

# The New Mexico Economy: Review and Outlook

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The views expressed are those of the presenter and do not necessarily reflect the positions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.

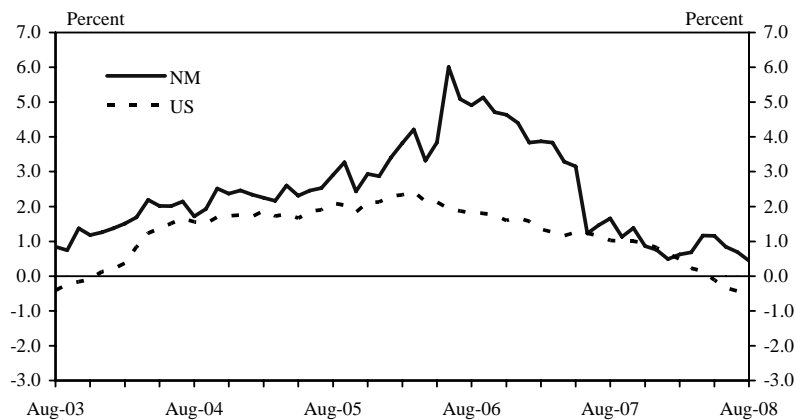
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## Labor Market



# Growth in Private Nonfarm Employment

Year-over-year



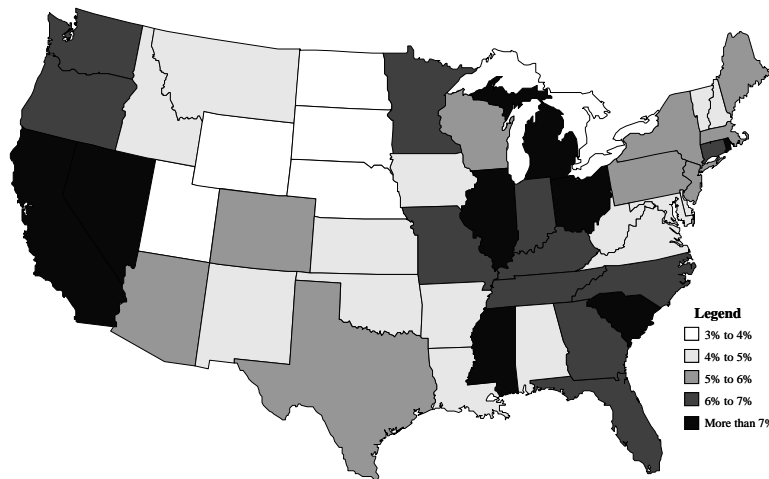
Source: Bureau of Labor Statistics

Latest release: 09/19/2008



# Unemployment Rate, August 2008

Seasonally adjusted

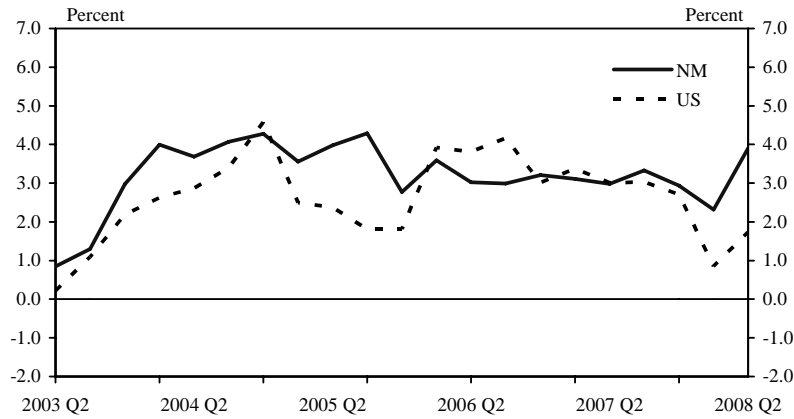


Source: Bureau of Labor Statistics



## Growth in Real Personal Income

Year-over-year



Source: Bureau of Economic Analysis

Latest release: 09/18/2008



## Nonfarm Employment by Industry

August 2008

Industry	NM	U.S.
