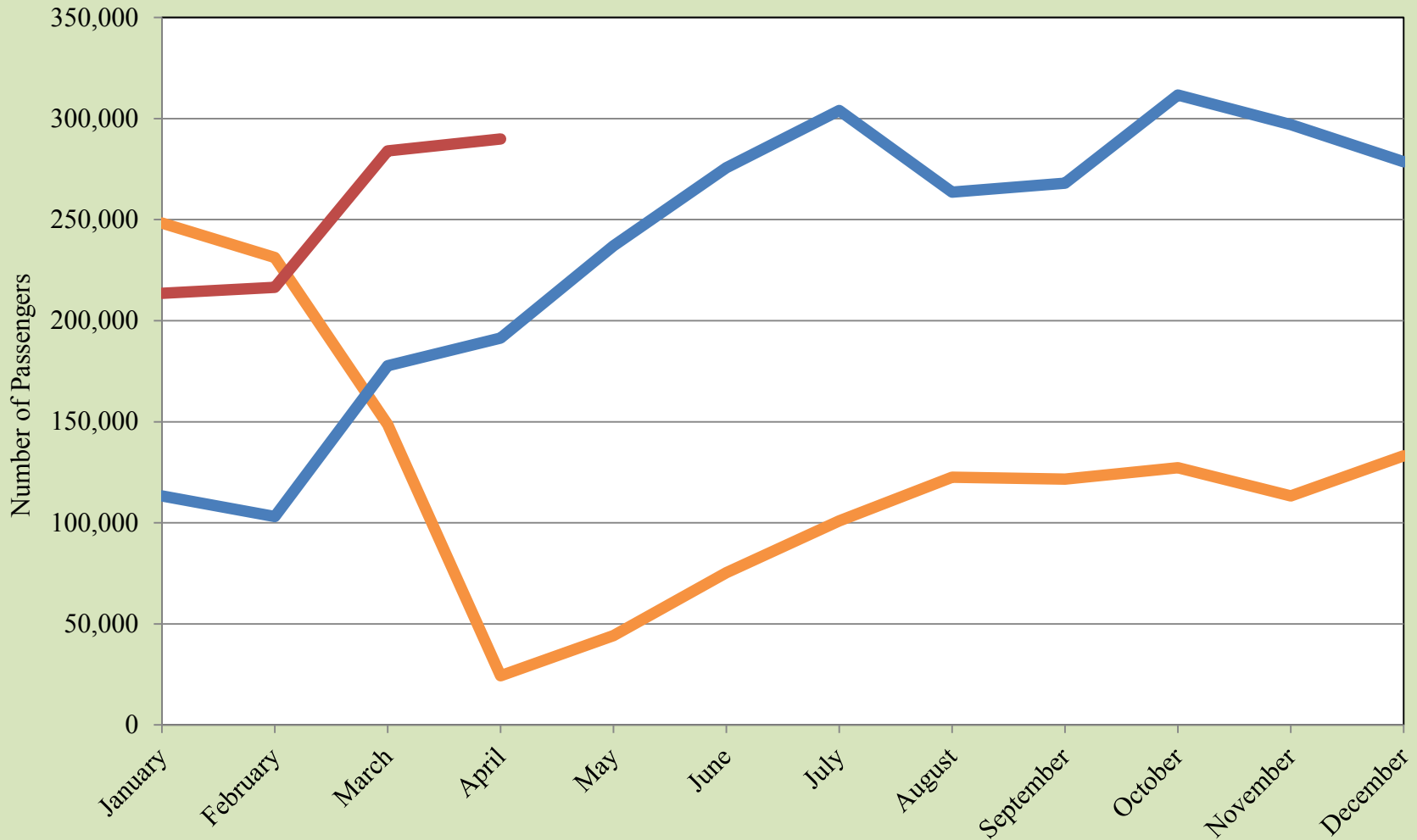
— Inbound+Outbound



Source: EPIA Operations

EPIA Passengers

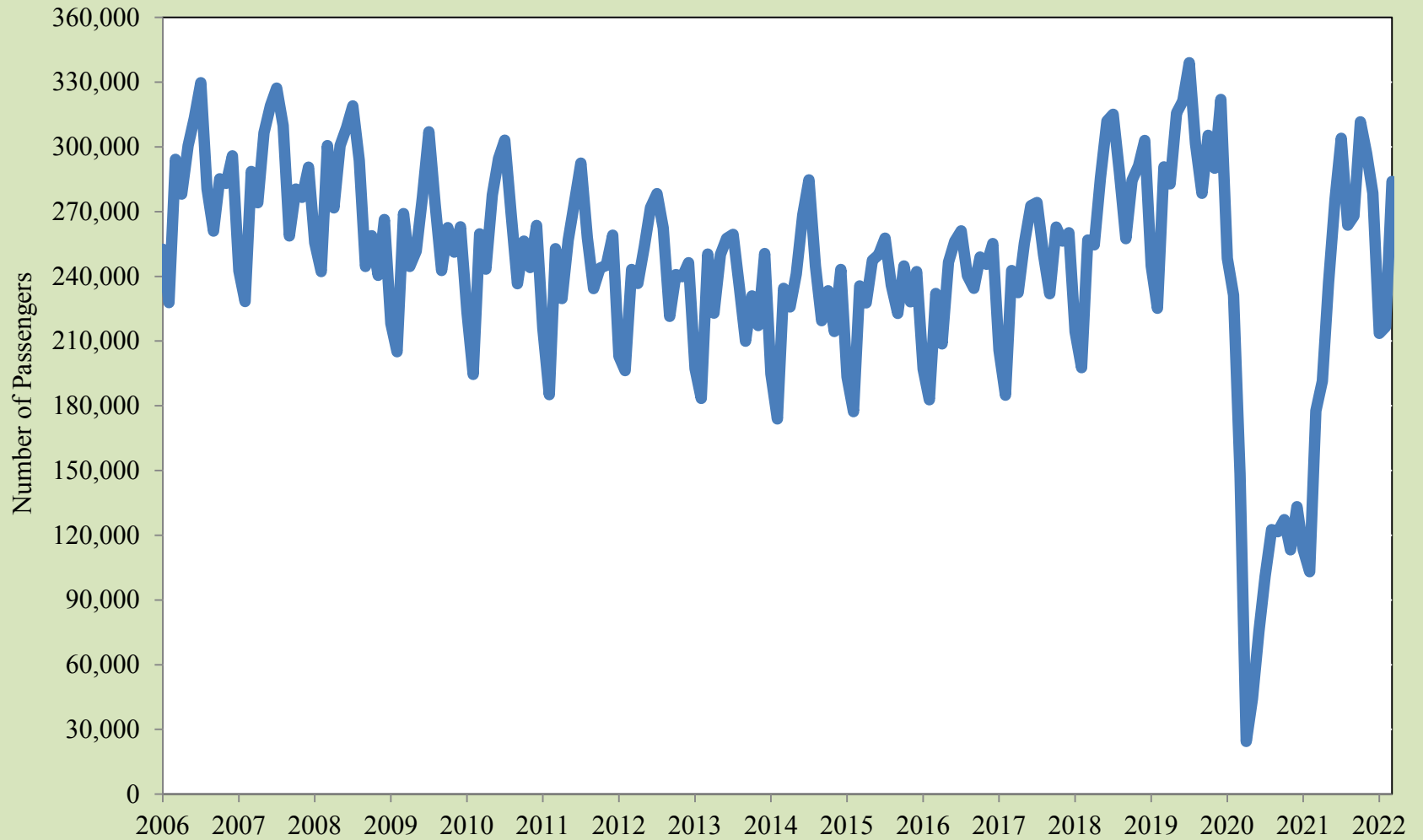
Total 2020 Total 2021 Total 2022



Source: EPIA Operations

EPIA Passengers

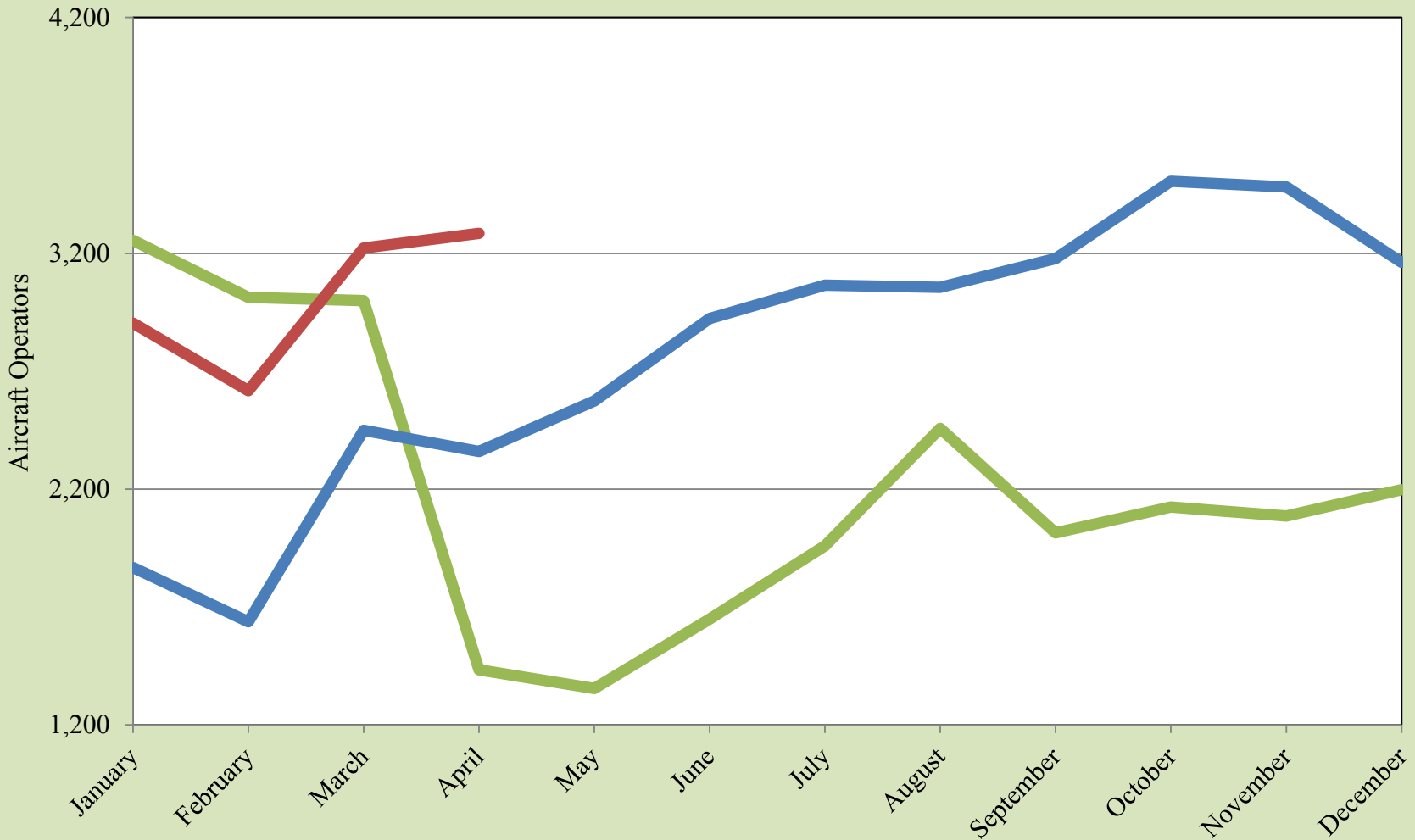
— Inbound+Outbound



Source: EPIA Operations

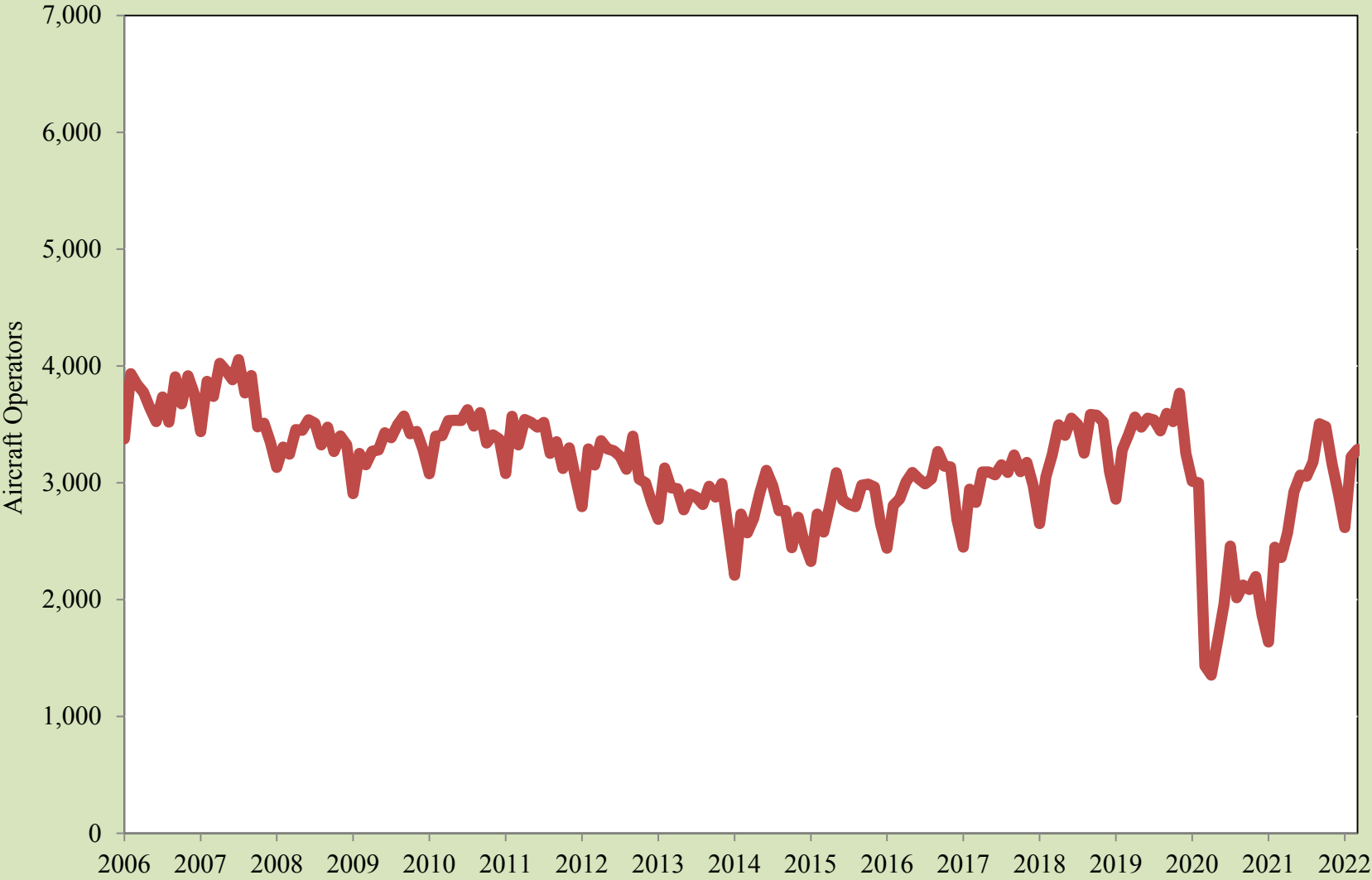
EPIA Air Carrier Operations

20-Air Carriers 21-Air Carriers 22-Air Carriers



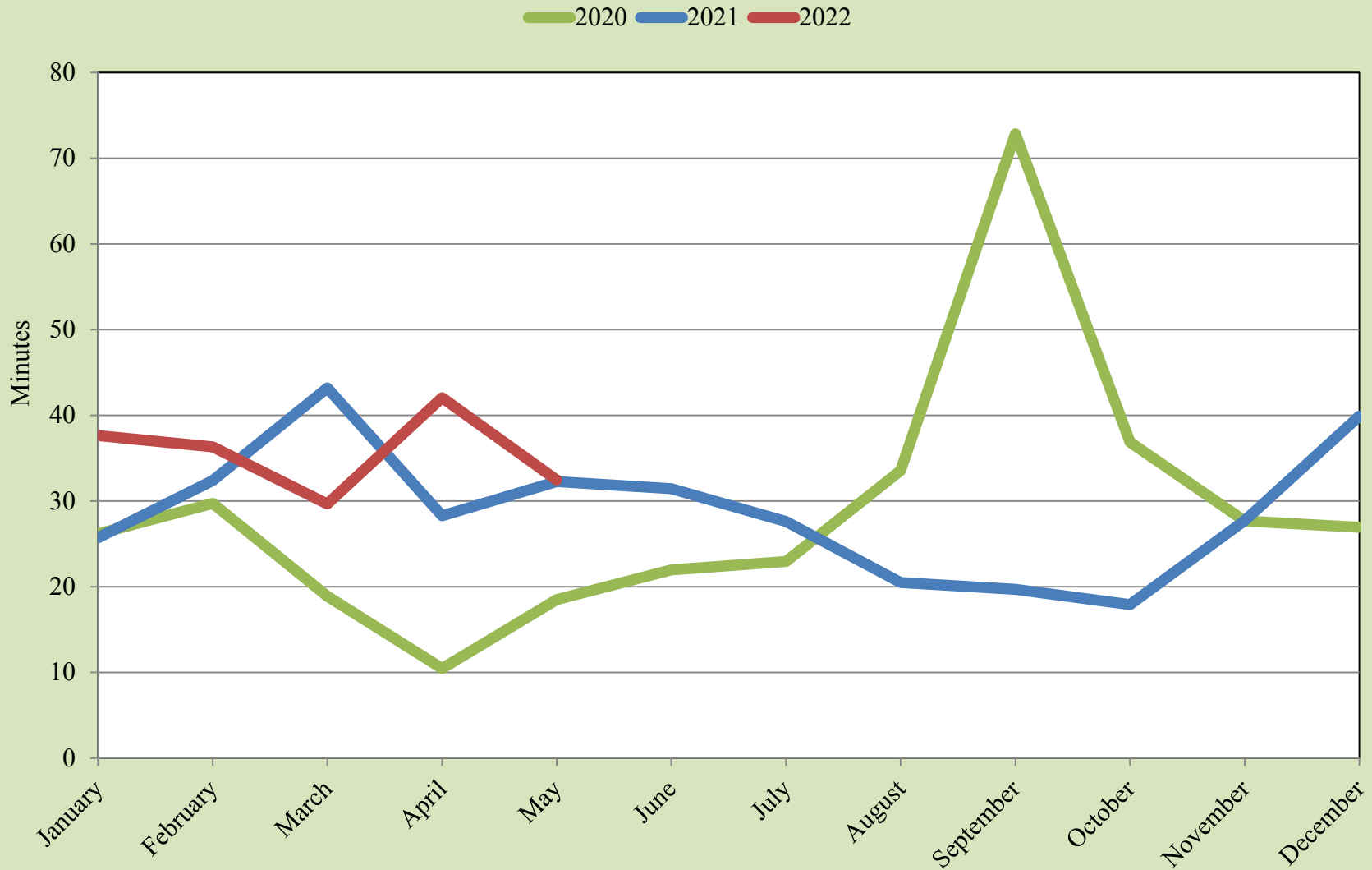
Source: EPIA Operations

