



# BUREAU OF BUSINESS & ECONOMIC RESEARCH

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BBER's services and research help leaders in New Mexico to identify and understand trends and changing economic markets across New Mexico to inform decision making.

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*THE NEW MEXICO ECONOMIC FORECAST: RECENT DEVELOPMENTS AND OUTLOOK*

PREPARED FOR THE INVESTMENTS & PENSIONS OVERSIGHT COMMITTEE

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OCTOBER 8, 2025

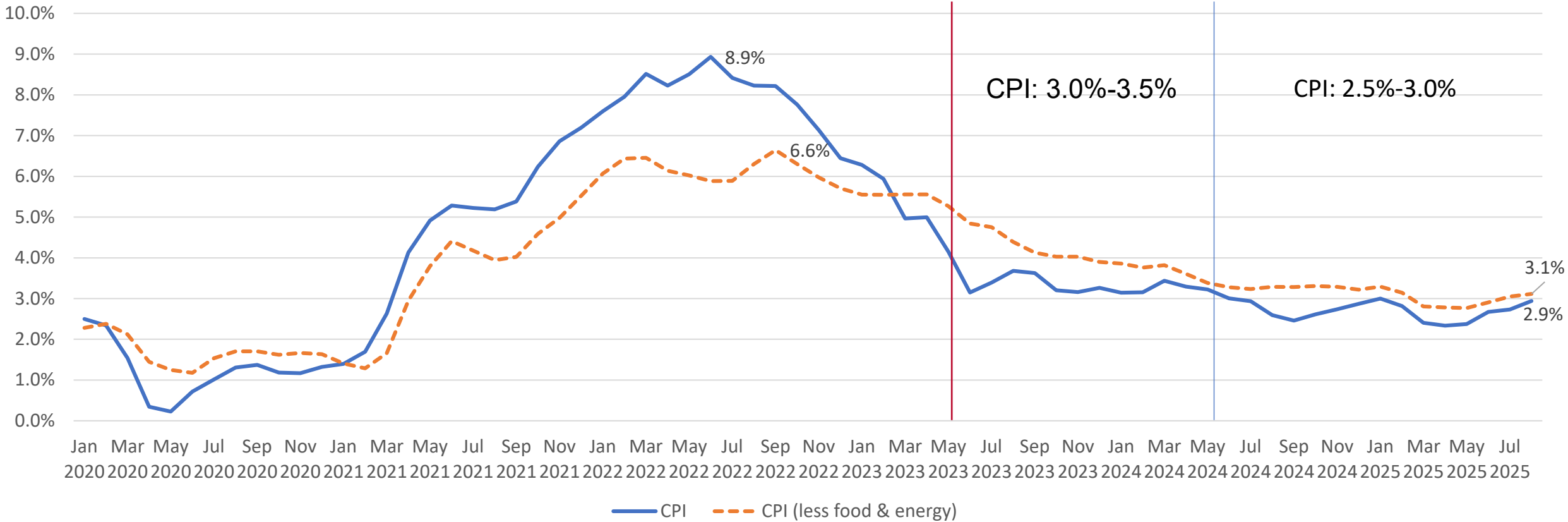
# US Review + Economic Outlook



# Review: National Economy

- ❑ US employment growth weak (and slowing). Shutdown has suspended release of newest employment numbers.
- ❑ Federal Reserve cut Federal Funds Rates to a range of 4.00% to 4.25%.
- ❑ Initial & continuing claims for unemployment staying low, though are rising. U3 unemployment rate 4.3% in August. U6 registered 8.1% - highest rate since pandemic.
- ❑ Real GDP: Fell by 0.6% SAAR in the first quarter of 2025 then rose 3.8% SAAR in the second quarter. Tracking estimates in third quarter are for about 1.8% SAAR.
- ❑ WTI spot price around \$60-\$65/barrel.
- ❑ Concerns: Geopolitical, tariffs/trade wars, tax & spend policy, immigration policy, government shutdown, cyclical economic slowdown.

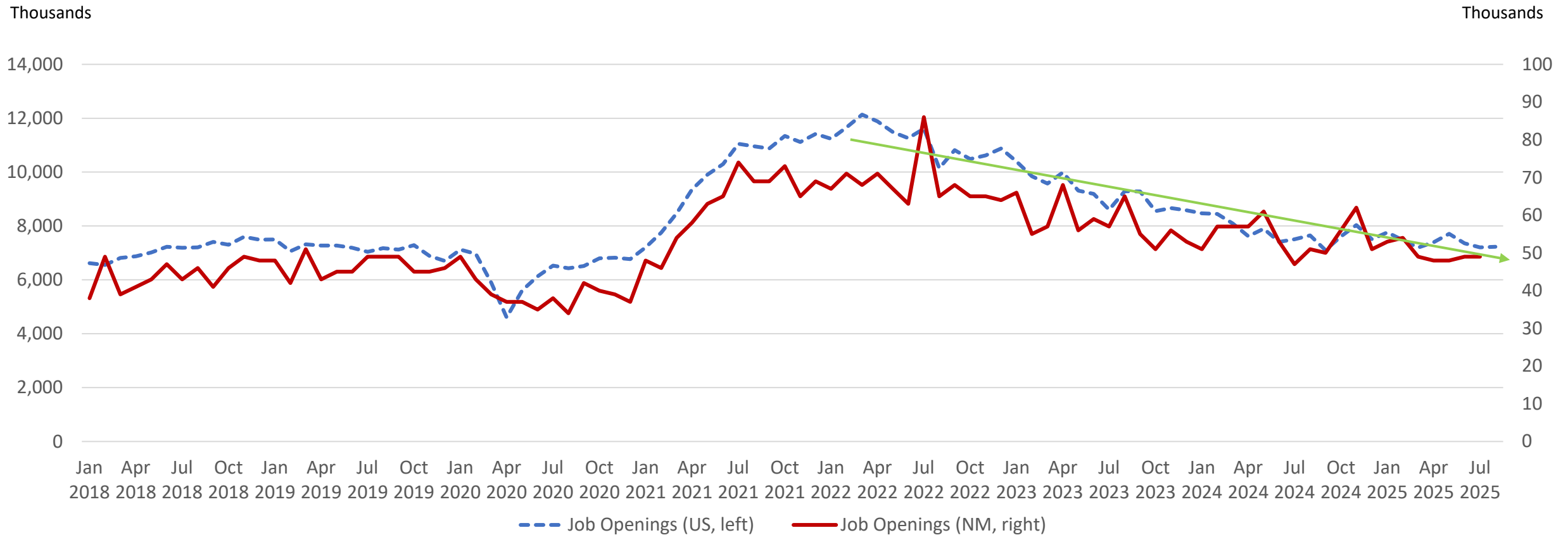
# Inflation



Data current through August 2025. Y/Y price growth is ticking up over last 4 or 5 months.

Source: BLS CPI data

# Job Openings Have Ticked Down from Peak



Openings are falling and are now somewhere between historical average and recent post Pandemic-era peaks.

Source: BLS JOLTS, US through August 2025; NM through July 2025

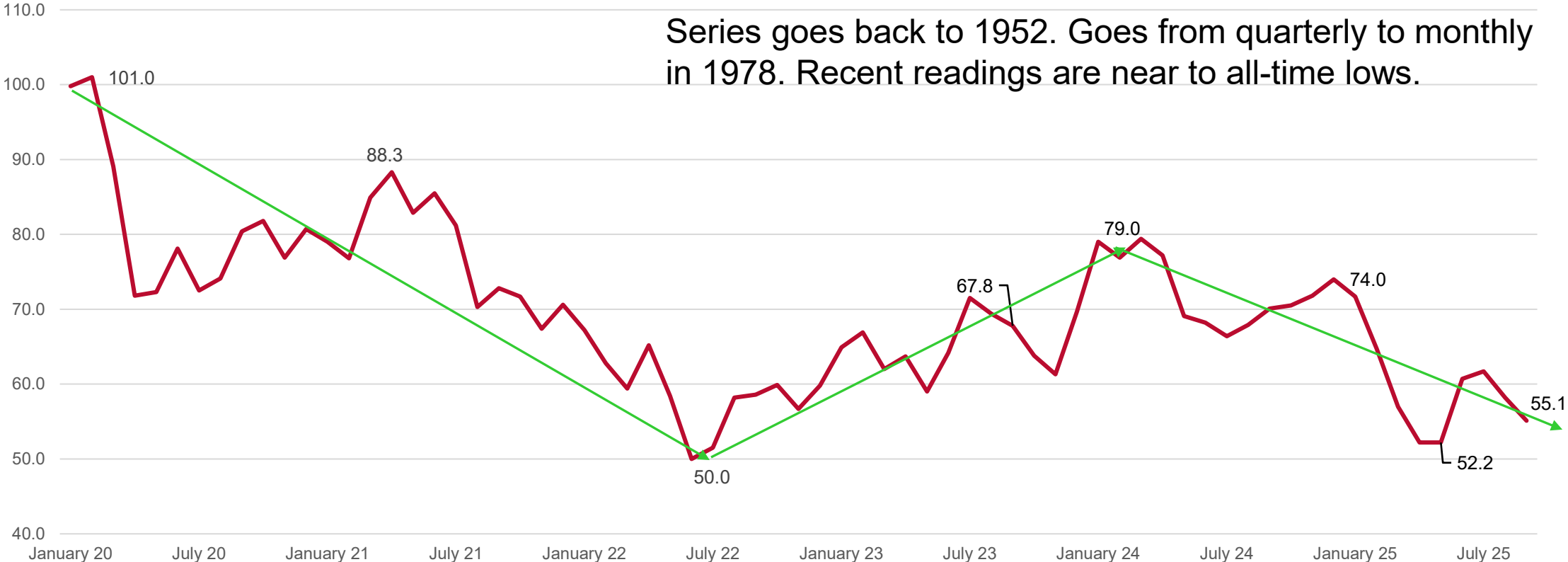
# US Interest Rates

30-year interest rate has averaged to about 6.7%-6.8% for nearly a year; now about 6.3%.



