

State of Montana Economic Outlook

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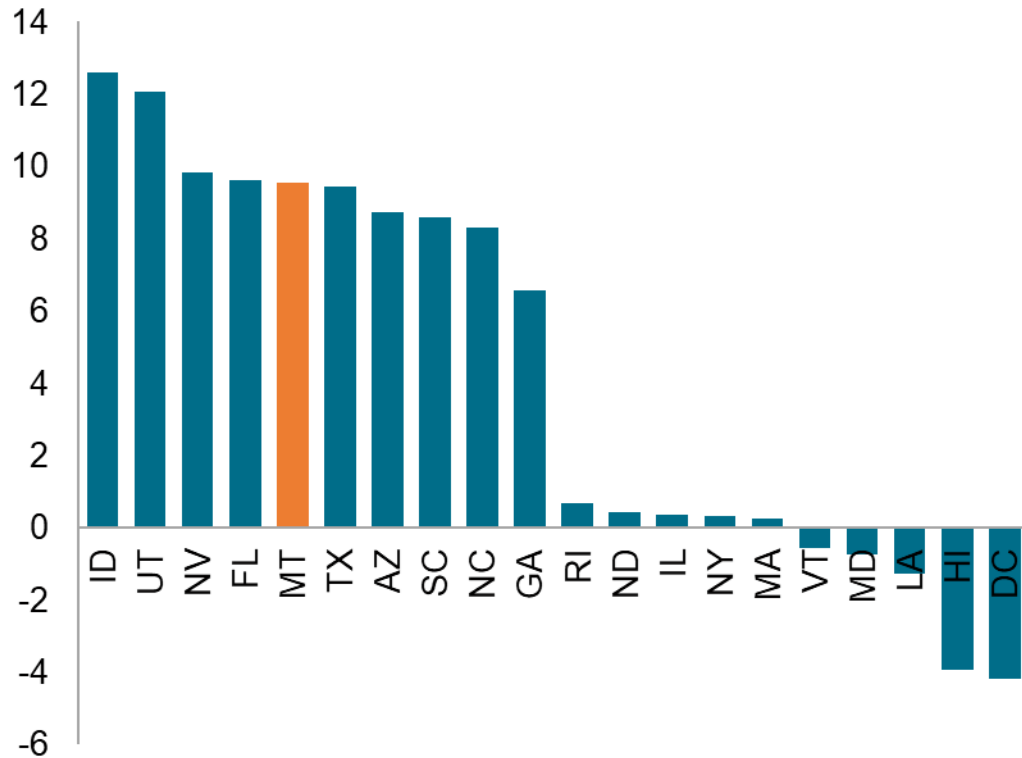


Economic momentum is waning with the US transitioning to below trend growth

- The US economy is transitioning to a period of below-trend growth reflecting the ongoing drag from past Fed tightening, stricter bank lending standards, diminishing tailwinds, a strong dollar, and a soft outlook for equity values.
- Loosening labor-market conditions will contribute to moderation in wage and price inflation that will allow the Federal Reserve to begin cutting interest rates this year.
- The Mountain and Southern regions continue to lead growth nationally, but the gap between the top and bottom performing states is closing as growth decelerates across the US.
- The housing market has cooled as record low affordability softens demand.
- Montana is positioned to experience above average growth over the medium-term, but the pace will decelerate from current rates as the state navigates a weaker macro environment.

