



BUREAU OF BUSINESS  
& ECONOMIC RESEARCH

# New Mexico's Economy: Current Situation and Outlook

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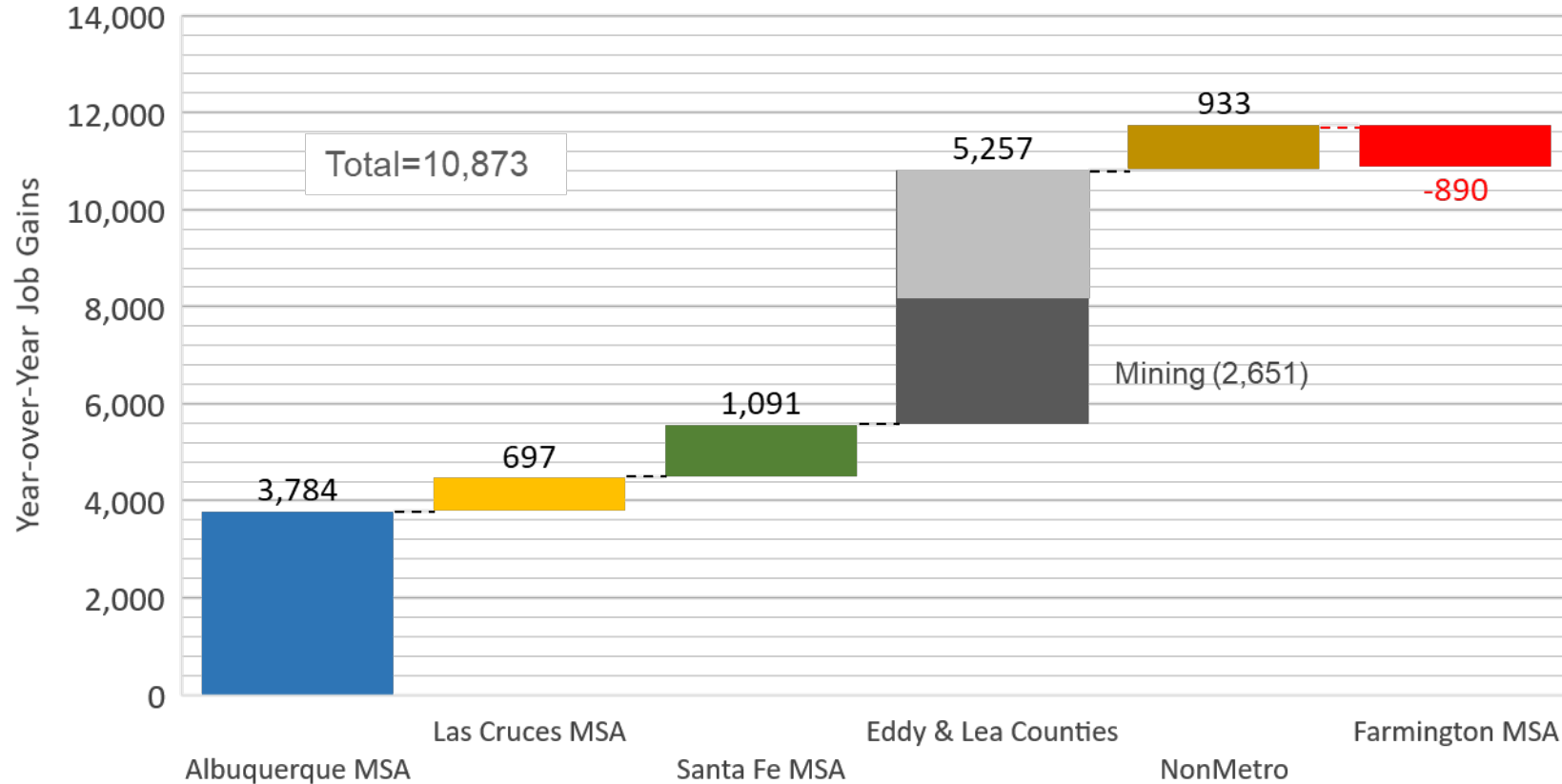
JEFFREY MITCHELL, BBER DIRECTOR

DECEMBER 10, 2019

# New Mexico Current Economic Situation

- 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 (9<sup>th</sup> 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.

