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Borderplex Business Barometer, Volume 8, Number 3

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T.M. Fullerton, Jr., and S.L. Fullerton, 2024, "Not Bad for a Slowdown" *Borderplex Business Barometer* 8(3), 1-71.



BORDERPLEX BUSINESS BAROMETER

March 2024

Border Region Modeling Project

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Border Commerce & Economics

Borderplex Business Barometer, Volume 8, Number 3

Not Bad for a Slowdown

In spite of widespread uncertainty, the first quarter of 2024 has exhibited more economic stability than many analysts expected. From a policy perspective, dual presidential election cycles are occurring in Mexico and the United States. Stalled disinflation progress, further complicated by the Port of Baltimore closure, may delay interest rate cuts by monetary authorities in both nations. Shipping costs are also being driven upward by low water levels in the Mississippi River this Spring that reduce cargo capacities on barges and other transport ships that navigate that waterway.

Against that backdrop, the Federal Reserve Bank of Dallas El Paso Metropolitan Business Cycles Index continues to climb (see Pages 2 and 3). Data revisions have erased preliminary declines originally calculated for the third quarter of last year. However, the United States yield curve remains inverted (Page 4).

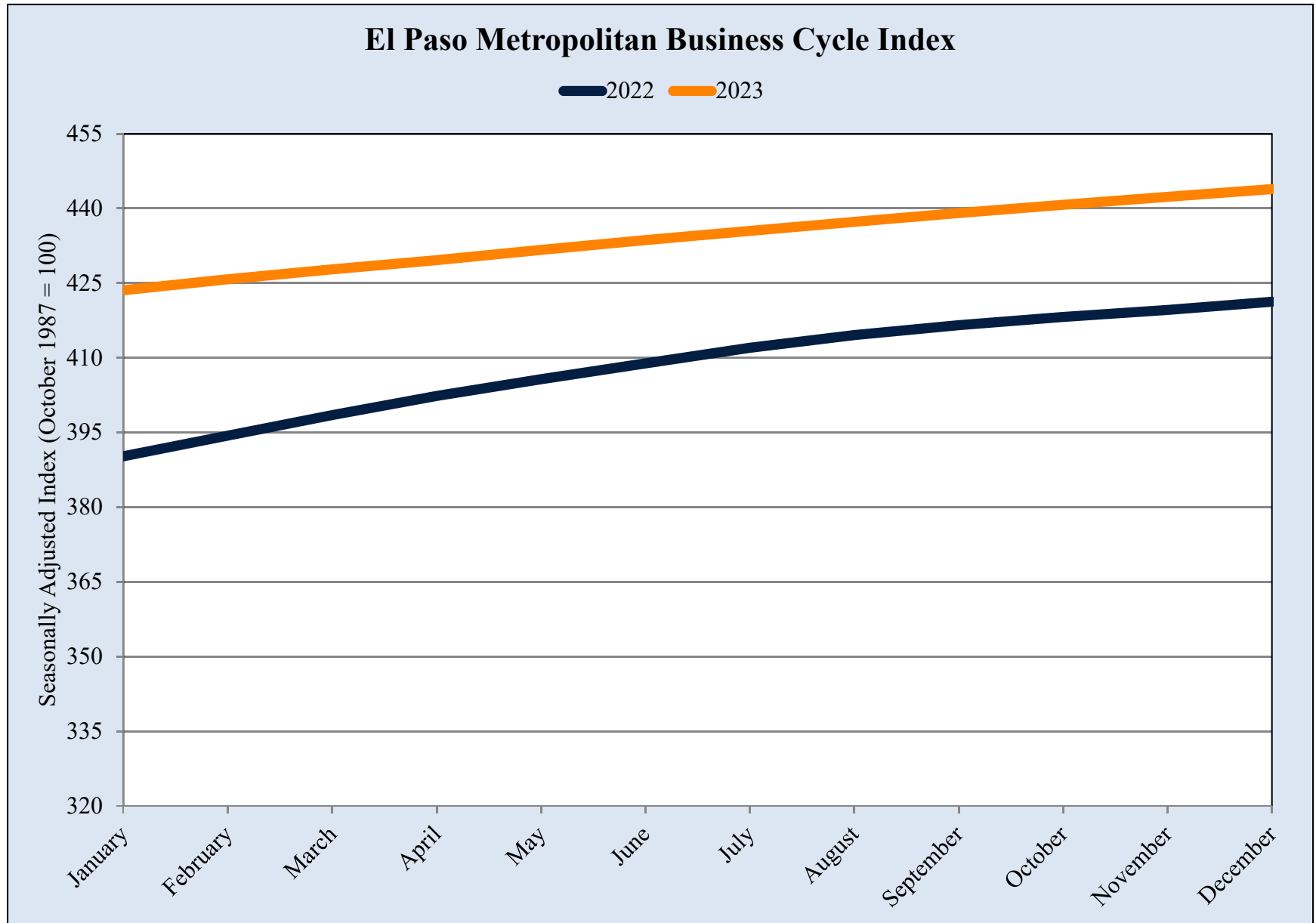
Financial strains in the region increased throughout 2023. The UTEP El Paso Household Economic Stress Index (HESI) improved slightly in January, the first time in six months it did not increase (Pages 5 and 6). Continued low unemployment has helped prevent the index from climbing more rapidly (Pages 7 and 8). Supplemental Nutrition Assistance Program (SNAP or Food Stamp) enrollments in El Paso also remain below year-earlier levels (Pages 9 and 10).

Although consumer complaints abound, one of the financial markets to respond to improving economic fundamentals is that for foreign exchange. The peso per dollar exchange rate and the UTEP Restaurant Price Ratio, a cross-border currency market monitor index, normally track each other fairly closely. Those two series diverged sharply in 2015 and remained apart until late 2022 (Pages 21 and 22). That convergence held steady through February, possibly encouraging more customers from Northern Mexico to visit El Paso retail establishments during the two-week Semana Santa vacation. That clientele will face longer wait times at the Paso del Norte (Santa Fe) Bridge and at the Bridge of the Americas (Pages 31-34).

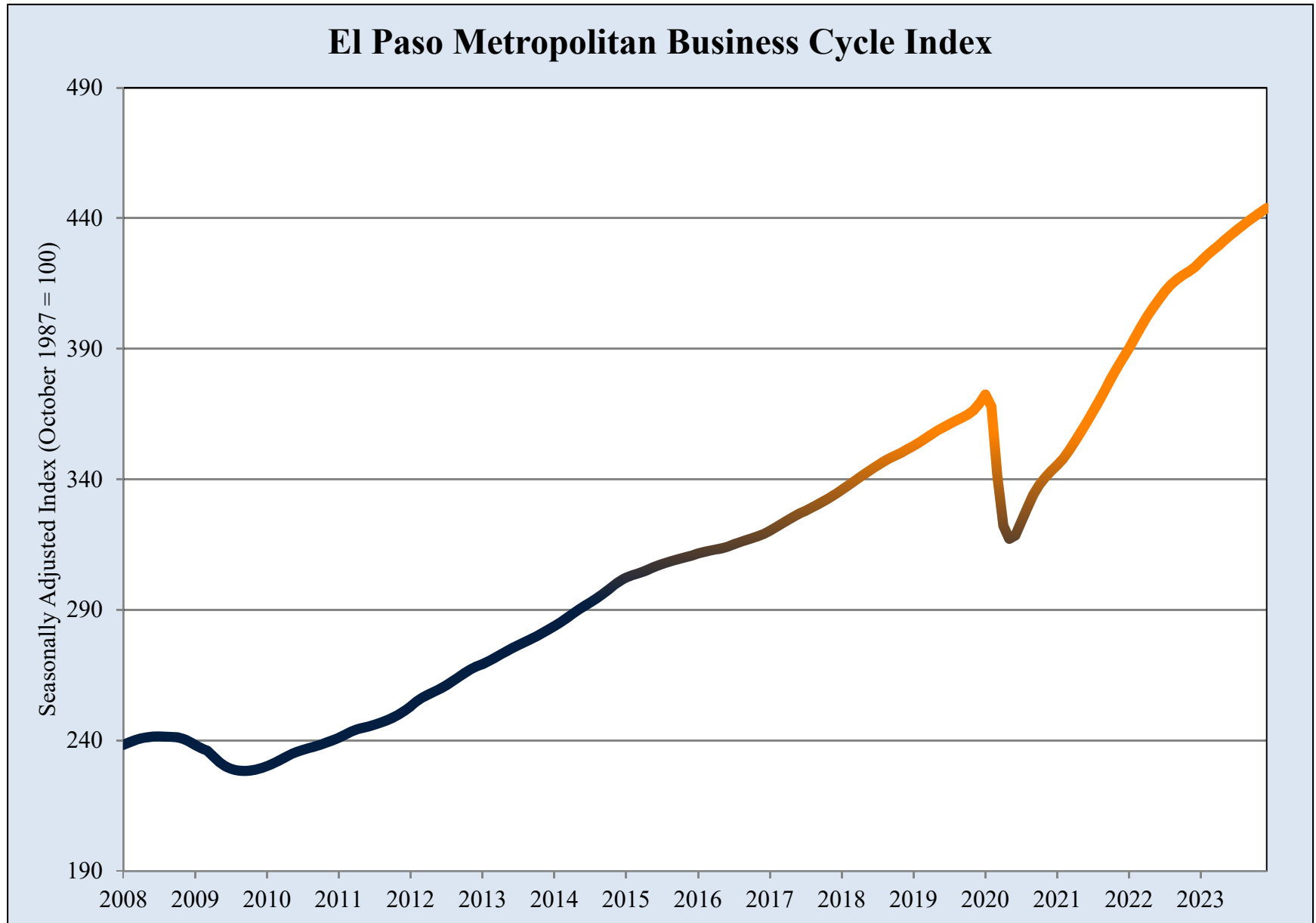
USMCA and China trade war related nearshoring has led to substantial investment in new IMMEX manufacturing investment in Ciudad Juarez and Chihuahua City. In spite of that, real trade volumes through the El Paso Customs

District have been flat during the post-pandemic period (Pages 49 and 50). Much of that is due to lackluster automobile and pickup sales in the United States. Between 2015 and 2019, US light vehicle sales hovered near 17.5 million units per year. Current forecasts anticipate that sales will remain below 16.8 million units annually through at least 2026.

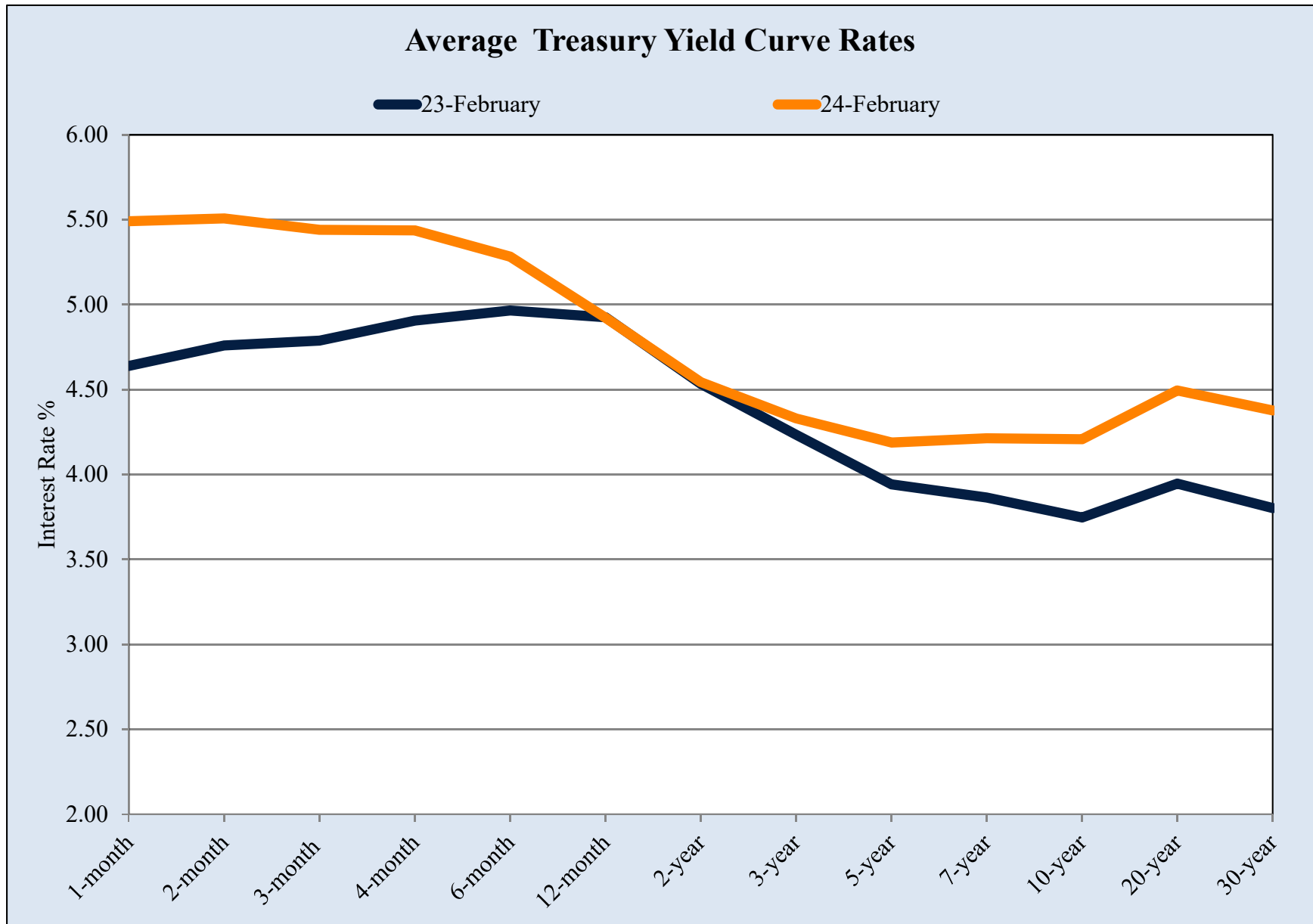
Because the slowdown is proving to be fairly benign, additional economic growth is predicted for the Borderplex region in 2024 and 2025. To order a copy of **Borderplex Economic Outlook to 2025**: [\[Link Here\]](#)



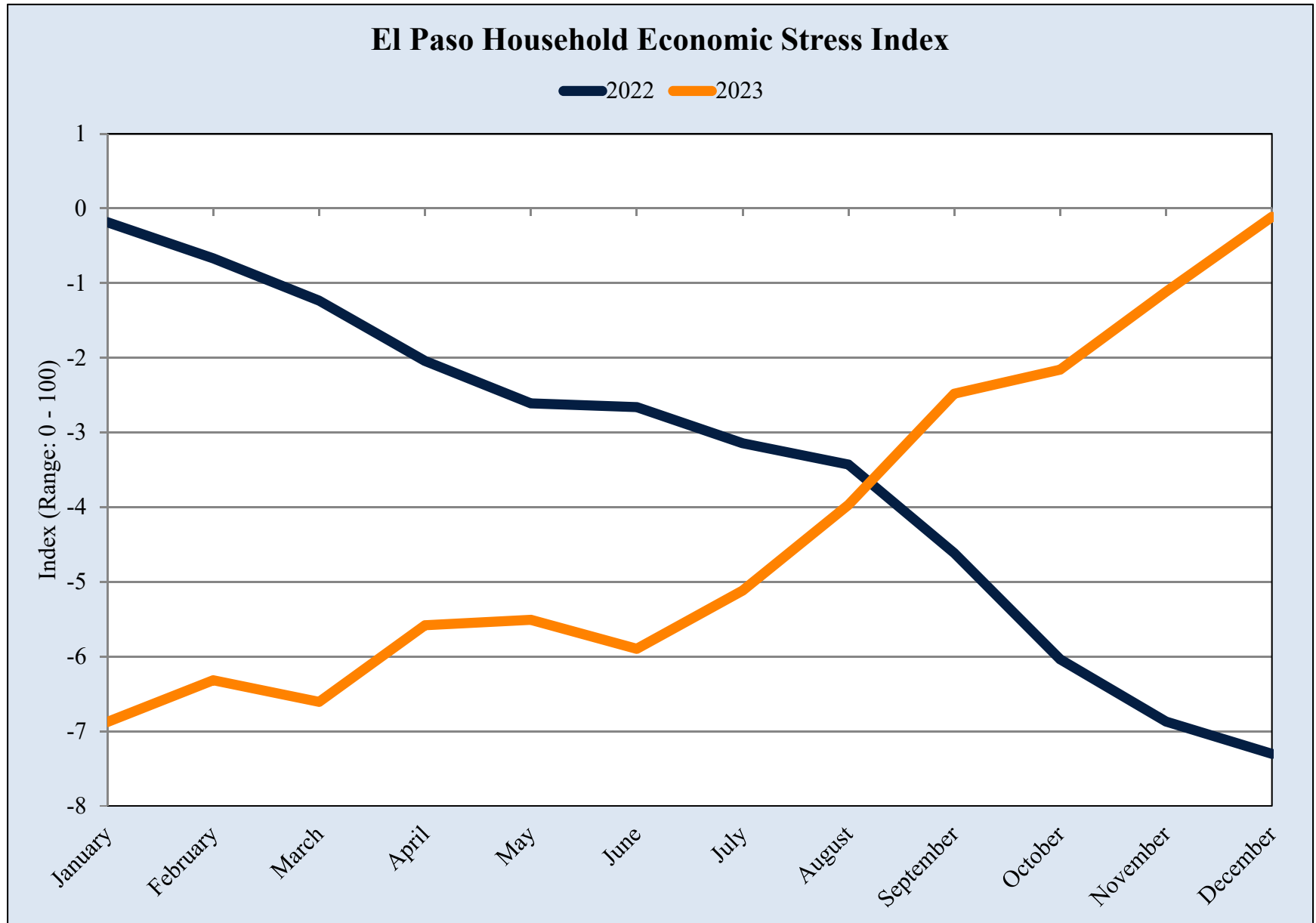
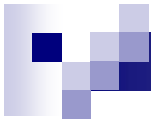
Source: UTEP Border Region Modeling Project using Federal Reserve Bank of Dallas Data



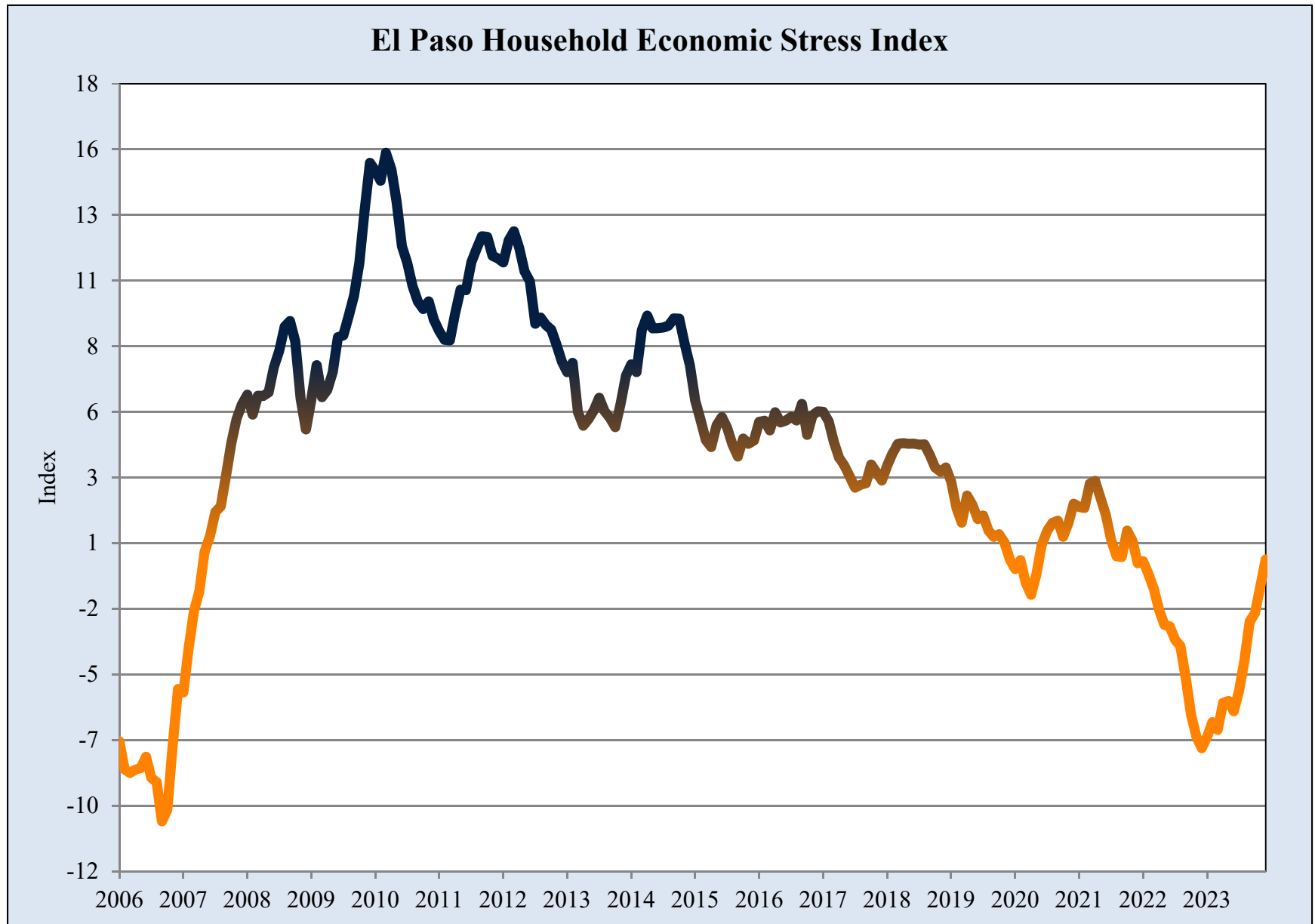
Source: UTEP Border Region Modeling Project using Federal Reserve Bank of Dallas Data



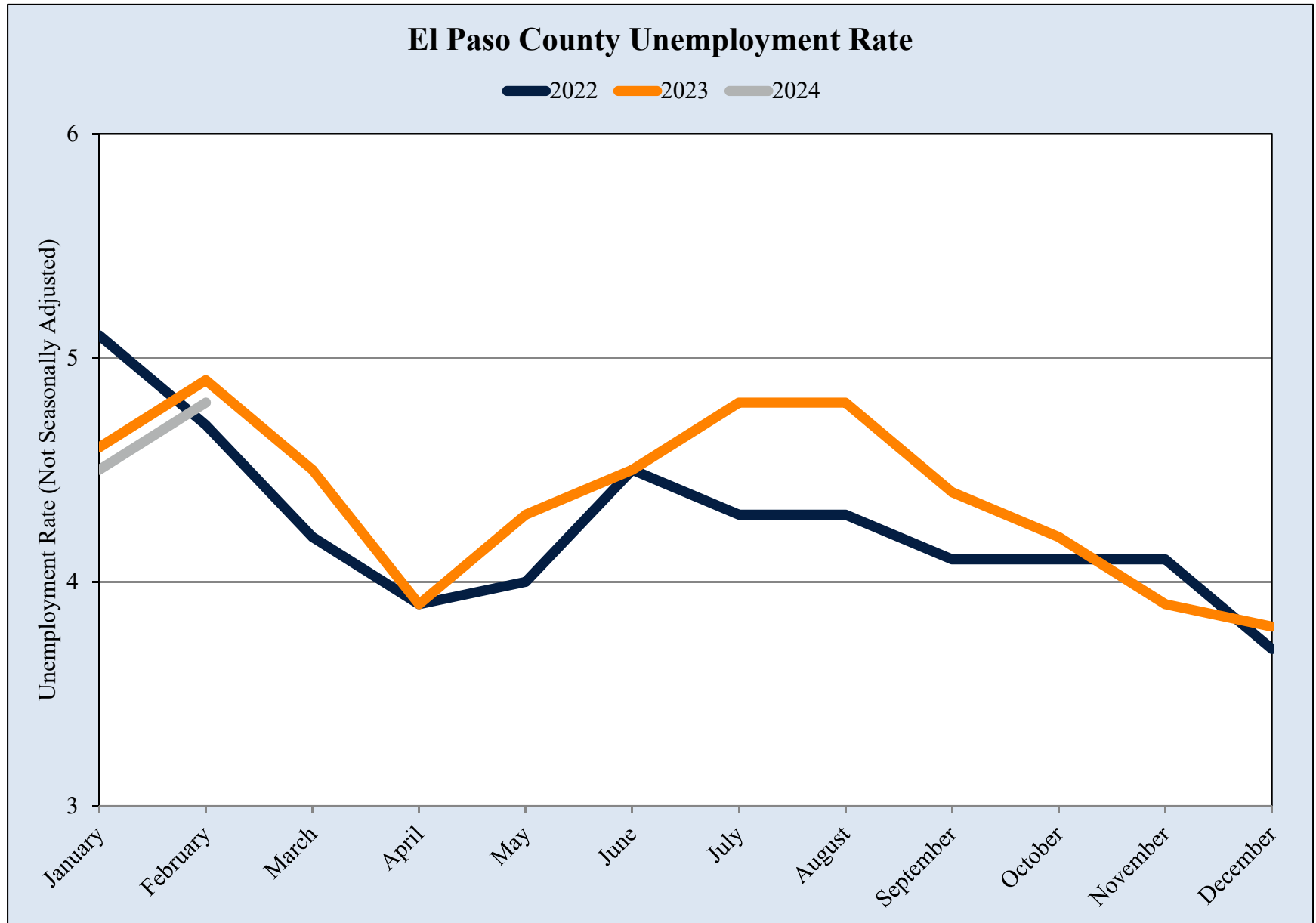
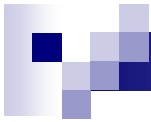
Source: UTEP Border Region Modeling Project using US Treasury, Daily Treasury Yield Curve Rates Data



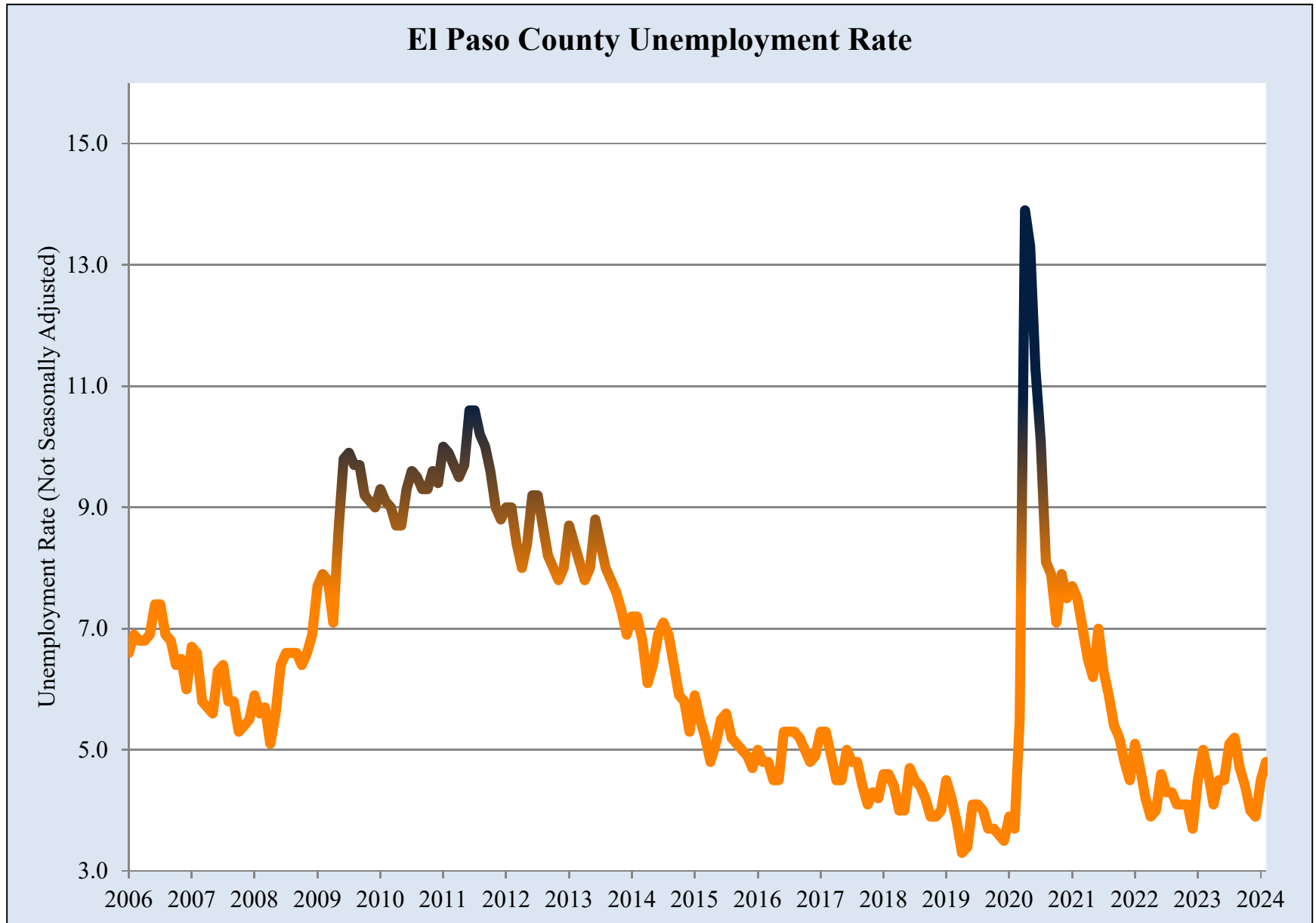
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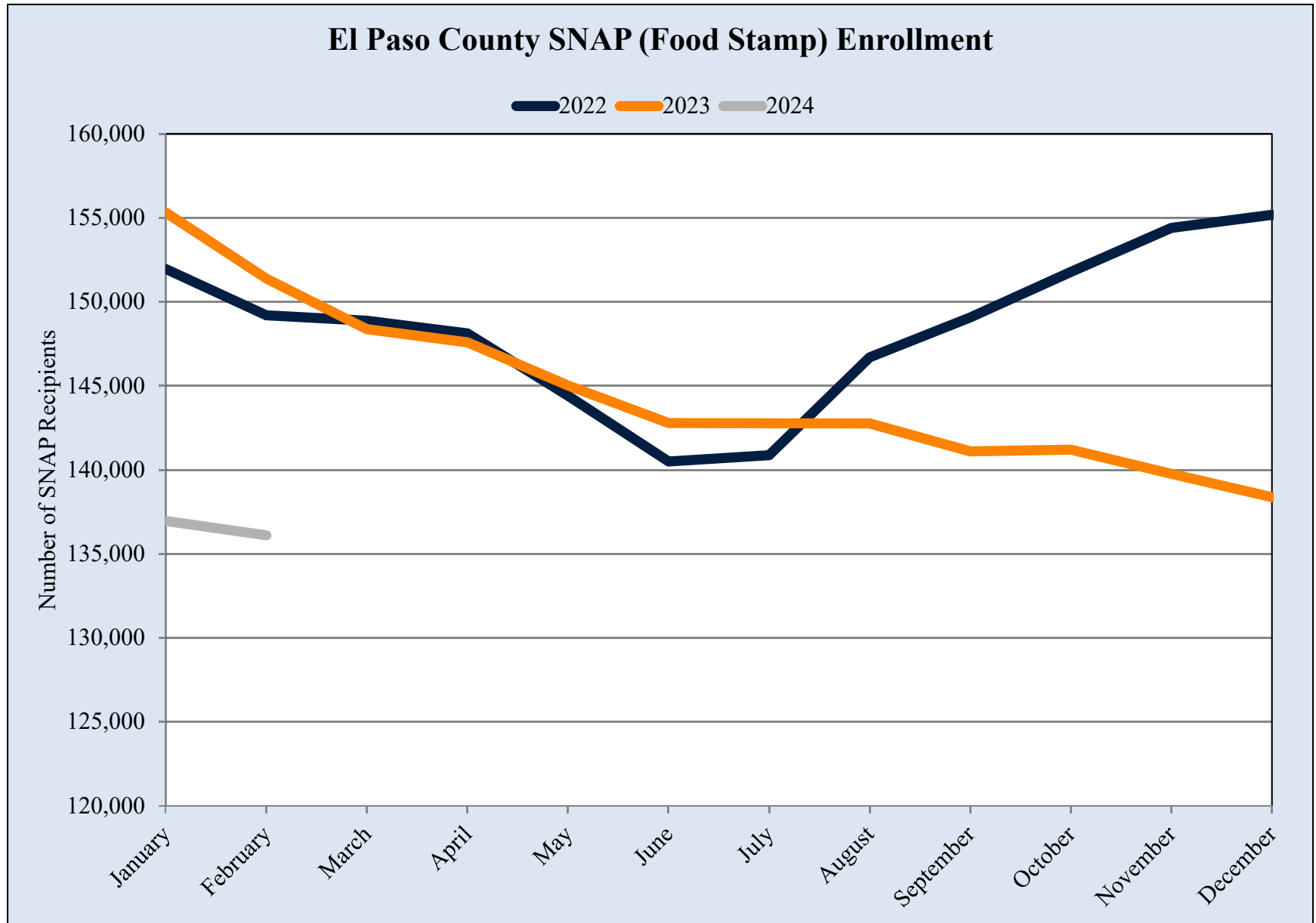
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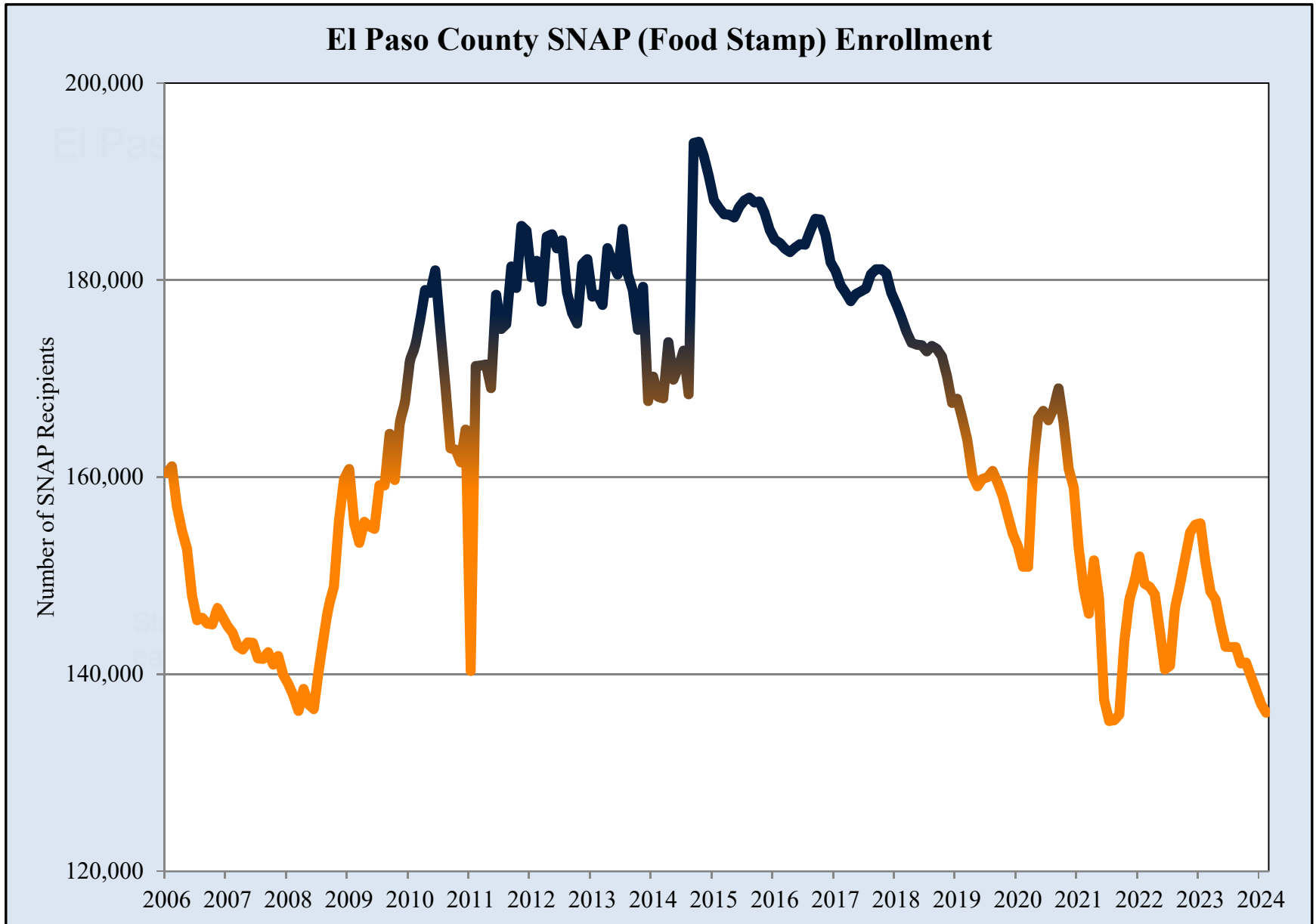
Source: UTEP Border Region Modeling Project using Bureau of Labor Statistics Data



