

The State and National Economic Outlook

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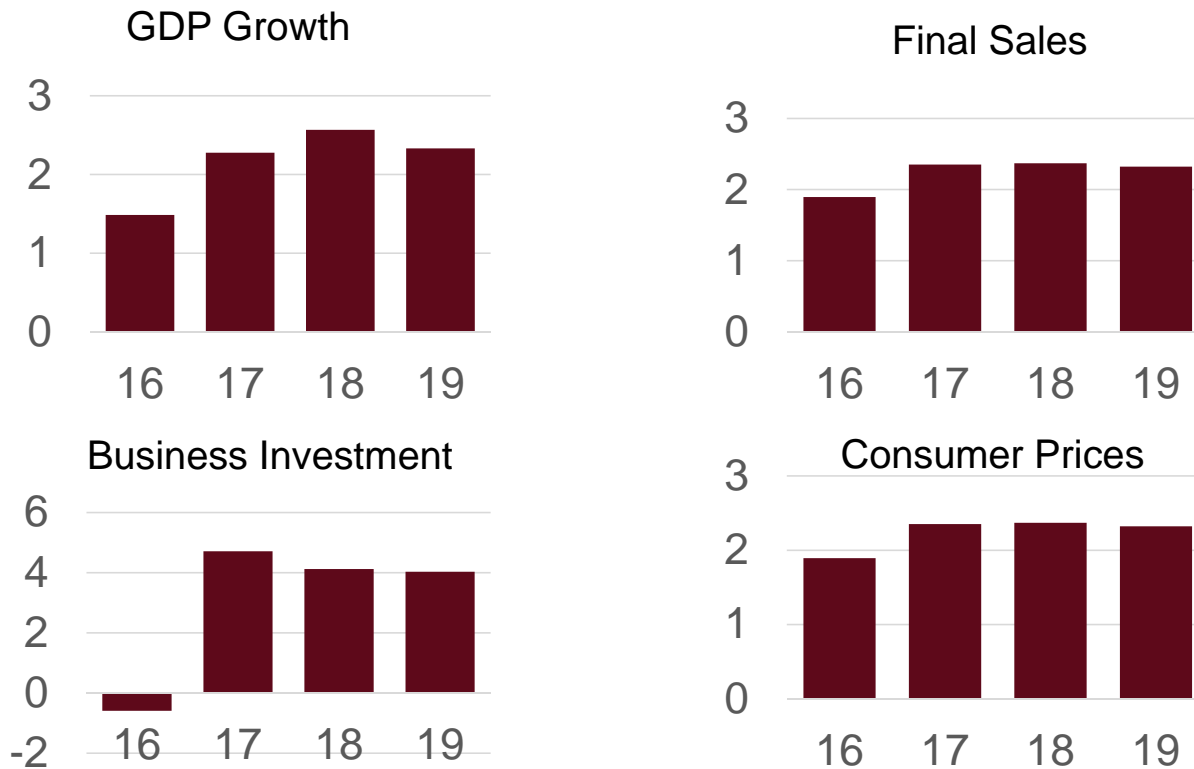
2018 U.S. and Montana Outlook

The U.S. Economy Quietly Improving

- Chaos in Washington not echoed on Wall Street
- Strong growth in second half of 2017
- Encouraging signs for business investment, wages
- Interest rates and inflation remain low
- Global growth has improved significantly