Natural Resources and Mining	2.37%	0.59%
Construction	7.14%	5.45%
Manufacturing	4.16%	9.85%
Trade	14.38%	15.53%
Transportation and Utilities	2.98%	3.66%
Information	2.00%	2.18%
Financial Activities	4.09%	6.02%
Professional and Business Services	12.90%	13.12%
Educational and Health Services	13.24%	13.59%
Leisure and Hospitality	10.68%	10.40%
Other Services	3.65%	4.06%
State and Local Government	18.75%	13.53%
Federal Government	3.66%	2.02%

Source: Bureau of Labor Statistics

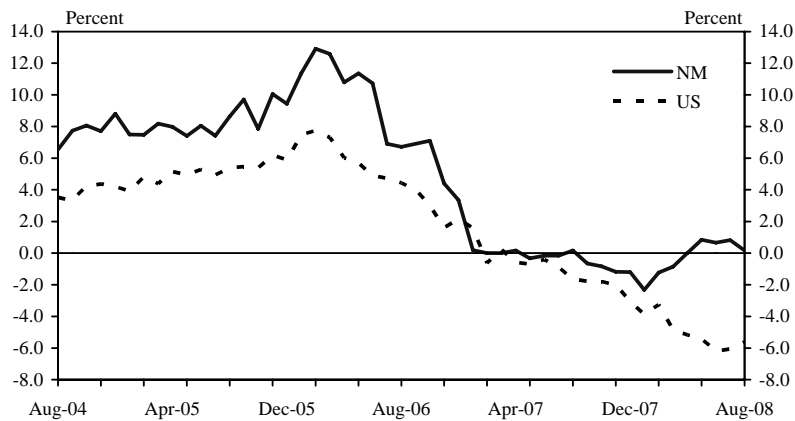


# Housing and Construction Activity



## Growth in Construction Employment

Year-over-year



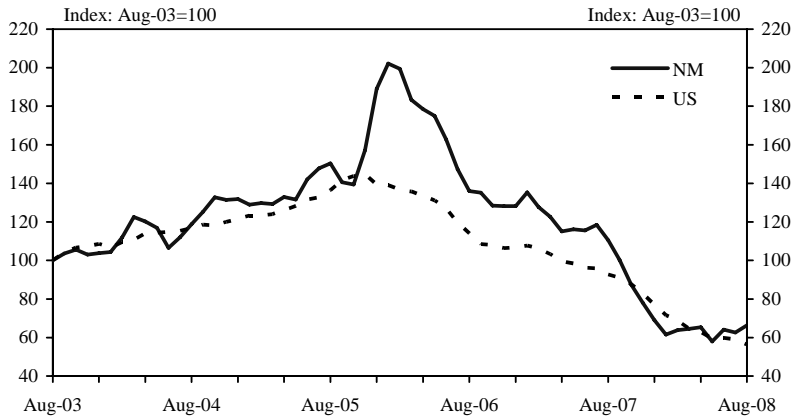
Source: Bureau of Labor Statistics

Latest release: 09/19/2008



# Value of Residential Construction Contracts

Seasonally adjusted



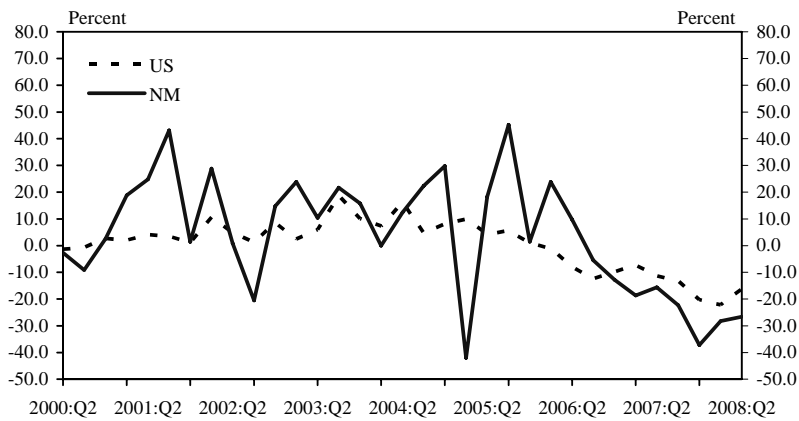
Source: F.W. Dodge, Inc.

