

Quarterly Economic Summary

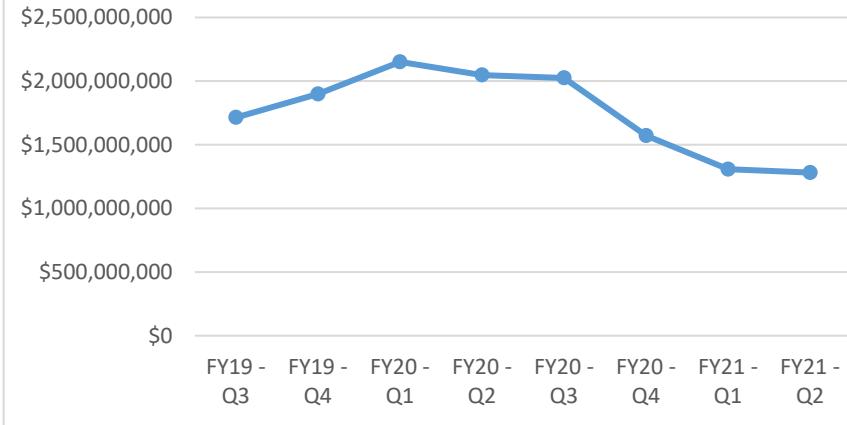
Eddy County



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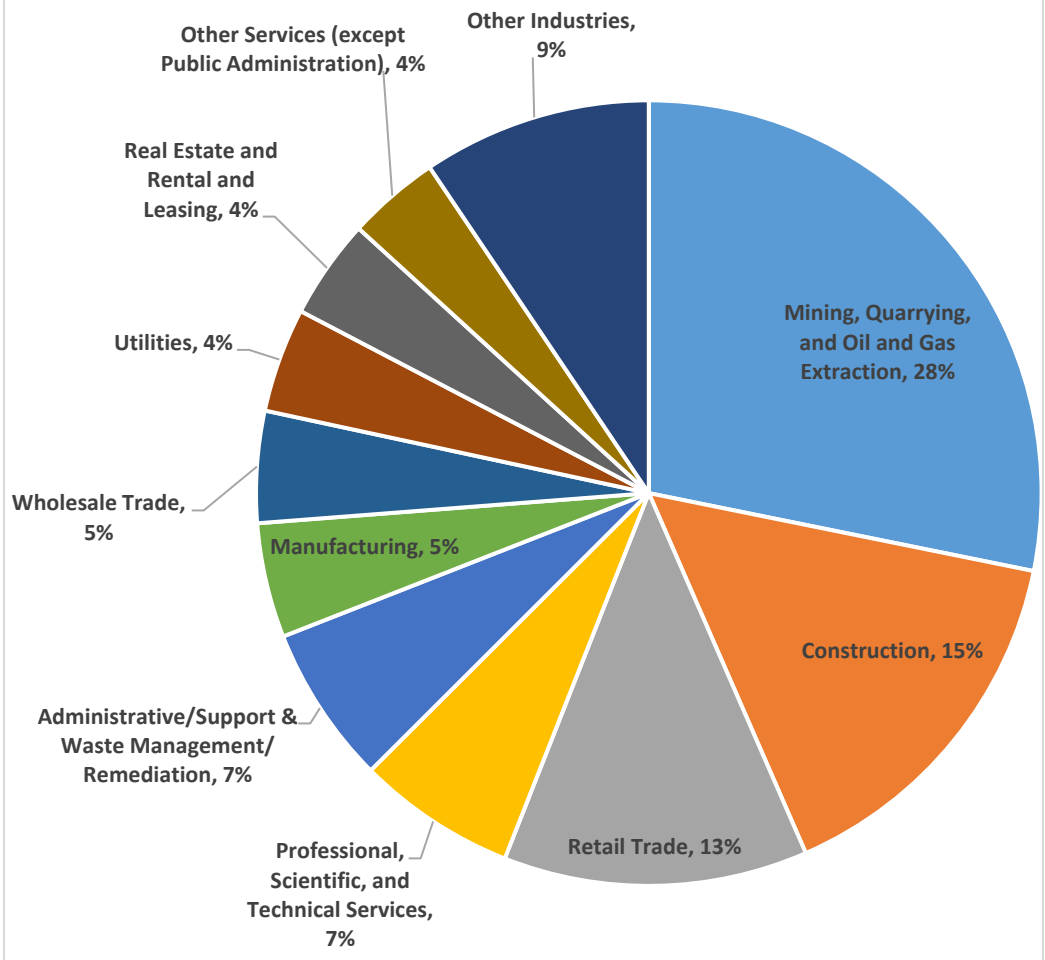
Chart 1. Matched Taxable Gross Receipts Per Quarter



