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Borderplex Business Barometer, Volume 6, Number 10

Thomas M. Fullerton Jr.

Steven L. Fullerton

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T.M. Fullerton, Jr., and S.L. Fullerton, 2022, "Cyclical Gyration" *Borderplex Business Barometer* 6(10), 1-68.



BORDERPLEX BUSINESS BAROMETER

October 2022

Border Region Modeling Project

Thomas M. Fullerton, Jr.
Steven L. Fullerton

Department of Economics & Finance
College of Business Administration
University of Texas at El Paso

Mailing Address

Border Region Modeling Project - CBA 236
UTEP Department of Economics & Finance
500 West University Avenue
El Paso, TX 79968-0543

Physical Address

College of Business Administration, Room 325
University of Texas at El Paso

Email

tomf@utep.edu
sfullerton@utep.edu

Telephone

915-747-7747
915-747-7775

Facsimile

915-747-6282

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Border Commerce & Economics

Borderplex Business Barometer, Volume 6, Number 10

Cyclical Gyration

Business cycle downturns, otherwise known as economic recessions, have no official definition. The most popular definition is two consecutive quarters of gross domestic product (GDP) declines. By that standard, the national economy entered into a recession during the first quarter of 2022. However, many economists consider a half-point rise in the unemployment rate, averaged over several months, as the most historically reliable sign of a downturn, and the national labor market remains very healthy.

The graphs below indicate that data for the Borderplex regional economy are also mixed. The Federal Reserve Bank of Dallas El Paso Metropolitan Business Cycle Index declined slightly in September. The unemployment rates for El Paso and Las Cruces are both below 5 percent, but the Las Cruces jobless rate rose in September, a month when it usually declines. More ominously, Supplemental Nutrition Assistance Program (SNAP or Food Stamp) enrollments have increased in El Paso County and Doña Ana County.

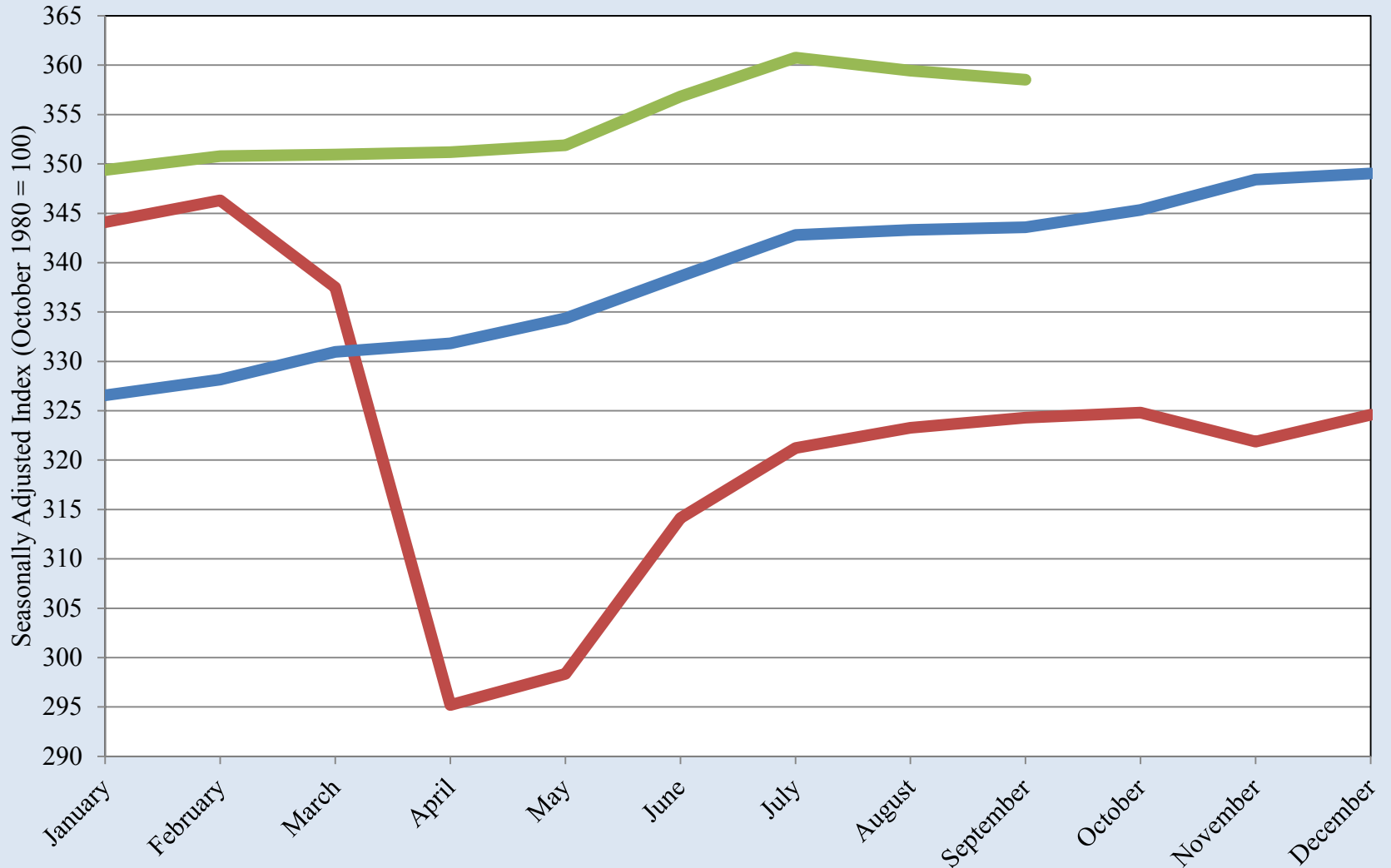
As the Yield Curve graph shows, interest rates are substantially above year-ago levels. There are also five inversion points where shorter-term rates currently exceed longer-term rates. Interest rates will continue to rise during the fourth quarter, further cooling the demand for loans. Along with reduced lending activity, housing market declines will occur, probably contributing to increases in the El Paso Household Economic Stress Index. Although housing prices remain strong in El Paso, the Months of Housing Inventory graphs show that local sales volumes have declined.

Global business conditions are weak with notable recession risks facing Europe and North America. Borderplex evidence of the latter comes in the forms of declining air freight volumes, lower cargo vehicle bridge crossings, and waning manufacturing orders in Northern Mexico. However, export manufacturing employment levels in both Ciudad Juarez and Chihuahua City remain well-above prior year levels. Similarly, air passenger traffic at all three regional commercial airports are comfortably above the levels tallied 12 months ago.

Although international trade was one of the strongest contributors to third quarter 2022 national and regional GDP growth, that circumstance is not expected to carry over into the fourth quarter. A primary reason for that sober assessment is double-digit export growth is unlikely to persist due to slow growth in Europe and Asia, as well as a strong dollar that raises prices for U.S. goods abroad. That will have bigger impacts outside of the Borderplex than it will regionally. US-Mexico-Canada Agreement related business investments are channeling into the Borderplex. That pattern is being reinforced by worsening trade relations between the United States and China, which incentivizes additional nearshoring and re-shoring. In spite of that development, regional vigilance is mandatory as substantial downside risks remain.

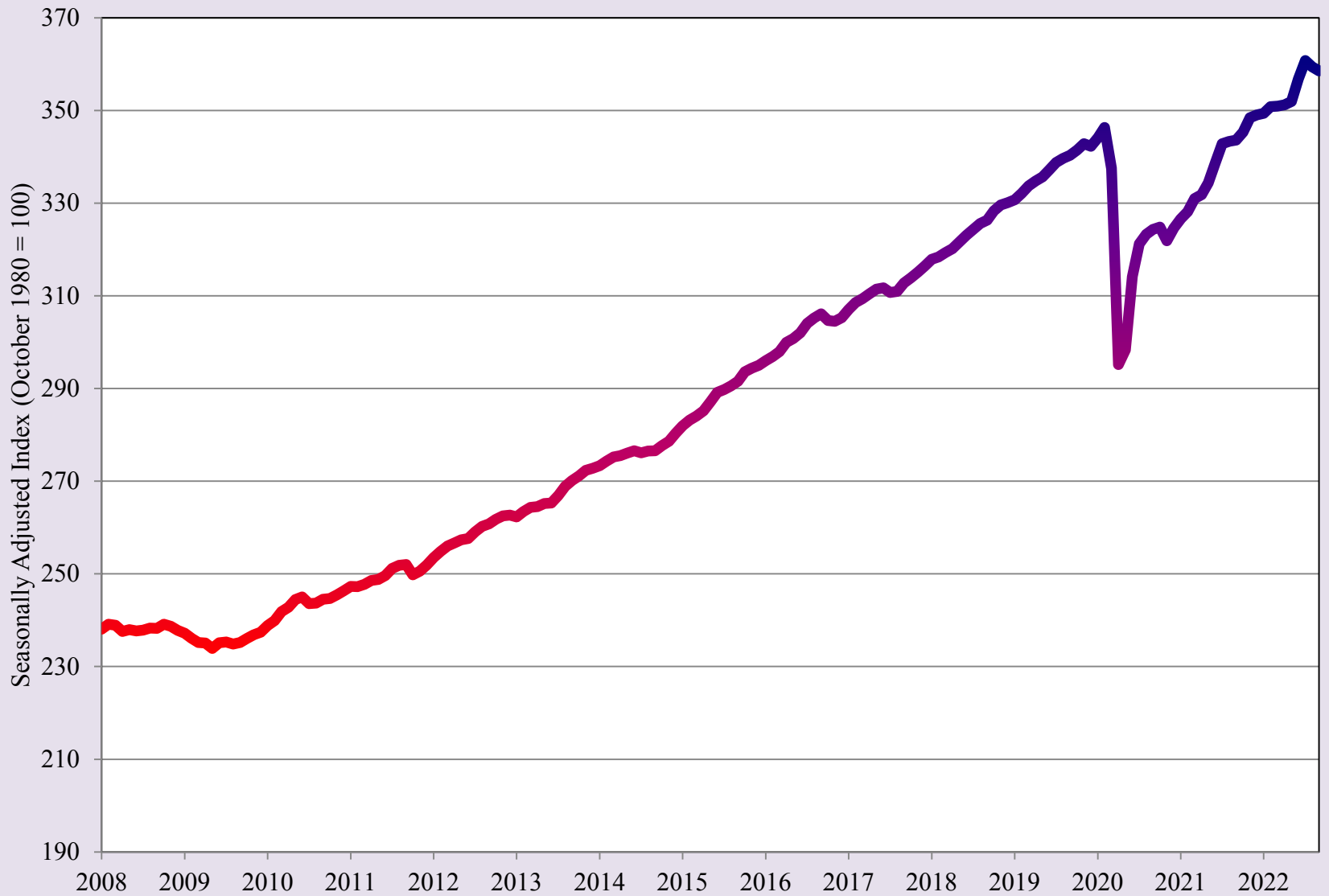
El Paso Metropolitan Business Cycle Index

