
OUTLOOK 2012 PRESENTATIONS

The University of Montana Bureau of Business and Economic Research

Gallatin County



Inside:

National, State, and Local Forecasts • Agriculture • Energy
Forest Products • Health Care • Housing
Manufacturing • Travel and Recreation

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OUTLOOK 2012

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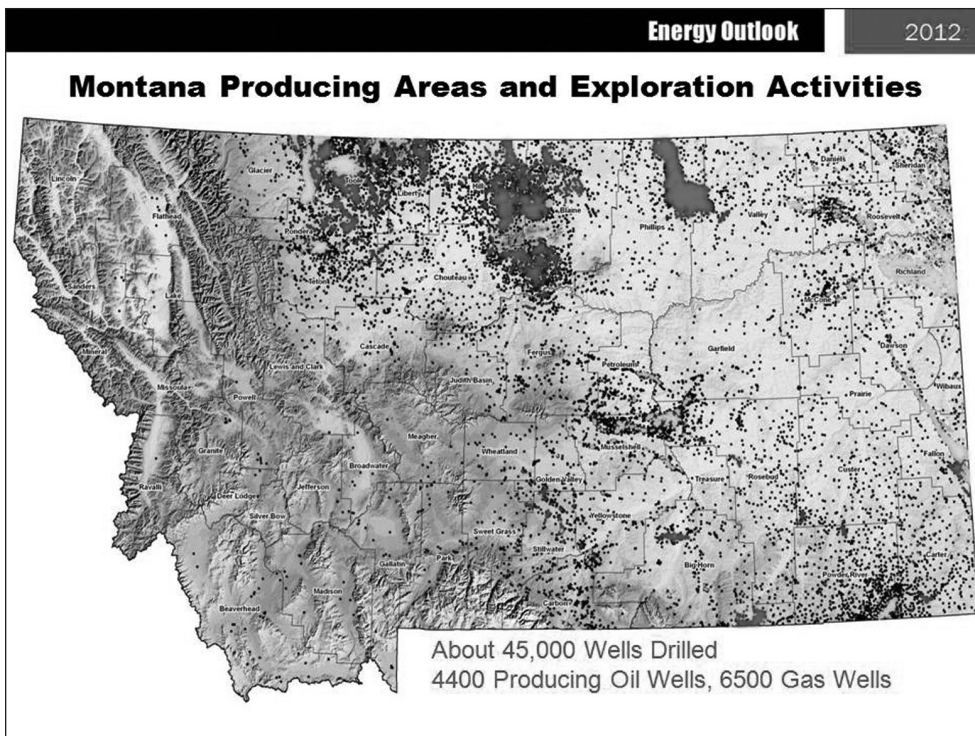
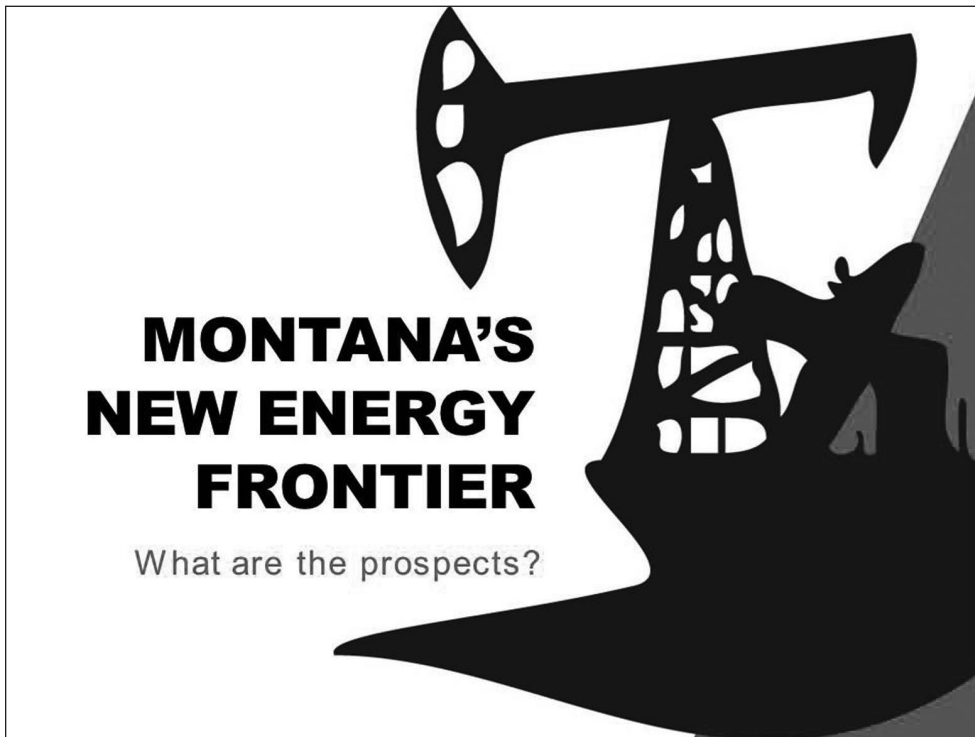
School of
BUSINESS ADMINISTRATION
The University of Montana



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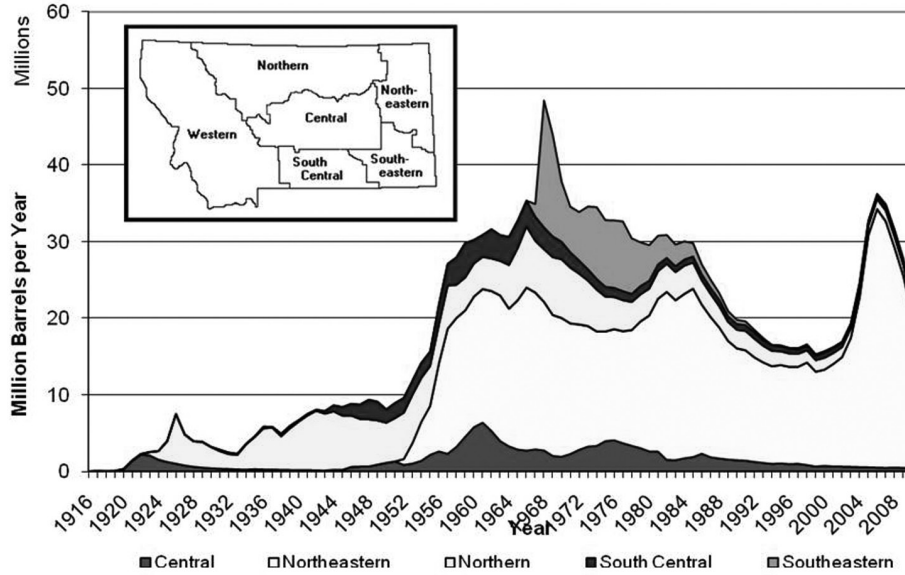
2012 Economic Outlook

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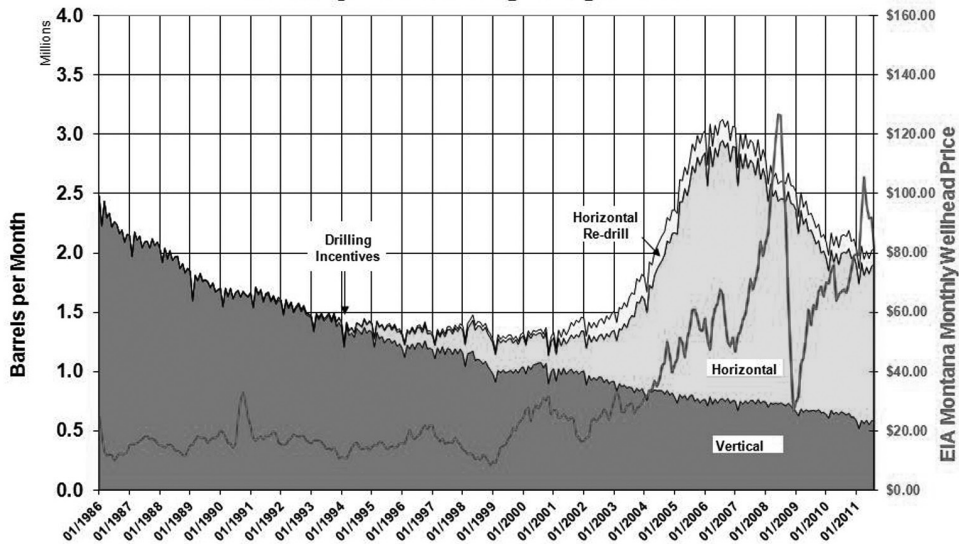


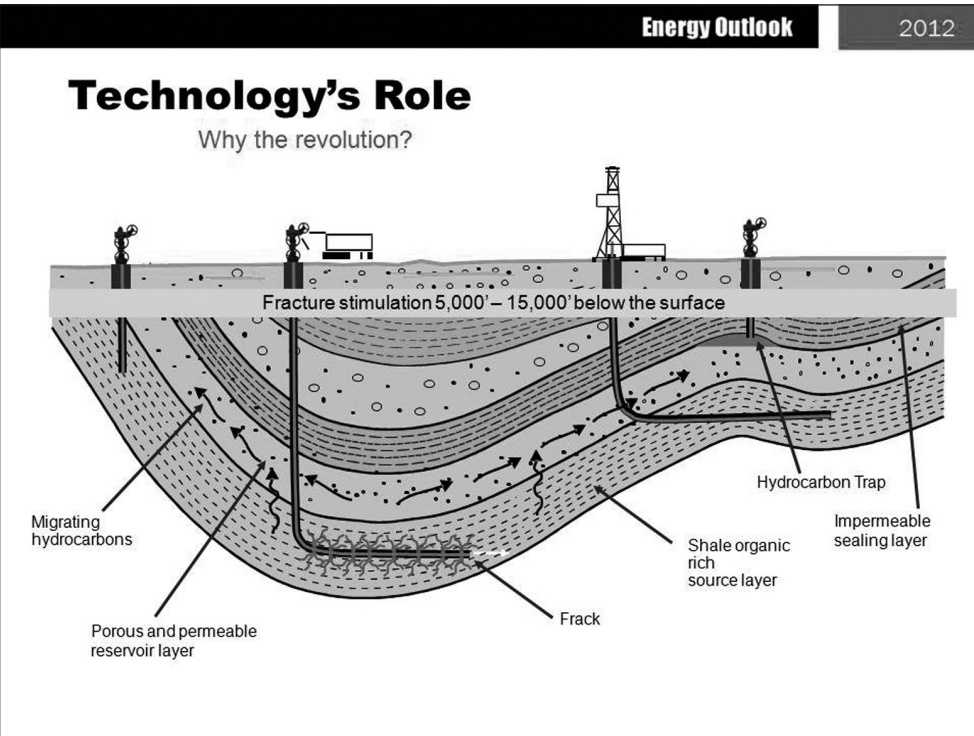
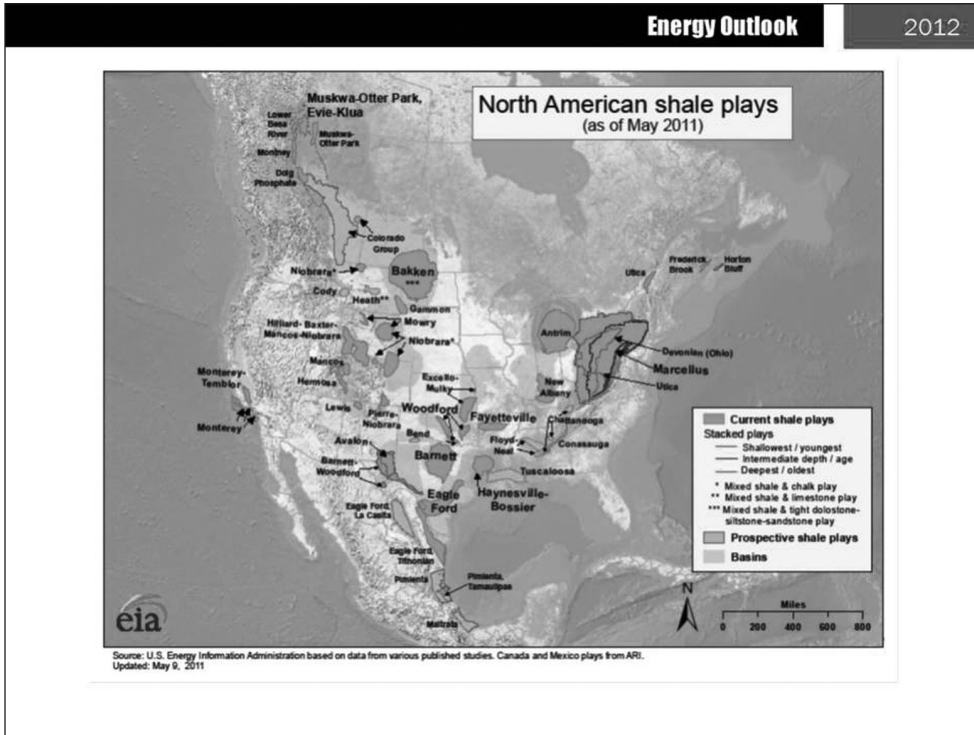
HISTORICAL PRODUCTION

Statewide Oil Production History, 1916 through 2010

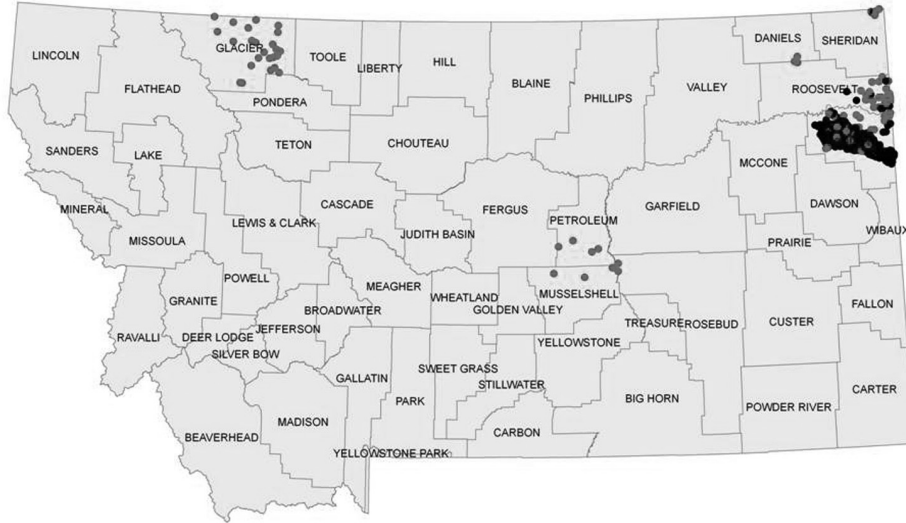


Monthly Oil Production, Vertical vs. Horizontal Wells
January 1986 through August 2011

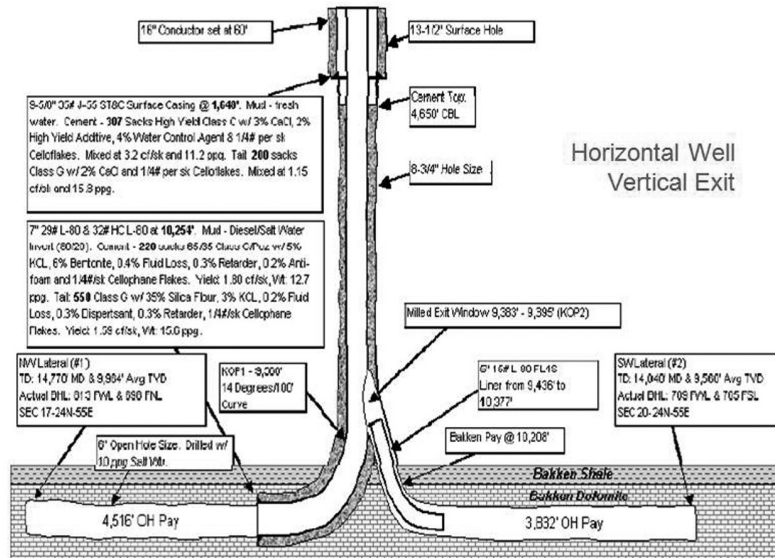




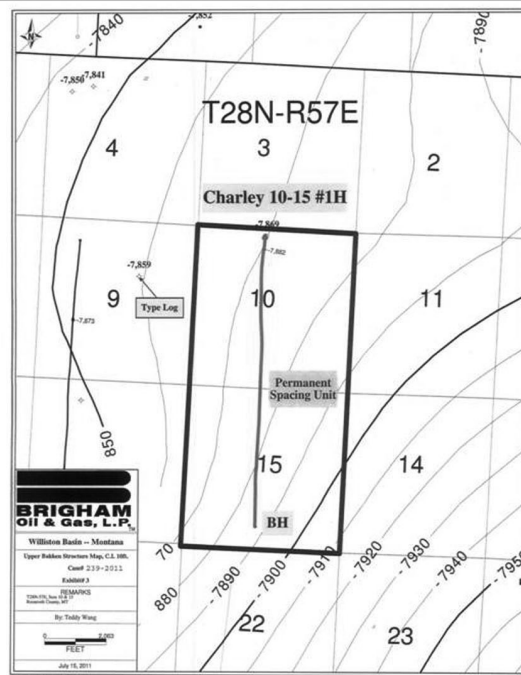
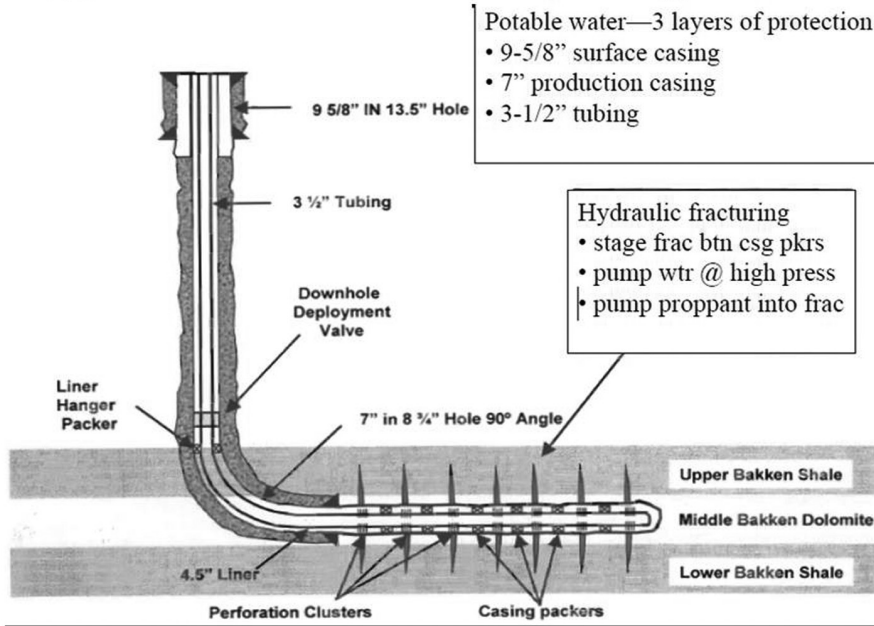
Horizontal Oil Shale Activity

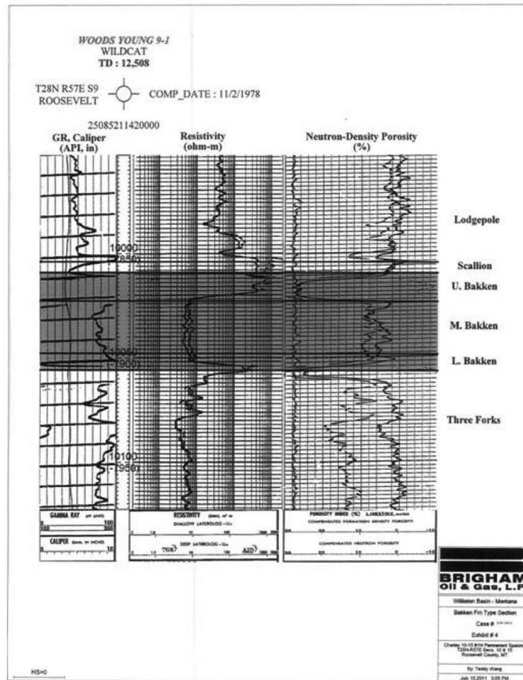


Vertical Casing Exit



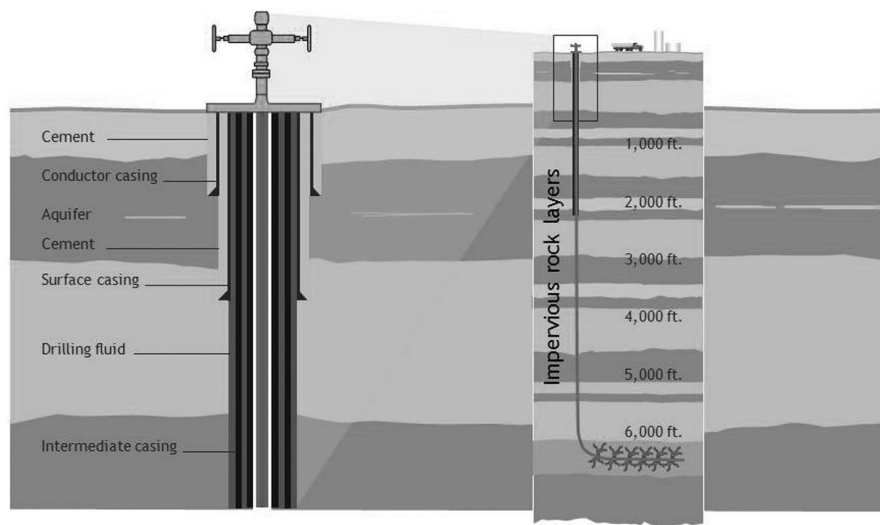
Typical Bakken Wellbore Diagram

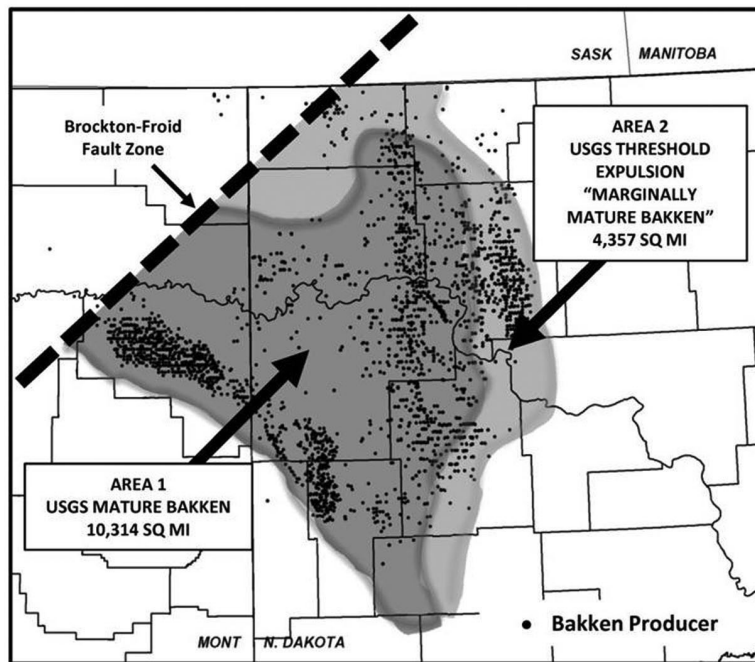
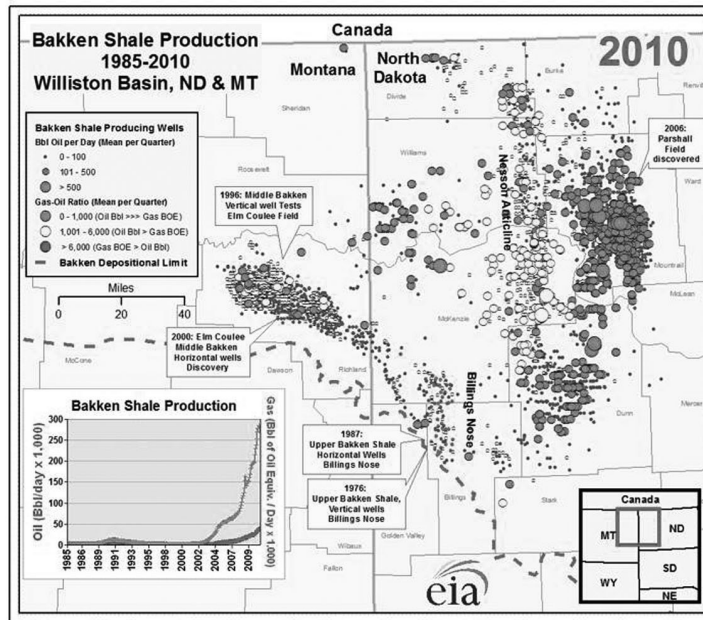




