

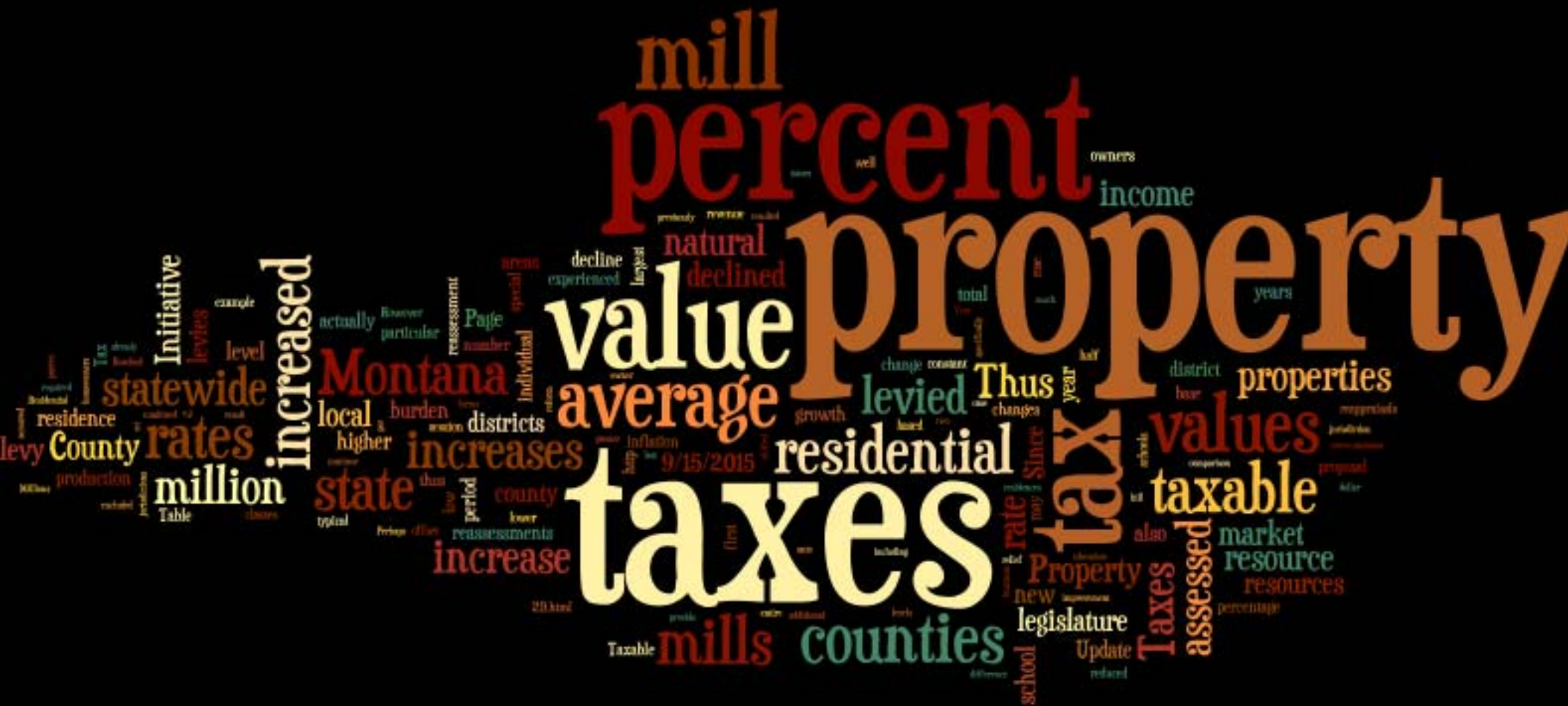
**OUTLOOK
2016**

**41ST ANNUAL ECONOMIC OUTLOOK SEMINAR
PRESENTED BY NORTHWESTERN ENERGY
AND THE BUREAU OF BUSINESS & ECONOMIC RESEARCH**

RISING

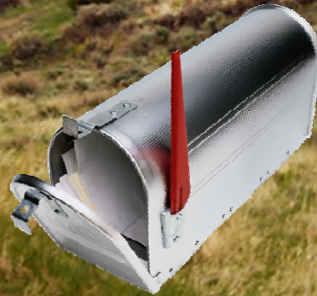
Property Tax Bills

**What You
Should
Know**

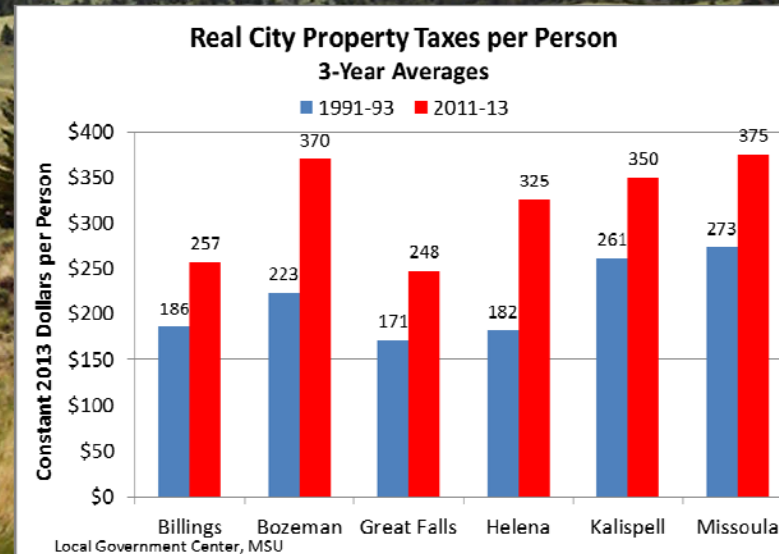
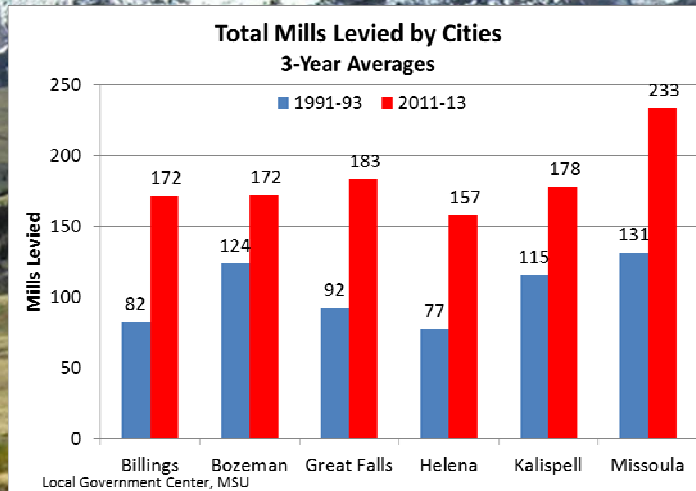


Property Taxes Are Everywhere

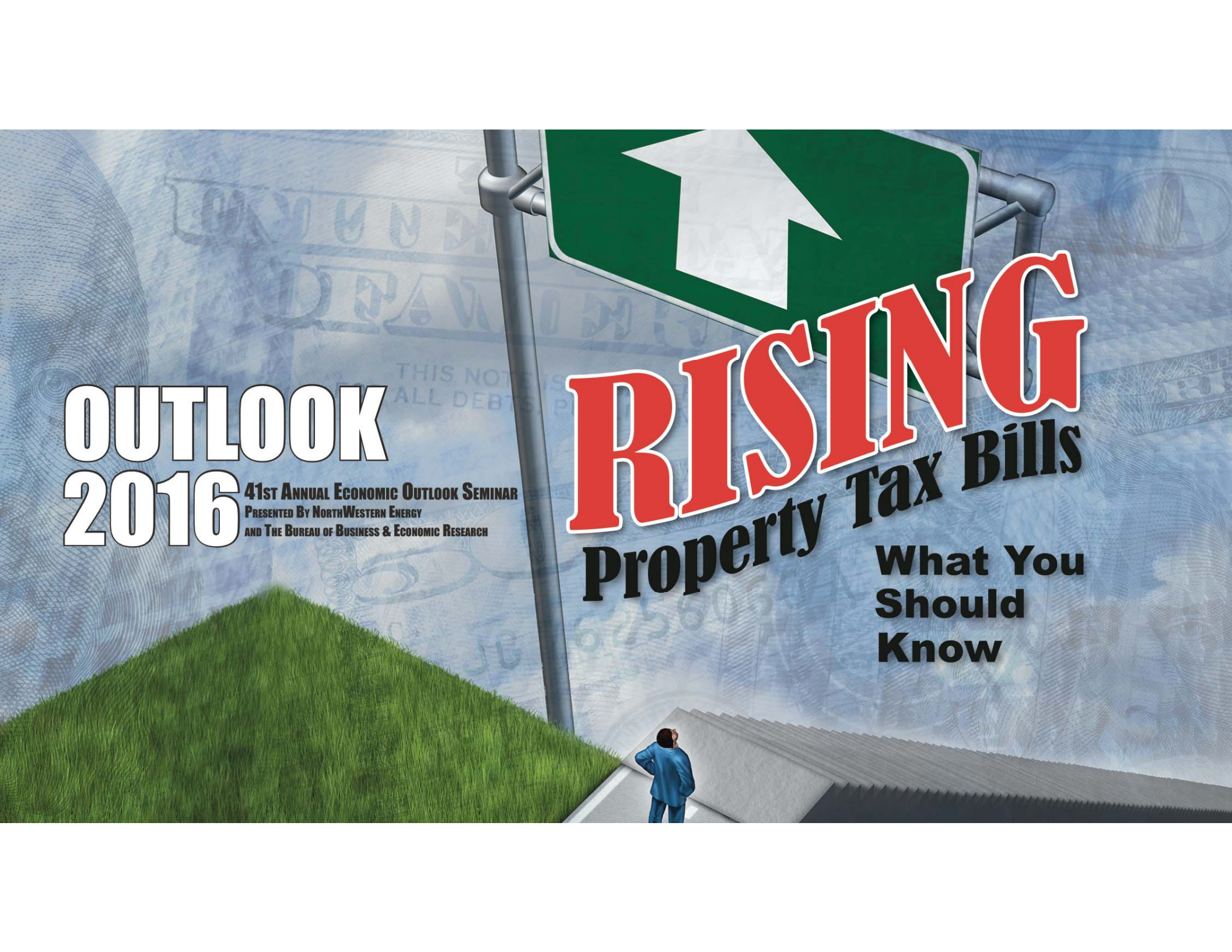
- In your mailbox
- In your mortgage payment
- In your shopping bills
- In your utility bills
- In your business bottom line



Property Taxes Are Growing



Do We Know
Why?



