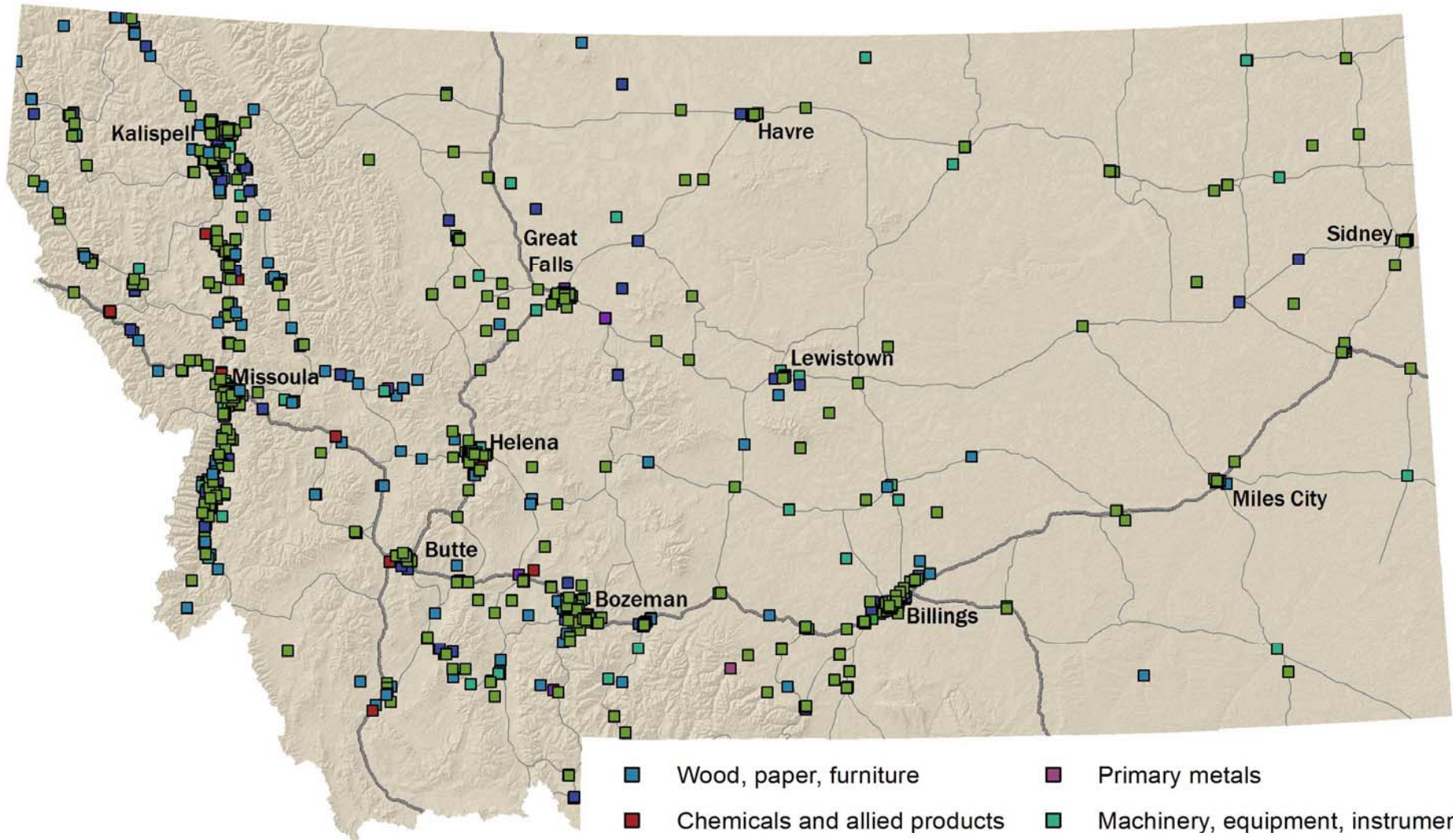












Montana Manufacturing: Issues & Outlook 2016



Todd A. Morgan, CF

Montana Manufacturers



- | | |
|---|---|
|  Wood, paper, furniture |  Primary metals |
|  Chemicals and allied products |  Machinery, equipment, instruments |
|  Petroleum and coal products |  Metal fabrication and machine shops |
|  Food and kindred products |  Various light manufacturing |
|  Printing and publishing |  Outlook Cities |



Montana Manufacturing

Labor Income by Sector

Other
18%

Petroleum &
Coal Products
17%

Chemicals &
Nonmetallic
Minerals
13%

Employment:
~23,430

Labor Income:
~\$1.2 billion

Sales:
~\$11.3 billion

Machinery
6%

Computers,
Electronics &
Appliances
4%

Food &
Beverage
14%

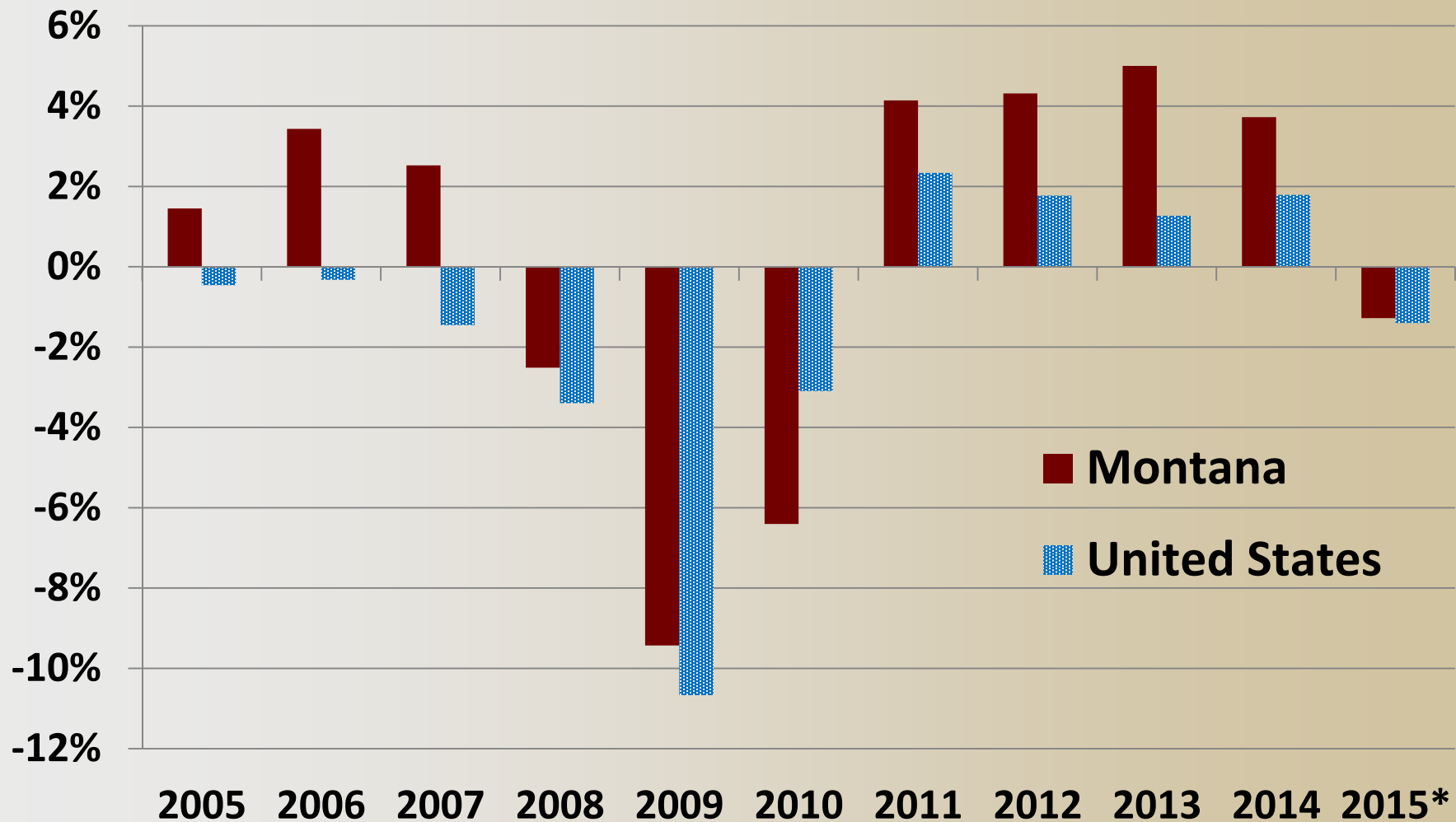
Wood &
Furniture
16%

Metals
12%

Sources: BEA-Dept of Commerce; and
BBER estimates



Changes in Montana & U.S. Manufacturing Employment

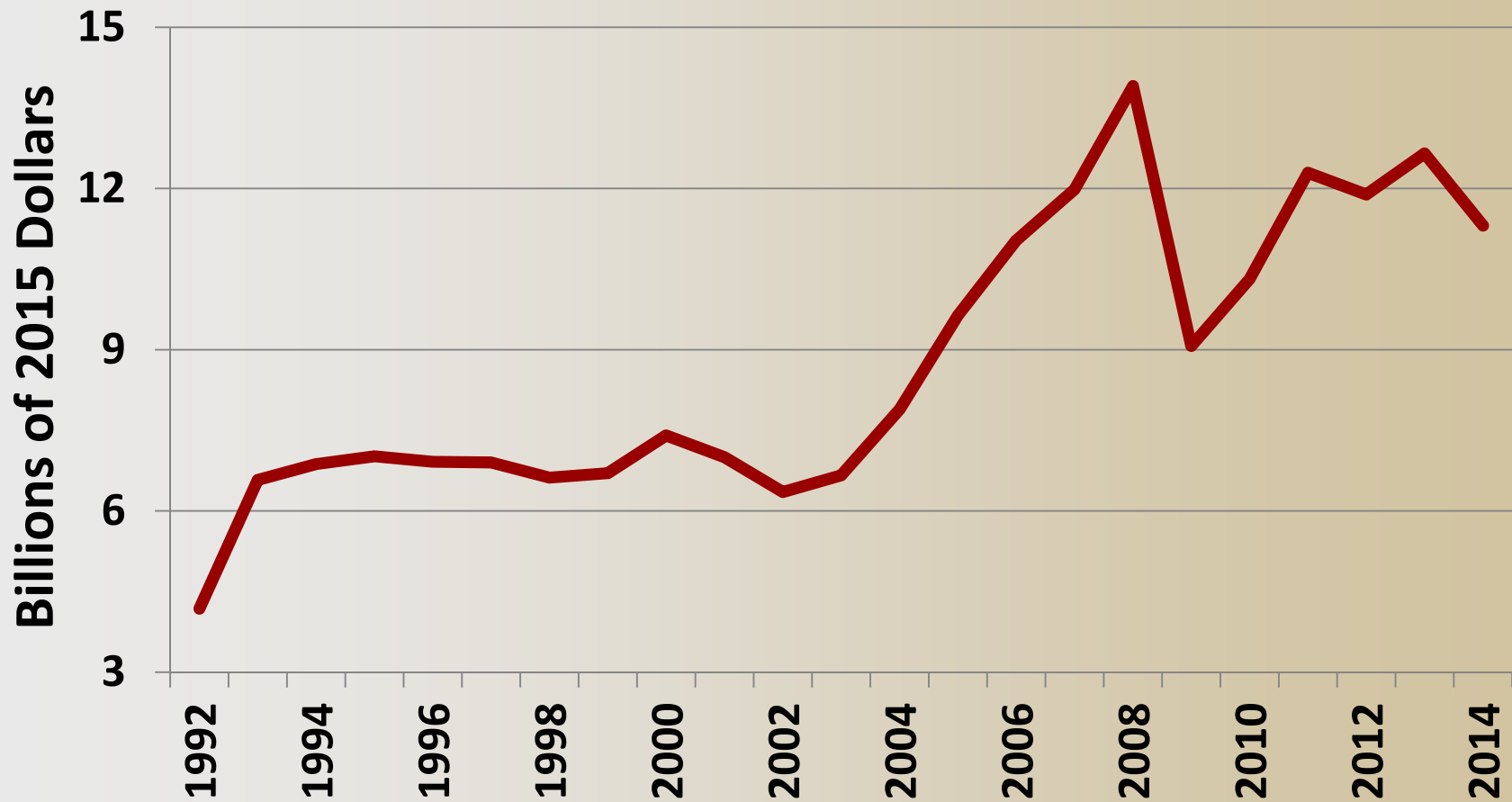


Source: Bureau of Economic Analysis

*2015 estimated

Montana Manufacturing Output

- Real value has increased longer term
- \$11.3 billion in 2014; 2015 probably lower
- Highly influenced by petroleum products



Source: U.S. Census Bureau

Montana Manufacturing Exports

Account for
8 to 10% of
total output

Top export destinations:

