Summary

Santa Teresa and its growing international trade activity continue to be highlights in the southern New Mexico economy. Meanwhile, sustained low commodity prices are slowing other local economies in the southern part of the state. Las Cruces job creation was mixed across industries in the first quarter. The unemployment rate dipped in the quarter but remained above the state and national rates. Home sales remained solid in Doña Ana County, which includes Las Cruces, and the median sales price inched up.

Labor Market

On a monthly basis, Las Cruces’ unemployment rate remained unchanged in March at 6.8 percent. The southern New Mexico rate stalled at 6.6 percent. However, unemployment rates in the region have a large spread, spanning from 4.4 percent in Curry County to 15.3 percent in Luna County. The state unemployment rate declined to 6.2 percent in March from 6.4 percent in February.

Las Cruces employment increased at a 2.6 percent annualized rate during the first quarter, propelled by a 21.2 percent increase in trade, transportation and utilities. Professional and business services, which accounts for 1-in-10 jobs in Las Cruces, added jobs at a 4.3 percent rate. Financial activities, manufacturing and information posted job losses.

Housing Market

Home sales in Doña Ana County remain on an upward trend. March home sales totaled an annualized 1,530, up from February’s 1,487. The median home price in the county was $159,419 in March, up from $157,554 in February.
The Santa Teresa Port of Entry has become increasingly important for commerce with Mexico. Truck crossings through the port have risen markedly. Crossings averaged 2,840 per month in 2005, compared with 8,526 in 2015.

In February, total trade (exports plus imports) equaled approximately $28.8 billion, up 30 percent from a year ago. Growth in the trade of machinery and transport equipment drove the overall increase.

West Texas Intermediate crude oil prices remain subdued (see www.dallasfed.org/research/energy for more information). The New Mexico rig count fell to 15 in March. Due to the declines in prices and active rigs, production has stalled. New Mexico crude oil production totaled 408,000 barrels a day in February.

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, generating 75 percent of U.S. potash. During the global recession, potash prices rose sharply to as high as $872 and then fell sharply in 2009. Prices declined further in 2013 when members of a major cartel of potash producers broke their agreement. Prices have continued on a downward trend, and, as of March 2016, potash was priced at $277.00 per metric ton. 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 increased slightly, averaging $4,953.80 per metric ton in March.

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.

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