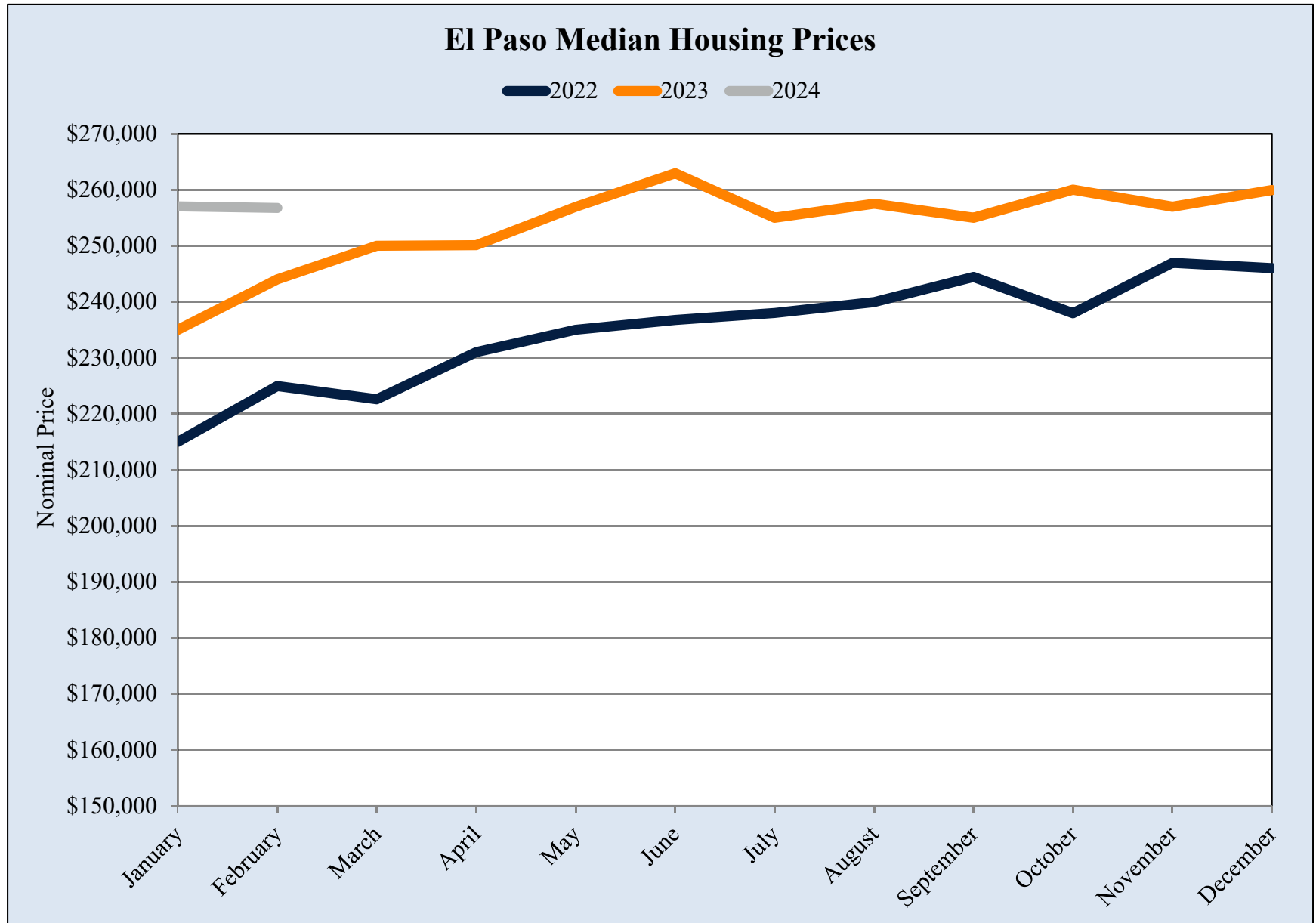
Source: UTEP Border Region Modeling Project using Bureau of Labor Statistics Data



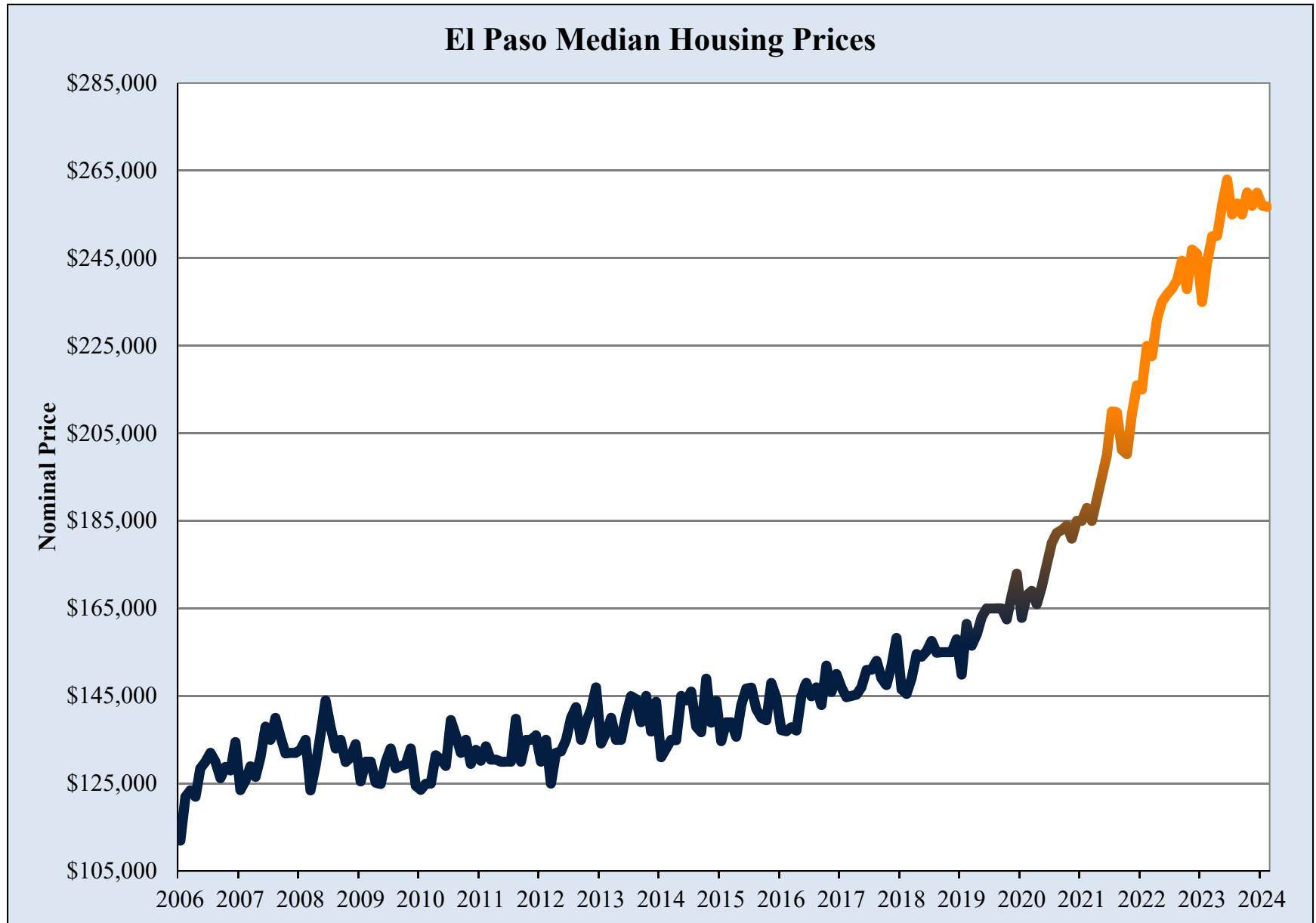
Source: UTEP Border Region Modeling Project using Texas Health and Human Services Commission



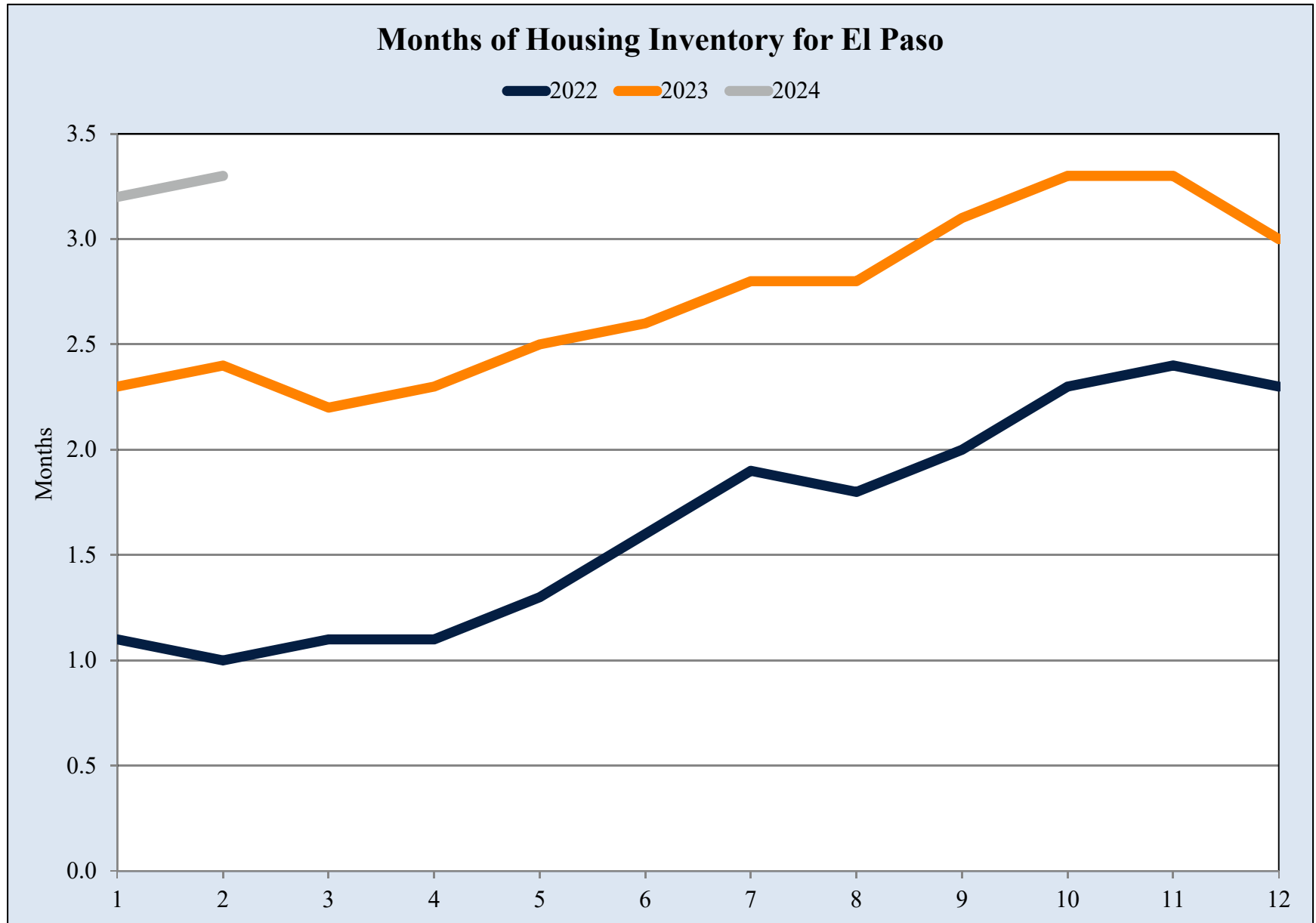
Source: UTEP Border Region Modeling Project using Texas Health and Human Services Commission



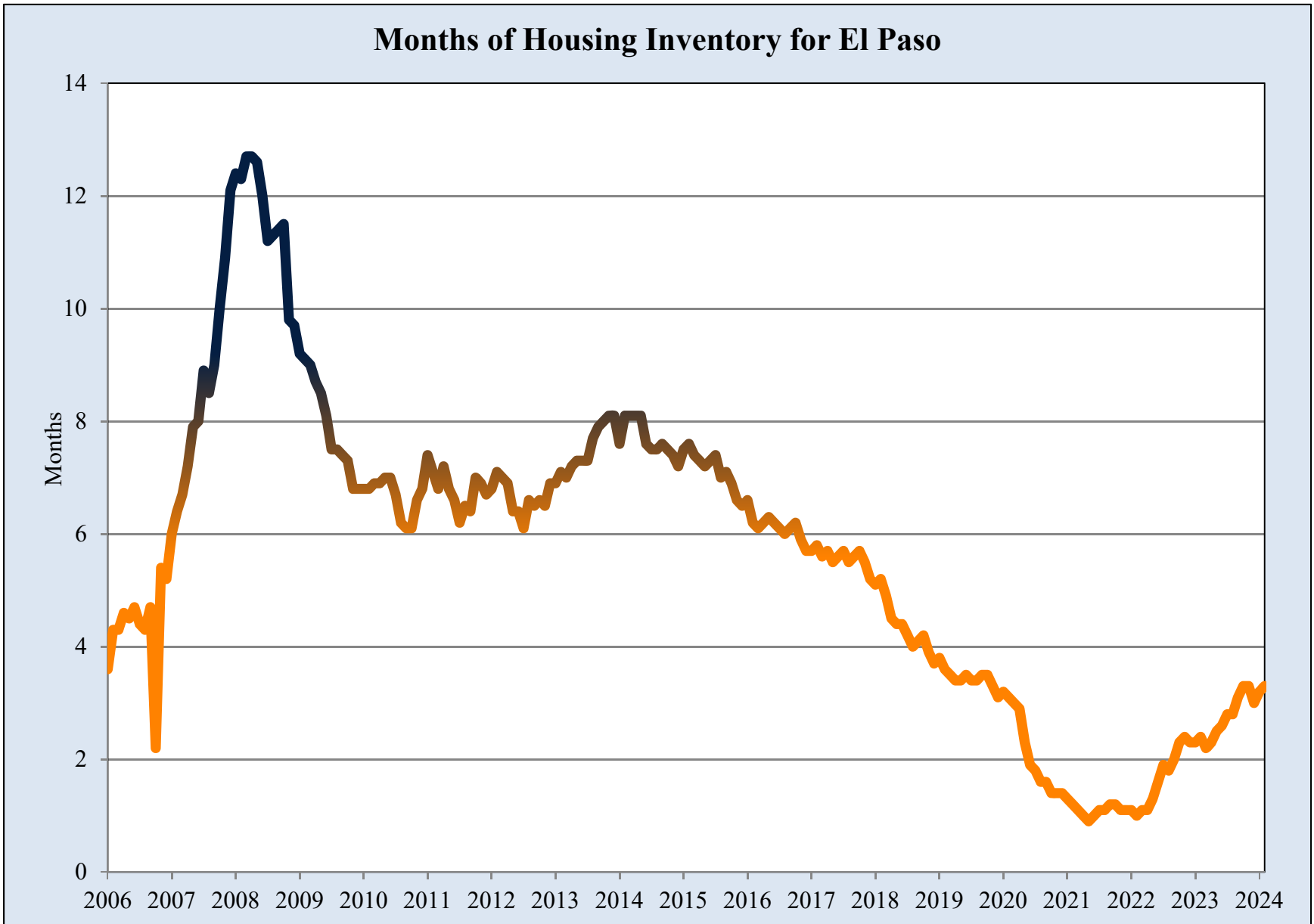
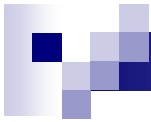
Source: UTEP Border Region Modeling Project using Texas A&M Real Estate Center Data



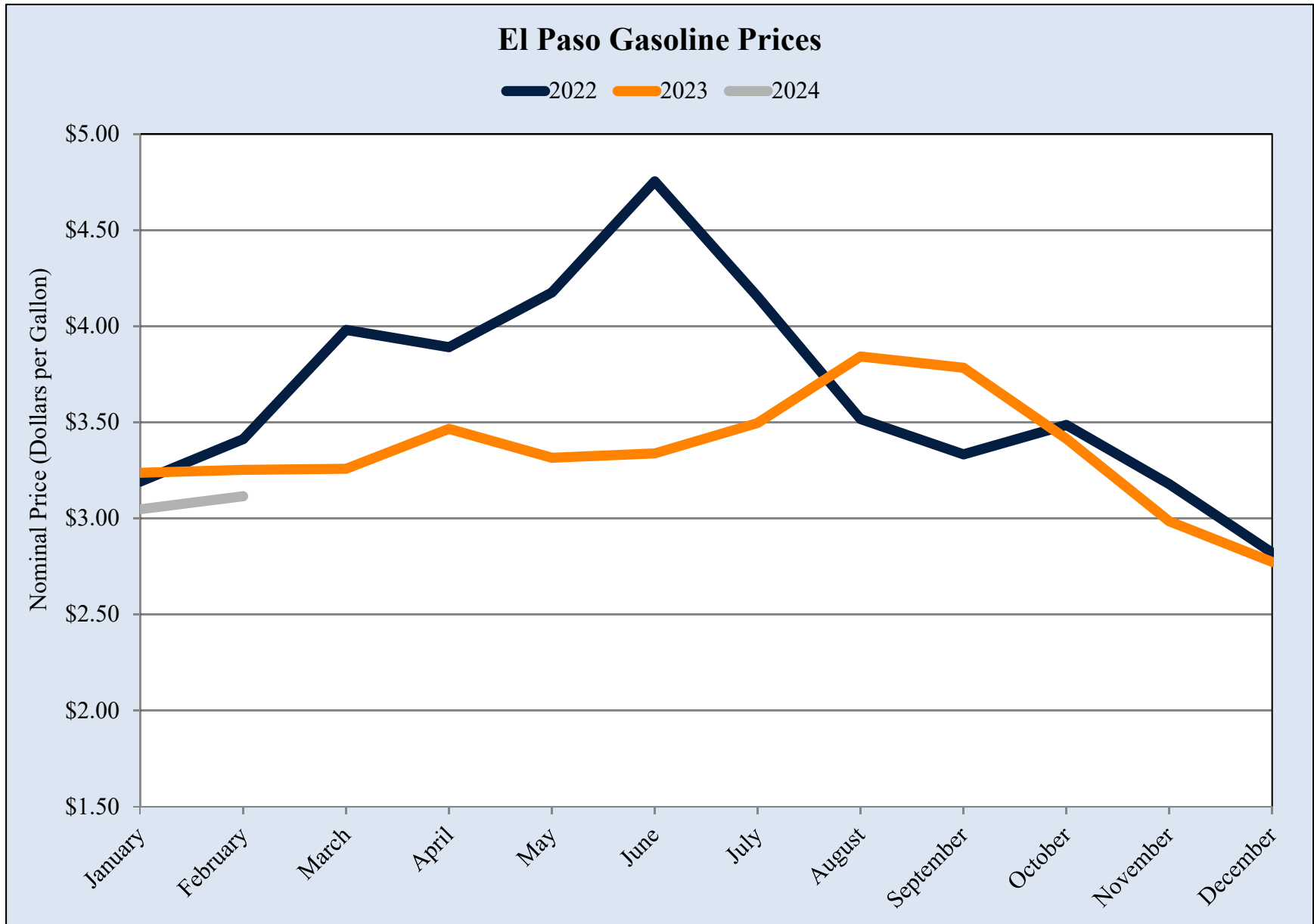
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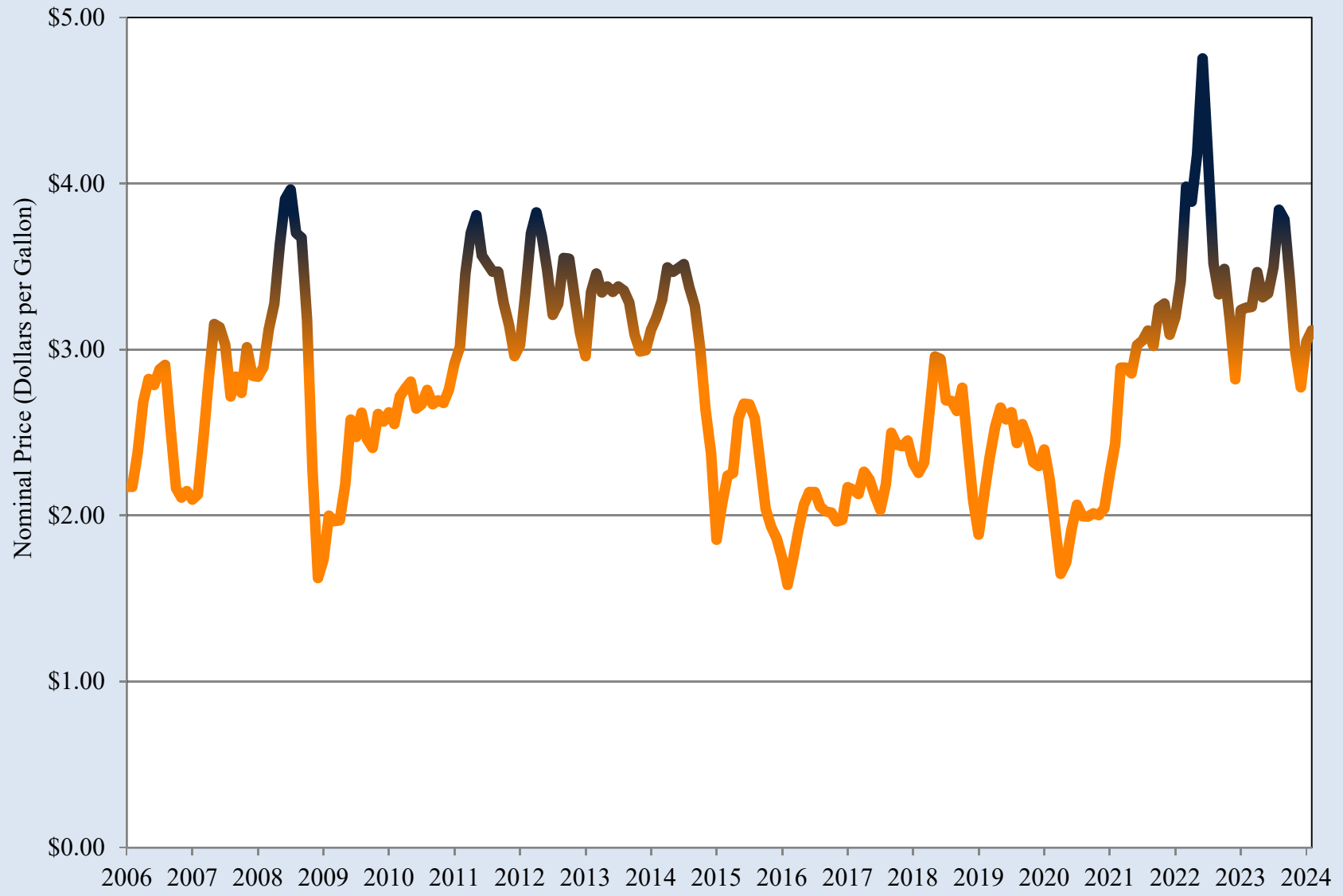


Source: UTEP Border Region Modeling Project using Texas A&M Real Estate Center Data

