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# Forecasting the New Mexico Economy: Recent History and Outlook

Jeffrey Mitchell

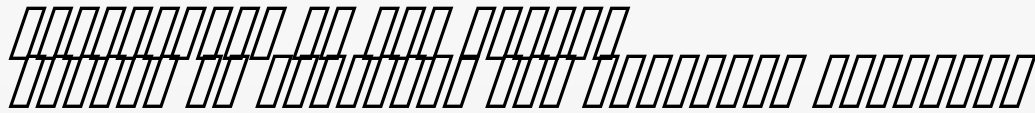
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# Forecasting the New Mexico Economy: Recent History and Outlook

13<sup>th</sup> Annual New Mexico Data Users Conference

November 3, 2011

Jeffrey Mitchell  
Senior Research Scientist



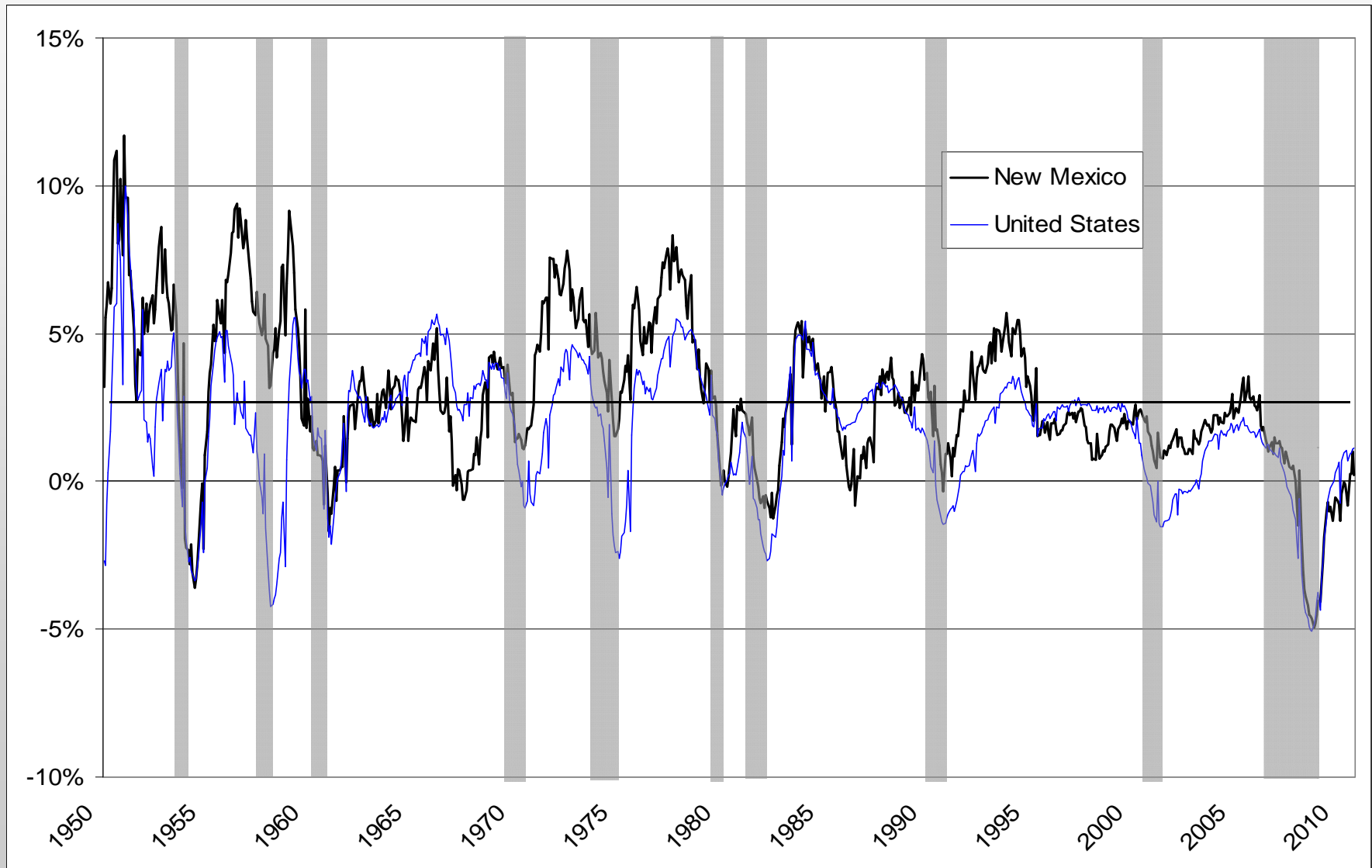
# FORUNM MODEL

- FORUNM uses IHS Global Insight's US forecast as the main input into the model.
- FORUNM model – forecasts New Mexico's outlook with historical similarities and differences with national economy.
- Examples: personal income diverges because of high transfer payments (Medicaid, income supports) to NM.



