

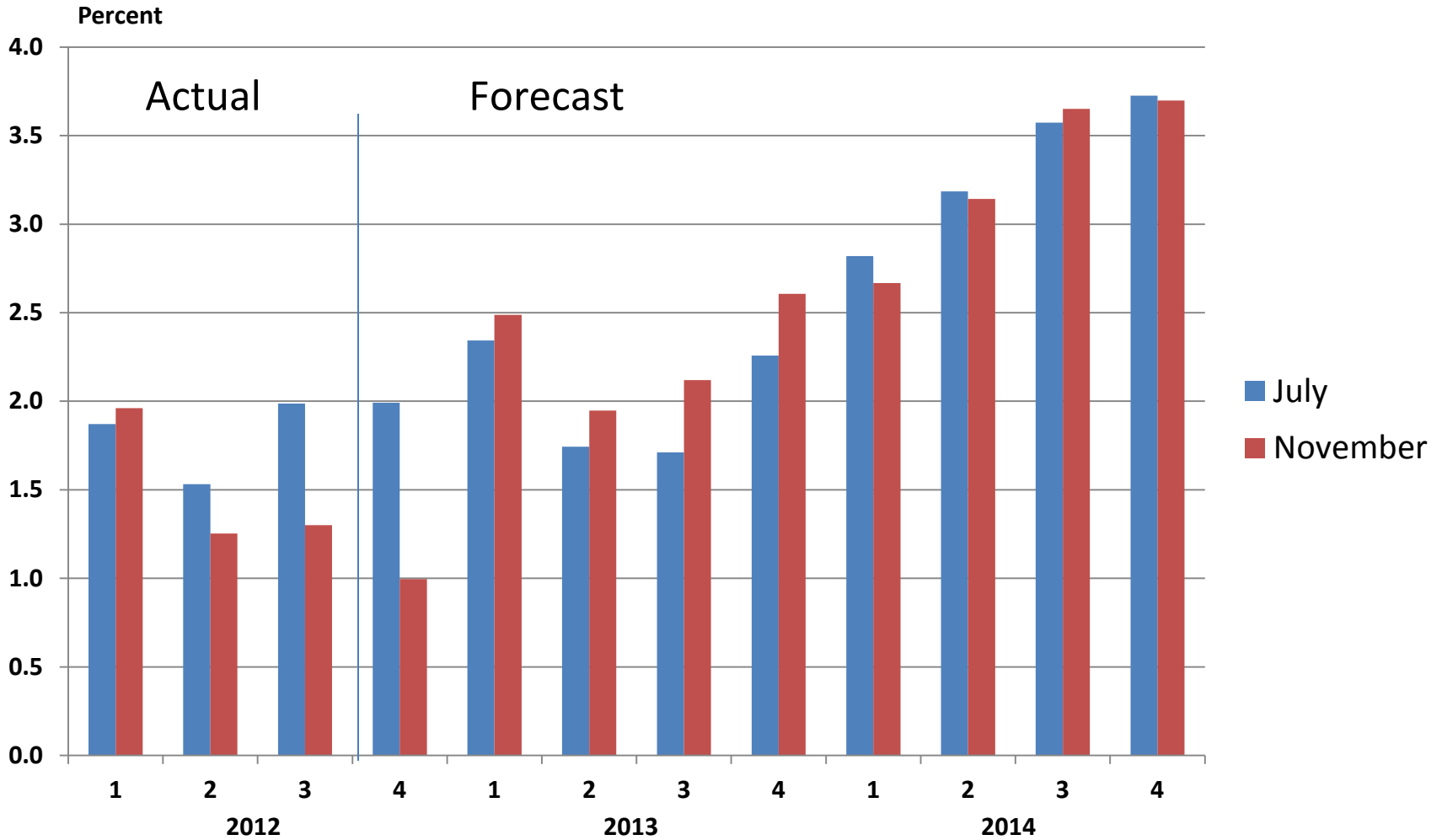
# An Update on the Montana Economic Outlook

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# 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

