

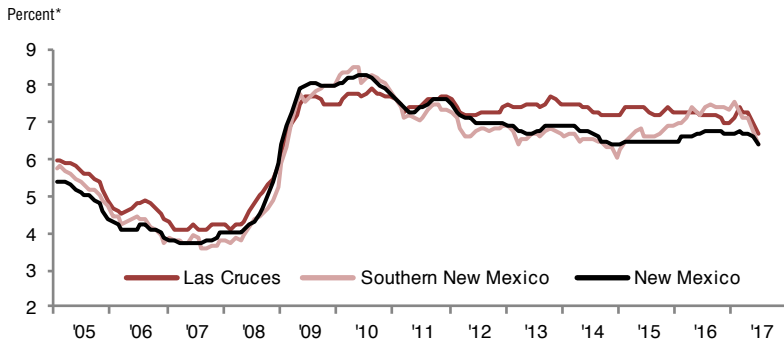
FEDERAL RESERVE BANK OF DALLAS • SECOND QUARTER 2017

Summary

Employment in Las Cruces has remained relatively stable in the first half of the year. Home sales continue to show some strength, and home prices have ticked up. Trade through Santa Teresa saw a notable increase in June and is up from year-ago levels.

Labor Market

Unemployment Rate



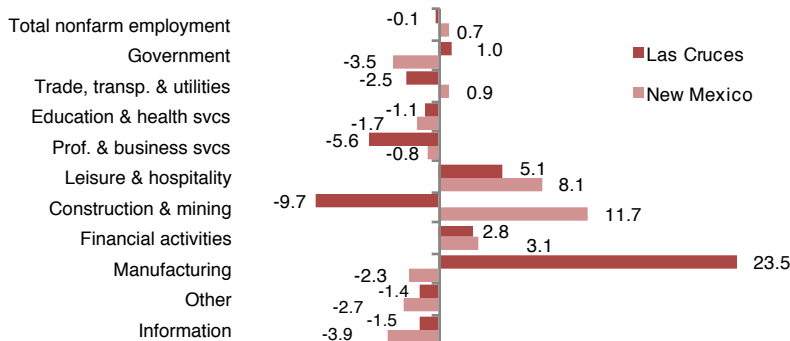
► The unemployment rates in Las Cruces, southern New Mexico and the state of New Mexico declined in the second quarter. The Las Cruces rate stood at 6.7 percent in June, while both southern New Mexico and the state had rates of 6.4 percent. Despite the declines, unemployment rates in southern New Mexico continue to have a large spread, ranging from a low of 4.5 percent (De Baca County) to a high of 13.2 percent (Luna County).

► Las Cruces employment has remained steady in the first half of the year, while state employment has inched up 0.7 percent over the same time period. Las Cruces losses in construction and mining, and professional and business services have been offset by gains in leisure and hospitality, and manufacturing. Meanwhile, the state has added approximately 3,000 jobs in the first half of the year, driven by gains in leisure and hospitality, and construction.

*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.

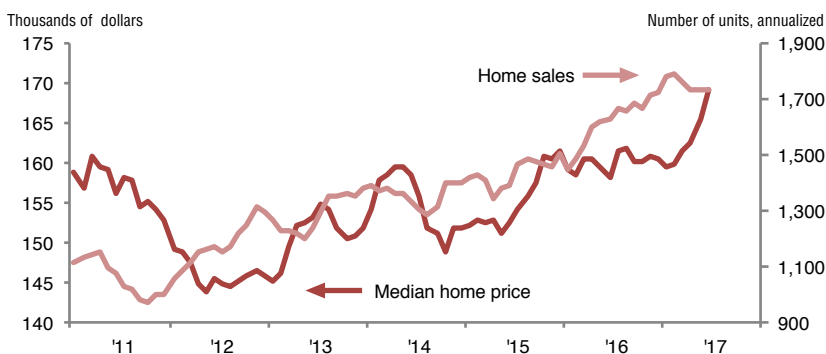
Employment Growth



NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector for December 2015-December 2016. Industries are listed from top to bottom by share of total nonfarm employment in the state.

SOURCE: Bureau of Labor Statistics.