# New Mexico and the US: Nonfarm Employment Growth Over Previous Business Cycles and National Recessions

% change year over year, not seasonally adjusted

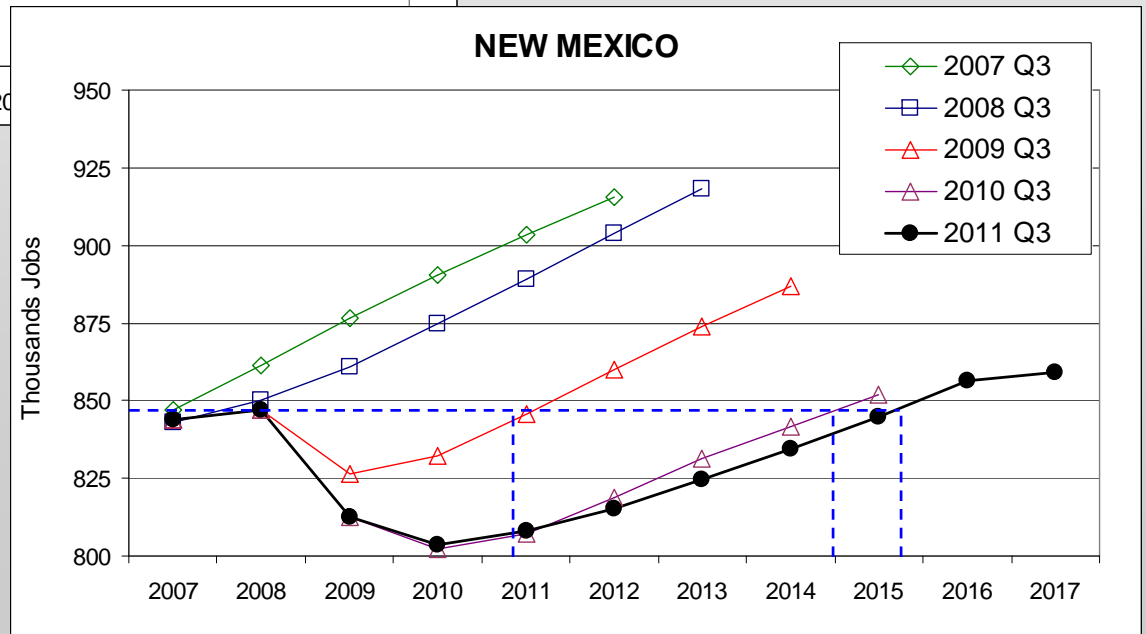
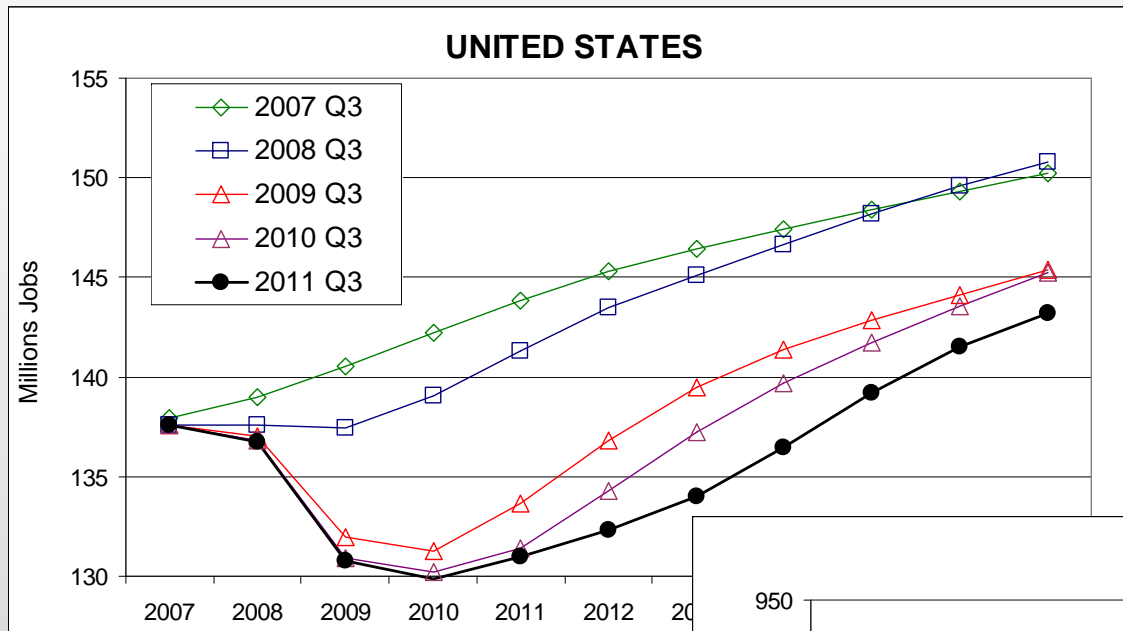


# 'GREAT RECESSION'

- Depth and length of the 'Great Recession' was unprecedented (at least since 'Great Depression').
- A difference of quality rather than quantity – a crisis of debt and breakdown of financial system, rather than a business cycle.
- Unfolding of the Great Recession caught (almost) everyone by surprise – globally, nationally and in New Mexico.



# US (IHS GI) & NM (BBER FORUNM) EMPLOYMENT FORECASTS: 2007Q3 – 2011Q3



# ‘RECOVERY’ or ‘NEW NORMAL’

- Recovery or a return to the pre-recession patterns – it’s been bad but we’ll recover (and be like before).
- Recovery logic is built into the forecasting model – model is based on history and the future is a repetition of that history.

– OR –

- ‘New Normal’ – we’re not in Kansas anymore.
- US economy will function differently AND New Mexico will function differently in relation to US economy – not necessarily better or worse, but *different*.



