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Thomas M. Fullerton Jr.
Steven L. Fullerton
Ana Gutierrez Zubiate
Ignacio Santana

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A Flattened Yield Curve

The Federal Reserve Bank of Dallas Metropolitan Business Cycle Index for El Paso dropped slightly in July. Although the index remains comfortably above year-ago levels, the marginal dip merits some attention. Federal Reserve concerns over national economic vulnerability caused the Federal Open Market Committee to vote for a second 25 basis point reduction to the Federal Funds target rate. In recent weeks, many commentaries argued in favor of lower Fed funds target rates due to yield curve inversion in the United States.

As the new yield curve graph below shows, the August 2019 yield curve has not fully inverted, but has definitely flattened. It should be noted that the recent gyrations in the yield curve are not due to Fed tightening actions that force up short-term rates. Instead, the Fed decision last March to suspend the quantitative easing unwinding process has lowered long-term rates. A recession may occur this year, but not because the proverbial “punch bowl” has been removed.

While uncertainty abounds, the BRMP El Paso Household Economic Stress Index remained well below its year-ago level in July. That was also the case for the El Paso County unemployment rate. Supplemental Nutrition Assistance Program (SNAP) enrollments inched above the 160 thousand mark in July, the first that has occurred since April.

The El Paso Median Housing Price rose to $165,000 in July for the first time in local economic history. Supply remains tight. The Months of Housing Inventory remained below 4 for a tenth consecutive month in July. In contrast, gasoline supplies are so ample that the El Paso price for regular fell 18 cents per gallon to $2.44 in August. That type of price decline usually does not occur until after Labor Day.

Unemployment rose by 40 basis points rate on a year-over-year basis for Doña Ana County in July. While jobs grew during that period, the civilian labor force expanded even more, causing the jobless rate to increase. Mesilla Valley sectors adding jobs include construction, manufacturing, and health services. Las Cruces area SNAP caseloads remained below 28,000 and held steady, again, in July.

Although interest rates moved downward in the United States, the peso lost ground against the dollar in both nominal and real terms in August. Because of the multiple economic and geopolitical risks that become more pronounced in recent months, additional currency market upheavals are likely. The BRMP Nominal Price Ratio for Brand Name Medicines held steady in August. The prices do not include shipping and handling costs, nor do they include the cost of doctor appointments. During August, internet medicine prices in Mexico, on average, were 44 percent below the online prices charged in the United States.

Monthly wait times decreased by noticeable amounts at all three of the primary international bridges that link Ciudad Juárez to El Paso in July. On average, queue times lasted less than one hour per trip across all three bridges for the first time since March. In response, personal vehicle crossings rose to nearly 900 thousand. Freight traffic exceeded year-ago levels for the first time since March. Total trade through the El Paso Customs District also surpassed year-ago volumes in July. Reflective of the latter, export manufacturing employment in Ciudad Juarez continued to exceed year-ago levels in June and may set a new record this year.
El Paso Metropolitan Business Cycle Index

Source: Federal Reserve Bank of Dallas
El Paso Metropolitan Business Cycle Index

Seasonally Adjusted Index (October 1980 = 100)

Source: Federal Reserve Bank of Dallas
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: U.S. Treasury, Daily Treasury Yield Curve Rates and BRMP Calculations
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: Bureau of Labor Statistics
El Paso County Unemployment Rate

Source: Bureau of Labor Statistics
El Paso County SNAP Enrollment. Two year period 2018 to 2019

Source: 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: Texas Health and Human Services Commission
El Paso Median Housing Prices

Source: Texas A&M Real Estate Center
El Paso Median Housing Prices

Source: Texas A&M Real Estate Center
Months of Housing Inventory for El Paso

Source: Texas A&M Real Estate Center
Months of Housing Inventory for El Paso

Source: Texas A&M Real Estate Center
El Paso Gasoline Prices

Source: GasBuddy.com
El Paso Gasoline Prices

Source: GasBuddy.com
Doña Ana County Unemployment Rate

Source: Bureau of Labor Statistics
Unemployment rate for Doña Ana county

Doña Ana County Unemployment Rate

Source: Bureau of Labor Statistics
Las Cruces Area SNAP (Food Stamp) Cases

Source: New Mexico Human Services Department
Las Cruces Area SNAP (Food Stamp) Cases

Source: New Mexico Human Services Department
Restaurant Price Ratio and Exchange Rate

- 2018 Restaurant Price Ratio
- 2019 Restaurant Price Ratio
- 2018 Nominal Exchange Rate
- 2019 Nominal Exchange Rate

Source: UTEP Border Region Modeling Project and Banco de Mexico
Restaurant Price Ratio and Exchange Rate

Source: UTEP Border Region Modeling Project and Banco de Mexico
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, medicinesmexico.com, medsmex.com
Pharmaceutical Nominal Price Ratio in the USA and Mexico

Source: UTEP Border Region Modeling Project, healthwarehouse.com, medicinesmexico.com, medsmex.com
Paso del Norte Monthly Wait Times

Source: UTEP Border Region Modeling Project
Ysleta Monthly Wait Times

Source: UTEP Border Region Modeling Project
Source: UTEP Border Region Modeling Project
Source: UTEP Border Region Modeling Project
Personal Vehicle International Bridge Crossings to El Paso

Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Aggregate Personal vehicle bridge crossing to El Paso

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Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Pedestrian International Bridge Crossings to El Paso

Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Pedestrian International Bridge Crossings to El Paso

Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Cargo Truck International Bridge Crossings to El Paso

Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Cargo Truck International Bridge Crossings to El Paso

Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Total Trade through the El Paso Customs District

Source: U.S. International Trade Commission
Total Trade through the El Paso Customs District

Source: U.S. International Trade Commission
Real Total Trade through the El Paso Customs District

2018
2019

Real Total Trade through the El Paso Customs District

Export-Oriented Manufacturing Employment in Ciudad Juárez

Source: INEGI
Aggregate Export-Oriented Manufacturing Employment in Ciudad Juárez

Number of Jobs

Source: INEGI
Northern Mexico Manufacturing Orders Index

Index (Range: 0 - 100)

Source: Banco de México
Northern Mexico Manufacturing Orders Index

Source: Banco de México
Quarterly Indicator of Economic Activity for the State of Chihuahua

Source: INEGI
Aggregate quarterly indicator of economic activity for the state of Chihuahua

Quarterly Indicator of Economic Activity for the State of Chihuahua

Source: INEGI
Total Value of Construction in the State of Chihuahua

Source: INEGI
Total Value of Construction in the State of Chihuahua

Source: INEGI
Real Retail Activity Index for the State of Chihuahua

Source: INEGI
Real Retail Activity Index for the State of Chihuahua

Source: INEGI
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