

8-2023

Borderplex Business Barometer, Volume 7, Number 8

Thomas M. Fullerton Jr.

Steven L. Fullerton

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T.M. Fullerton, Jr., and S.L. Fullerton, 2023, "Super Blue Moon Recession Avoidance" *Borderplex Business Barometer* 7(8), 1-66.



BORDERPLEX BUSINESS BAROMETER

August 2023

Border Region Modeling Project

Thomas M. Fullerton, Jr.
Steven L. Fullerton

Department of Economics & Finance
Woody L. Hunt College of Business
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

Woody L. Hunt College of Business, Room 241
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 7, Number 8

Super Blue Moon Recession Avoidance

Can the United States national and Borderplex regional economies avoid a business cycle downturn following the perpetration of 11 interest rate hikes by monetary authorities? Economic historians and UTEP model simulations indicate that such a feat is improbable. However, super blue moons do occur, and an economic approximation of that astronomic oddity may be within reach.

In particular, what do currently available data say for the Borderplex? While still above year-ago levels, the Federal Reserve Bank of Dallas El Paso Metropolitan Business Cycle Index moved sideways during June, July, and August. Although worrisome, it does not imply that a recession has been unleashed. The yield curve is still mostly inverted so caution is warranted.

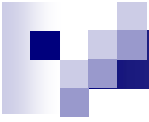
The UTEP El Paso Household Economic Stress Index, maintained by the Border Region Modeling Project (BRMP), has drifted upward during 2023 but still remains below year-ago levels. The El Paso unemployment rate moved noticeably above its prior-year estimate in July. The primary culprit for that development is an expansion of the civilian labor force. That is usually, a sign of labor market strength and not as worrisome as it might otherwise seem. The Las Cruces jobless rate for July is only 20 basis points higher than it was in 2022.

With one of the most fractured urban geographies in North America, fuel prices are frequently a concern in El Paso. In recent weeks, they became a headline news as local prices moved above the national average for the second half of August. Input shortages at the Alon refinery in Big Spring and the Marathon refinery in El Paso seem to be the primary contributing factors underlying this price reversal. In response, the EPA suspended summer ethanol fuel mix requirements in El Paso two weeks early, so gasoline prices may dip back below the national average by late September.

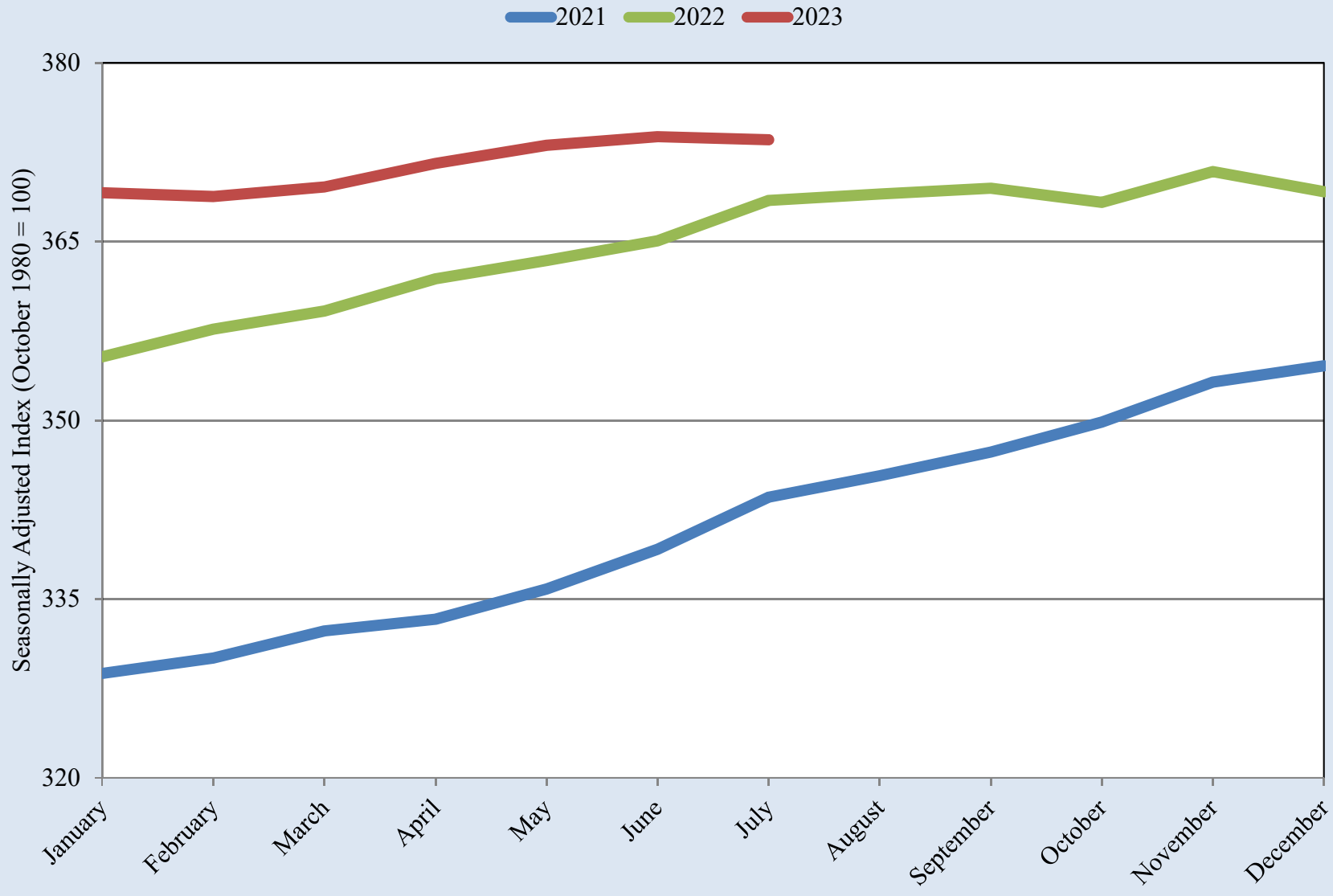
Peso appreciation against the dollar has allowed the BRMP real exchange rate index to move below 100 in July. The last time a sub-century reading occurred for this measure was December 2014. Barring any unexpected border closures, a stronger peso will likely translate into robust retail sales volumes in El Paso and Las Cruces during the third and fourth quarters.

Higher interest rates tend to hurt capital-intensive industries such as manufacturing, warehousing, and transportation. In spite of that, export-oriented manufacturing payrolls have remained above twelve-month-ago levels in both Ciudad Juarez and Chihuahua City throughout 2023. Higher trans-oceanic transportation costs, the trade war with China, and USMCA-related direct foreign investment have all contributed to this ongoing super blue economic moon over the Borderplex.

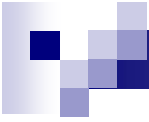
Thomas M. Fullerton, Jr. and Steven L. Fullerton



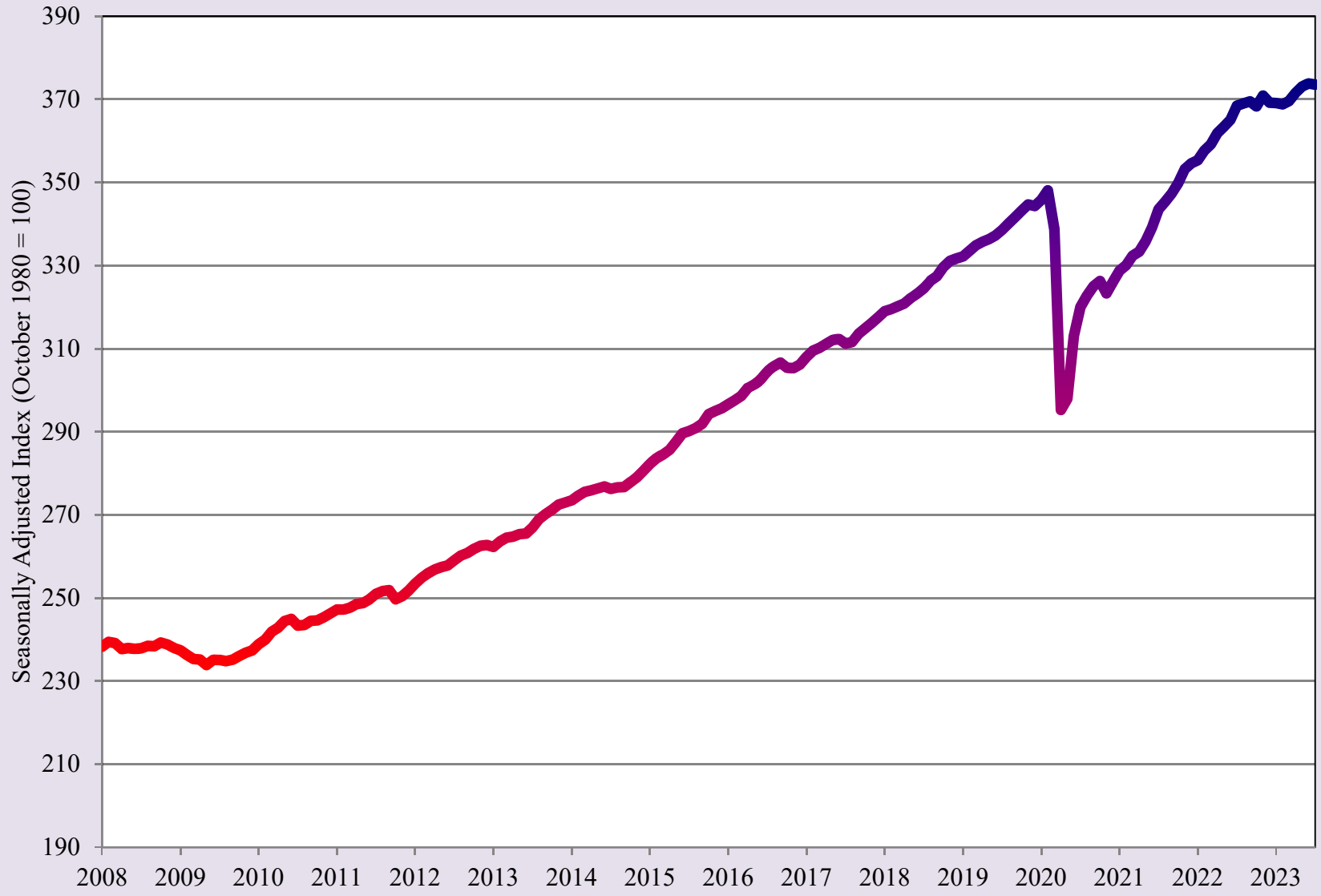
El Paso Metropolitan Business Cycle Index



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



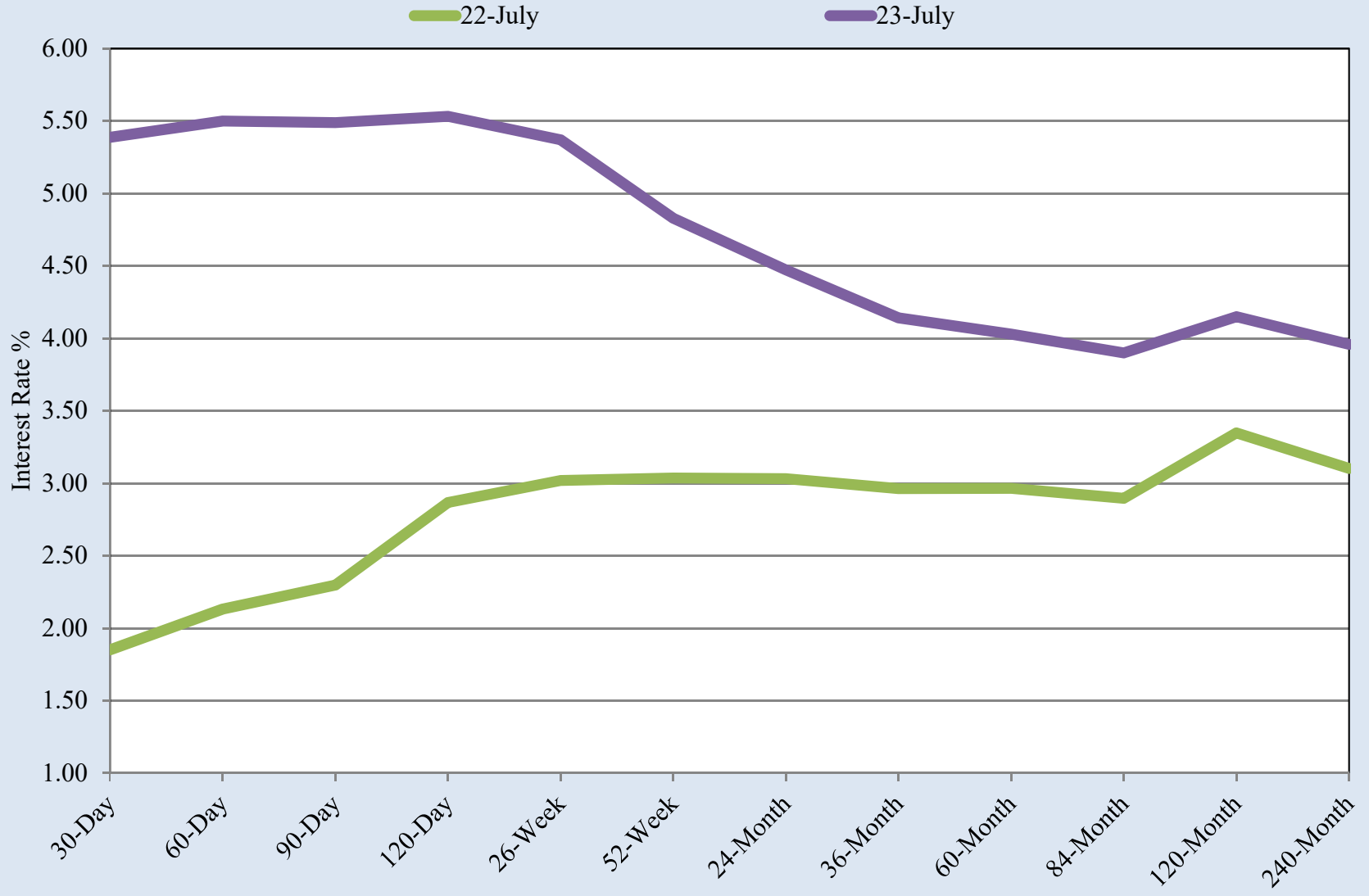
El Paso Metropolitan Business Cycle Index



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



Average Treasury Yield Curve Rates

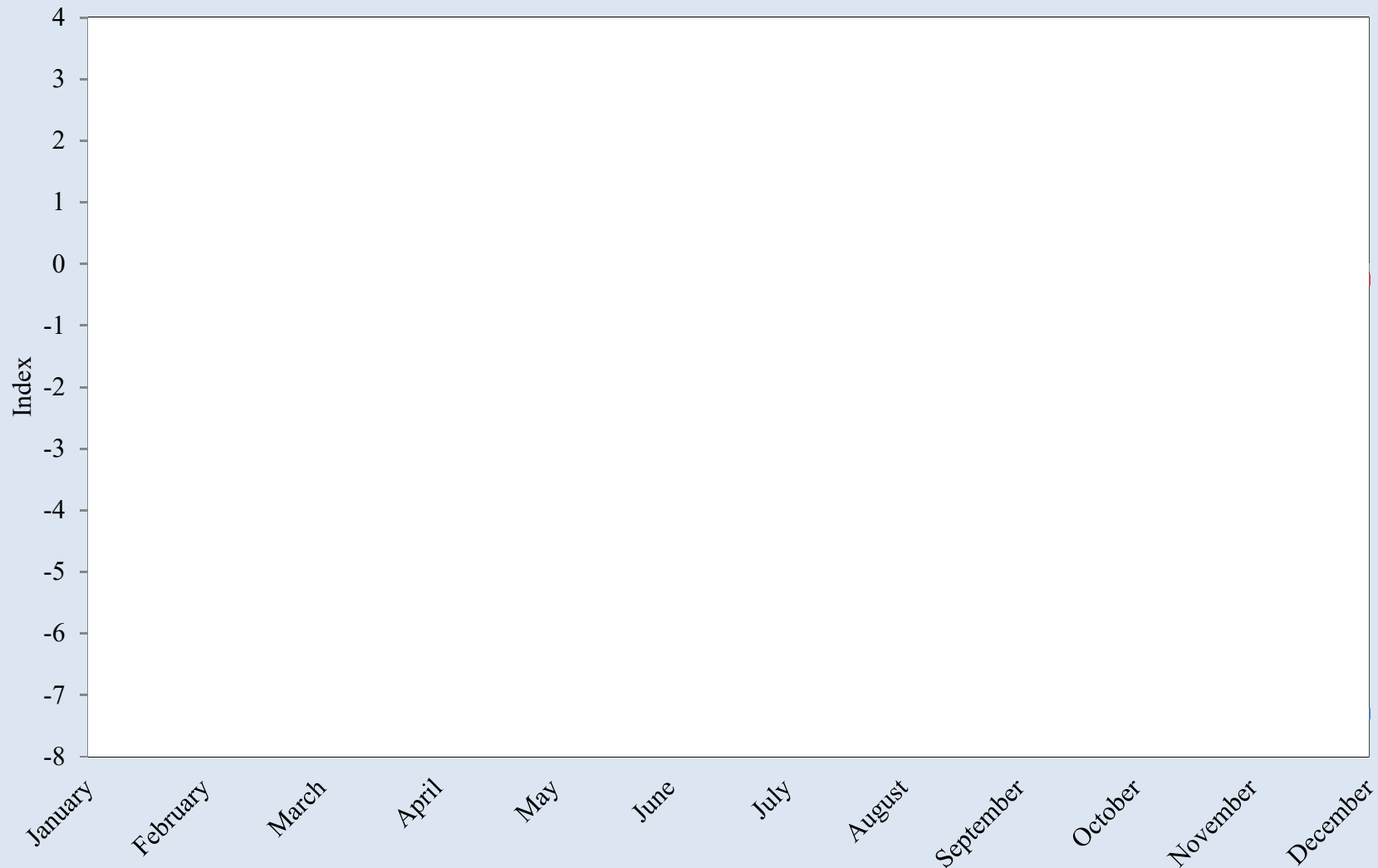


Source: UTEP Border Region Modeling Project using US Treasury, Daily Treasury Yield Curve Rates Data

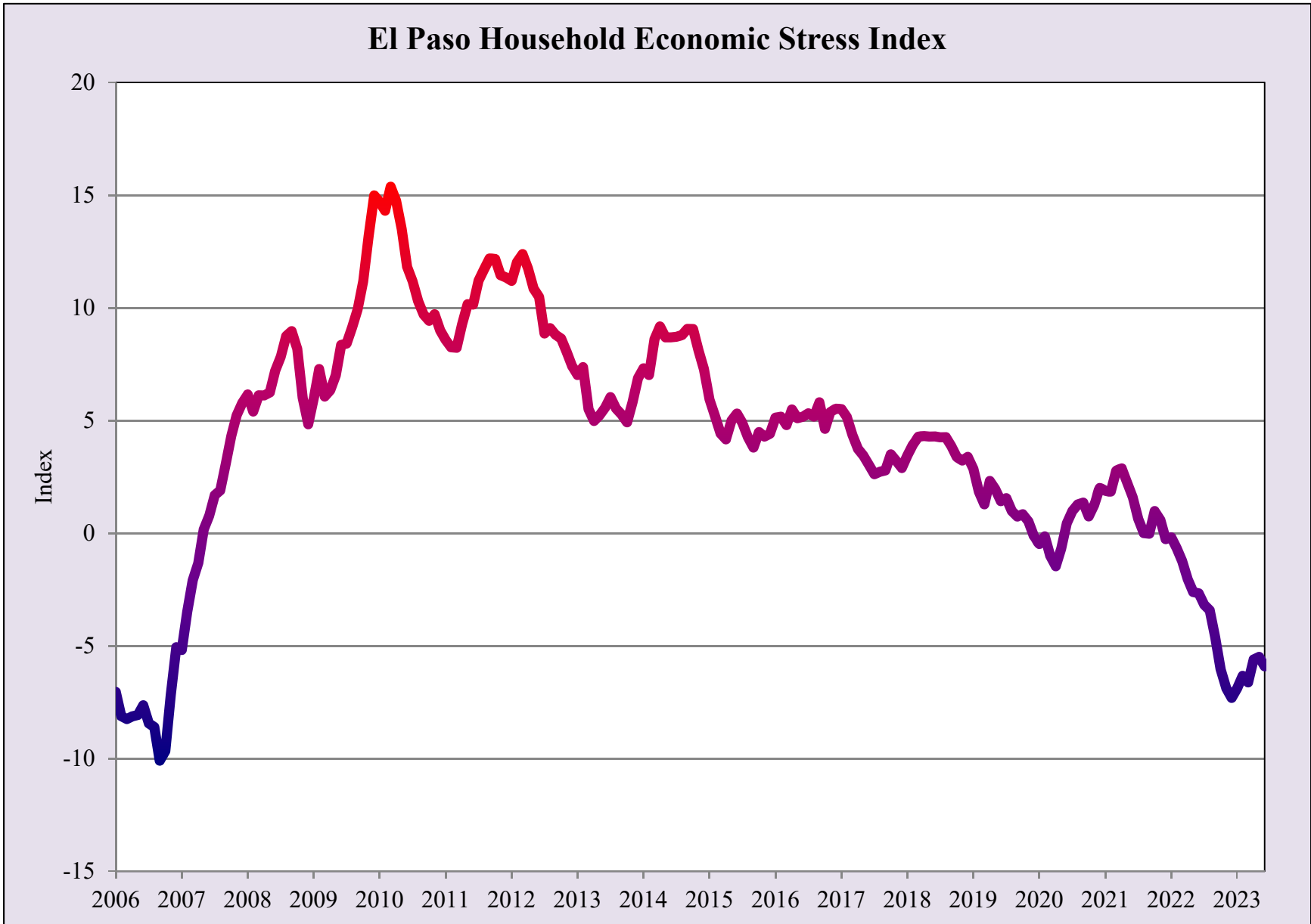


El Paso Household Economic Stress Index

2021 2022 2023



Source: UTEP Border Region Modeling Project

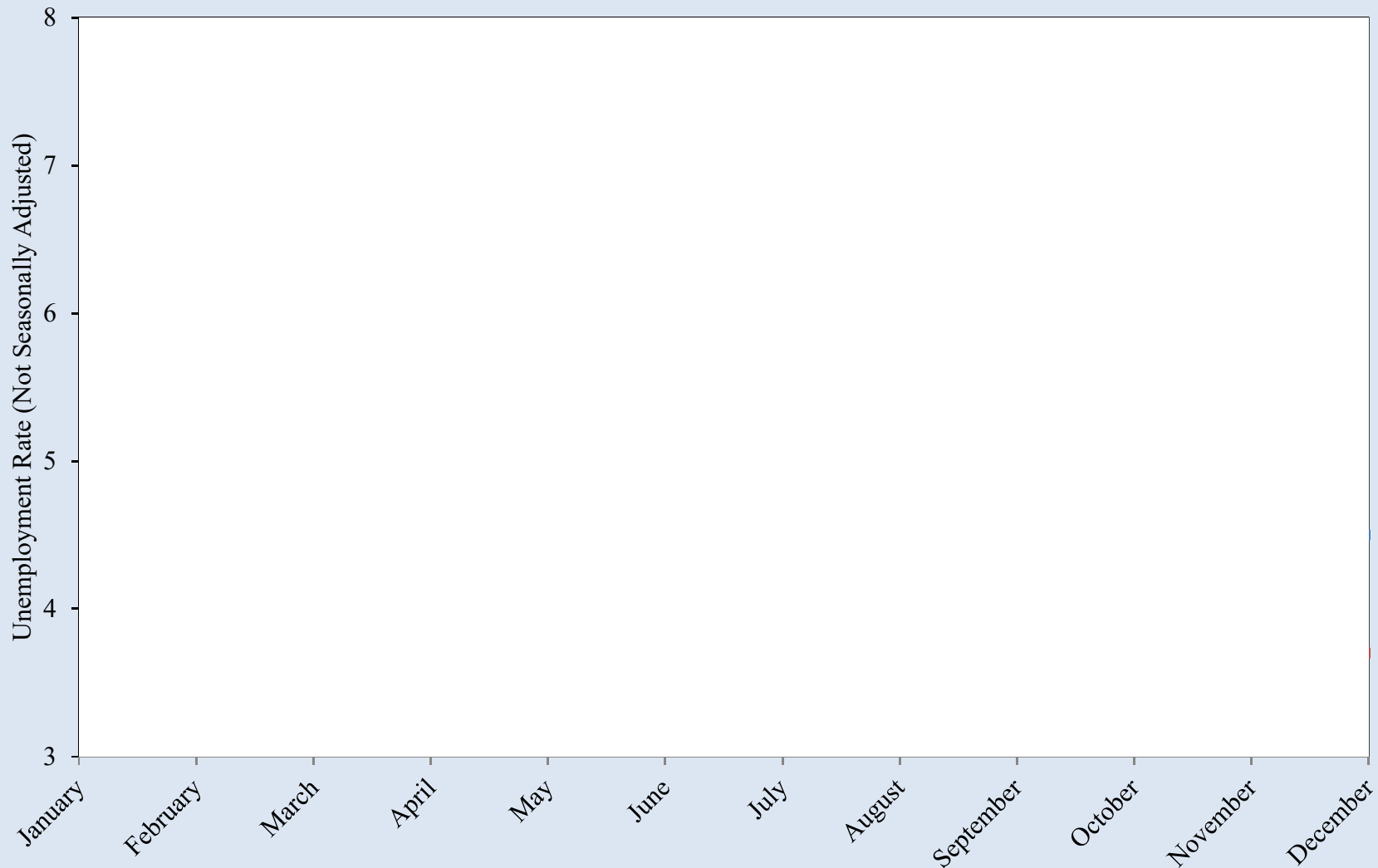


Source: UTEP Border Region Modeling Project

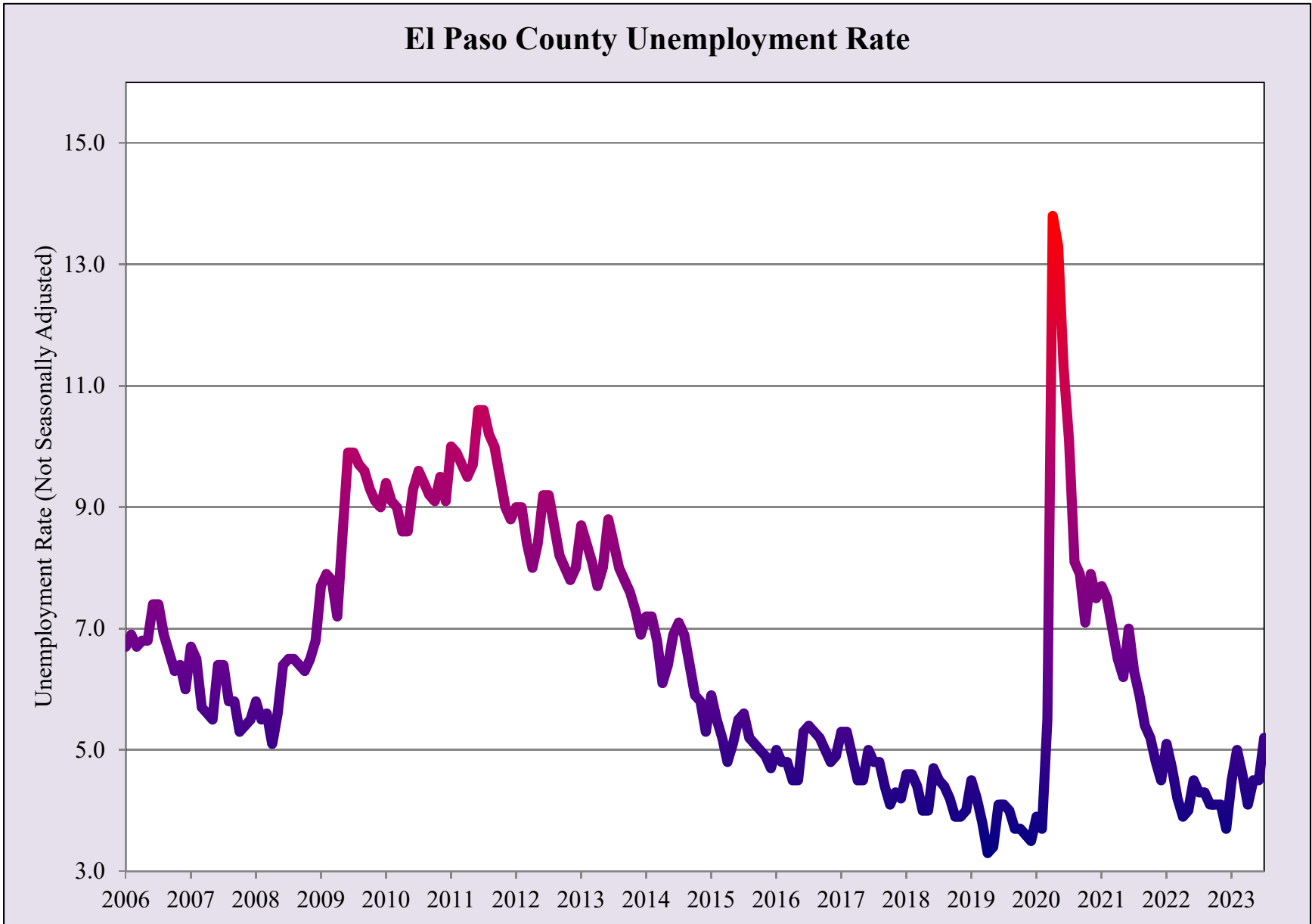
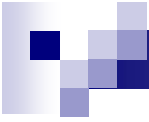