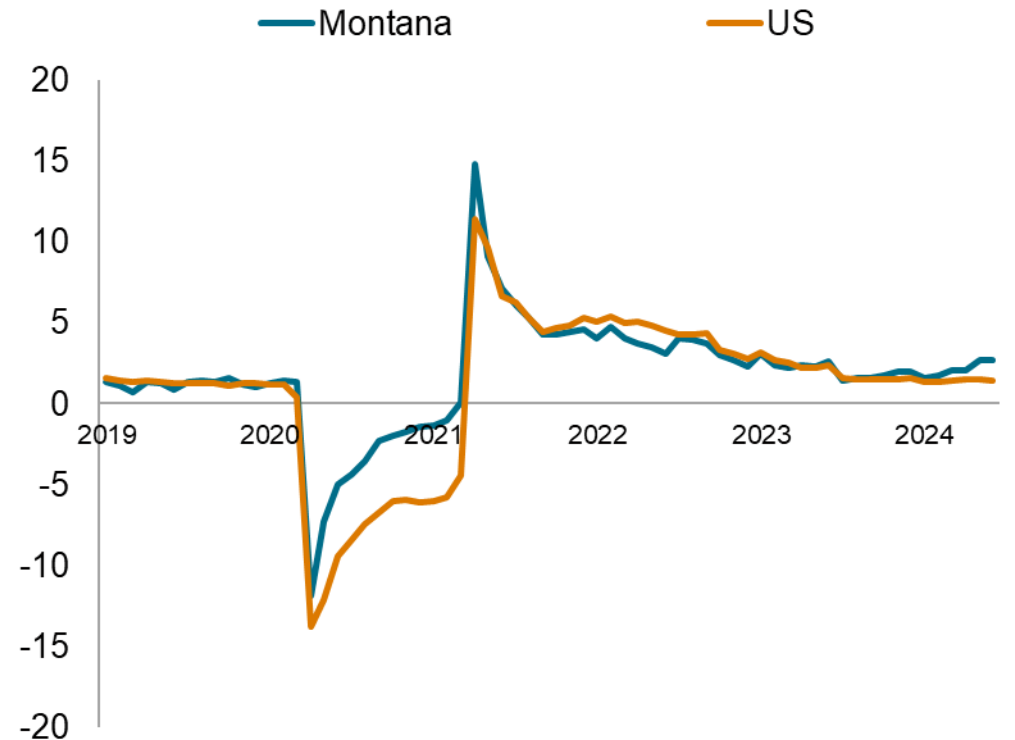
Montana among the top performing job markets since 2020

Employment, June 2024 vs February 2020, % chg.



As of August 2024.
 Source: S&P Global Market Intelligence; Bureau of Labor Statistics.
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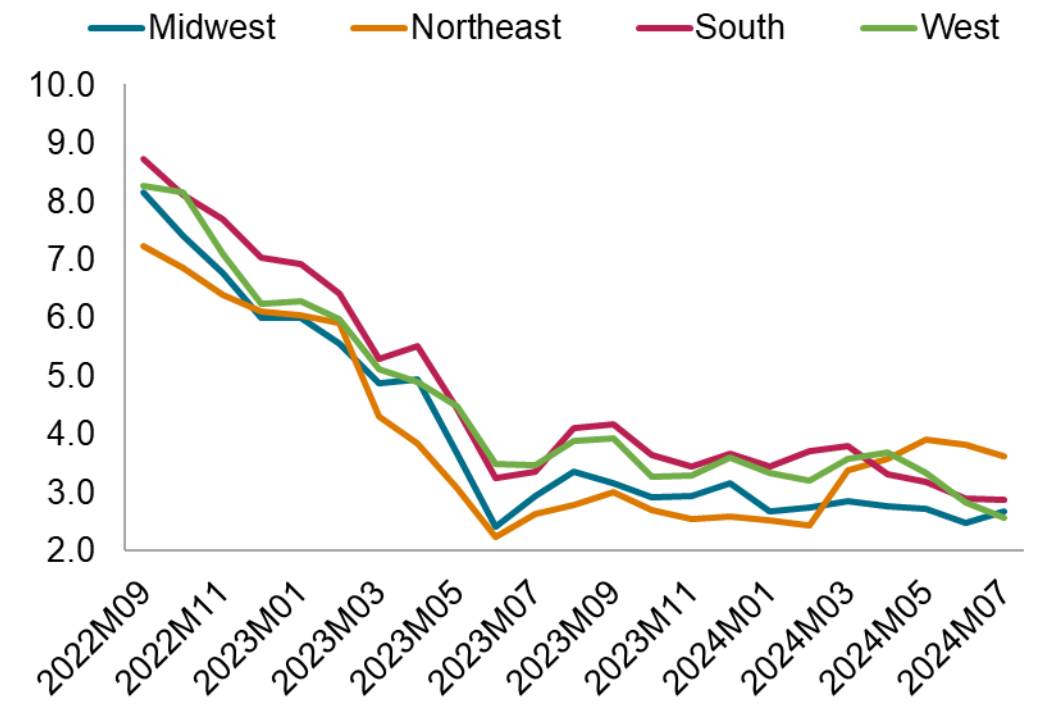
Employment, % change, year-over-year