**OUTLOOK
2016**

**41ST ANNUAL ECONOMIC OUTLOOK SEMINAR
PRESENTED BY NORTHWESTERN ENERGY
AND THE BUREAU OF BUSINESS & ECONOMIC RESEARCH**

RISING

Property Tax Bills

**What You
Should
Know**



The State and National Economic Outlook

Back to Full Employment

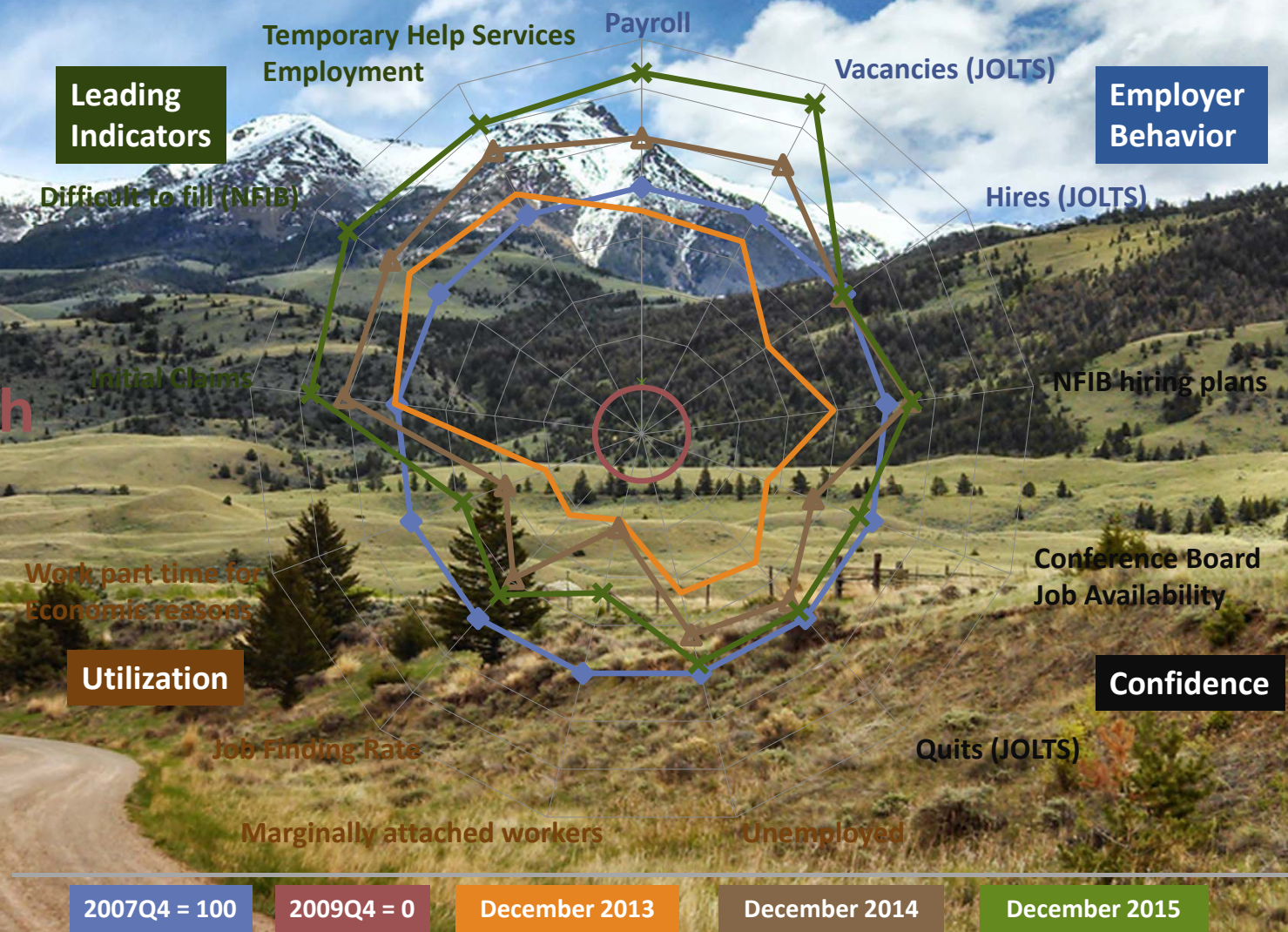
Patrick M. Barkey
Director
Bureau of Business
and Economic Research



The U.S. Economy: Good But Not Great

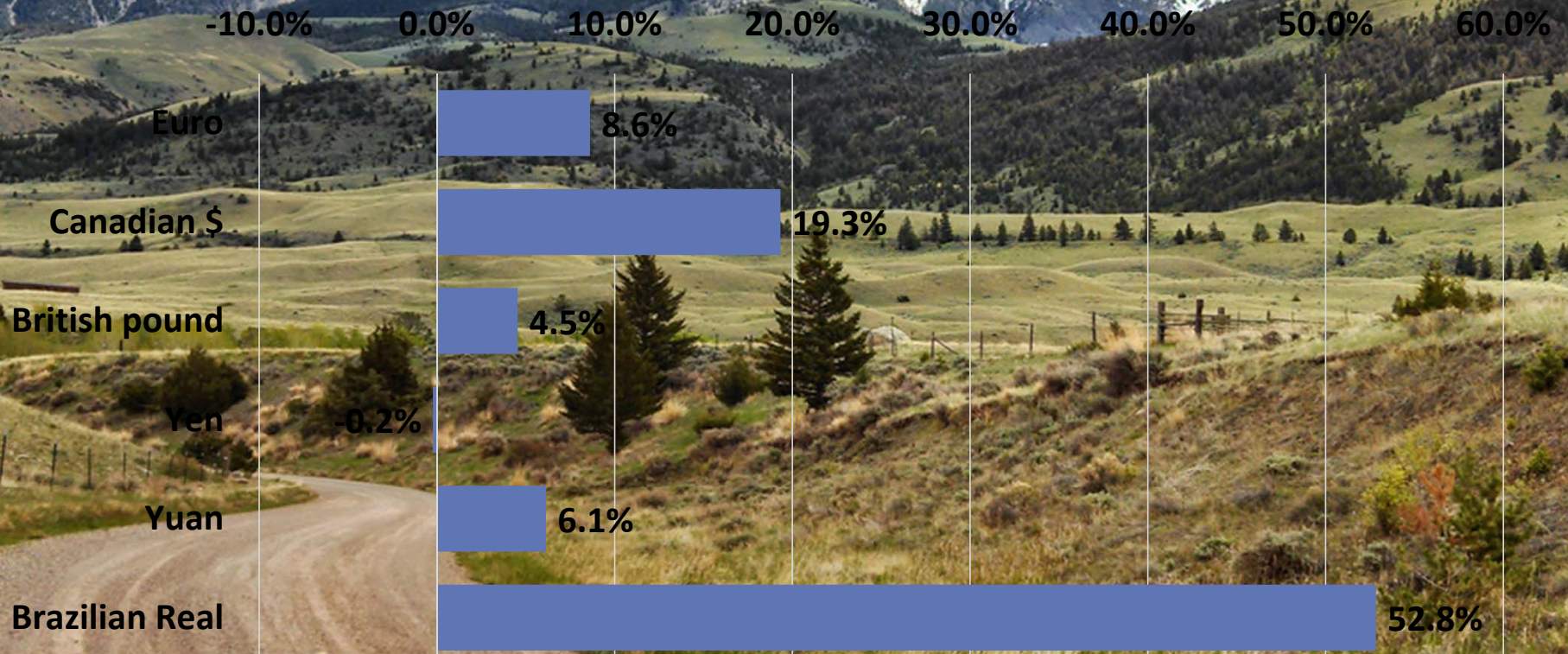
- Even slow growth in the world's largest economy eventually adds up
- Expected surge in spending from lower energy prices fails to materialize
- Weakening economies abroad, stronger dollar combine to hurt exports
- U.S. job growth engine hits a higher gear
- Virtuous cycle of spending growth – job growth – income growth has solidified
- Are we getting back to easy credit?

