

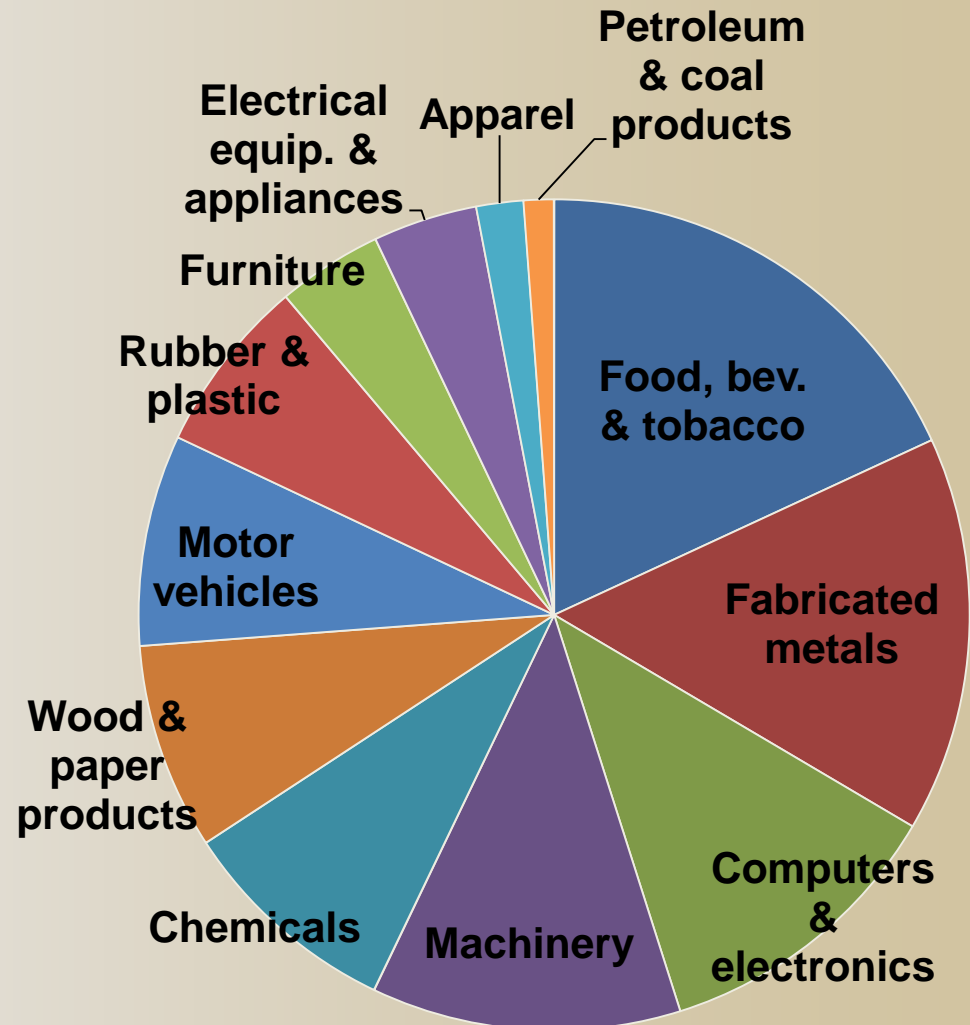
# Montana Manufacturing & Forest Products: 2014 Outlook

**BUREAU OF  
BUSINESS**  
**AND ECONOMIC  
RESEARCH**

Todd A. Morgan, CF

# U.S. Manufacturing

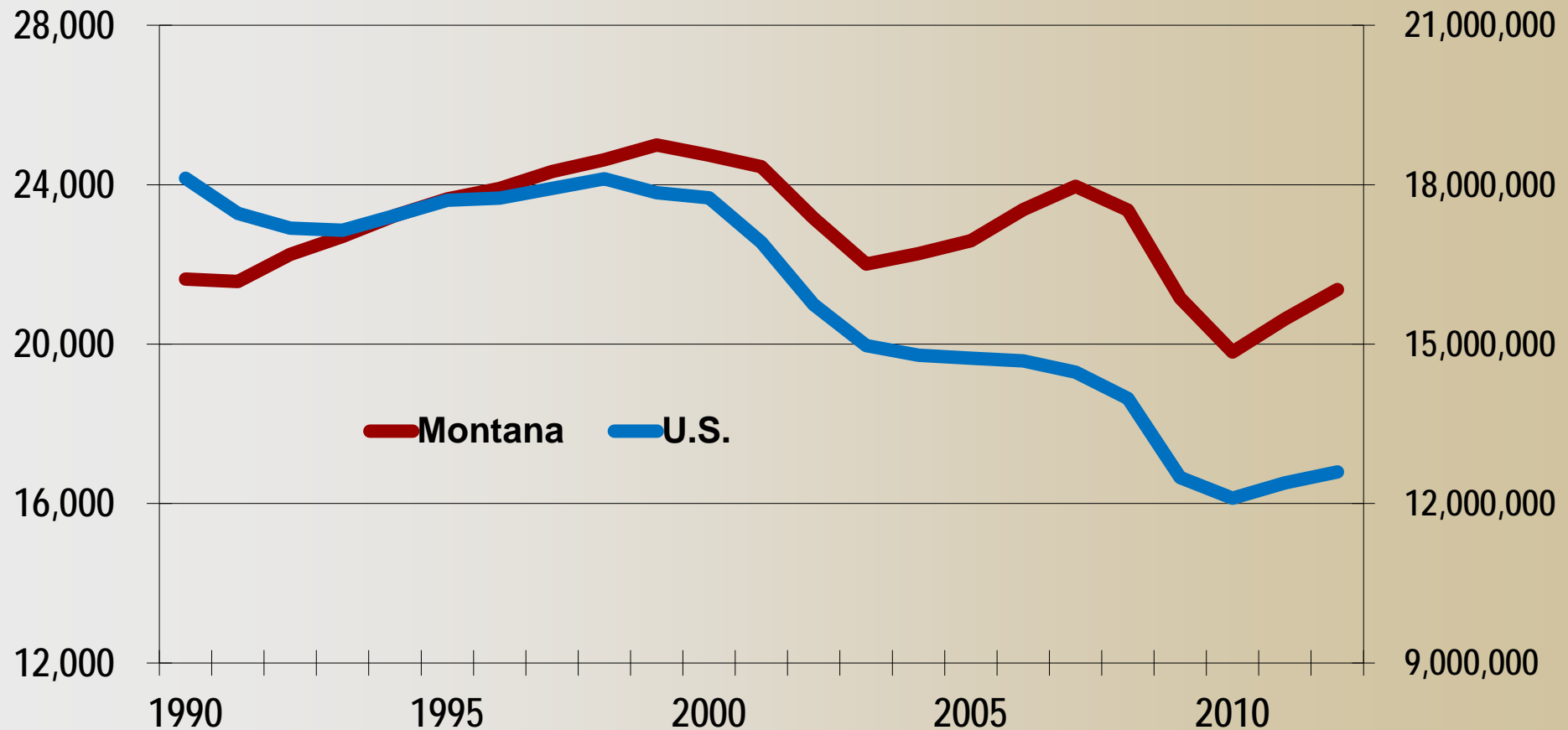
- 2013 estimated over 12.6 million workers.
- Annual worker earnings are rising.
- Value of output per worker is increasing faster than many other sectors.



# Montana & U.S. Manufacturing Employment 1990-2012

MT workers

US workers



# Montana Manufacturing

## Better than the average sector!

<u>Sector of Montana economy</u>	<u>earnings per employee (\$1,000)</u>	<u>GSP per employee (\$1,000)</u>	<u>GSP per employee growth</u>
All sectors	40.8	52.9	11%
<b>Manufacturing</b>	<b>49.3</b>	<b>99.3</b>	<b>51%</b>
Mining	97.8	96.6	-54%
Construction	45.8	41.7	-13%
Retail trade	28.3	35.0	22%
Professional, scientific, and technical services	48.0	51.6	26%
Health care and social assistance	48.2	44.2	9%
Accommodation and food services	20.0	24.0	14%
Government	56.4	53.8	3%