Source: 30-year Fixed Mortgage Rates, Fed Reserve of St. Louis

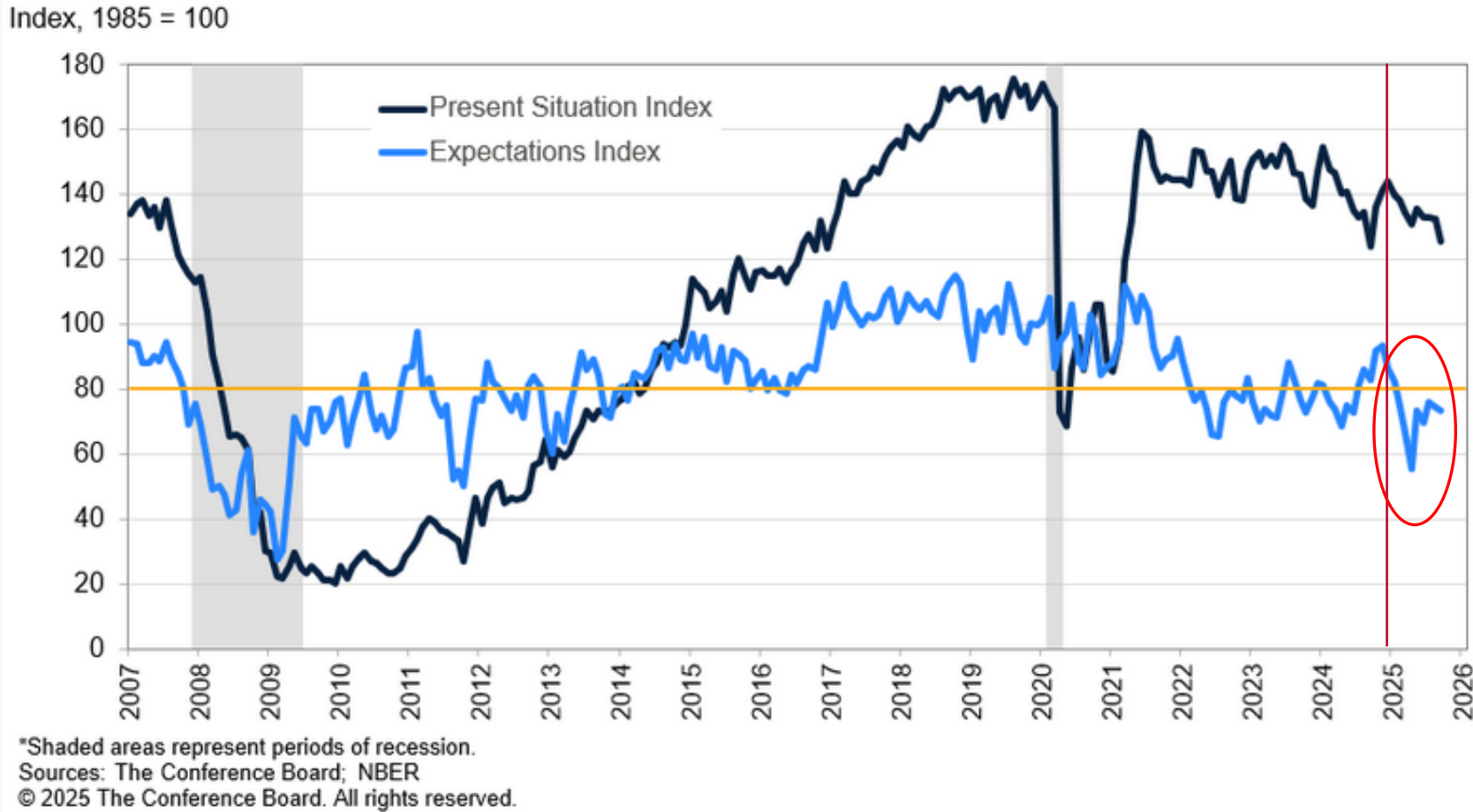
# US Consumer Confidence



Note: Had generally moved up since June 2022 but has recently fallen (data through September 2025).

Source: University of Michigan, Consumer Confidence Index (<http://www.sca.isr.umich.edu/>)

# Conference Board Indices



**Present Situation Index:**  
“consumers’ assessment of current business and labor market conditions.” Has been moving down, though tends to be a lagging indicator.

**Expectations Index:**  
“consumers’ short-term outlook for income, business, and labor market conditions.” Any reading below 80 typically signals recession.

**Consumer Confidence Index**  
(not shown): current equaling levels seen at the start of the pandemic.

Source: The Conference Board (<https://www.conference-board.org/topics/consumer-confidence>)



# Real GDP Growth

## Composition of Real GDP Growth Over Previous Period SAAR

	2020	2021	2022	2023	2024	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	Contrib. 25Q2
<b>Composition of Real GDP</b>																
<b>Gross Domestic Product</b>	-2.2	6.1	2.5	2.9	2.8	2.8	2.4	4.4	3.2	1.6	3.0	3.1	2.4	-0.6	3.8	3.8
<b>Total Consumption</b>	-2.5	8.8	3.0	2.5	2.8	4.9	1.0	2.5	3.5	1.9	2.8	3.7	4.0	0.6	2.5	1.68
Durable goods	7.1	16.6	-1.9	3.9	3.3	17.1	-0.3	4.2	2.9	-1.8	5.5	7.6	12.4	-3.4	2.3	0.17
Nondurable goods	3.4	8.6	0.1	0.8	1.9	2.5	-0.4	3.1	3.6	-0.8	1.7	4.6	3.1	2.2	2.2	0.30
Services	-5.8	7.5	5.0	2.9	2.9	3.8	1.6	2.1	3.5	3.4	2.7	2.8	3.0	0.8	2.6	1.21
<b>Residential Fixed Investment</b>	7.7	10.9	-8.6	-8.3	4.2	-4.3	4.5	7.7	2.5	13.7	-2.8	-4.3	5.5	-1.0	-5.1	-0.21
<b>Nonresidential Fixed Investment</b>	-4.6	6.0	7.0	6.0	3.7	5.3	9.9	1.1	3.8	4.5	3.9	4.0	-3.0	9.5	7.3	0.98
Structures	-9.2	-2.6	3.6	10.8	3.2	14.9	16.4	1.7	6.5	6.3	0.2	-5.0	2.9	-3.1	-7.5	-0.23
Equipment & Software	-10.1	6.7	4.4	3.5	3.4	0.9	12.5	-1.1	0.7	0.3	9.8	10.8	-8.7	21.4	8.5	0.44
Intellectual Property	4.5	10.2	11.2	5.8	4.1	4.5	3.9	2.8	5.2	7.5	0.7	3.1	-0.5	6.5	15.0	0.78
<b>Change in Private Inventories</b>																-3.44
<b>Exports</b>	-13.1	6.5	7.5	2.8	3.2	2.0	-4.8	4.9	6.2	1.9	1.0	9.6	-0.2	0.2	-1.8	-0.20
<b>Imports</b>	-9.0	14.7	8.6	-1.2	5.4	-0.8	-3.1	4.7	4.2	6.1	7.6	10.7	-1.9	52.0	-35.0	5.03
<b>Federal Government</b>	6.3	1.8	-3.2	2.9	2.5	4.6	-1.1	5.3	-0.3	-0.4	4.3	8.9	4.0	-5.6	-5.3	-0.35
<b>State &amp; Local Government</b>	1.7	-1.6	0.2	4.4	3.9	5.3	5.4	5.9	6.1	3.1	2.3	2.9	2.5	1.9	3.1	0.33

US Bureau of Economic Analysis, Gross Domestic Product, 2025 Second Quarter (3rd Estimate), September 25, 2025

2025Q2 rose 3.8% SAAR.

Consumption and non-residential fixed investment moved forward modestly.

Residential fixed investment and private inventories pulled GDP down.

Government (in aggregate) flat.

Net exports rocketed on the back of plummeting imports.

# Tariff rates and estimated impacts

**Figure 3. U.S Average Effective Tariff Rate Since January 1, 2025**

Policy as of July 30, Pre-Substitution  
Percent of goods import

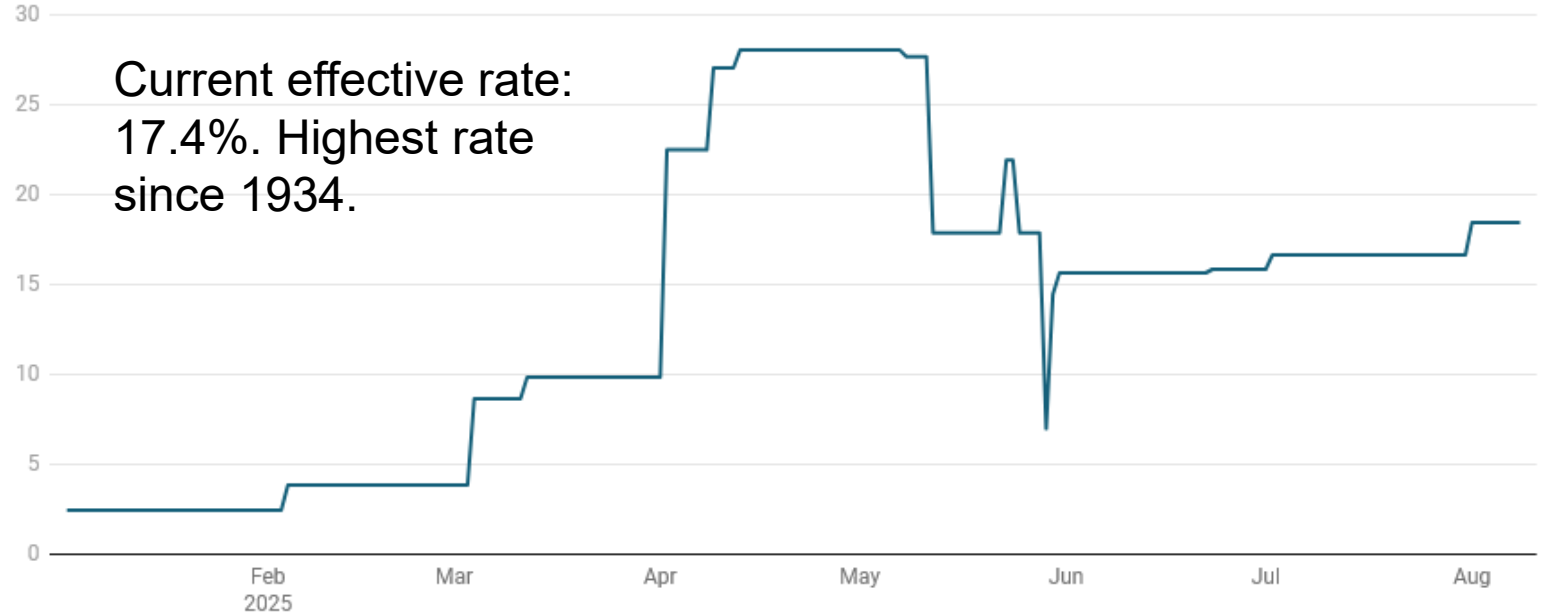


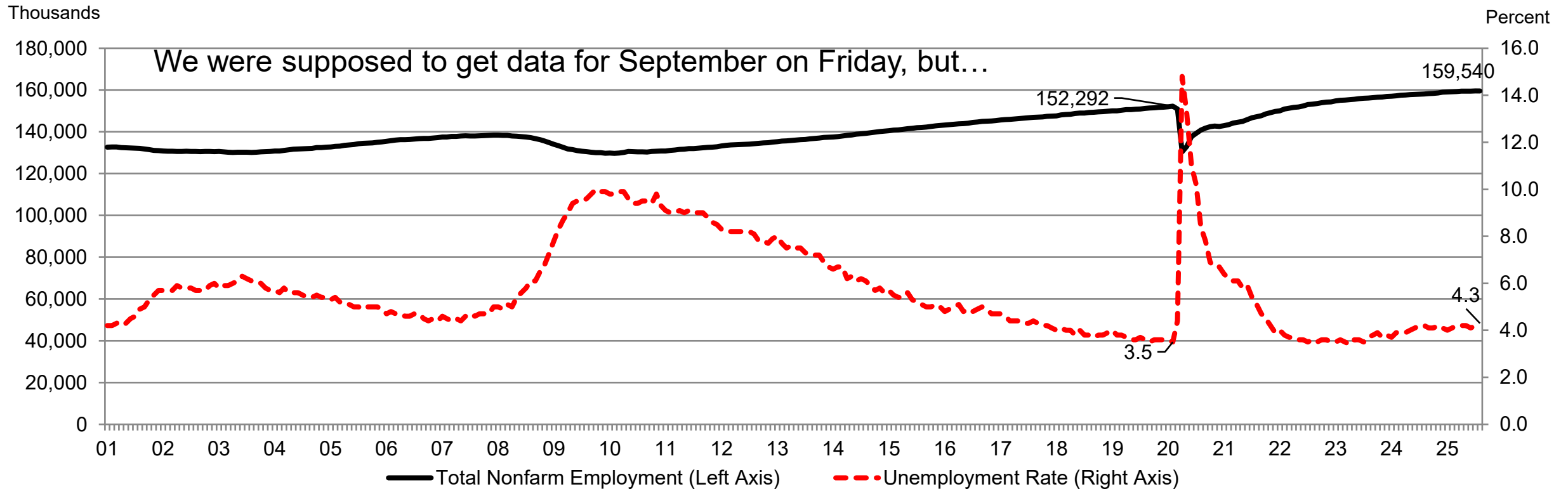
Chart: The Budget Lab • Source: The Budget Lab analysis. • Created with [Datawrapper](#)

They estimate:

- 1.7% increase in prices; equivalent to a loss of \$2,300 for the average family.
- Reduction in GDP growth by about 0.5% from 2025Q4 to 2026Q4.
- Lower payroll employment by end-2025 by 480,000 jobs
- Unemployment rate elevated by 0.3 points in 2025 and 0.7 points in 2026.

