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.

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

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

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

![Construction Contracts Chart]

Source: F.W. Dodge, Inc. Latest release: 09/15/2008

Existing Home Sales
Year-over-year

![Existing Home Sales Chart]

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

Legend
- Less than 1%
- 1% to 1.5%
- 1.5% to 2%
- 2% to 3%
- 3% to 4%
- More than 4%

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

![Graph showing growth in manufacturing employment](image)

Source: Bureau of Labor Statistics
Latest release: 09/19/2008

Manufacturing Activity
Month-over-month PMI indexes (seasonally adjusted)

![Graph showing manufacturing activity](image)

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 10th District
Six-month-ahead expectation indexes (seasonally adjusted)

Service-Providing Industries
Share of Private Employment in Service-Providing Industries

Private Job Growth in Service-Providing Industries
Aug 2008 over Aug 2007
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

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.