

**Montana
Manufacturing
&
Forest Products:
2009 Outlook**

Todd A. Morgan, CF



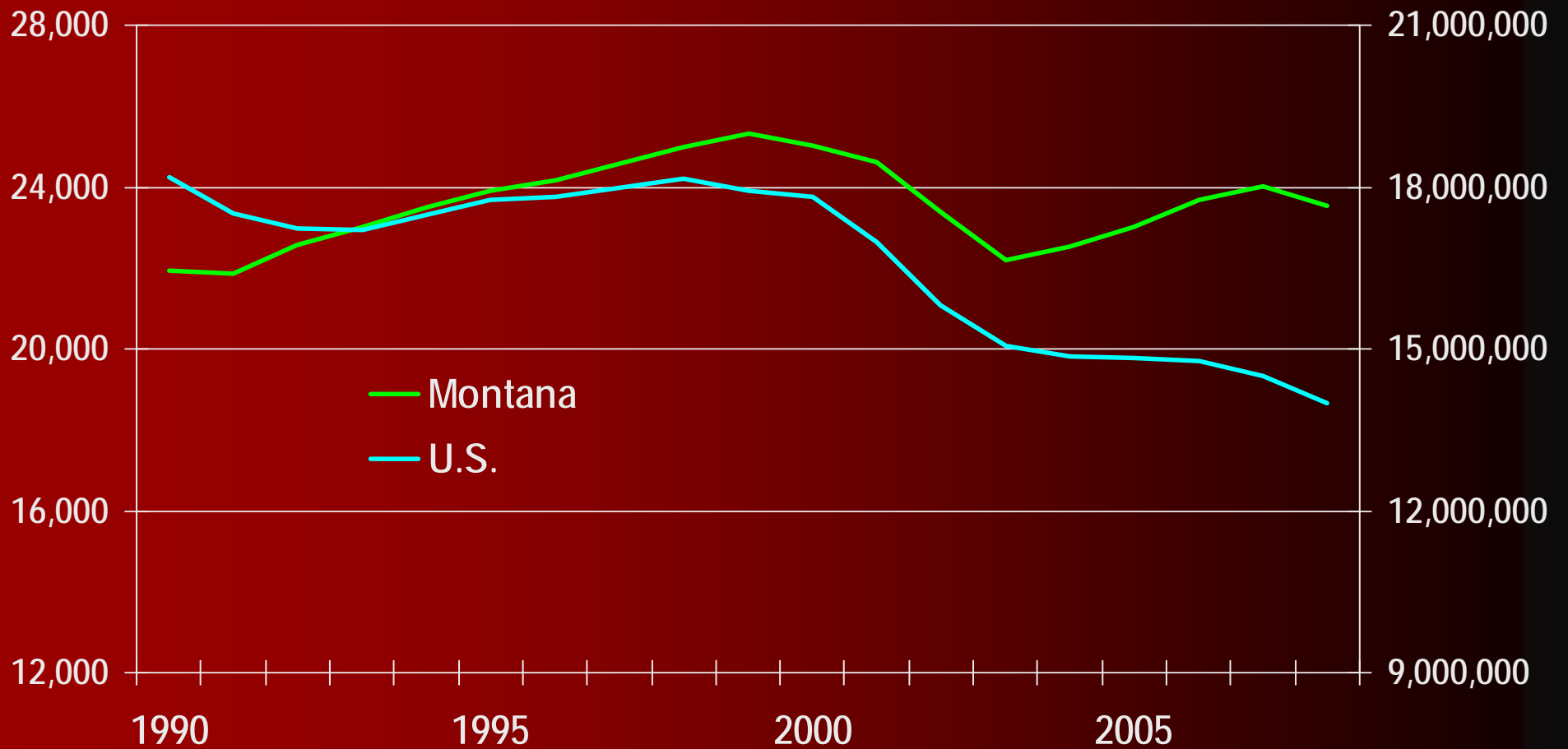
Montana Manufacturing Industry 2008

- Relatively good 1st half of year.
- Few firms curtailed production.
- Few firms had worker shortages.
- Most said sales were same or increased from 2007.
- Few declines outside of forest products industry.

