

4-2023

Borderplex Business Barometer, Volume 7, Number 4

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T.M. Fullerton, Jr., and S.L. Fullerton, 2023, "Sideways before a Downturn?" *Borderplex Business Barometer* 7(4), 1-68.



BORDERPLEX BUSINESS BAROMETER

April 2023

Border Region Modeling Project

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Border Commerce & Economics

Borderplex Business Barometer, Volume 7, Number 4

Sideways before a Downturn?

After increasing in January, the Federal Reserve Bank of Dallas El Paso Metropolitan Business Cycle Index essentially moved sideways during the first quarter of 2023. Given the collective impacts of higher interest rates, three large commercial bank failures in the United States, a massive bank failure in Switzerland, and an incipient credit crunch, sideways represents a major economic victory. Material below reviews what other indicators imply for the health of the Borderplex regional economy. While far from disastrous, it is not for the faint of heart.

The Treasury yield curve was still upside down in March. It contained seven inversion points. As can be seen in the yield curve graph, ten consecutive rate hikes by the Federal Open Market Committee have also raised borrowing costs enormously. The scary part? In real terms, all of the Treasury instrument yields are still in negative territory, and more hikes may become mandatory.

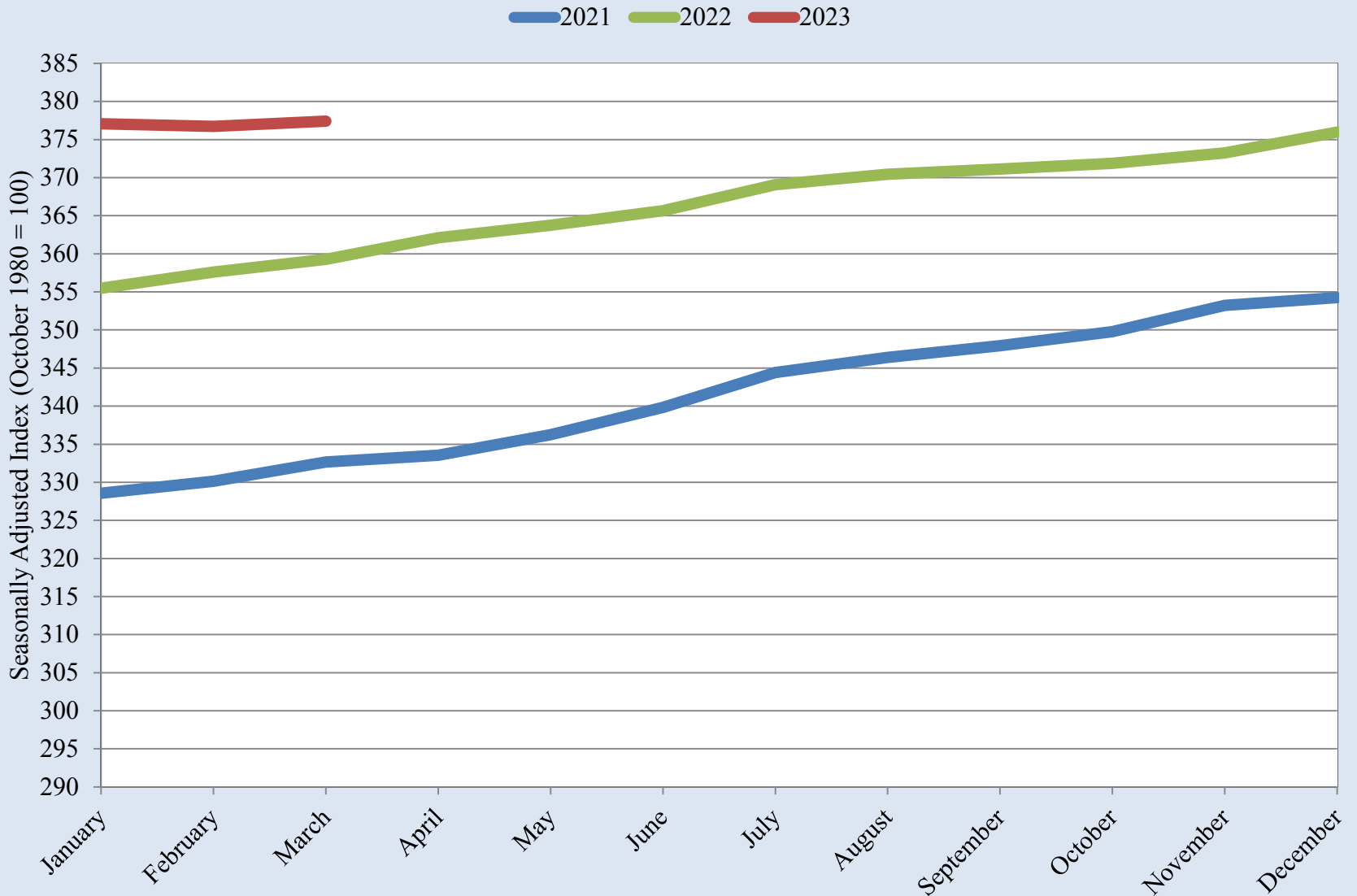
El Paso household economic stress still remains very low by historical standards. Numerically, the index is at a level not reached since 2007. The cautionary note? It rose in both January and February.

Fortunately, Borderplex regional labor markets still exhibit good traits. In El Paso, the county unemployment rate was below the 5-percent mark again in March. The corresponding figure for Las Cruces was below the 4-percent mark! Finally, in Ciudad Juarez, export oriented manufacturing employment remained above year-ago levels. The warning light? The gap between monthly 2023 and 2022 IMMEX payrolls is shrinking fast.

Supplemental Nutrition Assistance Program (SNAP or Food Stamp) enrollments remain well below the record level of 194,049 reached in October 2014 in El Paso. That is good news as the regional economy continues to recover from pandemic-era supply chain shocks. The concern? First quarter 2023 SNAP numbers exceeded year-ago levels.

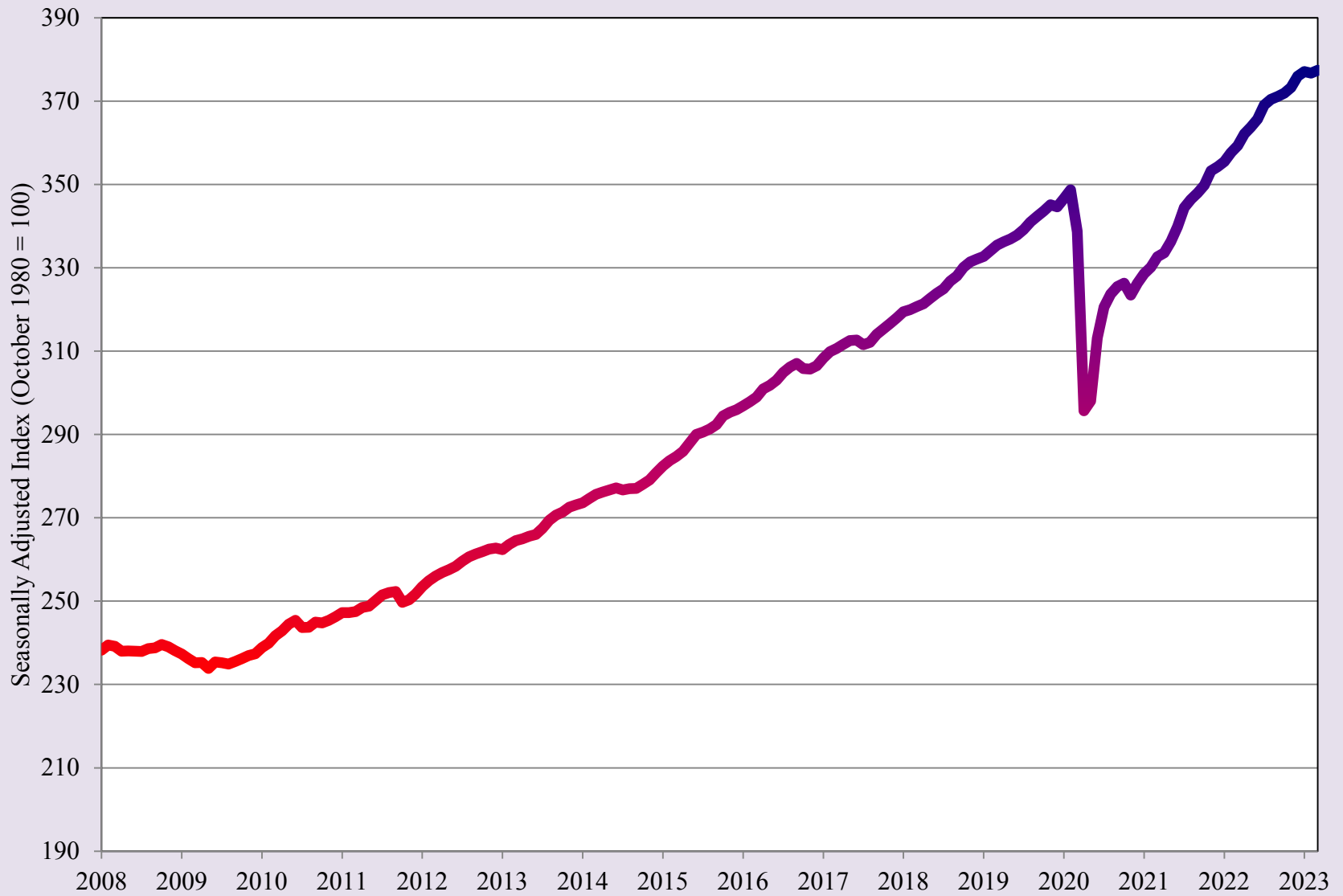
Slower economic growth is anticipated for the global economy this year. Not surprisingly, this affects industrial activities in the Borderplex. Because manufacturing, warehousing, transportation, and construction are capital intensive sectors, higher interest rates are causing operating and profit margins to narrow. Overall conditions for industrial activities seem to have flattened. Freight volumes at El Paso International Airport declined slightly in January and February. Cargo truck volumes into El Paso have declined more noticeably, but that is partially a consequence of the Texas redundant inspection processes that hamper trade traffic. Real trade volumes have declined slightly for the El Paso Customs District as a whole. The disquiet? The border is still being used as a political football and more Texas inflicted trade disruptions may occur this summer.

El Paso Metropolitan Business Cycle Index



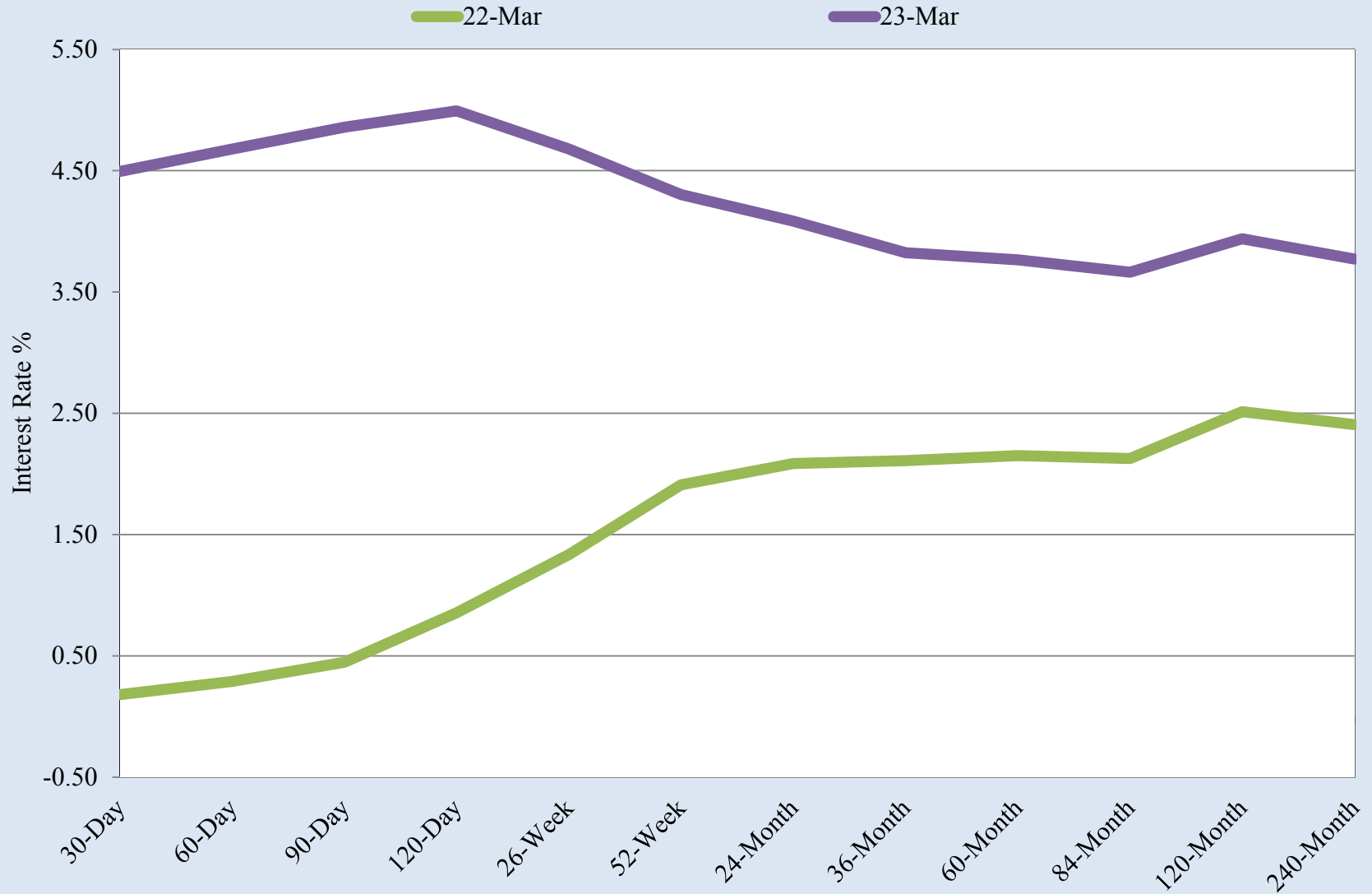
Source: UTEP Border Region Modeling Project using Federal Reserve Bank of Dallas Data

El Paso Metropolitan Business Cycle Index



Source: UTEP Border Region Modeling Project using Federal Reserve Bank of Dallas Data

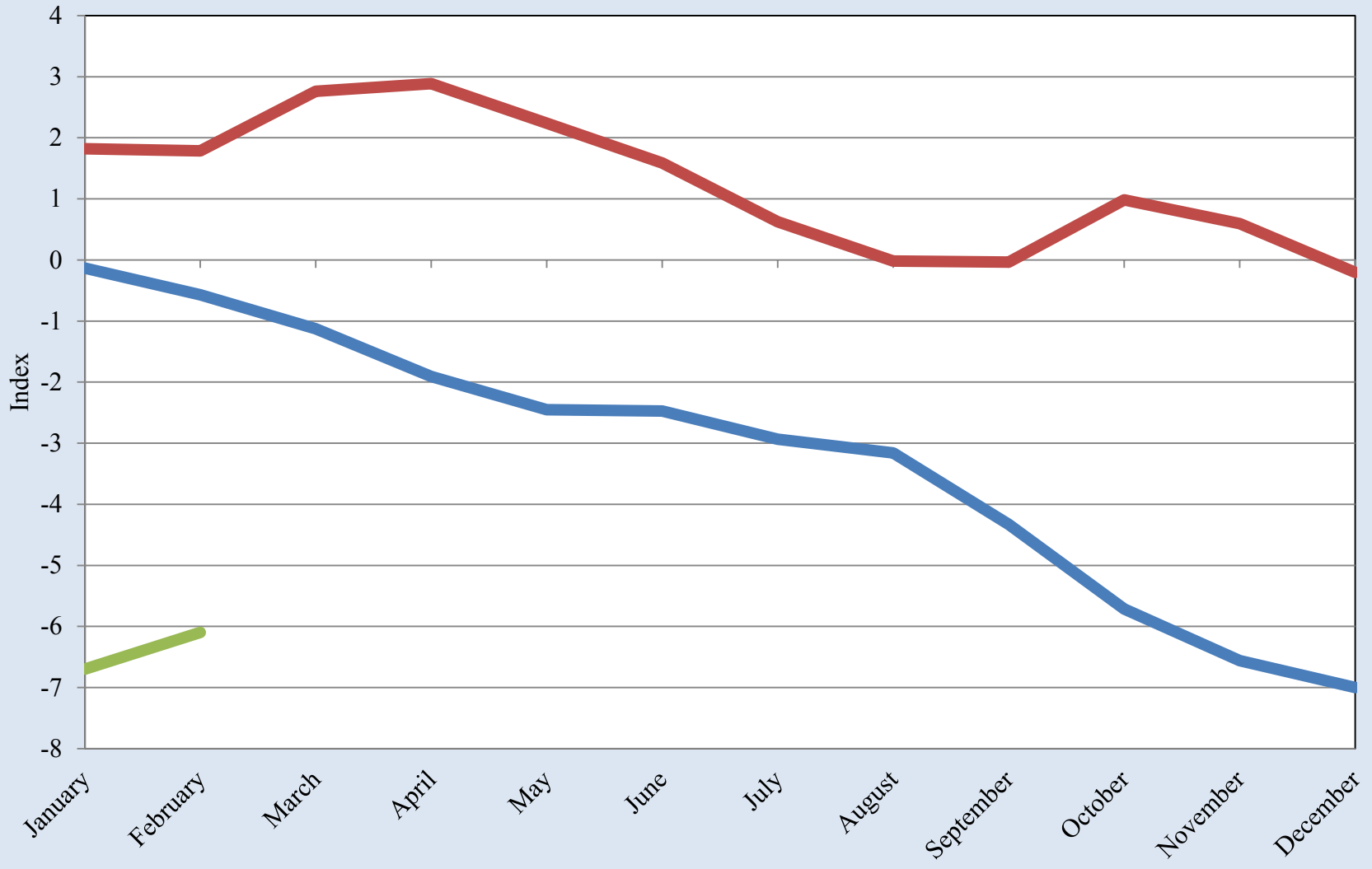
Average Treasury Yield Curve Rates



Source: UTEP Border Region Modeling Project using US Treasury, Daily Treasury Yield Curve Rates Data

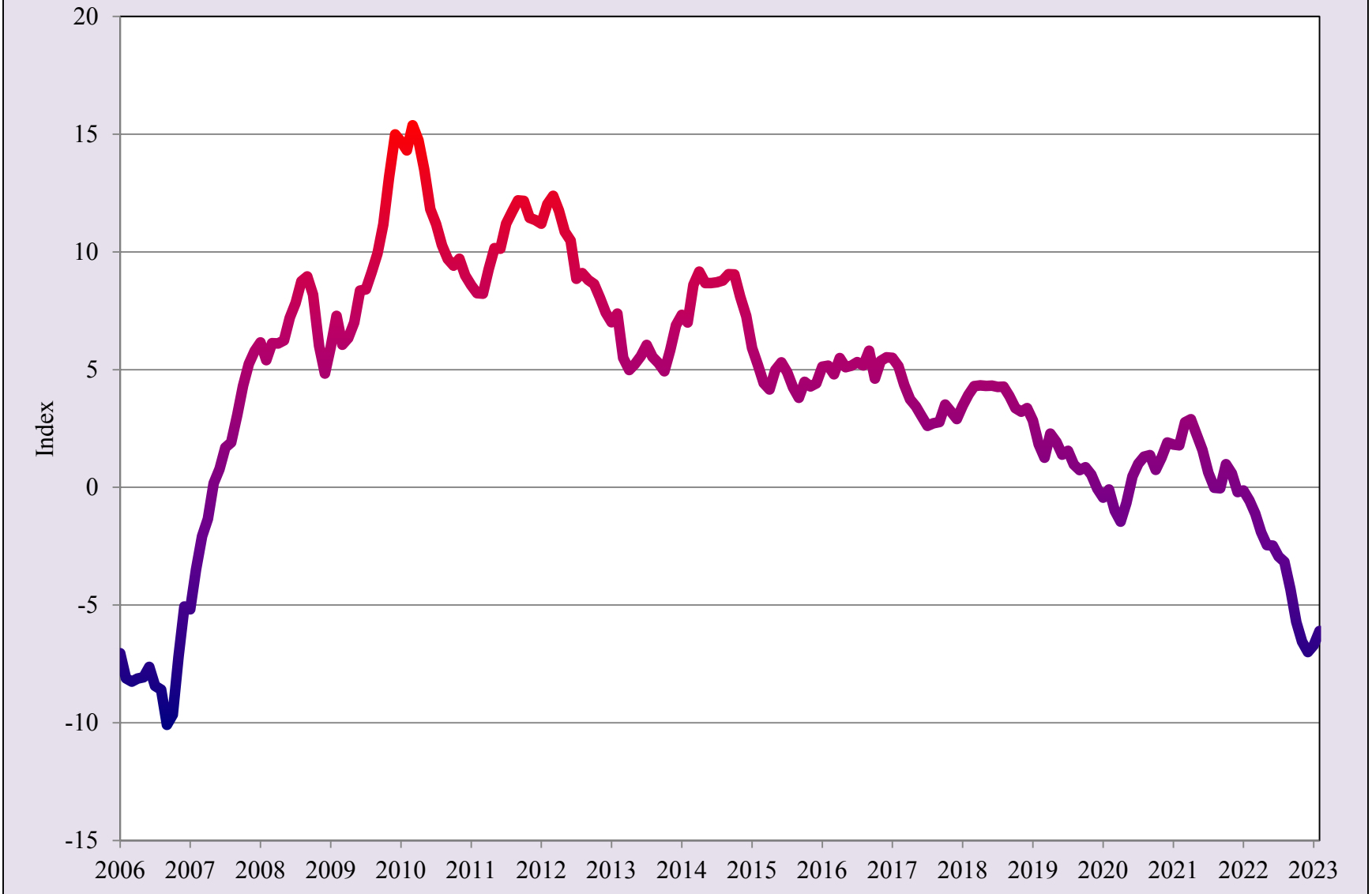
El Paso Household Economic Stress Index

2021 2022 2023



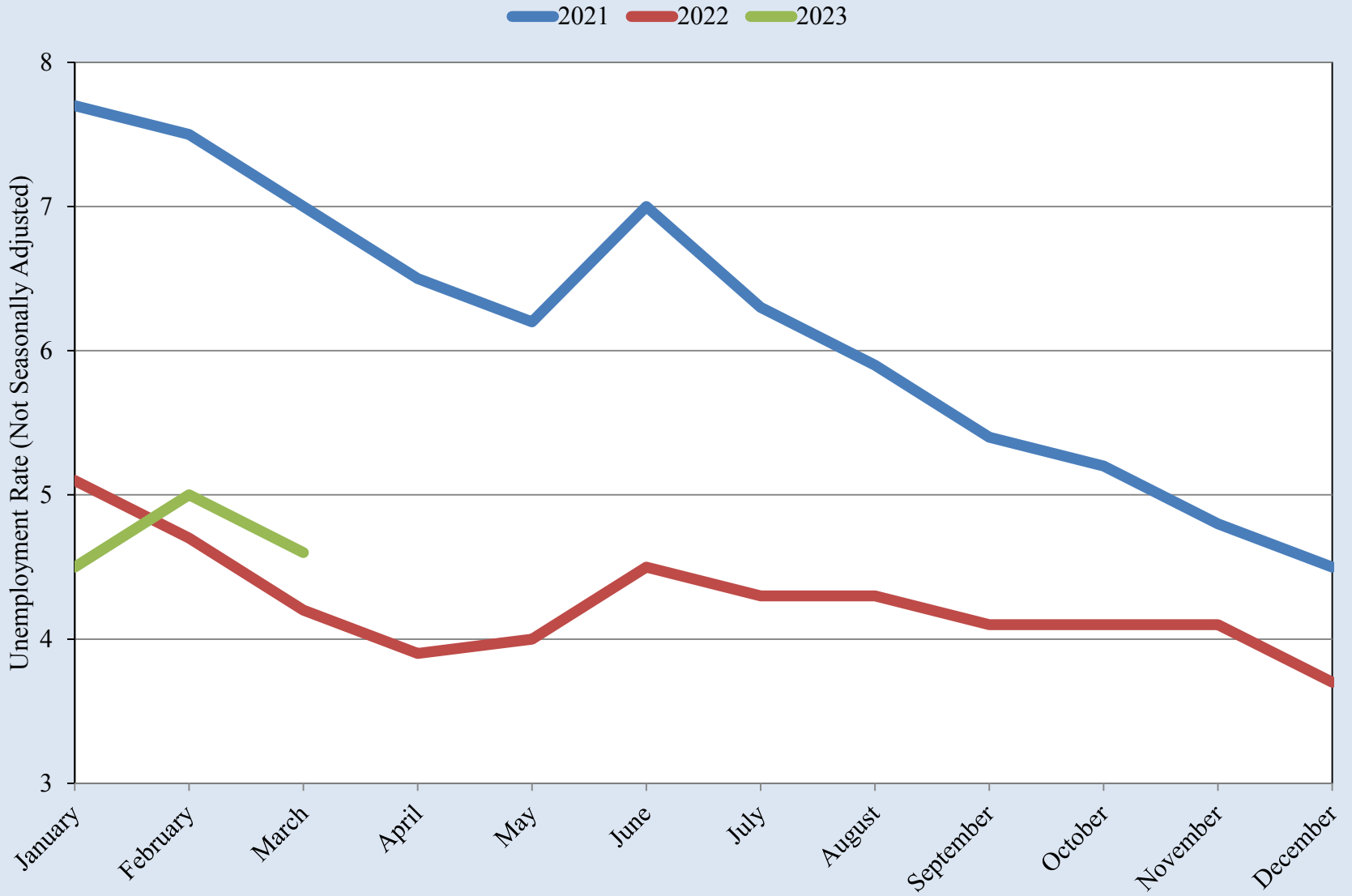
Source: UTEP Border Region Modeling Project

El Paso Household Economic Stress Index



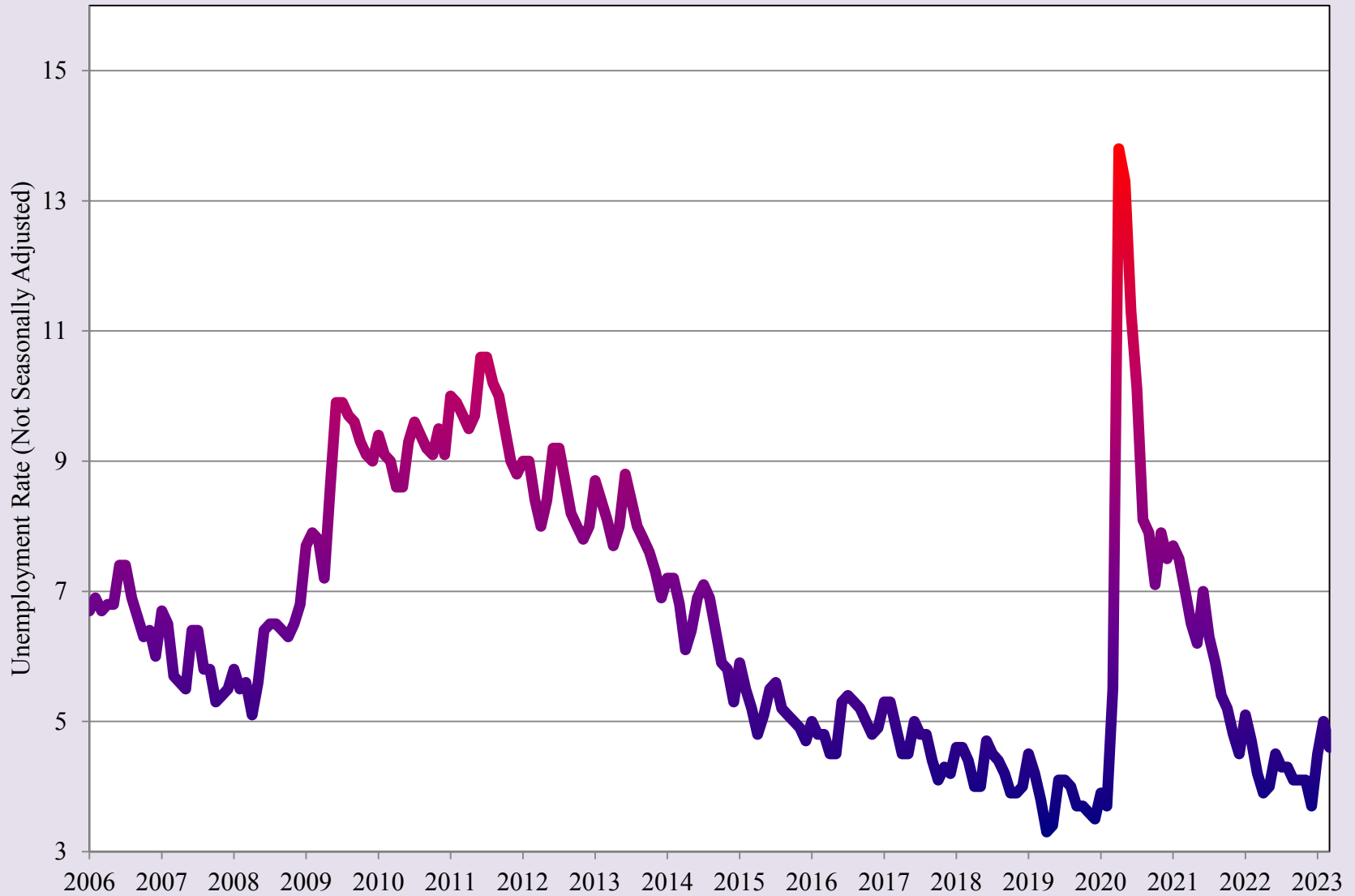
Source: UTEP Border Region Modeling Project

