

49TH ANNUAL
ECONOMIC OUTLOOK SEMINAR

IMPLEMENTING THE GREEN ENERGY TRANSITION
What will it take?



Presented by



**BUREAU OF BUSINESS AND
ECONOMIC RESEARCH**
UNIVERSITY OF MONTANA

75 YEARS
AND COUNTING

ABOUT THE BUREAU OF BUSINESS AND ECONOMIC RESEARCH



The Bureau of Business and Economic Research is the main research unit of the College of Business at the University of Montana. Established in 1948, its mission is to inform Montanans about the economic climate in which they live and work. In addition to conducting its economic outlook seminar across the state at the beginning of each year, BBER researchers are engaged in a wide range of applied research projects that deal with different aspects of the state economy, including survey research, economic analysis, health care research, forecasting, wood product research and energy research.

Contact us at (406) 243-5113 or bbermail@business.umt.edu if we can be of any help to you or your business.

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January 30
Northern Hotel

Bozeman

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Central Montana Head Start

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March 13
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WELCOME TO THE 2024 ECONOMIC OUTLOOK SEMINAR

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**NorthWestern[®]
Energy**

THE GREEN ENERGY TRANSITION 4

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YELLOWSTONE COUNTY 62

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IMPLEMENTING THE GREEN ENERGY TRANSITION

What Would It Take?

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



The Flow of Global Energy in 2011

World Energy Flow
in 2011: ~534000 PJ

Lawrence Livermore
National Laboratory

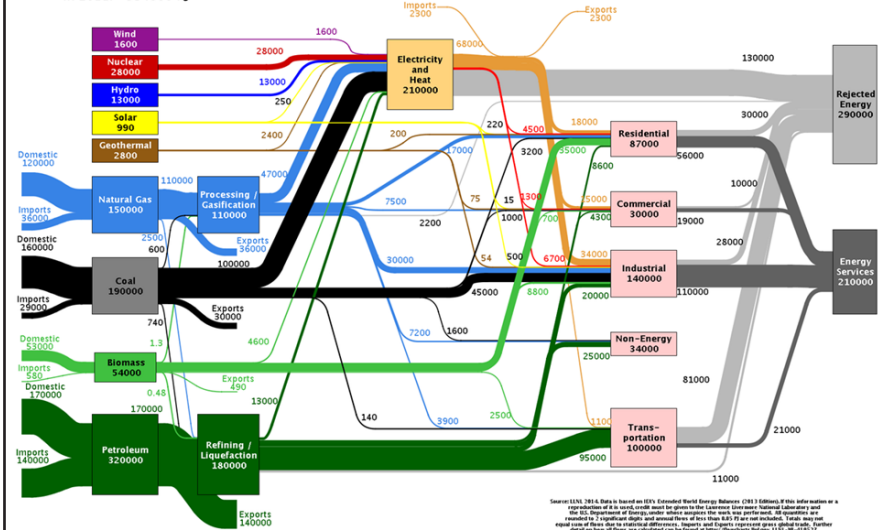
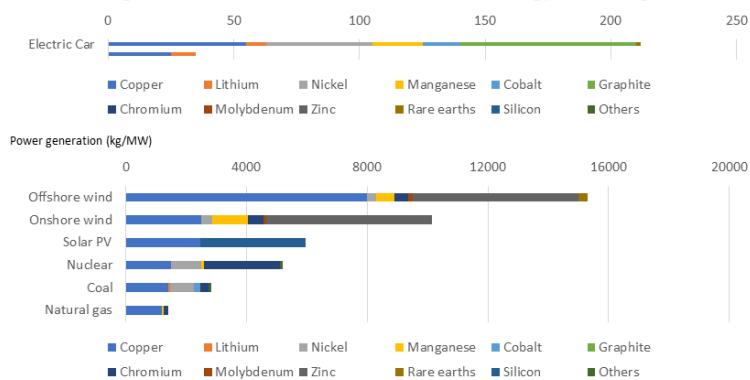


Figure 1: Minerals used in selected clean energy technologies



Source: International Energy Administration

The Industrialization That is Reshaping the World Requires Energy

Percent of World Population in
Extreme Poverty

GDP Per Capita
2011 US Dollars

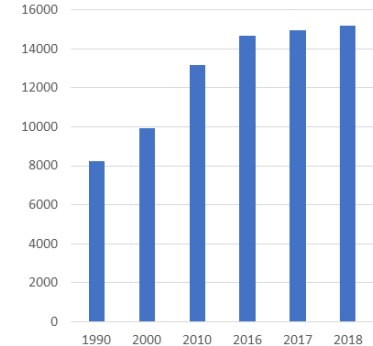
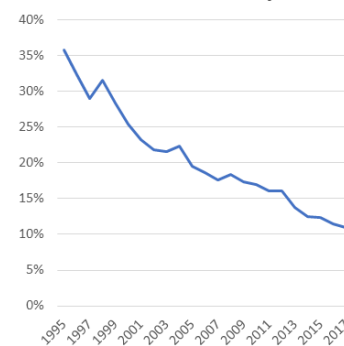
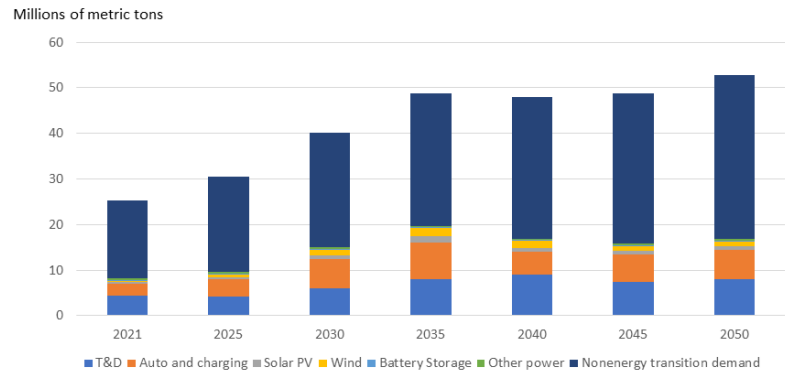
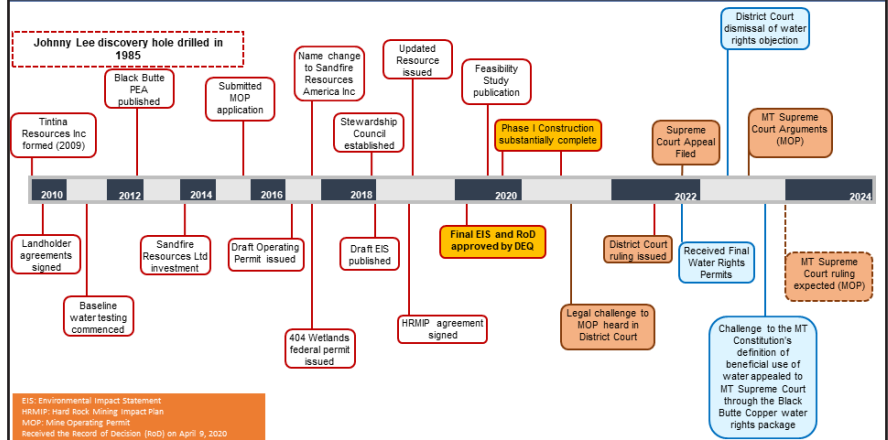


Figure 2: Global refined copper usage, 2021-2050



Source: S&P Global

Permitting Timeline



6

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

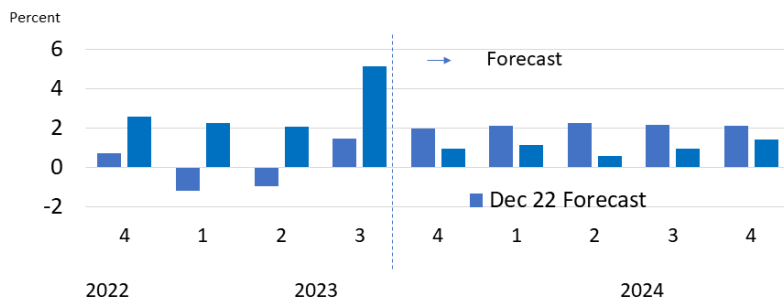
Patrick M. Barkey, Director
Bureau of Business and Economic Research
University of Montana

The Soft Landing Arrives

- Recession Fears Soften – Slow Growth is Next
- Fed is Done, Cuts Might be Next
- Labor Markets Likely Remain Tight
- Global Growth Slowdown Keeps Commodity Prices in Check

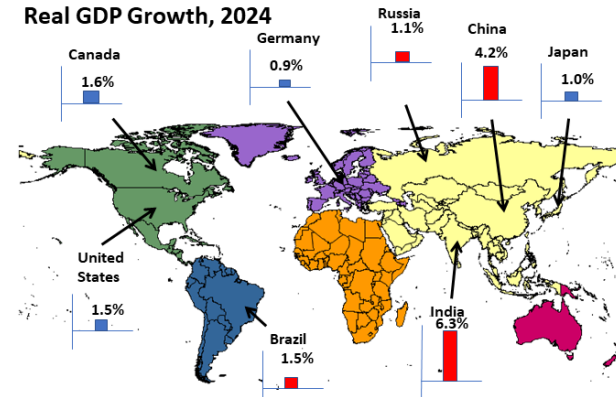
Not Much Growth in the U.S. Forecast

Percent Growth, Real Gross Domestic Product, 2022Q4 – 2024Q4



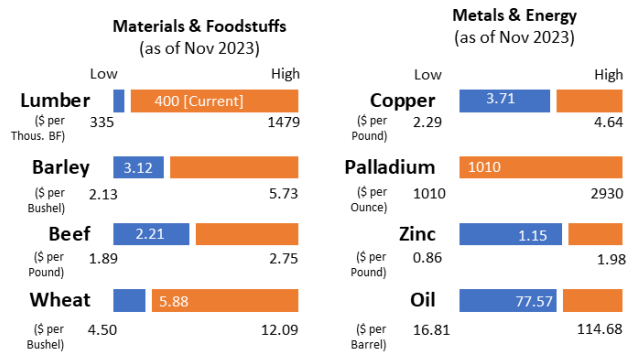
Source: S&P Global

Stagnant Global Growth Real GDP Growth, 2024



Source: International Monetary Fund

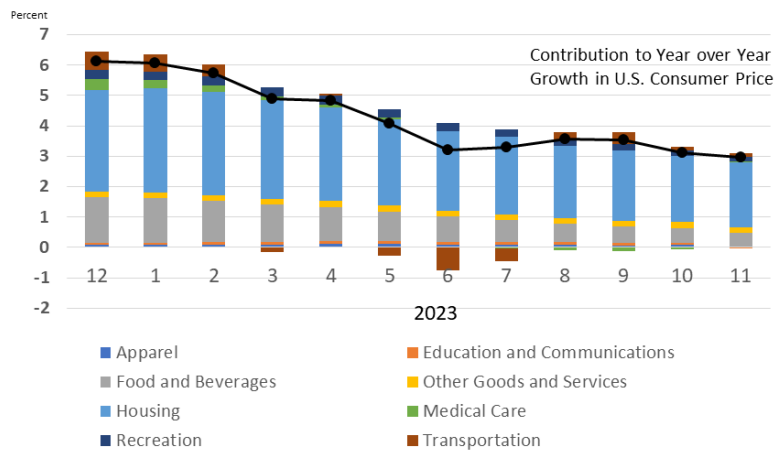
Commodity Prices Reflect Global Slowdown



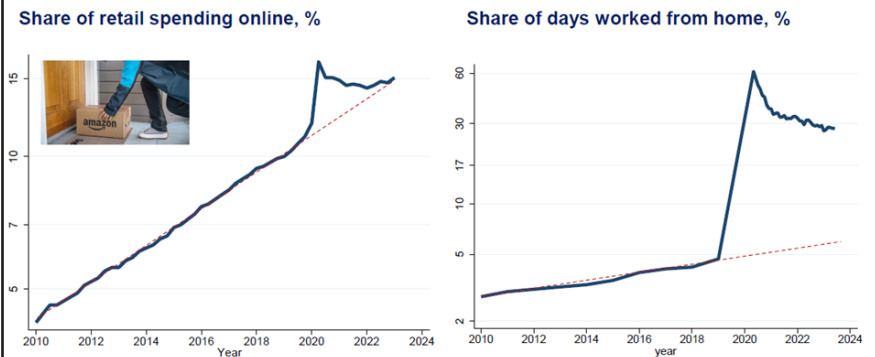
The Down-Up Economic Cycle is Over, What Did It Leave Us?

- Higher interest rates
- Higher inflation
- Low fertility rates
- Labor force dropouts
- Geographic resorting of US growth
- Working from home
- Industrial policy in action

Inflation's Fall Has Been Broadbased

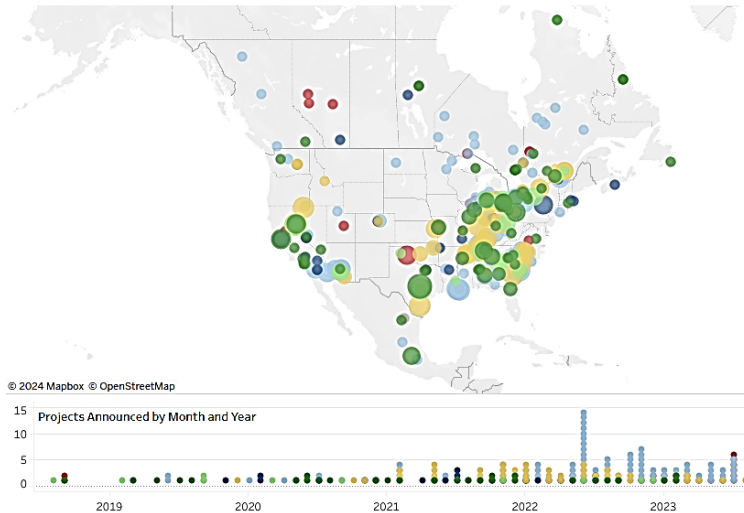


Some COVID changes persisted, others did not



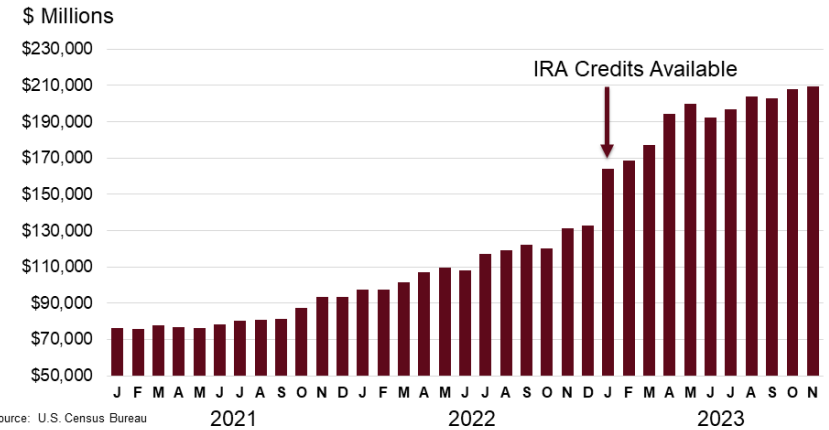
Inflation Reduction Act Has Spurred EV Investments

Projects Announced by Projected Employment



IRA, CHIPS Acts Fuel Investment Surge

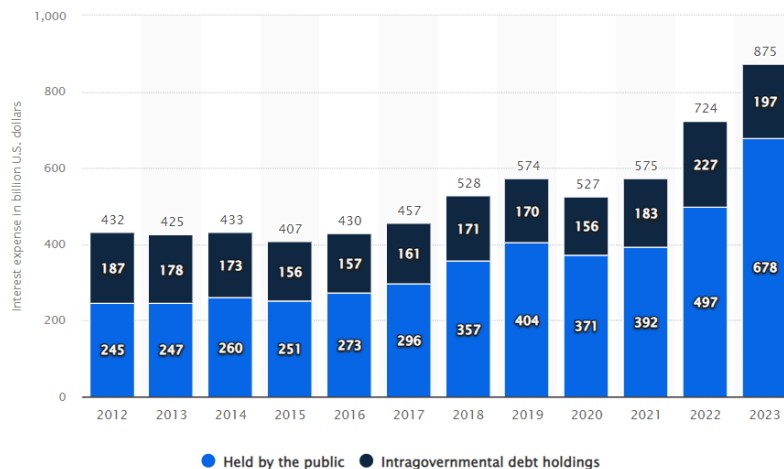
Value of Construction in Place, Manufacturing, \$ Millions



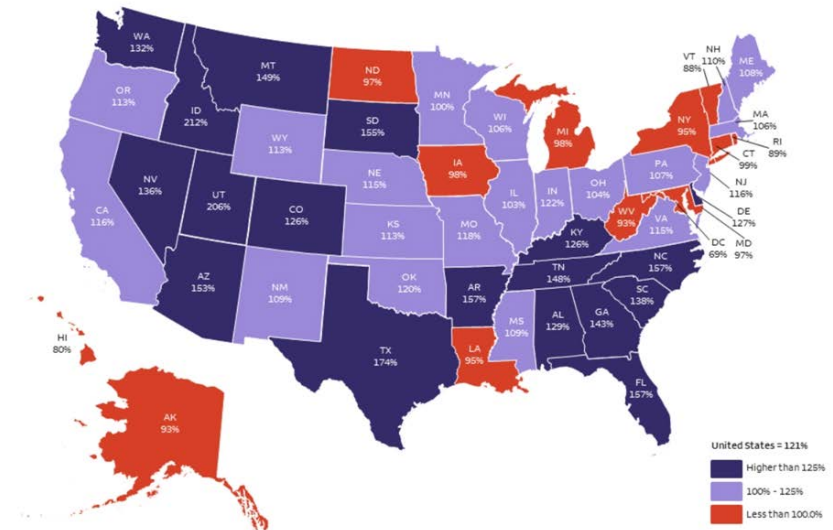
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Montana Economic Outlook

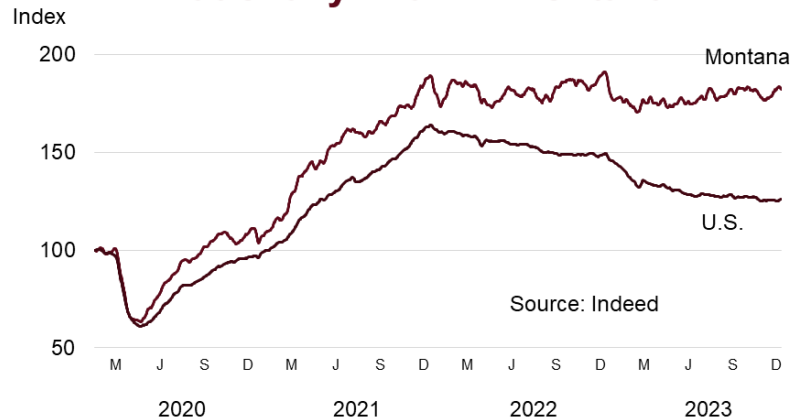
Interest payments on Federal debt now exceed defense spending



Percent of March and April 2020 Job Losses Recovered – September 2023



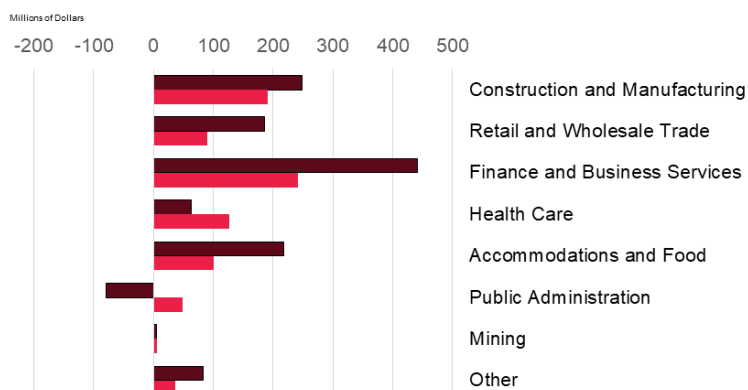
Job Openings Softening More Nationally Than in Montana



The Montana Economy: Anatomy of a Slowdown

- New data depict 2021 as the growth peak
- Lower growth since then most evident from tax receipts
- Wages and salaries less affected
- Declines in home mortgage activity another drag on growth
- Migration beginning to slow?

