

The National and Statewide Economic Outlook



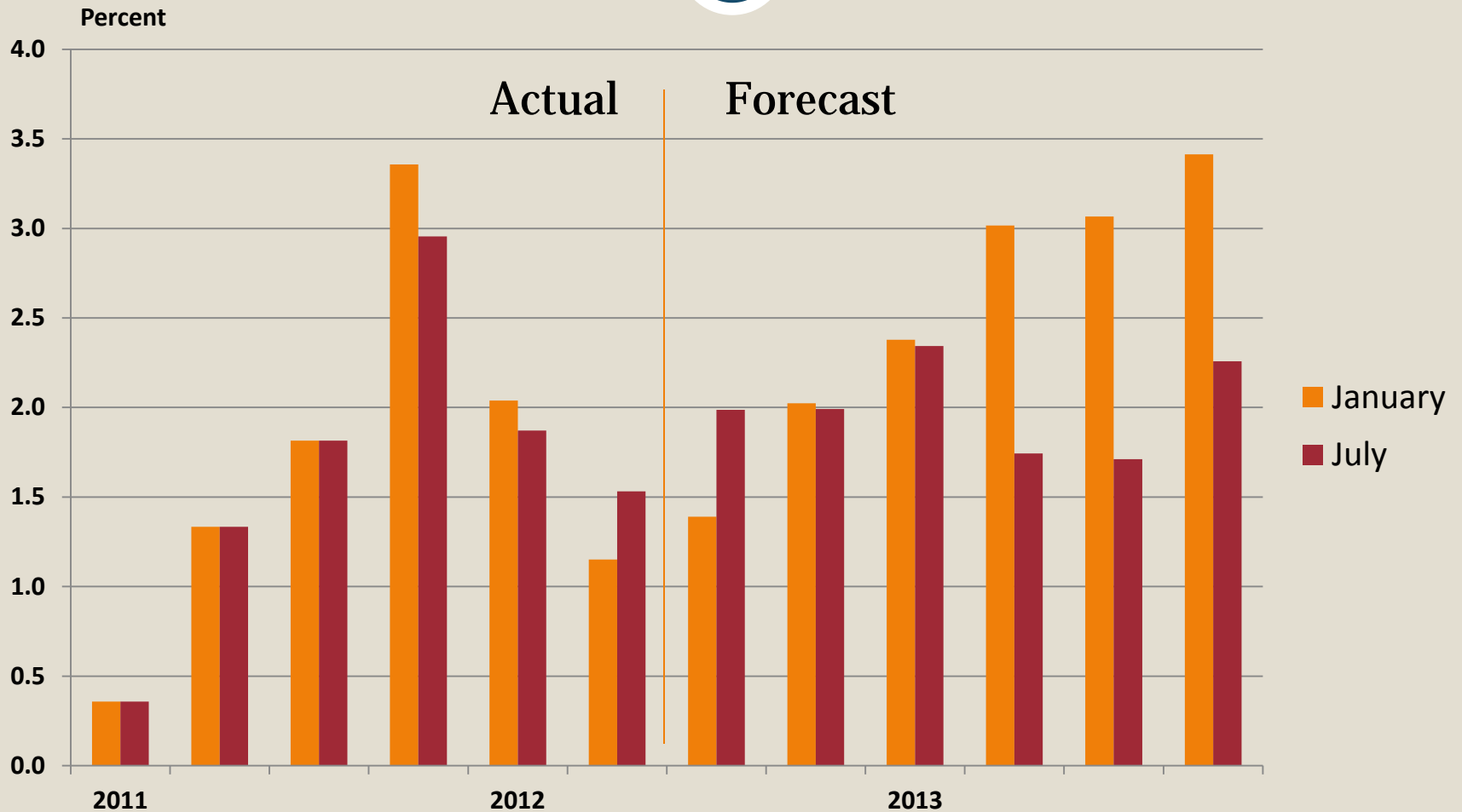
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BUREAU OF BUS. & ECON. RESEARCH
THE UNIVERSITY OF MONTANA**

