A Real Use for Economic Statistics

Suzan Reagan, Economist

With all the economic uncertainty, how should business leaders use economic indicators to re-evaluate their business plans?

Companies are running with tight budgets and fewer employees. For many small- and medium-sized businesses, hiring a business consultant to help focus their business plan is not an option. The recession has been grim; New Mexico lost 30,900 jobs from September 2008 to September 2009. The high unemployment rate continues to affect the labor market, and consumer confidence continues to show signs of weakness. “The Conference Board Consumer Confidence Index®, which had improved in August, dipped in September. The Index now stands at 53.1 (1985=100), down from 54.5 in August.” This, of course, raises the question, “Will the 2009 holiday season be as slow as last year?” Given all the bad news, it is imperative that small businesses review their current business plans to see if they are sound or in need of revision.

New Mexico businesses can look at the national economic news, but those with sound business plans will focus on the local industry trends to guide their business plans. Small- and medium-sized business will find that a rich source of local economic data is available. Additional help for evaluating business plans can be found through New Mexico Small Business Development Center www.nmsbcd.org.

Businesses have access via the Internet to a wide range of economic statistics. The first difficulty for businesses is to determine which economic data would be the best in developing or improving their business plan. There is no one statistic that truly summarizes the current economic situation that New Mexico businesses are facing. And currently, none of the economic indicators are especially strong in New Mexico. Still, one of the best steps for employers to take right now is to re-evaluate their business plans based on New Mexico industry trends in the local area.

One of the best sources for industry and local data will be the Quarterly Census of Employment and Wages (QCEW) time series. This data series has been around for many years and reports local industry data at the greatest detail available. Areas covered include New Mexico Statewide, all the thirty-three counties, and the four Workforce Investment Area (WIA) regions. While the data are in a monthly format, this table is updated only quarterly. The numbers are easily obtained in an Excel spreadsheet that can be used to format specific reports for use in a business plan. (See the Workforce Information Tip.) The chart below was created with this data series and shows the current employment levels by industry sector for New Mexico over the last nine quarters.

An issue with the QCEW is that the information, which is collected through the Unemployment Insurance Tax reports, is only available many months after it has occurred. While this information shows what has occurred and previous industry patterns, it’s important to also look at the forecasted trends based on this series. New Mexico Department of Workforce Solutions publishes long-term and short-term industry projections. As one considers changes to a business plan, it is important to consider both the long-term trend and the closer short-term volatility. Currently available from www.laser.state.nm.us are the 2008 to 2018 Long-term Industry Projections and the 2009 to 2010 Short-term Industry Projections.