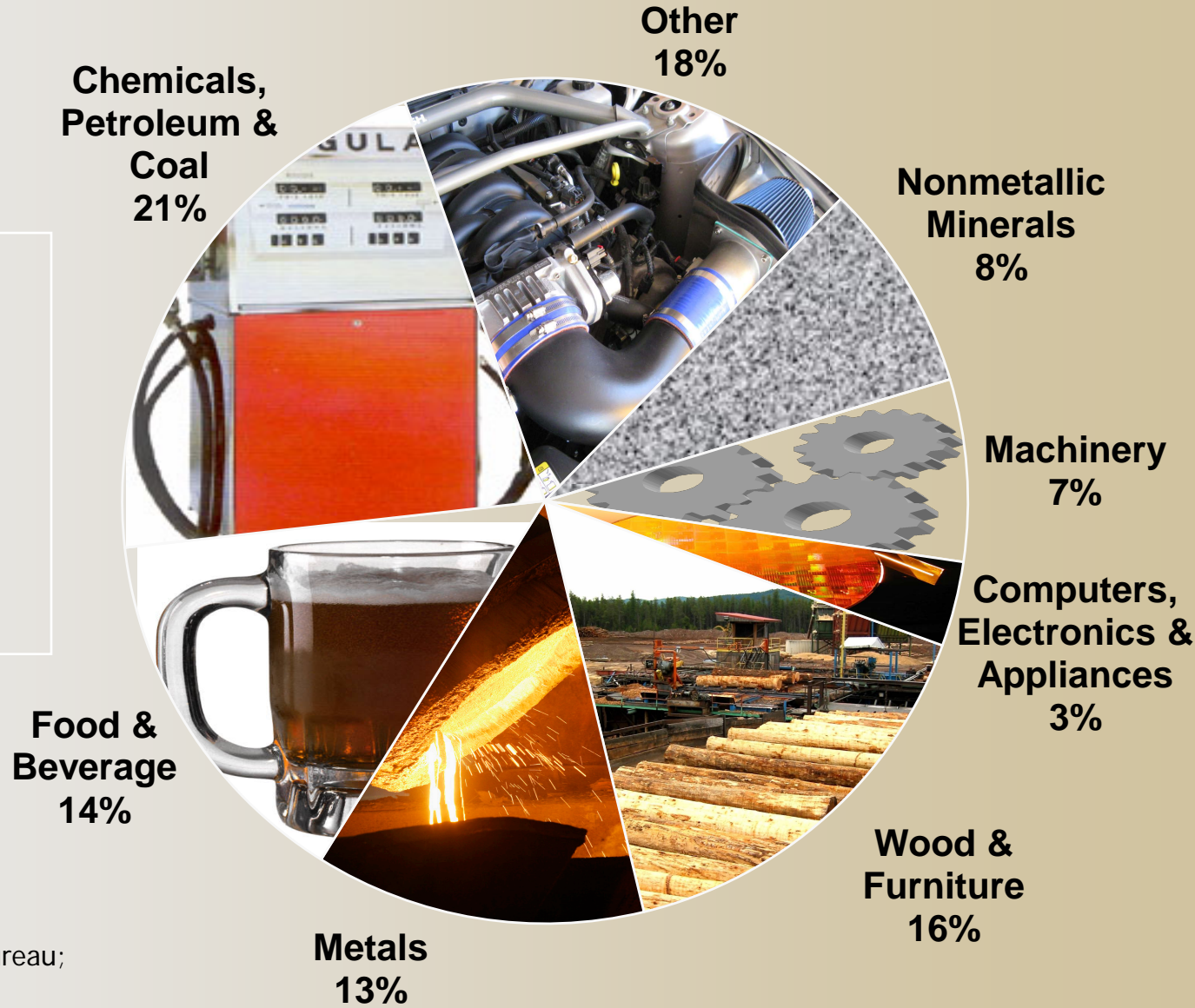
# Montana Manufacturing

## 2013 Labor Income by Sector

**Sales:**  
~\$14 billion

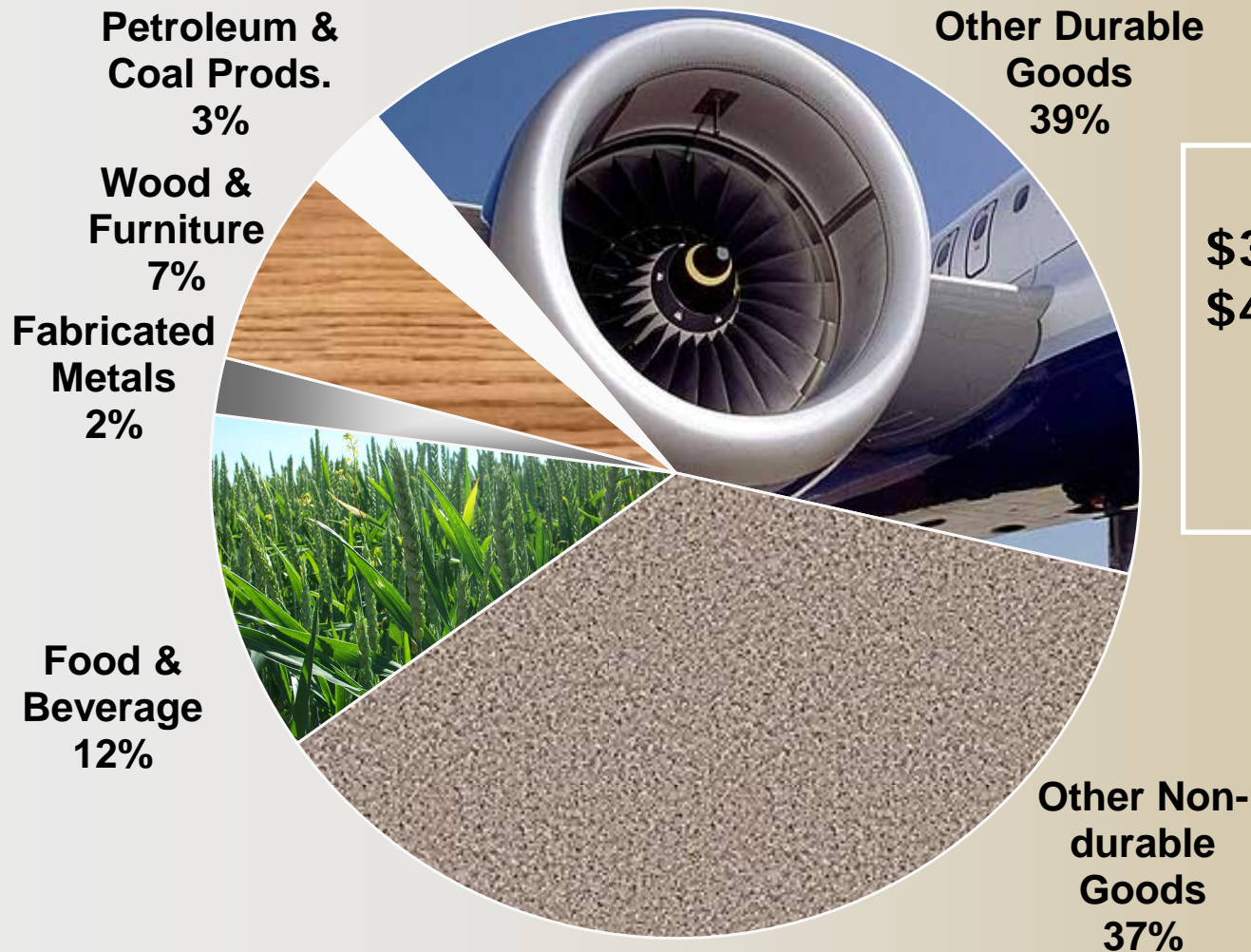
**Employment:**  
~22,150

**Labor Income:**  
~\$1.12 billion



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

# Lewis & Clark County Manufacturing 2011 Labor Income



**Labor Income:**  
\$38.5 million - 2011  
\$42.4 million - 2012

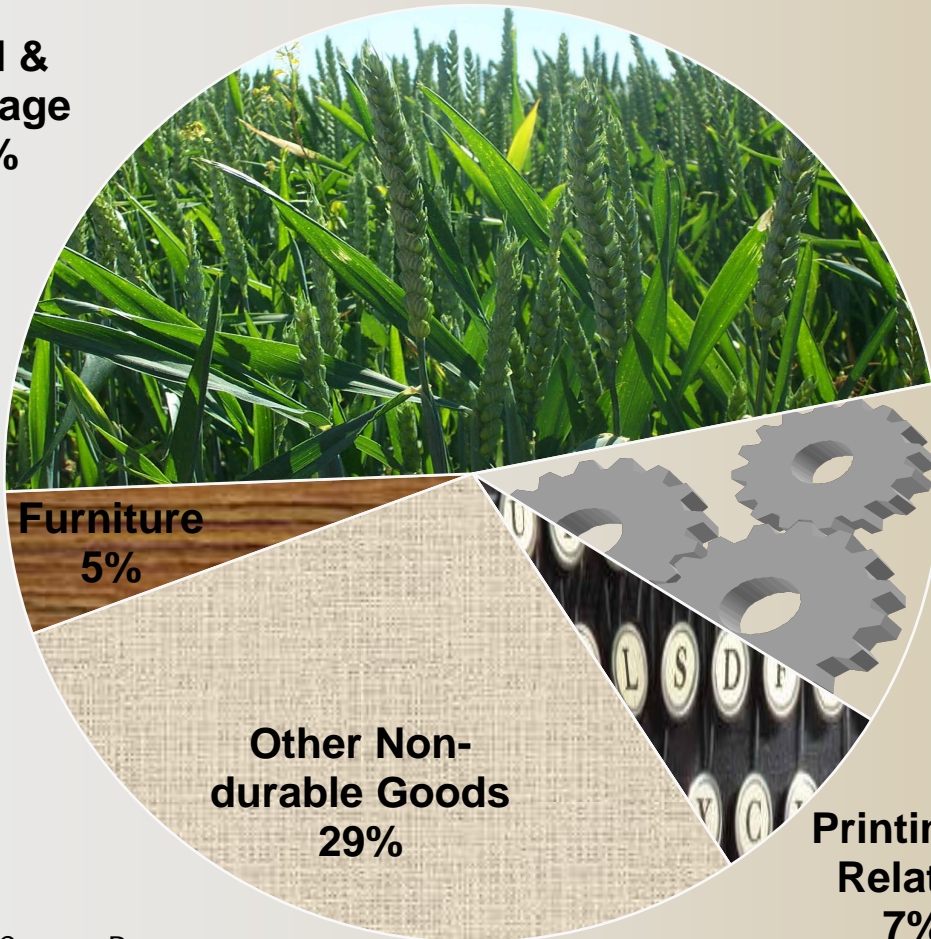
**Employment:**  
~ 900

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

# Cascade County Manufacturing

## 2011 Labor Income

**Food &  
Beverage**  
47%



**Labor Income:**  
\$61.6 million – 2011  
\$66.2 million - 2012

**Employment:**  
~1,050

**Other Durable  
Goods**  
12%

**Other Non-  
durable Goods**  
29%

