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New Mexico and Albuquerque Economic Outlook

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NEW MEXICO AND ALBUQUERQUE ECONOMIC OUTLOOK

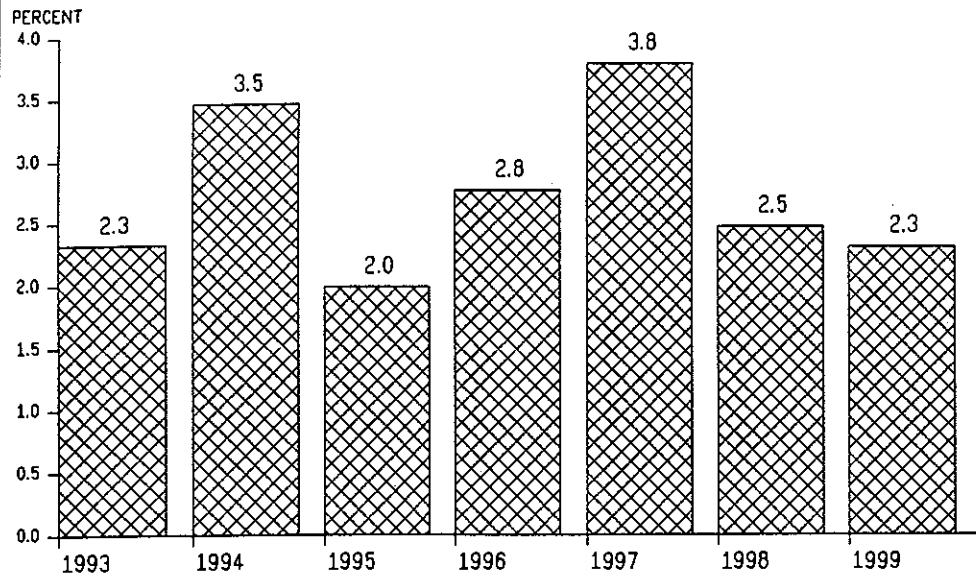
Presentation to

1998 New Mexico State Legislature
January 21, 1998

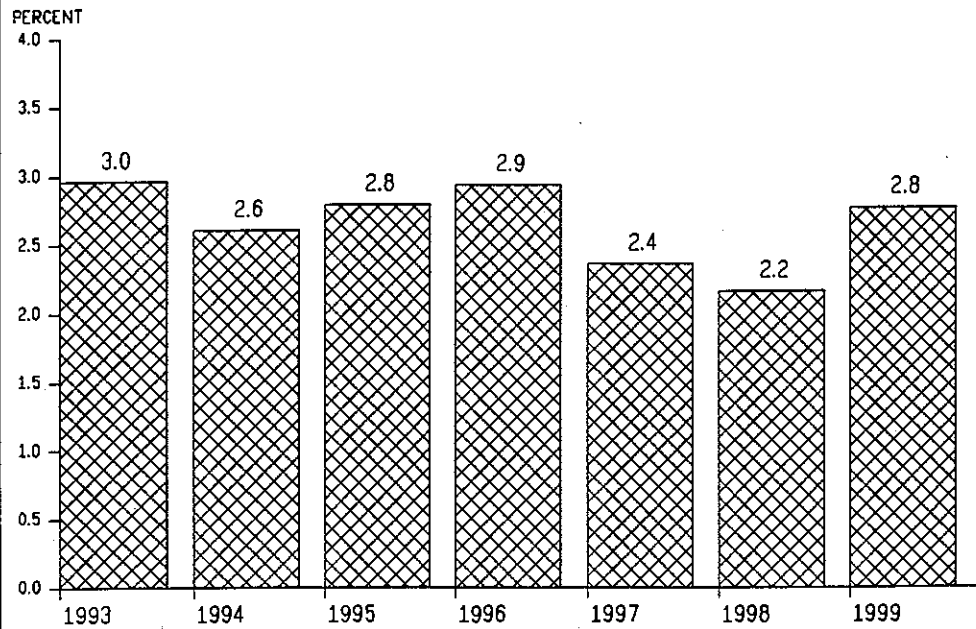
By

Brian McDonald, Director
Bureau of Business and Economic Research
University of New Mexico
www.unm.edu/~bber

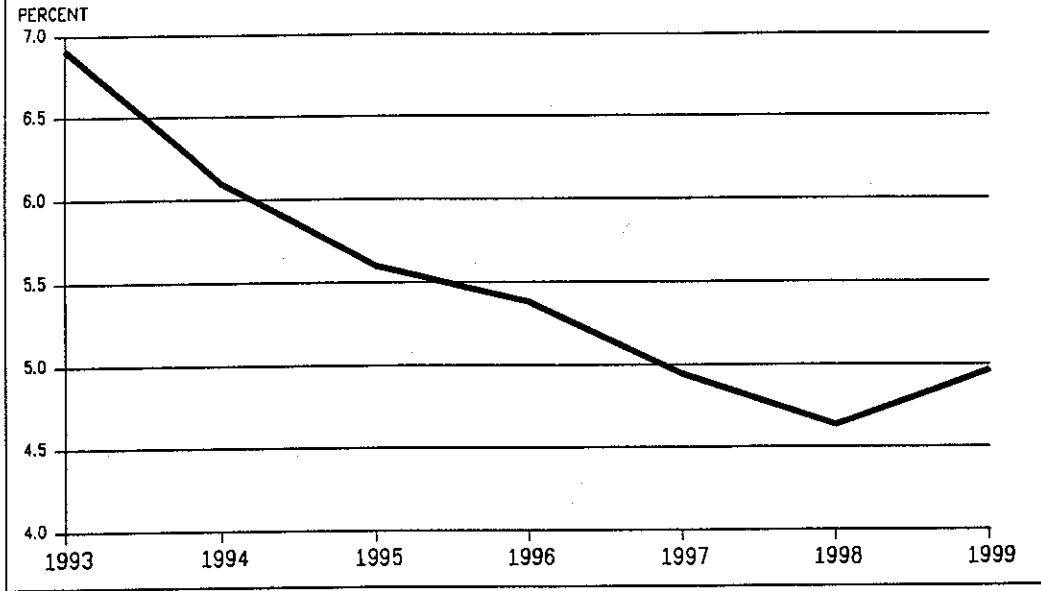
UNITED STATES REAL GDP GROWTH 1993 - 1999