EPIA Air Carrier Operations



Source: EPIA Operations

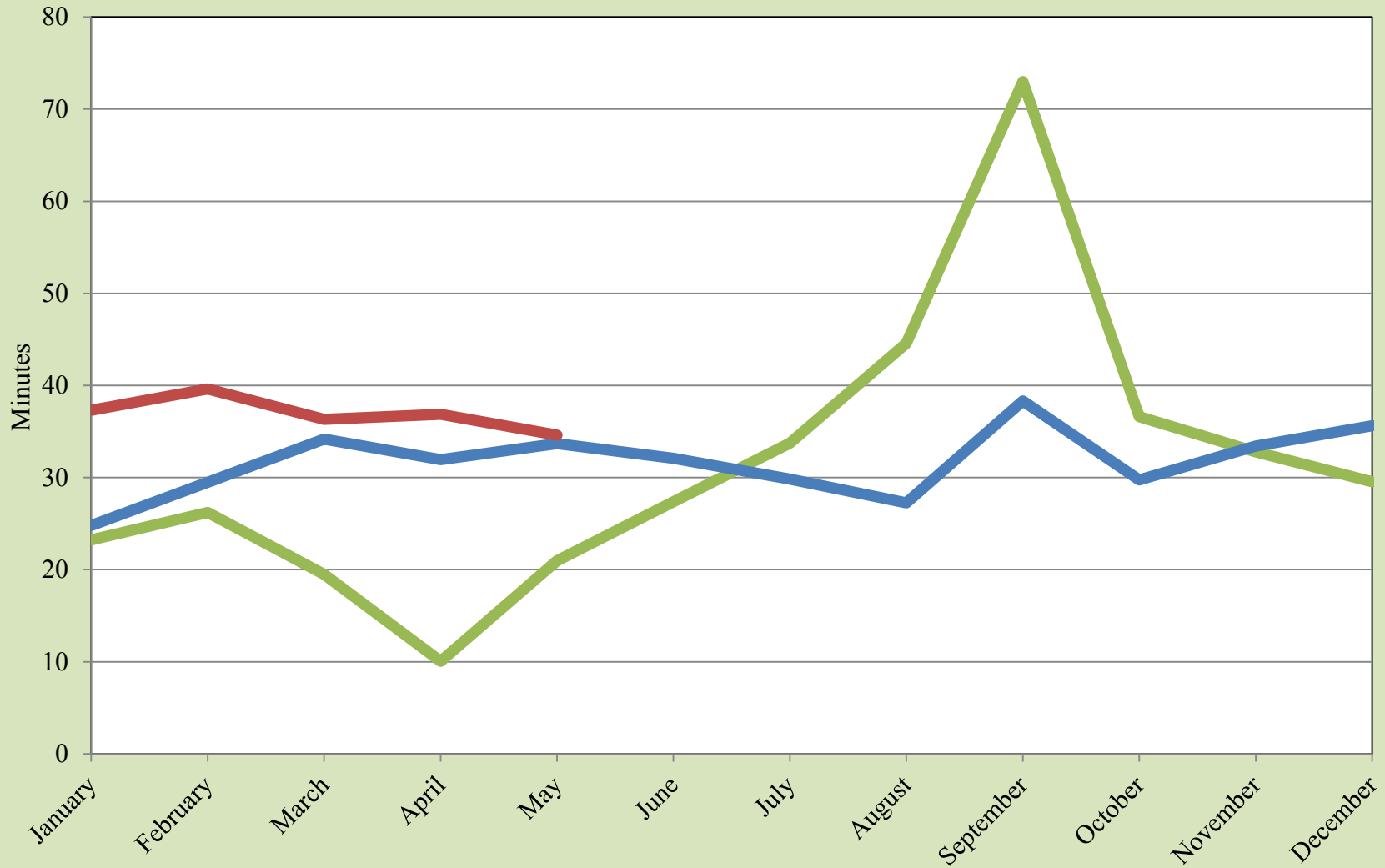
Paso del Norte Monthly Wait Times



Source: UTEP Border Region Modeling Project

Ysleta Monthly Wait Times

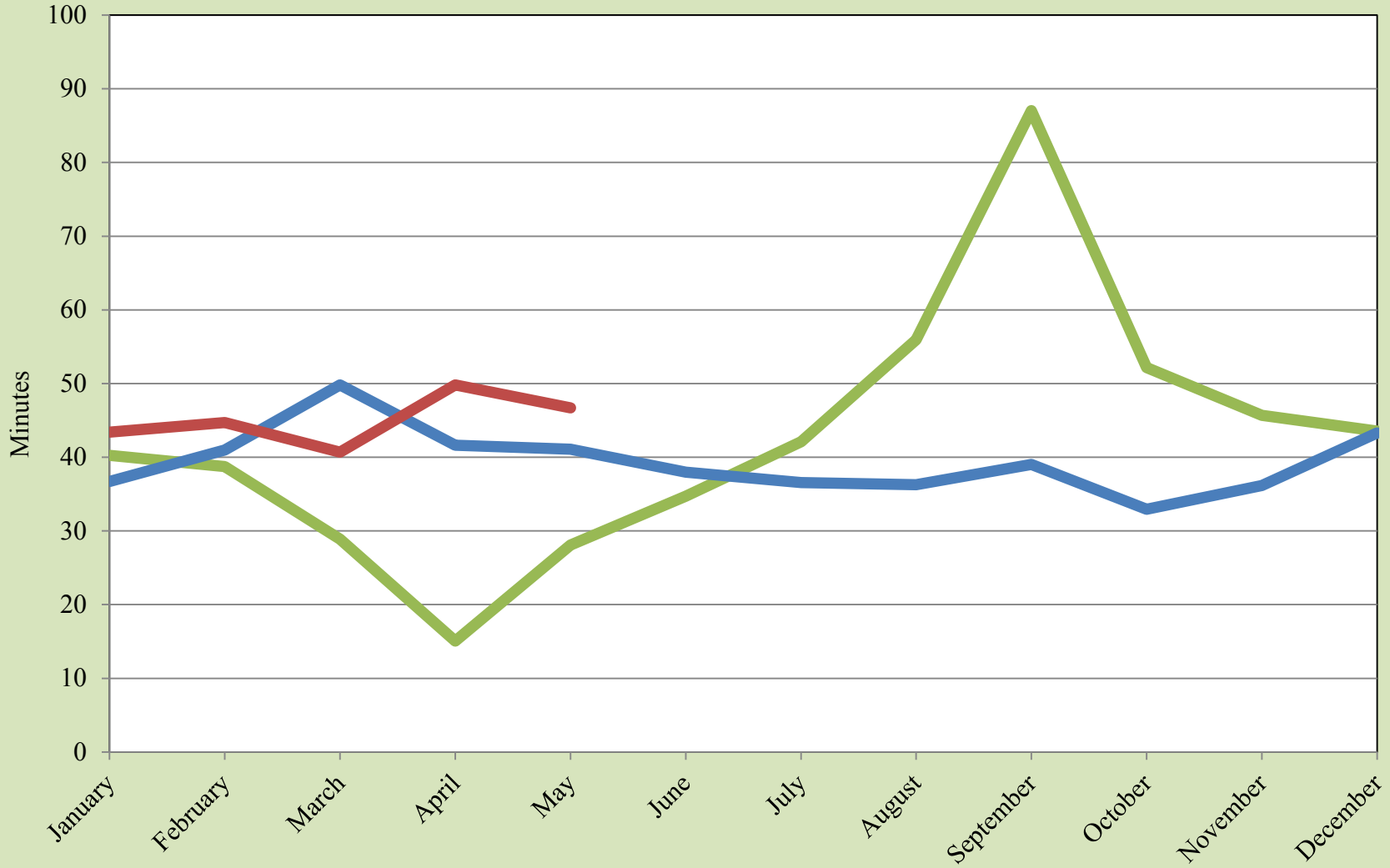
2020 2021 2022



Source: UTEP Border Region Modeling Project

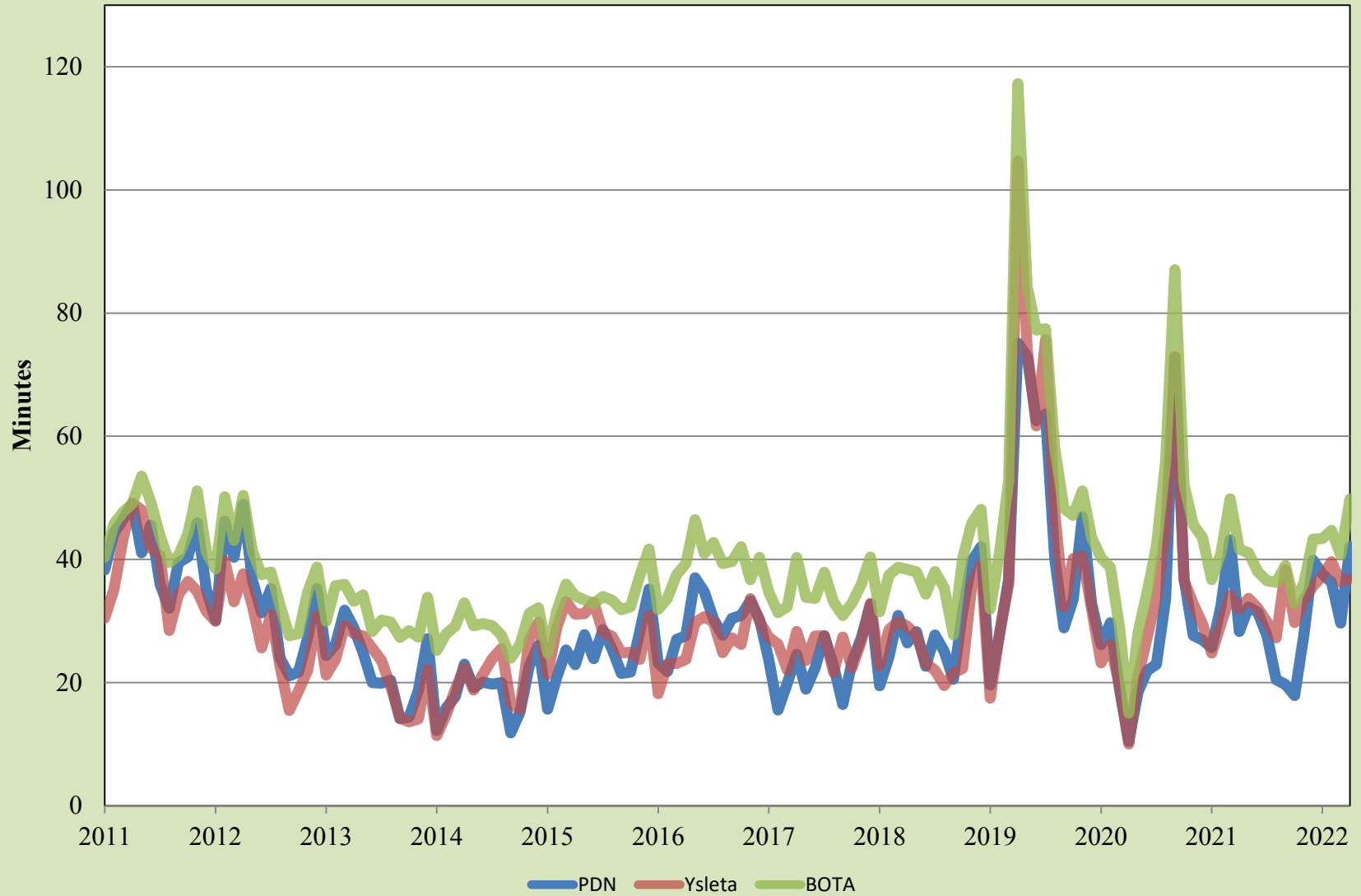
Bridge of the Americas Monthly Wait Times

2020 2021 2022



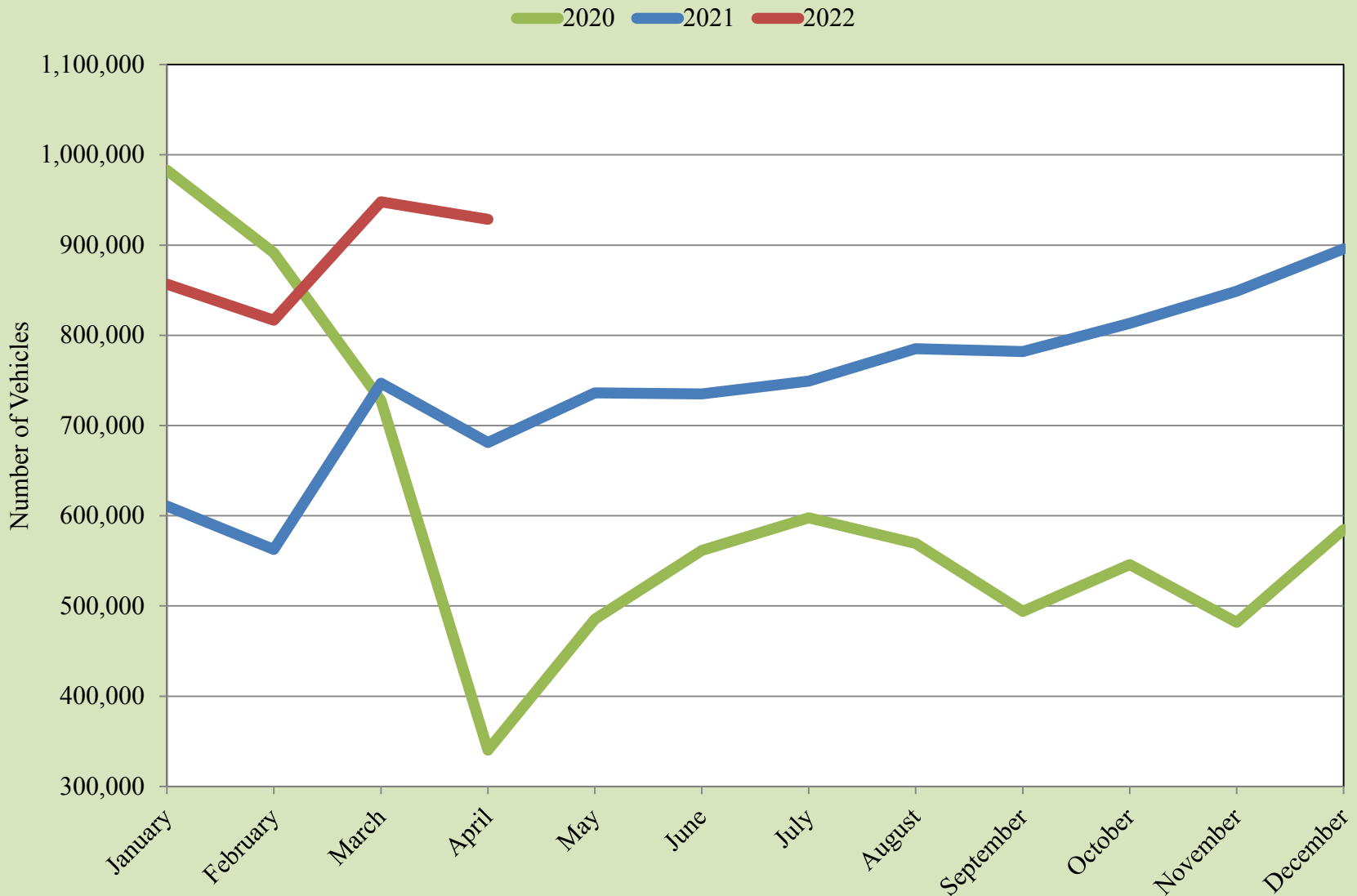
Source: UTEP Border Region Modeling Project