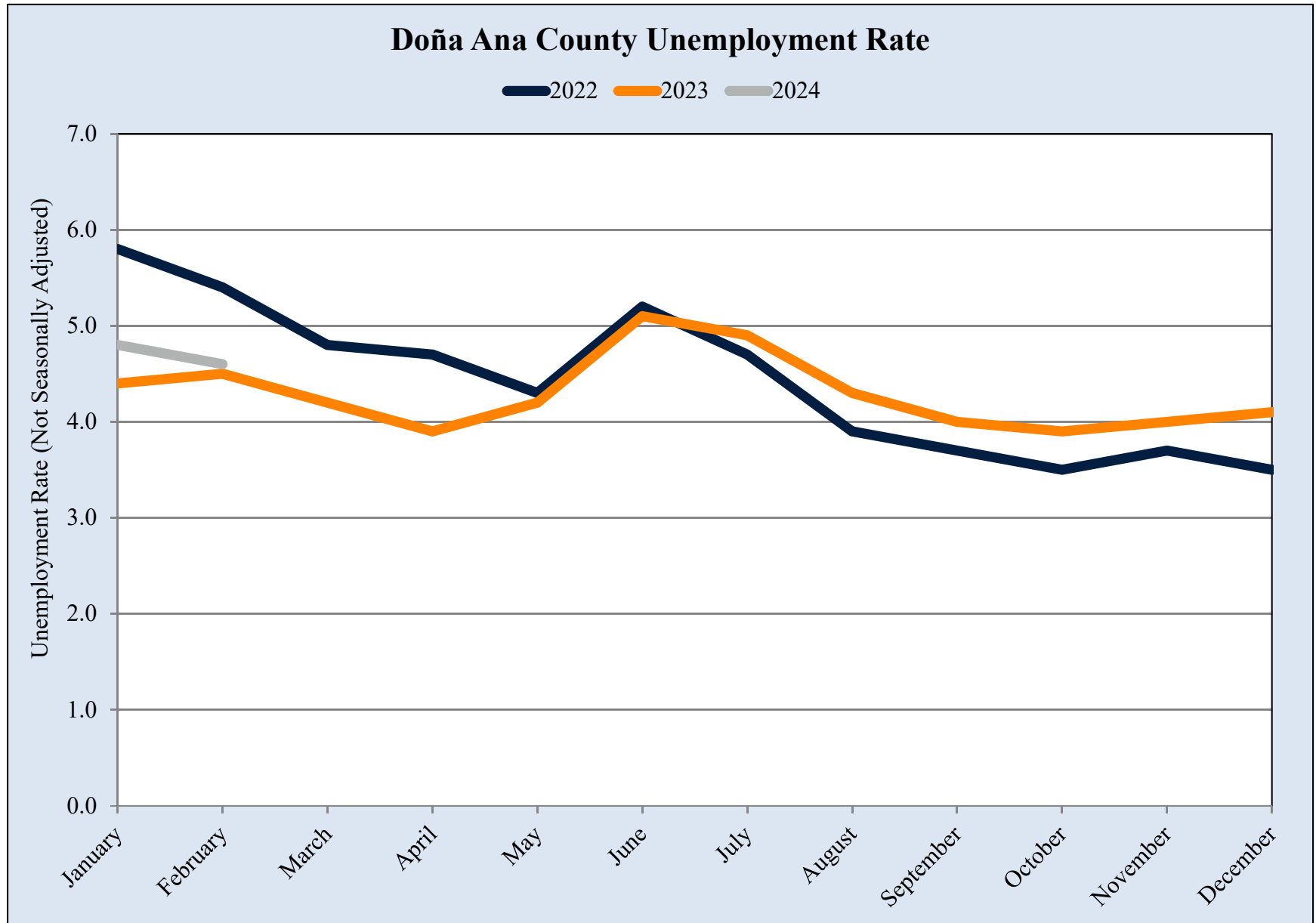


Source: UTEP Border Region Modeling Project using GasBuddy.com Data

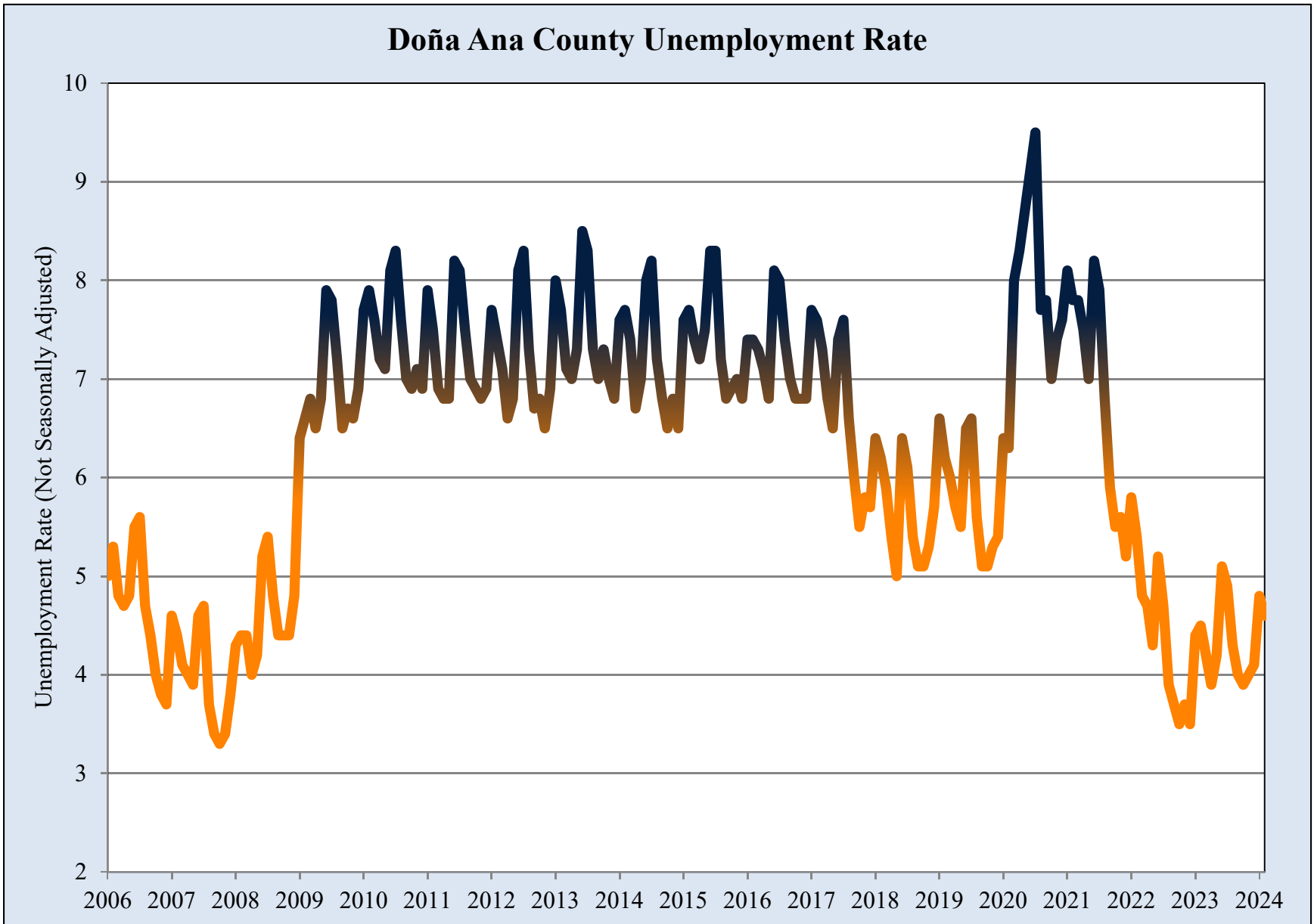
El Paso Gasoline Prices



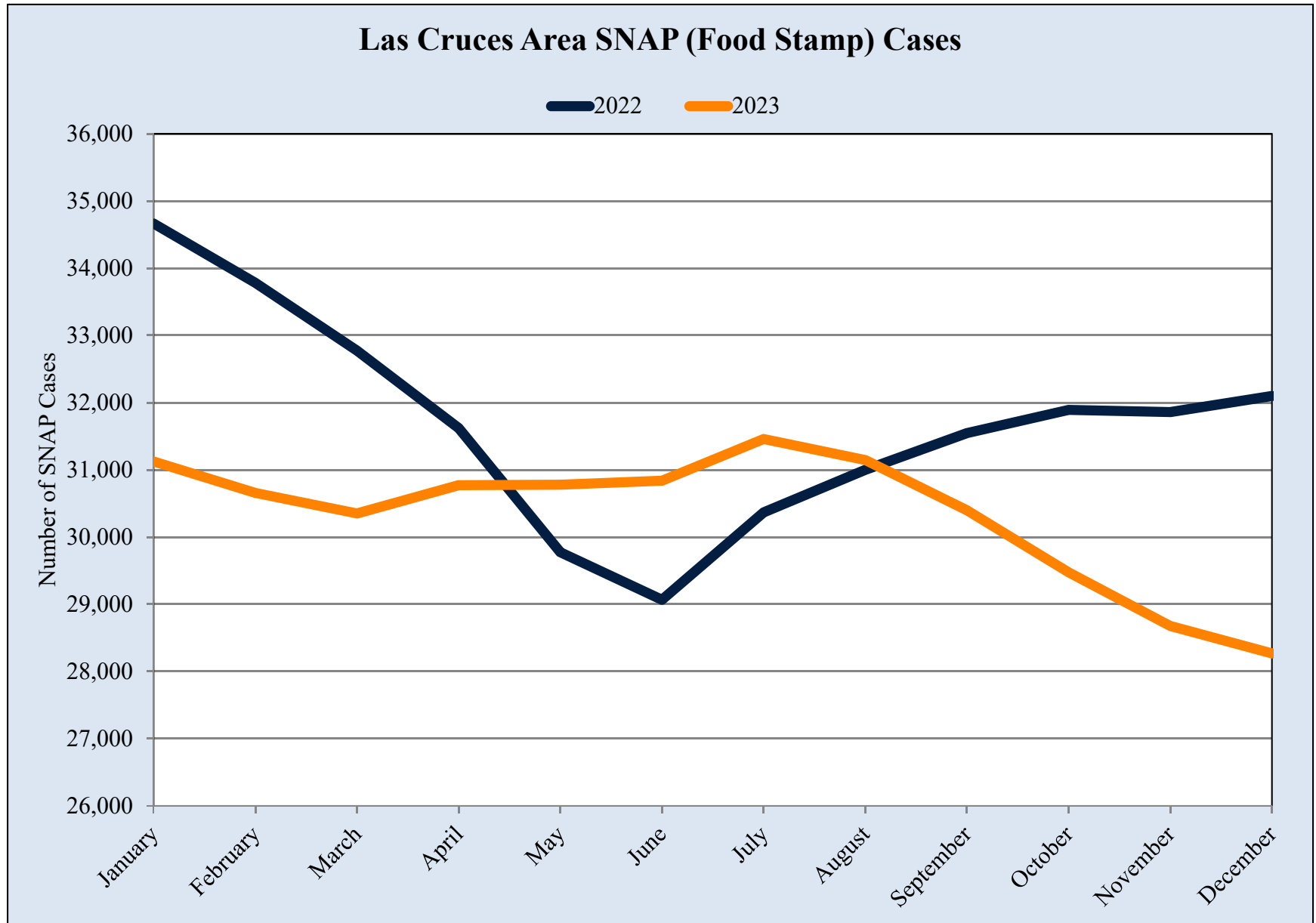
Source: UTEP Border Region Modeling Project using GasBuddy.com Data



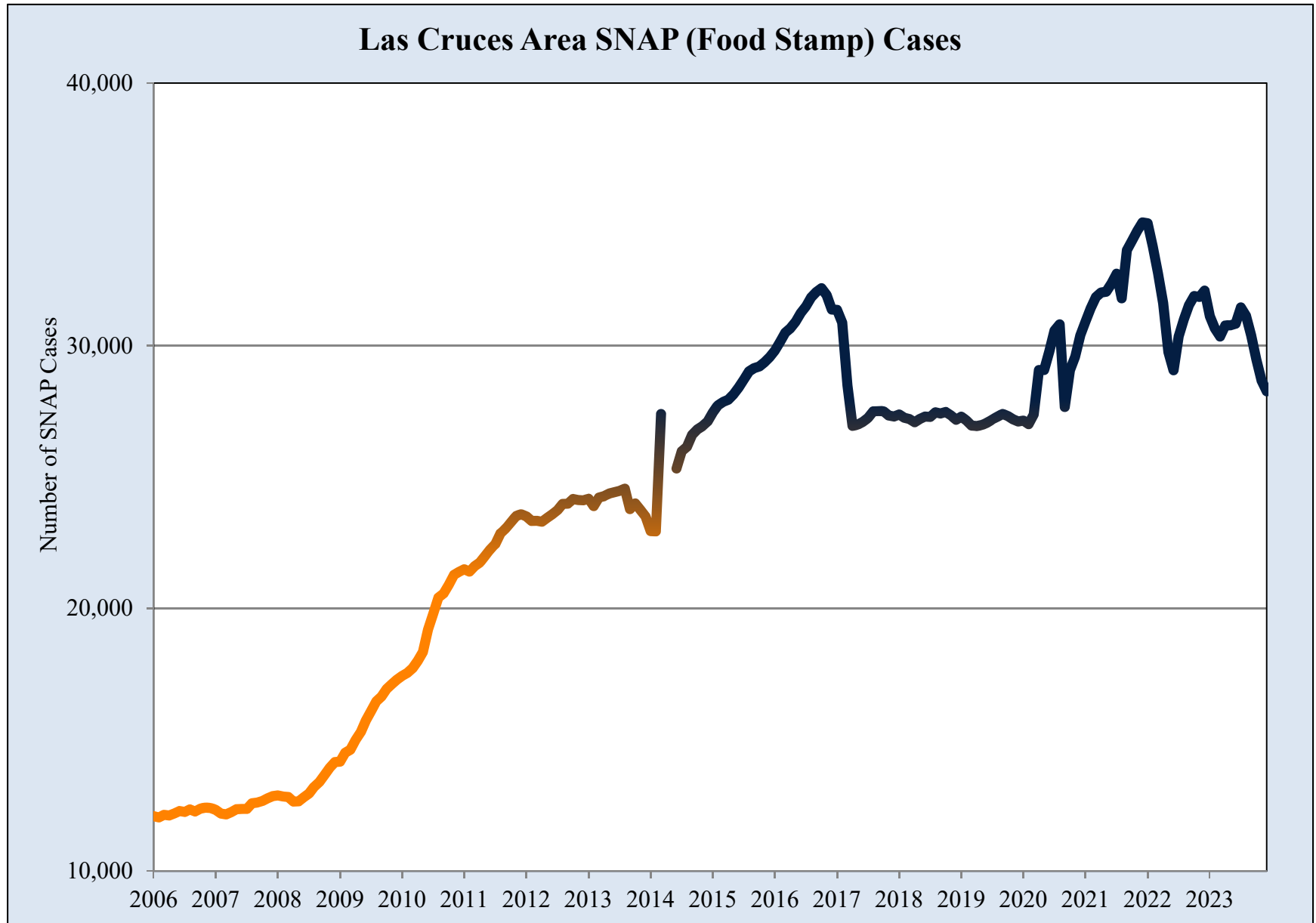
Source: UTEP Border Region Modeling Project using NM Workforce Data



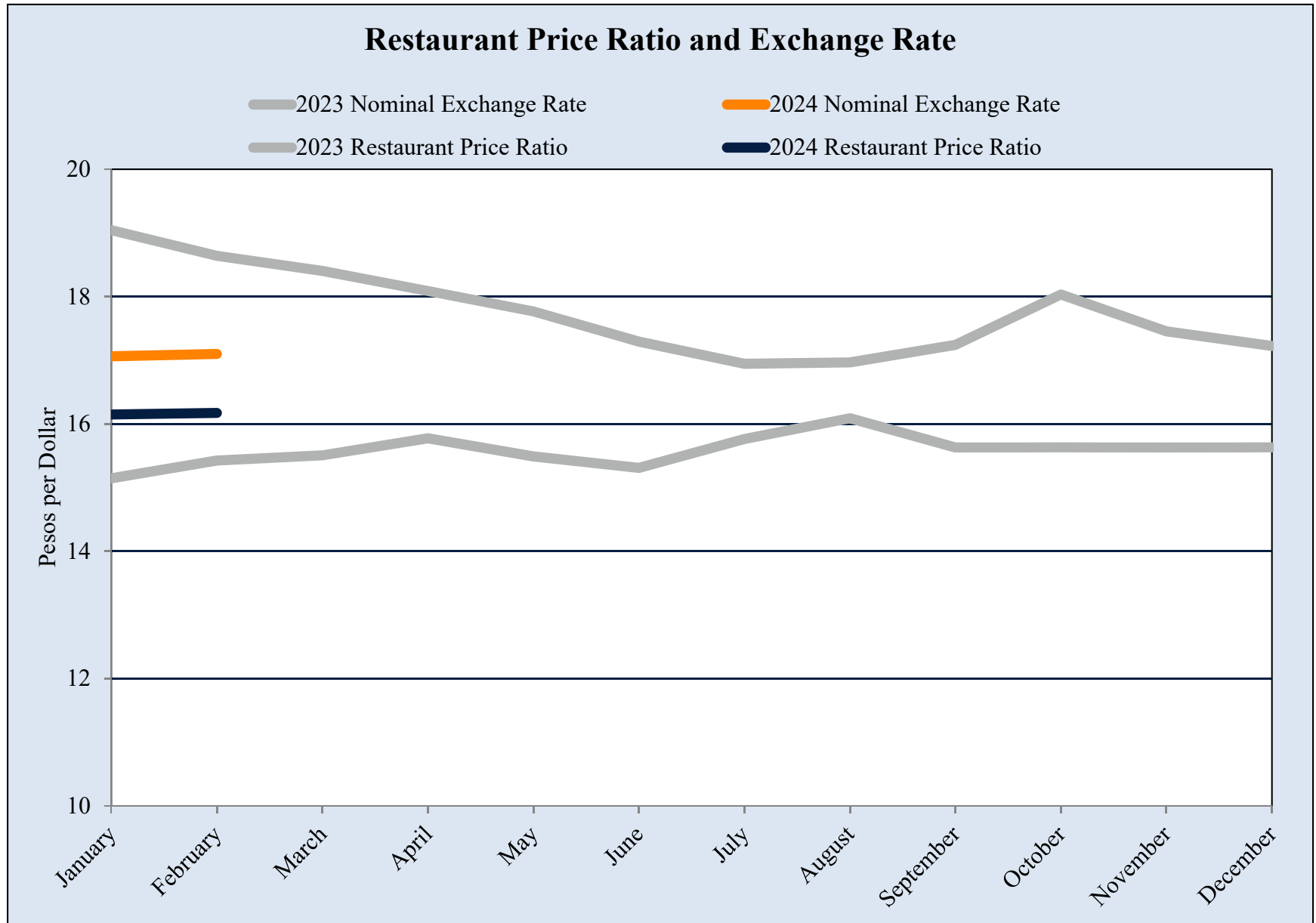
Source: UTEP Border Region Modeling Project using NM Workforce Data



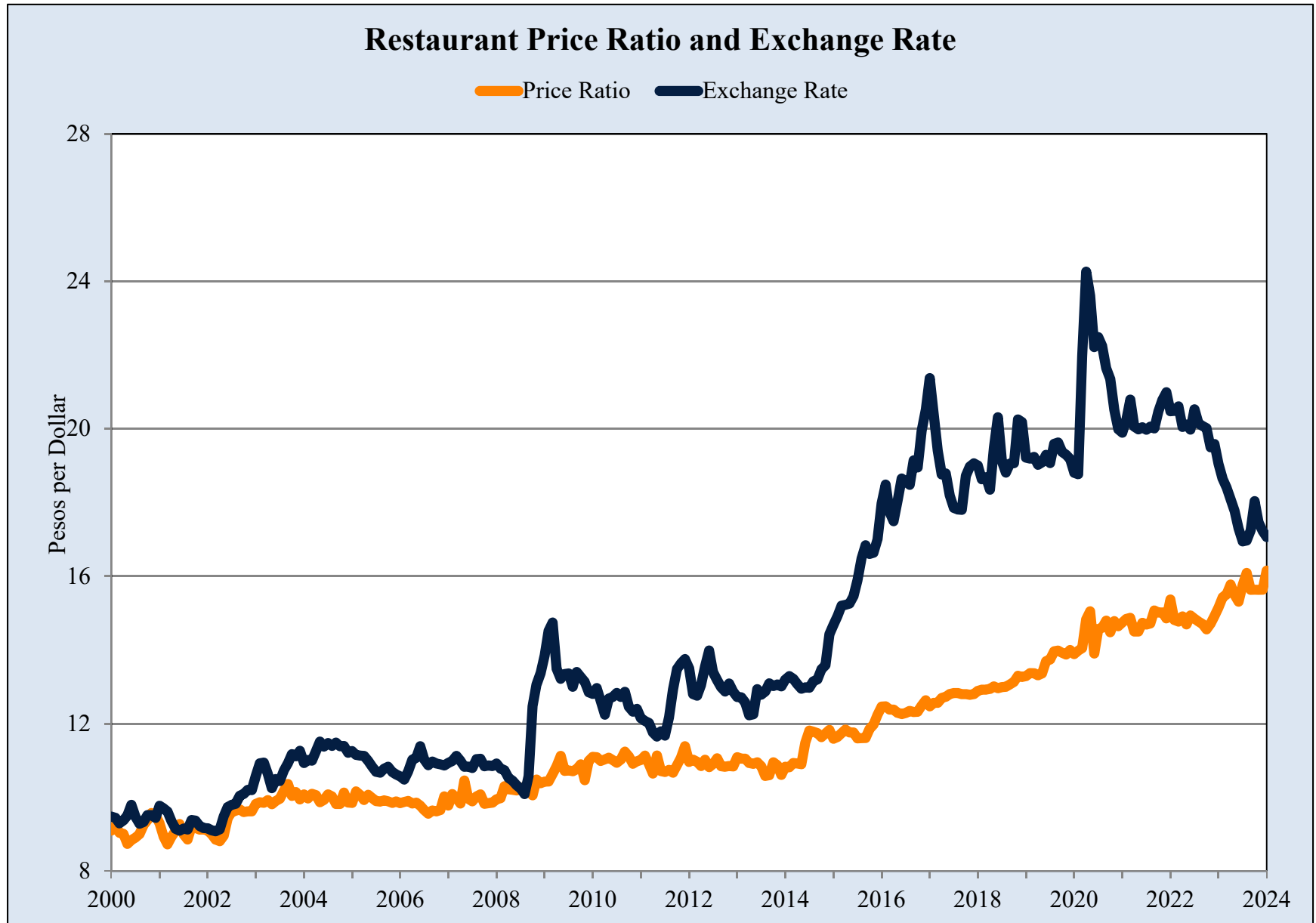
Source: UTEP Border Region Modeling Project using New Mexico Human Services Department Data



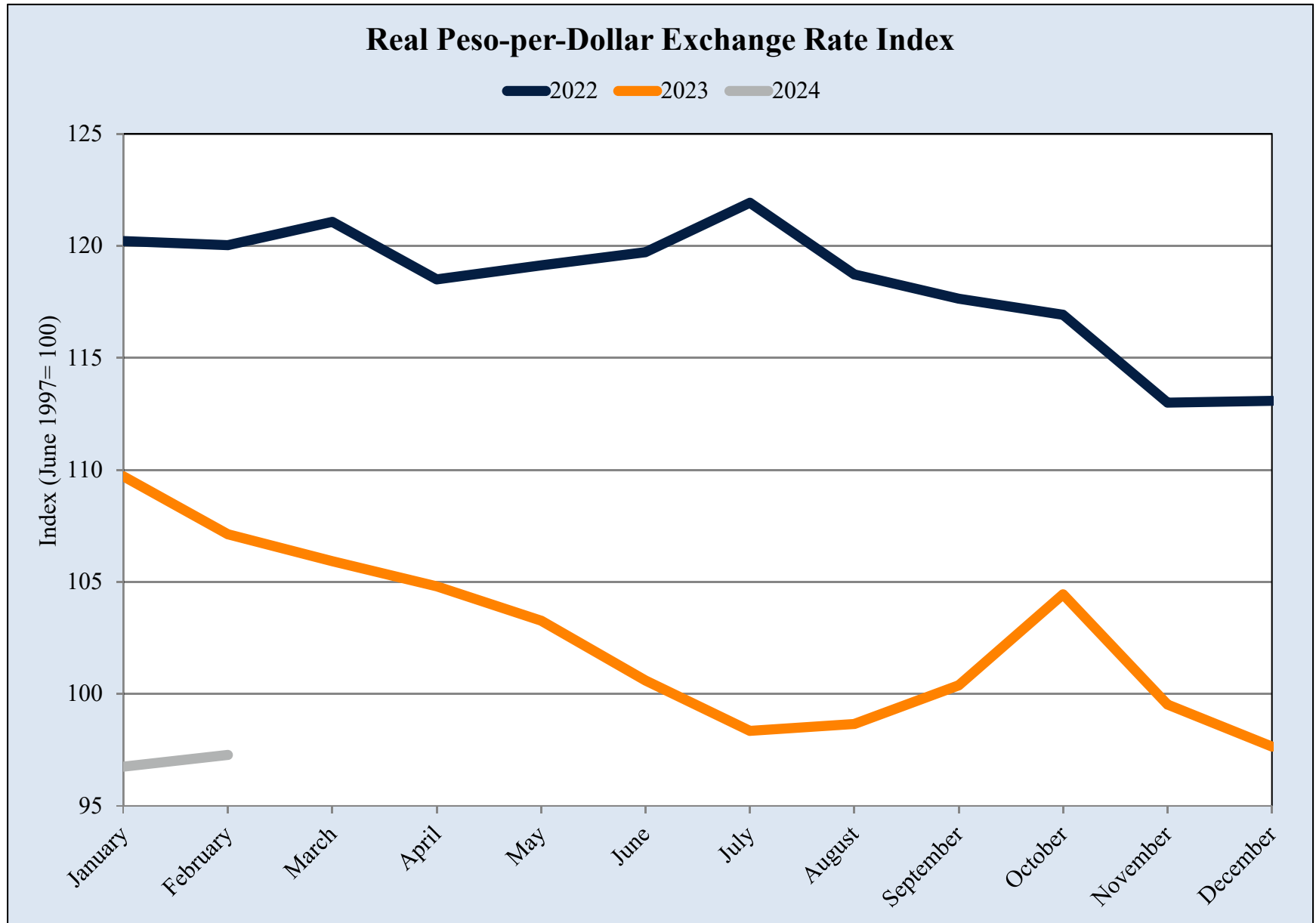
Source: UTEP Border Region Modeling Project using NM Workforce Data



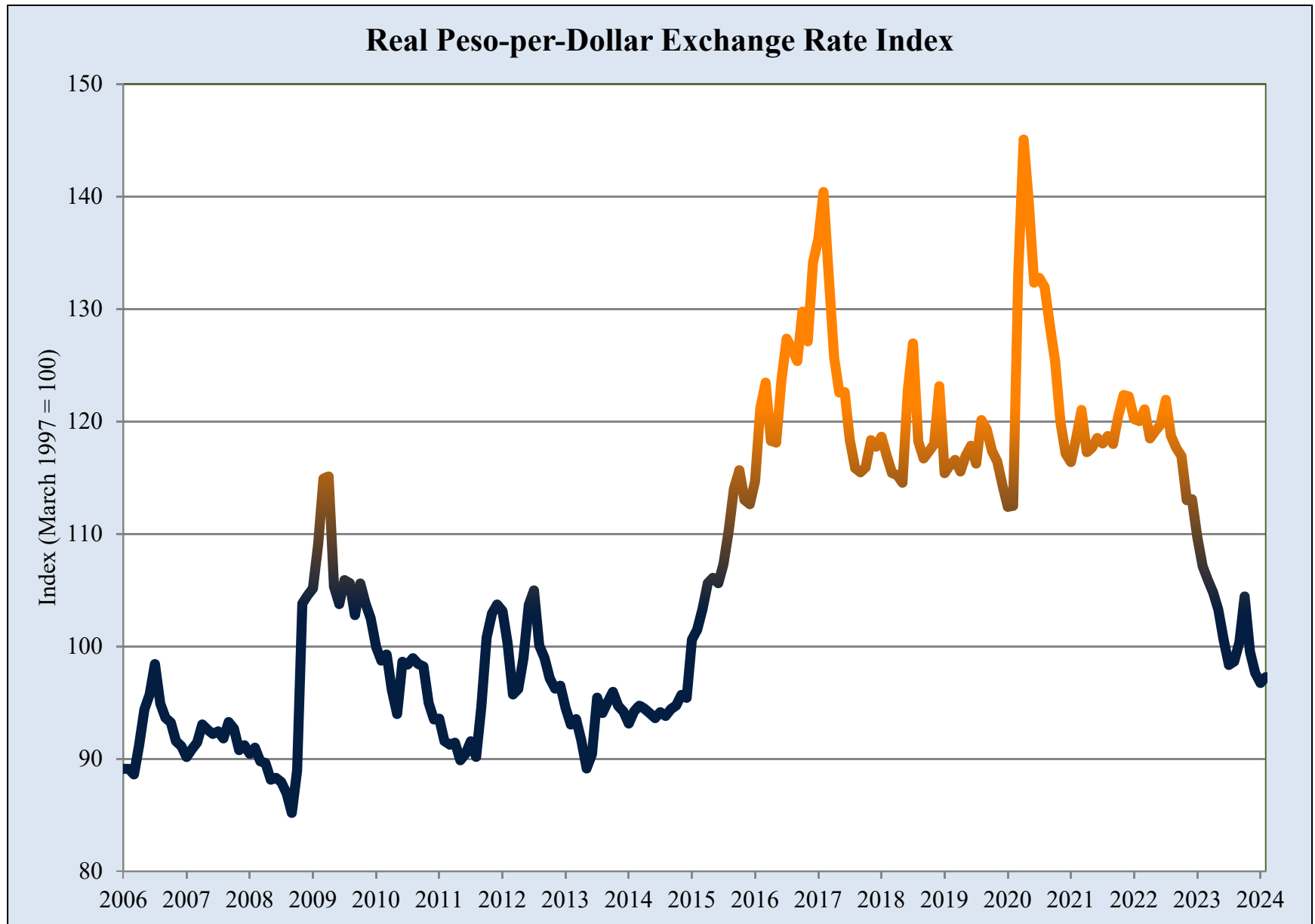
Source: UTEP Border Region Modeling Project using 85 identical franchise restaurant products sold on both sides of the border.



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

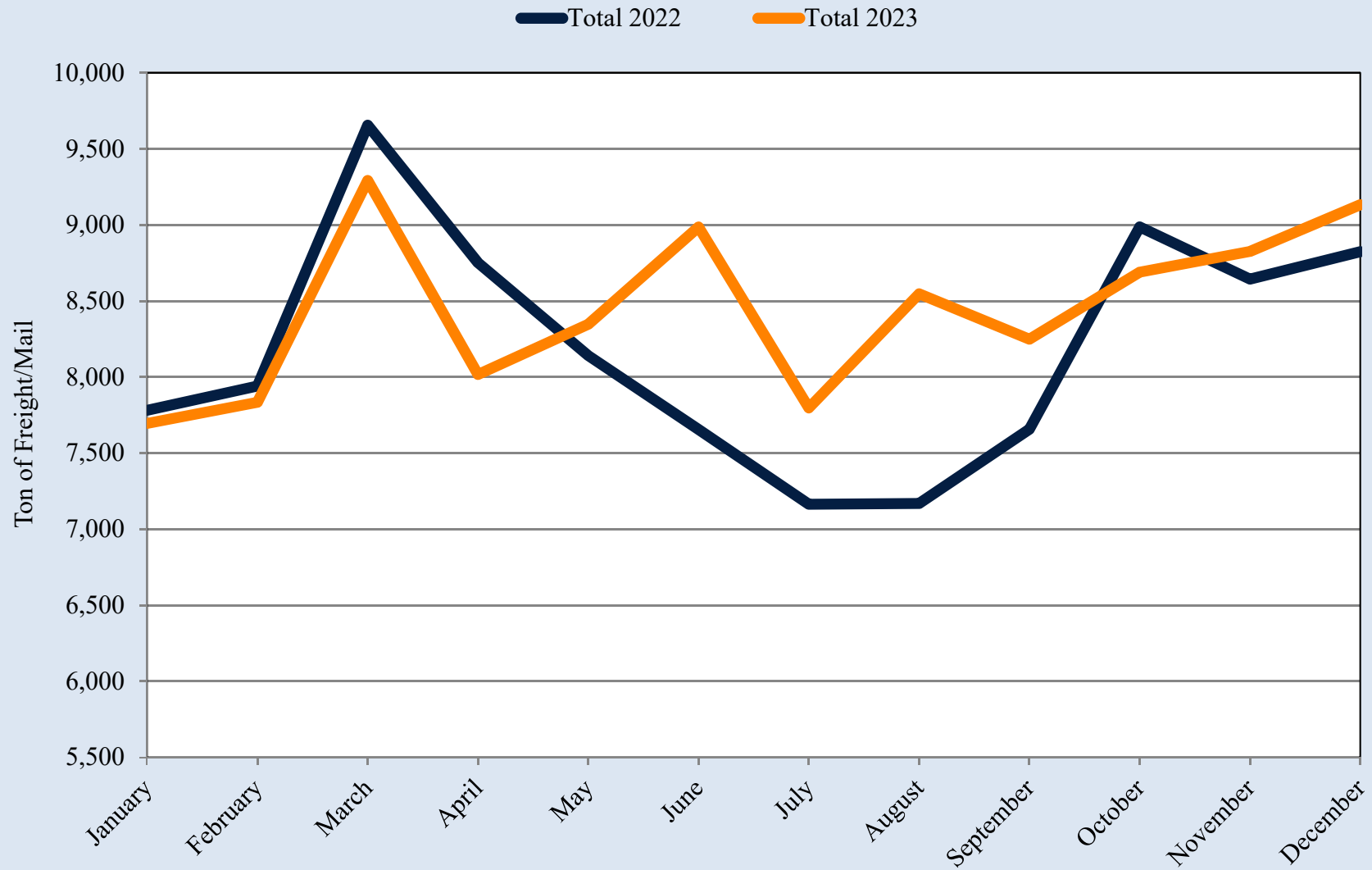


Source: UTEP Border Region Modeling Project



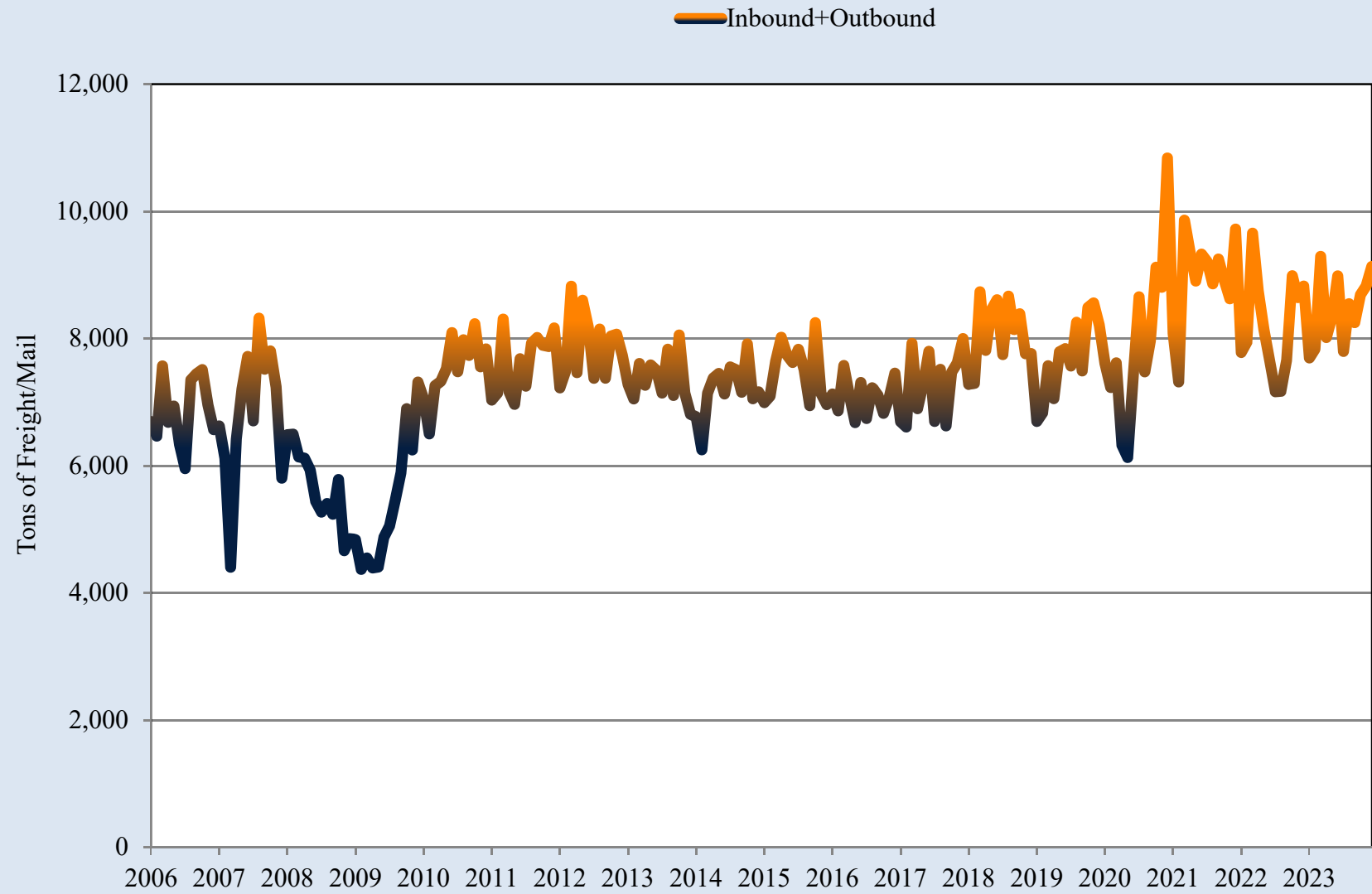
Source: UTEP Border Region Modeling Project