Latest release: 09/15/2008



# Existing Home Sales

Year-over-year

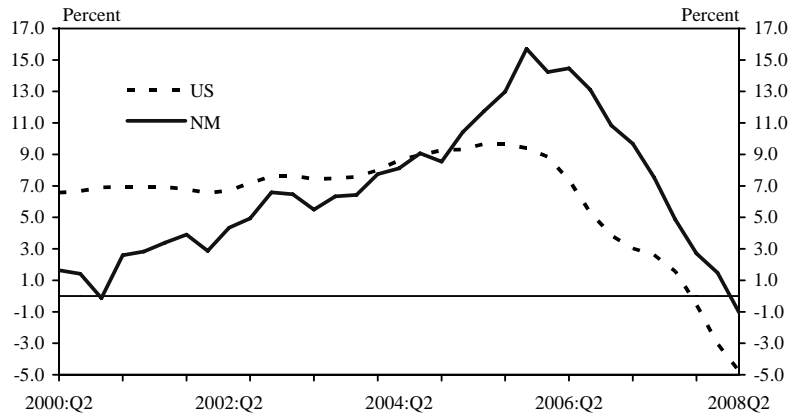


Source: National Association of Realtors

Latest release: 08/14/2008



## Home Price Appreciation



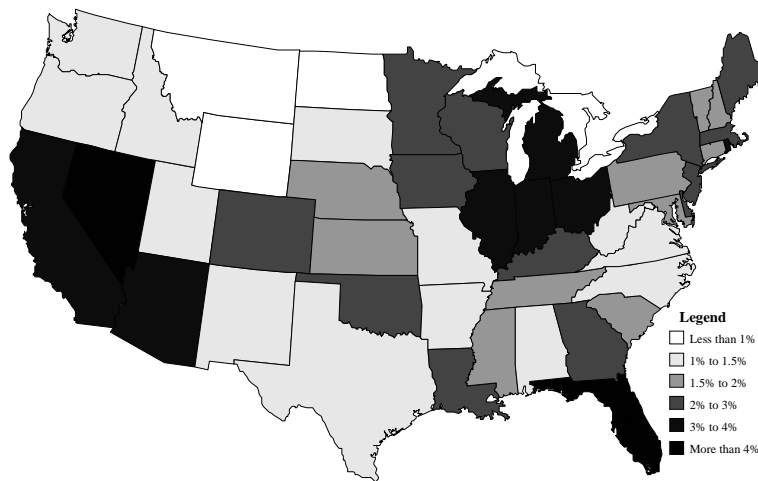
Source: OFHEO

Latest release: 08/26/2008



## Foreclosure Inventory

Second Quarter 2008

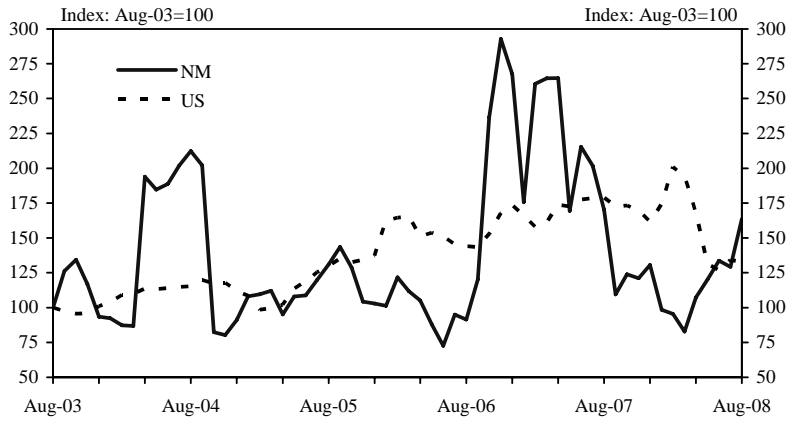


Source: Mortgage Bankers Association



## Value of Commercial Construction Contracts

Seasonally adjusted



Source: F.W. Dodge, Inc.