El Paso County Unemployment Rate

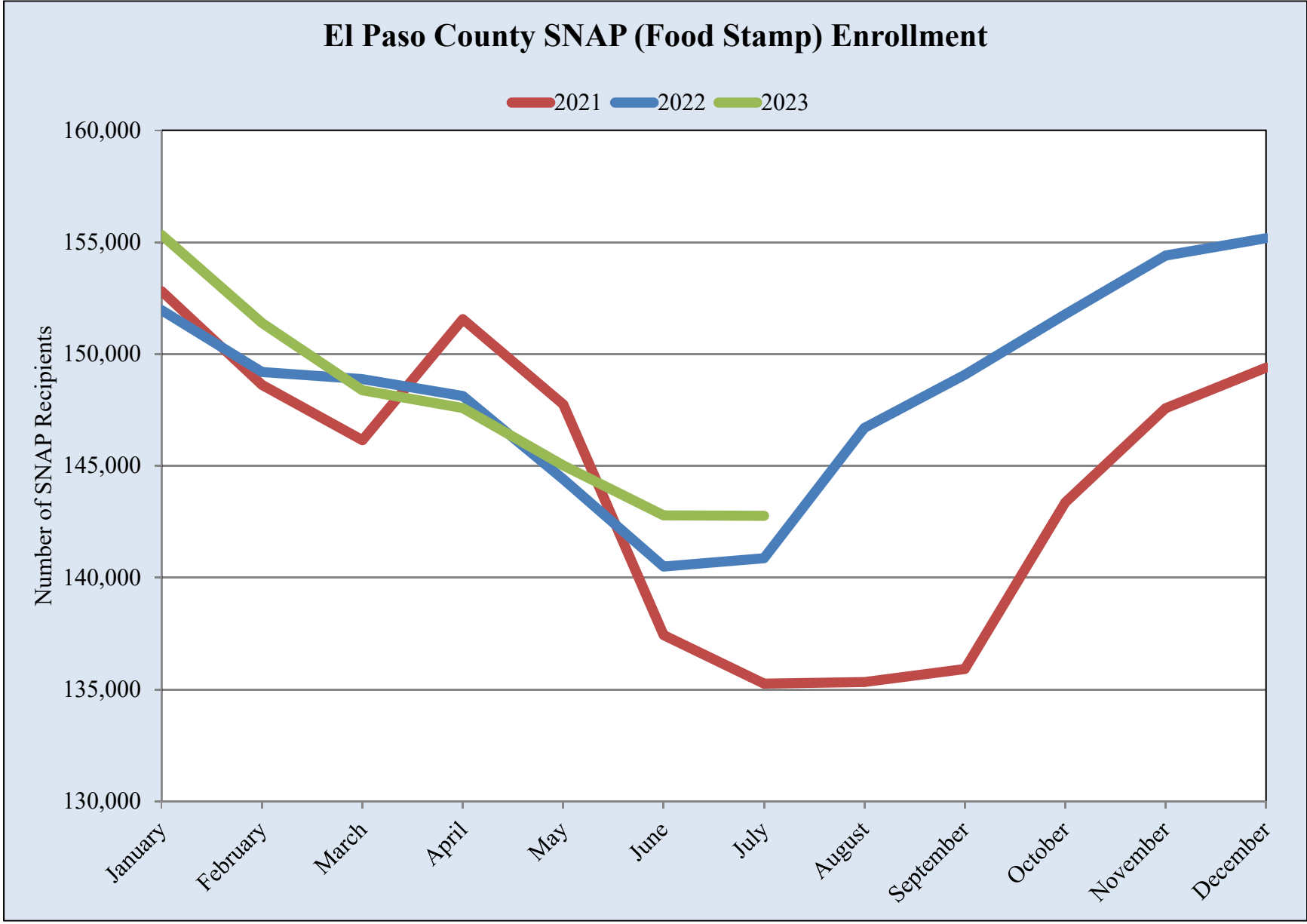
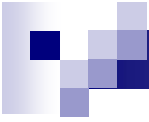
— 2021 — 2022 — 2023



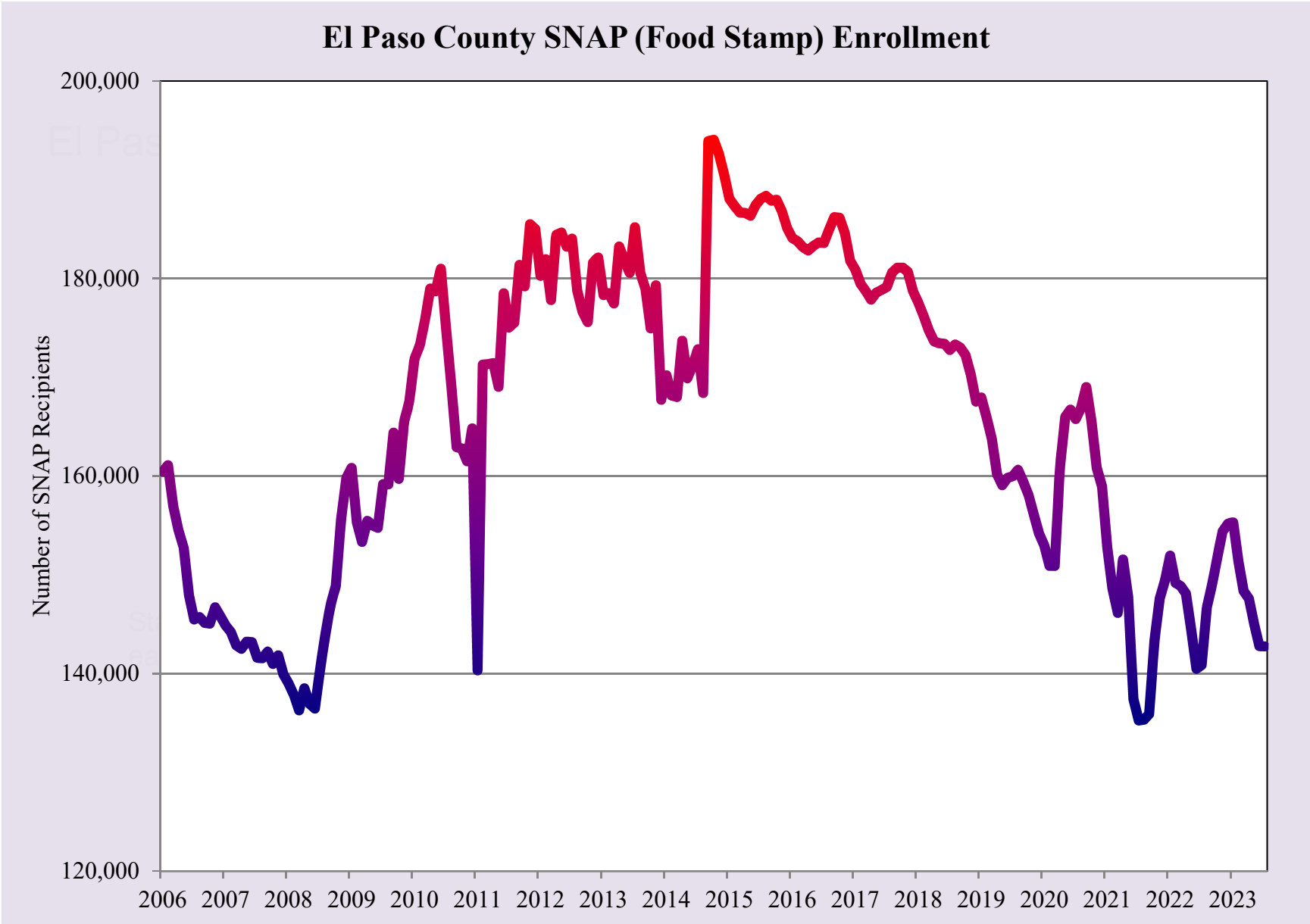
Source: UTEP Border Region Modeling Project using Bureau of Labor Statistics Data



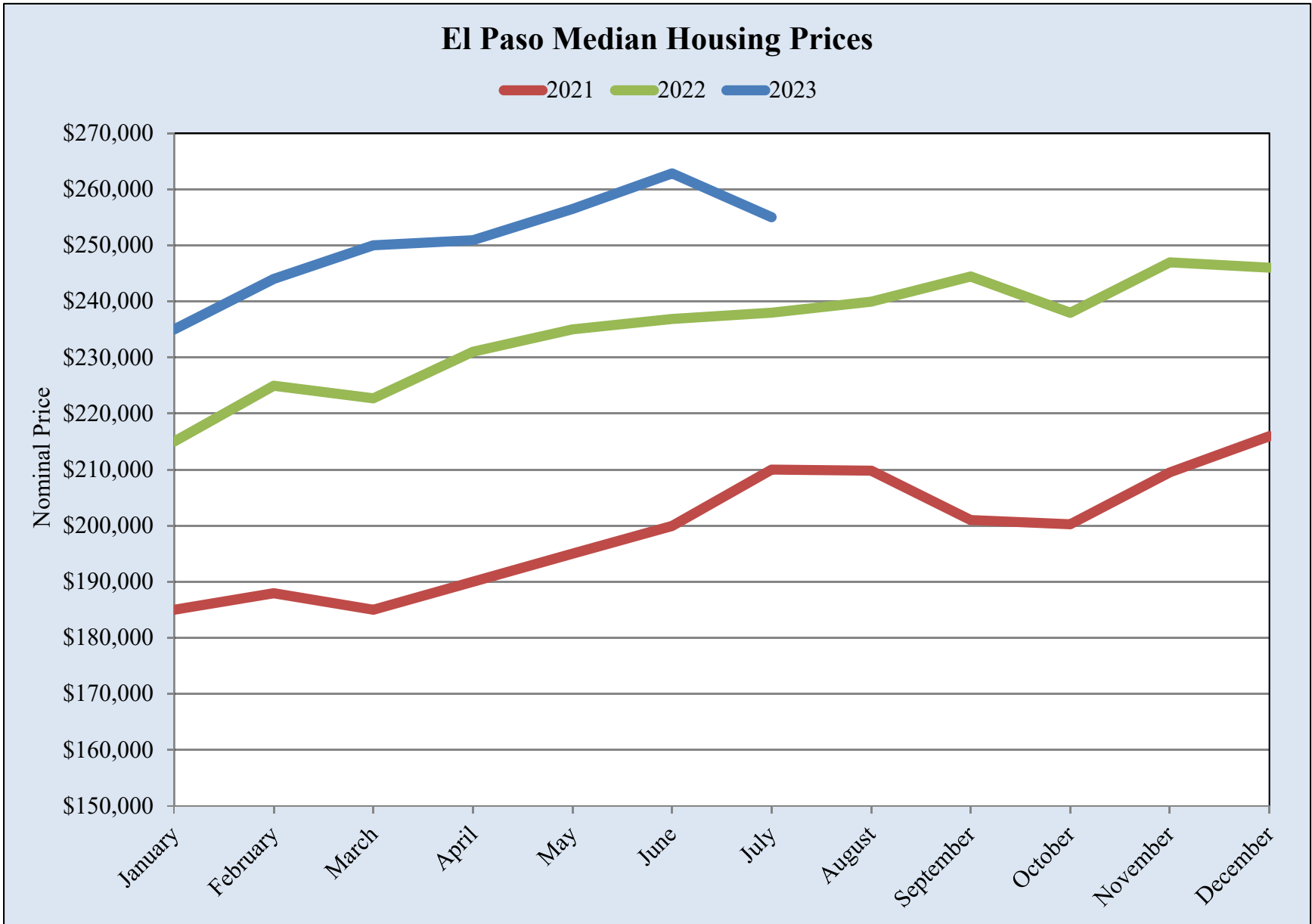
Source: UTEP Border Region Modeling Project using Bureau of Labor Statistics Data



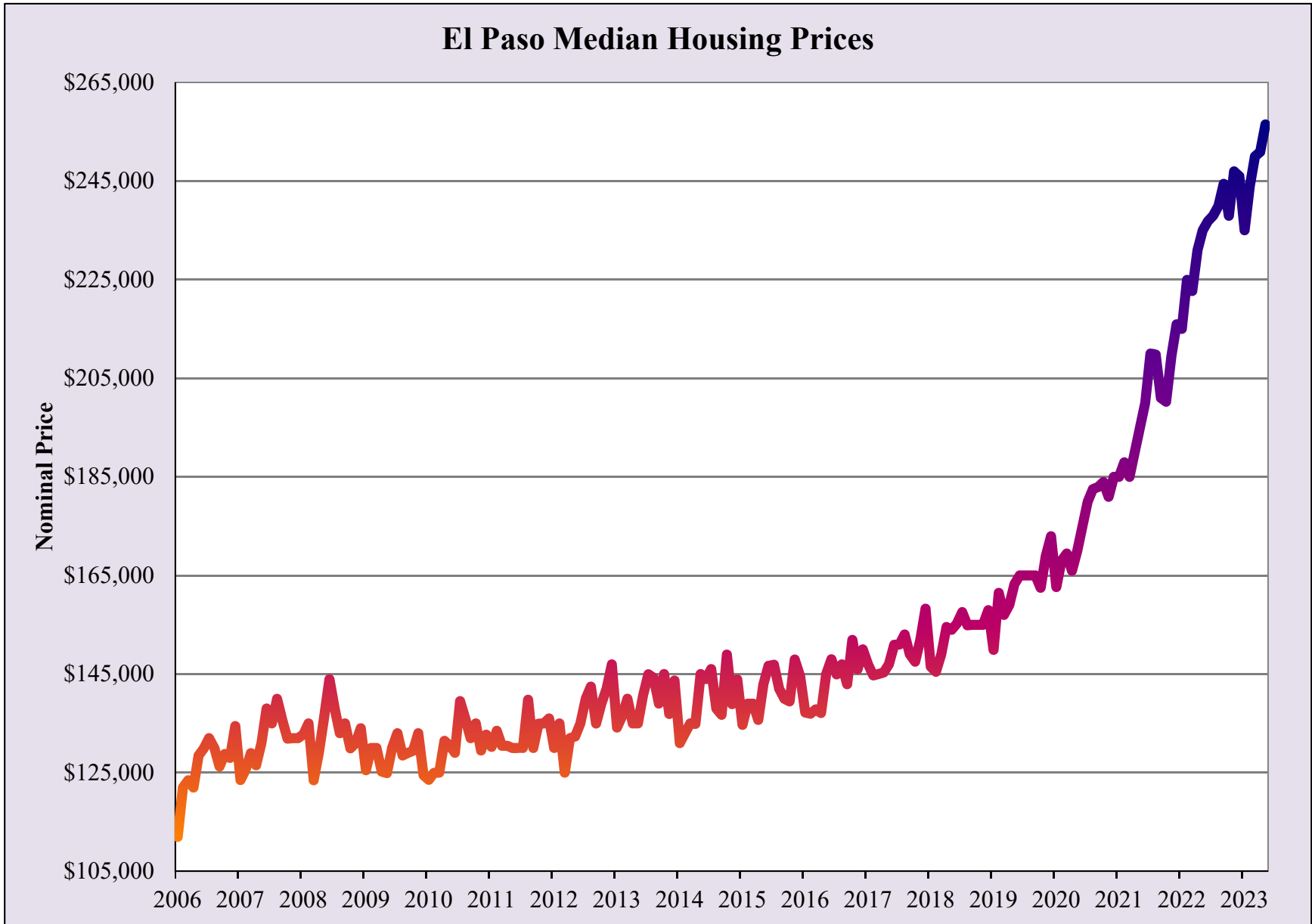
Source: UTEP Border Region Modeling Project using Texas Health and Human Services Commission



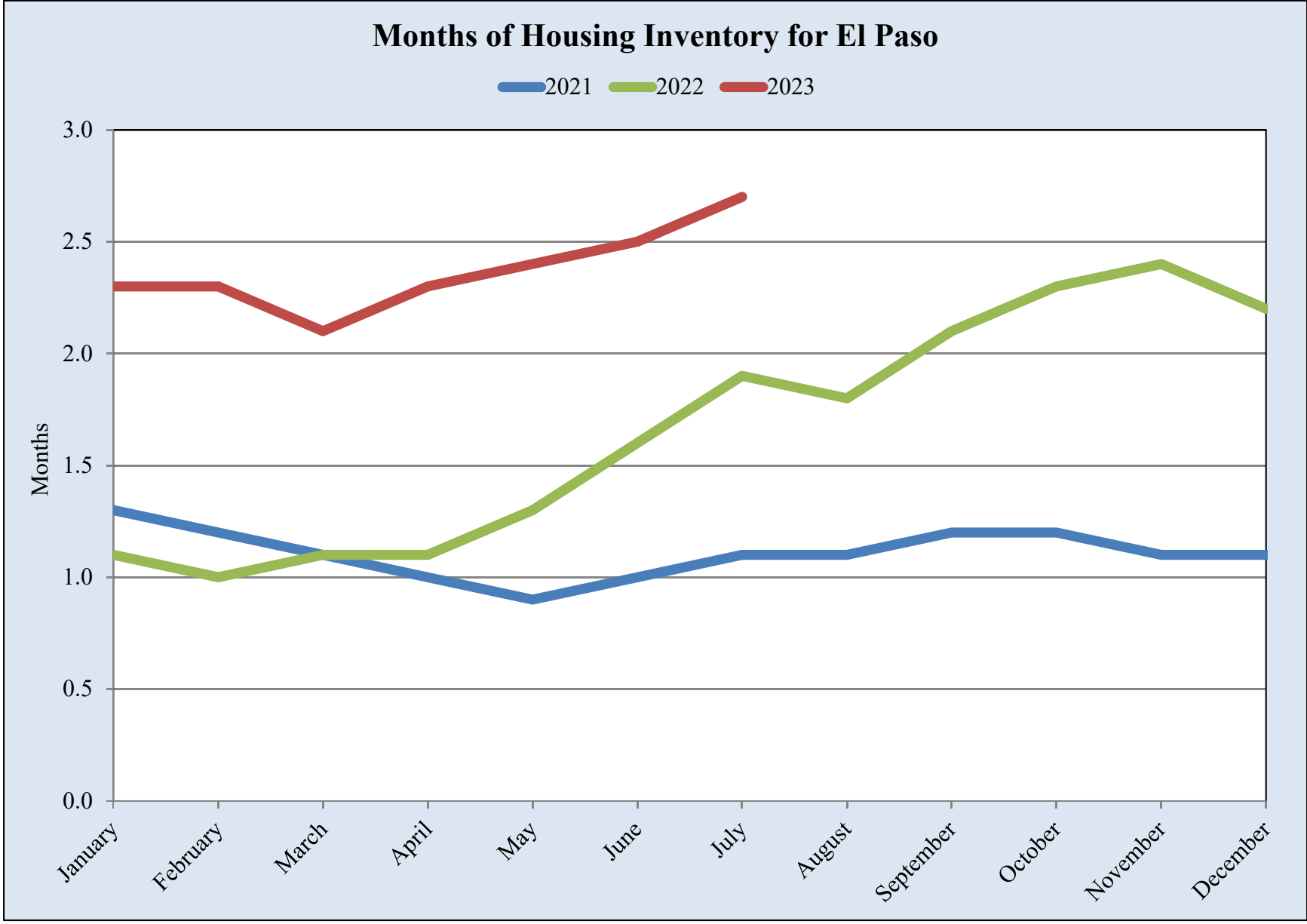
Source: UTEP Border Region Modeling Project using Texas Health and Human Services Commission



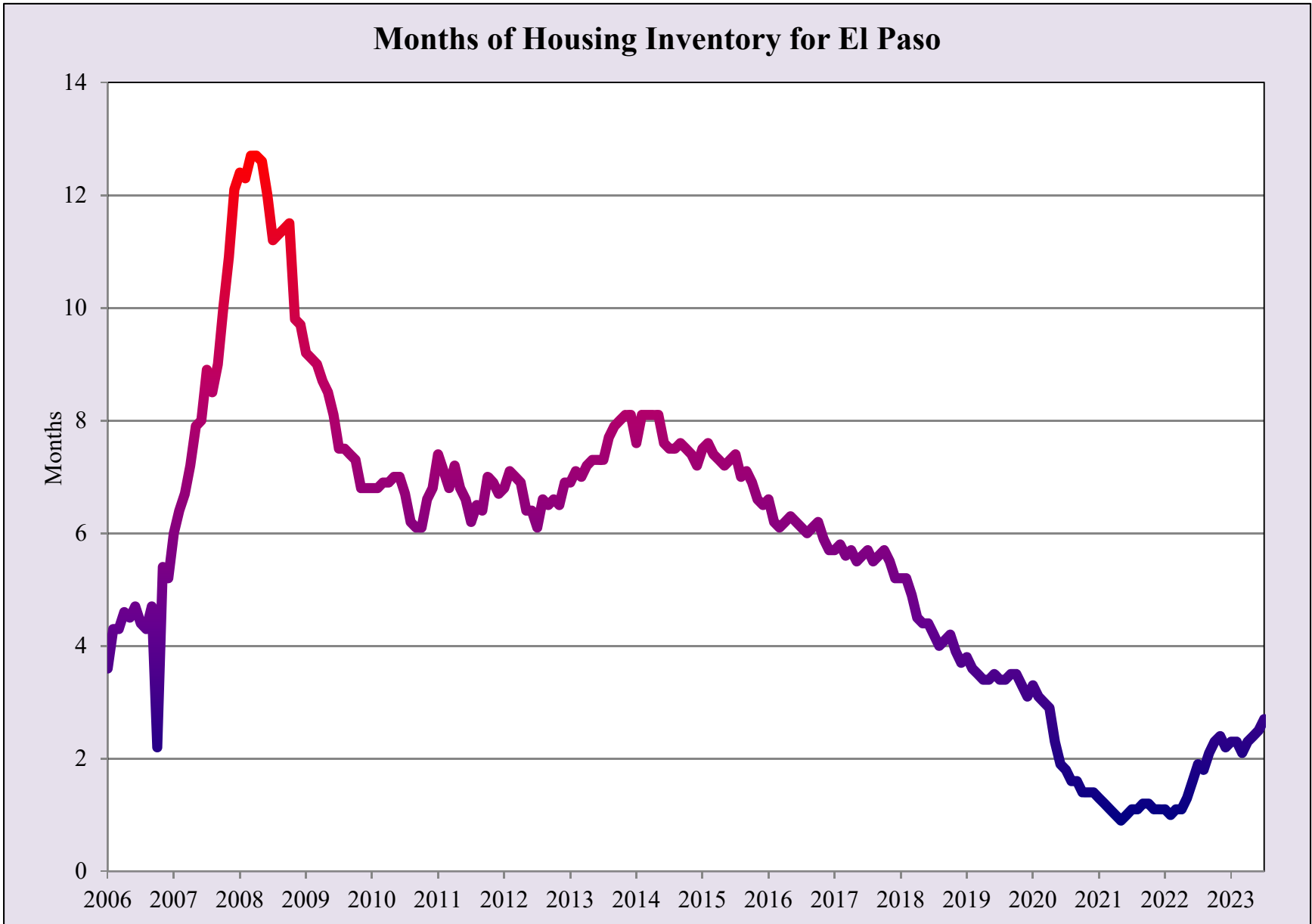
Source: UTEP Border Region Modeling Project using Texas A&M Real Estate Center Data



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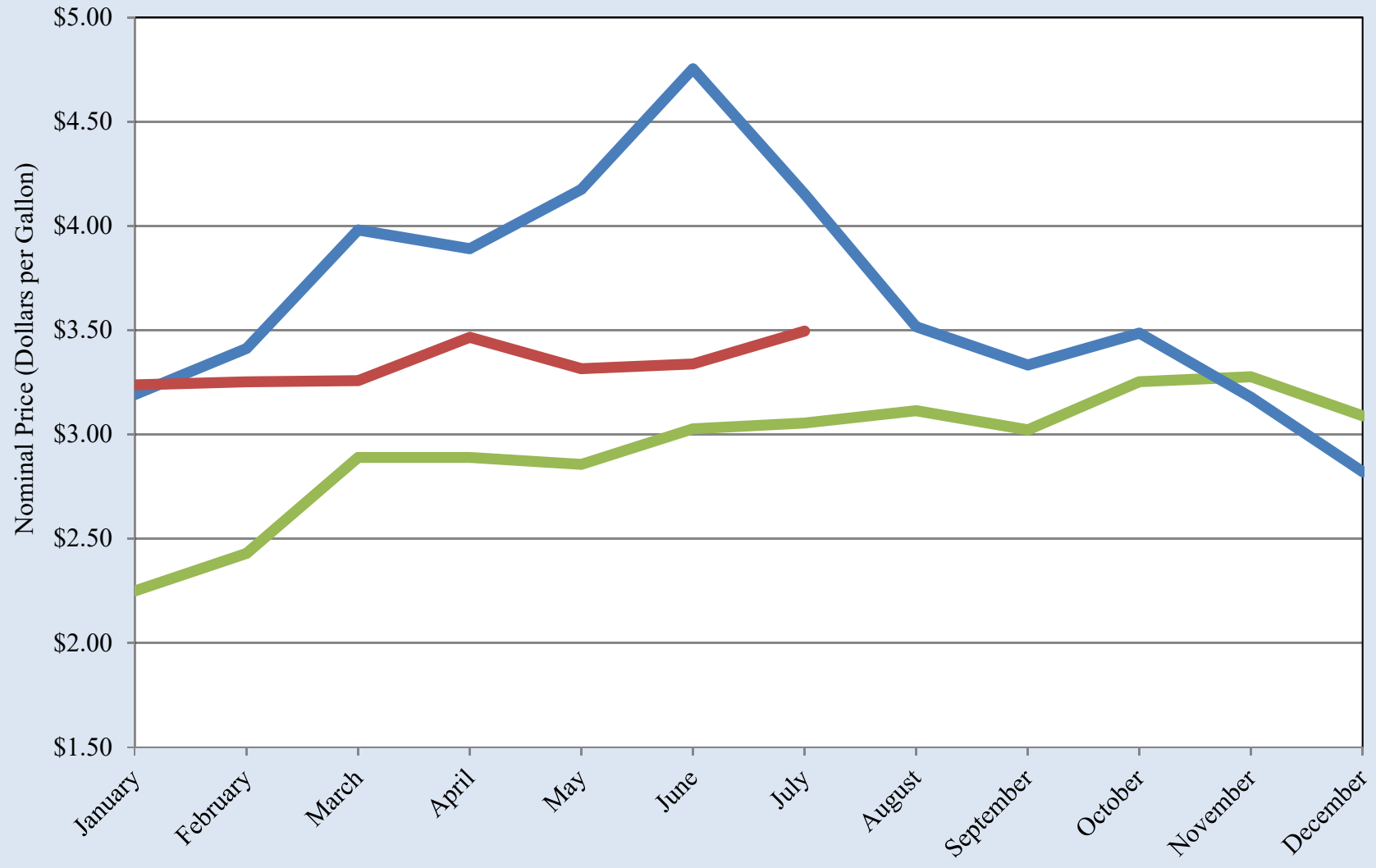
Source: UTEP Border Region Modeling Project using Texas A&M Real Estate Center Data



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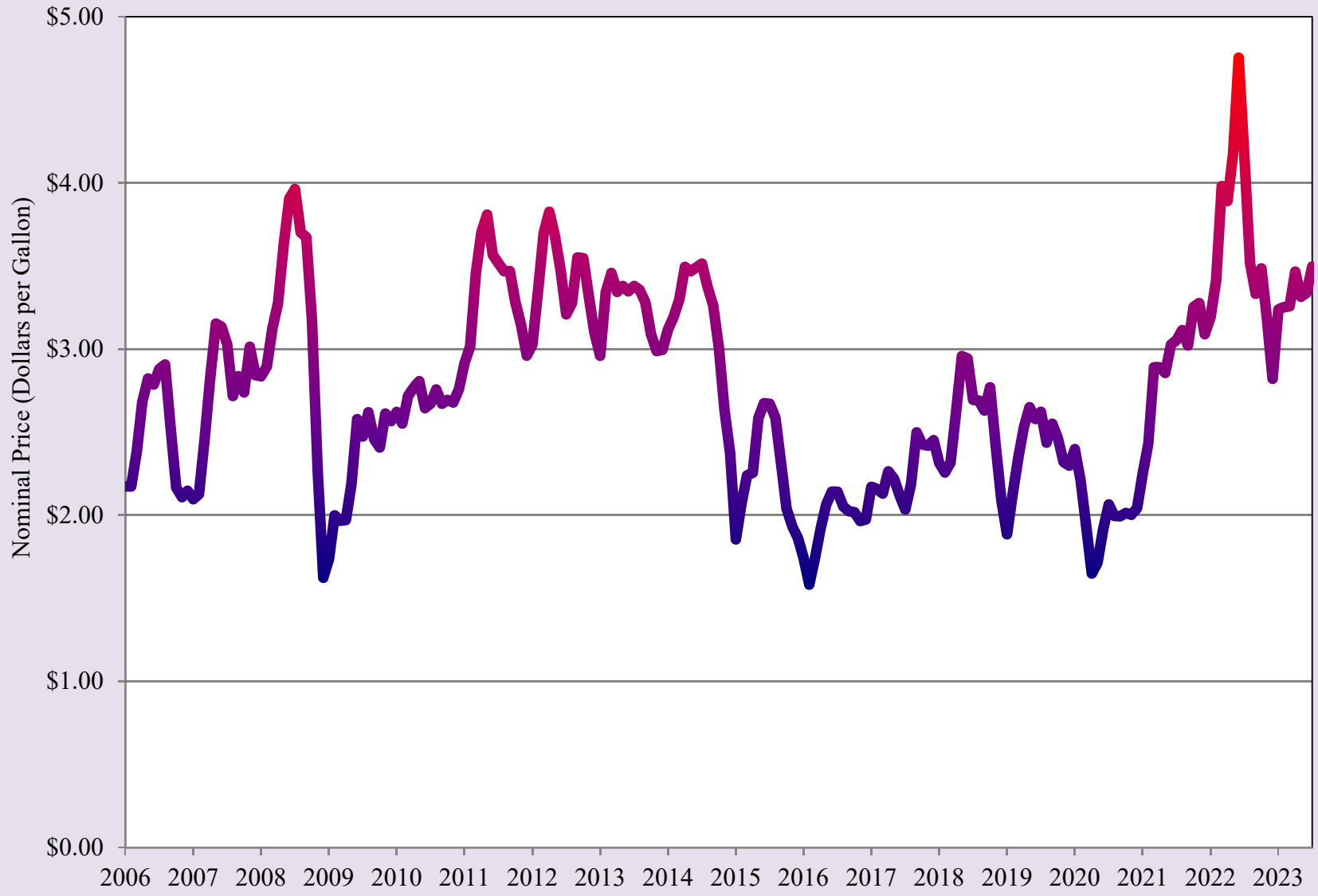
El Paso Gasoline Prices