# US Employment Situation

## US Nonfarm Employment + Unemployment Rate, Monthly SA



Note: UI rate 4.3%.

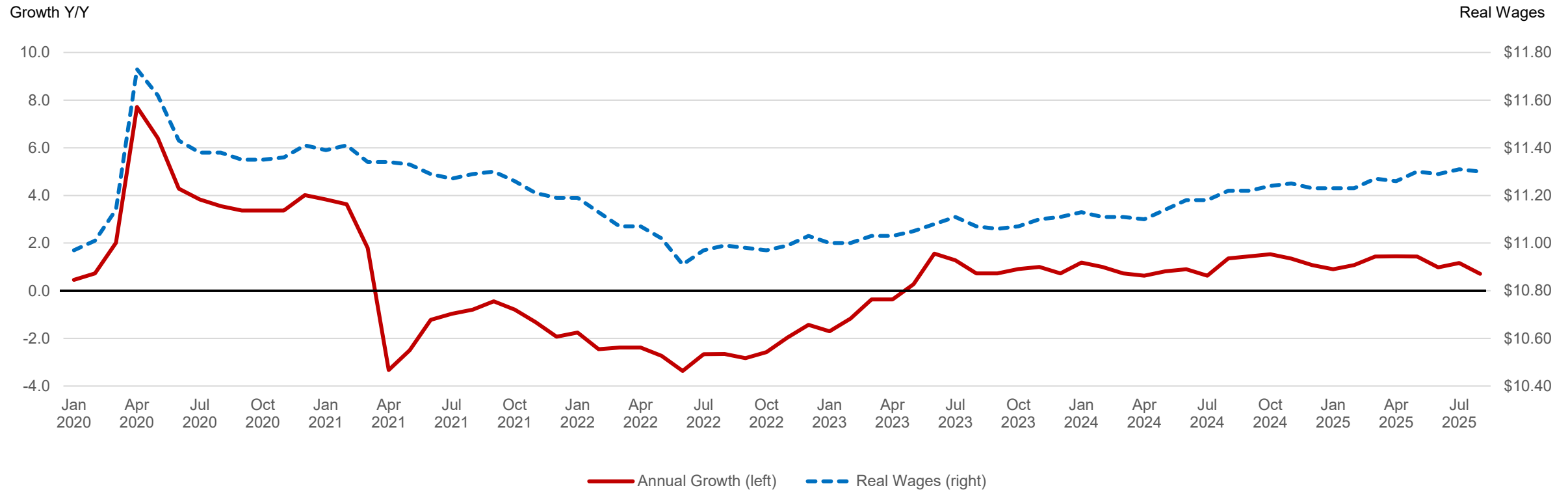
Pre-pandemic peak employment: 152.3 million in Feb 2020.

Employment now at million 159.5 million.

BLS, through August 2025

# Real Private Sector Wages & Wage Growth

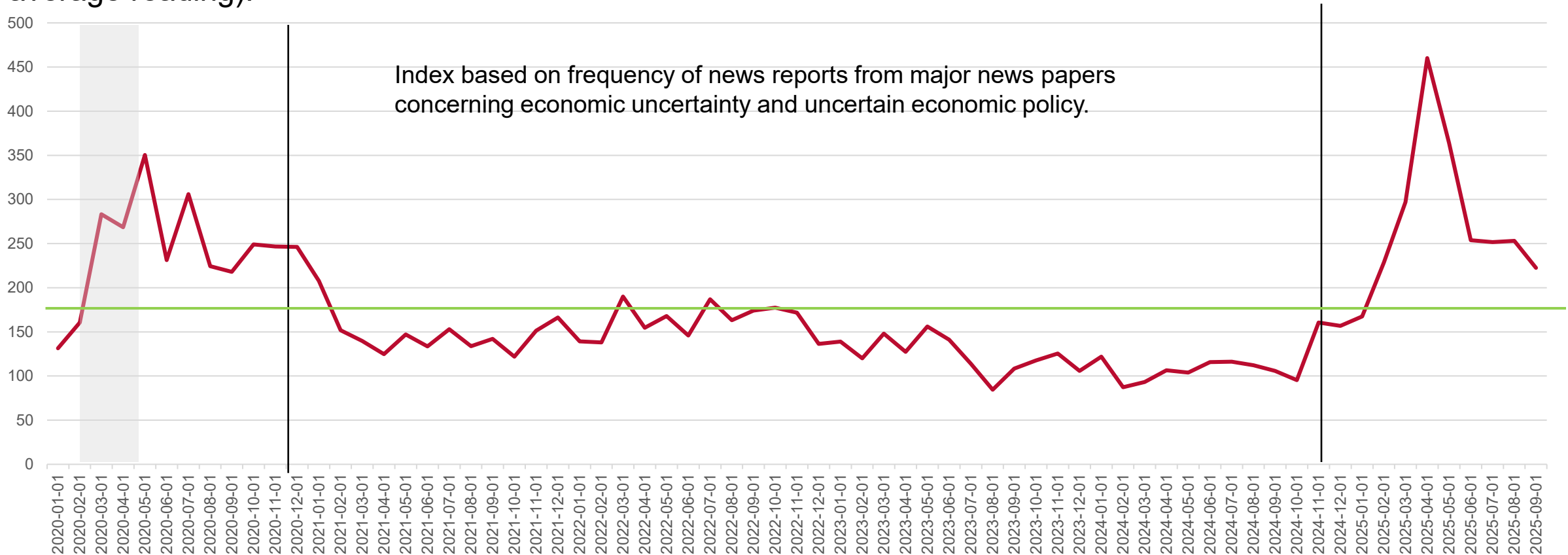
After two solid years of contraction, real wages have grown Y/Y for 28 months in a row – but things are slowing.



BLS, through August 2025

# Index of Economic Policy Uncertainty

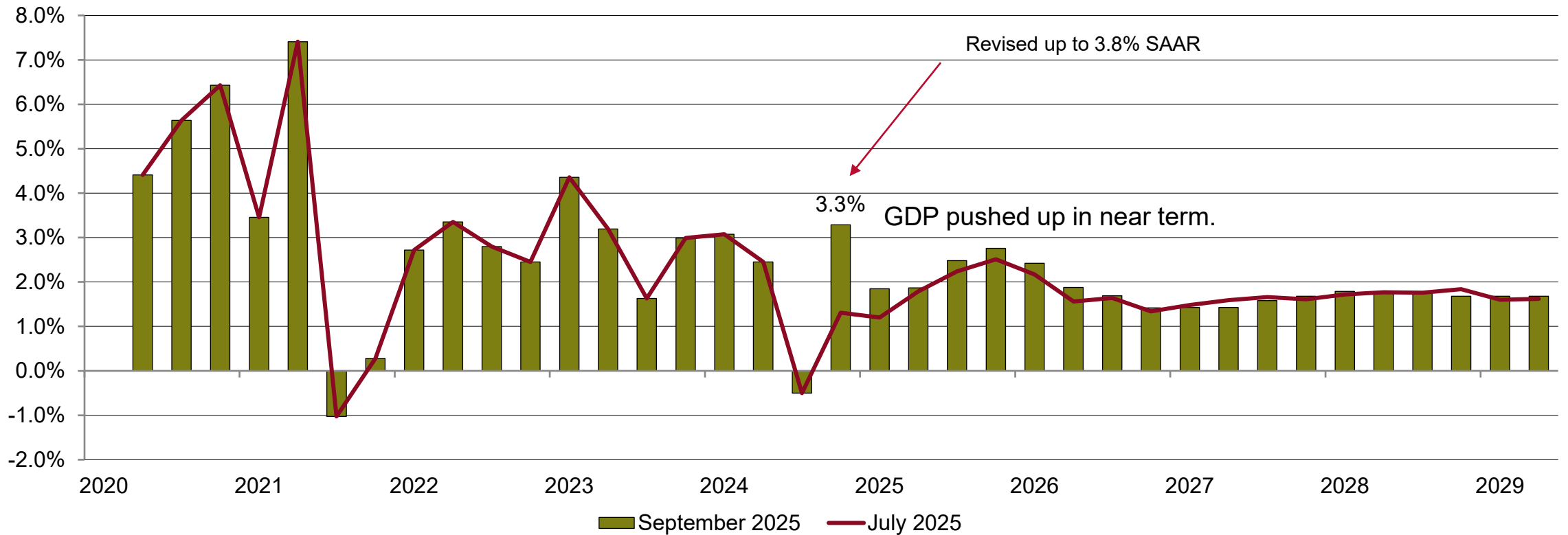
Economic policy uncertainty volatile and reflective of pandemic-era (shaded area = recession; horizontal line = average reading).



Source: Federal Reserve of St. Louis

# US Real GDP Forecast Comparison

Growth (%) in Real GDP, Quarter-Over-Previous-Quarter, SAAR



S&P Global, September 2025 + July 2025

# US Employment Forecast by Sector

Increase (Decrease) in US Payroll Employment from Previous Calendar Year, Actual & Forecast (Thousands)									
	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Employment Sector</b>									
Construction	326	244	204	79	(25)	32	84	120	108
Manufacturing	456	105	(55)	(96)	(163)	(62)	(131)	(187)	(87)
Trade, Transportation & Utilities	986	176	103	172	197	326	(322)	(252)	(246)
Prof. & Bus. Services	1,155	187	(153)	(55)	(356)	(415)	173	634	815
Health Care & Soc. Asst.	514	963	986	842	766	321	291	172	205
Leisure & Hospitality	1,677	742	253	201	314	265	(133)	(52)	(122)
Other Private	918	327	162	165	206	247	243	7	(138)
Government	226	600	582	169	(73)	86	82	81	141
<b>Total Nonfarm Payrolls</b>	<b>6,259</b>	<b>3,343</b>	<b>2,081</b>	<b>1,477</b>	<b>866</b>	<b>800</b>	<b>286</b>	<b>524</b>	<b>676</b>
Annual Growth	4.3%	2.2%	1.3%	0.9%	0.5%	0.5%	0.2%	0.3%	0.4%

