New Mexico’s Economy: Current Situation and Outlook
In 2019Q1, New Mexico added 11,000 jobs (1.4%), in line with 2018 growth.

Nearly half of the jobs were in Eddy & Lea counties (5,250 jobs, 6.5%), tied to oil & gas.

Metro areas (except Farmington) also added jobs, giving some balance.

Preliminary CES data indicate faster growth in Q2 (1.7%) and Q3 (2.2%). FOR-UNM is more cautious (1.5% and 1.6%).

Total personal income playing catch up – +5.9% in Q2 (9th among states).

State government recurring revenues +16.3% in FY19 (35% since FY17); more than 60% of the increase is directly due to oil & gas boom.

Yet, data indicates growth in oil production is slowing – Q2 up just 0.4% (QoQ).

Next phase of the oil boom shifts from production to State government.
### Job Growth and State Rank, by Industry (CES)

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</tr>
</thead>
<tbody>
<tr>
<td>Total Nonfarm</td>
<td>0.6%</td>
<td>43</td>
<td>1.3%</td>
<td>20</td>
<td>1.6%</td>
<td>15</td>
</tr>
<tr>
<td>Total Private</td>
<td>1.1%</td>
<td>41</td>
<td>1.8%</td>
<td>16</td>
<td>2.0%</td>
<td>13</td>
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<tr>
<td>Mining</td>
<td>-18.0%</td>
<td>38</td>
<td>17.0%</td>
<td>3</td>
<td>10.1%</td>
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<tr>
<td>Construction</td>
<td>4.6%</td>
<td>30</td>
<td>3.6%</td>
<td>41</td>
<td>5.6%</td>
<td>12</td>
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<tr>
<td>Manufacturing</td>
<td>-4.9%</td>
<td>48</td>
<td>2.3%</td>
<td>41</td>
<td>0.6%</td>
<td>36</td>
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<tr>
<td>Wholesale Trade</td>
<td>-2.3%</td>
<td>42</td>
<td>0.0%</td>
<td>35</td>
<td>-3.0%</td>
<td>51</td>
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<tr>
<td>Retail Trade</td>
<td>-2.4%</td>
<td>48</td>
<td>0.0%</td>
<td>13</td>
<td>-1.5%</td>
<td>39</td>
</tr>
<tr>
<td>Transportation &amp; Utilities</td>
<td>-0.7%</td>
<td>43</td>
<td>4.0%</td>
<td>9</td>
<td>1.8%</td>
<td>36</td>
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<tr>
<td>Financial Activities</td>
<td>1.9%</td>
<td>33</td>
<td>0.7%</td>
<td>27</td>
<td>1.1%</td>
<td>20</td>
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<tr>
<td>Professional &amp; Business Services</td>
<td>4.6%</td>
<td>13</td>
<td>1.9%</td>
<td>30</td>
<td>2.1%</td>
<td>17</td>
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<tr>
<td>Education &amp; Health Services</td>
<td>4.2%</td>
<td>27</td>
<td>0.6%</td>
<td>25</td>
<td>1.8%</td>
<td>27</td>
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<tr>
<td>Leisure &amp; Hospitality</td>
<td>3.5%</td>
<td>39</td>
<td>1.8%</td>
<td>17</td>
<td>4.9%</td>
<td>2</td>
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<tr>
<td>Total Government</td>
<td>-0.9%</td>
<td>48</td>
<td>-0.5%</td>
<td>46</td>
<td>0.4%</td>
<td>29</td>
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<tr>
<td>Local Government</td>
<td>-0.8%</td>
<td>46</td>
<td>0.1%</td>
<td>18</td>
<td>1.4%</td>
<td>7</td>
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<tr>
<td>State Government</td>
<td>-1.8%</td>
<td>41</td>
<td>-1.1%</td>
<td>46</td>
<td>-1.9%</td>
<td>47</td>
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<tr>
<td>Federal Government</td>
<td>0.2%</td>
<td>47</td>
<td>-1.4%</td>
<td>42</td>
<td>0.9%</td>
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</tbody>
</table>
Oil & gas-related employment grew by 12.8%, and accounted for half of new jobs statewide.