# Sandy Will Impact U.S. Growth



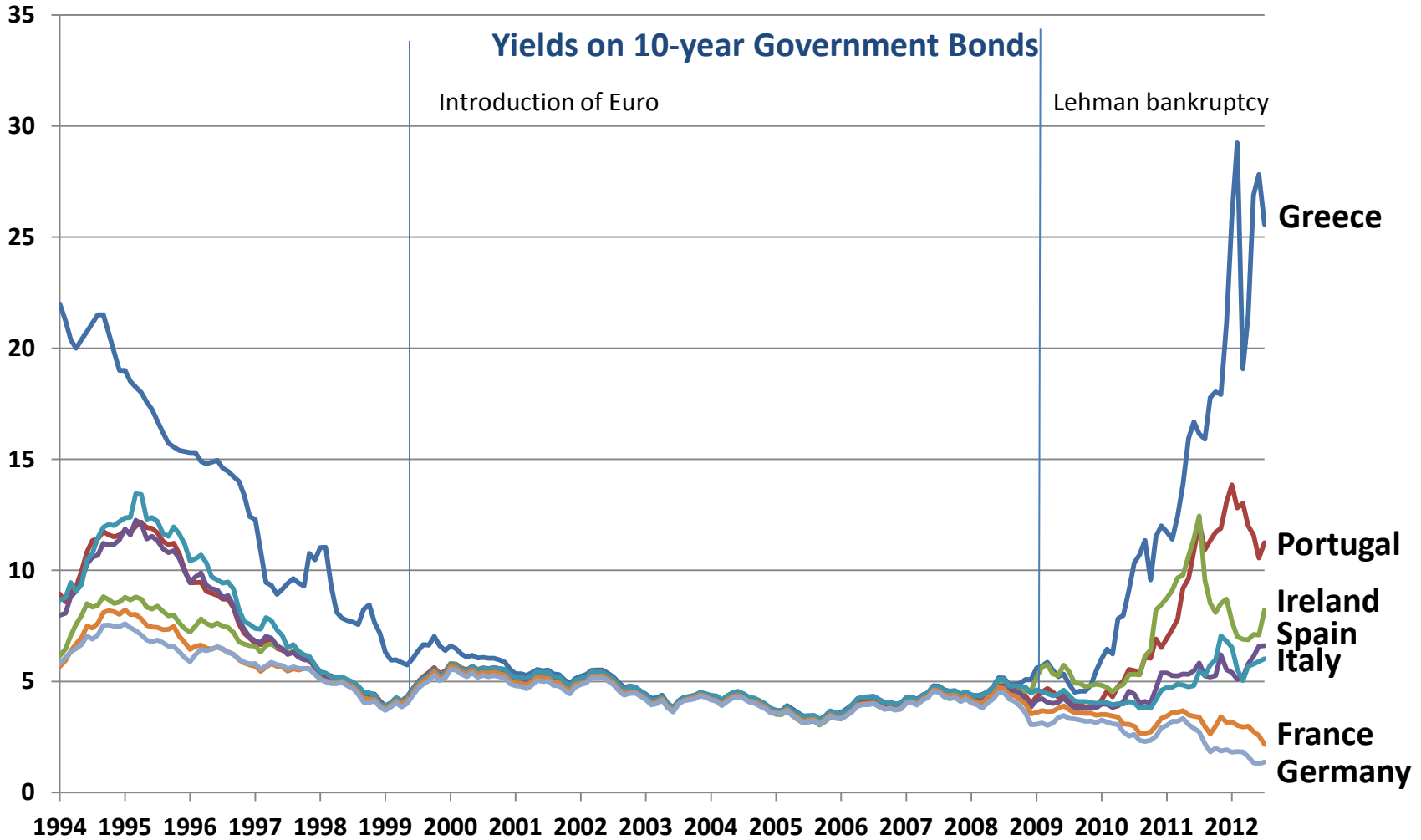


## The 2013 Fiscal Cliff

<b>All Figures Are Calendar Year Estimates</b>	<b>\$ Billions</b>	<b>Percent of GDP</b>
<i>Possible:</i>		
Bush Tax Cut Expiry	197	1.2
Payroll Tax Cuts Expiry	113	0.7
Sequester Spending Cuts	72	0.4
Emergency UI Benefits Expiry	45	0.3
Depreciation Incentives Expiry	66	0.4
<b>Total (Narrow Cliff)</b>	<b>493</b>	<b>3.0</b>
<i>Possible But Highly Unlikely:</i>		
AMT Fix Not Extended	114	0.7
Doc Fix Not Extended	13	0.1
<b>Total (Broad Cliff)</b>	<b>621</b>	<b>3.8</b>

