

1-6-2012

State of the Economy: US, New Mexico

Lee A. Reynis

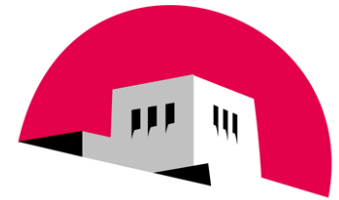
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Bureau of Business and Economic Research



New Mexico Women's Agenda Lobbying Workshop
State of the Economy: US, New Mexico

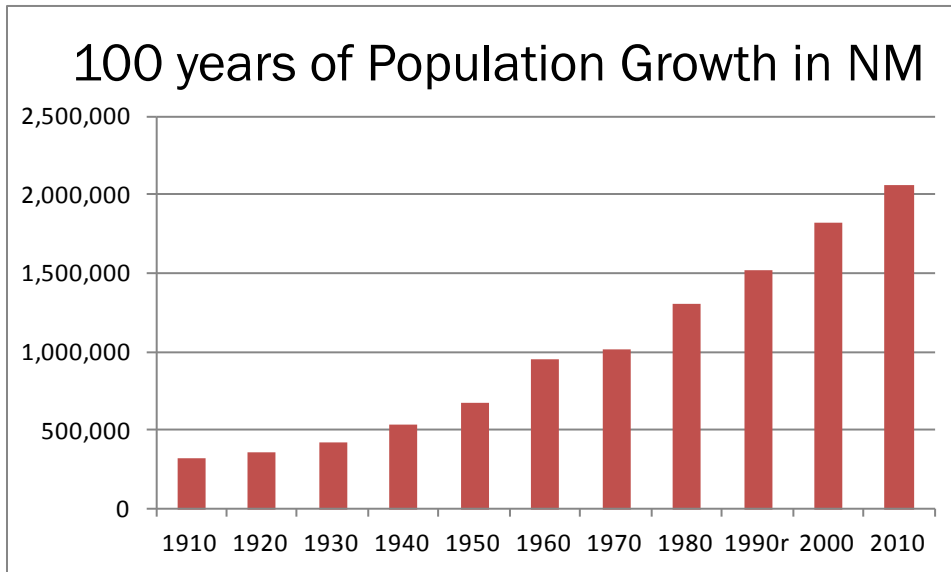
January 6, 2012

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lreynis@unm.edu

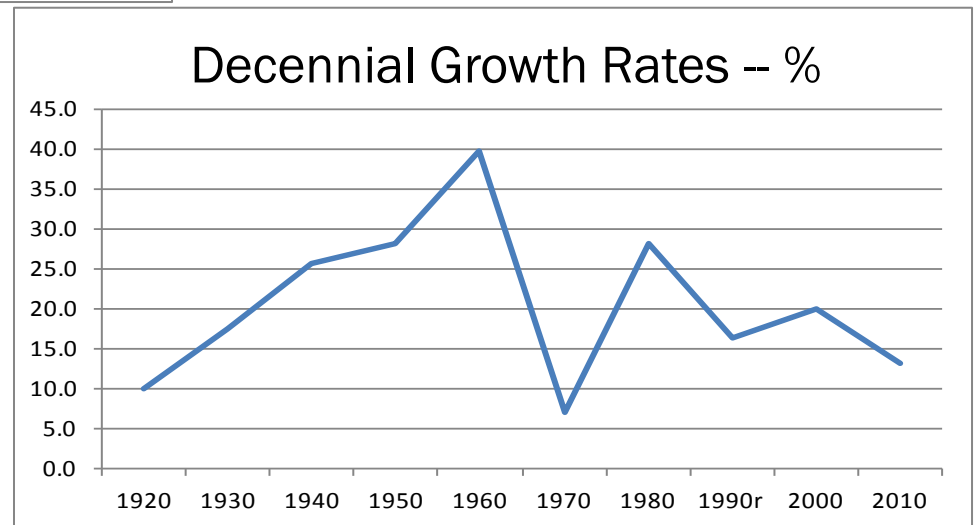
UNIVERSITY OF NEW MEXICO
BUREAU OF BUSINESS AND ECONOMIC RESEARCH
303 Girard Blvd. NE
MSC06 3510 / Onate Hall
Albuquerque, New Mexico 87131

New Mexico Population

NM added 240,133 people between 2000 and 2010.
Growing 13.2%, NM ranked 15th among the states.

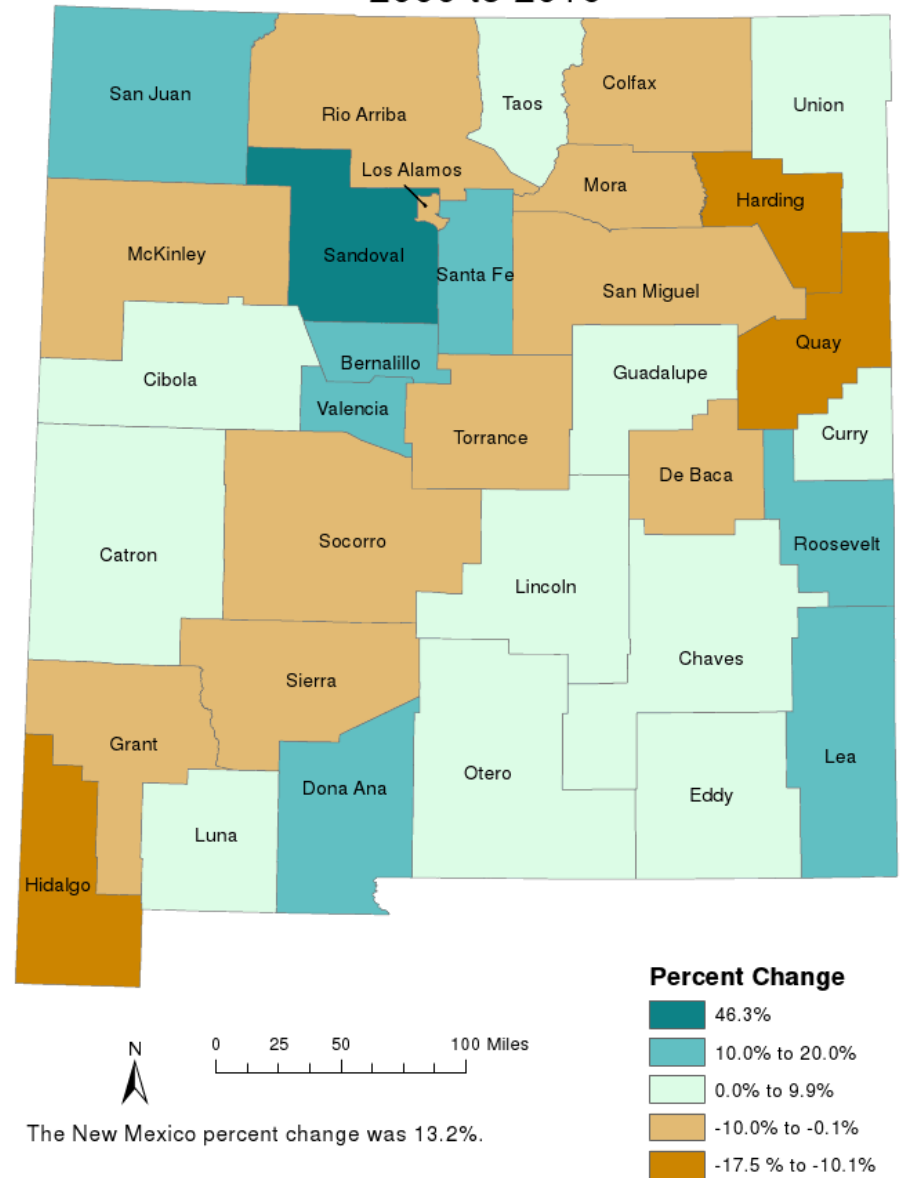


Source: UNM Bureau of Business and Economic Research
Compiled based on data from the US Census Bureau.



Many NM counties lost population between 2000 and 2010. Fastest growth was in the Albuquerque MSA (Sandoval and Bernalillo Counties) and in the Las Cruces MSA (Dona Ana County).

New Mexico
Percent Change in Population By County
2000 to 2010



Total Population by Race and Hispanic or Latino Origin: 2000 and 2010

Race and Hispanic or Latino Origin	2010		2000*		Change 2000-2010	
	Number	Percent of Total	Number	Percent of Total	Number	Percent change
Total population	2,059,179	100.0	1,819,046	100.0	240,133	13.2
One race	1,982,169	96.3	1,752,719	96.4	229,450	13.1
White alone	1,407,876	68.4	1,214,253	66.8	193,623	15.9
Black or African American alone	42,550	2.1	34,343	1.9	8,207	23.9
American Indian and Alaska Native alone	193,222	9.4	173,483	9.5	19,739	11.4
Asian alone	28,208	1.4	19,255	1.1	8,953	46.5
Native Hawaiian and Other Pacific Islander alone	1,810	0.1	1,503	0.1	307	20.4
Some Other Race alone	308,503	15.0	309,882	17.0	-1,379	-0.4
Two or More Races	77,010	3.7	66,327	3.6	10,683	16.1
Hispanic or Latino (of any race)	953,403	46.3	765,386	42.1	188,017	24.6
Not Hispanic or Latino	1,105,776	53.7	1,053,660	57.9	52,116	4.9
White alone	833,810	40.5	813,495	44.7	20,315	2.5

Note: Data are for April 1 of each Census year.

* Census 2000 counts are as published in Census 2000 reports and thus do not include any changes published subsequently due to boundary changes or to the Count Question Resolution program.

- Percent change cannot be calculated because of division by zero.

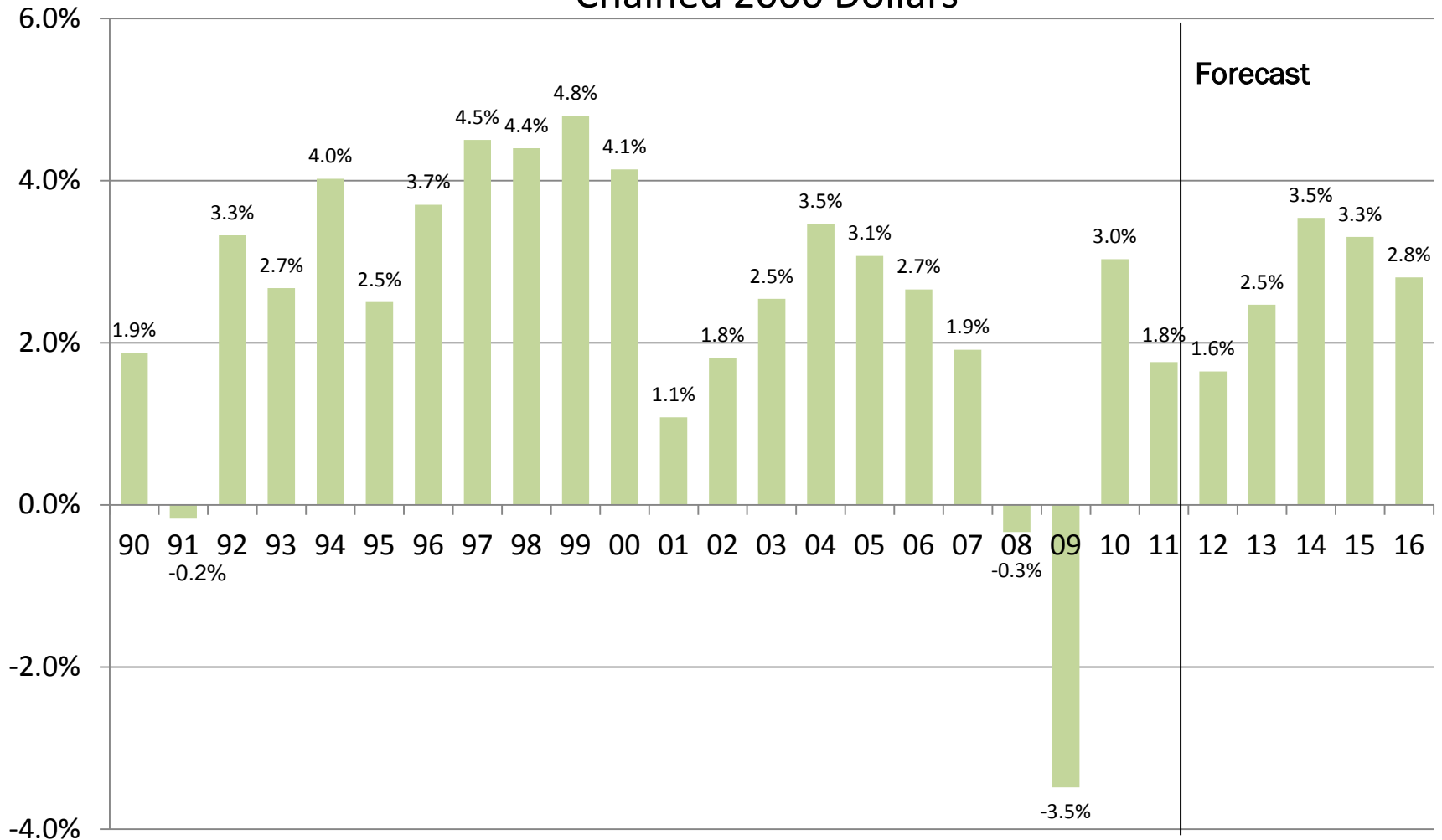
Source: U.S. Census Bureau, 2000 and 2010 Census Redistricting Data (Public Law 94-171).

Table prepared by: Bureau of Business and Economic Research, University of New Mexico.

