

# Economic Outlook for the State of New Mexico

May Lin, *Economic Analyst*

Julia Wacker, *Associate I*

Julian Brubaker, *Associate I*

# Welcome and Introductions

- REMI models
- Big Picture: REMI Regional Growth Matrix
- Economic outlook
  - Short-term forecast
  - Long-term forecast
- Model demonstration

# Model



Regional Economic Models, Inc. (REMI) was founded in 1980 on a transformative idea: *government decision-makers should test the economic effects of their policies before they're implemented.* We are the nation's leader in dynamic local, state and national policy modeling. Our clients use REMI models to perform rigorous economic analysis that critically influences local, state and national policies.

## OUR CLIENTS:

Business Roundtable • Sandia National Laboratories • Ernst & Young • Texas Comptroller  
University of Michigan • Tennessee Valley Authority • National Education Association  
South Coast Air Quality Management District • Florida Legislature  
North Carolina Department of Commerce • Wyoming Department of Administration & Information  
California Environmental Protection Agency • U.S. Army Corps of Engineers

# New Mexico State Economy



- New Mexico is the 36<sup>th</sup> most populous and the 5<sup>th</sup> most expansive of the 50 United States.<sup>1</sup>
- Population of 2.105 million; median age of 37.8; and a median household income of \$49,754.<sup>1</sup>
- Largest contributors to GSP by sector include real estate, rental and leasing, mining and resource extraction, health care and social assistance, and professional, scientific, and technical services.<sup>2</sup>
- Two important aspects of New Mexico's economy are scientific research such as the nuclear energy research and mining of natural resources such as oil, natural gas, uranium, potash, copper, coal, zinc, gold and silver.<sup>3</sup>
- New Mexico is the country's top producer of chili peppers and perlite, a type of glass used in insulation and gardening.<sup>4</sup>

<sup>1</sup>WorldPopulationReview.com

<sup>2</sup>IBIS World

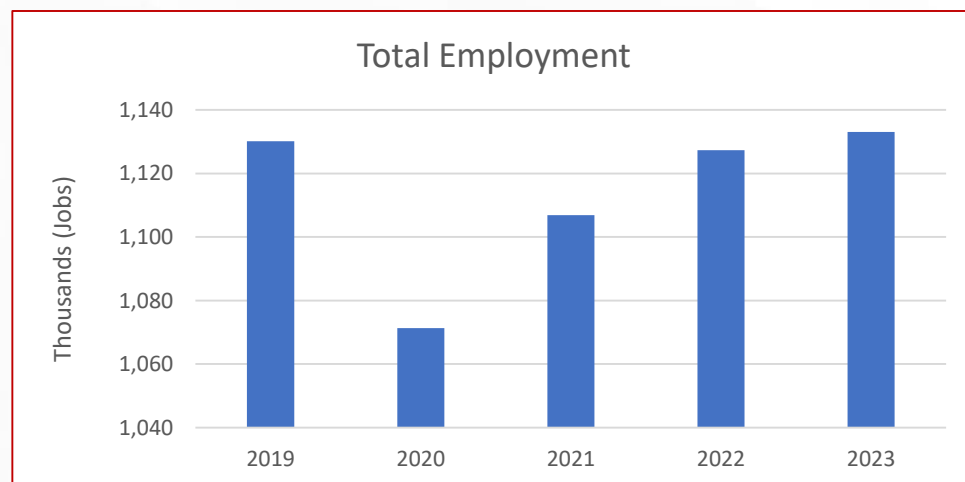
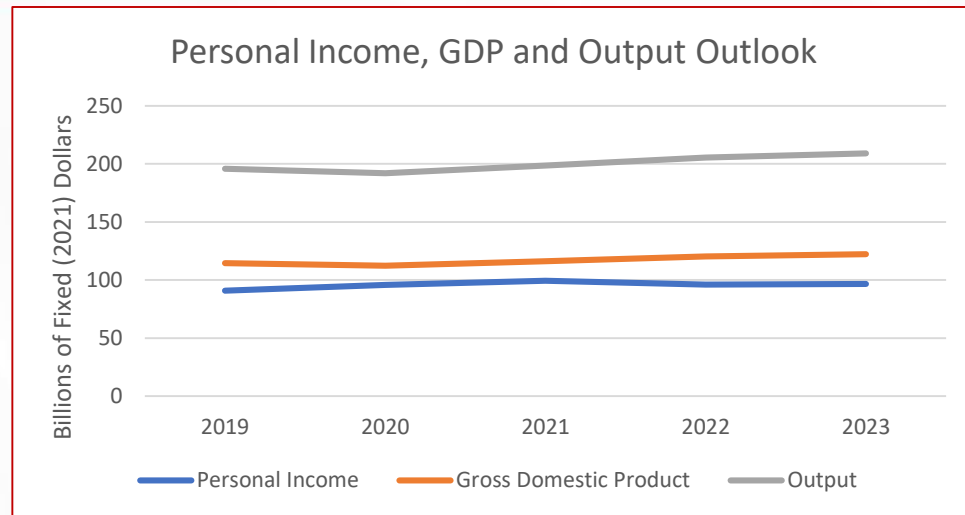
<sup>3</sup>50states.com

<sup>4</sup>FactFile.org

# Short-Term Outlook: New Mexico



- Years 2019-2023
- Growth 2020-2021
  - Personal income : 3.8%
  - GDP: 3.5%
  - Output: 3.5%
  - Employment: 36 thousand jobs
- Uncertainty