Source: IHS calculations based on CBO data

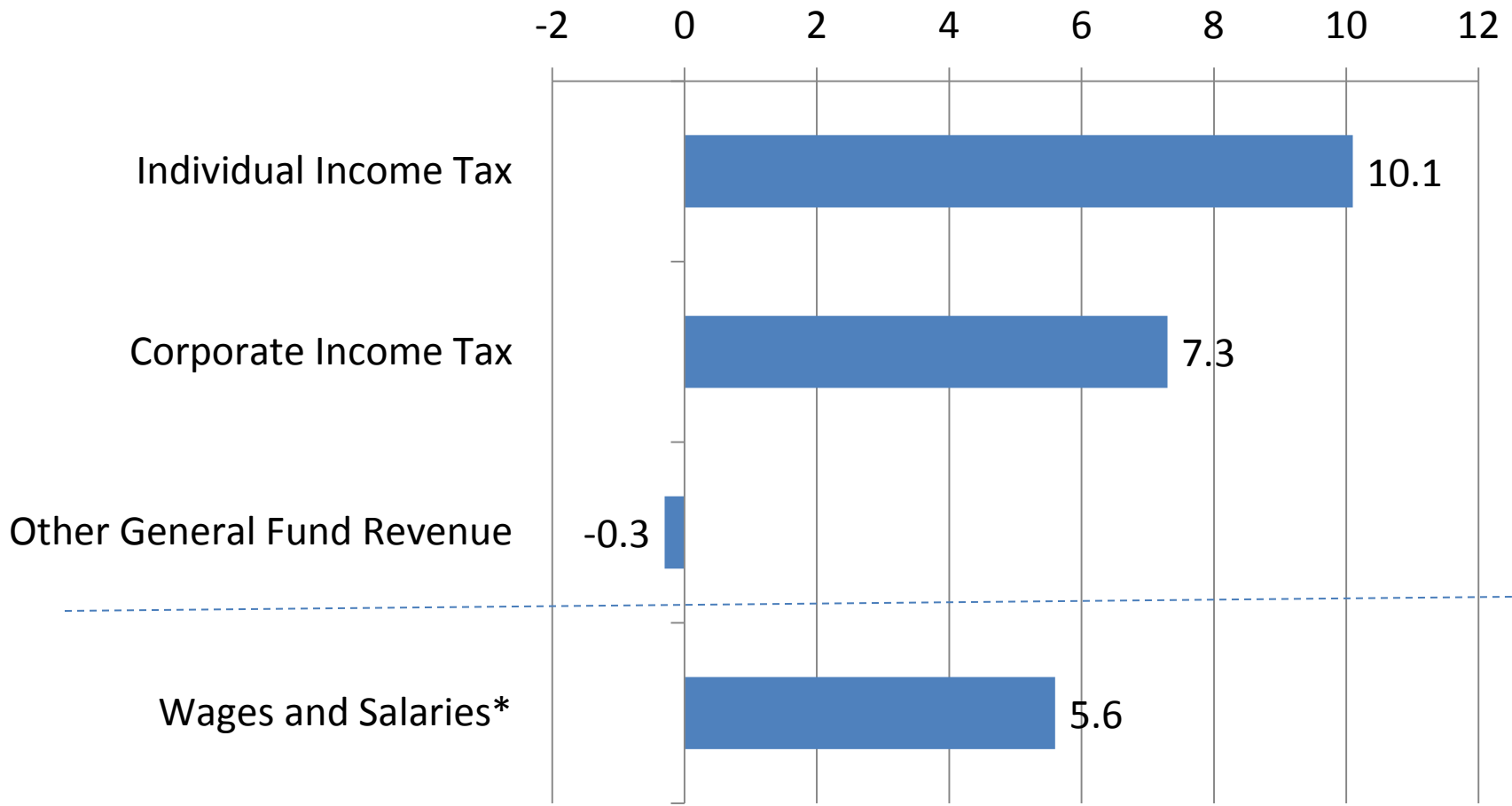
# The Rise and Fall of Europe



# 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

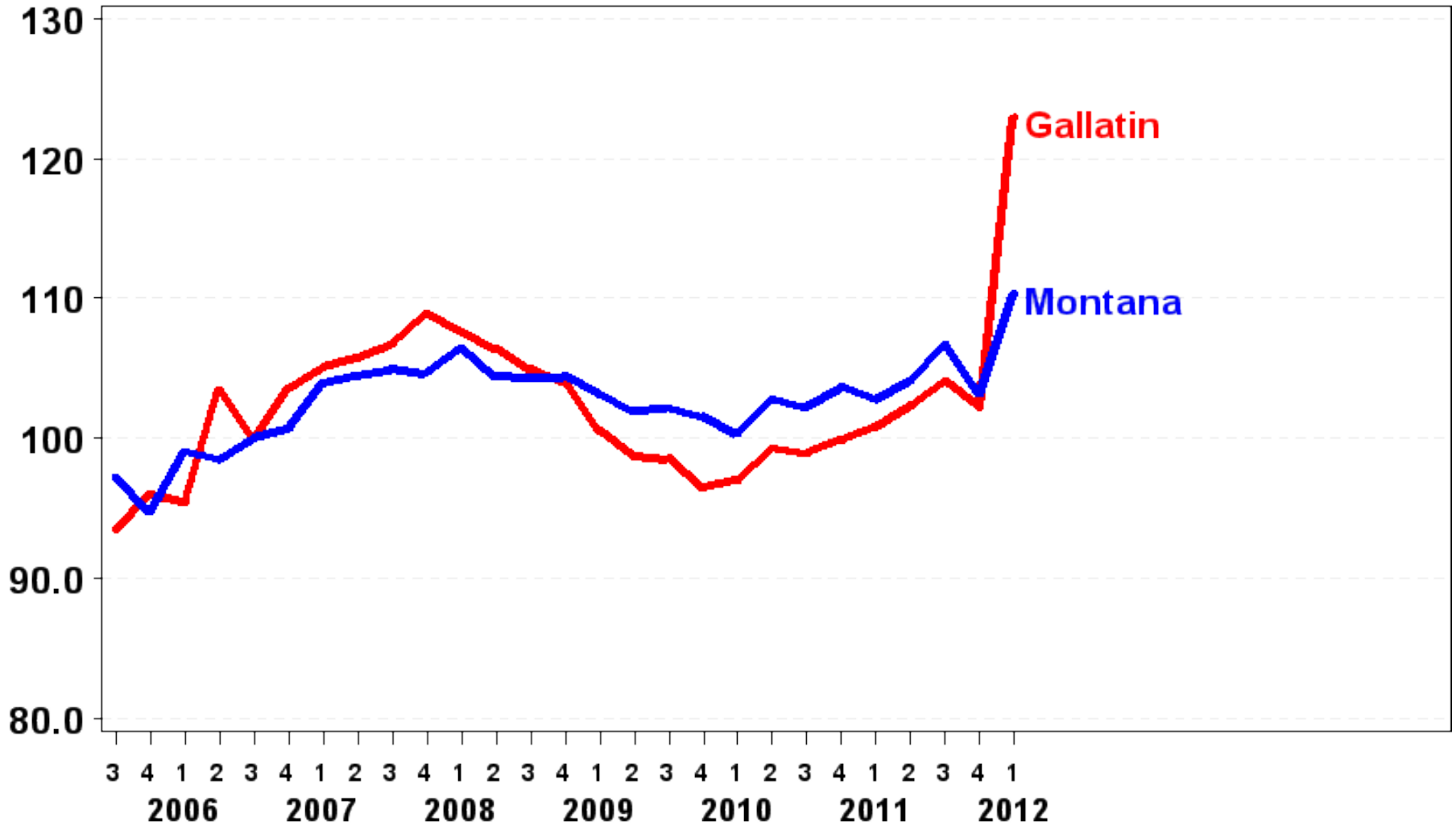
# Percent Growth in Montana General Fund Revenues, FY 2011-2012



\*Percent change computed using data between April through March of the following year