S&P Global, September 2025

S&P Global, September 2025

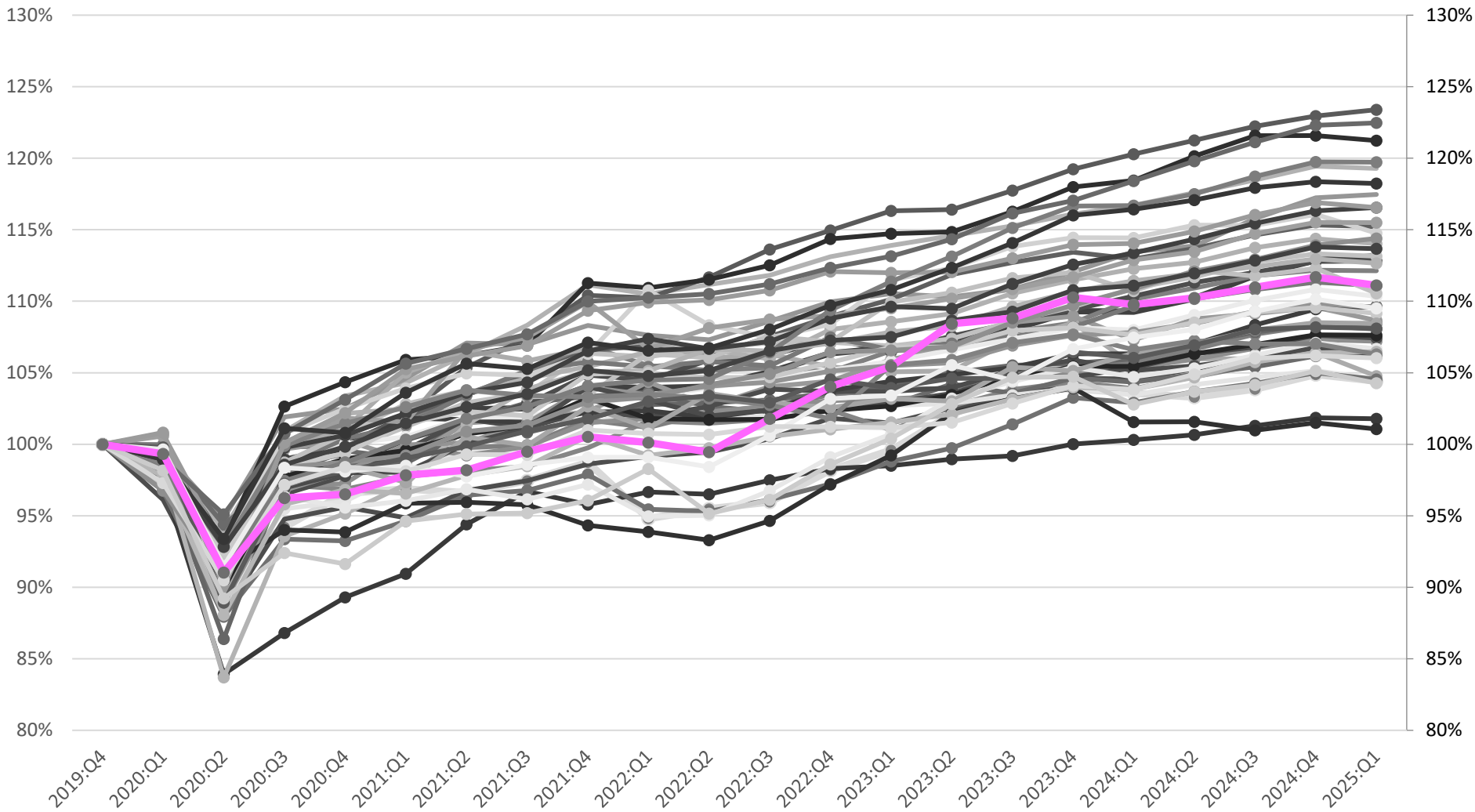
# New Mexico Review





# New Mexico Current Economic Situation

- Data still pretty solid, but most analyst think things are slowing.
- At its lowest, NM down about 90,000 wage & salary jobs, but we're now well above pre-pandemic levels. 2025Q1 QCEW data now available:
  - Through Q1, employment ABOVE pre-pandemic levels by about 3.5%.
- Other employment data (CES) suggests continued improvement. By August 2025, data suggest that NM is ABOVE pre-pandemic levels by about 5% (note: pre-benchmark data).
- Unemployment rate is staying moderate (~4.1%-4.3%).
- Oil: WTI around \$60/barrel to \$65/barrel.
  - Drilling and production still robust; had started to plateau but now again breaking records.



# Gross State Product

Each state indexed to 2019Q4 (NM's high point).  
New data through 2025Q1.

NM real GDP is about 11%  
above pre-pandemic levels.

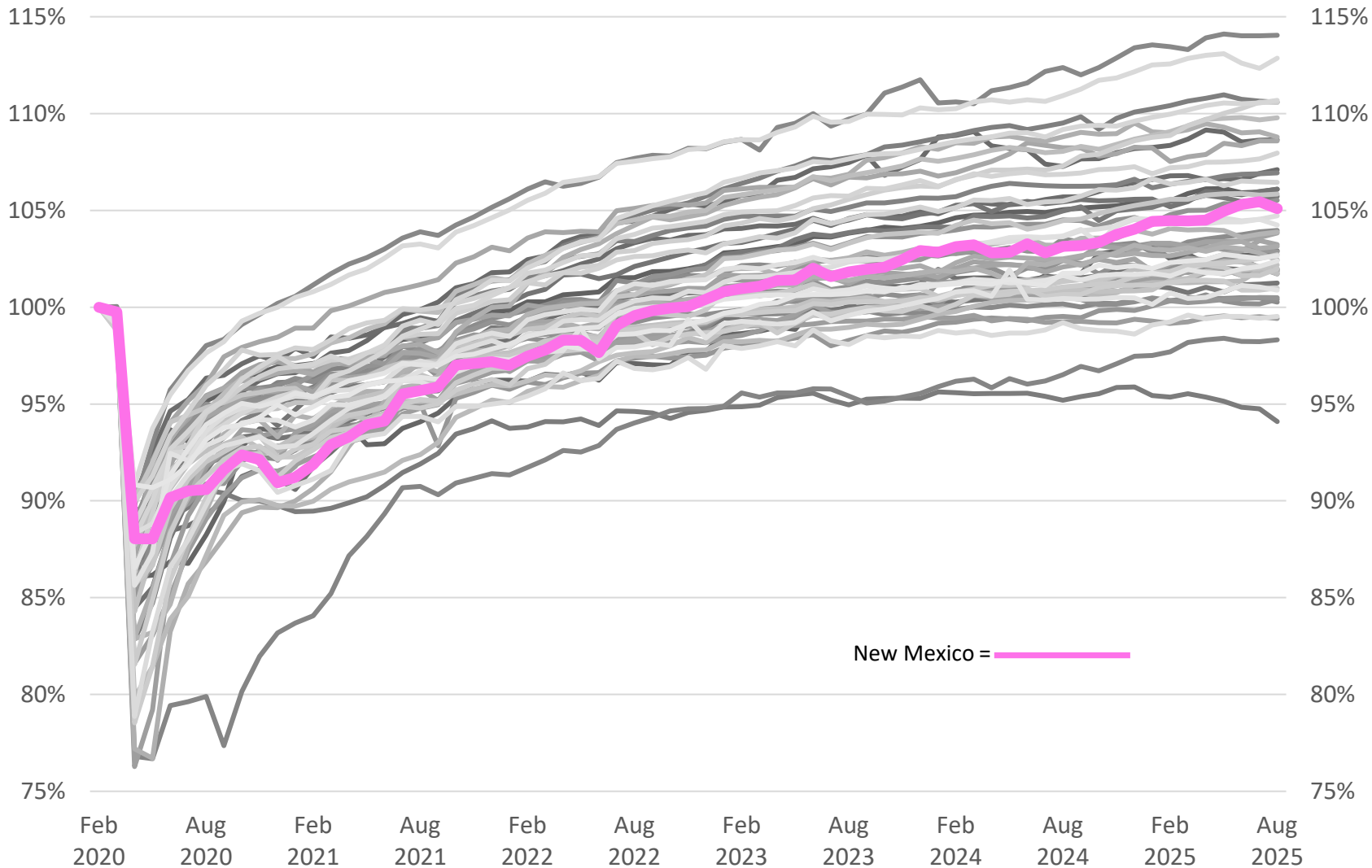
Through 2025Q1, 20 states  
have had greater recoveries  
in GSP.

NM sort of middle of the  
pack.

— = New Mexico

Source: Bureau of Economic Analysis

Employment by State Indexed to Respective February 2020 (=100%) Levels

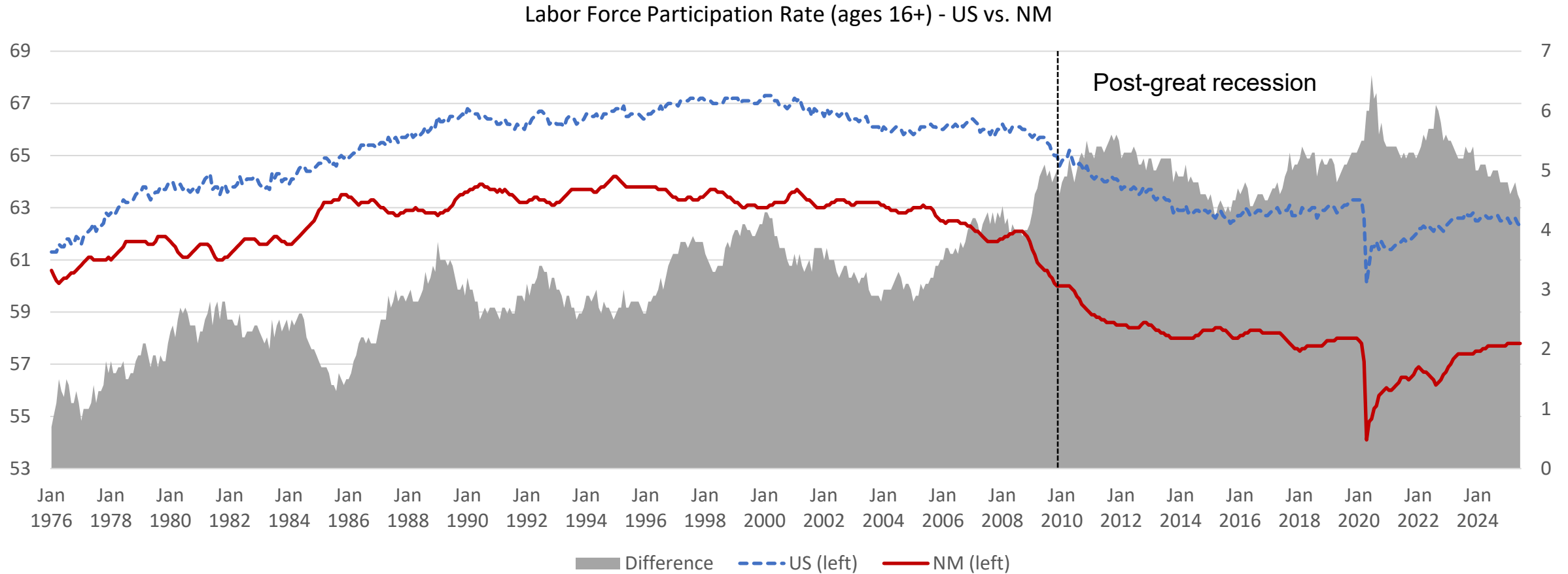


## Change in Employment (CES data)

- As of August 2025, NM has recovered about 105% of the jobs it lost at the start of the pandemic.
- 18 states have had stronger recoveries than NM.
- Other surrounding states: AZ 109%; CO 106%; OK 106%; NV 109%; CA 102%.

