Borderplex Business Barometer, Volume 7, Number 10

Thomas M. Fullerton Jr.

Steven L. Fullerton

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Comments:
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
sifullerton@utep.edu

Telephone
915-747-7747
915-747-7775

Facsimile
915-747-6282

UTEP Miner Shoppe

UTEP BRMP Website

Border Commerce & Economics

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Disappointing Developments

More than a year after war erupted across the Donets Breadbasket, another war has been ignited on the southwestern edge of the Fertile Crescent. The human capital losses resulting from these conflagrations are accompanied by severe financial uncertainty. Bond market and foreign exchange market impacts are being observed thousands of miles away from the battlefields.

The yield curve data shown below do not reflect the impacts of the current Yom Kippur hostilities. The September 2023 monthly average interest rates in the graph are all higher than headline inflation. Positive real interest rates helped allow the Federal Reserve System avoid enacting large-scale monetary policy changes that may have roiled financial markets.

Stable interest rates are helpful the Borderplex regional economy. Although El Paso is growing, household economic stress has increased. That is in part due to higher unemployment in recent months. At present, the El Paso housing market seems to be re-balancing without crashing. If mortgage rates rise abruptly, then a sharp El Paso real estate downturn may be unavoidable.

In spite of complaints to the contrary, El Paso gasoline prices have been more stable in 2023 than in 2021 or 2022. The two wars both have the potential to cause major upheavals in global oil distribution. Such a development would very quickly push local gasoline prices back above $4 per gallon.

Earlier this year, the peso recovered from years of undervaluation against the dollar. In real terms, it ascended to levels not observed since late 2014. Although those gains aligned with economic fundamentals for Mexico, exchange rate erosion occurred in September and accelerated in October after violence erupted in the Middle East. In spite of good fundamentals, currency market volatility may precipitate sporadic drops for the peso in future weeks.

Among the fundamentals supporting a more realistic valuation for the peso the USMCA trade pact has catalyzed many companies to make long-term manufacturing investments in Mexico. A strong labor market in the United States, plus undocumented migratory flows out of Central and South America, boosted cross-border remittances to Mexico to a record $47.7 billion during the first nine months of 2023. That represents a 9.5 percent increase relative to the same three quarters in 2022. The remittances have helped raise real retail activity on a statewide basis in Chihuahua. As the Chihuahua State Construction Value graphs illustrate, DFI has helped sharply increase total construction activity across the state as IMMEX maquiladora factory investments intensify, even as automotive parts productions slows.

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

The graph shows the seasonally adjusted index for El Paso, with values ranging from October 1980 (set at 100) to the present day. The index is visualized from the year 2008 to 2023.

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 (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

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

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

Nominal Price (Dollars per Gallon)

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

Source: UTEP Border Region Modeling Project using NM Workforce Data
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 August 2023.

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

Las Cruces Area SNAP (Food Stamp) Cases

Number of SNAP Cases

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

Source: UTEP Border Region Modeling Project
Real Peso-per-Dollar Exchange Rate Index

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

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
Source: UTEP Border Region Modeling Project using EPIA Operations Data

EPIA Passengers

Inbound+Outbound

Number of Passengers

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
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

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

Source: UTEP Border Region Modeling Project using US Customs & Border Protection Data
Aggregate Pedestrian International Bridge Crossings to EP

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

Yearly Total Trade (Exports + Imports) in Millions of Nominal Dollars

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

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

Source: UTEP Border Region Modeling Project using INEGI Data
Aggregate Export-Oriented Manufacturing Employment in Ciudad Juárez

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
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
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

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
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.