

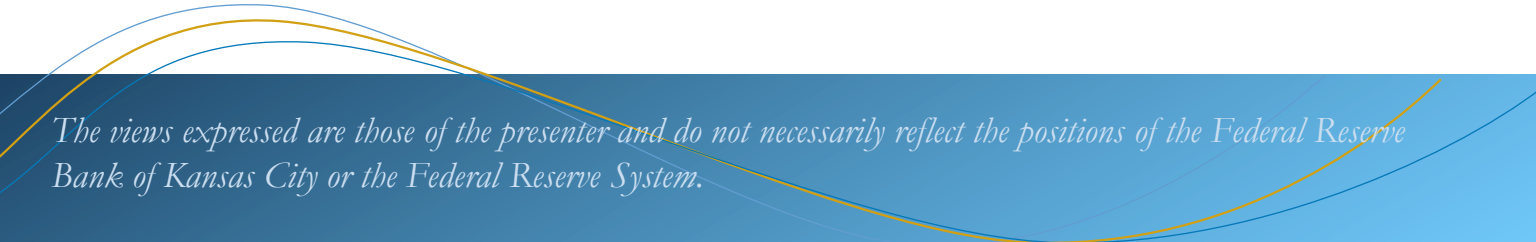


U.S. & NEW MEXICO ECONOMIC UPDATE

Alison Felix

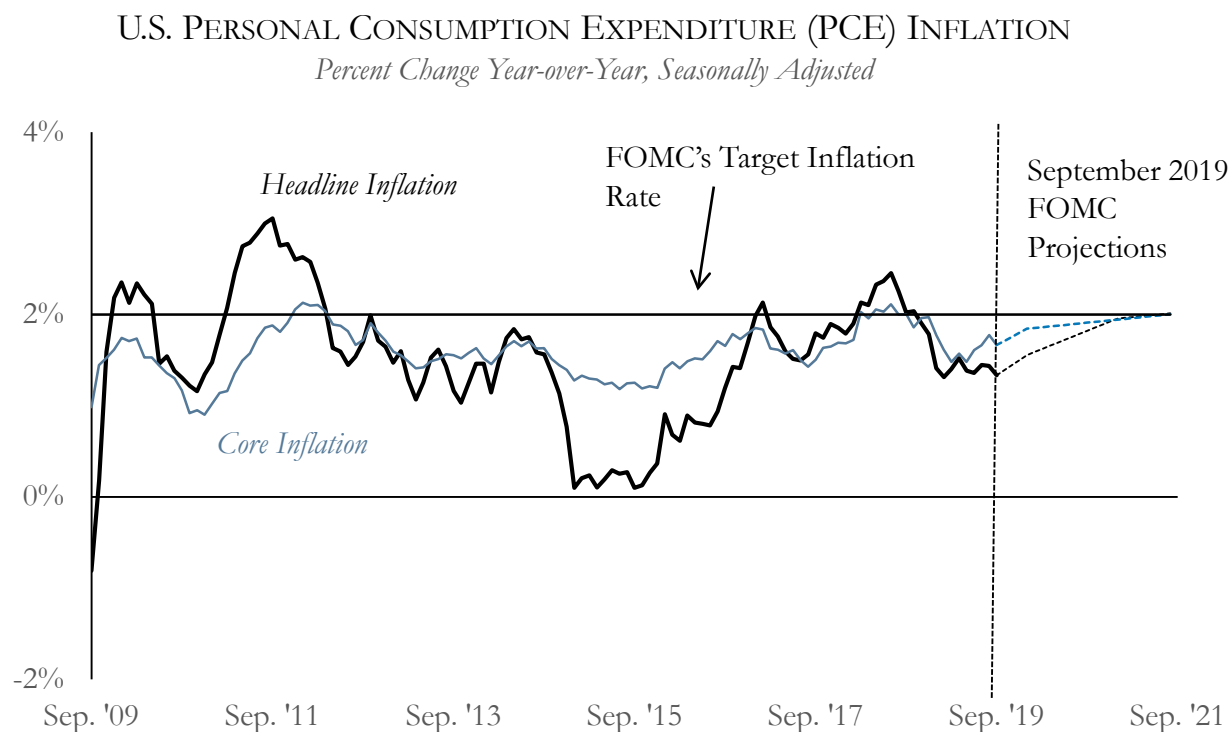
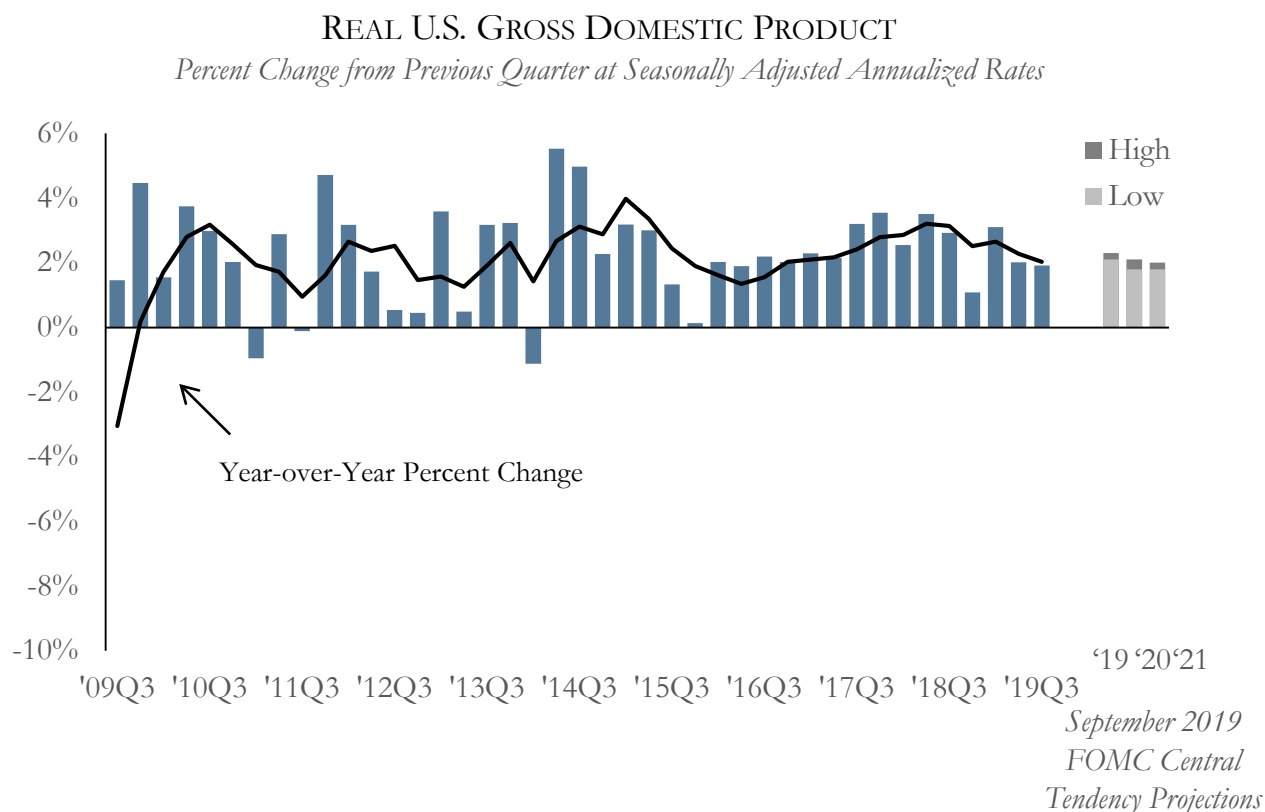
*Economist & Branch Executive
Federal Reserve Bank of Kansas City
Denver Branch*

