

Southern New Mexico Economic Indicators

Federal Reserve Bank of Dallas

First Quarter 2019

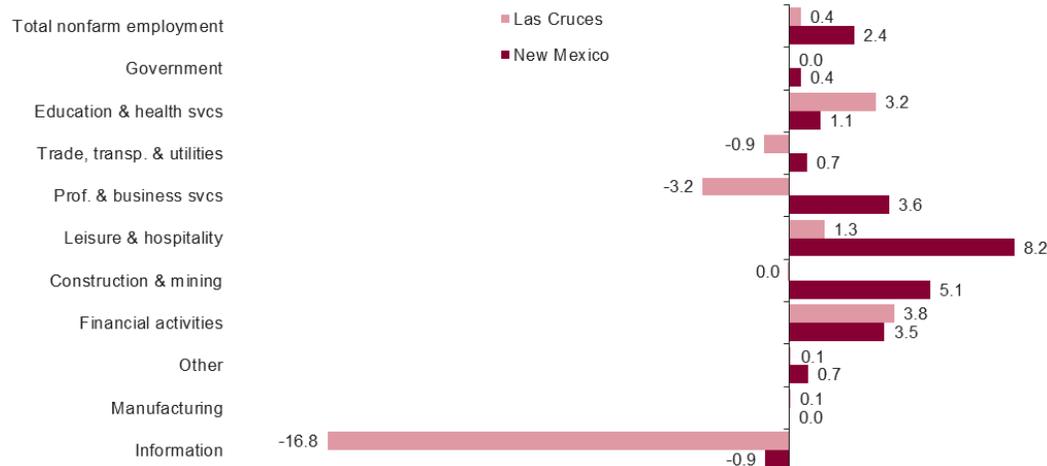
New Mexico posted robust job gains in 2018, while Las Cruces payrolls grew slightly. Home sales posted solid increases in both Las Cruces and the state. Trade through the Santa Teresa port and oil production reached new highs in November.

Labor Market

Las Cruces Lags State Growth

Las Cruces employment rose 0.4 percent in 2018, up from 2017's decline of 2.7 percent. While some sectors added jobs, the gains were mostly offset by declines in other sectors, and only 290 jobs were added over the year (*Chart 1*).

Chart 1
Employment Growth



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

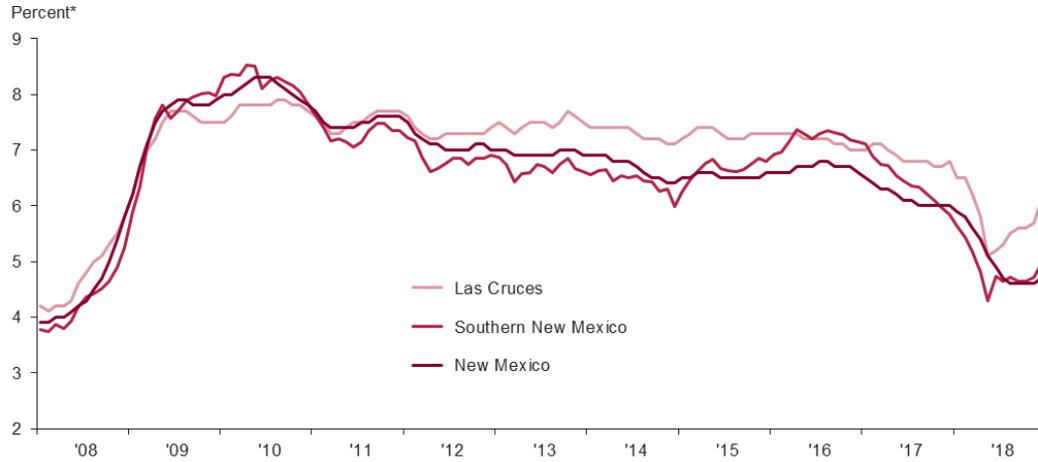
SOURCE: Bureau of Labor Statistics.

While employment in Las Cruces only inched up, the state posted healthy growth. New Mexico jobs grew 2.4 percent, outpacing U.S. growth of 1.8 percent. State payroll gains were broad based with nearly every sector adding jobs. Leisure and hospitality added 8,000 jobs, more than any other sector and accounting for 40 percent of the state's total employment growth.

