

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

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Montana Economic Outlook

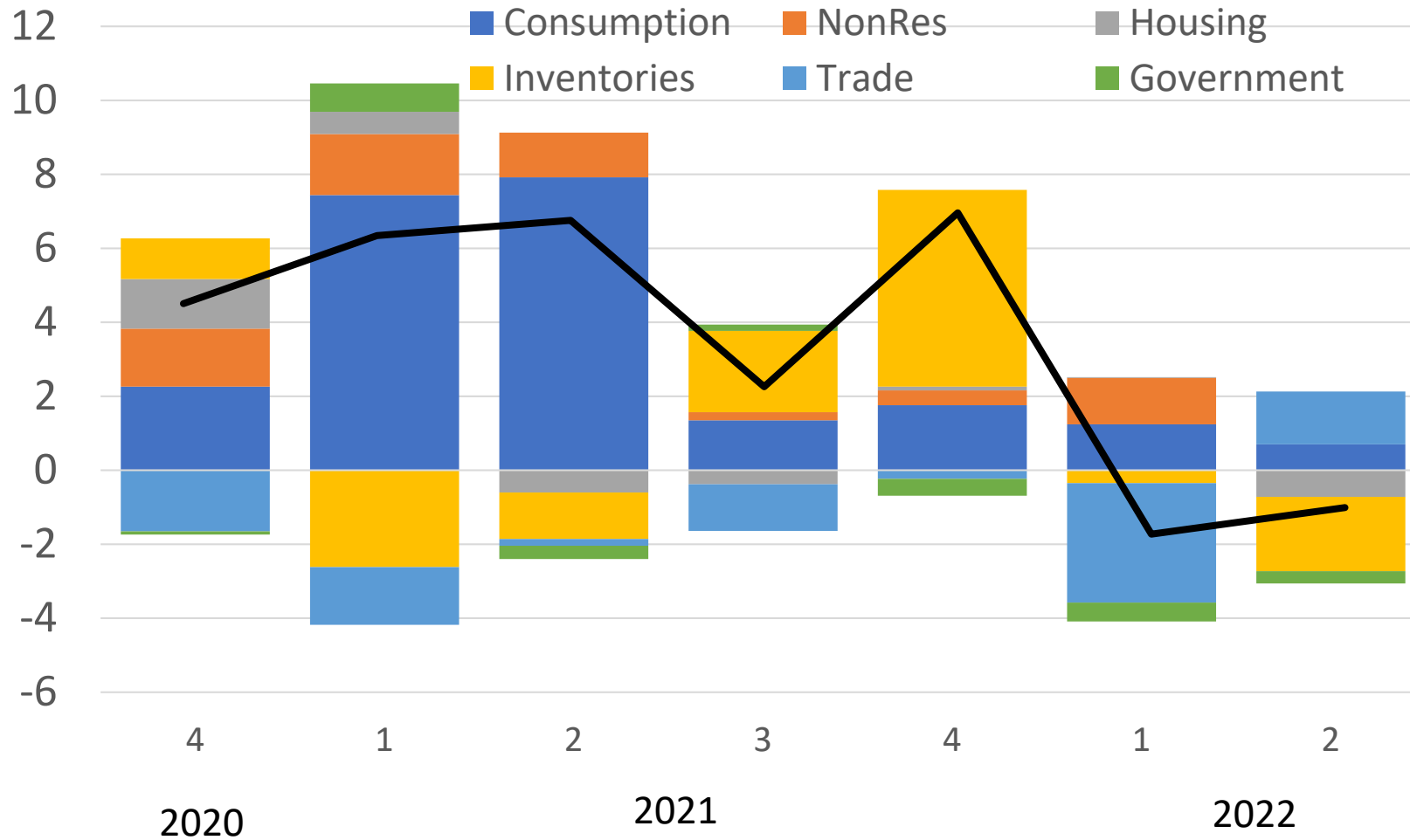
# The Ice is Getting Thinner For Maintaining US Growth

- Challenges are stacking up for the U.S. economy
- Current growth stall is not a recession, but it could turn into one
- The Federal Reserve will need to act boldly to head off an entrenched inflationary surge, can it really do it?
- The view out the rear view mirror looks great, its what is ahead that is troubling



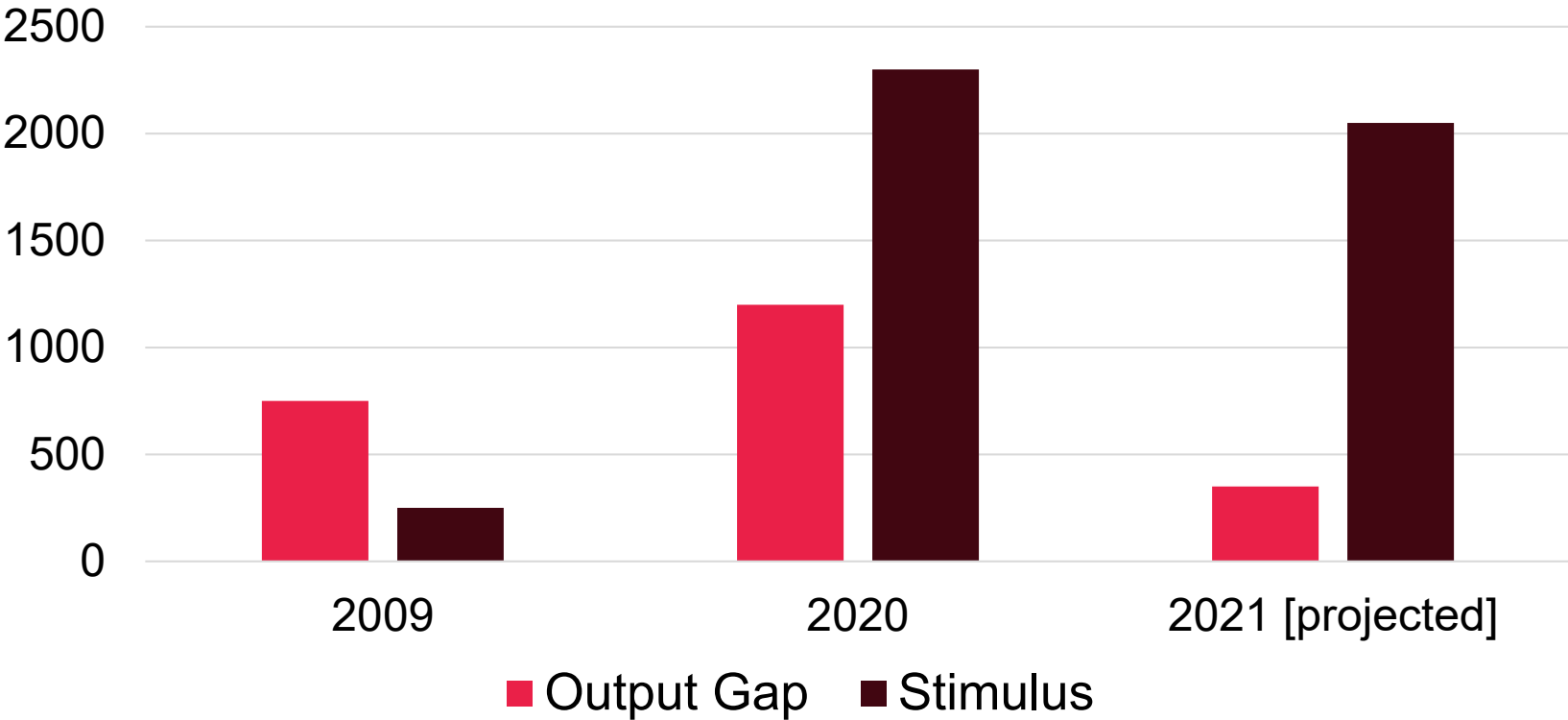
# Consumer Spending is the Only Constant in U.S. Growth

Contribution to Growth in Real Gross Domestic Product, Percent



# Realized Output Gap vs. Fiscal Stimulus

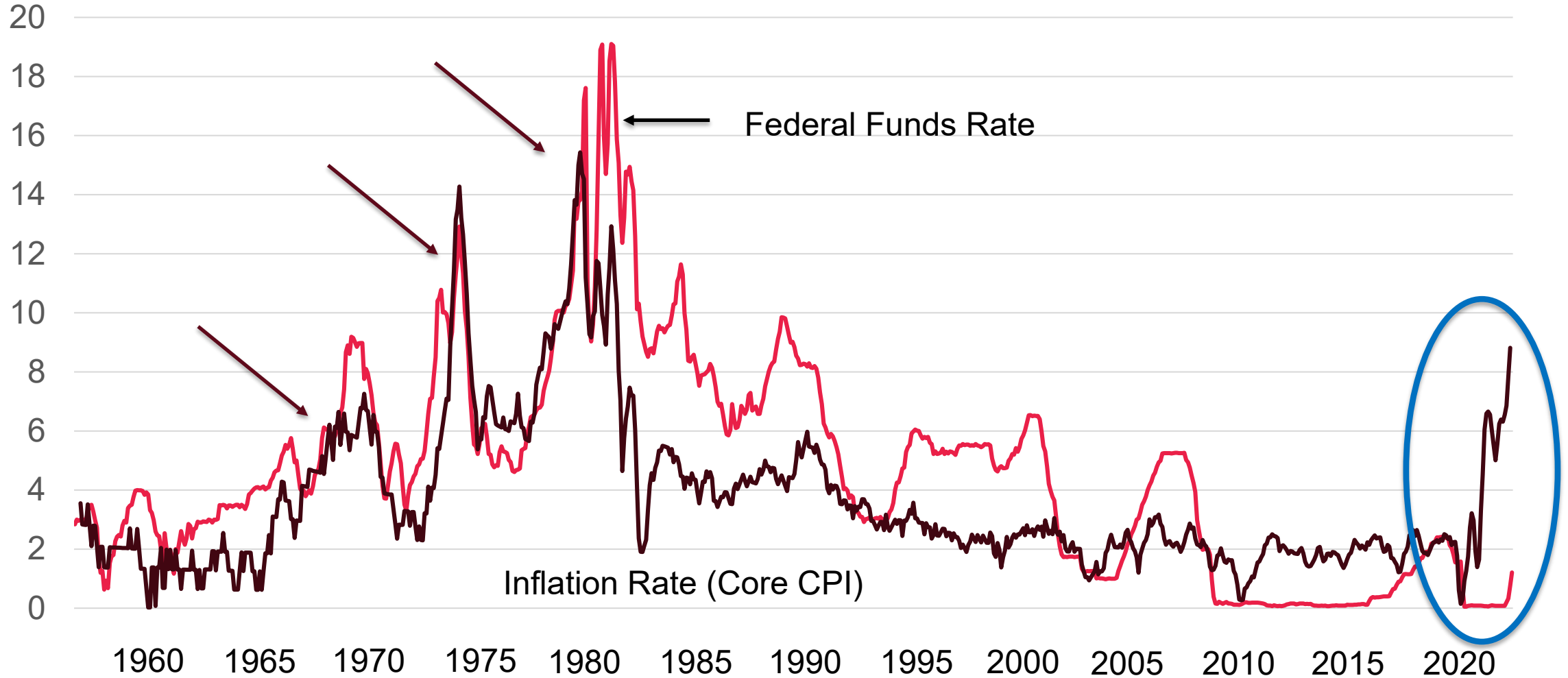
Billions of Inflation-Corrected Dollars



Source: CBO “Estimated Impact of the American Recovery and Reinvestment Act on Employment and Economic Output in 2014” and “An Update to the Budget Outlook, 2020 to 2030.”



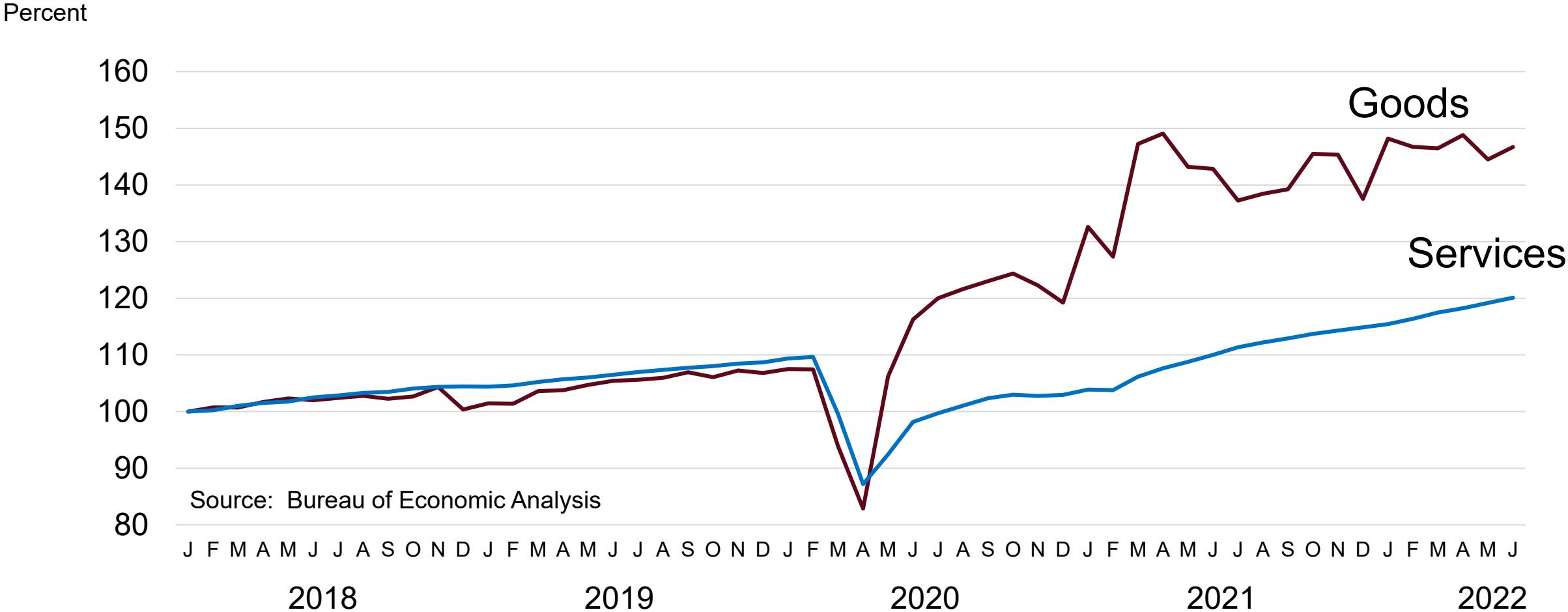
# The Federal Reserve's Policy Error in a Picture





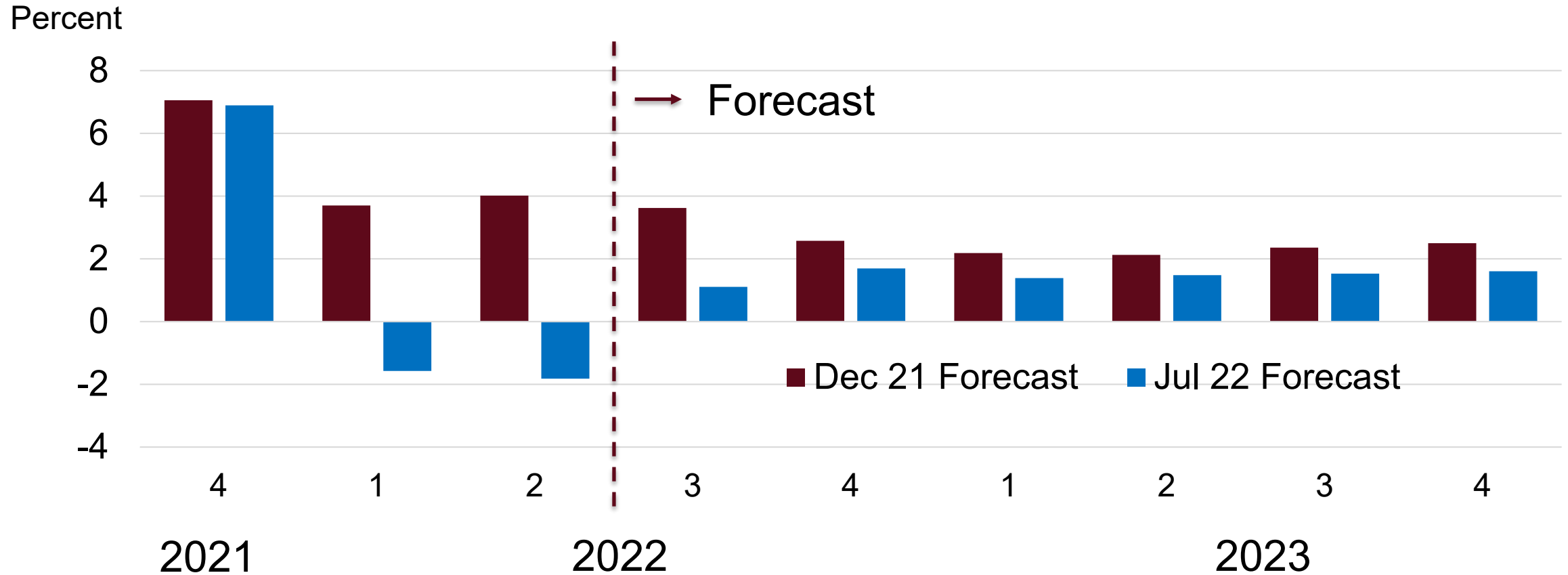
# Consumer Spending Heavily Tilted Towards Goods