November 12, 2019

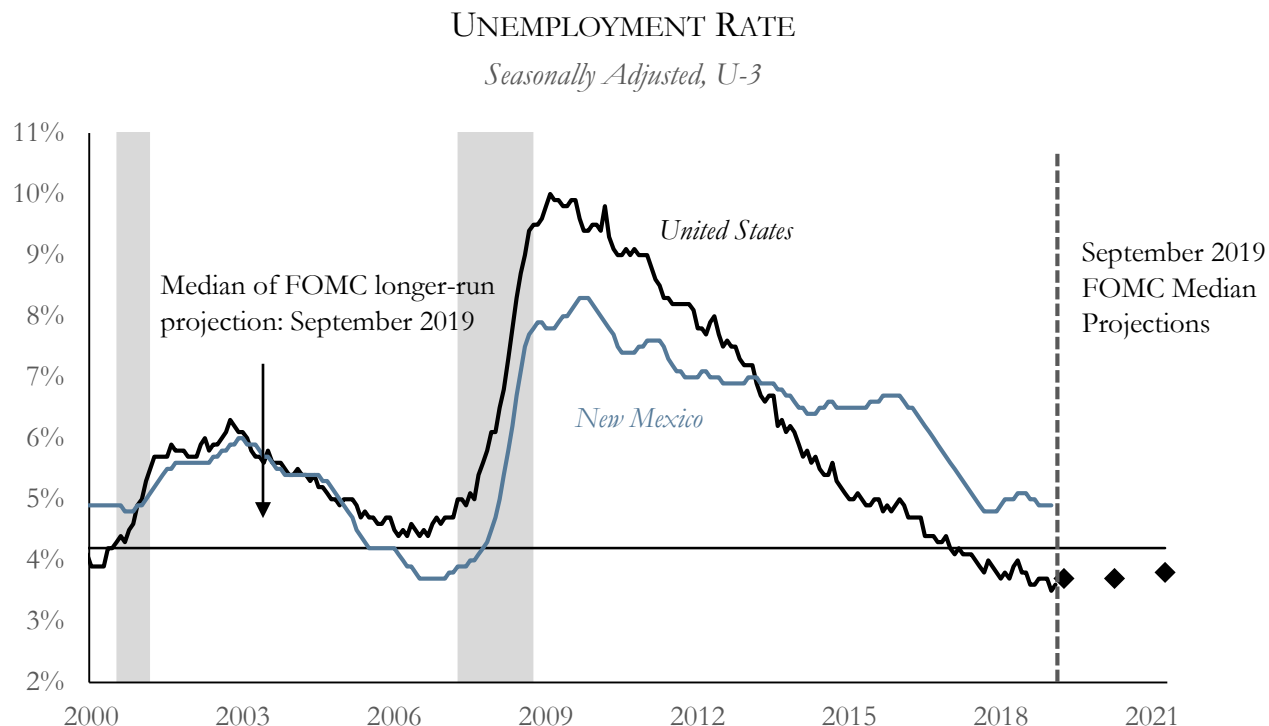


The views expressed are those of the presenter and do not necessarily reflect the positions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.

