

# U.S. and Montana Economic Outlook: *Stronger Growth Ahead*

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# Short-Term Optimism, Long-Term Concerns

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## Short-Term

- Robust growth in emerging economies
- Corporate profits strong, spending awakening
- More tax stimulus
- Consumer debt stabilizing

## Long-Term

- Stimulus hangover
- Tax increases ahead
- Solvency of states
- Financial regulation: did we get it right?

# Divergent Growth, Divergent Policies



**Slow growth coming out of recession**  
New tax stimulus, aggressive  
Fed action

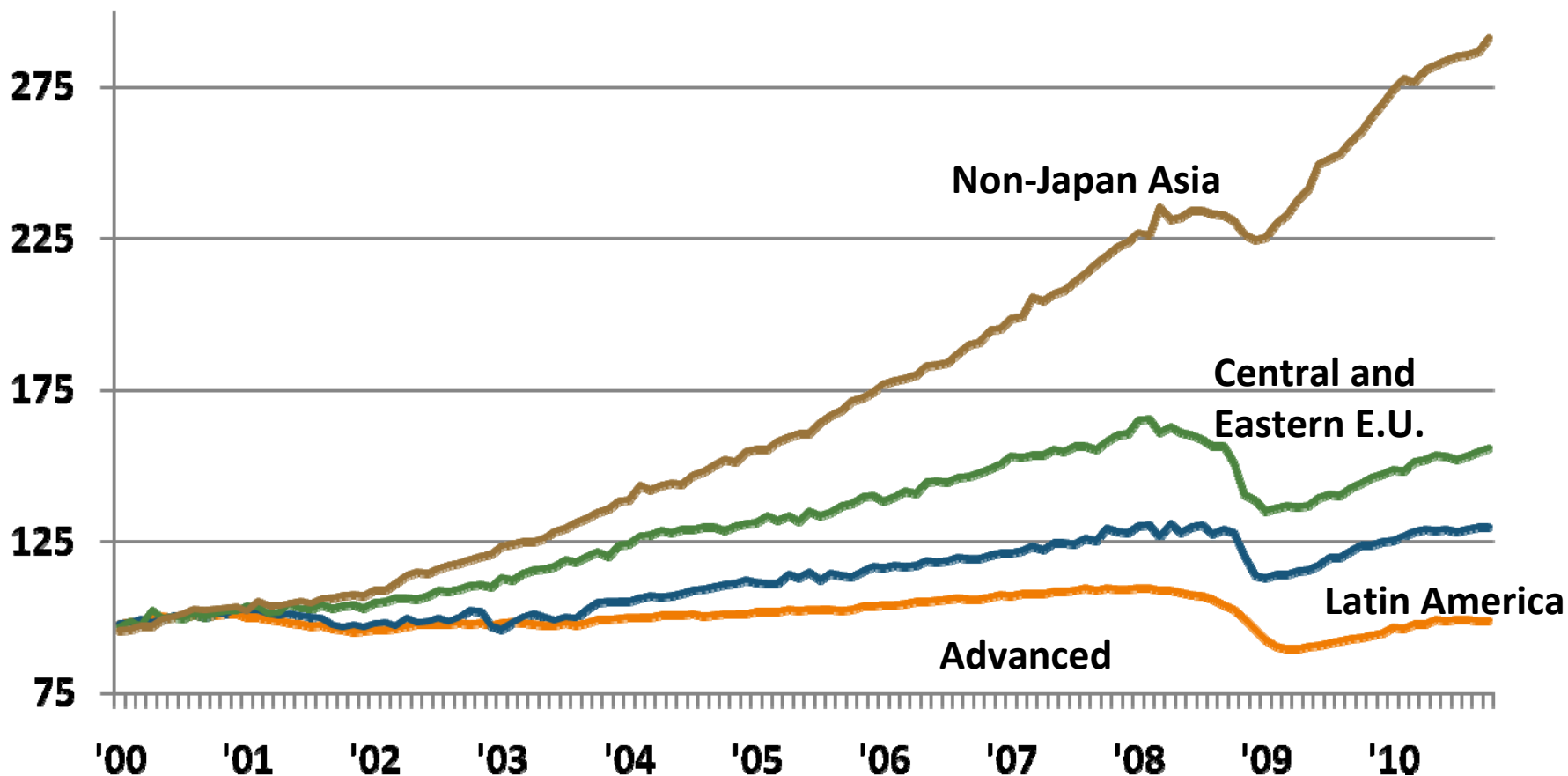


**On the brink of a second financial crisis due to  
default risks of Greece and other countries**  
Immediate and painful fiscal  
contractions underway