Employment in sectors other than oil & gas-related grew by 1.0% (vs. 1.5%).
Lea & Eddy account for 7% of NM labor force, but much of the year-over-year volatility.

FOR-UNM expects significant downward revisions for 2019 – note change in ‘Rest’.

### Gain / Loss in Labor Force

<table>
<thead>
<tr>
<th>Year</th>
<th>Lea &amp; Eddy</th>
<th>Santa Fe MSA</th>
<th>Farmington MSA</th>
<th>Las Cruces MSA</th>
<th>Albuquerque MSA</th>
<th>Rest</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
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<td>2013</td>
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<td>2016</td>
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<td>2018</td>
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<tr>
<td>2019</td>
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</tbody>
</table>

**Source:** BLS Local Area Unemployment Statistics (LAUS)
Gain/Loss in General Fund Accruals, FY 2019 (preliminary)

NM Consensus Revenue Estimation Group (CREG)
Gain/Loss in Gross Taxes by County, FY19 v FY18

Bernalillo (ABQ)  
Chaves  
Curry  
Dona Ana  
Eddy  
Lea  
Los Alamos  
McKinley  
Otero  
San Juan  
Sandoval (ABQ)  
Santa Fe  
Taos  
Valencia (ABQ)  
Unclassified  
Others (20 Counties)

% Change

Millions $
Change in Personal Income, by Component, 2013-2019 Q2

![Graph showing changes in personal income by component from 2013 to 2019 Q2.](image)

- **Year-Over-Year Gain/Loss (Millions $)**
- **% Change (Year-over-Year)**

Component Breakdown:
- Private W&S Disbursements
- Government W&S Disbursements
- Dividends/Interest/Rent
- Nonfarm Proprietors' Income
- Farm Proprietors' Income
- Other Labor Income
- Social Security minus Residence Adjustment

Source: Bureau of Economic Analysis
New Mexico’s Share of US Oil Production & Active Rigs

- Oil Price (WTI)
- Drill Rigs (NM/US)
- Oil Production (NM/US)

EIA, Baker Hughes
Oil Rigs, Production + Price

Drill Rigs / $ Barrel

Crude Oil Production (Right)

Oil Price (WTI)

Drill Rigs

ONGARD, EIA, Baker Hughes
New Mexico Economic Outlook 2020-2024

- Forecast 12,100 jobs (1.5%) in 2019, 13,850 jobs (1.7%) in 2020; 9,600 (1.1%); average 6,850 jobs (1.0%) thereafter. Forecast is mostly unchanged through 2021 but slightly weaker thereafter.

- Growth dynamic begins to shift in 2020 and slows beginning 2021 –
  - Investments in oil & gas in Eddy & Lea Counties slow.

- Sustained and broader metro growth will depend more on PBS and leisure & hospitality.

- Personal income growth takes a hit in 2020 (3.8%) due to final shift of ACA-Medicaid obligations to State.

- Growth of oil production slows – after 120% in 3 years (147 mb in 2016 to estimated 323 mb in 2019), production growth slows to 11% in 2020 and average of 4% thereafter; reaching 415 million in 2024.

- Probability and impact of pessimistic scenario (35%) substantially outweighs optimistic scenario (10%).
Forecast Job Growth by Sector, 2020-2024

Average Employment Gain/Loss per Year

Average Employment Growth per Year

Mining
Construction
Manufacturing
Wholesale Trade
Retail Trade
Transport. & Warehsng.
Information
Finance & Insurance
Real Estate & Leasing
Prof.& Tech. Svs.
Admin. & Waste Mgmt.
Educ. Svs.
Healthcare & Soc. Asst.
Arts & Recreation
Accom. & Food Svs.

Local Government
State Government
Federal Government

BBER FOR-UNM, October 2019
Job Gains/Losses by Region, 2020-2024

BBER FOR-UNM, October 2019

Albuquerque MSA
Farmington MSA
Las Cruces MSA
Santa Fe MSA
NonMetro
NM Employment Forecast, Alternative Scenarios

Baseline Scenario | Pessimistic Scenario | Optimistic Scenario

BBER FOR-UNM, October 2019