Canada – 45%

Korea – 9%

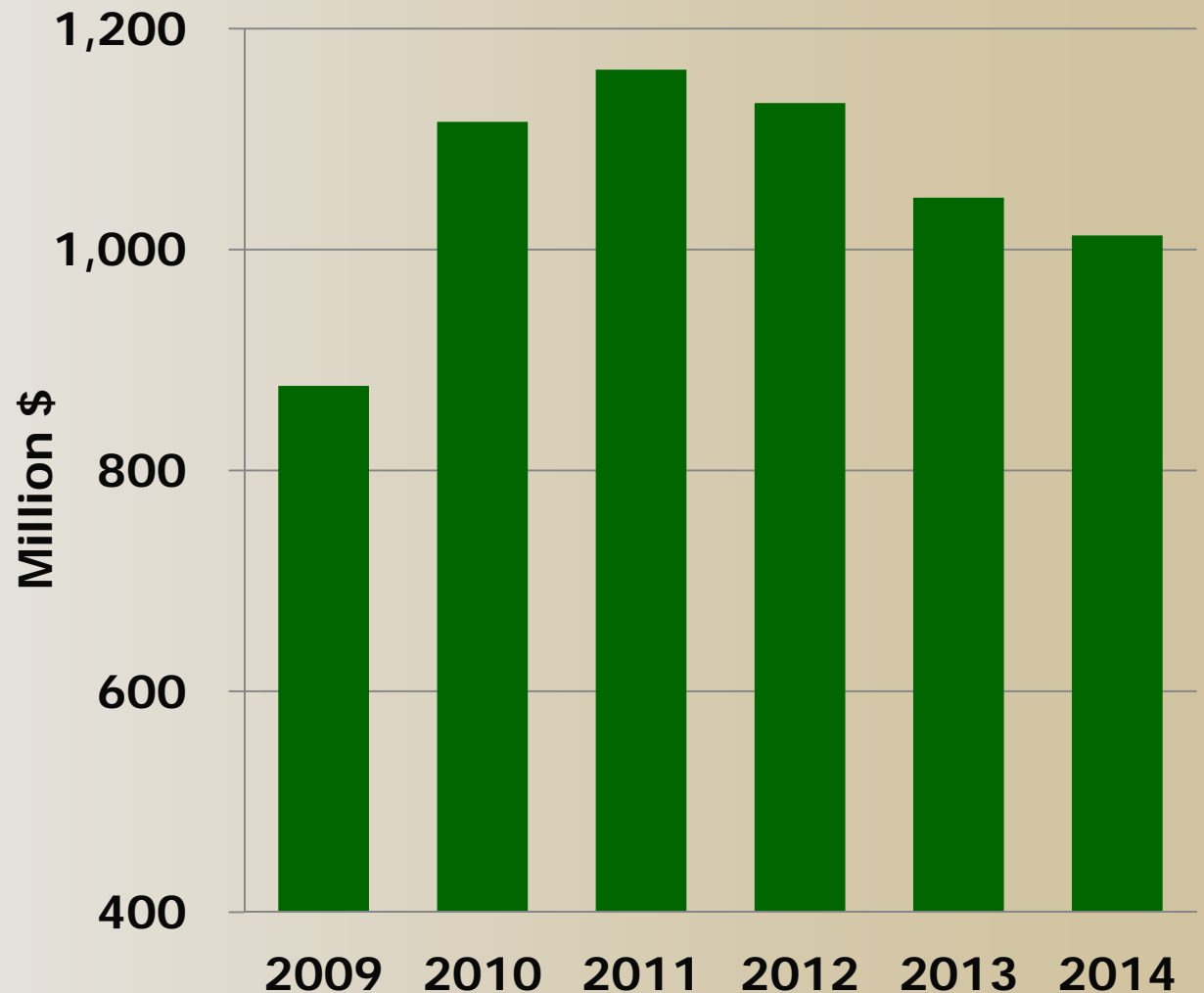
China – 8%

Japan – 5%

Mexico – 5%

Taiwan – 4%

Belgium – 2%



Sources: Census Bureau, wisertrade.org

Montana Manufacturing Exports

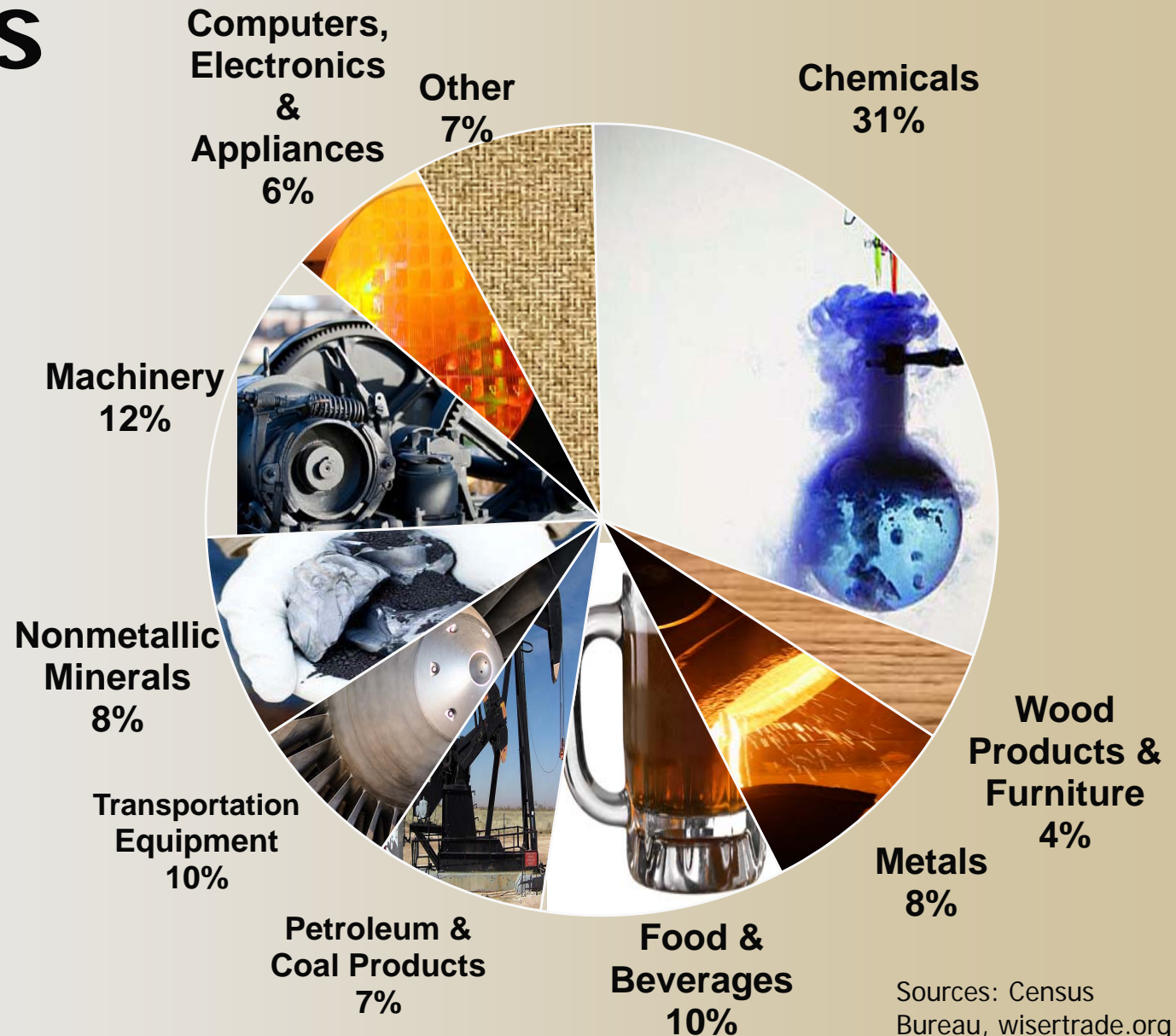
2014 total:
\$1.01 billion

Declining:
Chemicals
Machinery

Petroleum prods.
Transport equip.

Growing:
Beverages
Food

Wood prods.
Fabricated metals



Sources: Census Bureau, wisertrade.org

Pending Trade Agreements

Trans-Pacific Partnership (TPP)

- 11 countries + U.S.
- Account for about 70% of MT exports
- Largest: chemicals, fuels, consumer goods

Transatlantic Trade & Investment Partnership (T-TIP)

- European Union + U.S.
- Account for about 12% of MT exports
- Largest: chemicals, high-tech instruments

2015-2016 Montana Manufacturers Survey

- annual survey
- conducted in November
- open-ended & multi-choice questions
- current & coming year
- 184 firms participated
- cooperation rate 96%



Property Tax & Montana Manufacturers

Which property tax class impacts your business most?

- 51% Class 8: business equipment
- 29% Class 4: land & improvements
- 9% don't know
- 5% both/same

How have property taxes impacted your business?

- 45% significant negative impact/cost
- 33% none/neutral/minimal impact
- 13% just another expense/pass it on/plan for it

Property Tax & Montana Manufacturers

Your firm's property tax over the past 3 years?

61% increase

7% decrease

19% same

13% don't know

Property taxes for 2016?

41% increase

1% decrease

33% same

25% don't know

As a result of the 2015 re-appraisal?

46% increase

5% decrease

14% same

35% don't know

Major Issues for Montana Manufacturers

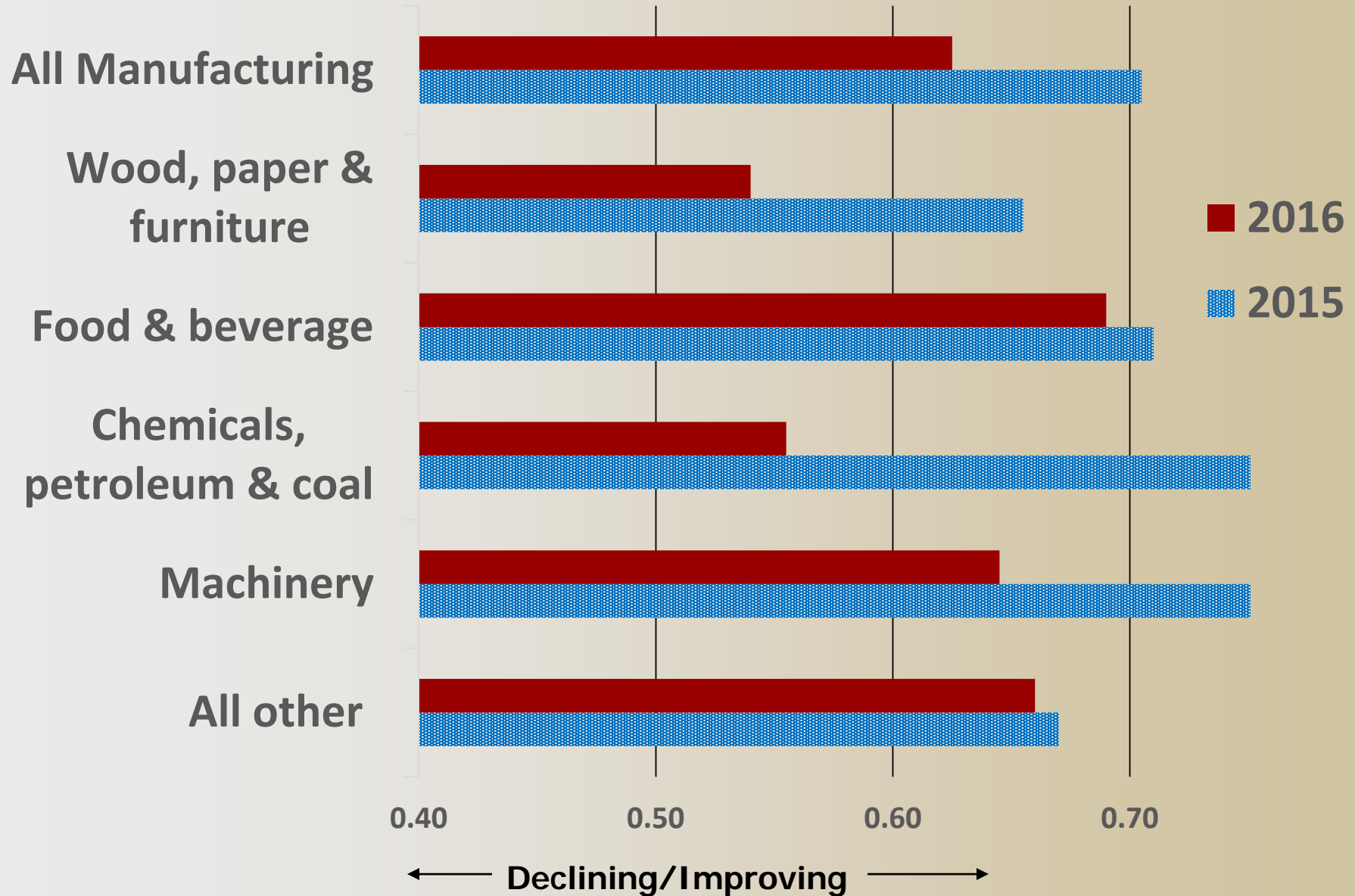
2015

- Labor, skilled workers: 36% of firms
- General economy, markets, competition, sales: 24%

2016

- Labor, skilled workers: 25% of firms.
- General economy, markets, competition, sales: 27%

