Montana Manufacturing & Forest Products: 2009 Outlook

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Montana Manufacturing Industry 2008

- Relatively good 1st half of year.
- Few firms curtailed production.
- Few firms had worker shortages.
- Most said sales were same or increased from 2007.
- Few declines outside of forest products industry.
Montana Manufacturing
2007 Labor Income Distribution

Total firms: 3,100
Total Employment: 24,000
Total Labor Income: $1.3 billion

- Wood & Paper 25%
- Food & Beverage 10%
- Metals 12%
- Printing 4%
- Petroleum & Coal 17%
- Chemicals & Plastics 6%
- Nonmetallic Minerals 4%
- High Tech 9%
- Other 13%
- Wood & Paper 25%

Sources: BEA-REIS; Census Bureau
Lewis & Clark County Manufacturing
Estimated 2008 Labor Income Distribution

Chemical, Clay & Glass: 37%
Metals: 16%
Wood Products: 11%
Food & Beverage: 6%
Aeronautics & Other: 30%

Total Labor Income: $63 million
Total Employment: 970
Cascade County Manufacturing
Estimated 2008 Labor Income Distribution

- Food & Beverage: 49%
- Wood Products: 6%
- Printing & Related: 10%
- Other: 35%

Total Labor Income: $51 million
Total Employment: 1,000
Missoula County Manufacturing
Estimated 2008 Labor Income Distribution

- Wood & Paper: 57%
- Food & Beverage: 11%
- Chemical: 13%
- Other: 19%

Total Labor Income: $143 million
Total Employment: 2,800
Yellowstone County Manufacturing
Estimated 2008 Labor Income Distribution

Total Labor Income: $304 million
Total Employment: 3,900

- Petroleum & Chemical: 52%
- Metals: 13%
- Food & Beverage: 10%
- Printing & Related: 4%
- Other: 21%
Total Labor Income: $161 million
Total Employment 3,100

- Metals: 16%
- Chemicals: 8%
- Textiles: 8%
- Cement, Clay & Glass: 10%
- Food & Beverage: 7%
- Furniture & Wood: 12%
- Other: 38%
Silver Bow County Manufacturing
Estimated 2008 Labor Income Distribution

- Chemicals, Cement & Glass: 48%
- Metals & Wood: 18%
- Food & Beverage: 26%
- Other: 8%

Total Labor Income: $35 to 40 million
Total Employment: 630 to 680
Flathead County Manufacturing
Estimated 2008 Labor Income Distribution

Total Labor Income: $201 million
Total Employment: 4,200

- Lumber & Wood: 56%
- Metals & Related: 10%
- Hi-Tech, Other: 34%
2008-2009 Montana Manufacturers Survey

- annual survey
- conducted in Nov/Dec
- open-ended & multi-choice questions
- current & coming year
- 216 firms contacted
- response rate 75%
Housing Starts vs. Timber Harvest

- **MT timber harvest**
- **US housing starts**

**Graph Details:**
- **Y-axis:** Million Board Feet Scribner
- **X-axis:** Million Home Starts

**Years:** 1980 to 2008

The graph shows a comparison of US housing starts and MT timber harvest from 1980 to 2008.
Montana Forest Products
Outlook for the Coming Year

Percent of Firms

- Outlook for 2008
- Outlook for 2009

Better than last year: 28% (28%), 6% (6%)
Same as last year: 35% (35%), 50% (50%)
Worse than last year: 37% (37%), 44% (44%)
Forest Products Employment Outlook for the Coming Year

Percent of Firms

<table>
<thead>
<tr>
<th>Outcome</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than last year</td>
<td>18%</td>
<td>6%</td>
</tr>
<tr>
<td>Same as last year</td>
<td>74%</td>
<td>57%</td>
</tr>
<tr>
<td>Fewer than last year</td>
<td>8%</td>
<td>37%</td>
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</tbody>
</table>

Outlook for 2008

Outlook for 2009
Montana Forest Products Forecast

• 2009 will be worse than past three years
• More closures & curtailments
• Lumber production down 10-20%
• Employment down 15-25%
• Timber harvest down, likely lowest volume since WWII
Montana Manufacturing
Outlook for the Coming Year

Percent of Firms

Outlook for 2008  Outlook for 2009

Better than last year: 45%  19%
Same as last year: 35%  41%
Worse than last year: 18%  38%
Manufacturing Employment Outlook for the Coming Year

<table>
<thead>
<tr>
<th>Percent of Firms</th>
<th>Outlook for 2008</th>
<th>Outlook for 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than last year</td>
<td>36%</td>
<td>15%</td>
</tr>
<tr>
<td>Same as last year</td>
<td>58%</td>
<td>53%</td>
</tr>
<tr>
<td>Fewer than last year</td>
<td>5%</td>
<td>29%</td>
</tr>
</tbody>
</table>
Lewis & Clark County Manufacturing Outlook for 2009

Percent of Firms

- Better than 2008: 25%
- Same as 2008: 75%
- Worse than 2008: 0%
Cascade County Manufacturing Outlook for 2009

- Better than 2008: 16%
- Same as 2008: 42%
- Worse than 2008: 42%
Missoula County Manufacturing Outlook for 2009

Percent of Firms

- Better than 2008: 21%
- Same as 2008: 37%
- Worse than 2008: 42%
Yellowstone County Manufacturing Outlook for 2009

- Better than 2008: 9%
- Same as 2008: 39%
- Worse than 2008: 52%
Gallatin County Manufacturing Outlook for 2009

Percent of Firms

- Better than 2008: 24%
- Same as 2008: 42%
- Worse than 2008: 34%
Silver Bow County Manufacturing
Outlook for 2009

Percent of Firms

Better than 2008  Same as 2008  Worse than 2008

100%  100%
Flathead County Manufacturing Outlook for 2009

Percent of Firms

- Better than 2008: 6%
- Same as 2008: 69%
- Worse than 2008: 25%
Montana Manufacturing
Forecast for 2009

- Expectation of substantial declines
- Loss of 1,000 to 2,000 jobs
- Lower production, profits, sales & capital expenditures
- Recovery in 2010?