

Southern New Mexico Economic Indicators

Federal Reserve
Bank of Dallas

First Quarter 2018

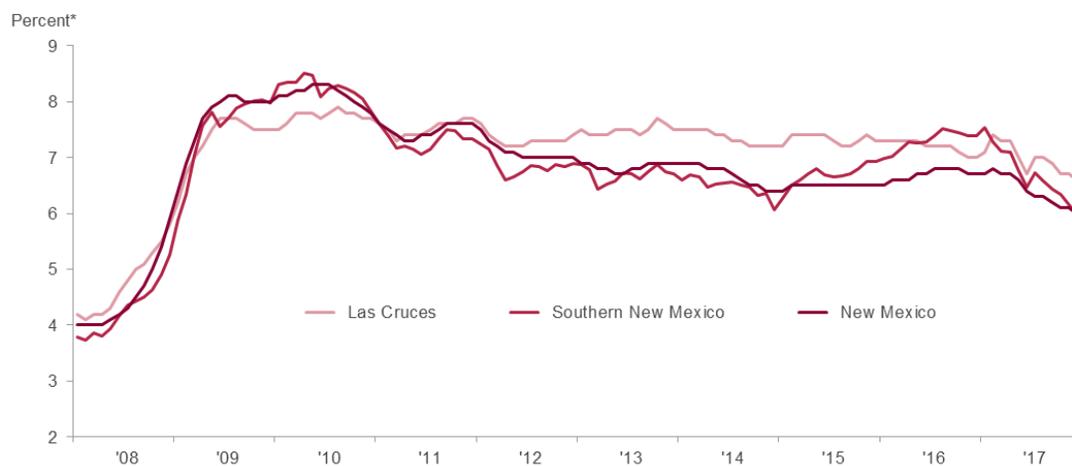
Despite a stagnant labor market, home sales in Las Cruces continue to rise. Trade through the Santa Teresa port is above year-ago levels, and rising oil prices continue to boost production.

Labor Market

Las Cruces Unemployment Rate Above State Average

The unemployment rate in Las Cruces stood at 6.6 percent in December, down from 7.0 percent a year earlier (*Chart 1*). Unemployment in southern New Mexico and the state showed even larger declines over the same time period. Southern New Mexico's unemployment rate was 6.0 percent in December, down from 7.4 percent a year earlier. The state unemployment rate was also 6.0 percent, down from 6.7 percent.

Chart 1
Unemployment Rate



*Seasonally adjusted.

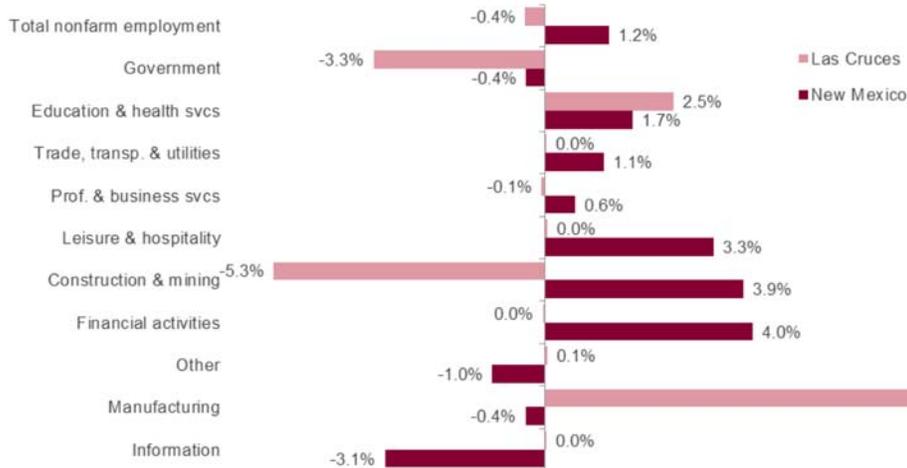
NOTES: All New Mexico counties within the Federal Reserve's Eleventh District are counted as part of southern New Mexico. Las Cruces is excluded from southern New Mexico to better gauge unemployment levels outside the region's largest population center.

SOURCE: Bureau of Labor Statistics.

Las Cruces Employment Stagnates

While state employment inched up in 2017, Las Cruces employment stagnated (*Chart 2*). Both Las Cruces and the state have been hurt by declines in government, a main sector for both economies. However, the government declines at the state level were offset by growth in various sectors. New Mexico added over 10,000 jobs in 2017. In Las Cruces, gains in education and health services and in manufacturing were not enough to offset the declines in government. The metro lost 300 jobs last year.