Monthly Border Wait Times



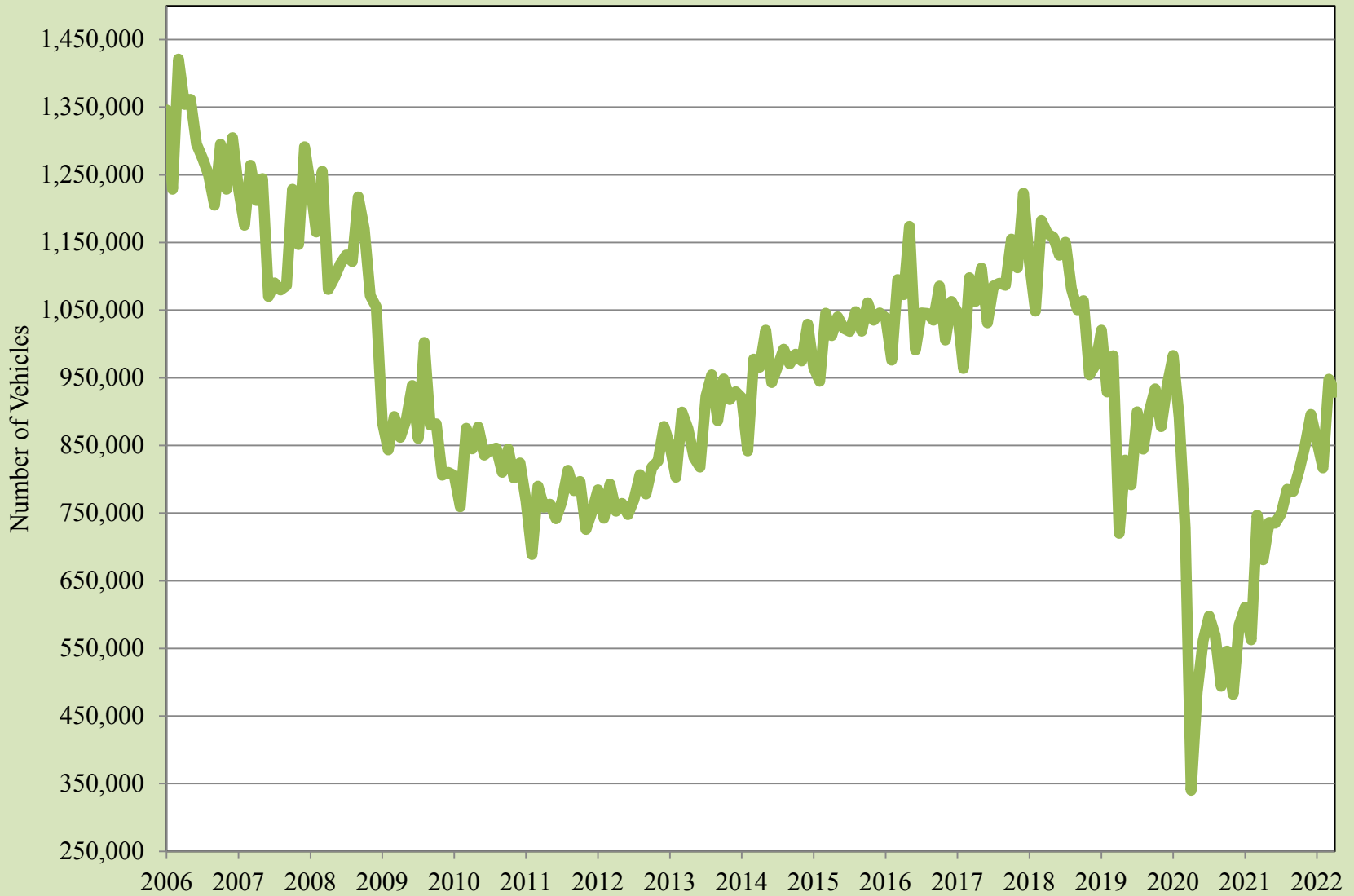
Source: UTEP Border Region Modeling Project

Personal Vehicle International Bridge Crossings to El Paso



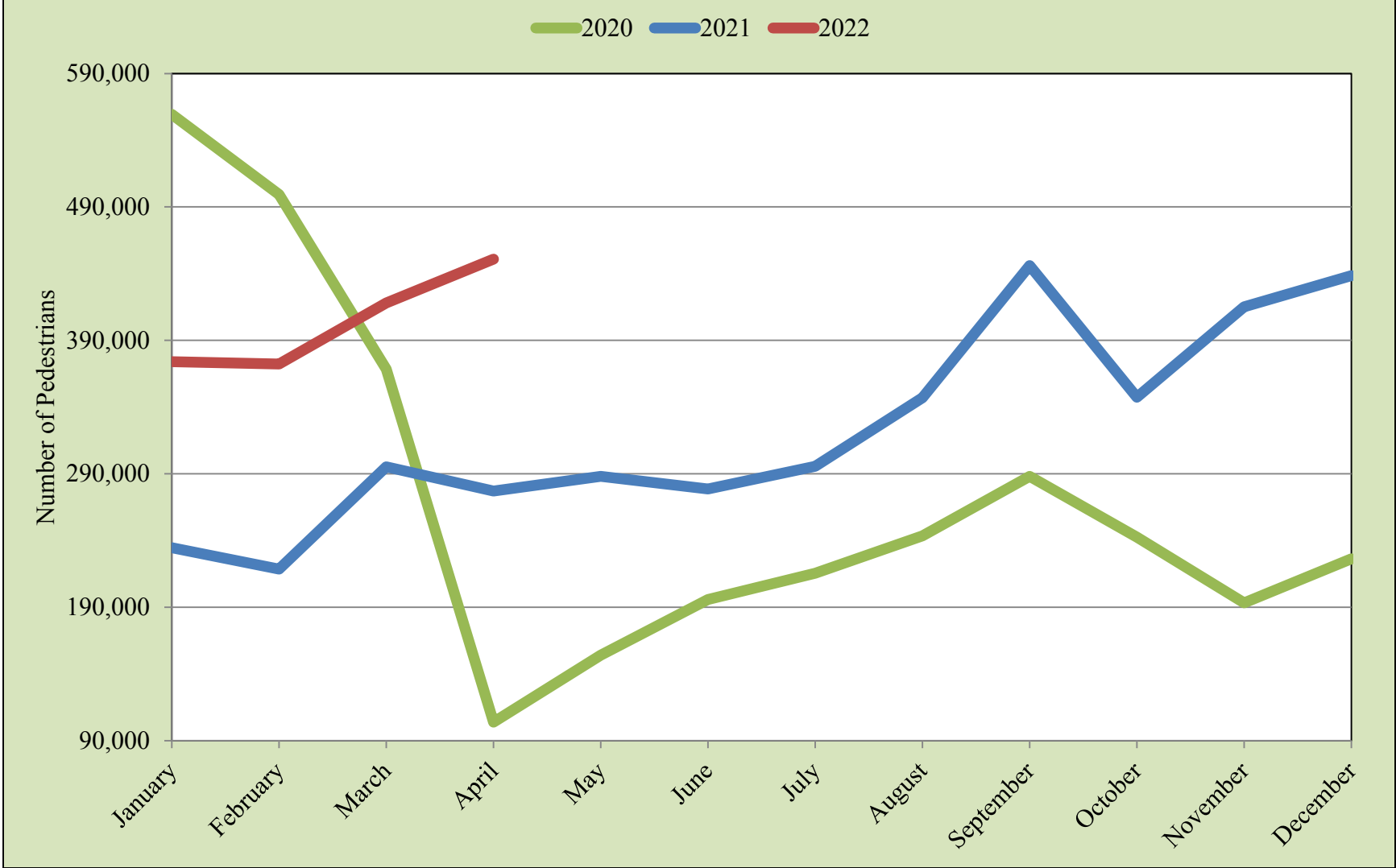
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Personal Vehicle International Bridge Crossings to El Paso



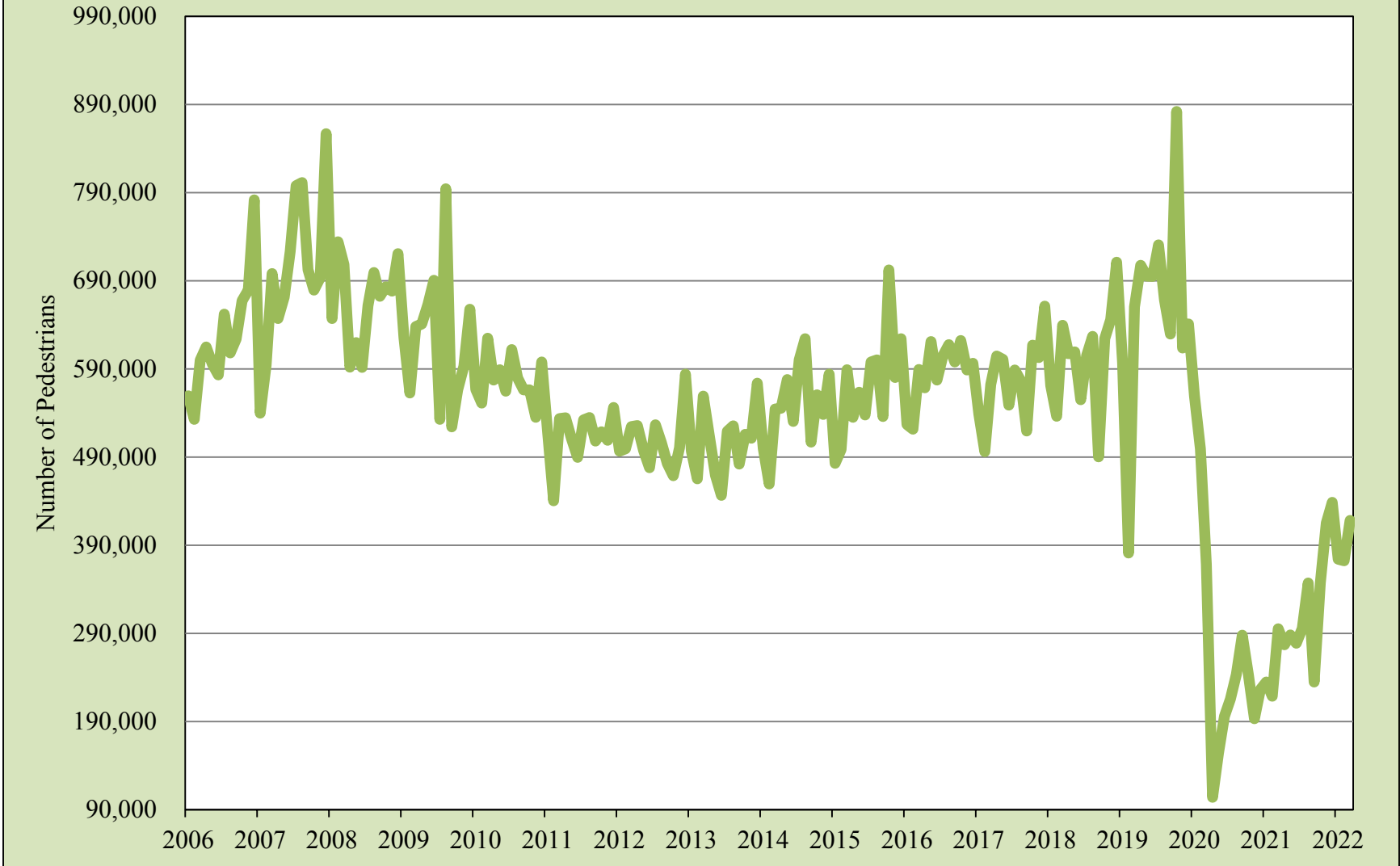
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Pedestrian International Bridge Crossings to El Paso



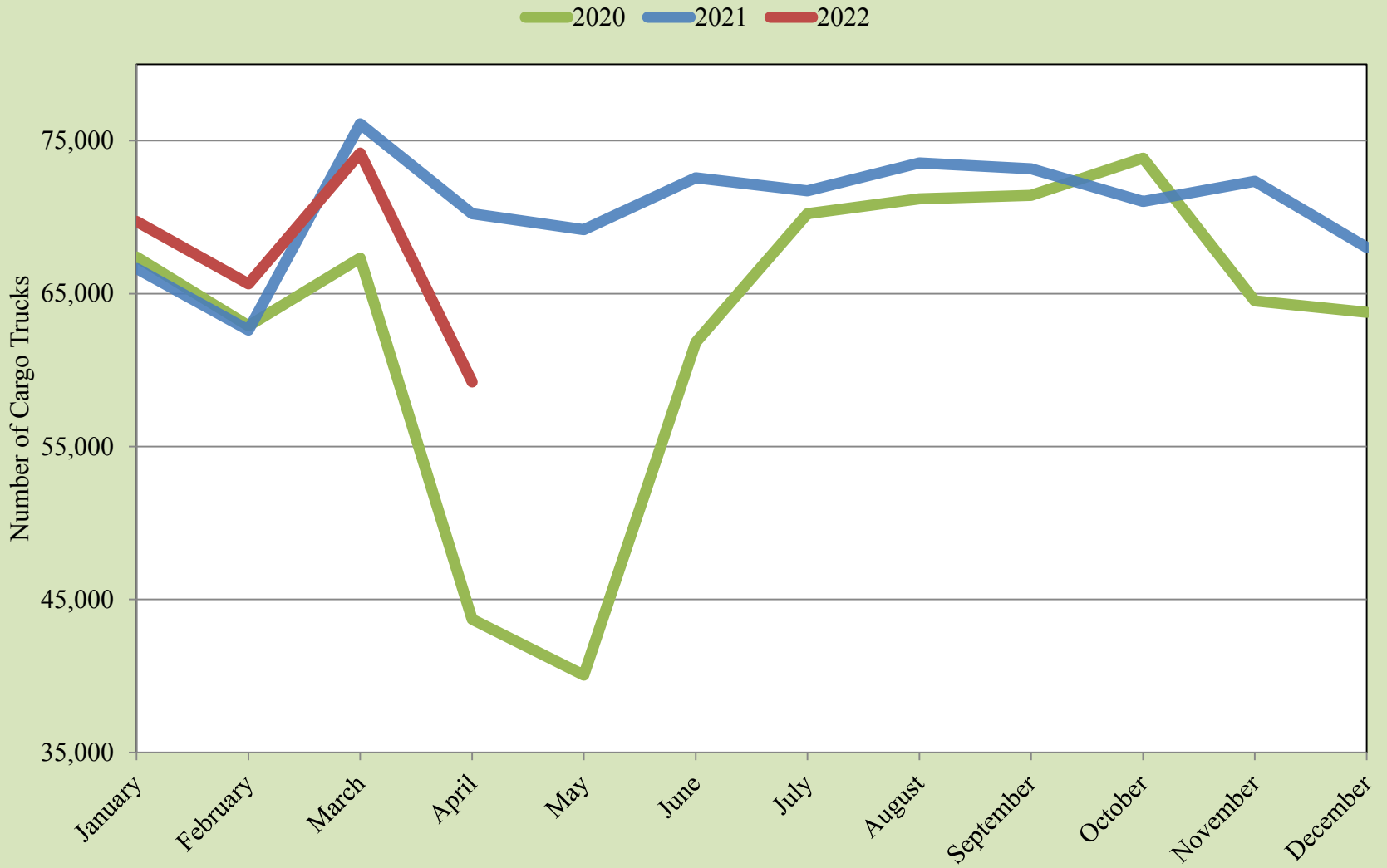
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Pedestrian International Bridge Crossings to El Paso



