

Southern New Mexico Economic Indicators

Federal Reserve Bank of Dallas

Fourth Quarter 2018

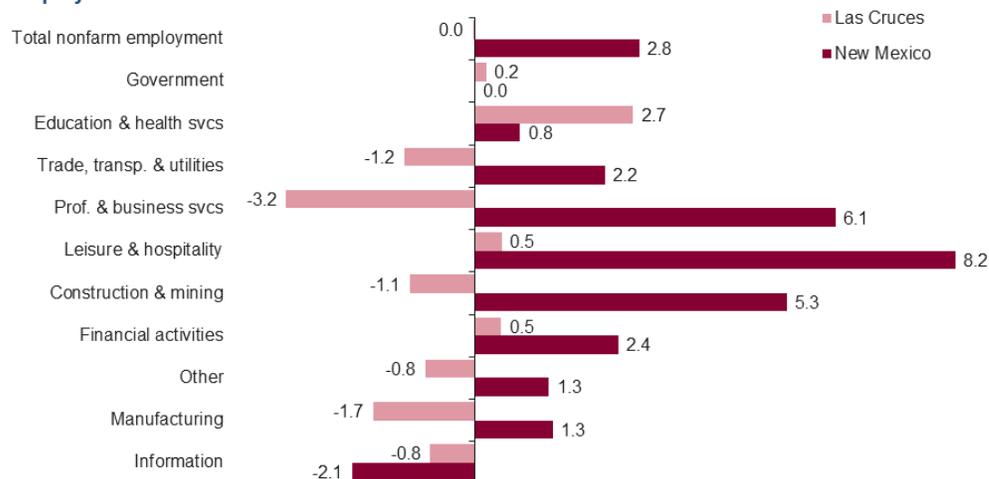
New Mexico employment is steadily expanding, while Las Cruces jobs remained stagnant in the third quarter and year to date. Gross domestic product (GDP) for the Las Cruces metro posted slower growth in 2017 than in previous years. Oil production continues to rise, and trade through the Port of Santa Teresa is also up from a year ago.

Labor Market

Las Cruces Lags New Mexico Employment Growth

Year to date, New Mexico employment is increasing at an annualized rate of 2.8 percent (*Chart 1*), with over 19,000 jobs added. State payroll growth remains broad based with nearly all industries posting gains.

Chart 1
Employment Growth



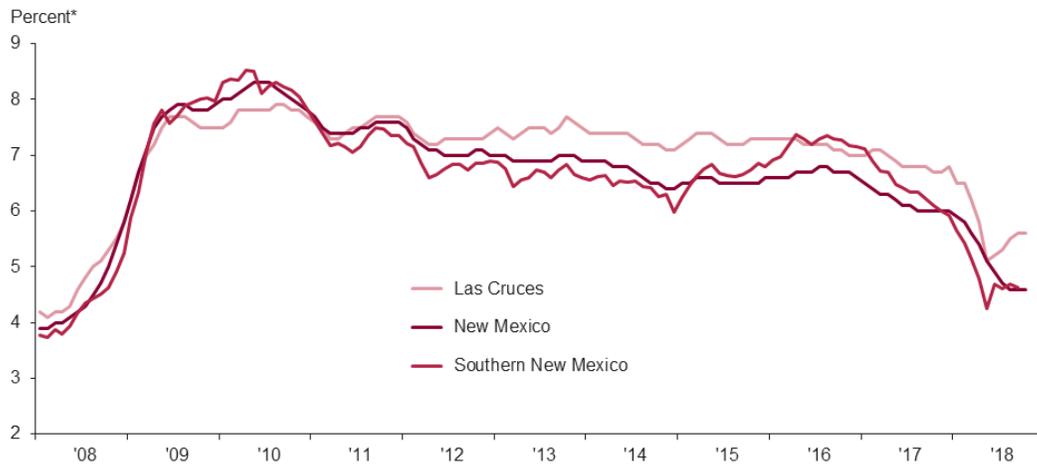
NOTES: Data show seasonally adjusted and annualized percentage employment growth by sector for December 2017–October 2018. Industries are listed from top to bottom by share of total nonfarm employment in the state.
SOURCE: Bureau of Labor Statistics.

