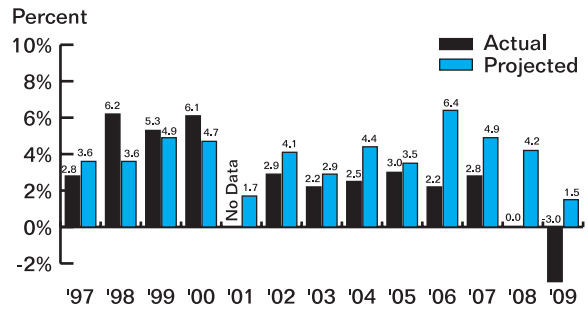


Missoula County

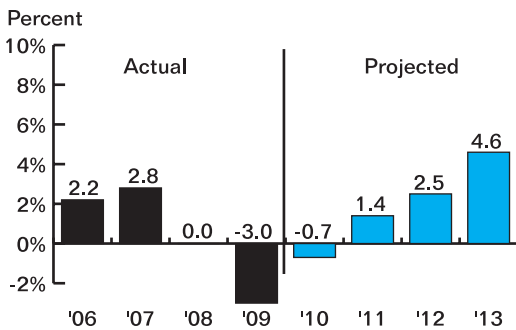
Missoula was the first community in Montana to feel the impact of the recession, and it is likely to last longer in Missoula than elsewhere. The recent announcement that Smurfit-Stone would close its mill on December 31, 2009, was just the latest shock to the Missoula economy. The first piece of bad news was the shutdown of the Stimson plywood plant in 2007. This was followed in 2008 by the further closing of the Stimson sawmill, combined with cutbacks in transportation and declines in retail trade and services. The projected -0.7 percent decline in 2010 may well be too optimistic. The three straight years of no growth or declines (2008 to 2010) is Missoula's worst economic performance since the early 1980s. The bad news was not solely due to the recession. As shown in Figure 3, the Missoula economy was lagging behind the rest of the state since mid-2004. It will be at least mid-2011 before Missoula's real nonfarm labor income (an overall measure of the economy) regains its 2007 peak.

Figure 1
Actual and Projected Percent Change in Nonfarm Labor Income, Missoula County, 1997-2009



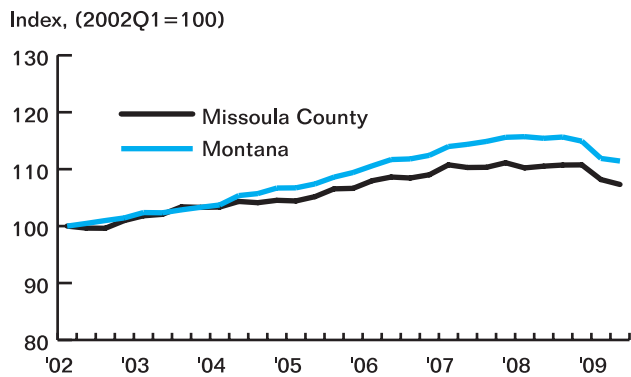
Sources: Bureau of Business and Economic Research, The University of Montana; Bureau of Economic Analysis, U.S. Department of Commerce.

Figure 2
Actual and Projected Percent Change in Nonfarm Labor Income, Missoula County, 2006-2013



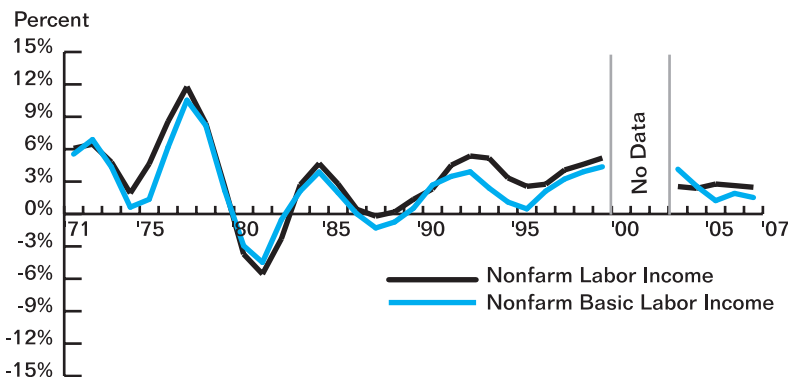
Sources: Bureau of Business and Economic Research, The University of Montana; Bureau of Economic Analysis, U.S. Department of Commerce.

Figure 3
Nonfarm Wage and Salary Employment, Montana & Missoula County, 2002 Q1 to 2009 Q2



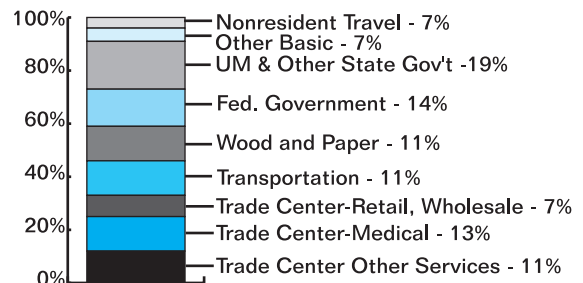
Note: Data seasonally adjusted by BBER.
Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

Figure 4
Nonfarm Labor Income and Nonfarm Basic Labor Income, Missoula County, Percent Change, 1971-2007 (In Constant Dollars)



Note: 1971-1999 are three-year averages. 2002-2007 are two-year averages.
Source: Bureau of Economic Analysis, U.S. Department of Commerce.

Figure 5
Labor Income in Basic Industries, Missoula County, 2007-2009 (Percent of Total)



Sources: Bureau of Business and Economic Research, The University of Montana; Bureau of Economic Analysis, U.S. Department of Commerce.