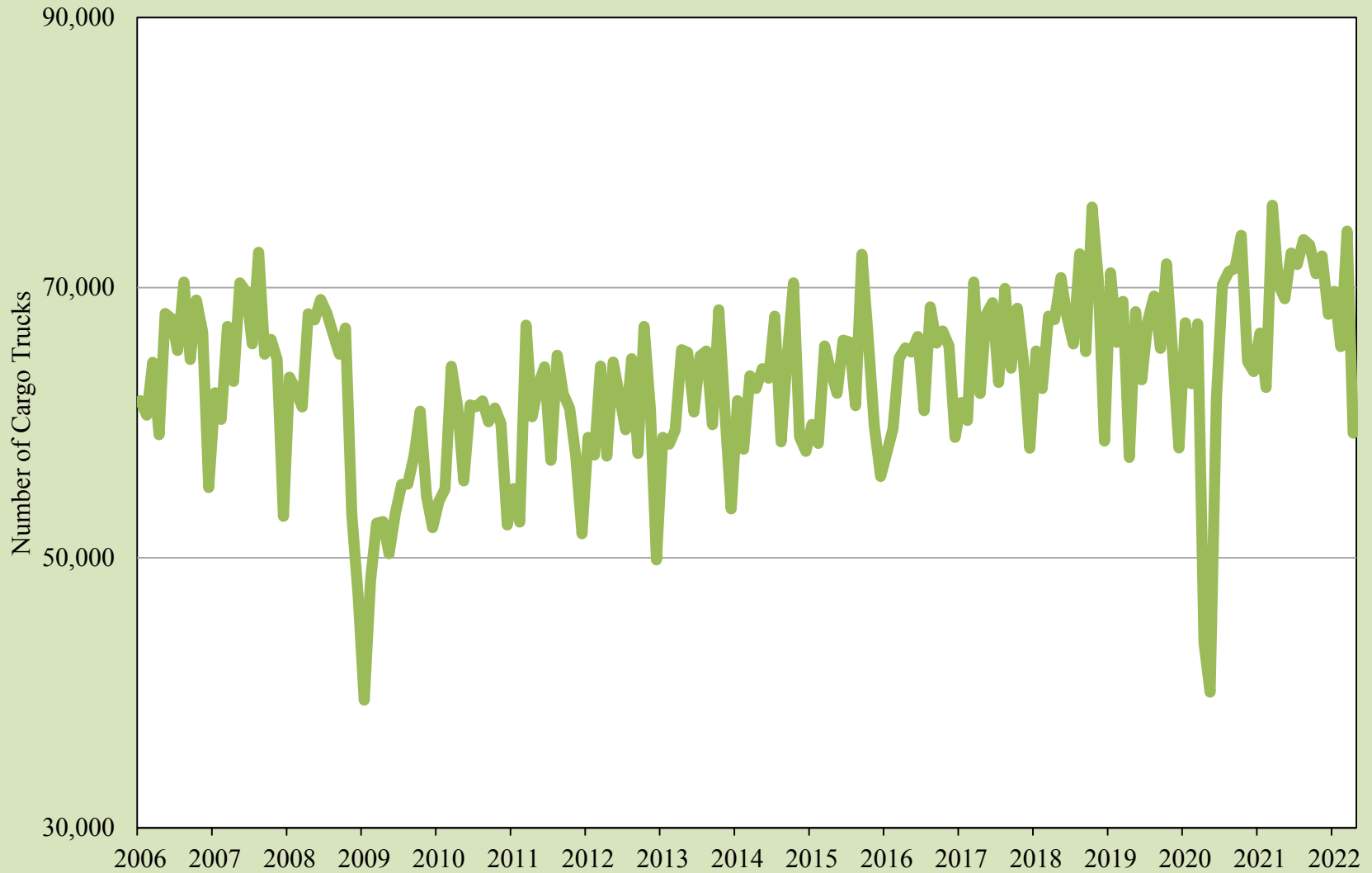
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Cargo Truck International Bridge Crossings to El Paso



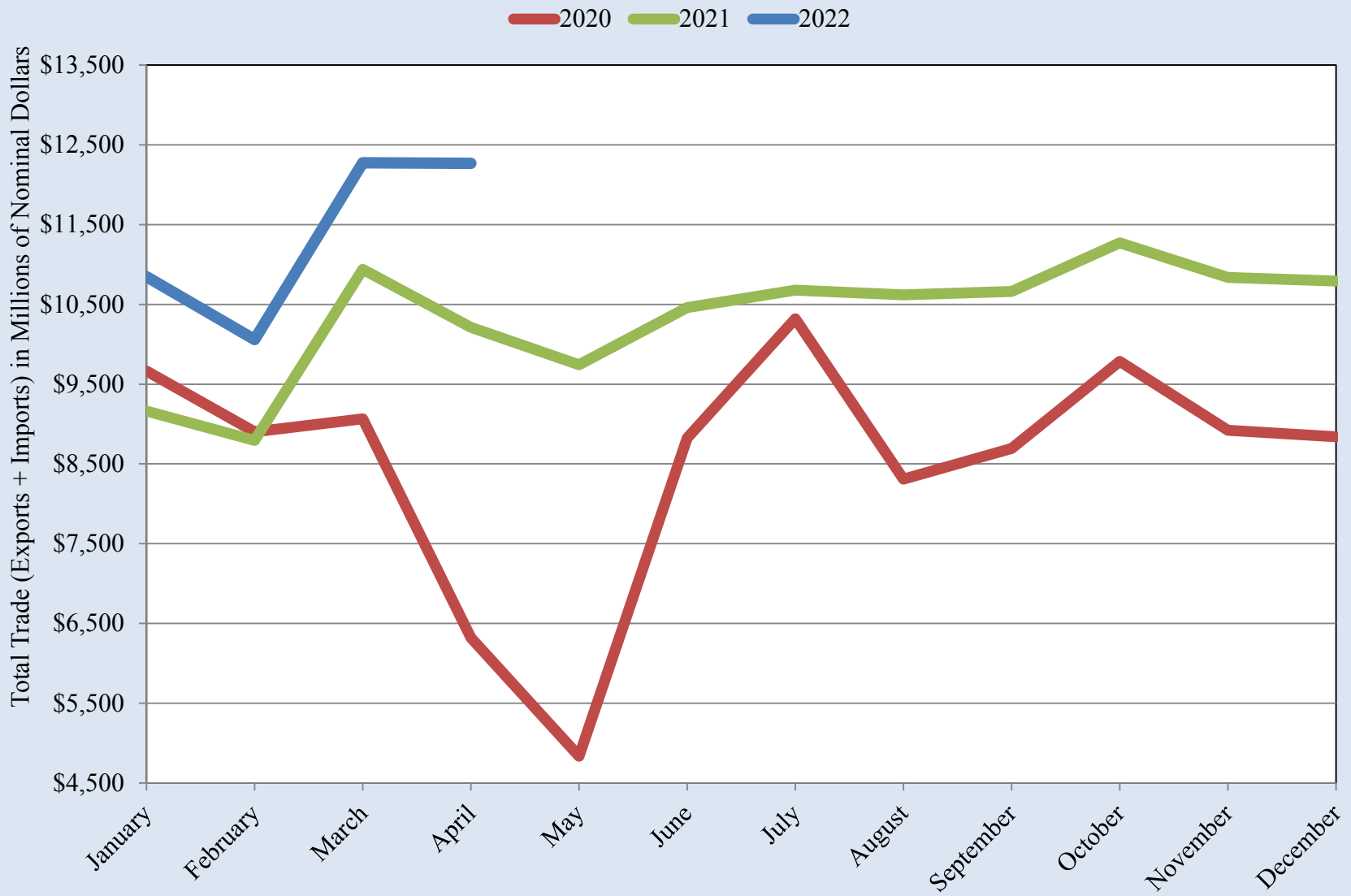
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Cargo Truck International Bridge Crossings to El Paso



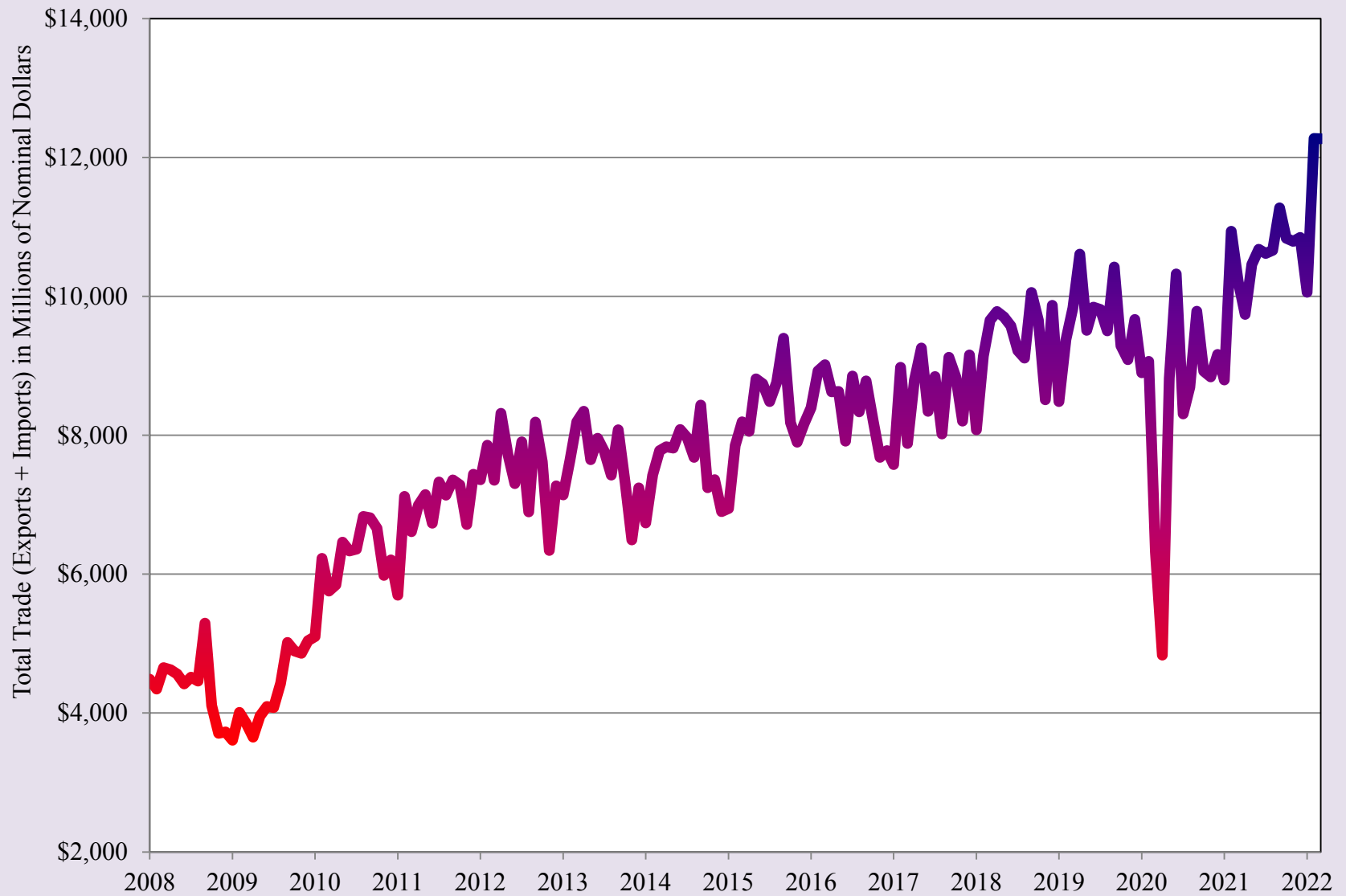
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Total Trade through the El Paso Customs District



Source: U.S. International Trade Commission

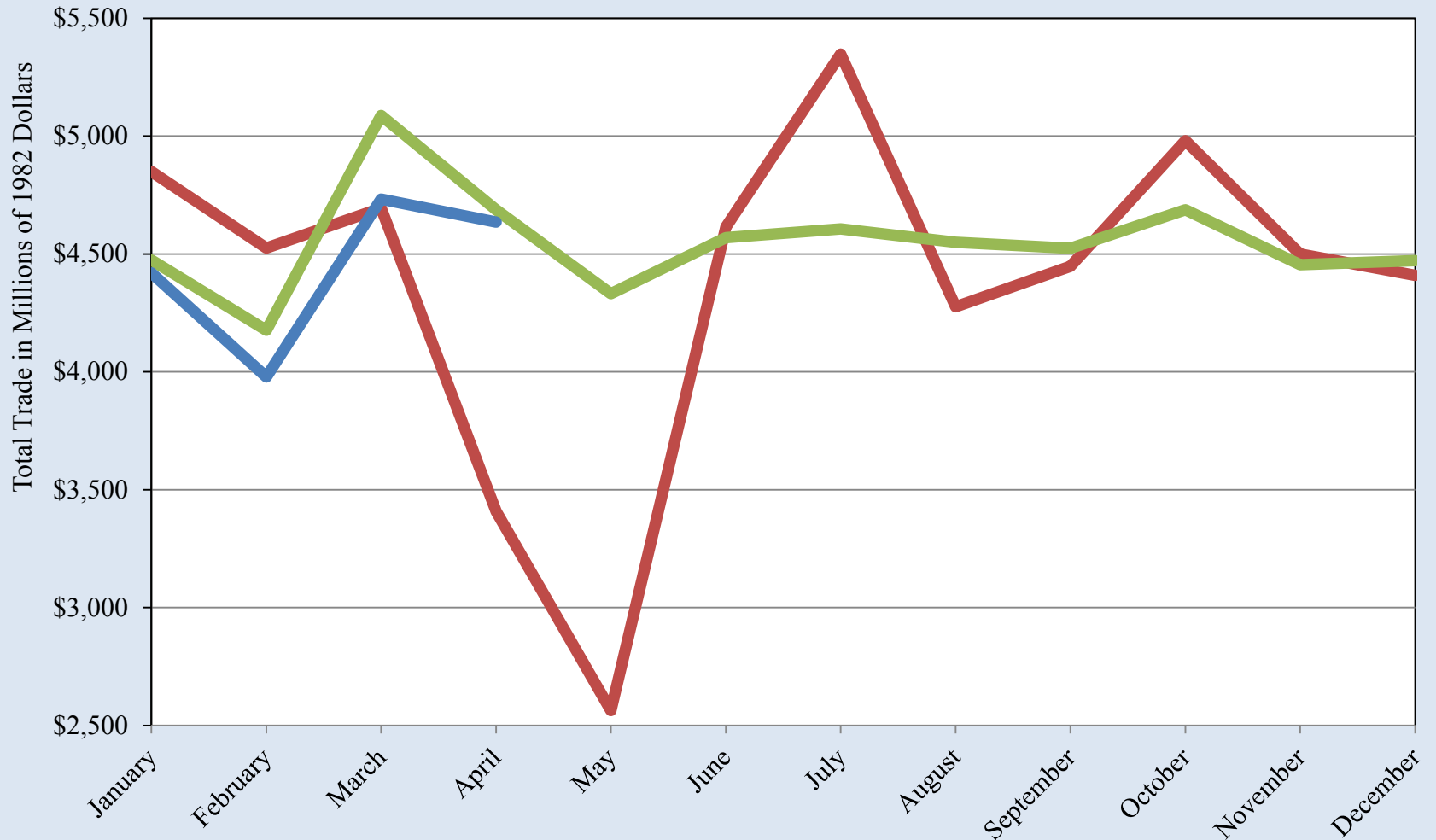
Total Trade through the El Paso Customs District



Source: U.S. International Trade Commission

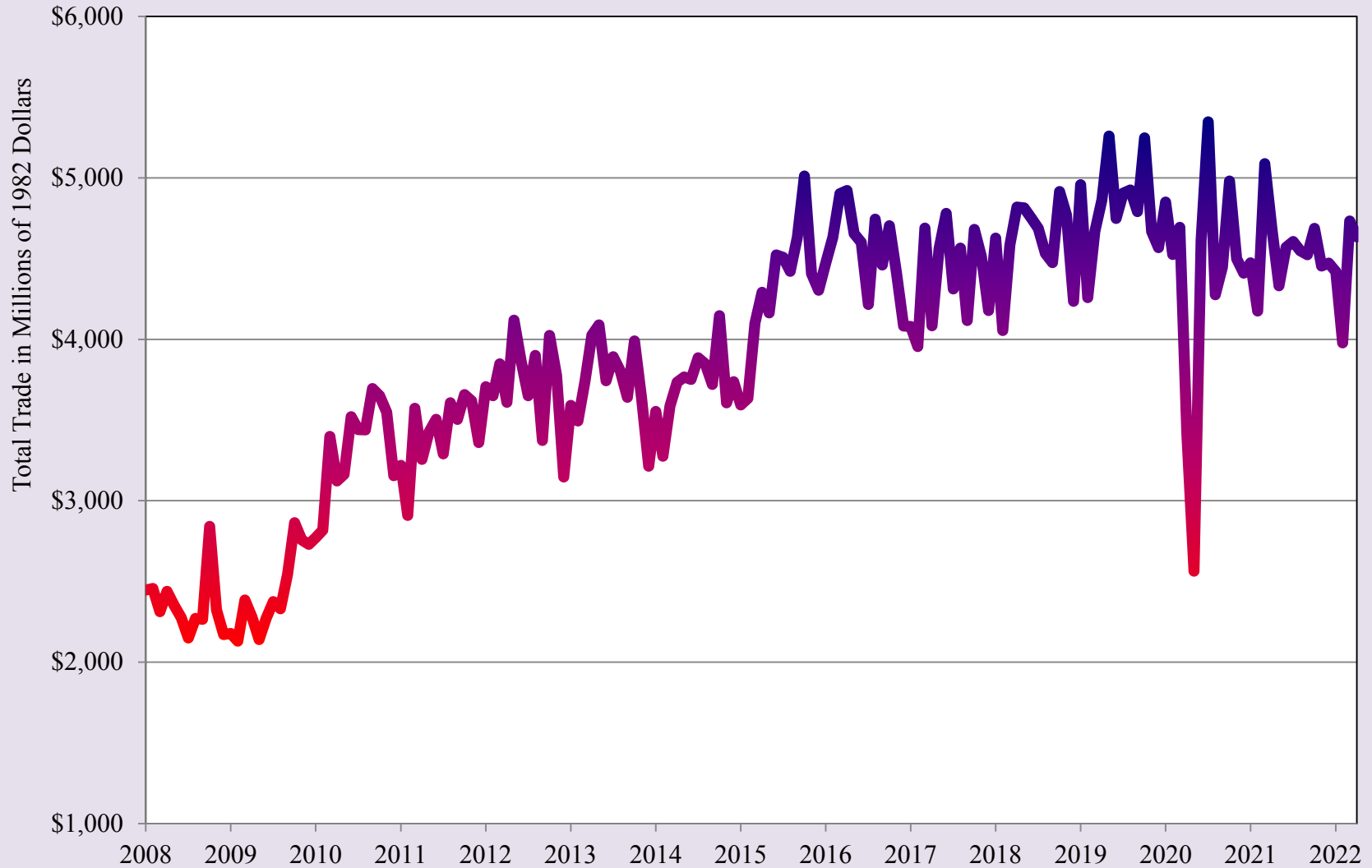
Real Total Trade through the El Paso Customs District