Seven Years of Job Growth Solves Problems



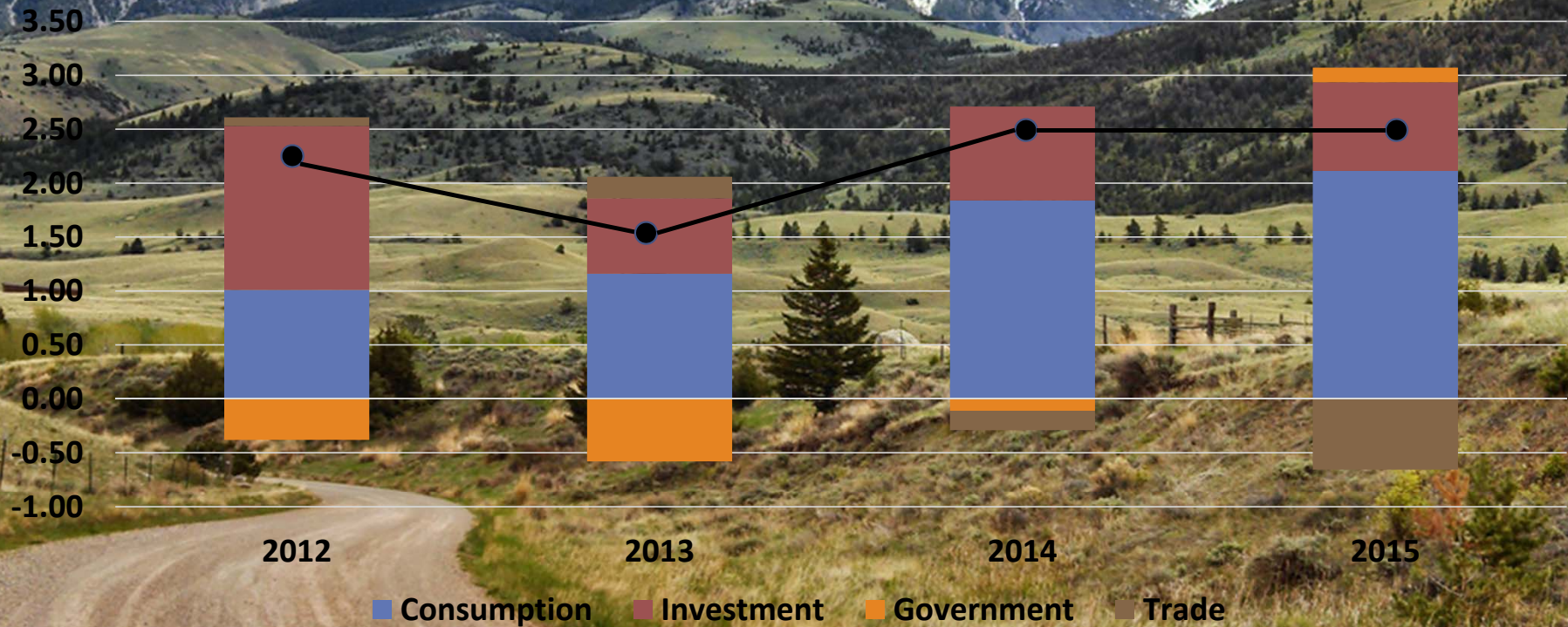
Source: Atlanta Federal Reserve Bank

U.S. Goods Are More Expensive Than One Year Ago



Percent Change in Dollar Purchasing Power, Jan 2015 – Jan 2016

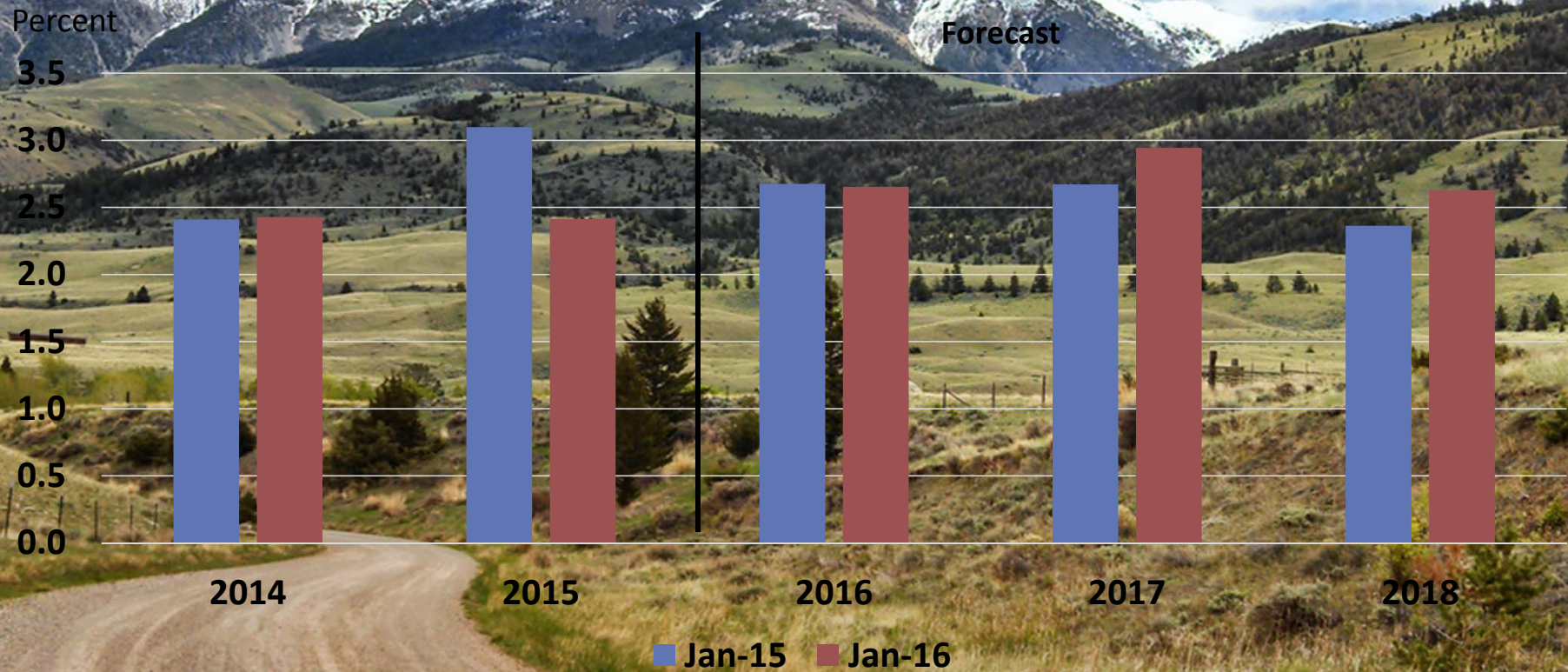
The Nature of U.S. Growth Has Changed



U.S. GDP Growth, Percent

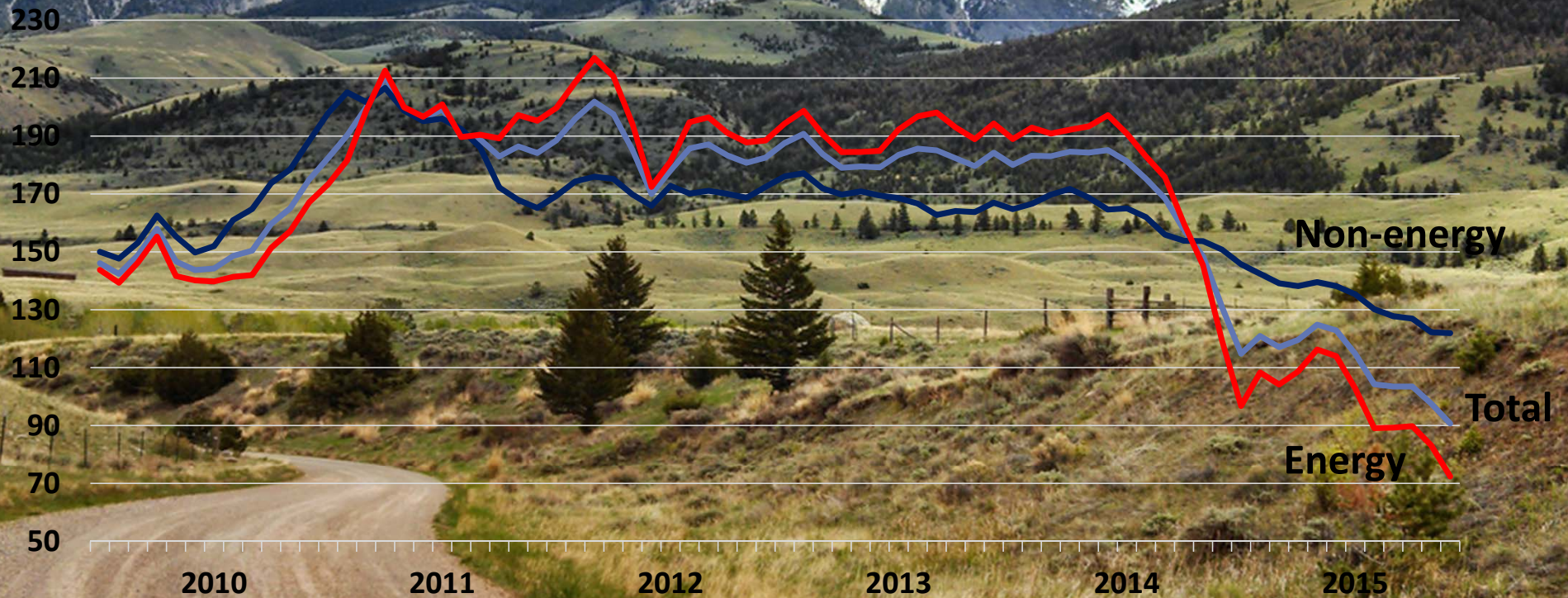
Growth Expectations Have Adjusted Downward

Growth in GDP, Actual and Forecast

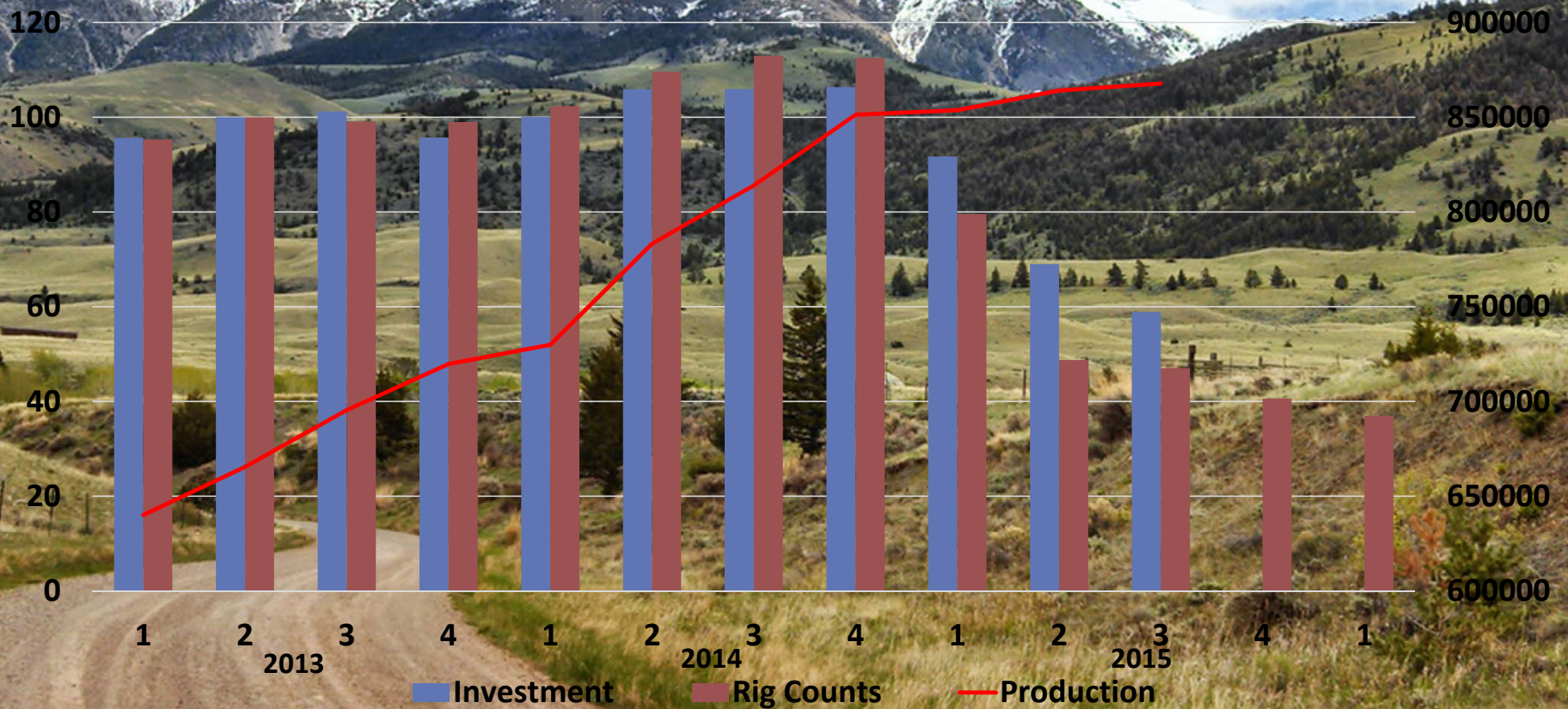


Source: IHS, Inc.