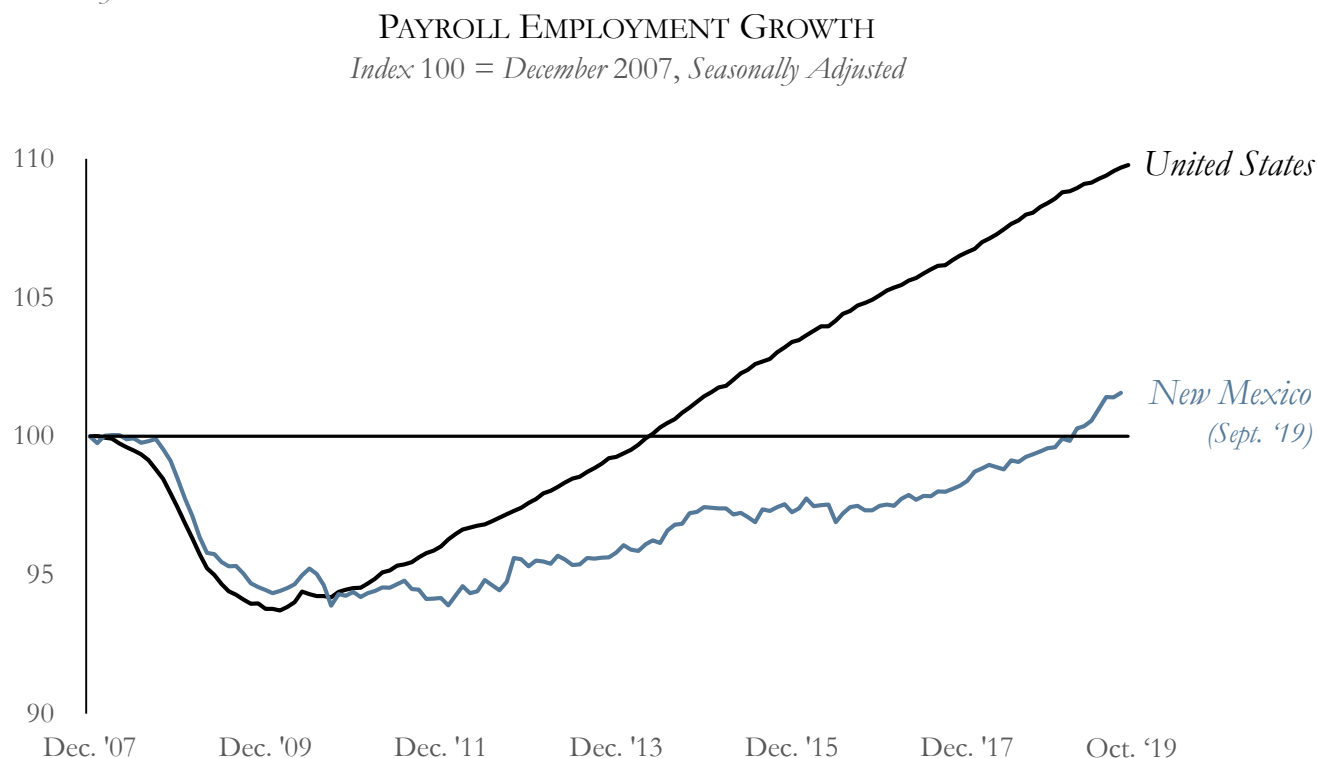
The U.S. economy is expected to expand at a moderate pace, while inflation remains below the FOMC's two percent target.



The unemployment rate has declined over the past nine years in New Mexico and the nation as employment levels continue to rise.



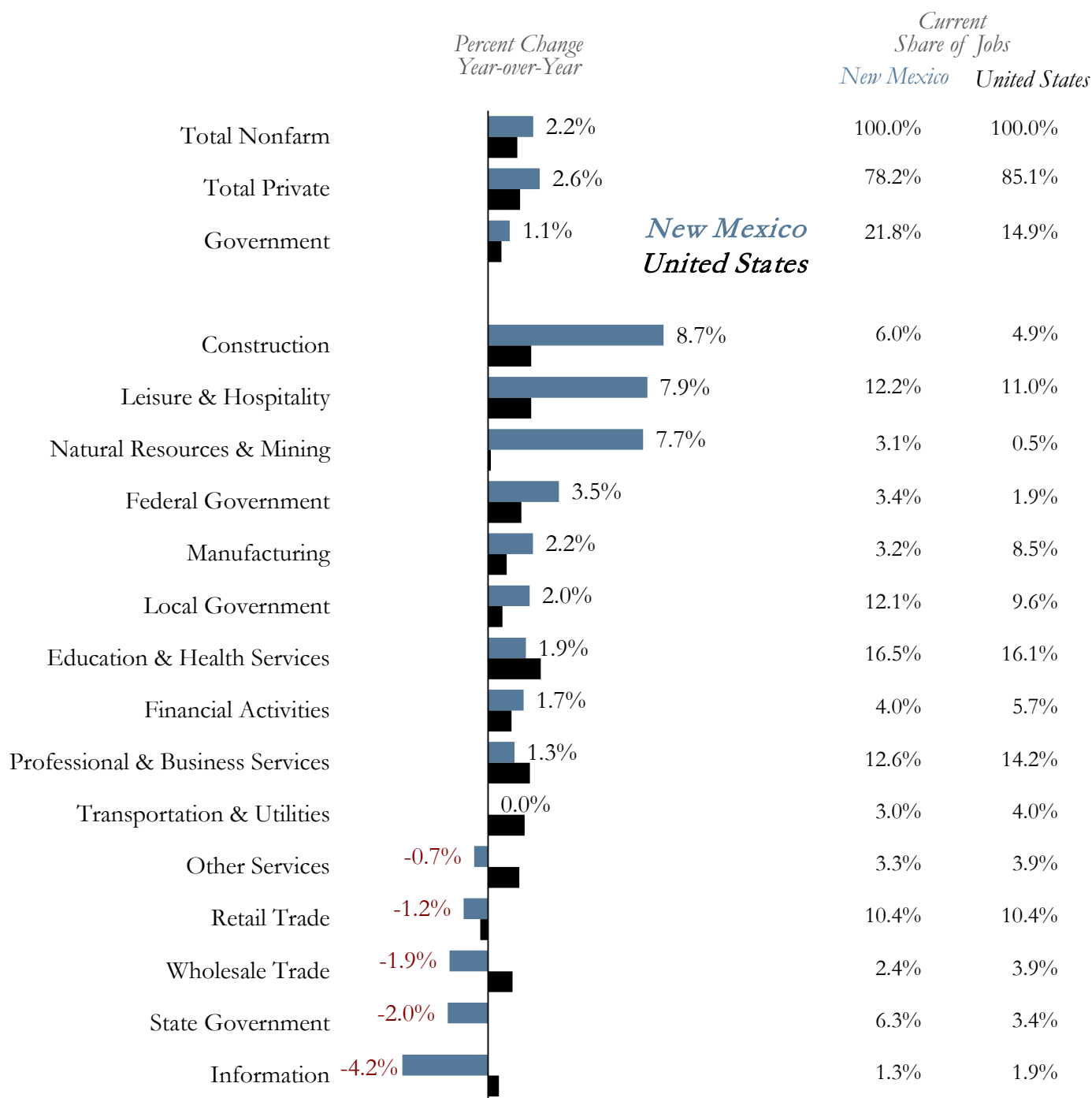
Note: Grey bars indicate recession.



