

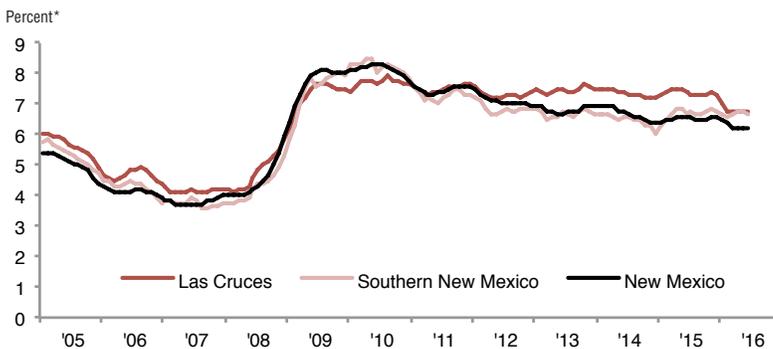
FEDERAL RESERVE BANK OF DALLAS • SECOND QUARTER 2016

Summary

Santa Teresa, and its growing international trade activity, continues to be a strong performer in the southern New Mexico economy. Meanwhile, sustained low commodity prices are slowing other regional economies in the southern part of the state. The Las Cruces metropolitan statistical area (MSA) added jobs in second quarter 2016. Meanwhile, home sales remain on an upward trend.

Labor Market

Unemployment Rate



*Seasonally adjusted.

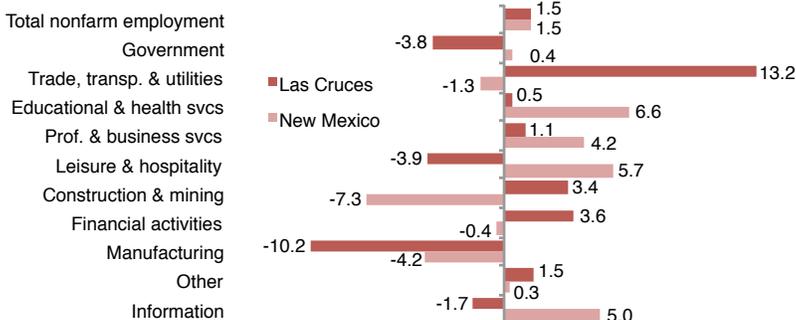
NOTES: All New Mexico counties within the Federal Reserve's Eleventh District are counted as part of southern New Mexico. Las Cruces is excluded from southern New Mexico to better gauge unemployment levels outside the region's largest population center.

SOURCE: Bureau of Labor Statistics.

► In June, the unemployment rate in the Las Cruces MSA remained unchanged from May at 6.8 percent. The southern New Mexico rate also stalled at 6.7 percent. However, rates in southern New Mexico have a large spread, spanning from 4.7 percent in Curry County to 12.9 percent in Luna County. The state unemployment rate remained unchanged at 6.2 percent in June.

► Las Cruces' employment increased at a 1.5 percent annualized rate during second quarter 2016. Increases were propelled by the 13.2 percent increase in trade, transportation and utilities. Professional and business services, which accounts for 1 in 10 jobs in Las Cruces, also added jobs at a rate of 1.1 percent. Government, manufacturing and information sectors posted job losses.

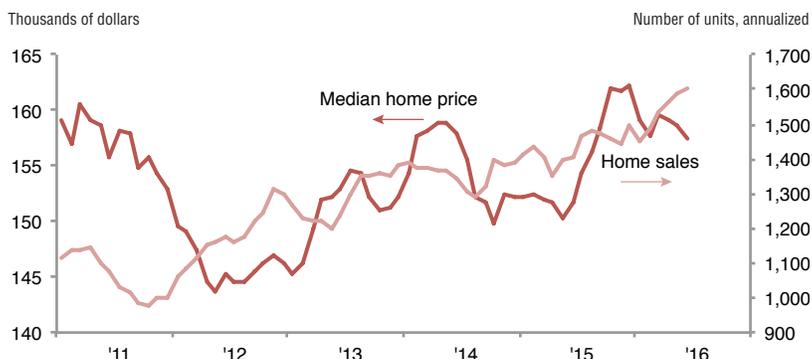
Employment Growth



NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector for March-June 2016. Sectors appear in order of share of total employment at the state level.

SOURCE: Bureau of Labor Statistics.

