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Borderplex Business Barometer, Volume 6, Number 12

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BORDERPLEX BUSINESS BAROMETER

December 2022

Border Region Modeling Project

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Border Commerce & Economics

Borderplex Business Barometer, Volume 6, Number 12

Business Cycle Survival Odyssey

The regional economy has remained healthy despite mixed global economic messages throughout 2022. Stubbornly high inflation led the Federal Reserve to raise interest rates seven times in 2022. As the Yield Curve graph shows, all Treasury instrument yields exceeded their year-ago levels in November. Higher interest rates can be very problematic for a manufacturing, warehousing, and transportation oriented region such as the Borderplex. Not surprisingly, the El Paso Metropolitan Business Cycle Index (BCI), calculated by the Federal Reserve Bank of Dallas, levelled off after July. The BCI graphs also show that the index has remained comfortably above year-ago levels for all of 2022.

Another hopeful sign is provided by the Border Region Modeling Project El Paso Household Economic Stress Index (EPHESI). As illustrated by the EPHESI graphs, this metric declined, again, in November. Factors associated with that development include slowly moderating inflation, rising housing prices, and a healthy labor market. The El Paso County unemployment rate stood at 4.2 percent in November. Although inflation has declined in recent months, the food components of the Consumer Price Index increased by 10.2 percent during the 12-month period ending in November. Reflective of the latter, El Paso County Supplemental Nutritional Assistance Program (SNAP) enrollments have remained above prior year levels for six consecutive months. As shown in the graphs, there are now more than 150 thousand SNAP participants in El Paso.

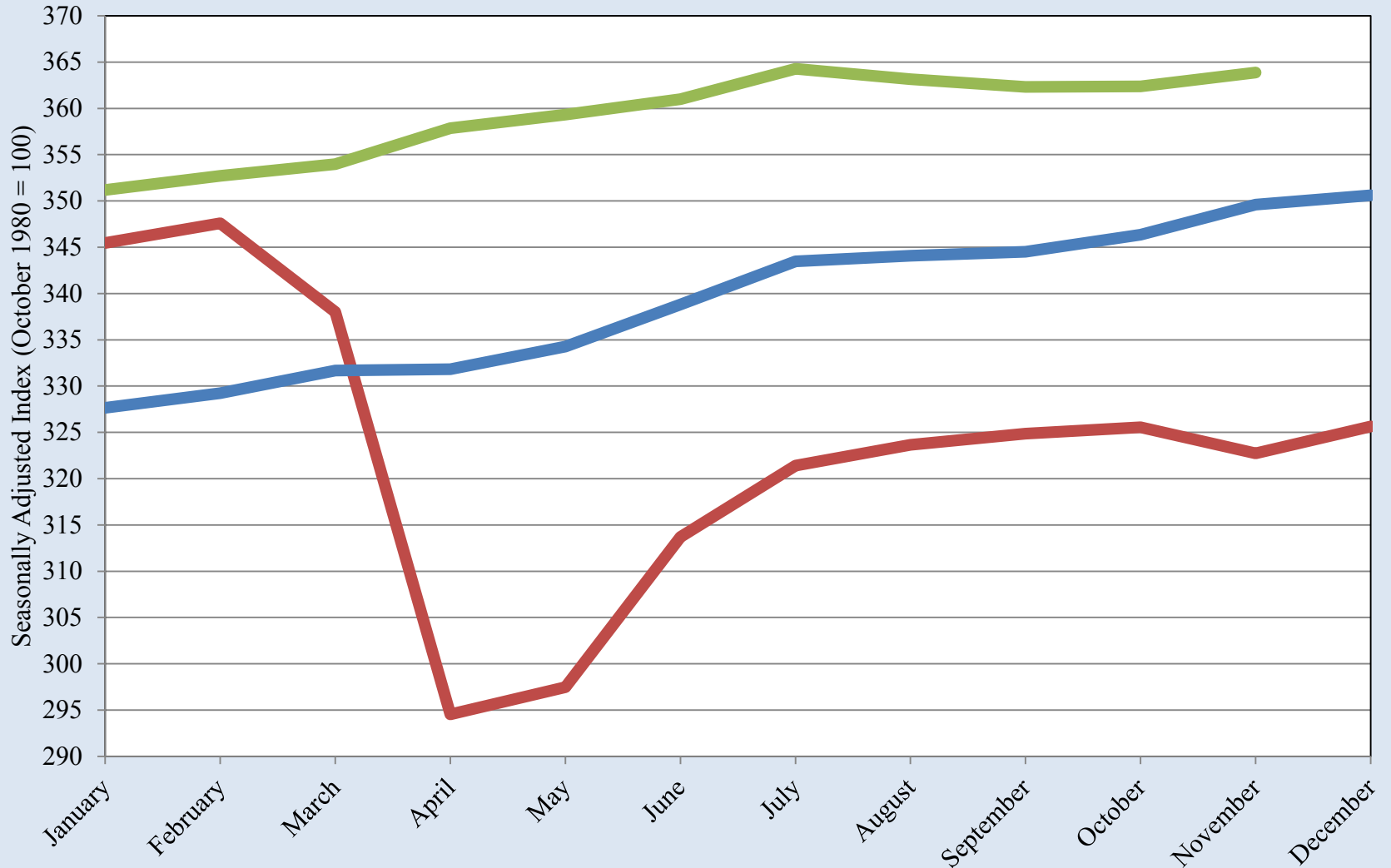
Rising mortgage rates have combined with high prices to slow the pace of housing sales in El Paso. As shown below, the Months of Housing Inventory ratio rose to 2.4 months in November. Still low by historical standards, that ratio will need to increase more in order for single-family housing prices to ease. Similar real estate conditions also exist in Las Cruces.

The Las Cruces unemployment rate remained below prior-year estimates throughout the first eleven months of 2022. Total employment across the Mesilla Valley also exceeded pre-pandemic levels from February through November. Rising food prices have, however, caused SNAP enrollments to increase in recent months.

As shown in the exchange rate graphs, the peso appreciated against the dollar in both nominal and real terms from August forward in 2022. A stronger peso encourages more shoppers from Northern Mexico to visit El Paso. It also raises the dollar-denominated cost of manufacturing in Mexico. Real trade volumes through the El Paso Customs District have remained strong up to this point. Greater Export-Oriented Manufacturing (IMMEX) payrolls in Ciudad Juarez and Chihuahua City indicate that real trade volumes should increase during the first half of 2023. If a recession occurs in the United States, IMMEX payrolls will shrink, temporarily, but the State of Chihuahua should continue to attract direct foreign investment throughout the year and beyond.

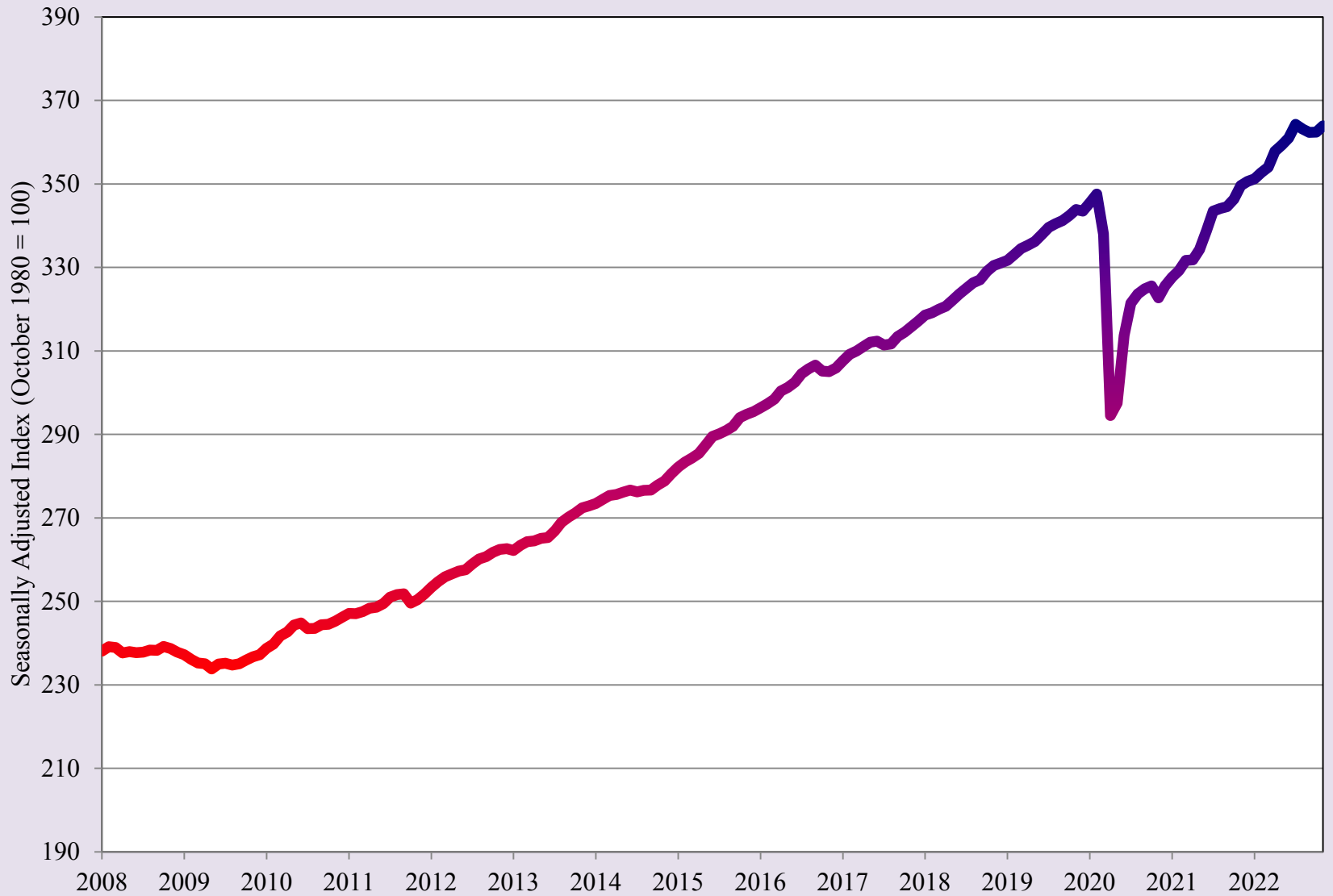
El Paso Metropolitan Business Cycle Index