El Paso County Unemployment Rate



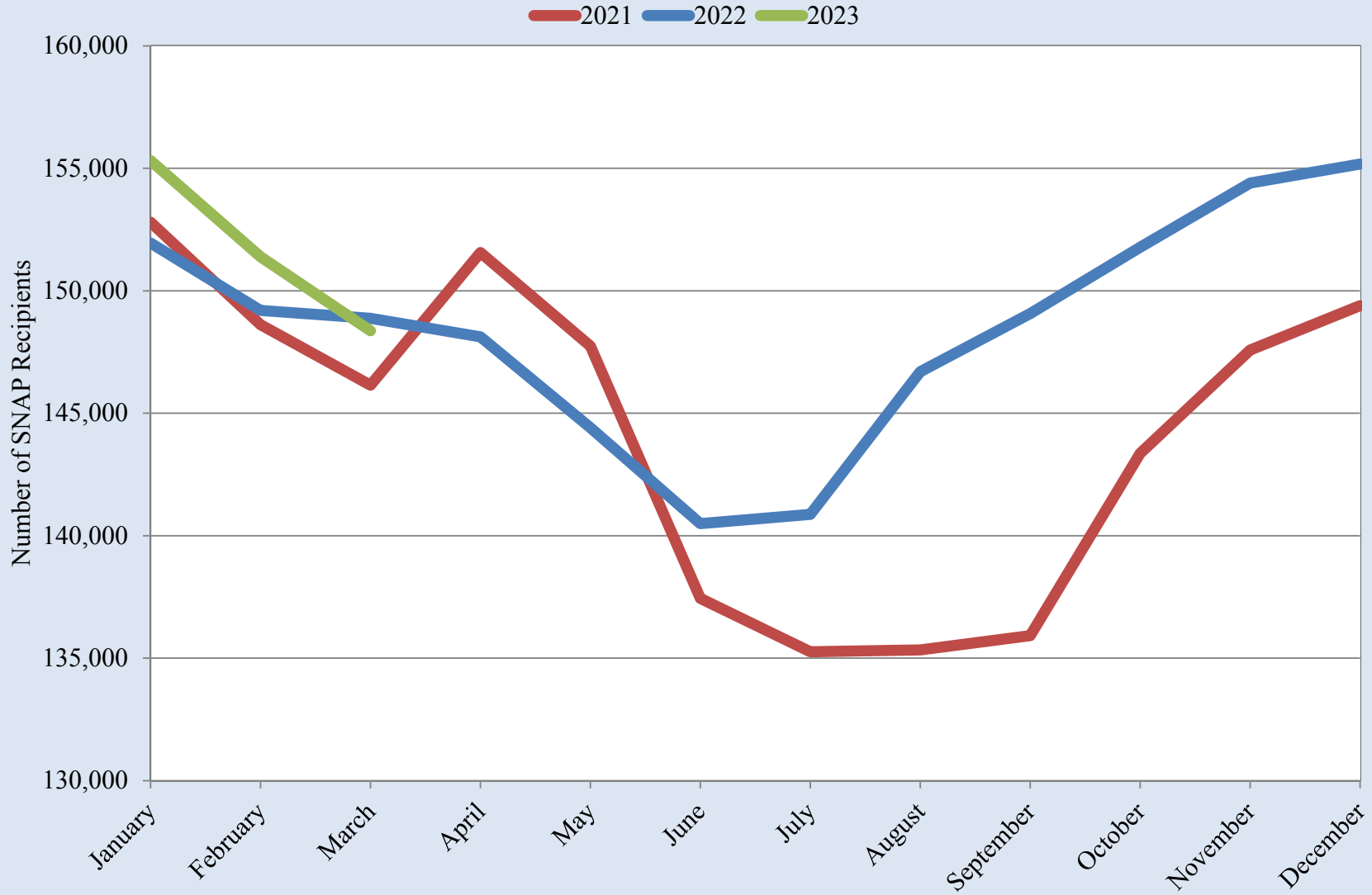
Source: UTEP Border Region Modeling Project using Bureau of Labor Statistics Data

El Paso County Unemployment Rate



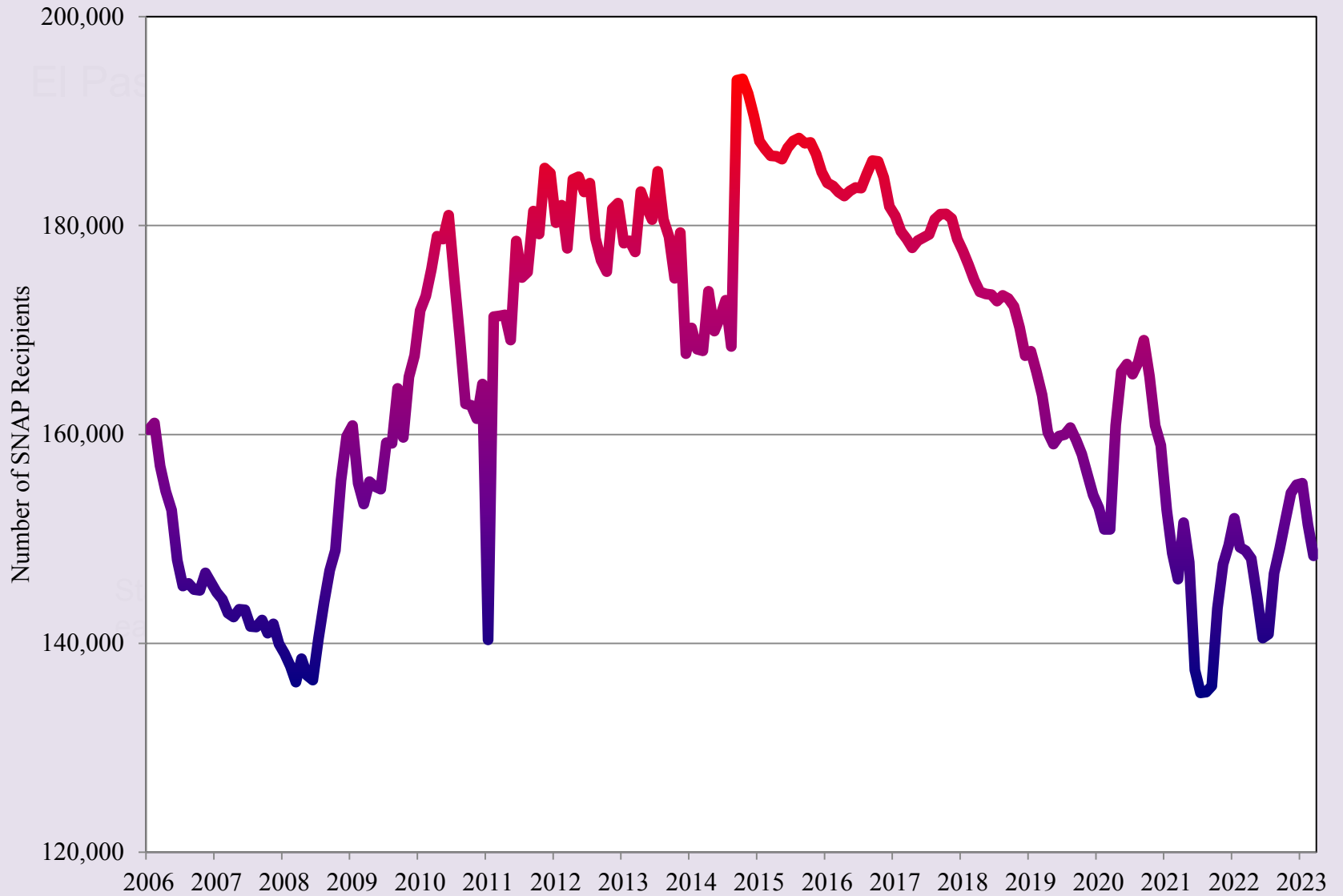
Source: UTEP Border Region Modeling Project using Bureau of Labor Statistics Data

El Paso County SNAP (Food Stamp) Enrollment



Source: UTEP Border Region Modeling Project using Texas Health and Human Services Commission

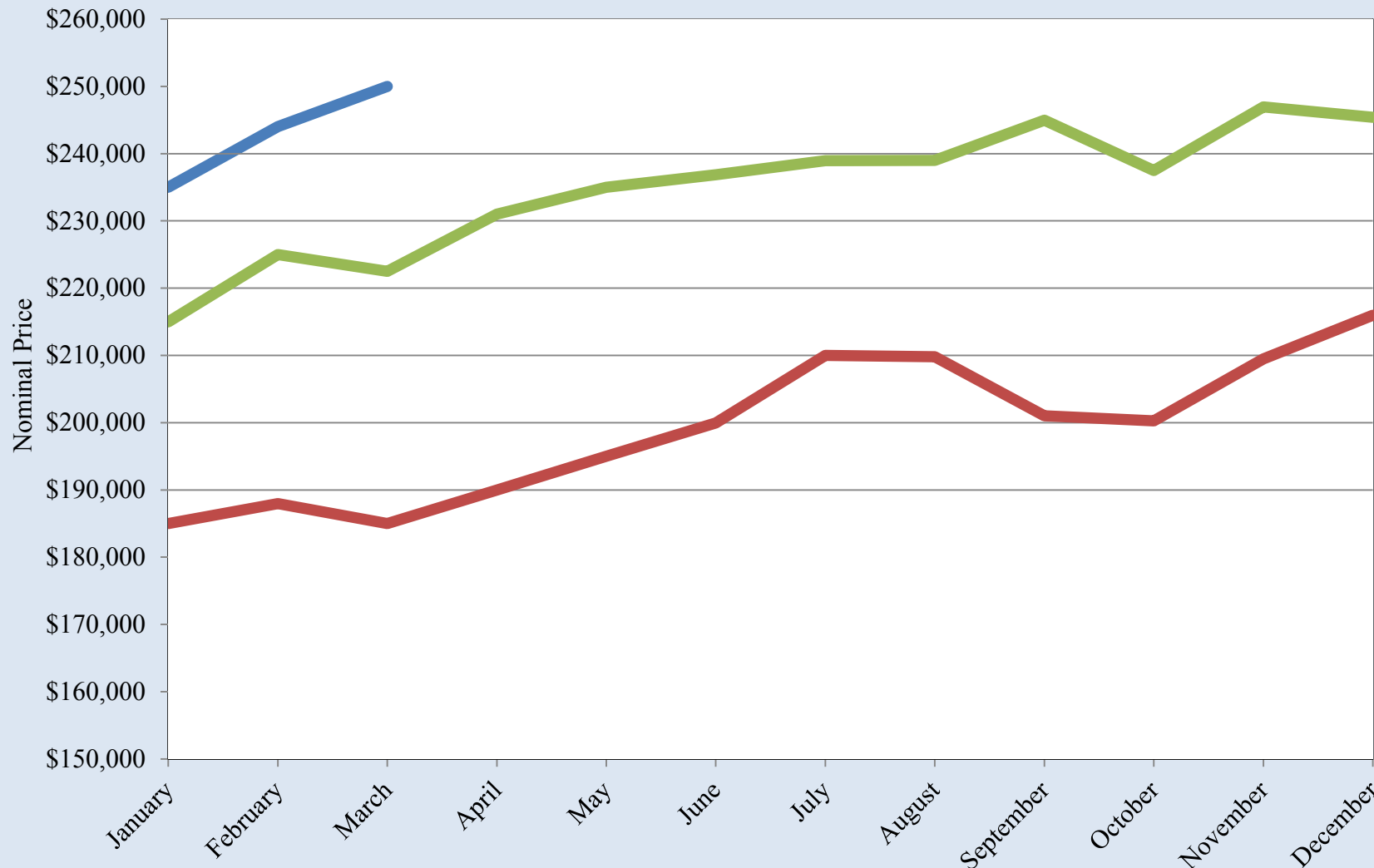
El Paso County SNAP (Food Stamp) Enrollment



Source: UTEP Border Region Modeling Project using Texas Health and Human Services Commission

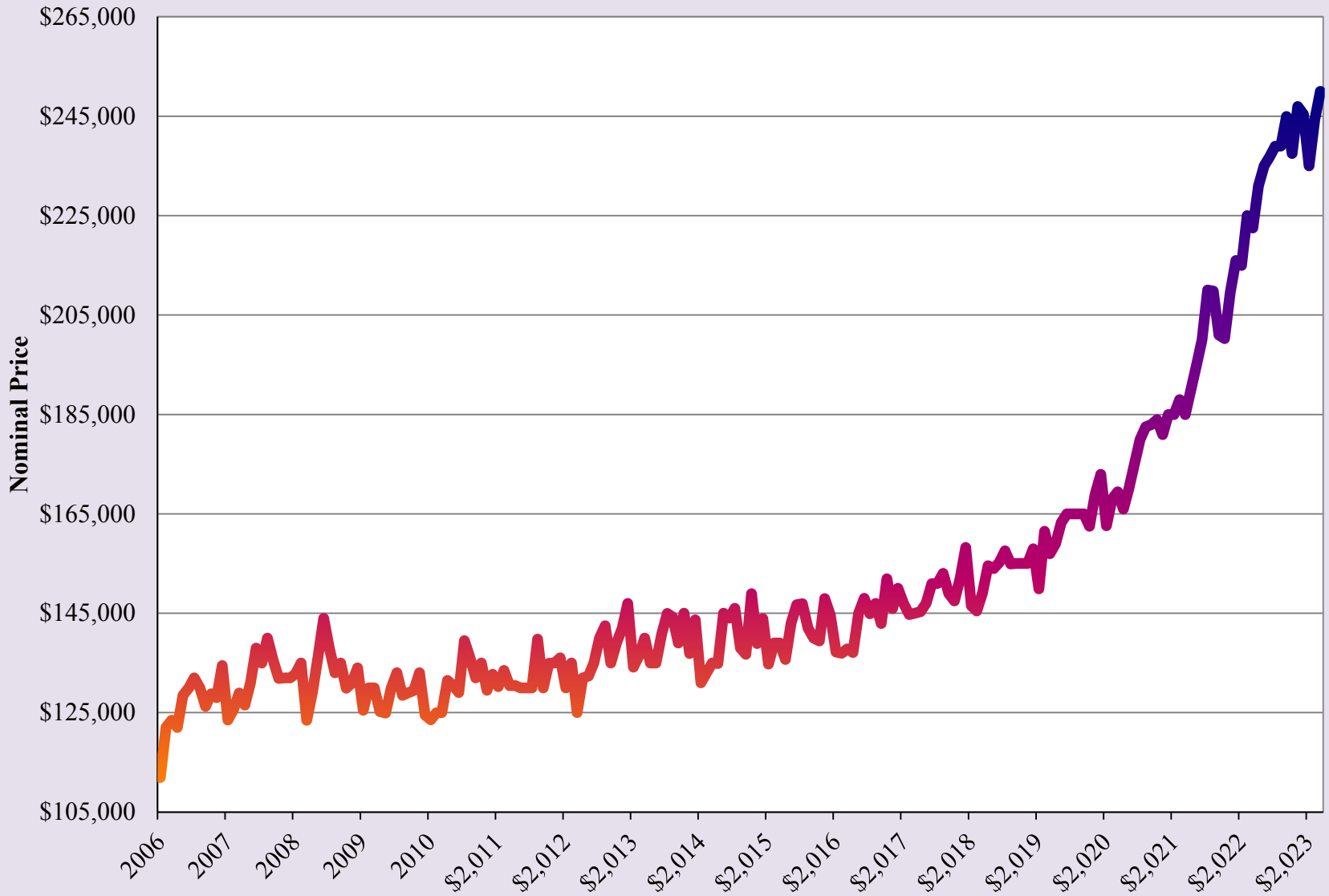
El Paso Median Housing Prices

2021 2022 2023



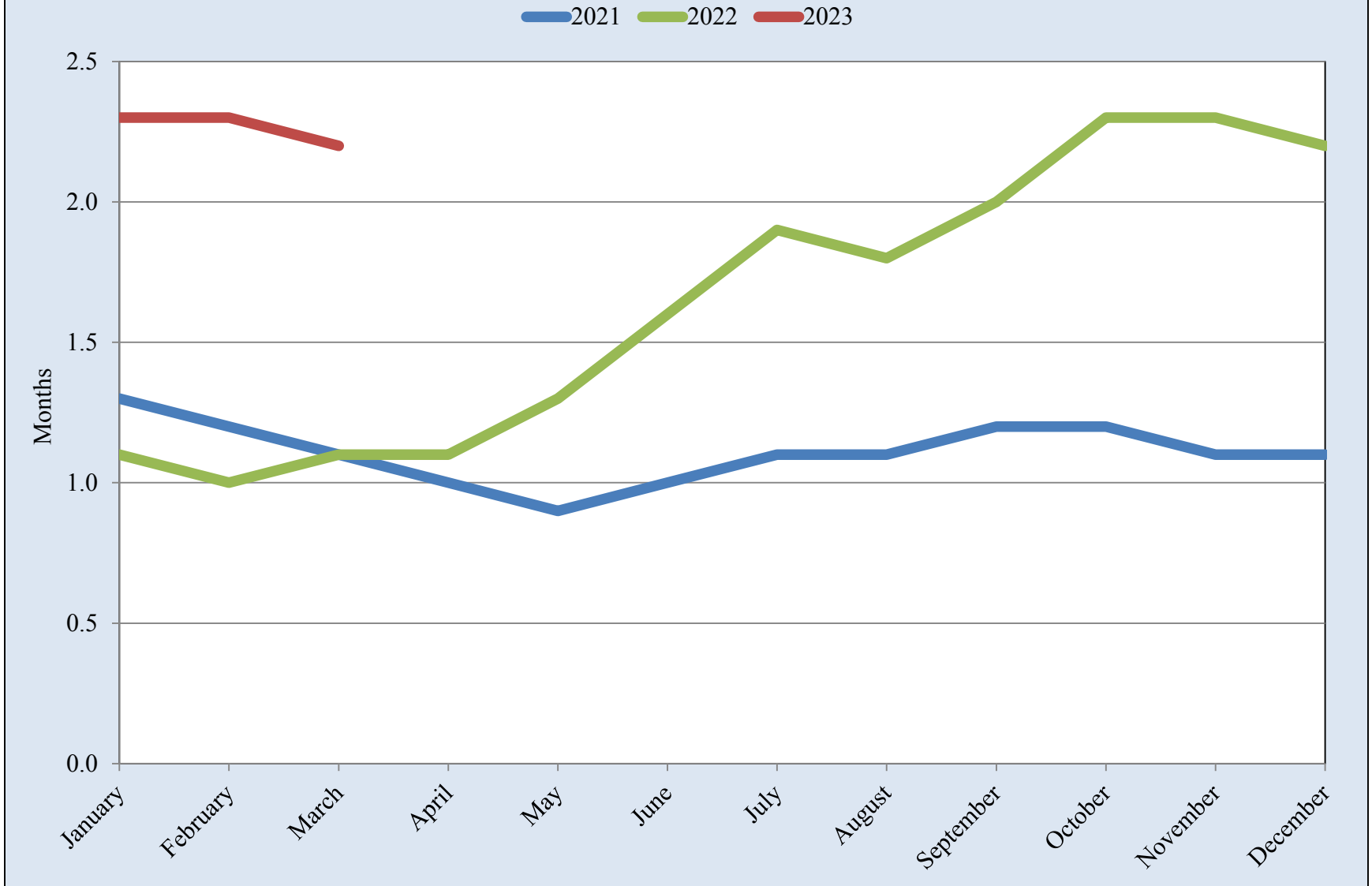
Source: UTEP Border Region Modeling Project using Texas A&M Real Estate Center Data

El Paso Median Housing Prices



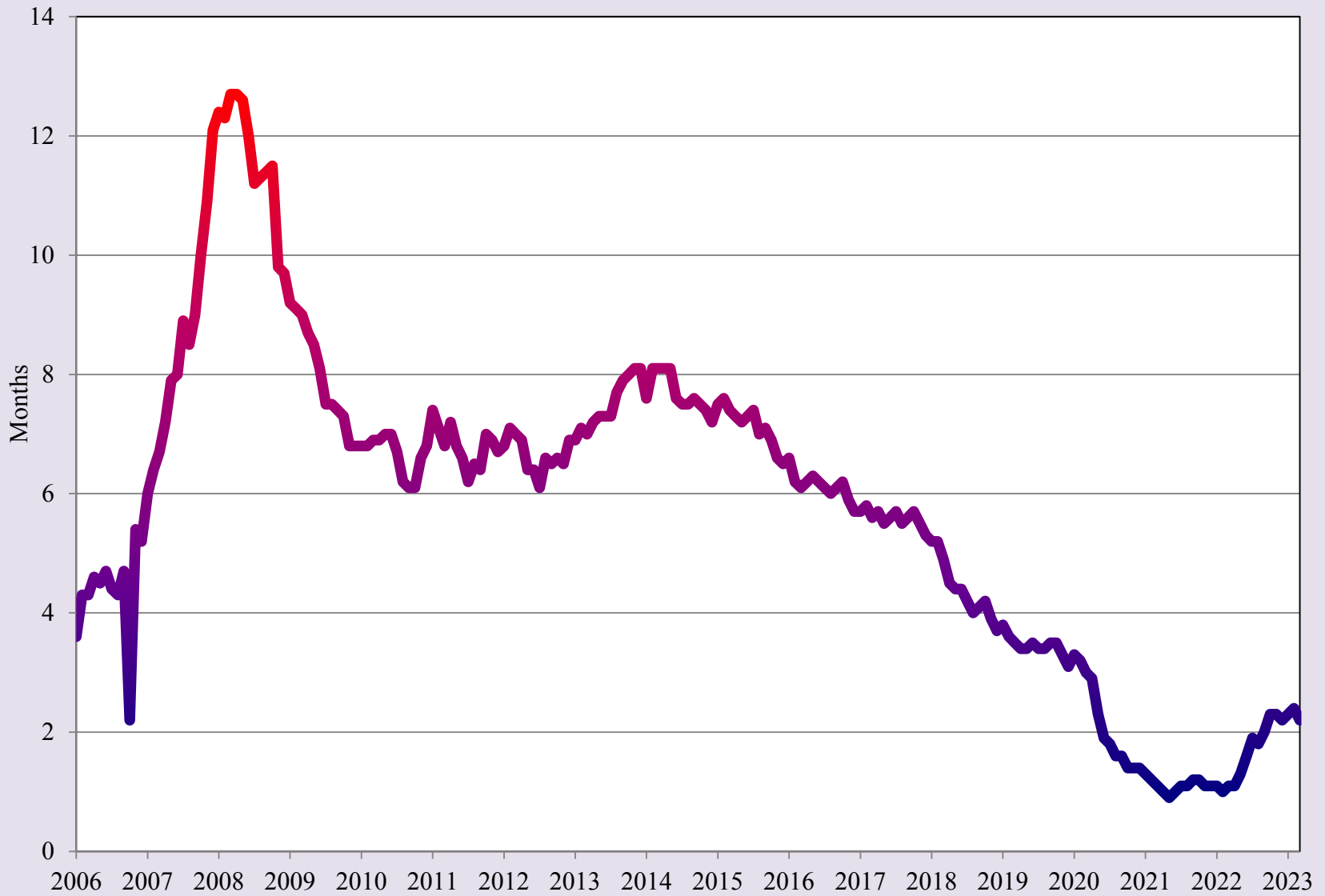
Source: UTEP Border Region Modeling Project using Texas A&M Real Estate Center Data

Months of Housing Inventory for El Paso



Source: UTEP Border Region Modeling Project using Texas A&M Real Estate Center Data

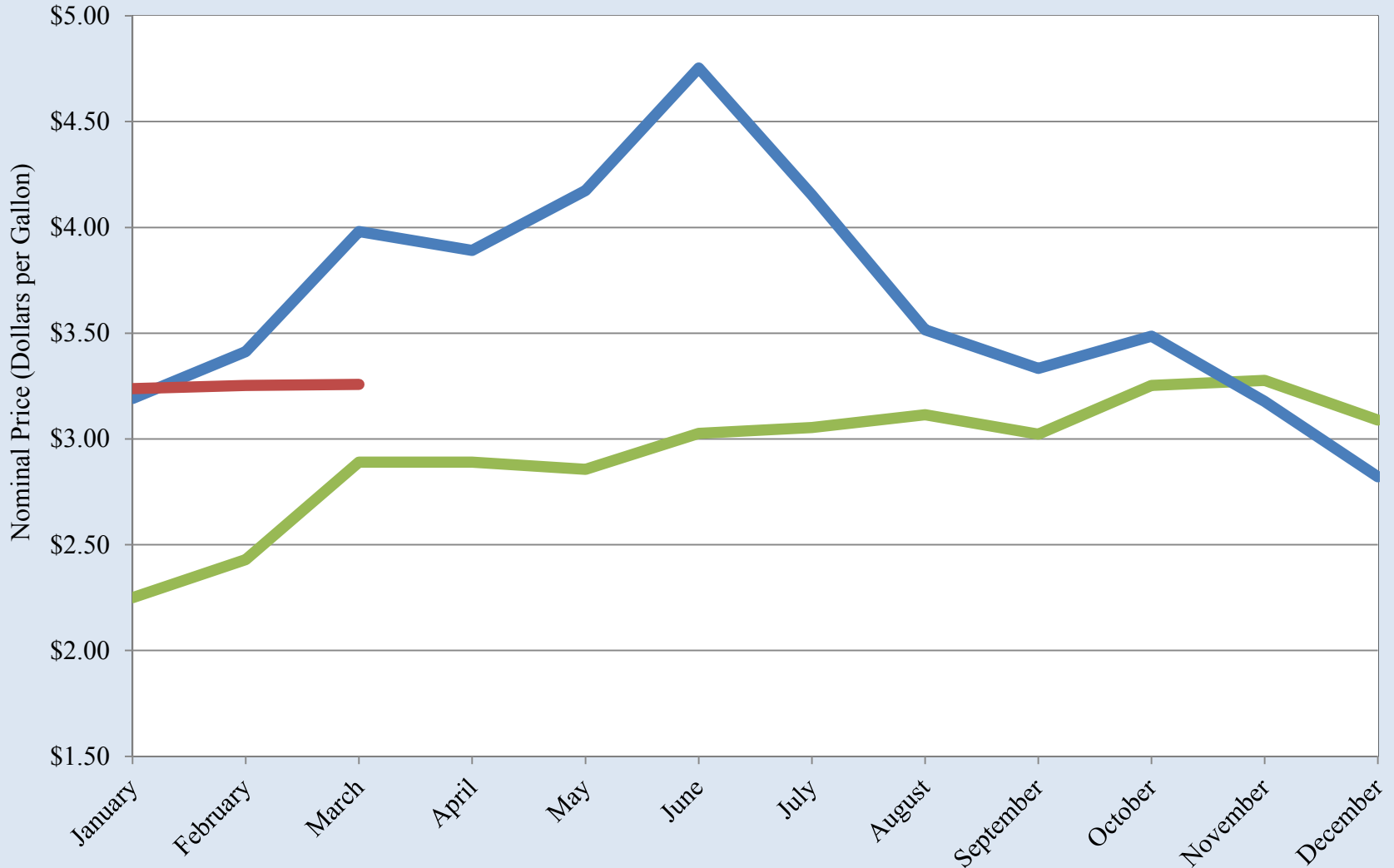
Months of Housing Inventory for El Paso



Source: UTEP Border Region Modeling Project using Texas A&M Real Estate Center Data

