Borderplex Business Barometer, Volume 7, Number 8

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Comments:
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

Seasonally Adjusted Index (October 1980 = 100)

Source: UTEP Border Region Modeling Project using Federal Reserve Bank of Dallas Data
Metro Business Cycles
Index for El Paso

El Paso Metropolitan Business Cycle Index

Source: UTEP Border Region Modeling Project using Federal Reserve Bank of Dallas Data
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: UTEP Border Region Modeling Project using US Treasury, Daily Treasury Yield Curve Rates Data
El Paso Household Economic Stress Index

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 Enrollment. Three year period 2021 – 2023

130,000
135,000
140,000
145,000
150,000
155,000
160,000

Number of SNAP Recipients

El Paso County SNAP (Food Stamp) Enrollment

Source: UTEP Border Region Modeling Project using Texas Health and Human Services Commission
Starting in September, 2014, the number of SNAP recipients is recorded for the end of each month.

El Paso County SNAP Enrollment

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of SNAP Recipients</th>
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<tbody>
<tr>
<td>2006</td>
<td>120,000</td>
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<tr>
<td>2007</td>
<td>140,000</td>
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<td>2022</td>
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<td>2023</td>
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</tbody>
</table>

Source: UTEP Border Region Modeling Project using Texas Health and Human Services Commission
El Paso Median Housing Prices

Source: UTEP Border Region Modeling Project using Texas A&M Real Estate Center Data
El Paso Median Housing Prices from 2006 to 2023

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 in El Paso for single family homes 2006-2023

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

Source: UTEP Border Region Modeling Project using GasBuddy.com Data
El Paso unleaded gasoline prices from January 2006 to July 2023

Source: UTEP Border Region Modeling Project using GasBuddy.com Data
Doña Ana County Unemployment Rate

Source: UTEP Border Region Modeling Project using NM Workforce Data
Unemployment rate for Doña Ana county ranging from January 2006 to July 2023.

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
Las Cruces Area SNAP (Food Stamp) cases from January 2006 with a gap in April and May of 2014 continuing June 2014 to June 2023.

Source: UTEP Border Region Modeling Project using New Mexico Human Services Department Data
<table>
<thead>
<tr>
<th>Month</th>
<th>2021 Nominal Exchange Rate</th>
<th>2022 Nominal Exchange Rate</th>
<th>2023 Nominal Exchange Rate</th>
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</thead>
<tbody>
<tr>
<td>January</td>
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<tr>
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<td>December</td>
<td>20</td>
<td>20</td>
<td>20</td>
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</table>

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

Source: UTEP Border Region Modeling Project using Banco de Mexico Data
Real Peso-per-Dollar Exchange Rate Index

Index (June 1997=100)

Source: UTEP Border Region Modeling Project
Real Peso per dollar exchange rate index.

Dates range from January 2006 to July 2023.

Index (March 1997 = 100)

Source: UTEP Border Region Modeling Project
EPIA Freight and Mail (Inbound and Outbound), 2021, 2022 and 2023 (3 year comparison)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total 2021</th>
<th>Total 2022</th>
<th>Total 2023</th>
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<tbody>
<tr>
<td>2021</td>
<td>5,500</td>
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<td>2022</td>
<td>7,000</td>
<td>7,500</td>
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<tr>
<td>2023</td>
<td>8,500</td>
<td>9,000</td>
<td>9,500</td>
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</tbody>
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Source: UTEP Border Region Modeling Project using EPIA Operations Data
Source: UTEP Border Region Modeling Project using EPIA Operations Data
EPIA Passengers

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 2021, 2022 and 2023 (3 year comparison)

Source: UTEP Border Region Modeling Project using EPIA Operations Data
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

Source: UTEP Border Region Modeling Project using US Customs & Border Protection Data
Bridge of the Americas Monthly Wait Times

Source: UTEP Border Region Modeling Project using US Customs & Border Protection Data
Monthly border wait times at Paseo Del Norte, Ysleta and Bridge of the Americas. Data set ranging from January 2011 to July 2023.

Source: UTEP Border Region Modeling Project using US Customs & Border Protection Data
Personal Vehicle International Bridge Crossings to El Paso

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

Number of Pedestrians

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

<table>
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<tr>
<th>Year</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
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<td>2023</td>
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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

Total Trade in Millions of 1982 Dollars

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

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

Source: UTEP Border Region Modeling Project using Grupo Aeroportuario Centro Norte - OMA Data
Domestic Passengers Chihuahua City International Airport

Source: UTEP Border Region Modeling Project using Grupo Aeroportuario Centro Norte - OMA Data
Domestic Passengers Chihuahua City International Airport

Source: UTEP Border Region Modeling Project using Grupo Aeroportuario Centro Norte - OMA Data
**International Passengers Chihuahua City International Airport**

- 2021
- 2022
- 2023

Source: UTEP Border Region Modeling Project using Grupo Aeroportuario Centro Norte - OMA Data
International Passengers Chihuahua City International Airport

Source: UTEP Border Region Modeling Project using Grupo Aeroportuario Centro Norte - OMA Data
Export Oriented manufacturing employment in Ciudad Juárez

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Jobs</th>
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<tbody>
<tr>
<td>2021</td>
<td>260,000</td>
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<td>2022</td>
<td>270,000</td>
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<td>2023</td>
<td>280,000</td>
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</tbody>
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Source: UTEP Border Region Modeling Project using INEGI Data
Aggregate Export-Oriented Manufacturing Employment in Ciudad Juárez

Number of Jobs

Source: UTEP Border Region Modeling Project using INEGI Data
**Export-Oriented Manufacturing Employment in Chihuahua City**

- **Number of Jobs**
  - 2021
  - 2022
  - 2023

Source: UTEP Border Region Modeling Project using INEGI Data
Export-Oriented Manufacturing Employment in Chihuahua City

Source: UTEP Border Region Modeling Project using INEGI Data
Northern Mexico Manufacturing Orders Index

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
Aggregate quarterly indicator of economic activity for the state of Chihuahua

Quarterly Indicator of Economic Activity for the State of Chihuahua

Index (2008 = 100)

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

Thousands of June 2018 Pesos

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
Real Retail Activity Index for the State of Chihuahua

Source: UTEP Border Region Modeling Project using INEGI Data
Order Your
*Short-Term Outlook to 2024*
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.