2020 2021 2022



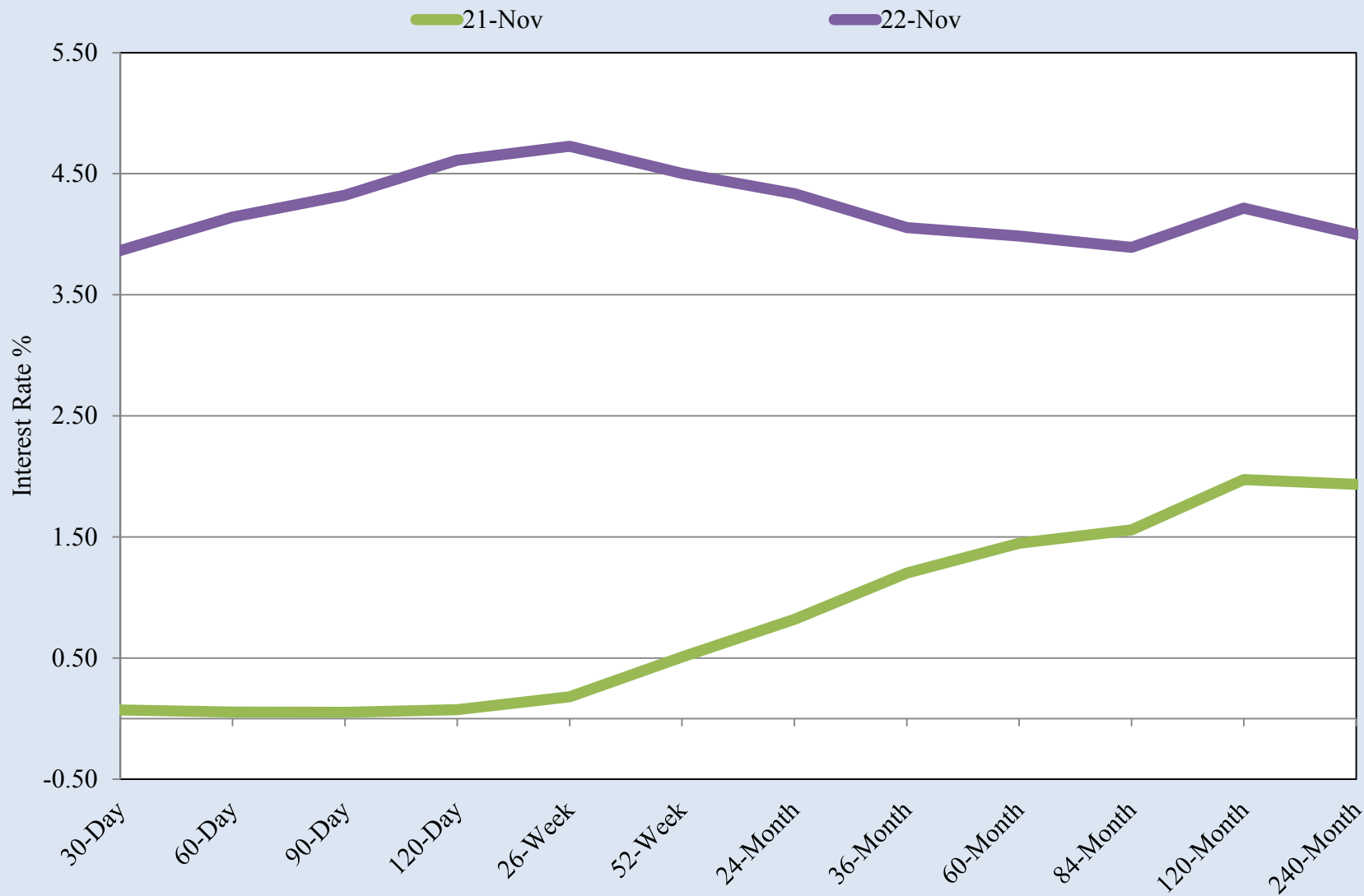
Source: Federal Reserve Bank of Dallas

El Paso Metropolitan Business Cycle Index



Source: Federal Reserve Bank of Dallas

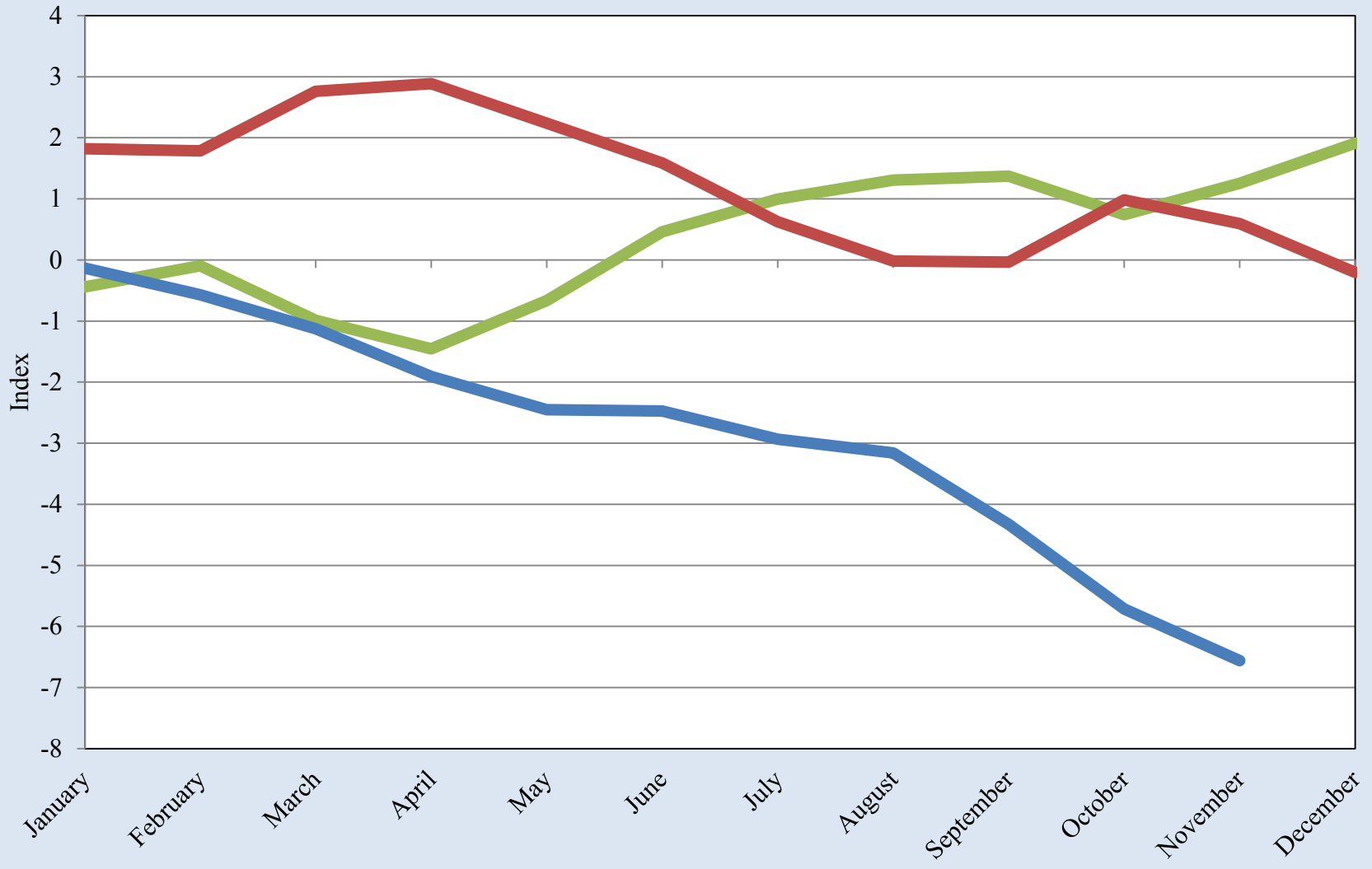
Average Treasury Yield Curve Rates



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

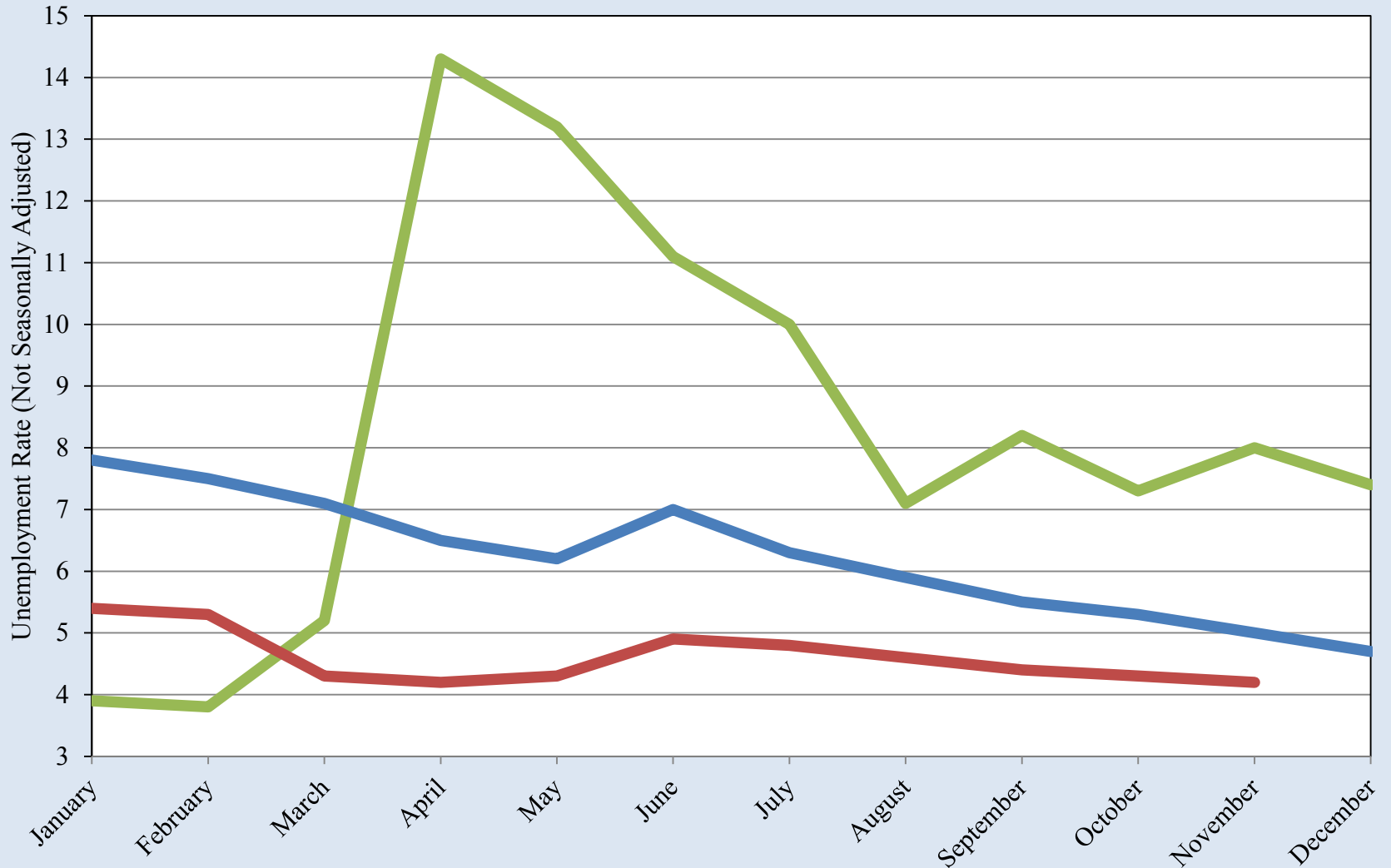
El Paso Household Economic Stress Index



Source: UTEP Border Region Modeling Project

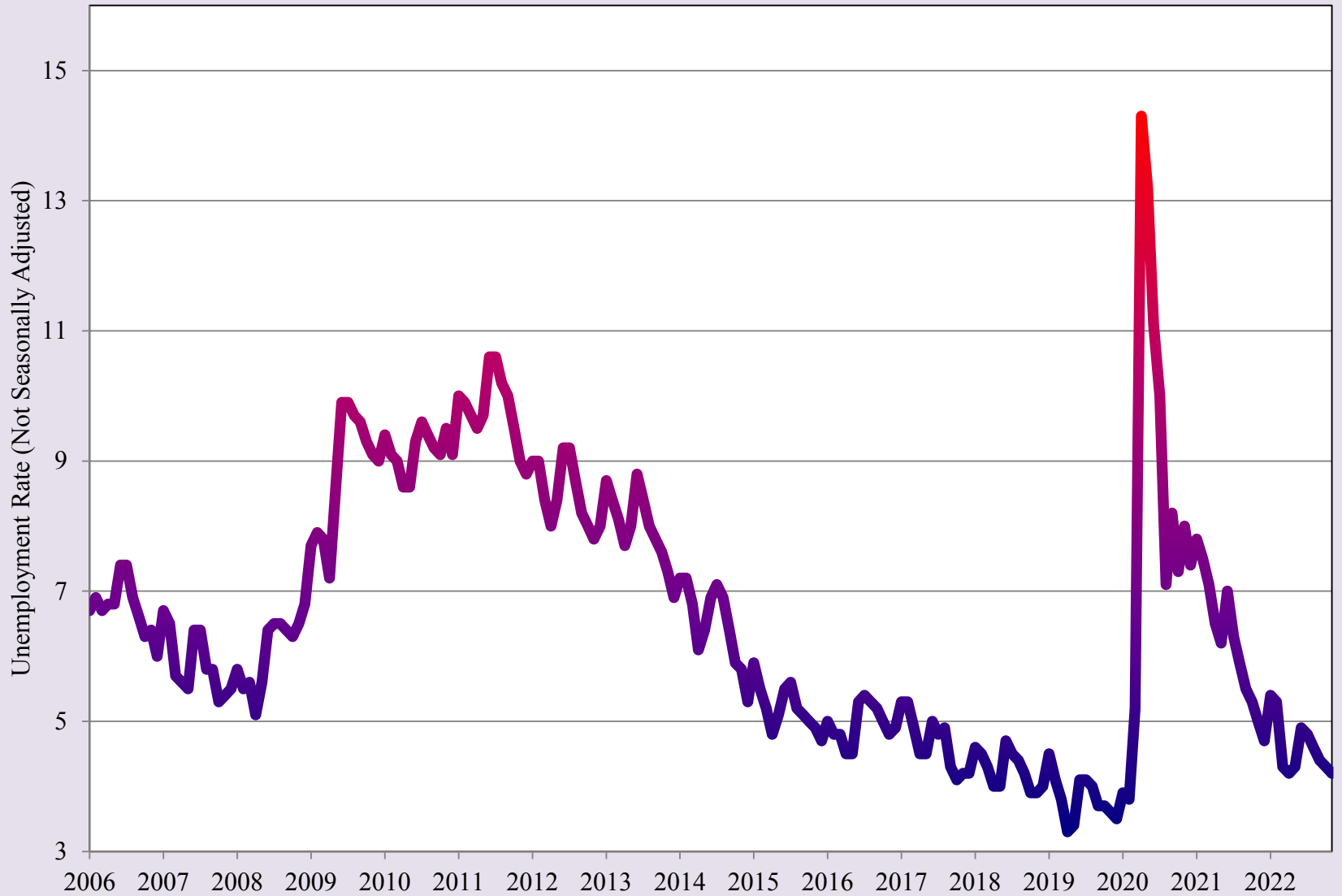
El Paso County Unemployment Rate

2020 2021 2022



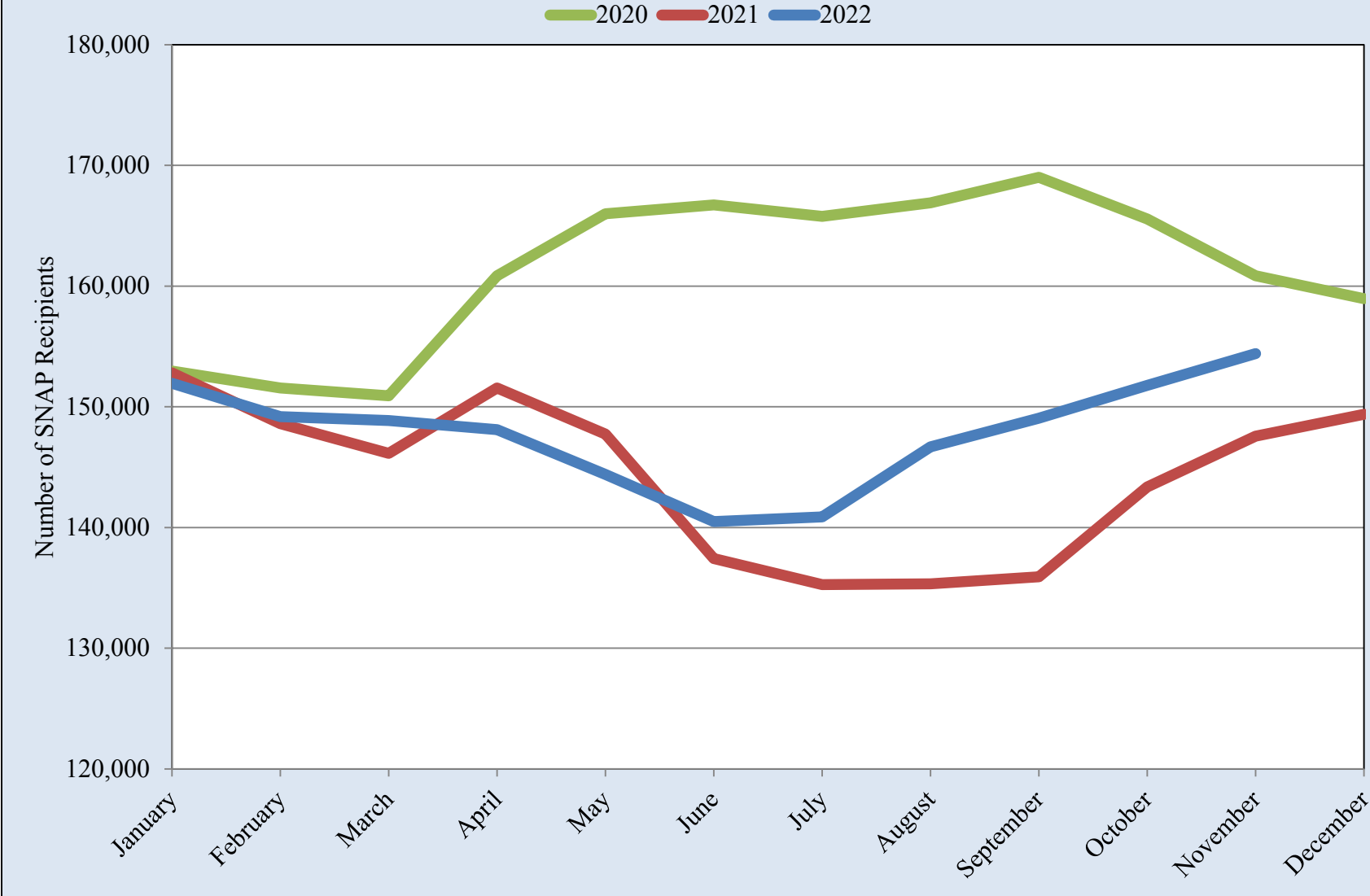
Source: Bureau of Labor Statistics

El Paso County Unemployment Rate



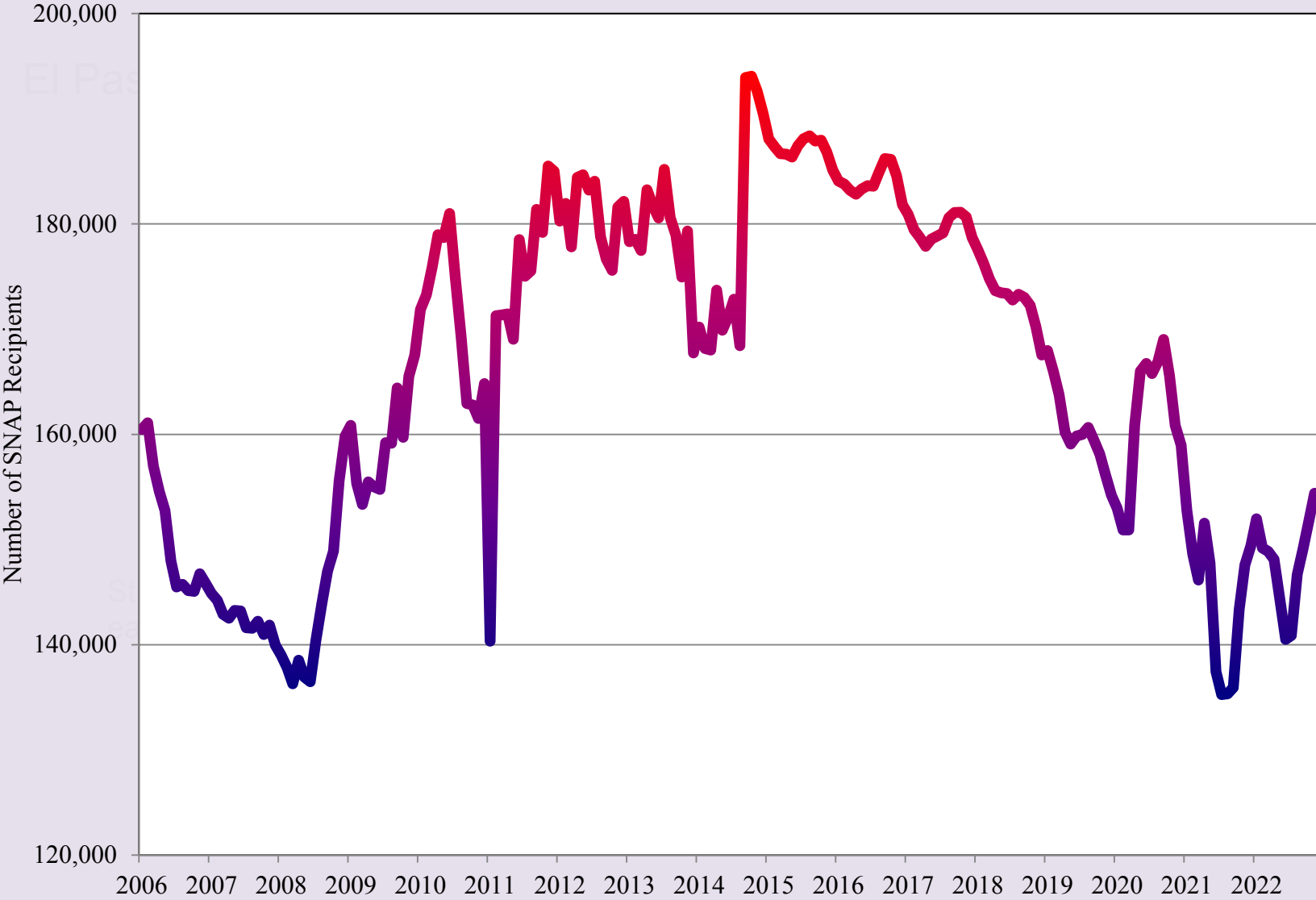
Source: Bureau of Labor Statistics

El Paso County SNAP (Food Stamp) Enrollment



Source: Texas Health and Human Services Commission

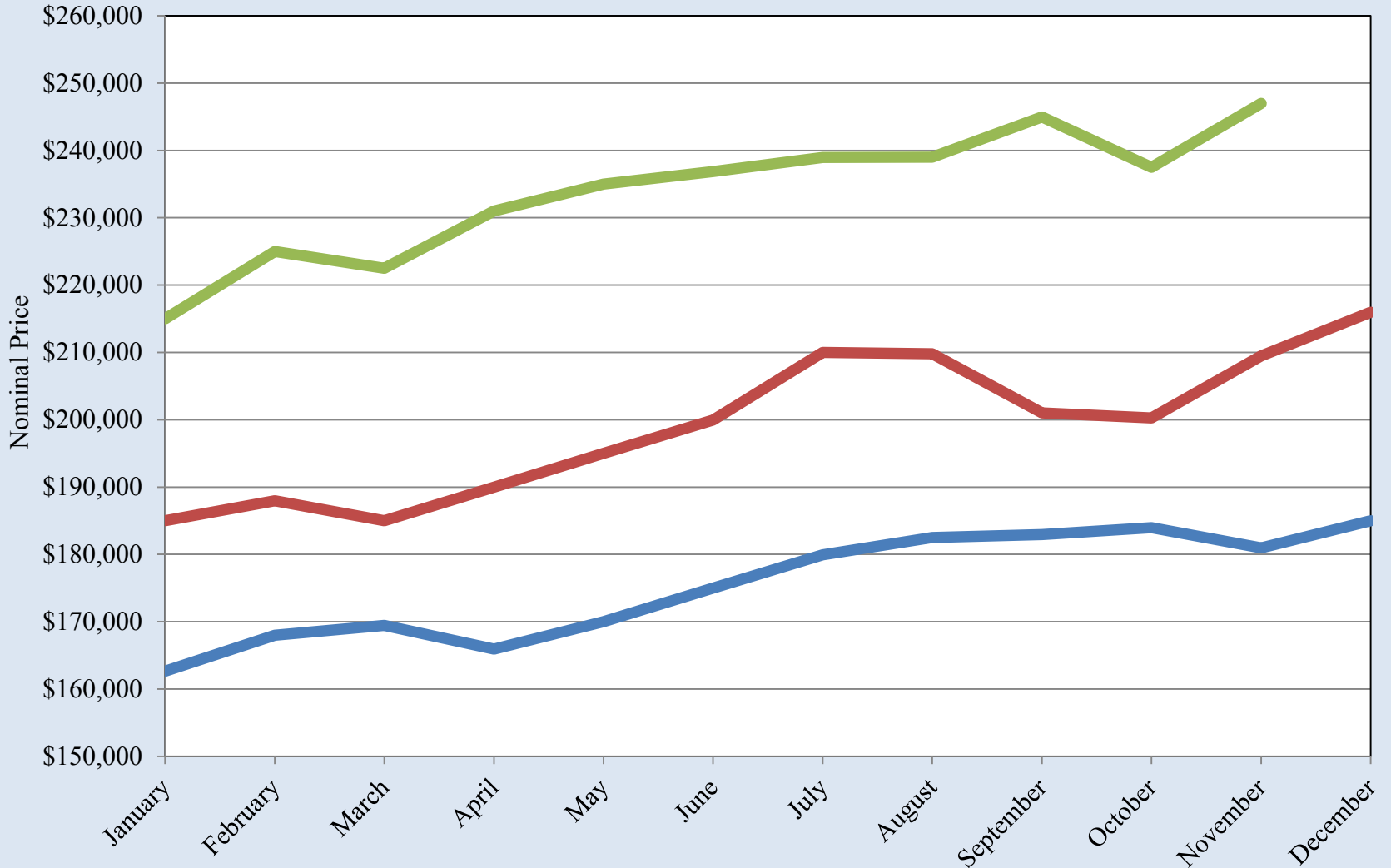
El Paso County SNAP (Food Stamp) Enrollment



Source: Texas Health and Human Services Commission

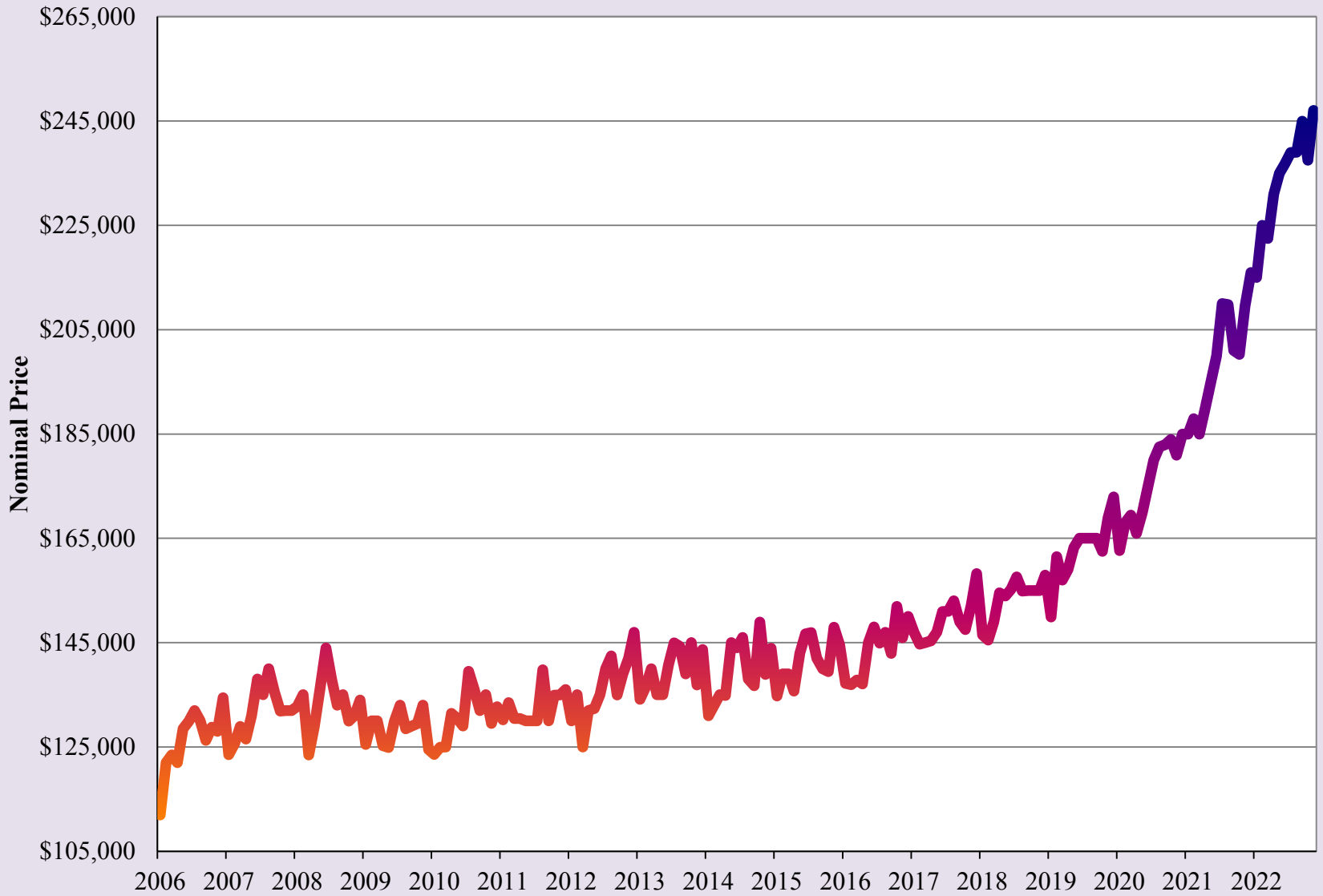
El Paso Median Housing Prices

2020 2021 2022



Source: Texas A&M Real Estate Center

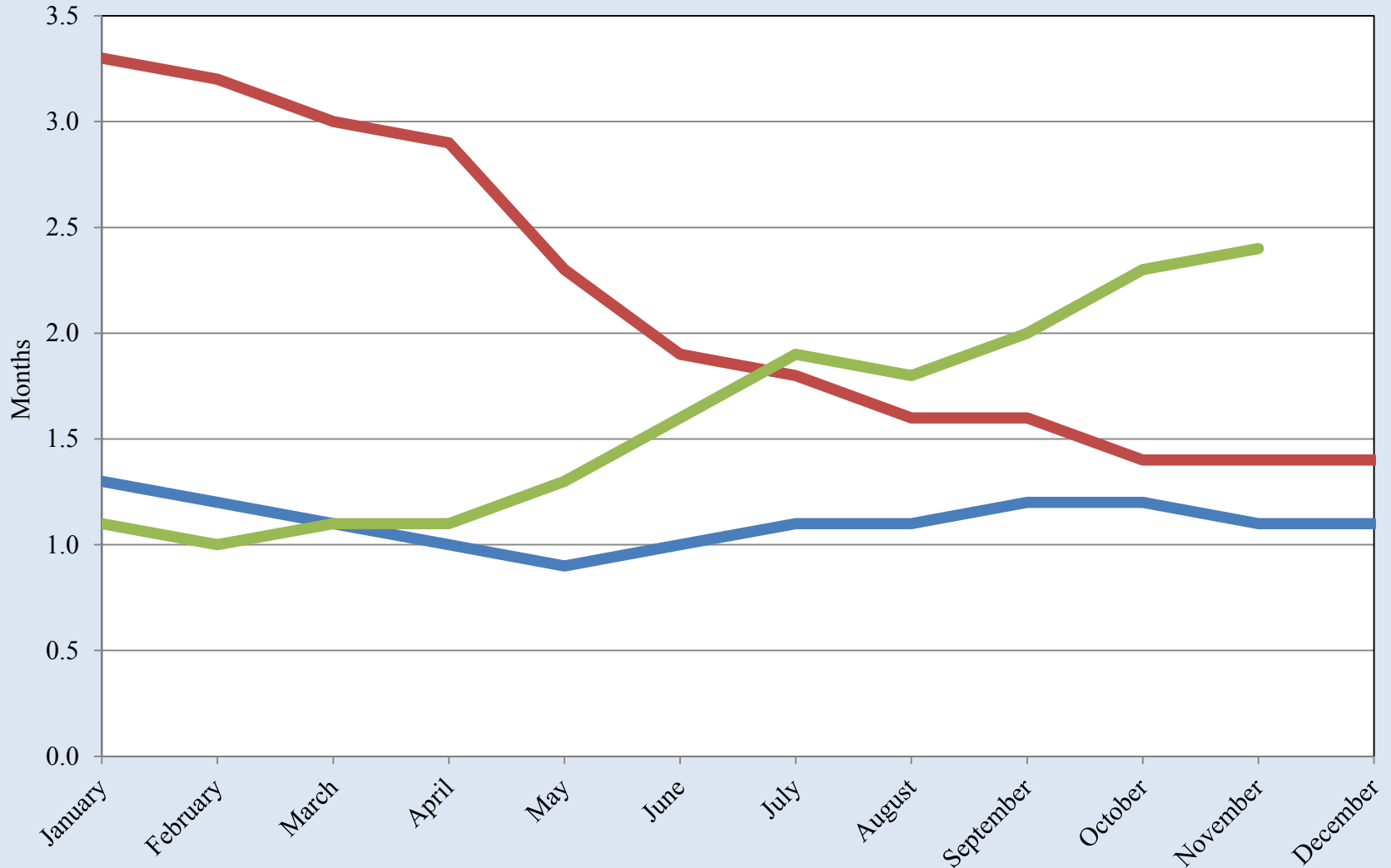
El Paso Median Housing Prices



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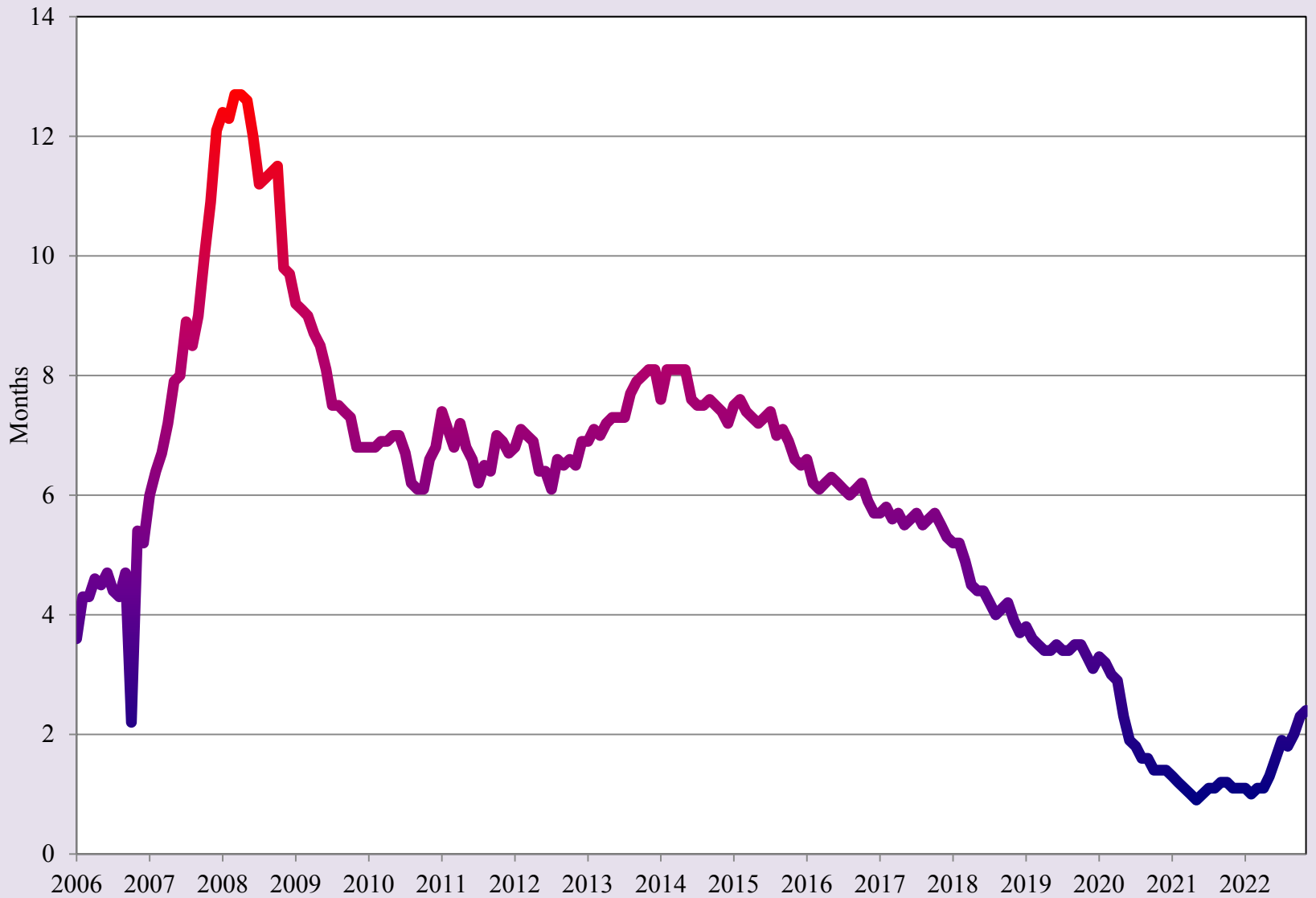
Months of Housing Inventory for El Paso

2020 2021 2022



Source: Texas A&M Real Estate Center

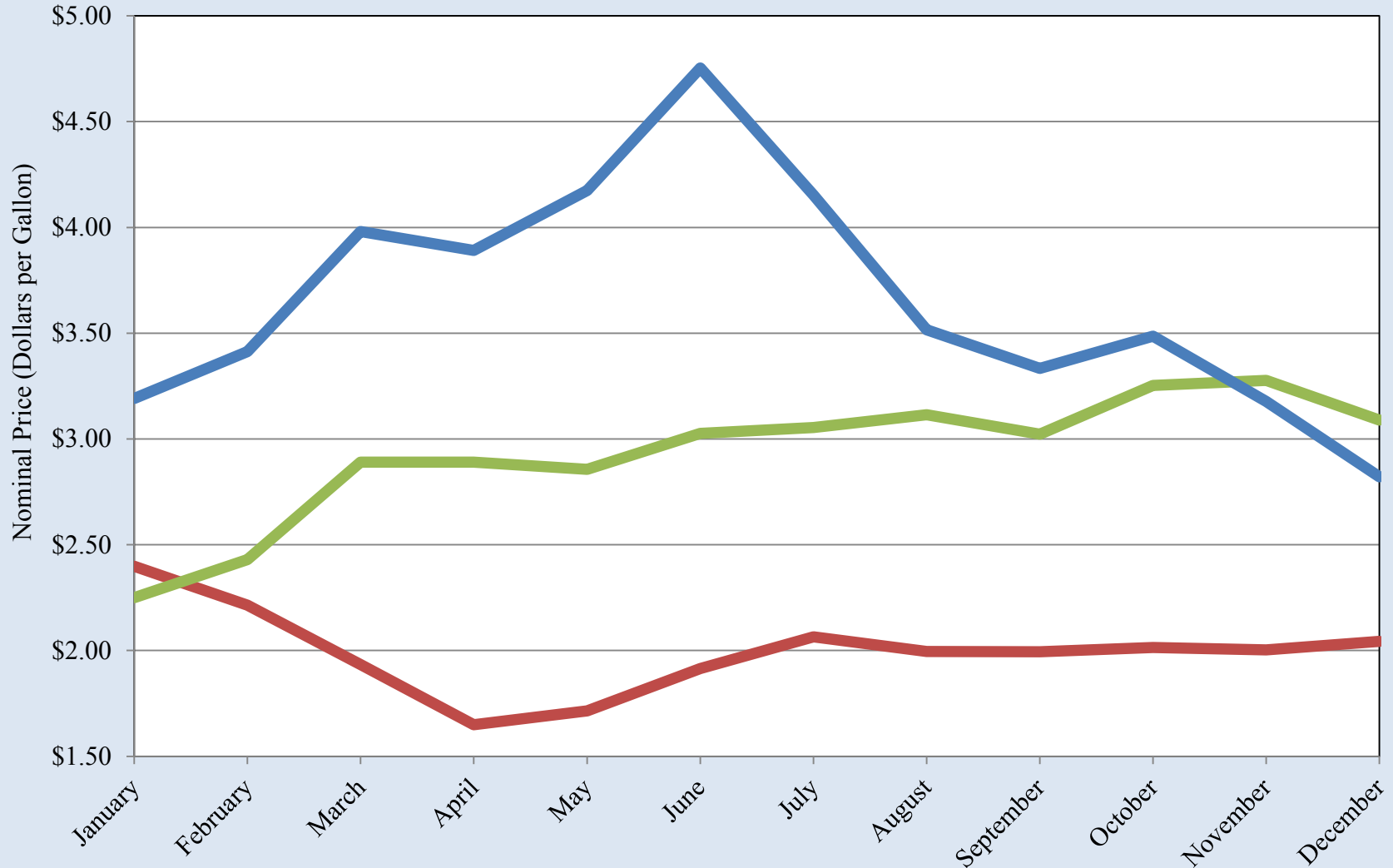
Months of Housing Inventory for El Paso



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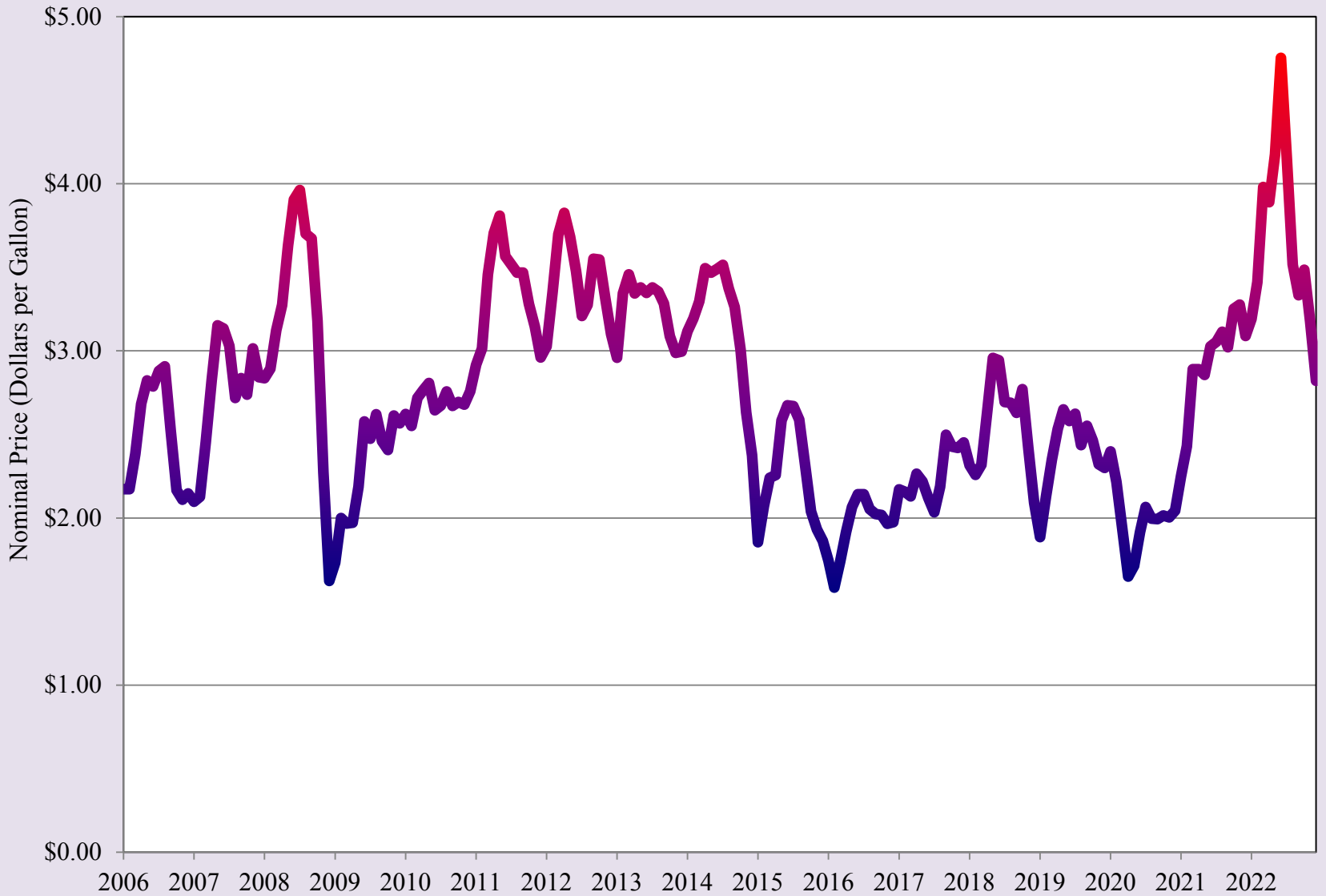
El Paso Gasoline Prices

