New Mexico’s Economy: Current Situation & Forecast

PRESENTED TO THE 23RD ANNUAL NM DATA USERS CONFERENCE
MICHAEL O’DONNELL, BBER ACTING DIRECTOR, MO8684@UNM.EDU
NOVEMBER 29, 2021
Review: National Economy

- US economy still about 4.2 million jobs below pre-COVID levels.
- Initial & continuing claims for unemployment are falling and unemployment rate 4.6%.
- Real GDP: 2021Q3 came in weak.
- WTI spot price had firmed to nearly $85/barrel – now down to about $70/barrel.
- Consumer Sentiment Index (U. of Mich.): 85.5 in June but fell to 71.7 in October. This is down 14% from same month a year ago.
- Stock market (DJIA) had rocketed past previous highs. Tapered back over last few weeks.
- ISM manufacturing and non-manufacturing indices continue to expand.
- Concerns: COVID (still?!?), inflation, supply chain disruptions, and political. Some factors are interrelated.
Concern: COVID

Behavioral changes for consumers

Five emerging consumer themes in August 2021

1. Strong spending by some
   - at 8% year-over-year growth vs pre-COVID
   - tighten trajectory; however, this differs by income and age, with higher-income and younger consumers spending more

2. Omnichannel is ascendant
   - E-commerce continues high growth of 36% year-over-year, while brick and mortar sales show 5% year-over-year growth in August vs a retail 16-75% of consumers shopping omnichannel

3. Disparate recovery across categories
   - Several categories experienced continued acceleration while travel and out-of-home entertainment have aided recovery to the Delta variant

4. A tentative return to out-of-home
   - While almost 50% of consumers are engaging in ‘normal’ out-of-home activities, home improvements continue

5. Loyalty shake-up continues
   - 30-40% of consumers most heavily influenced by Delta variant’s spread, leading to switch brands or retailers

Source: McKinsey & Company

Behavioral changes for workers

Greater churn – after dipping at start of pandemic openings & quits are (1) increasing and (2) volatile. Also, # of job openings near all time high. Skills/needs mismatch?

Source: BLS JOLT
https://www.bls.gov/jlt/
Y/Y price growth is high. “All Items” are impacted with growth around 5.5%. Excluding food and energy, prices are still rising by about 4.0%. Real wages are not keeping up.

Source: BLS CPI data
Concern: Supply Chain

- Labor shortages: Per BLS: over 10 million unfilled job openings. Is there a realignment of the labor market? Washington Post headline in May: “It’s not a labor shortage, it is a reassessment of work in America.”
  https://www.washingtonpost.com/business/2021/05/07/jobs-report-labor-shortage-analysis/

- Input/component shortages: Key items such as components used to fabricate microchips are in short supply. Energy price spikes have increased the cost of doing business.

- Logistics issues: Not enough workers in the places (geographies) where they are currently needed.

- Not supply chain, but for impacts on businesses see the Census Bureau’s Small Business Pulse Survey: https://portal.census.gov/pulse/data/?#data
Real GDP Growth