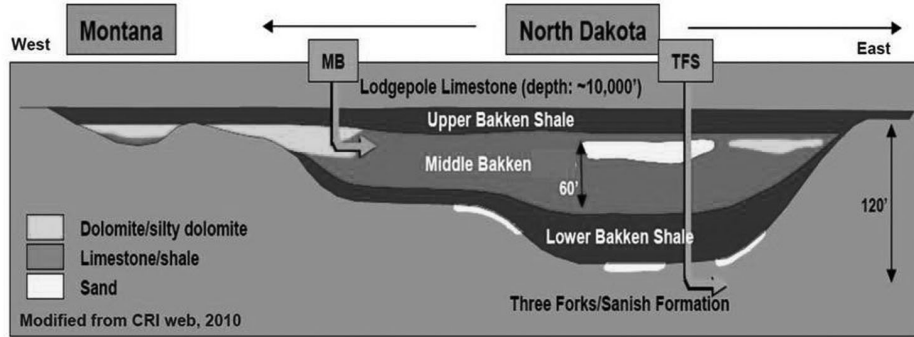
Groundwater Protection

through proper well construction





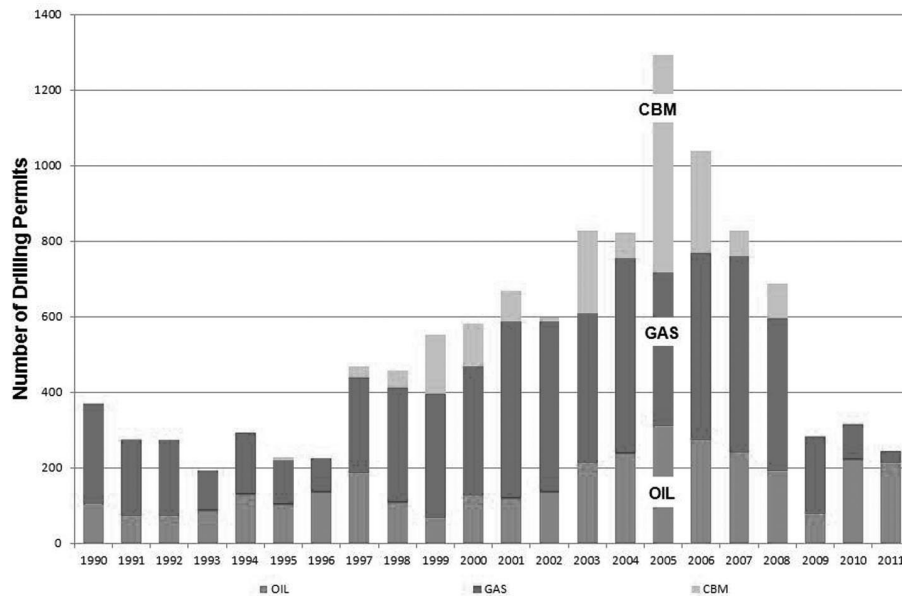
Middle Bakken / Three Forks Pay Variation

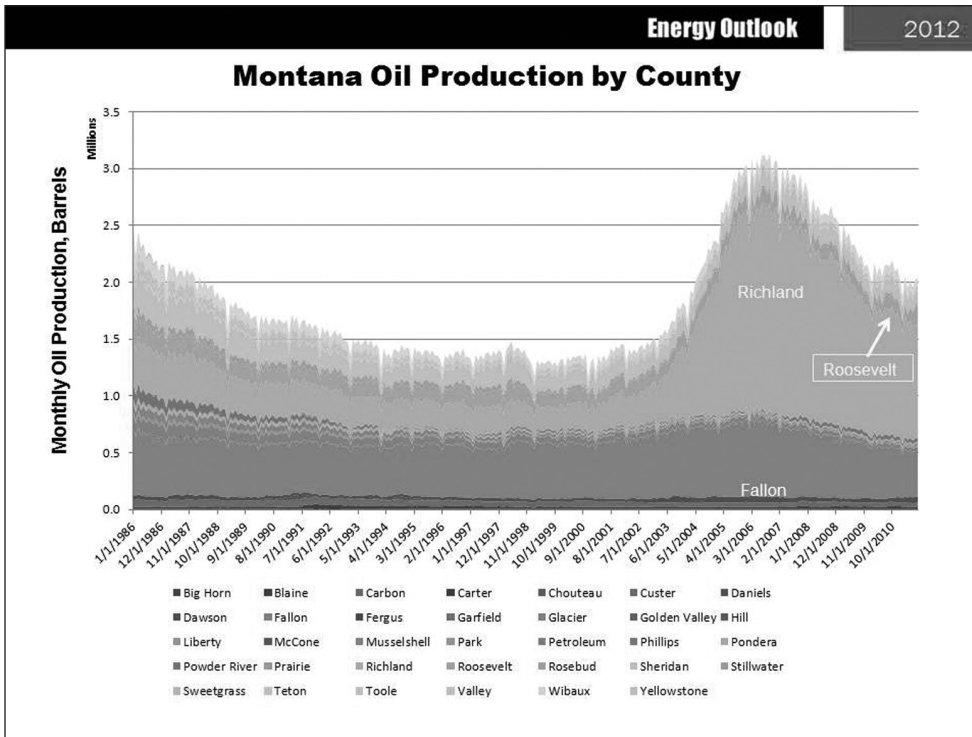


- Middle Bakken pay not a shale lithology
 Complex, laterally varying lithology & play types
 Stratigraphic / diagenetic trap drivers
- Underlying Three Forks 'non-shale' play potential established 2008
 Also sourced by Bakken shale
 Dual zone development underway

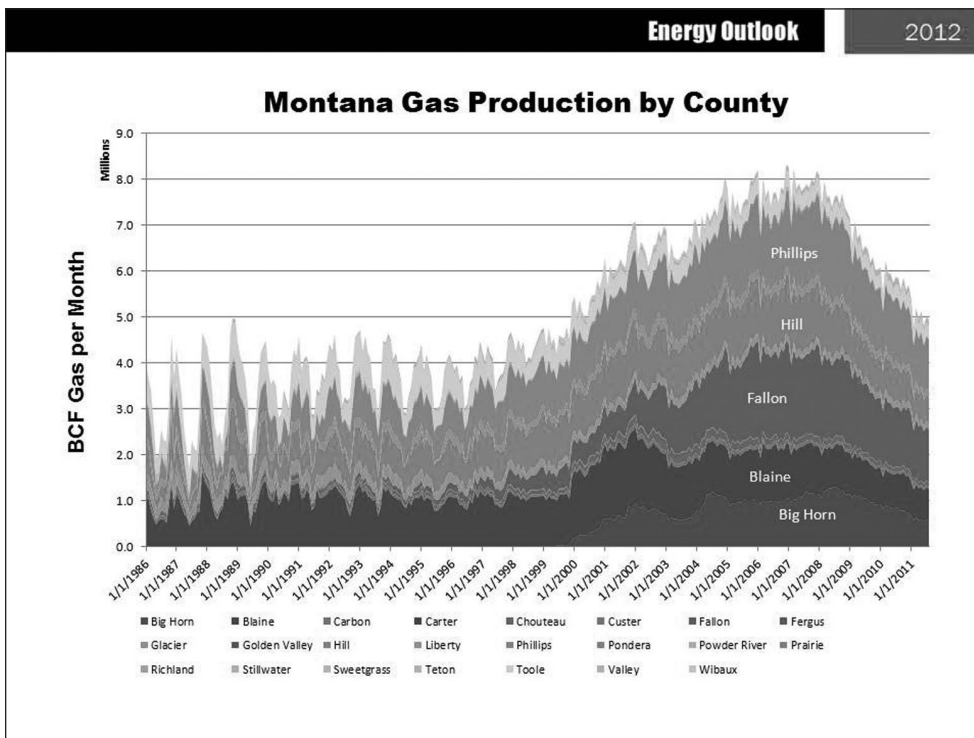
from ConocoPhillips

Montana Drilling Permits Issued, 1990 through 2011

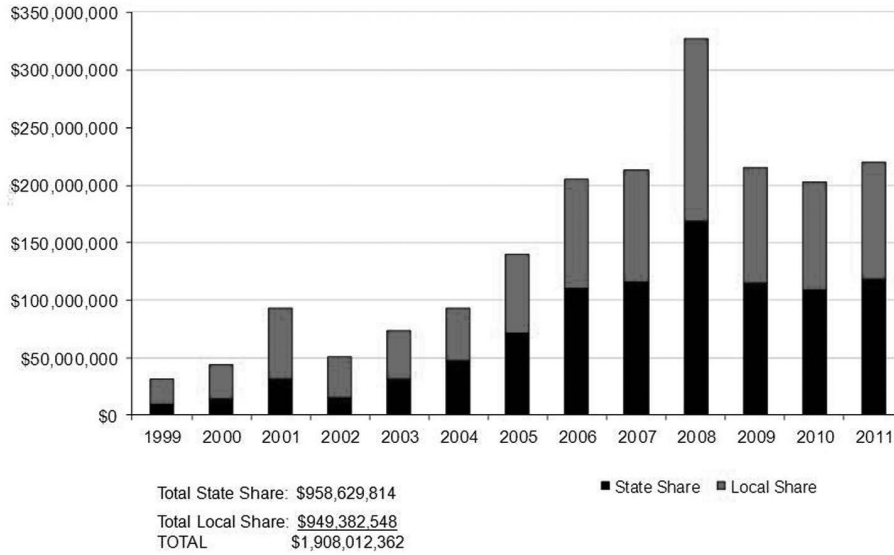




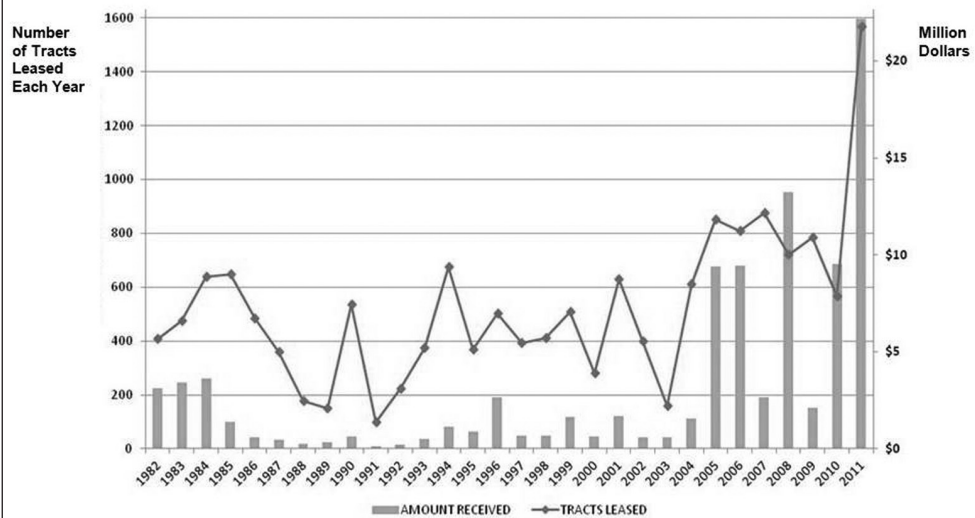
Notes



Oil and Natural Gas Production Tax Revenue Collections



Oil and Gas State Land Lease Sales



Petroleum Industry Facts

\$9+ BILLION Total economic impact – including E&P and Refining

4,600 Employees in Exploration, Production, or Refining

Economic impact from producing an additional 1 million barrels of oil

- 86 Full time positions
- \$18.5 million in labor income

Each 10% increase in drilling activity leads to about 315 additional jobs.

Drilling Rig Count Increased from 9 last year to 13 in January 2012

Industry likes MT's business climate and tax structure

- **Brigham Energy:** "They (Montana) have a good operating environment."
(Billings Gazette, May, 2011)

BUSINESS TAX CLIMATE RANKINGS *THE TAX FOUNDATION FISCAL YEAR 2011*



Montana Oil and Gas Taxes

Montana's tax rate on oil is 20% lower than North Dakota's

→ 9.25% vs. 11.5% (Former North Dakota Governor Ed Schafer, FixTheTax.com)

Taxes	Montana	North Dakota	Advantage
Tax Rate	9.25%	11.5%	Montana
Tax Holiday	18 mo. (0.5%)	Only if oil <\$50.07	Montana
Avg. Tax/Bbl (05-08)	\$4.89	\$5.87	Montana

(Montana Department of Revenue Study)

O&G Impact Funds to Counties, 2007-2001

All O&G Producing Counties (33)	\$555 million
Top 12 Counties Big Horn, Blaine, Fallon, Glacier, Hill, Phillips, Powder River, Richland, Roosevelt, Sheridan, Toole, Wibaux	\$515 million
Richland County	\$244 million Over \$26,000/resident

Montana's Hesitant Economic Recovery

Patrick M. Barkey
Director, Bureau of Business
and Economic Research
The University of Montana

OUTLOOK 2012
National & State

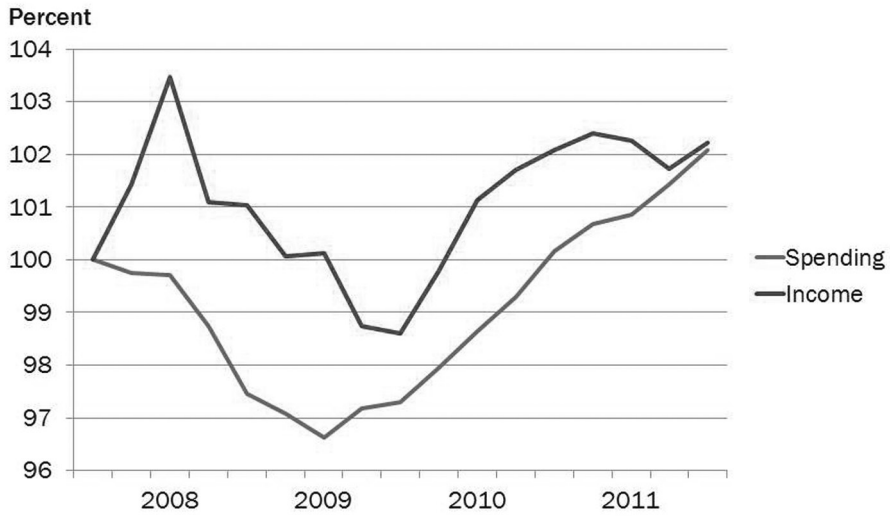


A Great Recession, But Not a Great Recovery

- Persistently weak consumer and business spending
- Slow recovery both here and abroad
- Special problems of housing and the Euro
- Problems of long-term unemployed, government debt, are festering as a result

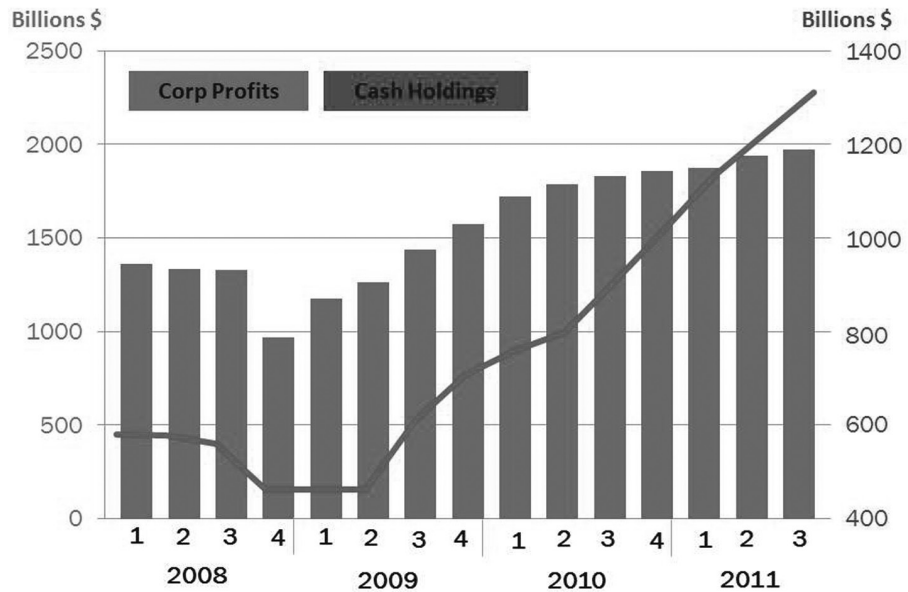
Notes

**Pace of Consumer Spending
Likely to Slow**

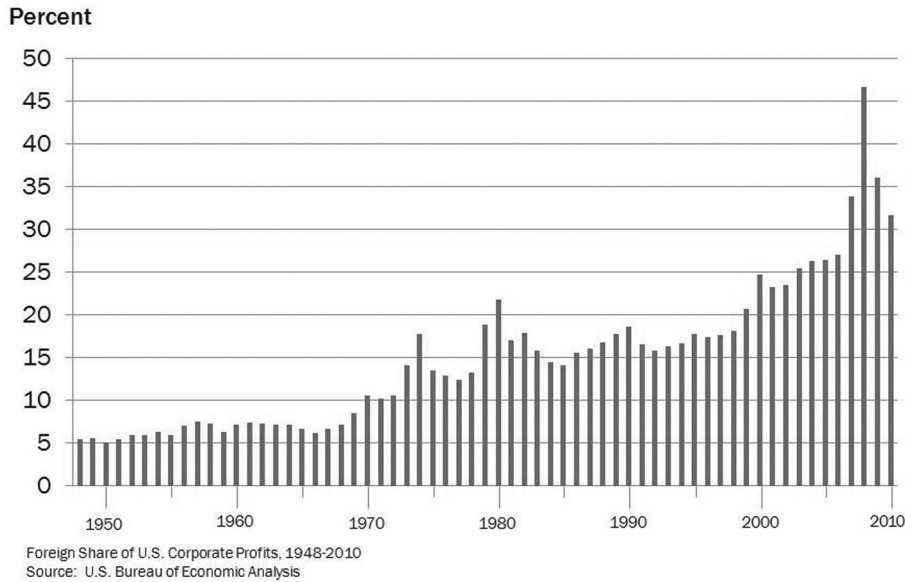


U.S. Pers. Consumption Expenditures and Disposable Pers. Income, 2005 \$, Index 2007Q4 = 100

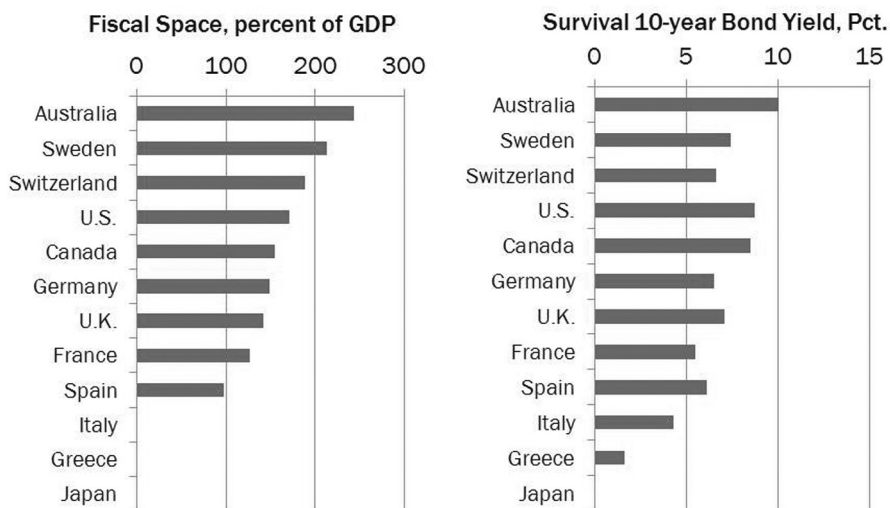
**Companies Are Hoarding,
Not Spending**



**Source of Corporate Profits?
Look Abroad**



**How Much Borrowing Capacity
Do Countries Have Left?**

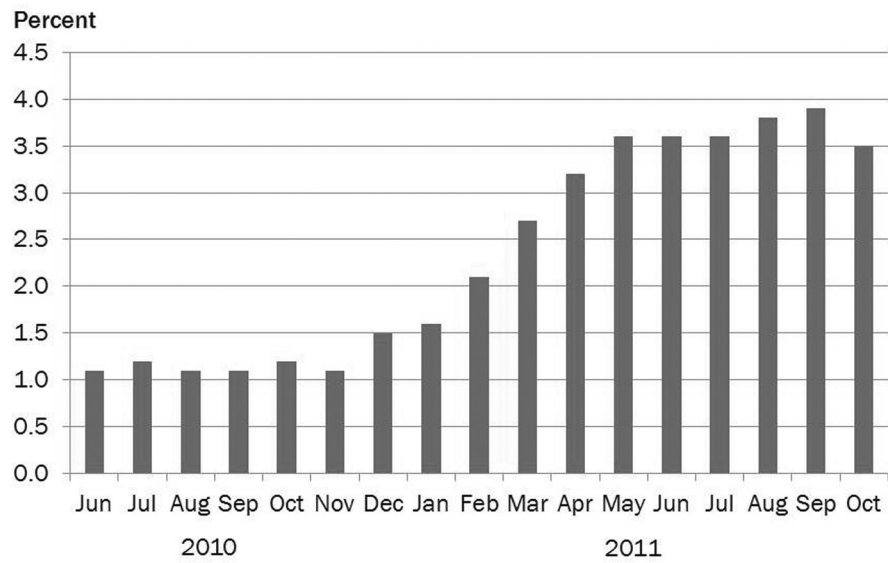


Notes

**2011 Growth in Montana
will be Lower Than 2010**

- Reason #1: Inflation

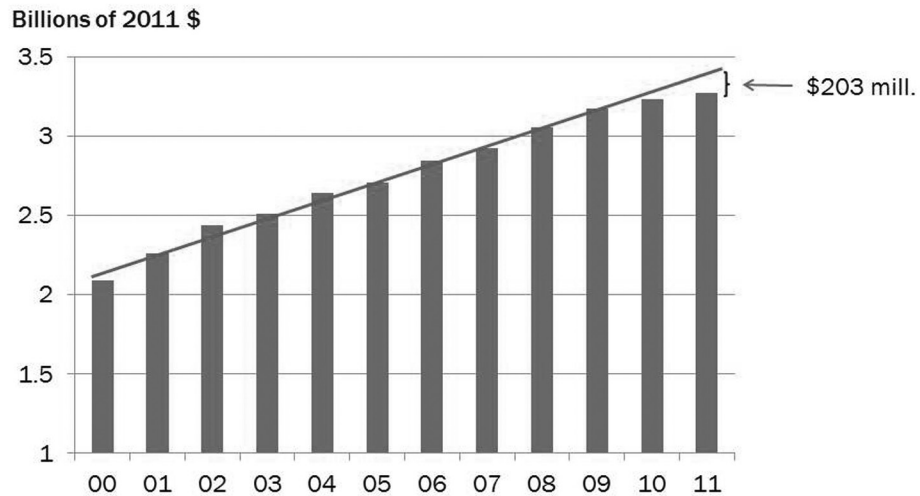
**Consumer Price Index
12-month percent change**