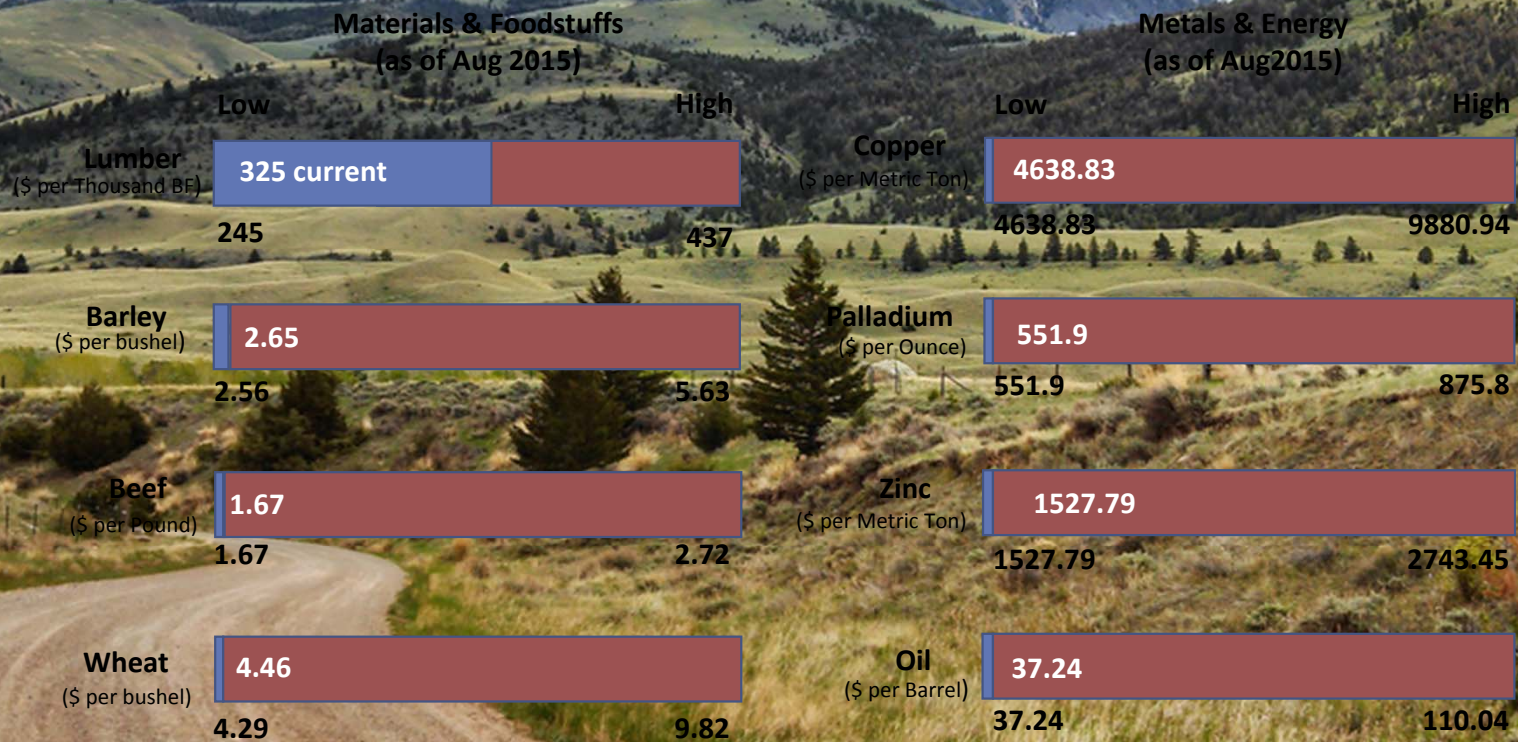
Another Fall for Commodity Prices



Prices Bending, But Not Breaking, Oil Production Gains



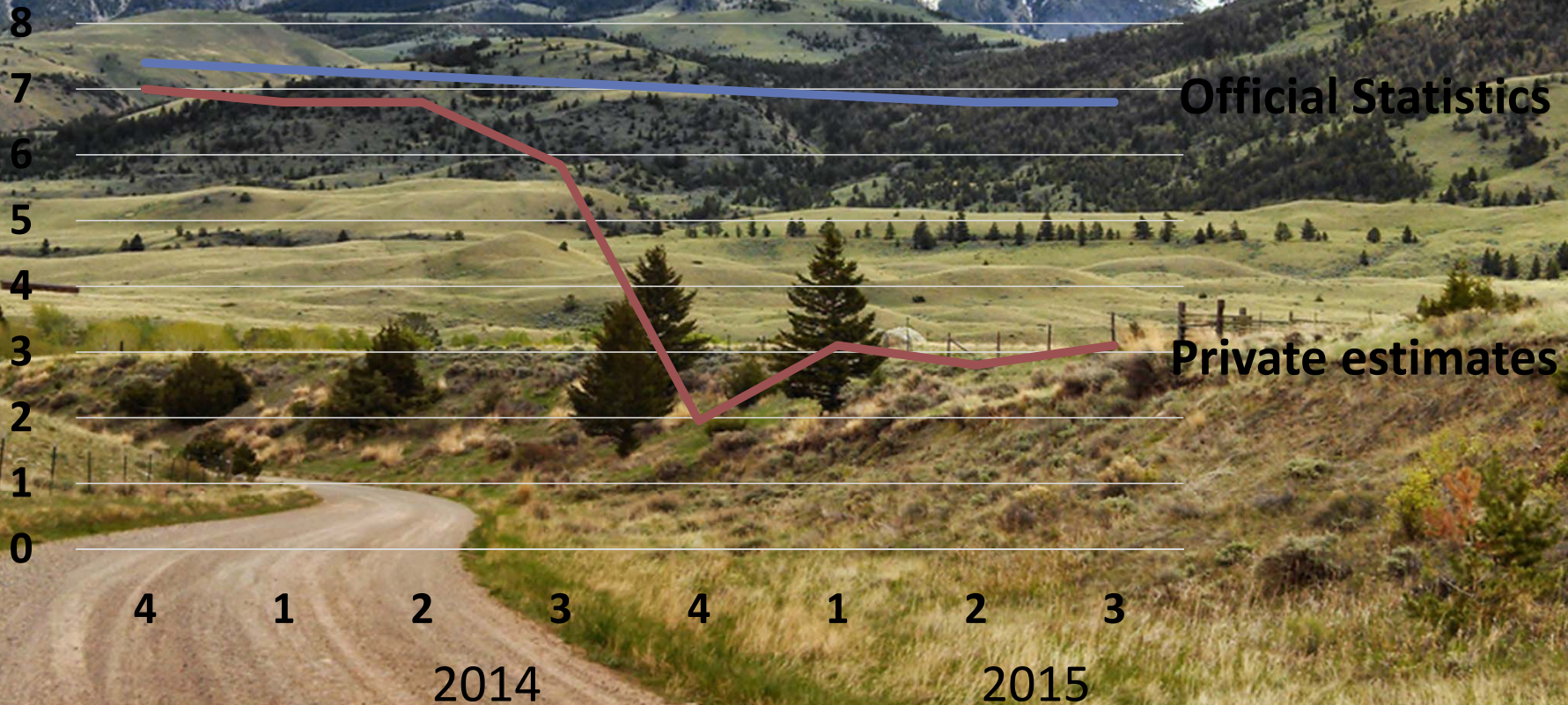
Metals, Agricultural and Oil Prices at Five Year Lows December 2015 vs. 5-Year High and Low



Does Anyone Know What Chinese Growth Is?

GDP Growth, Percent, China

Percent





U.S. Outlook Summary

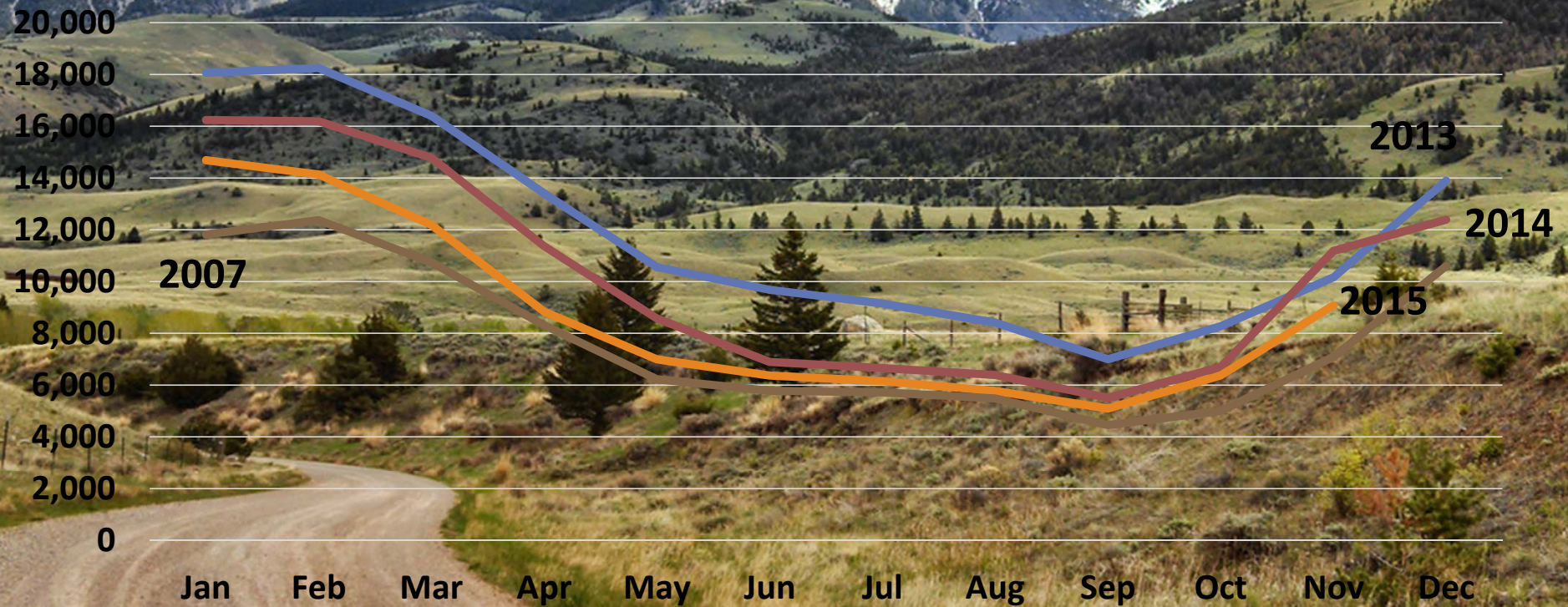
- U.S. consumer spending now powering the economic recovery
- Old fuel for growth – business spending, global growth – is spent
- Global slowdown is most evident in commodity prices
- Federal Reserve “liftoff” – raising rates accomplished
- How much longer can the U.S. go it alone?