Personal Consumption Expenditures by Category, Index, 2018Q1=100



# Slower U.S. Growth Shows Up Sooner Than Predicted

Percent Growth, Real Gross Domestic Product, 2021Q4 – 2023Q4

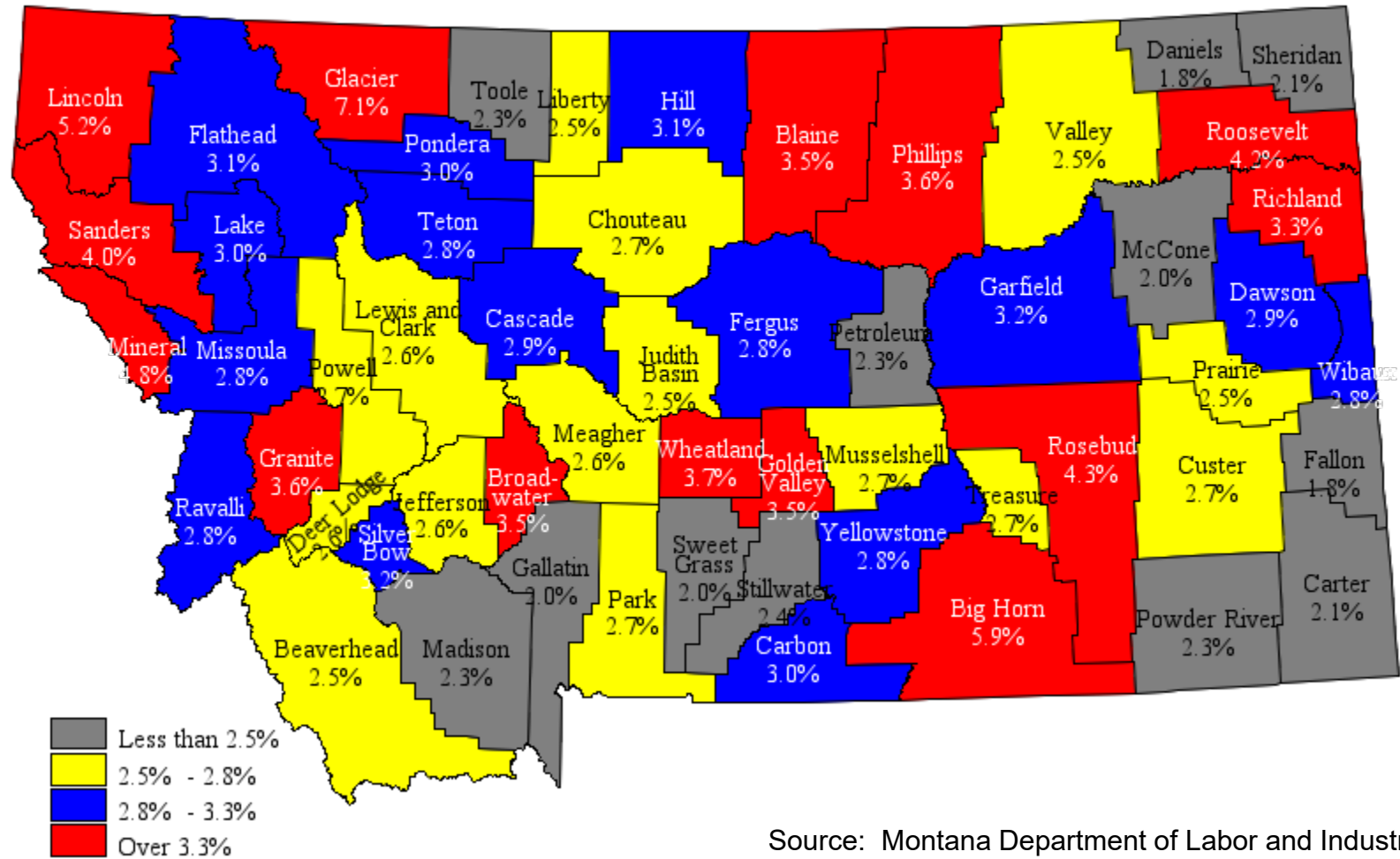


Source: S&P Global





# Unemployment Rates, June 2022

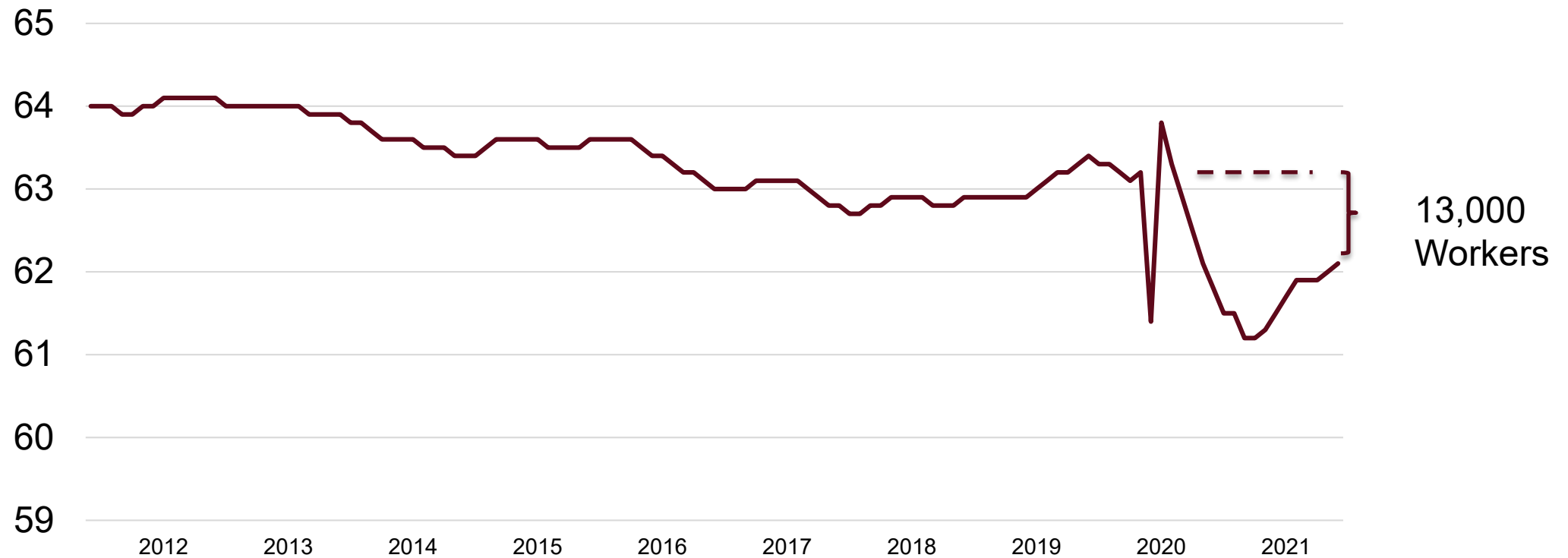


Source: Montana Department of Labor and Industry



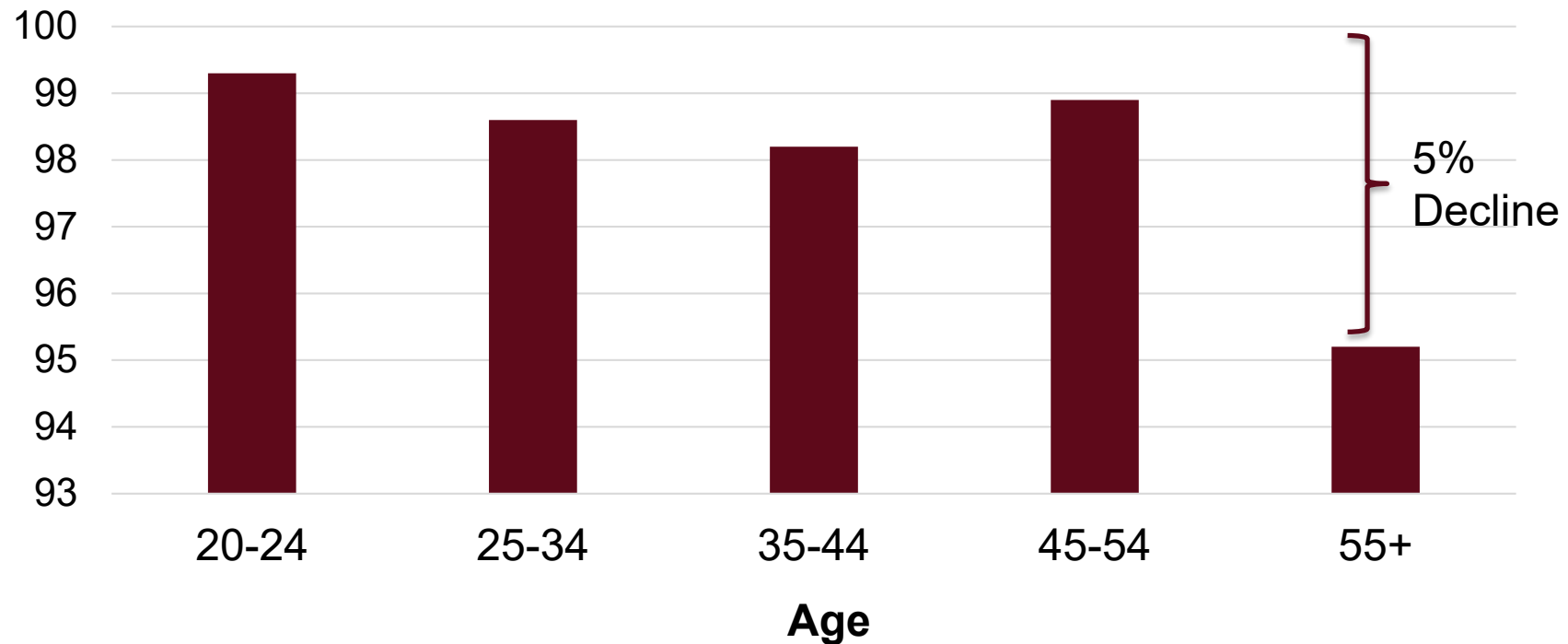
# Unemployment Rates Do Not Include Labor Force Dropouts

## Labor Force Participation Rate, Montana, Percent



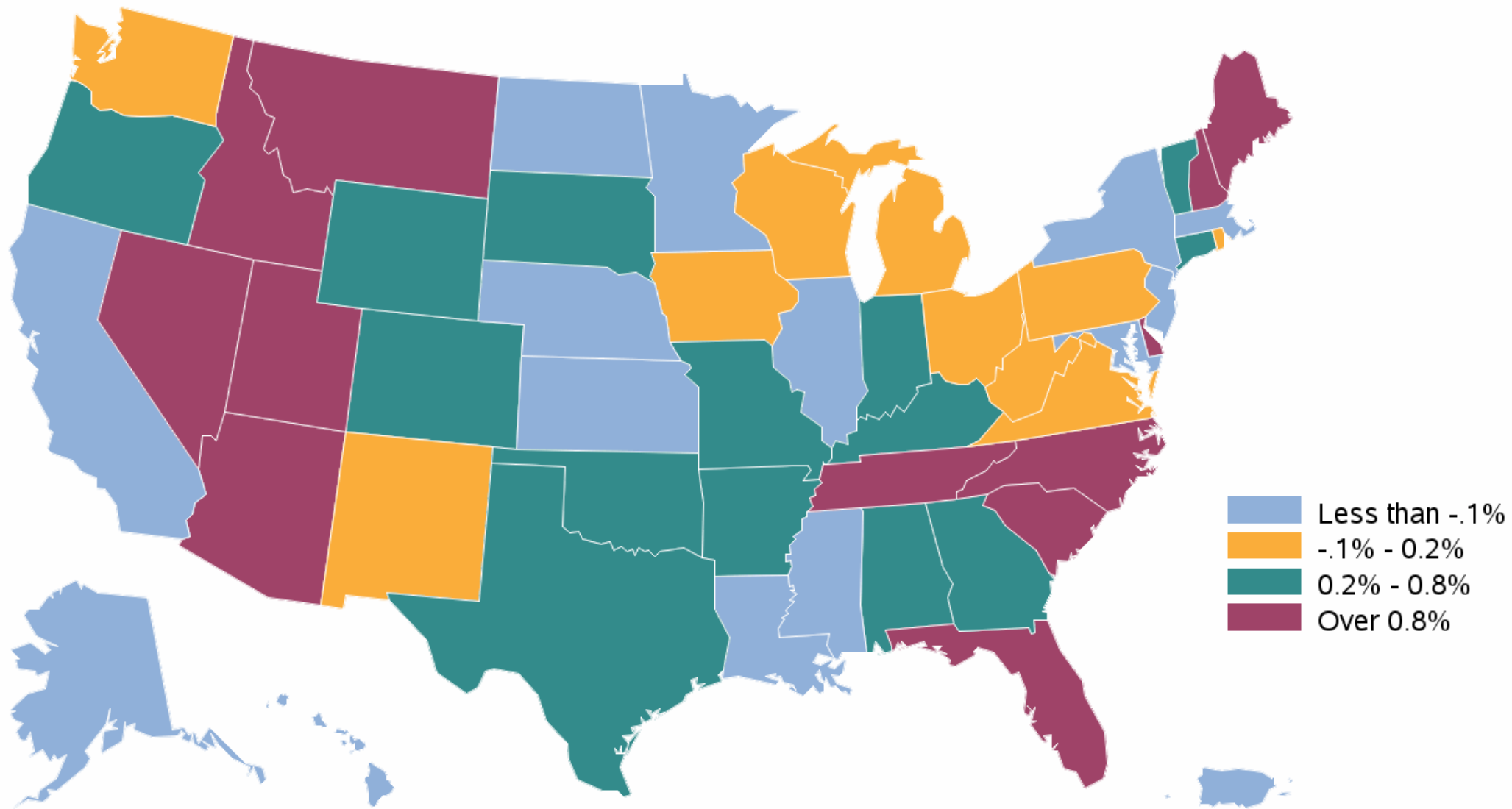
# Labor Market Dropouts More Prevalent Among Older Workers

November 2021 Labor Force Participation Rate As Percent of Pre-Pandemic Rate, By Age, U.S.



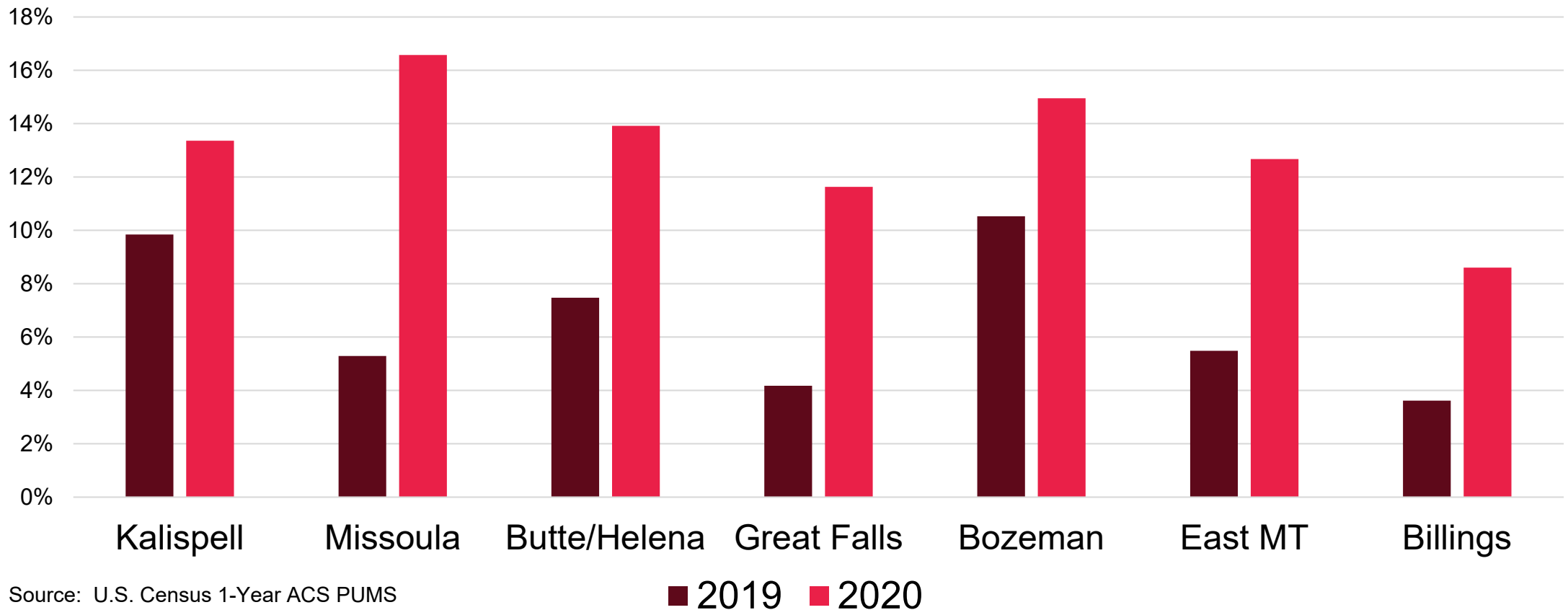
# Mountain West States Attract Migrants From Other States