Source: BLS CES, through August 2025

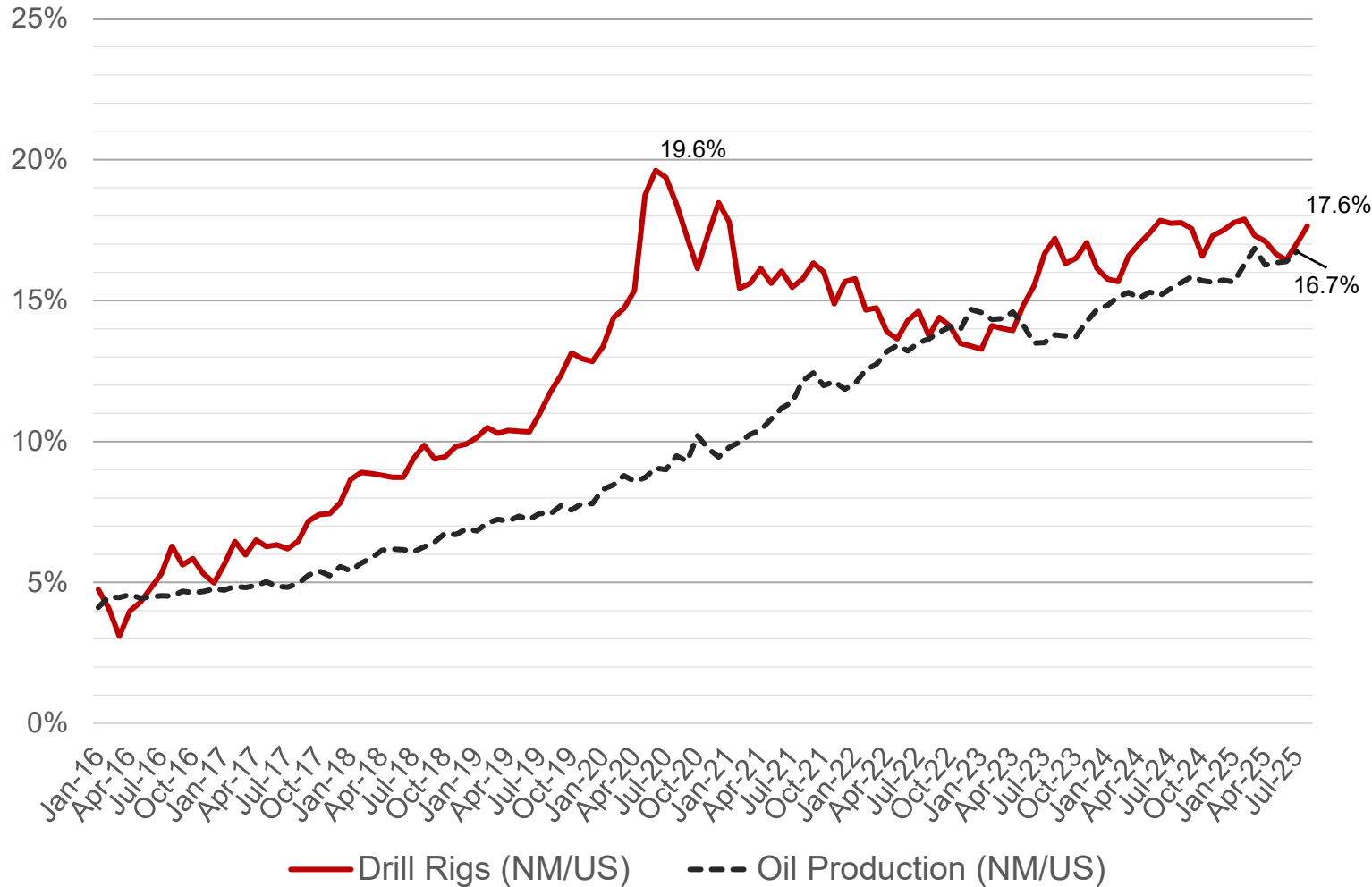
# Long history of NM trailing the US



Labor force participation rate: the percentage of the working-age population (16 and older) that is employed or unemployed but actively seeking work.

Source: Bureau of Labor Statistics Local Area Unemployment Statistics, Current Population Survey

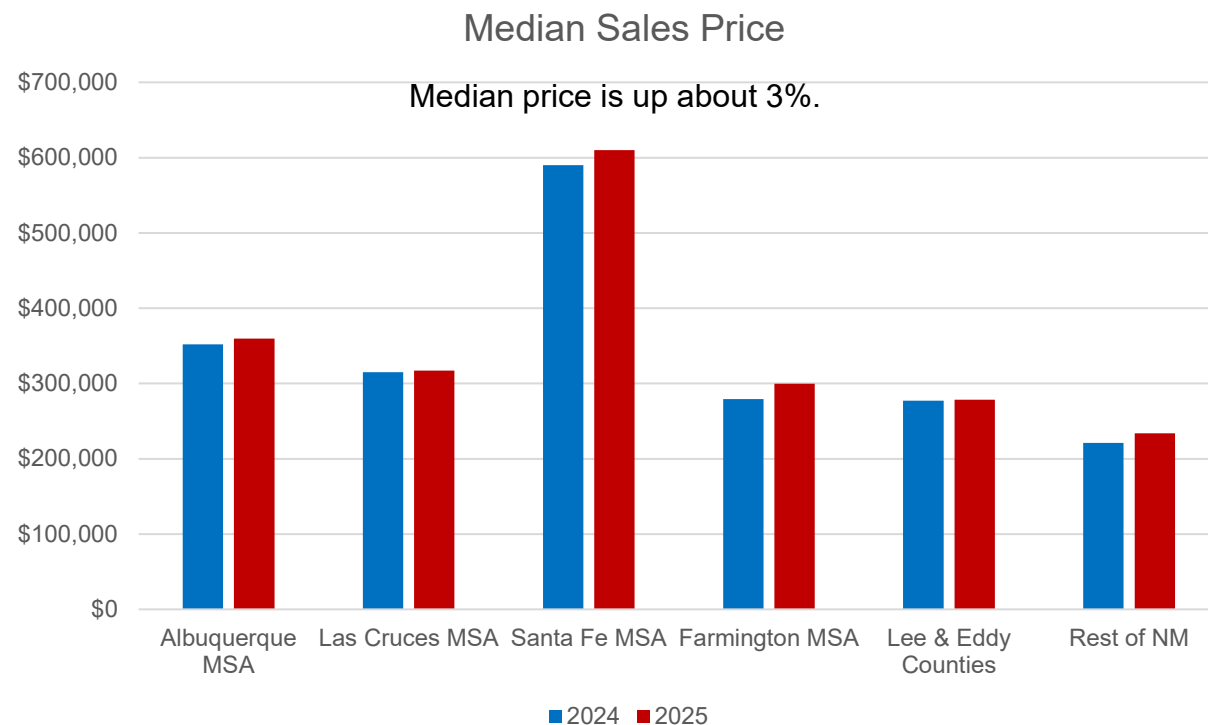
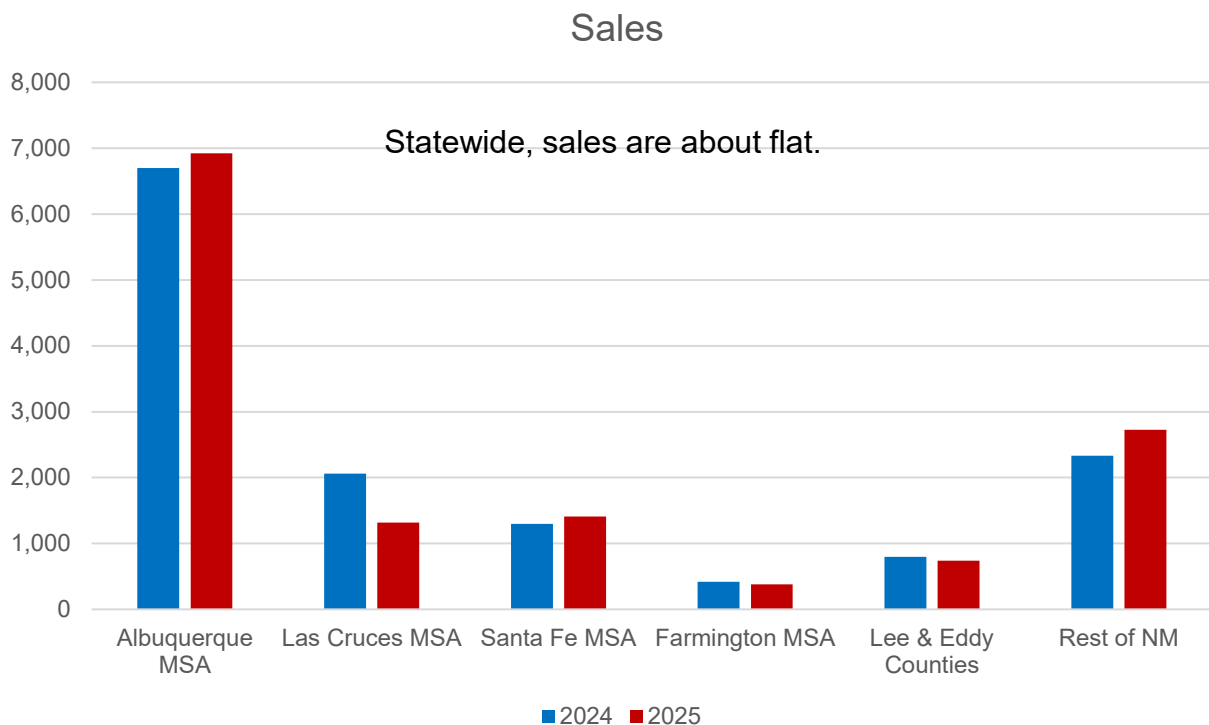
# Increased NM Field Oil Production Presence



- Rig counts are in the low- to mid-90's.
- About 17.6% of all US drilling rigs are in New Mexico.
- 16.7% of all US field oil production occurs in NM; up from about 4.5% in 2016.
- To put in perspective: 2024 field oil production in US totaled 12.935 million barrels per day (bpd), which is up from 8.9 million bpd in 2016 (up 46%). In NM, production increased from 400,000 bpd in 2016 to 1.873 million bpd in 2024 (up 363%).
- Incidentally: NM accounts for around 8% of US gas production by volume.

Sources: EIA, Baker Hughes. Calculations: BBER

# New Mexico Housing Sales & Prices through August 2025 vs 2024



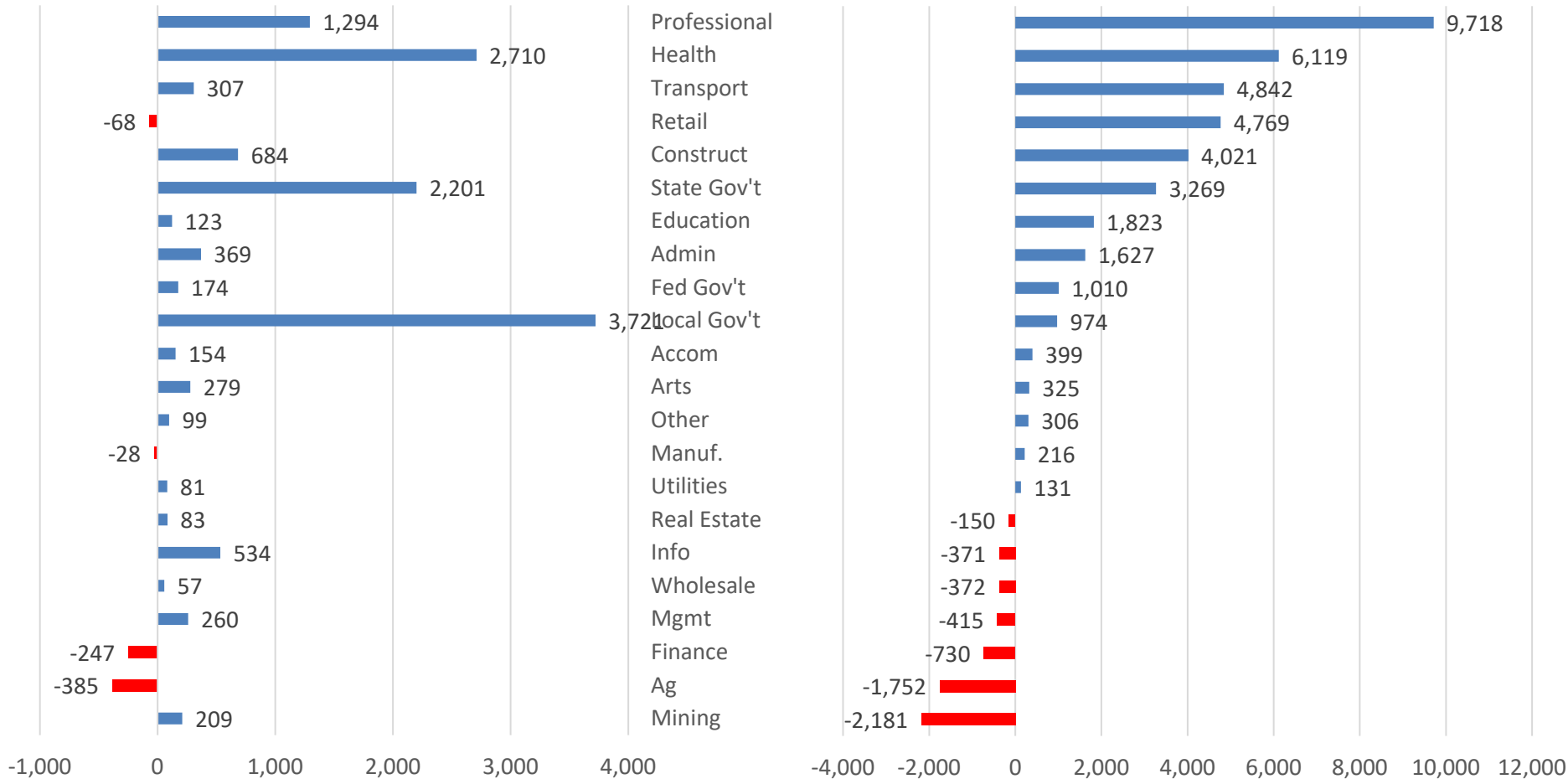
- Statewide, sales have totaled about 13,500. Median sales price is up to \$350,000.
- From Greater Albuquerque Realtor’s Association, through August 2025: Sales are up 2% and median sales price is UP 3% to about \$370,000.