2021 2022 2023

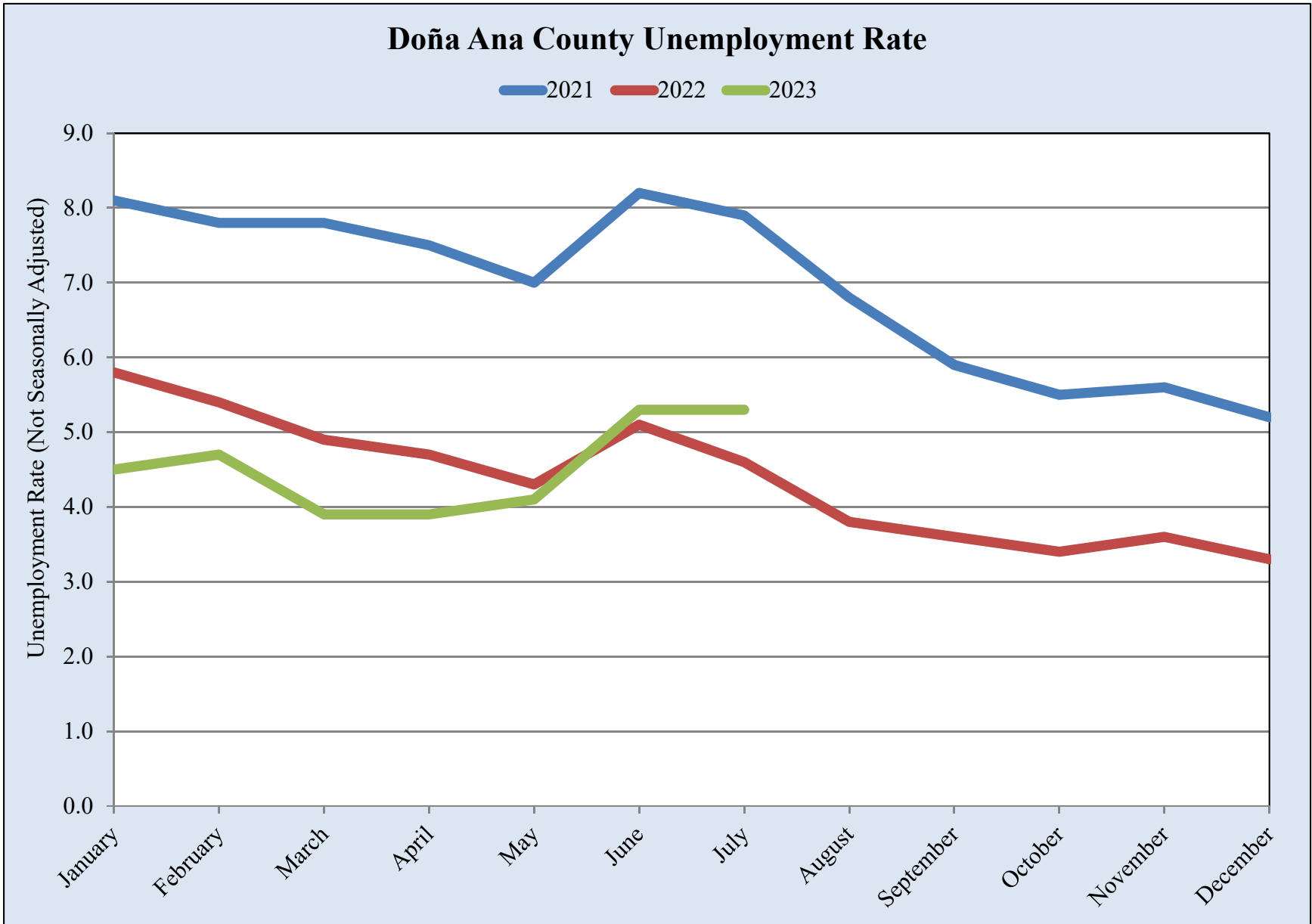


Source: UTEP Border Region Modeling Project using GasBuddy.com Data

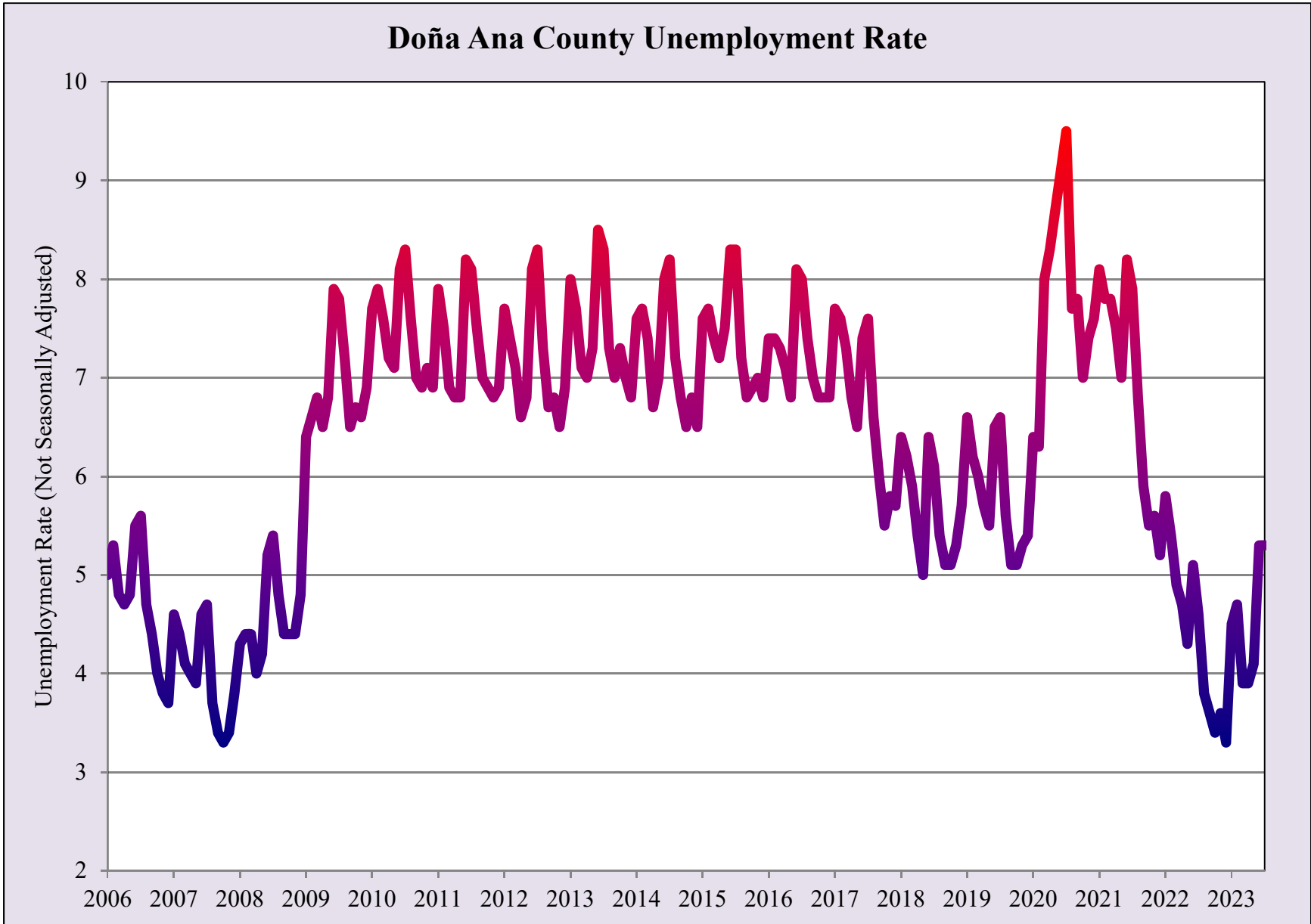
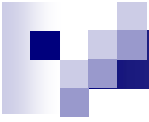
El Paso Gasoline Prices



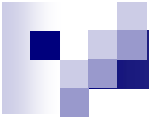
Source: UTEP Border Region Modeling Project using GasBuddy.com Data



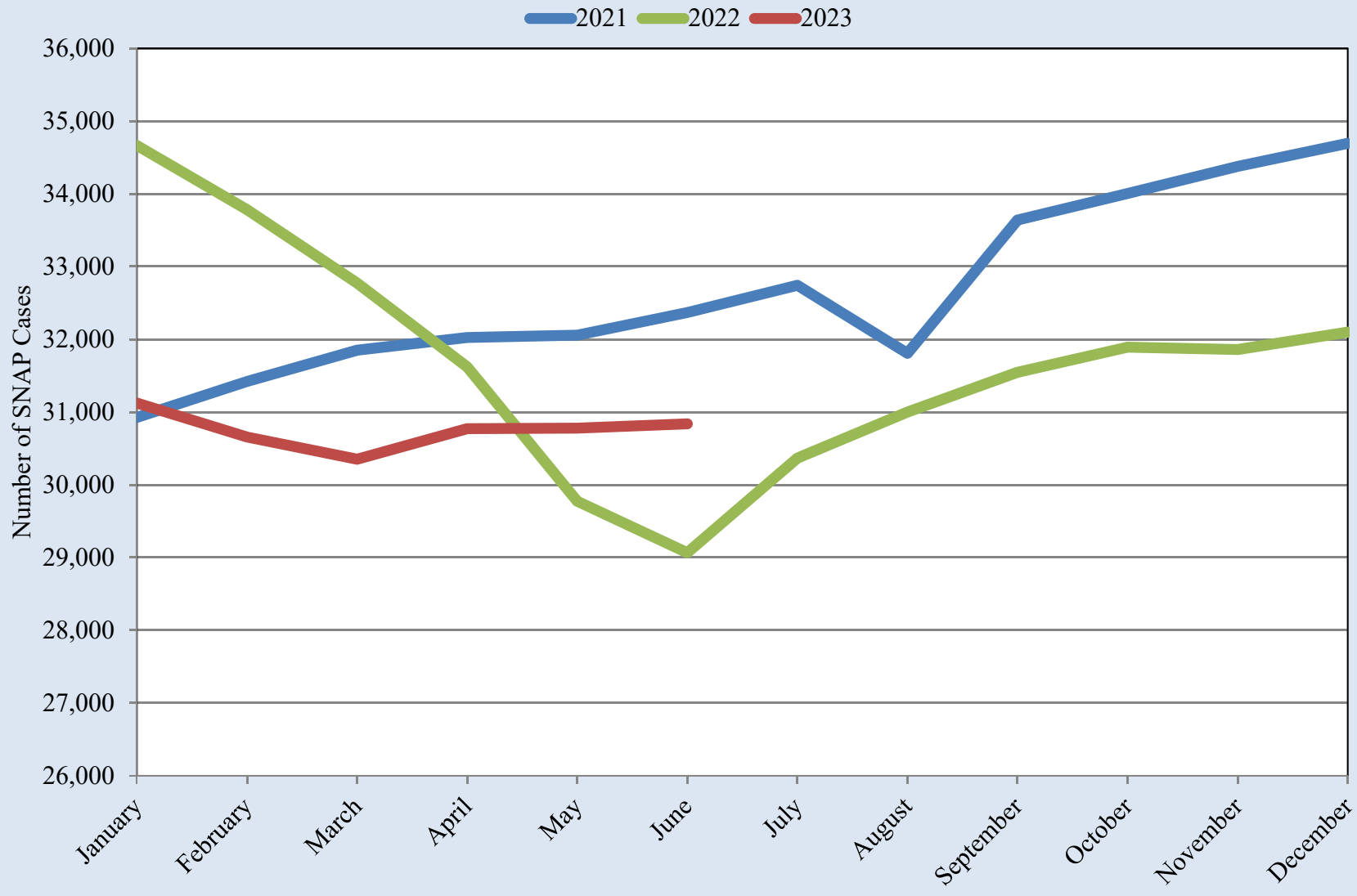
Source: UTEP Border Region Modeling Project using NM Workforce Data



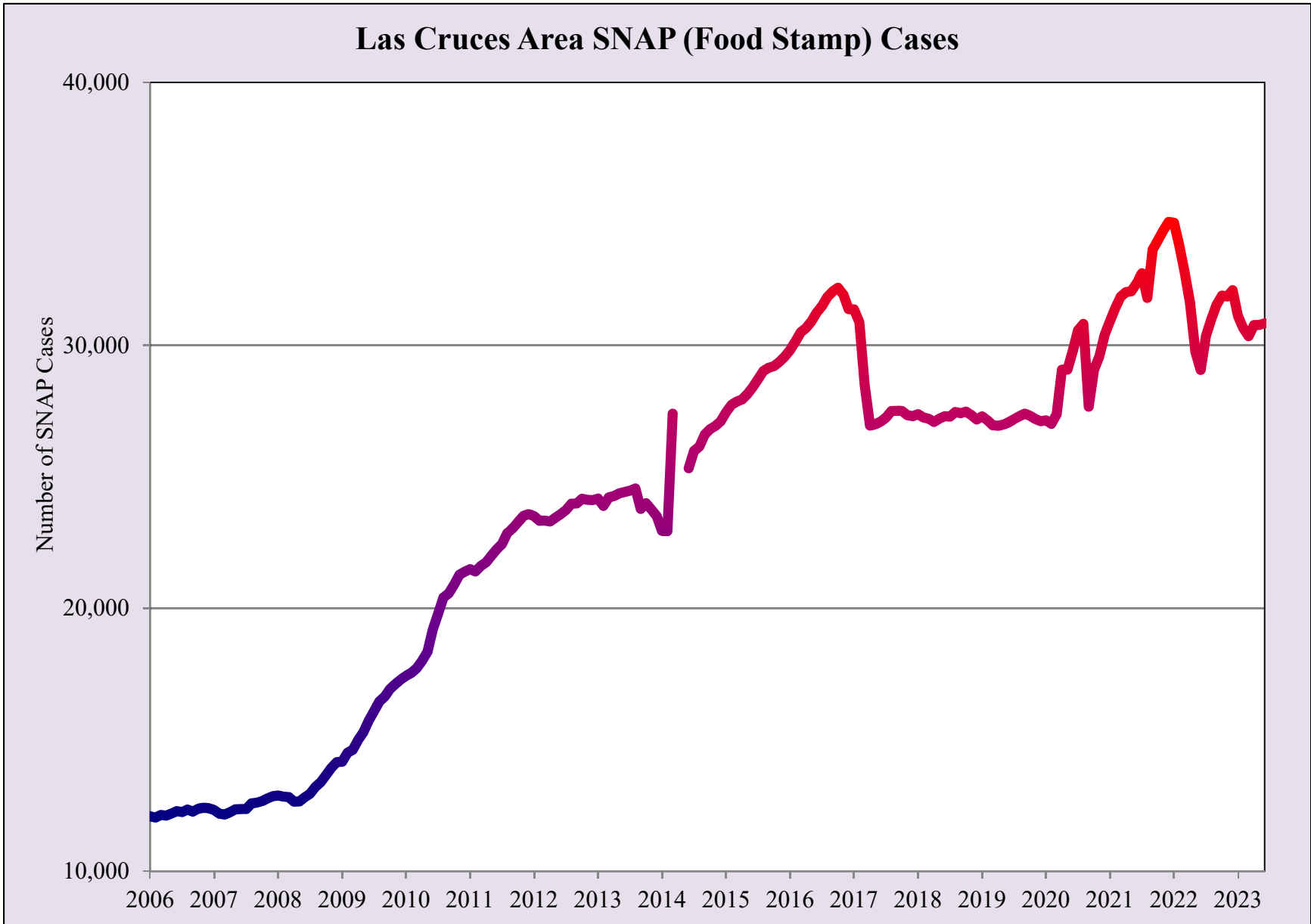
Source: UTEP Border Region Modeling Project using NM Workforce Data



Las Cruces Area SNAP (Food Stamp) Cases



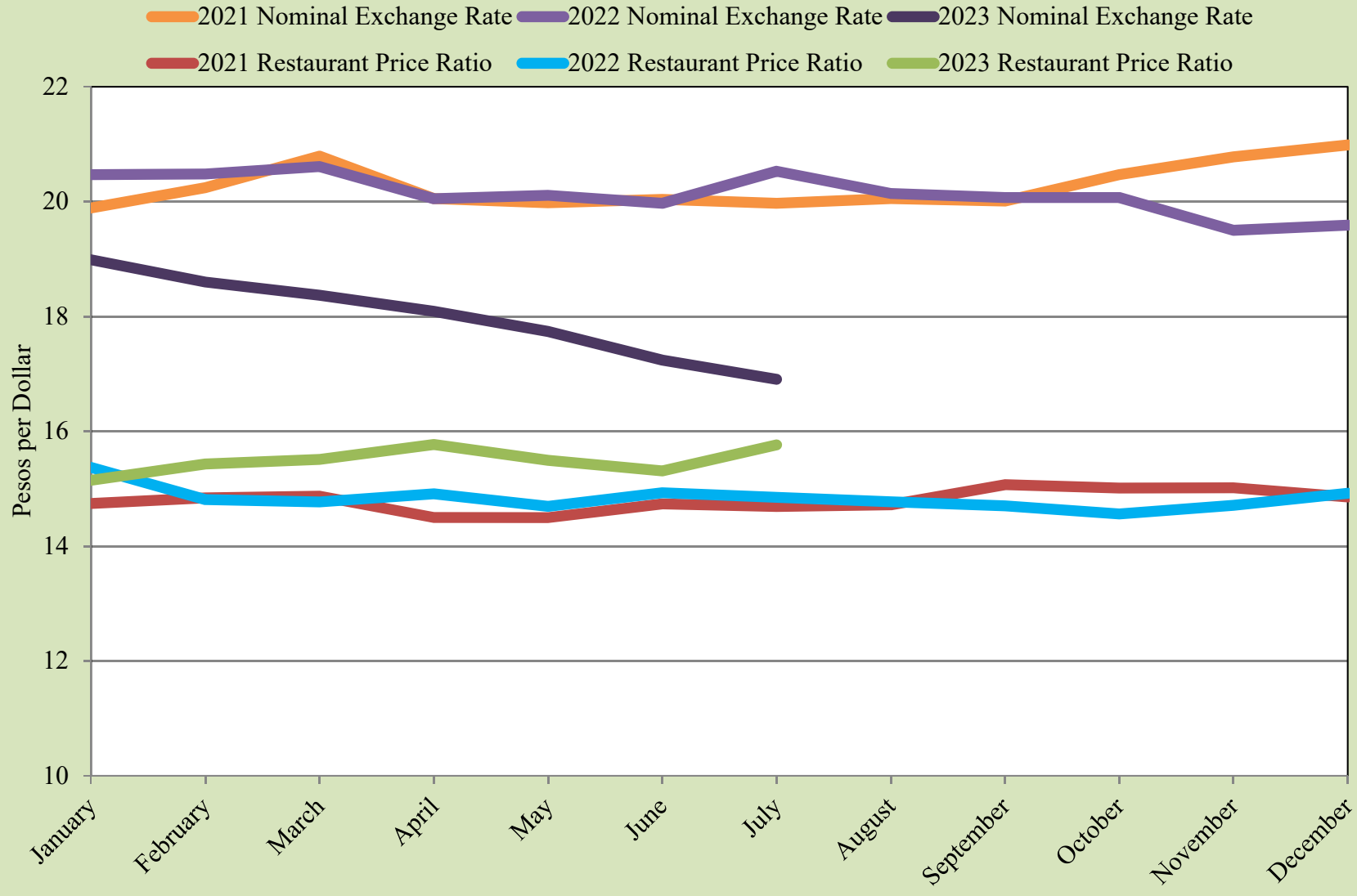
Source: UTEP Border Region Modeling Project using New Mexico Human Services Department Data



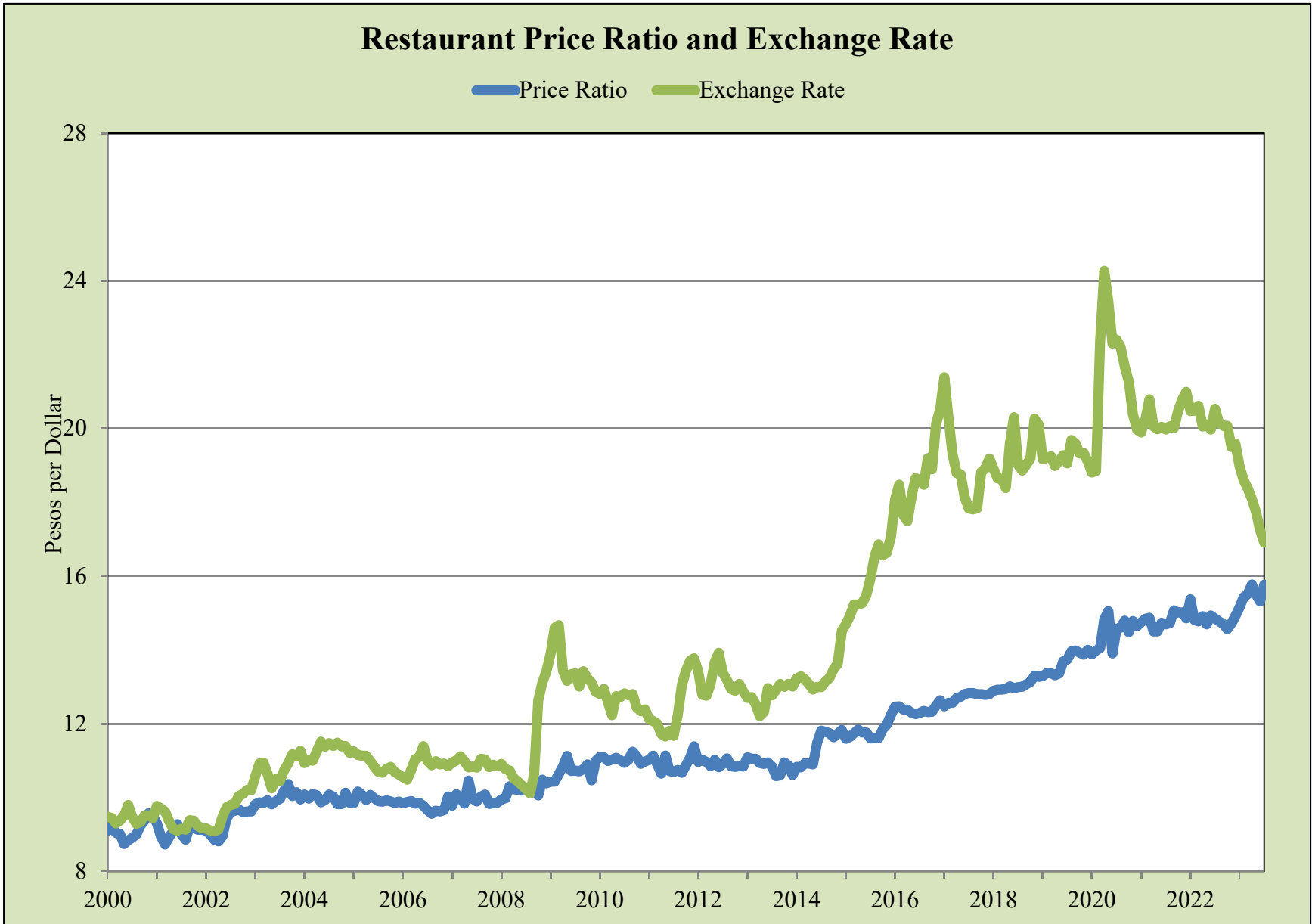
Source: UTEP Border Region Modeling Project using New Mexico Human Services Department Data



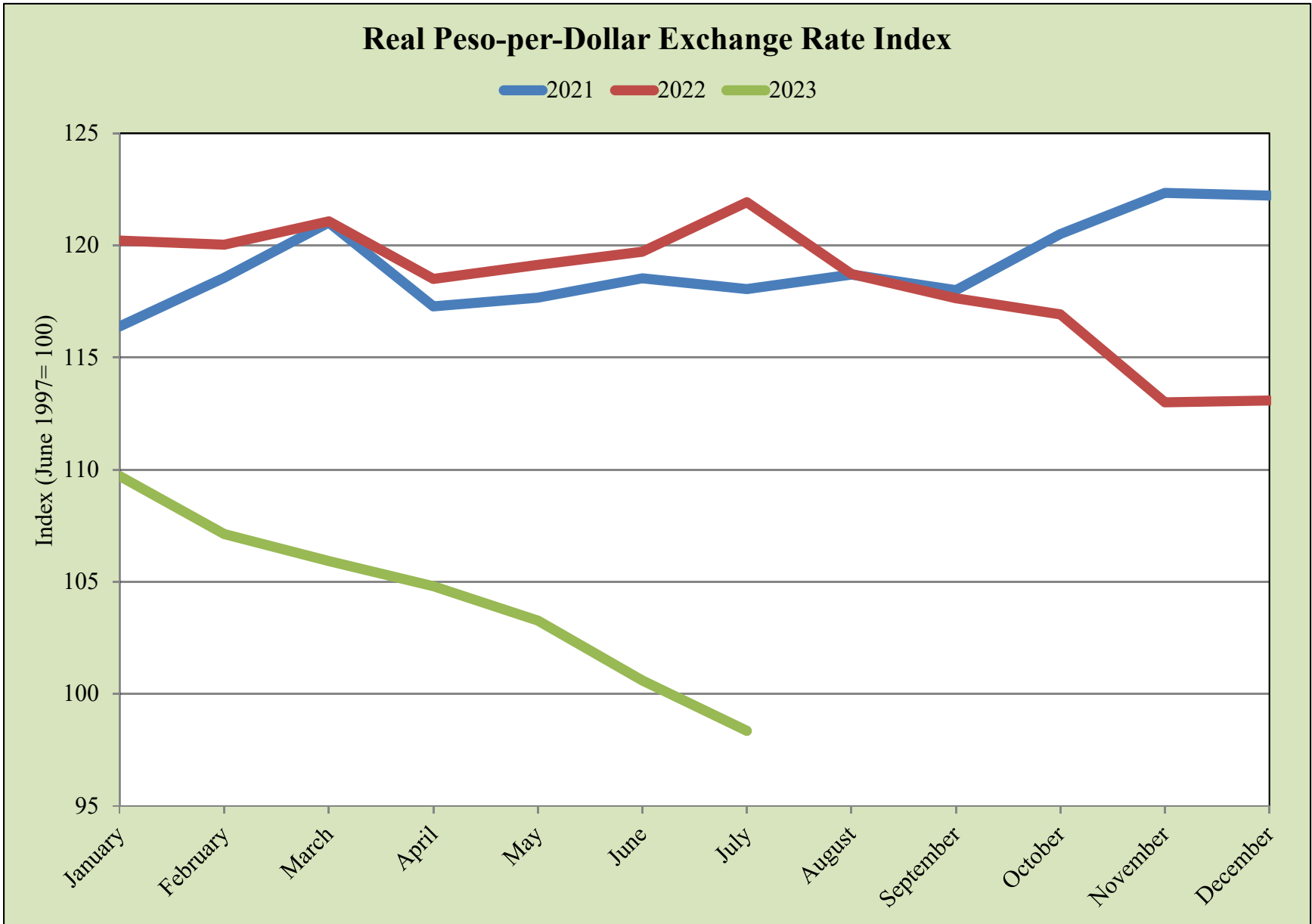
Restaurant Price Ratio and Exchange Rate



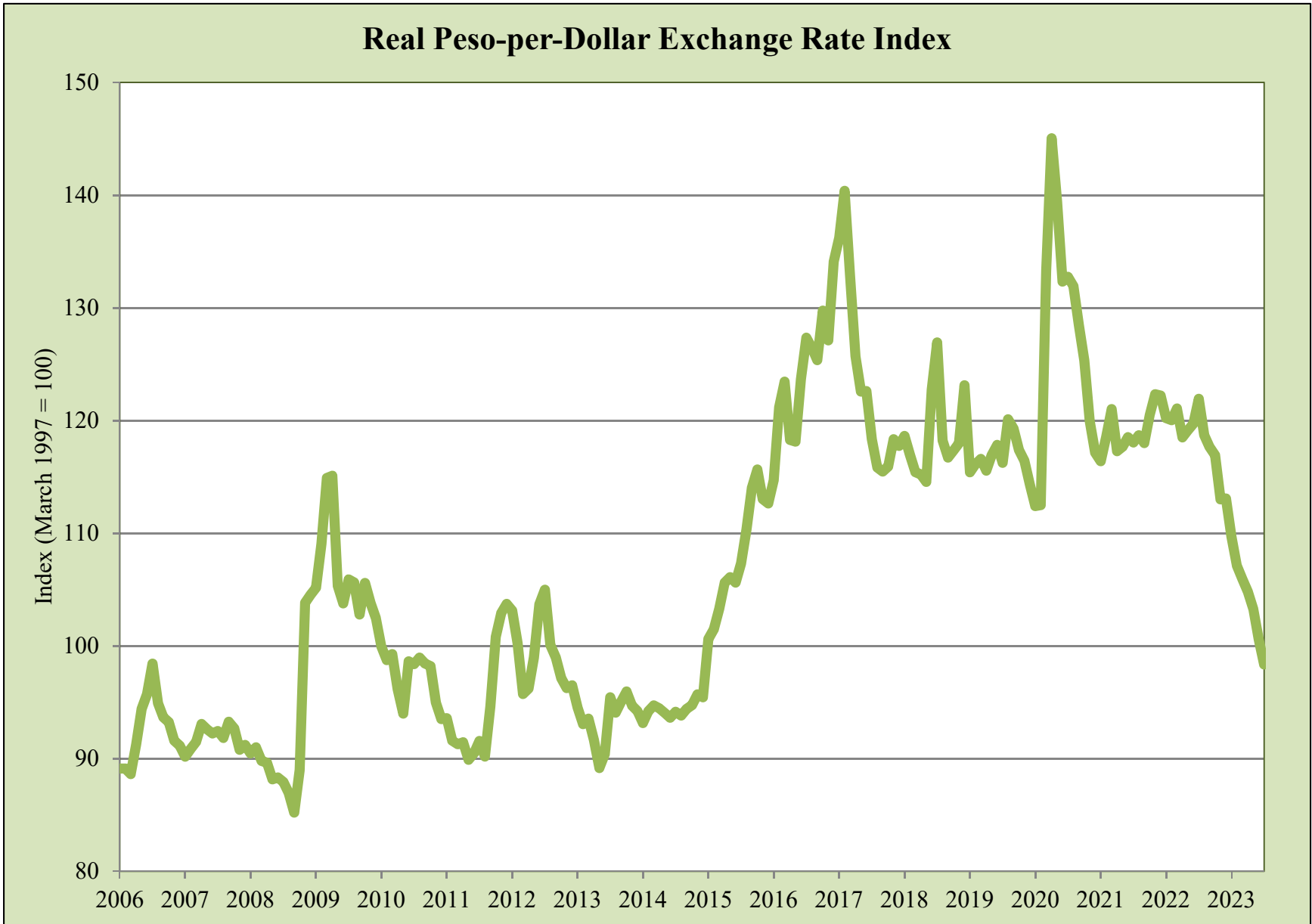
Source: UTEP Border Region Modeling Project using 85 identical franchise restaurant products sold on both sides of the border.