Net Domestic Migration as a Percent of 2020 Population, 2021

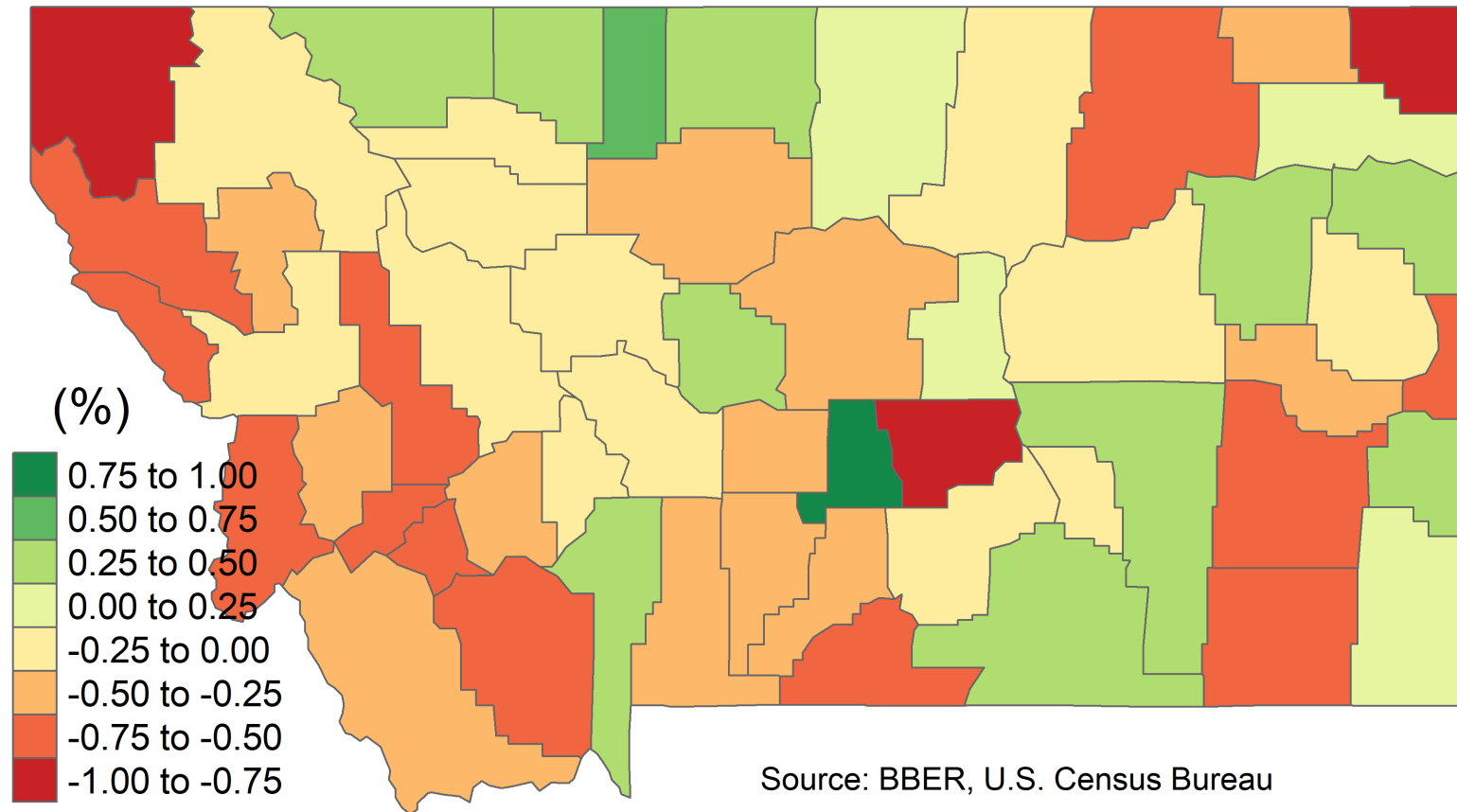


# 2020 Was A Year to Work From Home

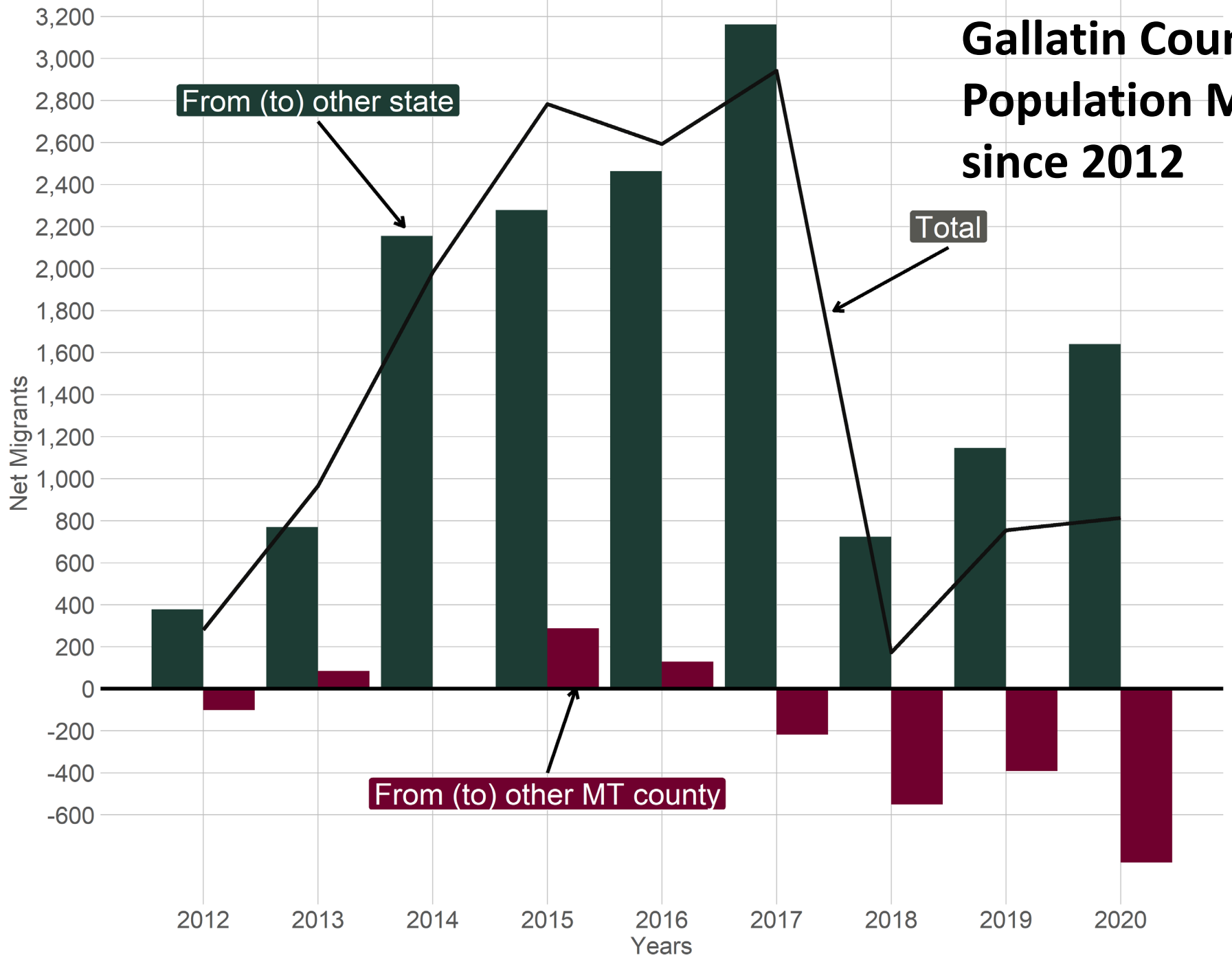
Percent of Workforce Working from Home, 2019-2020



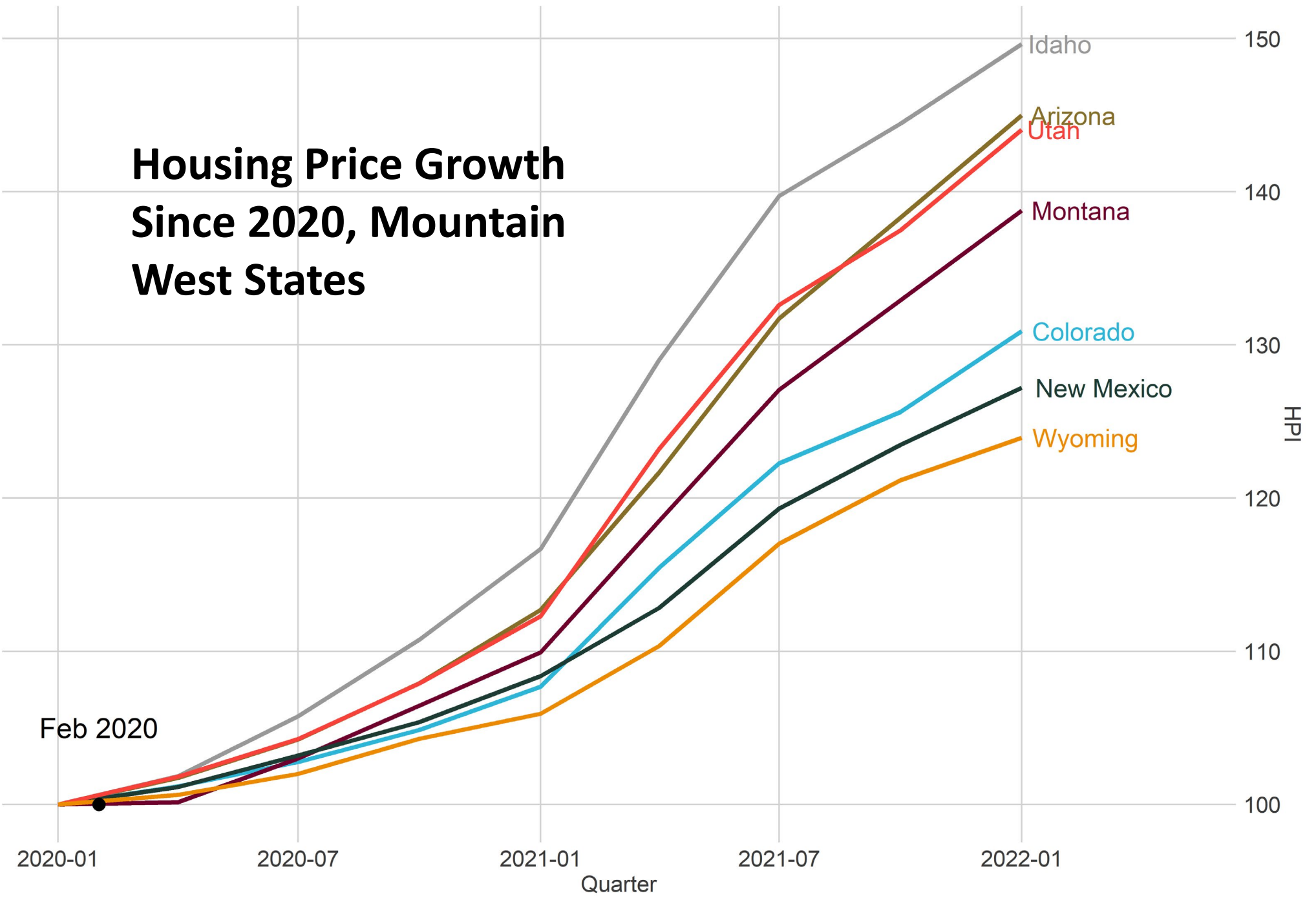
## Natural Change in 2021 as a percentage of 2020 population



# Gallatin County Net Population Migration since 2012



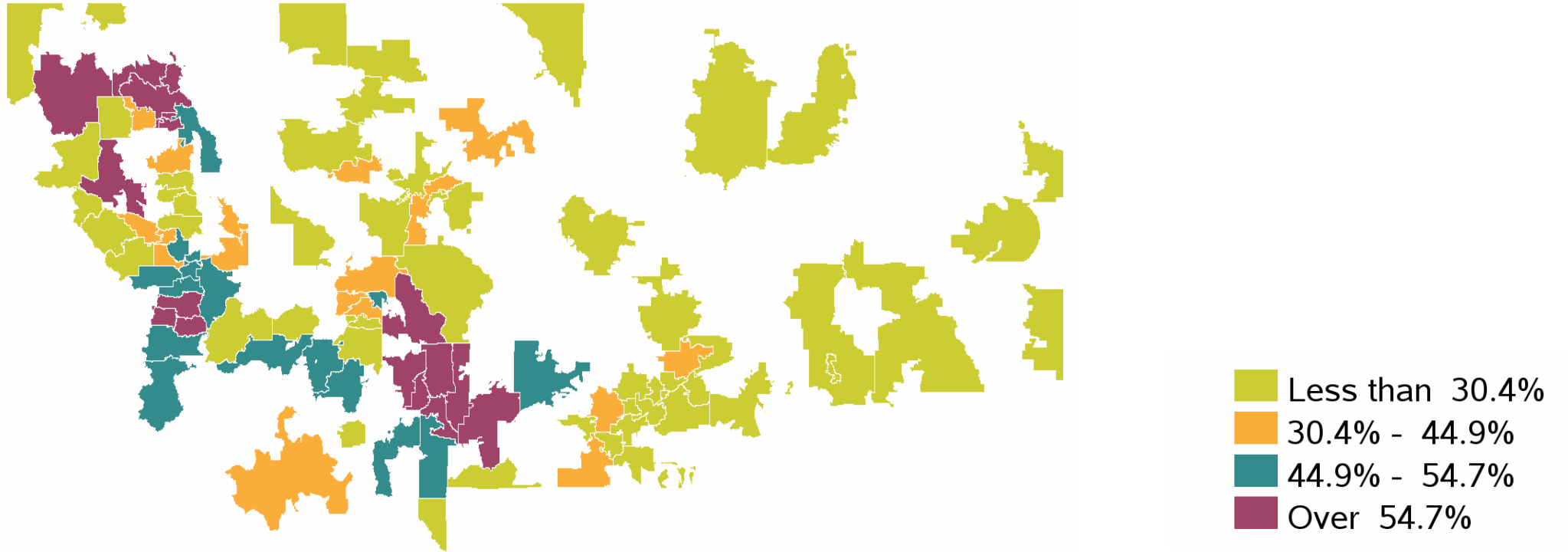
# Housing Price Growth Since 2020, Mountain West States





# Housing Price Growth Strongest in the West

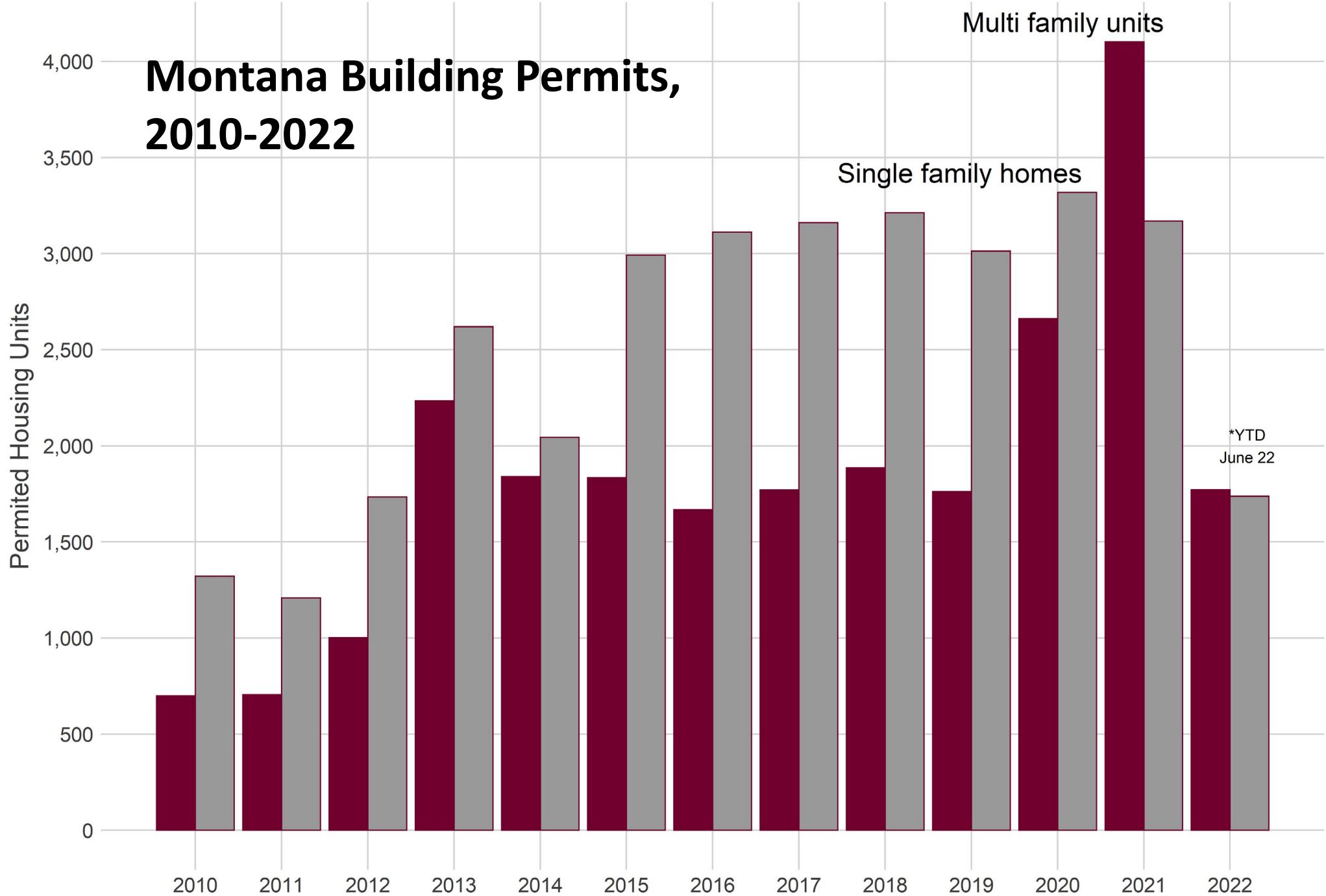
Housing Price Index by Zip Code, Percent Growth, 2016-21



