

The Economic Outlook for the U.S. and Montana Economies

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Montana Economic Outlook

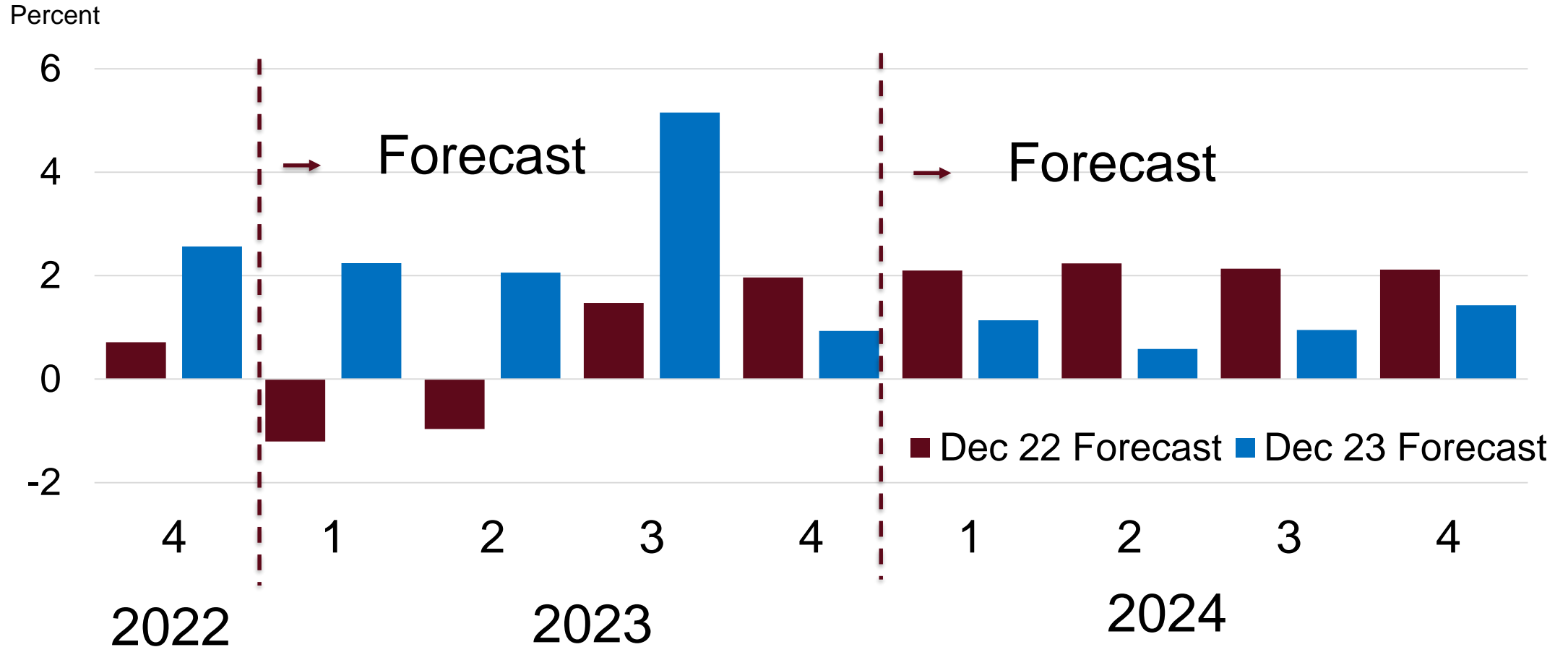
The Soft Landing Arrives

- Recession Fears Soften – Slow Growth is Next
- Fed is Done, Cuts Might be Next
- Labor Markets Likely Remain Tight
- Global Growth Slowdown Keeps Commodity Prices in Check



Not Much Growth in the U.S. Forecast

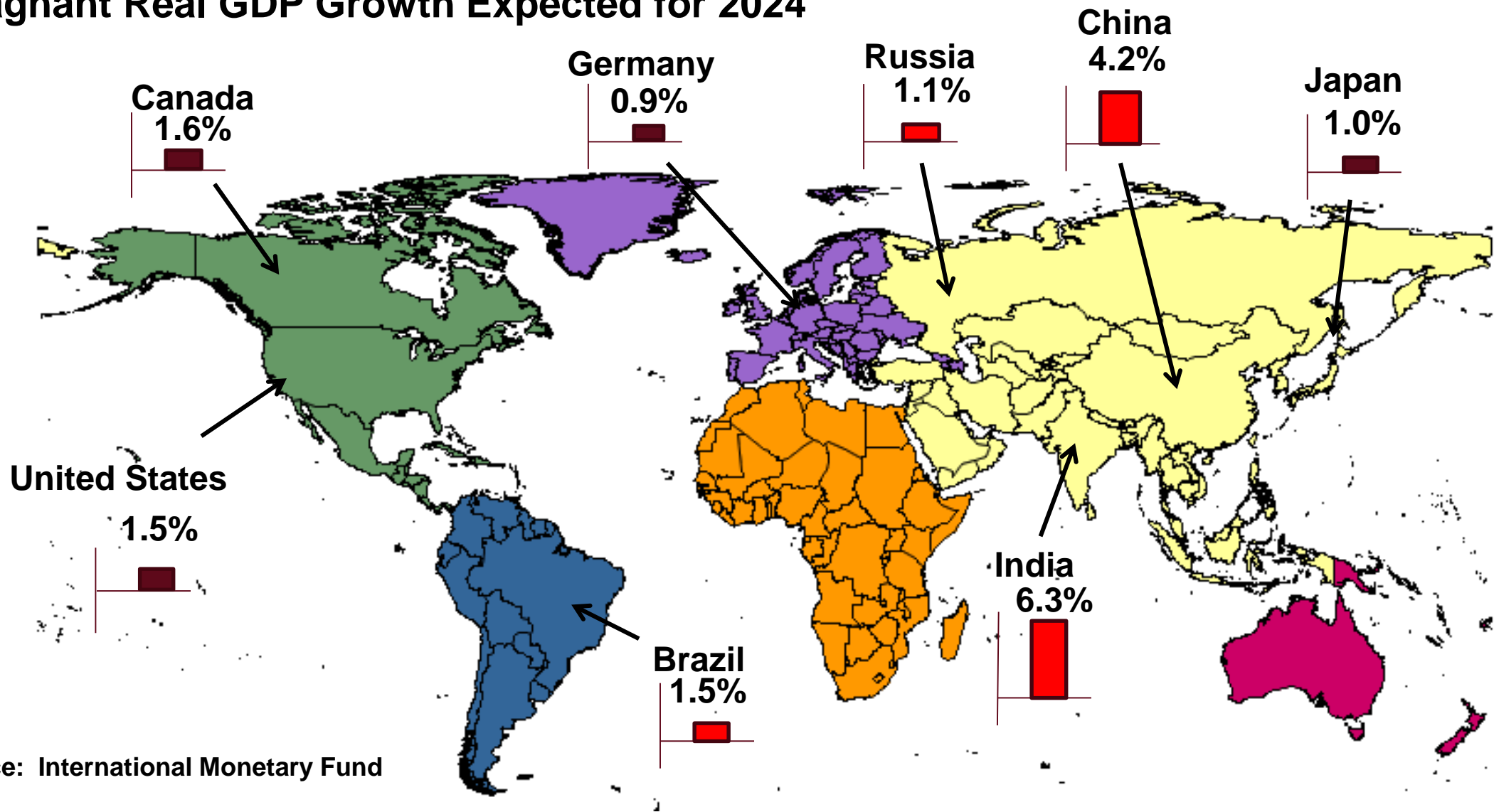
Percent Growth, Real Gross Domestic Product, 2022Q4 – 2024Q4



Source: S&P Global



Stagnant Real GDP Growth Expected for 2024



Source: International Monetary Fund



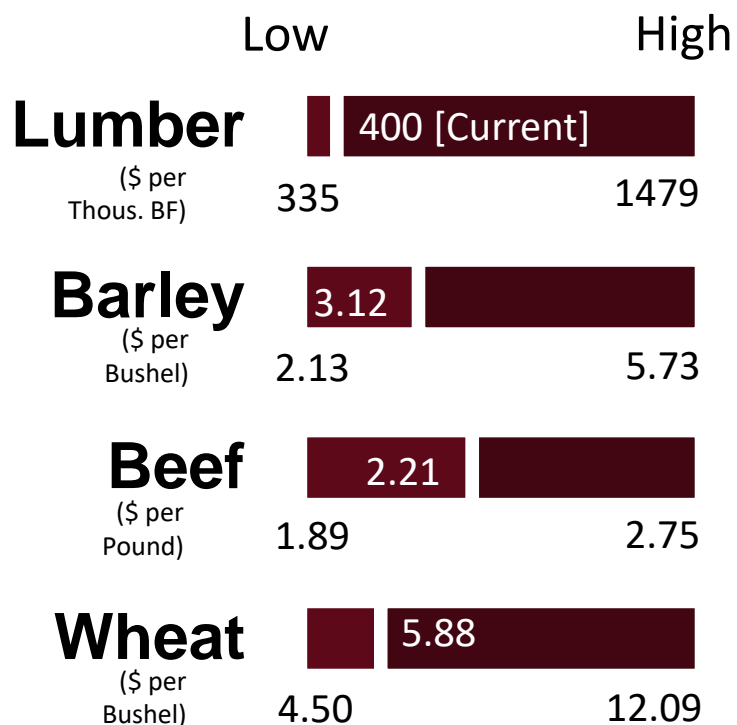
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Commodity Prices Reflect Global Slowdown

