



# Economic Recovery in Montana

## Re-adjusting to the New “Normal”

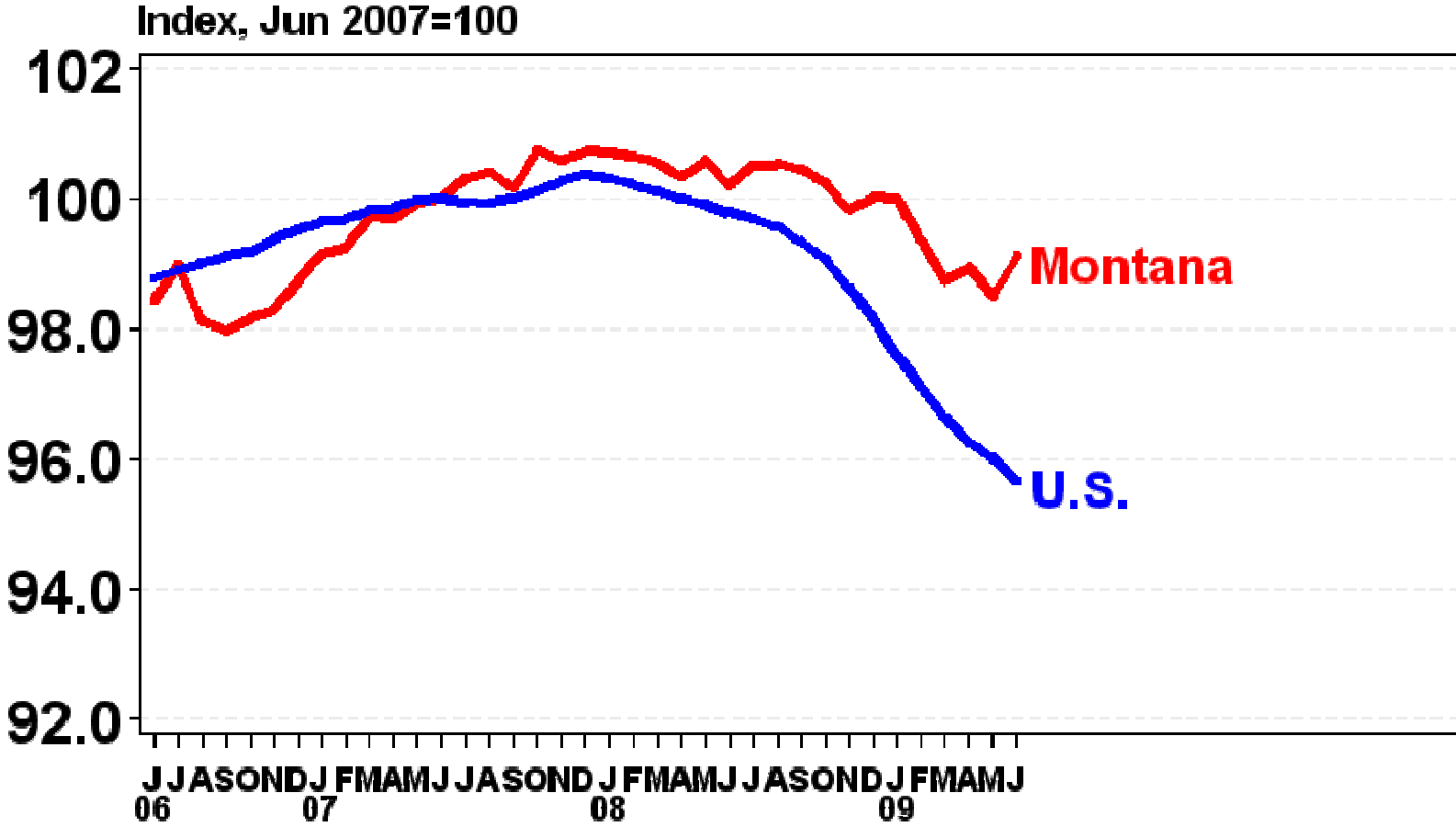
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The University of Montana