Another Mid-Year Economic Malaise

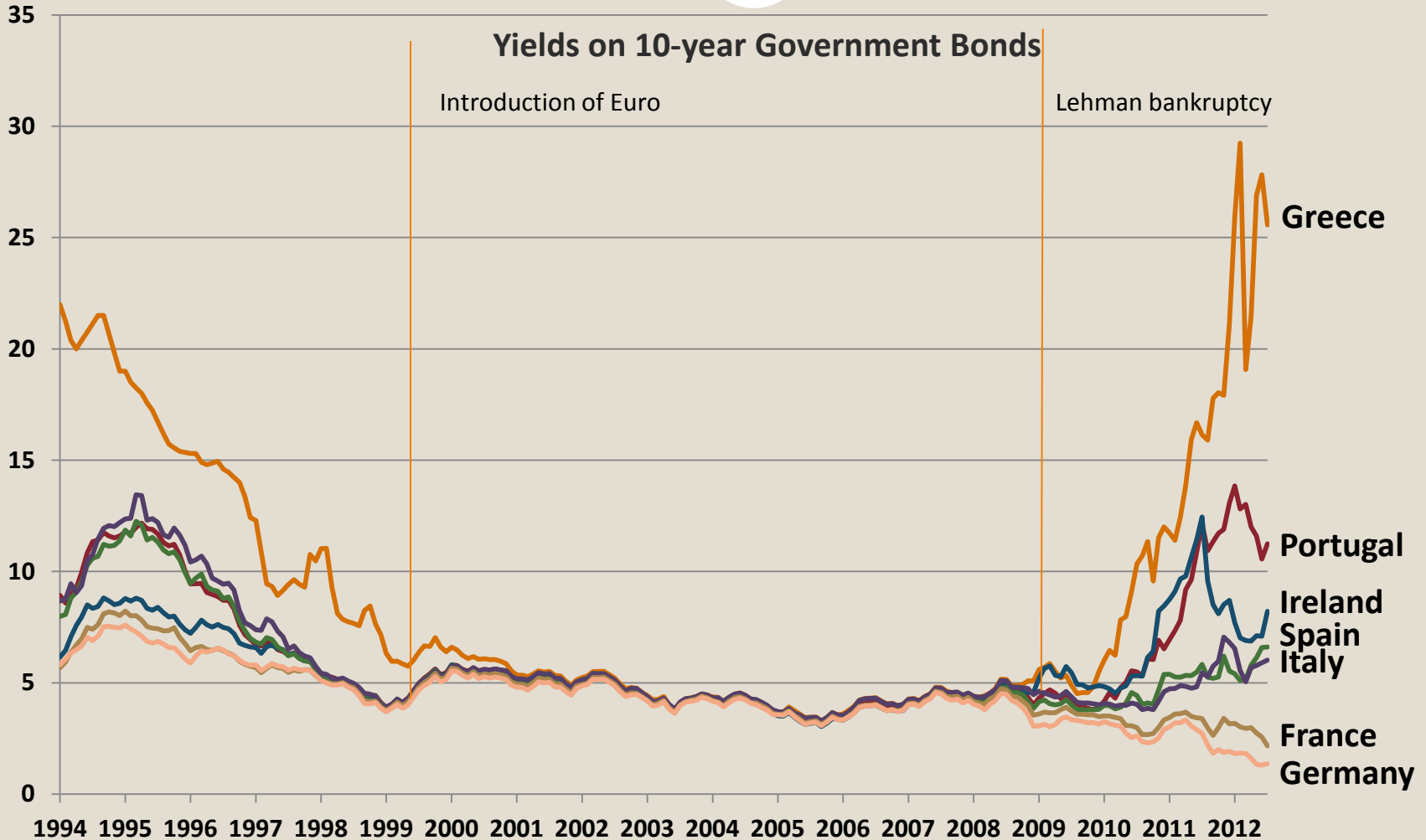


- Very weak consumer spending brings U.S. growth below 2 percent in second quarter
- European recession, prospect of currency crisis hangs over global economy
- Western states doing better
- Inflation remains a non-issue
- Housing is healing

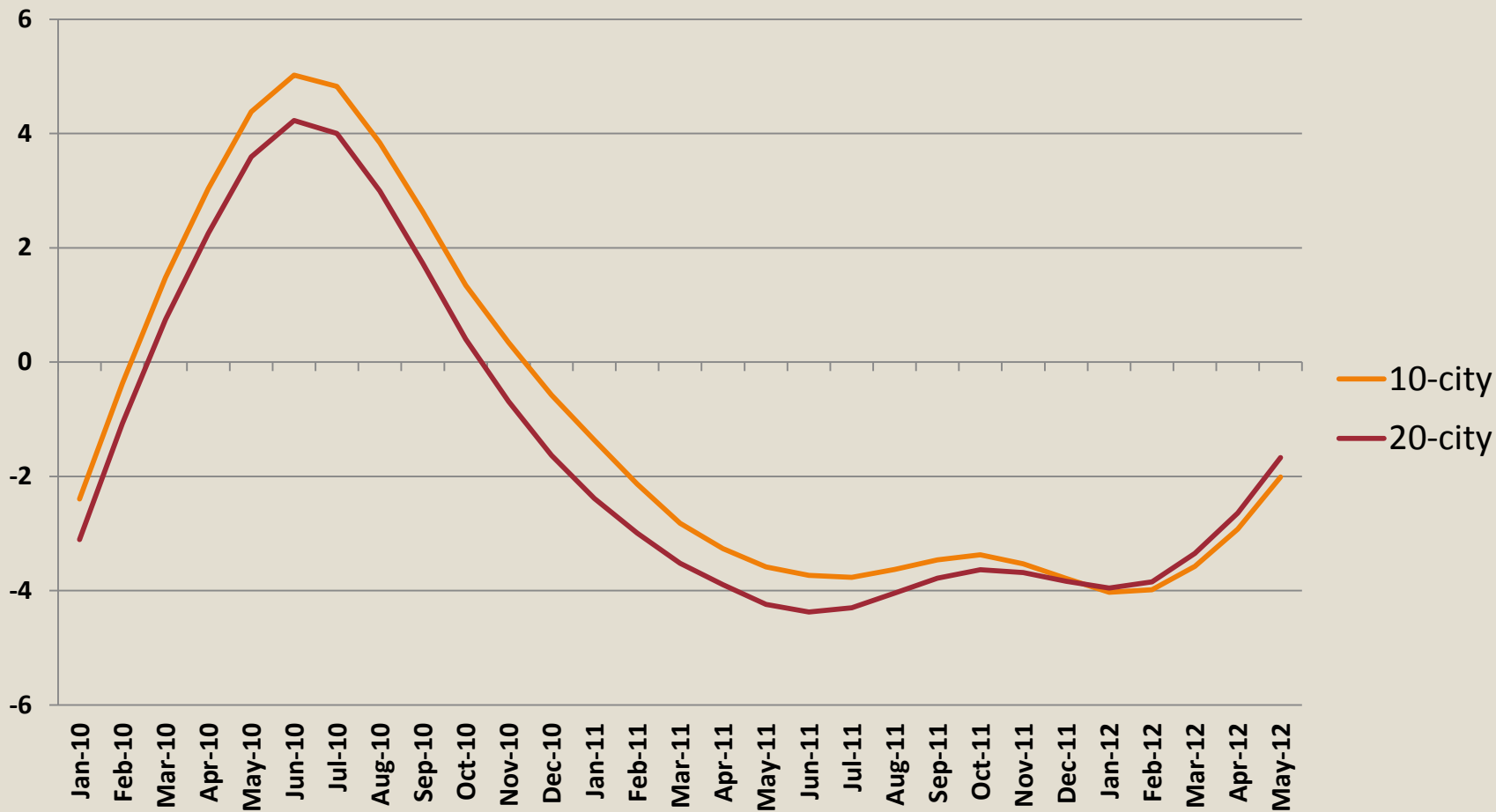
Faster Growth Postponed Again



The Rise and Fall of Europe



U.S. Housing Price Appreciation Closer



Percent Change in Case-Shiller Composite Housing Price Index, 3 month moving average

