Montana Manufacturing & Forest Products: 2013 Outlook

Todd A. Morgan, CF
Approaching 12.5 million workers.

Annual worker income is rising.

Value of output per worker is increasing.
Montana & U.S. Manufacturing Employment 1990-2011

Source: BEA-REIS SA-25N
Montana Manufacturing
2012 Labor Income

Total Sales: $13 billion
Total Employment: ~21,250
Total Labor Income: $1.08 billion

Sources: BEA-REIS; Census Bureau; and BBER estimates
### Montana Brewery Survey Summary

<table>
<thead>
<tr>
<th>Category</th>
<th>2010</th>
<th>2011</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beer production (barrels)</td>
<td>87,442</td>
<td>102,925</td>
<td>18%</td>
</tr>
<tr>
<td>Beer sales (millions)</td>
<td>$21.8</td>
<td>$26.1</td>
<td>20%</td>
</tr>
<tr>
<td>Employment</td>
<td>231</td>
<td>320</td>
<td>39%</td>
</tr>
<tr>
<td>Compensation (millions)</td>
<td>$5.2</td>
<td>$6.4</td>
<td>23%</td>
</tr>
<tr>
<td>Expenditures (millions)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(excluding employee compensation)</td>
<td>$15.6</td>
<td>$18.8</td>
<td>21%</td>
</tr>
</tbody>
</table>
# Statewide Economic Impacts Summary

<table>
<thead>
<tr>
<th>Category</th>
<th>Units</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Employment</td>
<td>Jobs</td>
<td>434</td>
</tr>
<tr>
<td>Output (private sector sales)</td>
<td>$ Millions</td>
<td>48.4</td>
</tr>
<tr>
<td>Compensation (private non-farm)</td>
<td>$ Millions</td>
<td>9.8</td>
</tr>
<tr>
<td>Compensation (government)</td>
<td>$ Millions</td>
<td>1.8</td>
</tr>
<tr>
<td>Population</td>
<td>People</td>
<td>36</td>
</tr>
<tr>
<td>State government revenues</td>
<td>$ Millions</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Note: “Impact” refers to the difference between the baseline *with brewing* scenario, and the alternative *without brewing* scenario.
Lewis & Clark County Manufacturing
2011 Labor Income

- Petroleum & Coal Prods.: 3%
- Wood & Furniture: 7%
- Fabricated Metals: 2%
- Food & Beverage: 12%
- Other Durable Goods: 39%
- Other Non-durable Goods: 37%

Total Labor Income: $39.3 million
Total Employment: 893

Sources: BEA-REIS; Census Bureau; and BBER estimates
Cascade County Manufacturing
2011 Labor Income

- Food & Beverage: 47%
- Furniture: 5%
- Other Non-durable Goods: 29%
- Printing & Related: 7%
- Other Durable Goods: 12%

Total Labor Income: $63.4 million
Total Employment: 1,032

Sources: BEA-REIS; Census Bureau; and BBER estimates
Missoula County Manufacturing
2011 Labor Income

Wood & Furniture 24%
Other Non-durable Goods 8%
Chemical 12%
Other Durable Goods 37%
Food & Beverage 19%

Total Labor Income: $93.8 million
Total Employment: 2,131

Sources: BEA-REIS; Census Bureau; and BBER estimates
Yellowstone County Manufacturing
2011 Labor Income

Total Labor Income: $298 million
Total Employment: 3,426

- Petroleum & Coal: 61%
- Metals: 8%
- Food & Beverage: 10%
- Other Non-durable goods: 3%
- Other Durable Goods: 14%
- Chemicals: 4%

Sources: BEA-REIS; Census Bureau; and BBER estimates
Gallatin County Manufacturing
2011 Labor Income

Total Labor Income: $123 million
Total Employment 2,702

Sources: BEA-REIS; Census Bureau; and BBER estimates

- Other Non-durable Goods 11%
- Metals 11%
- Computers & Electronics 10%
- Other Durable Goods 33%
- Food & Beverage 10%
- Textiles 2%
- Printing 3%
- Plastics & Rubber 3%
- Non-metallic minerals 9%
- Wood & Furniture 7%
- Other Non-durable Goods 9%
- Other Non-durable Goods 11%
Butte-Silver Bow County Manufacturing

