

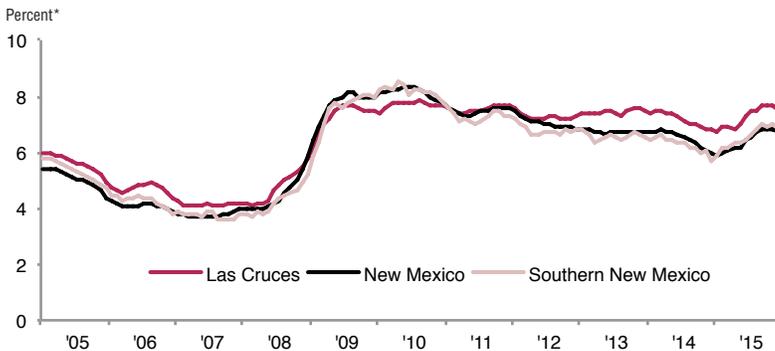
FEDERAL RESERVE BANK OF DALLAS • FOURTH QUARTER 2015

Summary

Santa Teresa and its growing international trade activity continue to be highlights of the southern New Mexico economy. Declining commodity prices are slowing other regional economies in the southern part of the state. Las Cruces continues to shed jobs, and unemployment remains high. Despite the stalling labor market, building permits in Las Cruces picked up in 2015.

Labor Market

Unemployment Rate



► Unemployment rates declined in December. Las Cruces unemployment decreased from 7.7 percent in November to 7.5 percent in December, while the southern New Mexico rate fell from 7.0 to 6.8 percent. However, rates in southern New Mexico have a large spread, spanning from 4.9 percent in Eddy County to 17.7 percent in Luna County. The state unemployment rate declined to 6.7 percent in December.

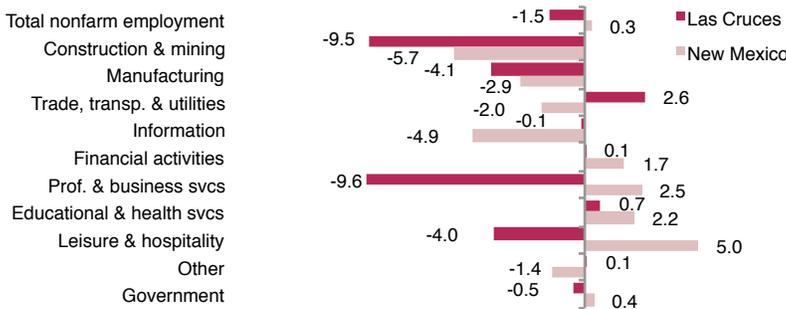
► Las Cruces employment dipped 1.5 percent during 2015. Declines remained broad based, with most industries seeing cuts. Professional and business services, which accounts for 1 in 10 jobs in Las Cruces, dropped 9.6 percent. The construction and mining industry and manufacturing also posted steep declines. Meanwhile trade, transportation and utilities continued to add jobs, likely boosted by strong activity at the Santa Teresa Port of Entry.

*Seasonally adjusted.

NOTE: Las Cruces is excluded from southern New Mexico.

SOURCE: Bureau of Labor Statistics.

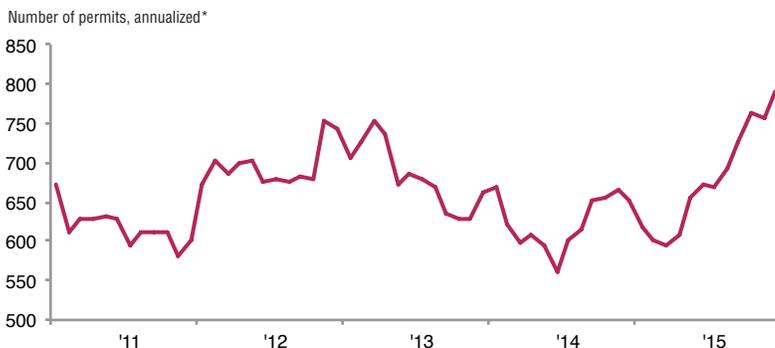
Employment Growth



NOTE: Data show seasonally adjusted and annualized percentage employment growth by industry supersector for December 2014-December 2015.