National Economy

Annual Growth in US Real GDP

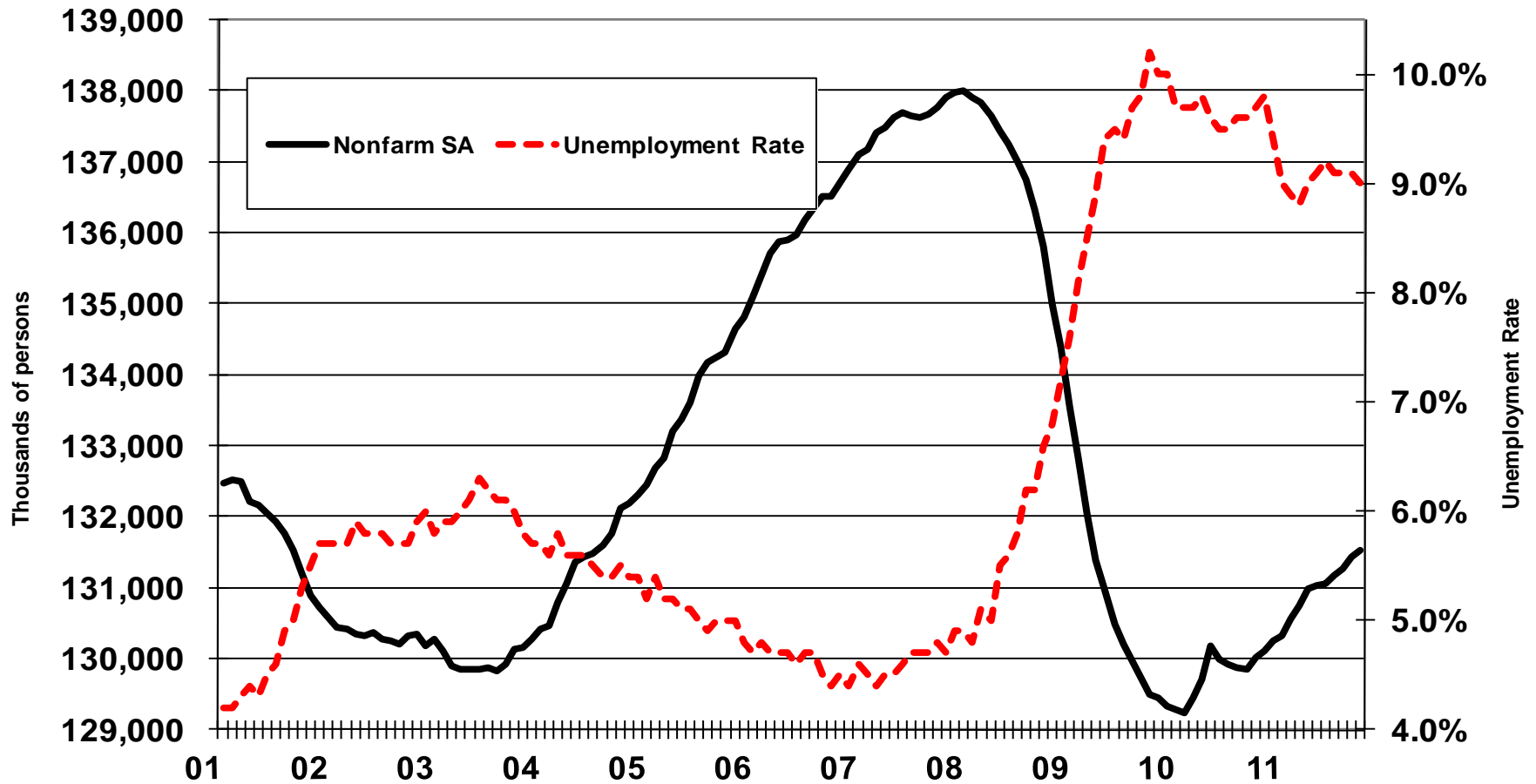
Chained 2000 Dollars



Global Insight, Jan 2012

Employment grew by 120,000 in November and the unemployment rate fell slightly to 8.6%. Monthly employment growth since July has averaged 132,000.

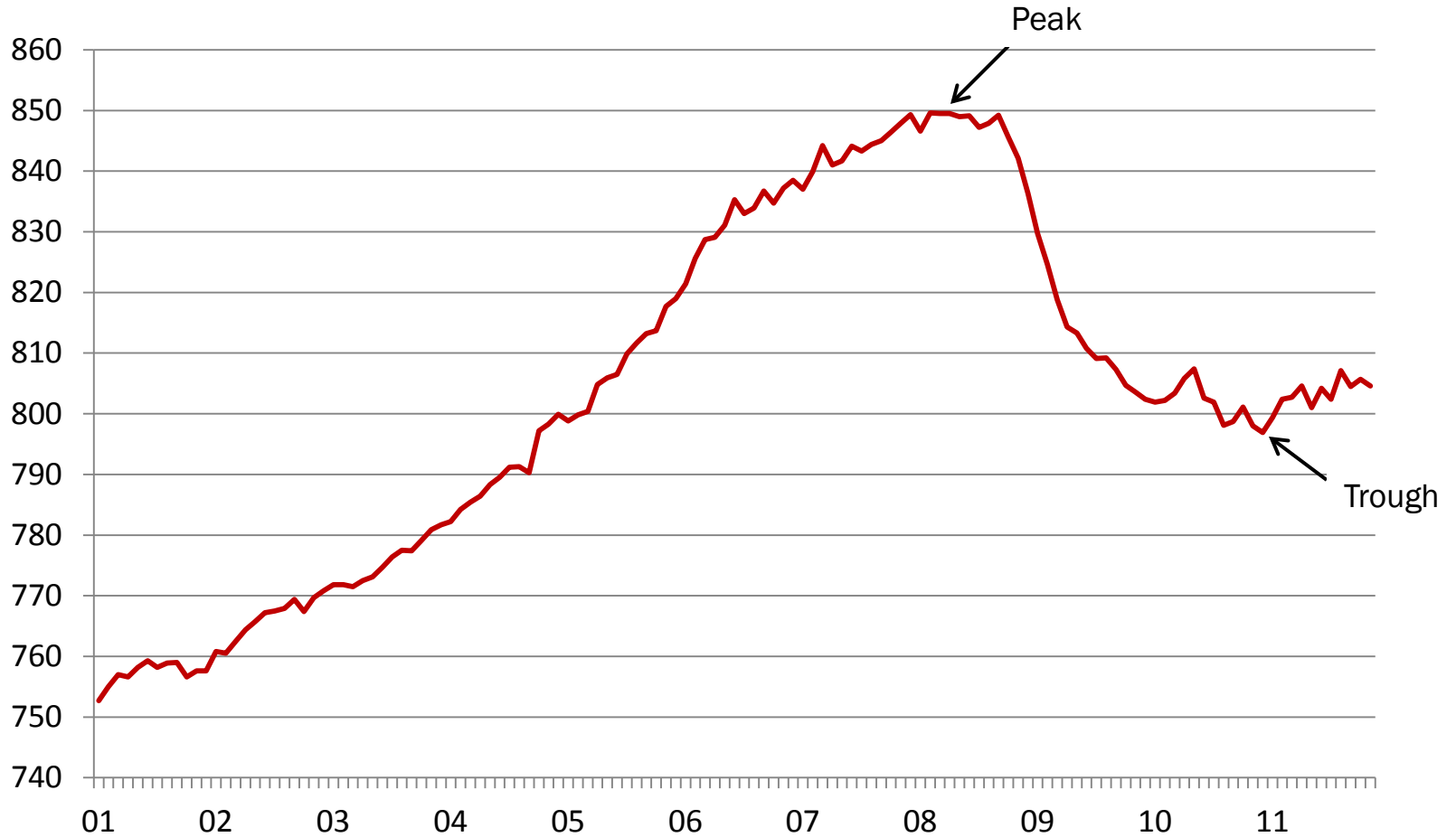
US Nonfarm Employment and Unemployment Seasonally Adjusted



The New Mexico Economy The Great Recession

New Mexico Nonfarm Employment

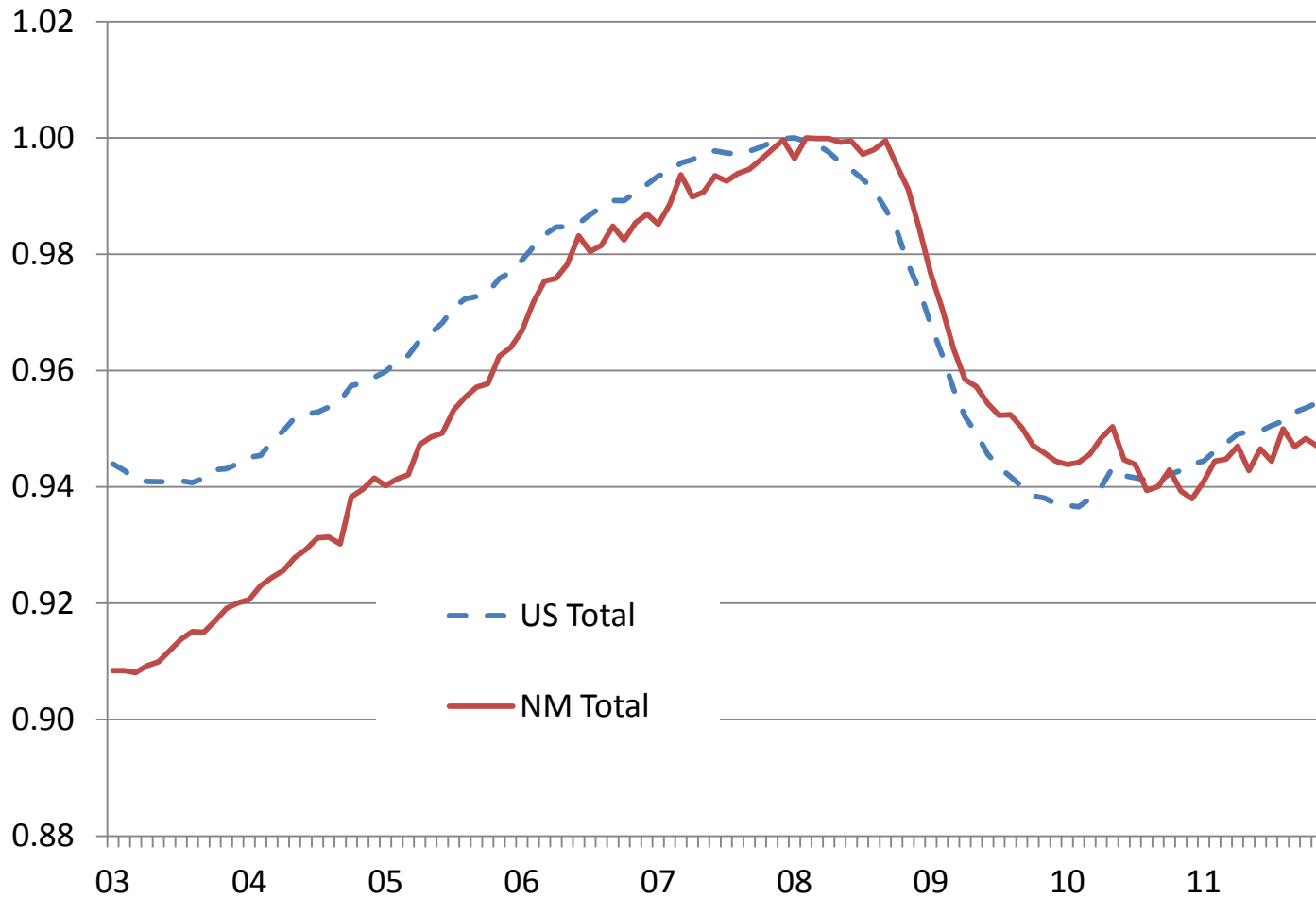
In 1000s, Monthly, Seasonally Adjusted



Source: US Bureau of Labor Statistics, Current Employment Statistics

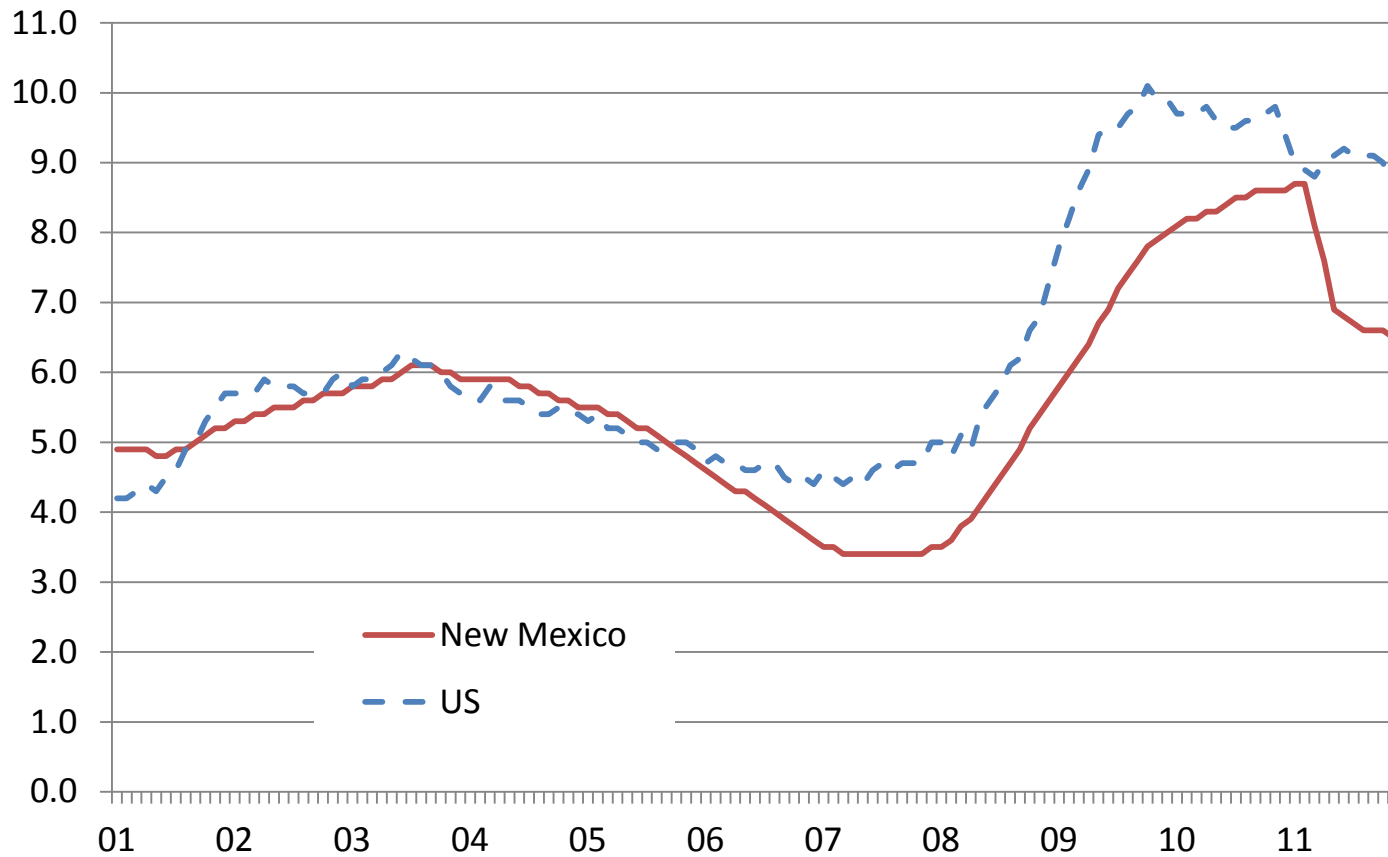
New Mexico and US Nonfarm Employment

Monthly, Seasonally Adjusted, Indexed to Peak



Source: US Bureau of Labor Statistics, Current Employment Statistics

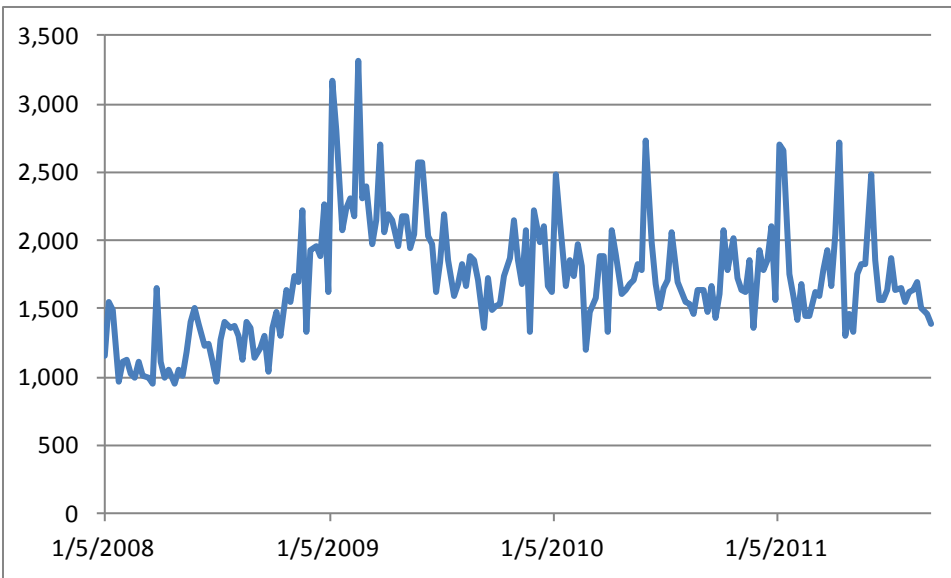
Monthly Unemployment Rate US and New Mexico, SA



Source: US Bureau of Labor Statistics

NM Unemployment Insurance Claims

Initial Claims, Week Ending...