Source: Federal Housing Finance Agency

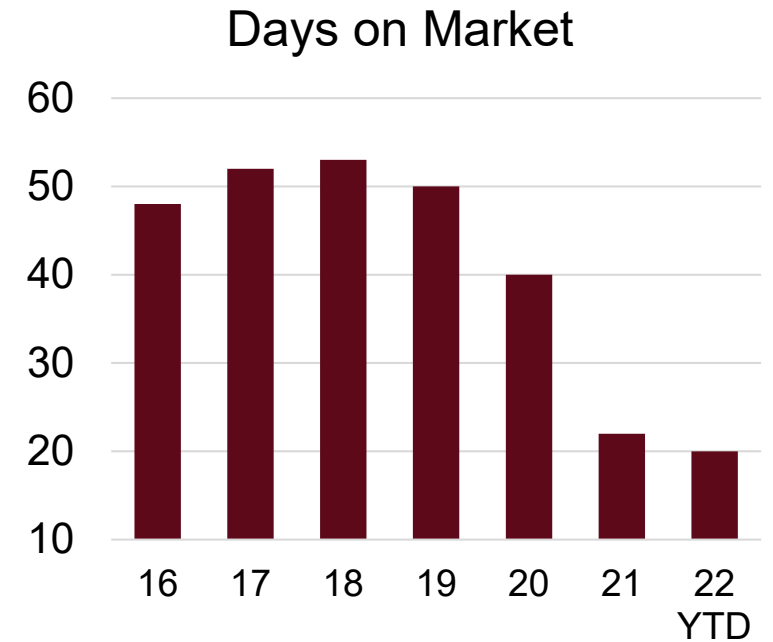
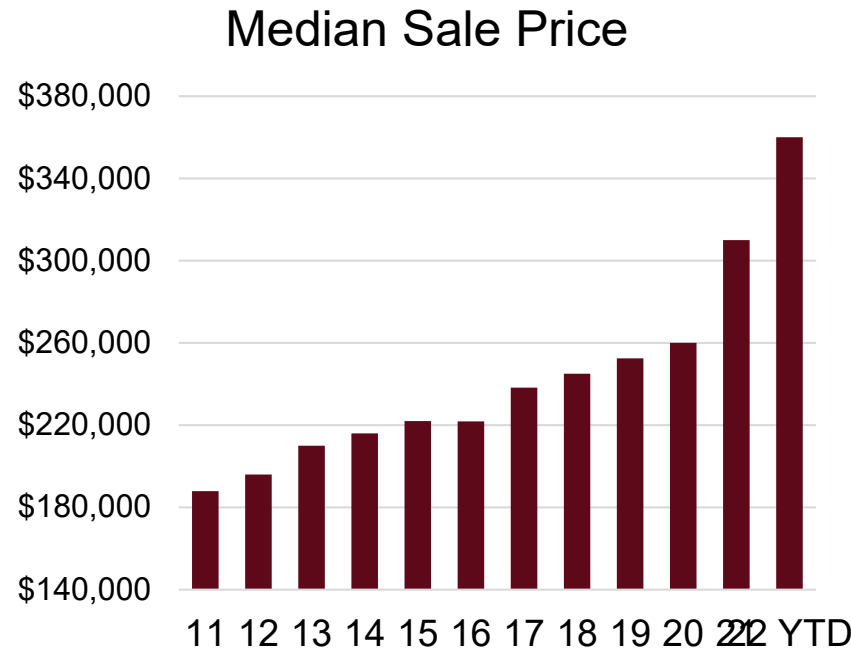
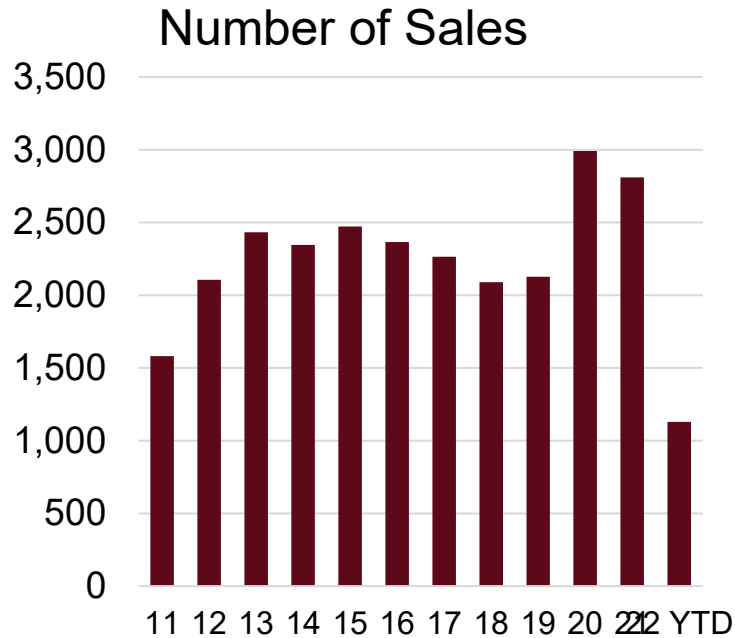


# Montana Building Permits, 2010-2022



# Home Prices Continue Surging in 2022

Yellowstone County Market Statistics

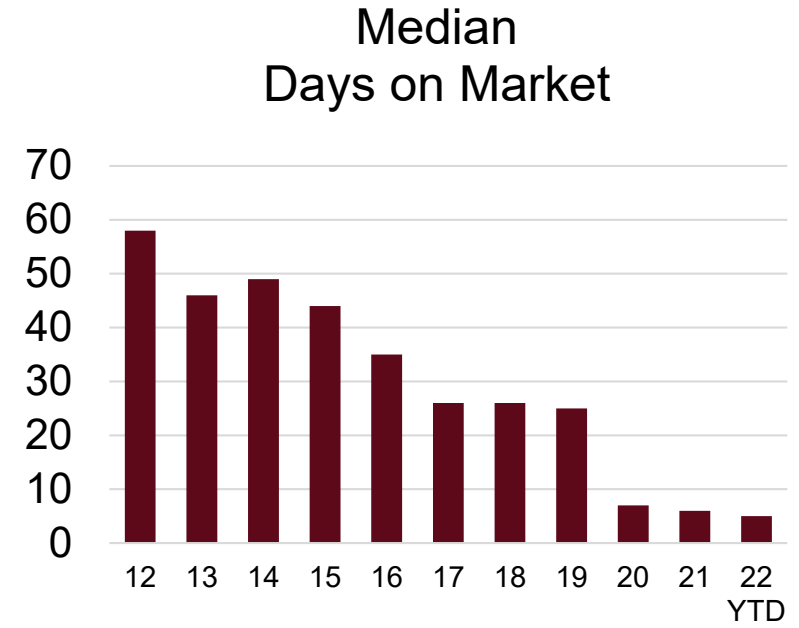
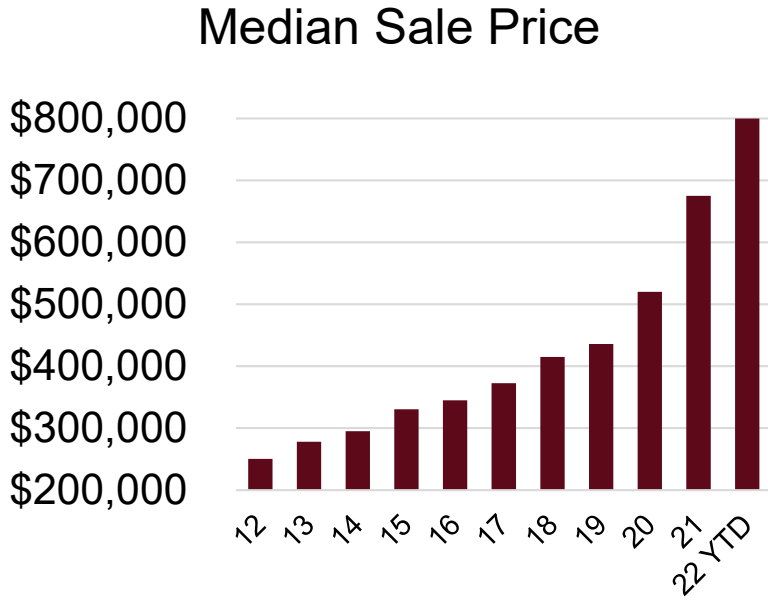
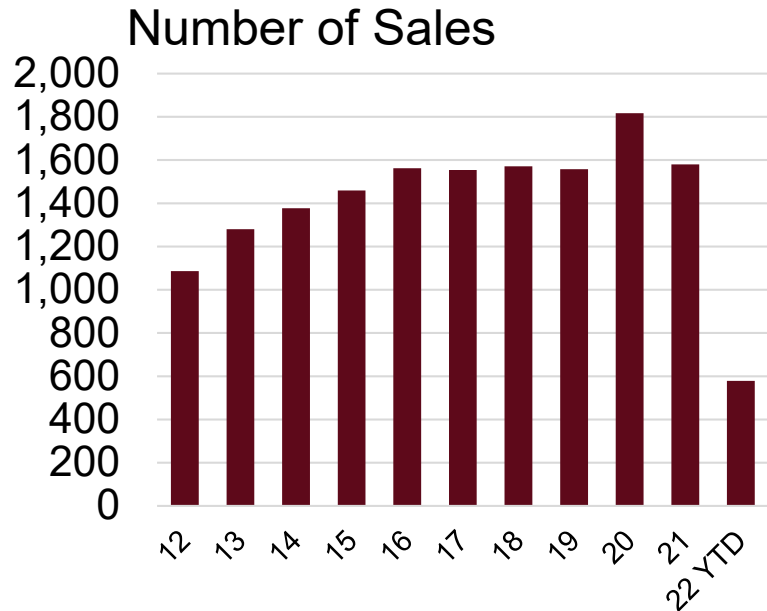


Source: Billings Association of Realtors



# Home Prices Continue Surging in 2022

Gallatin County Market Statistics for Single Family Homes



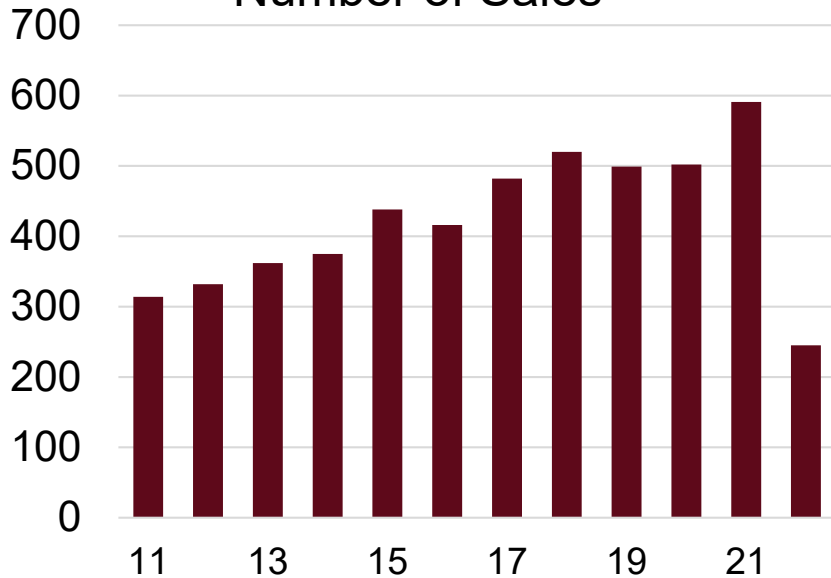
Source: Big Sky Country Multiple Listing Service.



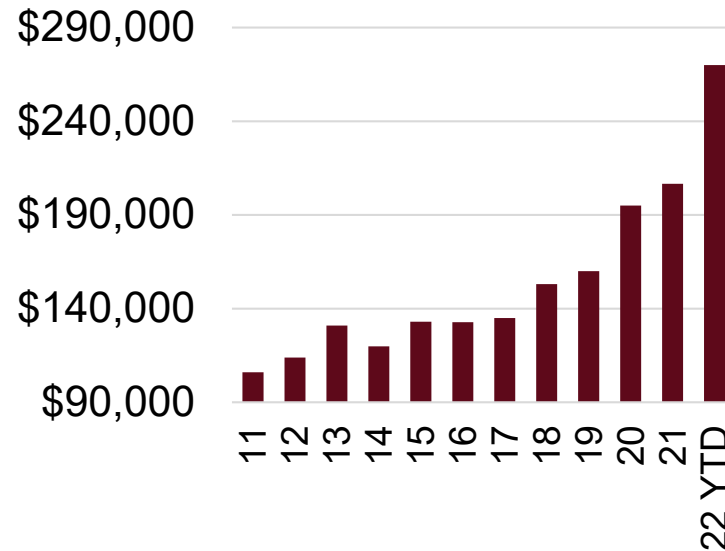
# Prices Surge in 2022

## Silver Bow County Market Statistics

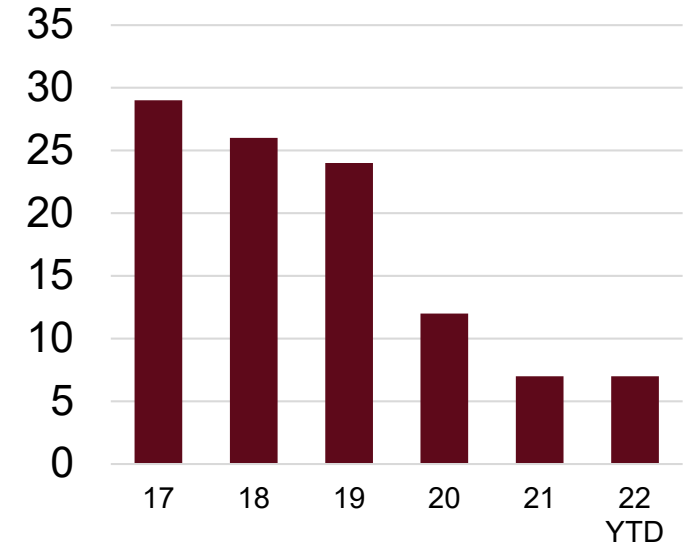
### Number of Sales



### Median Sale Price



### Median Days on Market

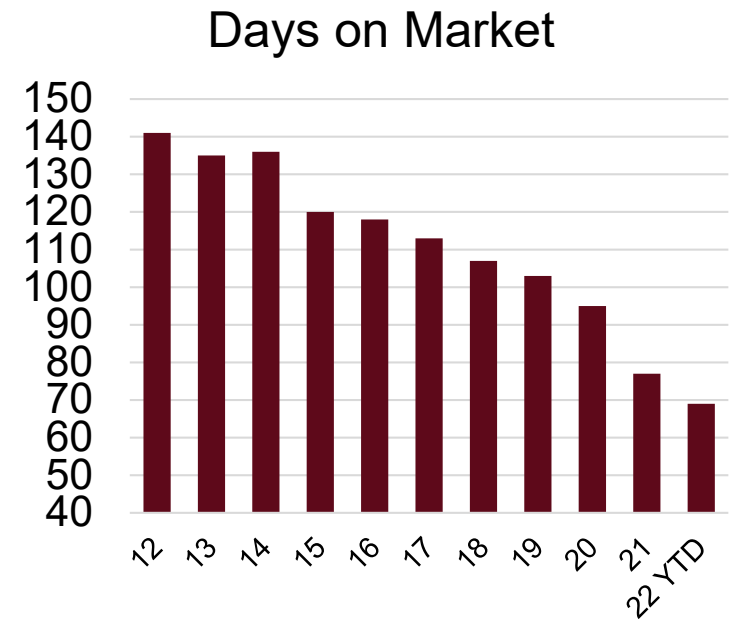
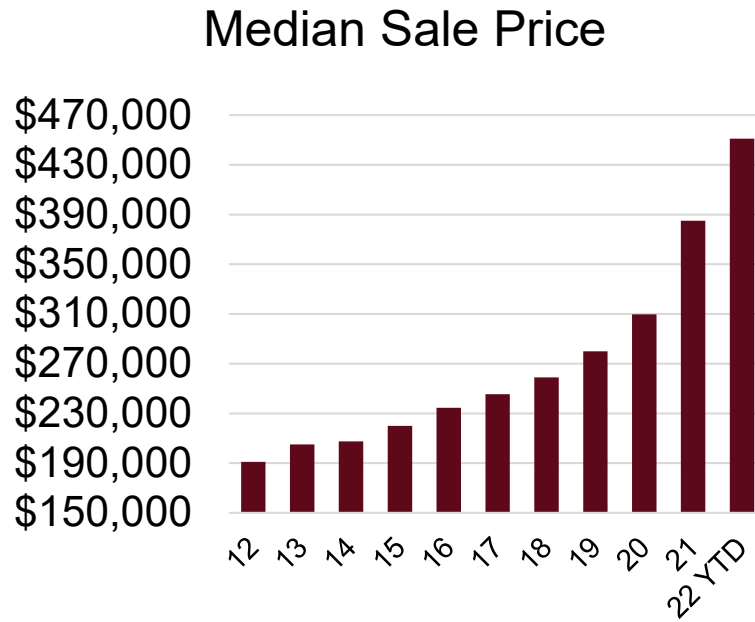
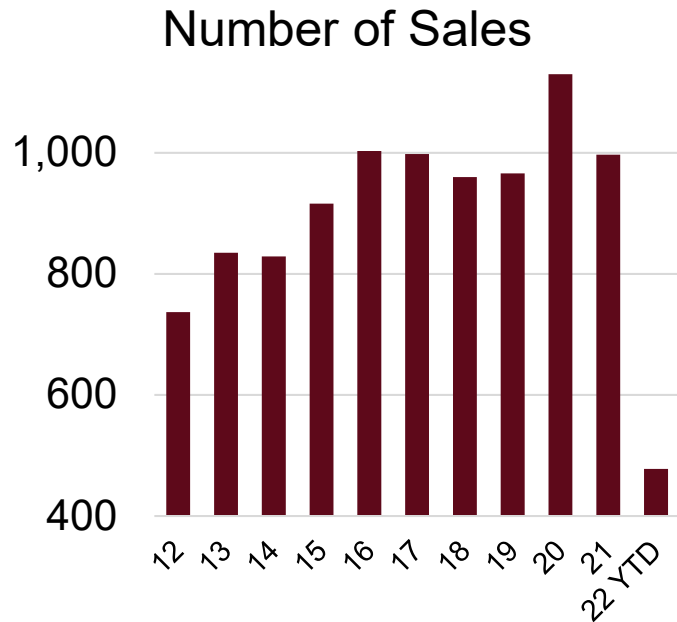