The Montana Economy Reaches Full Employment

- Growth has shifted west as commodities stumble and construction improves
- Labor market slackness has largely disappeared
- Broad growth across most industries helps boost tax revenues, wages
- Commodity prices, grain prices and the weak Canadian dollar are spoiling the party for some
- New focus: construction and retailing

Unemployment Claims Show Steady Improvement



Monthly Unemployment Claims, Montana.

Wages Grew Faster Than Employment Last Year

Percent

4.5
4
3.5
3
2.5
2
1.5
1
0.5
0

2012

2013

2014

2015

■ Employment ■ Wages

Percent Change in Payroll Employment and Inflation-Corrected Wages, Montana
Note: Data are for fiscal years.

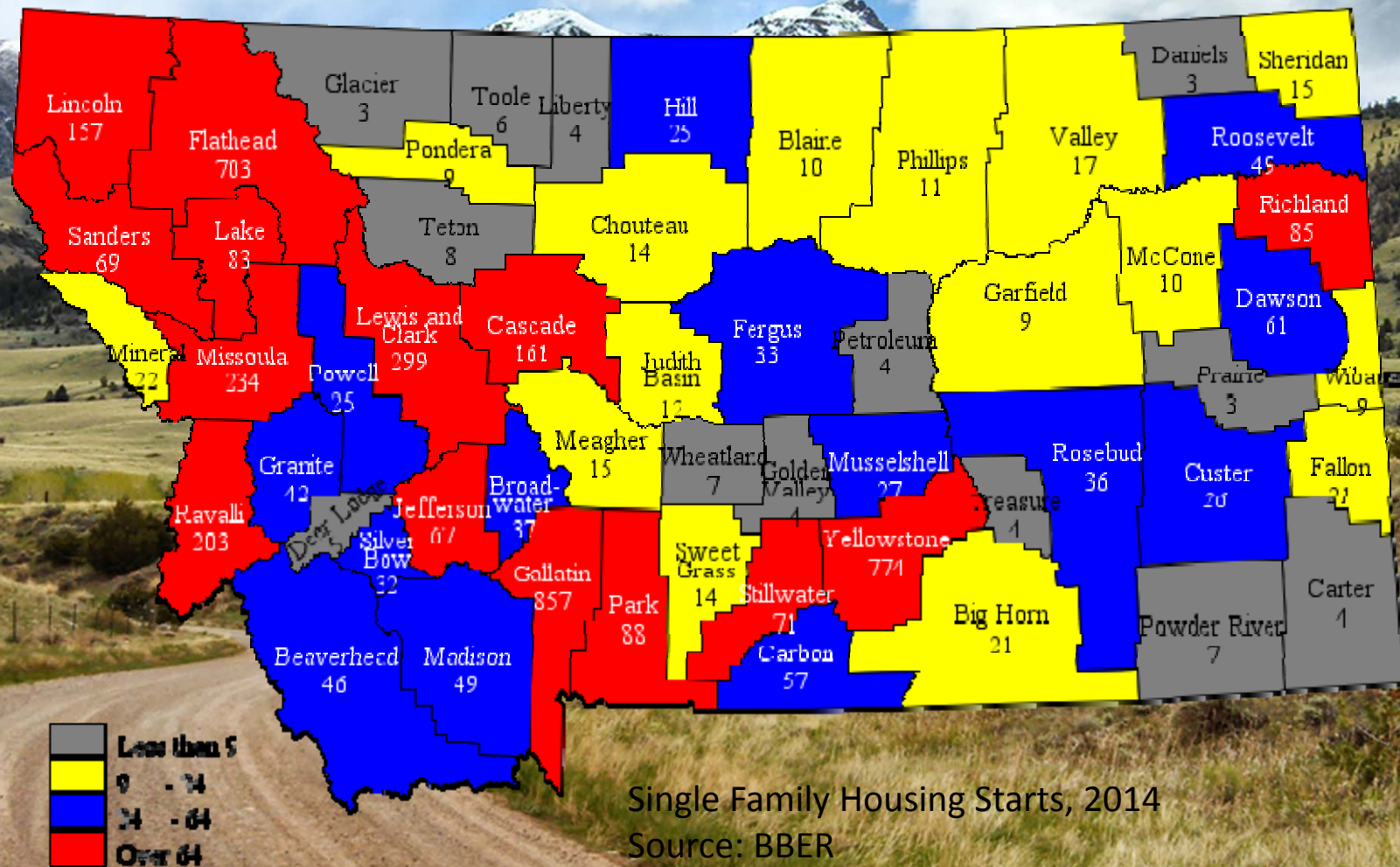


What's Driving Growth in Montana: Wage Growth

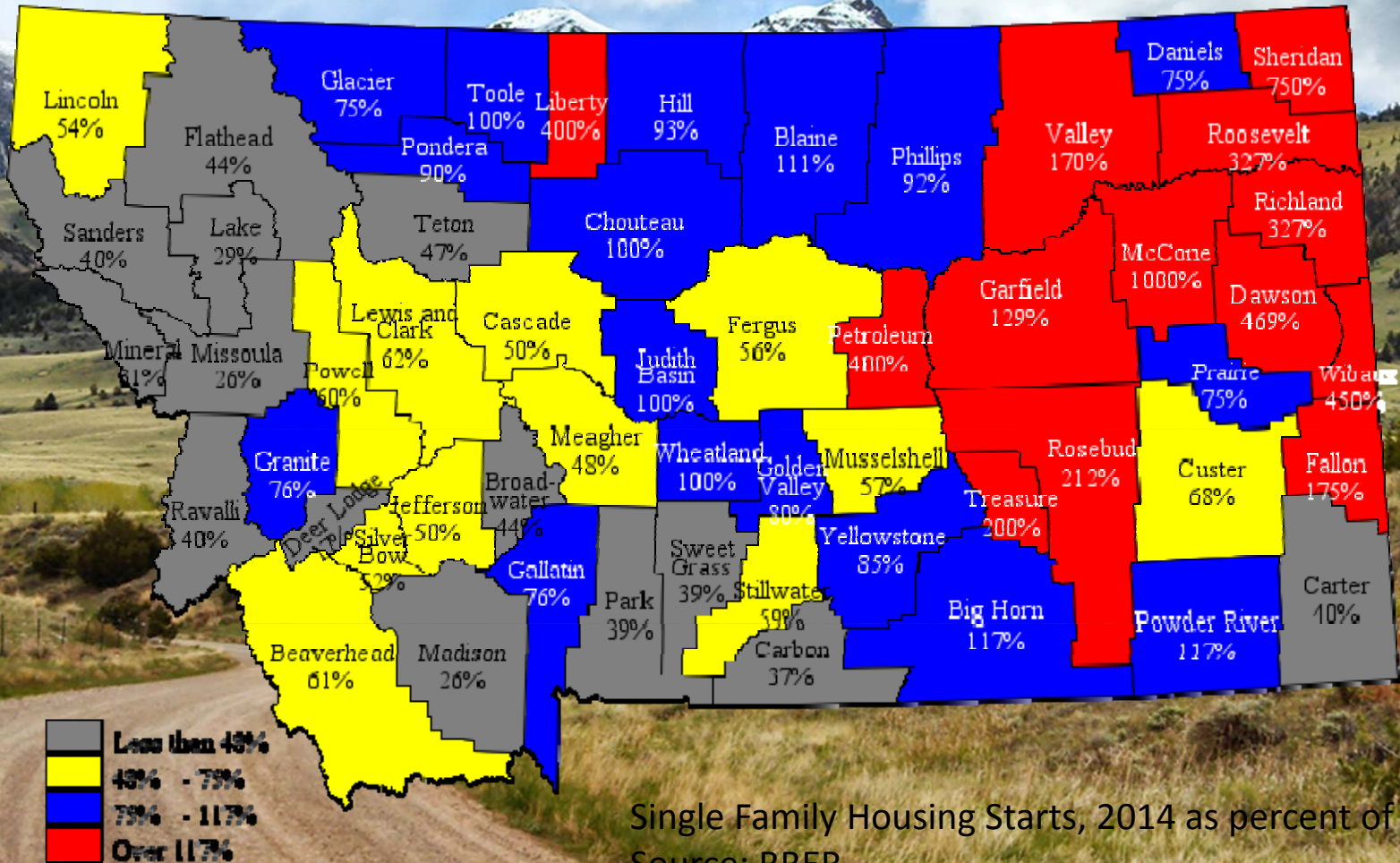


Growth in Inflation-Corrected Wages,
Difference in Fiscal Year Totals, \$ Millions.