Source: New Mexico Realtors Association, <https://www.nmrealtor.com/housing-trends-2/>

# Job Growth/Loss by Sector

2024 over 2023

2024 over 2019



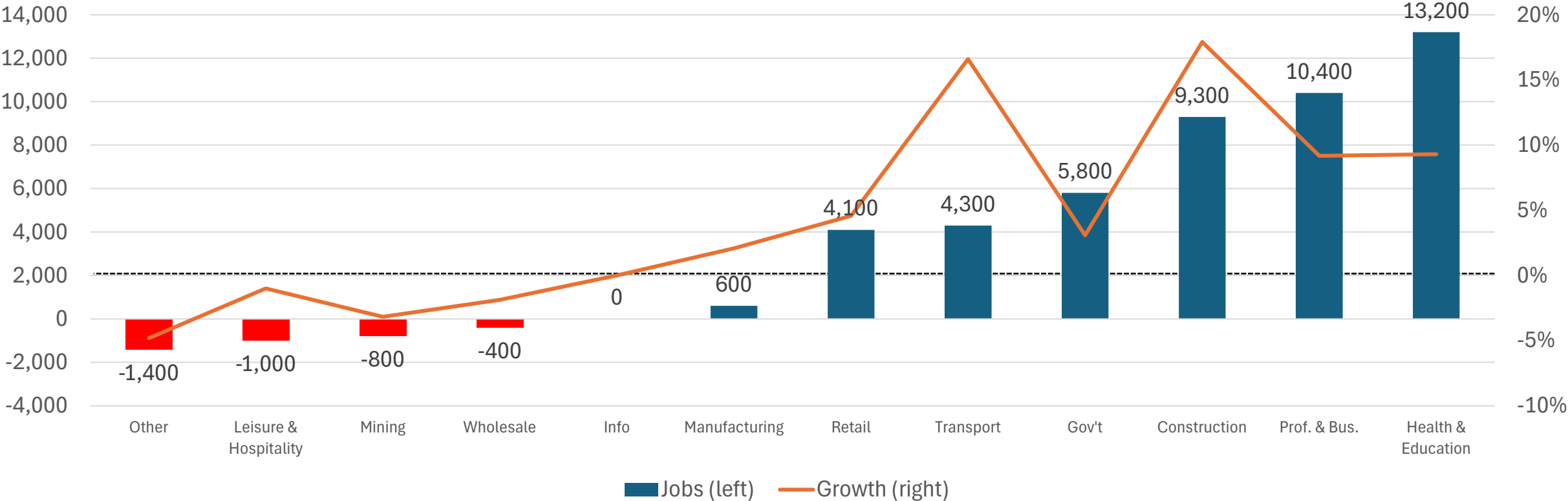
Most industries still adding jobs on an annual basis, though gains slowed in the second half of 2024.

Compared to 2019, NM has about 34,000 (4%) more jobs; about 28,500 of those are in the private sector.

Over the period, private sector employment grew 4.3% while the government advanced by 3.0%.

# CES: Cumulative January 2020 through August 2025

Data suggest state employment is about 5% above pre-pandemic levels.



BBER FOR-UNM, August 2025



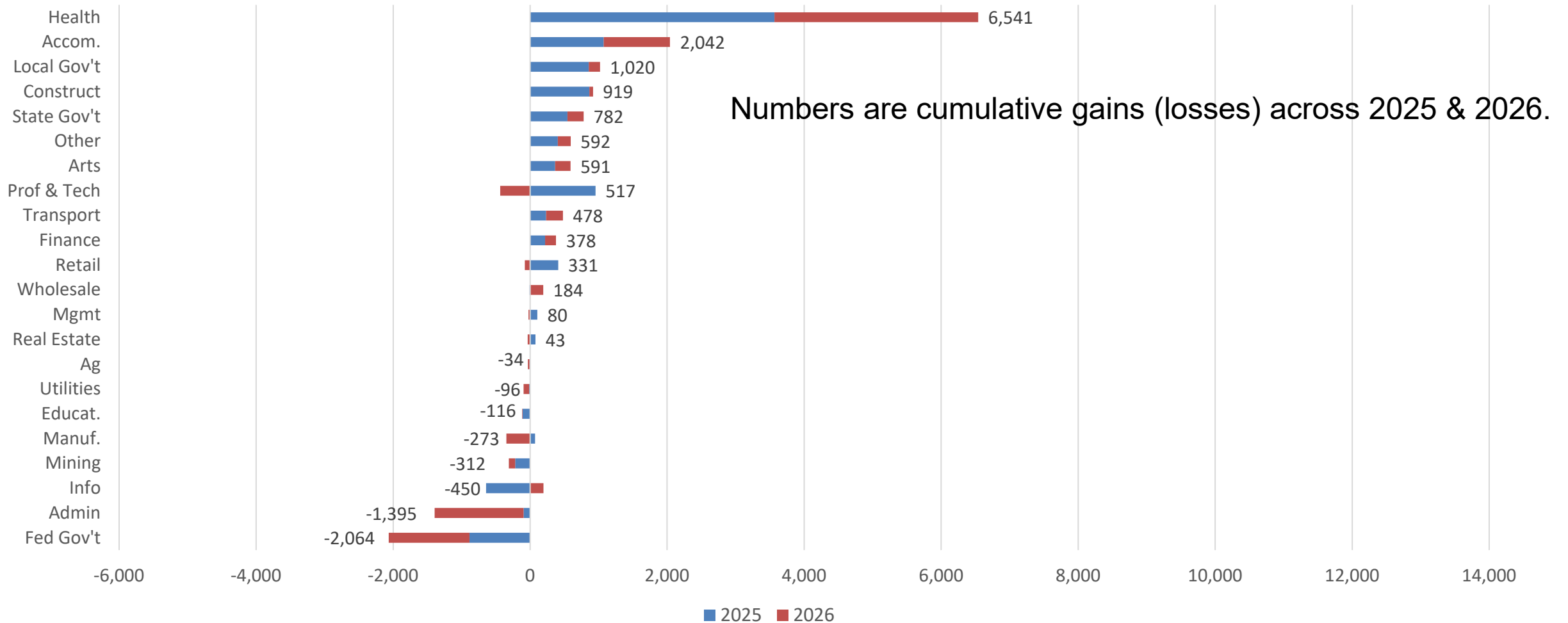
# New Mexico Outlook



# New Mexico Economic Outlook 2025-2030

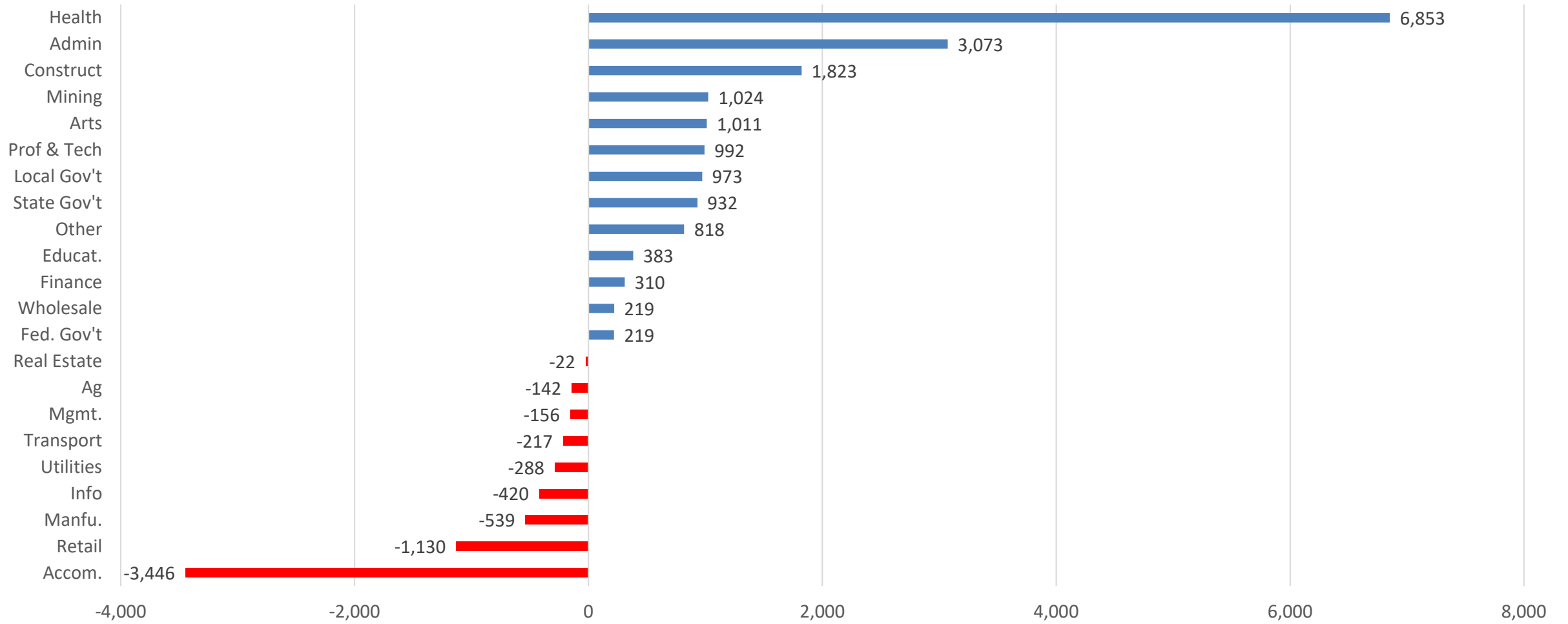
- Employment growth remained solid in 2024 but slows to about 1% in 2025. National slowdown weighs things down beginning 2026 (but still, no “recession” in baseline).
- Loss of 90,000 jobs year-over-year (-10.5%) in 2020Q2. Most recent QCEW data (through 2025Q1) suggest job picture still solid. CES data through August 2025 indicate that state is about 5% above pre-pandemic peak.
- Employment grew about 1.5% in 2024. Projected growth of 0.9% in 2025, 0.2% in 2026, and 0.3% in 2027.
- Economy exceeded 2019 levels in 2023. By 2030 about 55,000-60,000 jobs above 2019 levels (about 7% to 8% above 2018 level).
- Income growth solid in 2025-2029 and averages 4.9% per year.