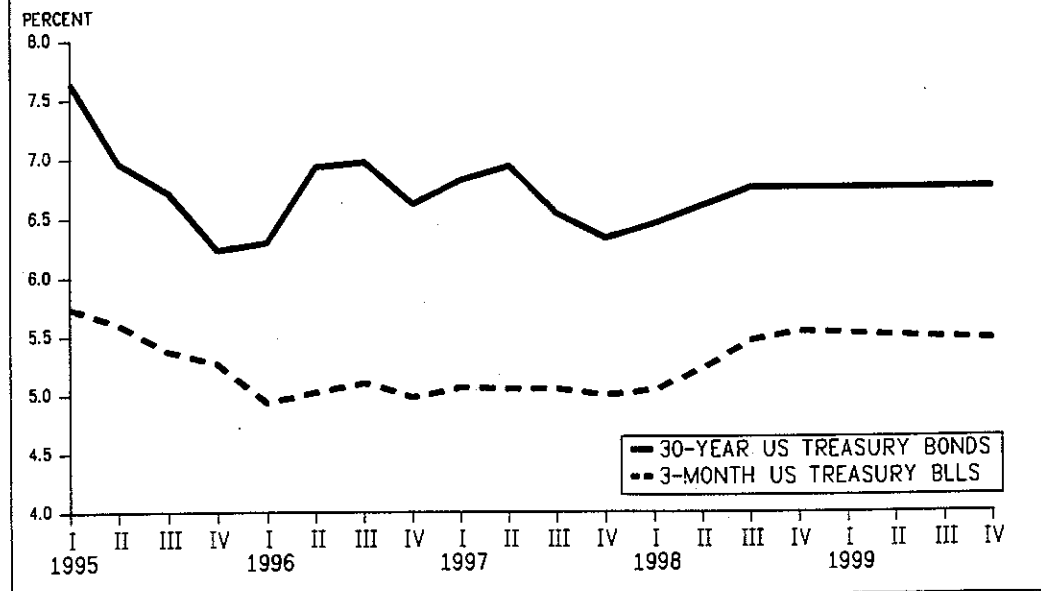
CONSUMER INFLATION 1993 - 1999



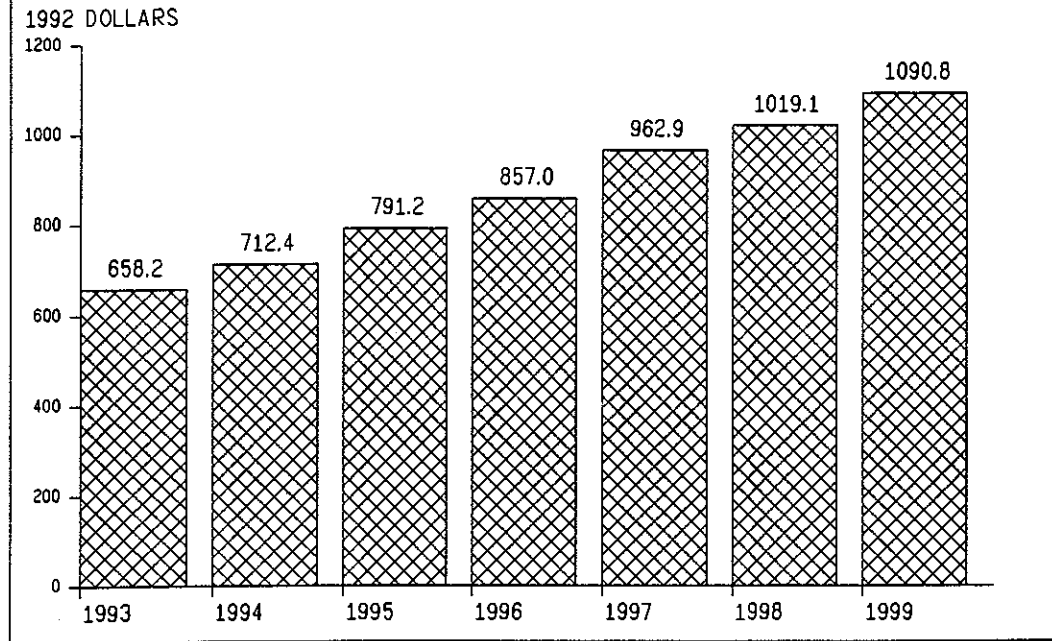
UNITED STATES UNEMPLOYMENT RATE 1993 - 1999



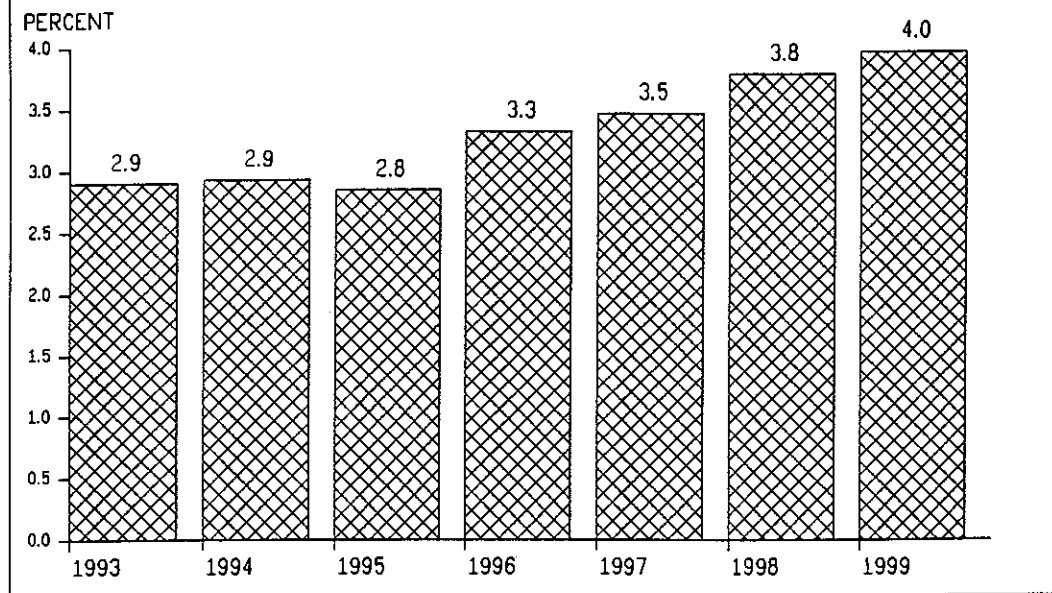
INTEREST RATES 1995 - 1999



REAL VALUE OF US EXPORTS, \$1992 1993 - 1999



GROWTH IN PRIVATE AVERAGE WAGE AND SALARY COMPENSATION 1993 - 1999



NEW MEXICO SOCIOECONOMIC PROFILE 1997

		<u>COMMENT</u>
Population (1996)	1,713,407	2.0% Per Year Since 1990
Nonagricultural Employment	705,600	1.7% Increase Over 1996
Farm Employment (1996) ¹	20,512	Unchanged Since 1985
Farm Income	\$259.0 million	Down from \$433m in 1993
Personal Income	\$33.7 billion	4.7% Increase Over 1996
Per Capita Income (1996)	\$18,803	23% Below U.S. (=\$24,426)
Unemployment Rate	6.4%	Above U.S. Rate of 4.9%
Poverty Rate (1994-96)	24.0%	Highest in the Nation

ALBUQUERQUE MSA SOCIOECONOMIC PROFILE, 1997

		<u>COMMENT</u>
Population (1996)	670,092	2.1% Per Year Since 1990
Nonagricultural Employment	332,400	2.1% Increase Over 1996
Personal Income	\$15.71 billion	5.3% Increase Over 1996
Per Capita Income (1995)	\$21,452	18.1% Above NM
Unemployment Rate	4.4%	Below U.S. Rate of 4.9%

Source: UNM Bureau of Business and Economic Research

¹ Includes 13,101 farm proprietors.