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



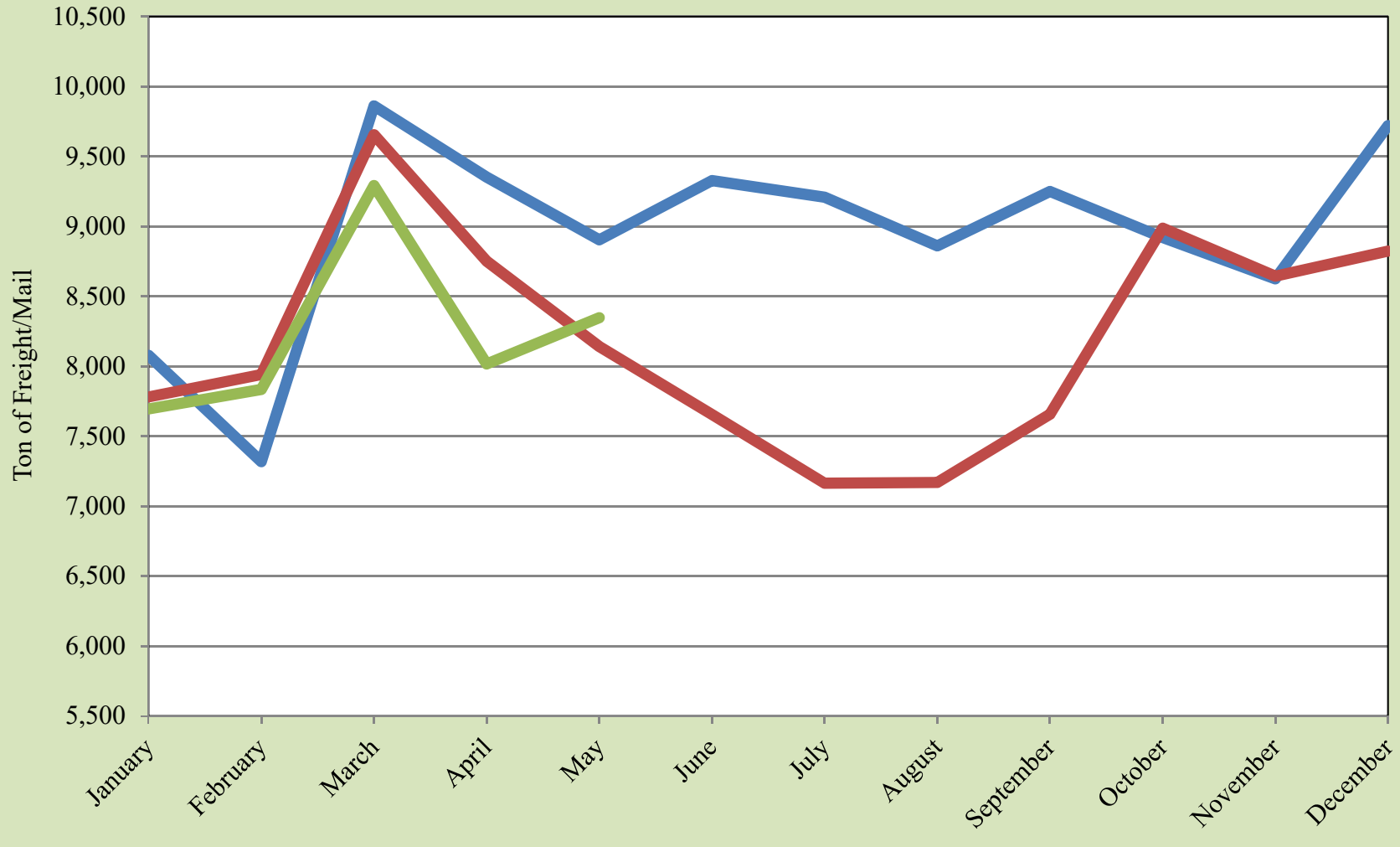
Source: UTEP Border Region Modeling Project



Source: UTEP Border Region Modeling Project

EPIA Freight and Mail

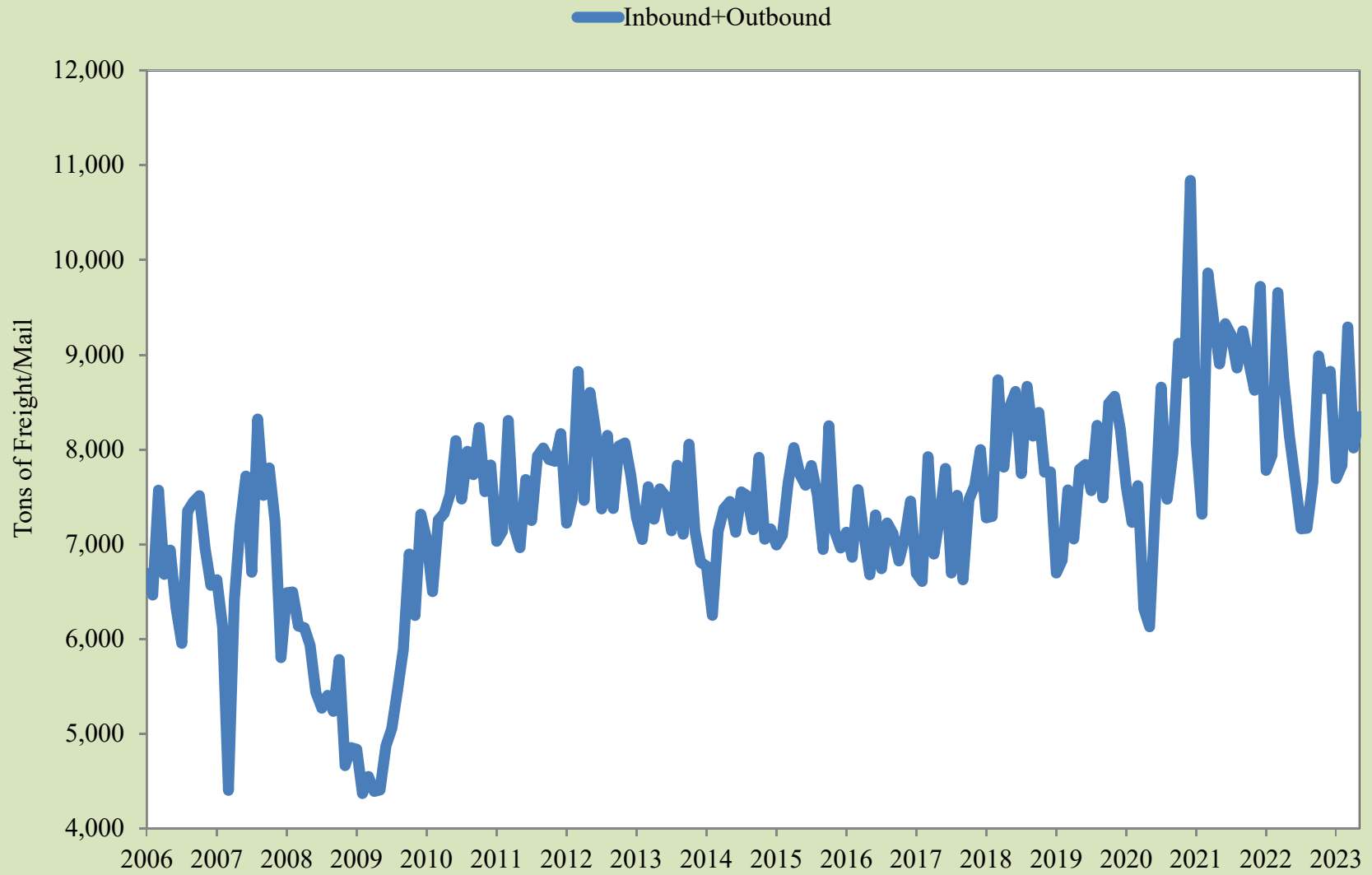
— Total 2021 — Total 2022 — Total 2023



Source: UTEP Border Region Modeling Project using EPIA Operations Data

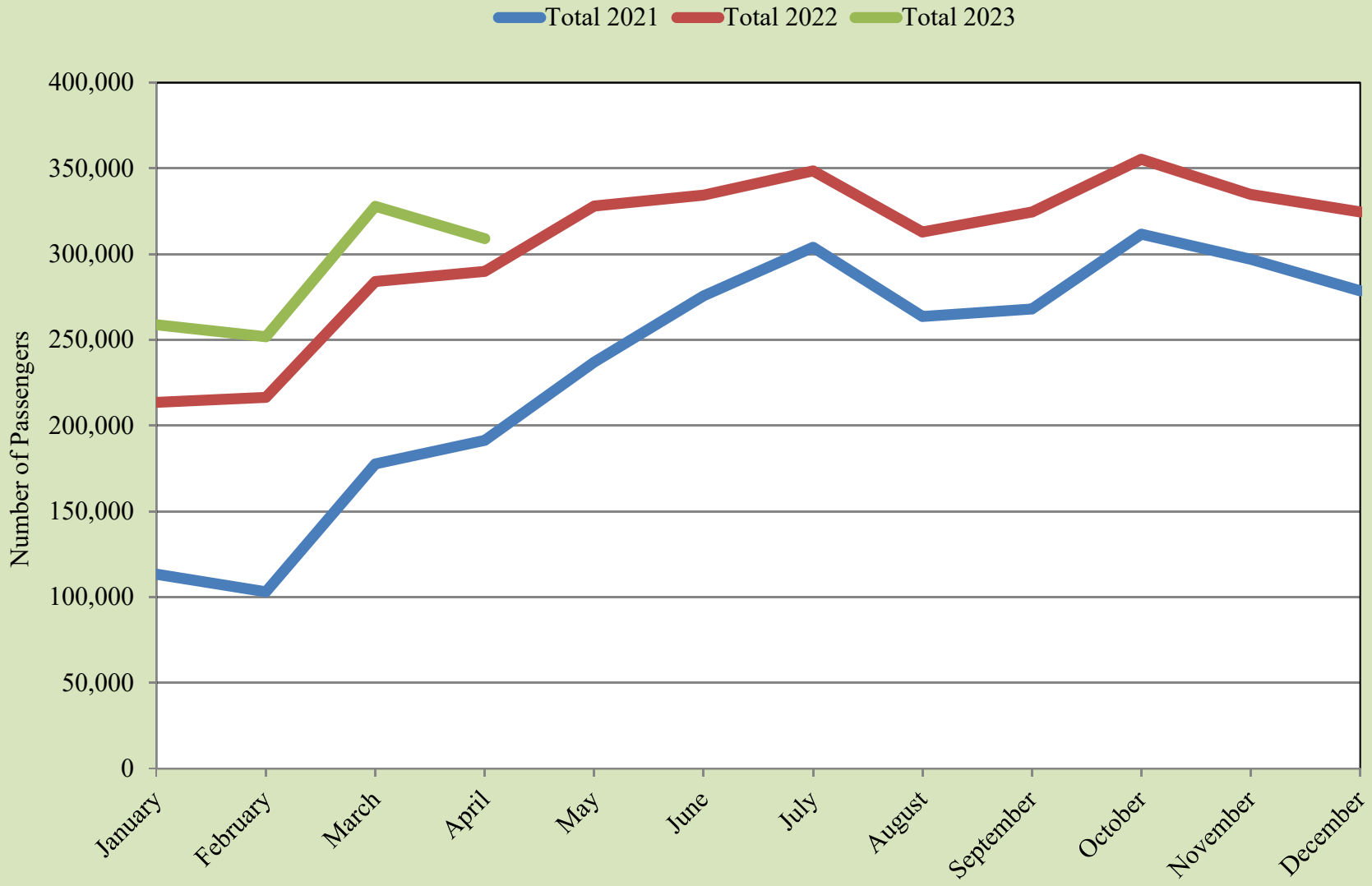


EPIA Freight and Mail

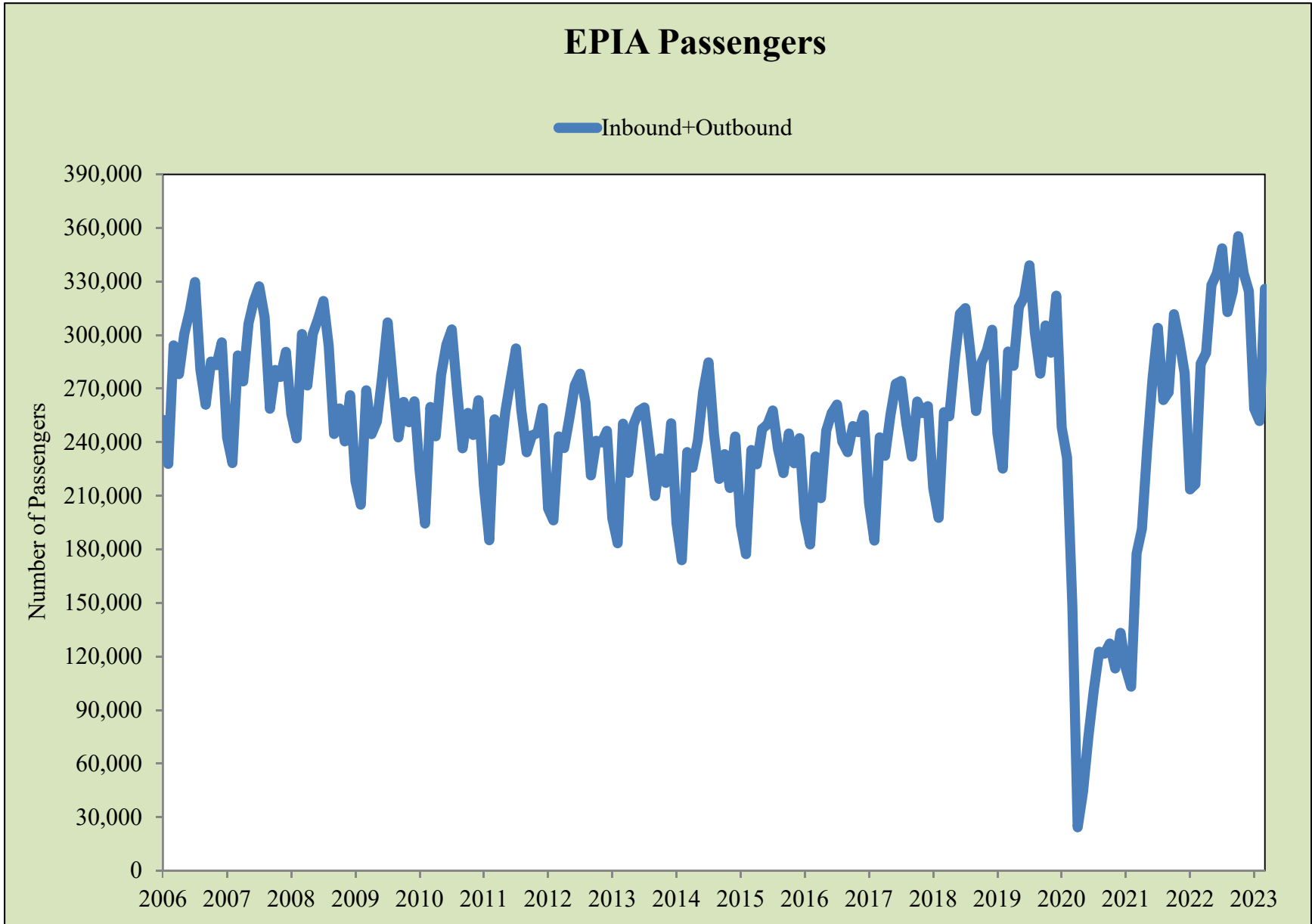


Source: UTEP Border Region Modeling Project using EPIA Operations Data

EPIA Passengers



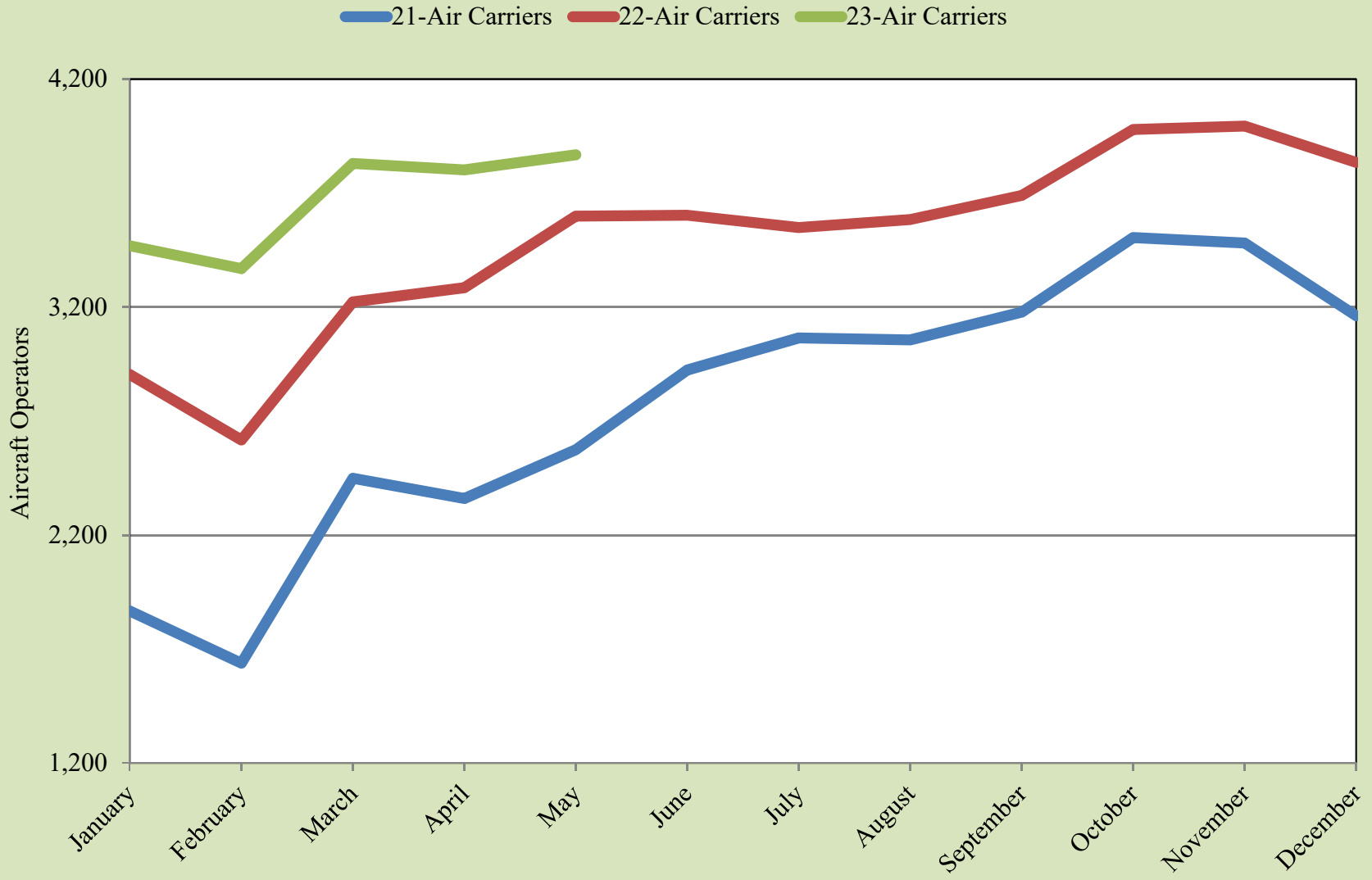
Source: UTEP Border Region Modeling Project using EPIA Operations Data



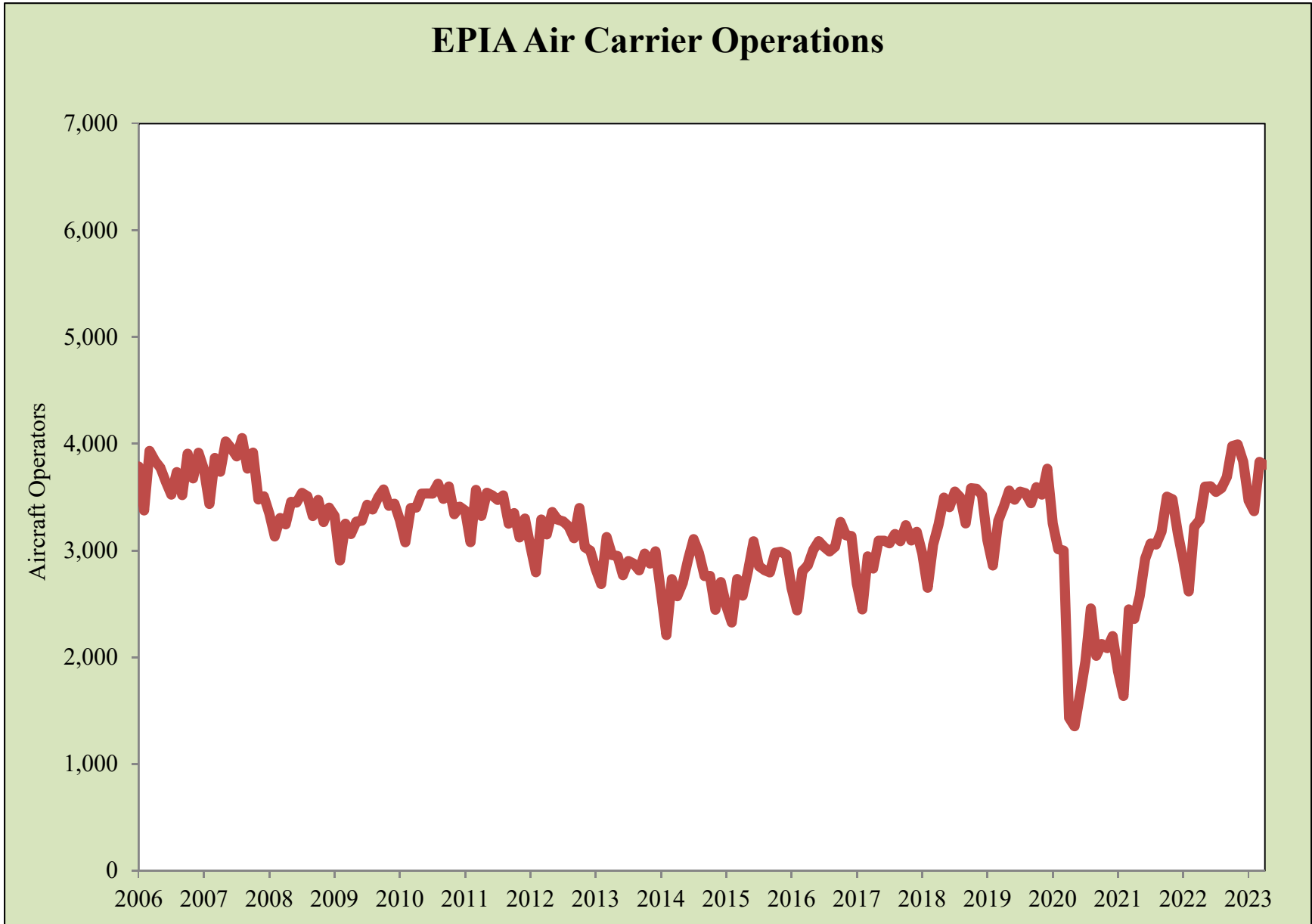
Source: UTEP Border Region Modeling Project using EPIA Operations Data



EPIA Air Carrier Operations



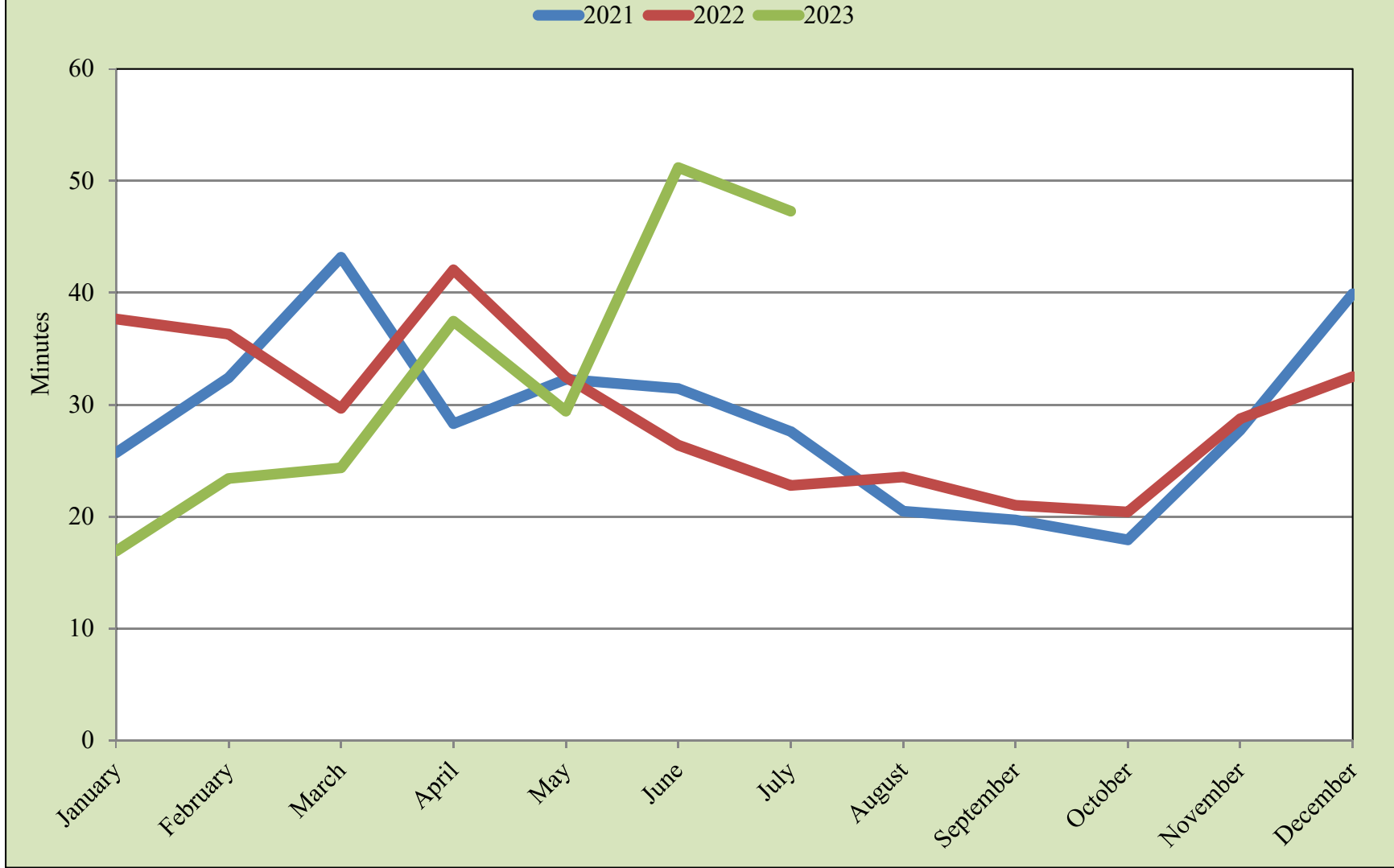
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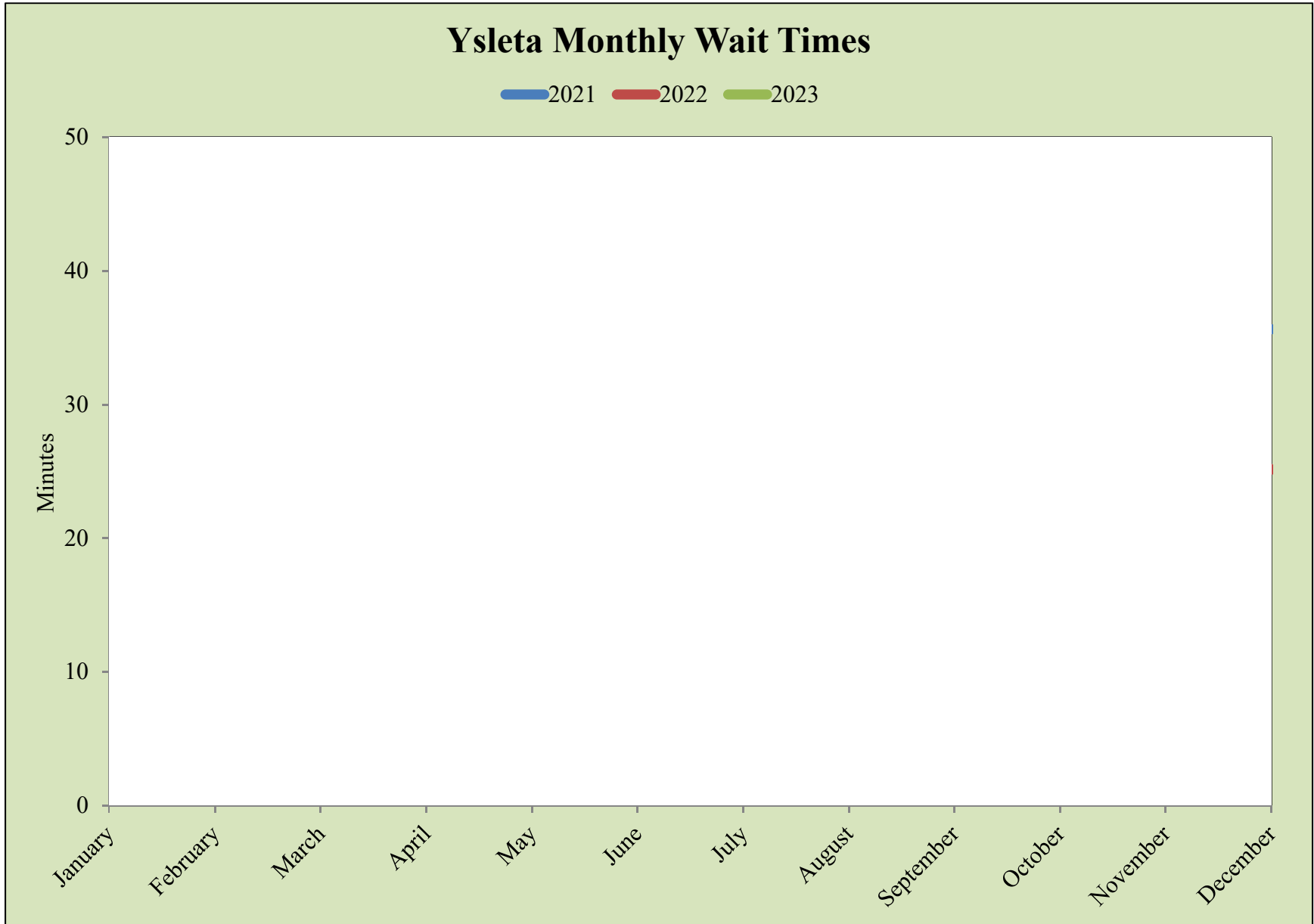
Source: UTEP Border Region Modeling Project using EPIA Operations Data