# REMI Regional Growth Matrix: Economic & Demographic Factors



## Economic Factors

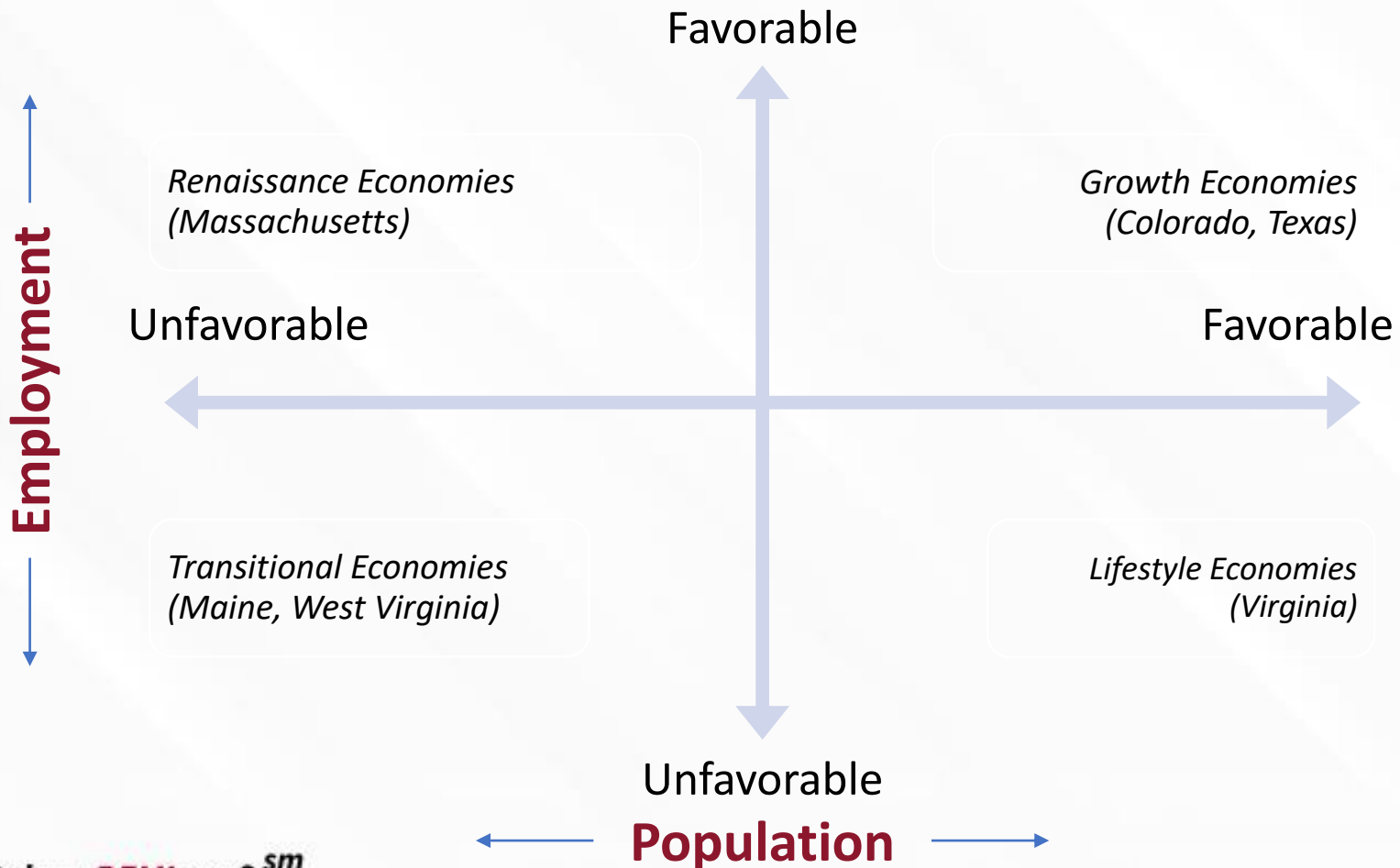
	Industry Growth	Industry Clusters	Pay	Productivity	Business Cost
Favorable	Growing	Strong	High-paid industries	High	Low
Unfavorable	Declining	Weak	Low-paid industries	Low	High

## Demographic Factors

	Population Age	Retirees	Immigration	Amenities	Housing Cost
Favorable	Younger	Gains retirees	Immigration gateway	High	Low
Unfavorable	Older	Loses retirees	Low internat'l immigration	Low	High

what does **REMI** say? <sup>sm</sup>

# Regional Growth Matrix



# Growth Matrix

## Difference in Growth from US Average (2021-2022)





# Data Sources

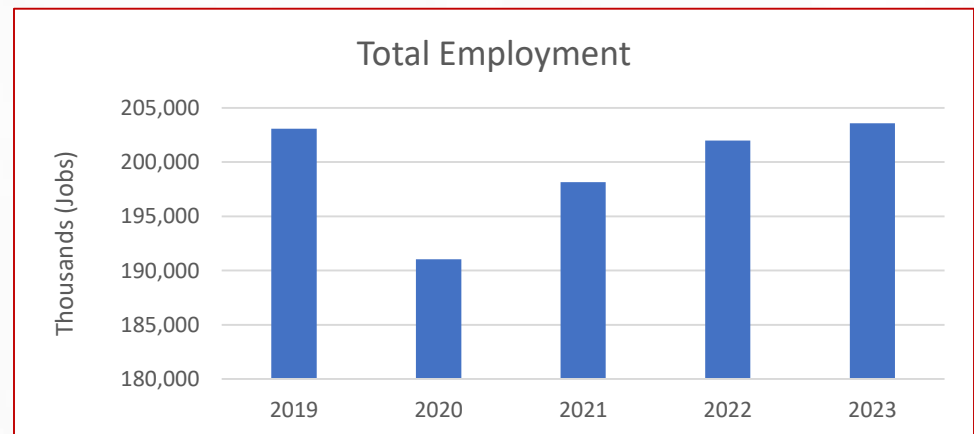
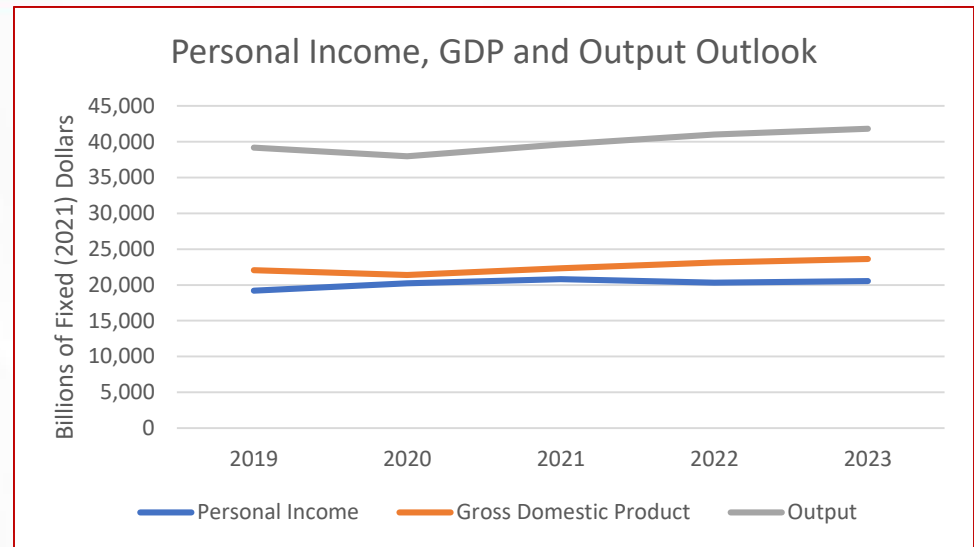
- Baseline (Standard National Control)
  - BLS Forecast Data
- Economic Forecast Update March 2021
  - 2019-2020 historical data from BEA
  - The U.S. Economic Outlook for 2020-2022 from the University of Michigan's Research Seminar in Quantitative Economics (RSQE)
  - An update to the Economics Outlook from CBO
  - Includes \$1.6 trillion stimulus, additional vaccination, and additional consumer spending<sup>1</sup>