2011 Growth in Montana will be Lower Than 2010

- Reason #1: Inflation
- Reason #2: Underperformance of key sectors

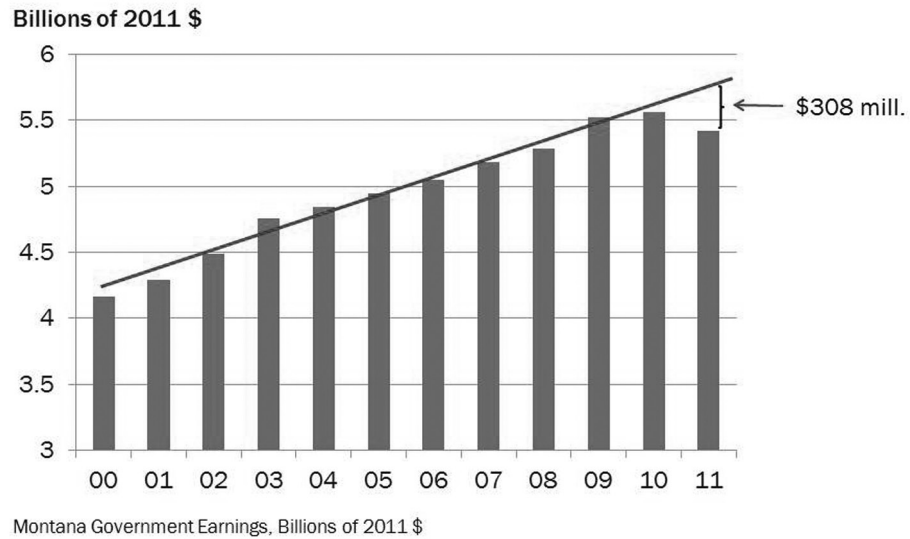
Health Care Earnings Growth Slows



Montana Health Care Services Earnings

Notes

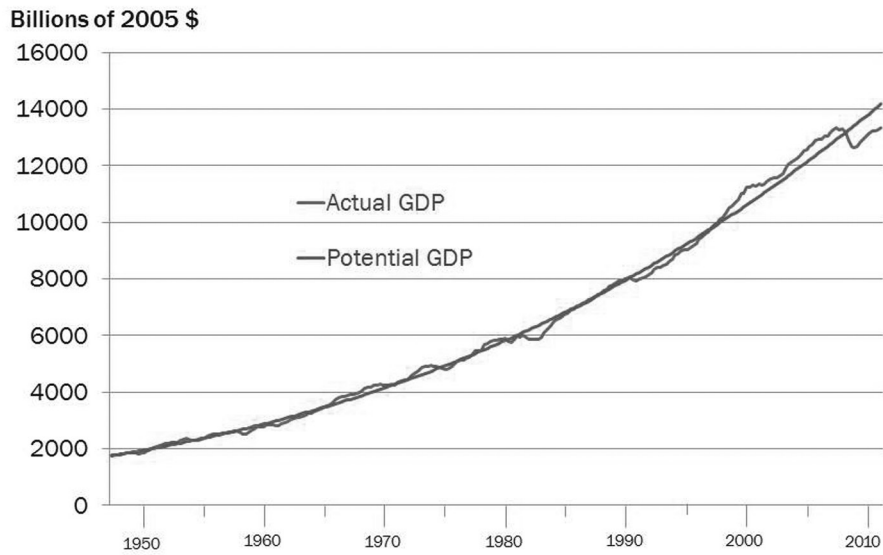
**Government Earnings
Go in Reverse**



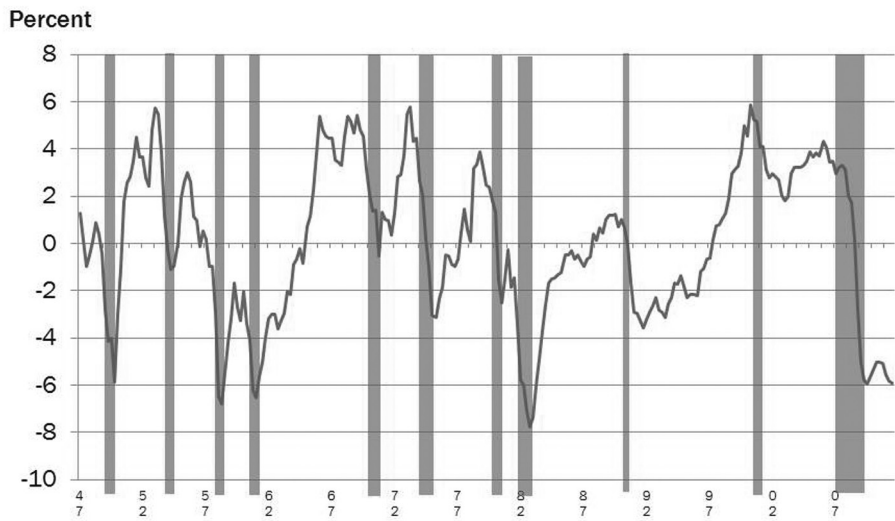
**2011 Growth in Montana
will be Lower Than 2010**

- Reason #1: Inflation
- Reason #2: Underperformance of key sectors
- Reason #3: The national economy

Actual and Potential Economic Output



How the U.S. Economy Recovers from Recessions



Deviation of U.S. Gross Domestic Product from Long Term Trend

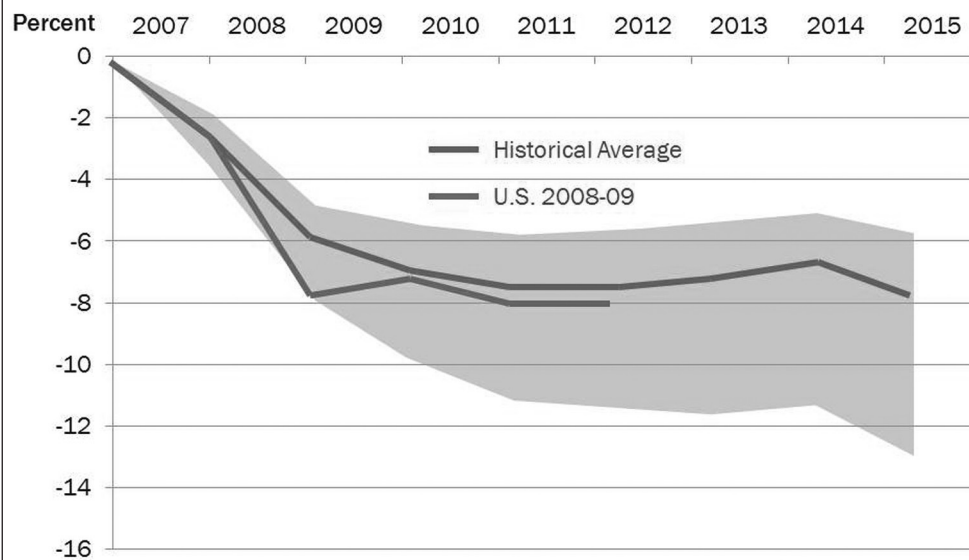
Notes

Recessions and Banking Crises

- Austria, 2008
- Hungary, 2008
- U.S., 1929
- Sweden, 1991
- Japan, 1992
- Norway, 1987
- Indonesia 1997
- Hong Kong, 1997
- Argentina, 2001
- Korea, 1997
- Malaysia, 1997
- Spain, 1977
- Thailand, 1997



Recovery of GDP From Financial Crises



U.S. Outlook Summary

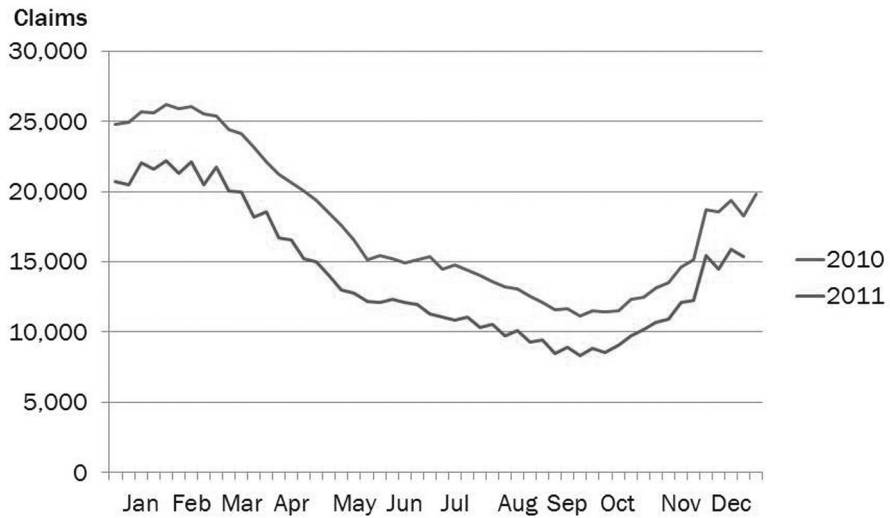
- U.S. will probably avoid another recession
- Euro Zone is already in recession. Will it be mild or severe?
- Continued government cutbacks, at all levels
- Evidence of pent-up demand in a few areas
- A cooling off for commodity and food prices
- Very high unemployment rates persist

The Montana Economy What's Right and What's Wrong

- Energy and natural resources are booming
- Healthy increases in farm gross receipts
- Labor market is healing
- Consumer confidence is higher
- Housing bust hangover still lingers
- Retail remains weak
- Government cutbacks being felt
- Wood products cutbacks still reverberate

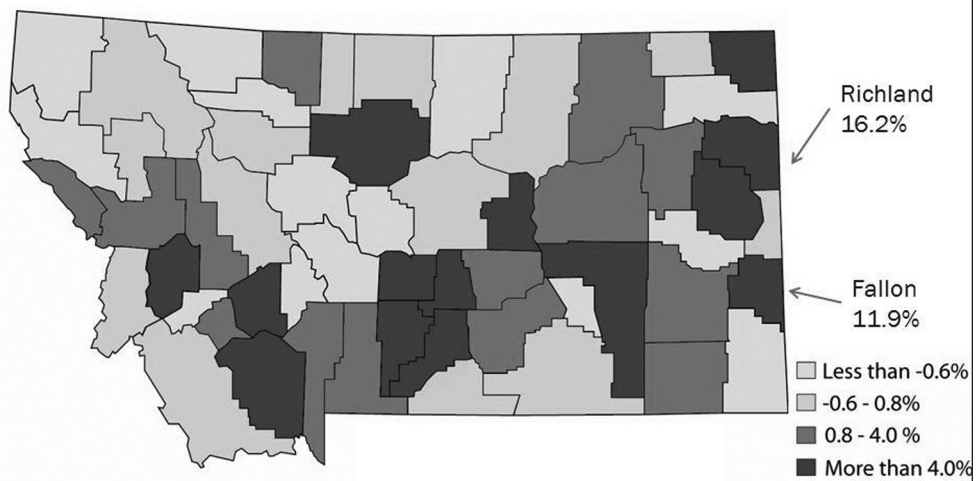
Notes

**Lower Unemployment Claims
Sign of Labor Market Improvement**



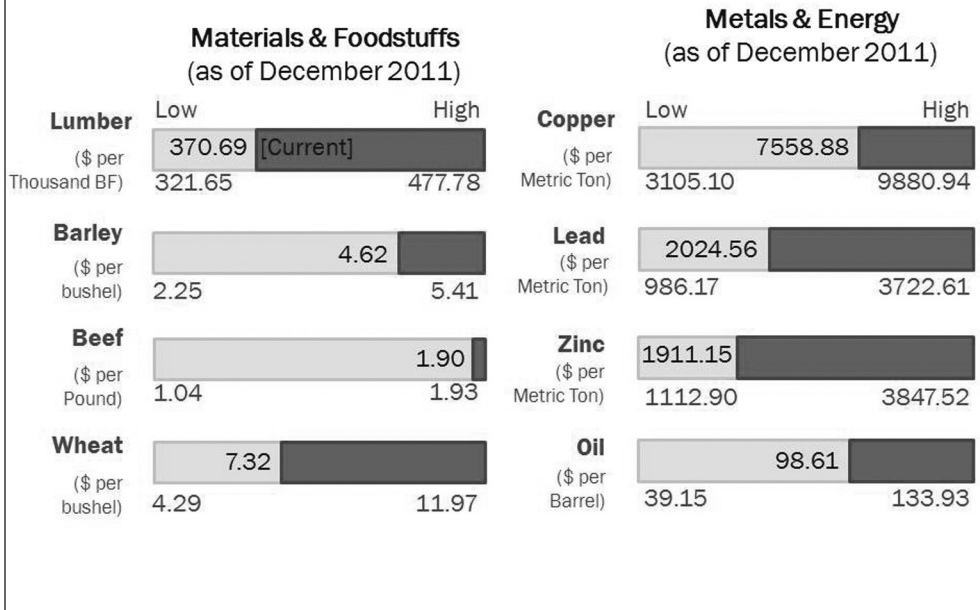
Continuing Claims for Unemployment Insurance, Montana
Source: U.S. Department of Labor

**Fastest Growth
is in the East**



Percentage Growth in Real Wage and Salary Disbursements, 2010Q2 - 2011Q2

**Commodity Prices:
Favorable to Montana?**

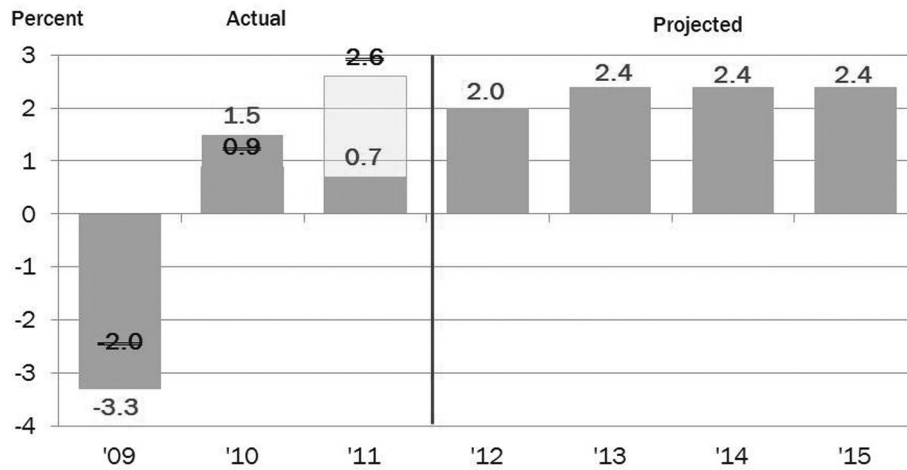


**Labor Income and
Basic Industries, Montana**

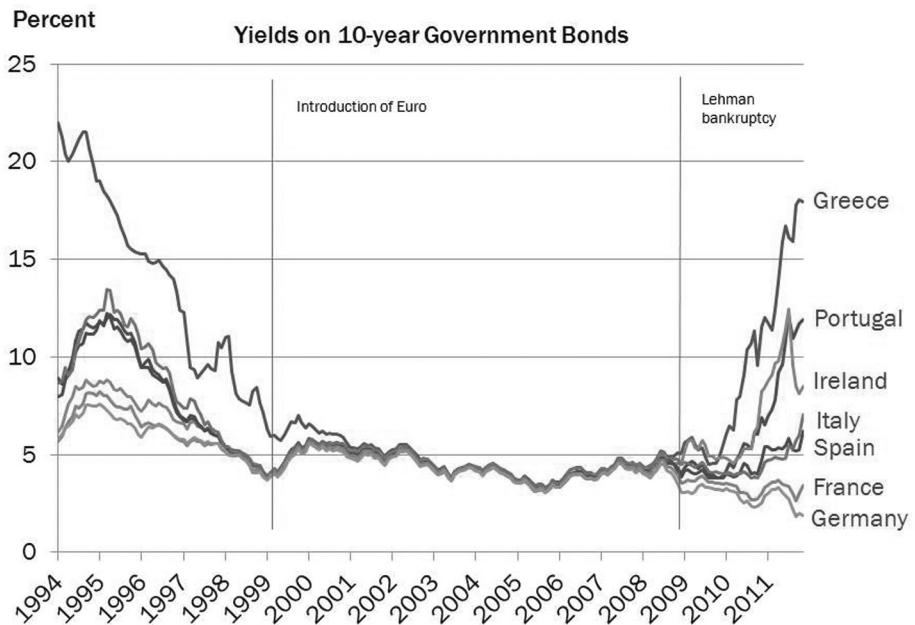


Notes

Change in Nonfarm Earnings, Montana, 2009-2015



The EU Currency Experiment is Unraveling



**Top 10 Countries
Buying Montana Products**

In millions of dollars:

1	Canada	\$539.7
2	Republic of Korea	186.8
3	China (Mainland)	122.9
4	Japan	109.8
5	China (Taiwan)	93.5
6	Mexico	79.9
7	United Kingdom	37.3
8	Germany	25.6
9	Belgium	24.8
10	Netherlands	18.5

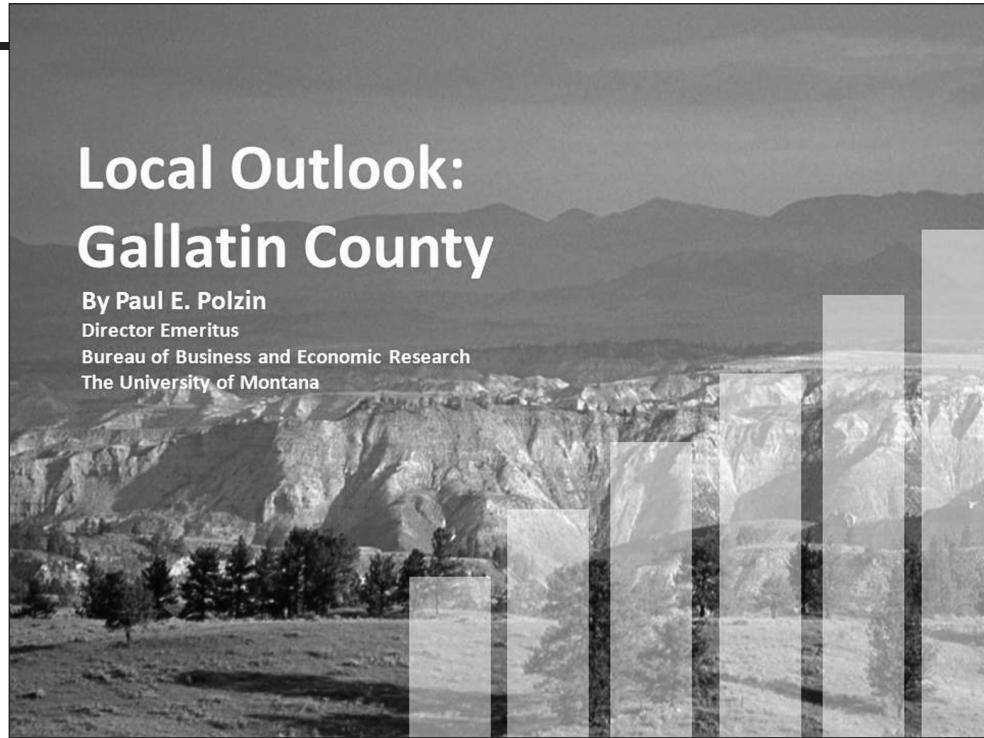
*These figures do not include bulk wheat exports

Notes

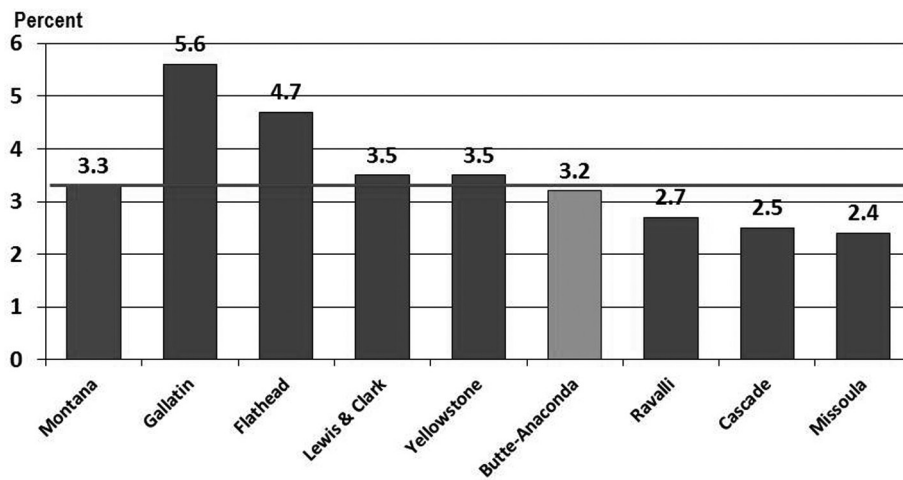
Notes

Local Outlook: Gallatin County

By Paul E. Polzin
Director Emeritus
Bureau of Business and Economic Research
The University of Montana



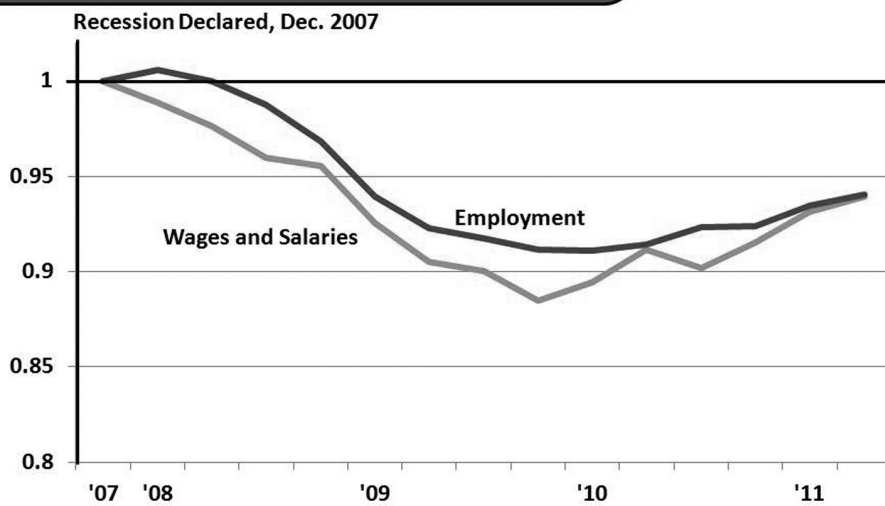
Annual Percent Change in
Nonfarm Labor Income
(in Constant Dollars), 2001-2007



Recession Scorecard

	Duration (Years)	Severity (% Change)
Lewis & Clark County	What Recession?	
Cascade County		
Yellowstone County	1	-1.5%
Butte - Anaconda	1	-0.8%
Missoula County	3-4	-4.9%
Gallatin County	2	-7.9%
Flathead County	4	-10.2%
Ravalli County	4	-11.4%

Nonfarm Employment and Inflation Adjusted Wages and Salaries, Seasonally Adjusted, Gallatin County



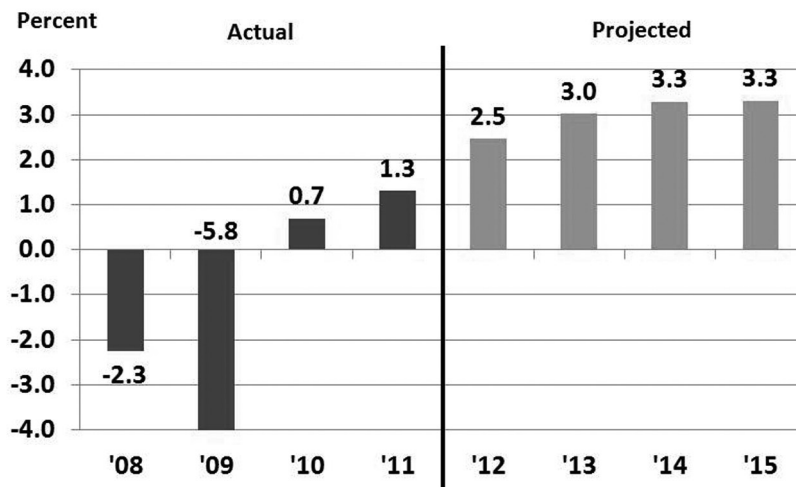
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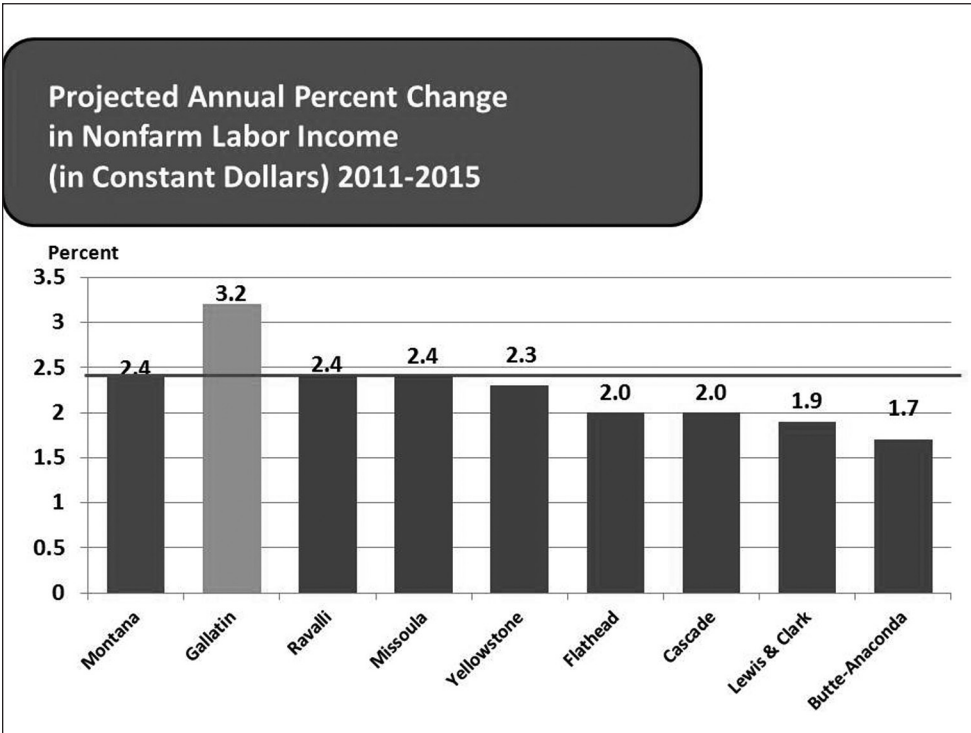
Gallatin County's Economic Base 2009-2011