# Montana's Recession Experience

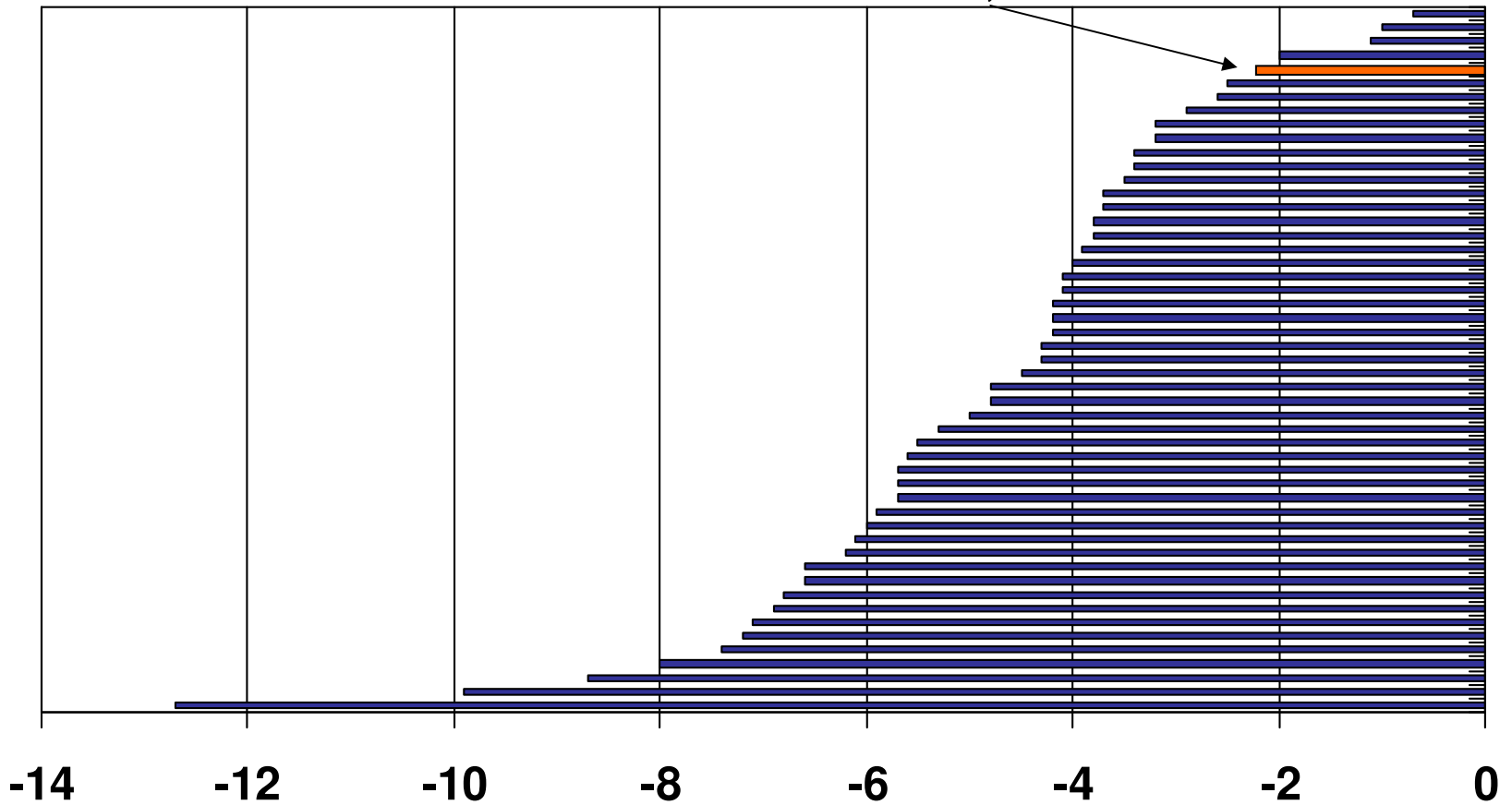


Payroll Employment, Index, May 2007=100

# Montana's Job Losses Among Nation's Smallest



Montana, -2.2%



Projected Job Loss by End of Recession by State, Percent

# Recession in Montana: Predictions and Surprises



- Significant economic downturn
- Continued hard times for housing
- Passage of stimulus legislation
- End of free fall in commodity prices
- Retail weaker than expected in most parts of the state
- Many mining layoff announcements failed to materialize

