

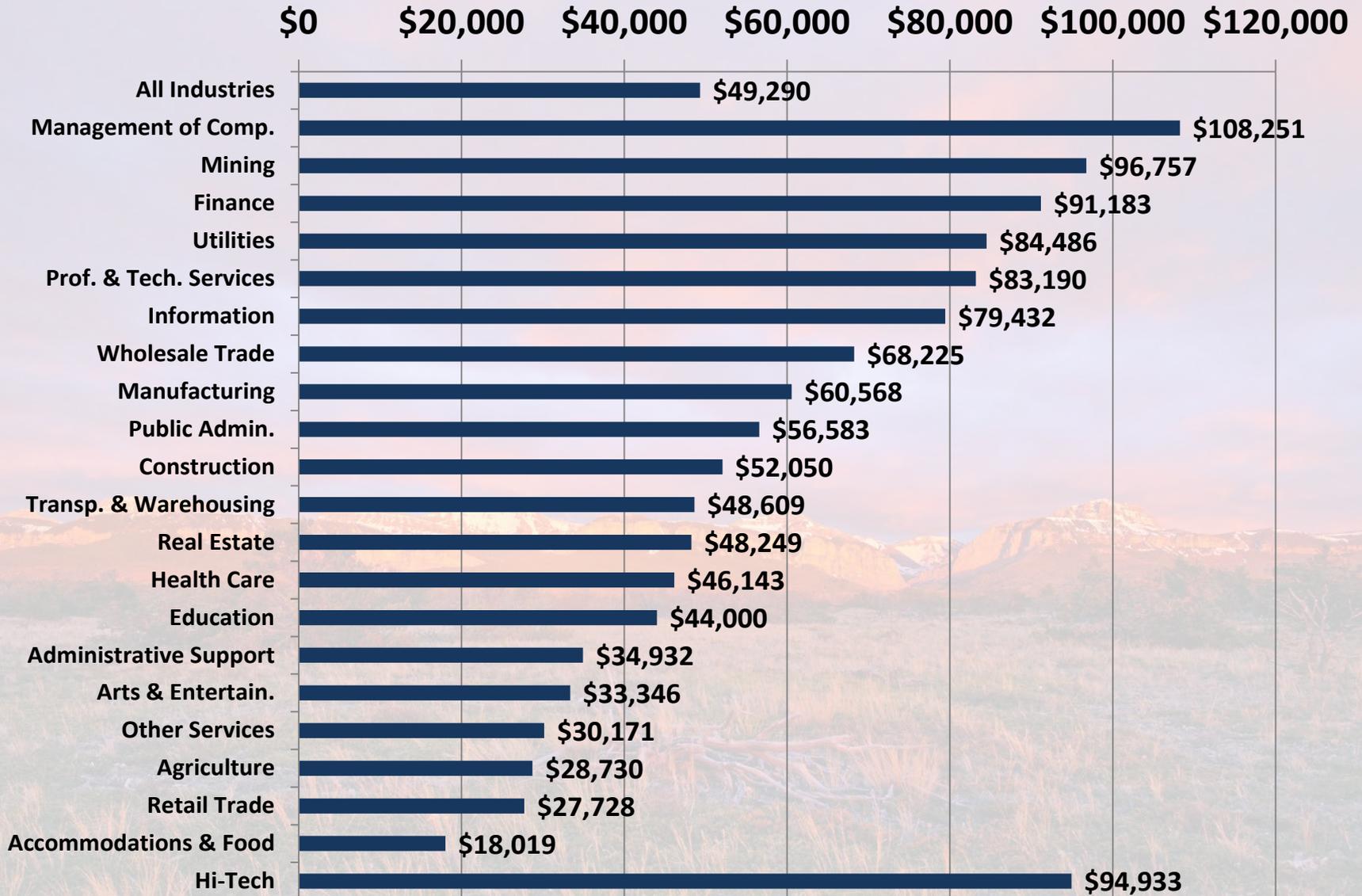
OUTLOOK 2014

MAKING MONTANA

THE *First*
BEST PLACE

How Entrepreneurship is Creating High Paying Jobs

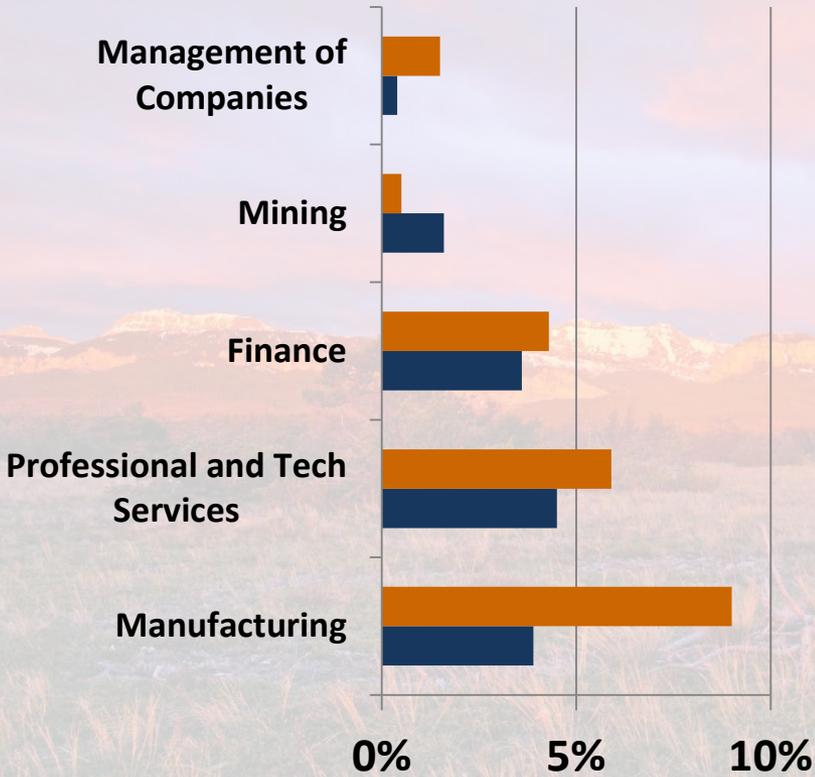
Not All Jobs Pay the Same



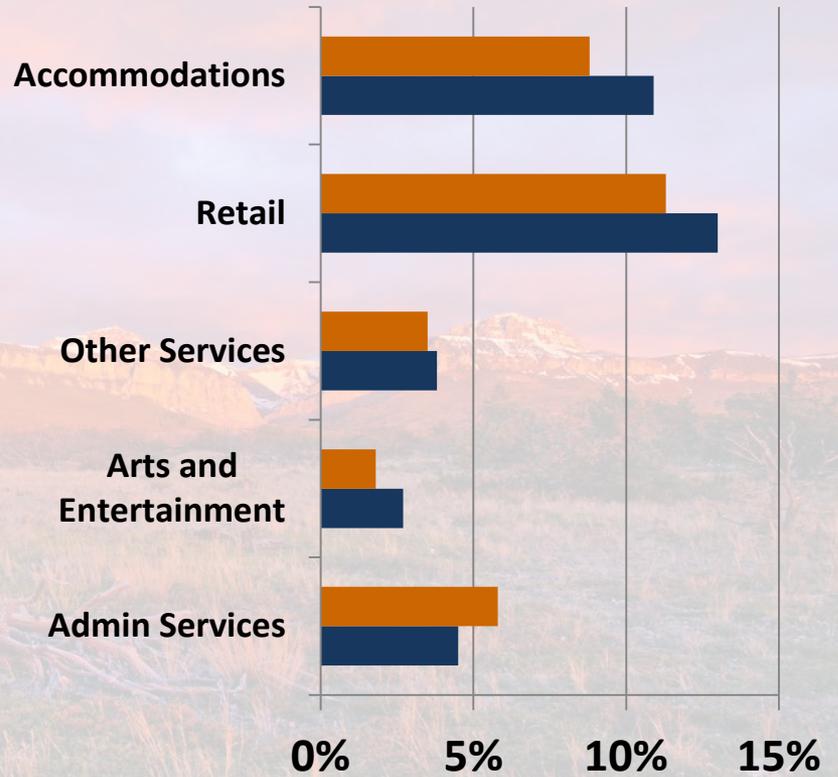
Source: U.S. Bureau of Labor Statistics

Employment Shares

Highest Paying Industries



Lowest Paying Industries



United States

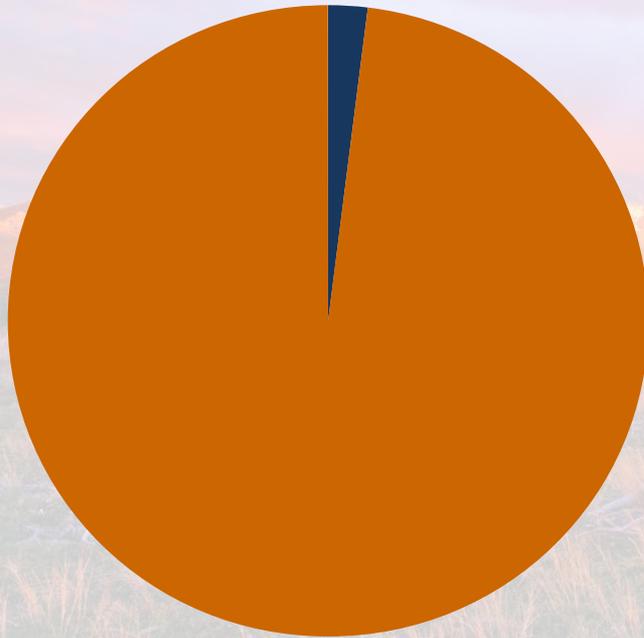


Montana

High-Growth Firms Contribute Disproportionately to Job Growth

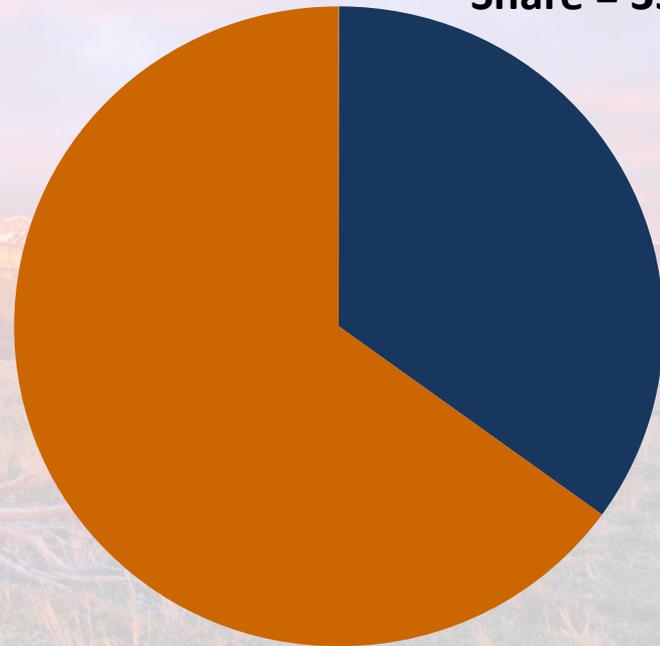
Number of Firms by Type

High Growth
Share = 2 %



Job Gains by Type of Firm

High Growth
Share = 35 %