Montana & U.S. Manufacturing Employment 1990-2008

MT workers

US workers



Source: BEA-REIS SA-05N, SA-25N

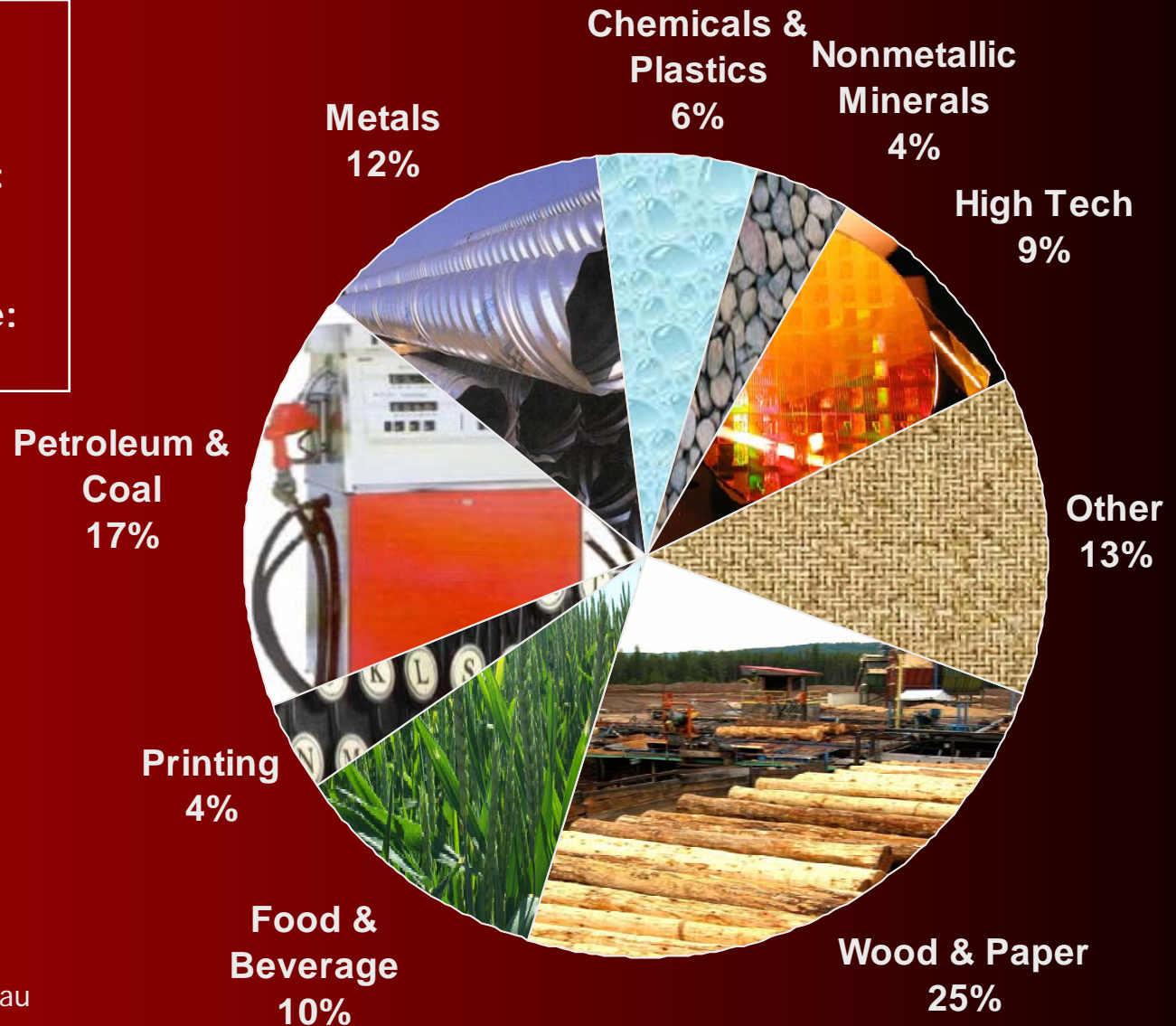
Montana Manufacturing

2007 Labor Income Distribution

Total firms:
3,100

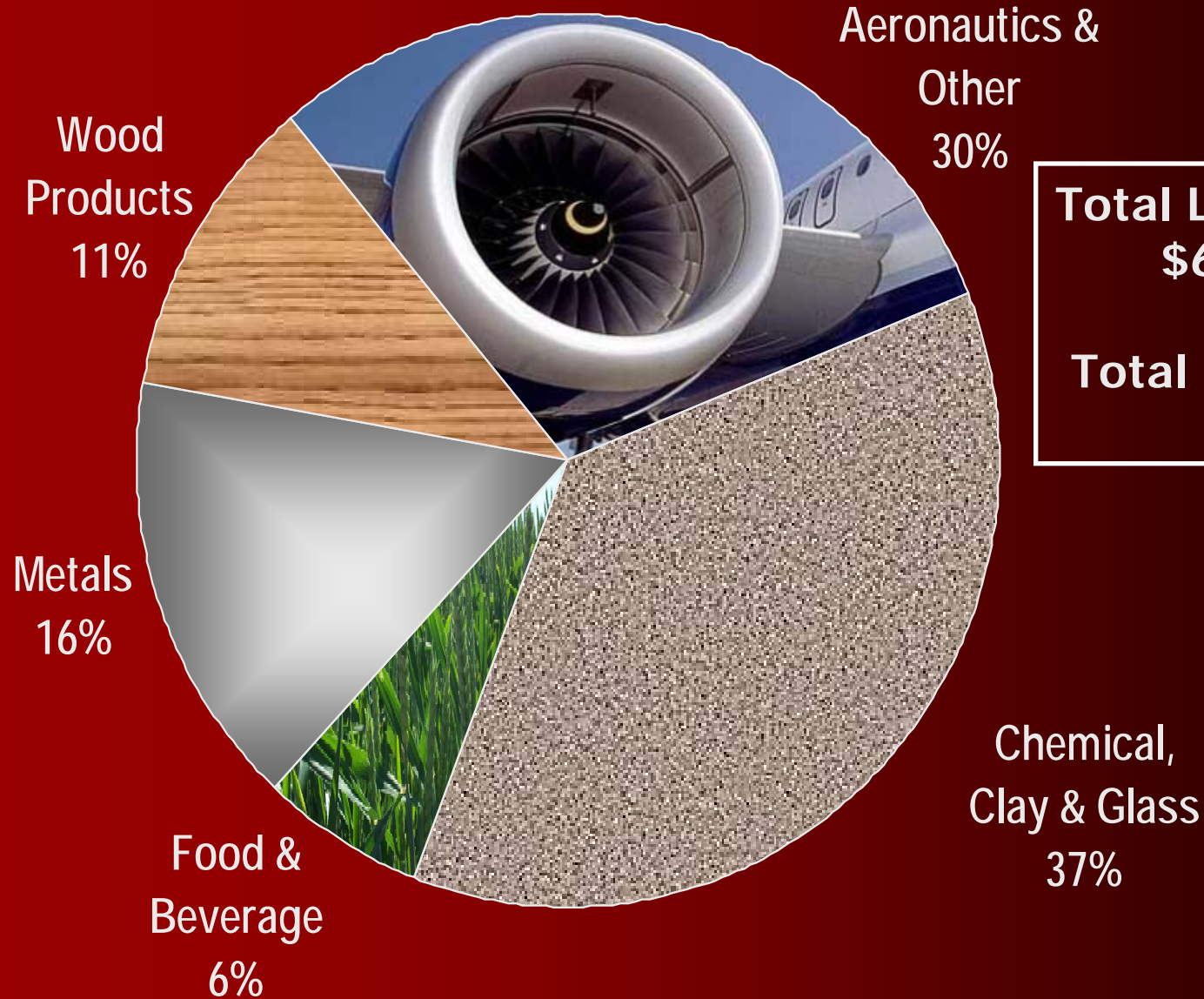
Total Employment:
24,000

Total Labor Income:
\$1.3 billion



Sources: BEA-REIS; Census Bureau

Lewis & Clark County Manufacturing Estimated 2008 Labor Income Distribution

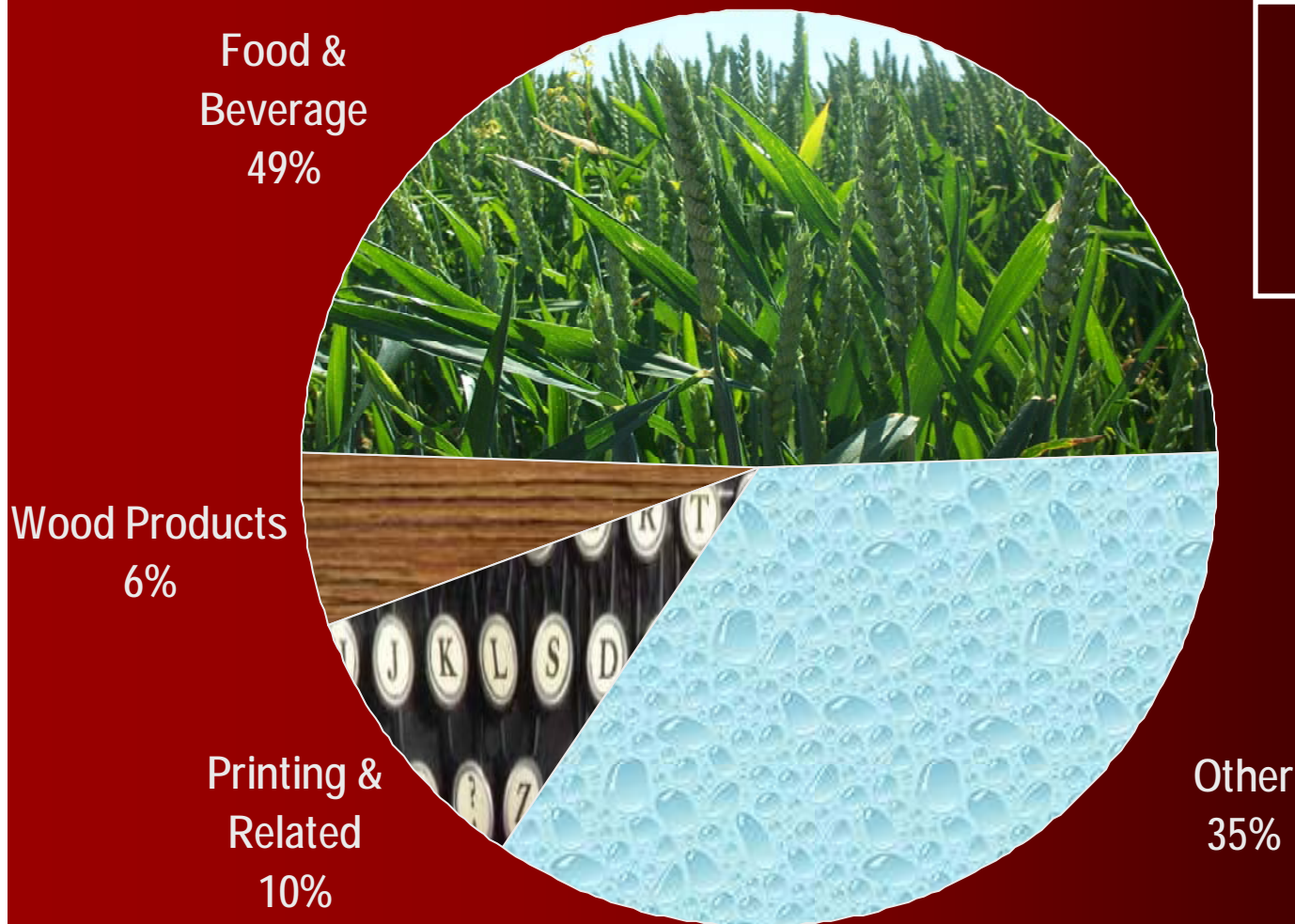


**Total Labor Income:
\$63 million**

**Total Employment:
970**