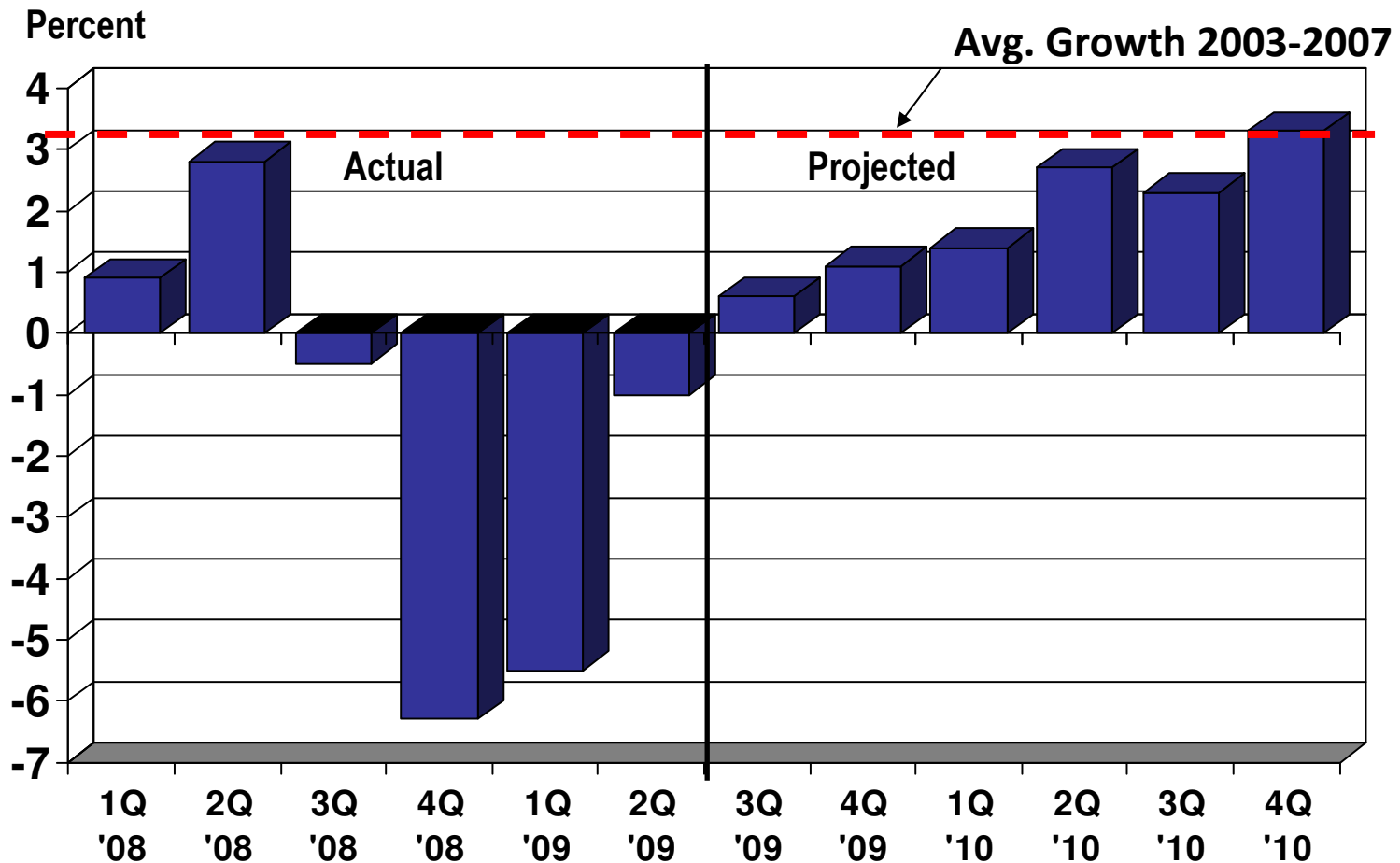
# Recovery in the National Economy

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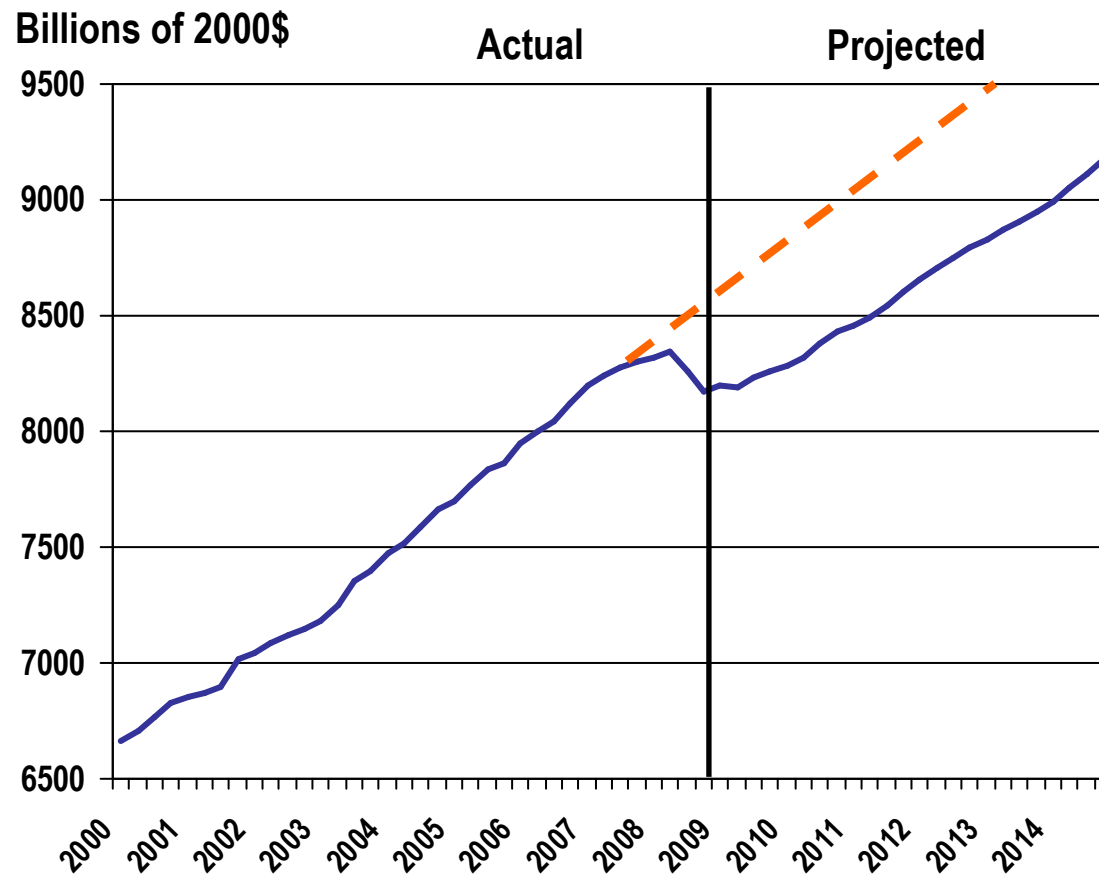
- Consumer confidence, spending on the rise
- Stimulus impacts starting to show up
