

OUTLOOK 2013
PRESENTATIONS

Missoula County



**HOW CAN MONTANANS
TAKE CHARGE OF CHANGES
IN HEALTH CARE?**

Inside:

National, State, and Local Forecasts • Health Care • Travel and Recreation
Agriculture • Manufacturing • Forest Products
Housing • Energy

Published with the support of the Montana Chamber of Commerce

OUTLOOK 2013

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Outlook 2013

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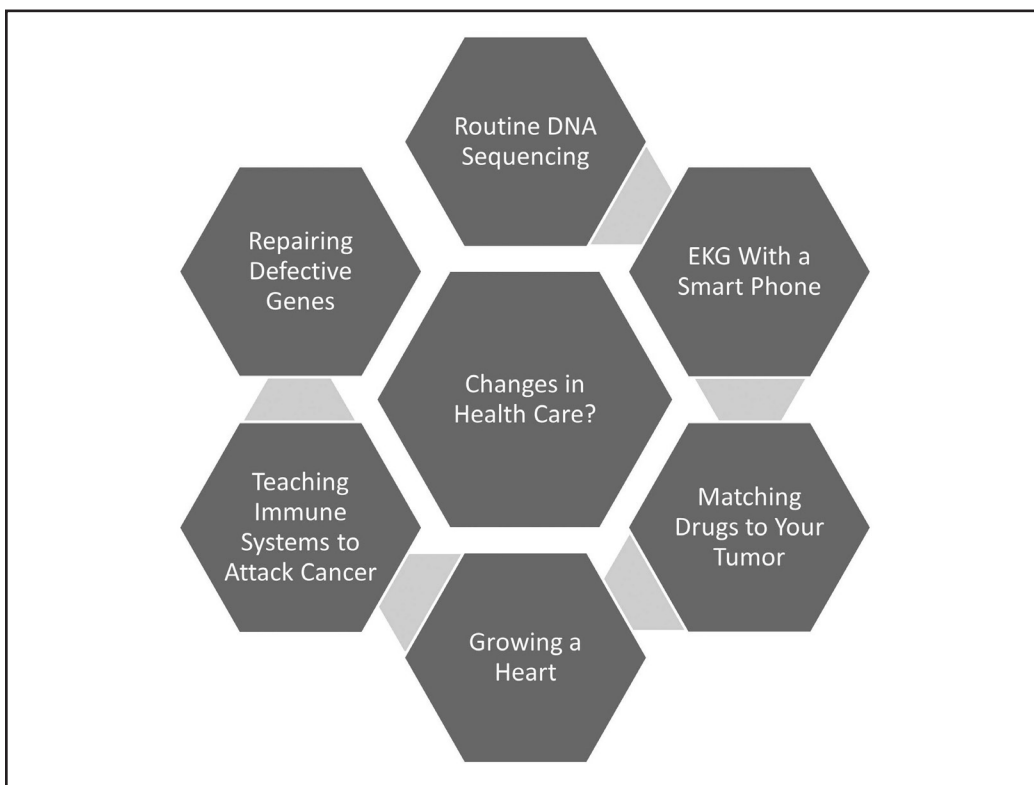
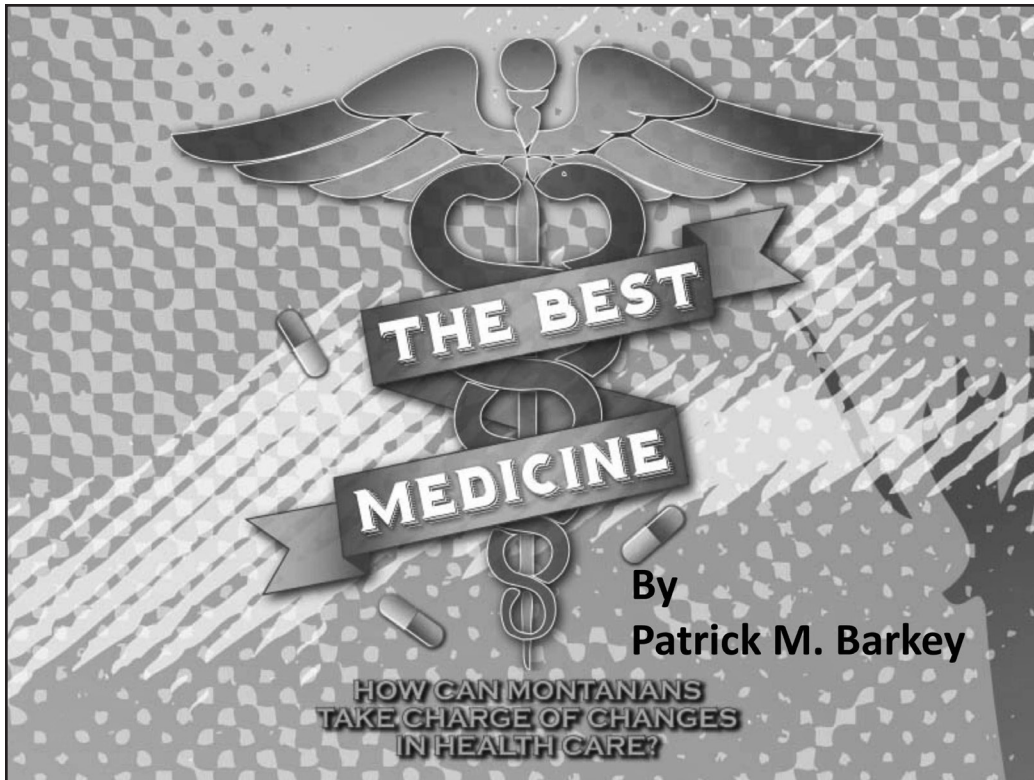
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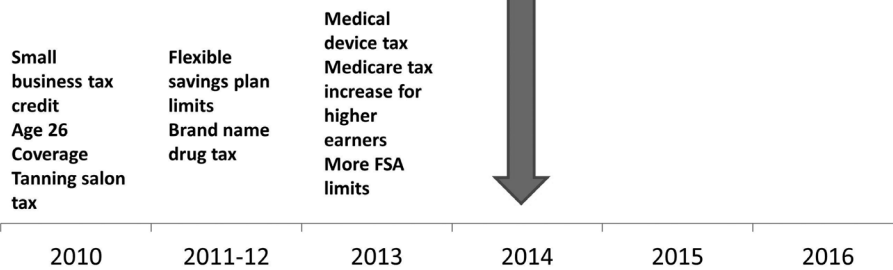
(with Introduction by Bob Rowe, CEO, Northwestern Energy)



2 | Introduction and Overview

Big Provisions of the Affordable Care Act Less Than One Year Away

**Health Insurance Exchanges
Medicaid Eligibility Expansion
Individual Mandate
Employer Mandate**



Debate Never Ends, But New Decisions Will Quickly Be Upon Us

- **Consumers**
Sign up for exchange? Which one?
Shopping for care
- **Businesses**
Drop group coverage?
Self-insure?
- **Providers: End of the individual practitioner?**
- **State Government**

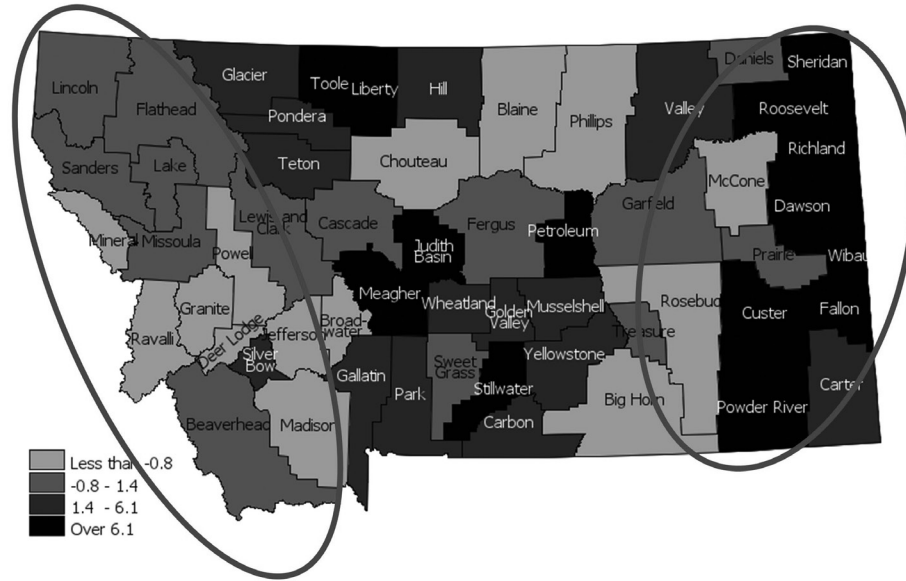
The State and National Economic Outlook: Smooth Sailing Toward a Cliff?

Patrick M. Barkey, Director
Bureau of Business and Economic Research
The University of Montana

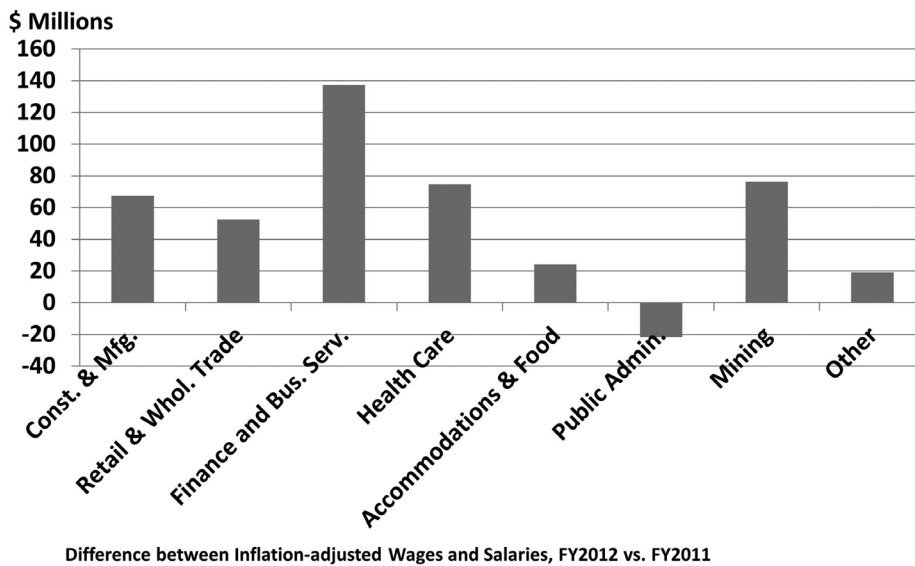
2012: A Better Year for Montana

- **Strong income growth, but not quite as strong as state tax collections would suggest**
- **Evidence of energy activity is everywhere**
- **A glimmer of growth in the west**
- **Sitting out the party: retail and government**

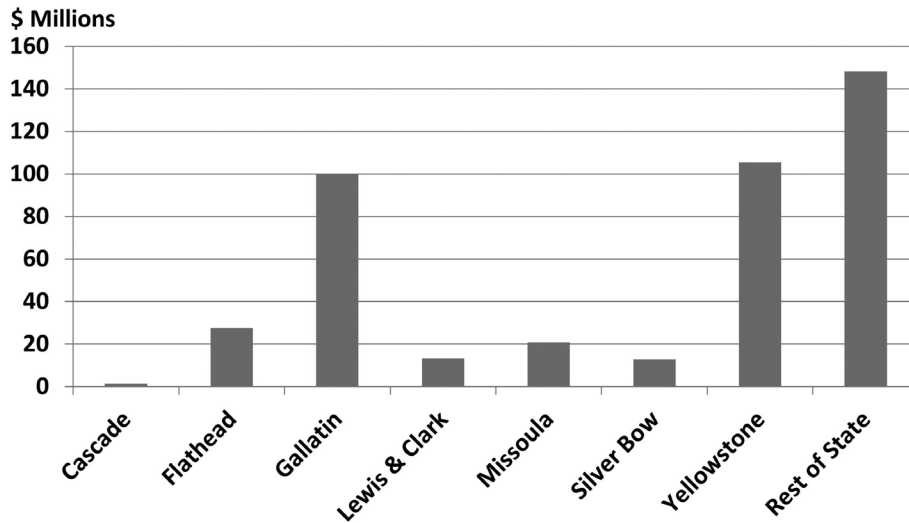
Real Wage Growth, Percent, 2011Q2-2012Q2



Where's the Growth? Montana Real Wage Growth

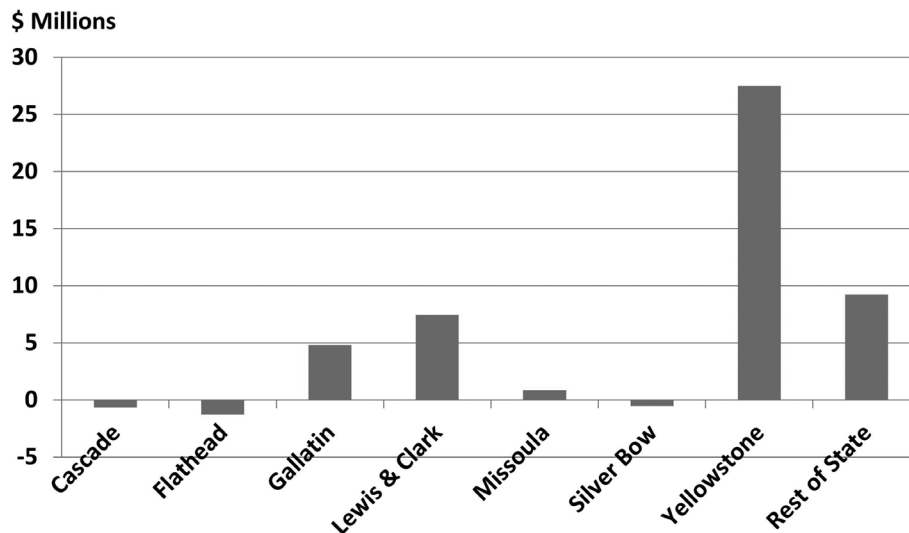


Where's the Growth? Total Real Wage Growth



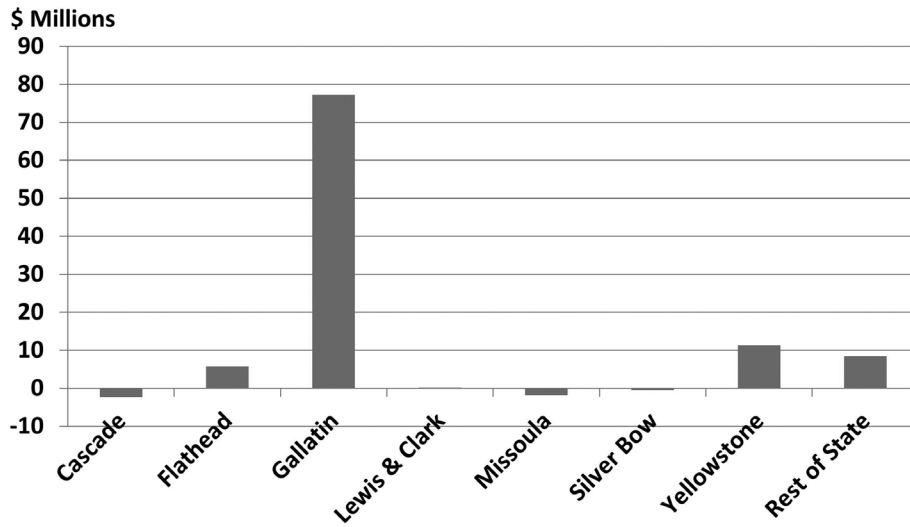
Difference between Inflation-adjusted Wages and Salaries, FY2012 vs. FY2011

Where's the Growth? Construction Real Wage Growth



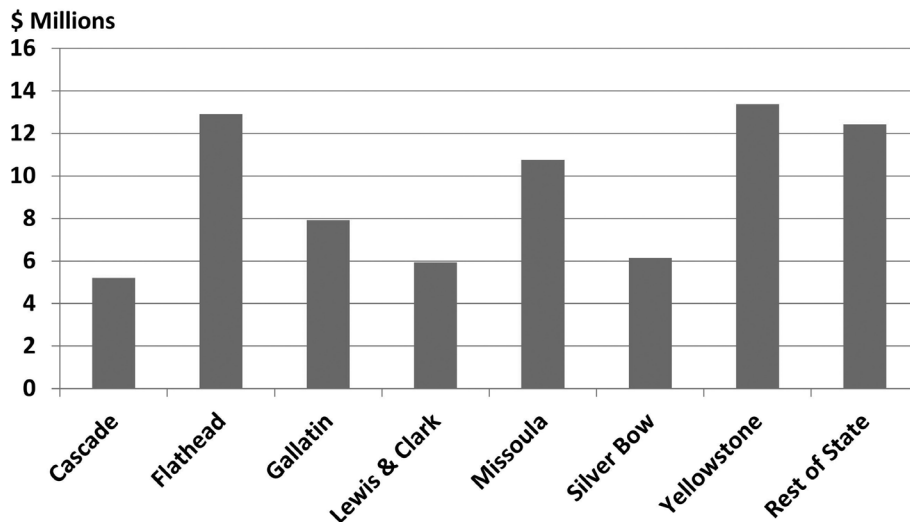
Difference between Inflation-adjusted Wages and Salaries, FY2012 vs. FY2011

Where's the Growth? Prof. & Bus. Services Real Wage Growth



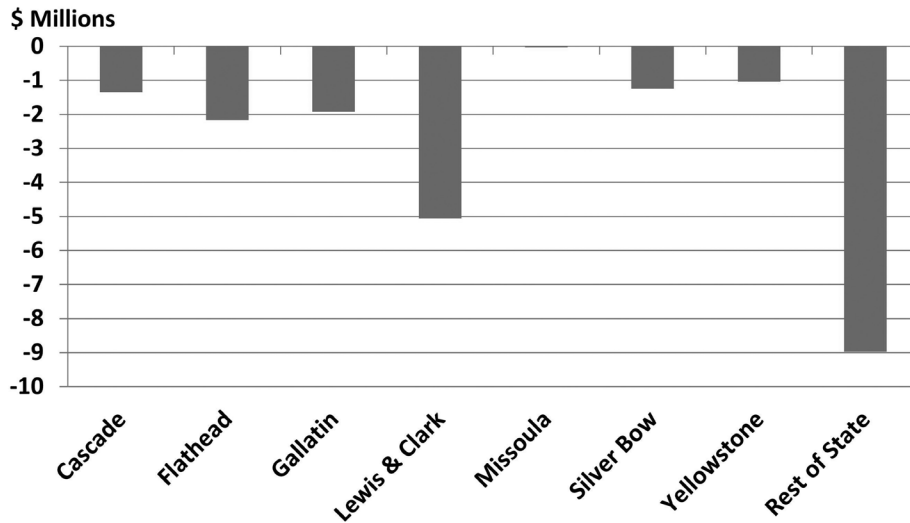
Difference between Inflation-adjusted Wages and Salaries, FY2012 vs. FY2011

Where's the Growth? Health Care Real Wage Growth



Difference between Inflation-adjusted Wages and Salaries, FY2012 vs. FY2011

Where's the Growth? Public Admin. Real Wage Growth

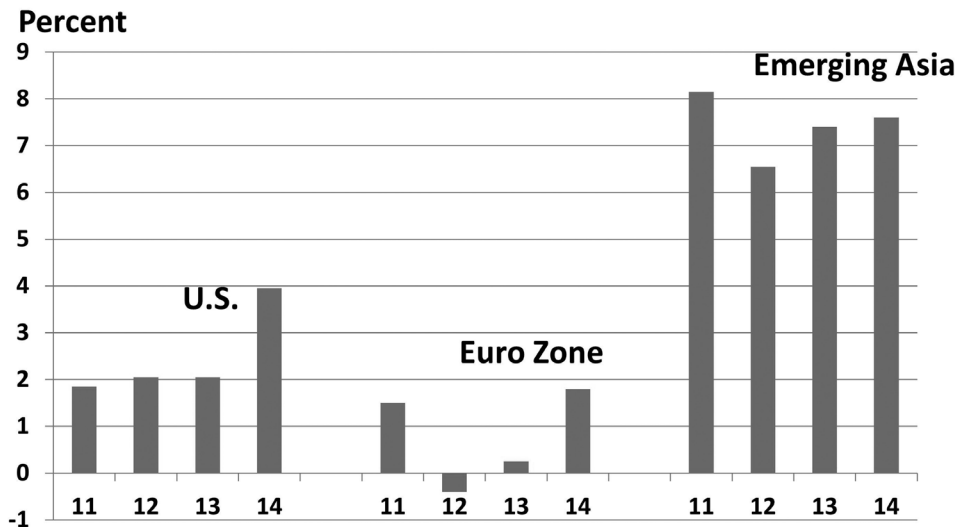


Difference between Inflation-adjusted Wages and Salaries, FY2012 vs. FY2011

2013: Risks and Uncertainty

<u>Risk</u>	<u>Bad Outcome</u>	<u>Impact on Montana</u>
Oil Prices	➔ Price spike from war or international event threatening supplies	➔ Consumer spending adversely affected
Global Economic Growth Uncertainty	➔ EU Recession, Asian Slowdown	➔ Commodity price collapse, exports decline