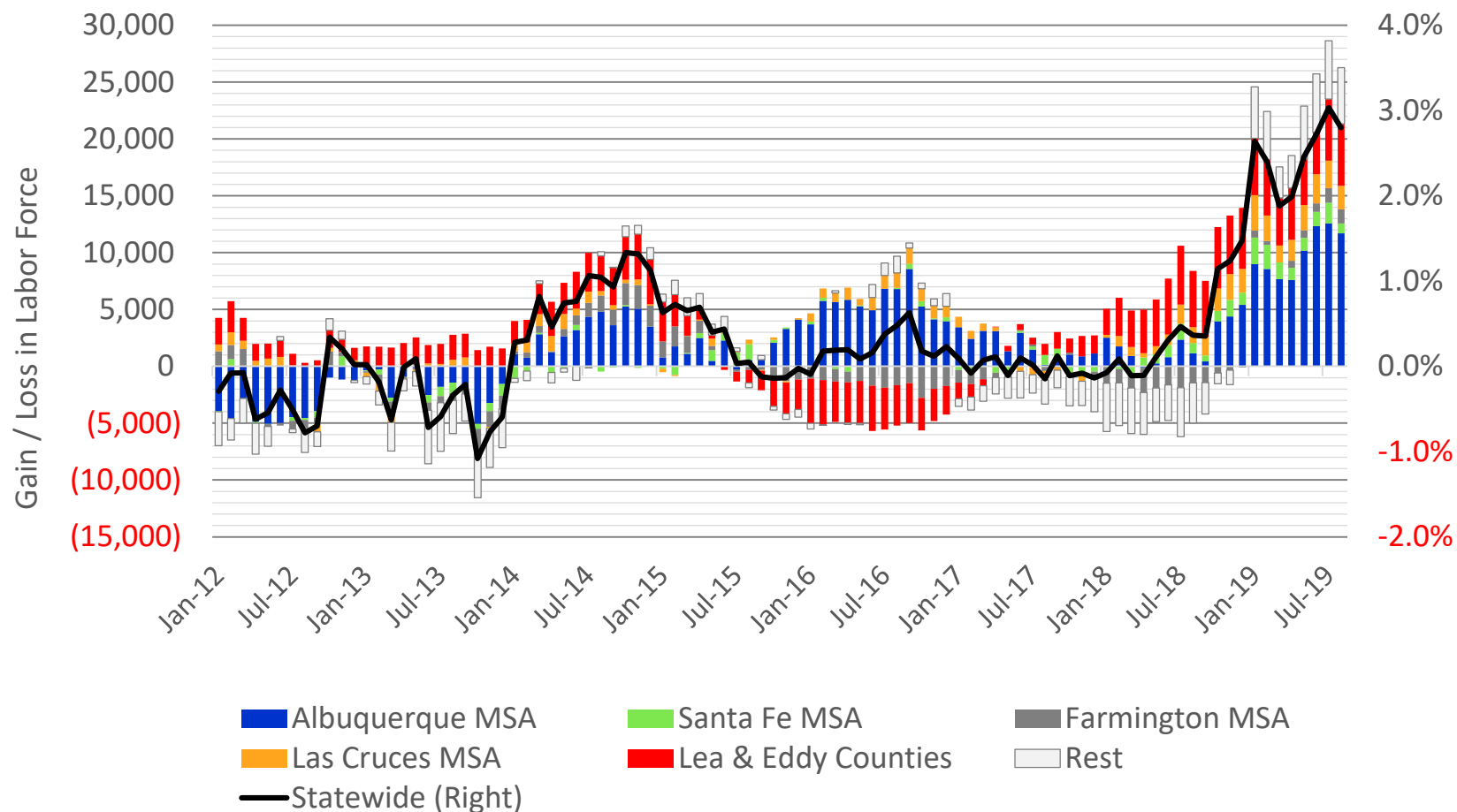
# Job Gains/Losses, by Region, 2019Q1



- 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%).

Source: BLS QCEW

# Labor Force by Region, 2012 – 2019Q3

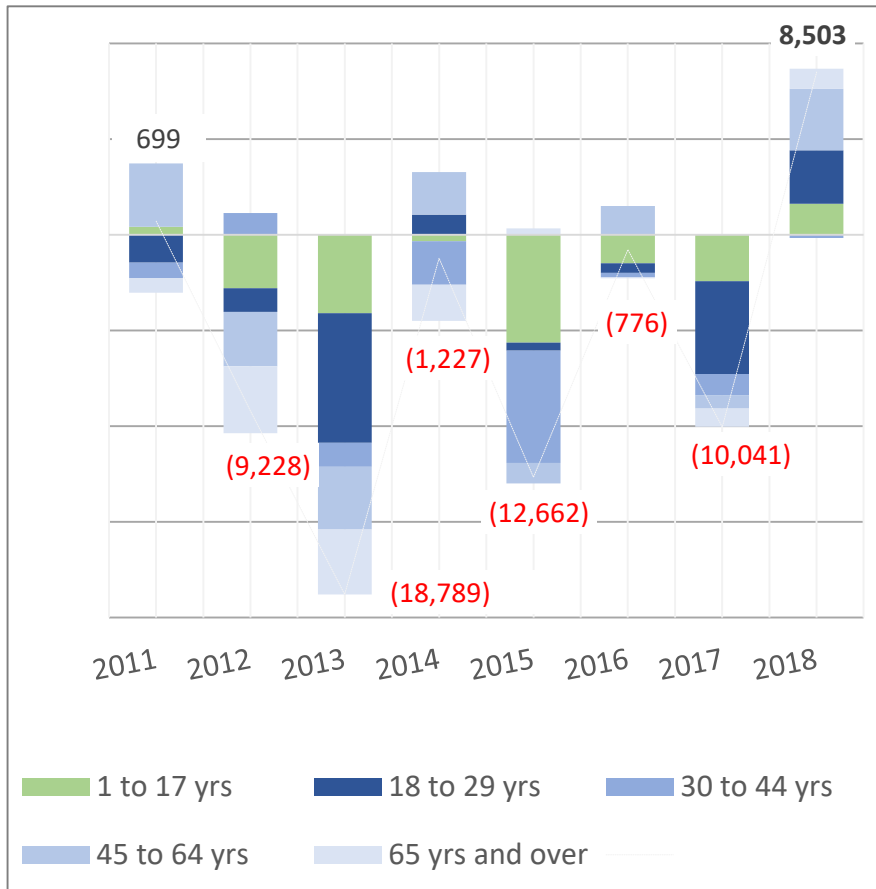


- Lea & Eddy account for 7% of NM labor force, but much of the year-over-year volatility.
- FOR-UNM expects significant downward revisions for 2019 – note change in 'Rest'.