- Housing will rebound, but growth will be slower
- Federal budget deficit, trade imbalances will loom larger over time

# The U.S. Recession But It Won't Feel "Normal" Will End This Year



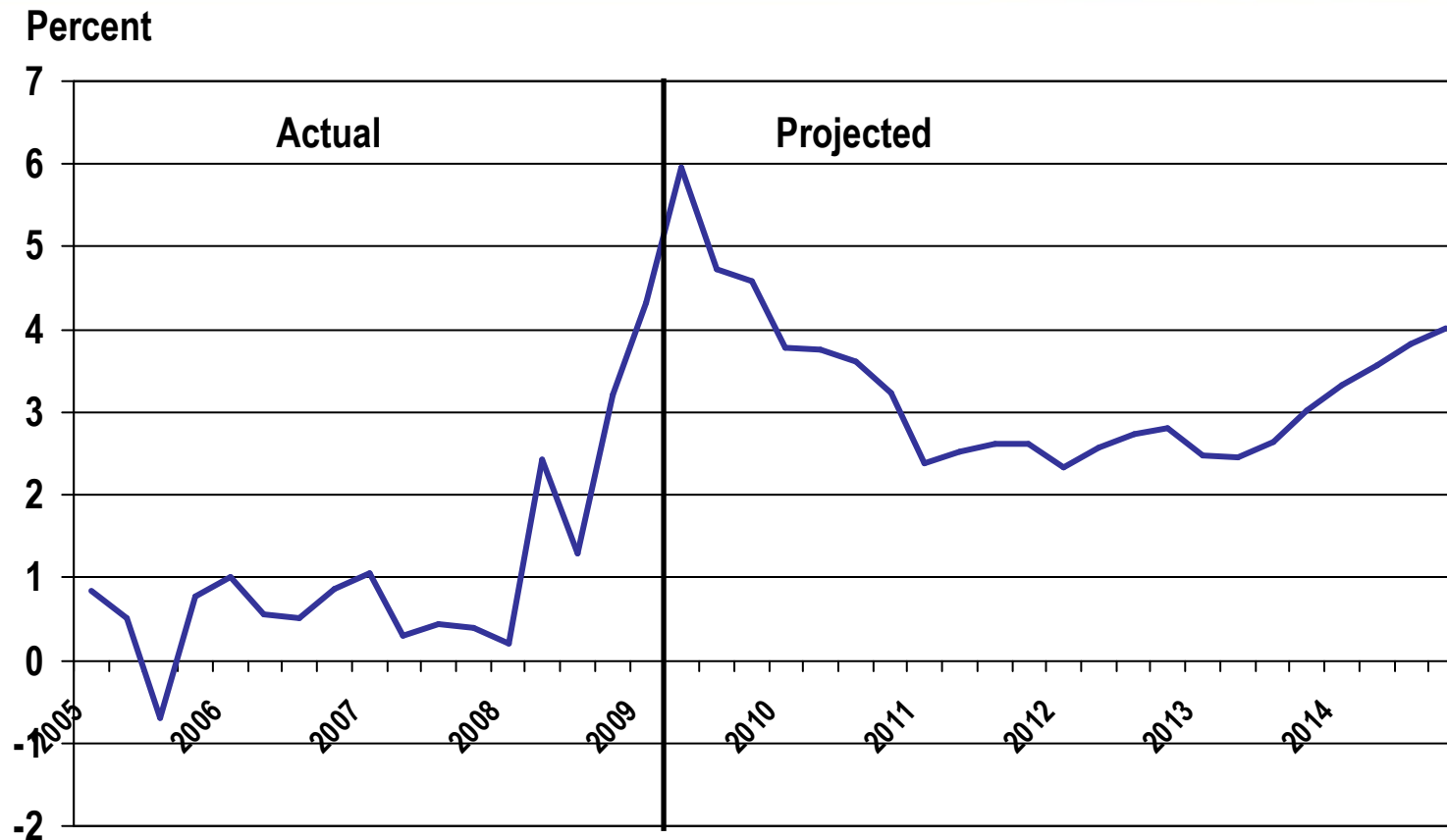
U.S. Real Gross Domestic Product, Percent Growth