As of August 2024.
 Source: S&P Global Market Intelligence; Bureau of Labor Statistics.
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CPI inflation falls sharply in the West

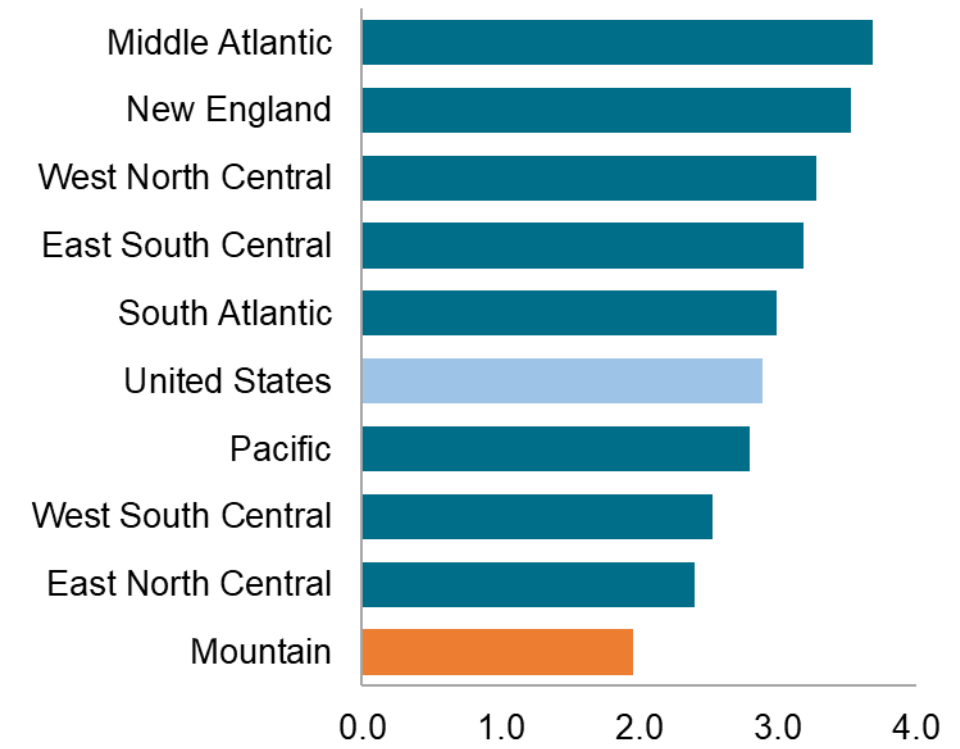
Regional consumer price index inflation, year-over-year percent change



Data compiled August 2024.
Source: Bureau of Labor Statistics.
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Consumer Price Index by region - all items