# Projections by Industry in 2025 & 2026



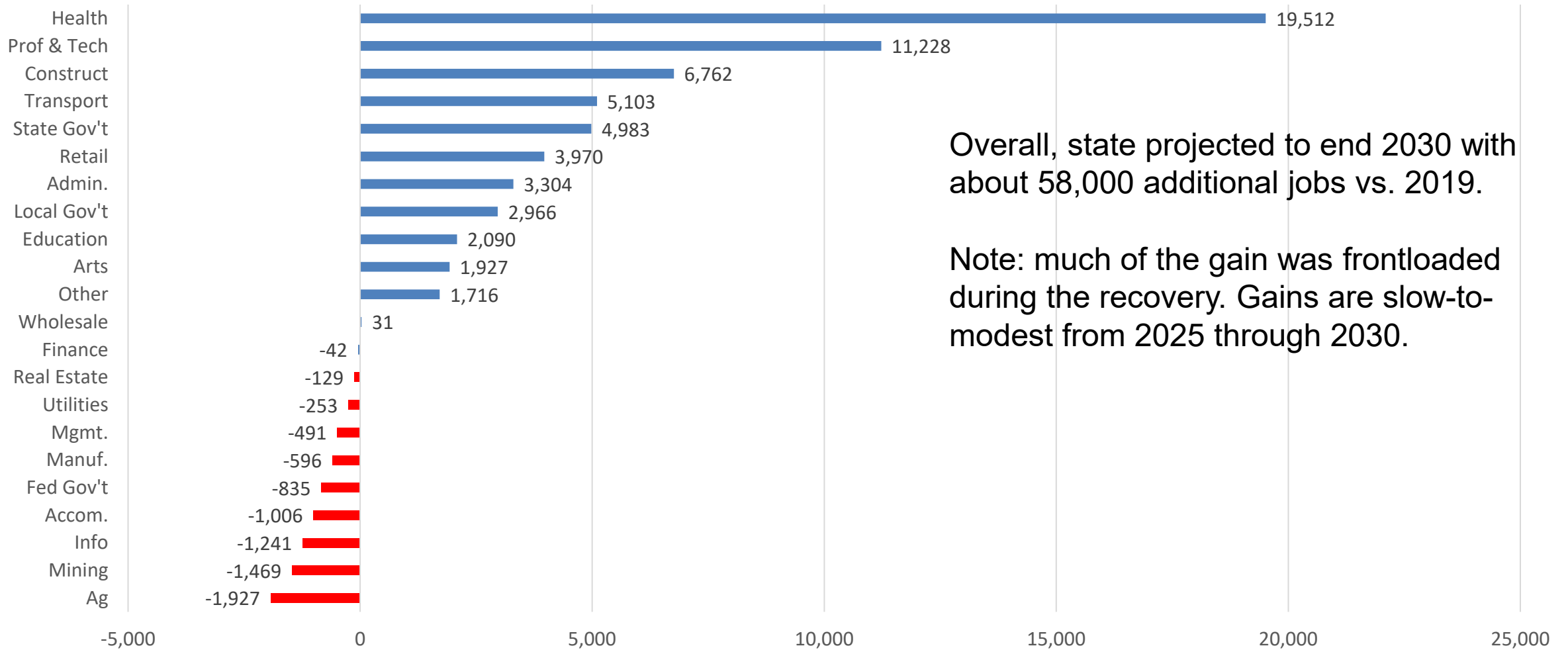
BBER FOR-UNM, July 2025

# Projections 2026 through 2030



BBER FOR-UNM, July 2025

# Best Performers through 2030 (vs 2019)?

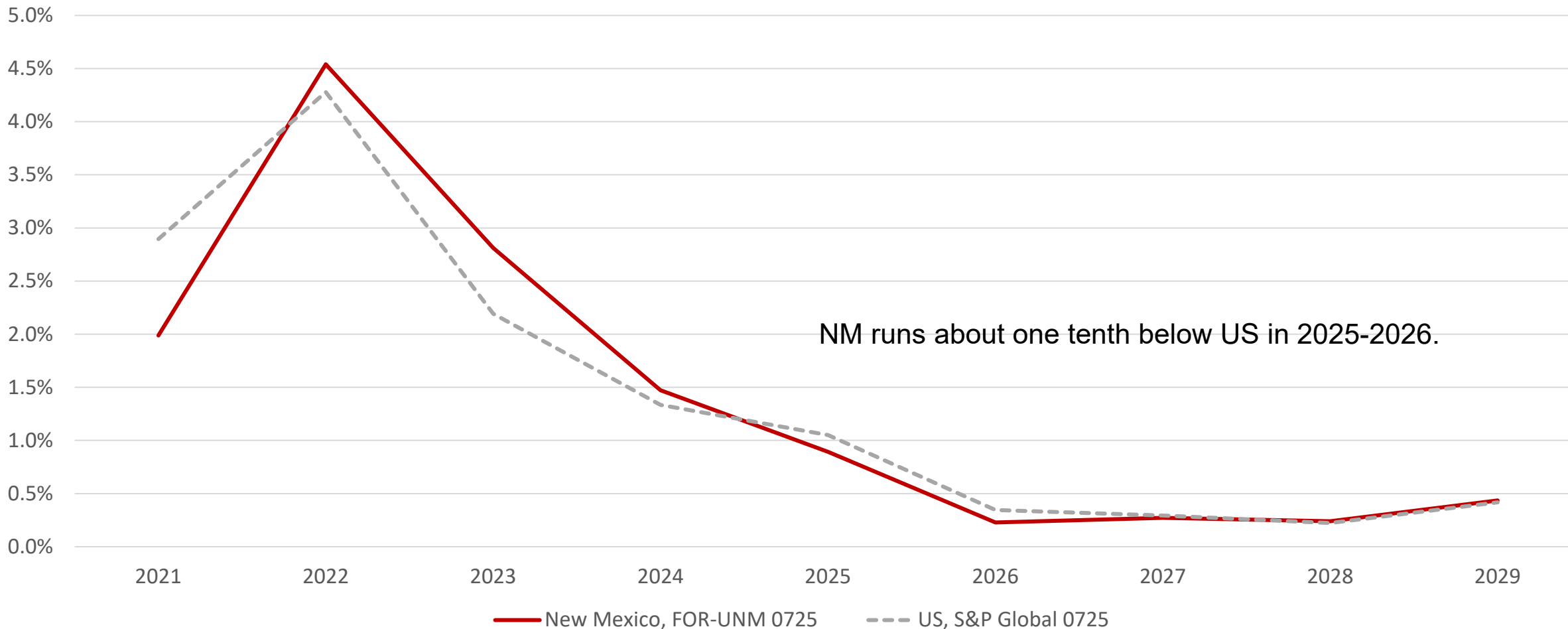


Overall, state projected to end 2030 with about 58,000 additional jobs vs. 2019.

Note: much of the gain was frontloaded during the recovery. Gains are slow-to-modest from 2025 through 2030.

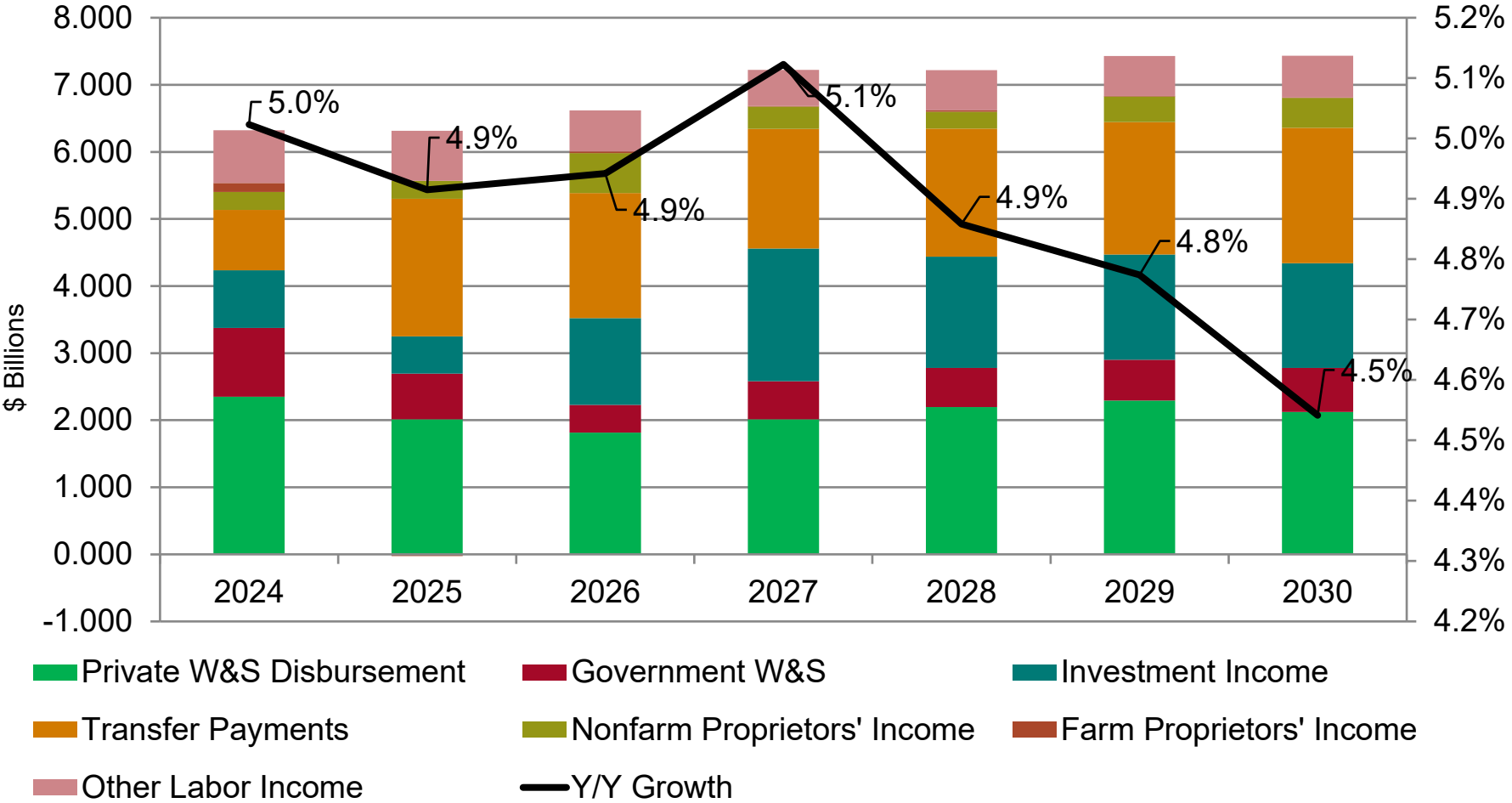
BBER FOR-UNM, July 2025

# Forecast Comparison: NM vs. US



S&P Global & BBER FOR-UNM, July 2025

# Forecast Personal Income Growth, by Component



- Personal incomes positive in 2020 & 2021 due to massive increase of federal transfers (unemployment, stimulus checks, Medicaid and other CARES funding).
- Modest growth 2022 & 2023 at about 4.4% per year.
- Solid growth in 2024 of 5.0%
- Growth averages about 4.9% per year 2025-2029.

BBER FOR-UNM, July 2025

# A Few Challenges & Risks





# “Big Beautiful Bill”

- Potential upsides:
  - Various tax cuts permanent (so effectively status quo)
    - Income tax, corporate tax cuts, passthrough tax for small business
    - Some other marginal but positive tax treatment
  - Manufacturer tax deductions (for facility construction & equipment)
  - Deduction for some income coming from tips (still must be claimed and deducted)
  - Expanded state & local tax deduction and increased estate tax exemptions.
- Potential downsides:
  - Social safety net programs
    - Medicaid (some reduction in Medicare)
    - SNAP
  - Increases deficit

Most analyses suggest that benefits will be concentrated in the highest income brackets.