Global Growth Has Stumbled



Percent Change in Real Gross Domestic Product

Source: Moody's Analytics

2013: Risks and Uncertainty

<u>Risk</u>	<u>Bad Outcome</u>	<u>Impact on Montana</u>
Oil Prices	➔ Price spike from war or international event threatening supplies	➔ Consumer spending adversely affected
Global Economic Growth Uncertainty	➔ EU Recession, Asian Slowdown	➔ Commodity price collapse, exports decline
Federal Budget and Tax Uncertainty: Fiscal Cliff Issues	➔ Government Shutdown, Default or Abrupt Fiscal Contraction	➔ New recession, disruption to federal activities

The 2013 Fiscal Cliff as of December 1

Tax Increases:

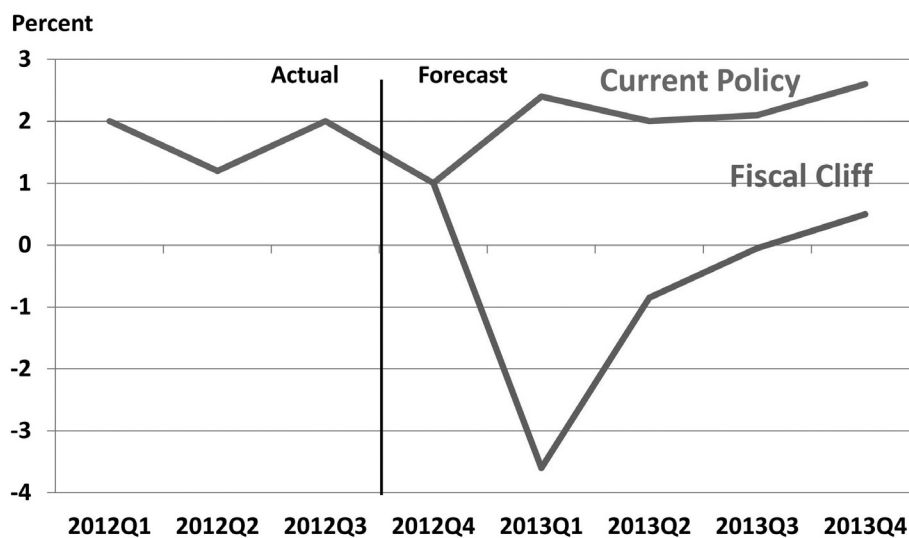
- Bush Tax Cut Expiration
- Payroll Tax Cut Expiration
- Depreciation Incentives Expiration
- Alternative Minimum Tax

Spending Cuts:

- Budget Sequester
- Emergency Unemployment Insurance Expiration
- Medicare Reimbursement Cuts

2013 Total
\$621 Billion
3.8 percent
of GDP

Implications of the Cliff for GDP



Source: Bureau of Economic Analysis and IHS Global Insight

The 2013 Fiscal Cliff as of January 4

Tax Increases:

Bush Tax Cut Expiration Most Rates Maintained

Payroll Tax Cut Expiration ✓

Depreciation Incentives Expiration Extended

Alternative Minimum Tax Permanent Fix

2013 Total

\$139 Billion

Spending Cuts:

Budget Sequester Delayed 2 months

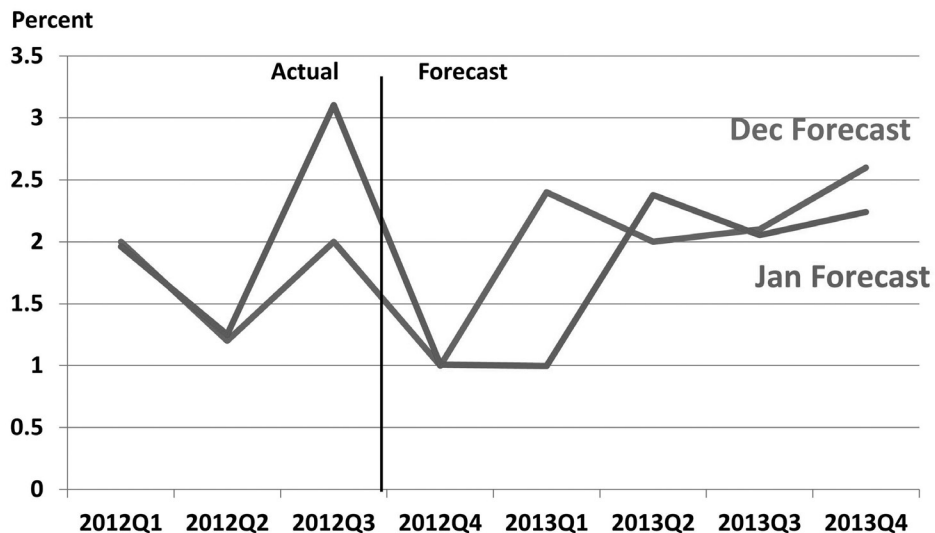
**0.9 percent
of GDP**

Emergency Unemployment Insurance Expiration Extended through 2013

Insurance Expiration

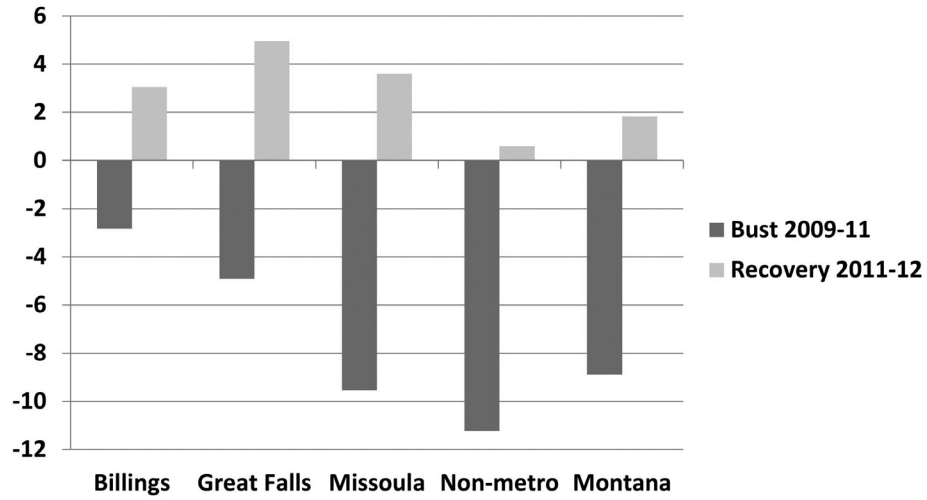
Medicare Reimbursement Cuts Delayed

Implications of the Cliff for GDP



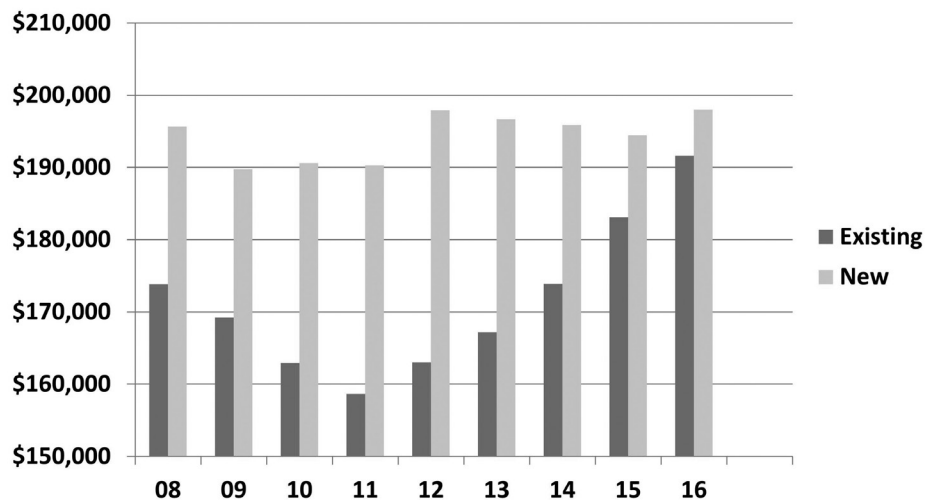
Source: Bureau of Economic Analysis and IHS Global Insight

Bust vs. Recovery Percent Change in Montana Home Price Index



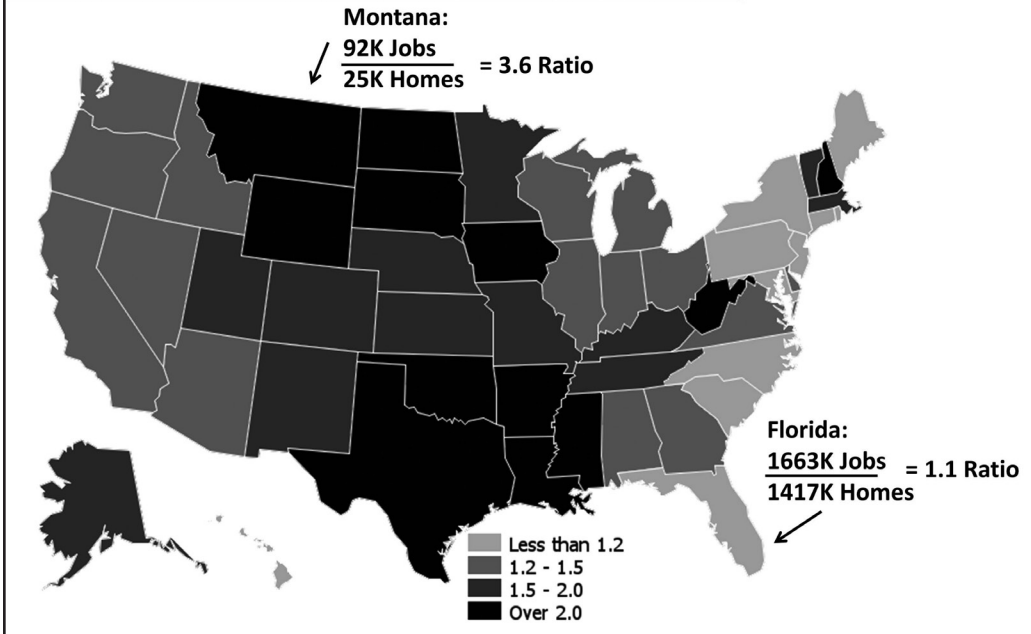
Source: Federal Home Finance Agency

New Homes Becoming More Price Competitive

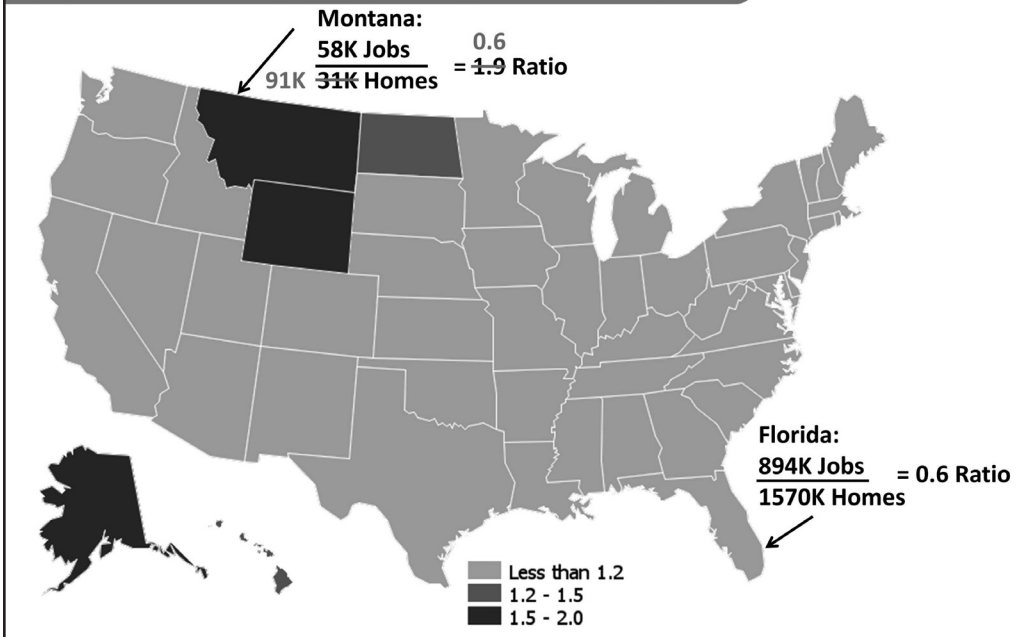


Median Prices, New and Existing Montana Homes
Forecasts from IHS Global Insight

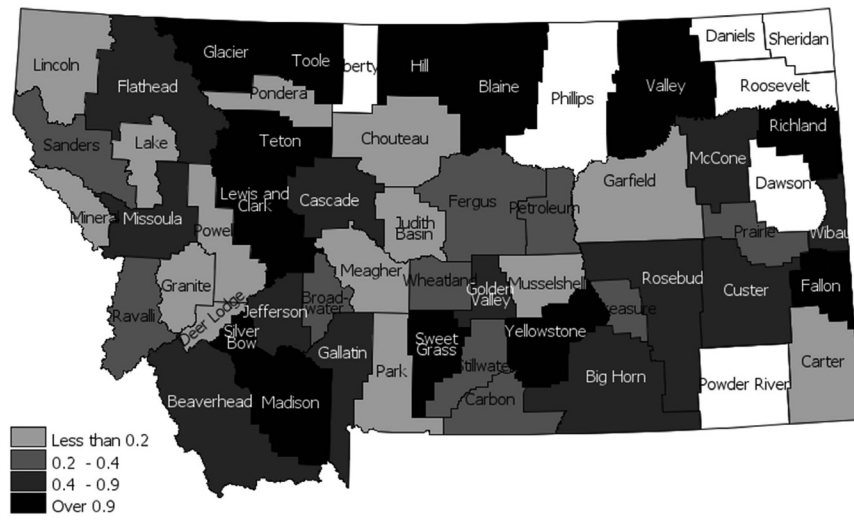
Job Growth and Housing Starts: The 1990s



Job Growth and Housing Starts: 2000-2007



Job per New Home 2000-2007



Summary

- **Montana goes into 2013 with good momentum, but some factors helping 2012 growth won't be sustained**
- **Too much uncertainty to forecast anything better than continued slow growth in U.S. economy**
- **Recovery in housing makes us more optimistic about Montana's short-term prospects**

Outlook for Key Industries



Energy and Mining:

Not a boom, but plenty of activity. Low natural gas prices affecting all markets.

Composition of Earnings in Montana's Basic Industries, 2010-12

Outlook for Key Industries

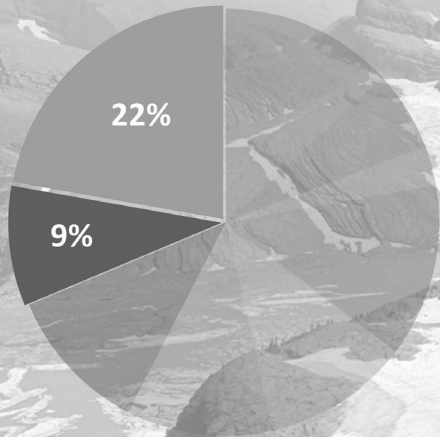


Agriculture and Related:

Sustained high prices offset drought impacts. Policy uncertainty ahead.

Composition of Earnings in Montana's Basic Industries, 2010-12

Outlook for Key Industries

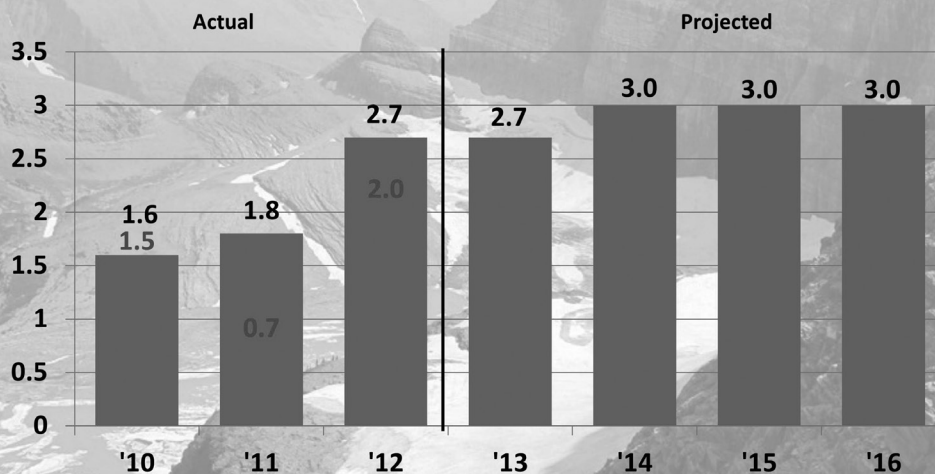


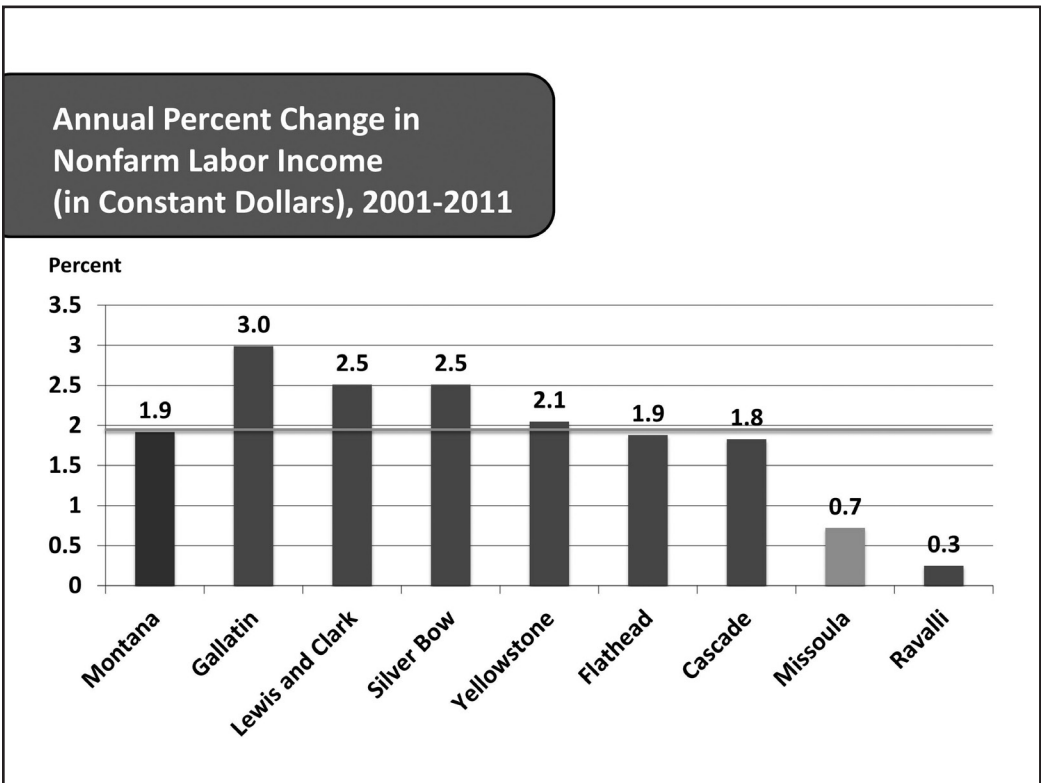
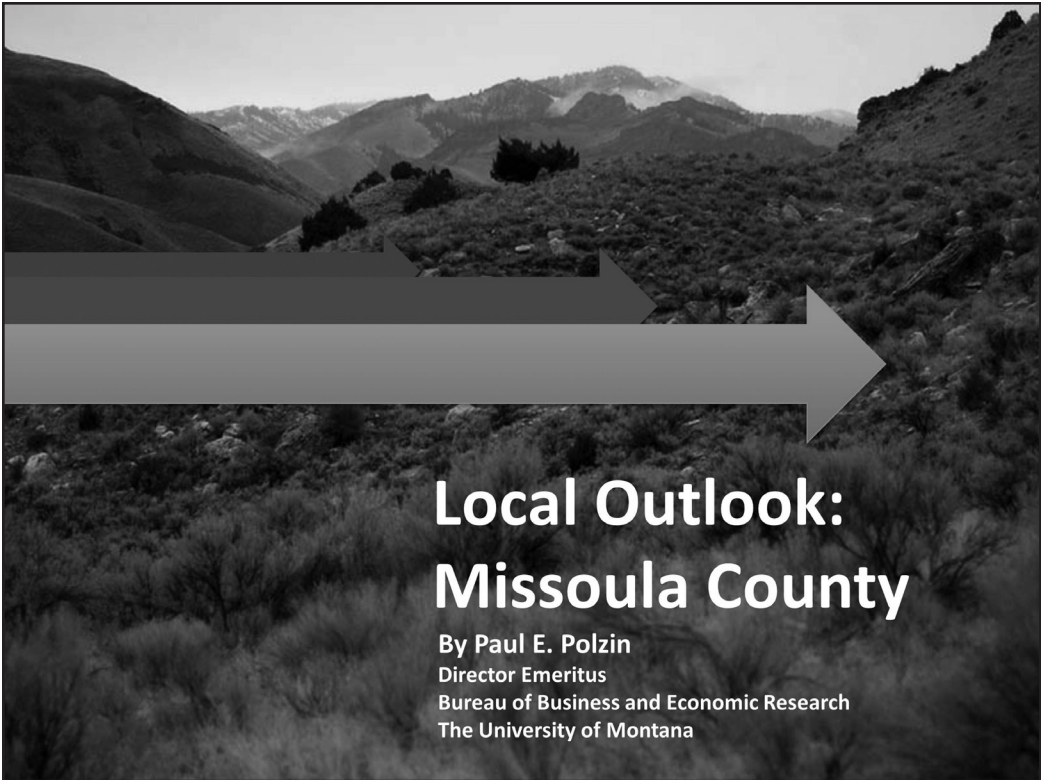
Federal Military and Civilian:

Short- and medium-term risks have risen. Current mild declines expected to continue.