Real Total Wage Growth by Sector, Montana, 2022 vs. 2023



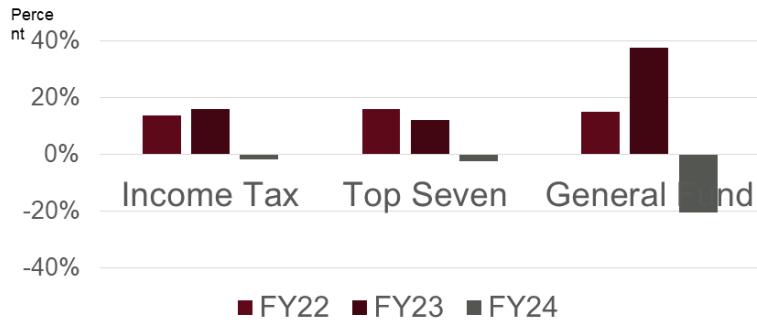
Note: Data pertain to fiscal years July-June.
Source: U.S. Quarterly Census of Employment and Wages

Wages and Employment, Montana, 2020Q1 – 2023Q2



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

Figure 2: Year over Year Growth in Montana General Fund Revenue, Percent, 2022-24



Note: Growth based on collections for the first five months of each fiscal year. Revenues are not adjusted for inflation.
Source: Montana Department of Revenue

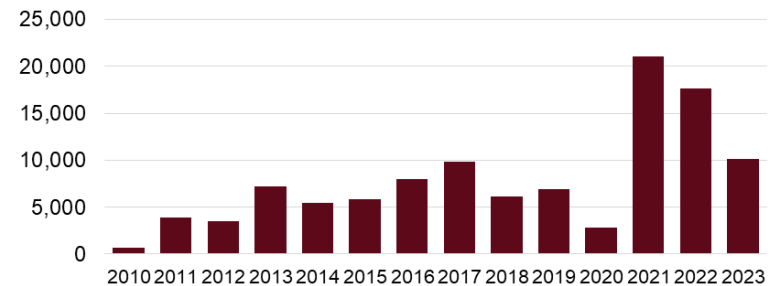


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Montana Economic Outlook

Migration to Montana Cooled Last Year

Net Population Migration, 2011-2023, Montana



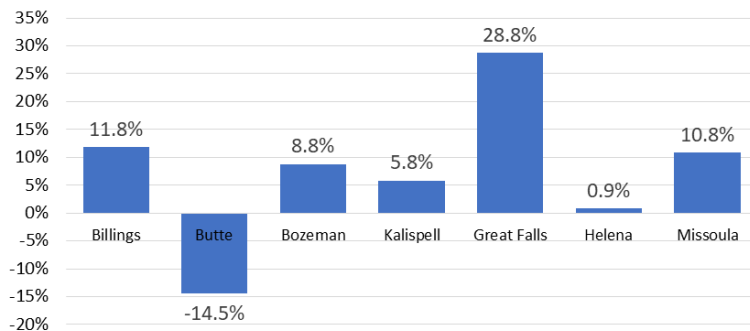
Source: U.S. Census Bureau



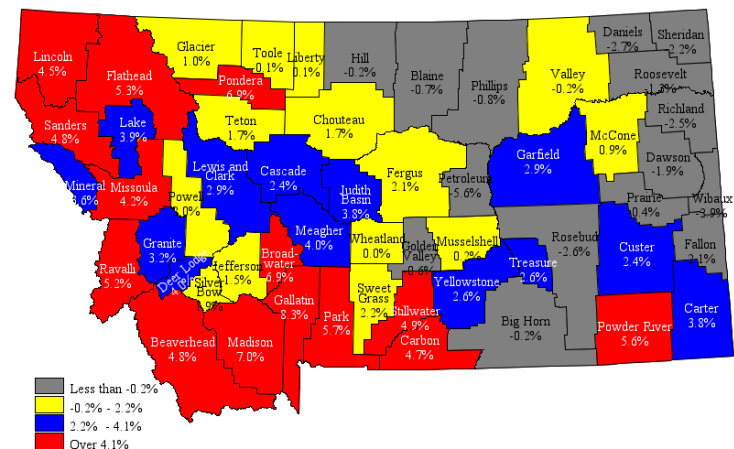
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Montana Economic Outlook

Growth in 2023 Air Passenger Volume Was Uneven

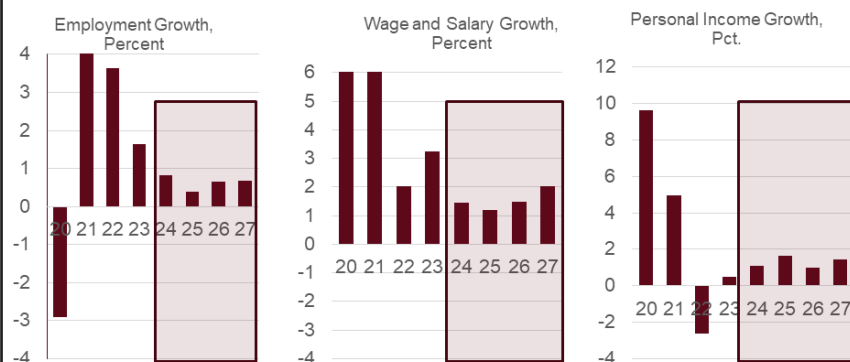


Real Nonfarm Earnings Growth, 2018-2022



Montana's Economic Slowdown

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



Source: S&P Global

Key Industry Outlook: Energy

- U.S. Oil Output Surpasses pre-2020 peak, most new drilling is elsewhere
- Coal has another year of stability, still down 20 from pre-2020 production
- Changes at Montana's refineries
- EPA rulemaking clouds future for Montana facilities



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Montana Economic Outlook

Key Industry Outlook: High Tech

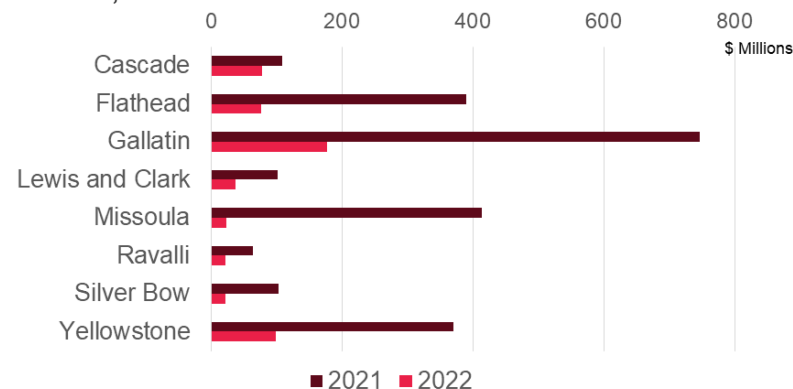
- Impact of turbulence in high tech nationally is mixed for Montana companies
- Environment for funding for startups has worsened
- High housing costs have pushed hiring in some instances to other Montana cities
- Universities position as growth centers strengthened by Headwaters Tech Hub designation



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Montana Economic Outlook

Growth in Inflation-Corrected Nonfarm Earnings, Selected Montana Counties, 2021 and 2022



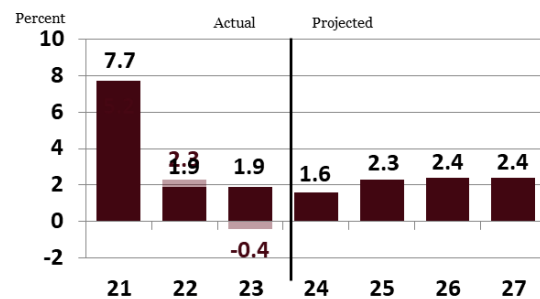
Source: U.S. Bureau of Economic Analysis



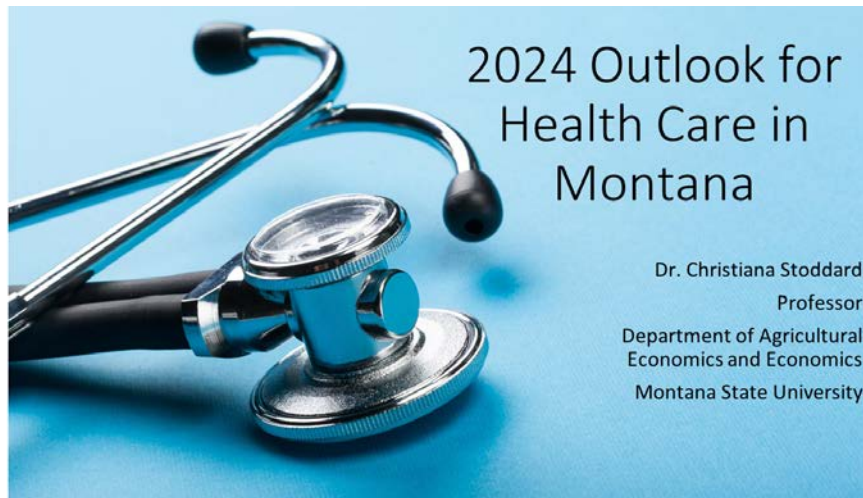
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Montana Economic Outlook

Growth in Nonfarm Earnings, Montana, 2021-2027



Source: BBER and U.S. Bureau of Economic Analysis



The most acute pandemic issues have resolved

"Excess Deaths" in Montana



What issues rise to the top for the next year?

1. What role will **inflation** play in the health care sector?
2. What is the outlook for **labor market and staffing**?
3. Are there predicted changes in **insurance** coverage and costs?
4. Emerging challenges in **health and mortality**

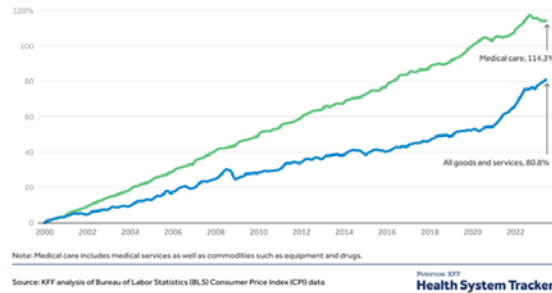
Inflation and prices

Main takeaways:

- Inflation affects the health care sector with a lag
- Likely to see more escalation in prices in health care in 2024

Inflation affects health care sector with a lag

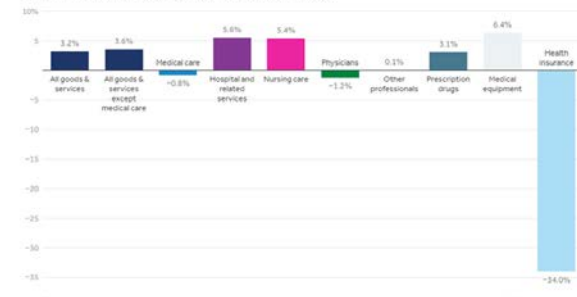
Cumulative percent change in Consumer Price Index for All Urban Consumers (CPI-U) for medical care and for all goods and services, January 2000 - June 2023



<https://www.healthsystemtracker.org/brief/how-does-medical-inflation-compare-to-inflation-in-the-rest-of-the-economy/>

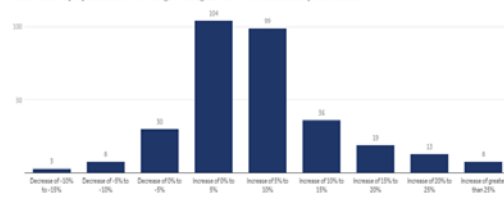
Where have we seen price changes already?

Annual percent change in Consumer Price Index for All Urban Consumers (CPI-U) overall and for medical care, by category, October 2022 - October 2023



Rising prices expected for 2024

Distribution of proposed 2024 rate changes among 320 reviewed ACA marketplace insurers



Factors:

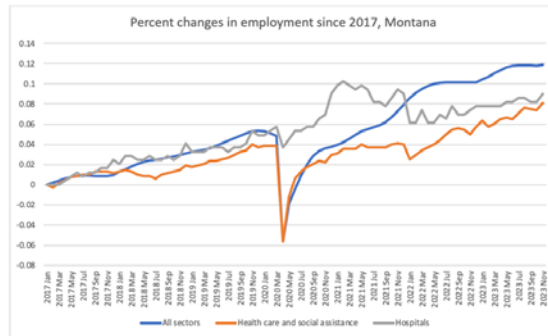
- Ongoing escalation in costs
- Contracts renewing based on higher prices
- Pandemic period federal subsidies phasing out
- Diabetes and weight loss drugs
- Return to higher pre-pandemic health care utilization?
- Will Medicaid unwinding affect premiums as people shift onto private insurance?

Labor Markets

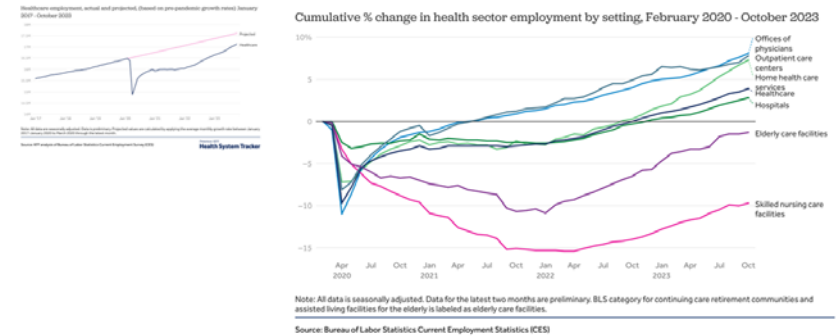
Main takeaways:

- Employment growth in the health care sector has not matched pre-pandemic trends.
- Particularly true in skilled nursing facilities, elder care.
- Concerns about long run recruitment into health sector.
- Wages in health care in MT are likely to continue to experience significant increases.

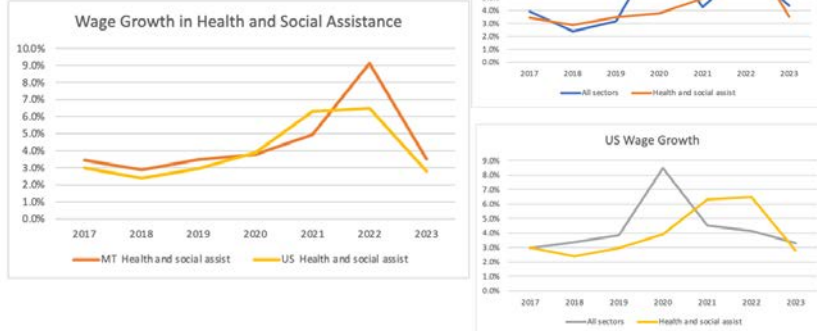
Employment in health care has not returned to pre-pandemic trend



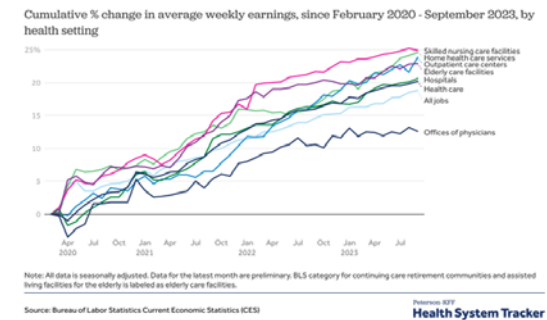
This follows a national pattern, but varies by setting



Wage growth in MT especially rapid, likely to stay high



Growth in wages is especially sharp in hospitals, nursing, and home health



Concerns about the long term for staffing

- **17% decrease in 2022-23 enrollment** for RN and Bachelor of science in nursing (American Associate of Colleges in Nursing)
- Concerns about **future physician shortages** (Association of American Medical Colleges and American Medical Association)
- These staffing conditions are likely to continue to affect providers in Montana, with particularly **acute impacts in rural areas**.

• Source: <https://www.aacnnursing.org/news-data/all-news/article/data-spotlight-declines-in-rn-to-bsn-program-enrollments>

Insurance

Main takeaways:

- Because inflation is now hitting health markets and wages are still growing rapidly, insurance prices are projected to rise
- “Medicaid unwinding” may lead to rise in uninsured in MT, especially for children

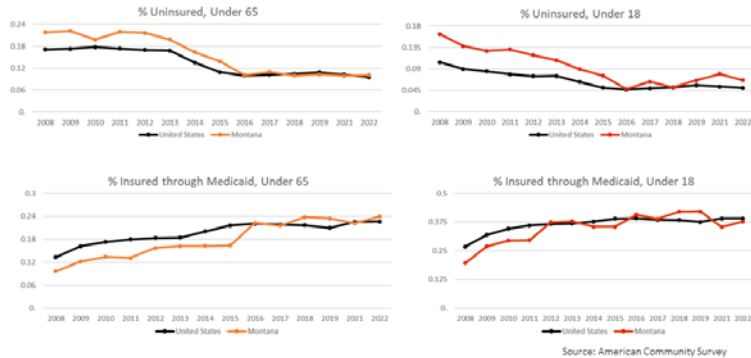
Health insurance premiums likely to return to previous trend of annual increases

- Premiums rose 7% in 2023
- Most analysts expect the 2024 rates to increase by the same or slightly more.
 - ACA Marketplace for 2024 median increase is 6%
- Montana insurers somewhat less:
 - MT insurers posted on ACA Marketplace range 1.5% to 6.4%

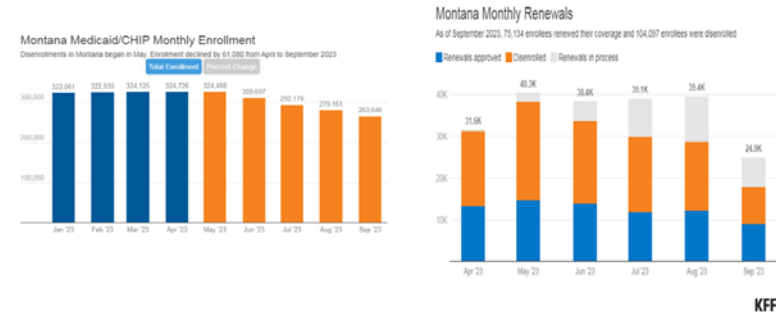
Medicaid “unwinding”

- During the pandemic individuals were not required to re-verify eligibility for Medicaid.
- Partly as a result, the proportion of Americans without health insurance fell to the lowest rate since being tracked, (~8%).
- In April of 2023, this continuous enrollment provision expired leading to rapid declines in enrollment.
- National reports have found that many of those dis-enrolled were dropped due to administrative issues, not in-eligibility.

Medicaid is an important source of insurance, especially for children

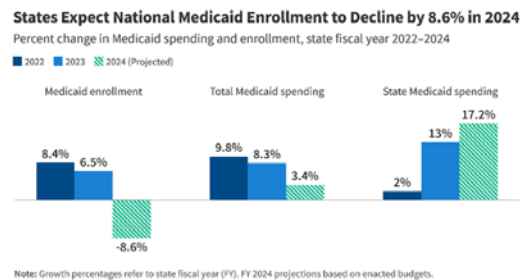


Concerns about disenrollment



Why does the Medicaid unwinding matter?

1. Ending of pandemic provisions will increase state Medicaid spending in 2024



2. Research finds large impacts of Medicaid on providers and individuals

Providers:

- Improved payer mix, less uncompensated care
- Improved financial performance of hospitals, particularly small and rural providers

Long run impacts on children:

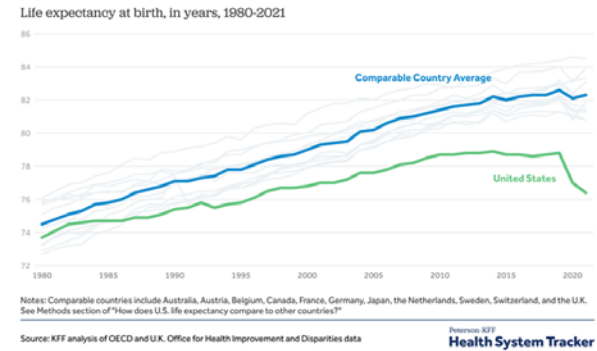
- Reduces mortality and disability in adulthood, better mental health outcomes
- Increases adult employment, increases adult wages
- Raises college enrollment rates

Emerging Trends in Health

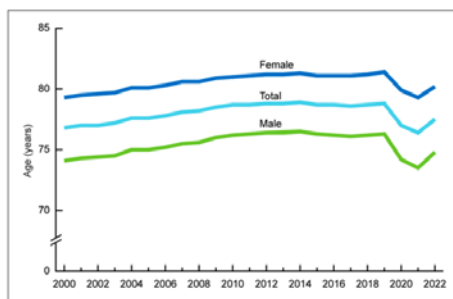
Main Takeaways:

- Recent sharp decreases in life expectancy
- COVID not the only explanation
- Understanding whether these are transitory issues or a new development is an important challenges for the future

One of the most startling recent trends is the sharp drop in life expectancy in the United States in the last several years

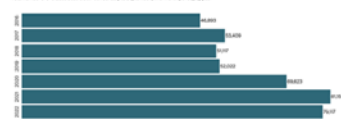


Big Contributors: COVID, Overdoses



During the first nine months of 2022, estimated overdose deaths declined from the same period in 2021 but were still 50 percent higher than pre-pandemic levels.