2020 2021 2022



Source: GasBuddy.com

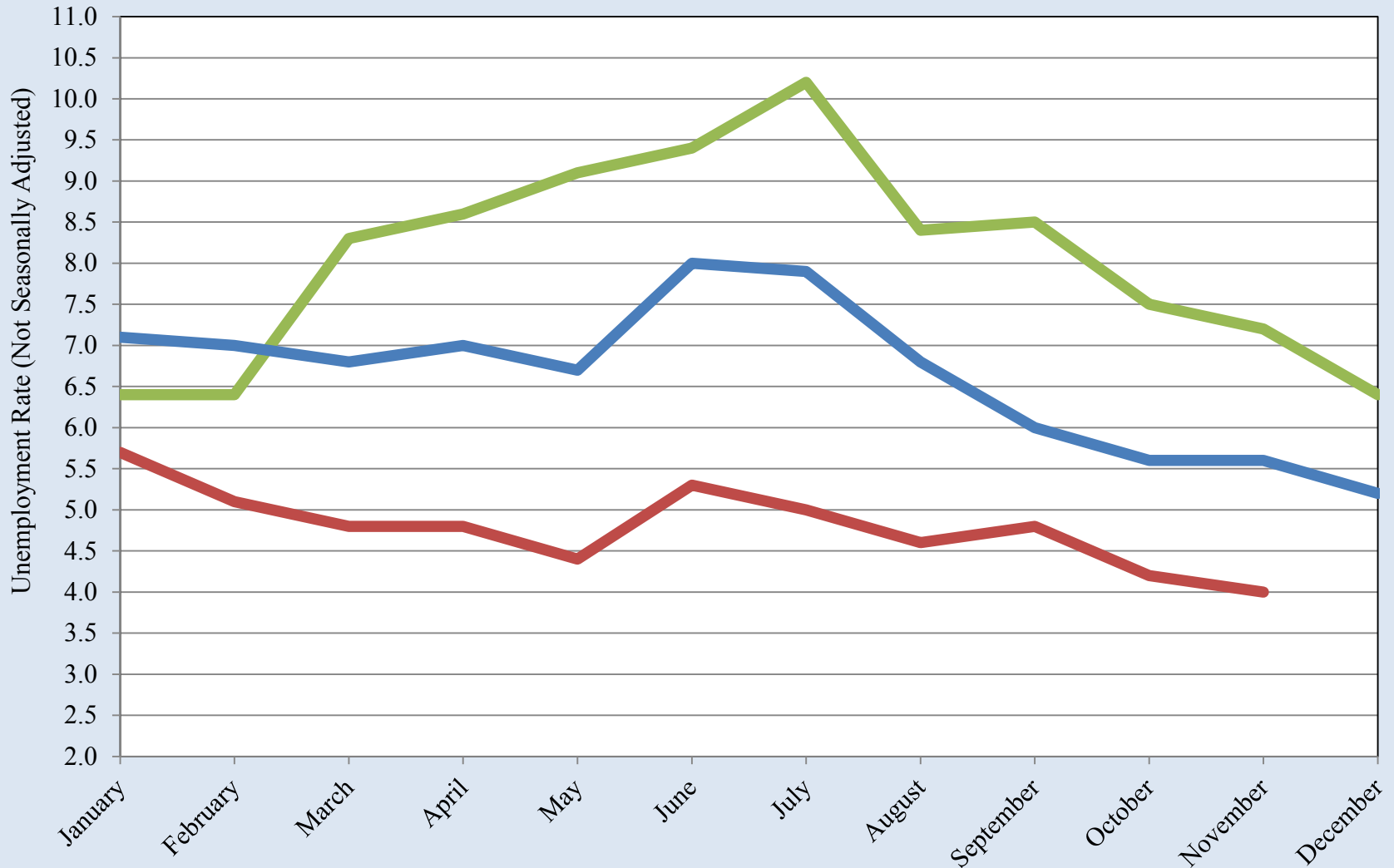
El Paso Gasoline Prices



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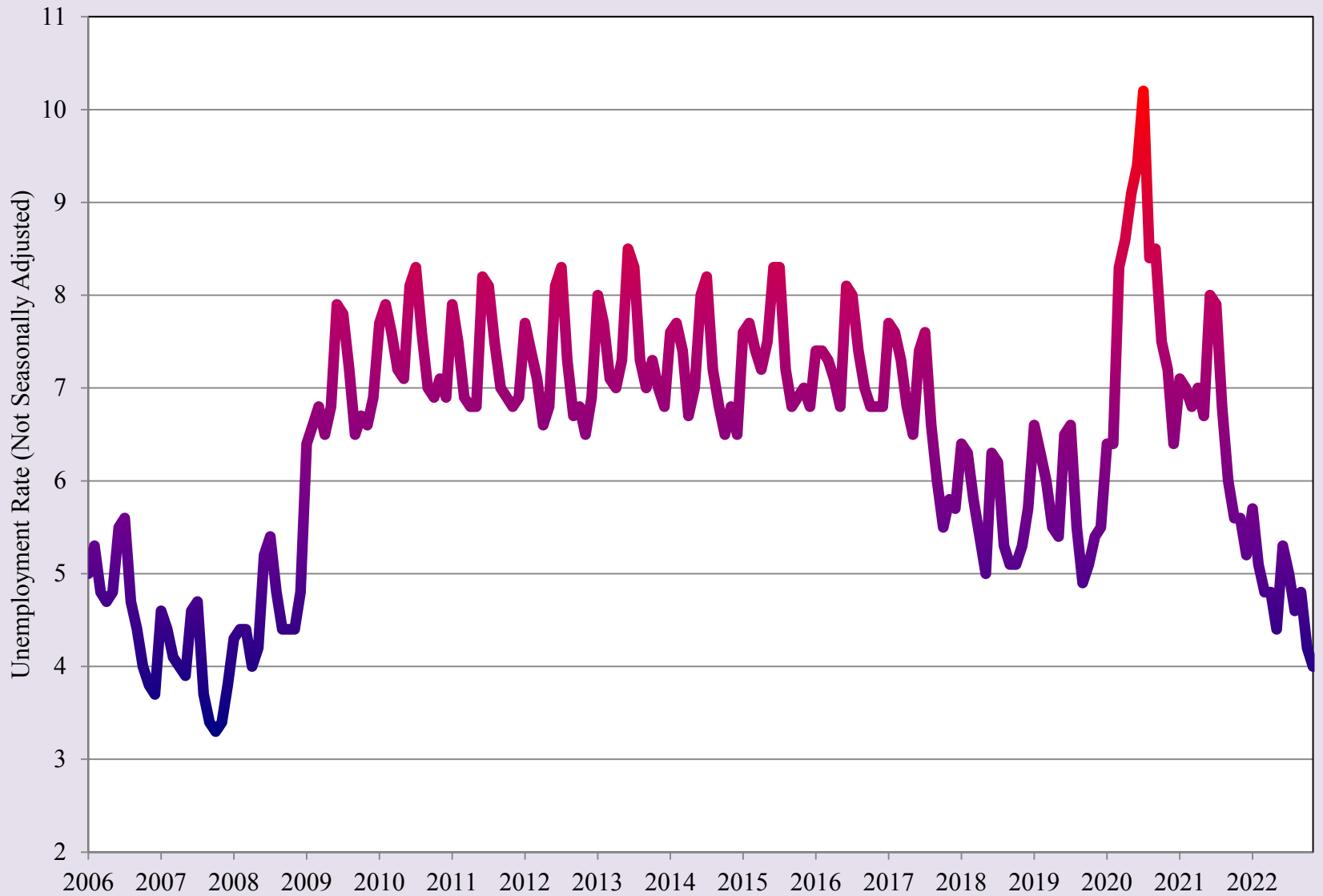
Doña Ana County Unemployment Rate

2020 2021 2022



Source: Bureau of Labor Statistics

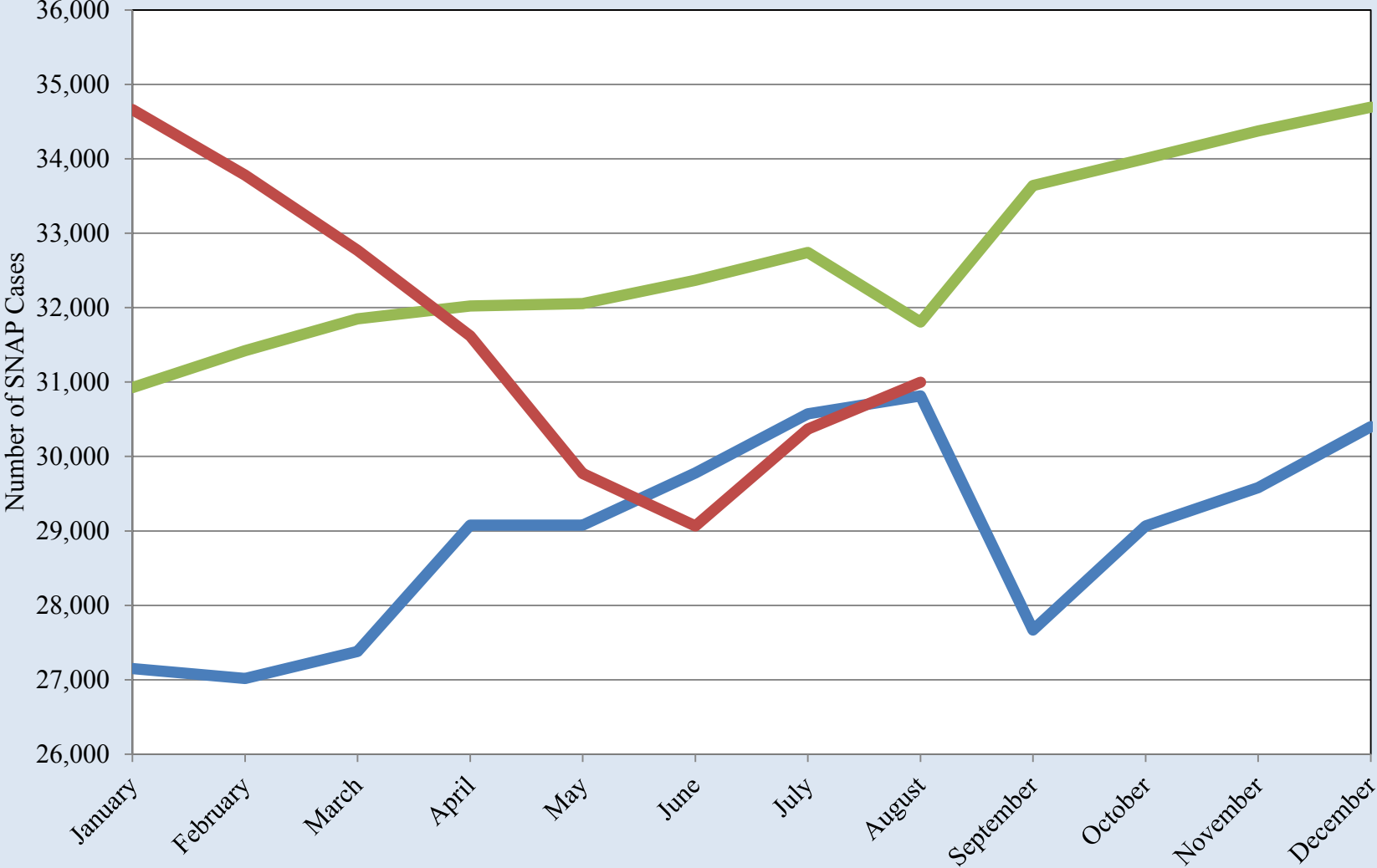
Doña Ana County Unemployment Rate



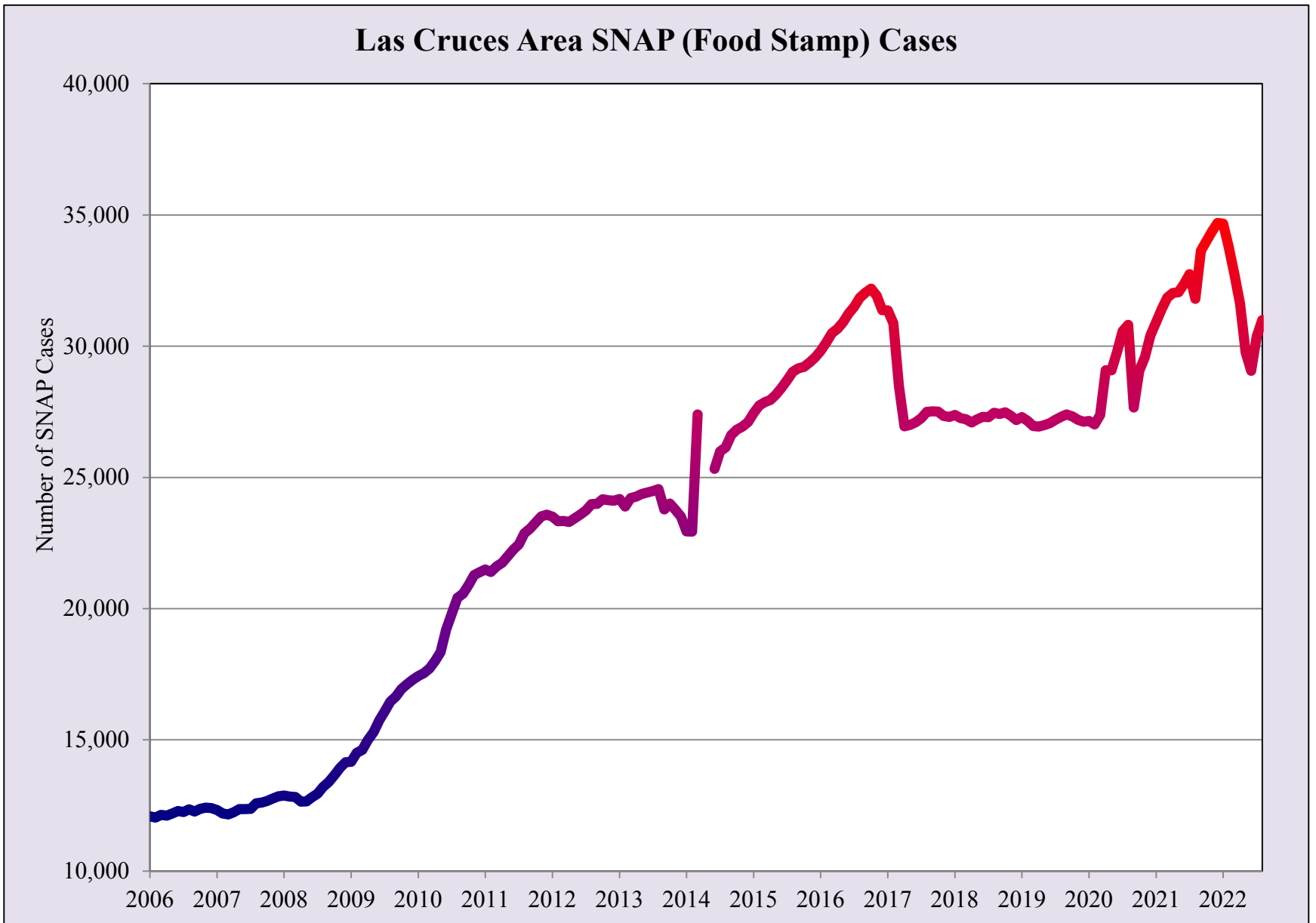
Source: Bureau of Labor Statistics

Las Cruces Area SNAP (Food Stamp) Cases

2020 2021 2022

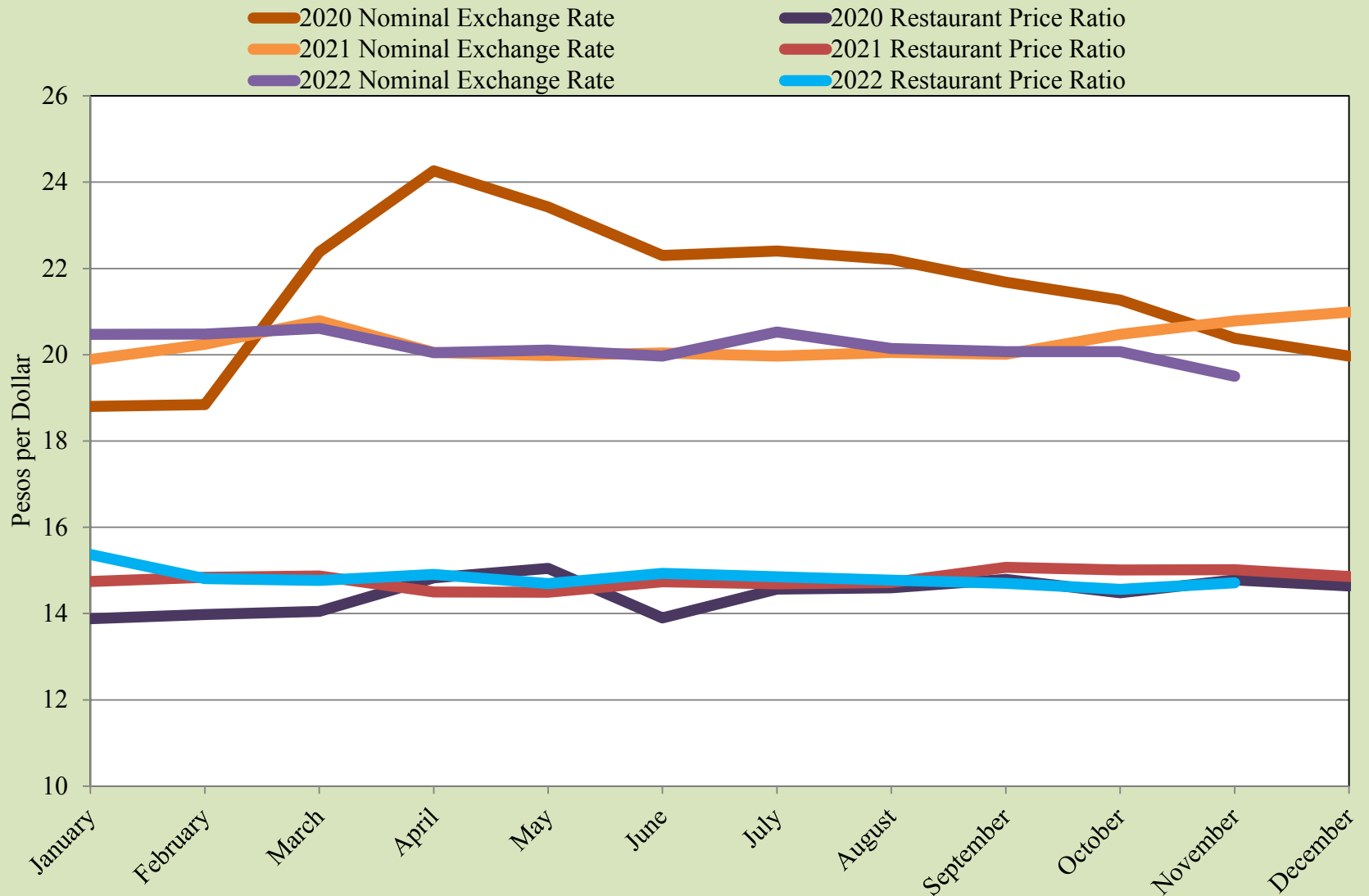


Source: New Mexico Human Services Department



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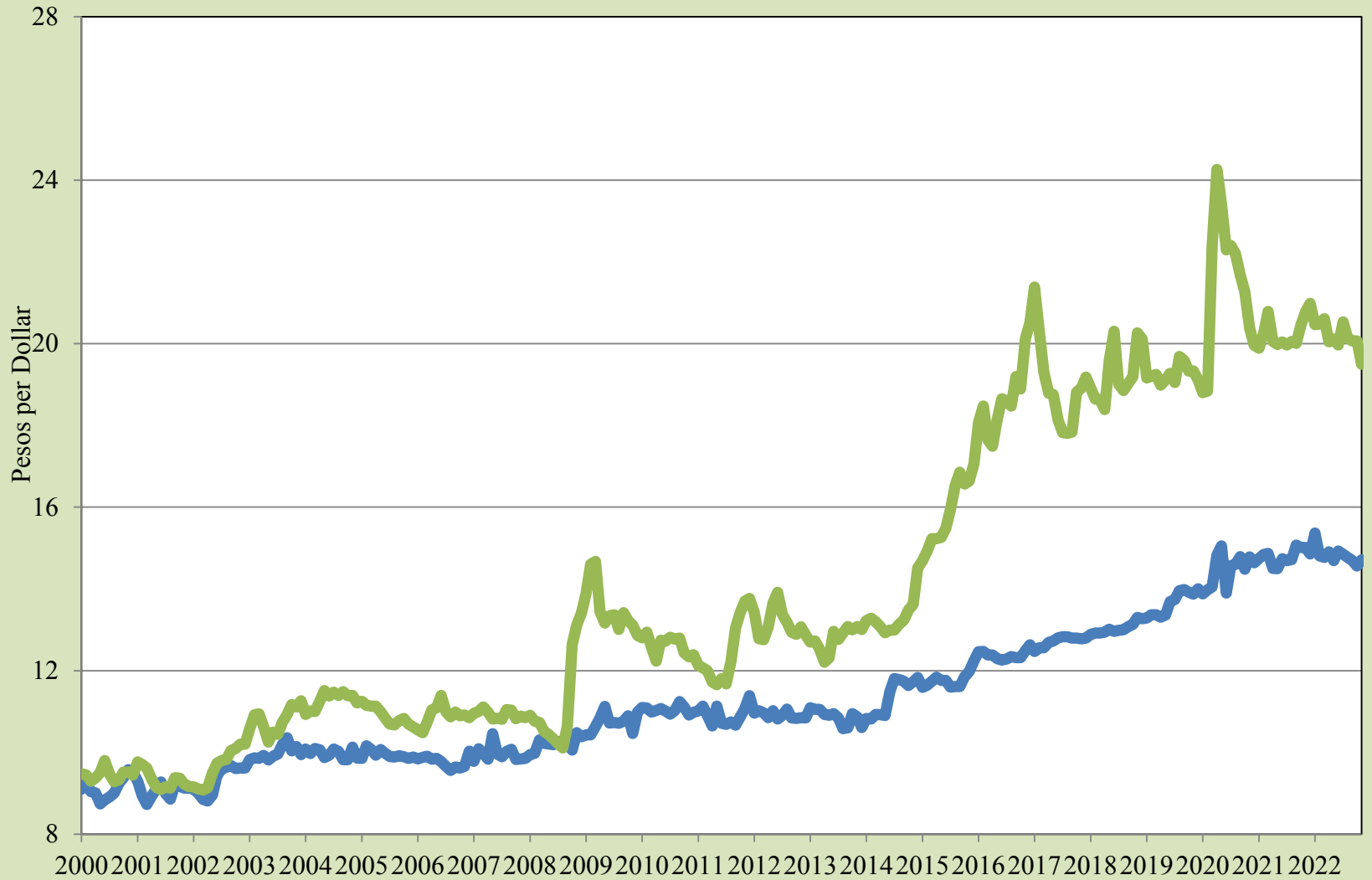
Restaurant Price Ratio and Exchange Rate



Source: UTEP Border Region Modeling Project and Banco de Mexico

Restaurant Price Ratio and Exchange Rate

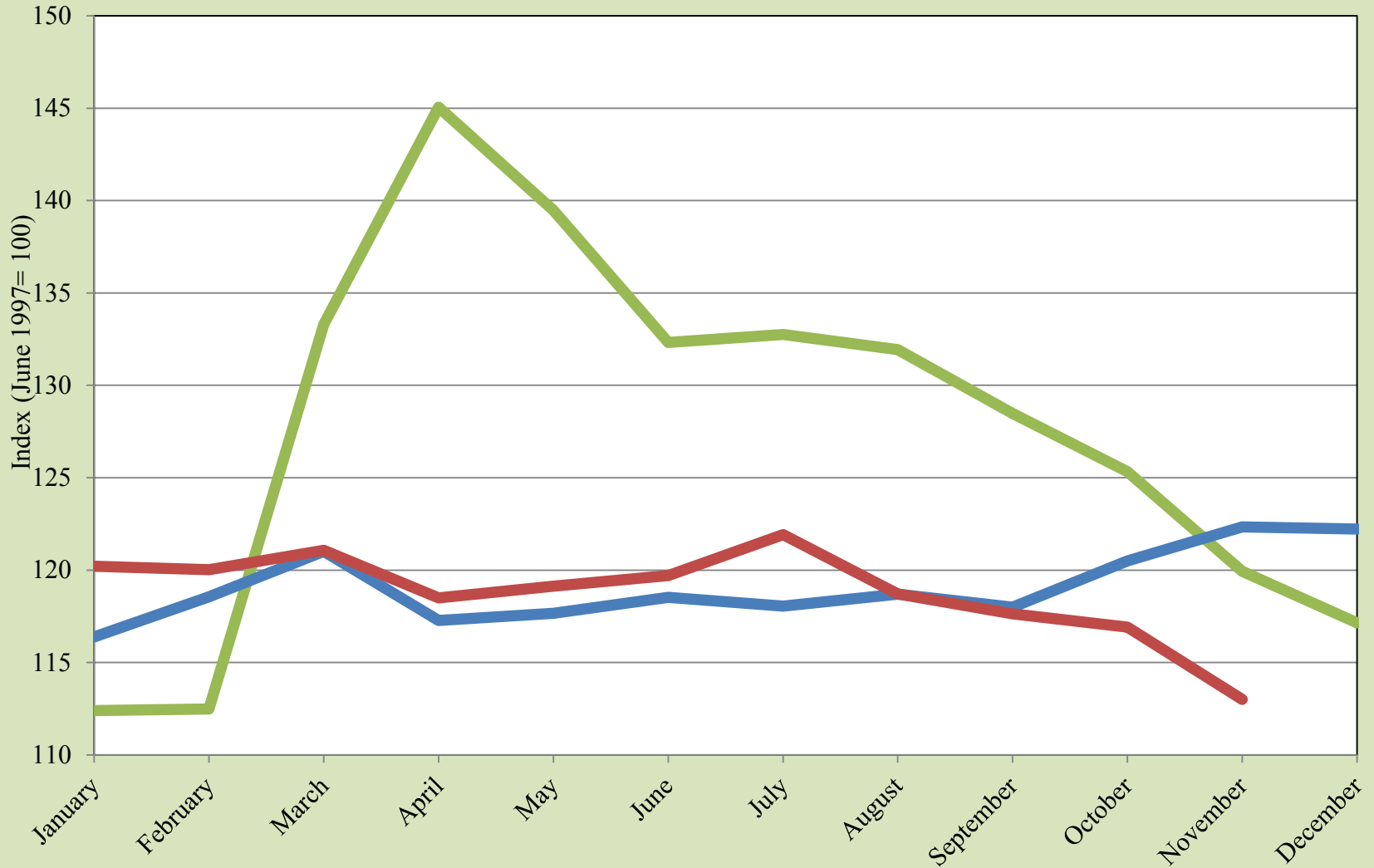
Price Ratio Exchange Rate



Source: UTEP Border Region Modeling Project and Banco de Mexico

Real Peso-per-Dollar Exchange Rate Index

2020 2021 2022



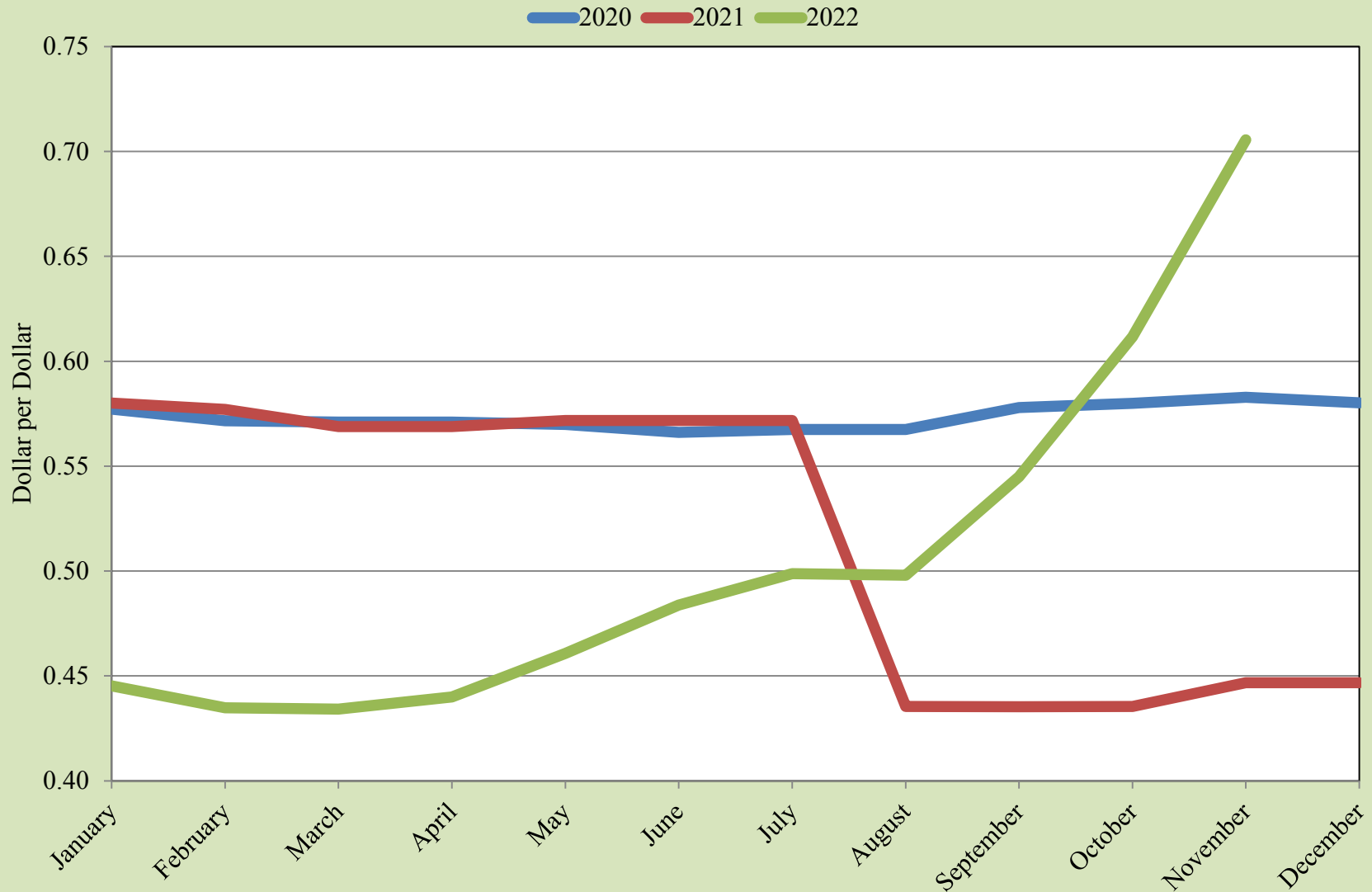
Source: UTEP Border Region Modeling Project