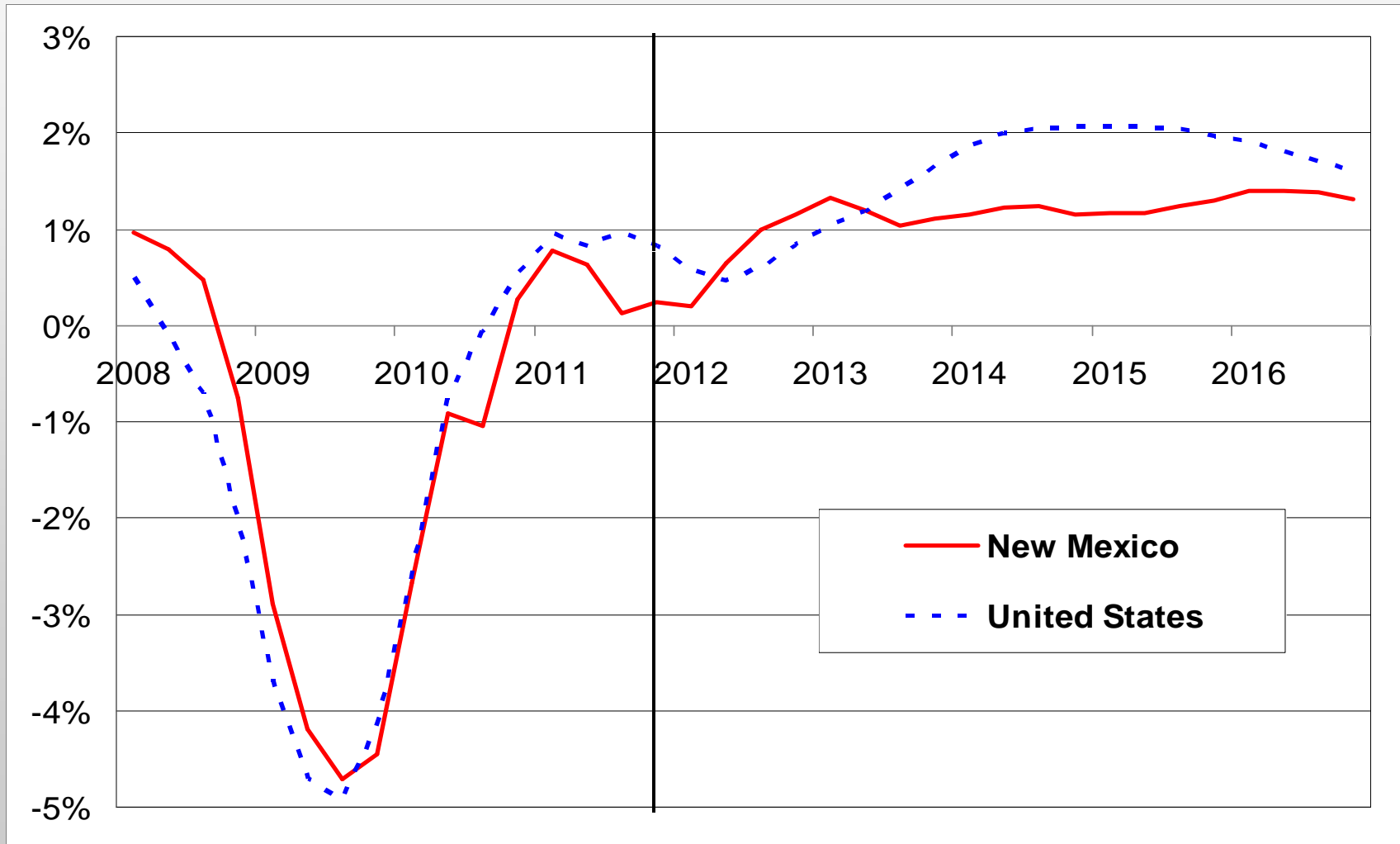
# **NEW MEXICO'S ECONOMIC OUTLOOK**





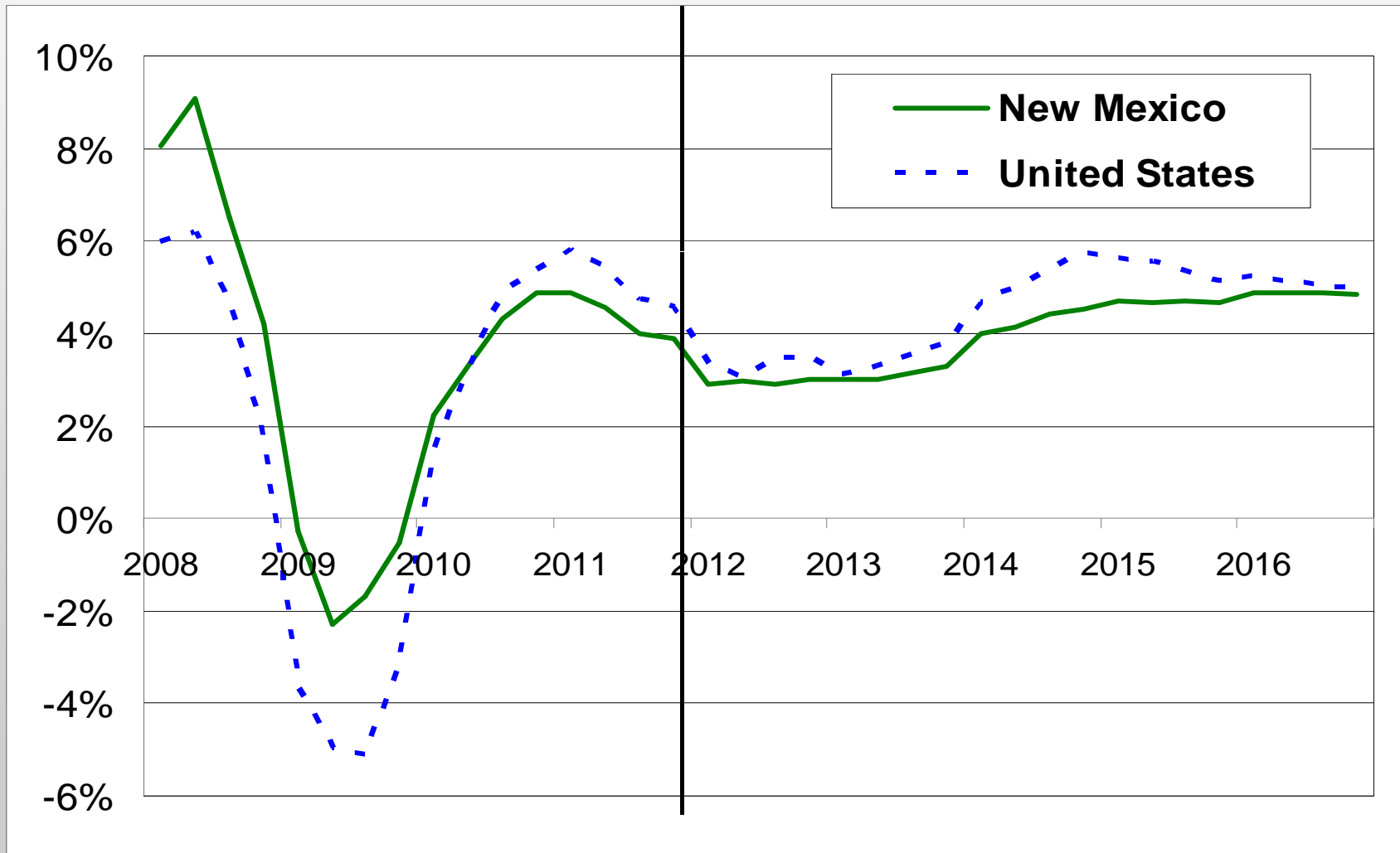