Single Family Home Construction Tilts West



Housing Starts Still Far Off Their 2005 Peaks



Retail Wages, Inflation-Corrected, 2005-15

Cascade County vs. Montana

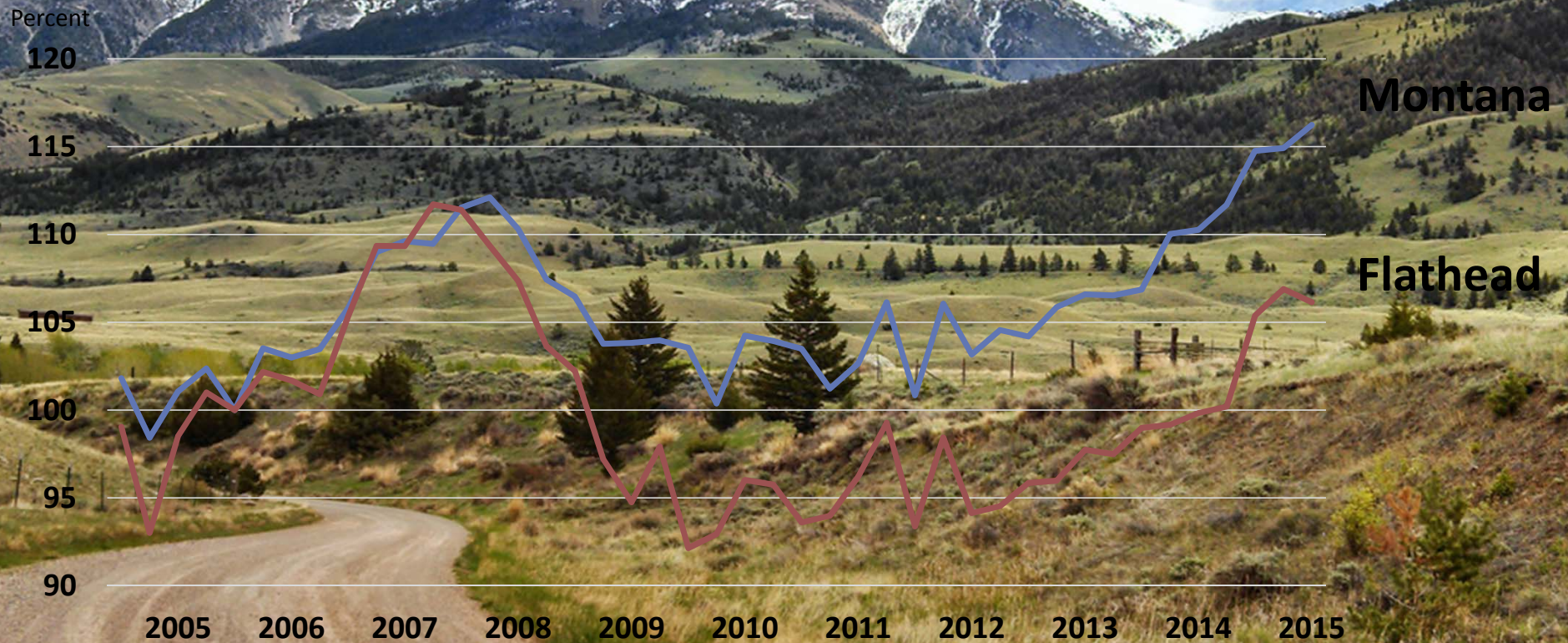


Index, 2005Q4=100, seasonally adjusted by BBER.

Source: U.S. Bureau of Labor Statistics and Bureau of Economic Analysis.

Retail Wages, Inflation-Corrected, 2005-15

Flathead County vs. Montana

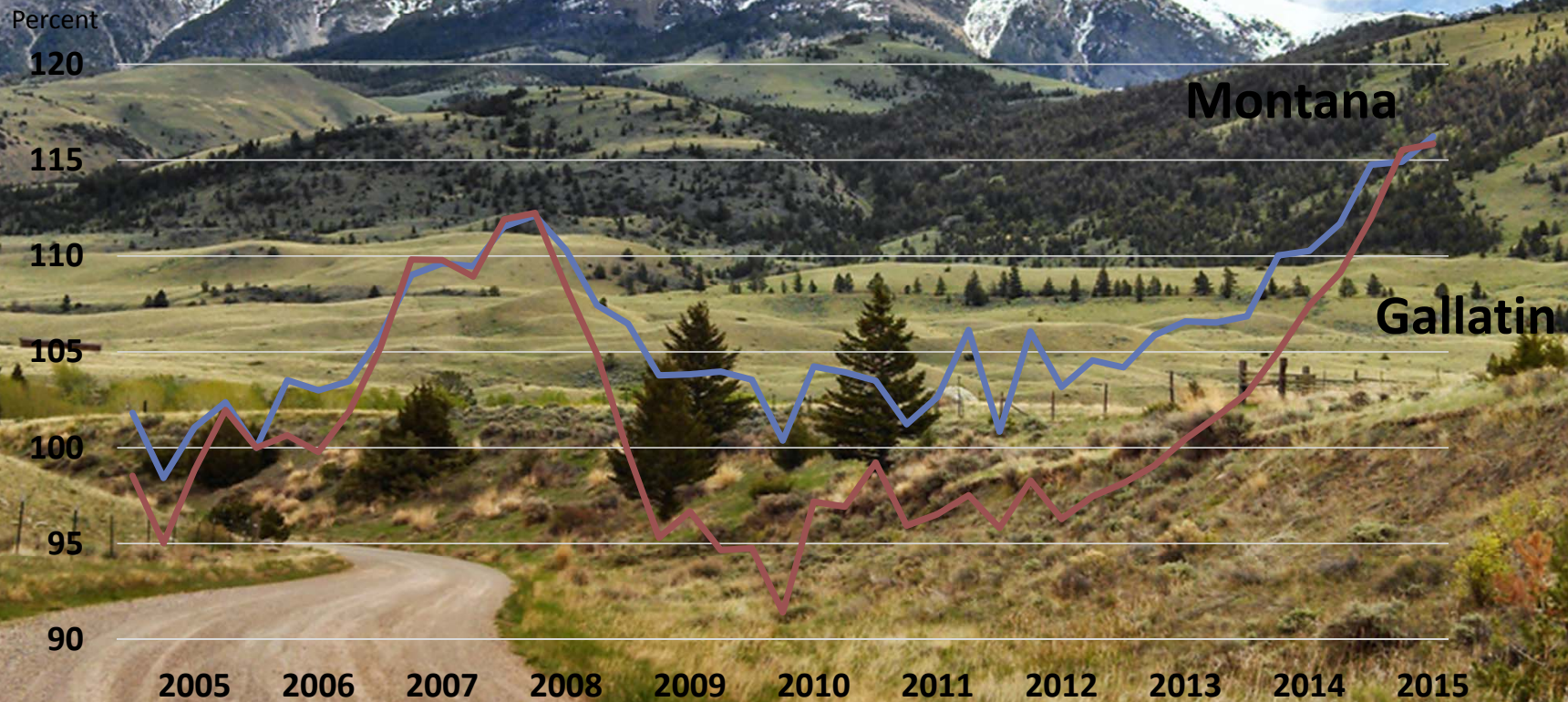


Index, 2005Q4=100, seasonally adjusted by BBER.

Source: U.S. Bureau of Labor Statistics and Bureau of Economic Analysis.

Retail Wages, Inflation-Corrected, 2005-15

Gallatin County vs. Montana

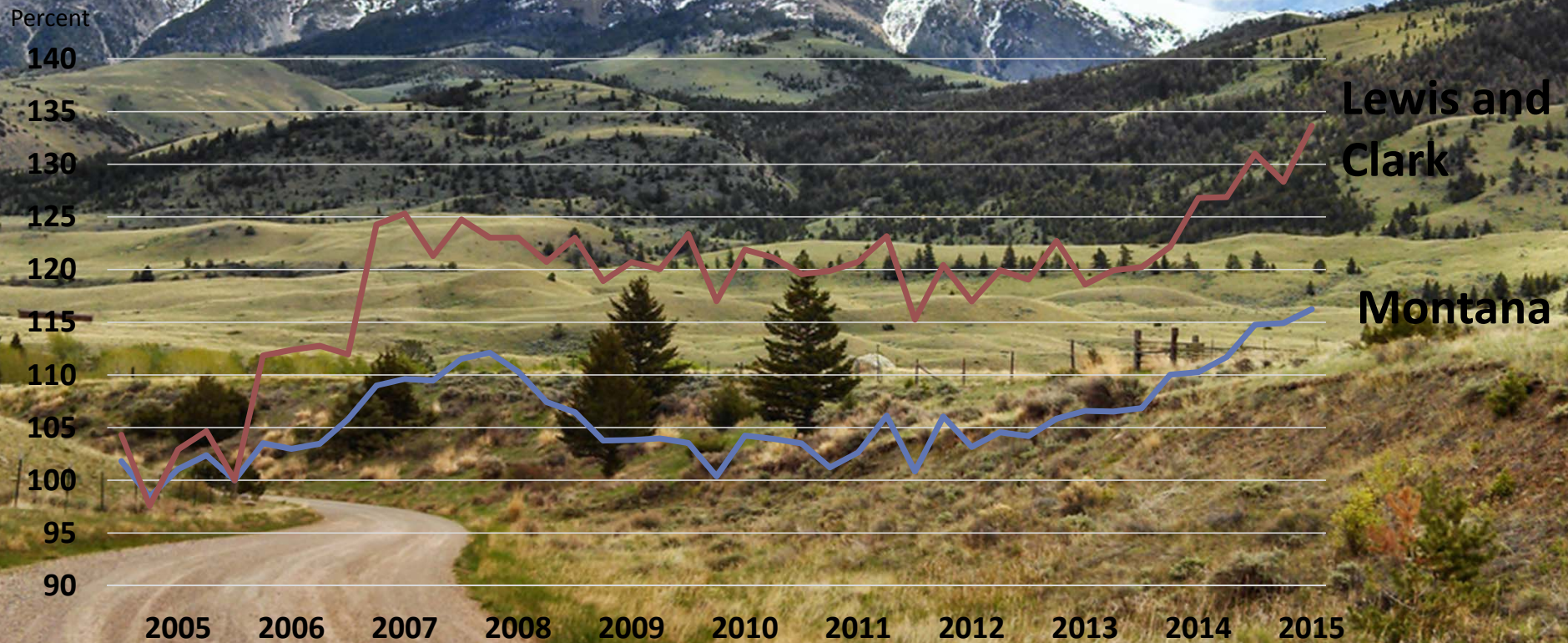


Index, 2005Q4=100, seasonally adjusted by BBER.

Source: U.S. Bureau of Labor Statistics and Bureau of Economic Analysis.