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

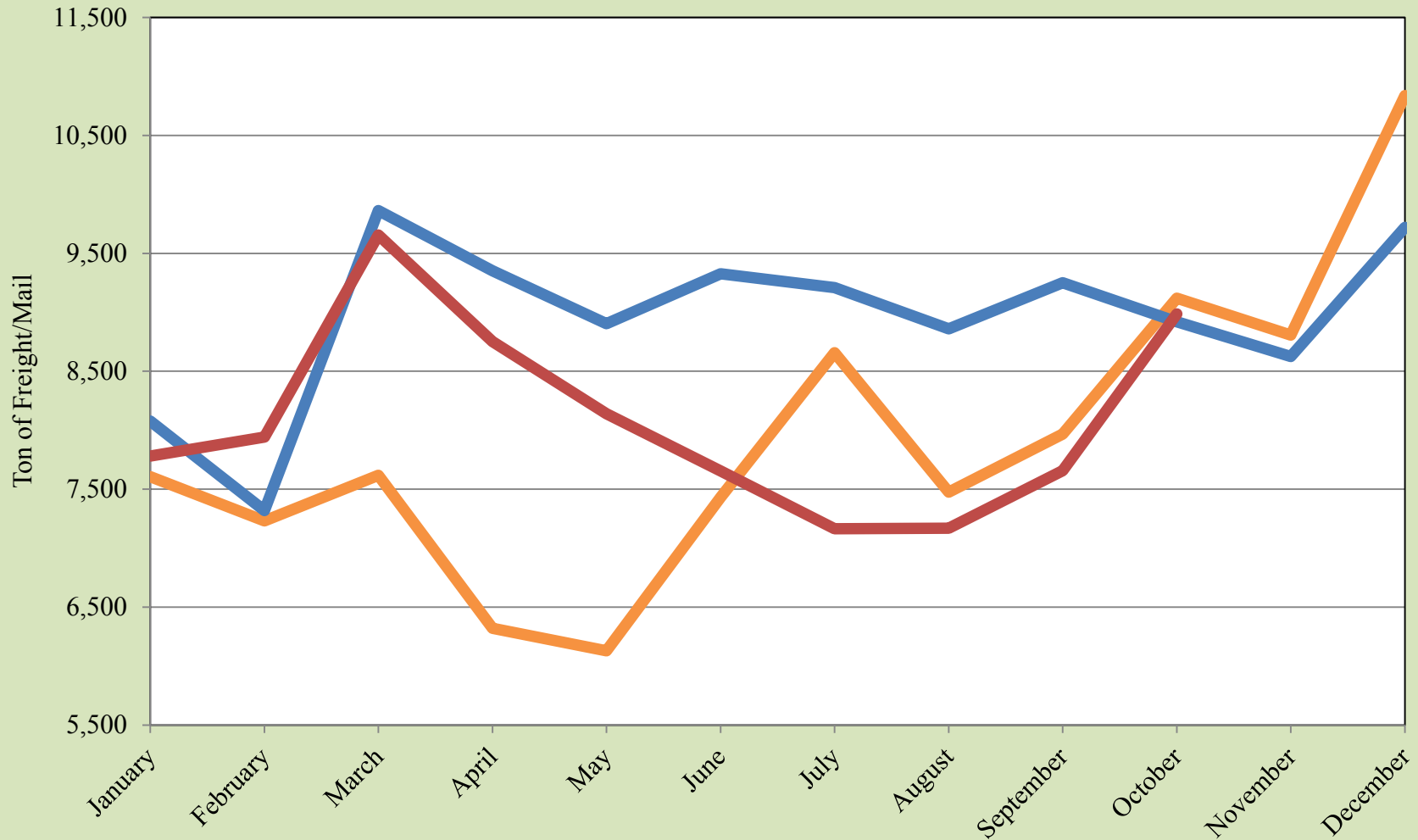
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EPIA Freight and Mail