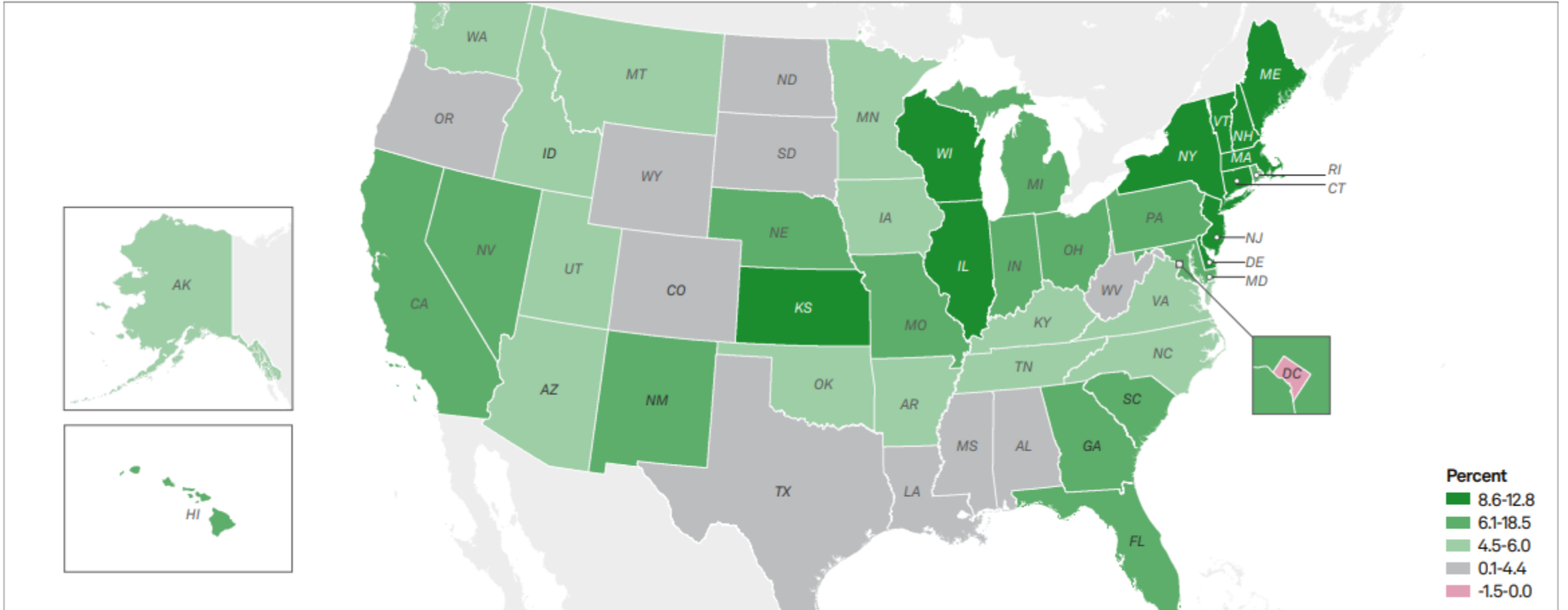
Percent change, year-over-year - July 2024



Data compiled August 2024.
Source: S&P Global Market Intelligence, Bureau of Labor Statistics.
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Housing