Source: Big Sky Country Multiple Listing Service



# Home Prices Continued Surging in 2022

Lewis & Clark County Market Statistics for Single Family Homes

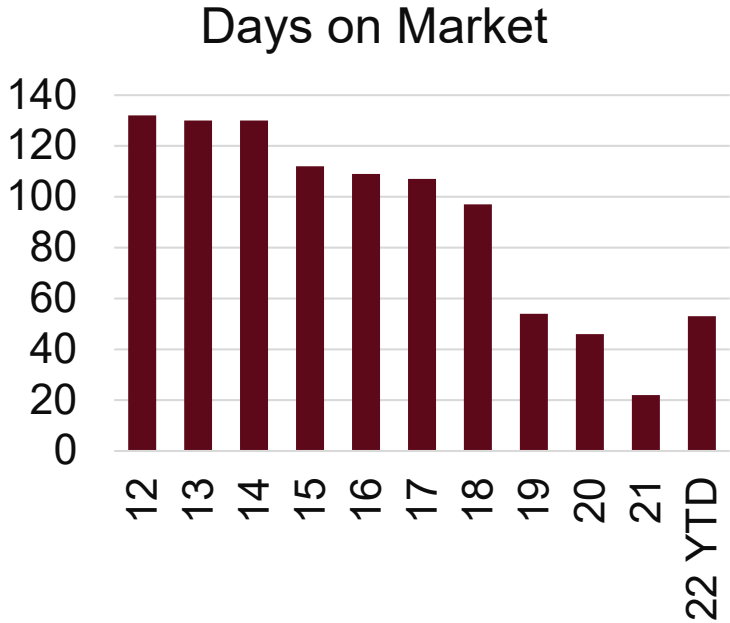
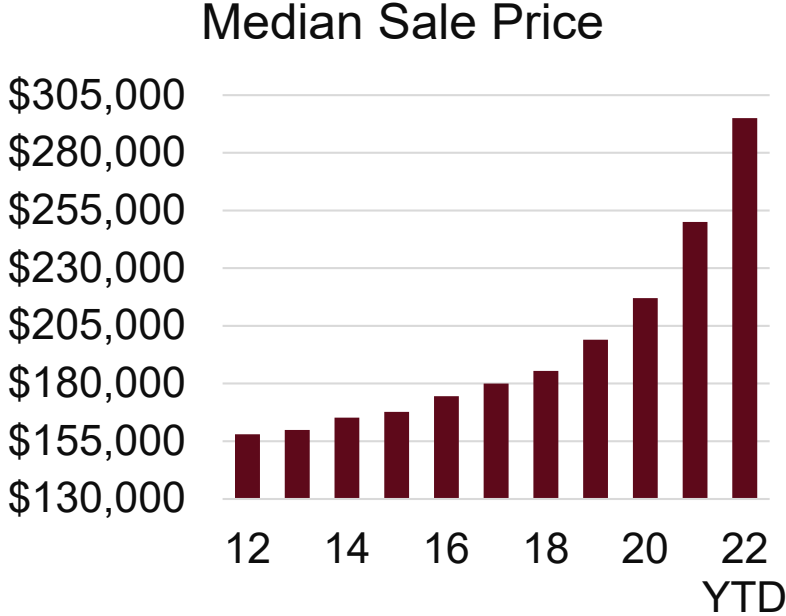
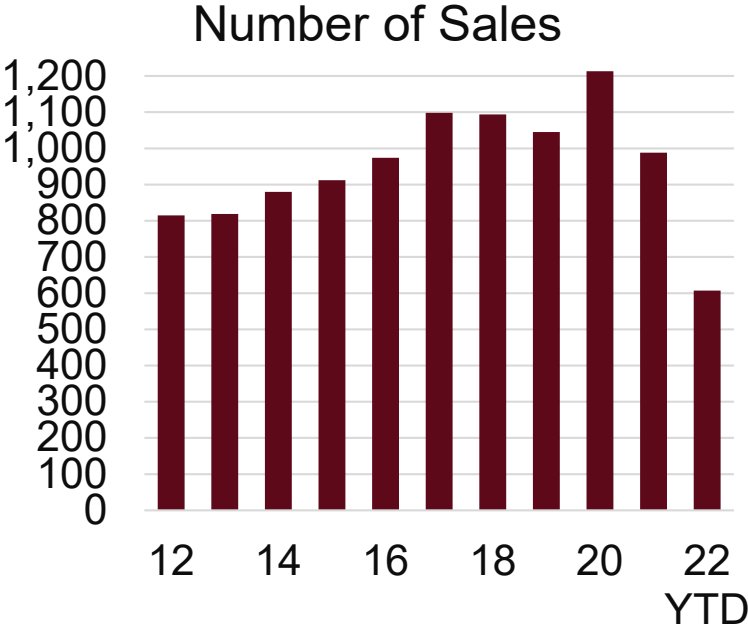


Source: Montana Regional MLS.



# Real Estate Markets Are Hot

## Cascade County Market Statistics for Single Family Homes



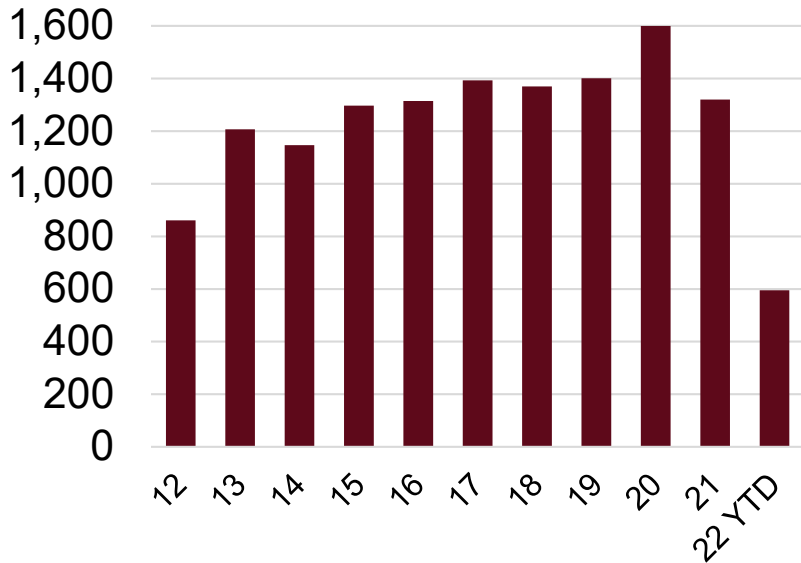
Source: Great Falls Association of Realtors.



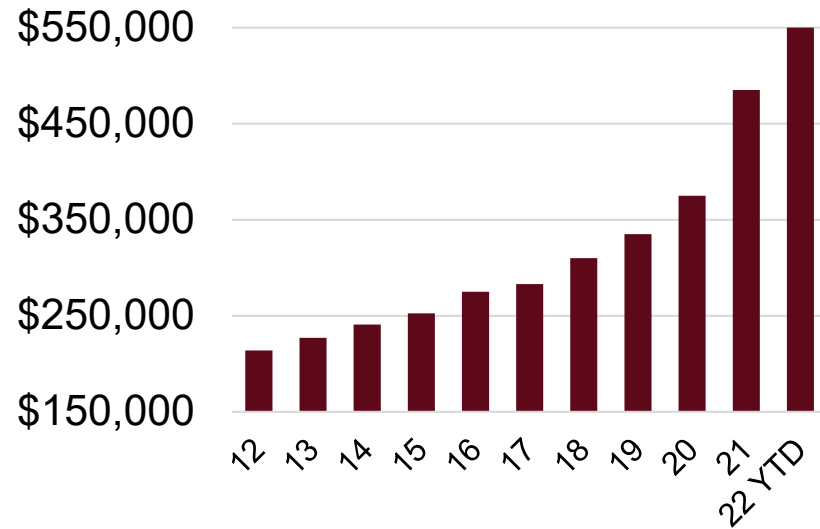
# Home Prices Surged in 2021

Missoula County Market Statistics for Single Family Homes

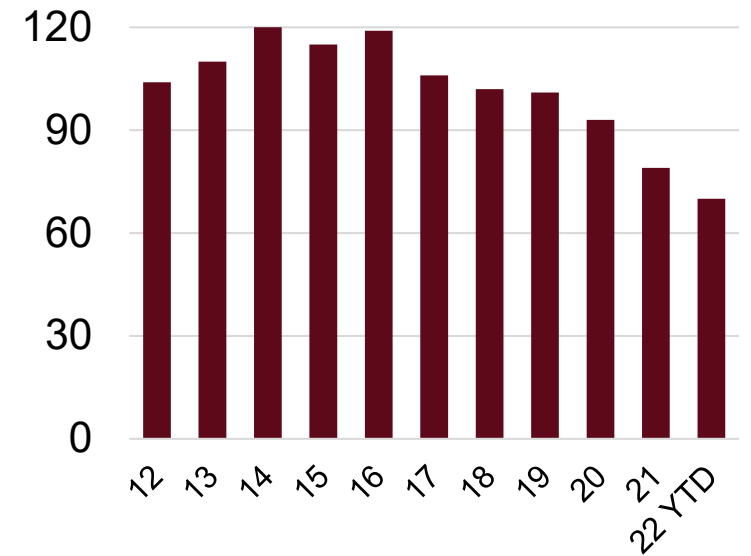
### Number of Sales



### Median Sale Price



### Days on Market



Source: Montana Regional MLS.

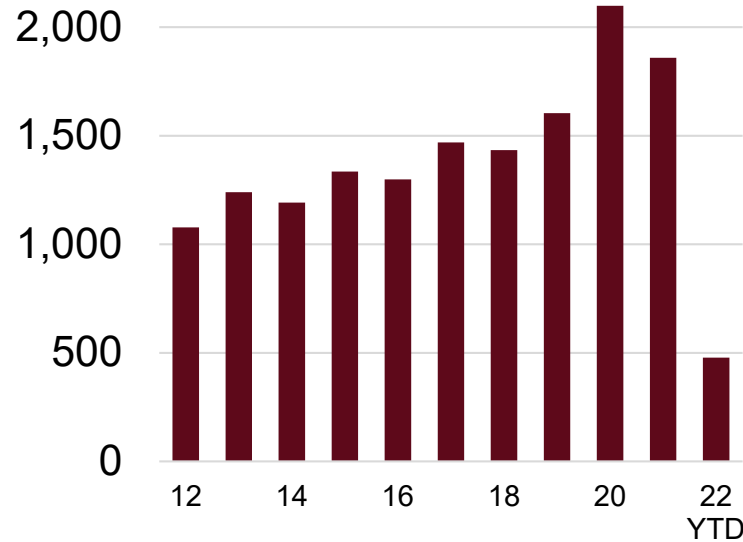




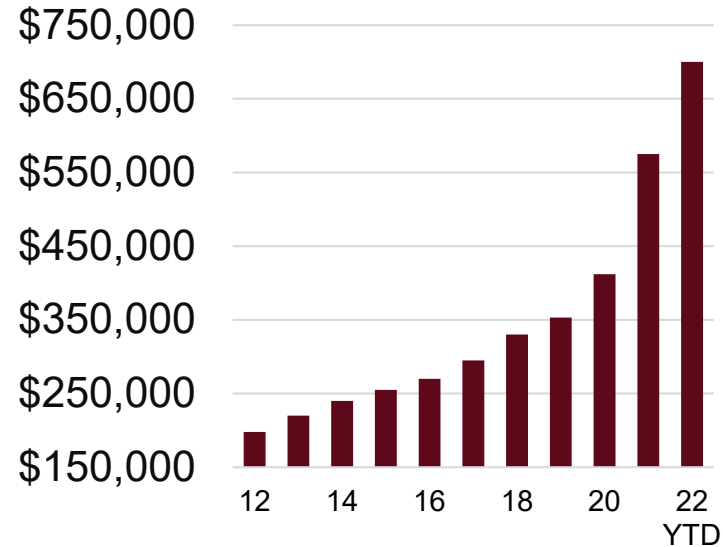
# Housing Prices Continue to Rise in 2022

## Flathead County Market Statistics for Single Family Homes

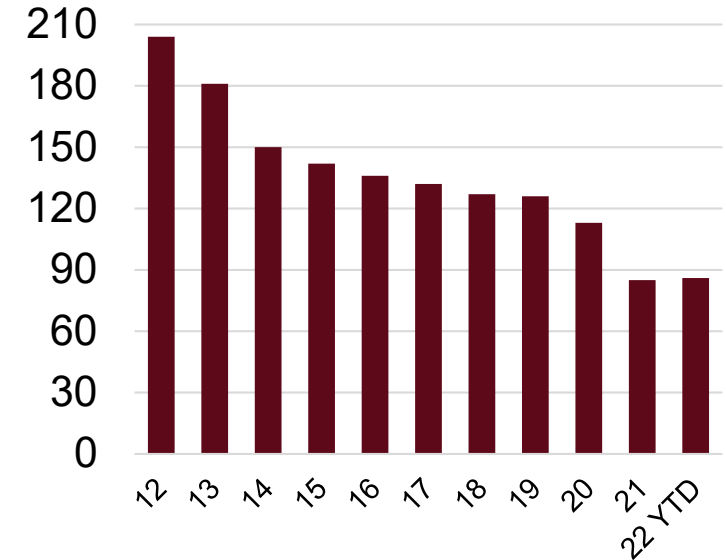
Number of Sales



Median Sale Price



Days on Market



Source: Montana Regional MLS.



# The Montana Economy Had a Great Year

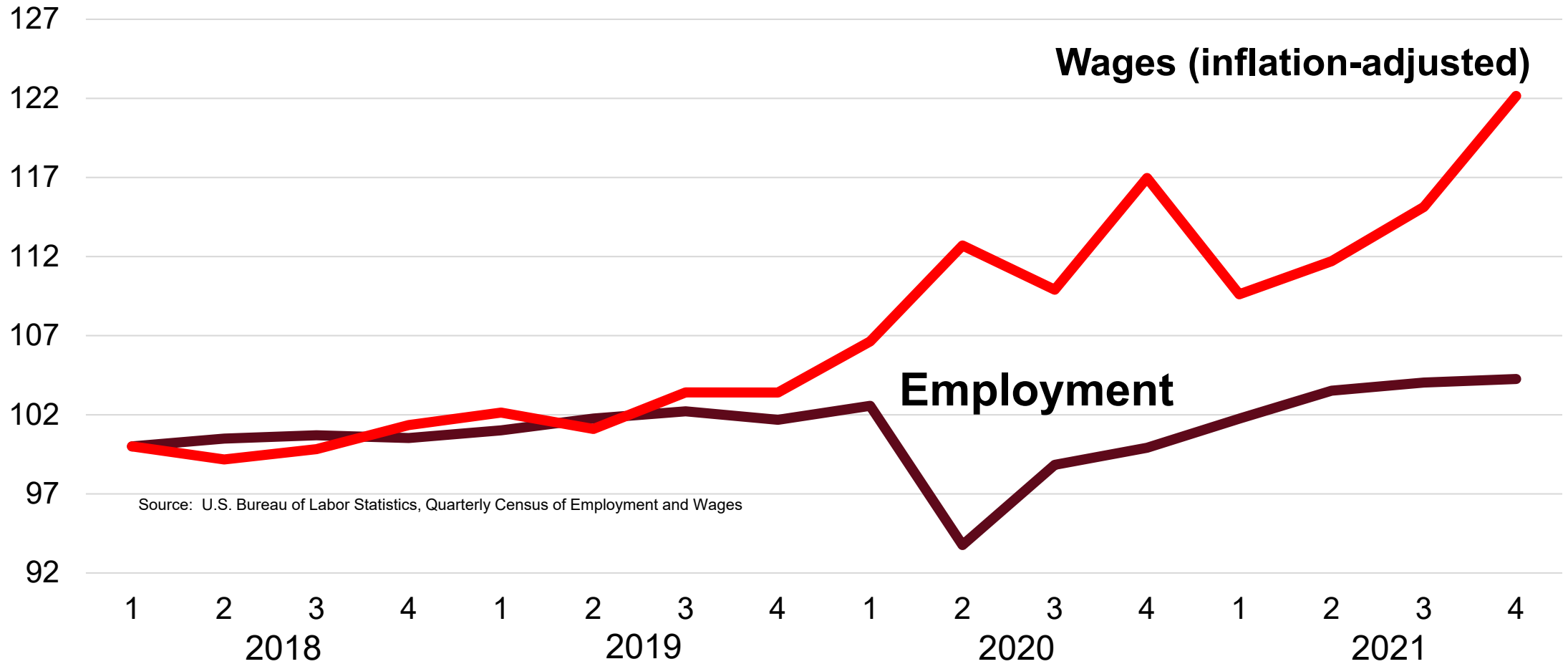
- Strong gains in income, re-opening of services economy produced significant gains
- A big year for visitor spending
- Population in-migration is being felt
- Commodity price surges helped some industries more than others
- Energy and agriculture will not want to repeat 2021