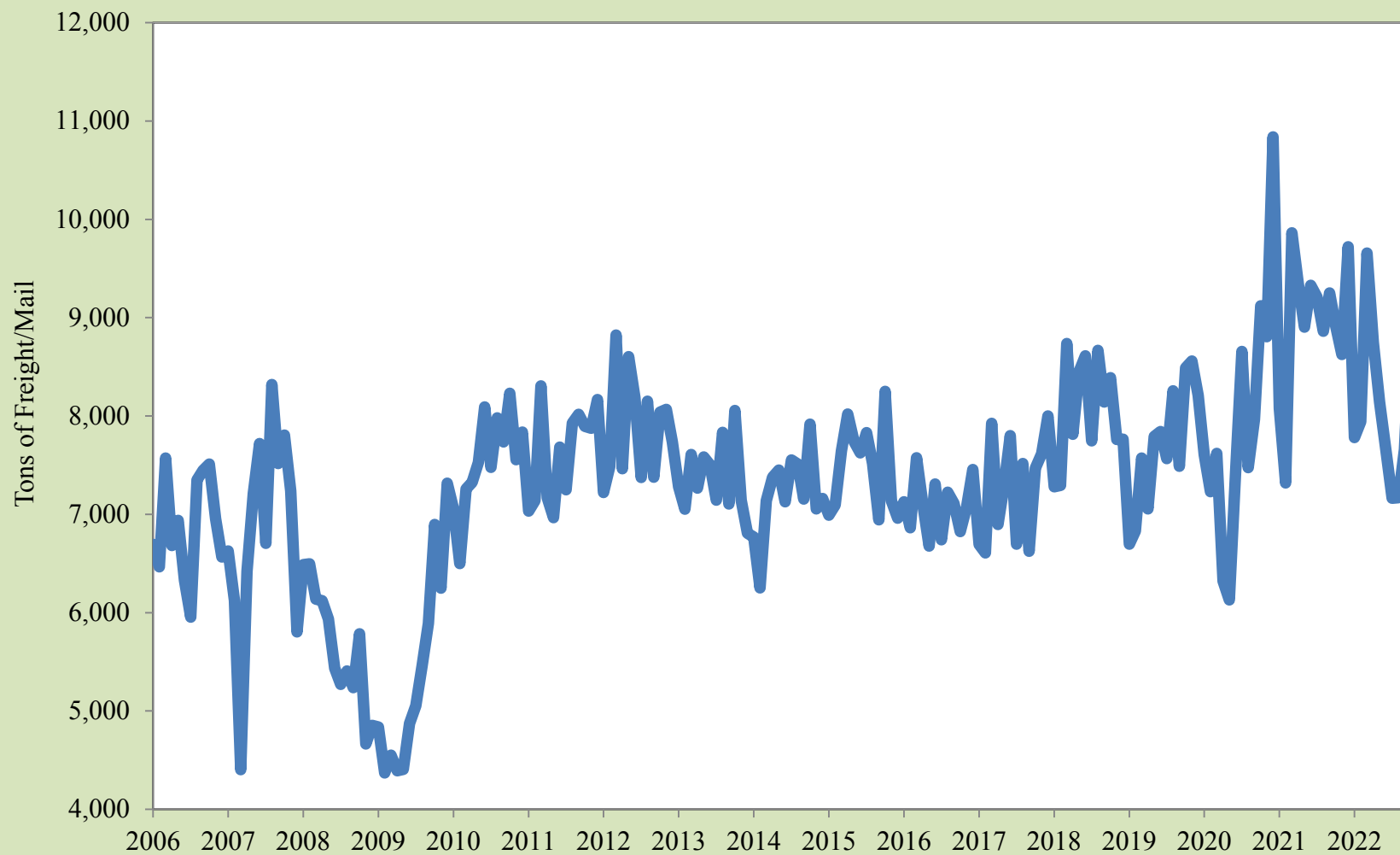
— Total 2020 — Total 2021 — Total 2022



Source: EPIA Operations

EPIA Freight and Mail

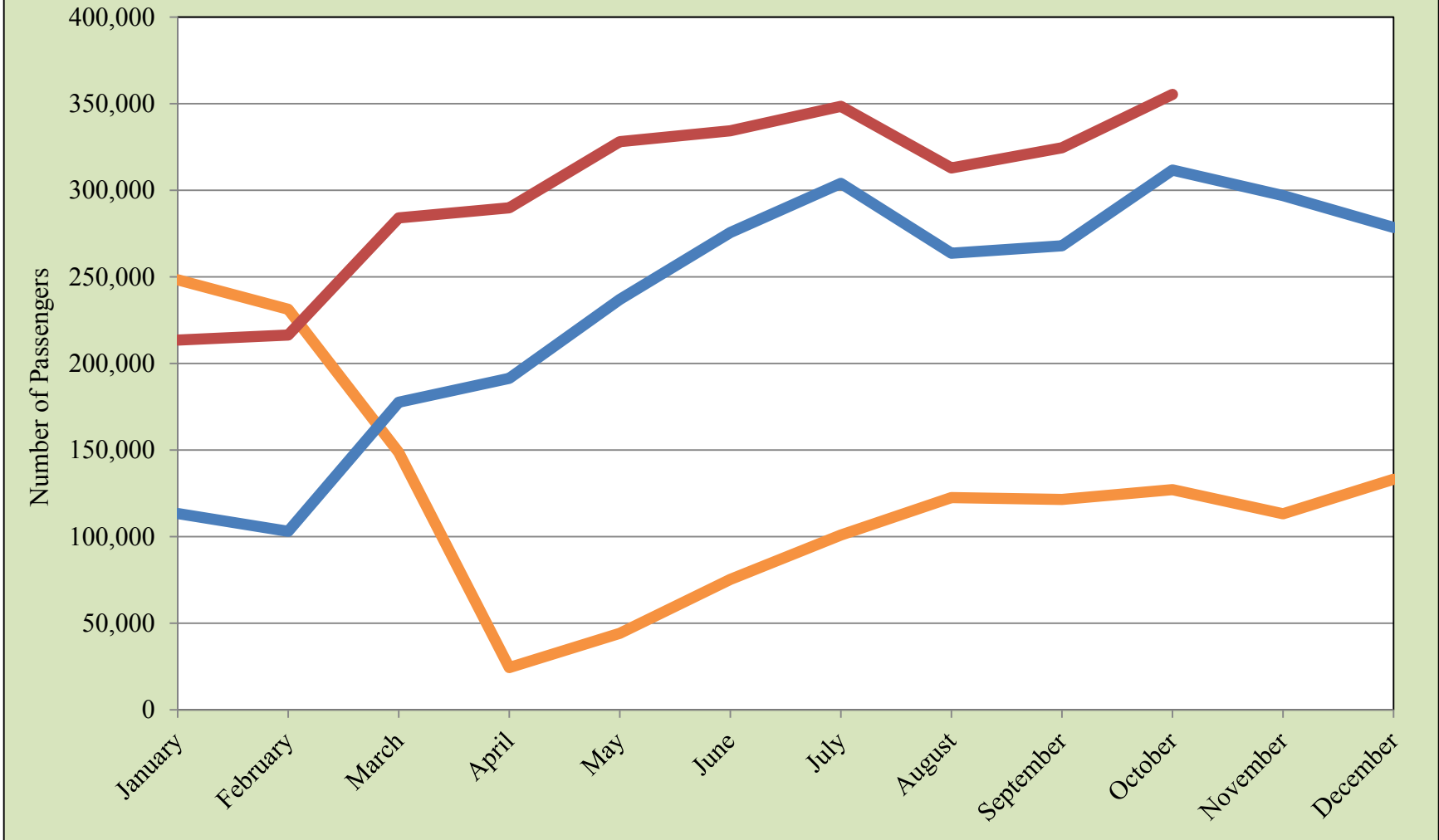
Inbound+Outbound



Source: EPIA Operations

EPIA Passengers

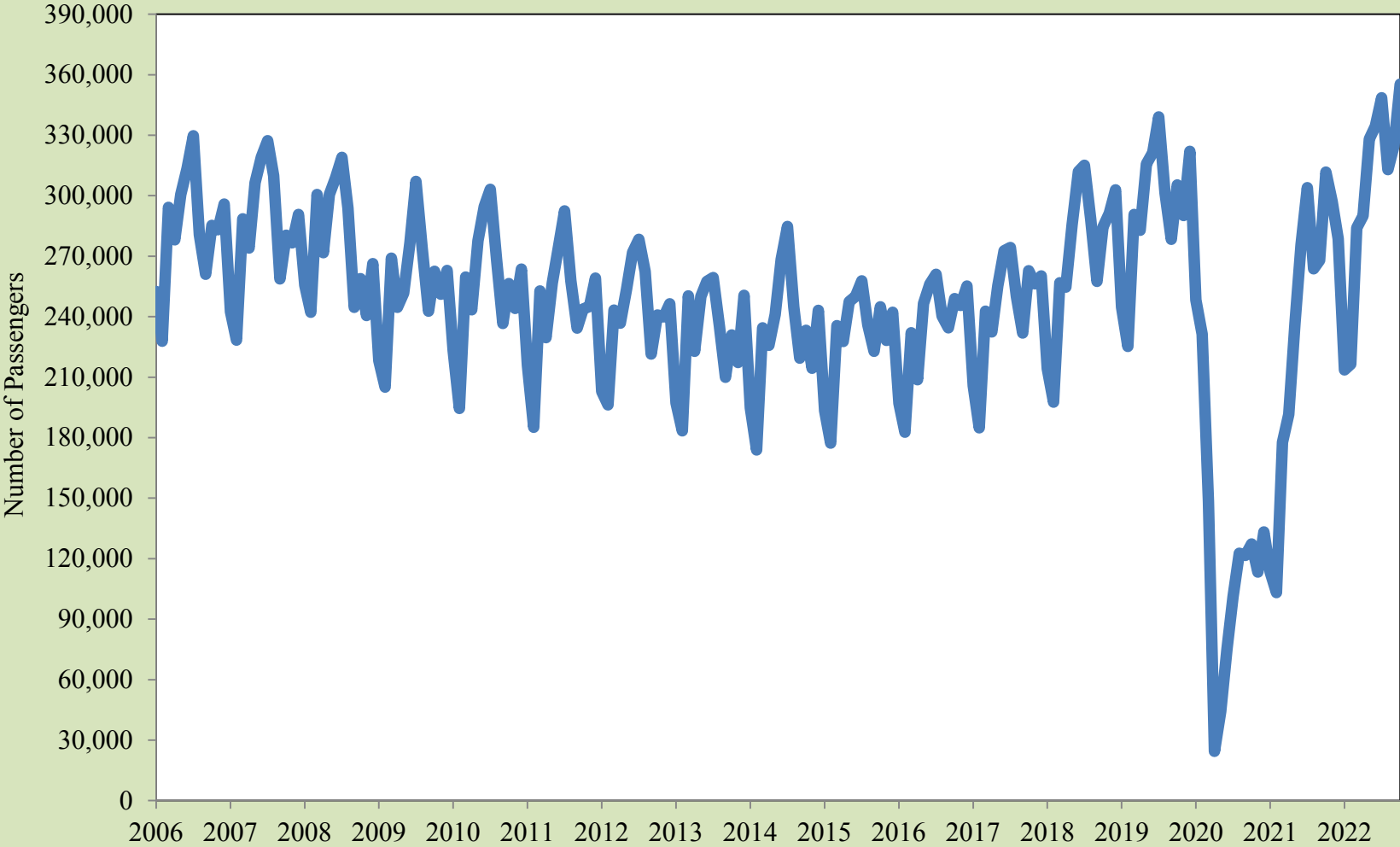
Total 2020 Total 2021 Total 2022



Source: EPIA Operations

EPIA Passengers

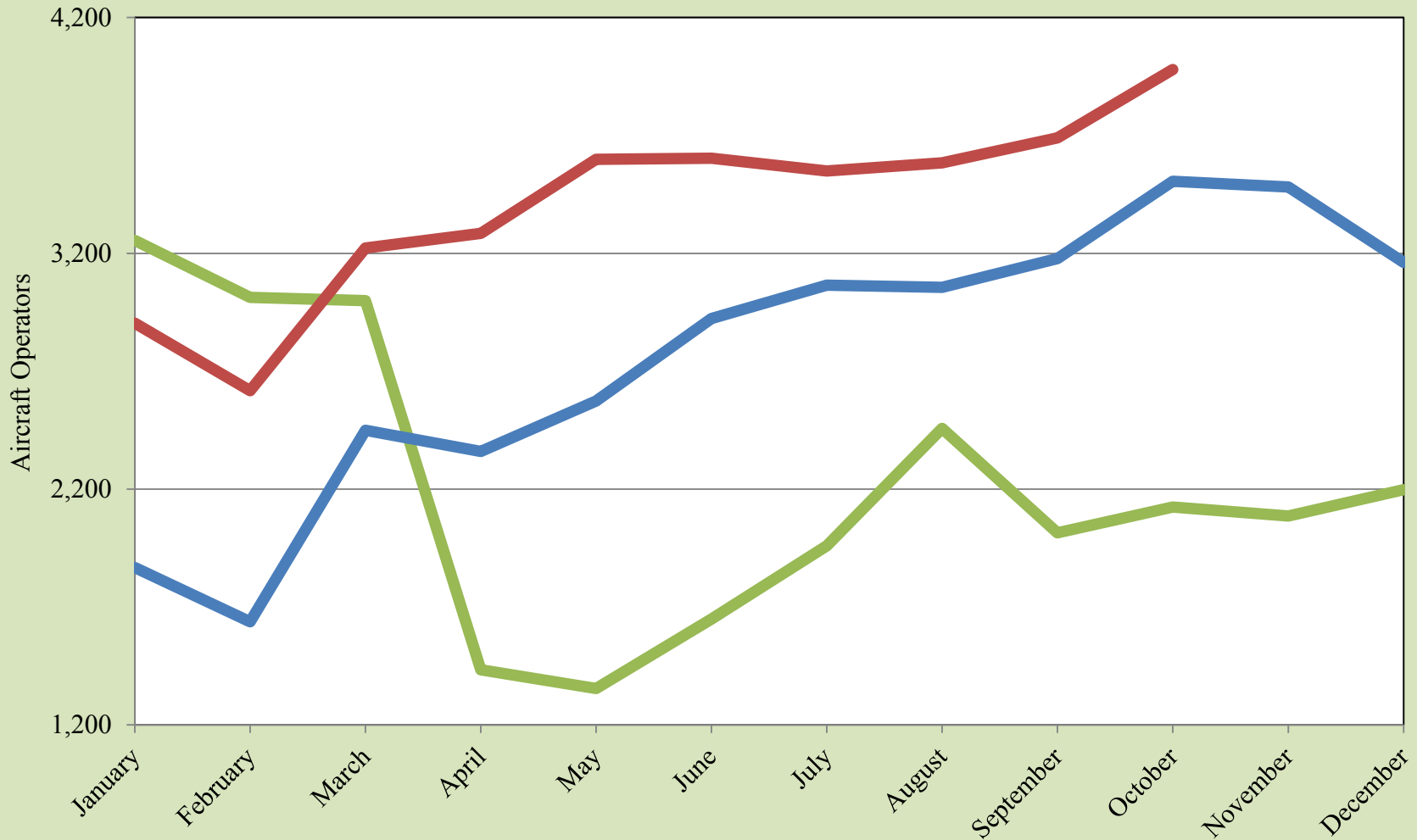
Inbound+Outbound



Source: EPIA Operations

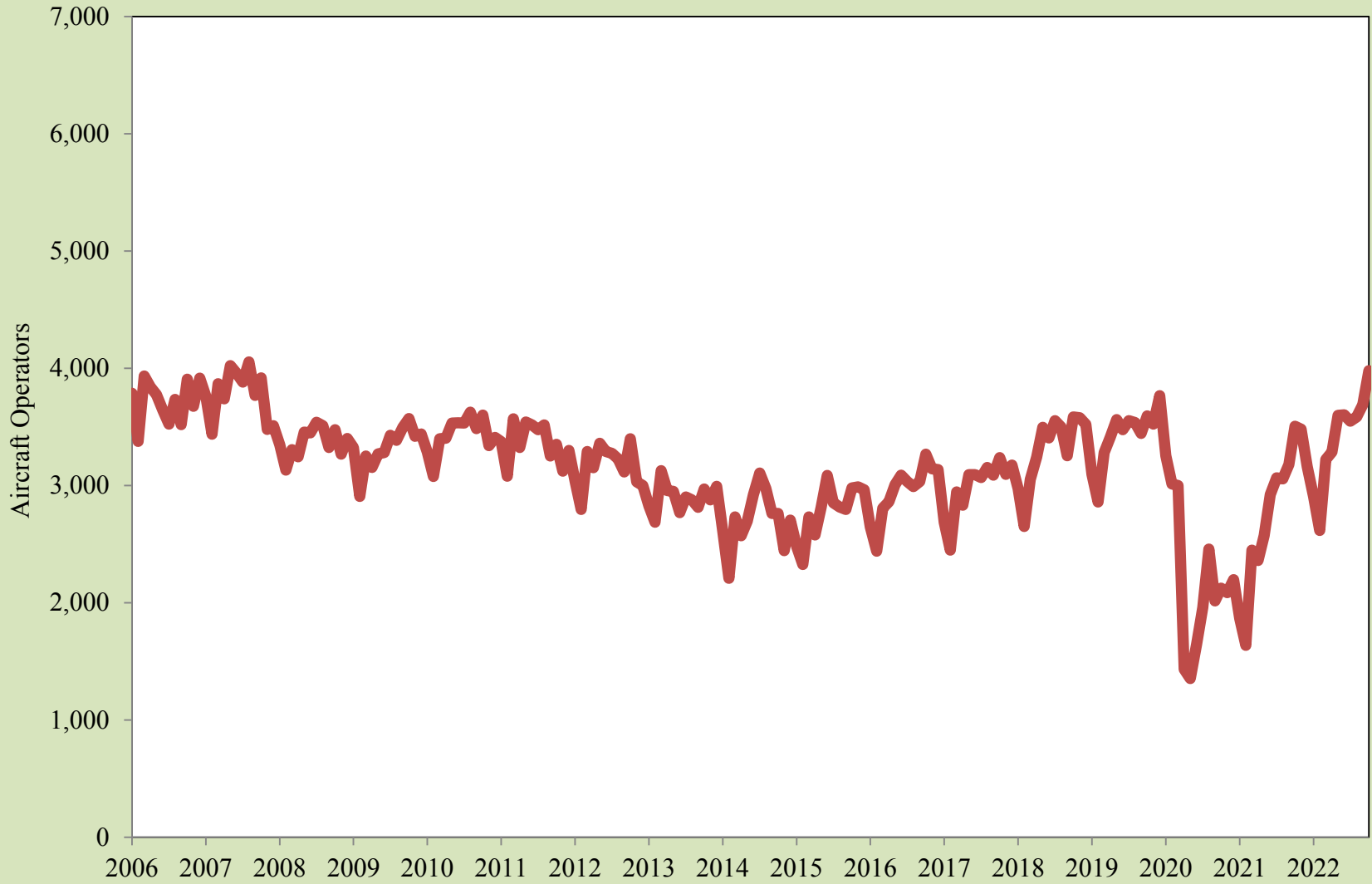
EPIA Air Carrier Operations

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



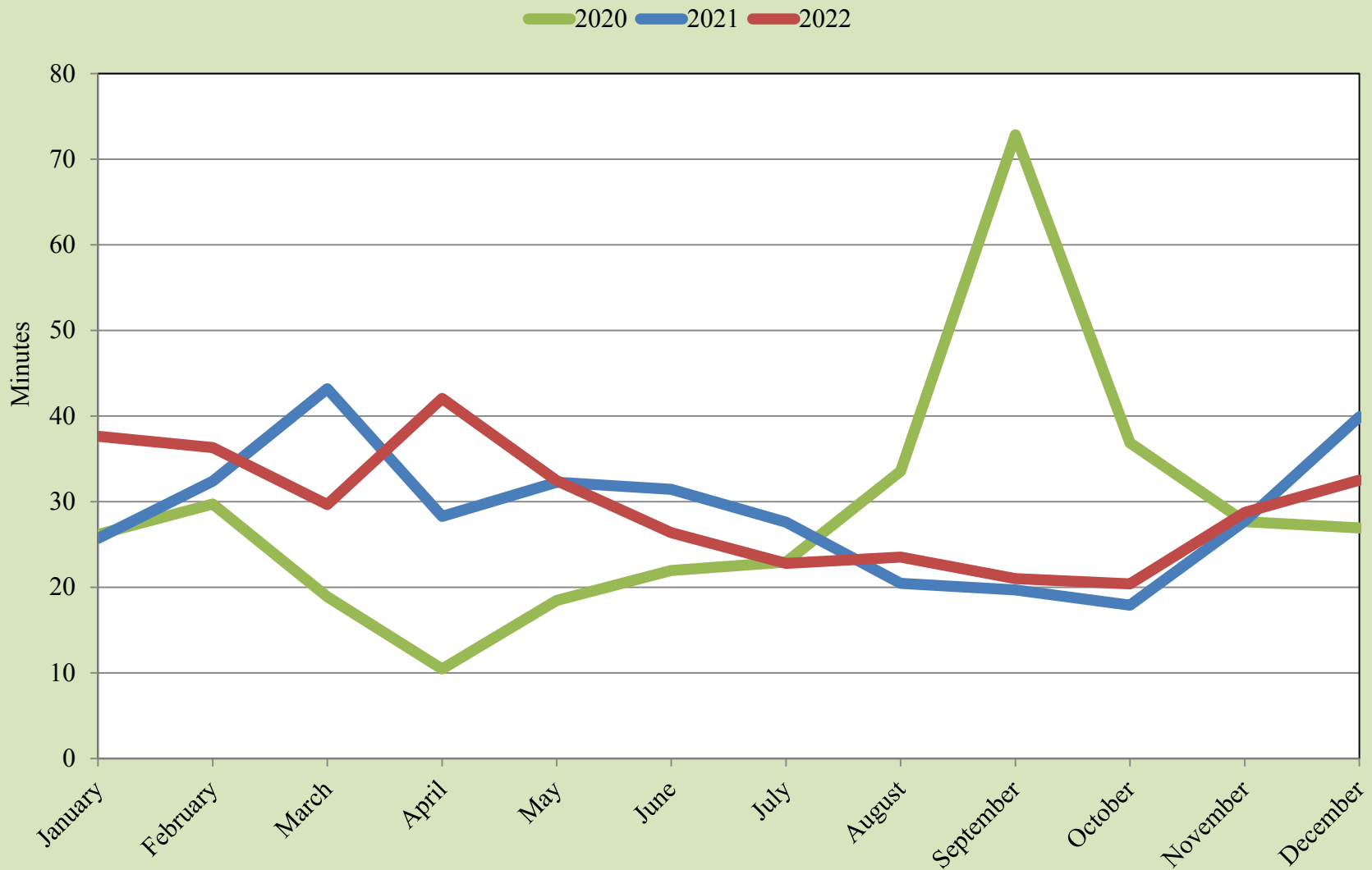
Source: EPIA Operations

EPIA Air Carrier Operations



Source: EPIA Operations

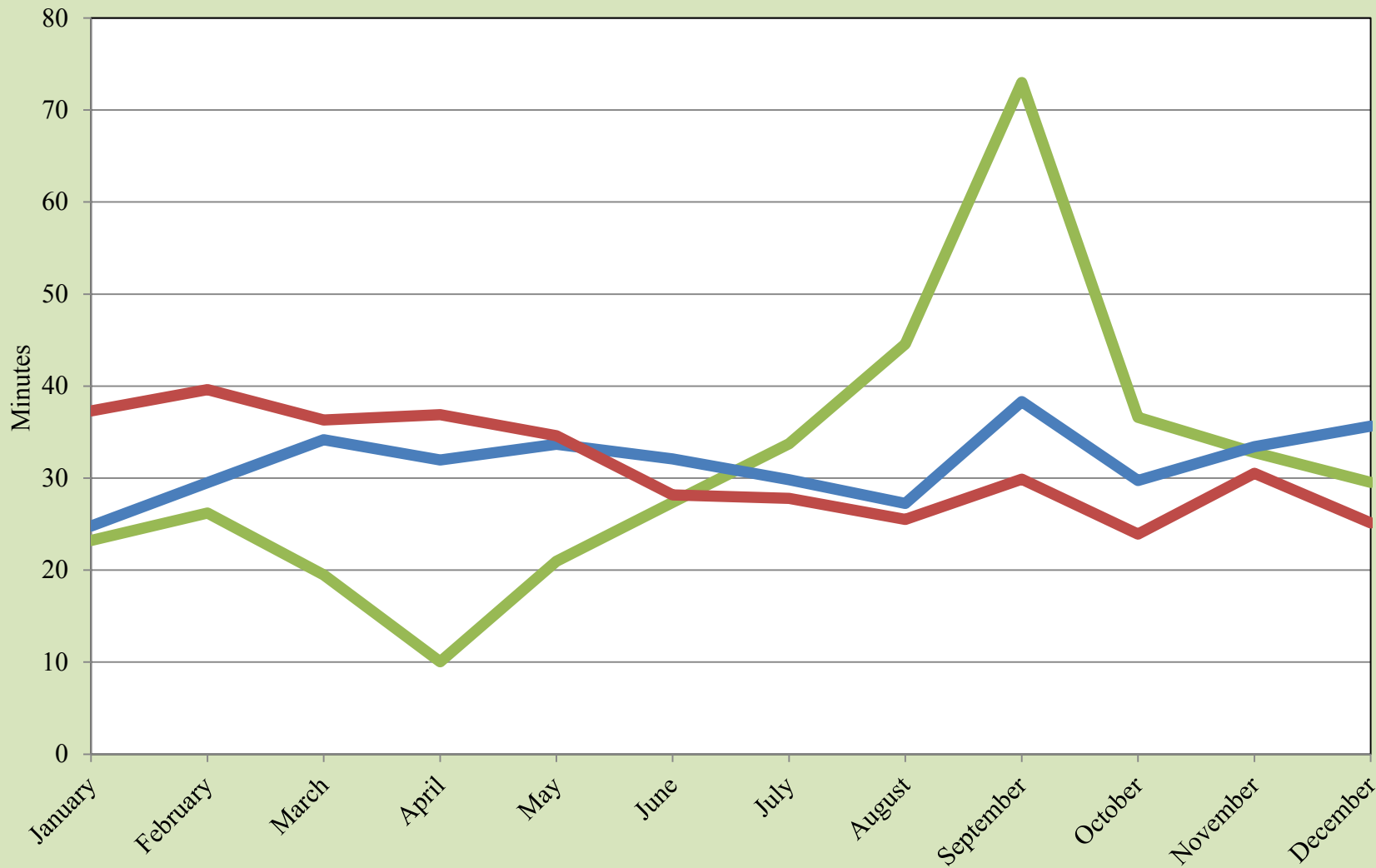
Paso del Norte Monthly Wait Times



Source: UTEP Border Region Modeling Project

Ysleta Monthly Wait Times

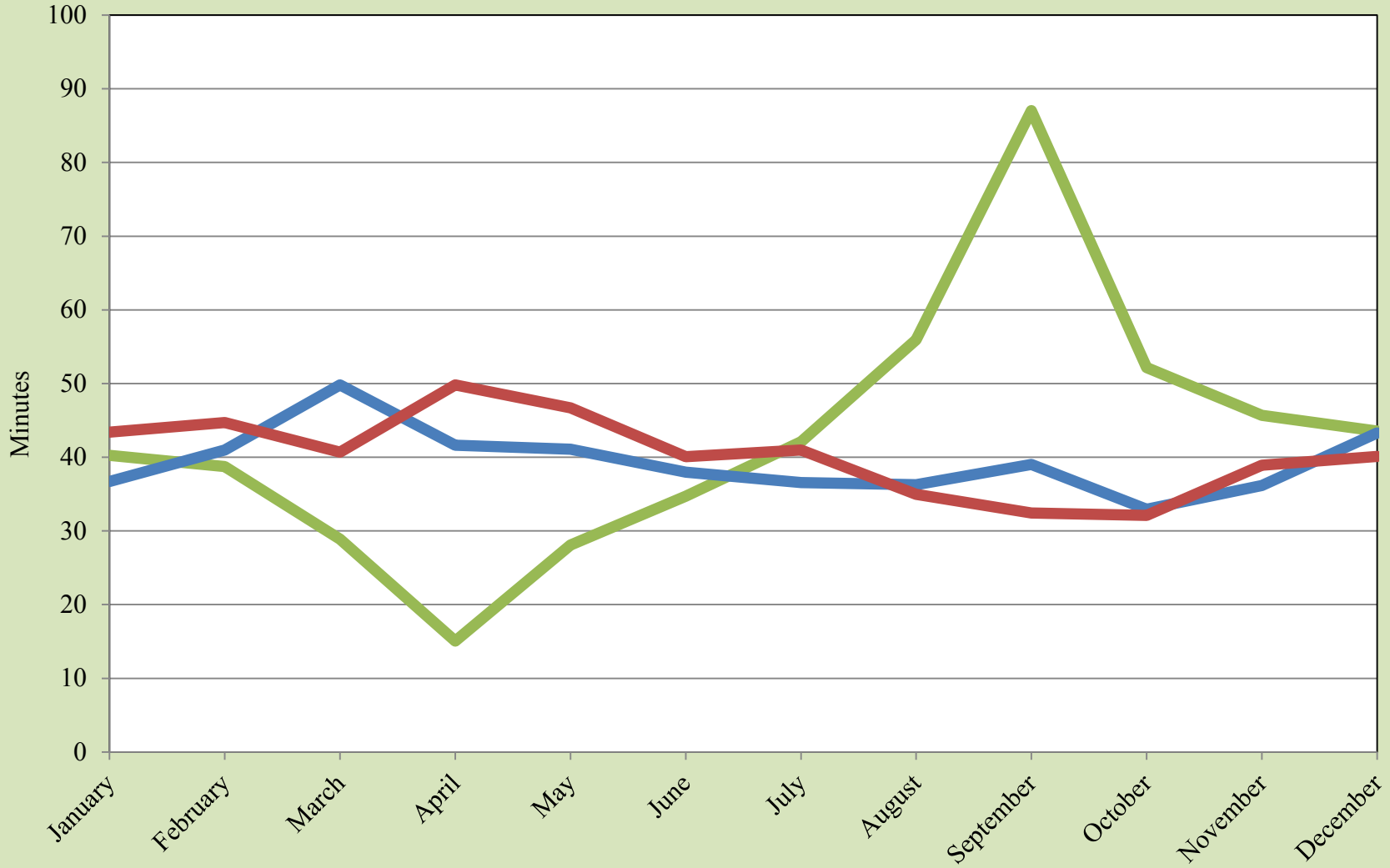
— 2020 — 2021 — 2022



Source: UTEP Border Region Modeling Project

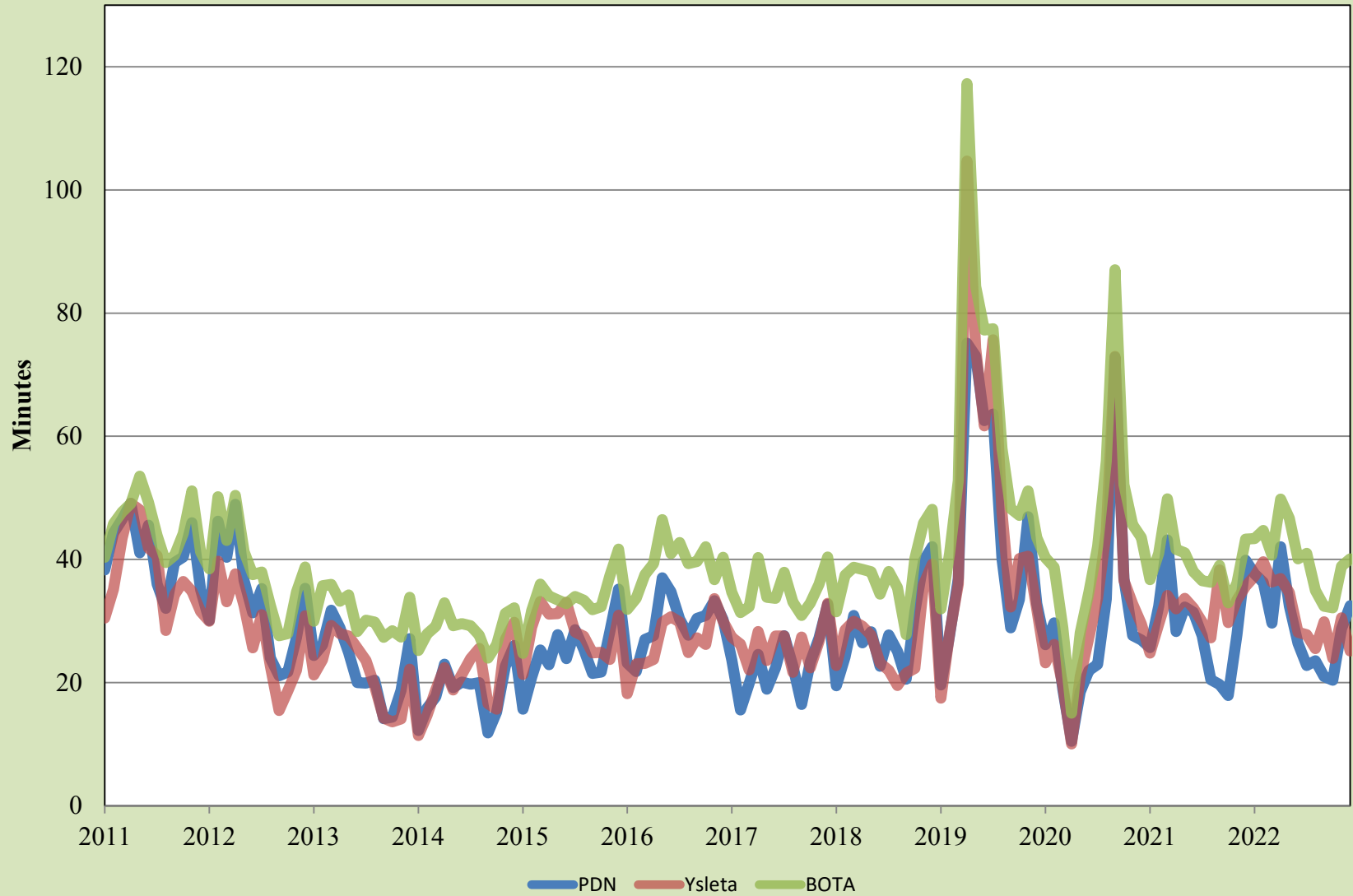
Bridge of the Americas Monthly Wait Times

2020 2021 2022



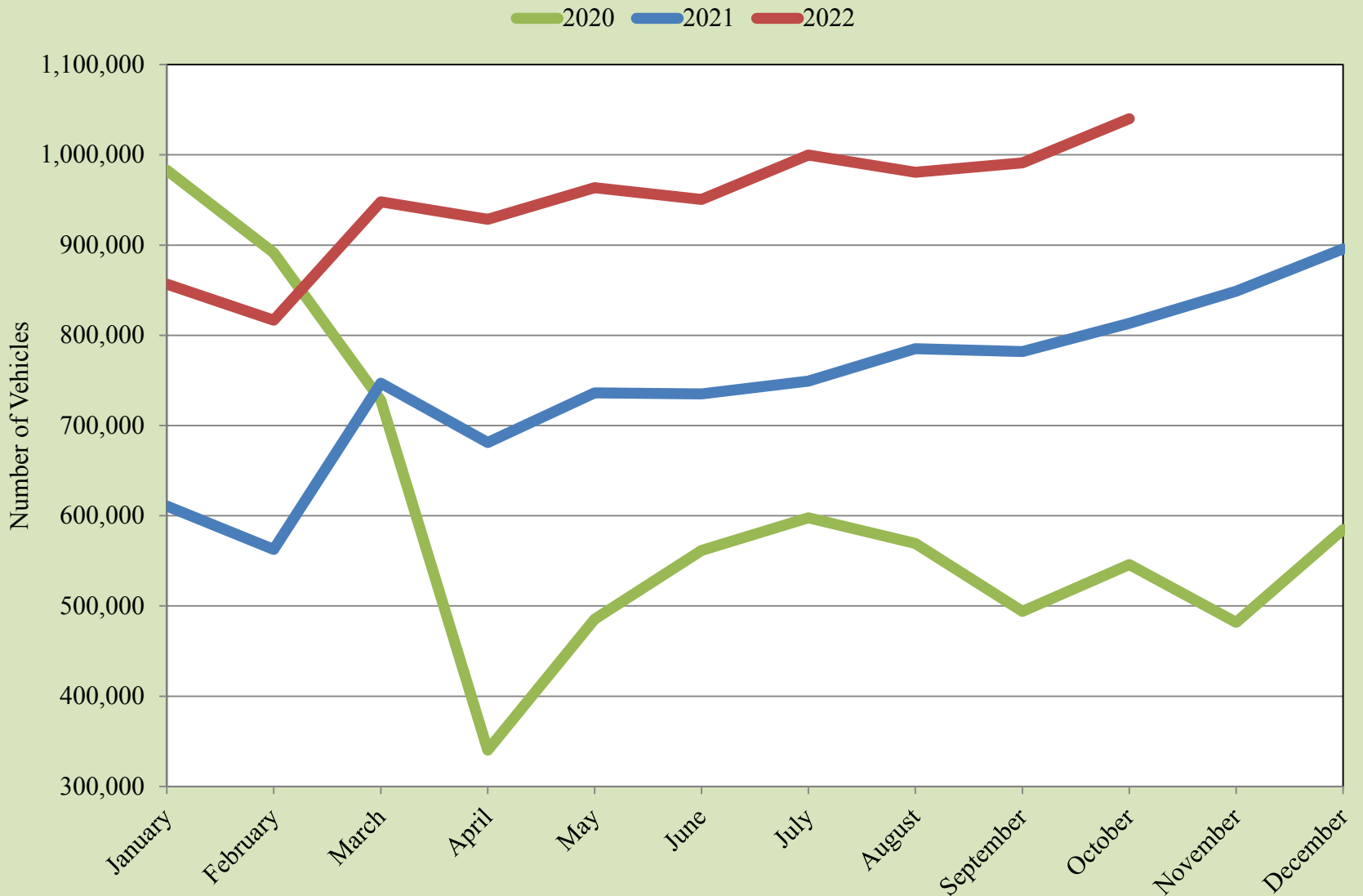
Source: UTEP Border Region Modeling Project

Monthly Border Wait Times



Source: UTEP Border Region Modeling Project

Personal Vehicle International Bridge Crossings to El Paso



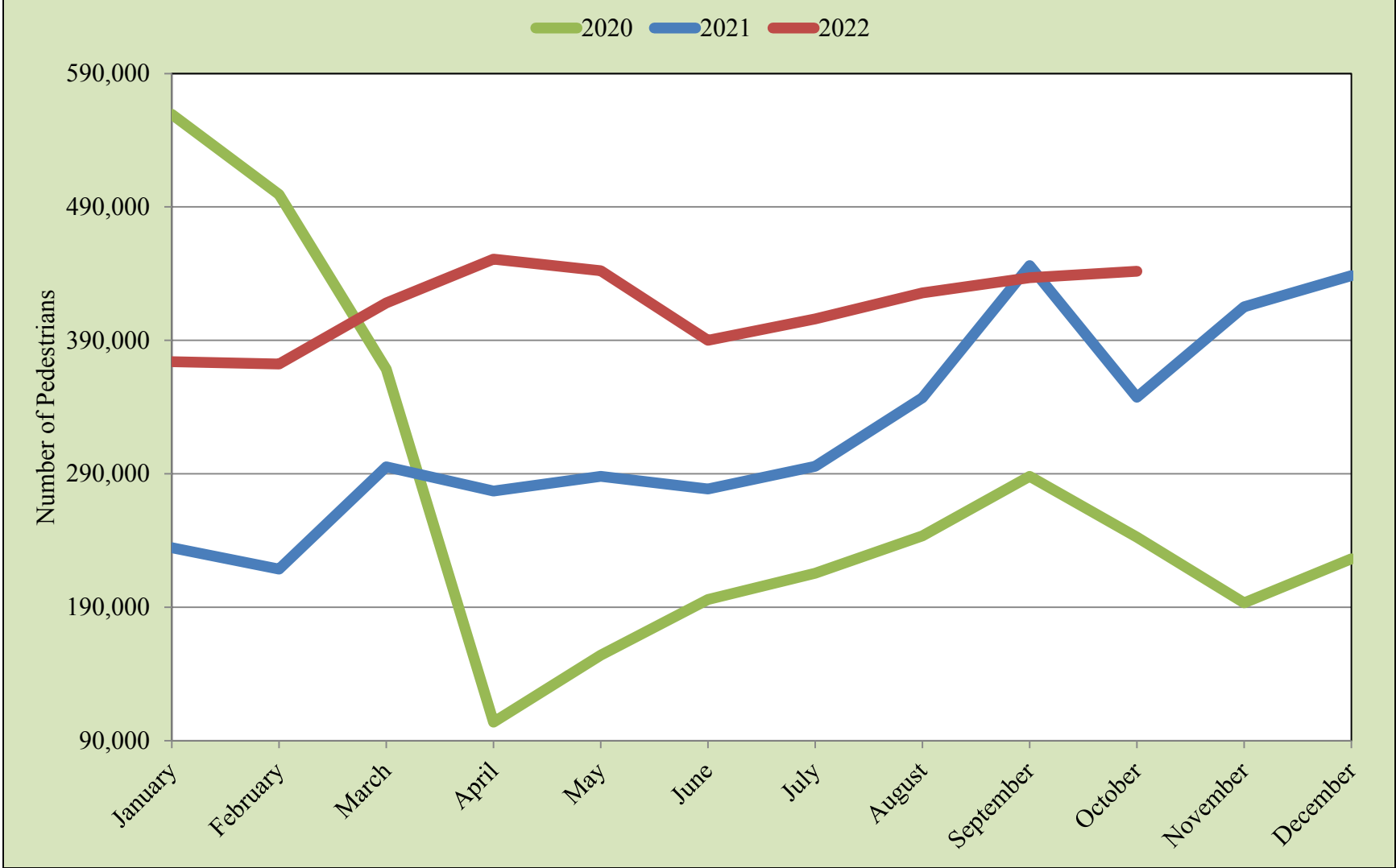
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Personal Vehicle International Bridge Crossings to El Paso



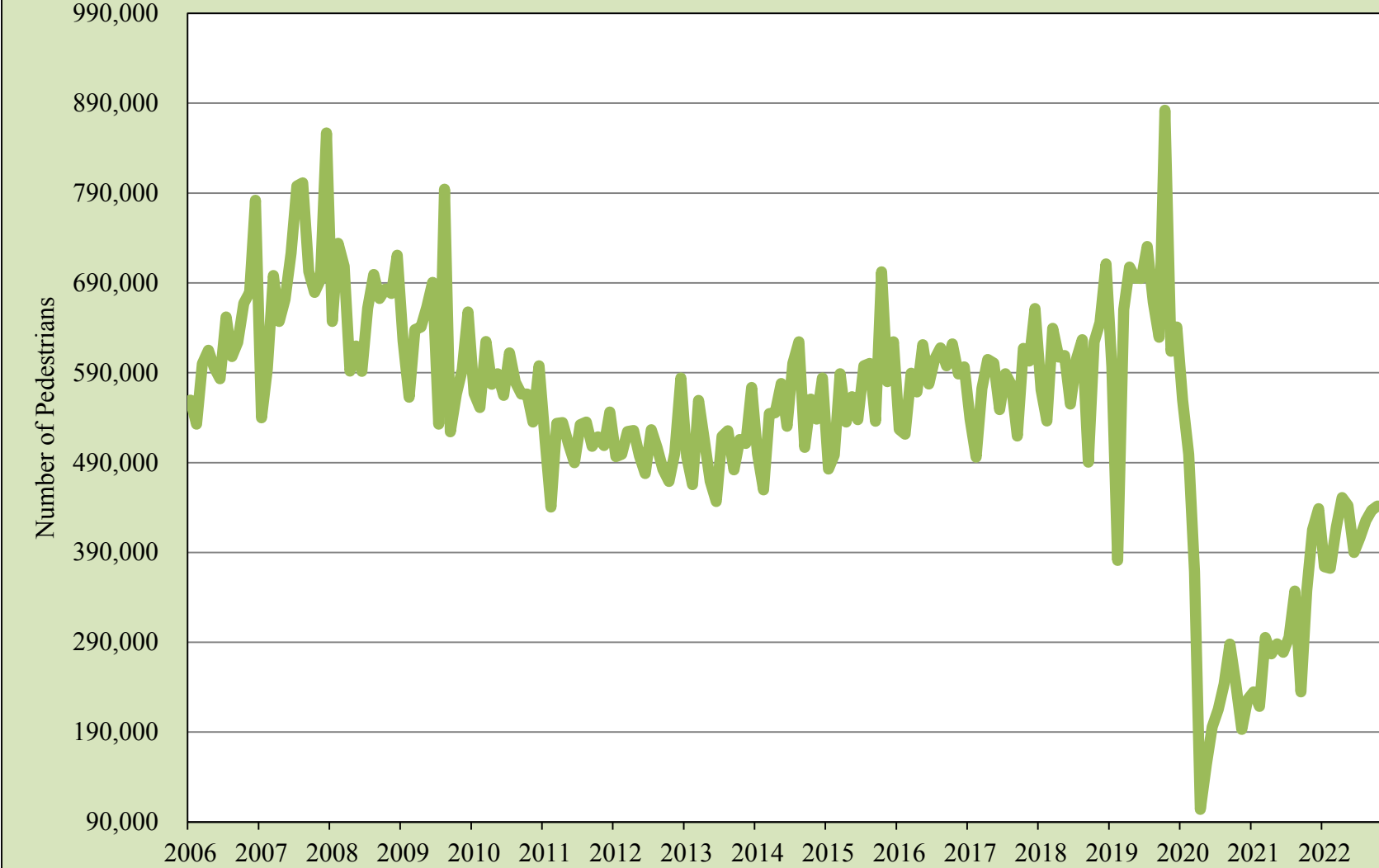
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Pedestrian International Bridge Crossings to El Paso



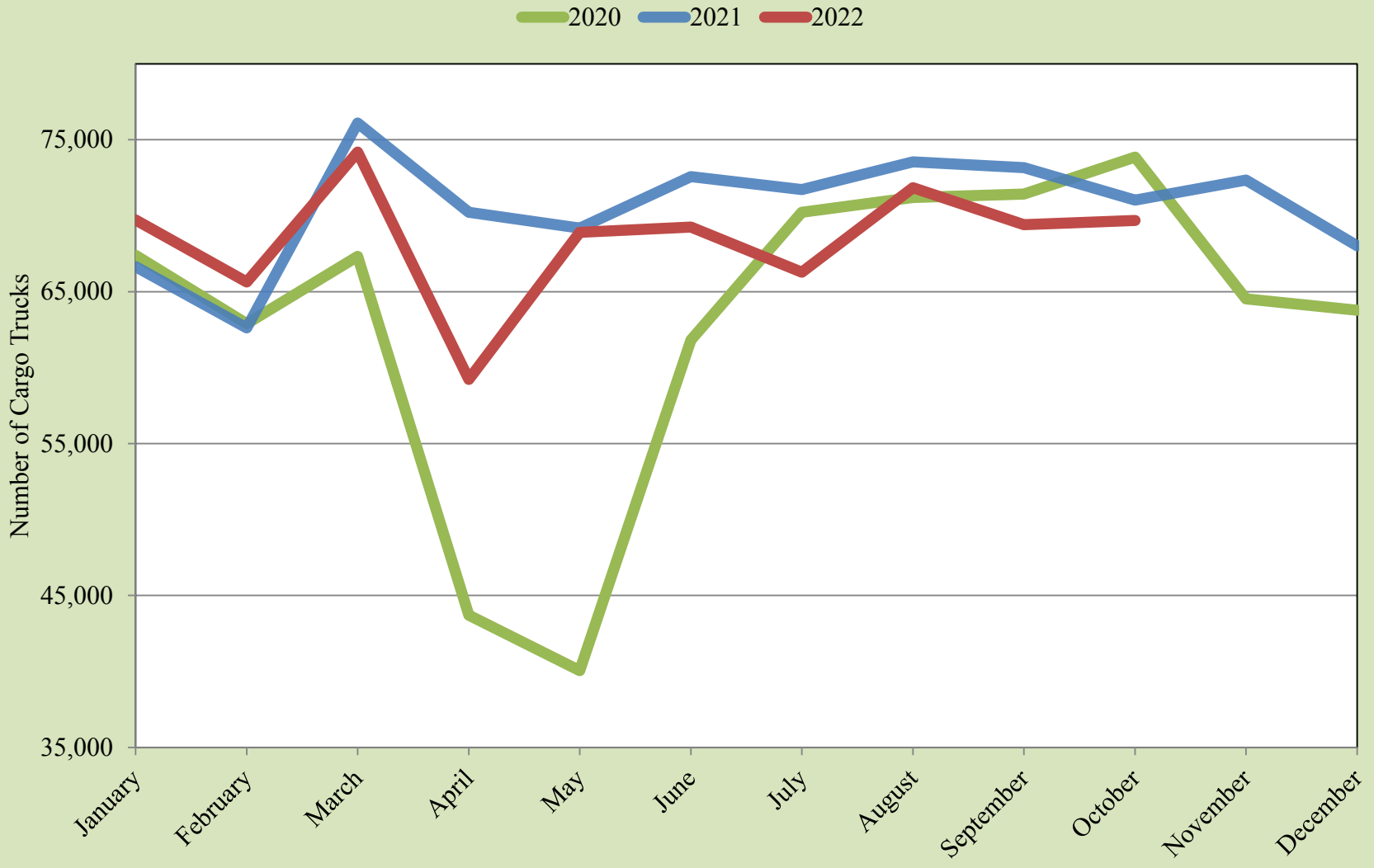
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Pedestrian International Bridge Crossings to El Paso



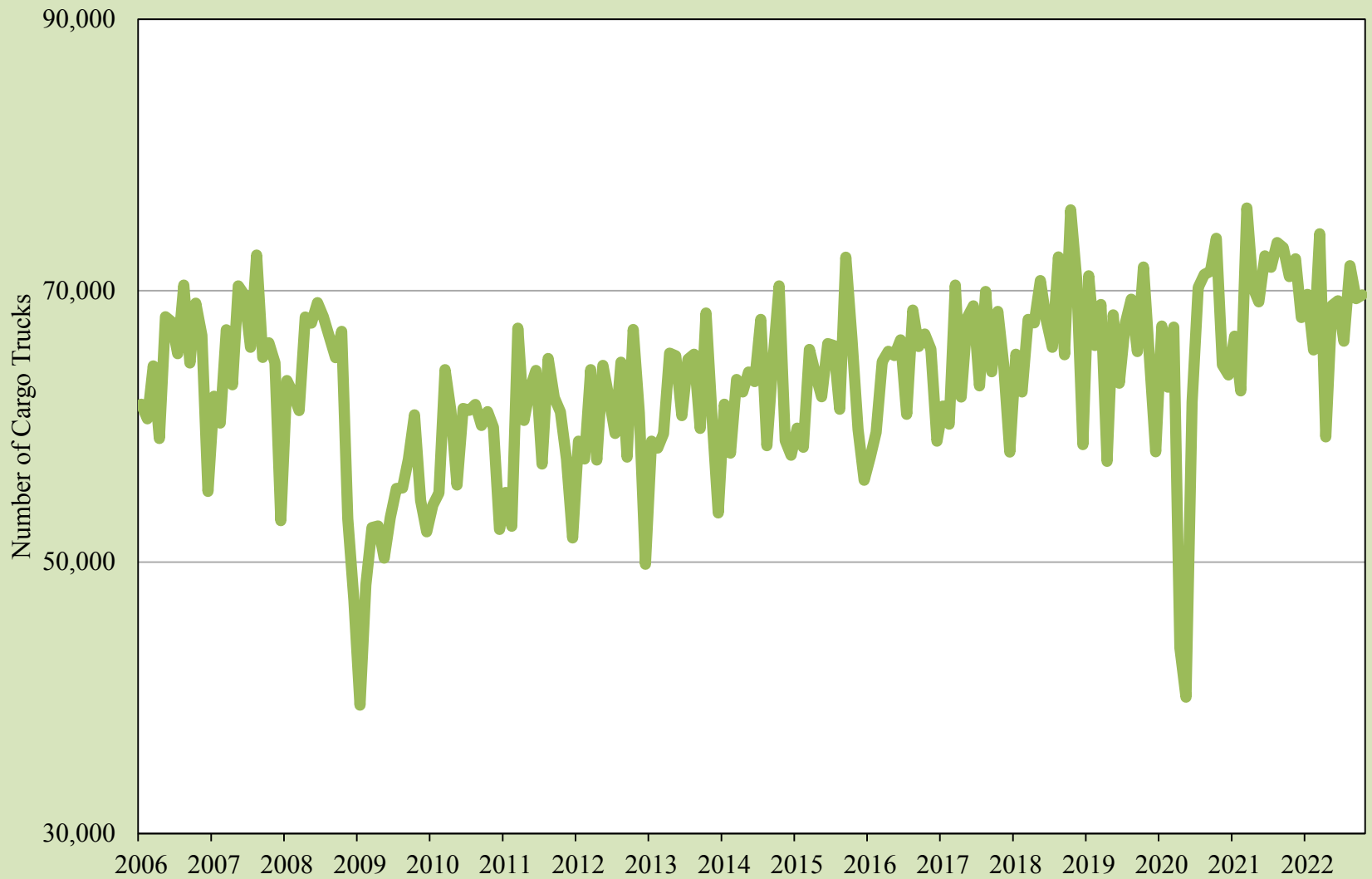
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Cargo Truck International Bridge Crossings to El Paso



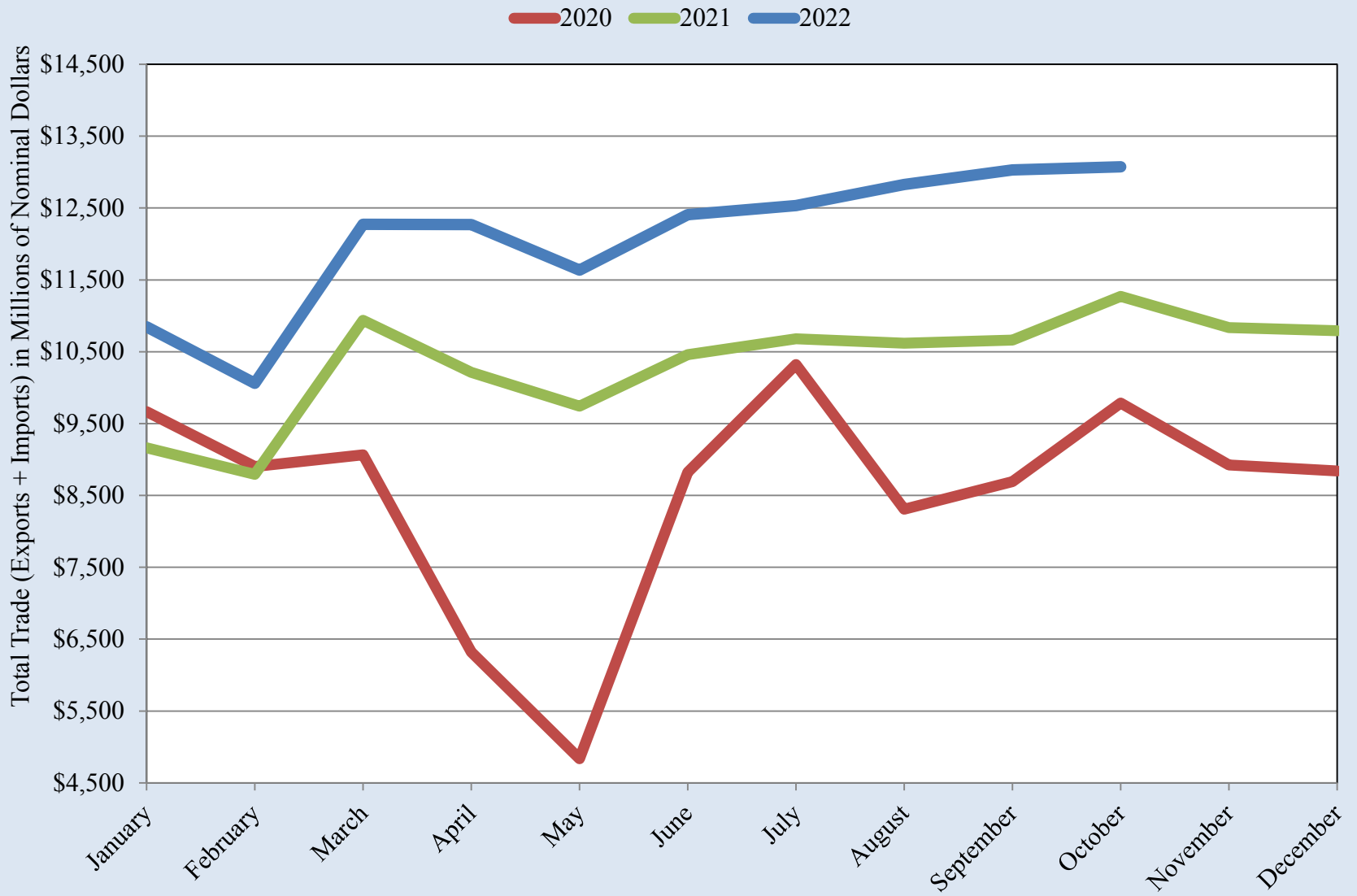
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Cargo Truck International Bridge Crossings to El Paso