prices: Moderation in West and South, acceleration in Northeast

Home price index - purchase only, Q1 2024 (SA, Q1 1991=100)



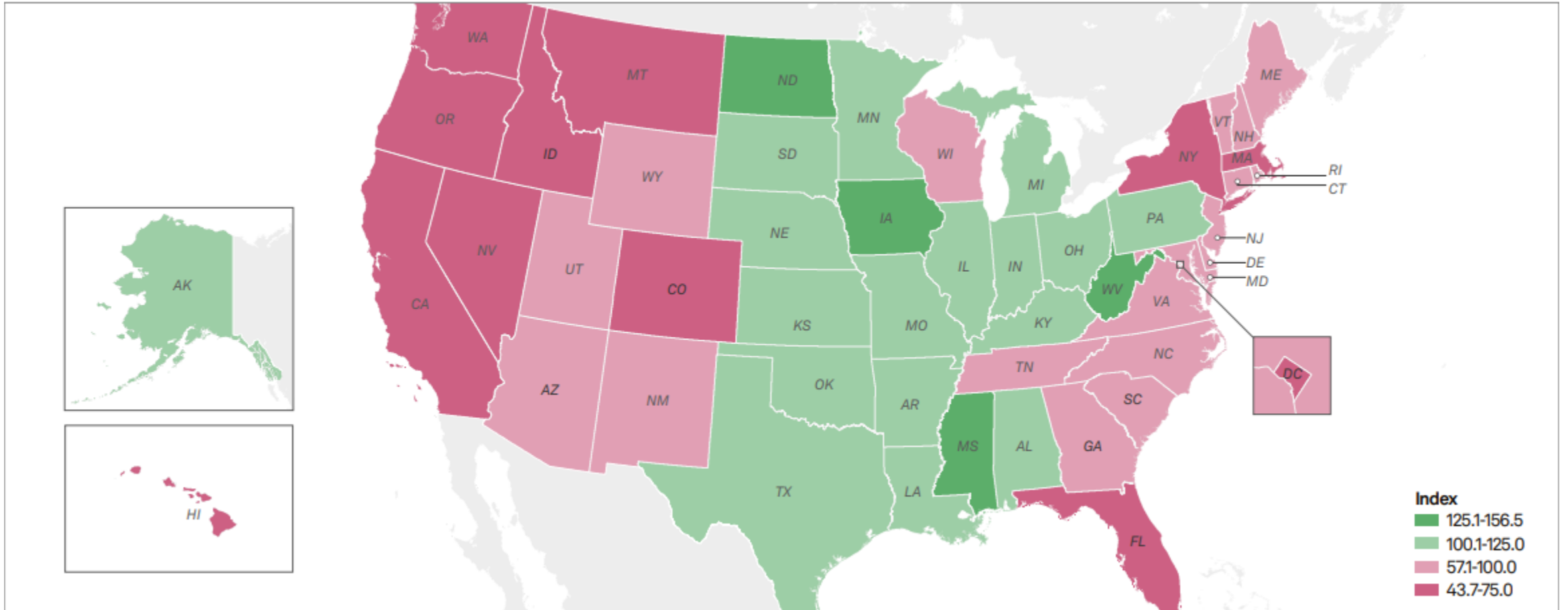
Data compiled Aug. 15, 2024.