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The Montana and U.S. Economic Outlook Has “Next Year” Finally Arrived?

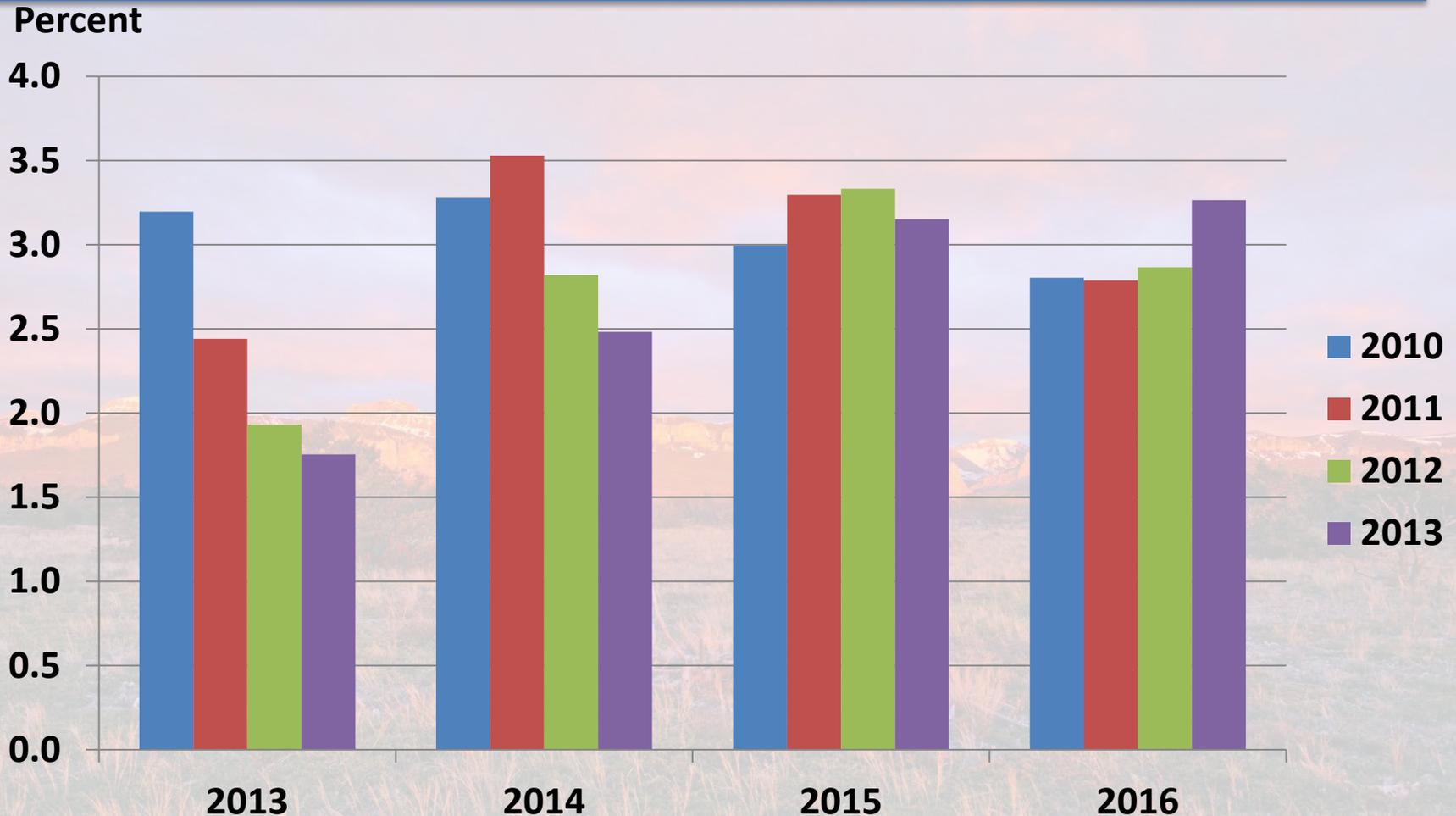
Patrick M. Barkey, Director
Bureau of Bus. & Econ. Research
University of Montana

The U.S. Economy: Picking Up?

- Modest job growth has been consistent
- Business confidence coming back strong, despite government shutdown
- Trading partners abroad are getting better
- Energy development is a new spark to growth
- The labor market remains sick
- Recent laws have not helped growth
- We've experienced these "false dawns" before

“Next Year” is Always Better for U.S. Economy

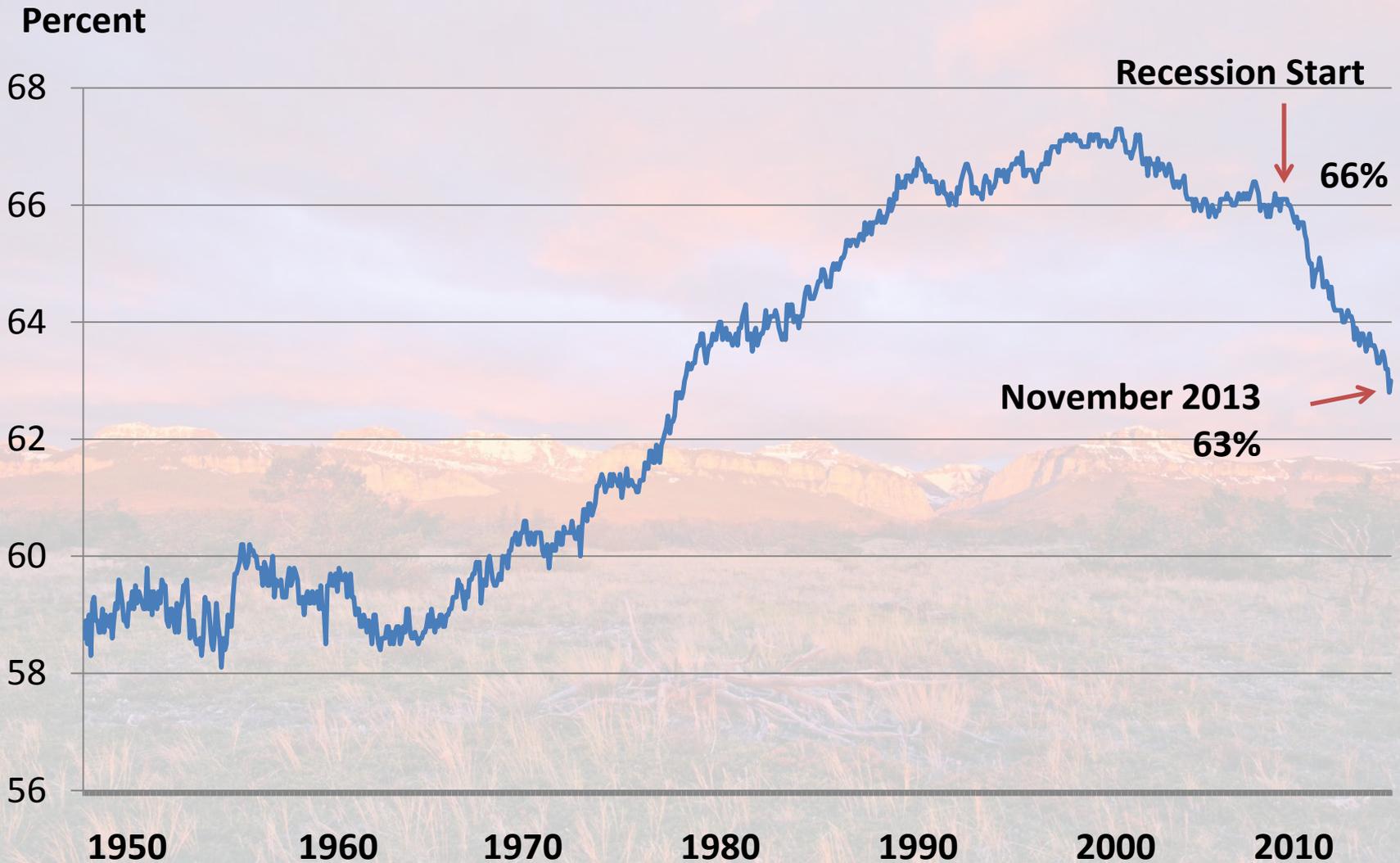
Forecasts of U.S. Real GDP Growth, Percent