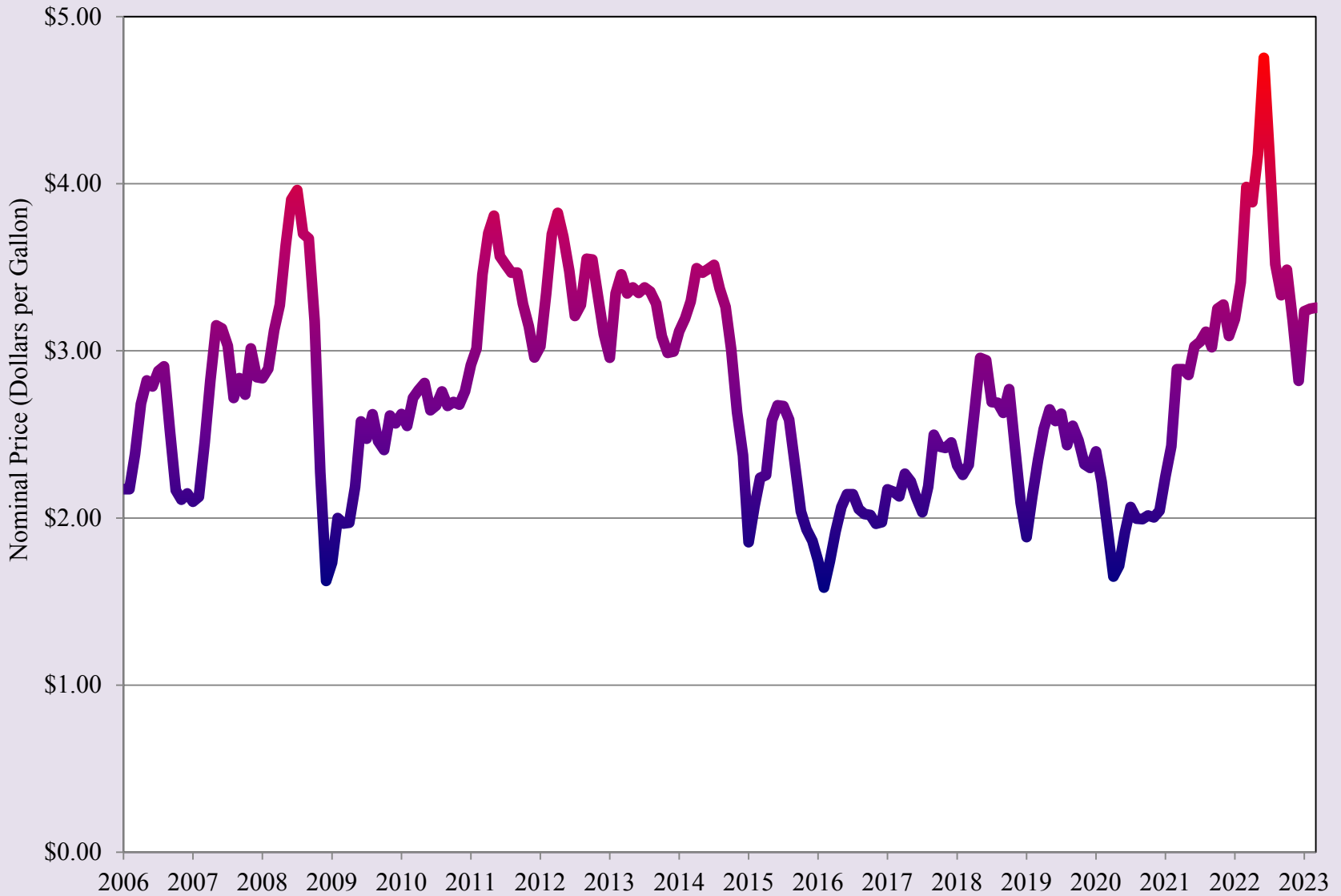
El Paso Gasoline Prices

2021 2022 2023



Source: UTEP Border Region Modeling Project using GasBuddy.com Data

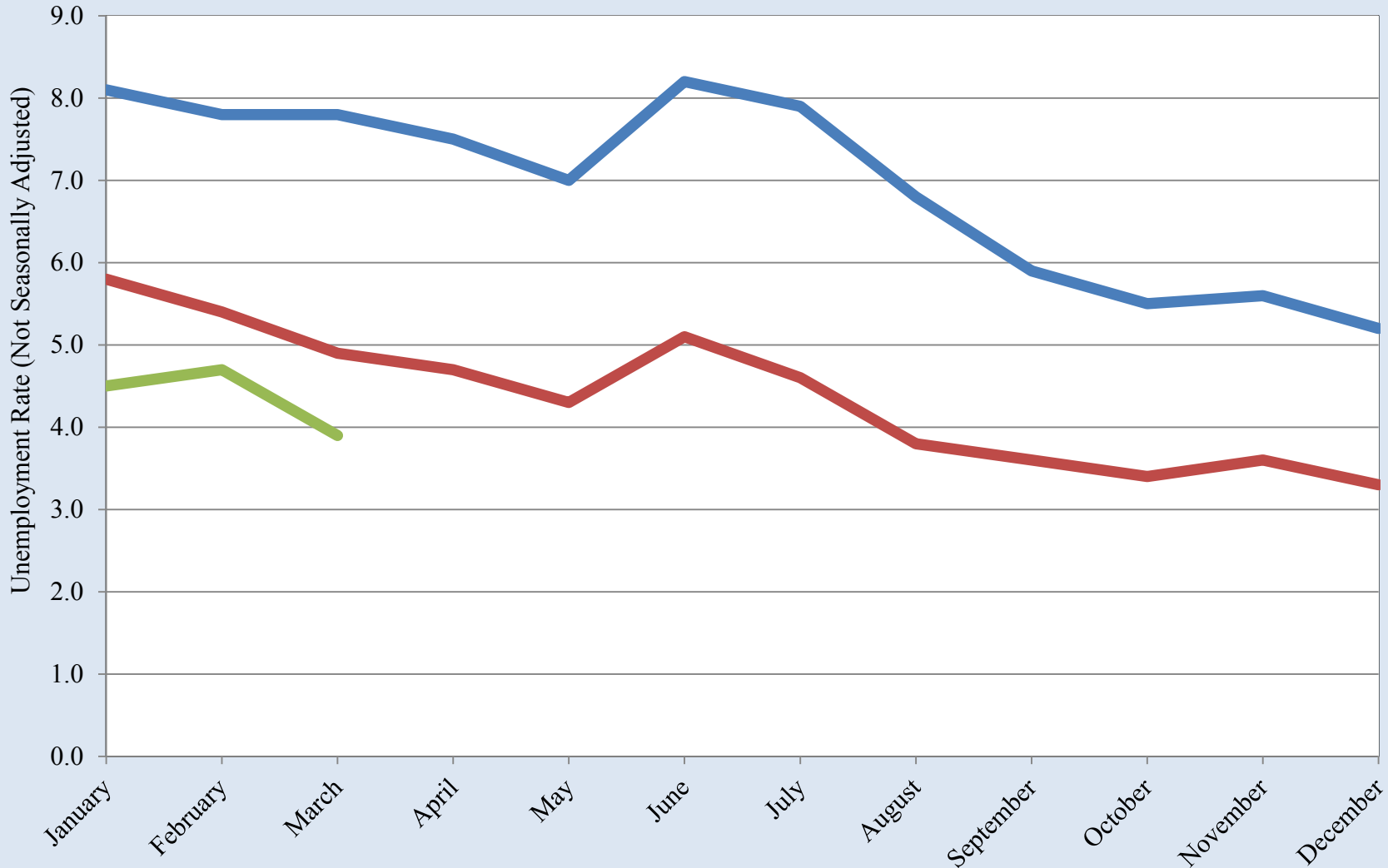
El Paso Gasoline Prices



Source: UTEP Border Region Modeling Project using GasBuddy.com Data

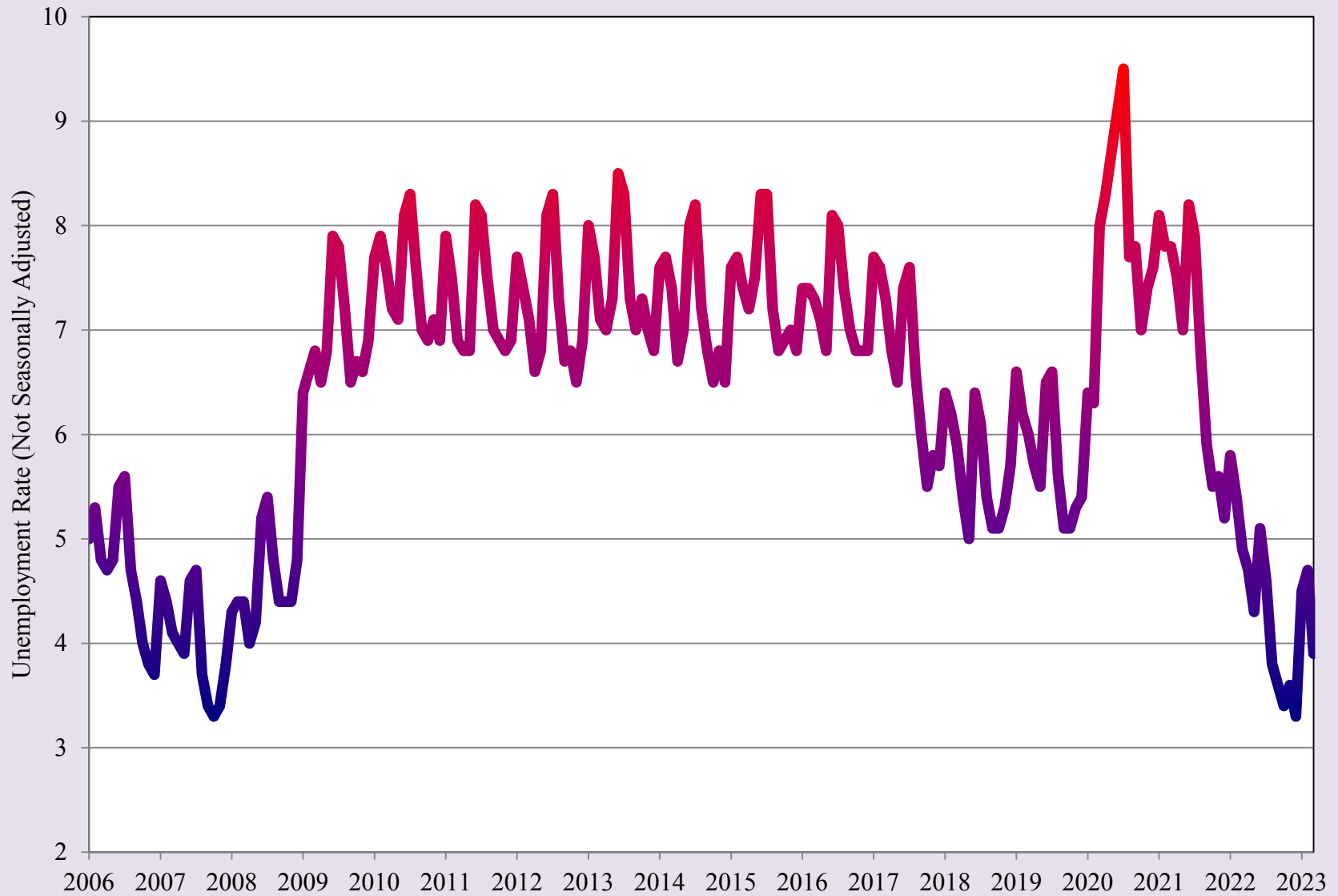
Doña Ana County Unemployment Rate

2021 2022 2023



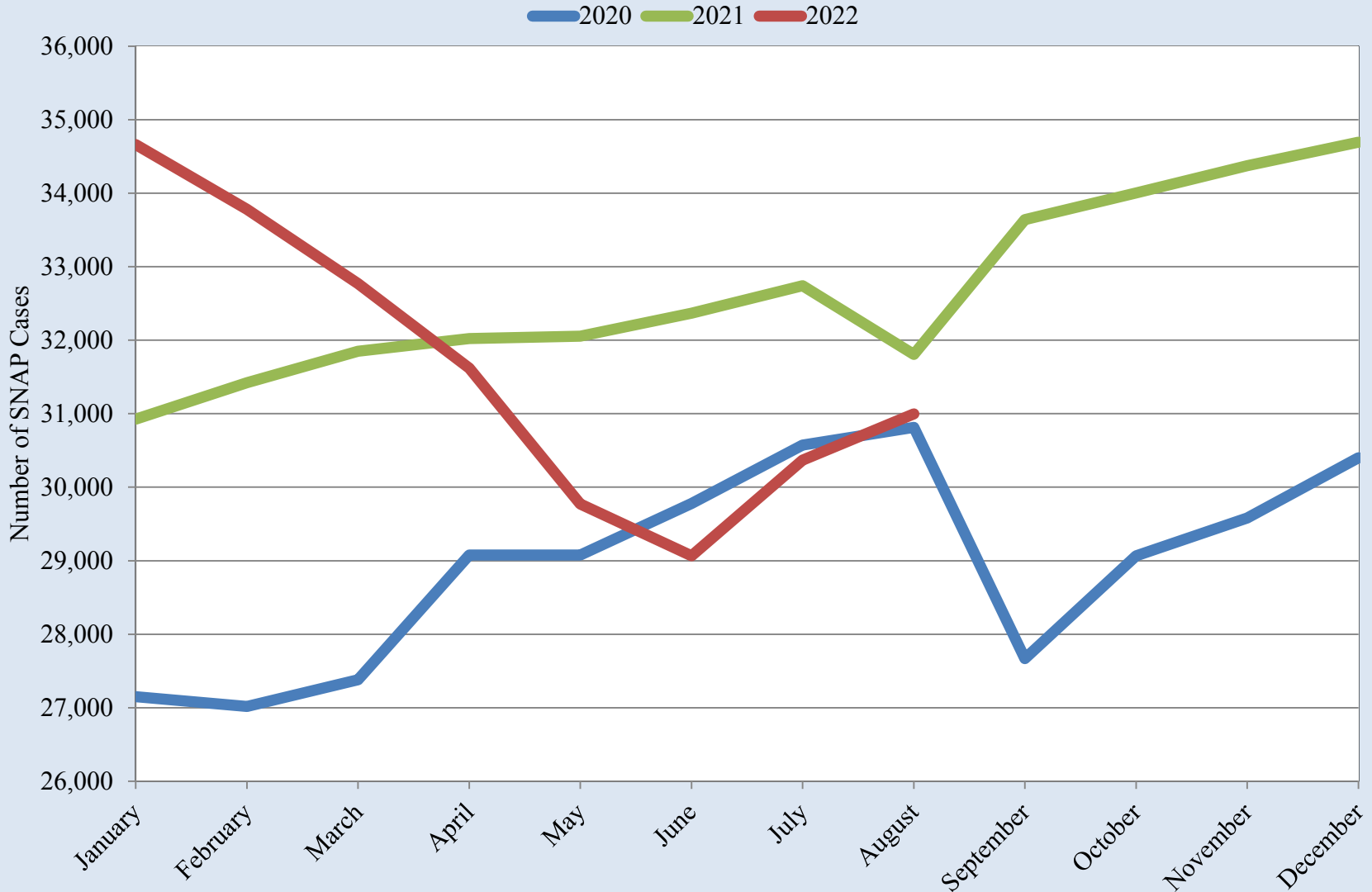
Source: UTEP Border Region Modeling Project using NM Workforce Data

Doña Ana County Unemployment Rate

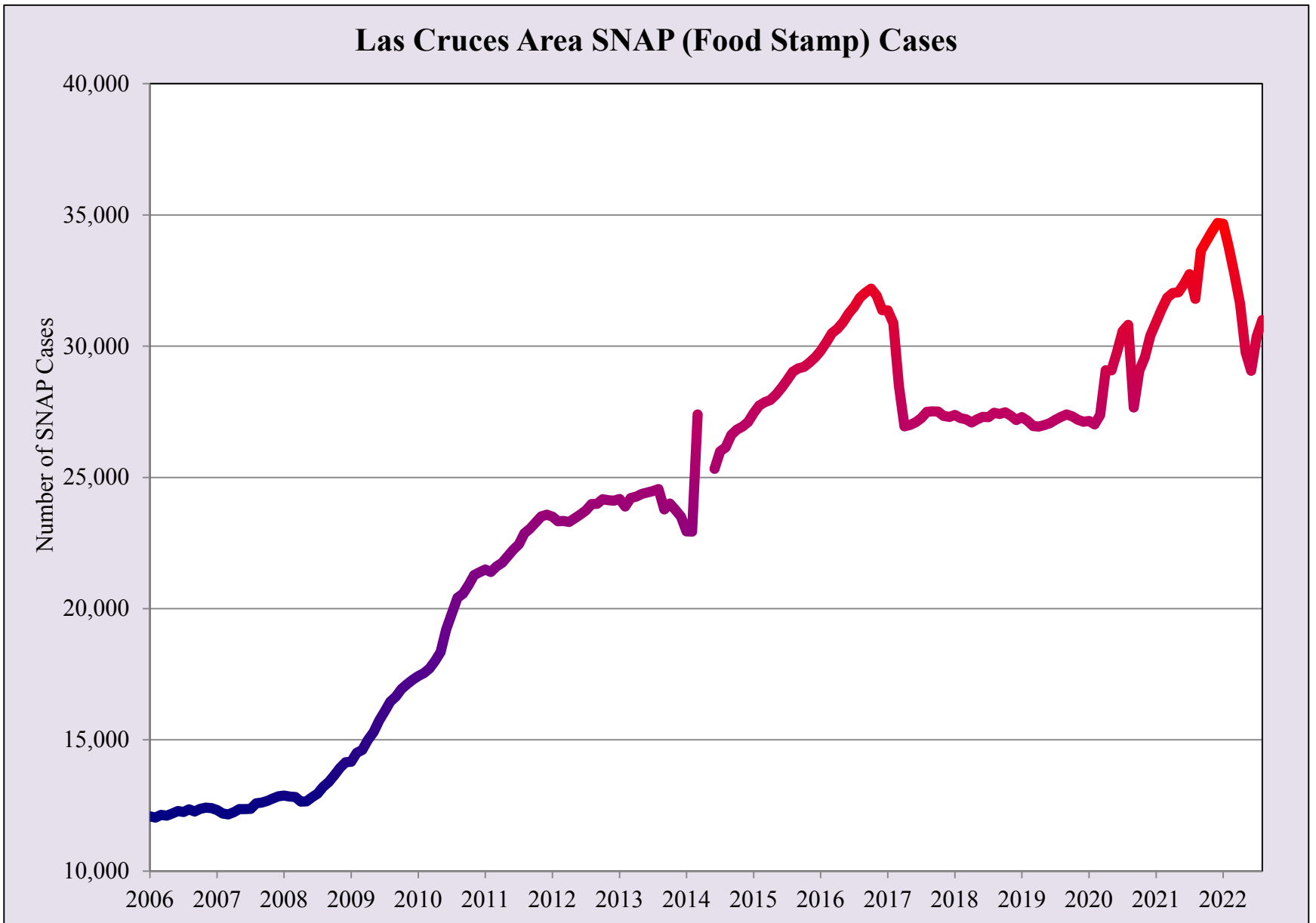


Source: UTEP Border Region Modeling Project using NM Workforce Data

Las Cruces Area SNAP (Food Stamp) Cases

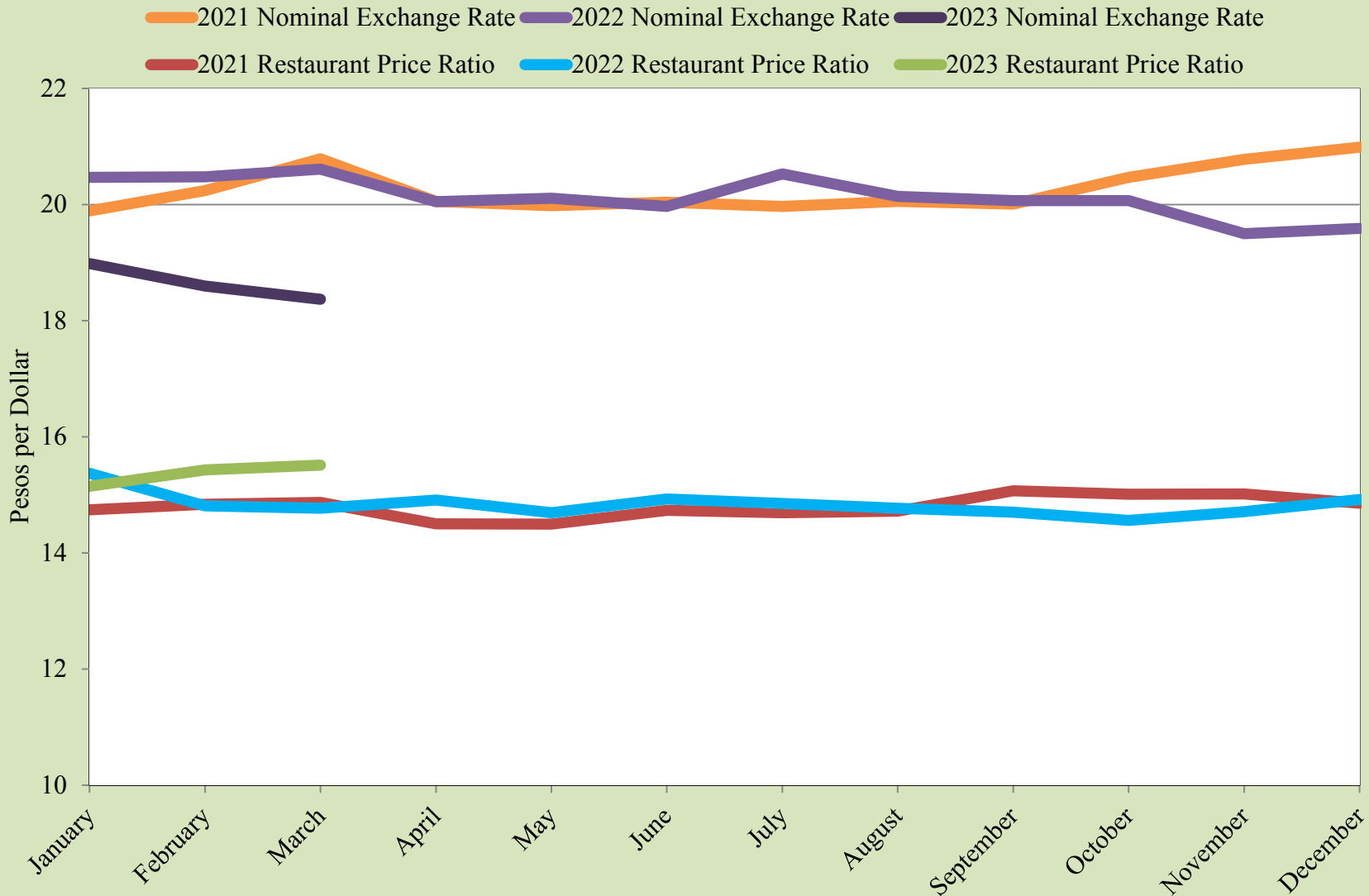


Source: UTEP Border Region Modeling Project using New Mexico Human Services Department Data



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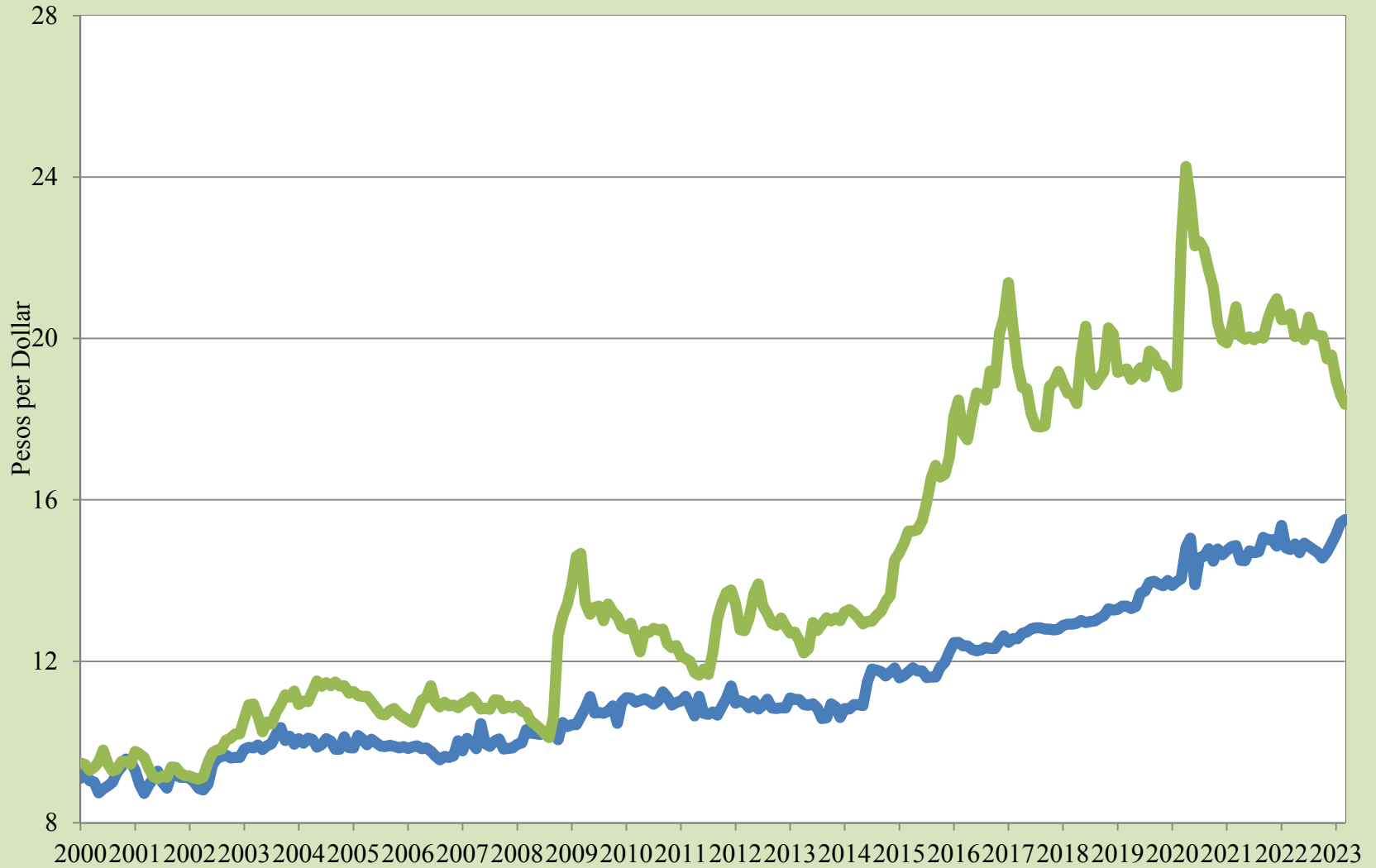
Restaurant Price Ratio and Exchange Rate



Source: UTEP Border Region Modeling Project using 85 identical franchise restaurant products sold on both sides of the border.

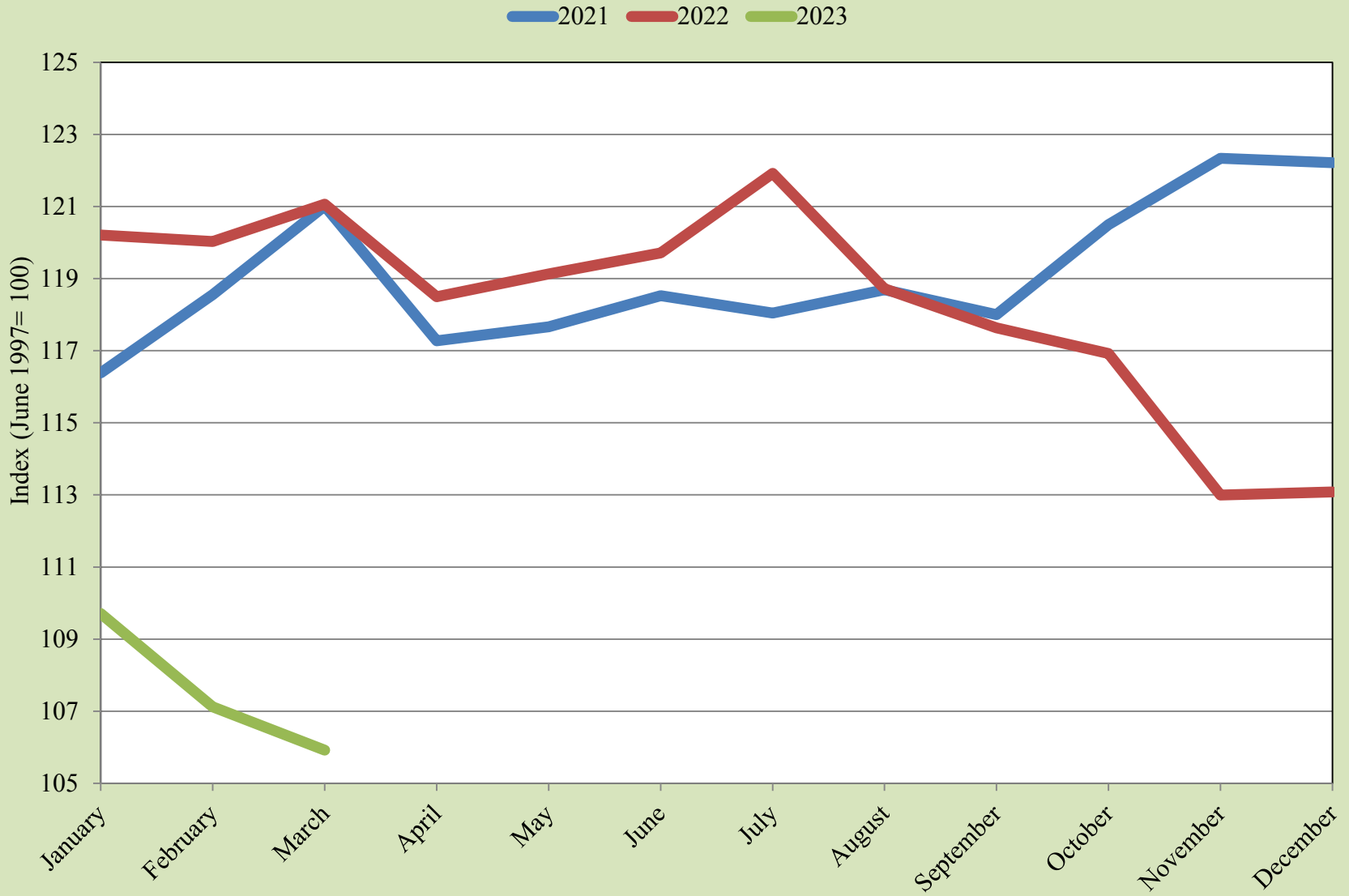
Restaurant Price Ratio and Exchange Rate

Price Ratio Exchange Rate



Source: UTEP Border Region Modeling Project using Banco de Mexico Data

Real Peso-per-Dollar Exchange Rate Index



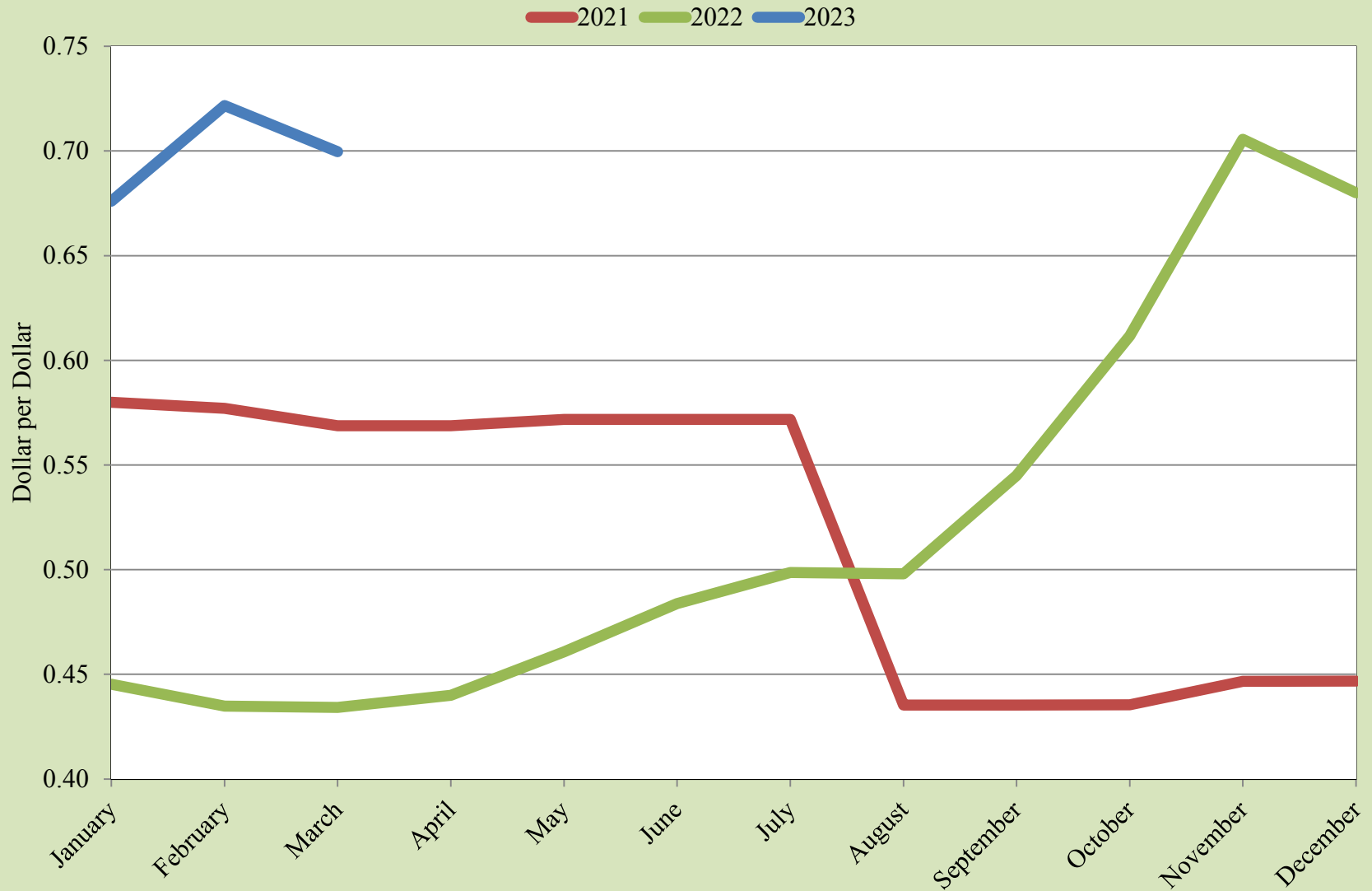
Source: UTEP Border Region Modeling Project