# Real Payroll Wages Gallatin County

Index, 2006Q3=100

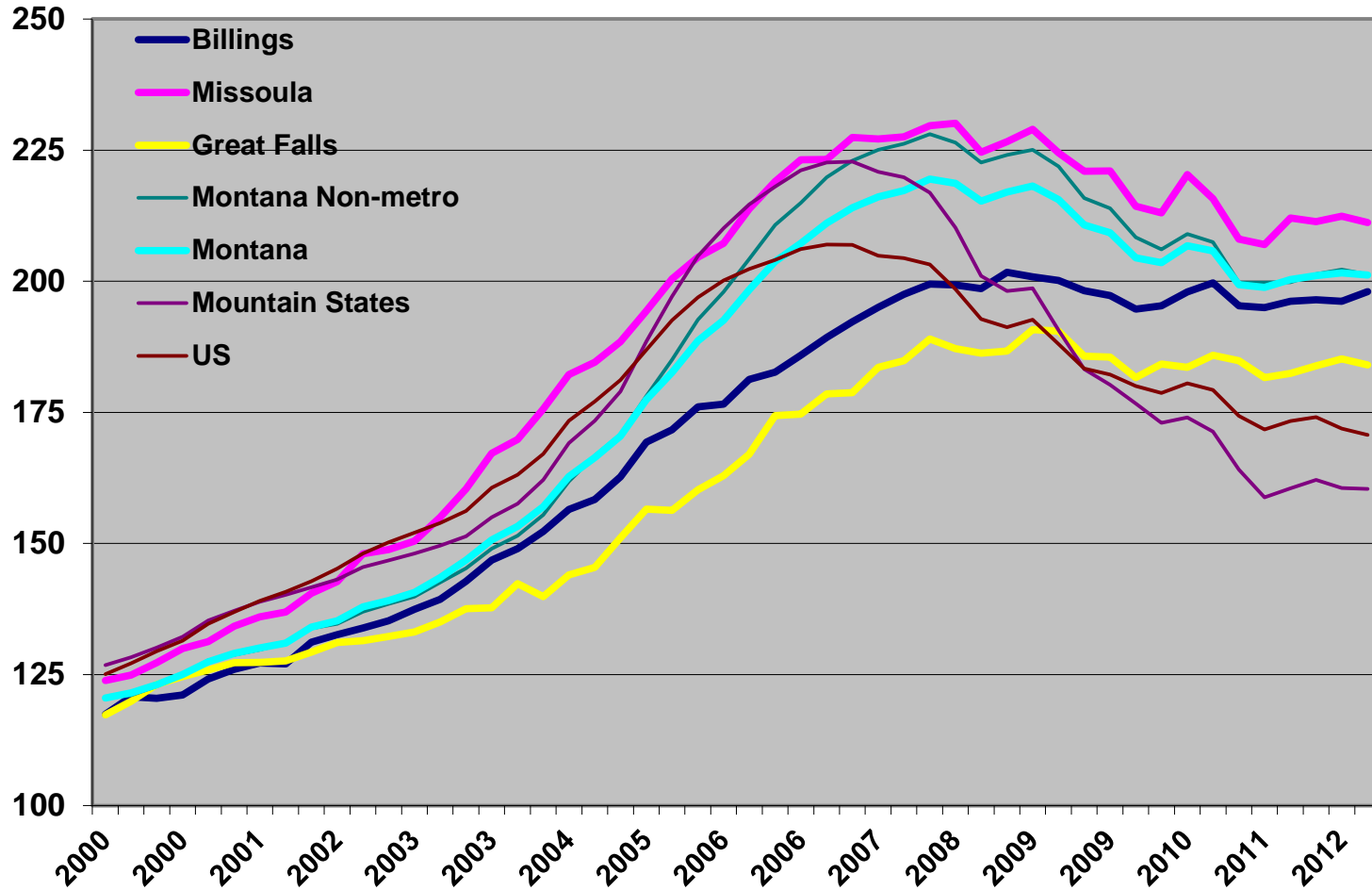


Data Seasonally Adjusted by BBER.