Retail Wages, Inflation-Corrected, 2005-15

Lewis and Clark County vs. Montana

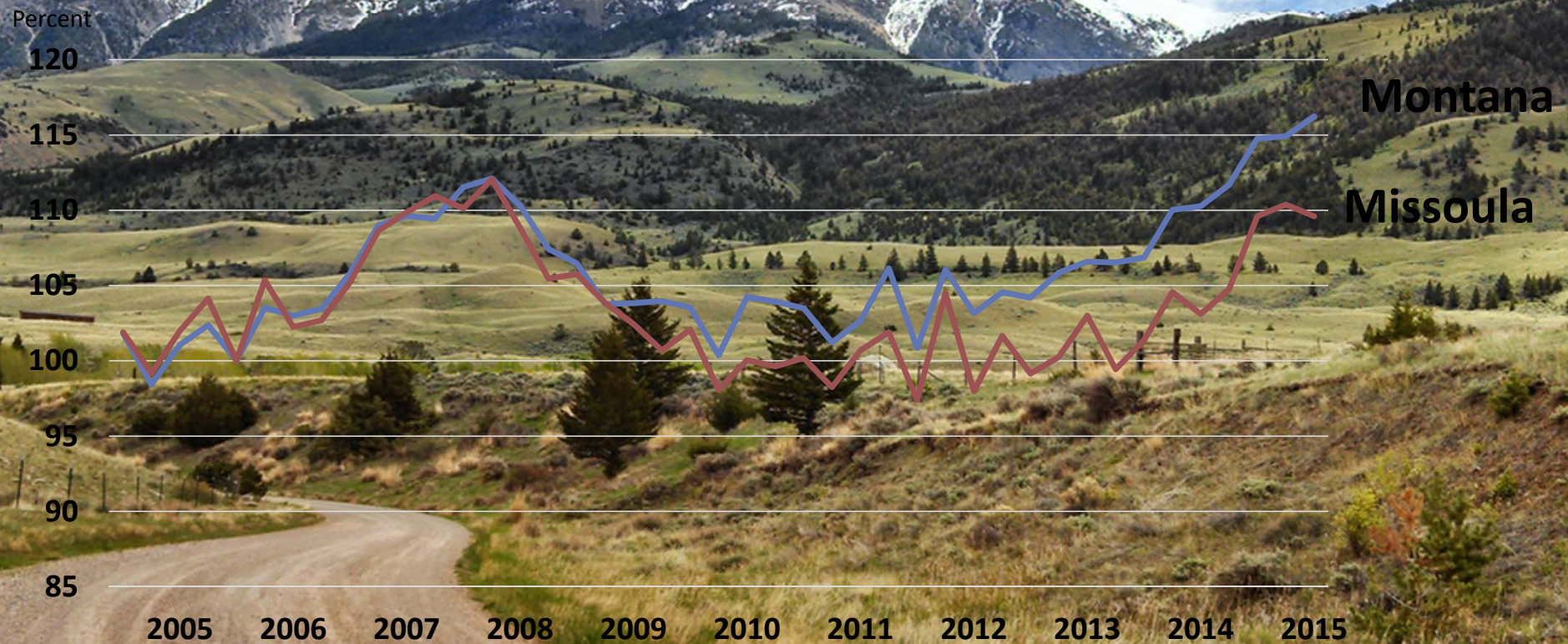


Index, 2005Q4=100, seasonally adjusted by BBER.

Source: U.S. Bureau of Labor Statistics and Bureau of Economic Analysis.

Retail Wages, Inflation-Corrected, 2005-15

Missoula County vs. Montana

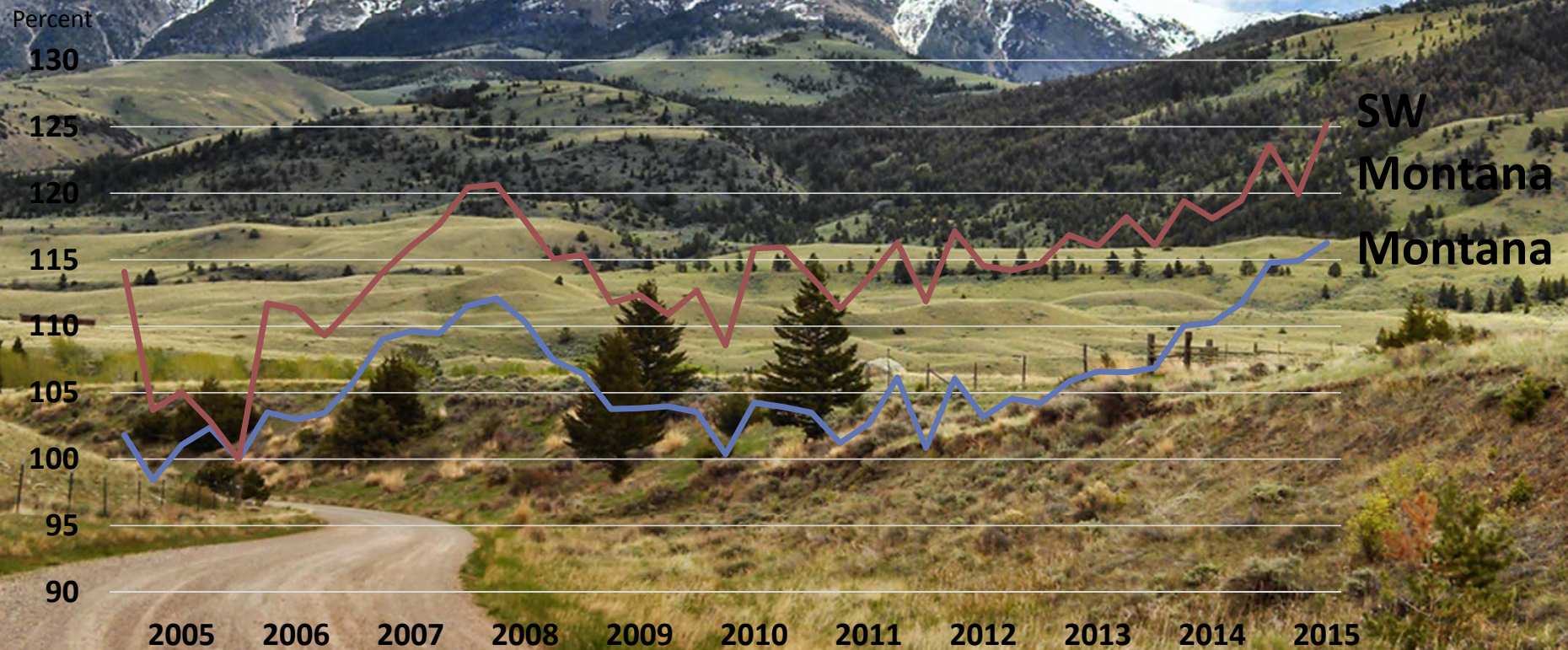


Index, 2005Q4=100, seasonally adjusted by BBER.

Source: U.S. Bureau of Labor Statistics and Bureau of Economic Analysis.

Retail Wages, Inflation-Corrected, 2005-15

Southwest Montana vs. Montana

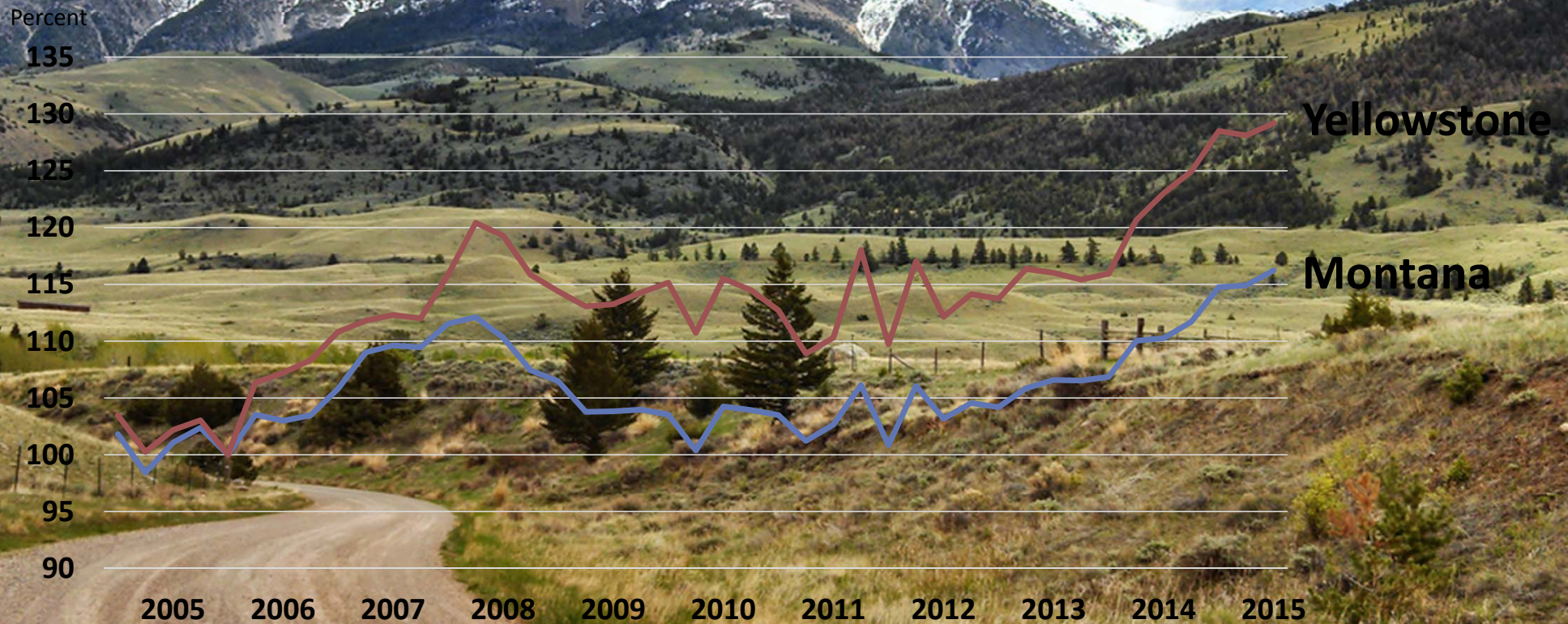


Index, 2005Q4=100, seasonally adjusted by BBER.

Source: U.S. Bureau of Labor Statistics and Bureau of Economic Analysis.