Real Peso-per-Dollar Exchange Rate Index



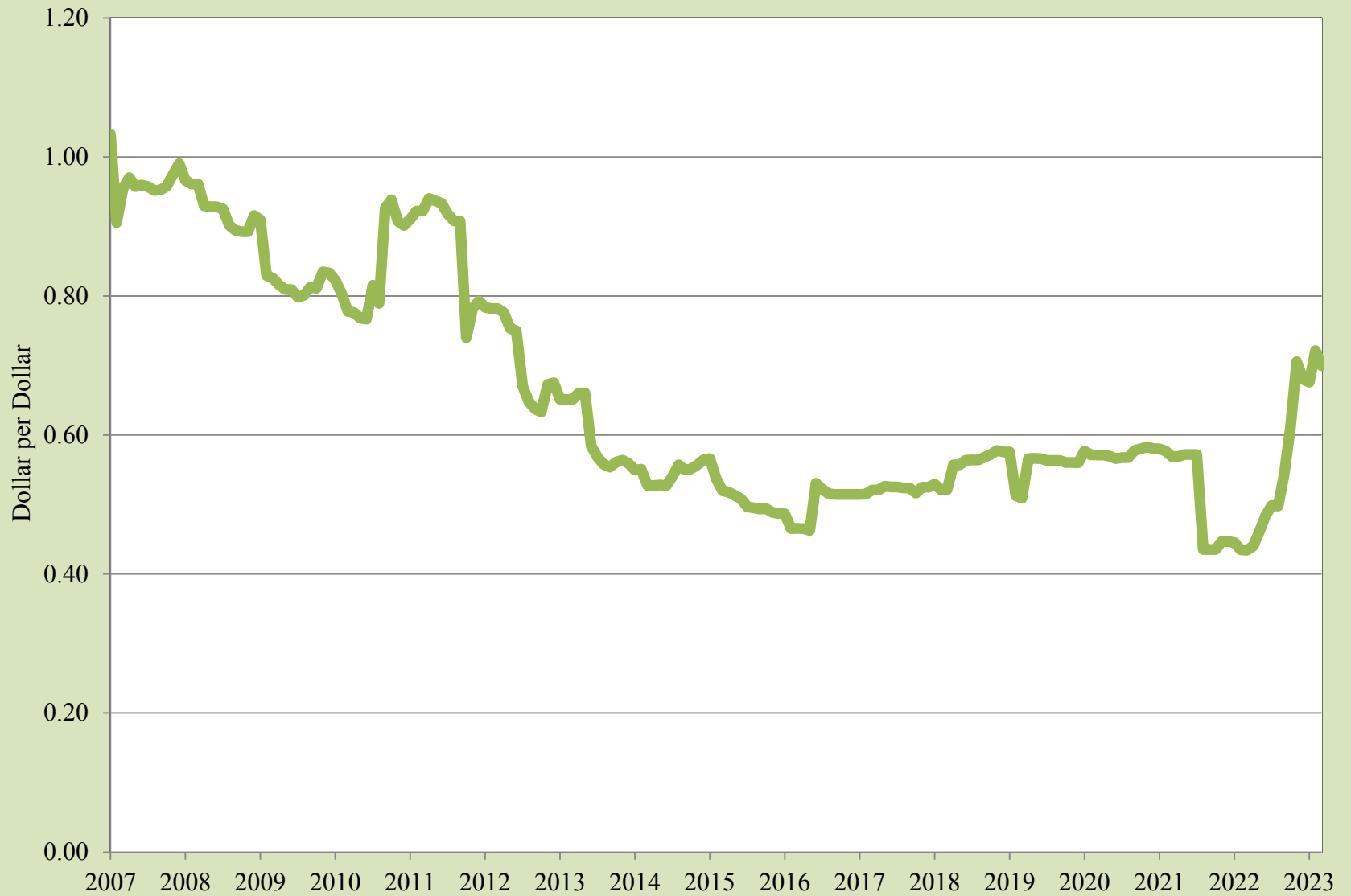
Source: UTEP Border Region Modeling Project

Pharmaceutical Nominal Price Ratio in the USA and Mexico



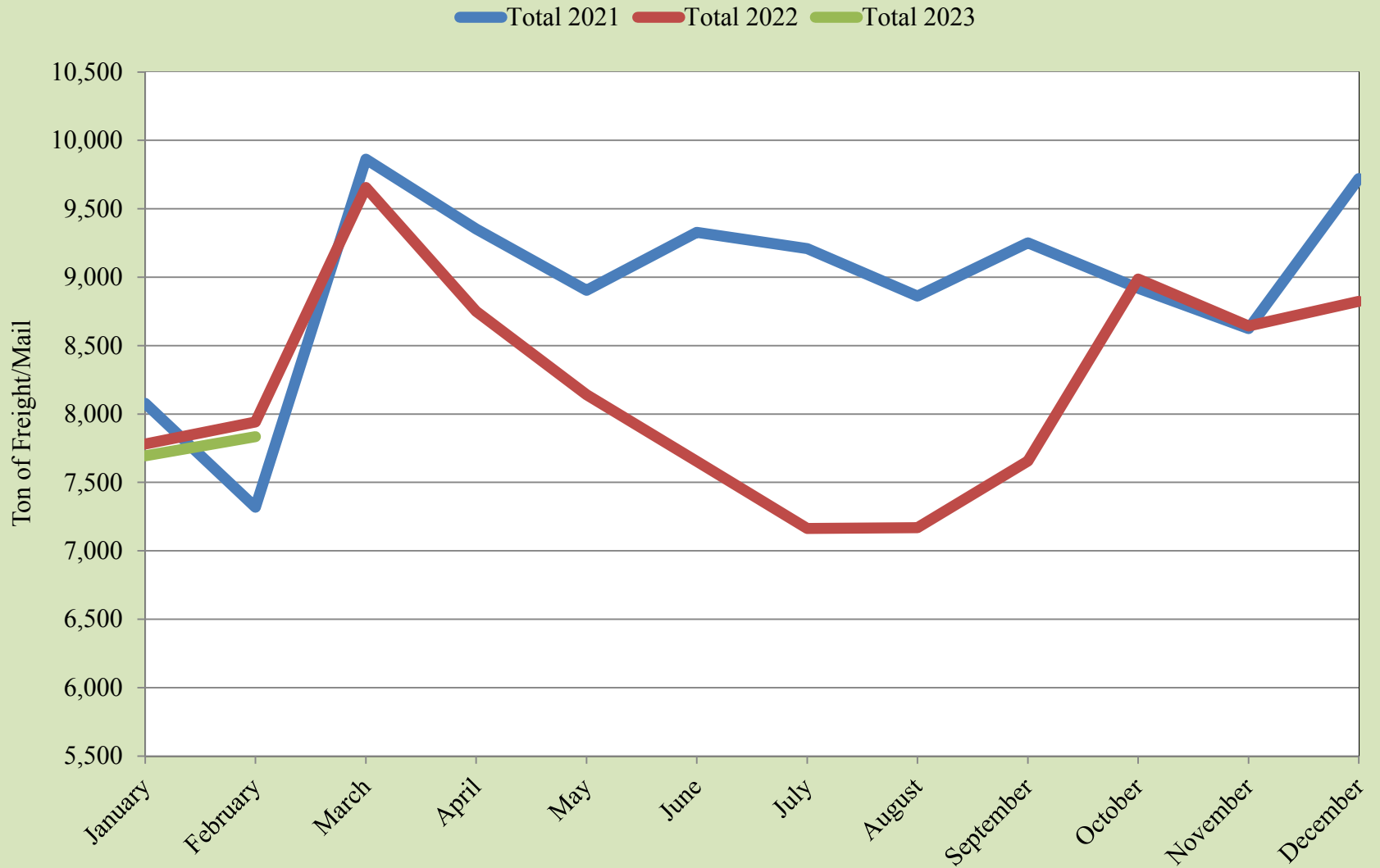
Source: UTEP Border Region Modeling Project, healthwarehouse.com, goodrx.com, medsmex.com, mexmed4you.com.mx

Pharmaceutical Nominal Price Ratio in the USA and Mexico



Source: UTEP Border Region Modeling Project, healthwarehouse.com, goodrx.com, medsmex.com, mexmed4you.com.mx

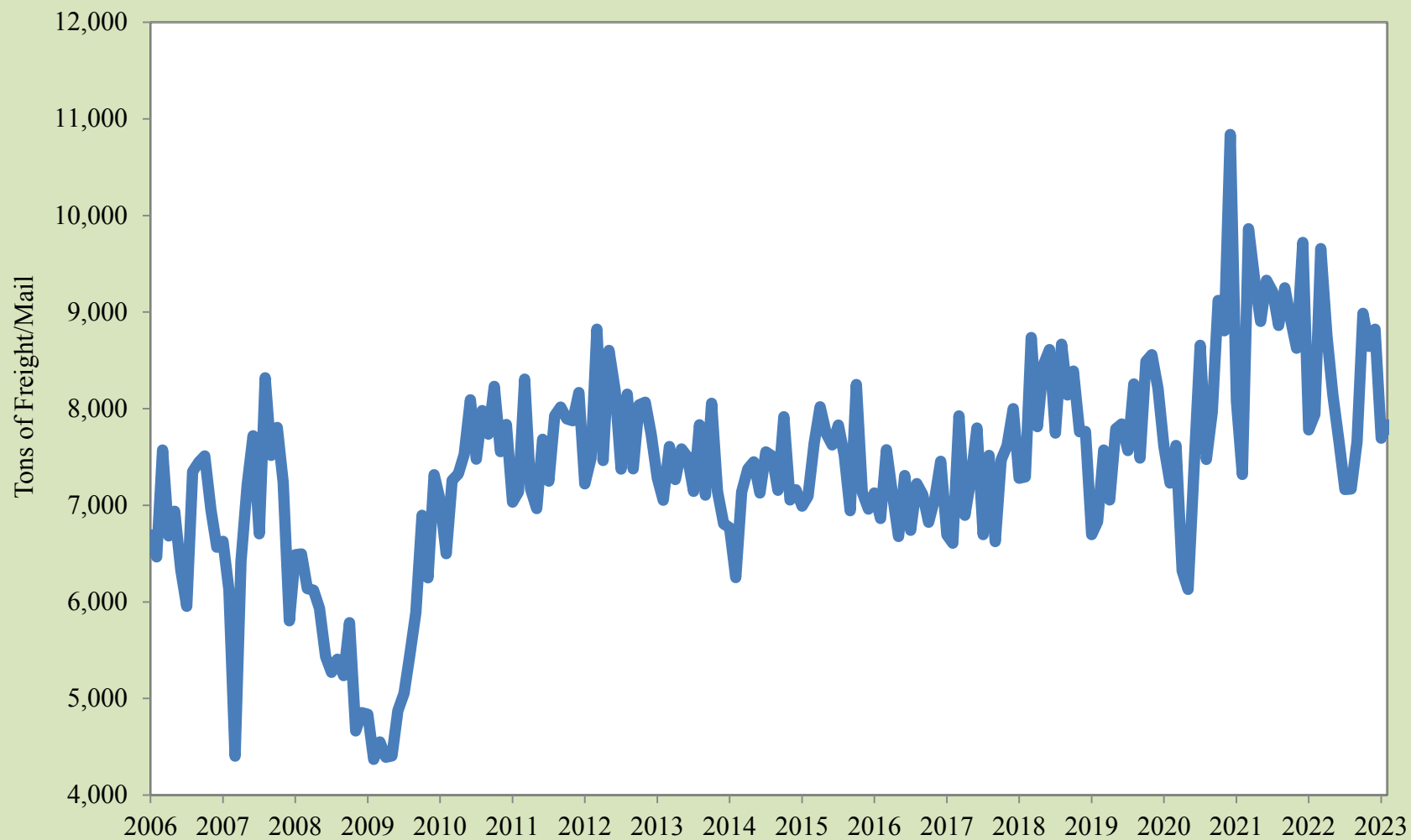
EPIA Freight and Mail



Source: UTEP Border Region Modeling Project using EPIA Operations Data

EPIA Freight and Mail

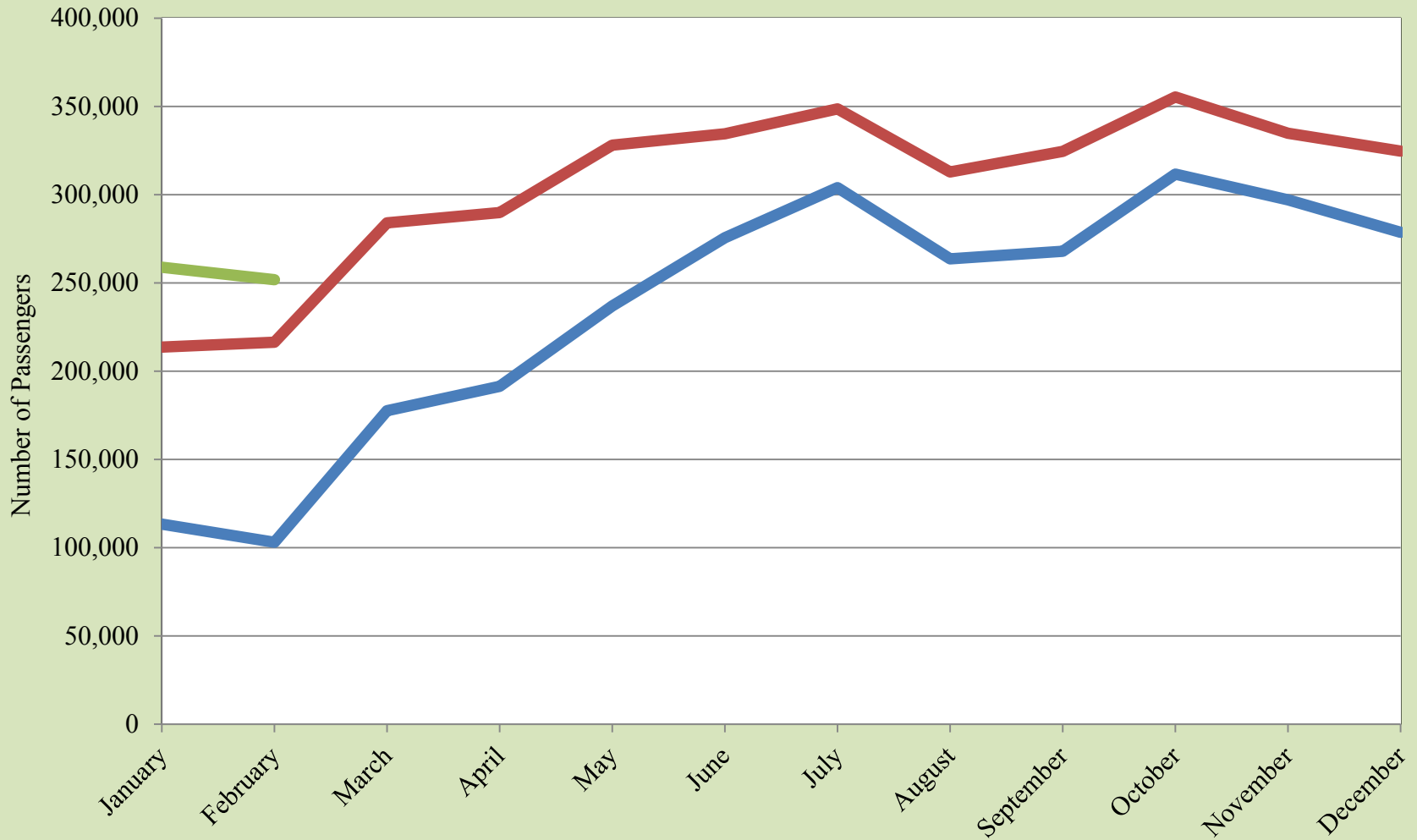
Inbound+Outbound



Source: UTEP Border Region Modeling Project using EPIA Operations Data

EPIA Passengers

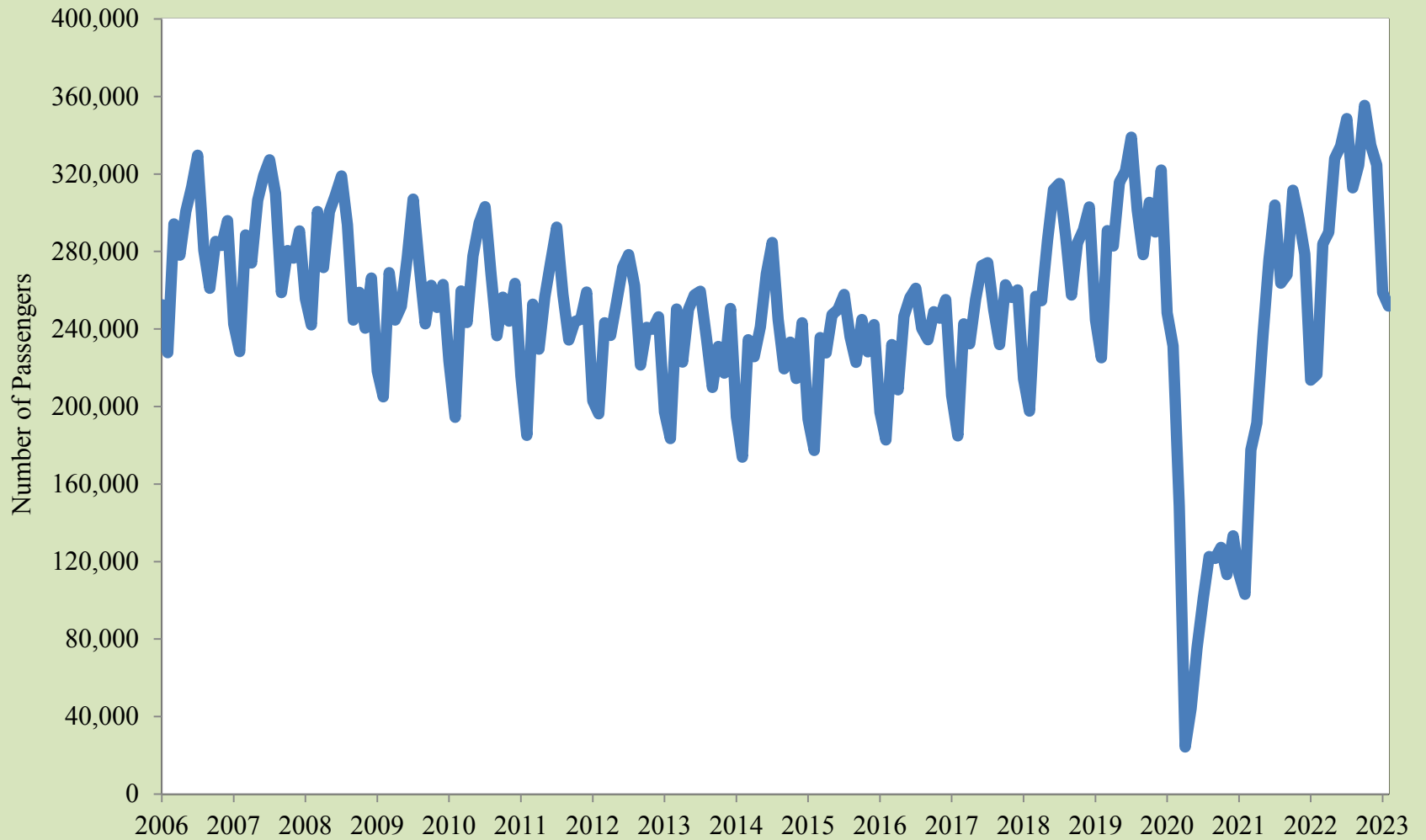
Total 2021 Total 2022 Total 2023



Source: UTEP Border Region Modeling Project using EPIA Operations Data

EPIA Passengers

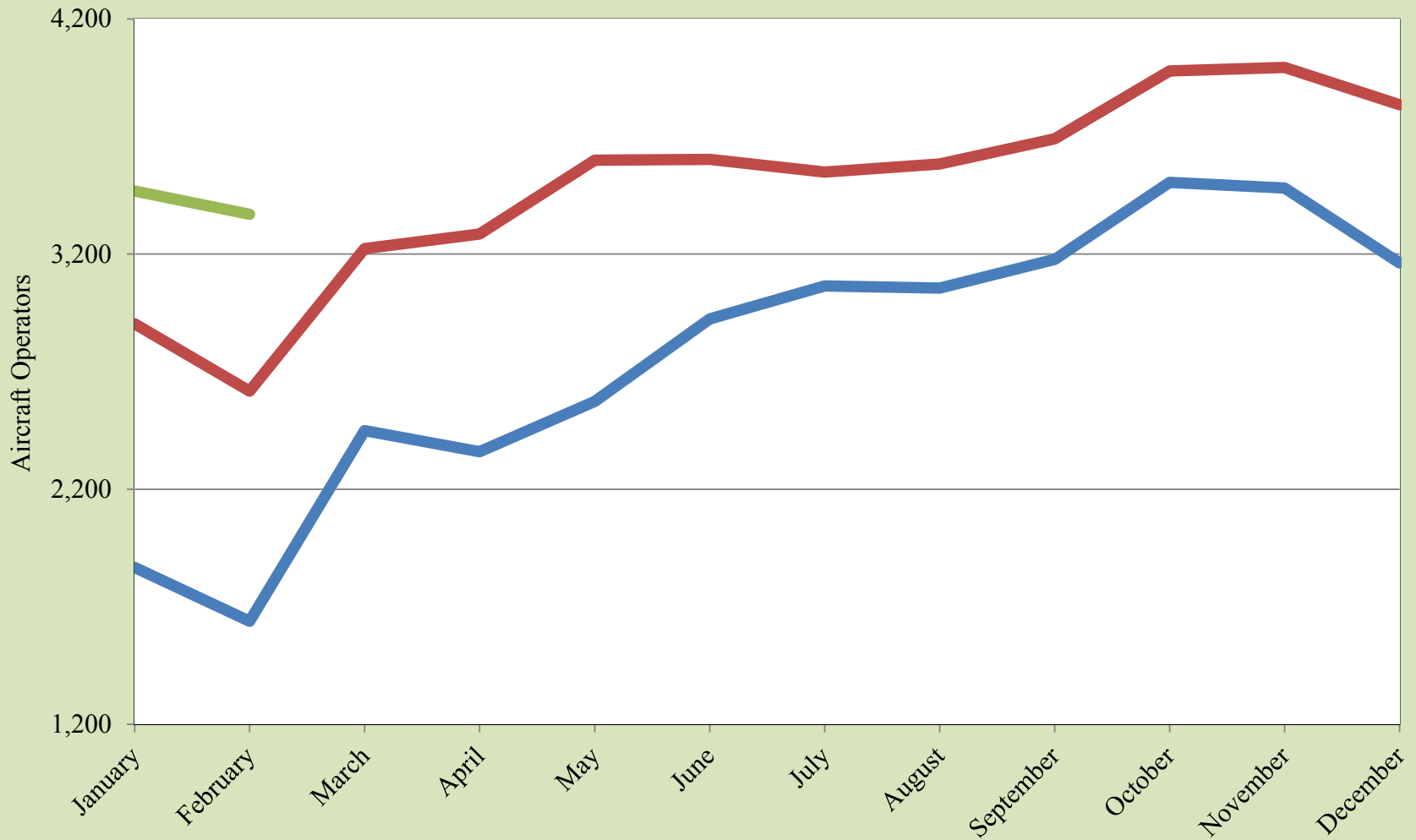
Inbound+Outbound



Source: UTEP Border Region Modeling Project using EPIA Operations Data

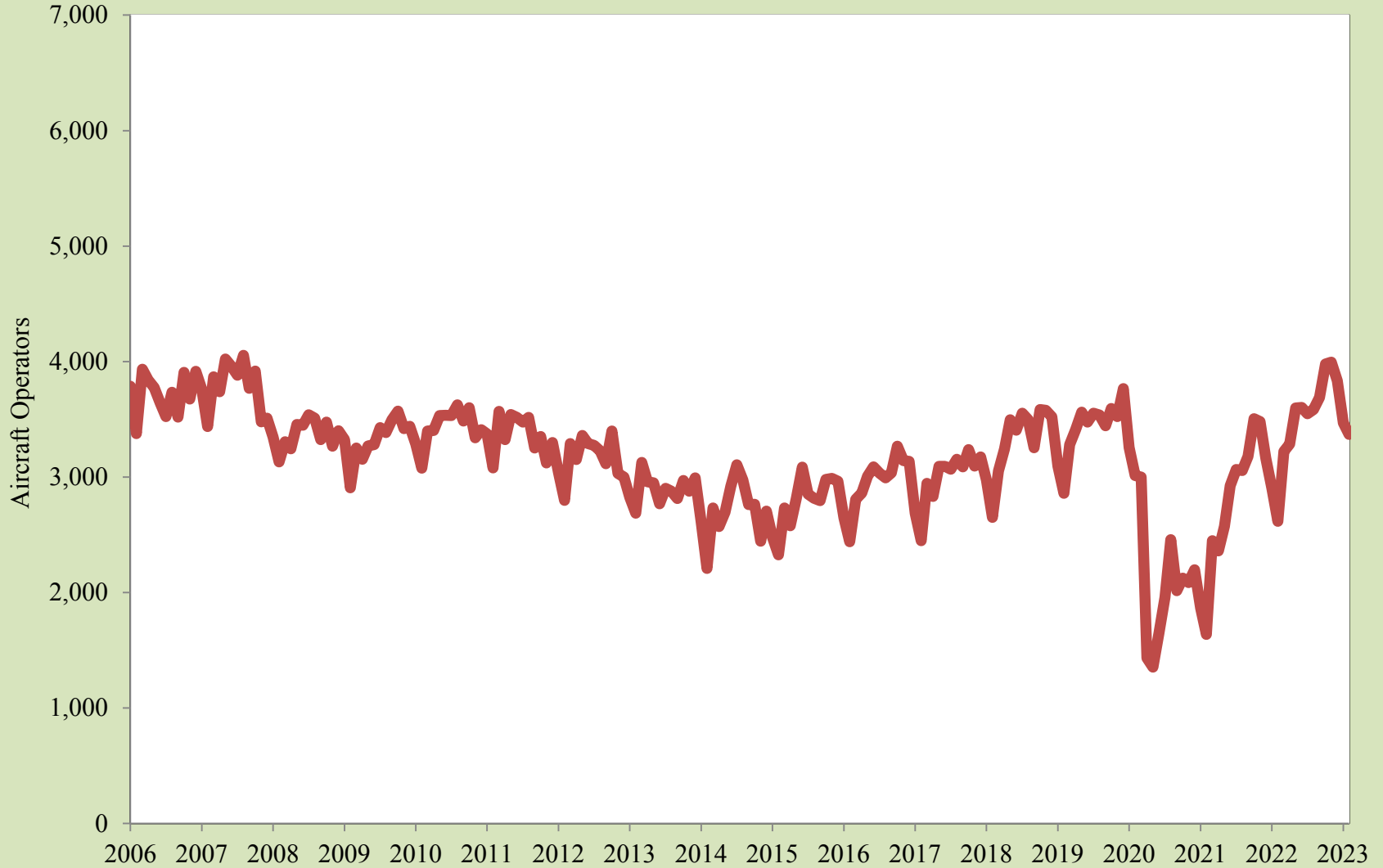
EPIA Air Carrier Operations

21-Air Carriers 22-Air Carriers 23-Air Carriers



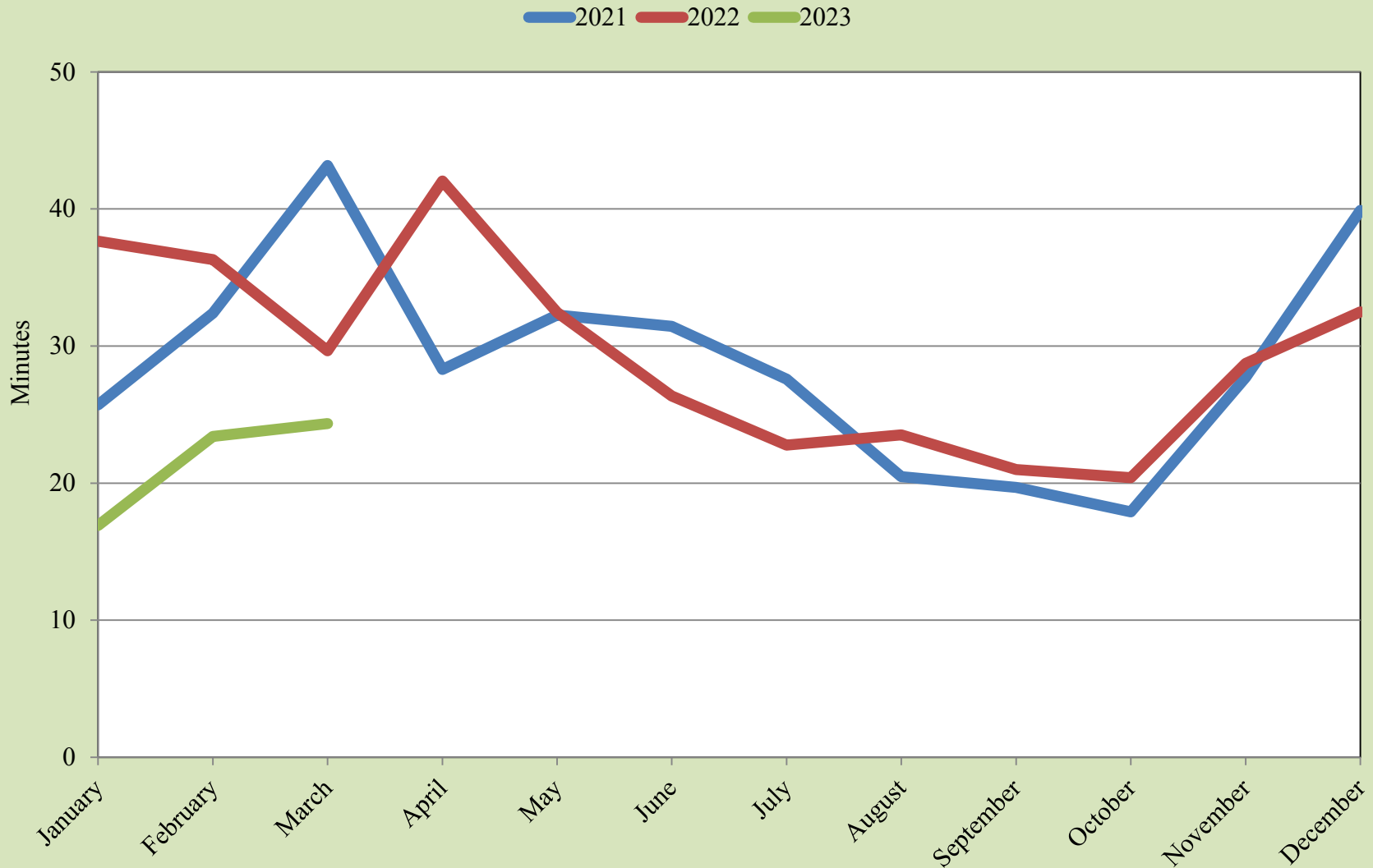
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EPIA Air Carrier Operations