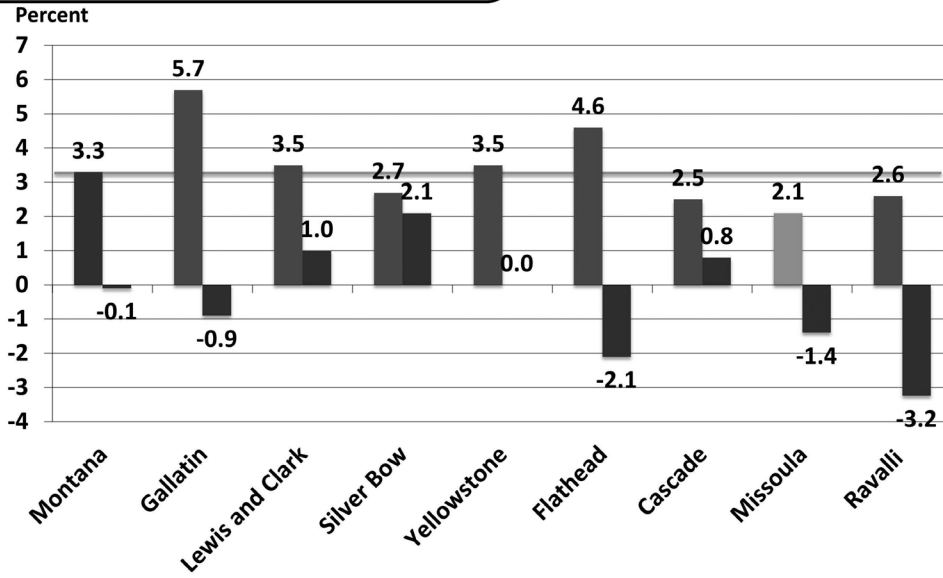
Composition of Earnings in Montana's Basic Industries, 2010-12

Change in Nonfarm Earnings, Montana, 2010-2016

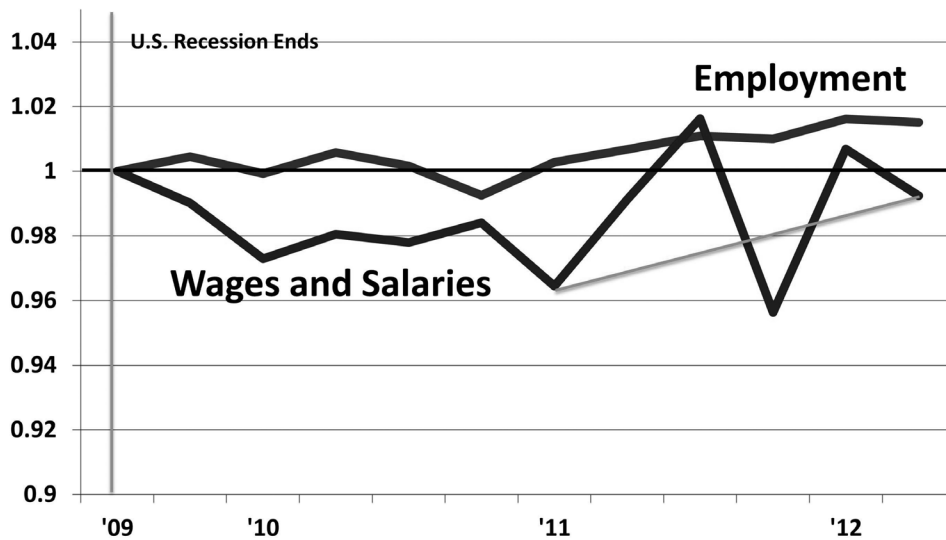




**Annual Percent Change
in Nonfarm Earnings (in Constant Dollars),
2001-07 and 2007-11**



**Nonfarm Employment and
Inflation Adjusted Wages and
Salaries, Seasonally Adjusted,
Missoula County**

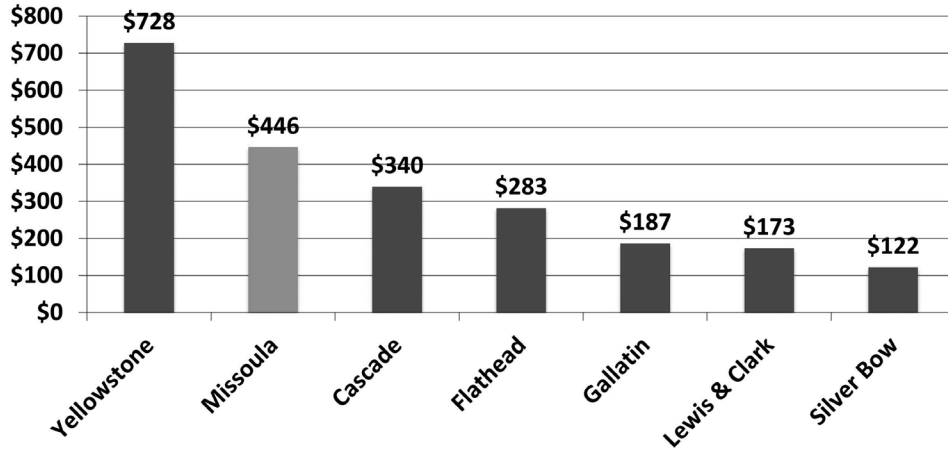




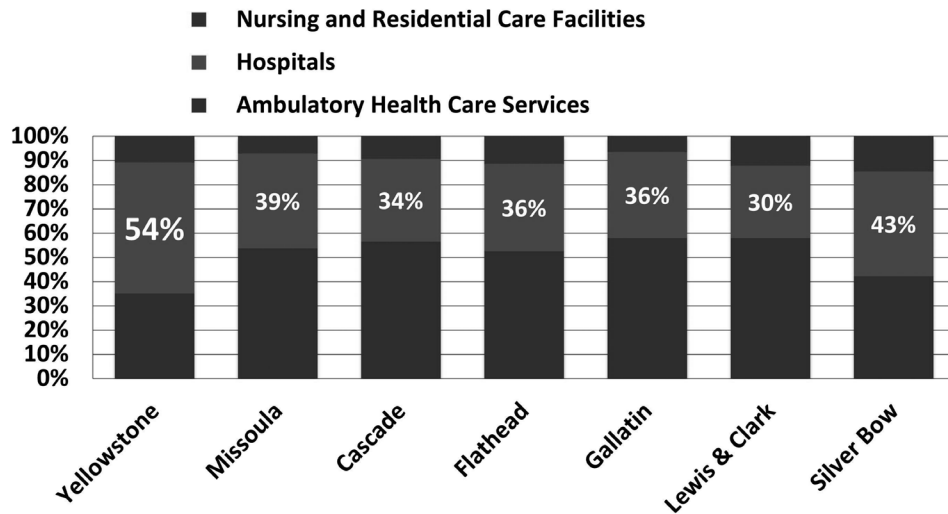
Montana's Regional Health Care Industries

Definition of Health Care	
NAICS Code	
62	Health Care
621	Ambulatory Health Care Services
622	Hospitals
623	Nursing and Residential Care Facilities

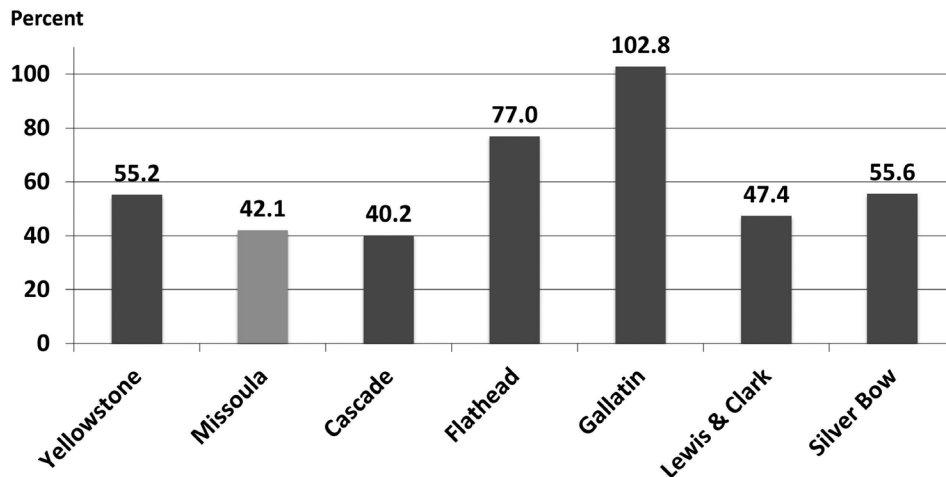
Health Care Earnings (millions of 2011 dollars)



Composition of Health Care Industry



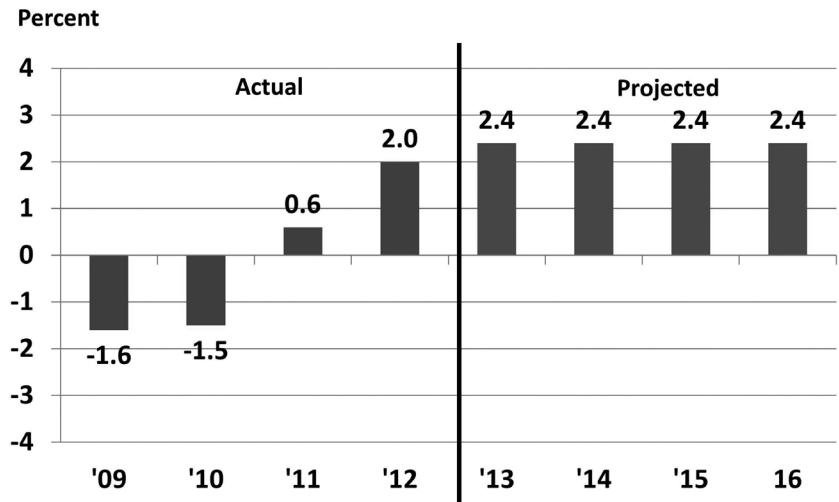
**NAICS 62, Health Care
Industry Growth 2001-2010,
Percent Change, Constant Dollars**



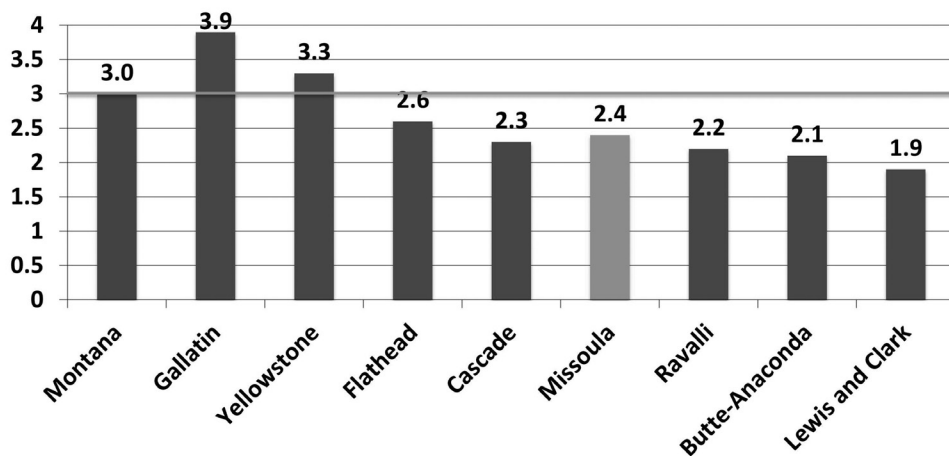
**Missoula County's
Economic Base
2011-2013**

- | | | |
|--------------------------------|-----|--------------------------|
| • Other | 6% | Transportation Equipment |
| • Nonresident Travel | 7% | Modest Growth |
| • Transportation | 11% | Energy Growth |
| • Wood Products | 7% | Hint of Recovery |
| • Federal Gov't | 15% | Stable at Best |
| • Trade Center Medical | 14% | Slowdown Over |
| • Trade Center Retail, Service | 19% | Prof. Services Recovery |
| • UM, Other State | 21% | Pay Freeze Over |
|
Construction | |
2013 Hopeful |

Actual and Projected Change in Nonfarm Earnings, Missoula County, 2009-2016



Projected Annual Percent Change in Nonfarm Labor Income (in Constant Dollars) 2012-2016



Outlook 2013

Is Montana's Health Care Workforce Ready for the Affordable Care Act?

By Gregg Davis

Some Common Concerns about the Affordable Care Act

- Impact on insurance premiums?
- Will businesses dump employees into FFE?
- Will Medicare beneficiaries struggle to find doctors?
- Will ACA bend the health care cost curve upward instead of downward?

Often Missing from the Discussion...

- Ability of health care infrastructure, primarily health care workforce, to absorb potential added demands for health care due to...
 - Power of individual mandate
 - Federally Facilitated Exchange
 - Tax credits
 - Cost sharing subsidies
 - Medicaid expansion

Demand for Ambulatory Care

Office Visits per 100 by Insurance Status	Primary Care	Surgical Specialty	Medical Specialty	Hospital Outpatient	Hospital Emergency Department
Private Insurance	192.0	55.1	61.5	17.3	22.5
Medicaid/CHIP	254.7	33.1	44.9	84.9	82.1
Uninsured	65.3	17.2	30.1	19.2	41.5

Source: 2007 National Ambulatory Medical Care Survey

National Shortage Well Documented

- Factors Behind Shortage of Primary Care Doctors
 - Lower reimbursement
 - Lower comparative incomes
 - High patient loads
- Shortage of Primary Care Providers Leads to
 - Fragmented care
 - Inappropriate use of specialists
 - Less emphasis on preventive care

Affordable Care Act

- Many of ACA provisions focus on primary care
 - Reimbursement (10% bonuses), parity between Medicaid and Medicare
 - Welcome to Medicare exams, preventive services with no cost sharing
 - Individual mandate
 - Comprehensive Primary Care Initiative pilot
 - Patient Centered Homes (ACOs, Medical Homes)
 - Community Health Centers

Primary Care Provider Deficit: 2008 to 2025

- 52,000 more docs needed
 - 33,000 due to population growth
 - 10,000 due to aging
 - 8,000 due to ACA

Source: Winston Liaw et al, Annals of Family Medicine, November/December, 2012

Pre ACA Primary Care Demand in Montana, Missoula & Ravalli Counties

	Expected Source of Payment					
	Employer Sponsored Insurance	Direct Purchase	Medicare	Medicaid	No Insurance	Unknown
Montana	742,310	295,037	415,287	141,863	94,653	47,382
Missoula County	89,937	33,335	36,019	14,480	12,871	3,298
Ravalli County	26,003	13,709	23,627	7,733	4,088	488

Source: American Community Survey, 2009-2011, National Ambulatory Medical Care Survey, BBER

ACA Impact on Health Care Demand, Montana

	Primary Care	Surgical Specialty	Medical Specialty	Hospital Outpatient	Hospital Emergency	Total Additional Office Visits
Private Coverage	131,999	39,485	32,713	(1,979)	(19,795)	182,423
Medicaid	129,283	10,853	10,102	44,846	27,713	222,797
Total Additional Office Visits	261,281	50,338	42,815	42,867	7,919	405,220

Source: American Community Survey, National Ambulatory Medical Care Survey, BBER

ACA Impact on Health Care Demand, Missoula County

	Ambulatory Care Setting					Total Additional Office Visits
	Primary Care	Surgical Specialty	Medical Specialty	Hospital Outpatient	Hospital ER	
Private Insurance	13,309	3,981	3,298	(200)	(1,996)	18,393
Medicaid	17,436	1,464	1,362	6,048	3,738	30,048
Total Increase	30,745	5,445	4,661	5,849	1,742	48,441

American Community Survey 2009-2011, National Ambulatory Medical Care Survey, BBER

ACA Impact on Health Care Demand, Ravalli County

	Ambulatory Care Setting					Total Additional Office Visits
	Primary Care	Surgical Specialty	Medical Specialty	Hospital Outpatient	Hospital ER	
Private Insurance	6,035	1,805	1,496	(90)	(905)	8,340
Medicaid	5,265	442	411	1,826	1,129	9,074
Total Increase	11,300	2,247	1,907	1,736	224	17,414

American Community Survey 2009-2011, National Ambulatory Medical Care Survey, BBER

Primary Care Capacity

- 2009 study by Davis, Roberts, White
 - Includes Family Practice, Internal Medicine, Pediatrics
- U.S. DHHS Guideline of 4,200 office visits/year
 - Contrasts with 5,400 office visits per AMA guidelines

Estimated Shortage/Surplus of Primary Care Office Visits, Montana

Primary Care Supply	Primary Care Demand	Shortage (-) Surplus (+) Office Visits per Year
2,079,000	1,997,814	+ 81,186

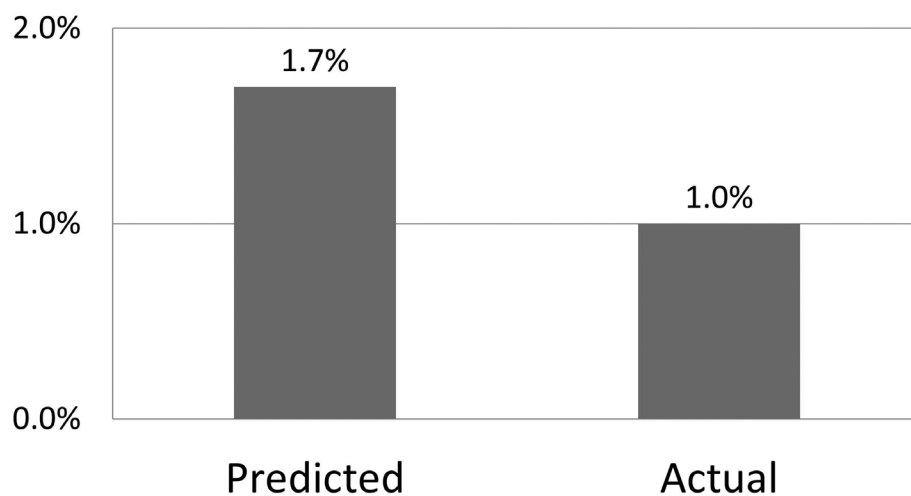
Estimated Shortage/Surplus of Primary Care Office Visits, Missoula & Ravalli Counties

	Primary Care Supply	Primary Care Demand	Shortage (-) Surplus (+) Office Visits per Year
Missoula County	201,600	220,684	- 19,084
Ravalli County	58,800	86,947	- 28,147

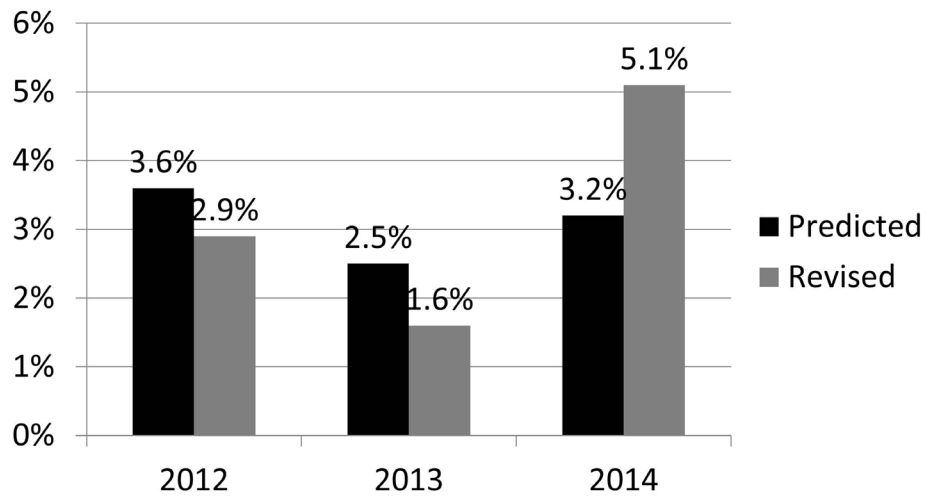
And the earnings forecast from last year?