**Printing &  
Related**  
7%

**Furniture**  
5%

# Missoula County Manufacturing

## 2011 Labor Income

Wood &  
Furniture  
24%

Food &  
Beverage  
19%

Other Non-  
durable Goods  
8%

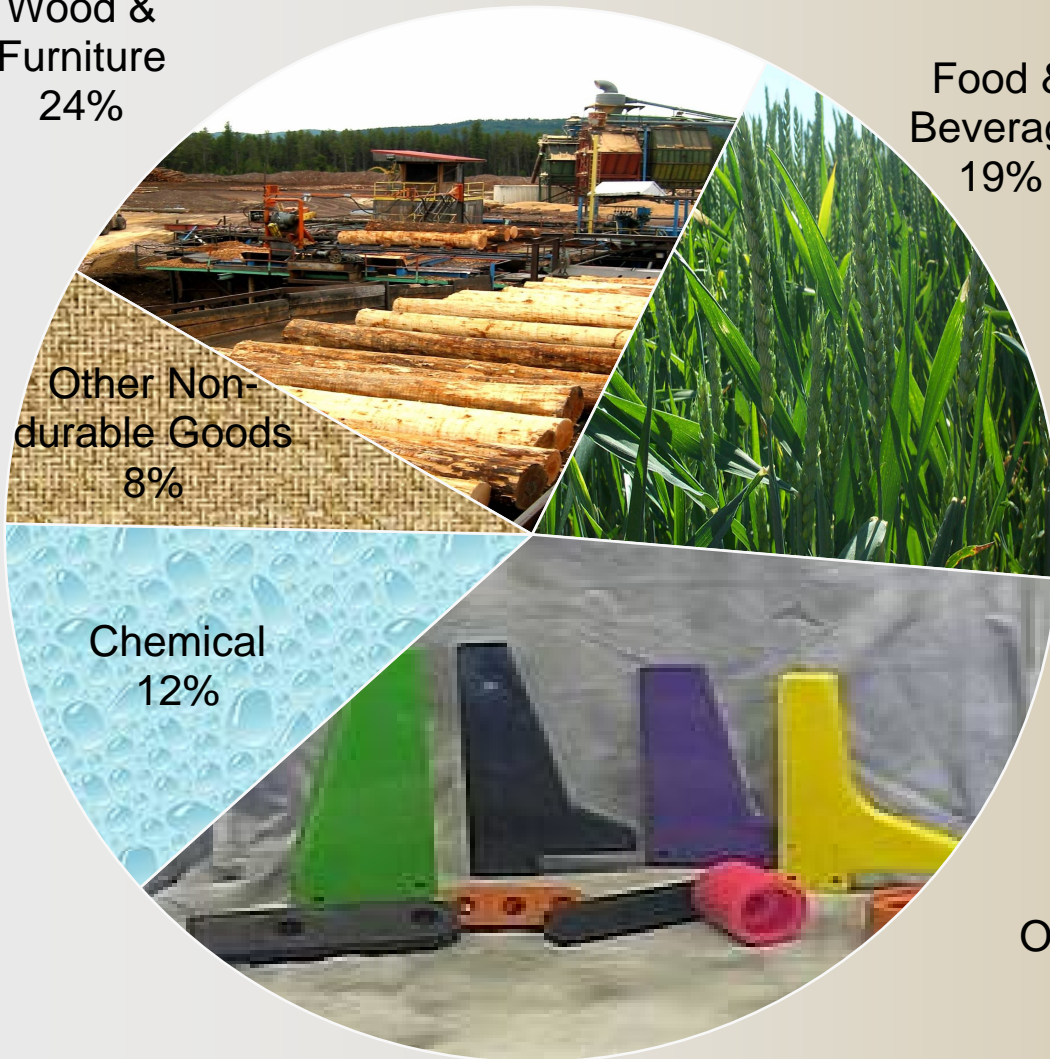
Chemical  
12%

Other Durable  
Goods  
37%

Labor Income:  
\$93.9 million – 2011  
\$94.4 million - 2012

Employment:  
~2,150

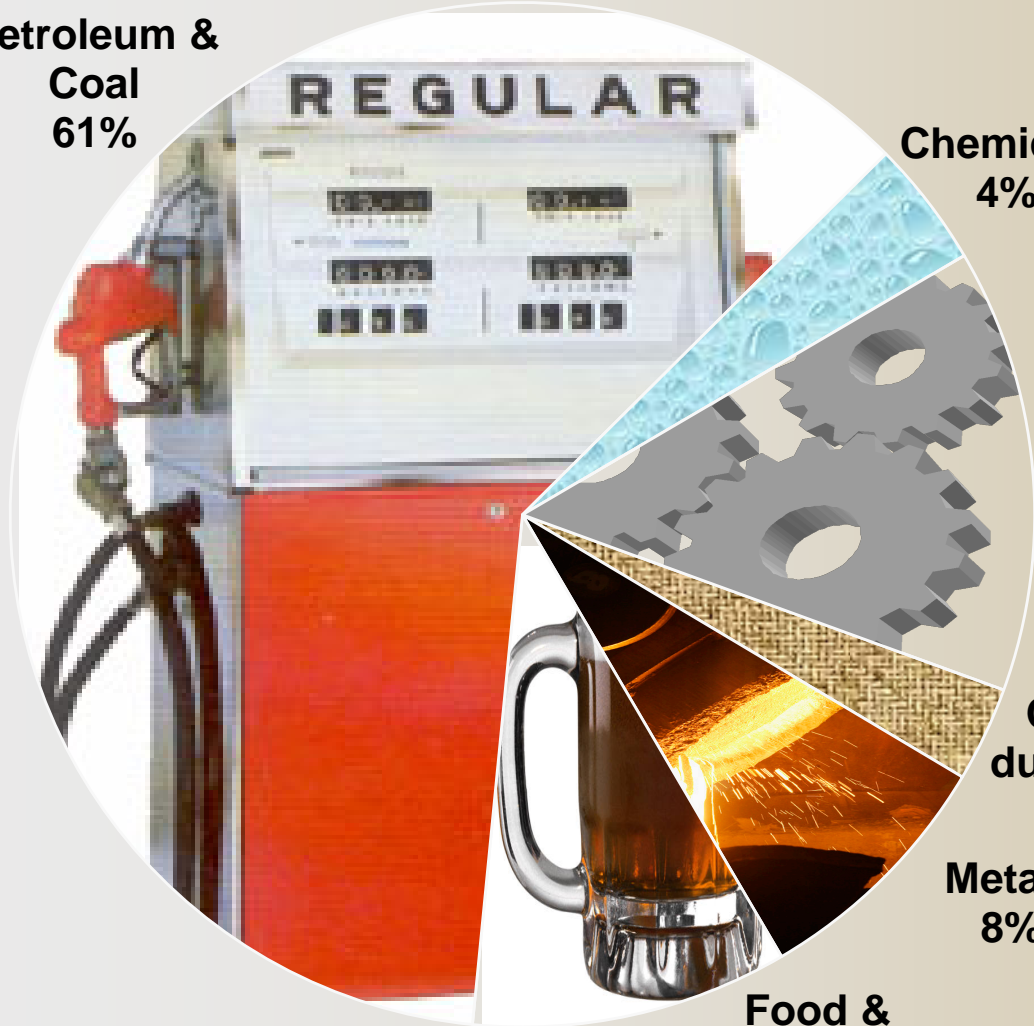
Sources: BEA-REIS; Census Bureau;  
and BBER estimates





# Yellowstone County Manufacturing 2011 Labor Income

**Petroleum &  
Coal  
61%**



**Chemicals  
4%**

**Other Durable  
Goods  
14%**

**Other Non-  
durable goods  
3%**

**Metals  
8%**

**Food &  
Beverage  
10%**

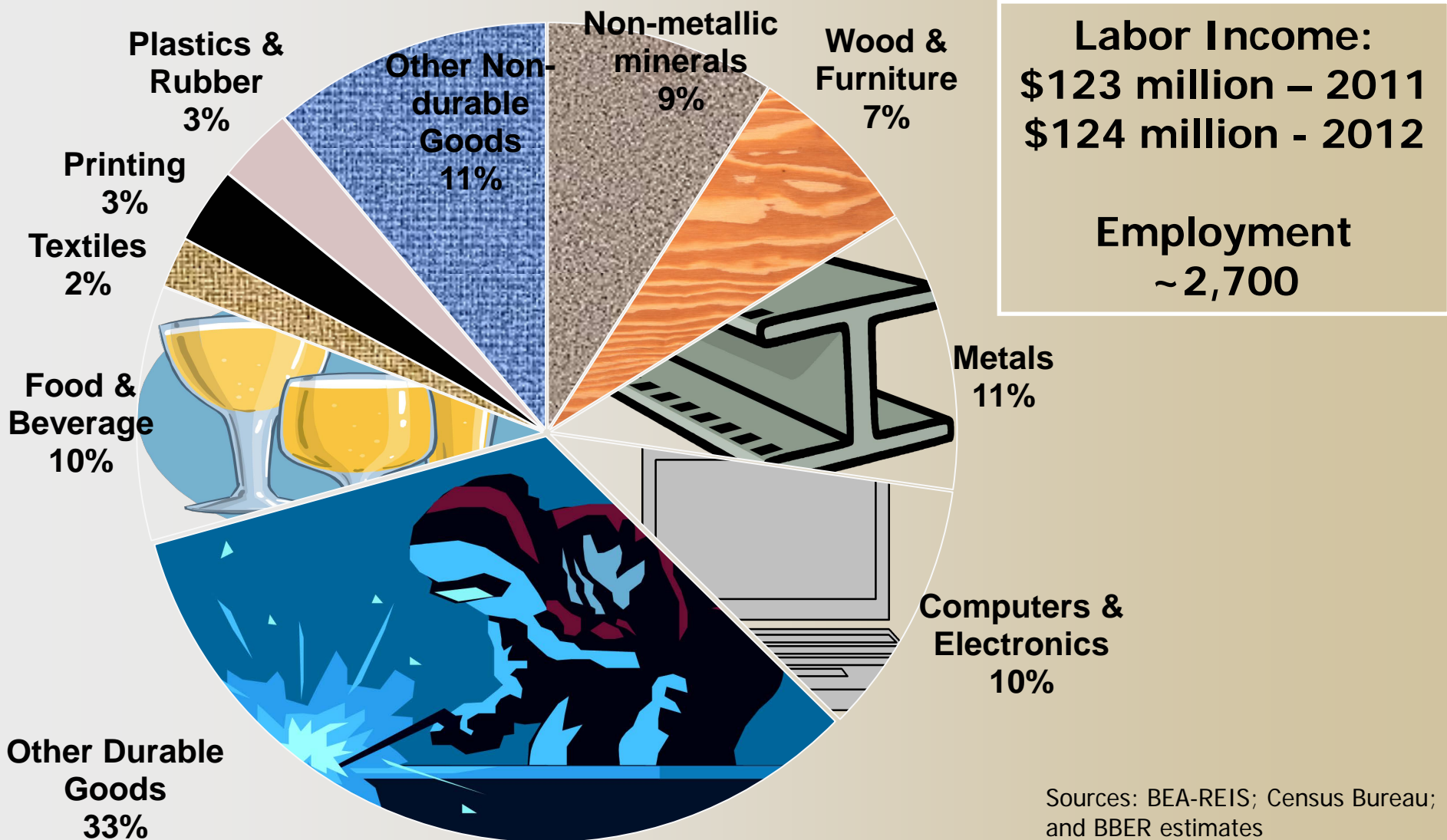
**Labor Income:  
\$269 million – 2011  
\$288 million - 2012**

