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Borderplex Business Barometer, Volume 6, Number 7

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BORDERPLEX BUSINESS BAROMETER

July 2022

Border Region Modeling Project

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Borderplex Business Barometer, Volume 6, Number 7

Is a Recession Imminent?

Supply chain disruptions, evolving coronavirus variants, worker shortages, accelerating prices, and rising interest rates are raising many questions about economic prospects in 2022. The simultaneous rise of interest rates and energy prices is of particular concern to many business cycle historians. That mix has previously led to economic downturns.

Given all of the above, is a recession unavoidable? And if a recession occurs, how bad will it be? Preliminary gross domestic product (GDP) data indicate that 2022 began with two consecutive quarters of negative economic growth. While that satisfies one conventional definition of a recession, the national labor market remains very strong. The labor market is, however, a lagging indicator, so a contraction may be occurring.

If a downturn occurs, overall household and business balance sheet health indicates that the national economy is well-equipped to weather the storm. That means that the downturn may resemble that of 1990. During that recession, the national unemployment rate eventually rose by 1.9 percentage points, and real per capita incomes fell by 1.2 percentage points.

Locally, the Federal Bank of Dallas El Paso Metropolitan Business Cycle Index (BCI) grew in July following four relatively lethargic months. Up till now, El Paso has not yet entered a recession. However, rising interest rates make the regional economy more susceptible to a downturn. Sectors that are hampered most by interest rate hikes include manufacturing, construction, transportation, warehousing, and real estate.

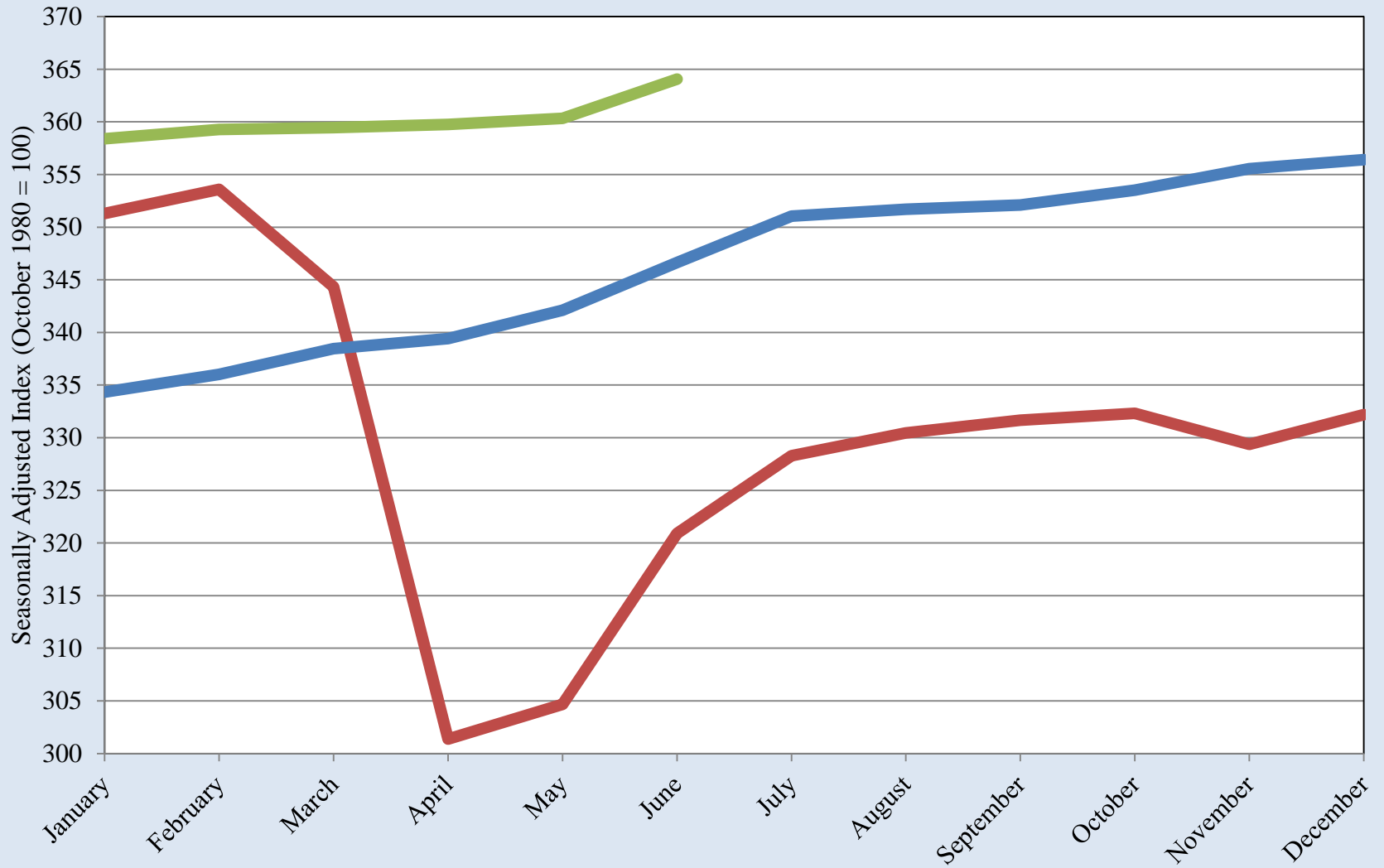
Within the Borderplex region, the El Paso and Las Cruces unemployment rates were both substantially below their respective year-ago levels in June. If a regional contraction occurs, unemployment and Supplemental Nutrition Assistance Program (SNAP) enrollments will rise. SNAP enrollments are always a concern in this region. According to the Bureau of Economic Analysis, El Paso (356 out of 384) and Las Cruces (369 out of 384) rank as two of the most

impoverished metropolitan economies in the United States. In such regions, families spend large portions of their incomes on essential goods and services such as food, transportation, electricity, and wireless phone services. During the past twelve months, food and transport inflation has inflicted substantial financial damage on this vulnerable group of households. Stores in lower income areas have also suffered high inventory depletion rates, causing empty shelves to be more problematic for households in those neighborhoods.

During the 1990 recession, what happened in this region? In Ciudad Juarez, maquiladora payrolls fell by 2.7 percent. In El Paso, personal bankruptcies rose by 8.4 percent. Further north, personal bankruptcies surged by 24.4 percent in Las Cruces. While the region did not experience a crisis during that downturn, recessions always cause economic harm.

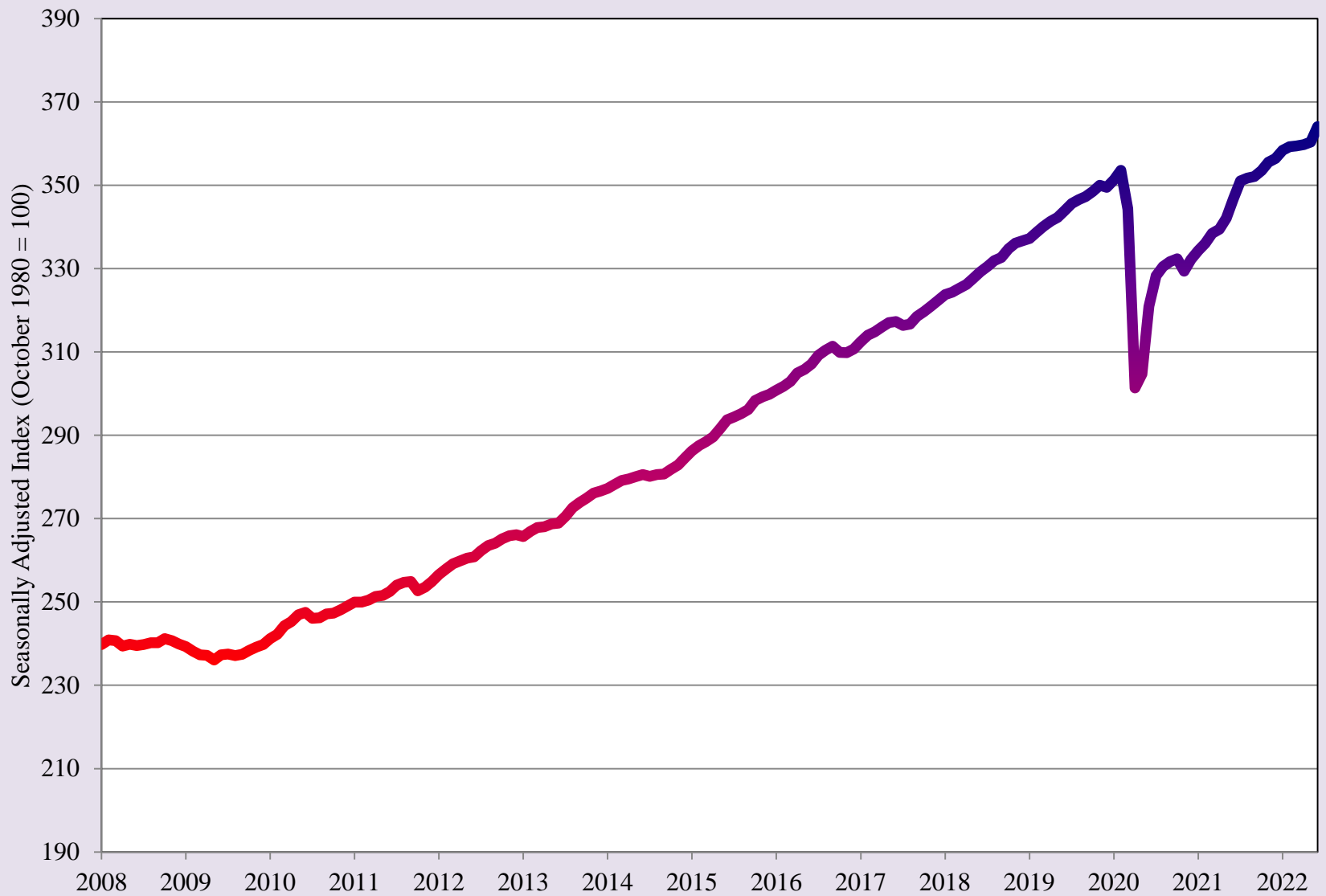
El Paso Metropolitan Business Cycle Index