Latest release: 09/15/2008

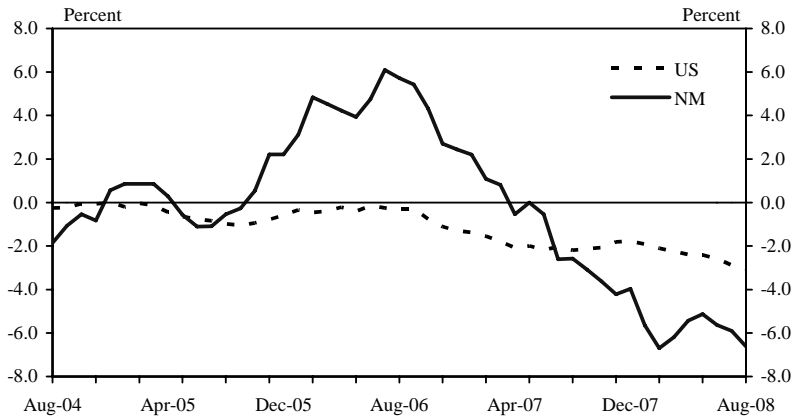


## Manufacturing Activity



# Growth in Manufacturing Employment

Year-over-year



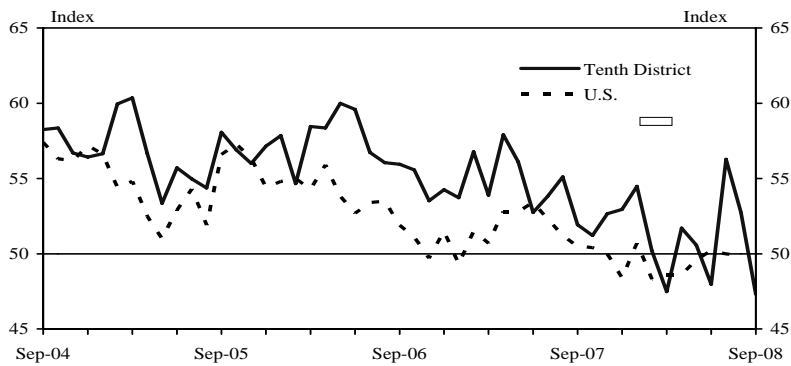
Source: Bureau of Labor Statistics

Latest release: 09/19/2008



# Manufacturing Activity

Month-over-month PMI indexes (seasonally adjusted)



Note: 10J index is computed on ISM basis (50 = zero change)

Sources: ISM, FRBKC Manufacturing Survey

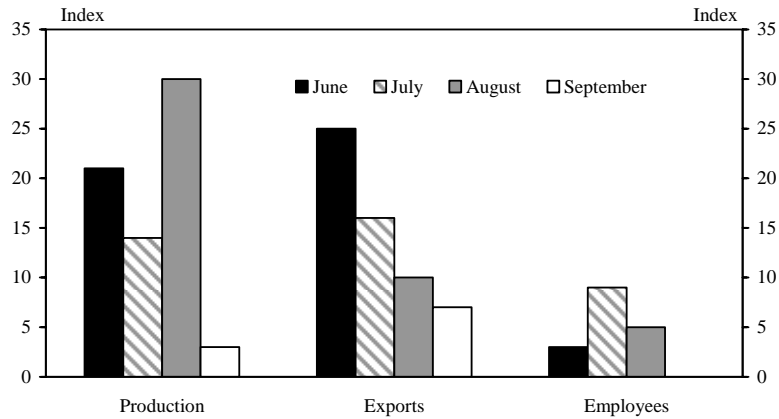
Latest release: 09/25/2008 for the Manufacturing Survey and 09/02/2008 for ISM