**Employment:  
~3,450**

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

# Gallatin County Manufacturing

## 2011 Labor Income



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

# Butte-Silver Bow County Manufacturing

**Labor Income:**  
**\$46.5 million – 2011**  
**\$44.1 million - 2012**

**Employment:**  
**~ 700**

# Flathead County Manufacturing

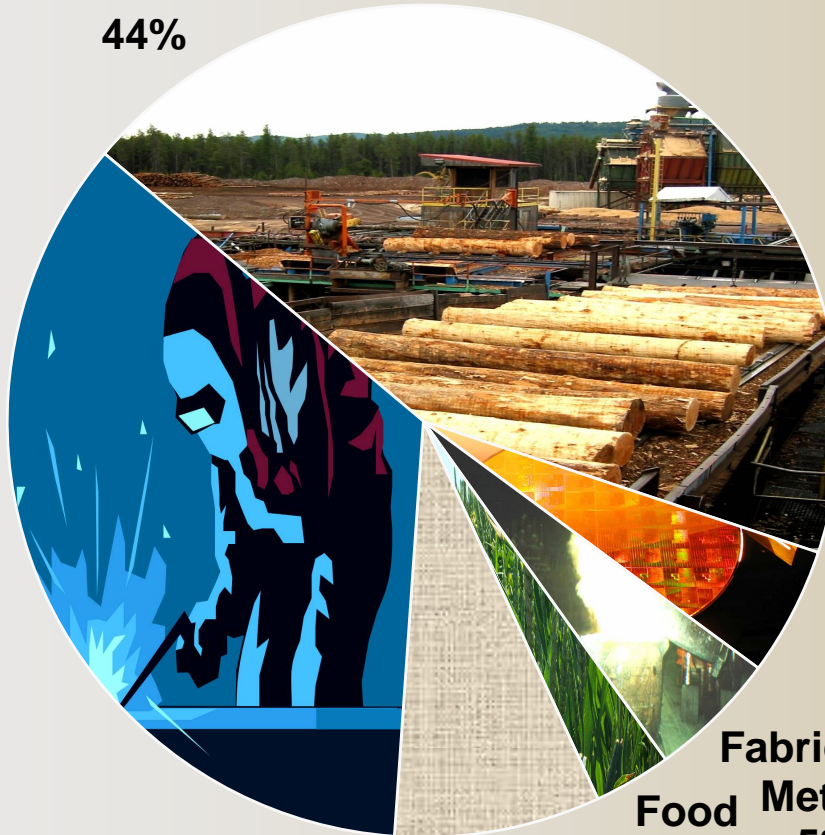
## 2011 Labor Income

Wood &  
Furniture  
44%

Labor Income:  
\$154 million – 2011  
\$163 million - 2012

Employment:  
~ 3,000

Other durable  
goods  
35%



Computers &  
electronics  
5%

Fabricated  
Metals  
5%

Food  
3%

Other non-  
durable goods  
8%

# Fergus County Manufacturing

## **Labor Income:**

**\$12.8 million – 2011**

**\$ 15.0 million – 2012**

## **Employment:**

**~ 400**

# Hill County Manufacturing

## **Labor Income:**

**\$3.4 million – 2011**

**\$2.5 million – 2012**

## **Employment:**

**~ 120**

# Manufacturing Miscellany

- **MMEC & MSU report – assisting growth & overcoming barriers**
- **MT Manufacturing Council – subsidiary of MT Chamber of Commerce**
- **MT Photonics Industry Alliance formed**
- **MT Outdoor Industry Assoc. forming**
- **Made in MT Food & Gift Show March 2014**
- **Manufacturing & Trade Day May 2014**

# 2013-2014 Montana Manufacturers Survey

- annual survey
- conducted in November
- open-ended & multi-choice questions
- current & coming year
- 170 firms participated
- response rate ~80%

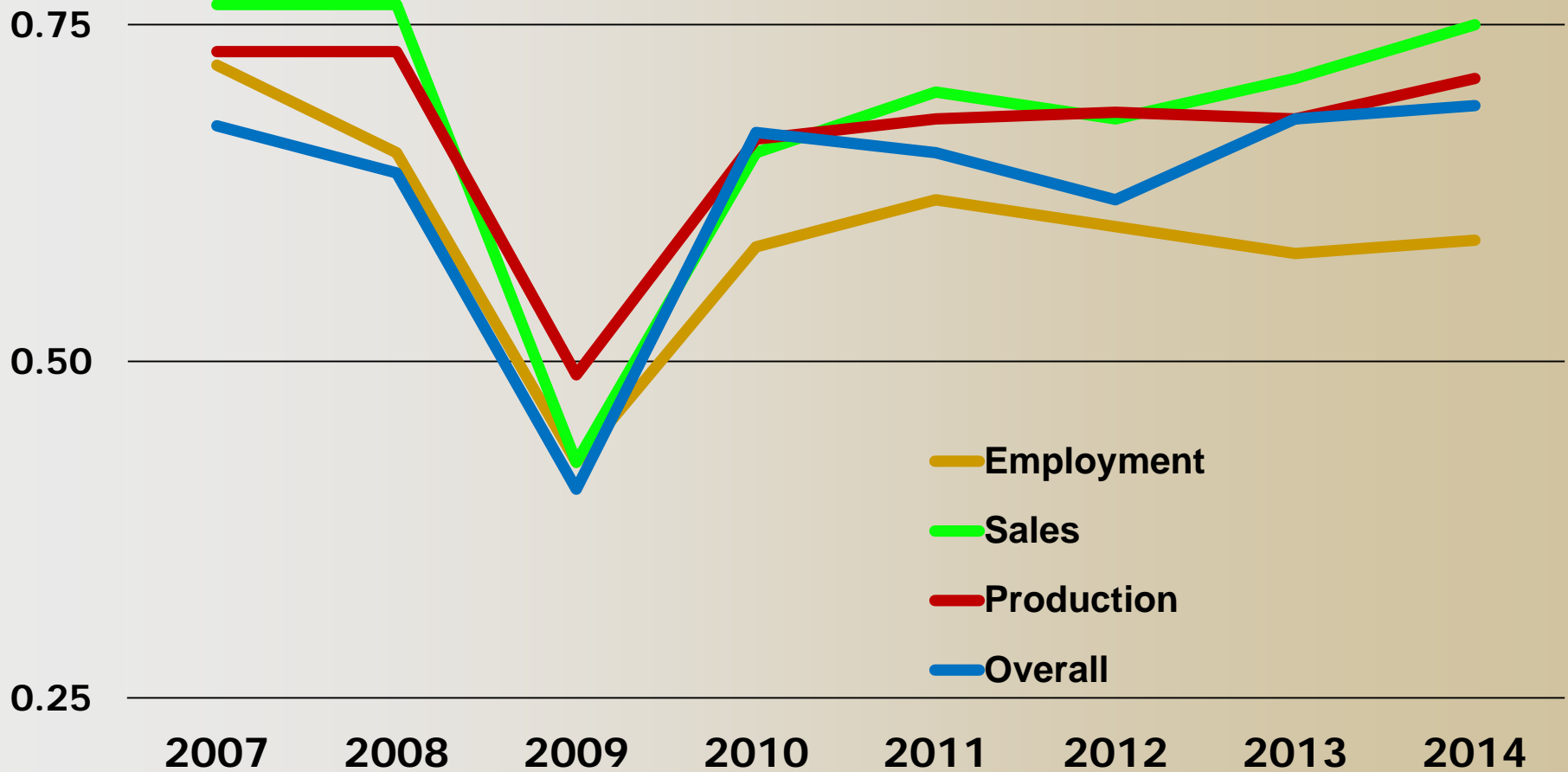




# **Montana Manufacturing 2013 Recap**

- **Better than 2012 for many firms**
- **Employment down at 20% of firms,  
up at 30%**
- **Many firms reported increased  
production, sales, and profits**
- **Few firms reported curtailments**
- **50% of firms did make major  
capital expenditure in 2013**

# Montana Manufacturers Outlook Trend



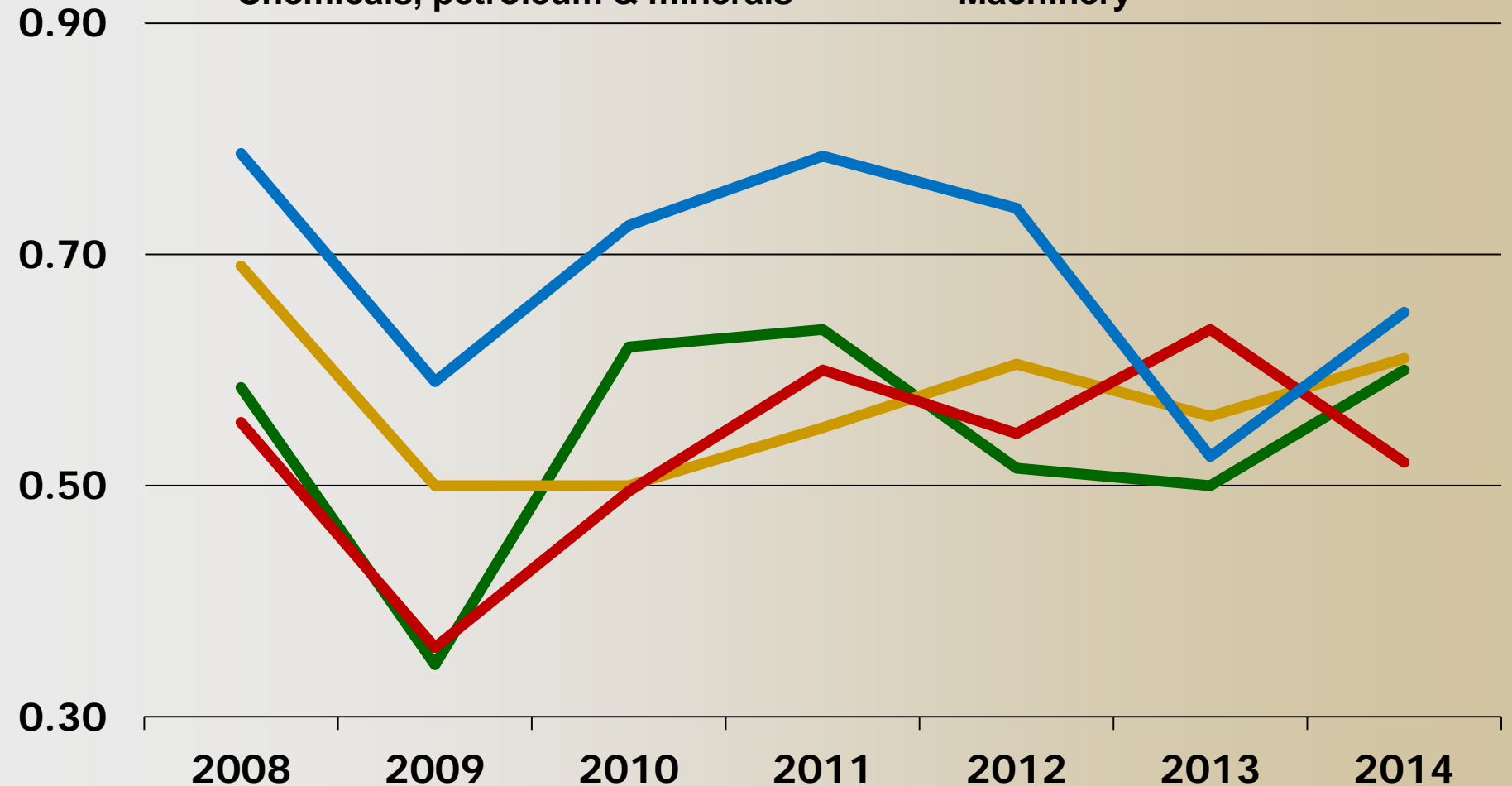
# Montana Manufacturing Employment Outlook