New Mexico suffered another challenging quarter in Q2 FY20 compared to the previous year. The effects of the pandemic weighed heavily on business and consumer activity, and 18 of the 33 counties saw declines in year-over-year gross receipts tax revenue. Of the 15 with positive growth, several only experienced increases due to large construction projects. A new Public Health Order, which took effect on November 16, required many businesses to curb retail activities again to address the surge in COVID-19 cases.

Eddy County saw a decline of \$26M, or 2%, from Q1 to Q2 FY21 in its matched taxable gross receipts (MTGR), shown in Chart 1. Since Q1 FY20, MTGR in Eddy County has been decreasing. When comparing Q1 to Q2 FY21, MTGR in Eddy County has decreased by \$870M, or 40%. Q2 FY21 MTGR is most comparable to Q2 FY18, when Eddy County reported \$1.2B. Table 1, on the next page, shows a year-over-year (YOY) decrease of

Chart 2. FY21 - Q2 Industry Size by Matched Taxable Gross Receipts



Matched Taxable Gross Receipts (MTGR) are the best tax data available to show underlying economic activity. The data collection process matches a tax payment with reported receipts for each taxpayer by industry.

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Table 1. Matched Taxable Gross Receipts by Industry

Industries	FY20 - Q2	FY21 - Q2	Growth	Year over year Change
Accommodation and Food Services	\$ 58,040,910	\$ 38,677,491	\$ (19,363,419)	-33%
Administrative/Support & Waste Management/Remediation	\$ 69,488,284	\$ 83,657,451	\$ 14,169,168	20%
Agriculture, Forestry, Fishing, and Hunting	\$ 3,945,138	\$ 1,152,987	\$ (2,792,150)	-71%
Arts, Entertainment, and Recreation	\$ 523,644	\$ 558,698	\$ 35,054	7%
Construction	\$ 421,515,423	\$ 195,637,692	\$ (225,877,731)	-54%
Educational Services	\$ 288,179	\$ 852,698	\$ 564,519	196%
Finance and Insurance	\$ 3,820,788	\$ 4,448,126	\$ 627,337	16%
Health Care and Social Assistance	\$ 15,522,347	\$ 13,940,292	\$ (1,582,054)	-10%
Information	\$ 24,322,591	\$ 14,970,871	\$ (9,351,720)	-38%
Management of Companies and Enterprises	\$ -	\$ -	\$ -	N/A
Manufacturing	\$ 66,886,219	\$ 60,500,516	\$ (6,385,703)	-10%
Mining, Quarrying, and Oil and Gas Extraction	\$ 657,645,654	\$ 361,039,254	\$ (296,606,400)	-45%
Other Services (except Public Administration)	\$ 89,181,899	\$ 48,756,541	\$ (40,425,359)	-45%
Professional, Scientific, and Technical Services	\$ 80,270,288	\$ 83,865,885	\$ 3,595,597	4%
Public Administration	\$ -	\$ -	\$ -	N/A
Real Estate and Rental and Leasing	\$ 75,744,222	\$ 52,559,755	\$ (23,184,466)	-31%
Retail Trade	\$ 213,075,271	\$ 160,426,392	\$ (52,648,879)	-25%
Transportation and Warehousing	\$ 74,173,969	\$ 38,931,531	\$ (35,242,438)	-48%
Unclassified Establishments	\$ 6,346,630	\$ 7,198,857	\$ 852,228	13%
Utilities	\$ 78,003,481	\$ 55,020,134	\$ (22,983,347)	-29%
Wholesale Trade	\$ 107,974,271	\$ 58,892,426	\$ (49,081,845)	-45%
All Industries	\$ 2,047,444,512	\$ 1,281,147,585	\$ (766,296,927)	-37%