Job gains have been mixed across industries in New Mexico, with strong growth in energy, construction and tourism over the past year.

SEPTEMBER 2019 NONFARM EMPLOYMENT BY INDUSTRY

Seasonally Adjusted

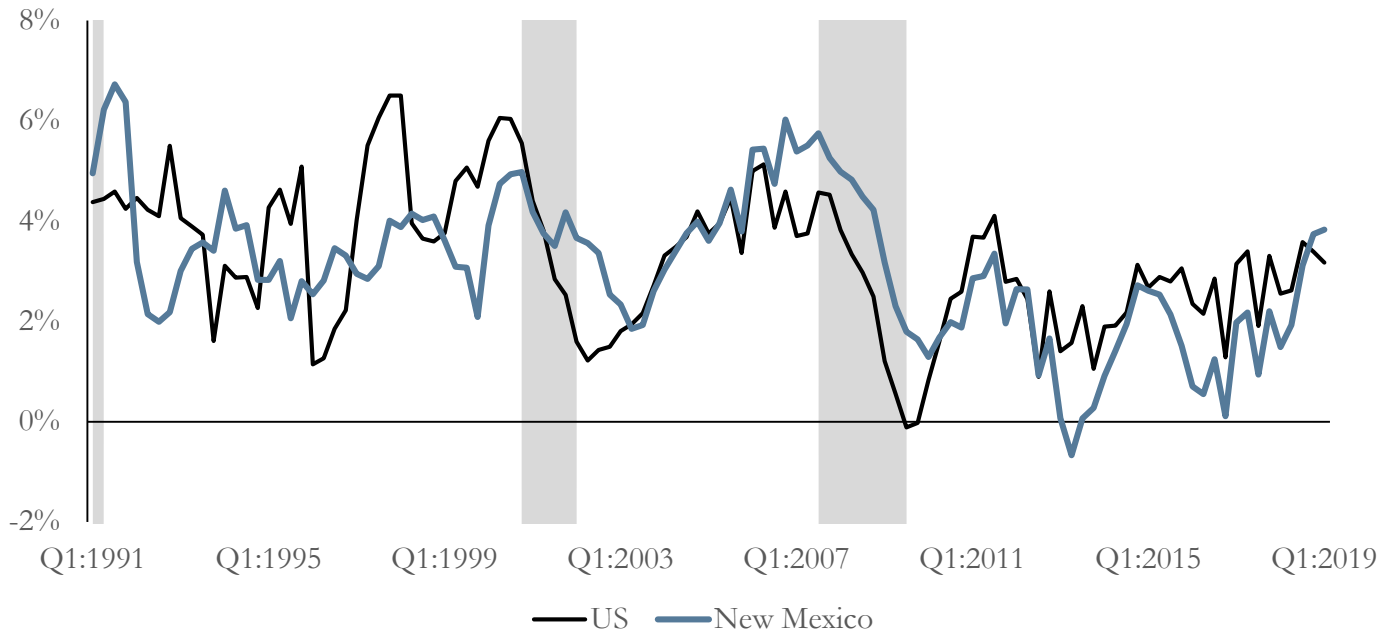


Wage growth has accelerated in New Mexico as unemployment rates have fallen and population growth has slowed.



AVERAGE WAGES PER EMPLOYEE

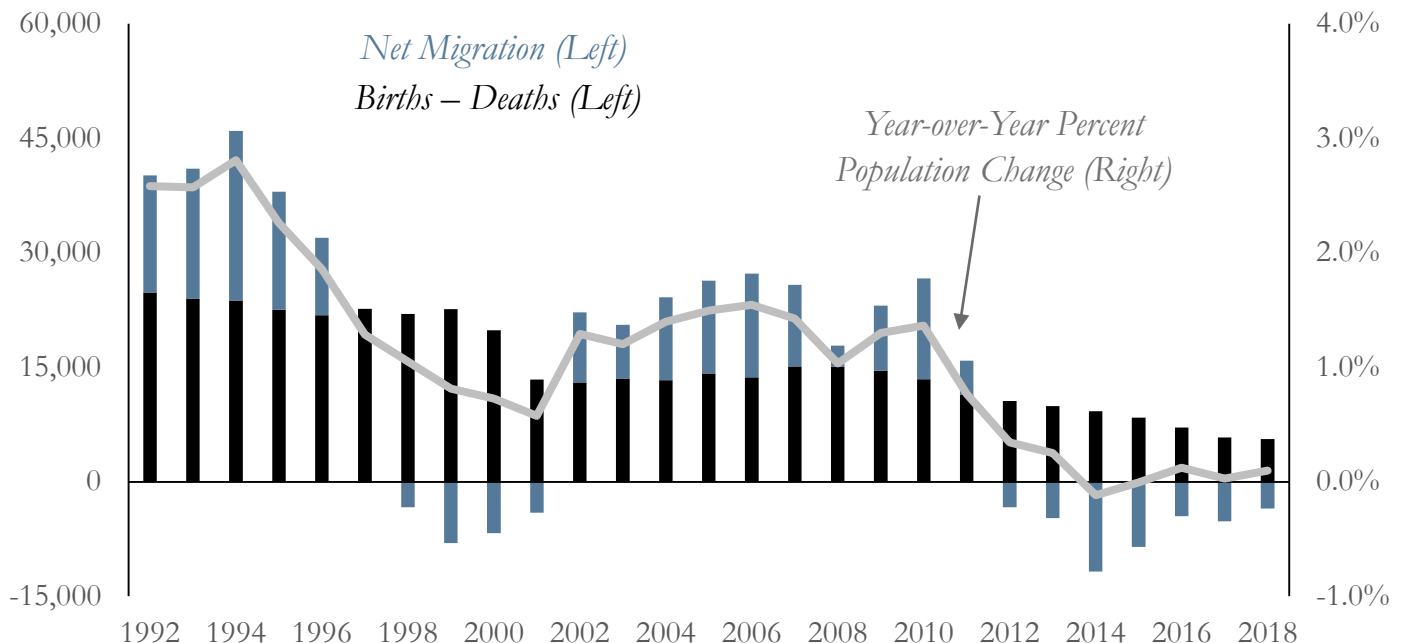
Four-Quarter-Moving-Average, Year-Over-Year Percent Change