# Wages and Employment, Montana, 2018Q1 – 2021Q4

Seasonally Adjusted Index, 2018Q1 = 100

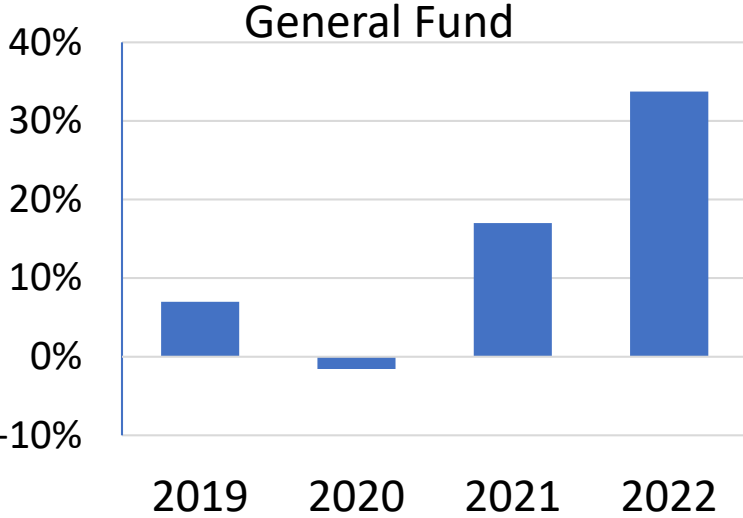
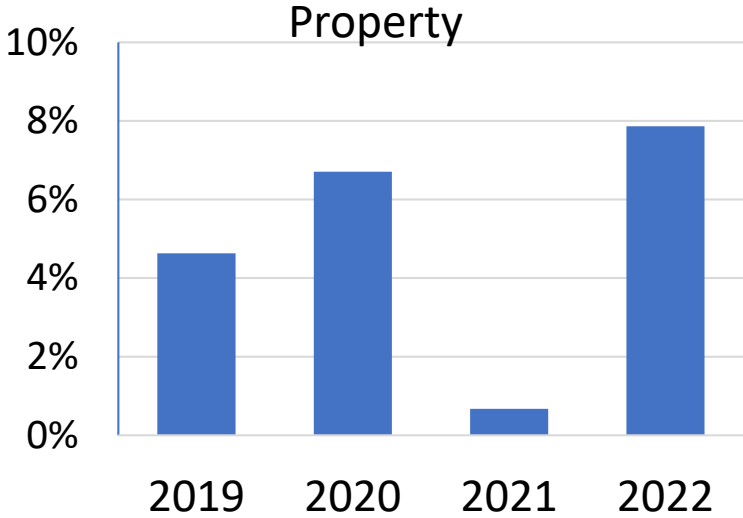
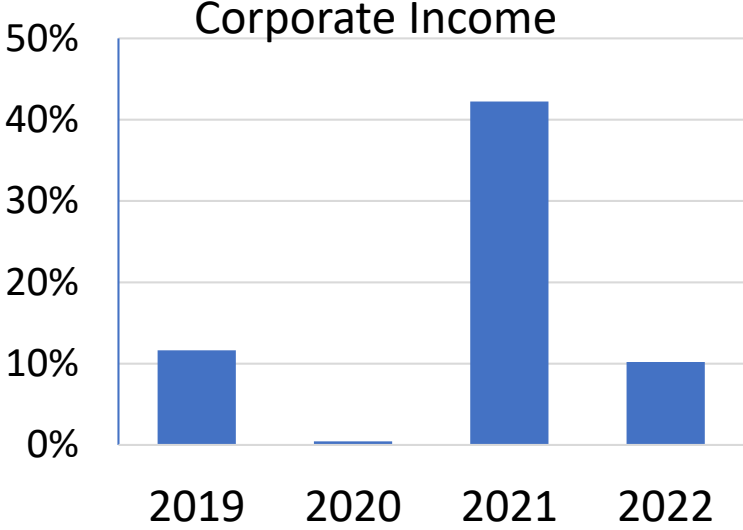
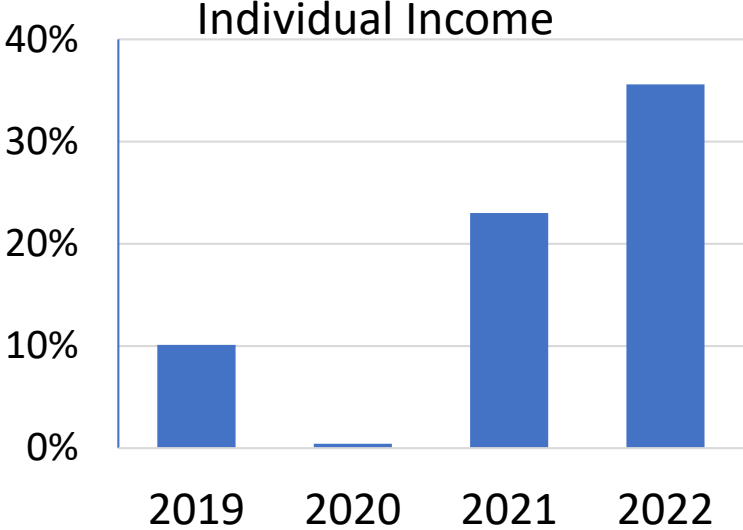
Percent



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

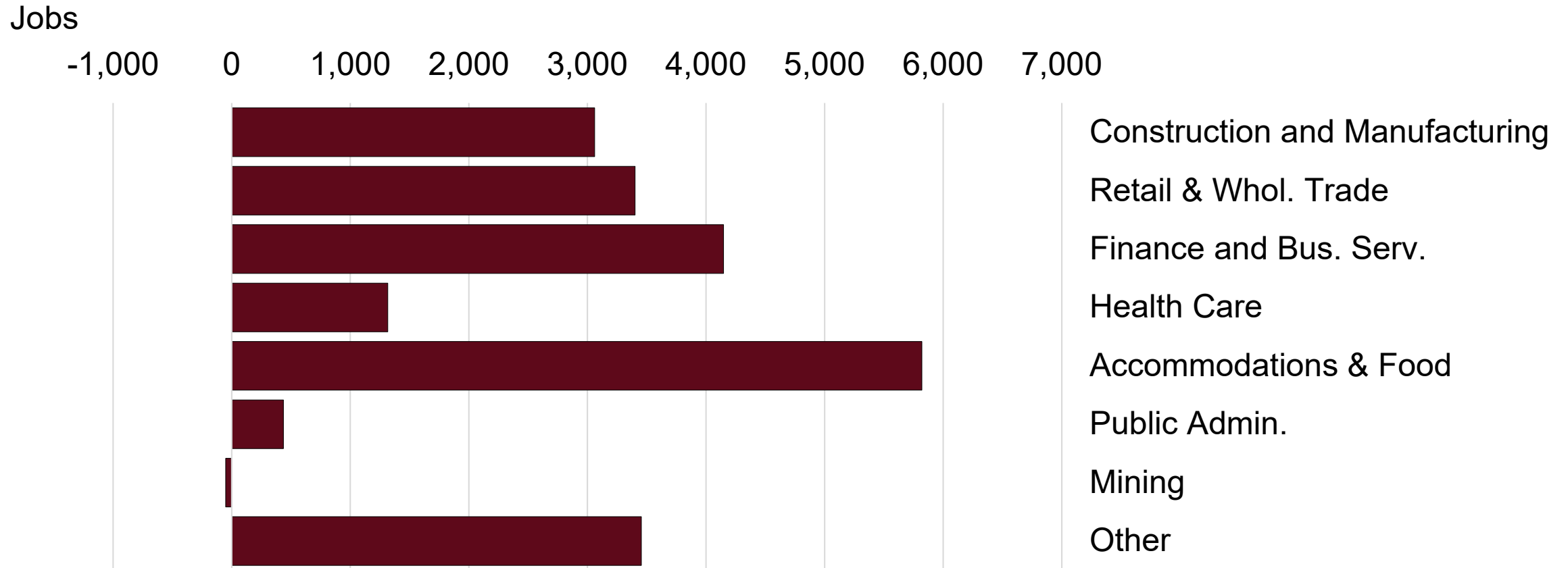


# Montana Tax Collections are Booming



Note: Years shown are fiscal years, July - June.

# Job Gains by Sector, Montana, 2020 – 2021



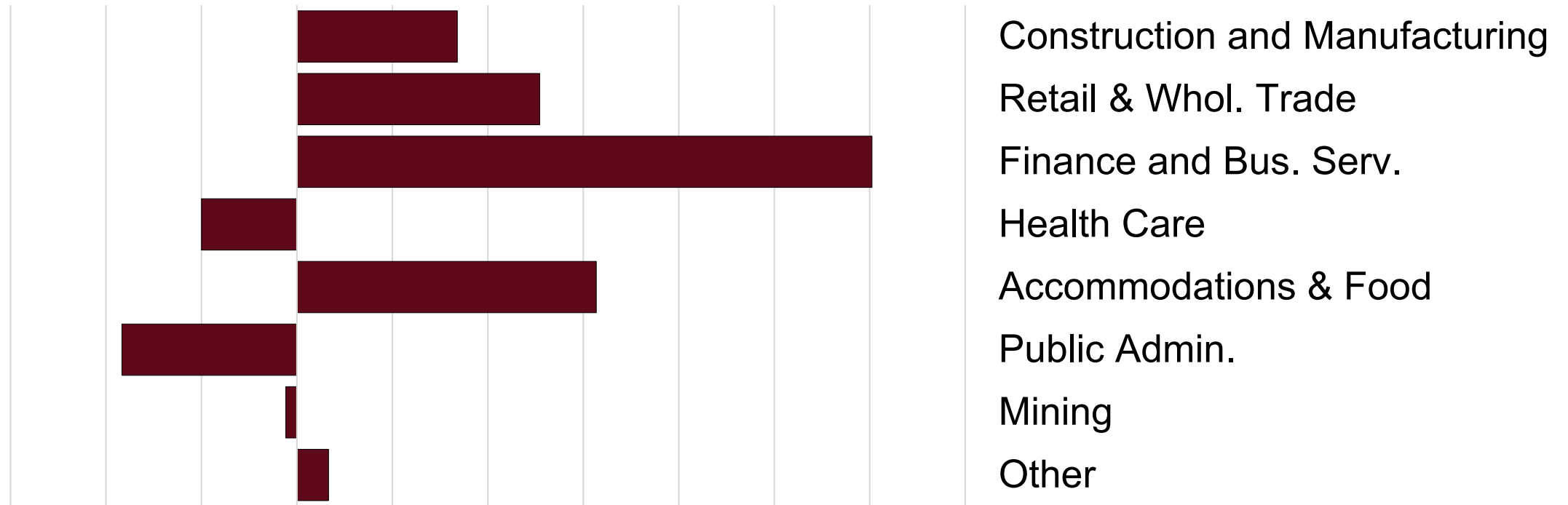
Source: Quarterly Census of Employment and Wages



# Wage Loss/Growth by Sector, Montana, 2020 – 2021

Millions of Dollars

-150 -100 -50 0 50 100 150 200 250 300 350



Source: Quarterly Census of Employment and Wages

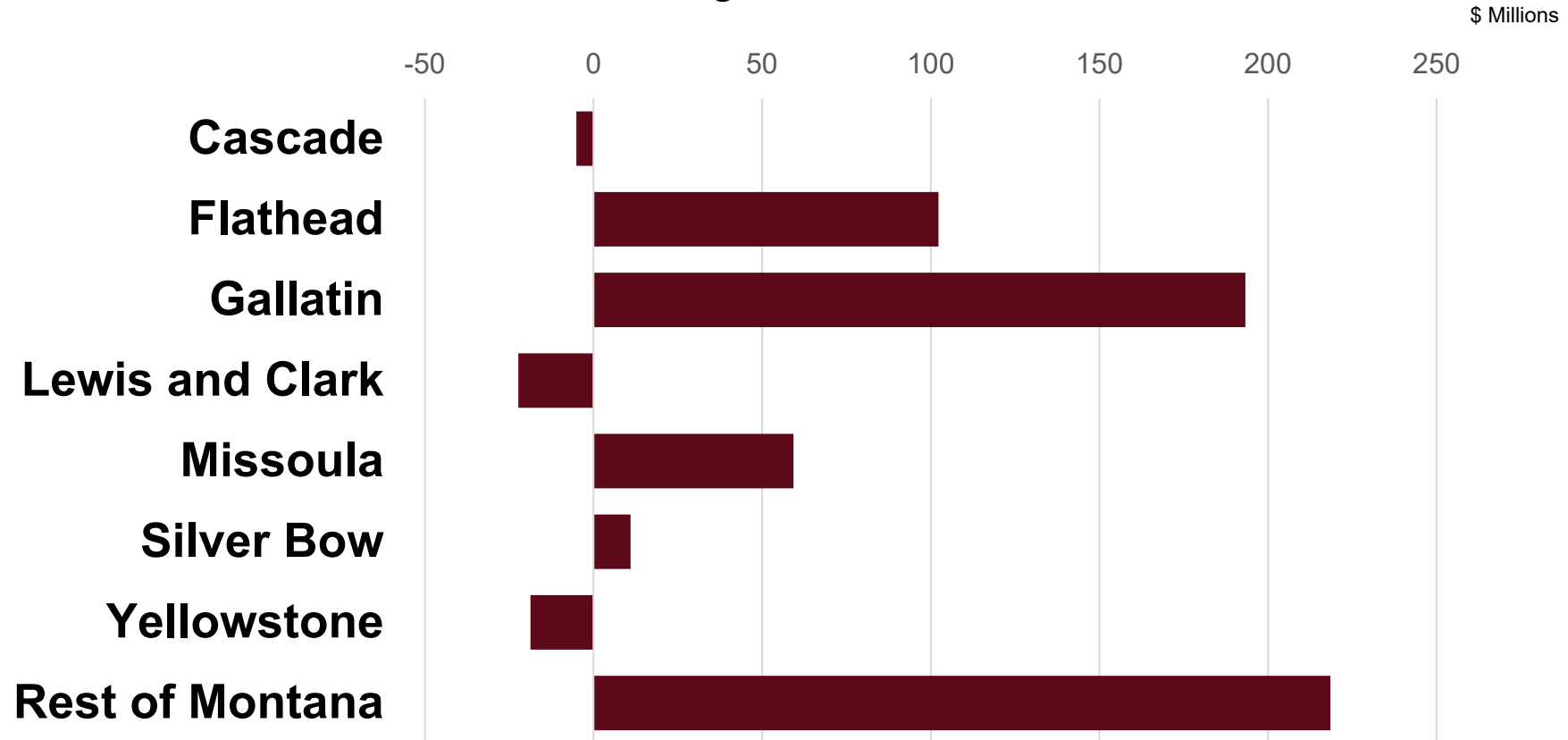


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# Montana Growth Last Year Was Unbalanced

Growth in Real Wages, 2021, Millions of Dollars

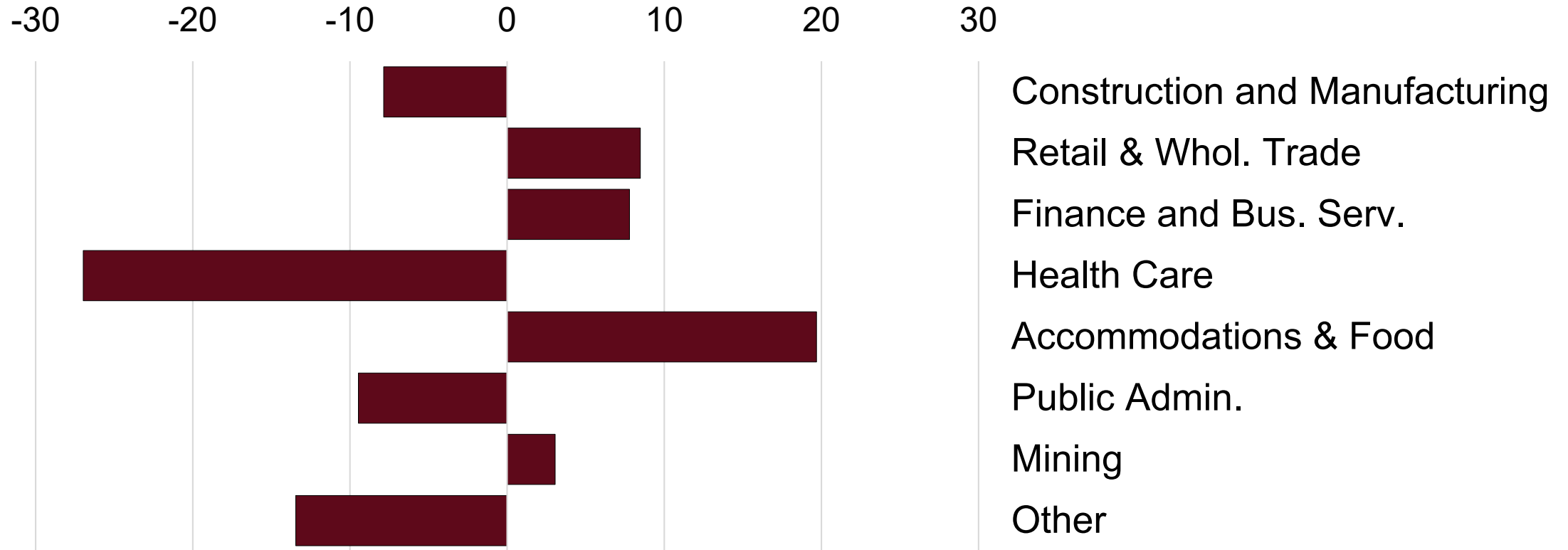


Source: Bureau of Business and Economic Research



# Wage Loss/Growth by Sector, Yellowstone County, 2020 – 2021

Millions of Dollars



Source: Quarterly Census of Employment and Wages



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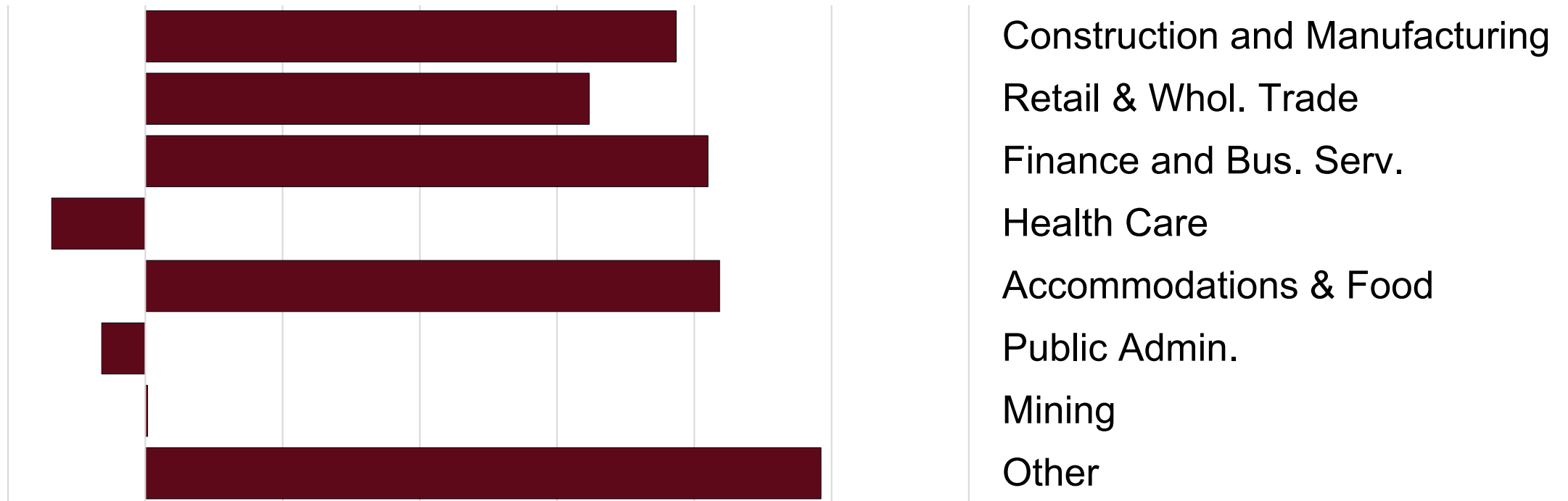
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# Wage Loss/Growth by Sector, Gallatin County, 2020 – 2021