Montana's Current Status: The Good and the Bad

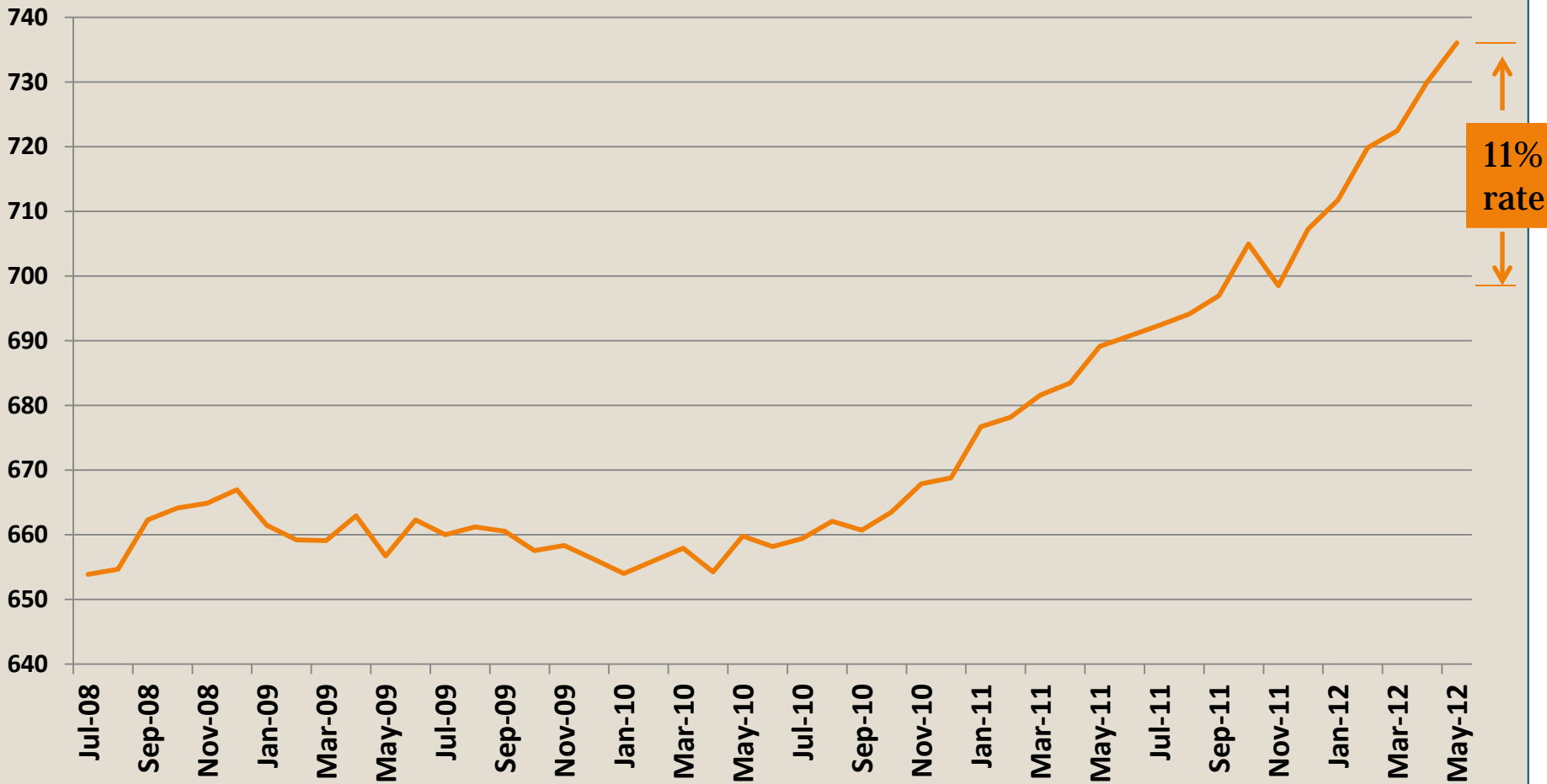


- Income growth looks strong
- Job market is healing
- Housing prices beginning to recover
- Energy investment is robust

- Spring/Summer has been very dry
- Retail remains very weak
- Global economic concerns affecting energy and commodity prices