Note: Grey bars indicate recession.

CONTRIBUTIONS TO POPULATION CHANGE IN NEW MEXICO

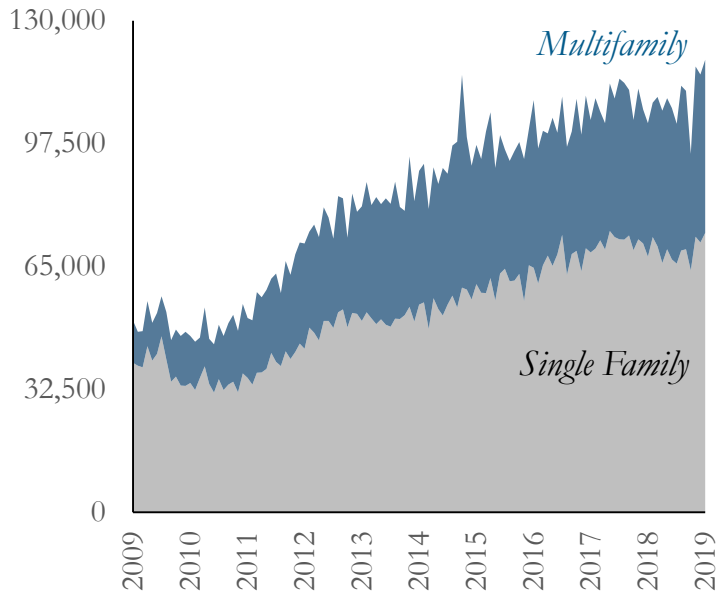
Annual



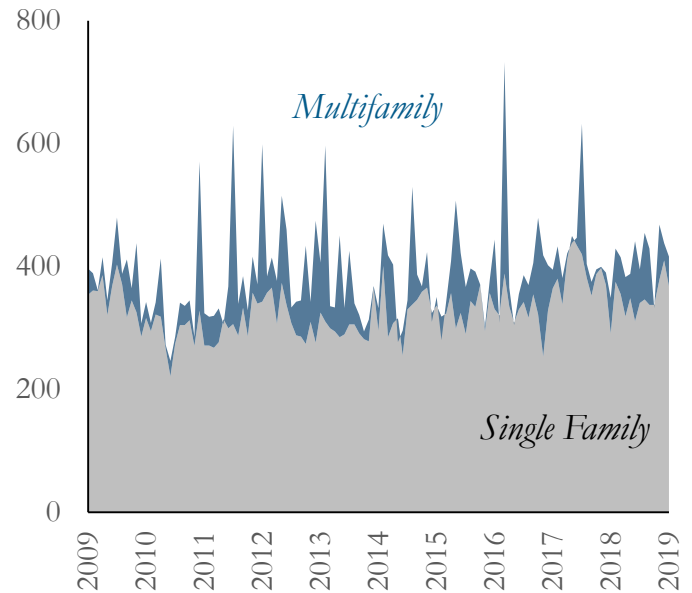
Single-family permitting has slowed this year in New Mexico, but home prices continue to rise.