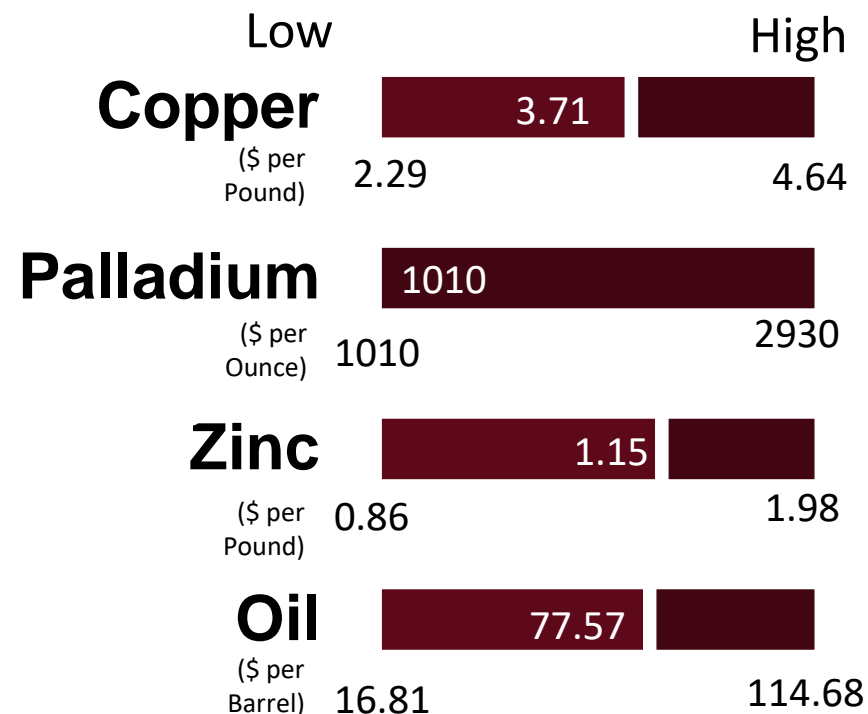
Materials & Foodstuffs

(as of Nov 2023)



Metals & Energy

(as of Nov 2023)

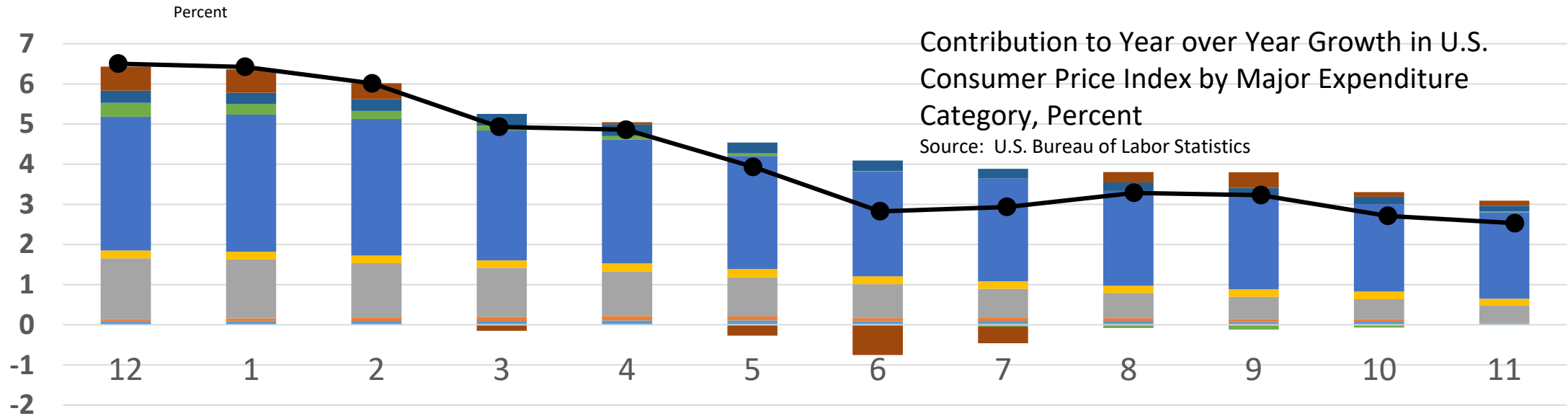


The Down-Up Economic Cycle is Over, What Did It Leave Us?

- Higher interest rates
- Higher inflation
- Low fertility rates
- Labor force dropouts
- Geographic resorting of US growth
- Working from home
- Industrial policy in action



Inflation's Fall Has Been Broad Based

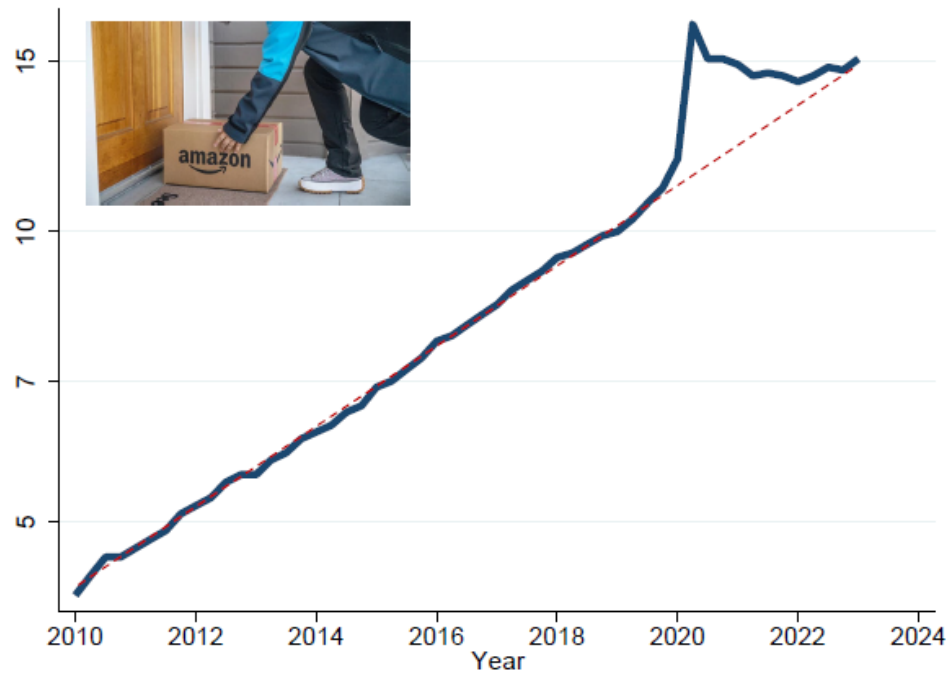


2023

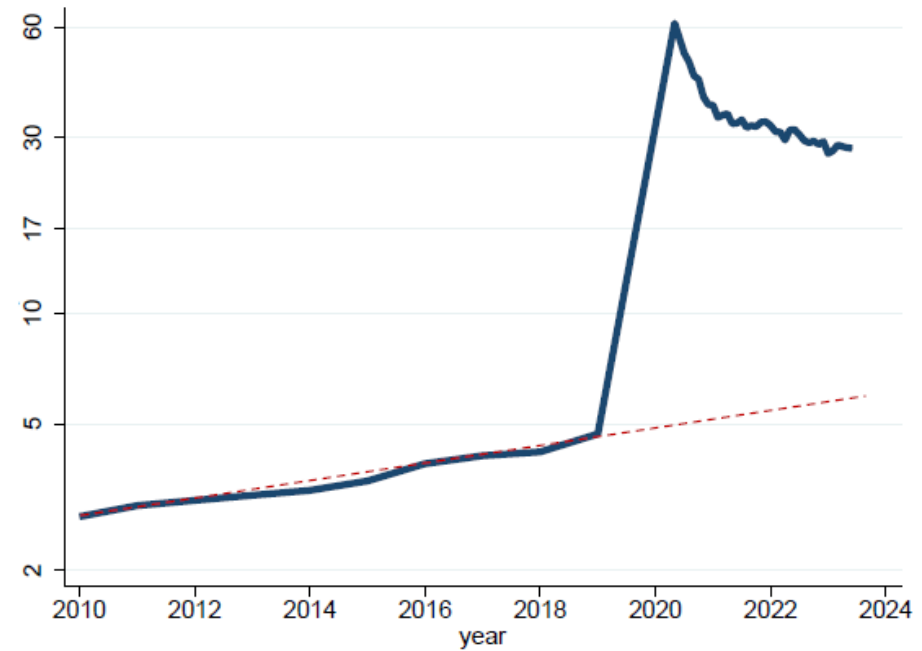
- Apparel
- Education and Communications
- Food and Beverages
- Other Goods and Services
- Housing
- Medical Care
- Recreation
- Transportation