Source of data: US Dept of Labor

Continued Claims, Week Ending...

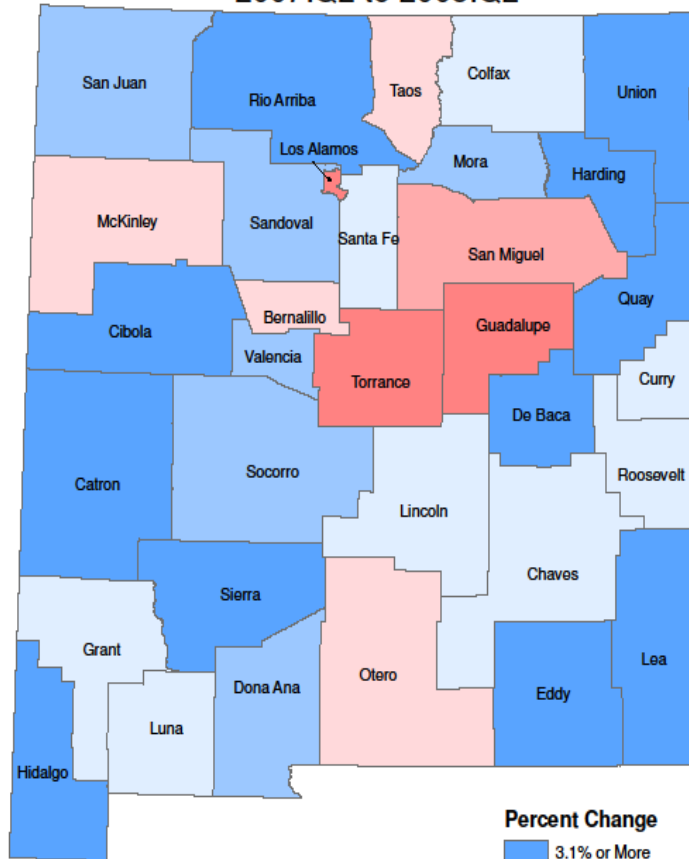


The Great Recession in New Mexico has been distinguished by its depth, by its length, by the numbers of people impacted, and by its breadth:

Geographic...

Geographic spreading of the recession in New Mexico...

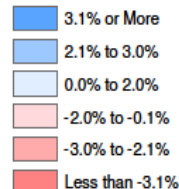
Total Covered Wage and Salary Employment by County
Year-Over-Year Percent Change
2007:Q2 to 2008:Q2



0 25 50 100 Miles

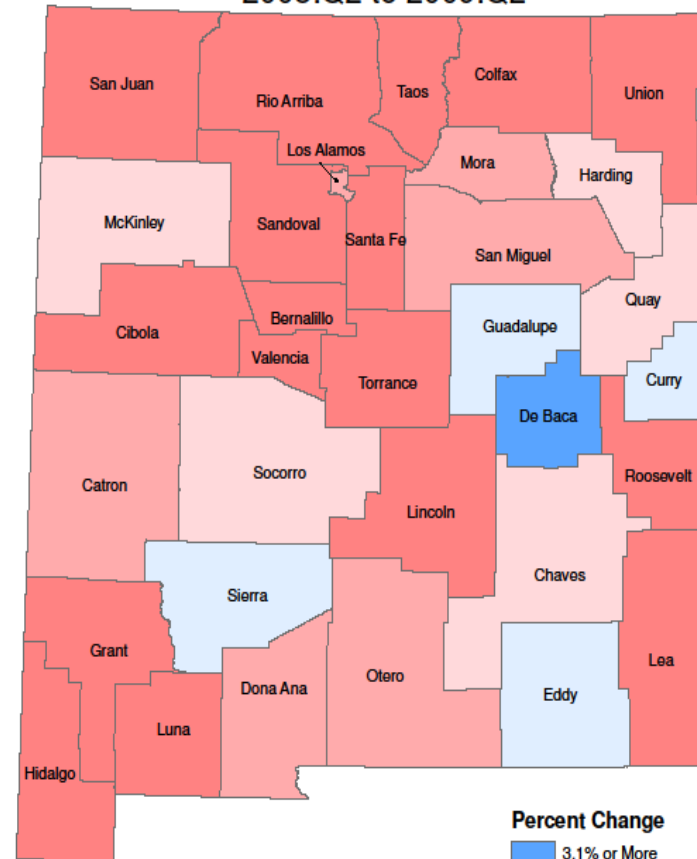
The New Mexico year-over-year percent change was 0.9%.

Percent Change



Note: The 2011 quarters are subject to further revision.
Source: New Mexico Dept. of Workforce Solutions and U.S. Dept. of Labor.
Map prepared by: Bureau of Business & Economic Research, University of New Mexico, January 2012.

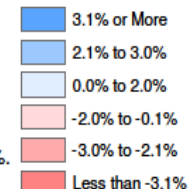
Total Covered Wage and Salary Employment by County
Year-Over-Year Percent Change
2008:Q2 to 2009:Q2



0 25 50 100 Miles

The New Mexico year-over-year percent change was -4.3%.

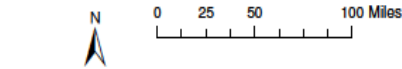
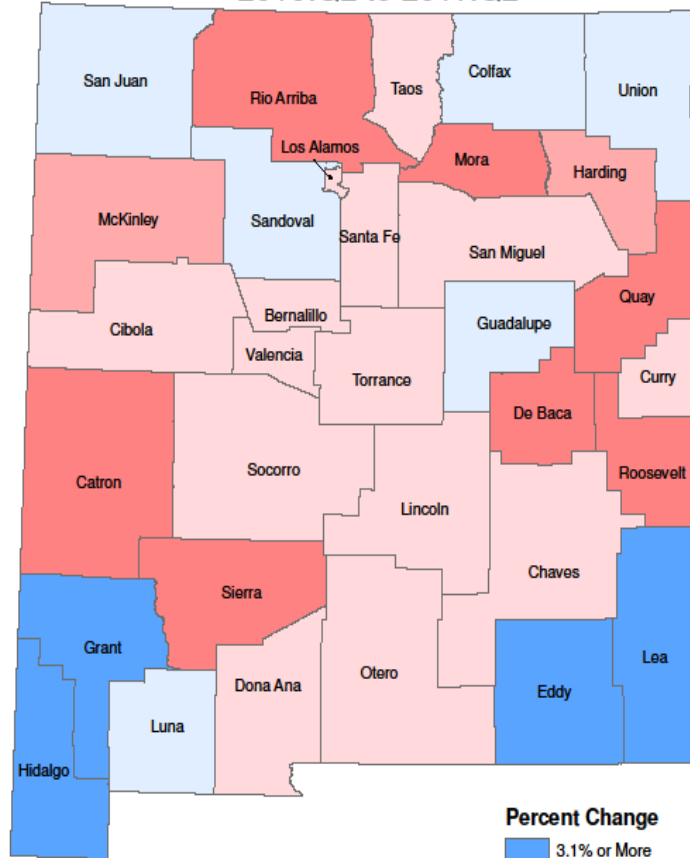
Percent Change



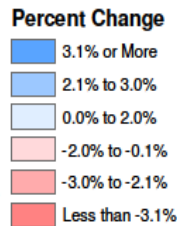
Note: The 2011 quarters are subject to further revision.
Source: New Mexico Dept. of Workforce Solutions and U.S. Dept. of Labor.
Map prepared by: Bureau of Business & Economic Research, University of New Mexico, January 2012.

And of the recovery. Private employment growth, 11Q2

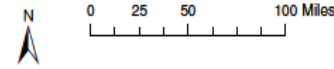
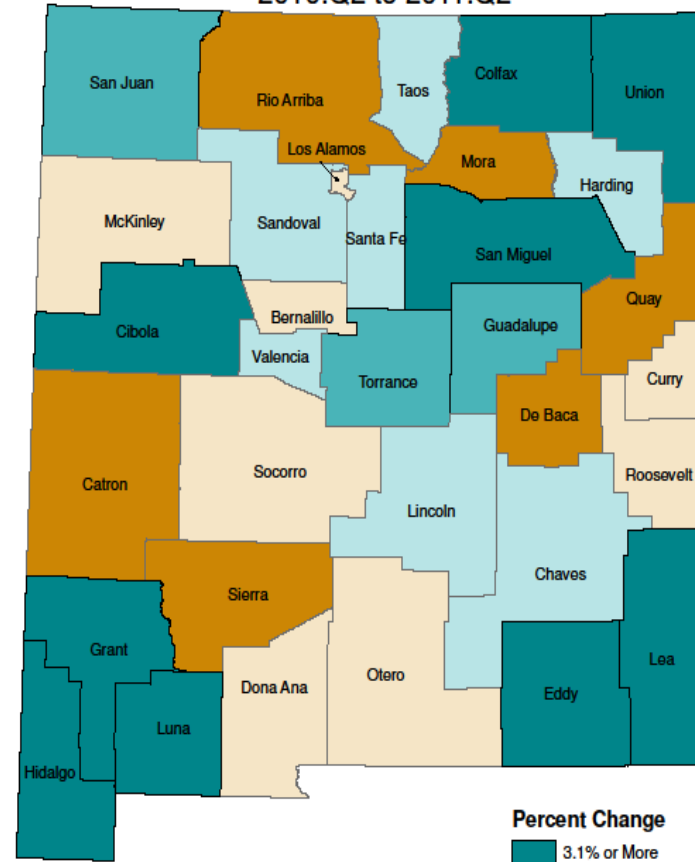
Total Covered Wage and Salary Employment by County
Year-Over-Year Percent Change
2010:Q2 to 2011:Q2



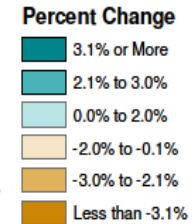
The New Mexico year-over-year percent change was -0.3%.



Total Private Covered Wage and Salary Employment by County
Year-Over-Year Percent Change
2010:Q2 to 2011:Q2



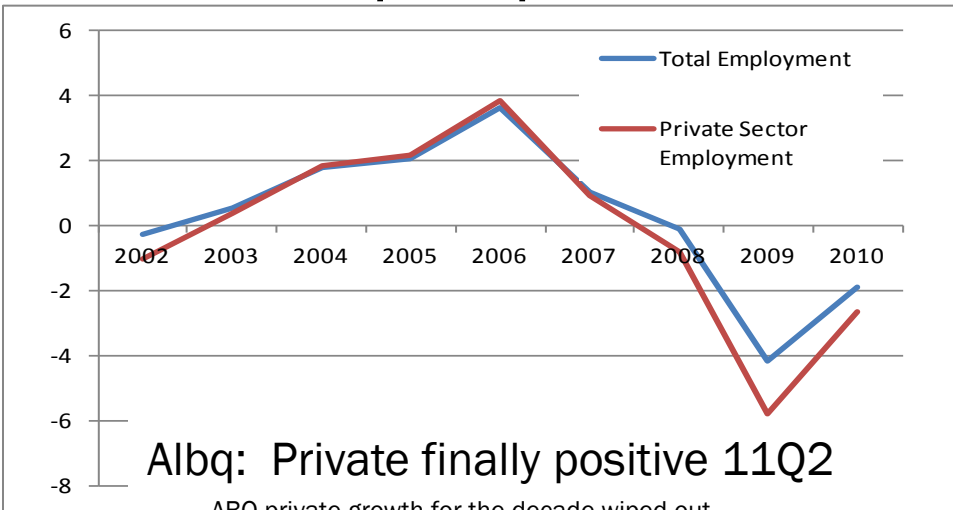
The New Mexico year-over-year percent change was 0.7%.



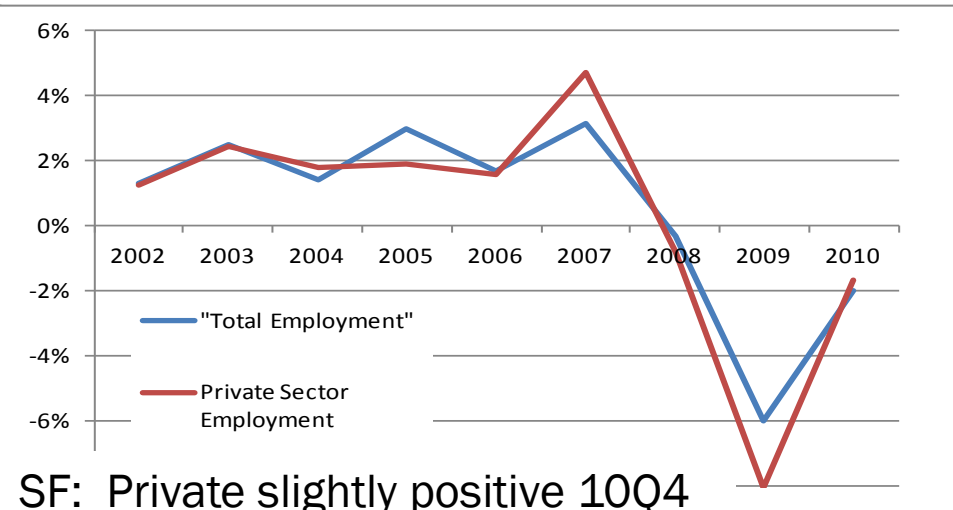
Note: The 2011 quarters are subject to further revision.
Source: New Mexico Dept. of Workforce Solutions and U.S. Dept. of Labor.
Map prepared by: Bureau of Business & Economic Research, University of New Mexico, January 2012.