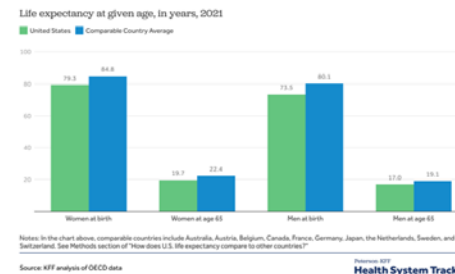
Total number of overdose deaths between January to September (nine-month period), by year



NOTES: Estimates are based on provisional data for 2022. Provisional data are subject to change as additional data are received. Estimates for 2020-2021 are based on final data.

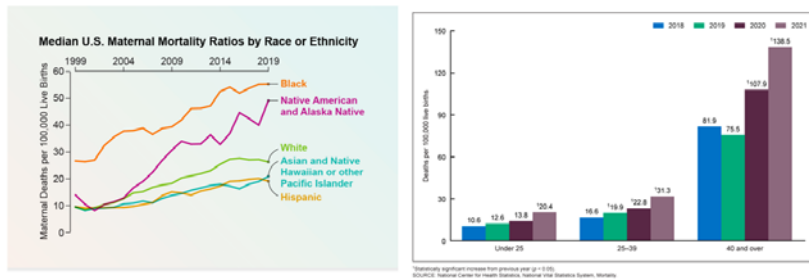
SOURCE: National Center for Health Statistics, National Vital Statistics System, mortality data file.

But other factors also reduce US life expectancy



- Vehicle accidents, homicide/suicide, overdoses are commonly cited factors in US disadvantage
- Differences in life expectancy at older ages tend to be related to other factors

Recent increases in maternal mortality



Thank you!

christiana.stoddard@montana.edu

Institute for Tourism & Recreation Research

2024 Economic Outlook Seminar
Montana Tourism Outlook



Presentation Outline

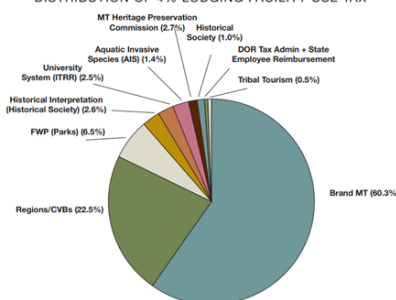
- Welcome
- Who we are
- ITRR Research
- Tourism Update
- Sustainable Tourism
- Tourism Outlook



Who we are

- ITRR was established in 1987 to conduct objective research in tourism and recreation. ITRR is housed in the W.A. Franke College of Forestry and Conservation at The University of Montana-Missoula.
- ITRR receives 2.5% of the 4% of Lodging Facility Use Tax. Research needs are solicited annually from tourism businesses, government agencies, non-profits, and other interested parties, then prioritized and approved by the Tourism Advisory Council. The Dean of the W.A. Franke College of Forestry and Conservation has final approval of selected projects.
- Additional grants and contracts are obtained through written proposals to public and nonprofit agencies involved in tourism and recreation. In 2020, ITRR was awarded a \$40 million 5-yr. contract with two other research firms.

DISTRIBUTION OF 4% LODGING FACILITY USE TAX*



Institute for Tourism and Recreation Research



ITRR Research Priorities and Cycle

- Quarterly Nonresident Travel & Recreation Analysis
- Quarterly Resident Survey
- Economic Impacts and Future Outlooks
- Tourism and Recreation Monitoring
- Emerging Issues
- Survey Kits
- Data Visualization
- Public Repository of Research



37 Years of Providing Travel, Tourism, and Recreation Research



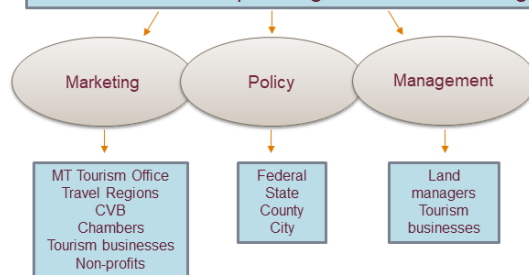
Tourism Advisory Council (TAC)



- The Governor-appointed Tourism Advisory Council (TAC) oversees the distribution of the Lodging Facility Use Tax ("bed tax") to Montana's tourism regions and convention and visitor bureaus, advises the Department of Commerce relative to tourism promotion, and fulfills other functions as defined by MCA 2-15-1816.
- Each year, ITRR proposes a research agenda, including project proposals and a budget outline, to the TAC Research Committee.
- Projects are discussed based on how beneficial they will be to the tourism and recreation industry statewide. More niche, or local projects, may be approved if the findings would be beneficial or applicable to others.
- TAC votes on bed tax-funded projects annually



Institute for Tourism & Recreation Research (ITRR):
Collect, analyze, and interpret tourism and recreation data for planning and decision-making

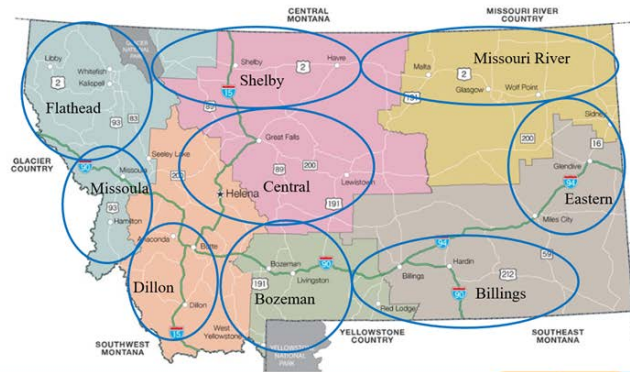


Quarterly Nonresident Research

- **On-going since July 2009**
- **Each Intercept:**
 - Up-front survey on iPad
 - Mailback survey
- **Understanding the Total Population of Visitors to Montana**
 - 11 Surveyors covering 9 Territories
 - Over 65 Communities Represented
 - Each working 29 hours per week*



Data Collection Territories



INSTITUTE FOR TOURISM & RECREATION RESEARCH

Home About ITRR Interactive Data Publications and Reports
Survey Kit Employment Opportunities Contact Us

INSTITUTE FOR TOURISM & RECREATION RESEARCH

The Institute for Tourism & Recreation Research conducts travel and recreation research in Montana, with a primary focus on the nonresident travel survey conducted throughout the state. ITRR is perhaps best known for producing the widely used statewide estimates of total nonresident visitation and travel expenditures, as well as visitor characteristics, in the state each year, along with the annual estimate of the economic contribution of nonresident travel to Montana's economy. Read more about the [nonresident travel survey](#) and visitation and spending estimation models.



INTERACTIVE DATA SPENDING & ECONOMICS PUBLICATIONS MOST RECENT FINDINGS SURVEY KIT

<https://www.umt.edu/tourism-recreation-research/>

ITRR Data Dashboards (Publicly Available)



Nonresident Survey Full Data Summary

Dive in to complete customizable access to summary percentages from our complete nonresident survey.



Nonresident Survey Mailback Crosstabs

Examine how trip characteristics like Activities or Sites Visited on trip vary across cross-sections of nonresident visitors.



Visitor Trends Nonresident Visitation

Learn how many nonresidents visit Montana by examining visitation trends.



Resident Survey National Park Visitation Q1, 2023

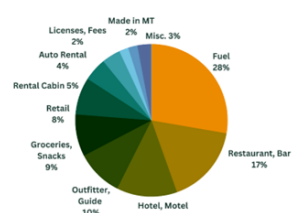
Our most recent resident report from Q1, 2023 highlights Montana residents' visitation to Yellowstone and Glacier National Parks.

Montana Travel Industry

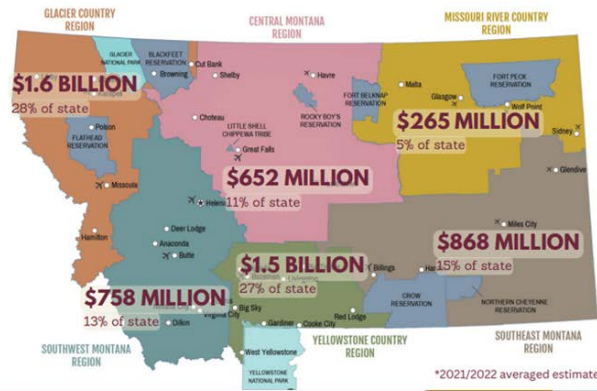
Year	Nonresident Visitors
2023	~12,643,000
2022	12,409,000
2021	12,840,000
2020	11,202,000
2019	12,585,000
2018	12,343,000



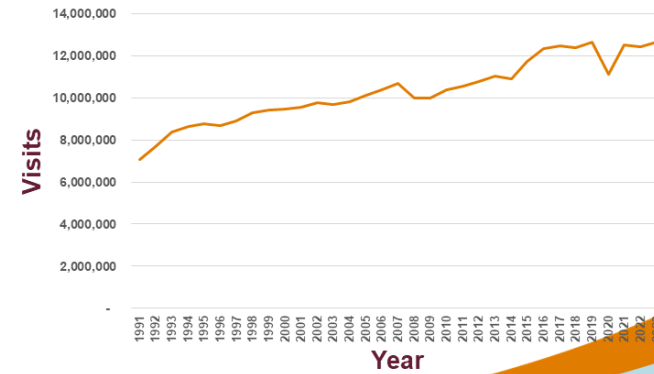
Nonresident travel spending in Montana - \$5.82 billion



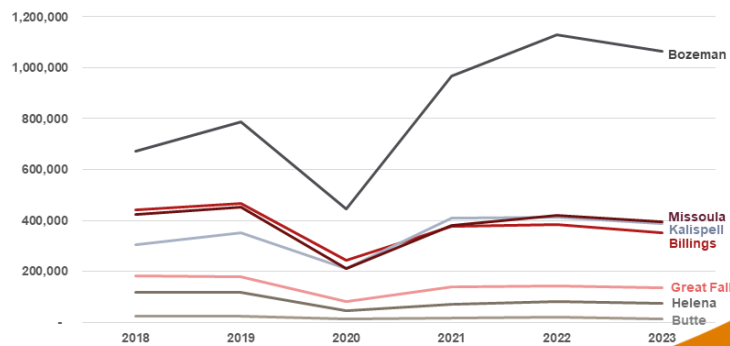
2022 Montana Travel Industry



Montana Visitation (1991-2023)

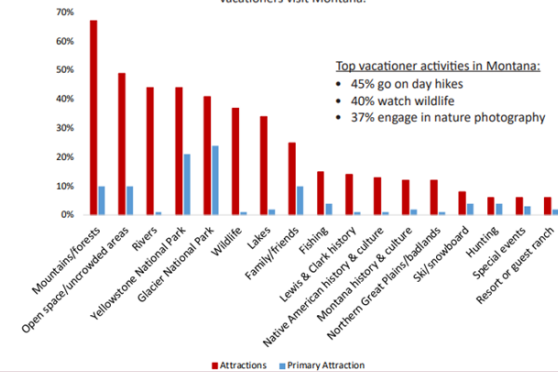


Airport Deboardings – 2018-2023



Vacationers Come to Montana for the Great Outdoors

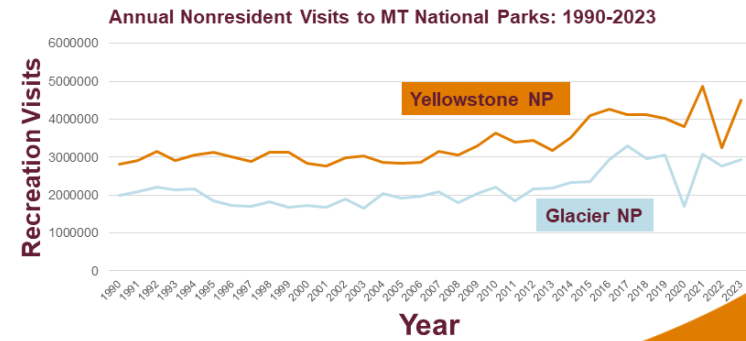
Natural resources are the top eight out of nine reasons vacationers visit Montana.



Outdoor Recreation Economy

- 2022 economic impact of outdoor recreation nationwide is \$1.1 trillion, with employment for 5 million jobs
- Montana's outdoor recreation economy grew nearly 14% from 2021-22 (*Bureau of Economic Analysis 2023*)
- Montana had the third-highest state level value added, behind Hawaii & Vermont
- 4.3% of State GDP
- Montana is ranked 10th in the nation in federal land ownership, with about 30% or 27 million acres, followed by state agencies that manage a little over 5 million acres

National Park Visits 1990-2023



Montana State Parks

- 55 state parks
- 332 Fishing Access Sites (FASs)
- Statewide Comprehensive Outdoor Recreation Plan (SCORP)

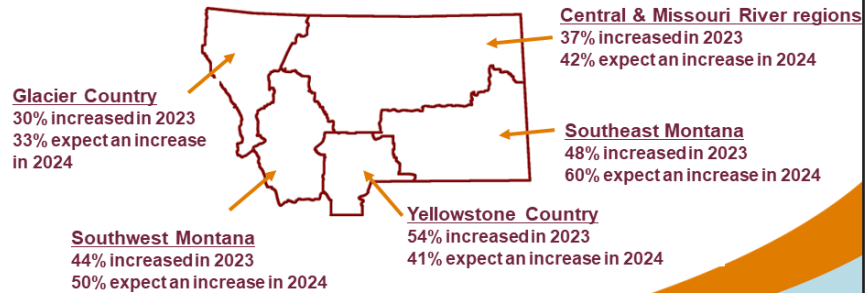
Year	Park Visitation
2022	3,036,121
2021	3,381,507
2020	3,427,555
2019	2,646,886
2018	2,572,890
2017	2,544,138



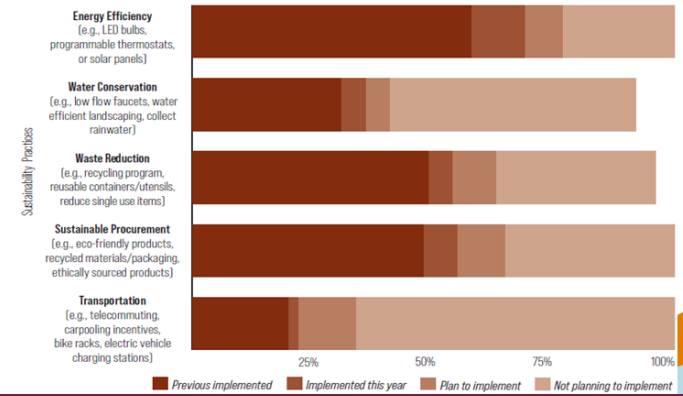
Montana Tourism Business Survey Results

- **2023 Business Report**
 - 42% increased visitor volume
 - 27% remained the same
- **2024 Business Outlook**
 - 87% expect customer volume to increase/stay the same
- **Opportunities**
 - Modify/Diversify Offerings
 - Target Local Markets
 - Niche Business Initiatives
- **Challenges**
 - Economic Downturn
 - Political instability
 - Natural Disasters (fire, flood, drought)

Tourism Business Owners 2023 Volume Increase; Expected in 2024

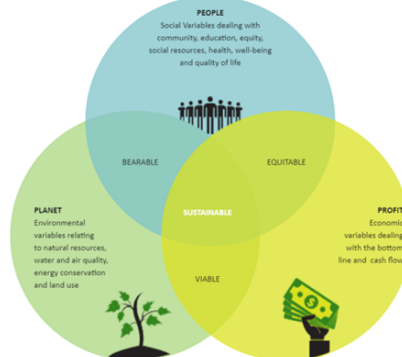


Sustainability Practices of Montana Tourism Businesses



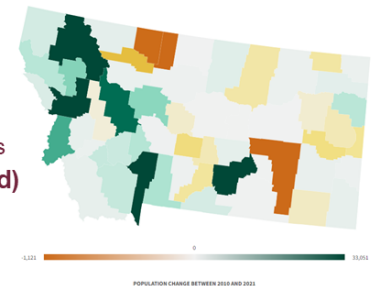
Destination Stewardship & Sustainability

- Conservation and Preservation
- Education and Awareness
- Infrastructure Development
- Community Involvement
- Policy and Regulation
- Monitoring and Adaptation



Montana Changes over Time

- **New Residents**
 - Need for Infrastructure
 - Competition for Outdoor Recreation Assets
- **High Inflation (Gasoline/Air Travel/Food)**
- **Natural Disasters (Fire, Flood, Heat)**
- **Low Unemployment**
- **National Park Crowding/Ticketing**
- **Planning for Amenity Towns (STR Regulations/Housing)**
- **Global Competition**



2024 Tourism Trends & Outlook

- **Steady Visitation for Past 5 Years**
 - ~12 million visitors annually
- **Sustainable Visitor Numbers**
- **87% of Tourism Business Owners stated they anticipate visitor/customer volume to increase or stay the same**
- **Glacier NP: Vehicle Reservation System Modifications**
- **Environmental & Economic Concerns**
- **Trends**
 - Culinary, Wellness, Rural Tourism
 - Authentic Travel Experiences
 - Cultural Exploration
 - Sustainable Travel
 - Active Trips
 - Shoulder Season (long weekends)
 - TV/Social Media Influenced Travel
 - Music/Concert/Festival Tourism
 - Regional Tourism

Questions?