- Depends on whether you view glass as half full or half empty
- Major revisions in key growth rates 2010-2011
 - BEA revised health care earnings growth from 3.9% to 3.2 %
 - CMS revised PHCE growth from 4.6% to 3.9%
- Impact of outsourcing on health care earnings per se

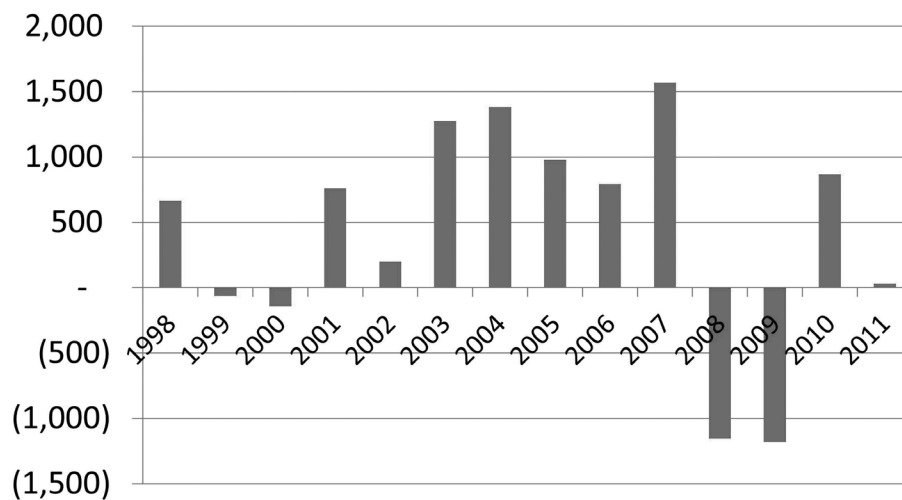
Health Care Earnings 2010-2011



Health Care Earnings, 2012-2014



Annual Per Capita Spending Available AFTER Health Care Spending



gregg.davis@business.umt.edu

- “I don’t believe there’s any problem in this country, no matter how tough it is, that Americans, when they roll up their sleeves, can’t completely ignore.”

– George Carlin 1937-2008



Travel & Recreation: Jobs, Lifestyle, & Growth

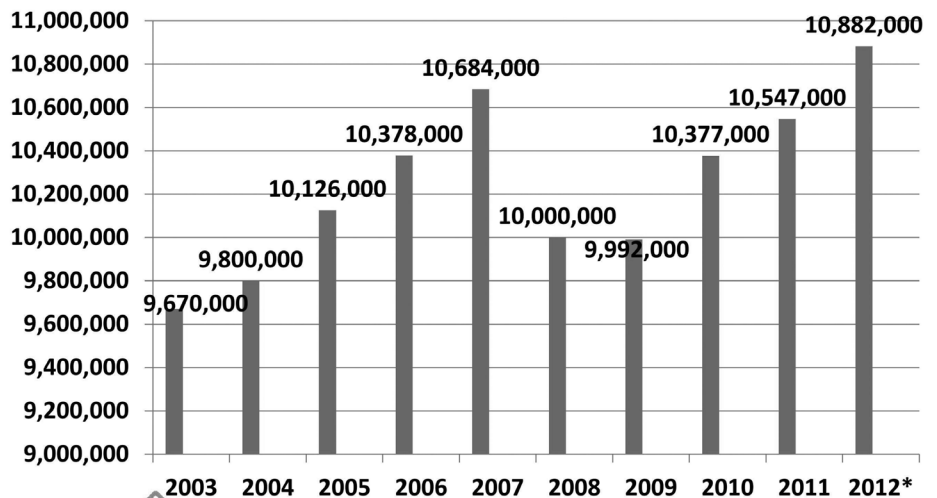
Norma P. Nickerson

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University of Montana

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Nonresident Visitors to MT



*preliminary

**Institute
for
Tourism and
Recreation
Research**

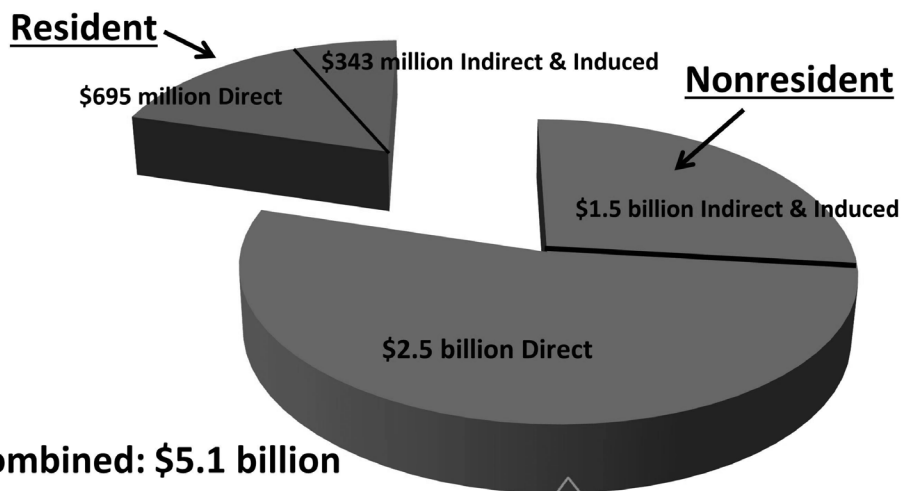
The University of
Montana

Yearly Resident Travel

- 15.4 million person- trips (> 50 miles from home)
- Residents spent \$833 million on pleasure trips
- \$1.03 billion in combined economic activity
- \$85/day trip; \$208/overnight trip



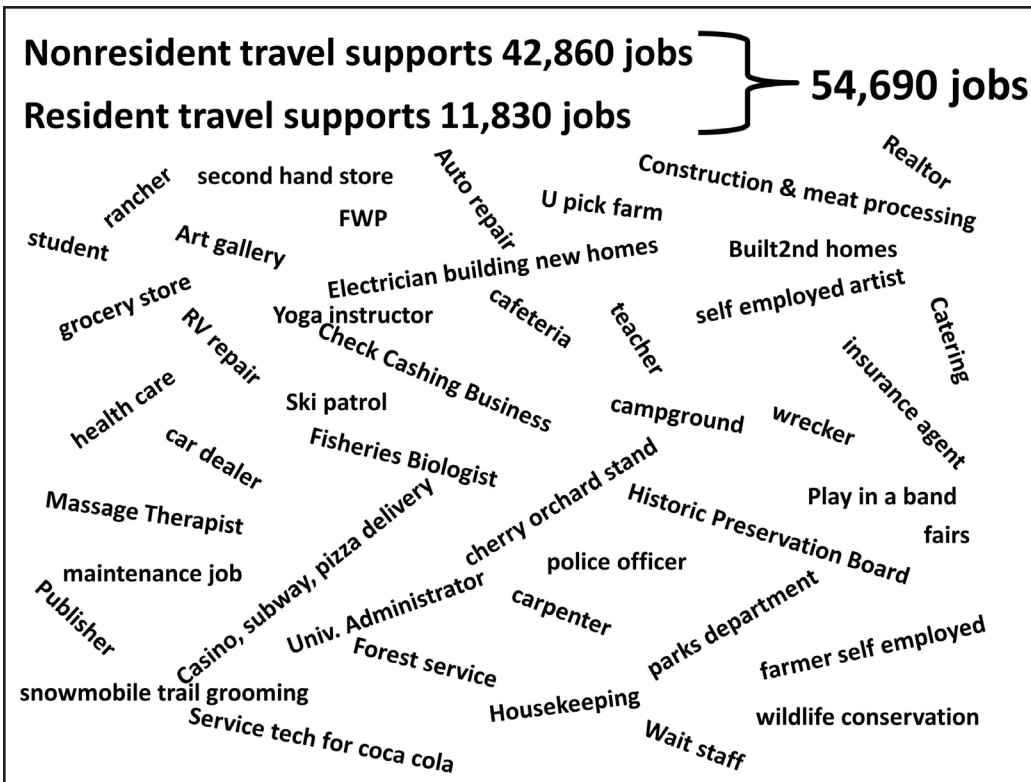
2012 *Preliminary* Economic Contribution of Travel: Nonresident & Resident



**Combined: \$5.1 billion
Economic Contribution
to Montana in 2012**

**Institute
for
Tourism and
Recreation
Research**

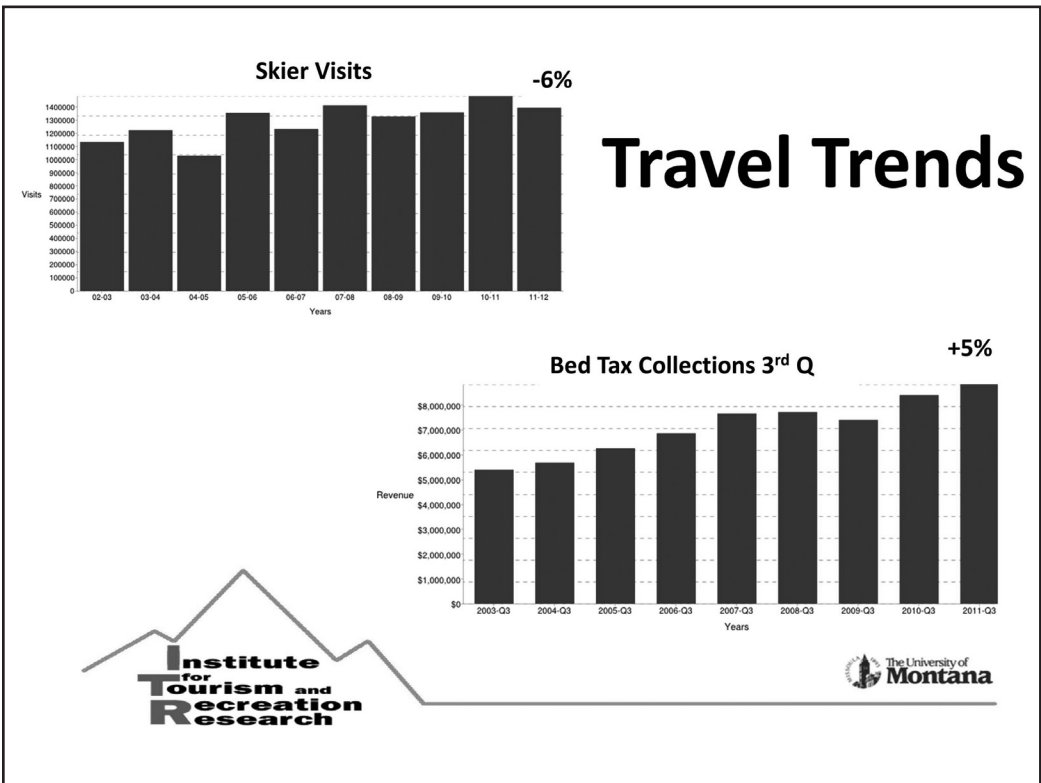
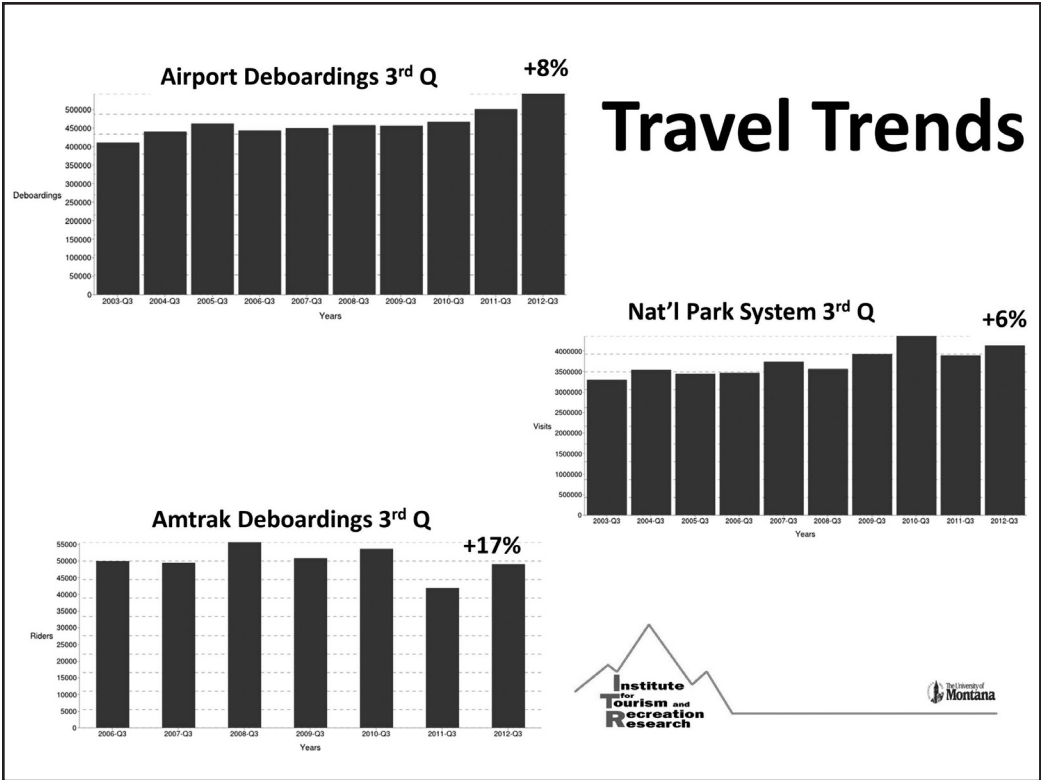
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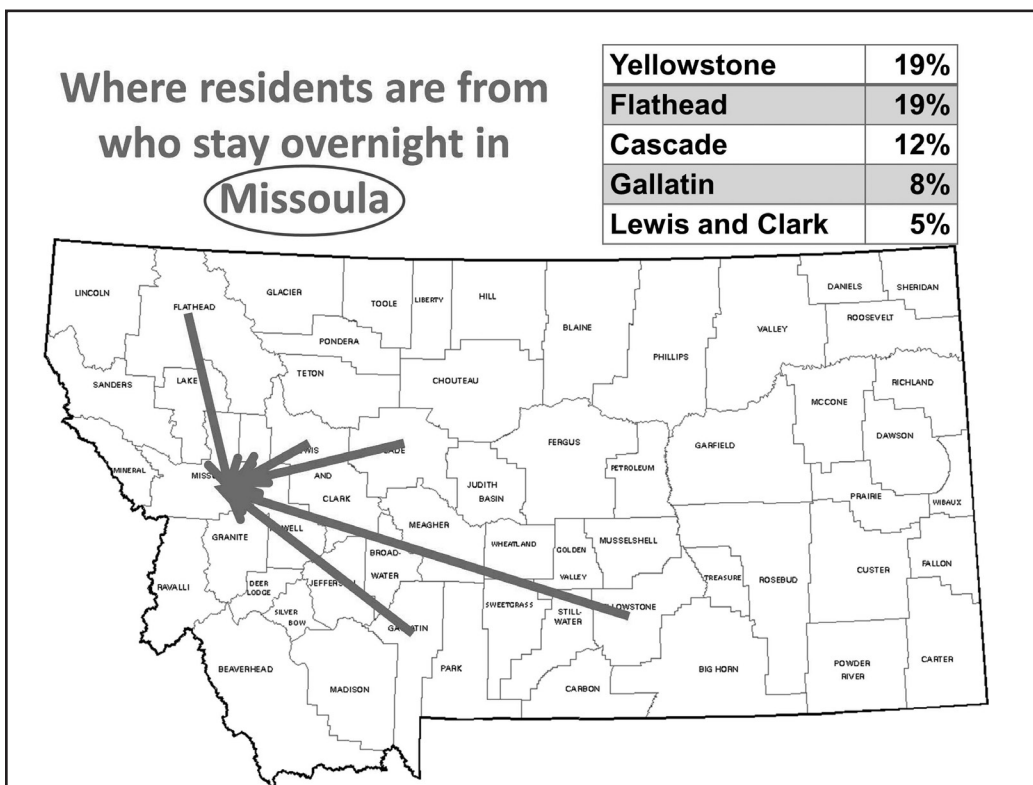
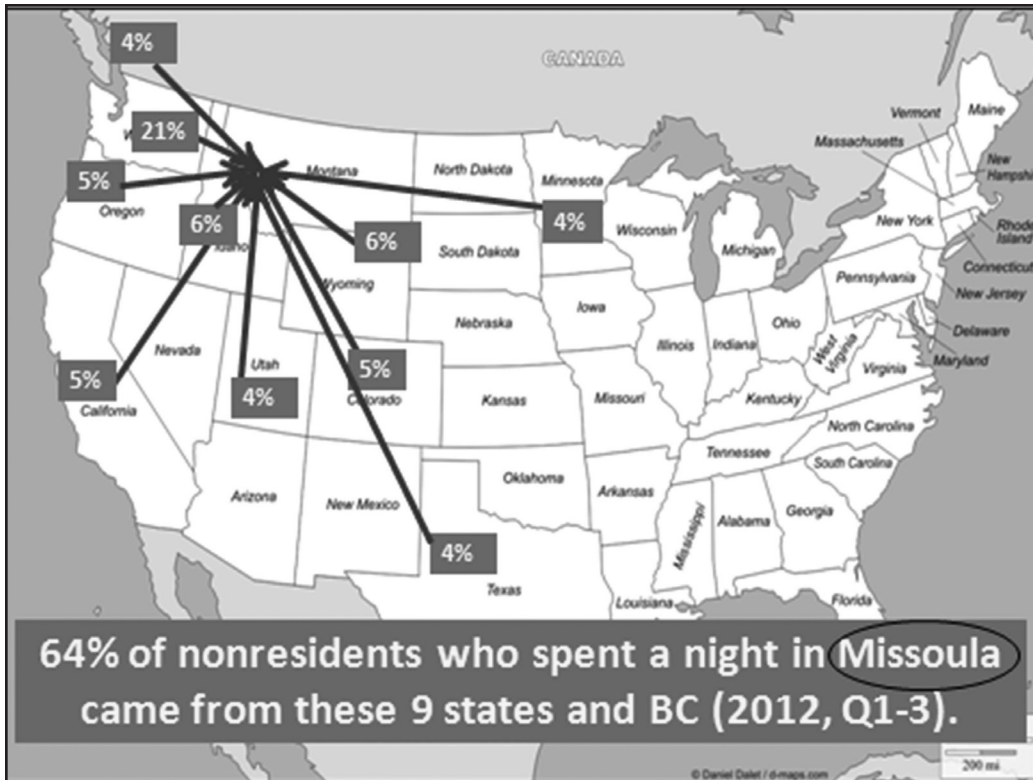


People choose to live/work in Montana because...

- Looking for a town with no traffic report, clean air, simple life, and kind people....
- It wasn't the job at first but the lifestyle. As I grew with the business and eventually became a partner, the job came more into play, but then so did the lifestyle.
- A summer job in Yellowstone brought me here, then I fell in love with Montana. I transferred to a Montana college and tourism marketing became my career.
- The vast open space, quality of air and water.
- My wife and I thought it was a good combination of our favorite places in the world, there was plenty of business opportunity and a great place to raise a family.
- I love to fly fish!