Some COVID changes persisted, others did not

Share of retail spending online, %

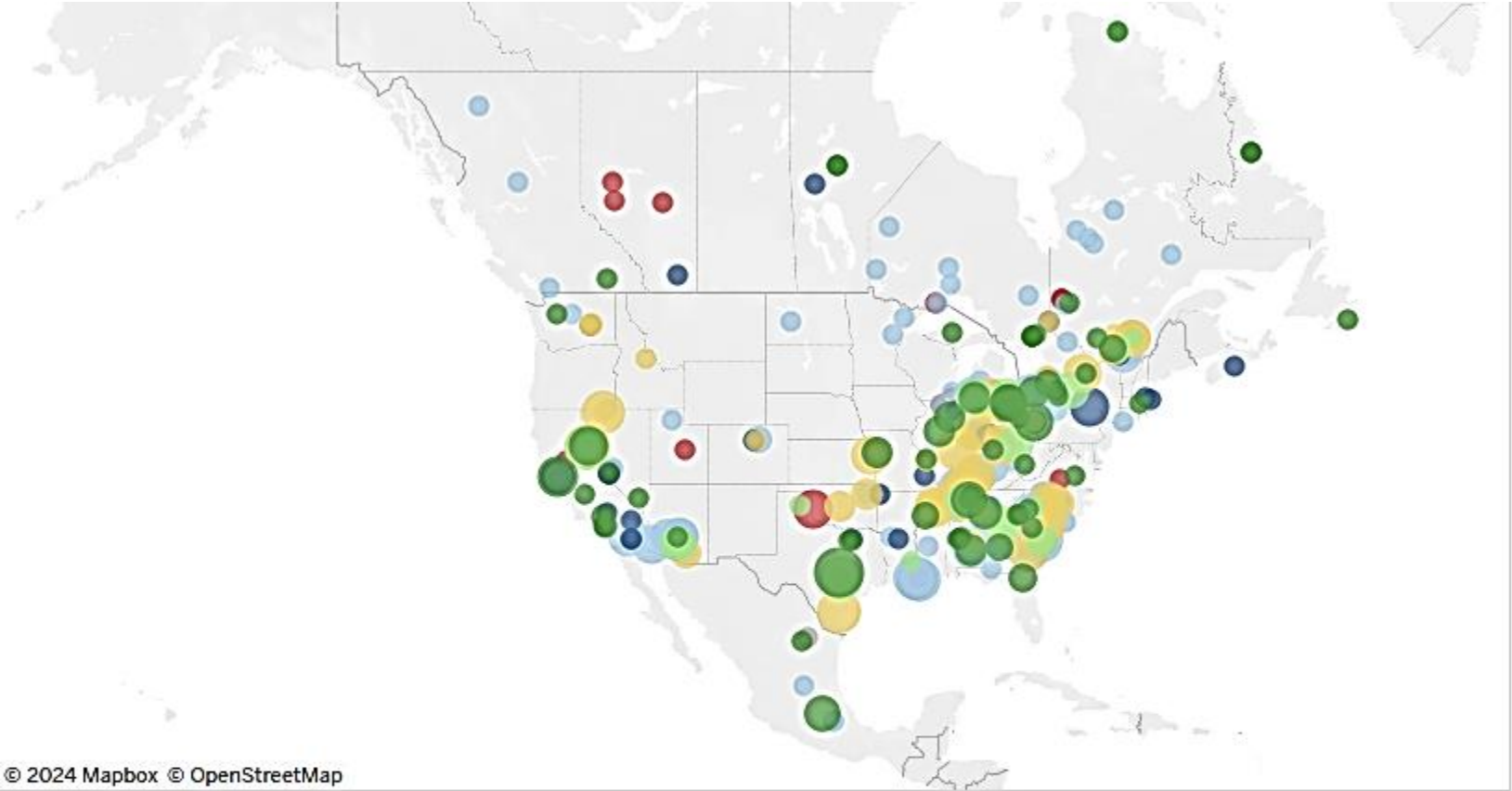


Share of days worked from home, %

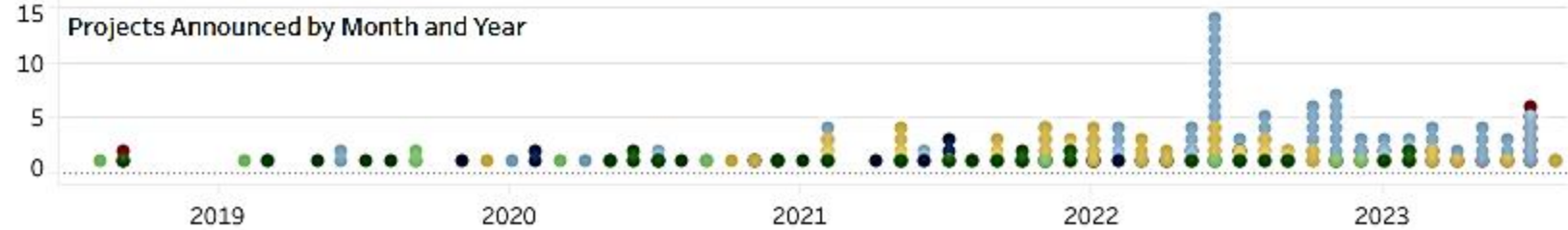


Inflation Reduction Act Has Spurred EV Investments

Projects Announced by Projected Employment

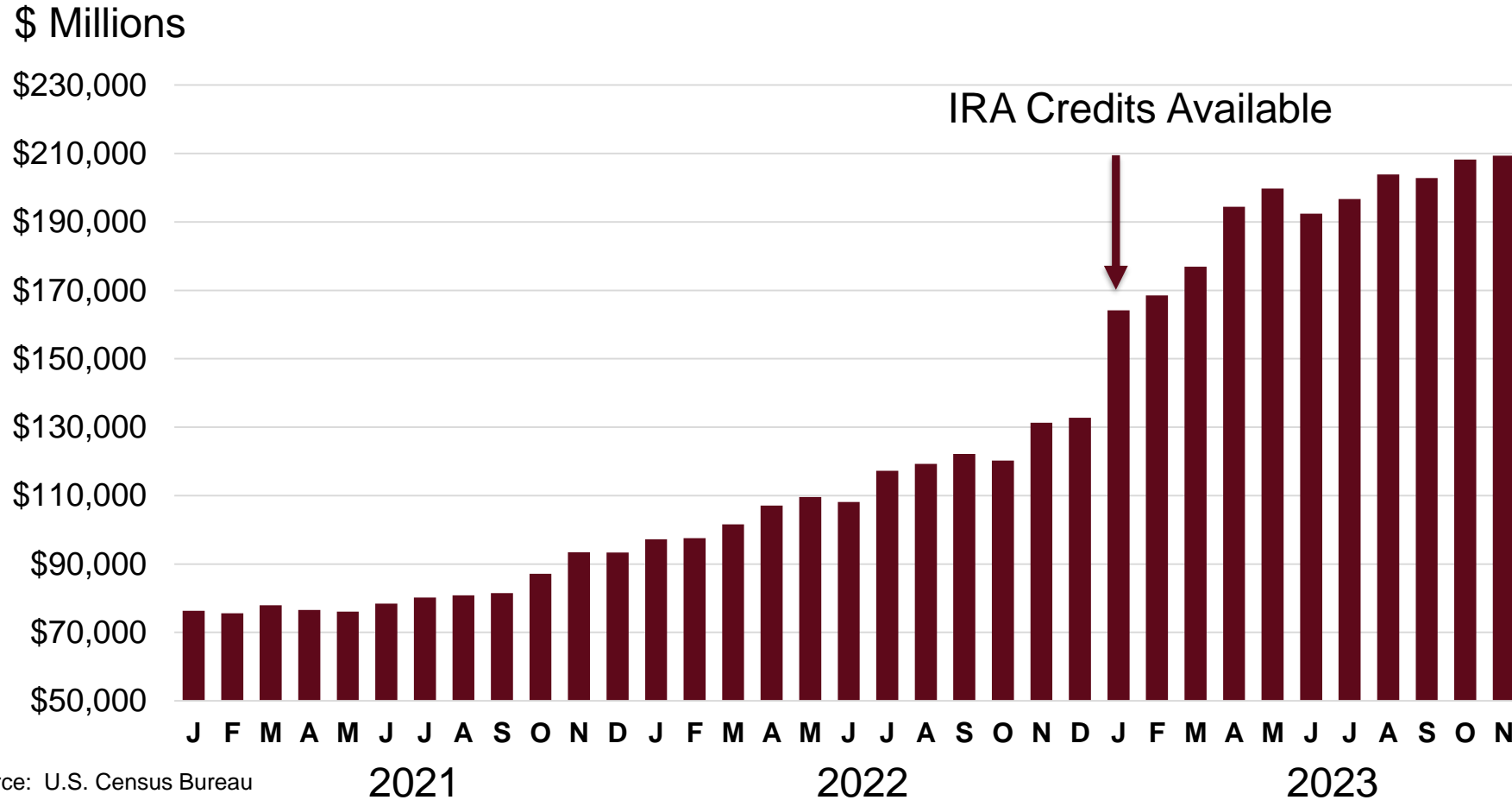


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IRA, CHIPS Acts Fuel Investment Surge