Upbeat News for the U.S. Economy

Percent Growth, Actual and Predicted

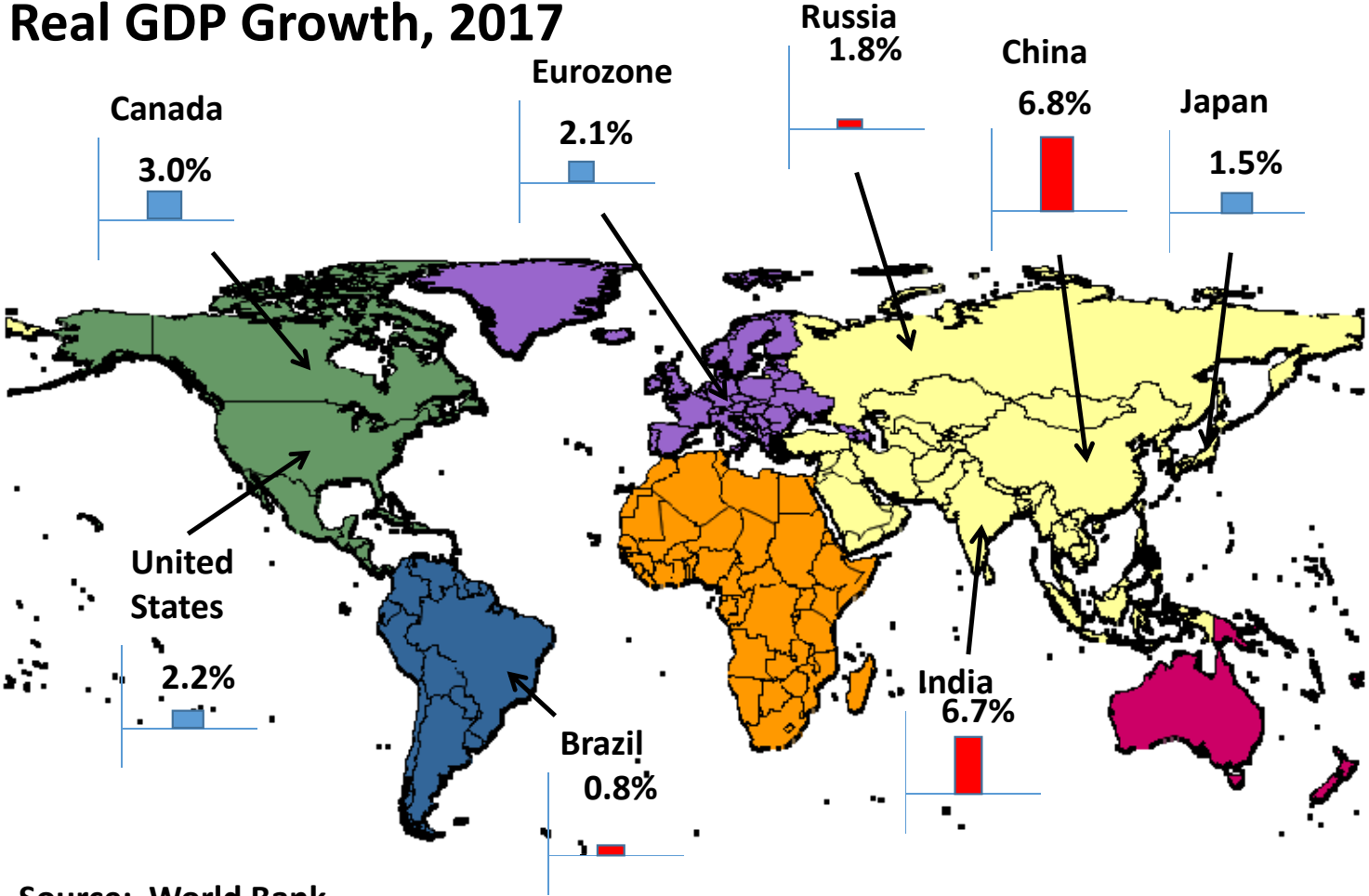


Source: IHS Markit



Synchronized Global Growth

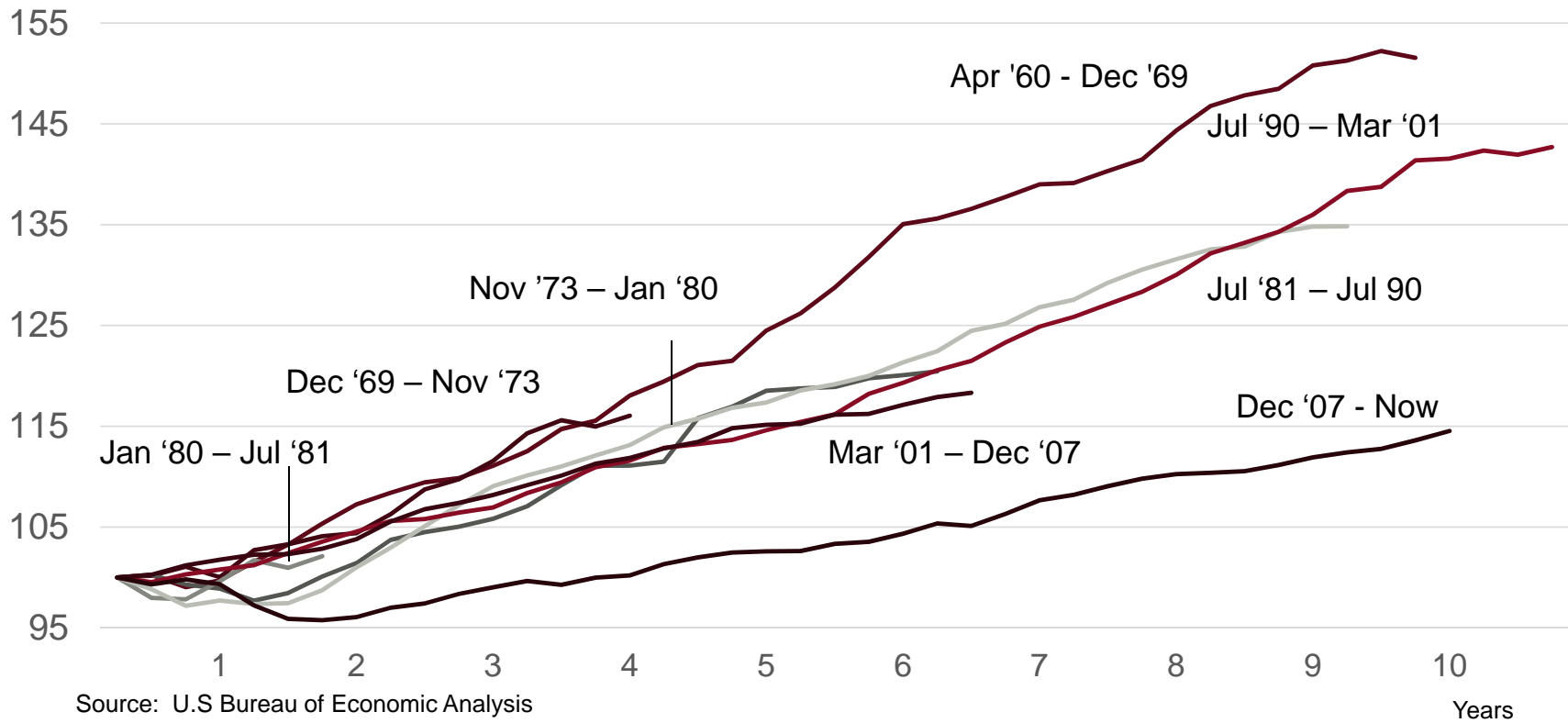
Real GDP Growth, 2017



Source: World Bank

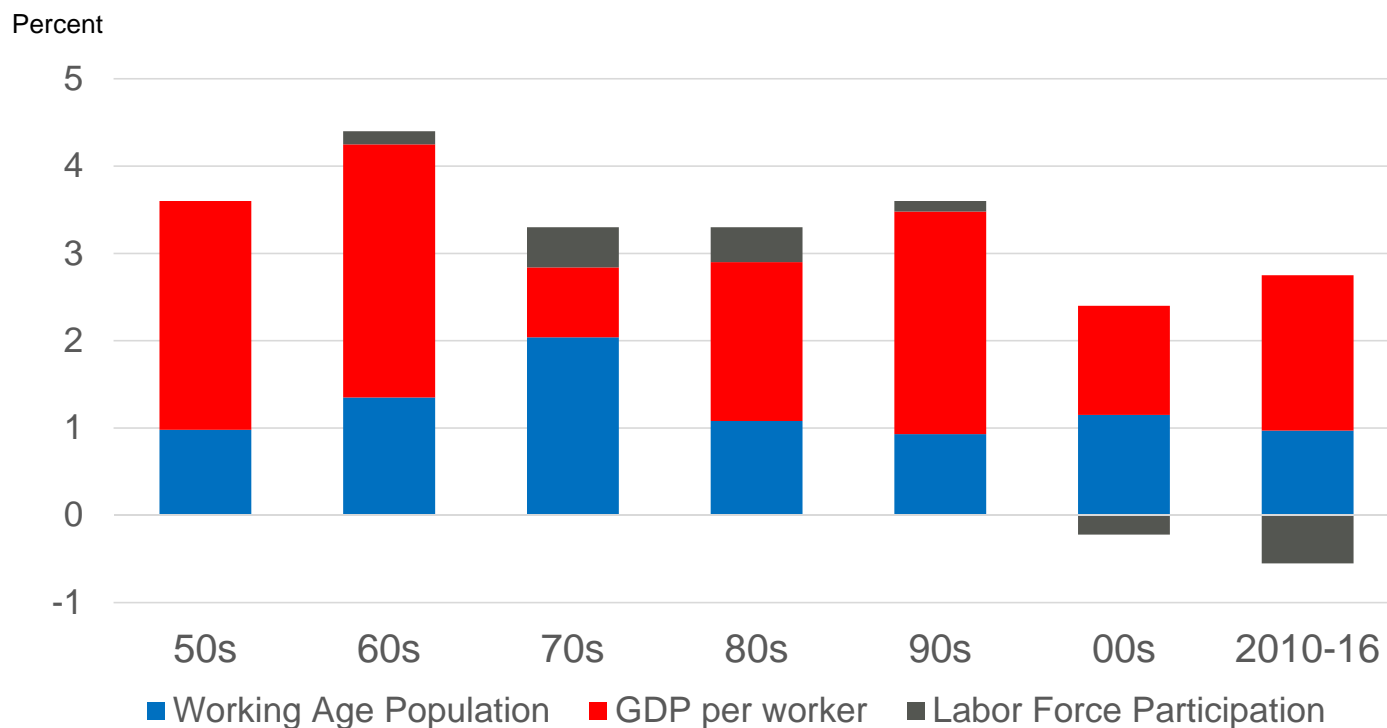
Growth Much Slower Than Past Cycles

Real GDP Index



The Cost of Lost Labor Force Participation

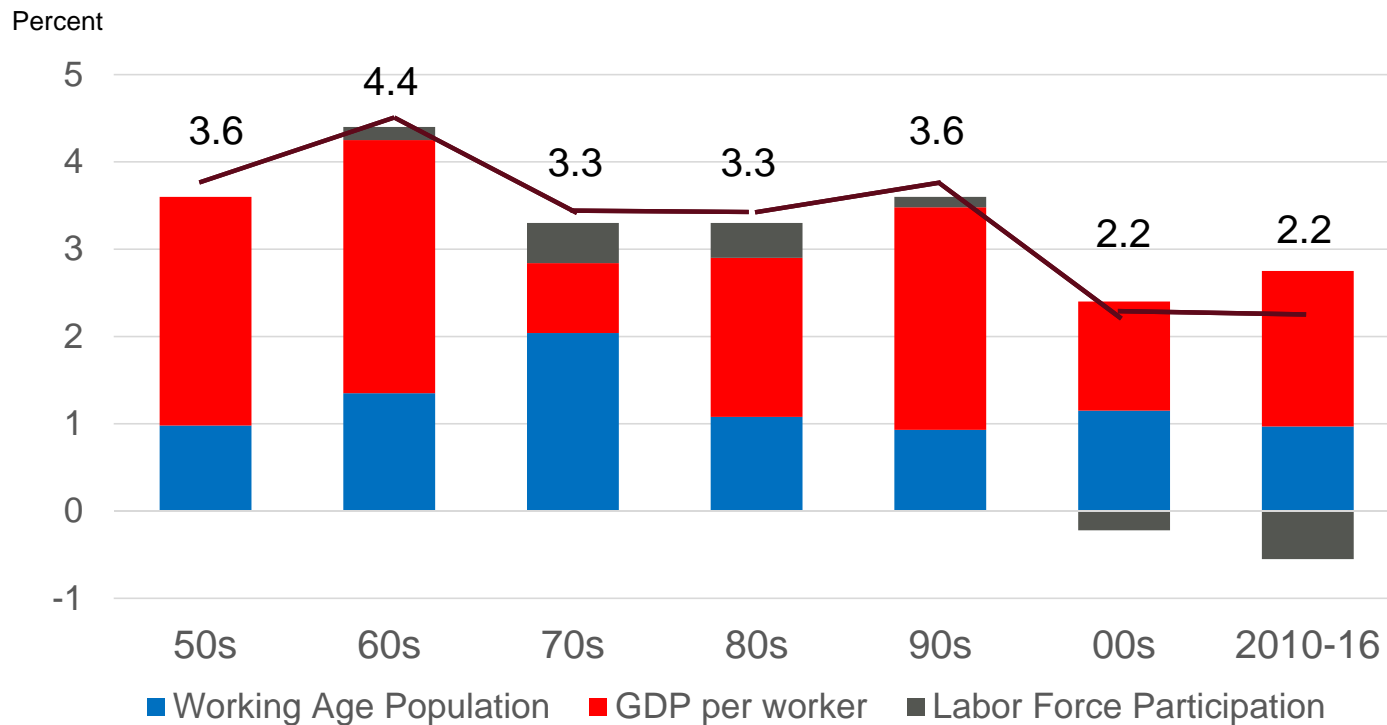
Contribution to Real GDP Growth, by Decade



Source: Standard and Poor

The Cost of Lost Labor Force Participation

Contribution to Real GDP Growth, by Decade



Source: Standard and Poor

U.S. Crude Oil Production Rising Again

U.S. Monthly Crude Oil Production, Thousand bbl.