Southern New Mexico Unemployment Rate Falls in 2018

Job gains in southern New Mexico have been strong, with employment growing 3.6 percent in 2018. The solid payroll increases have placed downward pressure on the unemployment rate. In December 2018, the southern New Mexico rate stood at 4.9 percent, down from 5.8 percent a year earlier (*Chart 2*). Eddy County had the lowest unemployment rate in southern New Mexico at 3.5 percent, followed by Hidalgo and Lea counties, which both posted rates of 4.0 percent.

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.

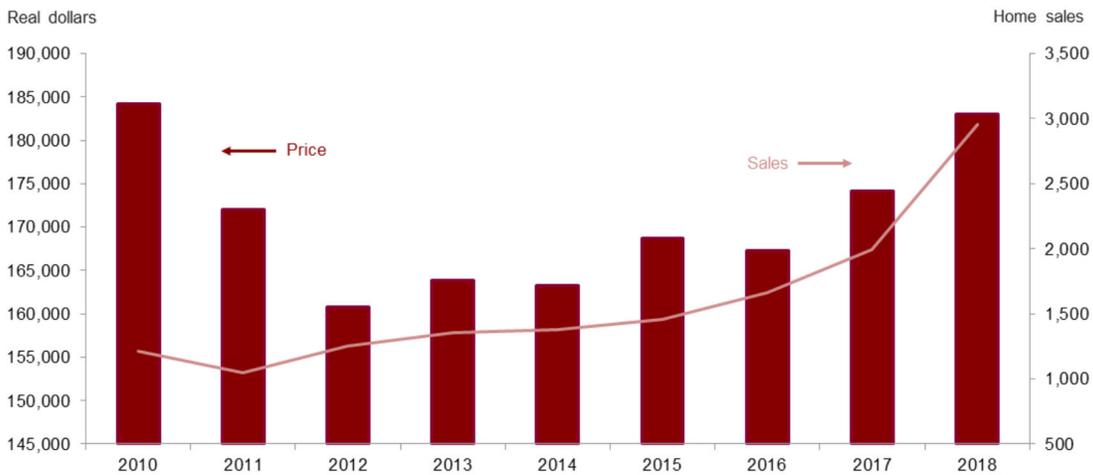
SOURCE: Bureau of Labor Statistics.

The Las Cruces metro jobless rate of 6.1 percent was above the rates of both the state (4.7 percent) and southern New Mexico.

Housing

Despite the sluggish labor market in Las Cruces, the housing market is healthy. Existing-home sales totaled nearly 3,000 in 2018, up 48 percent from 1,997 in 2017 (*Chart 3*). Growth trends in the Las Cruces metro are on par with statewide gains. Home sales in New Mexico totaled 32,006 in 2018, up 44 percent from 2017 sales of 22,221.

Chart 3
Existing-Home Sales and Median Home Prices



SOURCE: New Mexico Association of Realtors.

As home sales have picked up so has the median home price. In 2018, the median price in the Las Cruces metro was \$183,000, up 5.1 percent from the 2017 median price of \$174,140.

Santa Teresa Port Trade

Trade through the Santa Teresa port hit a high of \$25 billion (annualized) in November 2018, up 20.1 percent from a year earlier (*Chart 4*). Imports rose 9.7 percent to \$12.3 billion, while exports rose 32.2 percent to \$12.7 billion. Trade through the Santa Teresa port is dominated by shipments of electrical equipment.

Chart 4
Santa Teresa Port Total Trade

2018 dollars (billions)*



*Seasonally adjusted, annualized.

SOURCE: Census Bureau.

Commodity Markets

New Mexico Oil Production Hits New High

Oil production continues to rise in New Mexico and reached an all-time high of 803,000 barrels per day in November 2018 (Chart 5). Meanwhile, the rig count totaled 108 in January, up from 81 in January 2018.

Chart 5
Rig Count and Oil Production

Number of active rigs



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

Copper Prices Fall, Potash Remains Stable

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 among other U.S. states in domestic potash production and third in copper production in 2017. Potash prices have been stable since mid-2017 at \$216 per metric ton (Chart 6). On the other hand, copper prices have been trending down since October of last year. In January, copper was \$5,939 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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