# Employment Growth, 2008 – 2016

## New Mexico (BBER) and United States (GI)

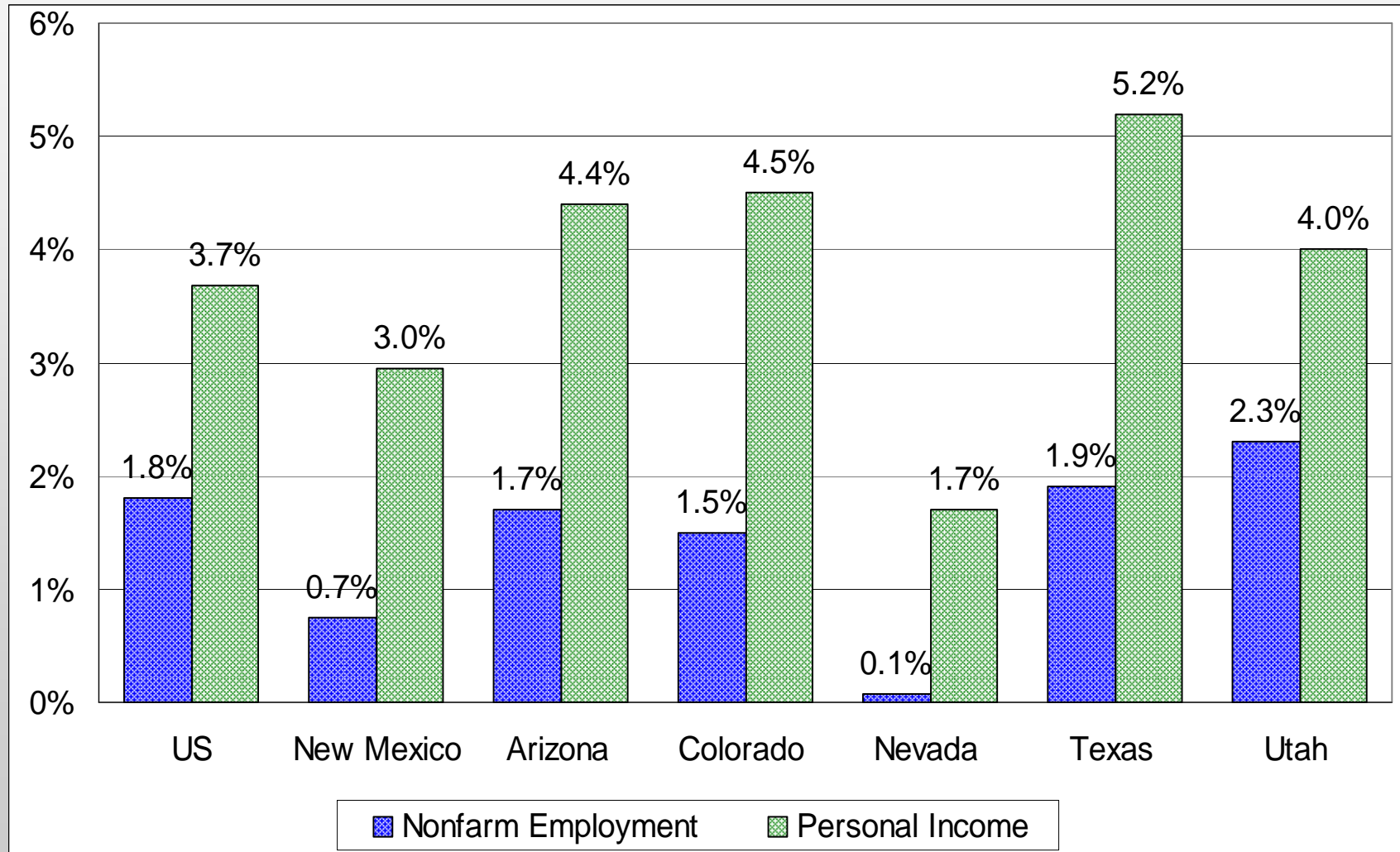