2020 2021 2022



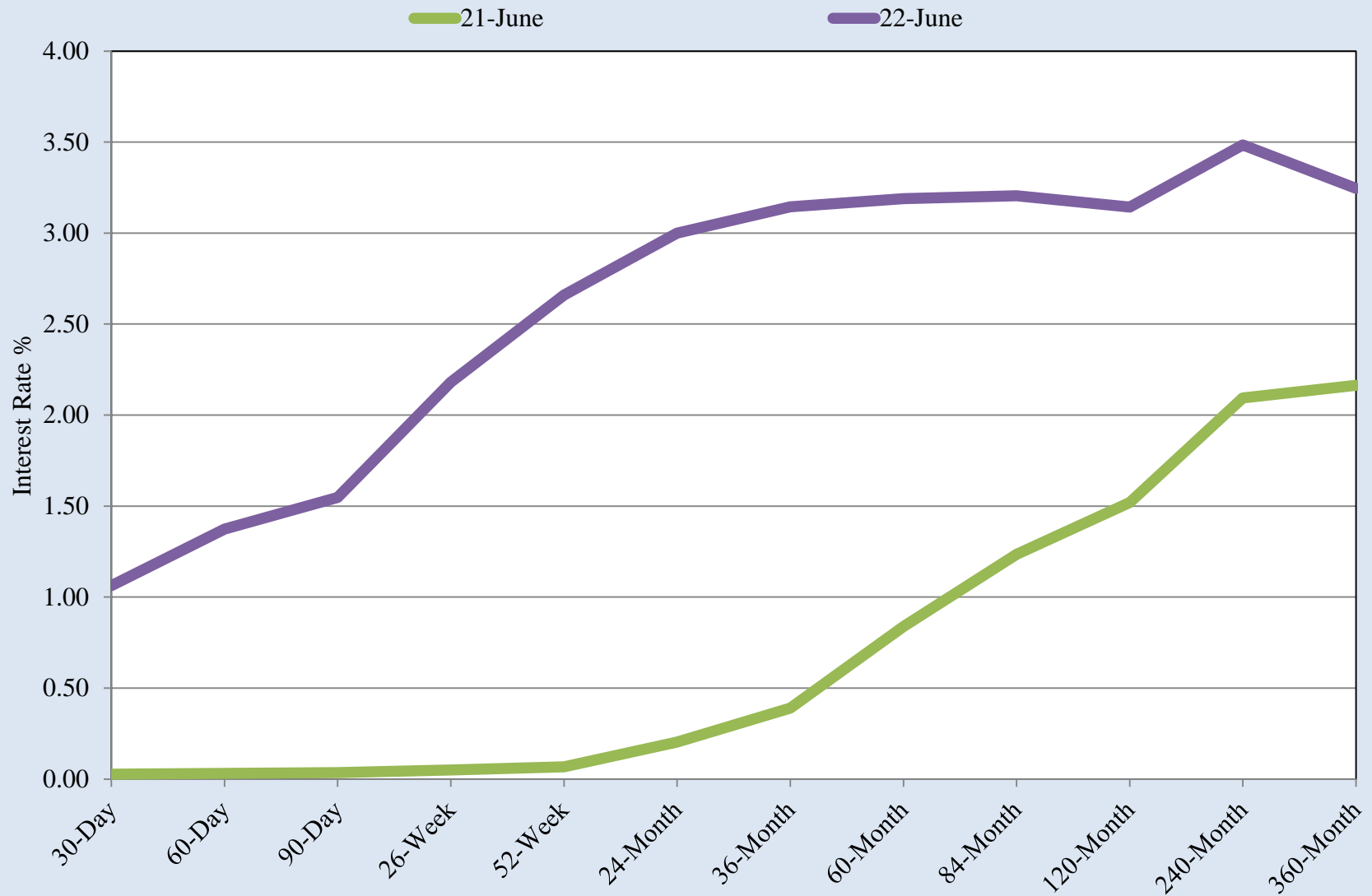
Source: Federal Reserve Bank of Dallas

El Paso Metropolitan Business Cycle Index



Source: Federal Reserve Bank of Dallas

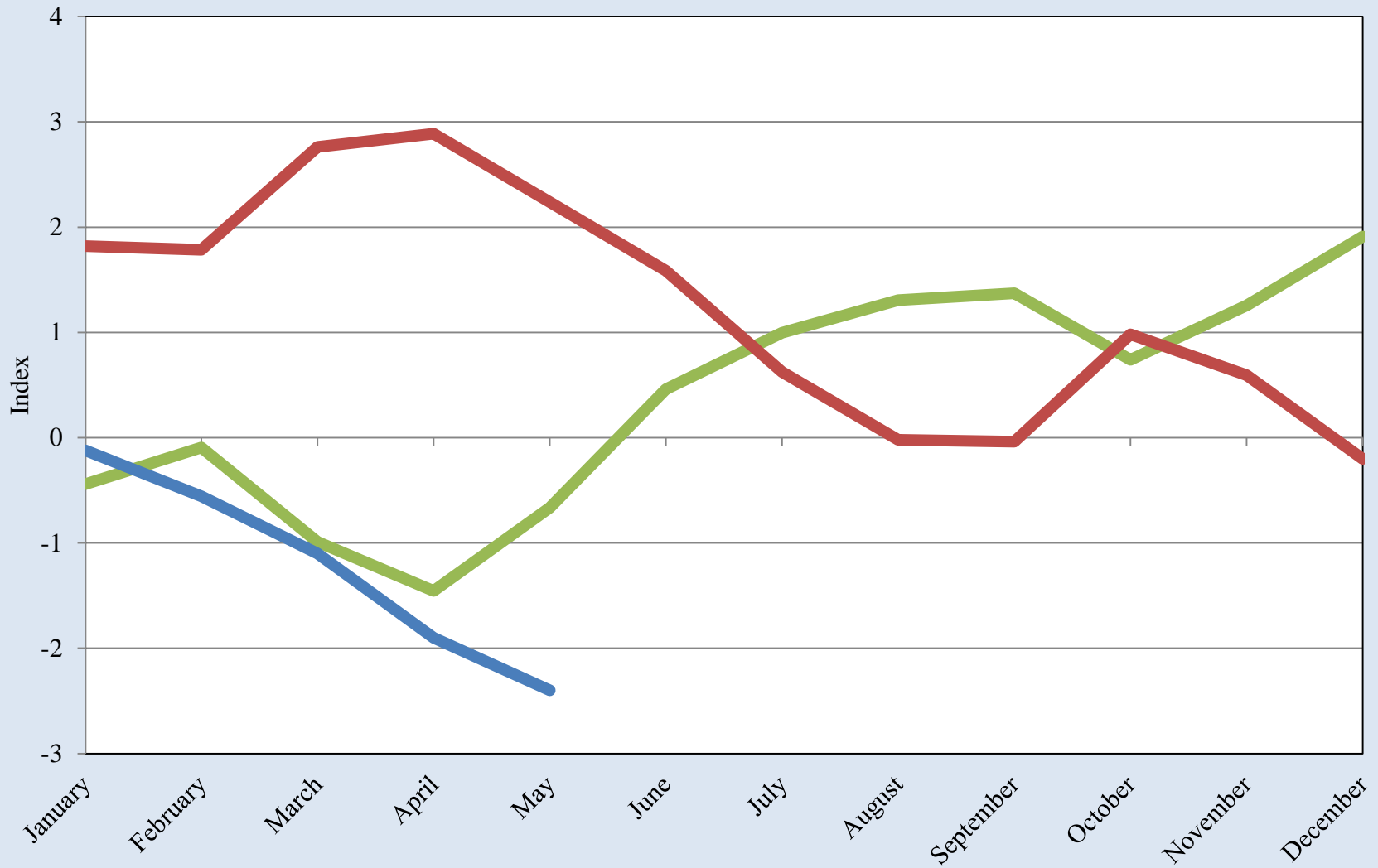
Average Treasury Yield Curve Rates



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

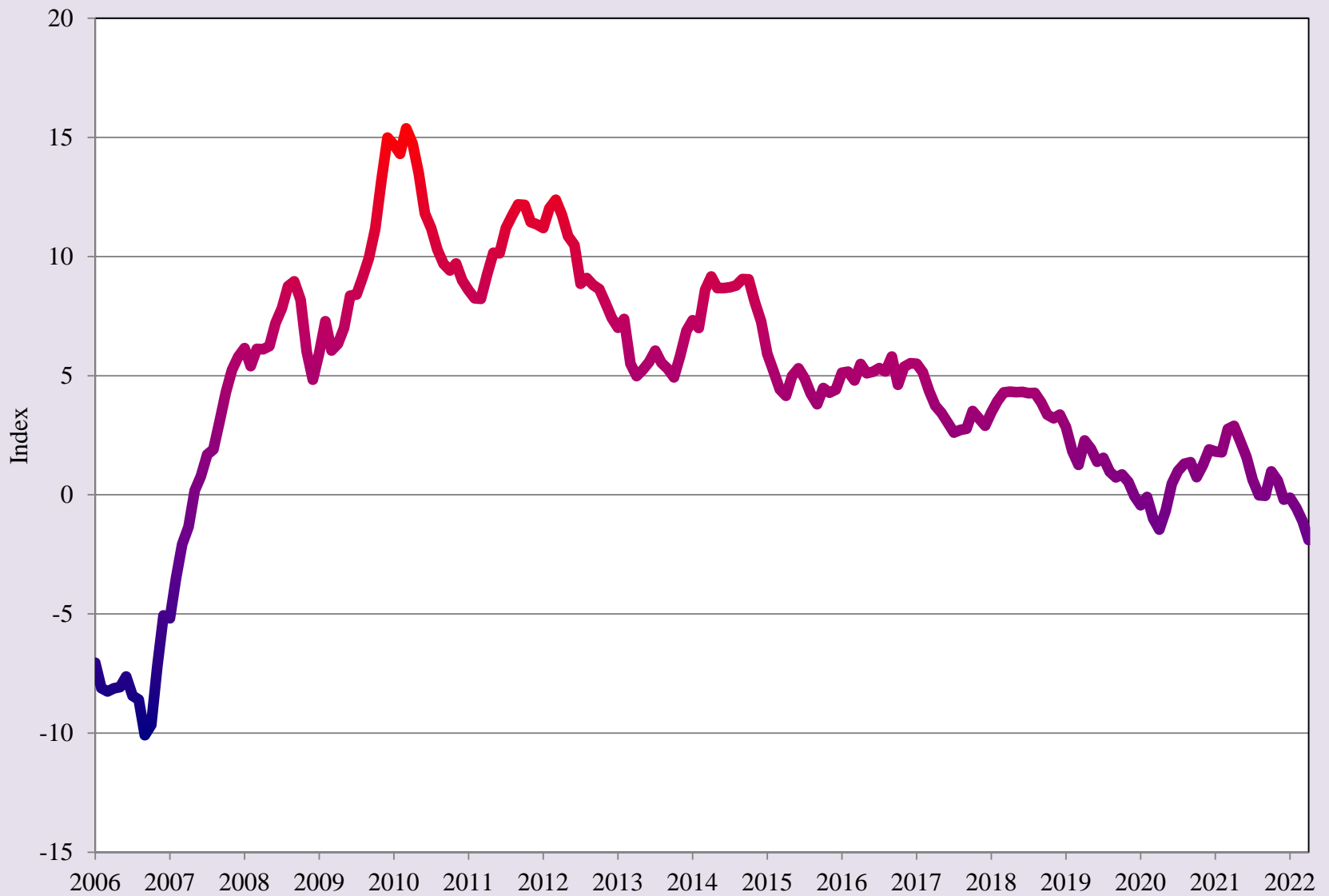
El Paso Household Economic Stress Index

2020 2021 2022



Source: UTEP Border Region Modeling Project

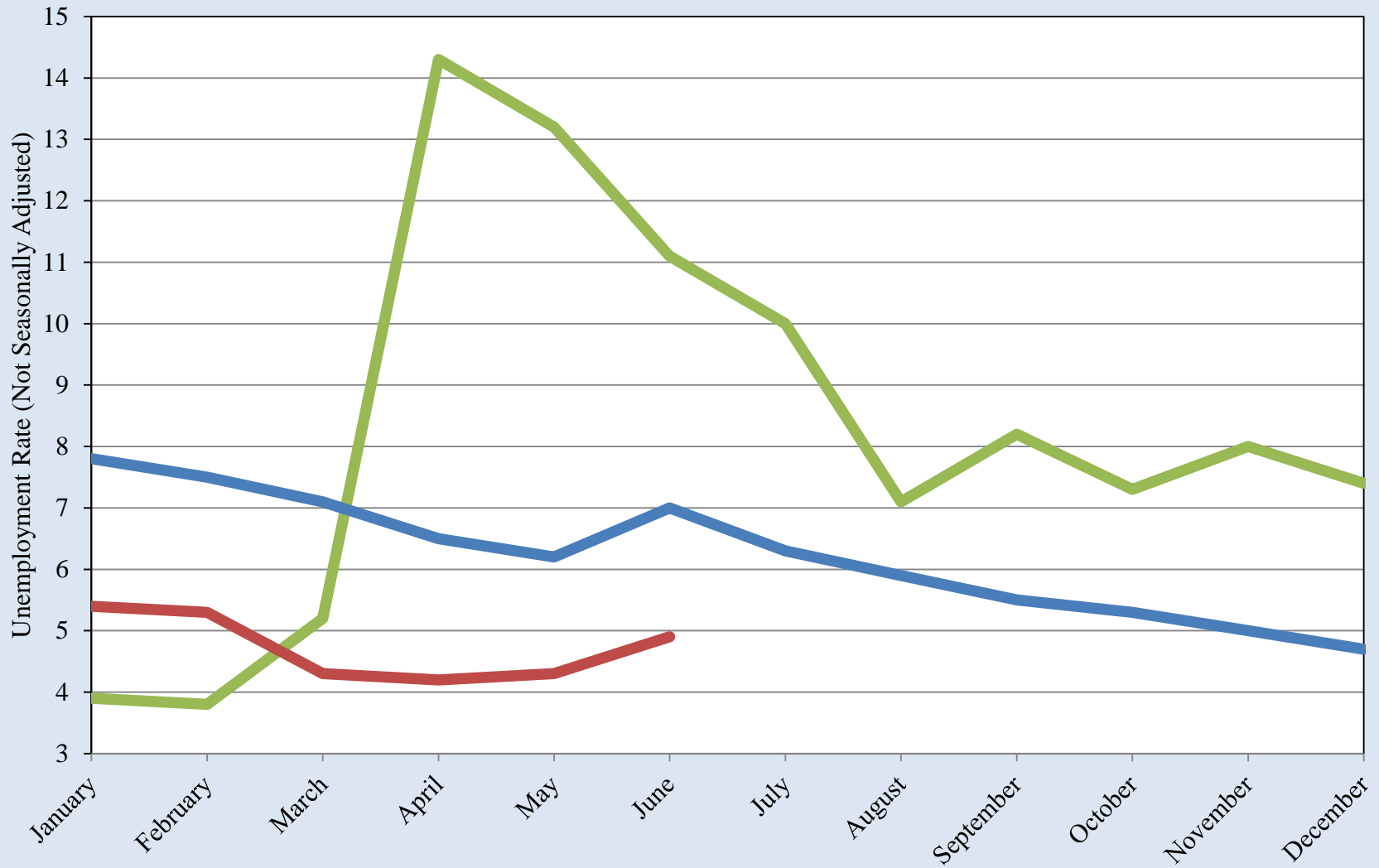
El Paso Household Economic Stress Index



Source: UTEP Border Region Modeling Project

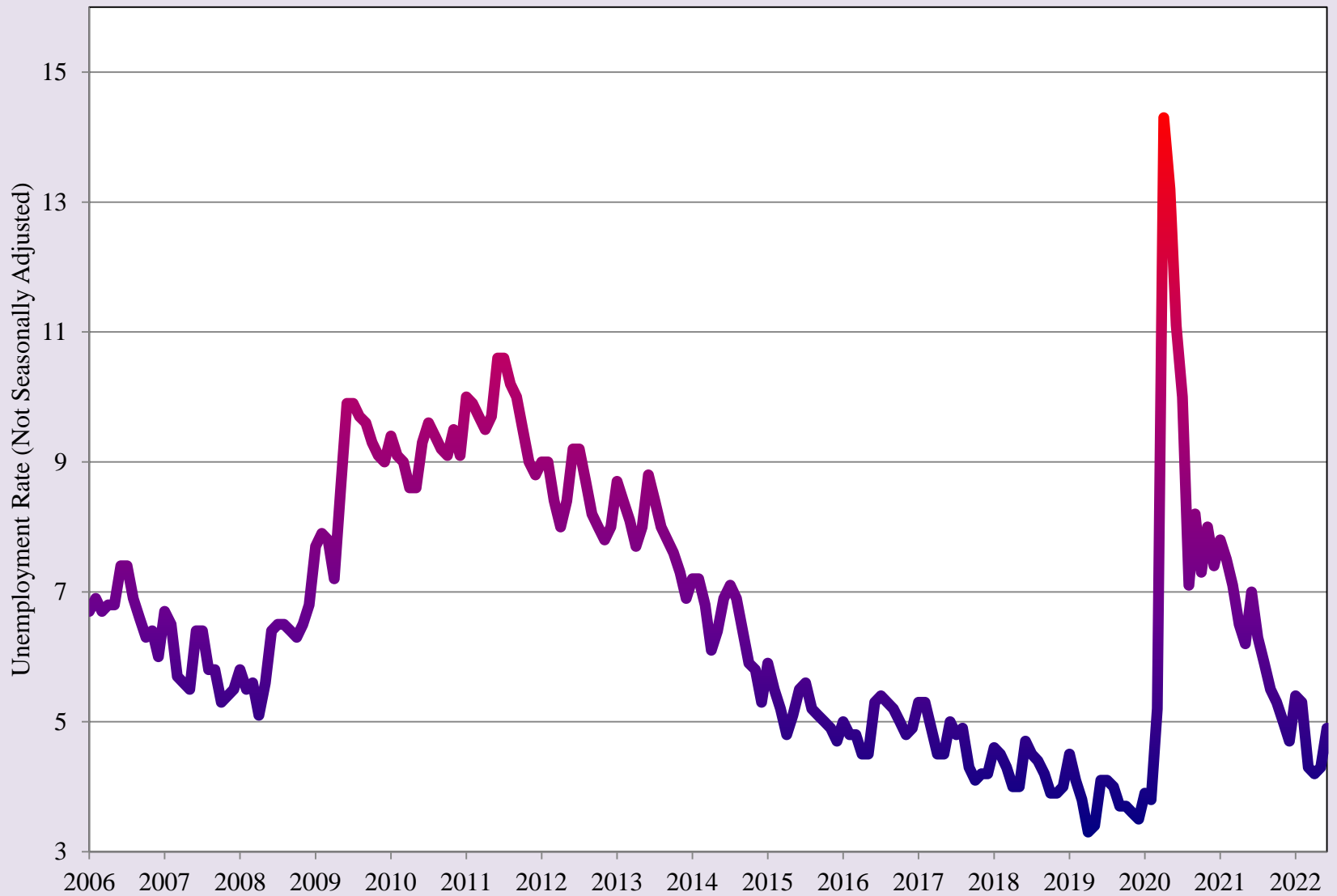
El Paso County Unemployment Rate

2020 2021 2022



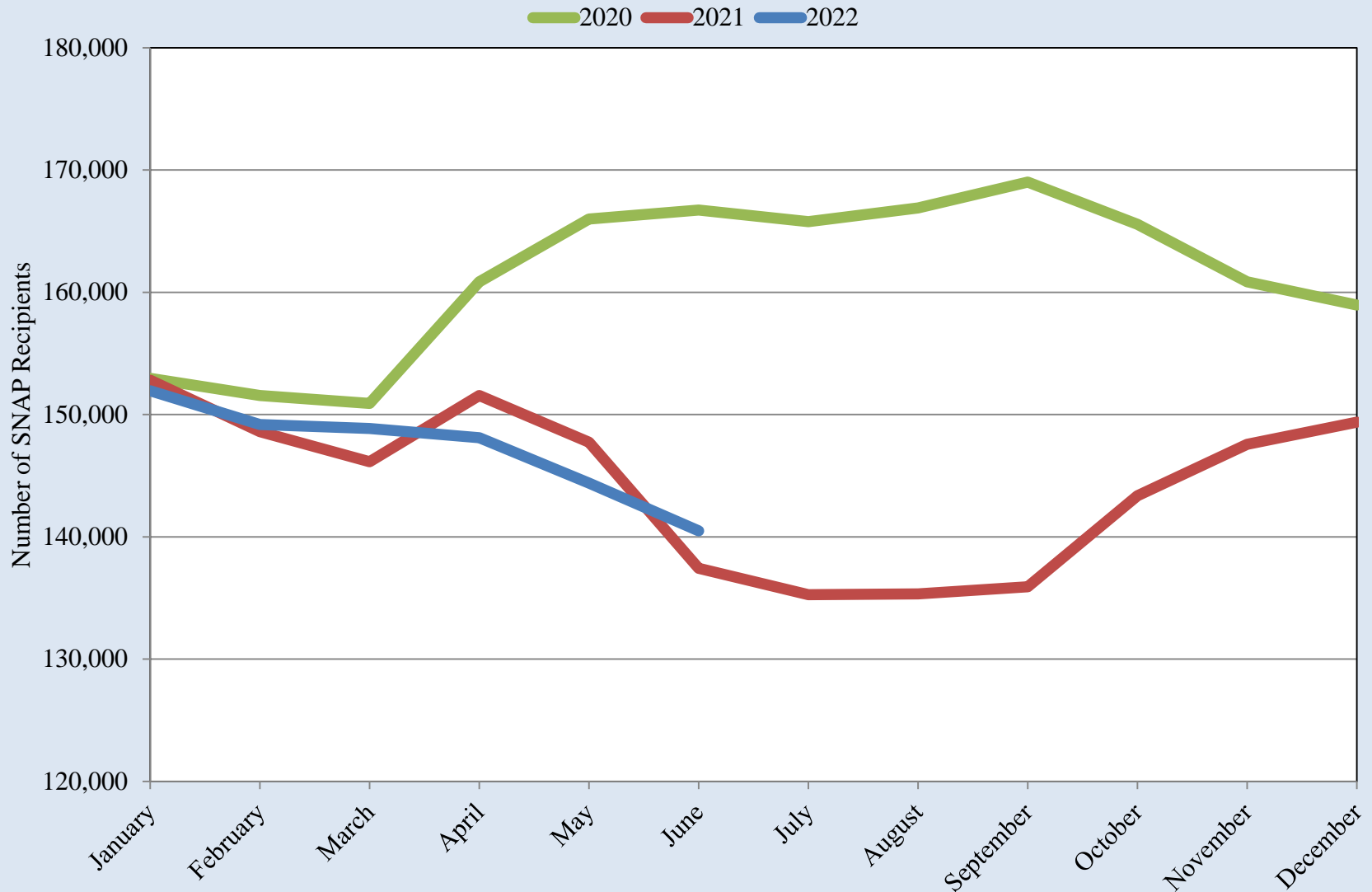
Source: Bureau of Labor Statistics

El Paso County Unemployment Rate



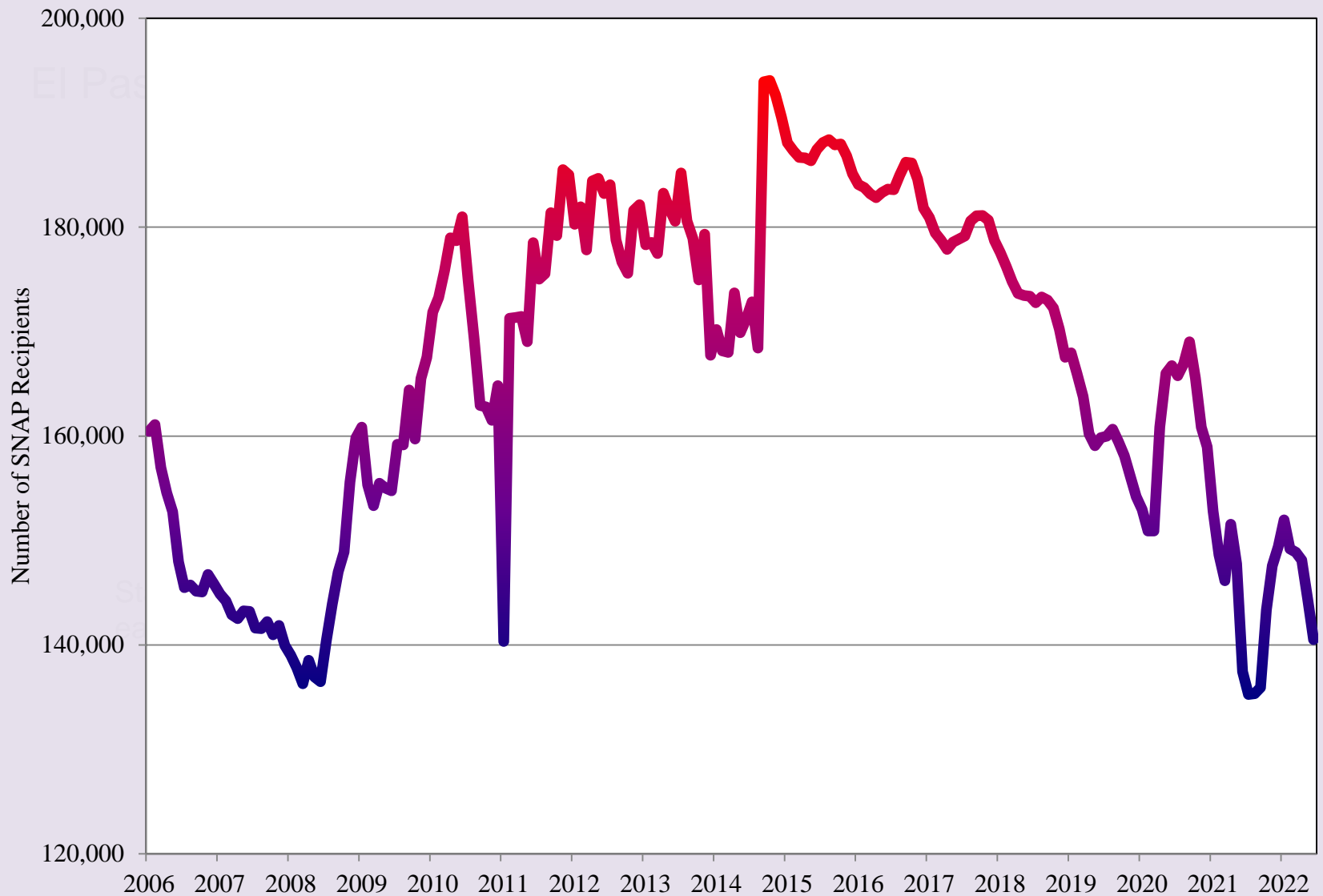
Source: Bureau of Labor Statistics

El Paso County SNAP (Food Stamp) Enrollment



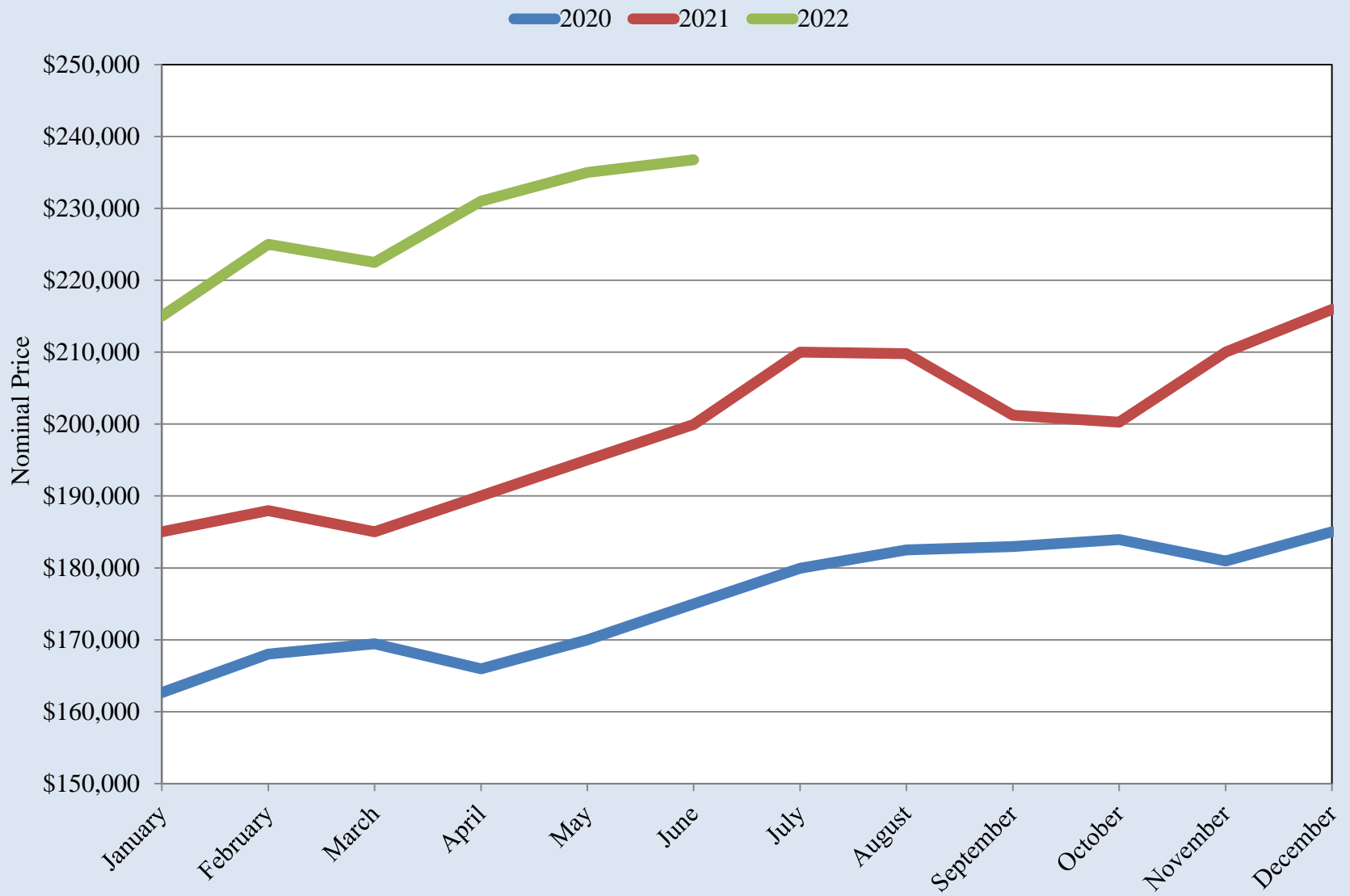
Source: Texas Health and Human Services Commission

El Paso County SNAP (Food Stamp) Enrollment



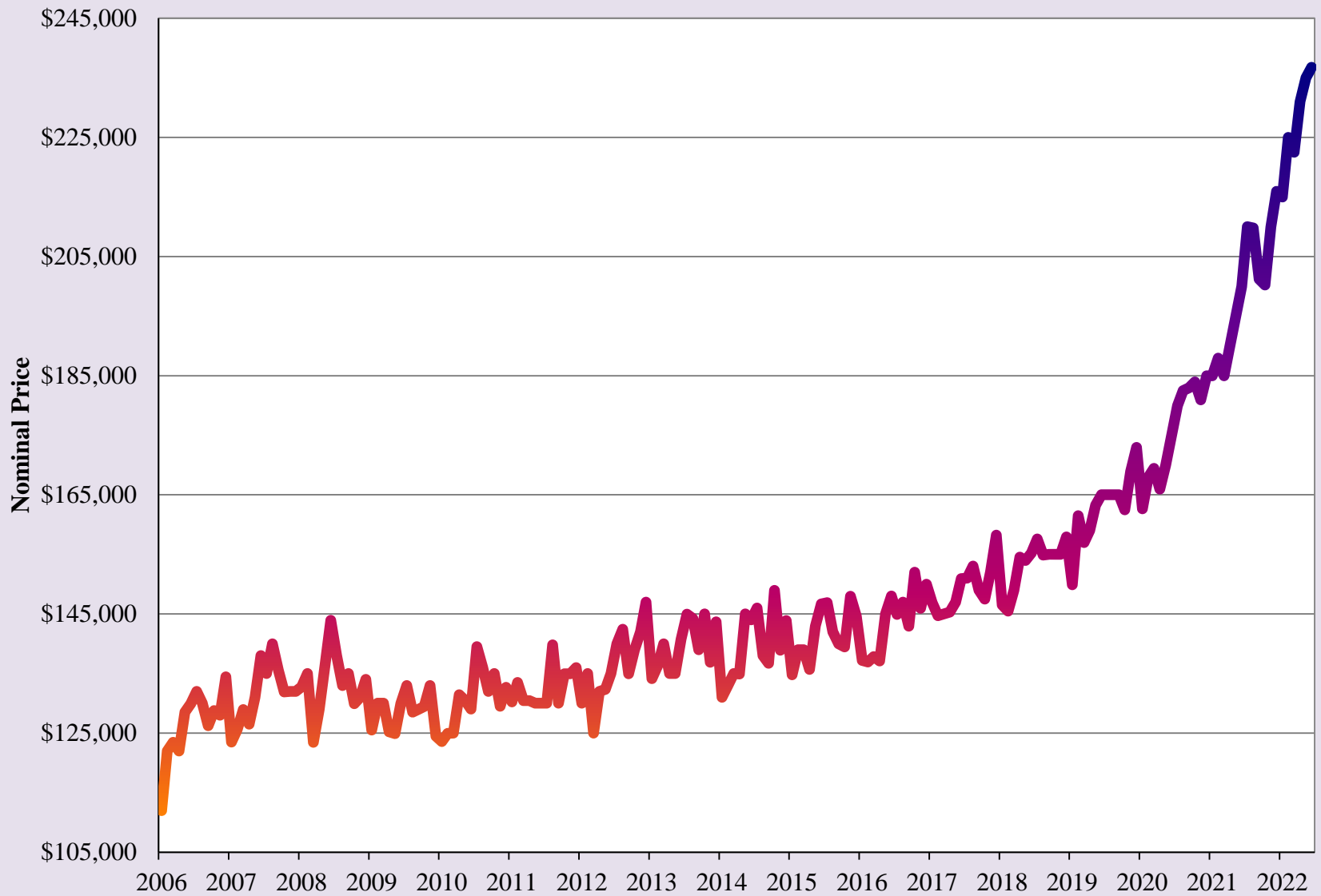
Source: Texas Health and Human Services Commission