Source: U.S. Energy Information Administration



No Sign of New Production in Montana

Montana Monthly Crude Oil Production, Thousand bbl.

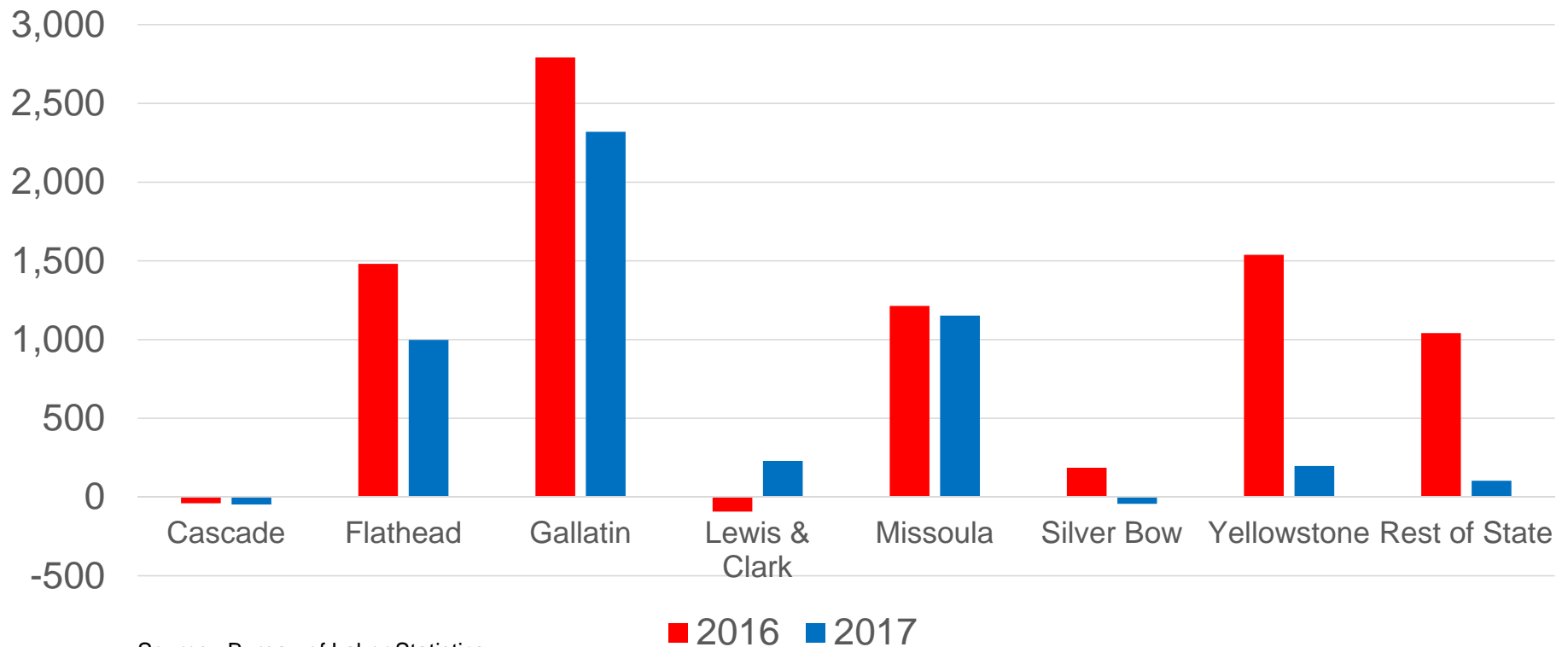


Source: U.S. Energy Information Administration



Job Growth Continued Into 2017

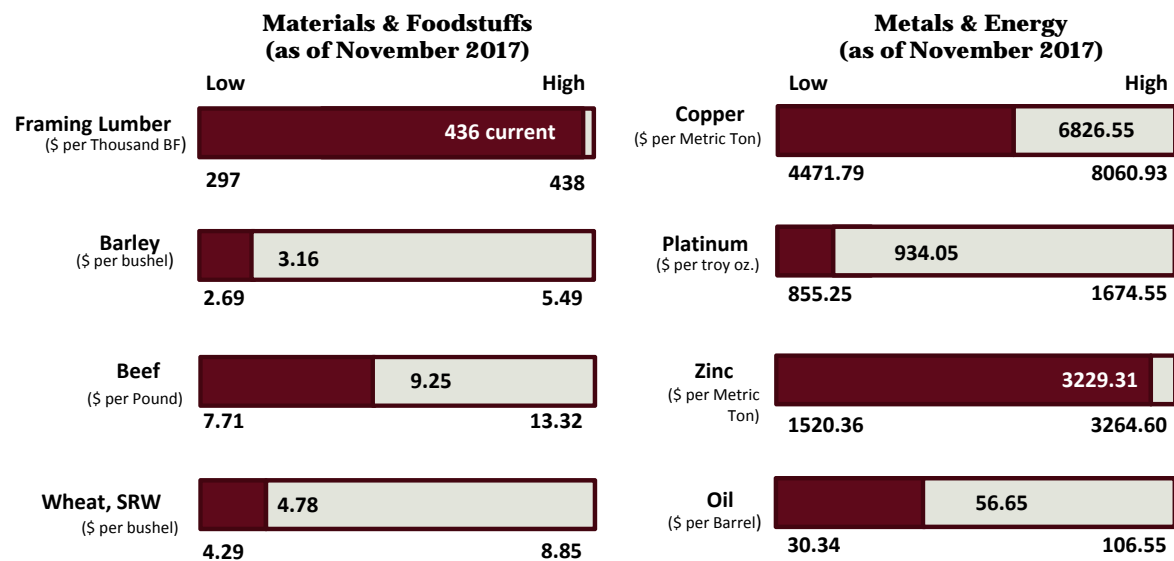
Growth in Jobs, FY2016 and FY2017



Mixed Story for Most Important Commodities


Select Commodity Prices

November 2017 vs. 5-Year High and Low



Source: World Bank, USDA, Random Lengths

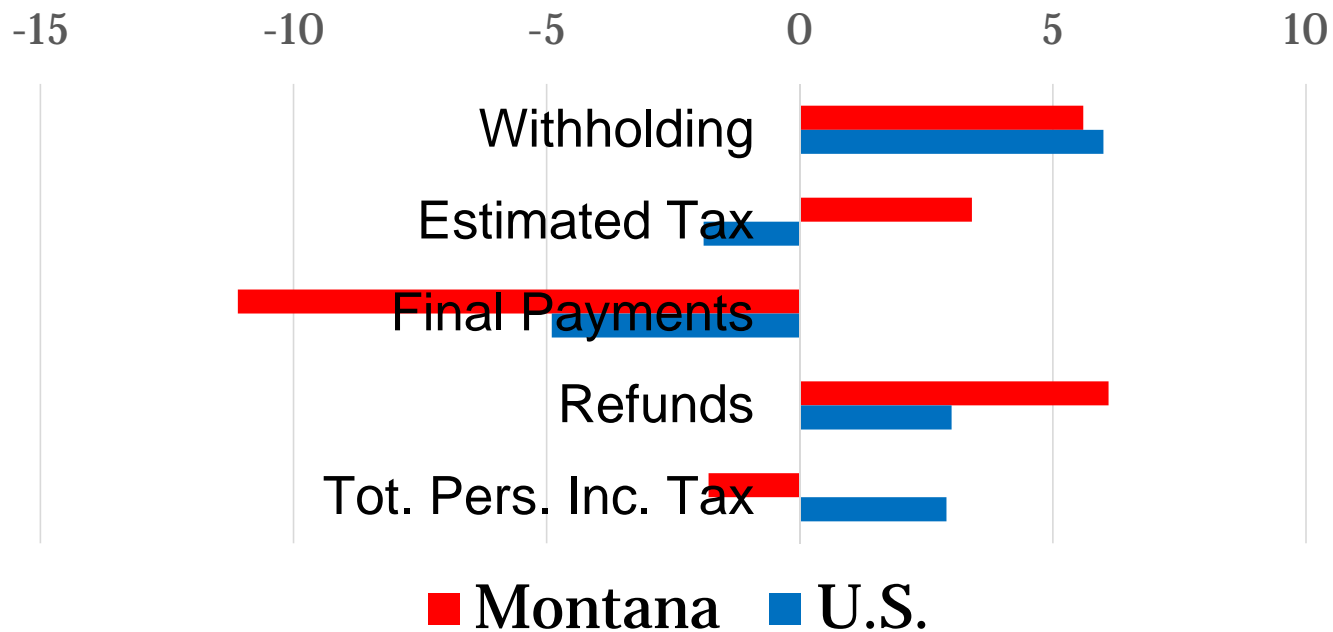
Montana General Fund Revenue Collections, FY15-FY17, \$ Millions