- Other Basic Industries 6%
- Federal Government 10% Stable at Best
- Nonresident Travel 11% Some Recovery
- Trade Center * 24% RightNow's Future?
- Manufacturing 18% Stable
- MSU and State Gov't 31% Pay Freeze, Increased Research

Construction Not Before 2013
 * Including professional services

Actual and Projected Change in Nonfarm Earnings, Gallatin County, 2008-2015



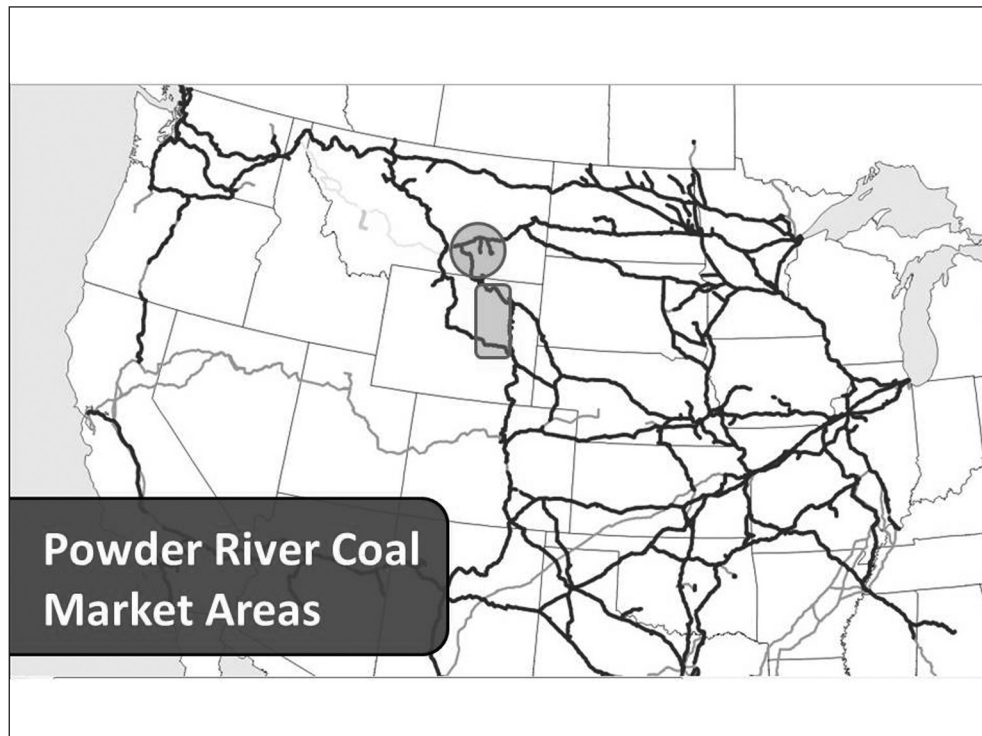


Montana's Energy Transportation Systems

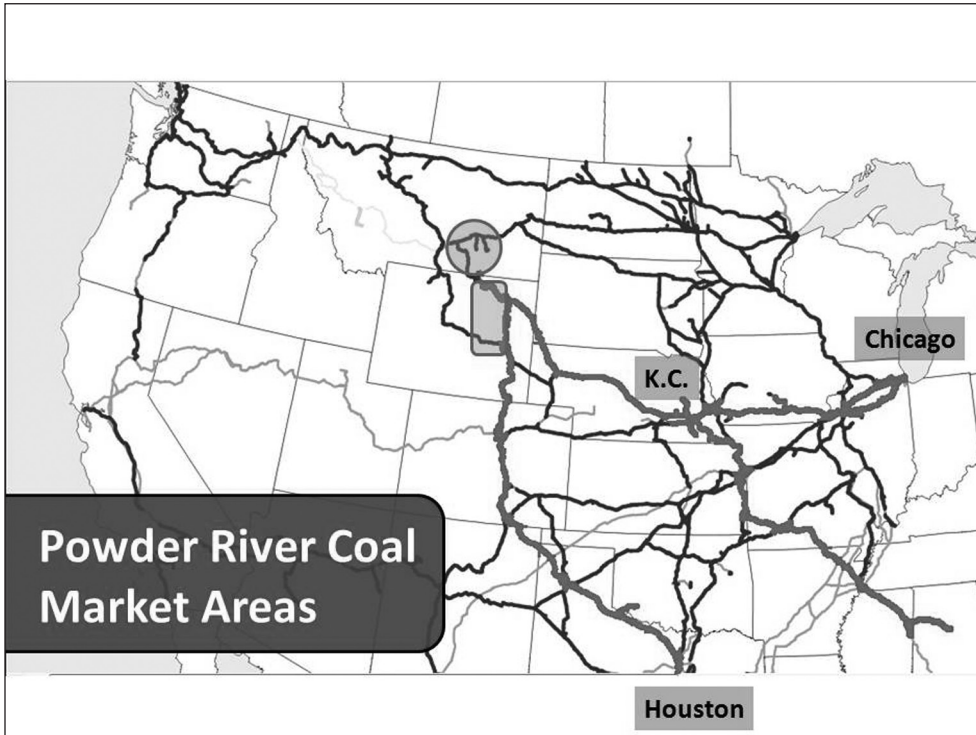
Notes

Coal Reserves and Production

	Reserves (Billions of Tons)	
Montana	119.0	
Wyoming	61.0	

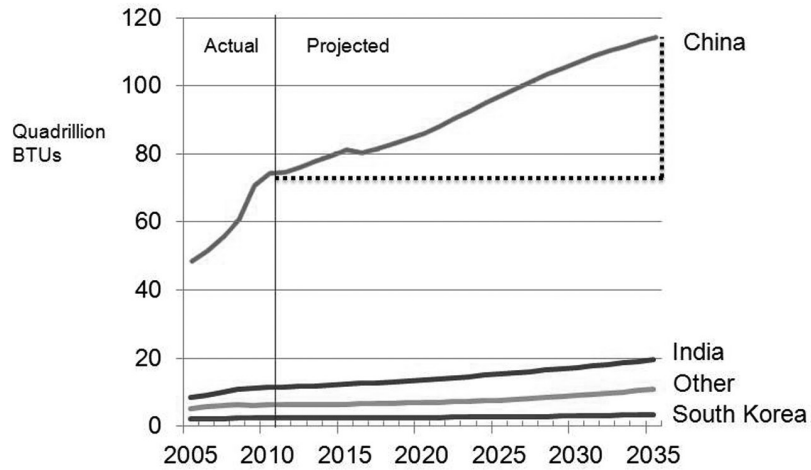


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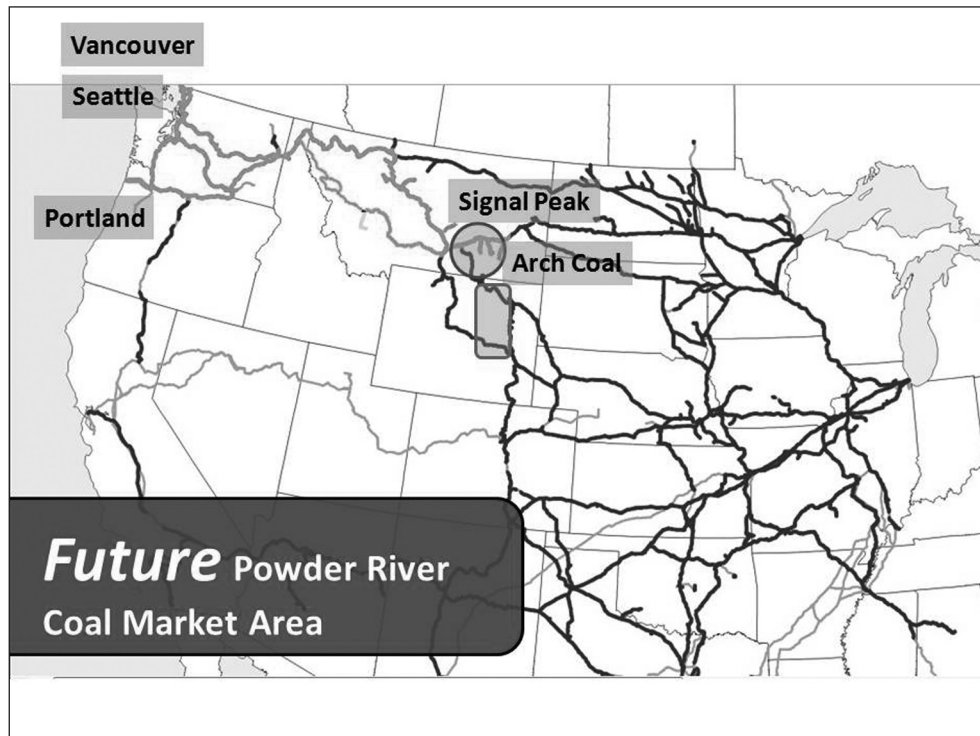


Notes

Actual and Projected Asian Coal Consumption



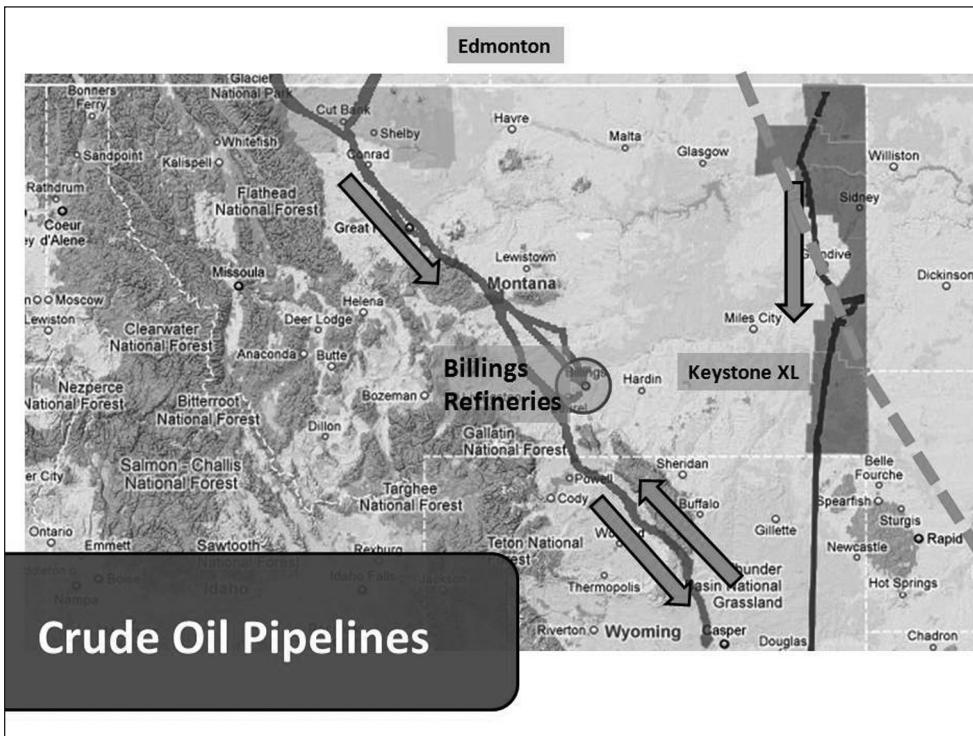
Sources: History: U.S. Energy Information Administration, International Energy Statistics database



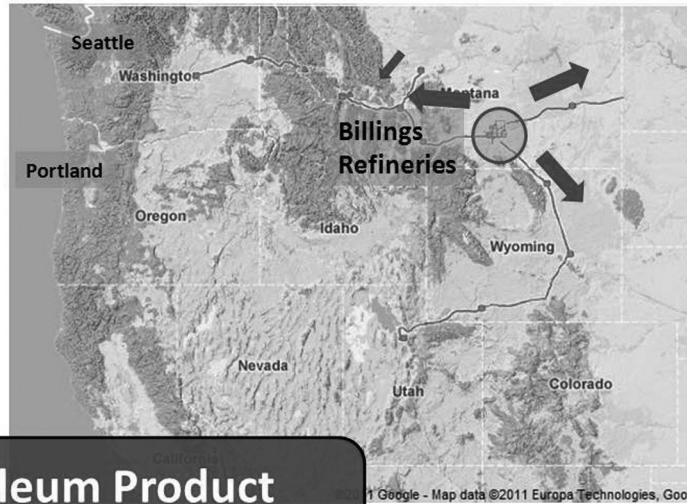
Montana Crude Oil, 2010

	Barrels
Production	25,317,532
Refined in MT	1,574,362
Percent	6.21

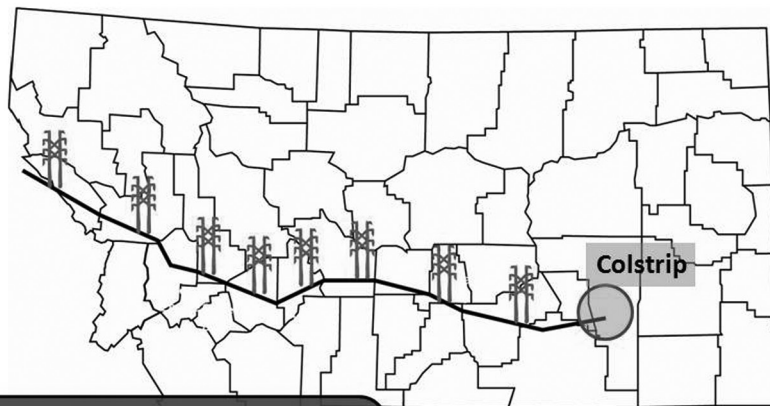
Source: Montana Oil and Gas Conservation Division.



Notes



Petroleum Product Pipeline



Colstrip 500 KV Transmission Line

**Transmission Line
Property Taxes
to Counties**

County	Estimated Taxes
Rosebud	\$492,000
Treasure	\$952,000
Big Horn	\$241,000
Yellowstone	\$1,467,000
Golden Valley	\$372,000
Stillwater	\$373,000
Wheatland	\$615,000
Meagher	\$865,000
Broadwater	\$563,000
Jefferson	\$401,000
Powell	\$322,000
Granite	\$401,000
Missoula	\$568,000
Mineral	\$784,000
TOTAL	\$8,417,000



**Montana's Energy
Transportation Systems**

Notes

Soaring, Gliding, or 'Bumpy Ride'? Changes in Tourism

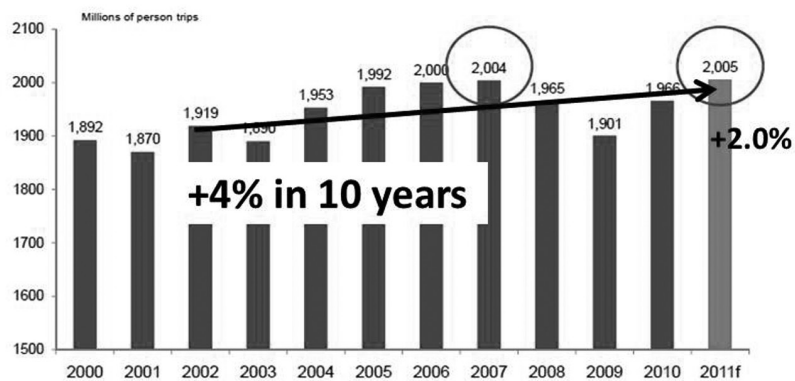
Norma Nickerson, Director
Institute for Tourism and Recreation Research
University of Montana



2012 Annual Outlook Seminar

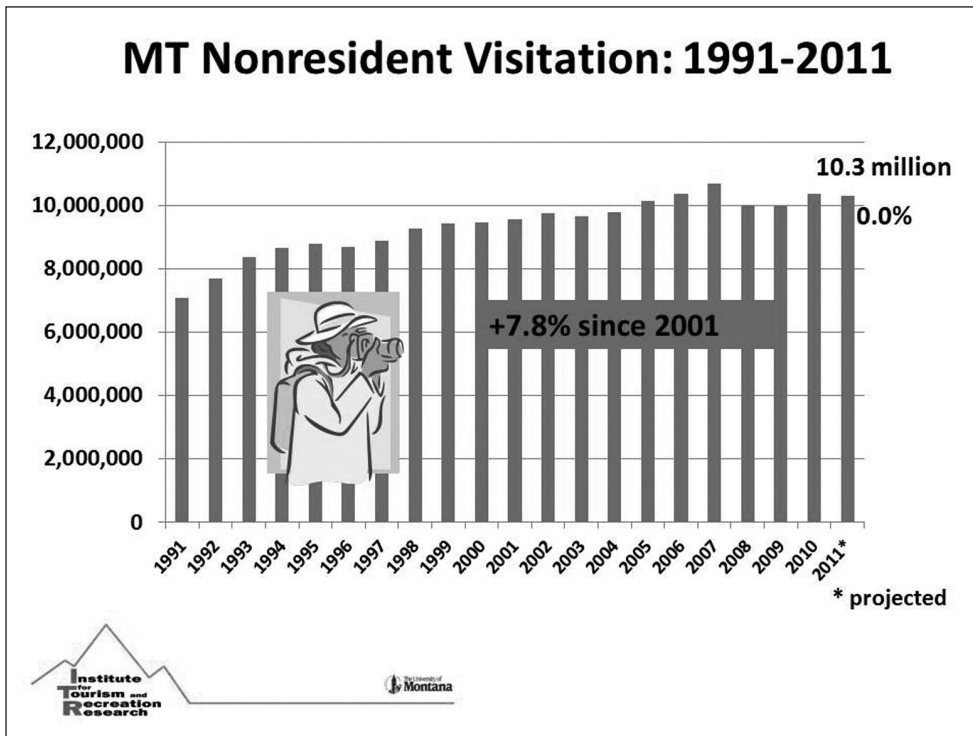
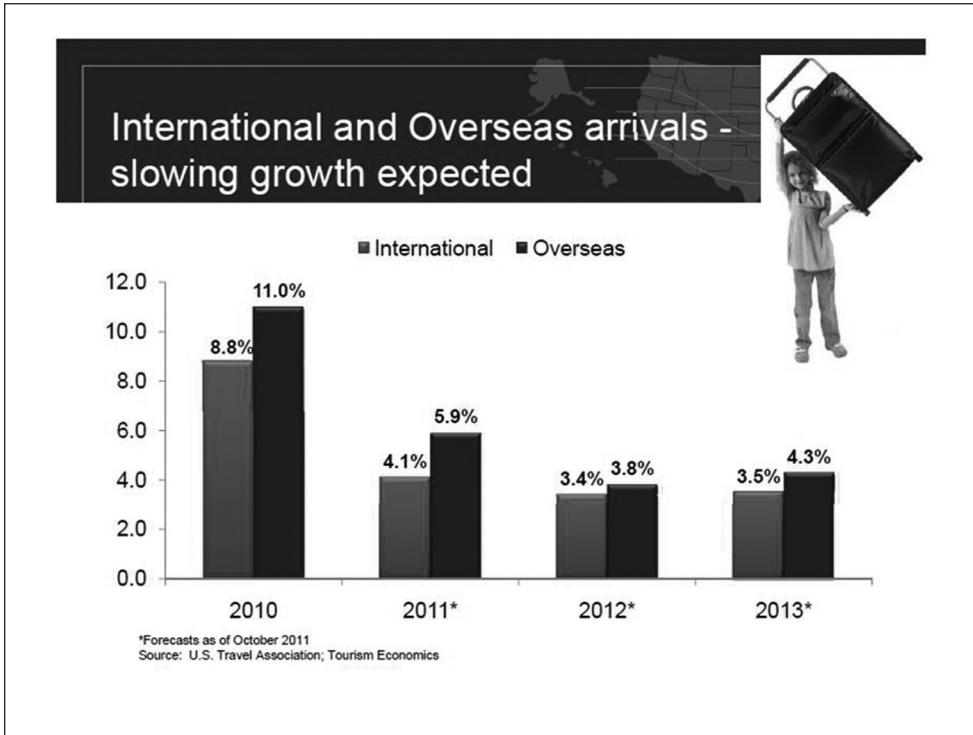


Total Domestic Visitors in the United States *Expected to exceed record slightly in 2011*



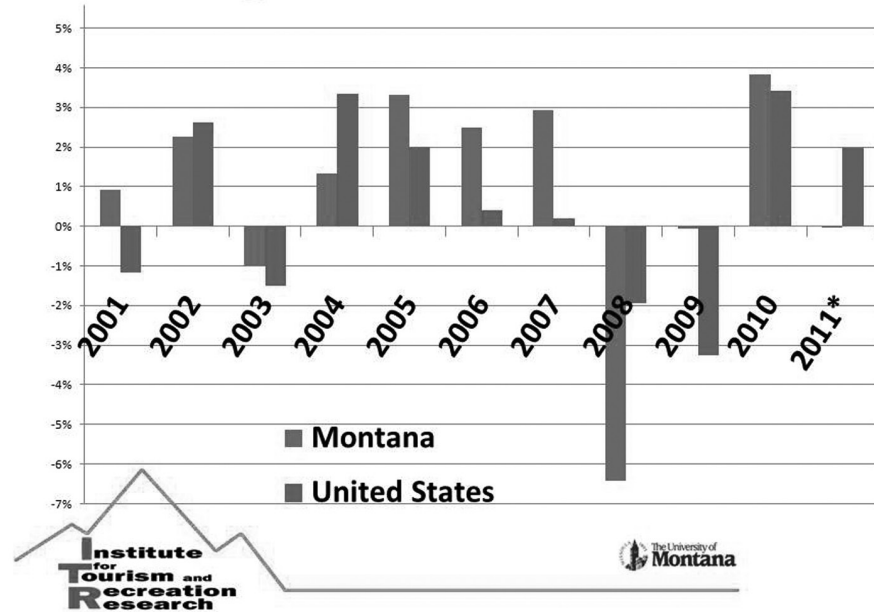
Forecast as of October 2011
Source: U.S. Travel Association and Tourism Economics