El Paso Median Housing Prices



Source: Texas A&M Real Estate Center

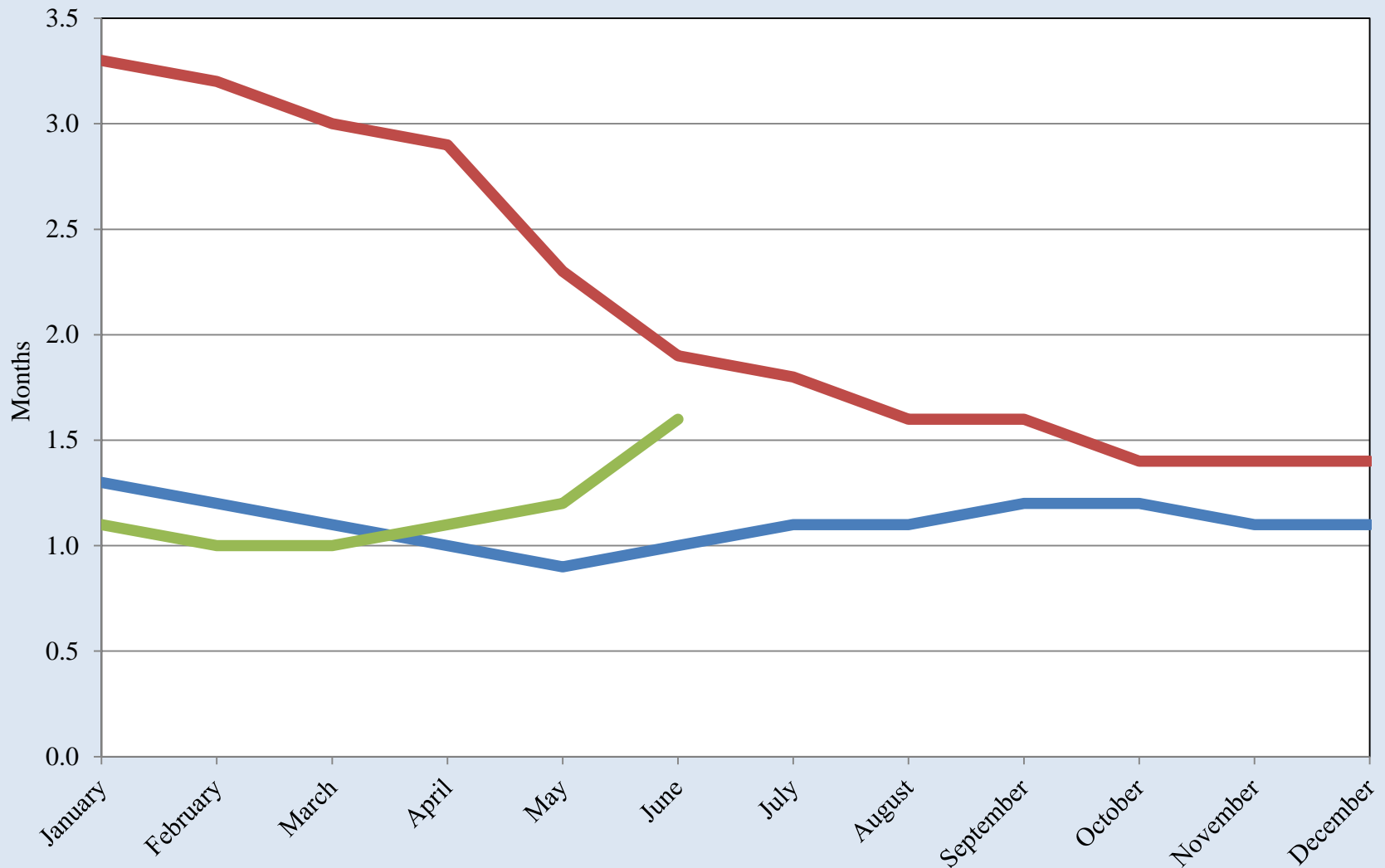
El Paso Median Housing Prices



Source: Texas A&M Real Estate Center

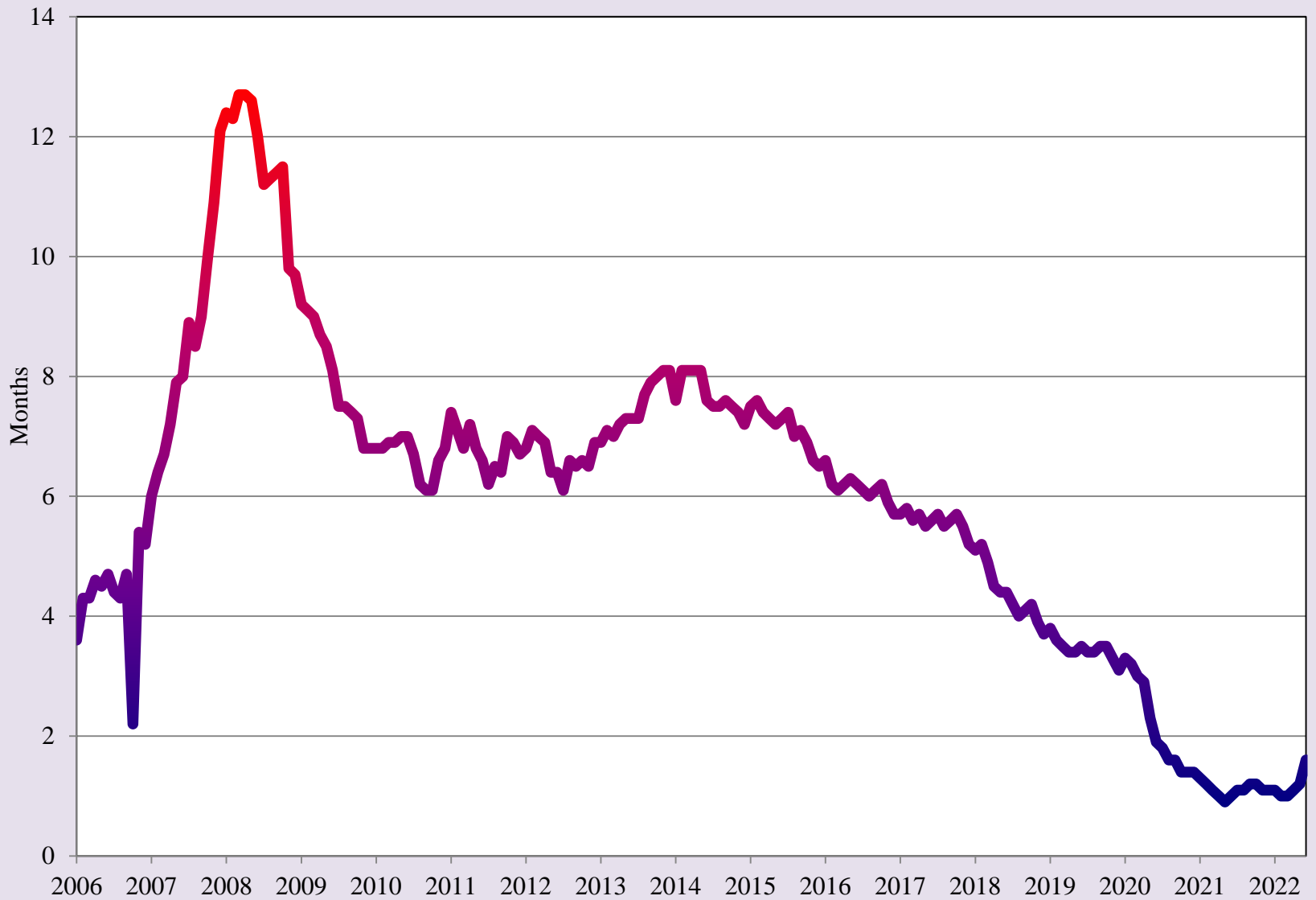
Months of Housing Inventory for El Paso

2020 2021 2022



Source: Texas A&M Real Estate Center

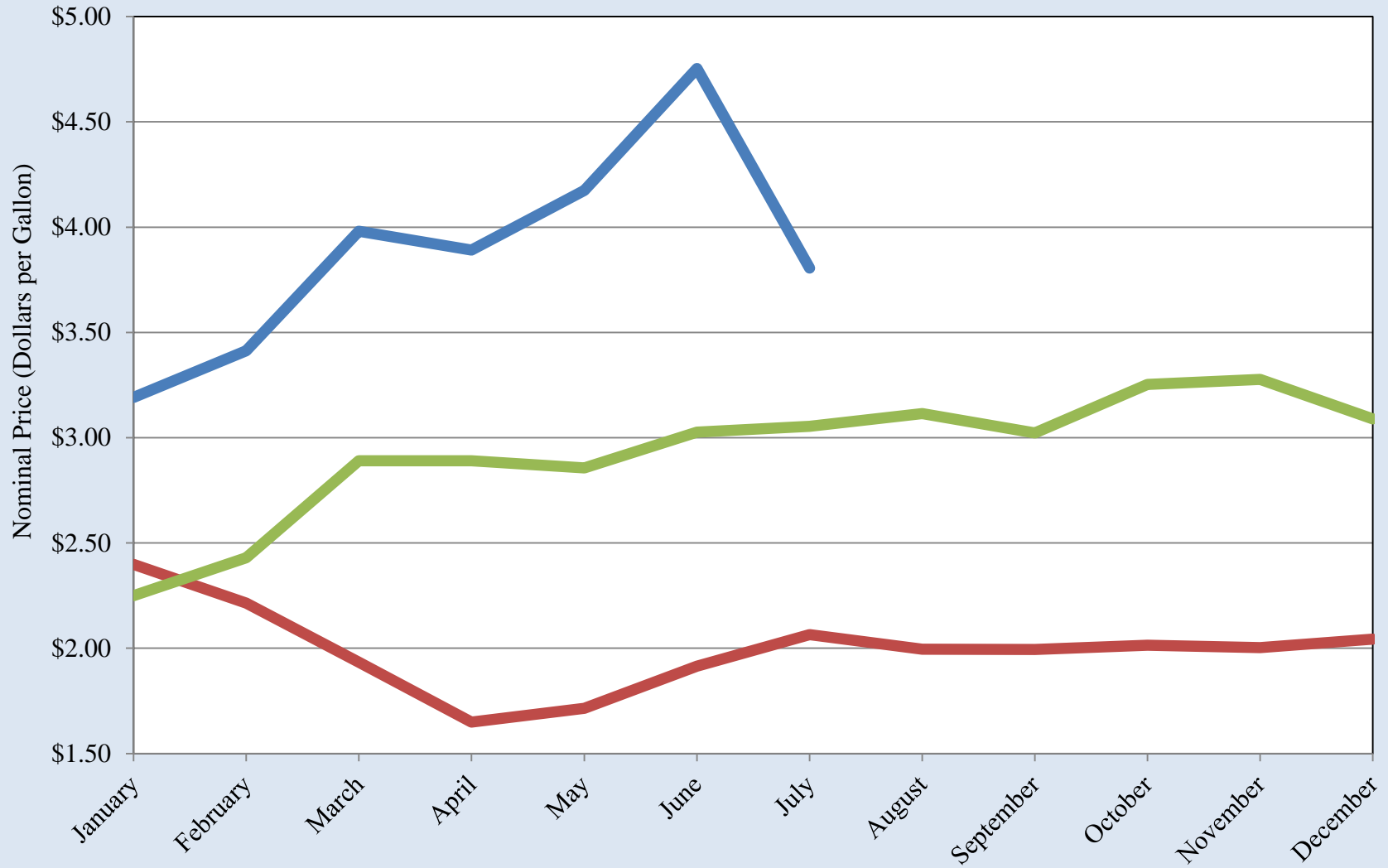
Months of Housing Inventory for El Paso



Source: Texas A&M Real Estate Center

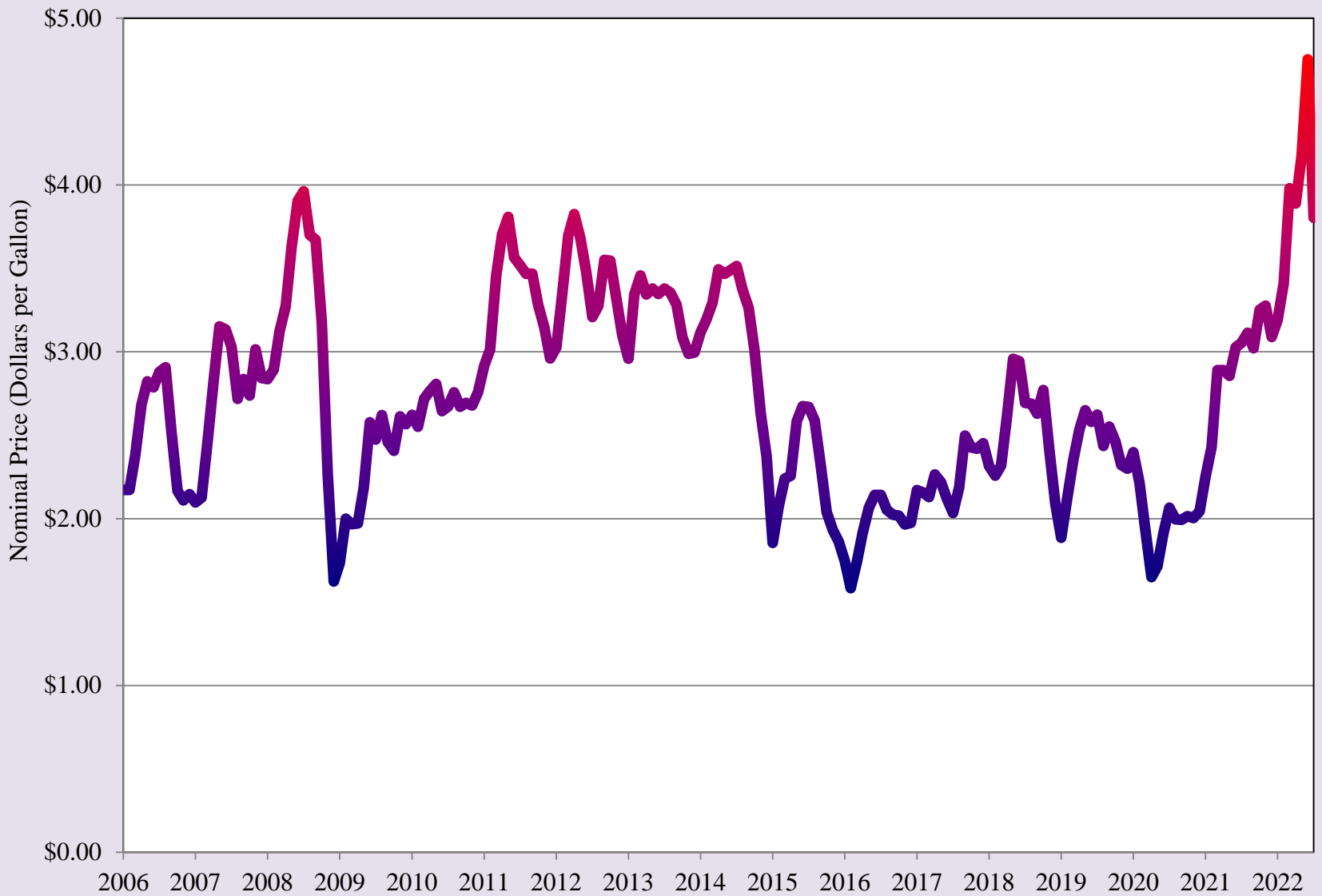
El Paso Gasoline Prices

2020 2021 2022



Source: GasBuddy.com

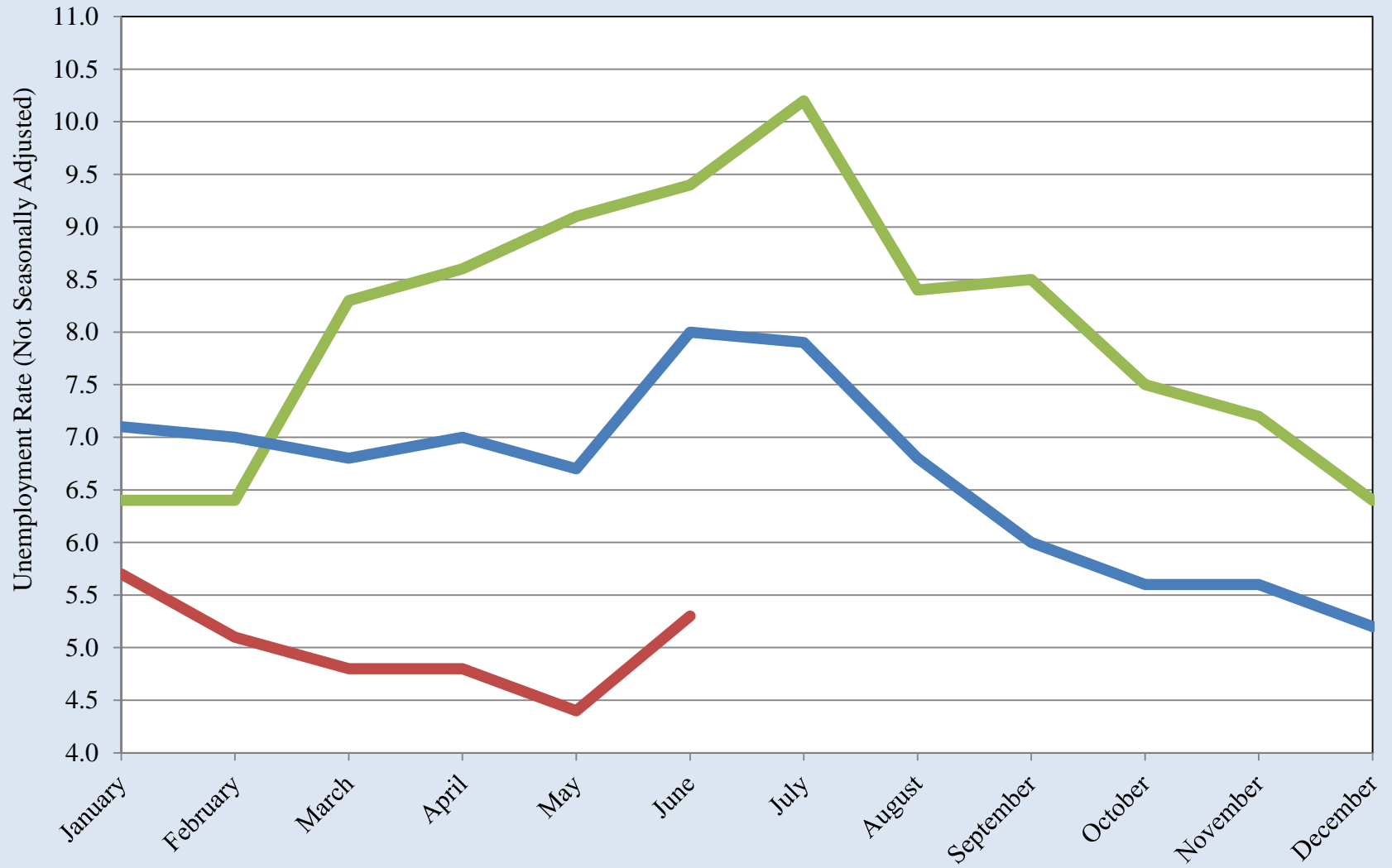
El Paso Gasoline Prices



Source: GasBuddy.com

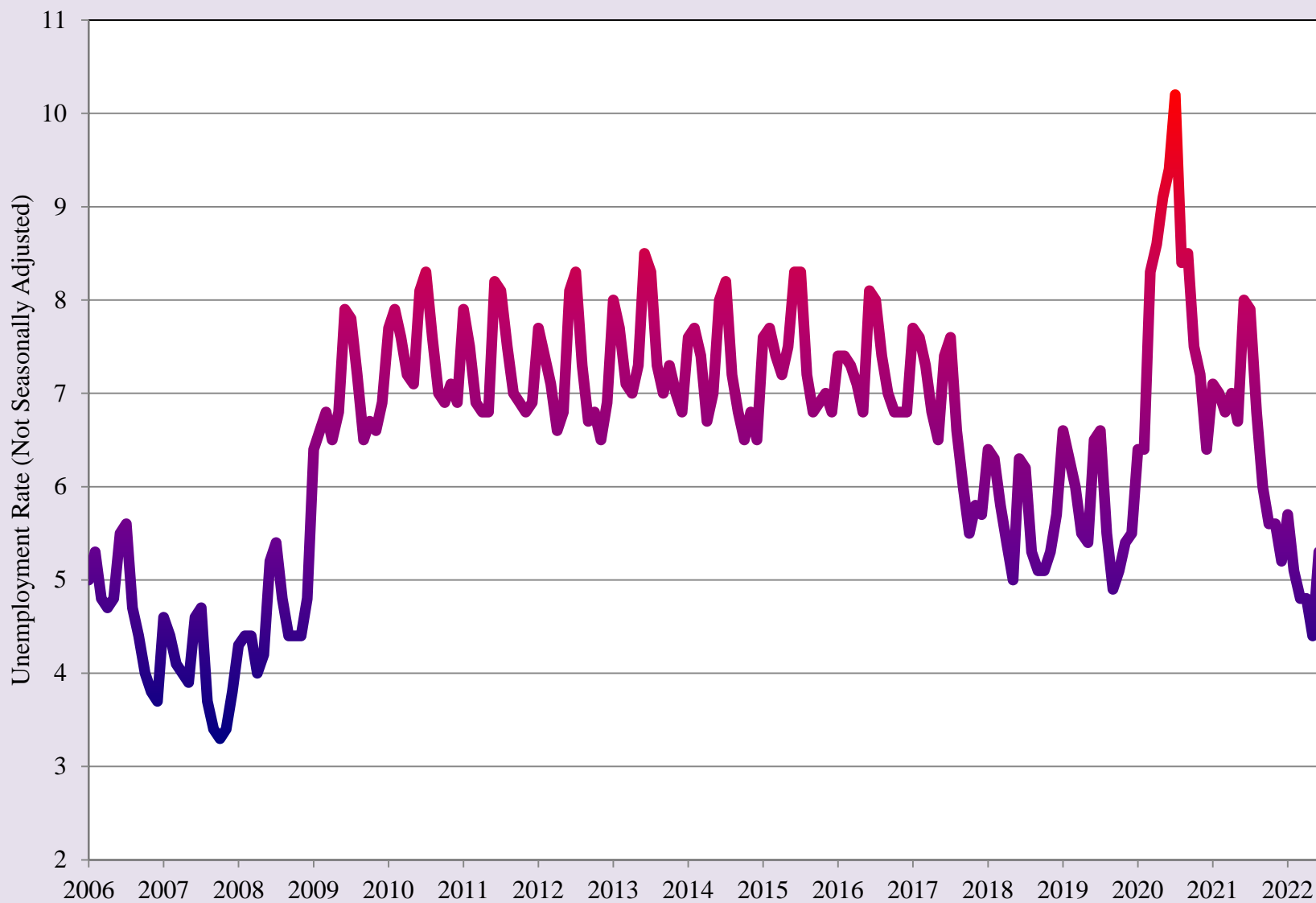
Doña Ana County Unemployment Rate

2020 2021 2022



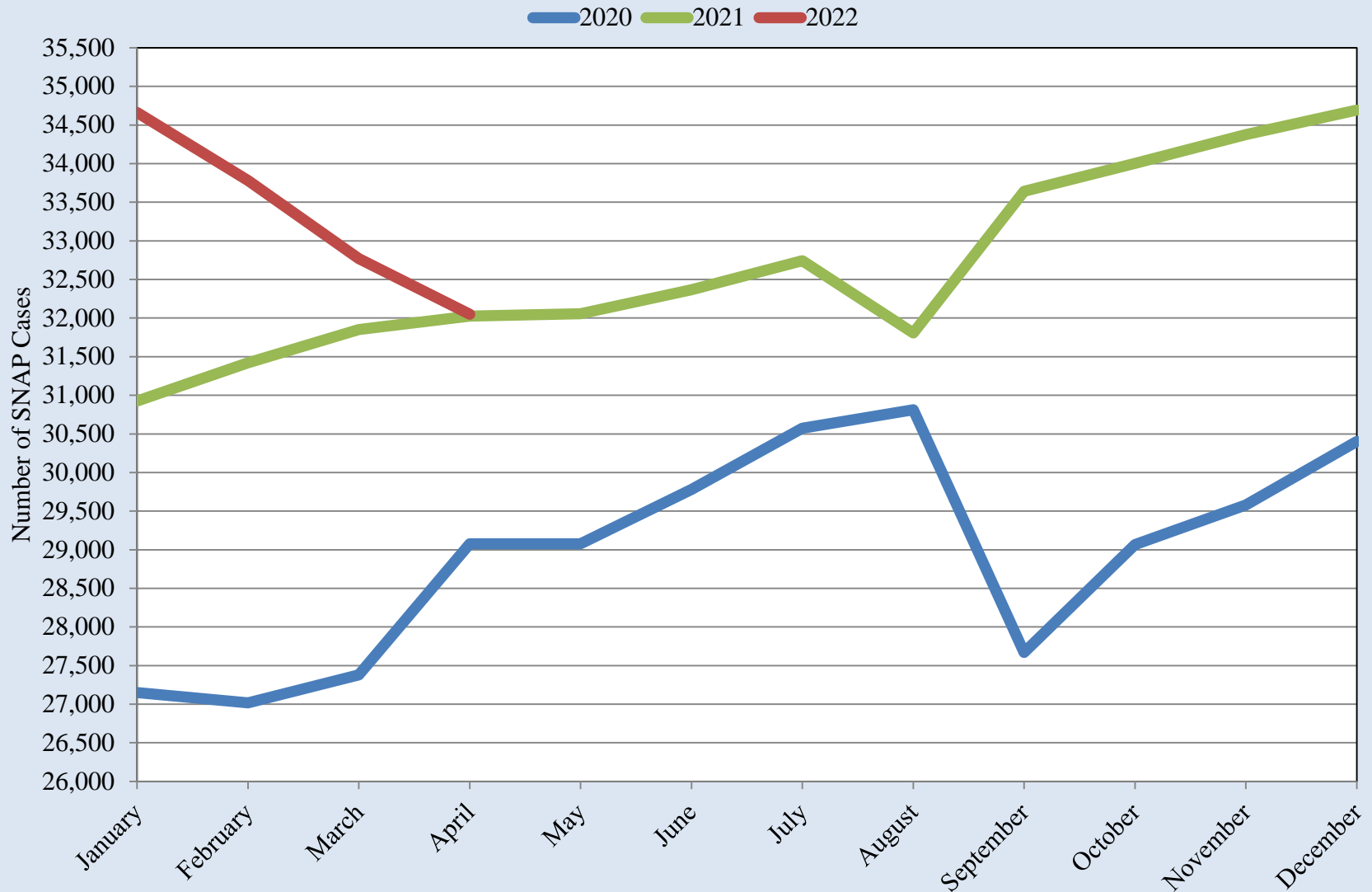
Source: Bureau of Labor Statistics

Doña Ana County Unemployment Rate



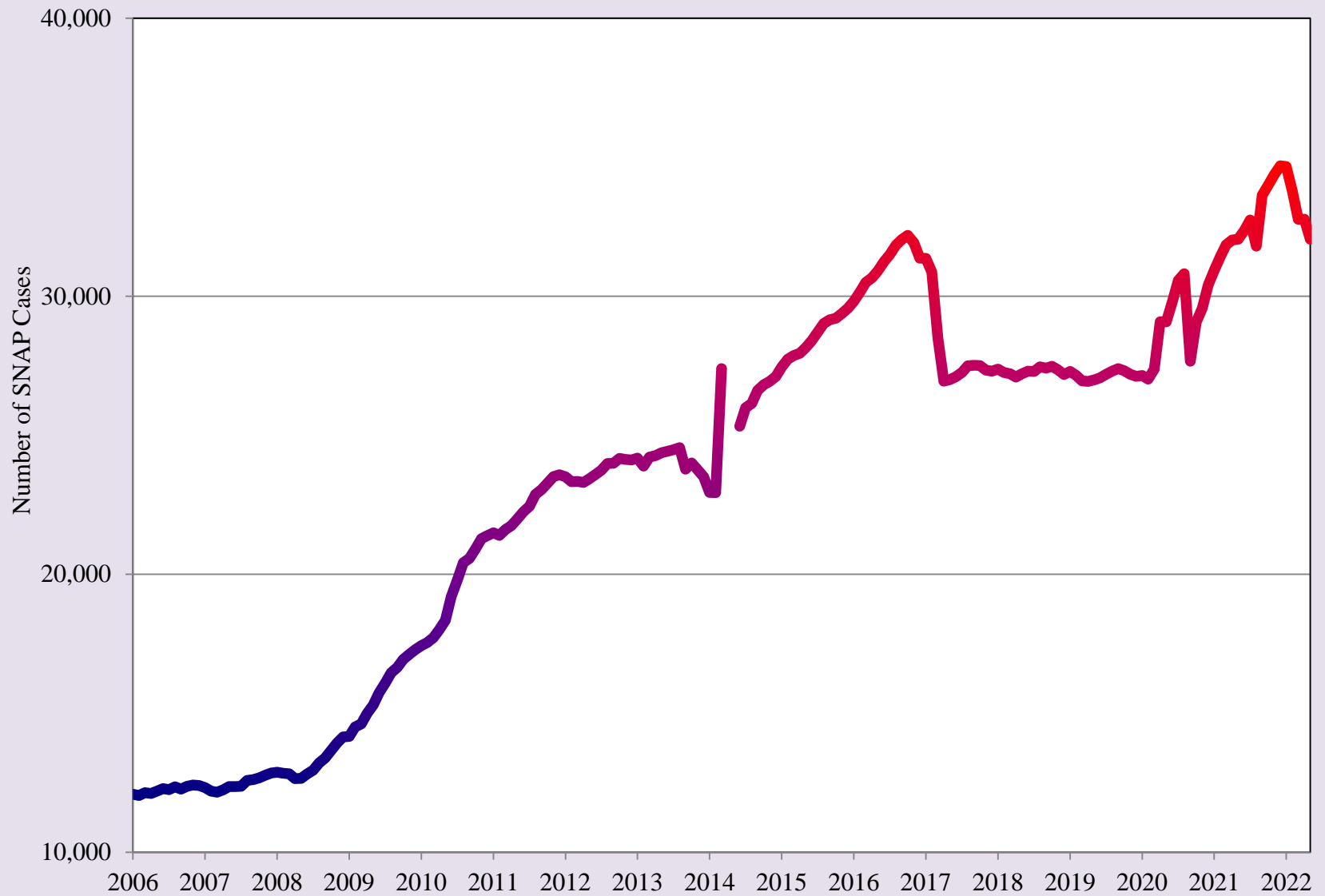
Source: Bureau of Labor Statistics

Las Cruces Area SNAP (Food Stamp) Cases



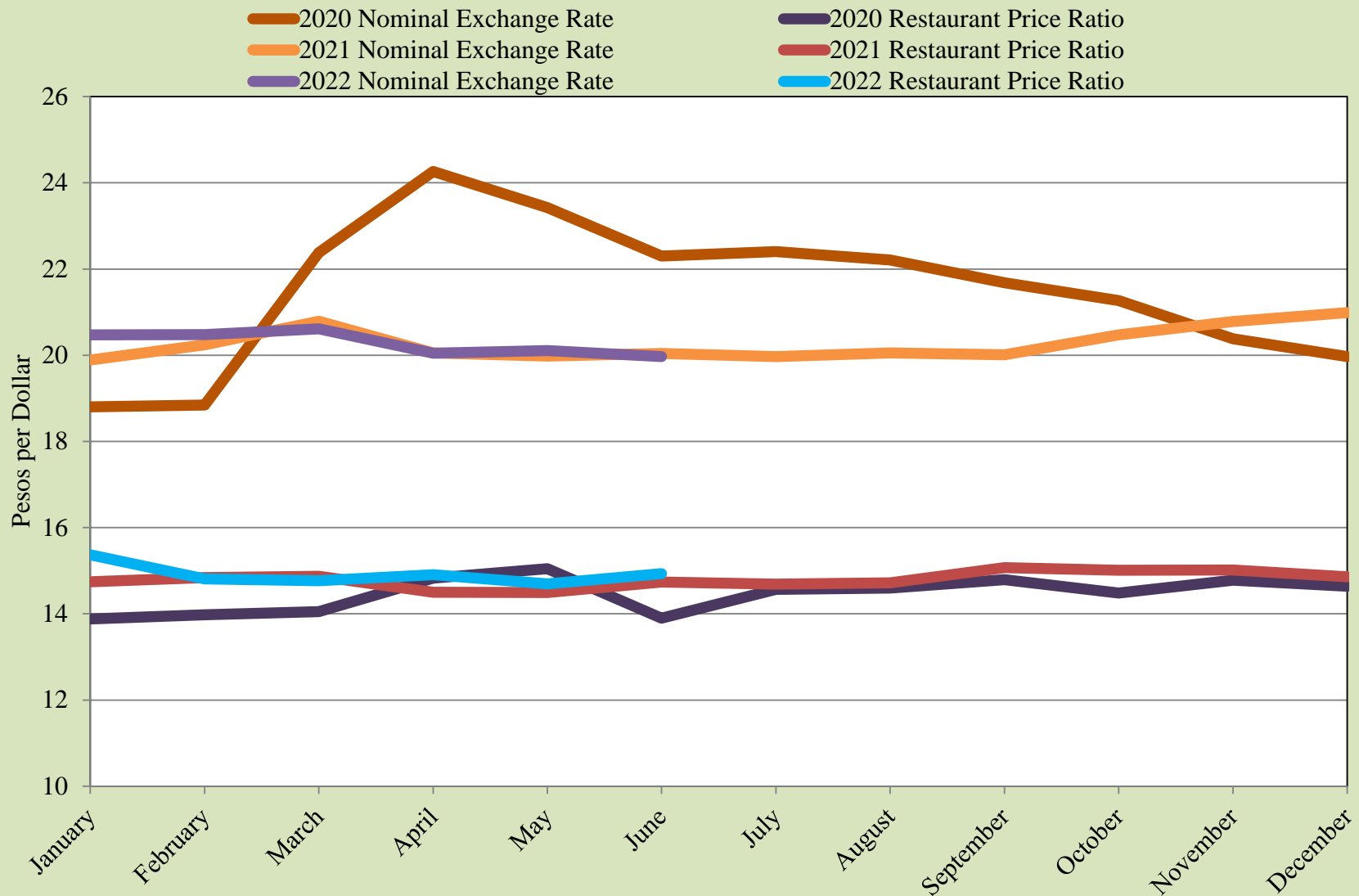
Source: New Mexico Human Services Department

Las Cruces Area SNAP (Food Stamp) Cases



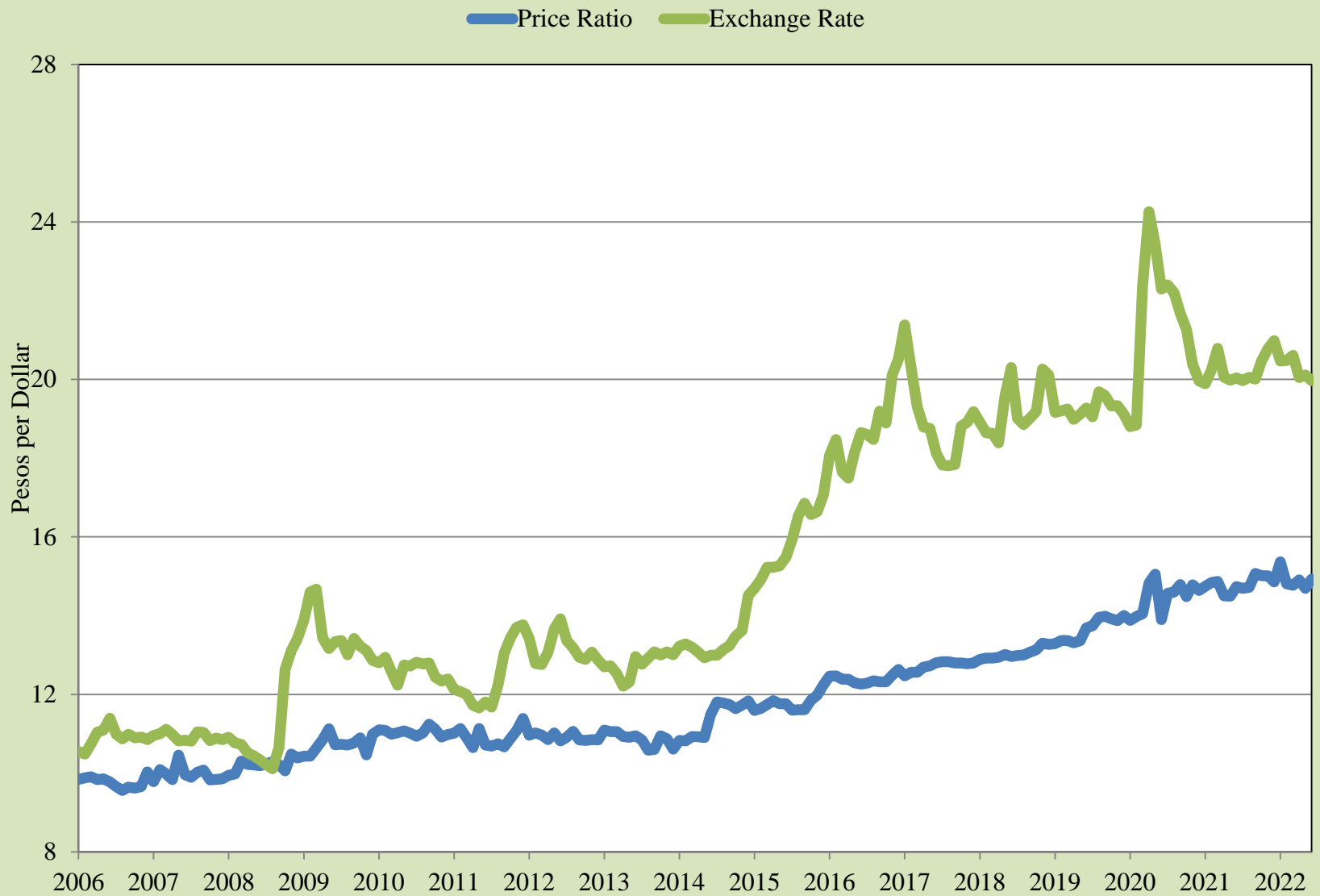
Source: New Mexico Human Services Department

Restaurant Price Ratio and Exchange Rate



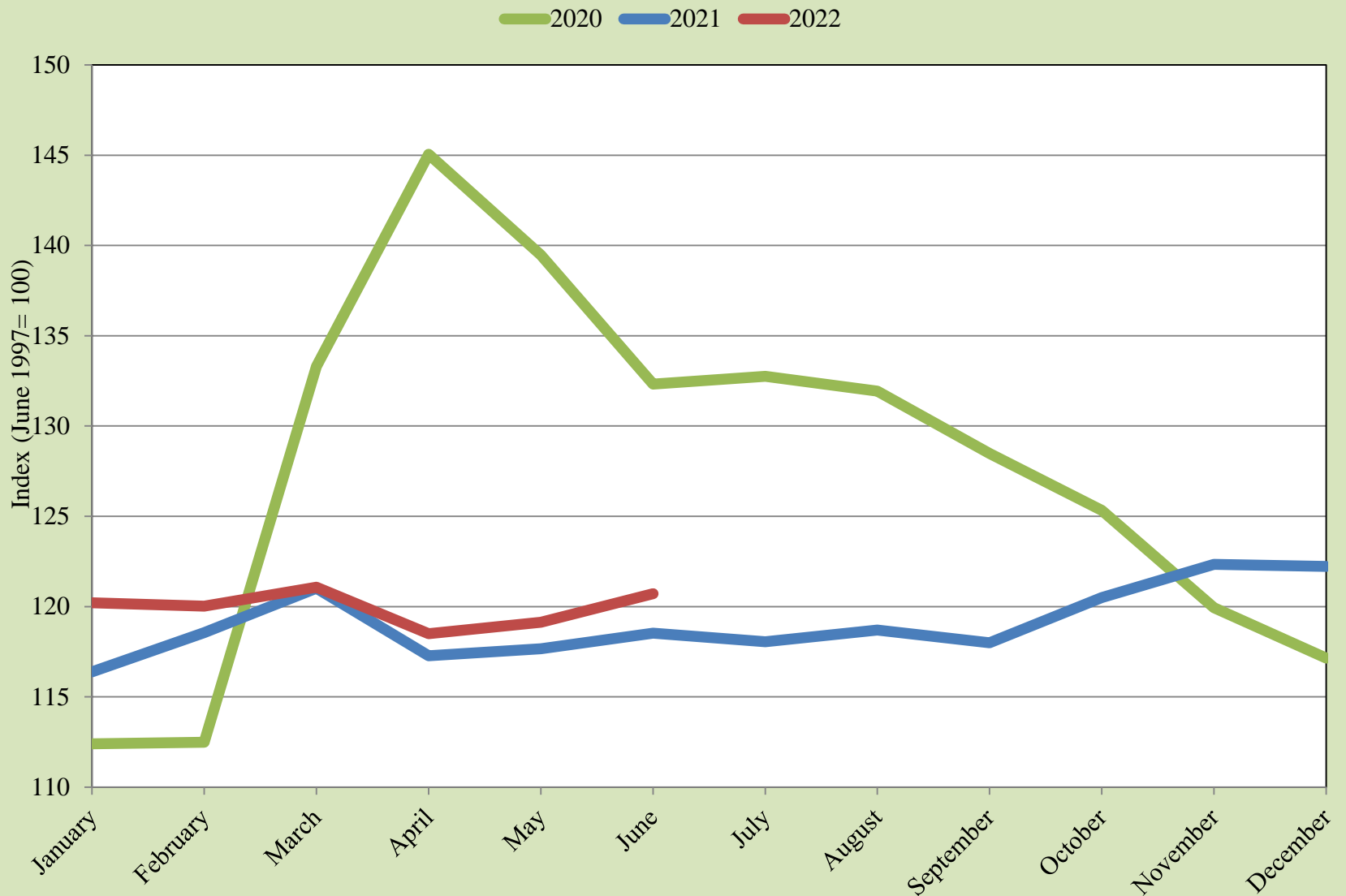
Source: UTEP Border Region Modeling Project and Banco de Mexico

Restaurant Price Ratio and Exchange Rate



Source: UTEP Border Region Modeling Project and Banco de Mexico

Real Peso-per-Dollar Exchange Rate Index



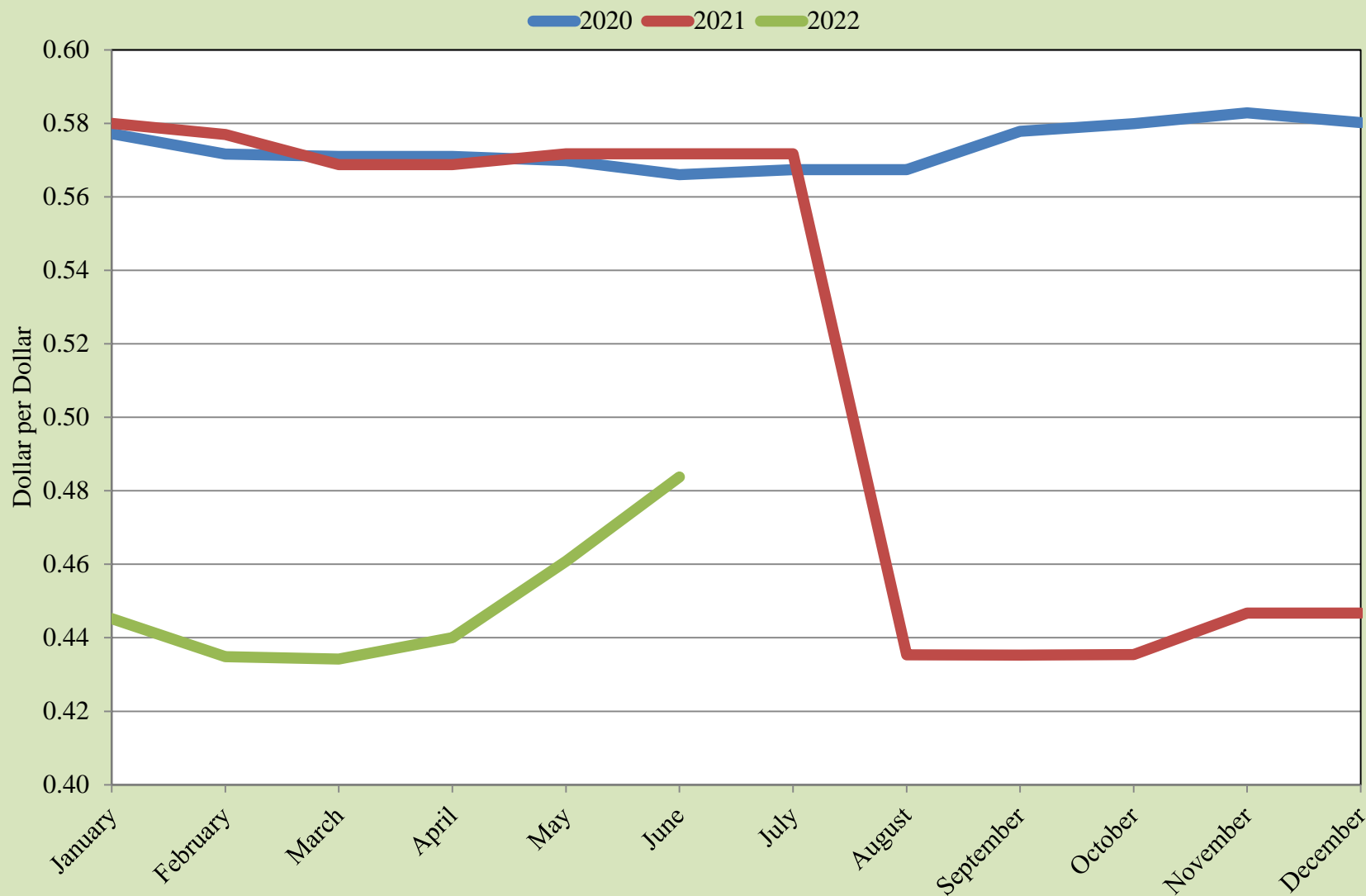
Source: UTEP Border Region Modeling Project