Institute for Tourism & Recreation Research

itrr@umontana.edu

Real Estate and Construction

Derek Sheehan
Research Economist
Bureau of Business and Economic Research
University of Montana

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BUREAU OF BUSINESS
AND ECONOMIC RESEARCH

Real Estate and Construction

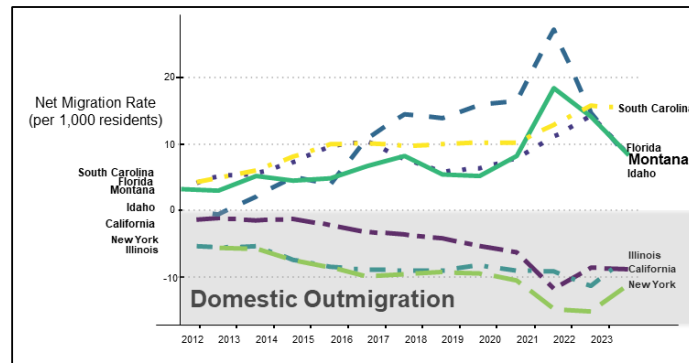
Housing is Scarce

- Regional migration slows
- Prices stubbornly high
- Interest rates “high” for foreseeable future
- Affordability issues persist across all housing segments.
- **Low** rental vacancy rates
- **Low** number of homes for sales
 - Lock in effect
- **Low** number of buyers
 - Waiting on lower rates
- **Low** or timid industry sentiment
- **Lower** building activity

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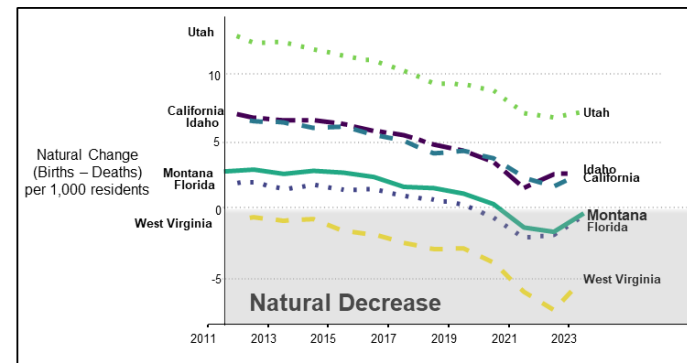
Growing Pains



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Graying Pains



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Demographic Changes

Majority of Population

- **Younger**
- **Births > Deaths**
- Positive Migration

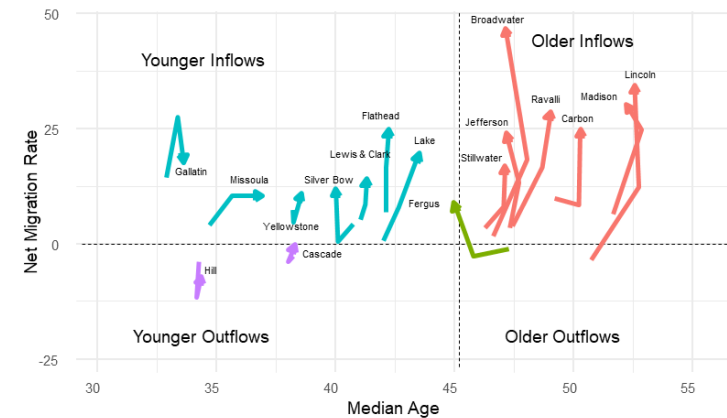
- Examples: Gallatin, Yellowstone, Missoula, Flathead, Lewis and Clark

Majority of Counties

- **Older**
- **Deaths > Births**
- Positive migration

- Examples: Ravalli, Deer Lodge, Fergus, Lincoln, Madison

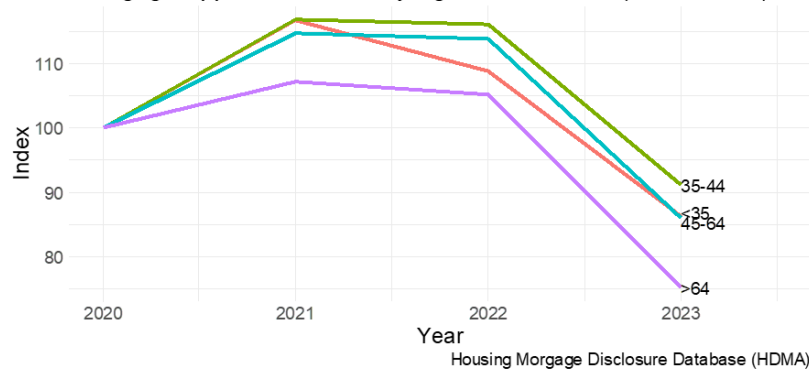
Flows by Age



Periods: 2011 to 2014, 2015 to 2018, 2019 to 2022

Interest Rates

Mortgage Application Index by Age 2019 to 2022(2019 = 100)



Housing Mortgage Disclosure Database (HDMA)

County Household Incomes vs Housing Costs

Tenure/ Affordability

- Essential housing assistance
 - Income is considered “extremely low” < 30% Area Median Income (AMI)
- Low-income renter
 - Considered Low-income <80% AMI
- Transitional market renter
 - Often not eligible for subsidies (> 80% AMI) but market rents are challenging.
- Stable tenure, ownership challenged
 - Stable housing but limited mobility

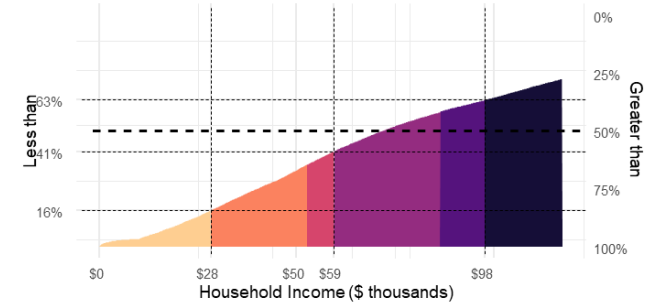
County Household Incomes vs Ownership Costs

Tenure/ Affordability

- **Ownership feasible**
 - Household could afford a home up to median sale price but face strong competition or would need assistance. Based on
- **Ownership attainable**
 - Household has enough income to qualify for a median priced home

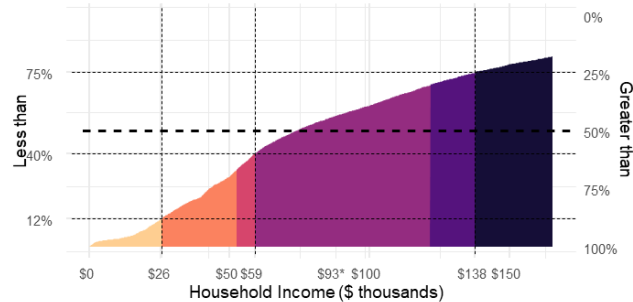
Lewis and Clark Incomes vs Housing Costs

Tenure/ Affordability ■ Essential housing assistance Low-income renter ■ Transitional market renter Stable tenure, ownership challenged ■ Ownership feasible ■ Ownership attainable



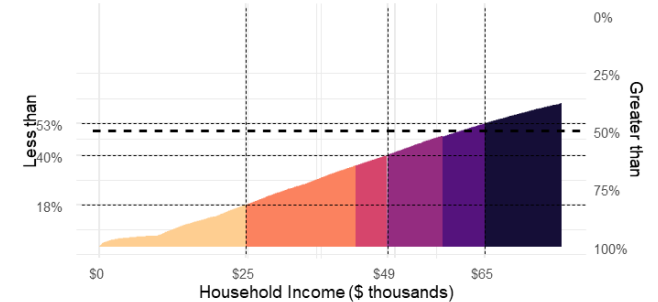
Jefferson Incomes vs Housing Costs

Tenure/ Affordability ■ Essential housing assistance Low-income renter ■ Transitional market renter Stable tenure, ownership challenged ■ Ownership feasible ■ Ownership attainable

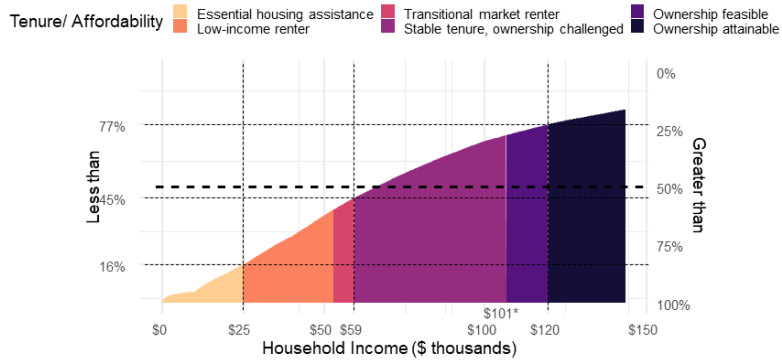


Cascade Incomes vs Housing Costs

Tenure/ Affordability ■ Essential housing assistance Low-income renter ■ Transitional market renter Stable tenure, ownership challenged ■ Ownership feasible ■ Ownership attainable



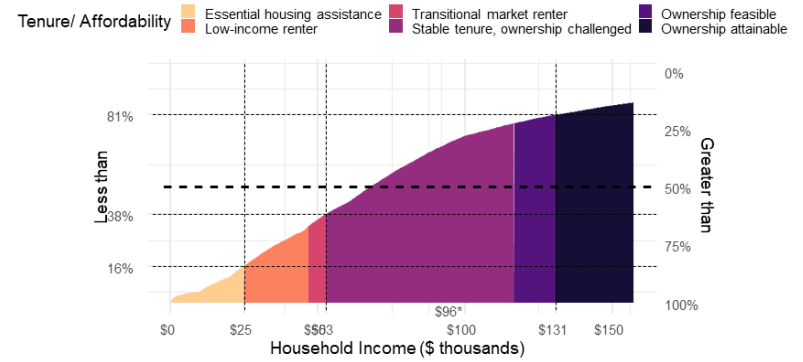
Missoula Incomes vs Housing Costs



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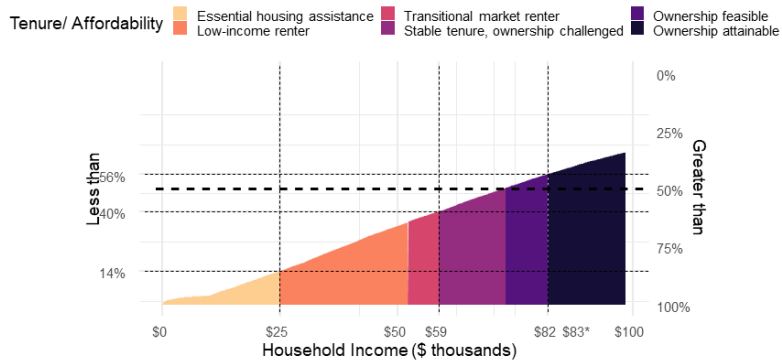
Ravalli Incomes vs Housing Costs



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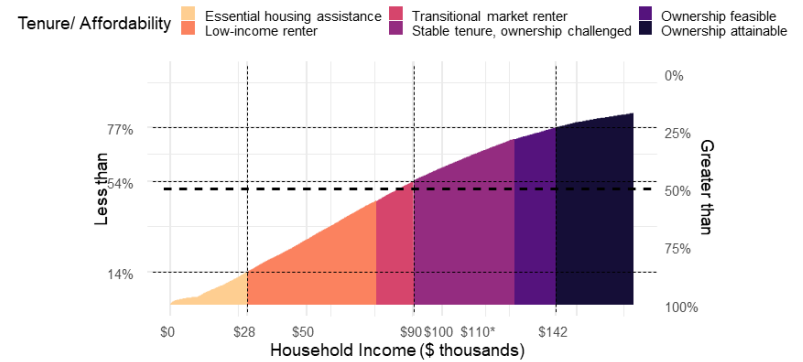
Yellowstone Incomes vs Housing Costs



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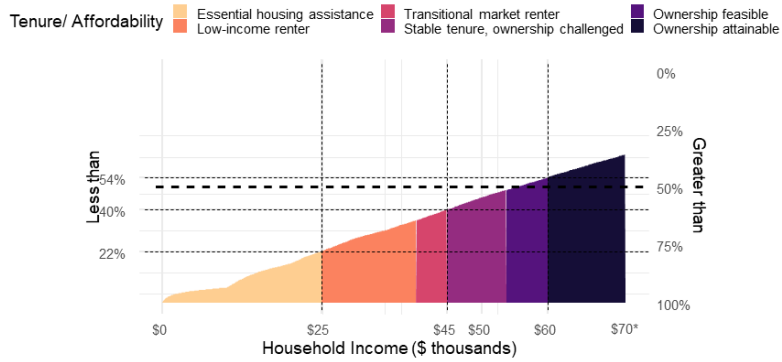
Gallatin Incomes vs Housing Costs



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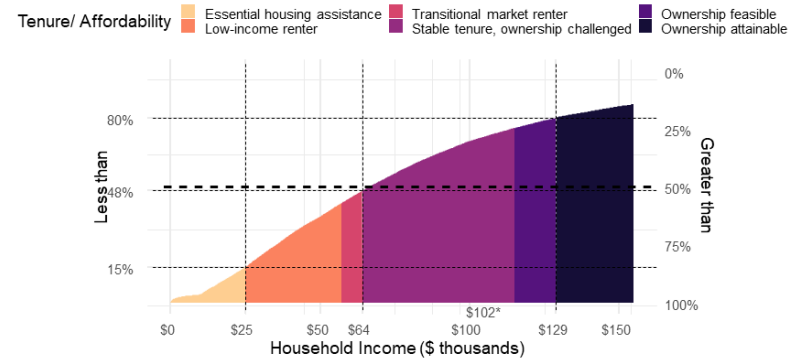
Silver Bow Incomes vs Housing Costs



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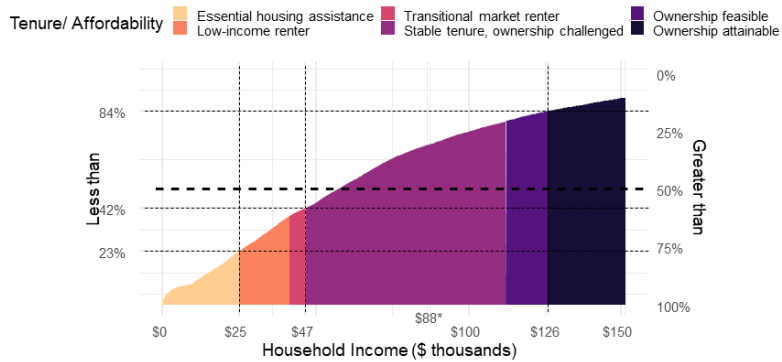
Flathead Incomes vs Housing Costs



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Lake Incomes vs Housing Costs

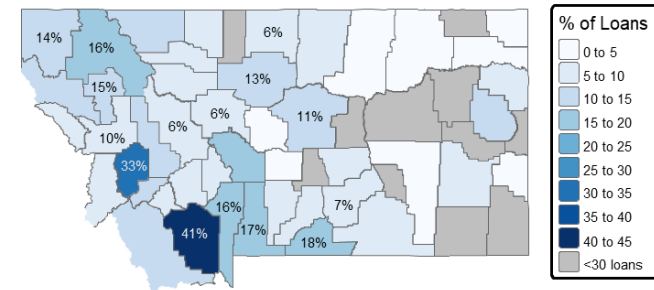


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Investment Properties

Single-family loans for secondary residences or investment purposes



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People are generally good at predicting how changes in supply impact prices — except when it comes to housing

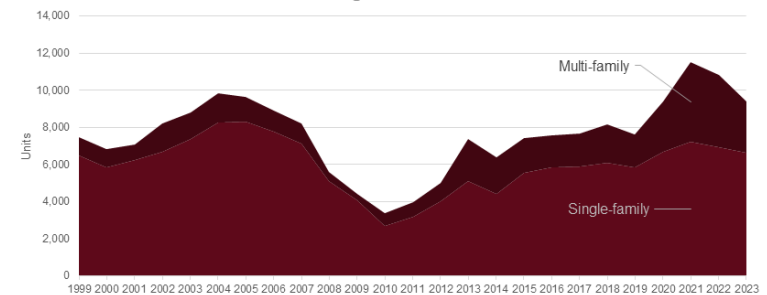
Net correct minus incorrect answers to questions* about the impact of supply shocks

Durable goods	Impact of reducing the supply of new cars on prices for used cars (Answer: rise)	+79% correct
Commodities	Impact of increasing the supply of grain on grain prices (A: fall)	+35%
Labour	Impact of a large increase in the number of plumbers on plumbers' wages (A: fall)	+31%
Trade	Impact of free trade agreements on the prices of products (A: fall)	+28%
Housing	Impact of a 10% increase in regional housing supply on housing costs (A: fall)	-6%

*See https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4266459 for full question wordings
Source: *Folk: Economics and the Persistence of Political Opposition to New Housing* (Nall et al., 2022)
FT graphic: John Burn-Murdoch / @burnmurdoch
© FT

Construction cools

Montana Building or Electrical Permits



Forecasters are often wrong, of course.

- Mortgage rates will continue to ease but remain “high.”
 - Labor market and inflation should slow.
 - Markets will adjust to new rates (hopefully ~ 2-4%).
- Credit risks may increase.
 - ...and credit standards for new loans will continue increase.
 - Which will continue to strain construction market.
- Migration appears to be back to normal.
- Housing affordability concerns remain, but may not get much worse.

Montana Ag Situation and Outlook

George Haynes, Ph.D
Joel Schumacher, M.S.

Department of Agricultural Economics & Economics
MSU Extension

**Bureau of Business and Economic Research
Workshops
January – March, 2024**

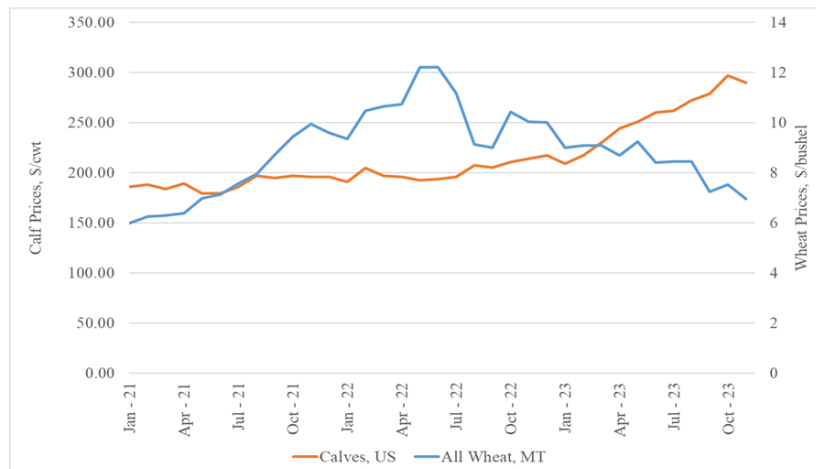


Today's Presentation

- Commodity Prices and Production
- Financial Health and Trends
- Agricultural Policy (Farm Bill)



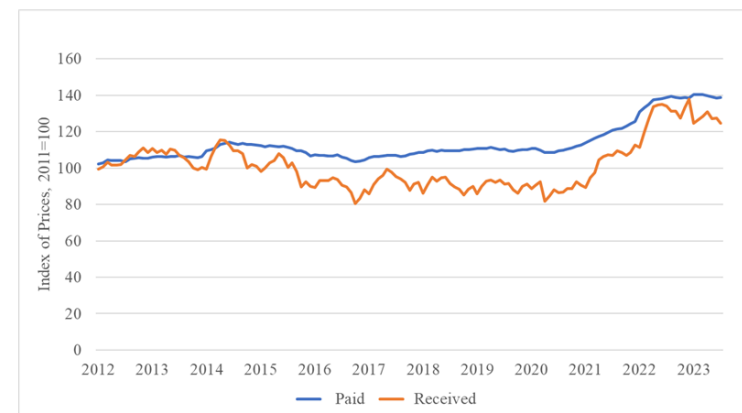
Strong and Moderating Commodity Prices



Source: USDA QuickStats (inflation adjusted)



Higher Prices Received and Paid

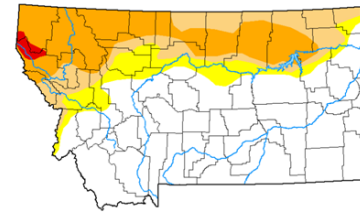


Source: USDA NASS – 09/20/23

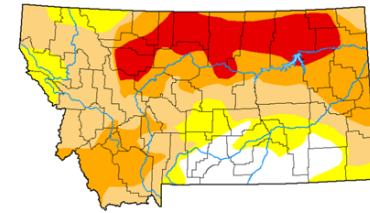




Drought Conditions Improve



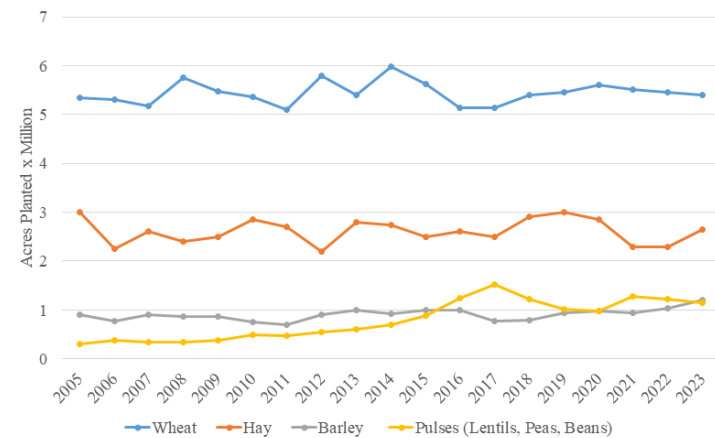
October 2023



October 2022

CROPS

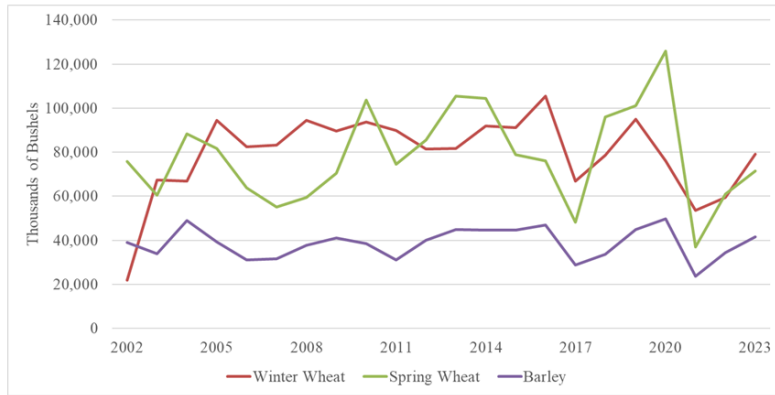
Crop Acreage 2005 - 2023



Source: USDA Quick Stats

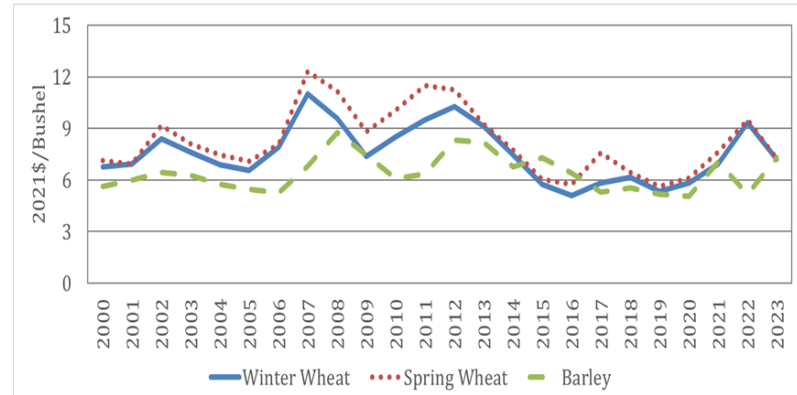
Sugarbeet, hemp, and canola acreage decline