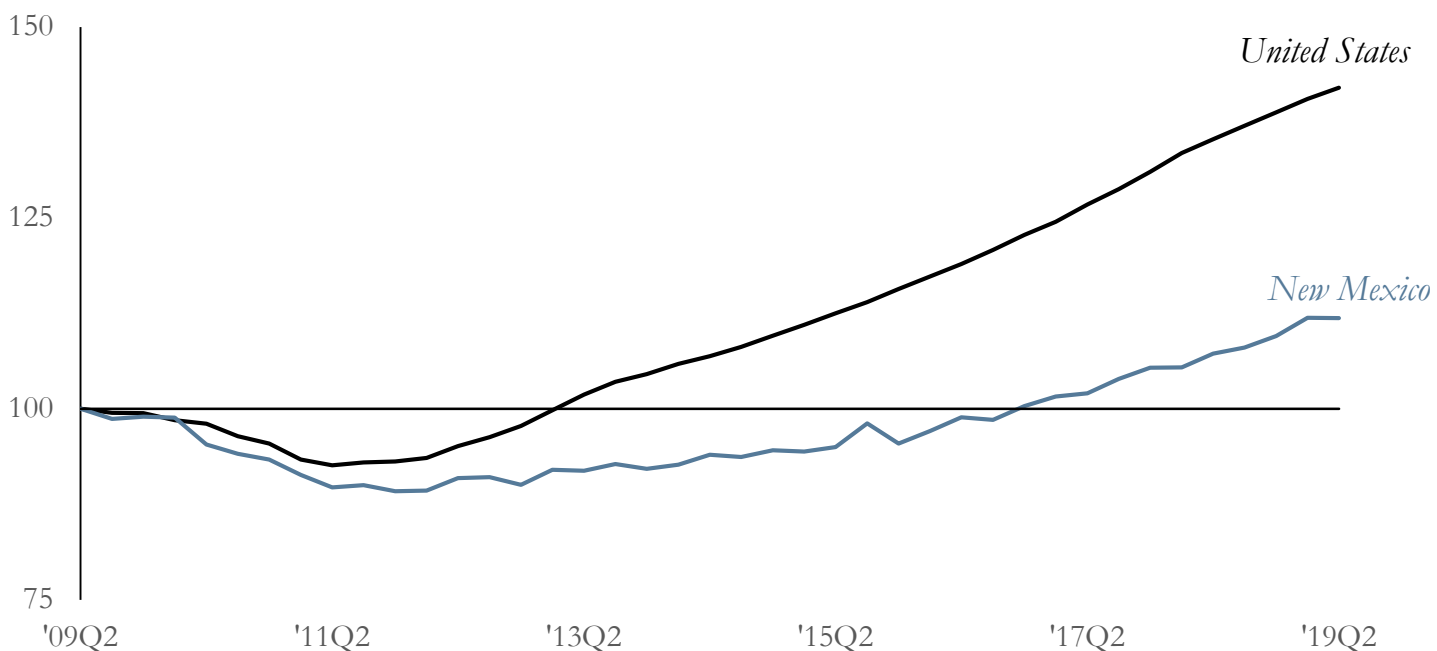
U.S. RESIDENTIAL PERMITS
Seasonally Adjusted



NEW MEXICO RESIDENTIAL PERMITS
Seasonally Adjusted



FHFA PURCHASE-ONLY HOME PRICES
Index 100 = 2009Q2, Seasonally Adjusted

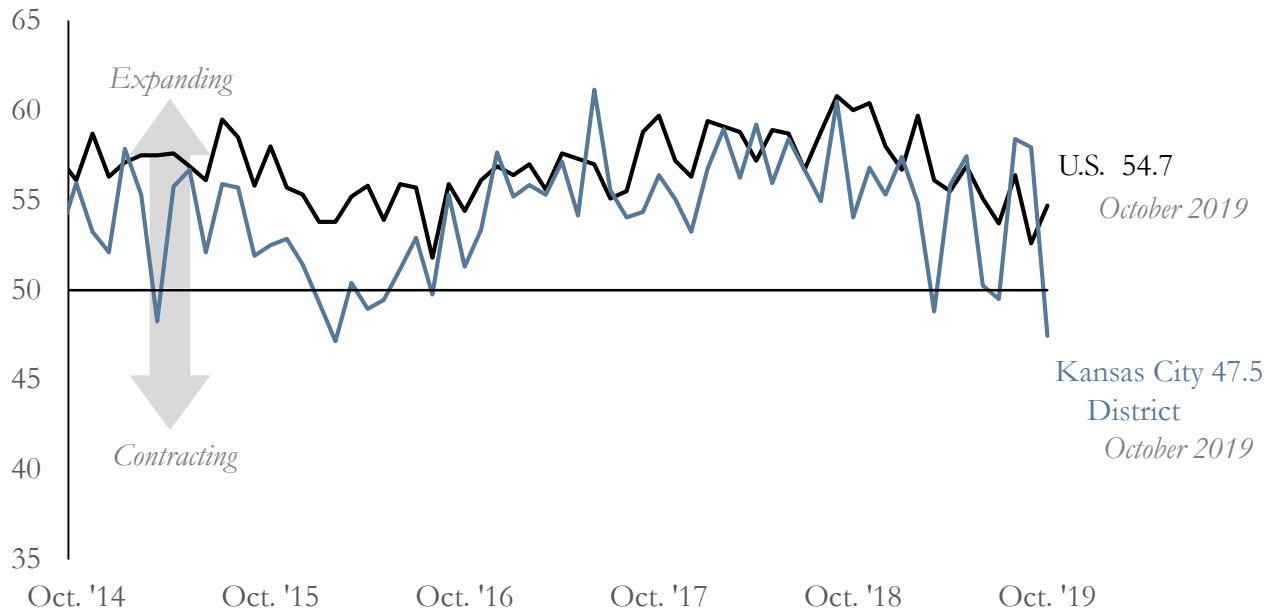


Both services and manufacturing activity slowed in our region in October.