Composition of Real GDP Growth Over Previous Period SAAR

<table>
<thead>
<tr>
<th>Composition of Real GDP</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>20Q1</th>
<th>20Q2</th>
<th>20Q3</th>
<th>20Q4</th>
<th>21Q1</th>
<th>21Q2</th>
<th>21Q3</th>
<th>Contrib. 21Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Domestic Product</td>
<td>1.7</td>
<td>2.3</td>
<td>2.9</td>
<td>2.3</td>
<td>-3.4</td>
<td>-5.1</td>
<td>-31.2</td>
<td>33.8</td>
<td>4.5</td>
<td>6.3</td>
<td>6.7</td>
<td>2.1</td>
<td>2.10</td>
</tr>
<tr>
<td>Total Consumption</td>
<td>2.5</td>
<td>2.4</td>
<td>2.9</td>
<td>2.2</td>
<td>-3.8</td>
<td>-6.9</td>
<td>-33.4</td>
<td>41.4</td>
<td>3.4</td>
<td>11.4</td>
<td>12.0</td>
<td>1.7</td>
<td>1.18</td>
</tr>
<tr>
<td>Durable goods</td>
<td>5.4</td>
<td>6.3</td>
<td>7.0</td>
<td>4.3</td>
<td>7.7</td>
<td>-12.0</td>
<td>-1.5</td>
<td>89.0</td>
<td>1.1</td>
<td>50.0</td>
<td>11.6</td>
<td>-24.4</td>
<td>-2.50</td>
</tr>
<tr>
<td>Nondurable goods</td>
<td>2.5</td>
<td>2.7</td>
<td>2.5</td>
<td>2.9</td>
<td>3.1</td>
<td>7.1</td>
<td>-13.9</td>
<td>31.8</td>
<td>-1.1</td>
<td>15.9</td>
<td>13.9</td>
<td>2.6</td>
<td>0.39</td>
</tr>
<tr>
<td>Services</td>
<td>2.0</td>
<td>1.8</td>
<td>2.4</td>
<td>1.7</td>
<td>-7.5</td>
<td>-10.0</td>
<td>-42.4</td>
<td>37.5</td>
<td>5.3</td>
<td>3.9</td>
<td>11.5</td>
<td>7.9</td>
<td>3.29</td>
</tr>
<tr>
<td>Residential Fixed Investment</td>
<td>6.6</td>
<td>4.0</td>
<td>-0.6</td>
<td>-0.9</td>
<td>6.8</td>
<td>20.4</td>
<td>-30.7</td>
<td>59.9</td>
<td>34.4</td>
<td>13.3</td>
<td>-11.7</td>
<td>-8.3</td>
<td>-0.41</td>
</tr>
<tr>
<td>Nonresidential Fixed Investment</td>
<td>0.9</td>
<td>4.1</td>
<td>6.4</td>
<td>4.3</td>
<td>-5.3</td>
<td>-8.1</td>
<td>-30.3</td>
<td>18.7</td>
<td>12.5</td>
<td>12.9</td>
<td>9.2</td>
<td>1.5</td>
<td>0.21</td>
</tr>
<tr>
<td>Structures</td>
<td>-4.3</td>
<td>4.2</td>
<td>4.0</td>
<td>2.0</td>
<td>-12.5</td>
<td>-0.9</td>
<td>-46.8</td>
<td>-15.3</td>
<td>-8.2</td>
<td>5.4</td>
<td>-3.0</td>
<td>-5.0</td>
<td>-0.13</td>
</tr>
<tr>
<td>Equipment &amp; Software</td>
<td>-1.8</td>
<td>2.8</td>
<td>6.4</td>
<td>3.3</td>
<td>-8.3</td>
<td>-21.3</td>
<td>-36.2</td>
<td>55.9</td>
<td>26.4</td>
<td>14.1</td>
<td>12.1</td>
<td>-2.4</td>
<td>-0.13</td>
</tr>
<tr>
<td>Intellectual Property</td>
<td>8.8</td>
<td>5.7</td>
<td>8.1</td>
<td>7.2</td>
<td>2.8</td>
<td>3.8</td>
<td>-10.6</td>
<td>8.1</td>
<td>10.2</td>
<td>15.6</td>
<td>12.5</td>
<td>9.3</td>
<td>0.47</td>
</tr>
<tr>
<td>Change in Private Inventories</td>
<td>2.13</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exports</td>
<td>0.4</td>
<td>4.1</td>
<td>2.8</td>
<td>-0.1</td>
<td>-13.6</td>
<td>-16.3</td>
<td>-59.9</td>
<td>54.5</td>
<td>22.5</td>
<td>-2.9</td>
<td>7.6</td>
<td>-3.0</td>
<td>-0.33</td>
</tr>
<tr>
<td>Imports</td>
<td>1.5</td>
<td>4.4</td>
<td>4.1</td>
<td>1.2</td>
<td>-8.9</td>
<td>-13.1</td>
<td>-53.1</td>
<td>89.2</td>
<td>31.3</td>
<td>9.3</td>
<td>7.1</td>
<td>5.8</td>
<td>-0.83</td>
</tr>
<tr>
<td>Federal Government</td>
<td>0.5</td>
<td>0.3</td>
<td>3.0</td>
<td>3.8</td>
<td>5.0</td>
<td>2.4</td>
<td>20.6</td>
<td>-5.4</td>
<td>-3.1</td>
<td>11.3</td>
<td>-5.3</td>
<td>-4.9</td>
<td>-0.34</td>
</tr>
<tr>
<td>State &amp; Local Government</td>
<td>2.8</td>
<td>0.6</td>
<td>0.4</td>
<td>1.3</td>
<td>0.9</td>
<td>4.4</td>
<td>-5.5</td>
<td>0.1</td>
<td>1.2</td>
<td>-0.1</td>
<td>0.2</td>
<td>4.7</td>
<td>0.50</td>
</tr>
</tbody>
</table>


GDP growth slowed in 2021Q3.