**Fast growth, rising inflation,  
appreciating currencies**  
Higher interest rates and  
active currency intervention



# Manufacturing Growth Since 2000 in Emerging Regions

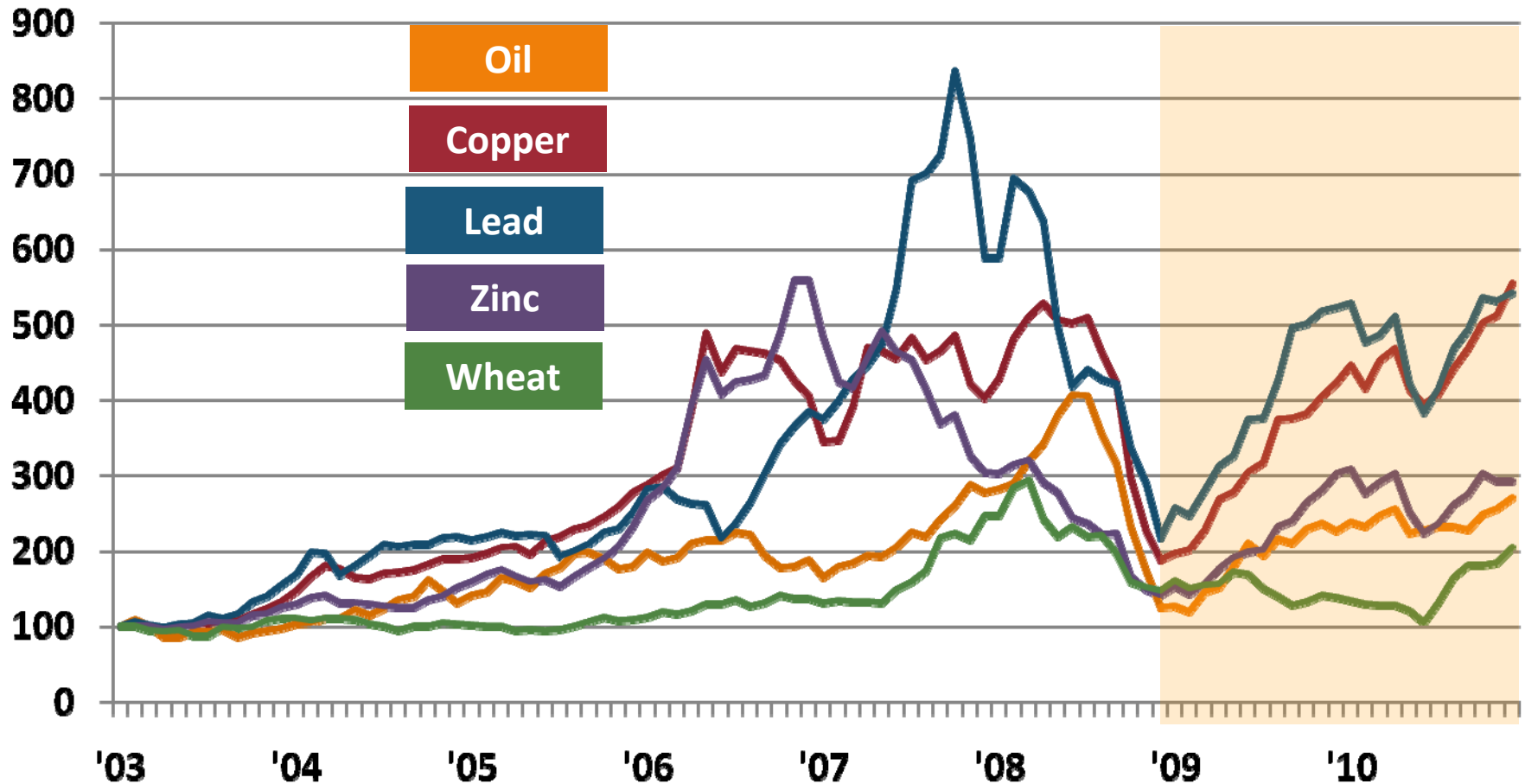


Indices of Industrial Production, 2000 = 100

Source: CPB Netherlands Bureau for Economic Policy Analysis

# Growth is Reflected in Commodity Prices

Index  
(January 2003 = 100)



# The U.S. Outlook for 2011

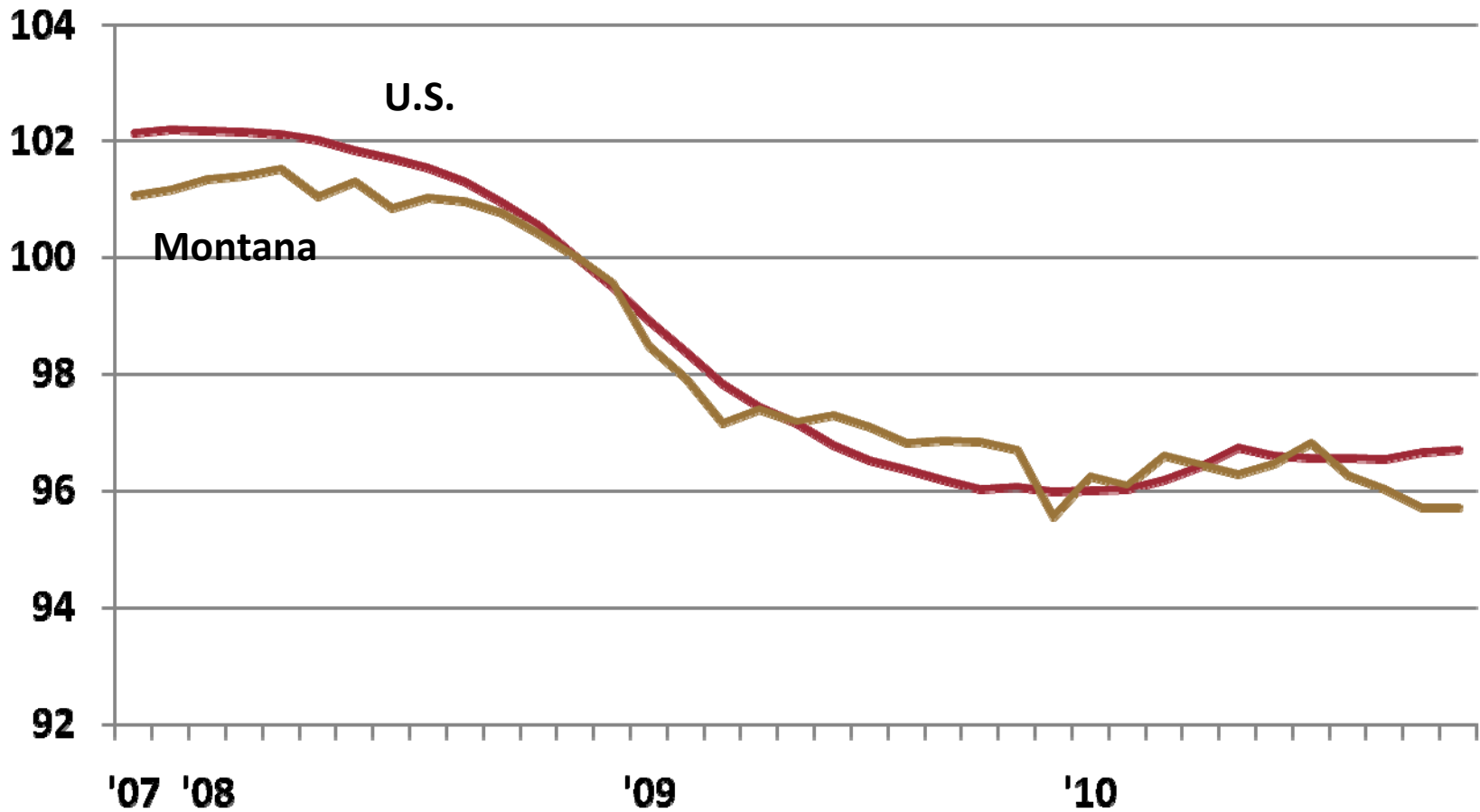
