

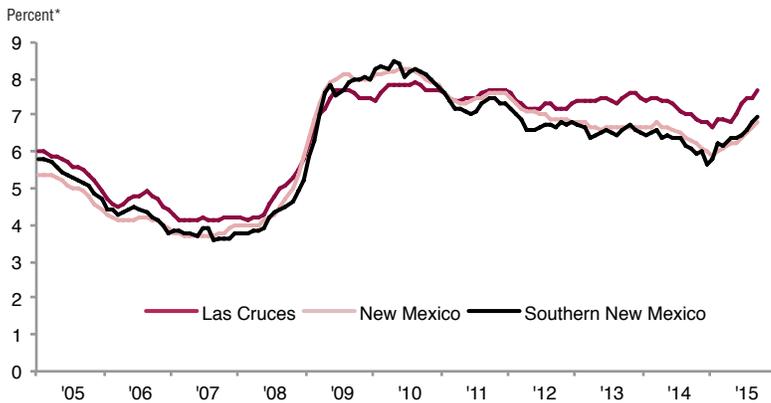
FEDERAL RESERVE BANK OF DALLAS • THIRD QUARTER 2015

## Summary

The Las Cruces labor market is suffering as the unemployment rate ticks higher and job losses increase. Despite the stalling labor market, home sales in Las Cruces have picked up. Santa Teresa, and its growing international trade activity, continues to be a highlight for the region. Declining commodity prices are slowing other regional economies in Southern New Mexico.

### Labor Market

#### Unemployment Rate



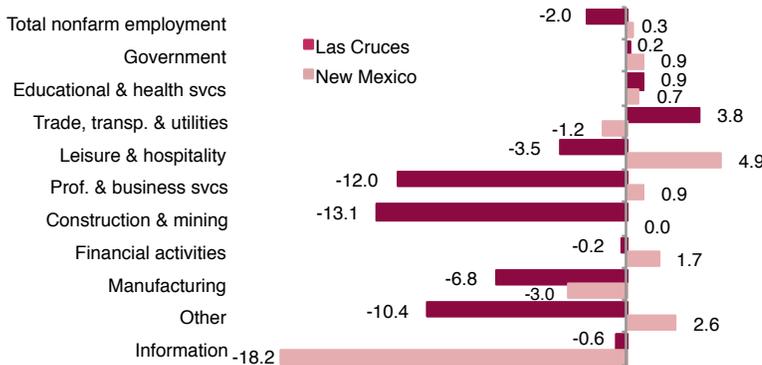
\*Seasonally adjusted.

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.

► Unemployment rates throughout the state continued to rise in the third quarter. Las Cruces' unemployment rate increased from 7.5 percent in August to 7.7 percent in September, while the southern New Mexico rate rose from 6.8 percent to 7.0 percent in the same time period. However, rates in southern New Mexico have a large spread, spanning from 5.1 percent in Eddy County to 17.2 percent in Luna County. The state unemployment rate rose to 6.8 percent in September.

► Las Cruces employment dipped at a 2.0 percent annualized rate in September. Declines remain broad based with most industries posting cuts. Professional and business services, which accounts for 1 in 10 jobs in Las Cruces, dropped at a 12 percent annualized rate. Meanwhile trade, transportation and utilities continues to add jobs, likely boosted by strong activity at the Santa Teresa port of entry. Education and health services also recorded slight gains in employment.

#### Employment Growth



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

### Housing Market



NOTE: Six-month moving averages, seasonally adjusted.

► The median home price in Las Cruces posted gains in September as home sales have also continued to rise. In September, the median home price posted an increase of nearly 5 percent to \$158,727. In September, home sales totaled an annualized 1,479, up 11 percent from 1,332 last September.

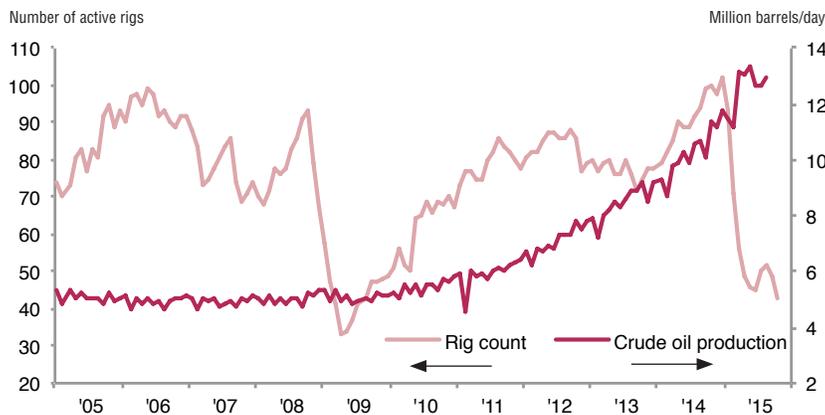
## Santa Teresa Port Trade



► The Santa Teresa port of entry has become increasingly important for commerce with Mexico. Truck crossings through the port have risen markedly. In 2004, crossings averaged 2,432 per month compared with 7,410 in 2014. In September 2015, monthly trade totaled approximately \$22.1 billion, down 1.3 percent from a year ago. An increase of 12.9 percent in imports was offset by a decline of 13.5 percent in exports. Machinery and transport equipment dominate trade through the port, accounting for more than 90 percent of all goods passing through.

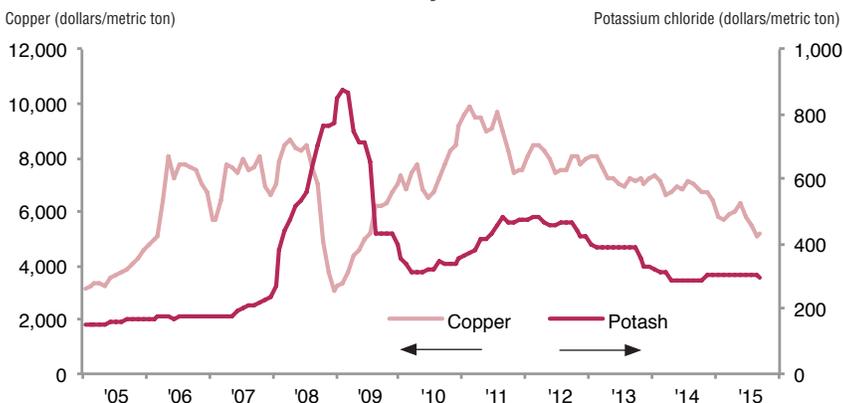
## Commodity Market

### 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 [the Dallas Fed website](#) for more information). Despite the decline in oil prices, production is still posting an overall upward trend. New Mexico crude oil production totaled over 13 million barrels in August, up over 20 percent from a year ago. Meanwhile, the rig count continues to decrease—with numbers falling to 43 in October—after rebounding slightly in August.

### 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.<sup>1</sup> 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 pricing agreement. Potash was priced at \$300 per metric ton as of September 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 \$5,217.25 per metric ton in September 2015, continuing their downward trend.

<sup>1</sup> See the U.S. Department of the Interior Bureau of Land Management New Mexico [www.blm.gov/nm/st/en/prog/energy/solid\\_minerals/solid\\_leasable\\_minerals/potash.html](http://www.blm.gov/nm/st/en/prog/energy/solid_minerals/solid_leasable_minerals/potash.html).

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; **Santa Teresa port trade:** Census Bureau; **commodity market:** Baker Hughes, Department of Energy and World Bank.

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