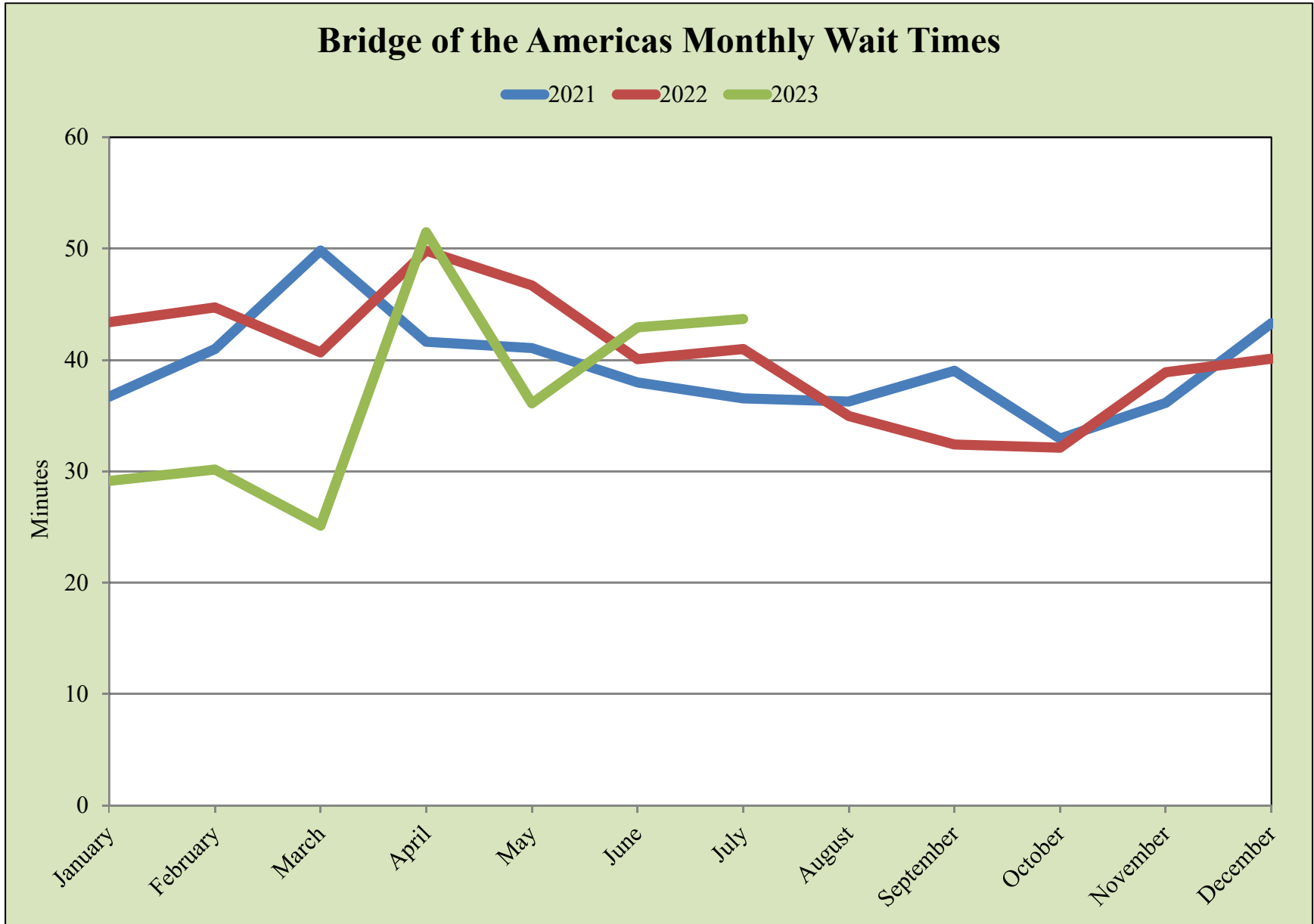
Paso del Norte Monthly Wait Times



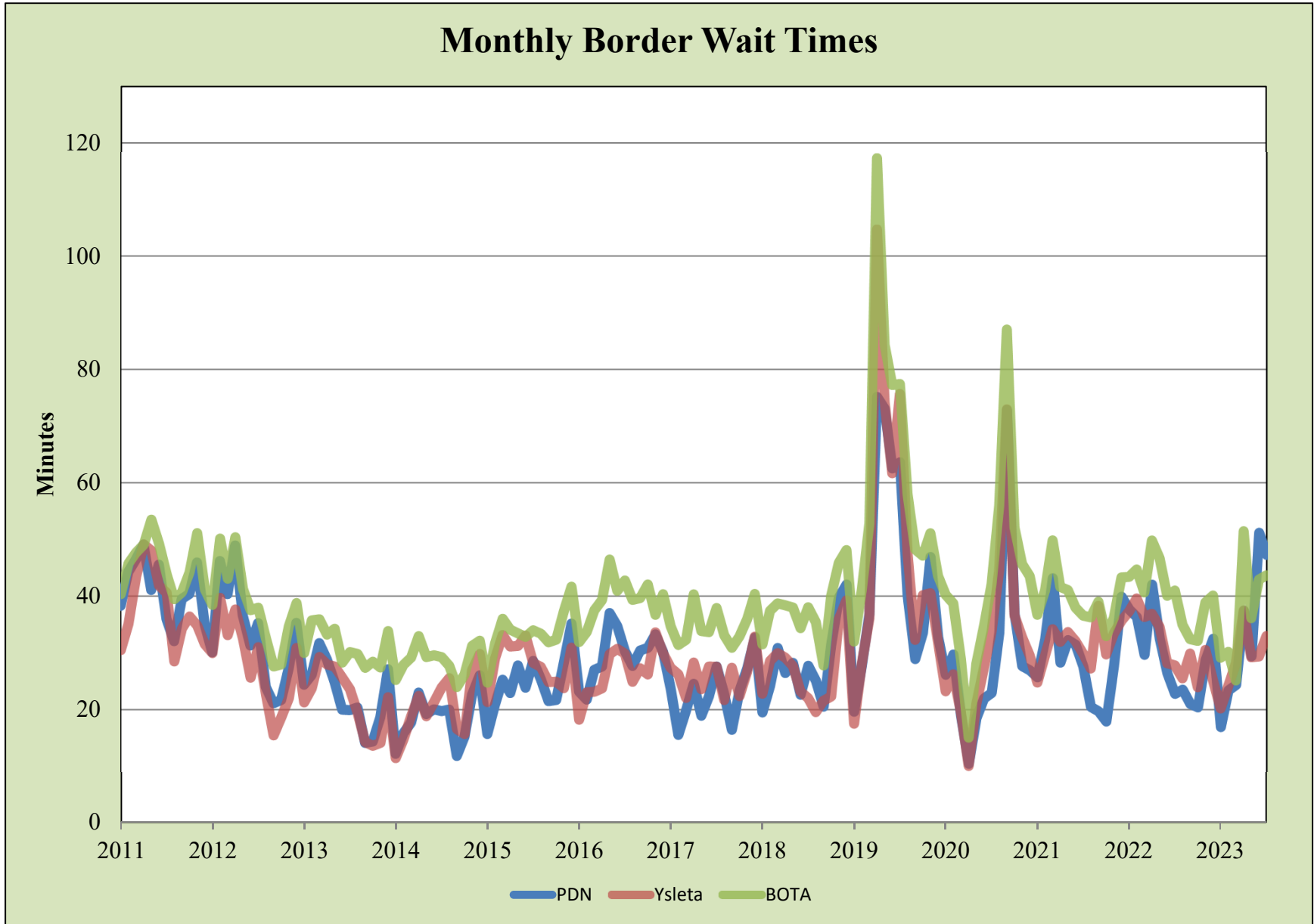
Source: UTEP Border Region Modeling Project using US Customs & Border Protection Data



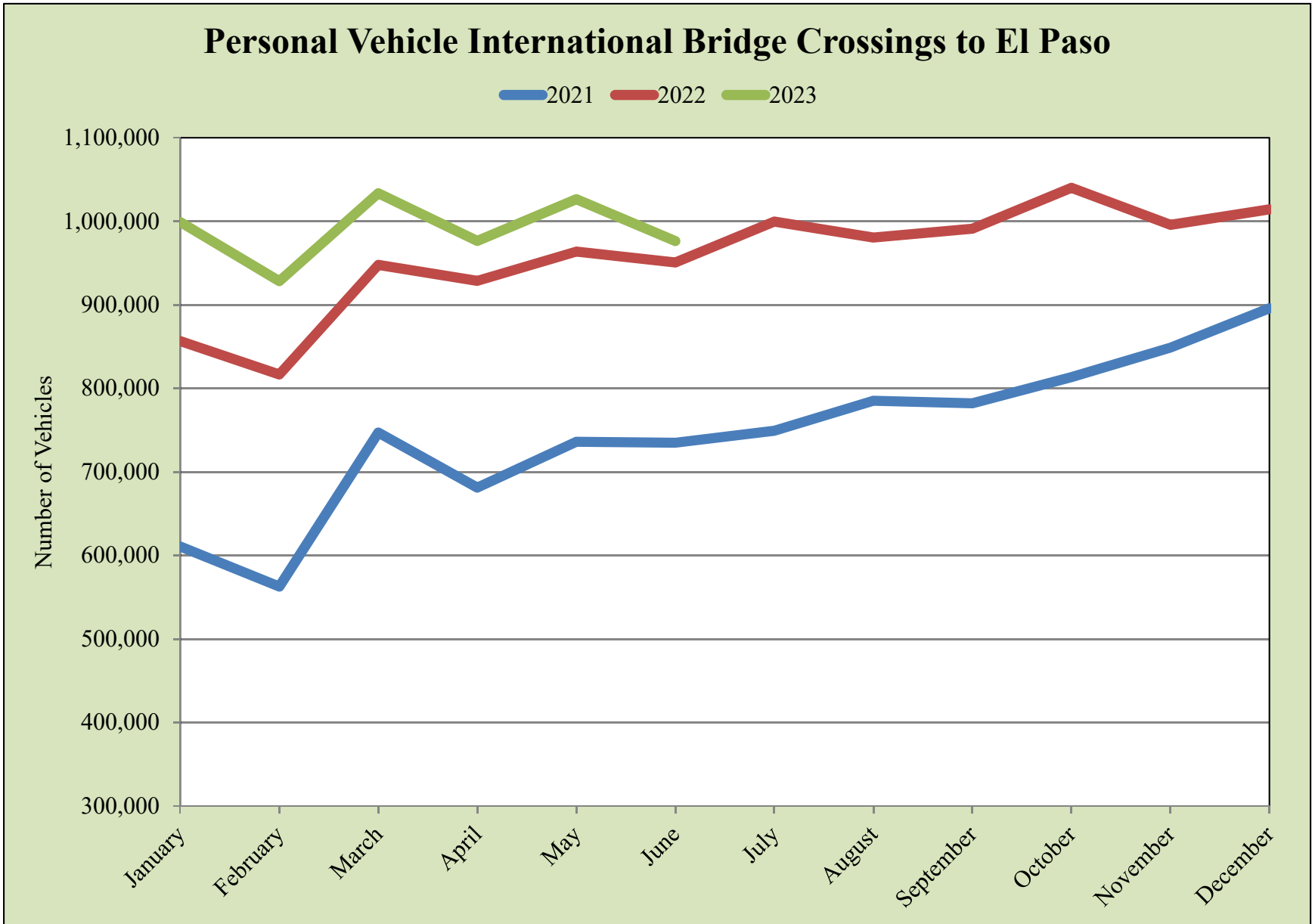
Source: UTEP Border Region Modeling Project using US Customs & Border Protection Data



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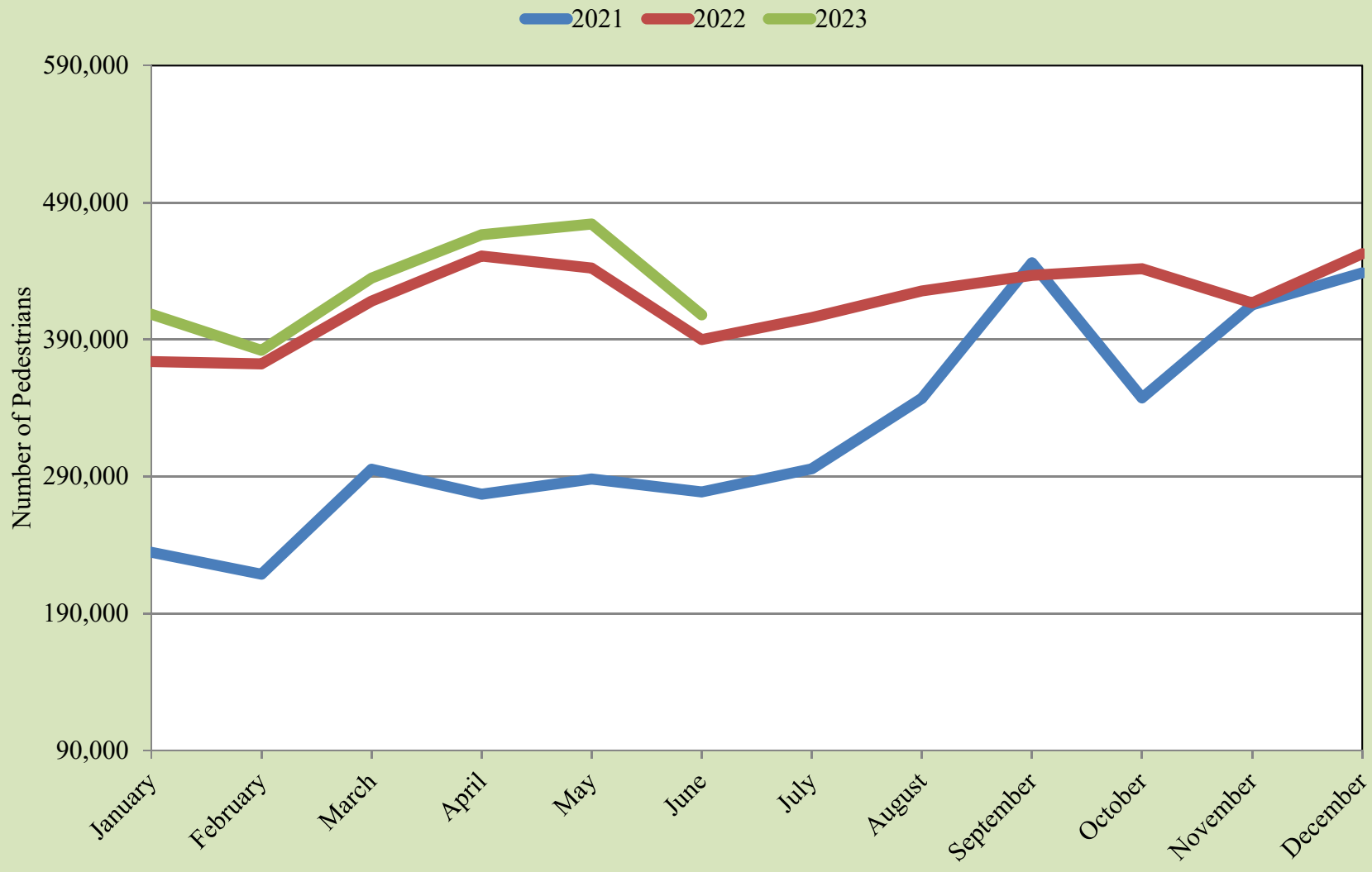
Personal Vehicle International Bridge Crossings to El Paso



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



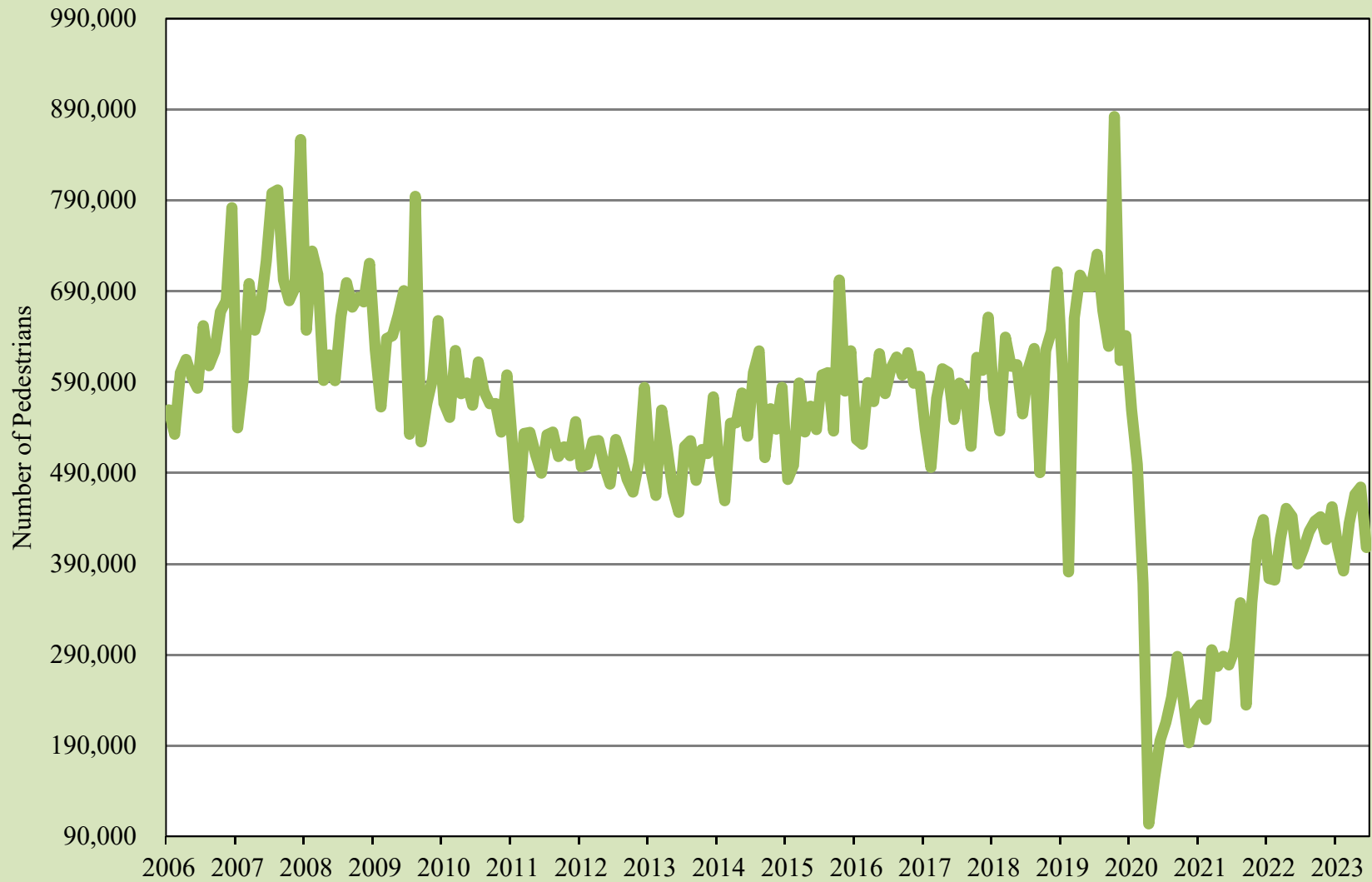
Pedestrian International Bridge Crossings to El Paso



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



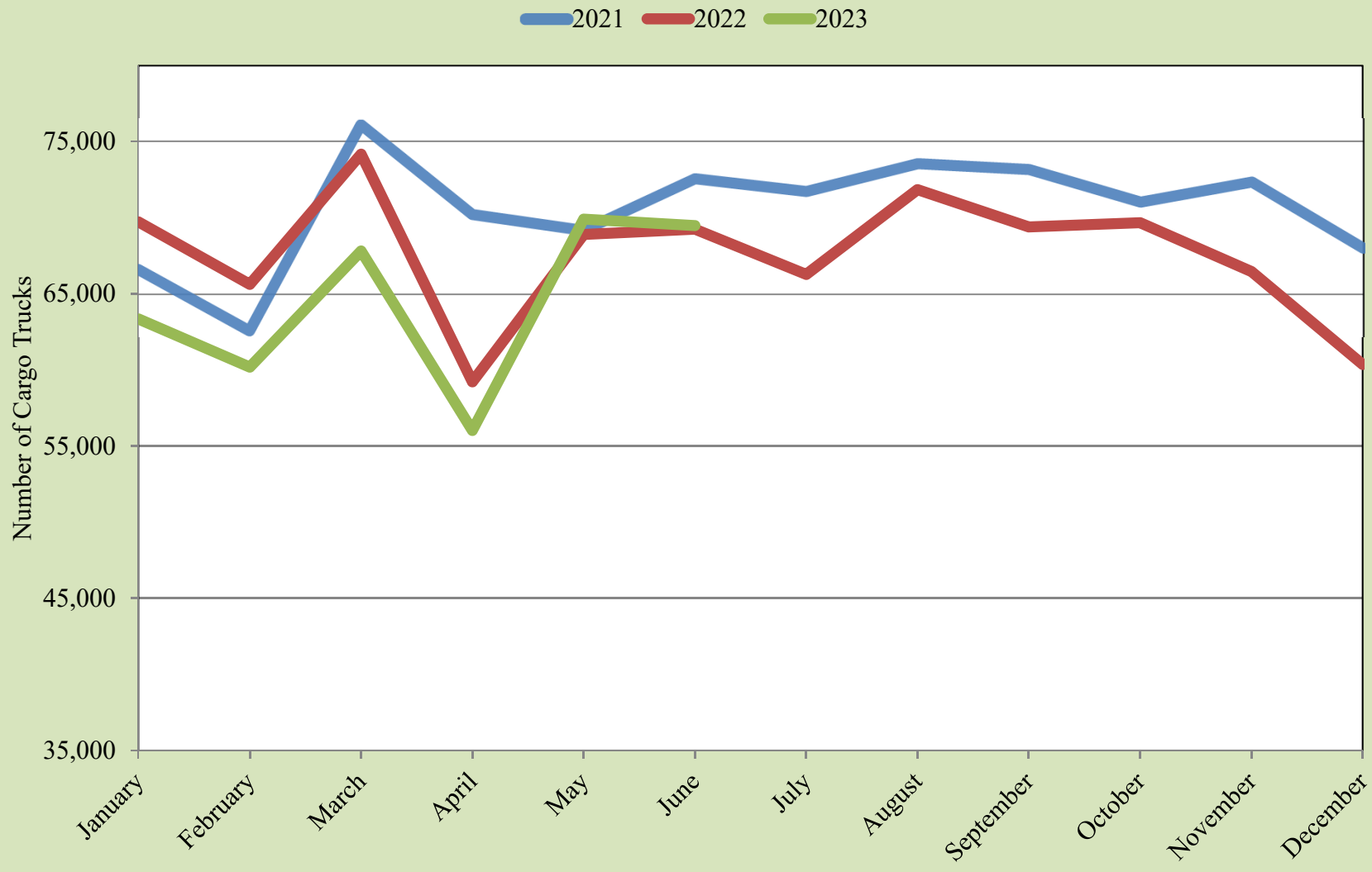
Pedestrian International Bridge Crossings to El Paso



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



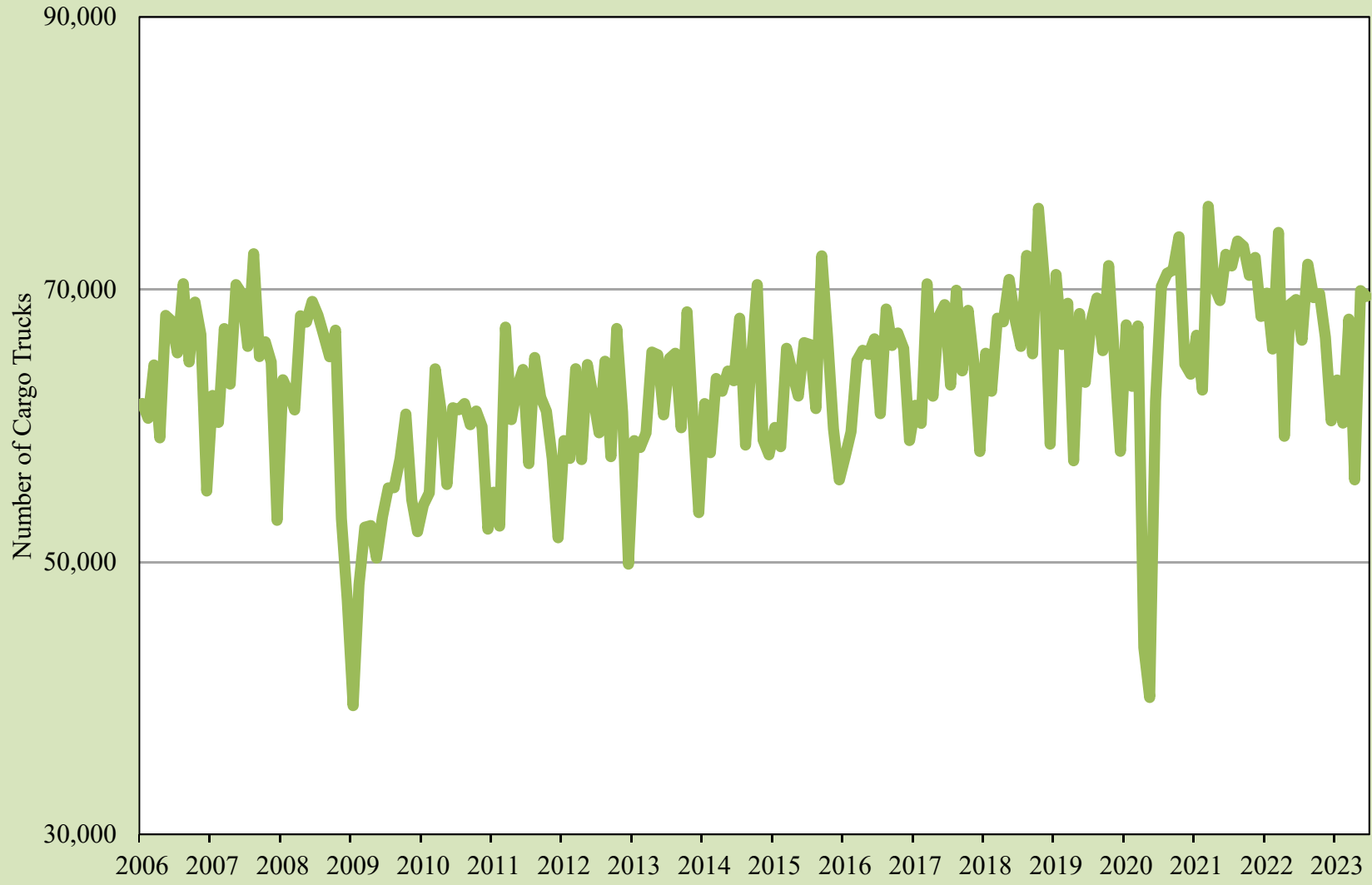
Cargo Truck International Bridge Crossings to El Paso