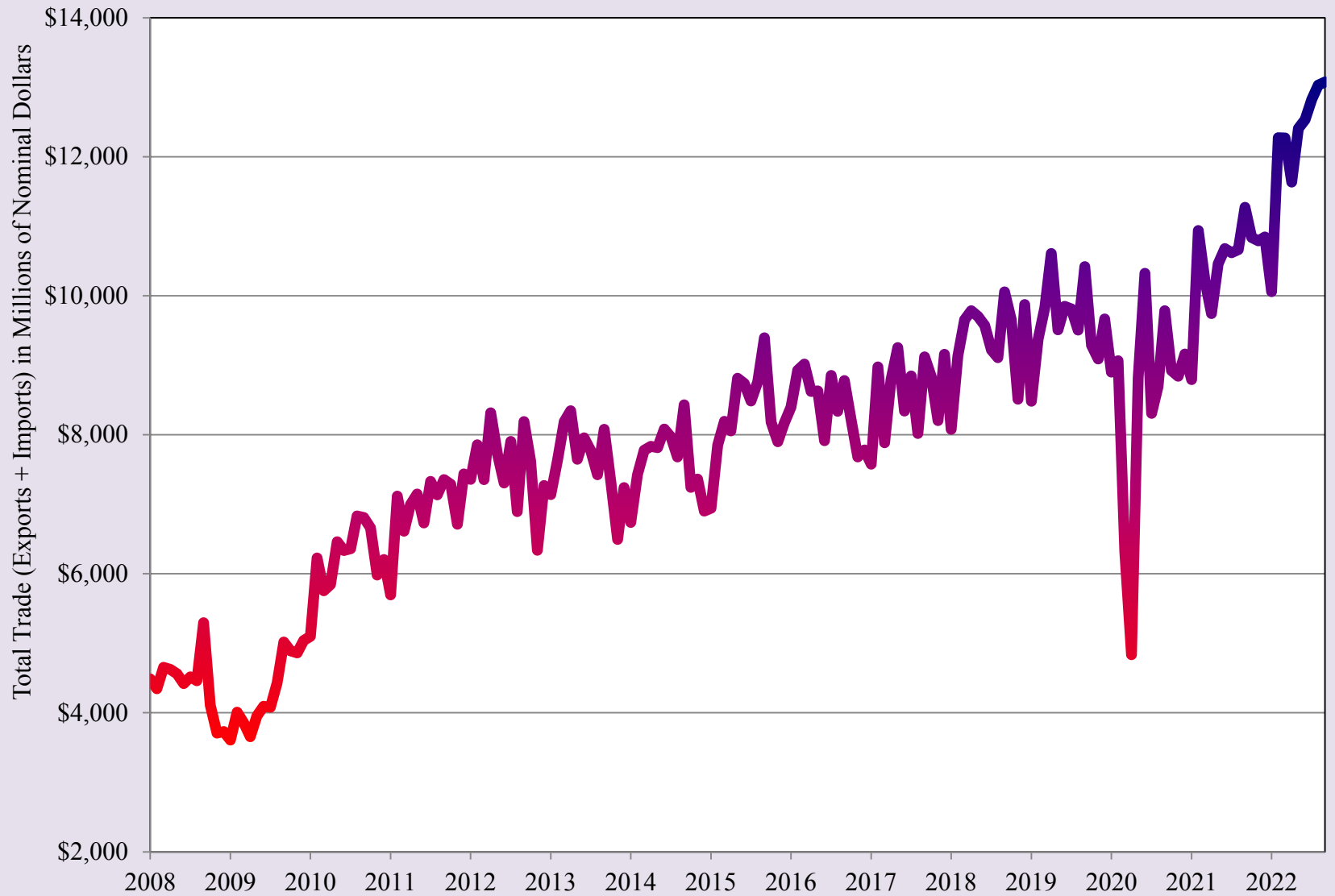
Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection

Total Trade through the El Paso Customs District



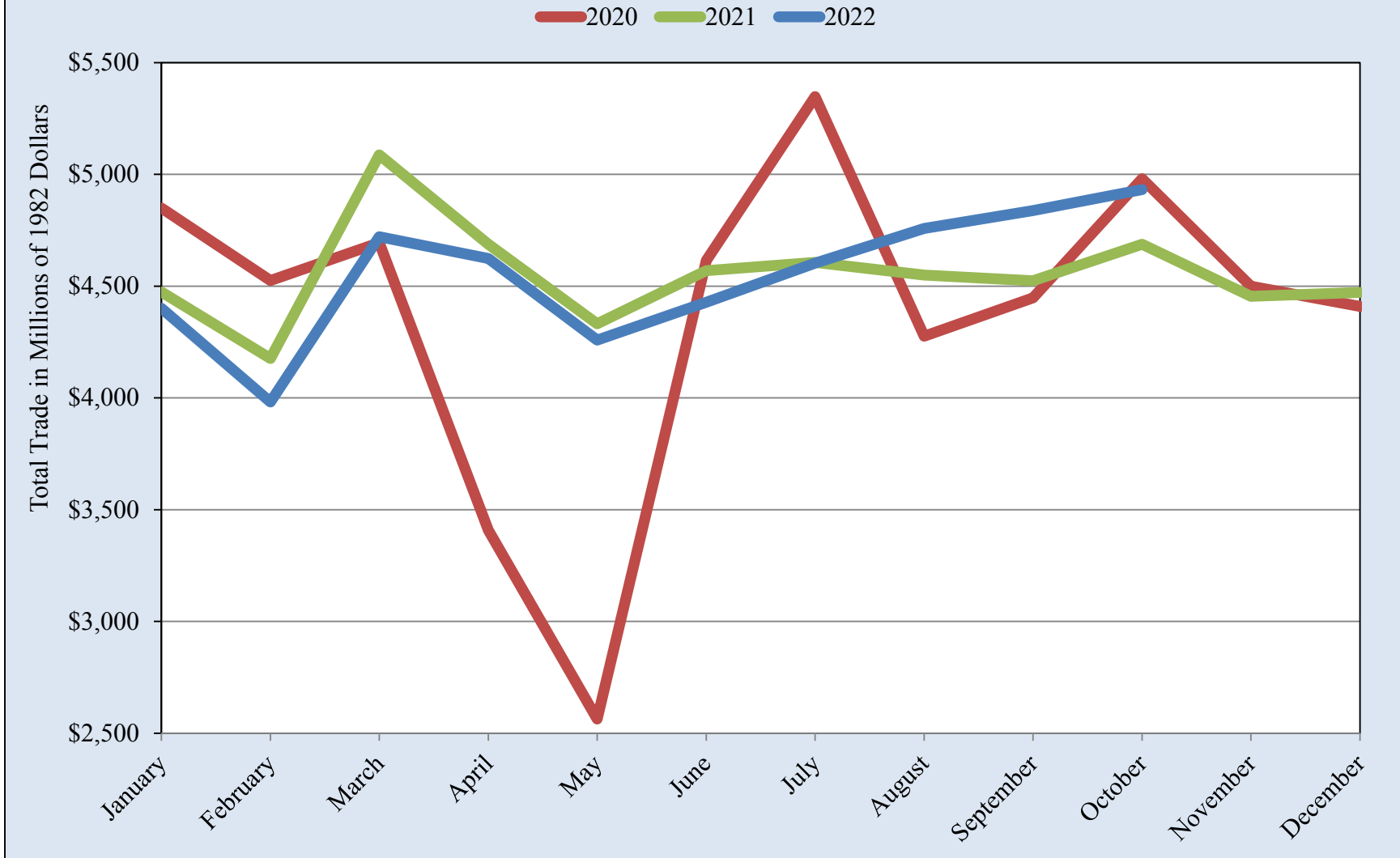
Source: U.S. International Trade Commission

Total Trade through the El Paso Customs District



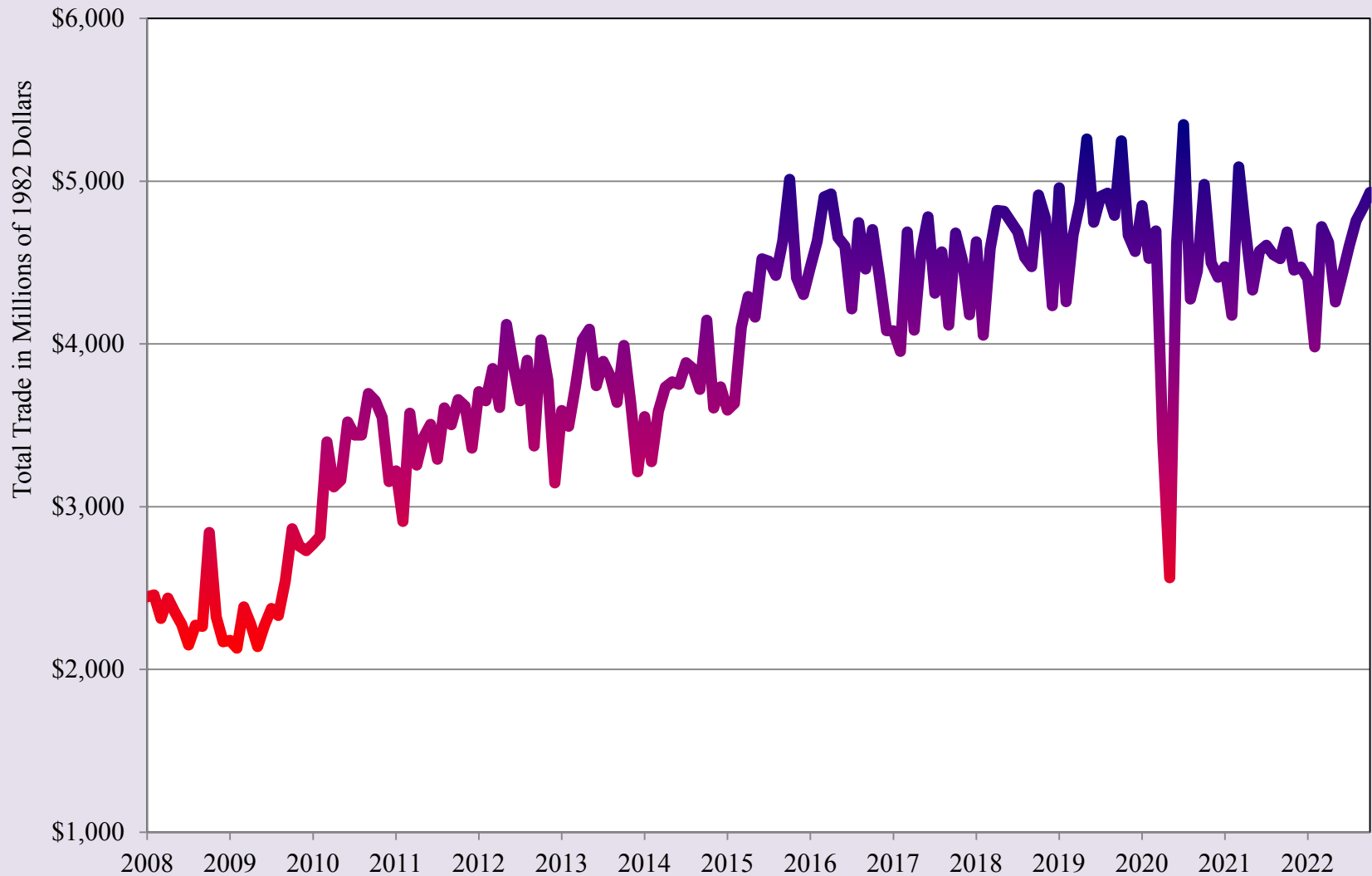
Source: U.S. International Trade Commission

Real Total Trade through the El Paso Customs District



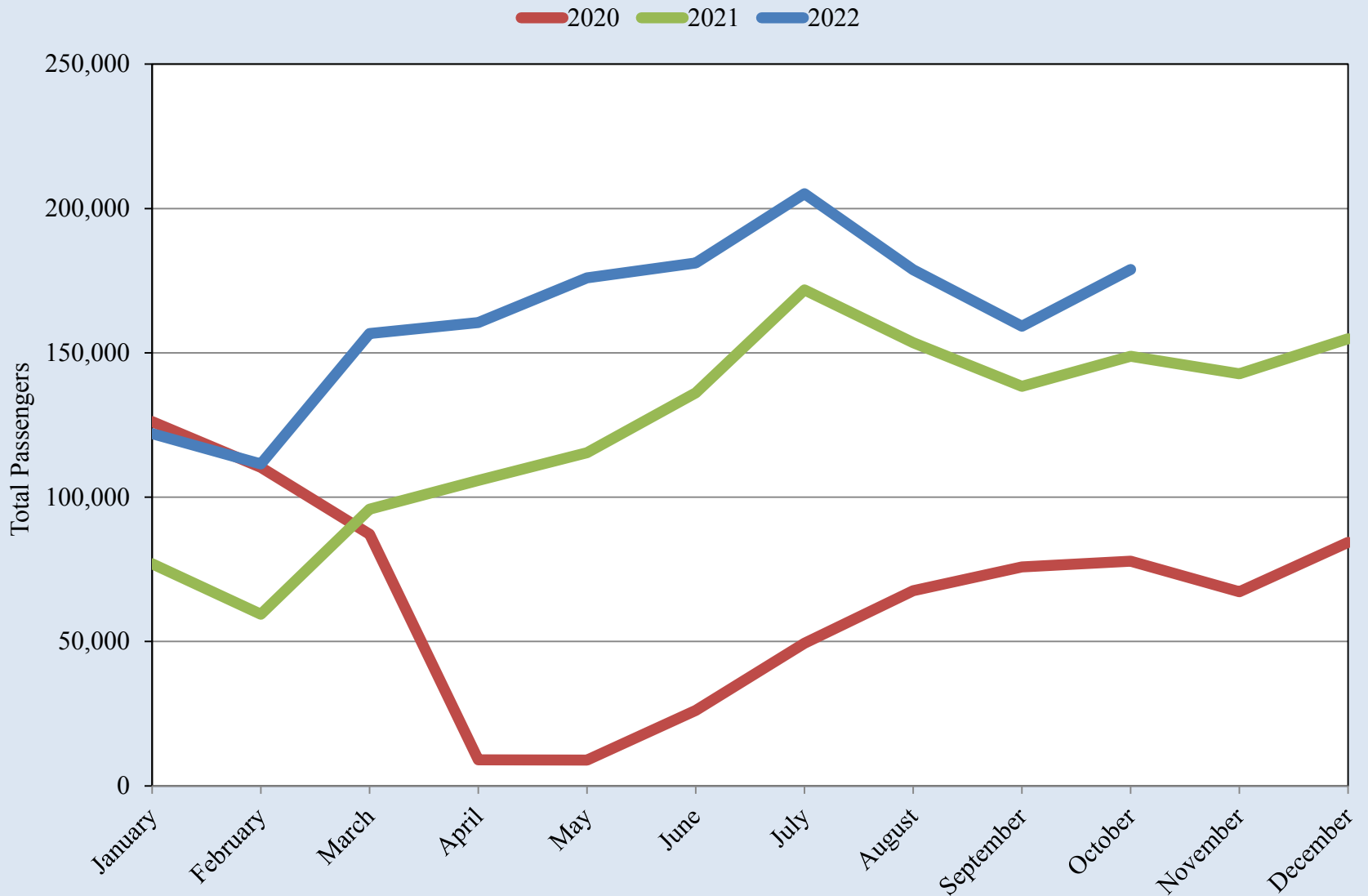
Source: U.S. International Trade Commission and Bureau of Labor Statistics

Real Total Trade through the El Paso Customs District



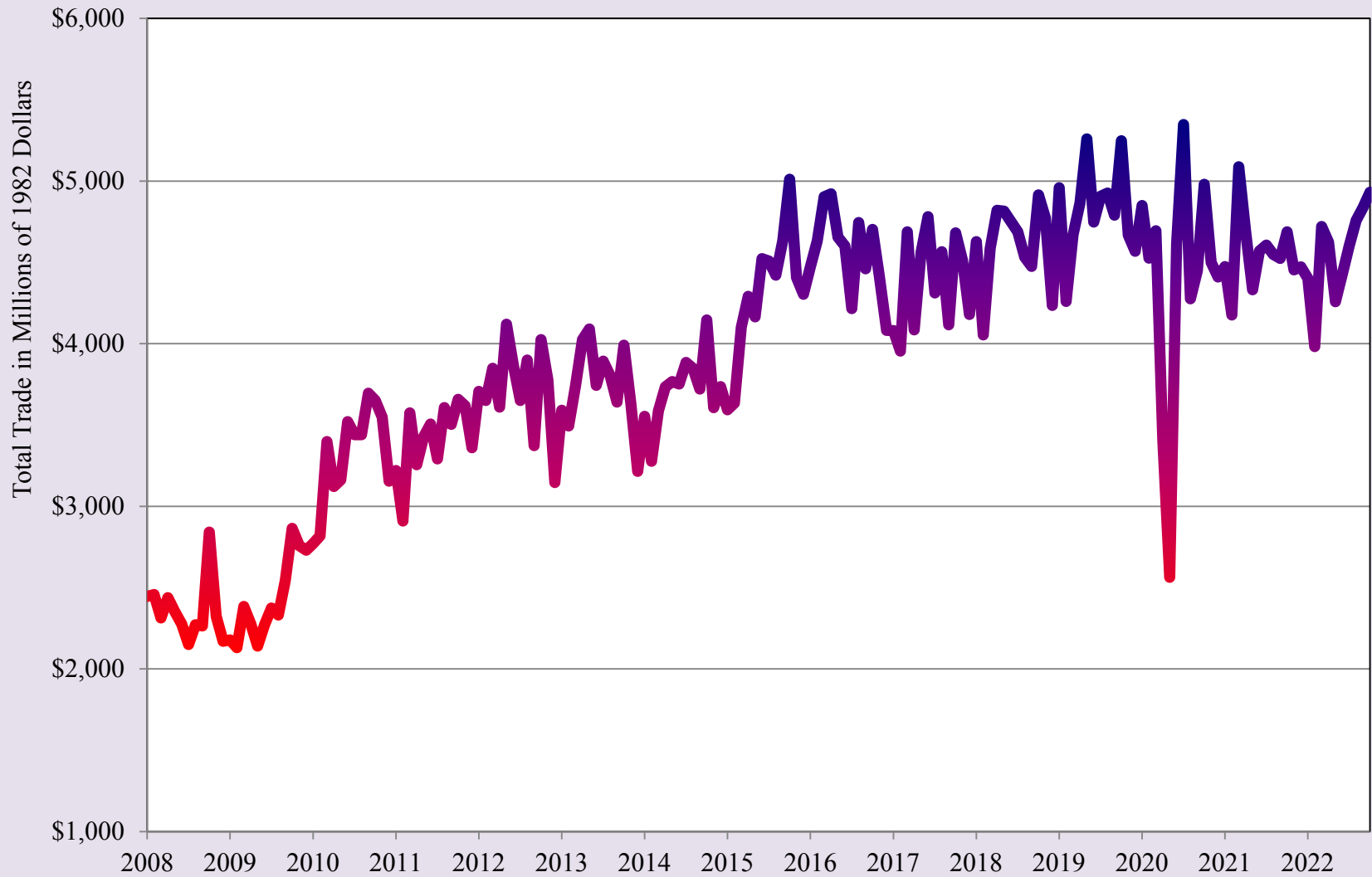
Source: U.S. International Trade Commission and Bureau of Labor Statistics

Domestic Passengers Ciudad Juarez International Airport



Source: Grupo Aeroportuario Centro Norte - OMA

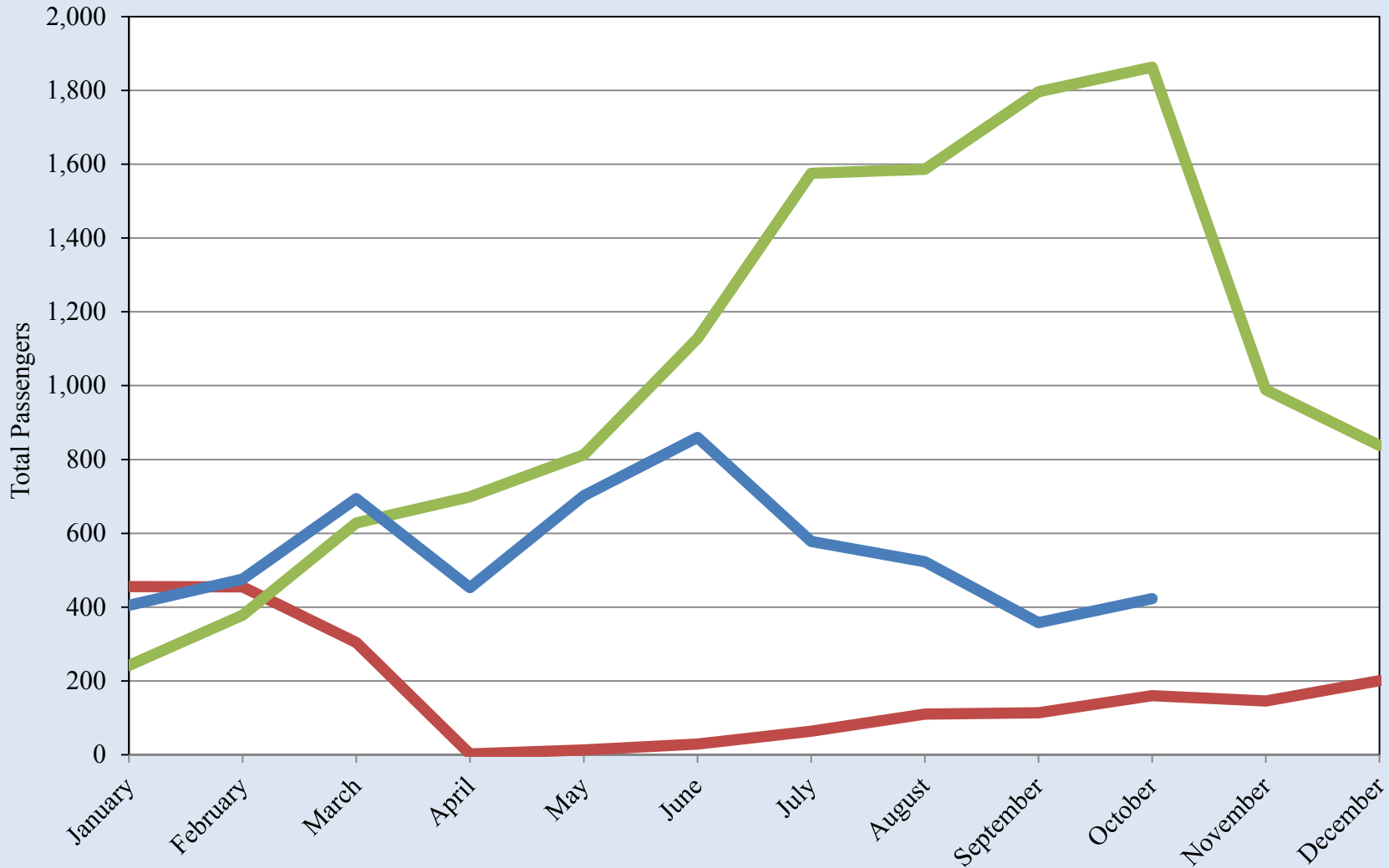
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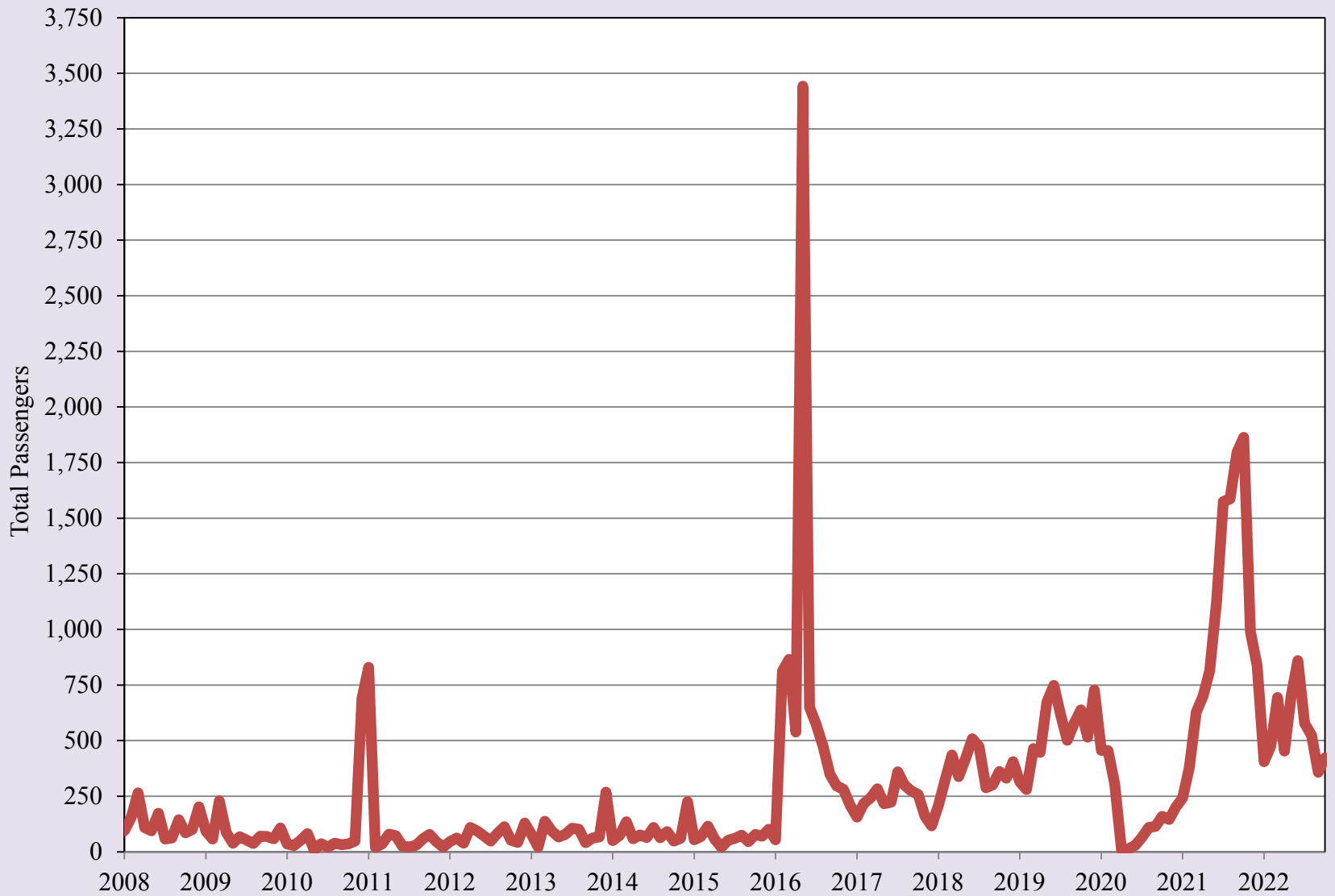
International Passengers Ciudad Juarez International Airport

2020 2021 2022



Source: Grupo Aeroportuario Centro Norte - OMA

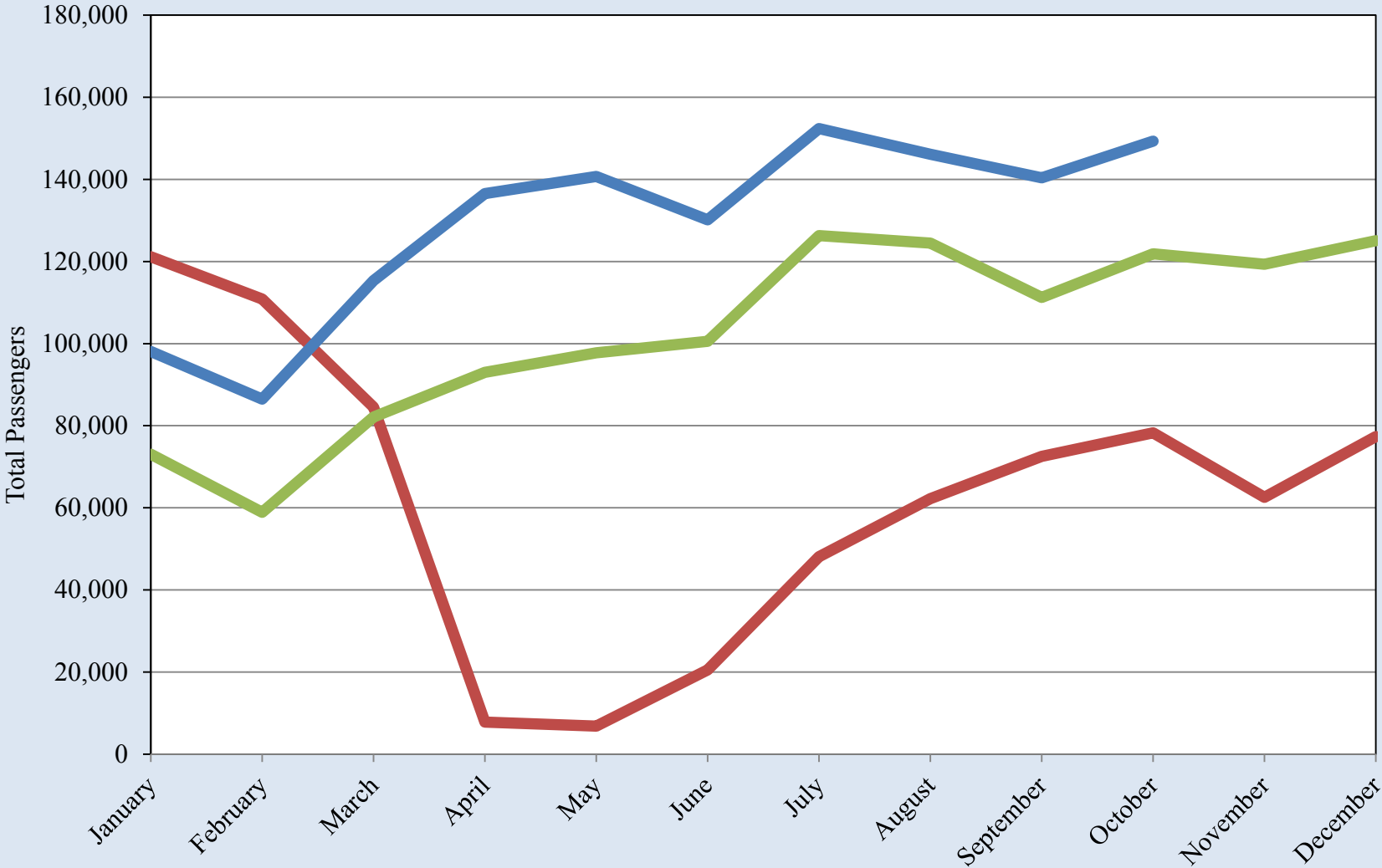
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Source: Grupo Aeroportuario Centro Norte - OMA