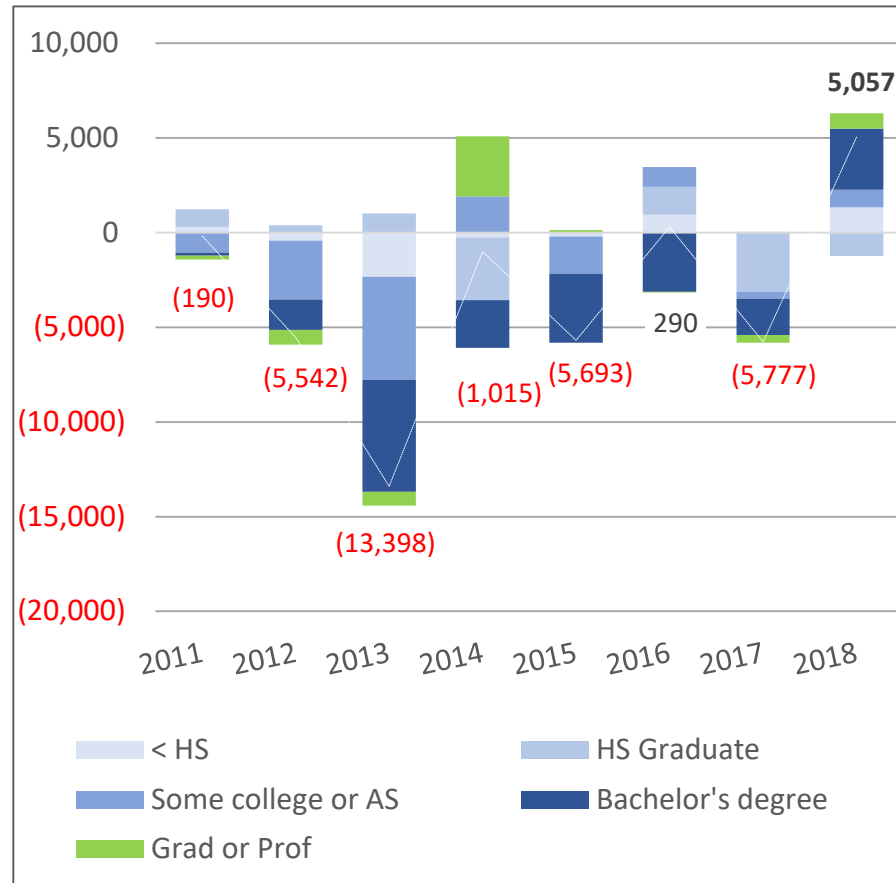
Source: BLS Local Area Unemployment Statistics (LAUS)

# Net State-to-State Migration (In-Out), 2007-2018

## Age Cohort



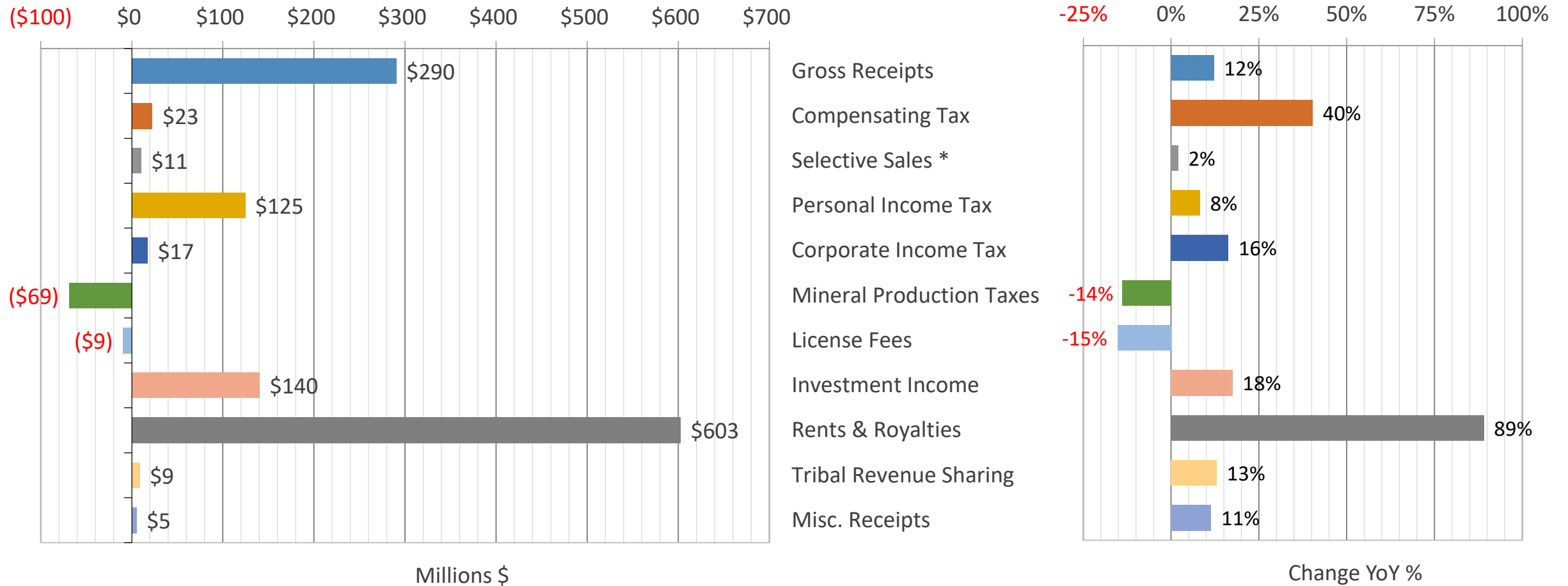
## Educational Attainment (25 y/o +)



- New Mexico had large net out-migration between 2011 and 2017.
- Out-migration has been greatest among BA and 'Some college/Associate'.
- But in 2018, migration was positive, especially 18-29 y/o and 30-44 y/o; but among all educational groups.
- Temporary oil & gas workers?