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



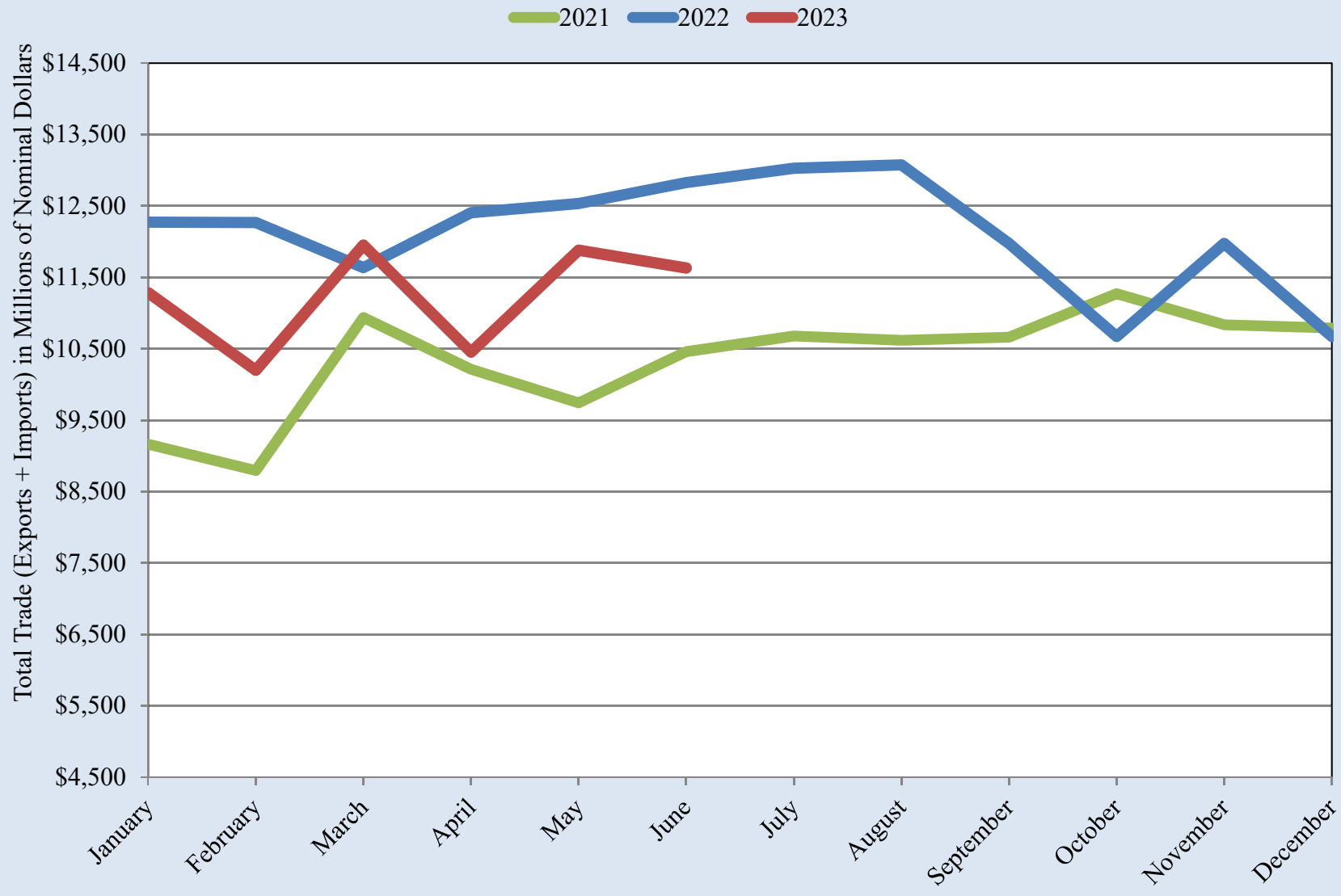
Cargo Truck International Bridge Crossings to El Paso



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



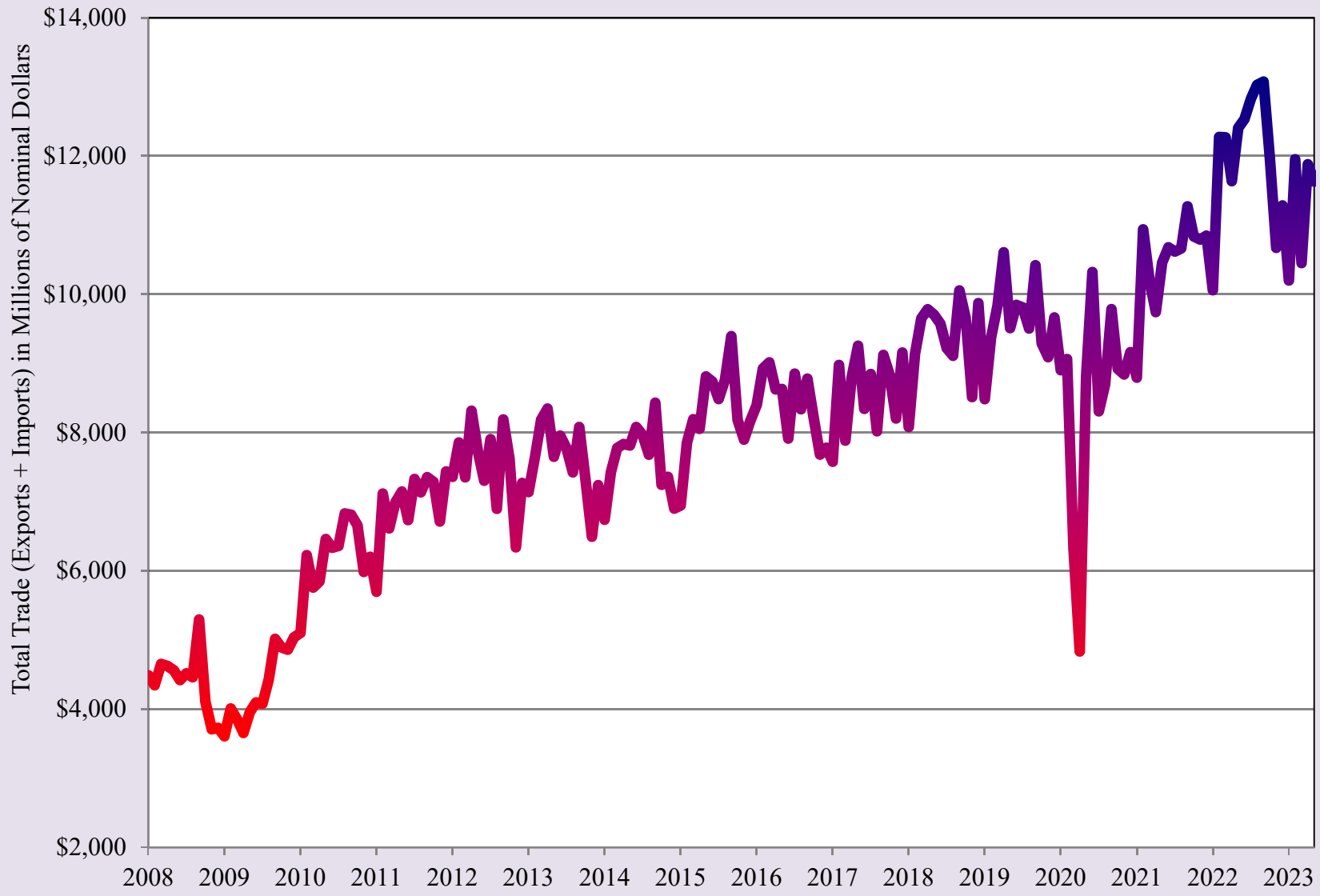
Total Trade through the El Paso Customs District



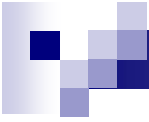
Source: UTEP Border Region Modeling Project using US International Trade Commission Data



Total Trade through the El Paso Customs District

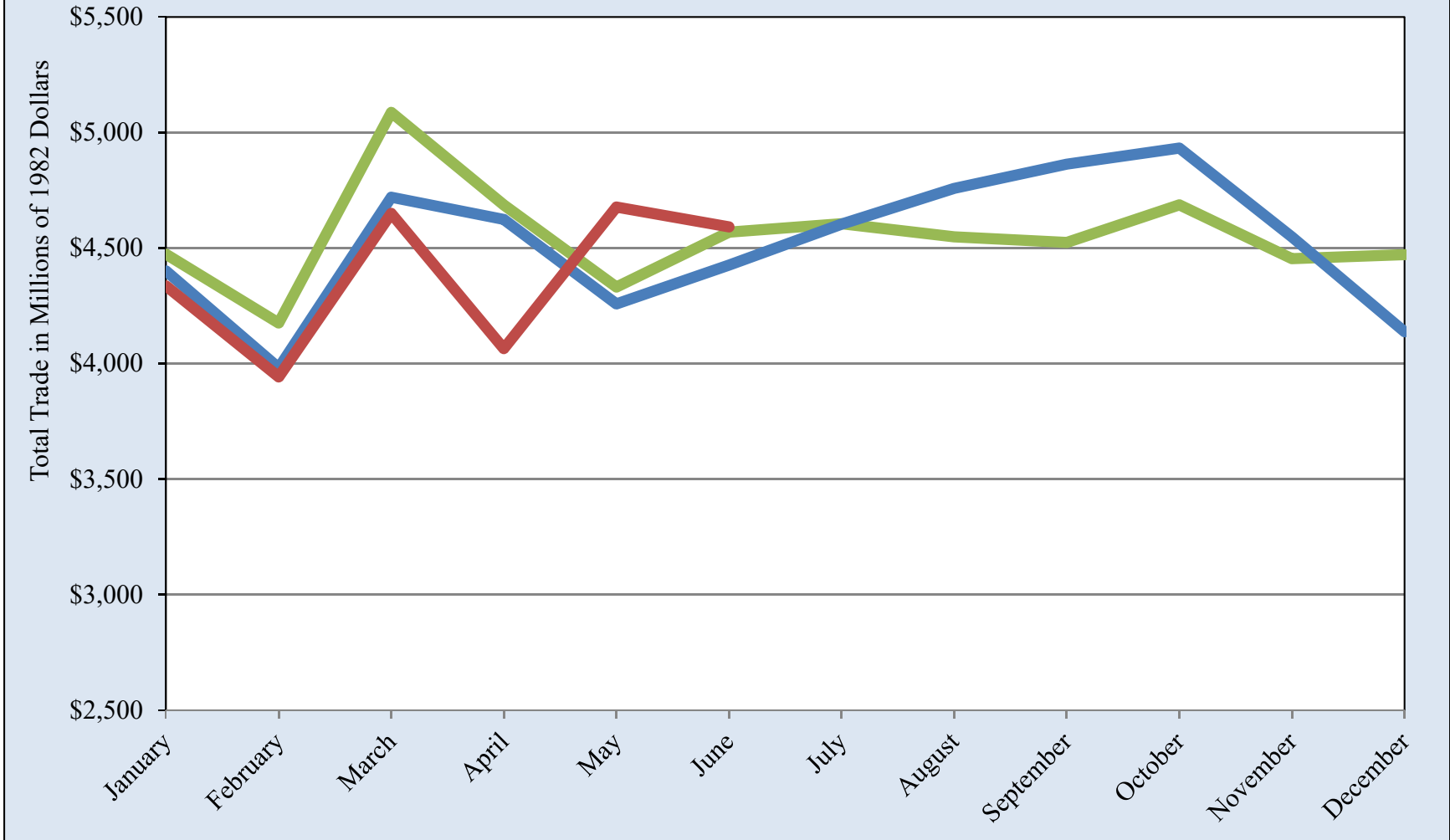


Source: UTEP Border Region Modeling Project using US International Trade Commission Data



Real Total Trade through the El Paso Customs District

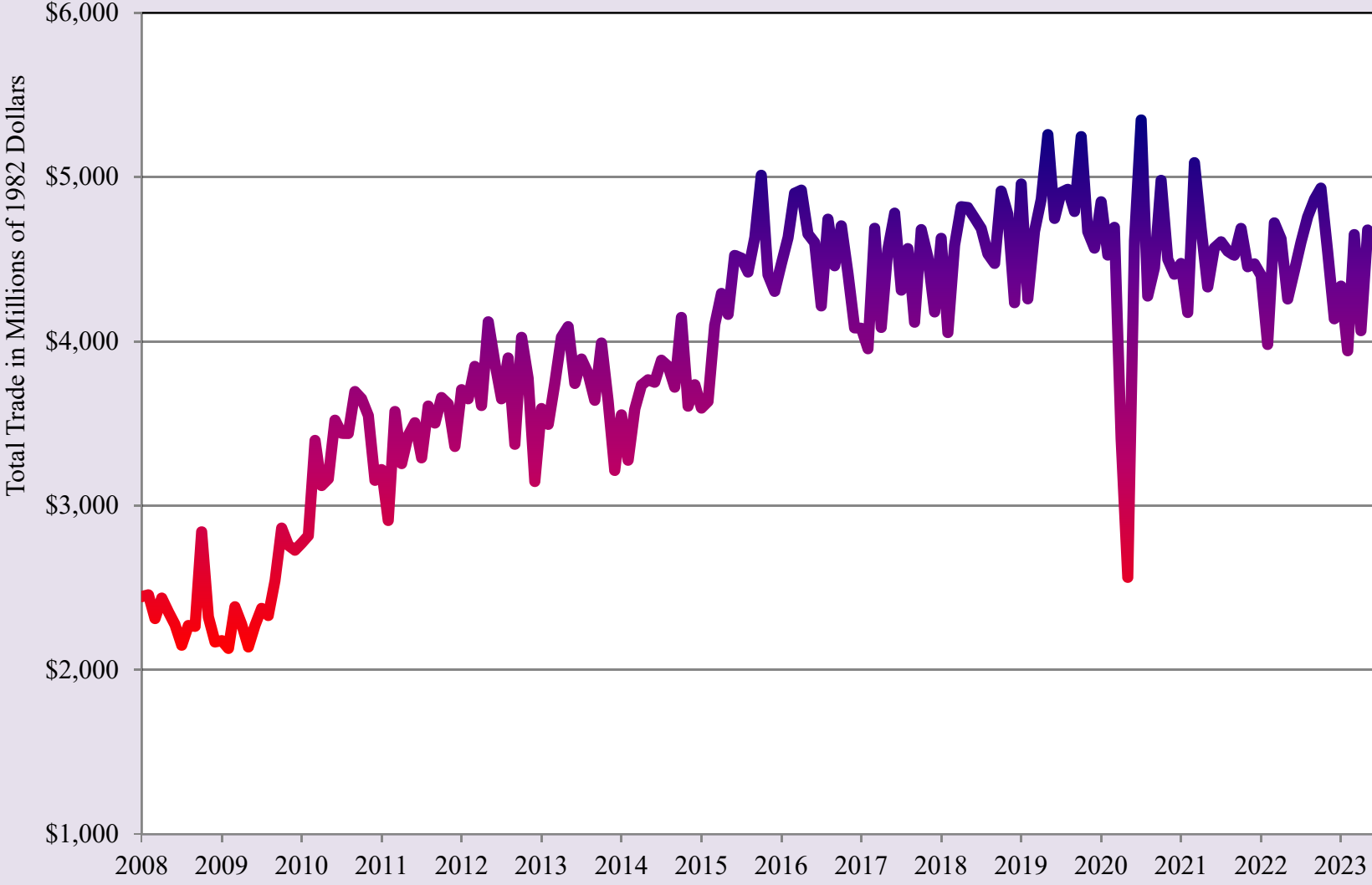
2021 2022 2023



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



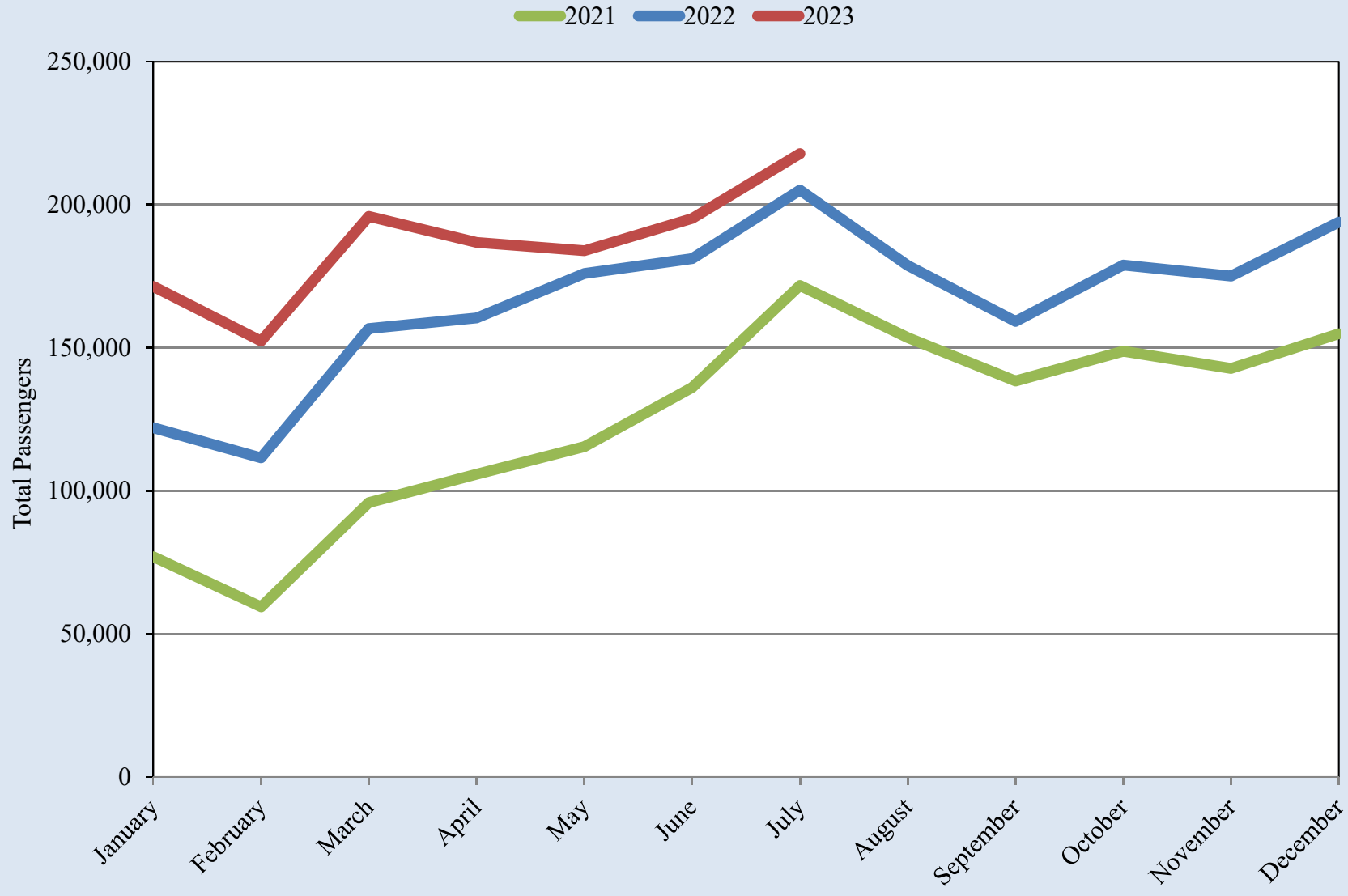
Real Total Trade through the El Paso Customs District



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



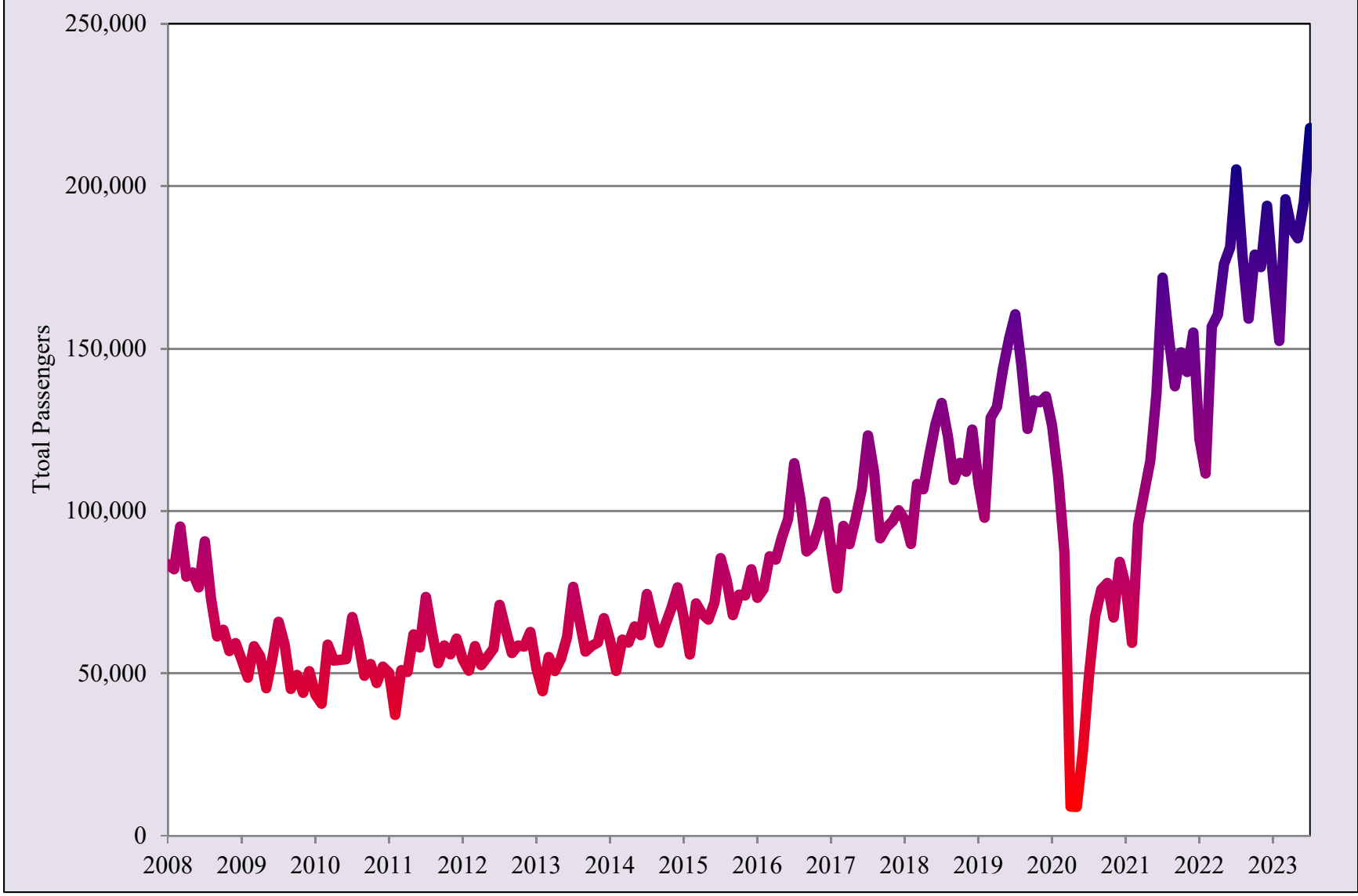
Domestic Passengers Ciudad Juarez International Airport



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



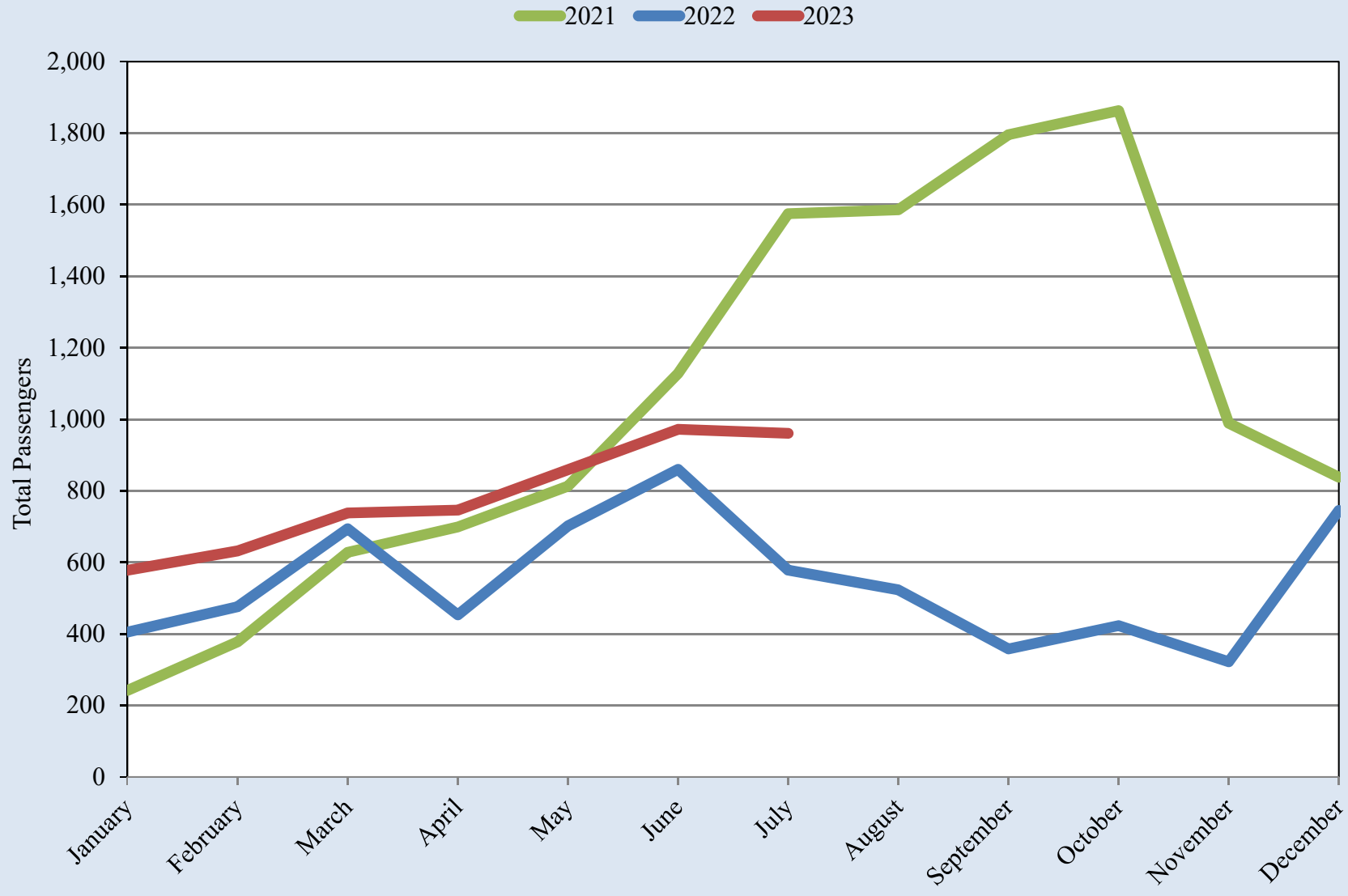
Domestic Passengers Ciudad Juarez International Airport



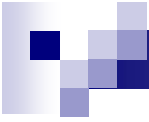
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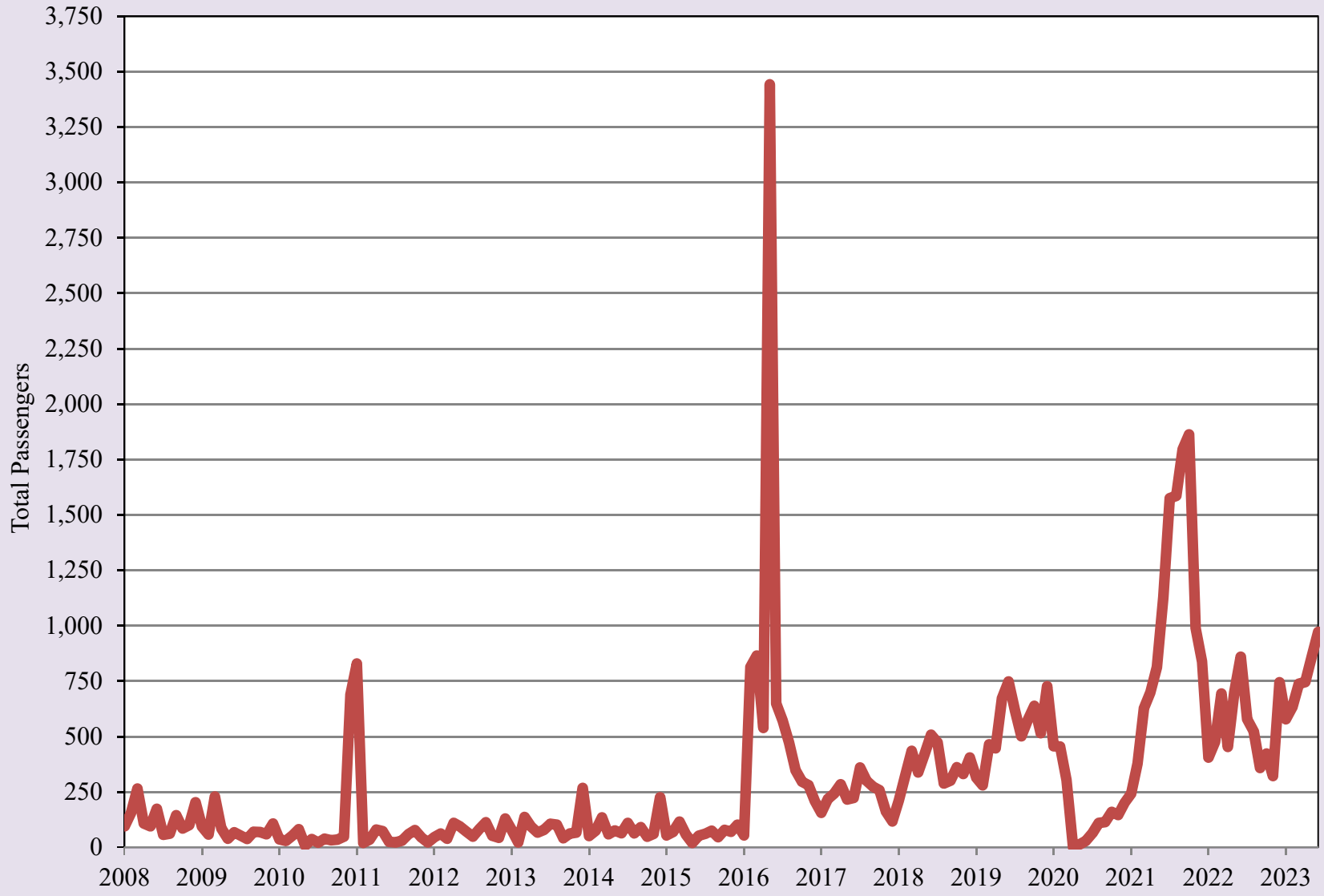
International Passengers Ciudad Juarez International Airport