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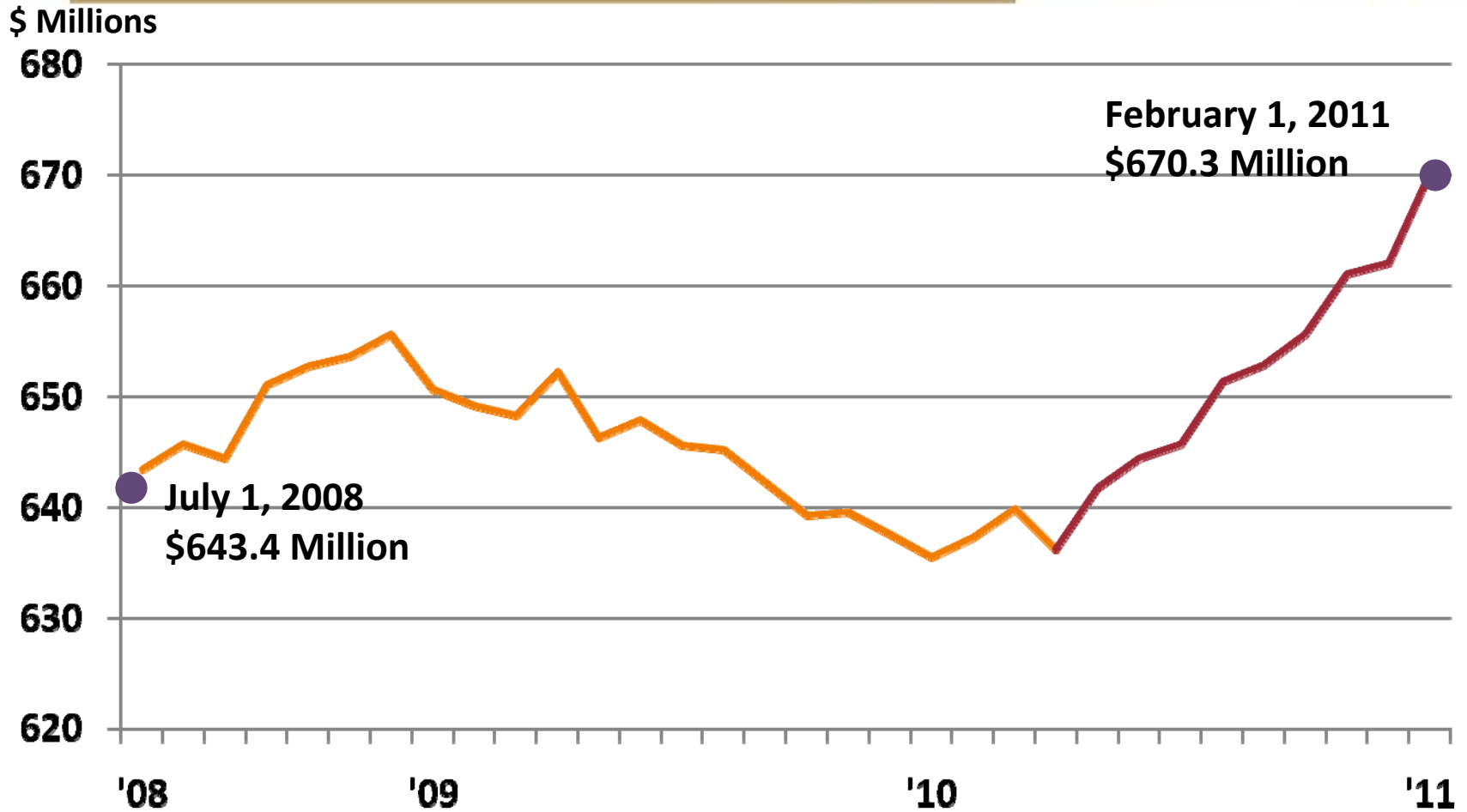
- **Depreciating dollar, faster growth abroad will boost exports**
- **Temporary cut in payroll taxes, extension of depreciation incentives gives an extra push**
- **Inflation is a non-problem**
- **3 percent growth will finally chip away at unemployment**
- **Risks to forecast are now more balanced**
- **Optimism fades beyond 2013**