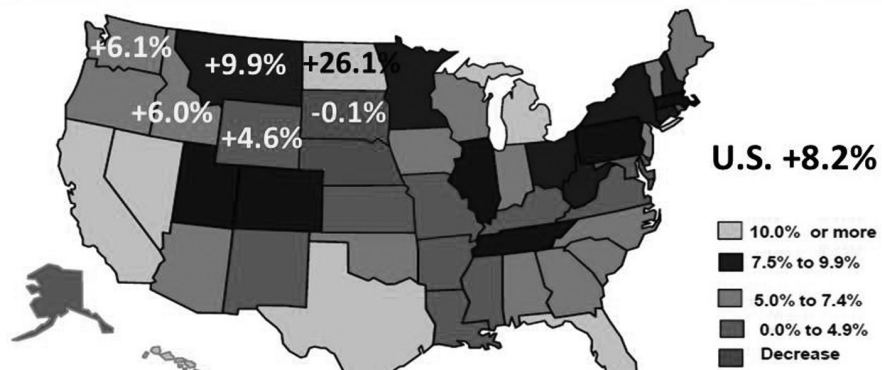


Notes

Percent Change in Montana and US Visitation



% change in RevPAR through November 2011 - Getting better

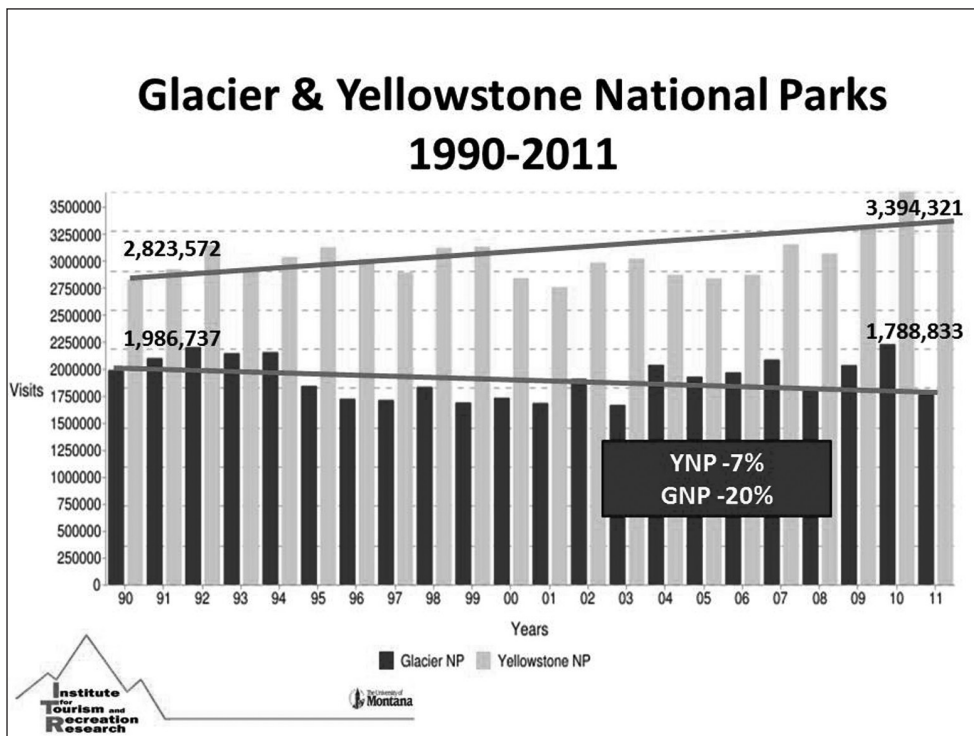
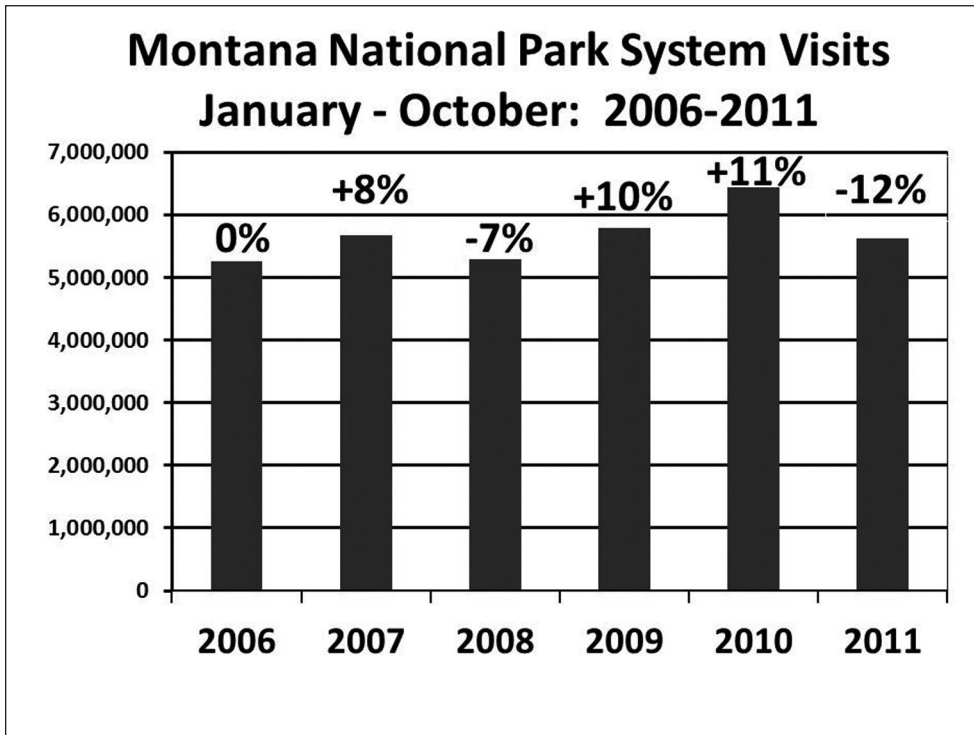


Source: Smith Travel Research, Oct. 2011

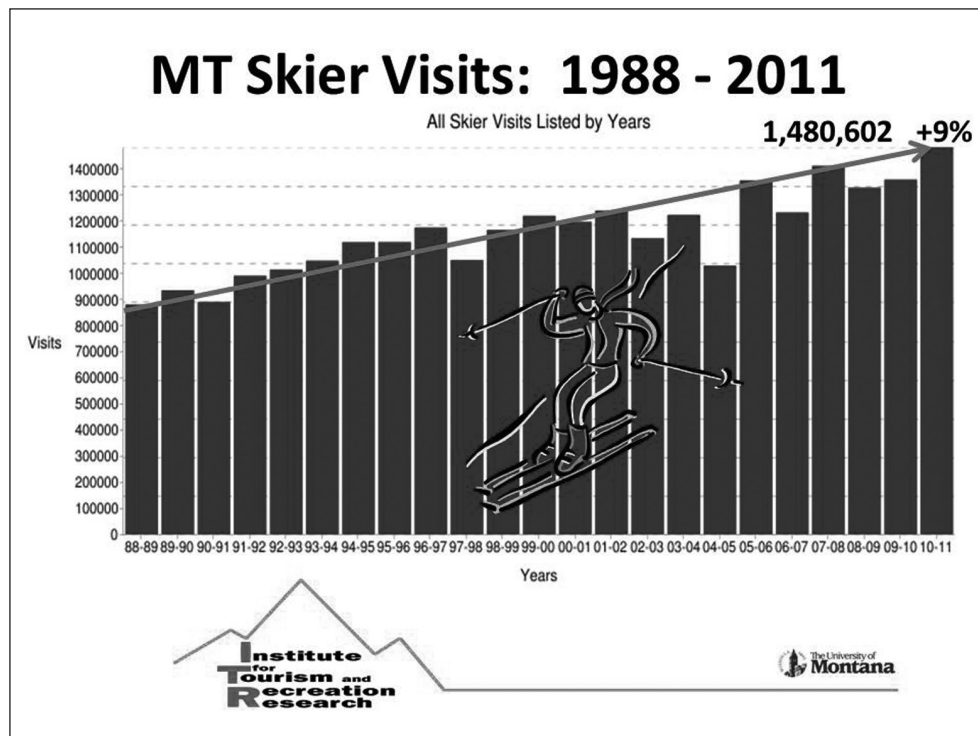
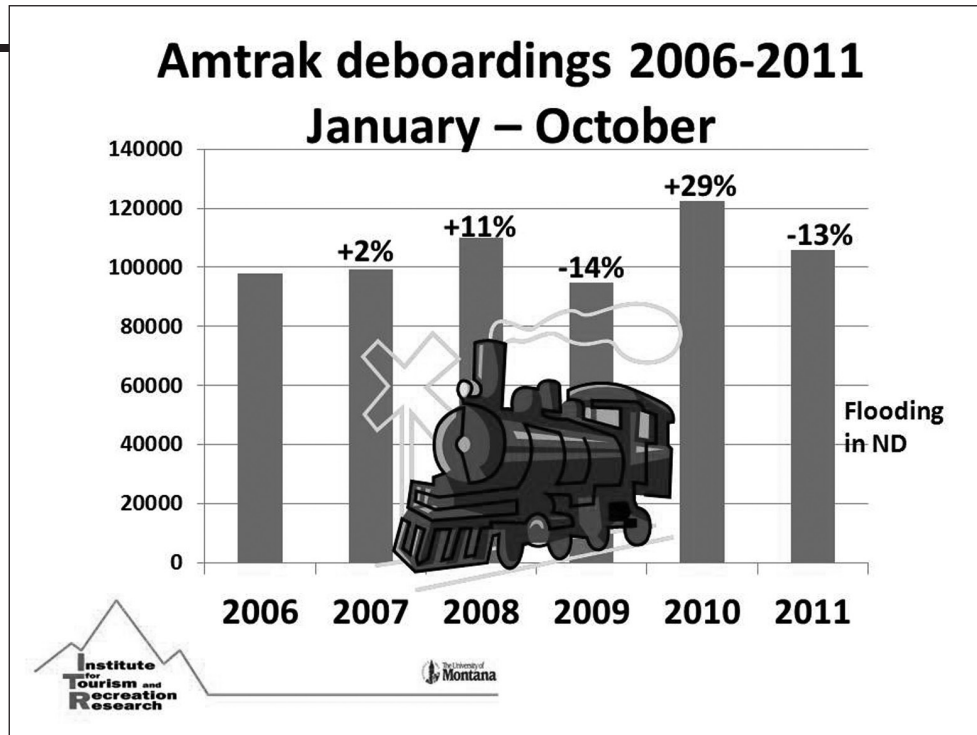
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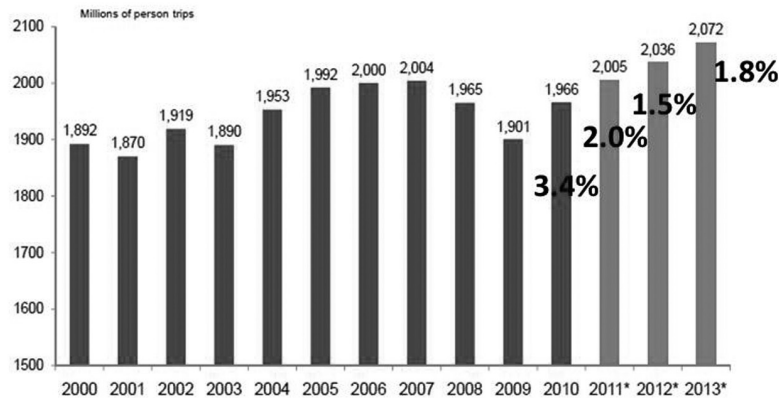
Notes



Notes



Total Domestic Visitors... United States



Forecasts as of October 2011
Source: U.S. Travel Association and Tourism Economics



2012 MT Tourism Businesses

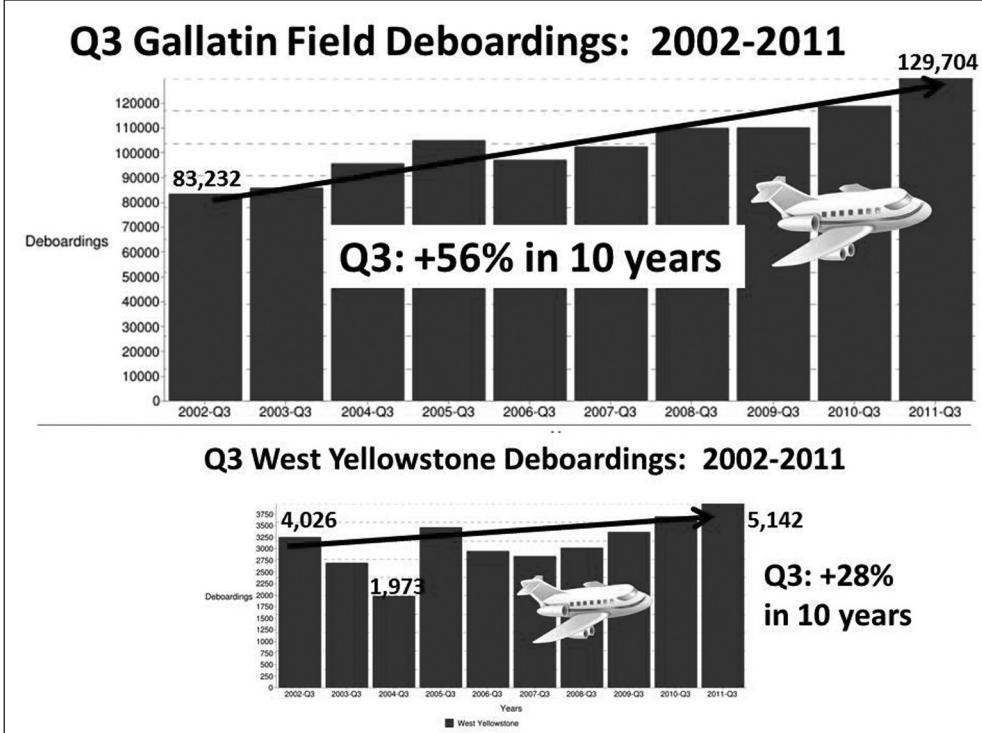
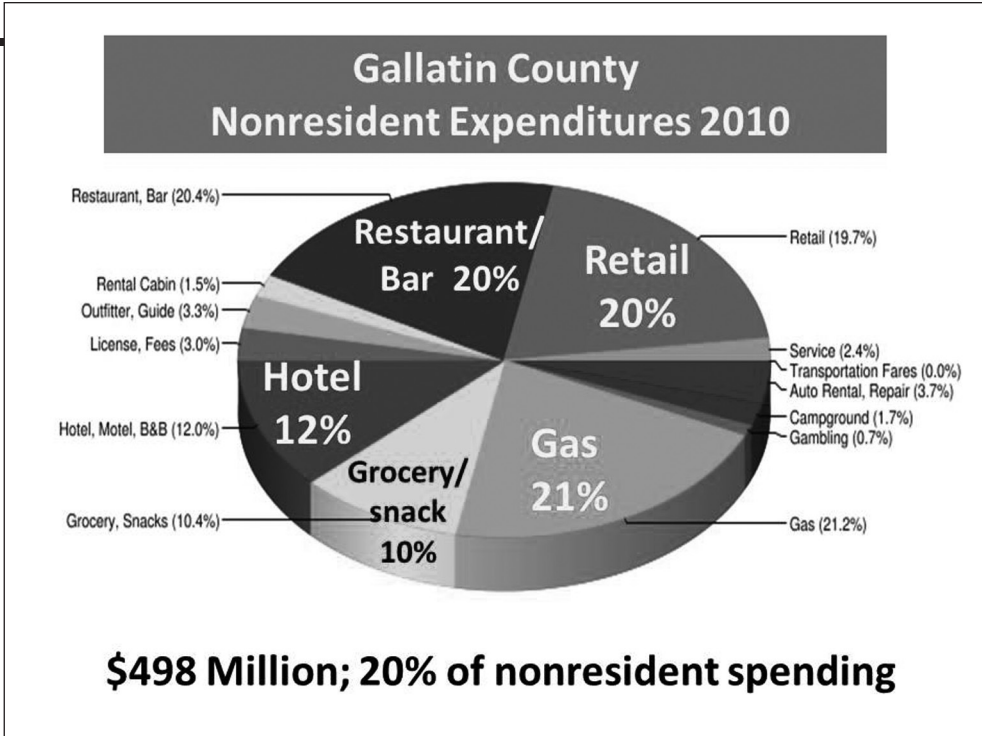
- 48% expect growth in 2012
- 40% expect to stay the same
- Overall: 2% growth expected in 2012

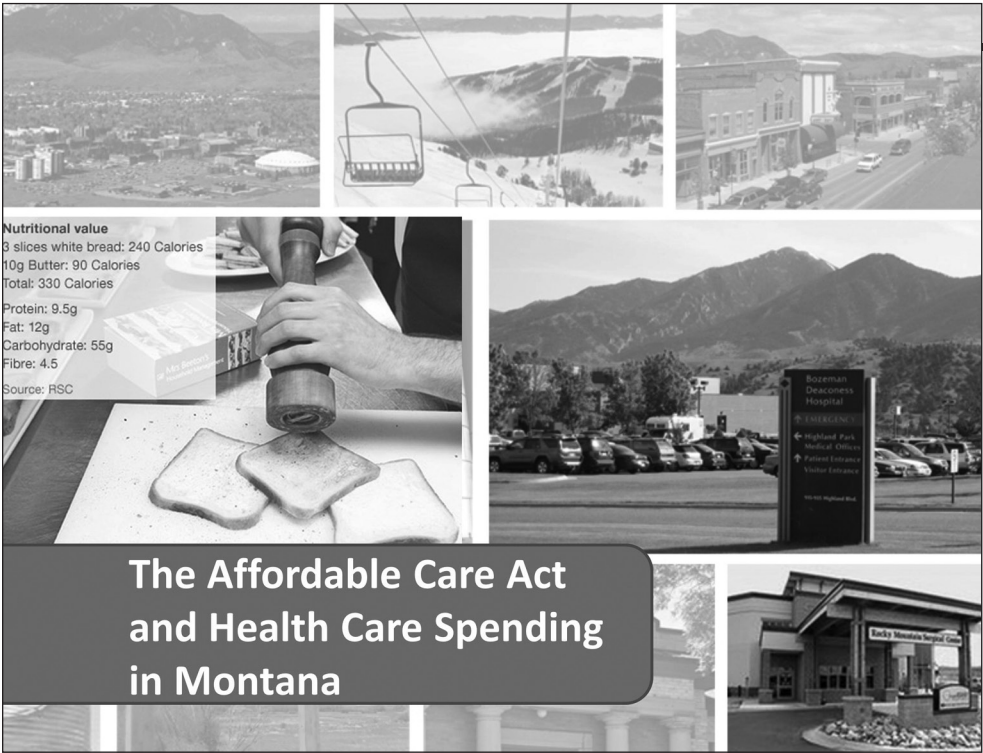
2012 National Tourism

- 1.5% growth in domestic visitors
- 3.4% growth in International visitors
- 3.8% growth in overseas visitors



Notes





Health care spending is driven by . . .



MT \$35,068
US \$39,945



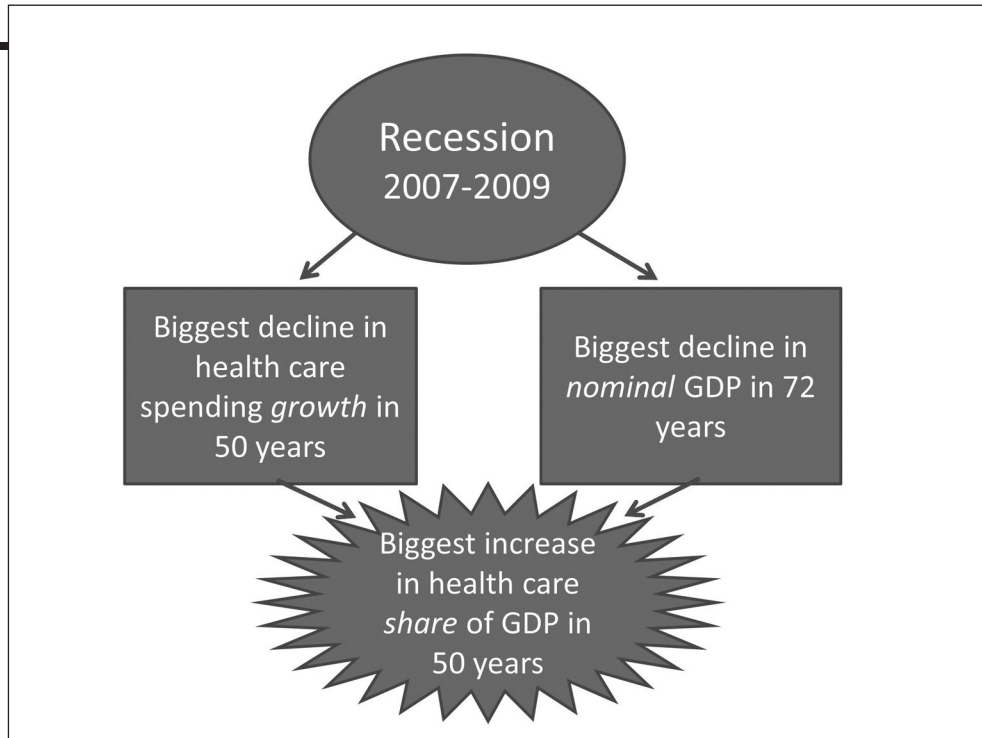
MT 15%
US 17%



MT 15%
US 13%



Notes



Health care is big in Montana...

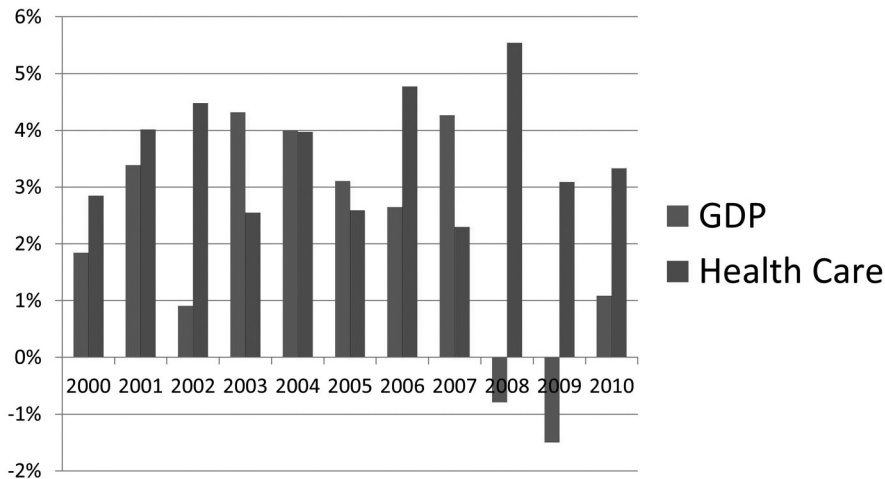
\$7.2 billion in PHCE

Health care share of economy

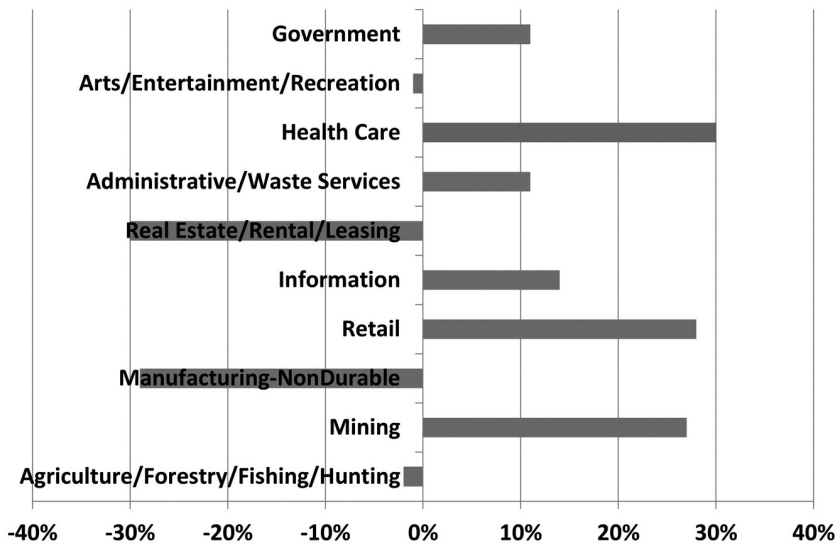
Growth Rate

The complex block contains three vertical panels. The first panel on the left has a circular icon of a dollar sign with a hand holding it, and the text '\$7.2 billion in PHCE' below it. The middle panel has a circular icon of a person's head and neck, and the text 'Health care share of economy' below it. The third panel on the right has a circular icon of a car, and the text 'Growth Rate' below it. A large, light-colored double-headed arrow is positioned horizontally at the bottom of these three panels.

