Outlook 2011: Different City, Different Signals

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Bureau of Business and Economic Research
The University of Montana
Annual Percent Change in Nonfarm Labor Income (in Constant Dollars) 2001-2007

<table>
<thead>
<tr>
<th>Area</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montana</td>
<td>3.5</td>
</tr>
<tr>
<td>Cascade</td>
<td>2.7</td>
</tr>
<tr>
<td>Silver Bow</td>
<td>2.8</td>
</tr>
<tr>
<td>Missoula</td>
<td>3.1</td>
</tr>
<tr>
<td>Yellowstone</td>
<td>3.6</td>
</tr>
<tr>
<td>Lewis &amp; Clark</td>
<td>3.7</td>
</tr>
<tr>
<td>Flathead</td>
<td>4.7</td>
</tr>
<tr>
<td>Gallatin</td>
<td>6.3</td>
</tr>
</tbody>
</table>
Recession Impulses

Housing bust
  • Impacted construction and real estate

Worldwide financial crisis
  • Impacted consumer sentiment

Wood products layoffs and closures
  • Impacted western Montana
Annual Percent Change in Nonfarm Labor Income (in Constant Dollars) 2008 and 2009

Percent

2008  2009

-0.7  0.5
-2.0  2.0
2.6  2.1
2.7  -2.3
-5.5  -1.4
1.0  -1.0
-0.5  -0.5
-4.0

Montana  Cascade  Lewis & Clark  Flathead  Gallatin  Missoula  Silver Bow  Yellowstone
Percent Change in Construction Labor Income, 2008 and 2009
Percent Change in Retail Trade Labor Income, 2008 and 2009
Recession Declared, Dec. 2007

Nonfarm Employment (Seasonally Adjusted)
Yellowstone County’s Economic Base 2006-2008

- Other Basic Industries
- Nonresident Travel
- Transportation
- Mining
- MSU-B and State Gov’t
- Federal Government
- Health Care
- Manufacturing
- Trade Center

Feb. ‘10
2%
4%
7%
9%
6%
4%
13%
10%
27%

Aug. ‘10
Visitation↑ Spending↔
Decline Slower Recovery
Freefall Over Pay Freeze Normal Growth Reform?
Stable Stable

Maybe longer pay freeze
More investment Slight Growth
Actual and Projected Change in Nonfarm Labor Income, Yellowstone County, 2007-2013

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Projected</th>
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<tr>
<td>'07</td>
<td>5.1</td>
<td></td>
</tr>
<tr>
<td>'08</td>
<td>1.0</td>
<td>1.2</td>
</tr>
<tr>
<td>'09</td>
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</tbody>
</table>
Actual and Projected Change in Nonfarm Labor Income, Yellowstone County, 2007-2013

Actual | Projected
---|---
2007: 3.4% | 1.6%
2008: -0.5% | 1.2%
2009: -1.0% | 1.6%
2010: 1.6% | 1.3%
2011: 2.1% | 2.3%
2012: 2.1% | 2.3%
2013: 2.3% | 2.3%
Questions?