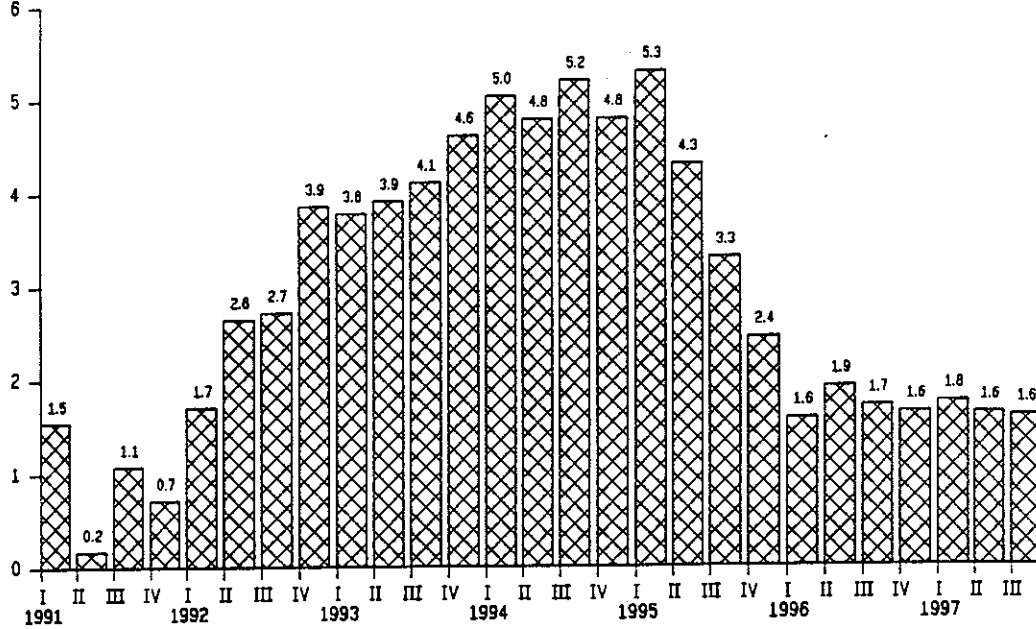
NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT BY COUNTY

County	1995	ANNUAL GROWTH RATE	1996	ANNUAL GROWTH RATE
Bernalillo	293,019	3.6%	300,113	2.4%
Catron	594	11.0%	612	3.0%
Chaves	19,743	0.2%	20,105	1.8%
Cibola	5,796	5.5%	5,728	-1.2%
Colfax	5,359	-1.6%	5,177	-3.4%
Curry	13,636	1.6%	14,041	3.0%
Dona Ana	48,343	3.2%	50,005	3.4%
De Baca	495	-1.6%	536	8.3%
Eddy	18,347	0.4%	18,724	2.1%
Grant	10,155	5.4%	10,804	6.4%
Guadalupe	1,407	-3.7%	1,382	-1.8%
Harding	169	6.3%	175	3.6%
Hidalgo	2,212	-3.3%	2,129	-3.8%
Lea	20,689	3.1%	21,051	1.7%
Lincoln	5,119	-0.2%	5,172	1.0%
Los Alamos	17,126	-0.9%	16,340	-4.6%
Luna	4,983	0.4%	5,219	4.7%
McKinley	20,116	2.4%	19,776	-1.7%
Mora	734	9.9%	725	-1.2%
Otero	16,537	4.8%	16,628	0.6%
Quay	3,452	-4.1%	3,438	-0.4%
Rio Arriba	8,818	4.0%	9,137	3.6%
Roosevelt	5,488	3.3%	5,544	1.0%
Sandoval	18,428	10.8%	19,347	5.0%
San Juan	39,739	5.7%	40,586	2.1%
San Miguel	8,417	1.6%	8,268	-1.8%
Santa Fe	53,660	3.6%	53,616	-0.1%
Sierra	2,385	6.5%	2,620	9.9%
Socorro	4,538	2.1%	4,538	0.0%
Taos	9,336	3.6%	9,557	2.4%
Torrance	2,289	6.4%	2,514	9.8%
Union	1,196	3.5%	1,215	1.6%
Valencia	10,346	4.7%	10,283	-0.6%
NEW MEXICO	682,400	3.8%	694,000	1.7%

Source: New Mexico Department of Labor, Economic Research and Analysis Bureau.
Table B and Nonagricultural Wage and Salary Employment, New Mexico.

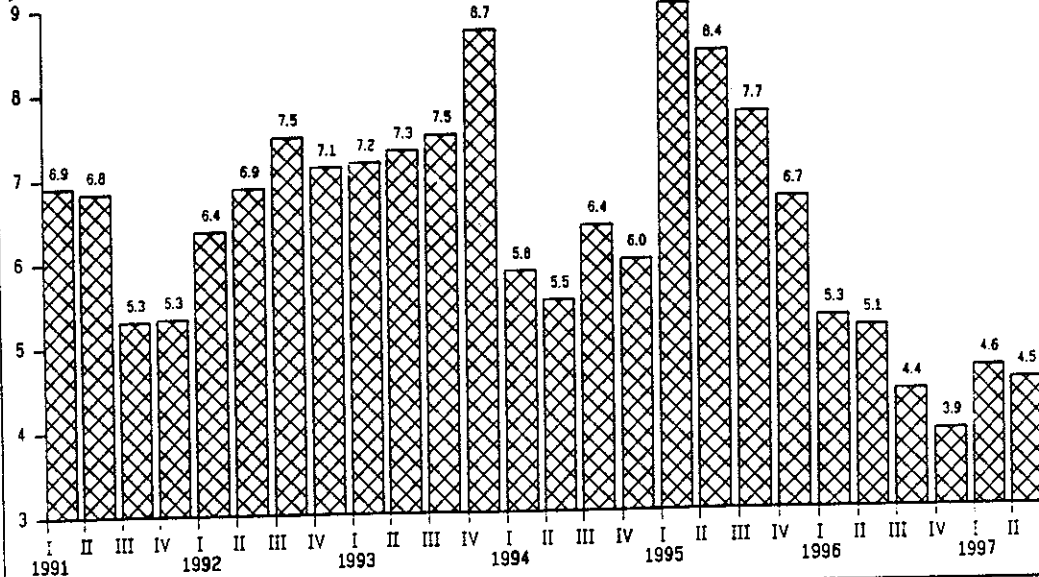
NEW MEXICO EMPLOYMENT GROWTH 1991:1 - 1997:3