EPIA Freight and Mail



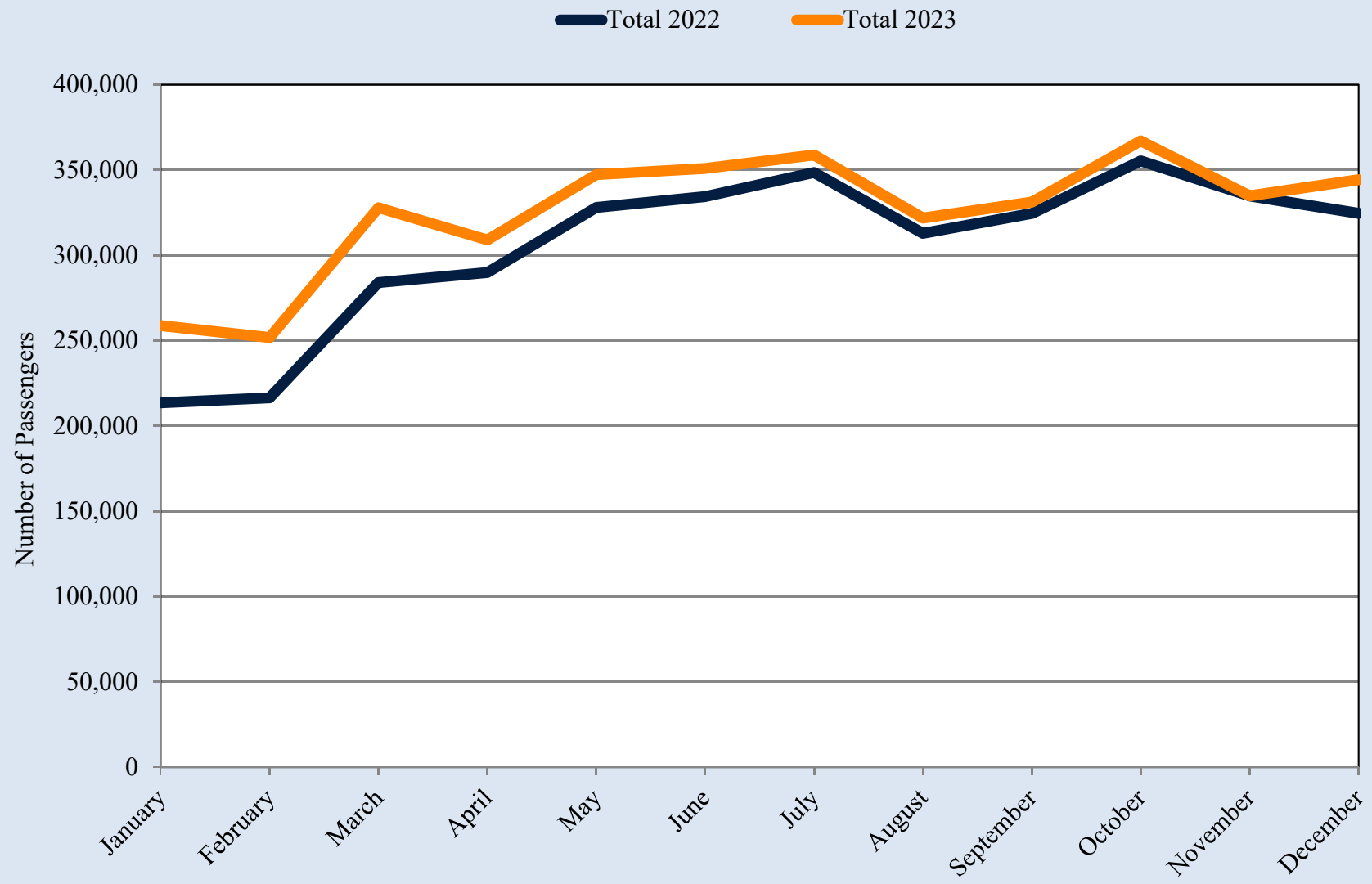
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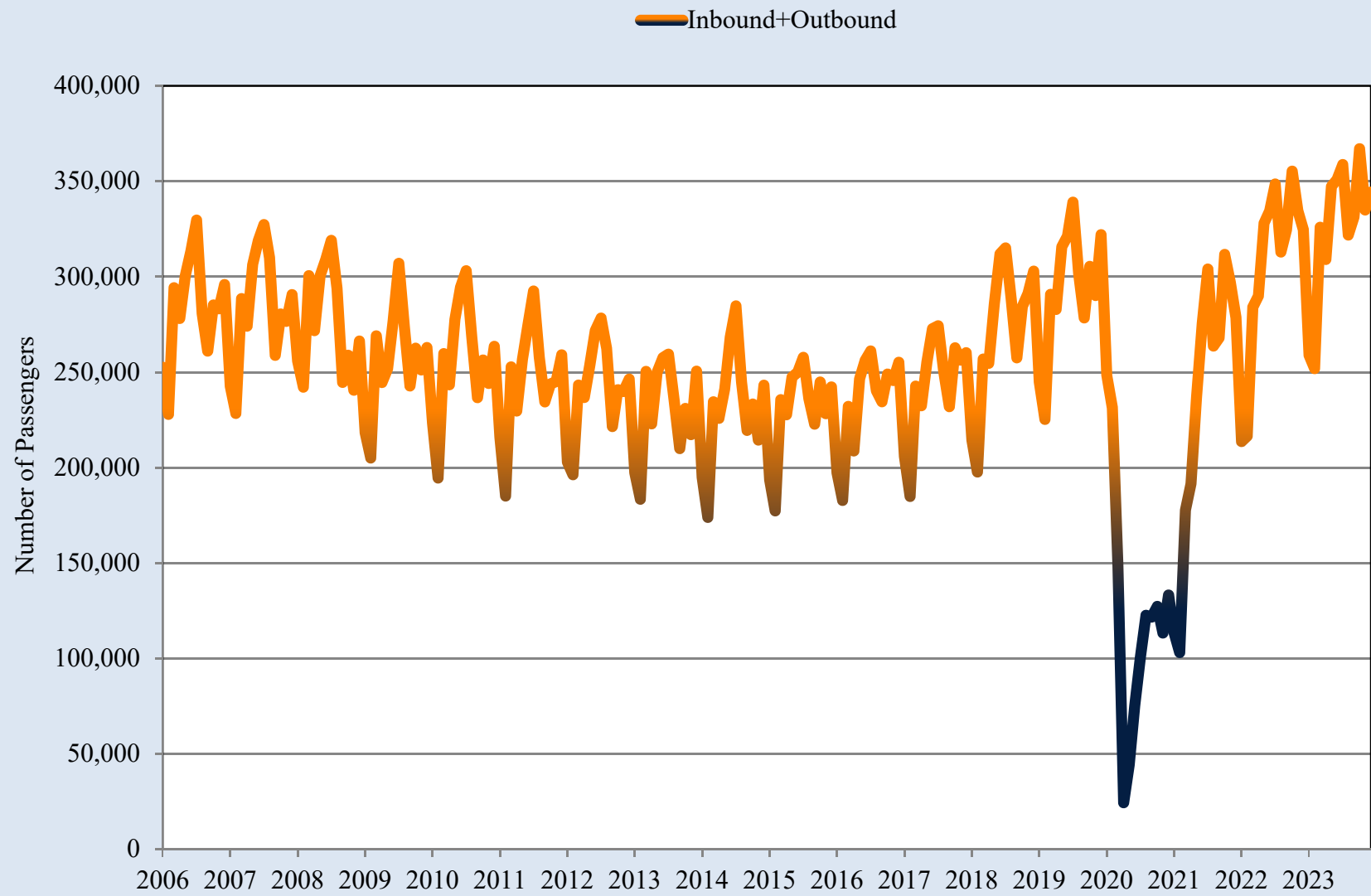
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EPIA Passengers

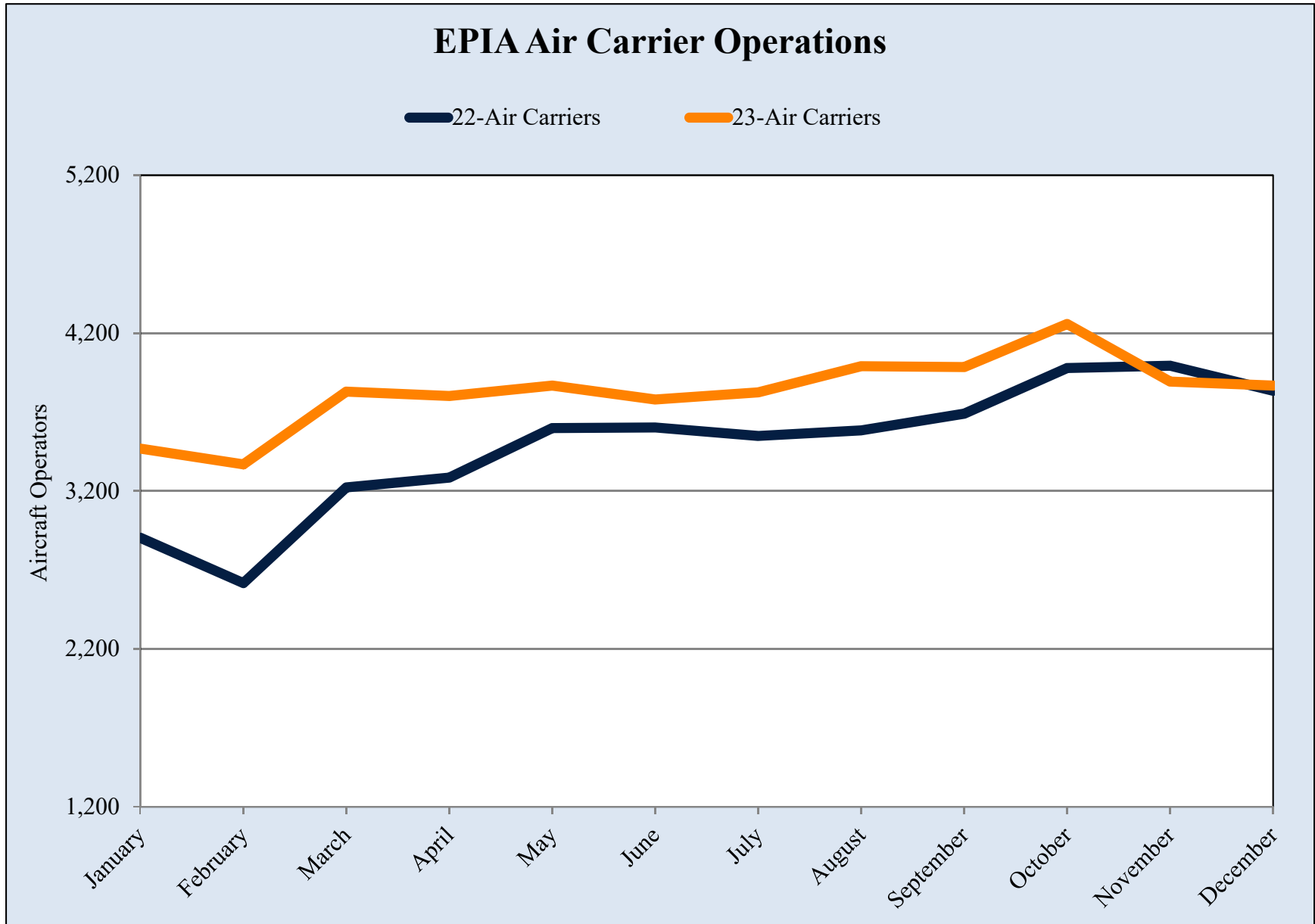


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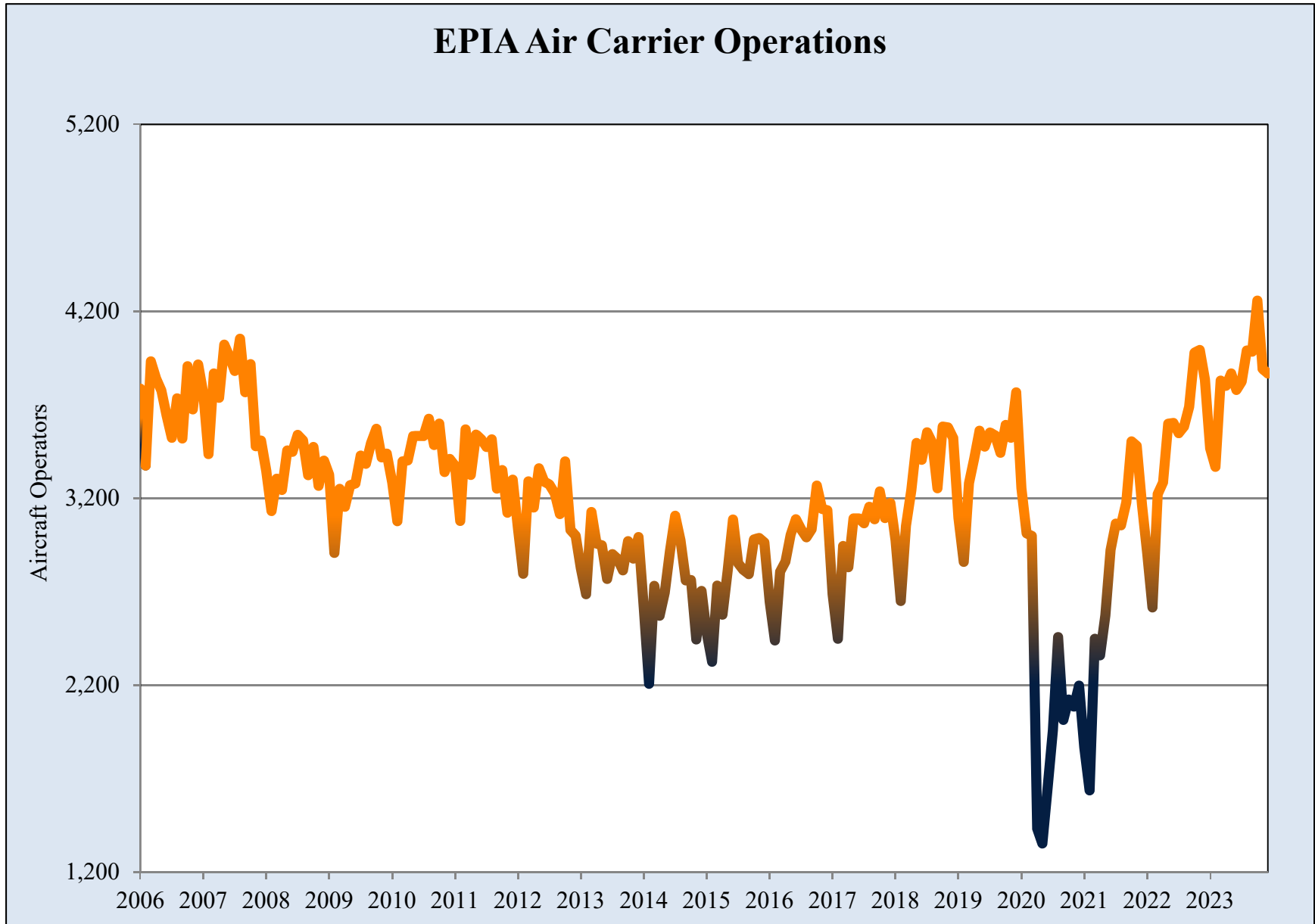
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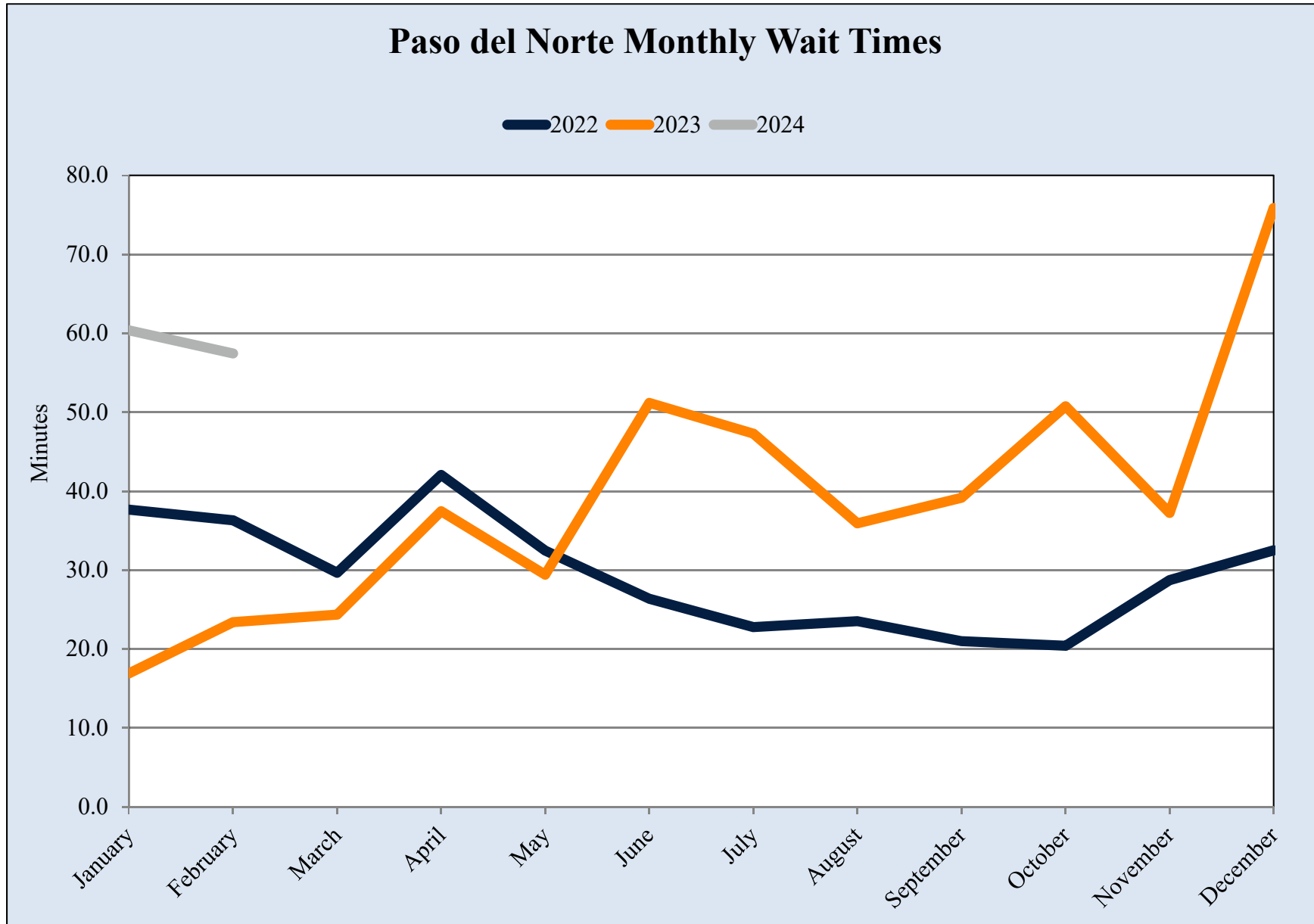
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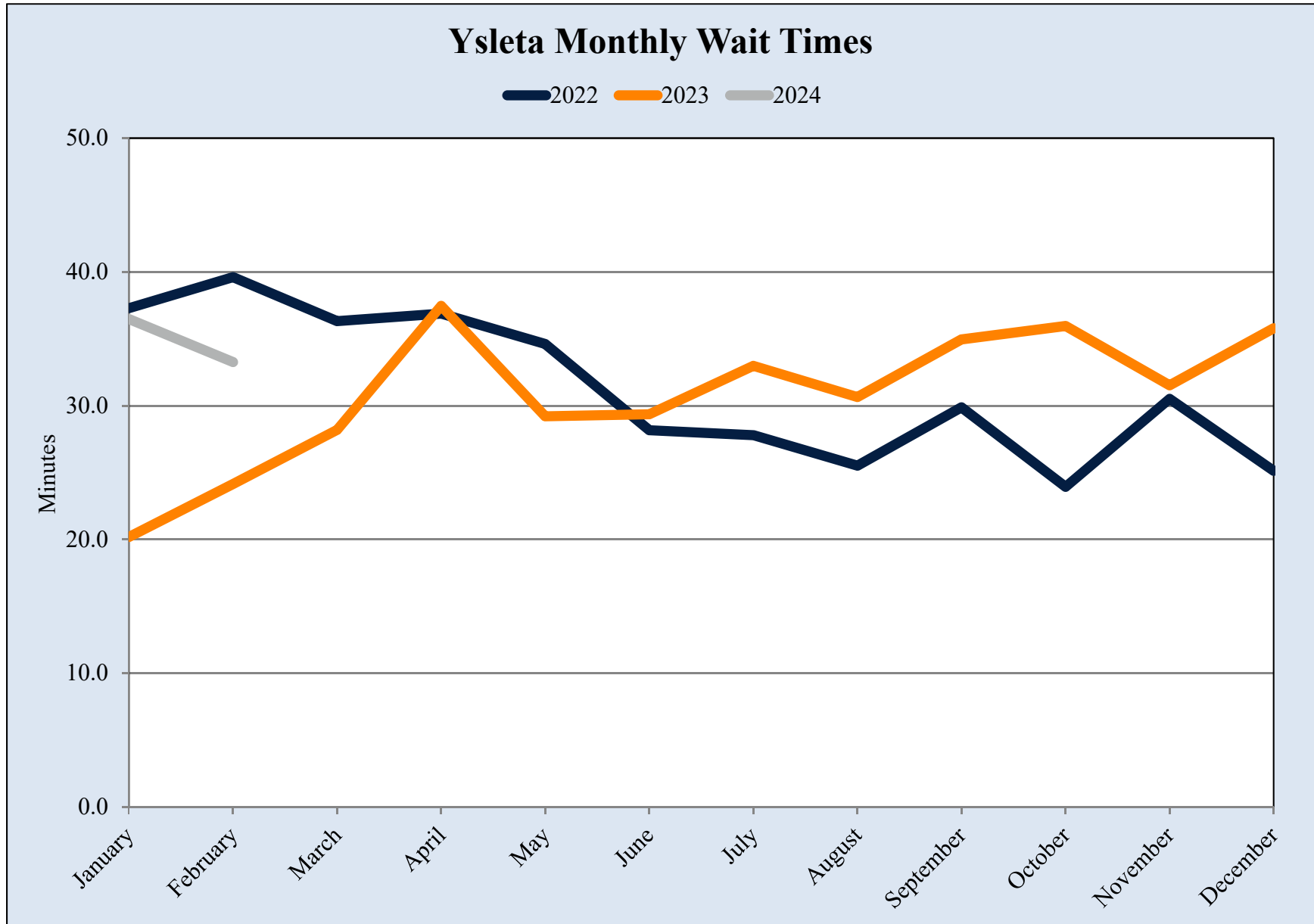
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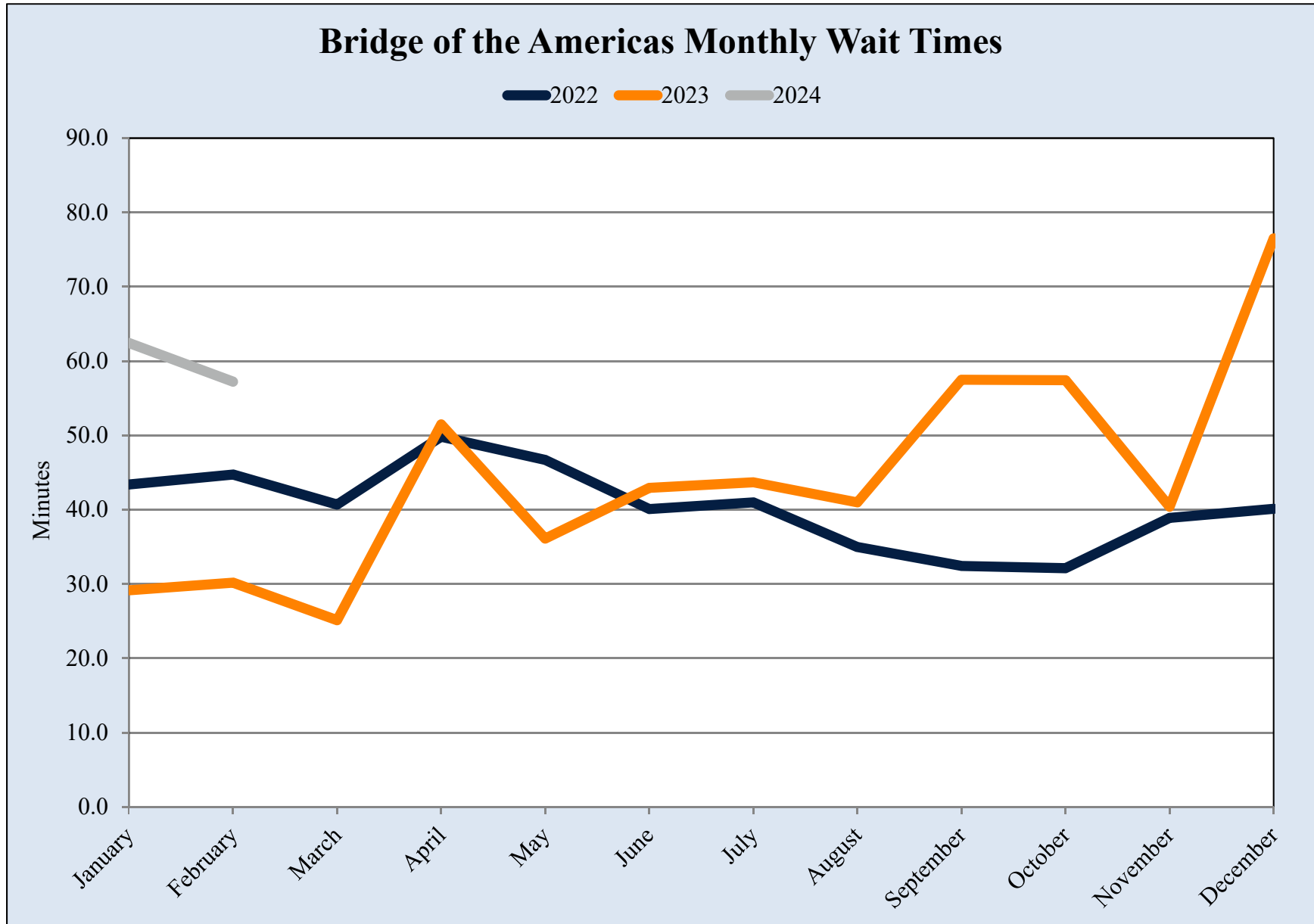
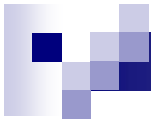
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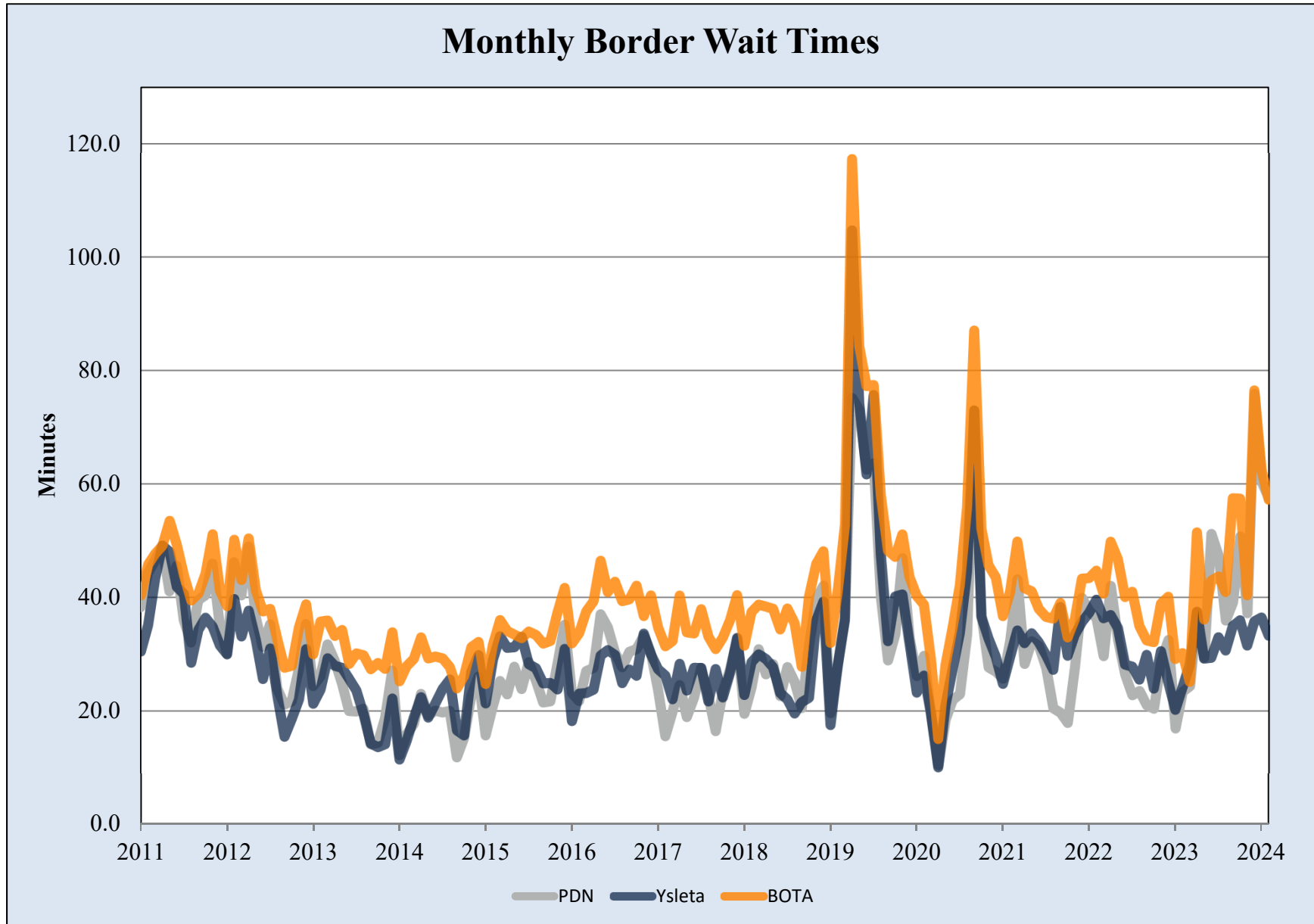
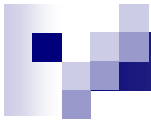
Source: UTEP Border Region Modeling Project using US Customs & Border Protection Data