Consumption spending weak due to contraction of durables.

Most accounts moved sideways or pulled down the total.

Buildup of private inventories put growth into positive territory.
Over the Month Job Gains

US Economy down nearly 4.2 million jobs since beginning of pandemic.
Lower-wage workers cut first at start of pandemic, making average wages increase. As those workers have returned, average wages have fallen. Also, wages not keeping up with inflation.
# US Employment Forecast by Sector

Increase (Decrease) in US Payroll Employment from Previous Calendar Year, Actual & Forecast (Thousands)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>321</td>
<td>207</td>
<td>(220)</td>
<td>147</td>
<td>33</td>
<td>58</td>
<td>4</td>
<td>39</td>
<td>64</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>249</td>
<td>129</td>
<td>(634)</td>
<td>182</td>
<td>168</td>
<td>99</td>
<td>95</td>
<td>59</td>
<td>128</td>
</tr>
<tr>
<td>Trade, Transportation &amp; Utilities</td>
<td>215</td>
<td>117</td>
<td>(1,129)</td>
<td>766</td>
<td>257</td>
<td>(211)</td>
<td>(249)</td>
<td>(184)</td>
<td>(84)</td>
</tr>
<tr>
<td>Prof. &amp; Bus. Services</td>
<td>446</td>
<td>327</td>
<td>(1,023)</td>
<td>691</td>
<td>1,486</td>
<td>646</td>
<td>458</td>
<td>393</td>
<td>288</td>
</tr>
<tr>
<td>Health Care &amp; Soc. Asst.</td>
<td>401</td>
<td>498</td>
<td>(642)</td>
<td>227</td>
<td>560</td>
<td>97</td>
<td>292</td>
<td>294</td>
<td>308</td>
</tr>
<tr>
<td>Leisure &amp; Hospitality</td>
<td>244</td>
<td>291</td>
<td>(3,219)</td>
<td>1,274</td>
<td>1,111</td>
<td>1,710</td>
<td>607</td>
<td>122</td>
<td>76</td>
</tr>
<tr>
<td>Other Private</td>
<td>324</td>
<td>278</td>
<td>(1,079)</td>
<td>488</td>
<td>922</td>
<td>277</td>
<td>306</td>
<td>279</td>
<td>117</td>
</tr>
<tr>
<td>Government</td>
<td>96</td>
<td>159</td>
<td>(701)</td>
<td>(30)</td>
<td>725</td>
<td>262</td>
<td>118</td>
<td>113</td>
<td>113</td>
</tr>
<tr>
<td>Total Nonfarm Payrolls</td>
<td>2,298</td>
<td>2,007</td>
<td>(8,648)</td>
<td>3,744</td>
<td>5,263</td>
<td>2,937</td>
<td>1,477</td>
<td>922</td>
<td>754</td>
</tr>
<tr>
<td>Annual Growth</td>
<td>1.6%</td>
<td>1.3%</td>
<td>-5.7%</td>
<td>2.6%</td>
<td>3.6%</td>
<td>1.9%</td>
<td>1.0%</td>
<td>0.6%</td>
<td>0.6%</td>
</tr>
</tbody>
</table>

IHS Markit, October 2021

Corresponds to IHS’s prediction for when industries will recover lost jobs.
New Mexico Current Economic Situation