Housing Market



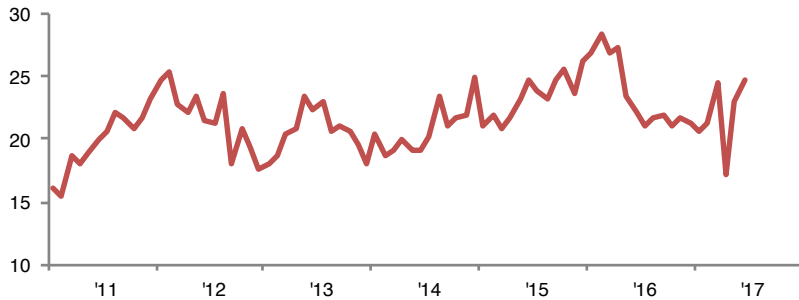
► Doña Ana County home sales slowed slightly in the second quarter and stabilized at an annualized rate of 1,737 homes. While sales have softened slightly, the median home price has climbed. In June, the median home price stood at \$169,026, up approximately 7 percent from a year earlier.

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

SOURCE: The Real Estate Center at Texas A&M University.

Santa Teresa Port Total Trade

Billions of 2016 dollars*



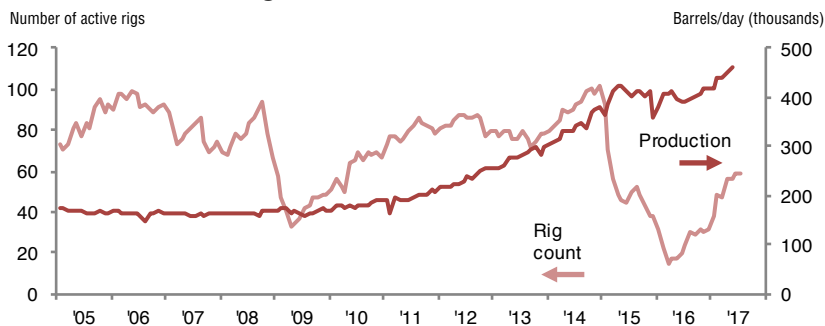
*Seasonally adjusted, annualized.

SOURCE: Census Bureau.

▶ Annualized total trade through the Santa Teresa port of entry totaled over \$24.5 billion in June, up 10 percent from a year earlier. The rise in total trade was due to a surge in exports. While imports remained unchanged from a year ago, exports surged 25 percent to \$12.6 billion.

Commodity Markets

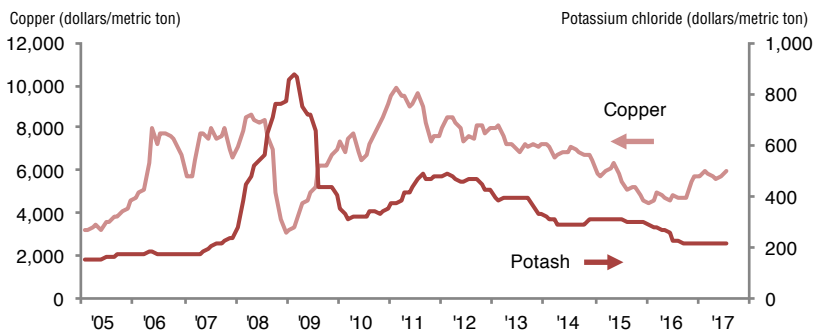
Rig Count and Oil Production



SOURCES: Baker Hughes; Department of Energy.

▶ The average price per barrel of West Texas Intermediate crude oil rose to \$46.63 in July from \$45.18 in June. The average price for July was 63 cents above the \$46 Permian Basin breakeven price for drilling a new well (see www.dallasfed.org/research/energy, First Quarter 2017, for more information). The New Mexico rig count continued to rise in the second quarter and was at 59 in July. New Mexico crude oil production also continued to climb, totaling over 463,000 barrels per day in May 2017.

Commodity Prices



SOURCE: World Bank.

▶ 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. Potash prices rose sharply during the global recession of 2007 and fell sharply in 2009. Prices fell even further in 2013 when members of a major cartel of potash producers broke their agreement. Potash was priced at \$218 per metric ton as of June 2017, and the price has been stable since October 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 rebounded in the past few months, averaging \$5,985.12 per metric ton in July 2017—the highest they have been since 2015.

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.

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