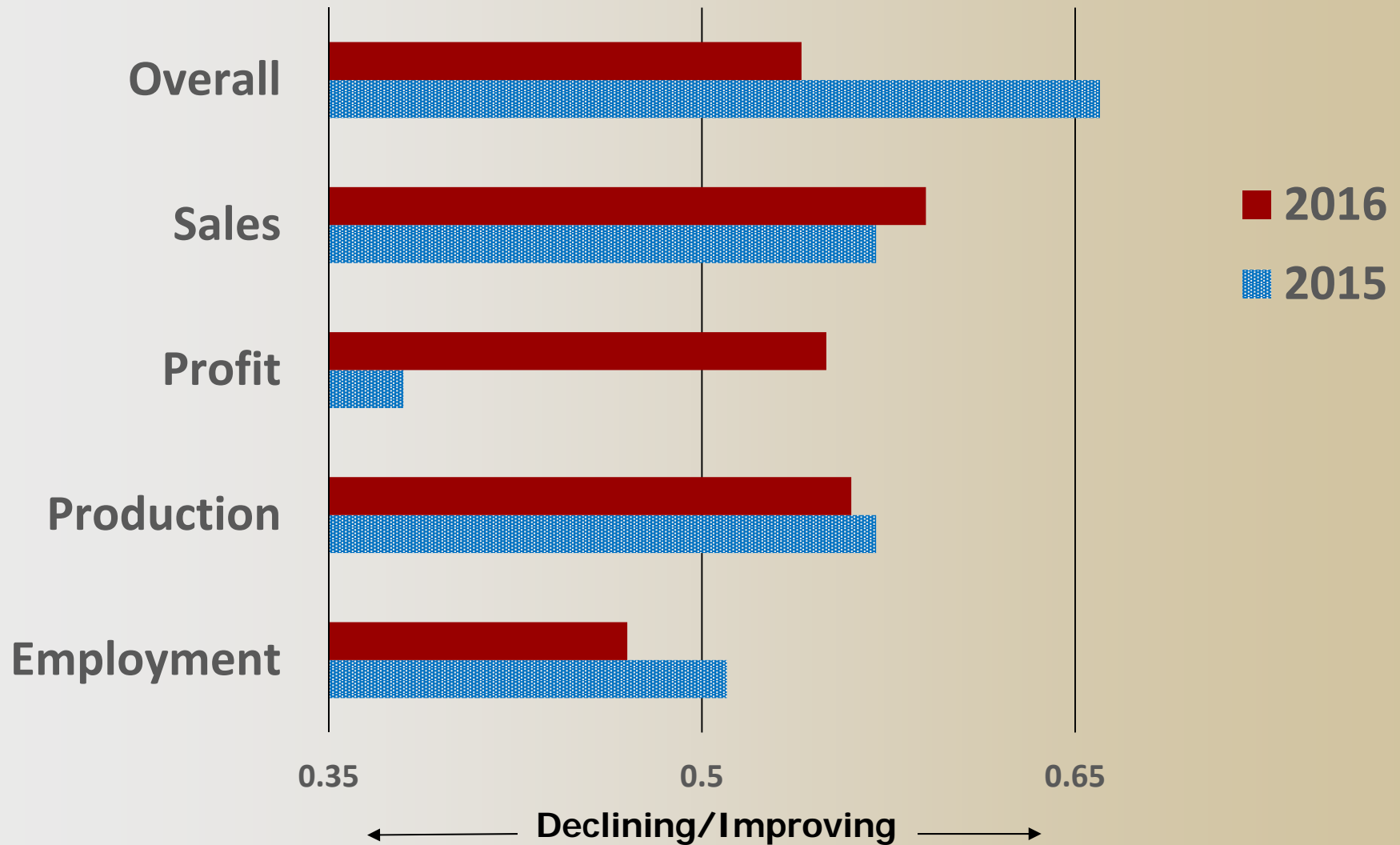
Overall Outlook by Sector



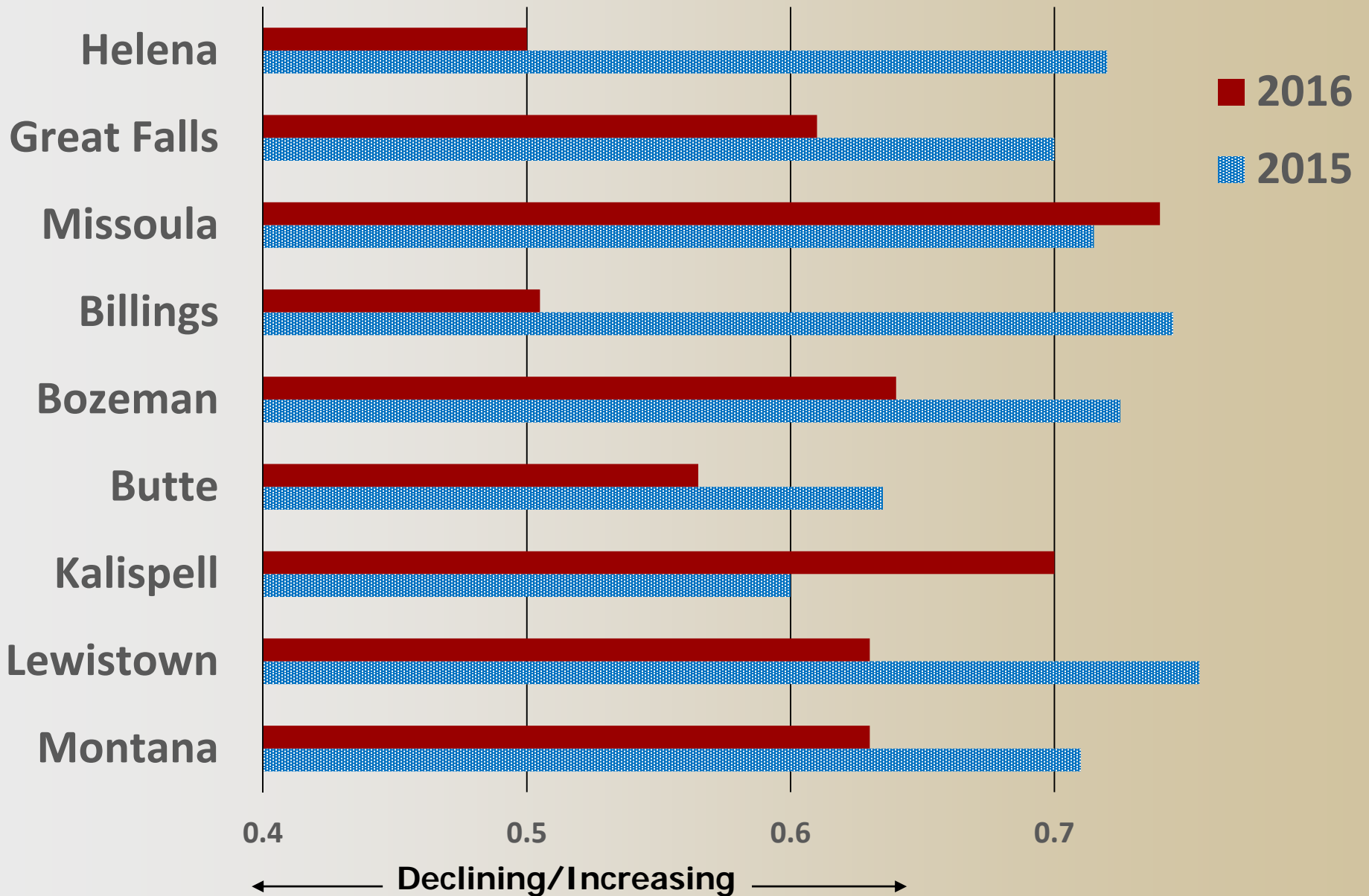
Montana Forest Products 2015/2016

- U.S. homebuilding growth continues
- Strong dollar, weaker demand from China, interest rate hike, end of SLA = challenges to U.S. wood products industry
- Private & public timber availability is the major constraint for most Montana mills
 - Private land ownership changes
 - Many small, young trees in private forest inventory
 - Federal forest management issues

Montana Wood Products Outlook

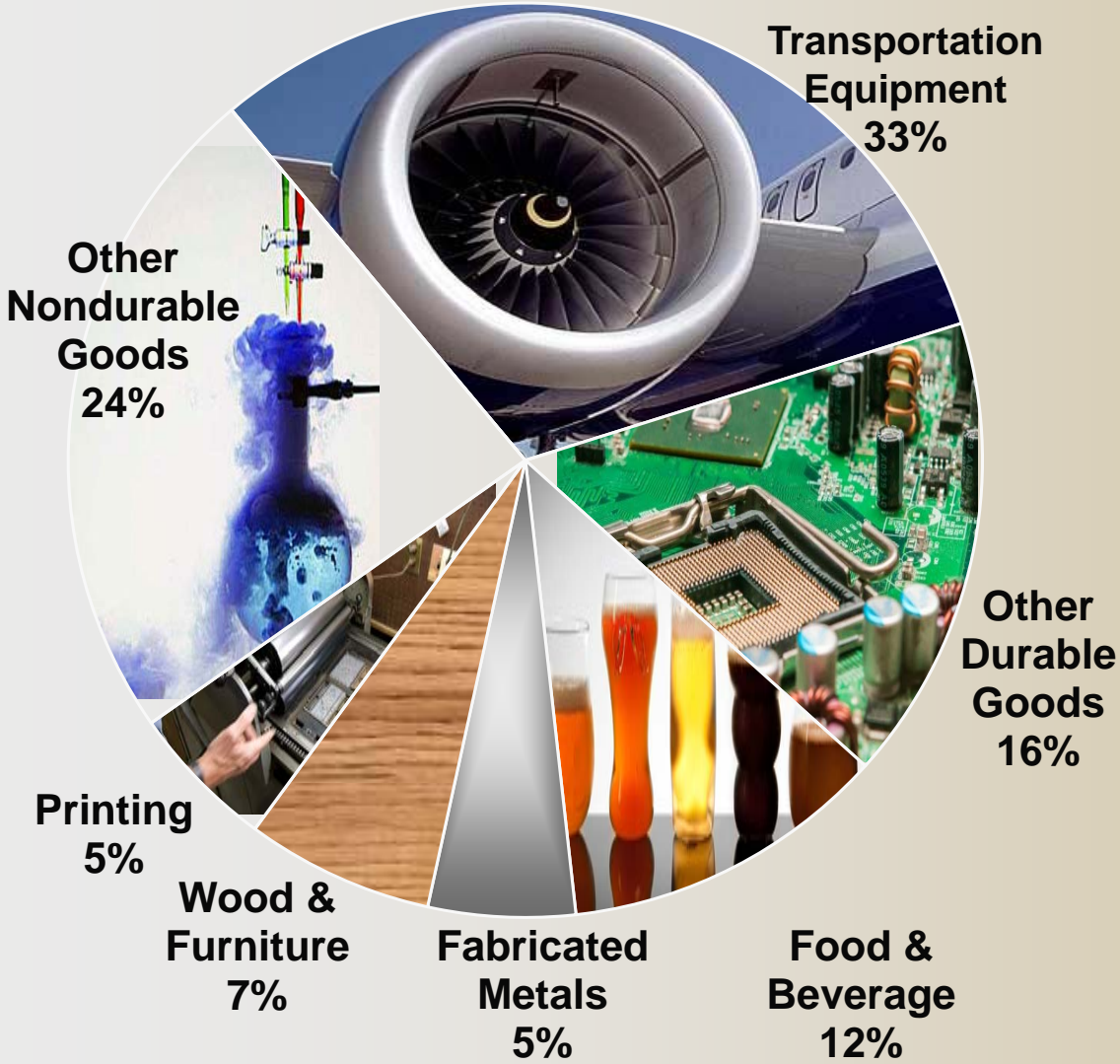


Overall Outlook by City



Lewis & Clark County Manufacturing

Labor Income by Sector

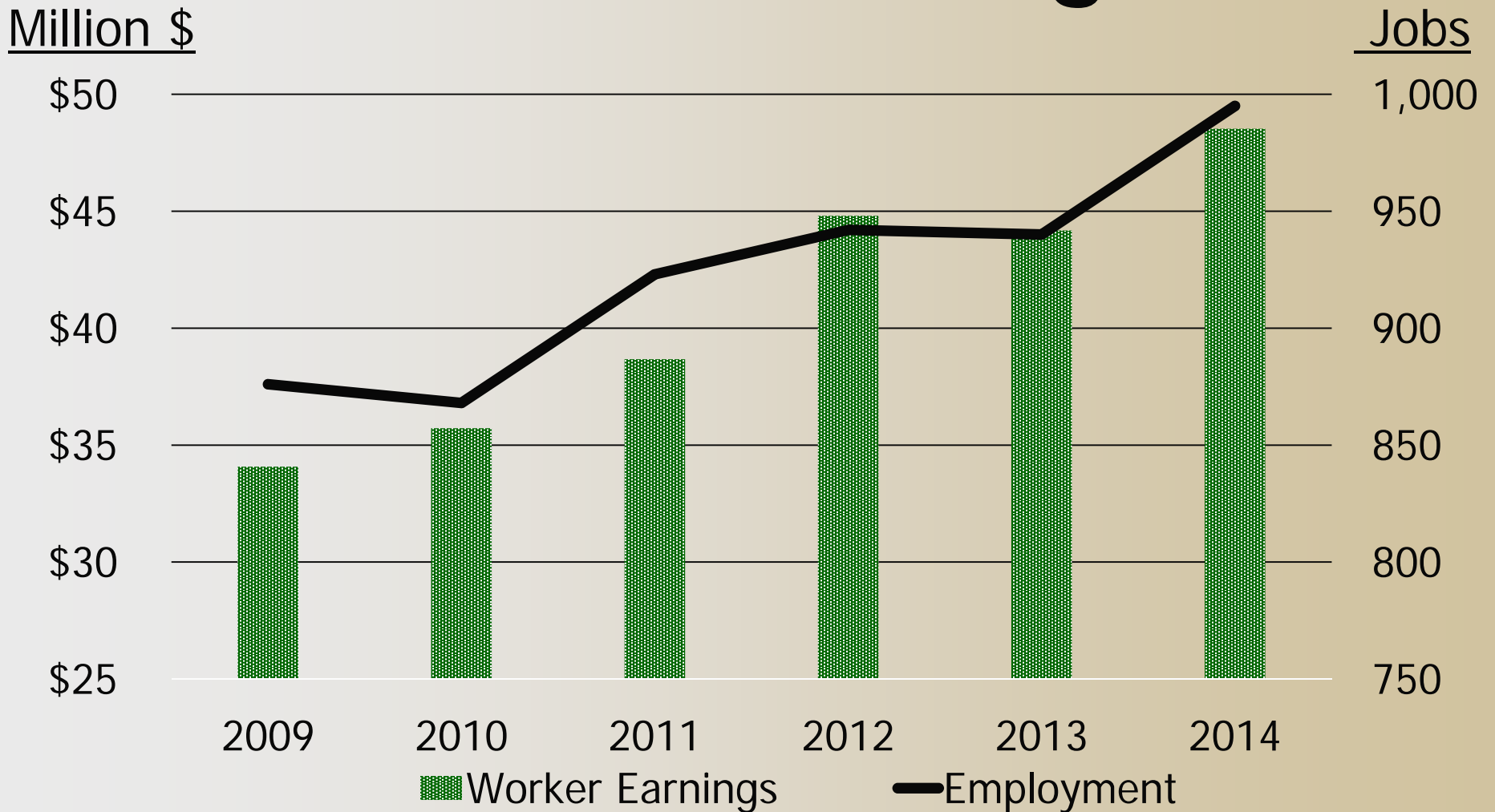


Labor Income:
\$48.5 million - 2014

Employment:
995

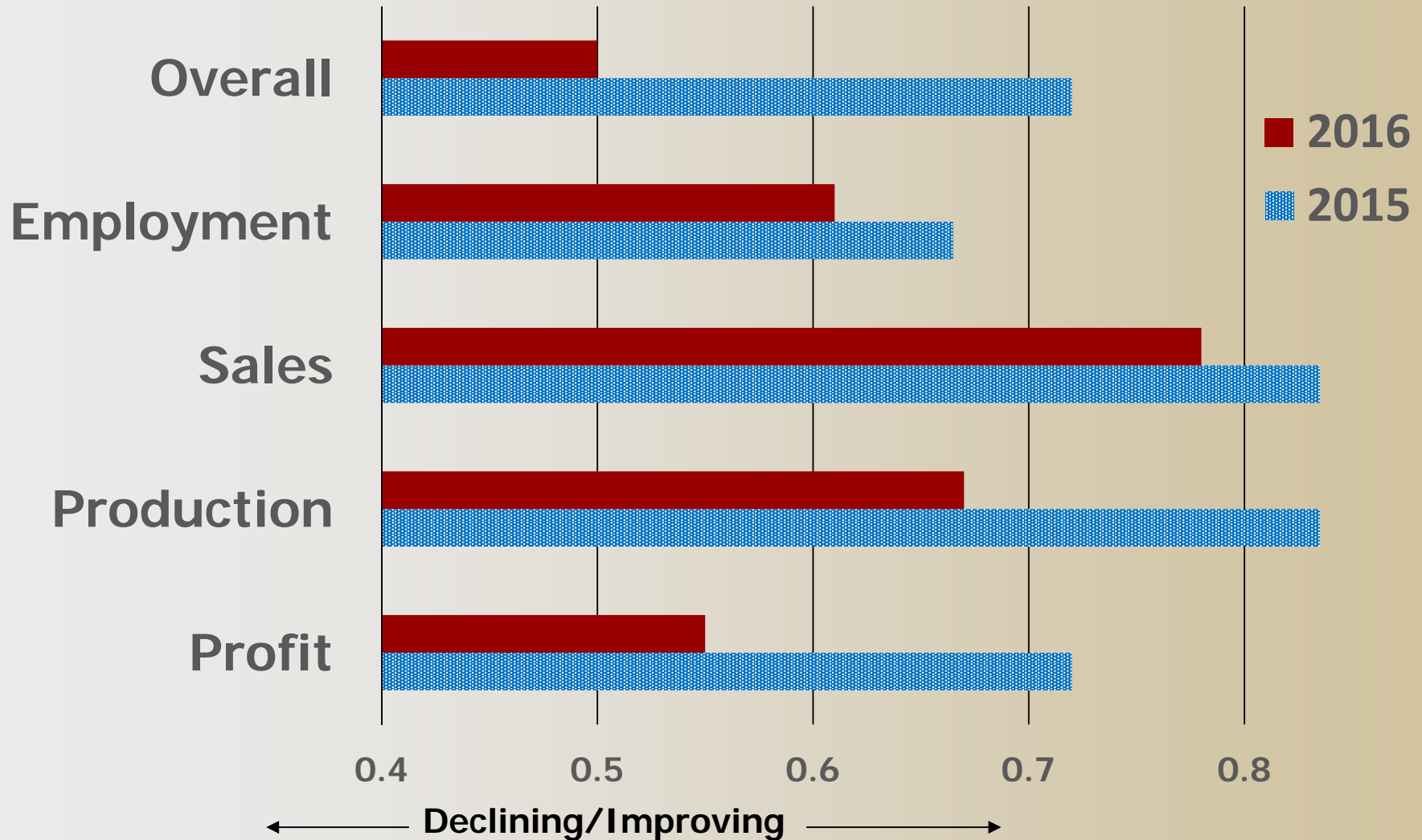
Sources: BEA-REIS; Census Bureau; and BBER estimates