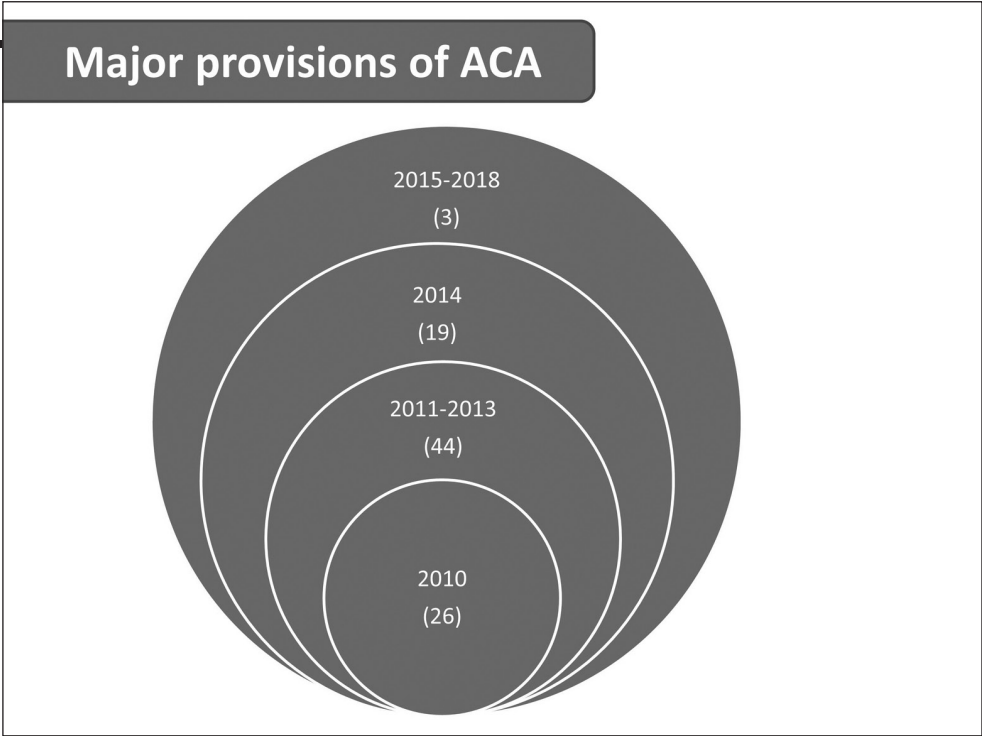
Real growth rates Montana GDP and health care






Health care *the big* contributor to 1.1% increase in Montana real GDP, 2009-2010



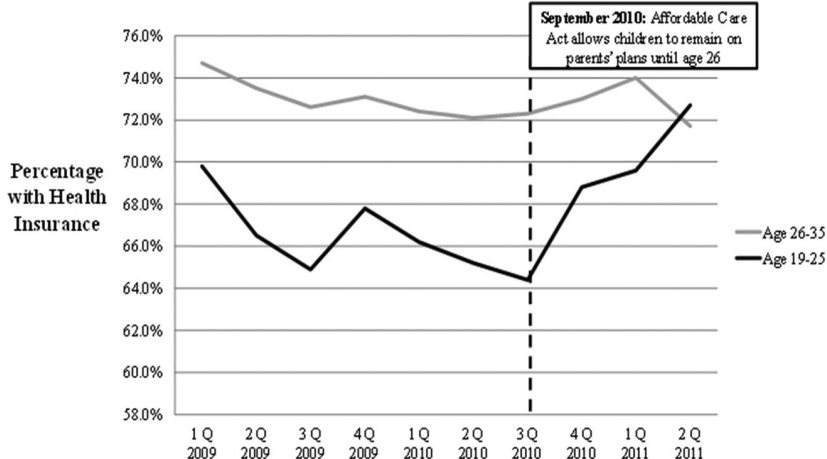
Notes



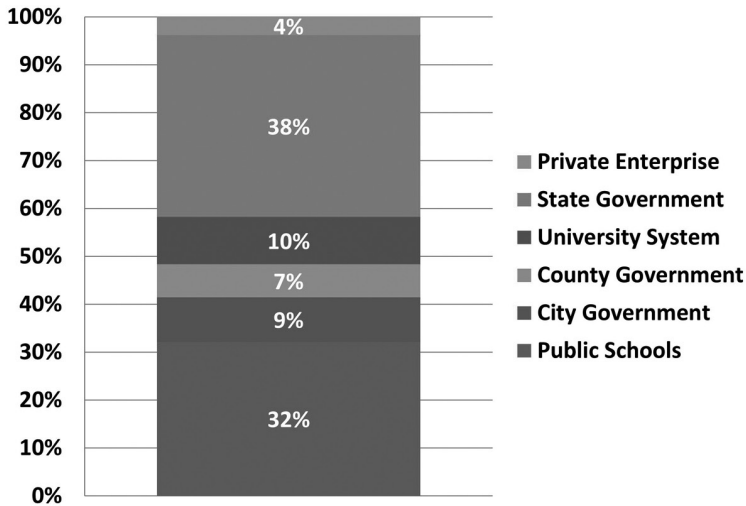
ACA provisions

		
10% Tanning bed tax 7/1/2010	Adults under 26 9/23/10	Early Retiree Reinsurance Program 6/29/2010

Health insurance coverage for young adults



Distribution of \$3.8 million ERRP Funds, Montana

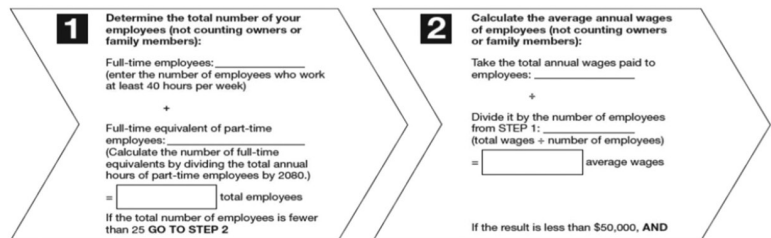


Notes

Wasn't so simple Small Business Tax Credit

3 SIMPLE STEPS

If you are a small employer (business or tax-exempt) that provides health insurance coverage to your employees, determine if you may qualify for the **Small Business Health Care Tax Credit** by following these three simple steps:



3 You pay at least half of the insurance premiums for your employees at the single (employee-only) coverage rate, then you may be able to claim the **Small Business Health Care Tax Credit**. Find out more information at IRS.gov

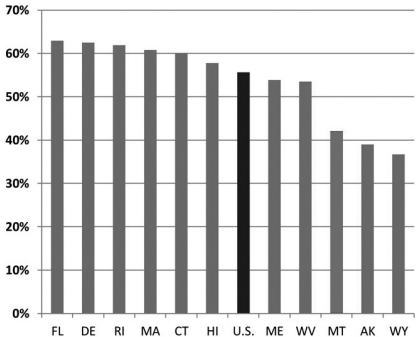


	# of Gap Beneficiaries	Total Gap Discount	Average Gap Discount
MONTANA	6,075	\$3,511,260	\$578
Bozeman	272	\$157,581	\$579
Manhattan	20	\$11,290	\$564
Three Forks	24	\$17,231	\$718
Belgrade	60	\$30,932	\$516
Gallatin County	408	\$241,728	\$592

No cost sharing

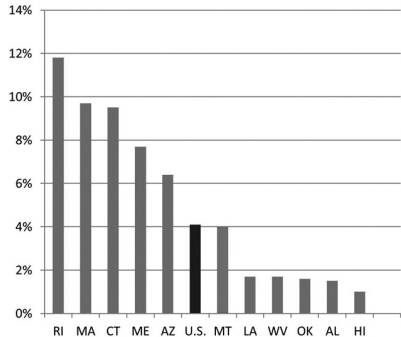
Medicare Preventive Services

Beneficiaries Using One or More Preventive Services



Medicare Annual Wellness Exam

Beneficiaries Using Wellness Exam



Premiums increase if you are a person of “means”

Medicare Part B Premiums

Joint Tax Return (000's AGI)	Monthly Increase	Total Monthly Premium
≤\$170	\$0	\$115.40
>\$170 ≤\$214	\$46.10	\$161.50
>\$214 ≤\$320	\$115.30	\$230.70
>\$320 ≤\$428	\$184.50	\$299.90
> \$428	\$253.70	\$369.10

Medicare Part D Premiums

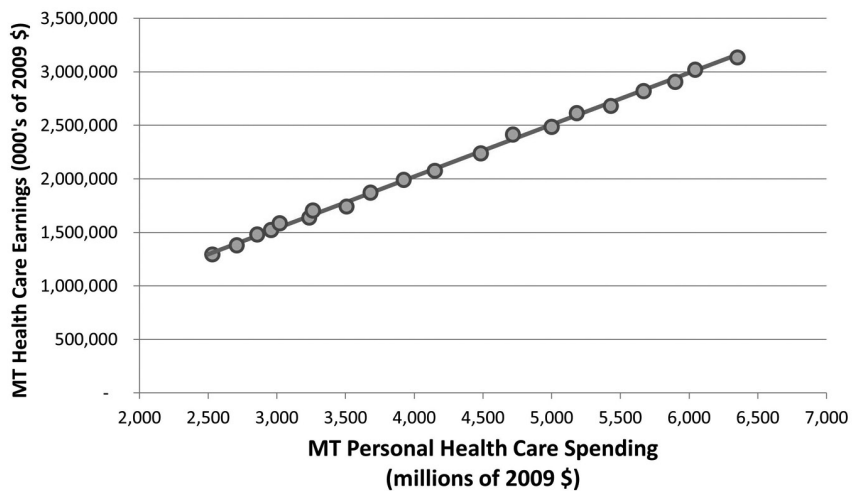
Joint Tax Return (000's AGI)	Monthly Increase	Total Monthly Premium
≤ \$170	\$0	\$41.43
> \$170 ≤ \$214	\$12.00	\$53.43
> \$214 ≤ \$320	\$31.10	\$72.53
> \$ 320 ≤ \$428	\$50.10	\$91.53
> \$428	\$69.10	\$110.53

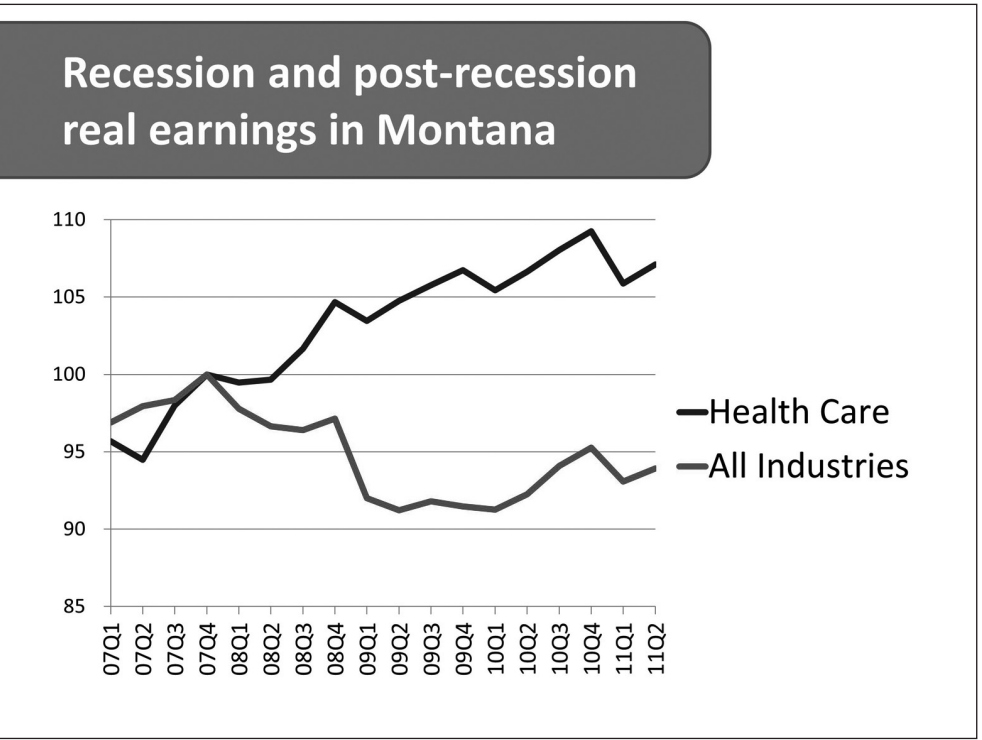
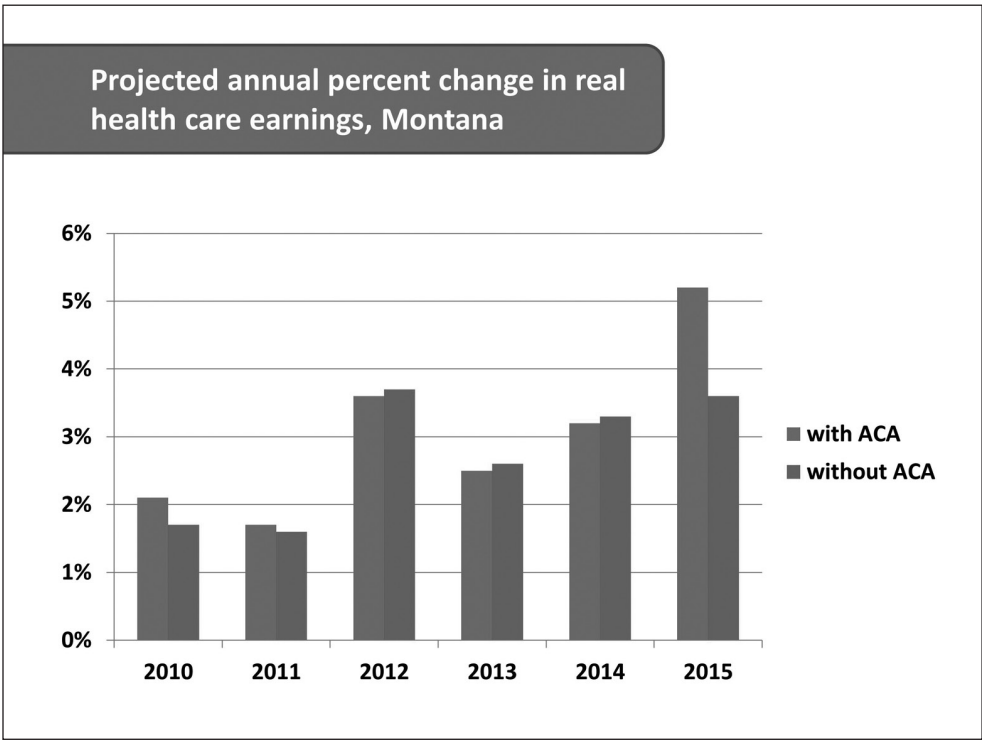
Notes

Medicaid and Medicare per enrollee spending in Montana

	Average Annual Growth (%)		% of MT total personal health care spending			% of U.S. per enrollee spending		
	'98-'04	'04-'09	1998	2004	2009	1998	2004	2009
Medicare	6.3	6.3	17.4	17.2	19.3	73	76	73
Medicaid	3.3	5.9	13.7	13.5	13.2	122	123	146

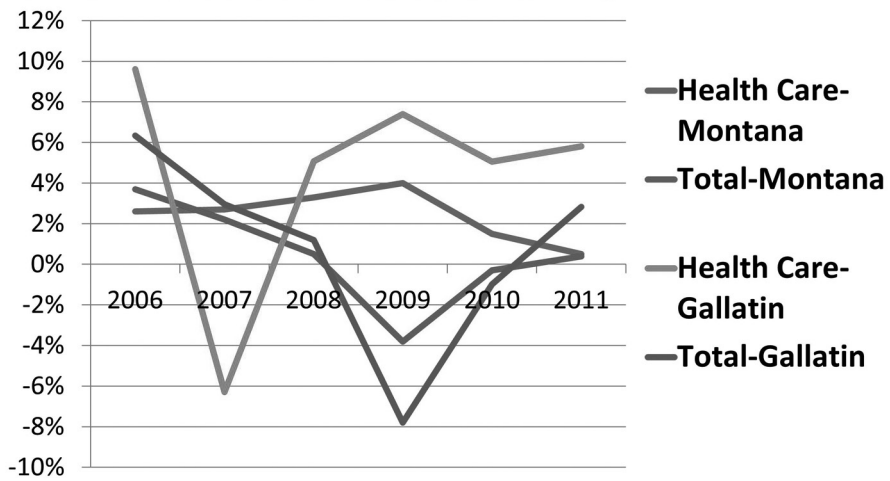
Personal health care spending and health care earnings, Montana, 1990-2009





Notes

Health Care Employment



Economic recovery?



Challenge to the ACA?



No historical experience for ACA reforms?



Provider responses?

2012 Montana Agricultural Outlook

George Haynes

Department of Agricultural Economic & Economics
MSU Extension

Data Source: National Agricultural Statistics Service
Montana Field Office

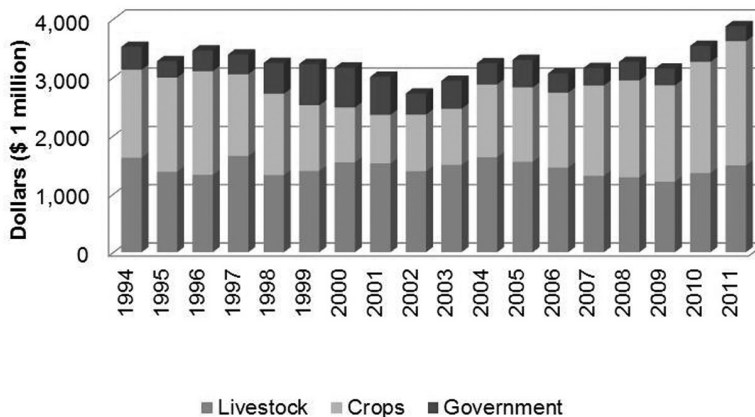
2011 “Recap”

- **Crops**
 - All wheat prices – up 26%
 - All wheat production – down 17%
 - Spring Wheat – production down 29%
 - Pulse crops

- **Cattle**
 - Cattle and Calf Prices – up 15%+
 - Cow Herd - down by 2%, but total herd value is record high

Notes

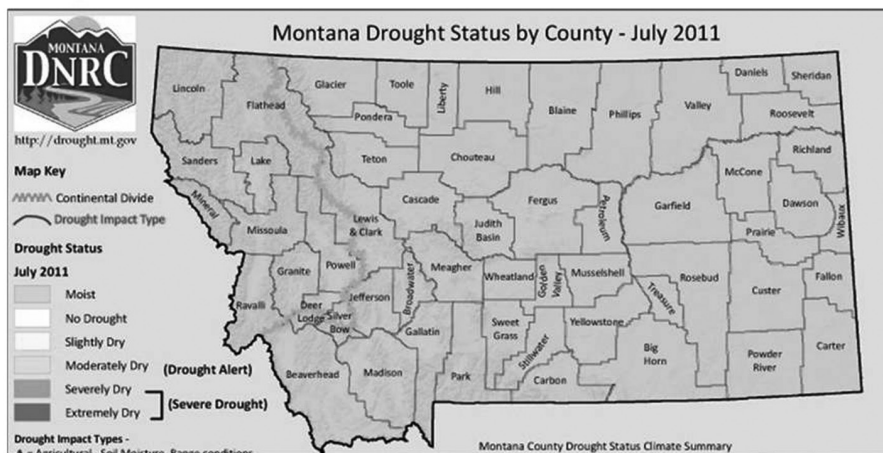
Gross Revenue Estimates (2011 dollars)



MONTANA STATE UNIVERSITY | EXTENSION

Mountains & Minds

Drought Status – July 2011



MONTANA STATE UNIVERSITY | EXTENSION

Mountains & Minds

Notes



Courtesy of the Billings Gazette



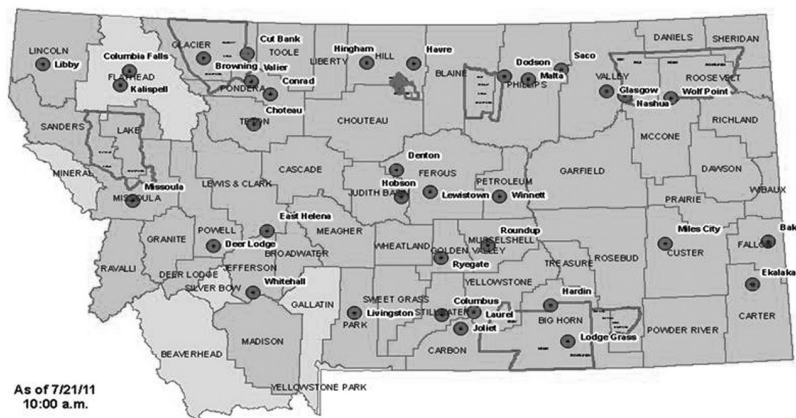
Courtesy of the Billings Gazette

Notes

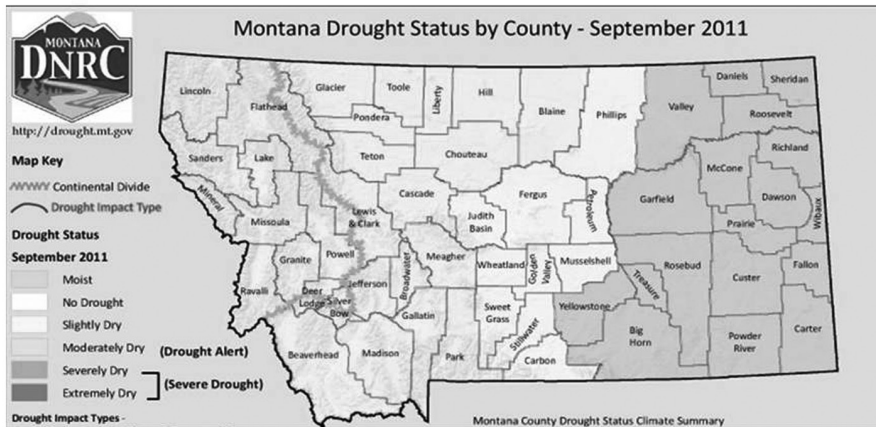


Courtesy of the Billings Gazette

Locally Declared Emergencies as of July 21, 2011

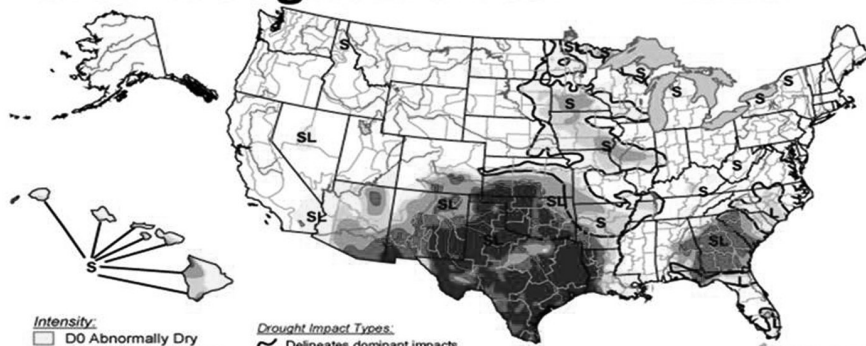


Drought Status – September 2011



U.S. Drought Monitor

October 11, 2011
Valid 8 a.m. EDT



USDA National Drought Mitigation Center

Released Thursday, October 13, 2011
Authors: R. Tinker/M. Rosencrans, NOAA/NWS/NCEP/CPC

Notes

CROPS (GRAIN, HAY & PULSES)

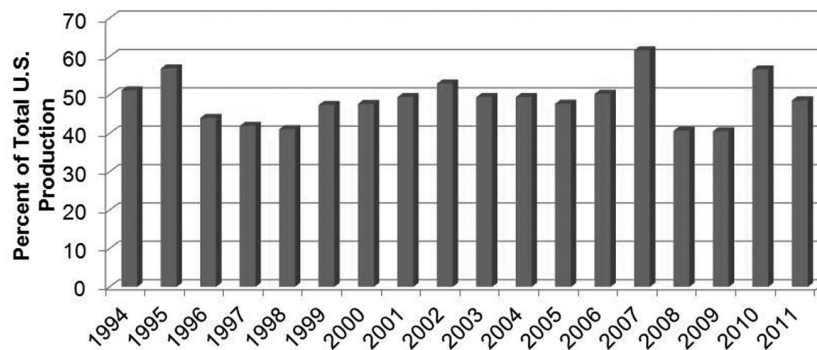


MONTANA
STATE UNIVERSITY

EXTENSION

Mountains & Minds

Wheat Exports percent of total U.S. production



Total U.S. Exports = 34.5 mmt in 2010/2011 and 25.2 mmt in 2011/2012



MONTANA
STATE UNIVERSITY

EXTENSION

Mountains & Minds

Where are these exports going?