# Nonfarm Wage and Salary Employment, Montana and U.S.

Index, Nov 2008=100



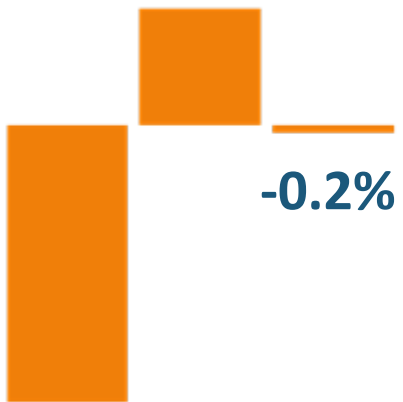
# Montana Income Tax Withholding 12-Month Totals





# Percent Growth in Wage and Salary Disbursements by Industry

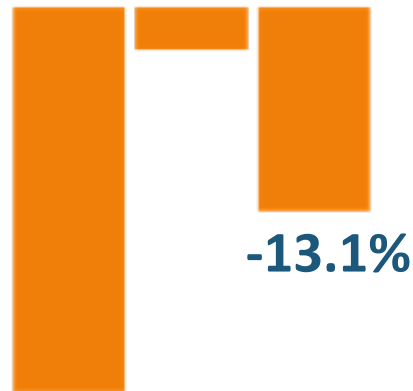
## Total Nonfarm



2009 2010

101.6%  
of 2007 4<sup>th</sup>  
Quarter Level

## Construction



2009 2010

75.7%  
of 2007 4<sup>th</sup>  
Quarter Level

## Manufacturing



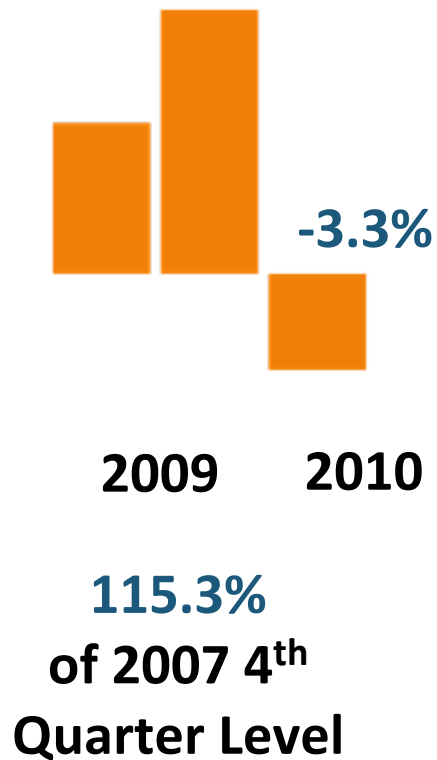
2009 2010

84.2%  
of 2007 4<sup>th</sup>  
Quarter Level

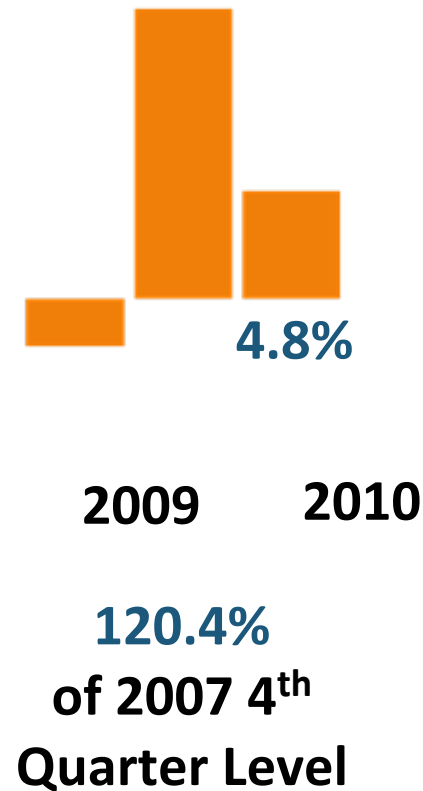
# Percent Growth in Wage and Salary Disbursements by Industry