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

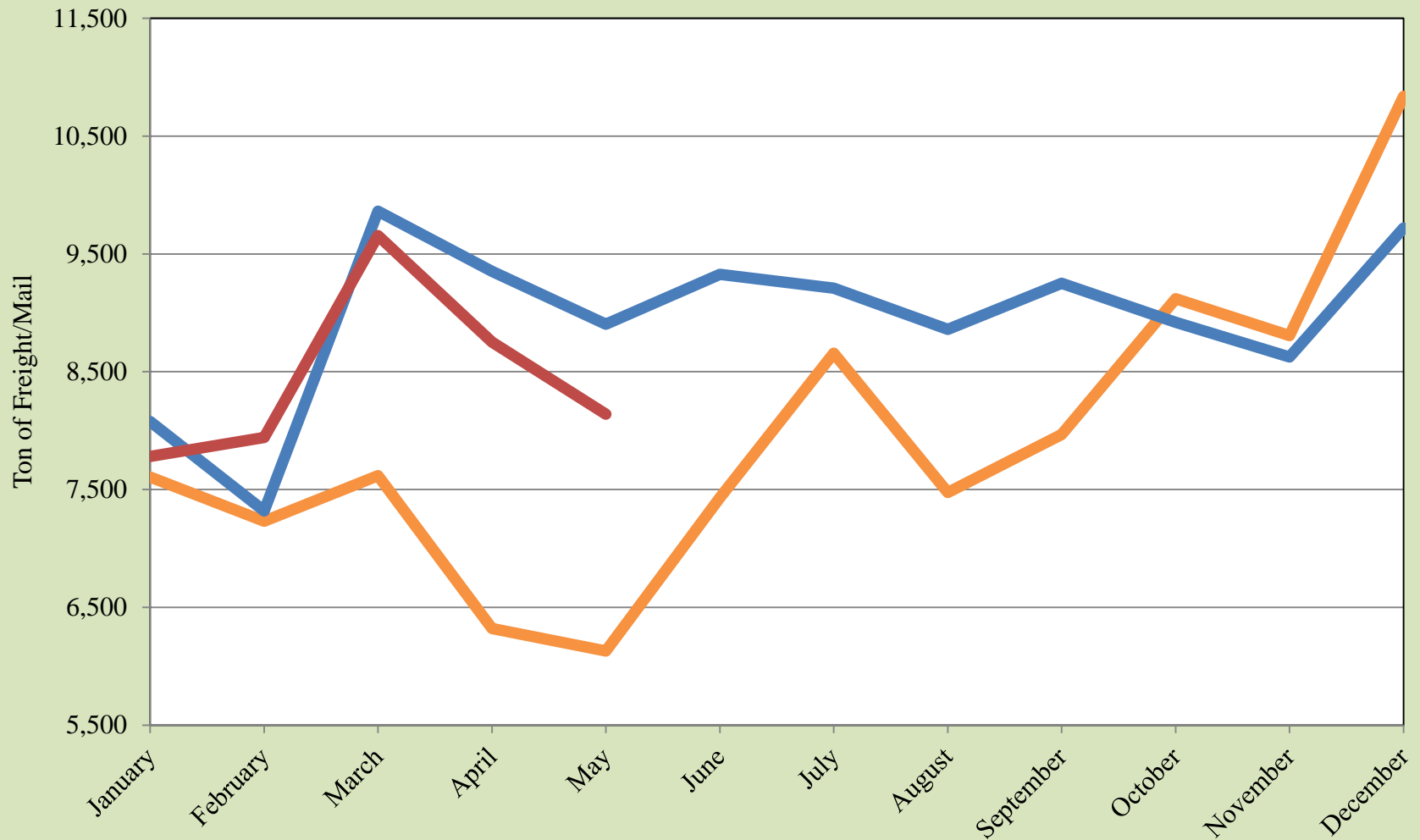
Pharmaceutical Nominal Price Ratio in the USA and Mexico



Source: UTEP Border Region Modeling Project, healthwarehouse.com, goodrx.com, medsmex.com