Income Tax Withholding

12-month totals

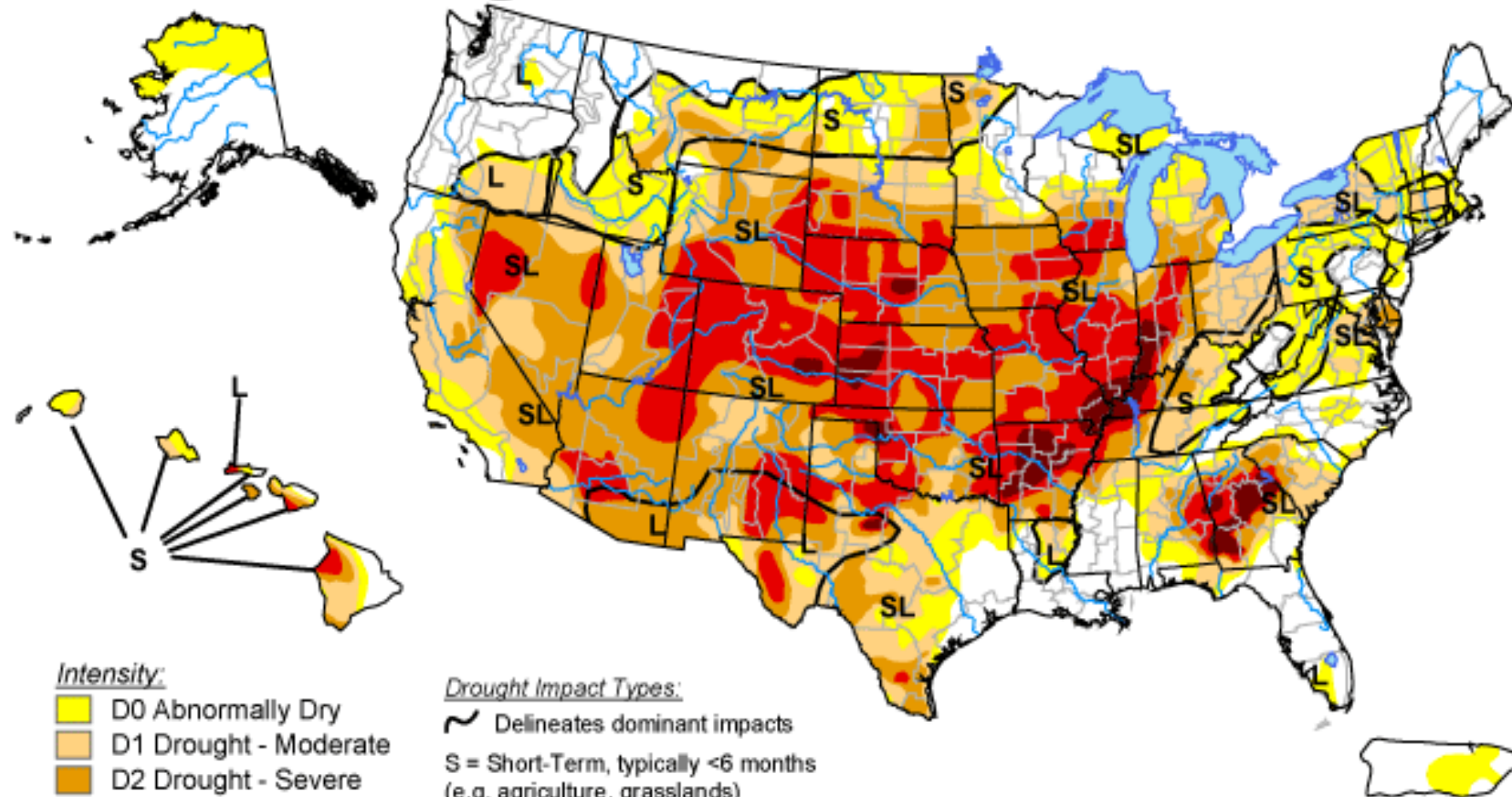


11%
rate






U.S. Drought Monitor

July 24, 2012


Valid 7 a.m. EDT



Intensity:

-  D0 Abnormally Dry
-  D1 Drought - Moderate
-  D2 Drought - Severe
-  D3 Drought - Extreme
-  D4 Drought - Exceptional

Drought Impact Types:

-  Delineates dominant impacts
- S = Short-Term, typically <6 months
(e.g. agriculture, grasslands)
- L = Long-Term, typically >6 months
(e.g. hydrology, ecology)

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

<http://droughtmonitor.unl.edu/>

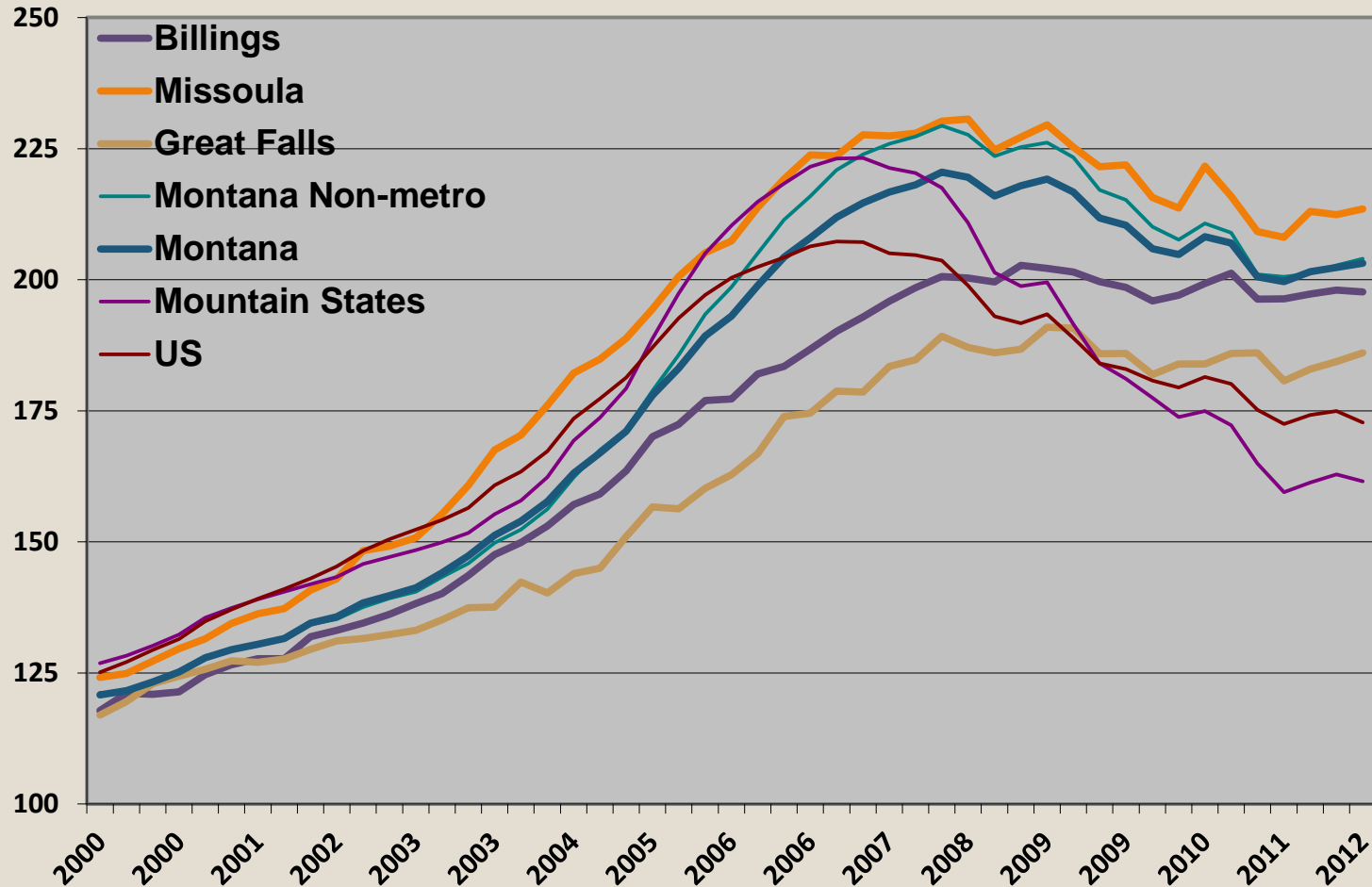


Released Thursday, July 26, 2012
Author: Richard Heim, NOAA/NESDIS/NCDC

Housing Price Index, 2000Q1-2012Q1



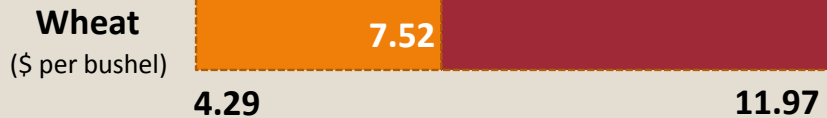
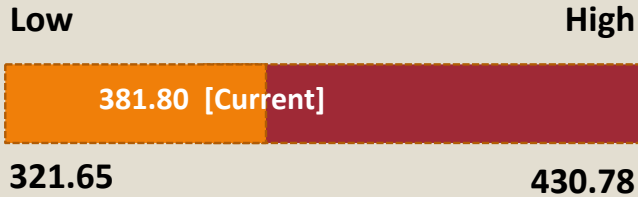
1995Q1=100



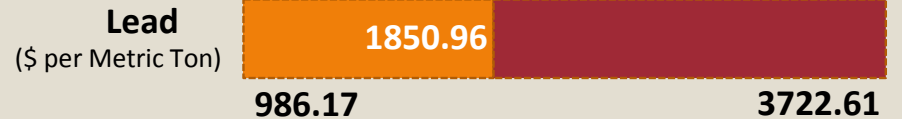
Commodity Prices: Favorable to Montana?