Source: UTEP Border Region Modeling Project using EPIA Operations Data

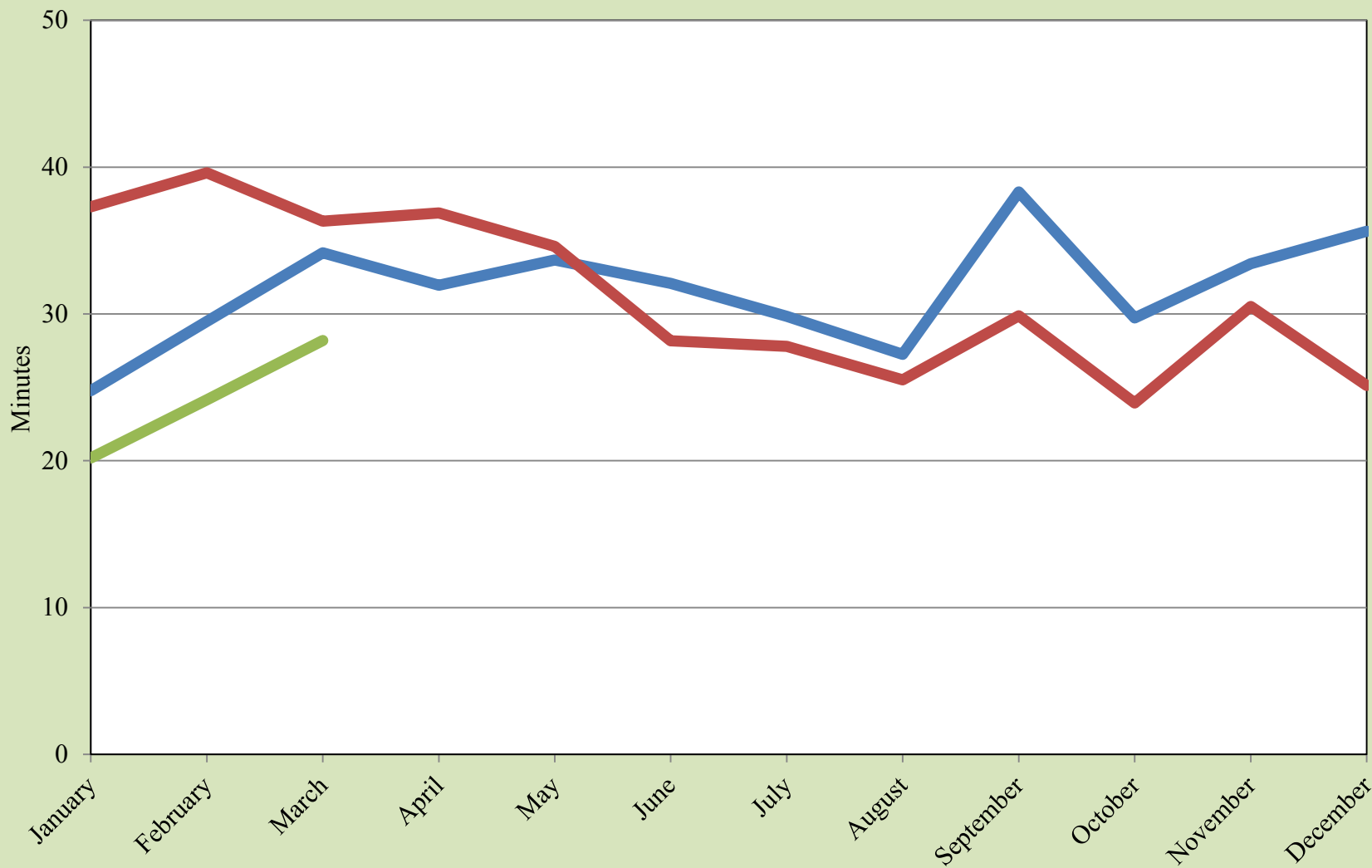
Paso del Norte Monthly Wait Times



Source: UTEP Border Region Modeling Project using US Customs & Border Protection Data

Ysleta Monthly Wait Times

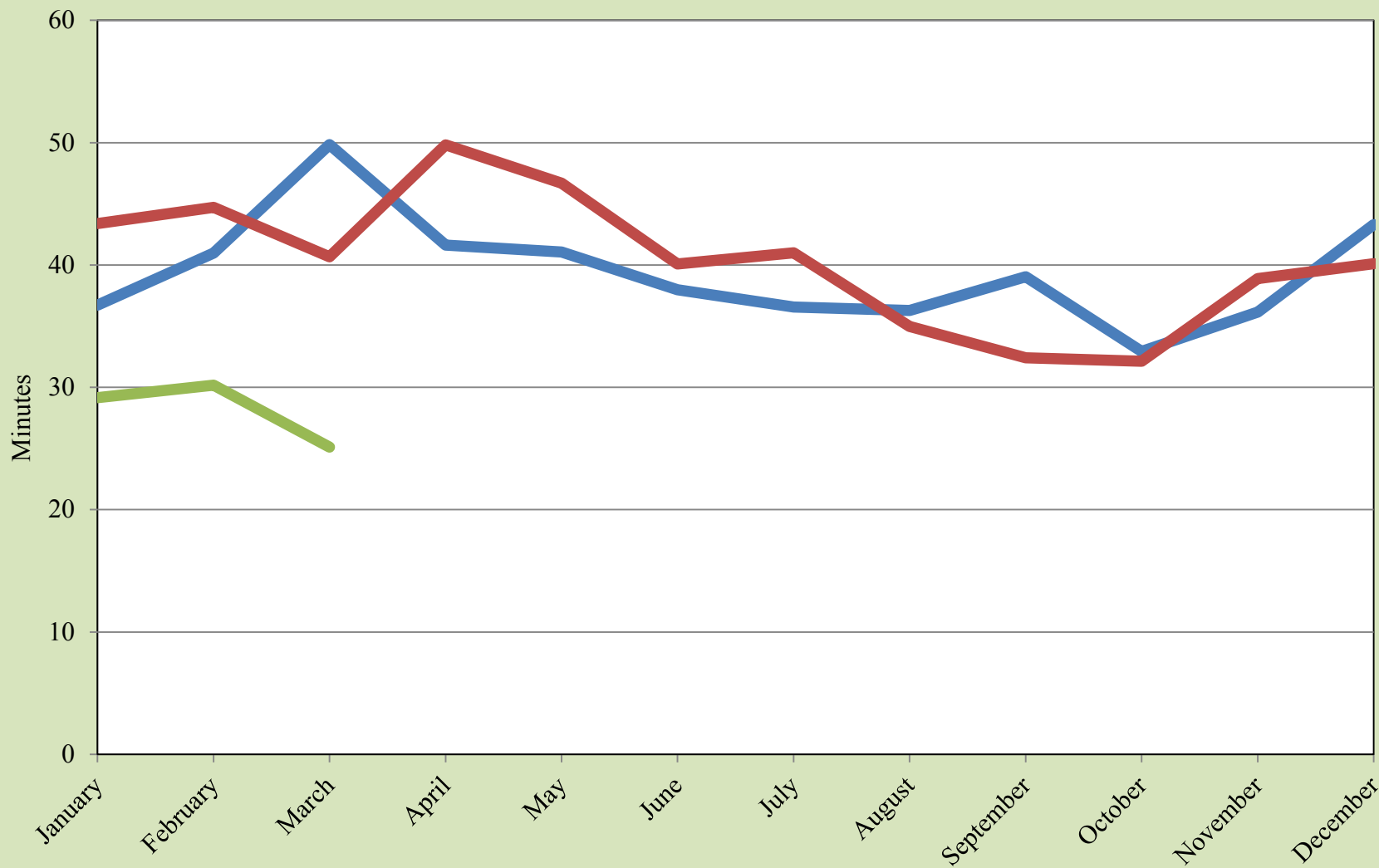
2021 2022 2023



Source: UTEP Border Region Modeling Project using US Customs & Border Protection Data

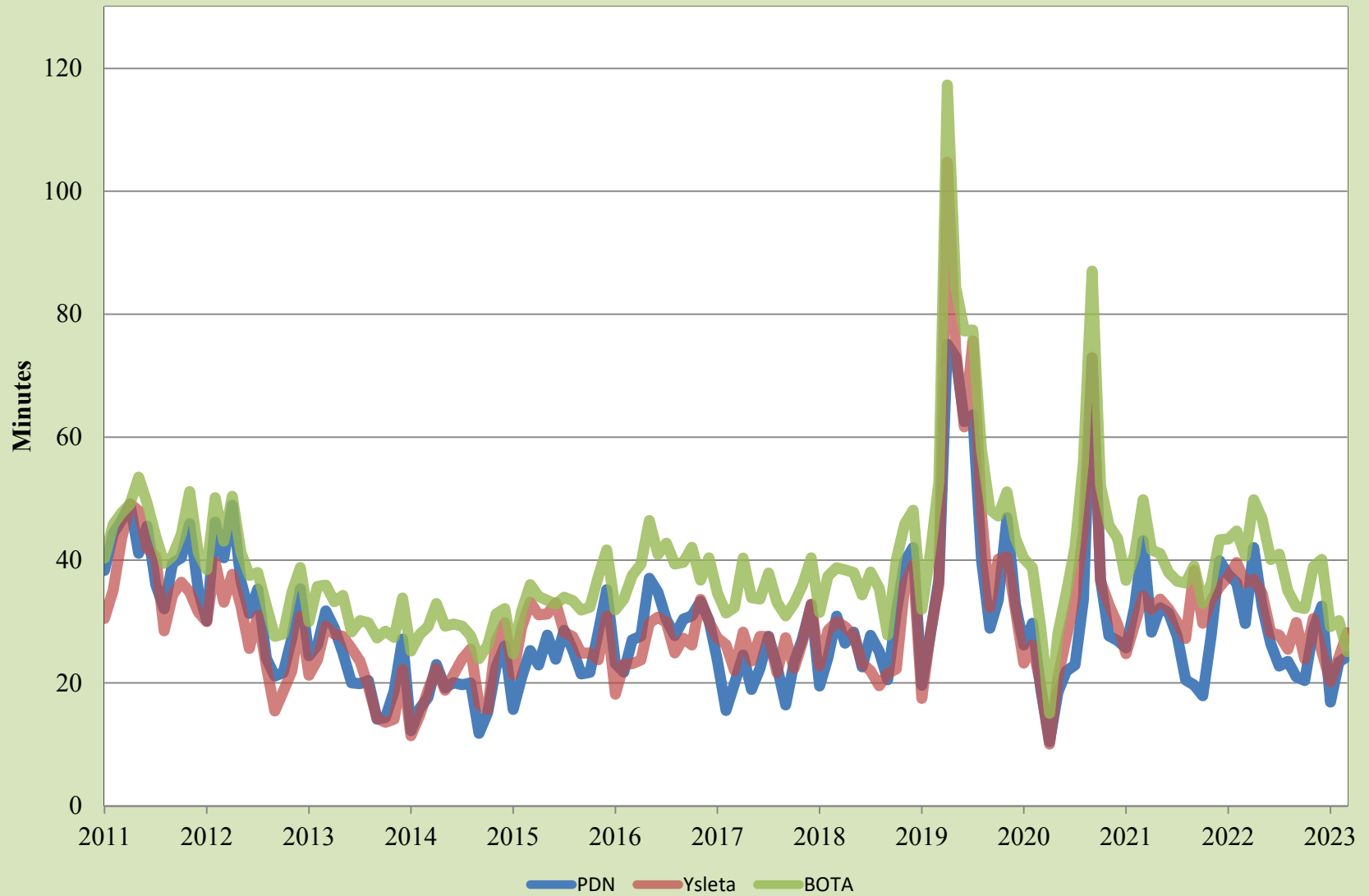
Bridge of the Americas Monthly Wait Times

— 2021 — 2022 — 2023



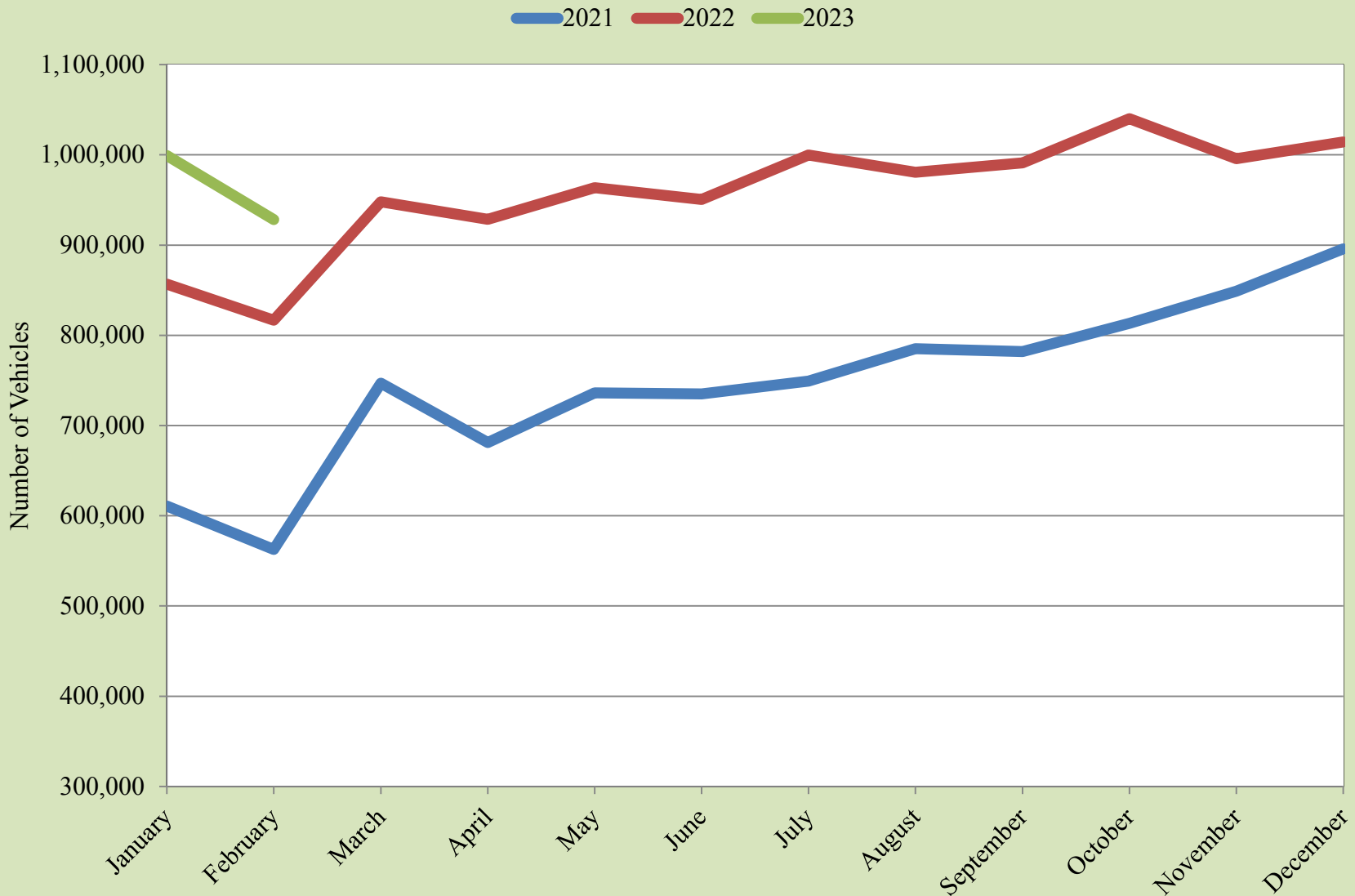
Source: UTEP Border Region Modeling Project using US Customs & Border Protection Data

Monthly Border Wait Times



Source: UTEP Border Region Modeling Project using US Customs & Border Protection Data

Personal Vehicle International Bridge Crossings to El Paso



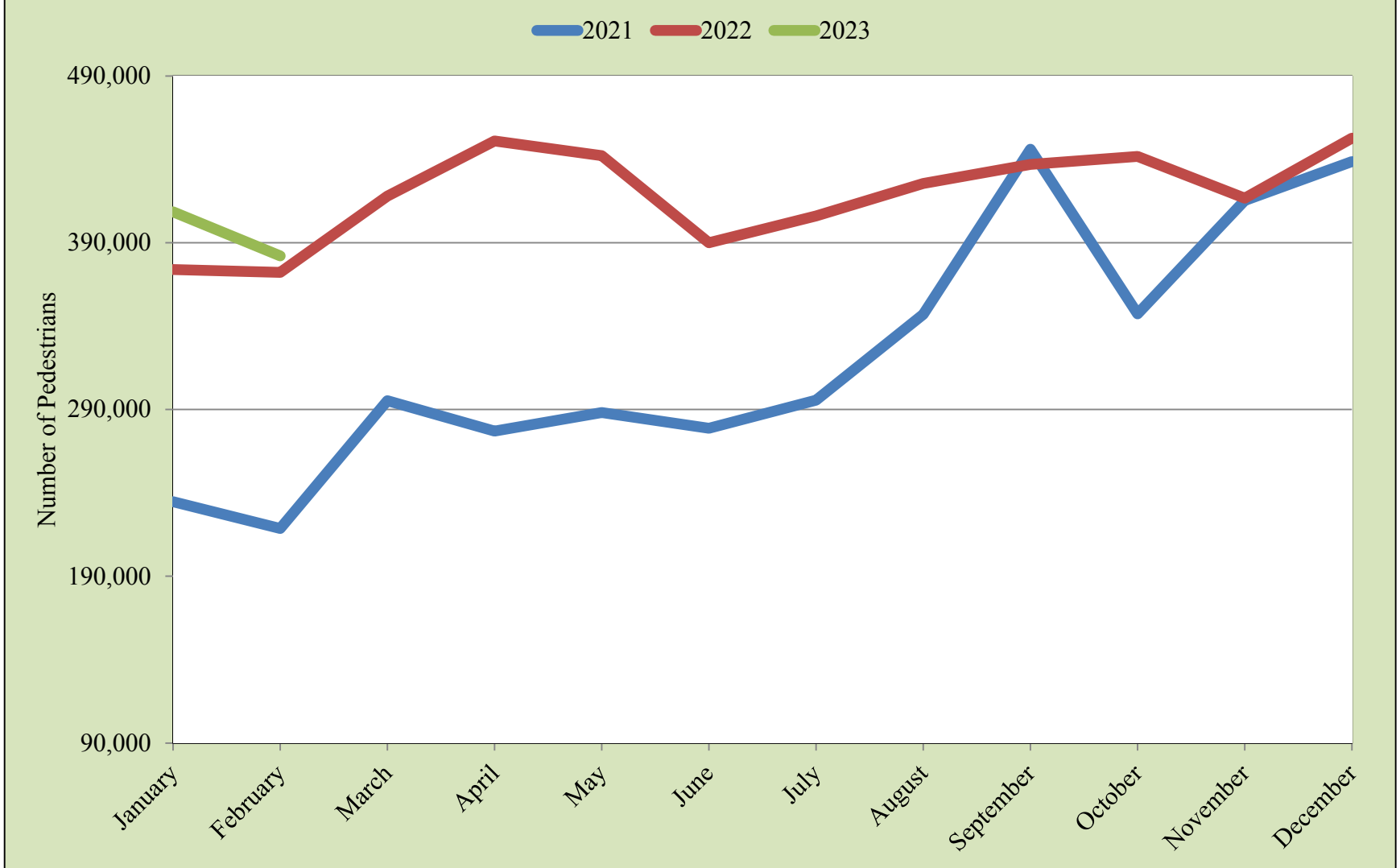
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Personal Vehicle International Bridge Crossings to El Paso



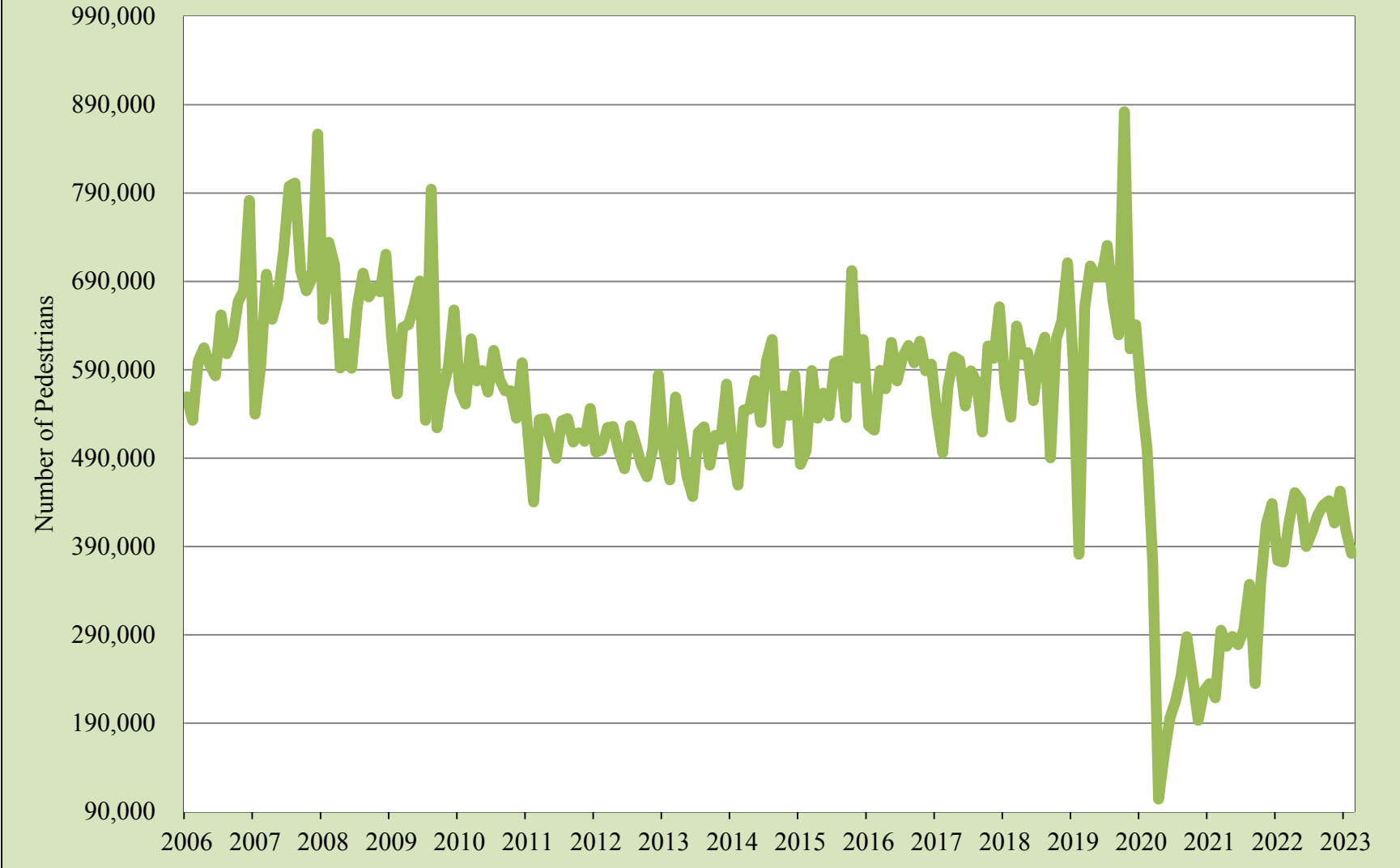
Source: UTEP Border Region Modeling Project using US Customs & Border Protection Data

Pedestrian International Bridge Crossings to El Paso



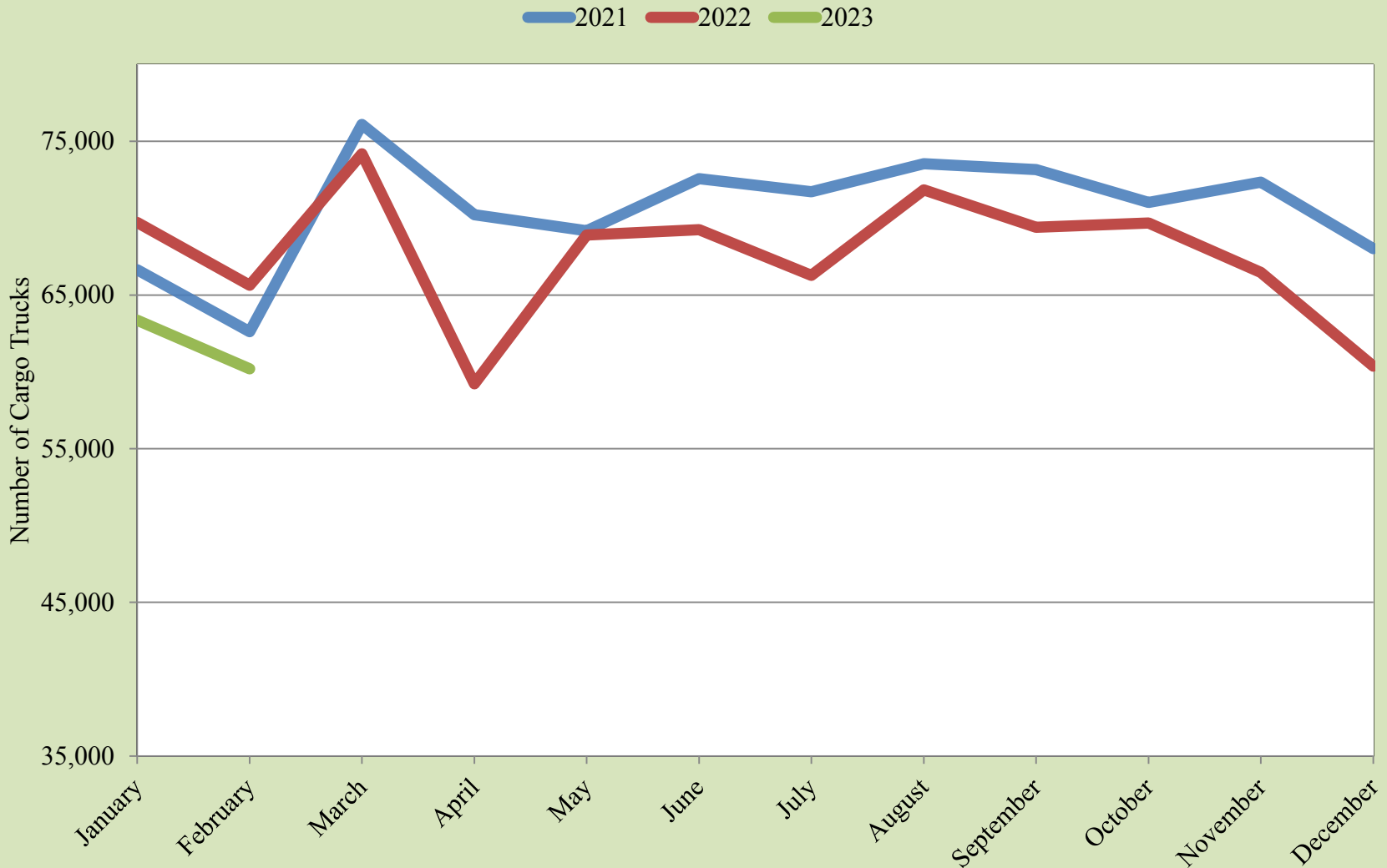
Source: UTEP Border Region Modeling Project using US Customs & Border Protection Data

Pedestrian International Bridge Crossings to El Paso



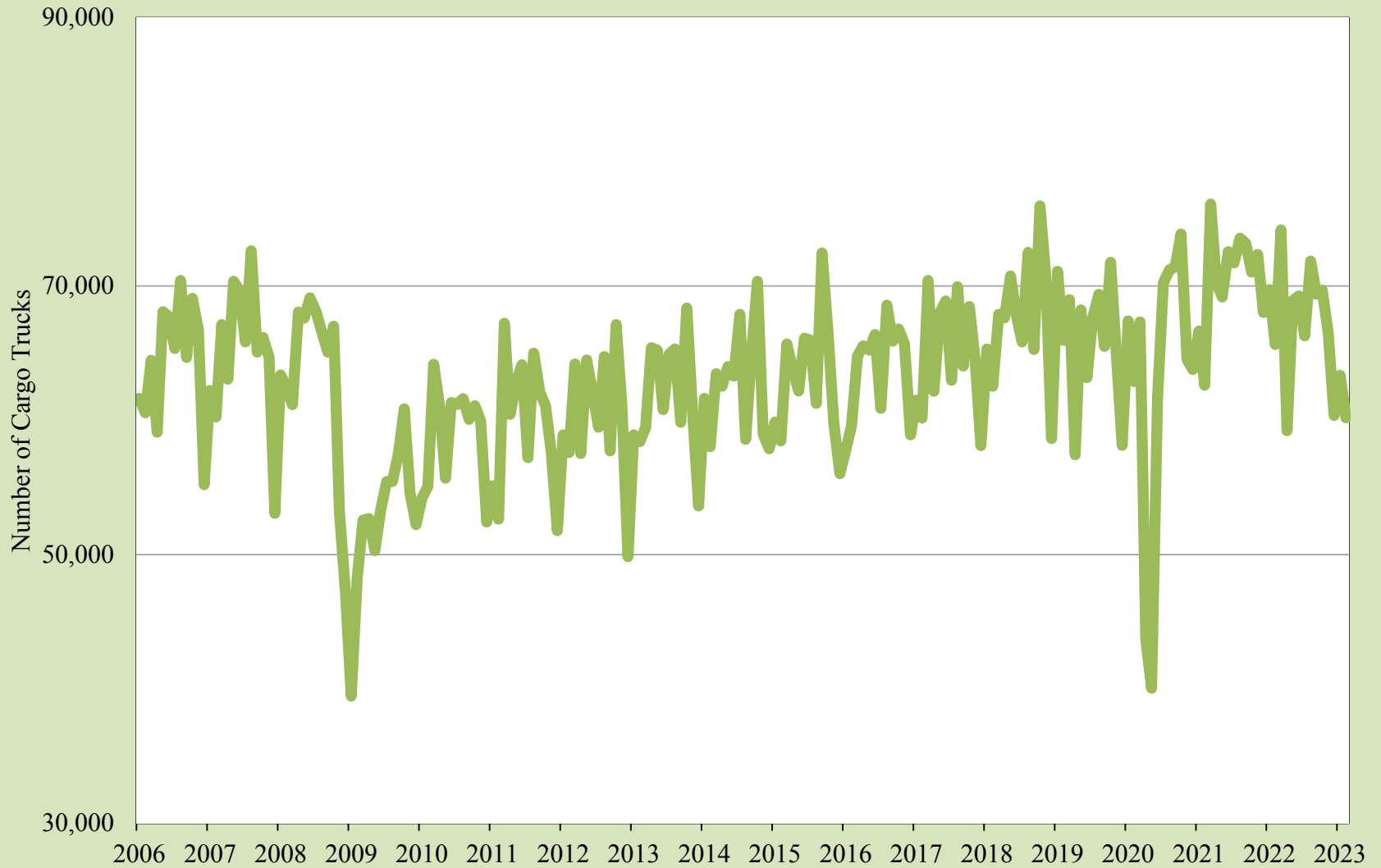
Source: UTEP Border Region Modeling Project using US Customs & Border Protection Data

