Borderplex Business Barometer, Volume 3, Number 11

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Borderplex Business Barometer, Volume 3, Number 11

Look to the Data, not to the Headlines

The Federal Reserve Bank of Dallas El Paso Metropolitan Business Cycle Index reached a new record high in November for the third time this year. Jobs growth continues to buttress the local economy, with relatively strong performances observed for construction, financial services, healthcare, plus leisure and hospitality. Reflective of business cycle buoyancy, the El Paso Household Economic Stress Index remained at 0.7 in October, the lowest mark for that metric since June 2007.

Short-term interest rates declined in October. That caused the yield curve to assume a more traditional appearance with the 20- and 30-year long-term instruments providing higher yields than all of the short-term instruments. The U-shaped appearance has not been completely erased, however, as the average yields on 1-, 2-, 3-, and 5-year Treasury notes remained below the 30-day short-term Treasury bill rate in October.

The September unemployment rate dropped to 3.7 percent, a 40 basis point year-over-year decline. Helped by oil patch demand for semi-skilled labor, joblessness has remained below the 5.0 percent mark in the Sun City for 31 consecutive months. Supplemental Nutrition Assistance Program enrollments for El Paso County also decreased in October.

The median price for single-family housing units rose by $9,950 on a year-over-year basis in October. In fact, housing prices have exceeded year-ago levels by margins of $3,400 or more every month, thus far in 2019. In addition to a healthy local labor market, housing demand has been boosted by a favorable interest rate environment. In November, the 15-, 20-, and 30-year fixed mortgage rates all remained below 4 percent. Given those conditions, the El Paso months of housing inventory has now remained below 4.0 for 12 straight months.

Gasoline supplies continue to hold steady in El Paso. Unleaded gasoline prices in El Paso averaged $2.46 in October. That is 31 cents below the corresponding mark for 2018.

The Doña Ana County unemployment rate dropped to 5.0 percent in September, the lowest it has been since November 2008. Underscoring the health of the labor market, job growth continues to outpace civilian labor force expansion in the Mesilla Valley.

In a welcome development, Las Cruces SNAP enrollments were, again, below year-ago levels in September. At 19.37 pesos per dollar, the nominal exchange rate was below the 20 peso mark for a tenth straight month in October. The gap between the exchange rate and the Border Region Modeling Project restaurant price ratio narrowed slightly in October but remains large by historical standards. Mexico internet brand name medicine prices were 44 percent below corresponding web prices in the United States in October. These prices do not include the cost of doctor appointments in the United States, nor shipping and handling costs for medicines purchased in Mexico.

Northbound vehicle flows from Ciudad Juarez were more than 14 percent below the volume processed 12 months earlier in September. Although wait times waned at all three El Paso bridges, the Ysleta-Zaragoza queues were still 80 percent higher than what was observed in October 2018. Cargo vehicle traffic was flat again in September, although loads are probably higher than in 2018.
El Paso Metropolitan Business Cycle Index

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

Source: Federal Reserve Bank of Dallas
Average Treasury Yield Curve Rates

[Graph showing average yield curve rates for different maturities from t1mon to t30yr, comparing Oct-18 and Oct-19]

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 (Food Stamp) Enrollment

Two year period 2018 to 2019

145,000
150,000
155,000
160,000
165,000
170,000
175,000
180,000
185,000
190,000

Number of SNAP Recipients

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

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

Index (March 1997 = 100)

Source: UTEP Border Region Modeling Project
<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
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<tbody>
<tr>
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<tr>
<td>December</td>
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</tr>
</tbody>
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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
Bridge of the Americas Monthly Wait Times

Source: UTEP Border Region Modeling Project
Monthly Border Wait Times

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

Number of Vehicles

2018  2019

Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Personal Vehicle 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
Aggregate Pedestrian International Bridge Crossing to El Paso

Number of Pedestrians

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

Year | Number of Cargo Trucks
--- | ---
2018 | 50,000
2019 | 60,000

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

Aggregate Real Total Trade through the El Paso Customs District

Total Trade in Millions of 1982 Dollars

Export-Oriented manufacturing employment in Ciudad Juárez

2018
2019

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
Quarterly Indicator of Economic Activity for the State of Chihuahua

Source: INEGI
Aggregate quarterly indicator of economic activity for the state of Chihuahua
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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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 College of Business Administration 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.