Retail Wages, Inflation-Corrected, 2005-15

Yellowstone County vs. Montana

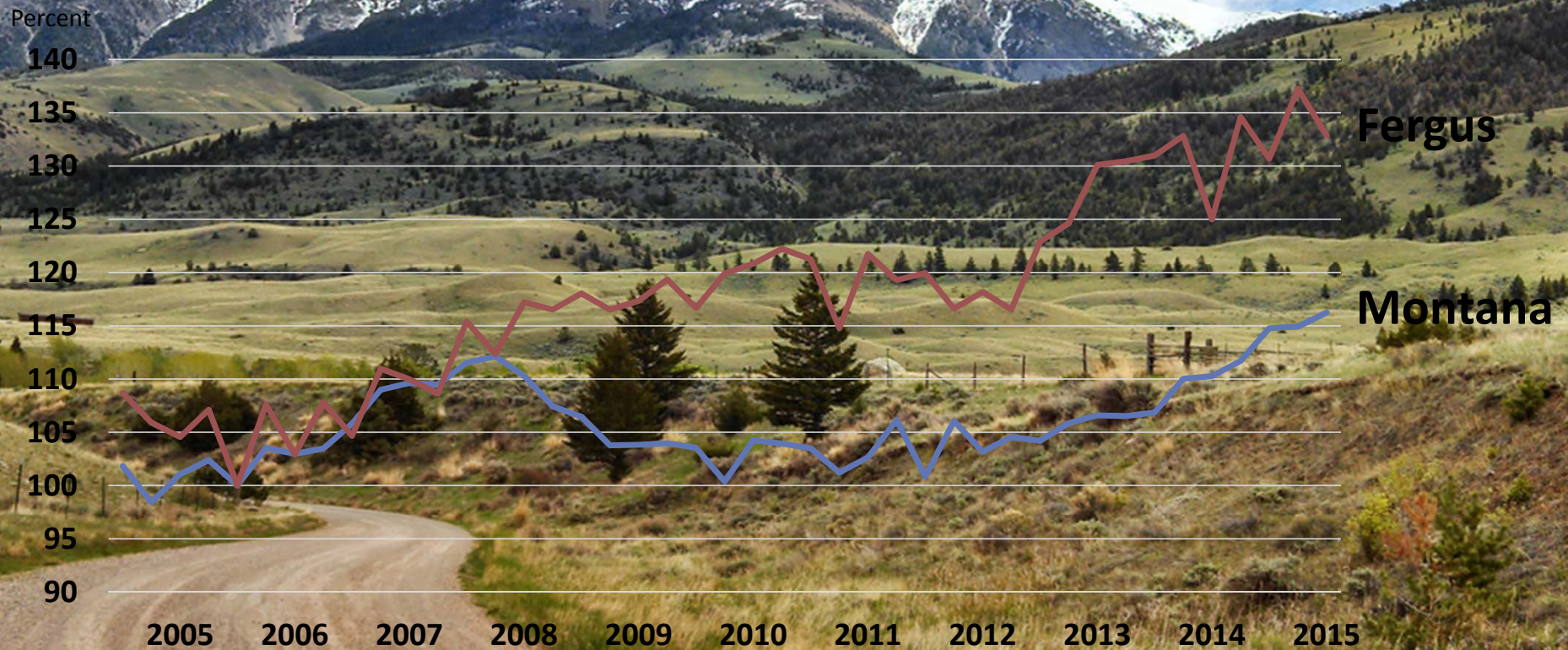


Index, 2005Q4=100, seasonally adjusted by BBER.

Source: U.S. Bureau of Labor Statistics and Bureau of Economic Analysis.

Retail Wages, Inflation-Corrected, 2005-15

Fergus County vs. Montana

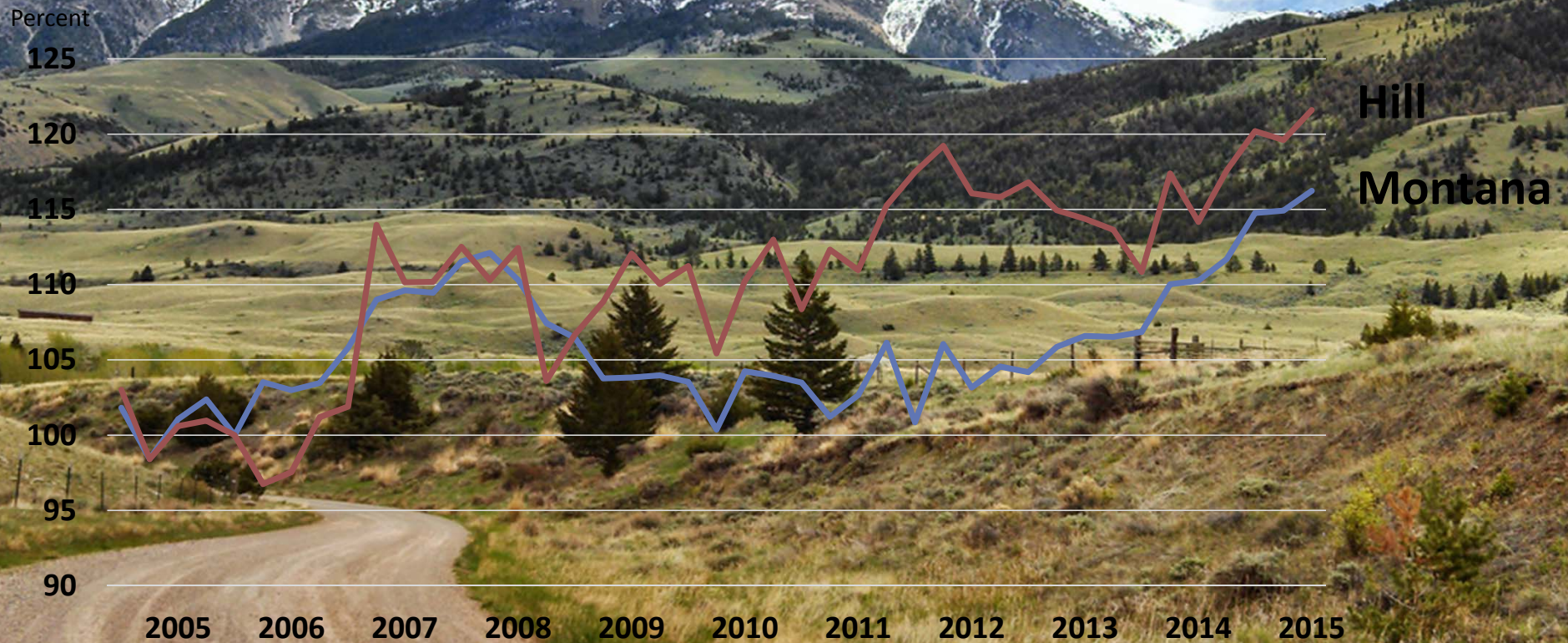


Index, 2005Q4=100, seasonally adjusted by BBER.

Source: U.S. Bureau of Labor Statistics and Bureau of Economic Analysis.

Retail Wages, Inflation-Corrected, 2005-15

Hill County vs. Montana



Index, 2005Q4=100, seasonally adjusted by BBER.

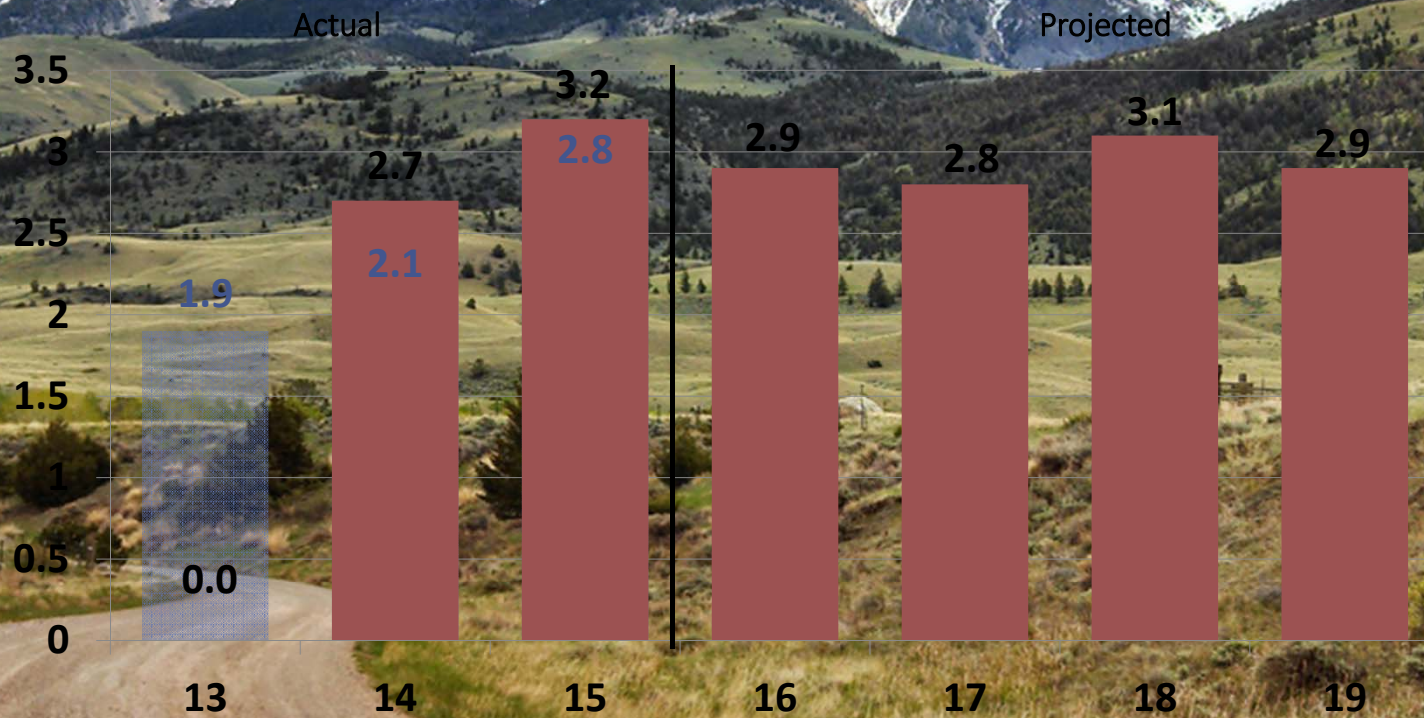
Source: U.S. Bureau of Labor Statistics and Bureau of Economic Analysis.



What's Ahead for Montana's Key Industries?

- Construction, manufacturing, and visitor spending continue to be bright spots
- Worst of the impacts for energy lie ahead
- Agriculture producers are looking at a different price environment
- Pressures on government spending have eased significantly
- Stage is set for broader, if less spectacular growth

Change in Nonfarm Earnings, Montana, 2013-2019





Questions?