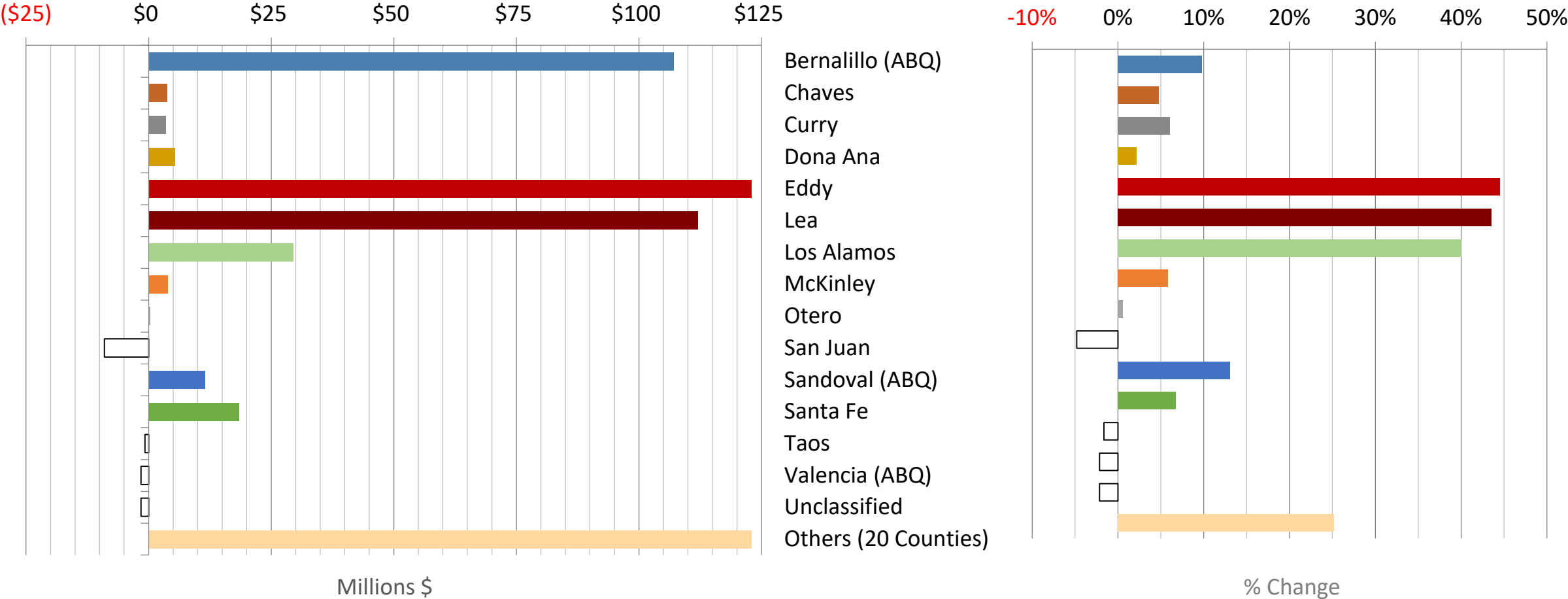
Source: US Census Public Use Micro Statistics (PUMS)

# Gain/Loss in General Fund Accruals, FY 2019 (preliminary)



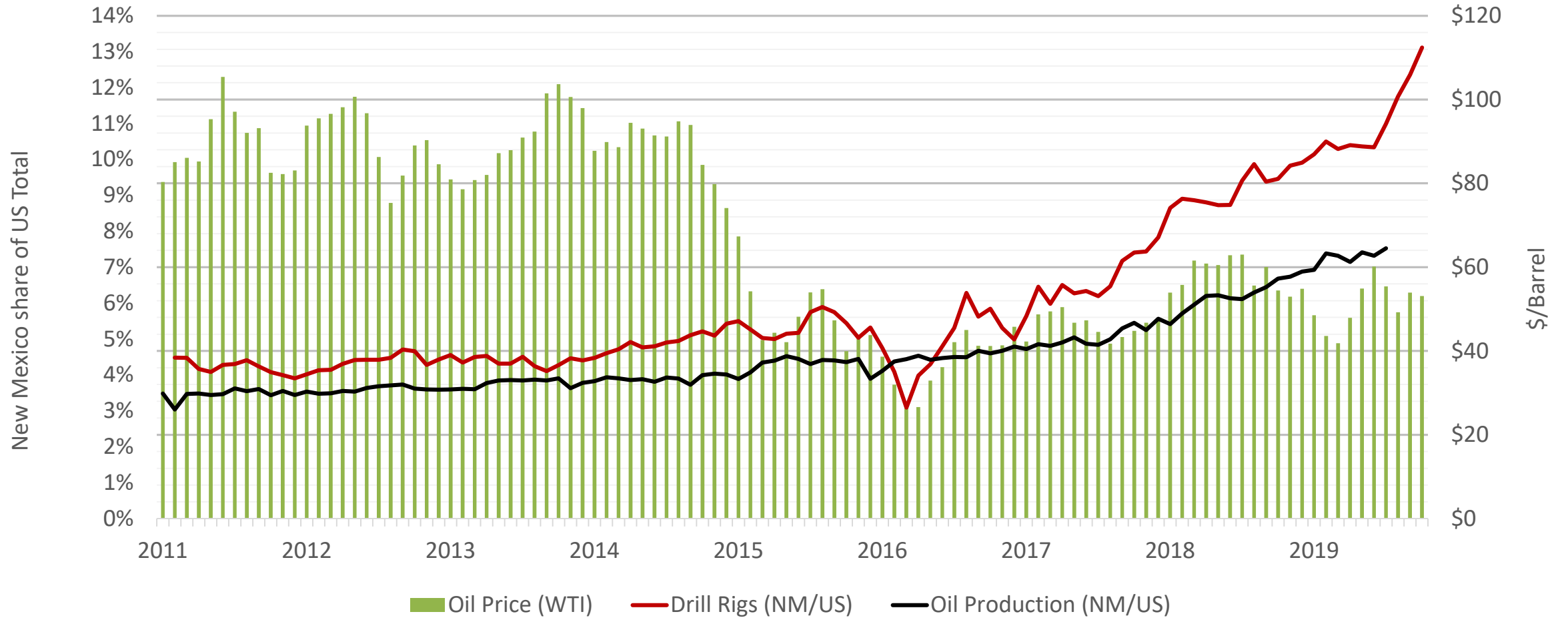
NM Consensus Revenue Estimation Group (CREG)