— 2020 — 2021 — 2022



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

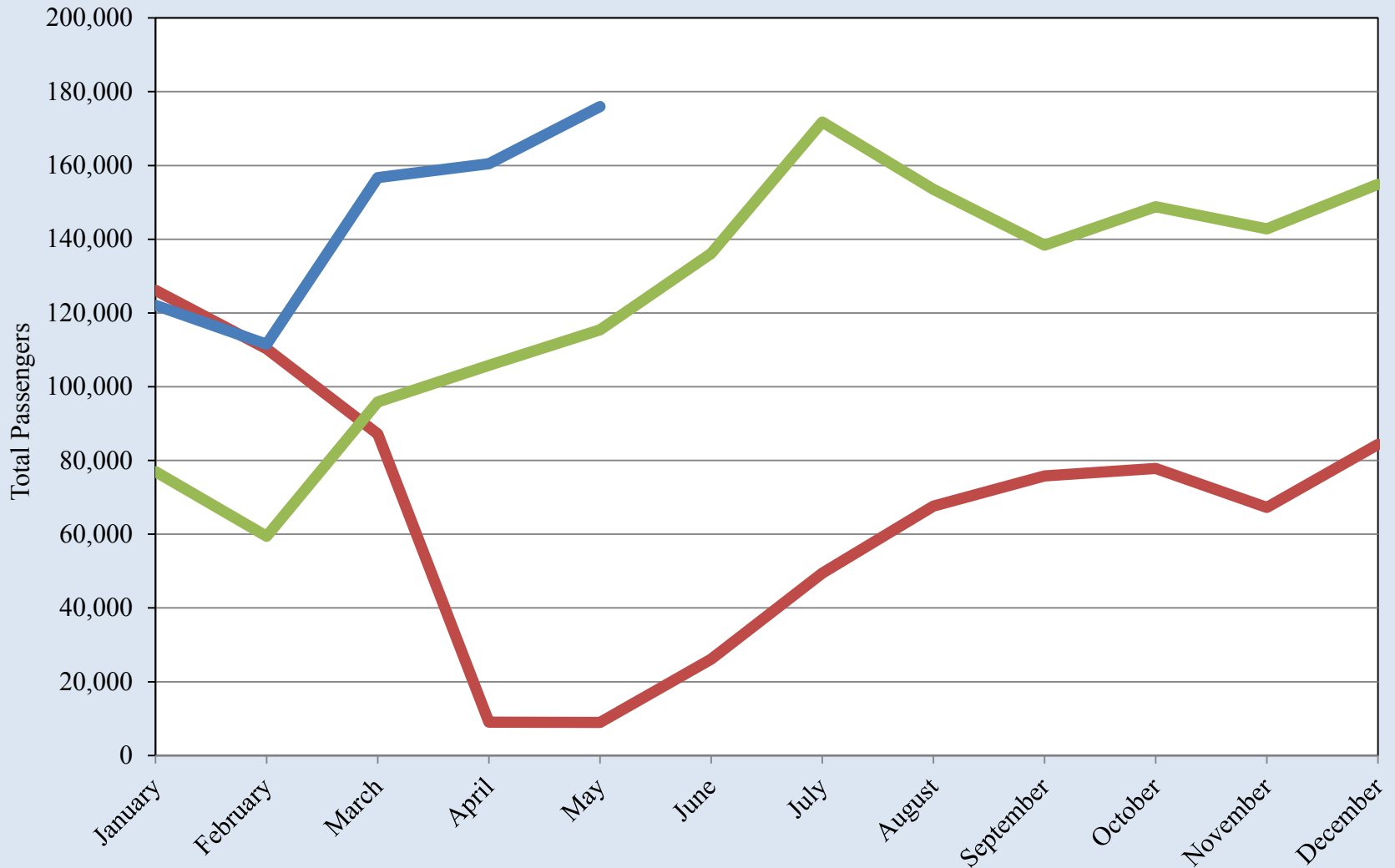
Real Total Trade through the El Paso Customs District



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

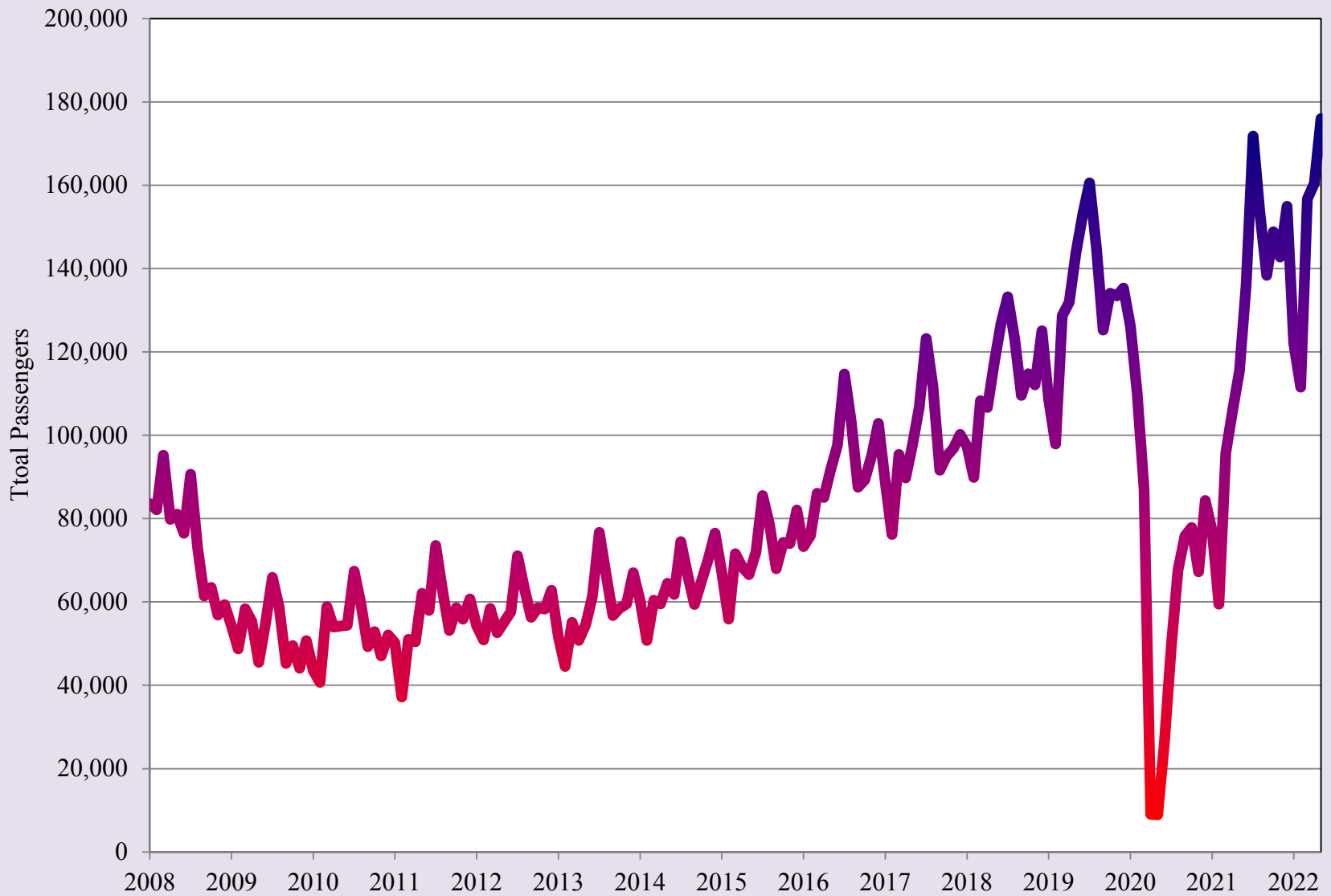
Domestic Passengers Ciudad Juarez International Airport

— 2020 — 2021 — 2022



Source: Grupo Aeroportuario Centro Norte - OMA

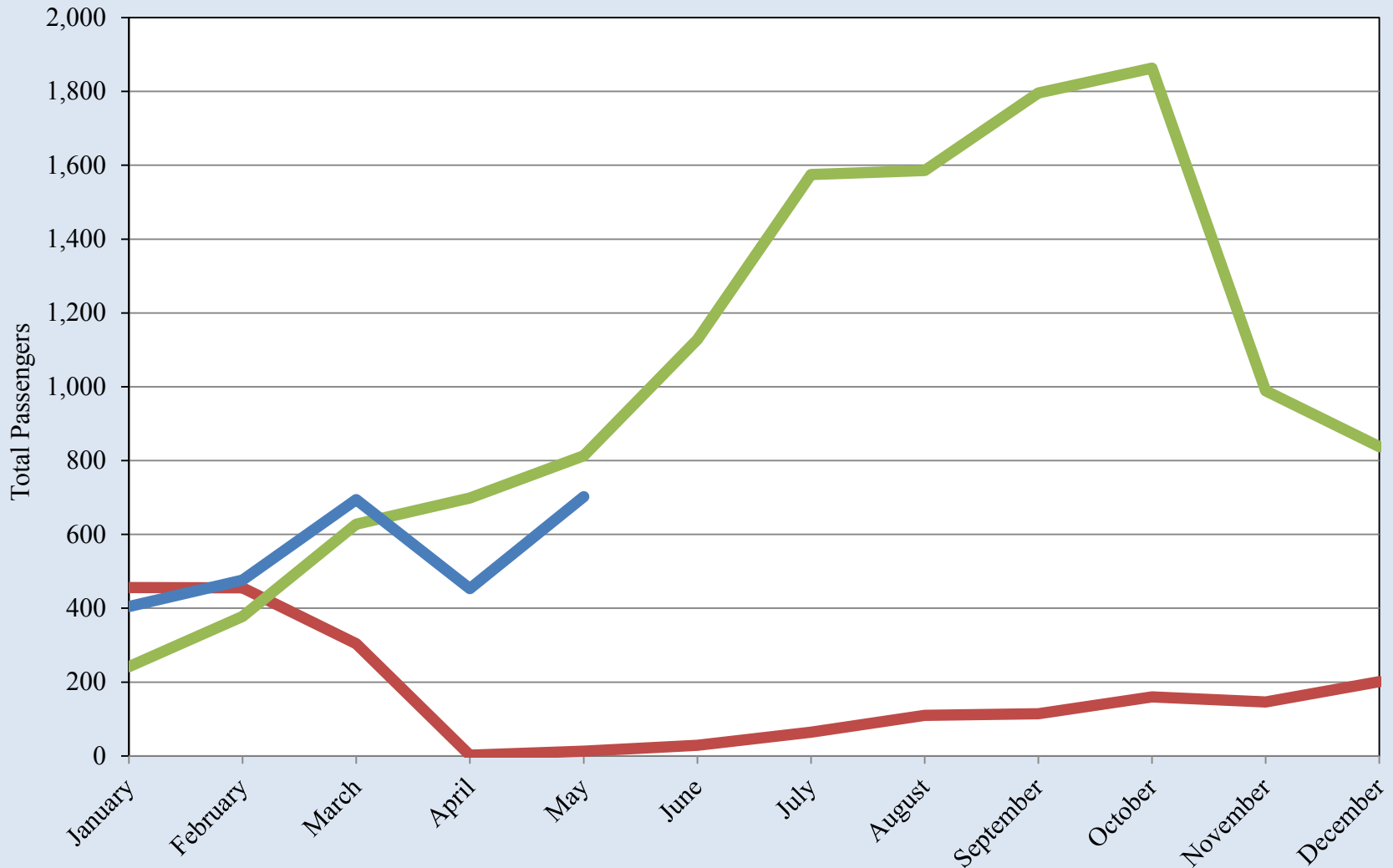
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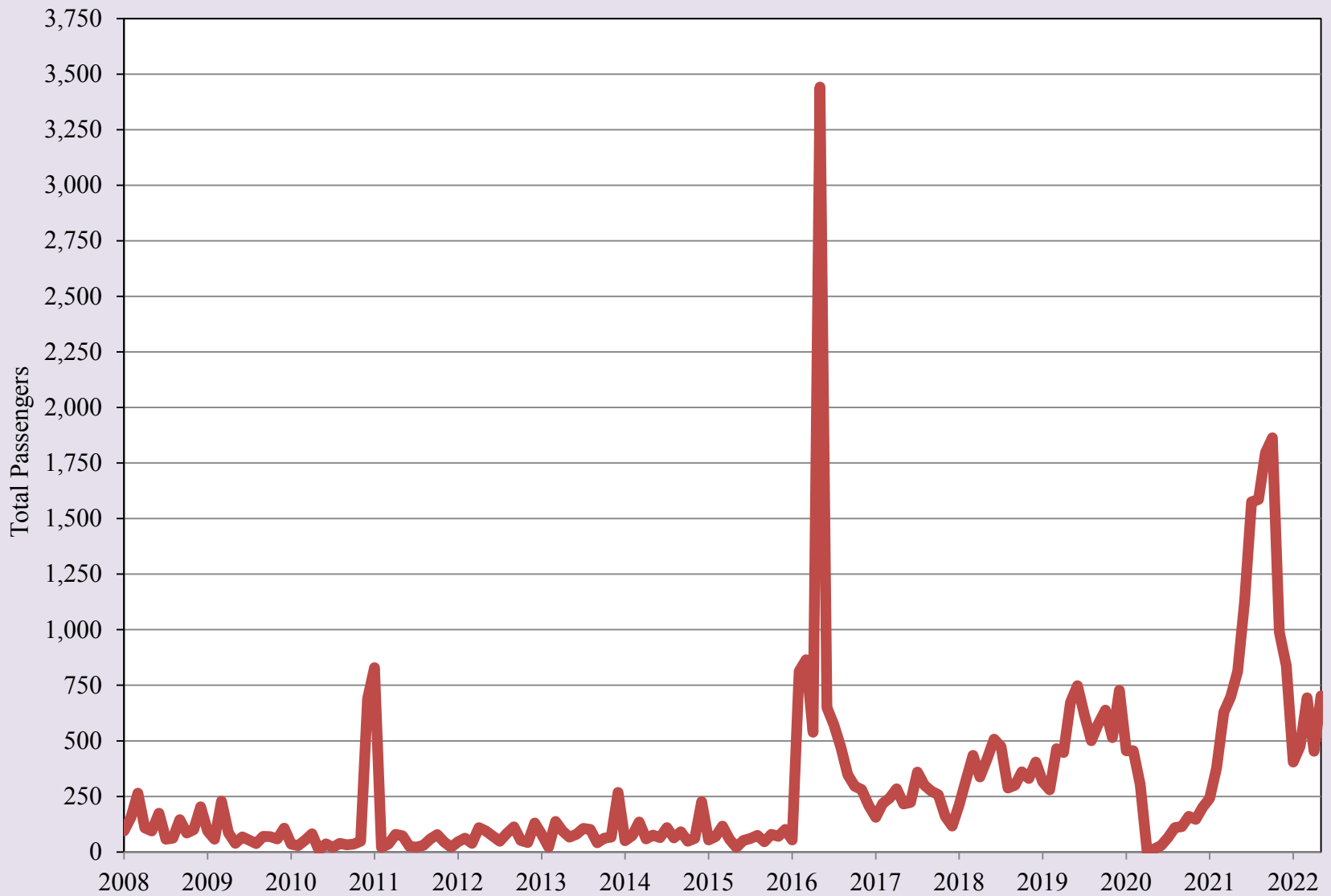
International Passengers Ciudad Juarez International Airport

