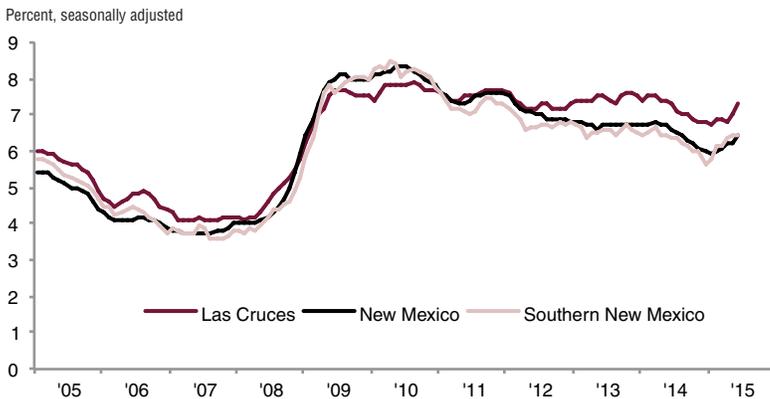


Summary

Las Cruces continued to suffer from high unemployment rates and declining employment in the largest sectors of its economy during second quarter 2015. In contrast, Santa Teresa and its growing international trade activity, is a highlight for southern New Mexico. The southeast region of the state, which encompasses Hobbs and Carlsbad-Artesia, is beginning to feel the effects of continuously low oil prices.

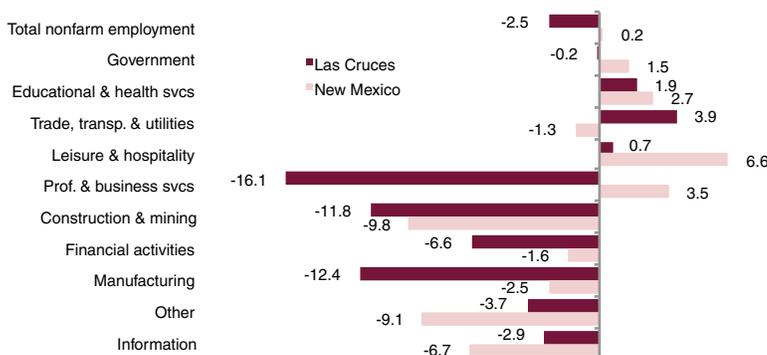
Labor Market

Unemployment Rate



NOTES: All New Mexico counties within the Federal Reserve's Eleventh District are counted as part of southern New Mexico. Las Cruces is excluded to better gauge unemployment levels outside the region's largest population center.

Employment Growth



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

Housing Market



NOTE: Six-month moving averages, seasonally adjusted.

▶ Las Cruces unemployment remains high in 2015 and is currently above both the southern New Mexico and New Mexico rates. Las Cruces' unemployment rate increased from 7.0 percent in May to 7.3 percent in June, while the southern New Mexico rate stayed at 6.4 percent. However, rates in southern New Mexico have a large spread, spanning from 4.5 percent in Carlsbad-Artesia to 16.6 percent in Deming. The state unemployment rate rose to 6.4 percent in June.

▶ Las Cruces employment has seen broad-based contraction over the first half of the year. The professional and business services sector, which accounts for 1 in 10 jobs in Las Cruces, dropped 16.1 percent. Trade, transportation and utilities continues to be one of the few industries that is gaining jobs. Year to date, trade and transportation has grown nearly 4 percent, likely boosted by solid activity at the Santa Teresa port of entry. Educational and health services, and leisure and hospitality have also recorded slight gains in employment over the year.

▶ Home sales have begun to rise in Las Cruces. In July, units sold totaled an annualized 1,469, up from 1,321 a year earlier. The median home price stood at \$153,876, down from \$155,552 in July 2014. Despite the over-the-year decline in home prices, the median price has made gains since May.