# National Outlook

# Short-Term Outlook: the U.S.

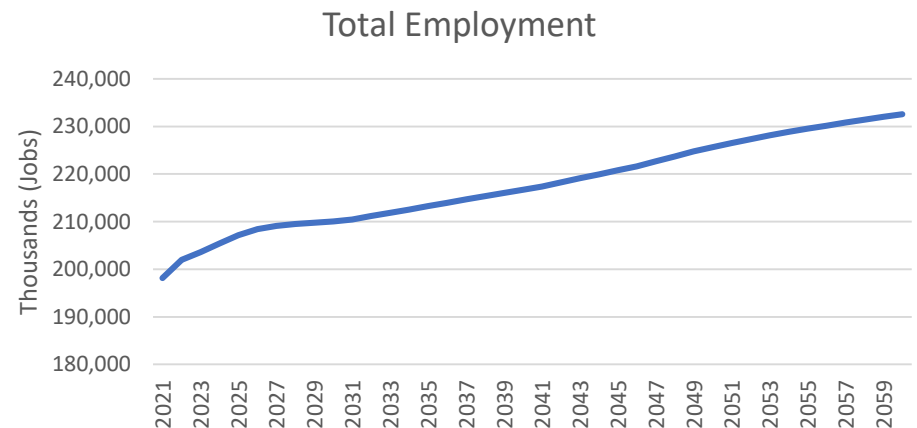
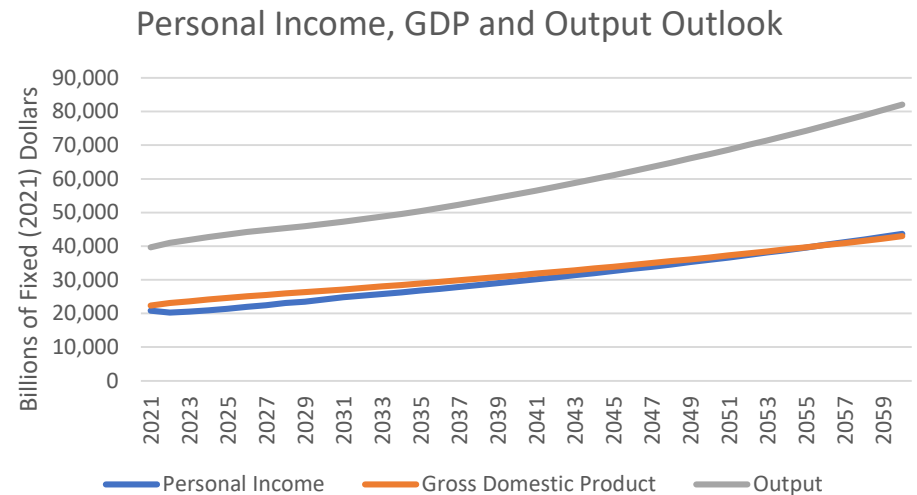


- Years 2019-2023
- Growth 2020-2021
  - Personal income: 2.9%
  - GDP: 4.4%
  - Output: 4.4%
  - Employment: +7 million jobs



# Long-Term Outlook: The U.S.

- Years 2021-2060
- Average growth / year
  - Personal income: 1.9%
  - GDP: 1.8%
  - Output: 1.9%
  - Total employment: +1,038 thousand jobs



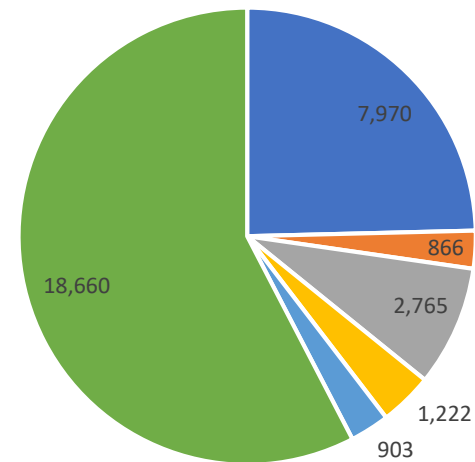
# Regional Outlook: New Mexico

# Short-Term Outlook: Employment by Industry



- Industries with largest employment growth rates in 2021
- 2020 - 2021: 13,726 jobs increasing in the top 5 fast growing industries