Materials & Foodstuffs (as of June 2012)



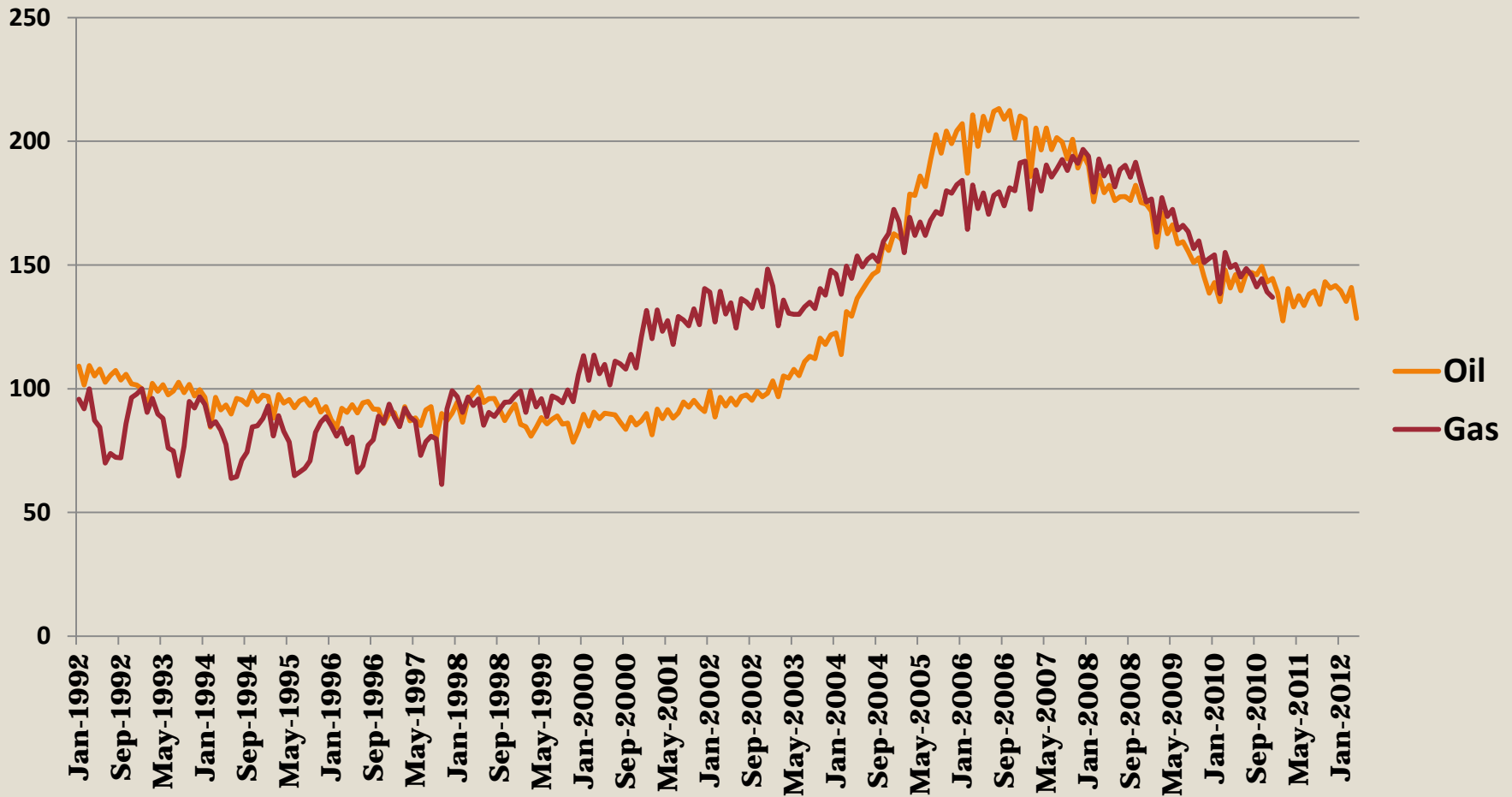
Metals & Energy (as of June 2012)