2020 2021 2022



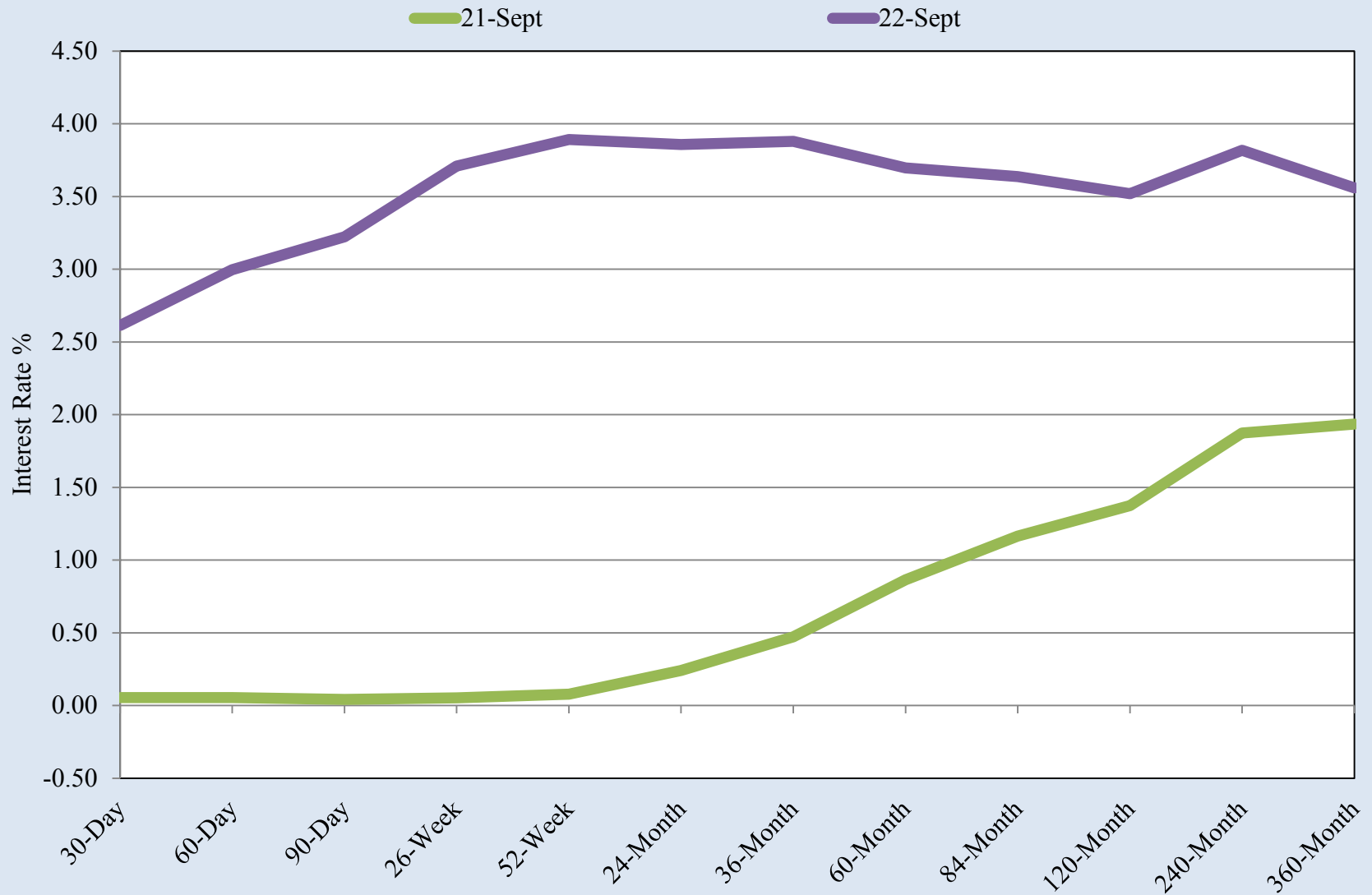
Source: Federal Reserve Bank of Dallas

El Paso Metropolitan Business Cycle Index



Source: Federal Reserve Bank of Dallas

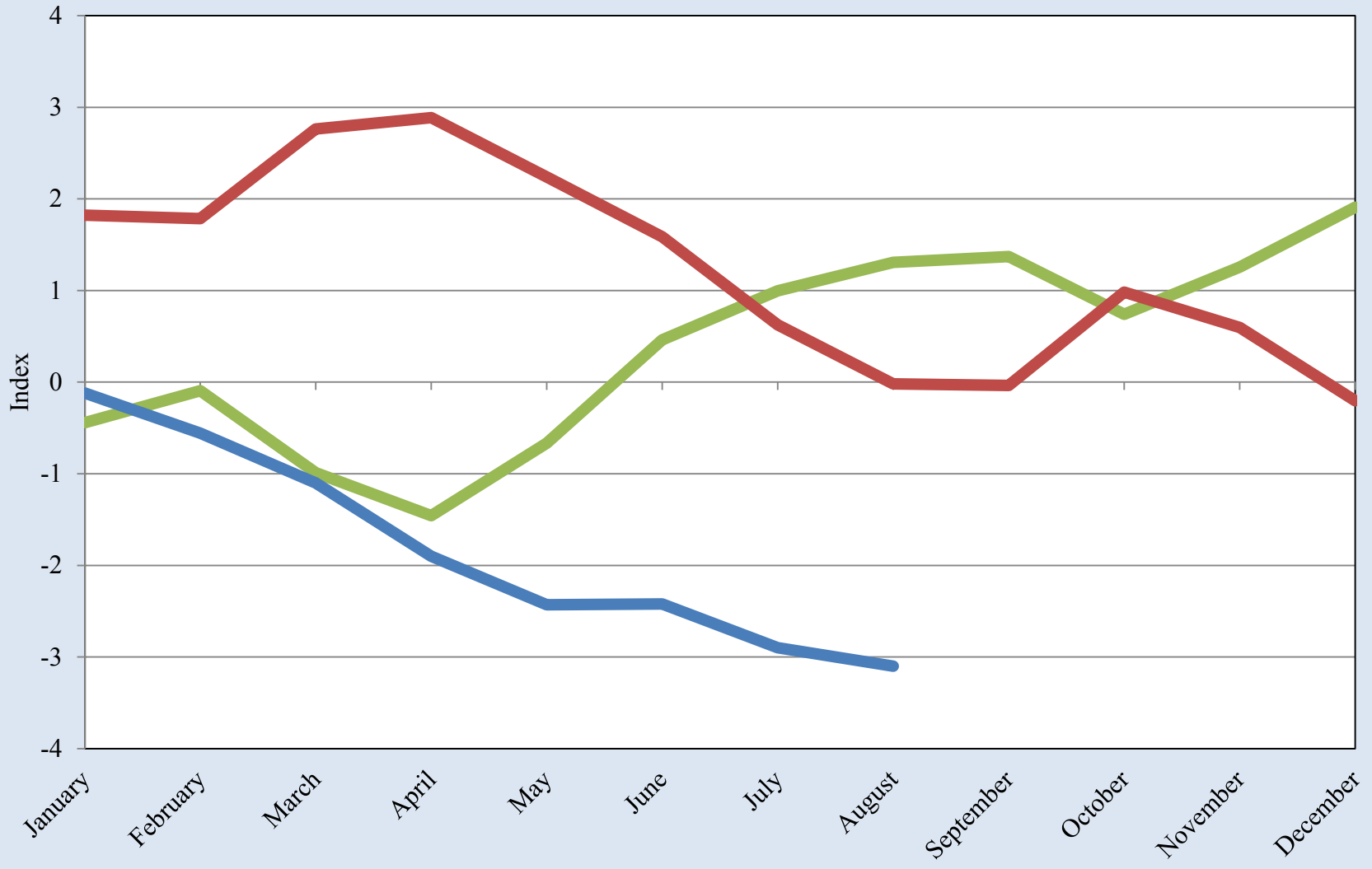
Average Treasury Yield Curve Rates



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

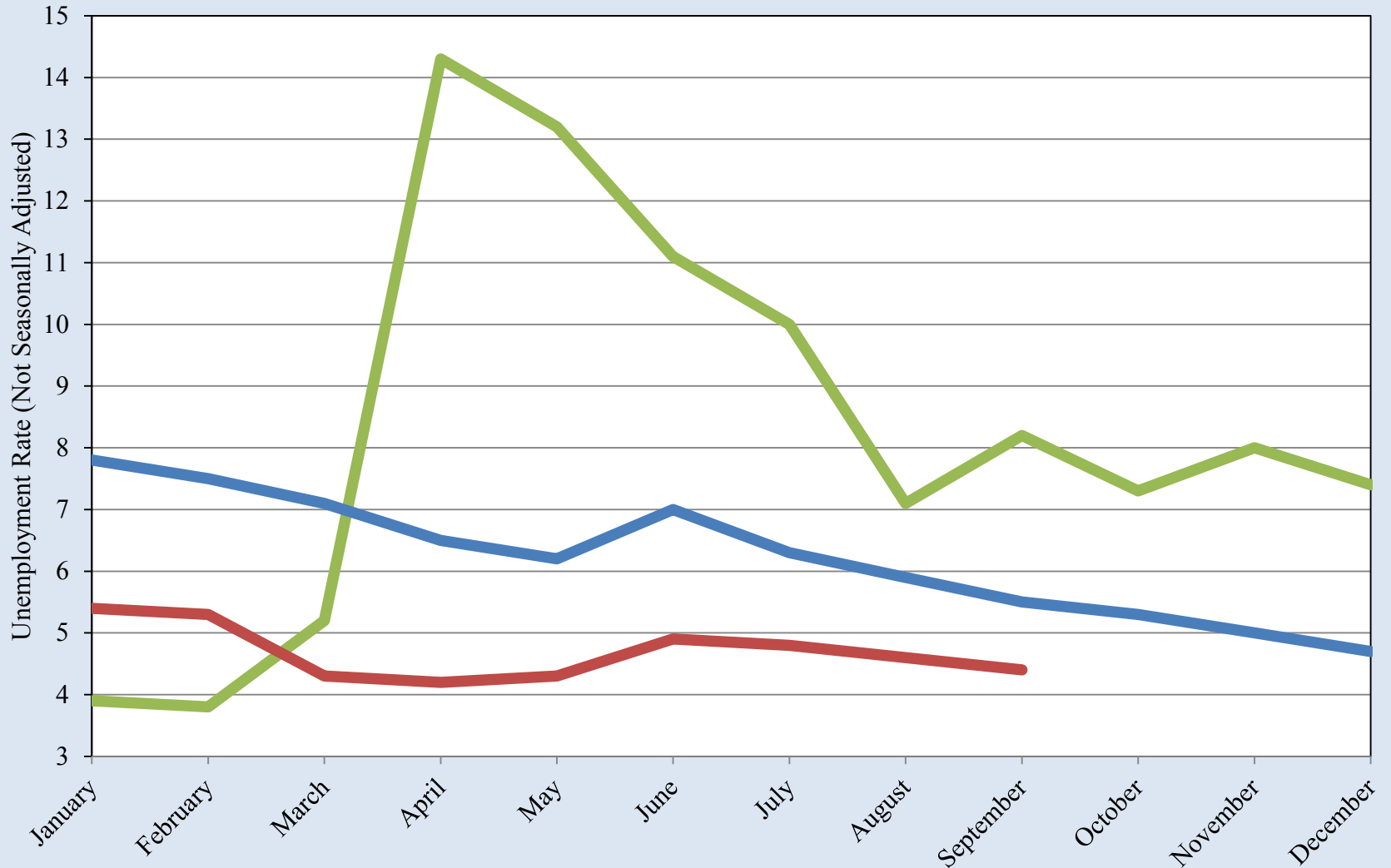
El Paso Household Economic Stress Index



Source: UTEP Border Region Modeling Project

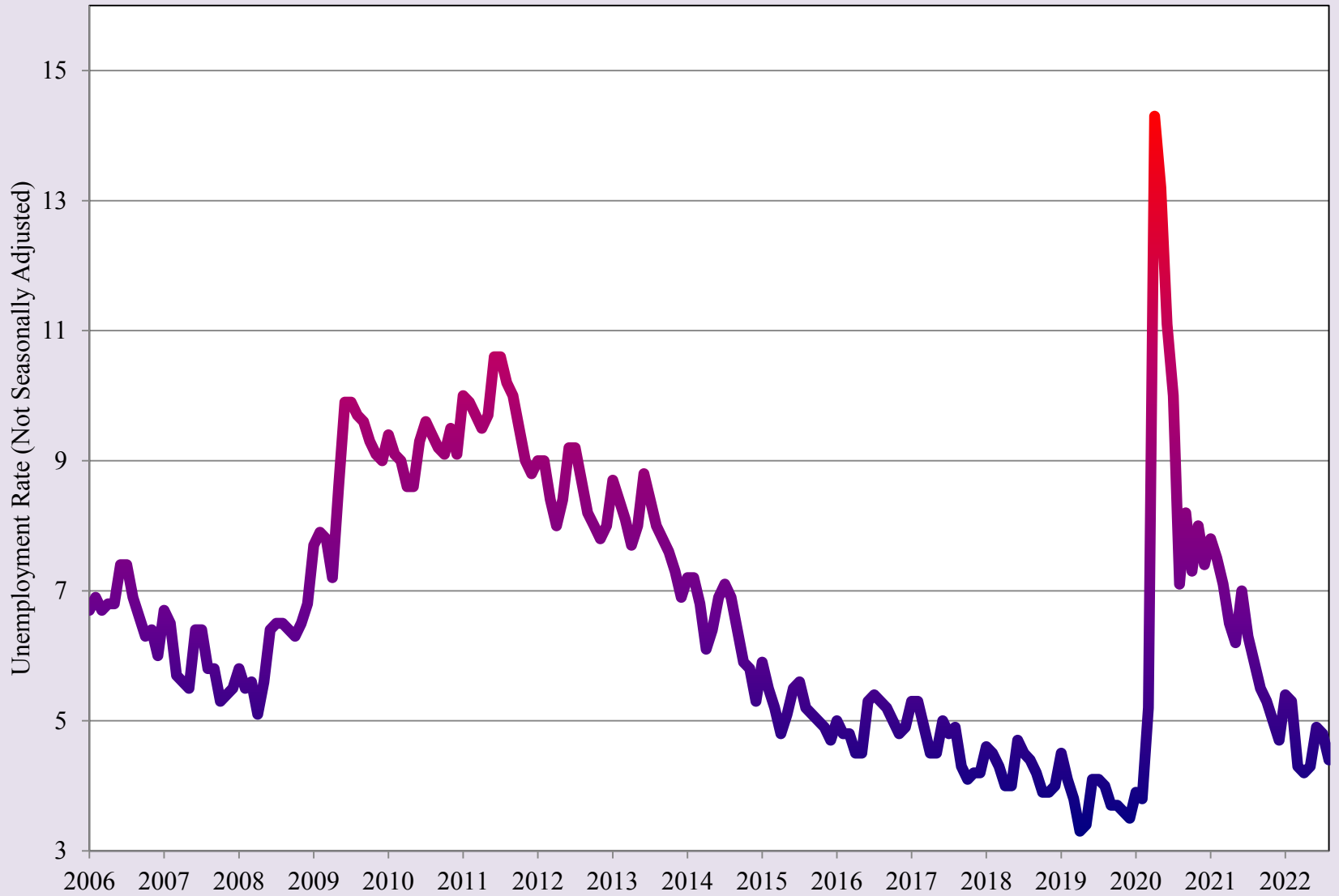
El Paso County Unemployment Rate

2020 2021 2022



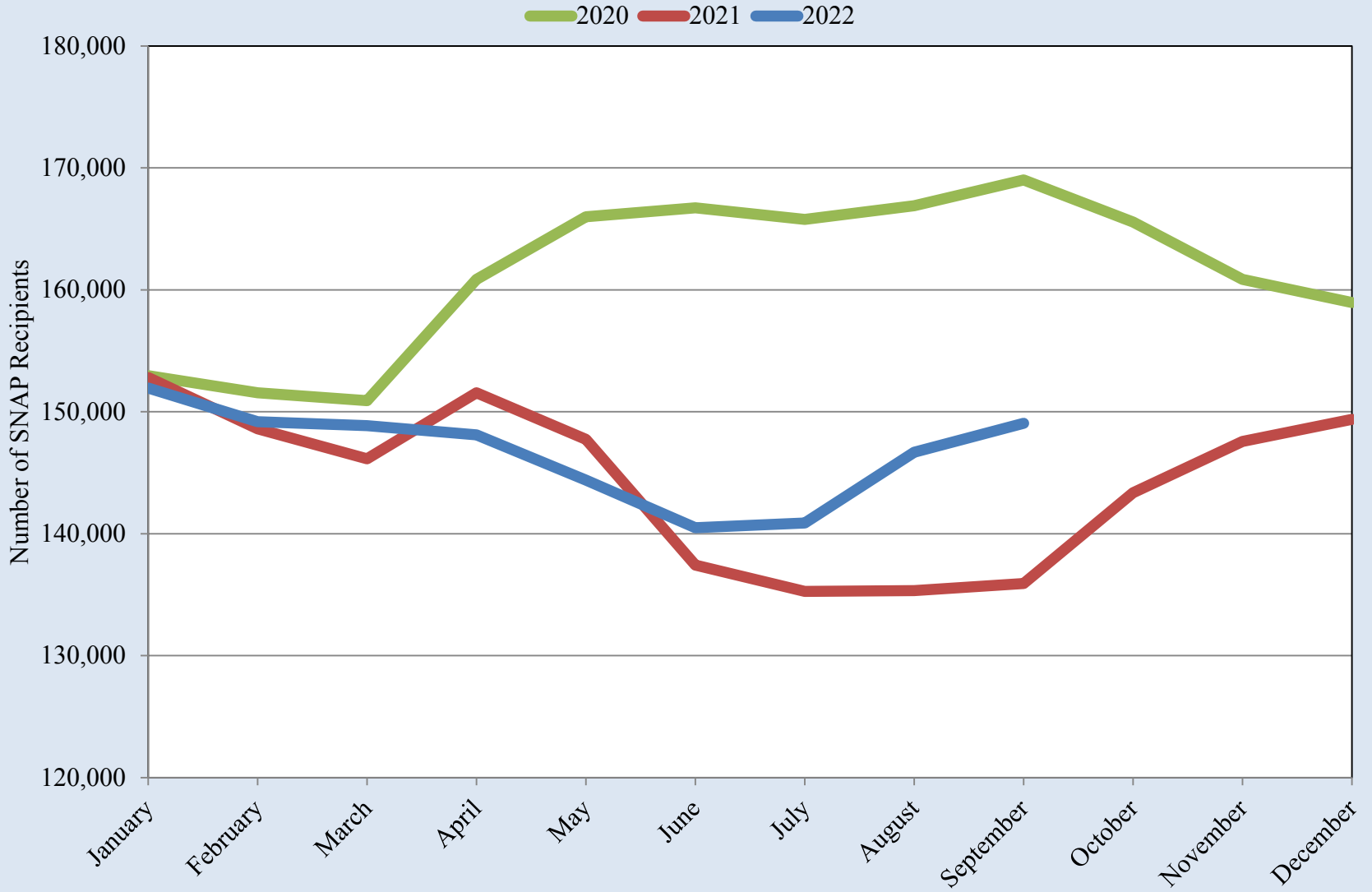
Source: Bureau of Labor Statistics

El Paso County Unemployment Rate



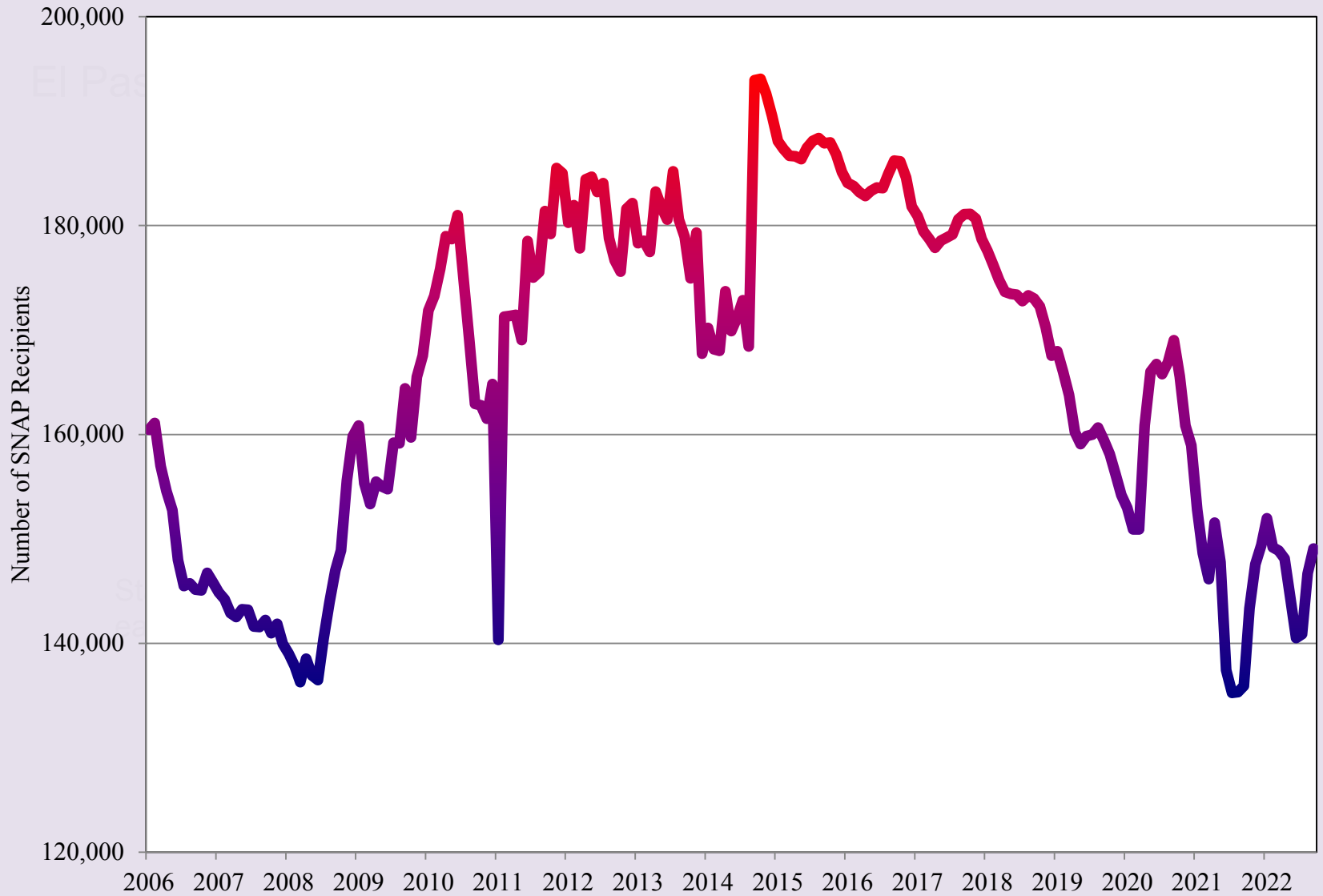
Source: Bureau of Labor Statistics

El Paso County SNAP (Food Stamp) Enrollment



Source: Texas Health and Human Services Commission

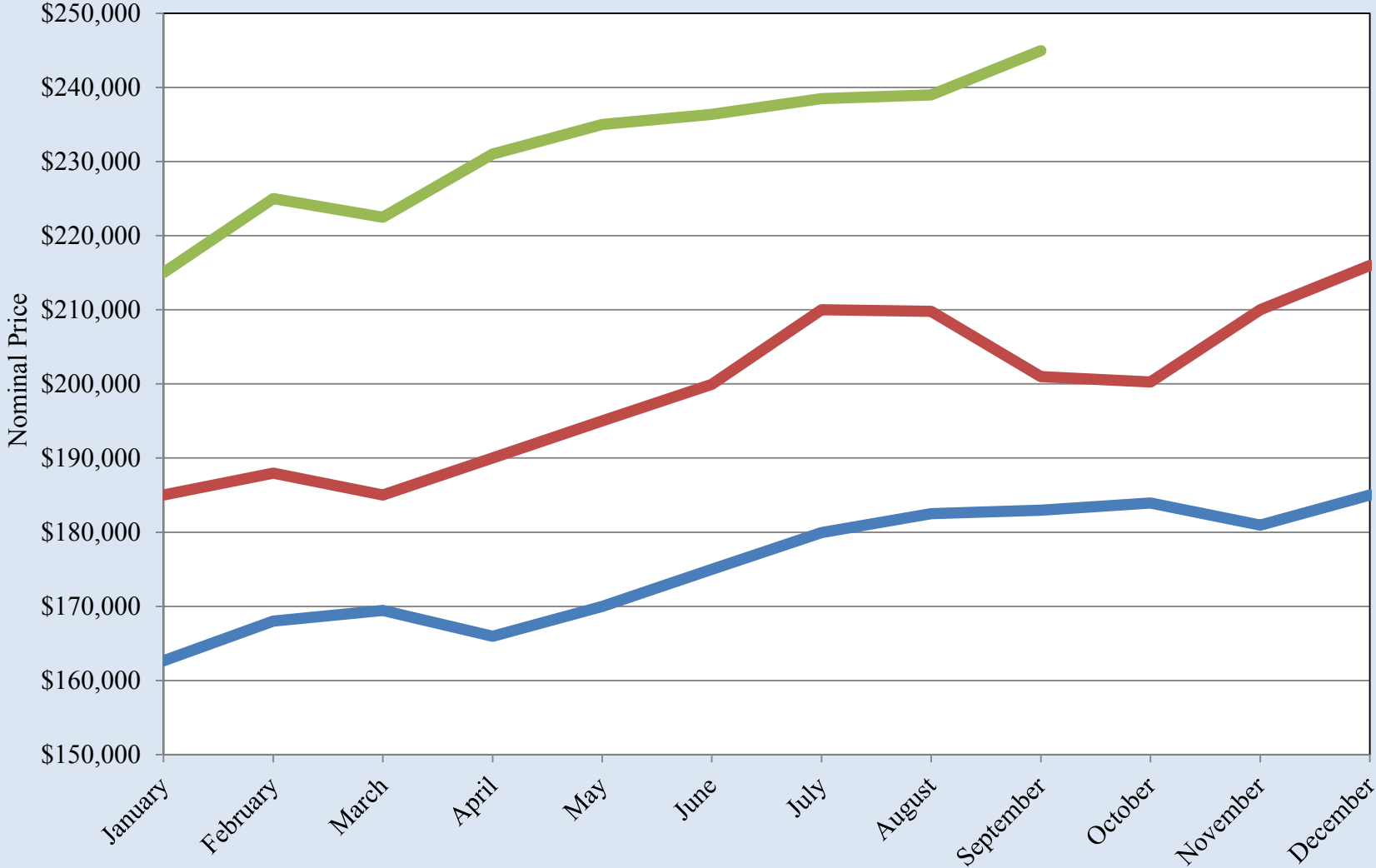
El Paso County SNAP (Food Stamp) Enrollment