# Personal Income Growth, 2008 – 2016

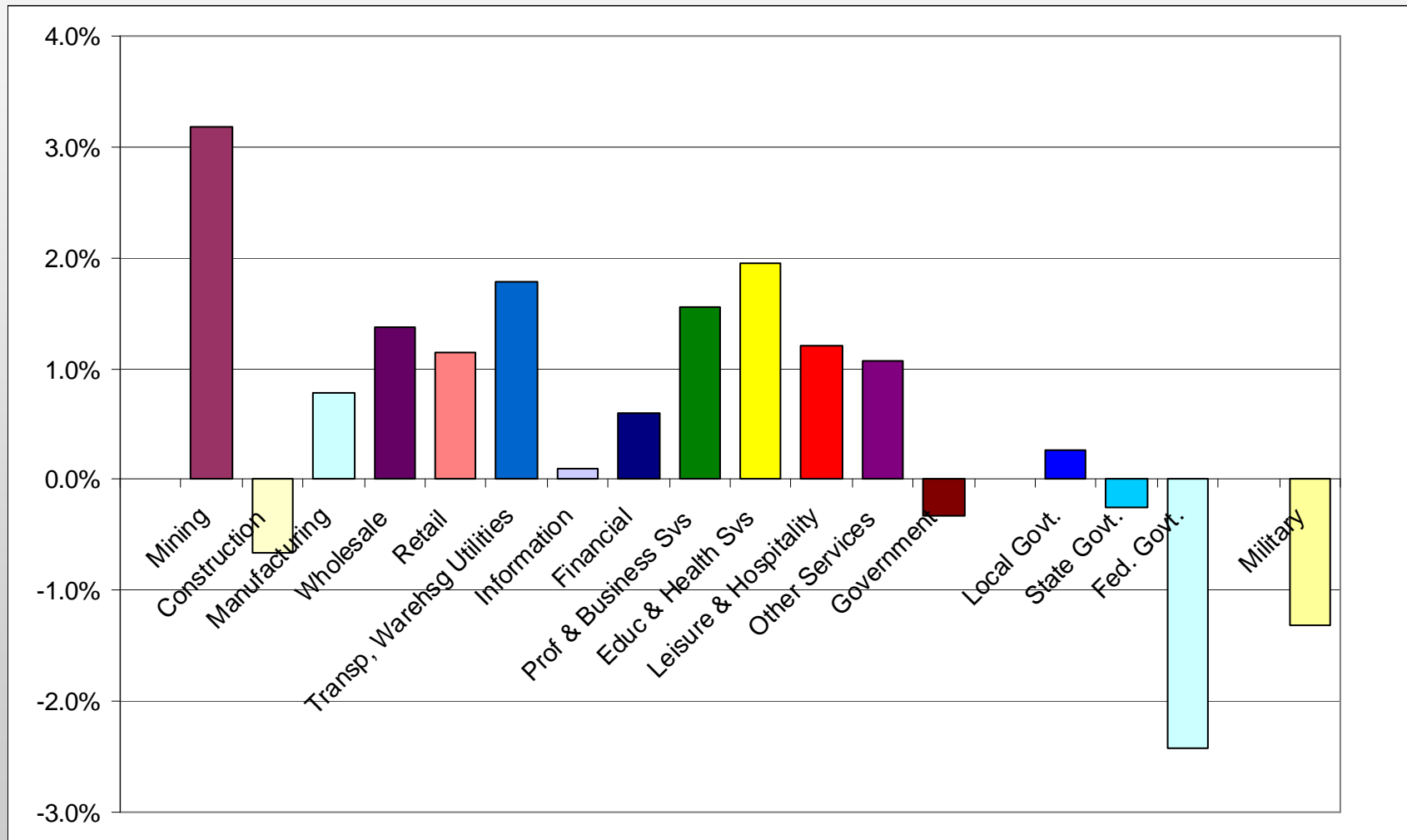
## New Mexico (BBER) and United States (GI)