Employment Growth in NM MSAs

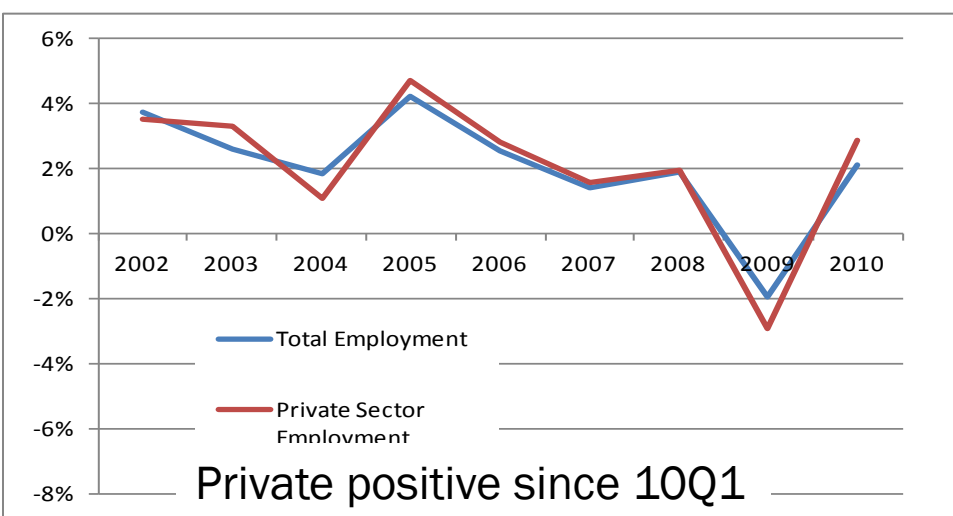
Albuquerque MSA



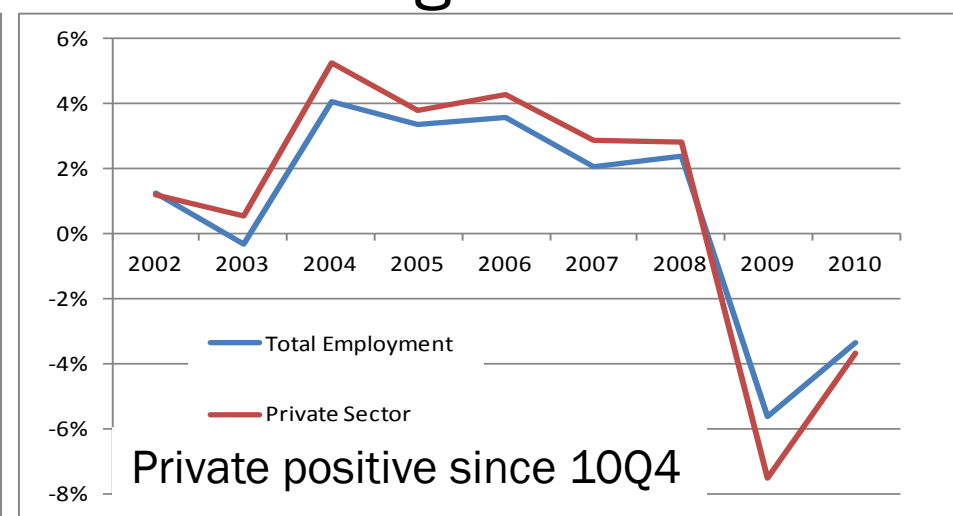
Santa Fe MSA



Las Cruces MSA

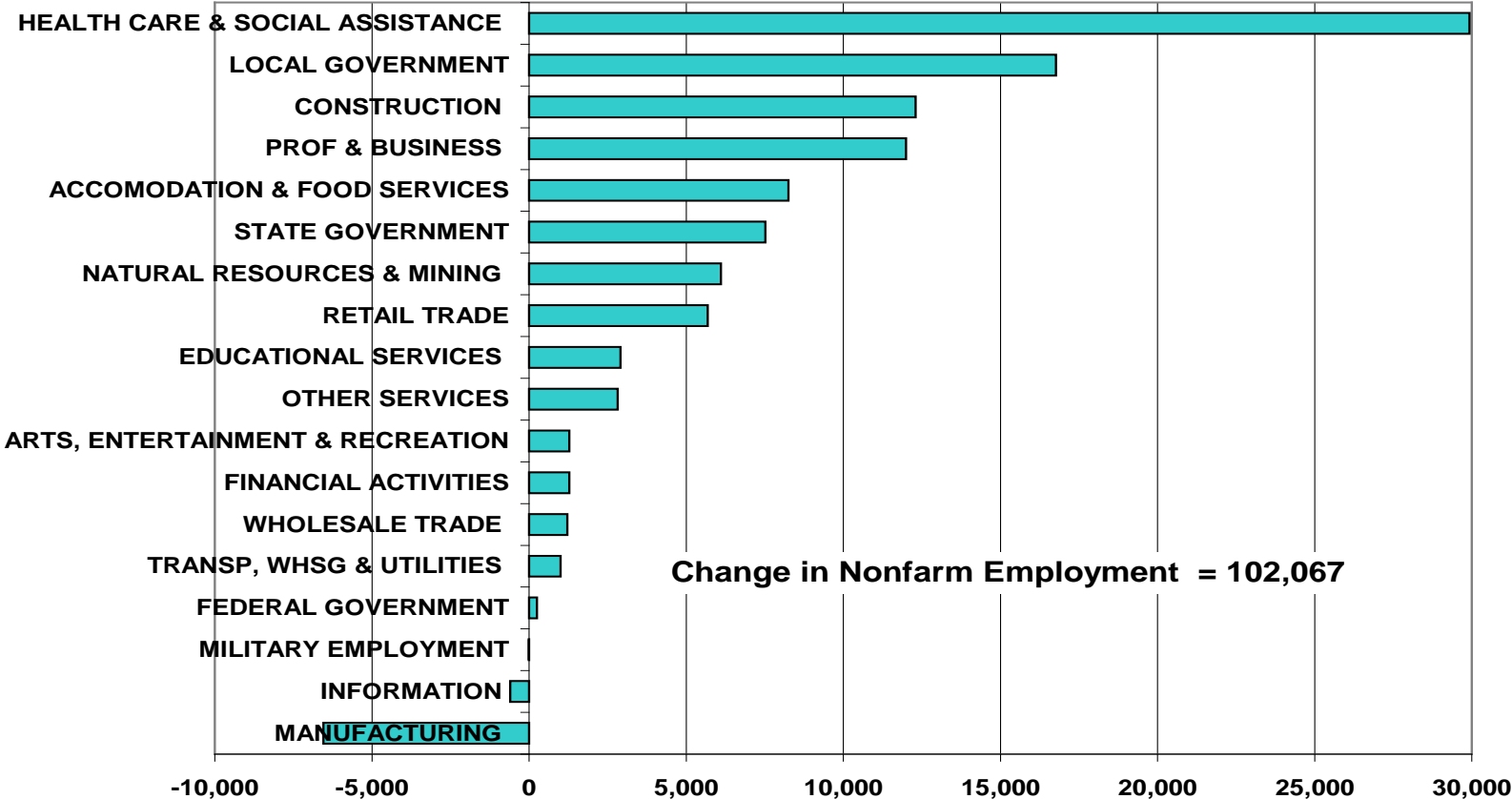


Farmington MSA



Across the sectors...

Growth in NM Wage & Salary Employment 2000-08

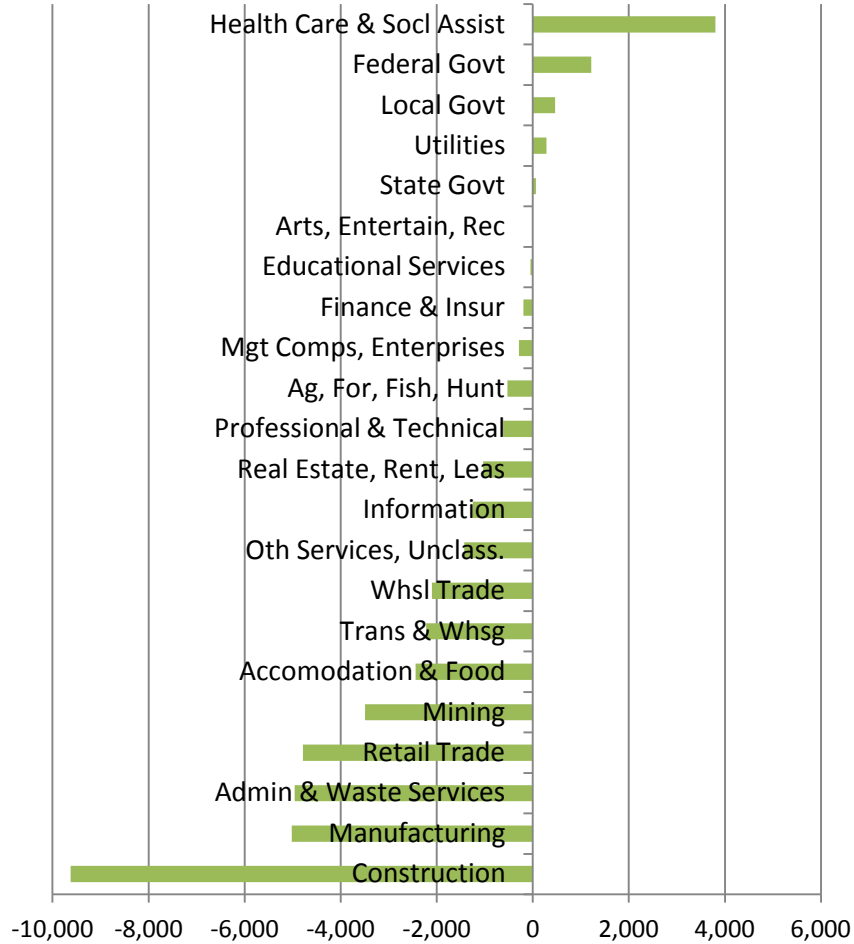


Note: Figures for State & Professional & Business Services adjusted to reflect current ownership of Los Alamos National Laboratory.

Source: NM Dept of Workforce Solutions, Bureau of Economic Analysis (military)

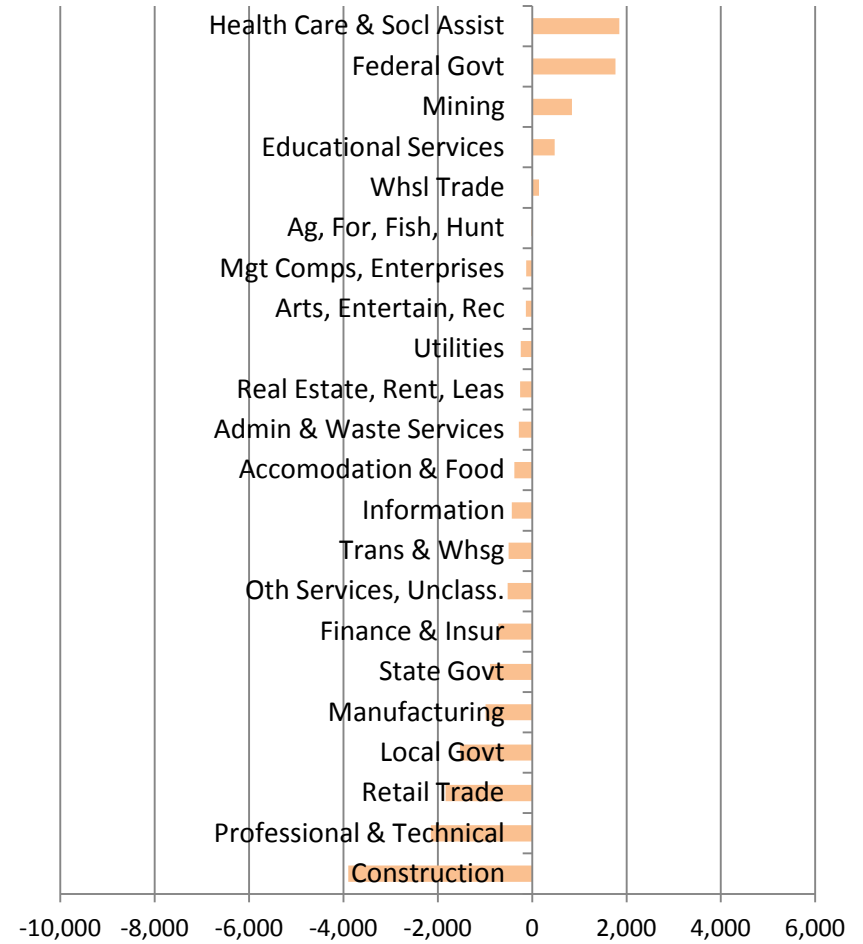
Change in New Mexico Employment From Quarterly Census of Employment and Wages