Source: Texas Health and Human Services Commission

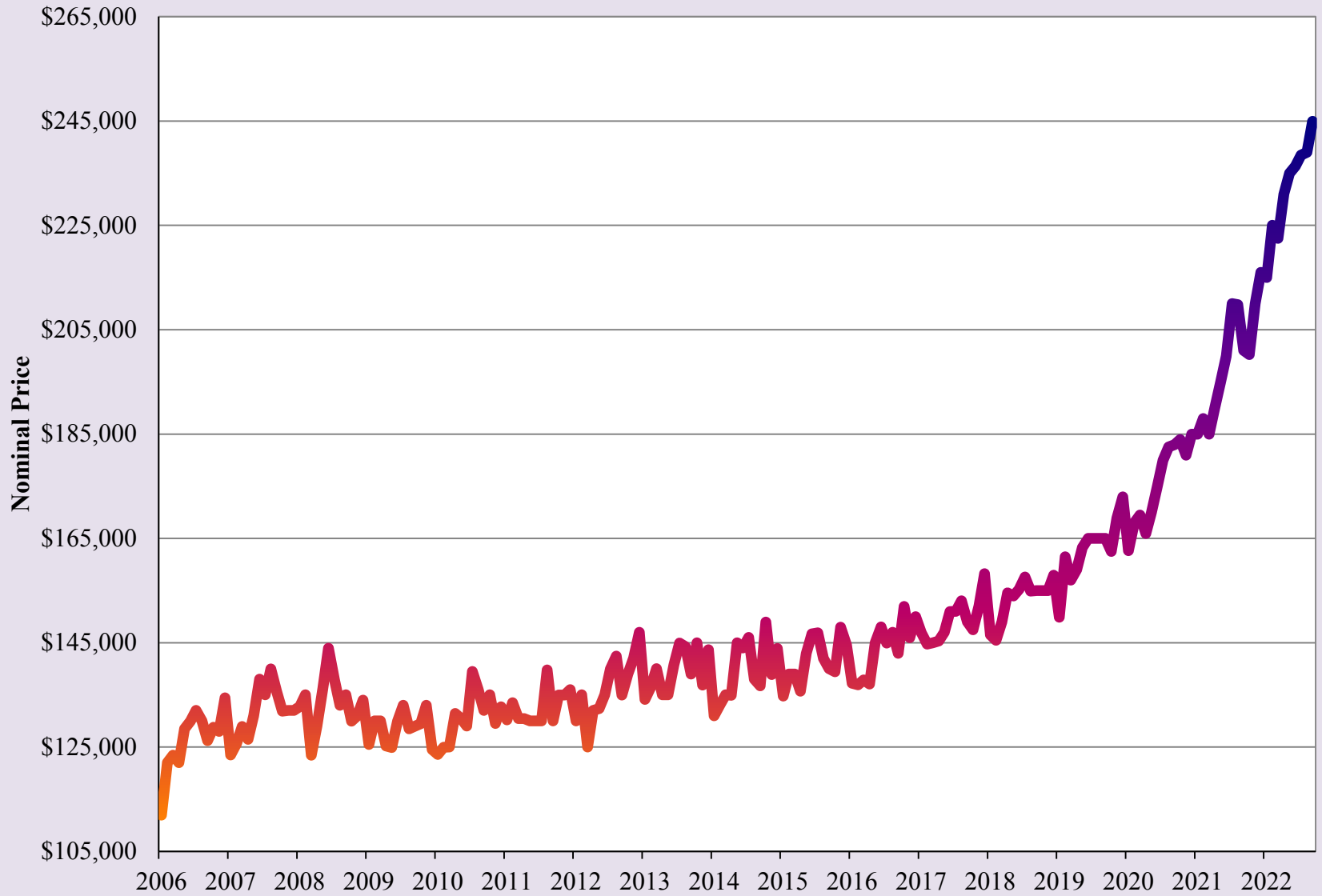
El Paso Median Housing Prices

2020 2021 2022



Source: Texas A&M Real Estate Center

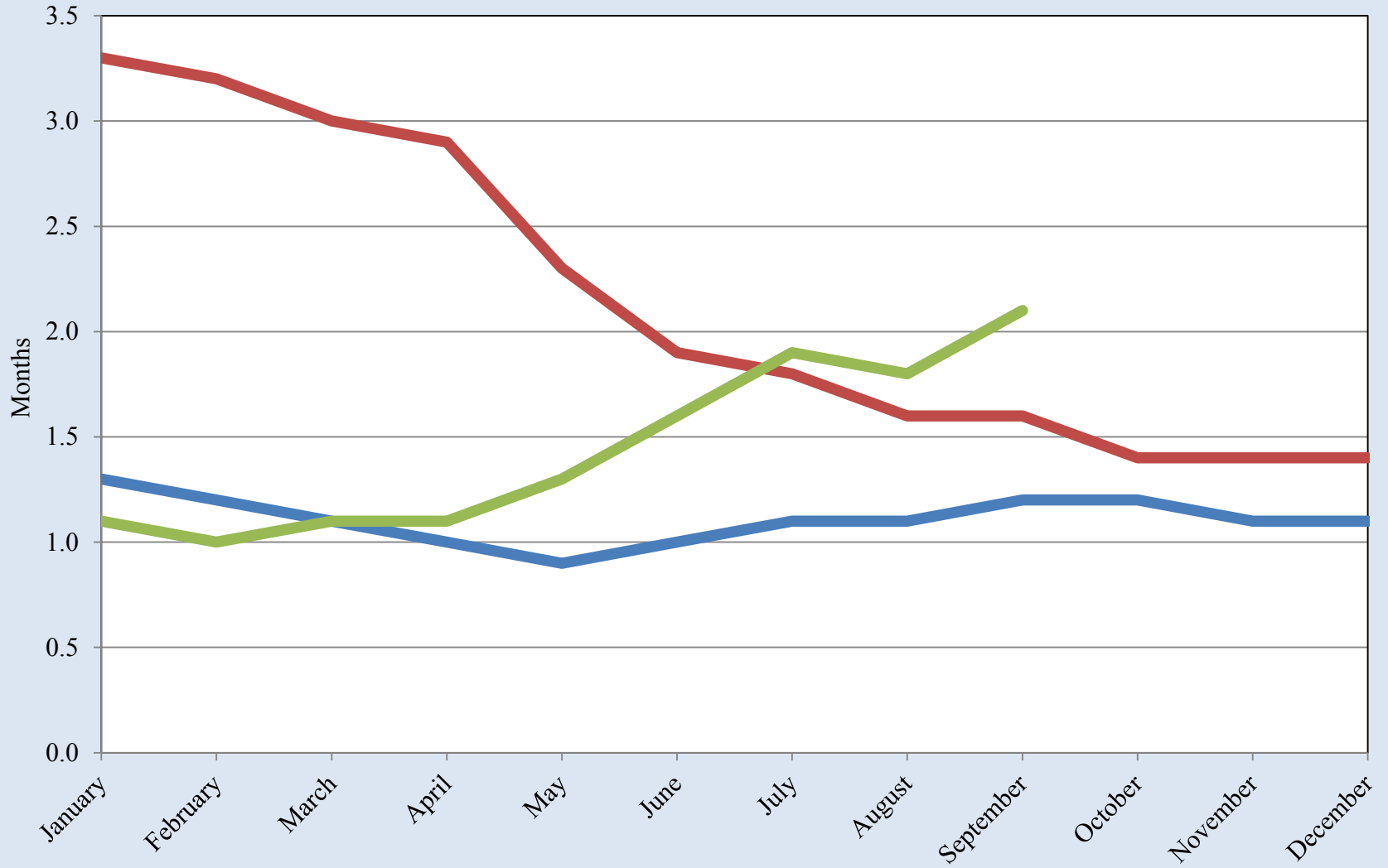
El Paso Median Housing Prices



Source: Texas A&M Real Estate Center

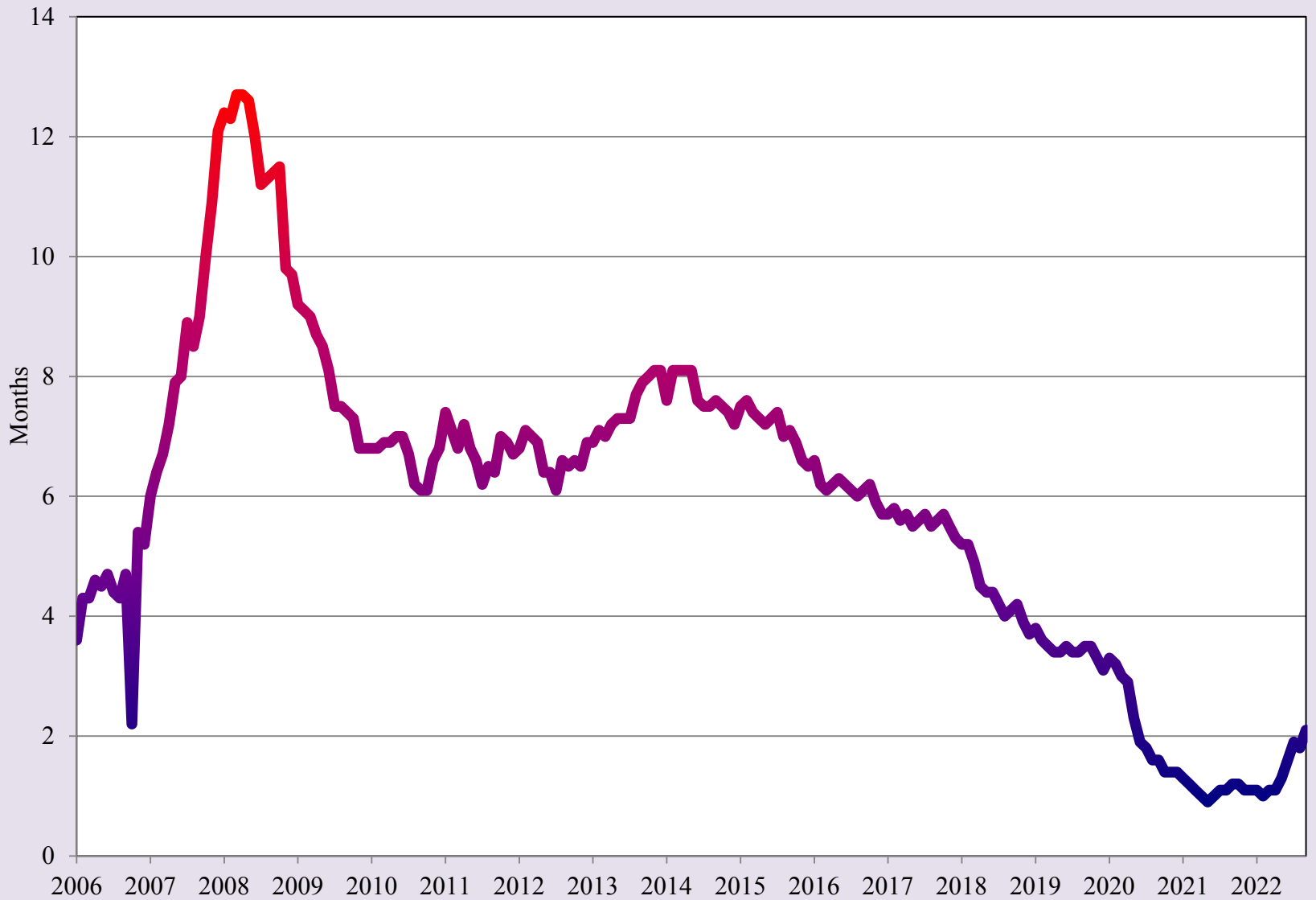
Months of Housing Inventory for El Paso

2020 2021 2022



Source: Texas A&M Real Estate Center

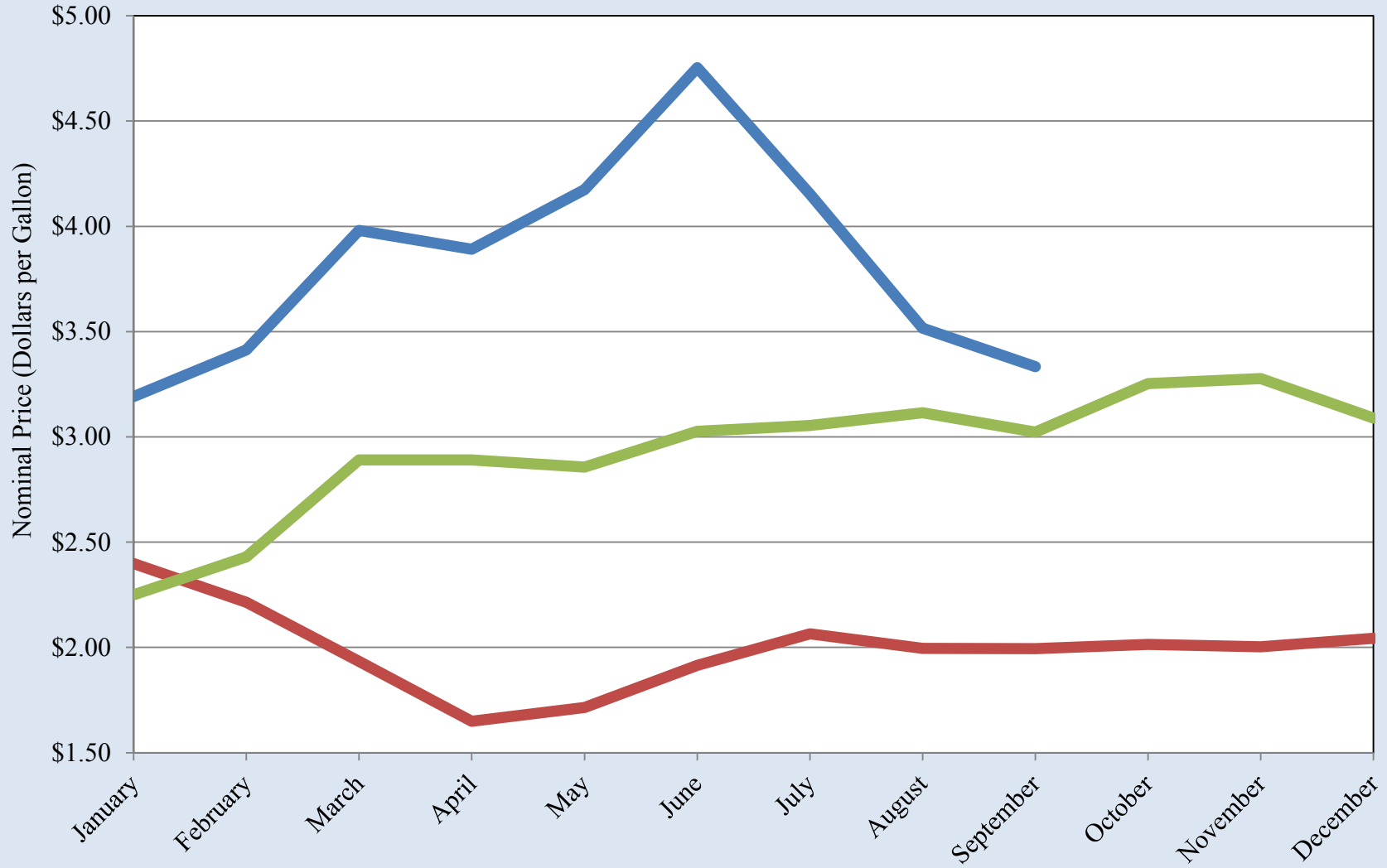
Months of Housing Inventory for El Paso



Source: Texas A&M Real Estate Center

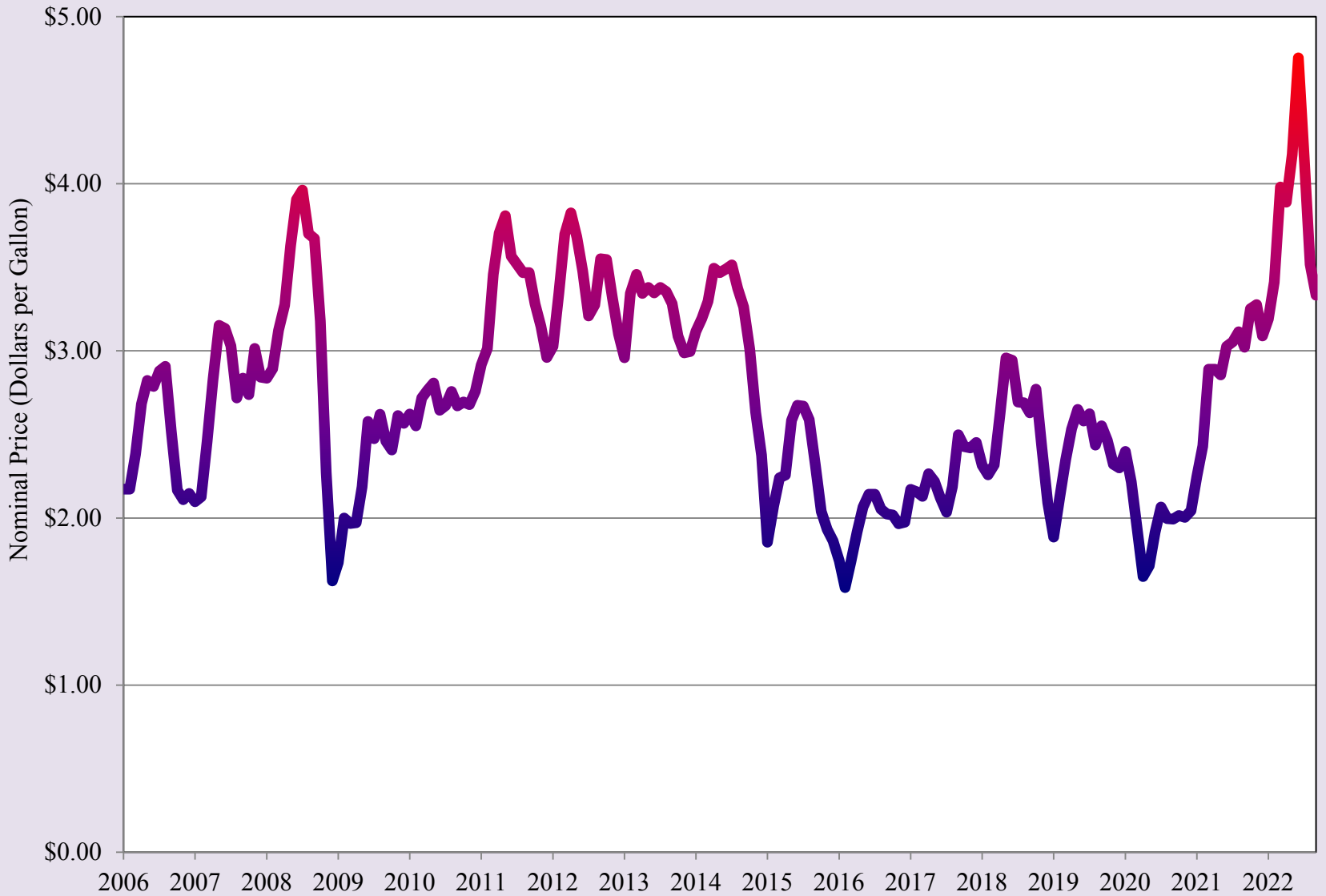
El Paso Gasoline Prices

2020 2021 2022



Source: GasBuddy.com

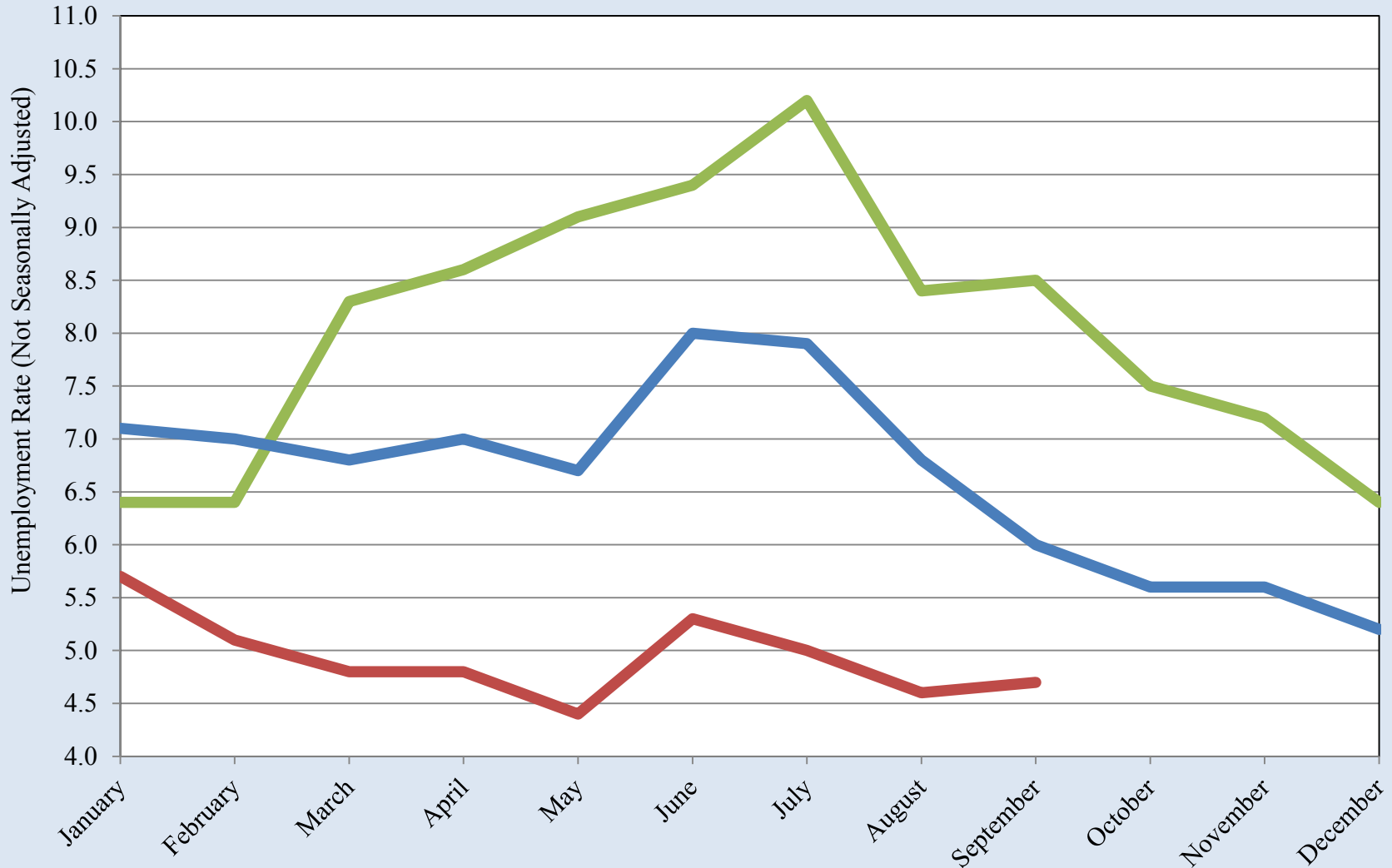
El Paso Gasoline Prices



Source: GasBuddy.com

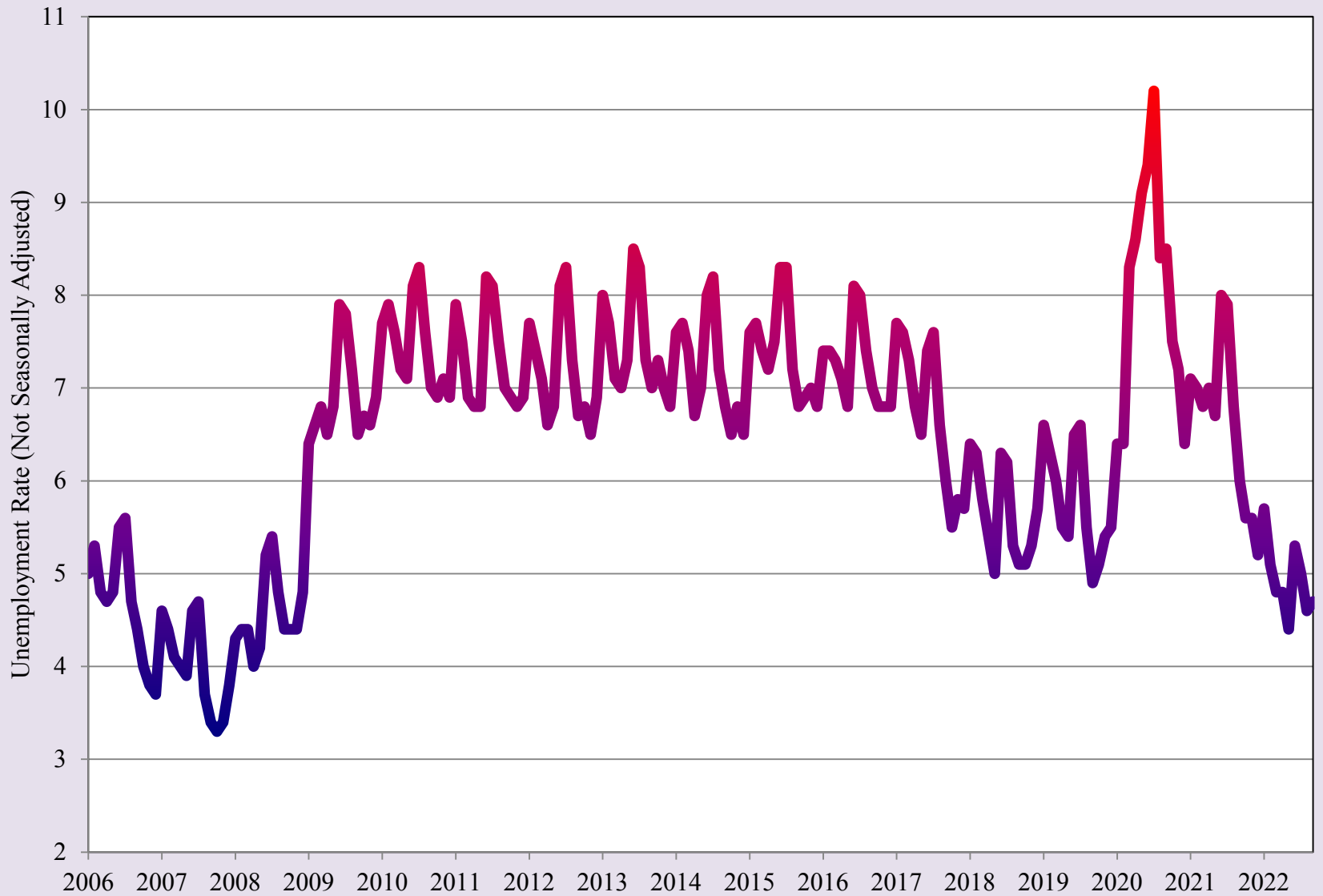
Doña Ana County Unemployment Rate

2020 2021 2022



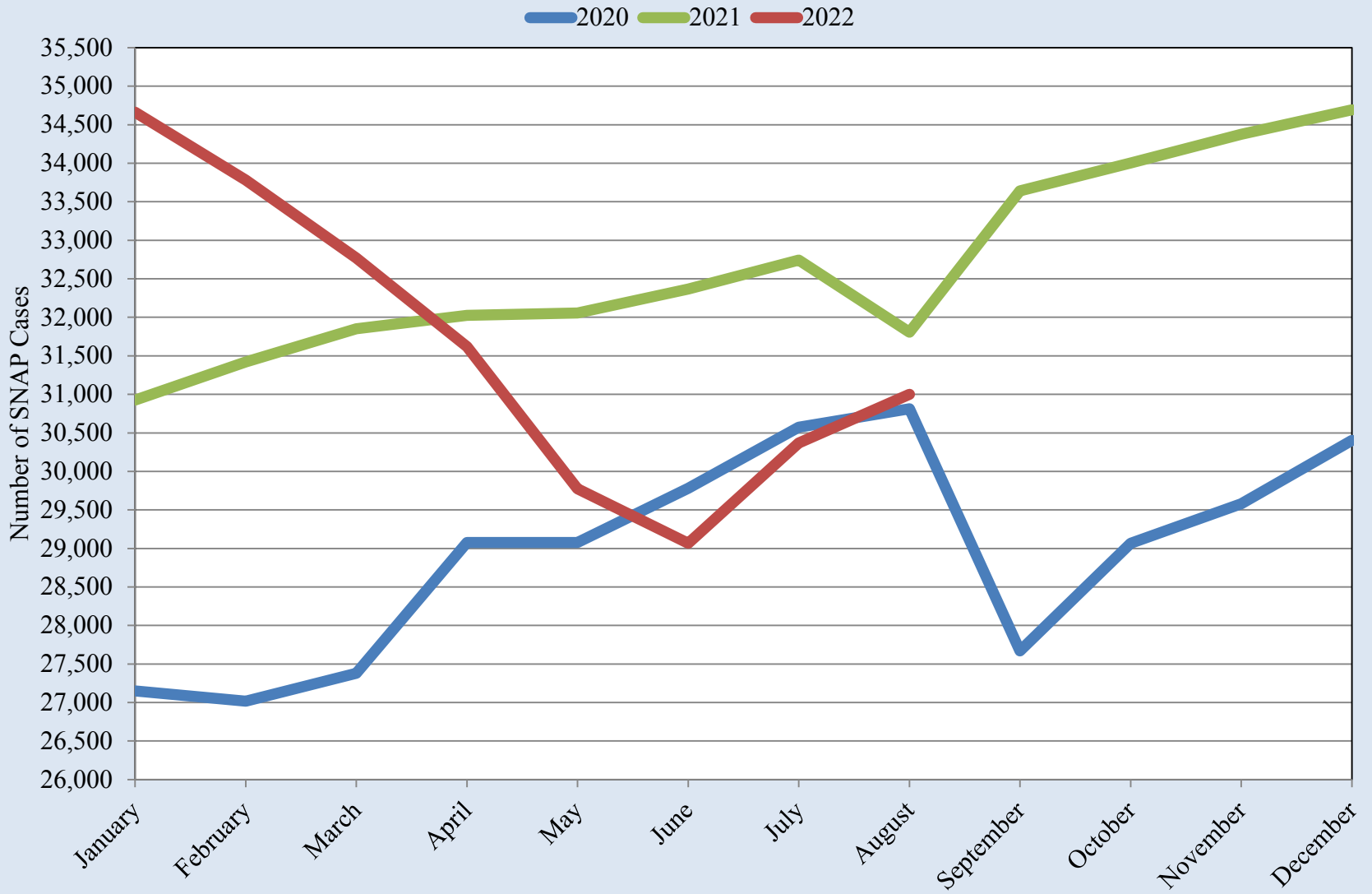
Source: Bureau of Labor Statistics

Doña Ana County Unemployment Rate

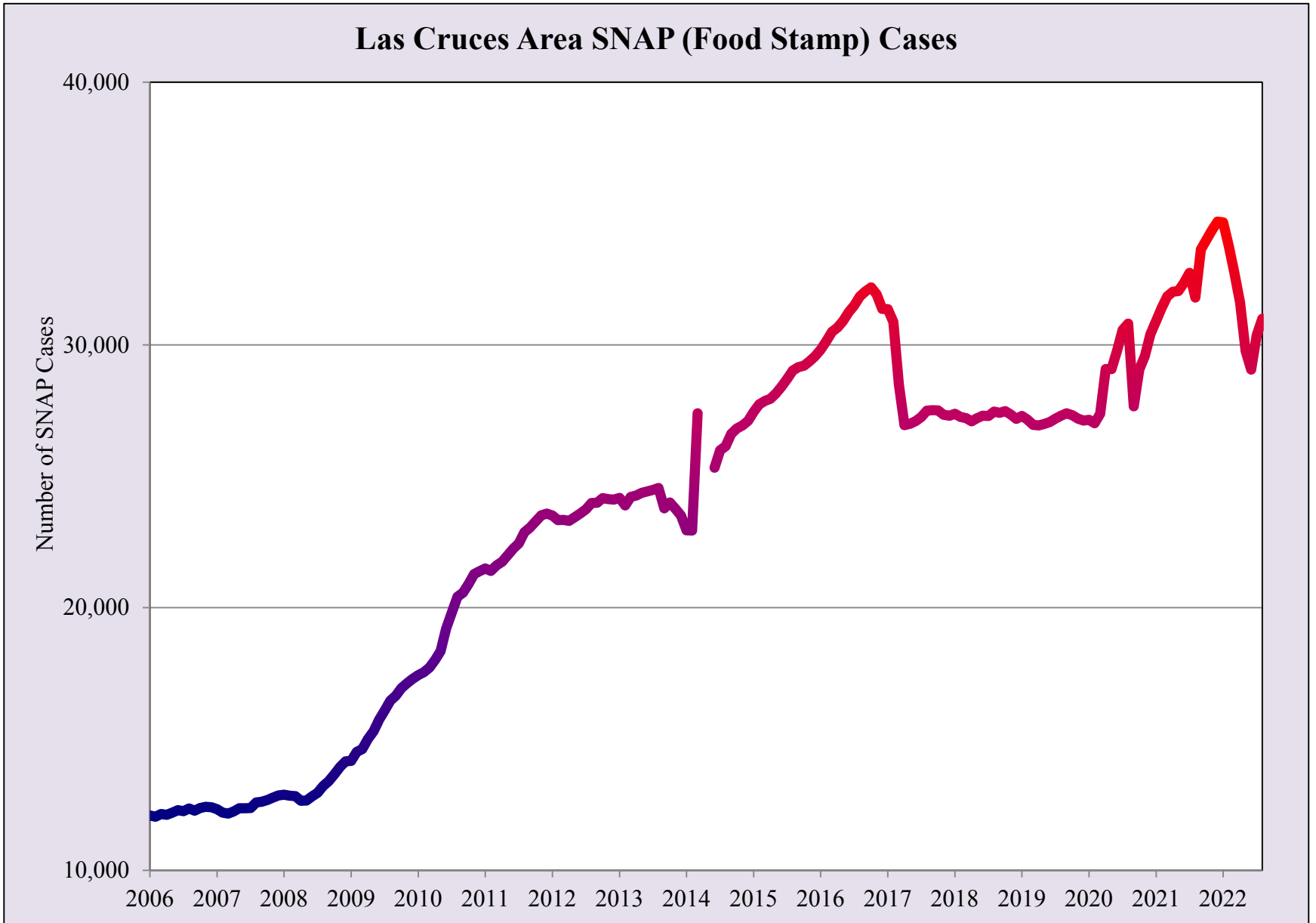


Source: Bureau of Labor Statistics

Las Cruces Area SNAP (Food Stamp) Cases

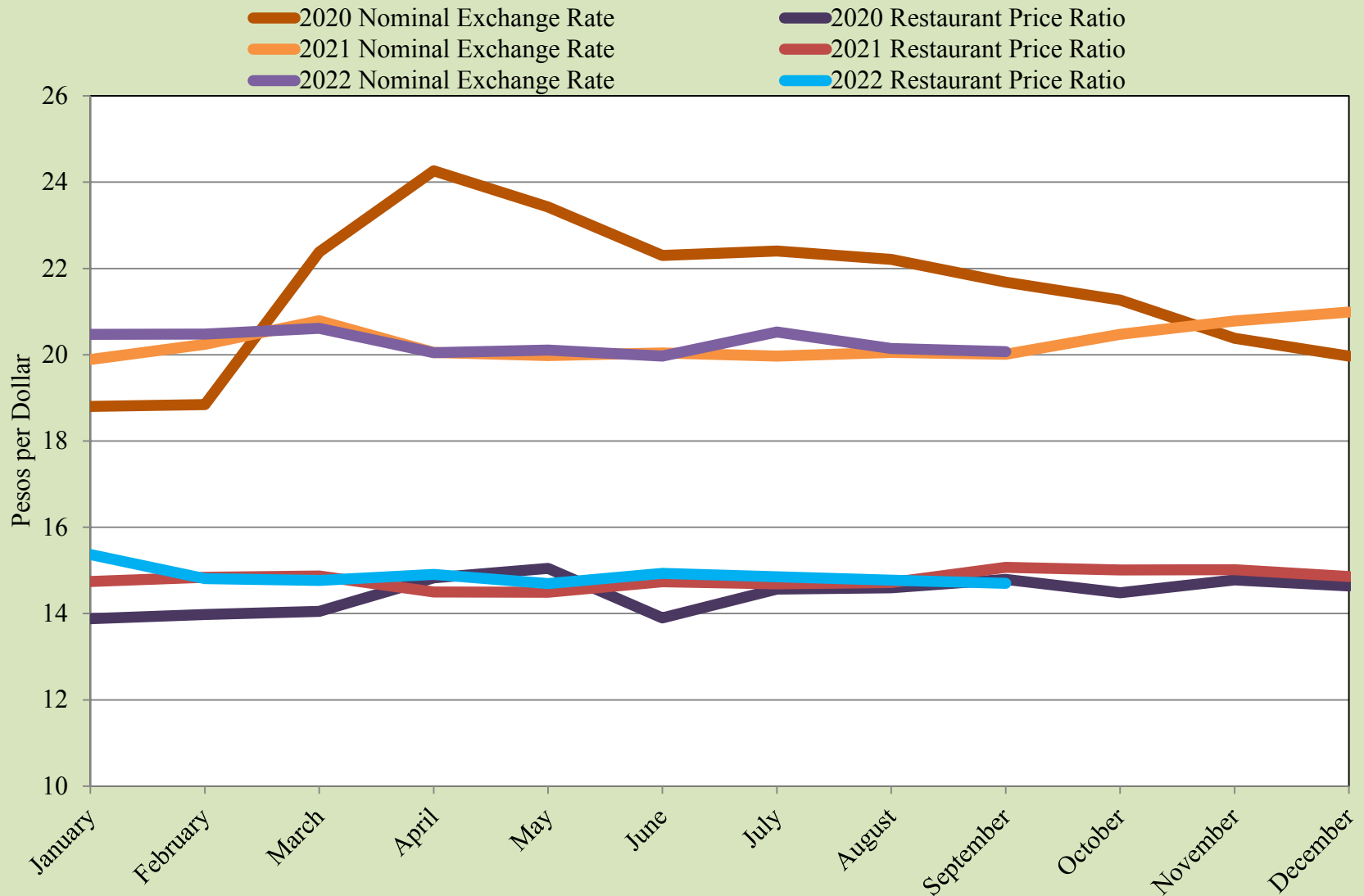


Source: New Mexico Human Services Department



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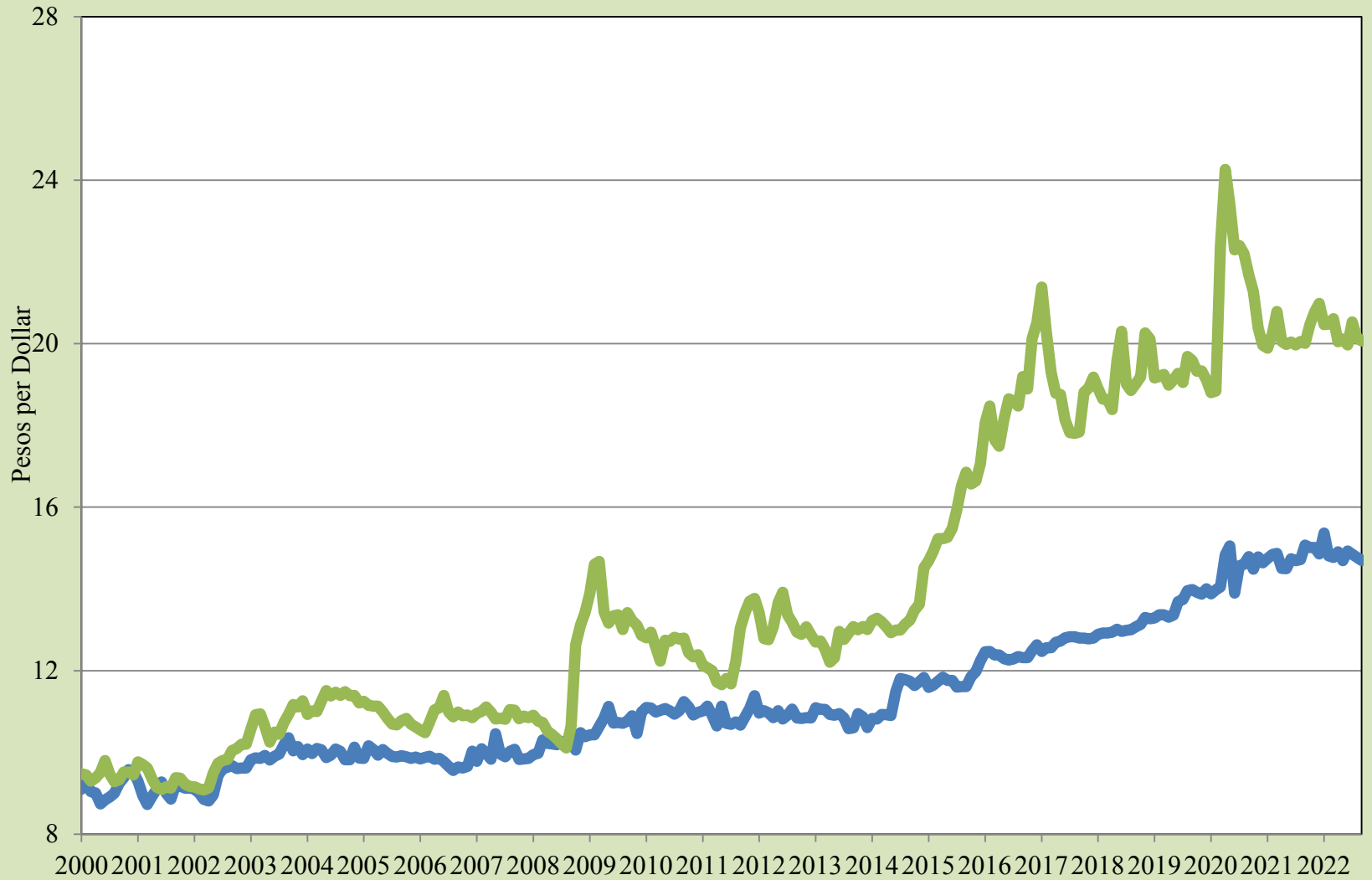
Restaurant Price Ratio and Exchange Rate



Source: UTEP Border Region Modeling Project and Banco de Mexico

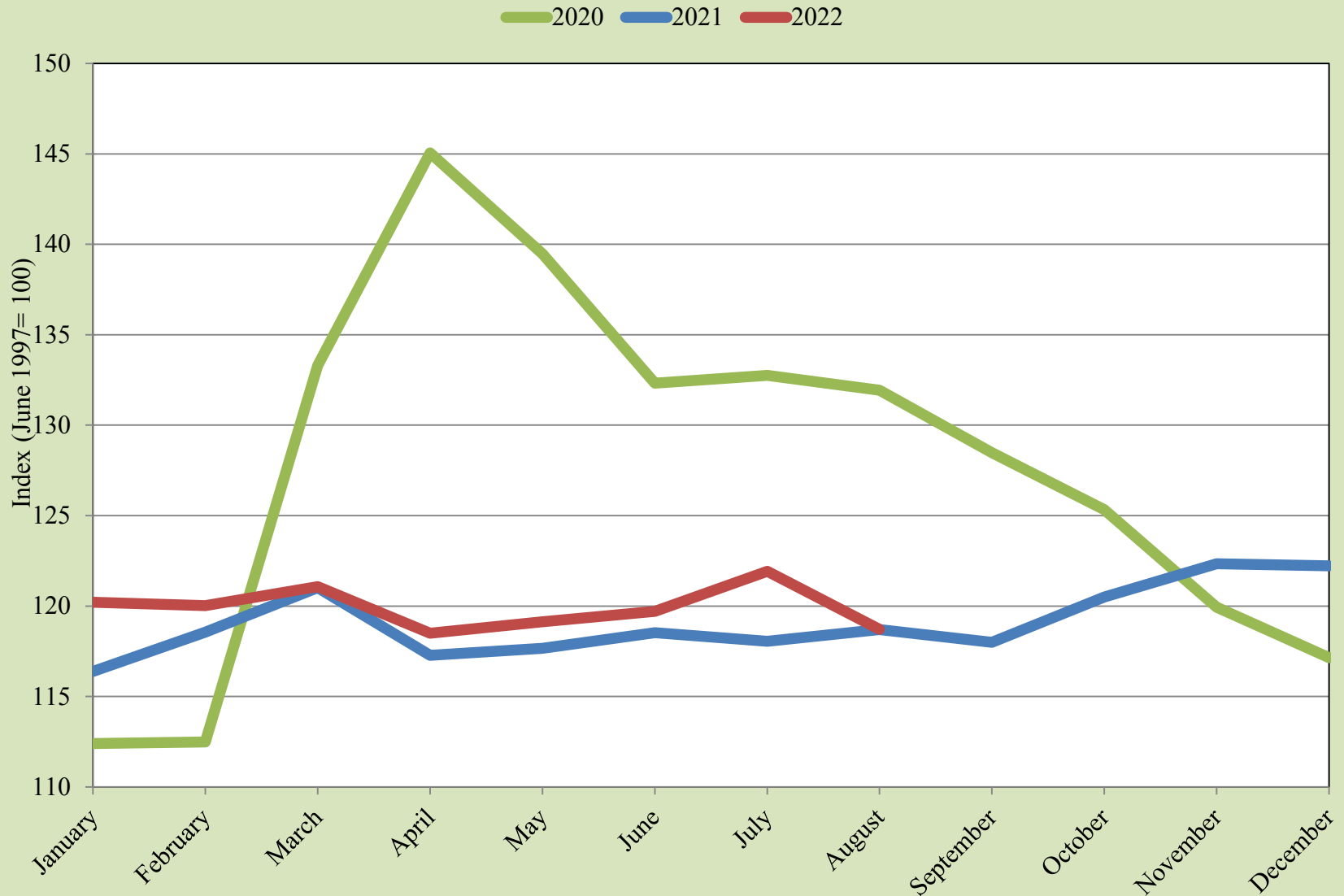
Restaurant Price Ratio and Exchange Rate

Price Ratio Exchange Rate



Source: UTEP Border Region Modeling Project and Banco de Mexico

Real Peso-per-Dollar Exchange Rate Index



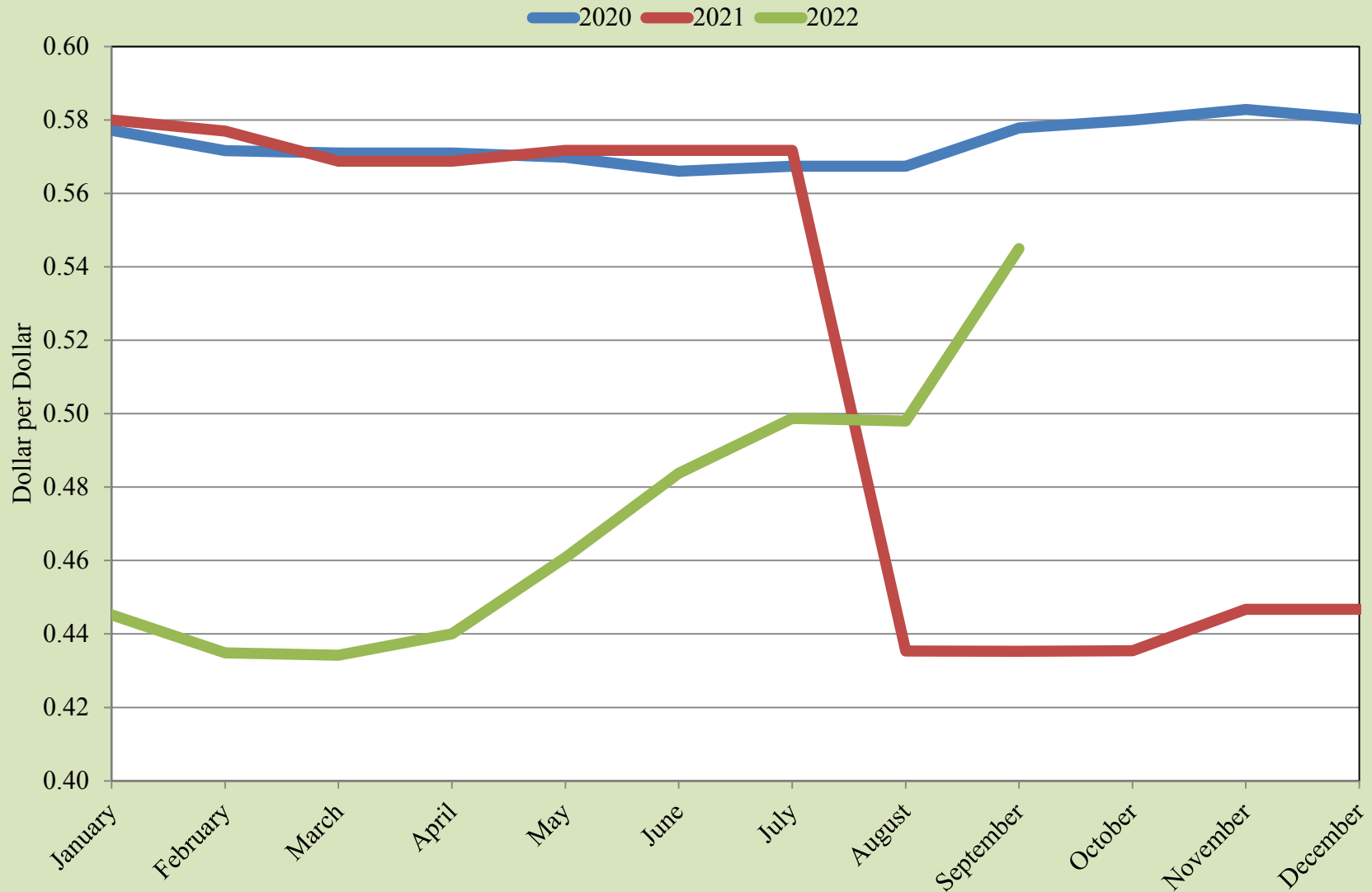
Source: UTEP Border Region Modeling Project