Cascade County Manufacturing

Estimated 2008 Labor Income Distribution



Total Labor Income:
\$51 million

Total Employment:
1,000

Missoula County Manufacturing

Estimated 2008 Labor Income Distribution

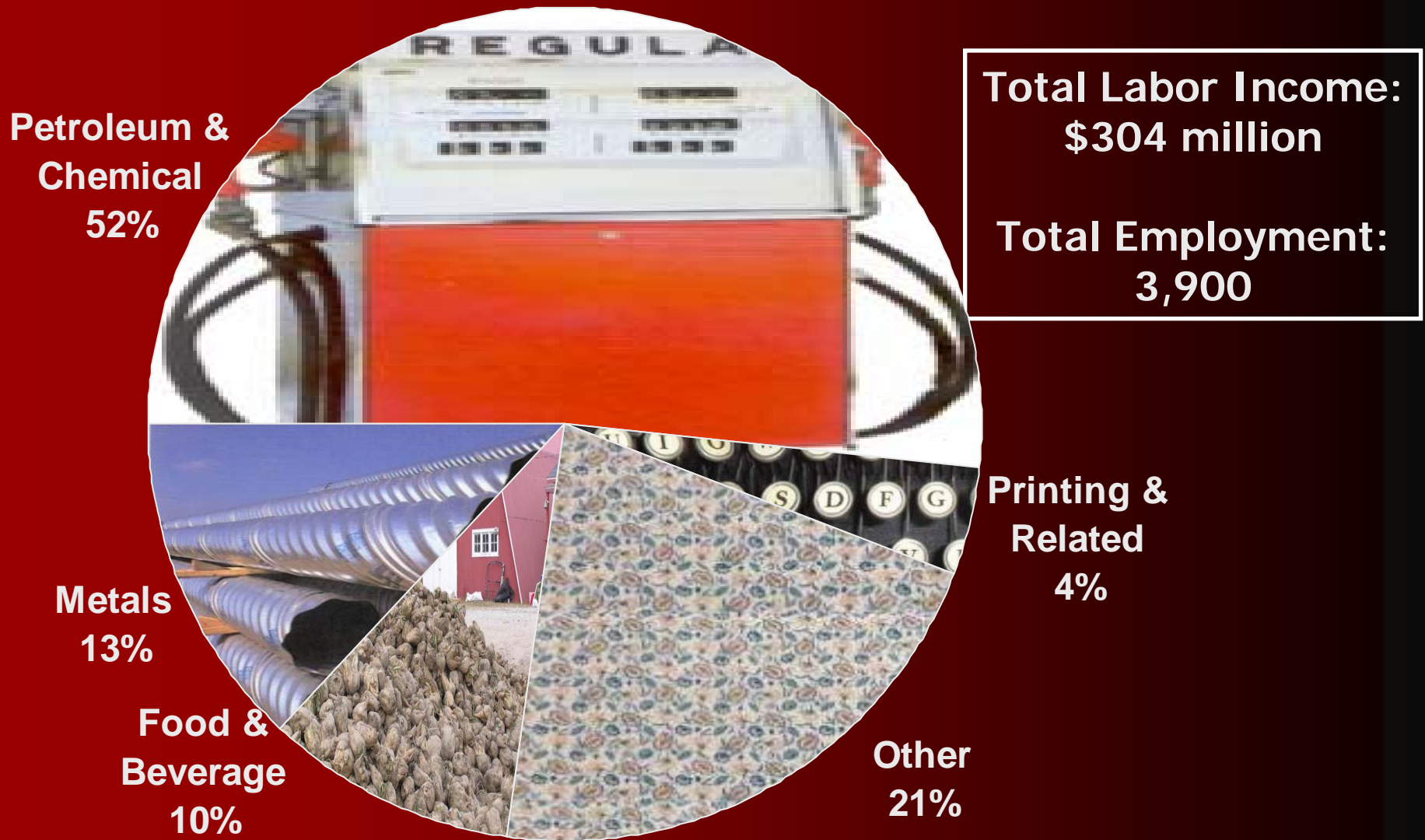


Total Labor Income:
\$143 million

Total Employment:
2,800

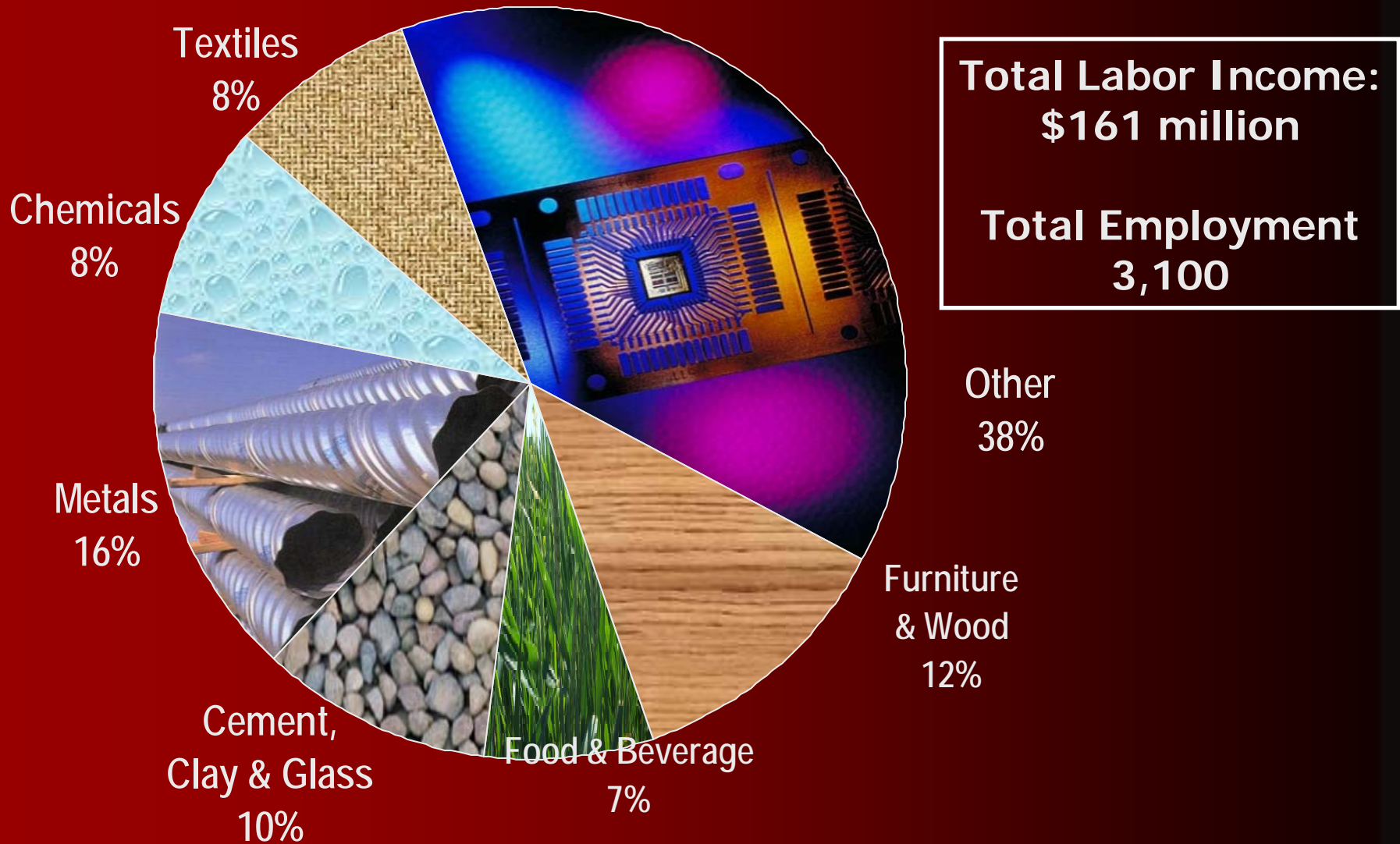
Yellowstone County Manufacturing

Estimated 2008 Labor Income Distribution



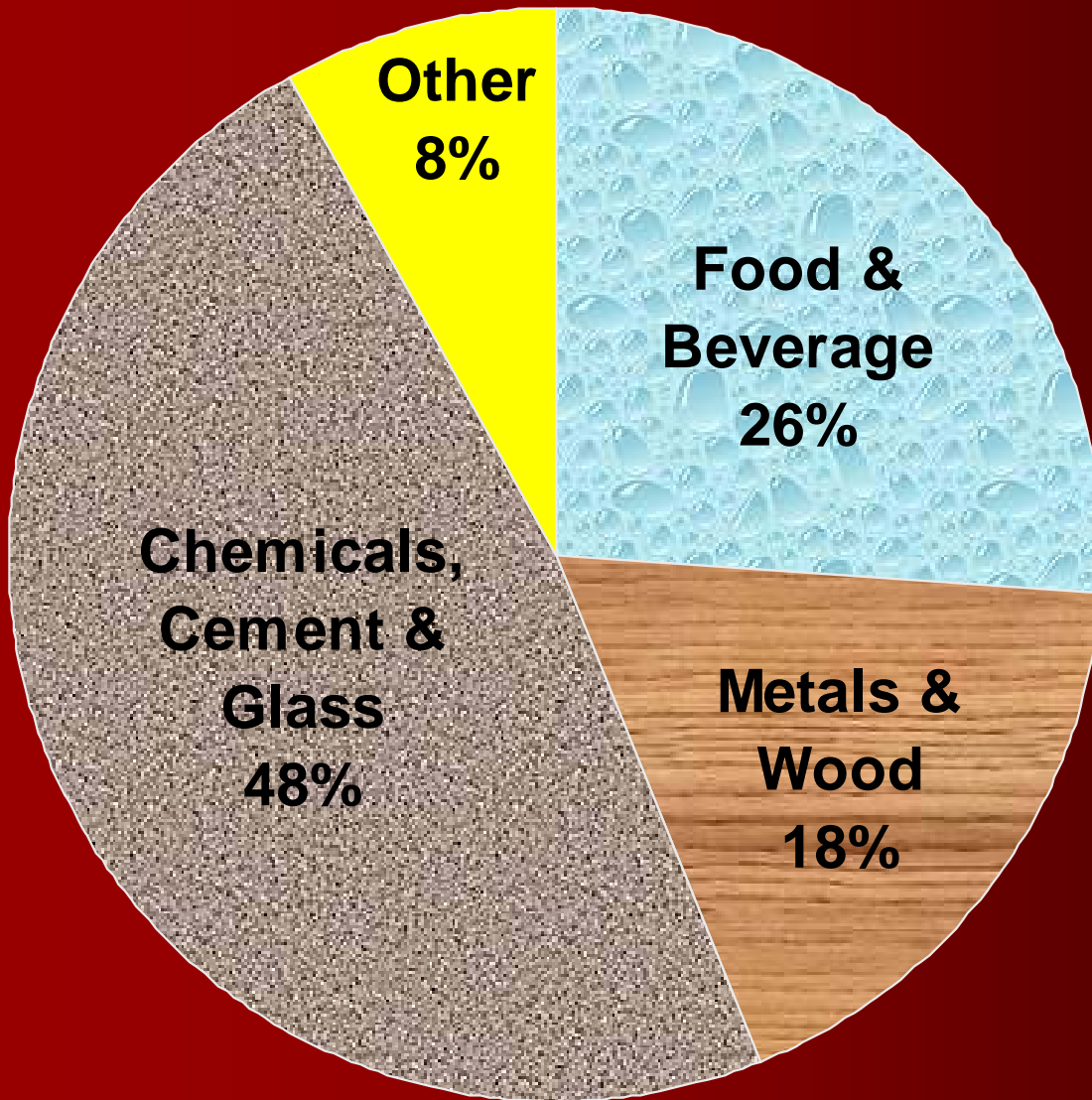
Gallatin County Manufacturing

Estimated 2008 Labor Income Distribution



Silver Bow County Manufacturing