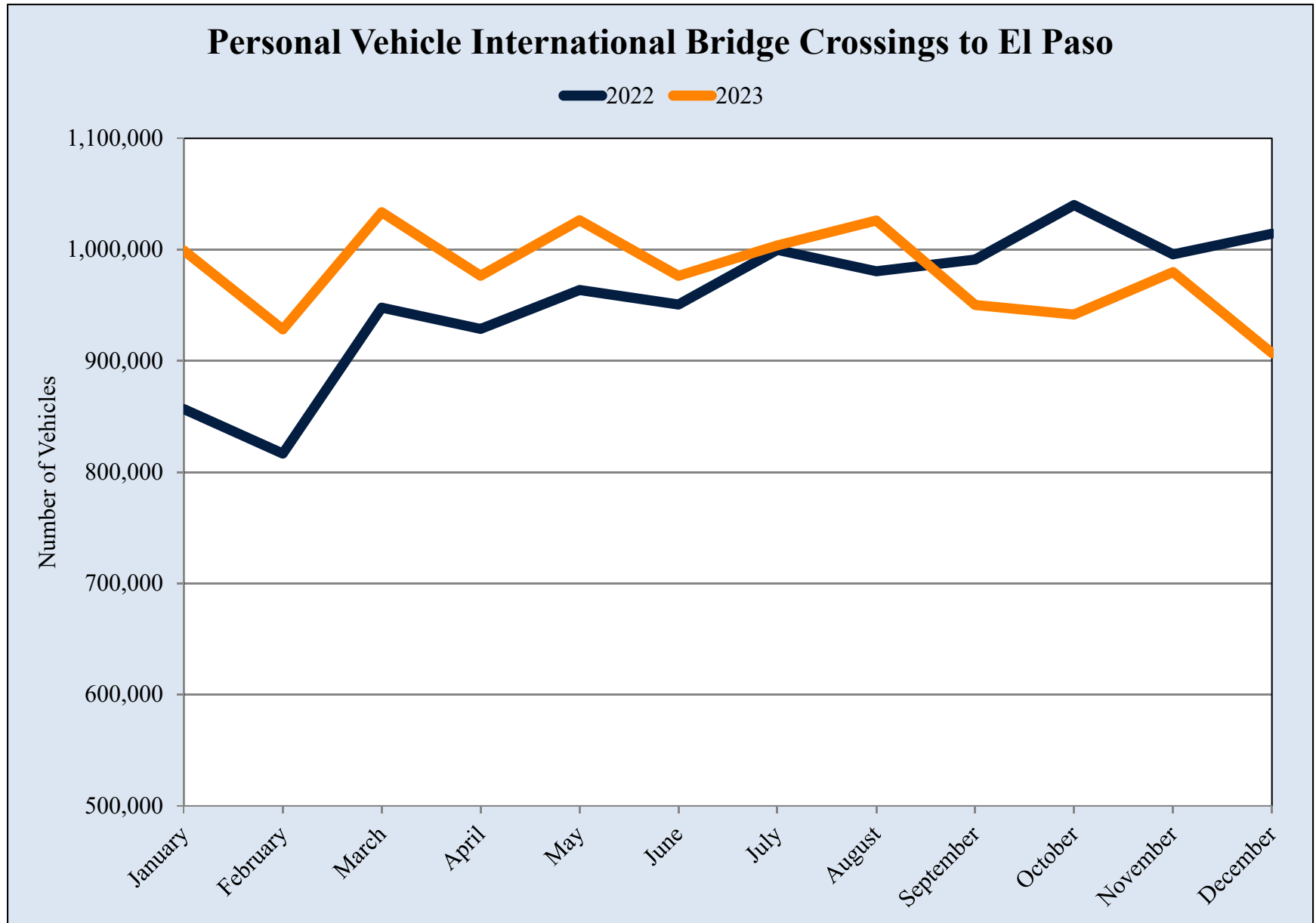
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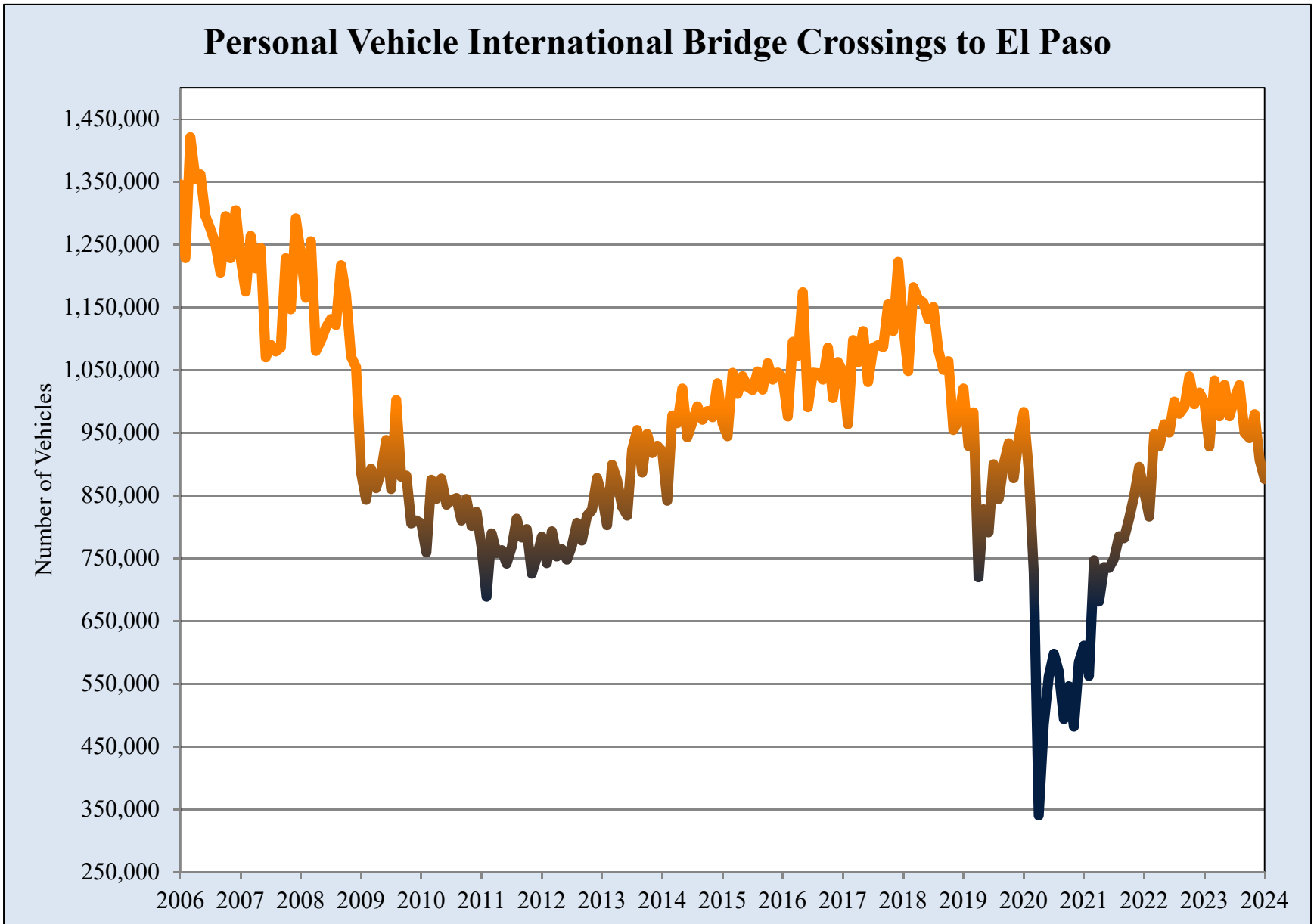
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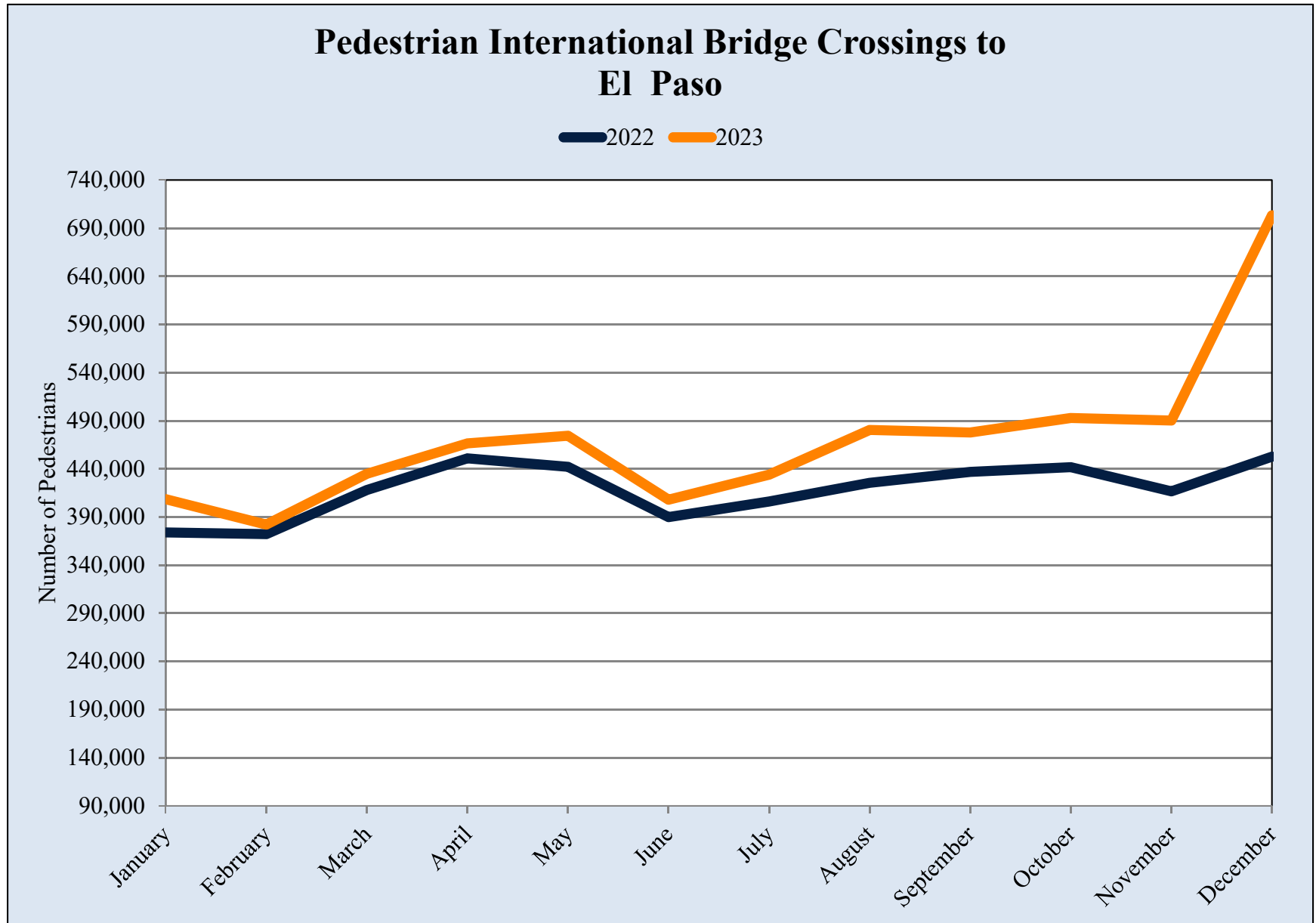
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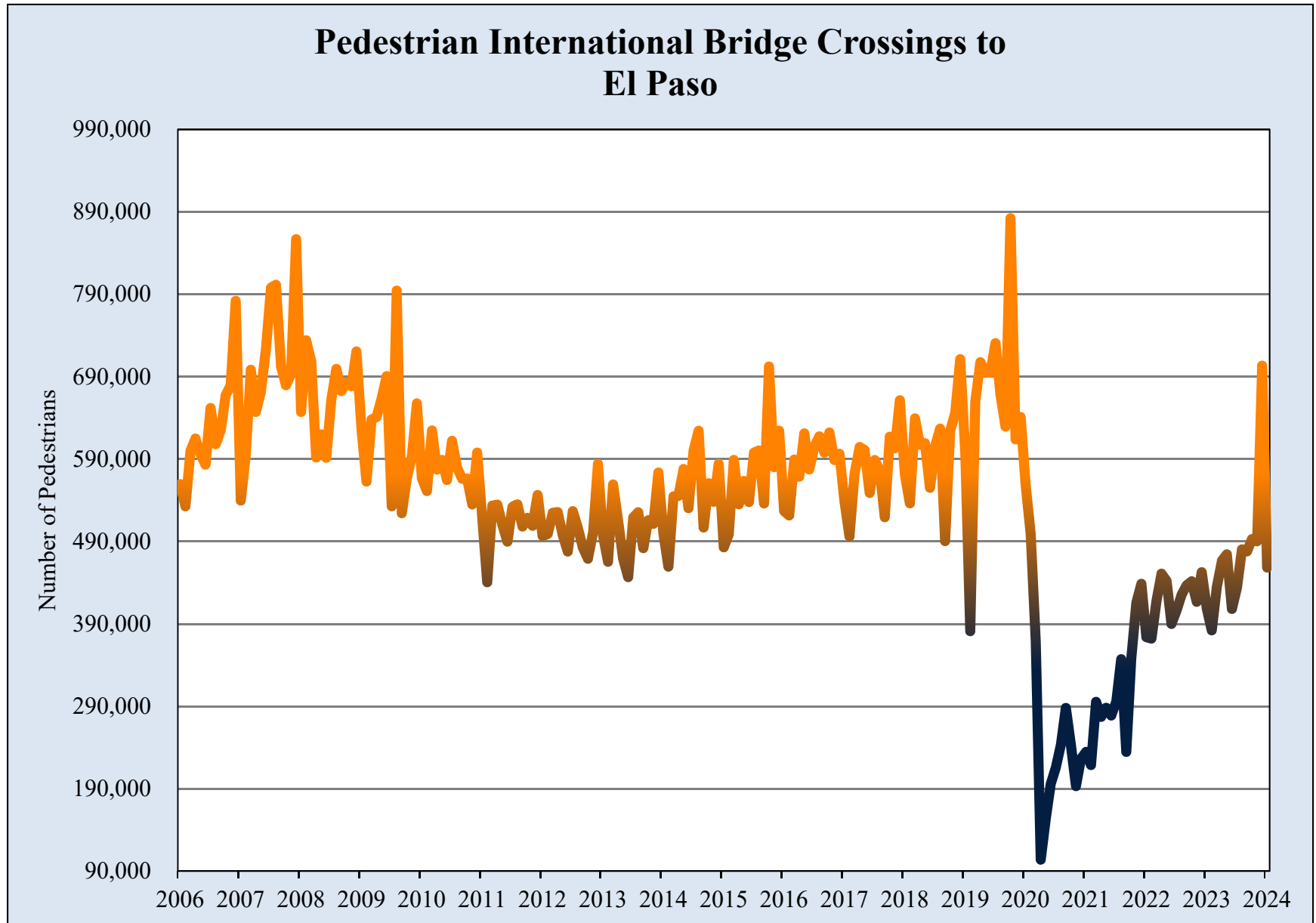
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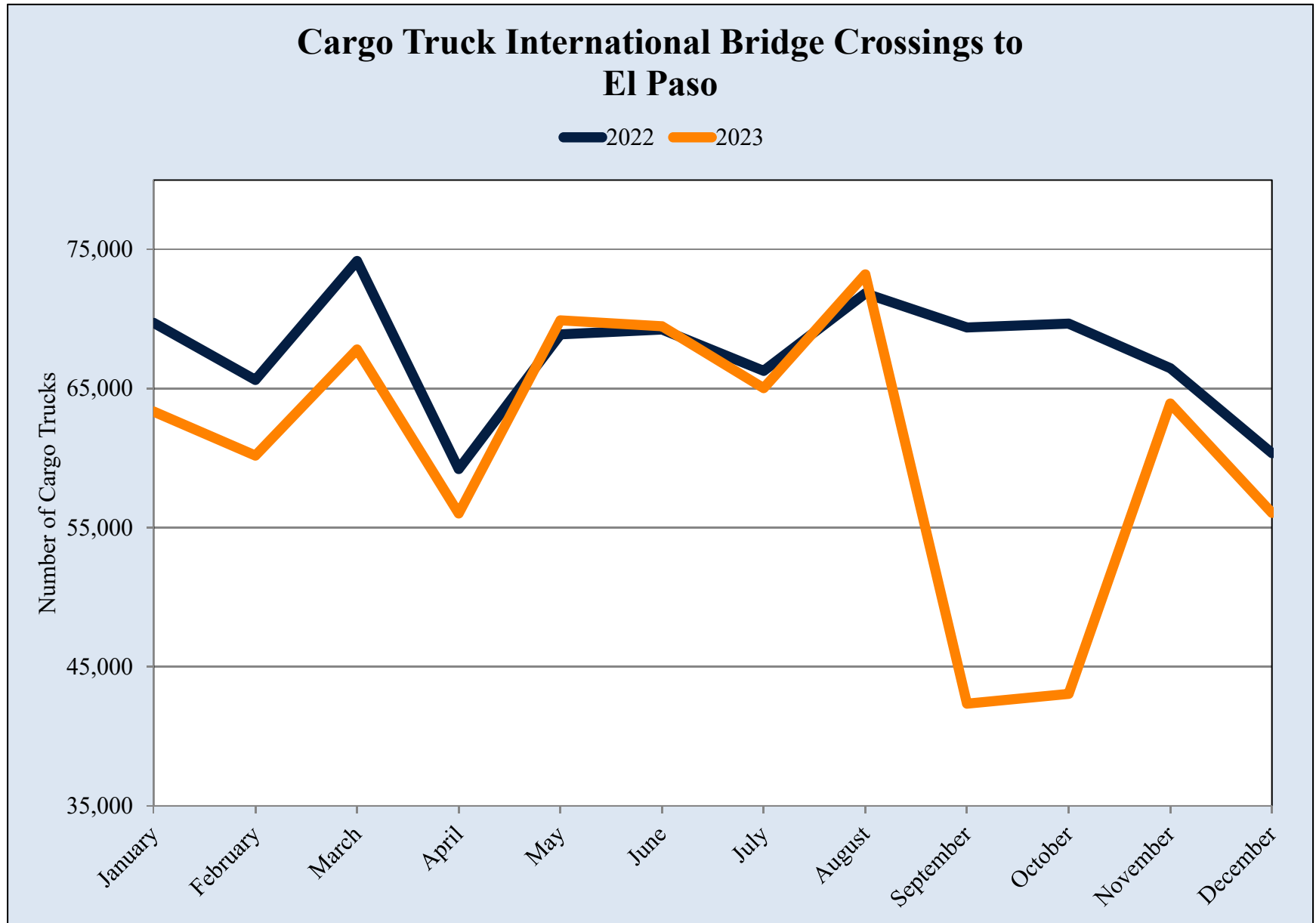
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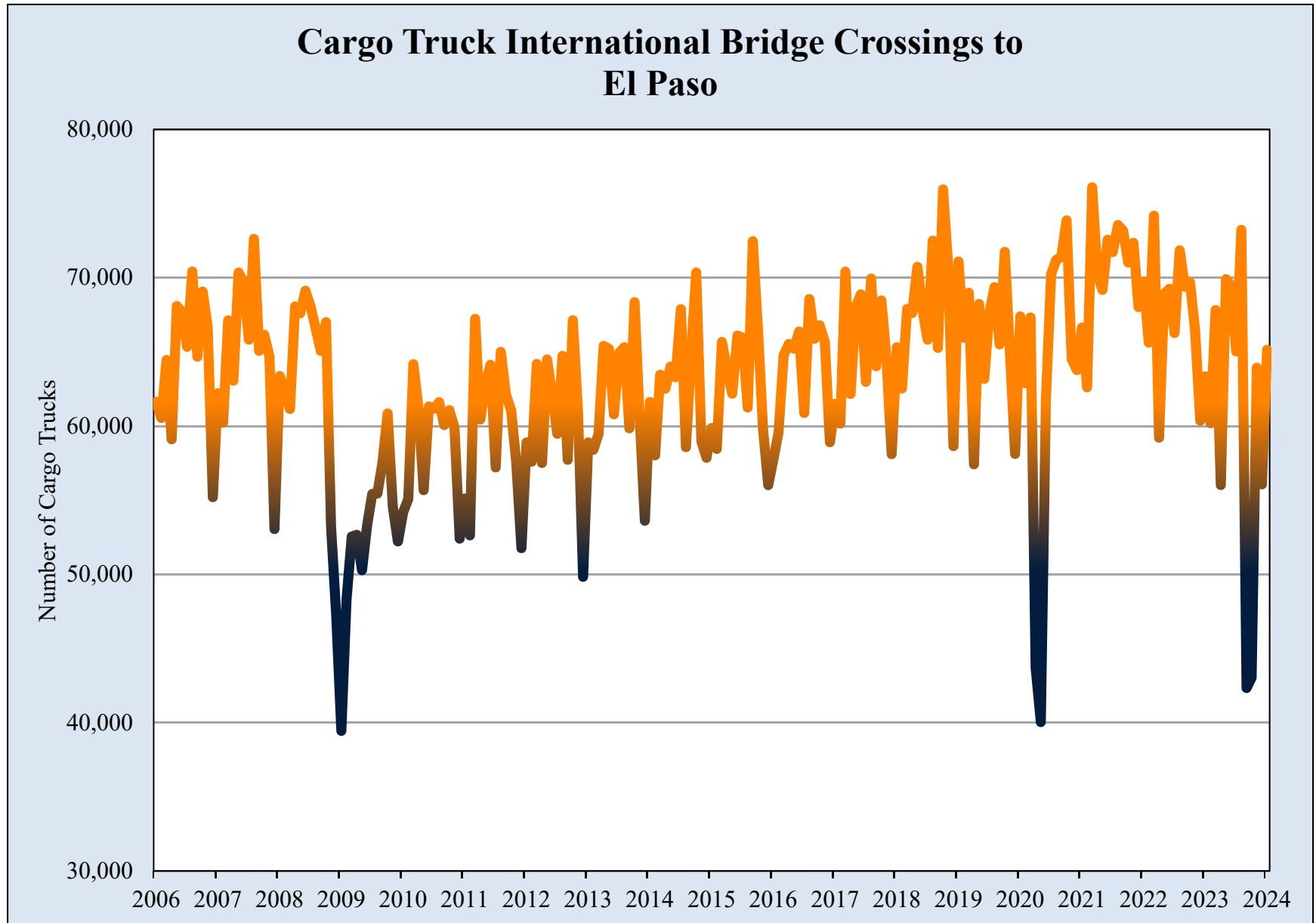
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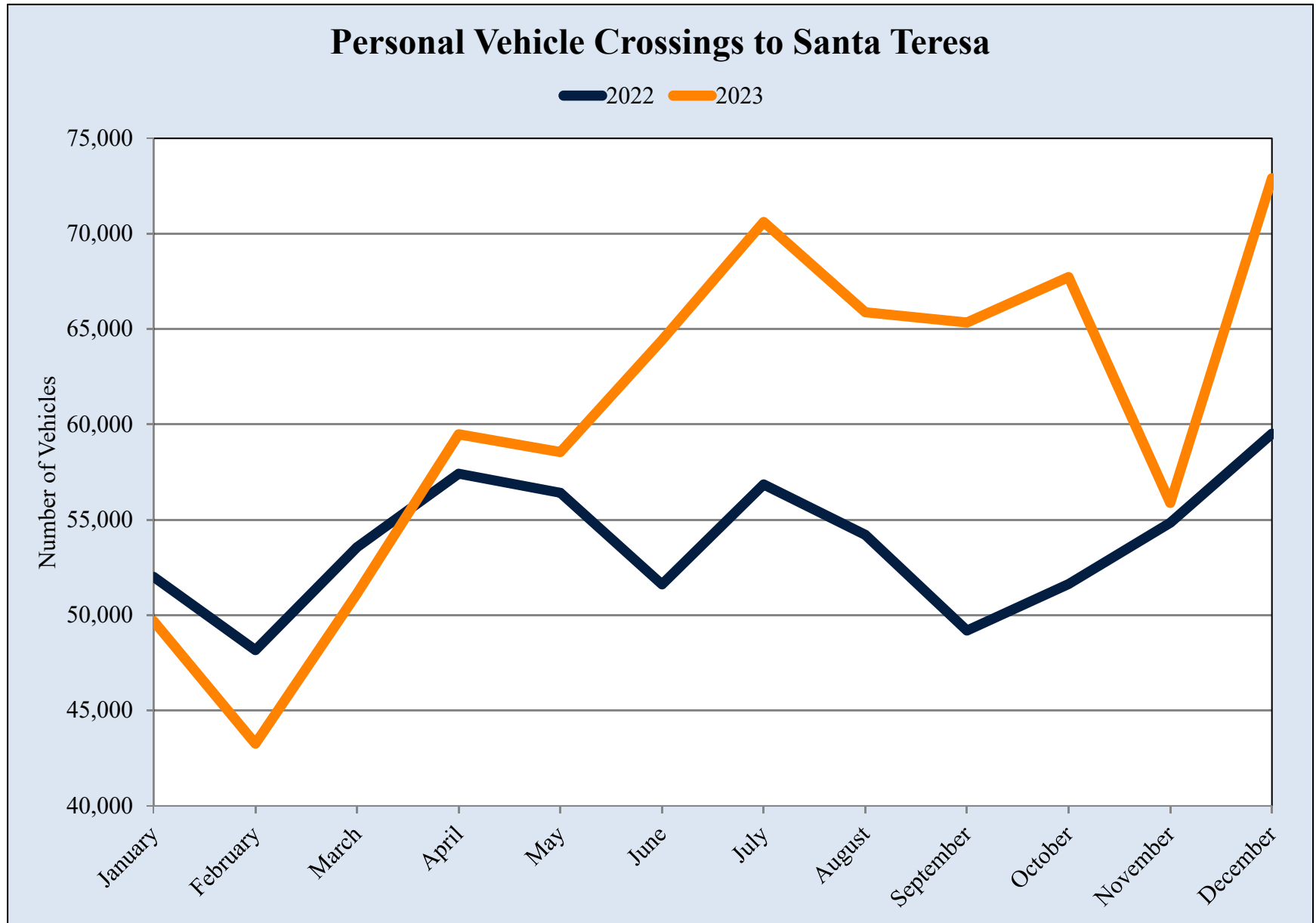
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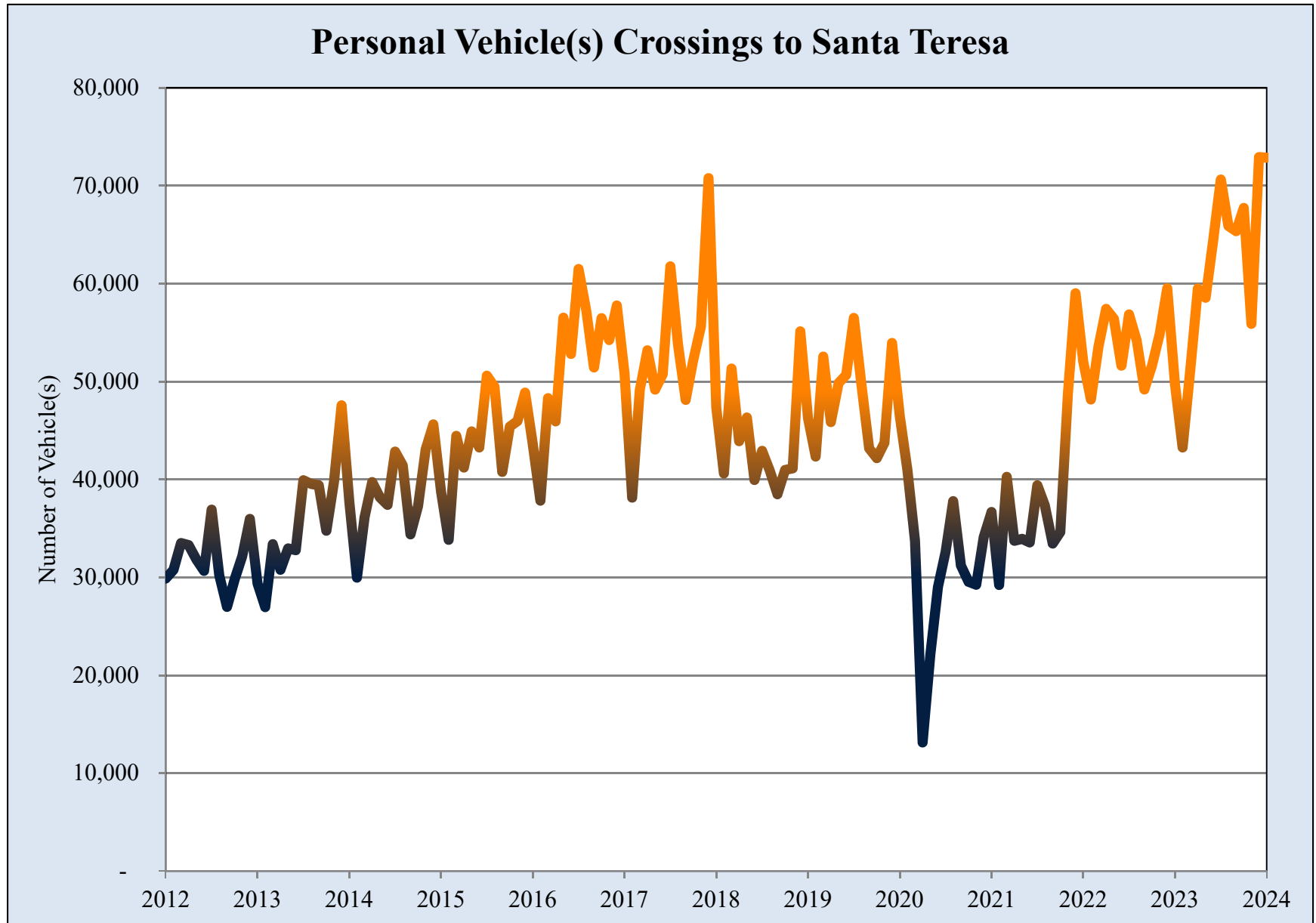
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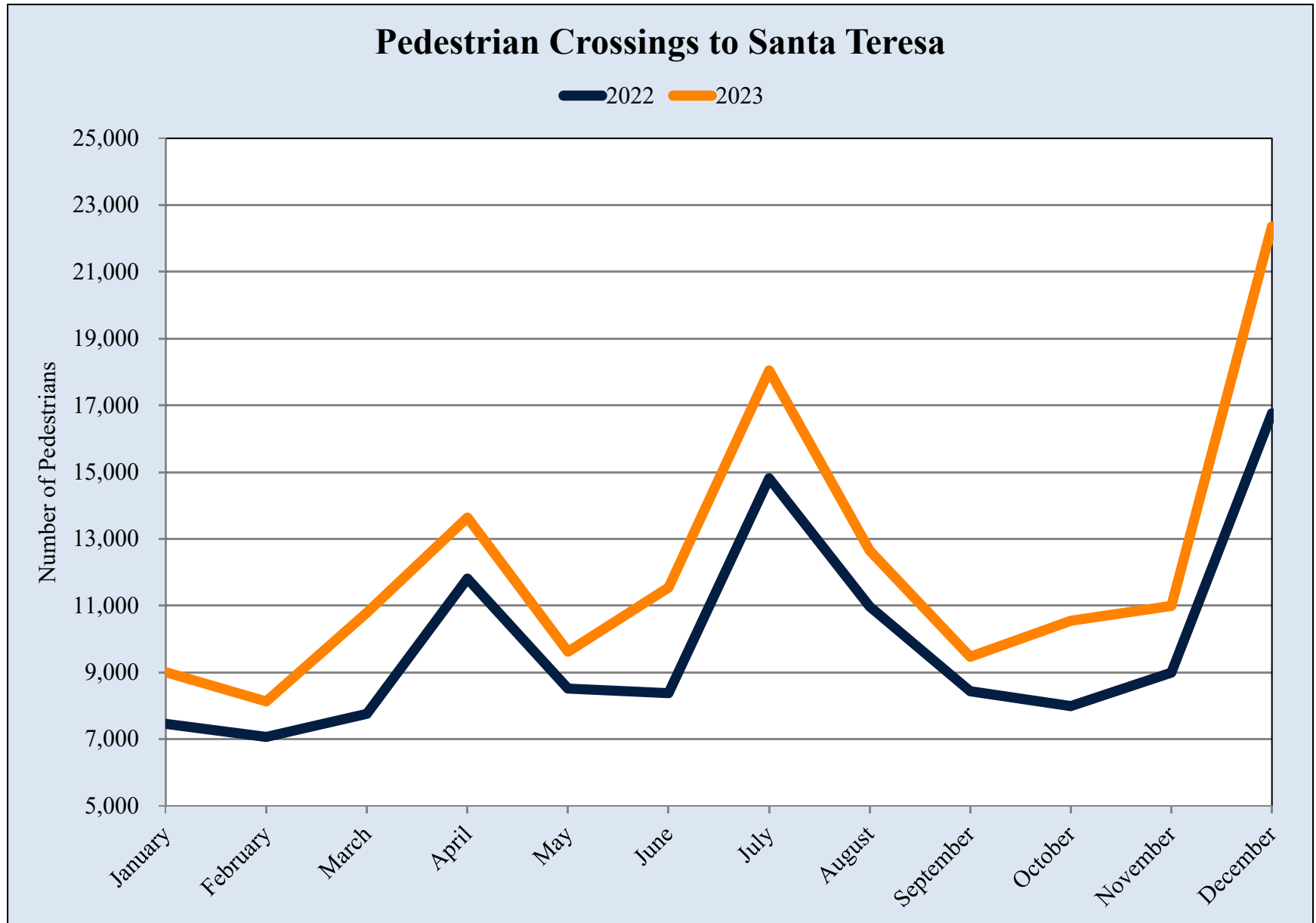
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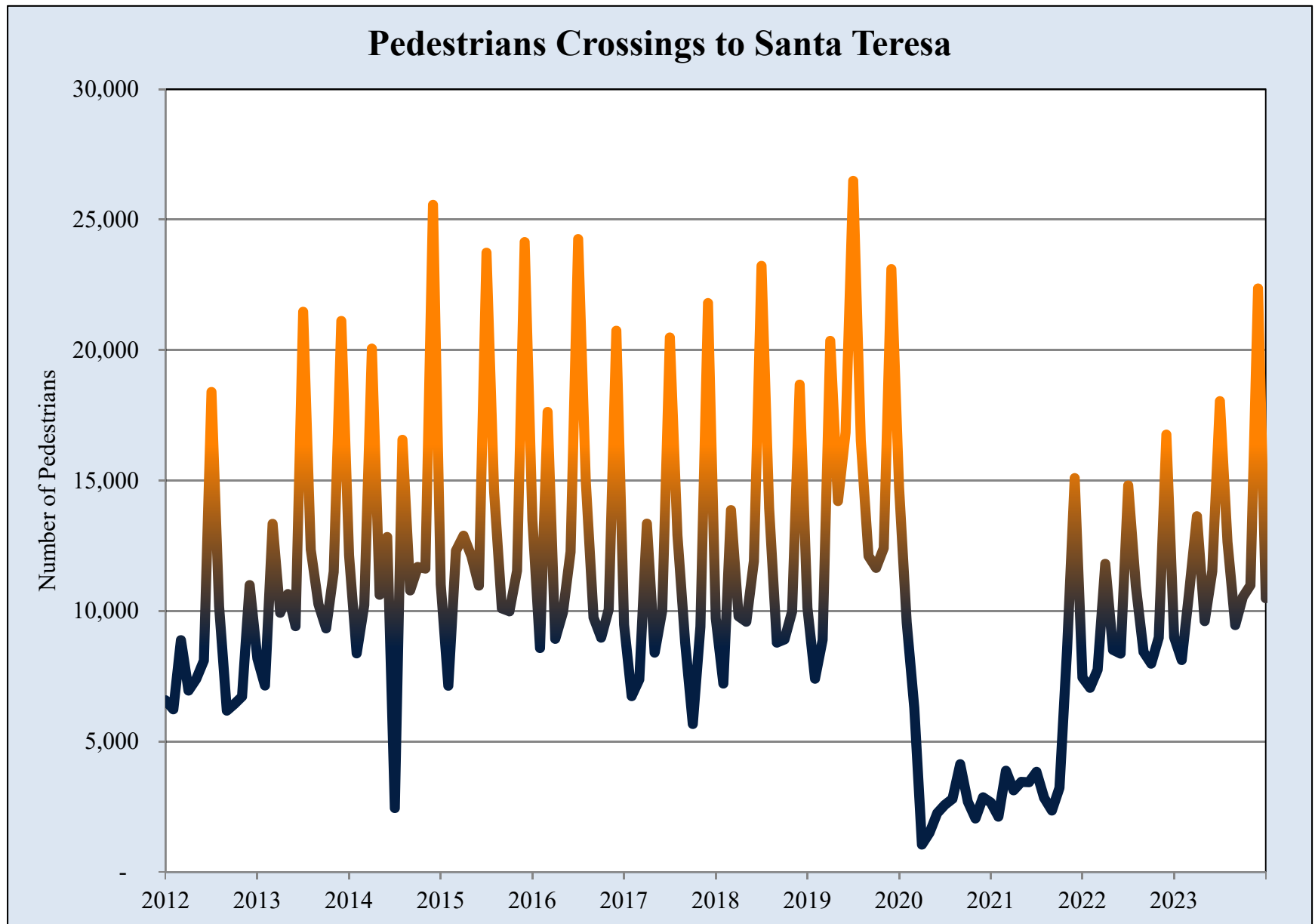
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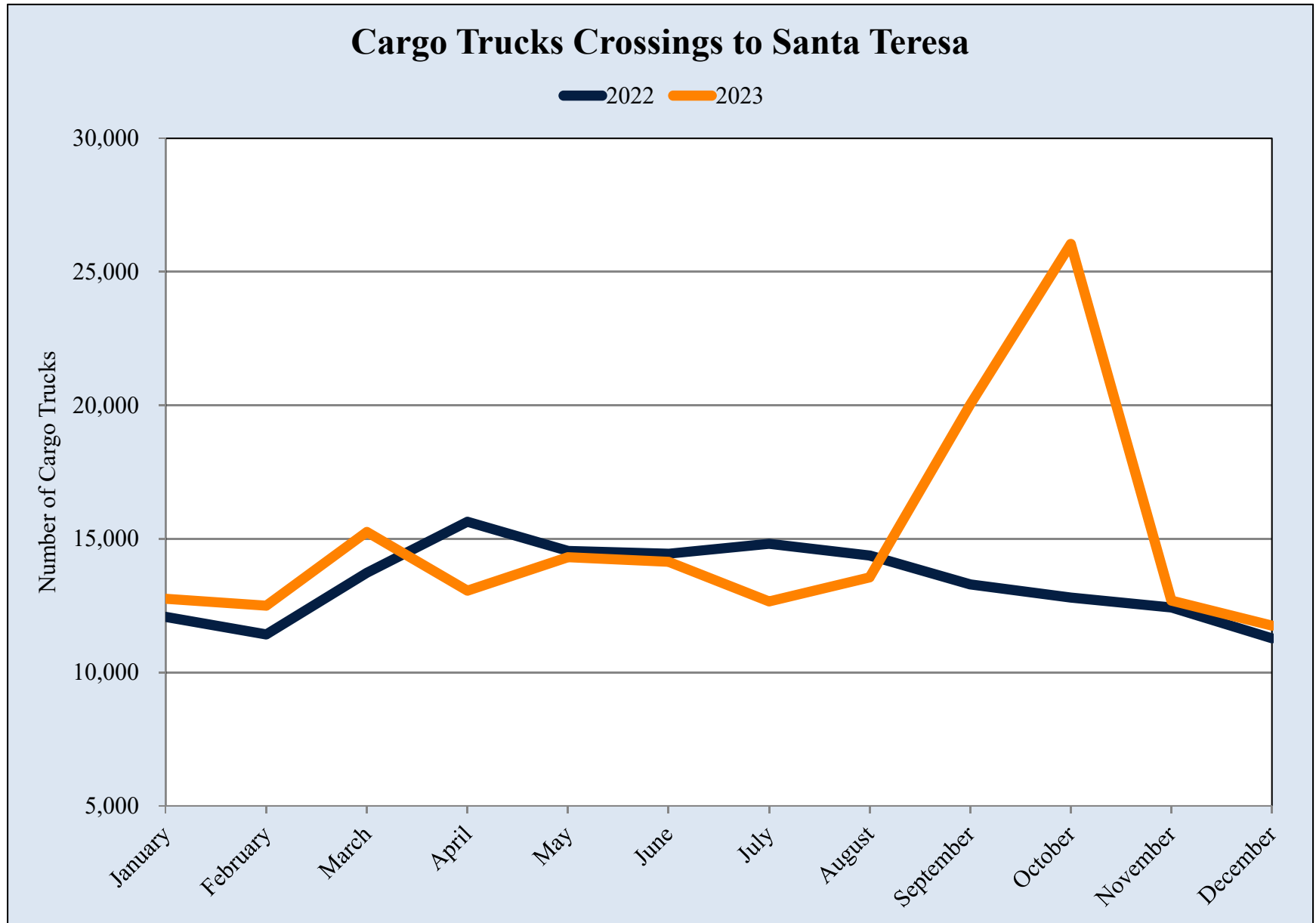
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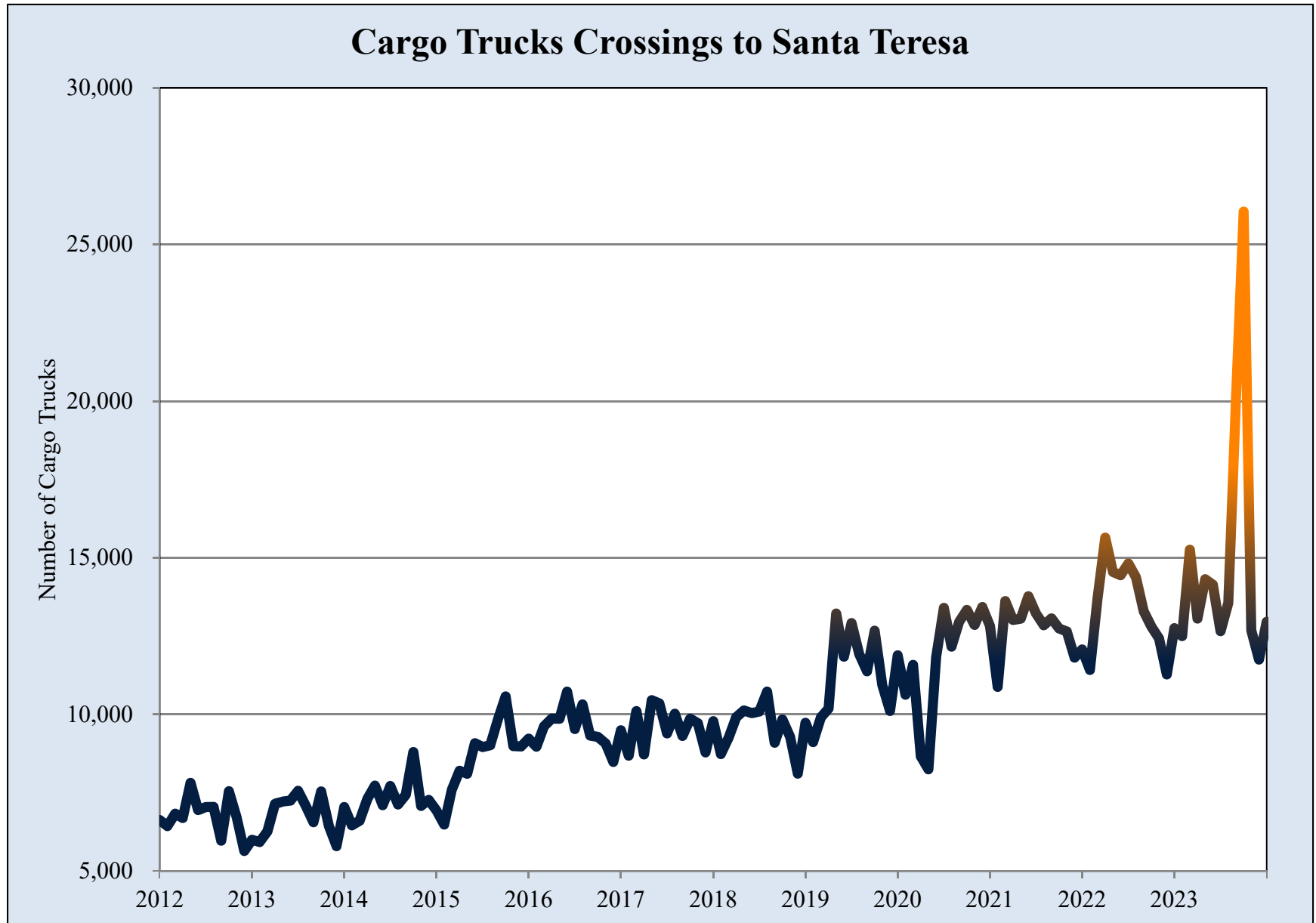
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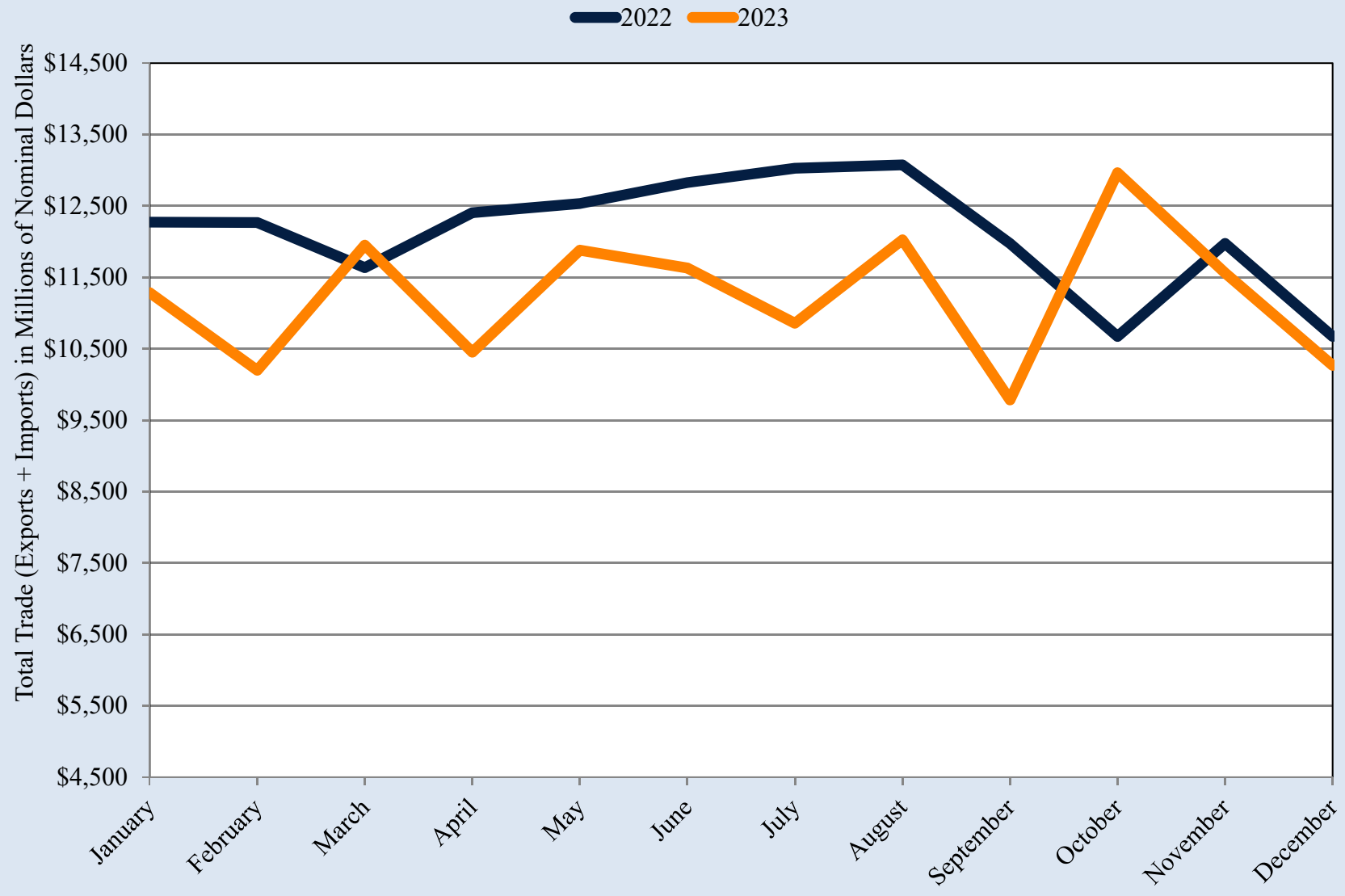
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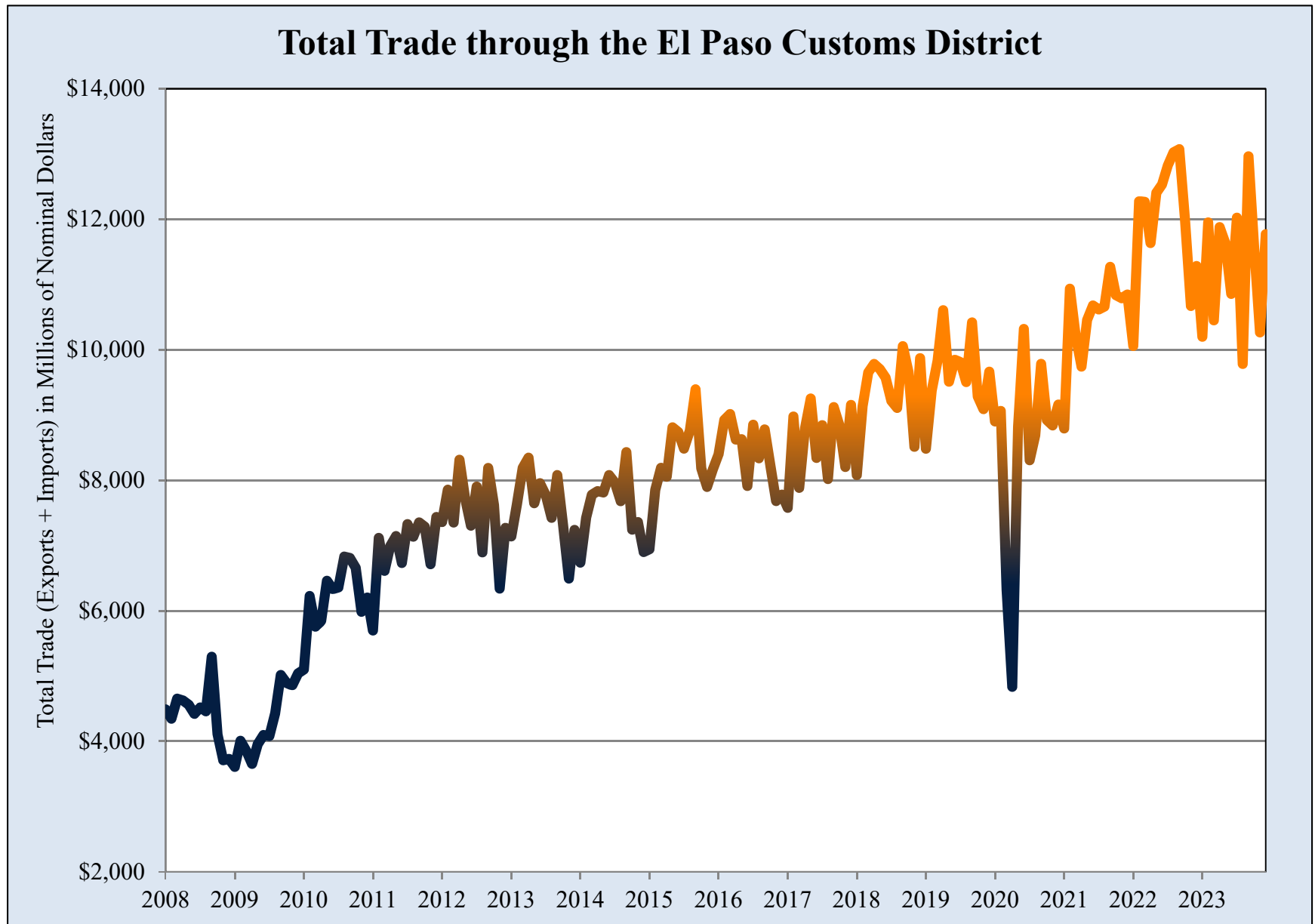
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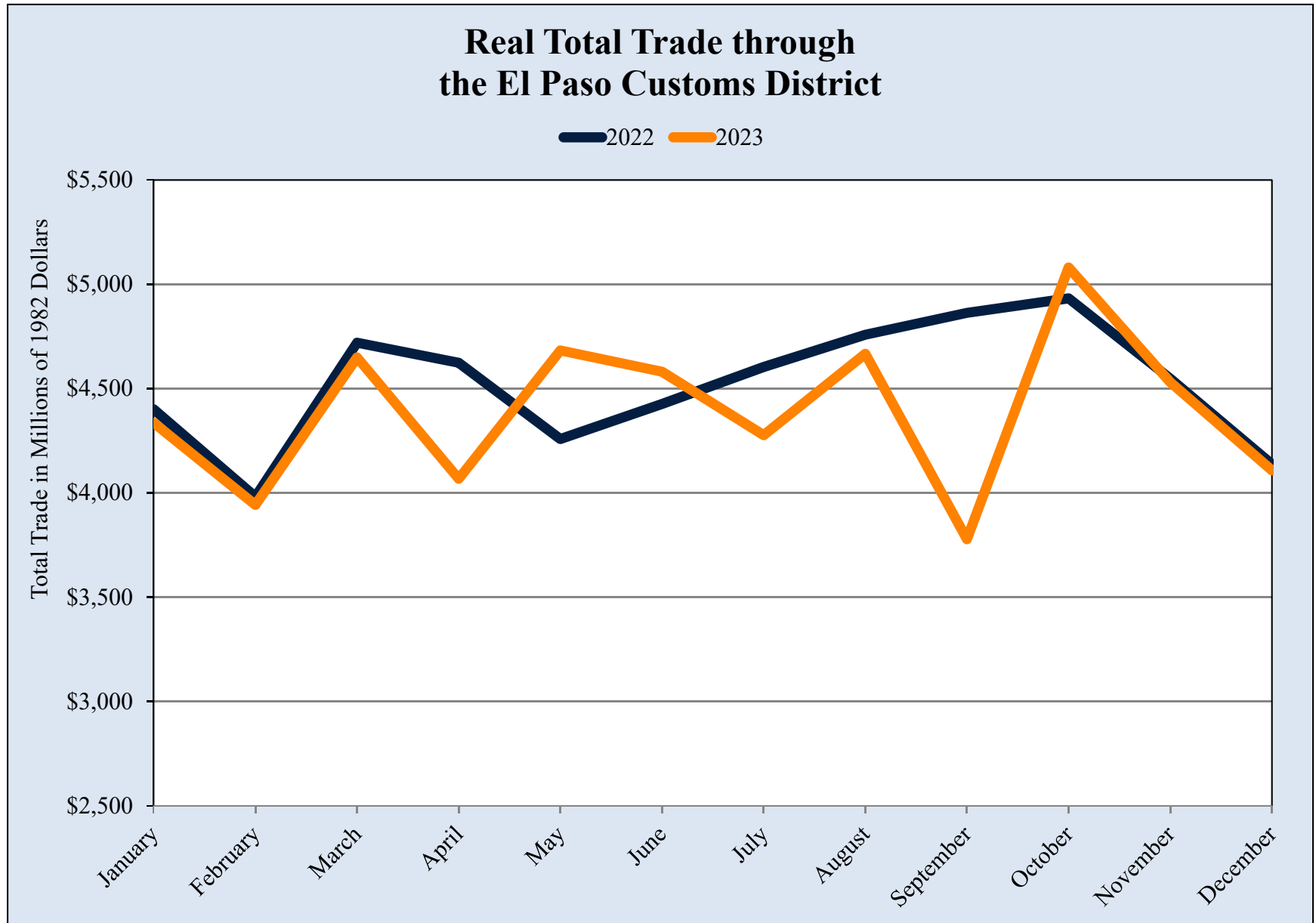
Total Trade through the El Paso Customs District