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

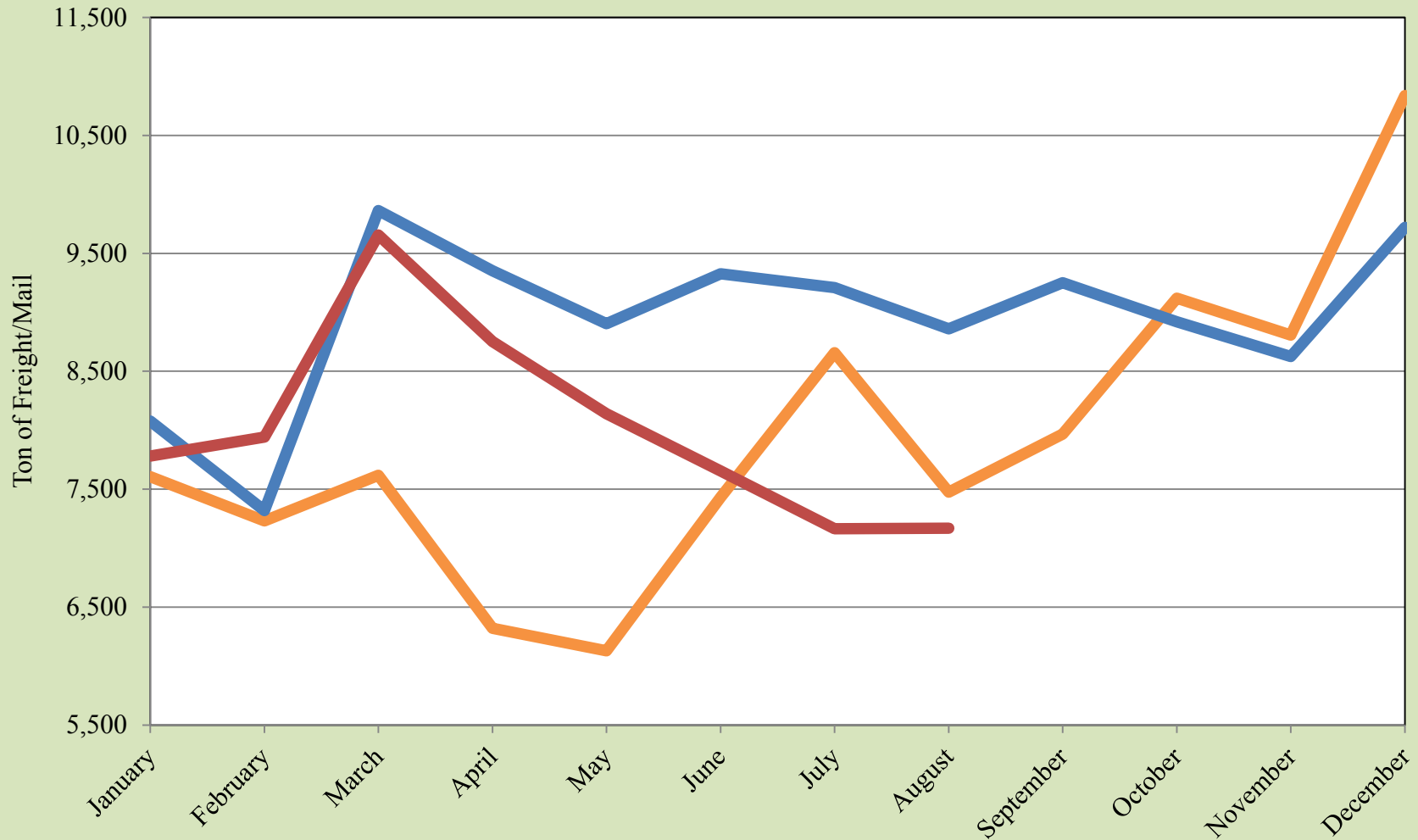
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EPIA Freight and Mail