Better Production Year in 2023, than 2022



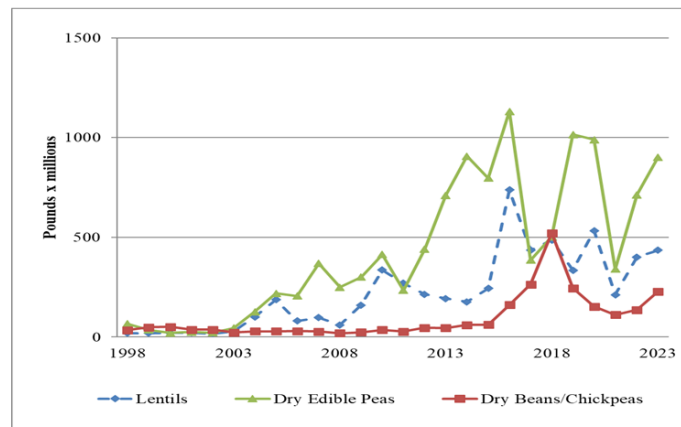
Source: USDA QuickStats

Wheat and Barley Prices, 2000 – 2023



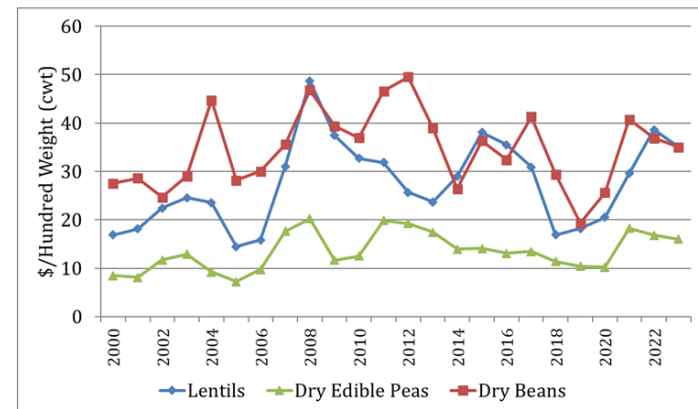
Source: USDA Quickstats and AMS, 11/2023

Pulse production, 1998- 2023



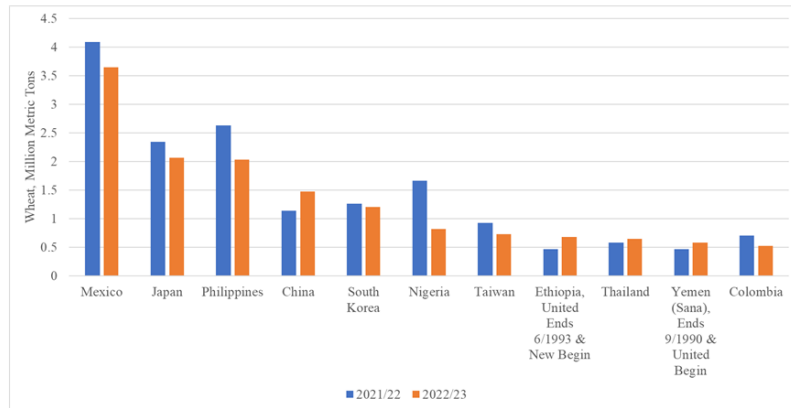
Lentils +9%; dry peas +27%; chickpeas +68%

Pulse (Lentils, Peas, Beans) Prices



Source: USDA Quickstats and AMS, 11/2023

US Wheat Exports (2022/2023) Millions of Bushels



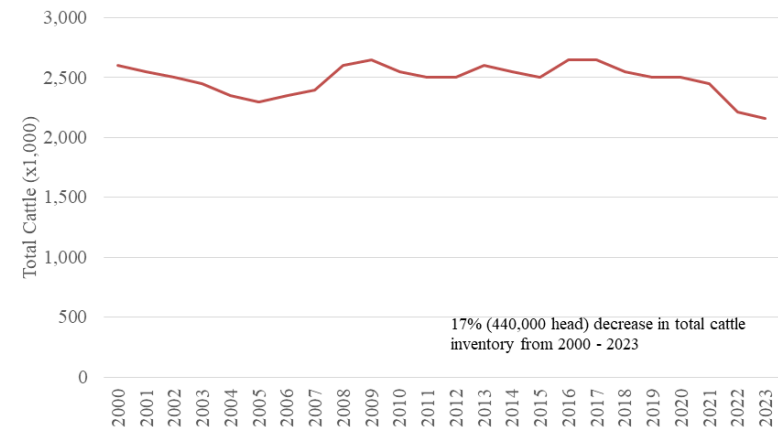
Source: <https://www.ers.usda.gov/data-products/wheat-data/>

2024 Futures Prices (\$/bu, no basis adjustment – 12/30/23)

Location	Mar	July	Sept	Dec
Minneapolis Grain Exchange				
Hard Red Spring Wheat	6.29	6.46	6.46	6.68
Kansas City Board of Trade				
Hard Red Winter Wheat	6.44	6.47	6.57	6.71
Chicago Board of Trade				
Corn	4.71	4.94	4.97	5.03

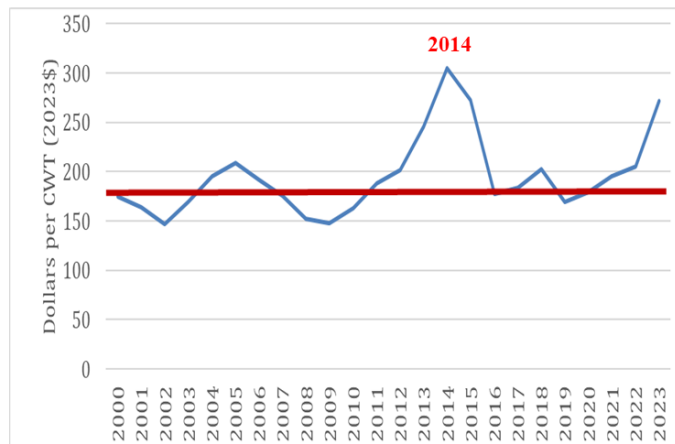
LIVESTOCK

Total Cattle Inventory, Montana 2000 - 2023



17% (440,000 head) decrease in total cattle inventory from 2000 - 2023

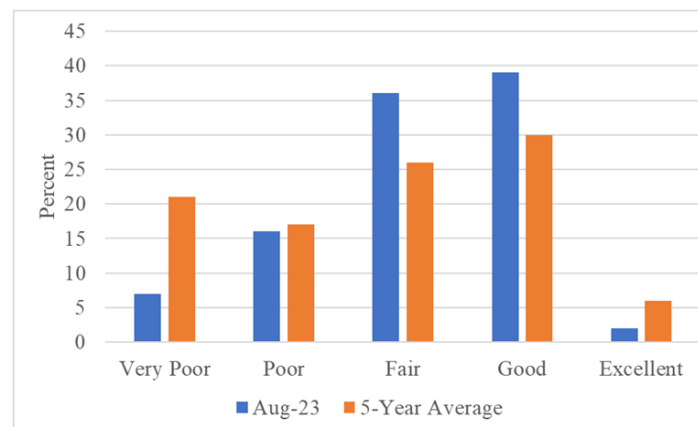
Calf Prices, 2000 - 2023



Source: USDA Quickstats and AMS

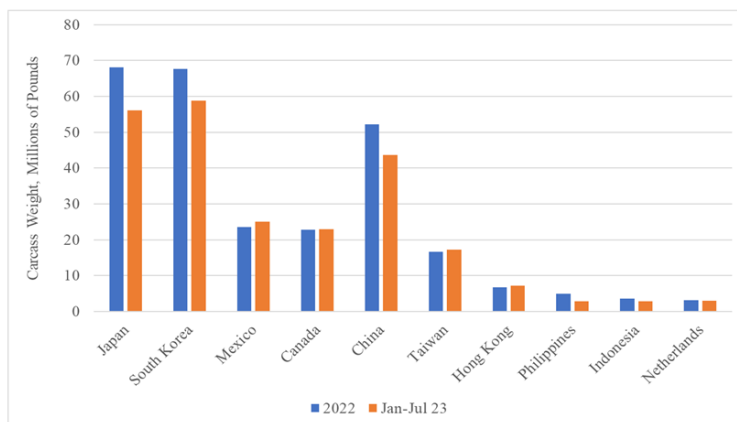
30% increase 1/2023 to 9/2023

Above Average Pasture Conditions



Source: NASS, Montana Office

Beef Exports (2022/2023) Carcass Weight, Millions of Pounds



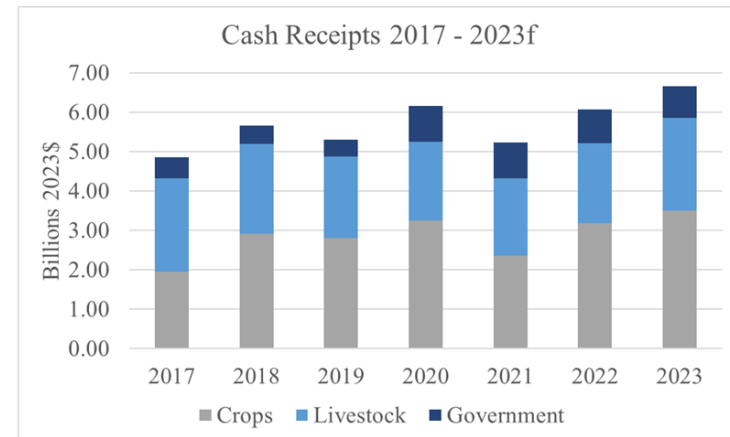
Source: <https://www.ers.usda.gov/data-products/livestock-and-meat-international-trade-data>

2024 Futures Prices (\$/lb., no basis adjustment - 12/30/23)

Location	2024			
	March	May	August	October
Chicago Mercantile Exchange				
Feeder Cattle	2.25	2.36	2.50	2.54
Live Cattle	1.68	1.72	1.71	1.76

FINANCIAL HEALTH AND TRENDS

Cash Receipts (Adjusted for Inflation)



Source: 2017 Agricultural Census and USDA Quick Stats (2023)

AGRICULTURAL POLICY (FARM BILL)

Farm Bill: What do the farm groups want?

- Higher “**references prices**” and thus increased subsidies from the ARC/PLC program
- Expanded crop insurance products and subsidies, including policies that explicit protect farmers against **higher input prices**
- Highly supportive of the IRA increased spending on **conservation** (EQIP and CSP) programs
- Increased use of ad hoc (**disaster**) aid programs
- Some mention of increased funding for public **research and development** programs

Farm Bill Challenges

❑ \$50 Billion Question

❑ Trade-offs (*source of funds*)

- ❑ Conservation
- ❑ Supplemental Nutrition Program
- ❑ Rural Development

❑ Trade-offs (*use of funds*)

- ❑ Statutory/Effective *Reference Price*
- ❑ for Price Loss Coverage (PLC) Trigger

Farm Bill Challenges

– Other Impacts (trade-offs)

- Farmer against farmer – conservation for disaster programs
- Farmers against rural communities and low-income households

– *Timing*

- “strong financial years (2020 – 2023) for US agriculture”

Summary

- Commodity Prices and Production
- Financial Health
- Agricultural Policy (Farm Bill)

Questions

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Montana's Forest Products Industry Update

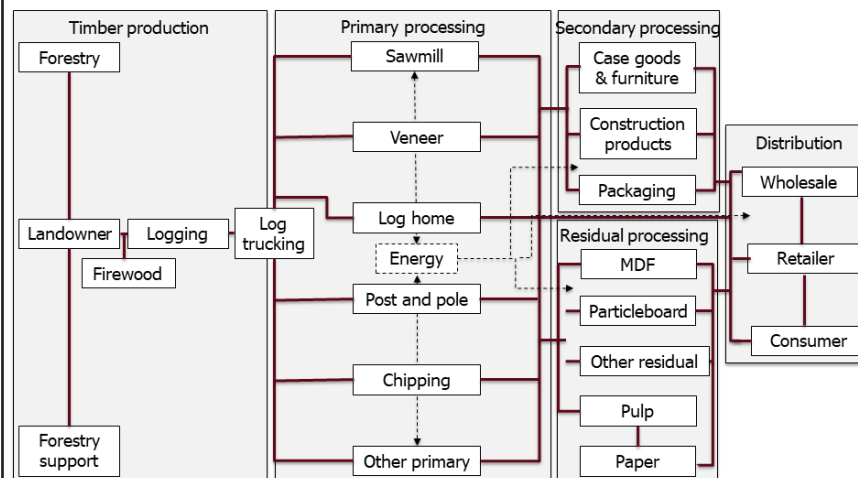
Status and Trends

Samuel Scott
Forest Economist
Bureau of Business and Economic Research



Montana's Forest Products Industry

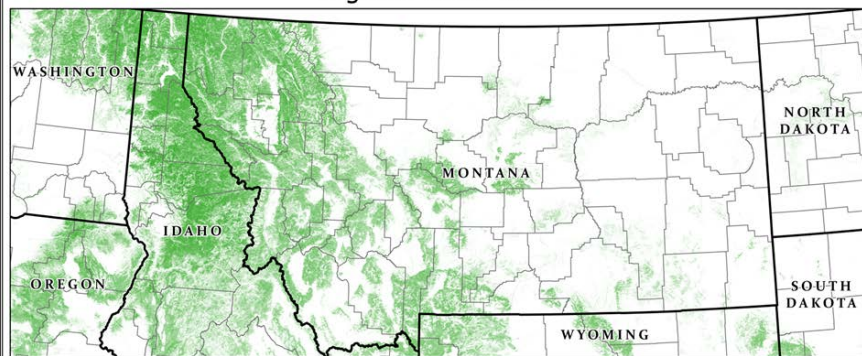
Regional Wood Products Supply Chain



Montana's Forest Products Industry

State of the Industry

Regional forest cover



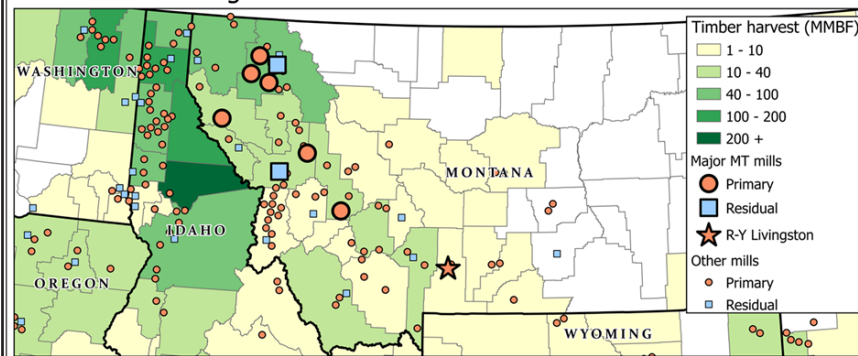
Source: USGS NLCD



Montana's Forest Products Industry

State of the Industry

Regional timber harvest and mill locations

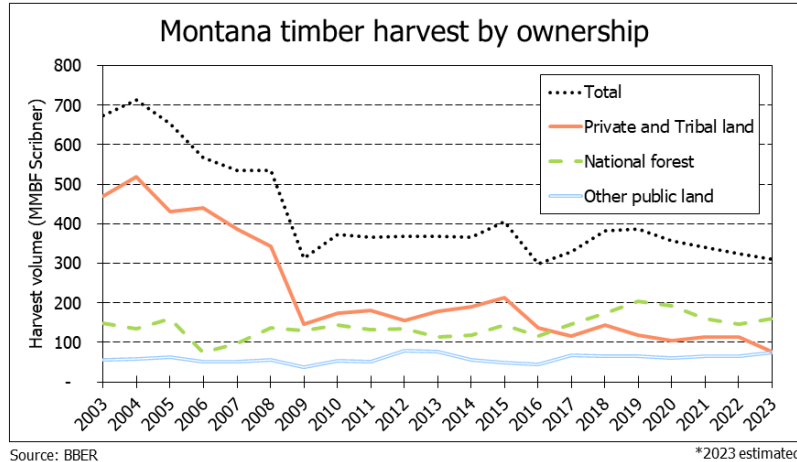


Source: BBER, USFS NRUMS



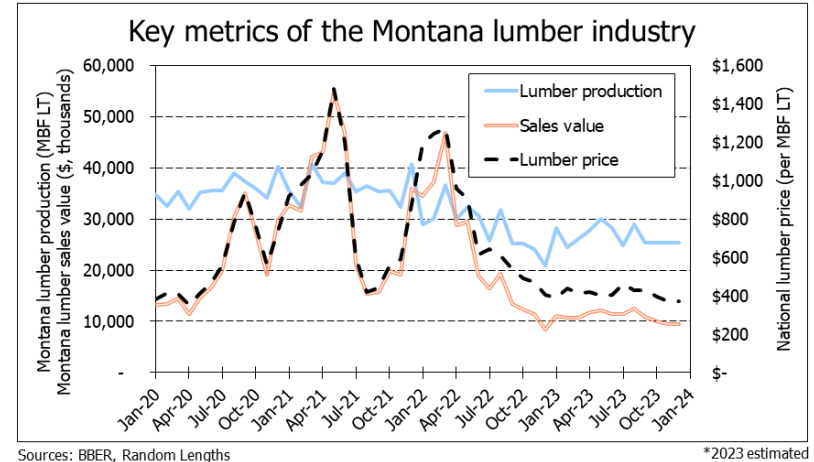
Montana's Forest Products Industry

Trends of the industry



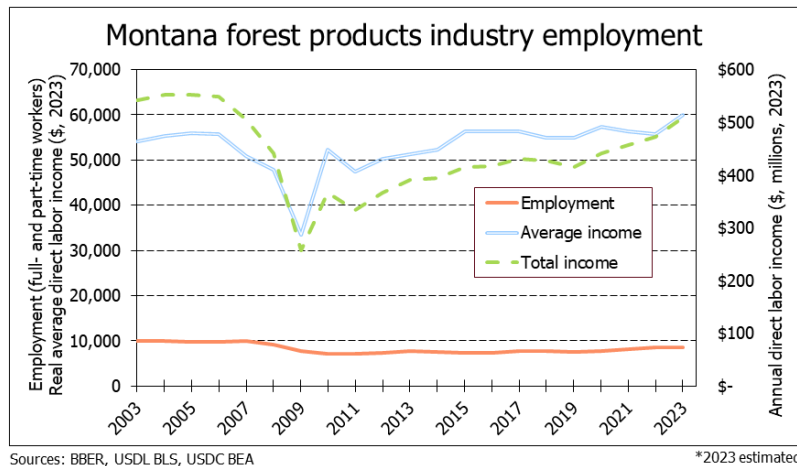
Montana's Forest Products Industry

Trends of the industry



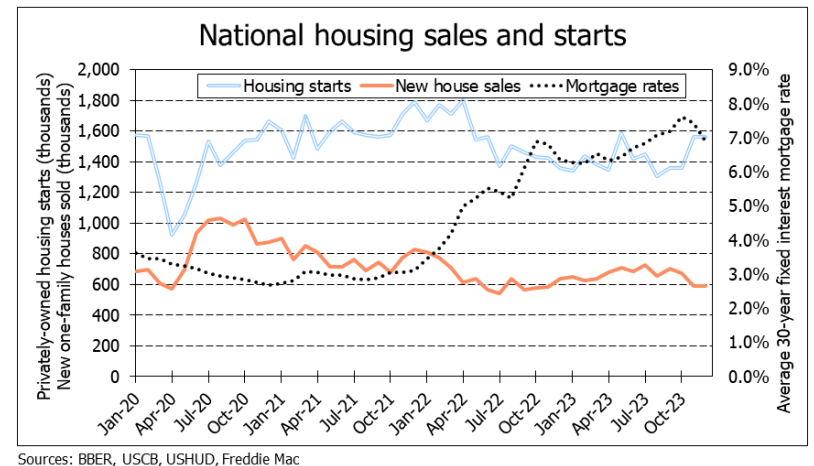
Montana's Forest Products Industry

Trends of the industry



Montana's Forest Products Industry

Trends of the industry



Montana's Forest Products Industry

Trends of the industry

	2003	2013	2022	2023
Timber harvest (MMBF Scribner)	674	368	325	311
Lumber production (MMBF-LT)	1,078	562	342	326
Primary sales (millions, 2023)	\$1,270	\$669	\$639	\$371
Total labor income (millions, 2023)	\$542	\$392	\$473	\$508
Private sector workers	10,033	7,631	8,470	8,479
Labor income per worker (2023)	\$54,010	\$51,314	\$55,819	\$59,952

Three Takeaways

- Industry impact is diverse and widespread
- Industry is key to managing our forests
- Housing construction tied to interest rates, but housing supply still low

Contact us



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The Economic Outlook for Cascade County

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



Cascade Outlook

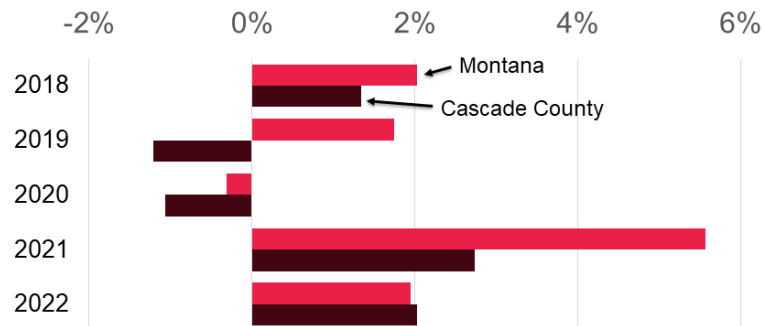
What Are the Most Prominent Industries in Cascade County?