2013 Outlook

- Consumer confidence improving
- US Travel spending at record level (\$8,467 billion in 2012 vs \$5.45 billion in 2002).
- Overseas travel to US setting new records (29.2 million in 2012; 19.1 million in 2001)
- Hotel room demand is at an all time high (+3%)
- Restaurant industry on the incline (+3.5%)
- Gas prices on the way down (for now)
- 2% increase in nonresident travelers to MT
- 4% increase in traveler spending in MT

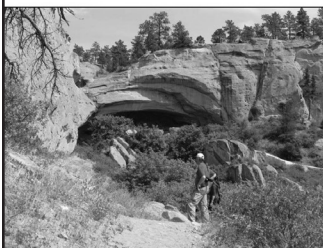


**THANK
YOU!**



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2013 Montana Agricultural Outlook

George Haynes

**Department of Agricultural Economic & Economics
MSU Extension**

**Data Source: National Agricultural Statistics Service
Montana Field Office (NASS) and Livestock Marketing
Information Center (LMIC)**



Mountains & Minds

2012 “Recap”

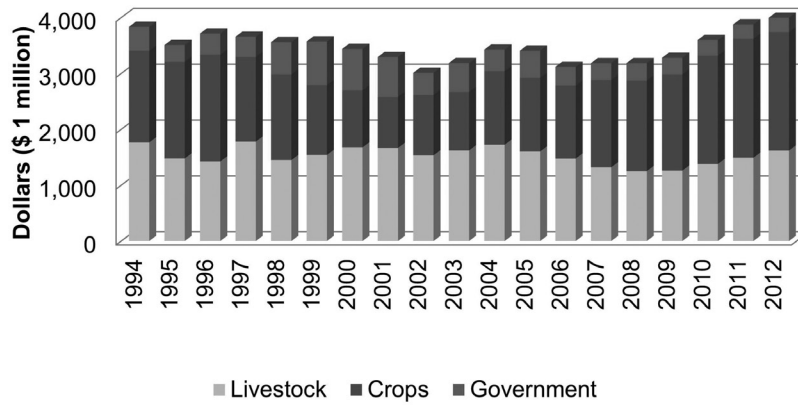
- **Crops**
 - All wheat prices – strong
 - All wheat production
 - Winter wheat production – down
 - Spring wheat production – up
 - Hay prices - strong
- **Cattle**
 - Cattle and Calf Prices – strong
 - Cow Herd – stable
- **Consumer Food Prices**
 - Increased



Mountains & Minds

Gross Revenue Estimates

(2012 dollars)



Source: NASS and MSU Estimates



Mountains & Minds



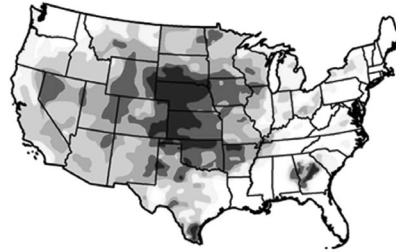
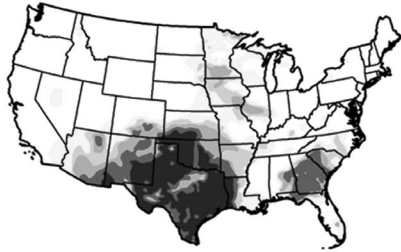
Mountains & Minds

Droughts 2011 and 2012

(severe, extreme & exceptional – D2 – D4)

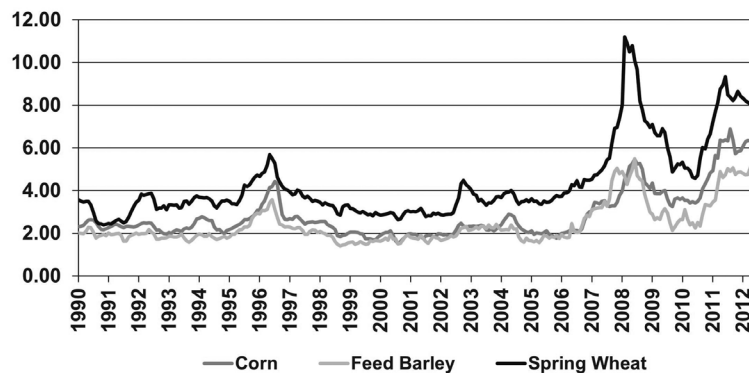
■ 2011

2012



Week	Nothing	D0-D4	D1-D4	D2-D4	D3-D4	D4
October 11, 2011	57.83	42.17	30.47	23.85	17.12	9.76
October 9, 2012	23.28	76.72	63.55	39.91	20.15	6.18

Drought Impacts: Higher Corn, Barley, and Spring Wheat Prices



Source: LMIC and USDA, U.S. Corn, Feed Barley and Hard Red Spring Wheat

Drought Impacts: Higher Cattle and Calf Prices



Source: NASS



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Drought Status – October 2012



Montana Water Supply and Moisture Status by County - October 15, 2012

<http://drought.mt.gov>

Map Key

Continental Divide

Drought Impact Type

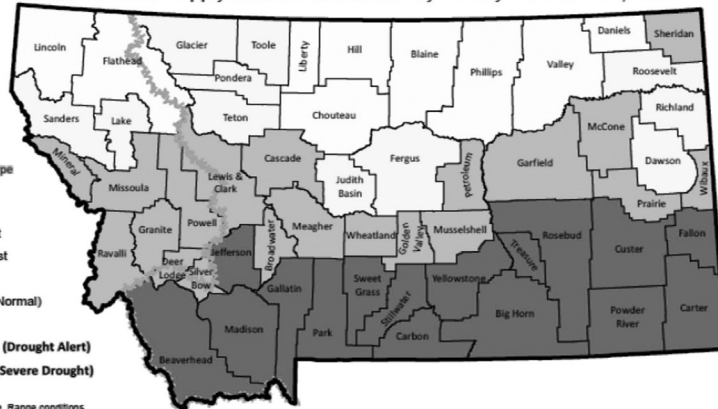
Moisture Status

October 2012

- Extremely Moist
- Moderately Moist
- Slightly Moist
- Near Average (Normal)
- Slightly Dry
- Moderately Dry (Drought Alert)
- Extremely Dry (Severe Drought)

Drought Impact Types -

- A - Agricultural - Soil Moisture, Range conditions
- H - Hydrological - Water Supplies, Streamflow, Groundwater



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CROPS (*GRAIN AND HAY*)

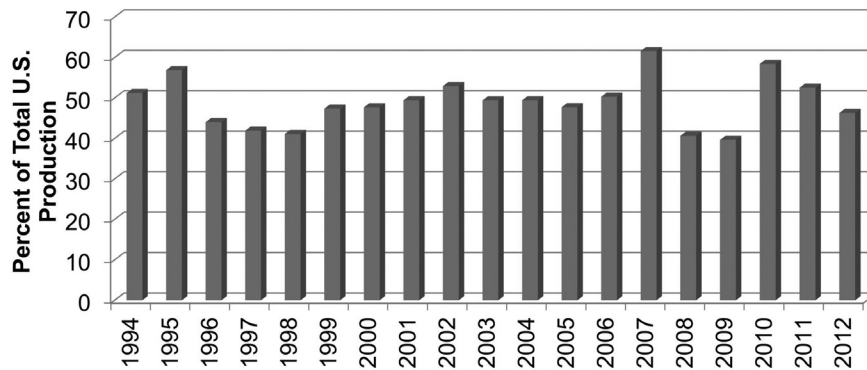


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Wheat Exports Percent of Total U.S. Production



Source: WASDE, Total U.S. Exports = 1,050 mb in 2011/2012 and 1,050 mb in 2012/2013 (higher wheat production in 2012)



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Where are Montana exports going?

- **Montana wheat exports (6/2011 – 5/2012)**

- Total 152.4 million bushels
 - Exports are 80% + of total Montana wheat production
- Destination
 - West 121.8 million bushels
 - Japan (50%), other Asian, Canada, & Mexico
 - East 30.6 million bushels

- **Export competition**

- Canada, Australia, EU-27 & FSU-12 (Russia/Kazakhstan/Ukraine)



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Global Wheat Market Shares

Country	2011/2012	shares	2012/2013	shares
	mmt	%	mmt	%
Australia	29.9	4.3	21.0	3.2
Canada	25.3	3.6	26.7	4.0
China	117.4	16.9	120.6	18.2
EU-27	137.2	19.7	131.7	19.9
India	86.9	12.5	93.9	14.2
FSU-12	114.8	16.5	77.8	11.7
U.S.	54.4	7.8	61.8	9.3
Other	130.5	18.7	114.7	17.3
Total	696.4	100.0	662.8	100.0

Source: WASDE-513, December 2012

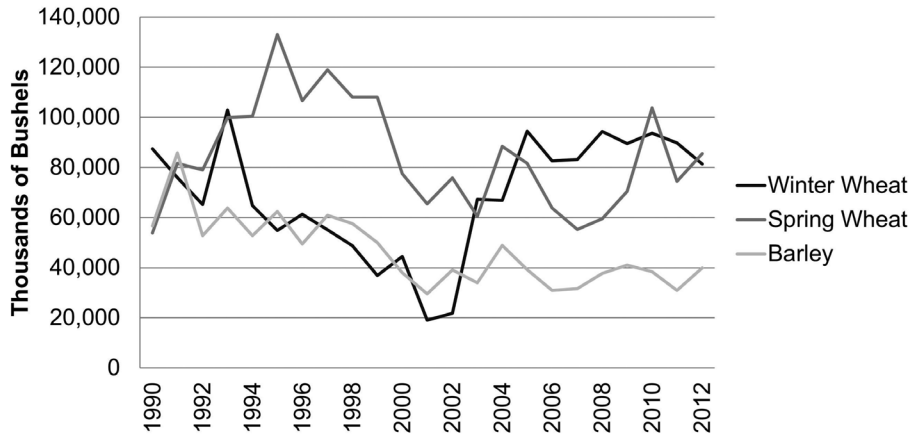


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Grain Production (2012)

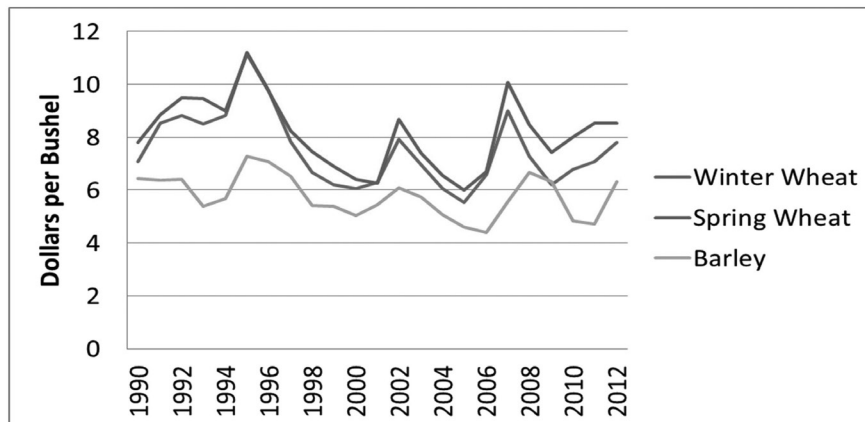


Source: NASS



Mountains & Minds

Grain Prices (2012 dollars)

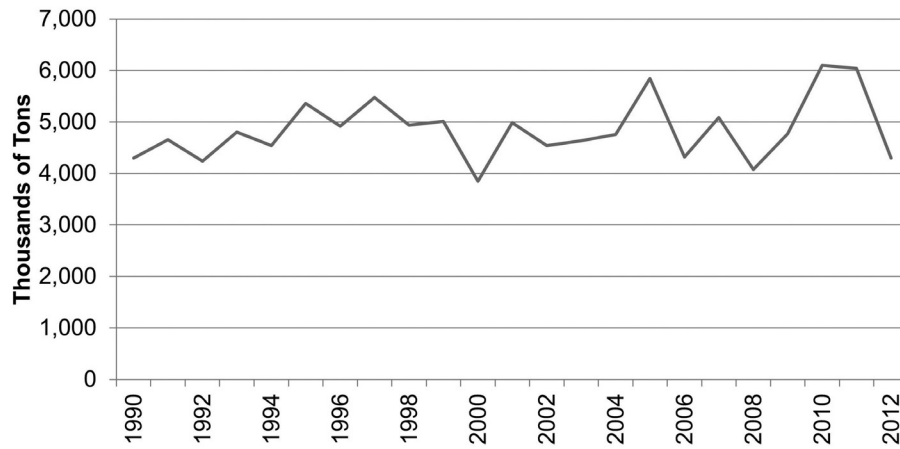


Source: NASS



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All Hay Production (2012)



Source: NASS

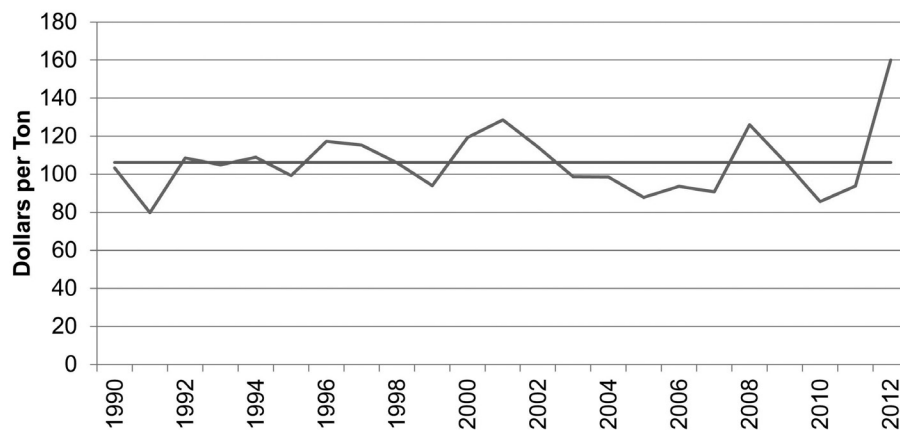


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All Hay Prices (2012 dollars)



Source: NASS



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Futures Prices (no basis adjustment – 12/26/12)

Location	Units	5/13	7/13	9/13	12/13
Minneapolis Grain Exchange					
Hard Red Spring Wheat	\$/bu	8.80	8.89	8.87	8.92
Kansas City Board of Trade					
Winter Wheat	\$/bu	8.35	8.42	8.54	8.69
Chicago Board of Trade					
Corn	\$/bu	6.96	6.94	6.20	6.00

Sources: MGE, KBOT, CBOT and MGGA Market Manager



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Montana Wheat 2012

- ***2012/2013 Winter Wheat Plantings → ???***
- ***Influence of corn prices (public policy)***
- ***Influence of the 2011 & 2012 droughts***
- ***2013 Production/Prices***
 - ***MT 2013 All Wheat Price: optimistic***



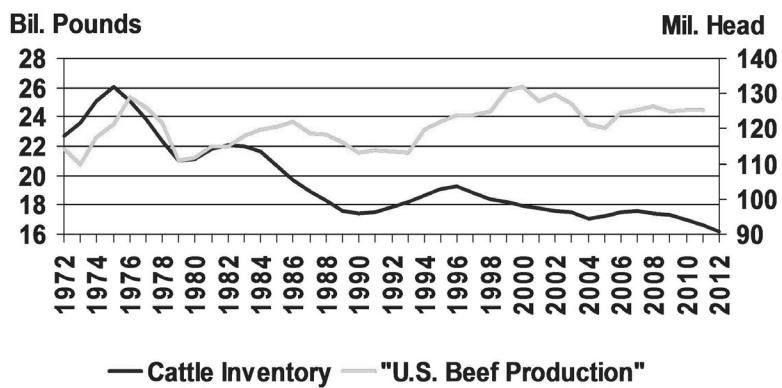
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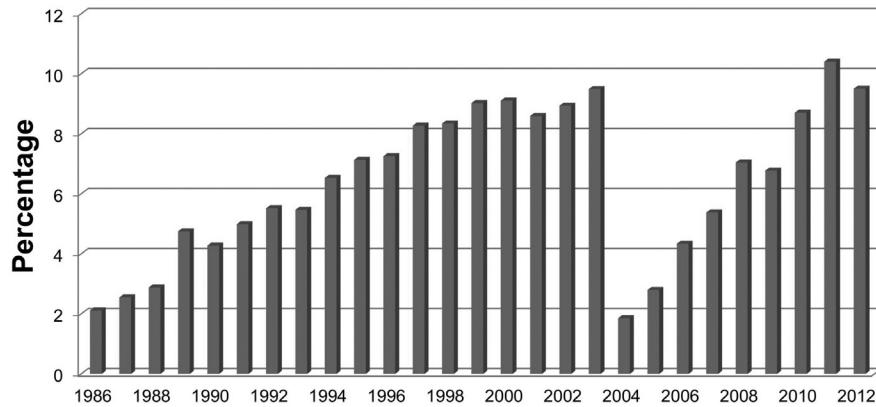
CATTLE

U.S. Beef Production and Cattle Herd Size



Source: LMIC and MSU Agricultural Marketing Policy Center

U.S. Beef and Veal Exports Percentage of Total U.S. Production



Source: LMIC, Beef and veal exports 2.5 billion pounds in 2012

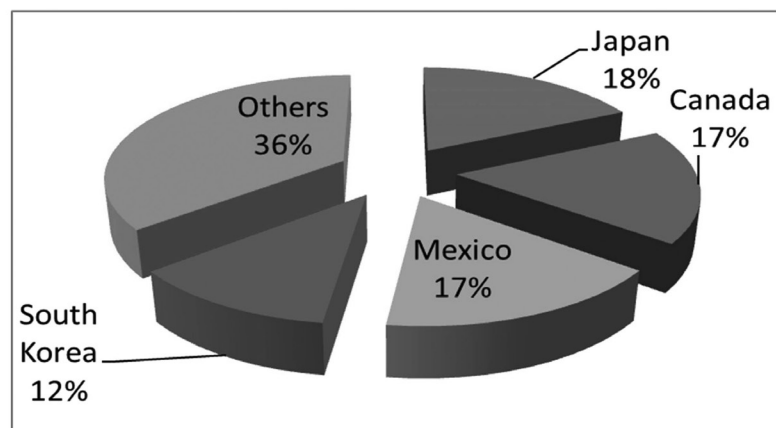


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Exports – who's buying U.S. beef



Source: NASS

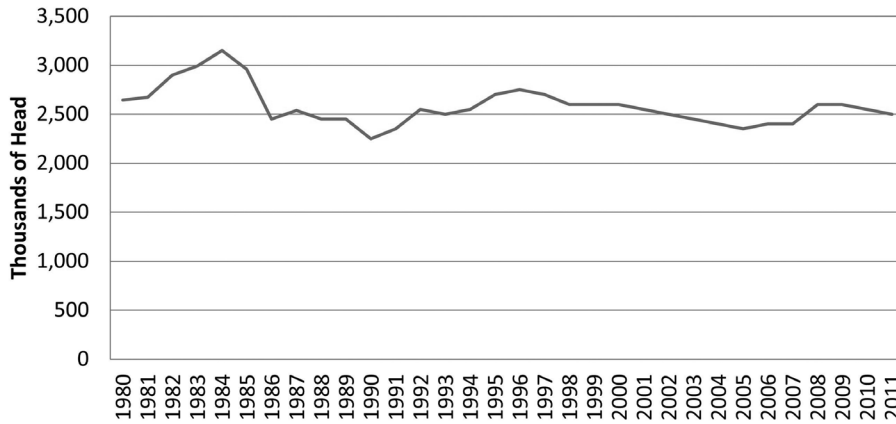


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Montana Cattle Herd

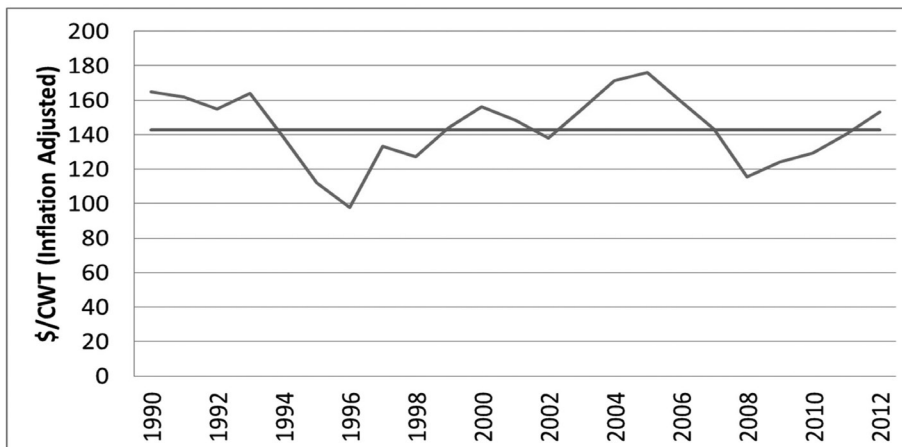


Source: NASS



Mountains & Minds

Calf Prices (2012 dollars)