Lewis & Clark County Manufacturing



Source: Bureau of Economic Analysis

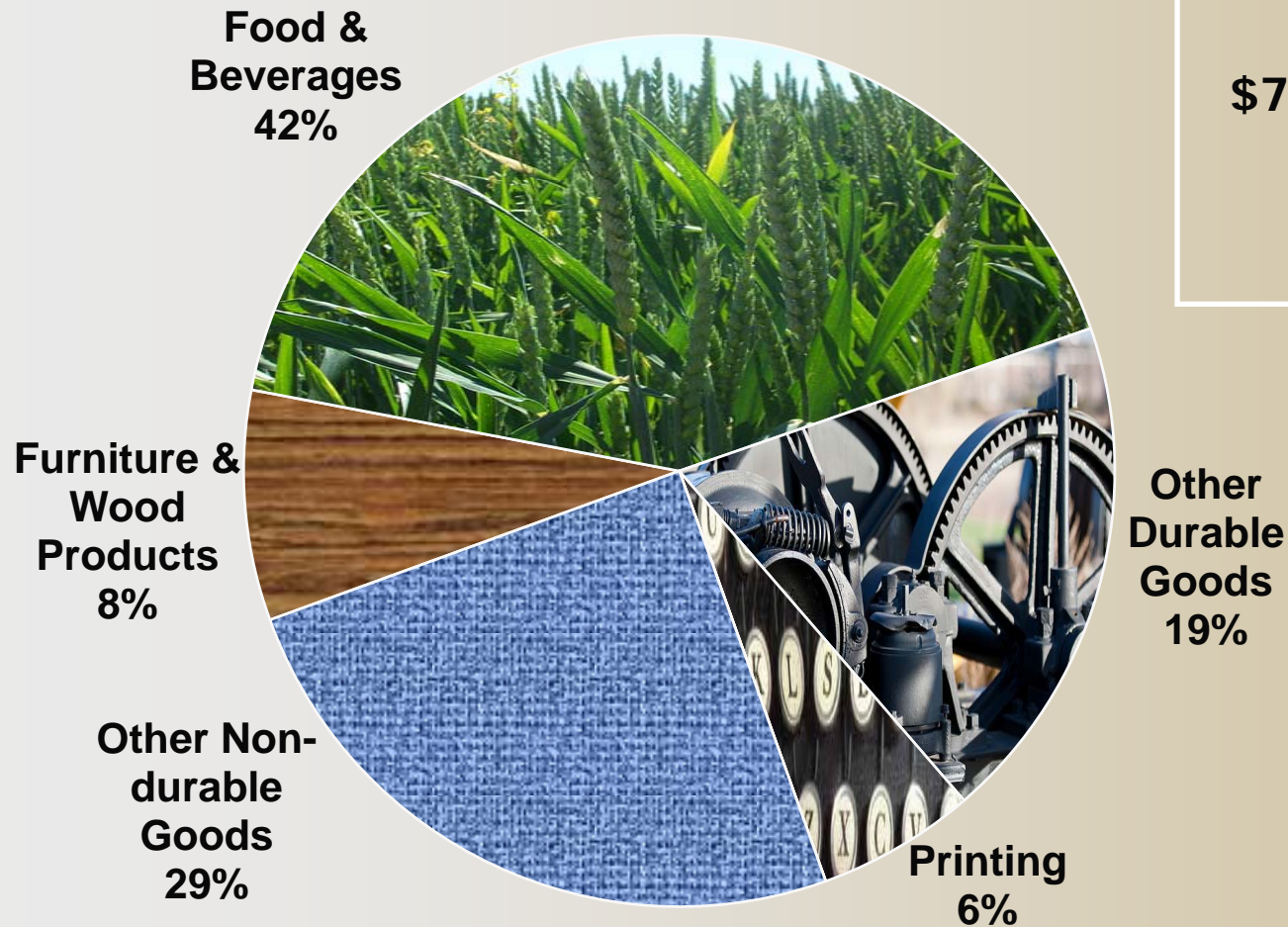
Helena Area Manufacturing Outlook





Cascade County Manufacturing

Labor Income by Sector



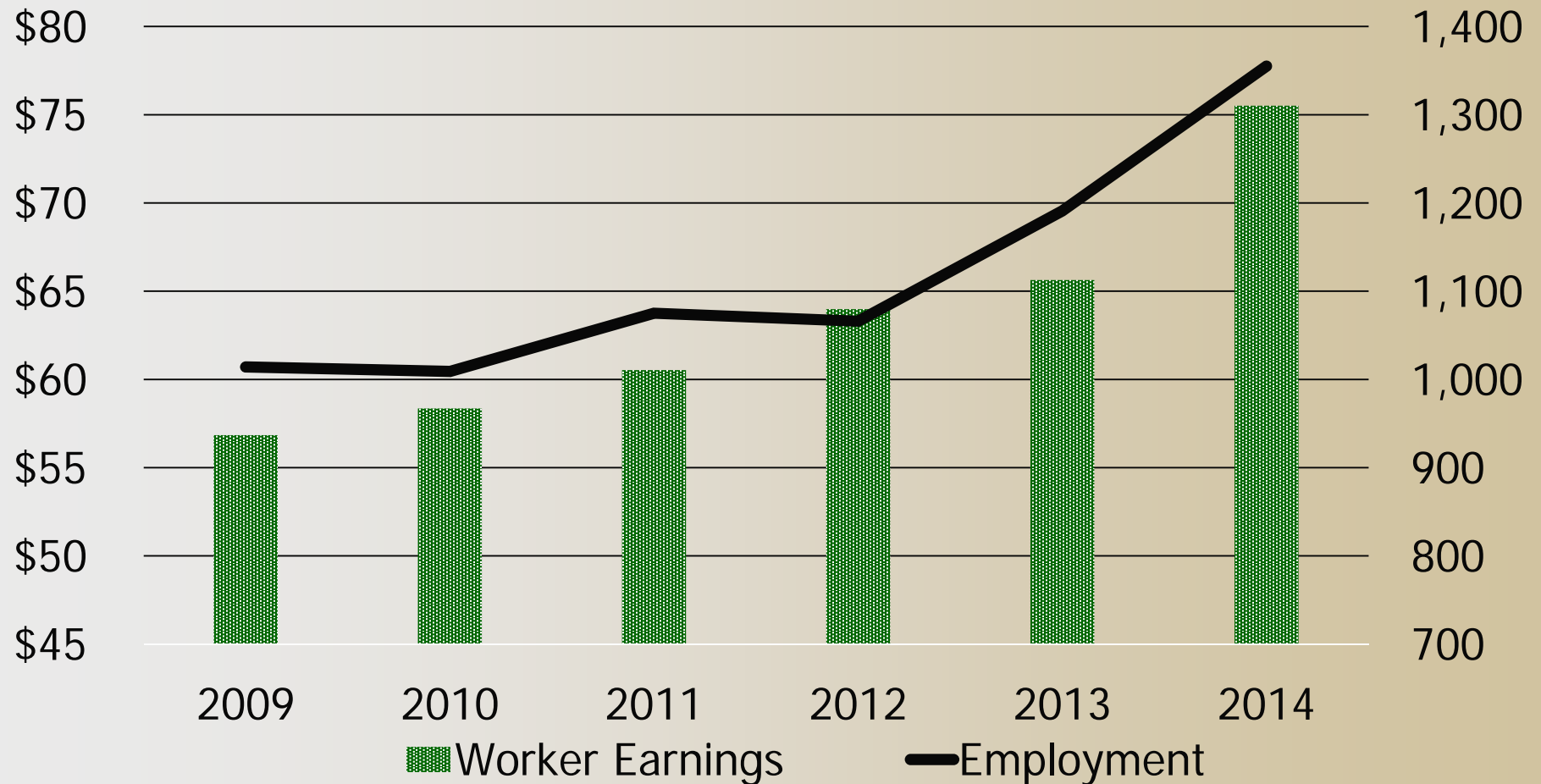
Labor Income:
\$75.5 million - 2014

Employment:
1,355

Cascade County Manufacturing

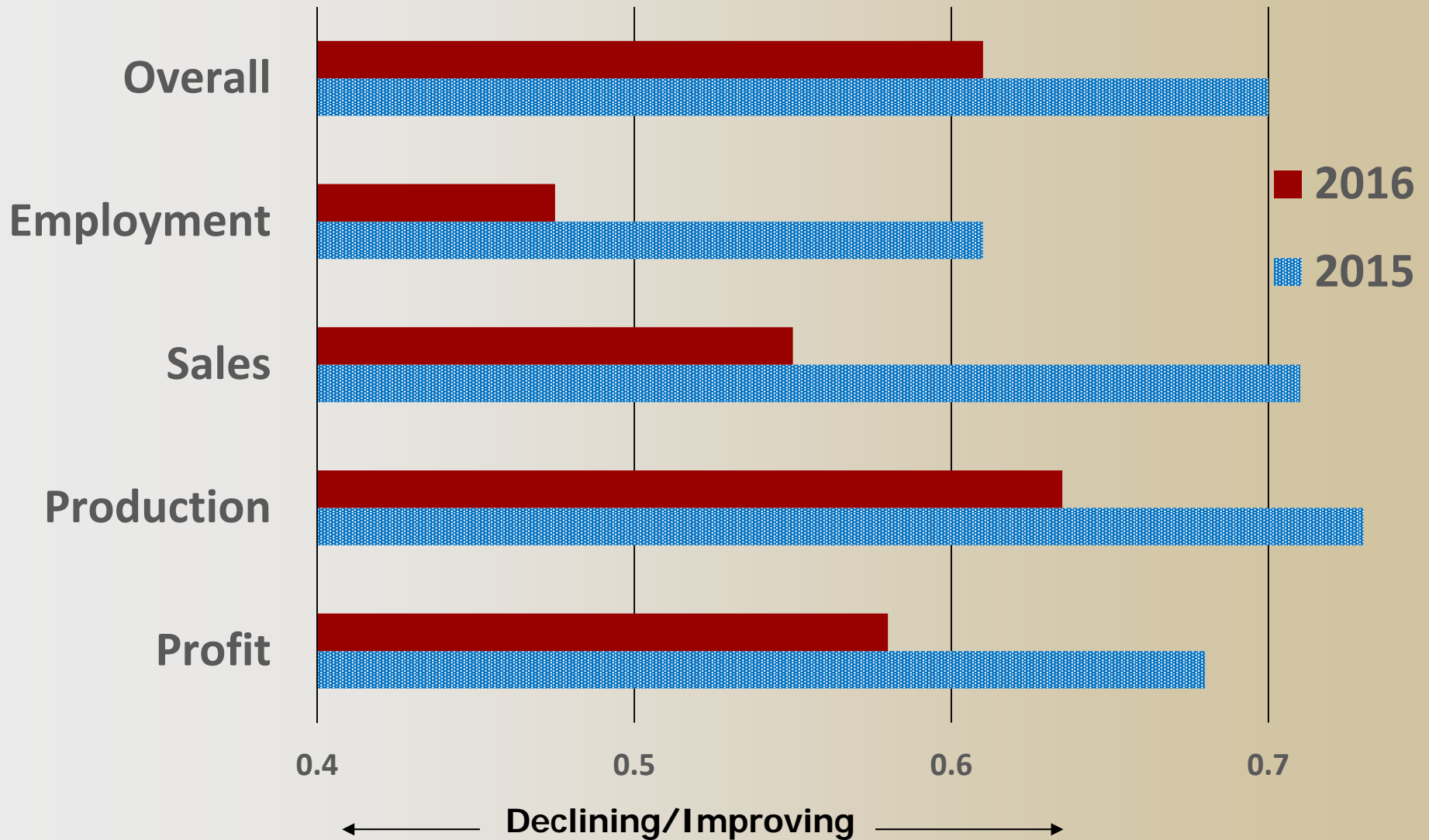
Million \$

Jobs



Source: Bureau of Economic Analysis

Great Falls & Havre Area Manufacturing Outlook





Missoula County Manufacturing

Labor Income by Sector

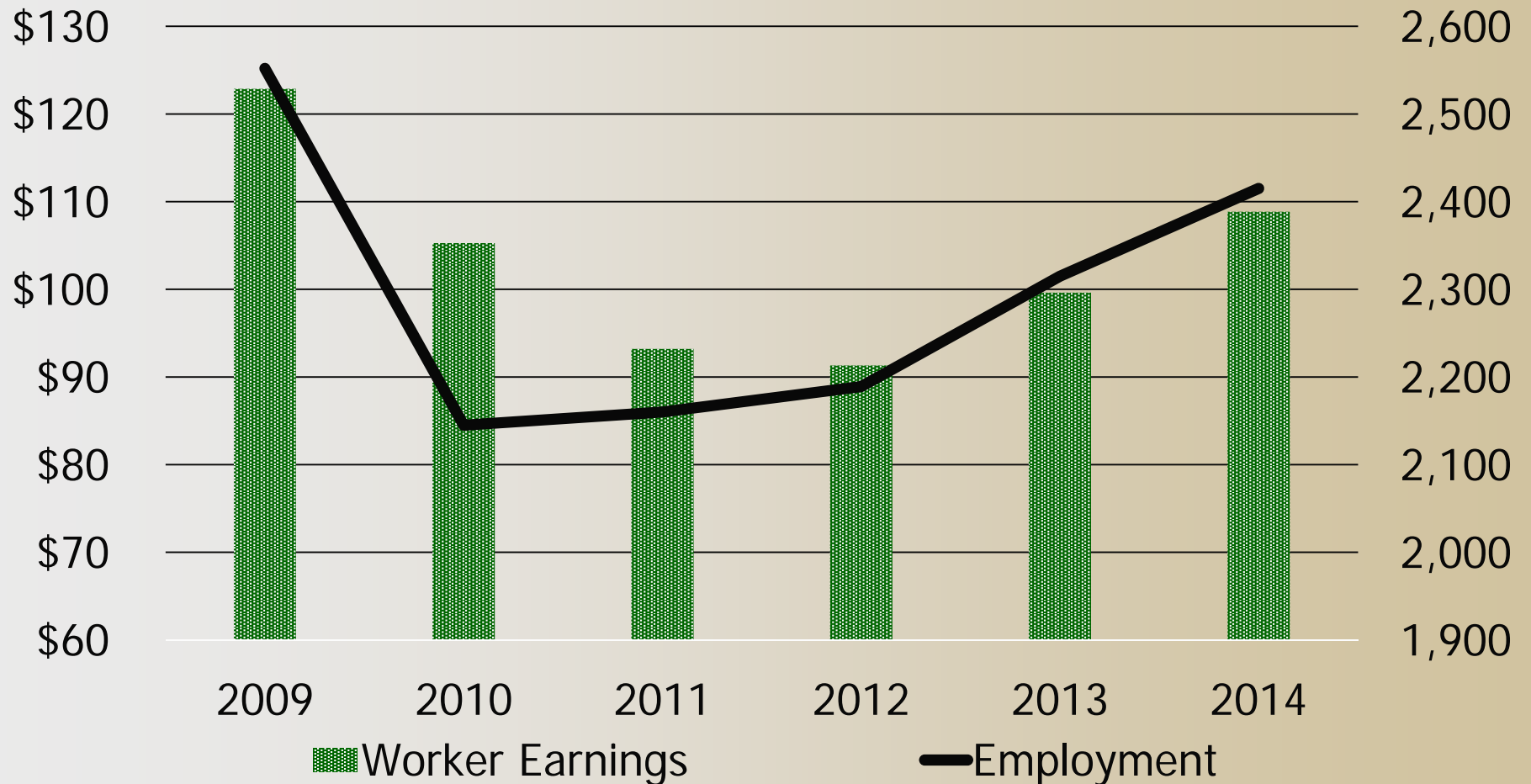


Sources: BEA-Dept of Commerce and BBER estimates

Missoula County Manufacturing