Cascade Outlook

GDP Data Indicate Growth Slowdown

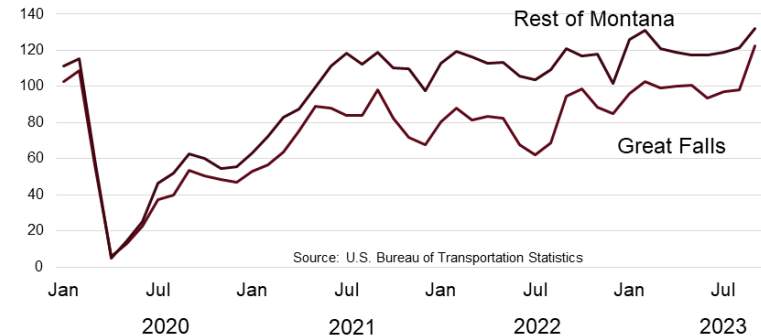
Percent Change in Real Gross Domestic Product



Cascade Outlook

Airport Passenger Volume Has Recovered

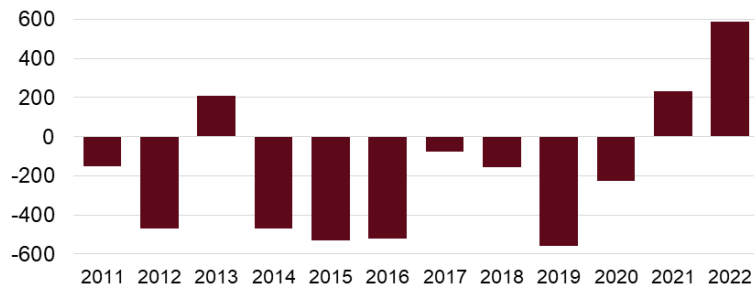
Enplanements Relative to 2019 Levels, Percent



Cascade Outlook

Population Migration Has Swung Positive

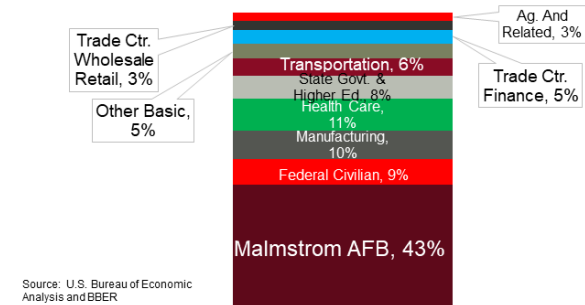
Net Population Migration, 2011-2022, Cascade County



Source: U.S. Census Bureau

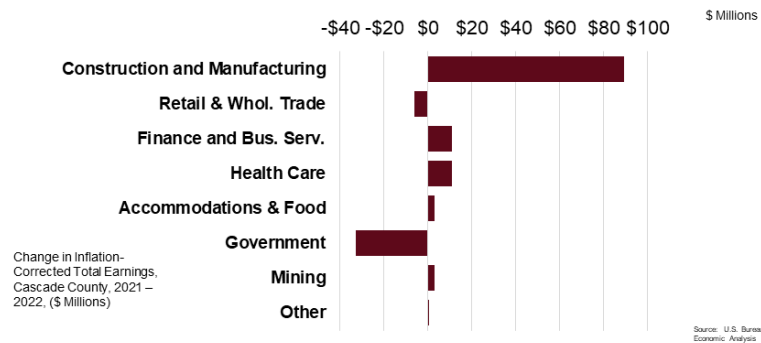
Drivers of Economic Activity

Percent Share of Income in Basic Industries, Cascade County



Source: U.S. Bureau of Economic Analysis and BBER

Construction Surge Was Huge in 2022



Change in Inflation-Corrected Total Earnings, Cascade County, 2021 – 2022, (\$ Millions)

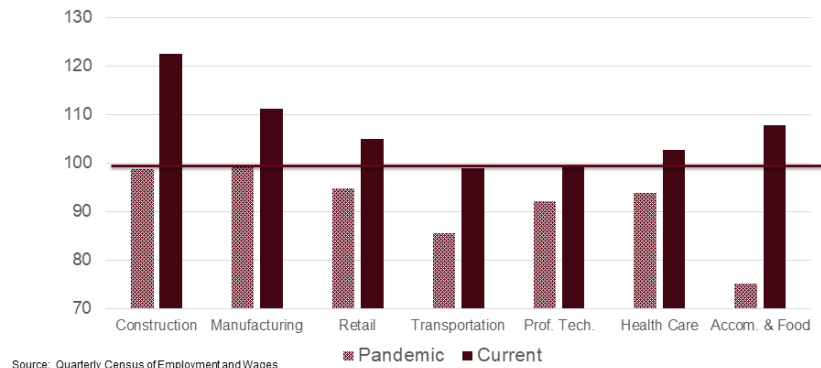
Source: U.S. Bureau of Economic Analysis

Wages and Employment, Cascade County, 2020Q1 – 2023Q2

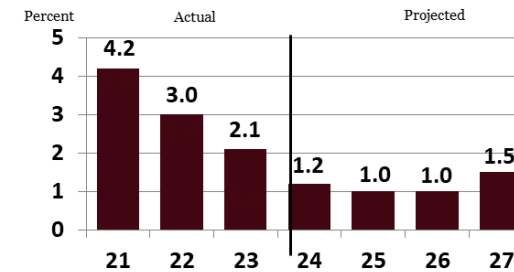


Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

Cascade County Employment as Percent of pre-Pandemic Levels



Growth in Nonfarm Earnings, Cascade County, 2021-2027



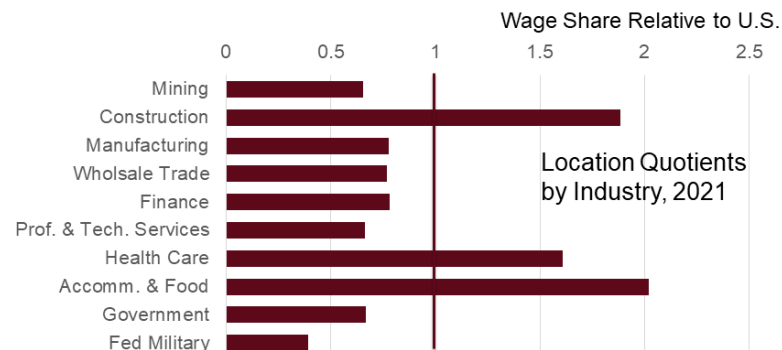
The Economic Outlook for Flathead County

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



Flathead Outlook

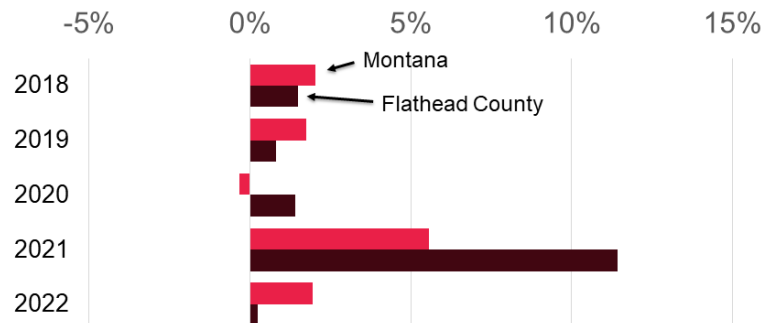
What Are the Most Prominent Industries in Flathead County?



Flathead Outlook

GDP Data Indicate Growth Slowdown

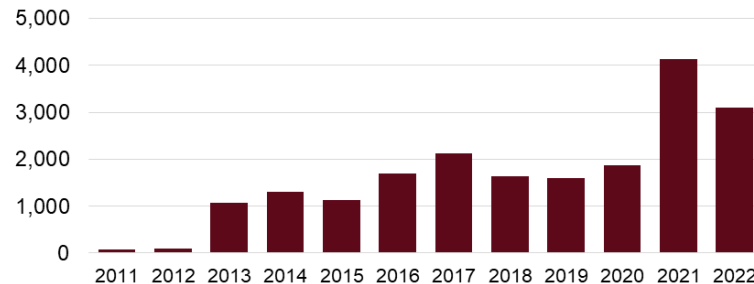
Percent Change in Real Gross Domestic Product



Flathead Outlook

Surge in Population Migration Continues

Net Population Migration, 2011-2022, Flathead County



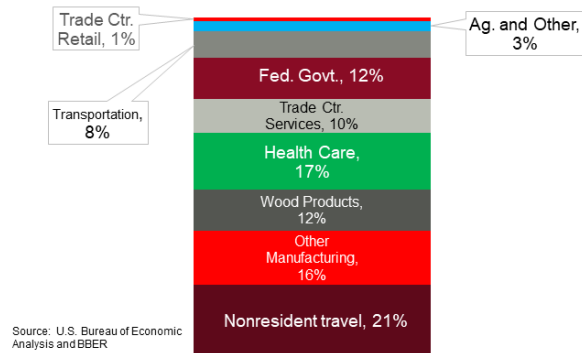
Source: U.S. Census Bureau



Flathead Outlook

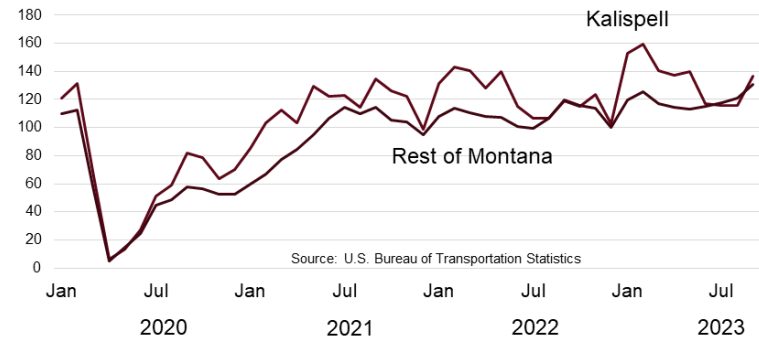
Drivers of Economic Activity

Percent Share of Income in Basic Industries, Flathead County

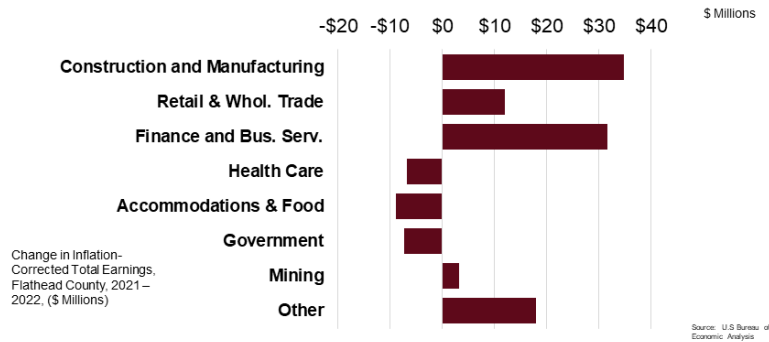


Glacier Airport Outperforming State

Enplanements Relative to 2019 Levels, Percent

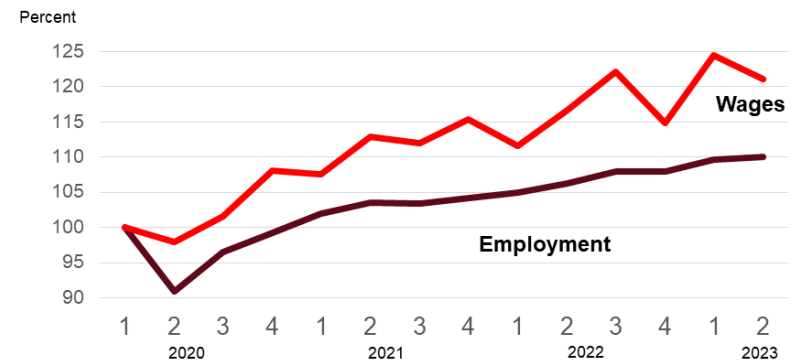


Surge in Visitor Spending Has Crested

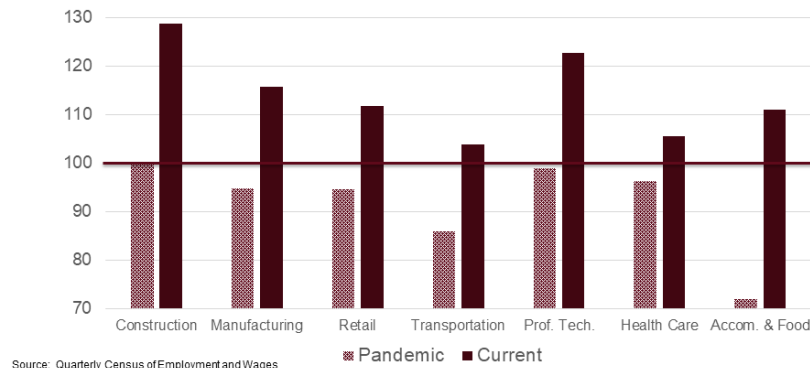


Wages and Employment, Flathead County, 2020Q1 – 2023Q2

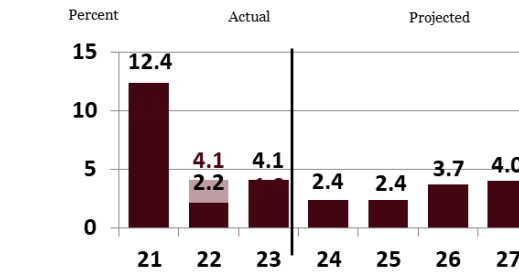
Seasonally Adjusted Index, 2019Q1 = 100



Flathead County Employment as Percent of Pre-Pandemic Levels



Growth in Nonfarm Earnings, Flathead County, 2021-2027



Source: BBER and U.S. Bureau of Economic Analysis

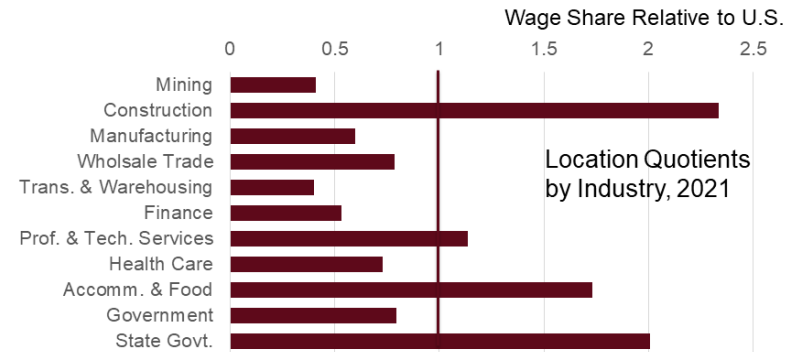
The Economic Outlook for Gallatin County

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



Gallatin Outlook

What Are the Most Prominent Industries in Gallatin County?



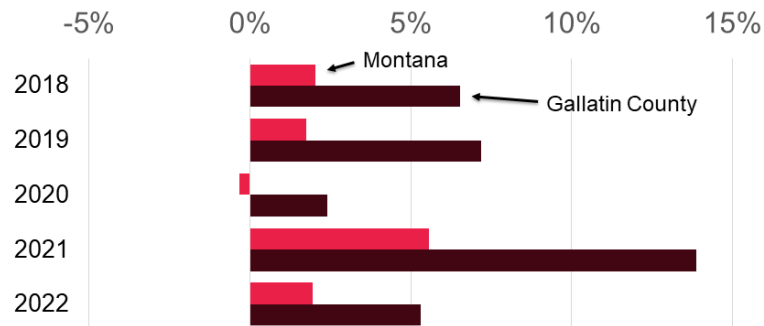
Source: U.S. Bureau of Economic Analysis



Gallatin Outlook

GDP Data Indicate Growth Slowdown

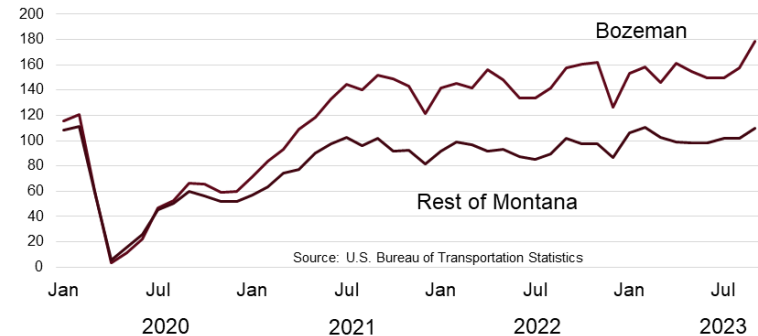
Percent Change in Real Gross Domestic Product



Gallatin Outlook

Bozeman Airport 60% Larger Than 2019

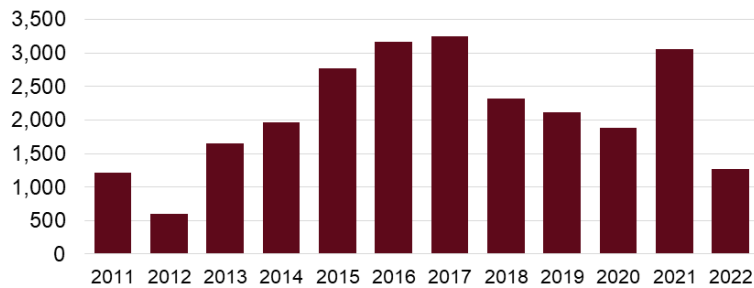
Enplanements Relative to 2019 Levels, Percent



Gallatin Outlook

Surge in Population Migration Moderated

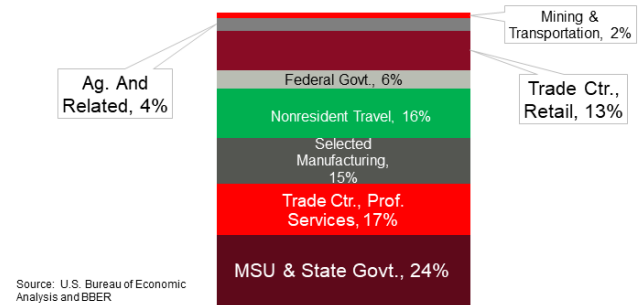
Net Population Migration, 2011-2022, Gallatin County