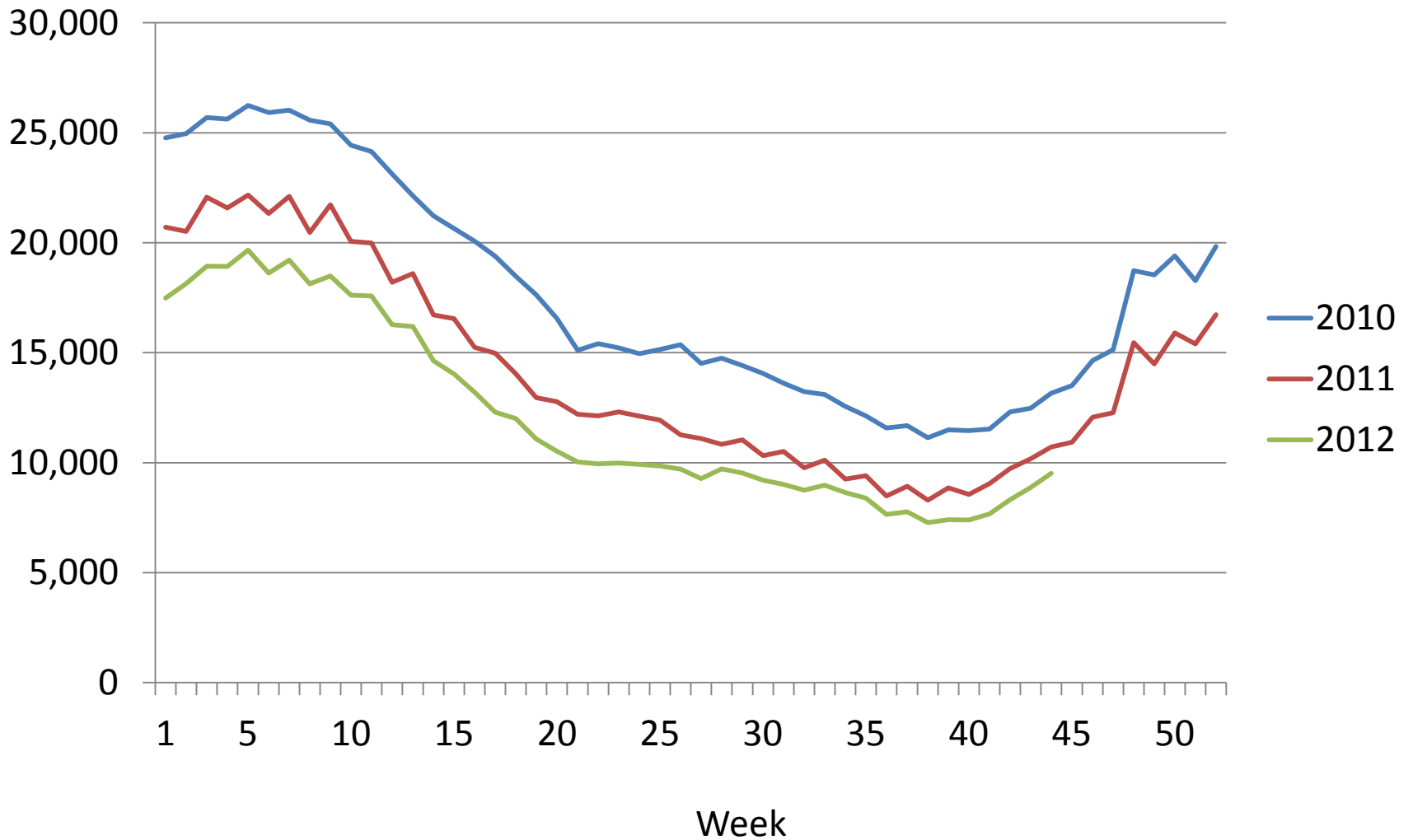
# Housing Price Index, 2000Q1-2012Q2

1995Q1=100

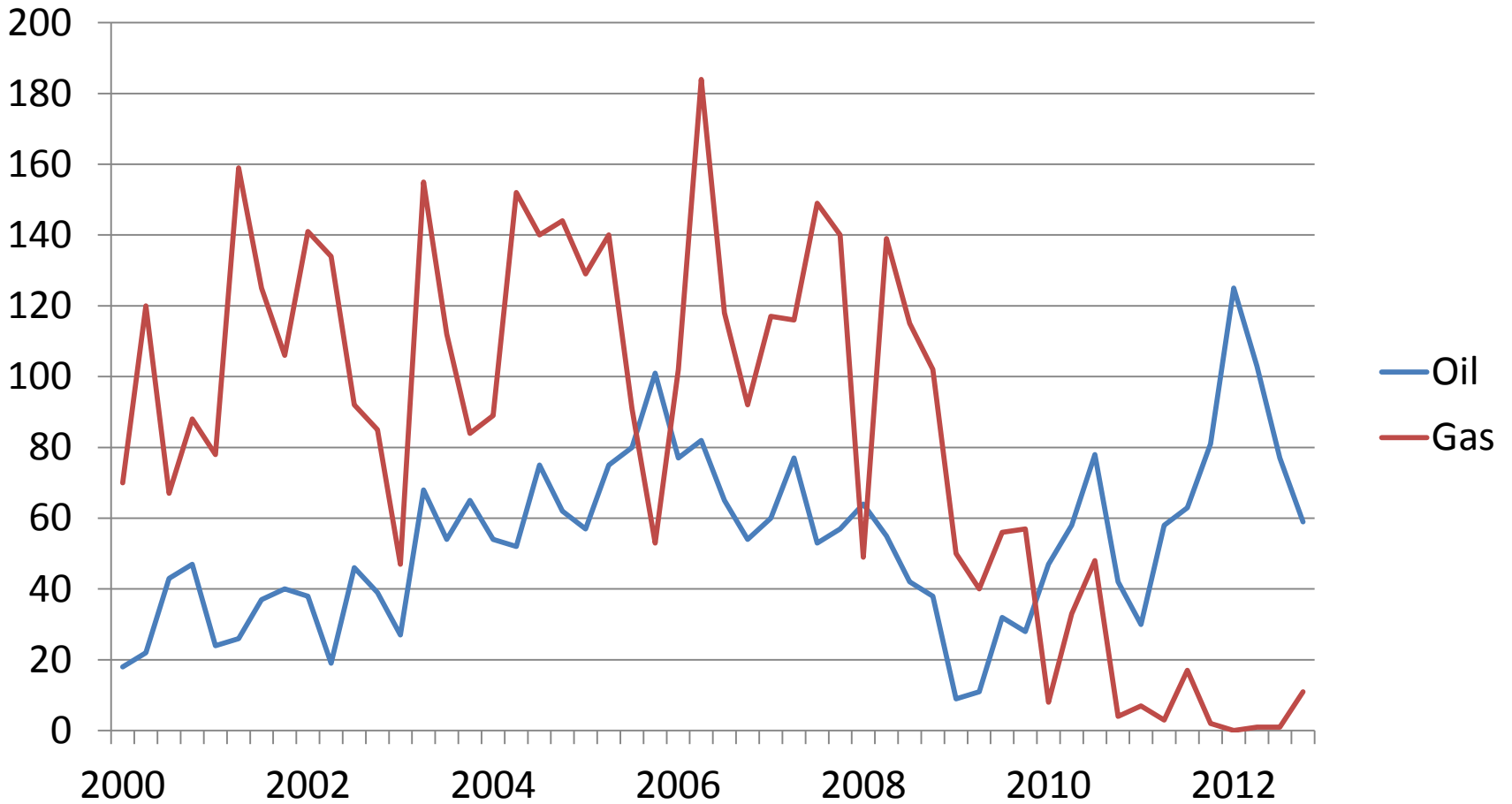


Source: Federal Housing Finance Agency.