— 2020 — 2021 — 2022



Source: Grupo Aeroportuario Centro Norte - OMA

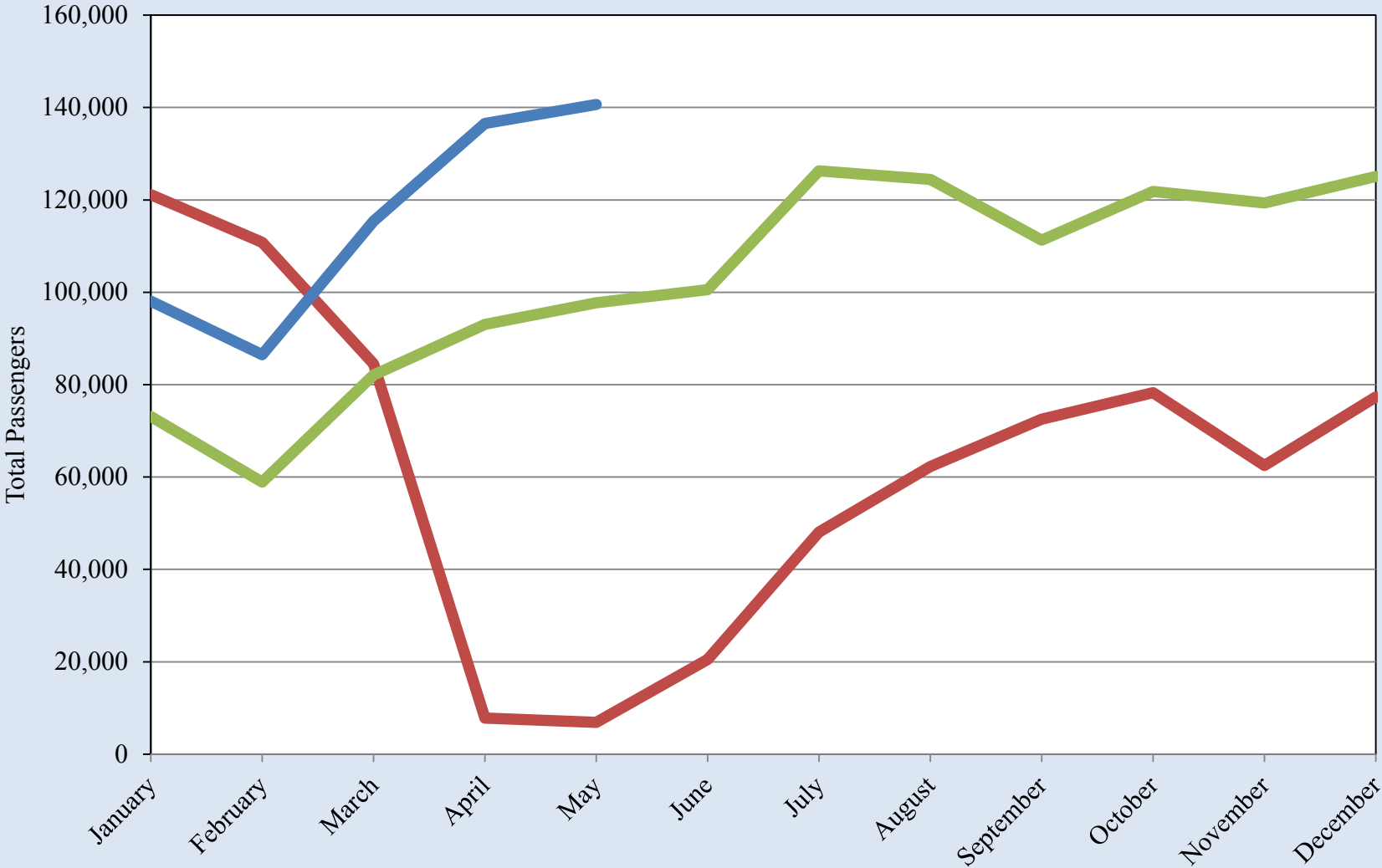
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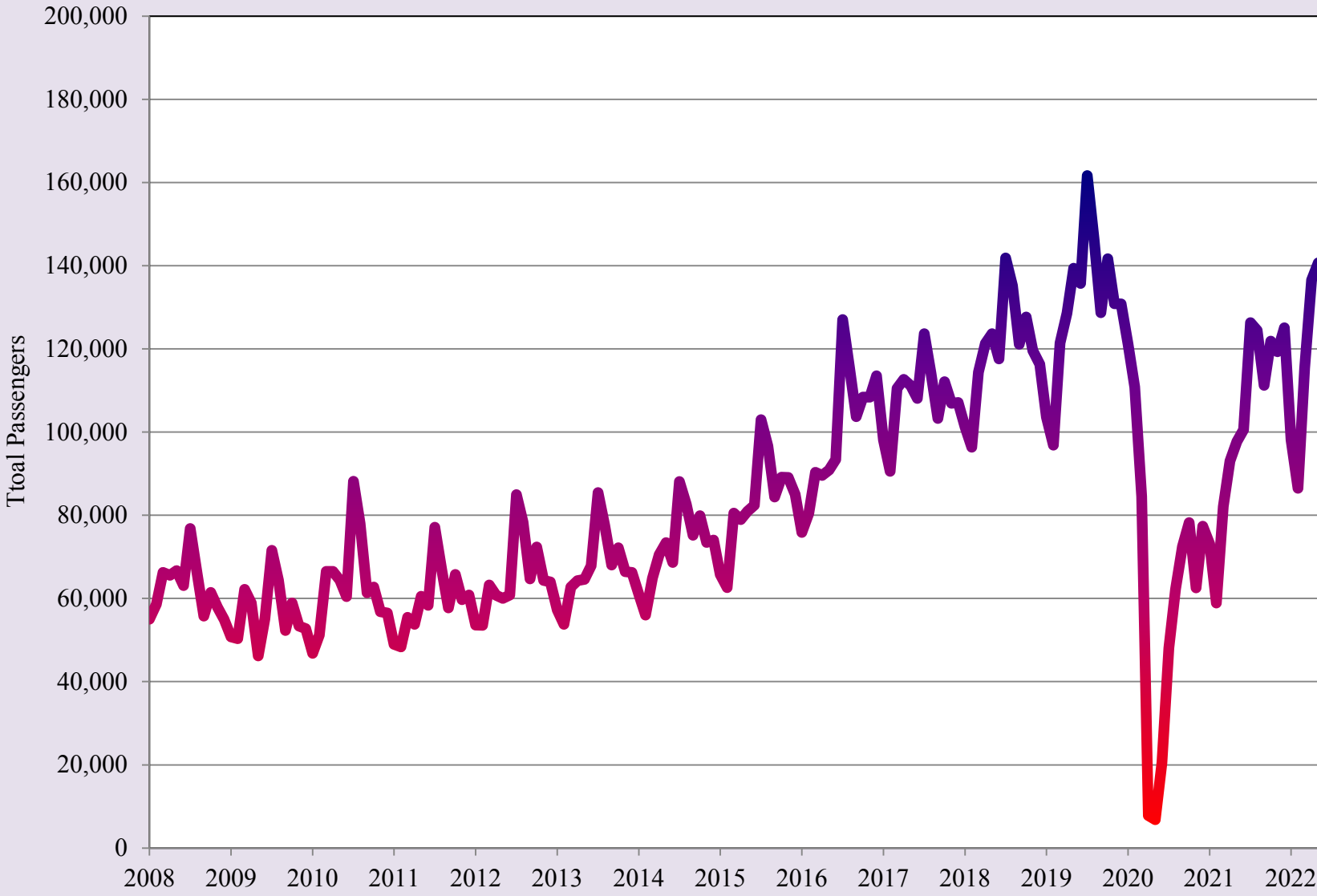
Domestic Passengers Chihuahua City International Airport

2020 2021 2022



Source: Grupo Aeroportuario Centro Norte - OMA

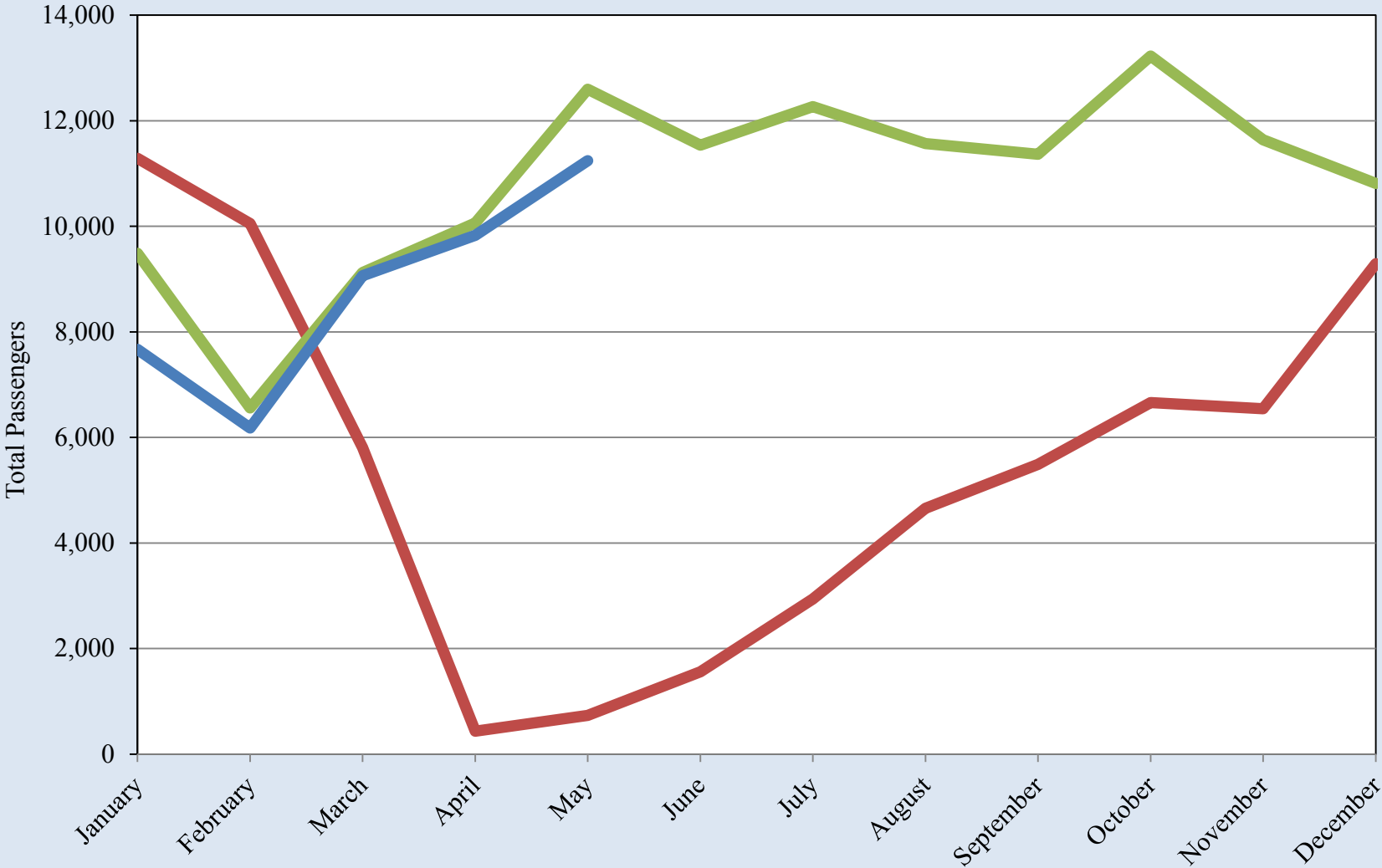
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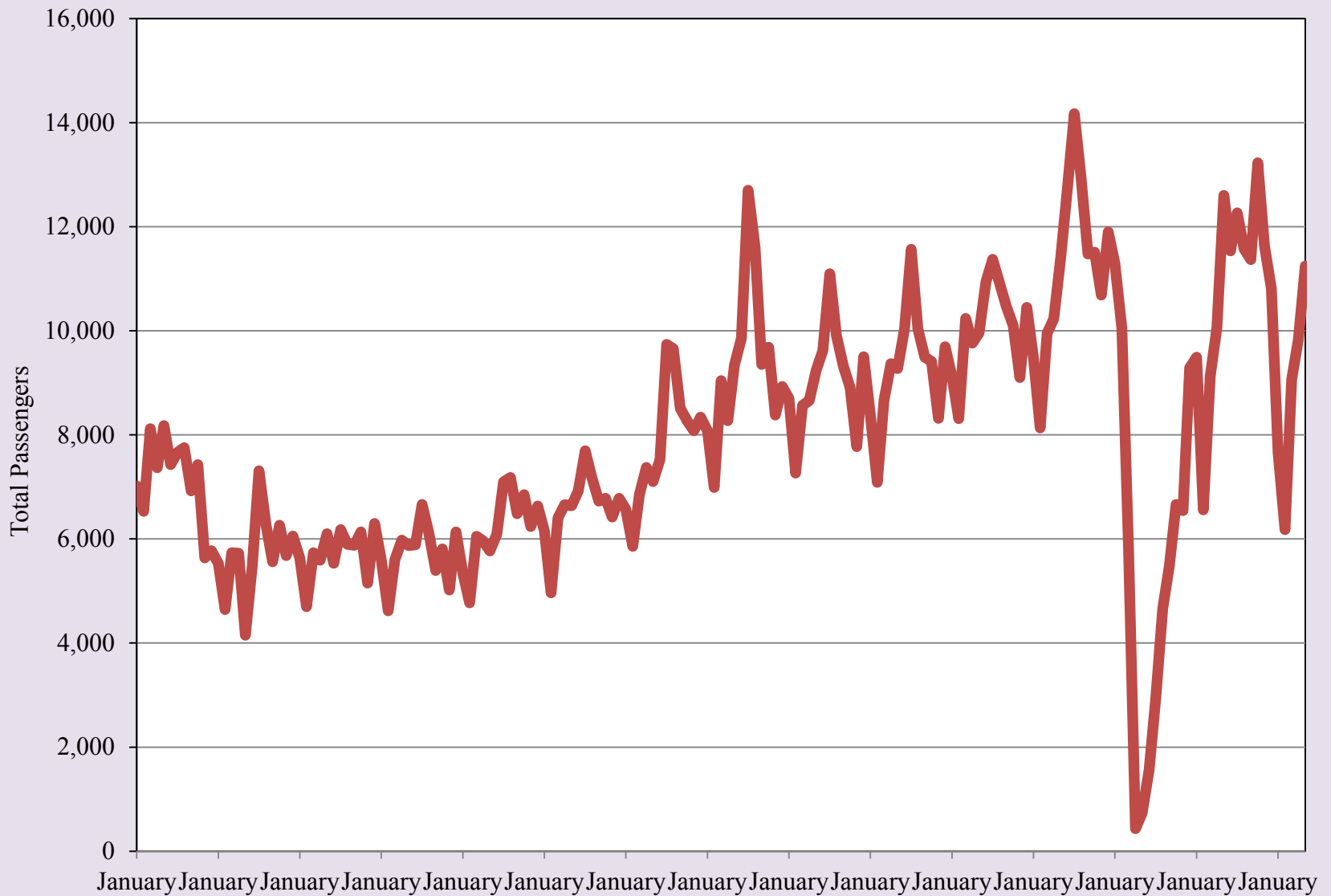
International Passengers Chihuahua City International Airport

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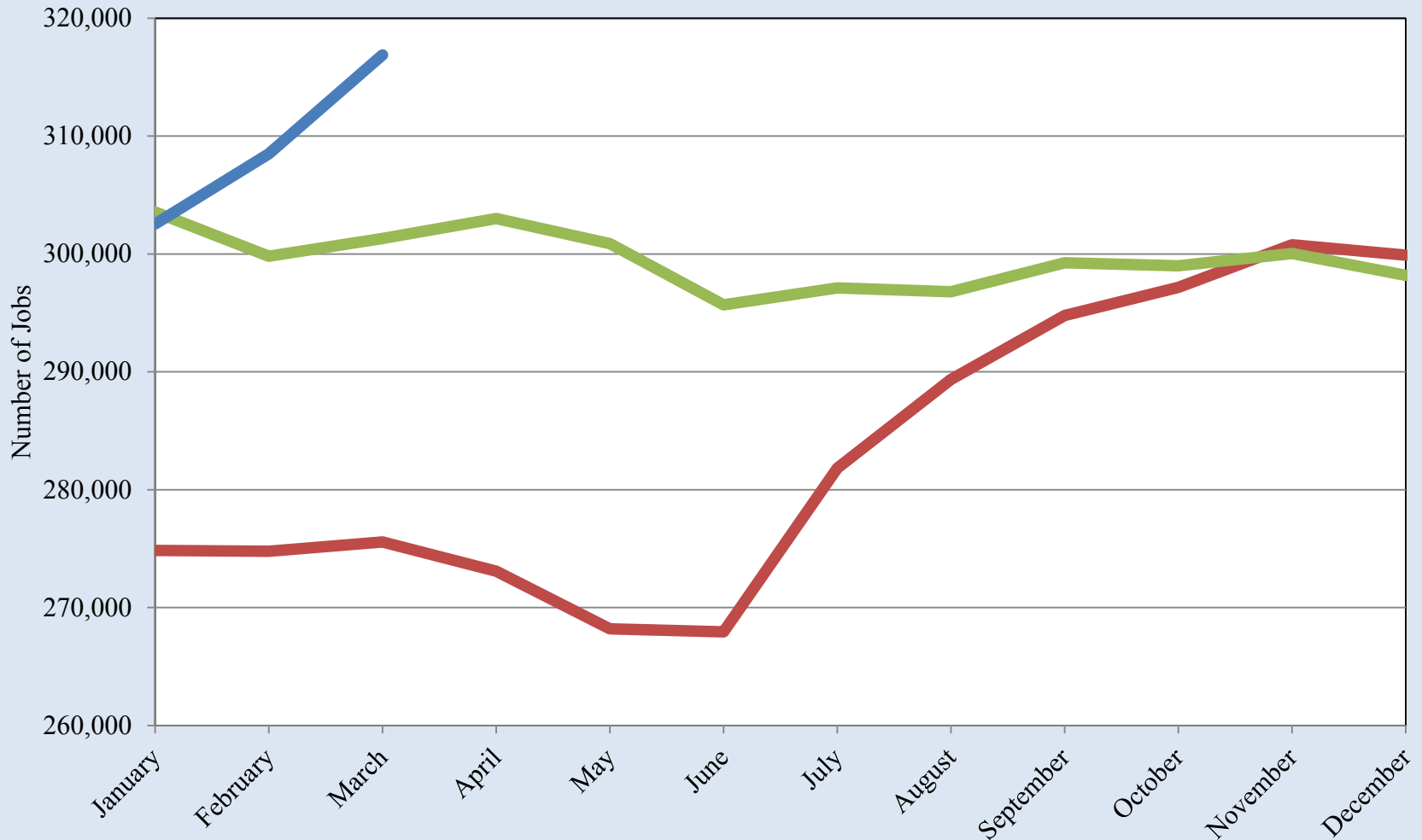
International Passengers Chihuahua City International Airport