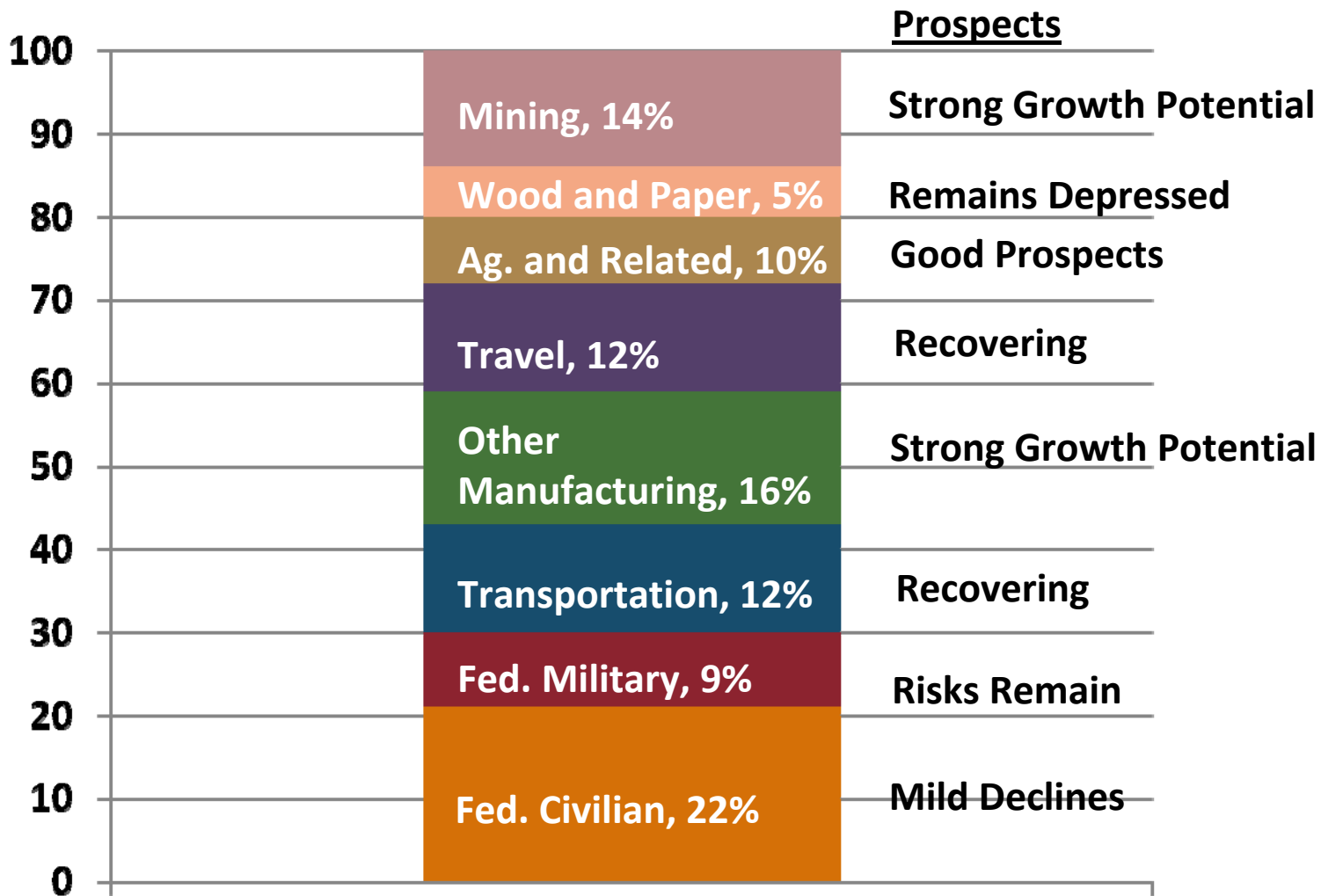
## Health Care



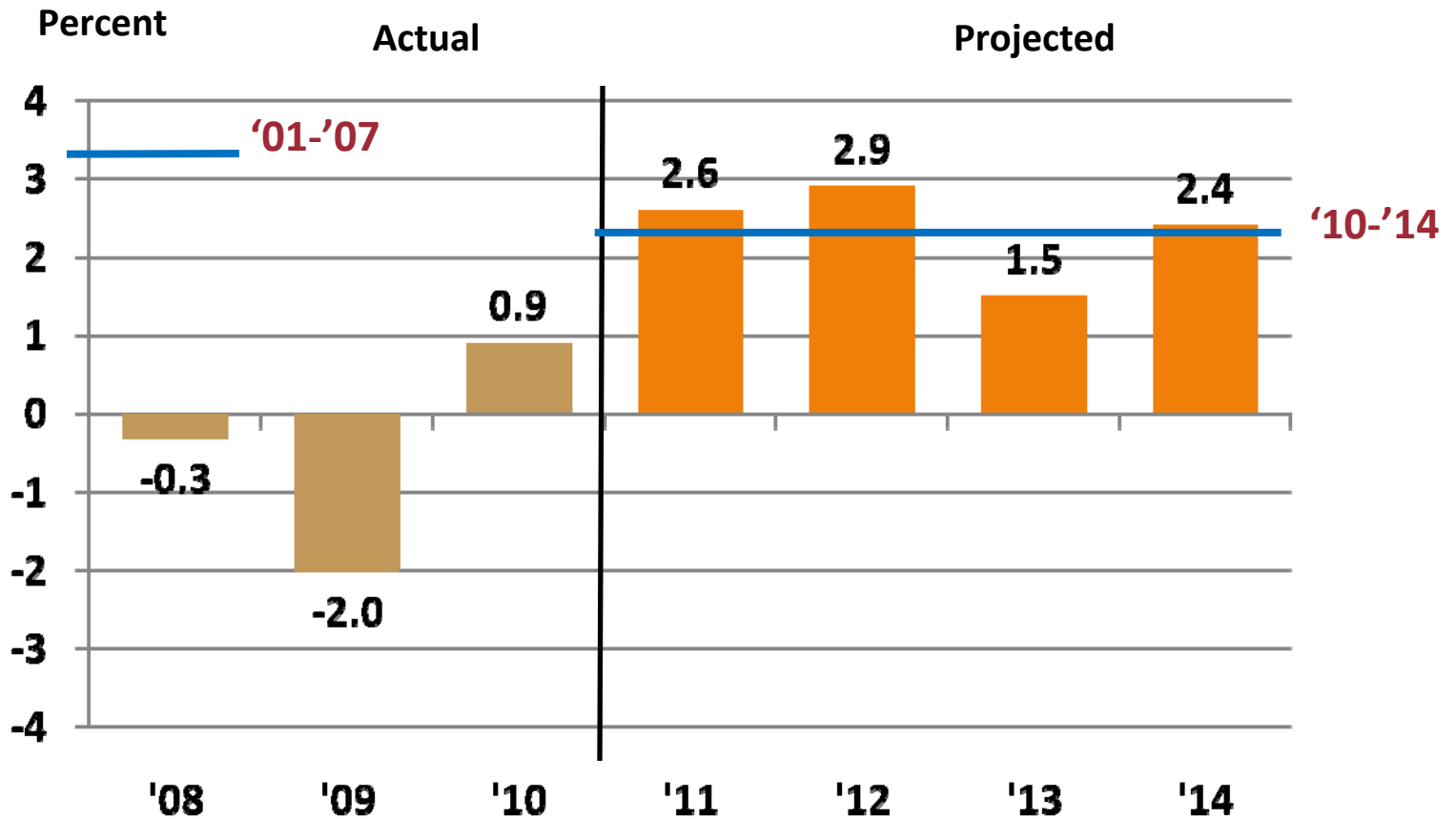
## Public Administration



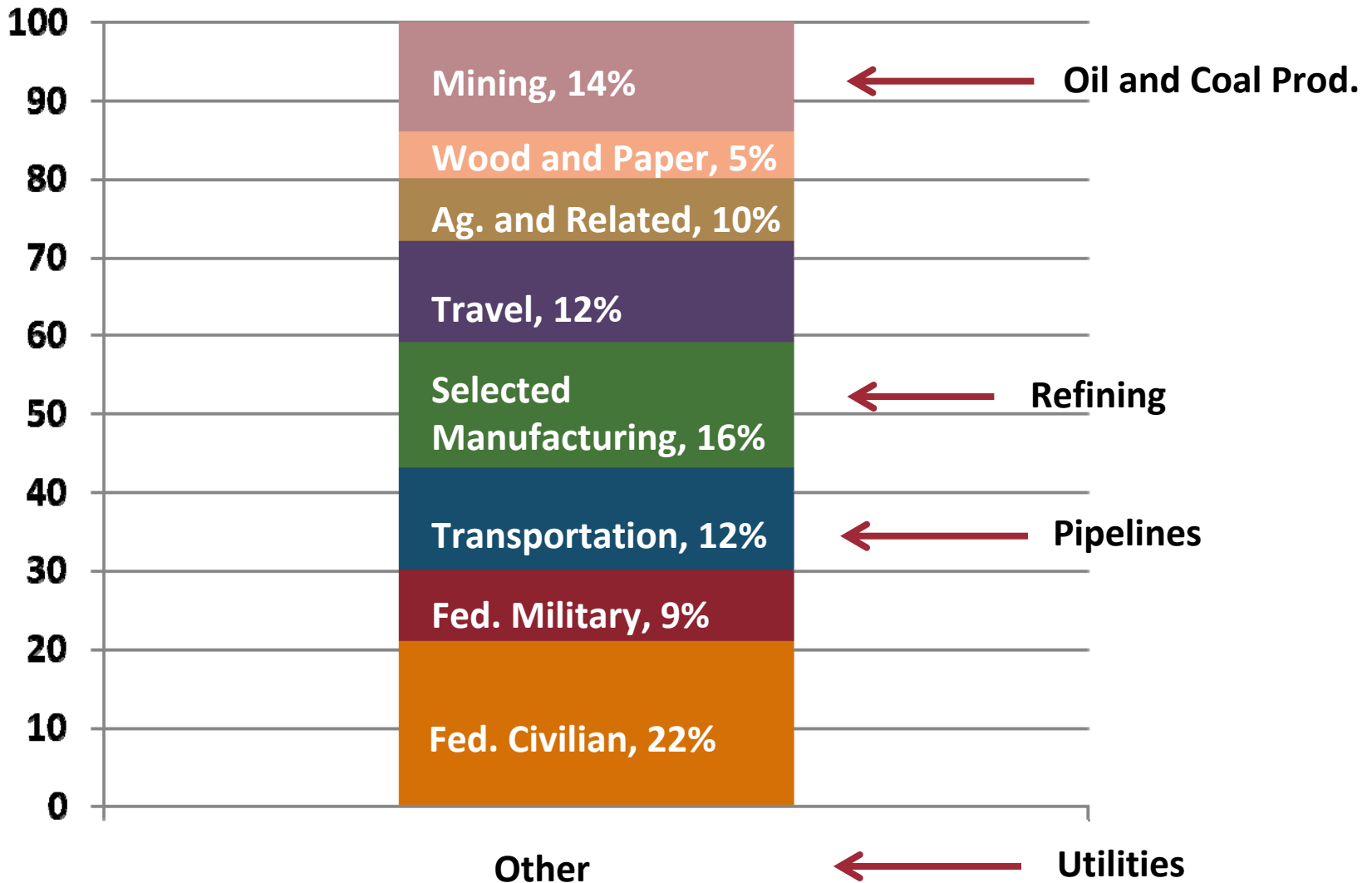
# Labor Income and Basic Industries, Montana