2008 - 09



Total change = - 34,227 jobs
Private change = - 35,974

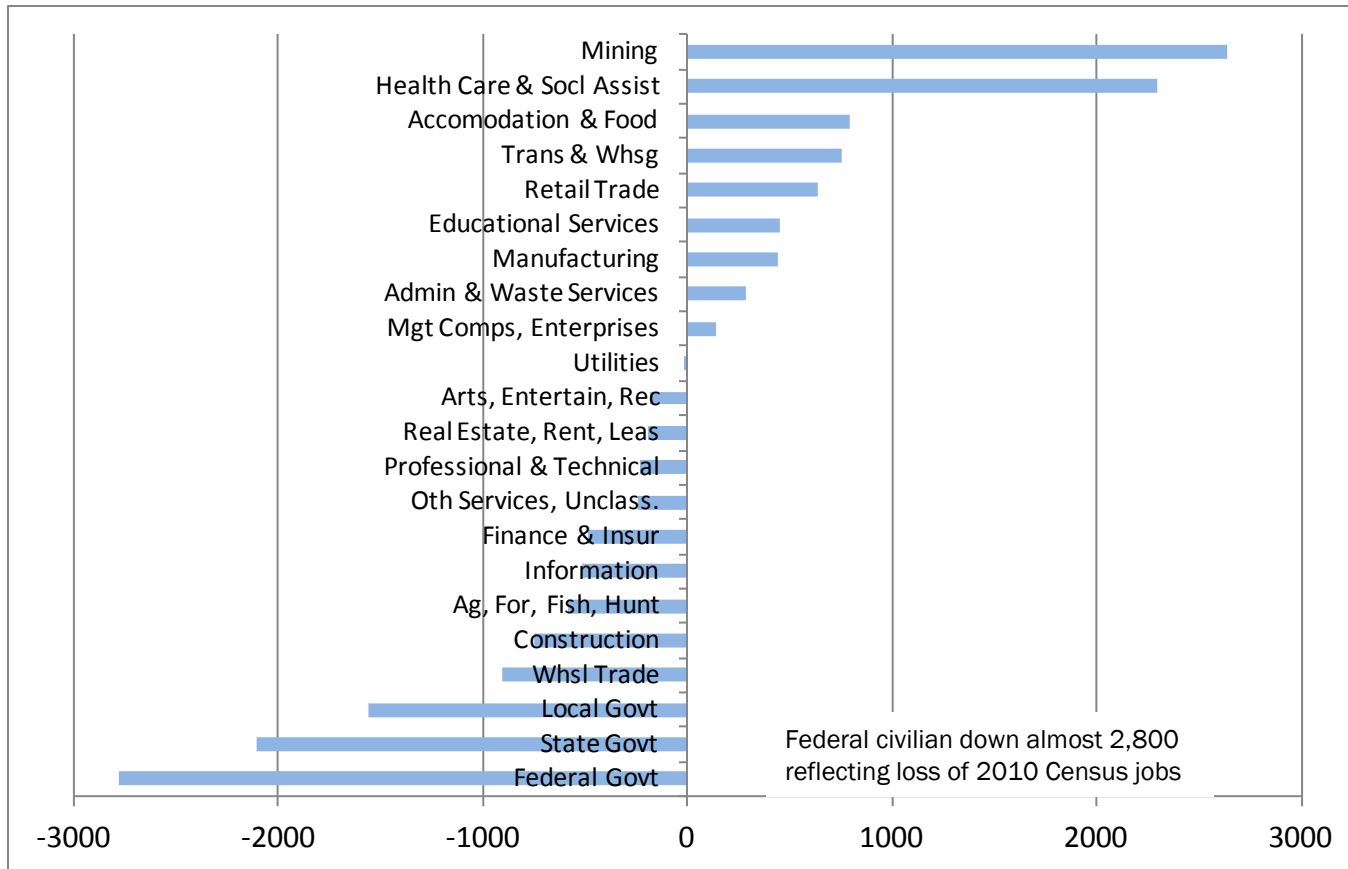
2009 - 10



Total change = - 9,880 jobs
Private change = - 9,214

Change in New Mexico Employment, 10Q2 to 11Q2

From Quarterly Census of Employment and Wages



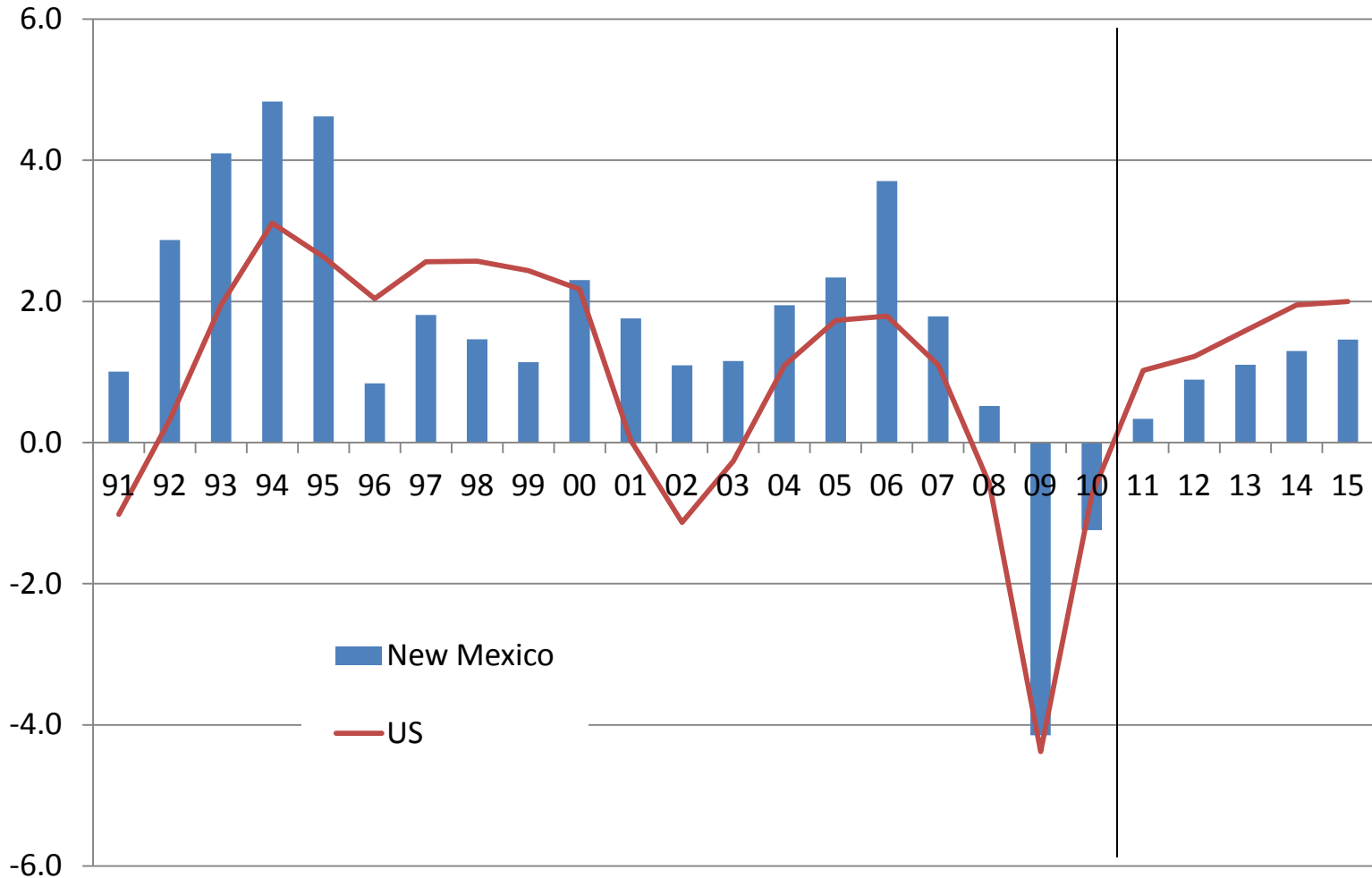
Source: UNM BBER compiled from US Bureau of Labor Statistics

Total change = - 2,090 jobs Private change = + 4,347

The Economic Forecast for New Mexico



Growth in Nonfarm Employment: New Mexico and US



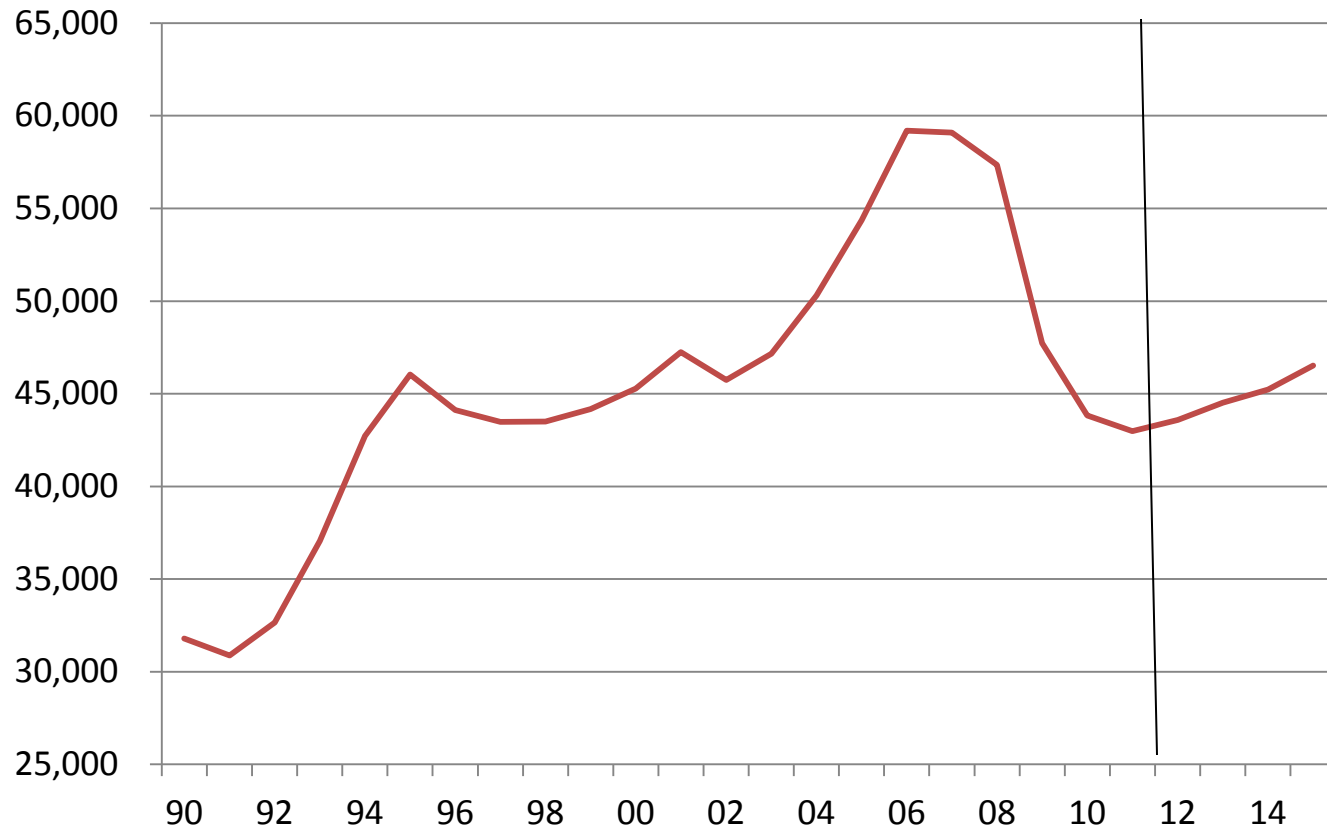
UNM FOR-UNM, Nov 11

Developments Holding NM Back

- Construction
- Availability of financing
- Exports
- Government

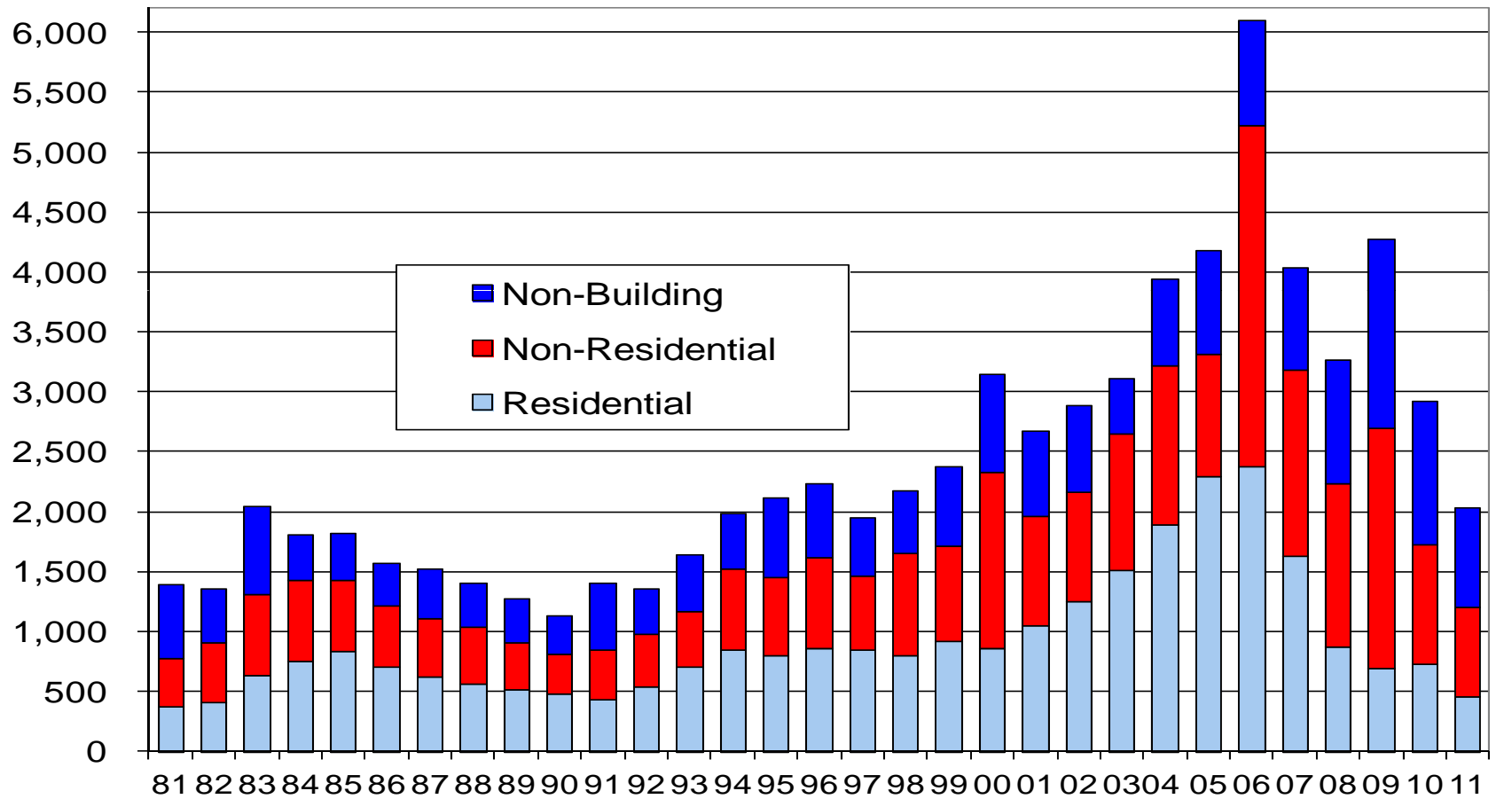
Construction – Prolonged boom, collapse, recovery?