# Gain/Loss in Gross Taxes by County, FY19 v FY18



NM TRD

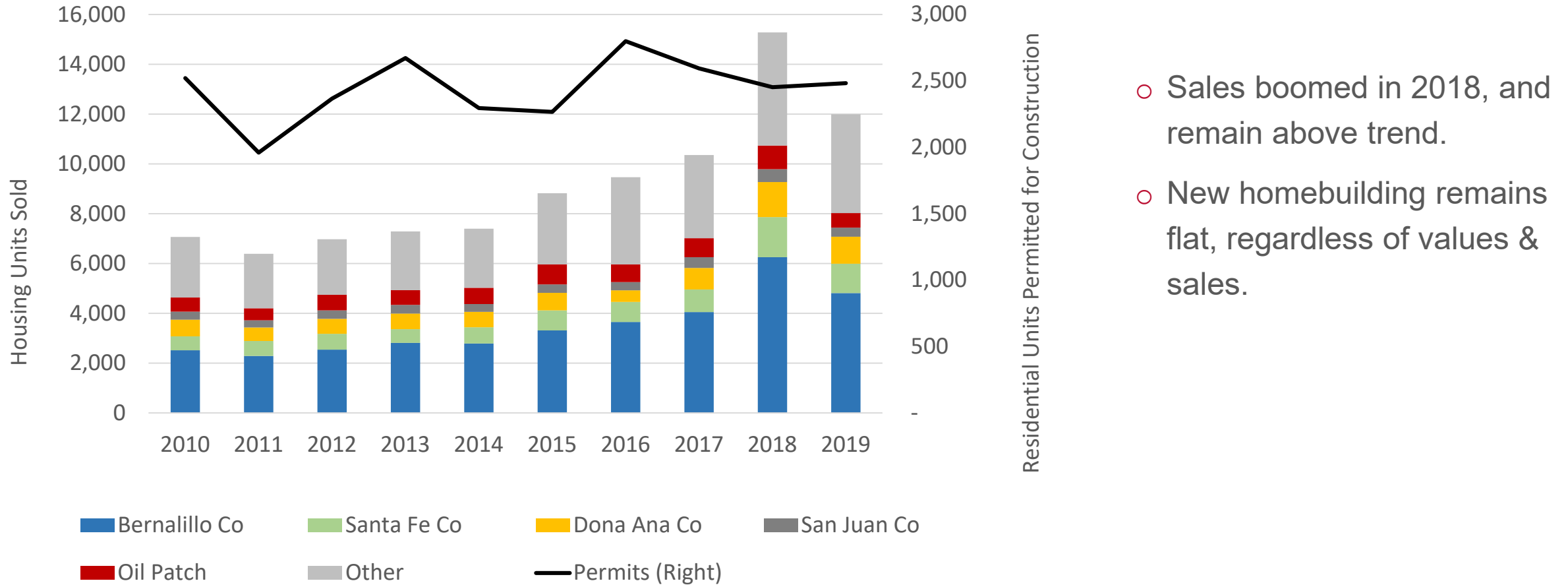
# New Mexico's Share of US Oil Production & Active Rigs