EPIA Freight and Mail

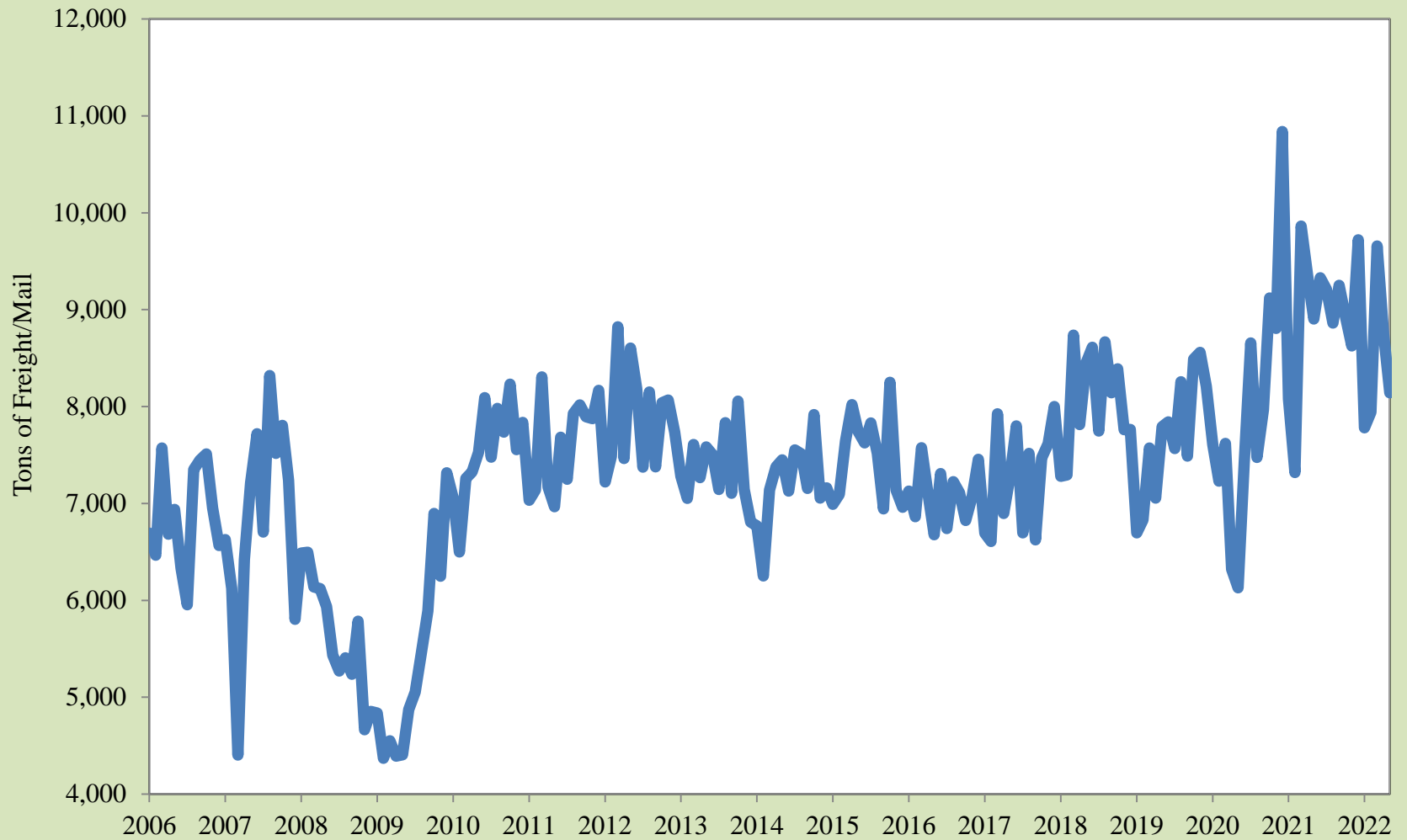
Total 2020 Total 2021 Total 2022



Source: EPIA Operations

EPIA Freight and Mail

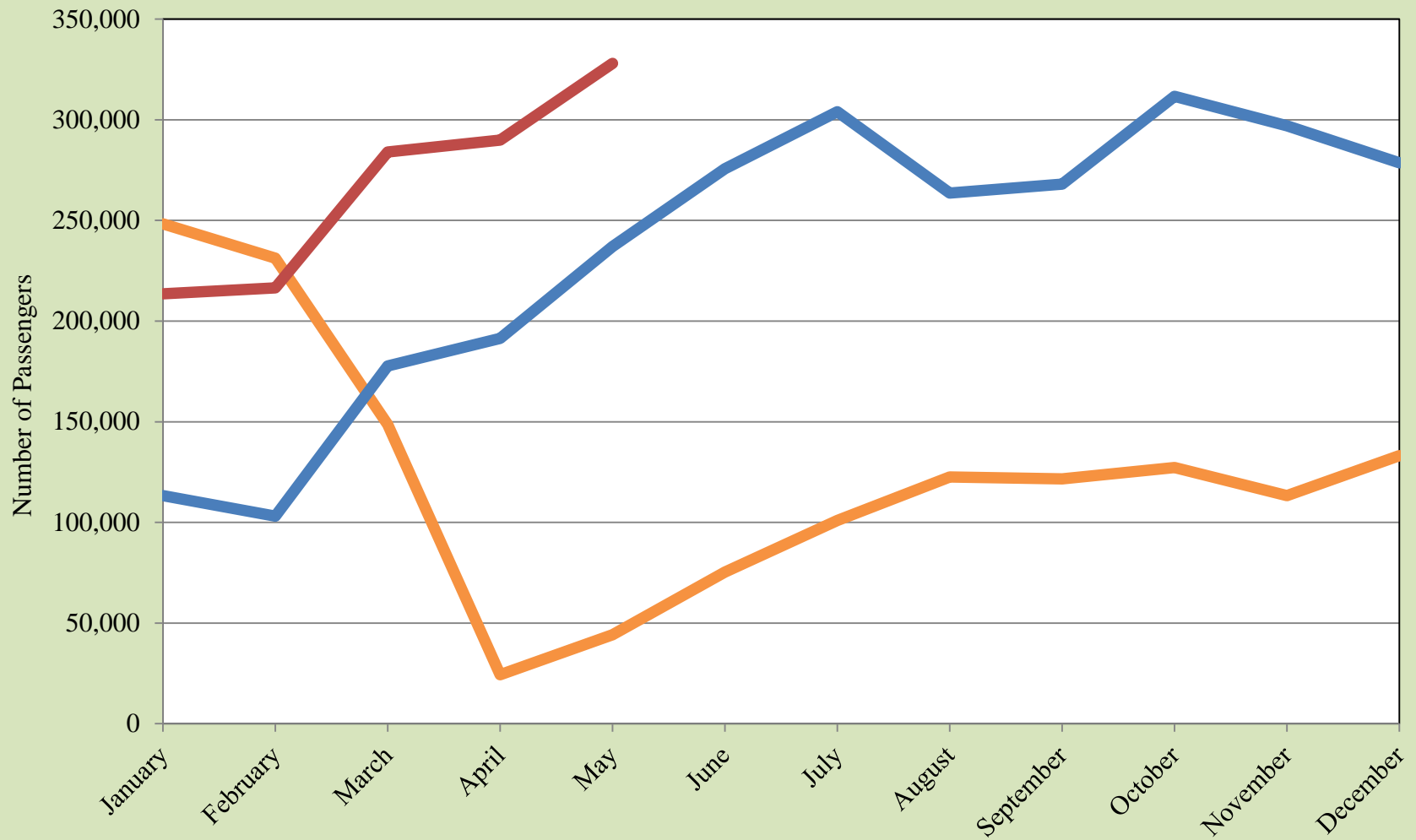
— Inbound+Outbound



Source: EPIA Operations

EPIA Passengers

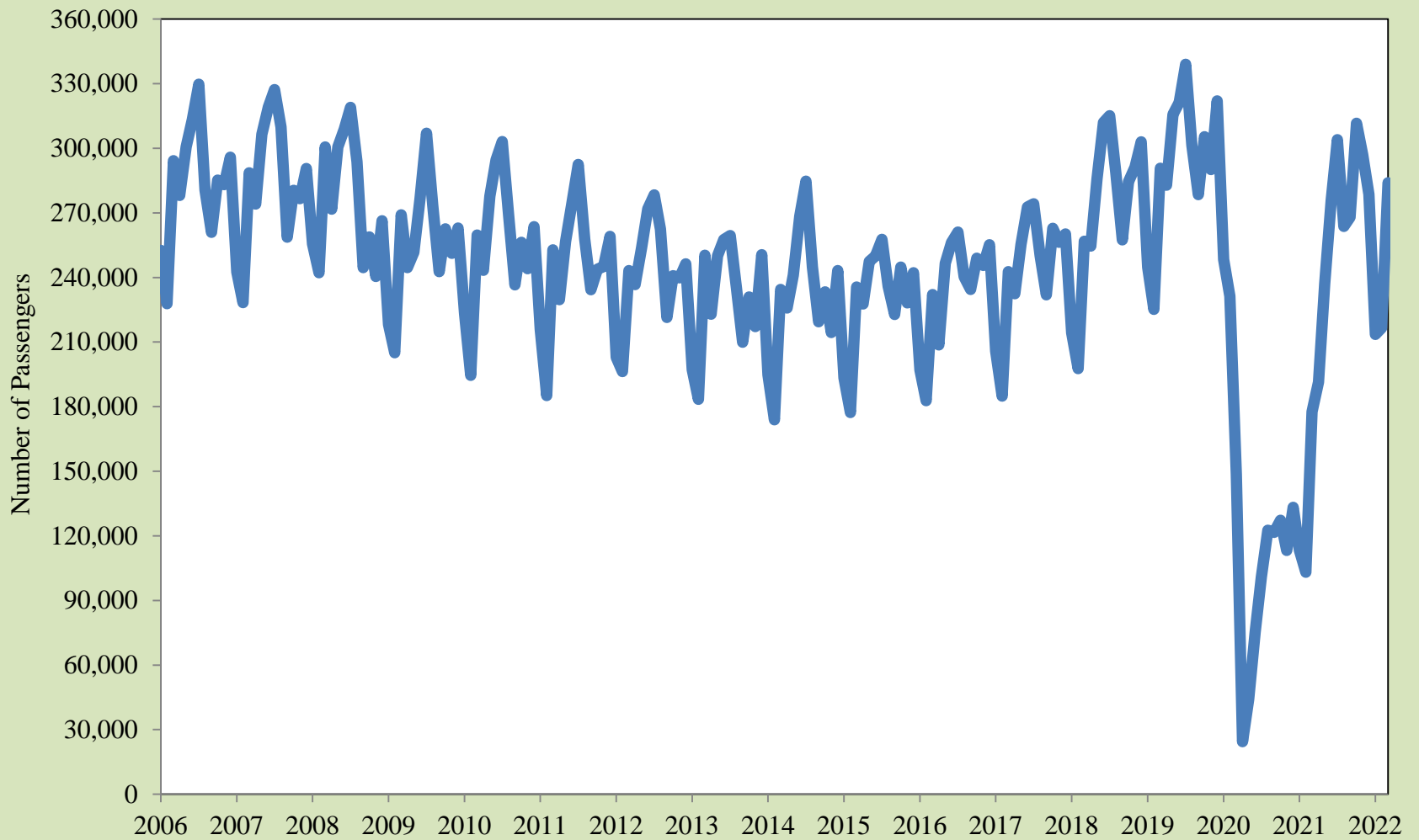
Total 2020 Total 2021 Total 2022



Source: EPIA Operations

EPIA Passengers

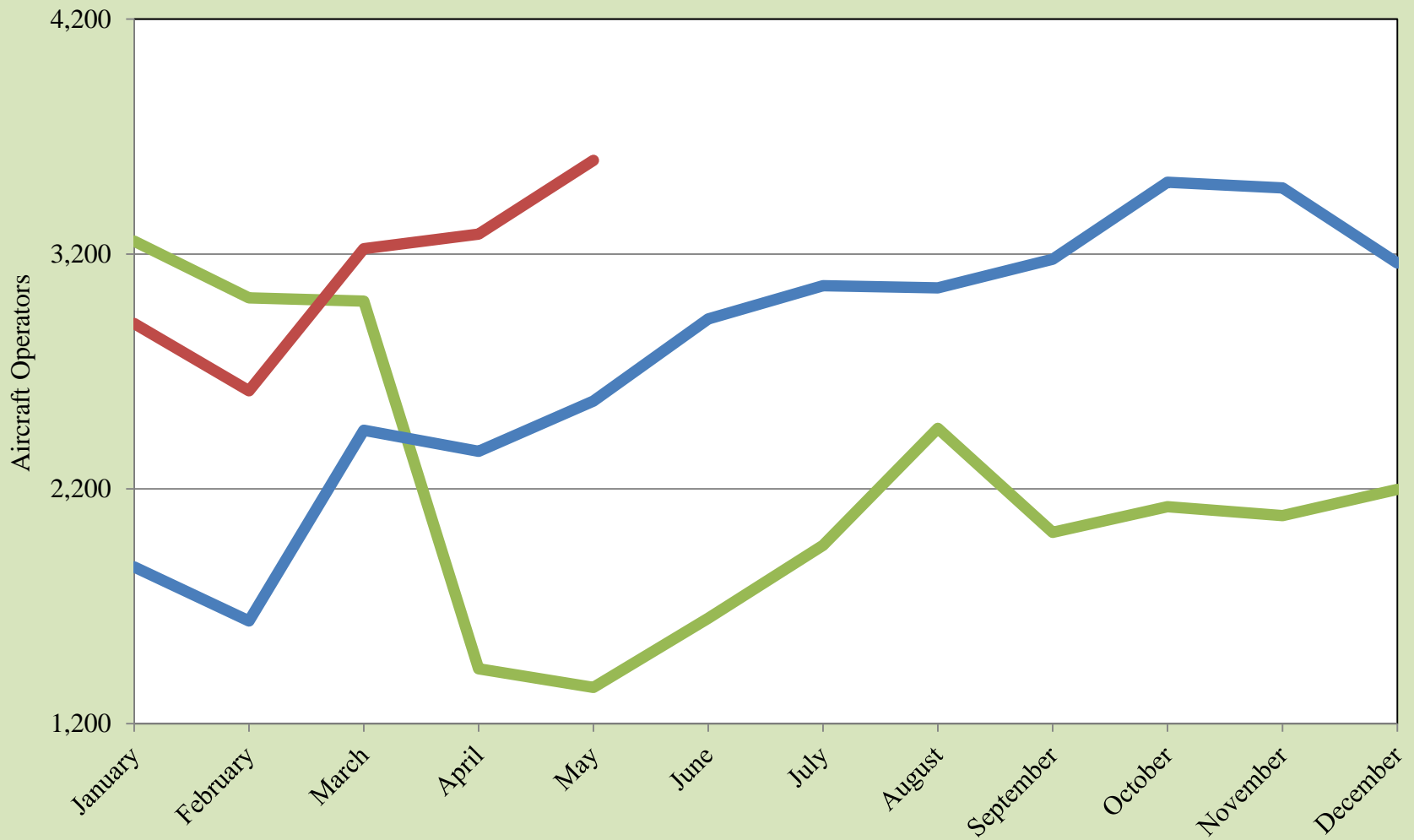
— Inbound+Outbound



Source: EPIA Operations

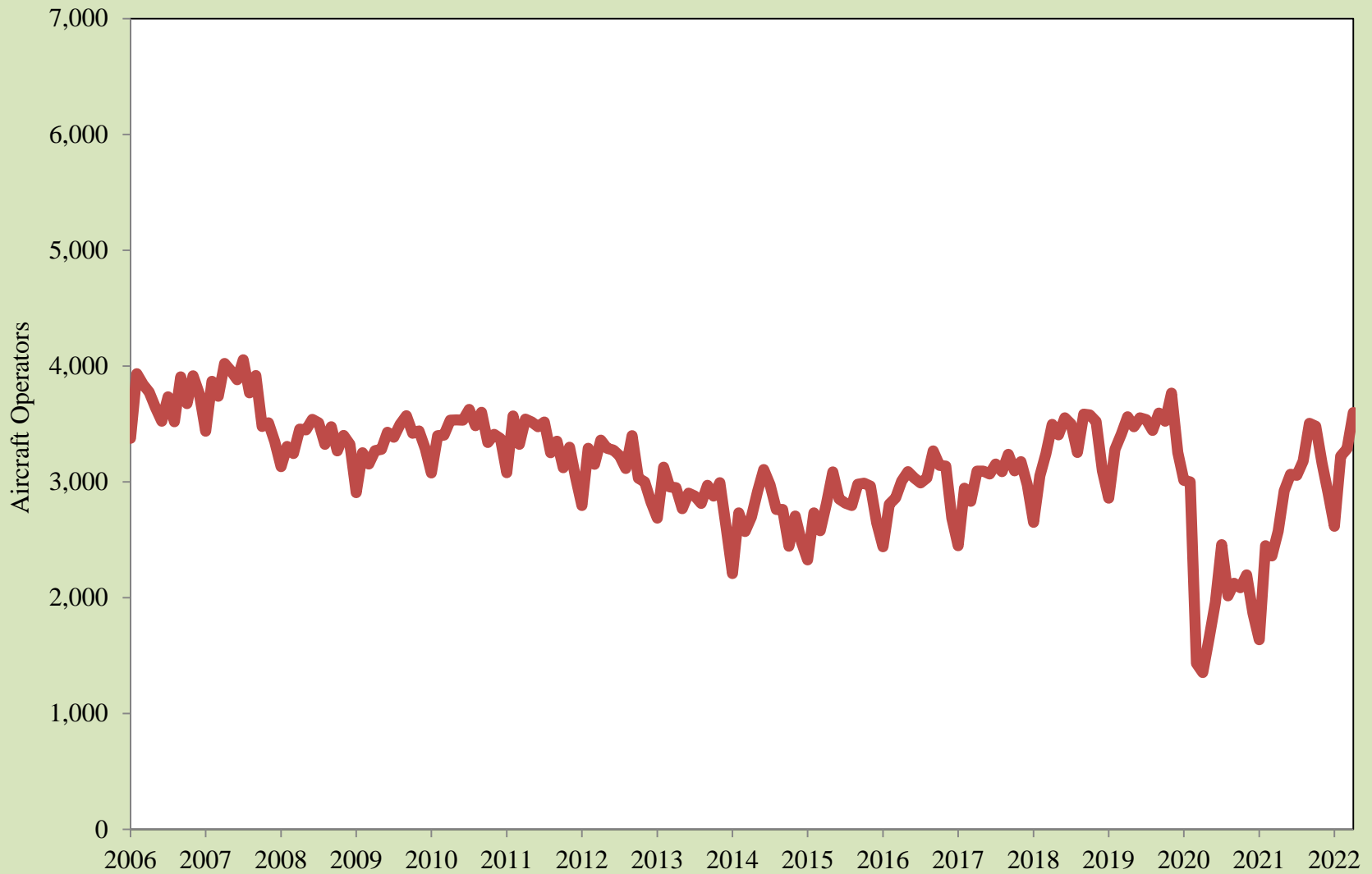
EPIA Air Carrier Operations

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



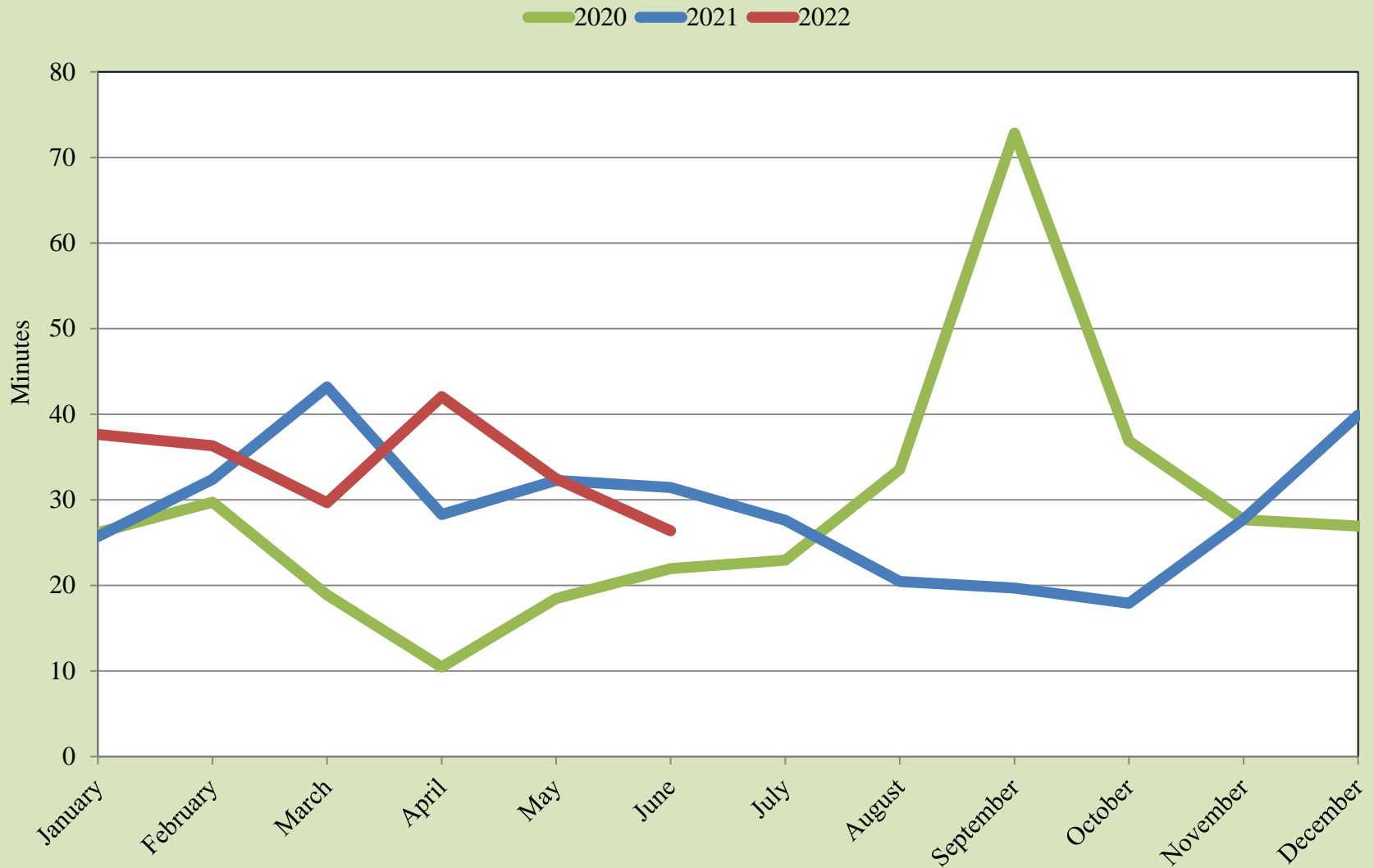
Source: EPIA Operations

EPIA Air Carrier Operations



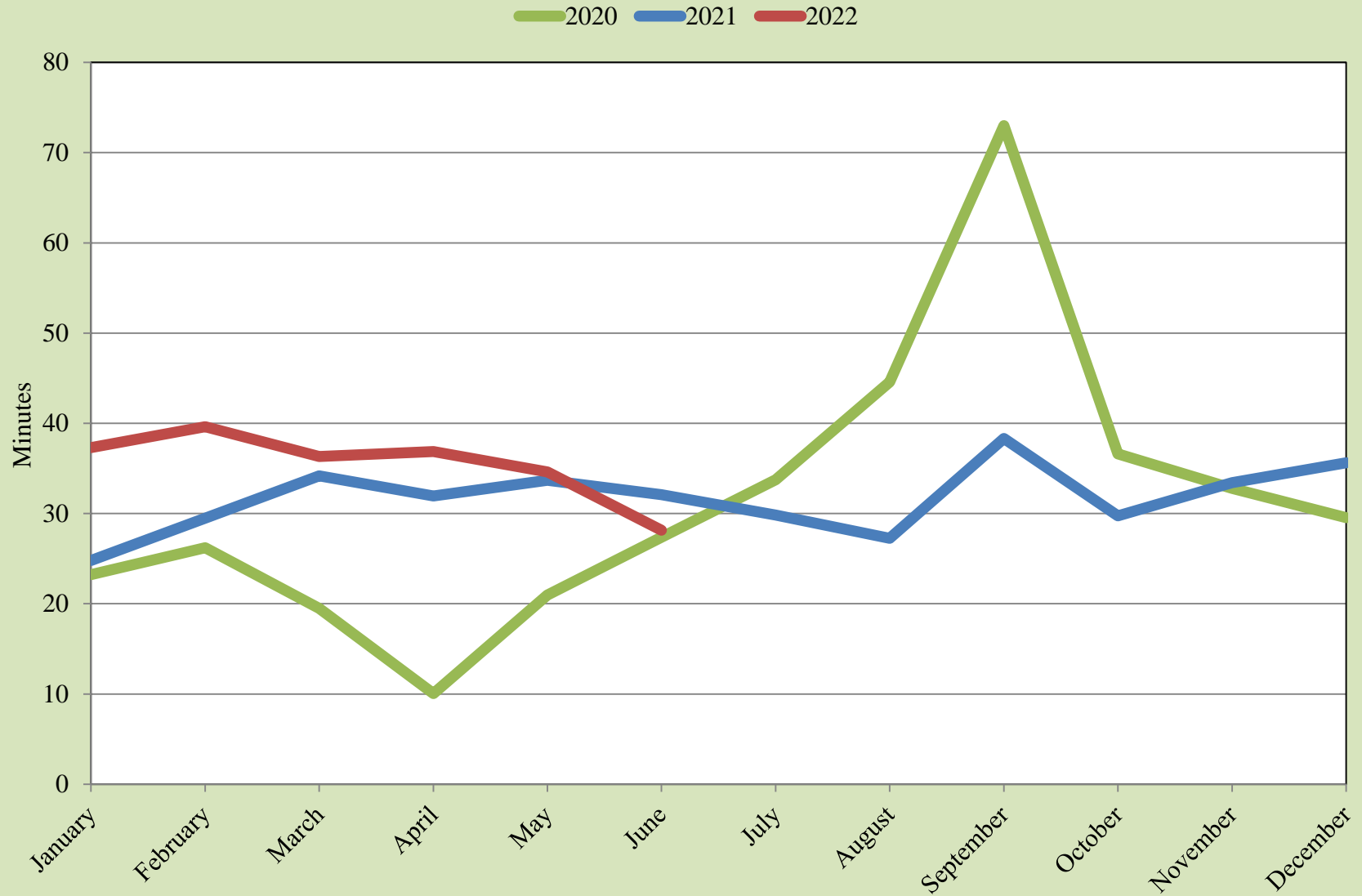
Source: EPIA Operations

Paso del Norte Monthly Wait Times



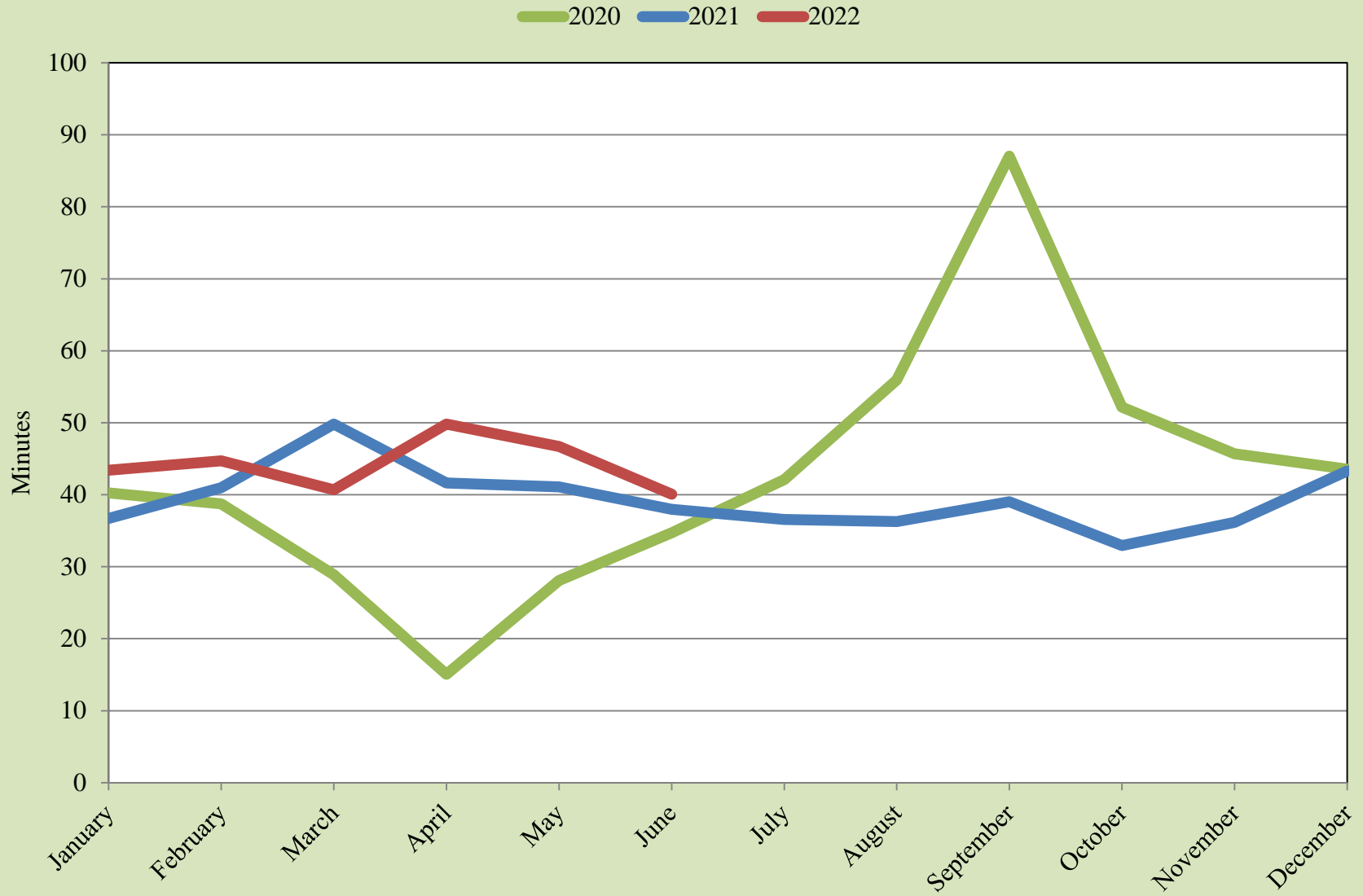
Source: UTEP Border Region Modeling Project

Ysleta Monthly Wait Times



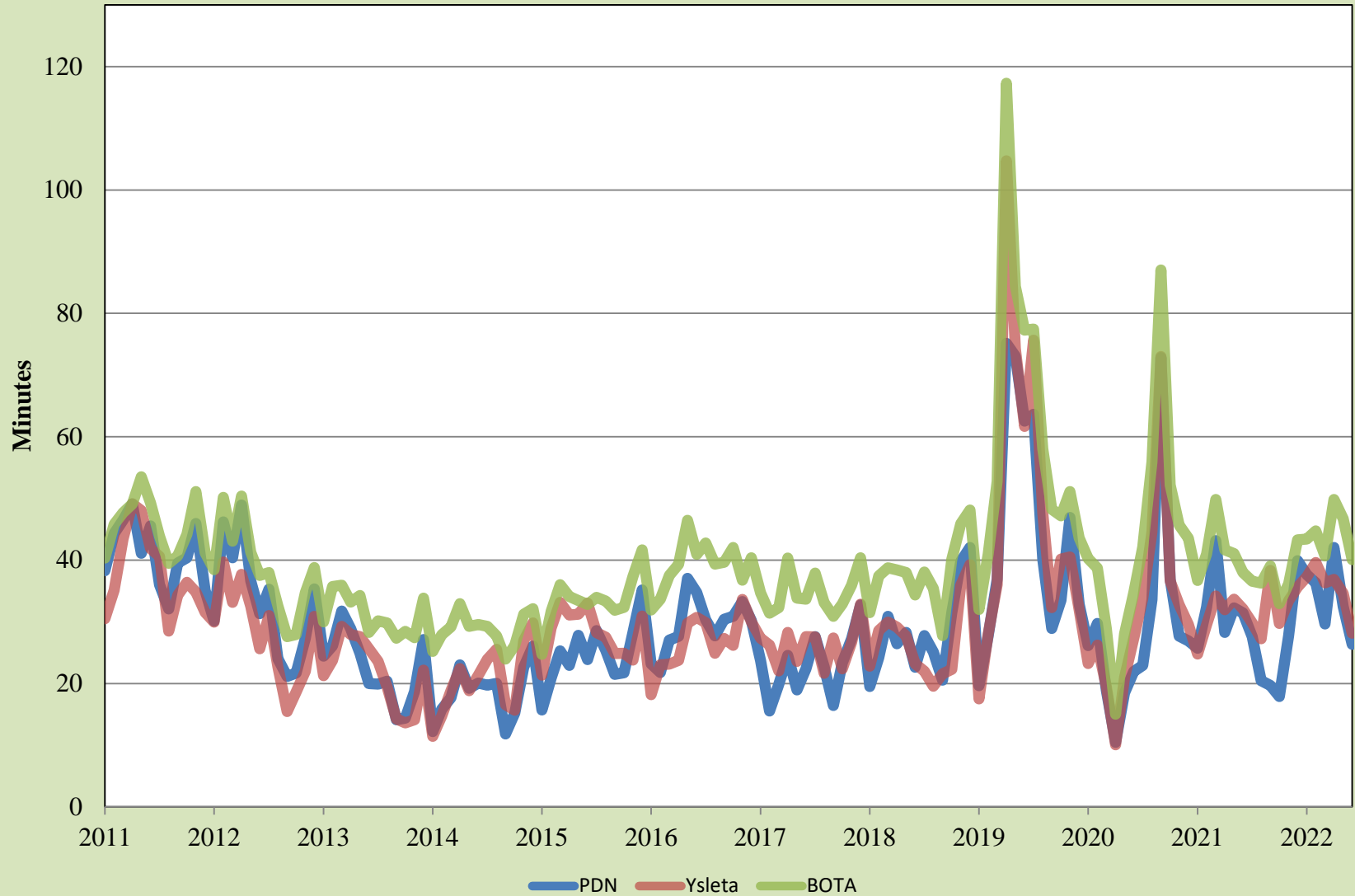
Source: UTEP Border Region Modeling Project

Bridge of the Americas Monthly Wait Times



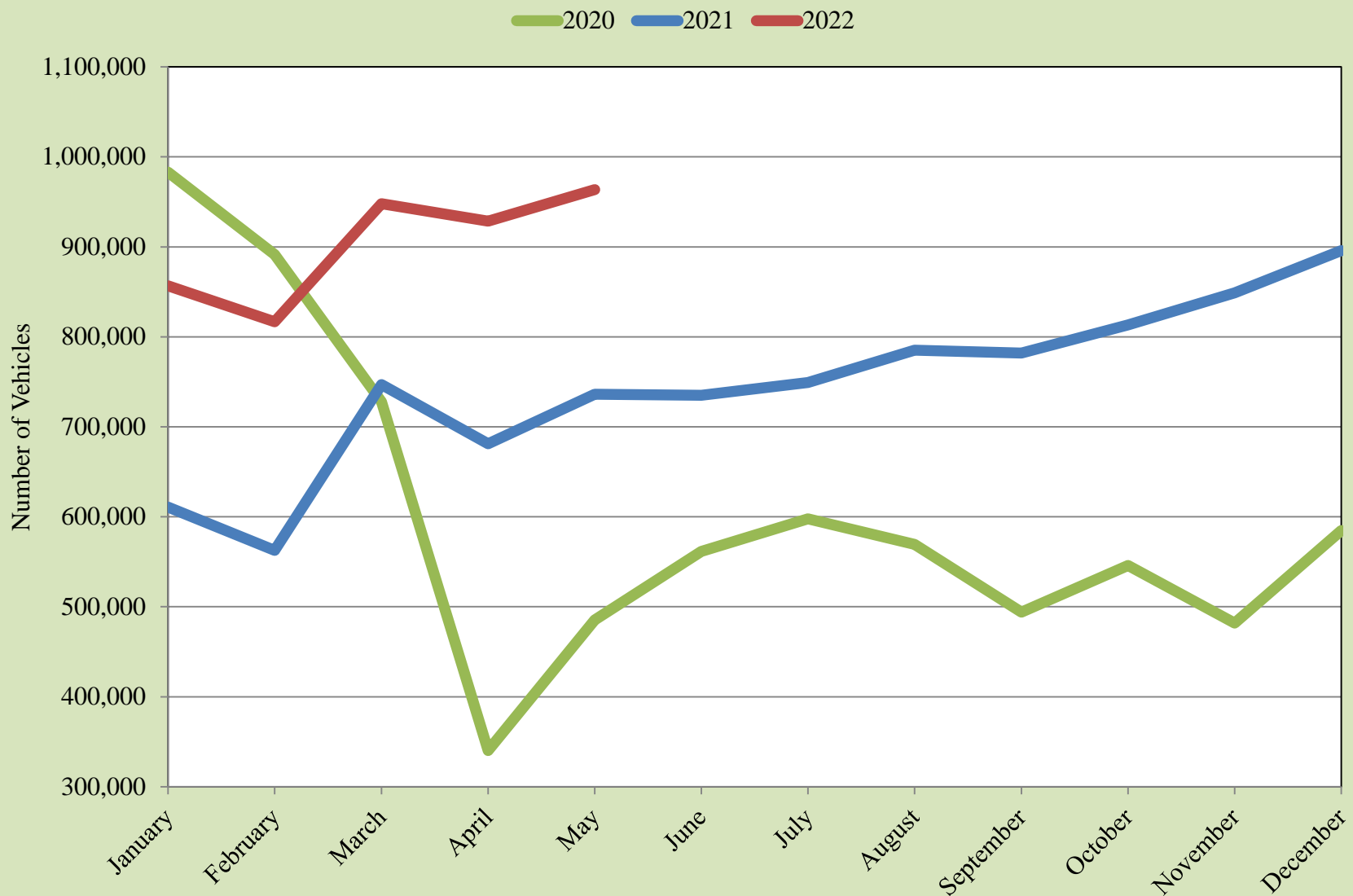
Source: UTEP Border Region Modeling Project

Monthly Border Wait Times



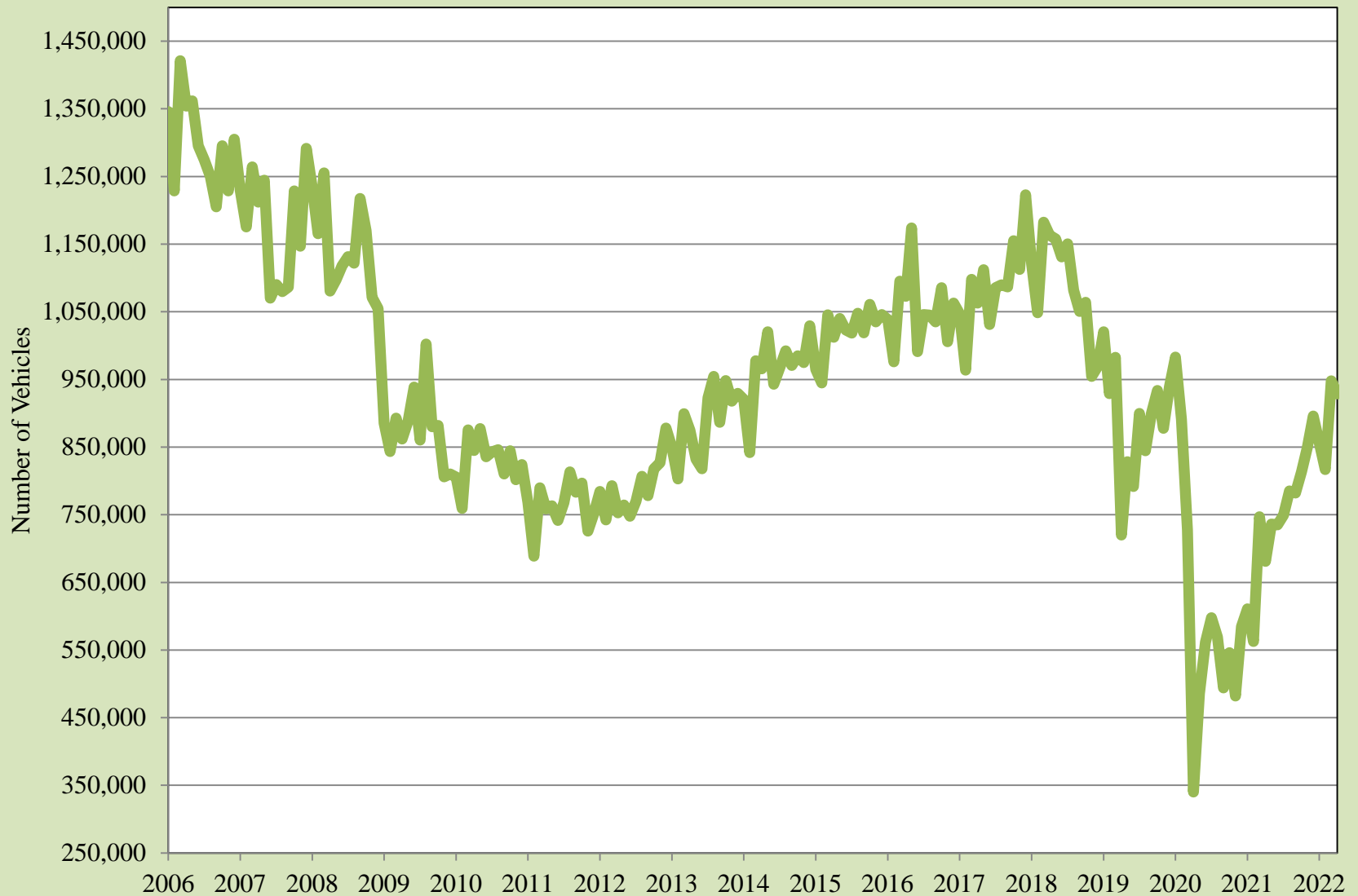
Source: UTEP Border Region Modeling Project

Personal Vehicle International Bridge Crossings to El Paso



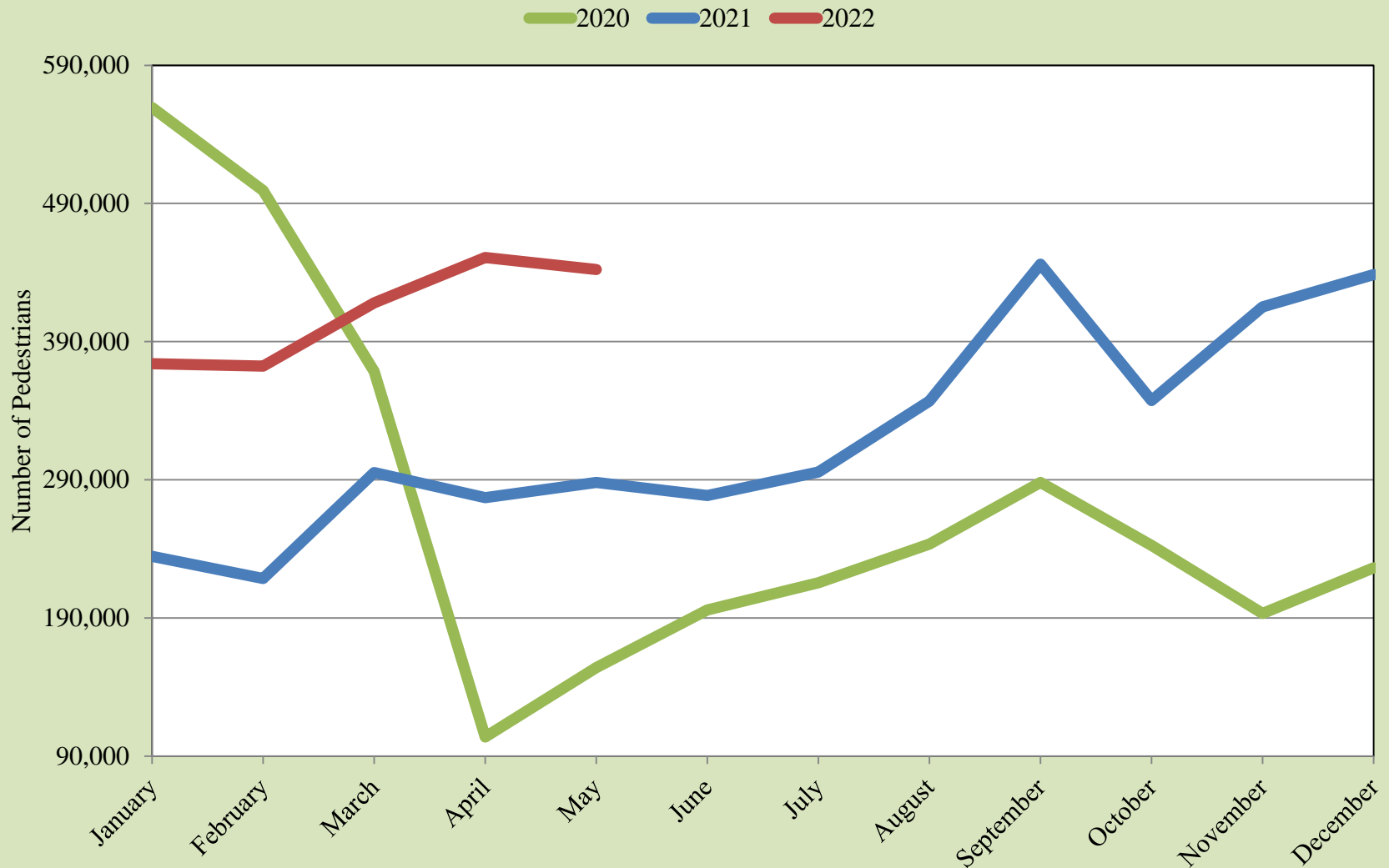
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Personal Vehicle International Bridge Crossings to El Paso



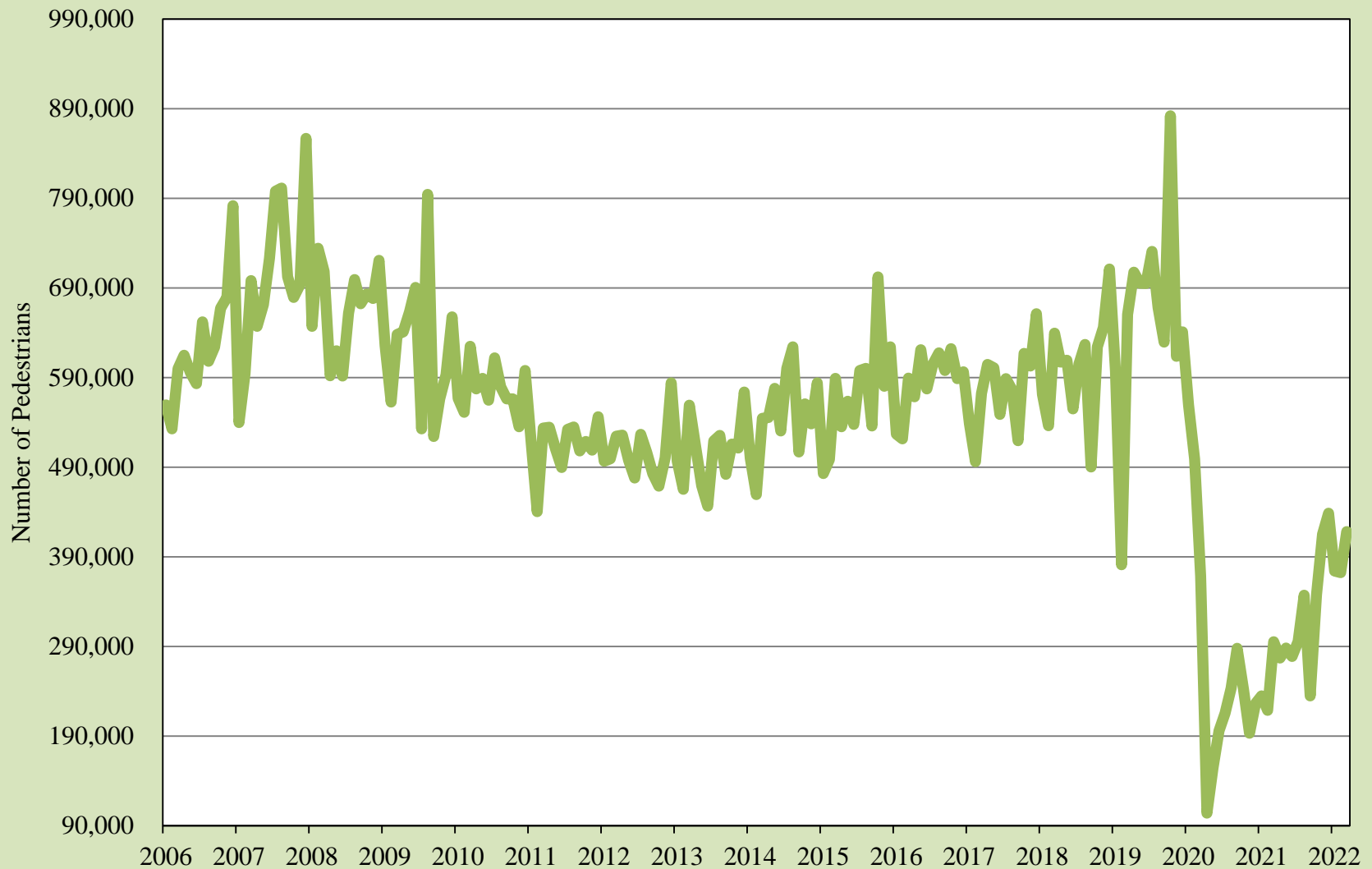
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Pedestrian International Bridge Crossings to El Paso



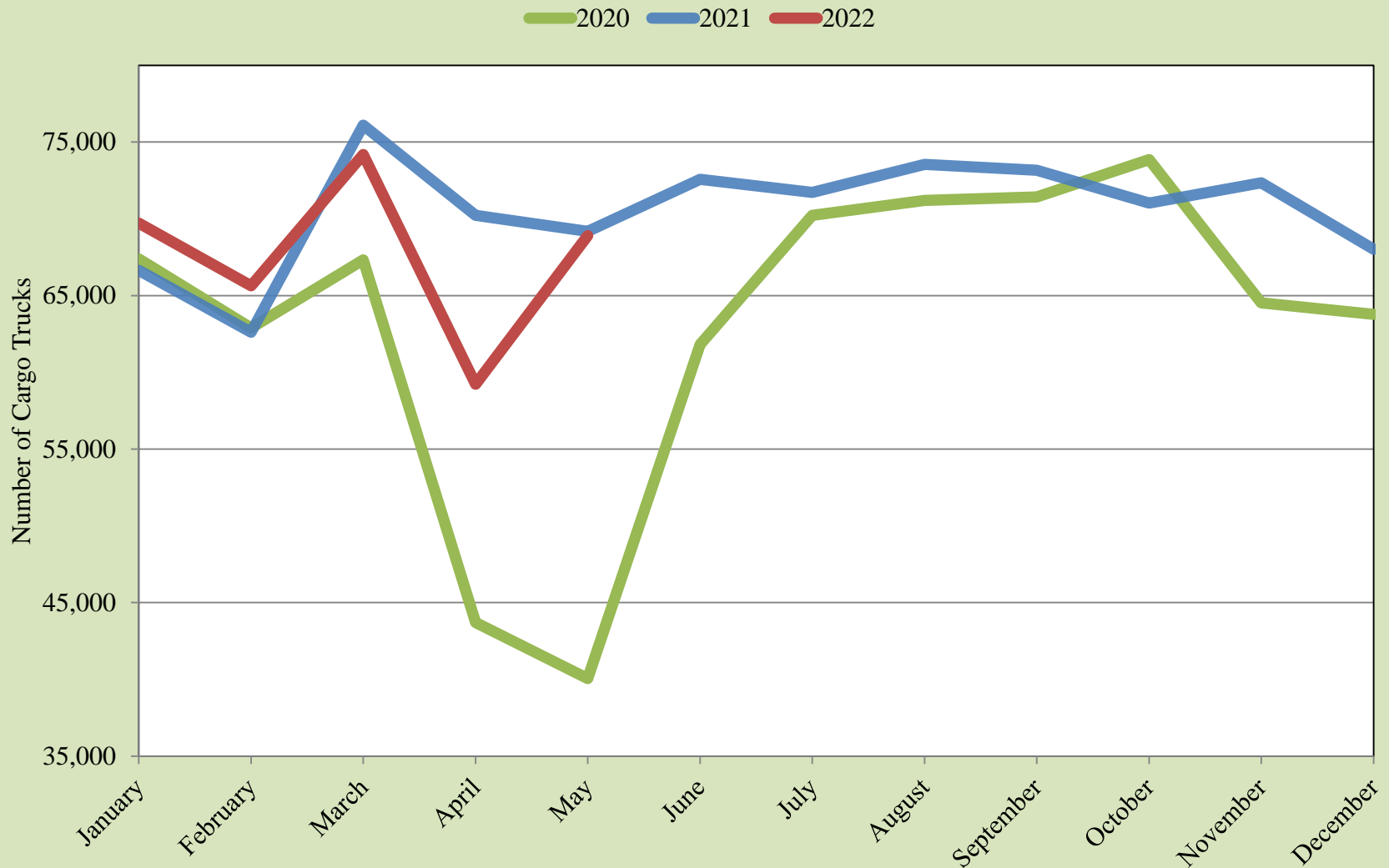
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Pedestrian International Bridge Crossings to El Paso