Total Labor Income: $46 million

Total Employment: 692

Sources: BEA-REIS; Census Bureau; and BBER estimates
Flathead County Manufacturing

2011 Labor Income

Total Labor Income: $154 million

Total Employment: 2,915

- Wood & Furniture: 44%
- Computers & electronics: 5%
- Fabricated Metals: 5%
- Food: 3%
- Other non-durable goods: 8%
- Other durable goods: 35%

Sources: BEA-REIS; Census Bureau
Richland County Manufacturing

Total Labor Income: $17 million

Total Employment: 358
Custer County Manufacturing

Total Labor Income: $3.1 million

Total Employment: 104
2012-2013 Montana Manufacturers Survey

- annual survey
- conducted in November
- open-ended & multi-choice questions
- current & coming year
- 180+ firms participate
- response rate 80%
Montana Manufacturing 2012 Recap

• Better than 2011 for many firms
• Employment down at one-quarter of firms, up at 30%
• Many firms reported increased production, sales, and profits
• Few firms reported curtailments
• 40% of firms did make major capital expenditures
Montana Manufacturing Outlook for the Coming Year

Percent of Firms

- Better than last year: 36%
- Same as last year: 52%
- Worse than last year: 11%

Outlook for 2012
Outlook for 2013
Montana Forest Products
Outlook for the Coming Year

Percent of Firms

- **Outlook for 2012**
- **Outlook for 2013**

<table>
<thead>
<tr>
<th>Outlook</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better than last year</td>
<td>11%</td>
<td>32%</td>
</tr>
<tr>
<td>Same as last year</td>
<td>76%</td>
<td>49%</td>
</tr>
<tr>
<td>Worse than last year</td>
<td>11%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Outlook for the Coming Year
Forest Products Employment Outlook for the Coming Year

Percent of Firms

- Outlook for 2012
- Outlook for 2013

- More than last year: 16% (16%)
- Same as last year: 71% (60%)
- Fewer than last year: 7% (20%)
Montana Forest Products Industry 2013 Forecast

• U.S. homebuilding recovering.
• Markets are expected to be better than 2012.
• Lumber production & sales should increase.
• Employment & worker earnings may increase slightly.
• Timber supply ...
Montana Manufacturing Outlooks by City/Region

2012 2013

Helena
Great Falls
Missoula
Billings
Bozeman
Butte
Kalispell
All Respondents
Lewis & Clark County Manufacturing Outlook for 2013

Percent of Firms

- Better than 2012: 42%
- Same as 2012: 25%
- Worse than 2012: 33%
Cascade County Manufacturing Outlook for 2013

<table>
<thead>
<tr>
<th>Percent of Firms</th>
<th>Better than 2012</th>
<th>Same as 2012</th>
<th>Worse than 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>41%</td>
<td>47%</td>
<td>12%</td>
</tr>
</tbody>
</table>
Missoula County County Manufacturing
Outlook for 2013

Percent of Firms

Better than 2012: 48%
Same as 2012: 33%
Worse than 2012: 12%
Yellowstone County
Manufacturing Outlook for 2013

53% Better than 2012
32% Same as 2012
16% Worse than 2012
Gallatin County Manufacturing Outlook for 2013

Percent of Firms

- Better than 2012: 30%
- Same as 2012: 49%
- Worse than 2012: 21%
Butte-Silver Bow County
Manufacturing Outlook for 2013

Percent of Firms

- Better than 2012: 15%
- Same as 2012: 69%
- Worse than 2012: 15%
Flathead County Manufacturing
Outlook for 2013

Percent of Firms

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better than 2012</td>
<td>42%</td>
</tr>
<tr>
<td>Same as 2012</td>
<td>50%</td>
</tr>
<tr>
<td>Worse than 2012</td>
<td>4%</td>
</tr>
</tbody>
</table>
Montana Manufacturing Forecast for 2013

• Continued improvements anticipated.
• Modest growth expected in statewide employment & worker earnings.
• Health insurance costs and continued economic recovery are major concerns.
• 65% of MT manufacturers expect their health insurance costs to increase.