	Fiscal Year			FY2016/FY2017		
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Change</u>	<u>Pct. Change</u>	
Individual Income Tax	1180.5	1181.0	1178.0	-3.1	-0.3%	
Estimated Payments	271.2	278.5	271.3	-7.3	-2.6%	
Refunds	-256.1	-275.3	-289.1	-13.8	5.0%	
Withholding	875.2	900.5	940.9	40.4	4.5%	
Property Tax	258.0	275.0	272.3	-2.7	-1.0%	
Corporation Tax	168.0	119.0	125.0	6.0	5.1%	
Oil and Gas Prod. Tax	187.8	95.5	98.1	2.6	2.7%	
Coal Severance Tax	61.8	54.5	55.4	0.8	1.5%	
 General Fund Revenues	 2169.1	 2110.4	 2134.7	 24.3	 1.1%	

Source: Montana Department of Revenue

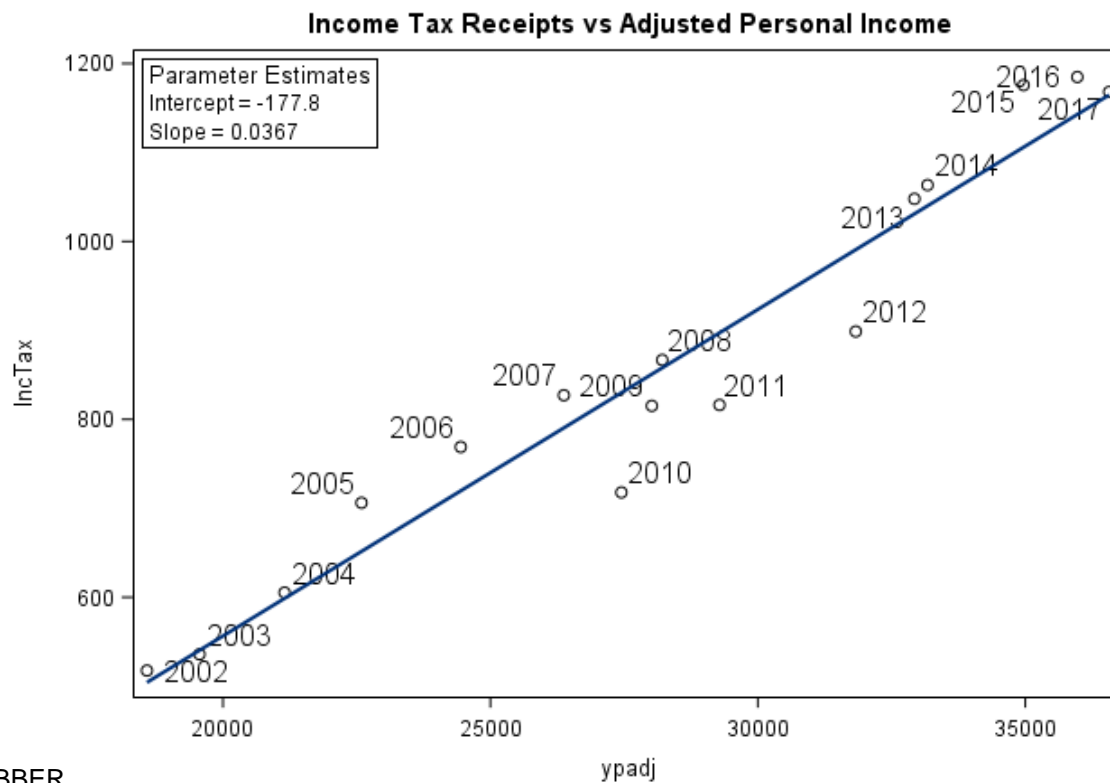
Spring Was Cruel to the Montana Treasury

Percent Change Jan-May 2017 vs. Jan-May 2016



Source: Rockefeller Institute

Relationship Between Tax Receipts and Personal Income Far From Perfect



Source: BBER

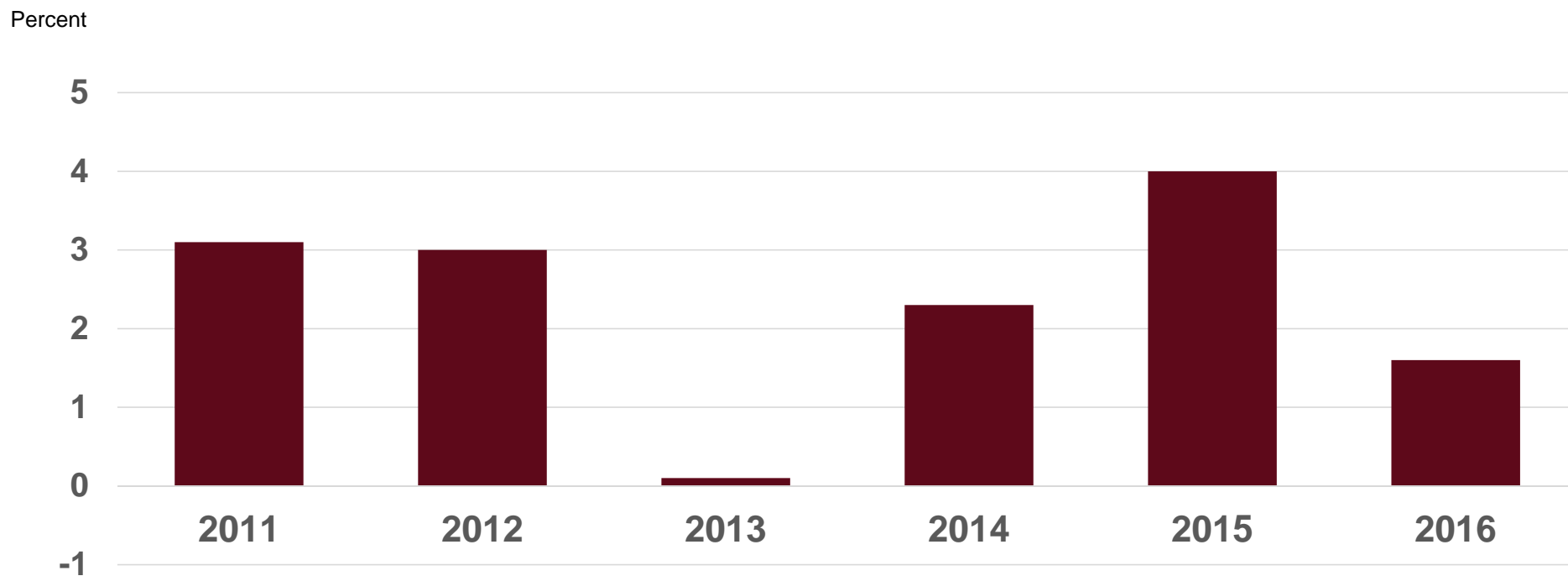


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2018 U.S. and Montana Outlook