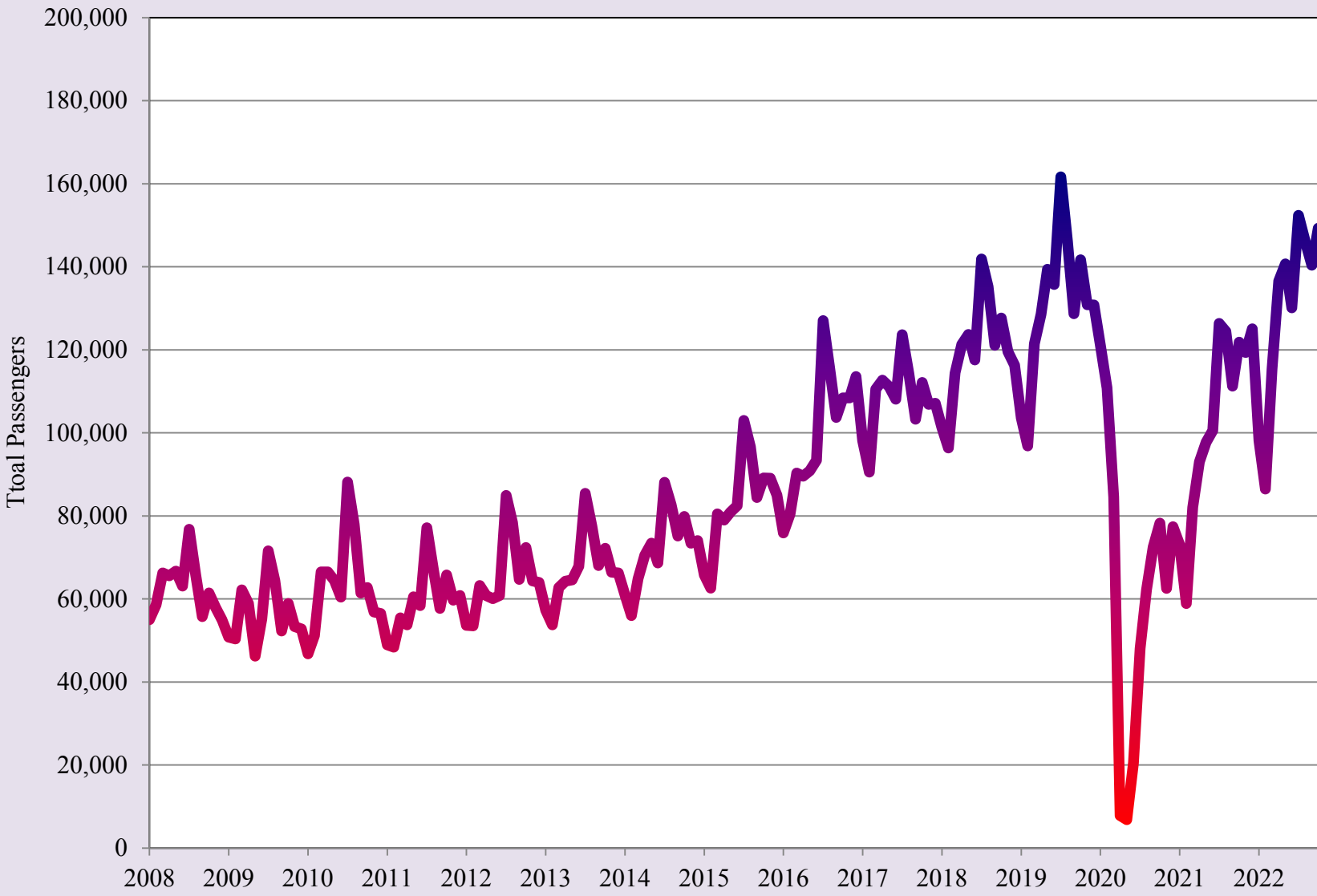
Domestic Passengers Chihuahua City International Airport

2020 2021 2022



Source: Grupo Aeroportuario Centro Norte - OMA

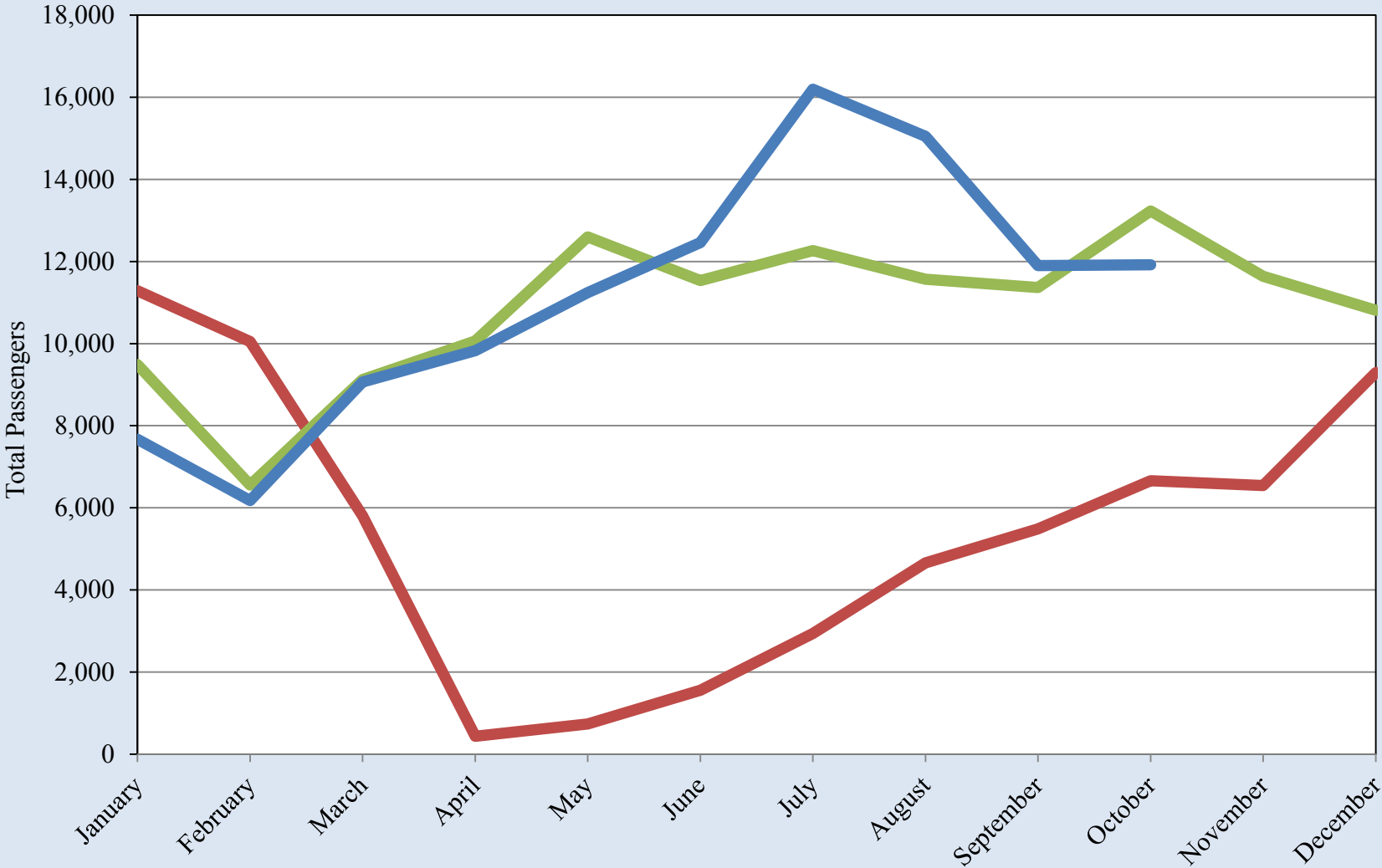
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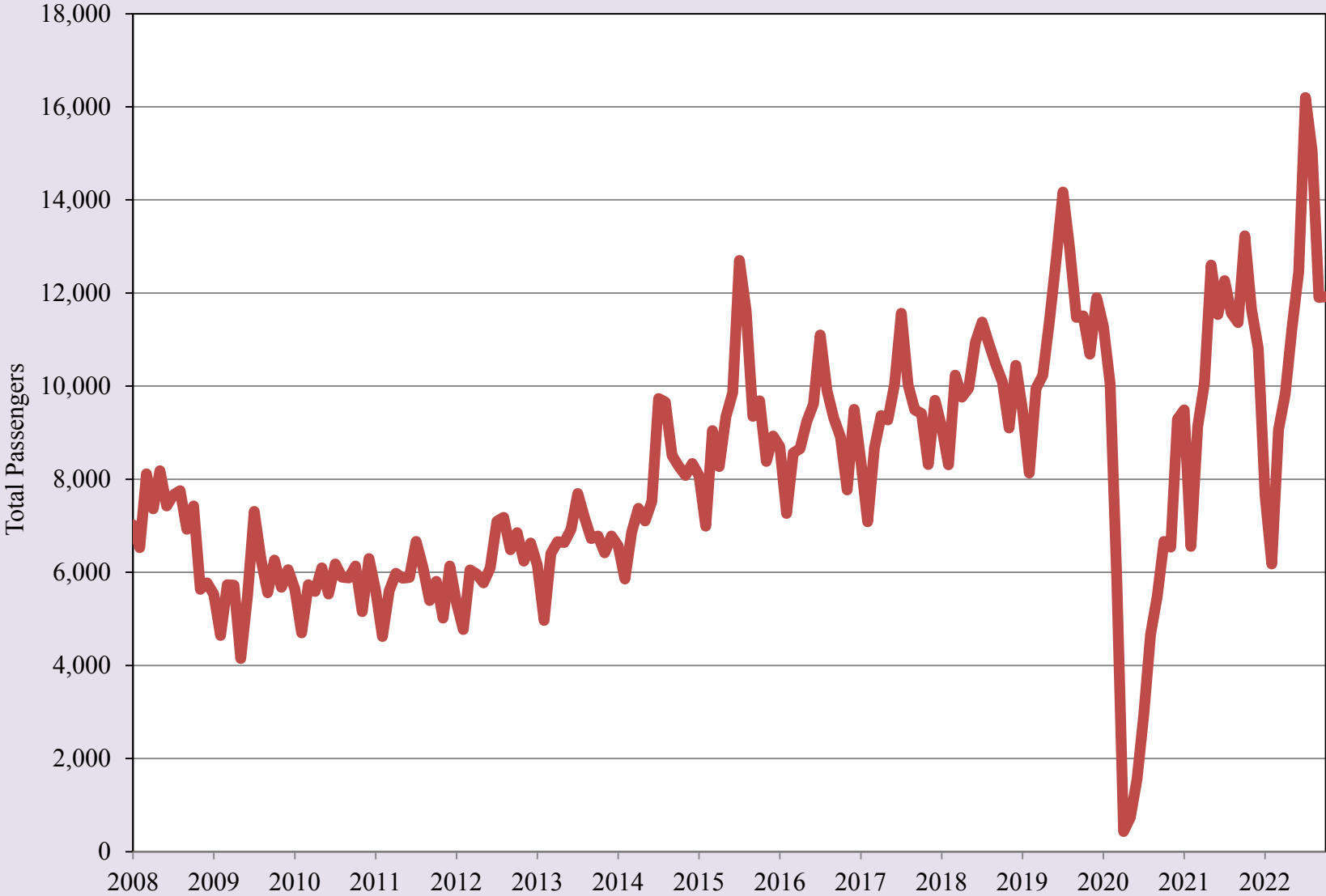
International Passengers Chihuahua City International Airport

— 2020 — 2021 — 2022



Source: Grupo Aeroportuario Centro Norte - OMA

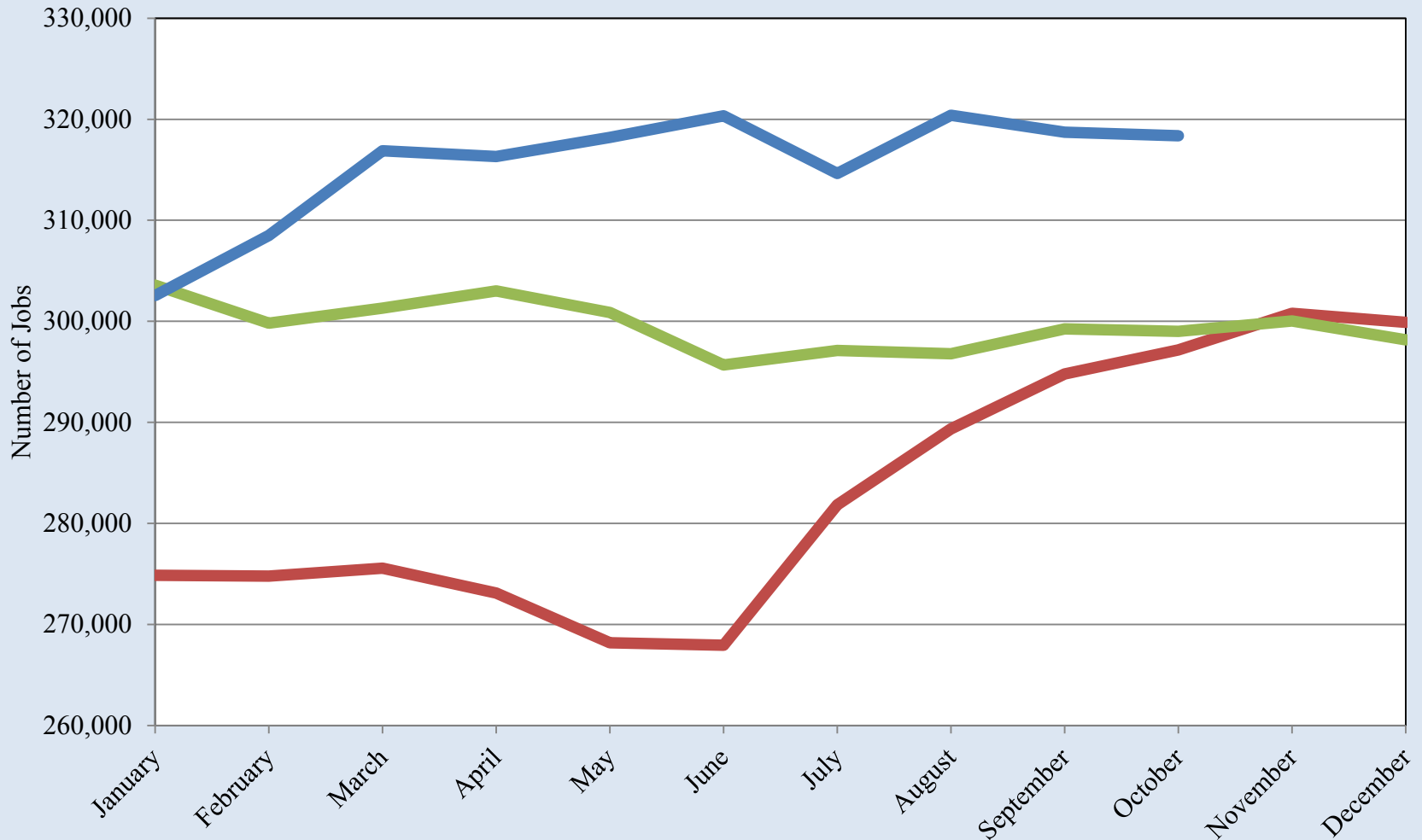
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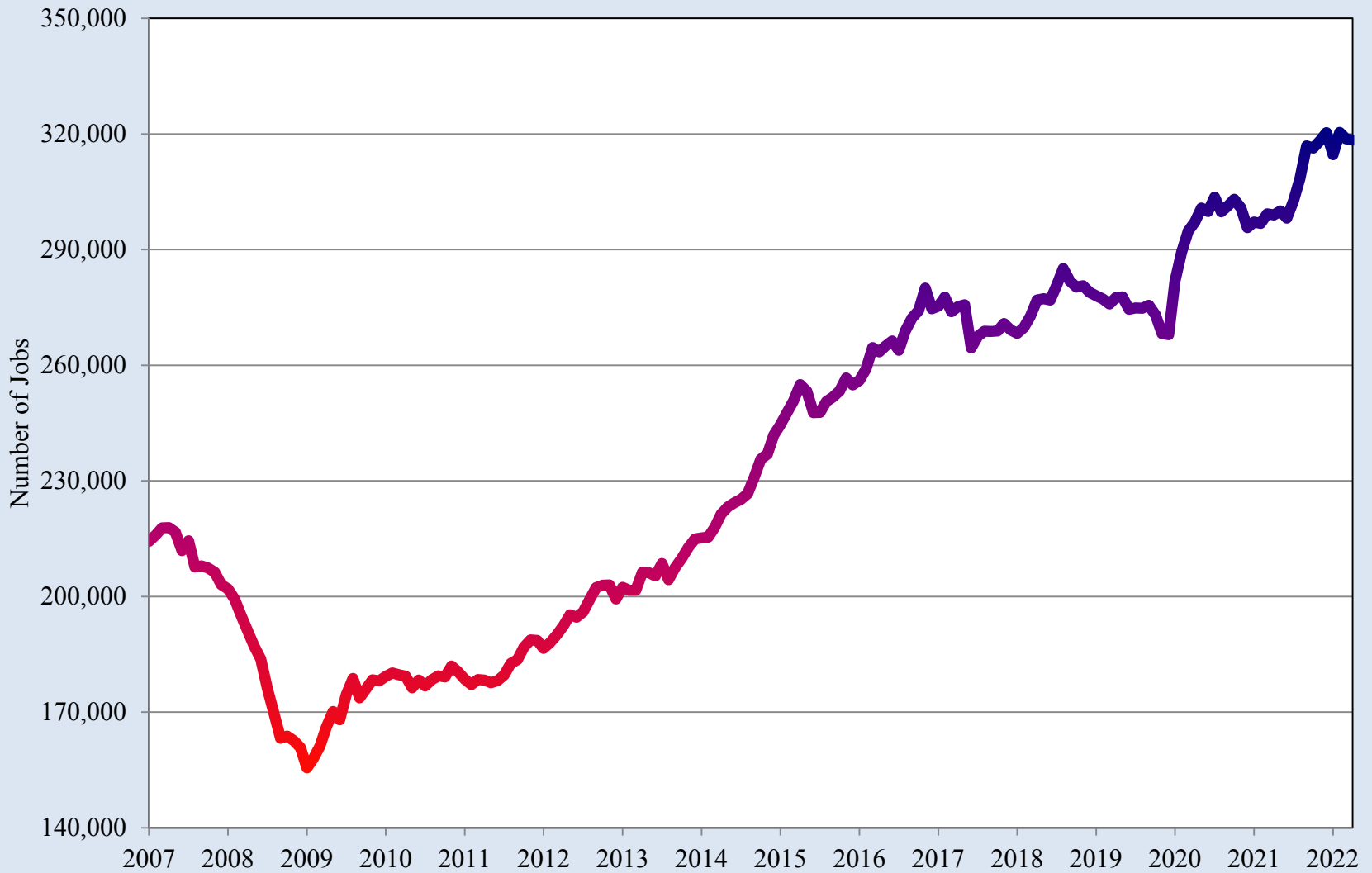
Export-Oriented Manufacturing Employment in Ciudad Juárez

2020 2021 2022



Source: INEGI

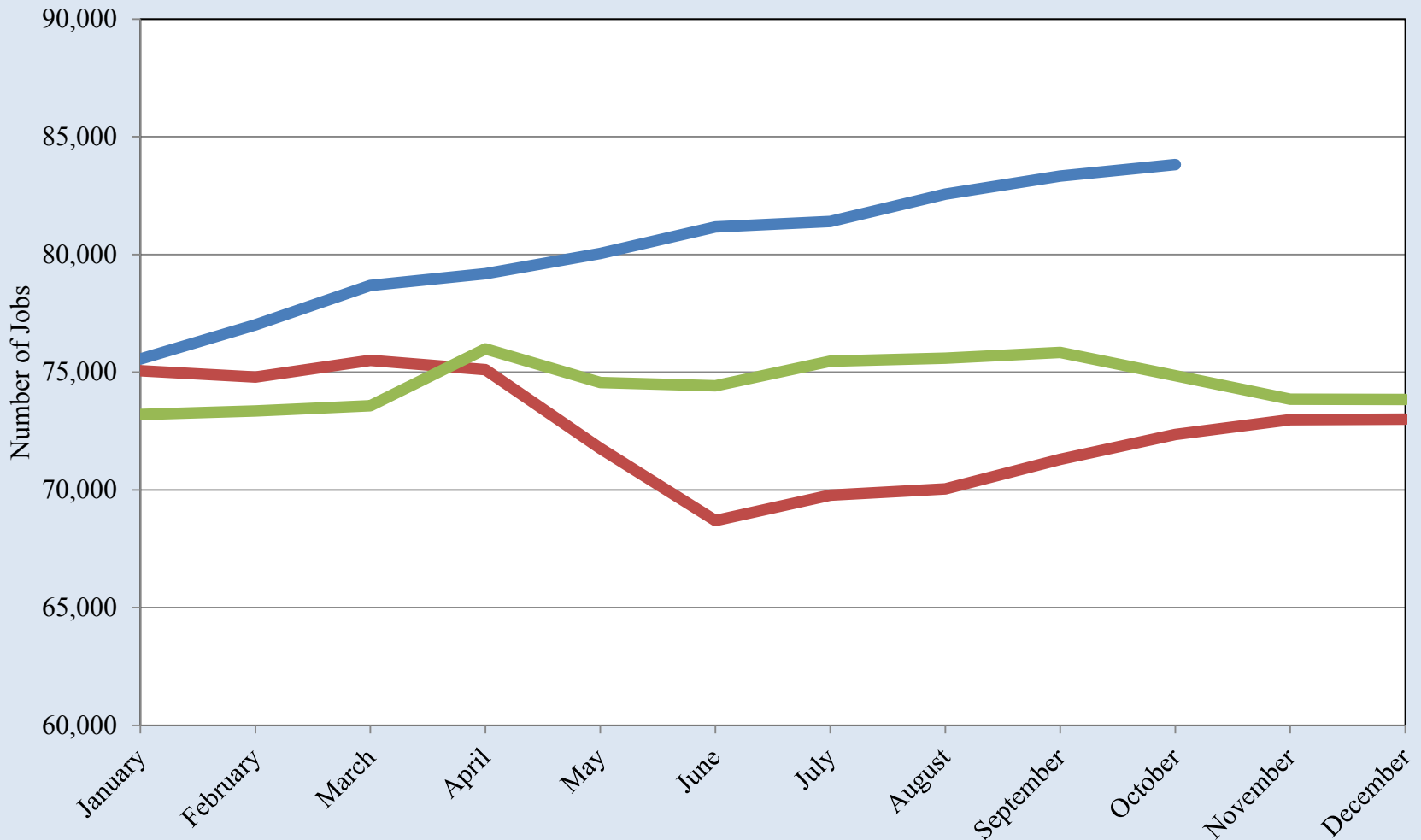
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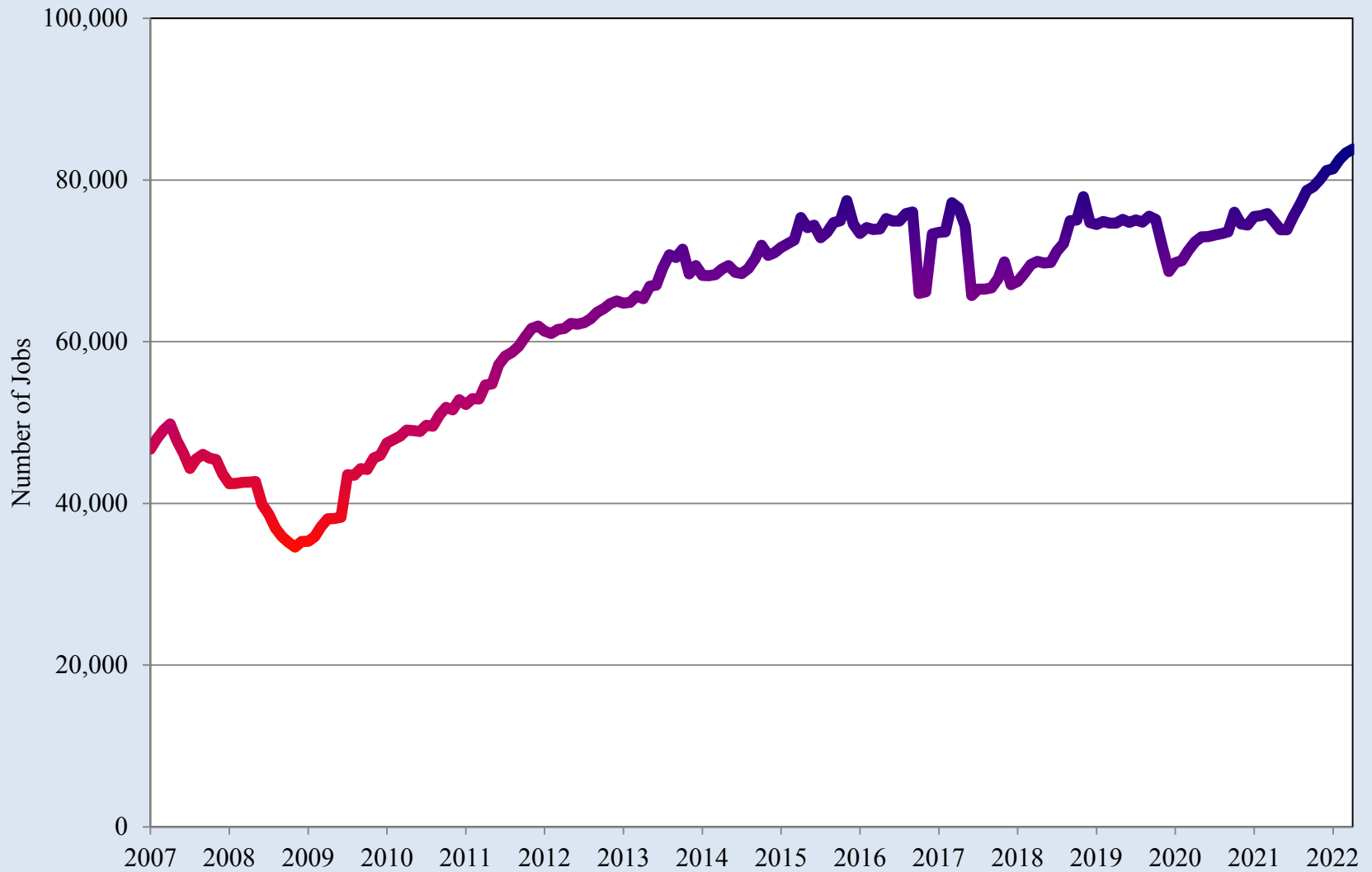
Export-Oriented Manufacturing Employment in Chihuahua City

