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Comments:
T.M. Fullerton, Jr., and S.L. Fullerton, 2022, “Cyclical Gyraations” Borderplex Business Barometer 6(10), 1-68.
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

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
Source: Bureau of Labor Statistics
Starting in September, 2014, the number of SNAP recipients is recorded for the end of each month.

El Paso County SNAP Enrollment

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
Months of Housing Inventory for El Paso

Source: Texas A&M Real Estate Center
Three year trend El Paso gasoline prices from 2020-2022

Nominal Price (Dollars per Gallon)

El Paso Gasoline Prices

Source: GasBuddy.com
Doña Ana County Unemployment Rate

Source: Bureau of Labor Statistics
Unemployment rate for Doña Ana county ranging from January 2006 to September 2022.

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

- 2020 Nominal Exchange Rate
- 2021 Nominal Exchange Rate
- 2022 Nominal Exchange Rate
- 2020 Restaurant Price Ratio
- 2021 Restaurant Price Ratio
- 2022 Restaurant Price Ratio

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
The chart shows the Real Peso-per-Dollar Exchange Rate Index from January 2006 to August 2022, with the index values ranging from March 1997 as the base year (March 1997 = 100). The index values fluctuate over the years, particularly showing significant increases and decreases.
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 (Inbound and Outbound)

2020, 2021, 2022 (3 year comparison)

Ton of Freight/Mail

Source: EPIA Operations
EPIA Freight and Mail

Inbound+Outbound

Source: EPIA Operations
EPIA Passengers

Number of Passengers

Source: EPIA Operations
EPIA Passengers

Inbound+Outbound

Source: EPIA Operations
EPIA Air Carrier Operations

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
Personal Vehicle International Bridge Crossings to El Paso

Number of Vehicles

Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Pedestrian International Bridge Crossings to El Paso

Number of Pedestrians

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
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

Domestic Passengers Ciudad Juarez International Airport

Source: Grupo Aeroportuario Centro Norte (OMA)
Domestic Passengers Ciudad Juarez International Airport

Source: Grupo Aeroportuario Centro Norte - OMA
International Passengers Ciudad Juarez International Airport

Source: Grupo Aeroportuario Centro Norte - OMA
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

Source: INEGI
Export-Oriented Manufacturing Employment in Ciudad Juárez

Source: INEGI
Export-Oriented Manufacturing Employment in Chihuahua City

Source: INEGI
Export-Oriented Manufacturing Employment in Chihuahua City

Source: INEGI
Northern Mexico Manufacturing Orders Index

Source: Banco de México
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

Thousands of June 2013 Pesos

Source: INEGI
Real Retail Activity Index for the State of Chihuahua

Index (2013=100)

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.