Nonfarm Earnings Slowed Significantly

Percent Growth, Inflation-Corrected Nonfarm Earnings, Montana



Source: Bureau of Economic Analysis

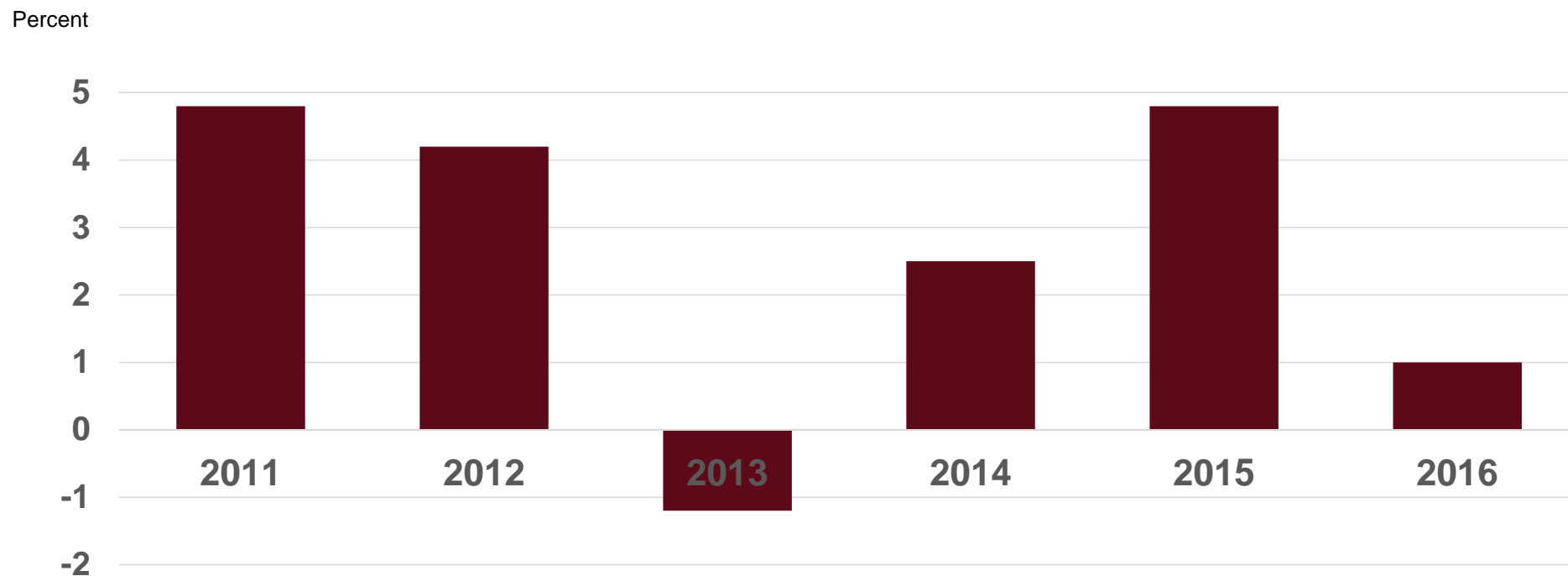


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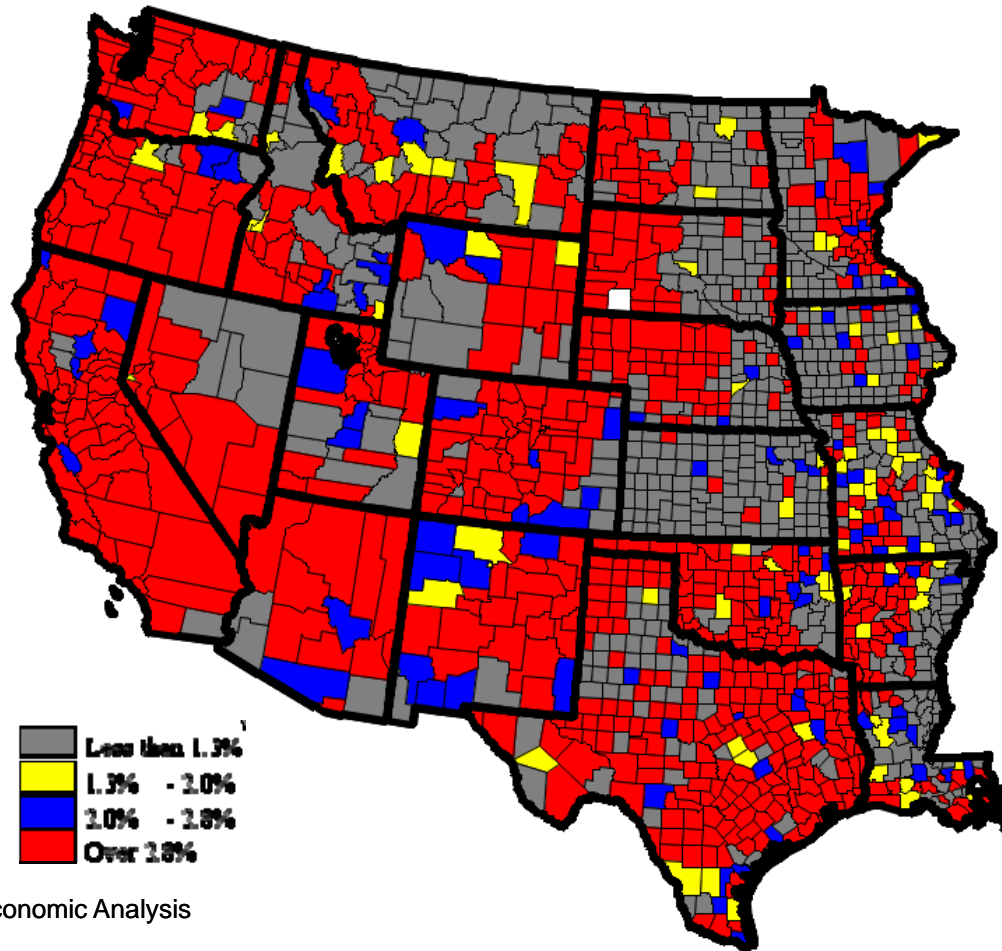
Slowdown in Personal Income Even More Pronounced