Estimated 2008 Labor Income Distribution



Total Labor Income:
\$35 to 40 million

Total Employment:
630 to 680

Flathead County Manufacturing

Estimated 2008 Labor Income Distribution

**Metals &
Related
10%**

**Hi-Tech,
Other
34%**

**Lumber &
Wood
56%**

**Total Labor Income:
\$201 million**

**Total Employment:
4,200**

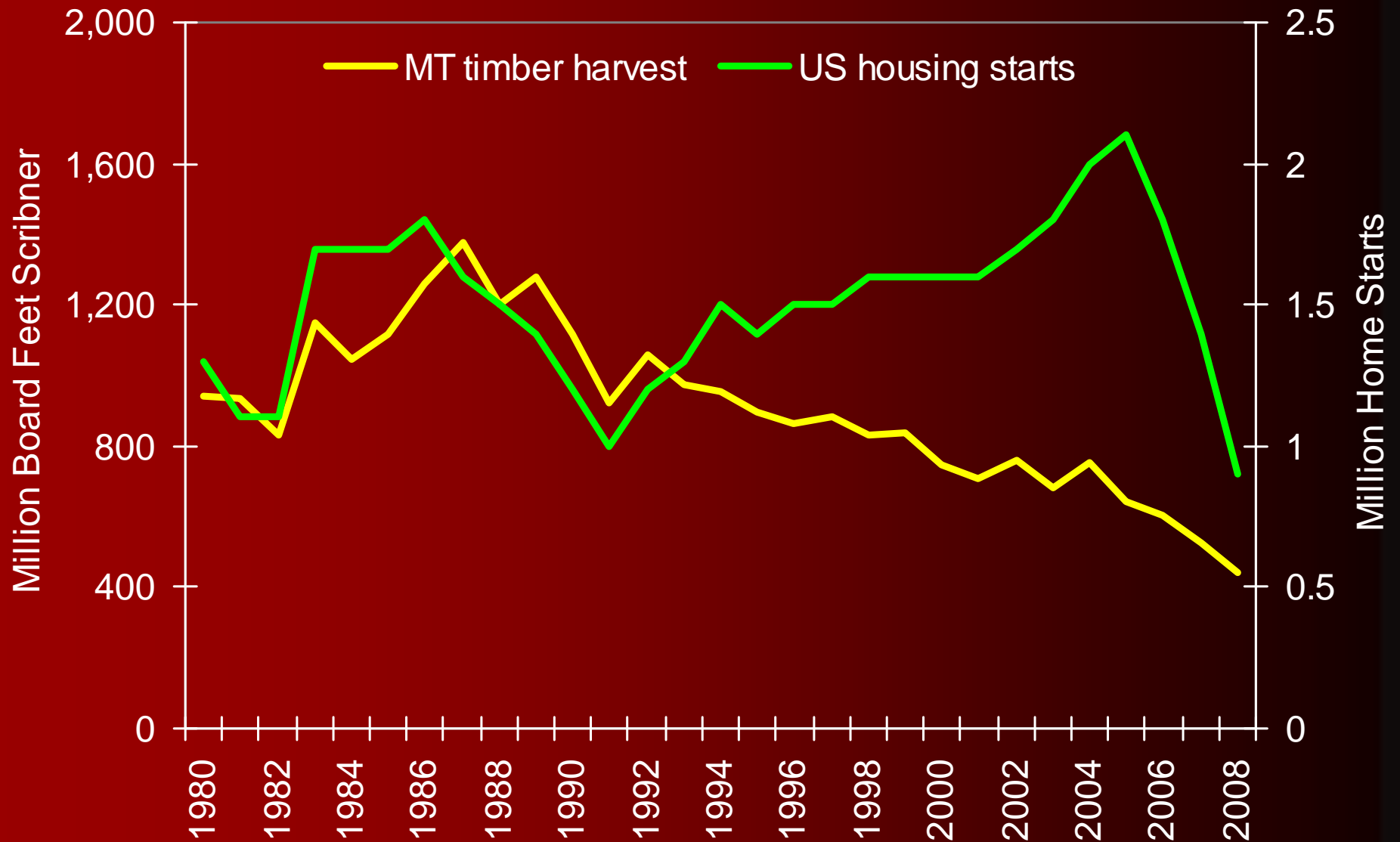


2008-2009 Montana Manufacturers Survey

- annual survey
- conducted in Nov/Dec
- open-ended & multi-choice questions
- current & coming year
- 216 firms contacted
- response rate 75%