Source: S&P Global Market Intelligence: 2014058.

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Severe decline in housing affordability nationwide

Home affordability index, Q1 2024 (higher=more affordable)



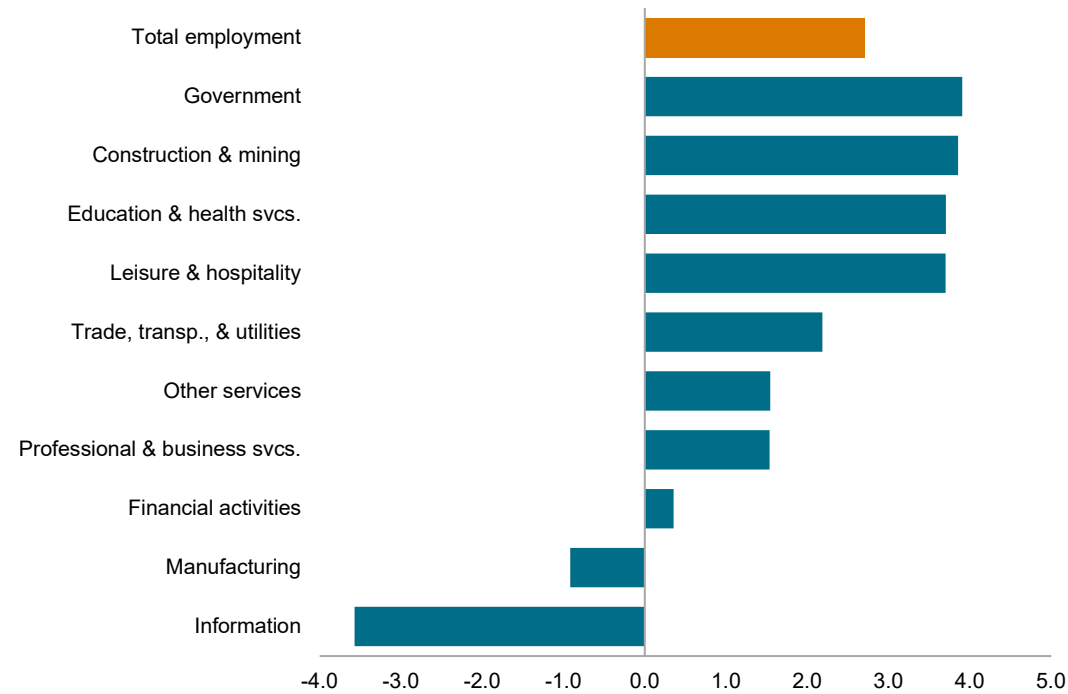
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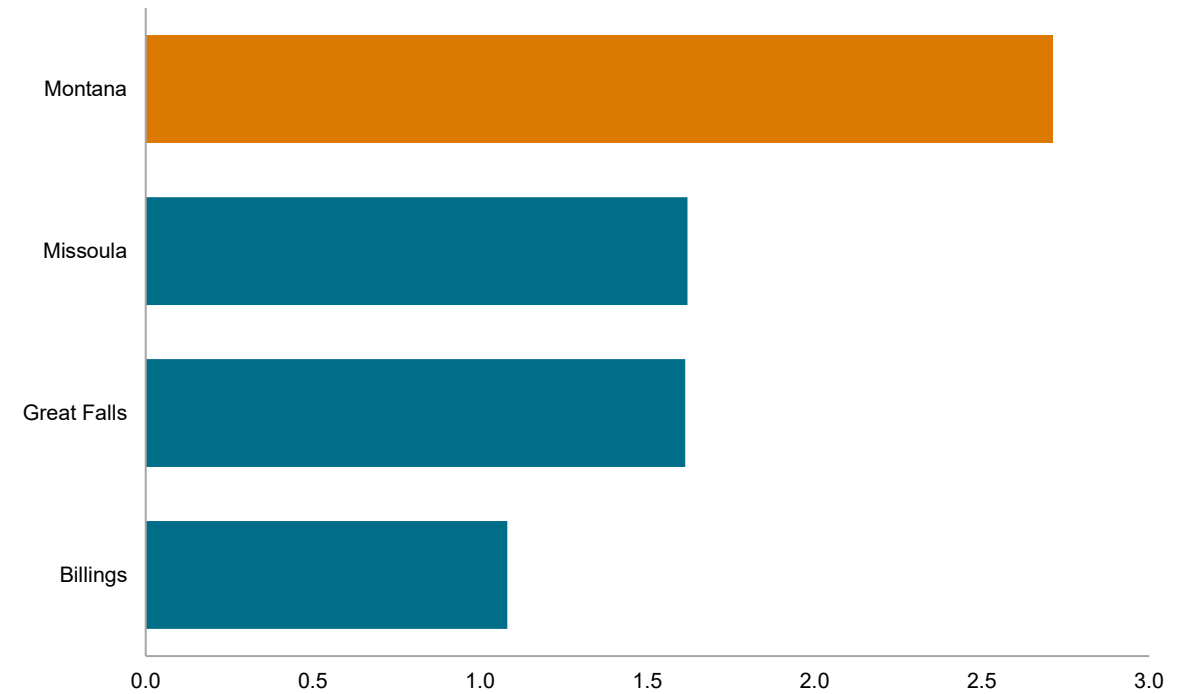
Government and services employment drive state growth

Employment growth by sector, June 2024, year over year (%)



