2023 MIDYEAR ECONOMIC UPDATE
MONTANA’S ELECTRICITY SUPPLY
Adequate for How Long?

presented by
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UNIVERSITY OF MONTANA

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First Interstate Bank
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Sibanye Stillwater
The Economic Outlook for the U.S. and Montana

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The Riddle of the Mid-Year Economy

• Recession threat fades
• Inflation falls, is this a soft landing?
• Labor markets still tight
• Some sectors of the economy are recovering
• Montana’s growth among fastest in U.S.
• Cold water in the face for state revenues
• Global economy is fragile
• Eastern Montana not invited to party
Montana Economic Outlook

Federal Reserve Raising Rates Faster
Federal Funds Rate Increase Since Beginning of Policy Change, Percentage Points

Source: Federal Reserve Bank of St. Louis
Headline Inflation Has Fallen Impressively
12-month percent change, Consumer Price Index, All Items

Source: U.S. Bureau of Labor Statistics
Swing in Energy Prices is Behind Inflation’s Fall

Contribution to Year over Year Growth in U.S. Consumer Price Index by Major Expenditure Category, Percent

0 1 2 3 4 5 6 7 8 9 10 11 12

-1 -2

Percent

Apparel
Food and Beverages
Housing
Recreation
Education and Communications
Other Goods and Services
Medical Care
Transportation
Inflation Since October 2020, percent

**Commodities**
- Cereals
- Meats
- Dairy
- Beverages
- Restaurants

**Food**

**Energy**
- Propane
- Gasoline
- Electricity
- Gas

**Services**
- Rent
- Owner Cost
- Medical Care
- Vehicle Maint.
- Airfares
Figure 5. Age distribution of the population age 16 and older

Source: Federal Reserve Bank of Richmond
Figure 7. The percent of the 16+ population retired compared to the expected percent retired, and excess retirements as a percent of the population.

Source: Federal Reserve Bank of Richmond
Hours Worked is Declining
Average Weekly Hours, U.S.
Wage Growth Remains Much Higher Than Pre-Covid
Atlanta Federal Reserve Wage Growth Tracker, 2001-23, Percent Growth

Source: Federal Reserve Bank of Atlanta
Labor Shortages Are Easing, But Only Slightly

Employment + Job Openings vs. Labor Force, 2014-23, Millions

Source: Federal Reserve Bank of Atlanta
Housing Price Increases Since 2020 Have Been Robust
Percent Change, Housing Price Index, 2022 vs. 2020
Billings Home Prices Grew But Below State Average
Percent Growth in Housing Price Index by Zip Code 2020-22

Source: Federal Home Finance Agency

Absarokee, 63.1%
Livingston, 39.9%
Billings, 31.5%

Legend:
- Less than 31.9%
- 31.9% - 36.1%
- 36.1% - 40.6%
- Over 40.6%
Strong Price Acceleration in Bozeman
Percent Growth in Housing Price Index by Zip Code 2020-22

Three Forks, 46.1%
Belgrade, 52.4%
Bozeman, 46.0%

Source: Federal Home Finance Agency
Strong Housing Price Growth in Butte Region

Percent Growth in Housing Price Index by Zip Code 2020-22

- Butte, 41.3%
- Whitehall, 41.6%
- Dillon, 31.4%

Source: Federal Home Finance Agency
Rapid Home Price Growth in Helena
Percent Growth in Housing Price Index by Zip Code 2020-22

Helena, 39.6%
White Sulphur Springs, 57.6%
Townsend, 44.3%

Source: Federal Home Finance Agency
Great Falls Region Prices Rise, But By Less Than State Average

Percent Growth in Housing Price Index by Zip Code 2020-22

Fairfield, 55.0%  Great Falls, 34.0%

Source: Federal Home Finance Agency
Half of Missoula Area Zip Codes Saw 50% Housing Price Growth
Percent Growth in Housing Price Index by Zip Code 2020-2022

Missoula (Rattlesnake), 49.8%
Phillipsburg, 80.7%
Alberton, 61.3%

Source: Federal Home Finance Agency
Blistering Growth in Flathead Area Housing Prices
Percent Growth in Housing Price Index by Zip Code 2020-22

Kalispell, 49.4%
Columbia Falls, 57.9%
Whitefish, 62.3%

Source: Federal Home Finance Agency
Montana Added 17,590 Jobs Last Year
Seasonally Adjusted Covered Employment, 2017-22

Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages
Montana Had a Strong Year in 2022

Inflation-corrected Total Wage Growth, Montana, $ Millions, 2021-22

- Construction and Manufacturing
- Retail & Whol. Trade
- Finance and Bus. Serv.
- Health Care
- Accomodations & Food
- Public Admin.
- Mining
- Other
Billings Growth Ticked Up in 2022
Inflation-corrected Total Wage Growth, Yellowstone County, $ Millions, 2021-22

- Construction and Manufacturing
- Retail & Whol. Trade
- Finance and Bus. Serv.
- Health Care
- Accomodations & Food
- Public Admin.
- Mining
- Other
Tech Downturn Was Felt in Bozeman

Inflation-corrected Total Wage Growth, Gallatin County, $ Millions, 2021-22

-40 -20 0 20 40 60 80 100

Construction and Manufacturing
Retail & Whol. Trade
Finance and Bus. Serv.
Health Care
Accomodations & Food
Public Admin.
Mining
Other
Swing in Mining Earnings in 2022
Inflation-corrected Total Wage Growth, Silver Bow County, $ Millions, 2021-22
Uptick in Construction Fueled Growth in 2022
Inflation-corrected Total Wage Growth, Lewis & Clark County, $ Millions, 2021-22
Construction Boom Fueled Growth in 2022
Inflation-corrected Total Wage Growth, Cascade County, $ Millions, 2021-22

Construction and Manufacturing
Retail & Whol. Trade
Finance and Bus. Serv.
Health Care
Accomodations & Food
Public Admin.
Mining
Construction Fueled Growth in 2022
Inflation-corrected Total Wage Growth, Missoula County, $ Millions, 2021-22

-20 -10 0 10 20 30 40 50

Construction and Manufacturing
Retail & Whol. Trade
Finance and Bus. Serv.
Health Care
Accomodations & Food
Public Admin.
Mining
Other
Construction Fueled Growth in 2022
Inflation-corrected Total Wage Growth, Flathead County, $ Millions, 2021-22

-5 0 5 10 15 20 25 30

Construction and Manufacturing
Retail & Whol. Trade
Finance and Bus. Serv.
Health Care
Accomodations & Food
Public Admin.
Mining
Other
Total Wage Growth Was More Balanced in 2022

Inflation-corrected Total Wage Growth, Percent, 2021-22

-20 0 20 40 60 80 100 120 140 160 180

- Cascade
- Custer
- Fergus
- Flathead
- Gallatin
- Hill
- Lewis & Clark
- Missoula
- Ravalli
- Richland
- Silver Bow
- Yellowstone
FY 2023 Montana Tax Collections Fall to Earth
Montana’s Disappearing Recession

Employment, Real Wages and Salary and Real Income Growth, Actual and Forecast, Percent

Source: IHS Markit