Housing Starts vs. Timber Harvest

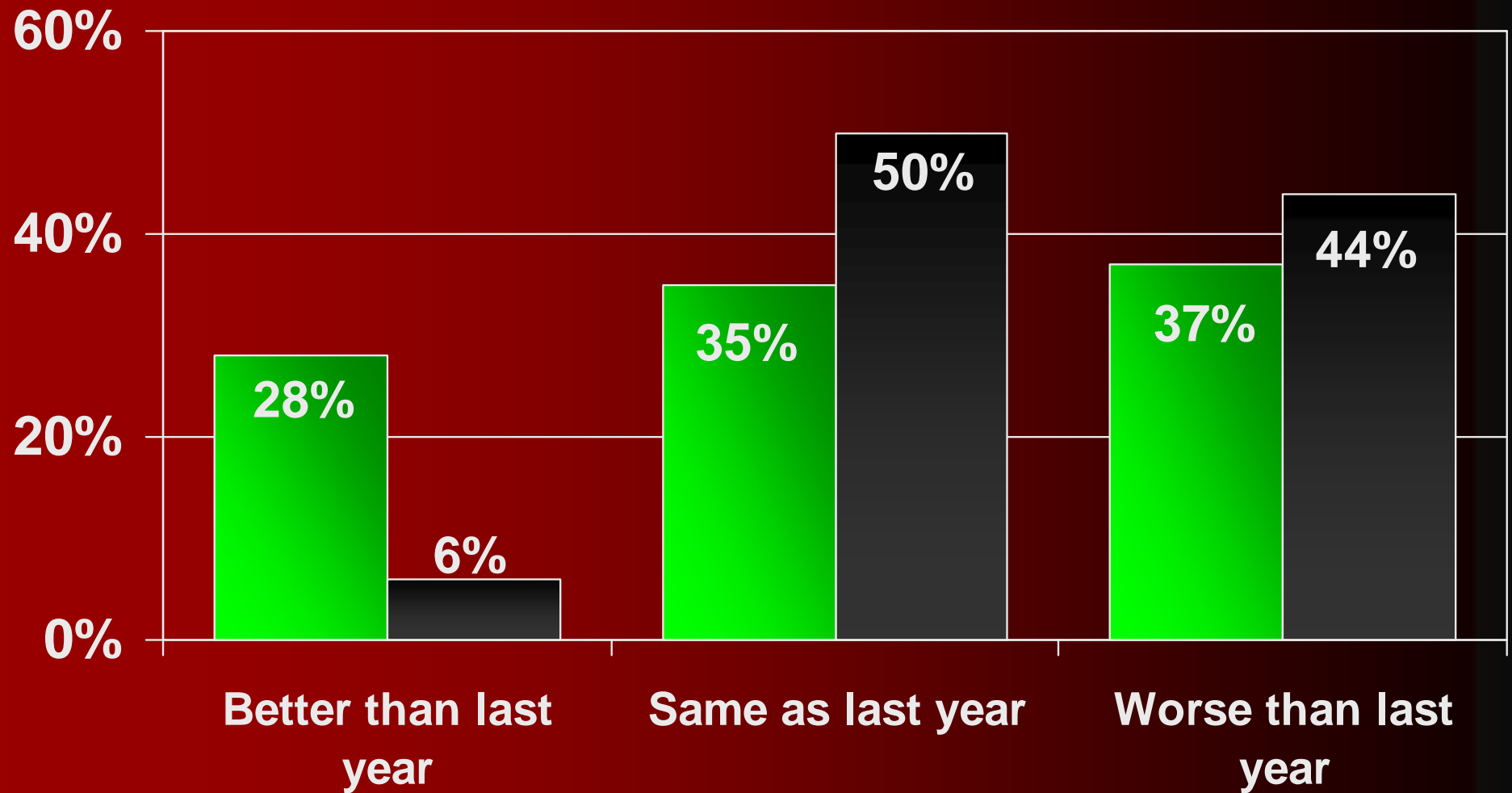


Montana Forest Products Outlook for the Coming Year

Percent of Firms

■ Outlook for 2008

■ Outlook for 2009

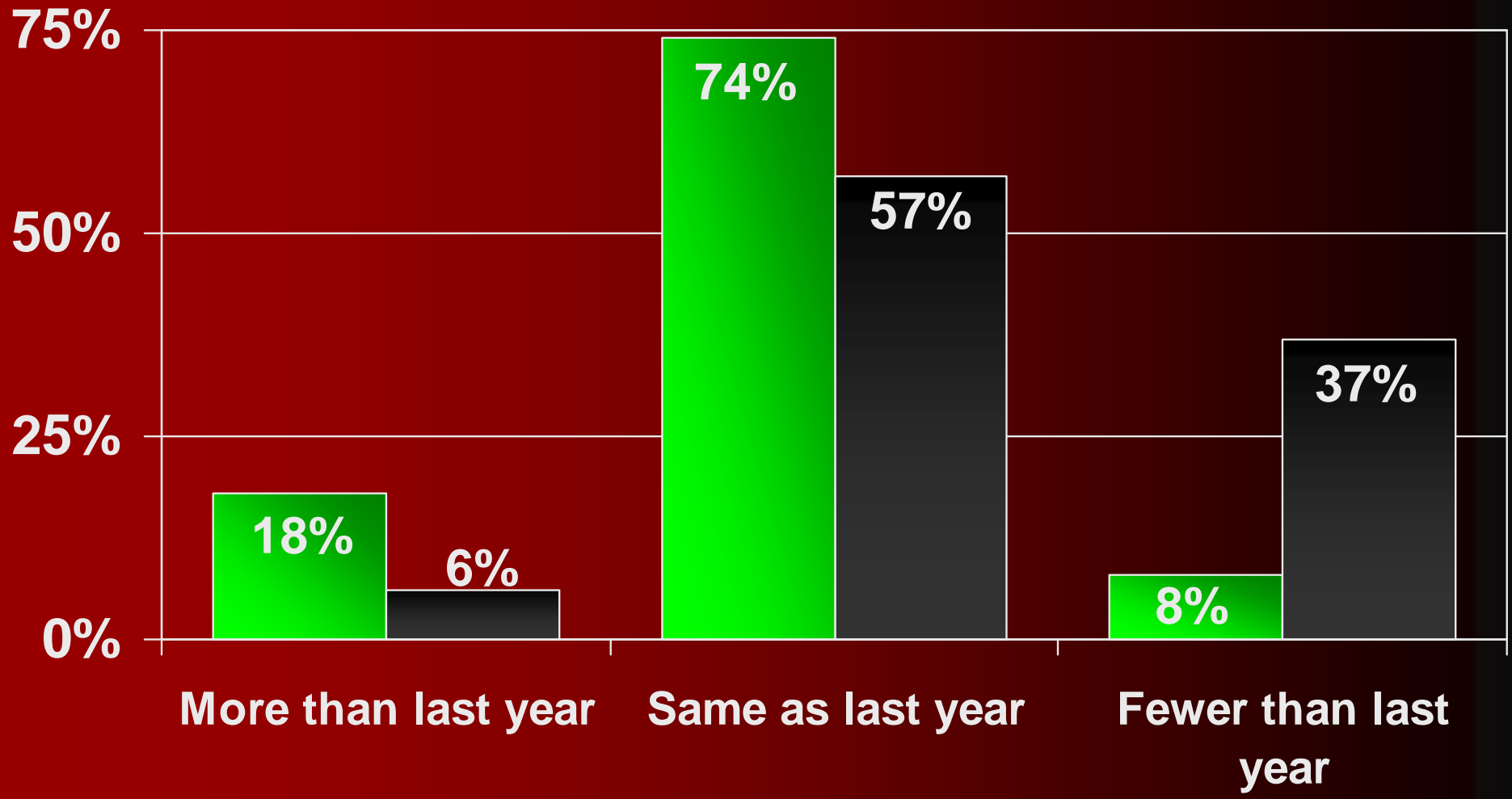


Forest Products Employment Outlook for the Coming Year

Percent of Firms

■ Outlook for 2008

■ Outlook for 2009



Montana Forest Products Forecast

- 2009 will be worse than past three years
- More closures & curtailments
- Lumber production down 10-20%
- Employment down 15-25%
- Timber harvest down, likely lowest volume since WWII