Job Increase in The Fastest Growing Industries in 2021

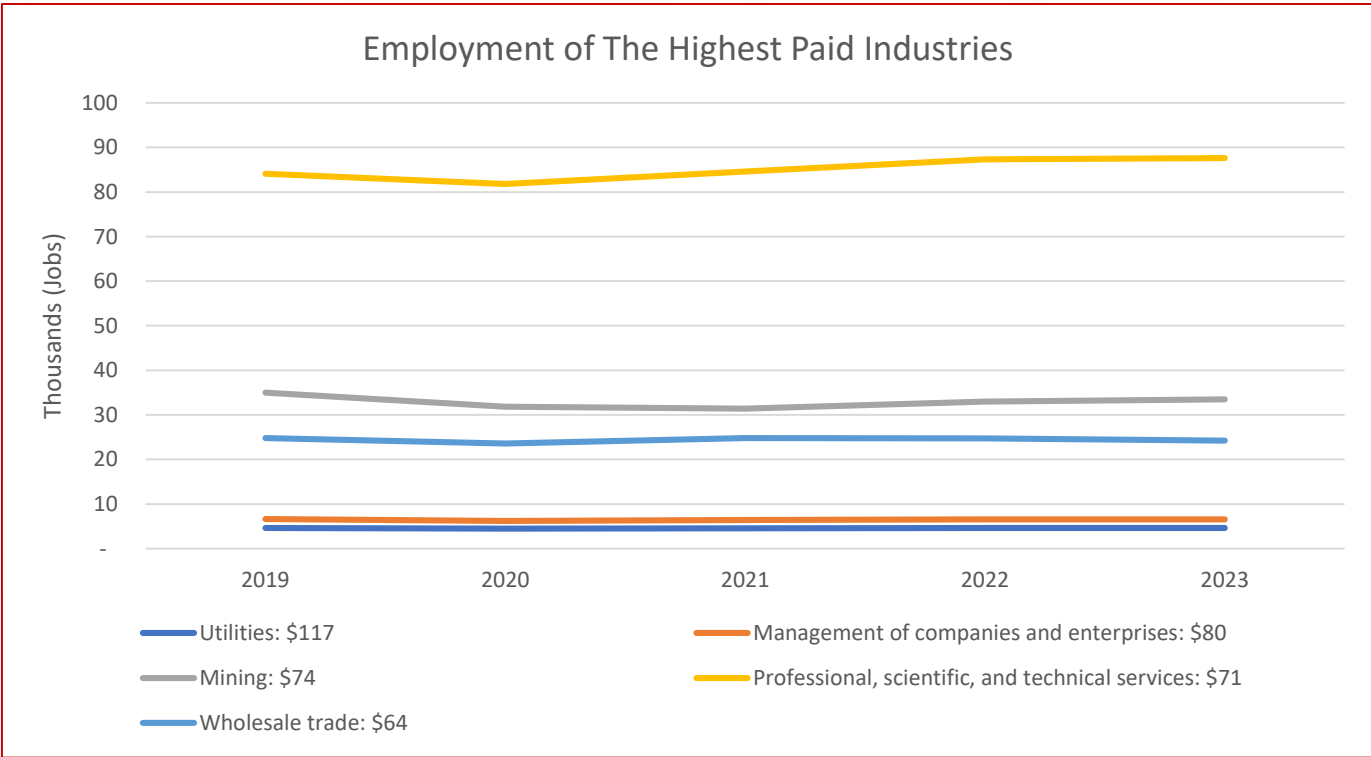


- Health care and social assistance: 6.21%
- Educational services; private: 5.57%
- Other services (except public administration): 5.43%
- Wholesale trade: 5.18%
- Arts, entertainment, and recreation: 4.73%
- All other industries

# Short-Term Outlook: Employment by Industry



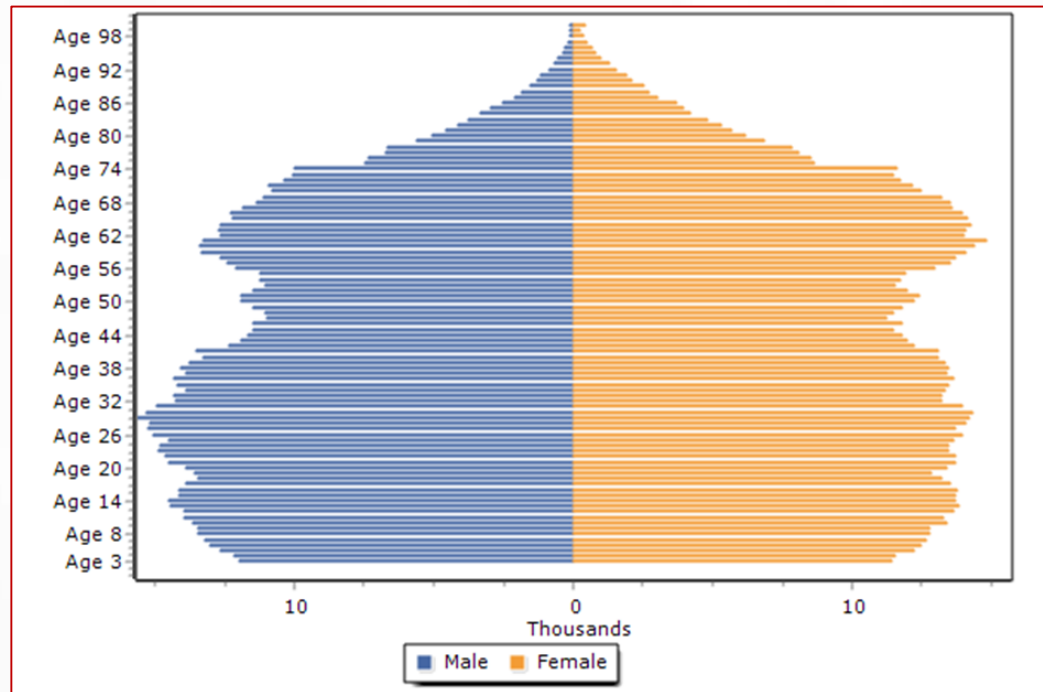
- Industries with highest average annual compensation rates in 2021