Millions of Dollars

-10 0 10 20 30 40 50 60



Source: Quarterly Census of Employment and Wages

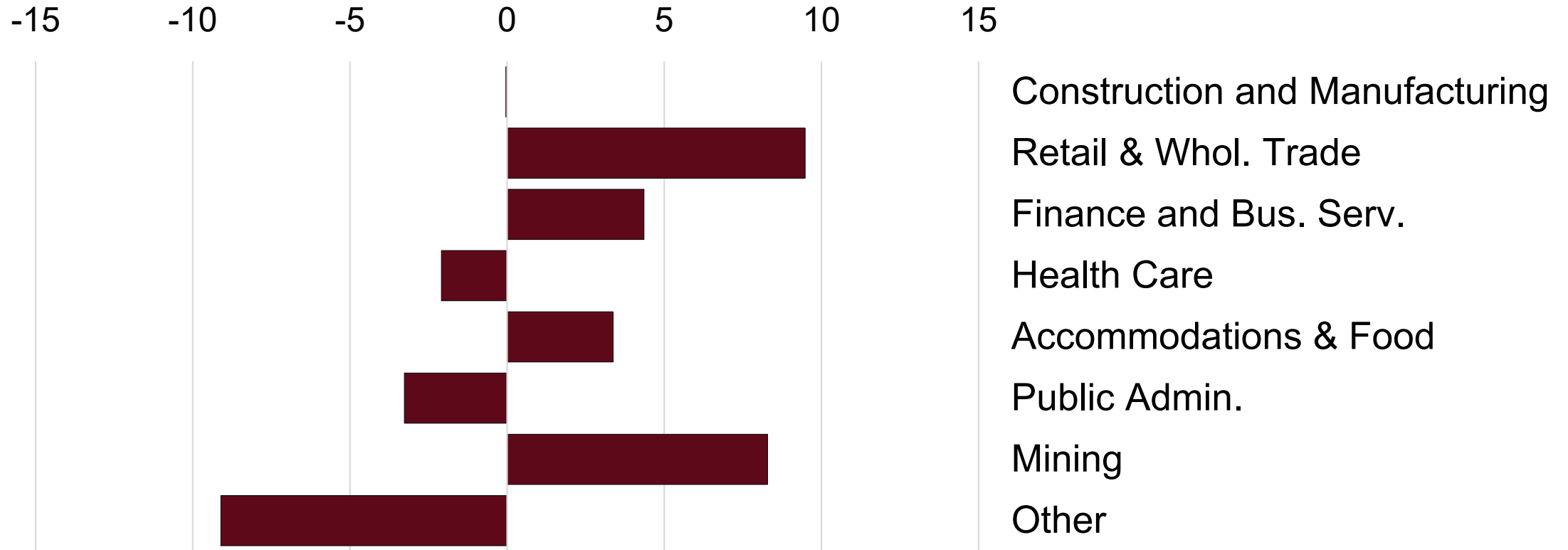


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# Wage Loss/Growth by Sector, Silver Bow County, 2020 – 2021

Millions of Dollars



Source: Quarterly Census of Employment and Wages

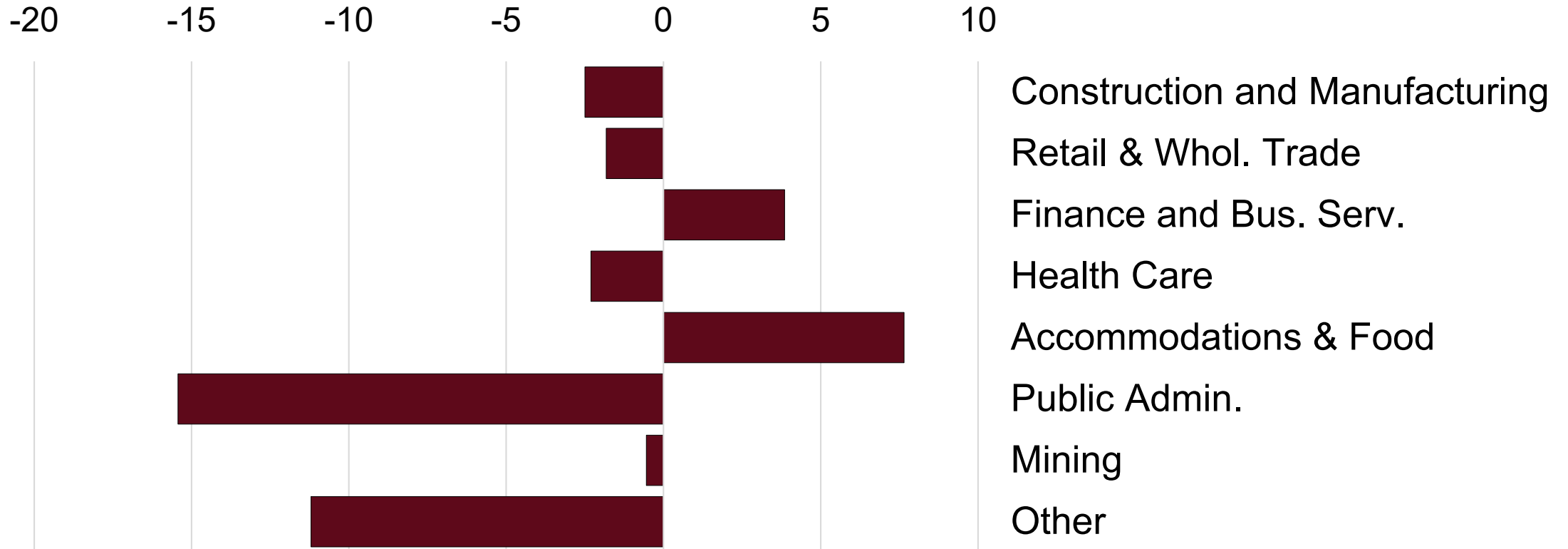


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# Wage Loss/Growth by Sector, Lewis and Clark County, 2020 – 2021

Millions of Dollars



Source: Quarterly Census of Employment and Wages



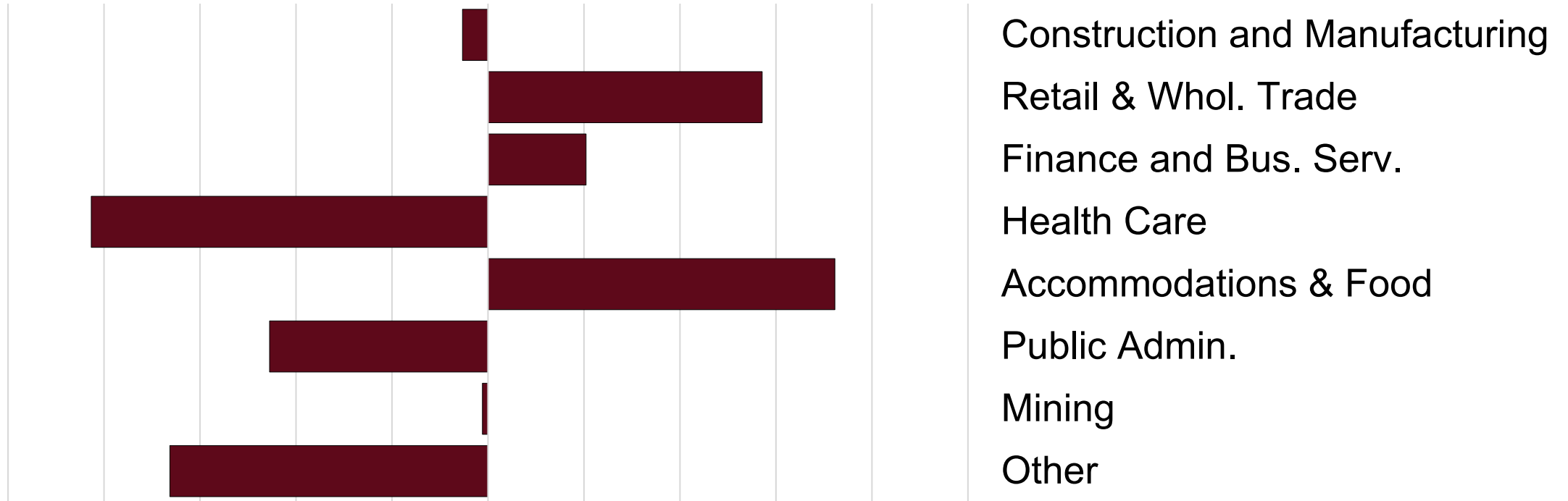
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# Wage Loss/Growth by Sector, Cascade County, 2020 – 2021

Millions of Dollars

-10 -8 -6 -4 -2 0 2 4 6 8 10



Source: Quarterly Census of Employment and Wages



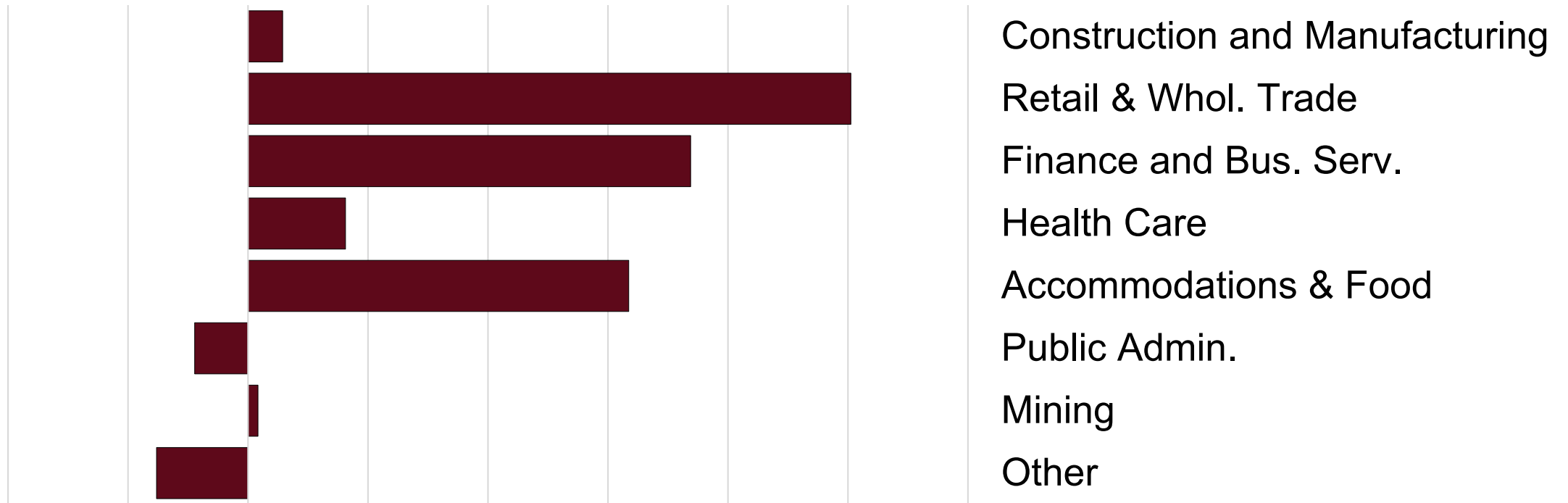
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# Wage Loss/Growth by Sector, Missoula County, 2020 – 2021

Millions of Dollars

-10    -5    0    5    10    15    20    25    30



Source: Quarterly Census of Employment and Wages



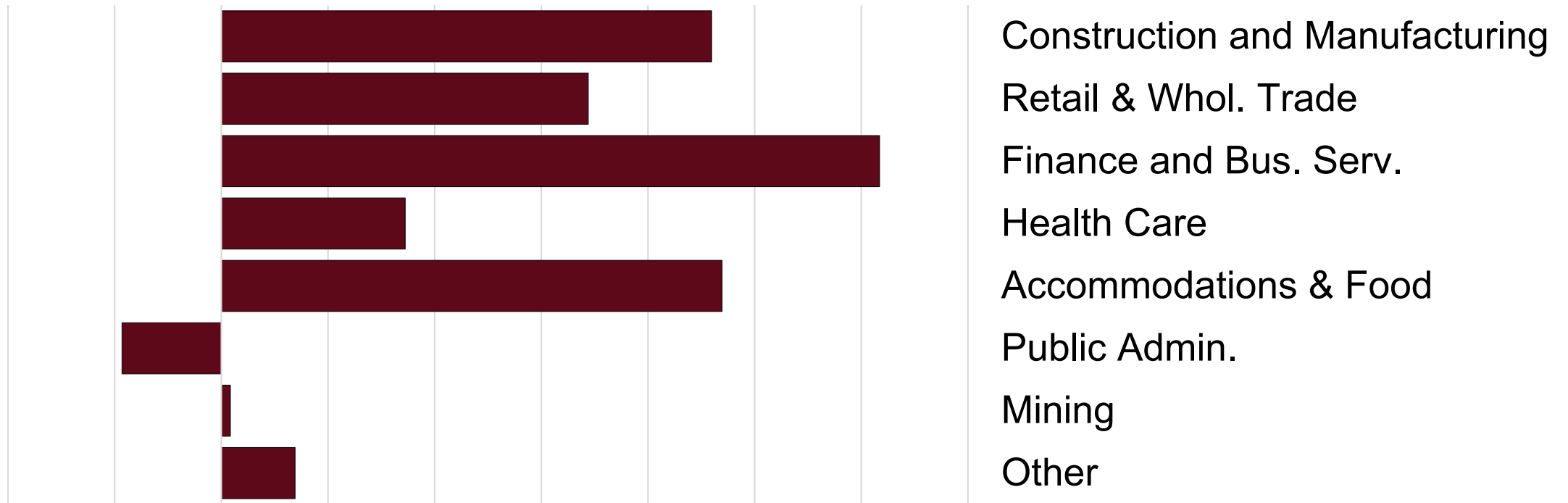
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# Wage Loss/Growth by Sector, Flathead County, 2020 – 2021