EIA, Baker Hughes

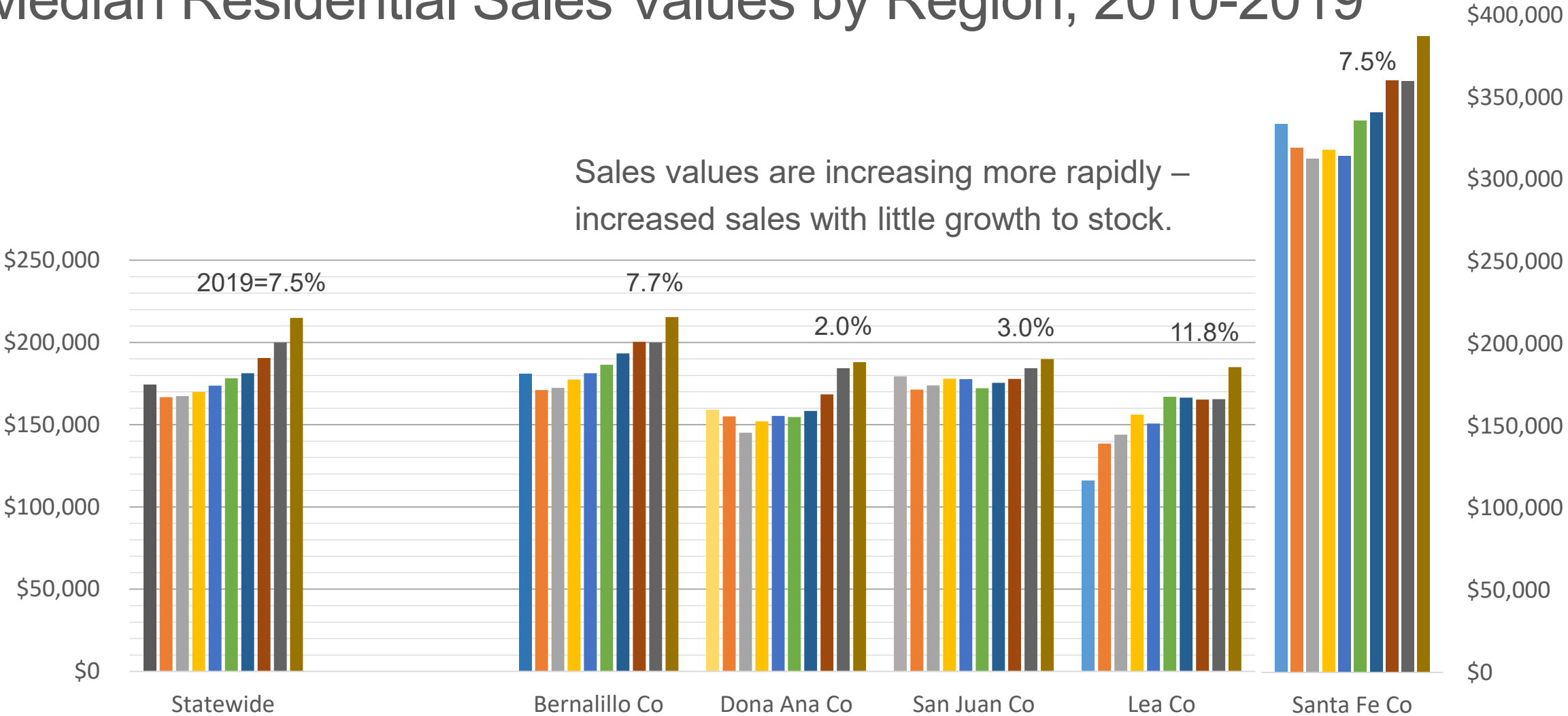


# Housing Sales by Region + Building Permits (January-September)



NM Realtors Association, BBER

# Median Residential Sales Values by Region, 2010-2019



NM Realtors Association, BBER

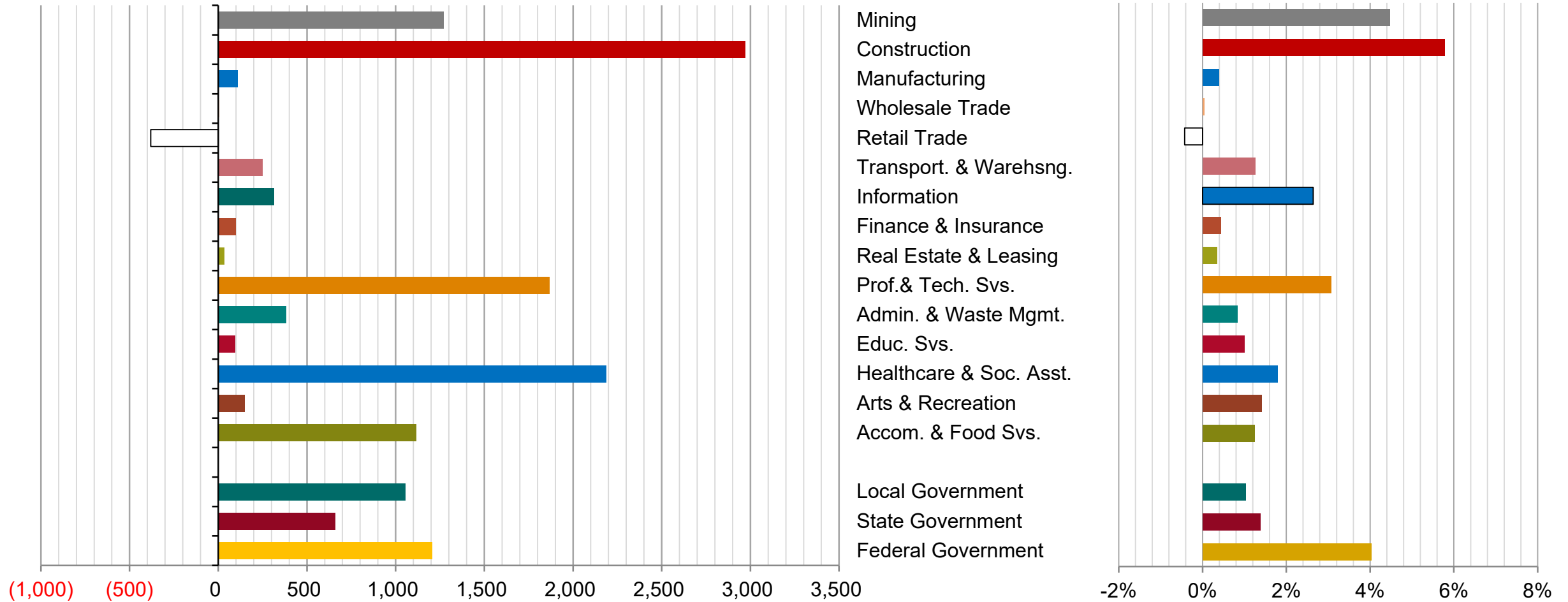
# New Mexico Outlook



# New Mexico Economic Outlook 2020-2024

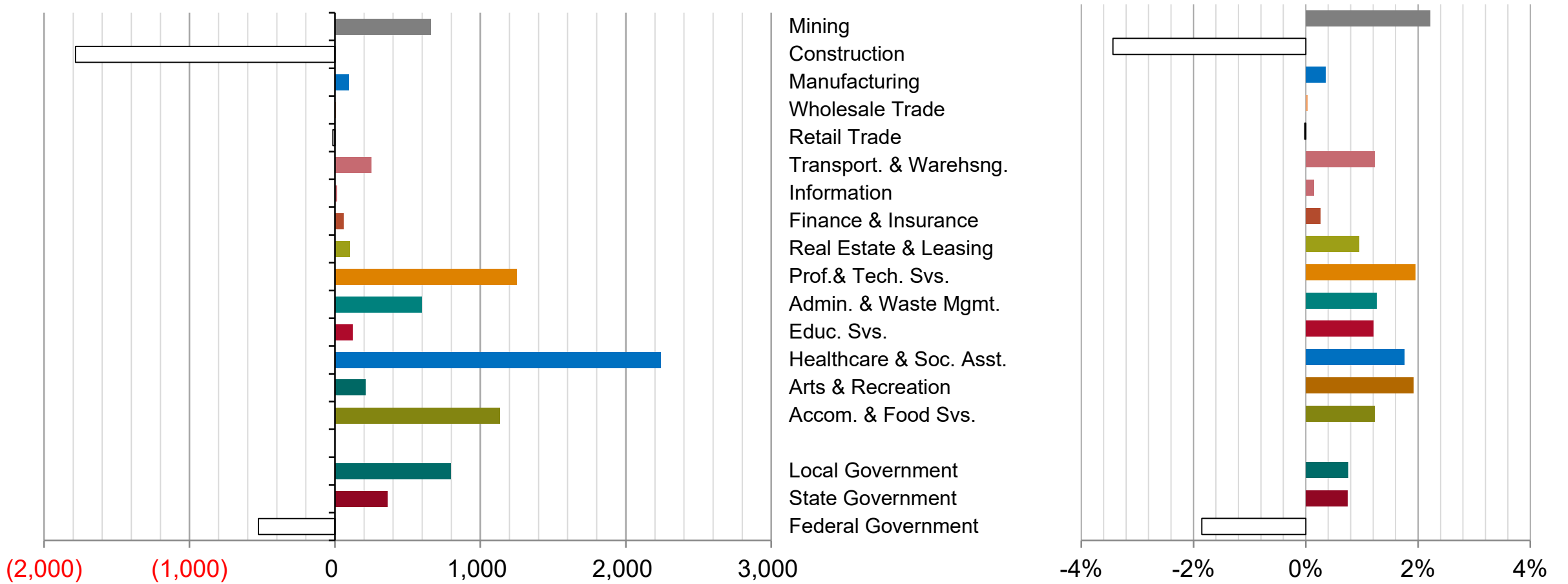
- Forecast 12,100 jobs (1.5%) in 2019, 13,850 jobs (1.7%) in 2020; 9,600 (1.1%); average 6,850 jobs (1.0%) thereafter. Forecast is mostly unchanged through 2021 but slightly weaker thereafter.
- Growth dynamic begins to shift in 2020 and slows beginning 2021 –
  - Investments in oil & gas in Eddy & Lea Counties slow.
  - FY20 & 21 State spending supports growth statewide – construction, schools, and State government.
- 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