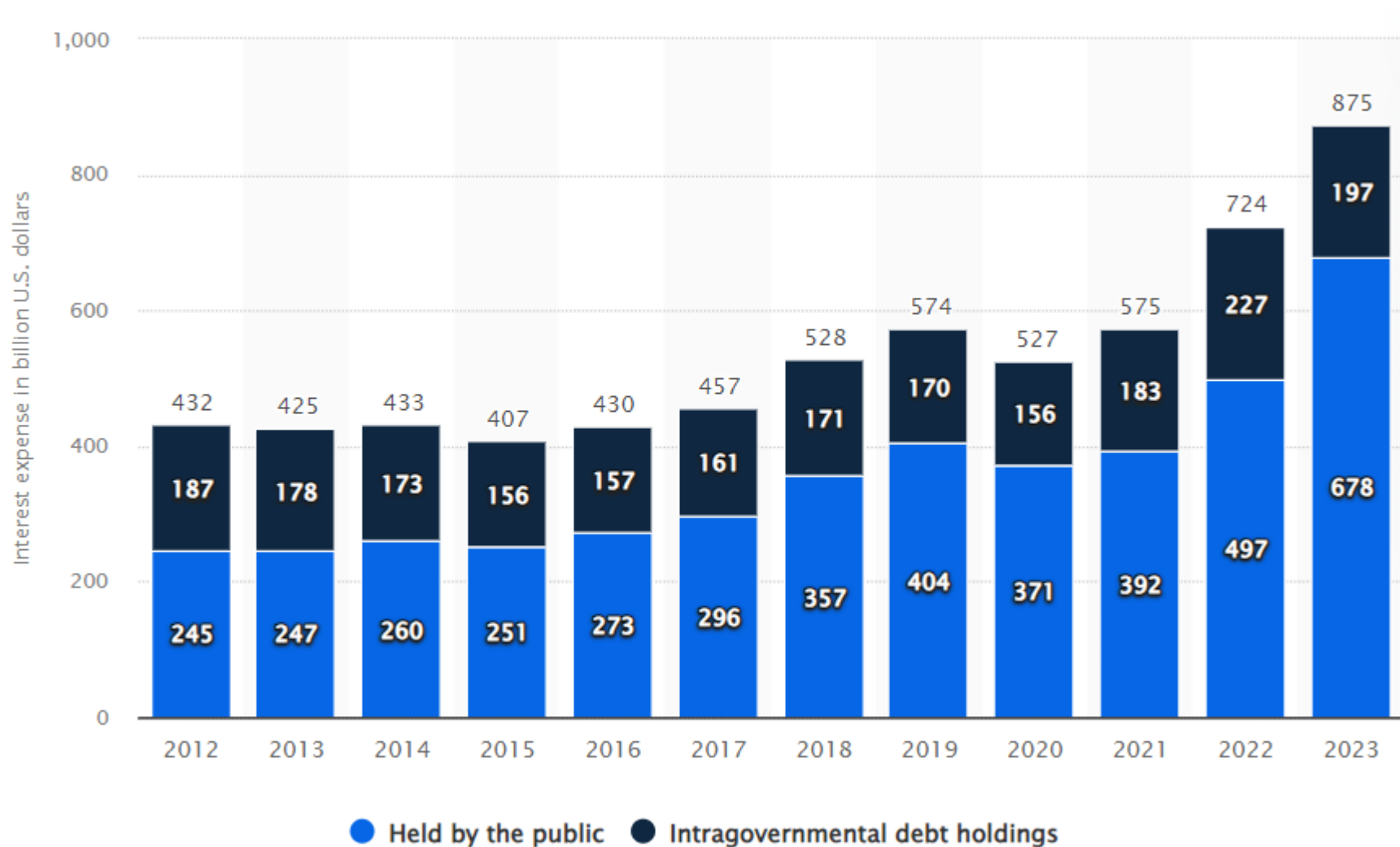
Value of Construction in Place, Manufacturing, \$ Millions



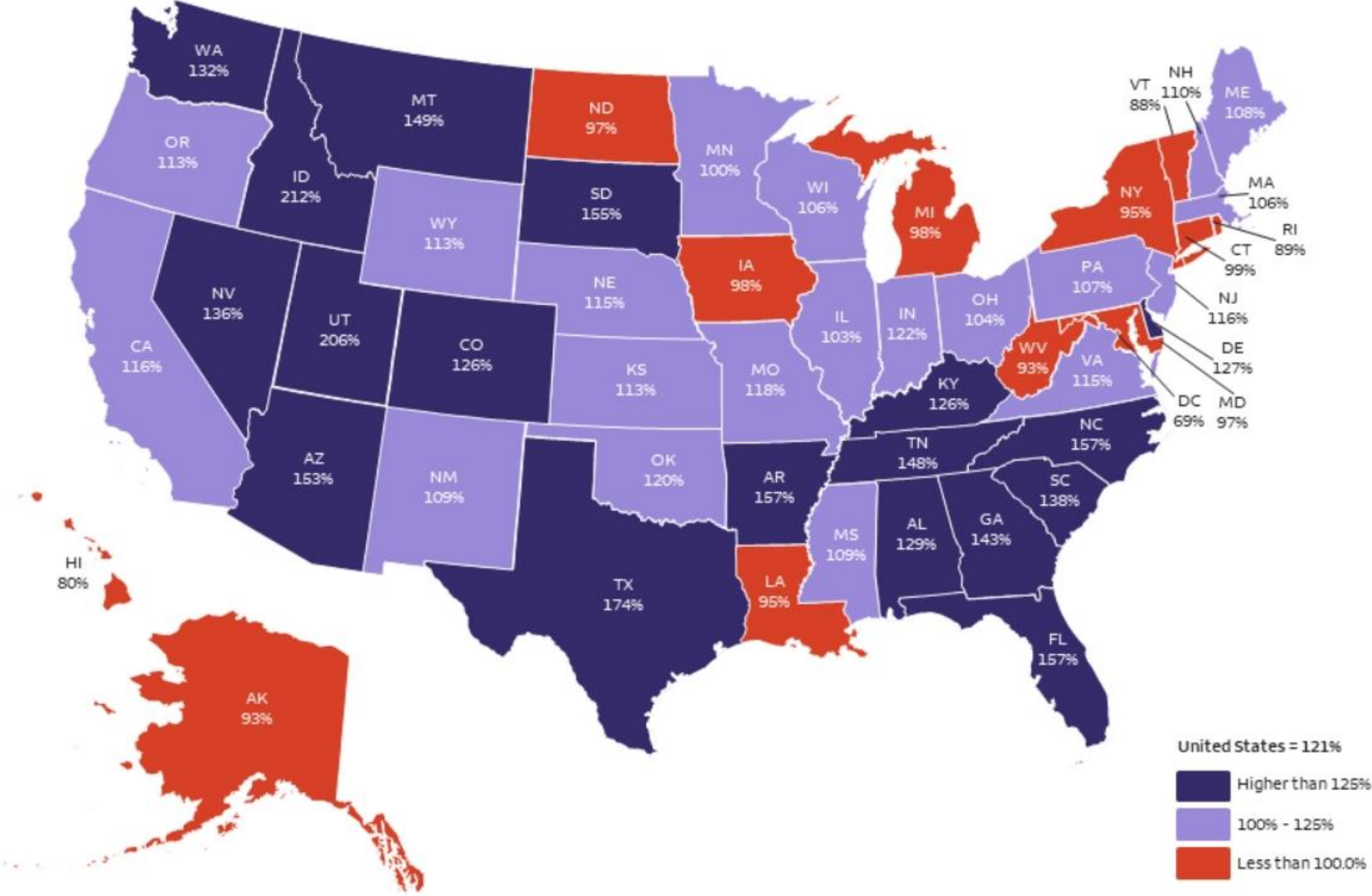
Source: U.S. Census Bureau



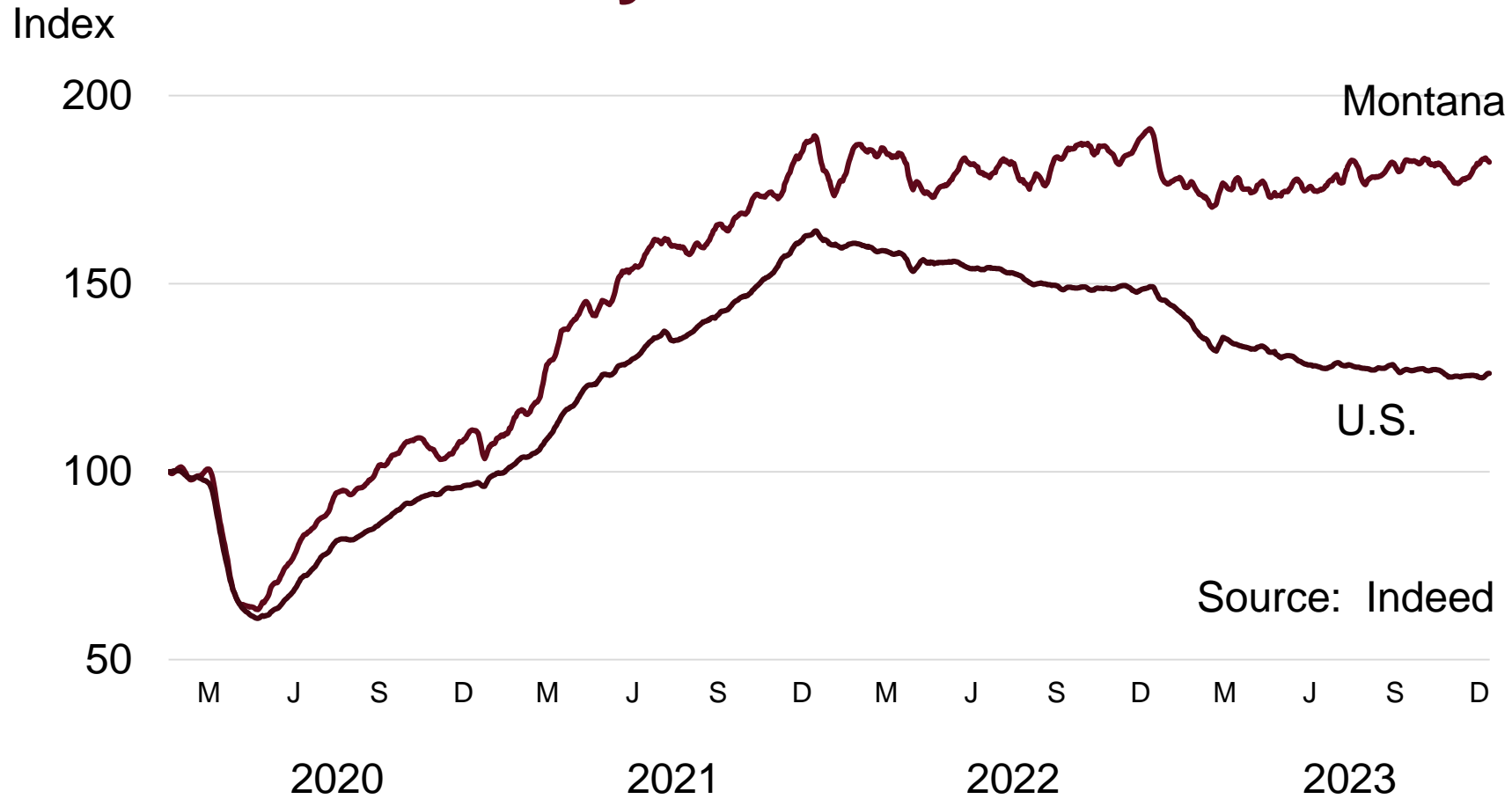
Interest payments on Federal debt now exceed defense spending