# Actual and Projected Percent Change in Nonfarm Labor Income, 2008-2014



# Montana's Energy Industries?

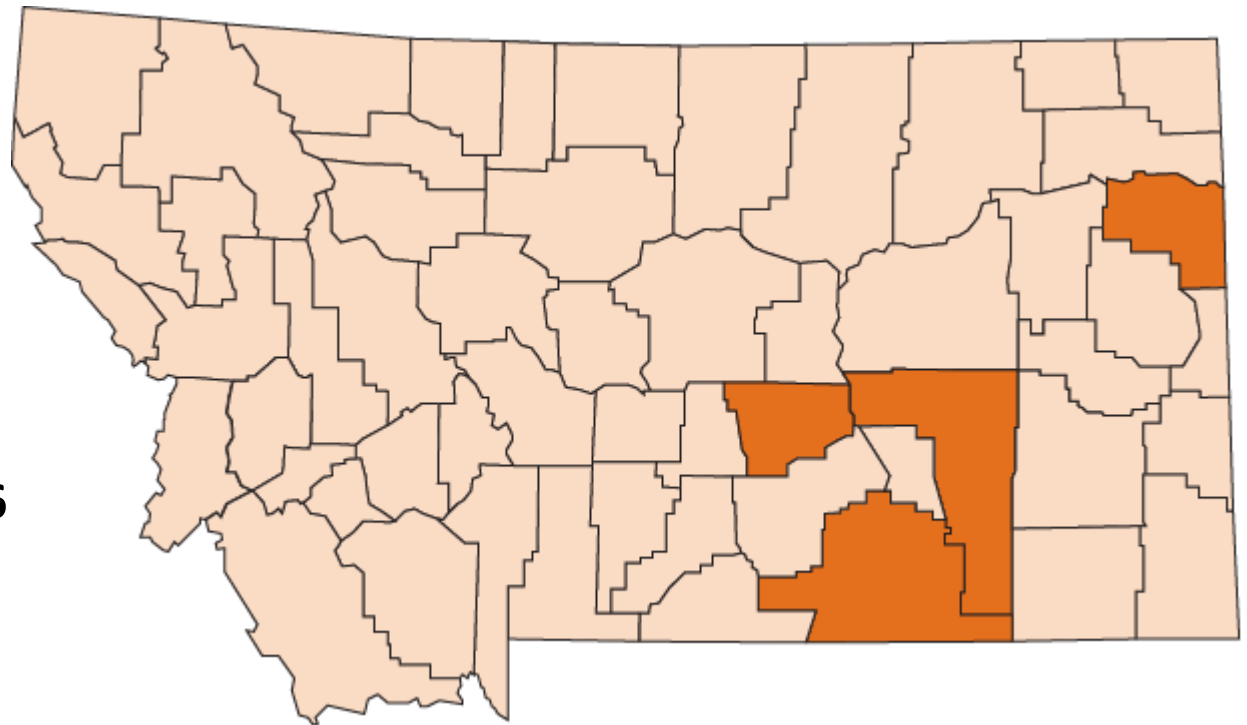




# Coal Mining NAICS 2121

2009 Employment = 946

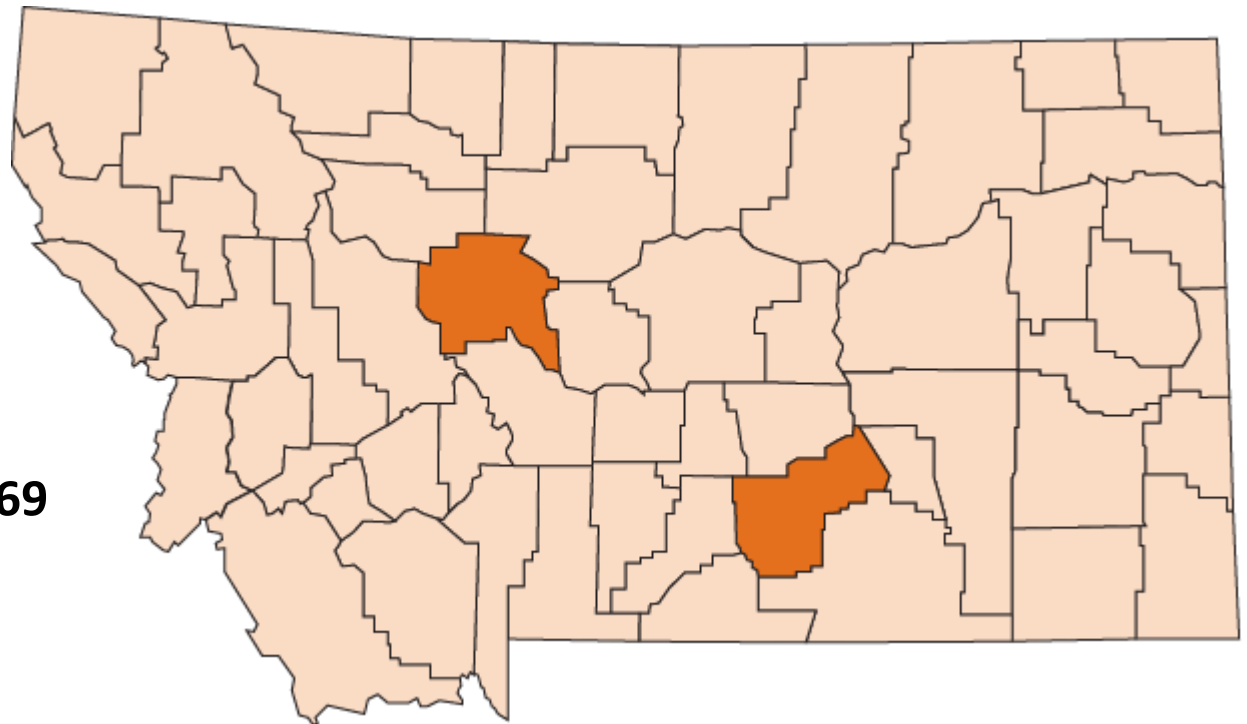
Number of firms = 7





**Petroleum  
Refining  
NAICS 32411**

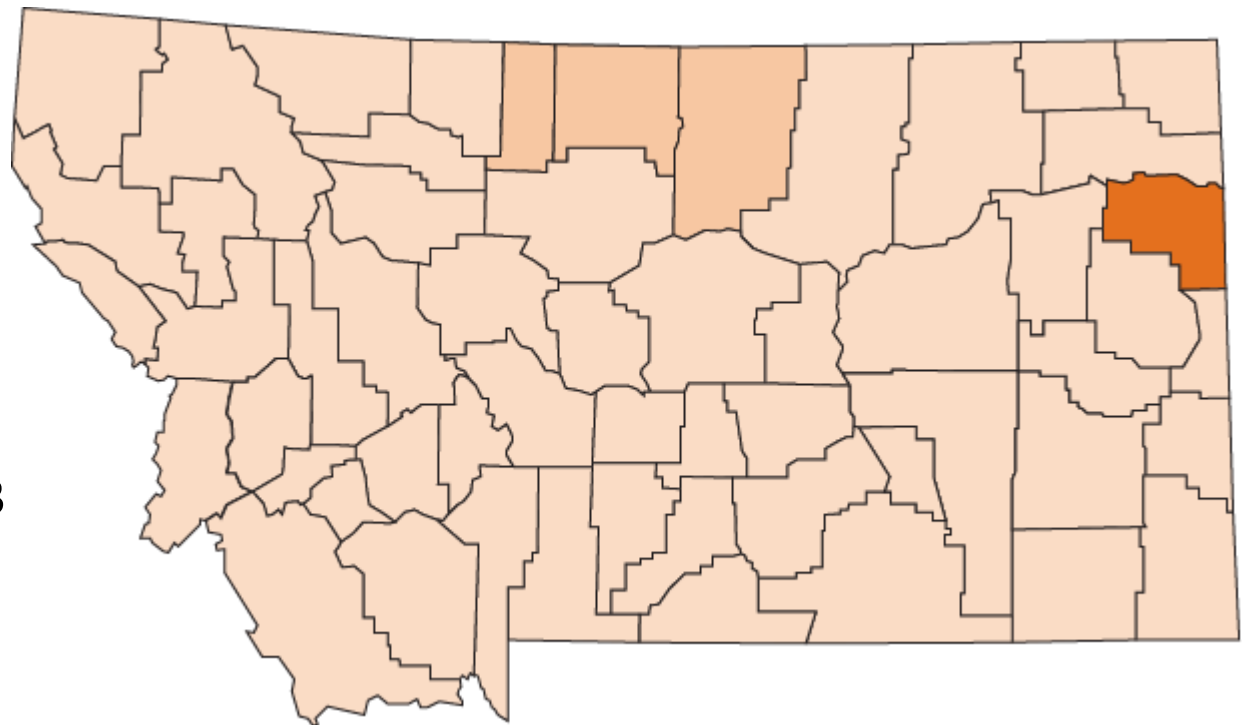
**2009 Employment = 1,069  
Number of firms = 5**