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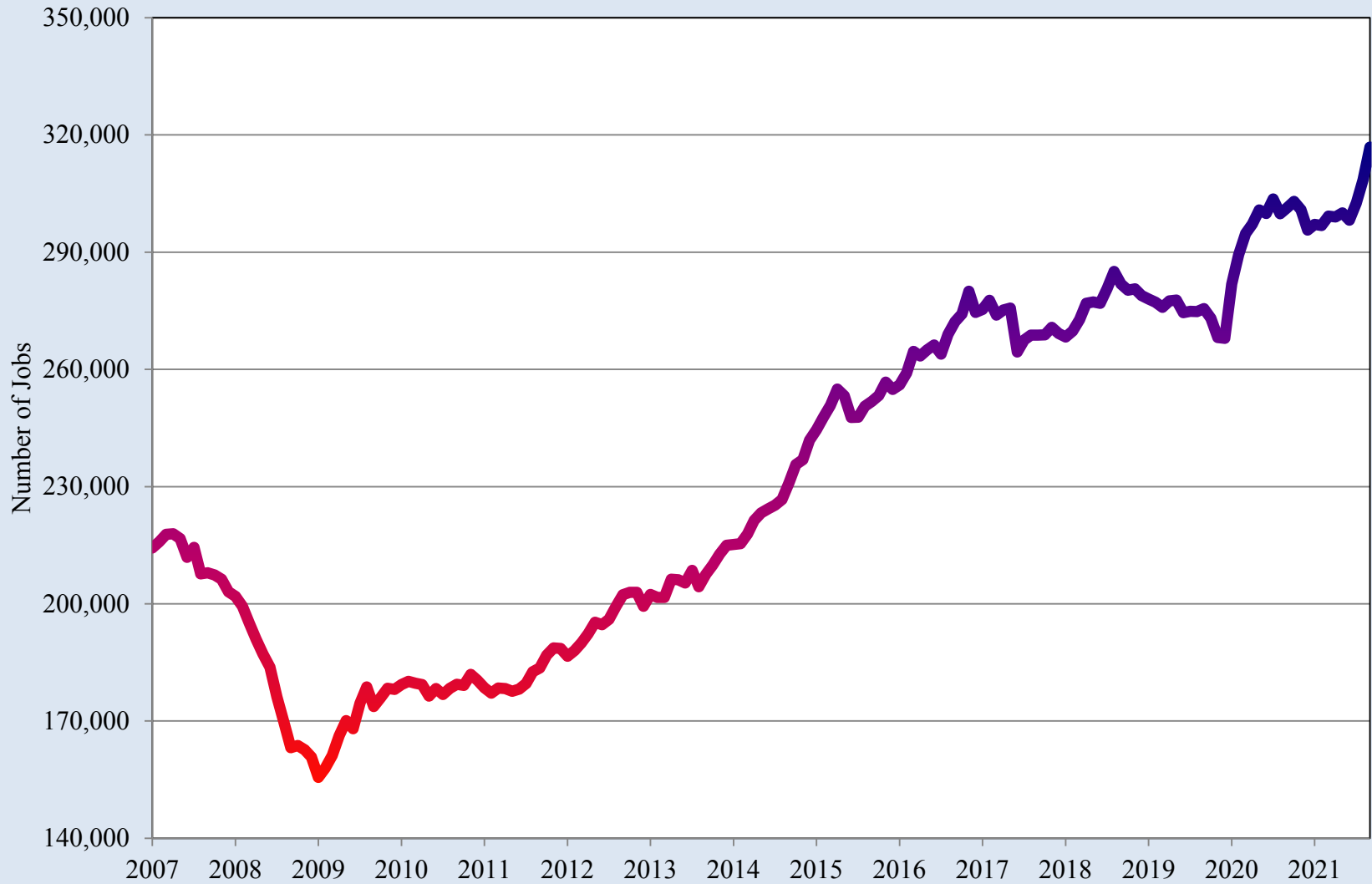
Export-Oriented Manufacturing Employment in Ciudad Juárez

2020 2021 2022



Source: INEGI

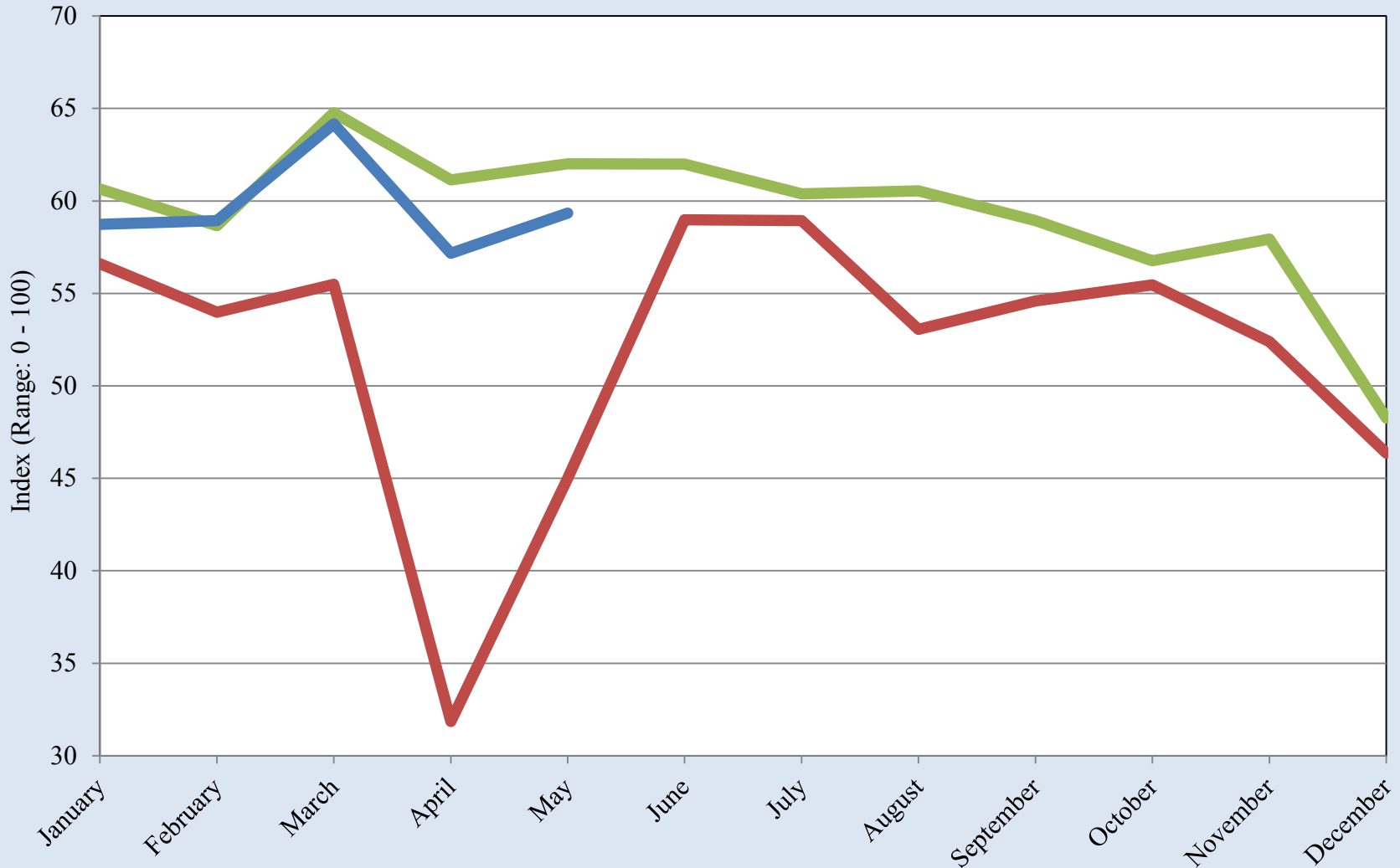
Export-Oriented Manufacturing Employment in Ciudad Juárez



Source: INEGI

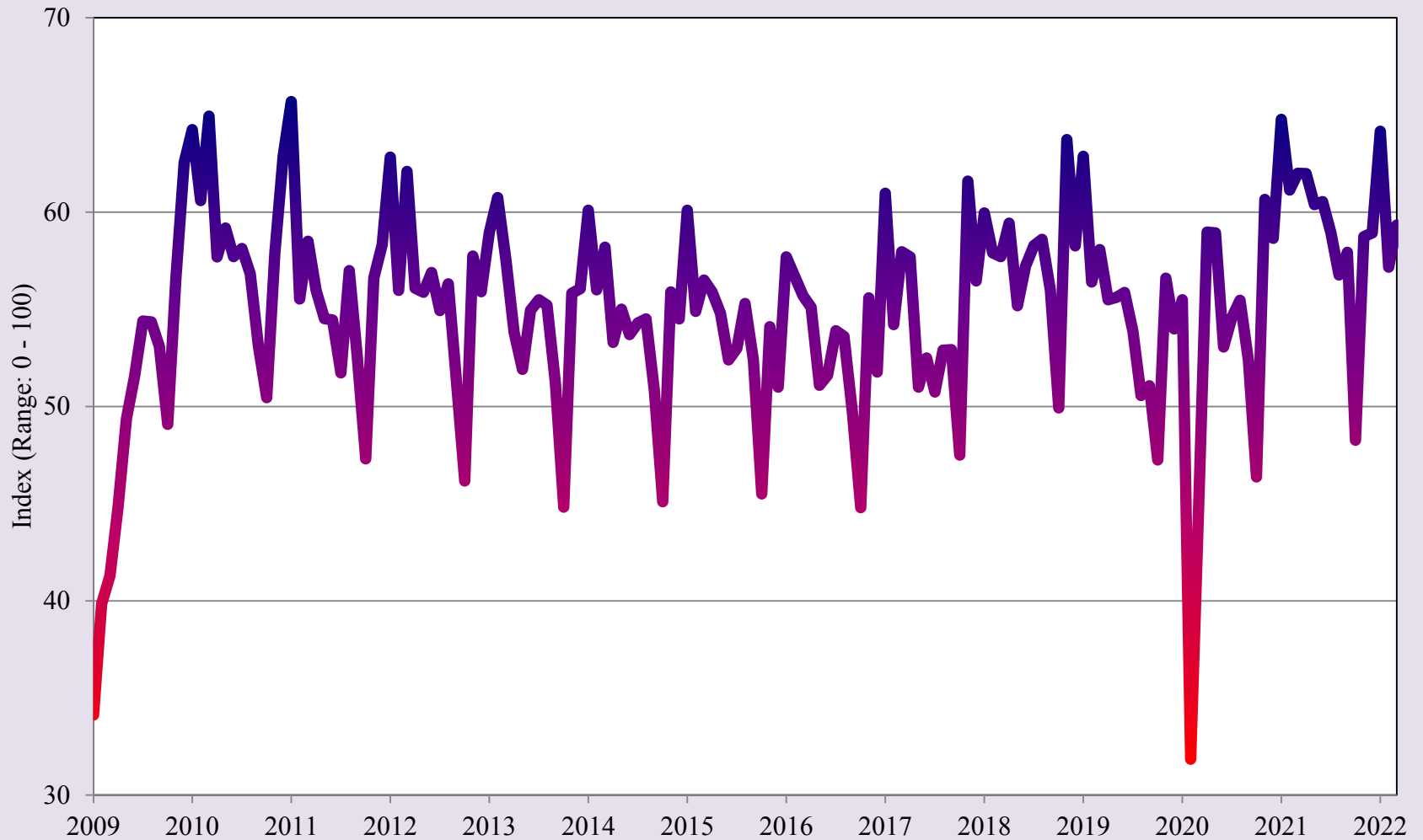
Northern Mexico Manufacturing Orders Index