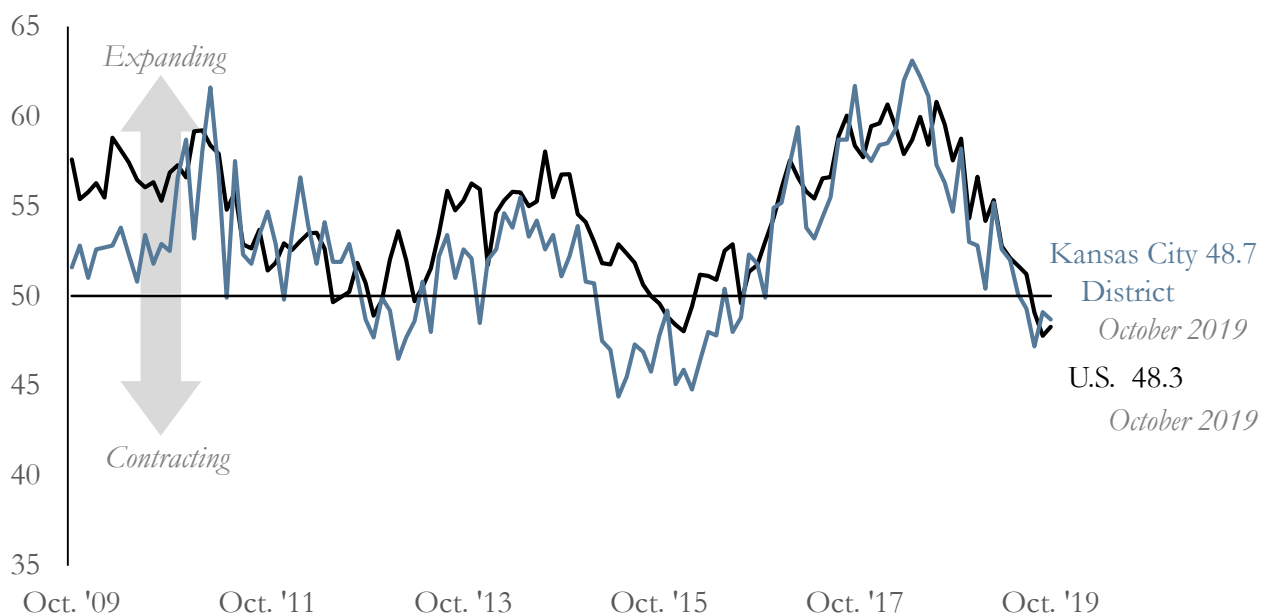
SERVICES AND NON-MANUFACTURING ACTIVITY

Diffusion Index, Seasonally Adjusted, Month-over-Month



MANUFACTURING ACTIVITY

Diffusion Index, Seasonally Adjusted, Month-over-Month

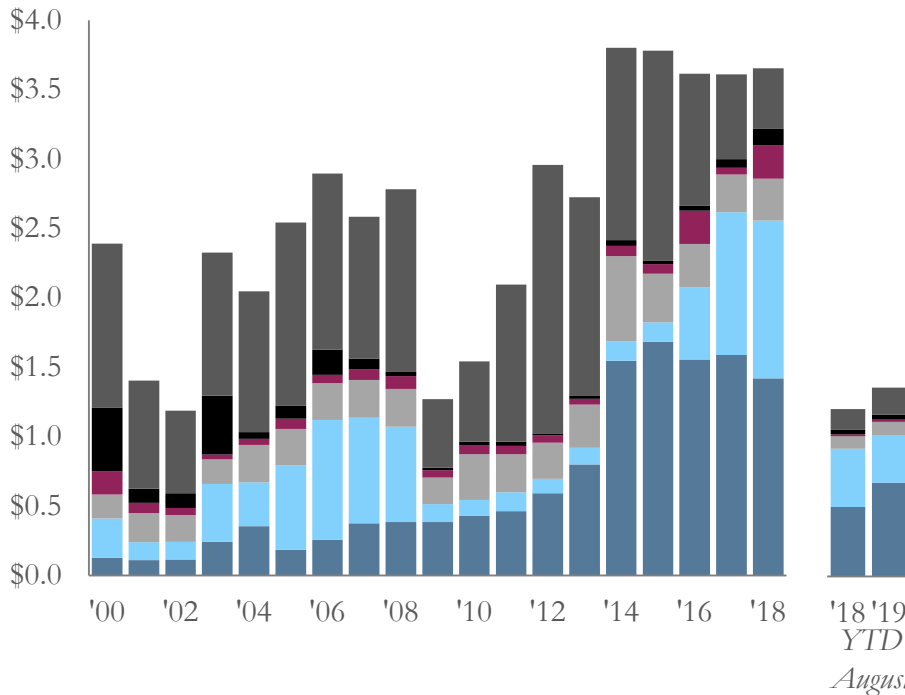


Exports have increased in New Mexico despite weakening global economies and trade uncertainty.