New Mexico Construction Employment



UNM FOR-UNM, Nov 11

New Mexico Dollar Value of Construction Awards (\$000,000)



SOURCE: FW DODGE

9 mos

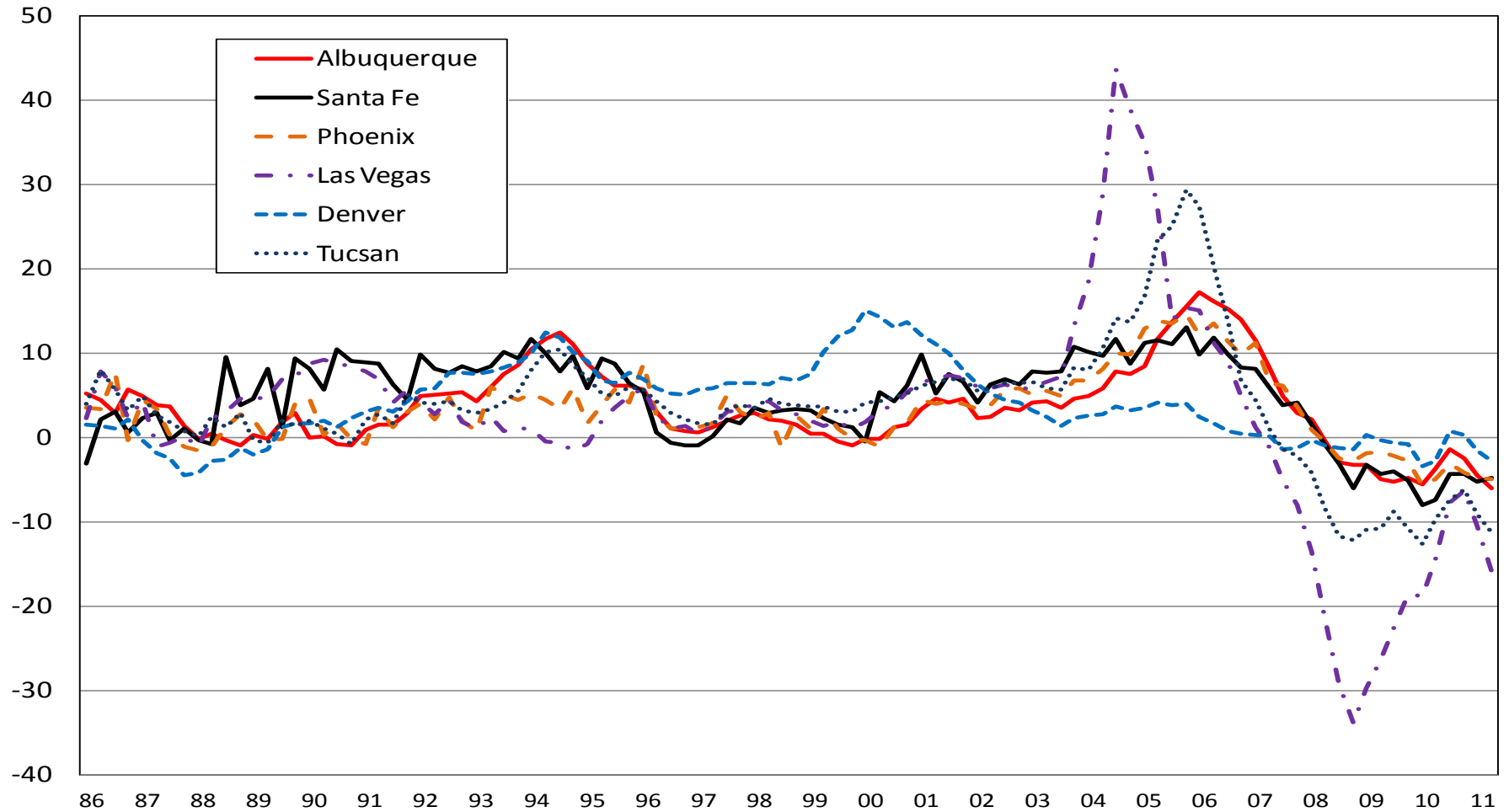
Sales of Existing Homes, Greater Albuquerque Association of Realtors, 2011 Q3

Class R1 (Existing Single-Family Detached) & Class R2 (Existing Condo/Townhome Attached)

Class R1	2011	2010	% of Change
Average Sale Price:	\$202,171	\$223,156	-9.40%
Median Sale Price:	\$172,000	\$183,000	-6.01%
Total Sold & Closed:	1,832	1,591	15.15%
Total Dollar Volume*:	\$370.4	\$355.0	4.34%
New Listings:	3,605	4,283	-15.83%
Days on Market:	80	74	8.11%

Class R2	2011	2010	% of Change
Average Sale Price:	\$135,561	\$142,191	-4.66%
Median Sale Price:	\$135,000	\$135,000	0.00%
Total Sold & Closed:	154	146	5.48%
Total Dollar Volume*:	\$20.9	\$20.8	0.48%
New Listings:	389	476	-18.28%
Days on Market:	94	89	5.62%

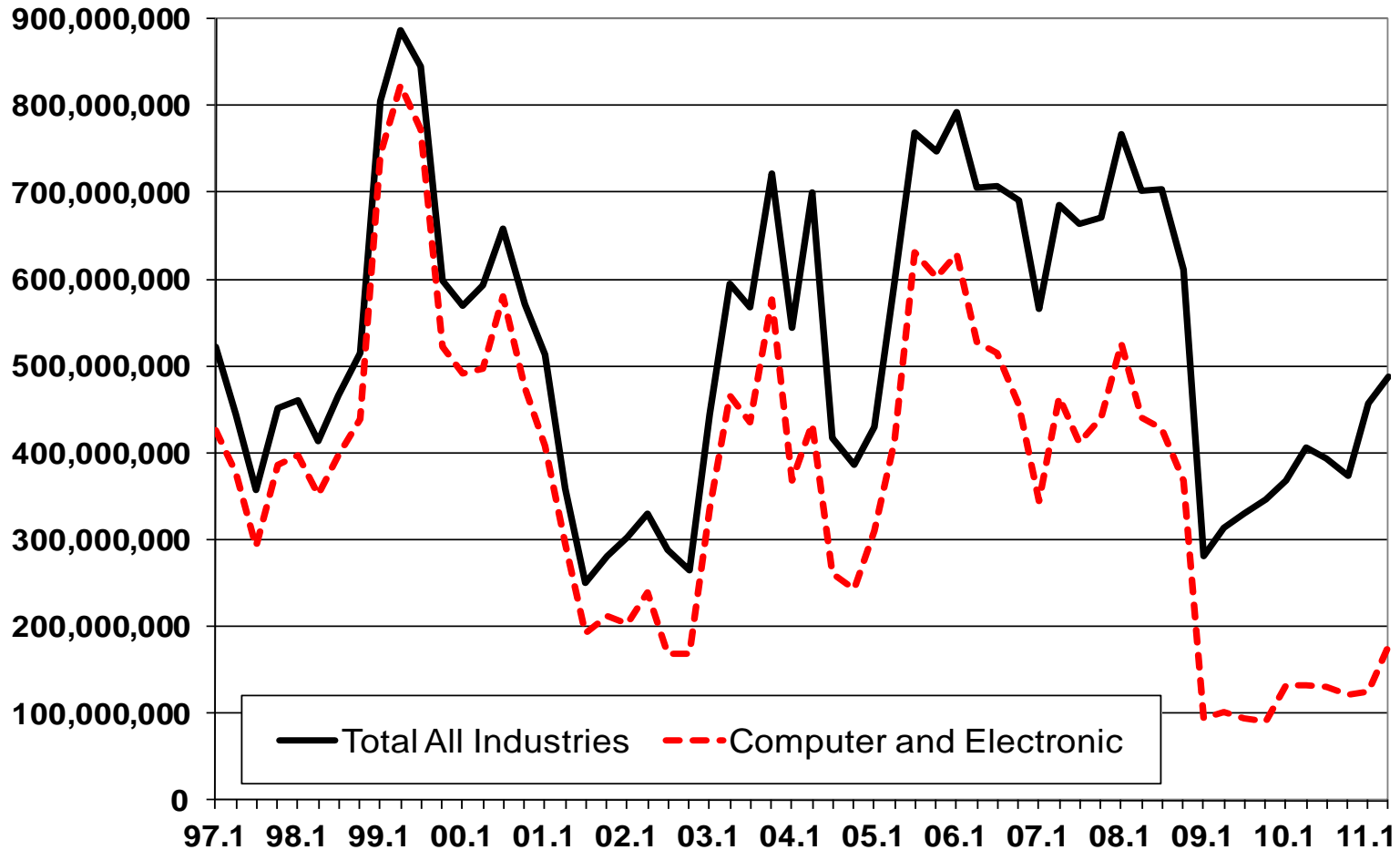
Four-Quarter % Change in FHFA MSA-Level Housing Price Indexes (All Transaction Index, 2011 Q2)



While rest of the country enjoys an export boom...

New Mexico Exports to Other Countries

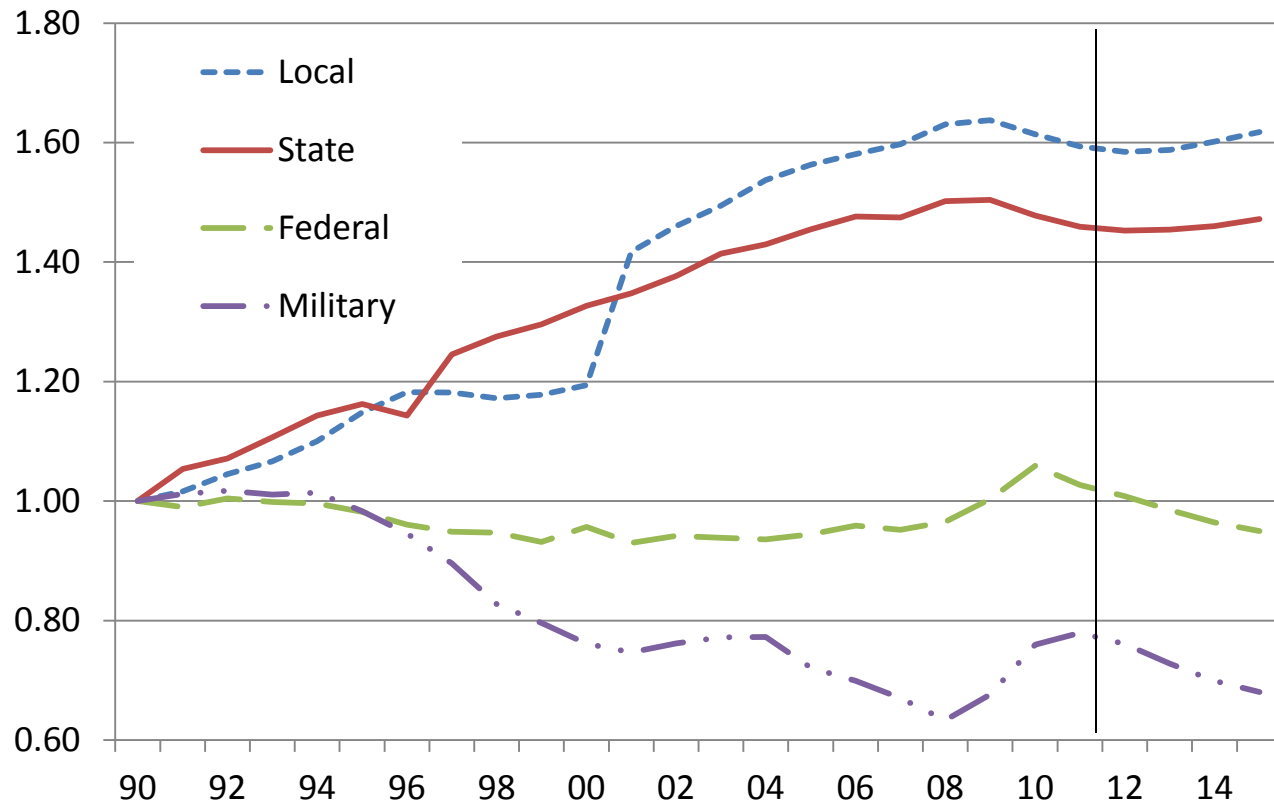
Quarterly, in Dollars



Source: WISER

Government no longer positioned to help buoy up the economy...

Government Employment in New Mexico All Levels Indexed to 1990



Insulated from some effects, not others...

Composition of NM Payroll Employment, 2009

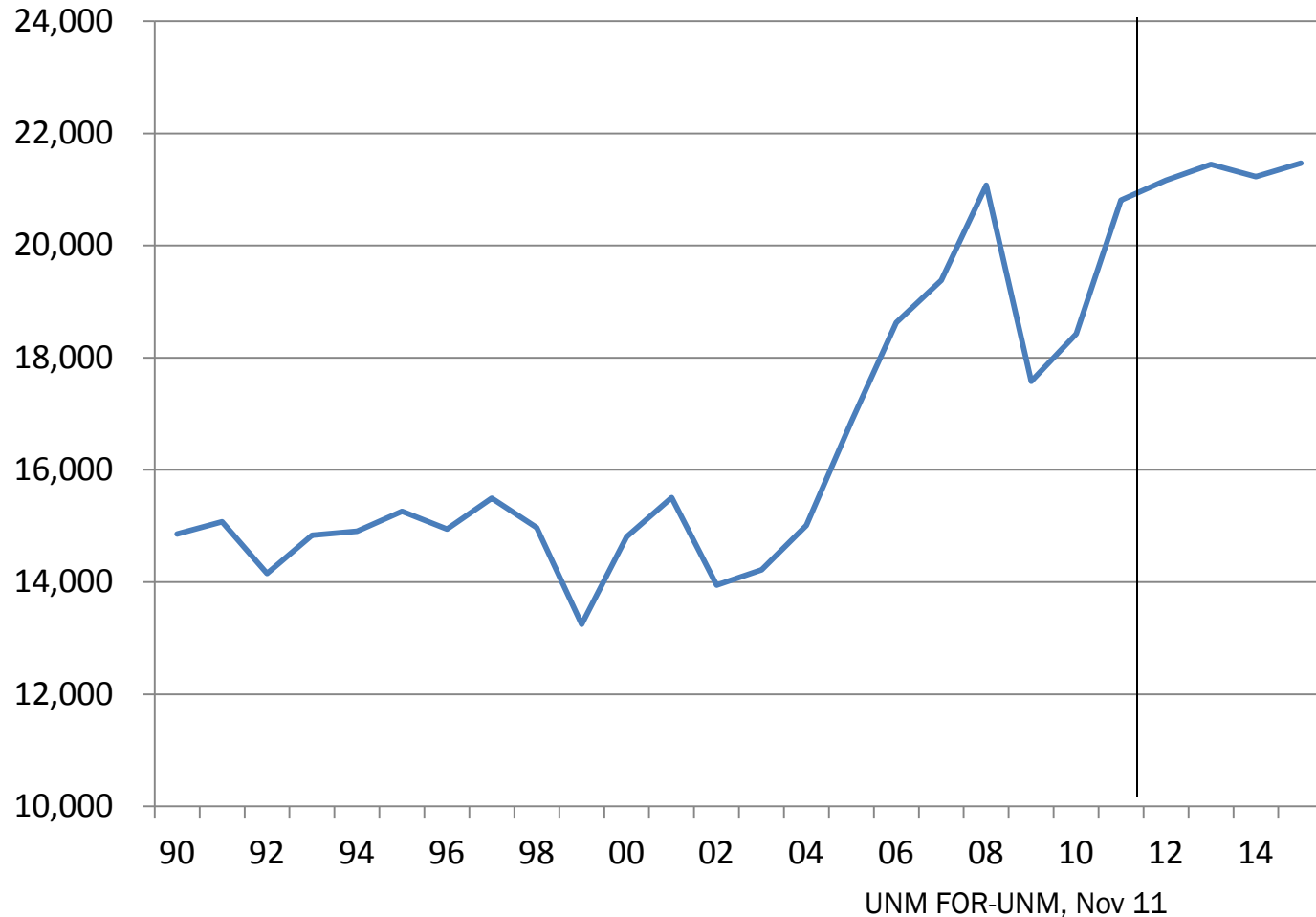
	New Mexico	United States
Private Nonfarm Establishments	75.5%	82.8%
Natural Resources & Mining	2.2%	0.5%
Construction	5.9%	4.6%
Manufacturing	3.7%	9.1%
Wholesale Trade	2.7%	4.3%
Retail Trade	11.3%	11.1%
Transp, Whsg & Utilities	2.8%	3.7%
Information	1.8%	2.1%
Financial Activities	4.1%	5.9%
Professional & Business Services	12.6%	12.7%
Education & Health Services	14.6%	14.7%
Leisure & Hospitality	10.4%	10.0%
Other Services	3.5%	4.1%
Government	24.5%	17.2%
Federal	3.9%	2.2%
State	7.3%	4.0%
Local	13.3%	11.1%
Total Nonfarm Payrolls	100%	100%