Percent change,
year ago

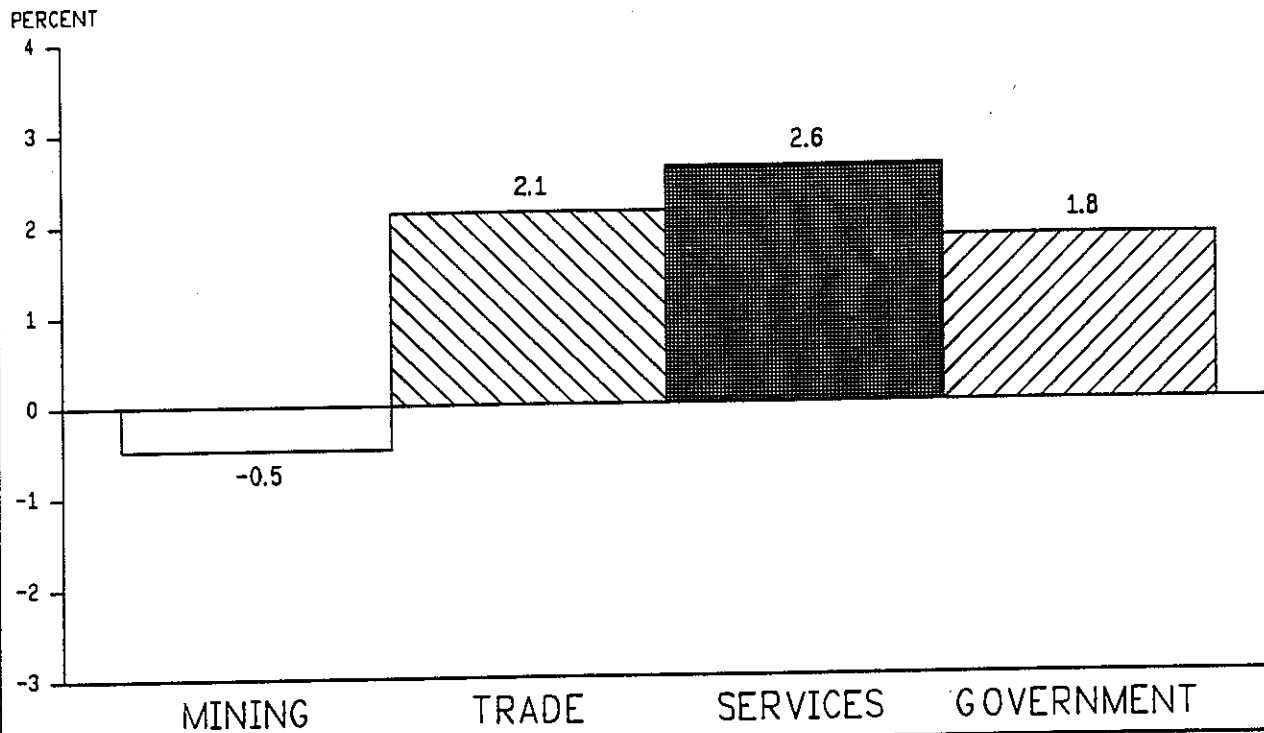


NEW MEXICO PERSONAL INCOME GROWTH 1991:1 - 1997:2

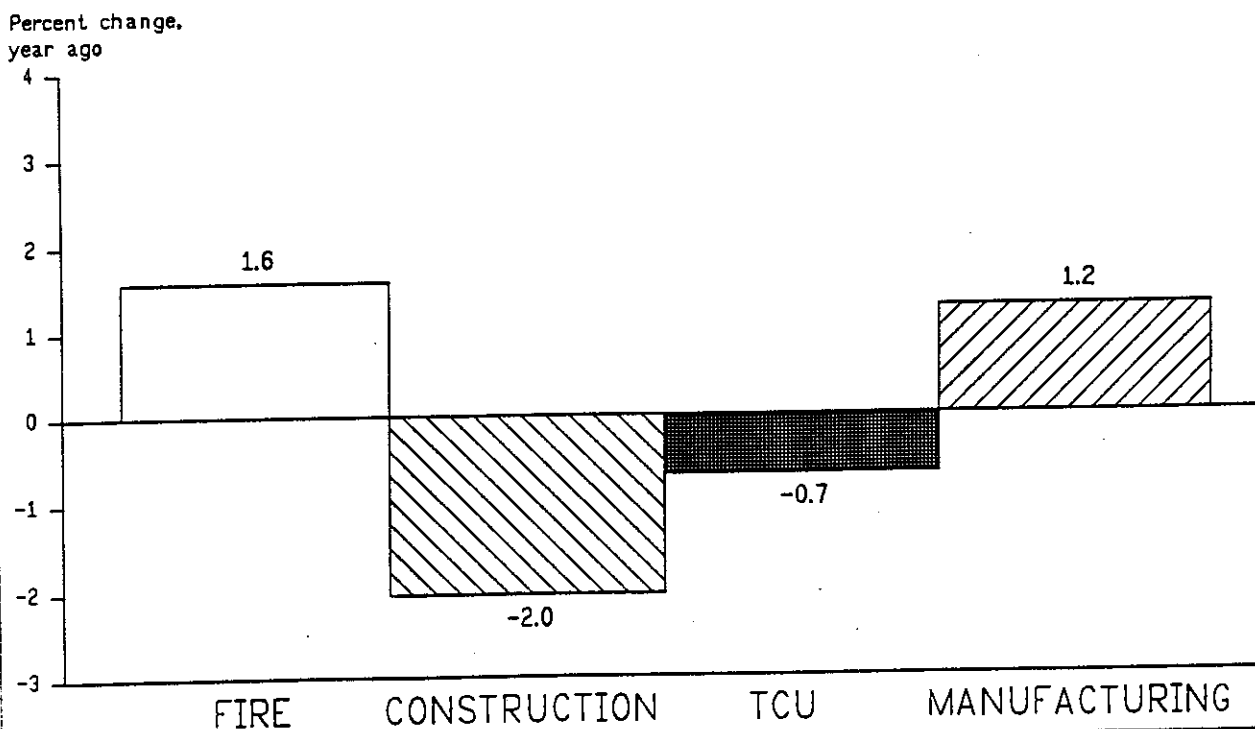
Percent change,
year ago



NEW MEXICO EMPLOYMENT GROWTH BY SECTOR 1997



NEW MEXICO EMPLOYMENT GROWTH BY SECTOR 1997

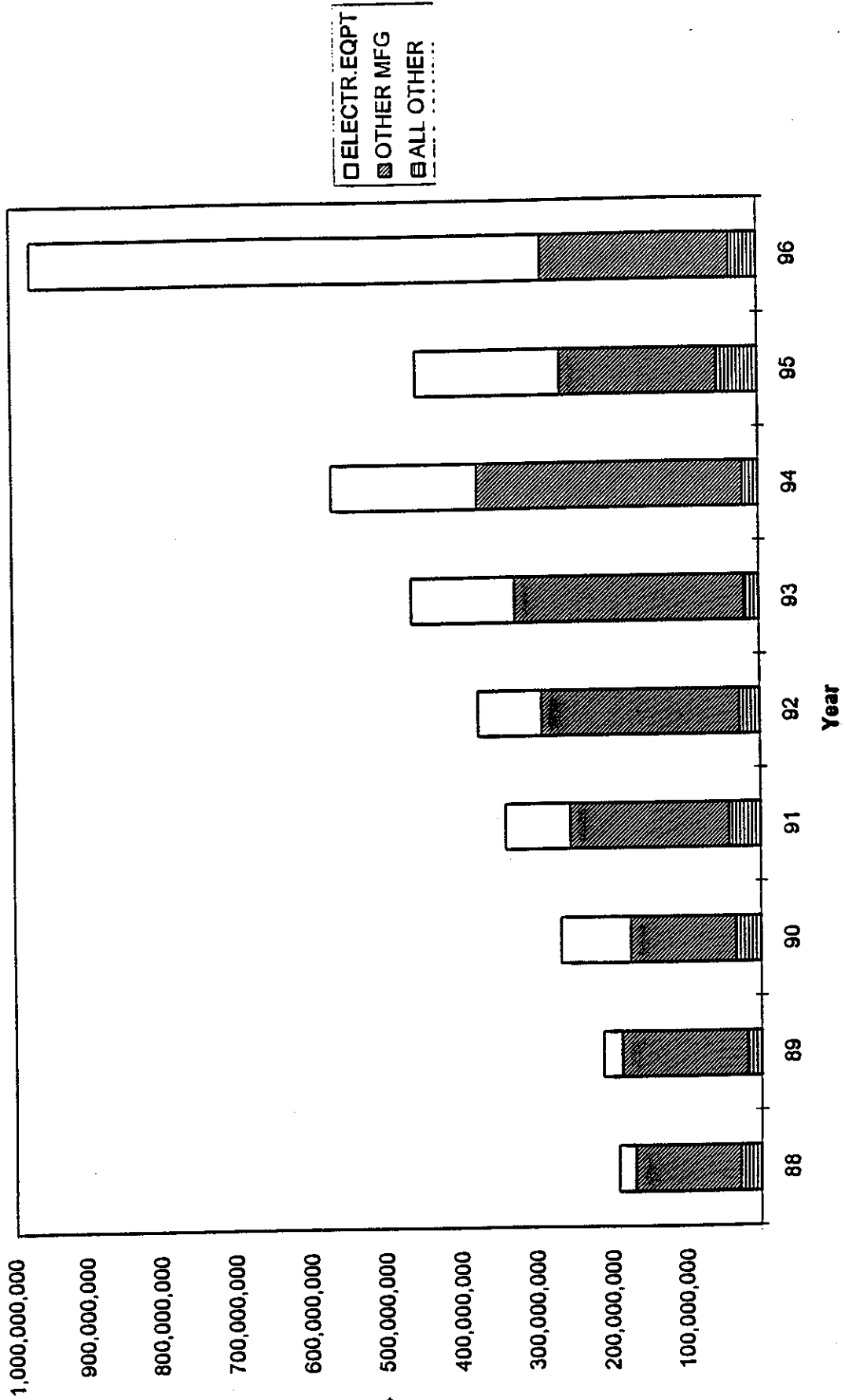


SUMMARY

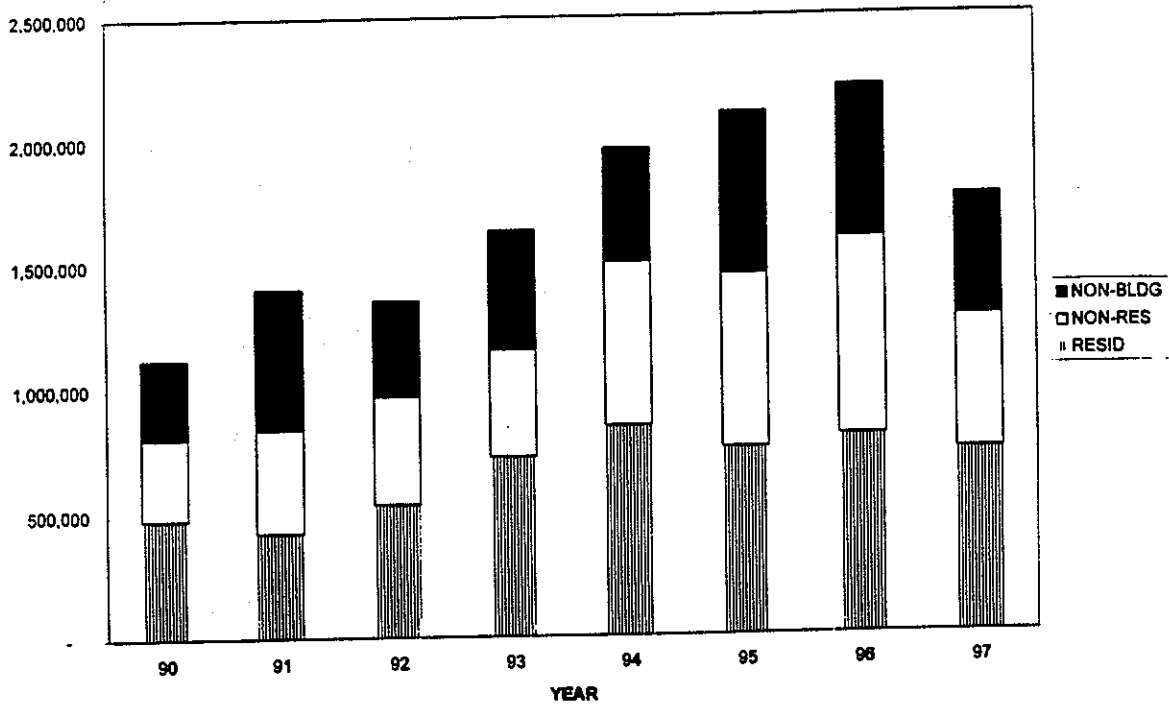
NEW MEXICO'S MANUFACTURING SECTOR

- **Growth In NM Manufacturing Output Has Been The Highest In The Nation Since 1987.**
- **NM Manufacturing Employment Has Increased 41.1% Since 1980 During A Period When U.S. Manufacturing Employment Has Fallen 8.4%.**
- **Growth in NM Manufacturing Sector Sustained The State's Economy During The Energy/Mining Sector Bust Of The 1980s AND Has Fueled The State's Economic Boom In The 1993-1995 Time Period.**
- **Average Earnings in NM Manufacturing (\$31,182 in 1994) Are Above The Statewide Average (\$22,849); However, They Are Still 22% Below U.S. Average Earnings in Manufacturing (\$39,971).**