Housing Market

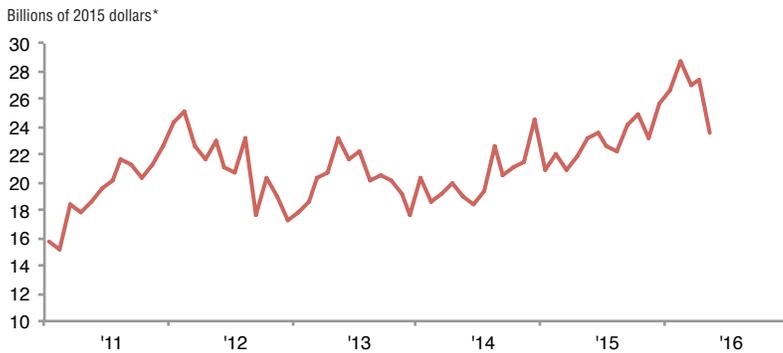


NOTE: Figures are six-month moving averages, seasonally adjusted, for Doña Ana County.

SOURCE: Texas A&M University Real Estate Center.

► Home sales in Doña Ana County remain on an upward trend. In June, home sales totaled an annualized 1,599, up from May's 1,589. Meanwhile, the median home price totaled \$157,487 in June, down from \$158,604 in May.

Santa Teresa Trade Flows



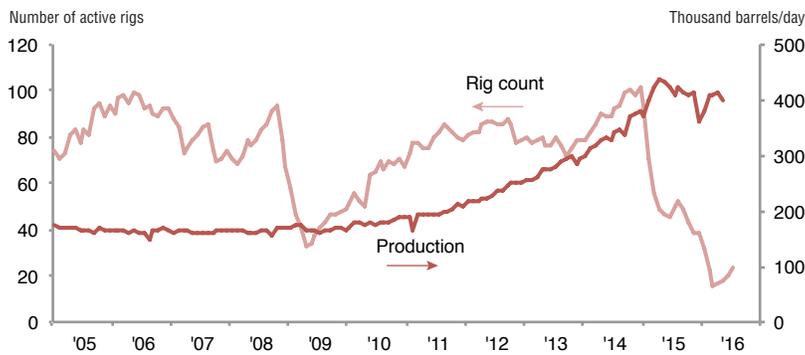
*Exports plus imports; annualized, seasonally adjusted.

SOURCE: Census Bureau.

► The Santa Teresa Port of Entry has become increasingly important for commerce with Mexico. The vast majority of New Mexico's trade, 99.4 percent in 2015, passes through the Santa Teresa Port of Entry. Trade through the port has been on the rise since 2009. In May 2016, total trade (exports plus imports) totaled approximately \$23.5 billion, up 1.2 percent from a year ago.

Commodity Market

New Mexico Oil Production



SOURCES: Baker Hughes; Department of Energy.

► West Texas Intermediate (WTI) crude oil prices remain subdued (see www.dallasfed.org/research/energy, Second Quarter 2016 for more information). As the New Mexico rig count remains well below peak levels, production has leveled off. New Mexico crude oil production totaled more than 397,000 barrels in May 2016. The rig count ticked up slightly to 24 active rigs from a low of 15 in March.

► In addition to oil and natural gas, southern New Mexico's economy is dependent on other commodities such as potash, copper and silver. New Mexico ranked first in domestic potash production in 2012, producing 75 percent of U.S. potash, according to the [U.S. Department of the Interior Bureau of Land Management New Mexico](http://www.dallasfed.org/research/energy). Potash prices rose sharply during the global recession of 2007 and fell sharply in 2009. Prices fell even further in 2013 when the potash cartel broke its agreement. Potash was priced at \$256 per metric ton as of June 2016. New Mexico potash production is concentrated in the Hobbs and Carlsbad-Artesia areas, while copper production is concentrated near the Silver City area. Copper prices have slightly decreased in the past few months, averaging \$4,632.80 per metric ton in June 2016.

World Commodity Prices



SOURCE: World Bank.

NOTES: Data may not match previously published numbers due to revisions. All New Mexico counties within the Federal Reserve's Eleventh District are counted as part of southern New Mexico. Las Cruces is excluded from southern New Mexico to better gauge unemployment levels outside the region's largest population center.

CONTACT: Questions regarding *Southern New Mexico Economic Indicators* can be addressed to Marycruz De León at marycruz.deleon@dal.frb.org.