NASS, 190 – 2011, MSU 2012 estimate



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Futures Prices (no basis adjustments – 12/26/12)

Location	05/13	08/13	10/13	11/13
Chicago Mercantile Exchange				
Feeder Cattle, \$/cwt	159	163	163	164
Live Cattle, \$/cwt	132	132	135	137

Source: Chicago Mercantile Exchange



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Montana Cattle 2012/13

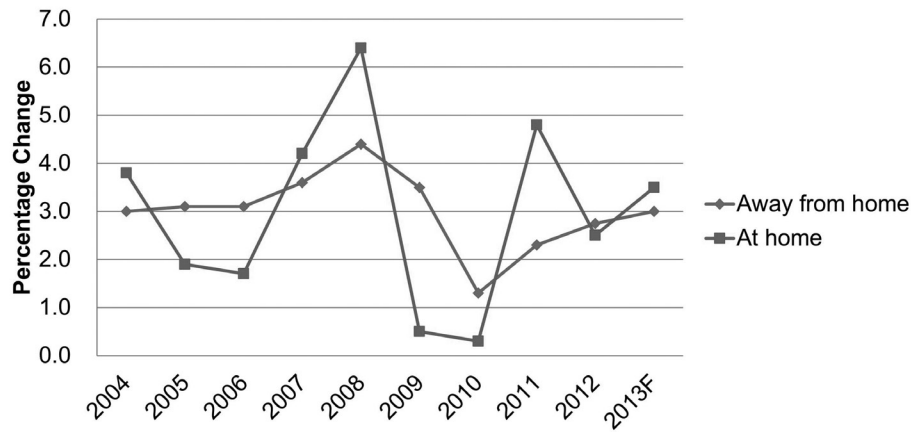
- **Strong prices for cow/calf producers**
 - Optimistic about calf prices through 2013 and beyond

- **Opportunity to increase cattle herd**
 - Beef demand – sell more beef at the same price
 - Farm programs – good insurance, good subsidies
why produce beef
 - Labor issue – more skills required to work on a ranch
 - Age of ranchers – little incentive



Mountains & Minds

Consumer Food Prices



Source: USDA, <http://www.ers.usda.gov/data-products/food-price-outlook.aspx>



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2013 Forecast

- **Crops**
 - Wheat, barley, & hay – prices higher than historical average
- **Livestock**
 - Cattle and calves – prices higher than historical average
- **Consumer Impact**
 - 3 to 4% increase in food prices



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Mountains & Minds

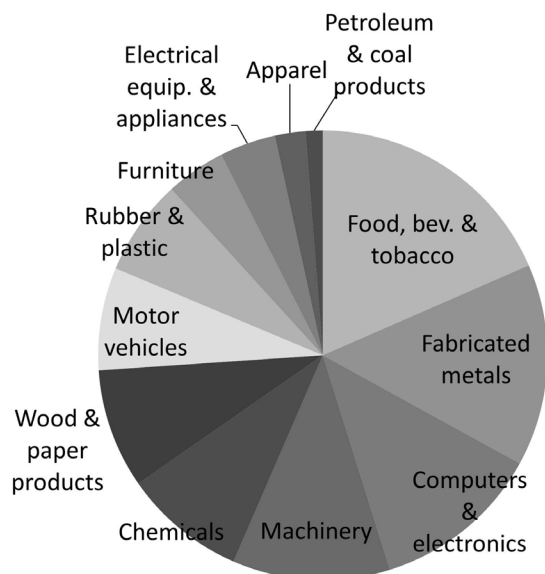
Montana Manufacturing & Forest Products: 2013 Outlook

BUREAU OF
BUSINESS
AND ECONOMIC
RESEARCH

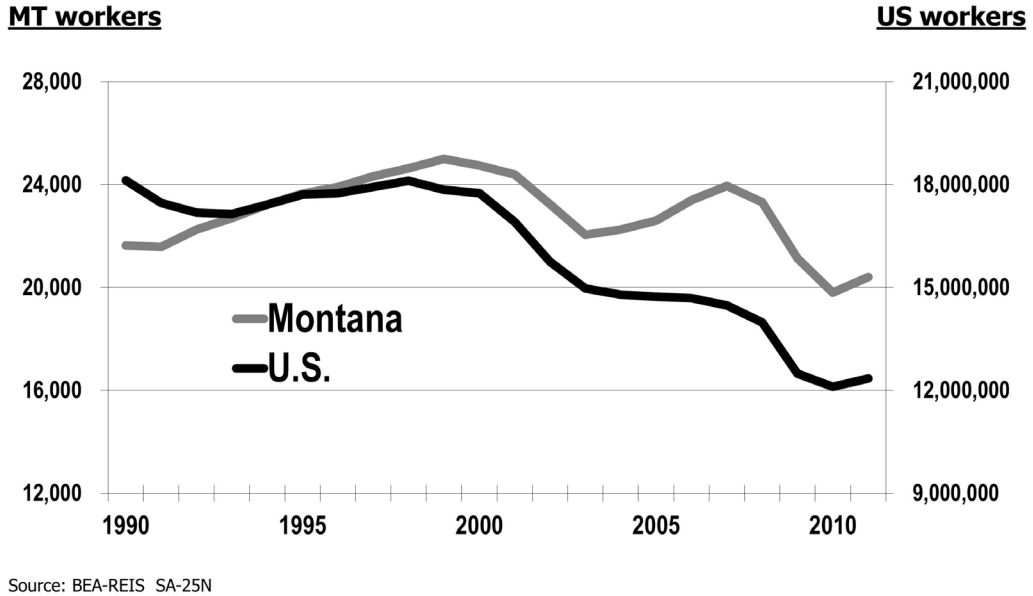
Todd A. Morgan, CF

U.S. Manufacturing

- **Approaching 12.5 million workers.**
- **Annual worker income is rising.**
- **Value of output per worker is increasing.**

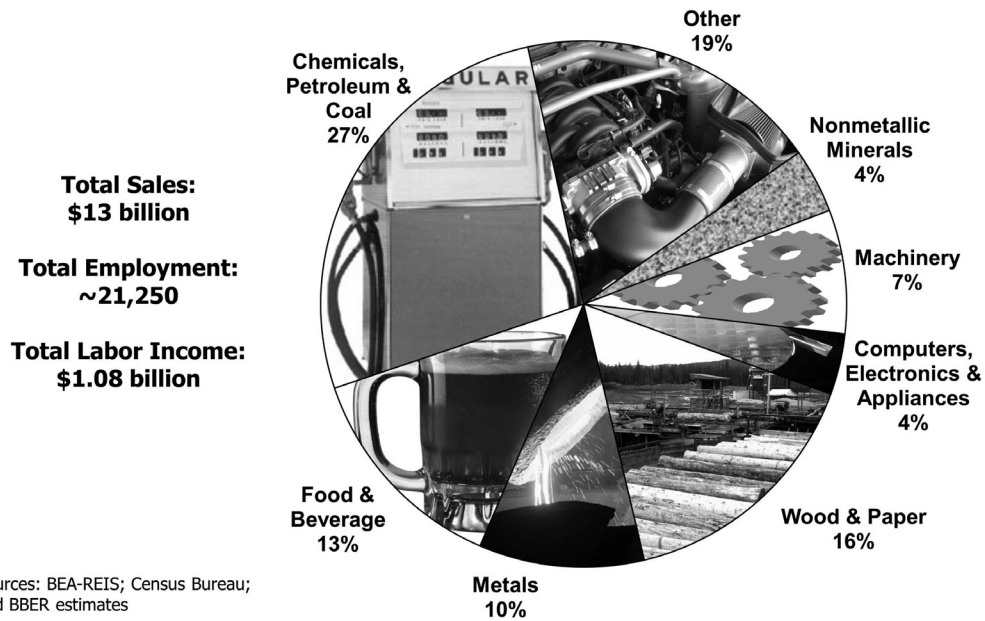


Montana & U.S. Manufacturing Employment 1990-2011



Montana Manufacturing

2012 Labor Income



Montana Brewery Survey Summary

Category	2010	2011	Change
Beer production (barrels)	87,442	102,925	18%
Beer sales (millions)	\$21.8	\$26.1	20%
Employment	231	320	39%
Compensation (millions)	\$5.2	\$6.4	23%
Expenditures (millions) (excluding employee compensation)	\$15.6	\$18.8	21%

Statewide Economic Impacts Summary

Category	Units	Impact
Total Employment	Jobs	434
Output (private sector sales)	\$ Millions	48.4
Compensation (private non-farm)	\$ Millions	9.8
Compensation (government)	\$ Millions	1.8
Population	People	36
State government revenues	\$ Millions	1.5

Note: "Impact" refers to the difference between the baseline *with brewing* scenario, and the alternative *without brewing* scenario

Missoula County Manufacturing

2011 Labor Income

Wood &
Furniture
24%

Food &
Beverage
19%

Total Labor Income:
\$93.8 million

Total Employment:
2,131

Other Non
durable
Goods
8%

Chemical
12%

Other
Durable
Goods
37%

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

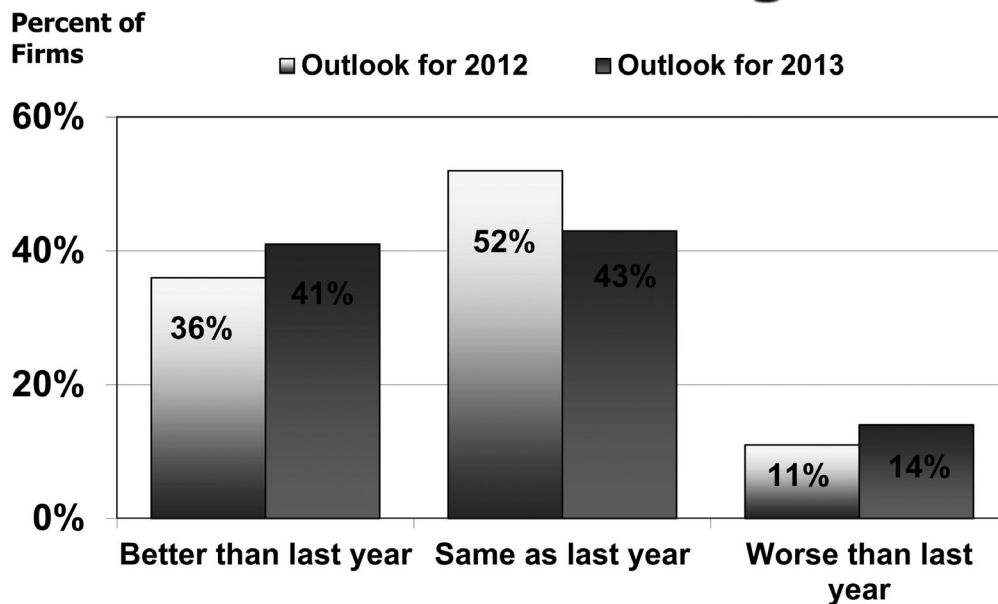
2012-2013 Montana Manufacturers Survey

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

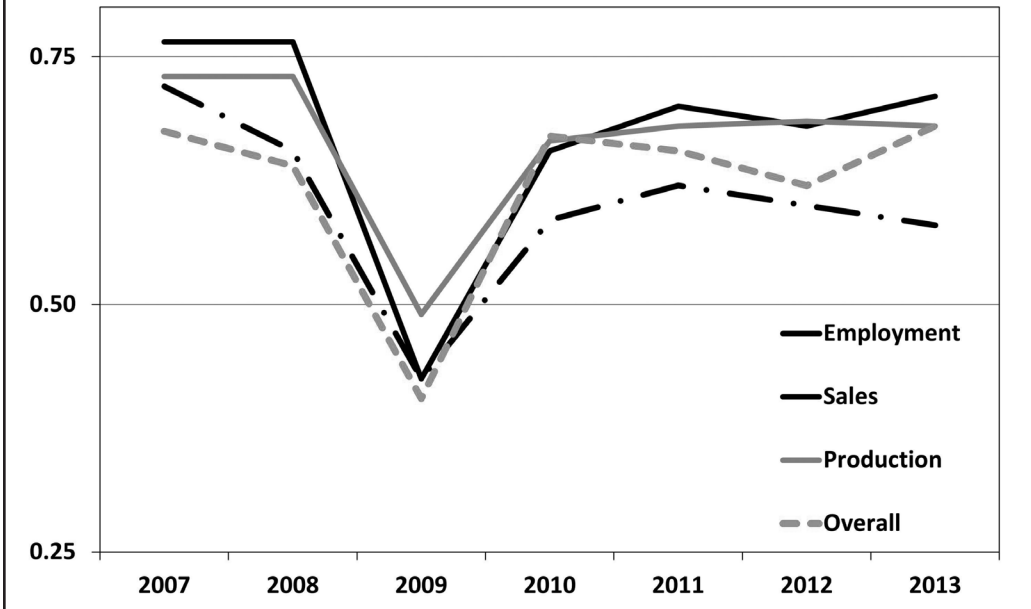
Montana Manufacturing 2012 Recap

- 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

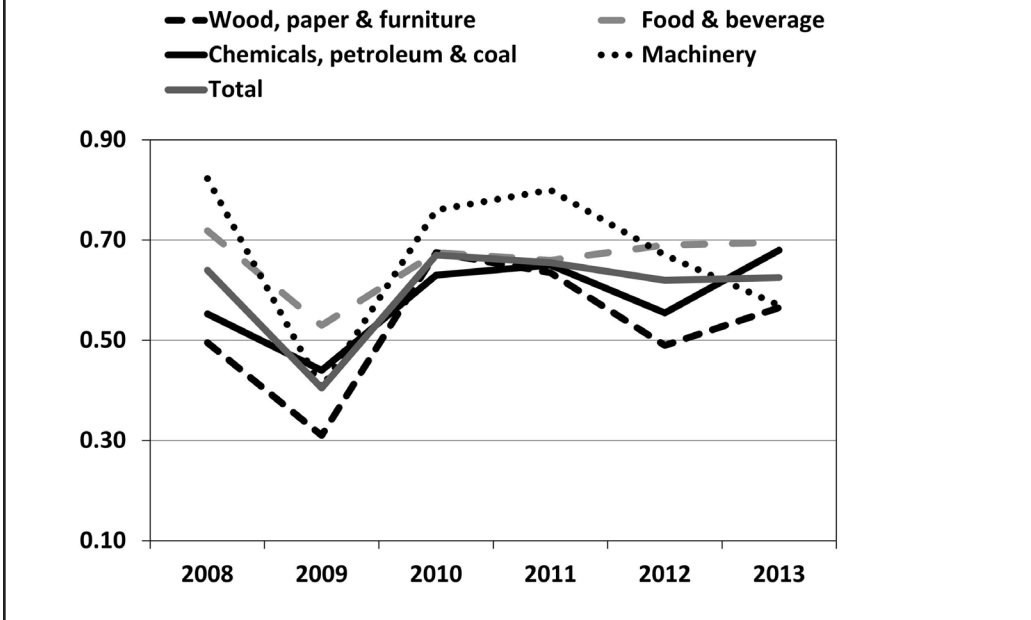
Montana Manufacturing Outlook for the Coming Year



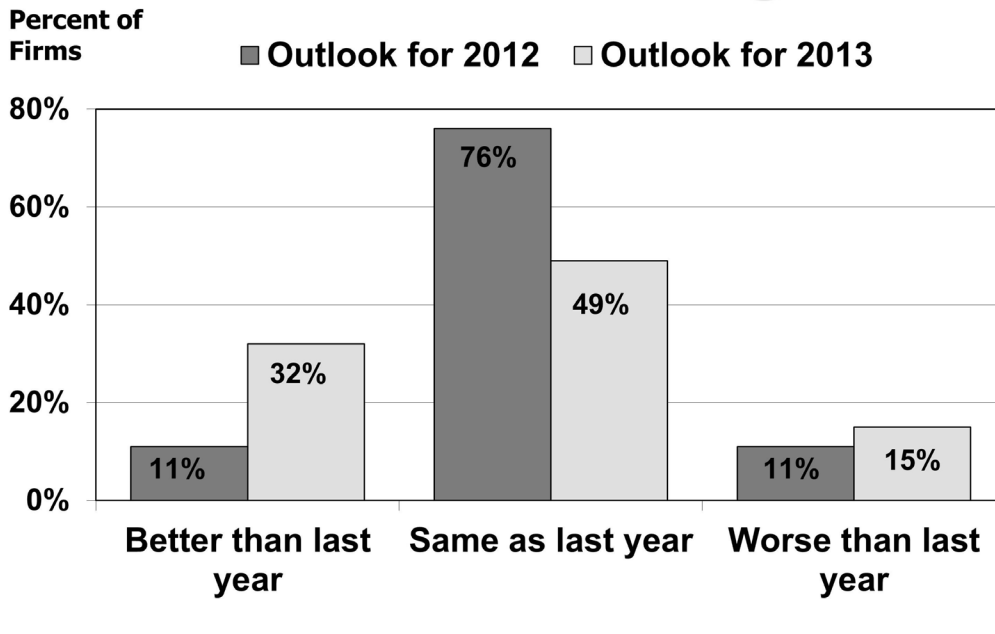
Montana Manufacturers Outlook Trend



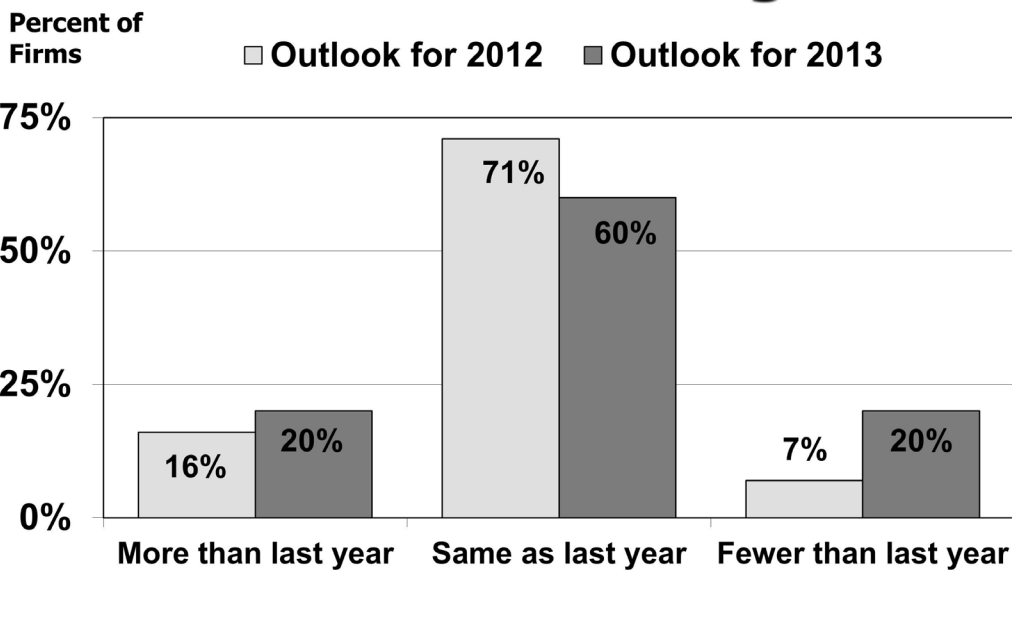
Montana Manufacturing Outlooks by Sector



Montana Forest Products Outlook for the Coming Year



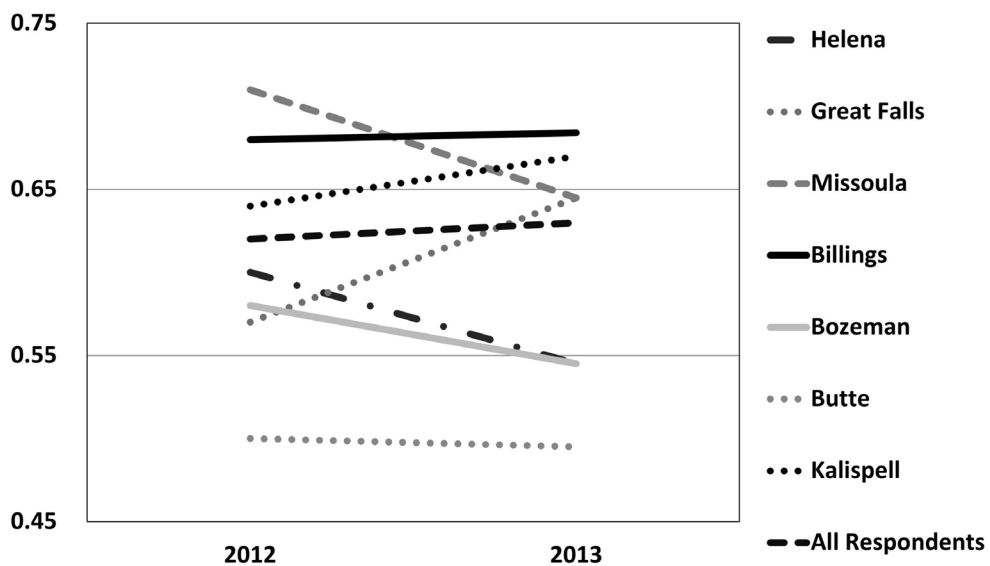
Forest Products Employment Outlook for the Coming Year



Montana Forest Products Industry 2013 Forecast

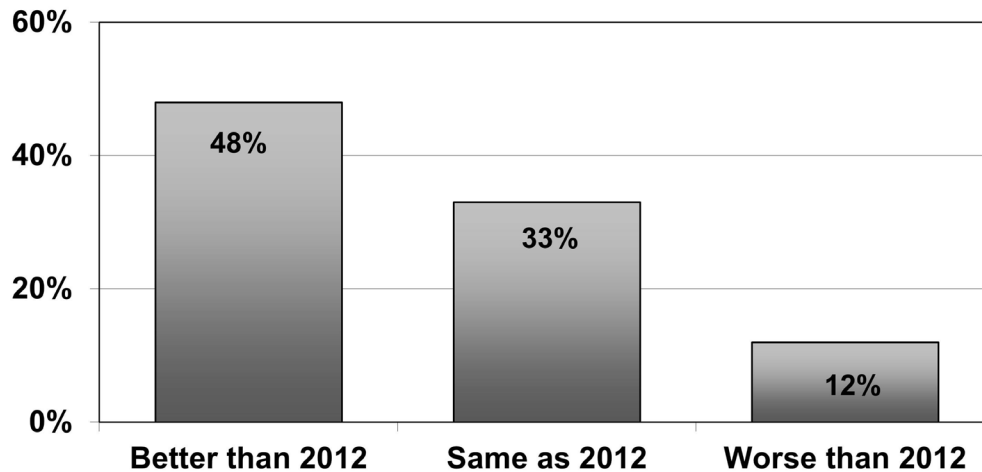
- U.S. homebuilding recovering.
- Markets are expected to be better than 2012.
- Lumber production & sales should increase.
- Employment & worker earnings may increase slightly.
- Timber supply ...