Wood, paper & furniture

Food & beverage

Chemicals, petroleum & minerals

Machinery



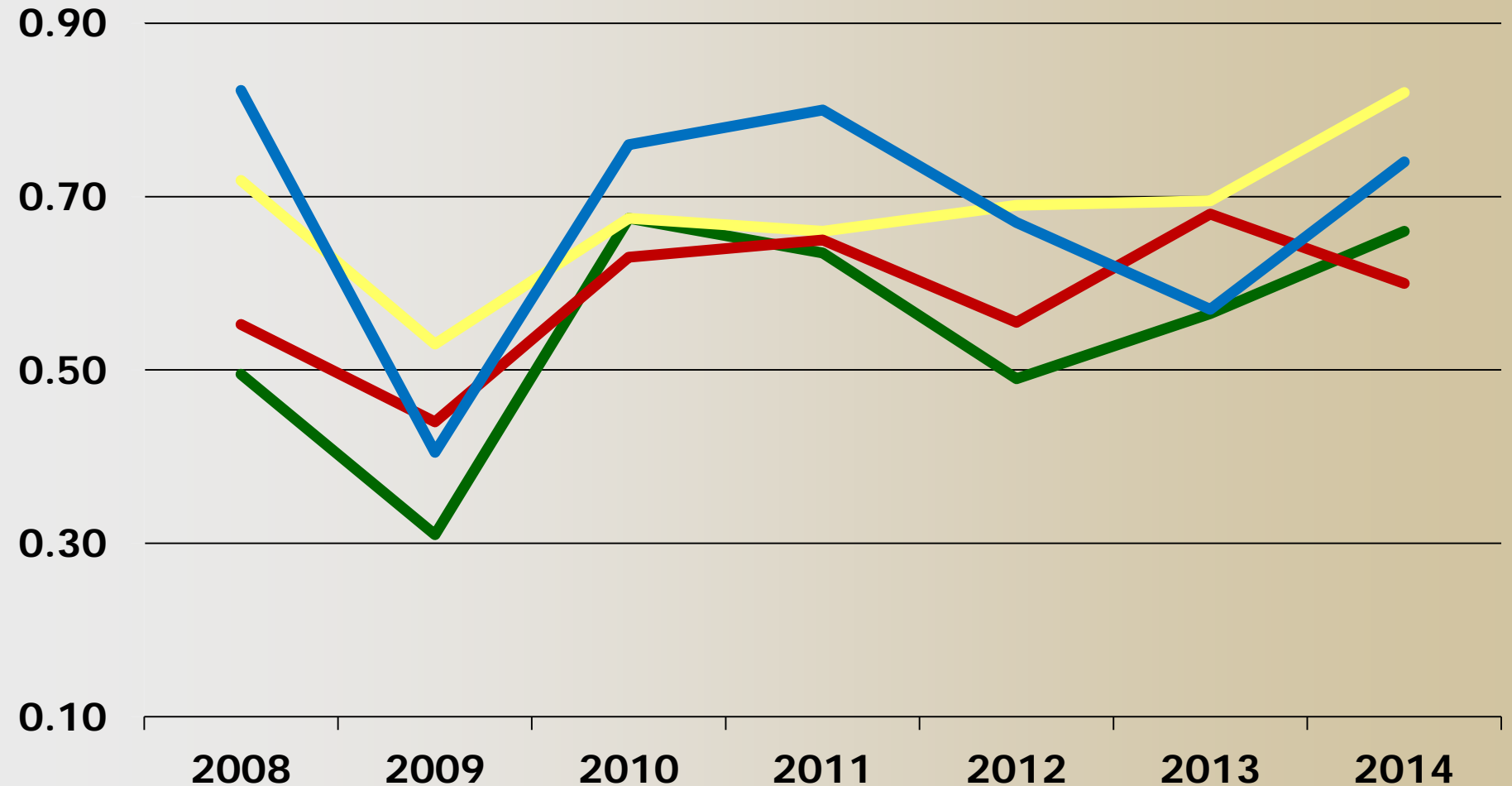
# Montana Manufacturing Outlook by Sector

Wood, paper & furniture

Food & beverage

Chemicals, petroleum & minerals

Machinery



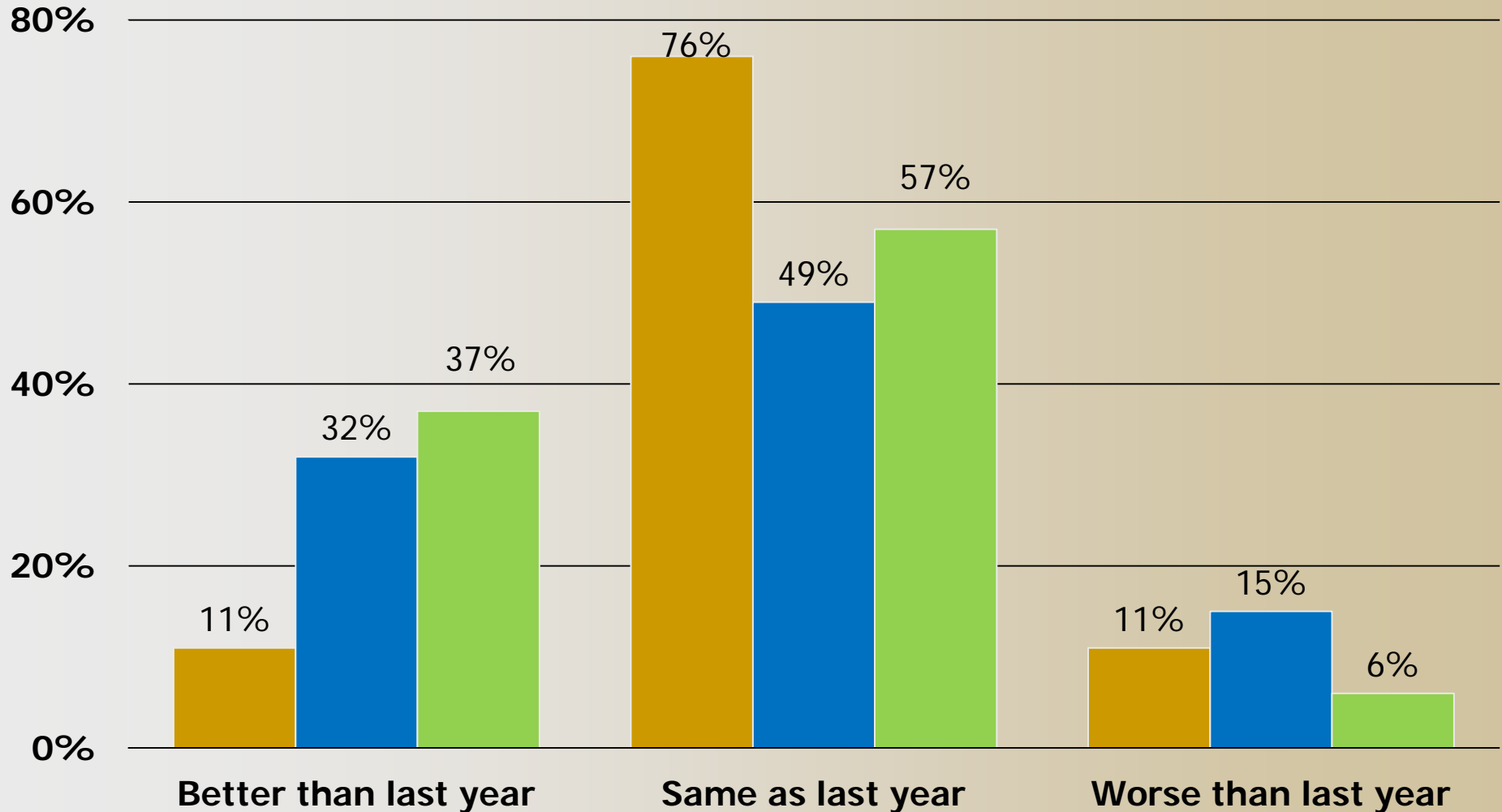
# Montana Forest Products Overall Outlook