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



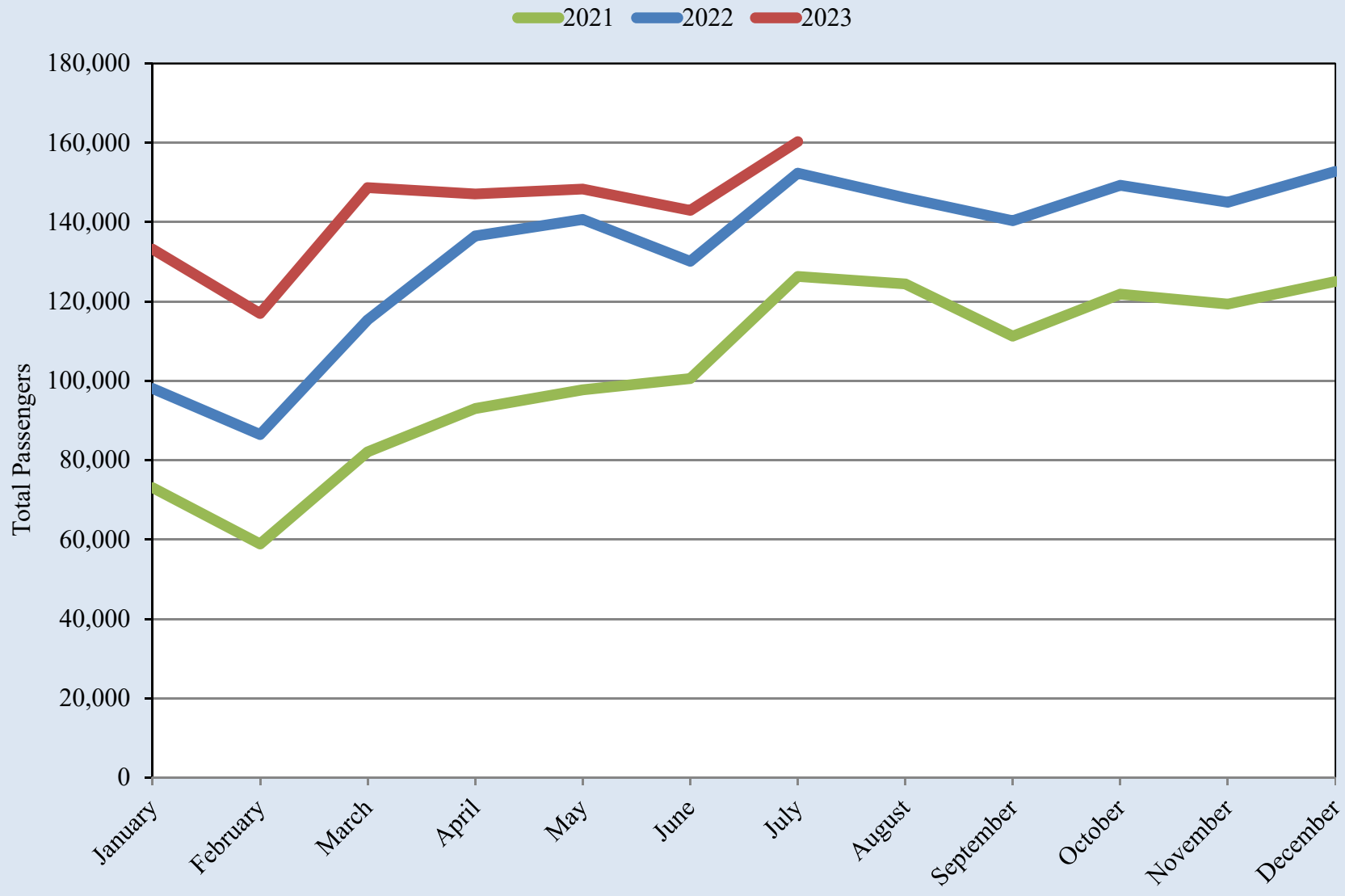
International Passengers Ciudad Juarez International Airport



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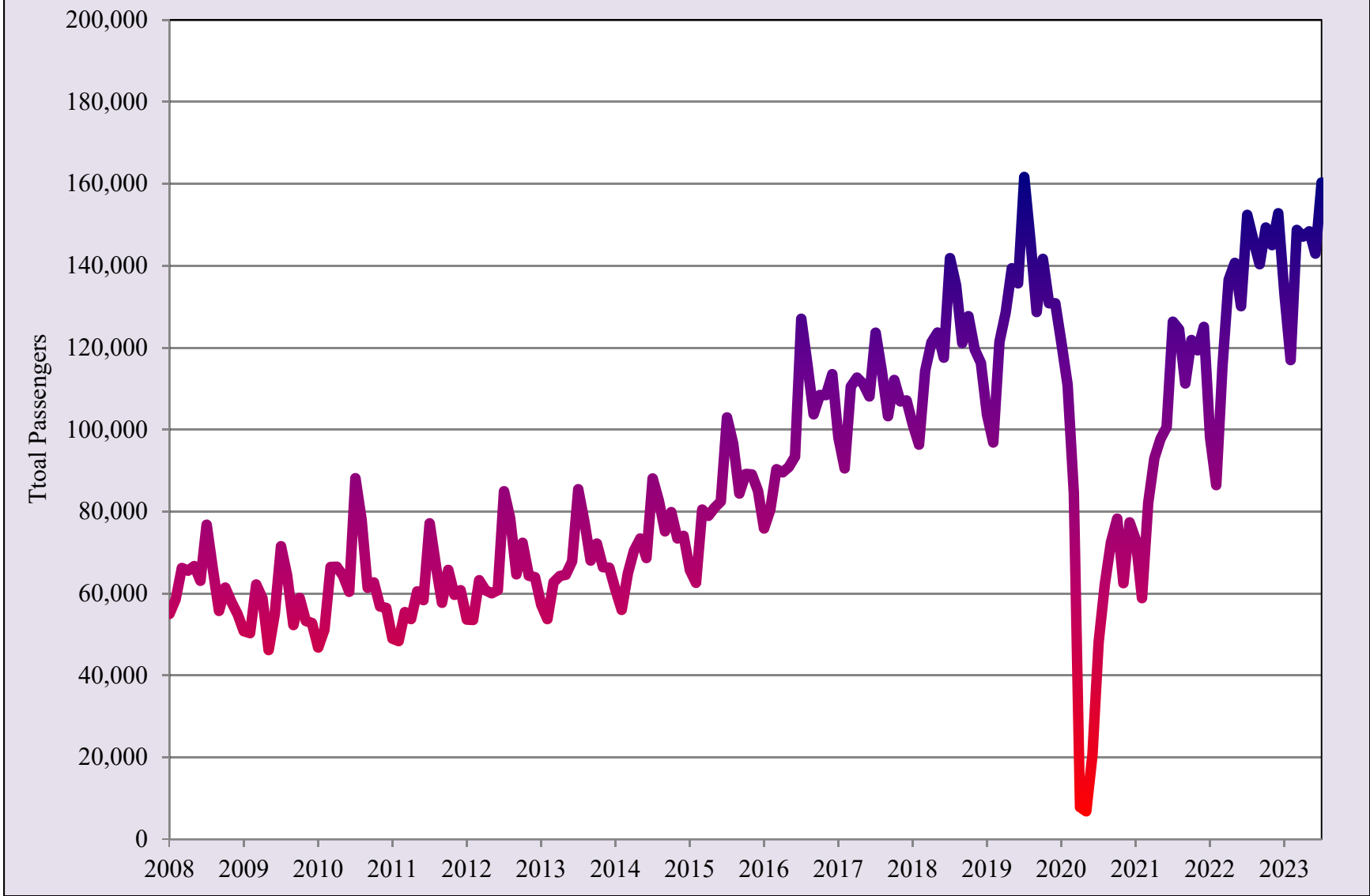
Domestic Passengers Chihuahua City International Airport



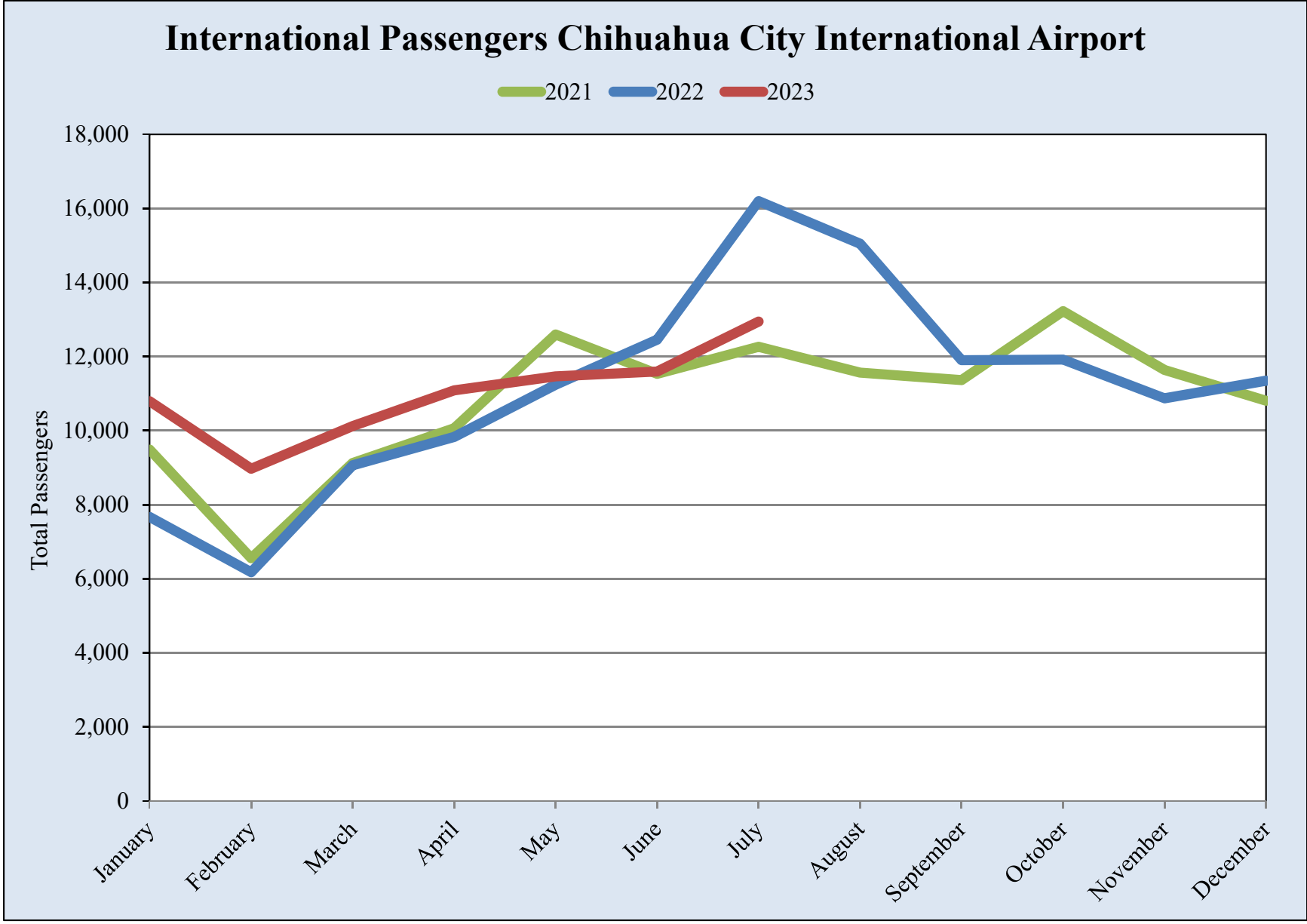
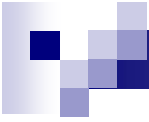
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Domestic Passengers Chihuahua City International Airport



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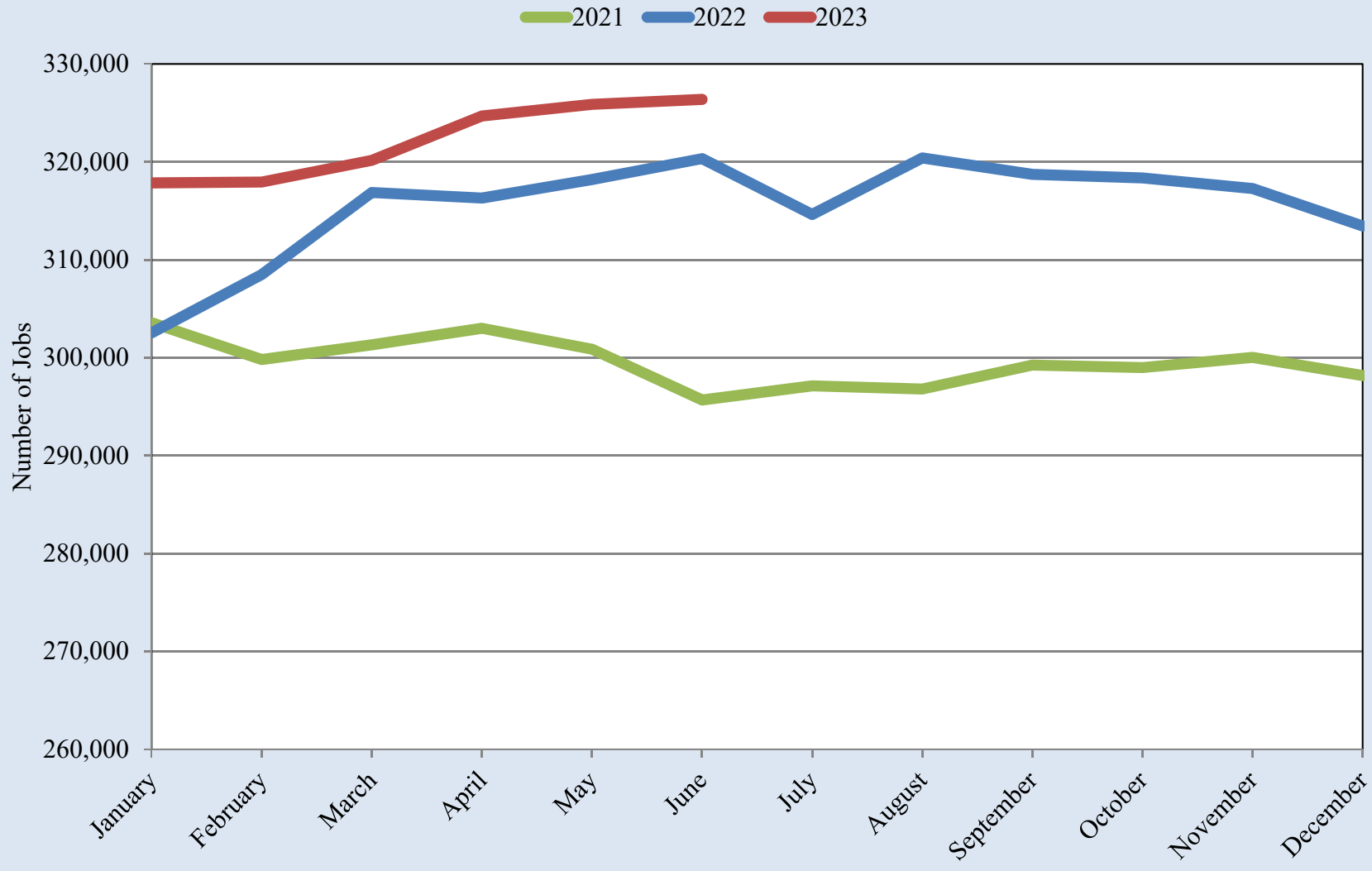
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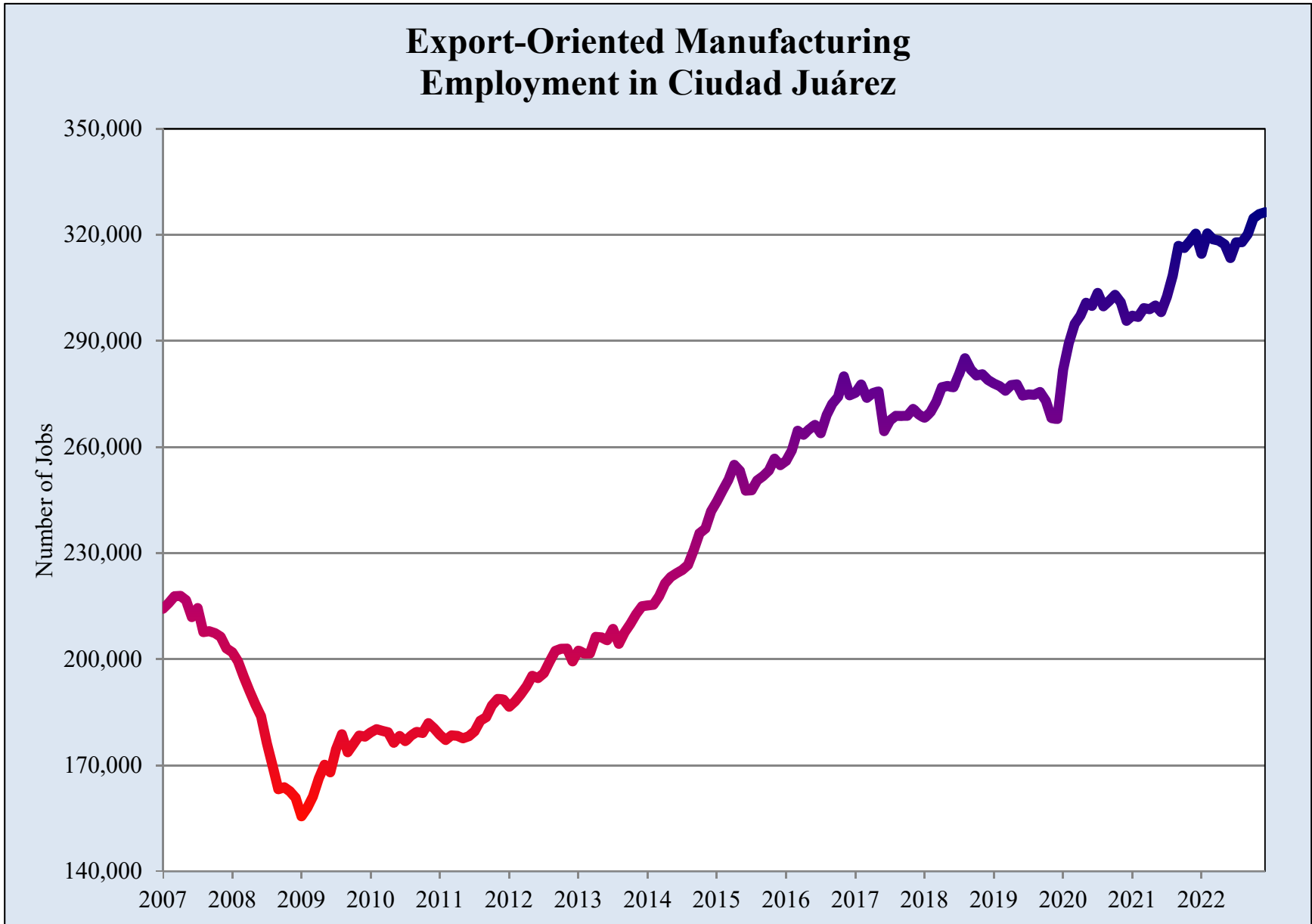
Source: UTEP Border Region Modeling Project using Grupo Aeroportuario Centro Norte - OMA Data



Export-Oriented Manufacturing Employment in Ciudad Juárez



Source: UTEP Border Region Modeling Project using INEGI Data

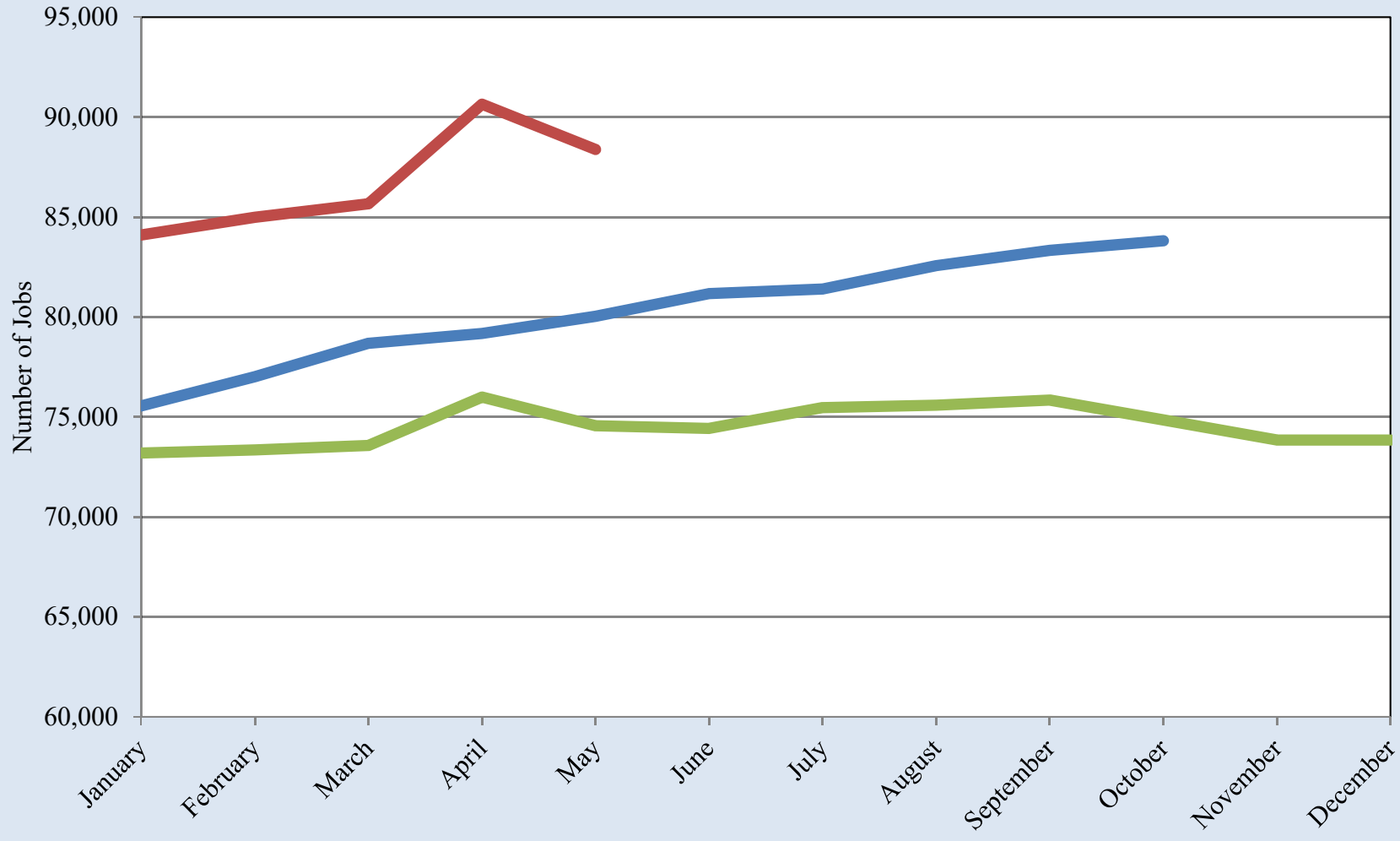


Source: UTEP Border Region Modeling Project using INEGI Data

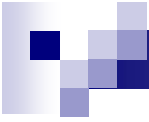


Export-Oriented Manufacturing Employment in Chihuahua City

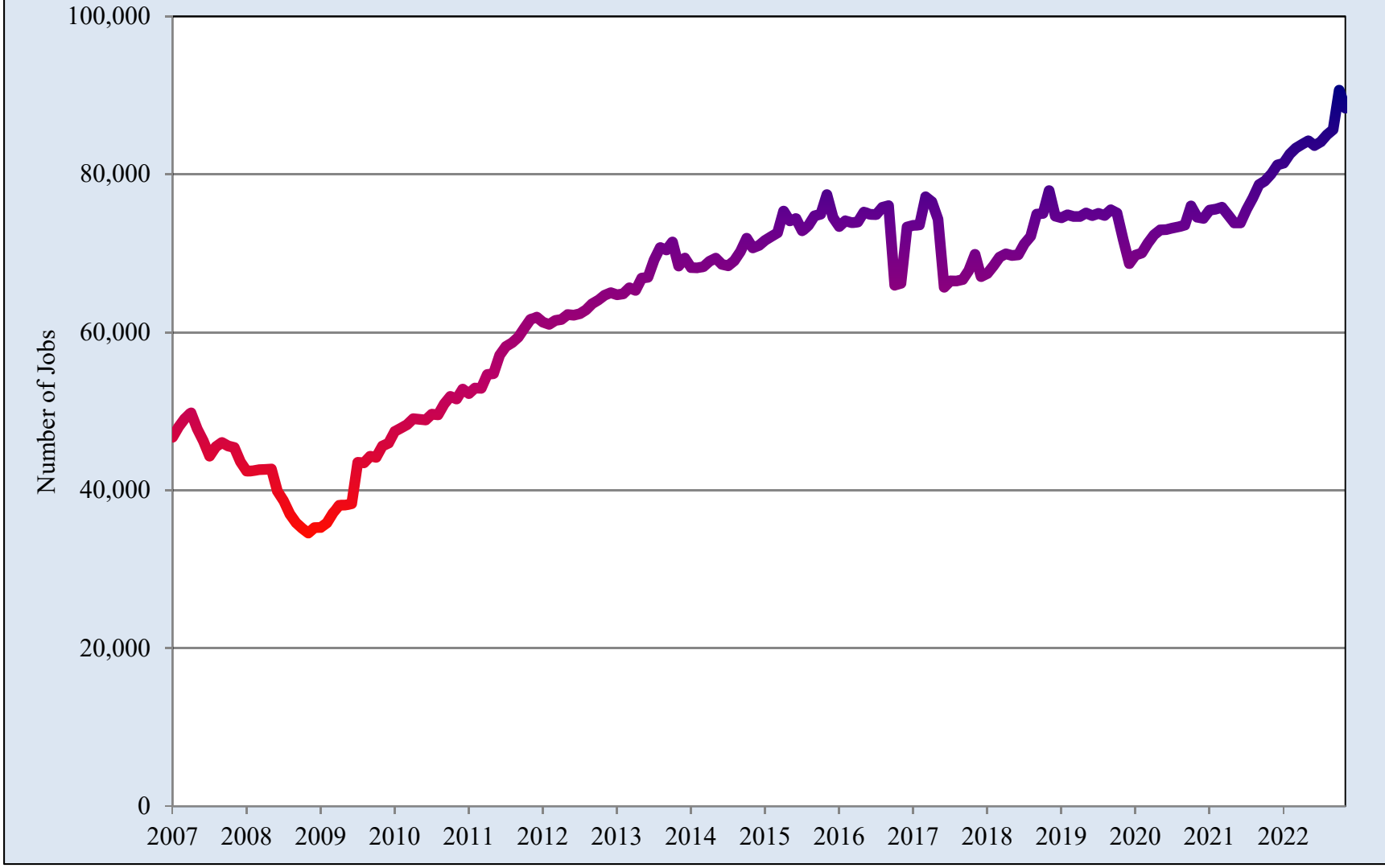
2021 2022 2023



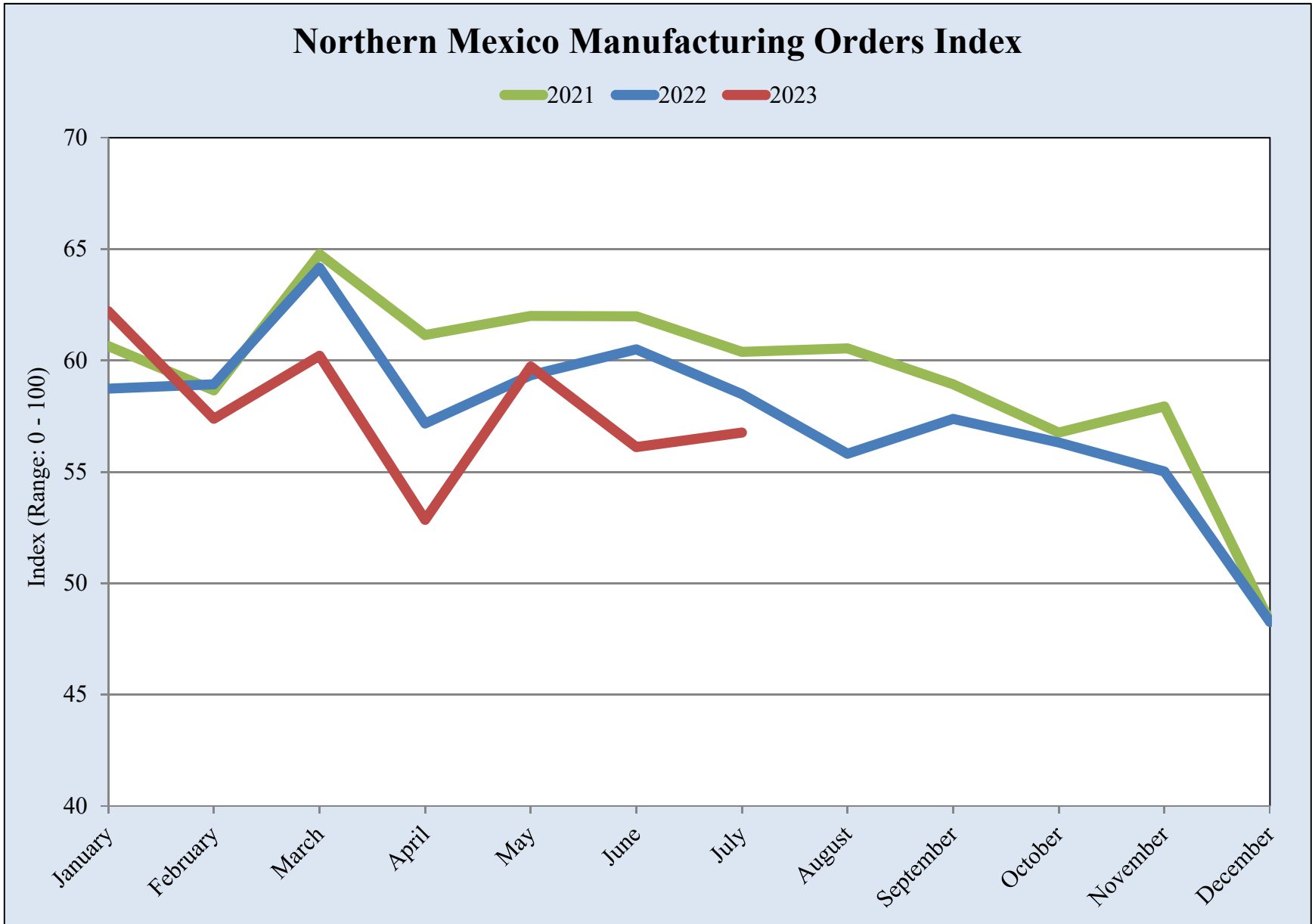
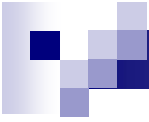
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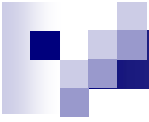
Export-Oriented Manufacturing Employment in Chihuahua City