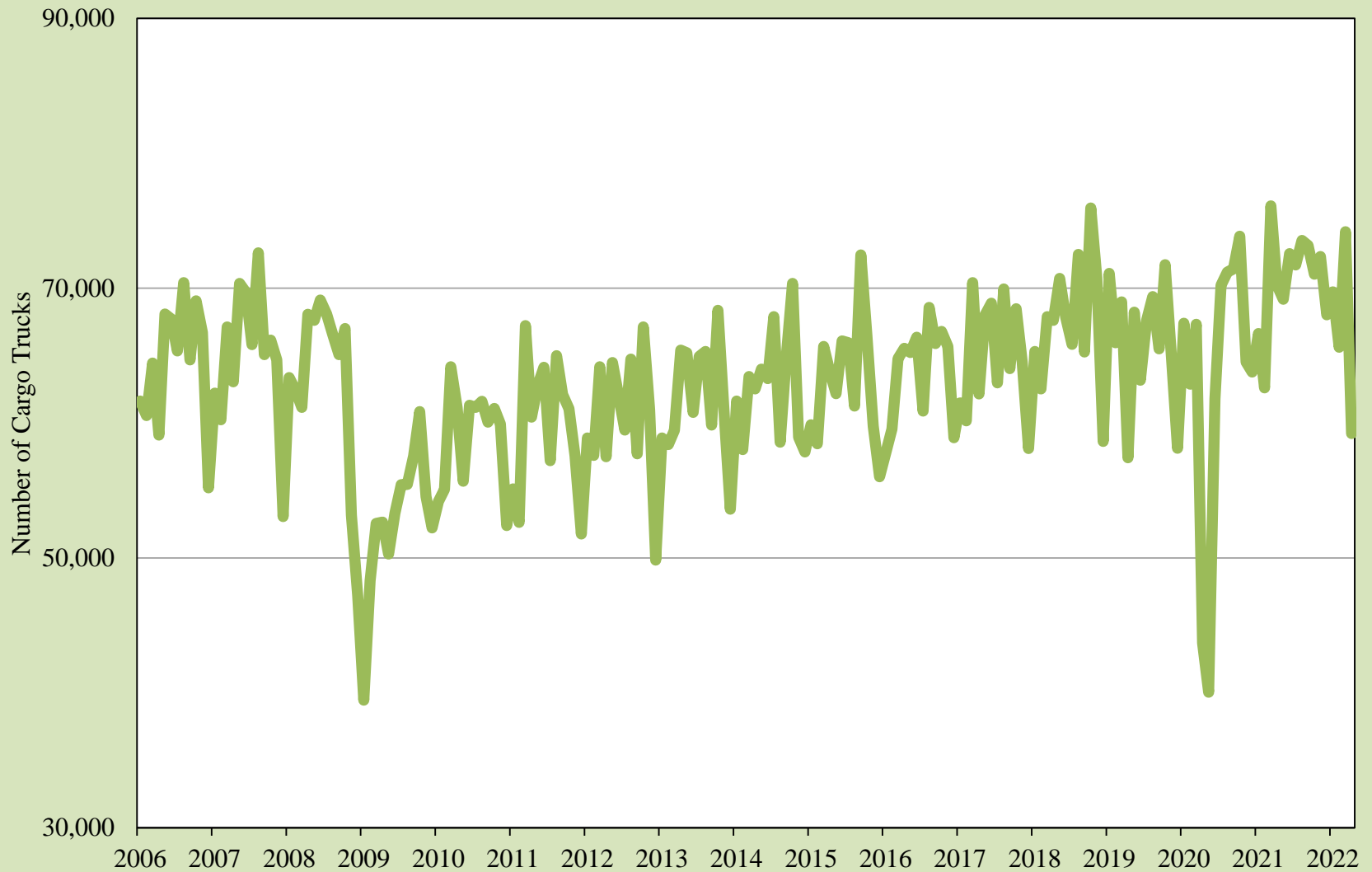
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Cargo Truck International Bridge Crossings to El Paso



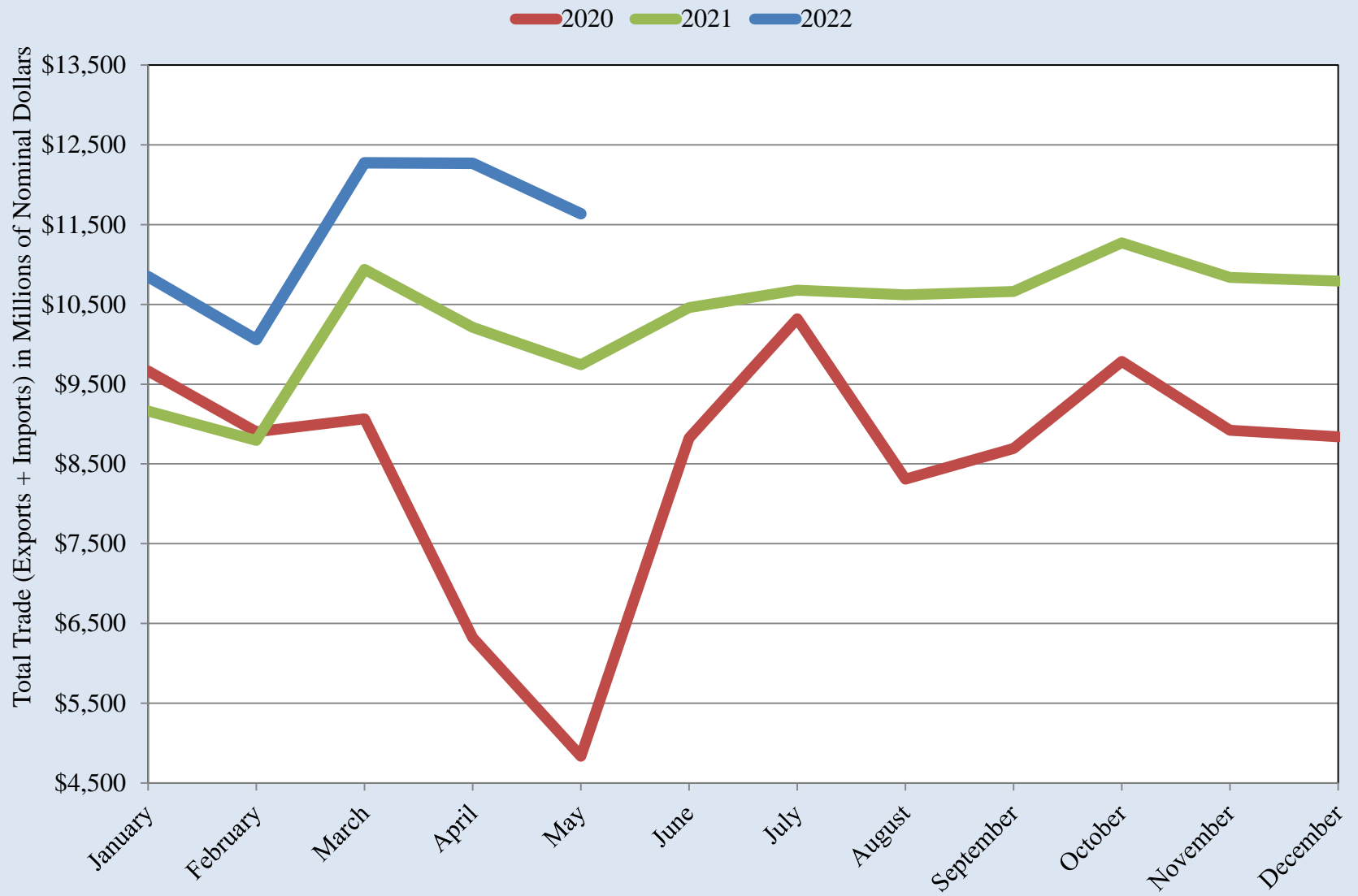
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Cargo Truck International Bridge Crossings to El Paso



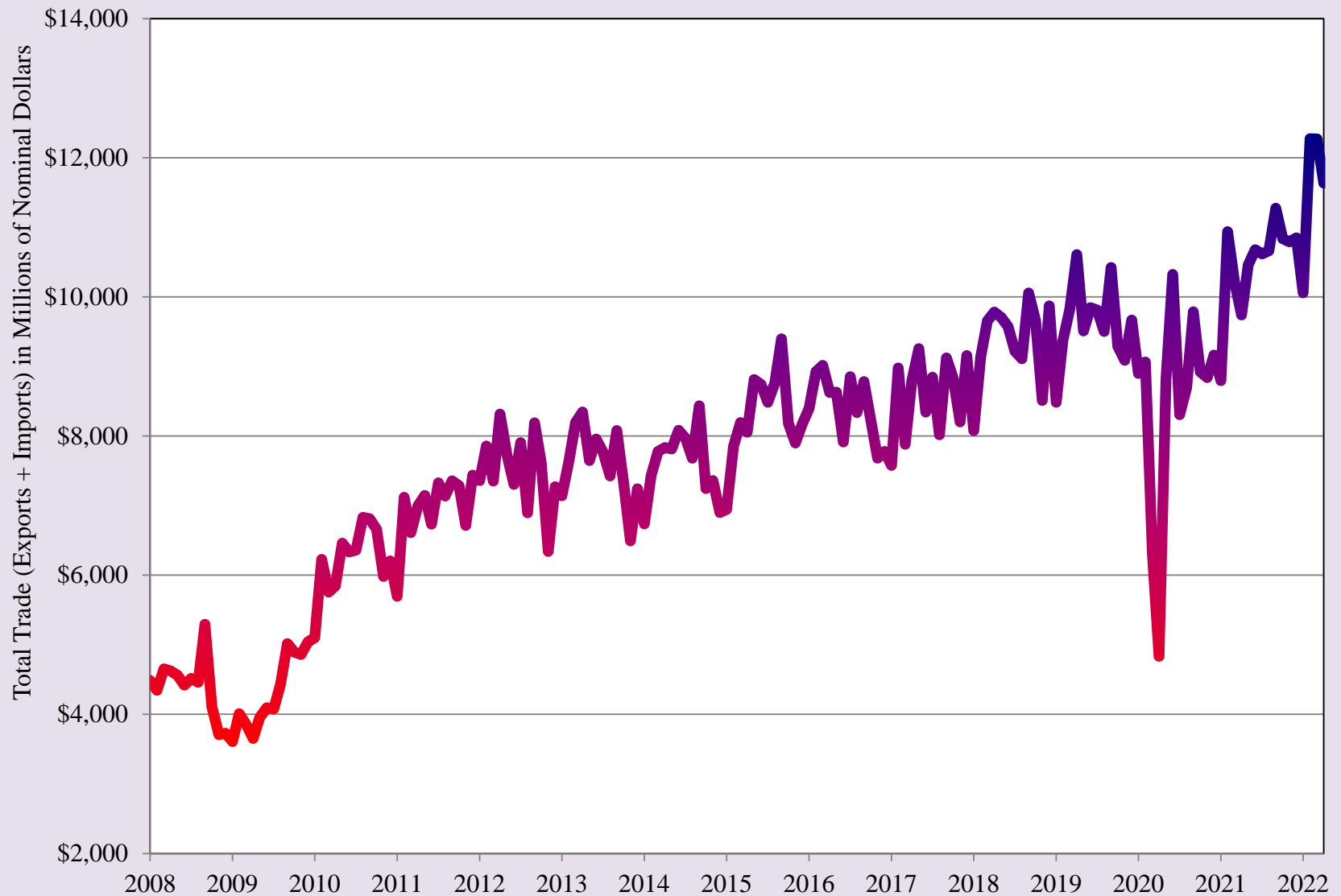
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Total Trade through the El Paso Customs District



Source: U.S. International Trade Commission

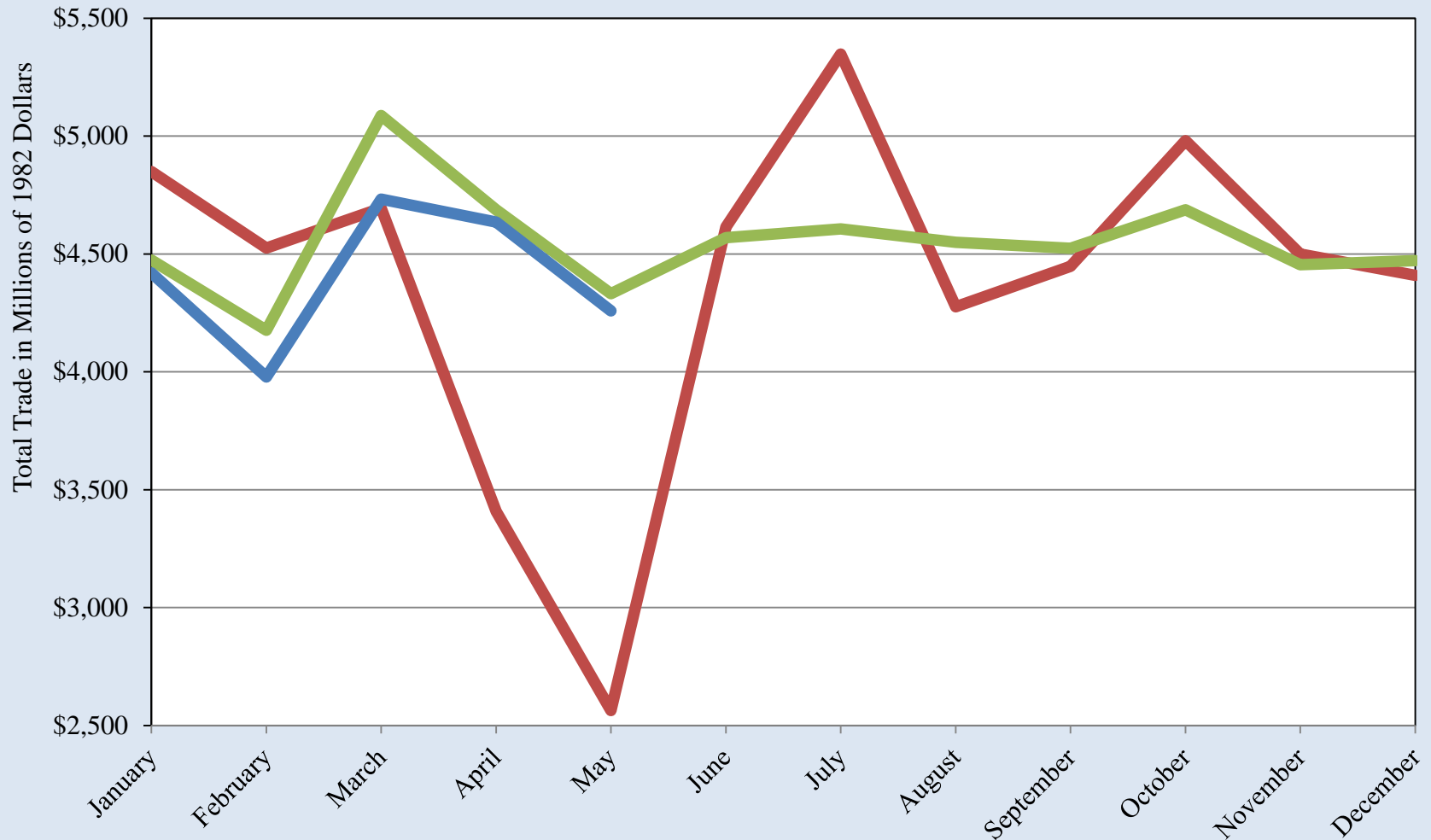
Total Trade through the El Paso Customs District



Source: U.S. International Trade Commission

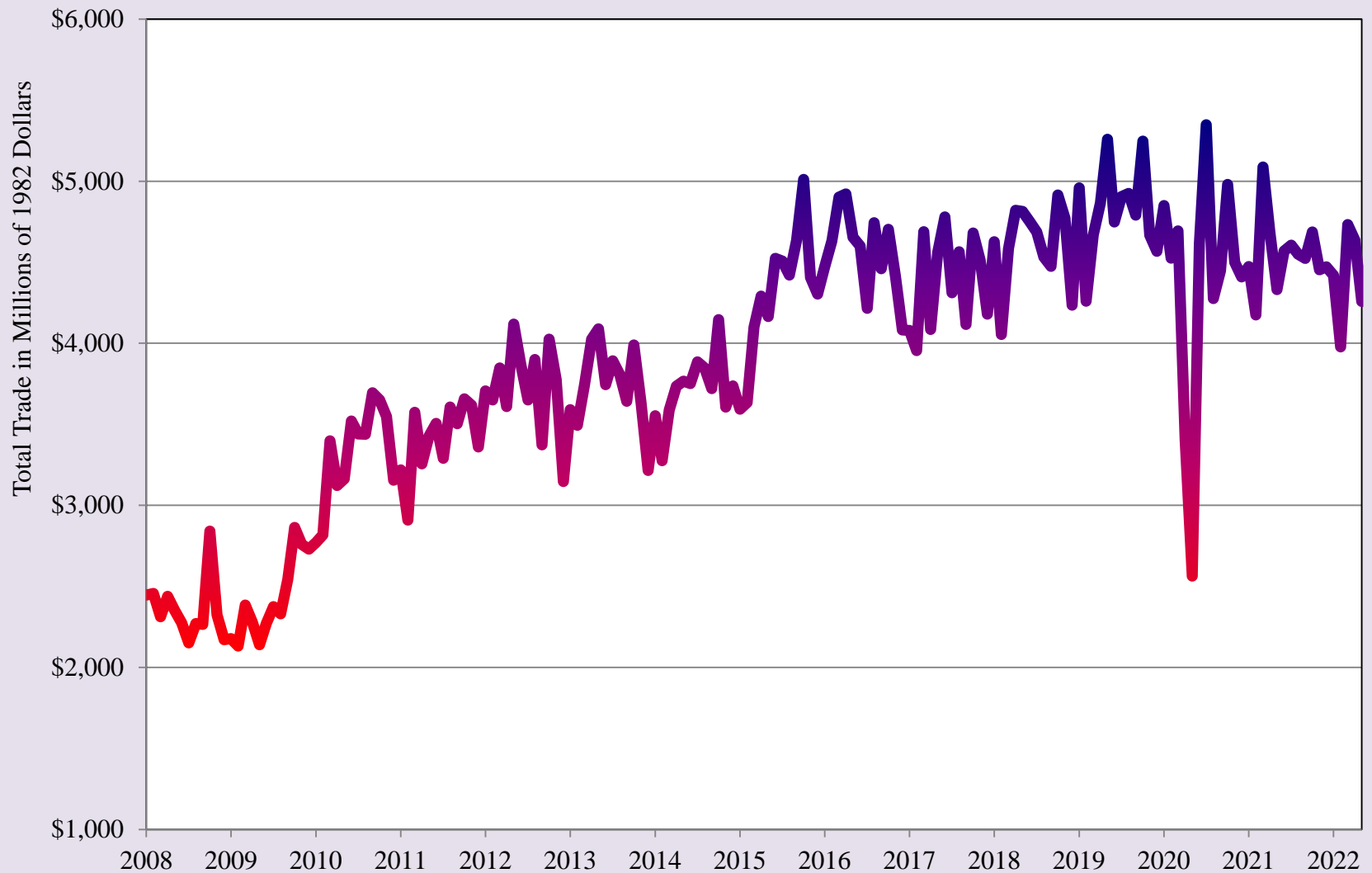
Real Total Trade through the El Paso Customs District

2020 2021 2022



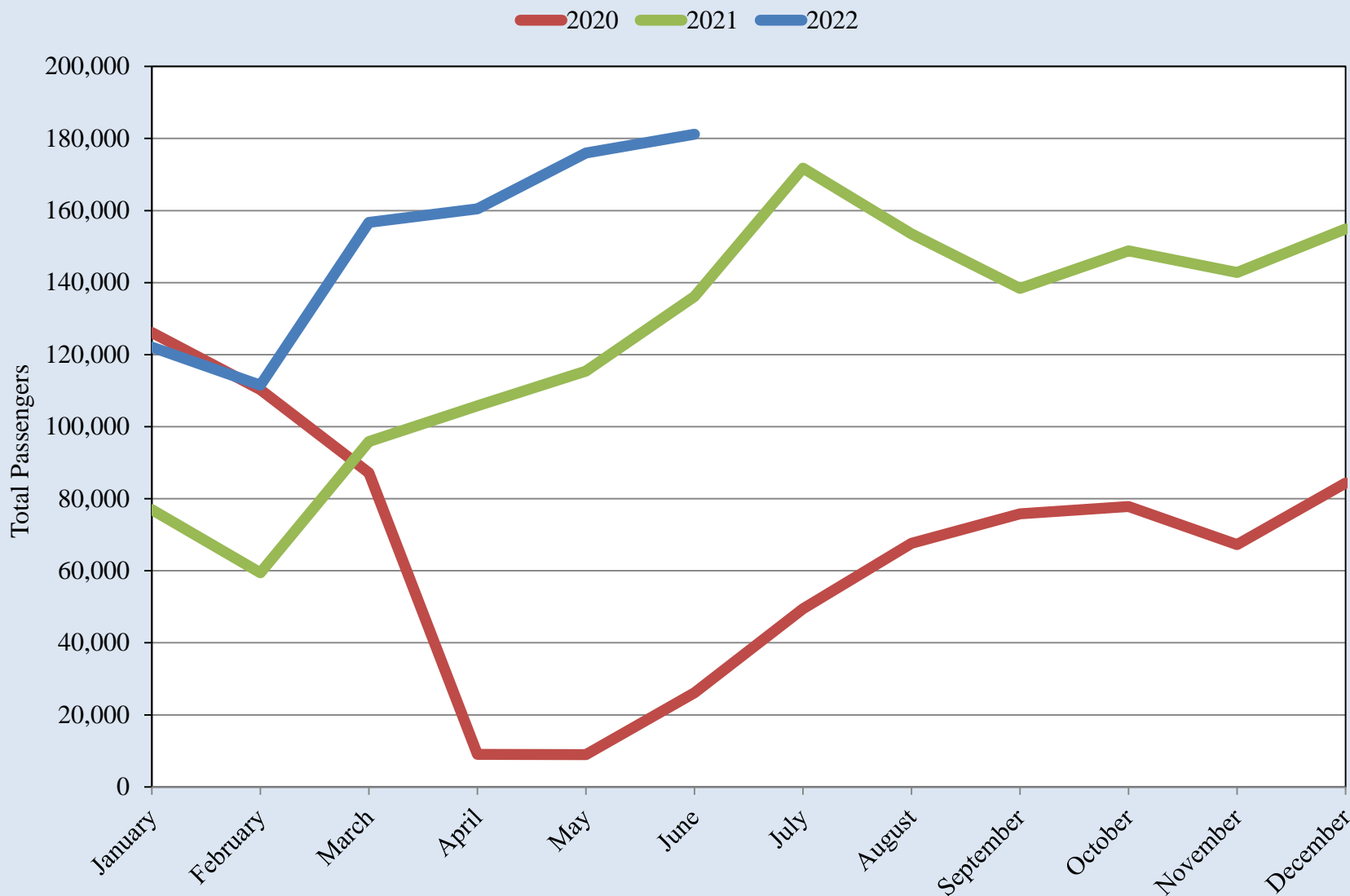
Source: U.S. International Trade Commission and Bureau of Labor Statistics

Real Total Trade through the El Paso Customs District



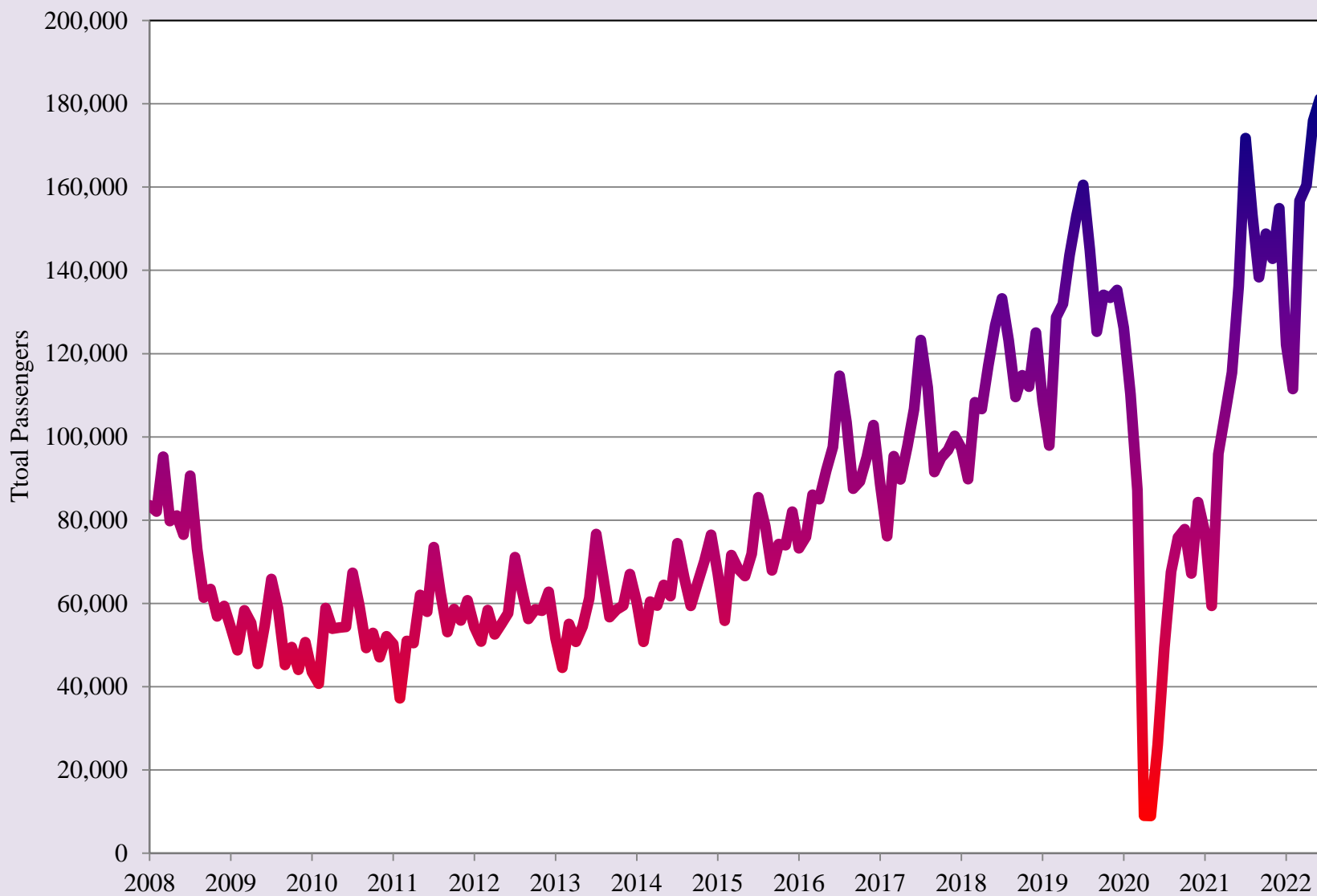
Source: U.S. International Trade Commission and Bureau of Labor Statistics

Domestic Passengers Ciudad Juarez International Airport



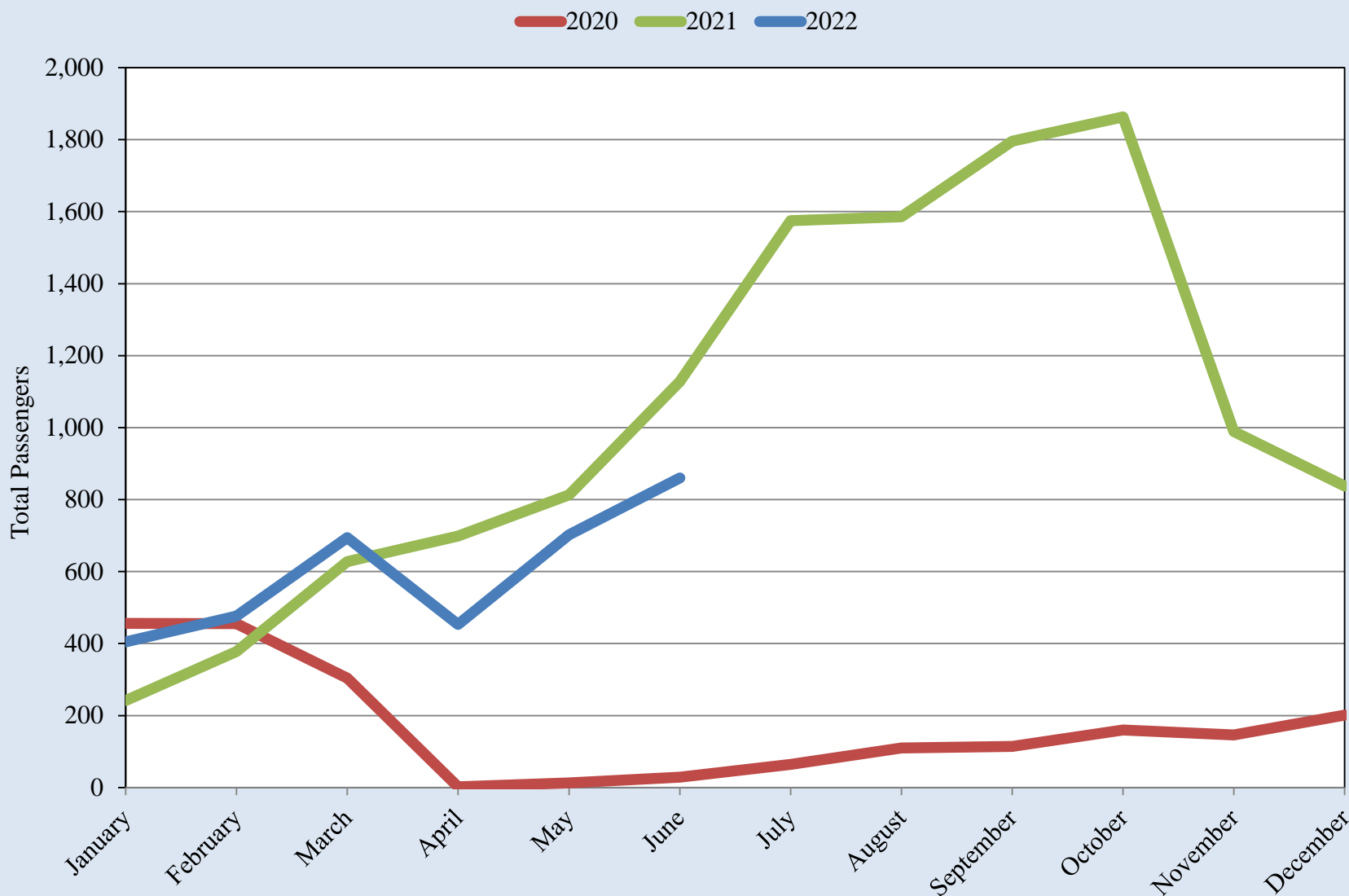
Source: Grupo Aeroportuario Centro Norte - OMA