Source: IHS, Inc.

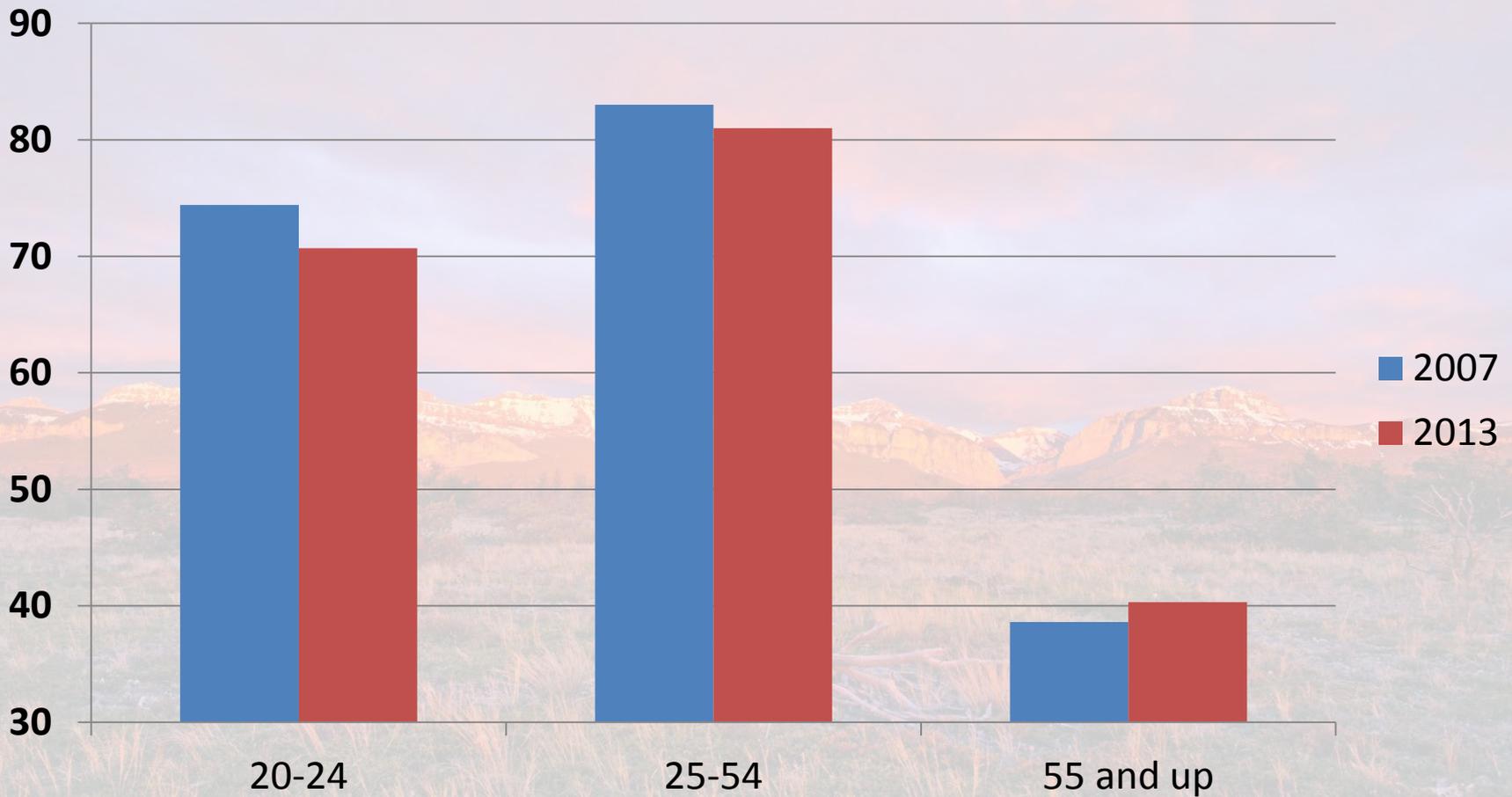
Recession Has Produced Big Labor Force Declines