# Consumer Spending Has Switched to a Slower Track



U.S. Personal Consumption Expenditures, Billions of 2000 \$

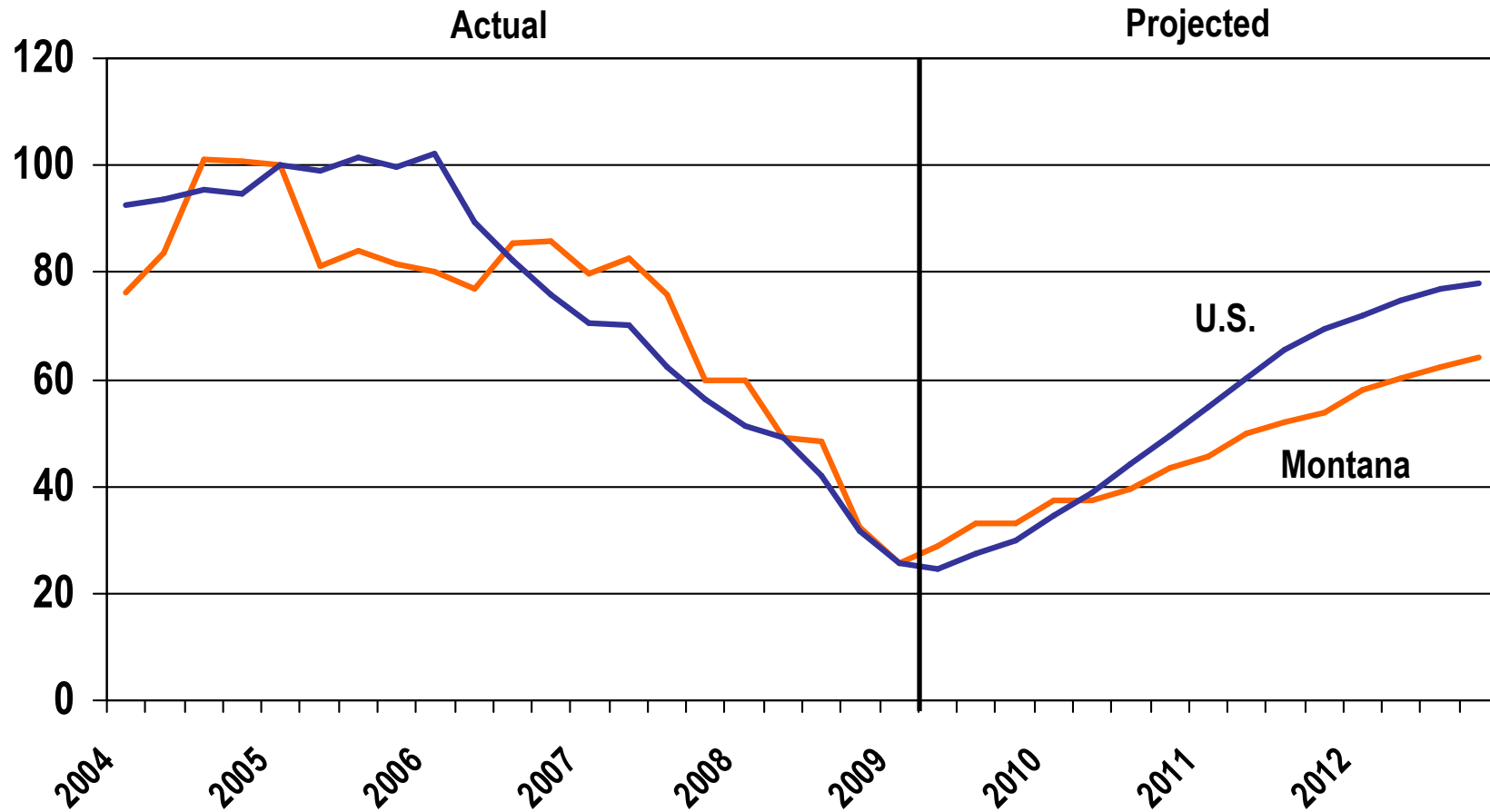
# As Consumer Savings Moves Permanently to a Higher Level