Data compiled Aug. 7, 2024
 Source: S&P Global Market Intelligence.
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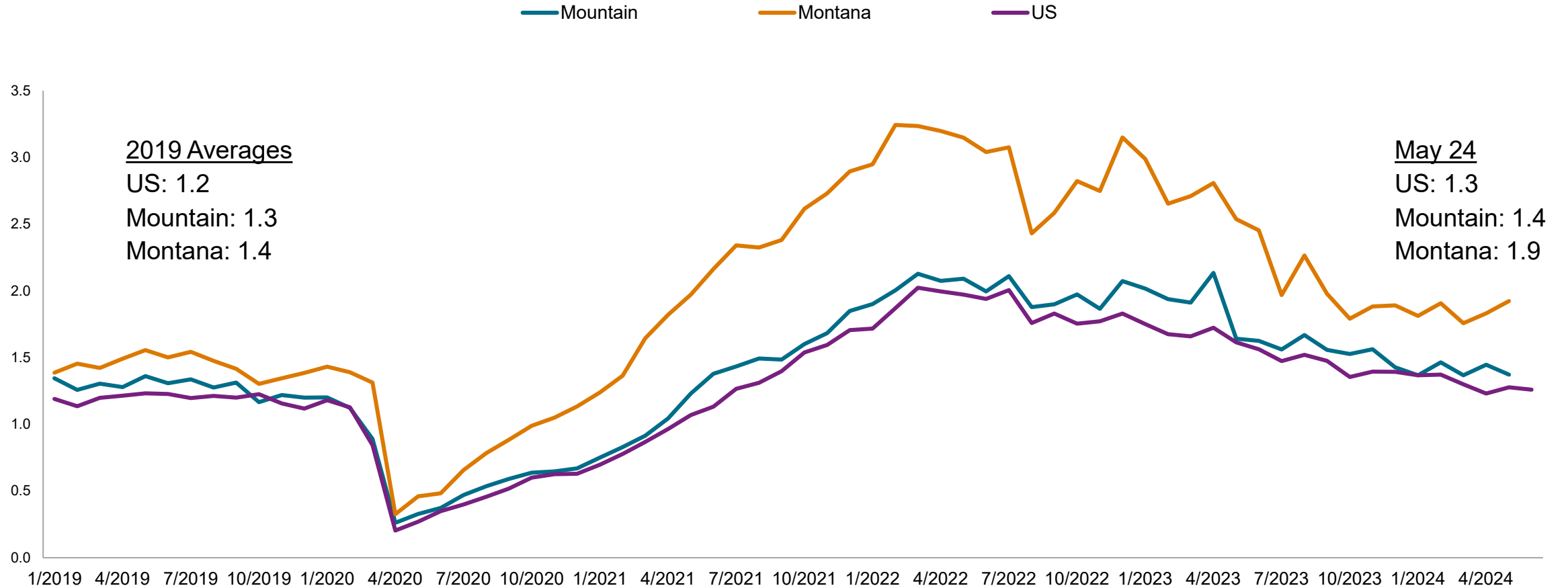
Employment growth by metro, June 2024, year over year (%)



Data compiled Aug. 7, 2024
 Source: Bureau of Labor Statistics, S&P Global Market Intelligence.
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Montana labor market remains tight despite easing over past year