U.S. Labor Force Participation Rate, Percent



Source: U.S. Bureau of Labor Statistics

Younger People Putting Off Entering Labor Force

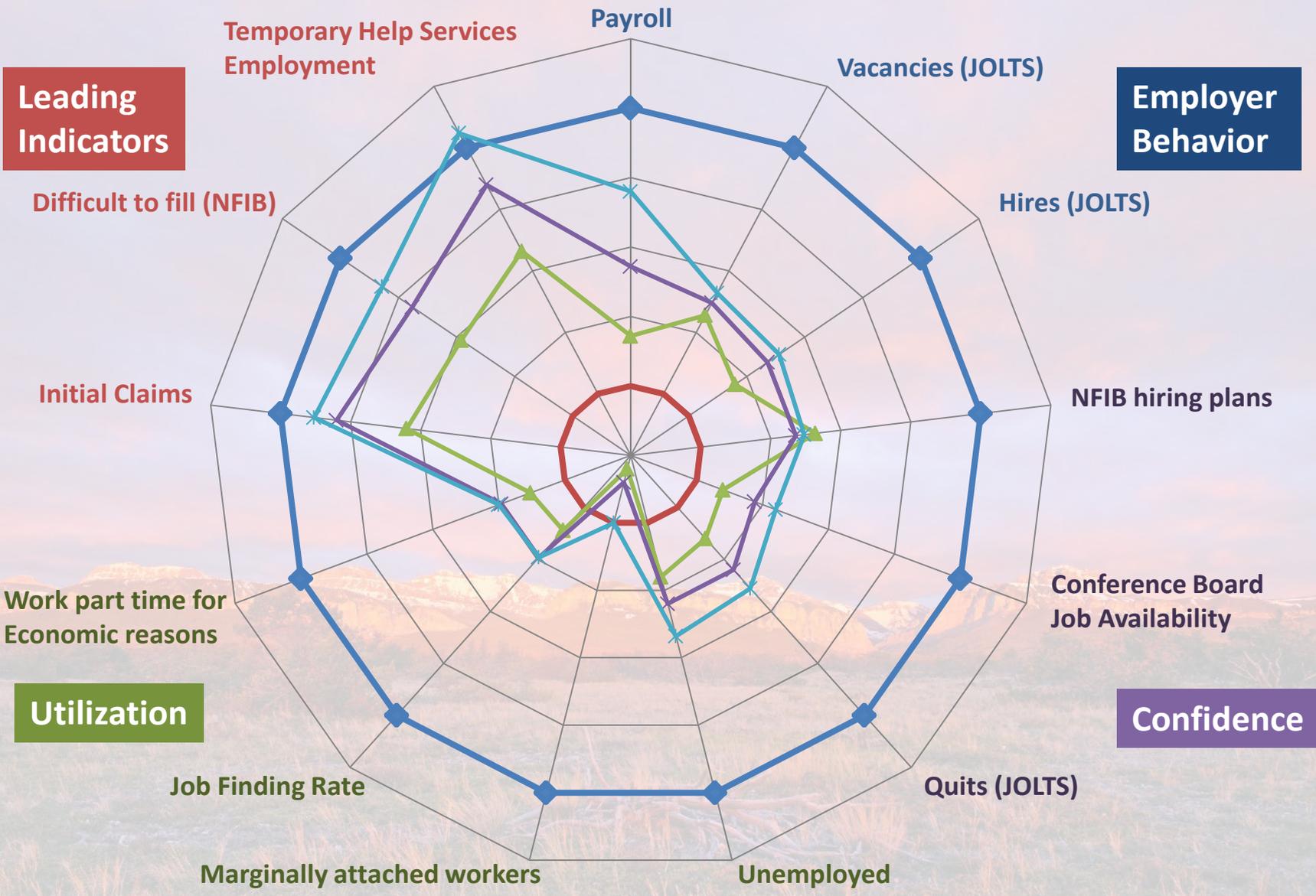


Leading Indicators

Employer Behavior

Utilization

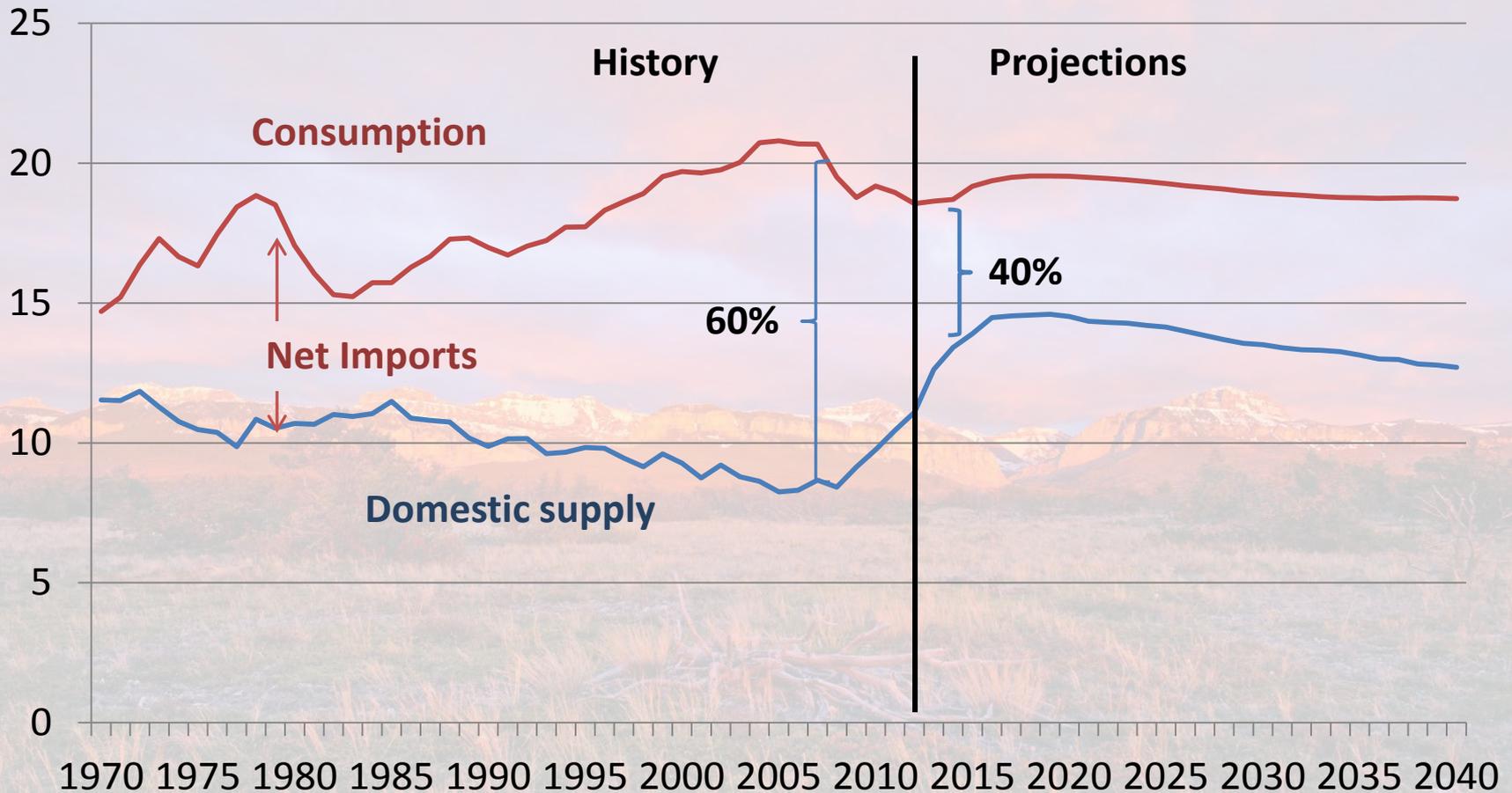
Confidence



2007Q4 = 100 2009Q4 = 0 Jan. '11 to Mar. '11 Jan. '12 to Mar. '12 Jan. '13 to Mar. '13

The U.S. Will Continue to Import Petroleum

(million barrels per day)