- Vaccination rate in NM still higher than average, though state’s advantage has slipped.
- Unemployment Insurance claims (continuing) have fallen (even prior to federal expiration), but NM is still performing worse than most states.
- 2021Q1 QCEW data available (2021Q2 totals just released but not yet incorporated):
  - In 2020Q2 (and y/y), leisure & hospitality + other services lost about 40,000 jobs (-33%); retail & wholesale trade lost about 10,000 jobs (-9%); local government lost 7,000 jobs (-7%).
  - In 2021Q1 leisure & hospitality + other services down 28,000 jobs (-24%); retail & wholesale trade down 3,000 jobs (-3%); local government down 13,000 jobs (-13%).
- Oil continues to firm
  - Drilling robust and production high.
  - Good news for state budgets.
### Vaccination Rates: January 2021

<table>
<thead>
<tr>
<th>Name</th>
<th>Pct. of people given at least one shot</th>
<th>Two shots</th>
<th>Doses distributed</th>
<th>Shots given</th>
<th>Doses used</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. total</strong></td>
<td>8.2%</td>
<td>1.9%</td>
<td>55,943,800</td>
<td>33,878,254</td>
<td>61%</td>
</tr>
<tr>
<td>American Samoa</td>
<td>20%</td>
<td>2.6%</td>
<td>18,450</td>
<td>11,066</td>
<td>60%</td>
</tr>
<tr>
<td>Palau</td>
<td>17%</td>
<td>0.7%</td>
<td>6,000</td>
<td>3,229</td>
<td>54%</td>
</tr>
<tr>
<td>Northern Mariana Islands</td>
<td>13%</td>
<td>6.3%</td>
<td>29,650</td>
<td>10,655</td>
<td>38%</td>
</tr>
<tr>
<td>Alaska</td>
<td>13%</td>
<td>3.8%</td>
<td>229,975</td>
<td>125,765</td>
<td>55%</td>
</tr>
<tr>
<td>Guam</td>
<td>12%</td>
<td>3.0%</td>
<td>43,500</td>
<td>26,068</td>
<td>60%</td>
</tr>
<tr>
<td>West Virginia</td>
<td>11%</td>
<td>4.0%</td>
<td>328,600</td>
<td>268,065</td>
<td>82%</td>
</tr>
<tr>
<td><strong>New Mexico</strong></td>
<td>10%</td>
<td>3.0%</td>
<td>356,150</td>
<td>284,880</td>
<td>80%</td>
</tr>
<tr>
<td>Connecticut</td>
<td>10%</td>
<td>2.5%</td>
<td>608,600</td>
<td>465,008</td>
<td>76%</td>
</tr>
<tr>
<td>North Dakota</td>
<td>9.5%</td>
<td>3.6%</td>
<td>122,150</td>
<td>103,572</td>
<td>85%</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>9.4%</td>
<td>2.2%</td>
<td>675,850</td>
<td>462,440</td>
<td>66%</td>
</tr>
</tbody>
</table>

Source: CDC & The New York Times
Initial UI enrollments were not especially high in NM but return to work (leaving UI rolls) has been very slow.

- First column: at the peak, what percentage of employment filed for unemployment? NM ranked 23rd.

- Second column: is the state currently above (green bars) or below (red bars) pre-pandemic unemployment levels? 39 states better than NM.

- Third column: ratio of continuing unemployed to employed – obviously different from “real” unemployment rate. 37 states better than NM.

- NM’s official unemployment rate in September of 6.5% put it at 47th in the country. Only NJ, NY, CA, and NV are worse.

- Incidentally, NM has the 3rd lowest participation rate (57.1%). Only WV & Mississippi lower. US: 61.6%.

* Leaving the rolls may include employment, left the state, initial claim was rejected.

Source: US Department of Labor

<table>
<thead>
<tr>
<th>Maximum Insured Employment Enrollment</th>
<th>Change In Insured Enrollment (October 2021/Min - 1)</th>
<th>Insured Unemployment (October 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alaska</td>
<td>15.9%</td>
<td>-26.7%</td>
</tr>
<tr>
<td>Arizona</td>
<td>7.7%</td>
<td>23.1%</td>
</tr>
<tr>
<td>California</td>
<td>18.5%</td>
<td>45.0%</td>
</tr>
<tr>
<td>Colorado</td>
<td>9.3%</td>
<td>22.0%</td>
</tr>
<tr>
<td>Hawaii</td>
<td>20.6%</td>
<td>134.0%</td>
</tr>
<tr>
<td>Idaho</td>
<td>8.2%</td>
<td>-73.2%</td>
</tr>
<tr>
<td>Montana</td>
<td>12.1%</td>
<td>-71.1%</td>
</tr>
<tr>
<td>Nevada</td>
<td>24.0%</td>
<td>60.6%</td>
</tr>
<tr>
<td>New Mexico</td>
<td>12.7%</td>
<td>34.1%</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>10.8%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Oregon</td>
<td>15.1%</td>
<td>26.7%</td>
</tr>
<tr>
<td>Texas</td>
<td>10.3%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Utah</td>
<td>5.8%</td>
<td>-48.8%</td>
</tr>
<tr>
<td>Wyoming</td>
<td>6.4%</td>
<td>-58.7%</td>
</tr>
</tbody>
</table>
Unemployment Insurance Claims