# Short-Term Outlook: Population Pyramid (2021)

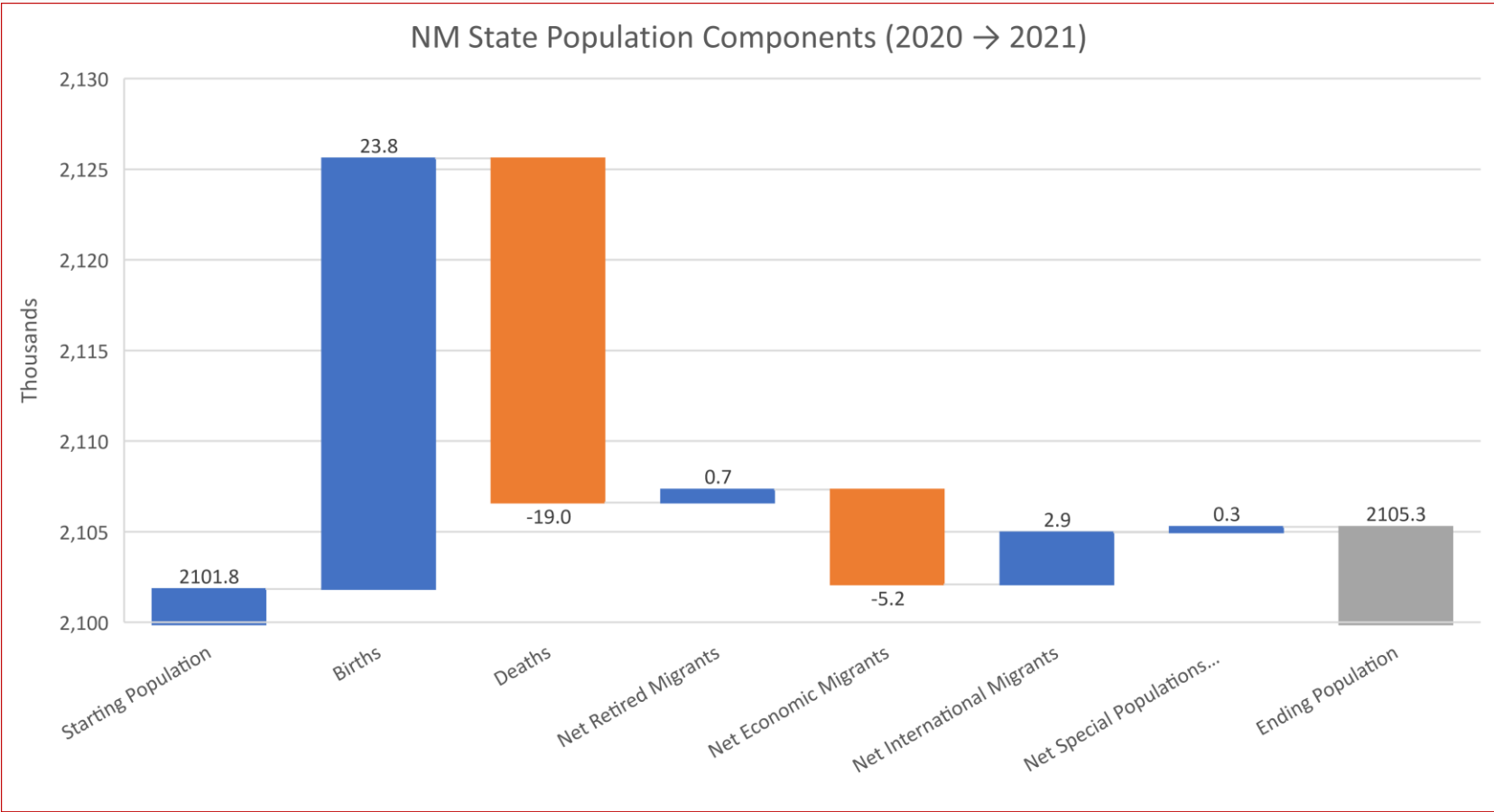


- Year 2021
- Near stationary / constrictive





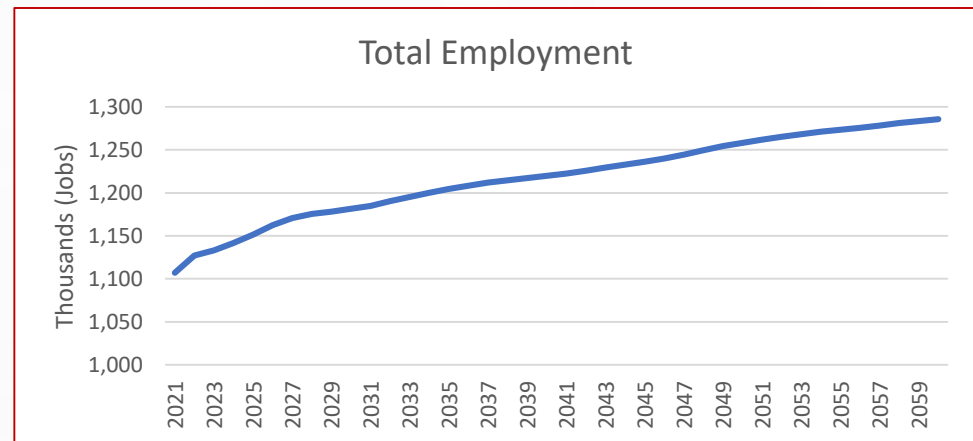
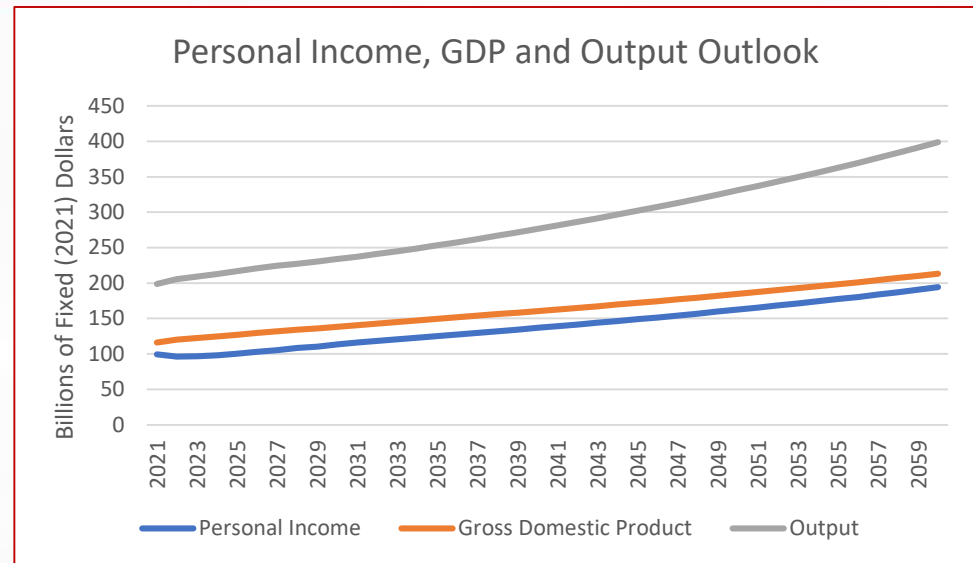
# Short-Term Outlook: Population Components



what does **REMI** say? <sup>sm</sup>

# Long-Term Outlook: New Mexico

- Years 2021-2060
- Average growth / year
  - Personal income: 1.8%
  - GDP: 1.6%
  - Output: 1.8%
  - Total employment: 5 thousand jobs