# Montana Unemployment Claims, 2010-2012



# Montana Oil and Gas Wells Permitted



Source: Montana Board of Oil and Gas Conservation

# Commodity Prices: Favorable to Montana?

## Materials & Foodstuffs (as of August 2012)



**Lumber**  
(\$ per Thousand BF)

376.58 **current**

336.90

430.78

**Barley**  
(\$ per bushel)



2.25

5.43

**Beef**  
(\$ per Pound)



1.04

1.82

1.94

**Wheat**  
(\$ per bushel)

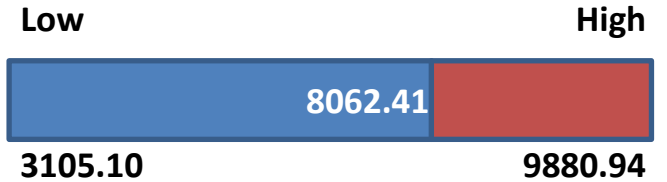


4.29

9.75

11.97

## Metals & Energy (as of August 2012)



**Copper**  
(\$ per Metric Ton)

8062.41

3105.10

9880.94

**Lead**  
(\$ per Metric Ton)



1881.48

986.17

3722.61

**Zinc**  
(\$ per Metric Ton)



1903.96

1112.90

3546.30

**Oil**  
(\$ per Barrel)

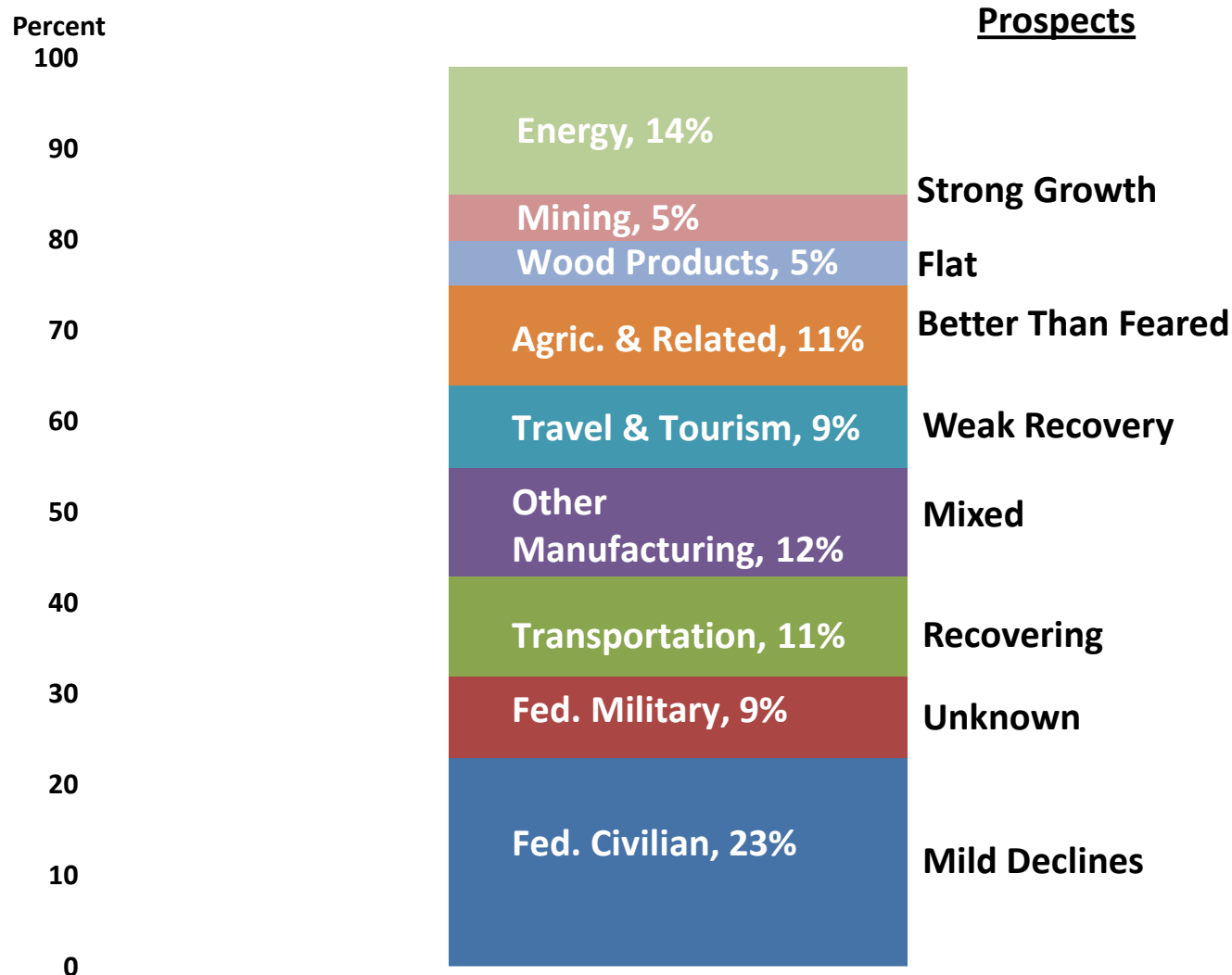


89.52