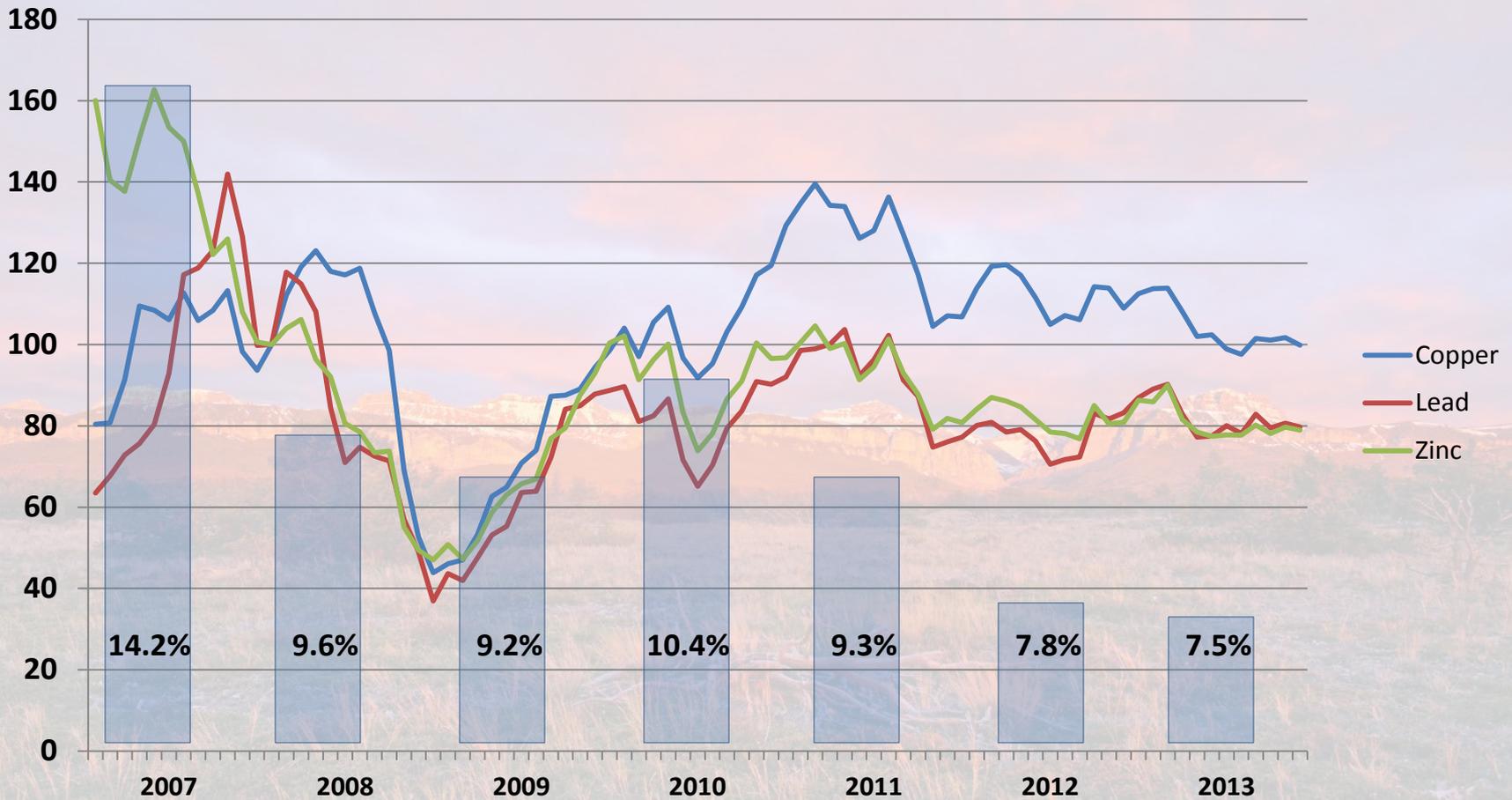


U.S. Consumption and Production of Petroleum and other Liquid Fuels, 1970-2040

Source: Energy Information Administration

Slow Decline in Metals Prices Reflects China's Cooling Economy

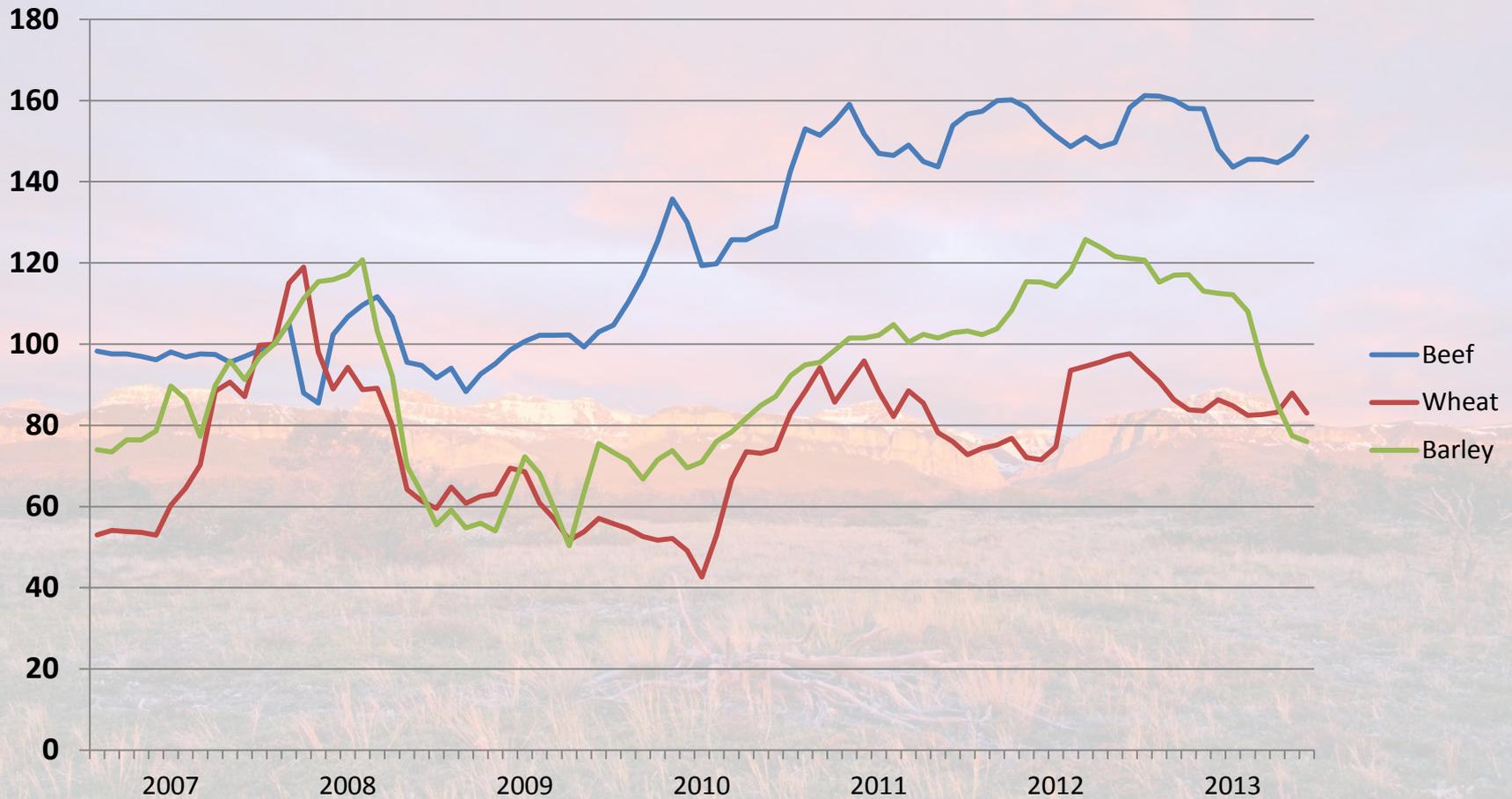
Commodity Price Indices, Jan 2008=100, and Chinese GDP Growth



Source: International Monetary Fund

Agricultural Prices in Slow Retreat as Well

Commodity Price Indexes, Jan 2008 = 100



Source: International Monetary Fund

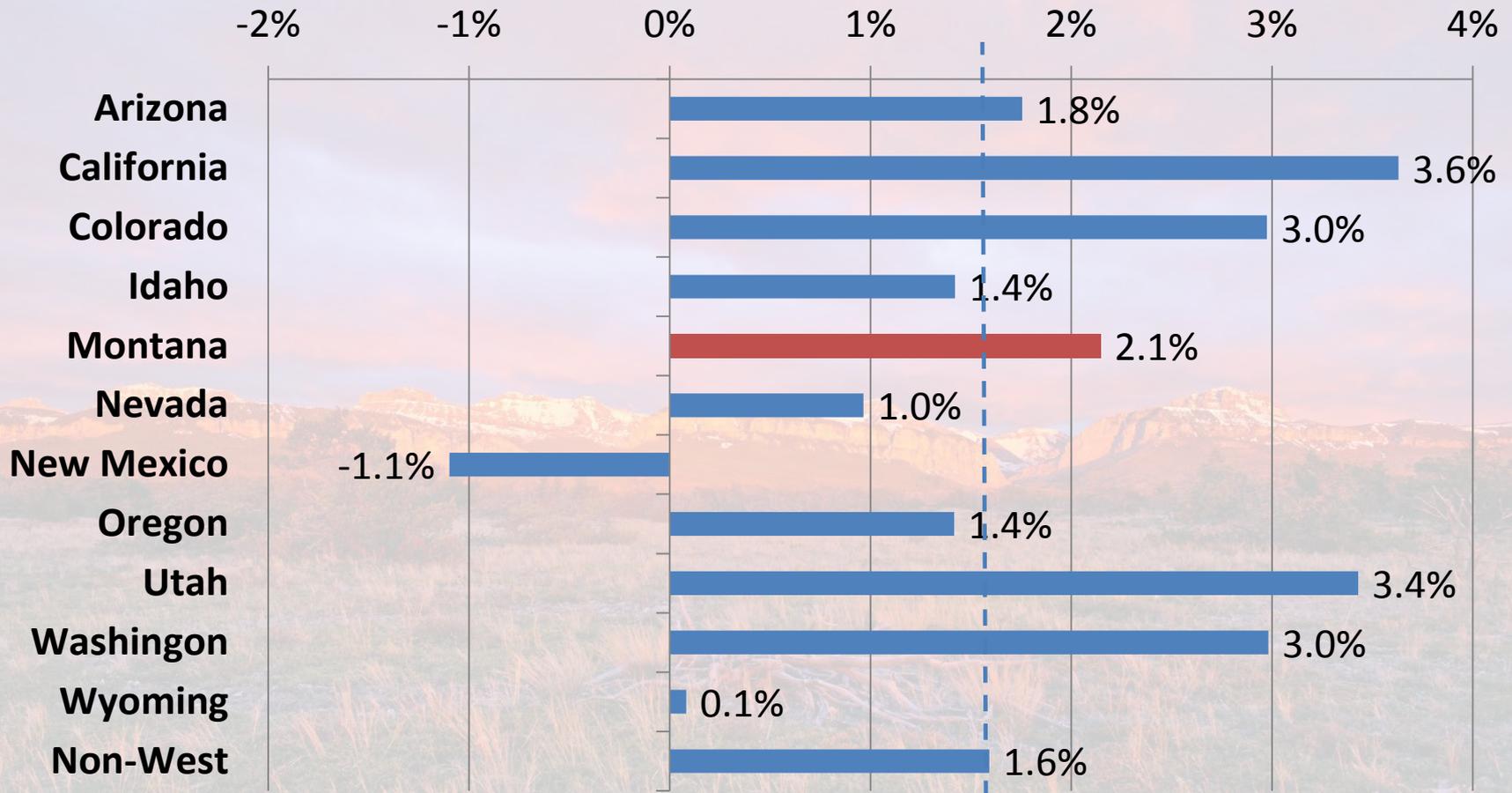
U.S. Outlook Summary

- Tax increases and budget sequestration helped keep 2013 growth in check
- Inflation remains a non-issue
- Stock markets and some housing markets are heating up
- Global growth shows signs of life
- The national economic expansion should accelerate this year