Expiration of some federal benefits

Initial Claims (right)  Continuing Claims (left)

Note: data includes all claim types

Source: NM DWS (reflecting through October 16)
Y/Y Change in NM Labor Force by Place

Source: BLS & NMDWS LAUS

Will probably be revised
Change in Employment
(CES data)

- As of September 2021, NM has only recovered 94.5% of the jobs it lost at the start of the pandemic.
- 44 states have recovered a greater share of jobs than New Mexico.
- 6 states have recovered at least 99% of all lost jobs.
- Worse states than NM are: Alaska, DC, Hawaii, Louisiana, New York.
- Idaho and Utah have fully recovered; Arizona on the threshold.

Source: BLS CES, September 2021
Increased NM field oil production presence

- Currently about 85 drilling rigs operating in NM.
- Around 17% of all US drilling rigs are in New Mexico.
- More than 12% of all US field oil production occurs in NM – up from about 4% in 2016.
- To put in perspective: in 2020 field oil production in US totaled 11.3 million barrels per day (bpd), which is up from 8.9 million bpd in 2016 (up 28%). In NM, production increased from 400,000 bpd in 2016 to 1.0 million bpd in 2020 (up 159%).
- Incidentally: NM accounts for around 5% of US gas production by volume.

Sources: EIA, Baker Hughes. Calculations: BBER
Move toward more “efficient” production

- NM “mining” jobs averaged about 20 thousand in 2016, peaked at 26 thousand in 2019 and is now about 18 thousand (as of Sept. 2021).

- Still reasonable labor demands for drilling, but production is deviating.

- For local areas:
  - Fewer workers to spend in local economy
  - Negative impacts to associated industries
  - Recovery of (some) oil & gas tax revenue

Sources: EIA, Baker Hughes. Calculations: BBER
Increased NM field oil production presence (2)

**Sources:** EIA and BEA

**Oil Production (000's of Barrels)**

**Natural Gas Marketed Production (MMcf)**

**Mining as a Percent of Real GDP (Private Industries Only)**

Sources: EIA and BEA
Sales in most places have increased. Year to date, sales are up 7% statewide. Median price is up 16% statewide from $232,000 to $270,000.

Source: New Mexico Realtors Association
Taxable GR (2021Q2 over 2020Q2) - Counties

In aggregate, taxable GR are up nearly $1B compared to a year earlier.

Source: NM TRD. Levels in millions of dollars.
In aggregate, taxable GR are up nearly $1B compared to a year earlier.

Source: NM TRD. Levels in millions of dollars.
State Recurring Revenue: FY21 vs FY20 (through May 2021)

Overall, recurring revenue growth in FY21 vs FY20 is flat.

Source: NM LFC (data in millions), https://www.nmlegis.gov/entity/lfc/Revenue_Reports
New Mexico Net Migration

- From Public Use Microdata Sample (PUMS) data from the American Community Survey (ACS) 1-year estimates, released in Dec. 2020 by the U.S. Census Bureau, which samples 1% of the population.
- Total in migration was 56,357 and out migration was 73,381 for a total net migration loss of 17,381 people.
- Texas led both in- (18,286) & out-migration (21,799) with nearly 3x more movers than any other U.S. State.
- Arizona (7,815) and Nevada (6,240) are No. 2 & 3 in NM out-migration.
- Colorado (6,240) and California (5,550) are No. 2 & 3 for NM in-migration totals.