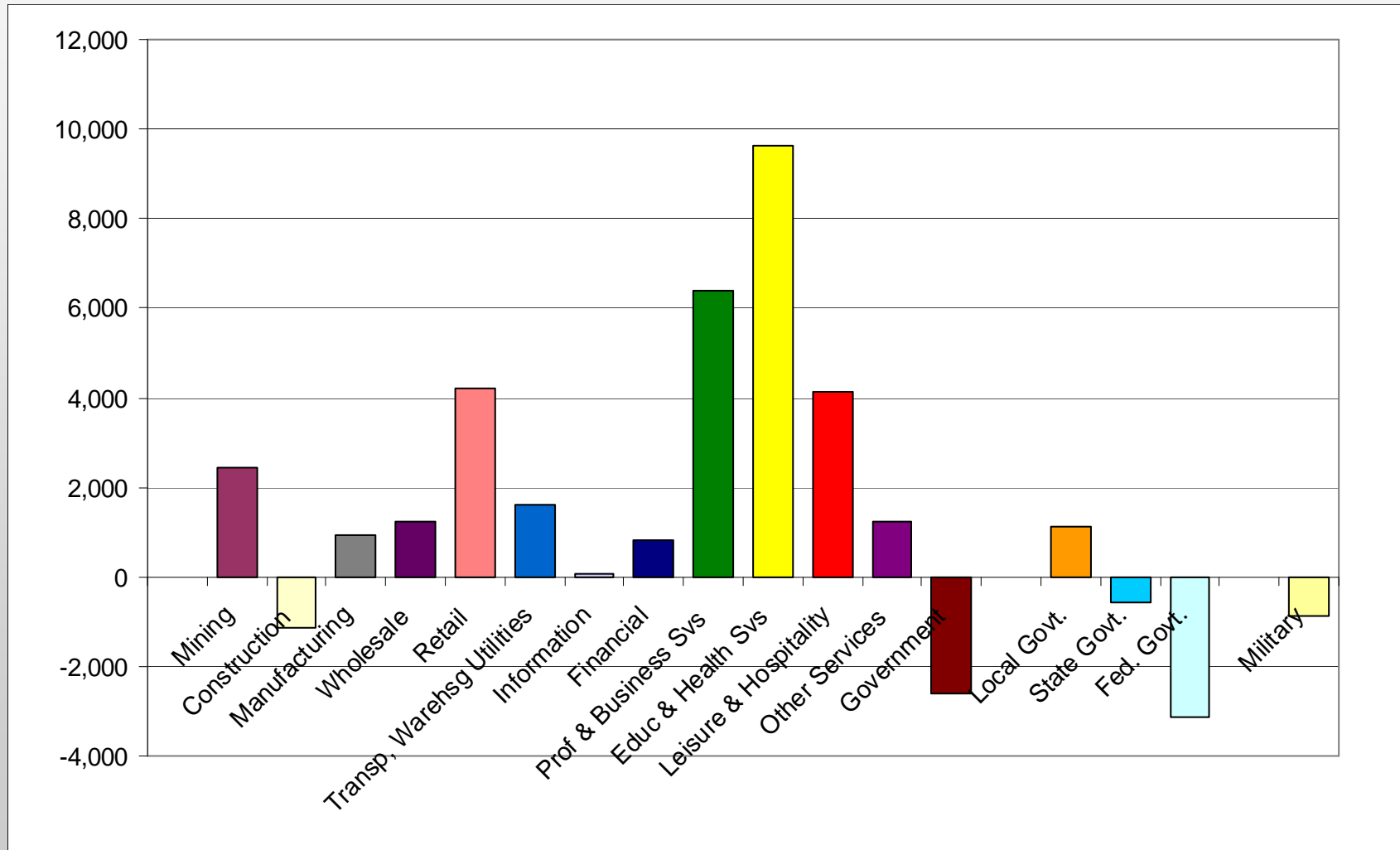
# US & Western States: Nonfarm Employment and Personal Income Growth, 2012