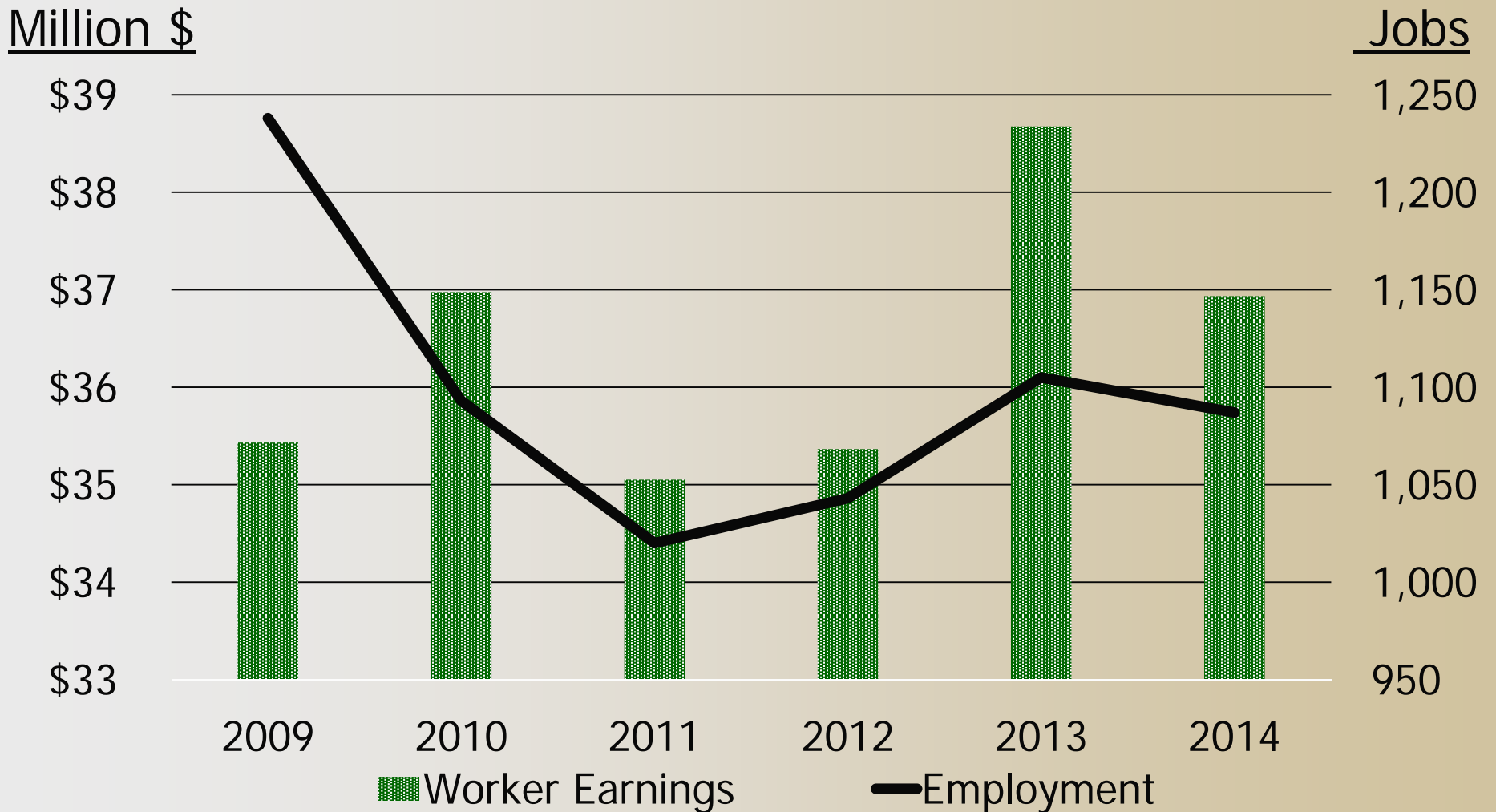
Million \$

Jobs



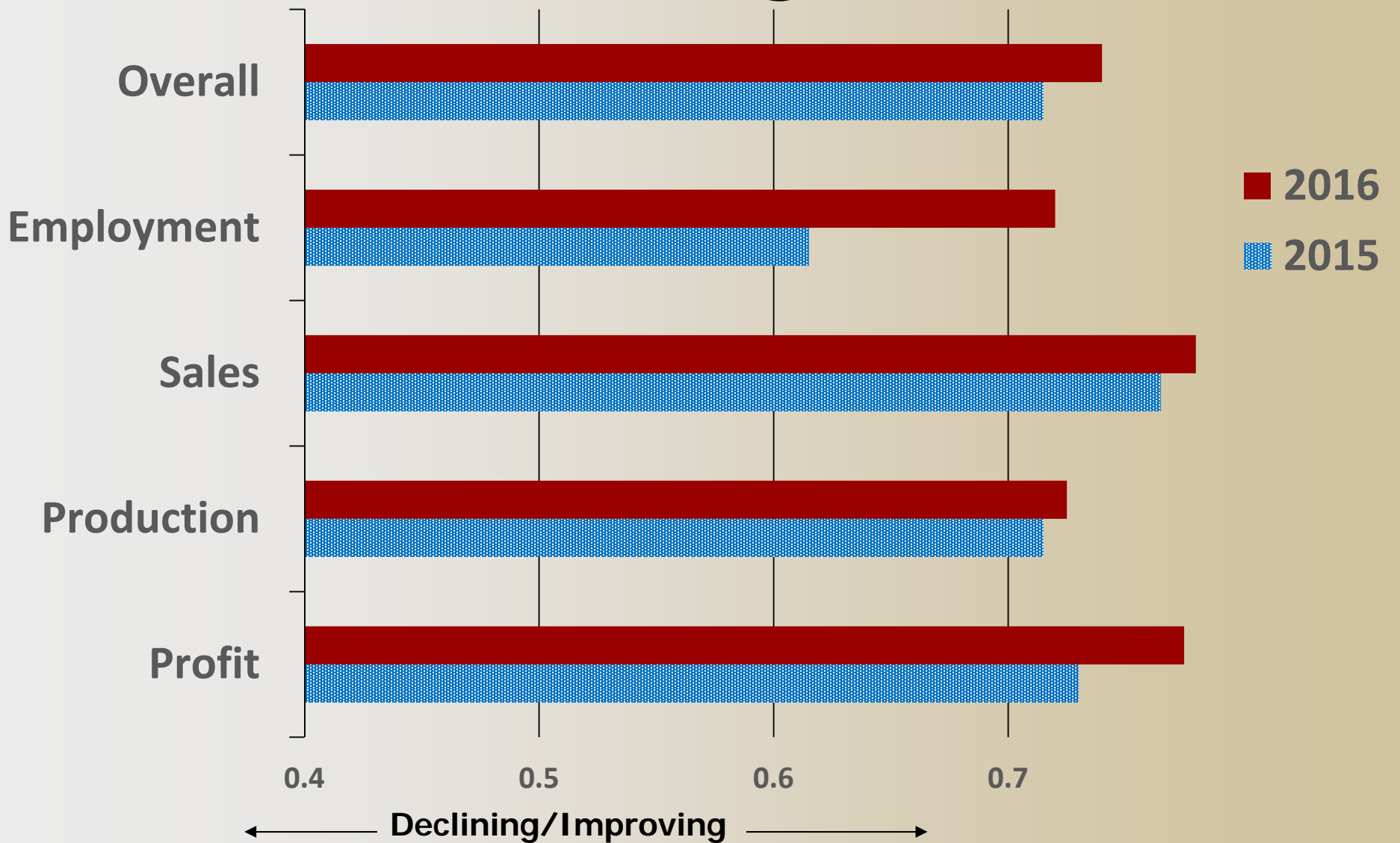
Source: Bureau of Economic Analysis

Ravalli County Manufacturing



Source: Bureau of Economic Analysis

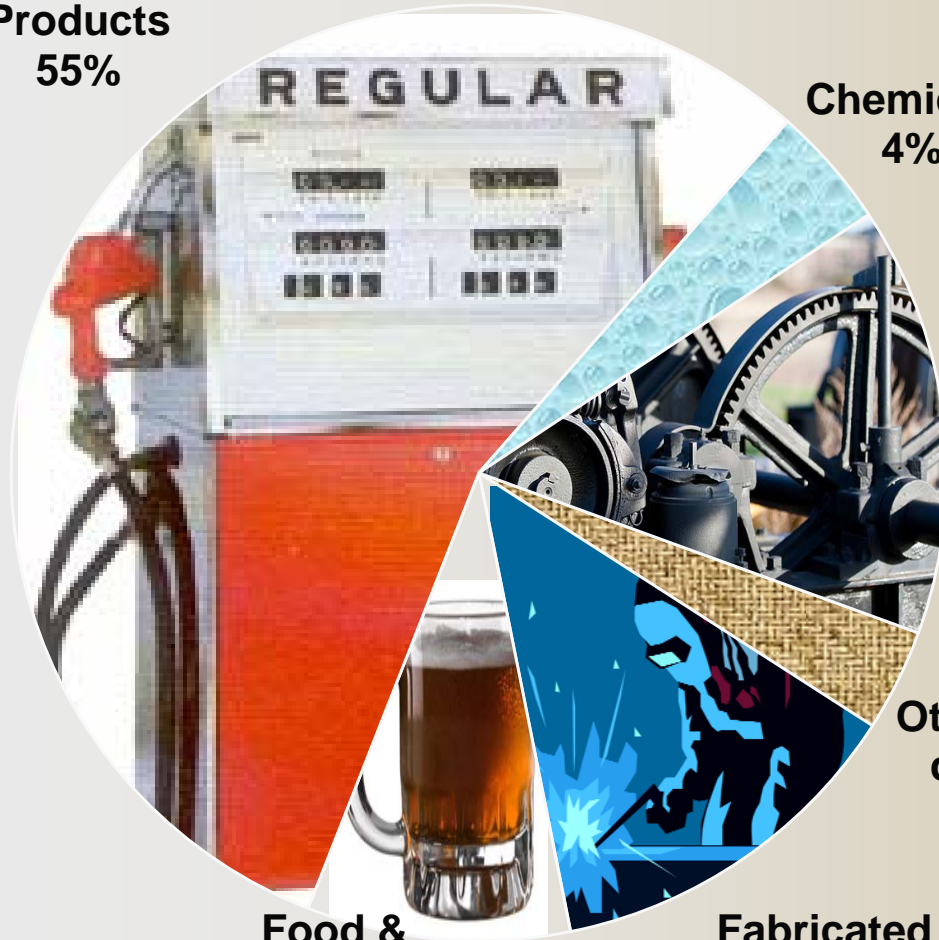
Missoula Area Manufacturing Outlook



Yellowstone County Manufacturing

Labor Income by Sector

**Petroleum
Products**
55%



Labor Income:
\$319 million - 2014

Employment:
3,955

**Food &
Beverage**
9%

**Fabricated
Metals**
13%

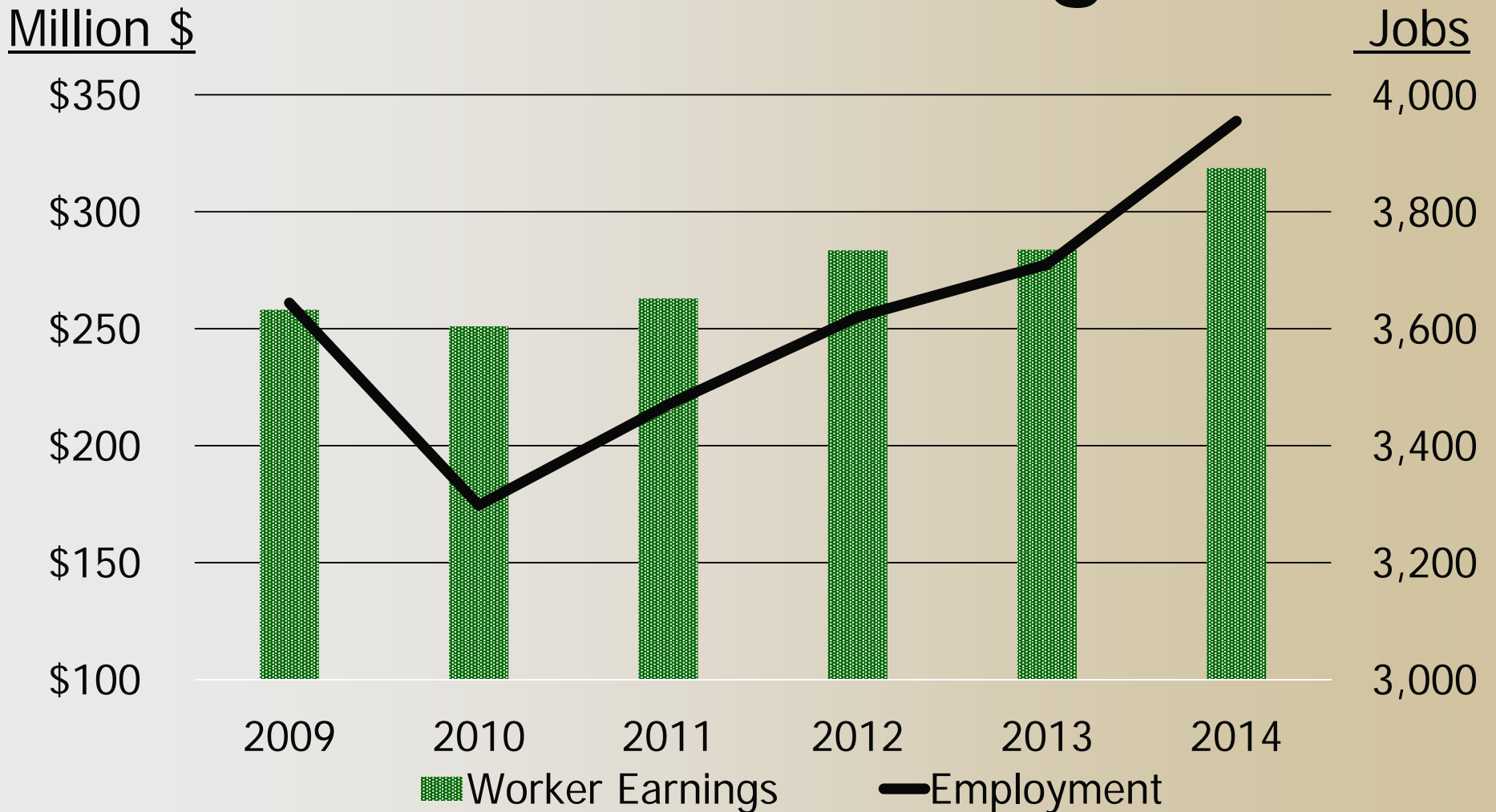
**Other
Durable
Goods**
15%

**Other Non-
durable
Goods**
4%

Chemicals
4%

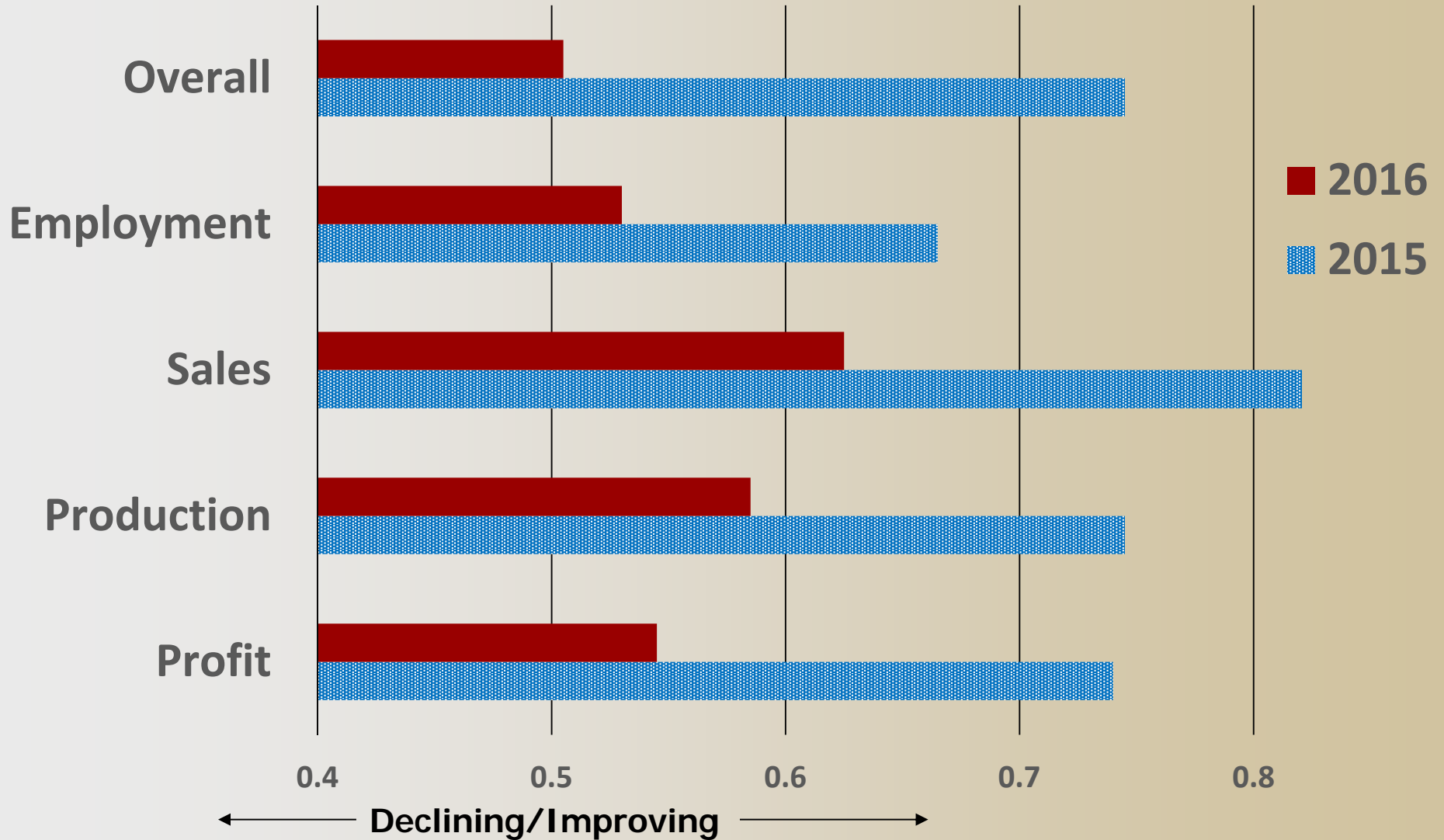
Sources: BEA-REIS; Census Bureau;
and BBER estimates