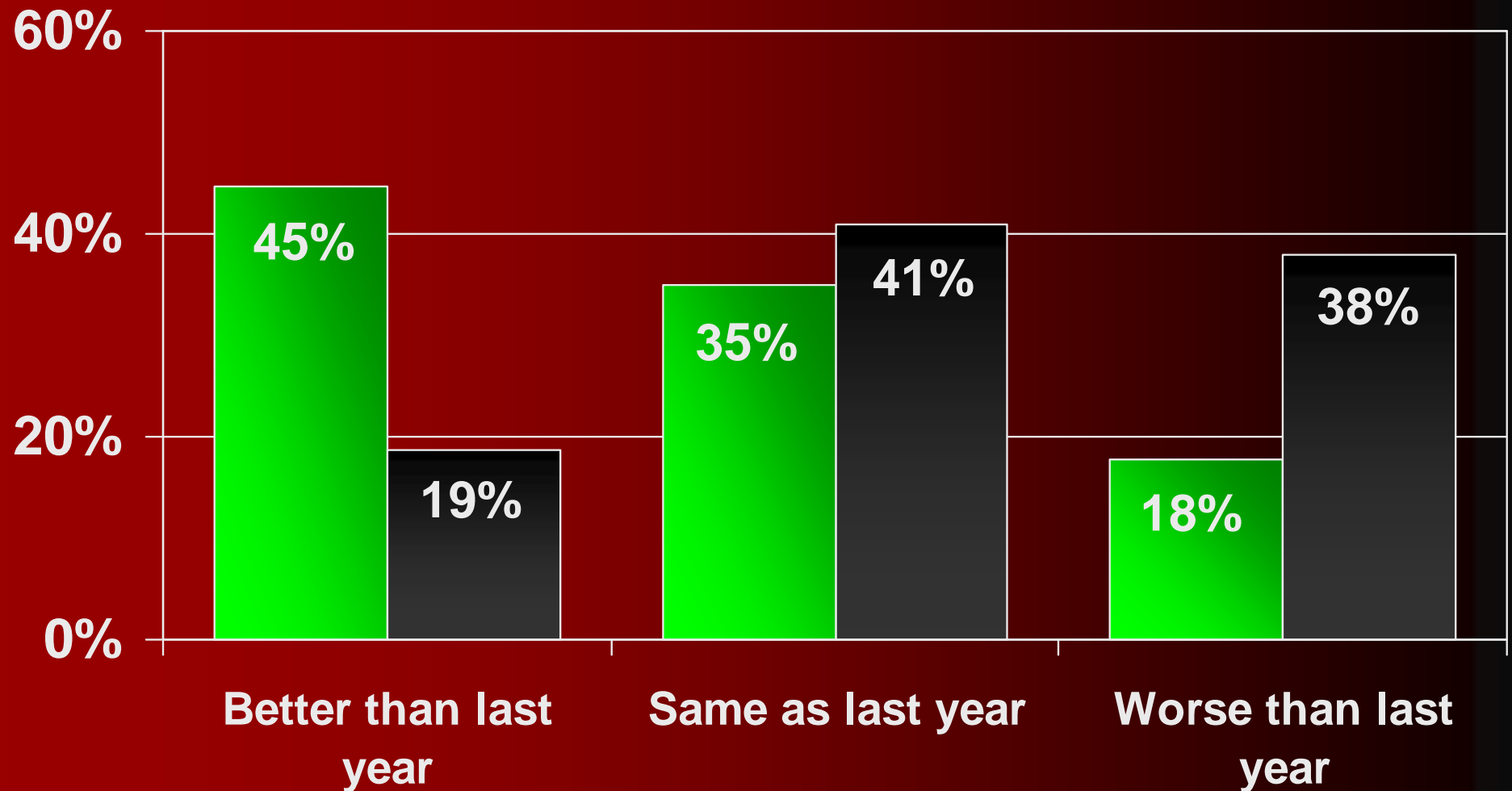


Montana Manufacturing Outlook for the Coming Year

Percent of Firms

■ Outlook for 2008

■ Outlook for 2009

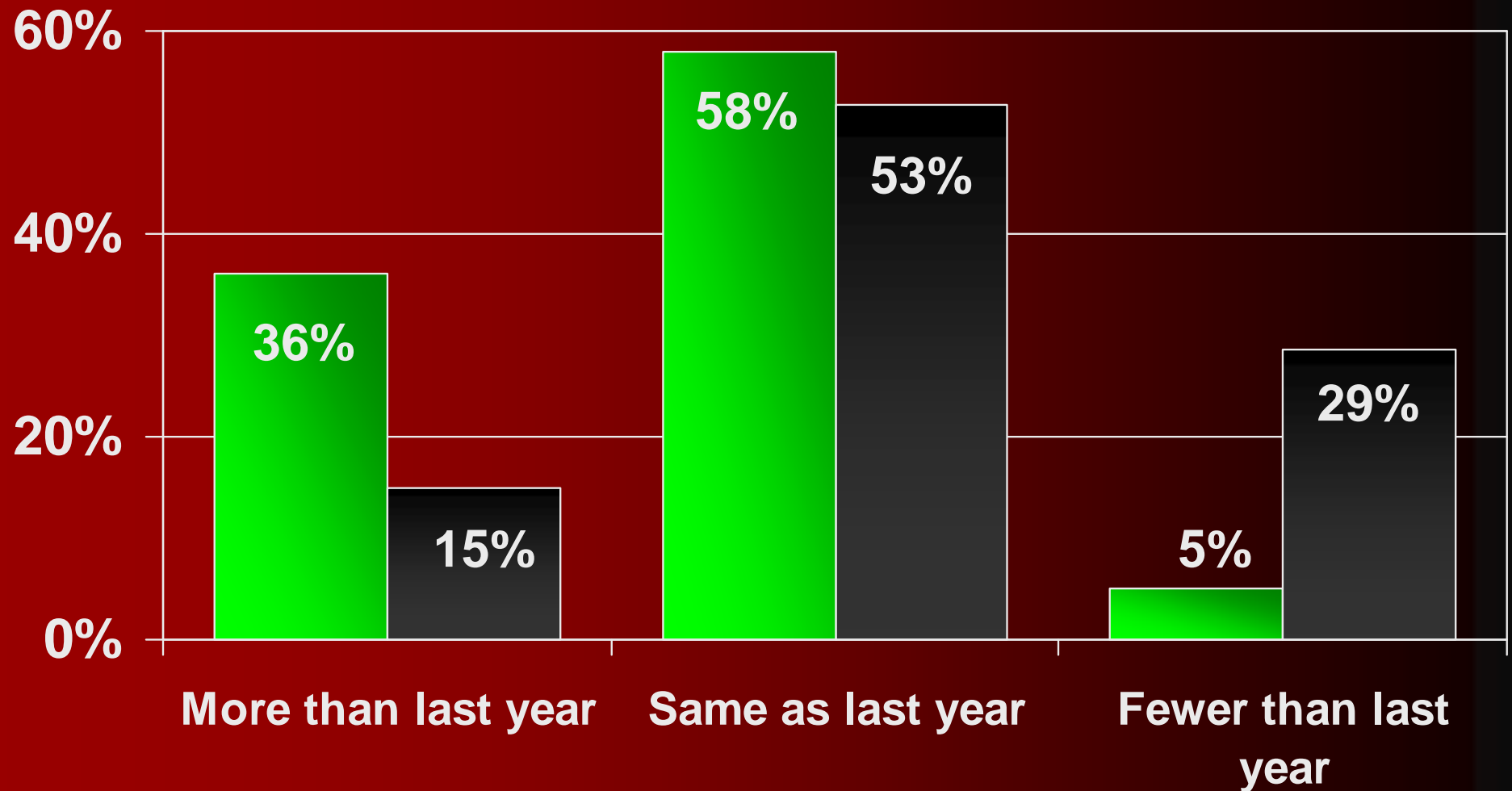


Manufacturing Employment Outlook for the Coming Year

Percent of Firms

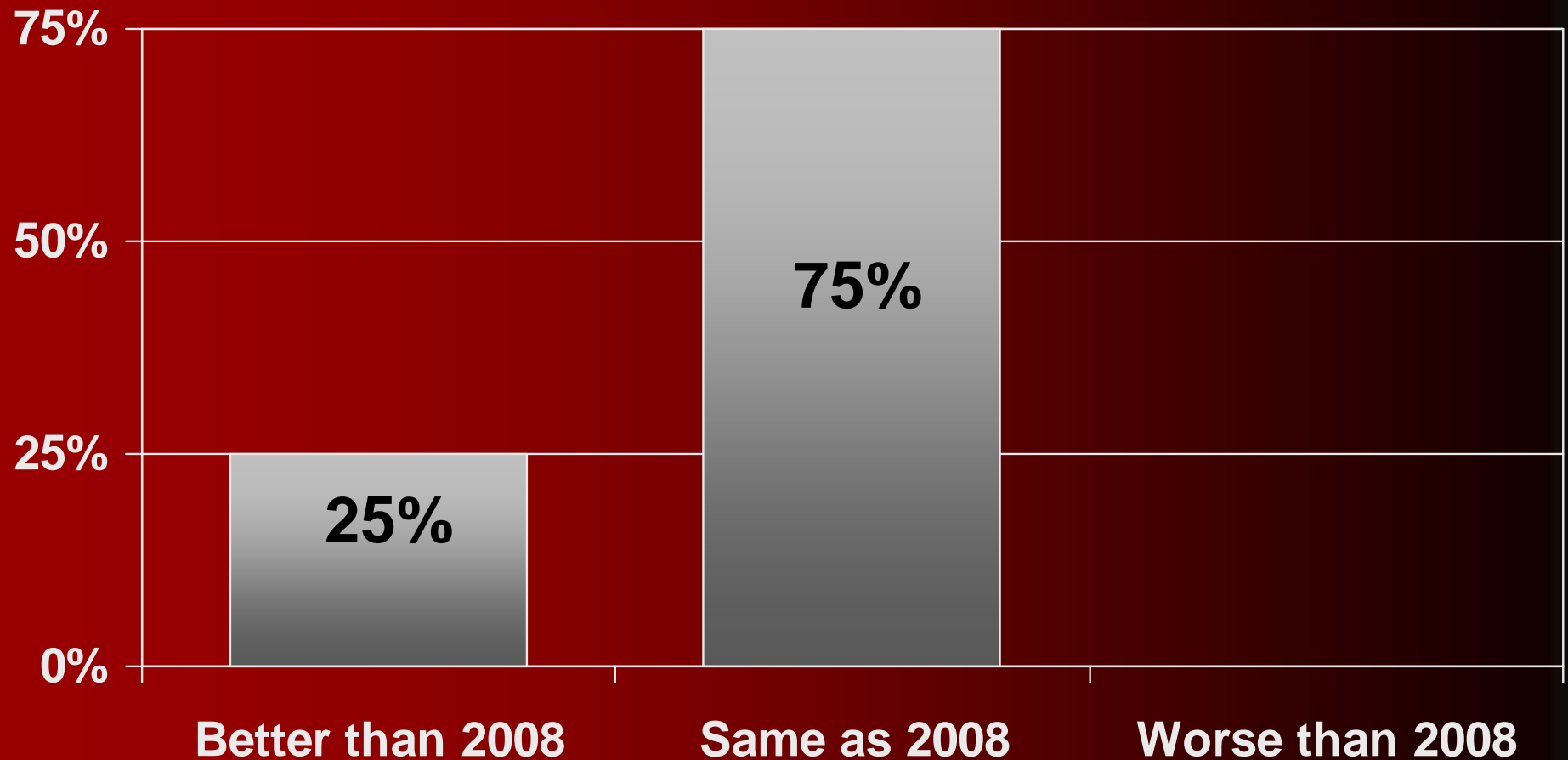
■ Outlook for 2008

■ Outlook for 2009



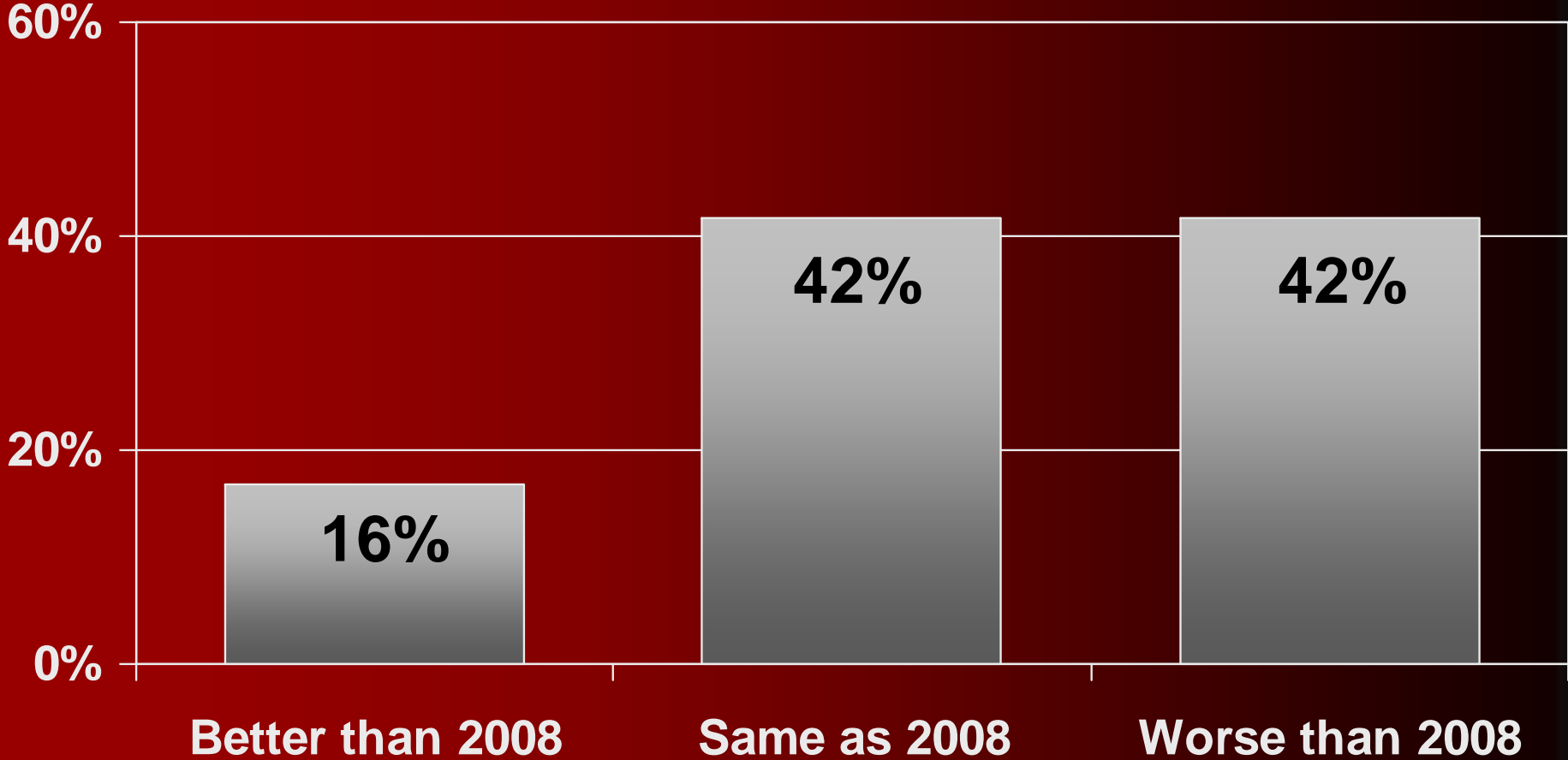
Lewis & Clark County Manufacturing Outlook for 2009