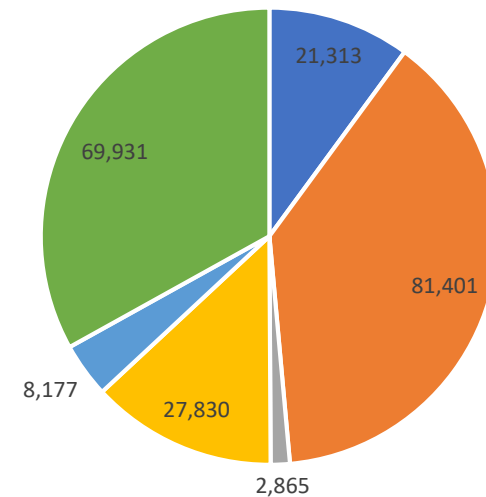


# Long-Term Outlook: Employment by Industry



- Industries with fastest employment increasing
- 2020 - 2060: 141,586 jobs increasing in the top 5 fast growing industries

Job Increase in The Fastest Growing Industries  
(2020 → 2060)

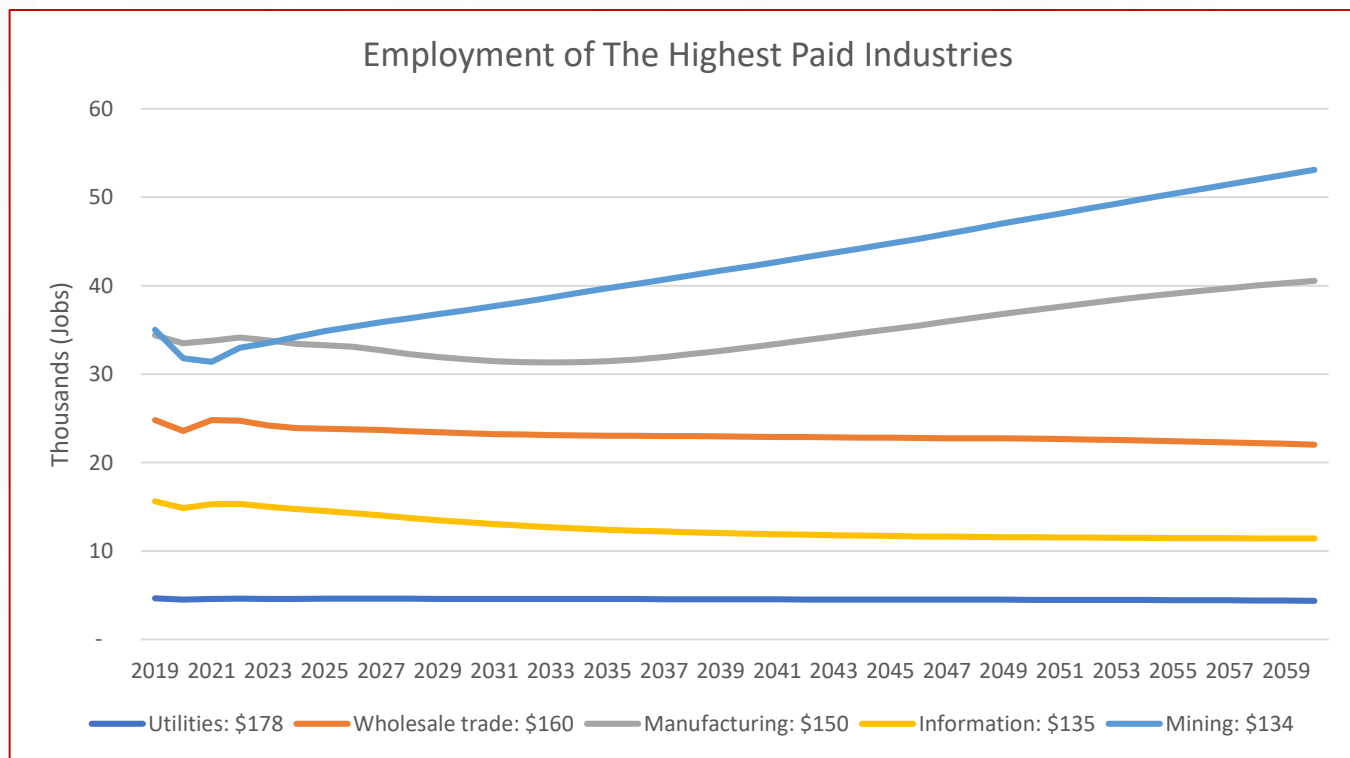


- Mining: 1.29%
- Health care and social assistance: 1.24%
- Forestry, fishing, and hunting: 0.94%
- Professional, scientific, and technical services: 0.73%
- Transportation and warehousing: 0.60%
- All other industries

# Long-Term Outlook: Employment by Industry



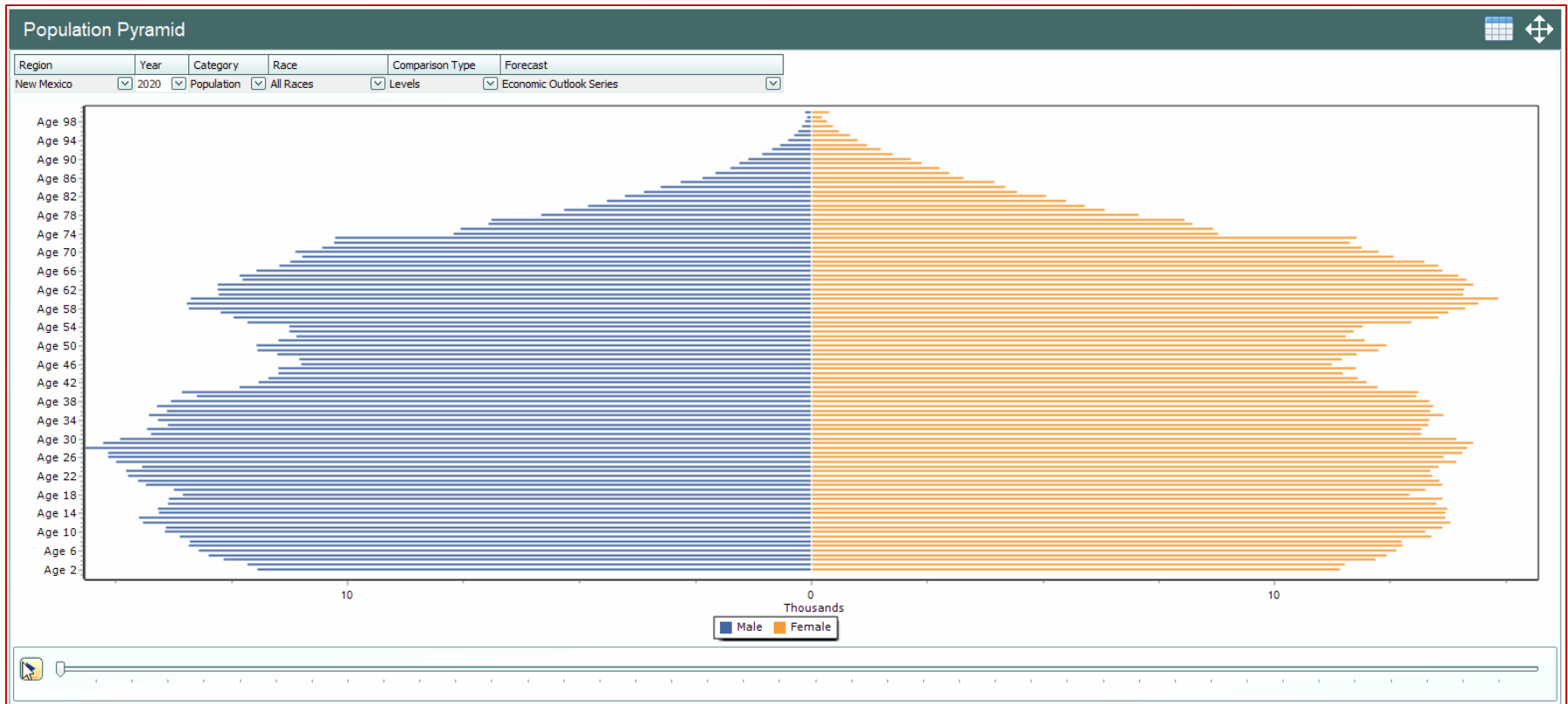
- Employment of industries with highest average annual compensation rates in 2060