- **Wheat (50% of total U.S. wheat exports)**
 - Sub-Saharan Africa 4.9 million metric tons
 - Egypt 3.8
 - Japan 3.3
 - Mexico 2.8
 - Philippines 1.8

- **Export competition**
 - Kazakhstan, Australia, Russia, Canada

“Biggest Losers – Wheat Production” 2010 to 2011

State	Total Production (1,000 bu.)			%
	2010	2011	Difference	
North Dakota	361,550	205,845	-155,705	-43
Kansas	360,000	276,500	-83,500	-23
Texas	127,500	49,400	-78,100	-61
Oklahoma	120,900	70,400	-50,500	-42
Montana	215,360	178,290	-37,070	-17
Colorado	108,234	81,828	-26,406	-24
South Dakota	123,475	104,796	-18,679	-15
Minnesota	88,070	70,456	-17,614	-20

Notes

Global Wheat Market Shares

Country	2010/2011		2011/2012	
	mmt	shares %	mmt	shares %
Australia	26.00	4.0	25.00	3.7
Canada	23.17	3.6	24.20	3.6
China	115.18	17.8	117.00	17.2
EU-27	135.61	20.9	136.33	20.0
India	80.80	12.5	85.93	12.6
FSU-12	80.97	12.5	110.45	16.2
U.S.	60.06	9.3	54.65	8.0
Other	126.37	19.5	127.64	18.7
Total	648.16	100.0	681.20	100.0

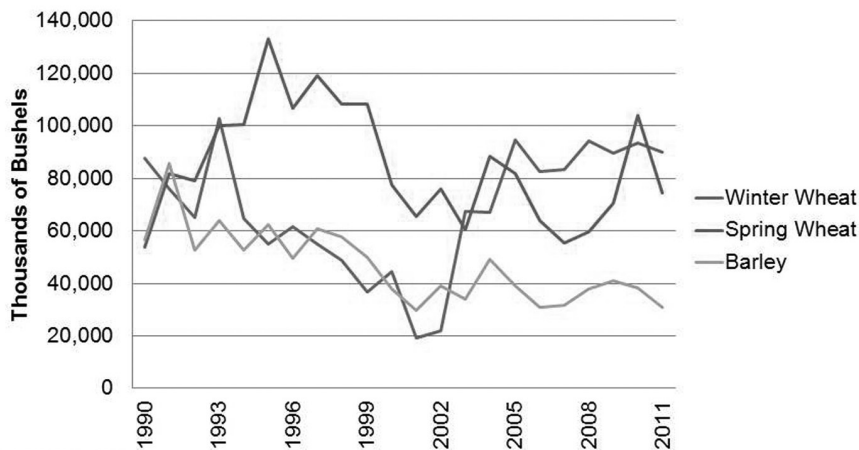
Source, WASDE-499, October 12, 2011



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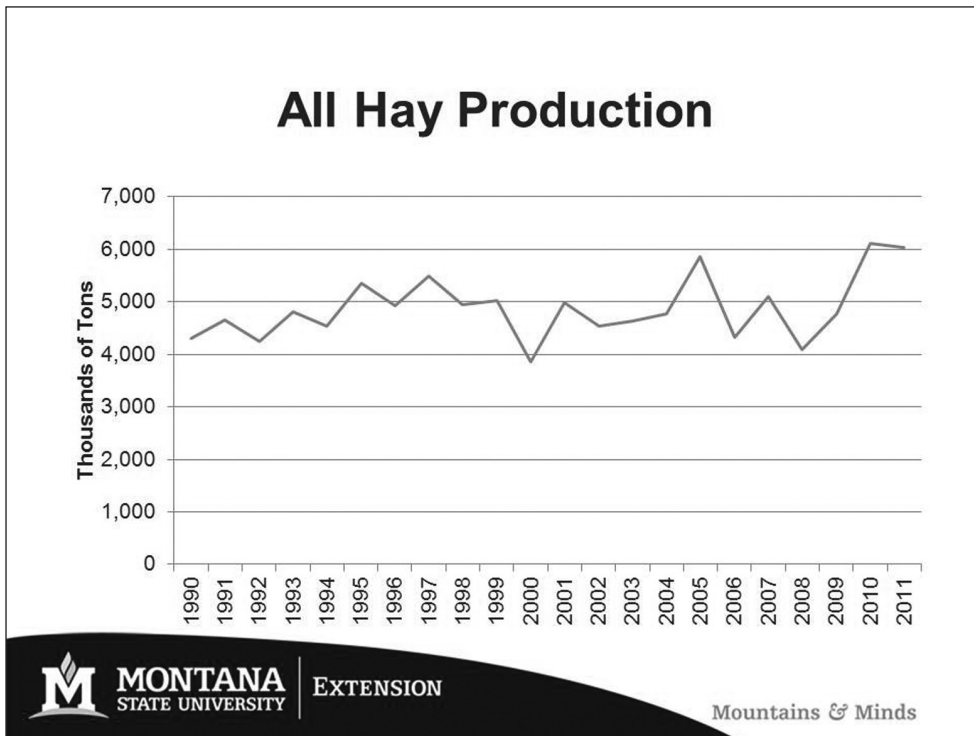
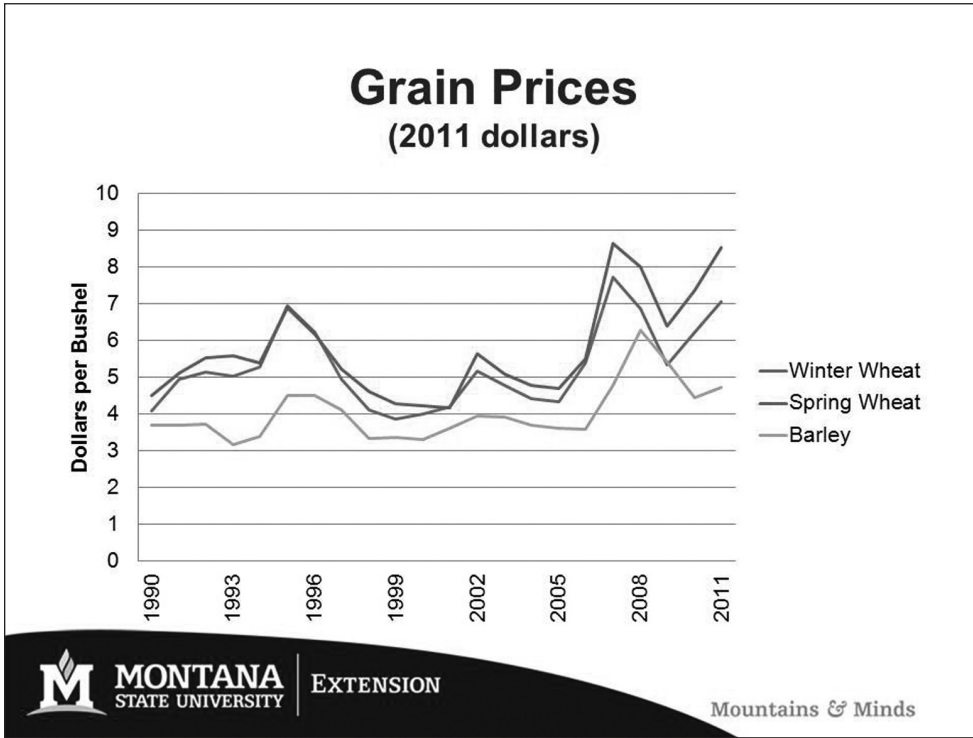
Mountains & Minds

Grain Production

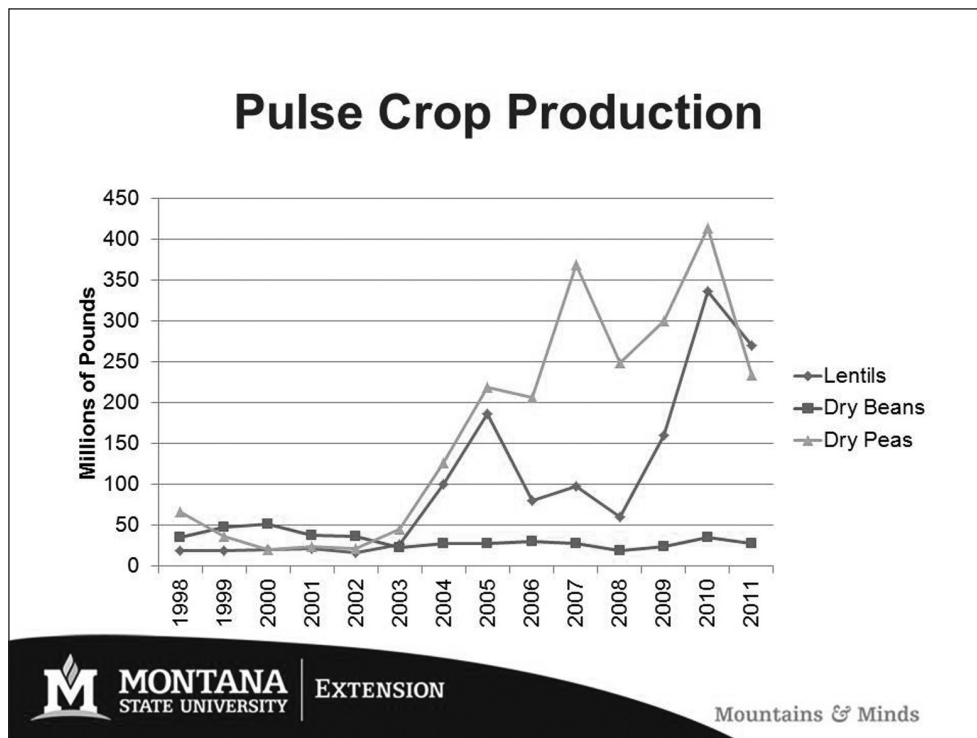
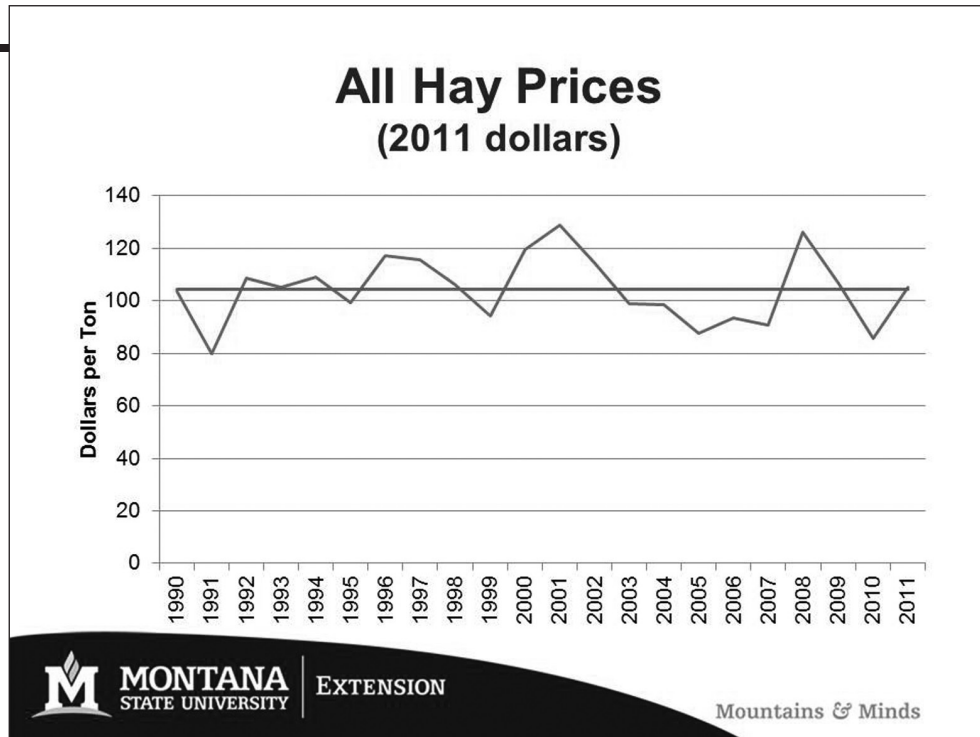


MONTANA
STATE UNIVERSITY | EXTENSION

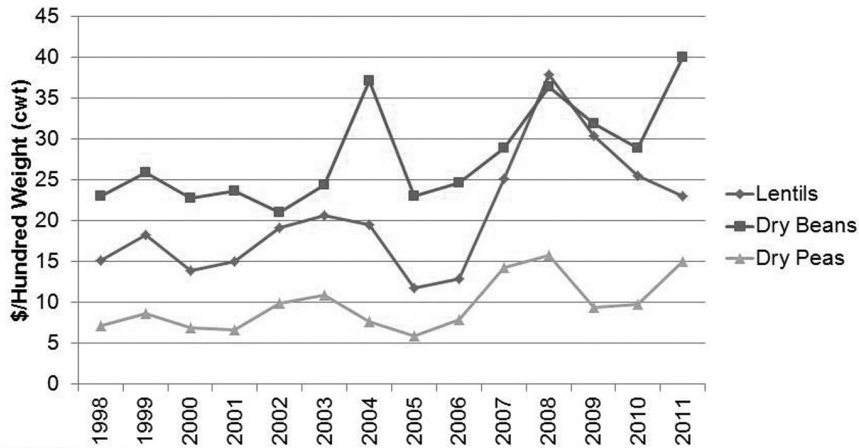
Mountains & Minds



Notes



Pulse Crop Prices



Share of Pulse Crops Grown in MT

Crop	Montana (1,000 cwt)	U.S. (1,000 cwt)	Montana Share (%)
Dry Beans	359	31,801	1.1
Pinto Beans	275	13,814	2.0
Garbonzo Beans	84	1,939	4.3
Lentils	3,359	8,657	38.8
Dry Peas	4,140	14,221	29.1
Austrian Winter Peas	110	237	46.4

Futures Prices (not basis adjusted – 12/29/11)

Location	Units	3/12	5/12	7/12	9/12
Minneapolis Grain Exchange					
Hard Red Spring Wheat	\$/bu	8.55	8.31	8.17	7.90
Kansas City Board of Trade					
Winter Wheat	\$/bu	7.09	7.17	7.25	7.37
Chicago Board of Trade					
Corn	\$/bu	6.45	6.53	6.59	6.10

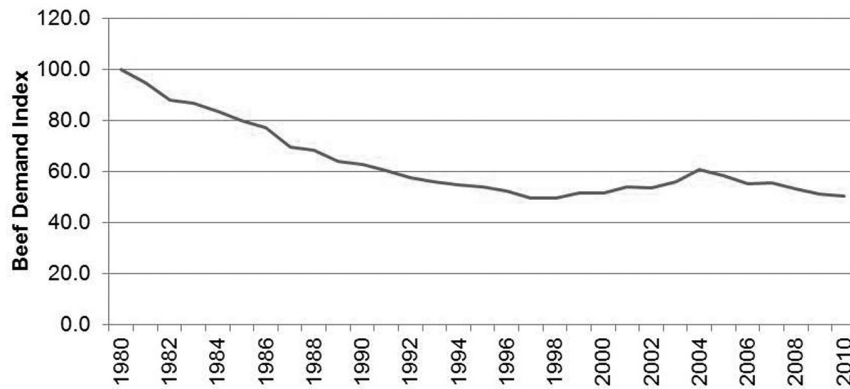
Hay and pulse crops

Montana Wheat 2012

- **2012 Winter Wheat Plantings → ???**
- **Influence of corn prices (public policy)**
- **2012 Production/Prices**
 - **MT 2012 All Wheat Price: optimistic**
 - **Early 2012– prices caution (Russia, Ukraine, Kazakhstan)**
 - **Late 2012– two important factors**
 - **Demand – worldwide economic conditions**
 - **Supply – worldwide growing conditions**

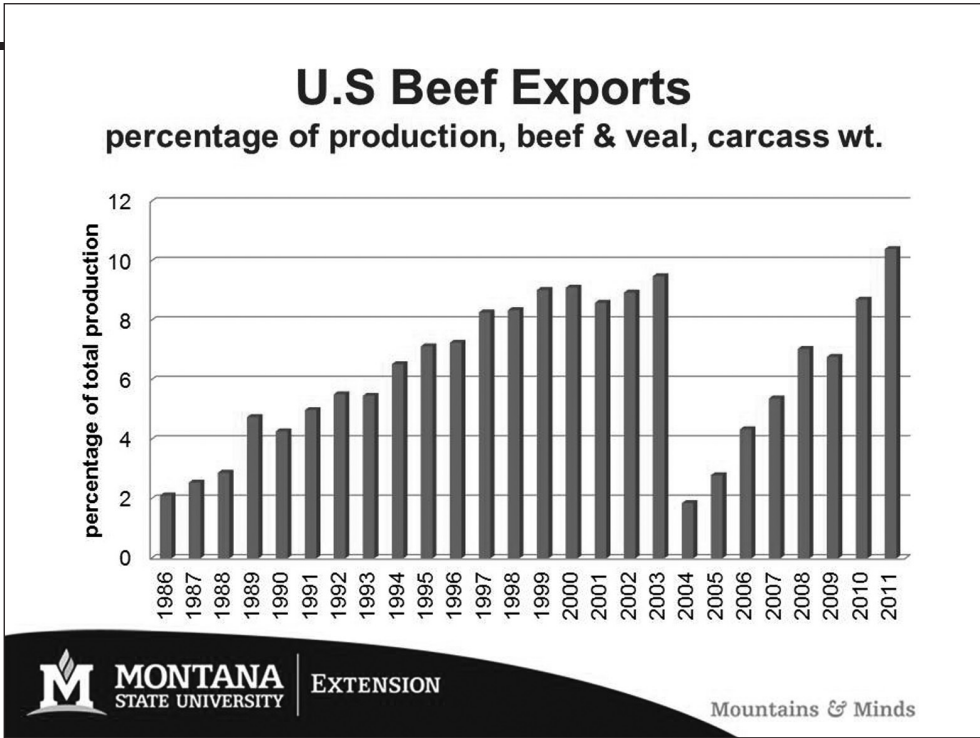
CATTLE

Consumer Demand for Beef (annual choice retail beef demand index)



http://www.agmanager.info/livestock/marketing/graphs/Tonsor/Annual_ChoiceBeefDemandIndex_Table_1990.htm
54.1 lbs./capita (USDA)

Notes




Exports – who’s buying U.S. beef

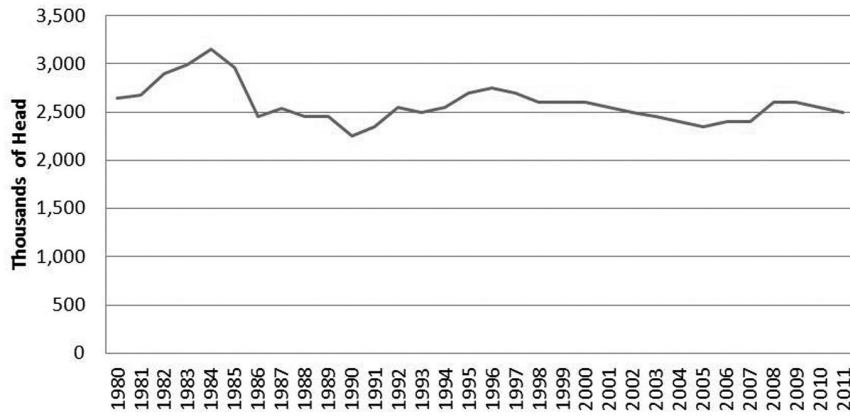
- 90% of U.S. beef exports

Country	Export Value	Growth '10 – '11
Japan	\$ 662 m.	38%
Mexico	670 m.	---
South Korea	540 m.	50%
Canada	730 m.	39%
Russia	80 m.	72%

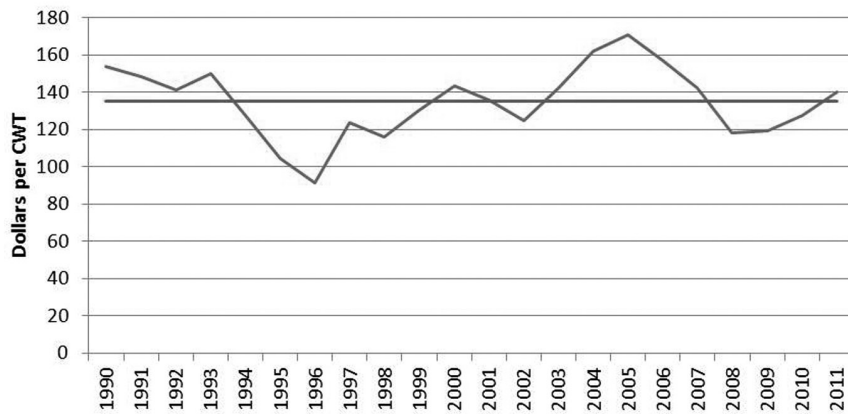
USDA Livestock, Dairy and Poultry Outlook, 10/18/2011


Mountains & Minds

Montana Cattle Herd



Calf Prices (2011 dollars)



NASS, 190 – 2010, MSU 2011 estimate

Futures Prices (no basis adjustments – 12/29/11)

Location	04/12	06/12	08/12	12/12
Chicago Mercantile Exchange				
Feeder Cattle, cwt	151	152	153	153
Live Cattle, cwt	127	126	127	130

20% increase from 2009

Montana Cattle 2012

- **Strong prices**
 - Global demand (growing emerging economies)
 - Strength of the U.S. dollar

- **Opportunity to increase cattle herd**
 - Southern U.S. drought conditions
 - Aging rancher population (interest in expansion)