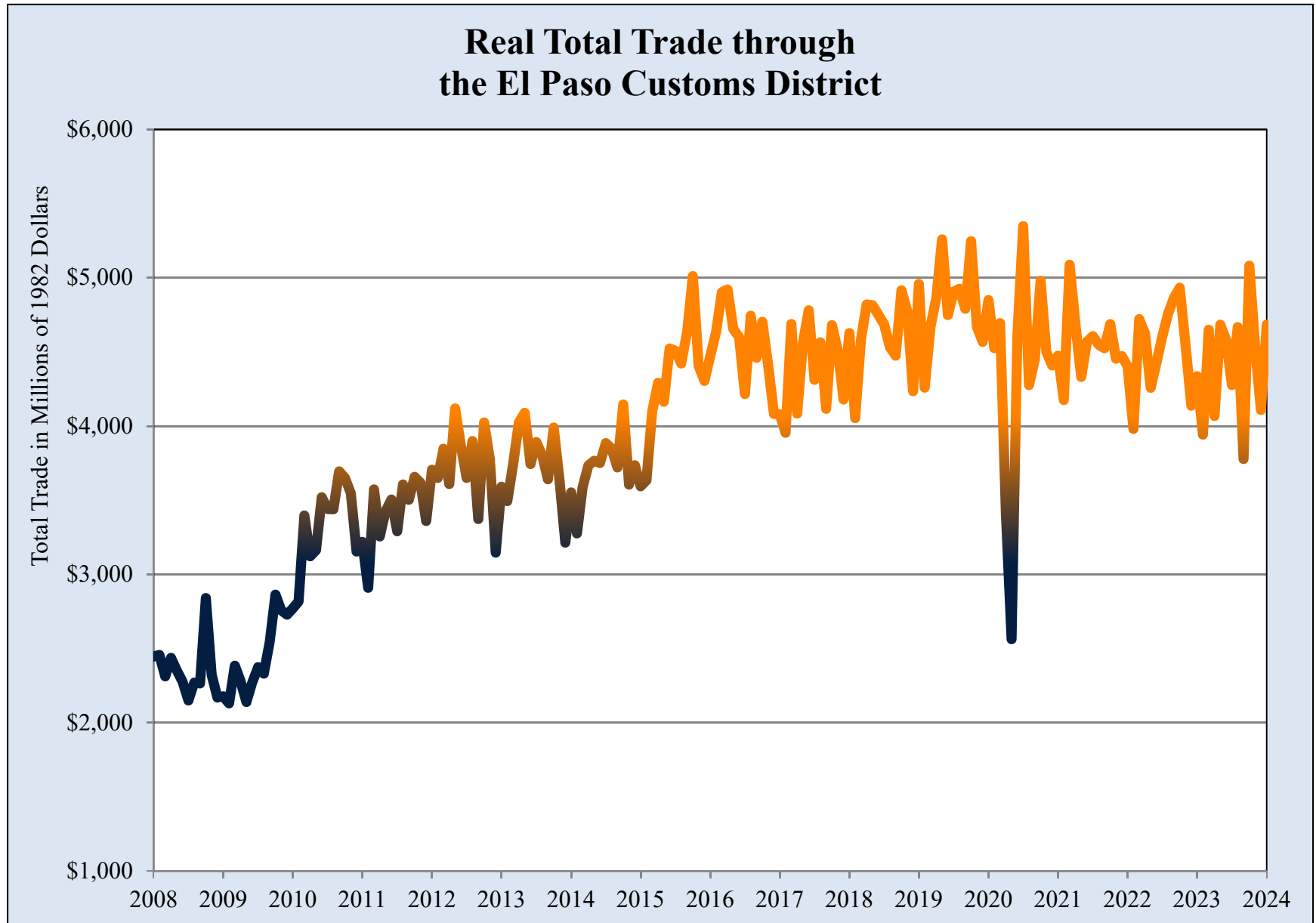
Source: UTEP Border Region Modeling Project using US International Trade Commission Data



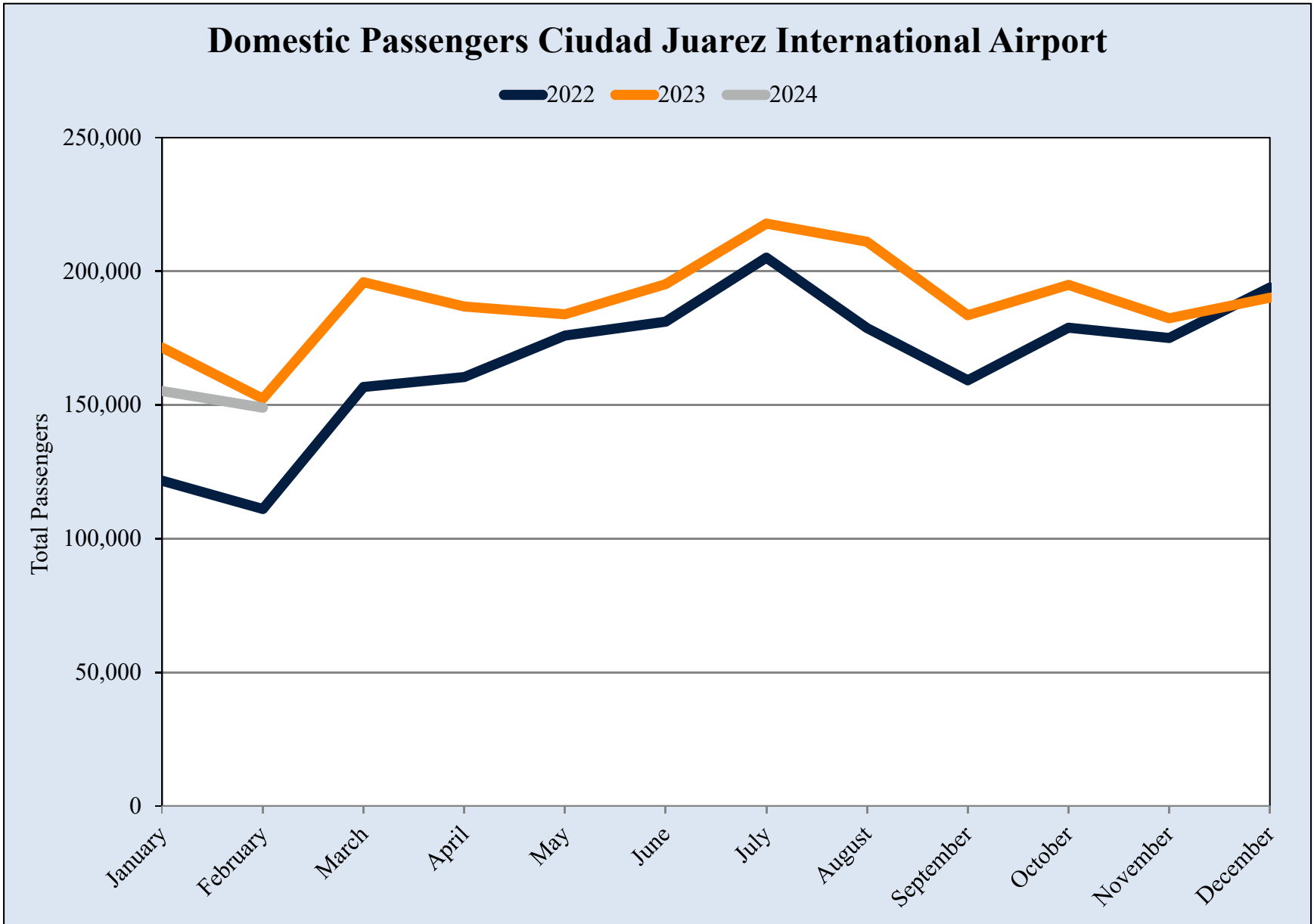
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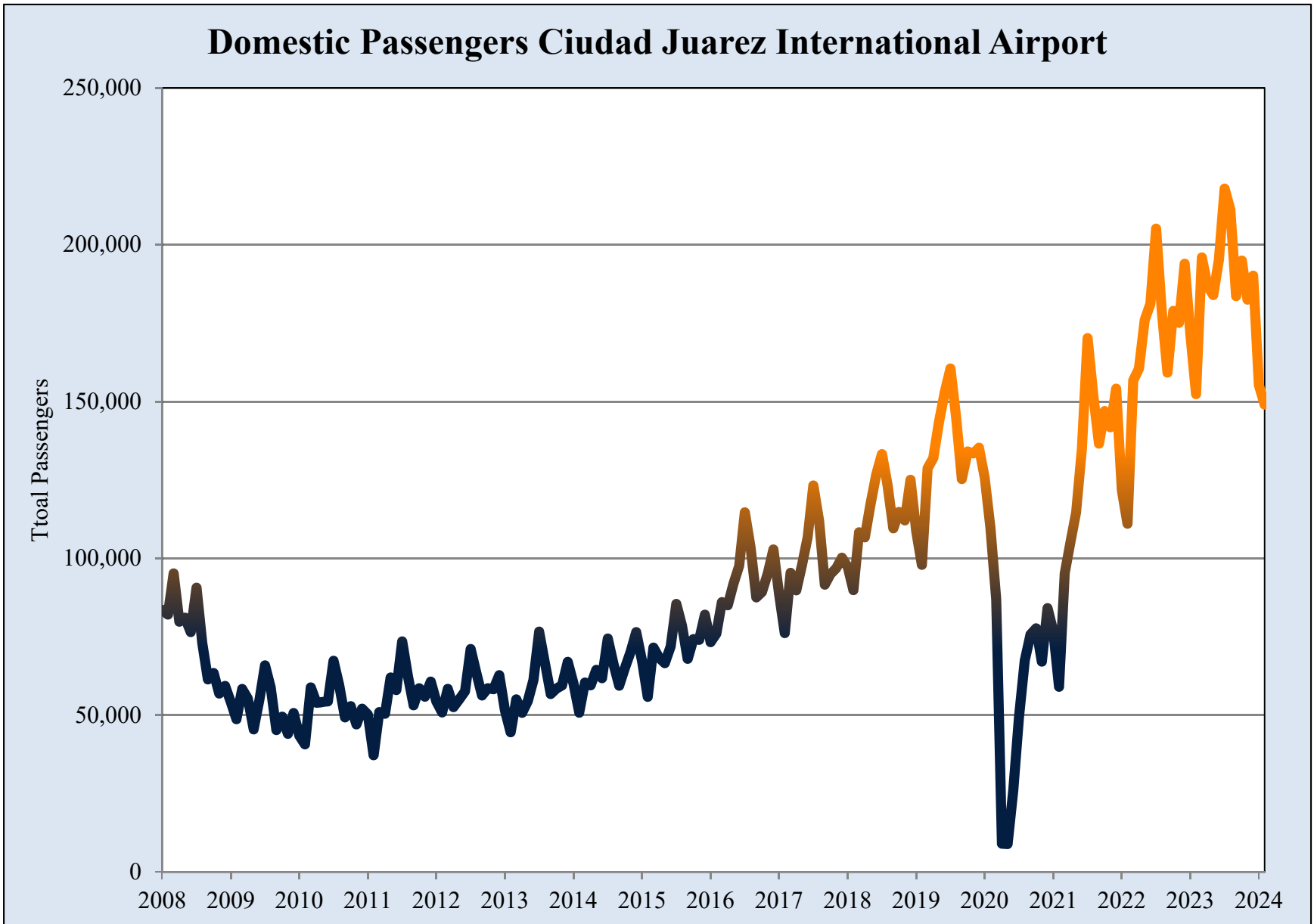
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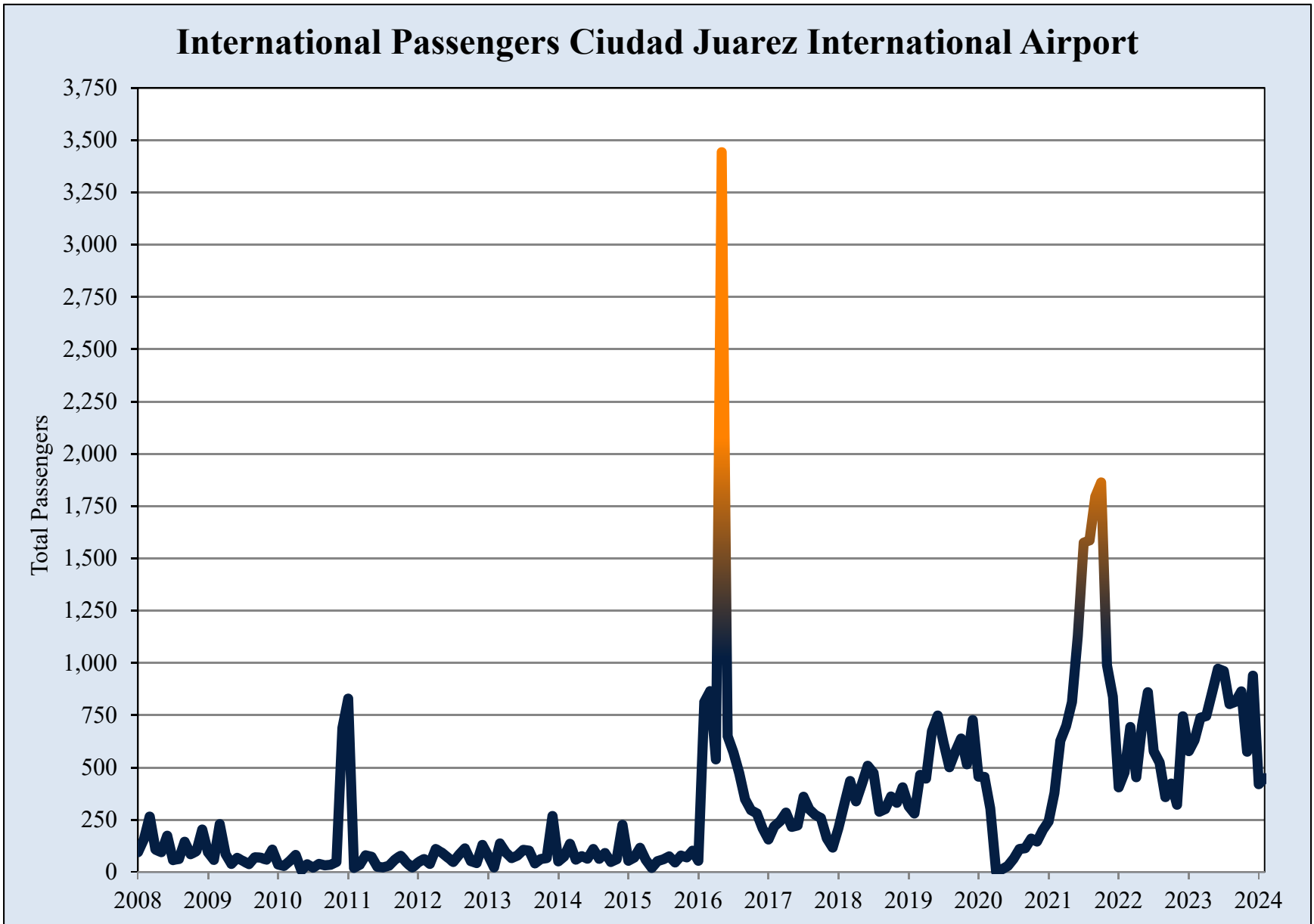
Source: UTEP Border Region Modeling Project using Grupo Aeroportuario Centro Norte - OMA Data