Source: US Census Bureau, PUMS
Forecast dependent on business & behavioral responses in New Mexico –

a. Our expectation: slow (relative to US) but consistent recovery – U-shaped or attenuated “swoosh.”

b. A more pessimistic scenario: prolonged struggle that wipes out household and business balance sheets and shakes confidence, years of recovery – L-shaped.

- Loss of 89,700 jobs (-10.5%) in Q2 before recovering 13,135 jobs in Q3 and 15,431 jobs in Q4 (all QoQ) – 2020 down 55,000 jobs (-6.6%) compared to 2019.

- 2021 projected to grow 0.4% before gaining steam in 2022 (3.0%). Growth of about 1.6% projected per year thereafter.

- Economy exceeds 2019 levels in 2024 by about 900 jobs. By 2026, employment some 24,200 jobs (2.9%) above 2019 levels. This is generally in line with our July forecast.

- Income patterns: strong growth 2020 & 2021, weakening in 2022 (-4.6%), then accelerating slowly thereafter (about 5.0% per year).
But…

- Many of the headwinds impacting the US economy are also at play in New Mexico. The state’s “uniqueness” may operate as a hindrance or an asset; however, there are opportunities that may be exploited:
  - NM as a place for information & IT growth (Facebook, Amazon, Netflix, cybersecurity other similar ventures).
  - NM as a place for professional & technical services-type work (Sandia, LANL, business spinoffs and tech transfer, universities, other industries such as bioscience and aerospace).
  - NM as a hub for cultural & recreation (outdoor recreation, historic preservation, arts & culture).
  - NM as a producer and thought-leader in energy space (oil & gas, nuclear, green energy initiatives).
- Fully realizing the state’s economic goals will likely require nimble policymaking, robust stakeholder engagement, and risk taking.
Job Growth by Sector, 2020

- Federal Government: -8%
- State Government: -24%
- Local Government: -53%
- Accommodation & Food Services: -3%
- Arts & Recreation: -9%
- Healthcare & Social Assistance: -8%
- Real Estate & Leasing: -3%
- Information: -60%
- Retail Trade: -40%
- Wholesale Trade: -60%
- Manufacturing: -60%
- Construction: -60%
- Mining: -60%

BBER FOR-UNM, October 2021
State economy is still down some 71,000 jobs through 2021Q1 (y/y)
Forecast Comparison: Employment Growth

October 2021

Actual came in at 5.5%.

2021Q1 came in a bit weaker than expected.
Forecast Comparison: Personal Income

Near-term weakness due to 2nd quarter coming in weaker – though, this is mostly due to the upward revision a year before.
Personal incomes were positive in 2020 & 2021 due to massive increase of federal transfers (unemployment, stimulus checks, Medicaid and other CARES funding).

Income growth contracts sharply in 2022 (-4.6%) with reductions in transfers.

Consistent growth returns in 2023.
Project Growth by Region

- Employment levels indexed to 2019.
- Farmington and Lea & Eddy fail to fully recover jobs by end of forecast.
- ABQ and LC recover by 2022; rest of NM by 2023; and Santa Fe by 2026.
- Trends are largely similar to last year – though slightly weaker in near term and stronger beginning 2023.
Alternative Scenarios

- Uncertainty is unprecedented – still epidemiology + economics.
  - Important to point out that “economics” includes producer and consumer behavior changes.
- IHS Markit’s forecasts – baseline, optimistic, pessimistic – are generally V-shaped.
- FOR-UNM’s forecasts are less optimistic and tend toward a U-shape.
- FOR-UNM offers the baseline and the two standard alternatives plus a fourth more pessimistic scenario (Pessimistic 2) intended to put a floor under the outlook; losses continue into 2021.
- Pessimistic scenarios considers challenges facing NM: a) small business access to federal loans, b) trend toward business consolidation, C) government budget cuts.
- Pessimistic 2 scenario is more of an L-shape, with incomplete recovery by end of forecast period.
US Employment Forecast – Alternative Scenarios

Recovered by mid-2022

Recovered by end 2022 beginning 2023

Source IHS October 2021
NM Employment Forecast – Alternative Scenarios

Thousands of Jobs

- Optimistic
- Baseline
- Pessimistic
- Pessimistic 2

Source: FOR-UNM, October 2021

Pessimistic 2 loses a few jobs in 2021