Meanwhile, Las Cruces employment remains stagnant. Education and health services is growing at an annualized rate of 2.7 percent, adding 350 jobs this year. However, those gains have been offset by small job losses in most sectors, and year to date, Las Cruces has not added any jobs.

Southern New Mexico Unemployment Rate Declines in 2018

In October, the Las Cruces unemployment rate stood at 5.6 percent, unchanged from September, but up from the 5.2 percent reported at the end of the second quarter (*Chart 2*).

Chart 2
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.

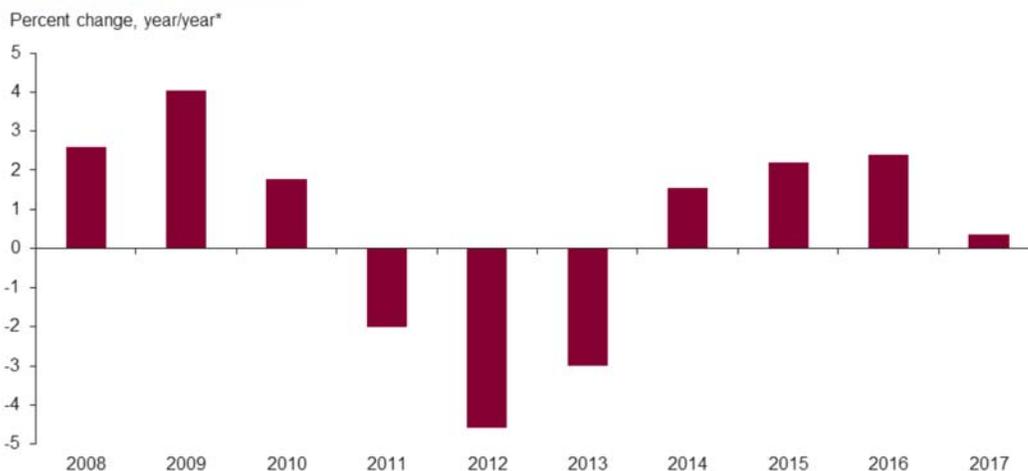
The southern New Mexico unemployment rate also remained unchanged from September at 4.6 percent in October. However, through 2018, all counties in southern New Mexico have posted declines in their unemployment rates. Luna County, with 10.9 percent unemployment, is the only county with a double-digit rate.

The statewide unemployment rate of 4.6 percent was unchanged from September.

Gross Domestic Product

Recently released data show growth in Las Cruces GDP slowed to 0.3 percent in 2017 (*Chart 3*), down from the 2.4 percent gain in 2016 and well below the 2.1 percent growth for all U.S. metros. Private sector output in Las Cruces rose 1.4 percent, but government declined 2.0 percent. Las Cruces GDP totaled \$7.2 billion in 2017.

Chart 3
Real Gross Domestic Product



*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 \$21.8 billion in September, up nearly 18 percent from a year earlier (*Chart 4*). Imports fell 18.6 percent to \$11.9 billion, but exports rose over 17 percent to \$9.9 billion.

Chart 4
Santa Teresa Port Total Trade

2018 dollars (billions)*



*Seasonally adjusted, annualized.

SOURCE: Census Bureau.

Commodity Markets

Oil Production Increases

Oil production continues to rise in New Mexico and hit 724,000 barrels per day in August (*Chart 5*). Meanwhile, the rig count was 101 in October, slightly below the August peak of 104.

Chart 5
Rig Count and Oil Production

Number of active rigs



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

Potash Remains Stable, Copper Prices Trend Up

In addition to oil and natural gas, southern New Mexico's economy is dependent on other commodities, such as potash, copper and silver. According to the New Mexico Energy, Minerals and Natural Resources Department, the state ranked first in domestic potash production in 2015. Potash prices have been stable over the past year and were \$216 per metric ton as of October 2018, unchanged from a year ago (*Chart 6*). Copper prices ticked up in October and were \$6,219 per metric ton.

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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