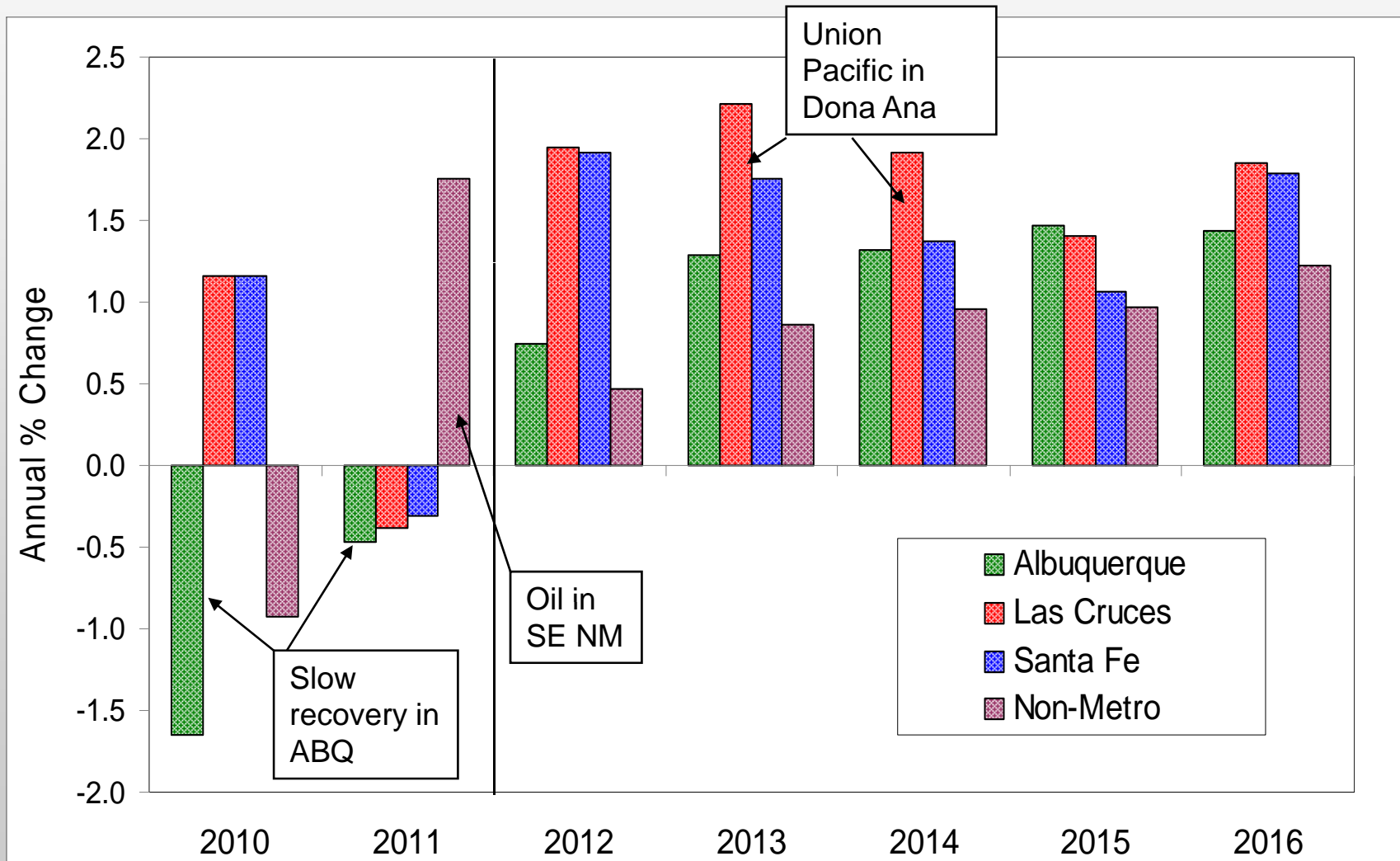
# Average Annual Employment Growth, By Sector, 2011 – 2014