## Manufacturing Activity in the 10<sup>th</sup> District

Six-month-ahead expectation indexes (seasonally adjusted)



Source: FRBKC Manufacturing Survey

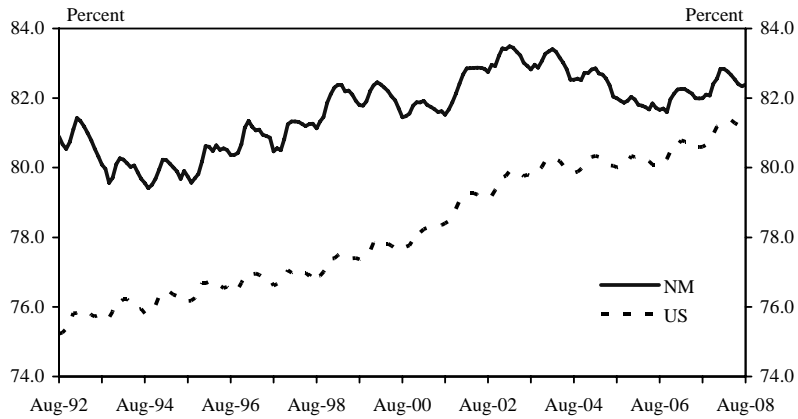
Latest release: 09/25/2008



## Service-Providing Industries



## Share of Private Employment in Service-Providing Industries



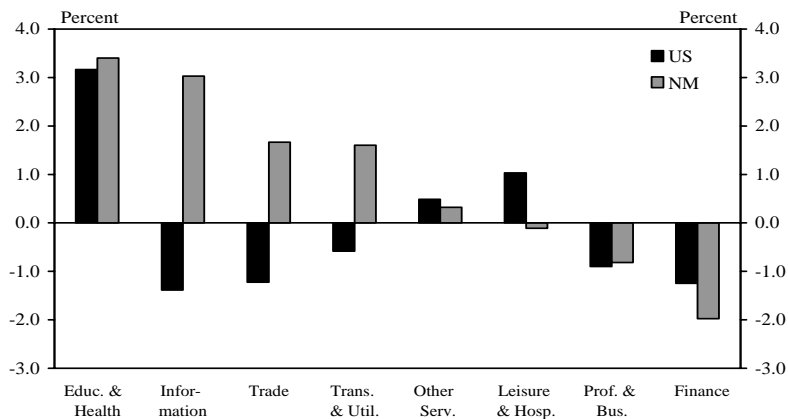
Source: Bureau of Labor Statistics

Latest release: 09/19/2008



## Private Job Growth in Service-Providing Industries

Aug 2008 over Aug 2007



Source: Bureau of Labor Statistics

Latest release: 09/19/2008

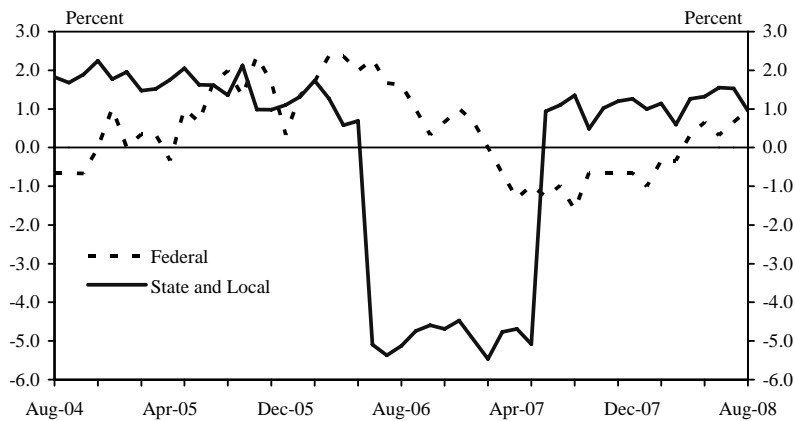


# Federal, State and Local Government



## Growth in Government Employment

Year-over-year

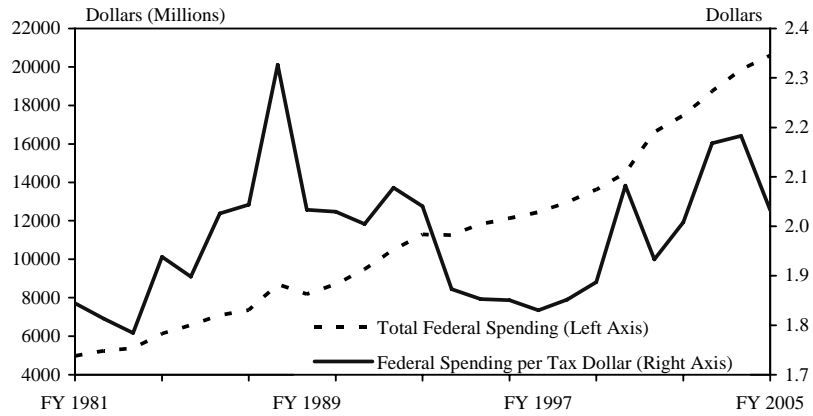


Source: Bureau of Labor Statistics

Latest release: 09/19/2008



## Federal Government Spending in New Mexico

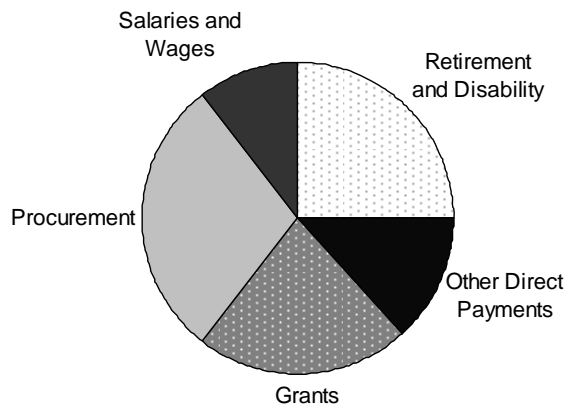