Millions of Dollars

-10   -5   0   5   10   15   20   25   30   35



Source: Quarterly Census of Employment and Wages

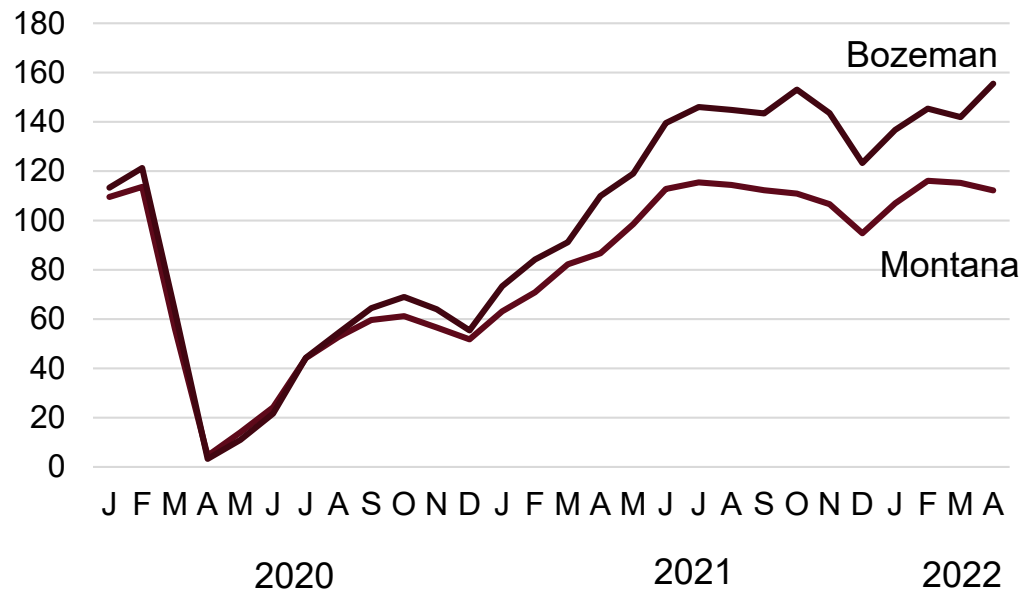


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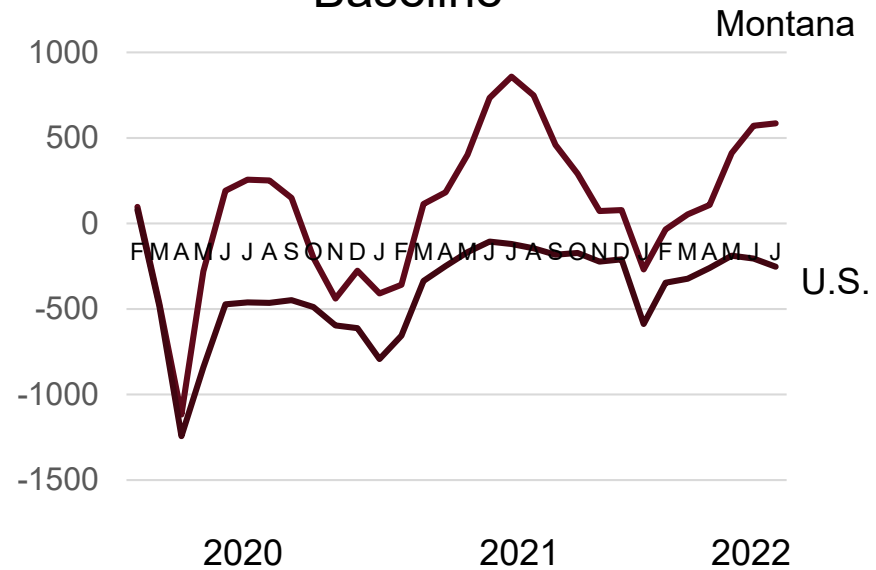
# Travel and Tourism Indicators Have Stabilized

Enplanements as Percent of 2019 Levels



Source: U.S. Bureau of Transportation Statistics

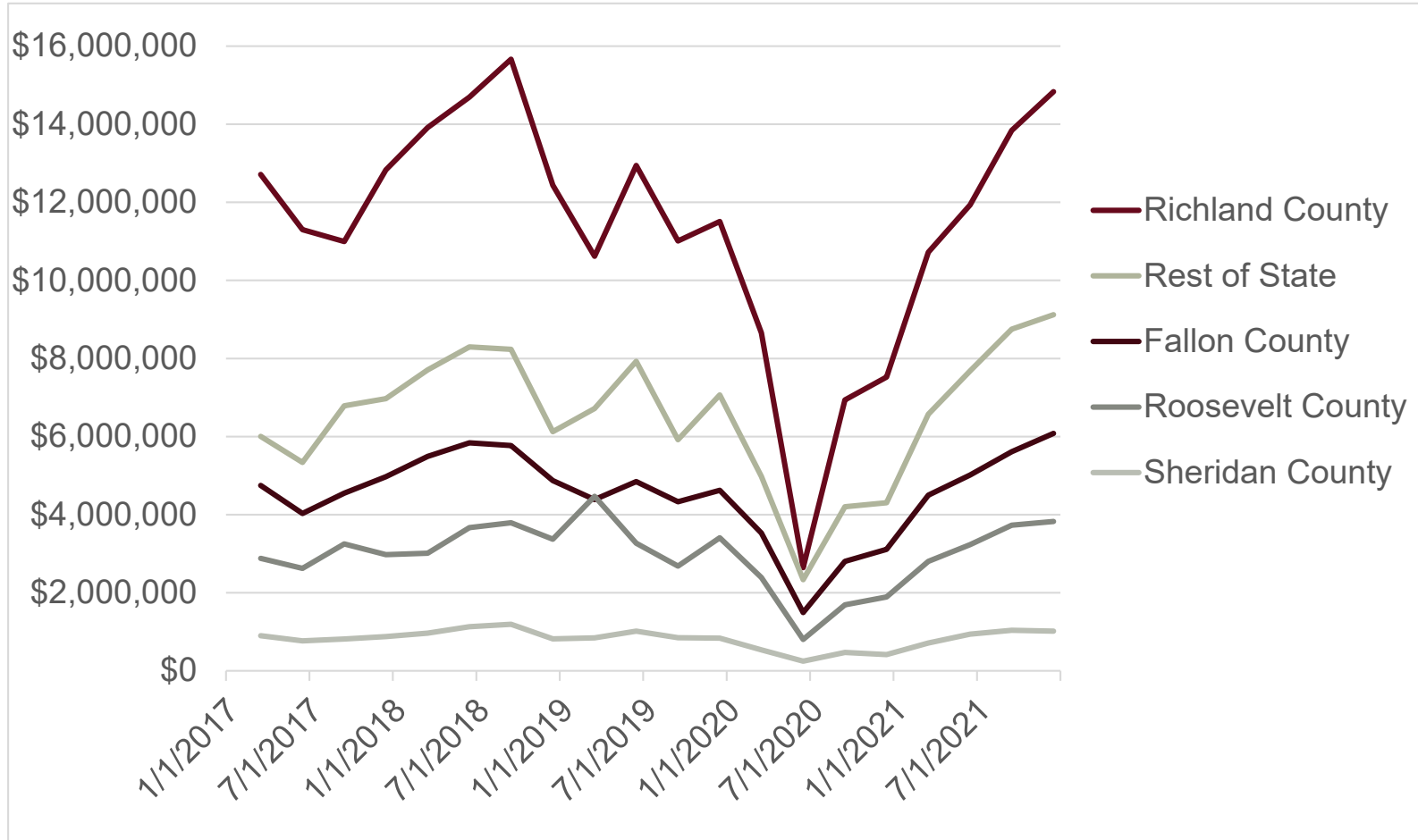
Google Mobility Index, Percentage Change from Baseline



Source: Google



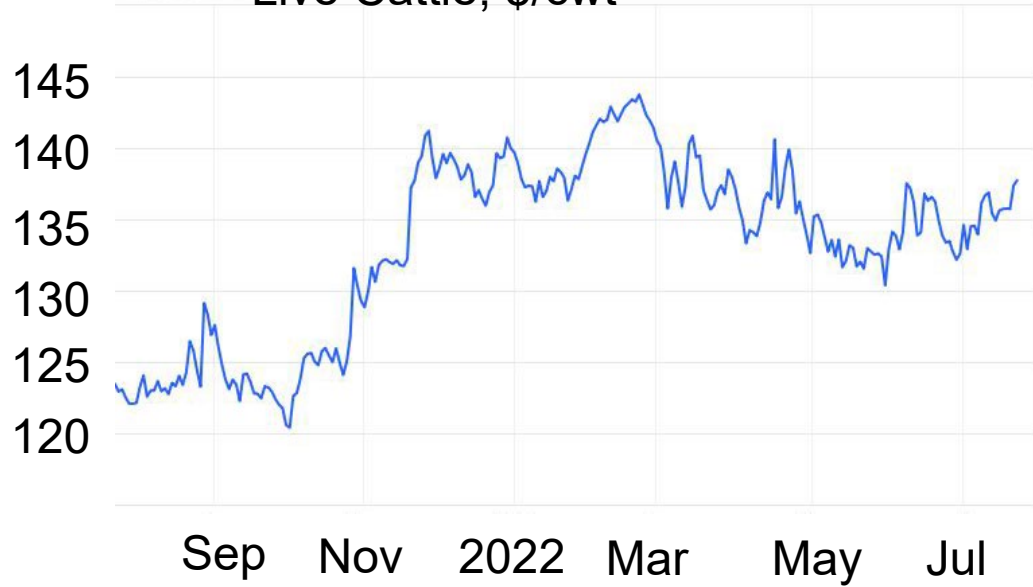
# Montana Oil Production Had a Wild Year in 2021



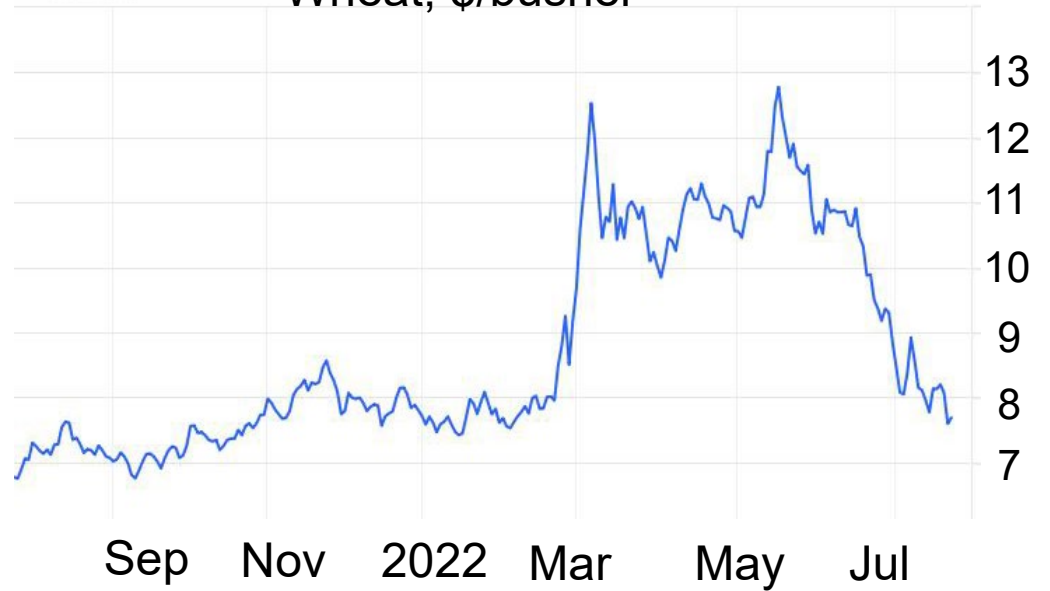


# Commodity Prices

## Live Cattle, \$/cwt



## Wheat, \$/bushel



## Copper, \$/pound

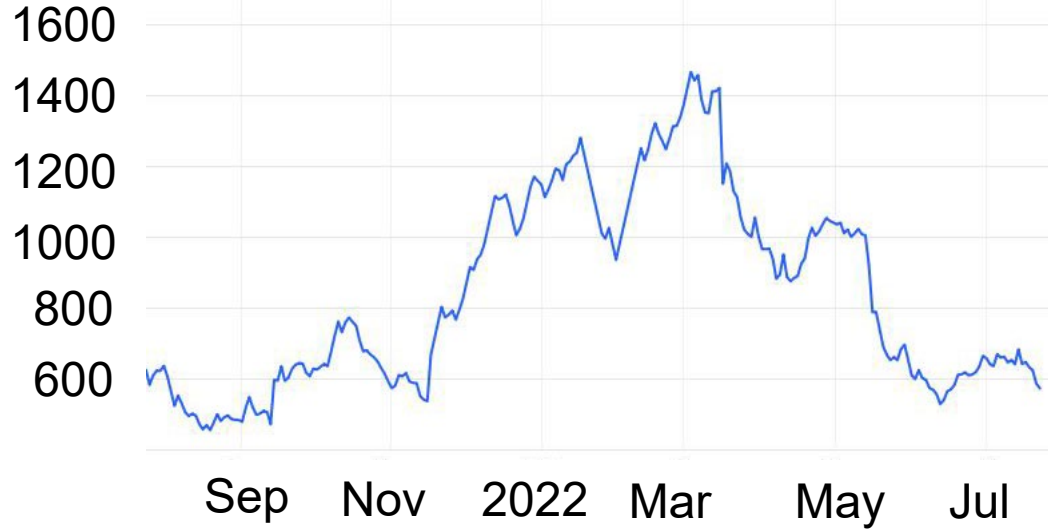


## Palladium, \$/troy oz.

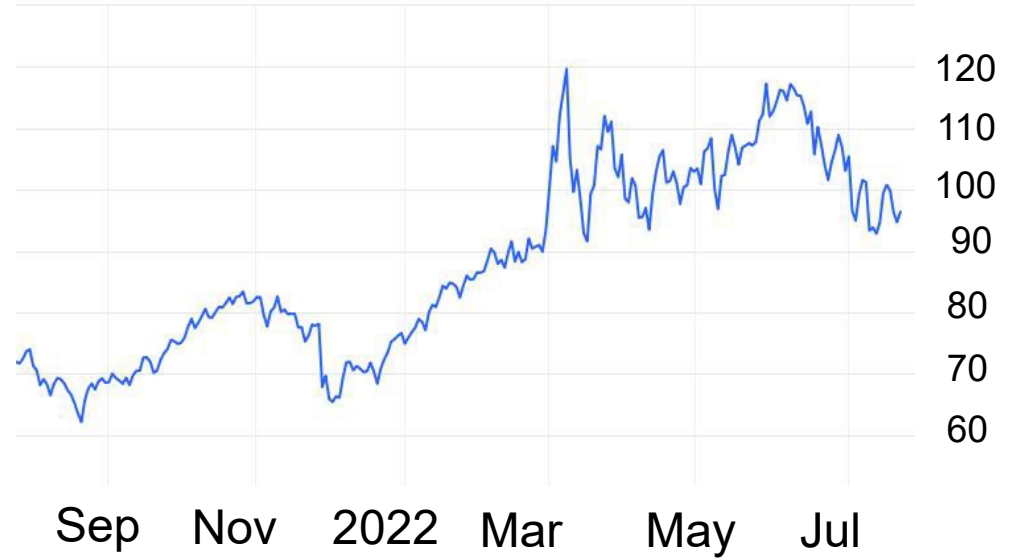


# Commodity Prices

## Lumber, \$/thous. BF



## Crude Oil, WTI, \$/bbl.



# Outlook for Montana

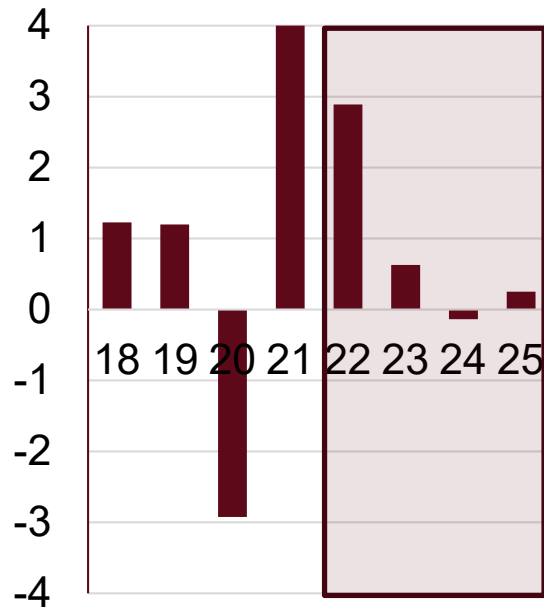
- Inflation is taming the tsunami of demand
- Political pressure to ease monetary tightening will be intense
- Shift to lower growth will be an unwelcome surprise to many
- Montana will continue to benefit from migration trends
- Supply chains will heal, but housing markets will remain stressed



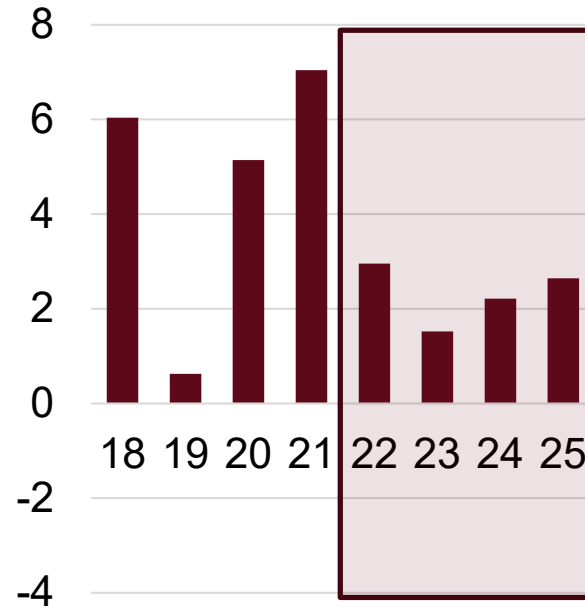
# Montana's Economic Recovery

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

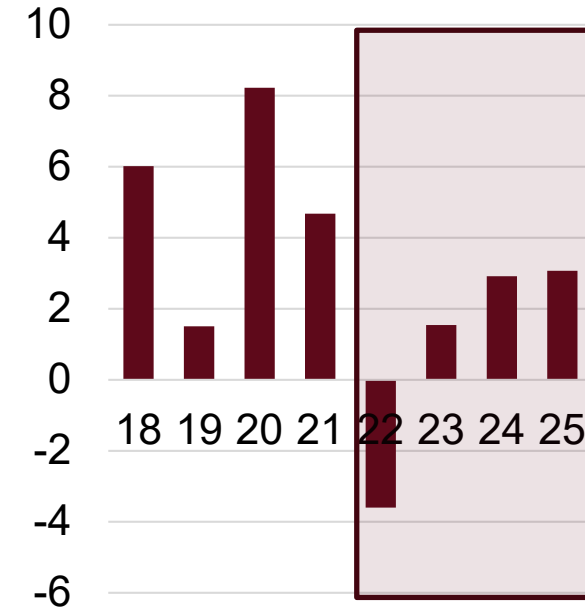
### Employment Growth, Percent



### Wage and Salary Growth, Pct.



### Personal Income Growth, Pct.



Source: IHS Markit