Percent of March/April 2020 Job Losses Recovered, Sept 2023



Job Openings Softening More Nationally Than in Montana



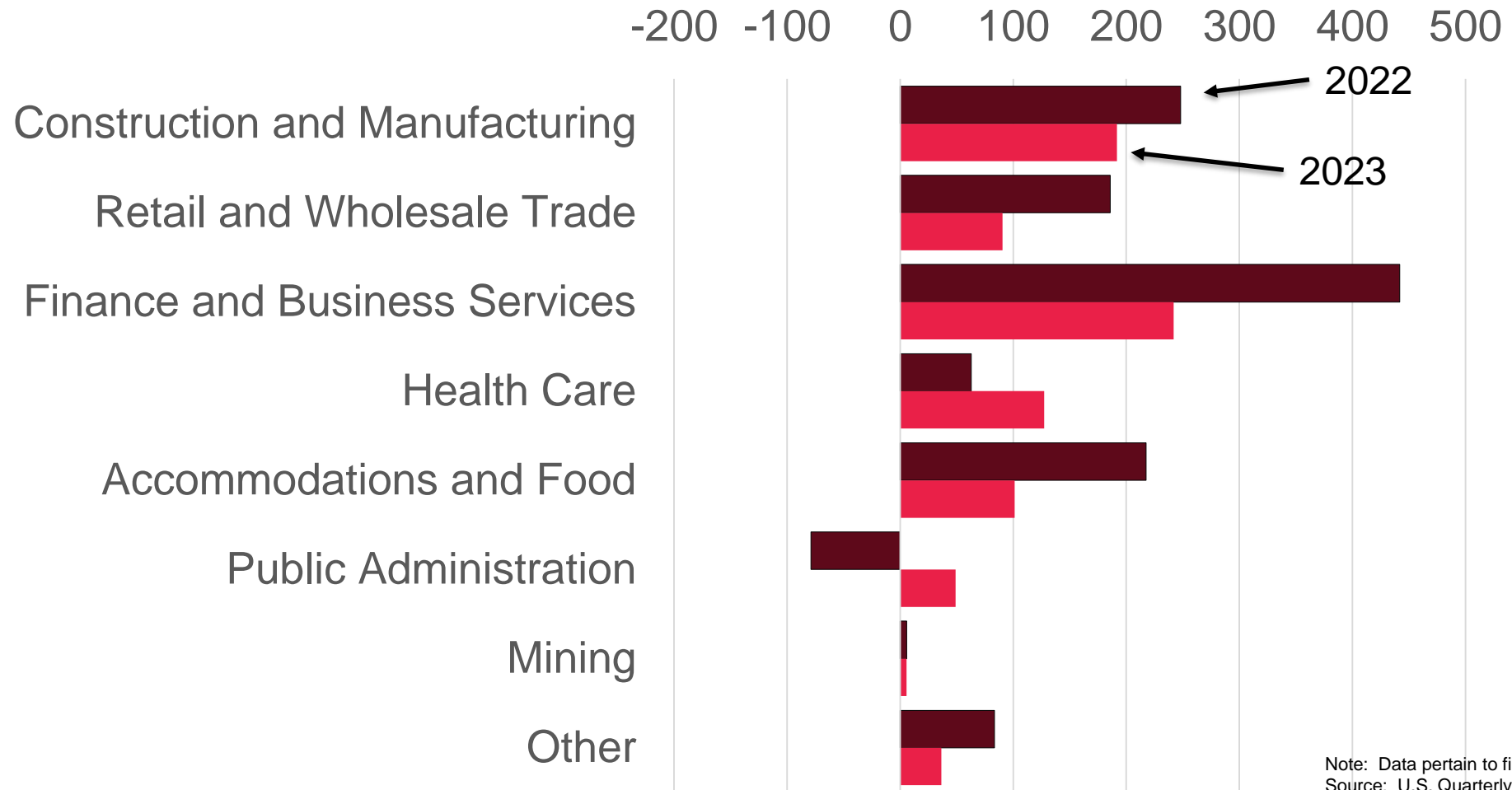
The Montana Economy: Anatomy of a Slowdown

- New data depict 2021 as the growth peak
- Lower growth since then most evident from tax receipts
- Wages and salaries less affected
- Declines in home mortgage activity another drag on growth
- Migration beginning to slow?



Real Total Wage Growth by Sector, Montana, 2022 vs. 2023

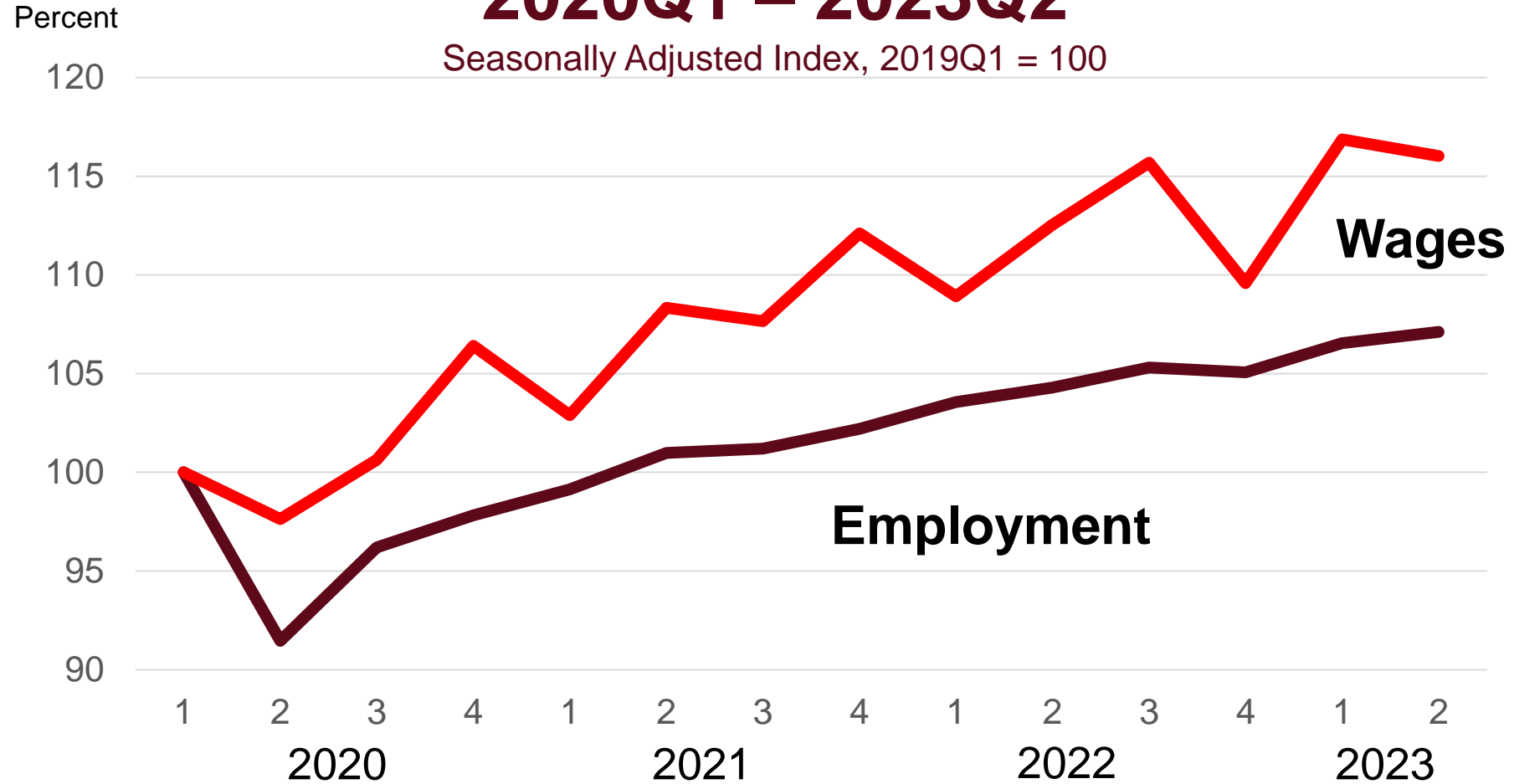
Millions of Dollars



Note: Data pertain to fiscal years, July-June.
Source: U.S. Quarterly Census of Employment and Wages