Western States Are Leading Growth

Growth in Real Wages by State, Western States

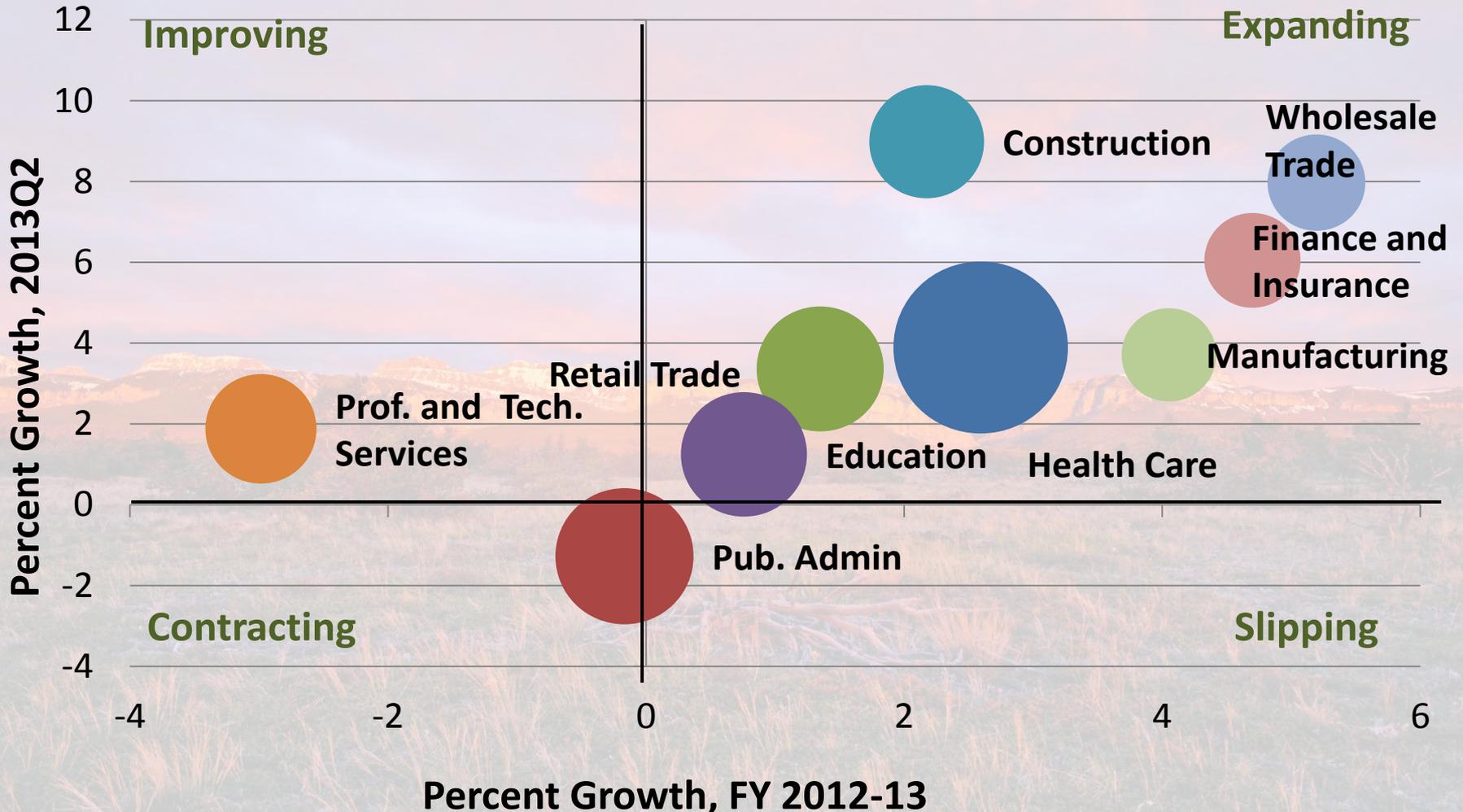
FY 2013 vs. FY 2012



Source: U.S. Bureau of Labor Statistics and Bureau of Economic Analysis

Most Montana Industries are Expanding

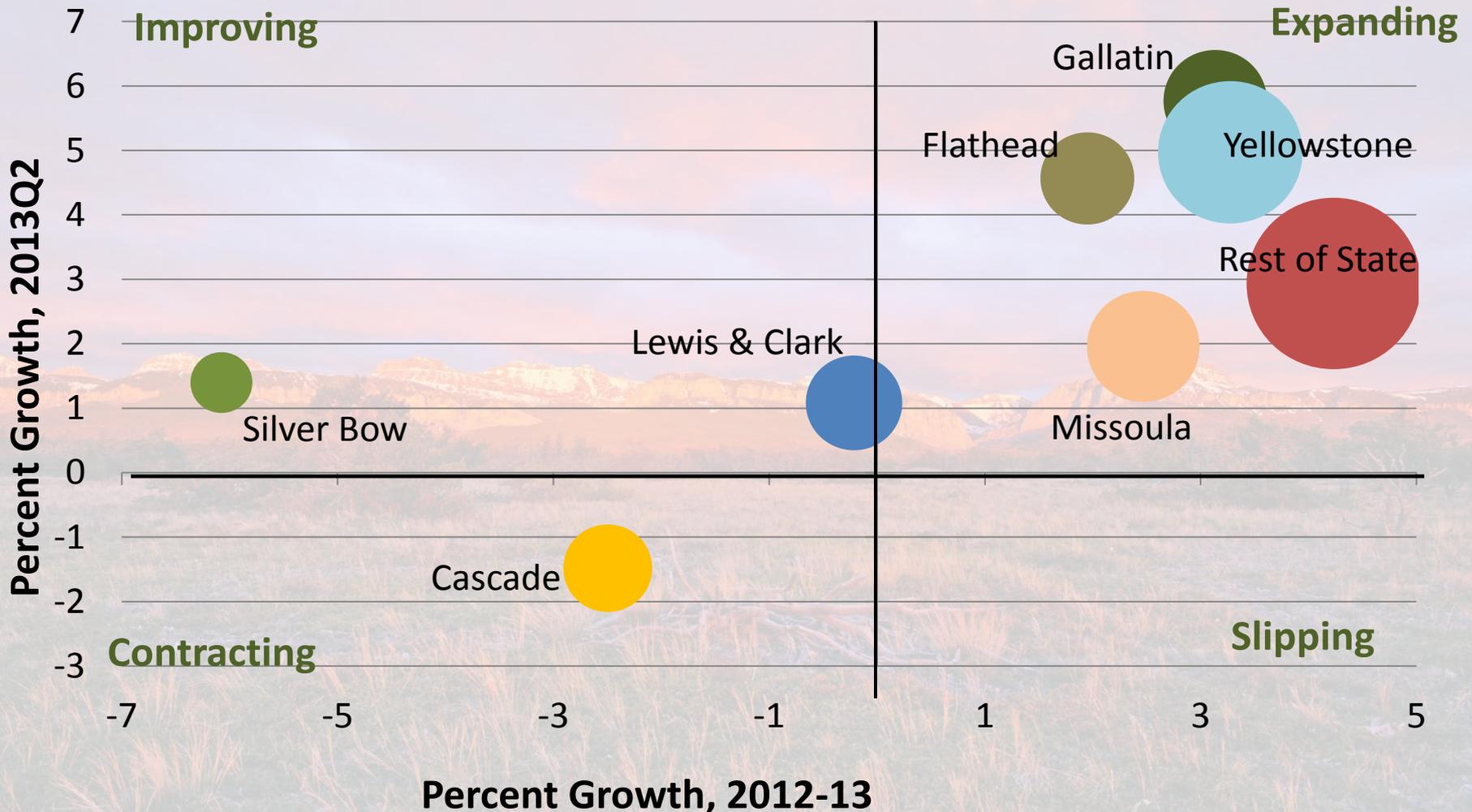
Real Wage Growth, FY 2013 vs. FY 2012 and 2013Q2 vs. 2012Q2



Note: Size of bubble is proportional to total wages for each industry.