Domestic Passengers Ciudad Juarez International Airport



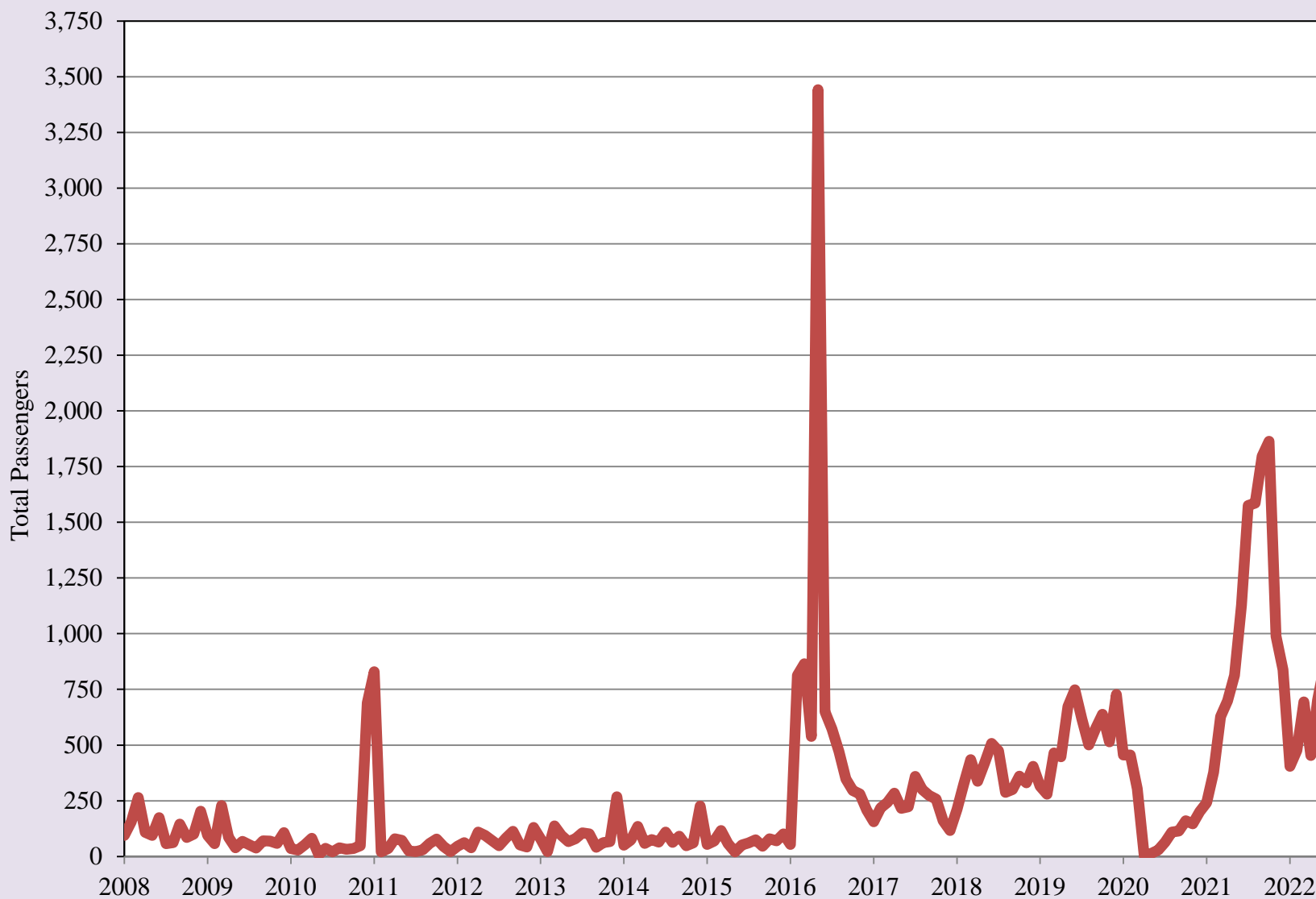
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International Passengers Ciudad Juarez International Airport



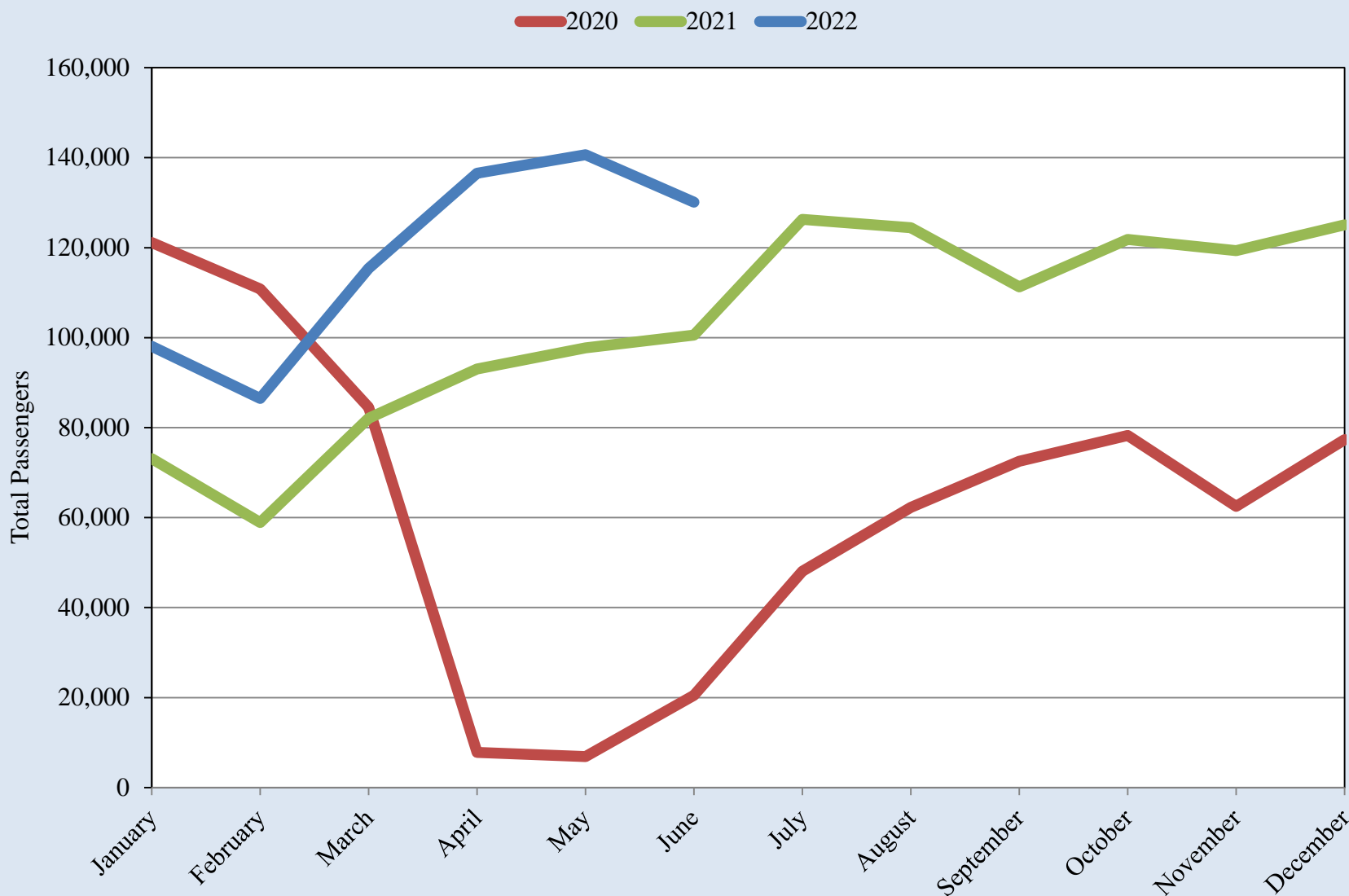
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International Passengers Ciudad Juarez International Airport



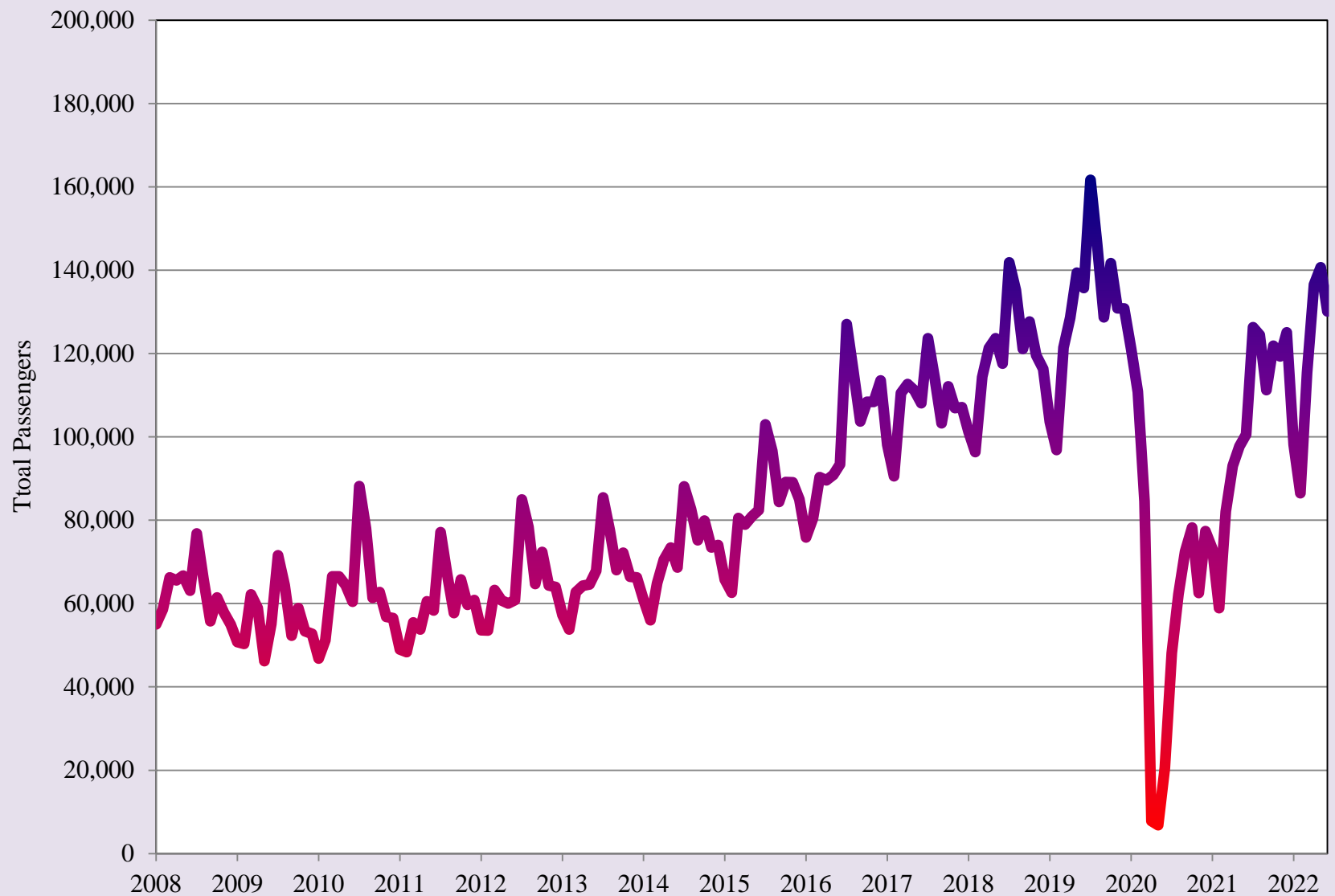
Source: Grupo Aeroportuario Centro Norte - OMA

Domestic Passengers Chihuahua City International Airport



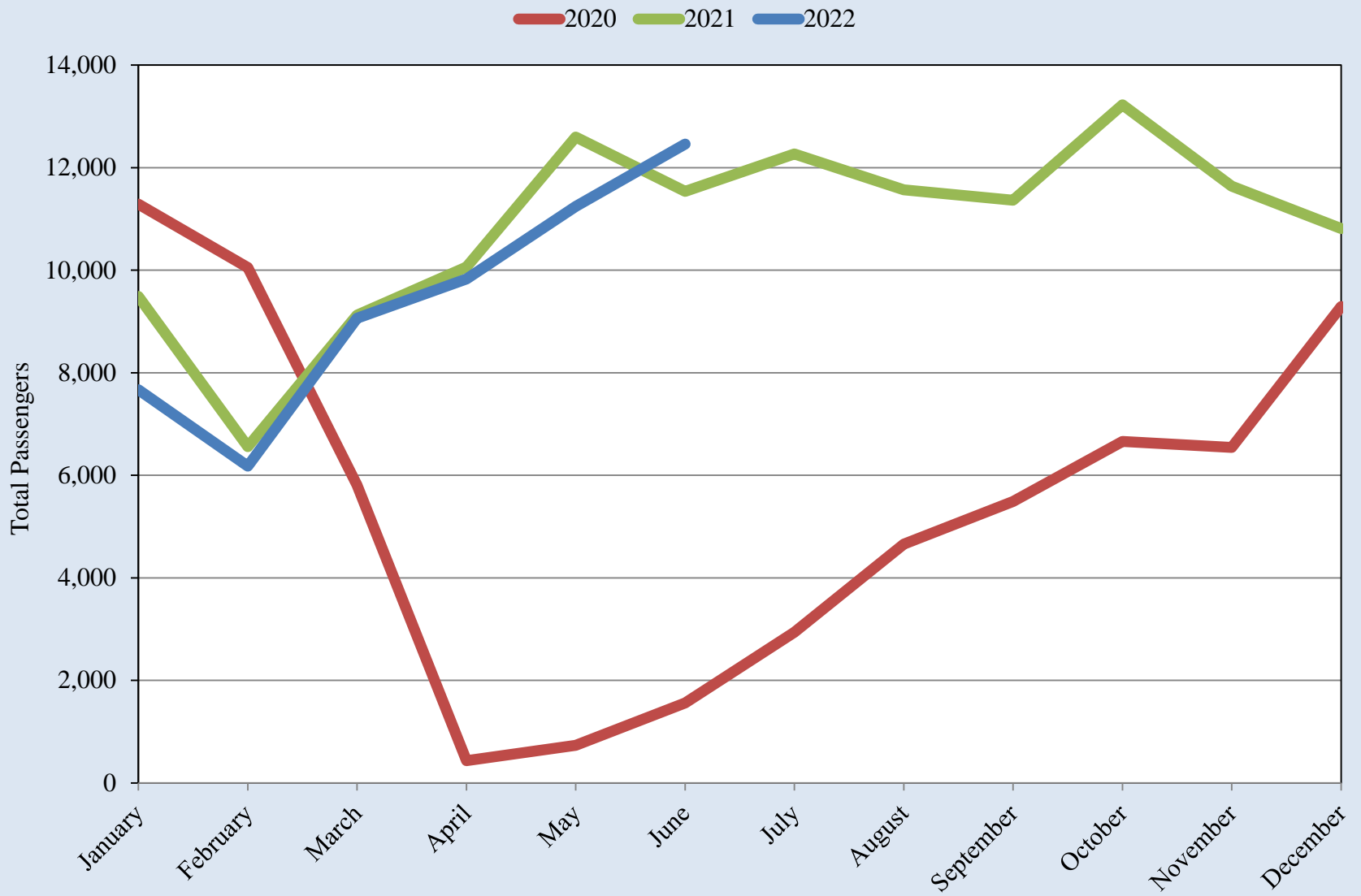
Source: Grupo Aeroportuario Centro Norte - OMA

Domestic Passengers Chihuahua City International Airport



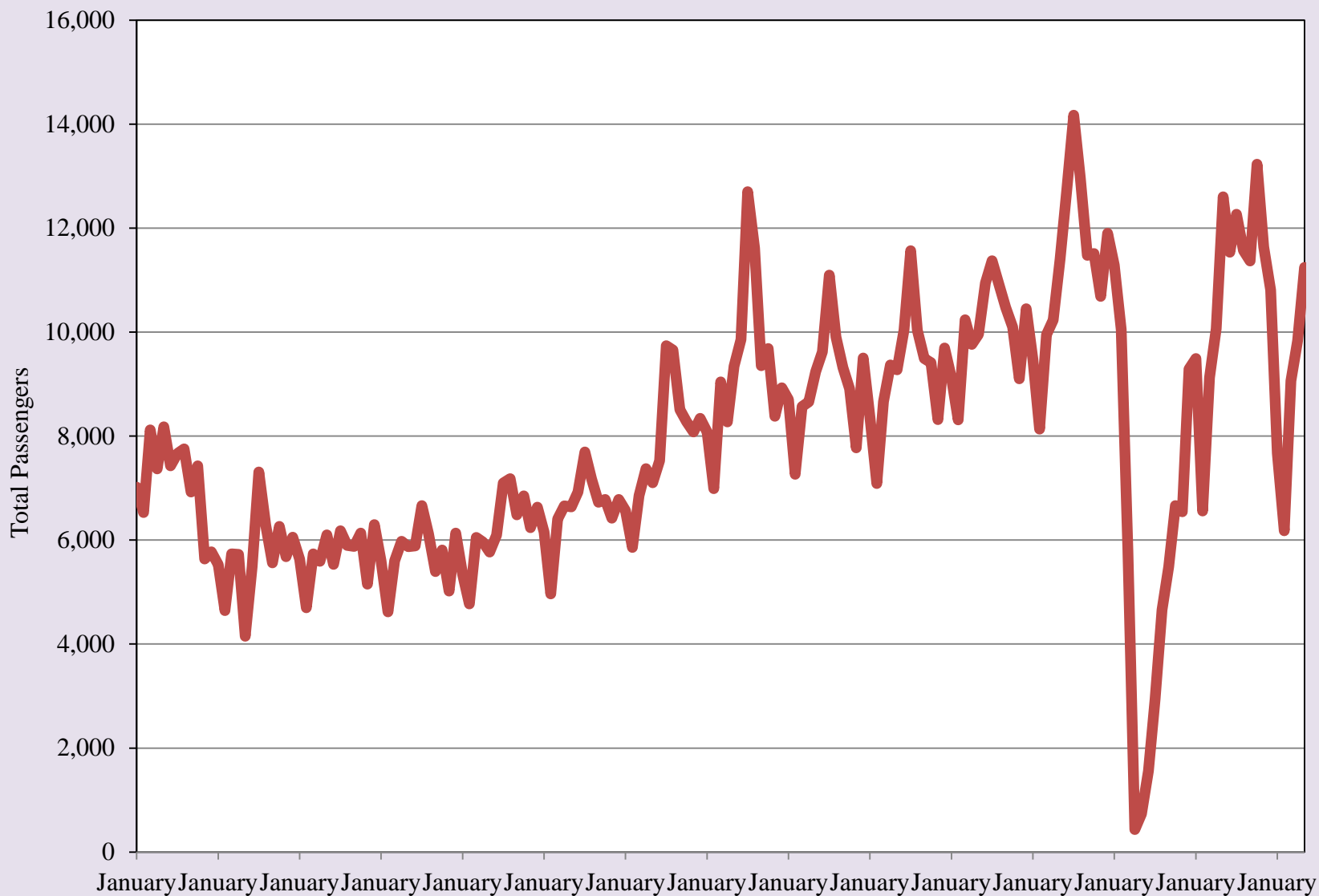
Source: Grupo Aeroportuario Centro Norte - OMA

International Passengers Chihuahua City International Airport



Source: Grupo Aeroportuario Centro Norte - OMA

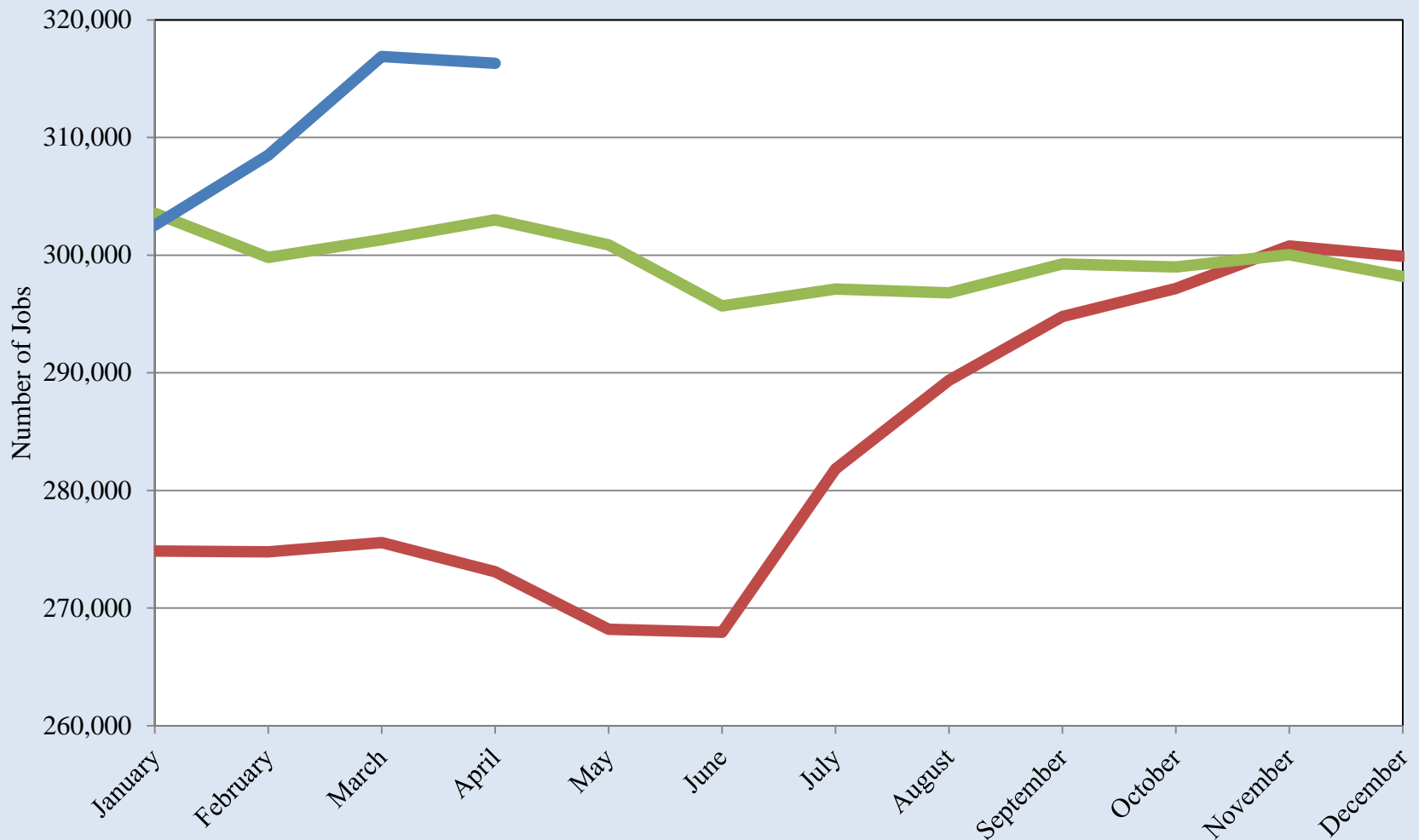
International Passengers Chihuahua City International Airport



Source: Grupo Aeroportuario Centro Norte - OMA

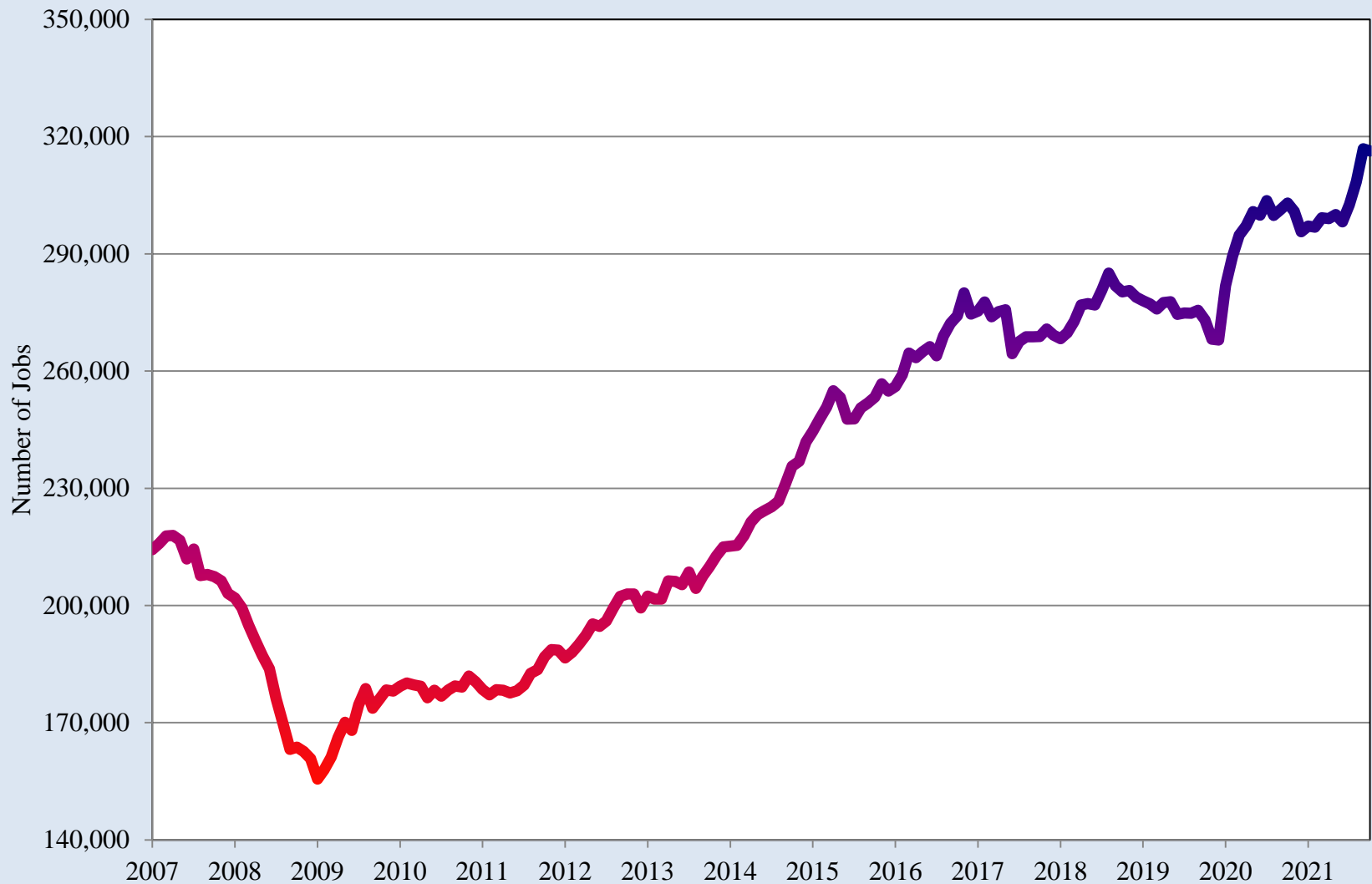
Export-Oriented Manufacturing Employment in Ciudad Juárez