Montana Manufacturing Outlooks by City/Region



Missoula County Manufacturing Outlook for 2013

Percent of Firms



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.



Montana Housing Outlook 2013

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2012 was a good year.

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Single Family Homes

2012 Sales

Area	# Sales	1 Year % Change
Billings	2,001	18%
Bitterroot*	374	13%
Butte*	380	11%
Gallatin	1,079	18%
Great Falls	897	12%
Helena	779	24%
Missoula	962	23%
Flathead Co.*	1,238	20%
OVERALL	7,333	19%



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Single Family Homes 2008-12 Sales

	2008	2009	2010	2011	2012
Billings	1946	1967	1721	1698	2001
Flathead	990	912	1039	1029	1238
Great Falls	967	924	856	804	897
Missoula	901	913	830	779	962
Gallatin	744	688	796	911	1079
Helena	672	692	606	627	779



Single Family Homes 2008-12 Sales

	2008	2009	2010	2011	2012
1st	Billings	Billings	Billings	Billings	Billings
2nd	Flathead	Great Falls	Flathead	Flathead	Flathead
3rd	Great Falls	Missoula	Great Falls	Gallatin	Gallatin
4th	Missoula	Flathead	Missoula	Great Falls	Missoula
5th	Gallatin	Helena	Gallatin	Missoula	Great Falls
6th	Helena	Gallatin	Helena	Helena	Helena





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Single Family

2012 Median Prices

Area	Median Price	1 Year % Change
Billings	\$ 197,500	7%
Bitterroot*	\$ 168,000	-4%
Butte*	\$ 92,250	4%
Gallatin	\$ 253,750	7%
Great Falls	\$ 155,500	4%
Helena	\$ 189,450	1%
Missoula	\$ 209,450	2%
Flathead Co.*	\$ 185,600	3%



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Single Family 2008-2012 Avg. Prices

	2008	2009	2010	2011	2012
Missoula				\$ 238.7	\$ 247.0
Gallatin	\$ 428.3	\$ 334.7	\$ 330.1	\$ 328.1	\$ 335.7
Flathead Co.	\$ 339.3	\$ 277.6	\$ 271.9	\$ 251.8	\$ 265.7
Helena	\$ 223.1	\$ 212.3	\$ 214.8	\$ 205.2	\$ 214.7
Billings	\$ 206.4	\$ 200.5	\$ 212.7	\$ 208.5	\$ 220.6
Great Falls	\$ 171.0	\$ 163.3	\$ 161.3	\$ 164.7	\$ 187.4

In \$ Thousands



Single Family 2012 Days on Market

Area	Avg. Days on Mkt	1 Year % Change
Billings	58	-18%
Gallatin	101	-10%
Missoula	123	-3%
Helena	141	0%
Great Falls	152	8%
Butte*	161	8%
Flathead Co.*	249	-30%
Bitterroot*	354	0.3%
OVERALL	213	-11%





What's selling?

2,060 Square Feet
35 Years Old
3 Bed
2+ Bath
2 Car Garage



You still can't afford it.



Resort 2008-2012 Median Prices

	2008	2009	2010	2011	2012
Gallatin Val./Big Sky/W. Yellow.	\$1,100.0	\$550.0	\$582.5	\$552.0	\$535.0
Paradise Valley & Gardiner	\$450.0	\$334.1	\$306.0	\$343.0	\$342.5
Bigfork	\$305.0	\$315.0	\$336.0	\$247.3	\$252.2
Whitefish	\$305.0	\$256.8	\$226.0	\$246.6	\$227.0
Lakeside	\$295.0	\$305.0	\$238.5	\$243.5	\$217.9

\$ thousands



Resort

2008-2012 Sales

	2008	2009	2010	2011	2012
Whitefish	182	157	216	218	215
Bigfork	78	67	83	72	
Lakeside	42	43	50	48	49
Gallatin Val./Big Sky/W. Yellow.	39	41	52	64	73
Paradise Valley & Gardiner	19	18	31	28	20



Location Estimate

Price Per SF

	Price/SF
Silver Bow	\$ 64
Cascade	\$ 82
Other	\$ 89
Yellowstone	\$ 93
Ravalli	\$ 101
Flathead	\$ 113
Lewis&Clark	\$ 127
Gallatin	\$ 129
Lake	\$ 146
Missoula	\$ 154



Style Estimate

Price Per SF

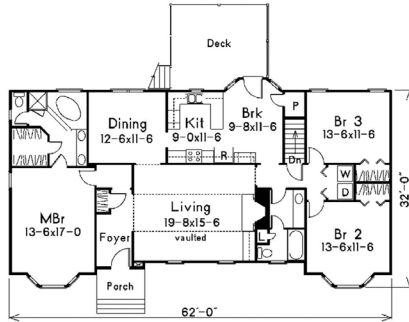
	Price/SF		Price/SF
Mobile	\$ 63	1 Level	\$ 101
1.5 Level	\$ 71	Split F/B	\$ 101
Bungalow	\$ 82	Cottage	\$ 108
Split Level	\$ 82	3 Level	\$ 108
Split Entry	\$ 87	Traditional	\$ 108
3 Story	\$ 88	1.5 or 2 Lev.	\$ 113
2 Story	\$ 89	Townhouse	\$ 114
Manufactured	\$ 90	Other	\$ 133
Contemporary	\$ 90	Tri-Level	\$ 133
Ranch	\$ 95	Custom	\$ 142
4 Level	\$ 95	Condo	\$ 146
Baseline	\$ 97	Cabin	\$ 272



Ranch Style Estimate

Price Per SF

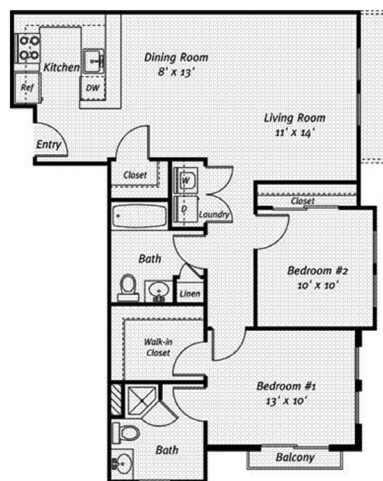
Area	Price/SF
Silver Bow	\$ 71
Cascade	\$ 97
Yellowstone	\$112
Flathead	\$122
Ravalli	\$127
Lewis & Clark	\$133
Gallatin	\$135
Lake	\$135
Missoula	\$158



Condo Estimate

Price Per SF

Area	Price/SF
Missoula	\$211
Gallatin / Lake	\$181
Lewis & Clark	\$178
Flathead	\$163
Yellowstone	\$150
Cascade	\$130



Overall Estimate 2012 Home Values



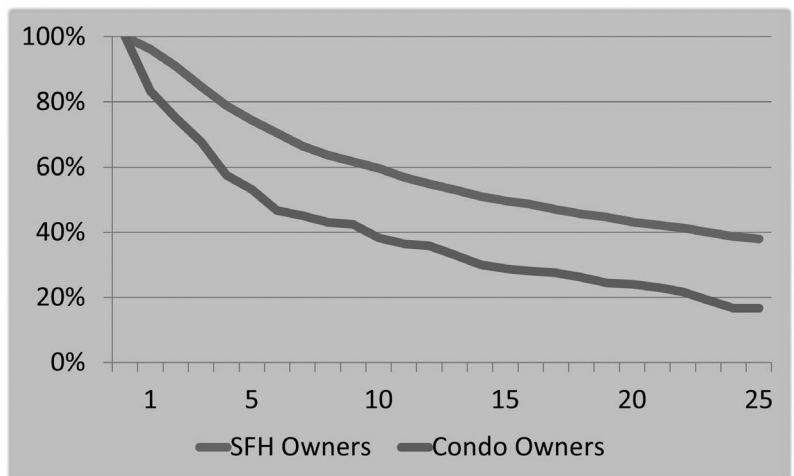
Who is buying?

When Do They Buy? By Age Range

Buying Type	% of All Buyers	% by Age Range			
		18-24	25-44	45-64	65+
1st-Time	41%	4%	30%	7%	<1%
Prev. But Not Current	43%	<1%	13%	21%	8%
2nd Home Purchaser	13%	<1%	4%	7%	2%
3rd Home Purchased (+)	4%	<1%	2%	1%	<1%

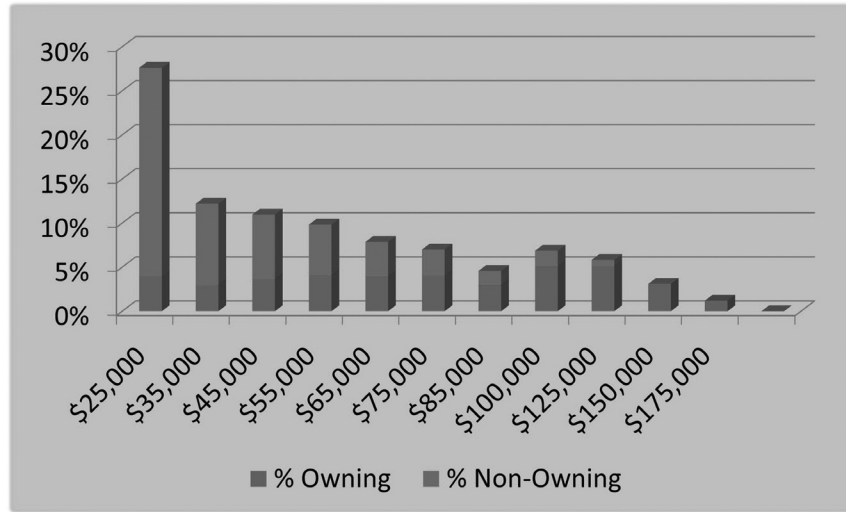


Homeowners Years Between Moves



Homeowners

By Income Level

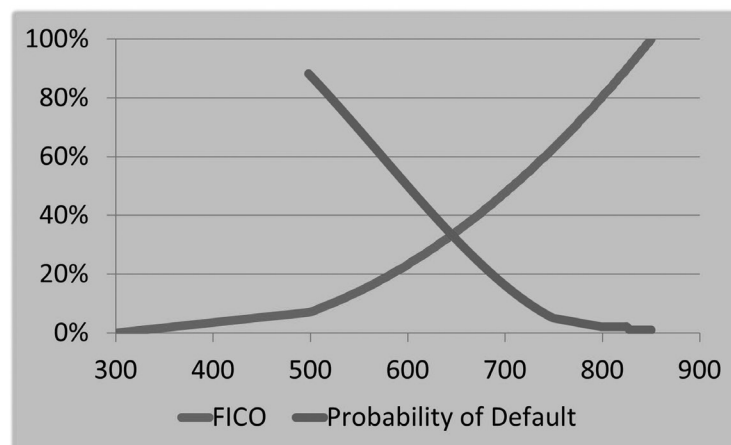


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Credit Score

Risk of Default



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2013 has potential.

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Thank you.

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Natural Resources & Energy Outlook:

Coal, Oil Natural Gas (Fossil Fuels), Renewables, Minerals,
Alternative

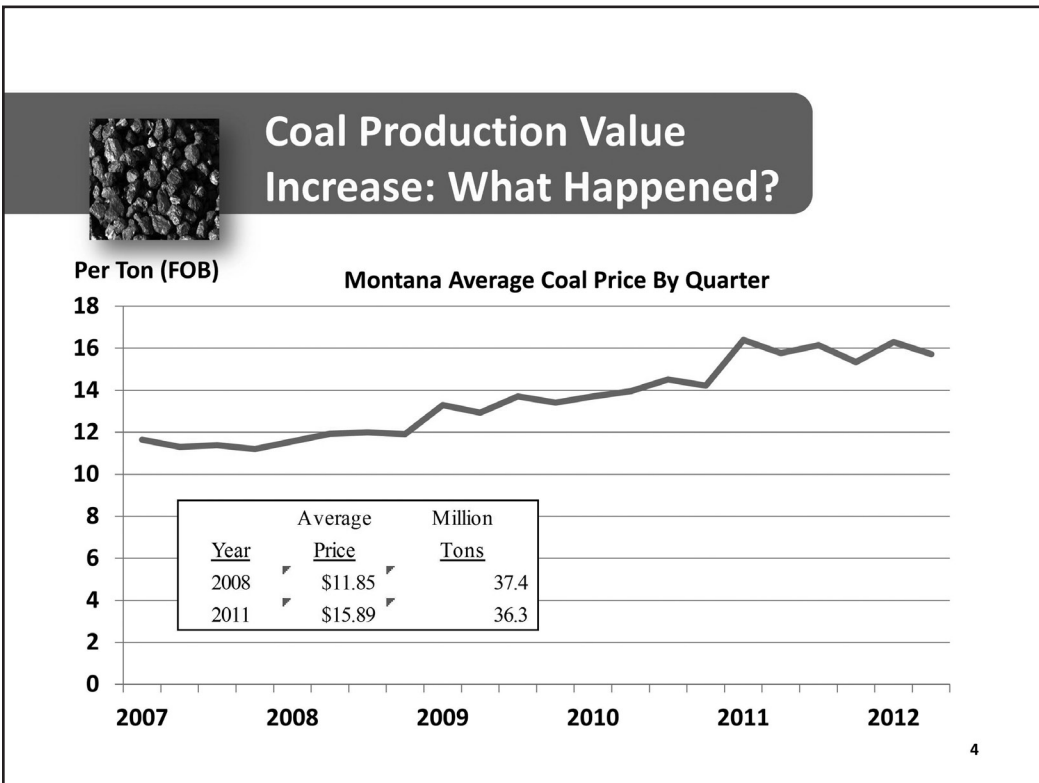
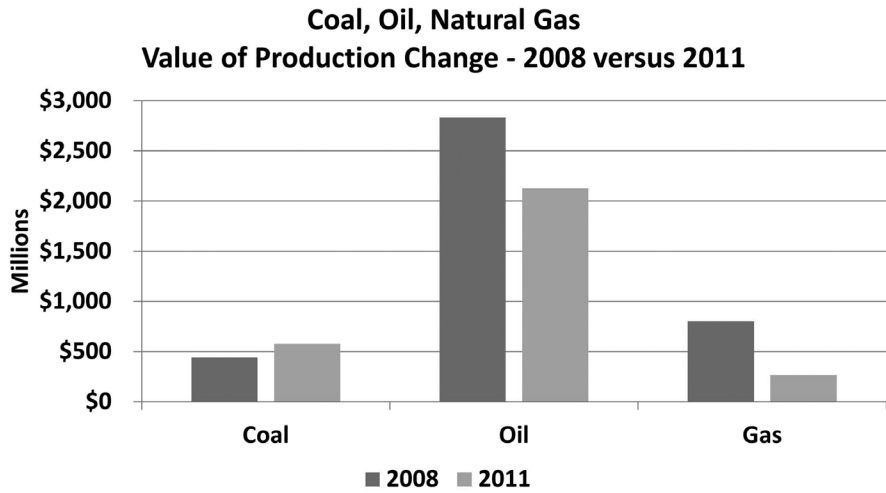
By Terry Johnson



Presentation Outline

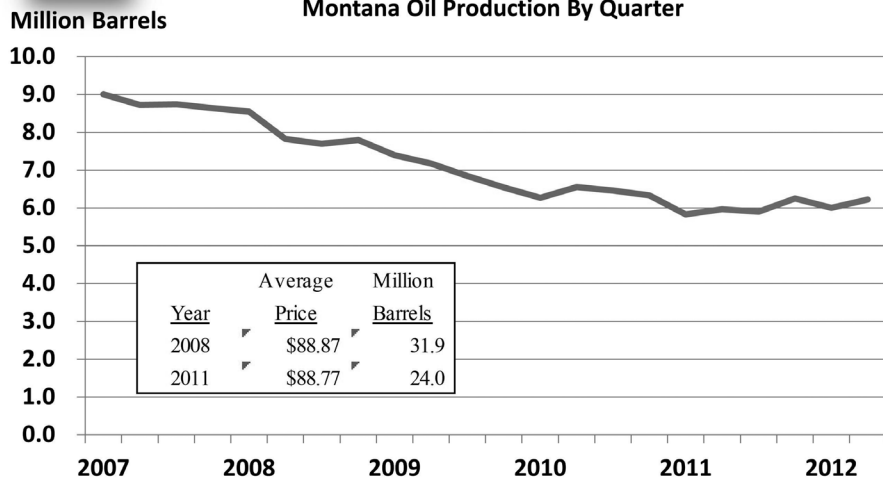
- **Fossil Fuel Focus**
 - Coal
 - Oil
 - Natural Gas
- **Renewables, Minerals, Alternatives**
- **What Changed ? 2008 to 2011**
- **Energy Outlook**
- **What Does This All Mean?**

Montana's Fossil Fuel Sources

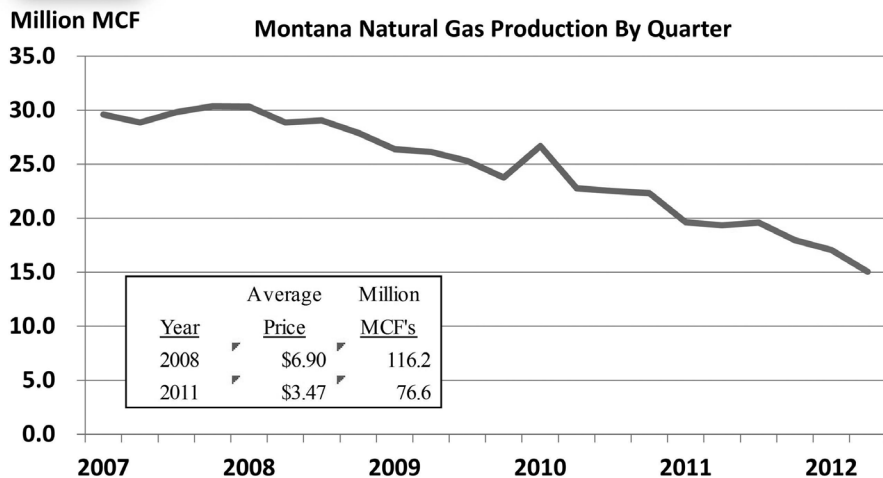




Oil Production Value Decline: What Happened?