U.S. Personal Savings Rate, Percent

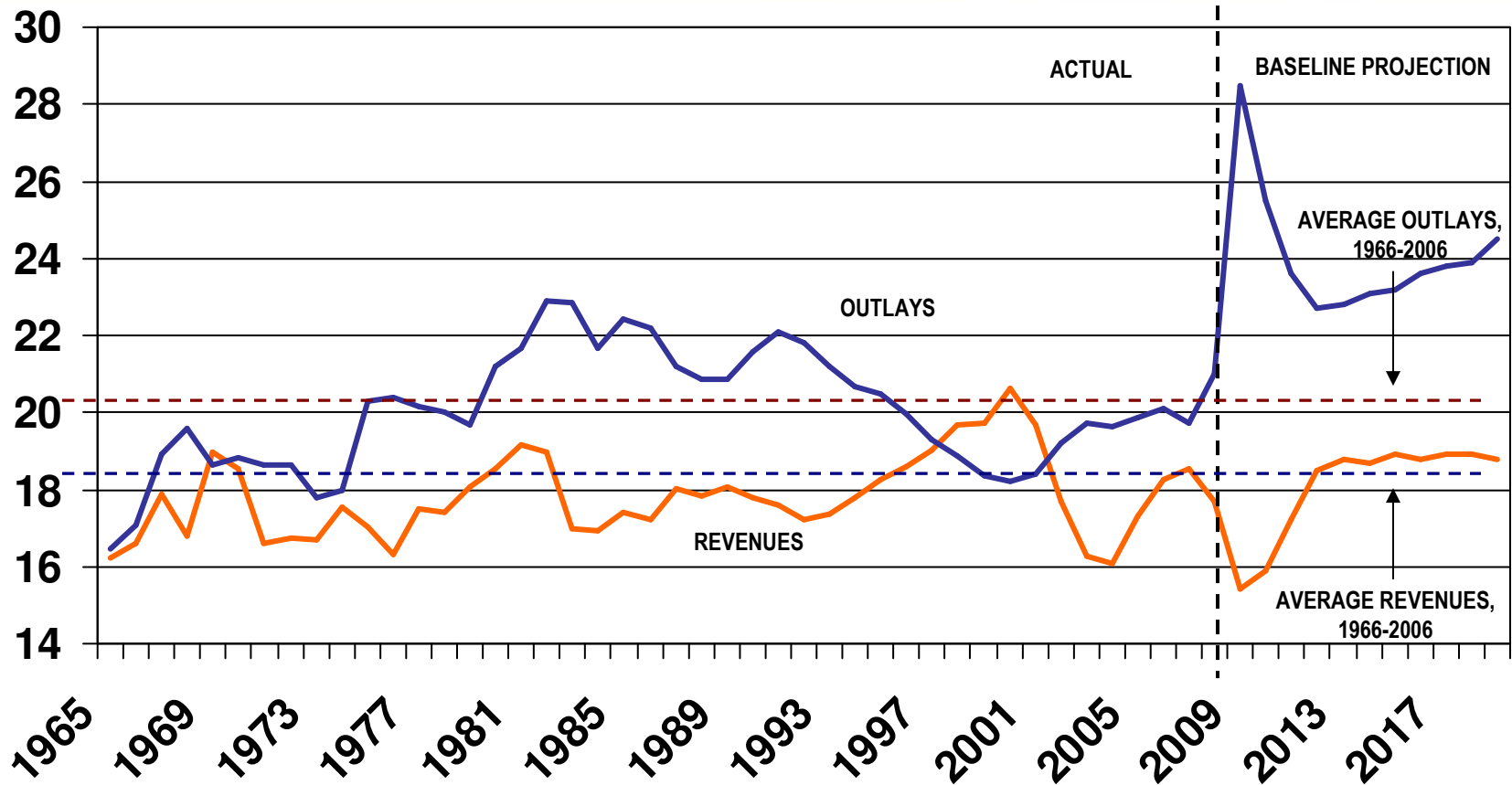


# Housing is Not Expected to Recover to Pre-Recession Levels



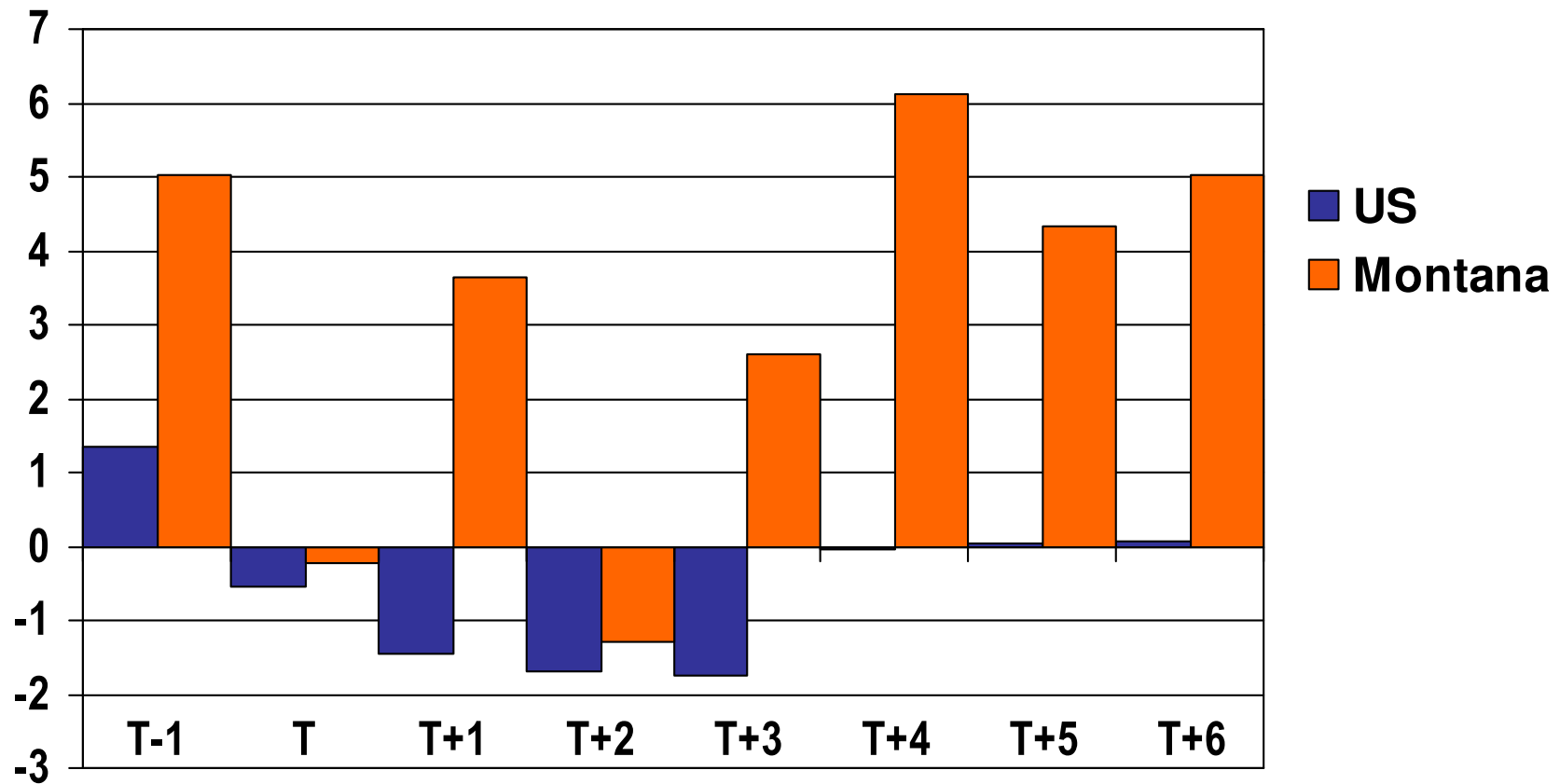
Housing Starts, Index, 2005Q1=100

# Federal Budget: The Official Story



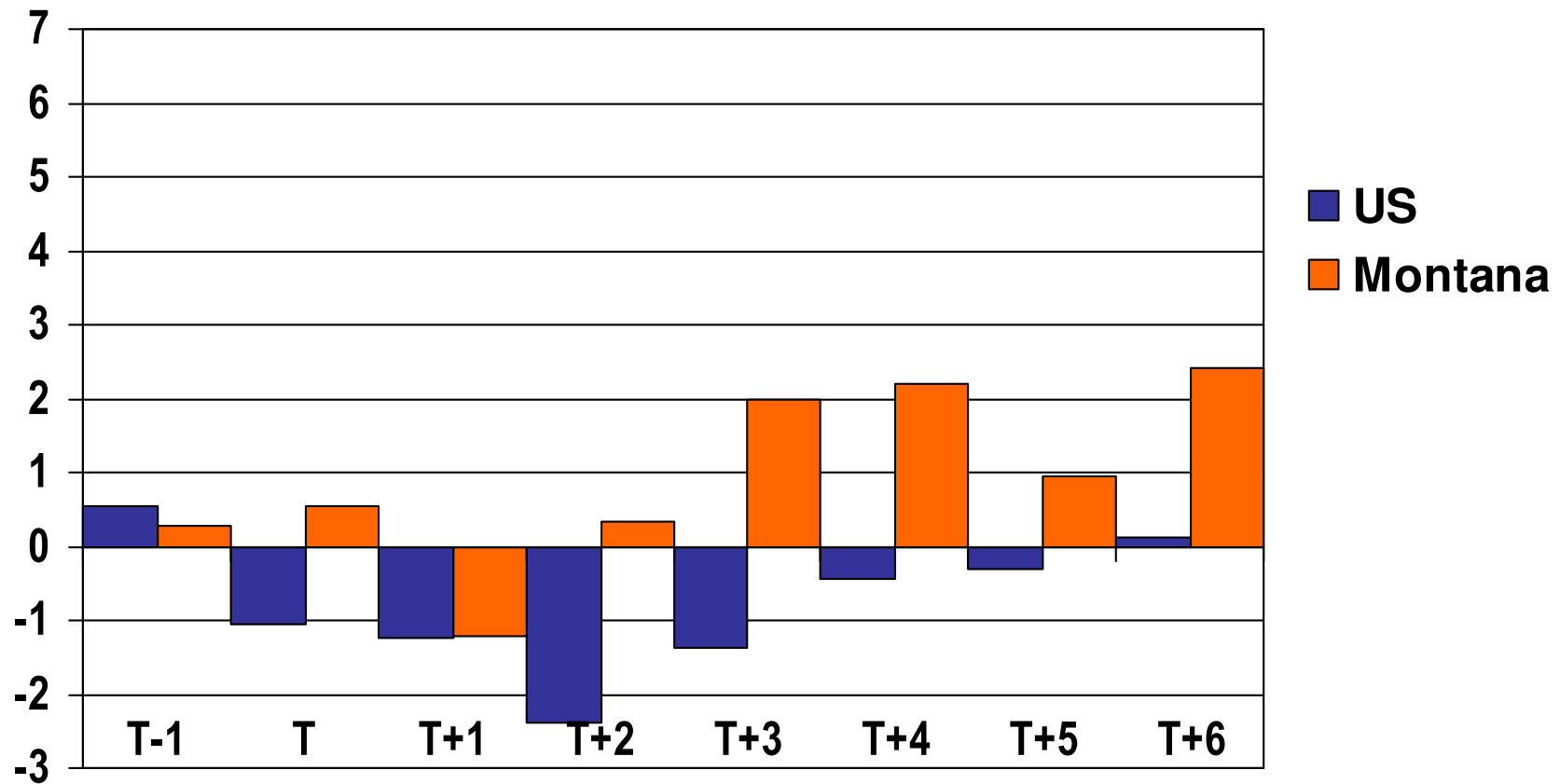