- **Concentration in High Tech, Electronic Equipment Manufacturing in NM--High Average Earnings (\$43,783 per job), High Value Added (\$343,472 per job), and Export-Oriented (\$681.8 Million In 1996).**
- **Most Growth in NM Manufacturing Is Centered In Metro Counties (Bernalillo and Sandoval); Manufacturing In Rural NM In Decline.**

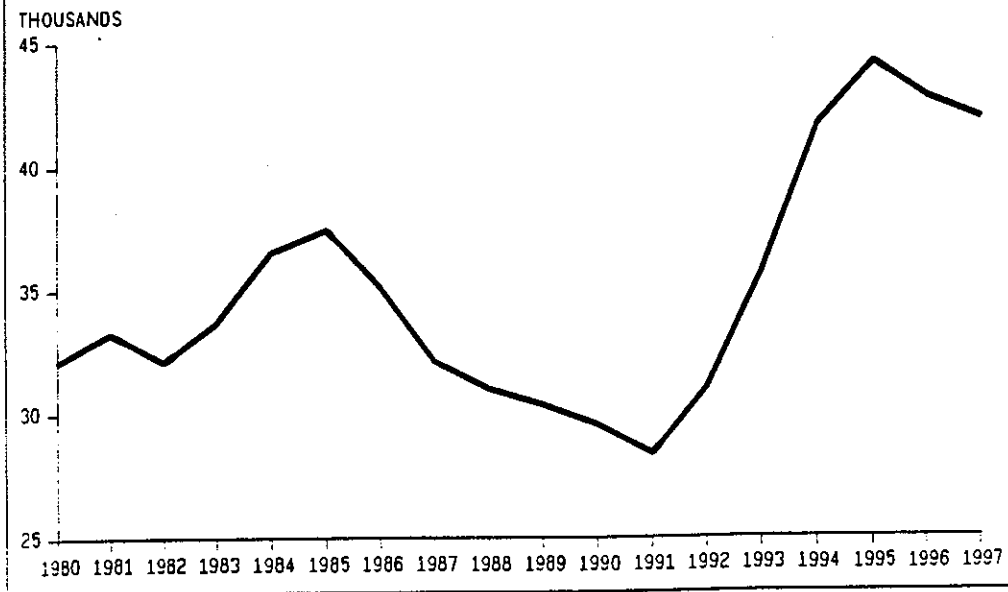
NEW MEXICO EXPORTS, 1988 - 1996



NEW MEXICO CONSTRUCTION AWARDS, \$000



NEW MEXICO
CONSTRUCTION EMPLOYMENT
1980 - 1997



NEW MEXICO & ALBUQUERQUE MSA 1998 ECONOMIC FORECAST

<u>Personal Income \$(billion)</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
New Mexico	\$32.217	\$33.729	\$35.244
% Change	4.7%	4.7%	4.5%
Albuquerque MSA ¹	\$14.915	\$15.707	\$16.528
% Change	5.1%	5.3%	5.2%
<u>Total Nonagricultural Employment (000s)</u>			
New Mexico	694.0	705.6	719.3
% Change	1.7%	1.7%	1.9%
Albuquerque MSA ¹	325.6	332.4	340.0
% Change	1.7%	2.1%	2.3%

Source: FOR-UNM Economic Forecasting Service, Bureau of Business and Economic Research, University of New Mexico, December 1997.

¹ Now Includes Bernalillo, Valencia and Sandoval counties.