SOURCE: Bureau of Labor Statistics.

Housing Market

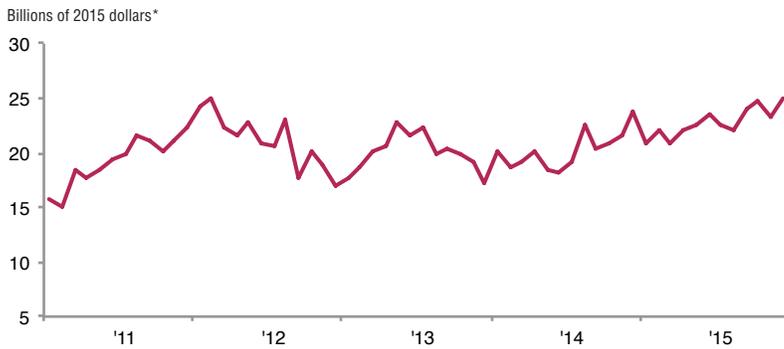


*Six-month moving average, seasonally adjusted.

SOURCE: Texas A&M University Real Estate Center.

► Despite the sluggish labor market, single-family housing permits ticked up in Las Cruces in 2015. In December, single-family permits totaled an annualized 788, up 20 percent from a year earlier.

Santa Teresa Port Trade



*Annualized, seasonally adjusted.

SOURCE: Census Bureau.

► The Santa Teresa Port of Entry has become increasingly important for commerce with Mexico. Truck crossings through the port have risen markedly. Crossings averaged 7,410 per month in 2014, compared with 2,432 in 2004.

► In December 2015, total trade (exports plus imports) amounted to approximately \$24.8 billion, up 5.0 percent from a year ago. A 0.2 percent decline in imports was offset by an 11.9 percent increase in exports.

Commodity Market

New Mexico Oil Production

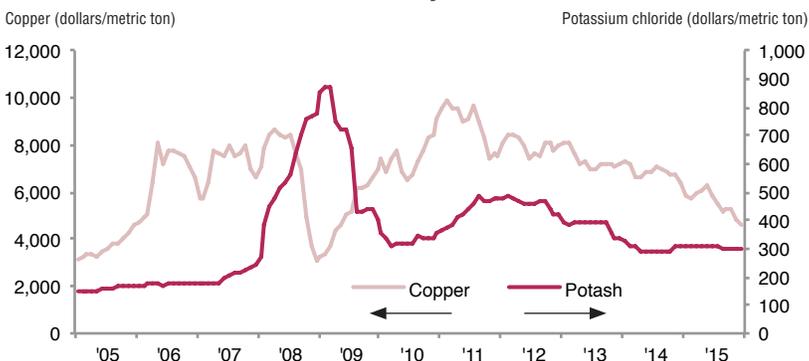


SOURCES: Baker Hughes; Department of Energy.

► West Texas Intermediate crude oil prices remain subdued (see [the Dallas Fed website](#) for more information). With the decline in prices and in active rigs, production has also begun to slow. New Mexico production totaled over 400,000 barrels per day in October. The rig count continued its downward trend after rebounding slightly in August and finished the year at 38.

► In addition to oil and natural gas, southern New Mexico's economy is dependent on other commodities such as potash, copper and silver. Potash production is concentrated in the Hobbs and Carlsbad-Artesia areas, while copper production is concentrated near the Silver City area. New Mexico ranked first in domestic potash production in 2012, producing 75 percent of U.S. potash, according to the U.S. Department of the Interior. Potash prices have hovered around \$300 per metric ton for the past two years and averaged \$295 as of December 2015. Copper prices averaged \$4,638.83 per metric ton in December, continuing a downward trend.

Commodity Prices



SOURCE: World Bank.

NOTES: Data may not match previously published numbers due to revisions. All New Mexico counties within the Federal Reserve's Eleventh District are counted as part of southern New Mexico. Las Cruces is excluded from southern New Mexico to better gauge unemployment levels outside the region's largest population center.

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