Cargo Truck International Bridge Crossings to El Paso



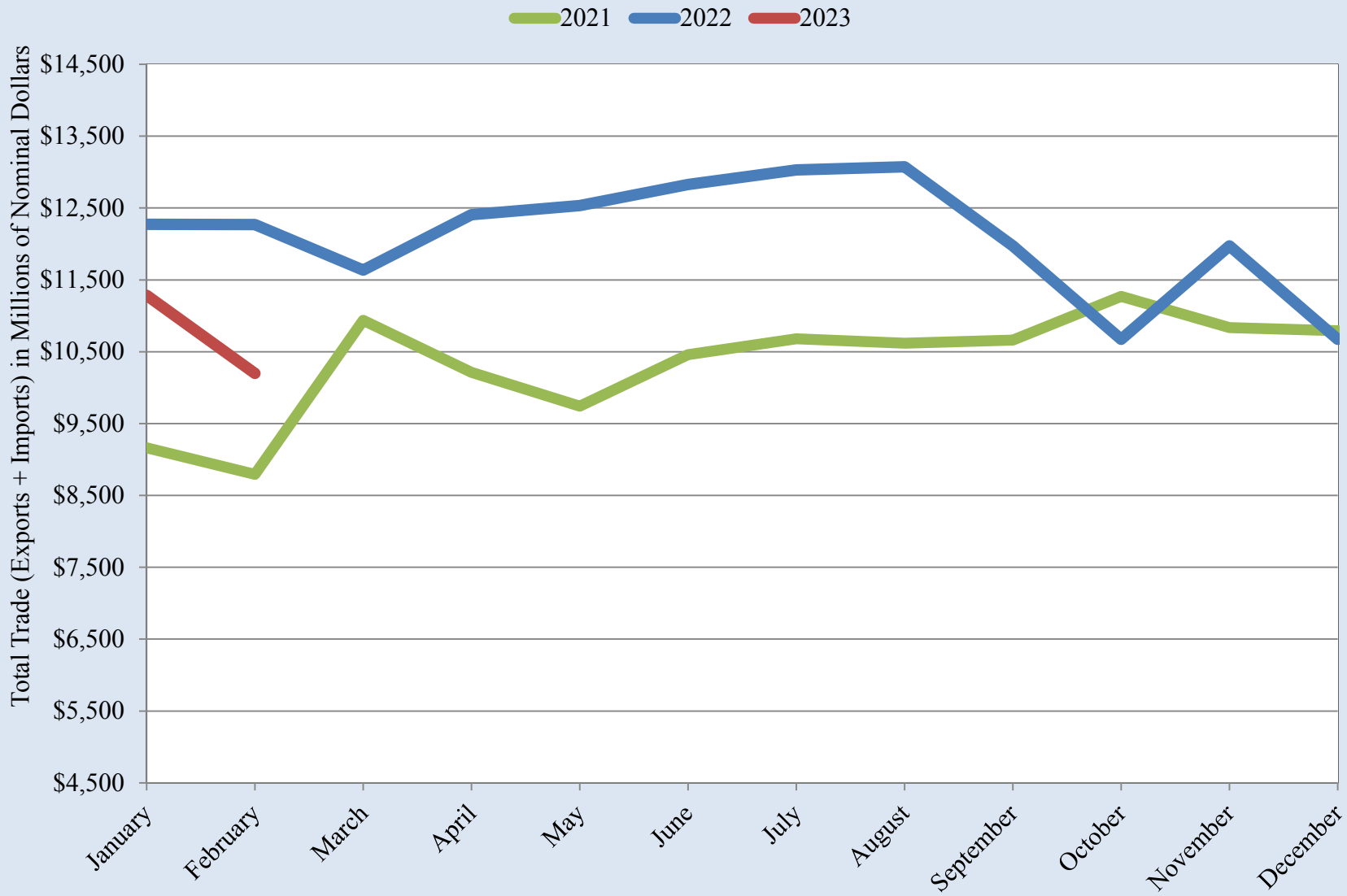
Source: UTEP Border Region Modeling Project using US Customs & Border Protection Data

Cargo Truck International Bridge Crossings to El Paso



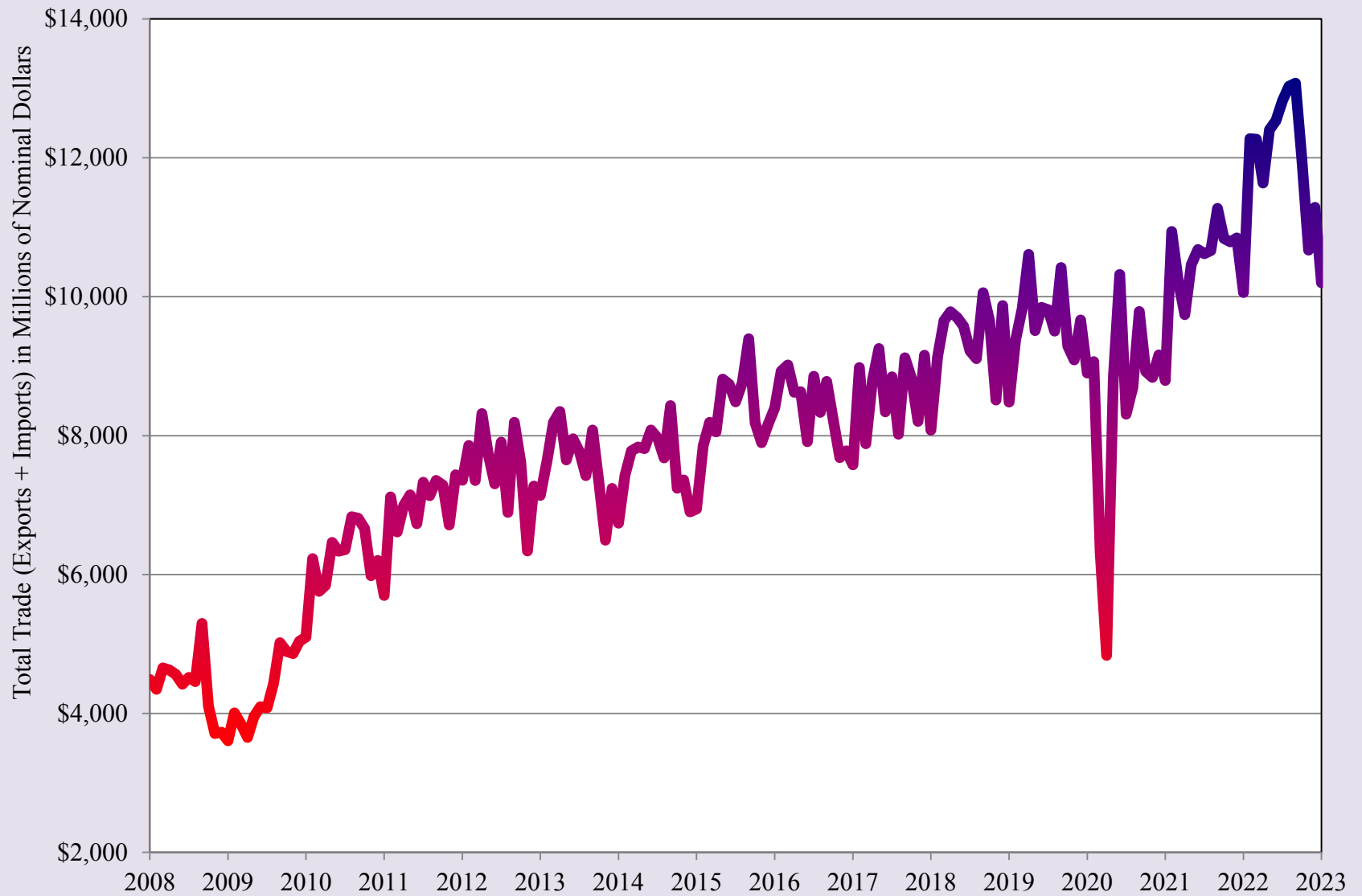
Source: UTEP Border Region Modeling Project using US Customs & Border Protection Data

Total Trade through the El Paso Customs District



Source: UTEP Border Region Modeling Project using US International Trade Commission Data

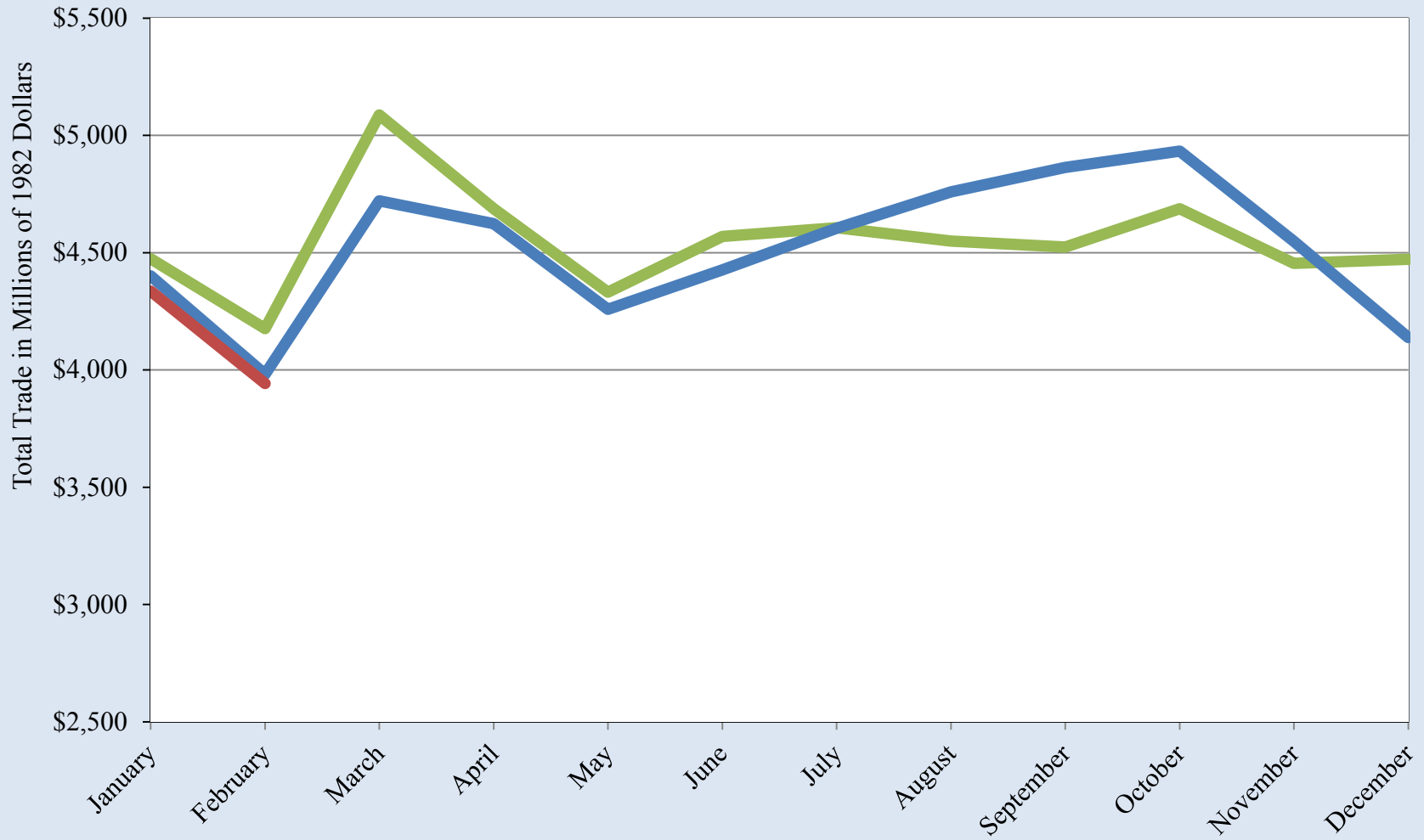
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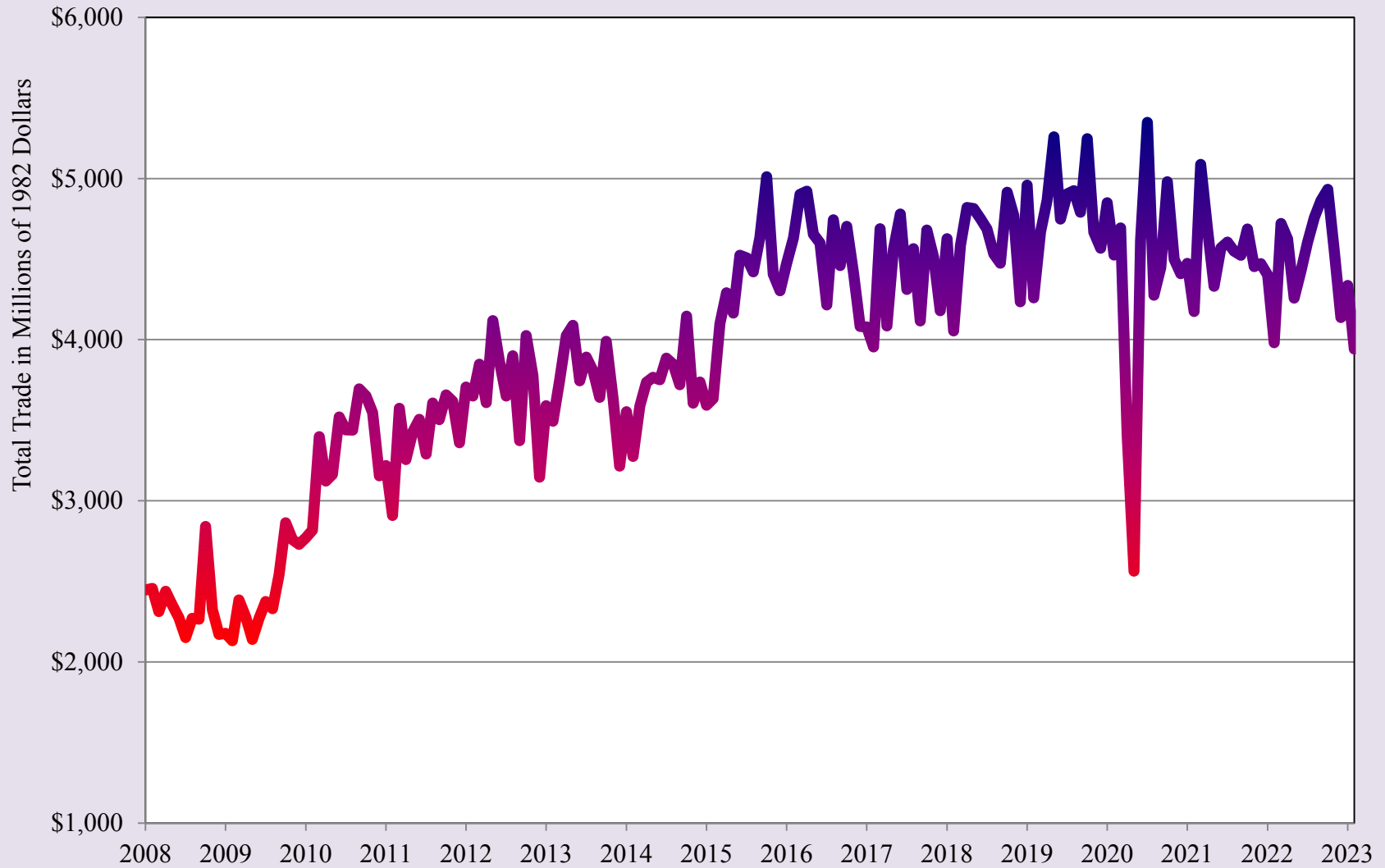
Real Total Trade through the El Paso Customs District

2021 2022 2023



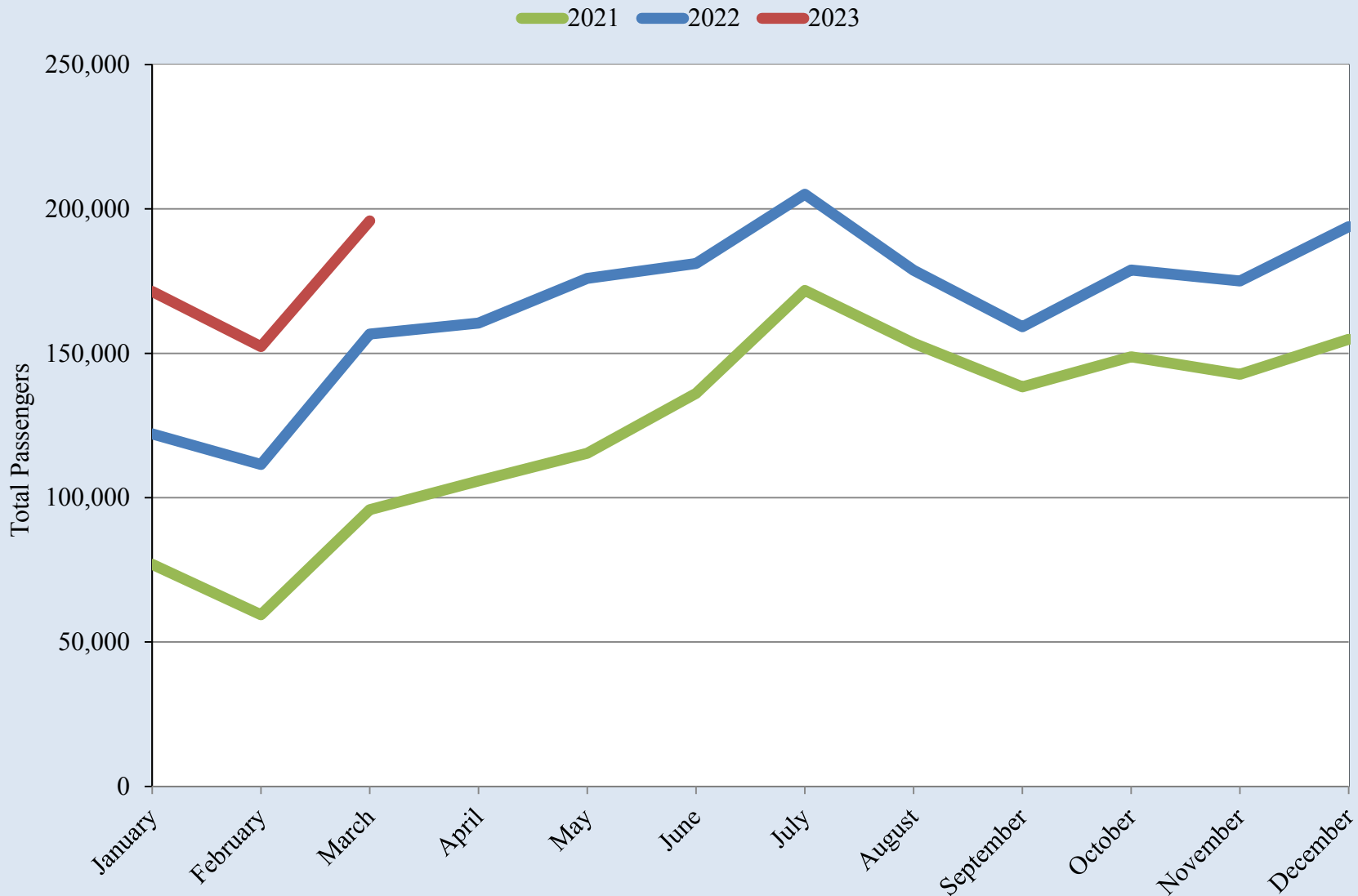
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Real Total Trade through the El Paso Customs District



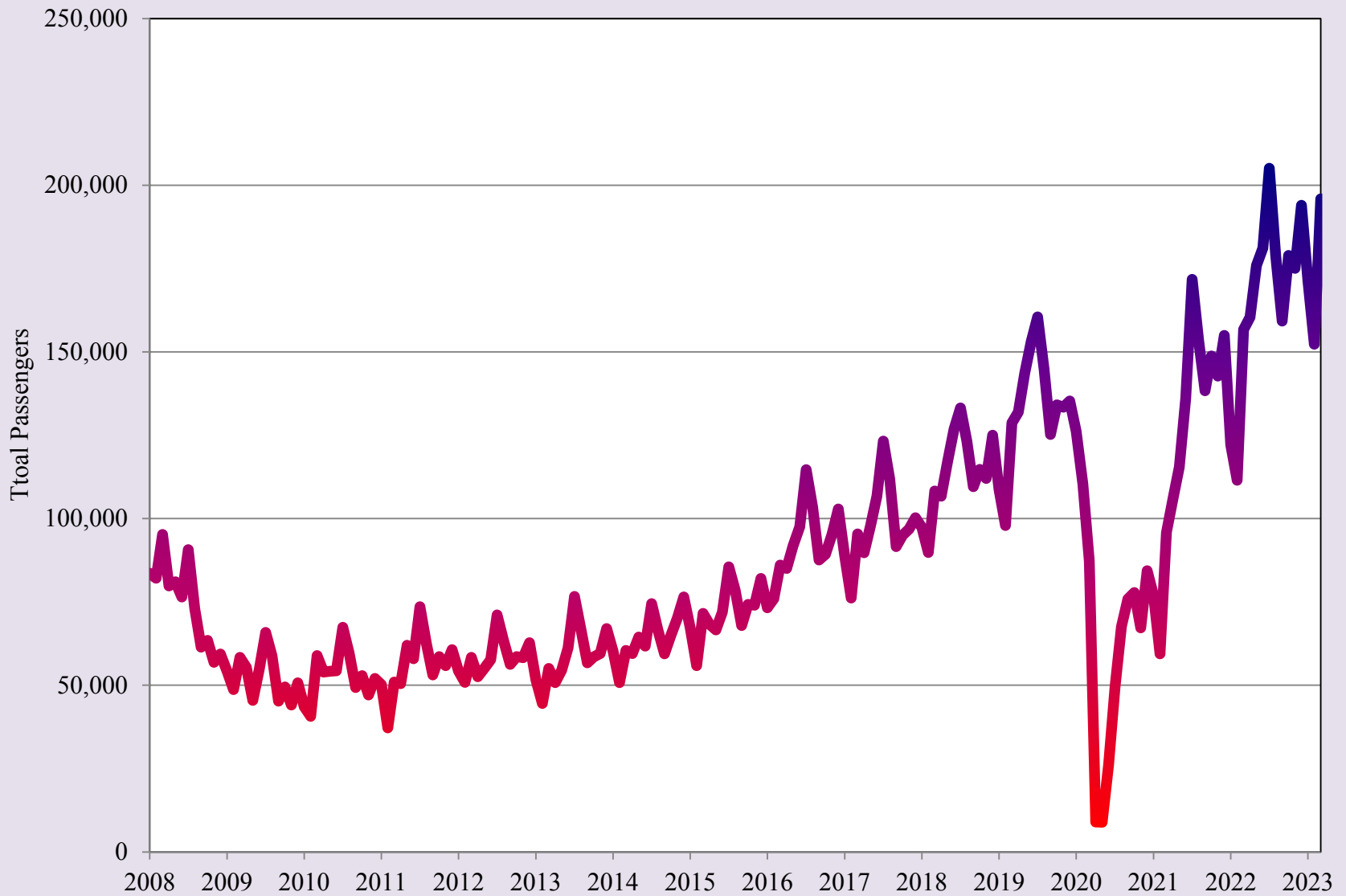
Source: UTEP Border Region Modeling Project using US International Trade Commission Data

Domestic Passengers Ciudad Juarez International Airport



Source: UTEP Border Region Modeling Project using Grupo Aeroportuario Centro Norte - OMA Data

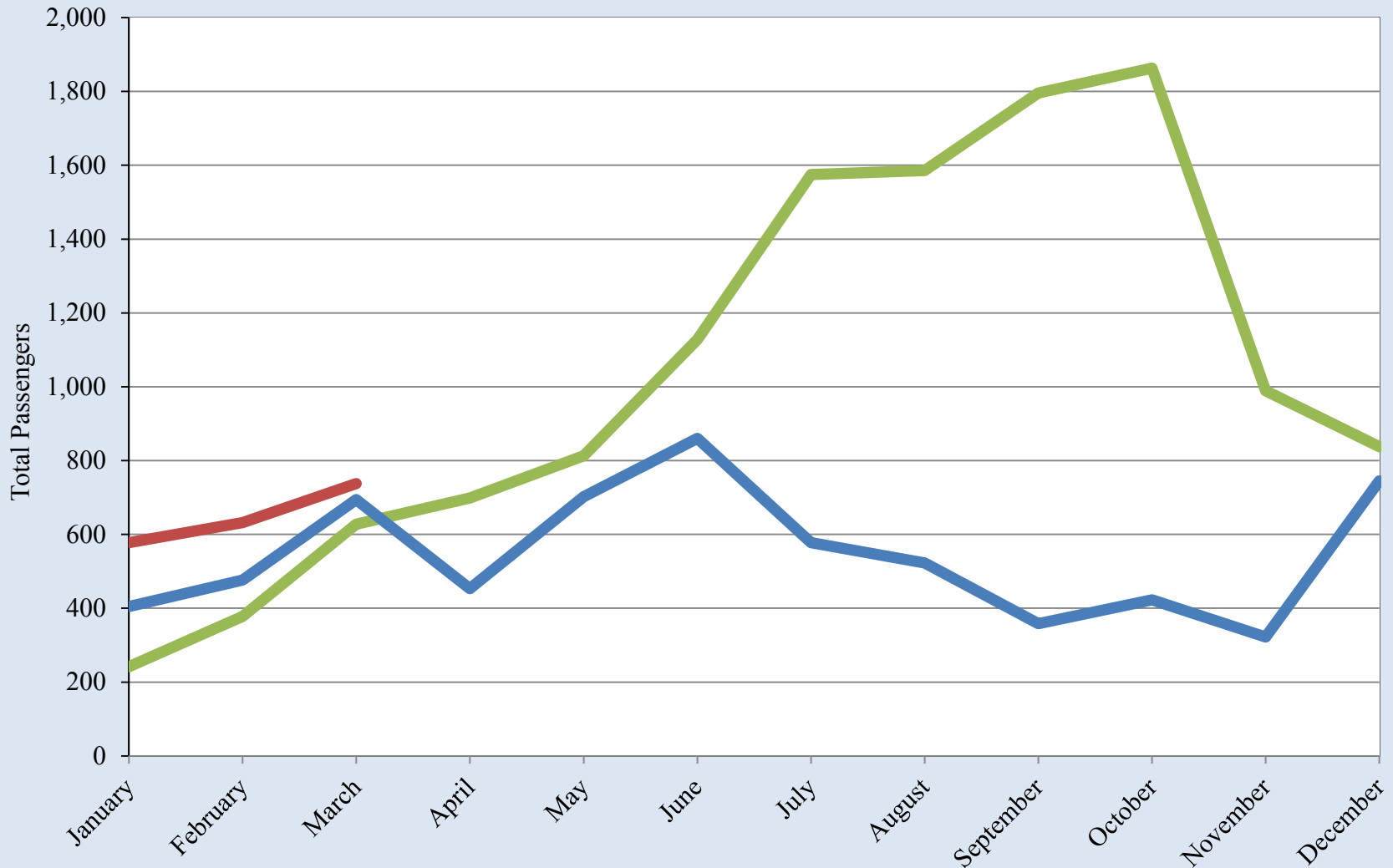
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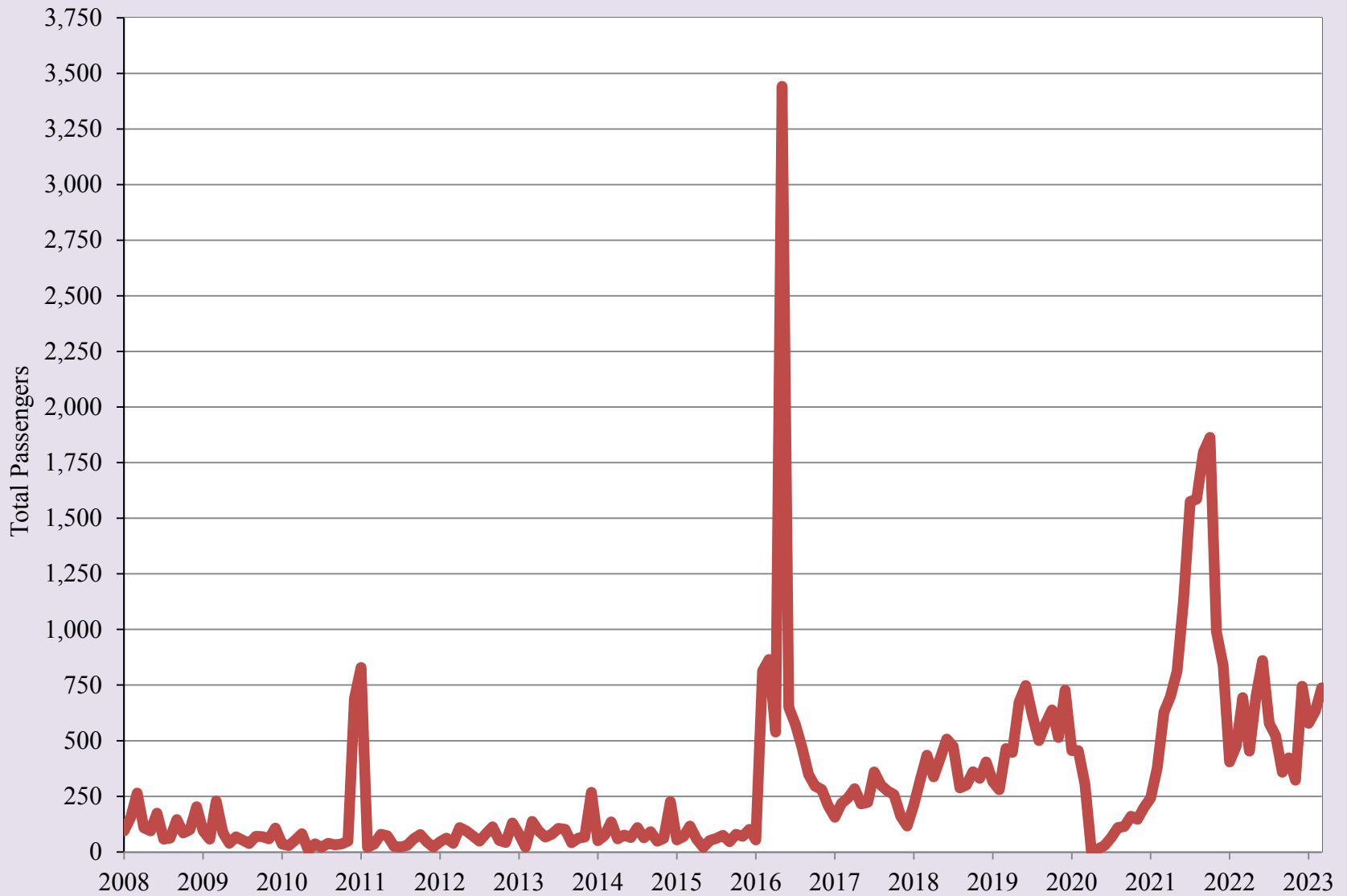
International Passengers Ciudad Juarez International Airport