Source: NM Dept of Workforce Solutions, US Bureau of Labor Statistics, IH S Global Insight
Total Nonfarm Payrolls

Areas of Strength

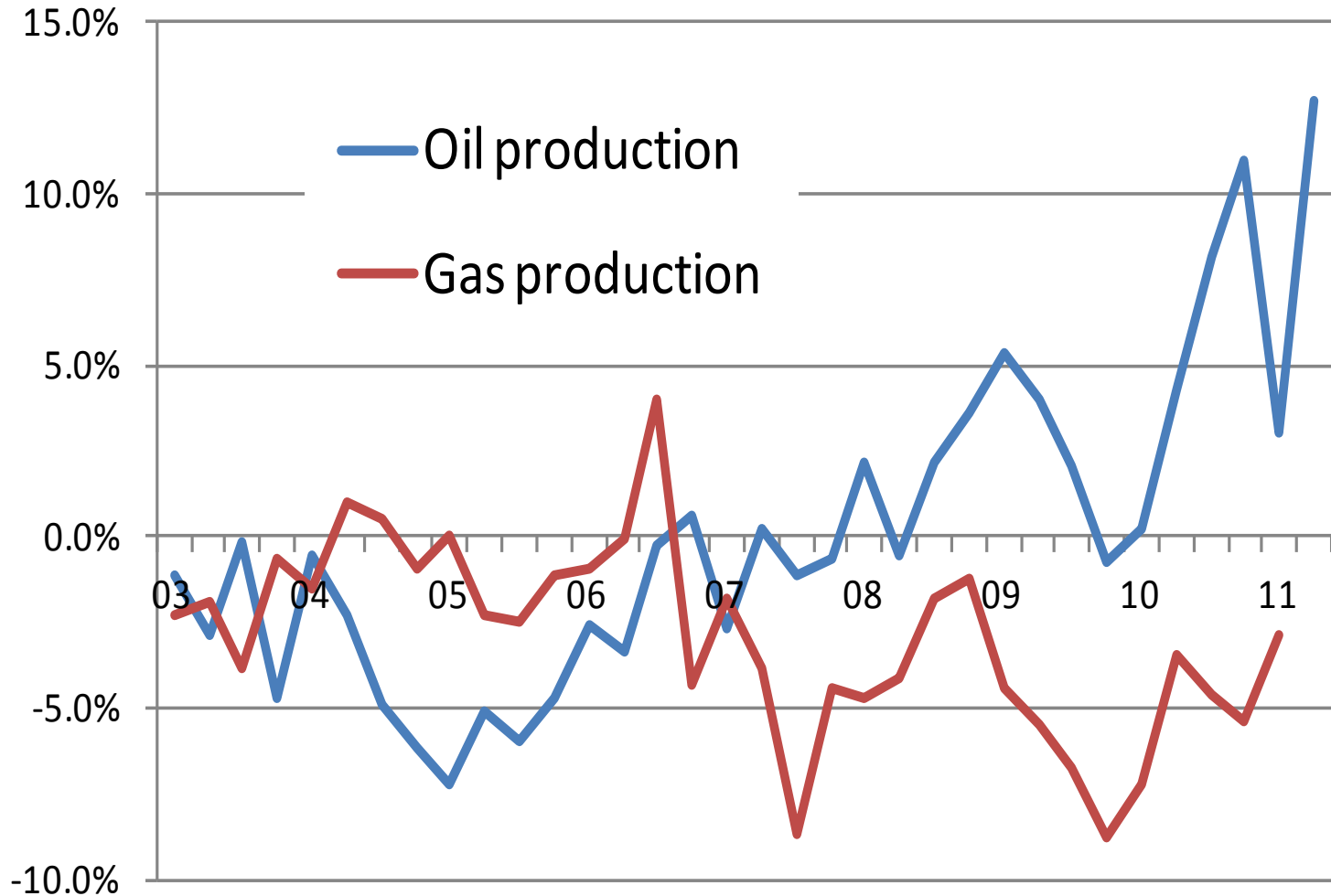
With new technologies and continued high prices for oil and other commodities...

NM Employment in Mining & Extractive Industries



New Mexico Oil and Gas Production

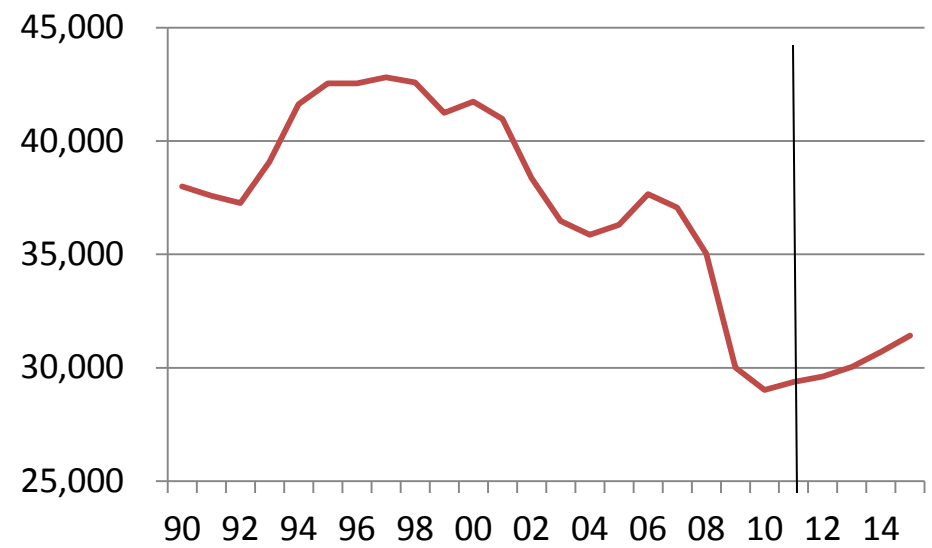
Quarterly, % Changes Year Over Year



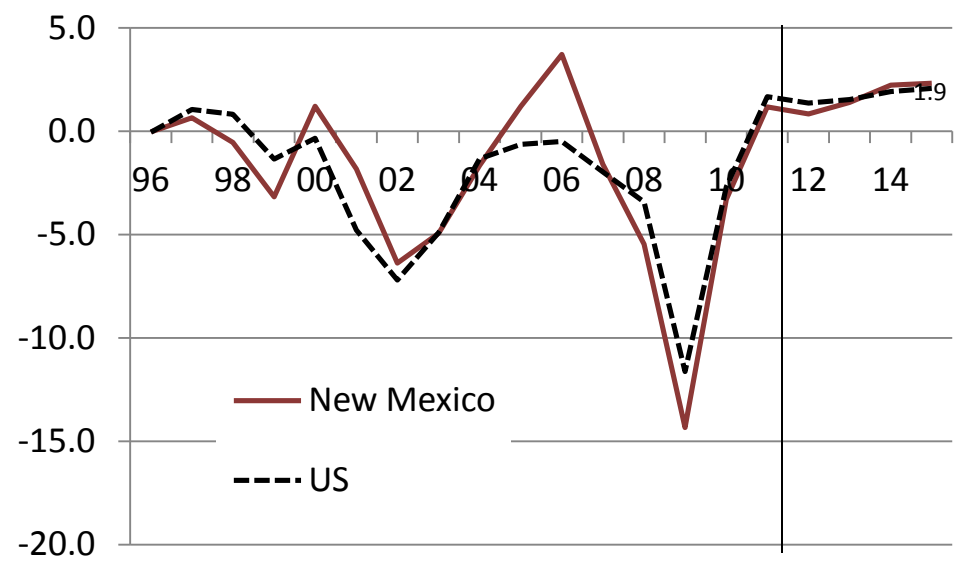
Source: NM ONGARD database

Manufacturing, an important sector with a shrinking workforce...

New Mexico Manufacturing Employment



% Change in NM Manufacturing Employment



And an industry subject to considerable volatility

Tourists are returning, helping to boost hospitality industry employment and earnings as well as retail trade...

Healthcare services remain strong... although who will pay in the future very much in doubt.

Union Pacific is making Santa Teresa its transshipment hub for rail cargo to and from California ports. The FoxConn plant is another game changer.

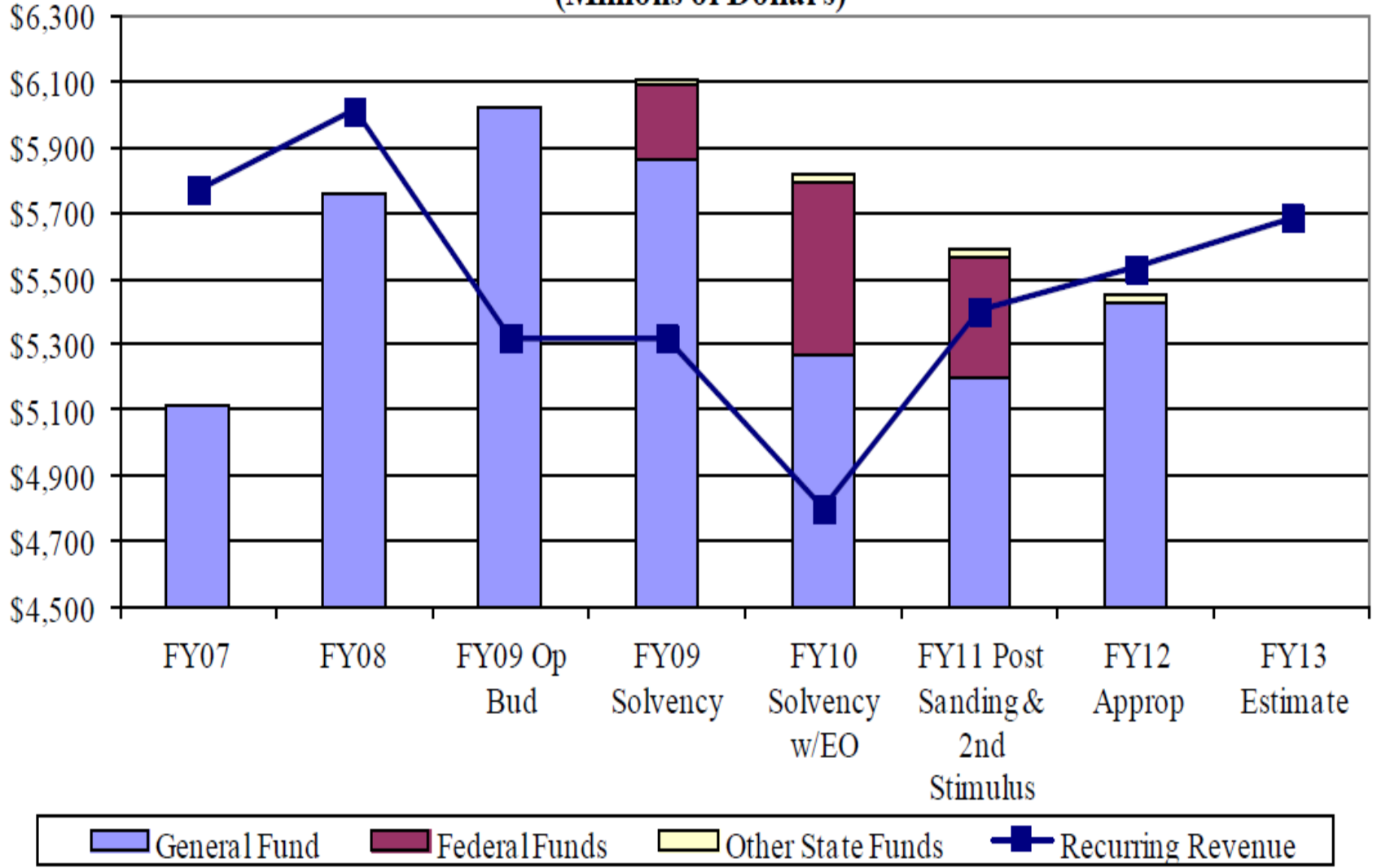
Manufacturing coming back. Temperpeidic, General Mills... Lasers and directed energy plus other high tech...

Electricity transmission. Solar and wind energy making strides...

Fiscal Situation, State and Federal

State Government

**General Fund Appropriations and One-Time Funds Supplanting General Fund
(Millions of Dollars)**



State Situation

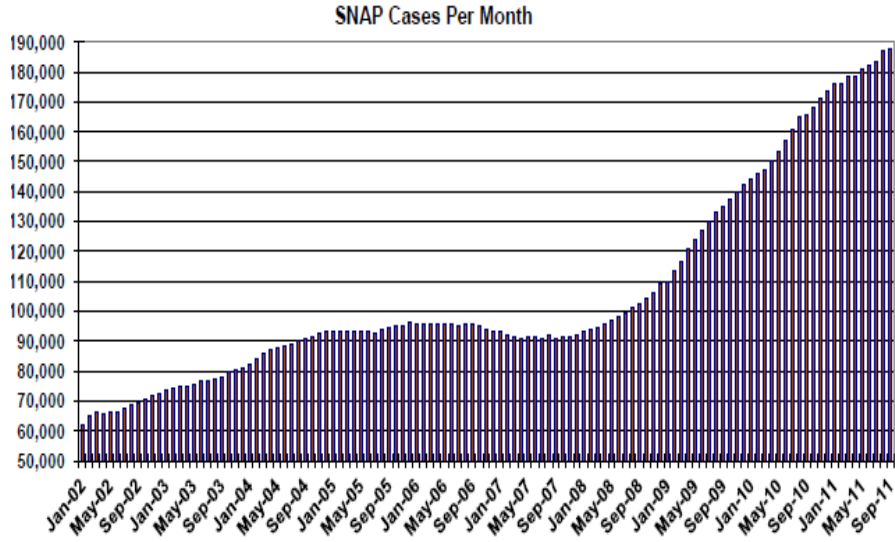
- Total FY11 preliminary recurring revenue is \$5,402 million.
- FY12 recurring revenues have been revised upward to \$5,533 million.
- FY13 recurring revenues now estimated to be \$5,688 million.
- “New Money” in FY13, which is defined as FY 13 projected revenue less FY12 recurring appropriations, is projected to be \$254 million, or 4.7% of FY12 appropriations. After setting aside \$50 million to reverse the retirement swap, FY13 new money is estimated at \$204 million.