**Drilling Oil  
and Gas Wells  
NAICS 21311**

**2009 Employment = 333  
Number of firms = 49**



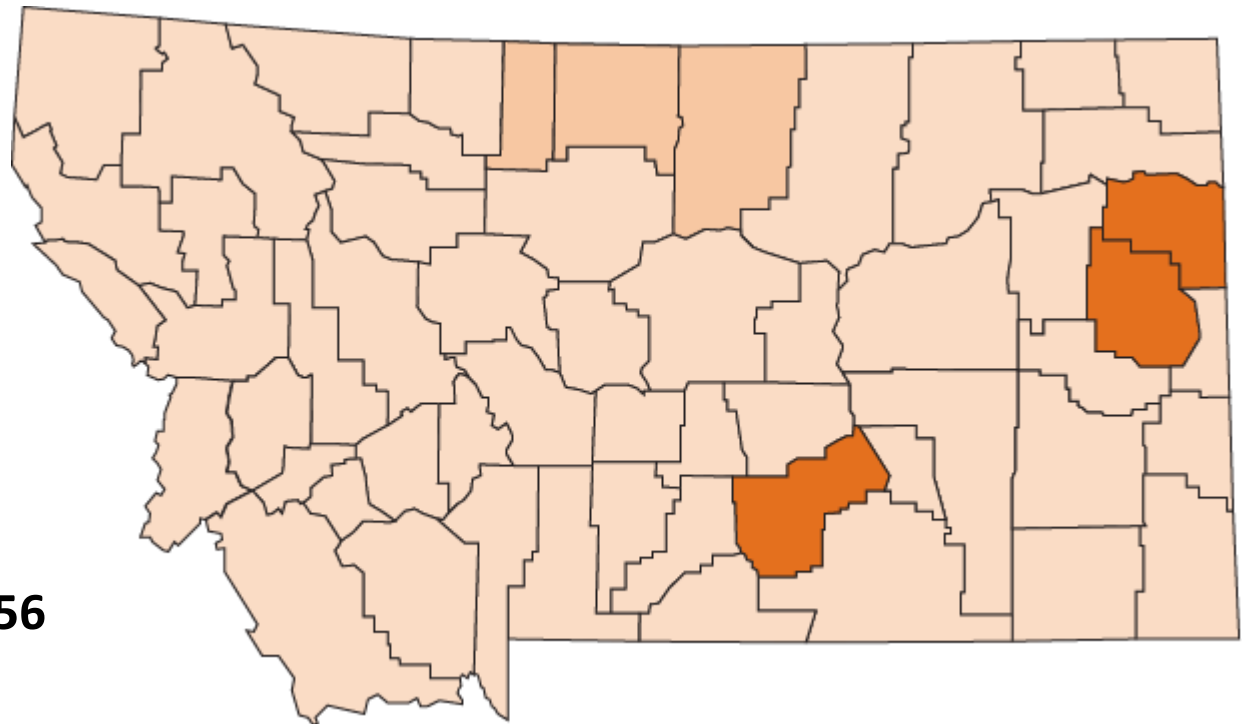




**Support  
Activities  
for Oil and Gas  
NAICS 213112**

**2009 Employment = 1,256**

**Number of firms = 159**

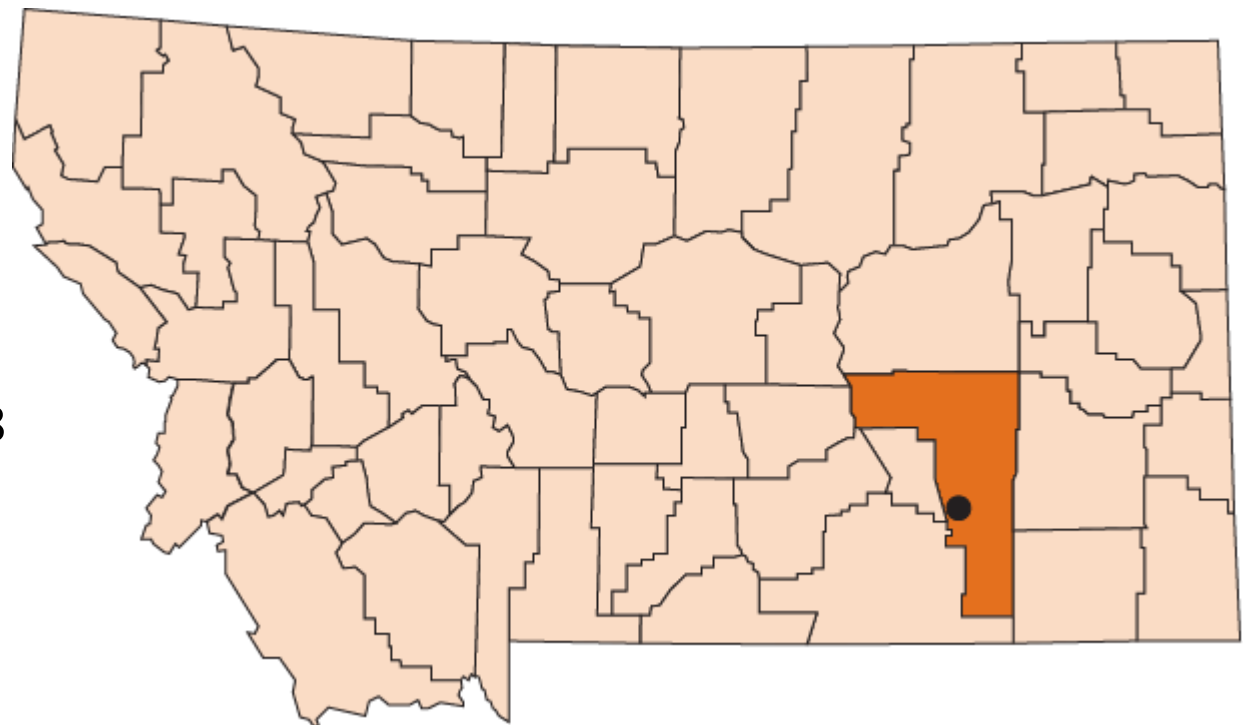




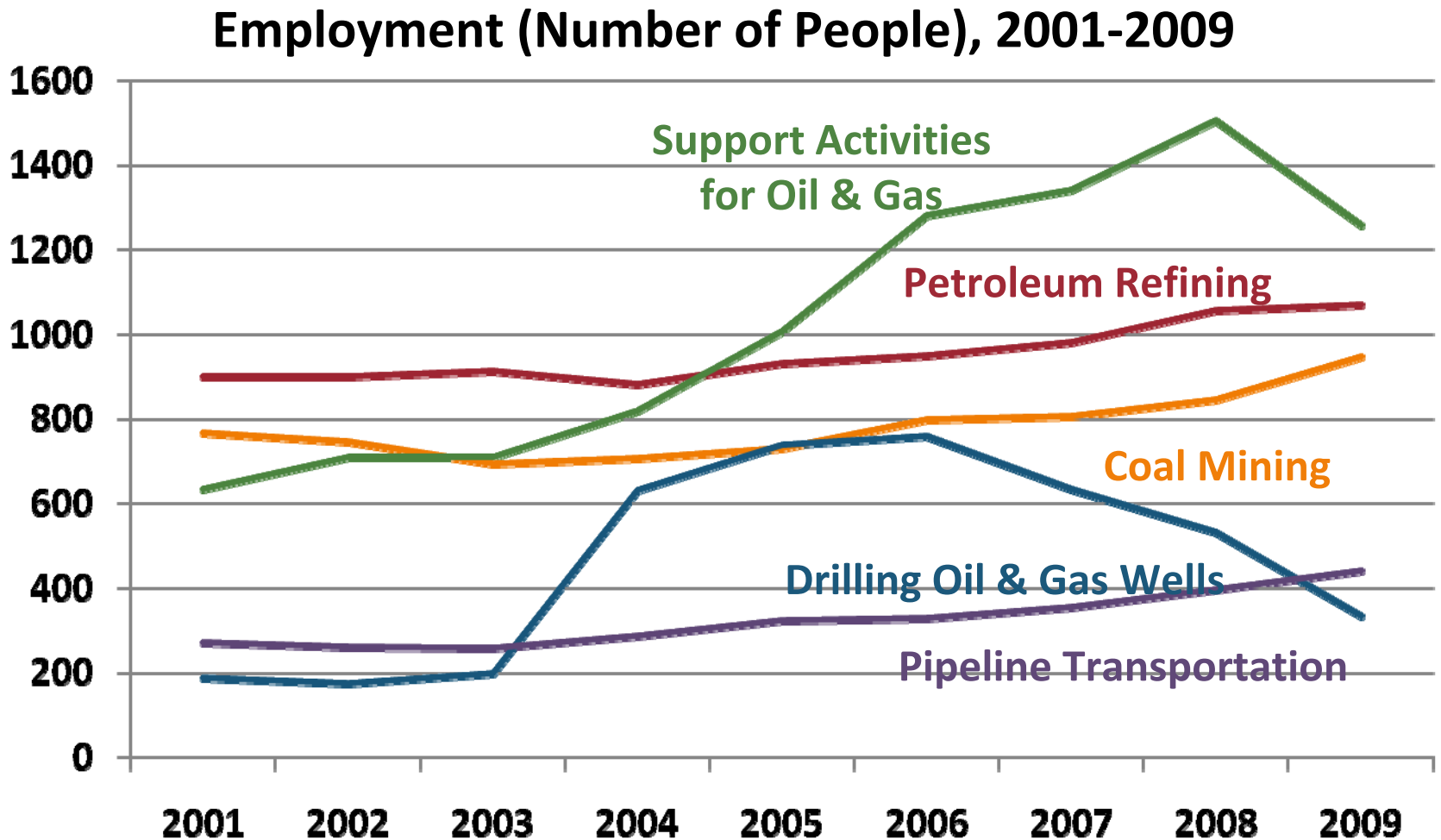
# Colstrip Steam Electrical

Station  
2009 Employment = 578

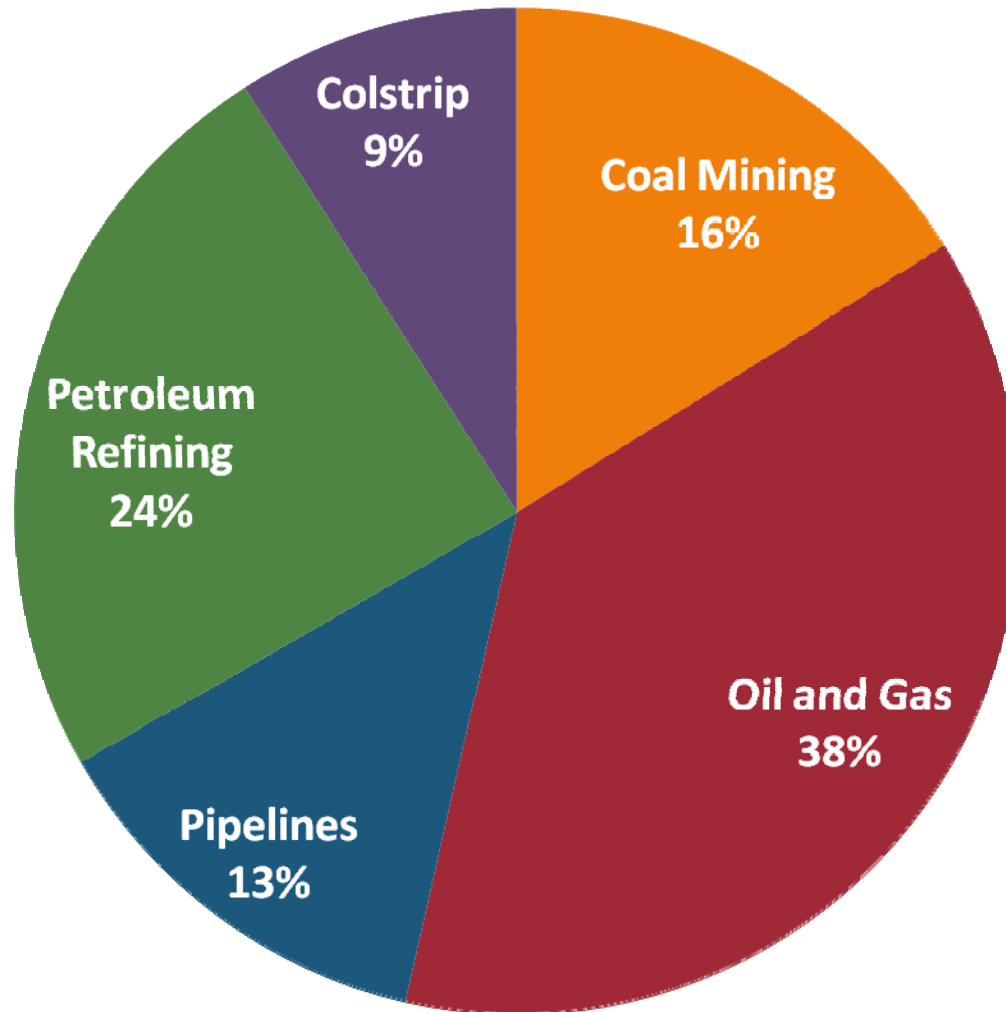