\$766M, or 37%, from Q2 FY20 to the same time period in FY21. As expected, the construction and mining, quarrying, and oil and gas extraction industries reported the largest YOY decrease, with a combined loss of \$522M. These two sectors accounted for 68% of the total YOY decrease in Eddy County. The large losses (across most industries) are likely tied to the substantial decrease in crude oil prices from early 2020. Chart 4 shows a decline in gross receipts tax (GRT) revenue collections of \$107K, or 1%, from Q1 FY21 to Q2 FY21.

Chart 3. Annual Total GRT Revenue Collections

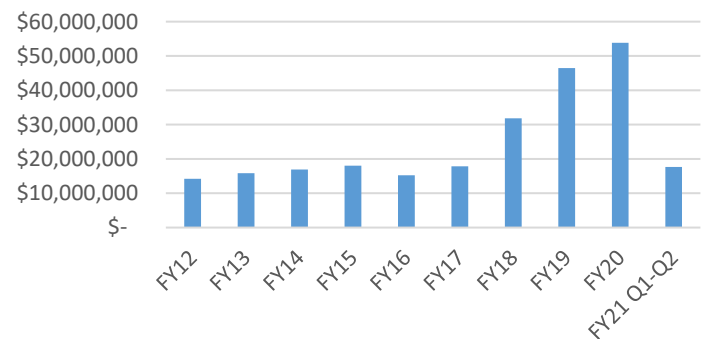


Chart 4. Quarterly GRT Revenue Collections

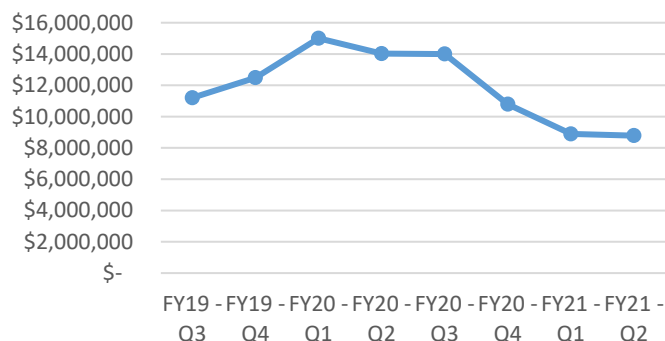
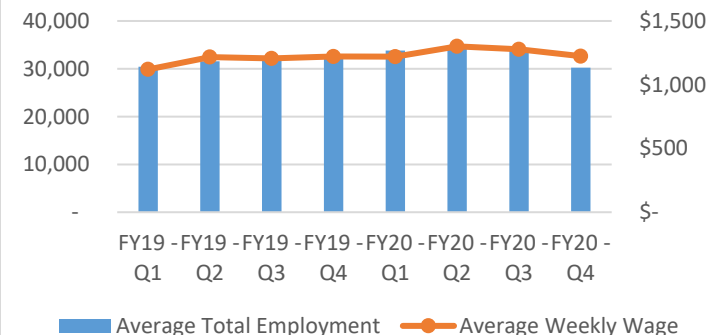