Percent of
Firms



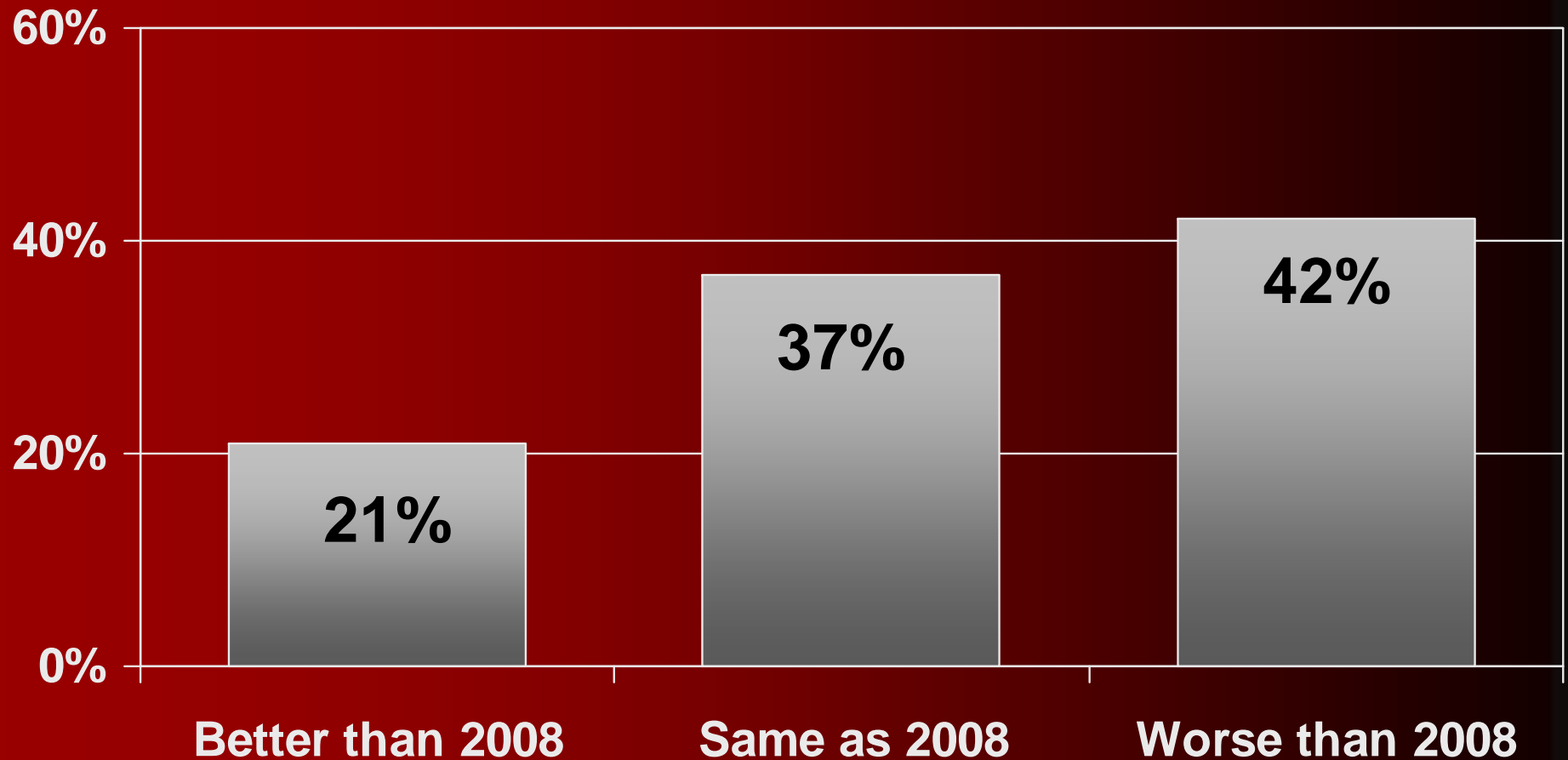
Cascade County Manufacturing Outlook for 2009

Percent of Firms



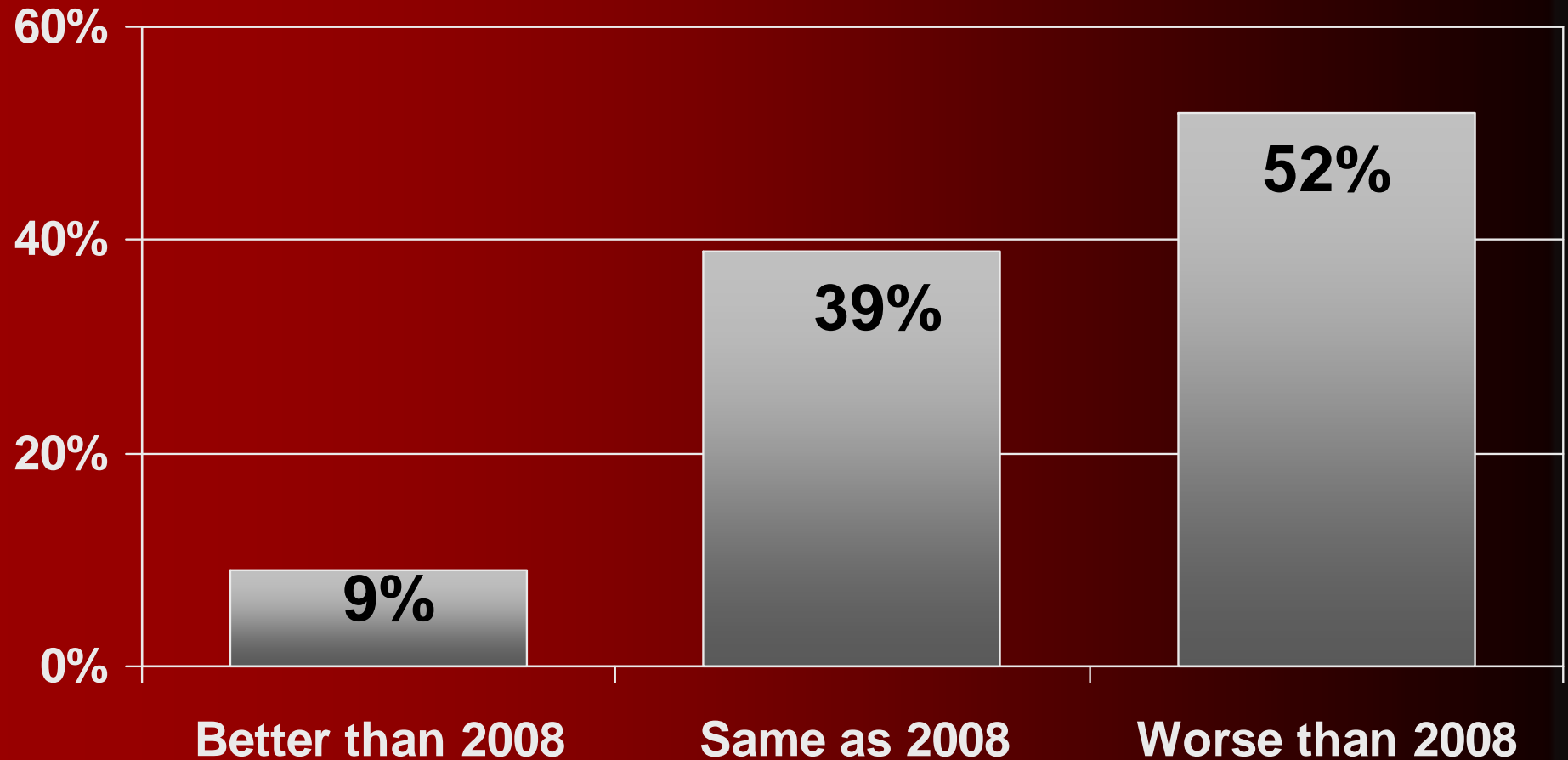
Missoula County Manufacturing Outlook for 2009

Percent of Firms



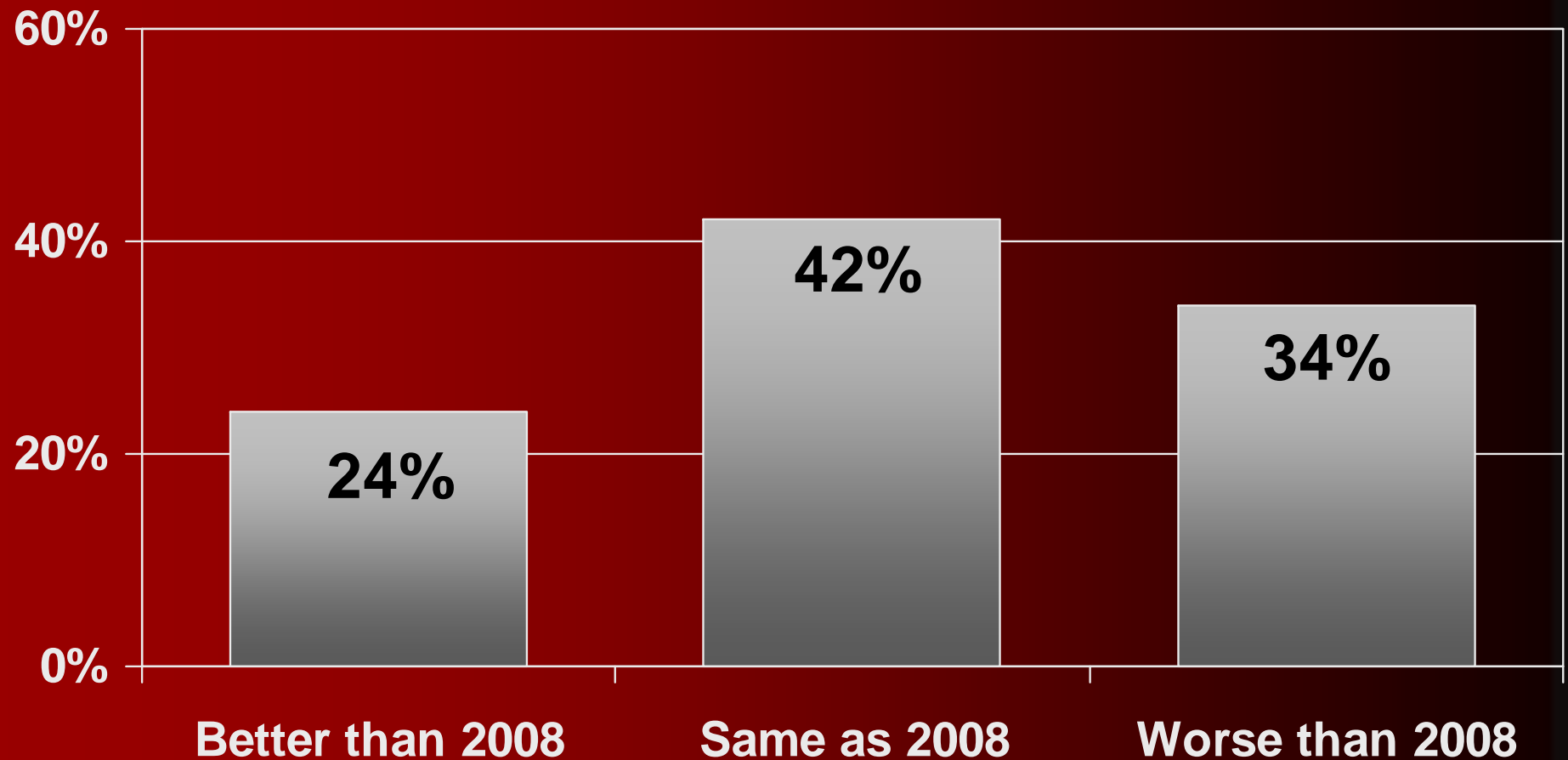
Yellowstone County Manufacturing Outlook for 2009