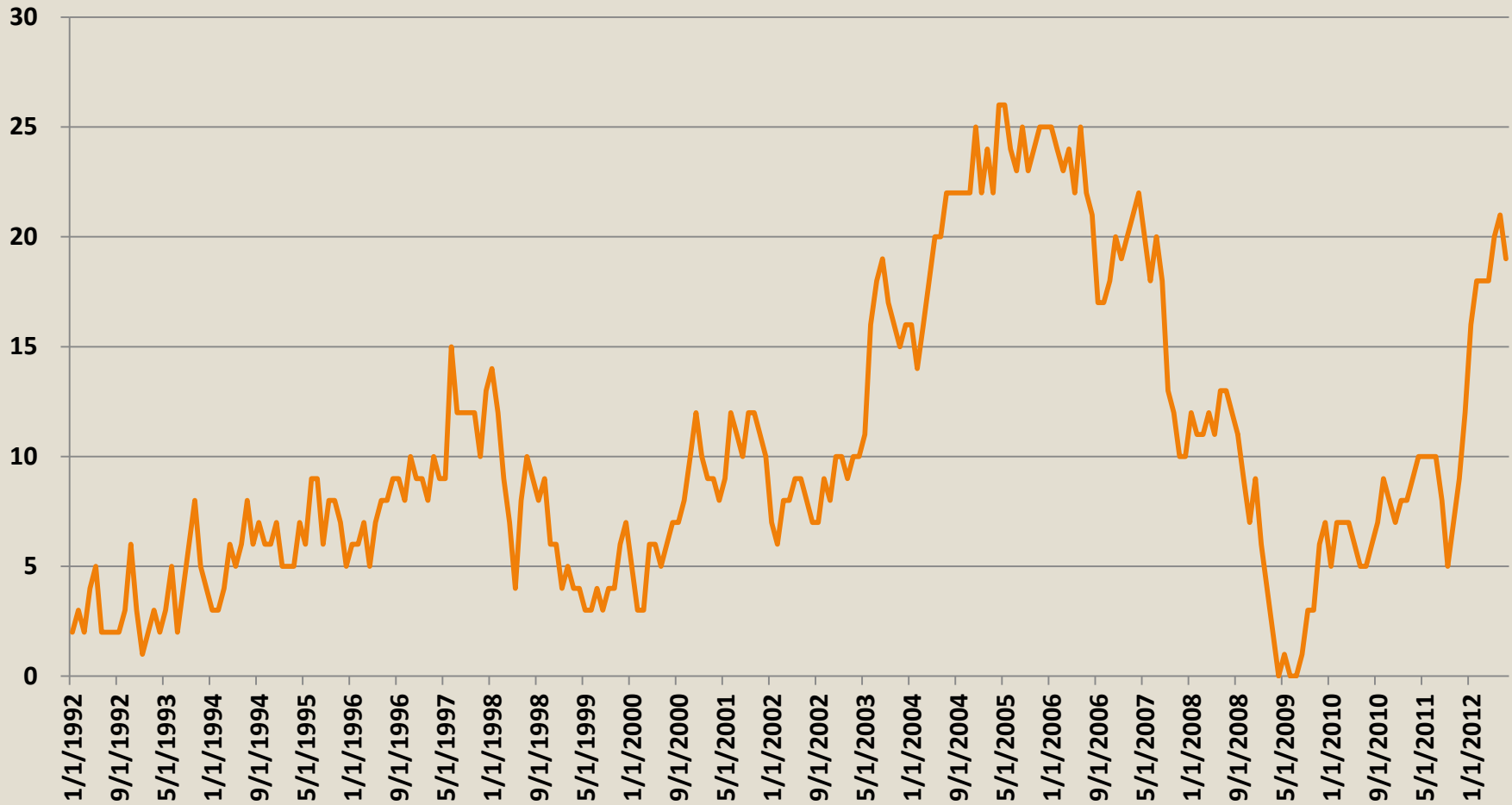


Question #1: Is the Montana Energy Boom Real?