# Long-Term Outlook: Population Pyramid



- Year 2060

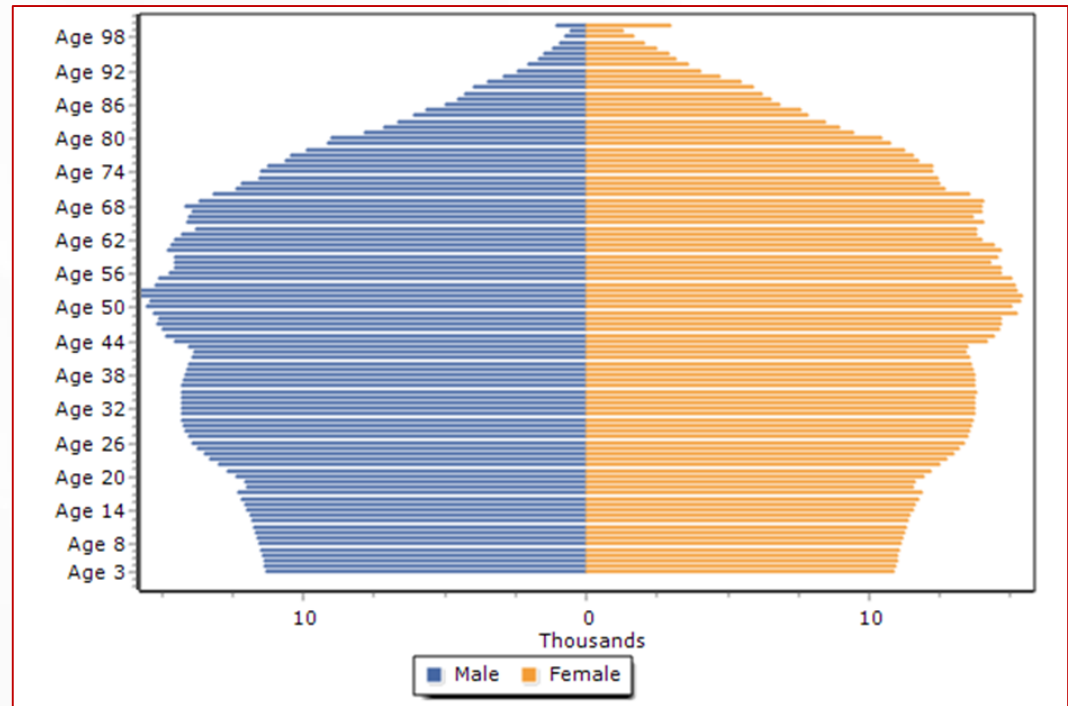


what does **REMI** say? <sup>sm</sup>

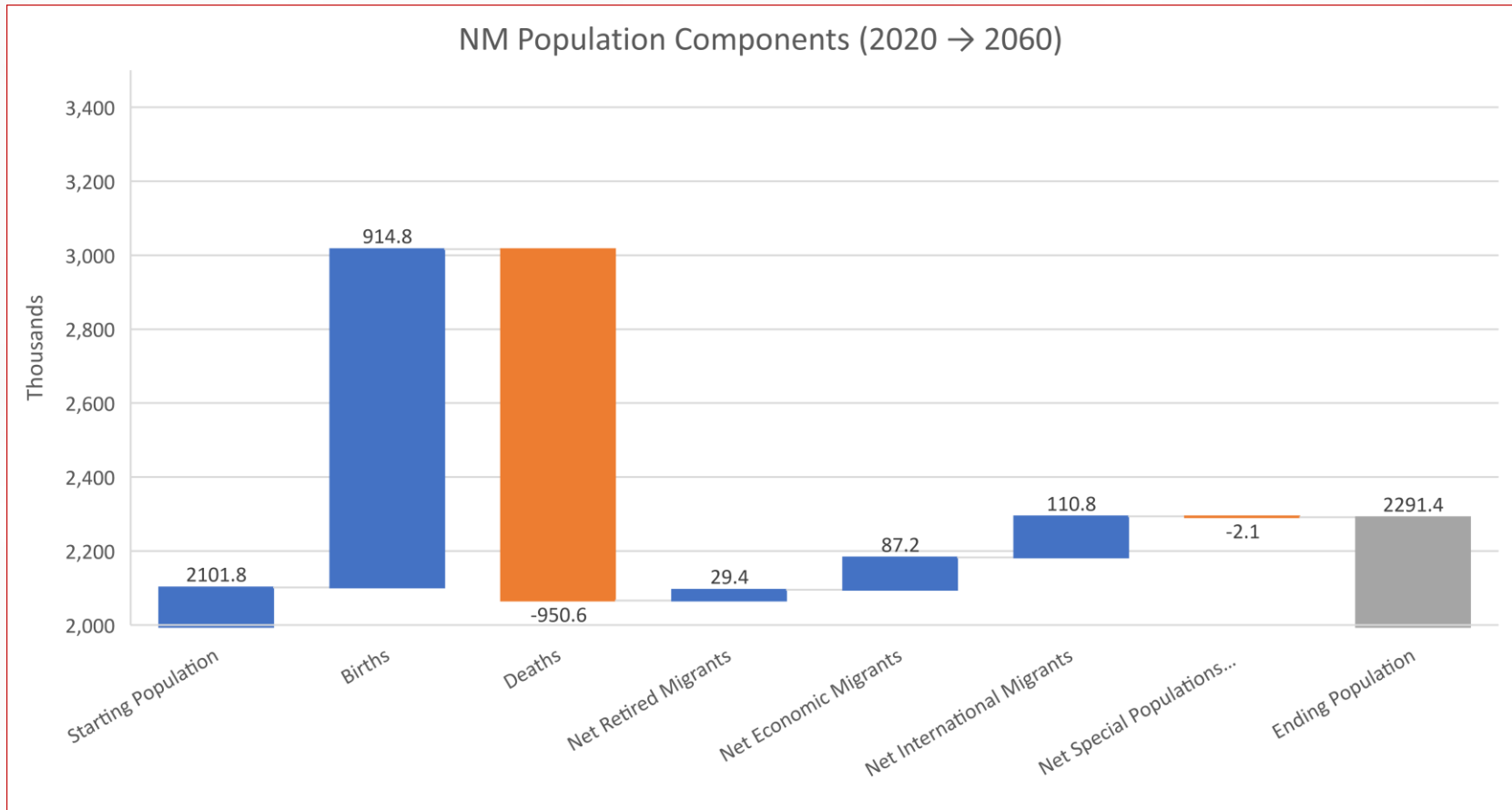
# Long-Term Outlook: Population Pyramid



- Year 2060
- Constrictive



# Population Components



# Model Demonstration



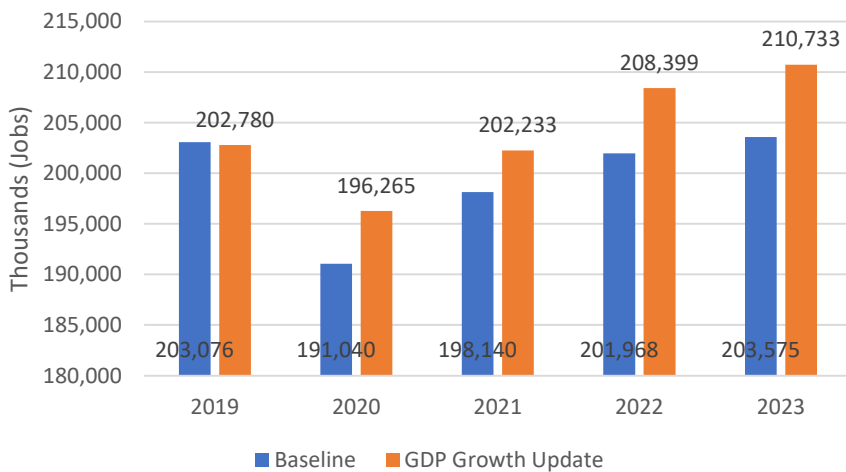
# The Scenario

- Optimistic Outlook
  - Baseline – Total employment slowly comes back accompanied by steady growth
  - Uncertainty
    - large pent-up consumer demand
    - supports of vaccine
    - stimulus checks
- Macroeconomic update
  - Increase GDP growth rate by 2%
- Total Employment
  - The US vs New Mexico

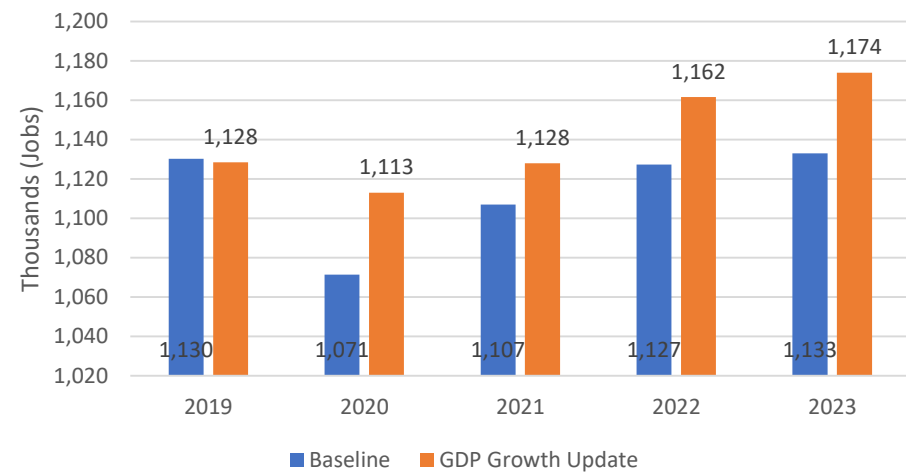
# Optimistic Outlook

- Year 2019-2023

Total Employment of the US



Total Employment of New Mexico



# Conclusion

- Economic forecasts can be difficult
  - The outbreak of COVID-19
  - The election of a new president
  - General uncertainty about the economy
- REMI can help
  - Forecasts: Macro modeling used to clarify, calculate, and communicate
  - Simulations: What-if scenarios
  - Dynamic results

# Citations

1. Ehrlich, Gabriel M. "The U.S. Economic Outlook for 2021-2022 -- Executive Summary: February 2021." *College of Literature, Science, and the Arts, University of Michigan, Research Seminar of Quantitative Economics, University of Michigan*, 19 Feb. 2021, [lsa.umich.edu/content/dam/econ-assets/Econdocs/RSQE%20PDFs/Exec\\_Sum\\_Feb\\_2021.pdf](https://lsa.umich.edu/content/dam/econ-assets/Econdocs/RSQE%20PDFs/Exec_Sum_Feb_2021.pdf).

# Q & A

May Lin, Economic Analyst  
[May.Lin@remi.com](mailto:May.Lin@remi.com)

Julia Wacker, Associate I  
[Julia.Wacker@remi.com](mailto:Julia.Wacker@remi.com)

Julian Brubaker, Associate I  
[Julian.Brubaker@remi.com](mailto:Julian.Brubaker@remi.com)