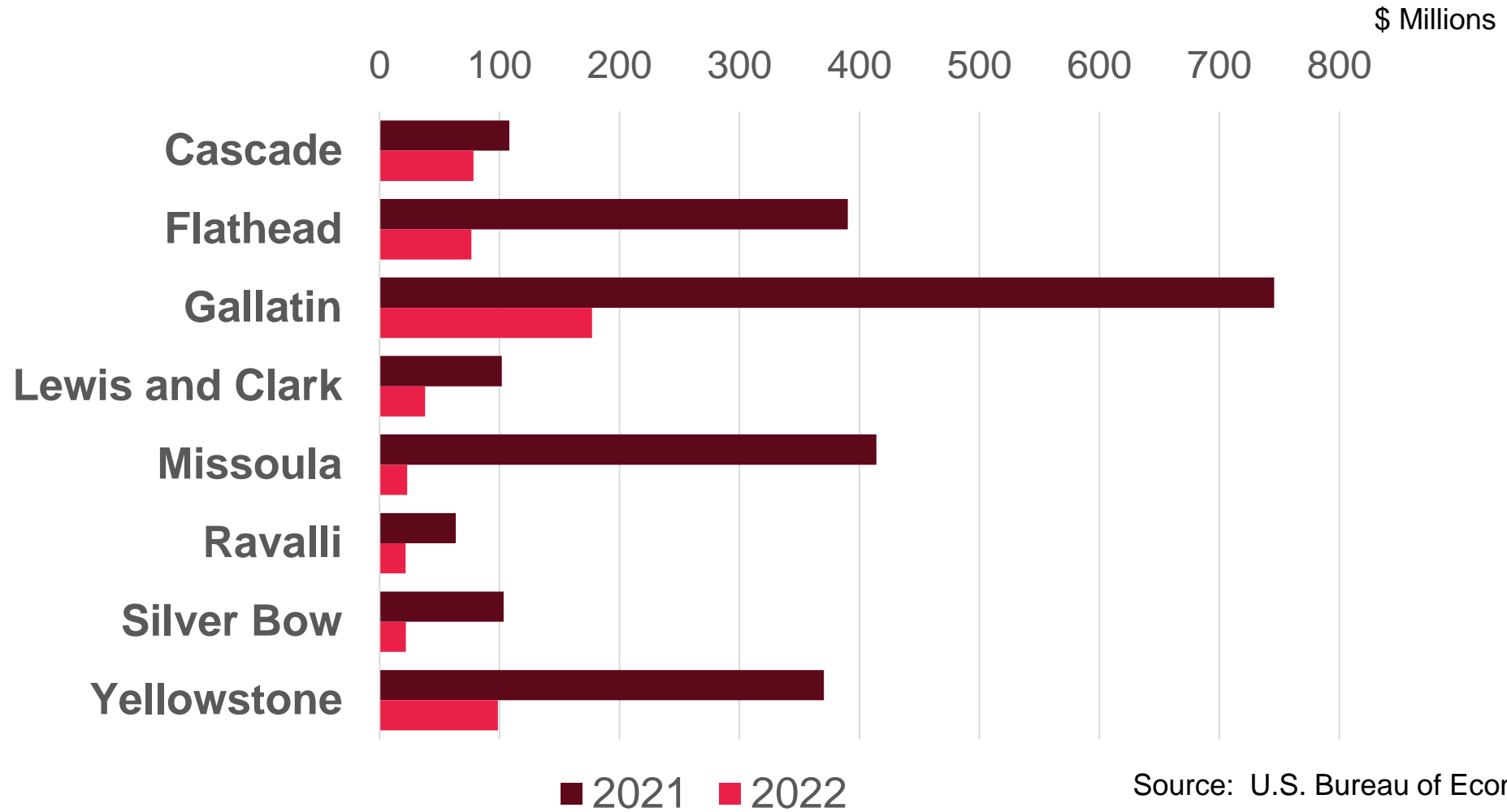
Wages and Employment, Montana, 2020Q1 – 2023Q2



Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages



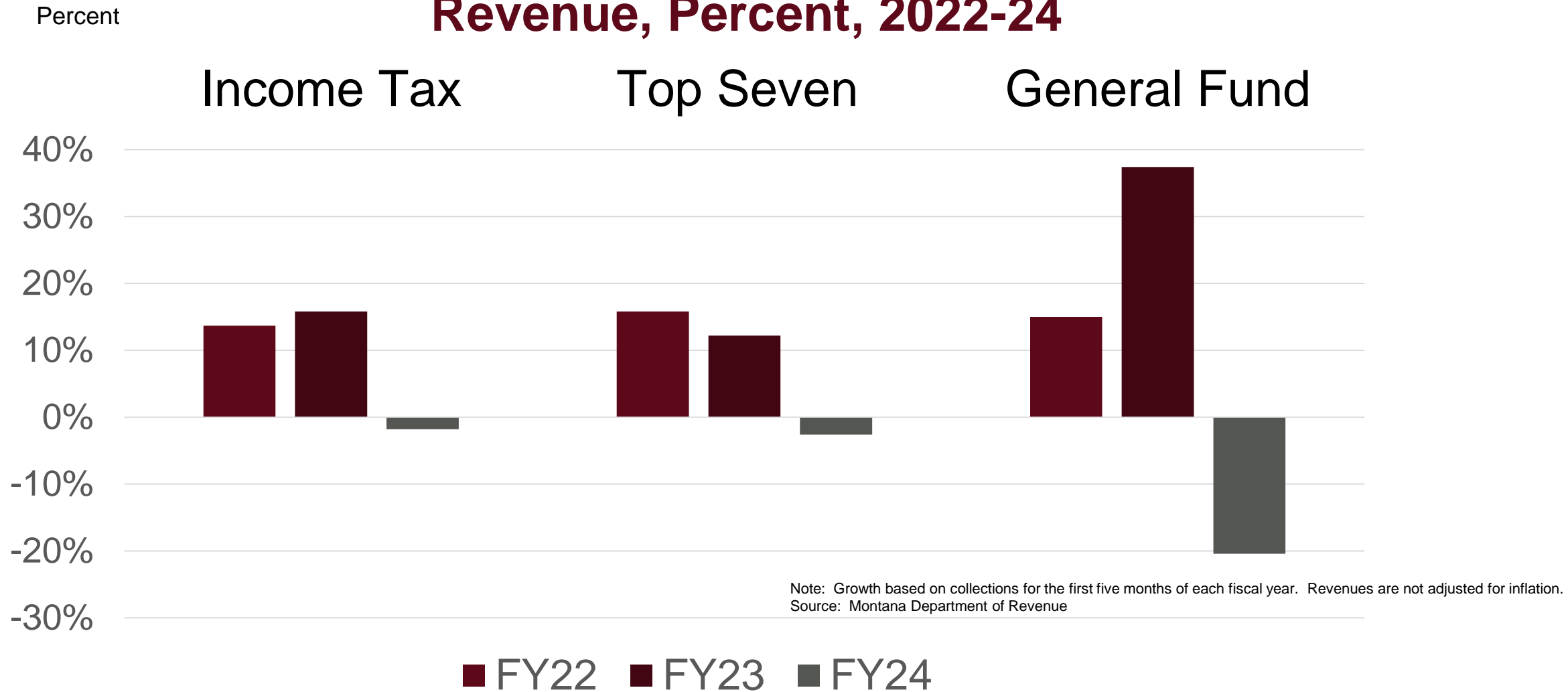
Growth in Inflation-Corrected Nonfarm Earnings, Selected Montana Counties, 2021 and 2022