Montana Oil and Gas Production Index, January 1993=100



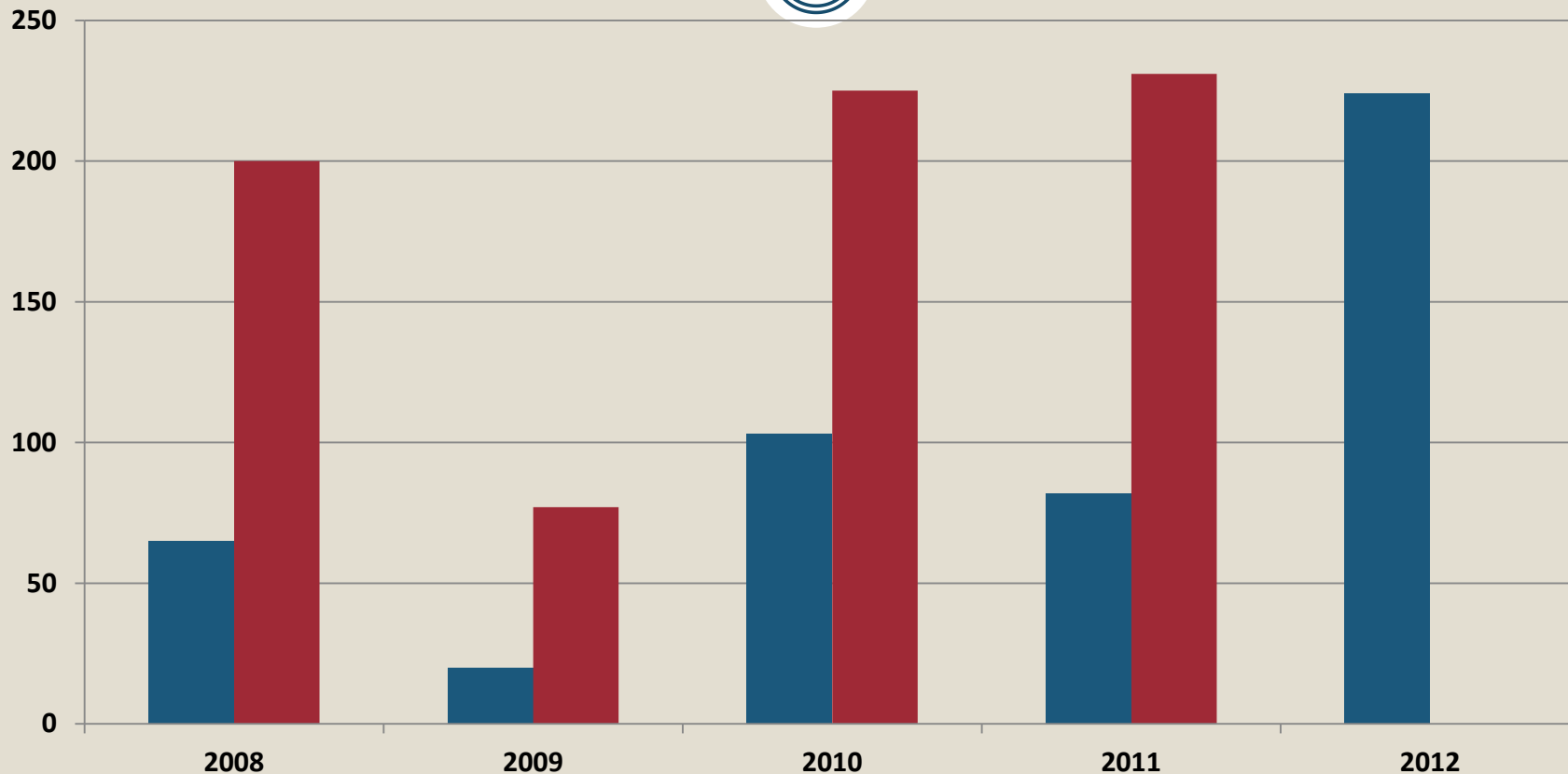
Montana Oil Drilling Rigs



Source: Baker Hughes

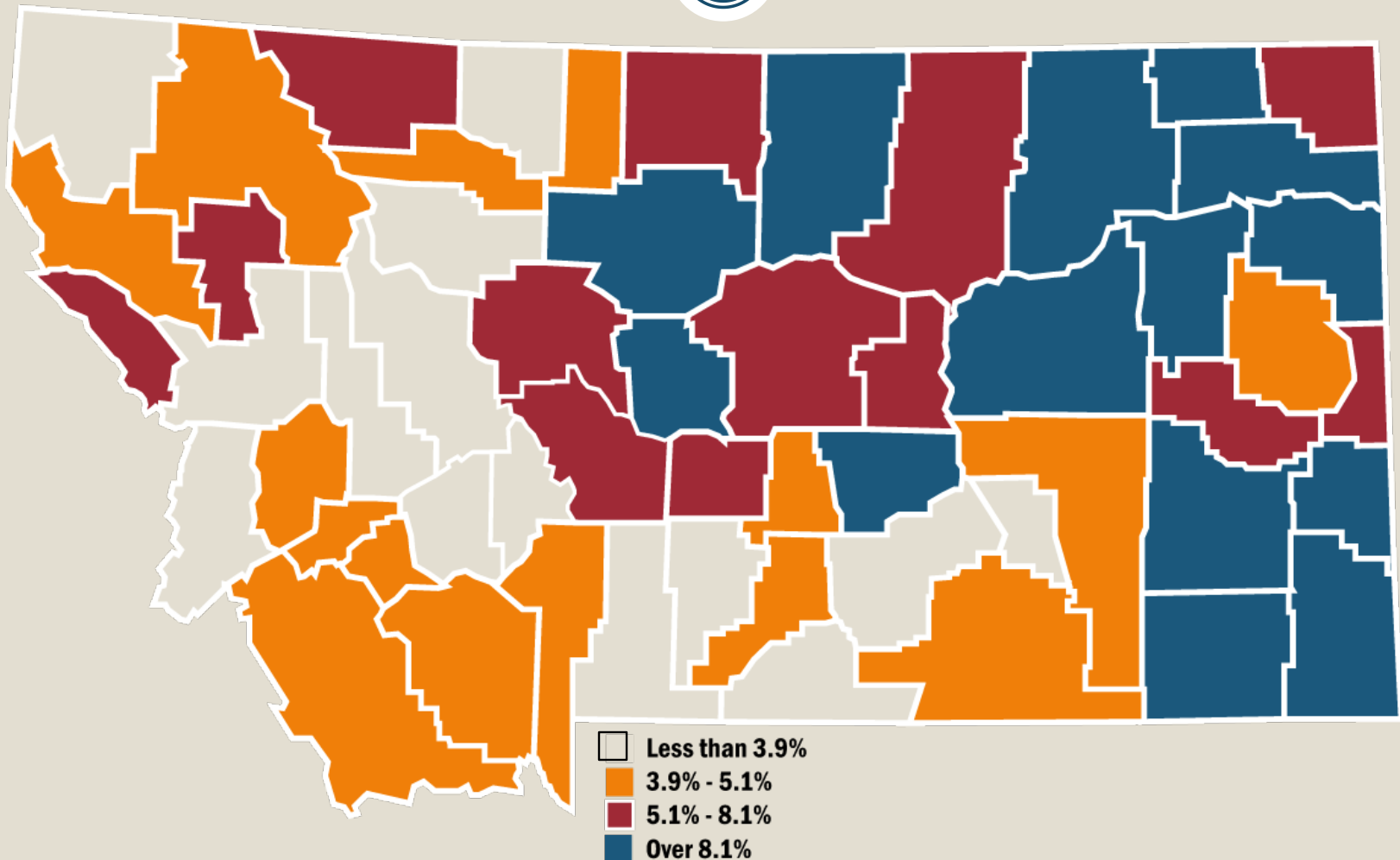
Montana Oil Well Permits Issued 2008-2012

1st Half of Year and Full Comparisons



- The above chart shows the number of oil well permits issued by the Montana Board of Oil and Gas Conservation between 2008-2012. The blue bars show the number of permits granted in the first half of each year and the red bars show the total for each year. In the first half of 2012, 225 permits were authorized, which is nearly as much as the 232 permits provided in all of 2011.