Expend. And Revenues as Percent of GDP, Congressional Budget Office

# 1990 Recession



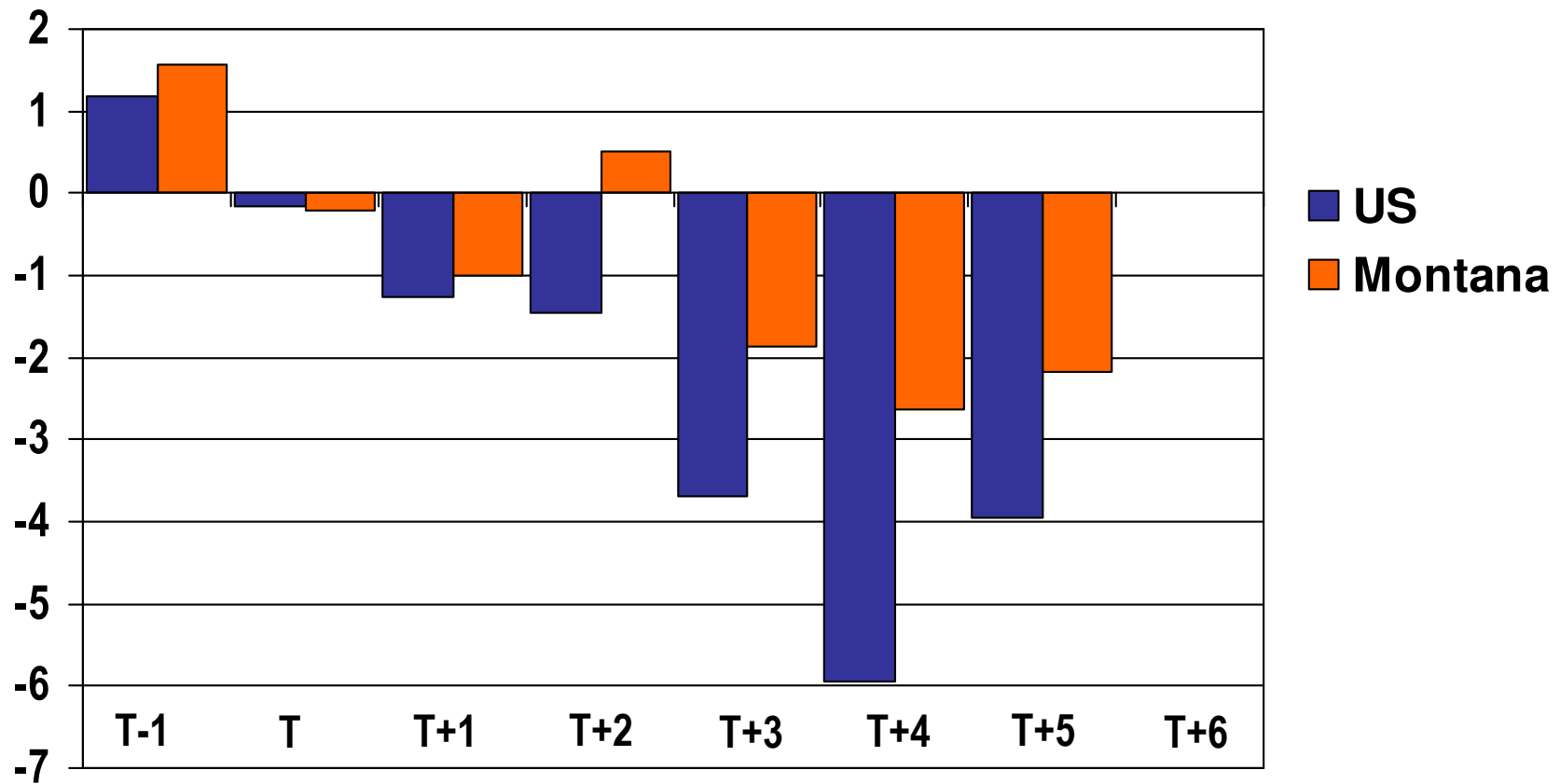
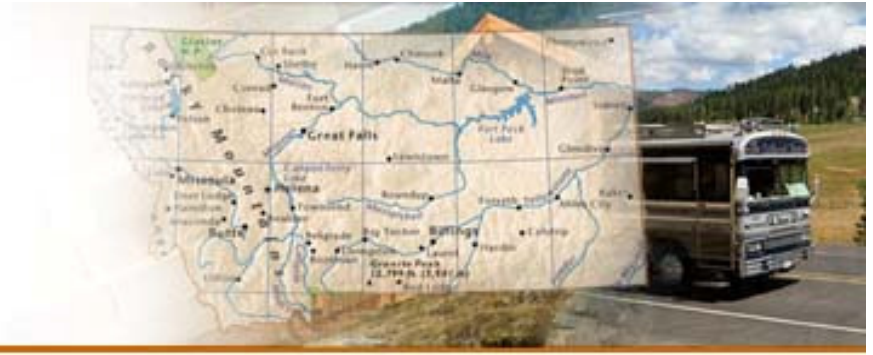
Total Employment, Percent Change, Quarter Since Beginning of Recession