Source: U.S. Bureau of Economic Analysis

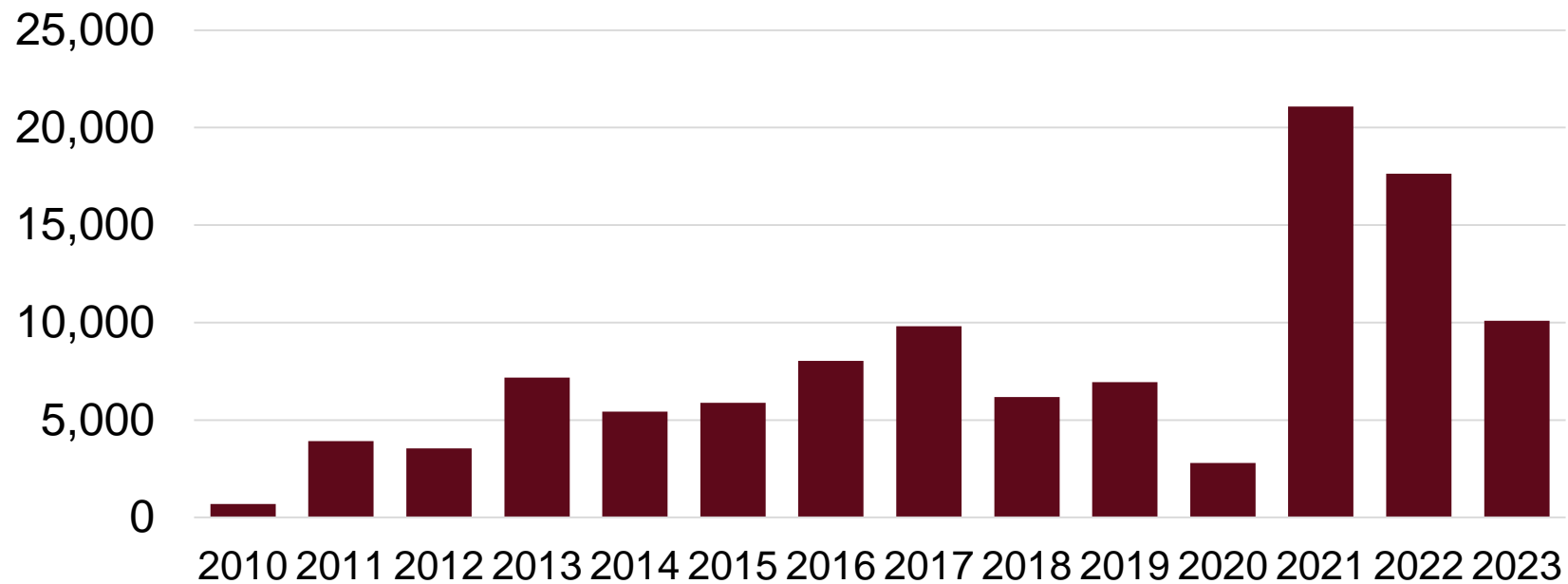


Year over Year Growth in Montana General Fund Revenue, Percent, 2022-24



Migration to Montana Cooled Last Year

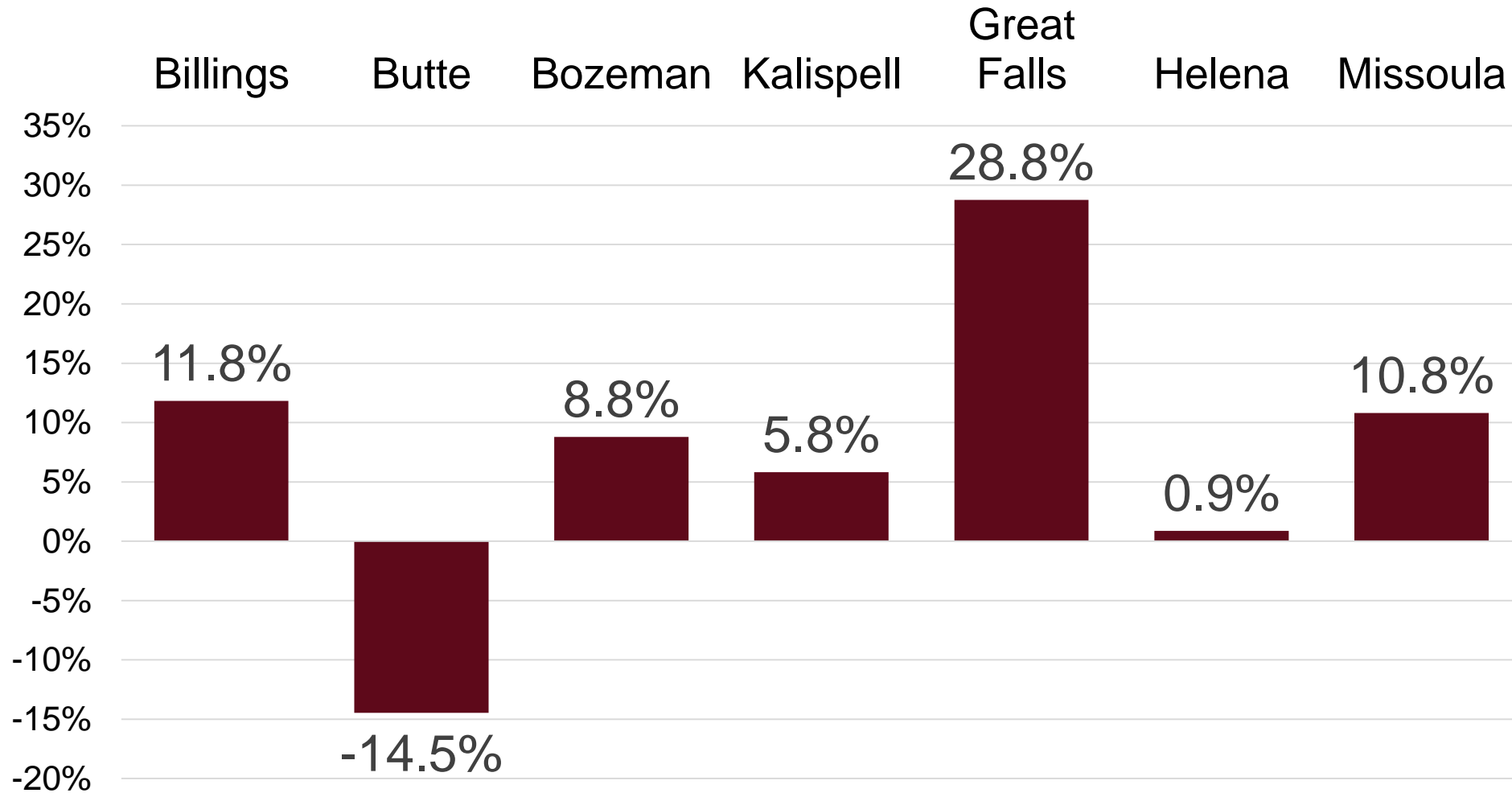
Net Population Migration, 2011-2023, Montana



Source: U.S. Census Bureau

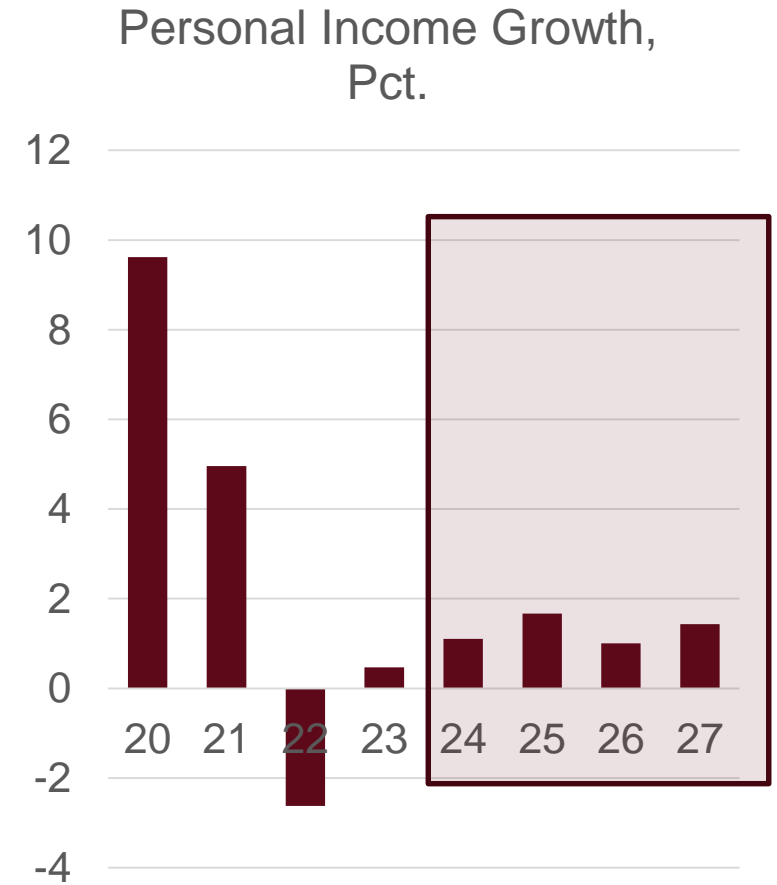
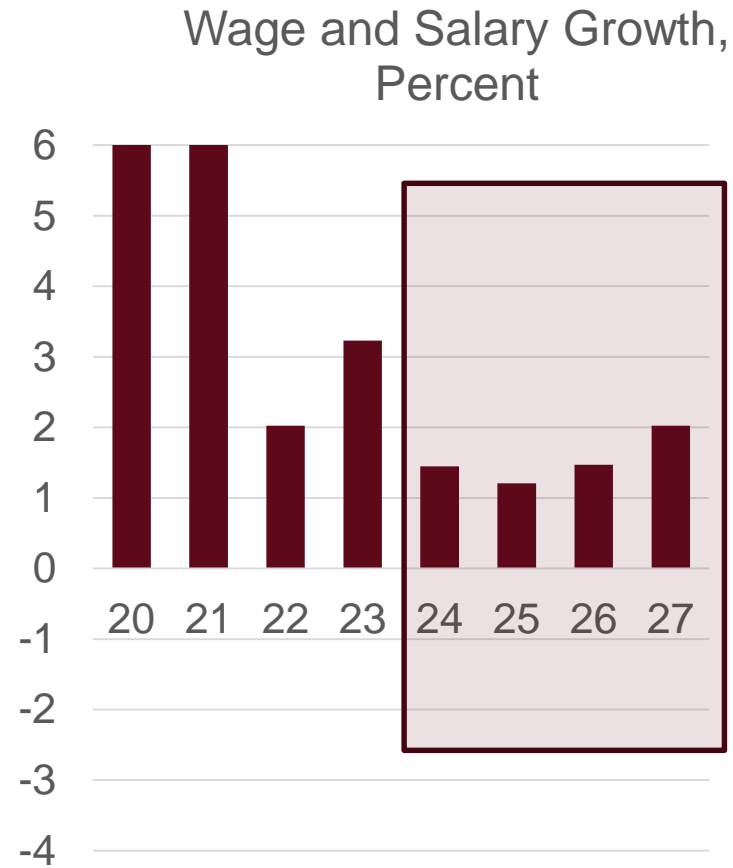
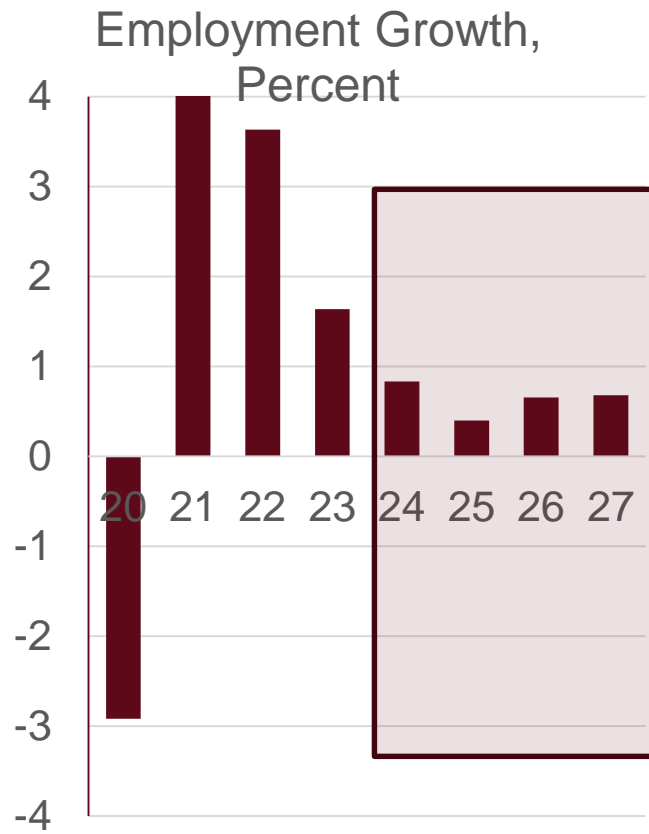