— 2020 — 2021 — 2022



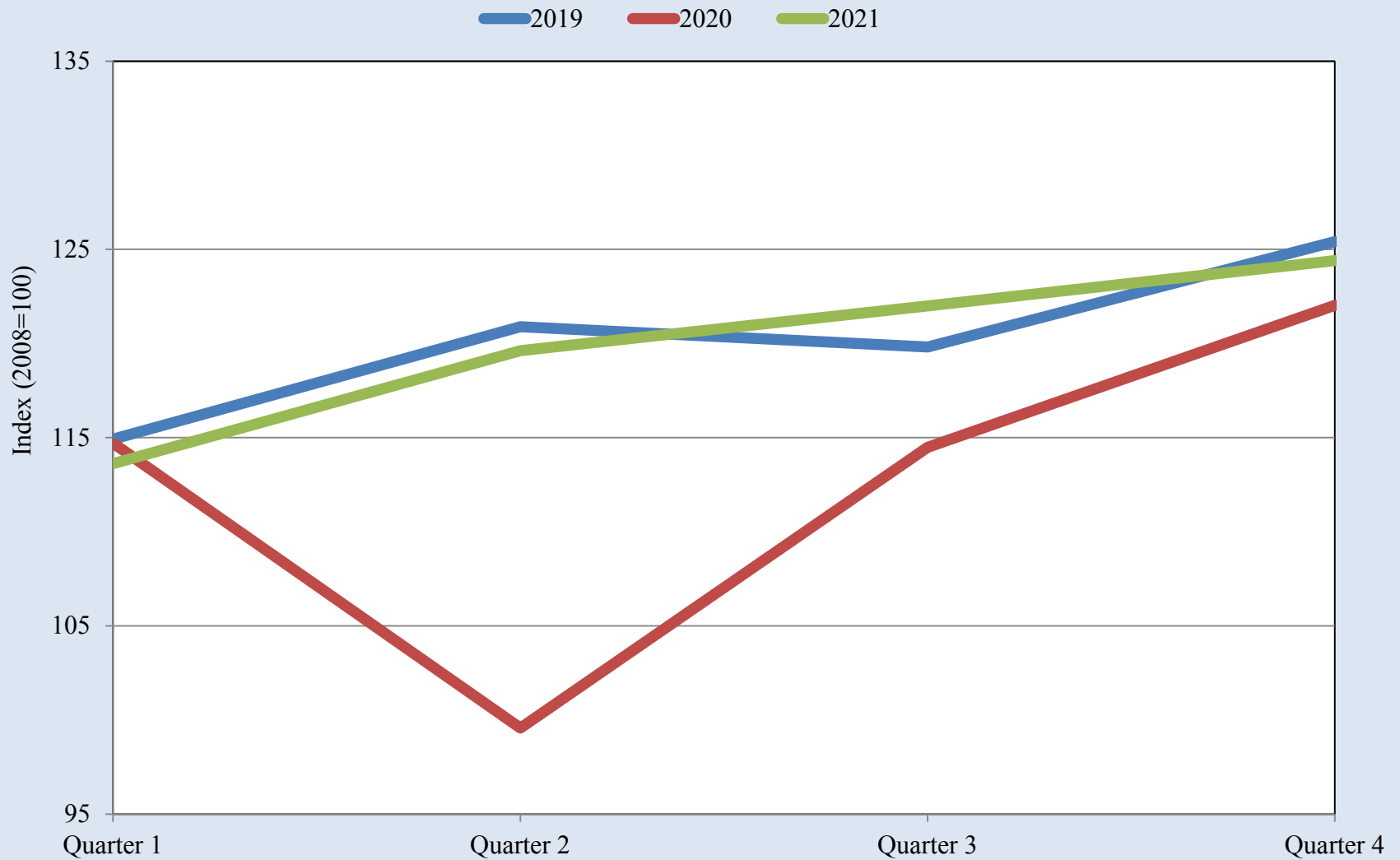
Source: Banco de México

Northern Mexico Manufacturing Orders Index



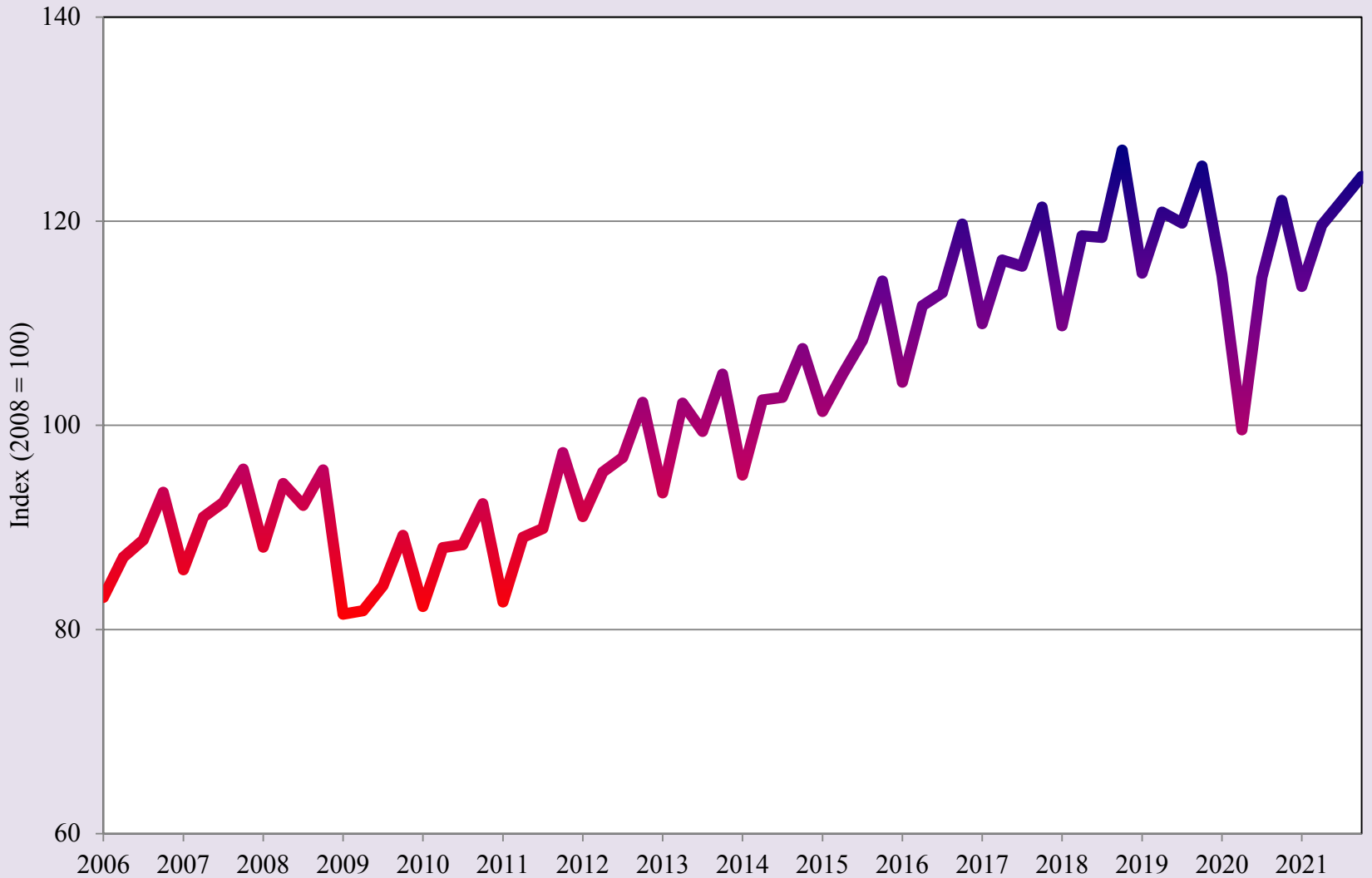
Source: Banco de México

Quarterly Indicator of Economic Activity for the State of Chihuahua



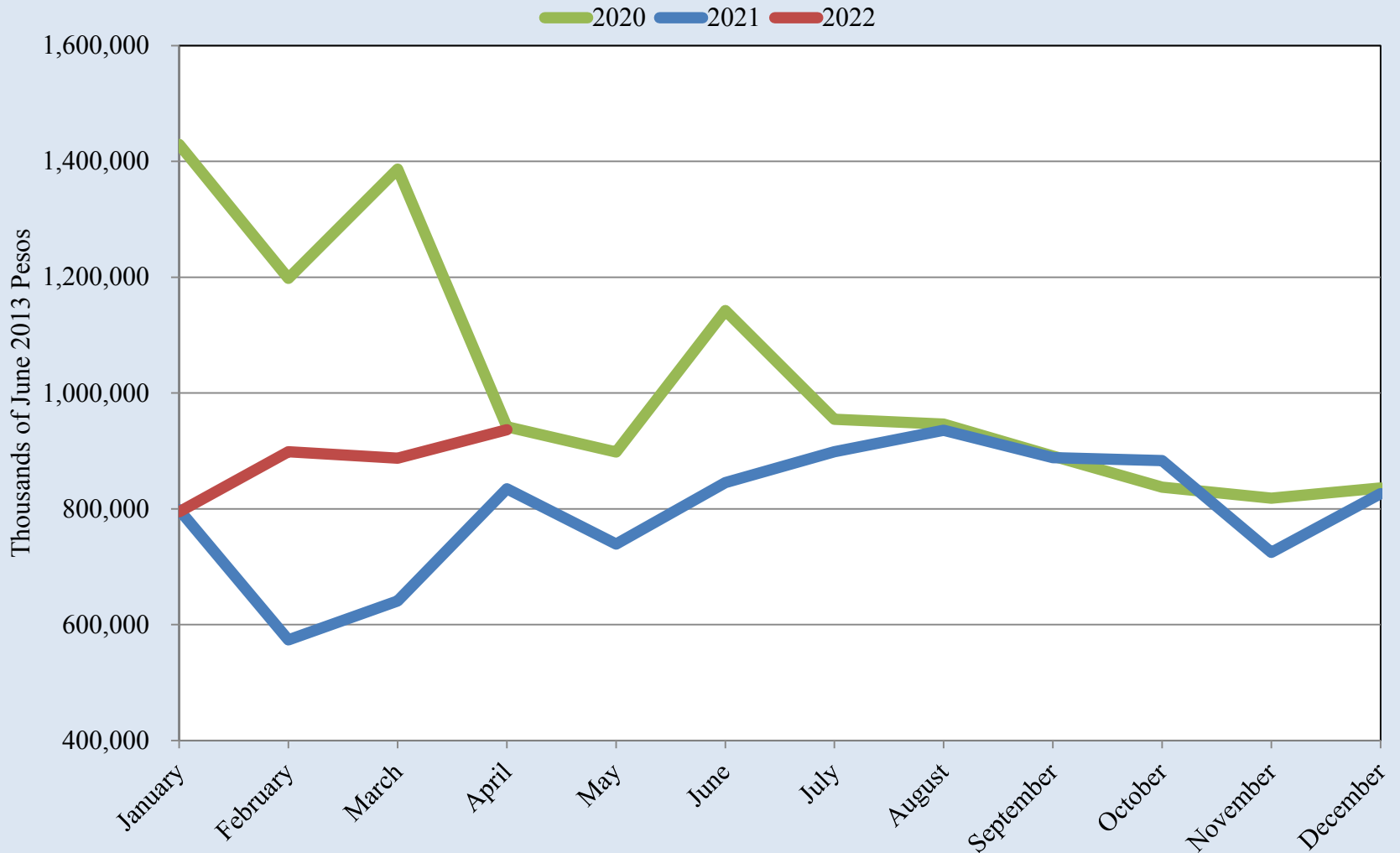
Source: INEGI

Quarterly Indicator of Economic Activity for the State of Chihuahua



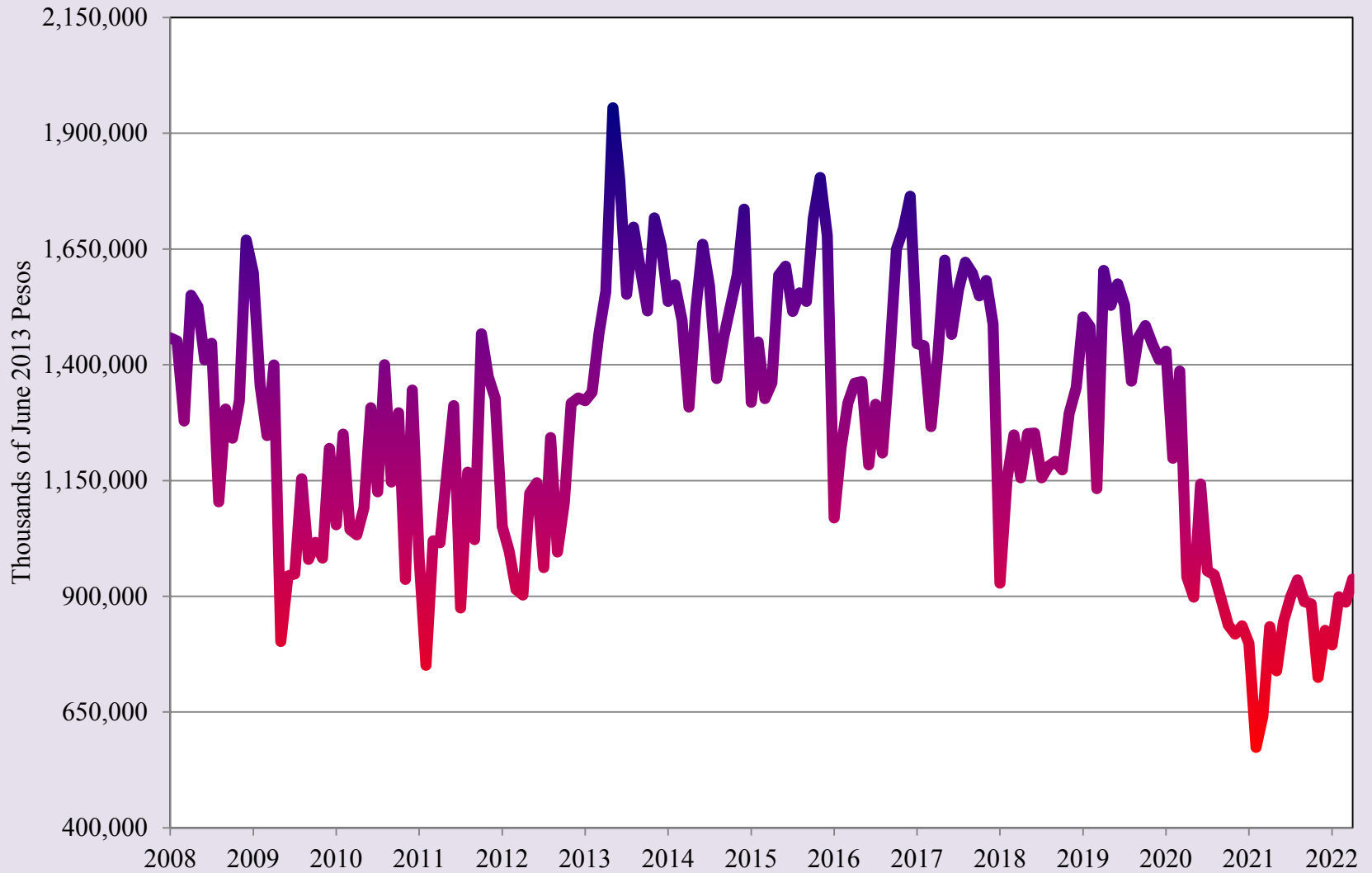
Source: INEGI

Total Value of Construction in the State of Chihuahua



Source: INEGI

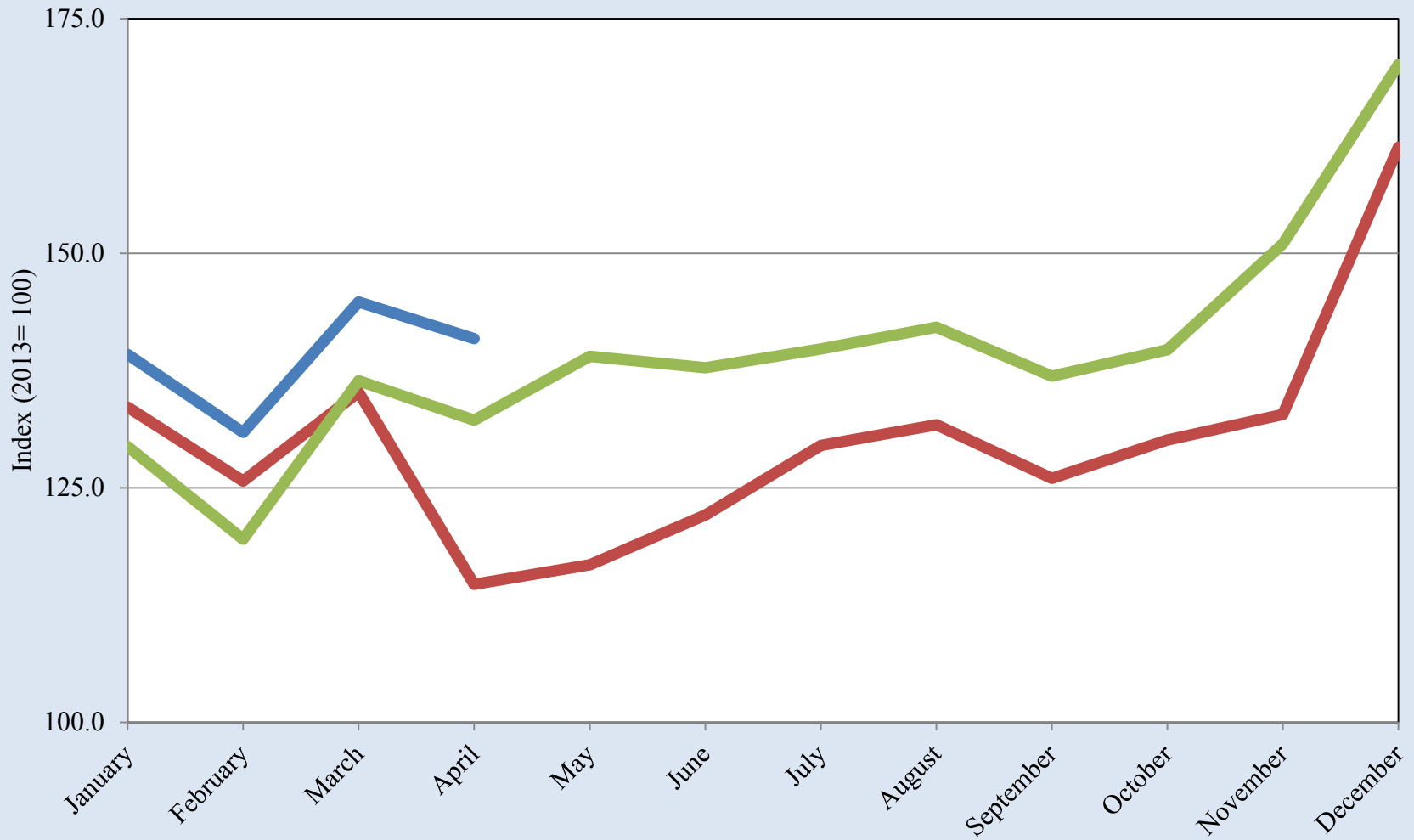
Total Value of Construction in the State of Chihuahua



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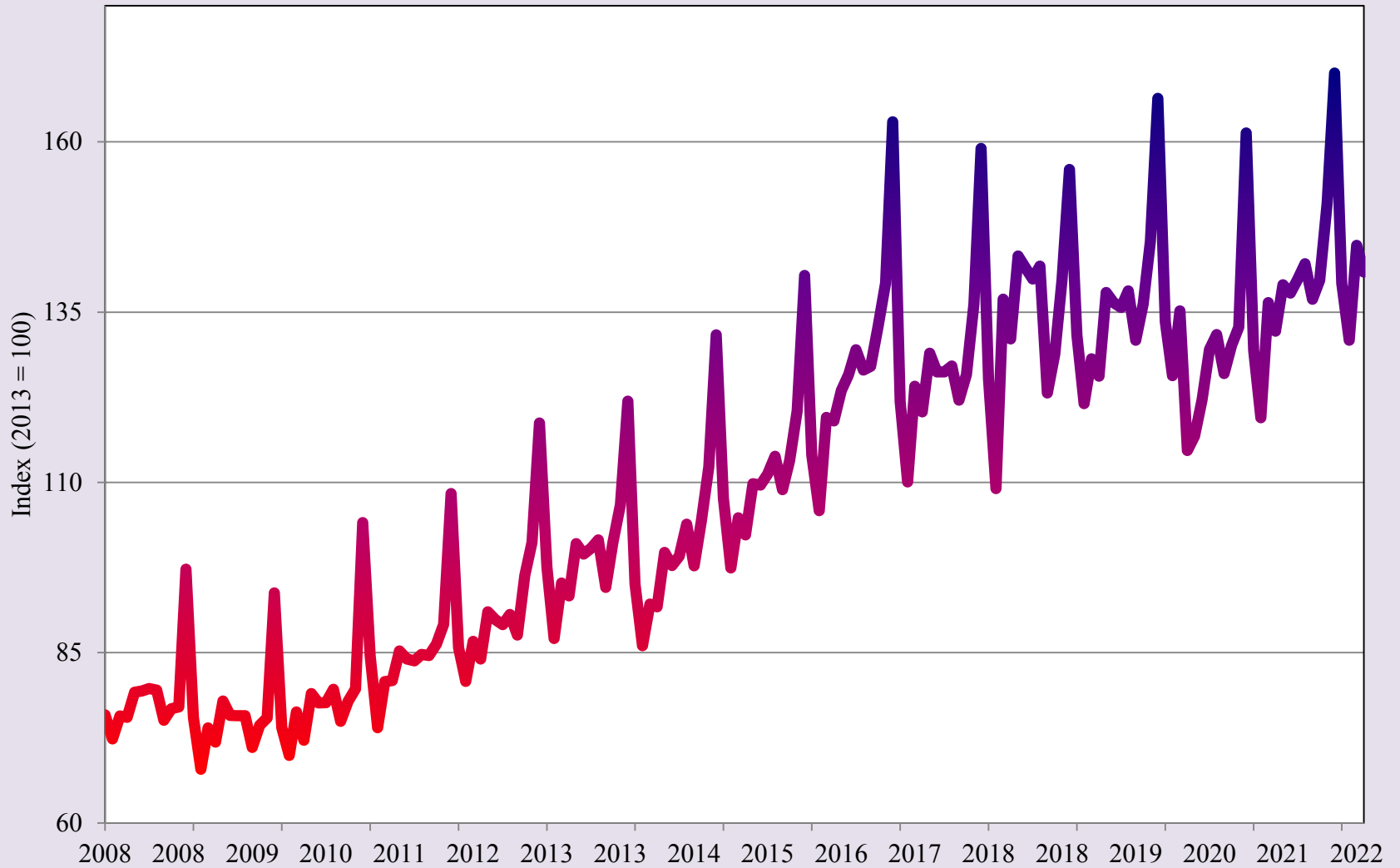
Real Retail Activity Index for the State of Chihuahua

— 2020 — 2021 — 2022



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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