New Mexico and Albuquerque Economy

- The New Mexico economy boomed in the 1993-1995 time period. But the economic expansion has slowed markedly. Job growth had been 5.0% for New Mexico--6.0 to 7.0% for Albuquerque--but it is now only 1.5-2.0%. Personal income growth had been 7.9% in 1995; now is only 4.7%.
- Why did the state's economic expansion falter? end of the Intel expansion....end of the housing boom....cuts in federal spending....layoffs at manufacturers....weak tourism sector.....squeeze on ranchers' profits.... continued problems in coal and potash mining.
- Bright spots in the state economy--Albuquerque continues to attract new businesses; the dairy and food processing industry in southeast New Mexico; the border region in Dona Ana county; copper in southwest New Mexico; oil and natural gas production.
- The Albuquerque economy will improve in 1998 and 1999, led by new jobs at Sun Healthcare, America Online, Citicorp, Western Wireless, Cavco, Karsten, Sumitomo, Gateway 2000, Fulcrum Direct, and Philips Semiconductor. Job growth should approach 2.5%. Construction will be flat; government will grow slowly; manufacturing will be restrained by Levi Strauss plant closing (521 jobs) and Intel retrenchment.
- Roswell will suffer with Levi Strauss plant closing (550 jobs). Another potash mine closed in Carlsbad. Dona Ana County/Las Cruces will benefit from border developments. The rest of the state will experience sluggish growth--2.0% job growth at best. Santa Fe's economy will be held back by downsizing of the state government and LANL.

TABLE 4
ANNUAL DATA
NEW MEXICO NONAGRICULTURAL EMPLOYMENT SUMMARY
SHORT TERM FORECAST USING BASELINE1197 DATA
FOURTH QUARTER OF 1997

	1992	1993	1994	1995	1996	1997	1998	1999
NM TOT NON-AGRI EMPLOYMENT	601.458	626.183	657.242	682.367	694.042	705.606	719.270	733.266
%CHYA	2.7	4.1	5.0	3.8	1.7	1.7	1.9	1.9
NM TRADE EMPLOYMENT	142.542	148.233	155.567	161.350	164.083	167.583	170.764	172.822
%CHYA	3.1	4.0	4.9	3.7	1.7	2.1	1.9	1.2
NM SERVICES EMPLOYMENT	160.325	167.450	177.442	188.333	192.142	197.168	203.426	210.606
%CHYA	4.7	4.4	6.0	6.1	2.0	2.6	3.2	3.5
NM TOTAL GOVT. EMPLOYMENT	156.083	159.125	163.067	166.475	171.117	174.248	176.774	179.555
%CHYA	2.5	1.9	2.5	2.1	2.8	1.8	1.4	1.6
NM MANUFACTURING EMPLOYMENT	40.983	42.717	44.708	45.092	45.850	46.423	46.804	47.076
%CHYA	-1.9	4.2	4.7	0.9	1.7	1.2	0.8	0.6
NM MINING EMPLOYMENT	15.075	15.858	15.675	15.875	15.392	15.316	15.271	15.260
%CHYA	-9.5	5.2	-1.2	1.3	-3.0	-0.5	-0.3	-0.1
NM CONSTRUCTION EMPLOYMENT	31.000	35.683	41.617	44.142	42.708	41.835	42.199	42.774
%CHYA	9.3	15.1	16.6	6.1	-3.2	-2.0	0.9	1.4
NM TRAN/COM/UTL EMPLOYMENT	28.833	29.192	29.775	31.008	31.208	30.994	31.419	31.802
%CHYA	0.4	1.2	2.0	4.1	0.6	-0.7	1.4	1.2
NM FIN/INS/R ES EMPLOYMENT	26.617	27.925	29.392	30.092	31.542	32.039	32.601	33.370
%CHYA	1.2	4.9	5.3	2.4	4.8	1.6	1.8	2.4
NM MILITARY EMPLOYMENT	22.943	22.796	22.865	22.123	21.493	20.845	20.210	19.970
%CHYA	-0.1	-0.6	0.3	-3.2	-2.8	-3.0	-3.0	-1.2

1. %CHYA MEANS--%CHANGE YEAR AGO
2. ALL EMPLOYMENT FIGURES IN THOUSANDS
3. MILITARY EMPLOYMENT NOT INCLUDED IN GOVERNMENT EMPLOYMENT

TABLE 5
ANNUAL DATA
ALBUQUERQUE NONAGRICULTURAL EMPLOYMENT SUMMARY
SHORT TERM FORECAST USING BASELINE1197 DATA
FOURTH QUARTER OF 1997

	1992	1993	1994	1995	1996	1997	1998	1999
ALB TOT NON-AGRI EMPLOYMENT	276.108	289.500	307.283	320.192	325.558	332.413	340.045	347.862
%CHYA	3.5	4.9	6.1	4.2	1.7	2.1	2.3	2.3
ALB TRADE EMPLOYMENT	66.925	69.800	73.792	76.617	78.467	80.624	82.526	83.483
%CHYA	3.0	4.3	5.7	3.8	2.4	2.7	2.4	1.2
ALB SERVICES EMPLOYMENT	85.683	88.517	94.300	100.100	100.925	104.001	107.884	112.031
%CHYA	4.5	3.3	6.5	6.2	0.8	3.0	3.7	3.8
ALB TOTAL GOVT EMPLOYMENT	56.867	58.650	59.825	60.867	62.292	63.464	64.389	65.479
%CHYA	2.8	3.1	2.0	1.7	2.3	1.9	1.5	1.7
ALB MANUFACTURING EMPLOYMENT	24.483	26.425	28.392	29.317	29.558	30.227	30.433	30.782
%CHYA	1.0	7.9	7.4	3.3	0.8	2.3	0.7	1.1
ALB CONSTRUCTION EMPLOYMENT	14.258	17.525	21.492	22.317	21.925	21.745	22.030	22.628
%CHYA	11.5	22.9	22.6	3.8	-1.8	-0.8	1.3	2.7
ALB TRAN/COM/UTL EMPLOYMENT	12.908	12.900	13.208	14.275	14.958	14.746	15.042	15.325
%CHYA	2.3	-0.1	2.4	8.1	4.8	-1.4	2.0	1.9
ALB FIN/INS/R ES EMPLOYMENT	14.825	15.483	15.983	16.400	17.133	17.355	17.638	18.033
%CHYA	1.5	4.4	3.2	2.6	4.5	1.3	1.6	2.2
ALB MILITARY EMPLOYMENT	8.114	7.789	7.686	7.506	7.443	7.392	7.339	7.286
%CHYA	0.0	-4.0	-1.3	-2.3	-0.8	-0.7	-0.7	-0.7

1. %CHYA MEANS--% CHANGE YEAR AGO
2. ALL EMPLOYMENT FIGURES IN THOUSANDS
3. MILITARY EMPLOYMENT NOT INCLUDED IN GOVERNMENT EMPLOYMENT

TABLE 14
ANNUAL DATA
LAS CRUCES MSA NONAGRICULTURAL EMPLOYMENT SUMMARY
SHORT TERM FORECAST USING BASELINE1197 DATA
FOURTH QUARTER OF 1197