Source: U.S. Census Bureau

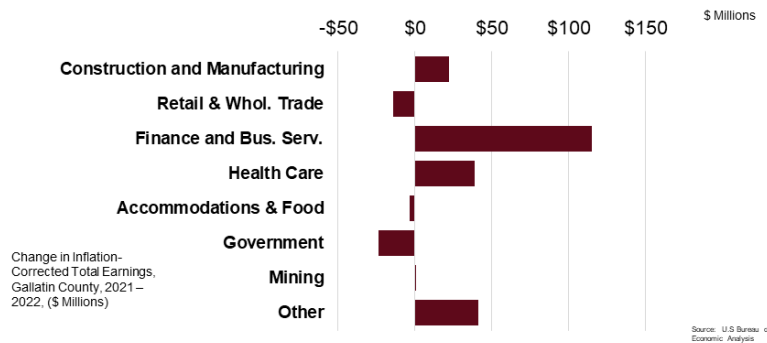
Drivers of Economic Activity

Percent Share of Income in Basic Industries, Gallatin County



Source: U.S. Bureau of Economic Analysis and BBER

Tech Growth Still Surging

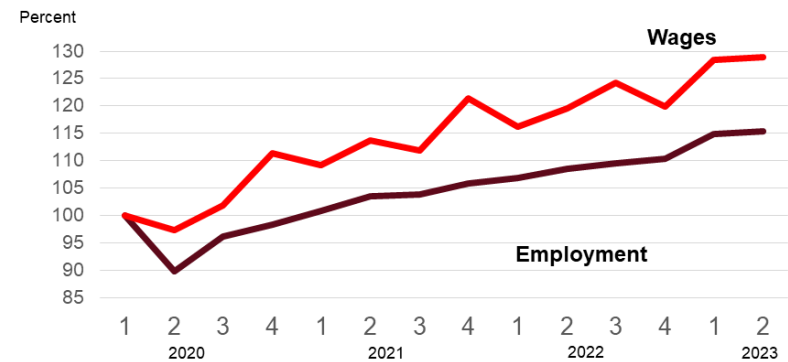


Change in Inflation-Corrected Total Earnings, Gallatin County, 2021 – 2022, (\$ Millions)

Source: U.S. Bureau of Economic Analysis

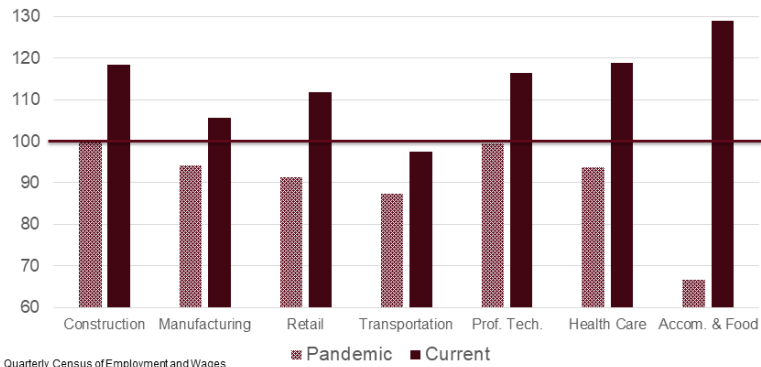
Wages and Employment, Gallatin County, 2020Q1 – 2023Q2

Seasonally Adjusted Index, 2019Q1 = 100

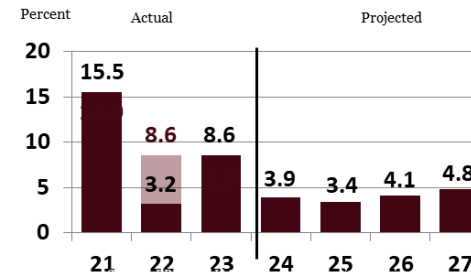


Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

Gallatin County Employment as Percent of Pre-Pandemic Levels



Growth in Nonfarm Earnings, Gallatin County, 2021-2027



Source: BBER and U.S. Bureau of Economic Analysis

The Economic Outlook for Lewis and Clark County

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



Lewis and Clark Outlook

What Are the Most Prominent Industries in Lewis and Clark County?



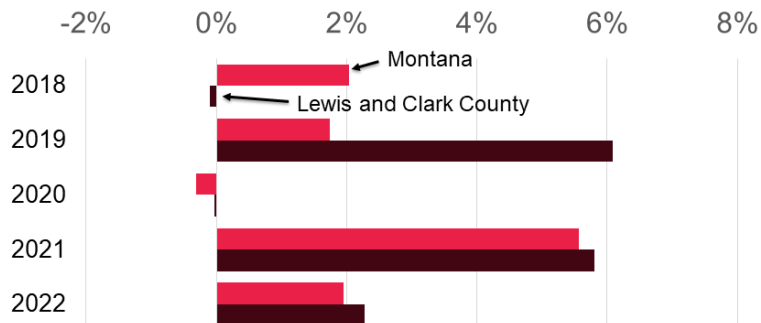
Source: U.S. Bureau of Economic Analysis



Lewis and Clark Outlook

GDP Data Indicate Growth Slowdown

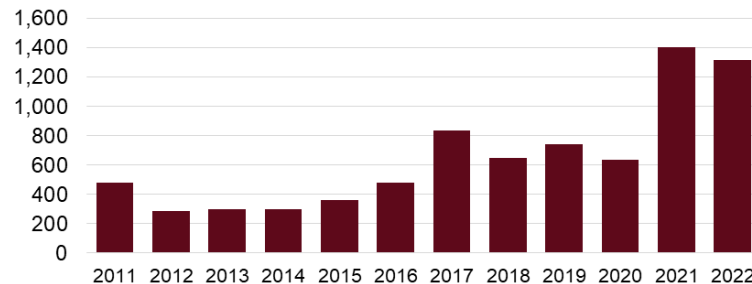
Percent Change in Real Gross Domestic Product



Lewis and Clark Outlook

Surge in Population Migration Continued

Net Population Migration, 2011-2022, Lewis and Clark County



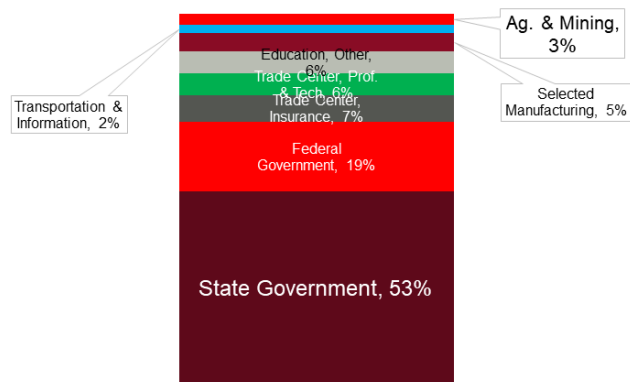
Source: U.S. Census Bureau



Lewis and Clark Outlook

Drivers of Economic Activity

Percent Share of Income in Basic Industries, Lewis and Clark County

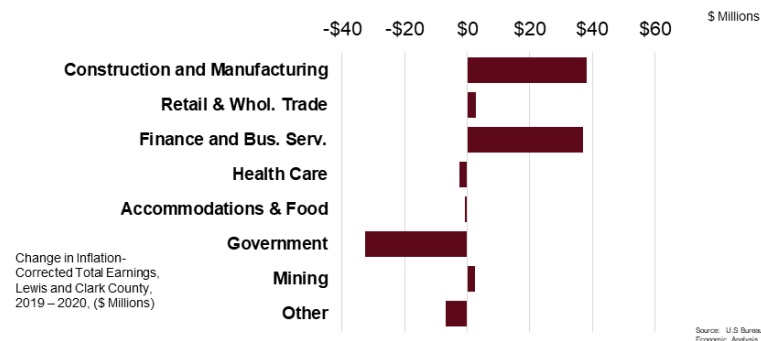


Source: U.S. Bureau of Economic Analysis and BBER



Lewis and Clark Outlook

Government Activity Falls to Earth



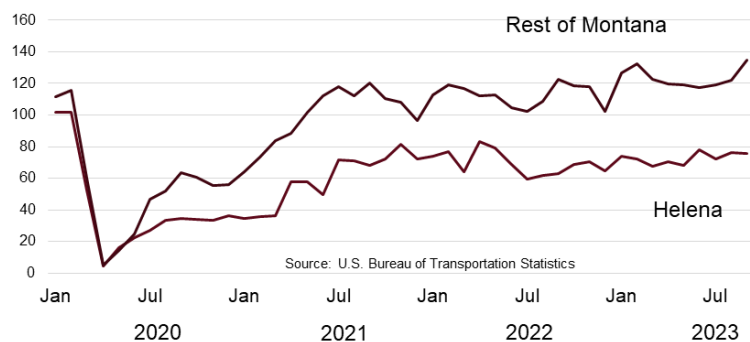
Source: U.S. Bureau of Economic Analysis



Lewis and Clark Outlook

Airport Passenger Volume Not Yet Recovered

Enplanements Relative to 2019 Levels, Percent



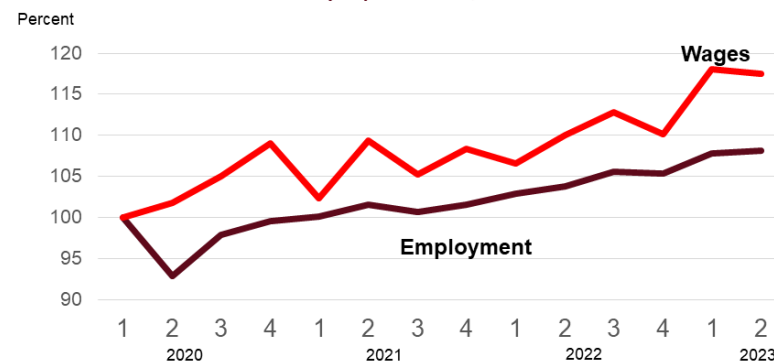
Source: U.S. Bureau of Transportation Statistics



Lewis and Clark Outlook

Wages and Employment, Lewis and Clark County, 2020Q1 – 2023Q2

Seasonally Adjusted Index, 2019Q1 = 100

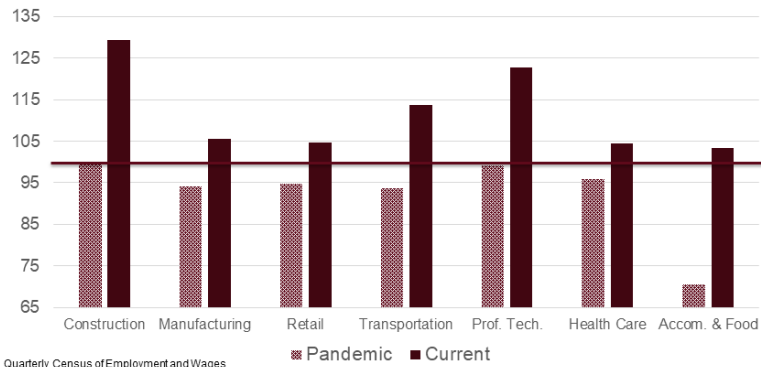


Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

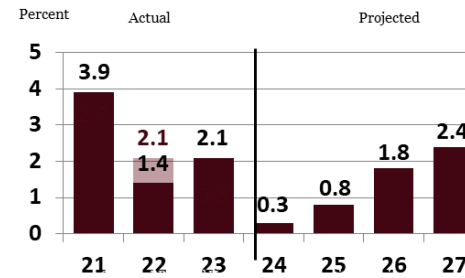


Lewis and Clark Outlook

Lewis and Clark County Employment as Percent of Pre-Pandemic Levels



Growth in Nonfarm Earnings, Lewis and Clark County, 2021-2027



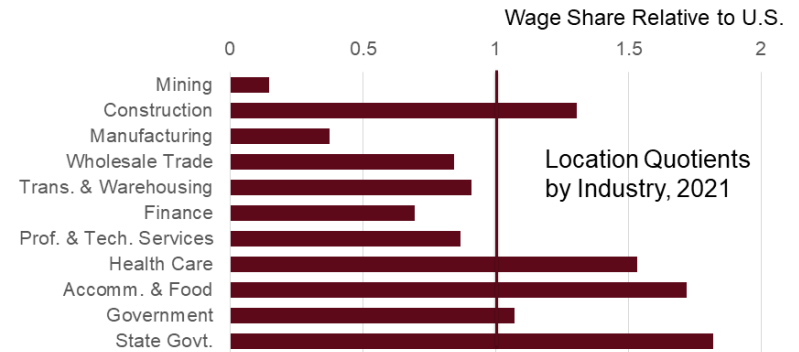
The Economic Outlook for Missoula and Ravalli Counties

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



Missoula Outlook

What Are the Most Prominent Industries in Missoula County?

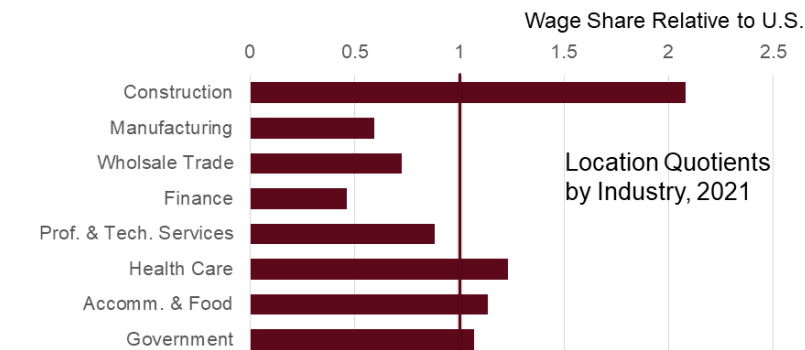


Source: U.S. Bureau of Economic Analysis



Missoula Outlook

What Are the Most Prominent Industries in Ravalli County?



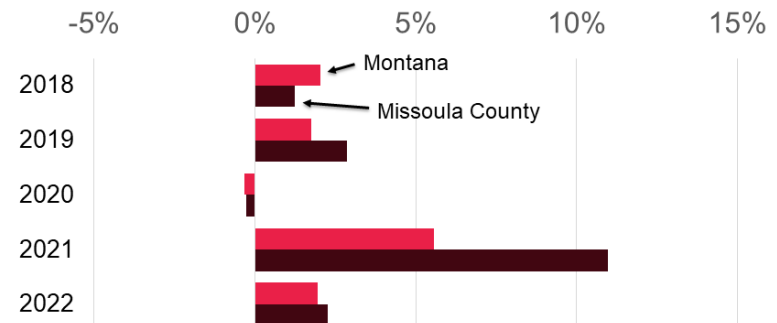
Source: U.S. Bureau of Economic Analysis



Missoula Outlook

GDP Data Indicate Growth Slowdown

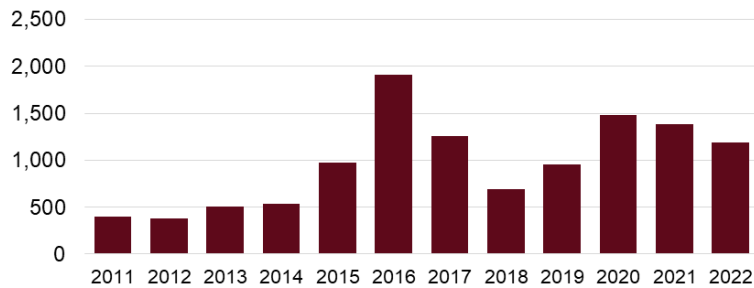
Percent Change in Real Gross Domestic Product



Missoula Outlook

Surge in Population Migration Moderated

Net Population Migration, 2011-2022, Missoula County



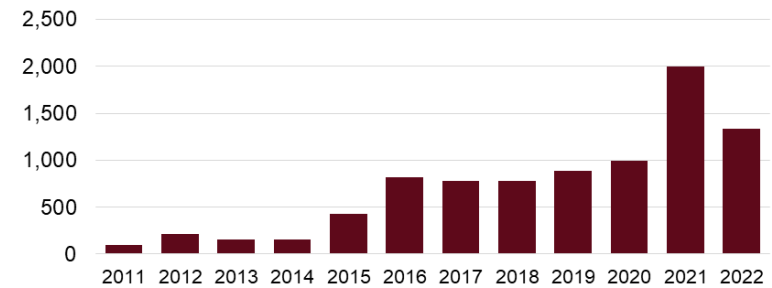
Source: U.S. Census Bureau



Missoula Outlook

Surge in Population Migration Moderated

Net Population Migration, 2011-2022, Ravalli County



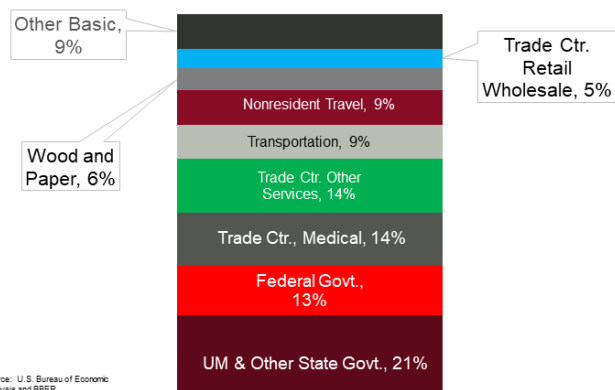
Source: U.S. Census Bureau



Missoula Outlook

Drivers of Economic Activity

Percent Share of Income in Basic Industries, Missoula County



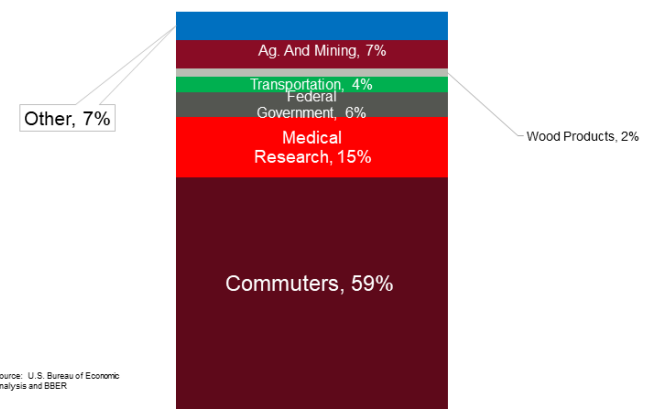
Source: U.S. Bureau of Economic Analysis and BBER



Missoula Outlook

Drivers of Economic Activity

Percent Share of Income in Basic Industries, Ravalli County

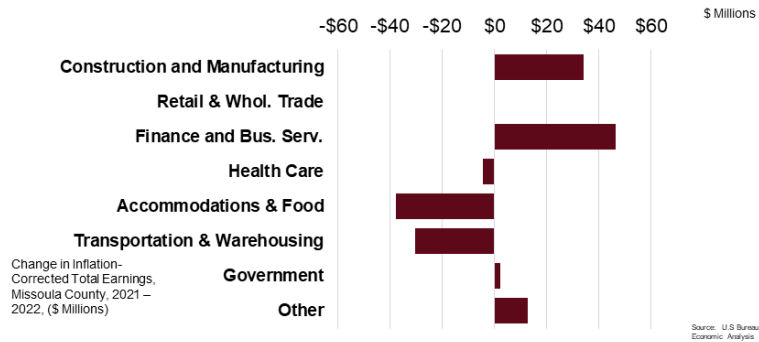


Source: U.S. Bureau of Economic Analysis and BBER



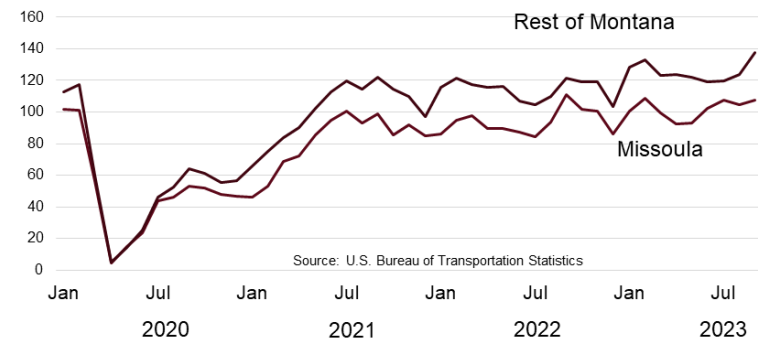
Missoula Outlook

Surge in Visitor Spending Has Crested



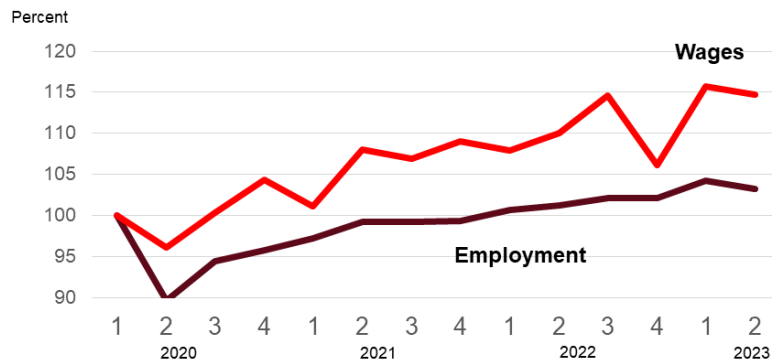
Airport Passenger Volume Has Recovered

Enplanements Relative to 2019 Levels, Percent



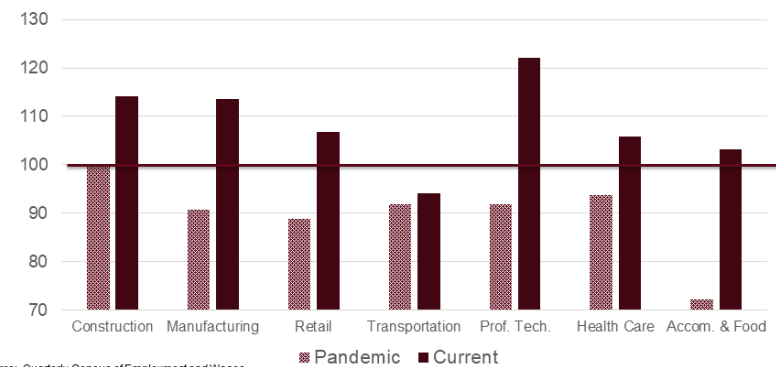
Wages and Employment, Missoula County, 2020Q1 – 2023Q2

