

These are America's 10 weakest state economies most at risk in a recession



Story by Scott Cohn MSN 7/12/2025

- In trying to attract businesses, states are playing to corporate leaders' economic anxieties, marketing themselves as safe havens.
- Because of that, CNBC's annual America's Top States for Business rankings give extra weight to state economies in 2025.
- The results show that some states are especially vulnerable to a downturn, especially if national economic conditions worsen.

The odds of a recession may be falling, but states appear to be betting that corporate leaders are still nervous.

Because the Top States overall methodology prioritizes the factors that states are talking about most, the Economy category carries the most weight in this year's competitiveness study.

To score each state's economy, we considered traditional measures such as state gross domestic product growth, job growth, state fiscal health, the number of major corporations headquartered in each state, and the strength of the local housing market. But with the Trump administration seeking to slash federal spending and raise tariffs, we also considered how dependent each state is on the federal government. And we considered each state's exposure to a trade war, using data compiled for us by Trade Partnership Worldwide, a Washington, D.C.-based research firm.

Some states enter these uncertain times in a position of strength. But by the numbers, these ten states are the most vulnerable in a downturn.

The Top 5 on the list with New Mexico at 5th place for weakest state economy.

1. Alaska

2. Mississippi

3. Kansas

4. Louisiana

5. New Mexico

Why is New Mexico number 5 on the most vulnerable in a downturn?



Workers move spools of copper wire between rod breakdown machines at CN Wire Corporation in Santa Teresa, New Mexico, US, on Monday, March 31, 2025.

The Land of Enchantment's economy stands to lose big as the Trump administration slashes the size of the federal government. Federal funds account for a whopping 43% of state spending. And, heading into the DOGE era, New Mexico was home to more than 22,000 federal employees in a workforce of less than 900,000. New Mexico is a popular place for new business formations — in the top five, according to the Census Bureau. But they don't seem to last long. An analysis of Bureau of Labor Statistics data by Simply Business, a national insurance marketplace, found that new businesses in New Mexico had the second lowest survival rate — after Minnesota — when considering the fate of businesses one, two and three years after startup.

2025 Economy Score: 177 out of 445 Points (Top States Grade: D–)

GDP (2024): \$112.8 billion (+2.2%)

Job Growth (2024): 1.1%

Debt Rating and Outlook (Moody's): AA2 Positive

Share of state spending from federal funds: 43%

International goods trade (2024): \$19.3 billion (17.1% of GDP)

Major Corporate Headquarters: None

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