	1992	1993	1994	1995	1996	1997	1998	1999
LC TOT NON-AGRI EMPLOYMENT	44.600	45.850	46.908	48.483	50.242	51.292	52.239	52.959
%CHYA	2.3	2.8	2.3	3.4	3.6	2.1	1.8	1.4
LC TRADE EMPLOYMENT	9.525	9.779	10.183	10.450	10.725	10.938	11.308	11.293
%CHYA	2.4	2.7	4.1	2.6	2.6	2.0	3.4	-0.1
LC SERVICES EMPLOYMENT	8.792	9.425	9.625	10.050	10.775	11.213	11.406	11.619
%CHYA	4.4	7.2	2.1	4.4	7.2	4.1	1.7	1.9
LC GOVT EMPLOYMENT TOTAL	17.967	17.942	18.067	18.608	19.108	19.531	19.924	20.325
%CHYA	2.5	-0.1	0.7	3.0	2.7	2.2	2.0	2.0
LOCAL	6.533	6.725	7.008	7.458	7.925	8.280	8.474	8.713
%CHYA	3.0	2.9	4.2	6.4	6.3	4.5	2.4	2.8
STATE	7.000	7.317	7.350	7.442	7.392	7.464	7.685	7.854
%CHYA	4.9	4.5	0.5	1.2	-0.7	1.0	3.0	2.2
FEDERAL	4.433	3.900	3.708	3.708	3.792	3.787	3.765	3.757
%CHYA	-1.8	-12.0	-4.9	0.0	2.2	-0.1	-0.6	-0.2
LC MANUFACTURING EMPLOYMENT	2.733	2.575	2.517	2.608	2.608	2.743	2.730	2.747
%CHYA	-8.9	-5.8	-2.3	3.6	0.0	5.2	-0.5	0.6
LC CONSTRUCTION EMPLOYMENT	2.300	2.542	2.842	3.175	3.325	3.219	3.191	3.267
%CHYA	11.3	10.5	11.8	11.7	4.7	-3.2	-0.9	2.4
LC TRAN/COM/UTL EMPLOYMENT	1.542	1.613	1.675	1.717	1.767	1.721	1.741	1.767
%CHYA	-0.5	4.6	3.9	2.5	2.9	-2.6	1.2	1.5
LC FIN/INS/R ES EMPLOYMENT	1.700	1.917	1.958	1.875	1.900	1.898	1.888	1.892
%CHYA	1.0	12.7	2.2	-4.3	1.3	-0.1	-0.5	0.2

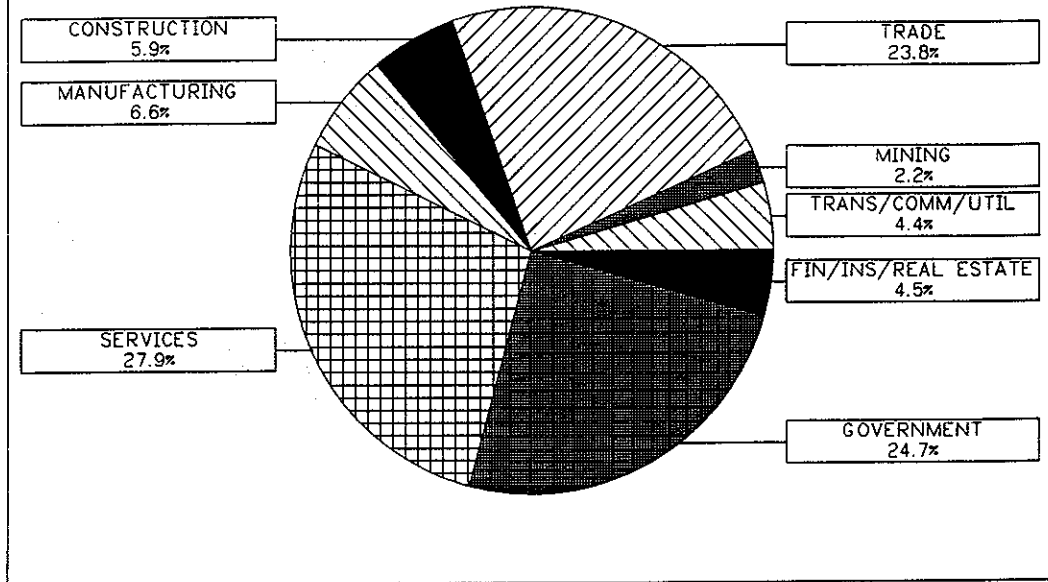
1. %CHYA MEANS--% CHANGE YEAR AGO
2. ALL EMPLOYMENT FIGURES IN THOUSANDS

TABLE 15
ANNUAL DATA
SANTA FE MSA NONAGRICULTURAL EMPLOYMENT SUMMARY
SHORT TERM FORECAST USING BASELINE1197 DATA
FOURTH QUARTER OF 1197

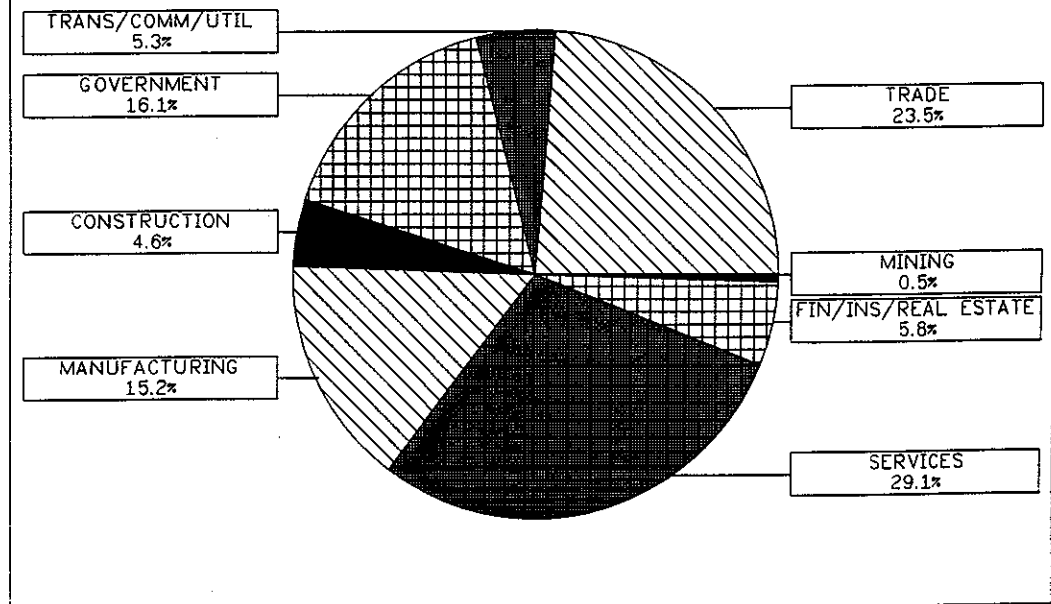
	1992	1993	1994	1995	1996	1997	1998	1999
SF TOT NON-AGRI EMPLOYMENT	64.283	66.812	68.850	70.400	69.792	70.123	70.762	71.387
%CHYA	2.3	3.9	3.0	2.3	-0.9	0.5	0.9	0.9
SF TRADE EMPLOYMENT	13.217	14.042	14.825	15.233	15.000	14.843	14.844	15.134
%CHYA	2.9	6.2	5.6	2.8	-1.5	-1.0	0.0	2.0
SF SERVICES EMPLOYMENT	18.350	19.025	19.808	20.608	20.908	21.448	21.861	22.114
%CHYA	5.9	3.7	4.1	4.0	1.5	2.6	1.9	1.2
SF GOVT EMPLOYMENT TOTAL	24.300	24.629	24.450	24.633	24.025	23.938	24.191	24.269
%CHYA	0.2	1.4	-0.7	0.7	-2.5	-0.4	1.1	0.3
LOCAL	4.708	4.800	4.942	5.208	5.508	5.769	5.951	6.028
%CHYA	2.0	1.9	3.0	5.4	5.8	4.7	3.2	1.3
STATE	17.875	18.125	17.850	17.808	17.017	16.774	16.845	16.852
%CHYA	-0.6	1.4	-1.5	-0.2	-4.4	-1.4	0.4	0.0
FEDERAL	1.717	1.704	1.658	1.617	1.500	1.396	1.394	1.388
%CHYA	3.0	-0.7	-2.7	-2.5	-7.2	-7.0	-0.1	-0.4
SF MANUFACTURING EMPLOYMENT	1.867	1.996	2.025	2.000	1.992	1.981	1.977	1.979
%CHYA	-1.3	6.9	1.5	-1.2	-0.4	-0.6	-0.2	0.1
SF CONSTRUCTION EMPLOYMENT	2.792	3.183	3.500	3.525	3.342	3.343	3.328	3.318
%CHYA	-0.3	14.0	9.9	0.7	-5.2	0.0	-0.4	-0.3
SF TRAN/COM/UTL EMPLOYMENT	1.133	1.138	1.200	1.217	1.300	1.264	1.234	1.242
%CHYA	3.8	0.4	5.5	1.4	6.8	-2.7	-2.4	0.6
SF FIN/INS/R ES EMPLOYMENT	2.550	2.700	2.942	3.092	3.175	3.255	3.227	3.231
%CHYA	4.1	5.9	9.0	5.1	2.7	2.5	-0.9	0.1