Yellowstone County Manufacturing



Source: Bureau of Economic Analysis

Billings Area Manufacturing Outlook



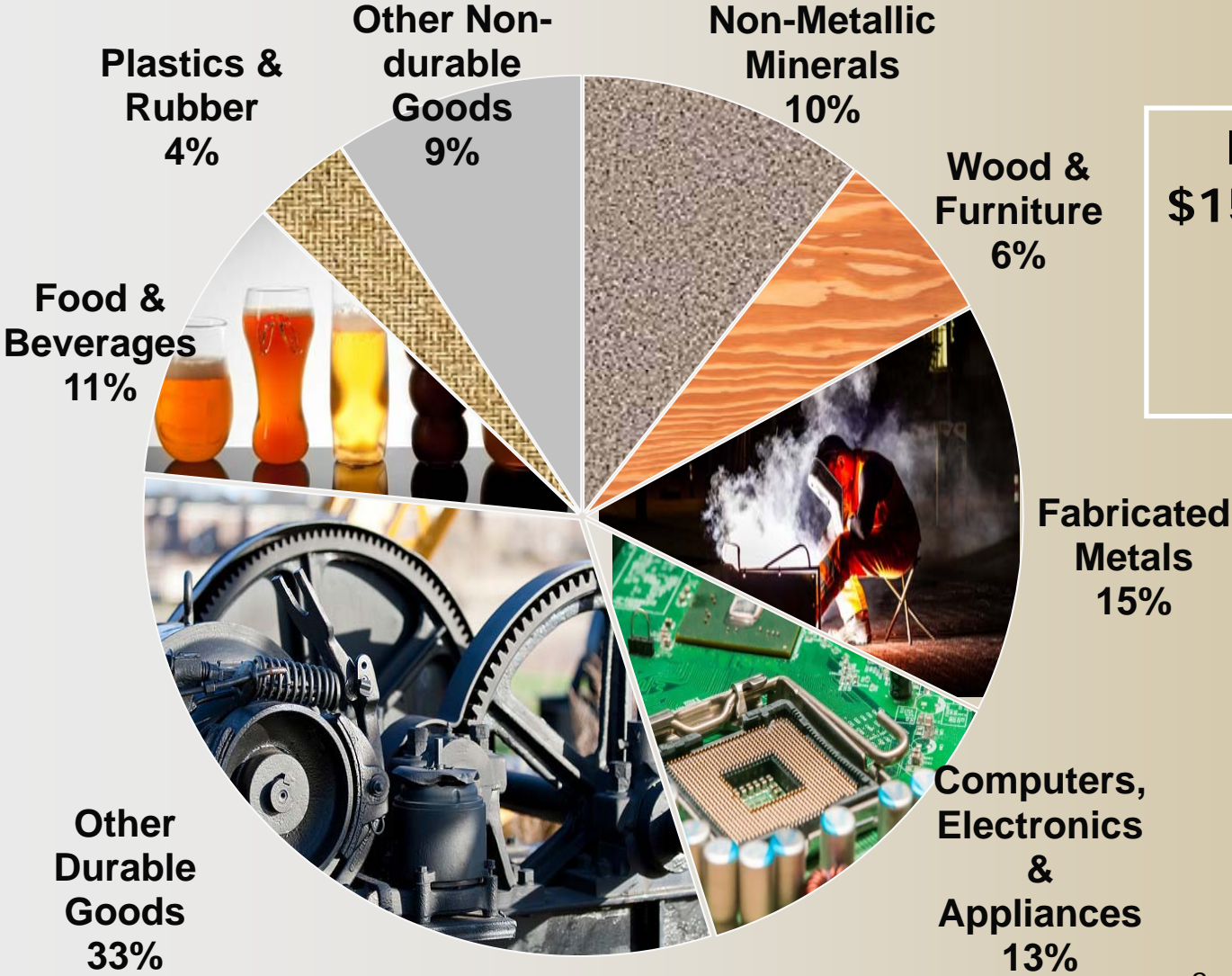


Gallatin County Manufacturing

Labor Income by Sector

Labor Income:
\$152 million - 2014

Employment
3,436



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

Gallatin County Manufacturing

Million \$

Jobs

\$160

4,000

\$140

3,500

\$120

3,000

\$100

2,500

\$80

2,000

\$60

1,500

2009

2010

2011

2012

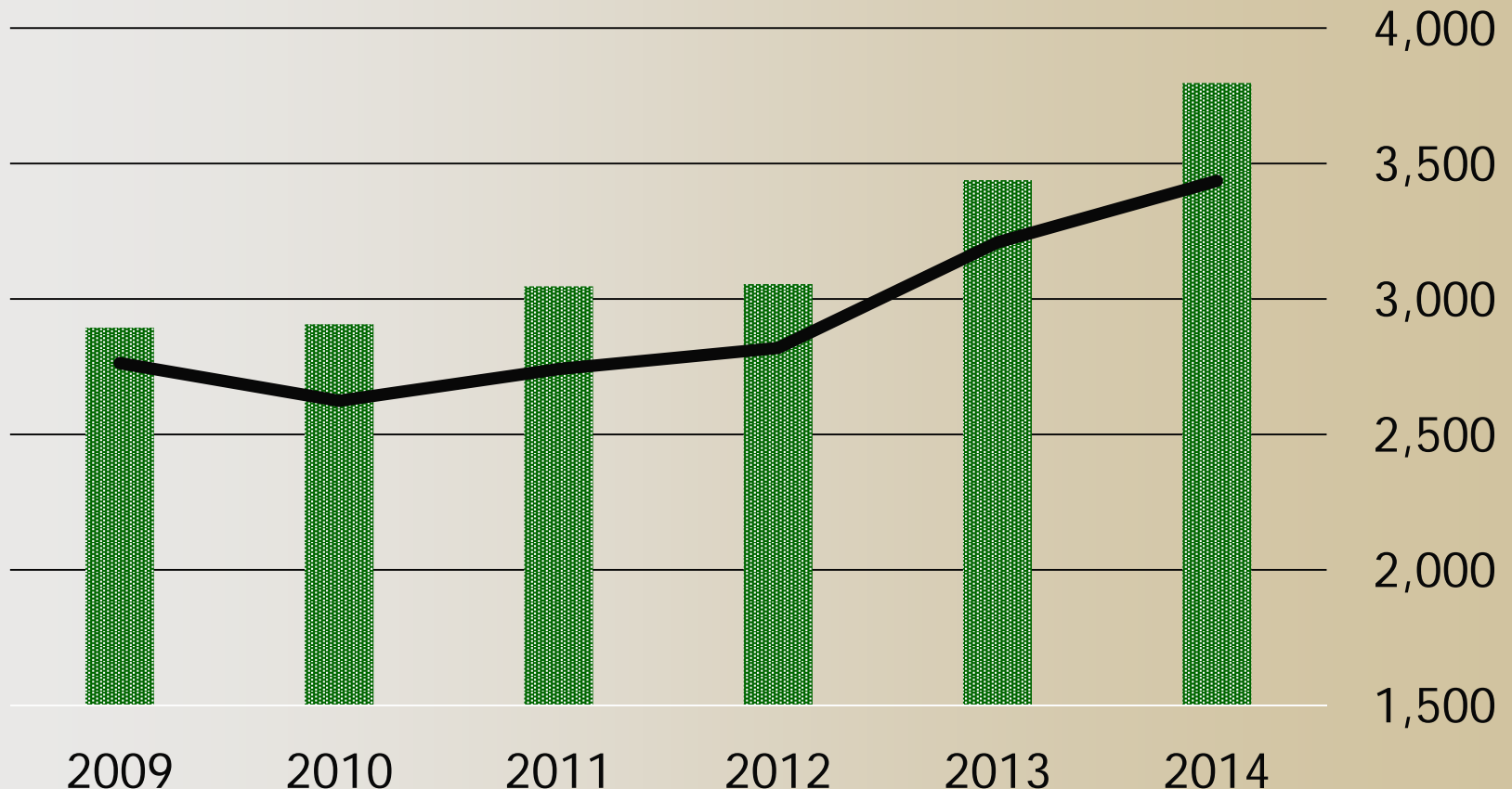
2013

2014

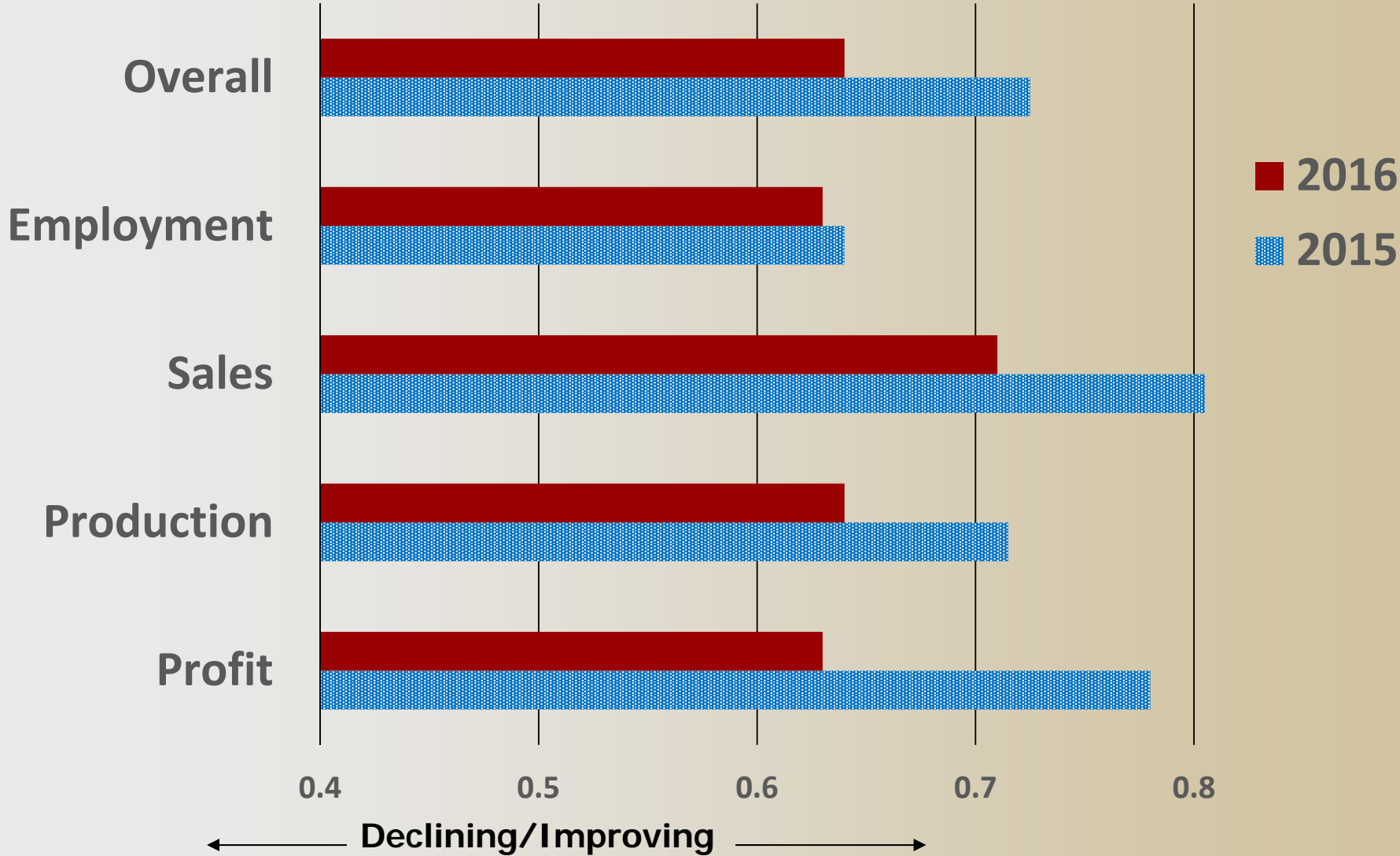
■ Worker Earnings

— Employment

Source: Bureau of Economic Analysis



Bozeman Area Manufacturing Outlook





Silver Bow County Manufacturing

Labor Income by Sector



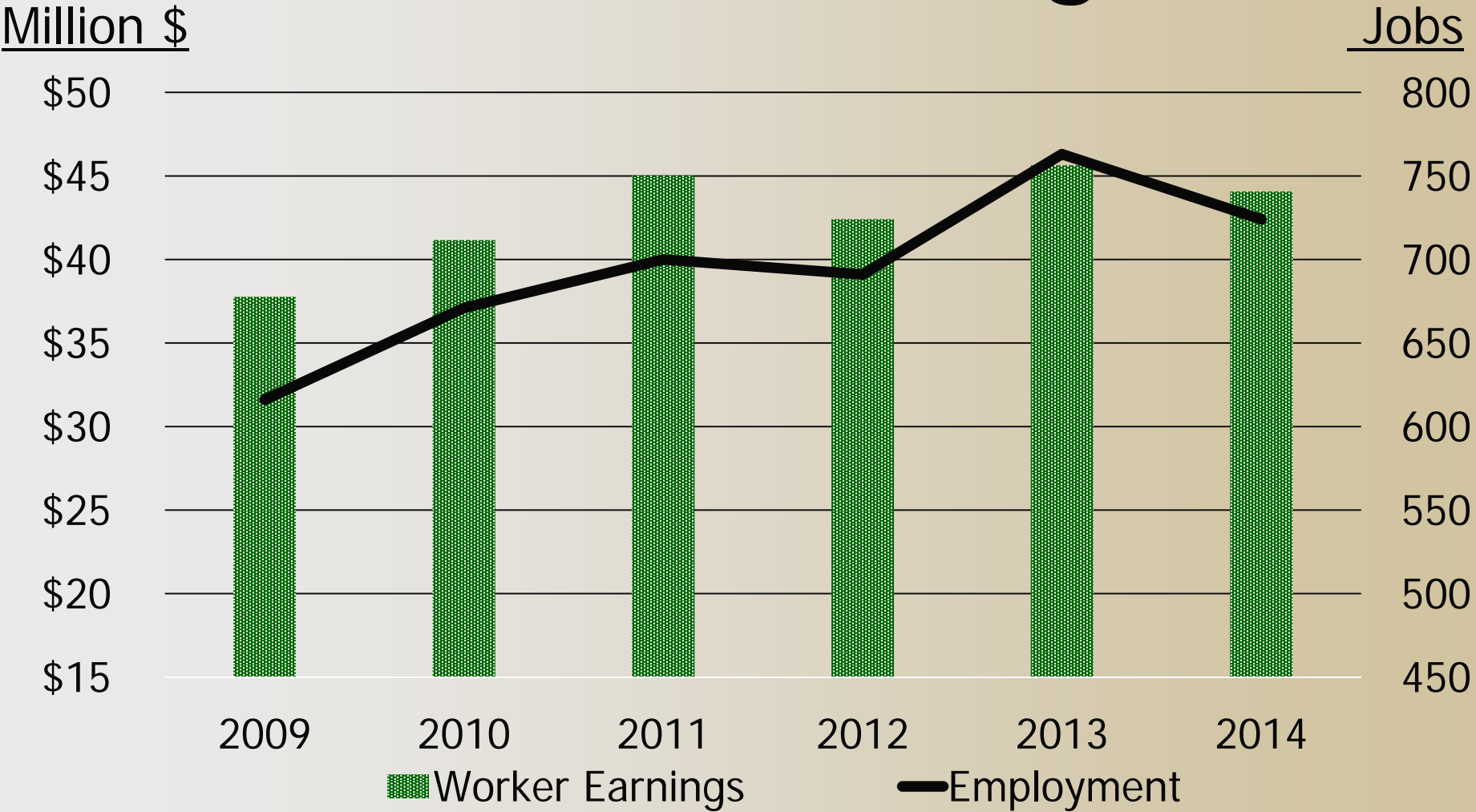
Labor Income:
\$44.1 million - 2014

Employment:
724

**Other
Durable
Goods
75%**

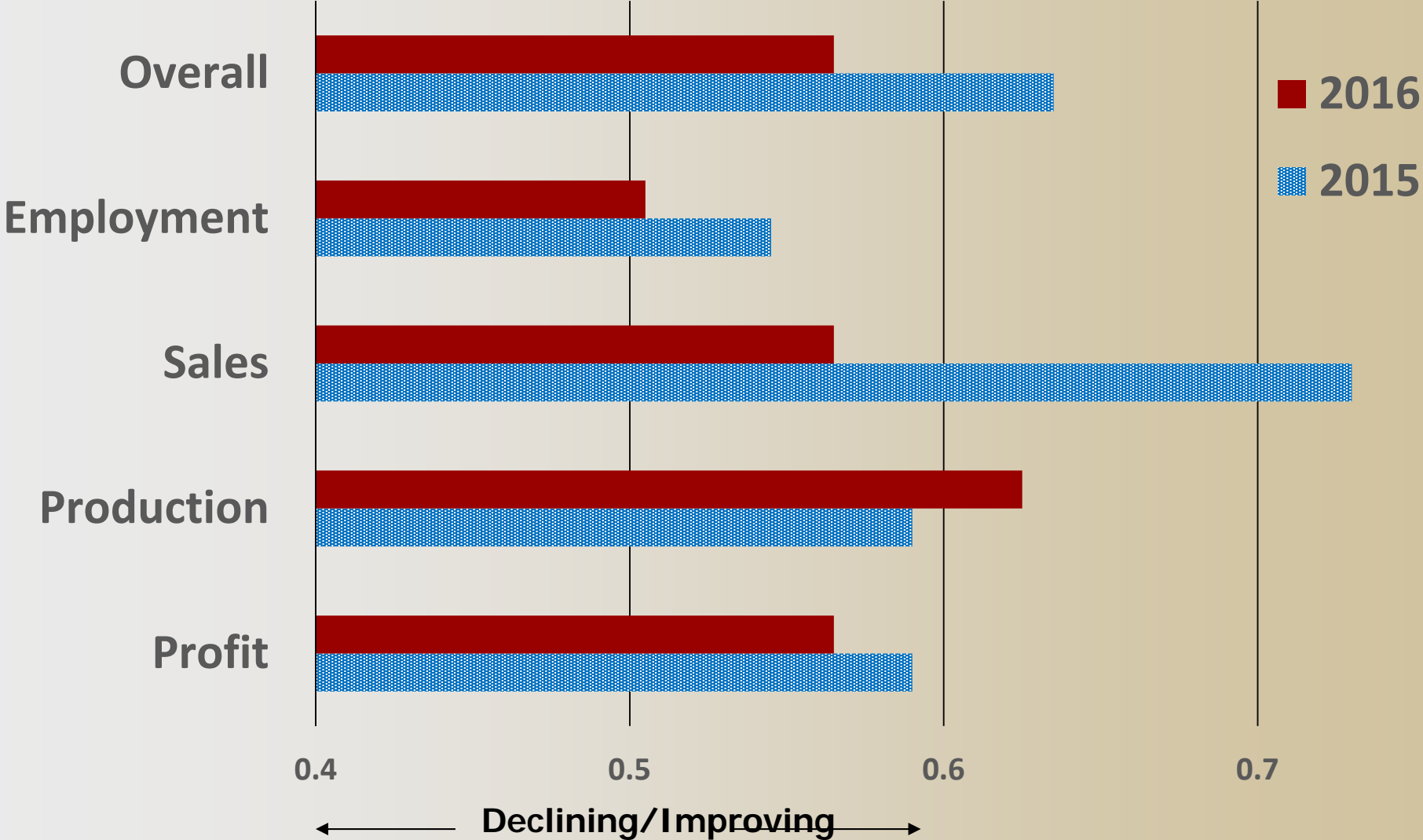
Sources: BEA-REIS; Census Bureau;
and BBER estimates