# Net Gain/Loss in Employment, By Sector, 2011 – 2014

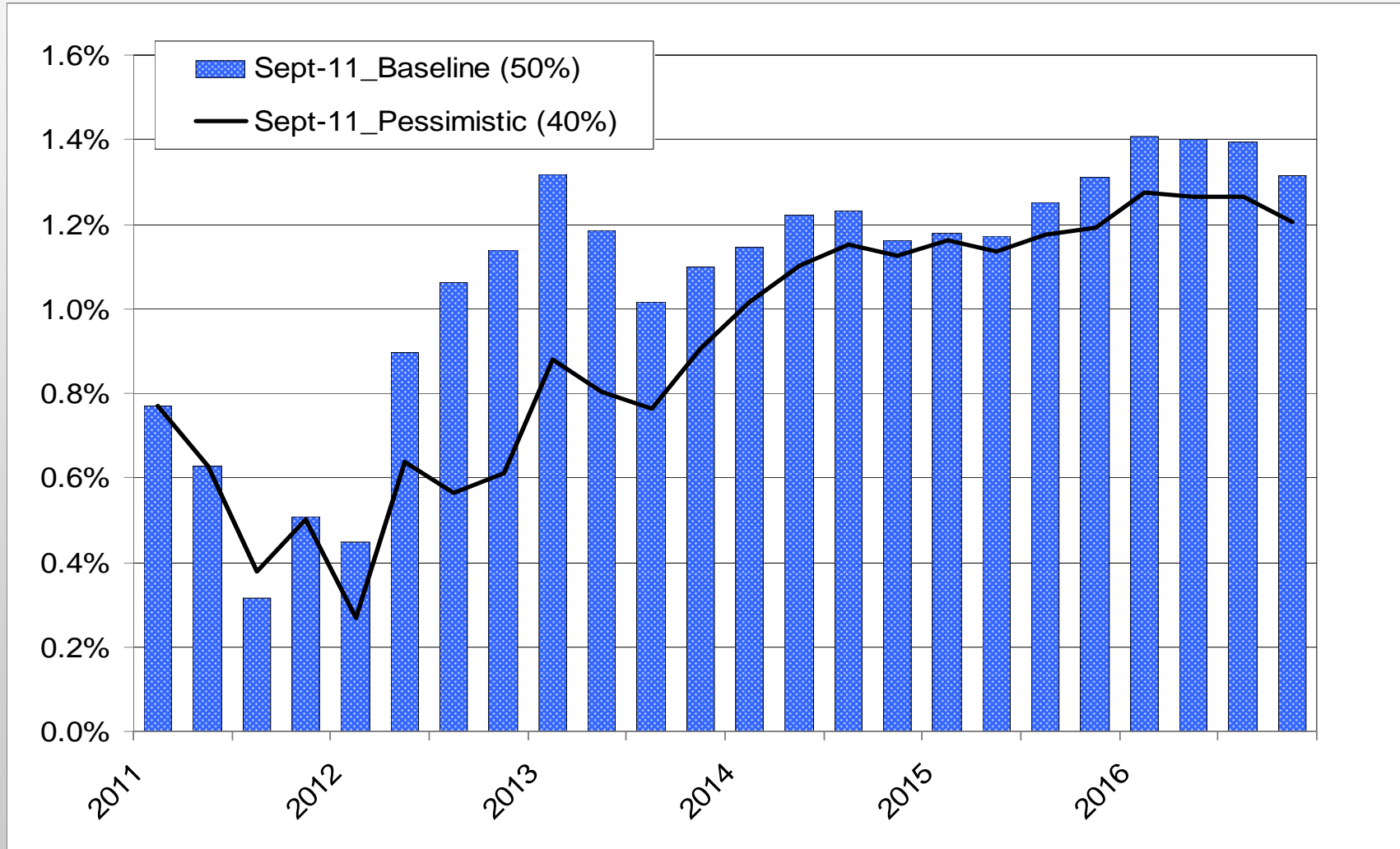


# New Mexico Employment Growth Metro and Non-Metro Areas, 2007-2016



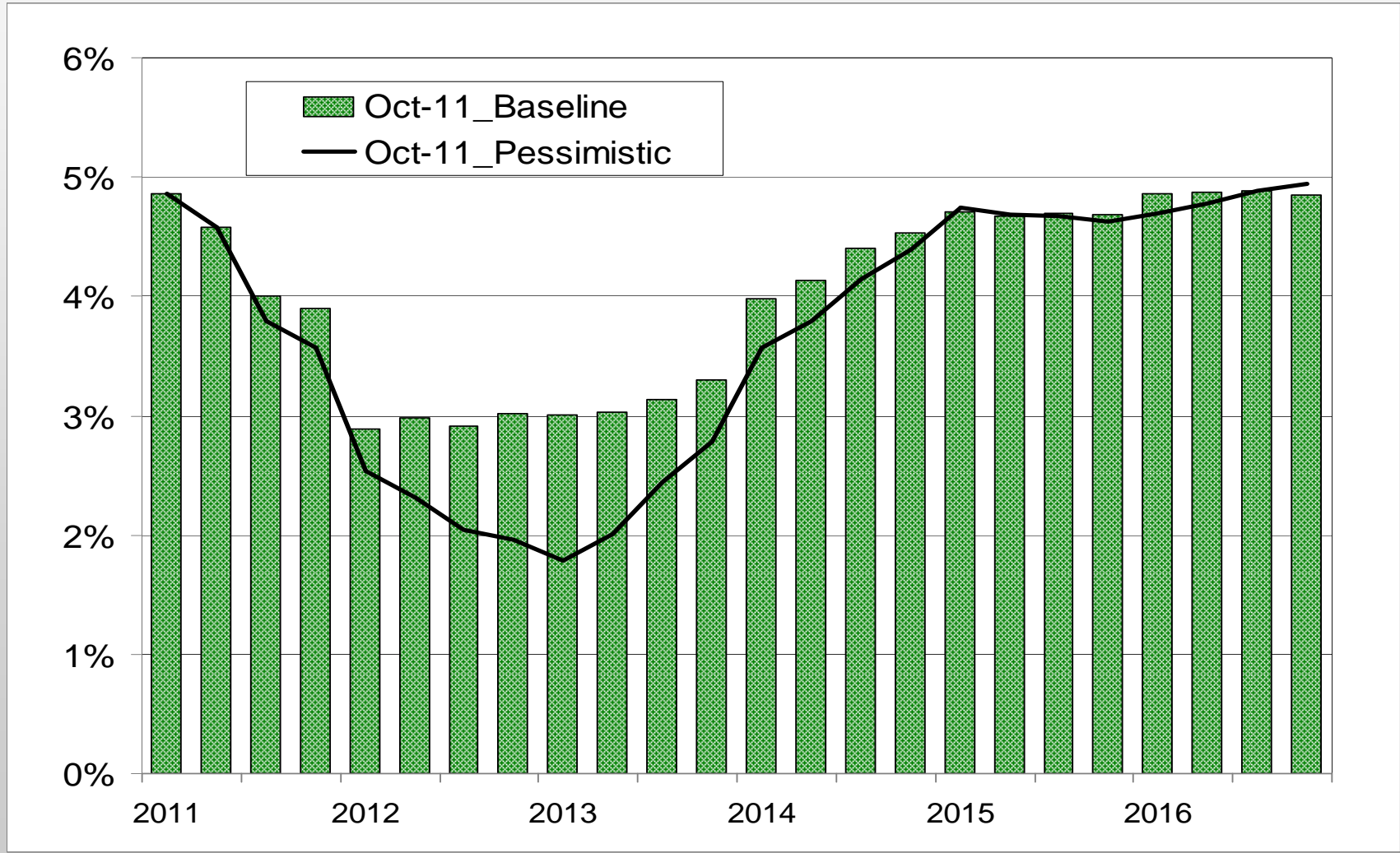
# Employment Growth, 2011 – 2016

## GI Baseline vs. Pessimistic Forecast

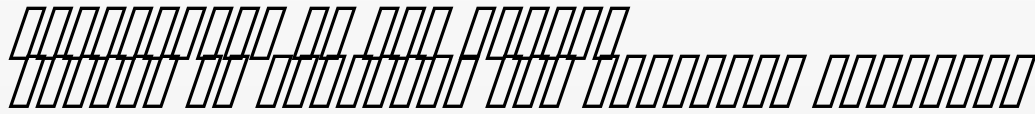


# Personal Income Growth, 2011 – 2016

## GI Baseline vs. Pessimistic Forecast







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Thanks to:  
Lee A. Reynis, Director  
Michael O'Donnell  
Larry Waldman



*“When did ya get  
so handsome?”*