2020 2021 2022



Source: INEGI

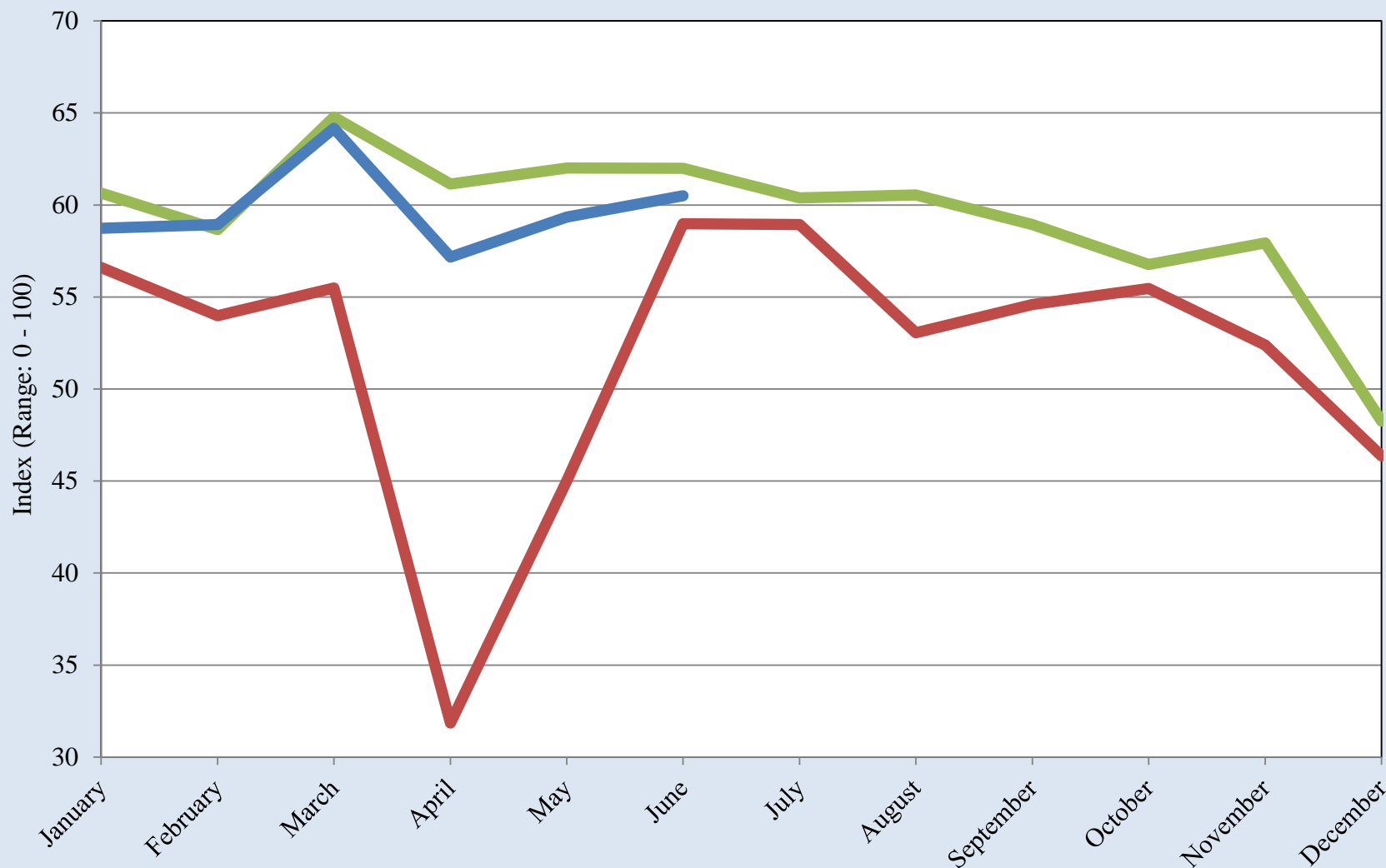
Export-Oriented Manufacturing Employment in Ciudad Juárez



Source: INEGI

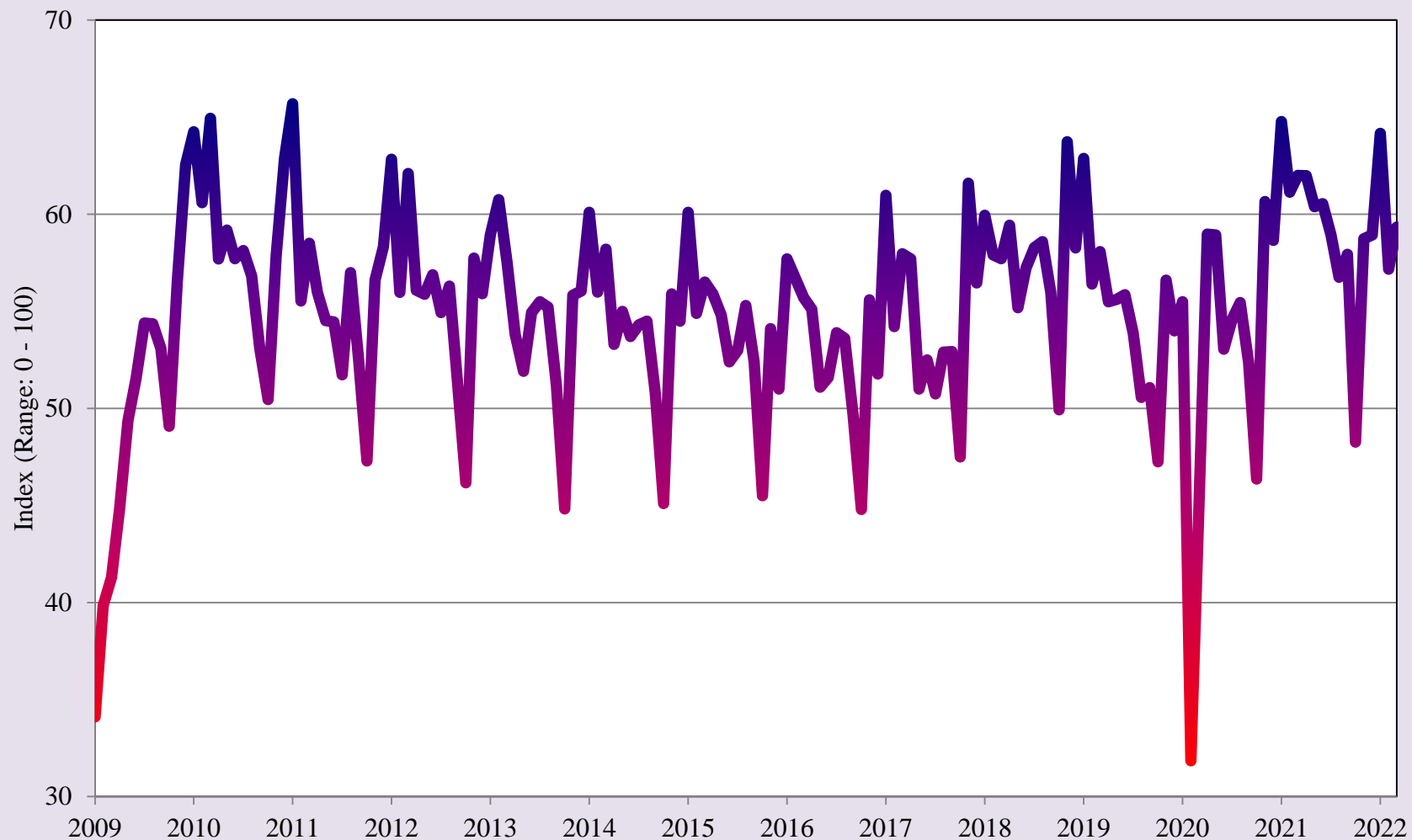
Northern Mexico Manufacturing Orders Index

2020 2021 2022



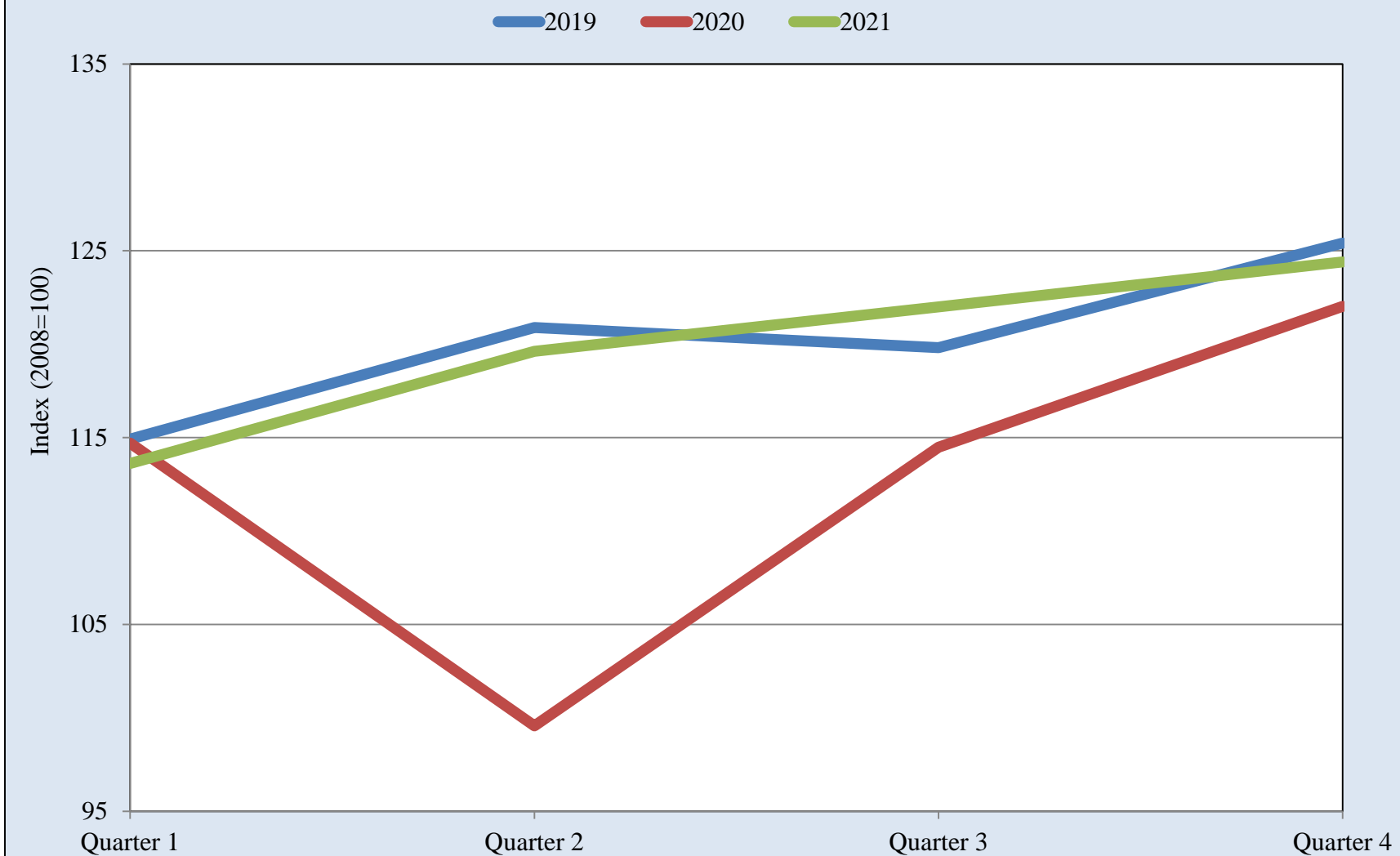
Source: Banco de México

Northern Mexico Manufacturing Orders Index



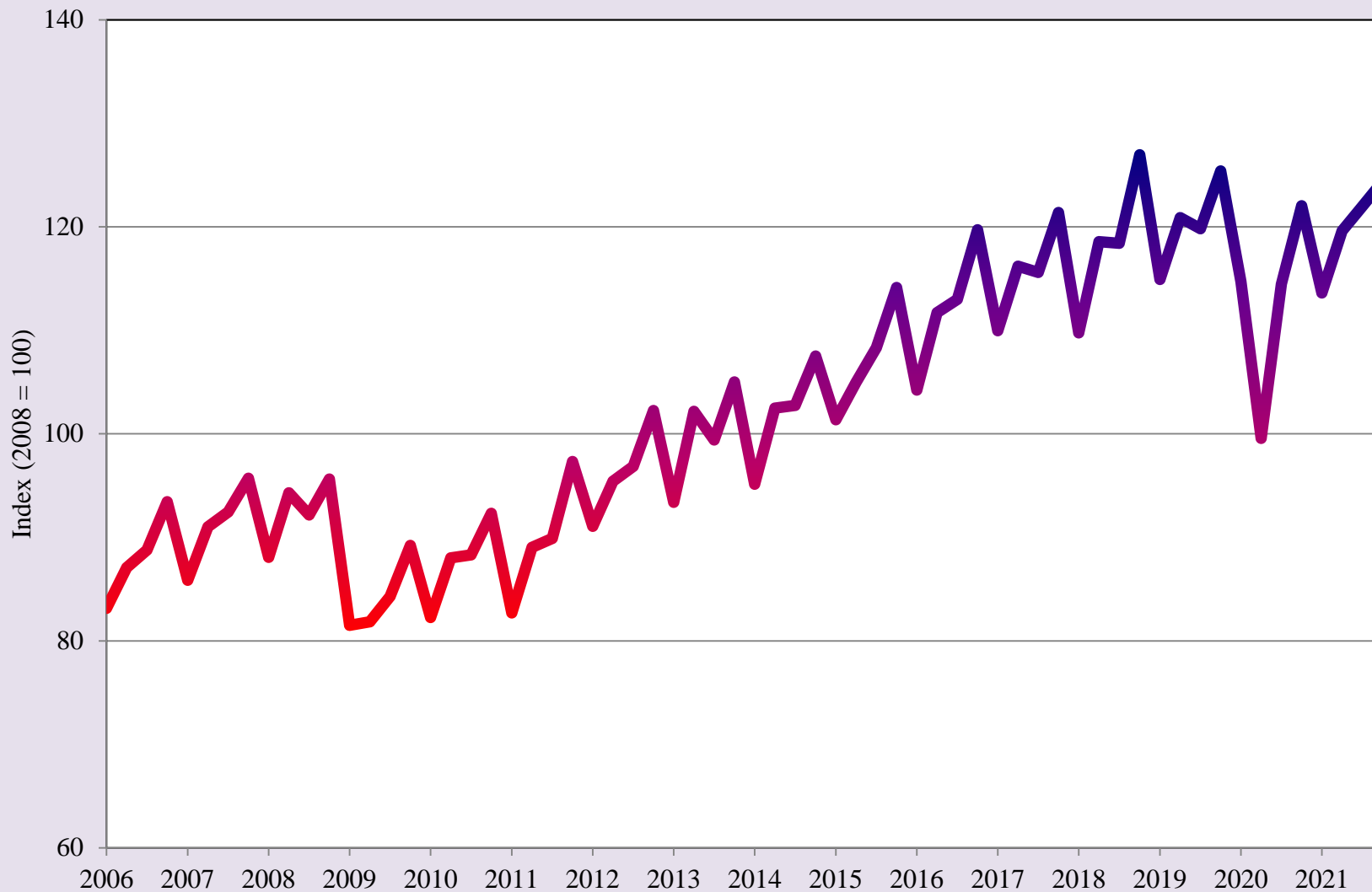
Source: Banco de México

Quarterly Indicator of Economic Activity for the State of Chihuahua



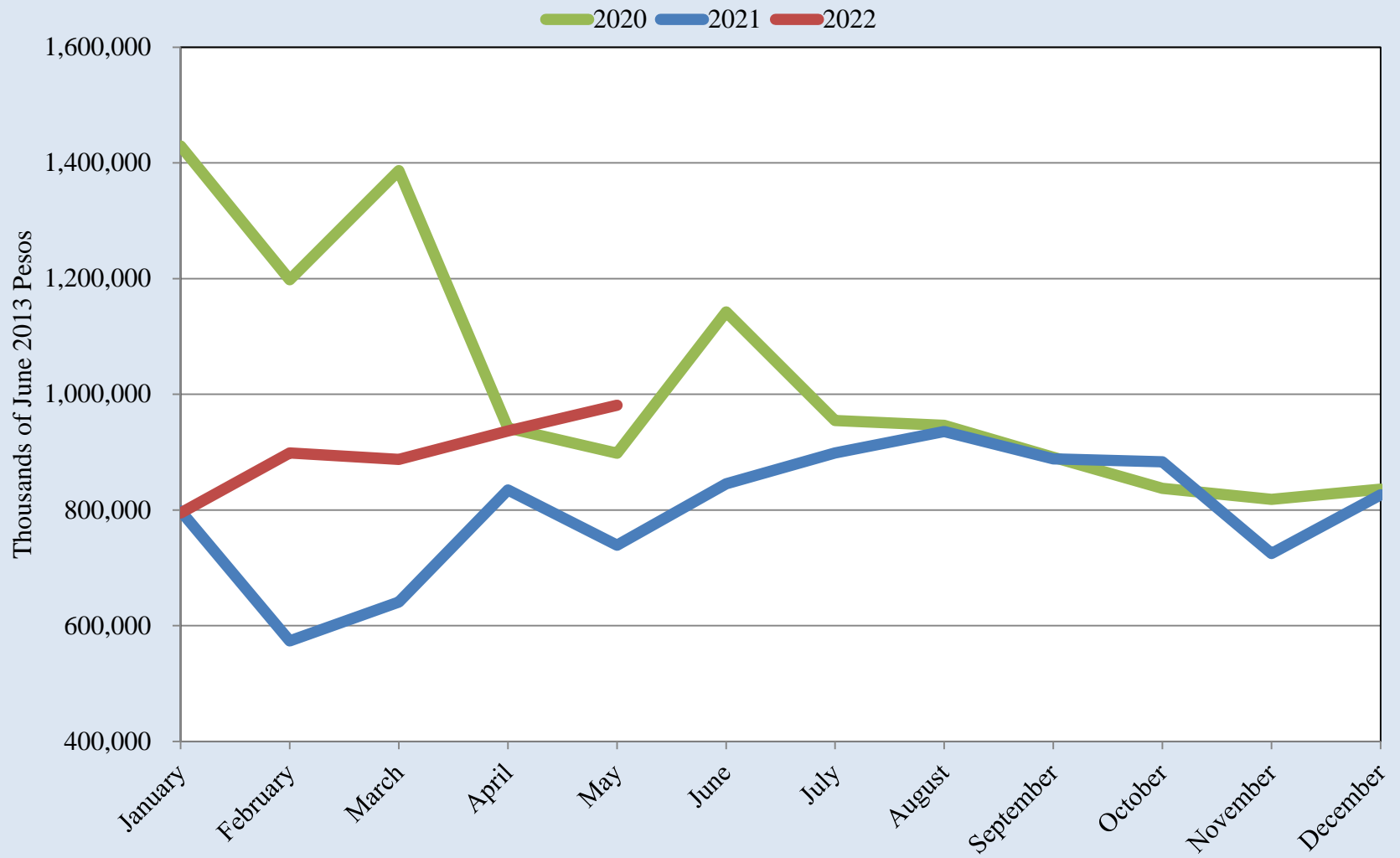
Source: INEGI

Quarterly Indicator of Economic Activity for the State of Chihuahua



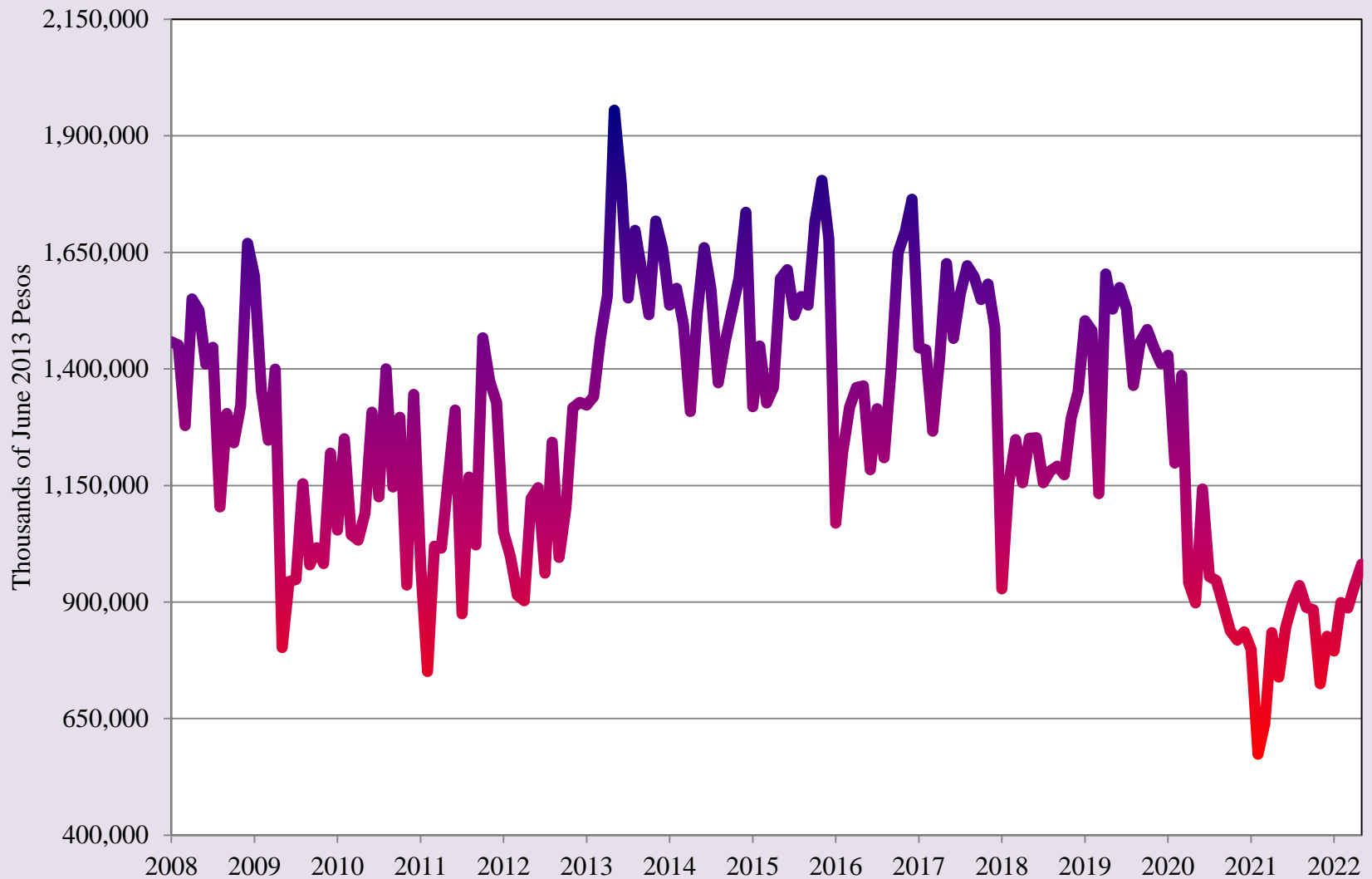
Source: INEGI

Total Value of Construction in the State of Chihuahua



Source: INEGI

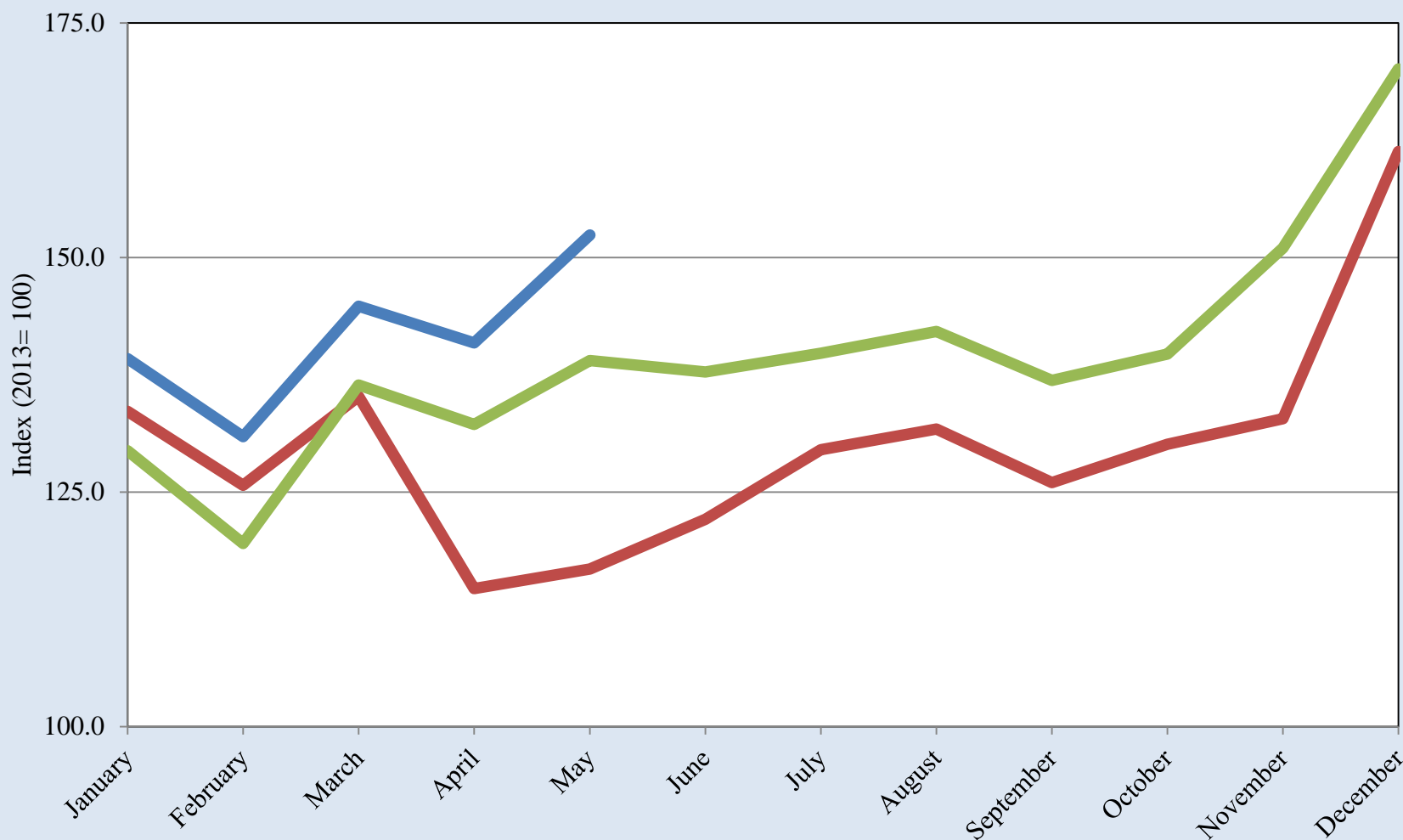
Total Value of Construction in the State of Chihuahua



Source: INEGI

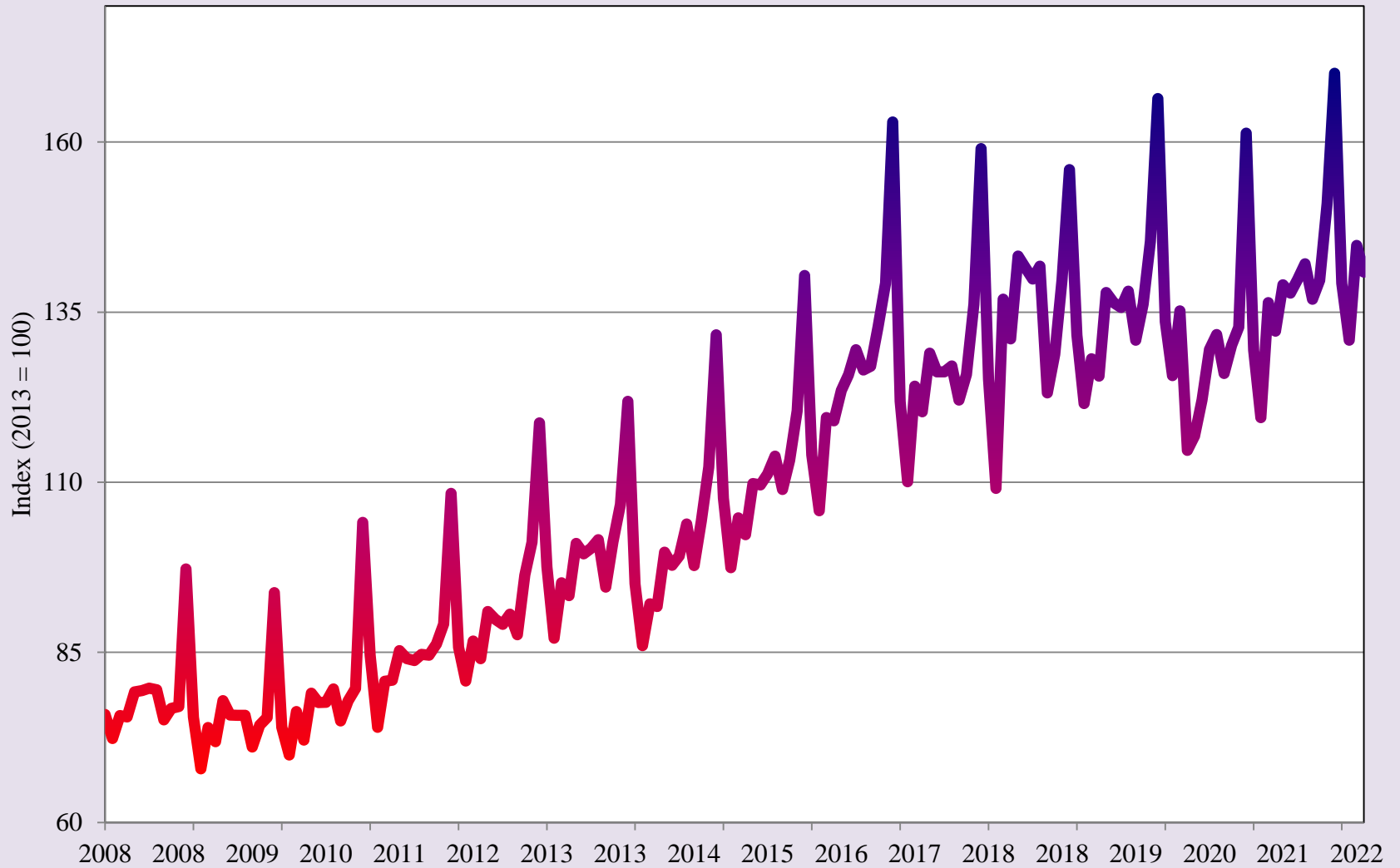
Real Retail Activity Index for the State of Chihuahua

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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