International Trade

Santa Teresa Port Total Trade

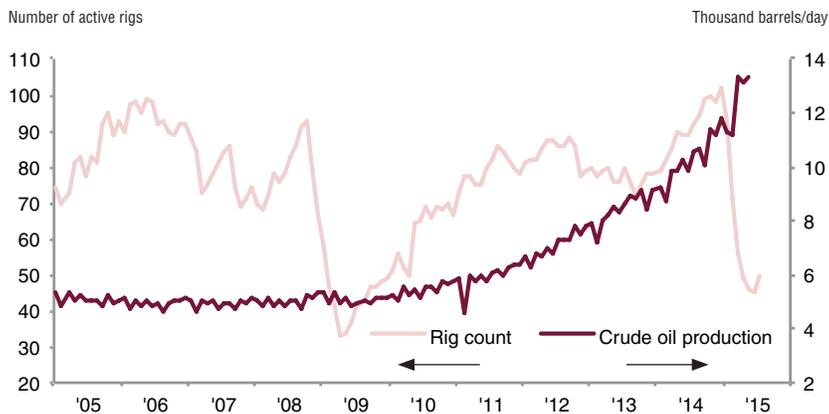


*Seasonally adjusted, annualized.

► Over the last decade, Santa Teresa port of entry has become increasingly important for commerce with Mexico. Truck crossings through the port have risen markedly. In 2004, the number of crossings averaged 2,432 per month compared with 7,410 in 2014. In June 2015, monthly trade totaled approximately \$23.5 billion, up from \$18.3 billion a year earlier. Machinery and transport equipment dominate trade through the port, accounting for over 90 percent of all goods passing through.

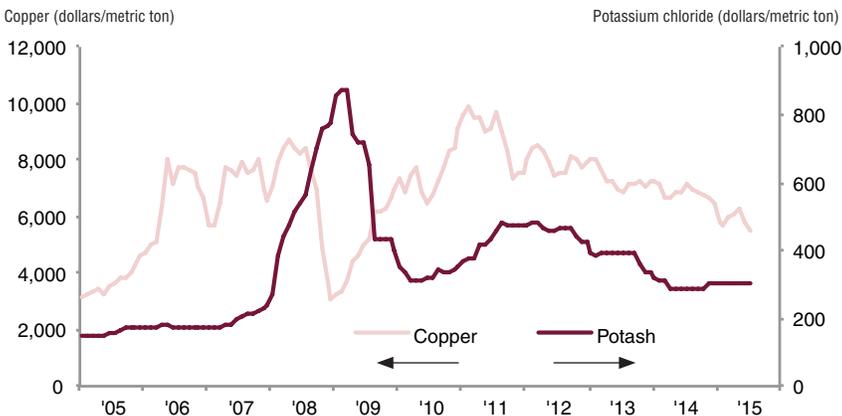
Commodity Market

New Mexico Oil Production



► West Texas Intermediate (WTI) crude oil saw an abrupt drop in price during the second half of 2014 and has remained subdued since (see www.dallasfed.org/research/energy, Second Quarter 2015, for more information). In July 2015, WTI averaged \$50.90 per barrel while natural gas averaged \$2.83 per metric cubic feet. Despite the downturn in oil prices, New Mexico crude oil production reached a high of 13,346 barrels per day in May. The rig count peaked in December 2014 at 102 but has since fallen to 2009 levels with only 50 active rigs as of July 2015. Hobbs and Carlsbad-Artesia may be particularly affected by the declines in crude oil price as the bulk of southern New Mexico production takes place in these areas.

Commodity Prices



► In addition to oil and natural gas, southern New Mexico's economy is dependent on other commodities such as potash, copper and silver. 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 rose sharply during the global recession of 2007 and fell sharply in 2009. Prices fell even further in 2013 when the potash cartel broke its agreement. Potash was priced at \$305 per metric ton as of July 2015. New Mexico potash production is concentrated in the Hobbs and Carlsbad-Artesia areas, while copper production is concentrated near the Silver City area. Copper prices averaged \$5,456.75 per metric ton in July 2015, near 2008 levels.

NOTE: Data may not match previously published numbers due to revisions.

SOURCES: **Labor market:** Bureau of Labor Statistics; **housing market:** Realtors Association of New Mexico; **international trade:** Census Bureau; **commodity market:** Baker Hughes, Department of Energy and World Bank.

CONTACT: Questions regarding *New Mexico Economic Indicators* can be addressed to Marycruz De León at marycruz.deleon@dal.frb.org.