Chart 2
Employment Growth



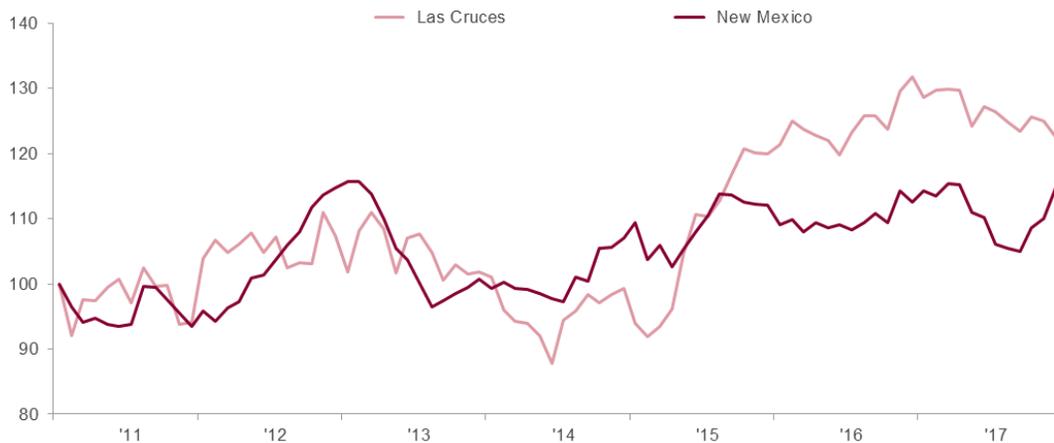
NOTES: Data show seasonally adjusted and annualized percentage employment growth by sector for December 2016–December 2017. Industries are listed from top to bottom by share of total nonfarm employment in the state.
SOURCE: Bureau of Labor Statistics.

Housing Market

Las Cruces existing-home sales totaled 1,997 in 2017, up 18 percent from 1,681 in 2016. Despite the rise, growth in the number of permits for new single-family home construction in the area stagnated in 2017 (*Chart 3*). Permits totaled 805, compared with 809 the previous year.

Chart 3
Single-Family Housing Permits

Index, January 2011 = 100*



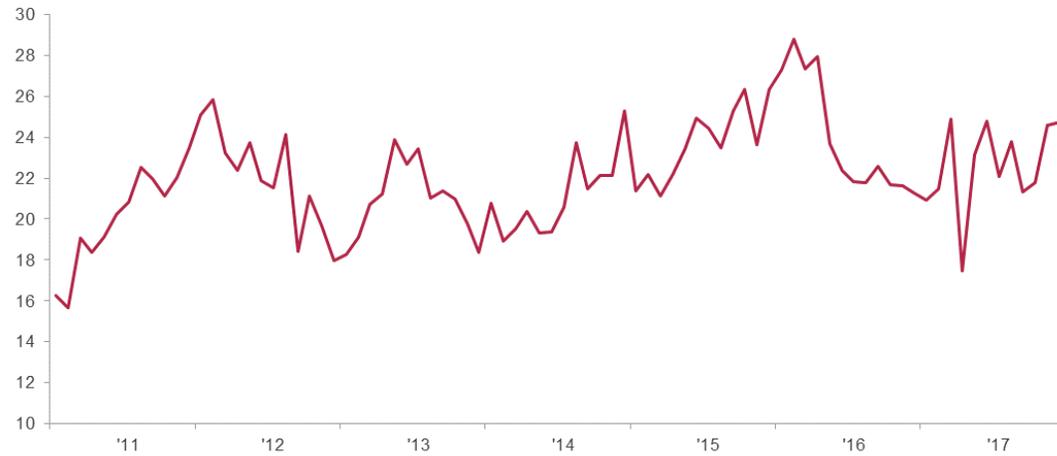
*Seasonally adjusted, six-month moving average.
SOURCE: Census Bureau.

Santa Teresa Port Trade

Annualized total trade through the Santa Teresa port of entry totaled over \$24.7 billion in December, up 16.3 percent from a year earlier (Chart 4). Imports rose 26.1 percent to an annualized \$13.9 billion, and exports climbed 5.7 percent to \$10.8 billion.

Chart 4
Santa Teresa Port Total Trade

Billions of 2017 dollars*



*Seasonally adjusted, annualized.

SOURCE: Census Bureau.

Commodity Markets

Rig Count on the Rise

The average price per barrel of West Texas Intermediate crude oil rose to \$63.70 in January from \$57.88 in December. The improvement in energy prices has led to increases in both the rig count and production (Chart 5). In January, the New Mexico rig count stood at 81. It has been on an upward trend since hitting a low of 15 in March 2016. Crude oil production totaled 528,000 barrels per day in November 2017, unchanged from the previous month but up 111,000 barrels per day from November 2016.

Chart 5
Rig Count and Oil Production

Number of active rigs



SOURCES: Baker Hughes; U.S. Department of Energy.

Copper Prices Trend Up; Potash Remains Stable

In addition to oil and natural gas, southern New Mexico's economy is dependent on commodities such as potash, copper and silver (Chart 6). According to the New Mexico Energy, Minerals and Natural Resources Department, the state ranked first in domestic potash production in 2015. Potash prices rose sharply during the global recession of 2007, fell sharply in 2009 and dropped even further in 2013 with the end of the potash cartel's agreement. Prices have been stable over the past year and stood at \$225.00 per metric ton as of January 2018, up 4.6 percent from January 2017. Copper prices have rebounded in the past few months, averaging \$7,065.85 per metric ton in January, up 22.8 percent from a year ago. Prices are the highest they have been since 2015.

Chart 6
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.

About Southern New Mexico Economic Indicators

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