Growth in 2023 Air Passenger Volume Was Uneven



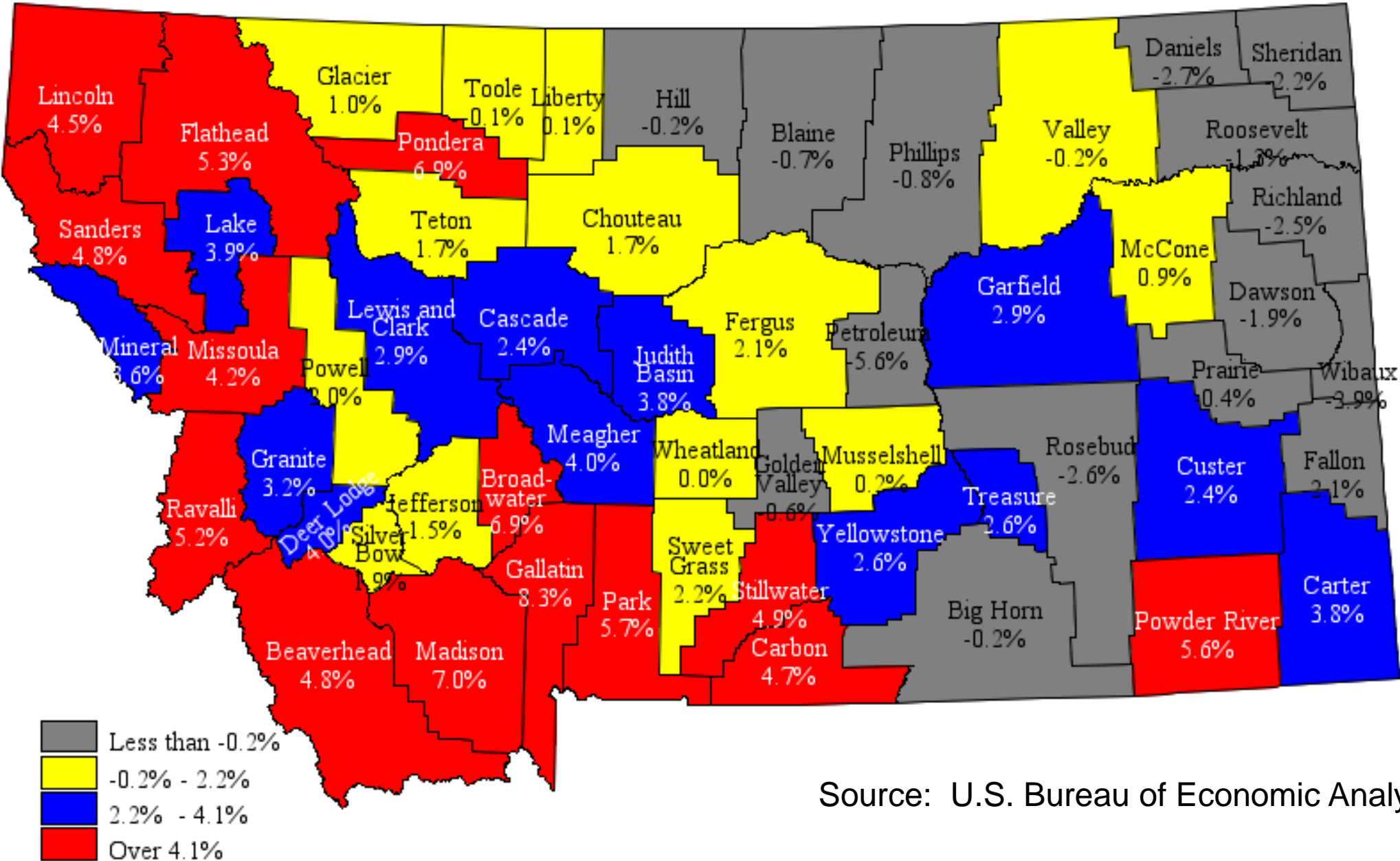
Montana's Economic Slowdown

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



Source: S&P Global

Average Annual Growth in Inflation-Corrected Nonfarm Earnings Since 2018, Percent



Source: U.S. Bureau of Economic Analysis

Key Industry Outlook: Energy

- U.S. Oil Output Surpasses pre-2020 peak, most new drilling is elsewhere
- Coal has another year of stability, still down 20 percent from pre-2020 production
- Changes at Montana's refineries
- EPA rulemaking clouds future for Montana facilities

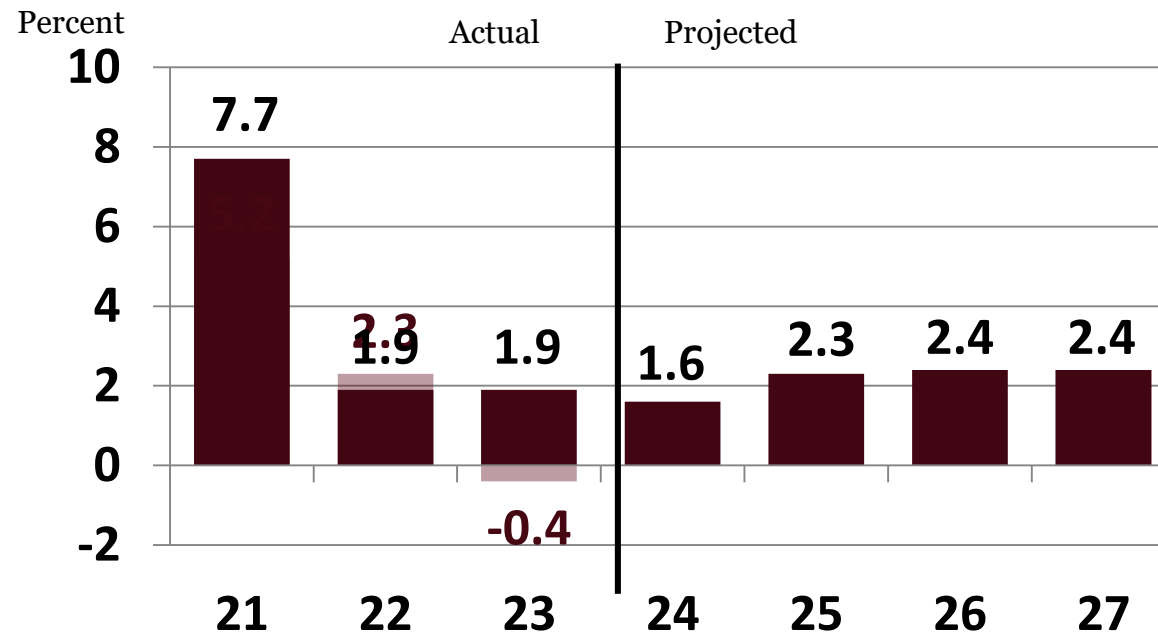


Key Industry Outlook: High Tech

- Impact of turbulence in high tech nationally is mixed for Montana companies
- Environment for funding for startups has worsened
- High housing costs have pushed hiring in some instances to other Montana cities
- Universities' position as growth centers strengthened by Headwaters Tech Hub designation



Growth in Nonfarm Earnings, Montana, 2021-2027



Source: BBER and U.S. Bureau of Economic Analysis

