Montana Manufacturing & Forest Products: 2010 Outlook

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Source: BEA-REIS SA-25N
Montana Manufacturing Industry 2009

• Very rough year for many
• Employment declined at half of firms, no change at 40% of firms
• Most firms reported decreased sales, profits, and production
• Few firms had worker shortages
• Almost 40% of firms did make major capital expenditures
Montana Manufacturing
2009 Labor Income Distribution

Total firms: 3,000
Total Employment: 23,800
Total Labor Income: $1.05 billion

- Wood & Paper: 20%
- Printing: 4%
- Petroleum & Coal: 17%
- Metals: 9%
- Chemicals & Plastics: 8%
- Nonmetallic Minerals: 5%
- High Tech: 11%
- Food & Beverage: 12%
- Other: 14%
- Wood & Paper: 20%

Sources: BEA-REIS; Census Bureau
Missoula County Manufacturing
Estimated 2009 Labor Income Distribution

- Wood & Paper: 50%
- Chemical: 15%
- Other: 23%
- Food & Beverage: 12%

Total Labor Income: $130 million
Total Employment: 2,400
Flathead County Manufacturing
Estimated 2009 Labor Income Distribution

Total Labor Income: $120 million
Total Employment: 2,550

Lumber & Wood 46%
Hi-Tech & Other 41%
Metals & Related 7%
Food & Beverage 6%
Yellowstone County Manufacturing
Estimated 2009 Labor Income Distribution

Total Labor Income: $300 million
Total Employment: 3,900

- Petroleum & Chemical: 52%
- Metals: 13%
- Food & Beverage: 10%
- Printing & Related: 4%
- Other: 21%
Gallatin County Manufacturing
Estimated 2009 Labor Income Distribution

Total Labor Income: $170 million
Total Employment 3,100

- Metals 16%
- Chemicals 8%
- Textiles 8%
- Cement, Clay & Glass 10%
- Food & Beverage 7%
- Furniture & Wood 12%
- Other 38%
Estimated 2009 Labor Income Distribution

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

Total Labor Income: $35 to 40 million
Total Employment: 630 to 680
Lewis & Clark County Manufacturing
Estimated 2009 Labor Income Distribution

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

Total Labor Income: $60 million
Total Employment: 950
Cascade County Manufacturing
Estimated 2009 Labor Income Distribution

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

Total Labor Income: $55 million
Total Employment: 1,000
Fergus County Manufacturing
Estimated 2009 Labor Income Distribution

Total Labor Income: $21 million
Total Employment: 300

- Metals: 48%
- Chemicals: 30%
- Food & Beverage: 6%
- Textiles: 8%
- Other: 8%
Hill County Manufacturing

Total Labor Income: $3.8 million

Total Employment: < 100
2009-2010 Montana Manufacturers Survey

- annual survey
- conducted in Nov/Dec
- open-ended & multi-choice questions
- current & coming year
- 216 firms contacted
- response rate 77%
Montana Forest Products
Outlook for the Coming Year

<table>
<thead>
<tr>
<th>Percent of Firms</th>
<th>Outlook for 2009</th>
<th>Outlook for 2010</th>
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</thead>
<tbody>
<tr>
<td>Better than last year</td>
<td>53%</td>
<td>6%</td>
</tr>
<tr>
<td>Same as last year</td>
<td>50%</td>
<td>29%</td>
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<tr>
<td>Worse than last year</td>
<td>44%</td>
<td>18%</td>
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Montana Forest Products Industry 2009 Recap

- 4th straight year of declines
- Several large mills permanently shut down
- Employment down 20% (about 1,700 workers)
- Timber harvest volume down 40%
- Product sales value down 23%
- Lumber production down 38%
Montana Forest Products Forecast

- 2010 markets expected to be better than 2009
- Timber harvest & lumber production volumes expected to remain low with loss of mills
- Employment expected to be lower
- Forests will become more expensive to manage
- Not out of the woods yet!
Montana Manufacturing Forecast for 2010

• Generally better conditions are expected
• Recovery slowed by major shut-downs
• Manufacturers are more optimistic
Montana Manufacturing
Outlook for the Coming Year

Percent of Firms

- **Outlook for 2009**
- **Outlook for 2010**

Better than last year: 19% (2009), 45% (2010)
Same as last year: 41% (2009), 35% (2010)
Worse than last year: 38% (2009), 15% (2010)
Manufacturing Employment Outlook for the Coming Year

<table>
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<th>Percent of Firms</th>
<th>Outlook for 2009</th>
<th>Outlook for 2010</th>
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<tbody>
<tr>
<td>0%</td>
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<td>25%</td>
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<tr>
<td>50%</td>
<td>53%</td>
<td>61%</td>
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<td>75%</td>
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- More than last year: 15% (2009), 28% (2010)
- Same as last year: 11% (2009), 29% (2010)
- Fewer than last year: 25% (2009), 11% (2010)
Missoula County Manufacturing
Outlook for 2010

Percent of Firms

60%
56%
13%
31%

Better than 2009
Same as 2009
Worse than 2009

0%
Flathead County Manufacturing Outlook for 2010

Percent of Firms

Better than 2009: 58%
Same as 2009: 21%
Worse than 2009: 21%
Yellowstone County Manufacturing Outlook for 2010

Percent of Firms

- Better than 2009: 39%
- Same as 2009: 47%
- Worse than 2009: 14%
Gallatin County Manufacturing Outlook for 2010

- Percent of Firms

- Better than 2009: 39%
- Same as 2009: 50%
- Worse than 2009: 11%
Butte-Silver Bow County Manufacturing Outlook for 2010

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<th>Same as 2009</th>
<th>Worse than 2009</th>
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<tbody>
<tr>
<td>100%</td>
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</table>
Lewis & Clark County Manufacturing Outlook for 2010

Percent of Firms

Better than 2009: 43%
Same as 2009: 43%
Worse than 2009: 14%
Cascade County Manufacturing Outlook for 2010

Percent of Firms

Better than 2009: 36%
Same as 2009: 36%
Worse than 2009: 28%
Fergus County Manufacturing
Outlook for 2010

Percent of Firms

Better than 2009: 40%
Same as 2009: 40%
Worse than 2009: 20%