Source: Tax Foundation



## Earmarks for Federal Funds Spent in NM

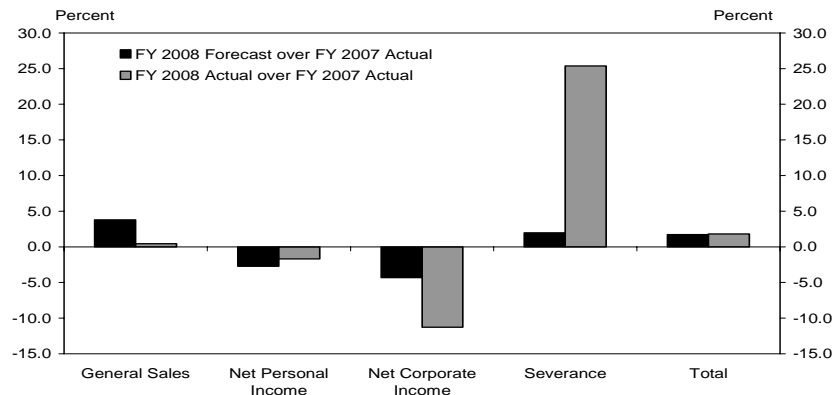
FY 2006



Source: U.S. Department of Commerce



## New Mexico State Revenue Collections



Source: New Mexico Taxation and Revenue Department  
Notes: May and June 2008 collections are estimates. The FY 2008 forecast was made in Dec. 2007.



## Conclusions

- ❑ Construction activity remains at low levels but shows signs of stabilizing.
- ❑ The manufacturing industry is the worst-performing sector in New Mexico, and current surveys do not indicate a near-term rebound.
- ❑ The service sector is performing relatively well in New Mexico and employs more than 80 percent of the private sector labor force.
- ❑ Government employment continues to grow but may face challenges as governments experience tighter budgets.
- ❑ Overall, the New Mexico economy is outperforming the nation but has weakened during the past year.