Seasonally Adjusted Index, 2019Q1 = 100



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

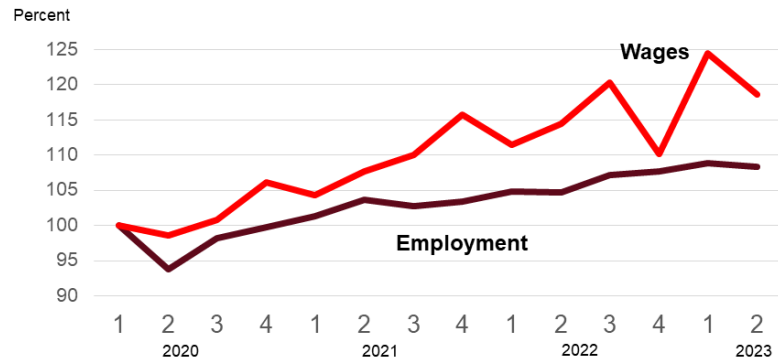
Missoula County Employment as Percent of Pre-Pandemic Levels



Source: Quarterly Census of Employment and Wages

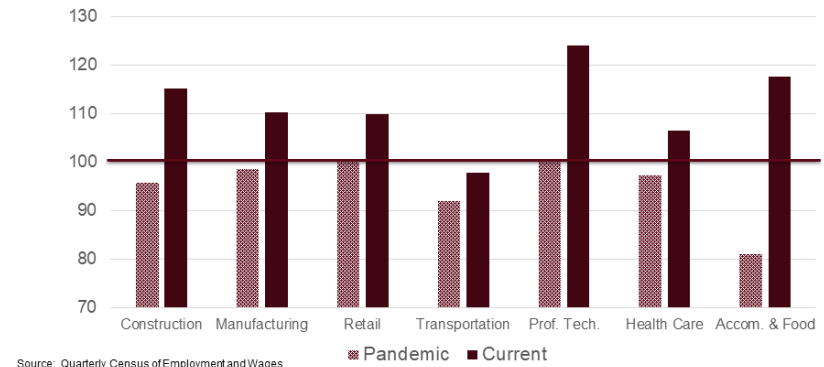
Wages and Employment, Ravalli County, 2020Q1 – 2023Q2

Seasonally Adjusted Index, 2018Q1 = 100



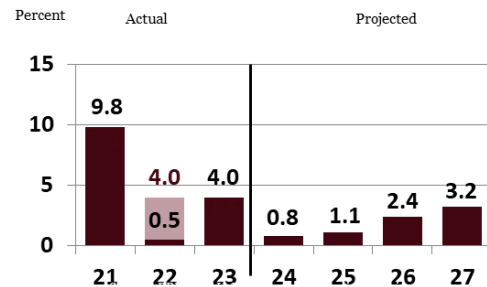
Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

Ravalli County Employment as Percent of Pre-Pandemic Levels



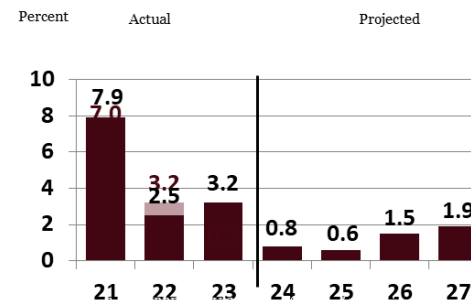
Source: Quarterly Census of Employment and Wages

Growth in Nonfarm Earnings, Missoula County, 2021-2027



Source: BBER and U.S. Bureau of Economic Analysis

Growth in Nonfarm Earnings, Ravalli County, 2021-2027



Source: BBER and U.S. Bureau of Economic Analysis

The Economic Outlook for Silver Bow County

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



Silver Bow Outlook

What Are the Most Prominent Industries in Silver Bow County?



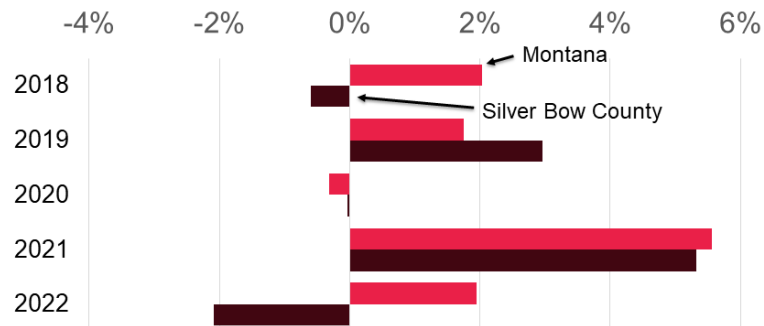
Source: U.S. Bureau of Economic Analysis



Silver Bow Outlook

GDP Data Indicate Growth Slowdown

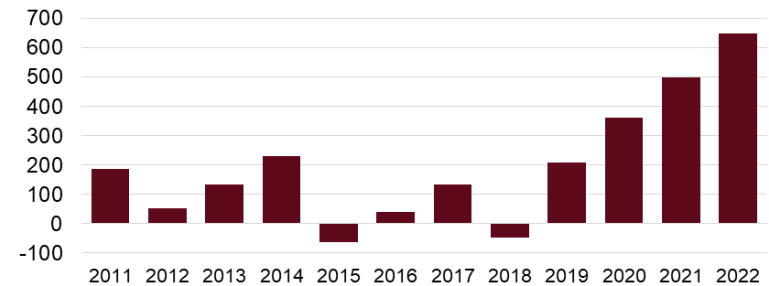
Percent Change in Real Gross Domestic Product



Silver Bow Outlook

Surge in Population Migration Continued

Net Population Migration, 2011-2022, Silver Bow County



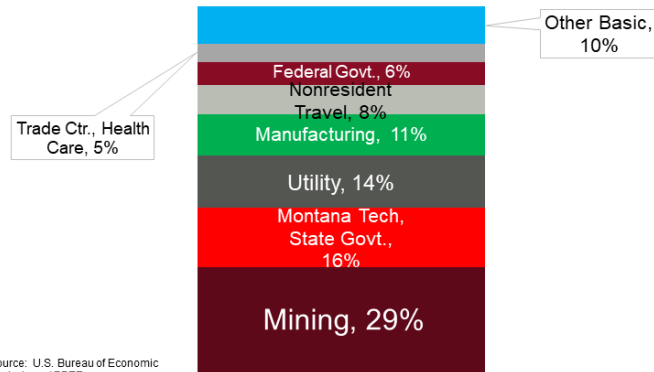
Source: U.S. Census Bureau



Silver Bow Outlook

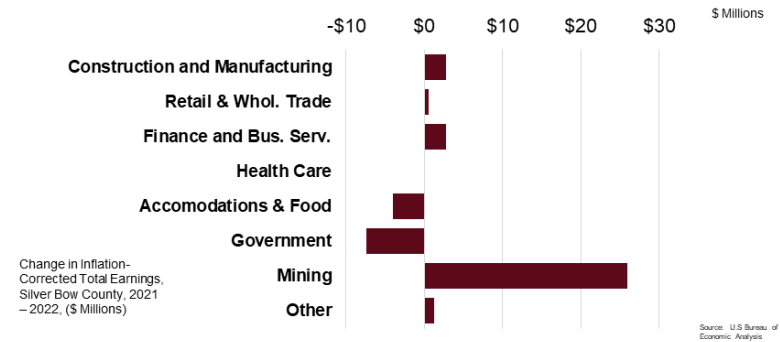
Drivers of Economic Activity

Percent Share of Income in Basic Industries, Silver Bow County



Source: U.S. Bureau of Economic Analysis and BBER

Mining Earnings Stood Out in 2022

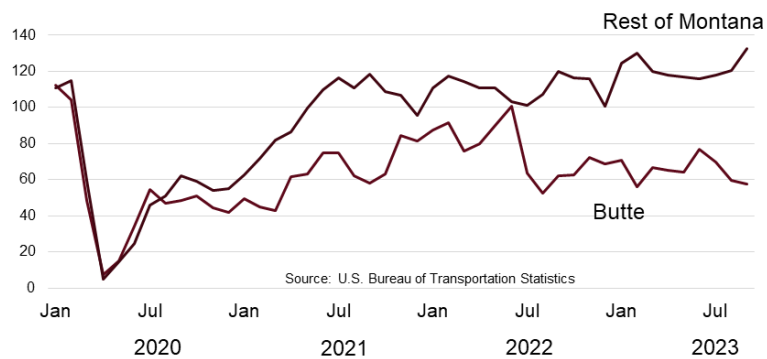


Change in Inflation-
Corrected Total Earnings,
Silver Bow County, 2021
– 2022, (\$ Millions)

Source: U.S. Bureau of
Economic Analysis

Butte Airport Has Lost Market Share

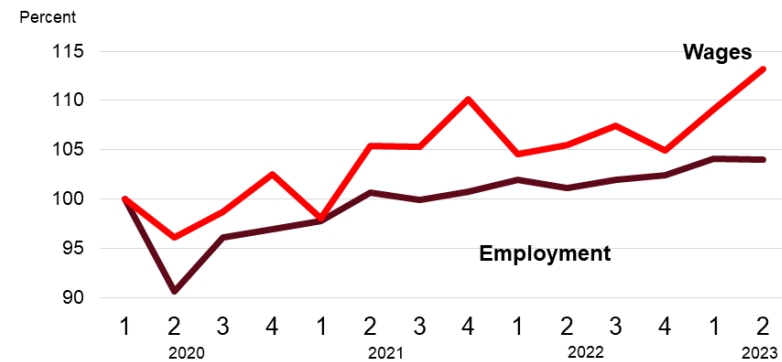
Enplanements Relative to 2019 Levels, Percent



Source: U.S. Bureau of Transportation Statistics

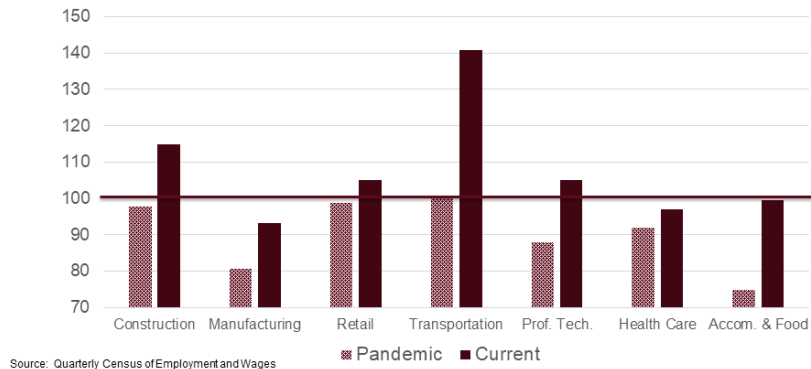
Wages and Employment, Silver Bow County, 2020Q1 – 2023Q2

Seasonally Adjusted Index, 2019Q1 = 100

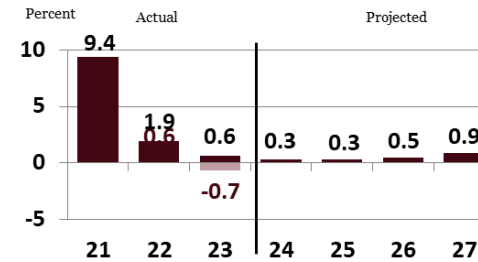


Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

Silver Bow County Employment as Percent of Pre-Pandemic Levels



Growth in Nonfarm Earnings, Silver Bow County, 2021-2027



Source: BBER and U.S. Bureau of Economic Analysis

The Economic Outlook for Yellowstone County

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



Yellowstone Outlook

What Are the Most Prominent Industries in Yellowstone County?



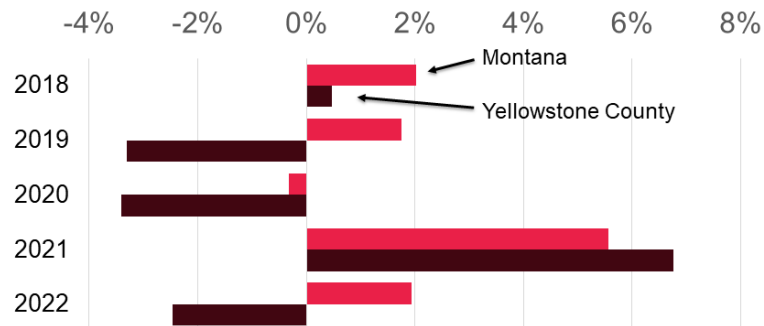
Source: U.S. Bureau of Economic Analysis



Yellowstone Outlook

GDP Data Indicate Growth Slowdown

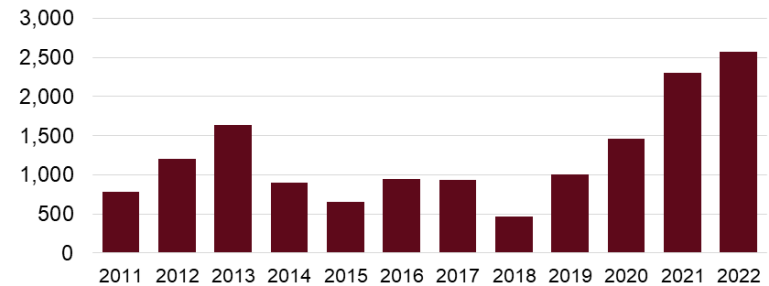
Percent Change in Real Gross Domestic Product



Yellowstone Outlook

Surge in Population Migration Continued

Net Population Migration, 2011-2022, Yellowstone County



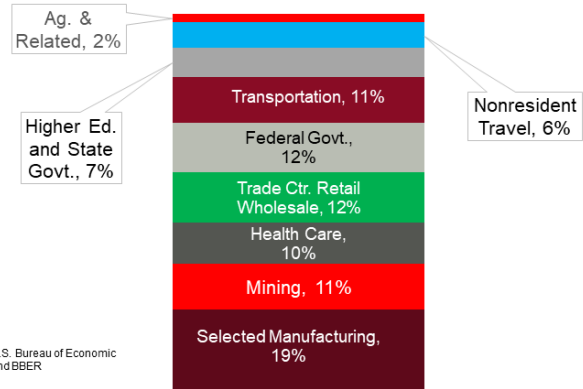
Source: U.S. Census Bureau



Yellowstone Outlook

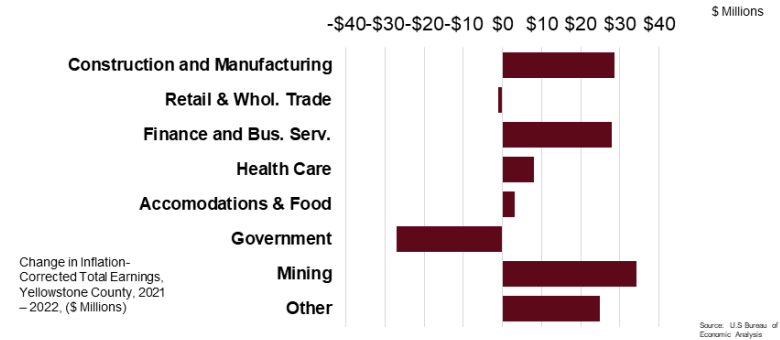
Drivers of Economic Activity

Percent Share of Income in Basic Industries, Yellowstone County



Source: U.S. Bureau of Economic Analysis and BBER

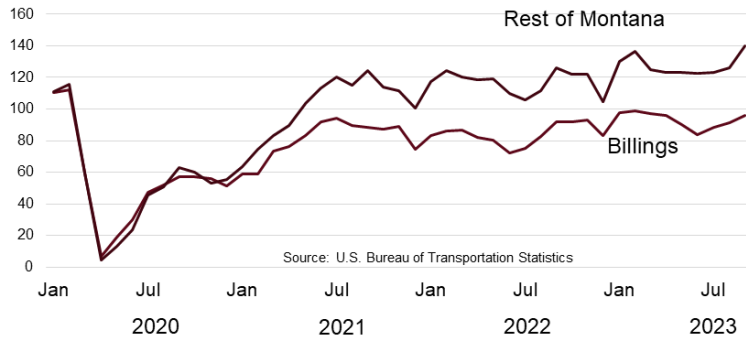
Surge in Visitor Spending Has Crested



Source: U.S. Bureau of Economic Analysis

Billings Airport Has Lost Market Share

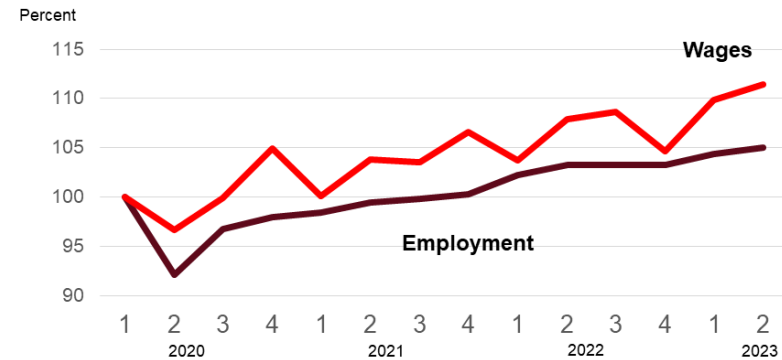
Enplanements Relative to 2019 Levels, Percent



Source: U.S. Bureau of Transportation Statistics

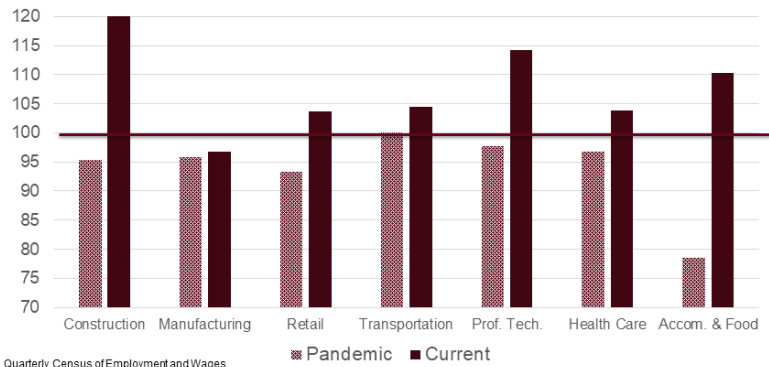
Wages and Employment, Yellowstone County, 2020Q1 – 2023Q2

Seasonally Adjusted Index, 2018Q1 = 100

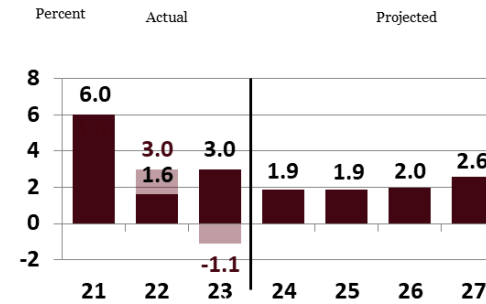


Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

Yellowstone County Employment as Percent of Pre-Pandemic Levels



Growth in Nonfarm Earnings, Yellowstone County, 2021-2027



Source: BBER and U.S. Bureau of Economic Analysis

NorthWestern[®] Energy



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