Gas Production Value Decline: What Happened?



Reasons for Production Value Change – 2008 to 2011

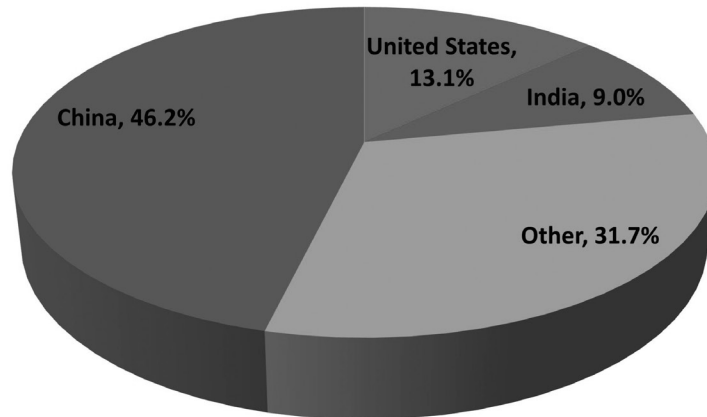
- **Coal** ↑
 - Price increases due to world demand
 - International energy policies
- **Oil** ↓
 - Stable prices (on average)
 - Slow implementation of new technology
- **Natural Gas** ↓
 - Weak demand, over supply
 - Transportation

Montana's Energy Outlook

Coal --- ↔

- **Why ?**
 - International Demand
 - International Natural Gas Price vs. Coal Price
- **What to monitor**
 - Federal Environmental Rules
 - Construction of Port Facilities

International Coal Consumption, 2010

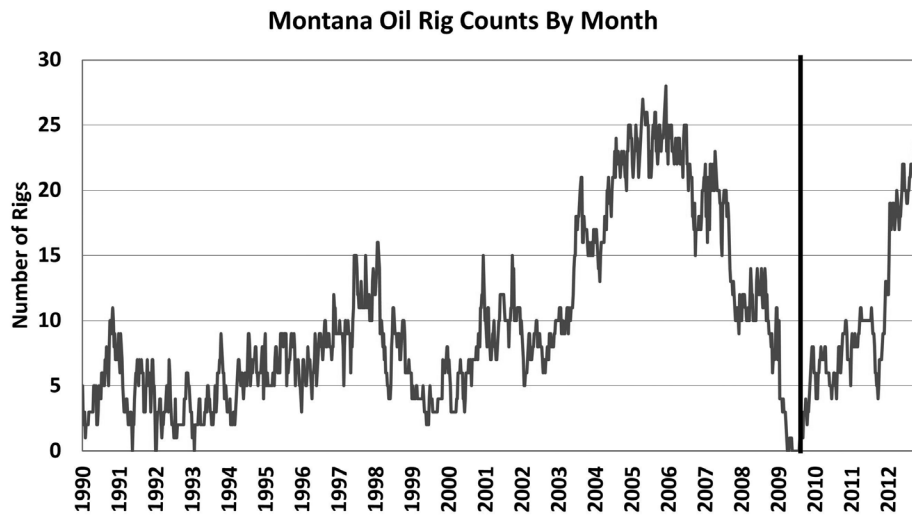


Montana's Energy Outlook

Oil --- ↑

- **Why ?**
 - Rig Count Improvement
 - Economic Recovery
 - U.S. Energy Independence
- **What to monitor**
 - Environmental Issues With “Fracking”
 - Transportation Issues
 - Federal & State Taxation Policies

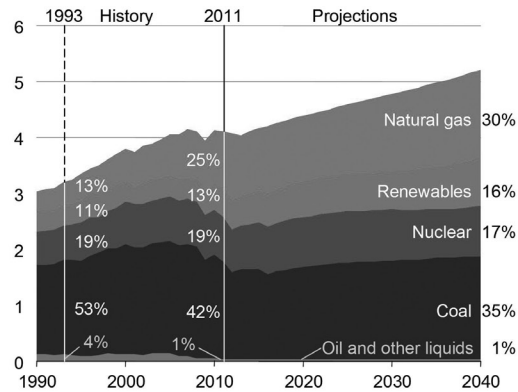
Montana Oil Rig Count



Montana's Energy Outlook Natural Gas --- ↑

- **Why ?**
 - Electricity Generation
 - Environmental Issues with Coal
- **What to monitor**
 - Environmental Issues With “Fracking”
 - Federal & State Taxation Policies
 - International Energy Policies

U.S. Electricity Generation by Fuel Type

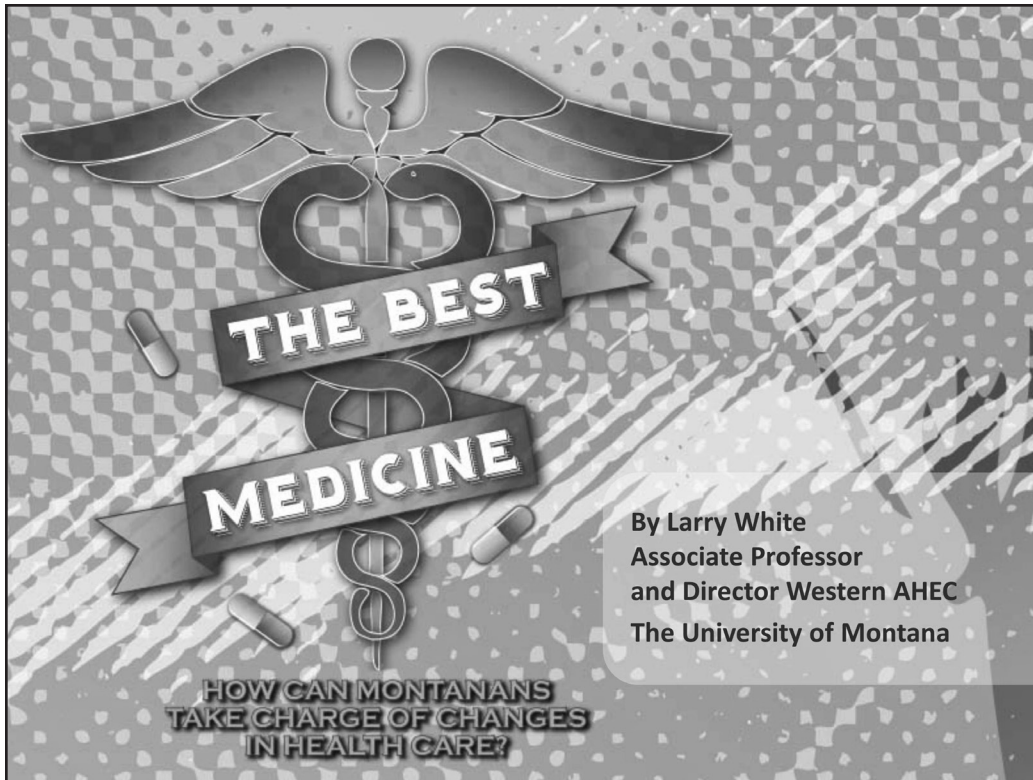


What Does This All Mean?

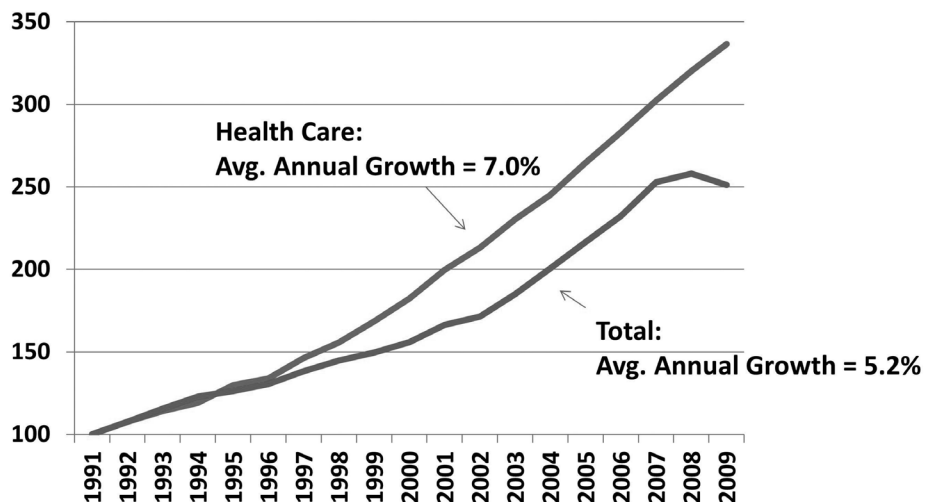
- **Economic Growth**
 - Eastern Montana
 - Other Areas (Billings for example)
- **Enhanced Governmental Revenue**
 - Natural Resource Taxes
 - Income Taxes
 - Consumption Taxes
- **Governmental Service Pressures**
 - Education
 - Public Safety
 - Infrastructure (State and Local)

Questions

- **Some Interesting Energy Facts**
 - Montana has the highest estimated recoverable coal reserves in U.S.
 - Wyoming produced the most coal in U.S. (2011) – over 40%
 - U.S. was 3rd largest oil producer in 2011 – Saudi Arabia and Russia were 1st and 2nd, respectively
 - North Dakota was second largest oil producer in U.S. (2012)
 - U.S. natural gas production was highest level ever in 2011
 - U.S. natural gas use for electricity generation increased 188% from 1988 to 2011

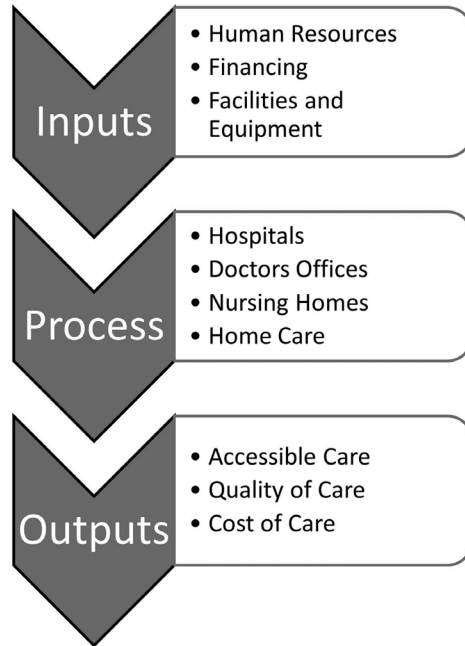


**Montana Health Care Spending
and Total Spending, 1991-2009, Index 1991 = 100**

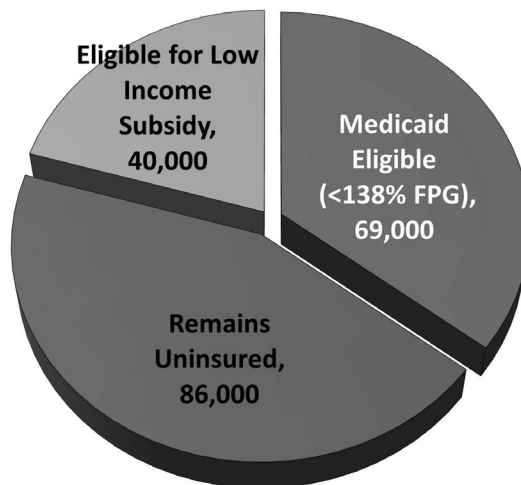


Source: Centers for Medicare and Medicaid Services and Bureau of Economic Analysis

The Health Care System



Montana's 195,000 Uninsured: How ACA Can Help



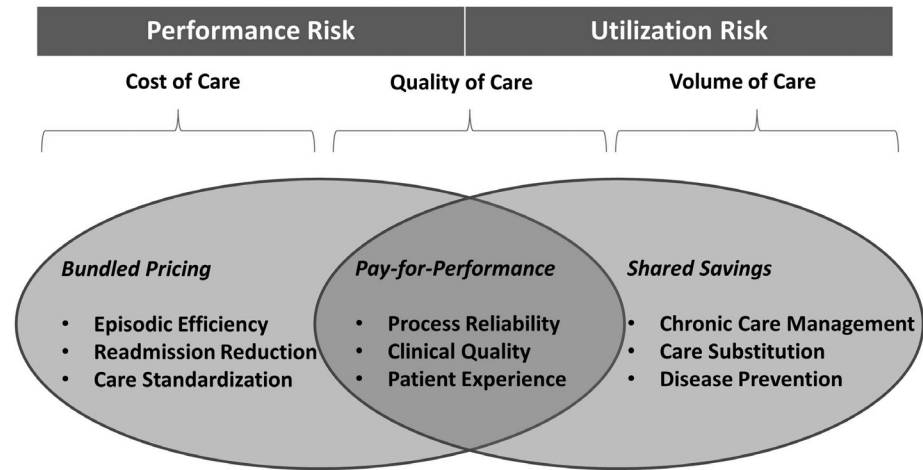
Missoula County and Montana: The Uninsured

	Missoula County	Montana
Number of Uninsured	19,710	195,000
Percent of Total County Pop Uninsured	18.1%	20%
Number Covered by Medicaid before ACA	10,547	106,000
Number Eligible for Medicaid after ACA	29,303	175,000
Hospital Cost of Uncompensated Care (2010)	\$ 20,928,775	\$244,900,000
Physicians and Other Community Providers (Est)	\$13,380,692	\$156,700,000
Total Uncompensated Care (Est)	\$34,309,467	\$401,600,000
Uncompensated Care Reduction	\$8,543,194	\$100,000,000

Health Insurance Exchange

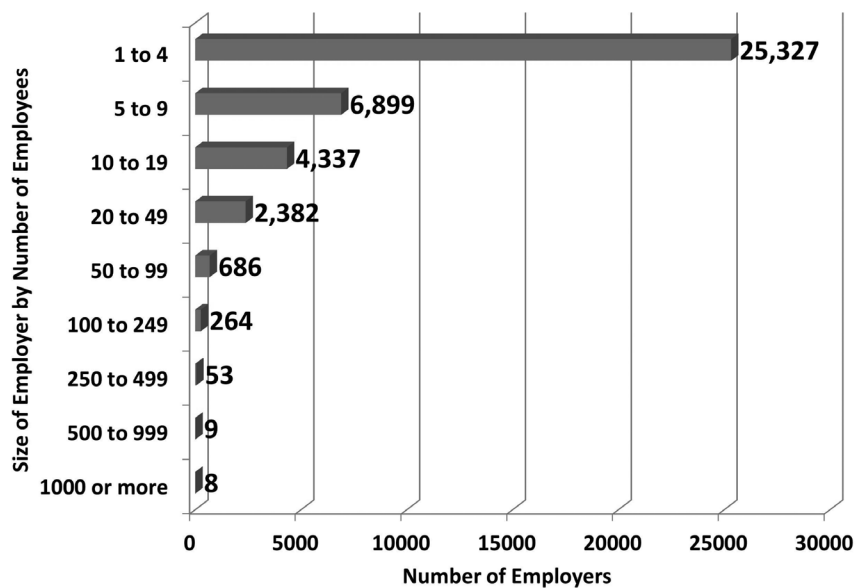
- **Functions**
 - Internet virtual marketplace for individuals and small employers to shop for insurance
 - Provide consumer choice (bronze, silver, gold, platinum)
 - Increase transparency of products and prices
 - Ensure all plans offer “essential health benefits”

Financing Moves Away from Fee For Service

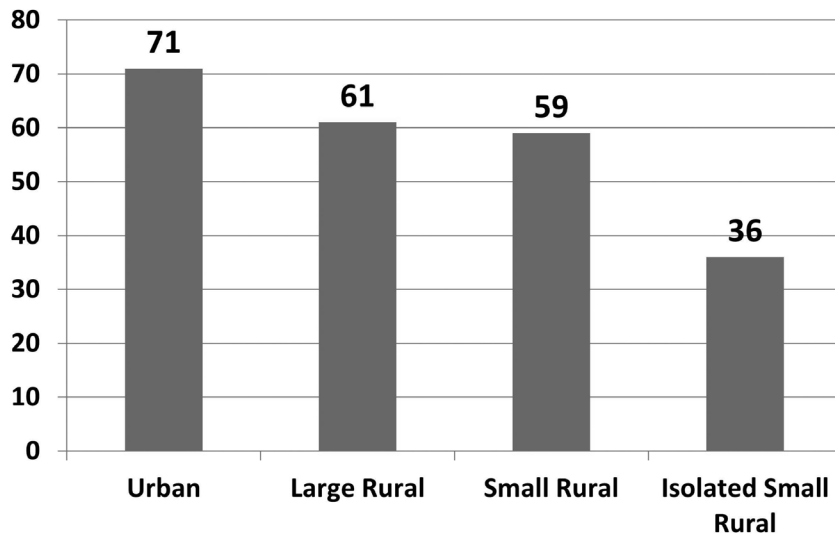


Source: Health Care Advisory Board Interviews and Analysis
© 2011 The Advisory Board Company- 21648

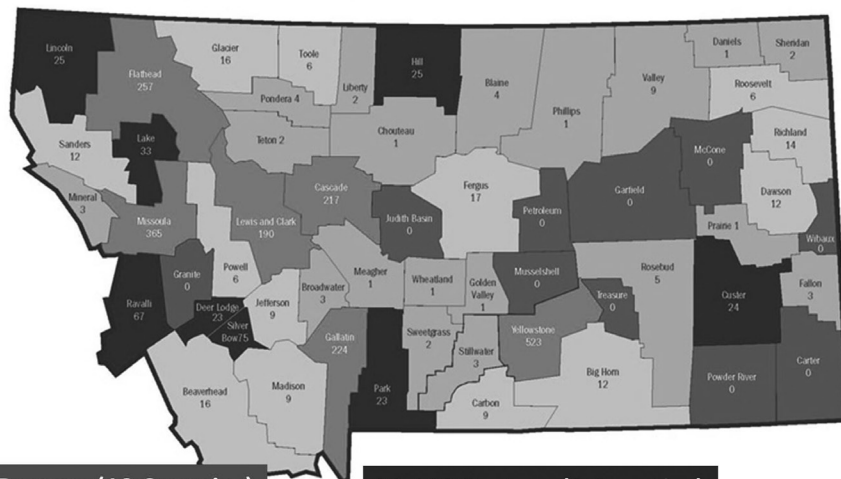
Montana Number of Employers by Employee Category, 2012



Primary Care Physicians Per 100,000 Population, 2005



Montana Physicians in Active Practice by County



0 Doctors (10 Counties)

21-100 Doctors (8 Counties)

1-5 Doctors (20 Counties)

100+ Doctors (6 Counties)

6-20 Doctors (12 Counties)

Upcoming Events

Manufacturing/Trade Day at the Capitol

April 4, Helena

Montana Chamber Summer Meeting

June 18-19, Big Sky

2012 Governor's Cup Golf Tournament

August 1-3

Flathead Valley

www.2013GovernorsCup.com

Montana Goes to China Tour

September 28-October 7

www.MontanaGoestoChina.com

Montana Goes to Cuba Tour

October 25-November 1

www.MontanaGoestoCuba.com



Chamber of Commerce

Membership Benefits

Office Depot Program

HR e-Source

Monthly Newsletter "Eye on Business "

Weekly membership e-updates

Programs

Montana Manufacturing Council

www.MontanaManufacturingCouncil.com

Montana High School Business Challenge

www.MTHSBC.com

Montana Chamber Choices

www.ChamberChoices.com

Montana Safety Choices

www.MTSafetyChoices.com

OUTLOOK 2013

PRESENTATIONS

2013 Economic Update

Kalispell

Thursday August 1, 2013
12:00 – 1:30 p.m.
Red Lion Hotel

Billings

Tuesday August 6, 2013
7:00 – 8:30 a.m.
Crowne Plaza

Bozeman

Tuesday August 6, 2013
12:00 – 1:30 p.m.
Best Western GranTree

Helena

Wednesday August 7, 2013
7:00 – 8:30 a.m.
Jorgenson's

Butte

Wednesday August 7, 2013
12:00 – 1:30 p.m.
Comfort Inn

Great Falls

Thursday August 8, 2013
7:00 – 8:30 a.m.
Hilton Garden Inn

Missoula

Thursday August 8, 2013
12:00 – 1:30 p.m.
Holiday Inn Downtown

Check out

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for the latest Montana business news and resources



Chamber of Commerce



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