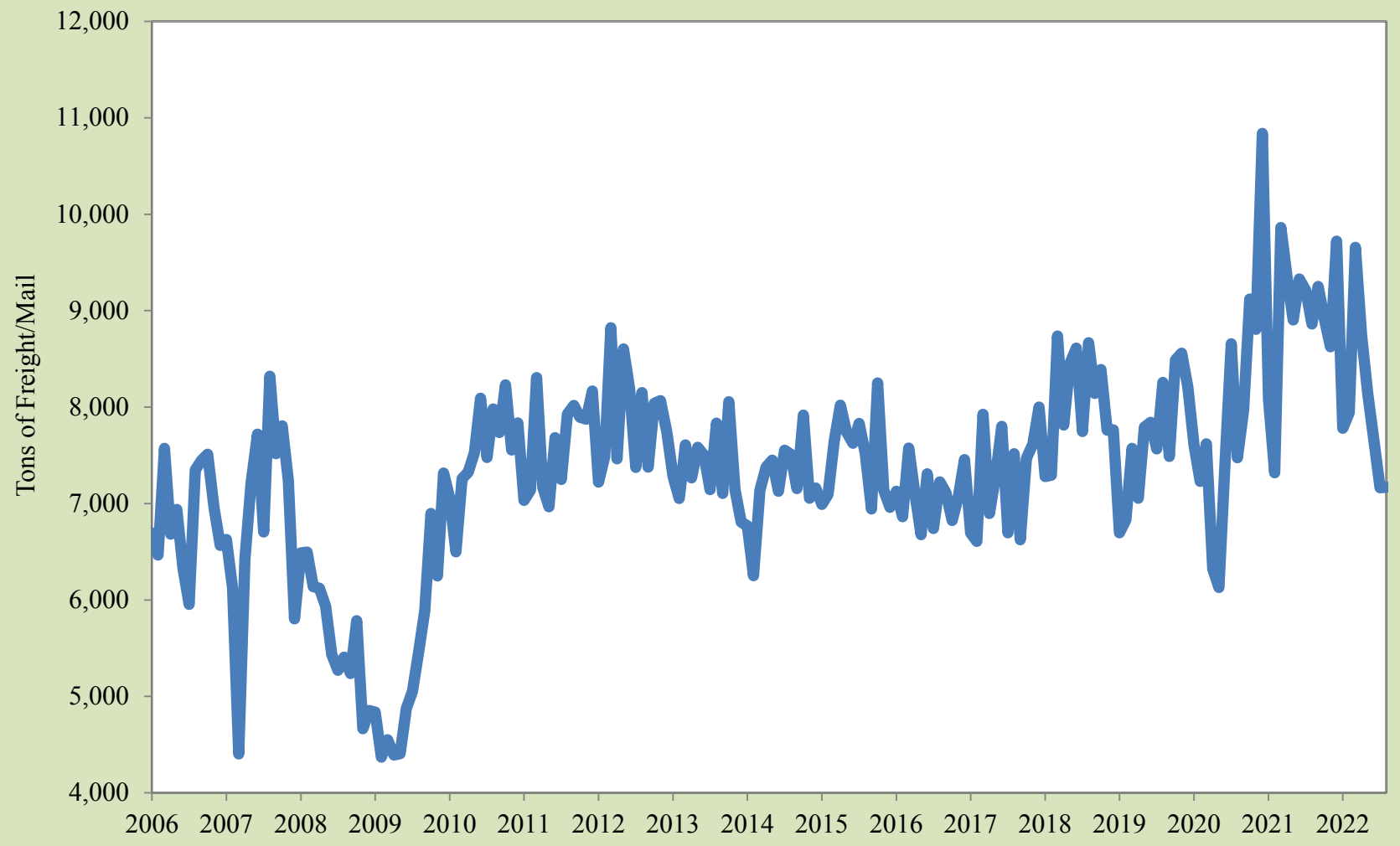
— Total 2020 — Total 2021 — Total 2022



Source: EPIA Operations

EPIA Freight and Mail

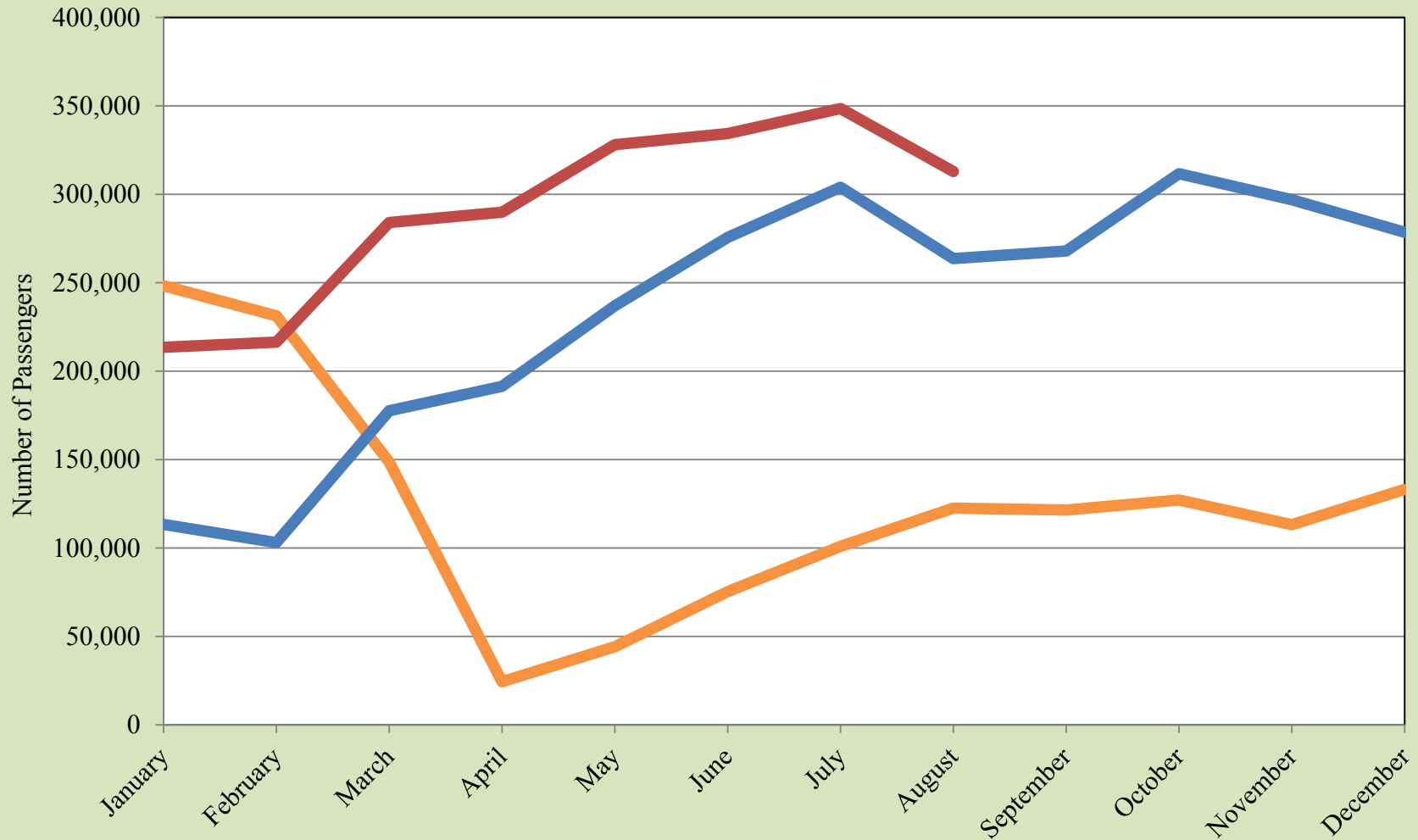
Inbound+Outbound



Source: EPIA Operations

EPIA Passengers

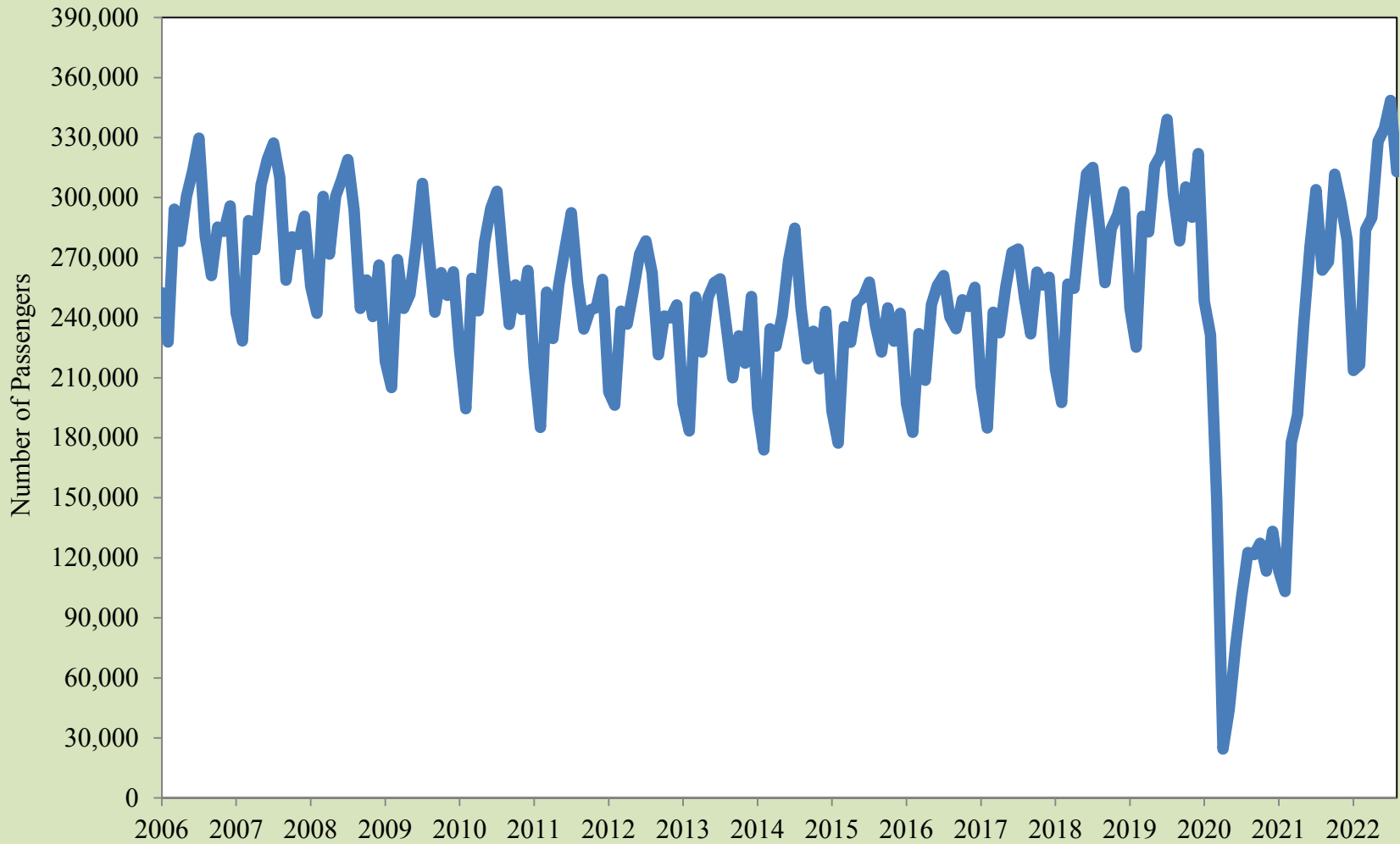
Total 2020 Total 2021 Total 2022



Source: EPIA Operations

EPIA Passengers

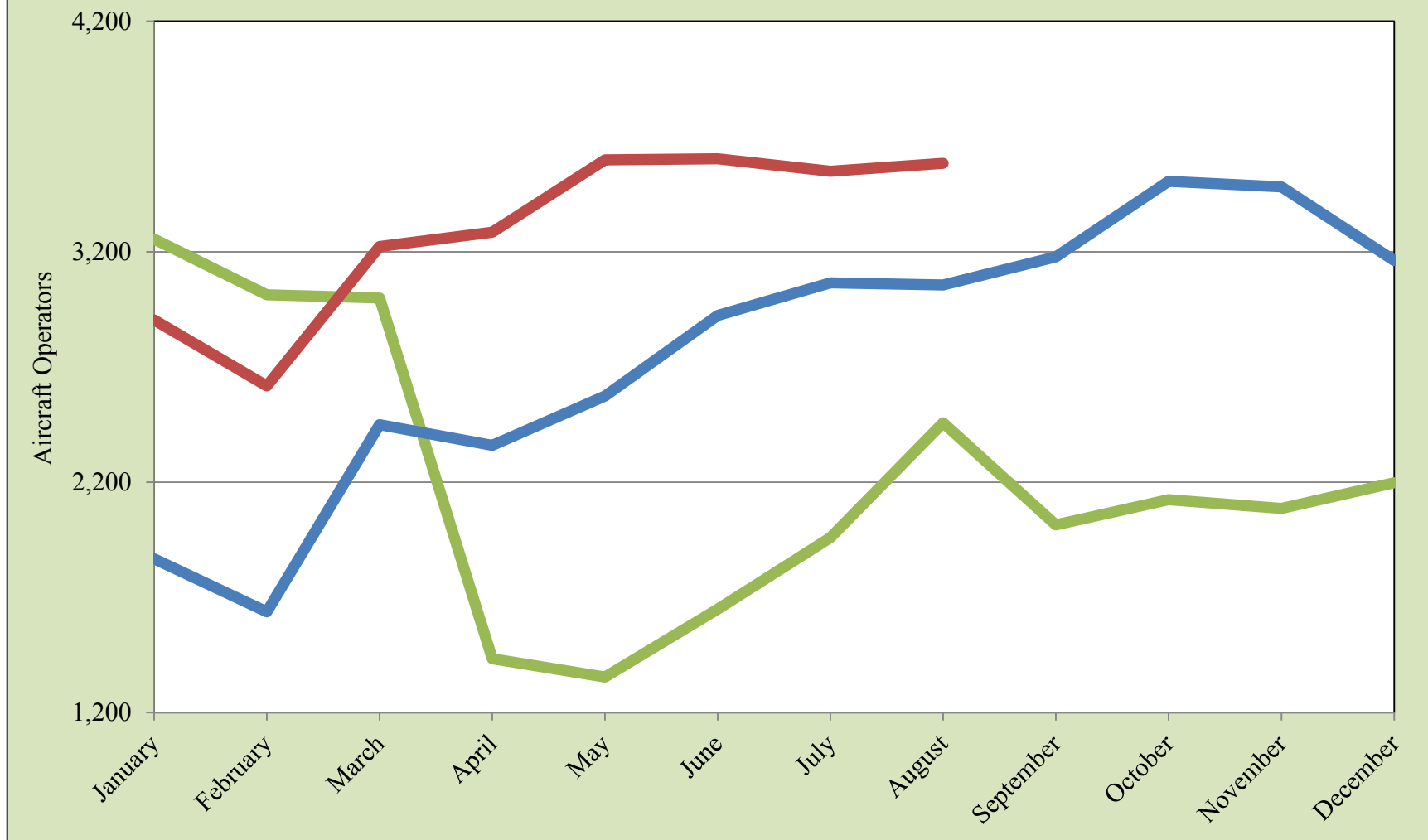
— Inbound+Outbound



Source: EPIA Operations

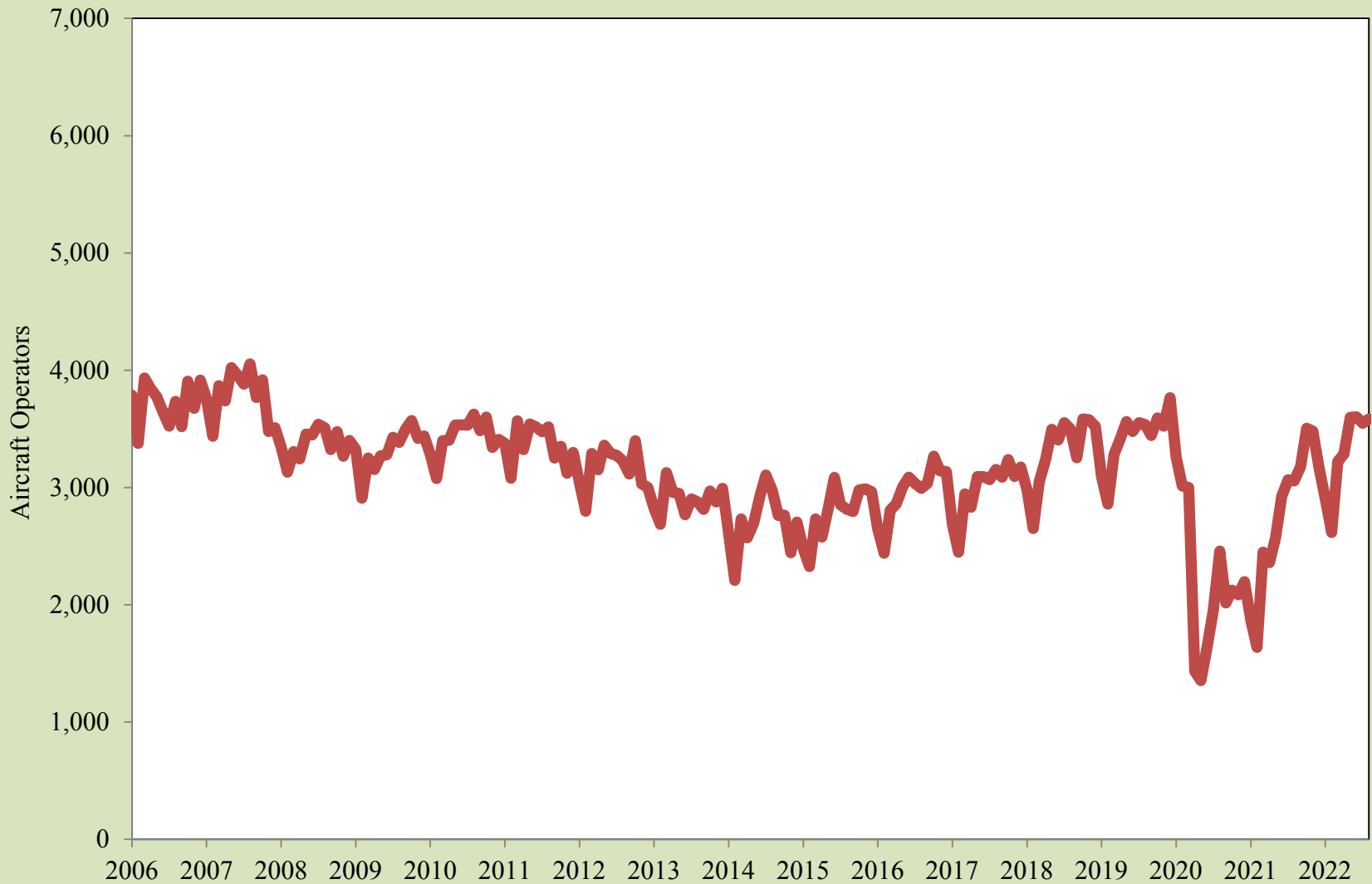
EPIA Air Carrier Operations

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



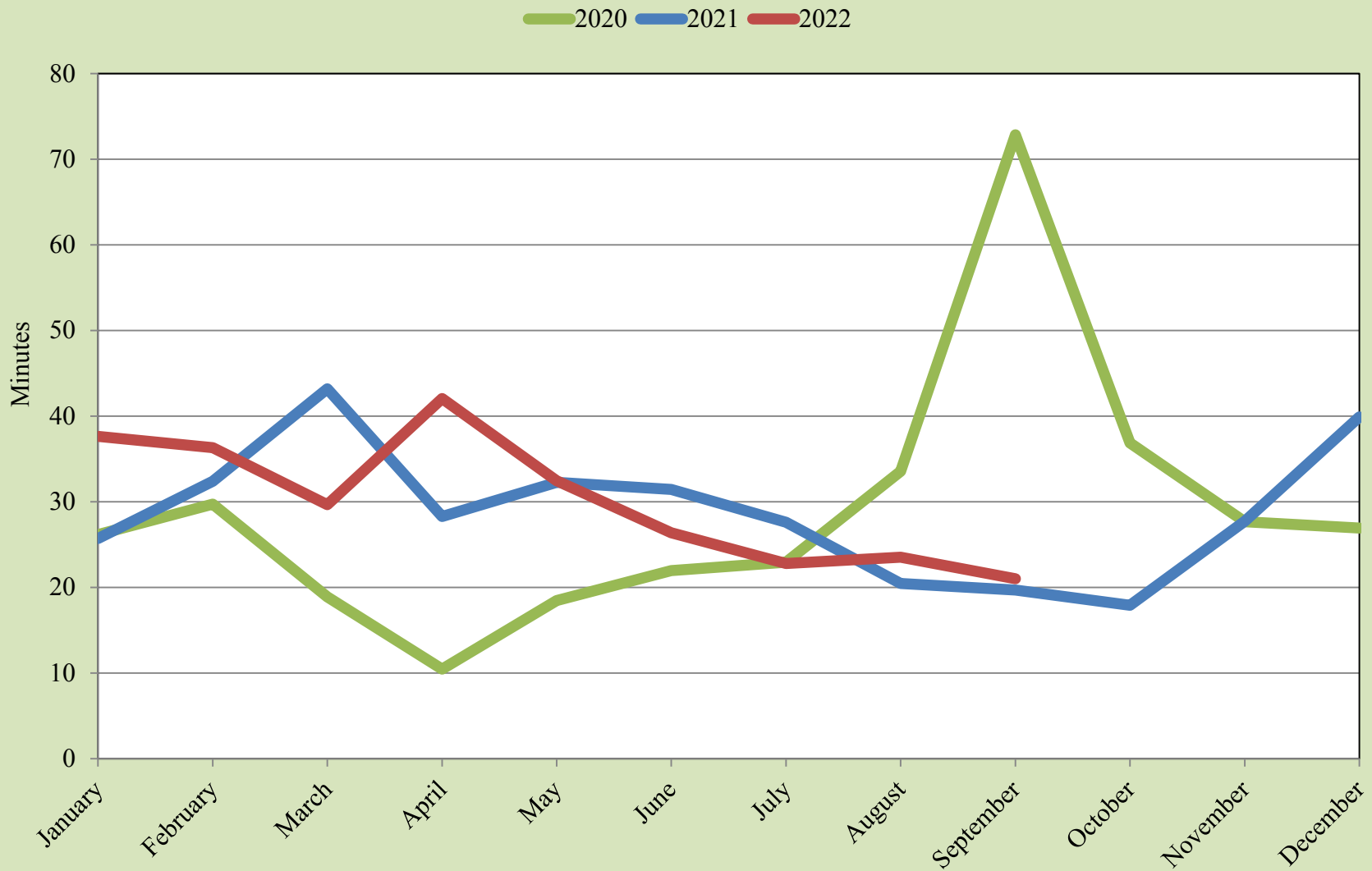
Source: EPIA Operations

EPIA Air Carrier Operations



Source: EPIA Operations

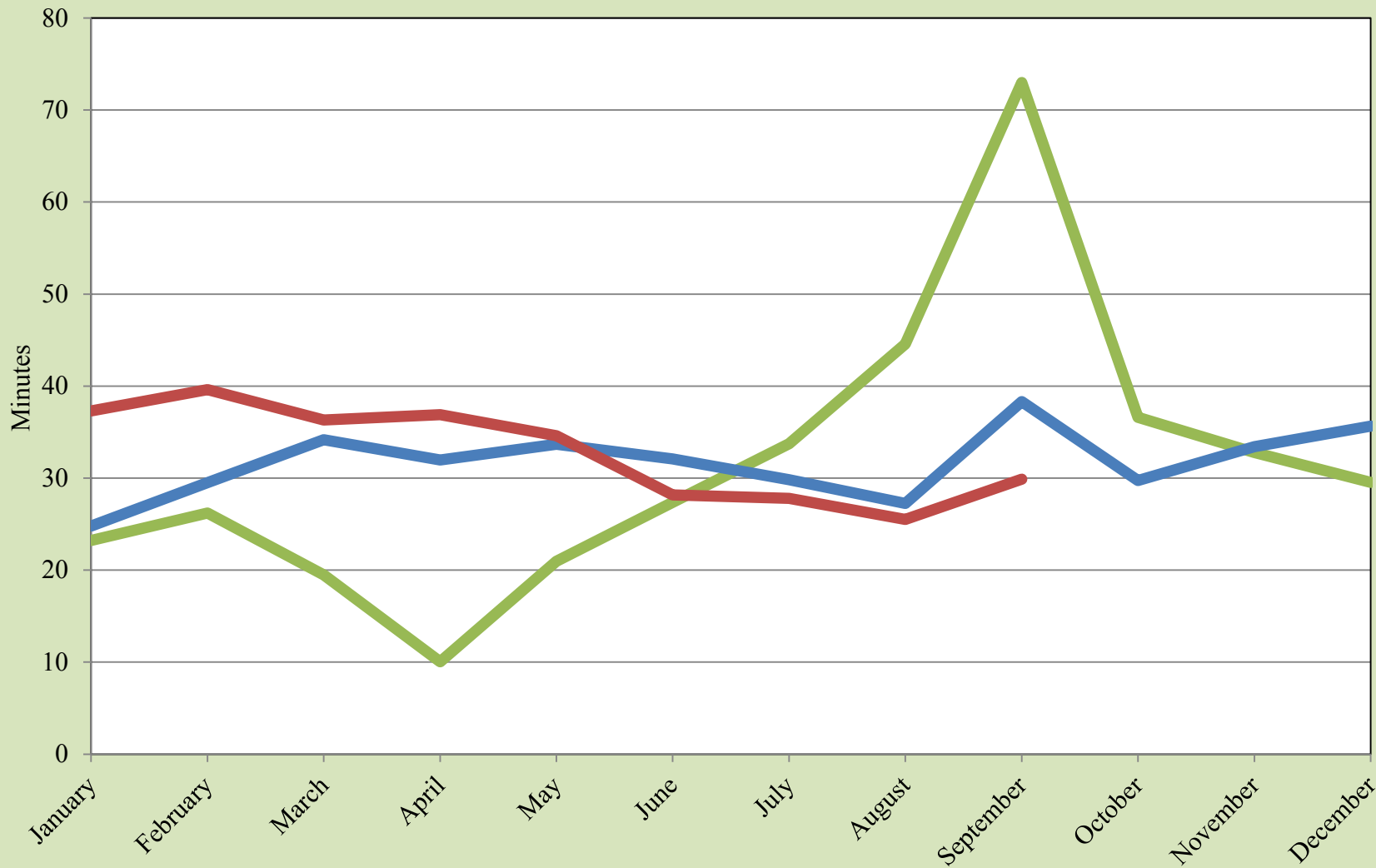
Paso del Norte Monthly Wait Times



Source: UTEP Border Region Modeling Project

Ysleta Monthly Wait Times

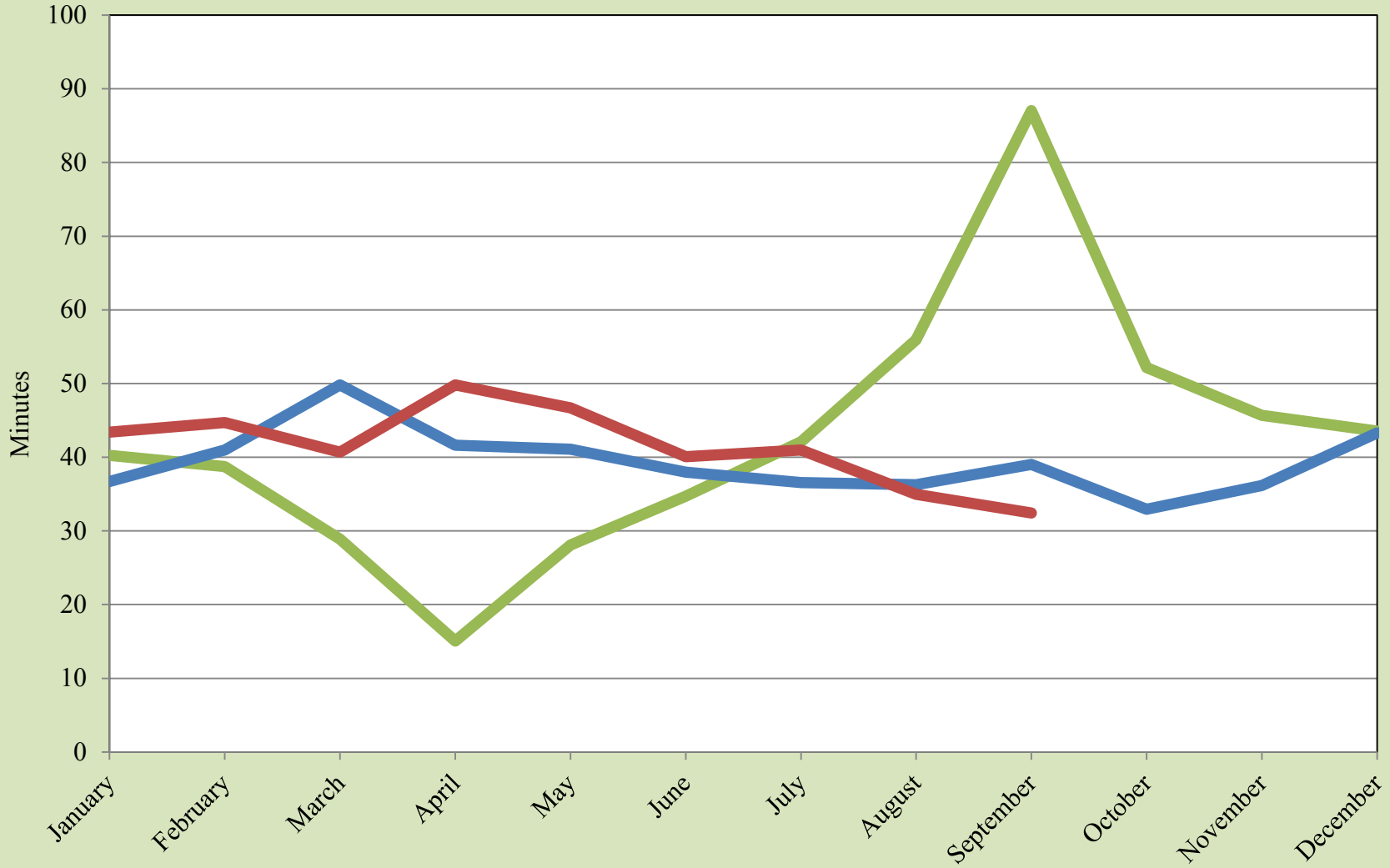
— 2020 — 2021 — 2022



Source: UTEP Border Region Modeling Project

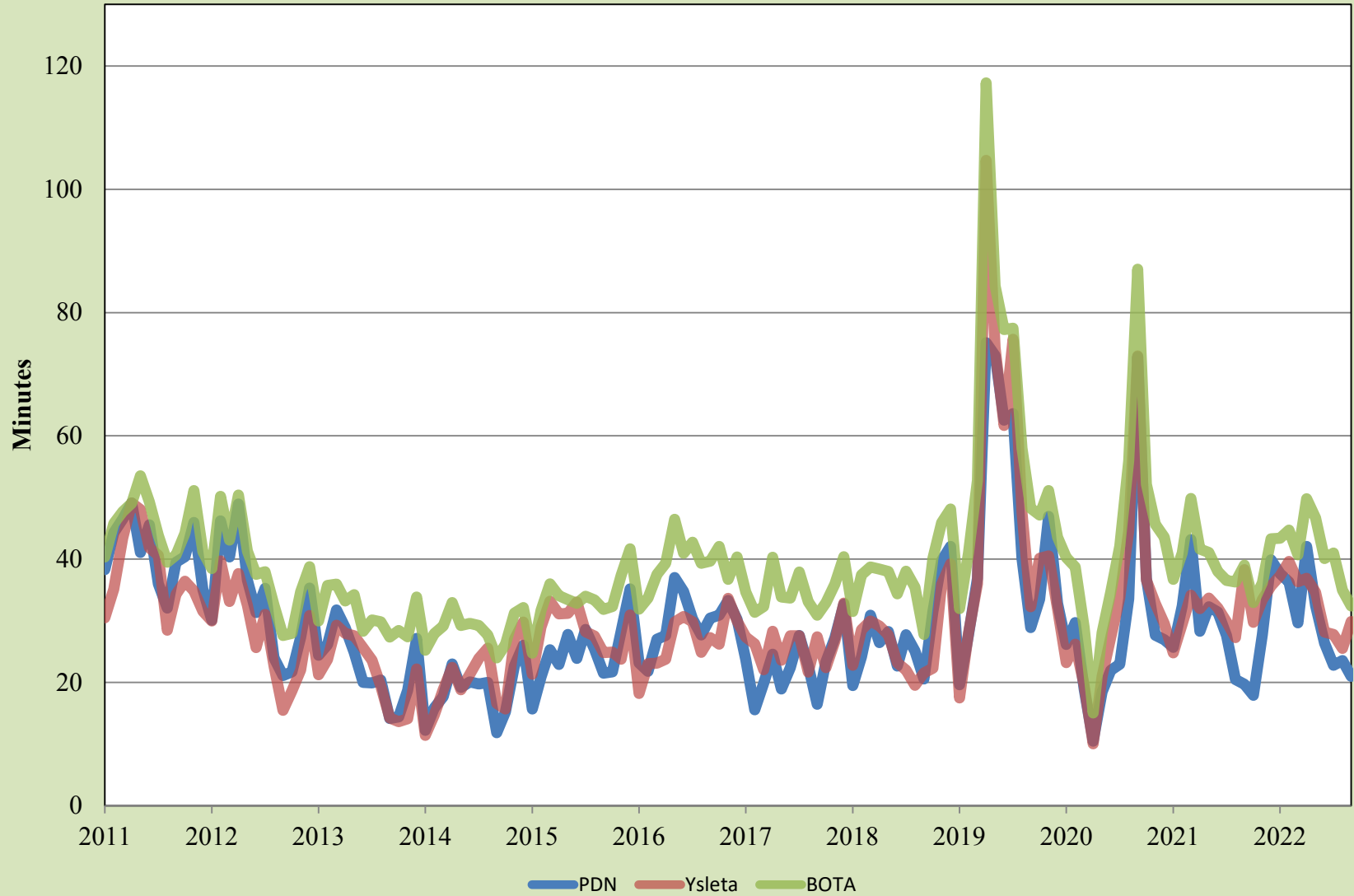
Bridge of the Americas Monthly Wait Times

2020 2021 2022



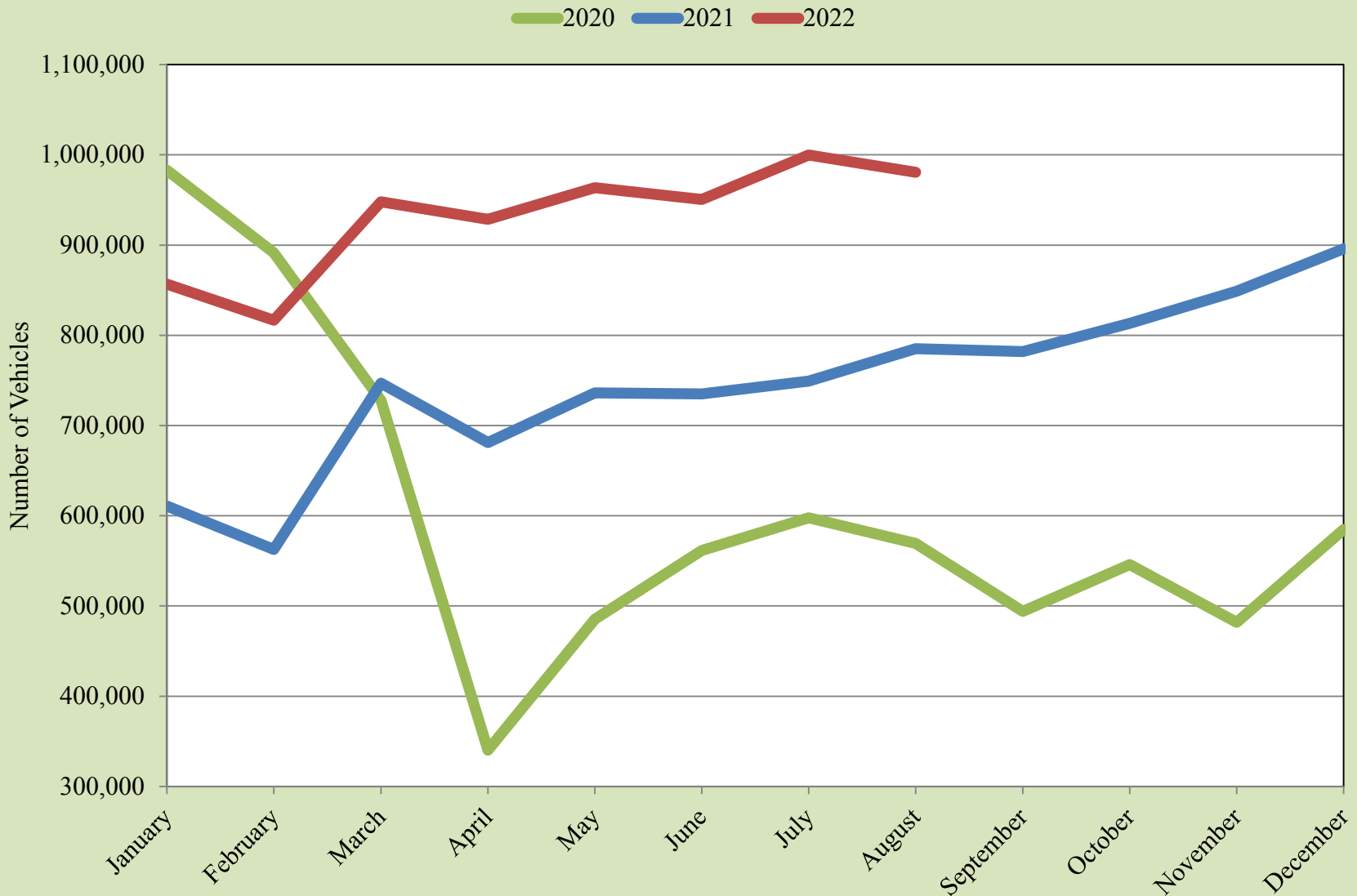
Source: UTEP Border Region Modeling Project

Monthly Border Wait Times



Source: UTEP Border Region Modeling Project

Personal Vehicle International Bridge Crossings to El Paso



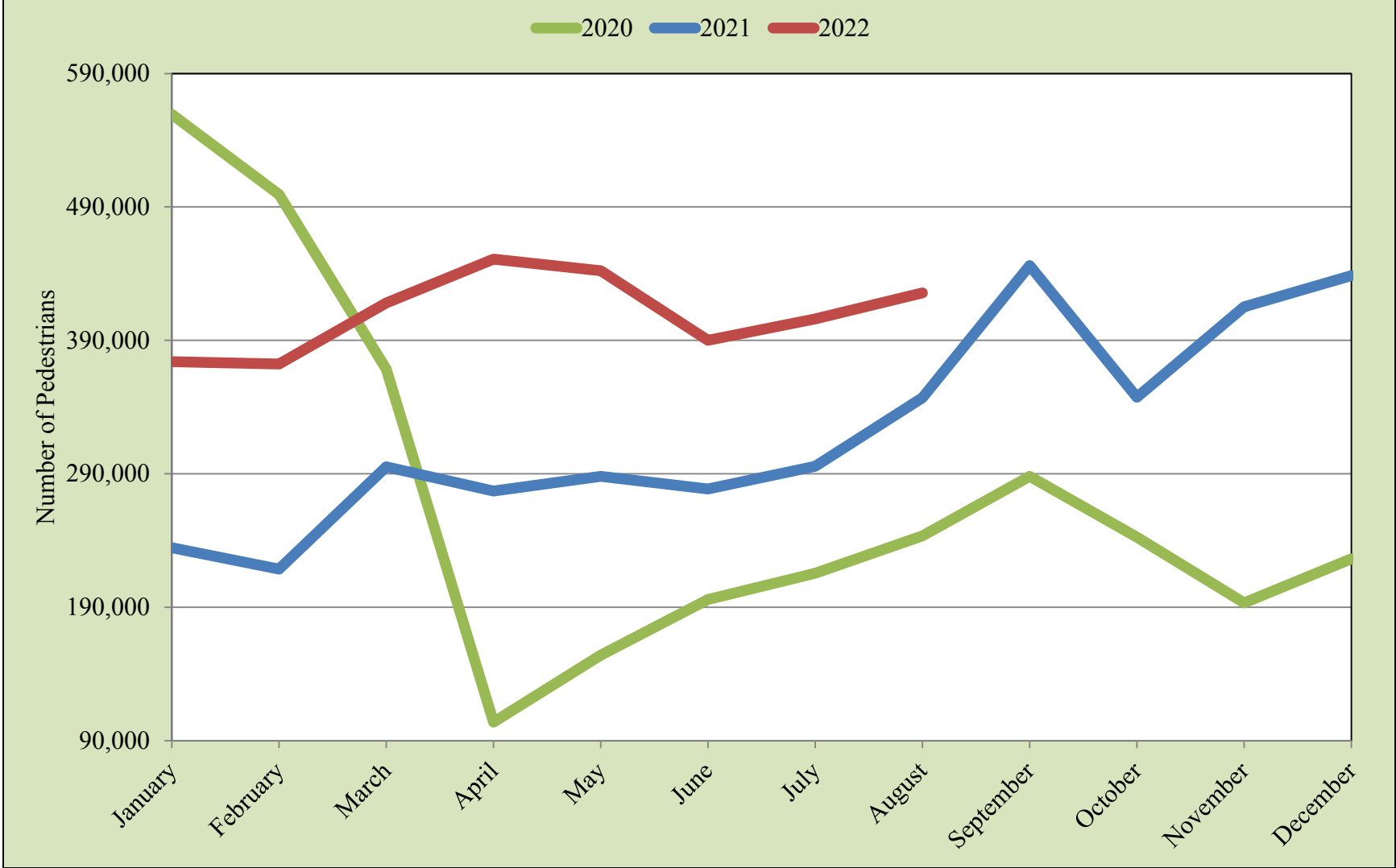
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Personal Vehicle International Bridge Crossings to El Paso



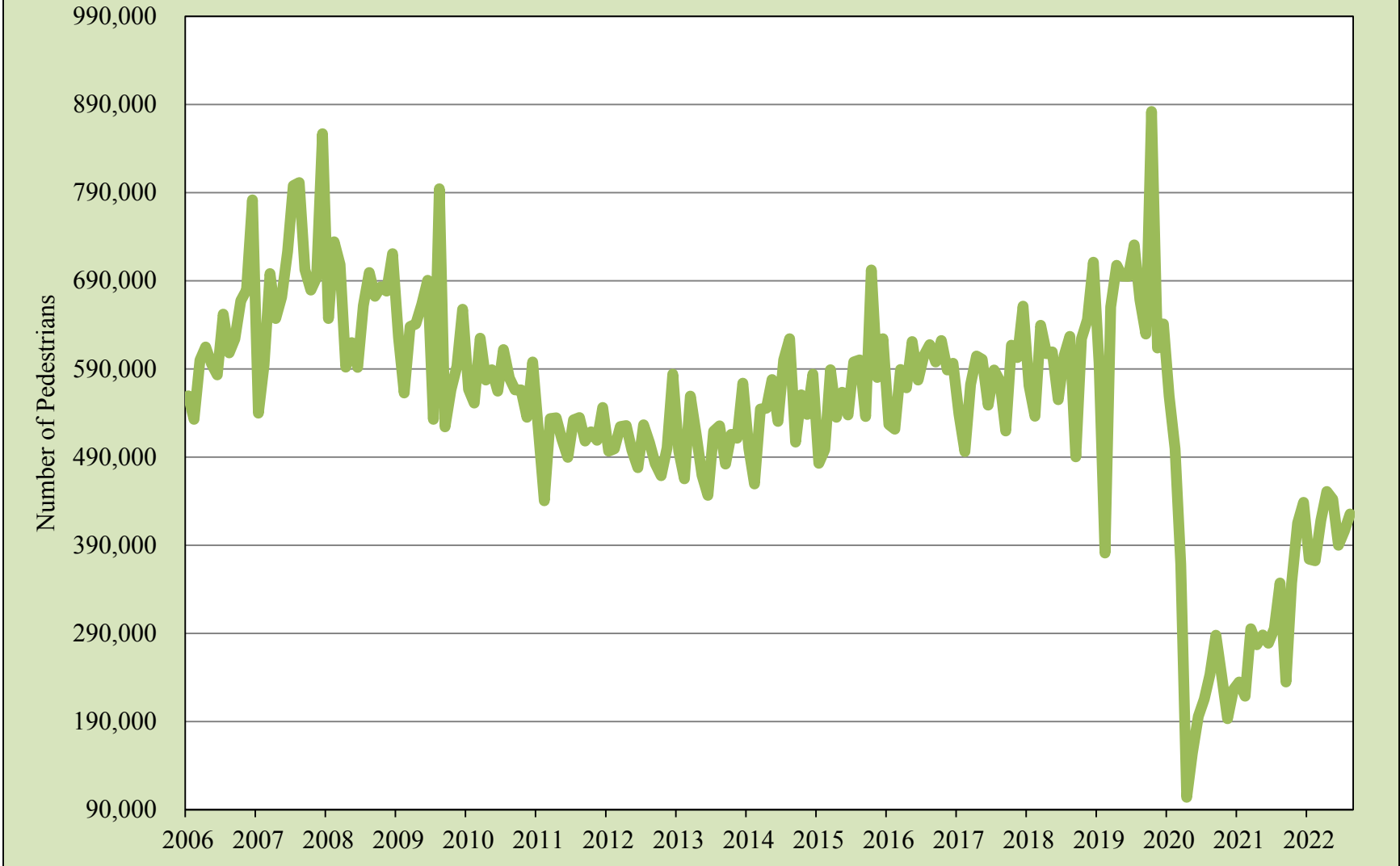
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Pedestrian International Bridge Crossings to El Paso



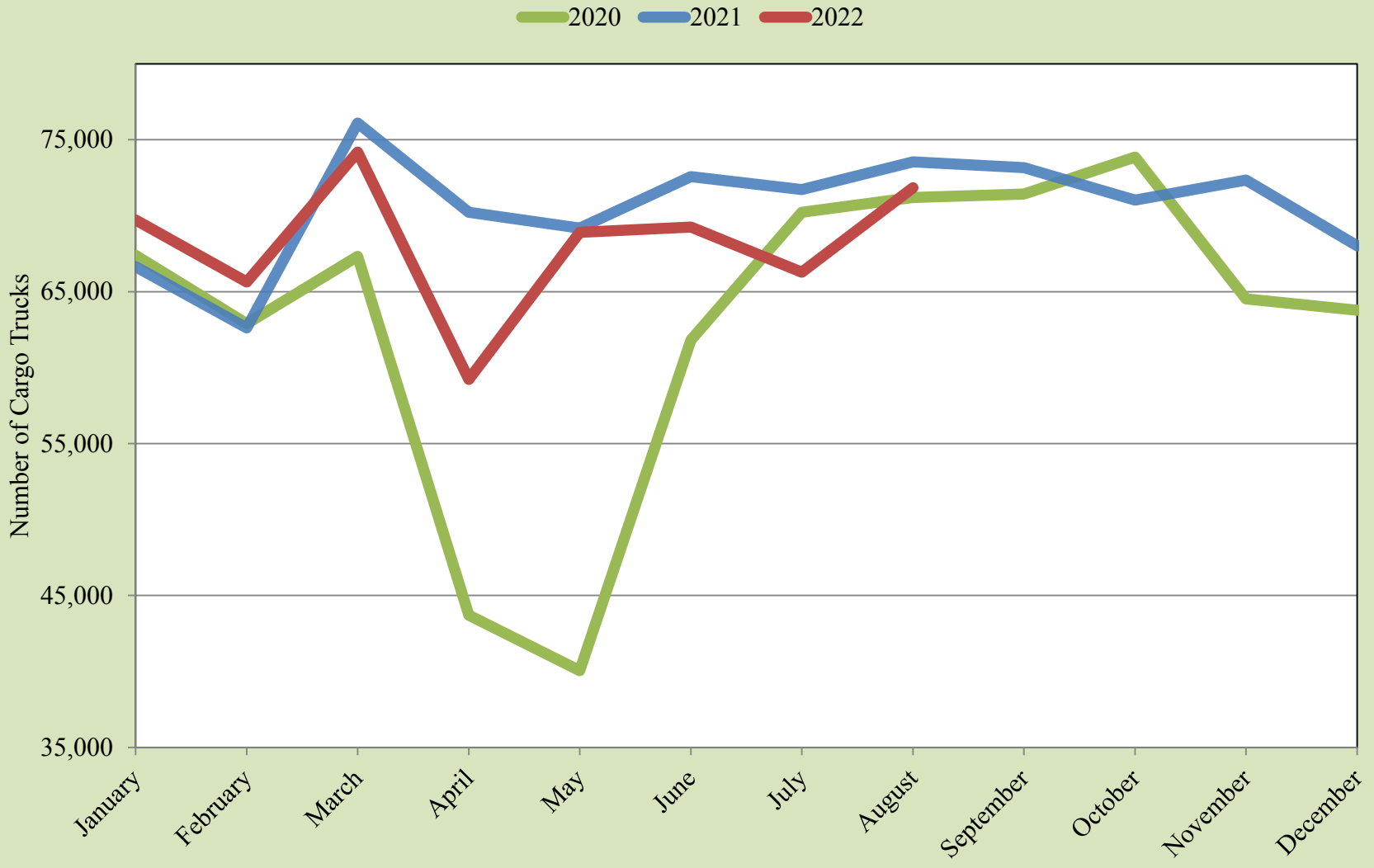
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Pedestrian International Bridge Crossings to El Paso



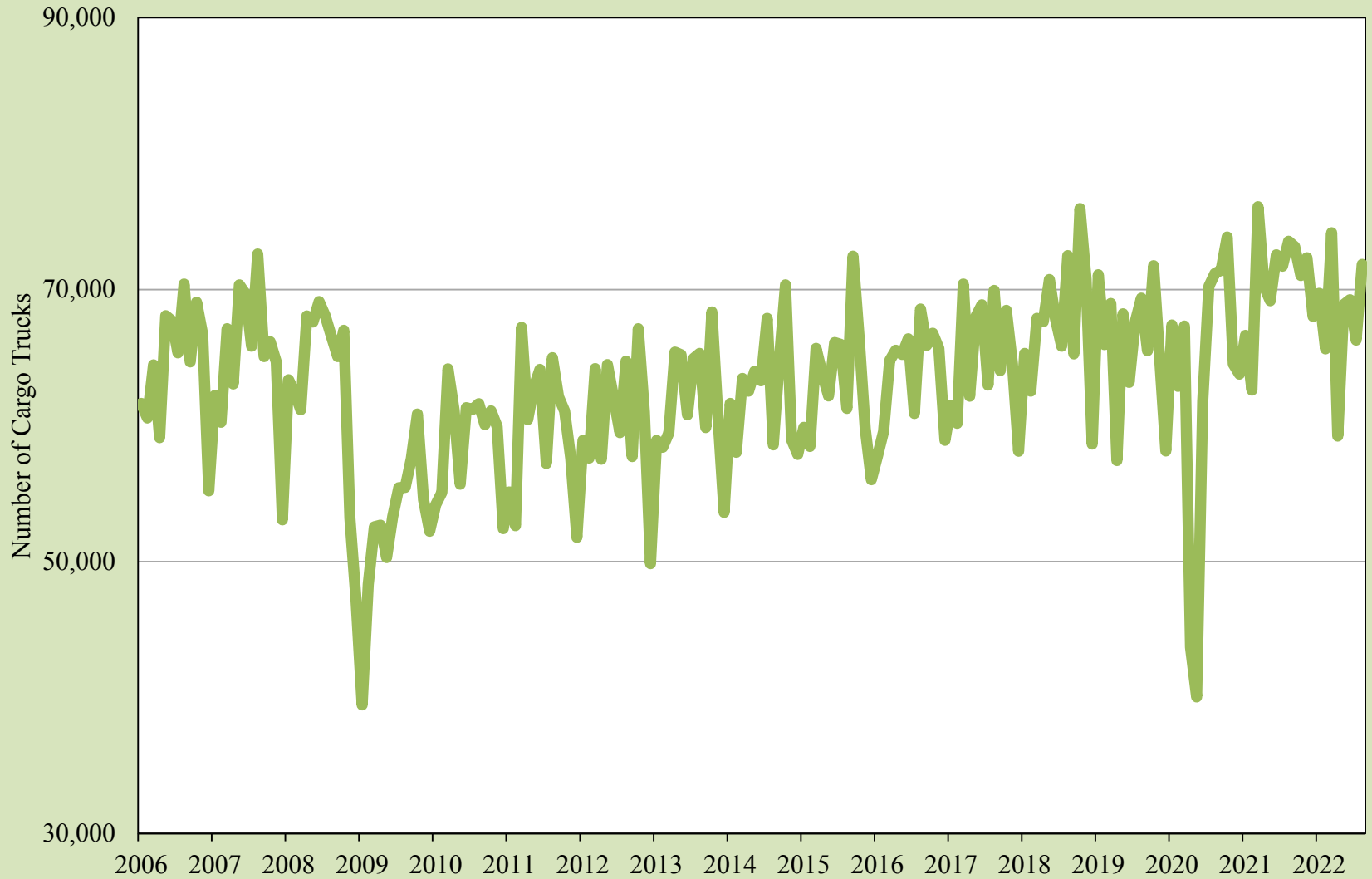
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Cargo Truck International Bridge Crossings to El Paso



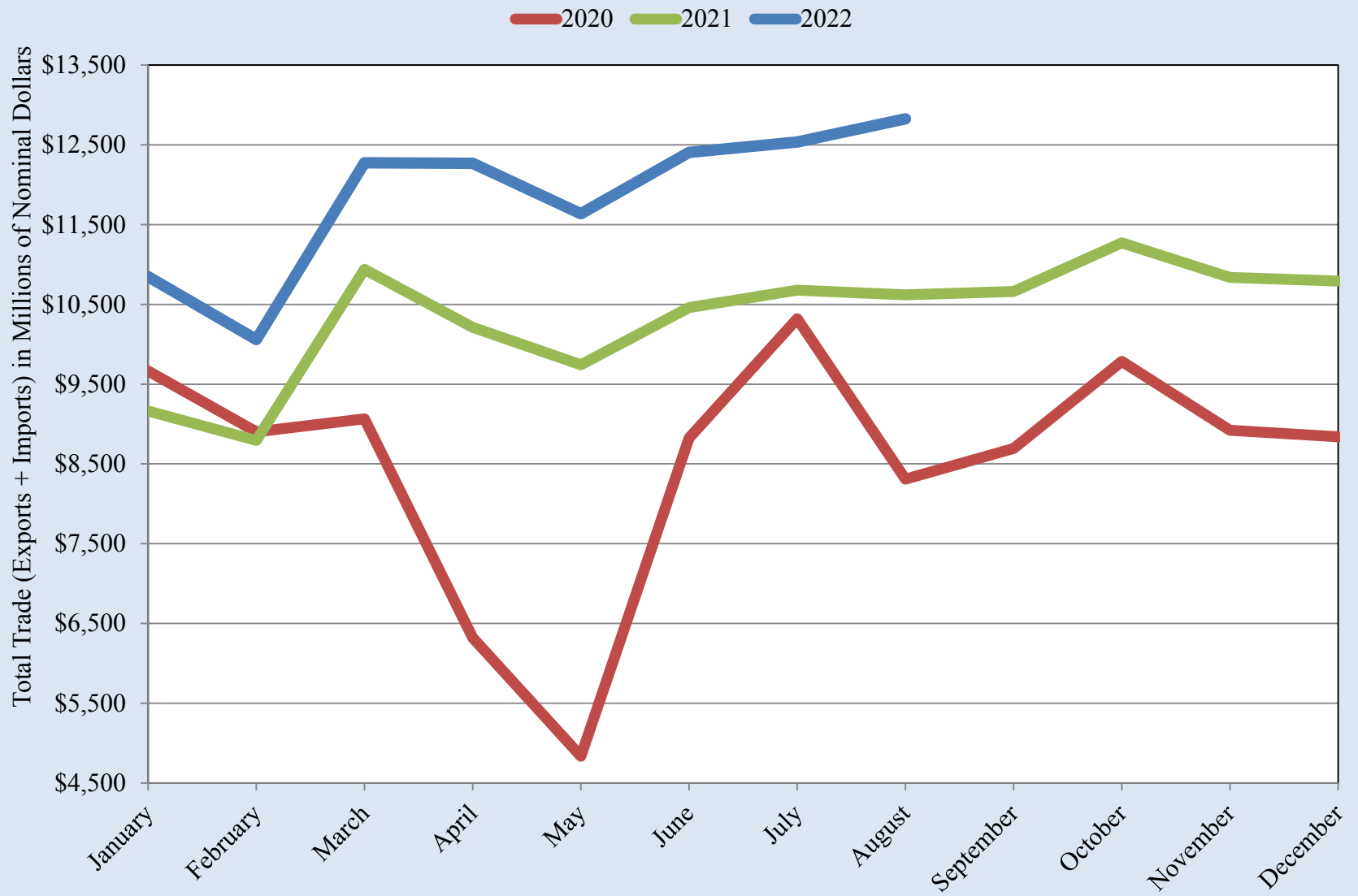
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Cargo Truck International Bridge Crossings to El Paso