Percent of Firms

■ Outlook for 2012

■ Outlook for 2013

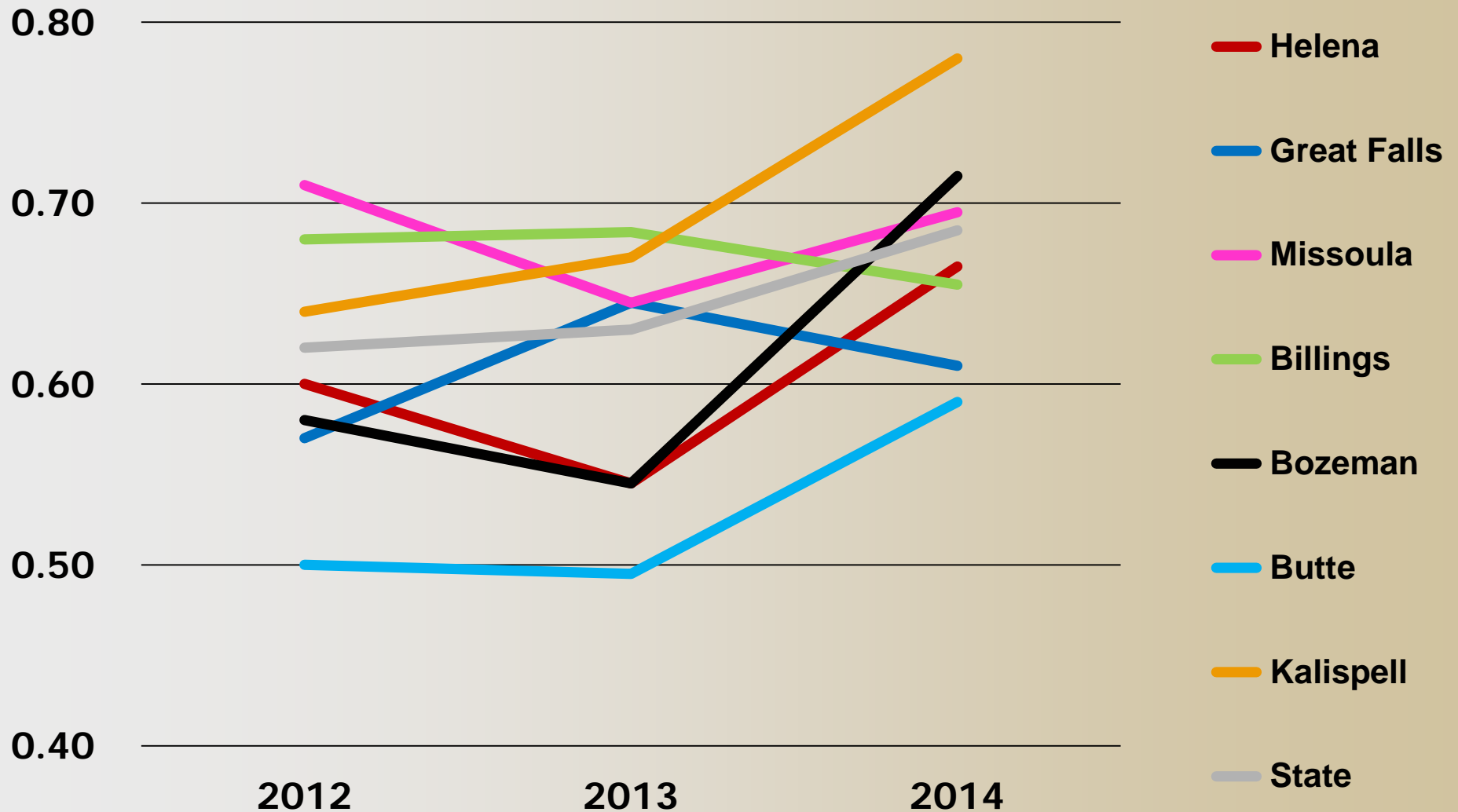
■ Outlook for 2014



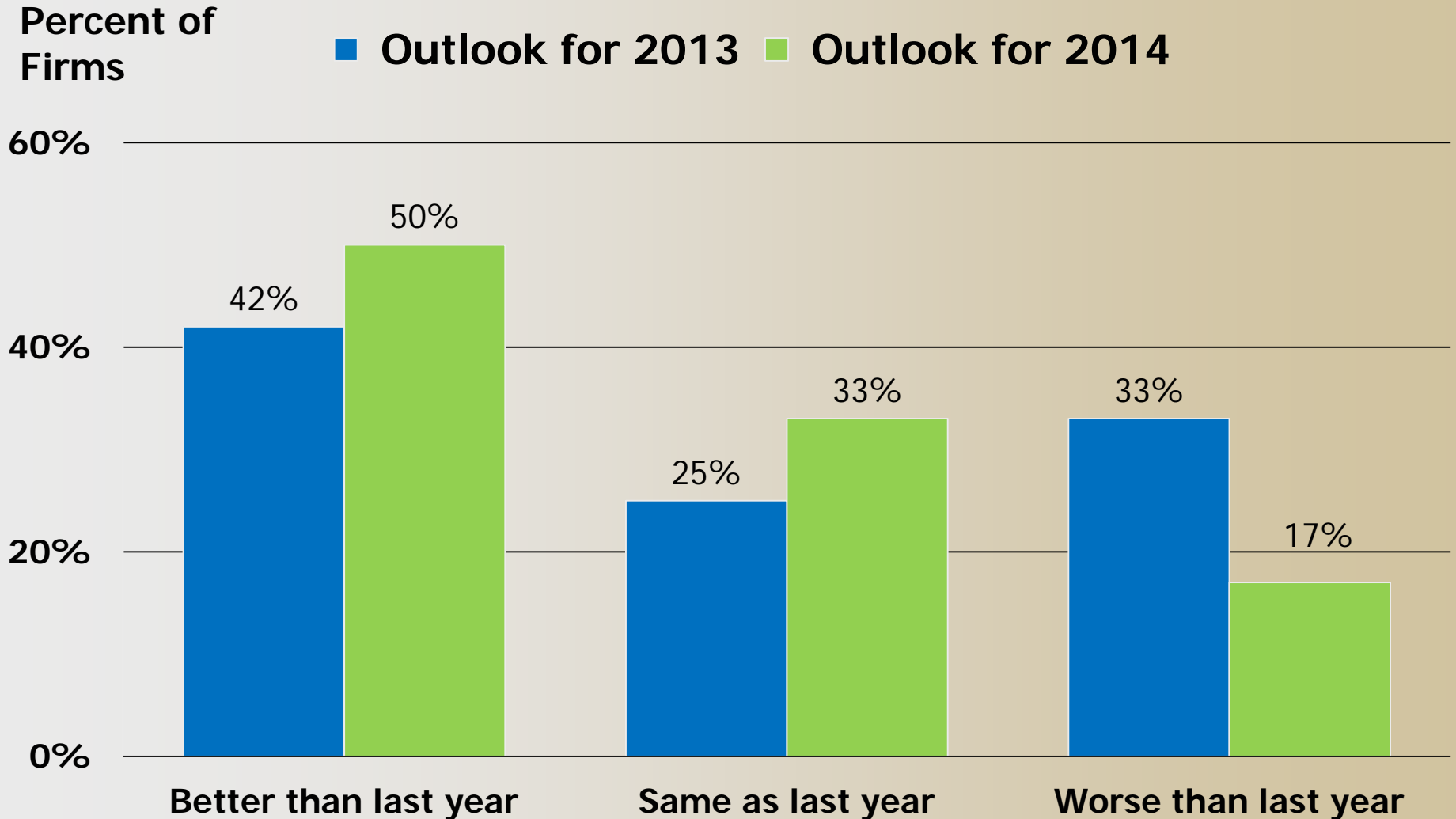
# Montana Forest Products Industry 2014 Forecast

- U.S. homebuilding to improve, will boost wood product demand.
- Markets are expected to be better but more volatile.
- Output & sales should increase.
- Employment & worker earnings should also increase.
- Timber availability could be the major constraint for Montana mills.