Silver Bow County Manufacturing



Source: Bureau of Economic Analysis

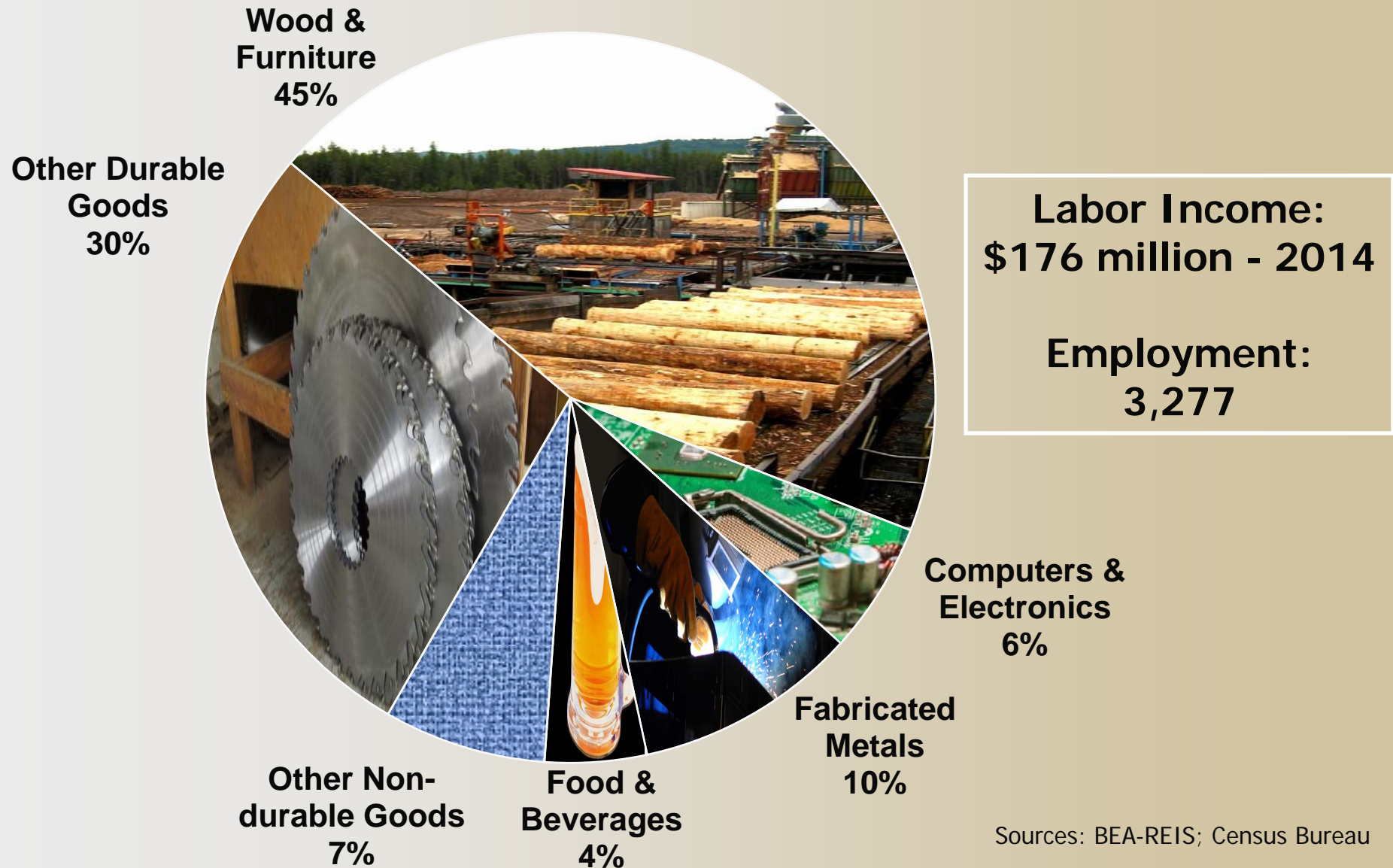
Butte Area Manufacturing Outlook





Flathead County Manufacturing

Labor Income by Sector



Sources: BEA-REIS; Census Bureau

Flathead County Manufacturing

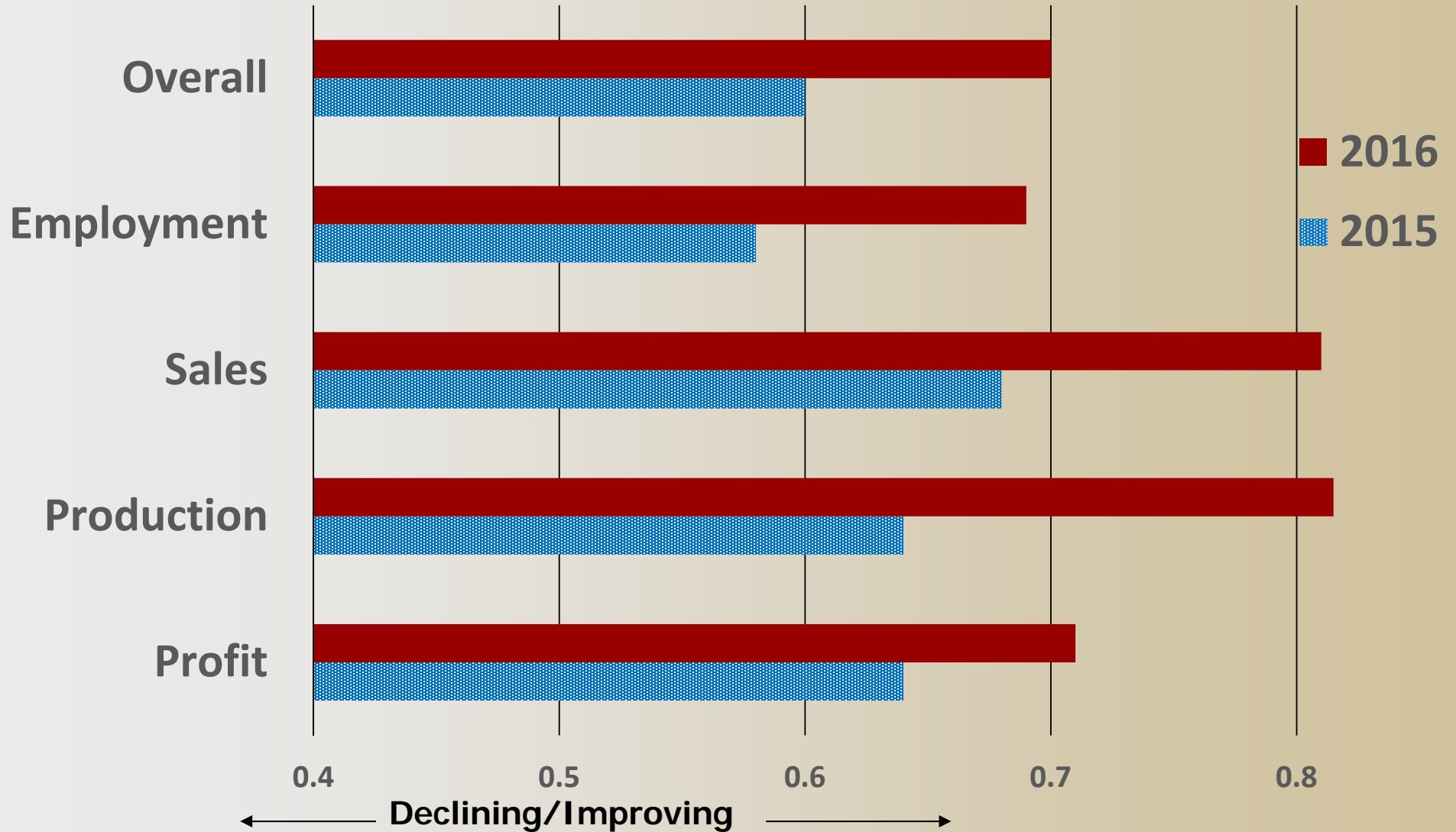
Million \$

Jobs



Source: Bureau of Economic Analysis

Kalispell Area Manufactures Outlook

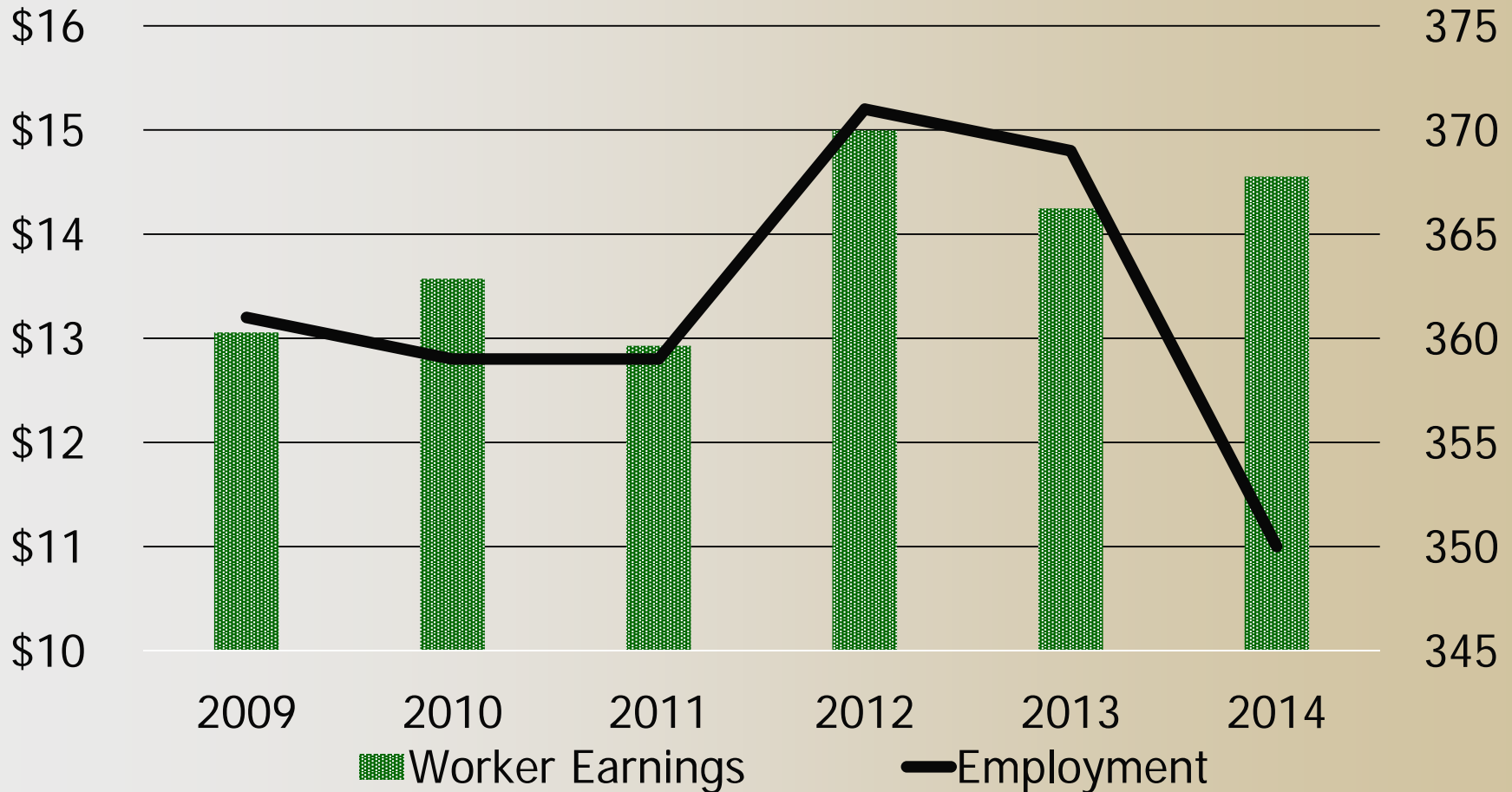