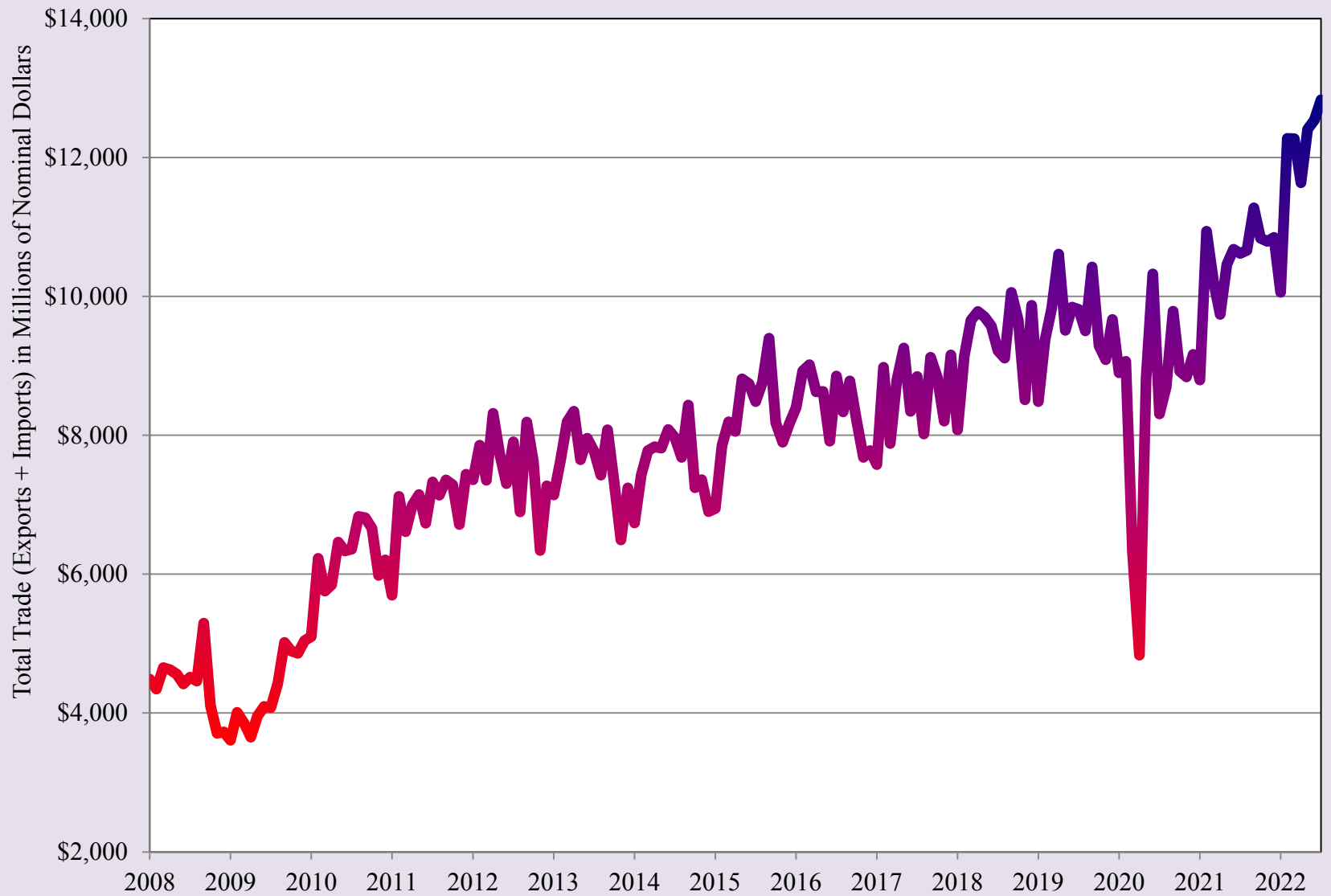
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Total Trade through the El Paso Customs District



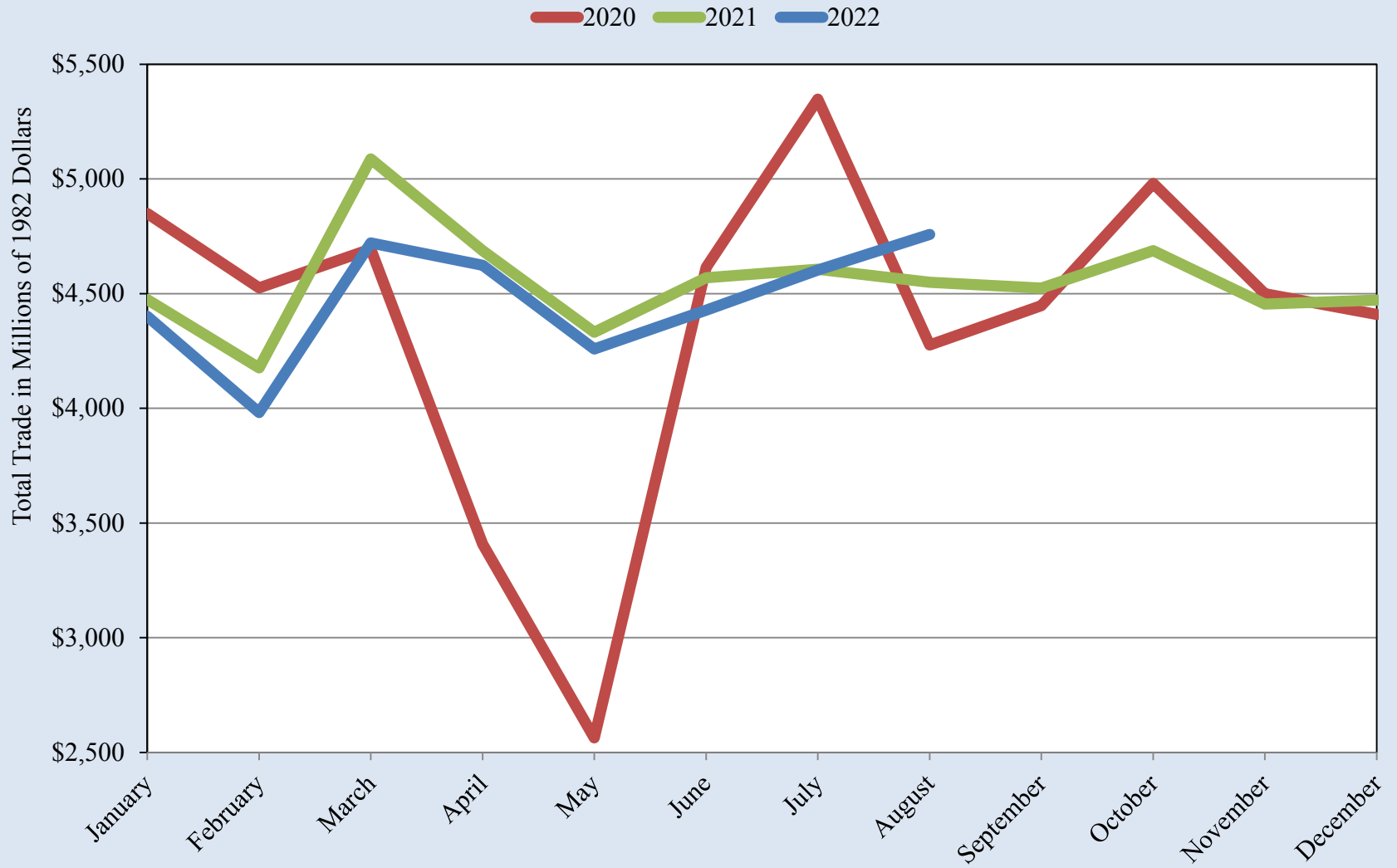
Source: U.S. International Trade Commission

Total Trade through the El Paso Customs District



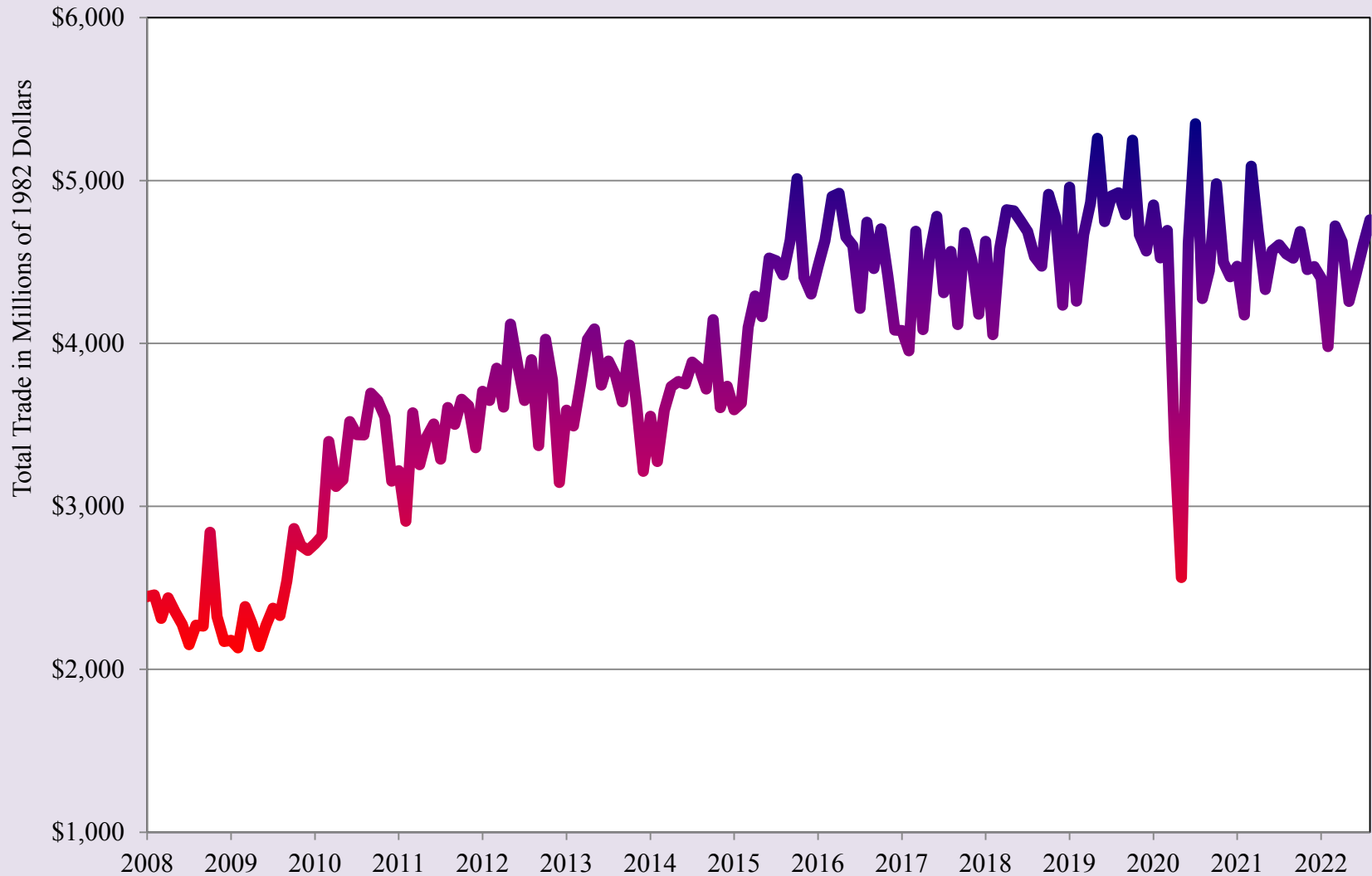
Source: U.S. International Trade Commission

Real Total Trade through the El Paso Customs District



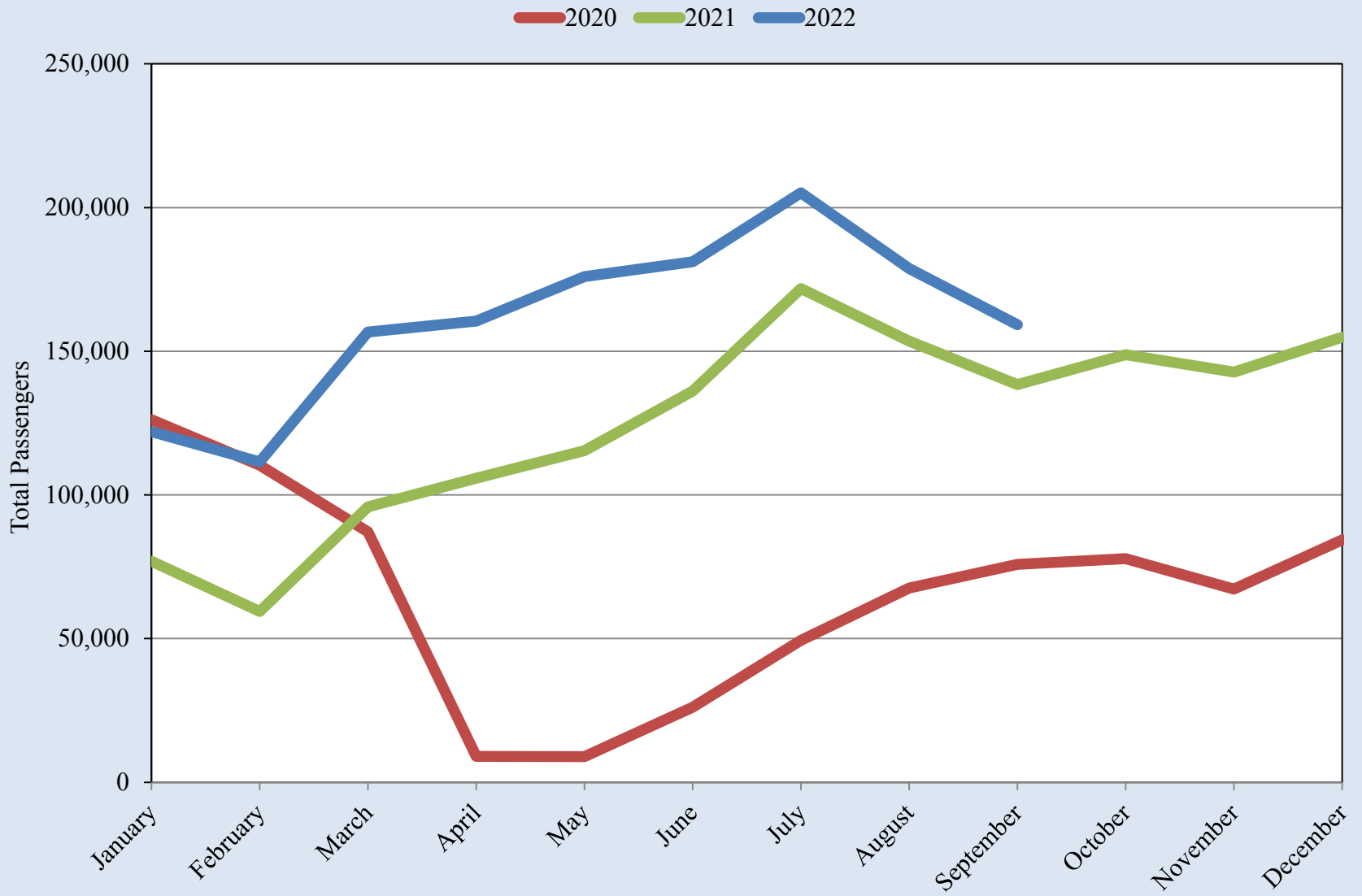
Source: U.S. International Trade Commission and Bureau of Labor Statistics

Real Total Trade through the El Paso Customs District



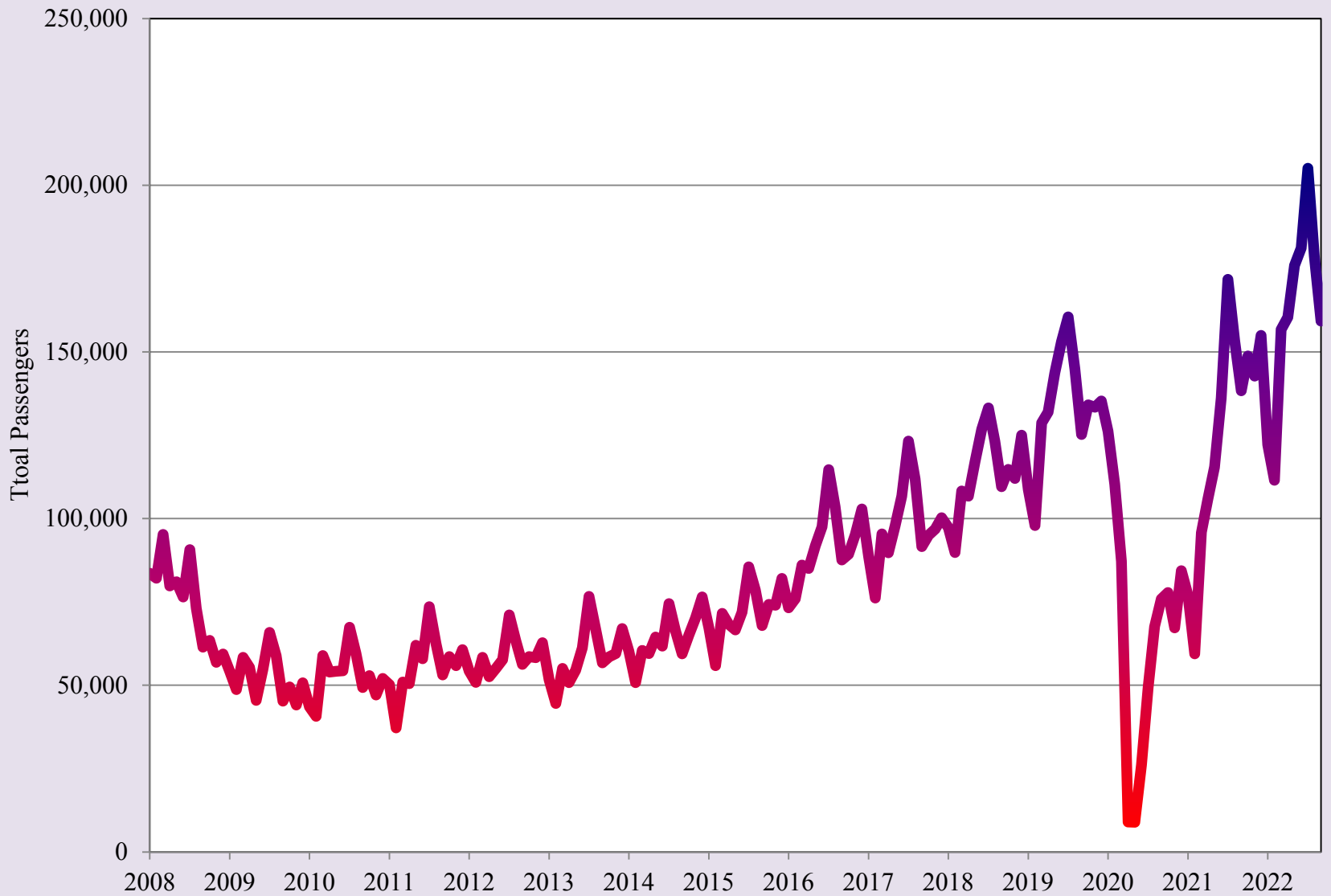
Source: U.S. International Trade Commission and Bureau of Labor Statistics

Domestic Passengers Ciudad Juarez International Airport



Source: Grupo Aeroportuario Centro Norte - OMA

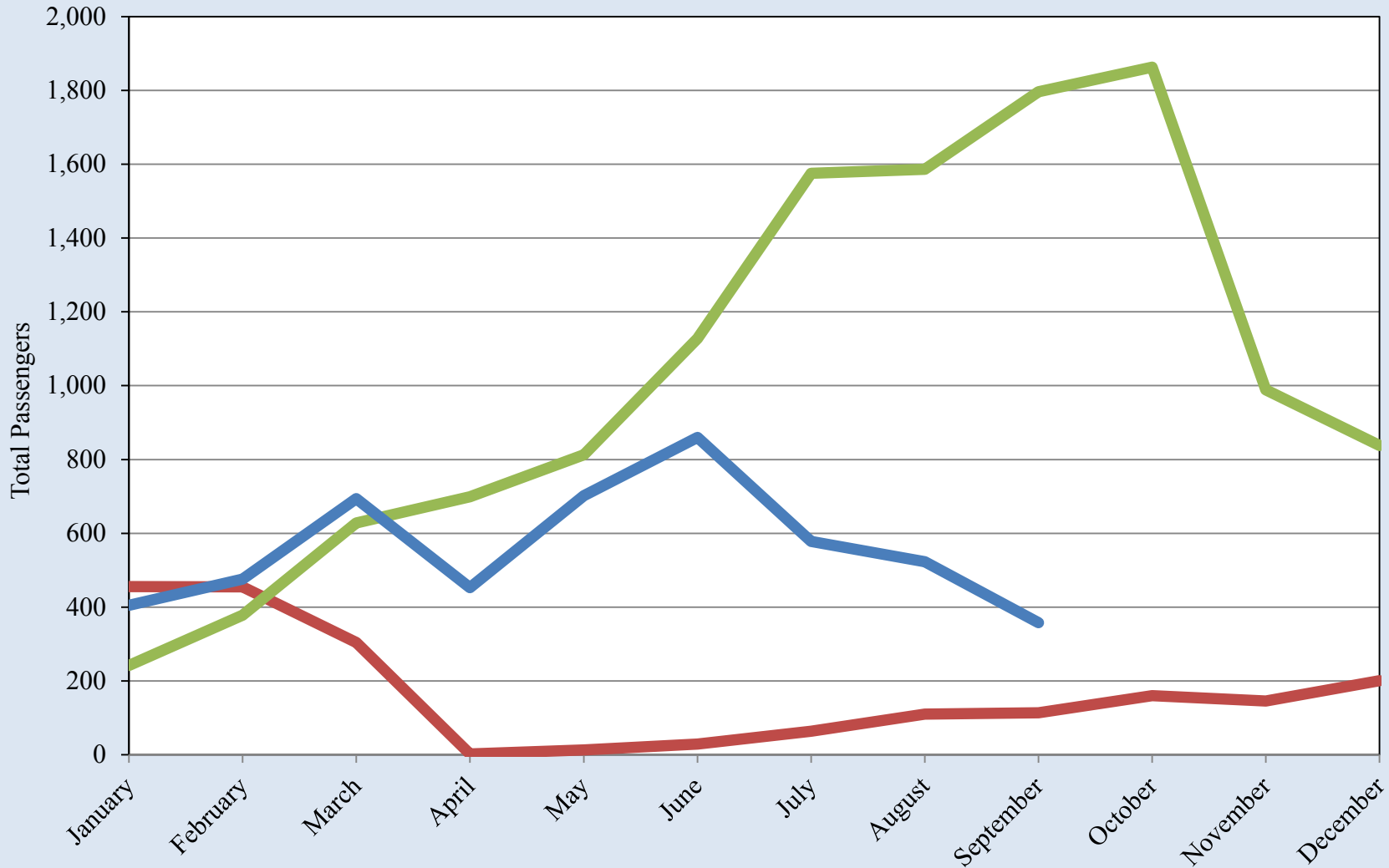
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Source: Grupo Aeroportuario Centro Norte - OMA

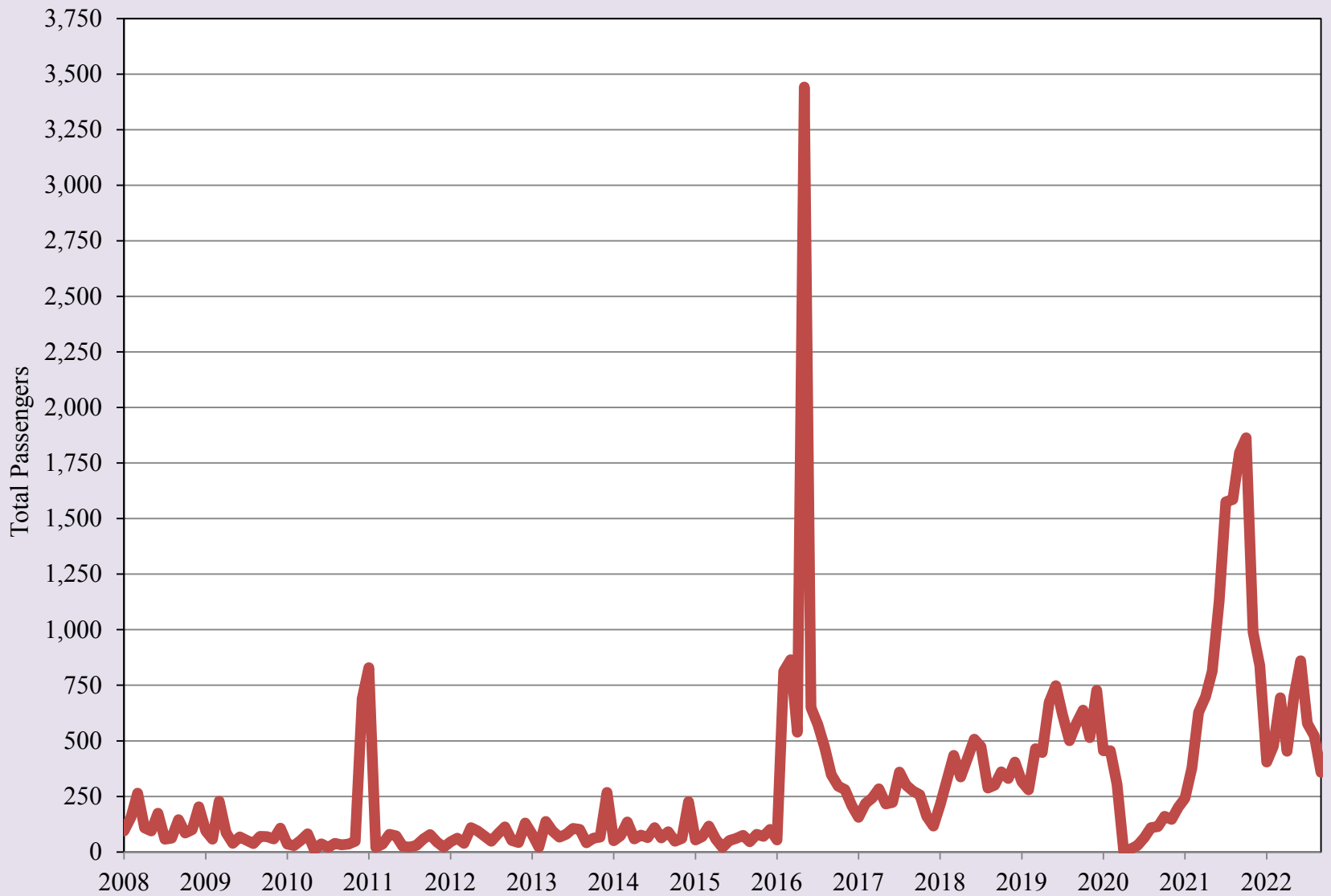
International Passengers Ciudad Juarez International Airport