Percent Growth, Inflation-Corrected Personal Income, Montana



Source: Bureau of Economic Analysis

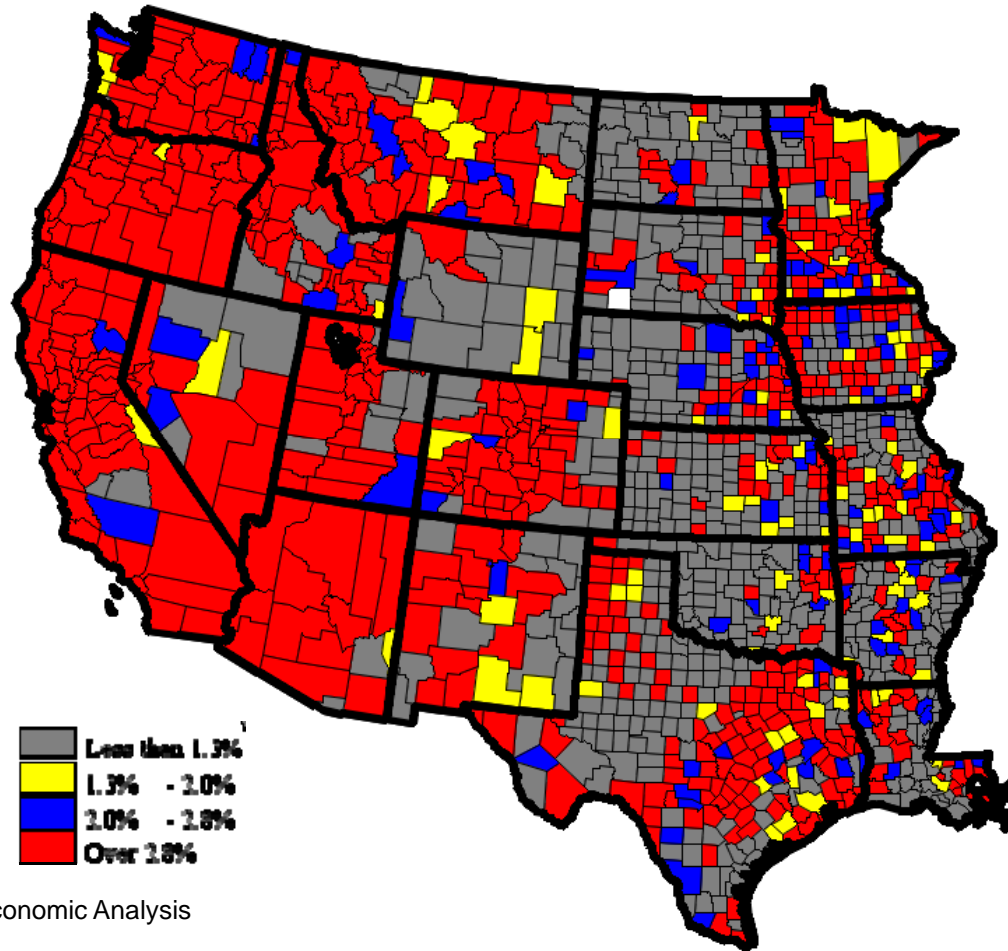
Percent Growth in Personal Income 2014



Source: Bureau of Economic Analysis

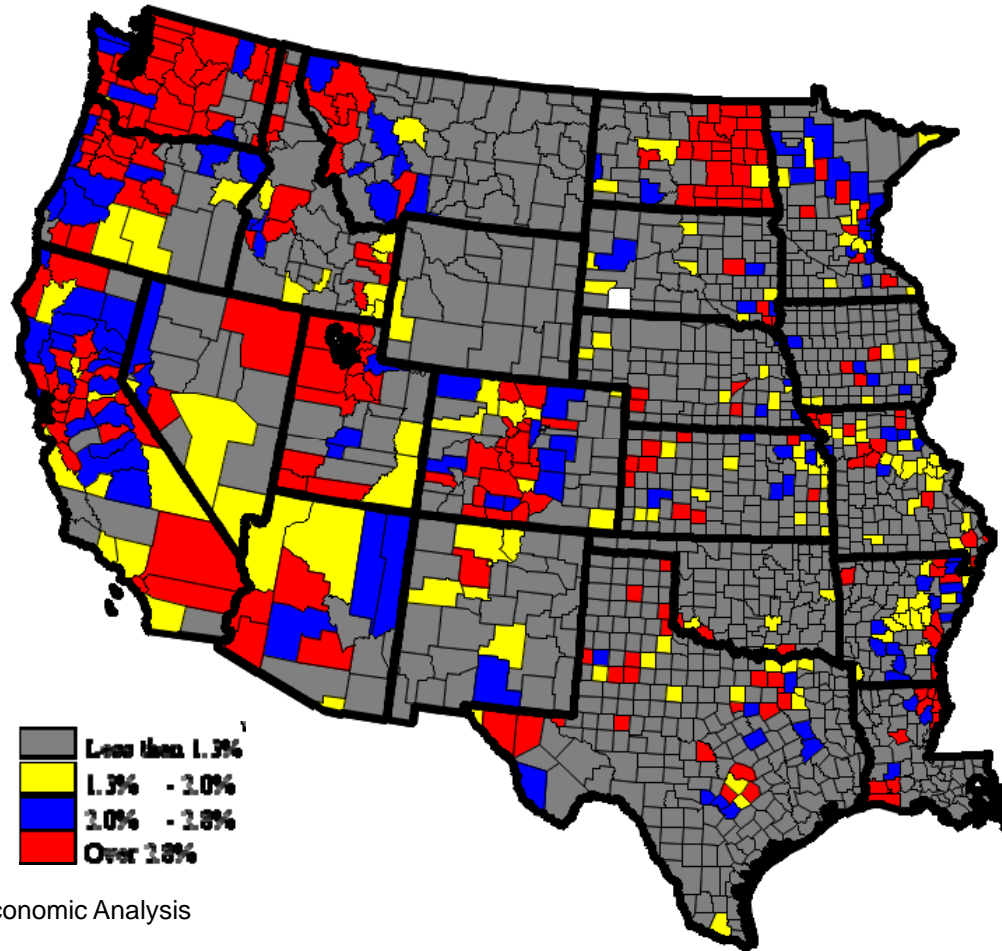


Percent Growth in Personal Income 2015



Source: Bureau of Economic Analysis

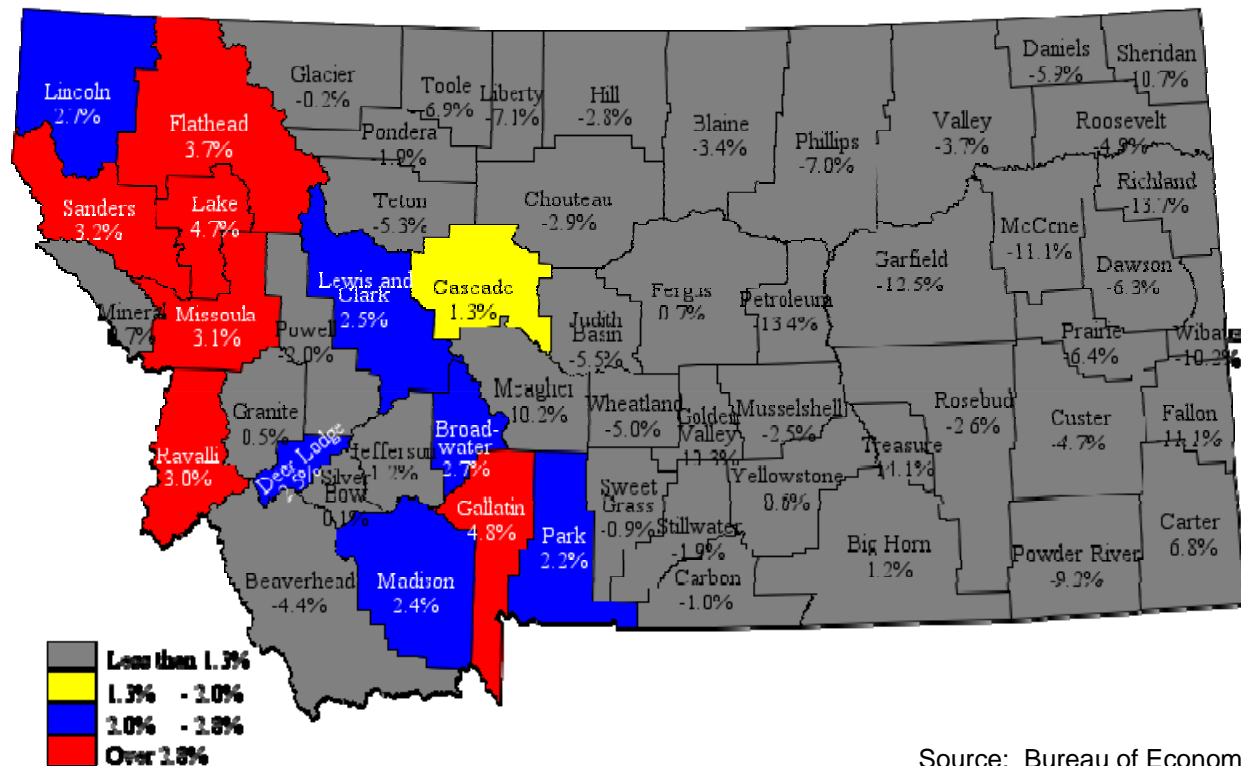
Percent Growth in Personal Income 2016