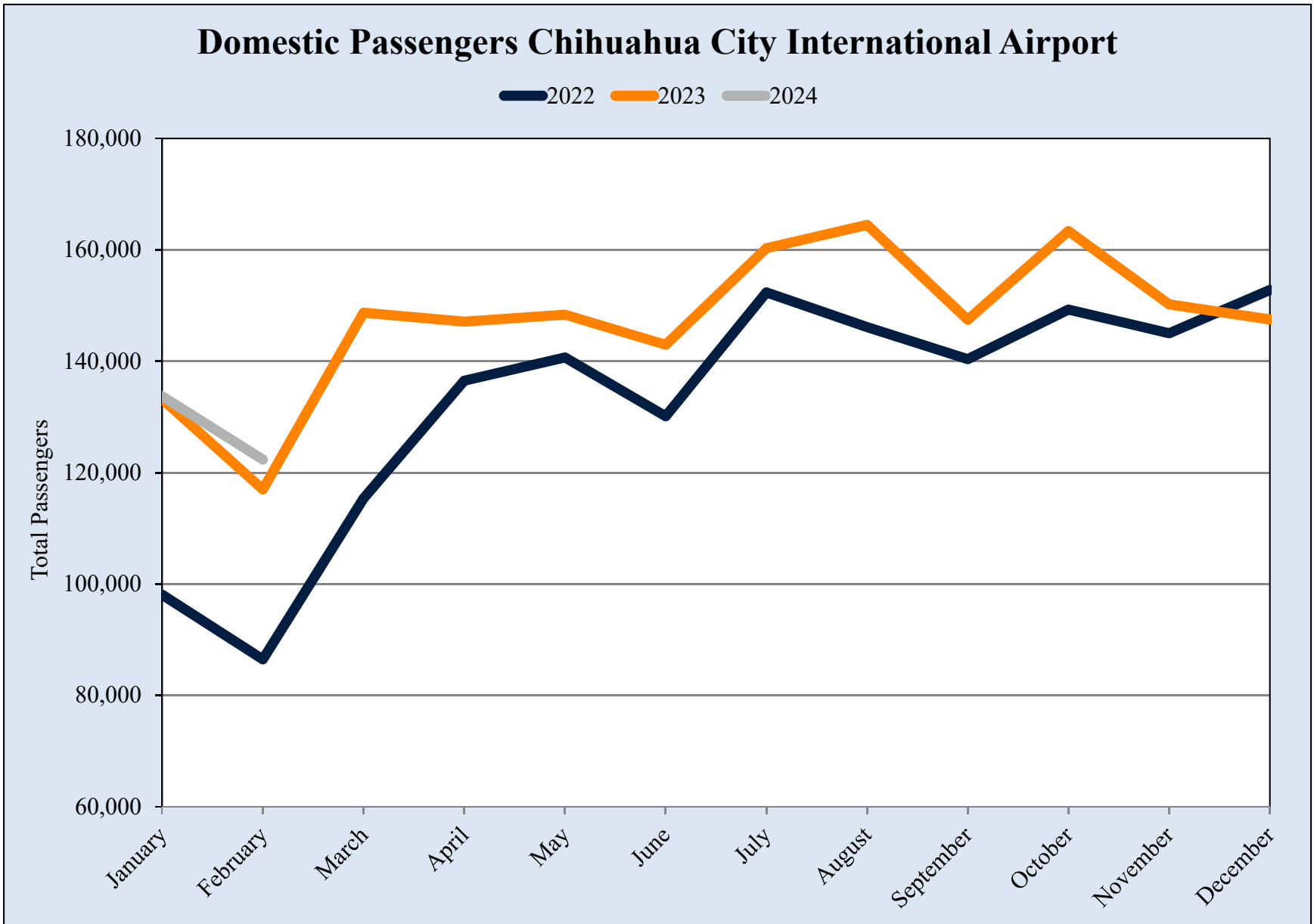
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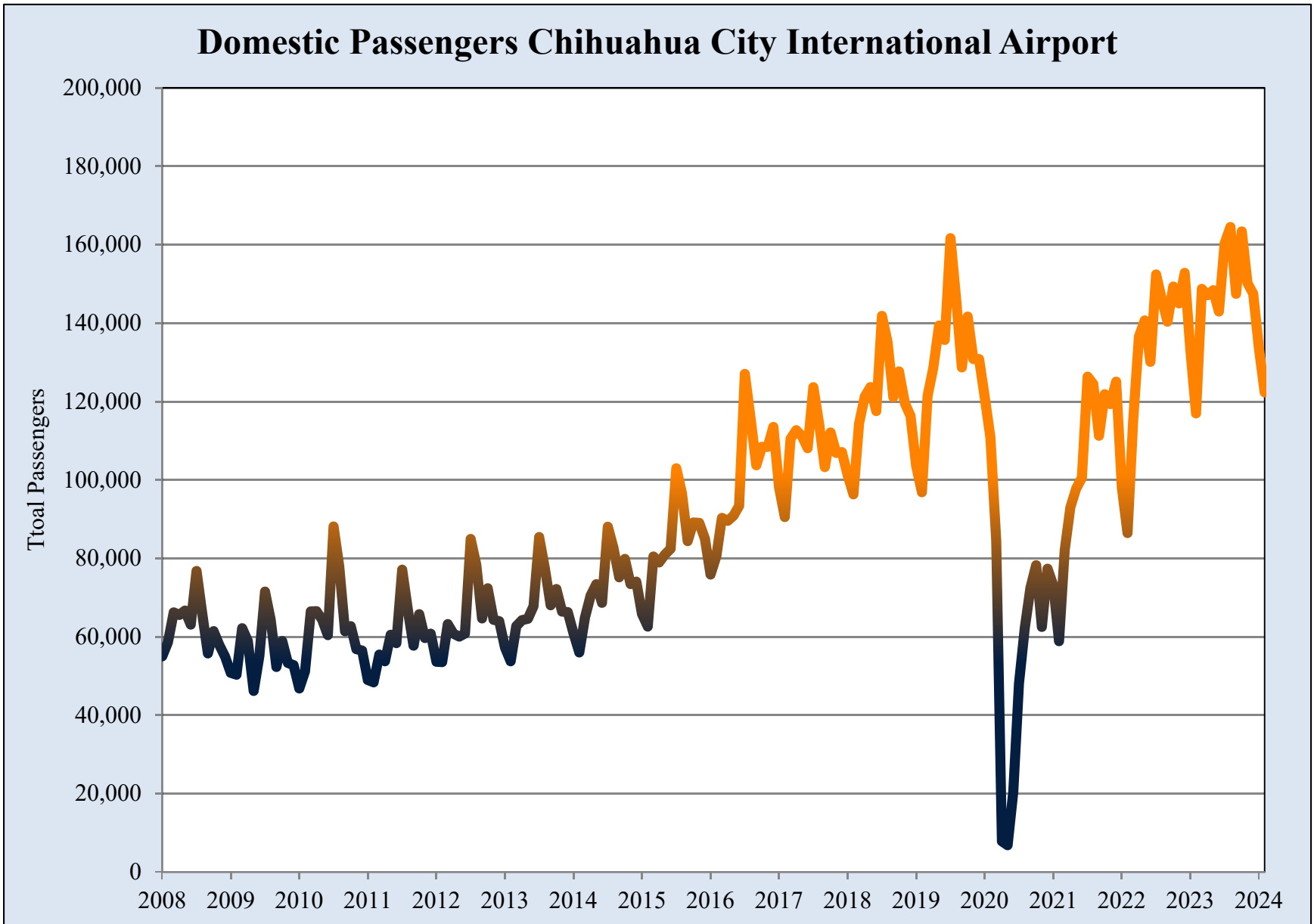
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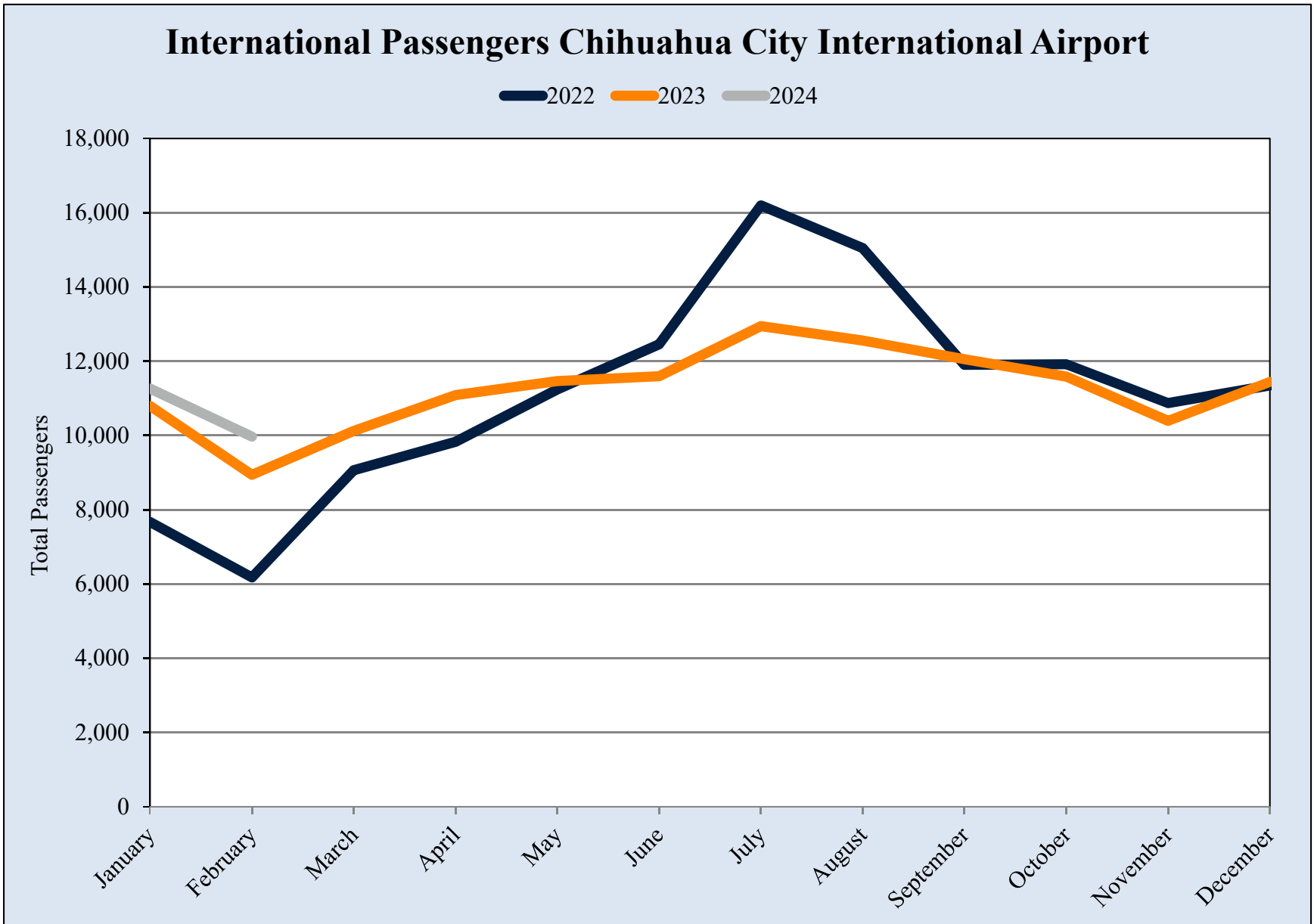
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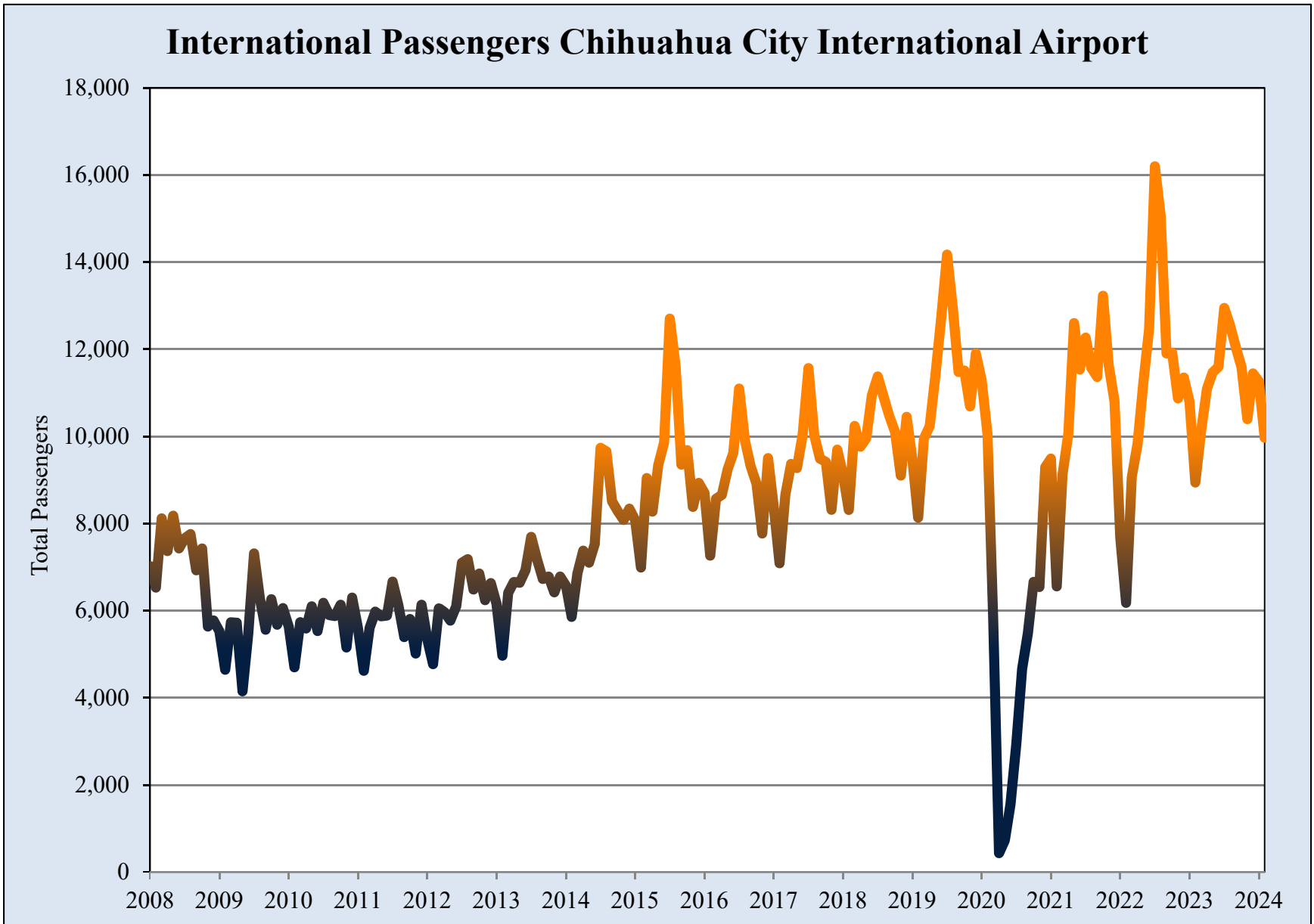
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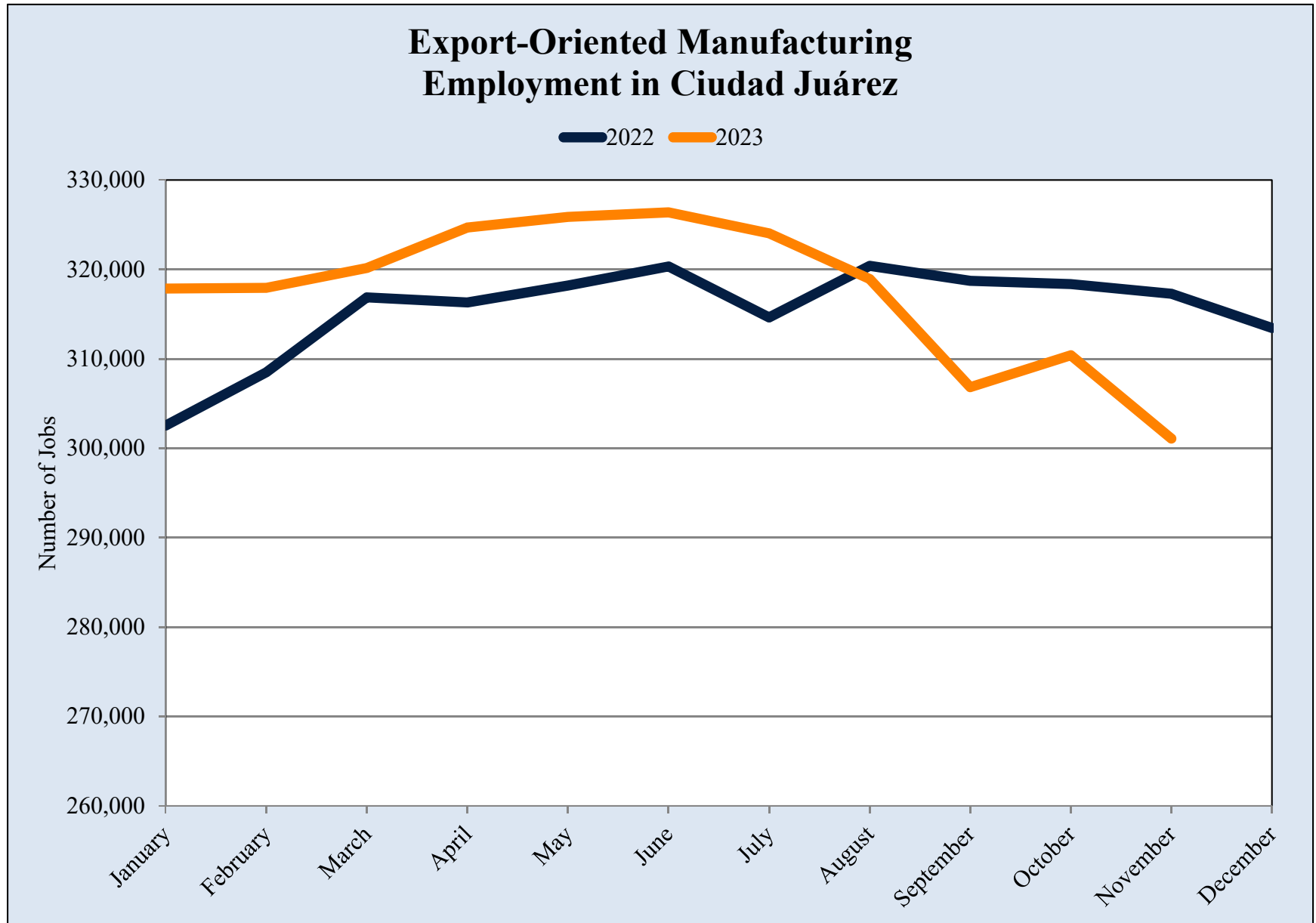
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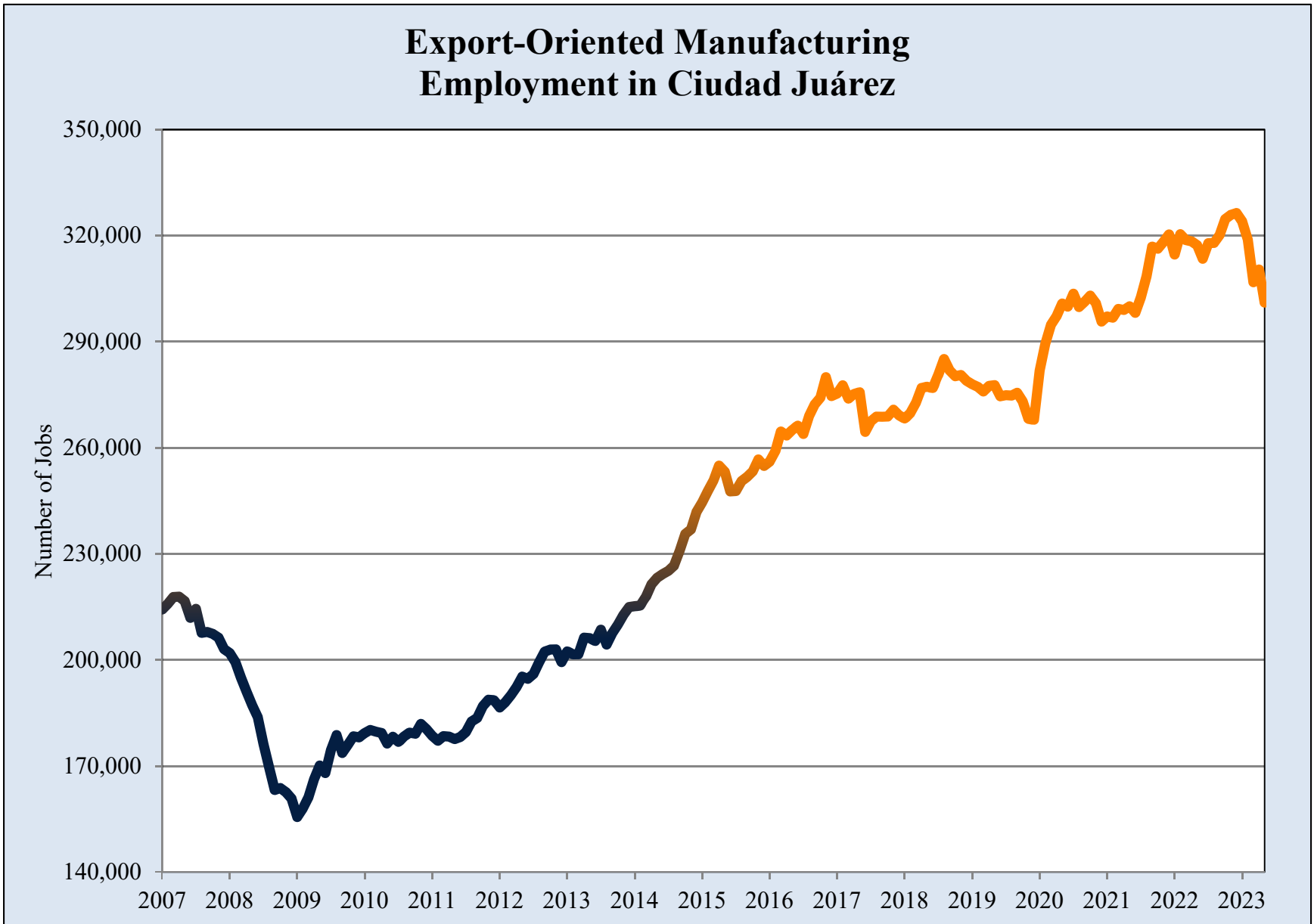
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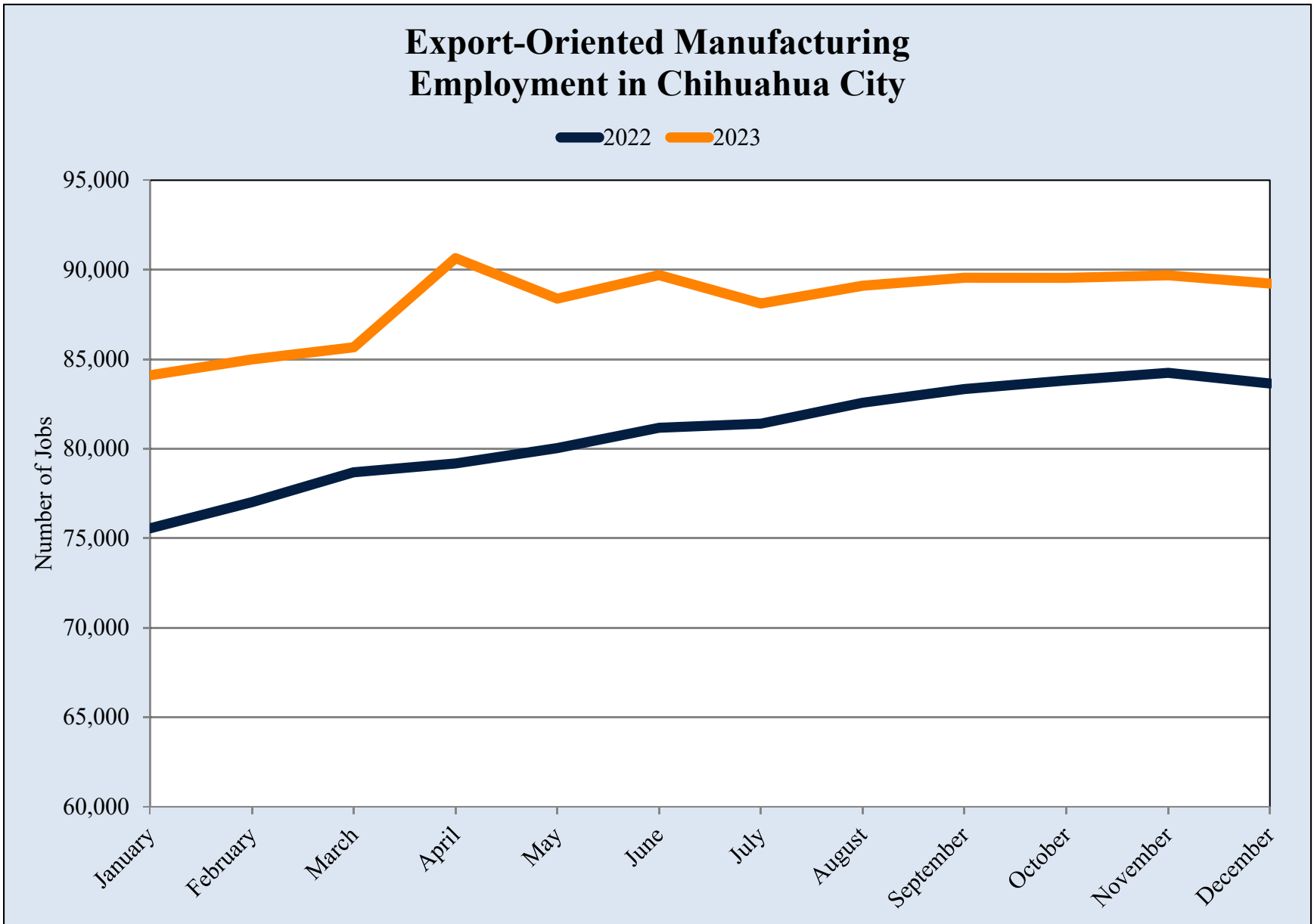
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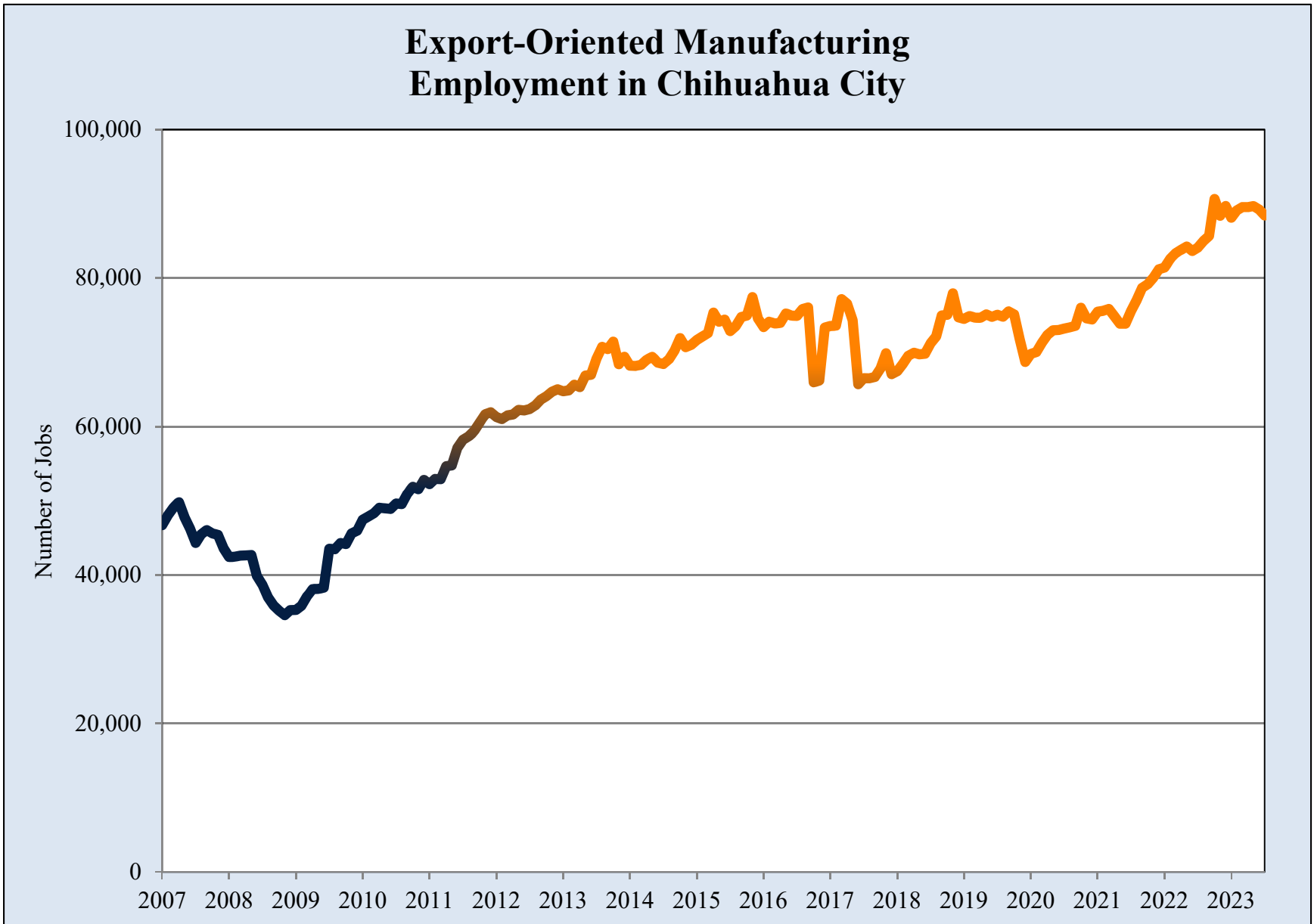
Source: UTEP Border Region Modeling Project using INEGI Data