# 2001 Recession



Total Employment, Percent Change, Quarter Since Beginning of Recession

# 2008/2009 Recession



Total Employment, Percent Change, Quarter Since Beginning of Recession

# Montana's Economic Base



- Nonresident Travel
- Mining
- Manufacturing
  - Wood and Paper
  - Other Manufacturing
- Agriculture
- Federal Government (Incl. Military)
  
- Construction
- Montana Consumer Sentiment

## Current Status

Declining

Layoffs Postponed

90%

Layoffs and Closings

Mixed

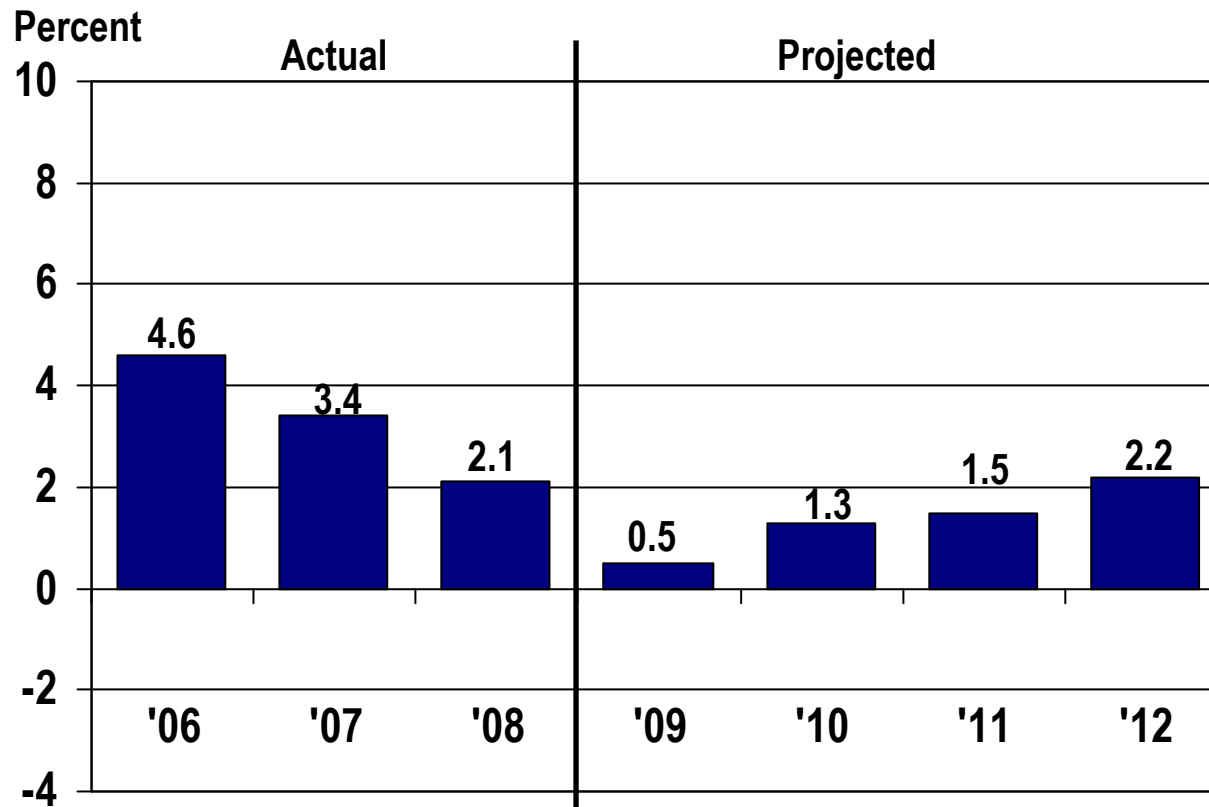
Mixed

Stimulus

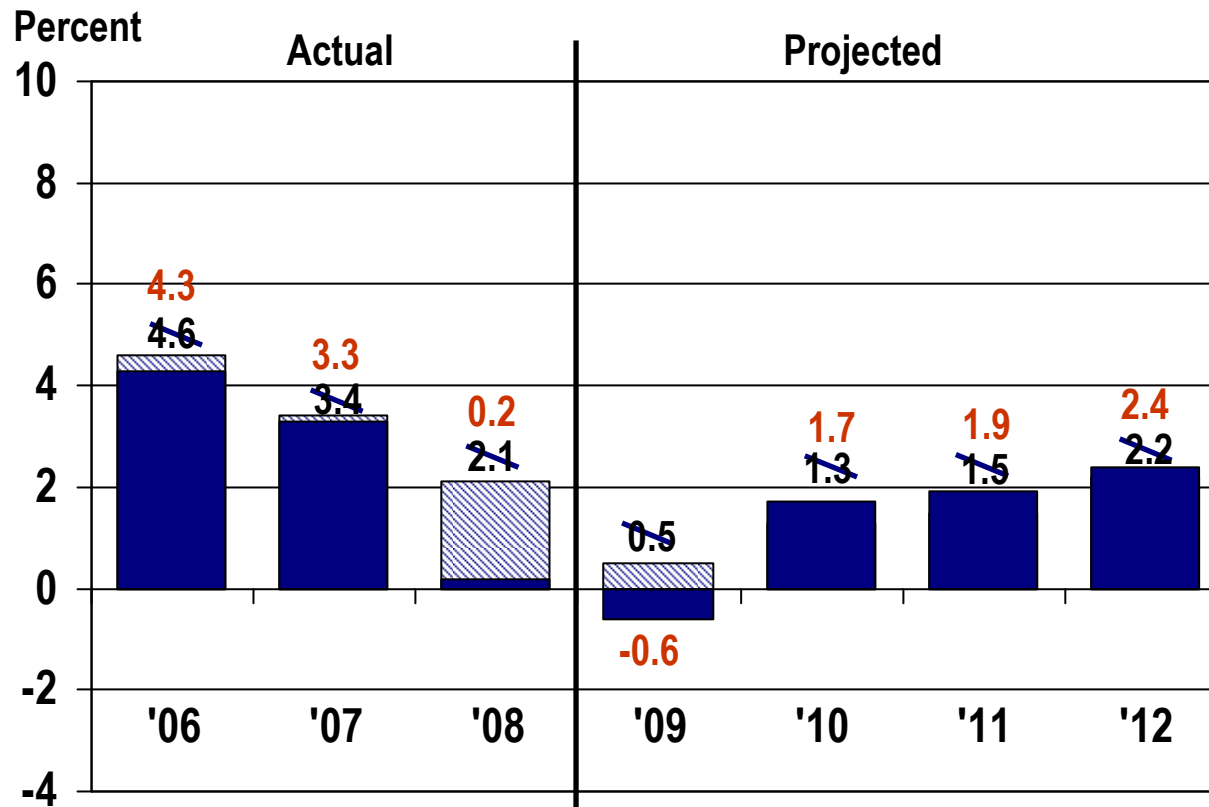
Significant Decline

Recovering From All Time Low

# Actual and Projected Change in Nonfarm Labor Income, Montana, 2006-2012

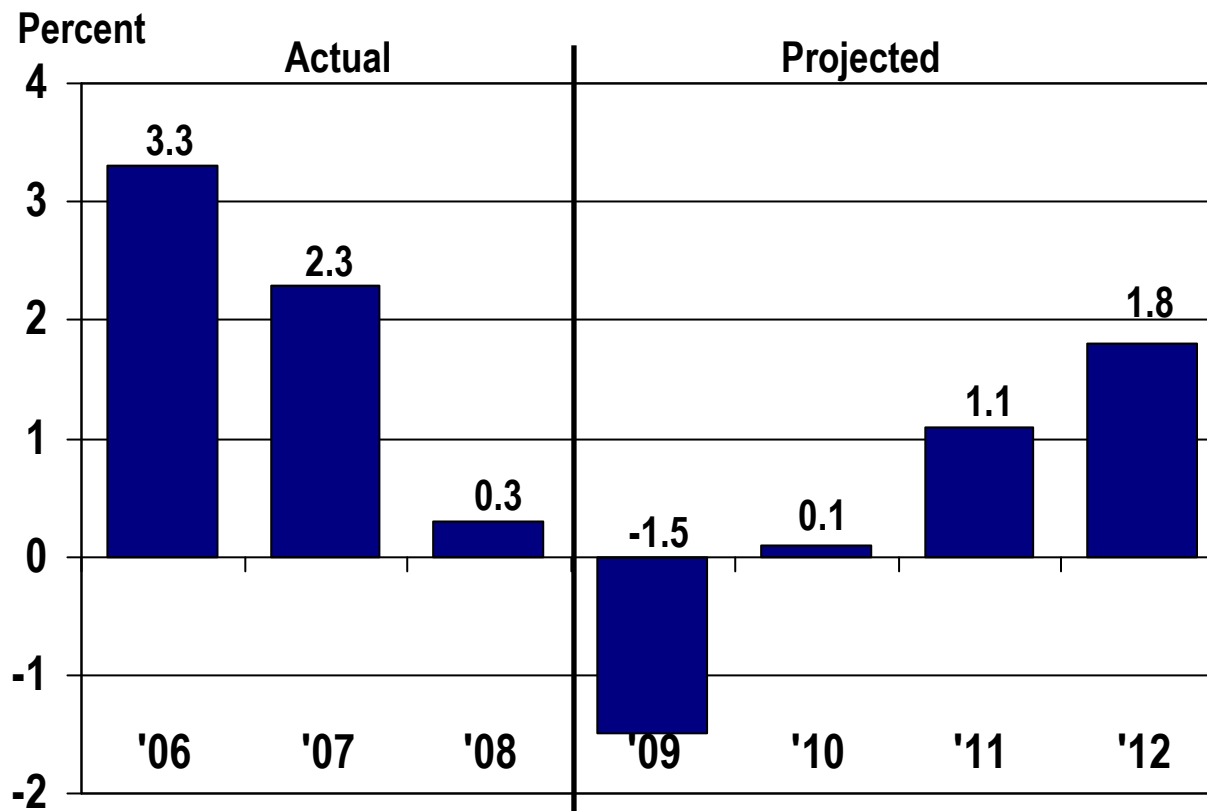


# Actual and Projected Change in Nonfarm Labor Income, Montana, 2006-2012





# Montana Employment Forecast



Source: IHS Global Insight, Inc.



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**Questions?**