# Montana Manufacturing Outlooks by City/Region



# Helena Area Manufacturing Outlook

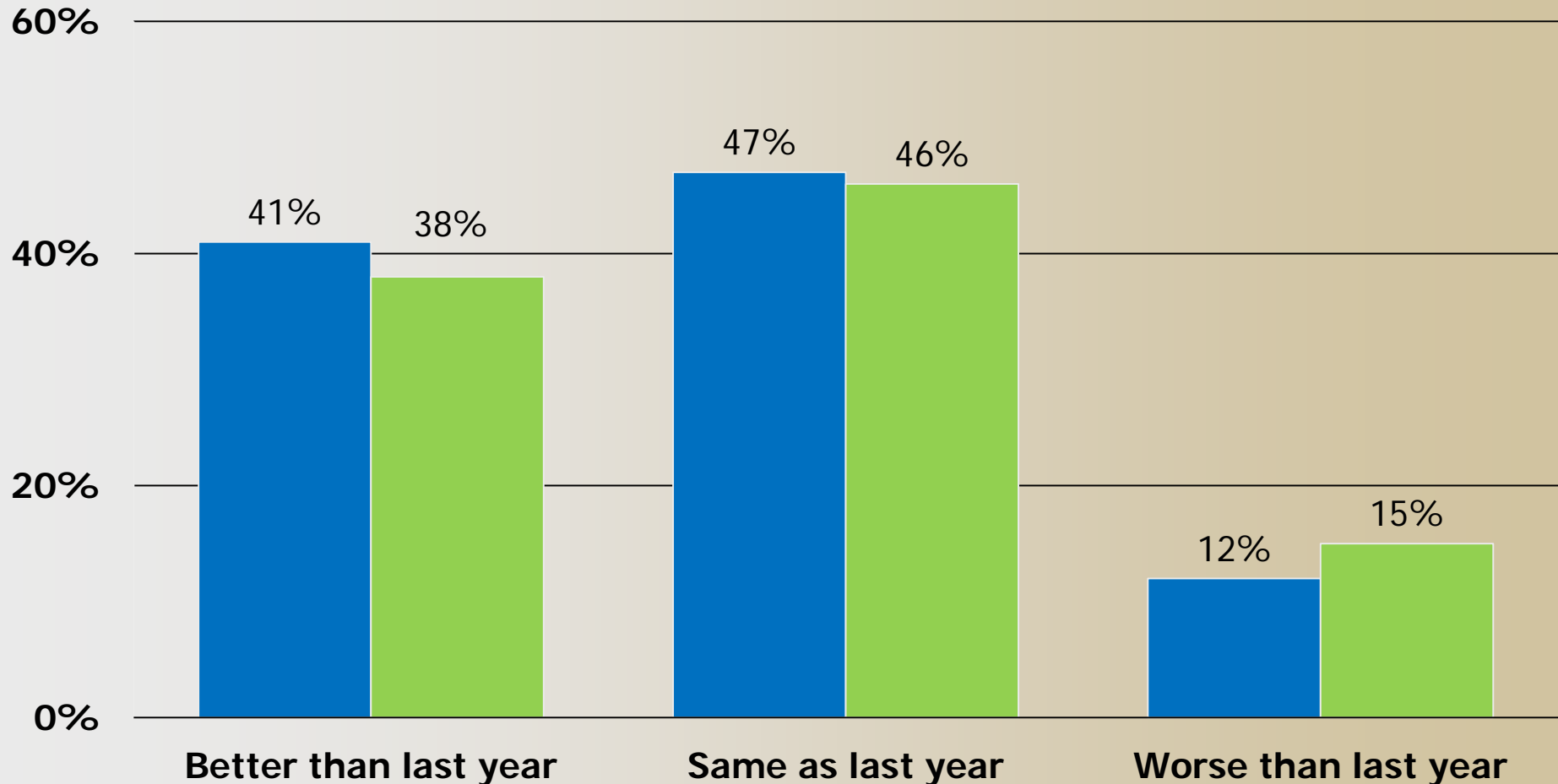




# Great Falls & Havre Area Manufacturing Outlook

Percent of  
Firms

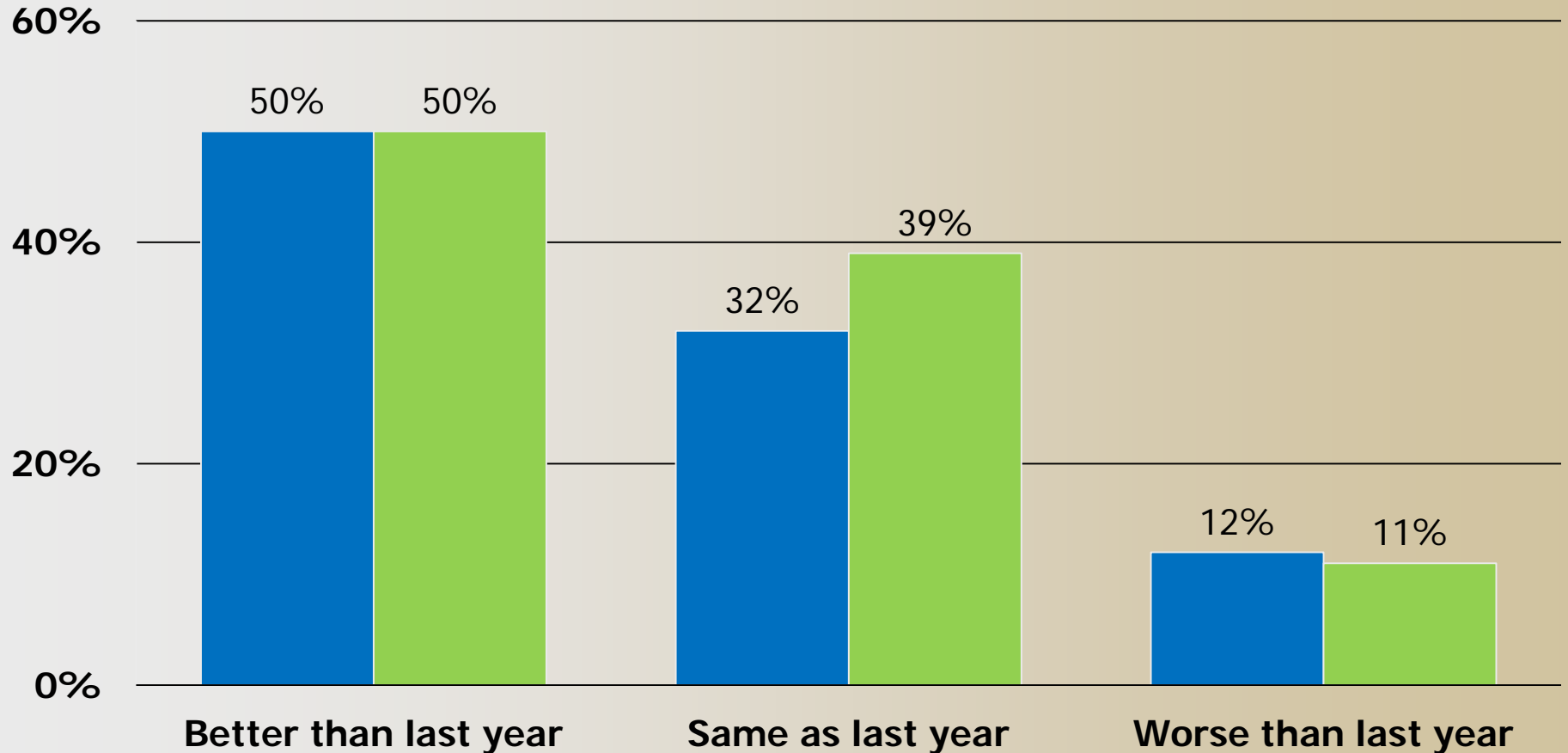
■ Outlook for 2013 ■ Outlook for 2014



# Missoula Area Manufacturing Outlook

Percent of  
Firms

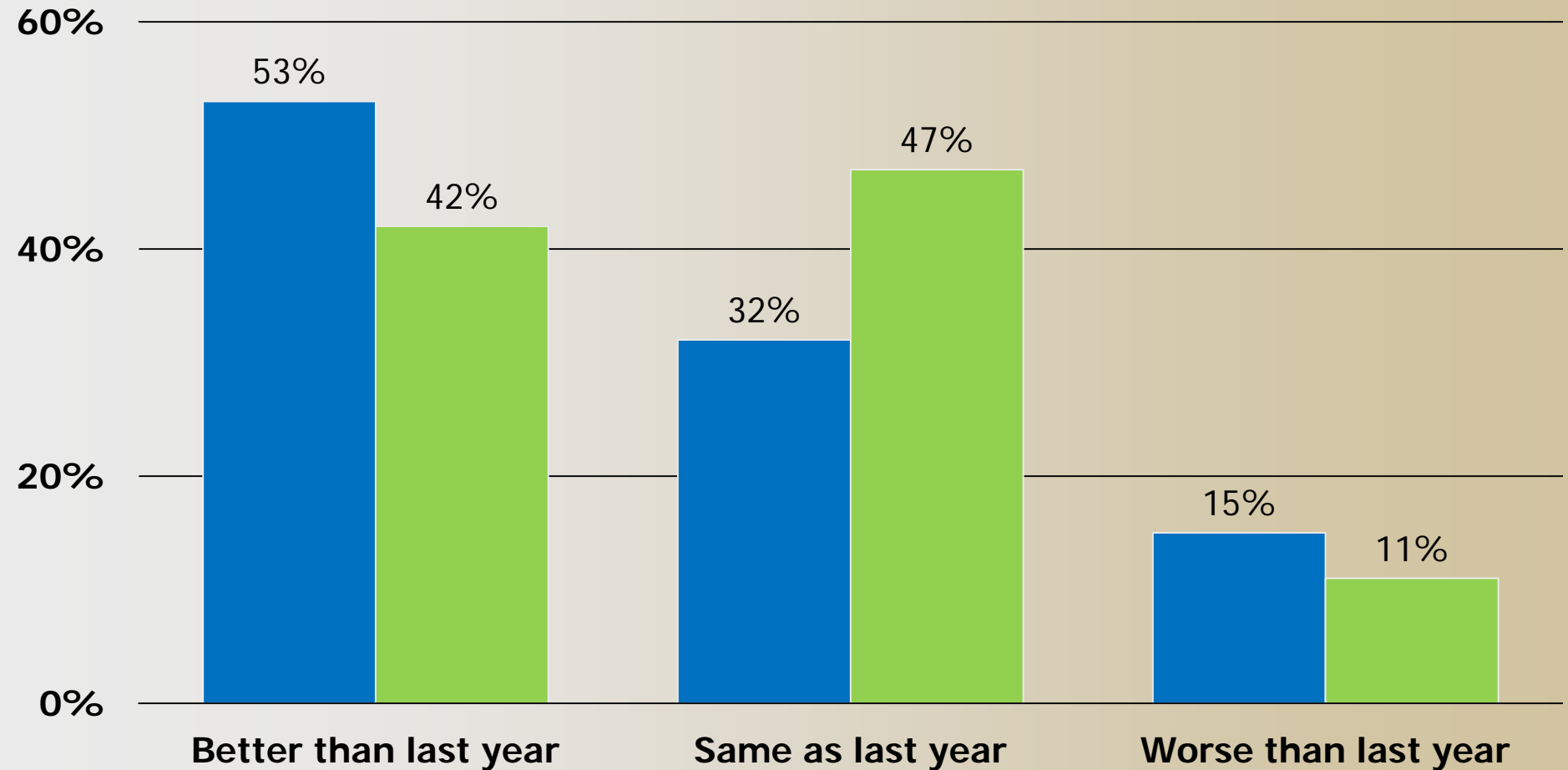
■ Outlook for 2013 ■ Outlook for 2014



# Billings Area Manufacturing Outlook

Percent of  
Firms

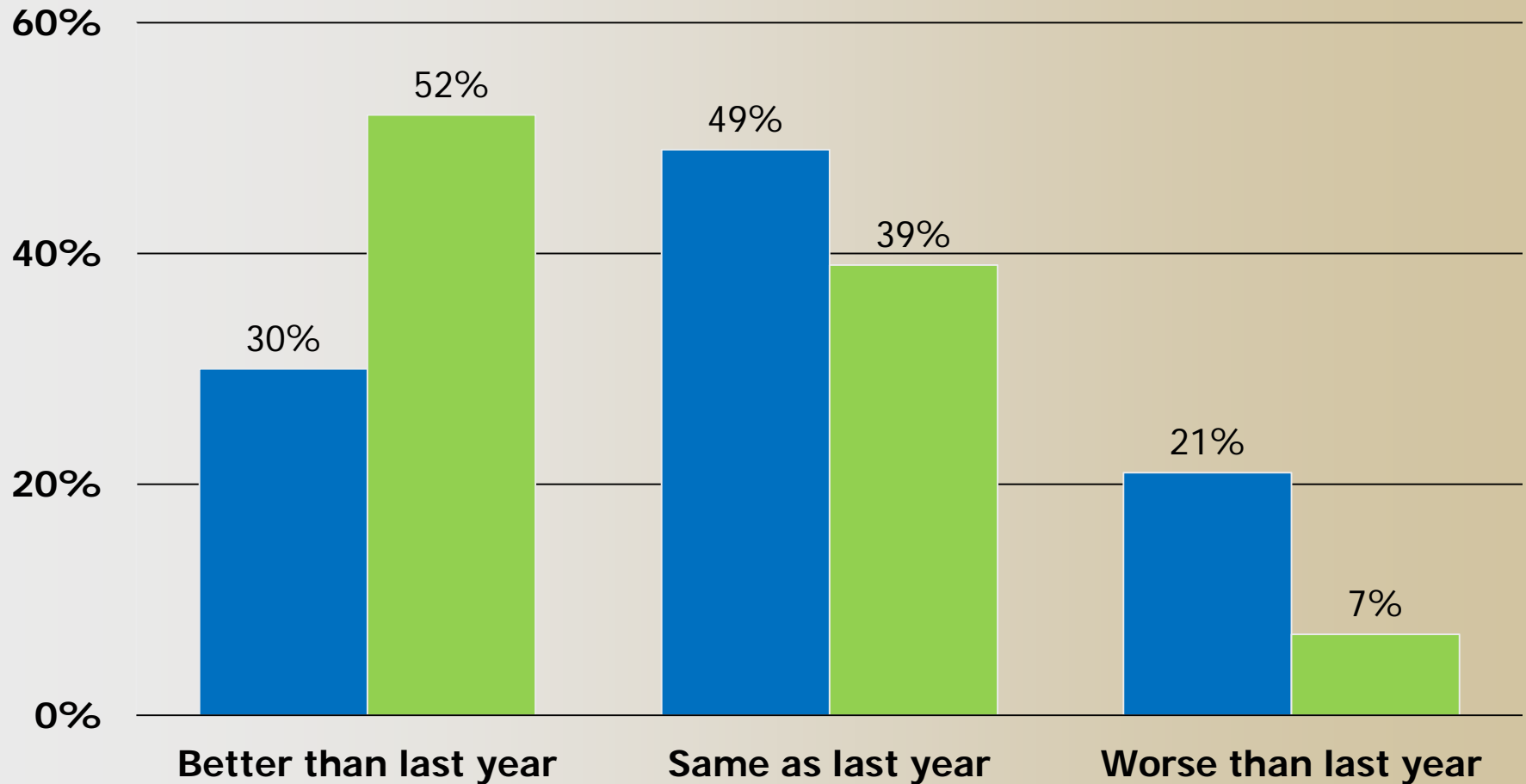
■ Outlook for 2013    ■ Outlook for 2014