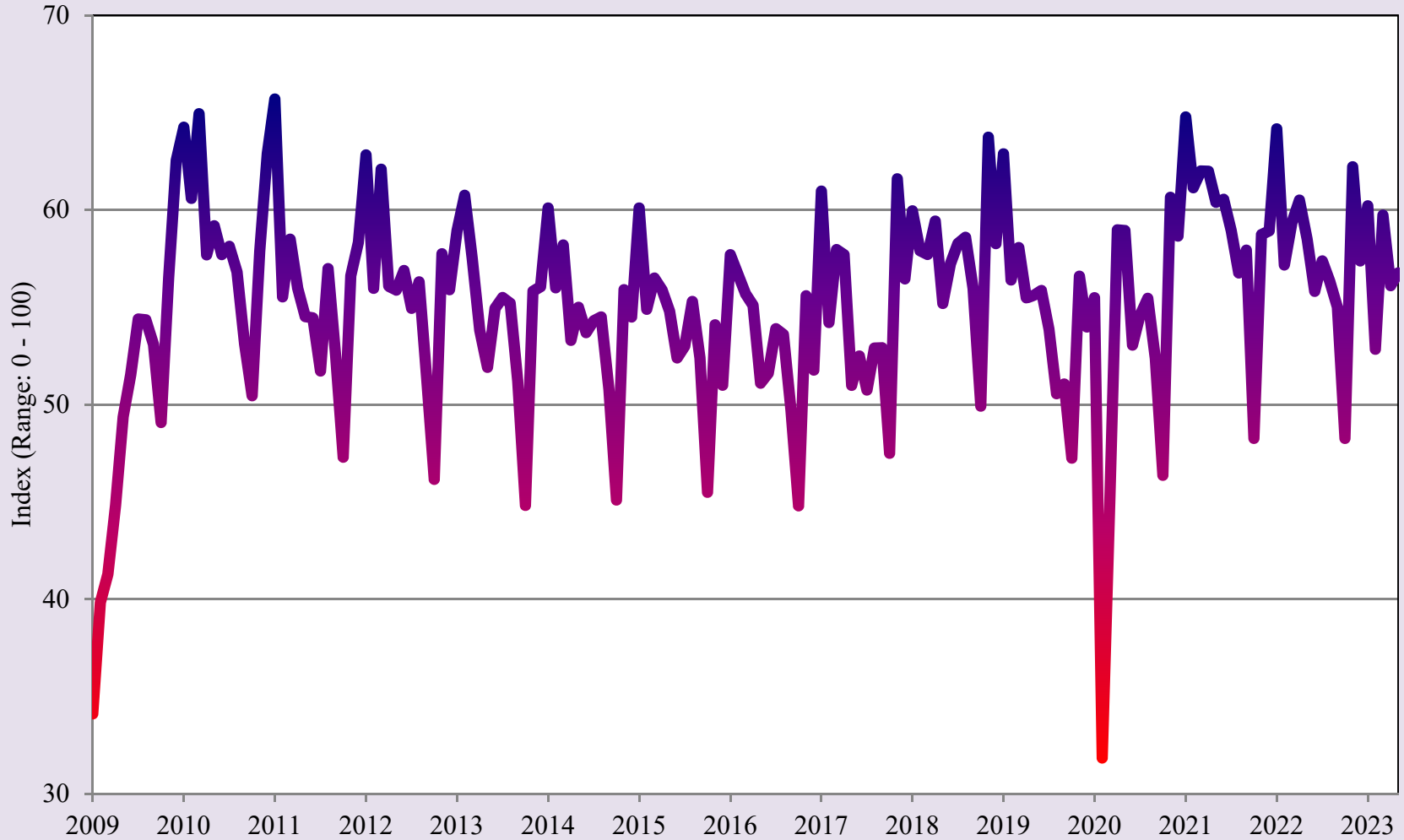
Source: UTEP Border Region Modeling Project using INEGI Data



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



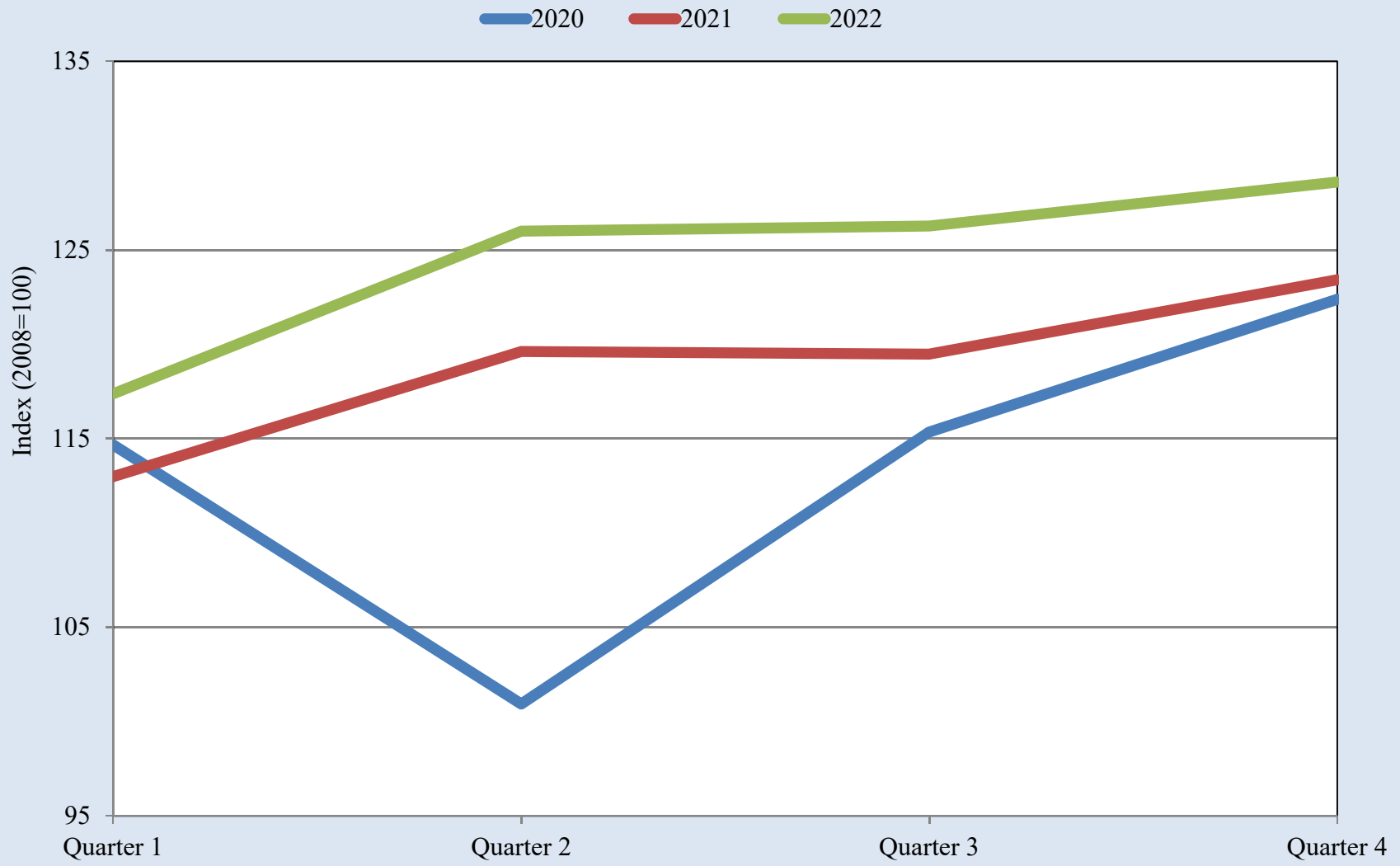
Northern Mexico Manufacturing Orders Index



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



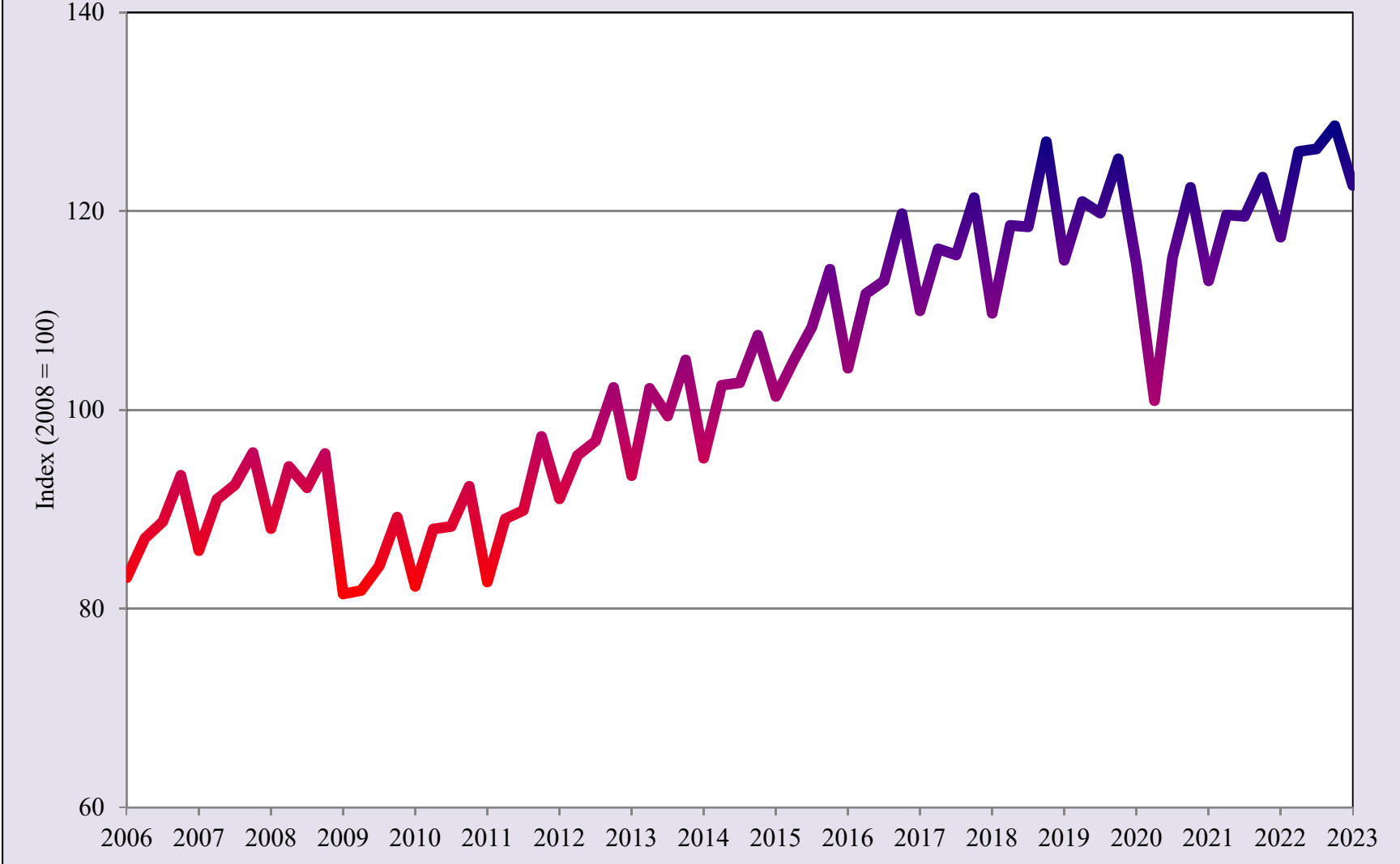
Quarterly Indicator of Economic Activity for the State of Chihuahua



Source: UTEP Border Region Modeling Project using INEGI Data



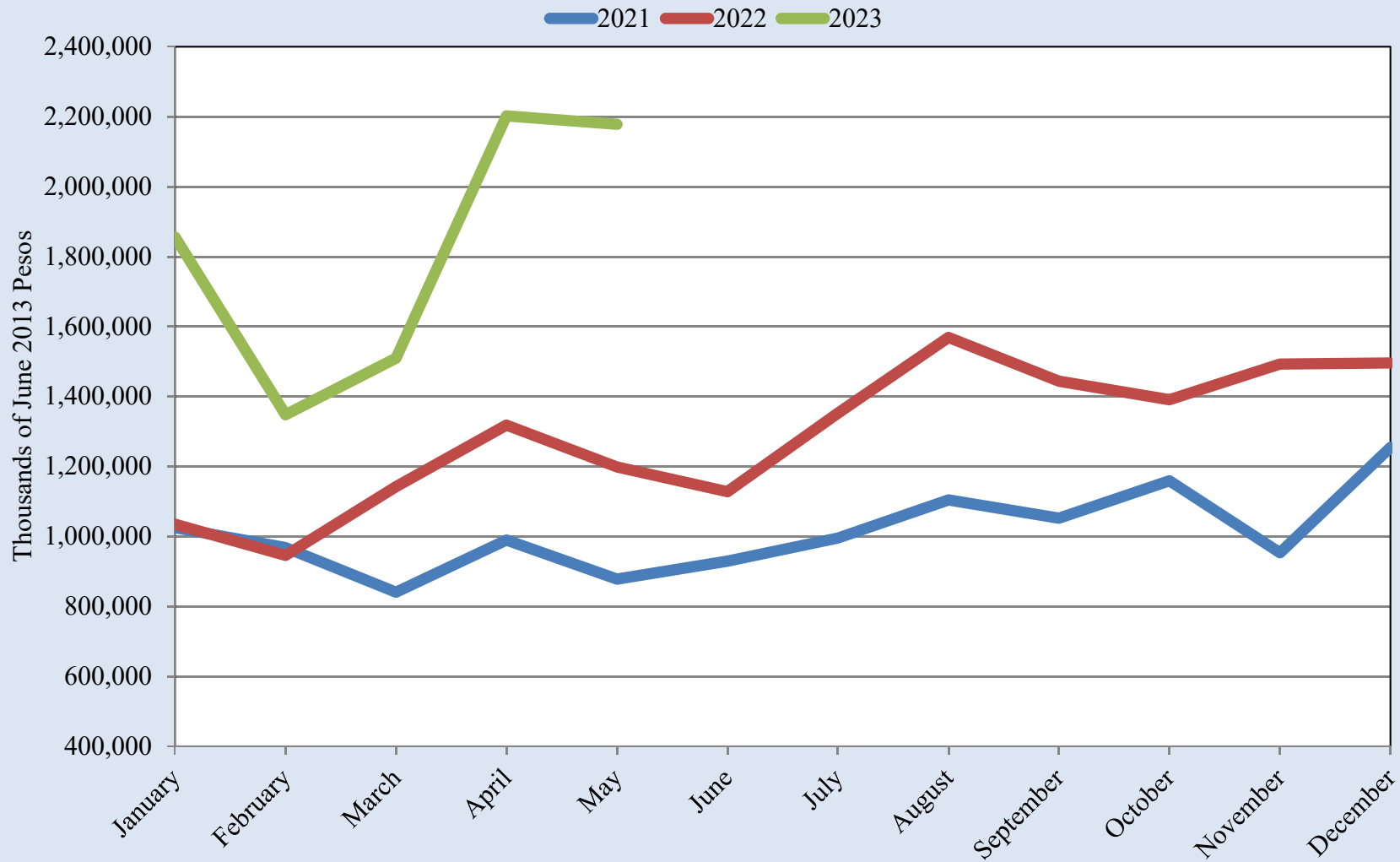
Quarterly Indicator of Economic Activity for the State of Chihuahua



Source: UTEP Border Region Modeling Project using INEGI Data



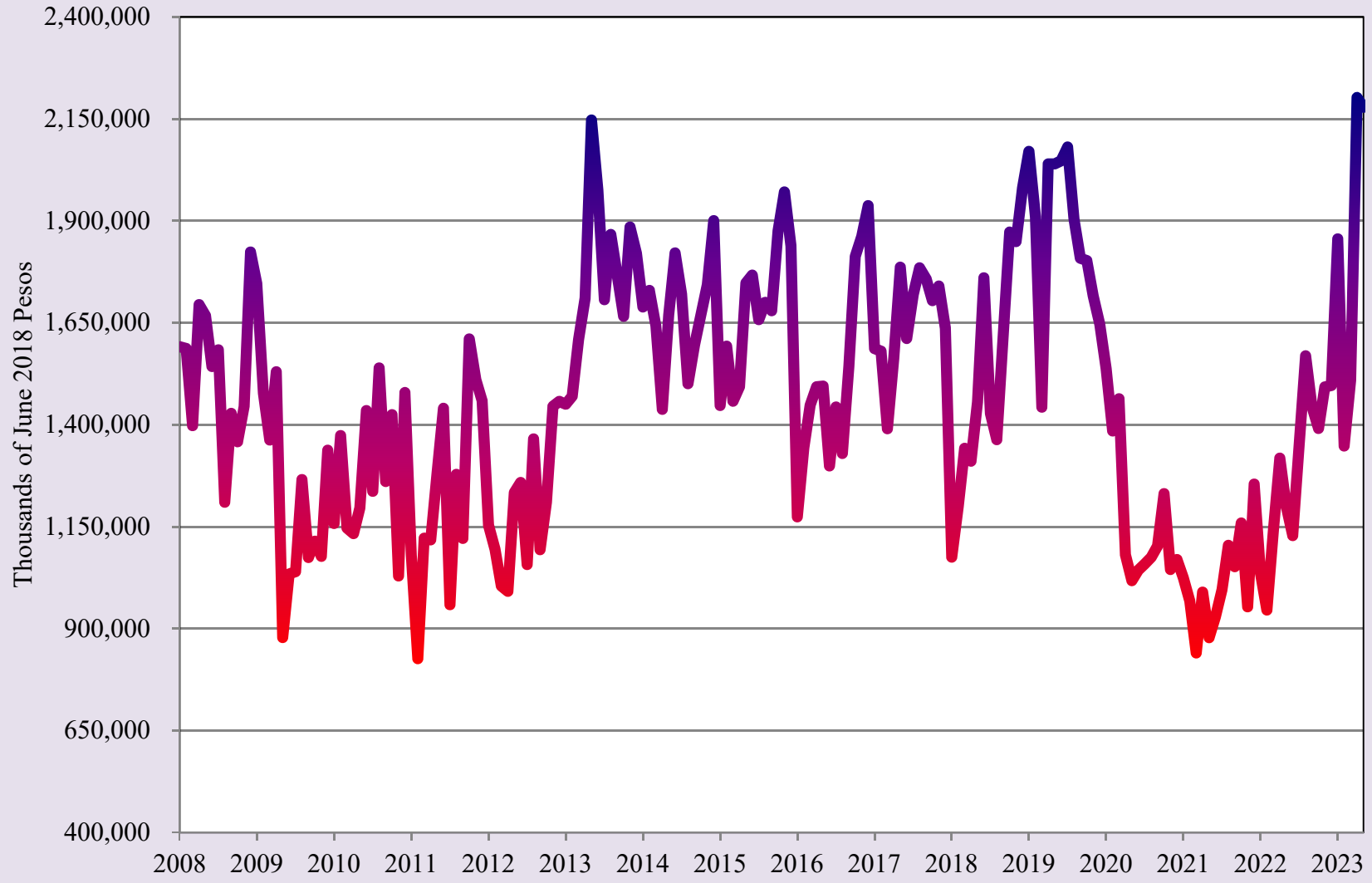
Total Value of Construction in the State of Chihuahua



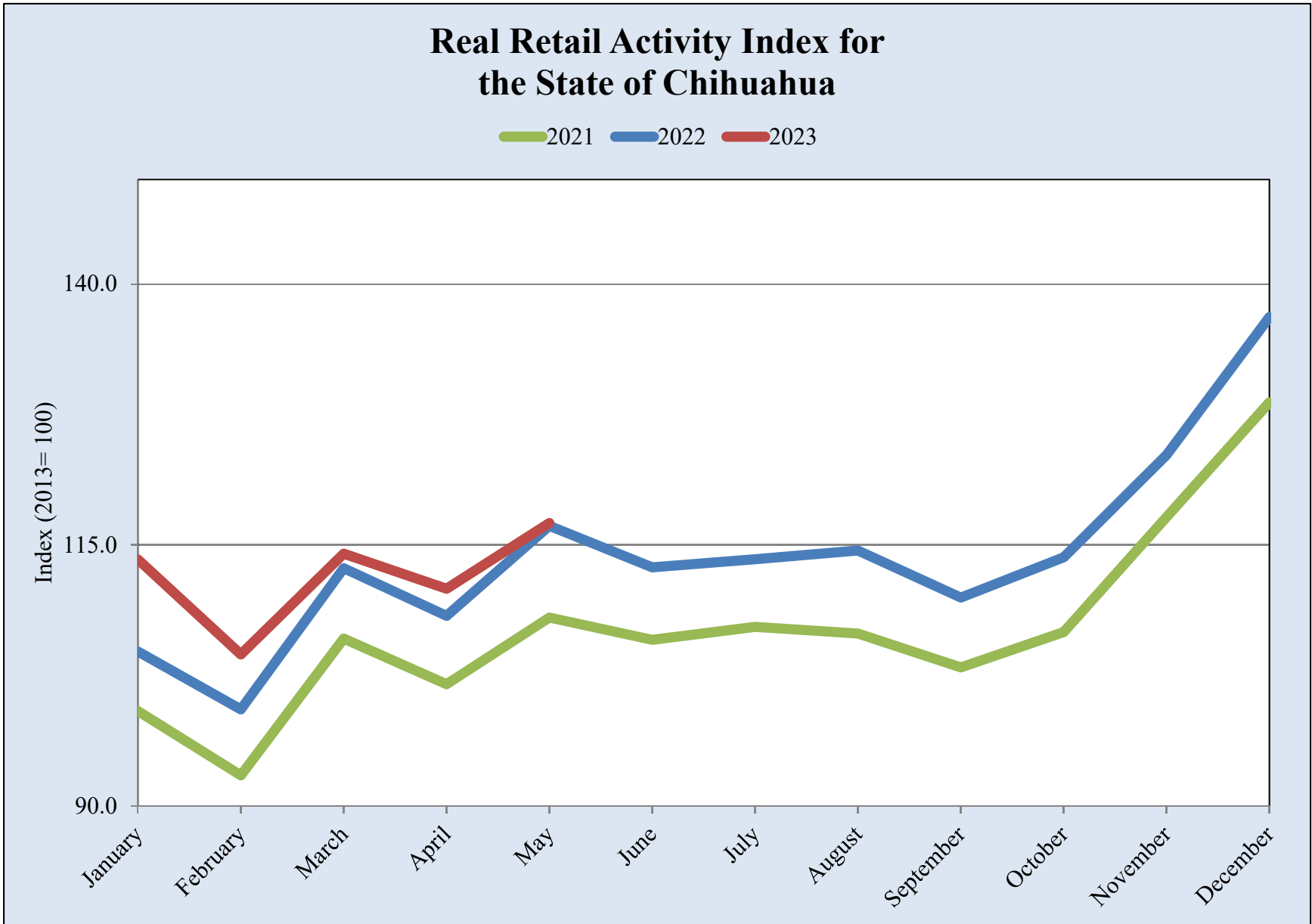
Source: UTEP Border Region Modeling Project using INEGI Data



Total Value of Construction in the State of Chihuahua



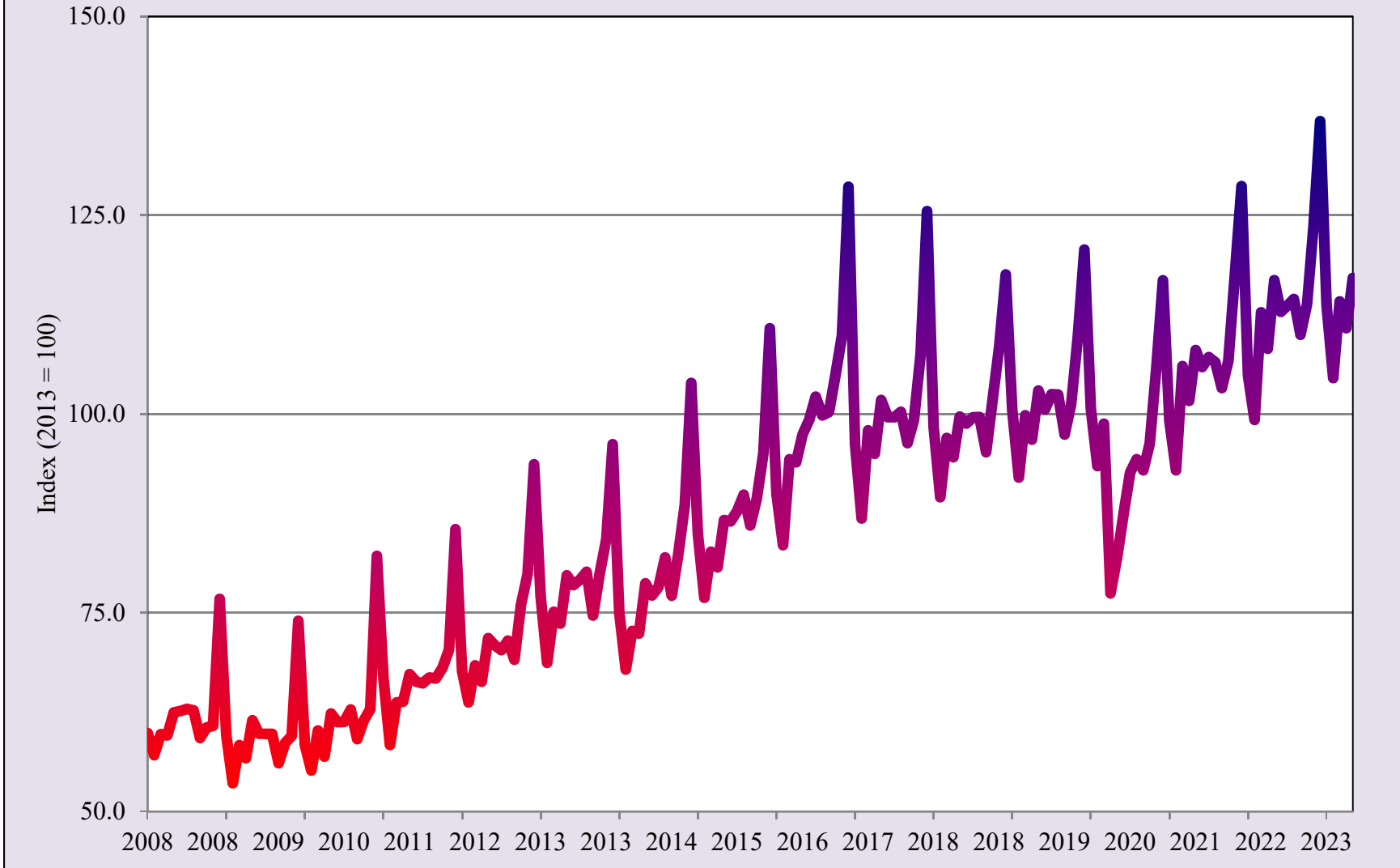
Source: UTEP Border Region Modeling Project using INEGI Data



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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