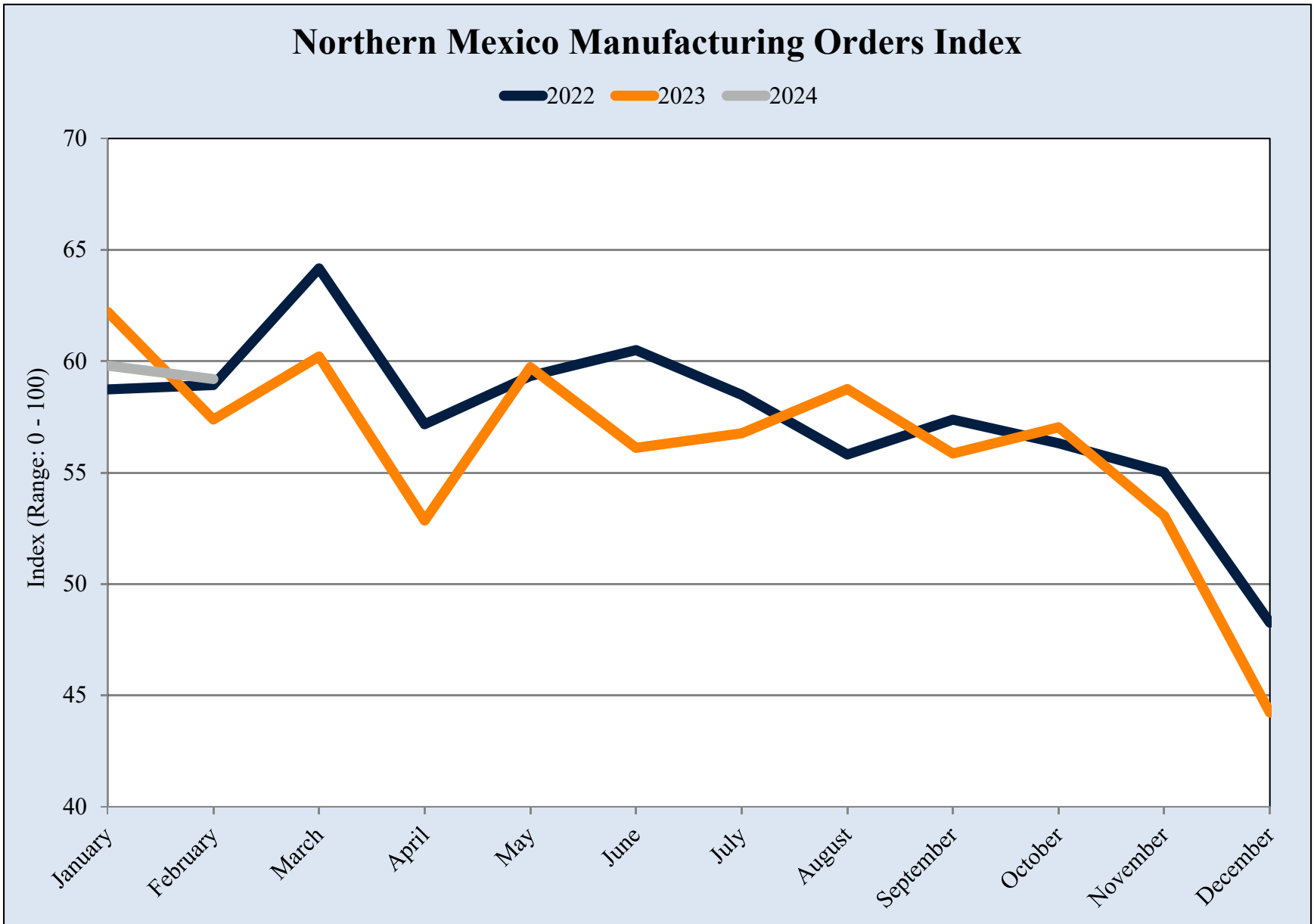
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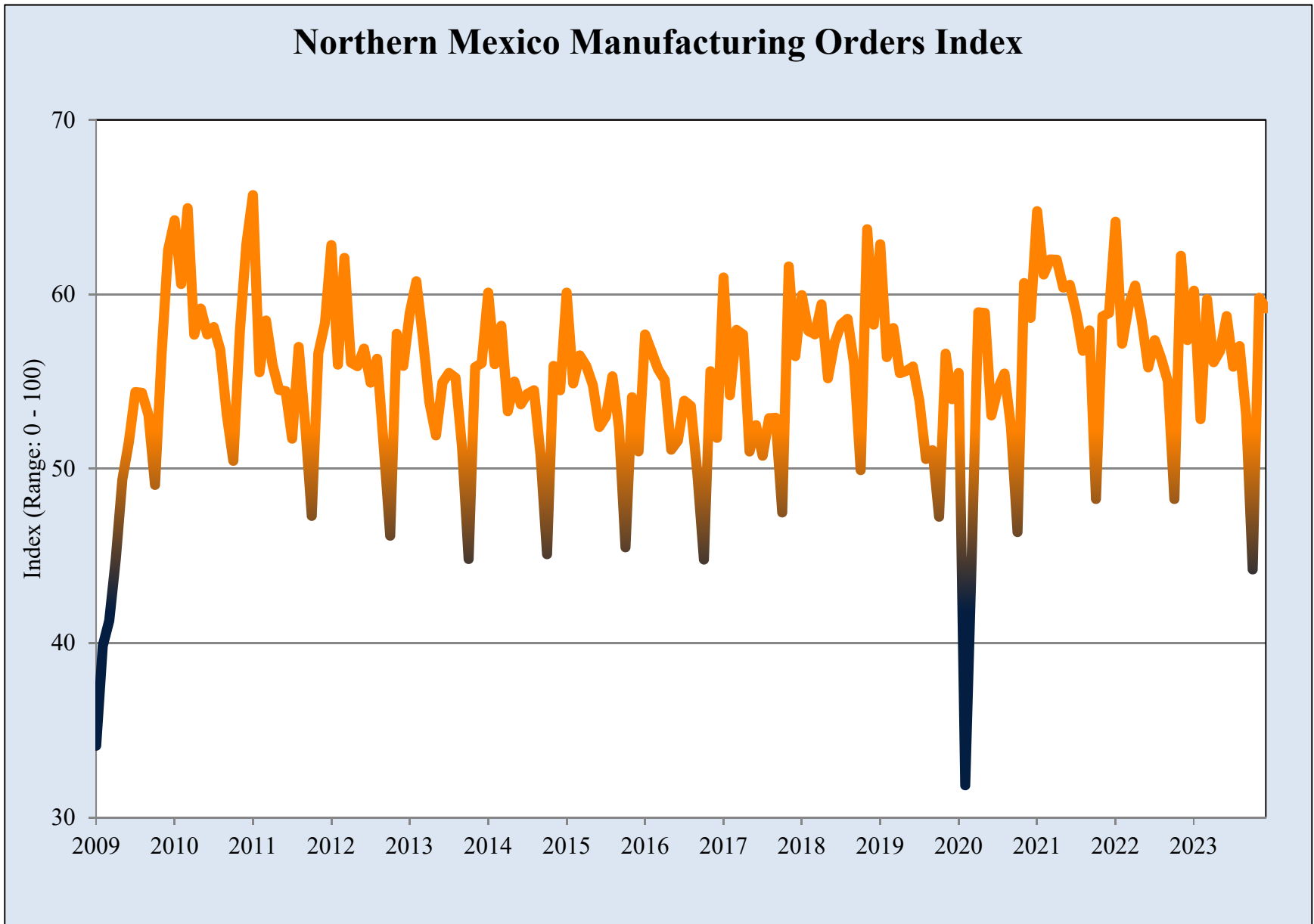
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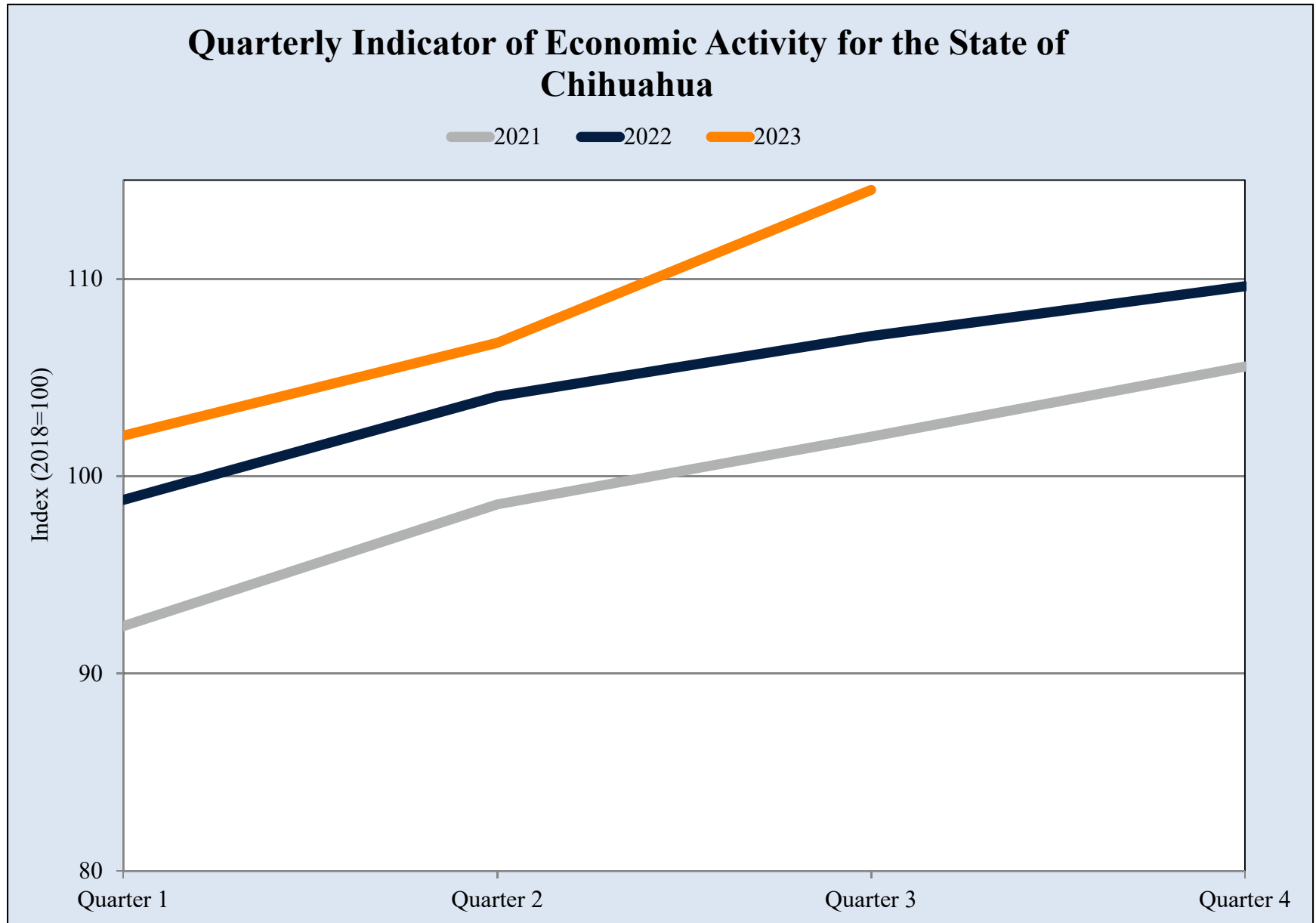
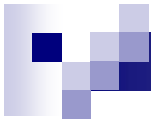
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Source: UTEP Border Region Modeling Project using Banco de México Data



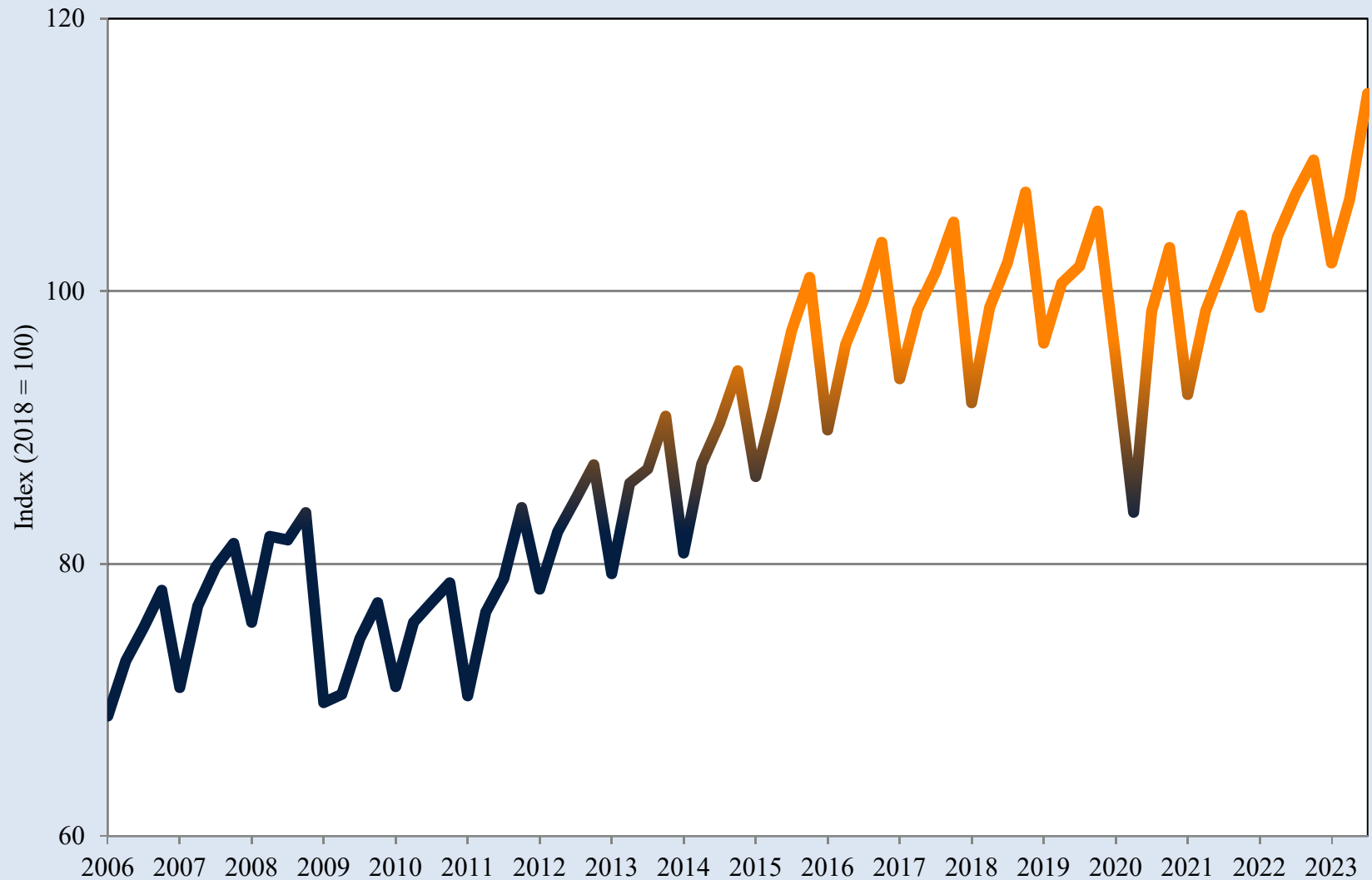
Source: UTEP Border Region Modeling Project using Banco de México Data



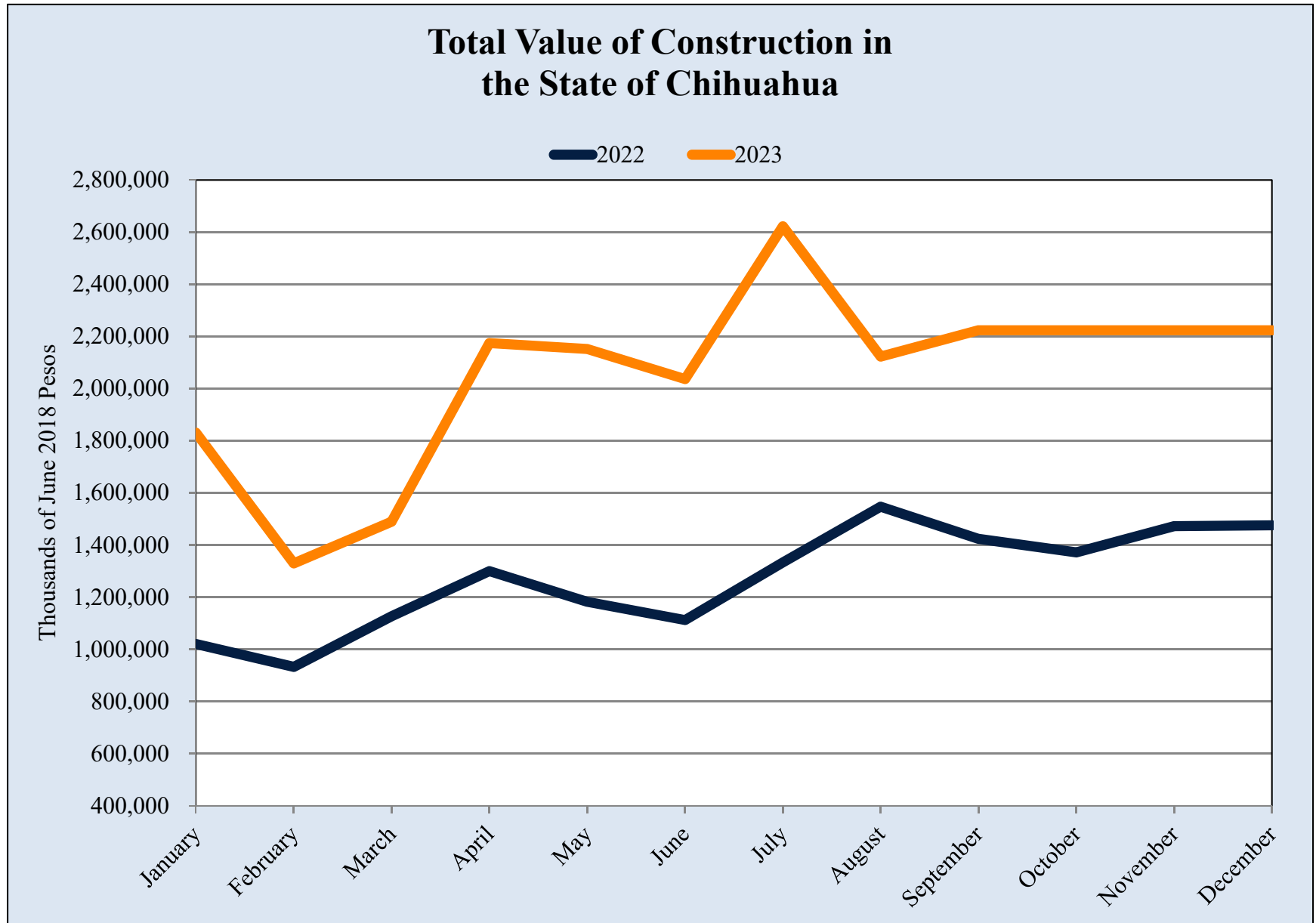
Source: UTEP Border Region Modeling Project using INEGI Data



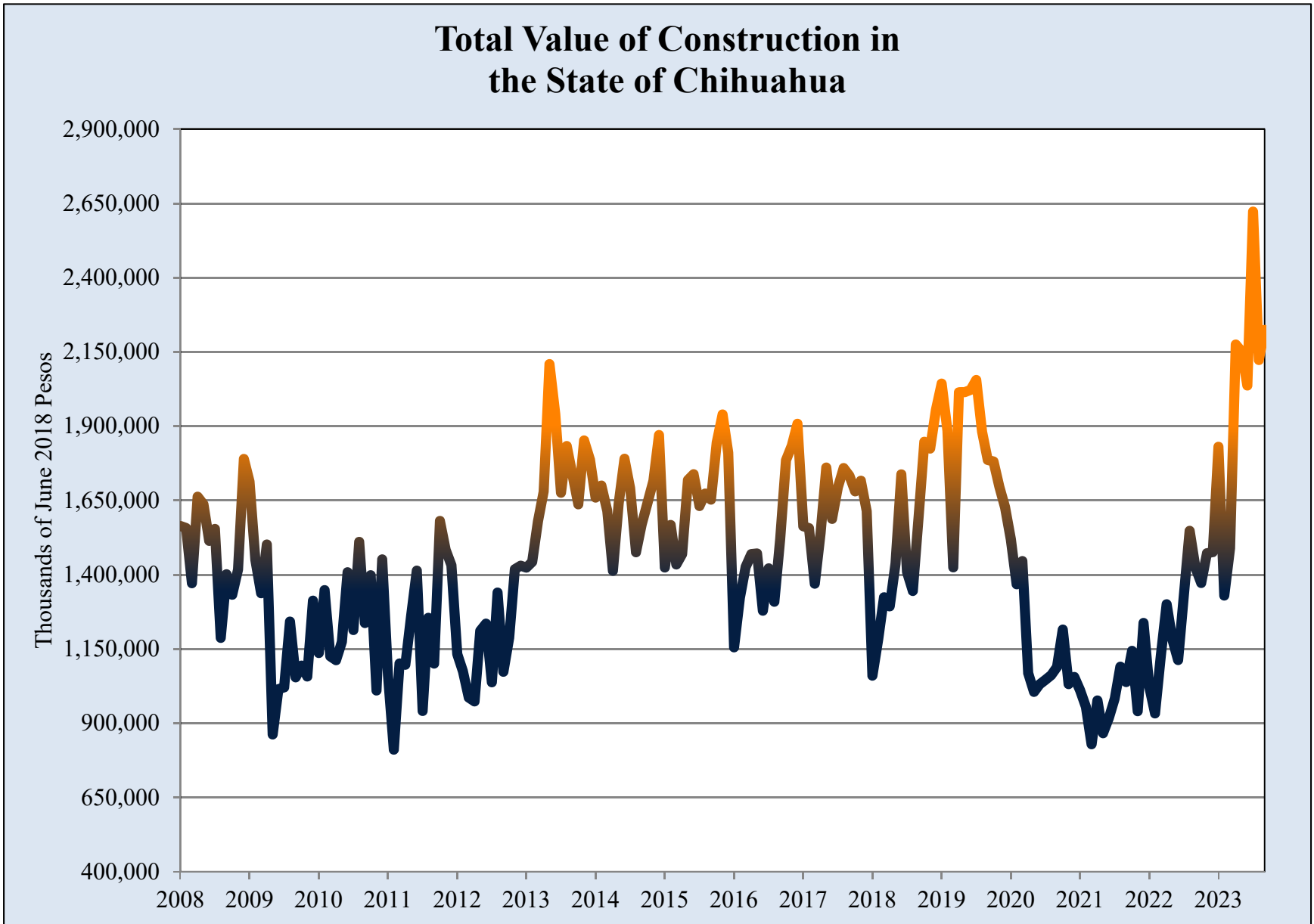
Quarterly Indicator of Economic Activity for the State of Chihuahua



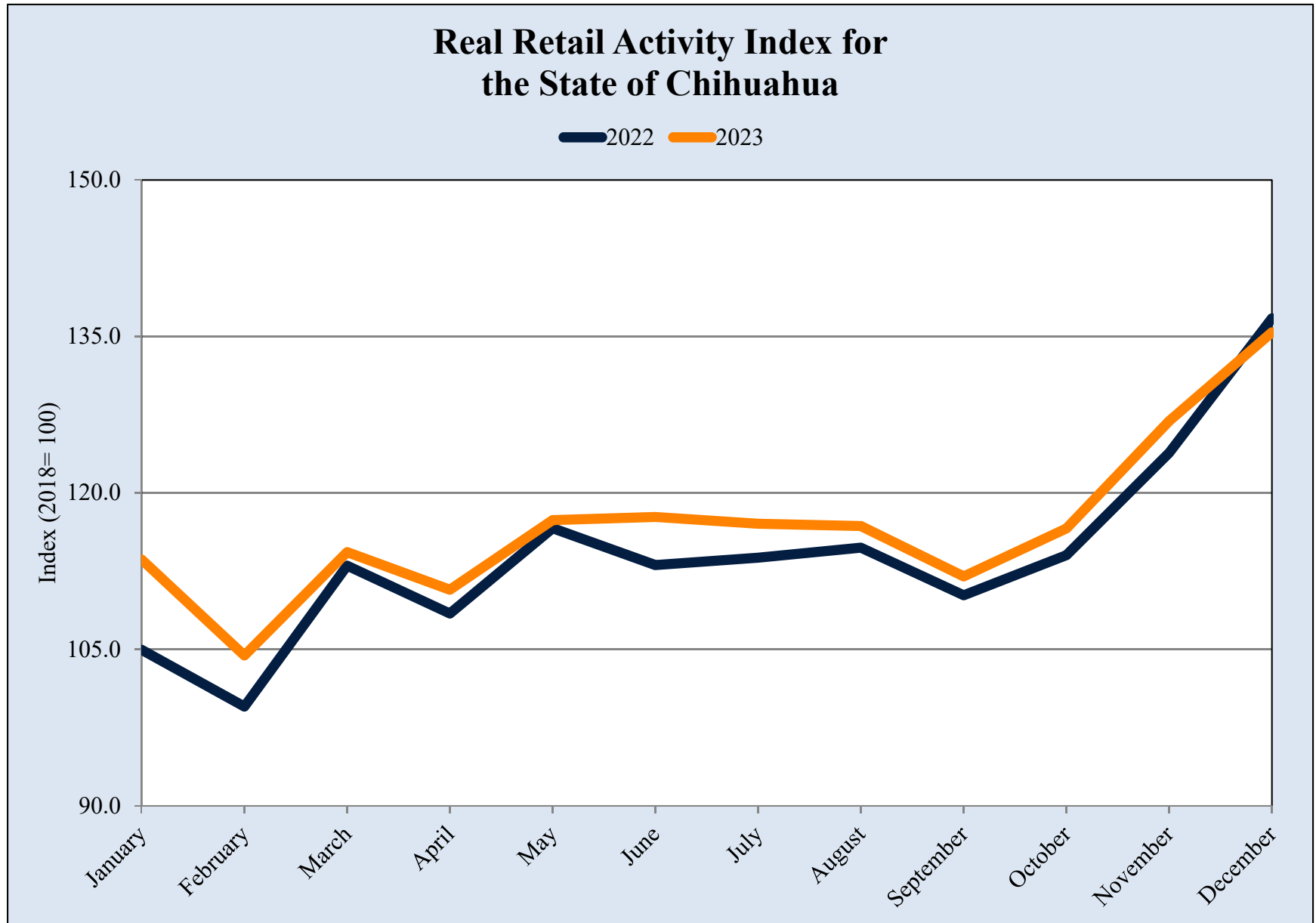
Source: UTEP Border Region Modeling Project using INEGI Data



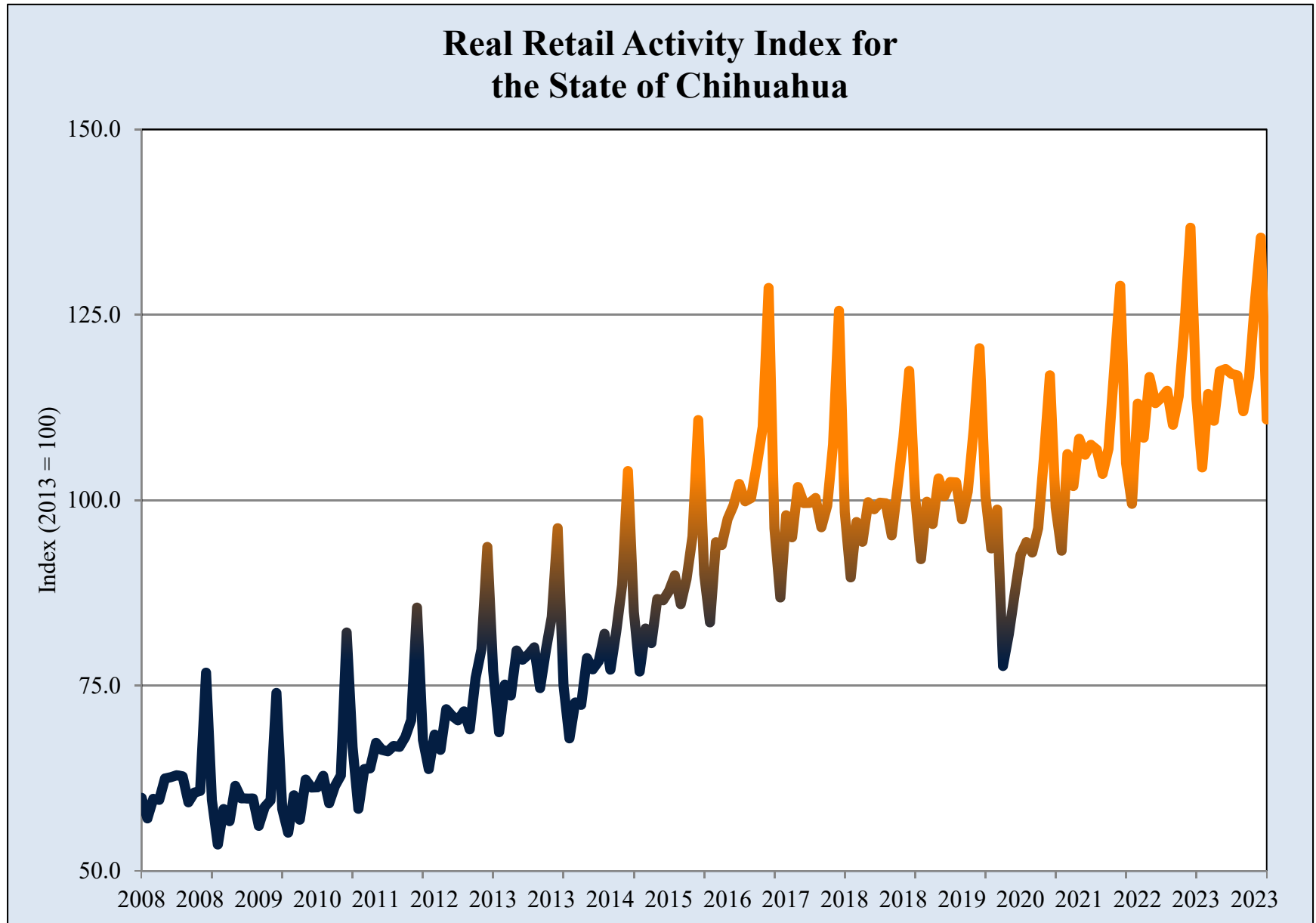
Source: UTEP Border Region Modeling Project using INEGI Data



Source: UTEP Border Region Modeling Project using INEGI Data



Source: UTEP Border Region Modeling Project using INEGI Data



Source: UTEP Border Region Modeling Project using INEGI Data



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