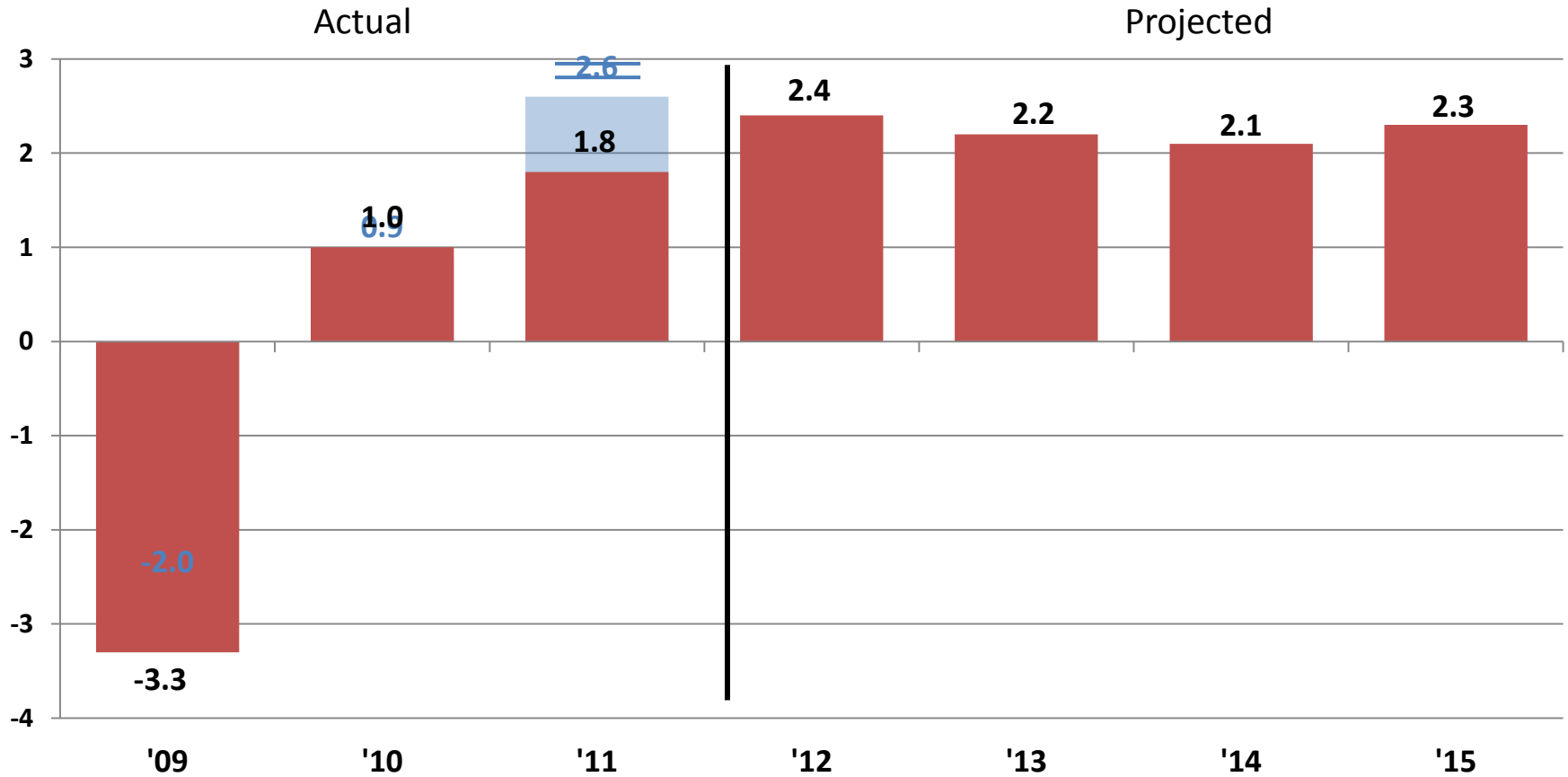
39.15

133.93

# Labor Income and Basic Industries, Montana

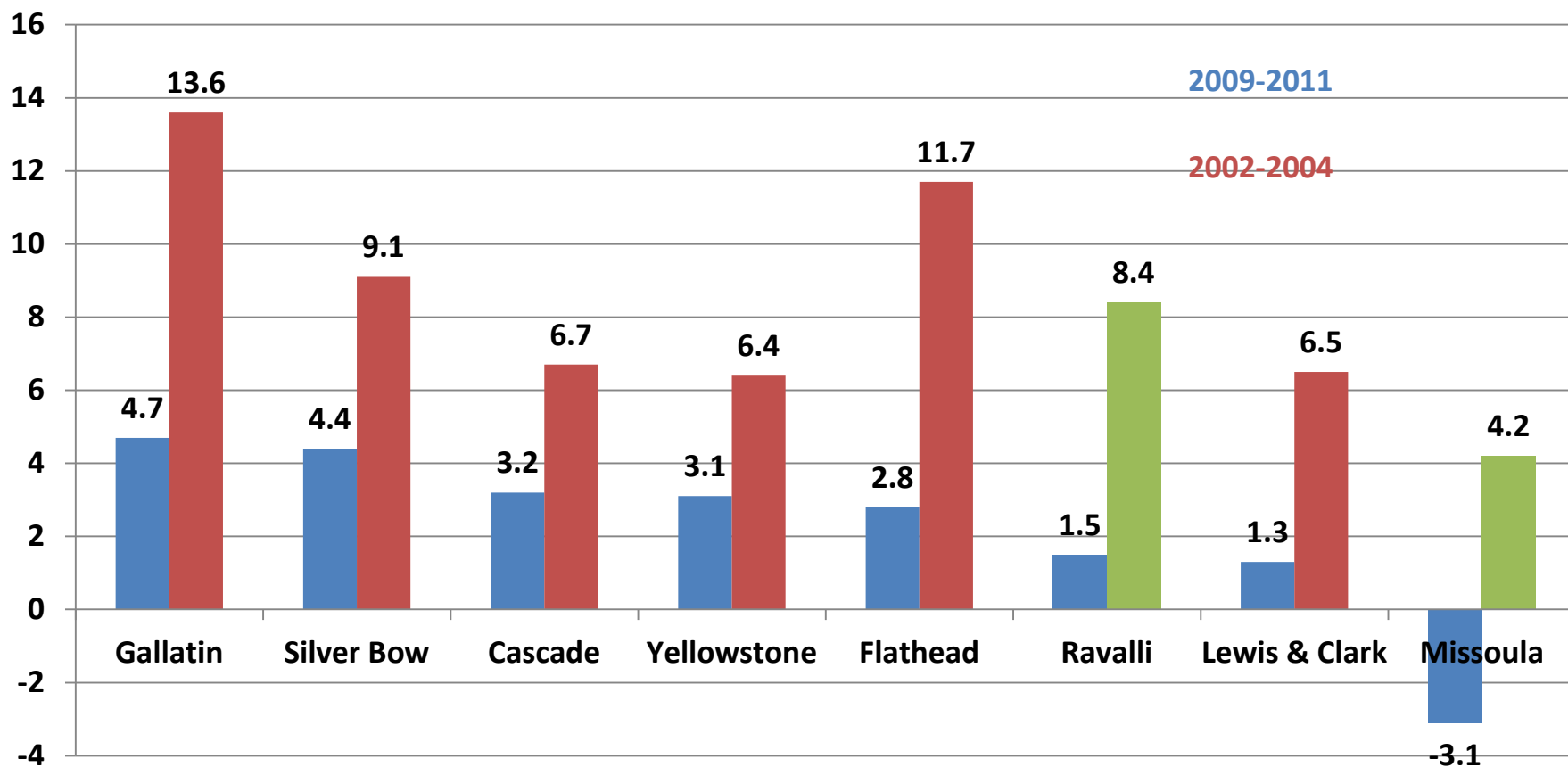


# Change in Nonfarm Earnings, Montana, 2009-2015



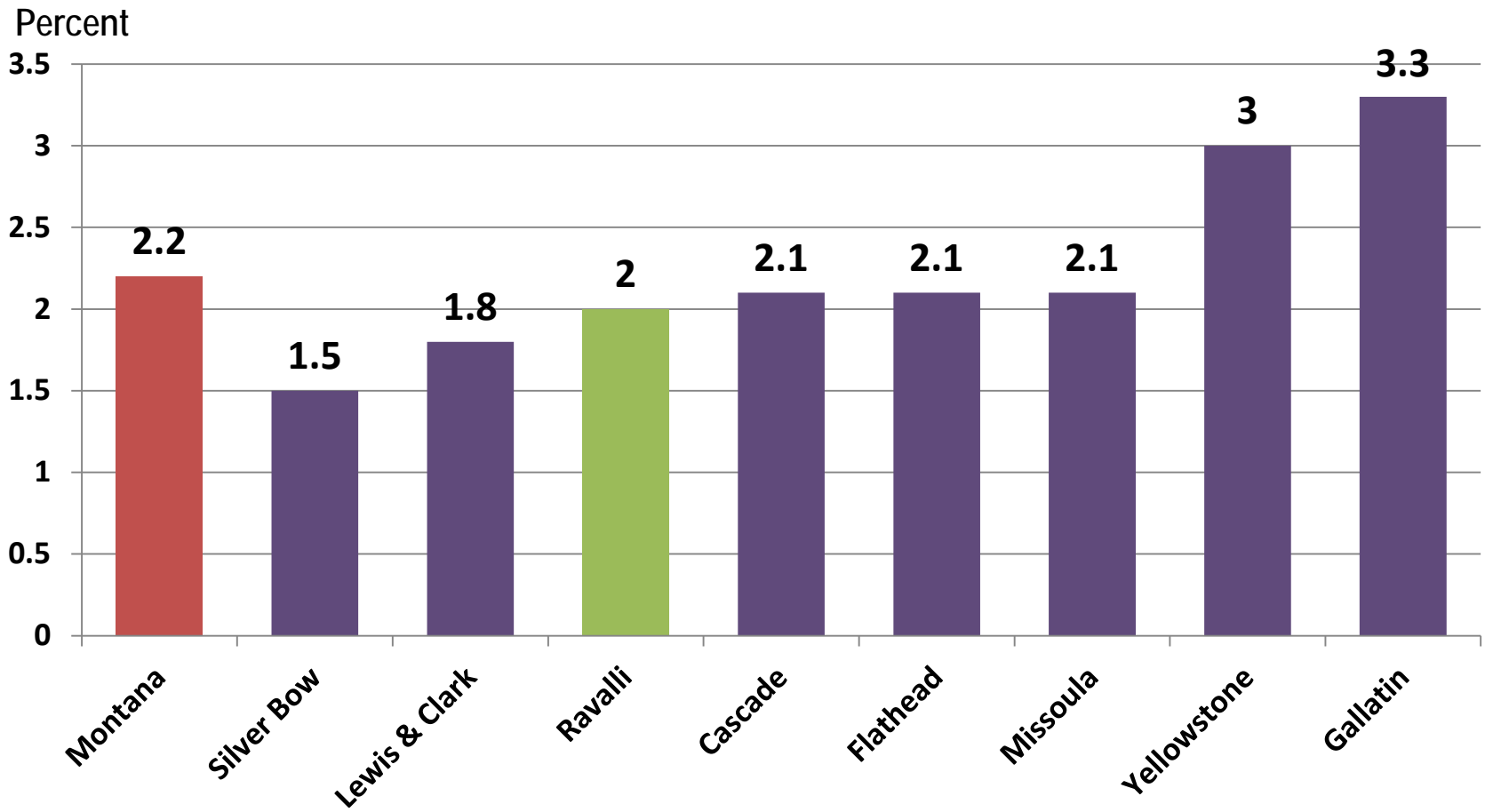


## Annual Percent Change In Nonfarm Earnings (in Constant Dollars)





# Projected Annual Percent Change In Nonfarm Earnings (in Constant Dollars) 2012-2015





Questions?