Number of firms = 1



# Strong Job Growth in Most Sectors



# Montana's Energy Industries



# Rim Rock Wind Farm, Sunburst MT

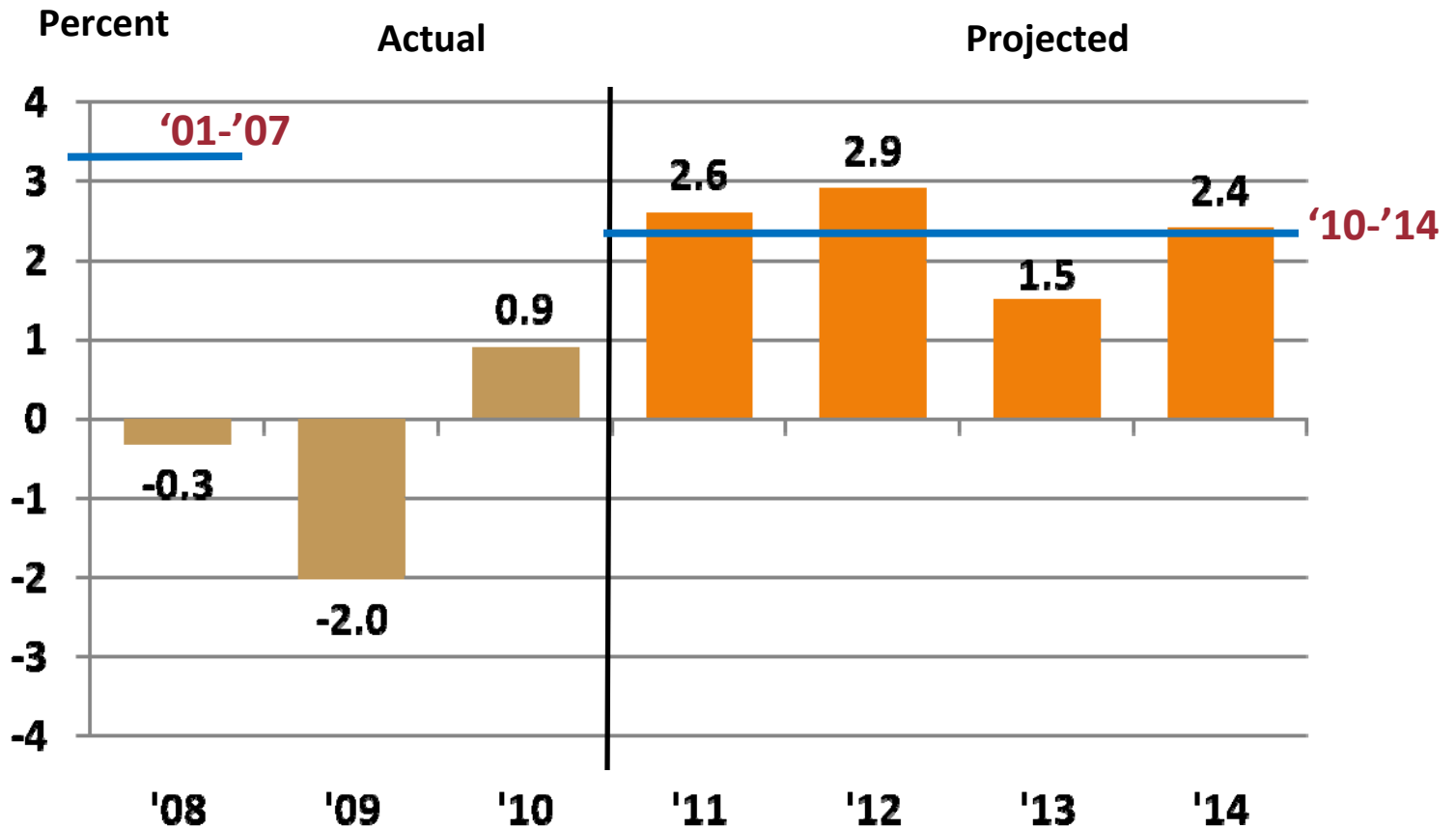


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**Construction – 2 Years**  
**300 Workers / Year**  
**\$110,000 / Year**

**Operations**  
**22 Workers**  
**\$48,000 / Year**

# Actual and Projected Percent Change in Nonfarm Labor Income, 2008-2014





# Local Economic Outlook