NEW MEXICO EXPORTS BY TRADING PARTNER

Billions



AUGUST 2019 YEAR-TO-DATE

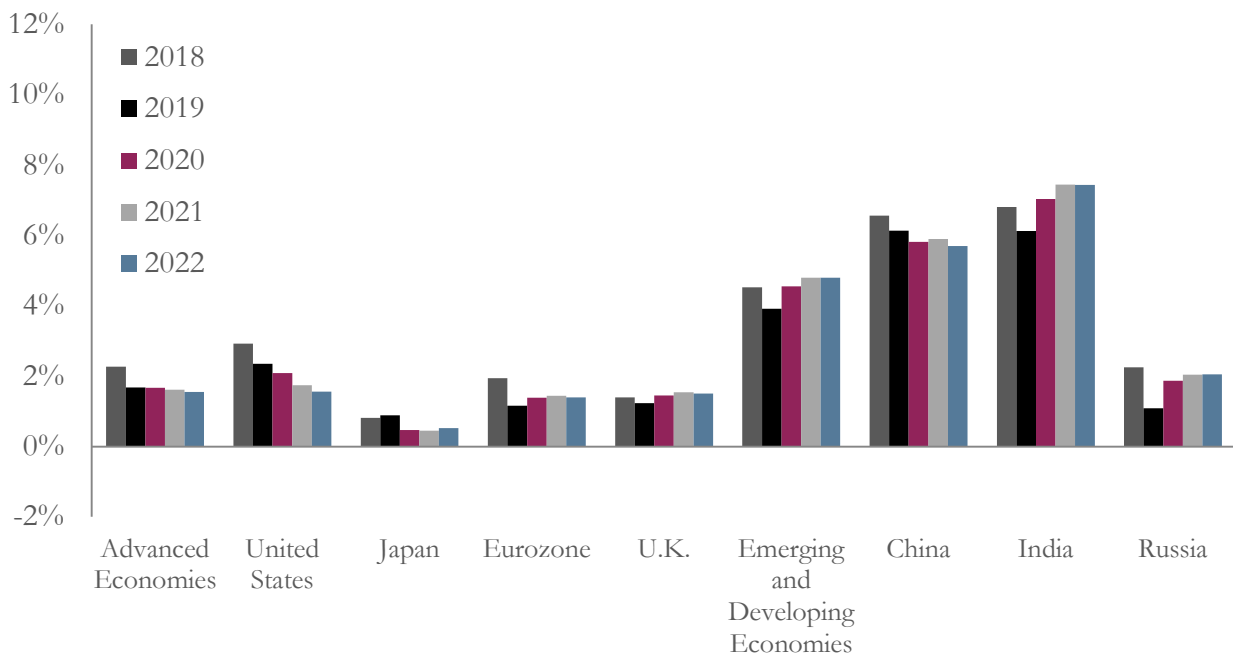
Year-over-Year Percent Change

Total Trade	12.9 %	SHARE*
All Other	29.7	12.0%
Rep. of Korea	12.2	3.3
Japan	17.1	6.6
Eurozone	8.1	8.3
China	-18.3	31.0
Mexico	34.9	38.8

**Shares are for 2018*

GLOBAL ECONOMIC OUTLOOK

Real Gross Domestic Product, Annual Percent Change



The pace of energy activity has slowed this year at a national level, and the farm sector continues to struggle.



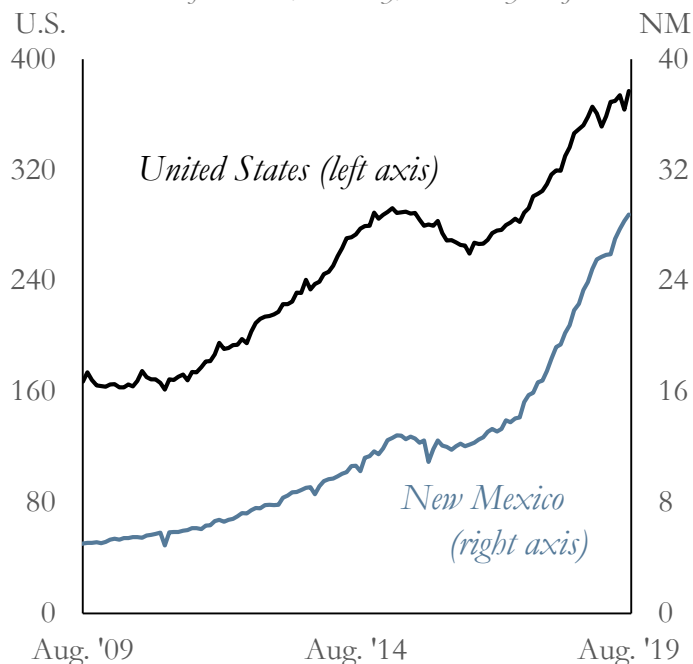
OIL PRICES – WTI

Weekly



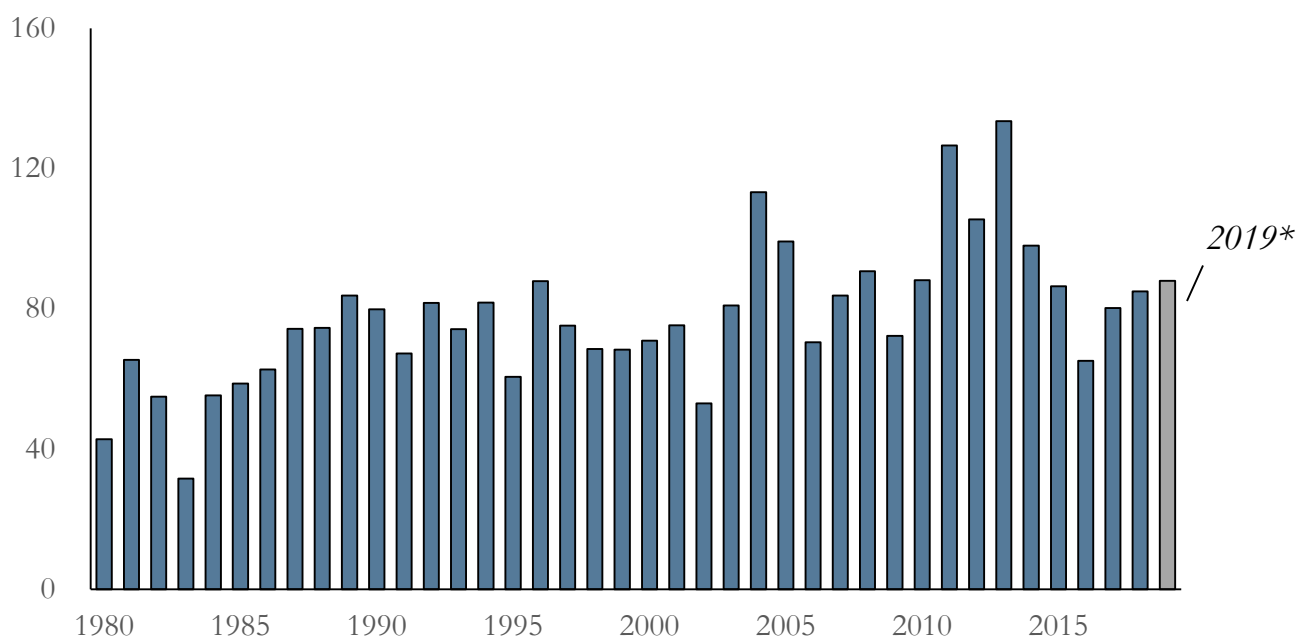
CRUDE OIL PRODUCTION

Millions of Barrels, Monthly, Seasonally Adjusted



U.S. REAL NET FARM INCOME

Billions, 2019 Dollars



**Forecast for 2019*