Source: Bureau of Economic Analysis



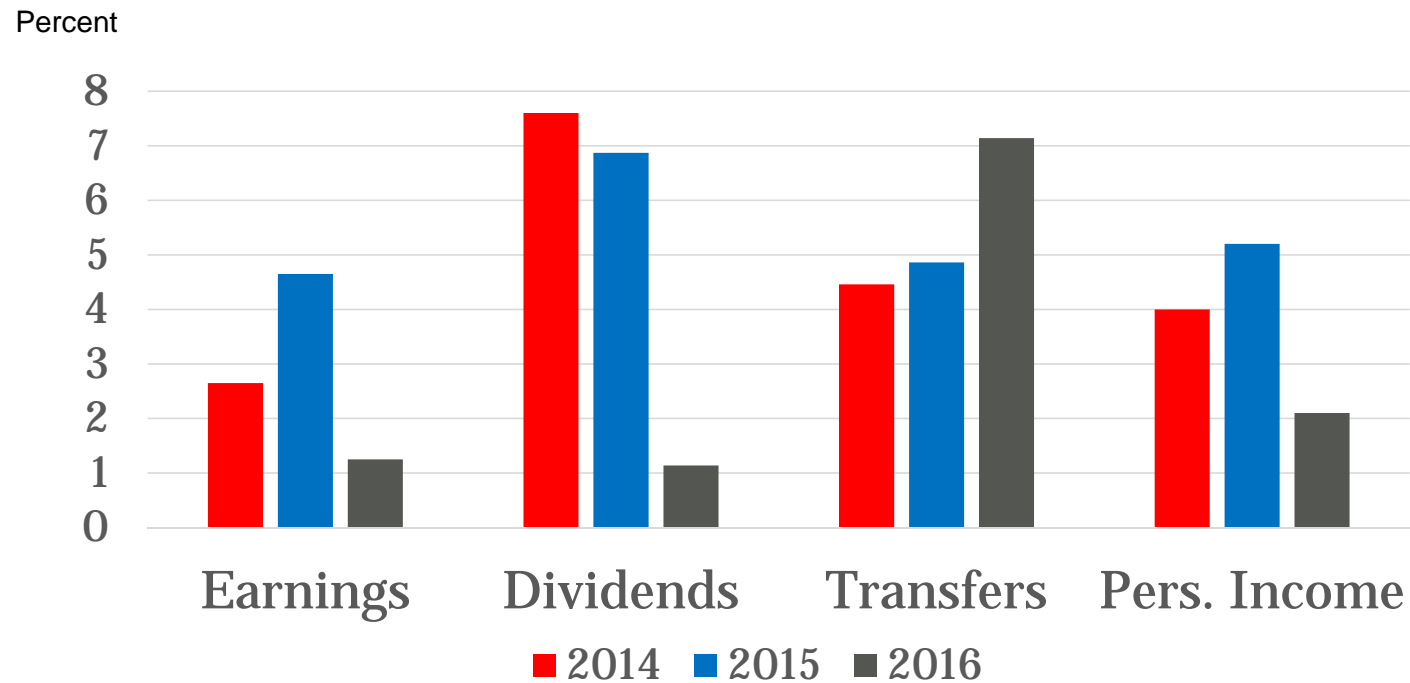
Personal Income Growth in 2016



Source: Bureau of Economic Analysis

Taxable Sources of Income Were Weak in 2016

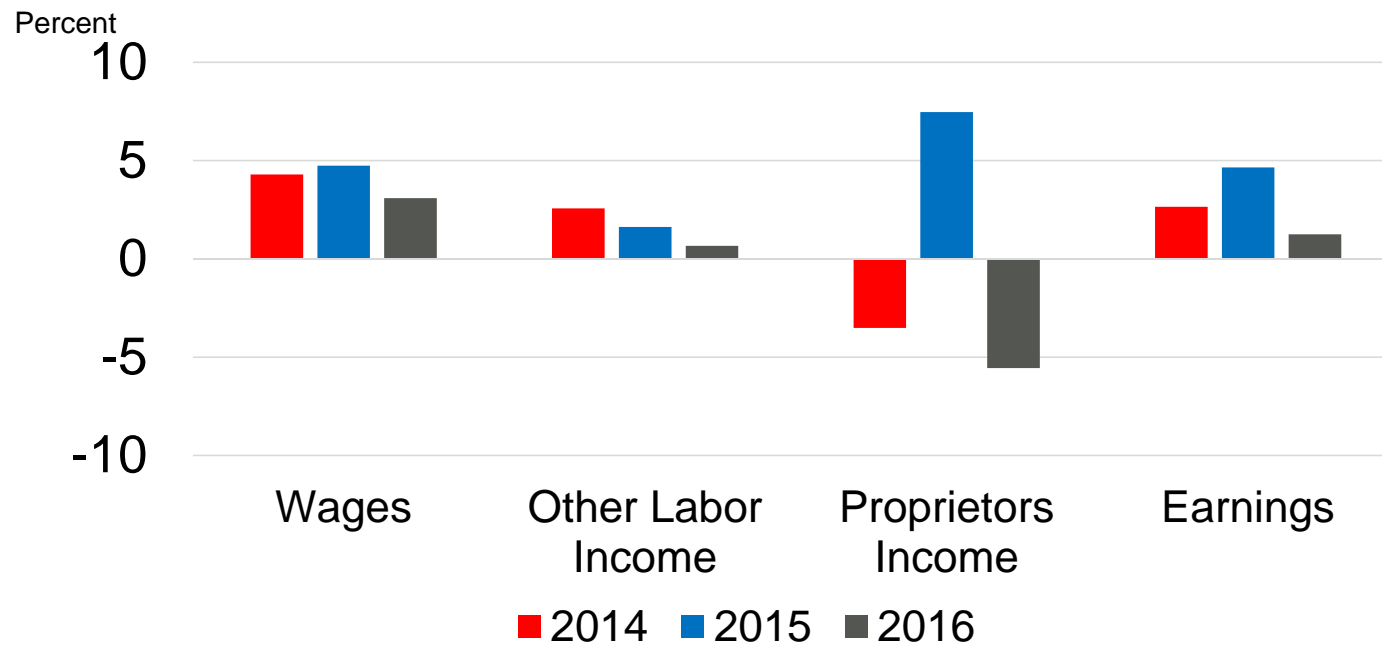
Percentage Change in Montana Personal Income, 2014-16



Source: U.S. Bureau of Economic Analysis

Business Proprietor Income Declined

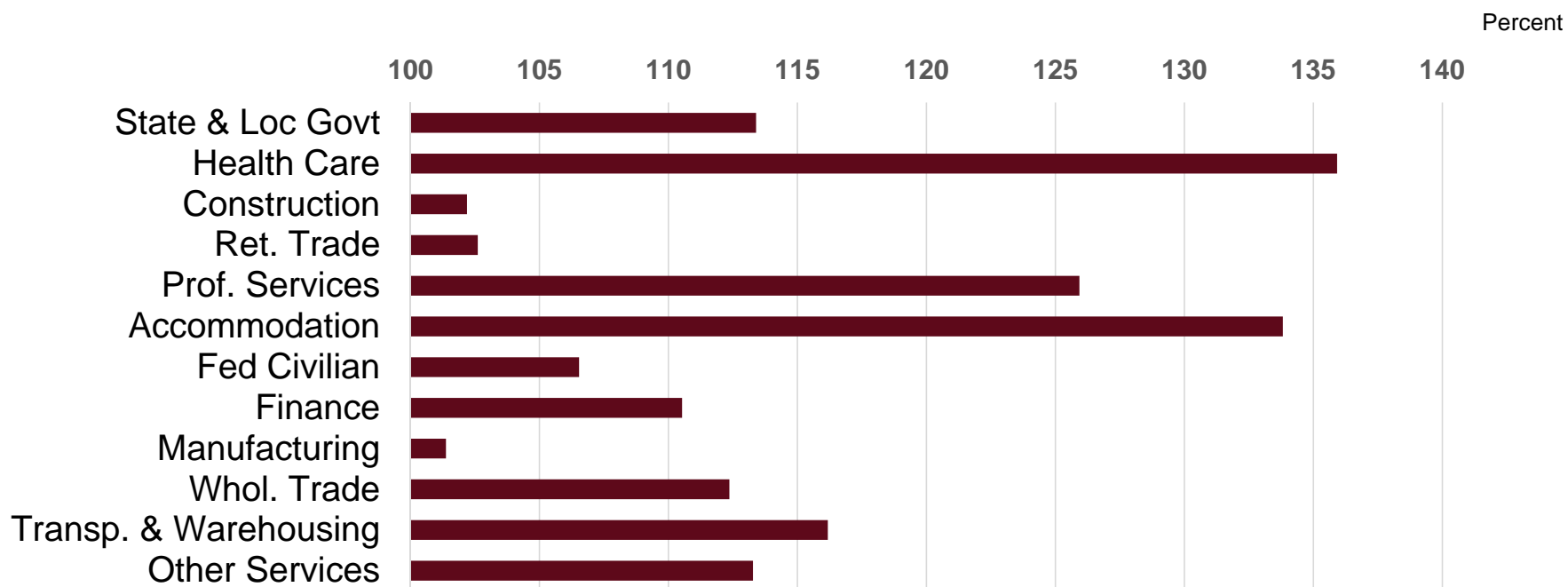
Percentage Change in Montana Earnings, 2014-16