Percent of
Firms



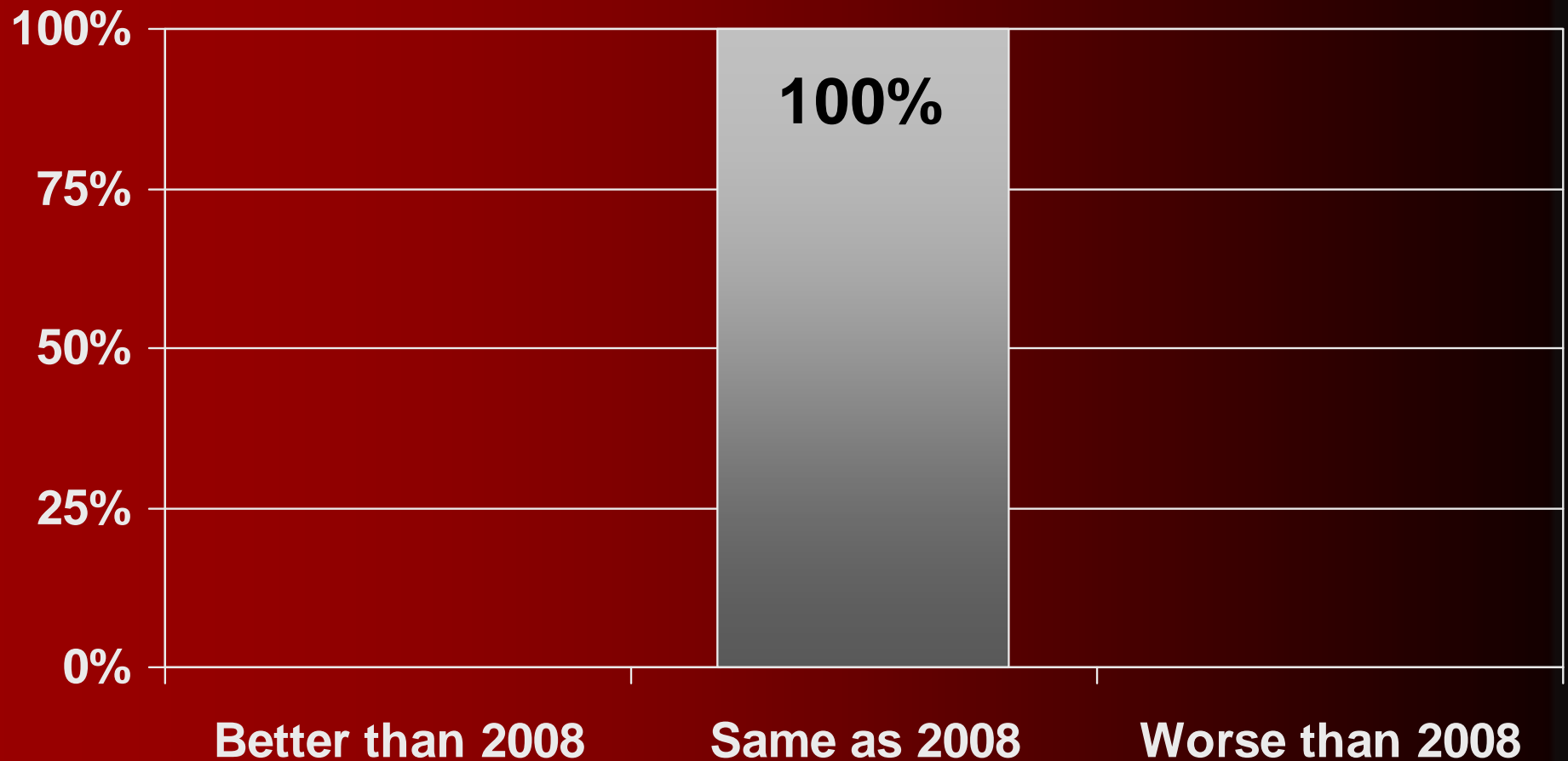
Gallatin County Manufacturing Outlook for 2009

Percent of Firms



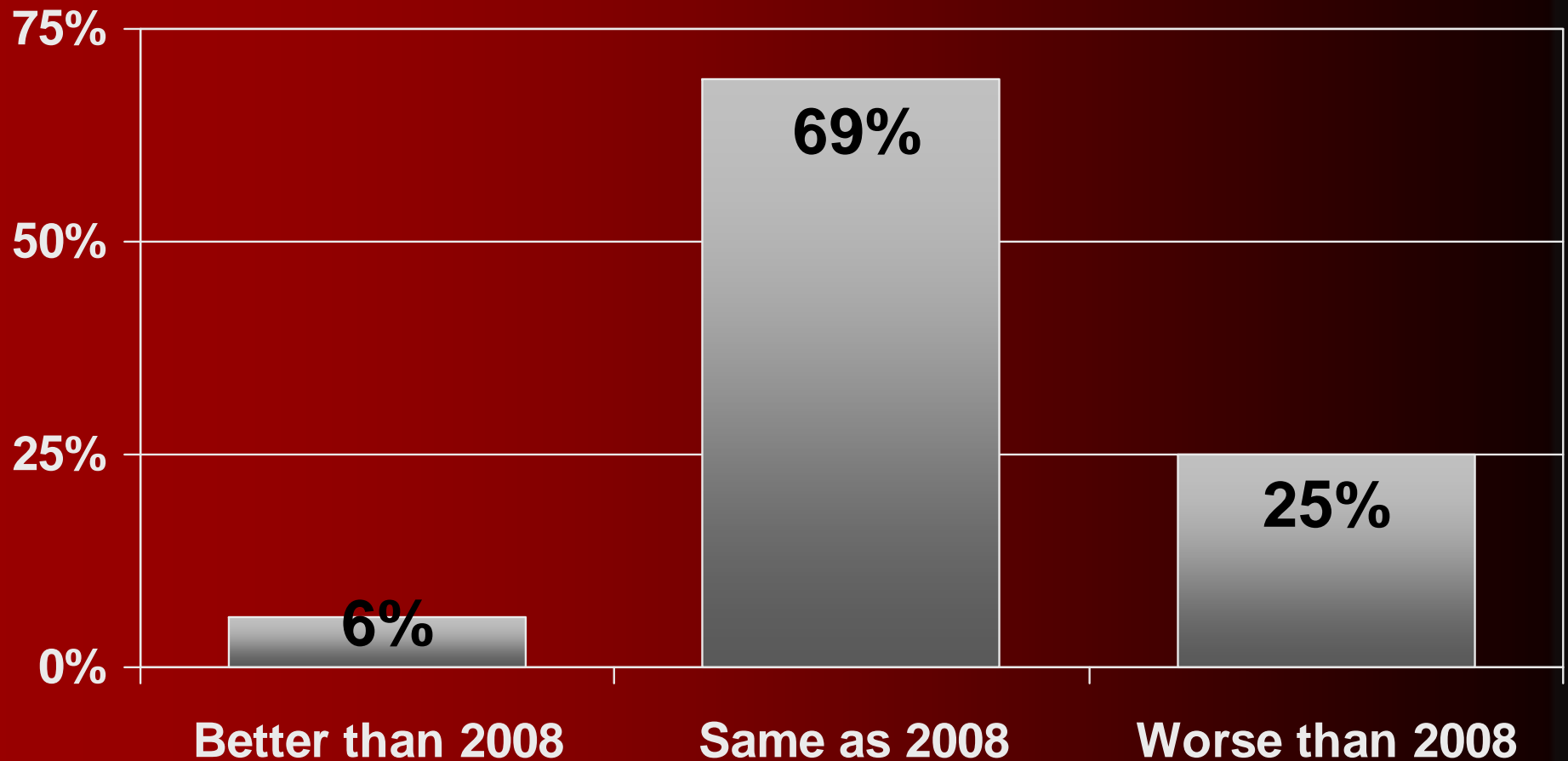
Silver Bow County Manufacturing Outlook for 2009

Percent of Firms



Flathead County Manufacturing Outlook for 2009

Percent of Firms



Montana Manufacturing Forecast for 2009

- Expectation of substantial declines
- Loss of 1,000 to 2,000 jobs
- Lower production, profits, sales & capital expenditures
- Recovery in 2010 ?