2021 2022 2023



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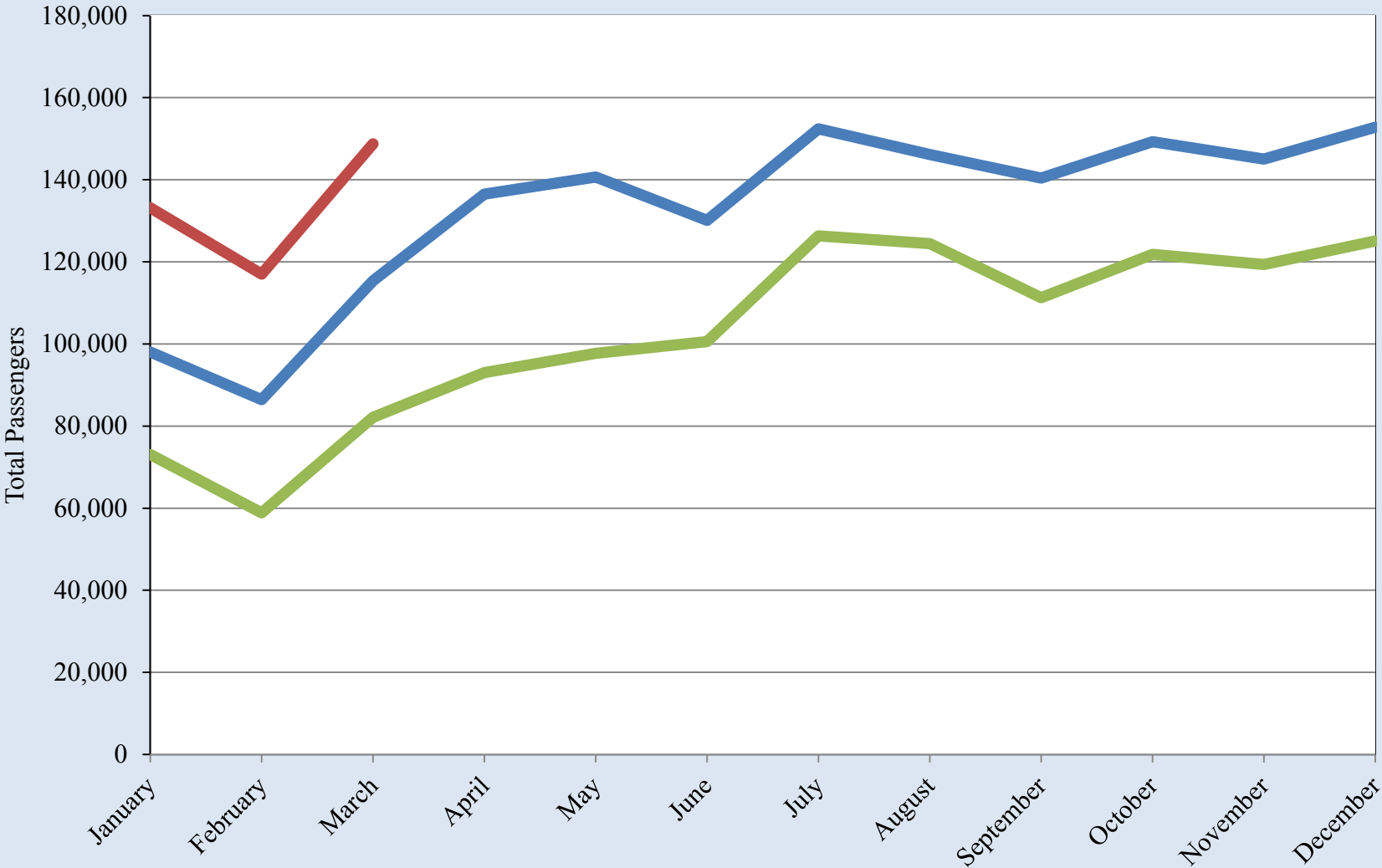
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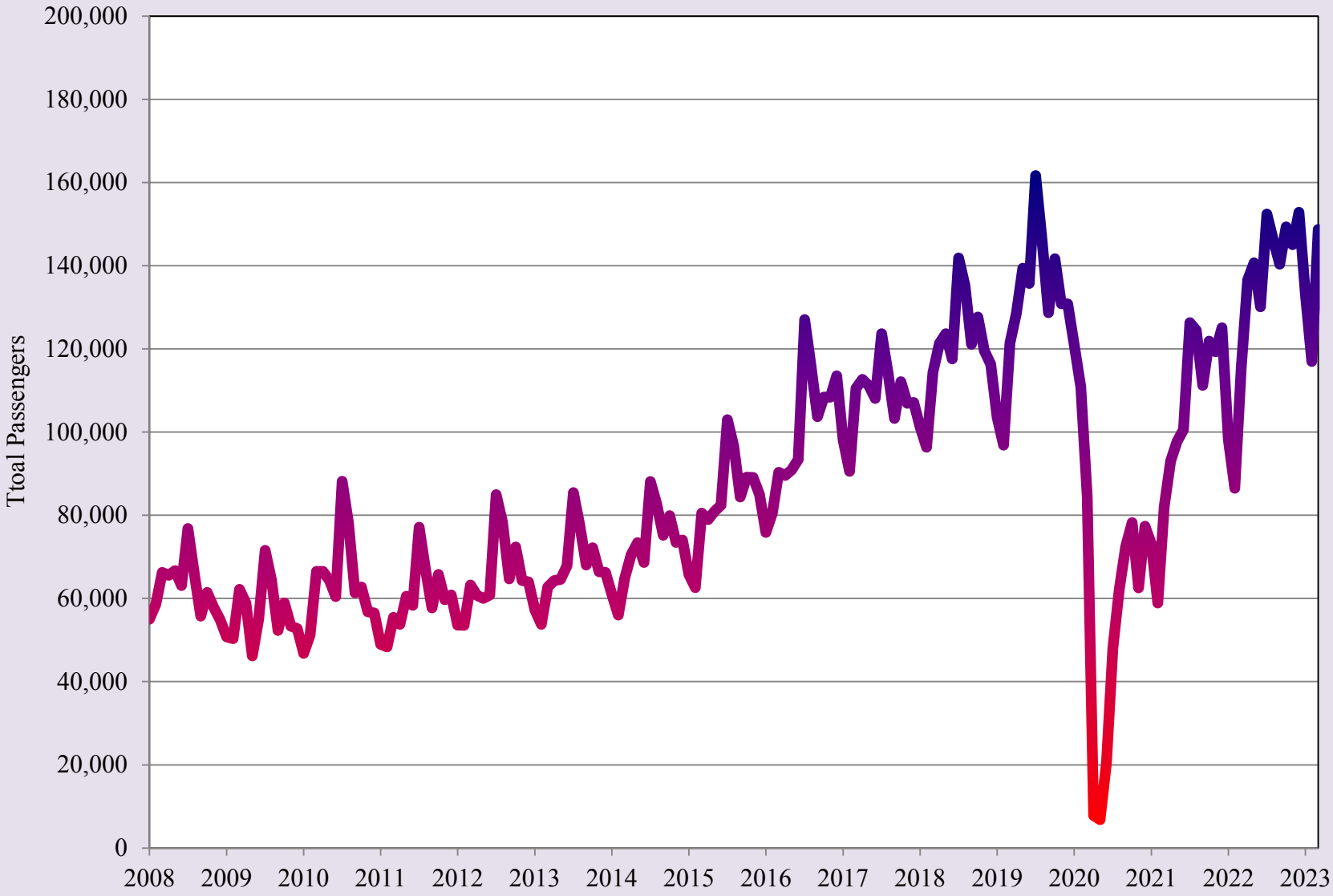
Domestic Passengers Chihuahua City International Airport

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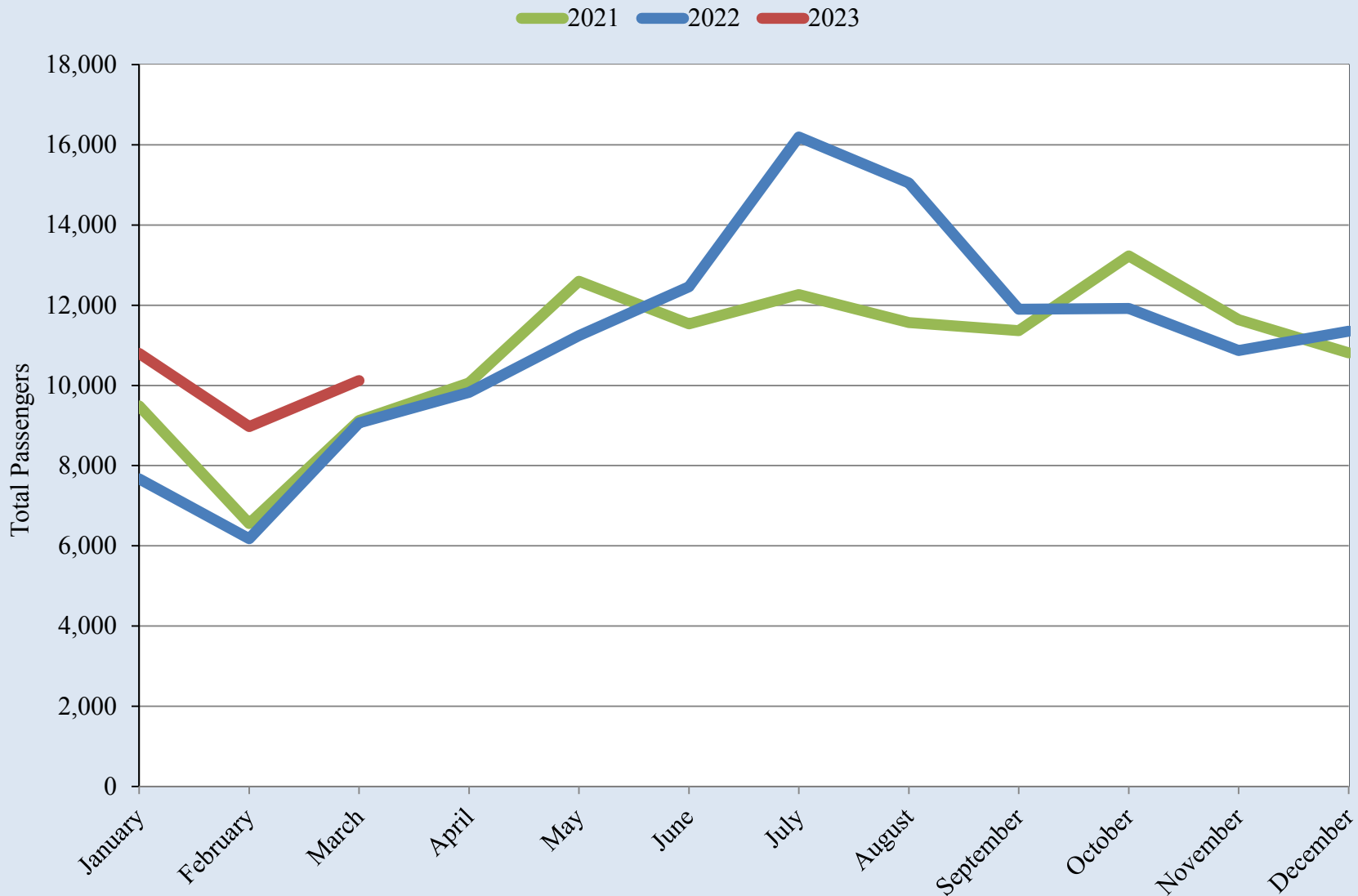
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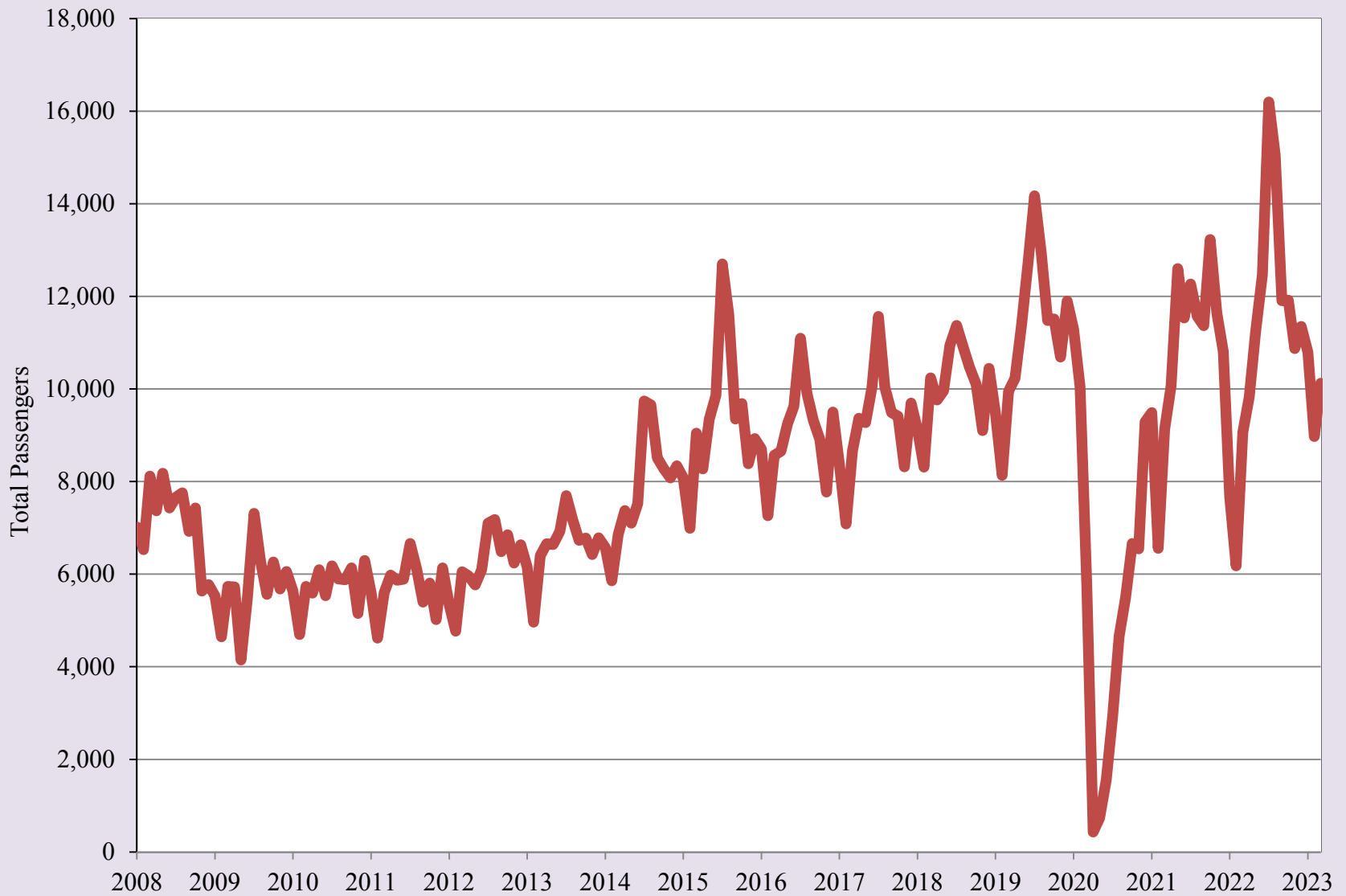
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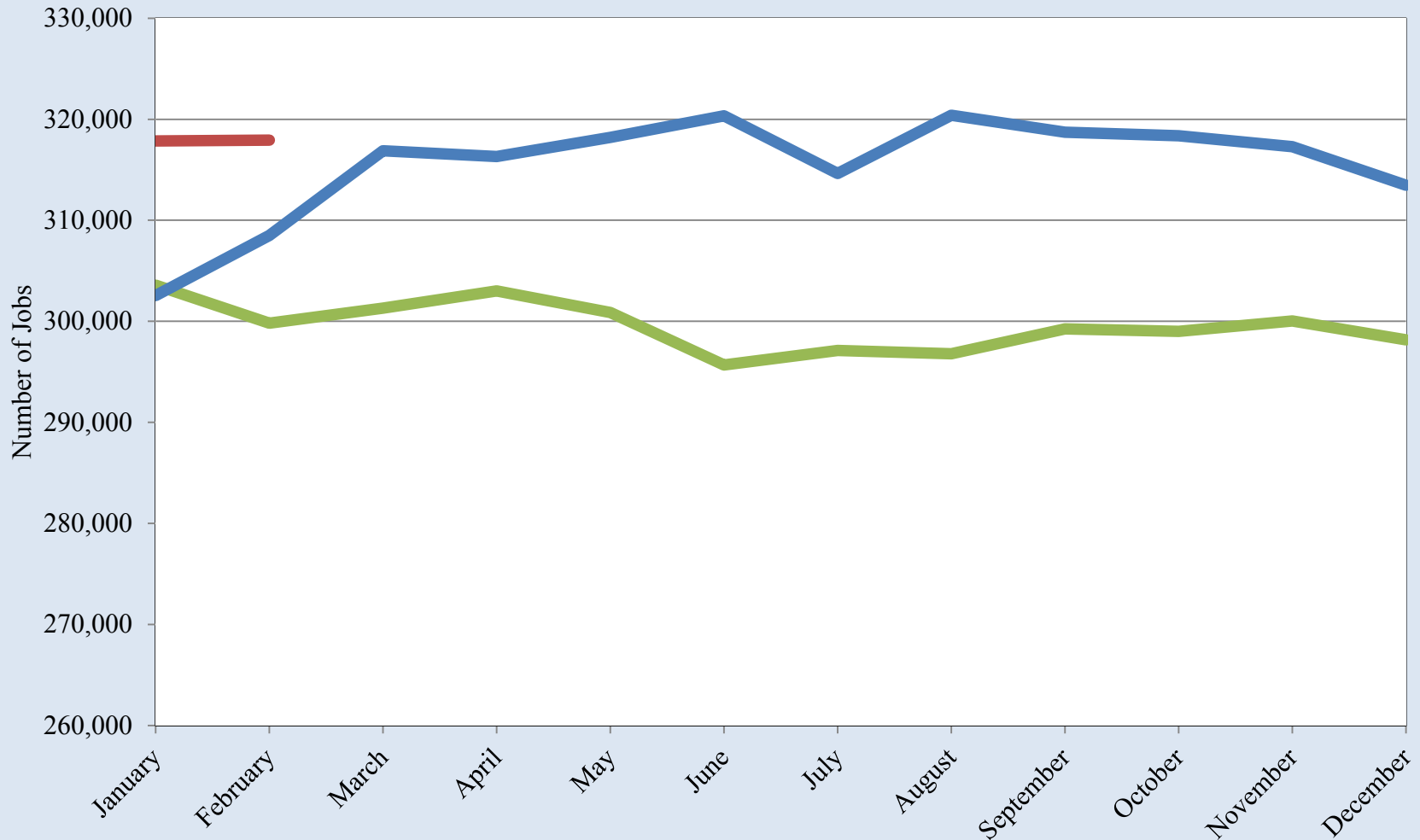
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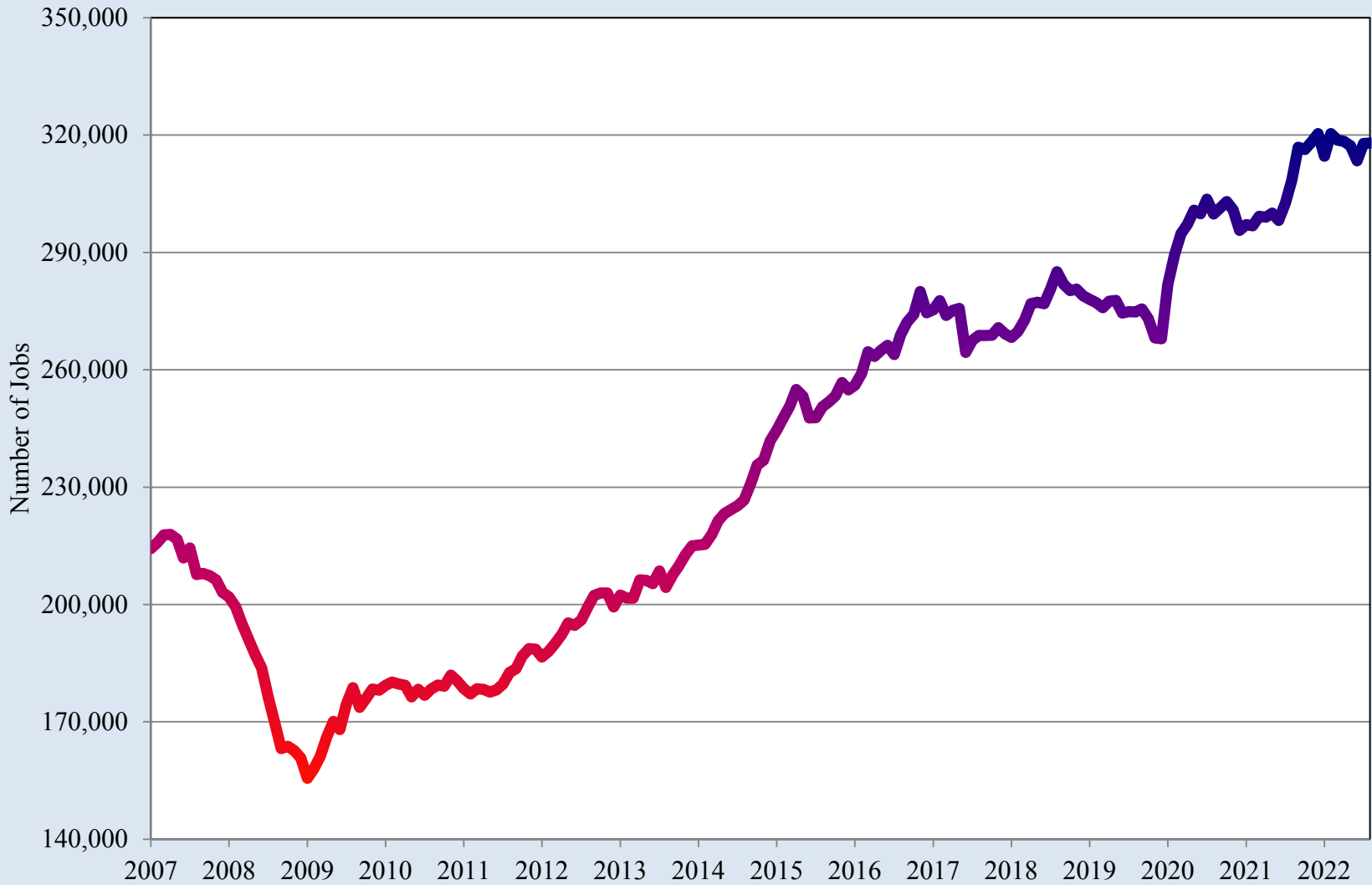
Export-Oriented Manufacturing Employment in Ciudad Juárez

2021 2022 2023



Source: UTEP Border Region Modeling Project using INEGI Data

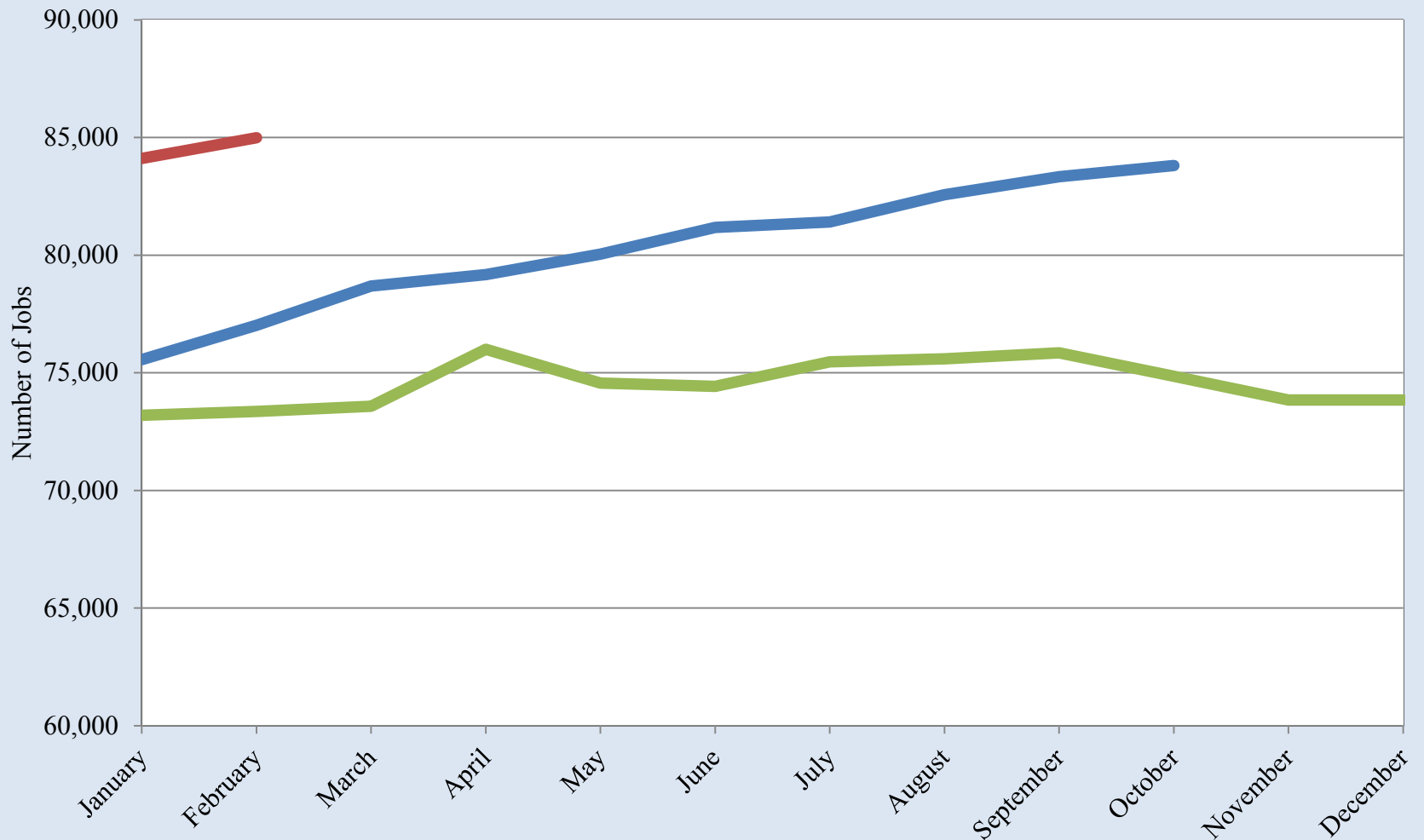
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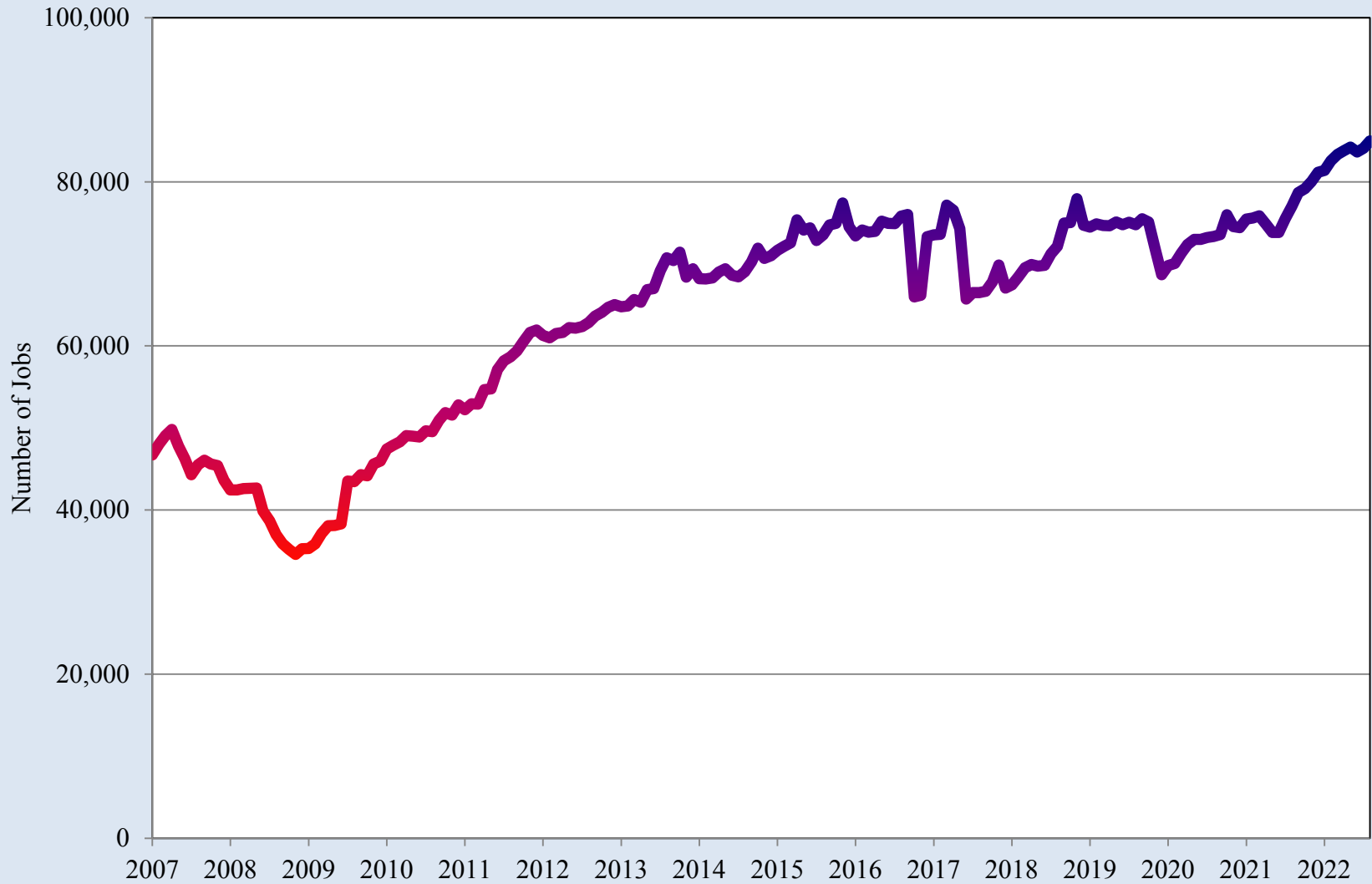
Export-Oriented Manufacturing Employment in Chihuahua City