Source: U.S. Bureau of Economic Analysis

What Has Grown Since 2007

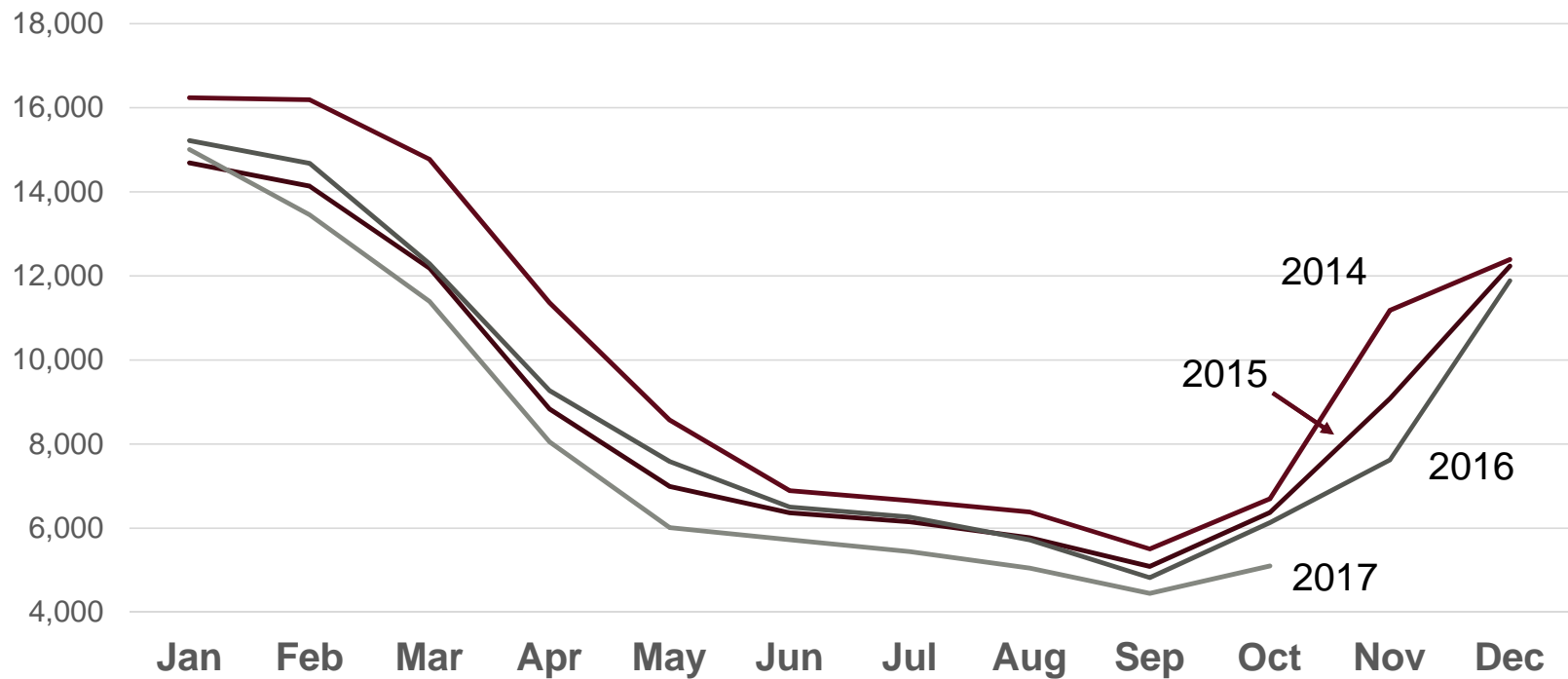
Inflation Corrected Earnings in 2016 as Percent of 2007



Source: U.S. Bureau of Economic Analysis

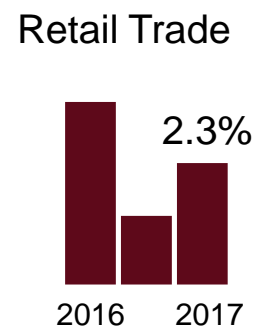
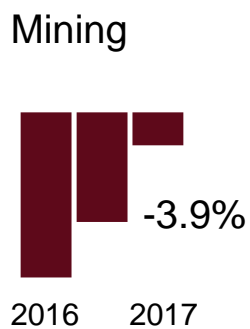
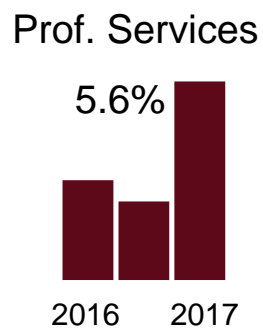
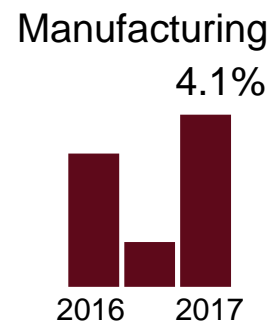
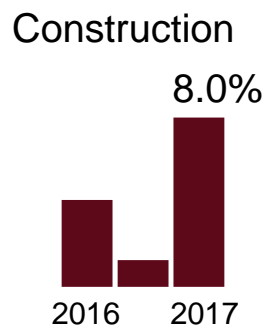
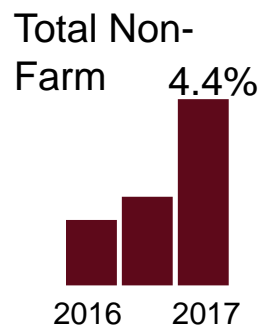
Montana Labor Market Still Tightening

Unemployment Insurance Claims, 2014-17



Source: Montana Department of Labor and Industry

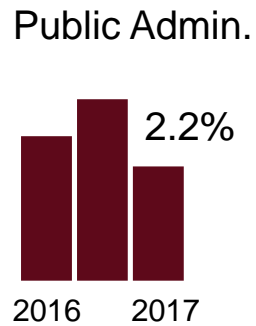
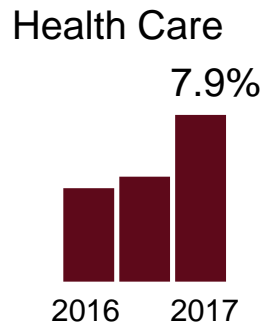
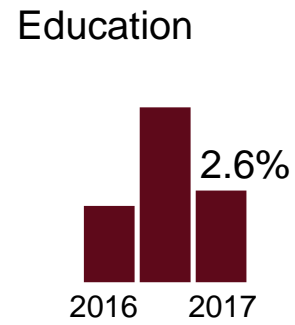
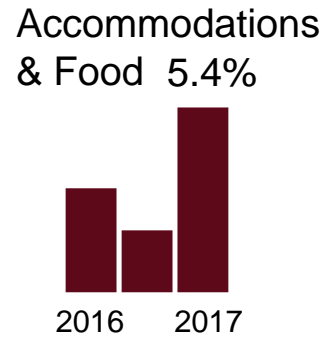
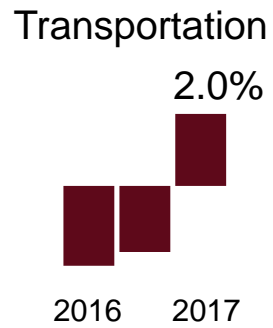
Percent Growth in Wage and Salary Disbursements by Industry



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



Percent Growth in Wage and Salary Disbursements by Industry



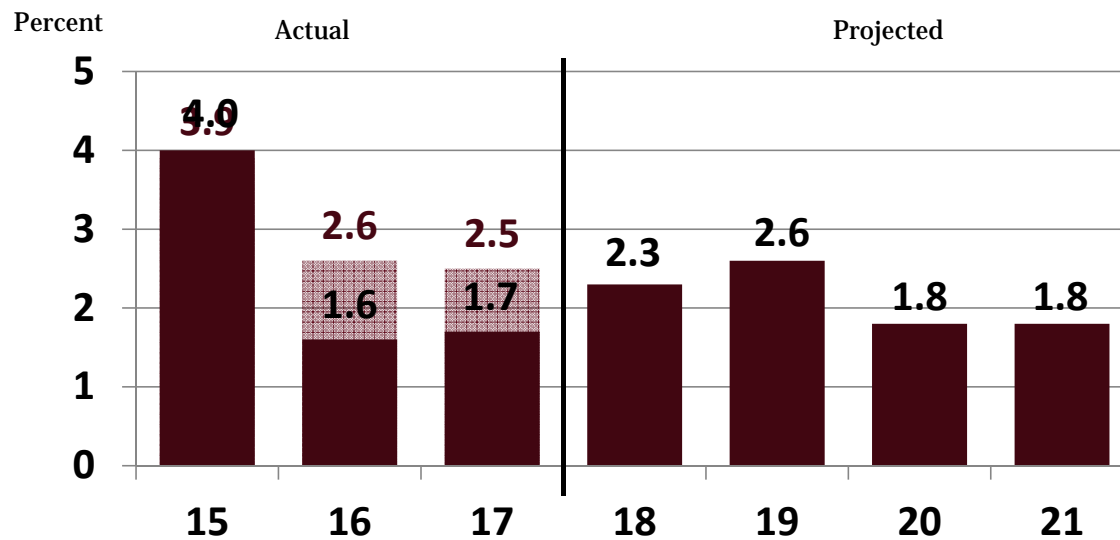
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages



Montana's Key Industries

- Agriculture producers battered by prices, drought
- Wood products companies encouraged by prices, salvage sales
- Tech expansion, construction healthy in western Montana
- Uncertainties in DC weigh on land use, health care
- Labor shortages impacting construction
- Real estate, financial institutions performing well

Growth in Nonfarm Earnings, Montana, 2015-2021



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



Questions?