New Mexico being a low-income state, reliant on social safety programs and federal funding generally, has considerable exposure.

It will be important to assess these anticipated impacts with respect to New Mexico.

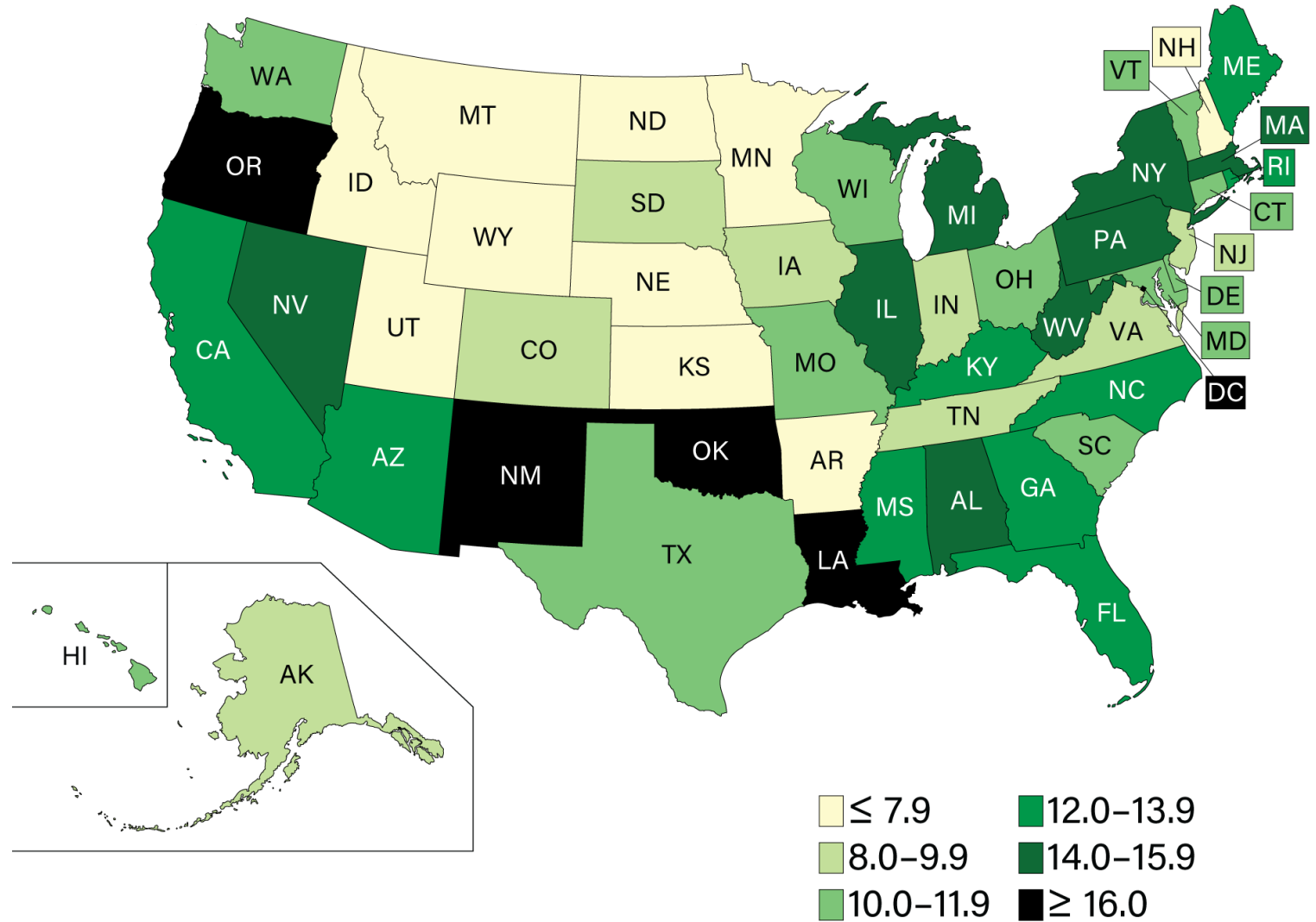
<https://www.cbo.gov/publication/61486>

<https://budgetmodel.wharton.upenn.edu/issues/2025/7/1/senate-reconciliation-bill-budget-economic-and-distributional-effects>

<https://taxfoundation.org/research/all/federal/big-beautiful-bill-senate-gop-tax-plan/>

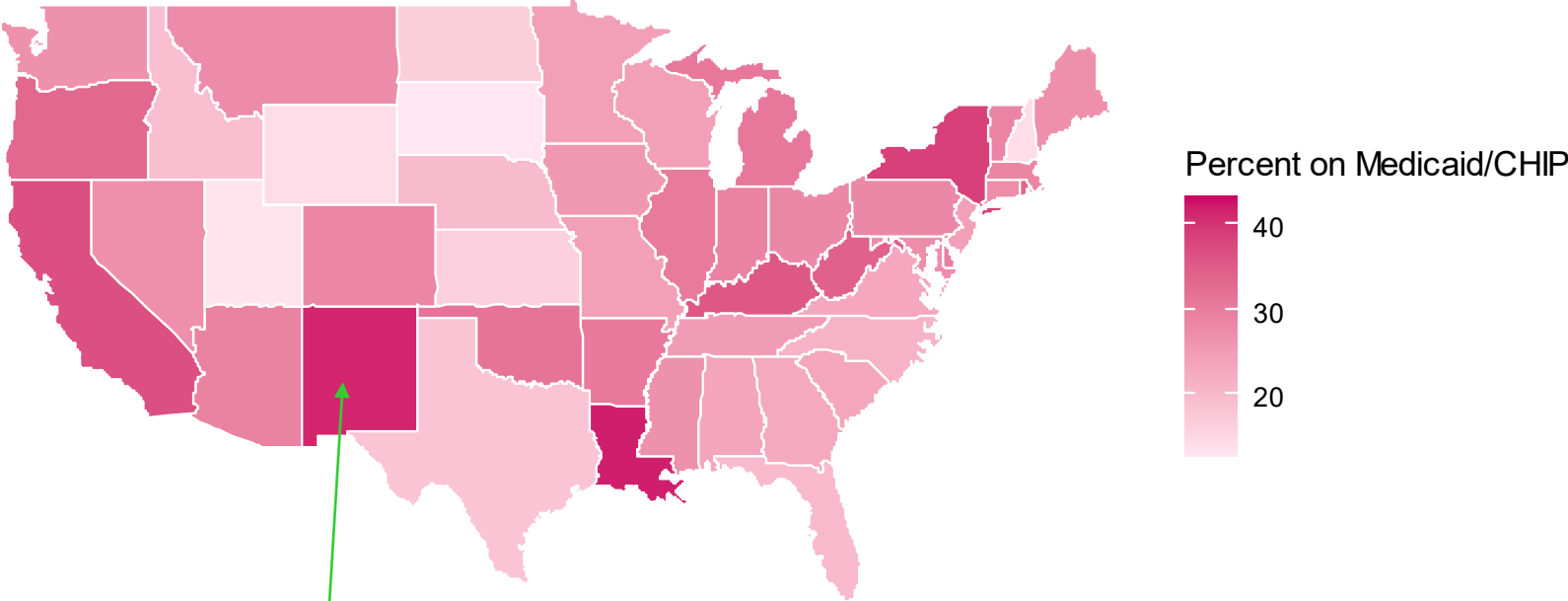
# % of Pop Receiving SNAP

## Percent of population receiving SNAP benefits in fiscal year 2024



# % of Pop Enrolled in Medicaid or CHIP (2023)

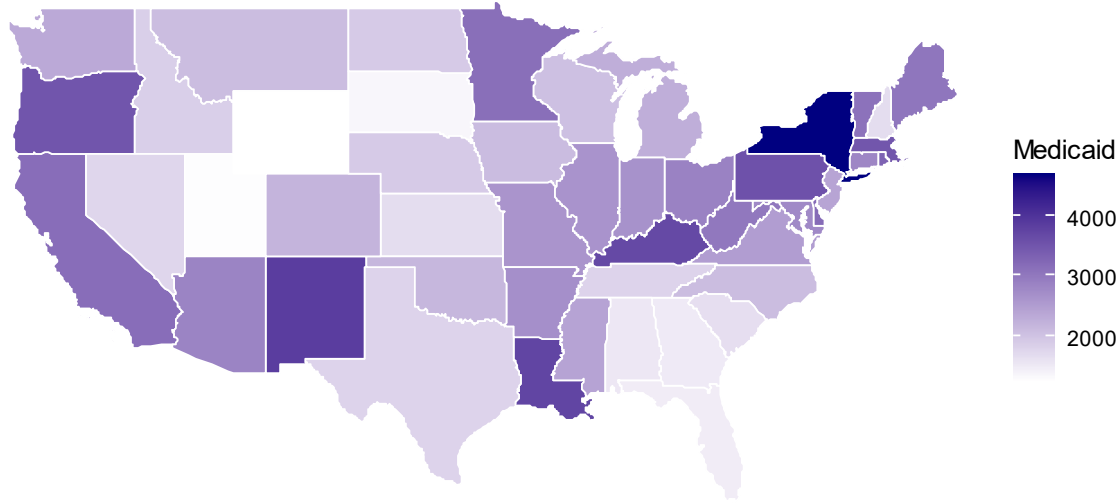
Percent of Population on Medicaid or CHIP by U.S. State



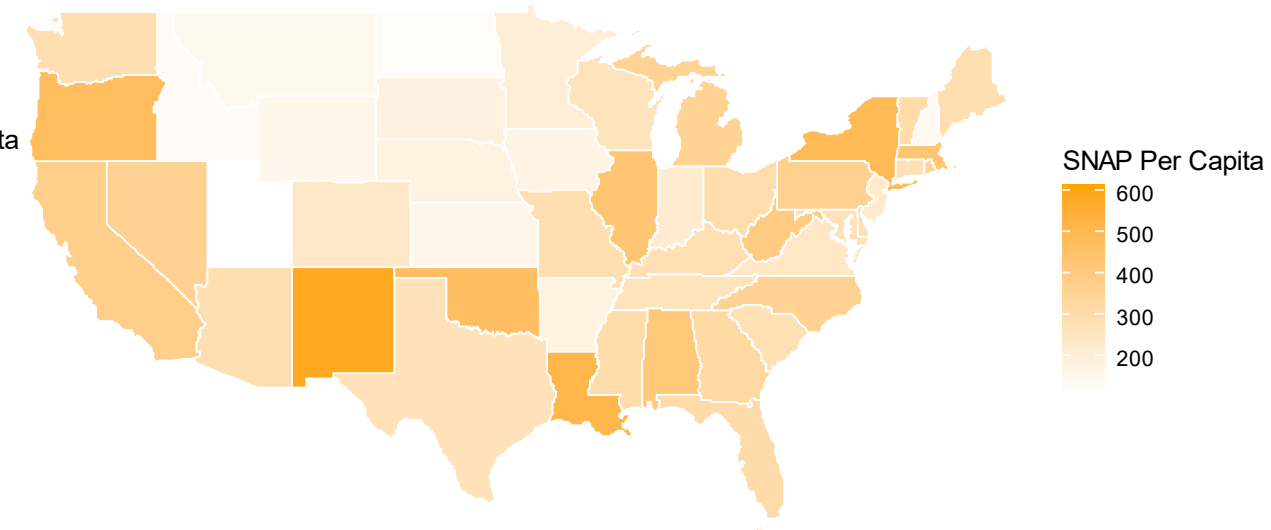
About 42% in NM

# NM vs. US Medicaid and SNAP per Capita (2023)

## Medicaid Per Capita by U.S. State



## SNAP Per Capita by U.S. State



Source: BEA and BBER FOR-UNM, July 2025