2020 2021 2022



Source: Grupo Aeroportuario Centro Norte - OMA

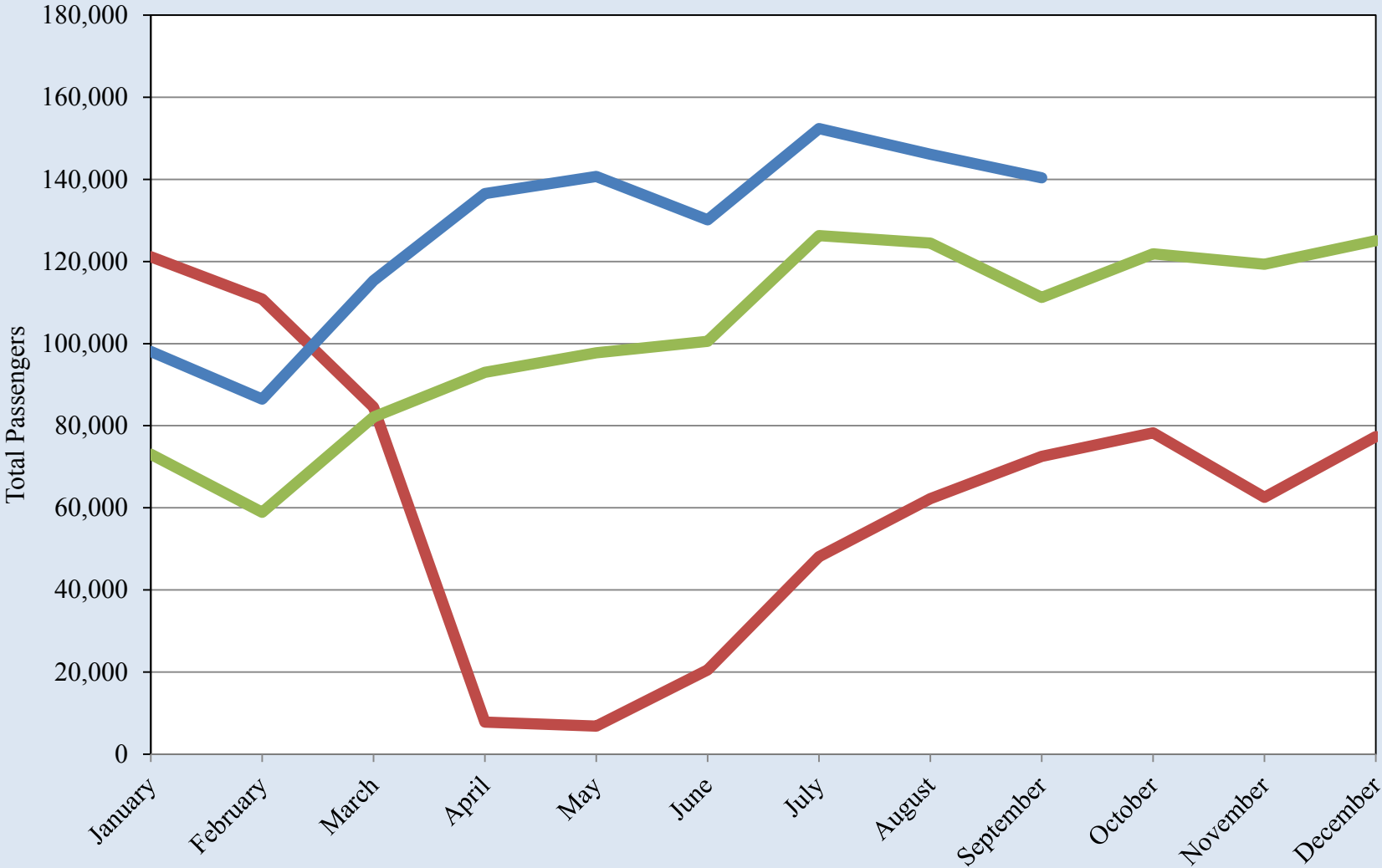
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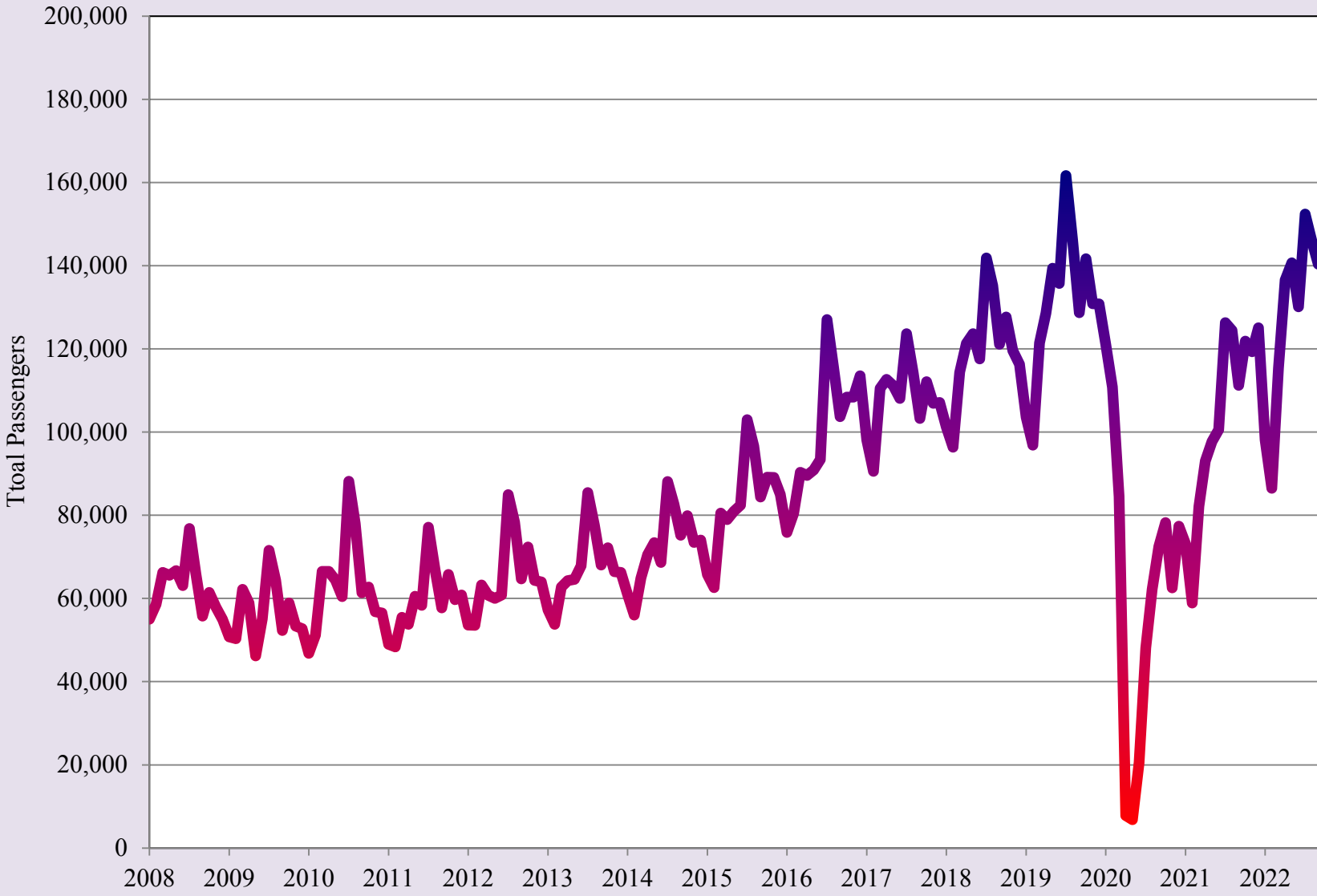
Domestic Passengers Chihuahua City International Airport

2020 2021 2022



Source: Grupo Aeroportuario Centro Norte - OMA

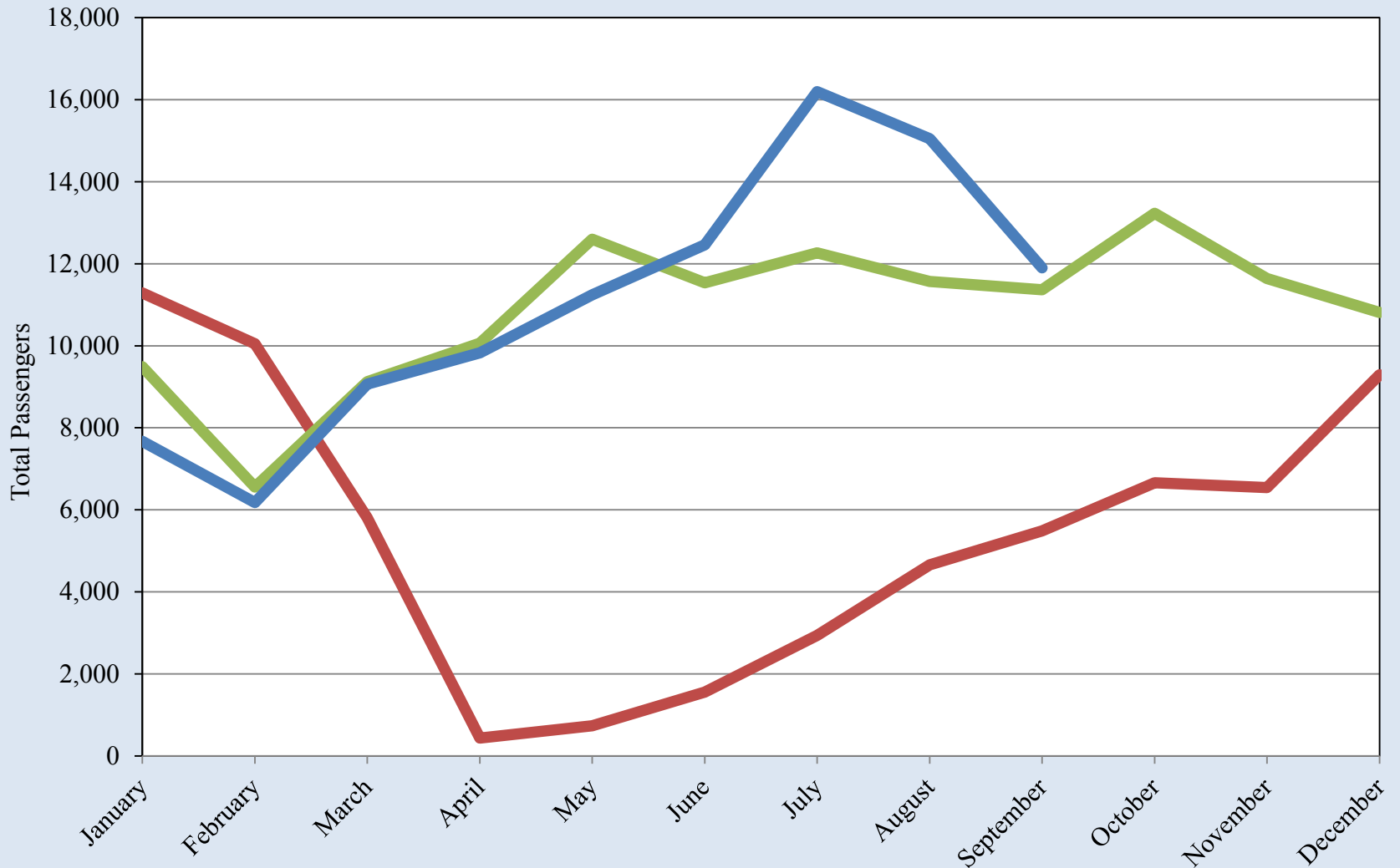
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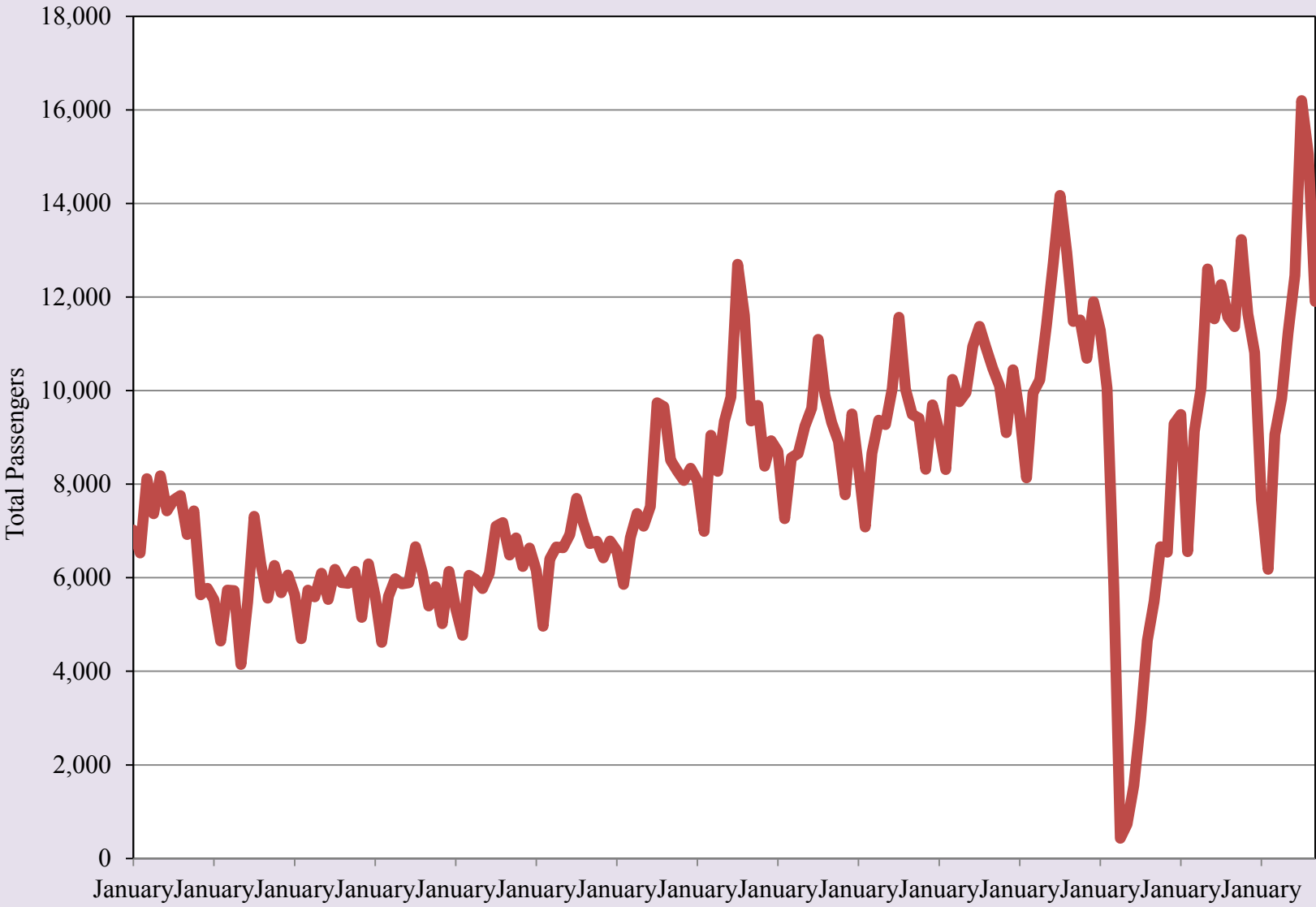
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— 2020 — 2021 — 2022



Source: Grupo Aeroportuario Centro Norte - OMA

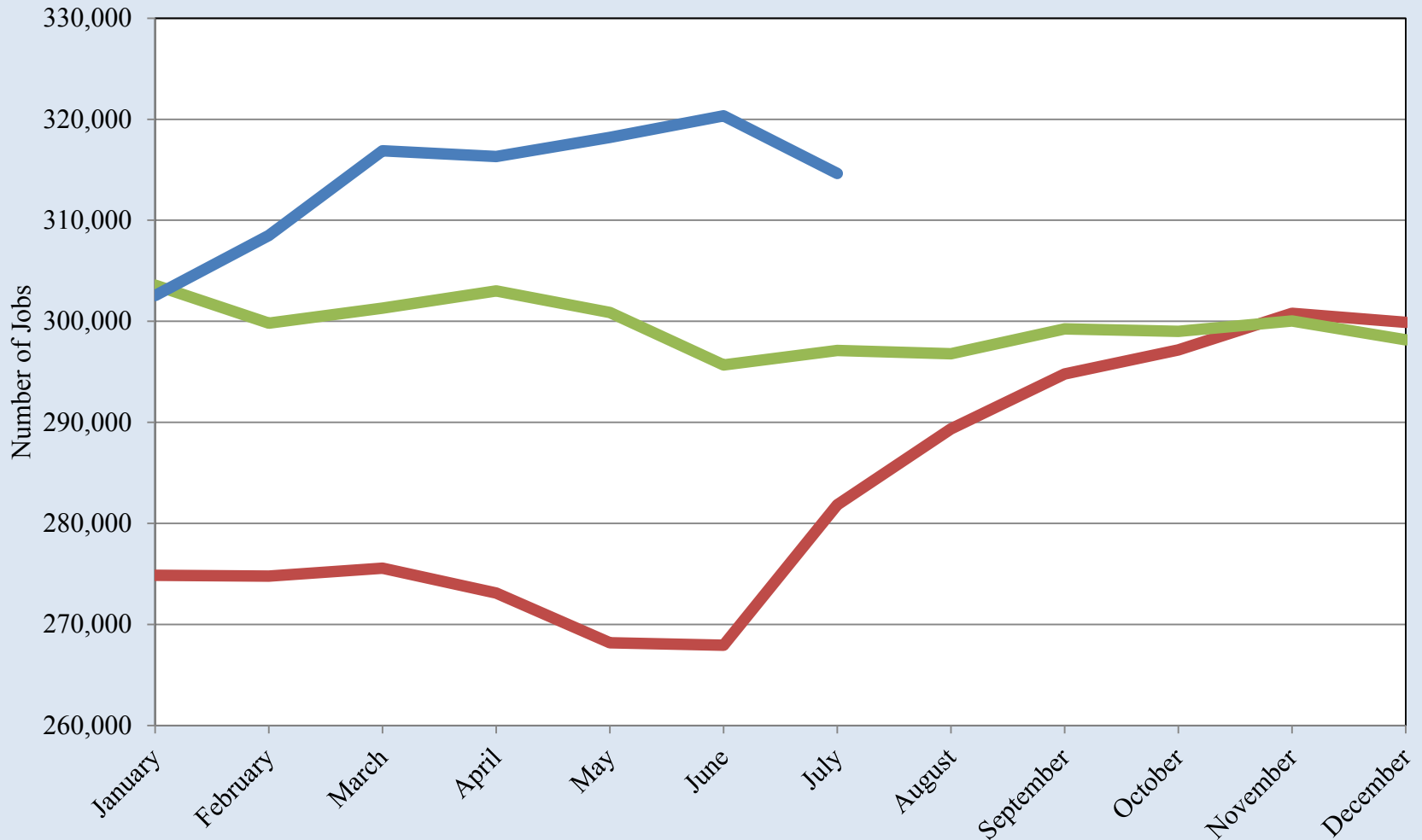
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Source: Grupo Aeroportuario Centro Norte - OMA

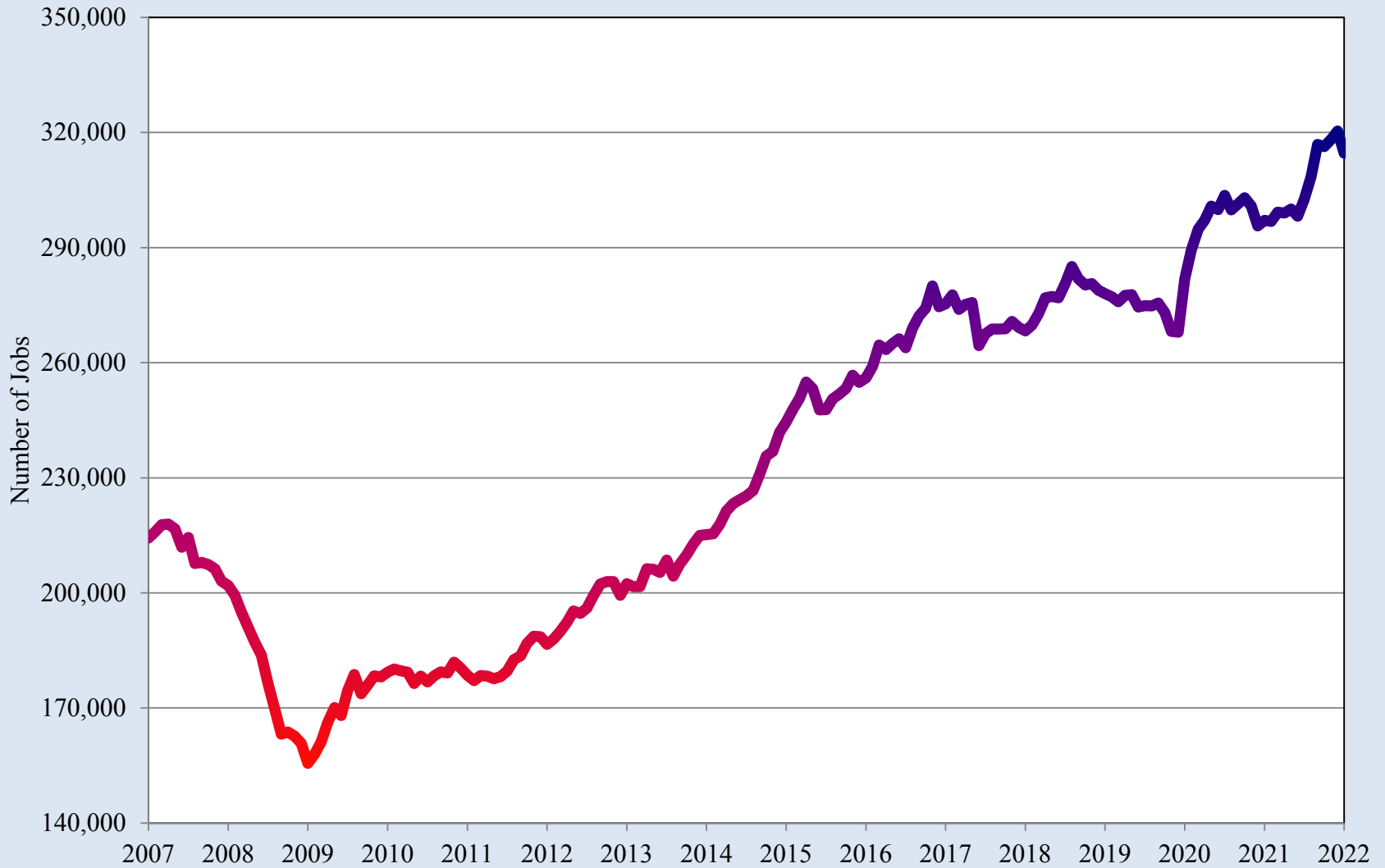
Export-Oriented Manufacturing Employment in Ciudad Juárez

2020 2021 2022



Source: INEGI

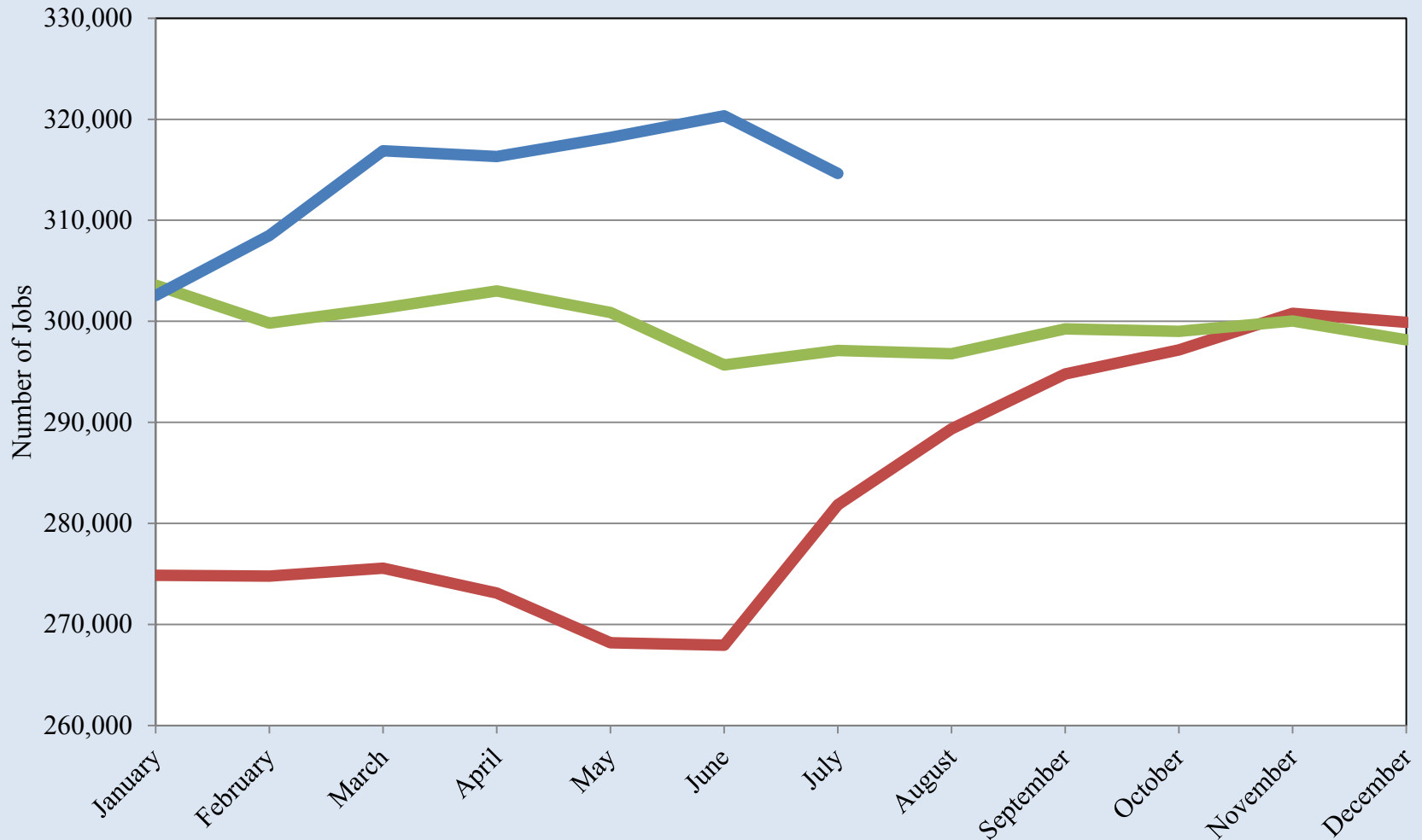
Export-Oriented Manufacturing Employment in Ciudad Juárez



Source: INEGI

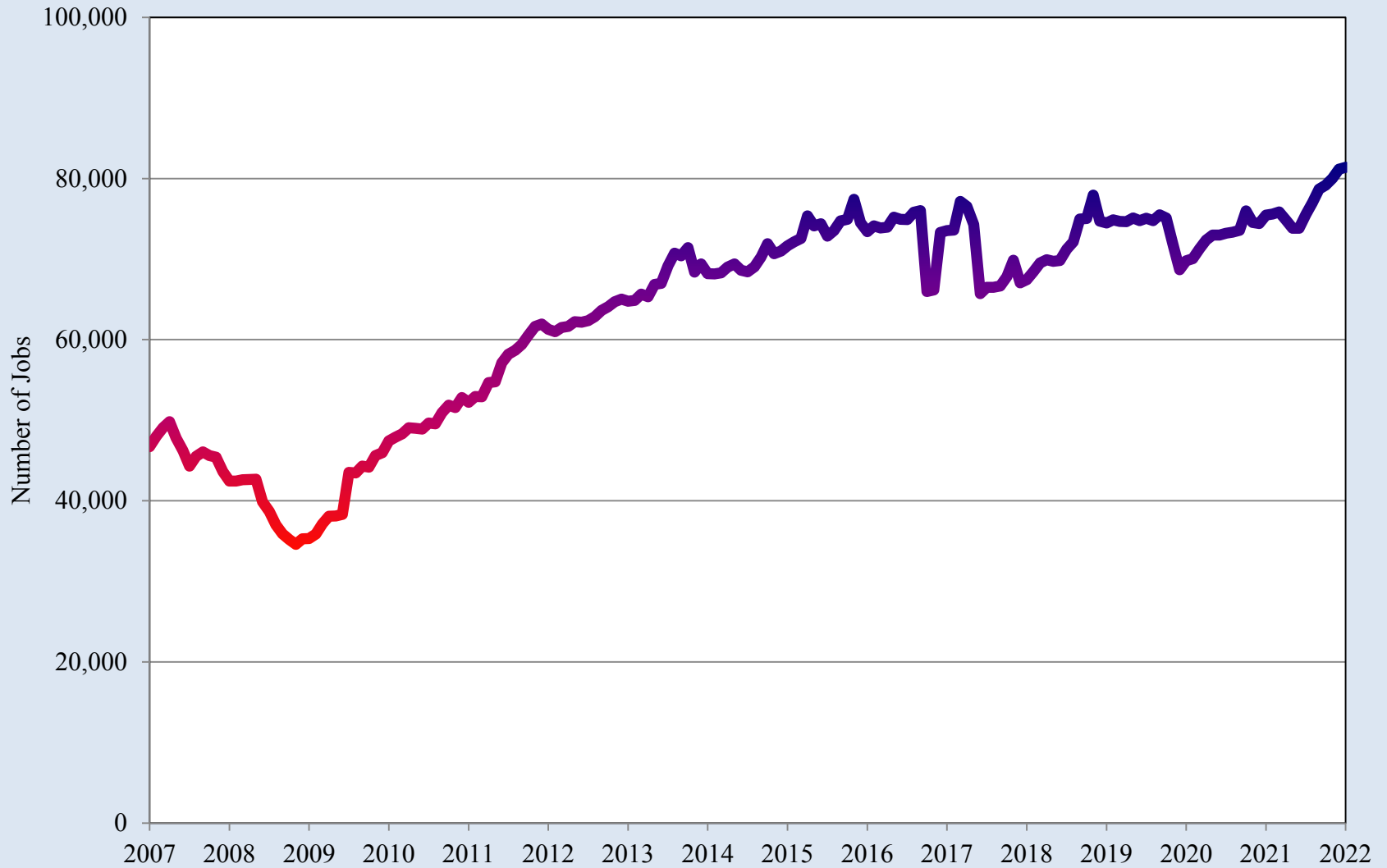
Export-Oriented Manufacturing Employment in Chihuahua City