Western Urban Areas Have Swung to Growth

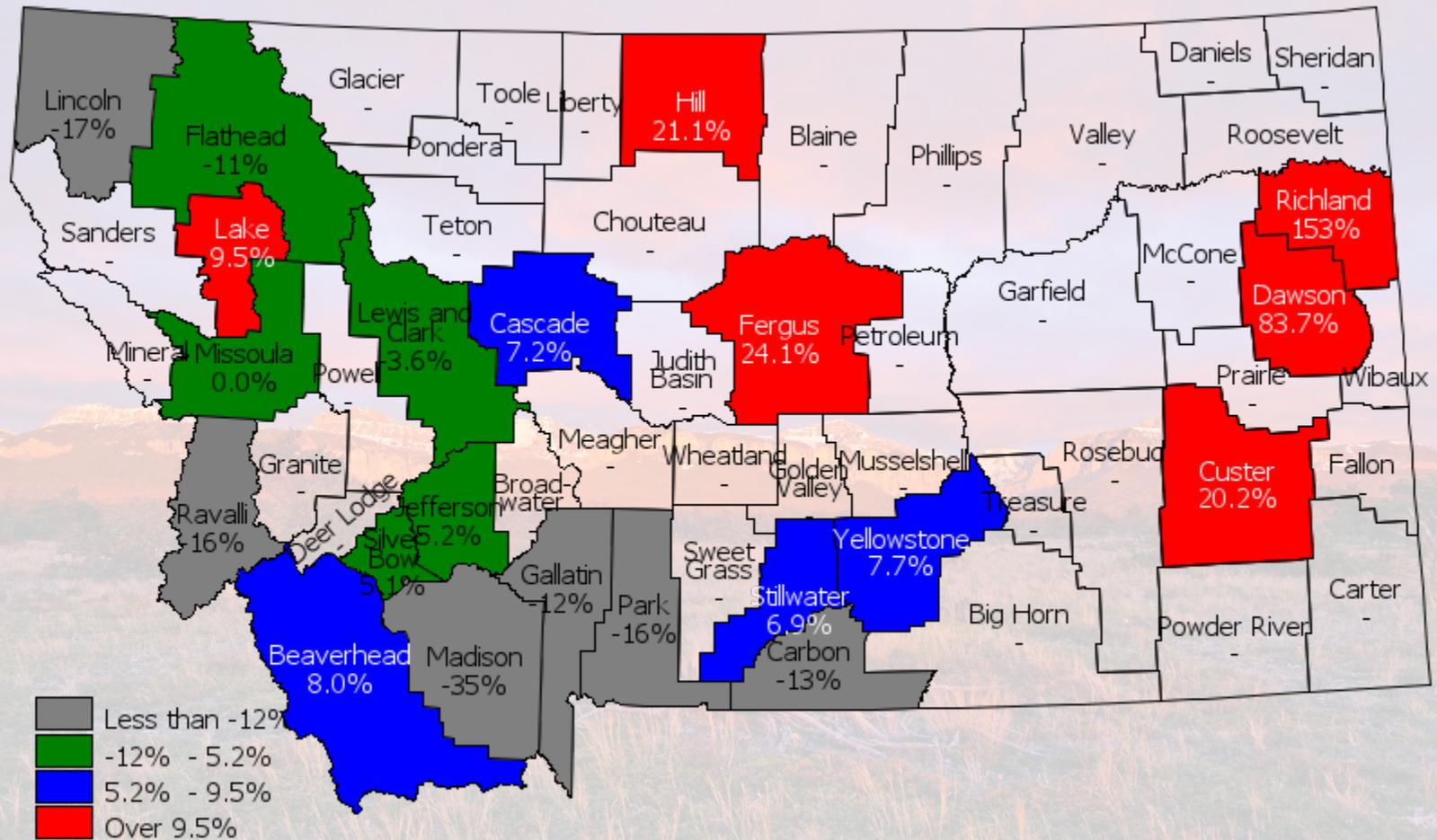
Real Wage Growth, FY 2013 vs. FY 2012 and 2013Q2 vs. 2012Q2



Note: Size of bubble is proportional to total wages for each county.

Housing Price Recovery Mirrors Economic Growth

Percent Growth in Median Sales Price, 2008-12

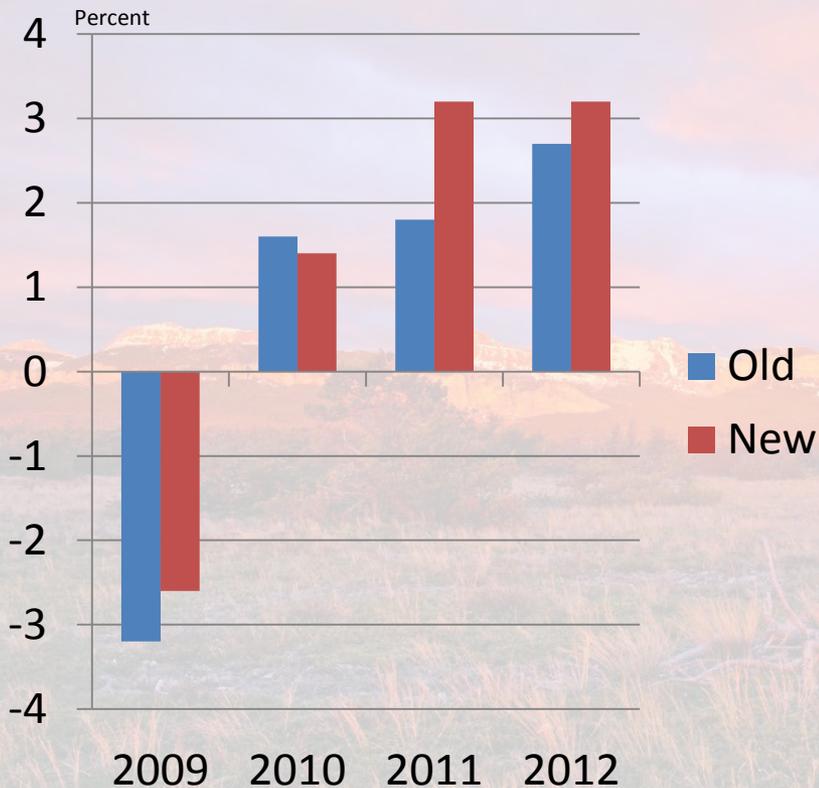


Source: Montana Department of Revenue

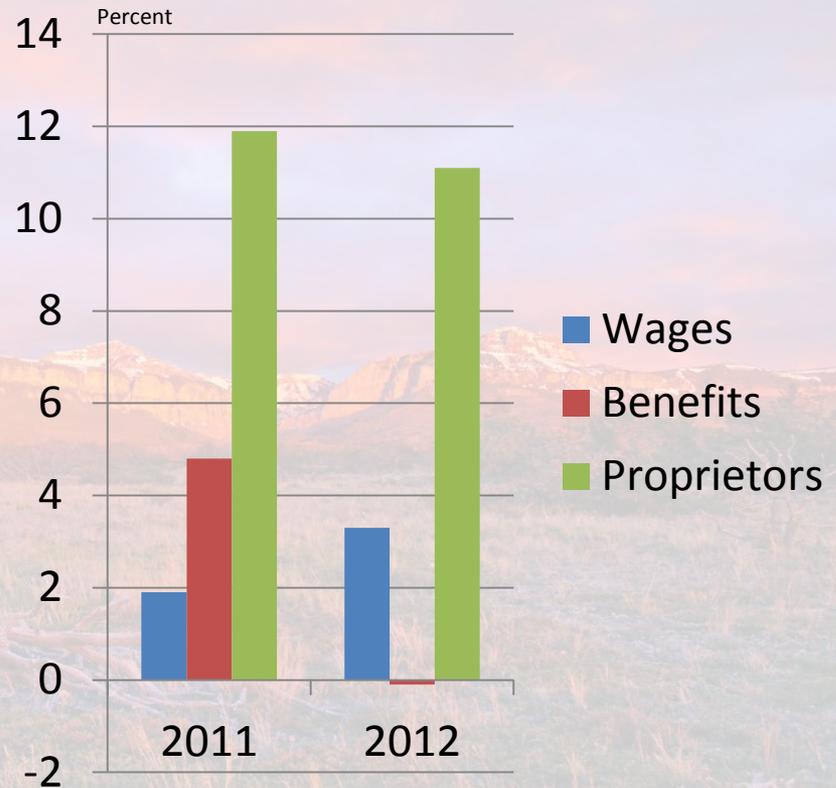
New Portrayal of Montana's Recovery

Growth in Real Nonfarm Earnings, Percent

Growth in Nonfarm Earnings

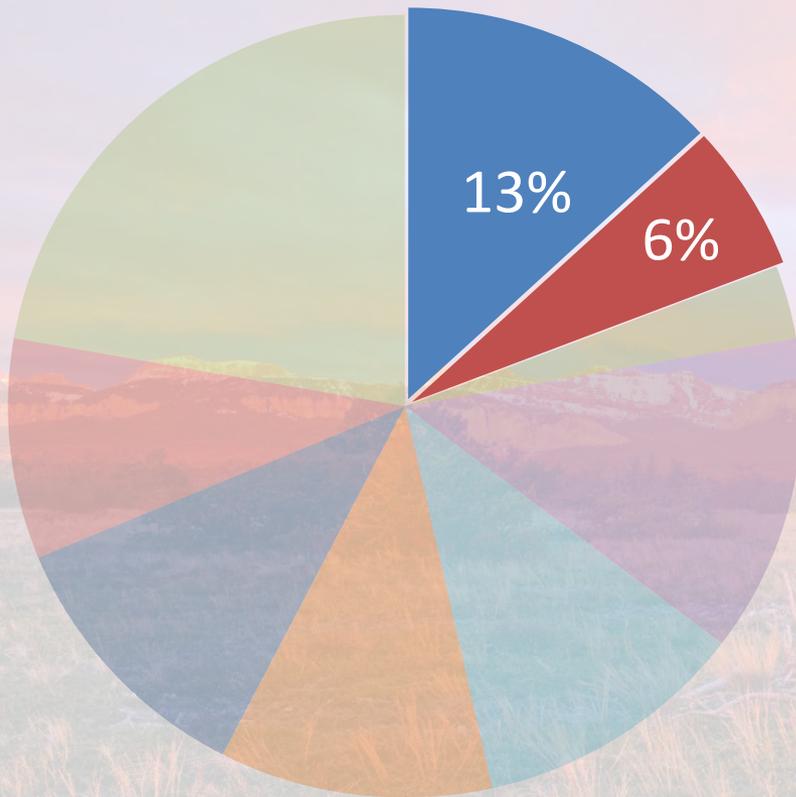


Components of Growth



Source: U.S. Bureau of Economic Analysis

Outlook for Key Industries



Energy and Mining:

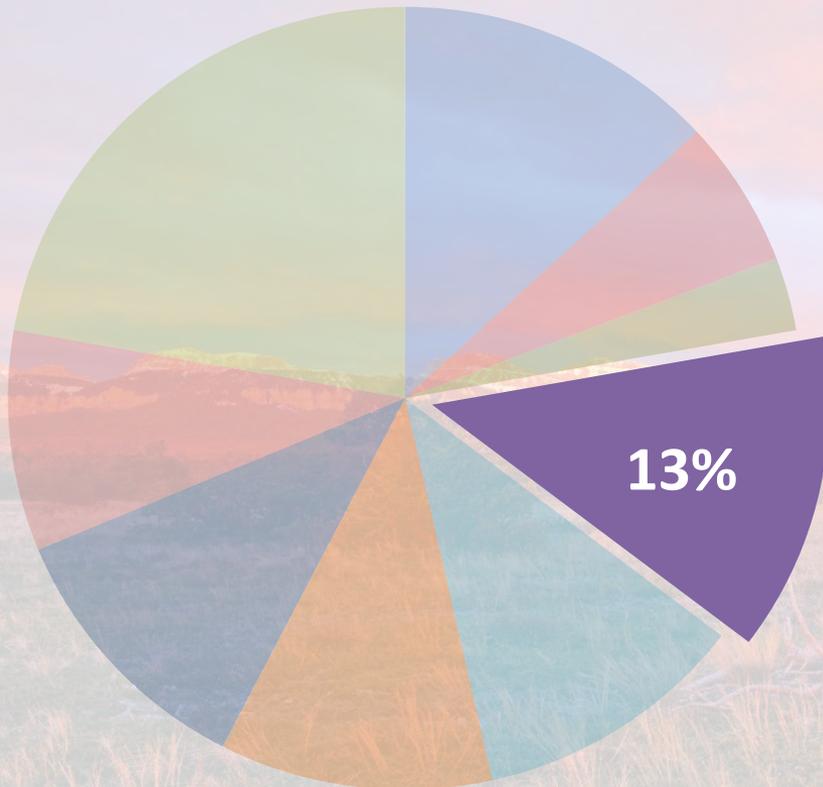
Still the biggest story in the economy. Cost containment measures being implemented in the Bakken. Metals impacted by prices.

Composition of Earnings in Montana's Basic Industries, 2011-13

Outlook for Key Industries

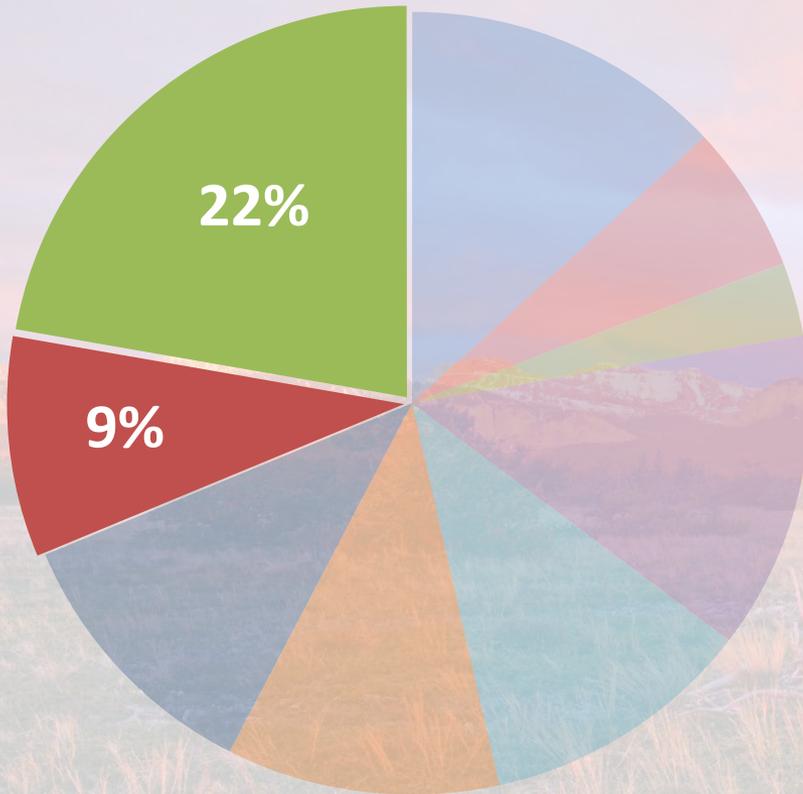
Agriculture and Related:

Coming off a tremendous financial year.



Composition of Earnings in Montana's Basic Industries, 2011-13

Outlook for Key Industries

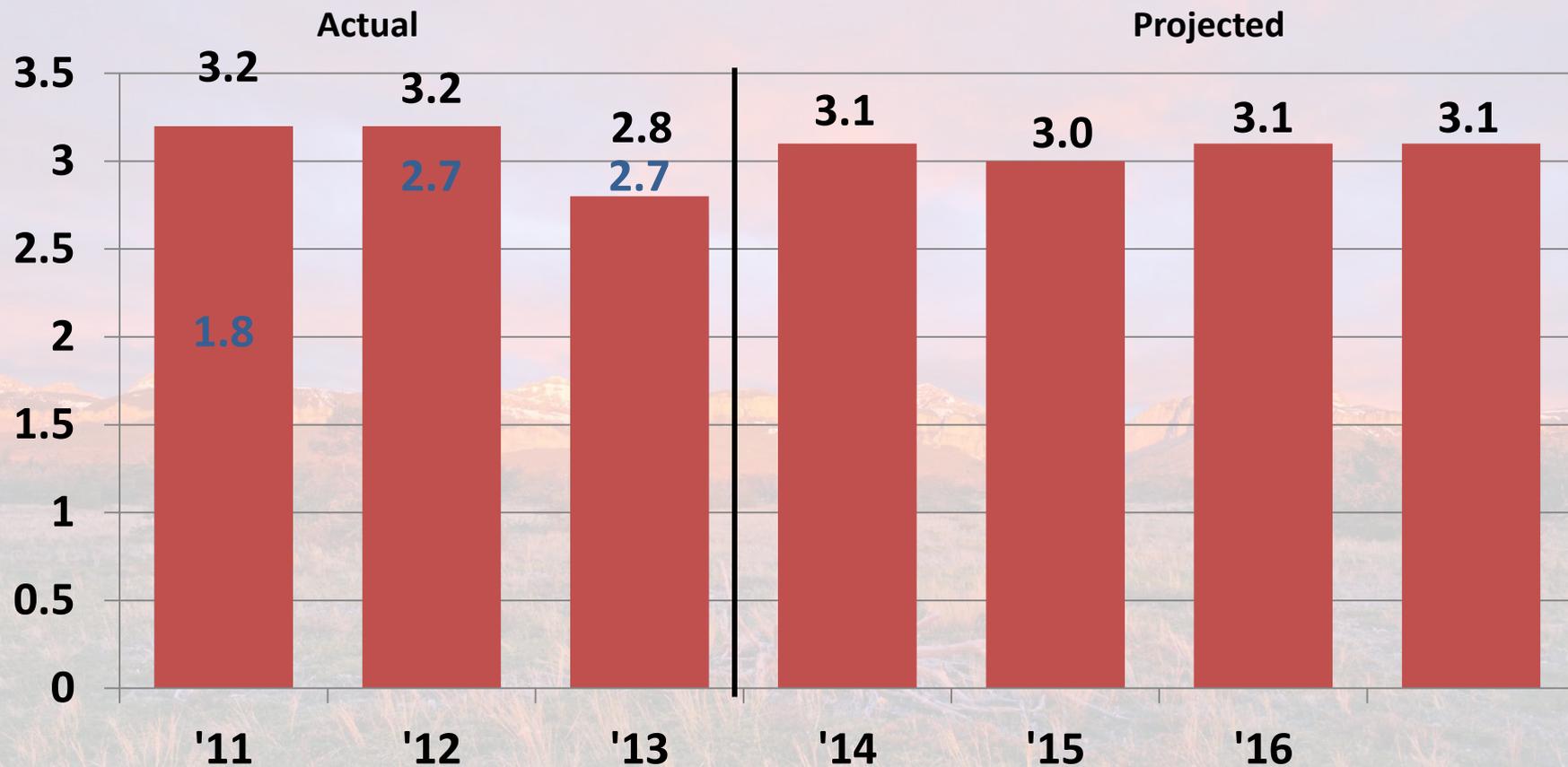


Federal Military and Civilian:

Budget pressures easing at state and federal levels. Medium term outlook remains uncertain.

Composition of Earnings in Montana's Basic Industries, 2011-13

Change in Nonfarm Earnings, Montana, 2011-2017





Questions?