Fergus County Manufacturing

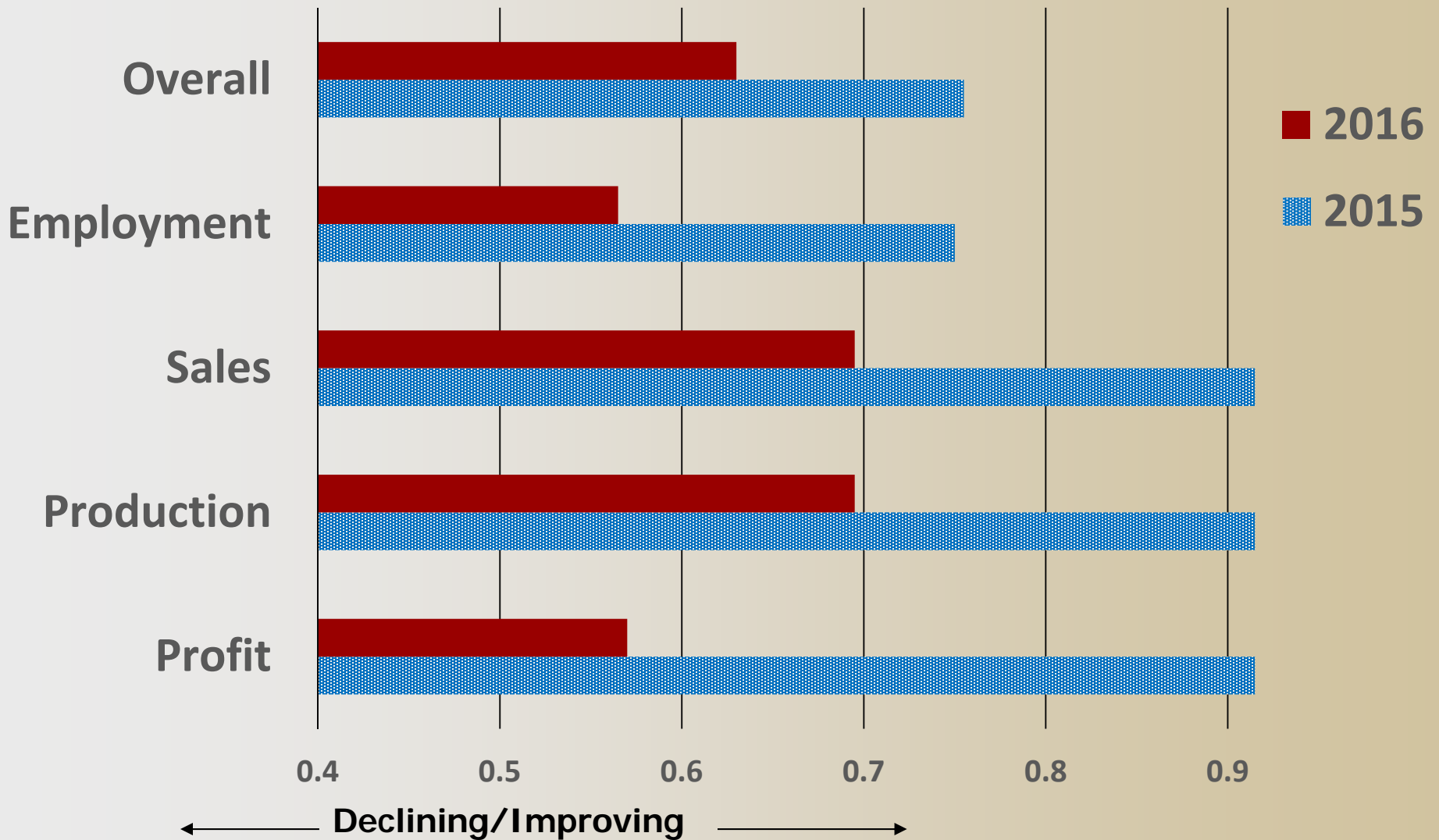
Million \$

Jobs

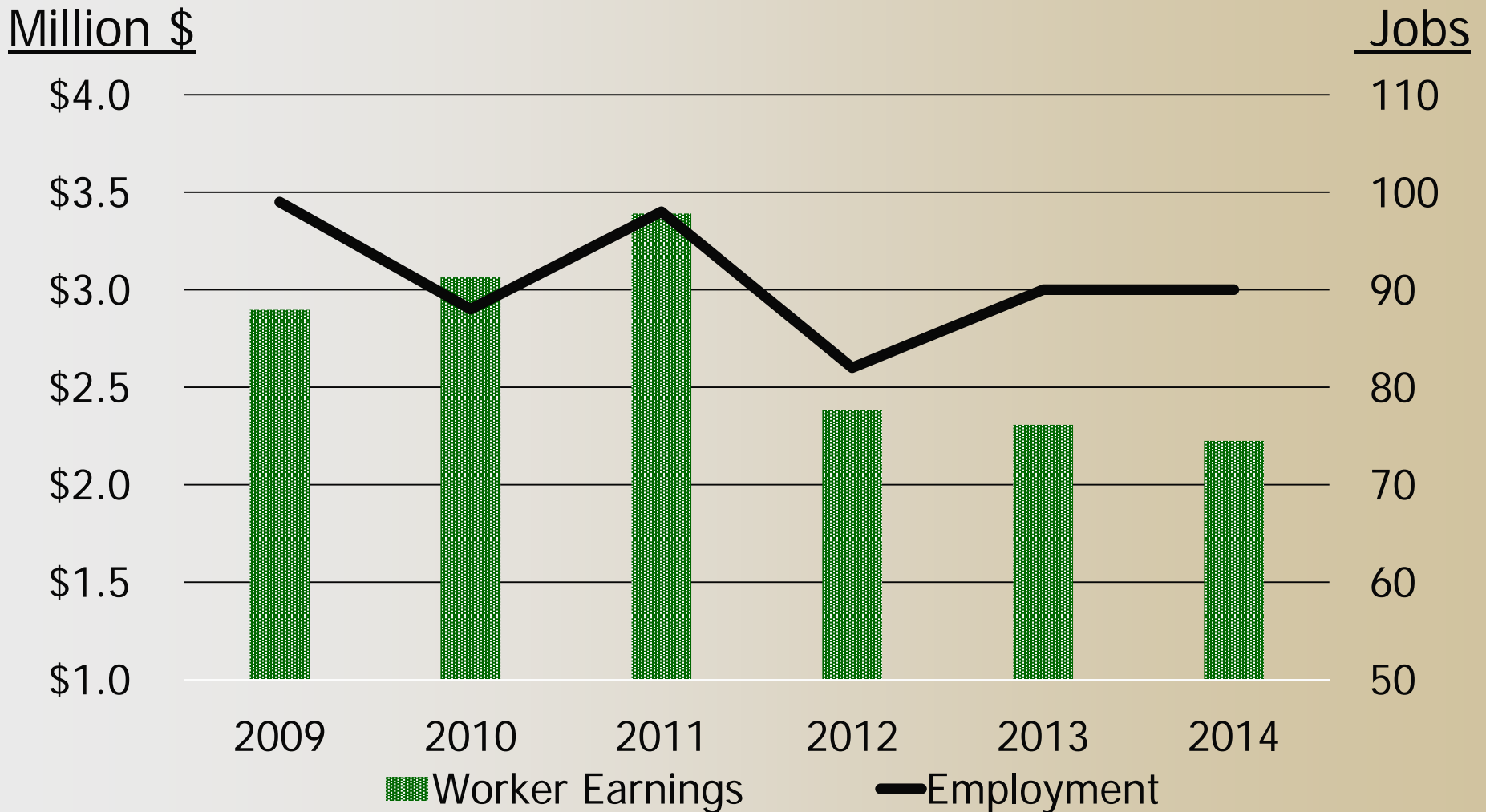


Source: Bureau of Economic Analysis

Lewistown Area Manufacturing Outlook

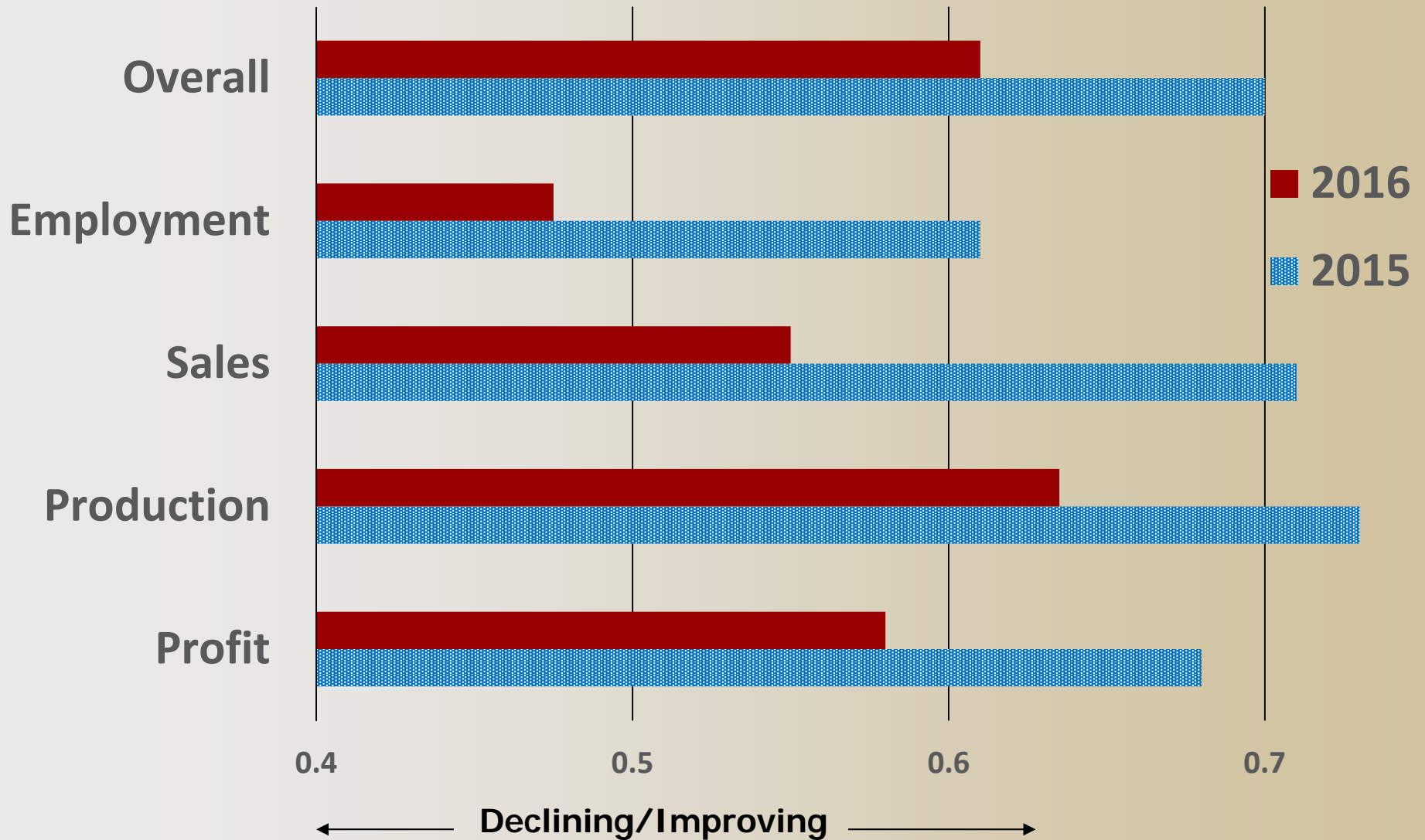


Hill County Manufacturing



Source: Bureau of Economic Analysis

Havre & Great Falls Area Manufacturing Outlook



Thank you!



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