2020 2021 2022



Source: INEGI

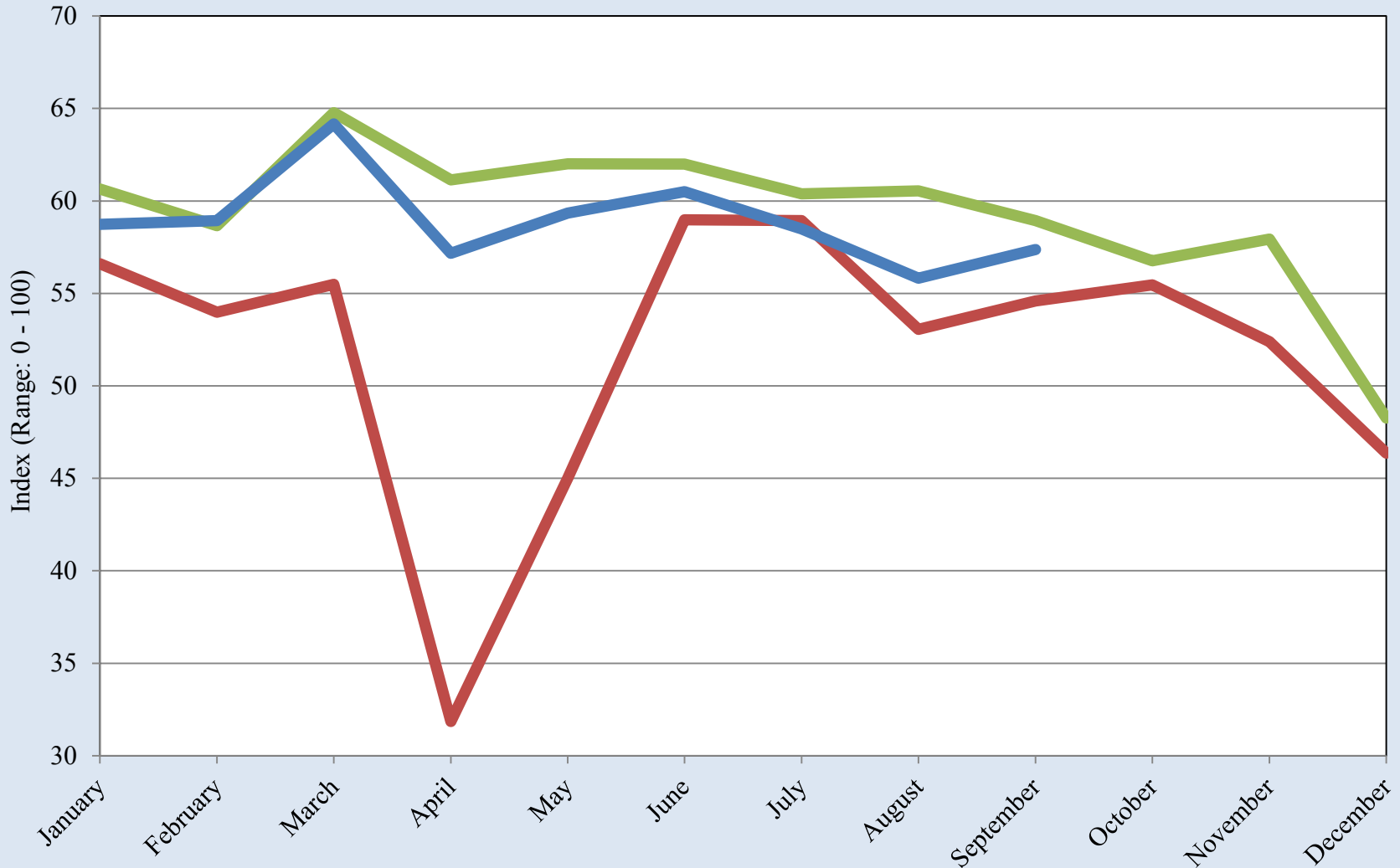
Export-Oriented Manufacturing Employment in Chihuahua City



Source: INEGI

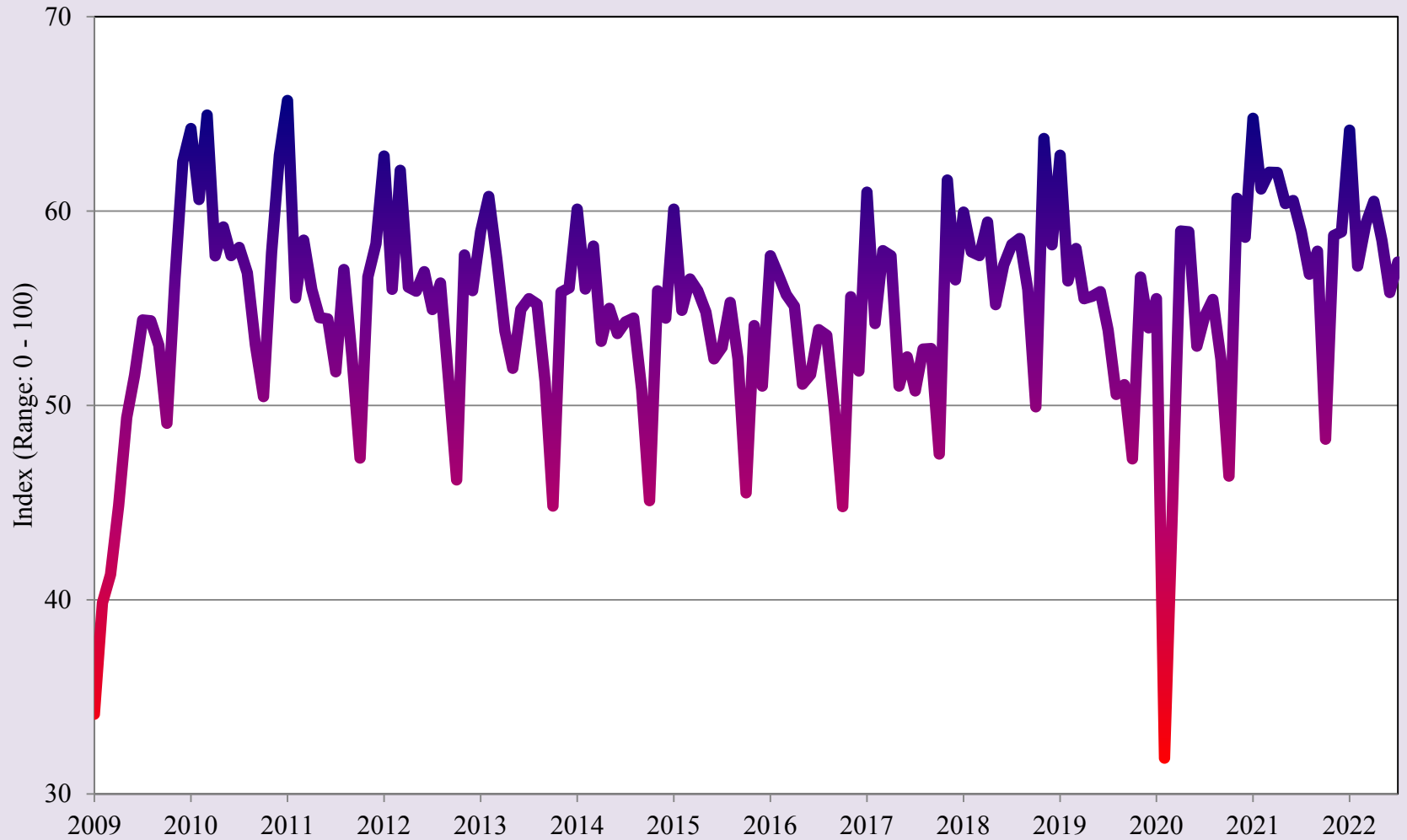
Northern Mexico Manufacturing Orders Index

— 2020 — 2021 — 2022



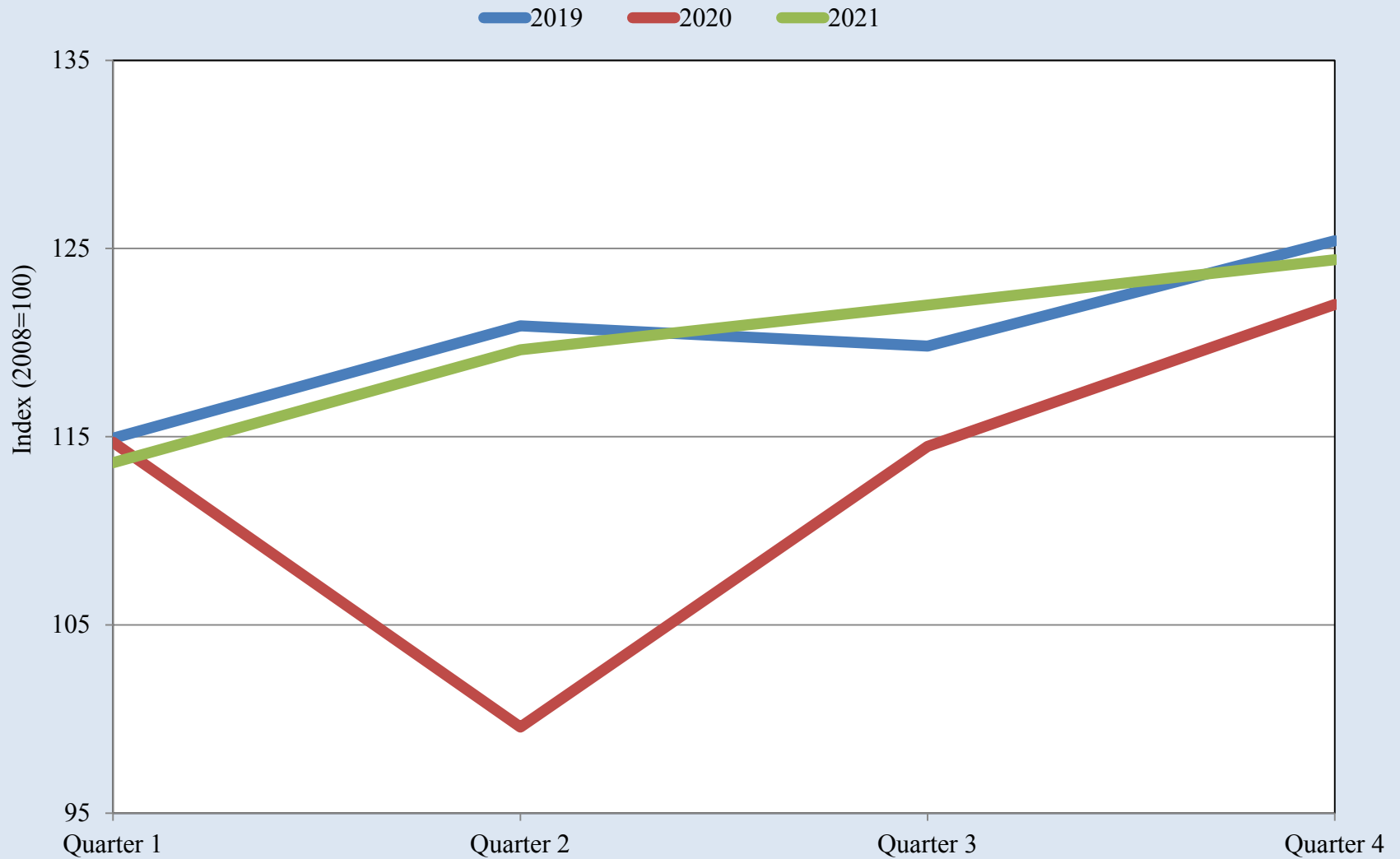
Source: Banco de México

Northern Mexico Manufacturing Orders Index



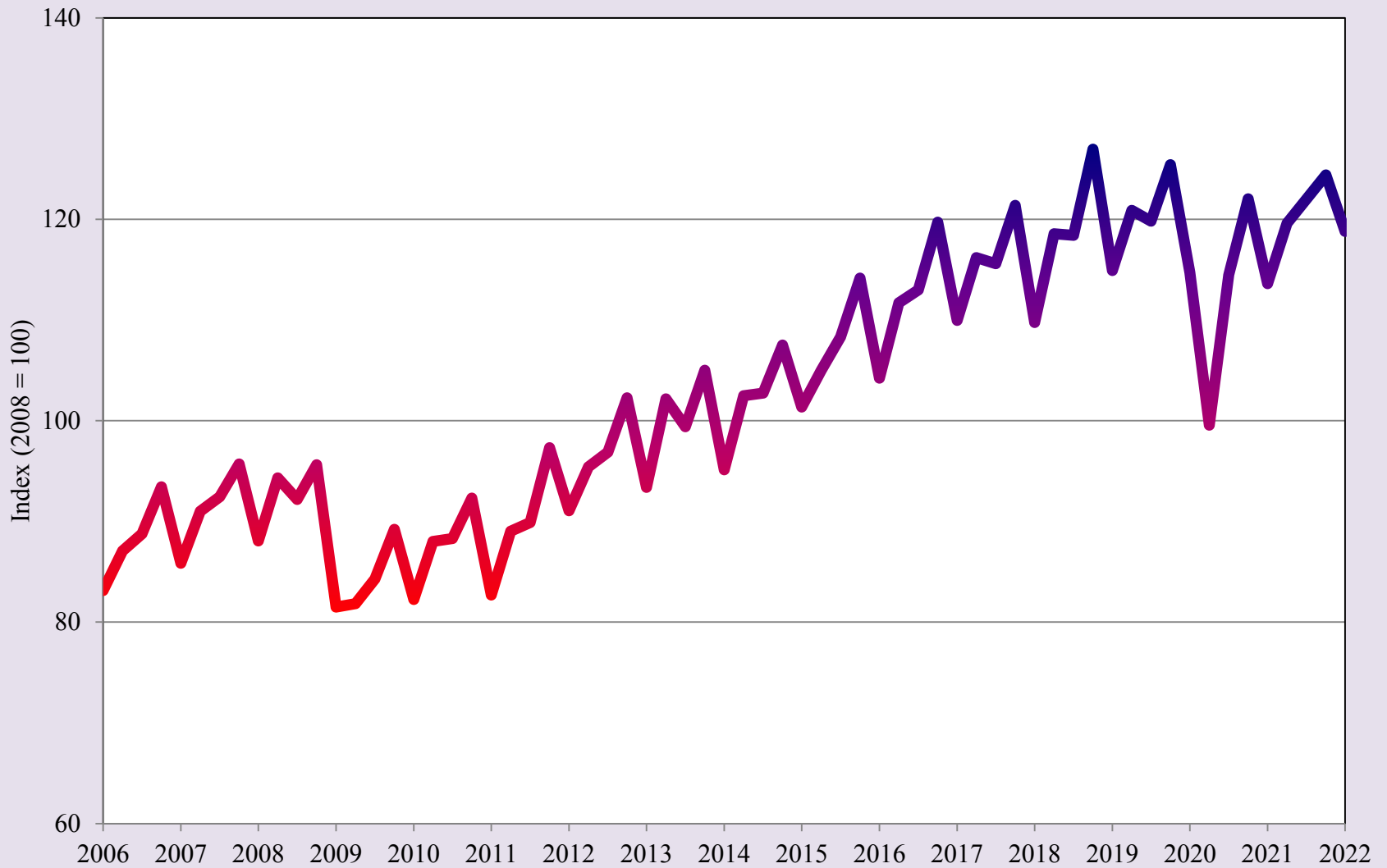
Source: Banco de México

Quarterly Indicator of Economic Activity for the State of Chihuahua



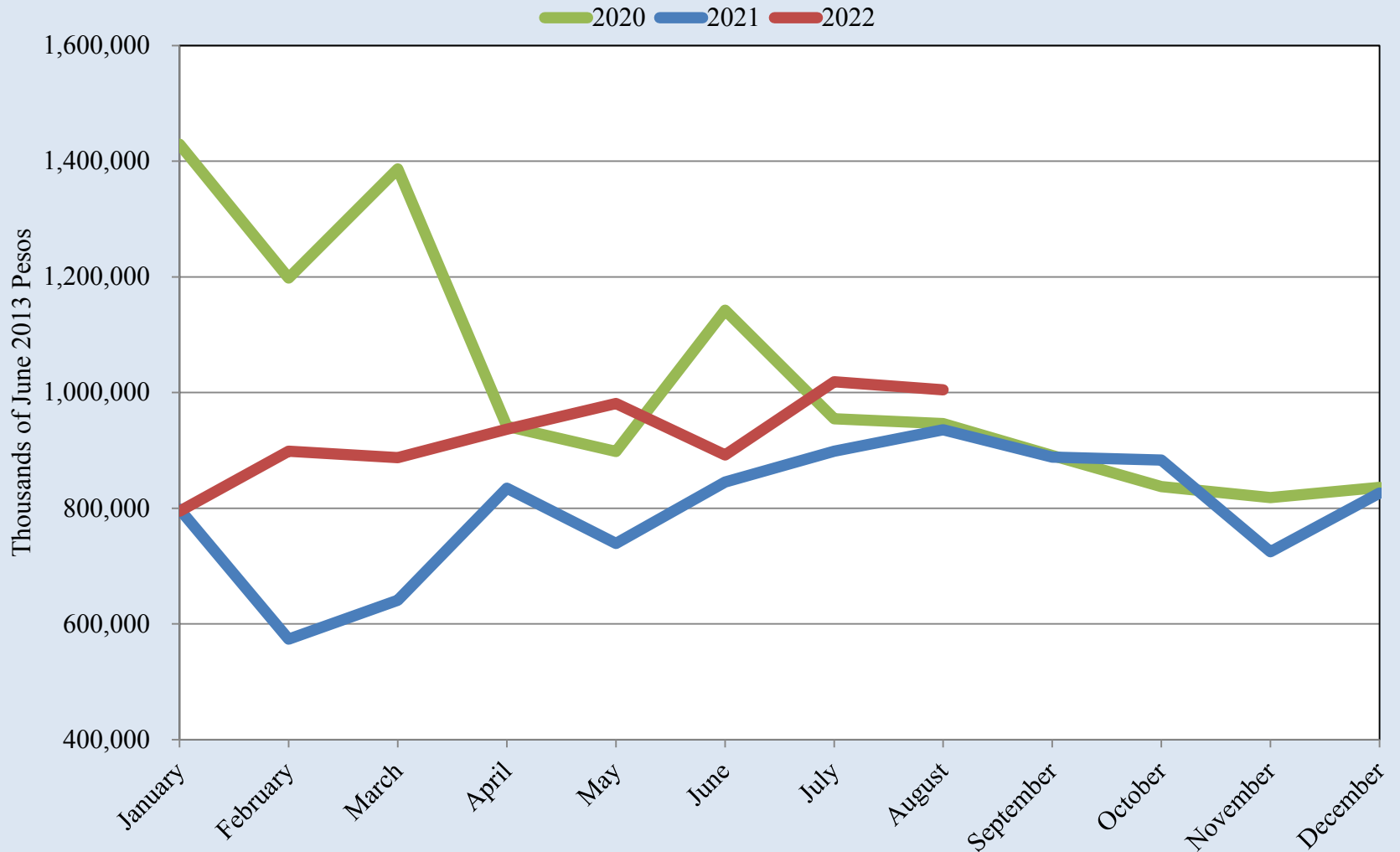
Source: INEGI

Quarterly Indicator of Economic Activity for the State of Chihuahua



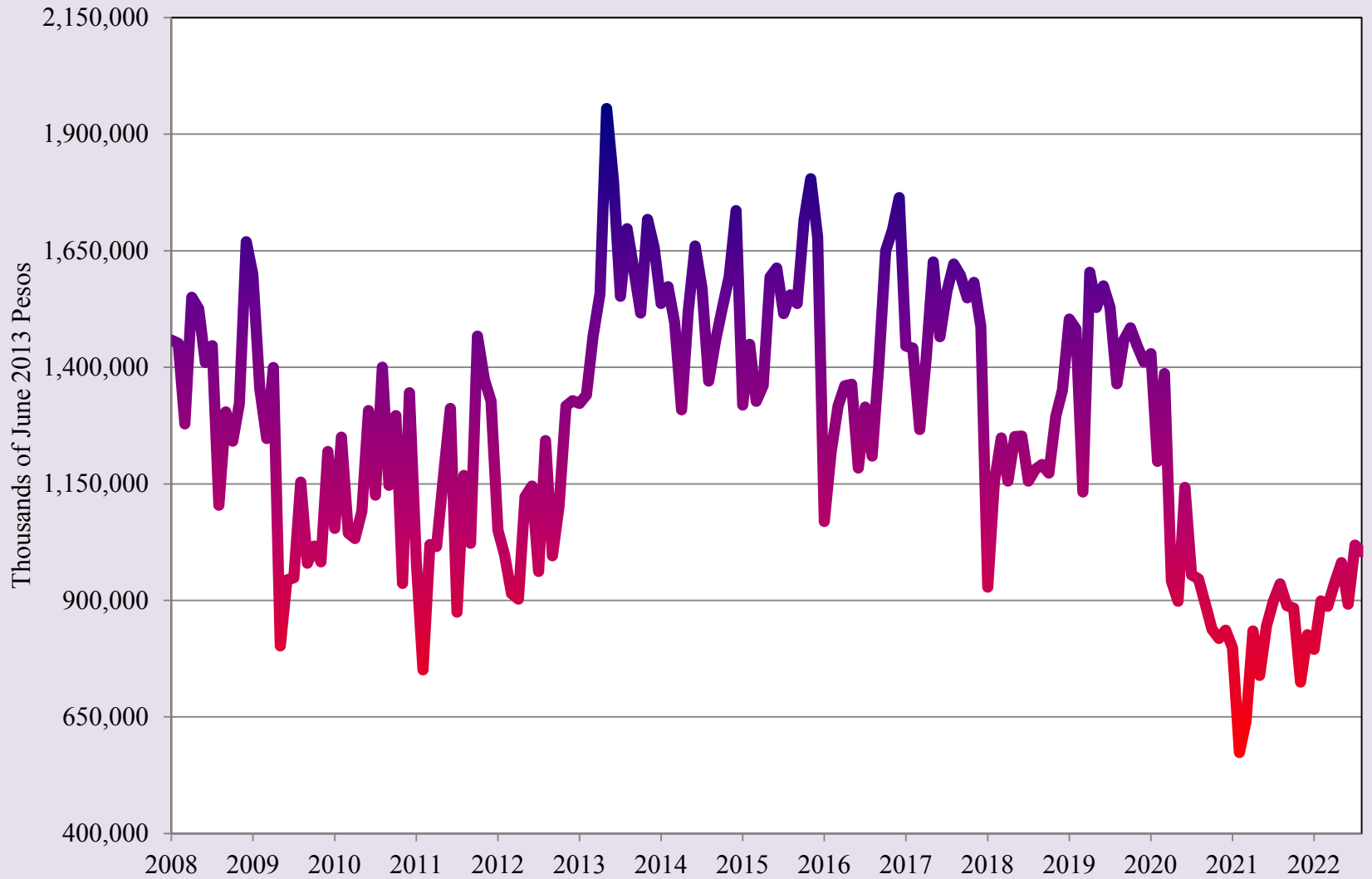
Source: INEGI

Total Value of Construction in the State of Chihuahua



Source: INEGI

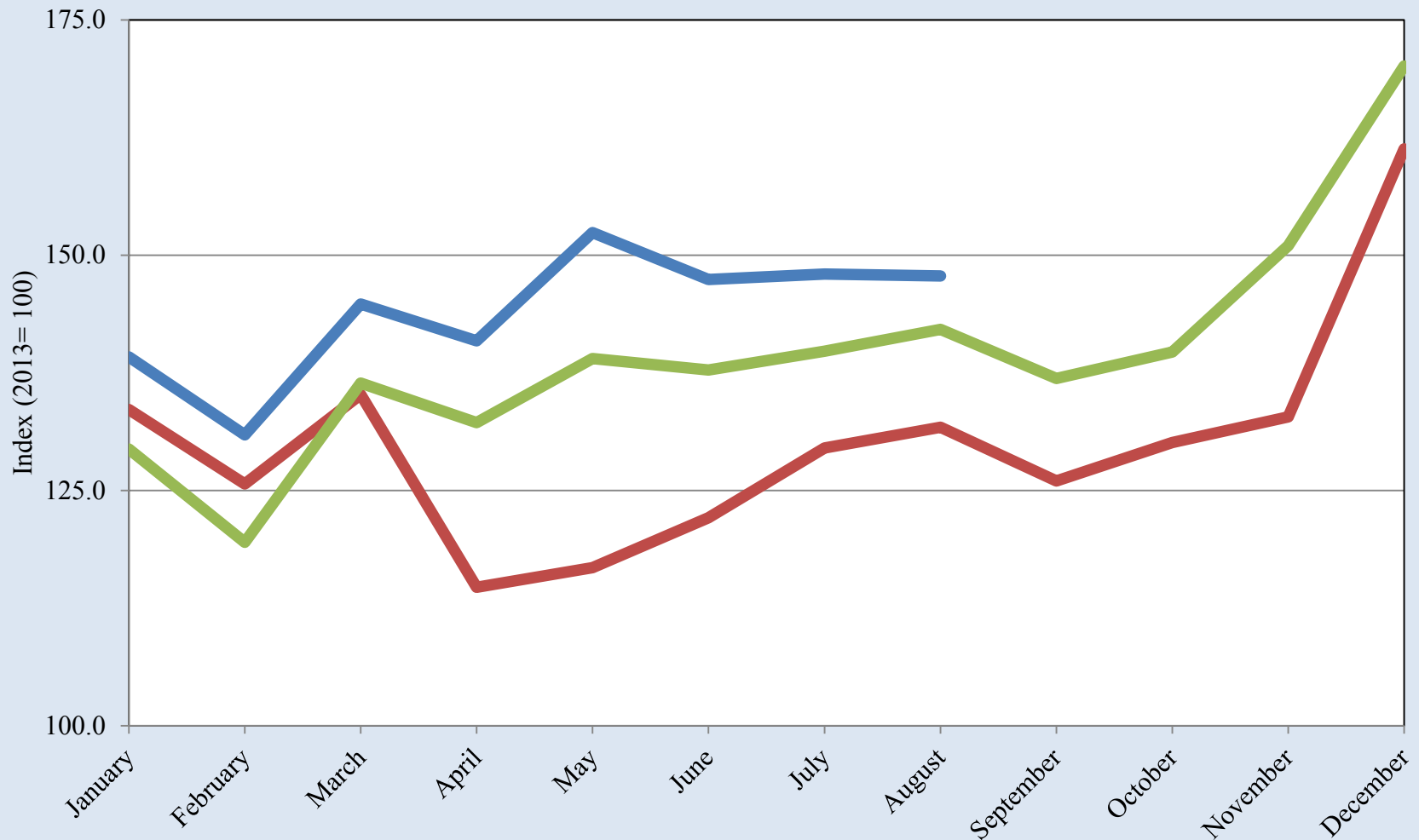
Total Value of Construction in the State of Chihuahua



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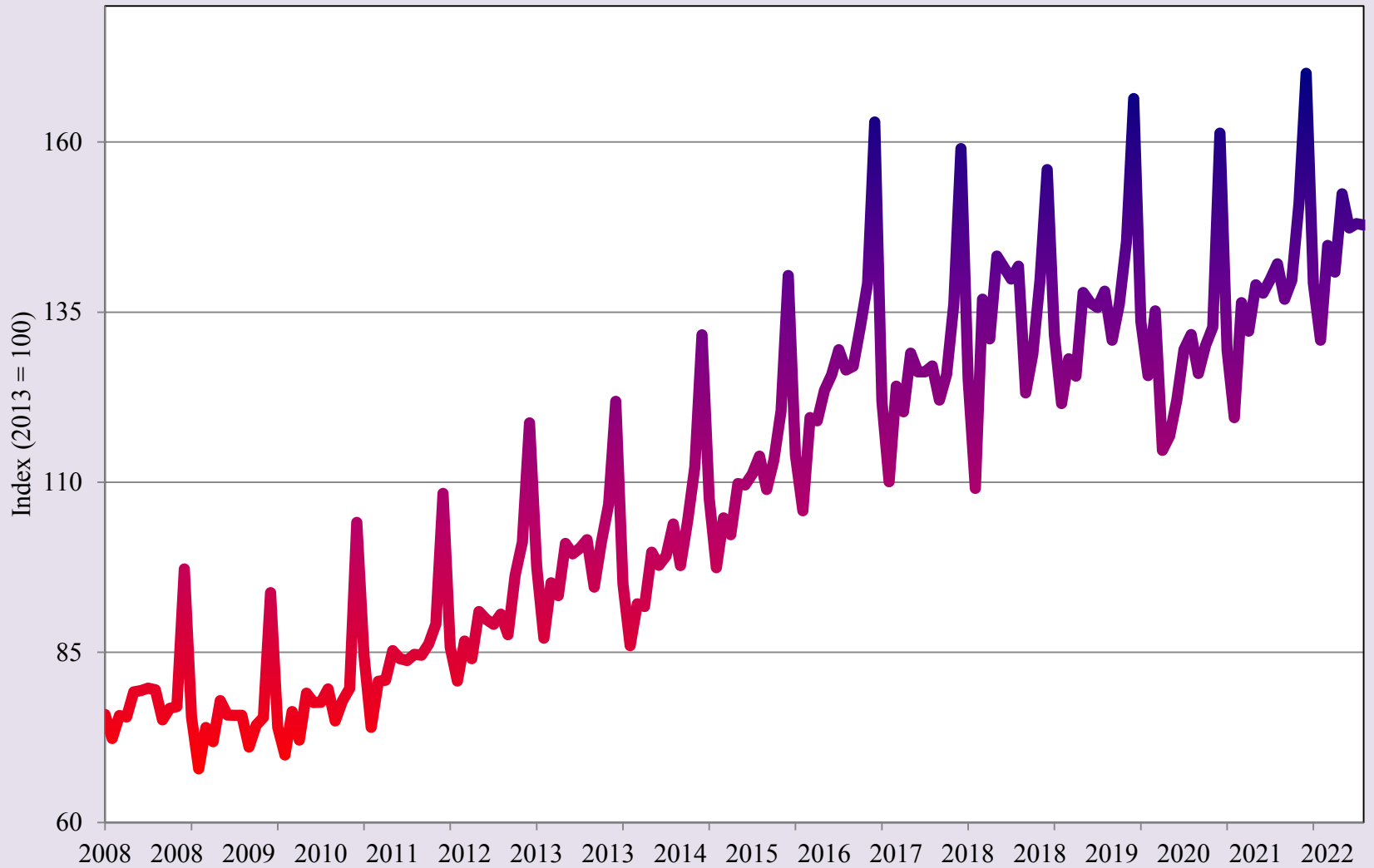
Real Retail Activity Index for the State of Chihuahua

— 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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