Impacts of the Economic Downturn

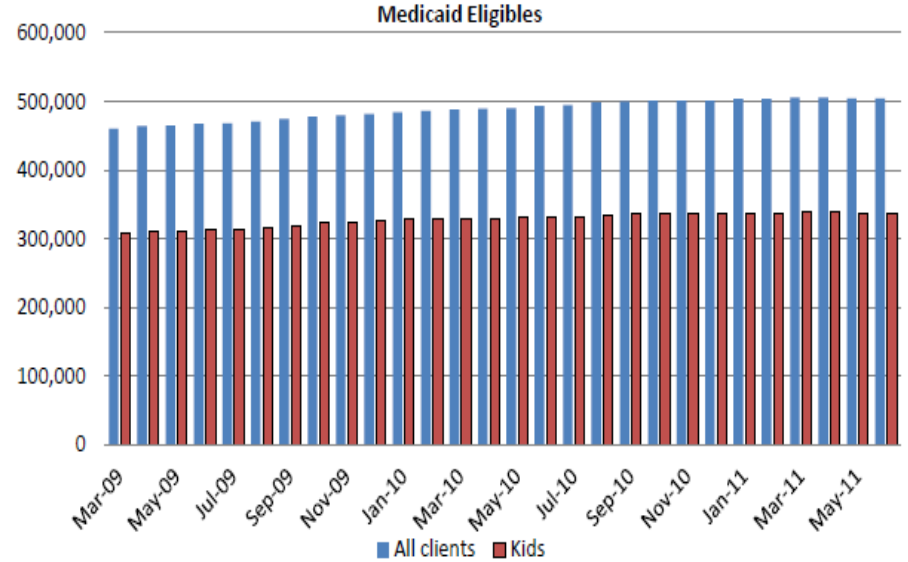
Monthly Stats from the NM Human Services Dept.

Cutbacks in State & Local Spending

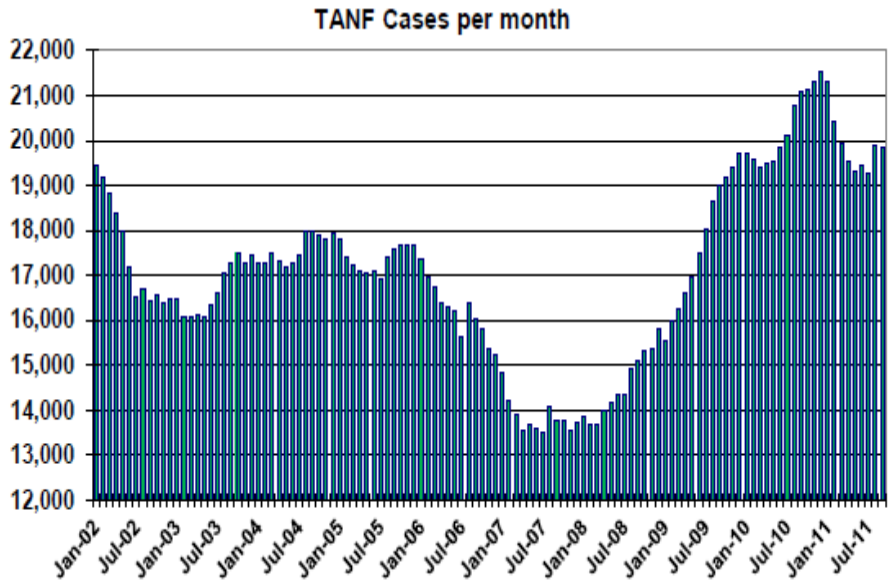
Supplemental Nutrition Assistance Program



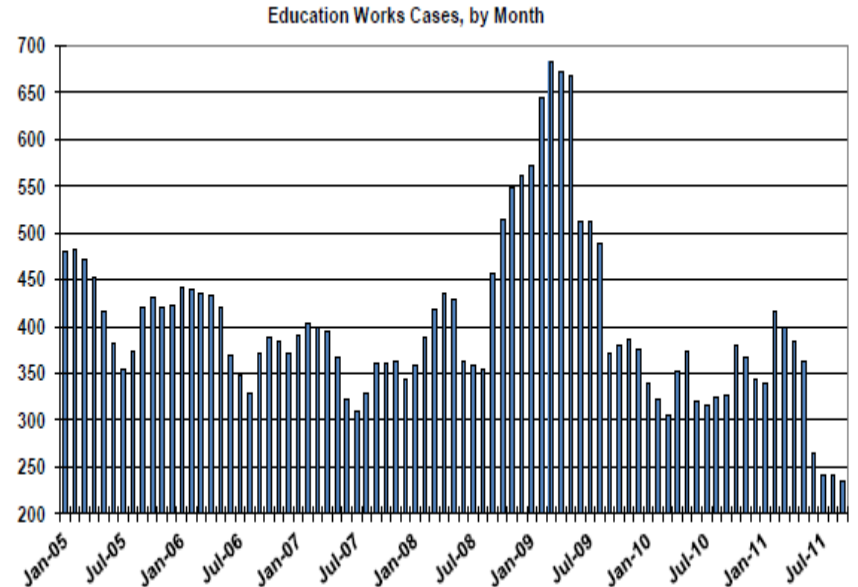
Medicaid



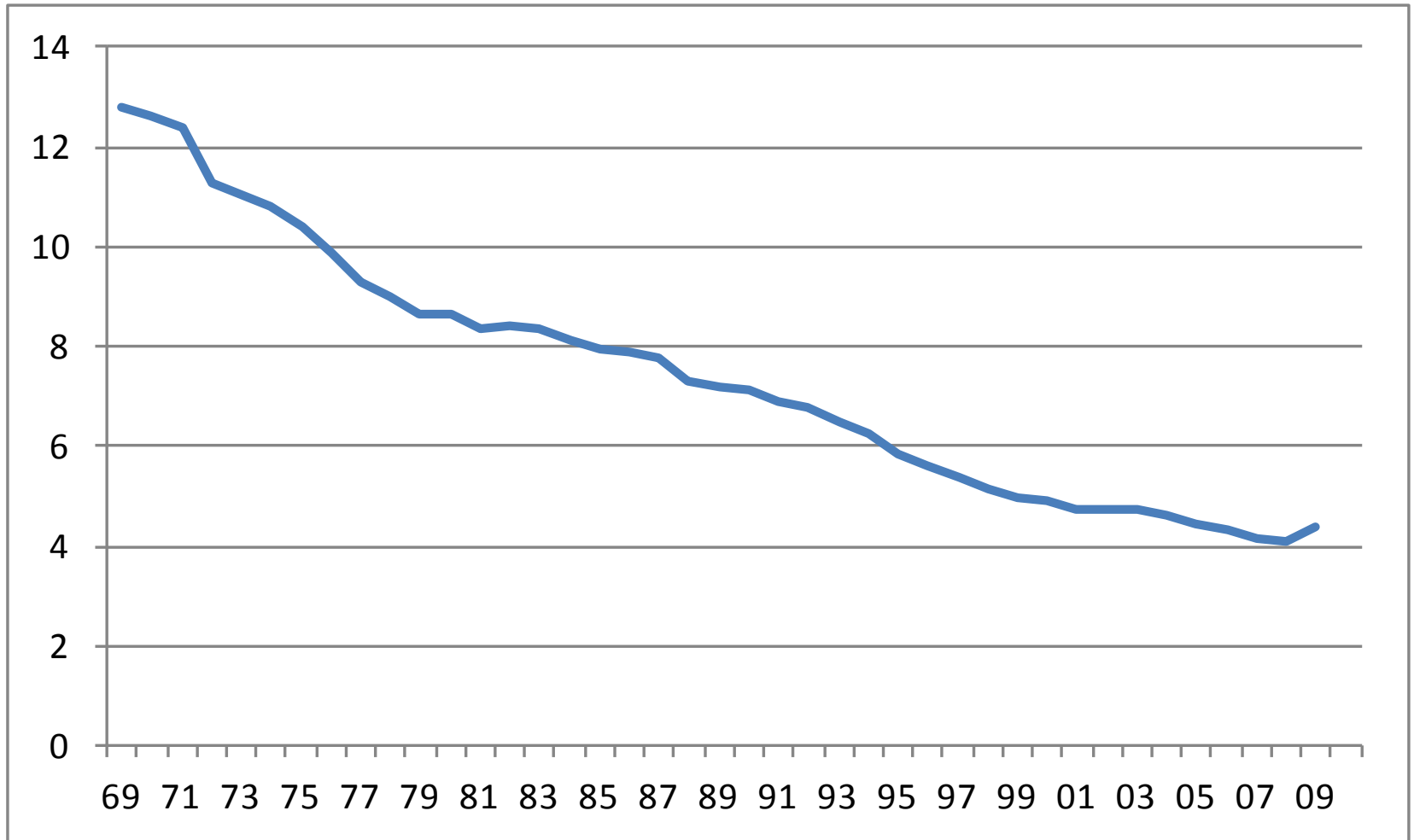
TANF Cash Assistance



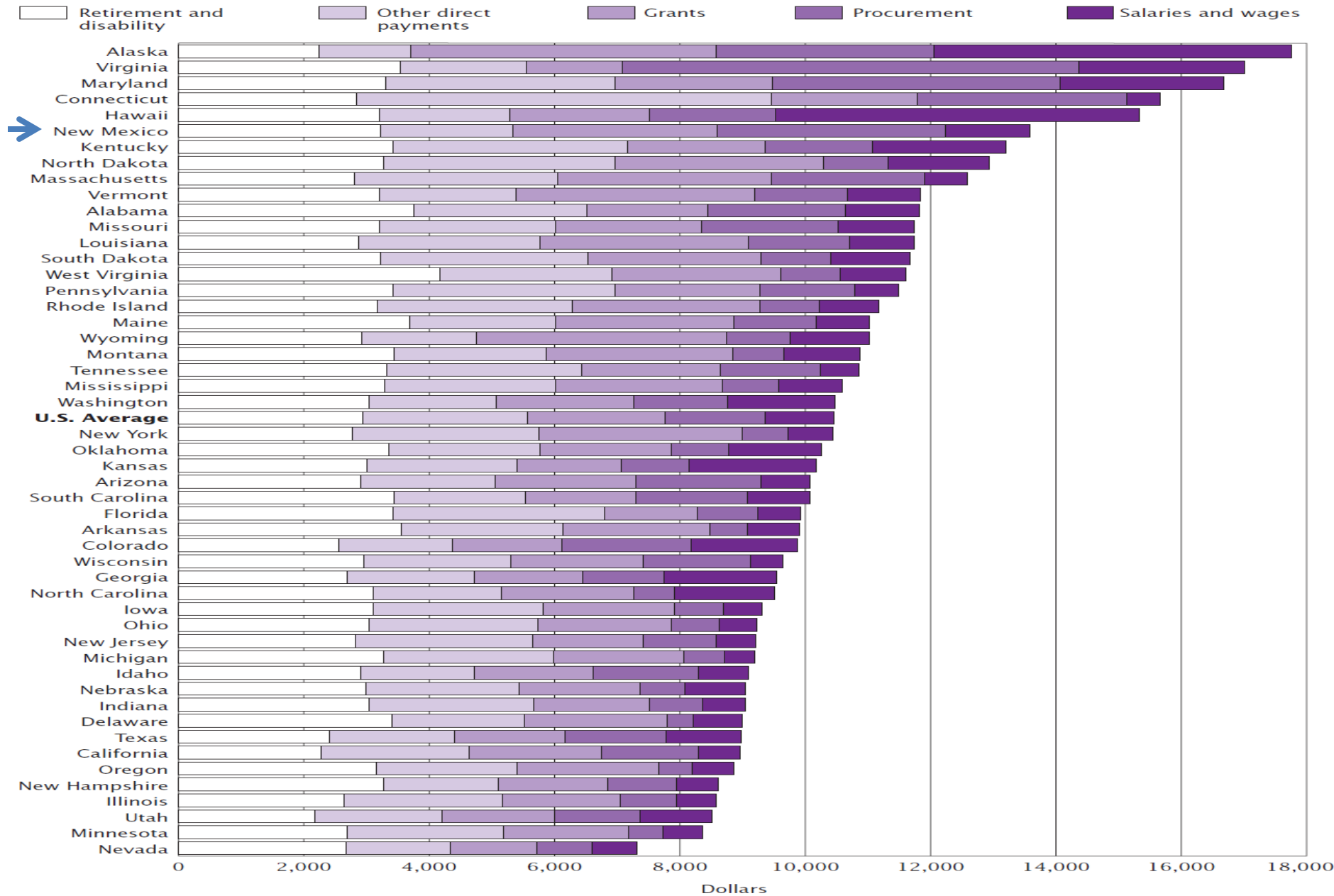
Education Works



Federal Civilian and Military Employment as a Percent of Total NM Employment



Federal Government Expenditure, Per Capita Amounts by State, by Major Object Category: Fiscal Year 2010



Note: Chart excludes the District of Columbia, which received \$102,904 per capita in total federal expenditure.
 Source: U.S. Census Bureau, *Consolidated Federal Funds Report for Fiscal Year 2010*. Data are not subject to sampling error, but for information on processing and response error, see the Reliability of the Data section in the Introduction.

Impacts of Sequestration on the New Mexico Economy

BBER analysis using IMPLAN:

- Maximum job loss compared to forecasted growth is 20,700 jobs in 2014, but employment less by roughly 20,000 in each succeeding year.
- Job growth in 2014 is 1.6% less than would otherwise be, although subsequent years will have slightly higher growth than baseline.
- Because of the importance of procurement for the National Laboratories, professional and business services take the biggest hit, losing over 5,000 job, while healthcare and social assistance sustains losses of over 4,000.

New Mexico is slowly pulling out of deepest and longest recession since the 1930's. Health services and education continue to expand and there are other growth areas as noted above. However...

- Sectors which have traditionally cushioned the impacts of national recessions on NM – federal, state and local government, professional and technical business services – are less able to play a stabilizing role this time around.
- The construction industry, which, in the aftermath of previous recessions bounced back, remains depressed. There is an oversupply of housing and with foreclosures adding to the stock. Governments have no money. Businesses await the recovery of demand.
- Unlike other parts of the country, NM does not appear to be benefitting from an export boom.
- The healthcare services sector which has led NM growth for over a decade is heavily dependent on state and federal funding – Medicaid, Medicare, Veterans Administration, TRICARE, Indian Health Service – which is threatened by the fiscal crisis facing governments at all levels and the perceived need to tackle immediately the problem of the federal deficit.