# Bozeman Area Manufacturing Outlook

Percent of  
Firms

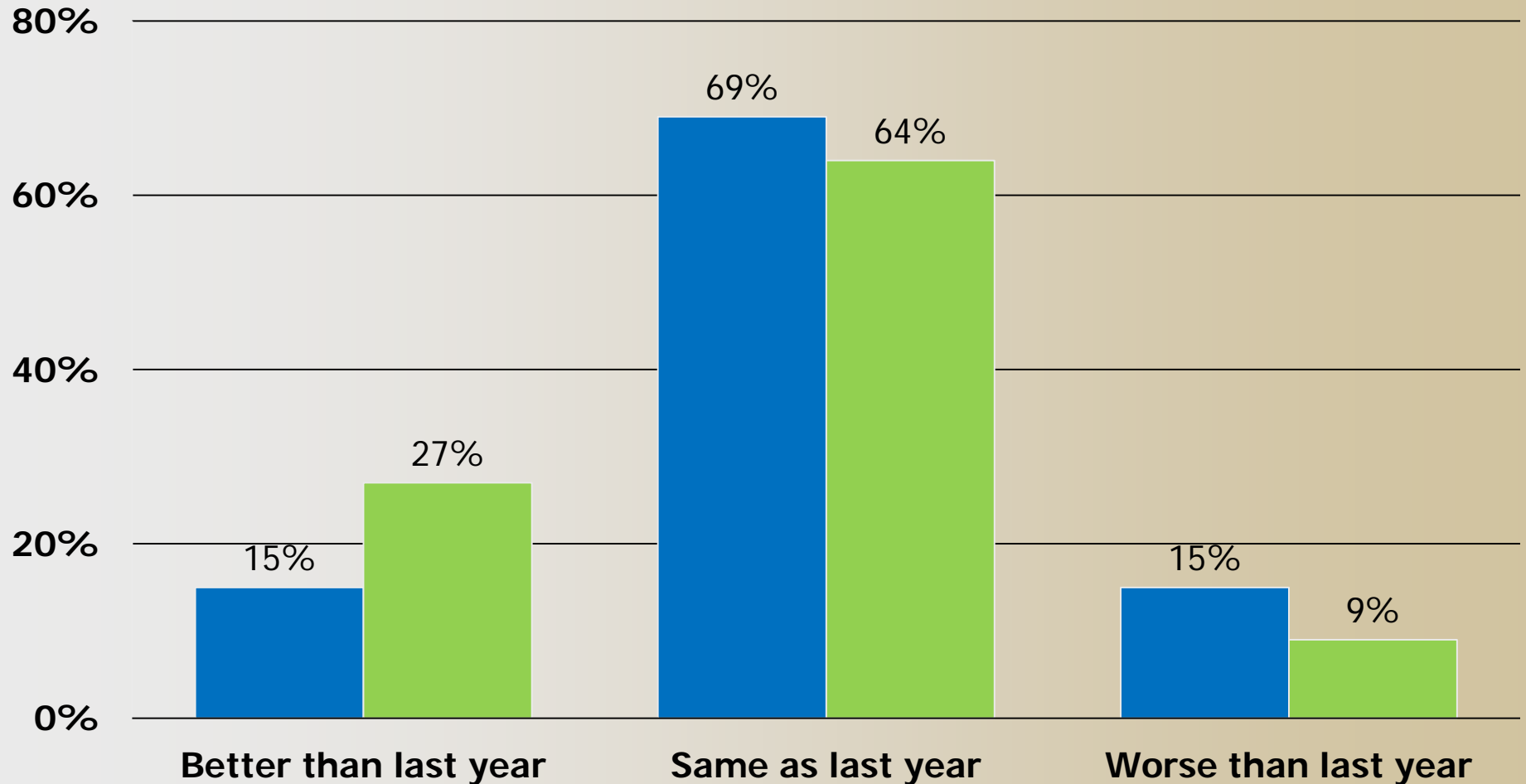
■ Outlook for 2013    ■ Outlook for 2014



# Butte Area Manufacturing Outlook

Percent of  
Firms

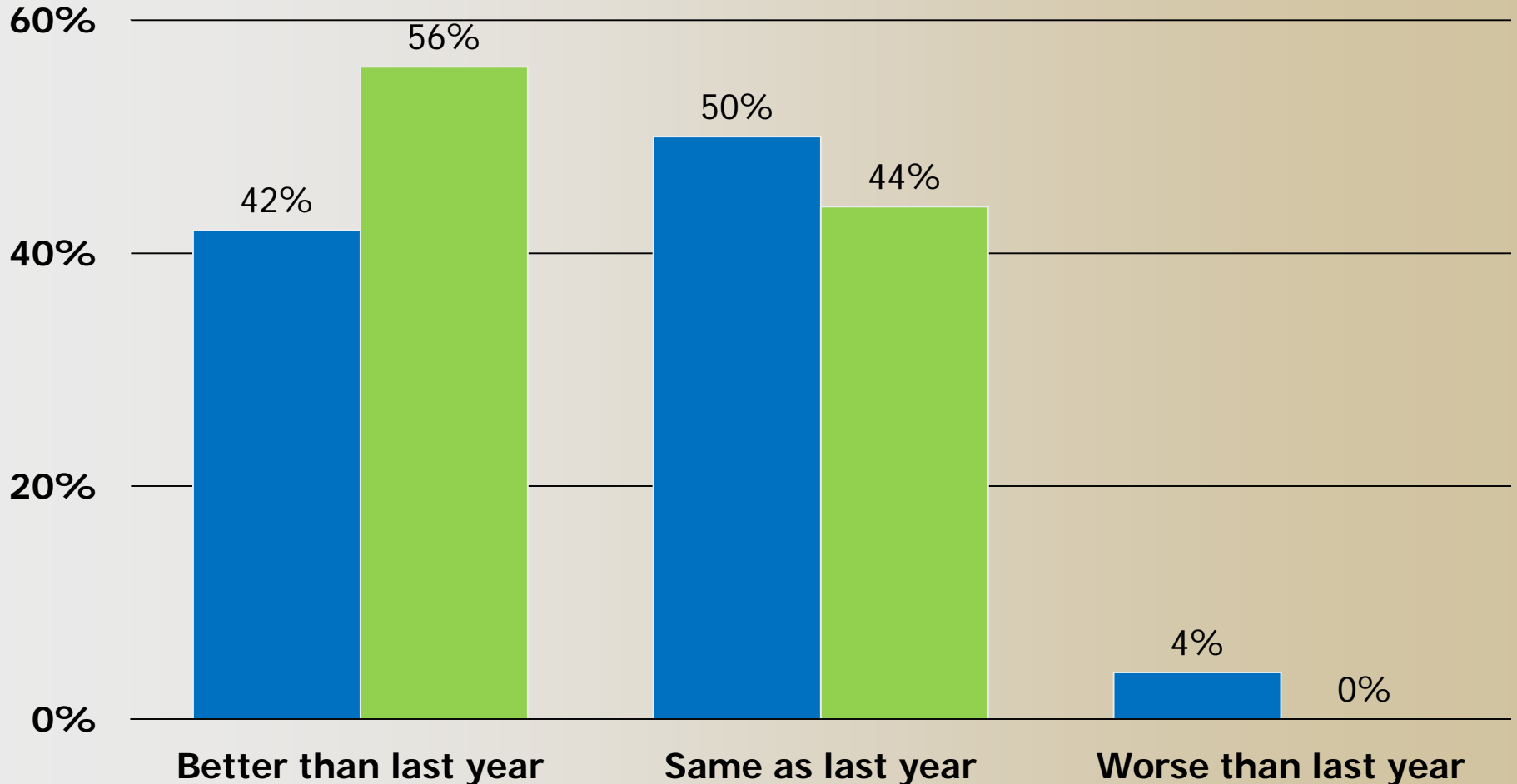
■ Outlook for 2013 ■ Outlook for 2014



# Kalispell Area Manufacturing Outlook

Percent of  
Firms

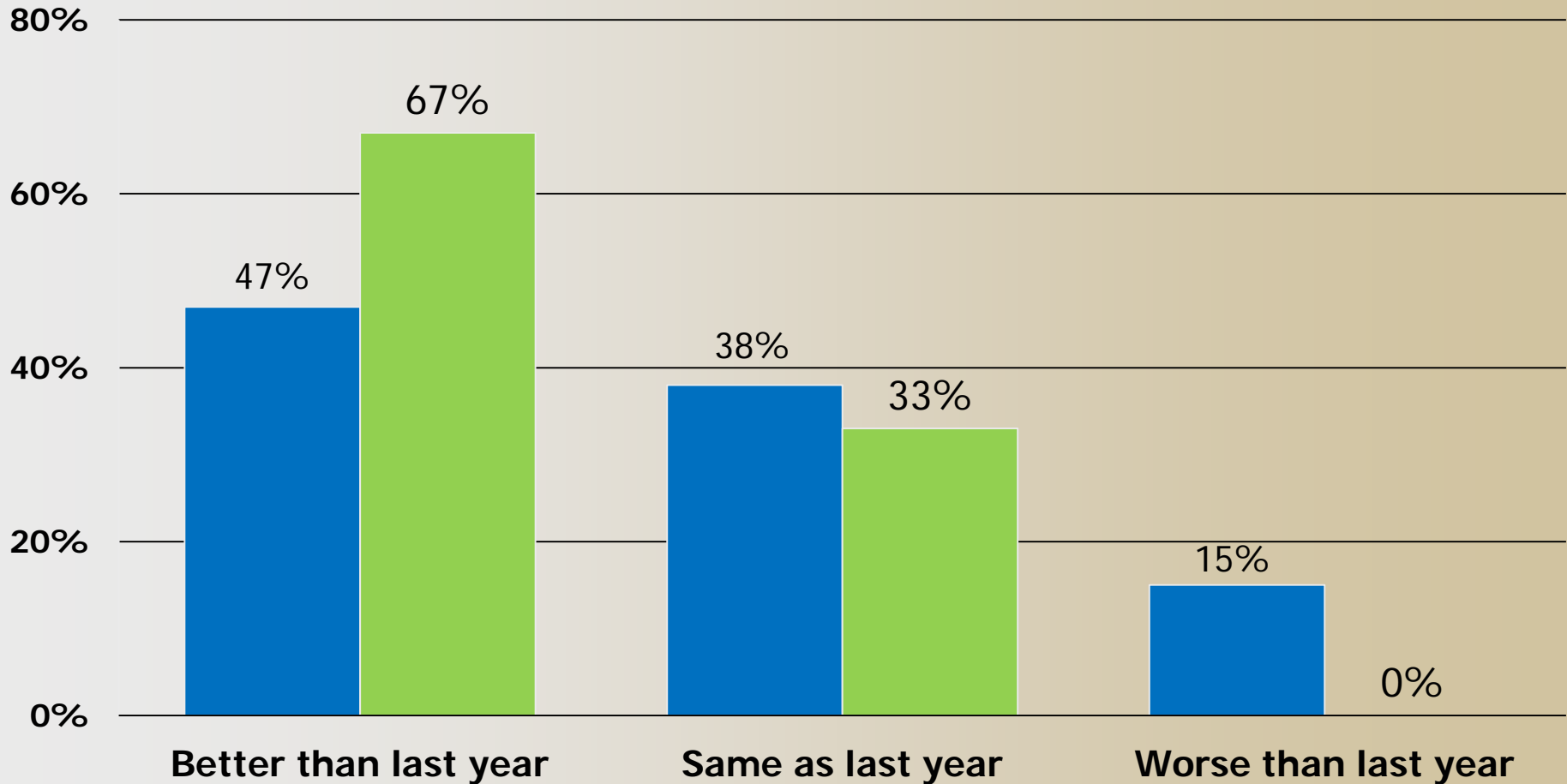
■ Outlook for 2013 ■ Outlook for 2014



# Lewistown Area Manufacturing Outlook

Percent of  
Firms

■ Outlook for 2012    ■ Outlook for 2014



# **Montana Manufacturing Forecast for 2014**

- **Positive outlook statewide and across sectors.**
- **Continued improvements anticipated.**
- **Modest growth expected in statewide employment & worker earnings.**
- **Health insurance costs and work comp rates remain major concerns.**