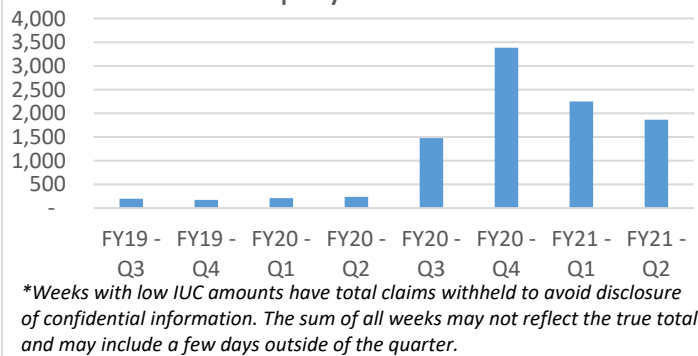
Chart 5. Quarterly Average Total Employment & Weekly Wage



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Chart 6. Quarterly Initial Unemployment Claims



A significant unexplained increase in initial unemployment claims can be an early indicator of an economic downturn. Examples include seasonal job fluctuations, federal government shutdowns resulting in employee furloughs, or the closing of a major regional facility. The current unprecedented uptick in initial unemployment claims is tied directly to the COVID-19 pandemic and subsequent furloughs and layoffs by affected businesses. As we continue into 2021, it is likely the number of initial unemployment claims will vary based on the effects of the pandemic, and it is impossible to predict how quickly employment numbers will return to pre-COVID-19 levels.

Gross Domestic Product (GDP) is the value of all goods and services produced in an area. The percentage that GDP grew (or shrank) from one period to another is an important indicator as to how the economy is performing. Table 2, below, shows the percentage of GDP each industry accounts for in the total GDP, in a specific county and the state. The chart also compares the county to the entire state of New Mexico, by showing the impact of specific industry sectors on the county's GDP compared to that of the whole state.

Chart 7. Calendar Year % Change In Real GDP Year Over Year

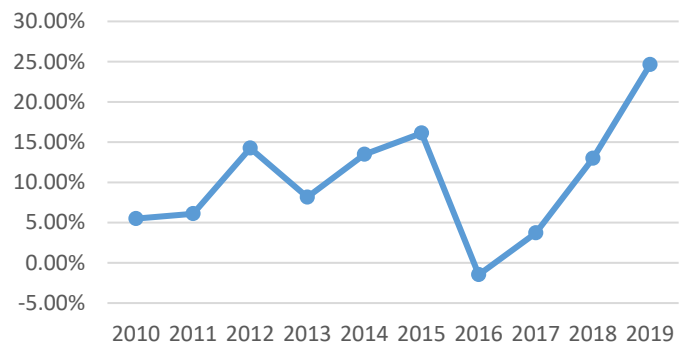


Table 2. Calendar Year 2019 Real County GDP and Real State GDP % of Total GDP

Industries	Eddy County	New Mexico	County Difference from State
Accommodation and Food Services	0.88%	2.92%	-2.04%
Administrative/Support & Waste Management/Remediation	1.86%	2.55%	-0.69%
Agriculture, Forestry, Fishing, and Hunting	0.87%	2.25%	-1.37%
Arts, Entertainment, and Recreation	0.05%	0.69%	-0.65%
Construction	2.45%	3.12%	-0.67%
Educational Services	0.09%	0.51%	-0.42%
Finance and Insurance	0.55%	2.62%	-2.07%
Health Care and Social Assistance	1.63%	7.15%	-5.52%
Information	0.41%	2.82%	-2.42%
Management of Companies and Enterprises	0.17%	0.64%	-0.47%
Manufacturing	13.38%	4.79%	8.59%
Mining, Quarrying, and Oil and Gas Extraction	62.52%	17.38%	45.14%
Other Services (except Public Administration)	0.64%	1.94%	-1.30%
Professional, Scientific, and Technical Services	1.22%	7.33%	-6.11%
Public Administration	3.96%	20.81%	-16.85%
Real Estate and Rental and Leasing	4.16%	11.65%	-7.49%
Retail Trade	1.84%	5.57%	-3.74%
Transportation and Warehousing	4.14%	2.40%	1.74%
Utilities	0.25%	1.47%	-1.22%
Wholesale Trade	3.15%	3.06%	0.09%

**Not shown to avoid disclosure of confidential information*