2020 2021 2022



Source: INEGI

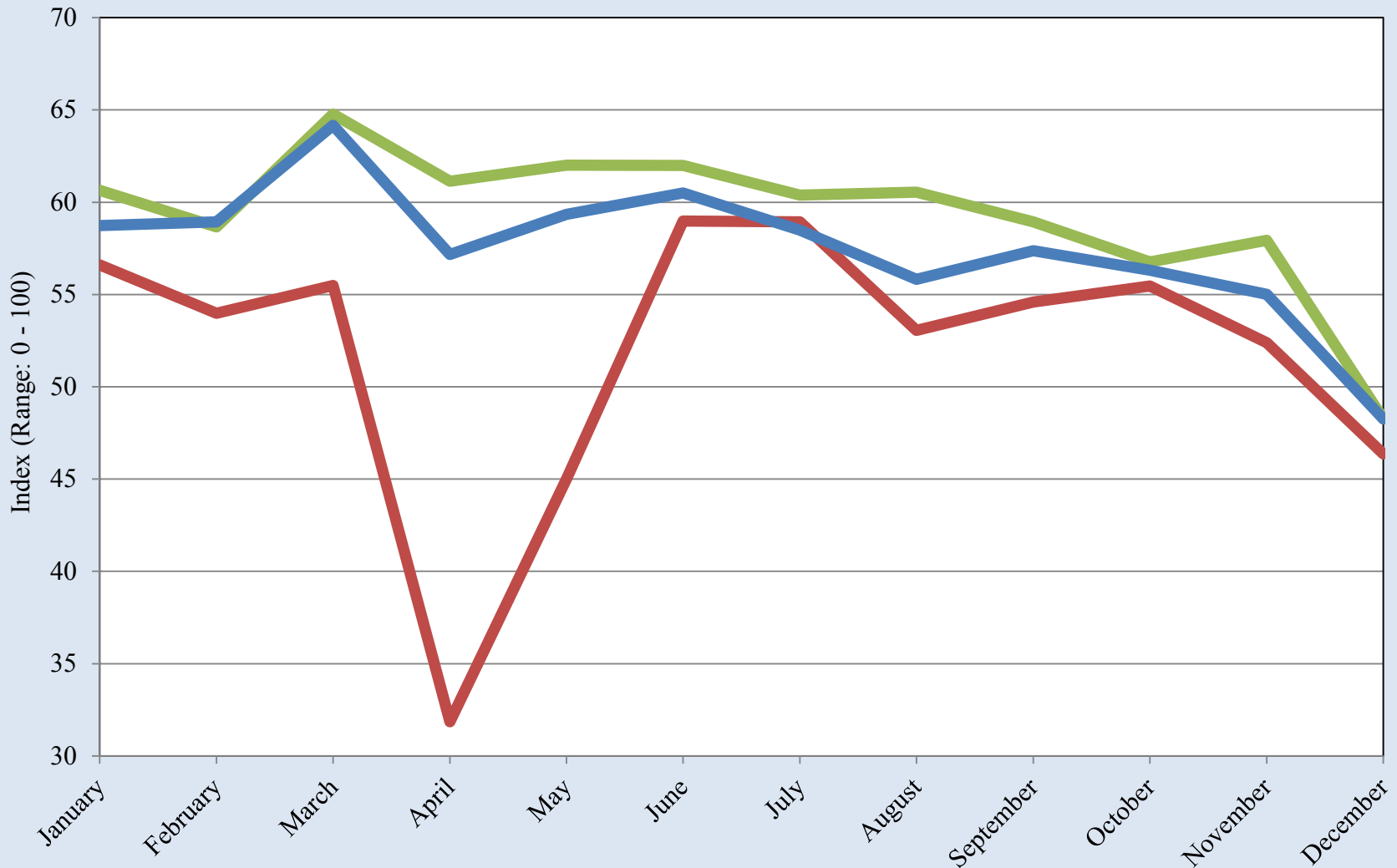
Export-Oriented Manufacturing Employment in Chihuahua City



Source: INEGI

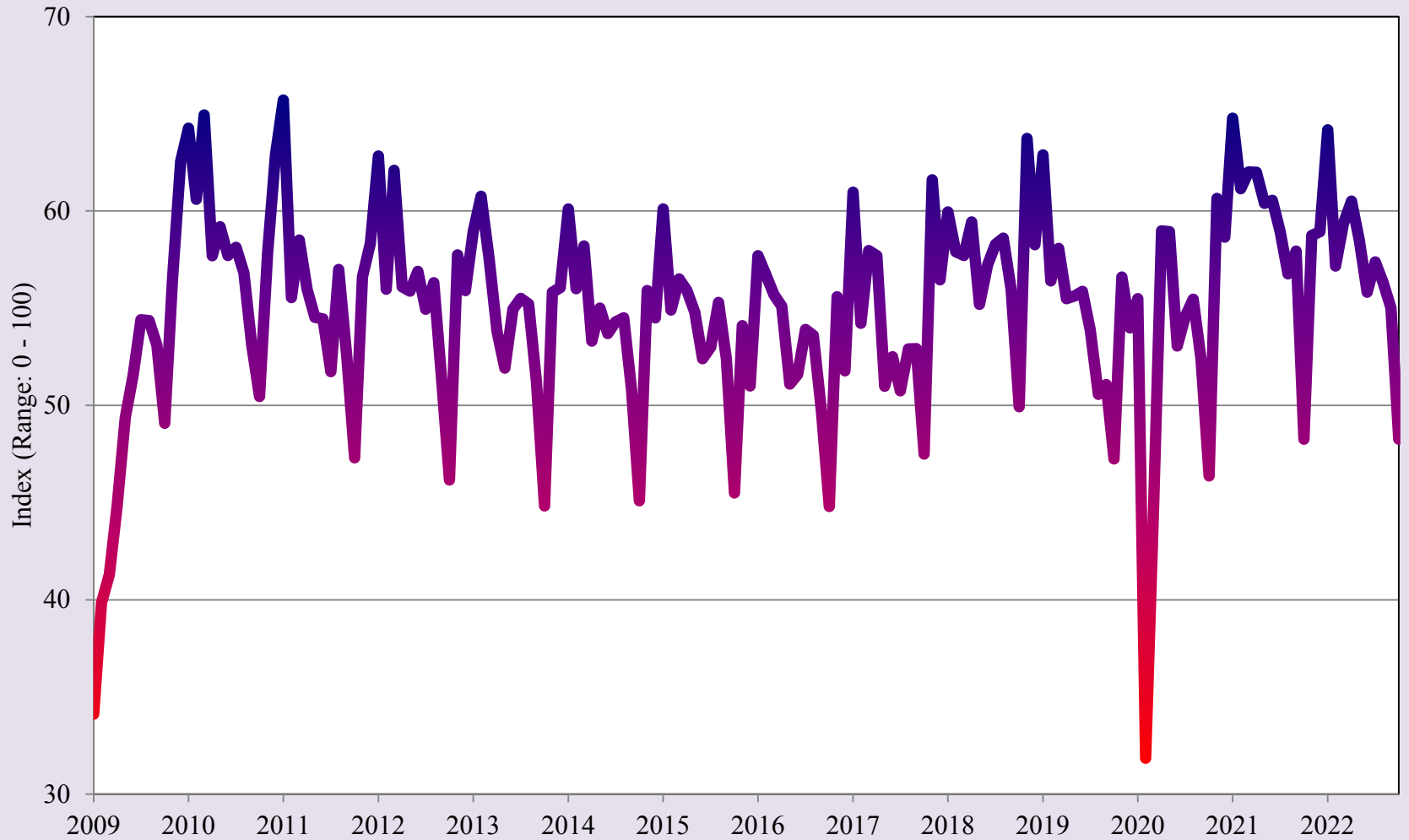
Northern Mexico Manufacturing Orders Index

— 2020 — 2021 — 2022



Source: Banco de México

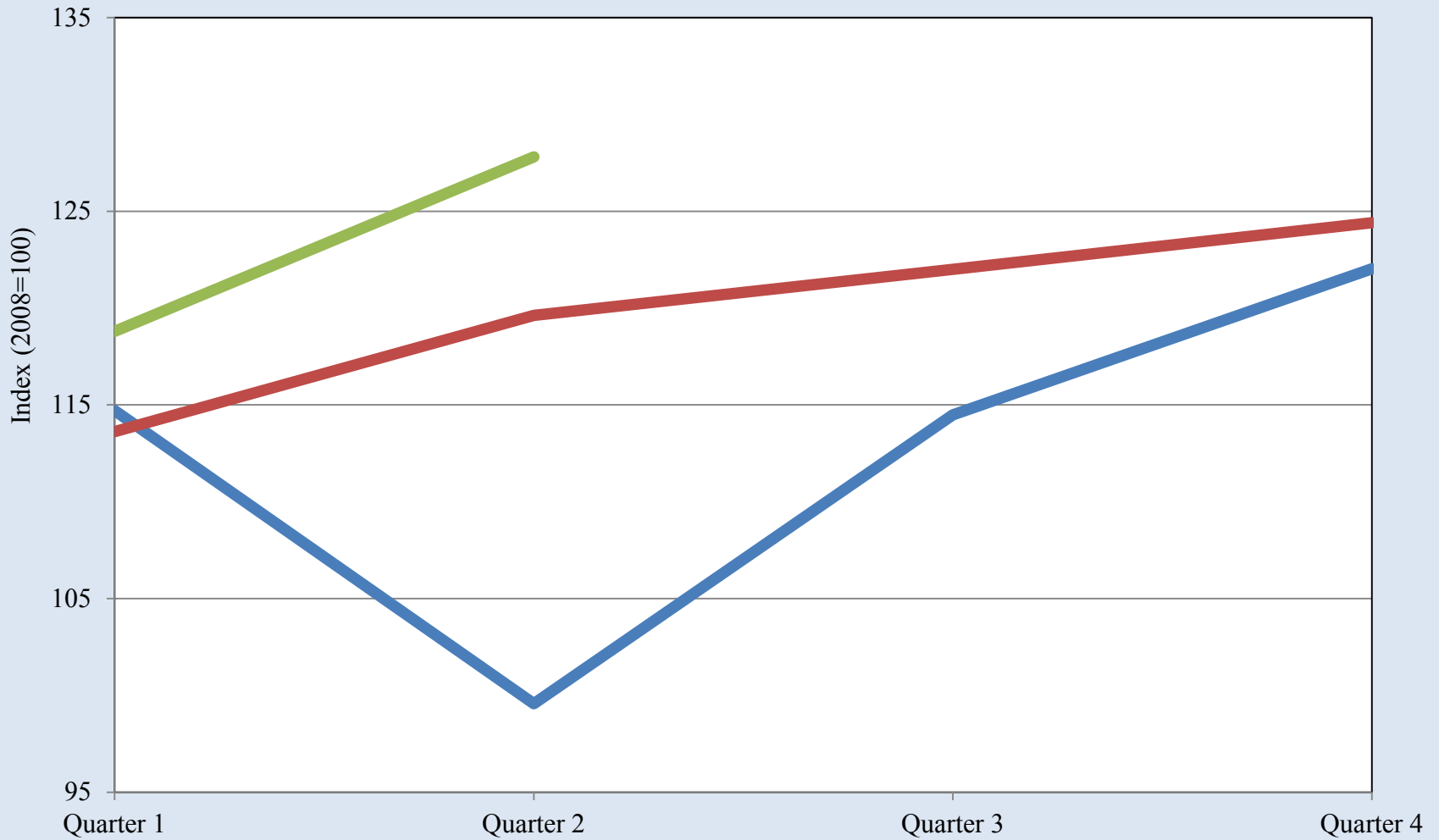
Northern Mexico Manufacturing Orders Index



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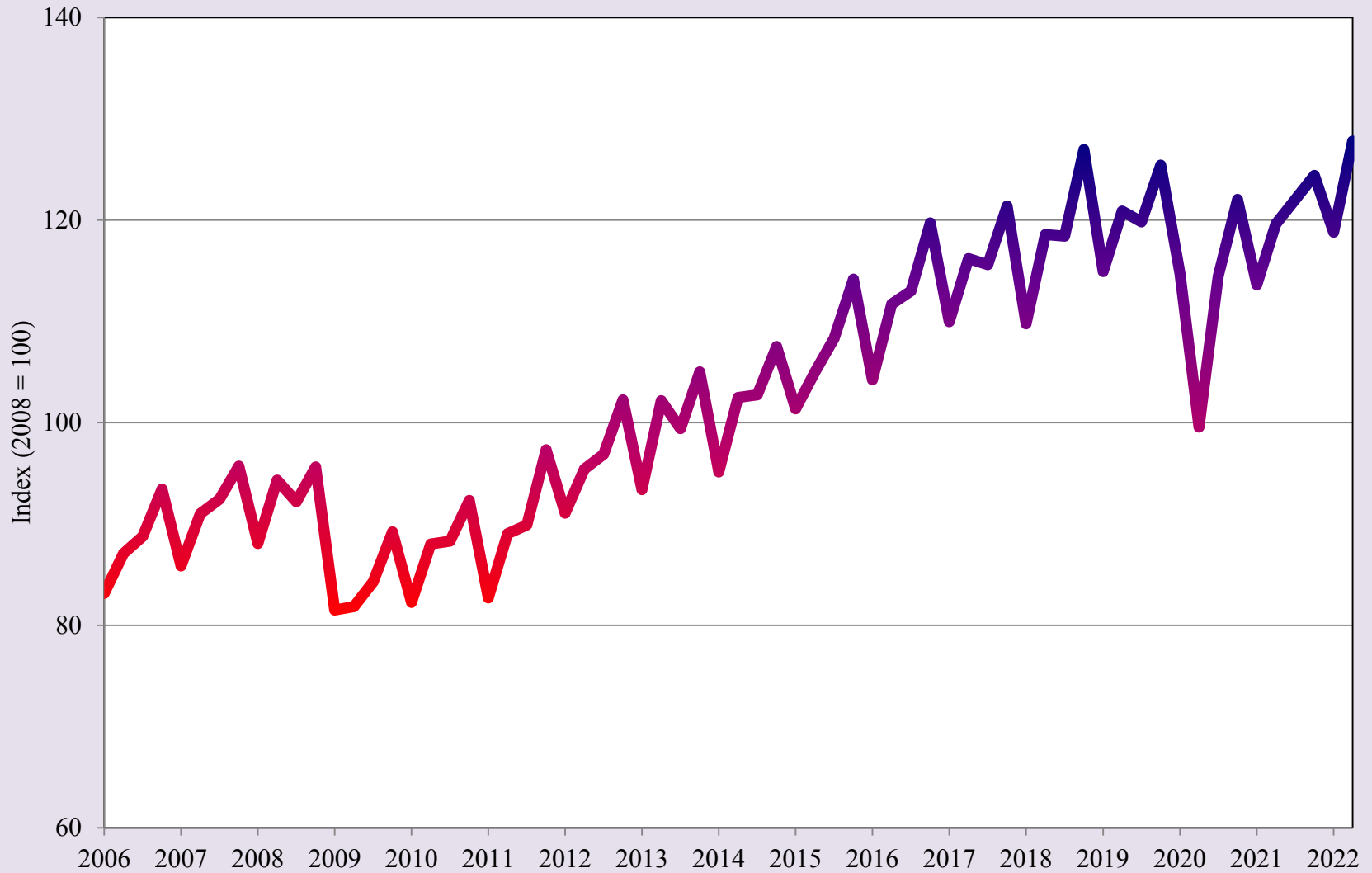
Quarterly Indicator of Economic Activity for the State of Chihuahua

2020 2021 2022



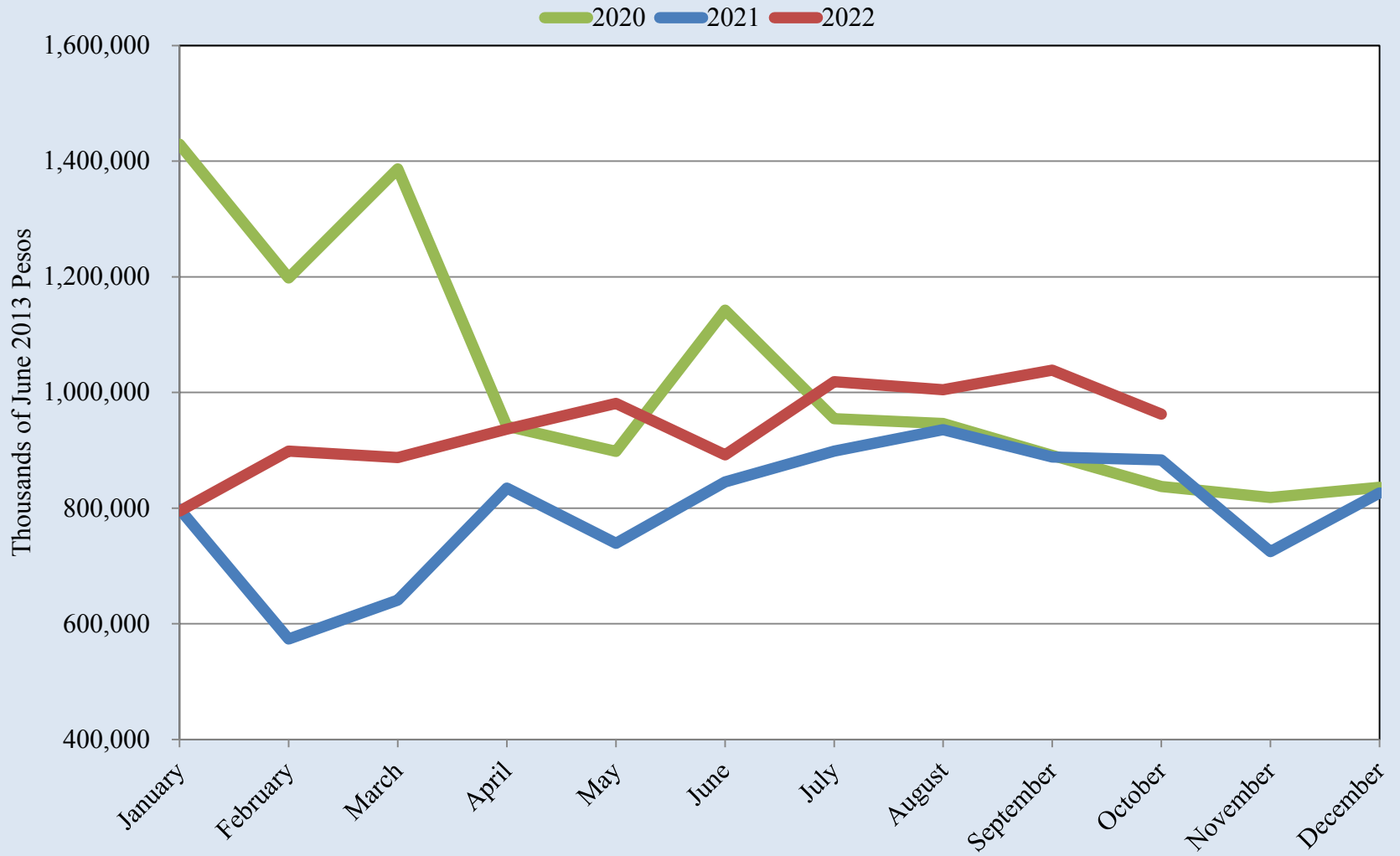
Source: INEGI

Quarterly Indicator of Economic Activity for the State of Chihuahua



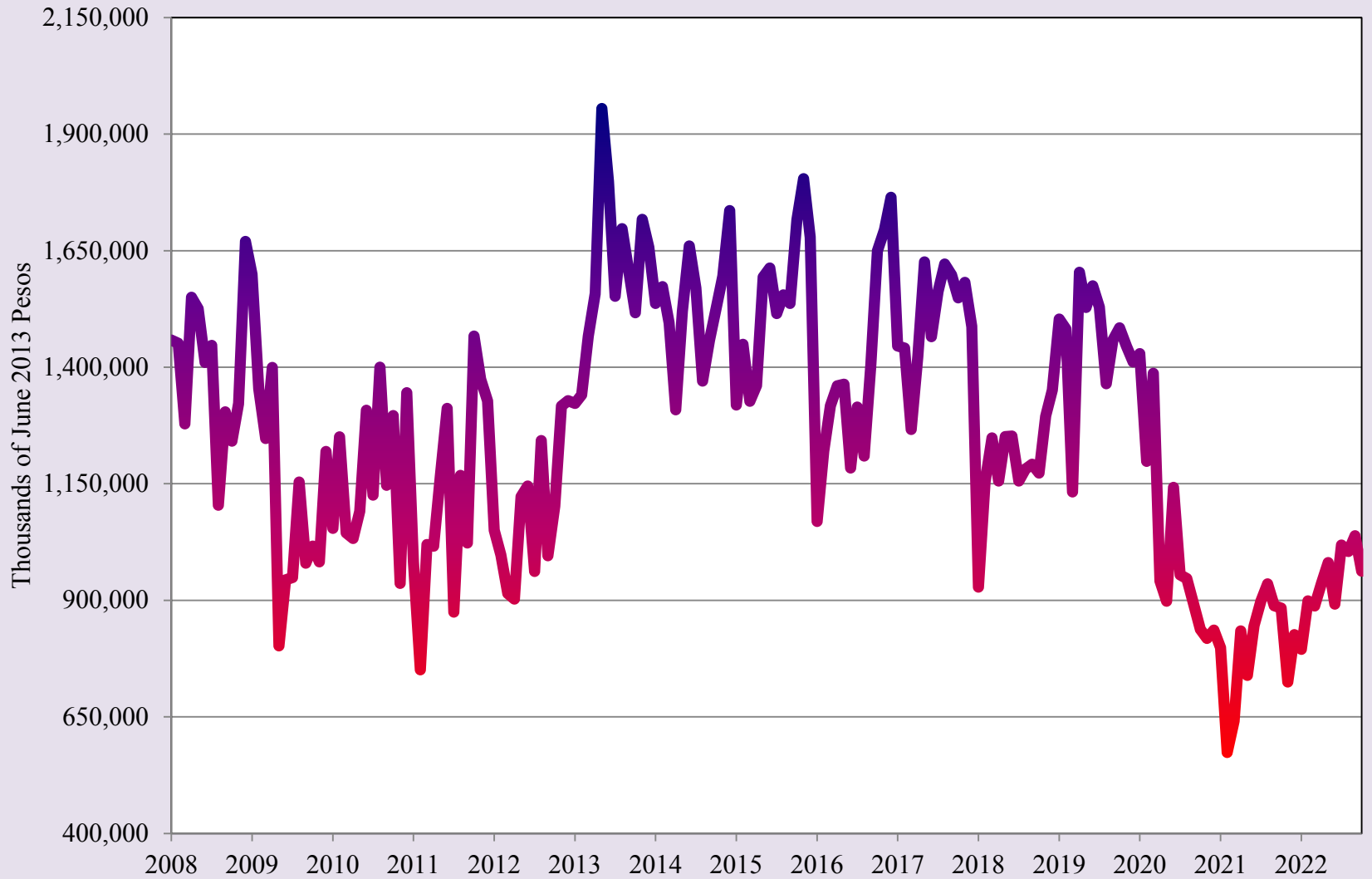
Source: INEGI

Total Value of Construction in the State of Chihuahua



Source: INEGI

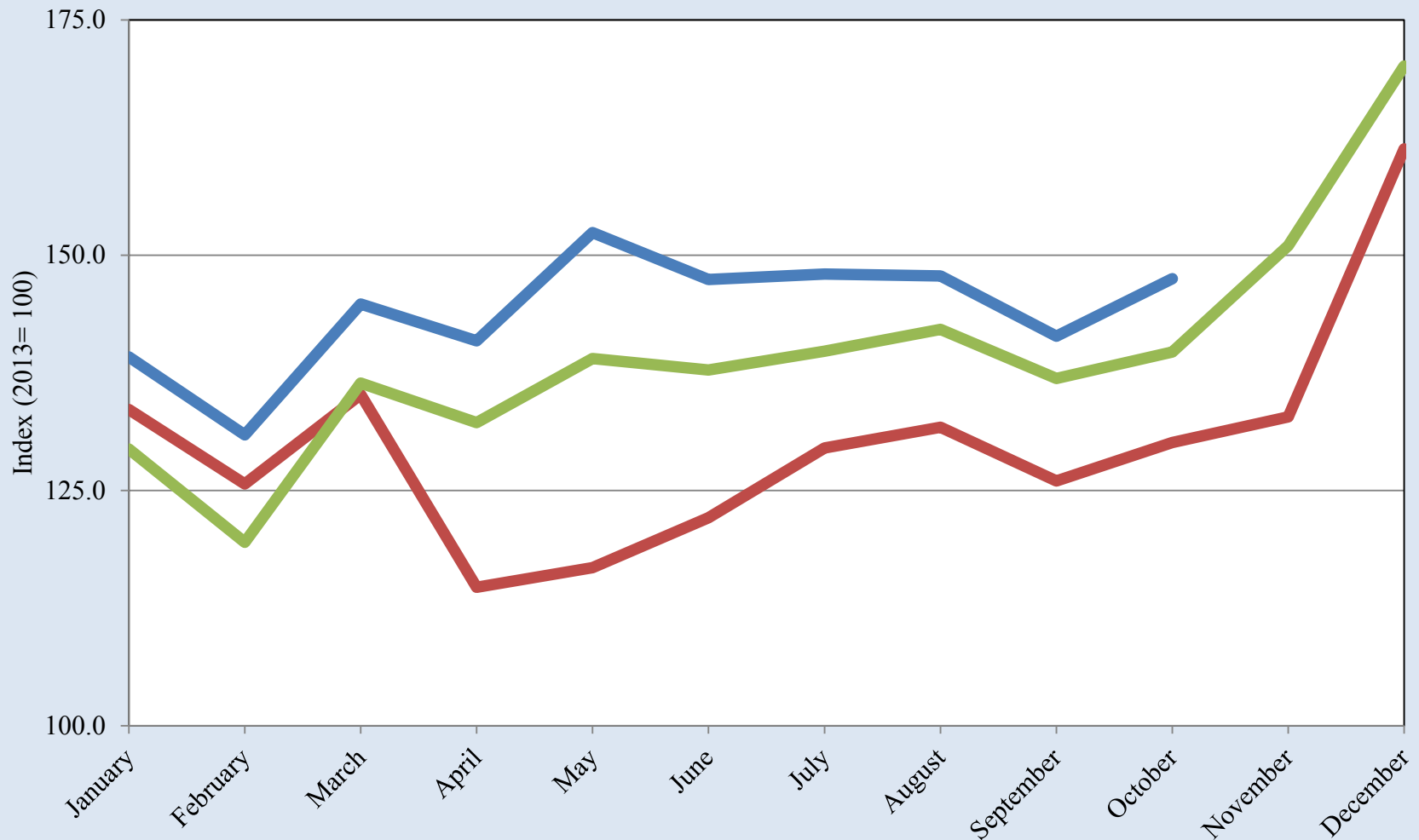
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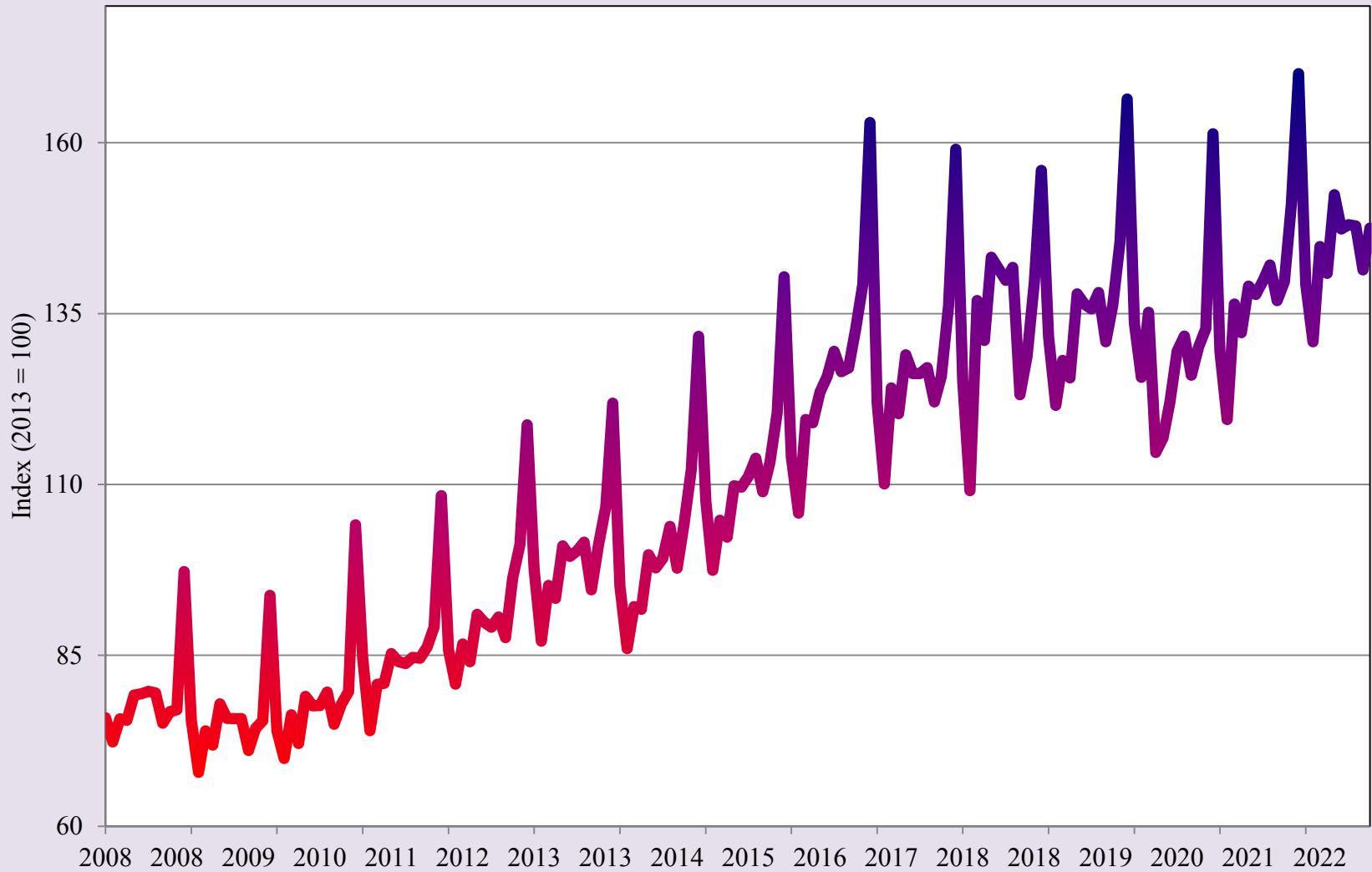
Real Retail Activity Index for the State of Chihuahua

— 2020 — 2021 — 2022



Source: INEGI

Real Retail Activity Index for the State of Chihuahua



Source: INEGI



BORDERPLEX BUSINESS BAROMETER

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