1. %CHYA MEANS--% CHANGE YEAR AGO
2. ALL EMPLOYMENT FIGURES IN THOUSANDS

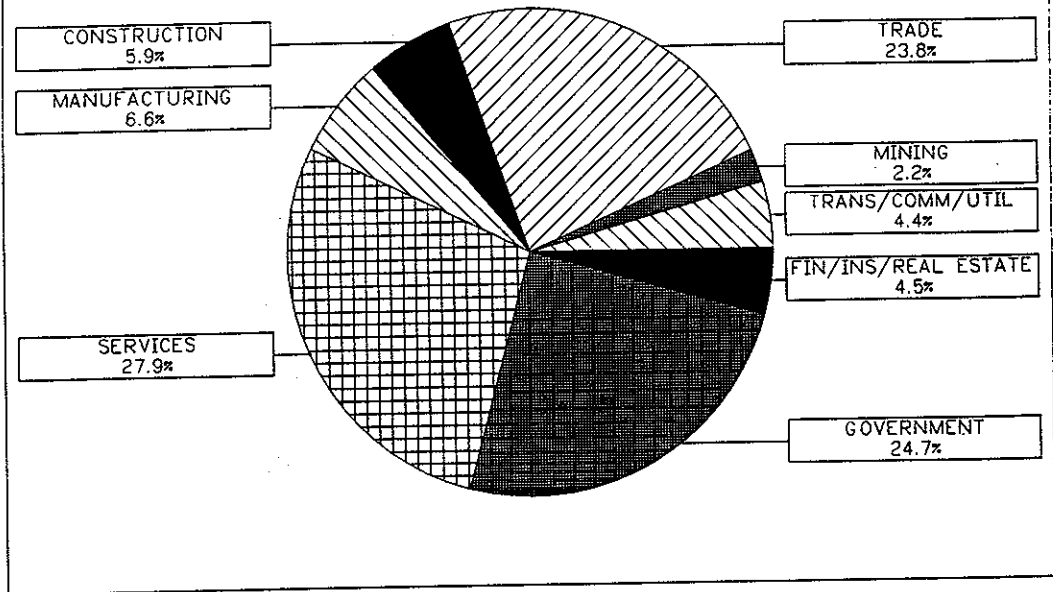
NEW MEXICO EMPLOYMENT BY SECTOR 1997



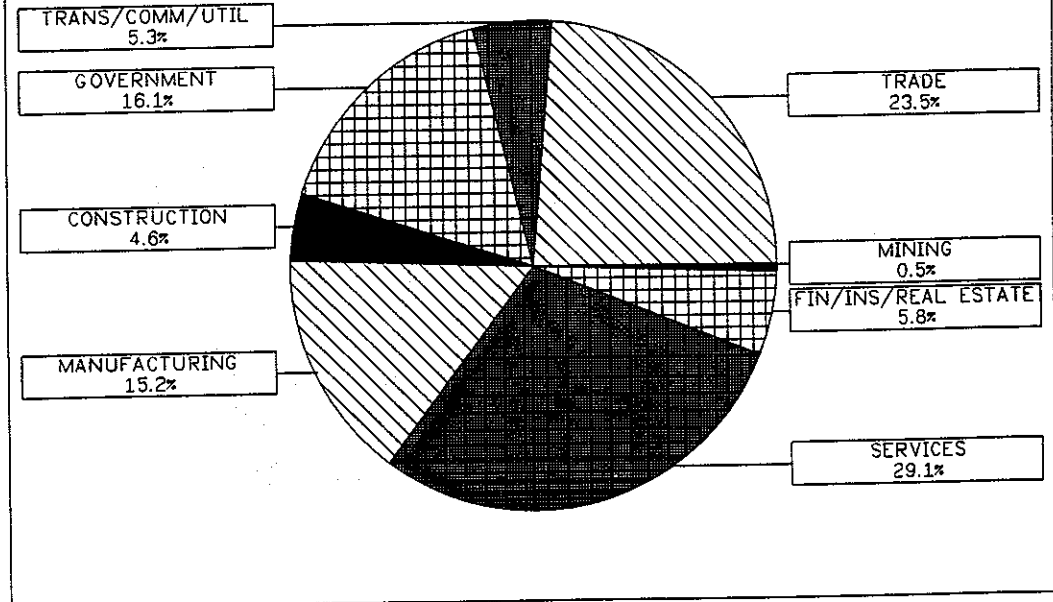
UNITED STATES EMPLOYMENT BY SECTOR 1997



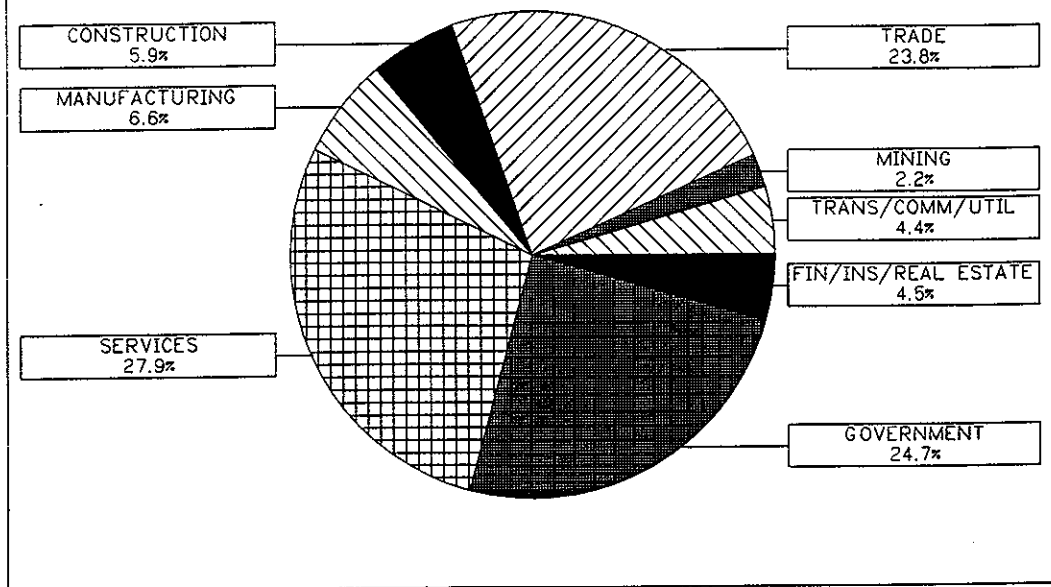
NEW MEXICO EMPLOYMENT BY SECTOR 1997



UNITED STATES EMPLOYMENT BY SECTOR 1997



NEW MEXICO EMPLOYMENT BY SECTOR 1997



UNITED STATES EMPLOYMENT BY SECTOR 1997