Personal Income Percent Change, 2009-2010



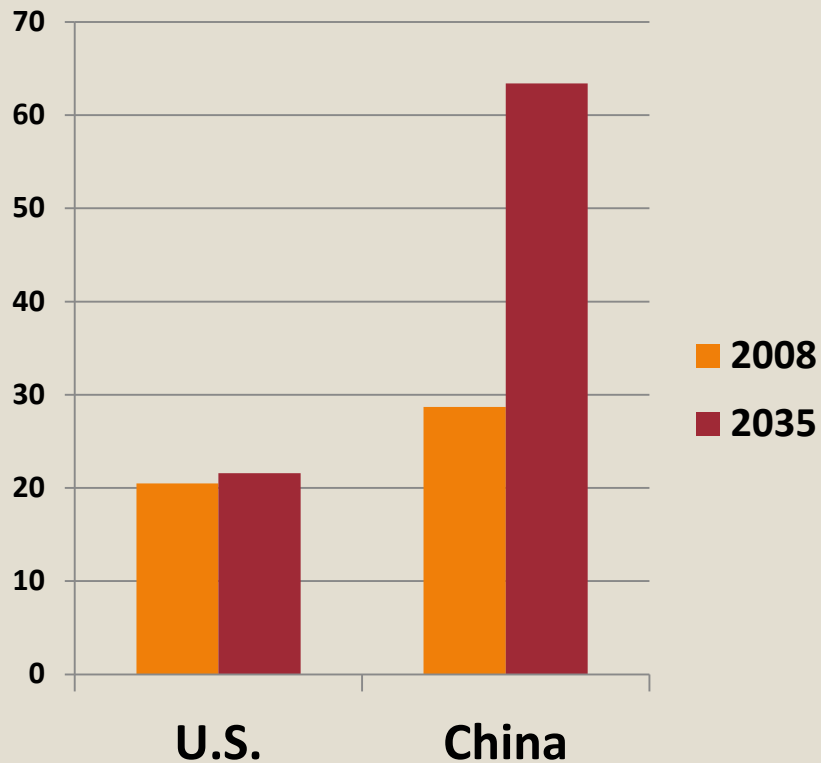


Question #2:
**Is there any reason
to think this boom
is any different?**

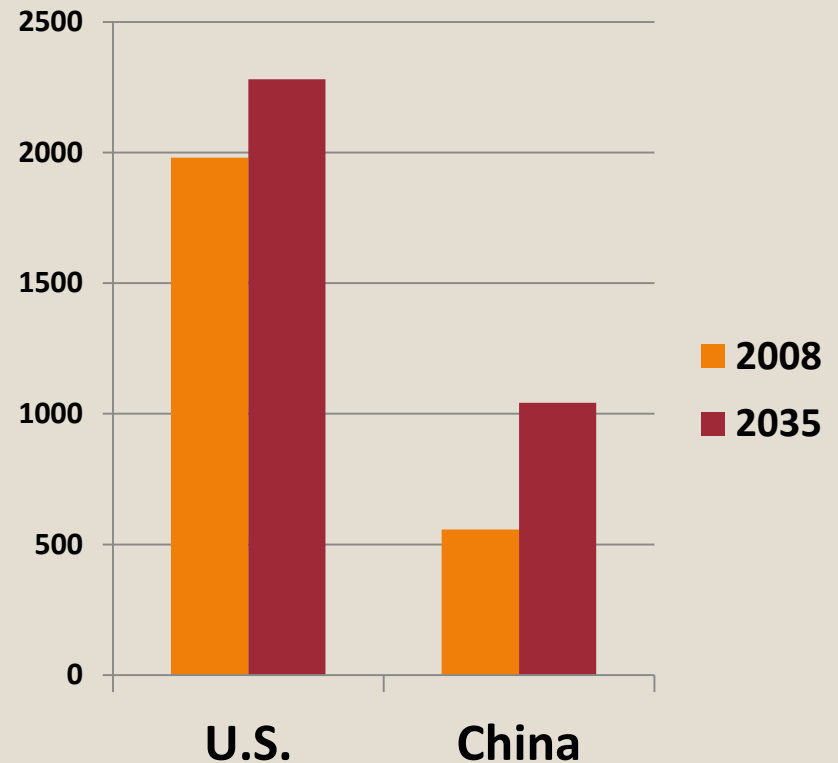
Actual and Projected Coal Use



Coal Consumption Quadrillion BTU



Coal-fired electricity generation GWH



Labor Income and Basic Industries, Montana



Prospects

Percent

100

90

80

70

60

50

40

30

20

10

0

Energy, 14%

Mining, 5%

Wood Products, 5%

Agric. & Related, 11%

Travel & Tourism, 9%

Other
Manufacturing, 12%

Transportation, 11%

Fed. Military, 9%

Fed. Civilian, 23%

Strong Growth

Flat

Mixed

Weak Recovery

Mixed

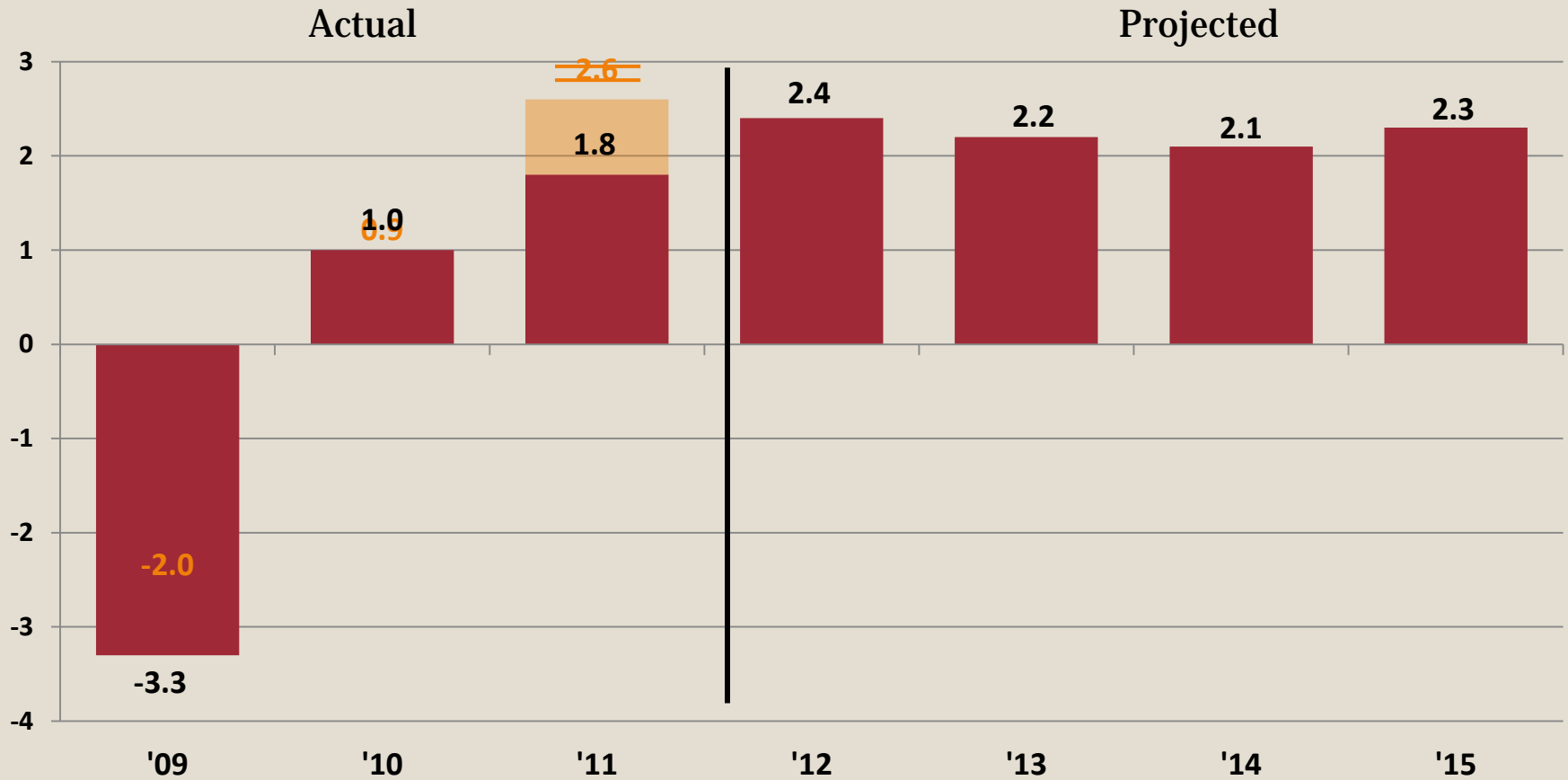
Recovering

Unknown

Mild Declines



Change in Nonfarm Earnings, Montana, 2009-2015



Recovery Year for Real Wages