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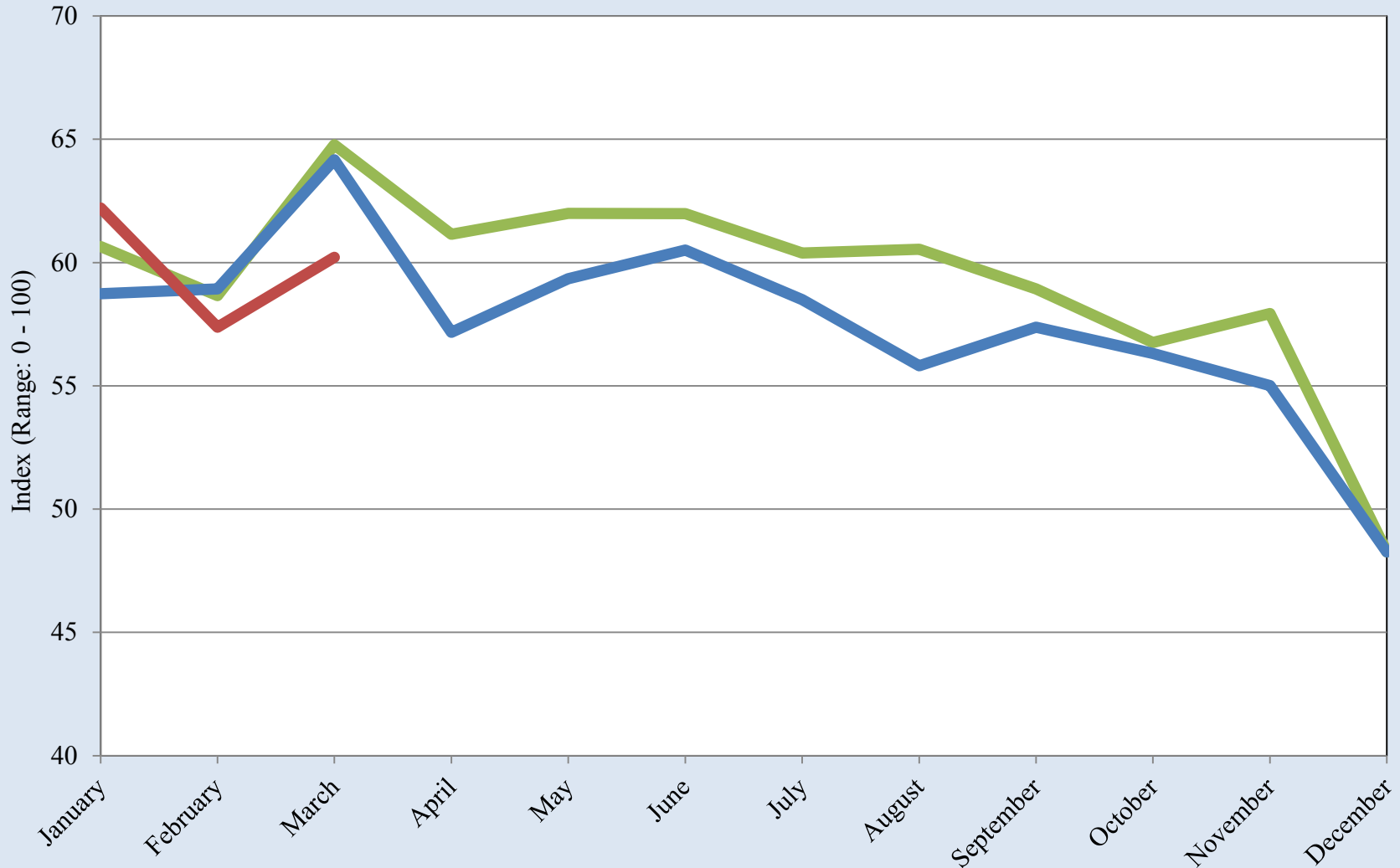
Export-Oriented Manufacturing Employment in Chihuahua City



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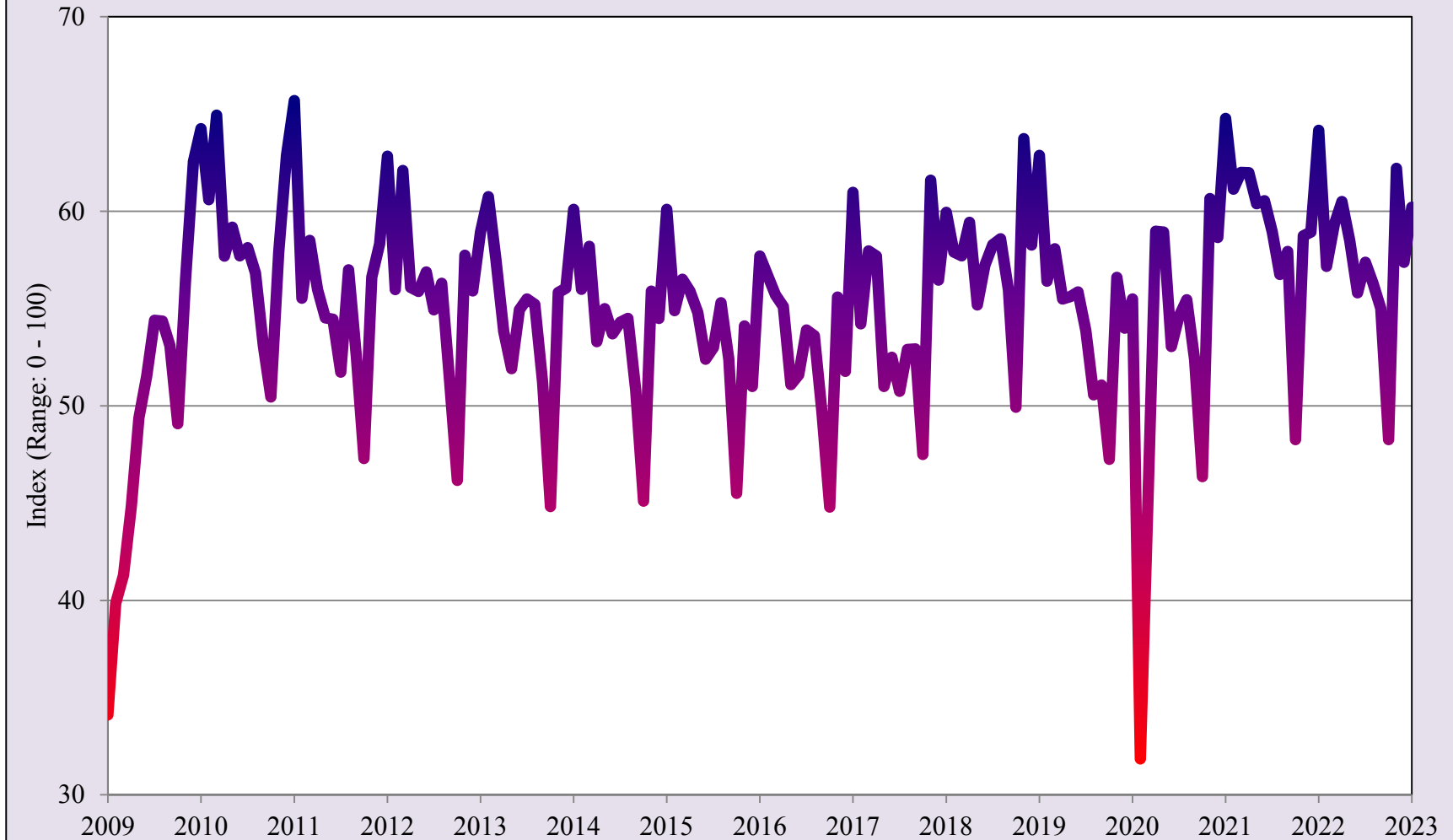
Northern Mexico Manufacturing Orders Index

2021 2022 2023



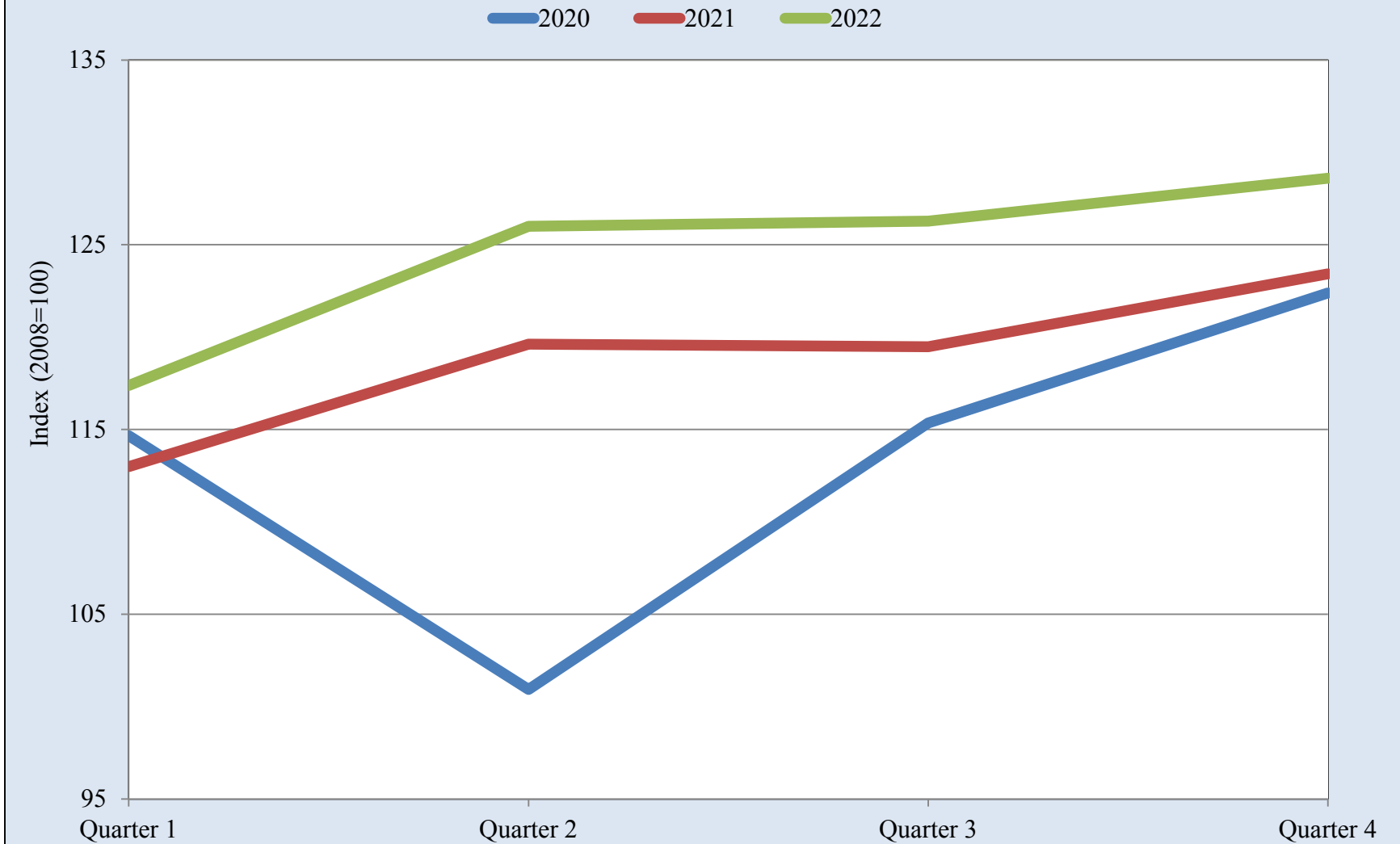
Source: UTEP Border Region Modeling Project using Banco de México Data

Northern Mexico Manufacturing Orders Index



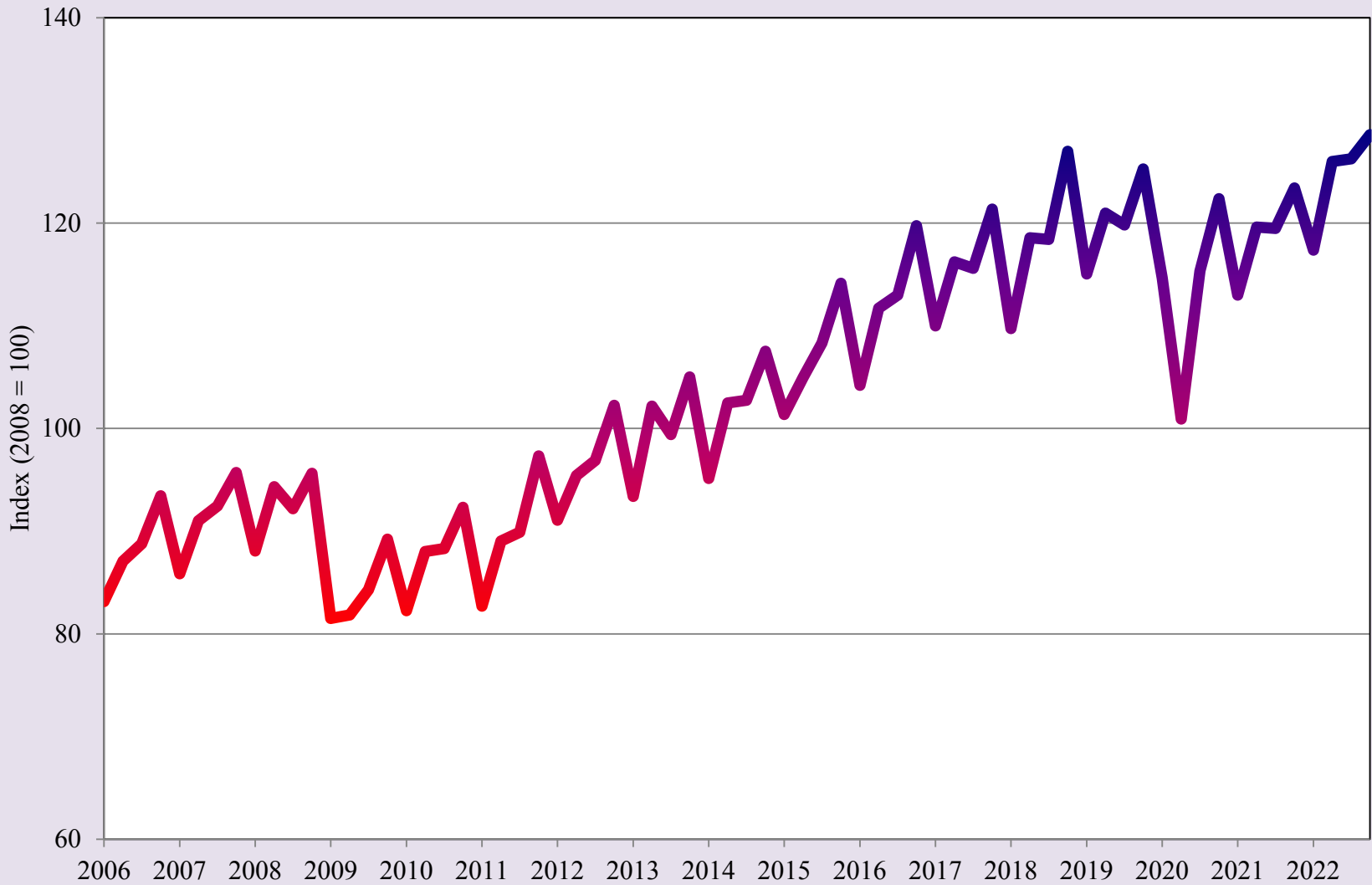
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Quarterly Indicator of Economic Activity for the State of Chihuahua



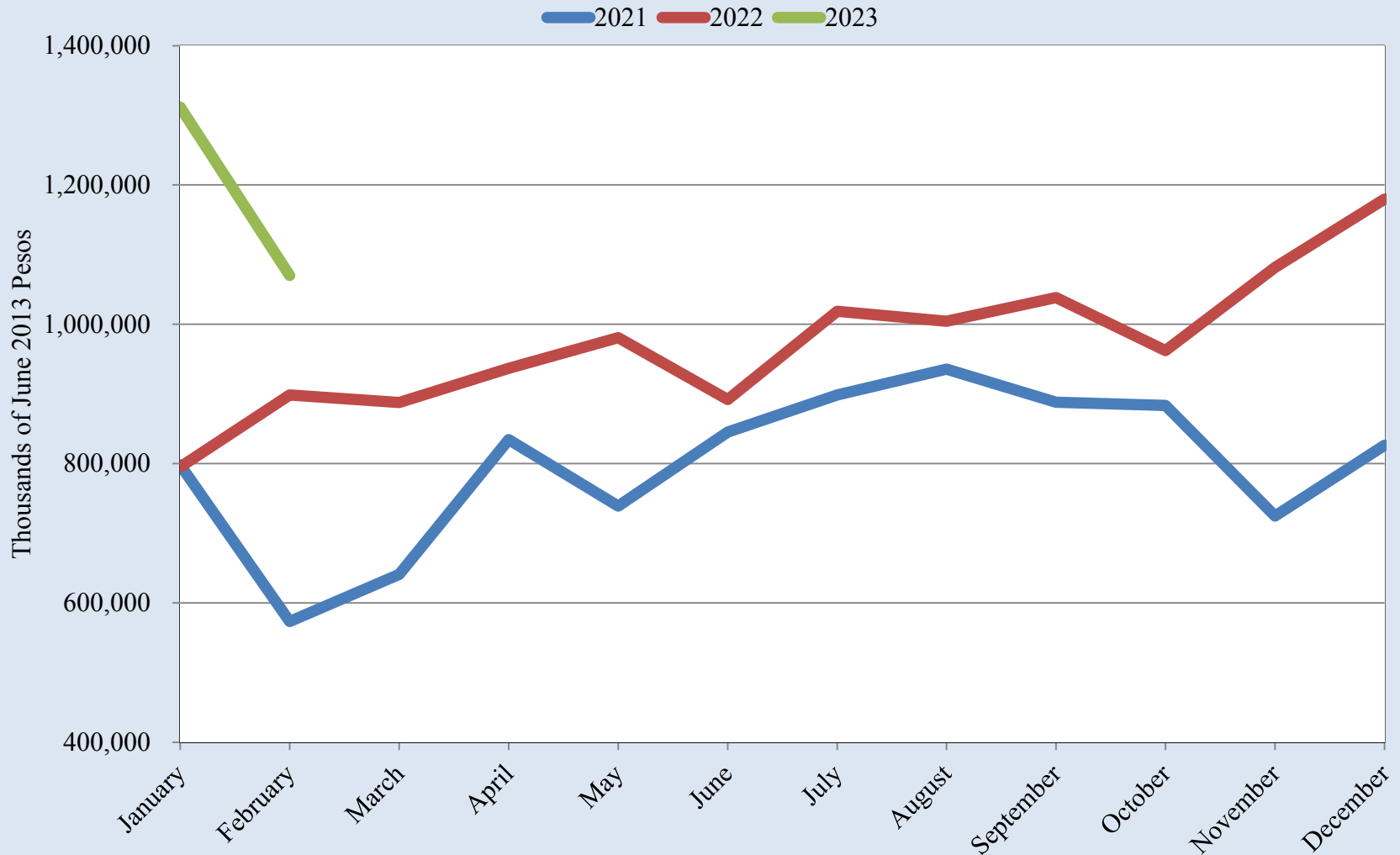
Source: UTEP Border Region Modeling Project using INEGI Data

Quarterly Indicator of Economic Activity for the State of Chihuahua



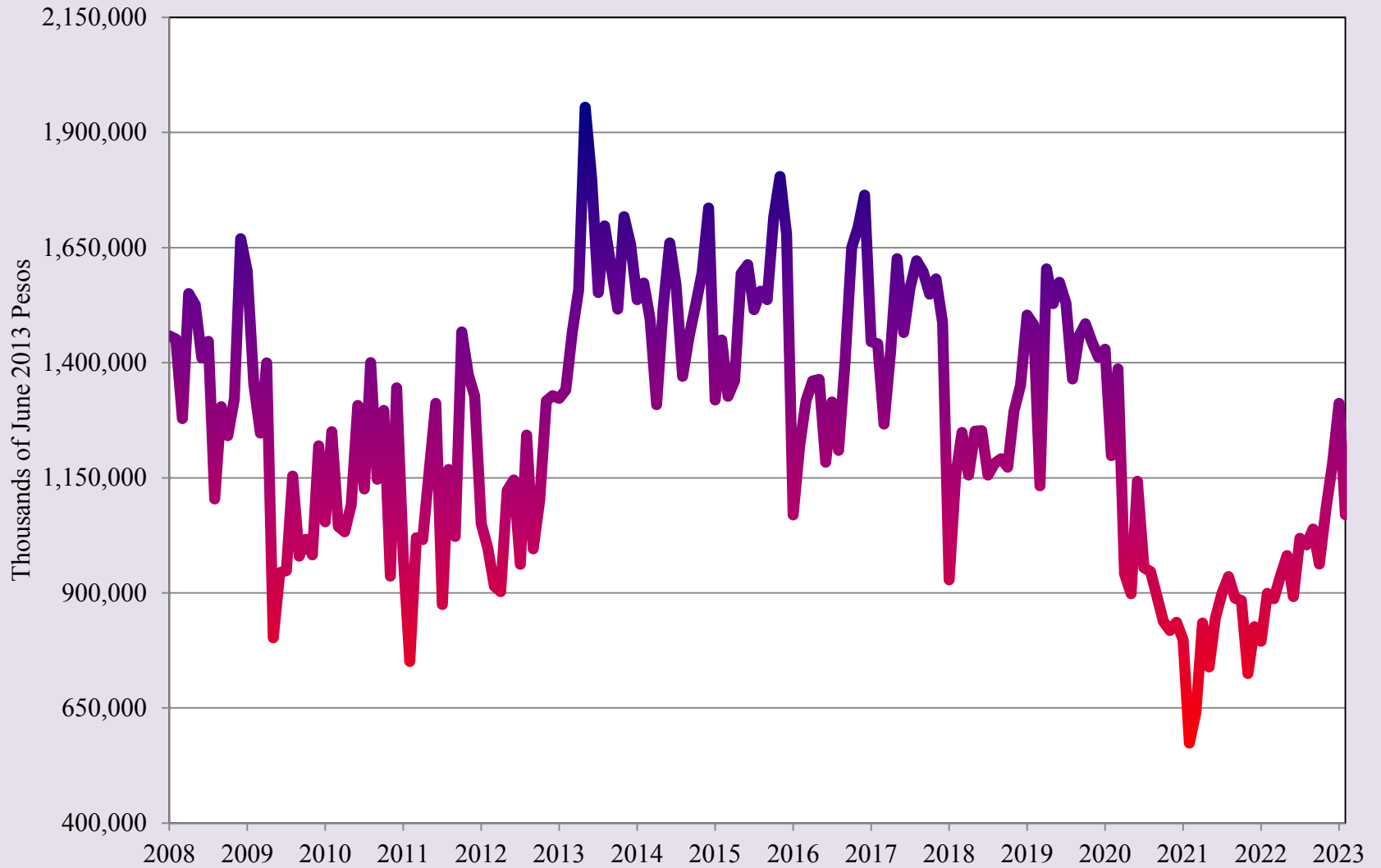
Source: UTEP Border Region Modeling Project using INEGI Data

Total Value of Construction in the State of Chihuahua



Source: UTEP Border Region Modeling Project using INEGI Data

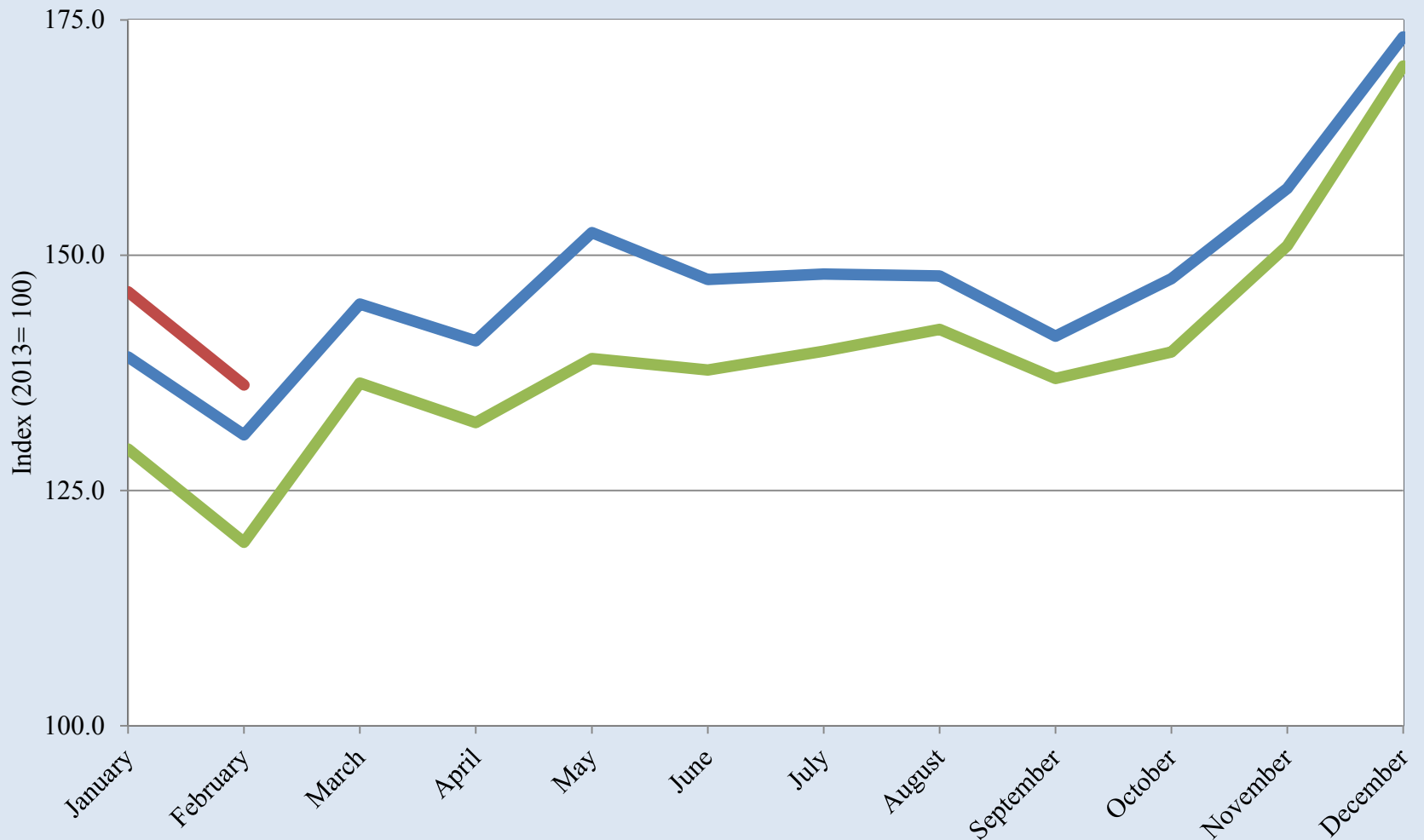
Total Value of Construction in the State of Chihuahua



Source: UTEP Border Region Modeling Project using INEGI Data

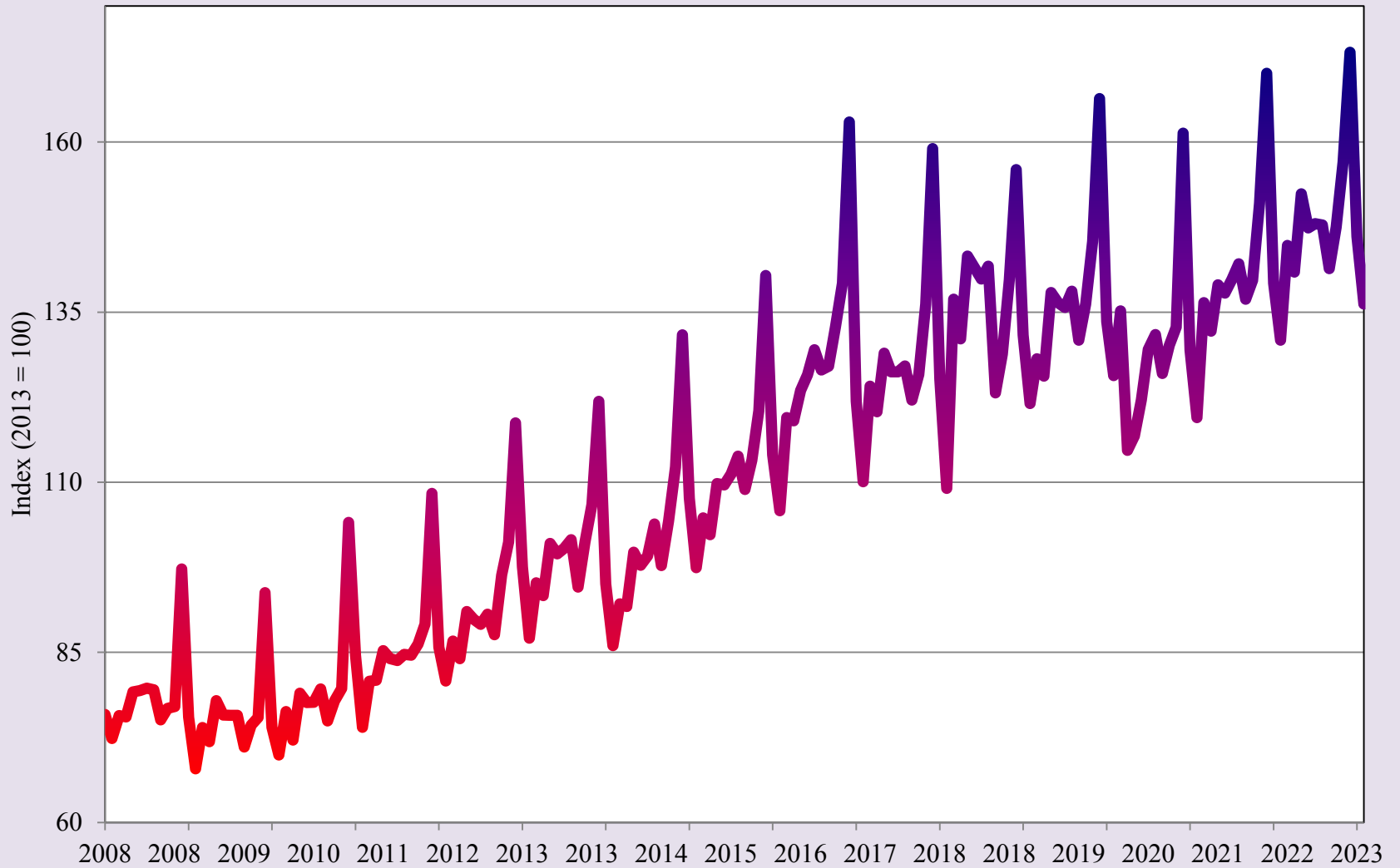
Real Retail Activity Index for the State of Chihuahua

2021 2022 2023



Source: UTEP Border Region Modeling Project using INEGI Data

Real Retail Activity Index for the State of Chihuahua



Source: UTEP Border Region Modeling Project using INEGI Data



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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 Woody L. Hunt College of Business 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.