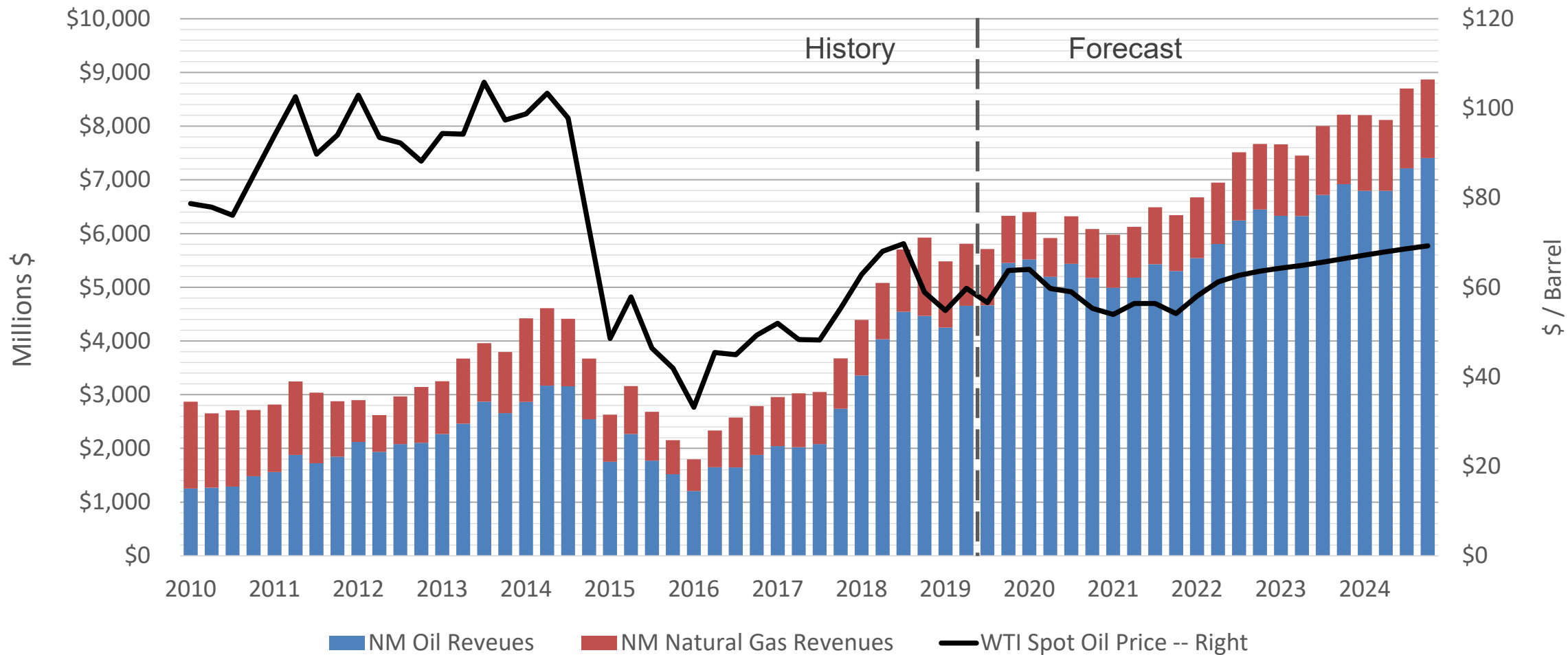
BBER FOR-UNM, October 2019

# Forecast Job Growth by Sector, 2021-2024



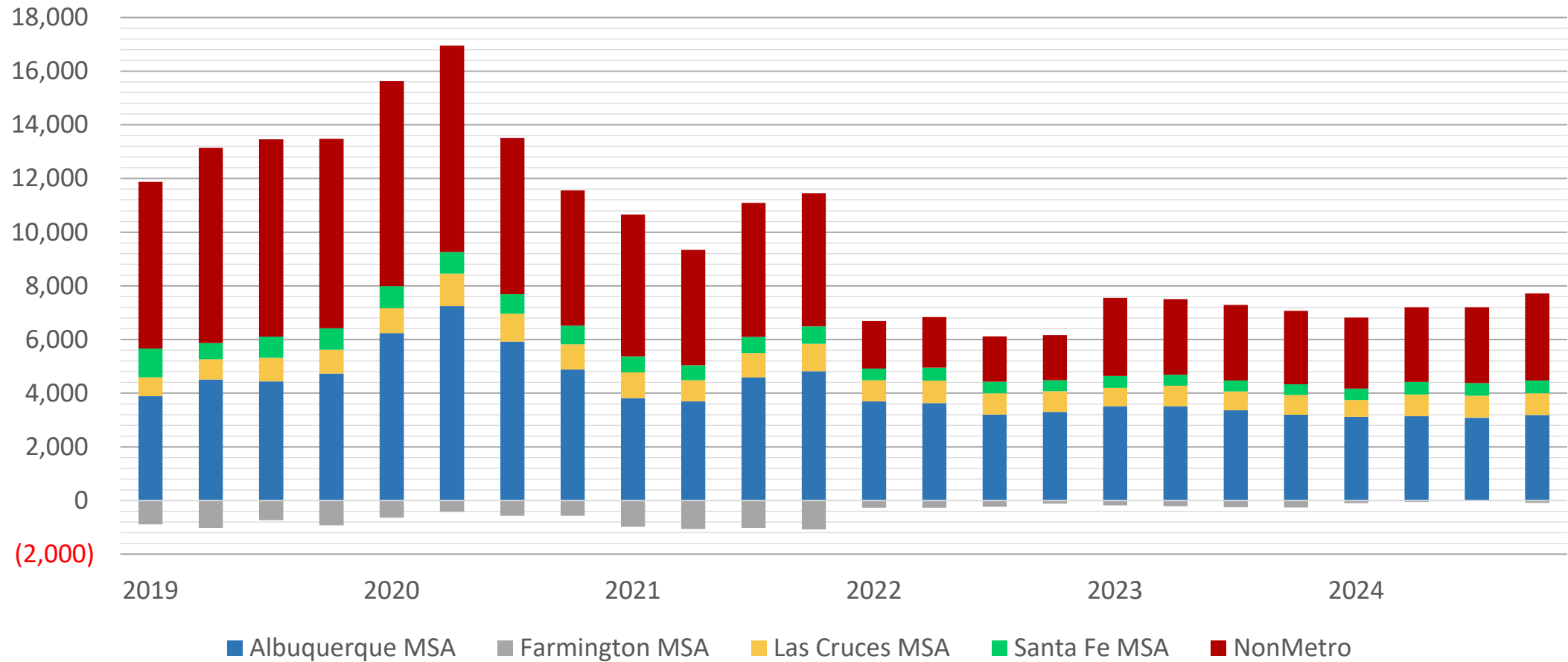
BBER FOR-UNM, October 2019

# FOR-UNM Forecast Oil + Natural Gas Revenues



BBER FOR-UNM, IHS Global Insight, October 2019

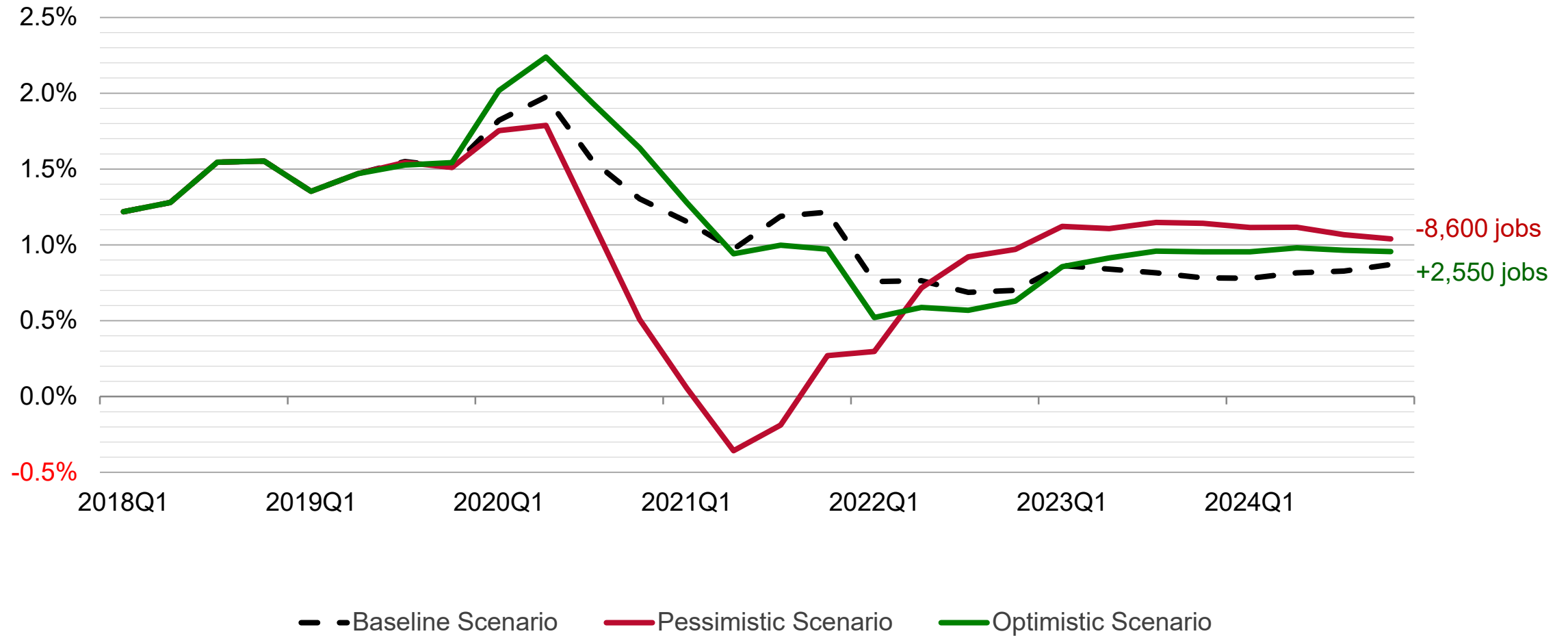
# Job Gains/Losses by Region, 2019-2024



BBER FOR-UNM, October 2019



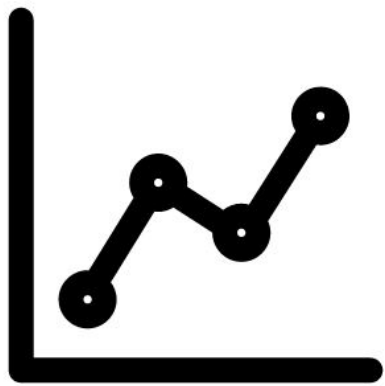
# NM Employment Forecast, Alternative Scenarios



BBER FOR-UNM, October 2019



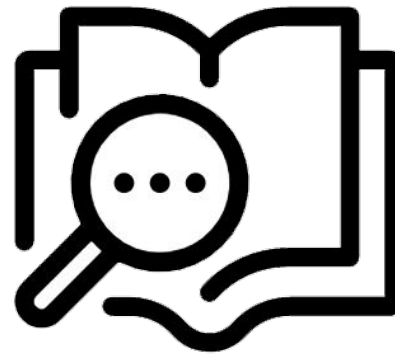
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ECONOMIC FORECAST



DATA DASHBOARDS



RESEARCH



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