Notes



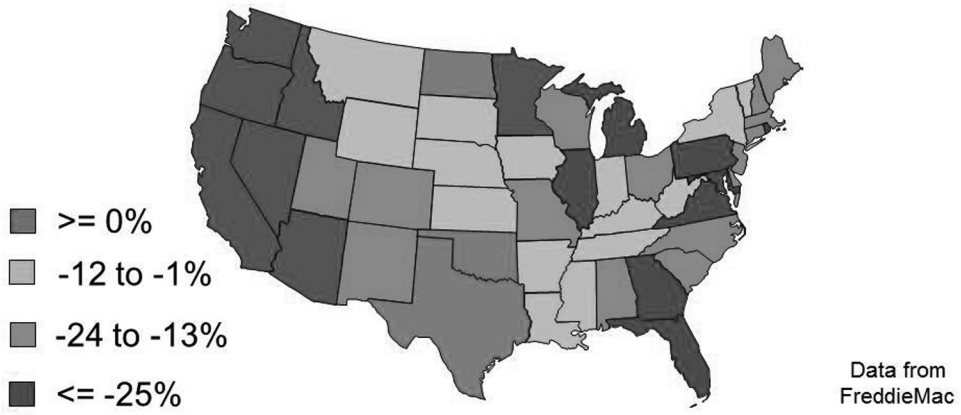
Montana's Housing Market

National Conditions



Notes

Change in Home Prices 2006 – 2011



2011 Statistics



**Existing
Homes**

4.26 Million

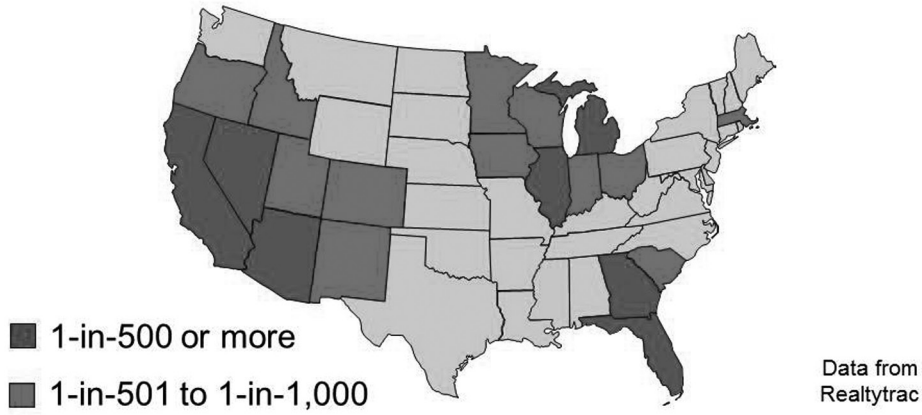
\$164,500

**New
Construction**

607,000

\$212,000

Foreclosure Rates Dec 2011



Shadow Inventory



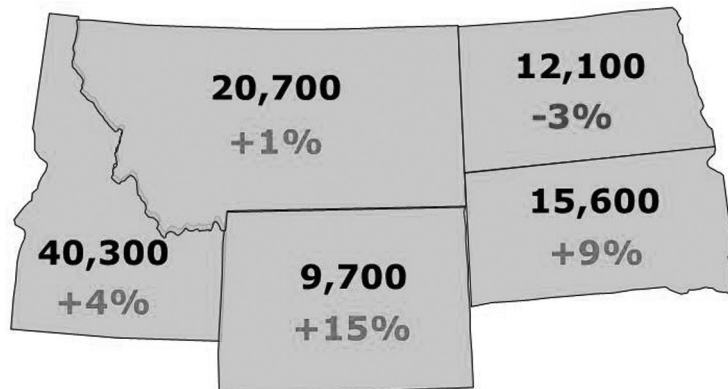
14 Million Units

Notes

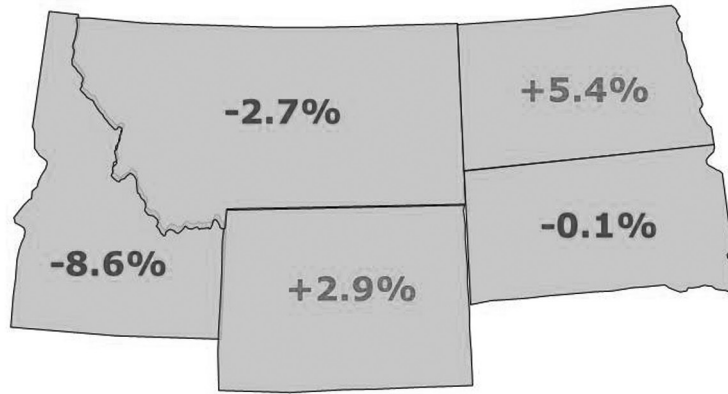
Regional Conditions



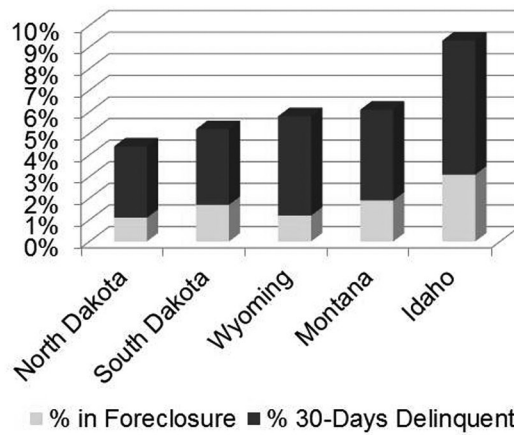
Number of Sales in 2011



12-Month Price Change

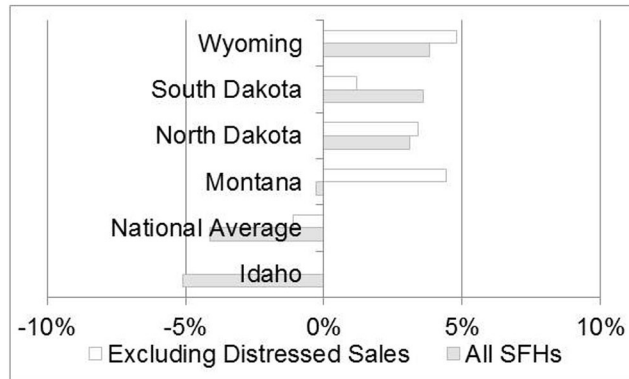


Foreclosures and Delinquencies

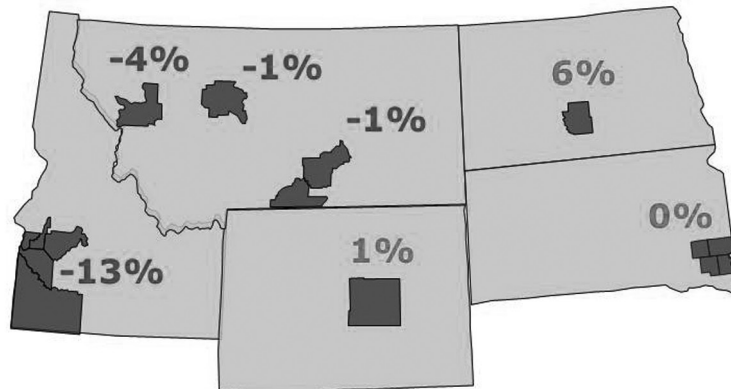


Notes

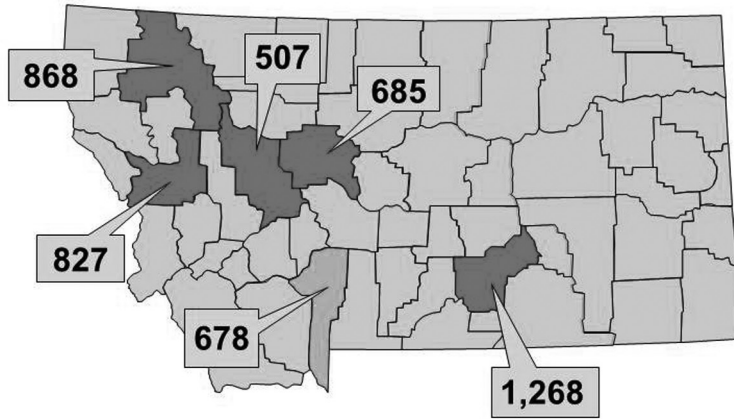
Distressed Sales Reduce Price Growth



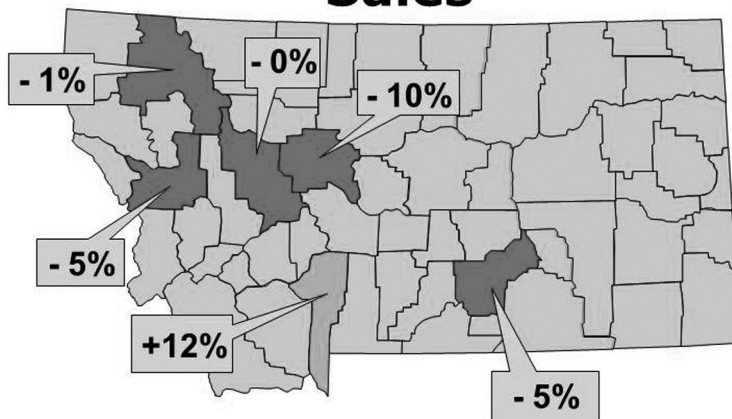
Metro Area Prices



Number of Sales

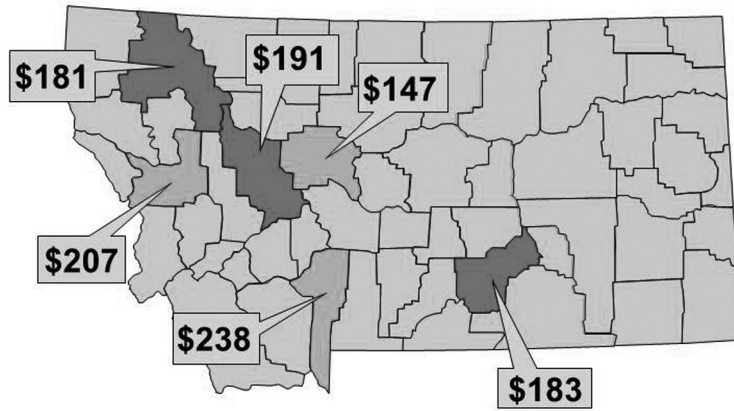


% Change in Number of Sales

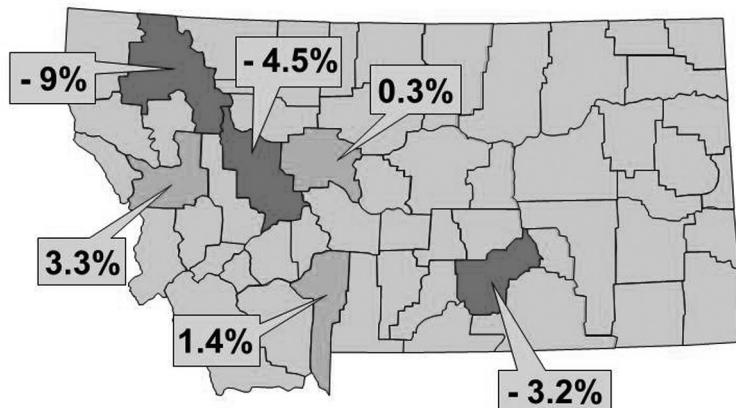


Notes

Median Prices (in \$ 1,000s)



Median Prices (in \$ 1,000s)





MT Housing Starts



From Peak

- Silver Bow -25%
- Yellowstone, L&C -50%
- Missoula, Flathead -60%
- Many Other Counties -80%

2012 Conditions



- **Incomes Flat**
- **Limited Wealth**
- **Abundant Debt**
- **Shadow Inventories**
- **Consumer Confidence**

2012 Forecast



Overall
Lower Prices
Flat Sales
Higher Rents
More Construction

Montana's Rental Markets



Apartment Rent

	1 Bedroom	2 Bedroom	3+ Bedroom
Butte	\$ 437	\$ 556	\$ 650
Billings	\$ 448	\$ 638	\$ 837
Great Falls	\$ 454	\$ 654	\$ 875
Helena	\$ 488	\$ 699	\$ 1,036
Bozeman	\$ 489	\$ 641	\$ 1,123
Kalispell	\$ 501	\$ 626	\$ 817
Missoula	\$ 626	\$ 694	\$ 747

Notes

House Rent

	1 Bedroom	2 Bedroom	3+ Bedroom
Butte	\$ 530	\$ 680	\$ 868
Billings	\$ 604	\$ 880	\$ 1,313
Great Falls	\$ 450	\$ 875	\$ 1,250
Helena	\$ 510	\$ 873	\$ 1,030
Bozeman		\$ 1,042	\$ 1,377
Kalispell		\$ 838	\$ 1,002
Missoula		\$ 1,028	\$ 1,419

Premium for Renting a House

	1 Bedroom	2 Bedroom	3+ Bedroom
Butte	+21%	+22%	+34%
Billings	+35%	+38%	+57%
Great Falls	-1%	+34%	+43%
Helena	+5%	+25%	-1%
Bozeman		+63%	+23%
Kalispell		+34%	+23%
Missoula		+48%	+90%

Notes

Premium: 2 BR House vs. 3 BR Apt.

	1 BR House vs. 2 BR Apt	2 BR House vs. 3 BR Apt
Butte	-5%	+5%
Billings	-5%	+5%
Great Falls	-31%	0%
Helena	-27%	-16%
Bozeman		-7%
Kalispell		+3%
Missoula		+38%

Notes

Montana Manufacturing: 2012 Outlook

BUREAU OF
BUSINESS
AND ECONOMIC
RESEARCH

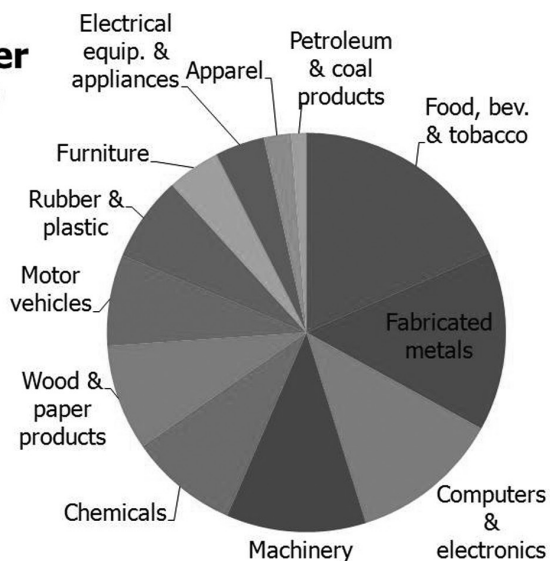
Todd A. Morgan, CF

U.S. Manufacturing

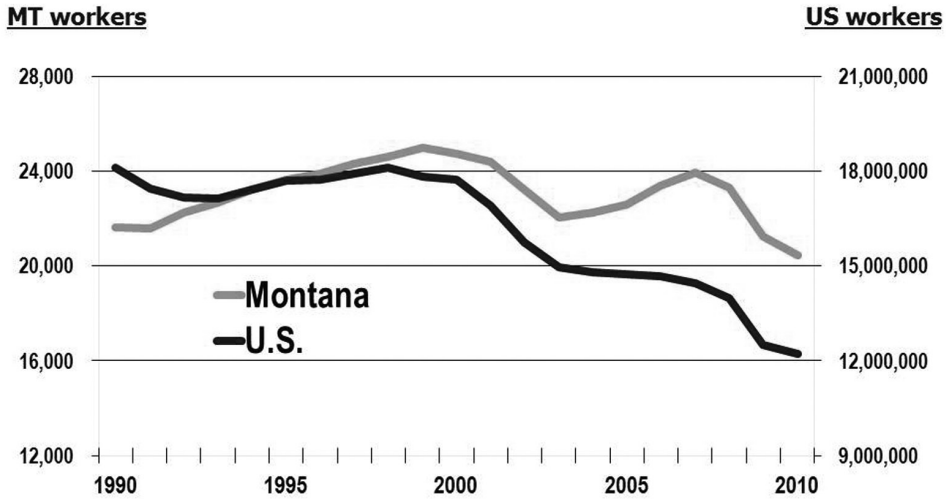
➤ **5.5 million fewer jobs than in 2000**

➤ **Annual worker income down by \$49 billion**

➤ **Gross output down by \$296 billion**



Montana & U.S. Manufacturing Employment 1990-2010

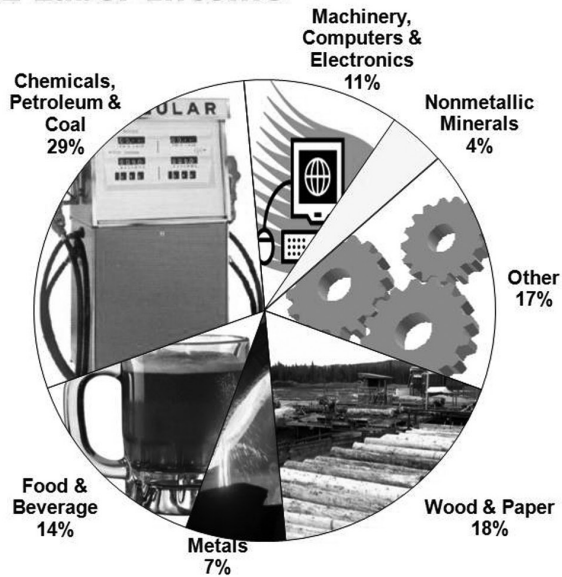


Source: BEA-REIS SA-25N

Montana Manufacturing 2011 Labor Income

Total Employment:
~19,938

Total Labor Income:
\$1.08 billion



Sources: BEA-REIS; Census Bureau; and BBER estimates

Butte-Silver Bow County Manufacturing

**Total Labor Income:
\$39 million**

**Total Employment:
608**

Sources: BEA-REIS; Census Bureau;
and BBER estimates

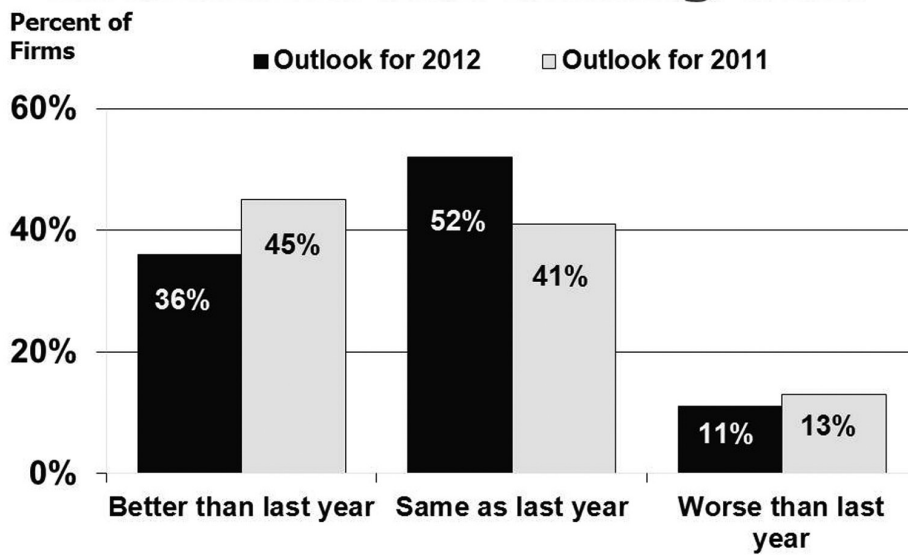
2011-2012 Montana Manufacturers Survey

- annual survey**
- conducted in December**
- open-ended & multi-choice questions**
- current & coming year**
- 211 firms participated**
- response rate >88%**

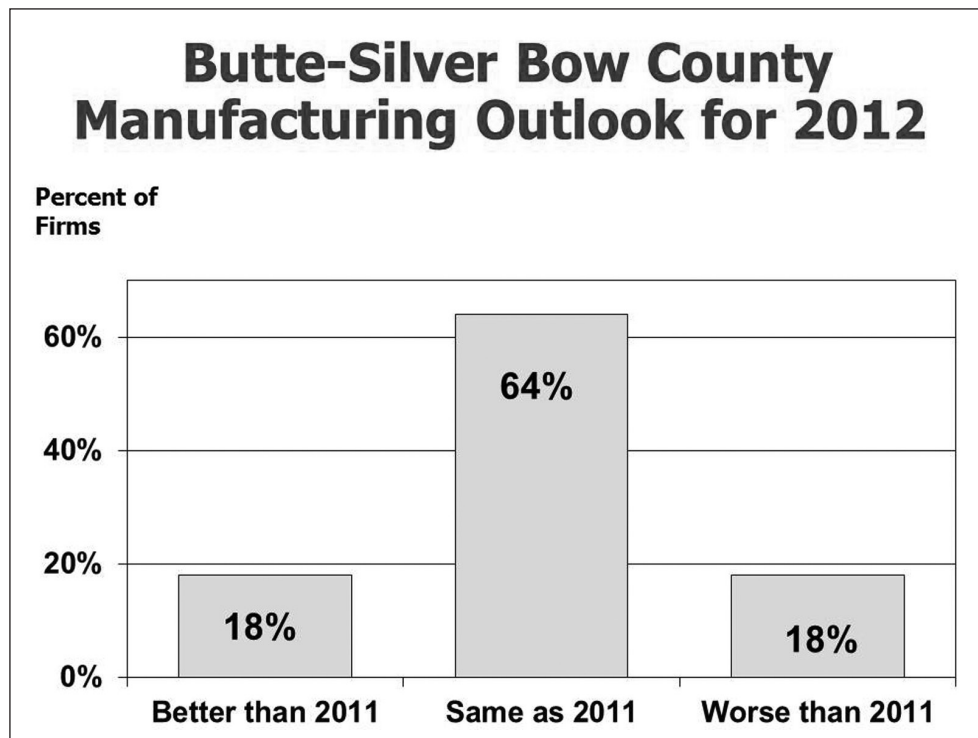
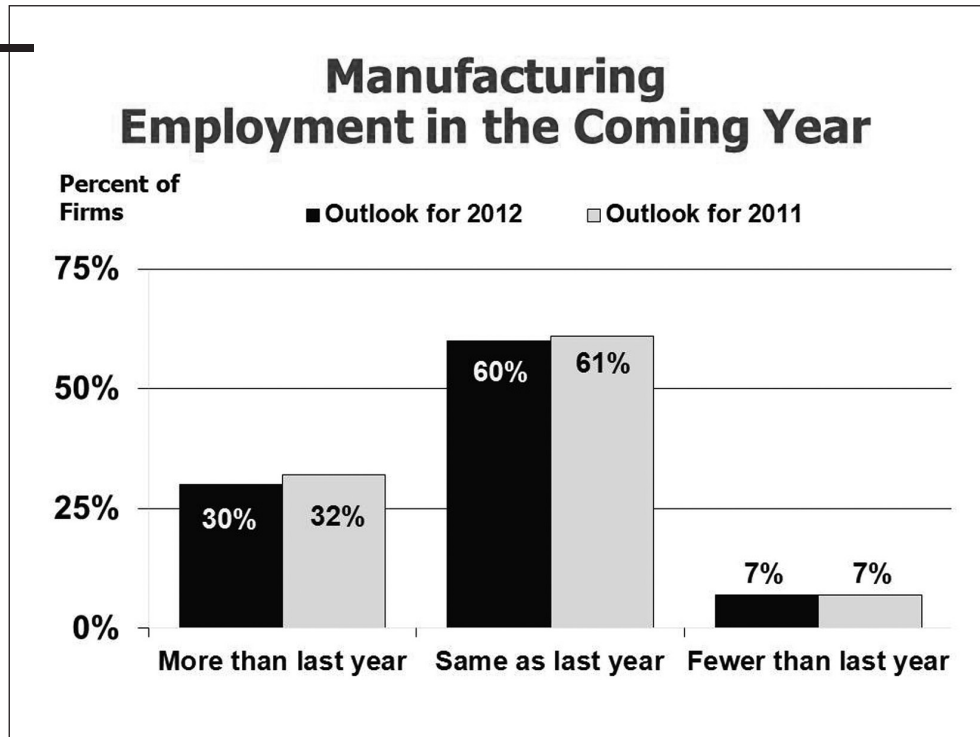
Montana Manufacturing 2011 Recap

- **Better than 2010 for many firms**
- **Employment down at one-quarter of firms**
- **Many firms reported increased production, sales, and profits**
- **Few firms reported curtailments**
- **44% of firms did make major capital expenditures**

Montana Manufacturing Outlook for the Coming Year



Notes



Montana Manufacturing Forecast for 2012

- **Little change is expected**
- **Recovery dependent on broader US economy & international factors**
- **Health insurance costs & workers comp remain the greatest concerns**
- **Half of MT manufacturers expect their energy costs to increase**

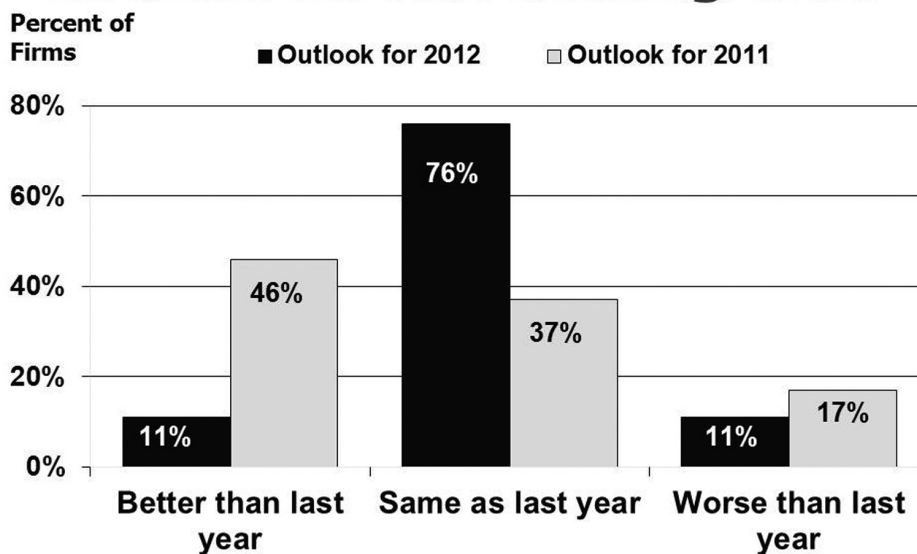
Notes

Montana Forest Products: 2012 Outlook

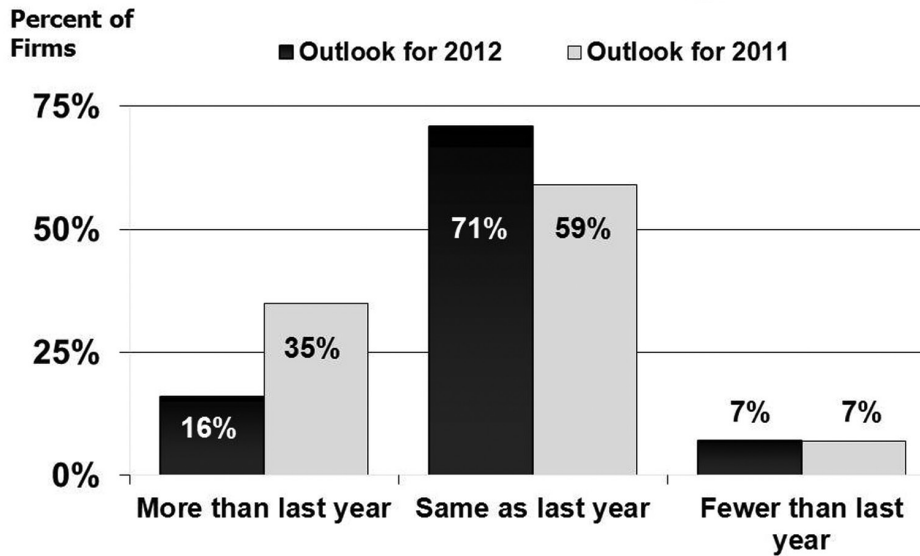
BUREAU OF
BUSINESS
AND ECONOMIC
RESEARCH

Todd A. Morgan, CF

Montana Forest Products Outlook for the Coming Year



Forest Products Employment Outlook for the Coming Year



Forest Industry Conditions

- **Slow recovery in US housing**
- **Chinese lumber & log demand could impact Montana**
- **Wood energy markets are slowly emerging**
- **Retaining industry is important to forest landowners**
- **The industry is changing**

Montana Forest Products Industry Forecast

- **2012 markets are expected to be somewhat better than 2011.**
- **Timber harvest & lumber production may increase slightly.**
- **Employment is expected to stay low.**
- **Forests will become more expensive to manage.**

Montana Chamber of Commerce Calendar of Events

Safety Training Workshops
www.MTSafetyChoices.com

Montana Candidate Schools
February 7-10, 2012
Great Falls, Missoula, Bozeman, Billings

Montana Chamber Summer Meeting
June 20-21, 2012
Fort Benton

2012 Governors' Cup Golf Tournament
August 2-4, 2012
Flathead Valley
www.MontanaGovernorsCup2012.com

Montana Goes to China Tour,
October 8-17, 2012
www.MontanaGoesToChina.com

Montana Chamber Annual Meeting
October 10-11, 2012
Missoula



www.MTSafetyChoices.com



www.MontanaGoesToChina.com



www.ChamberChoices.com

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Chamber of Commerce



OUTLOOK 2012 PRESENTATIONS

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Midyear Update to the Economic Outlook

Kalispell

August 2, 2012 (Thursday)
Noon – 1:30 p.m.
Kalispell Hilton Garden Inn

Billings

August 7, 2012 (Tuesday)
7:00 – 8:30 a.m.
Billings Crowne Plaza

Bozeman

August 7, 2012 (Tuesday)
Noon – 1:30 p.m.
Bozeman GranTree

Great Falls

August 8, 2012 (Wednesday)
7:00 – 8:30 a.m.
Great Falls Hilton Garden Inn

Helena

August 8, 2012 (Wednesday)
Noon – 1:30 p.m.
Helena Red Lion Colonial

Butte

August 9, 2012 (Thursday)
7:00 – 8:30 a.m.
Butte Quality Inn & Suites
(War Bonnet)

Missoula

August 9, 2012 (Thursday)
Noon – 1:30 p.m.
Missoula Hilton Garden Inn

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