Job openings per unemployed person, May 2024



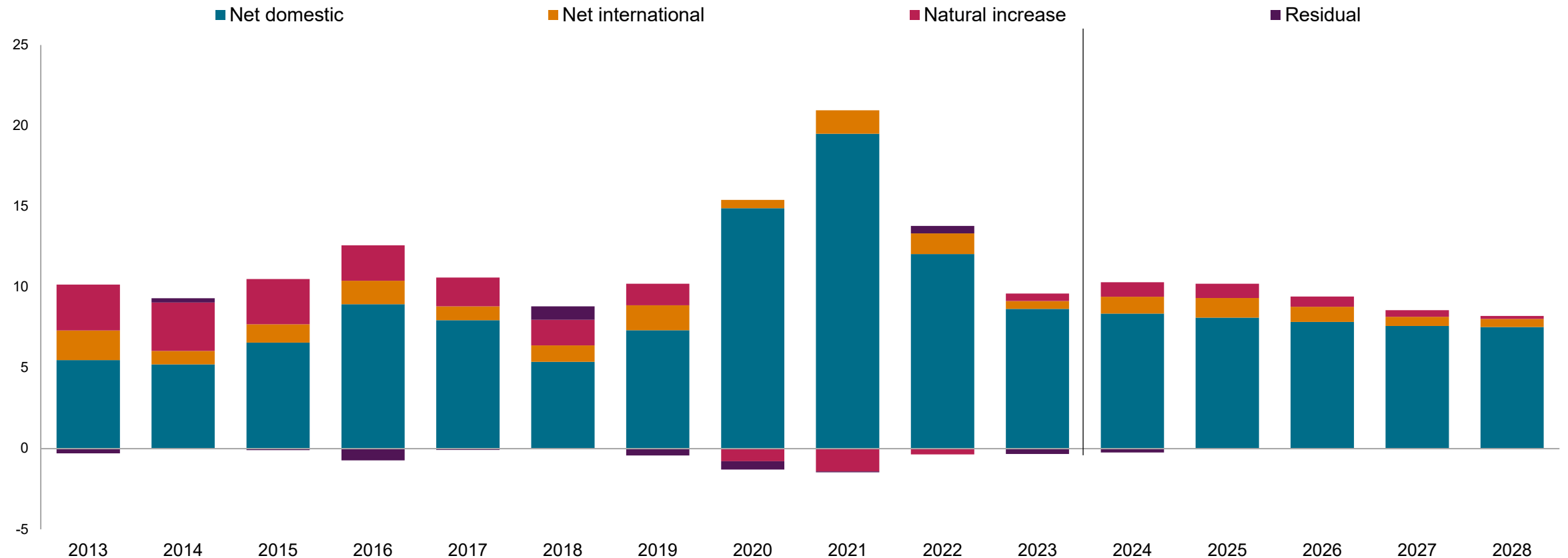
Data compiled Aug. 7, 2024

Source: Bureau of Labor Statistics, S&P Global Market Intelligence.

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Domestic migration stabilized following post-pandemic boom

Population change, thousands of persons



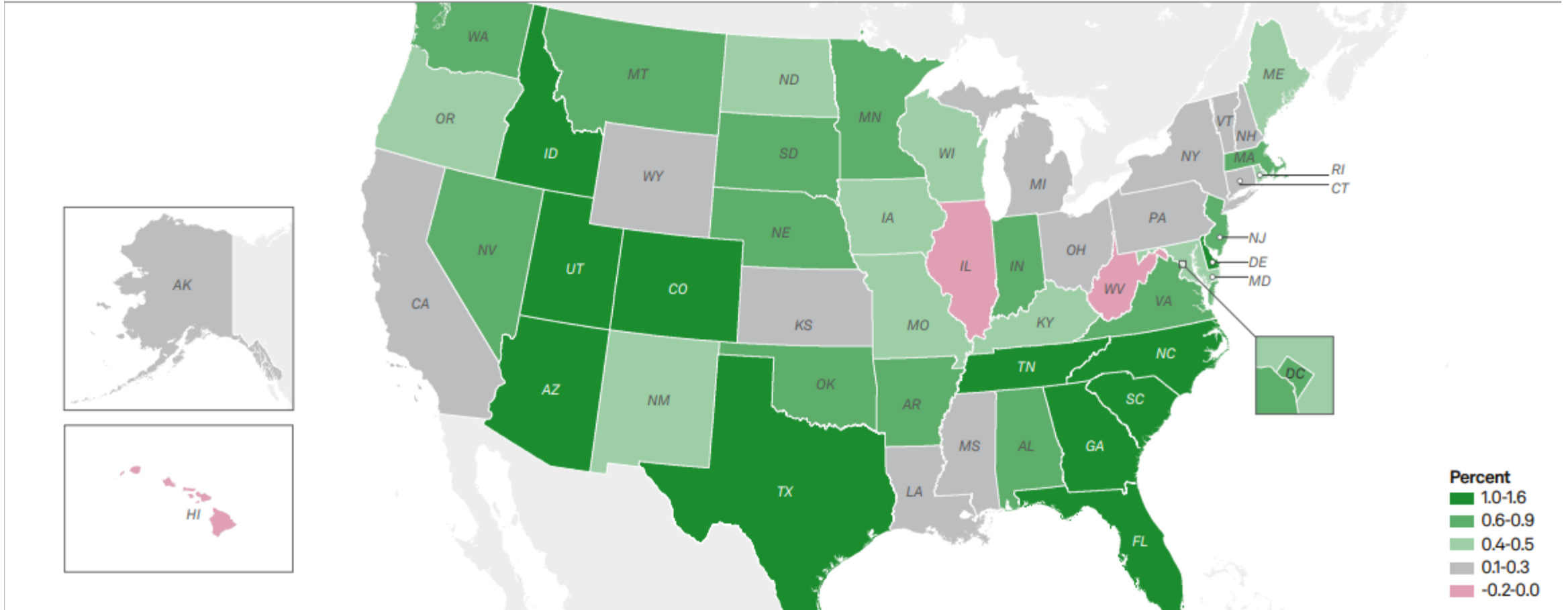
Data compiled Aug. 7, 2024

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Mountain states to see above average population growth by 2028

Population growth, 2023-28, average annual rate



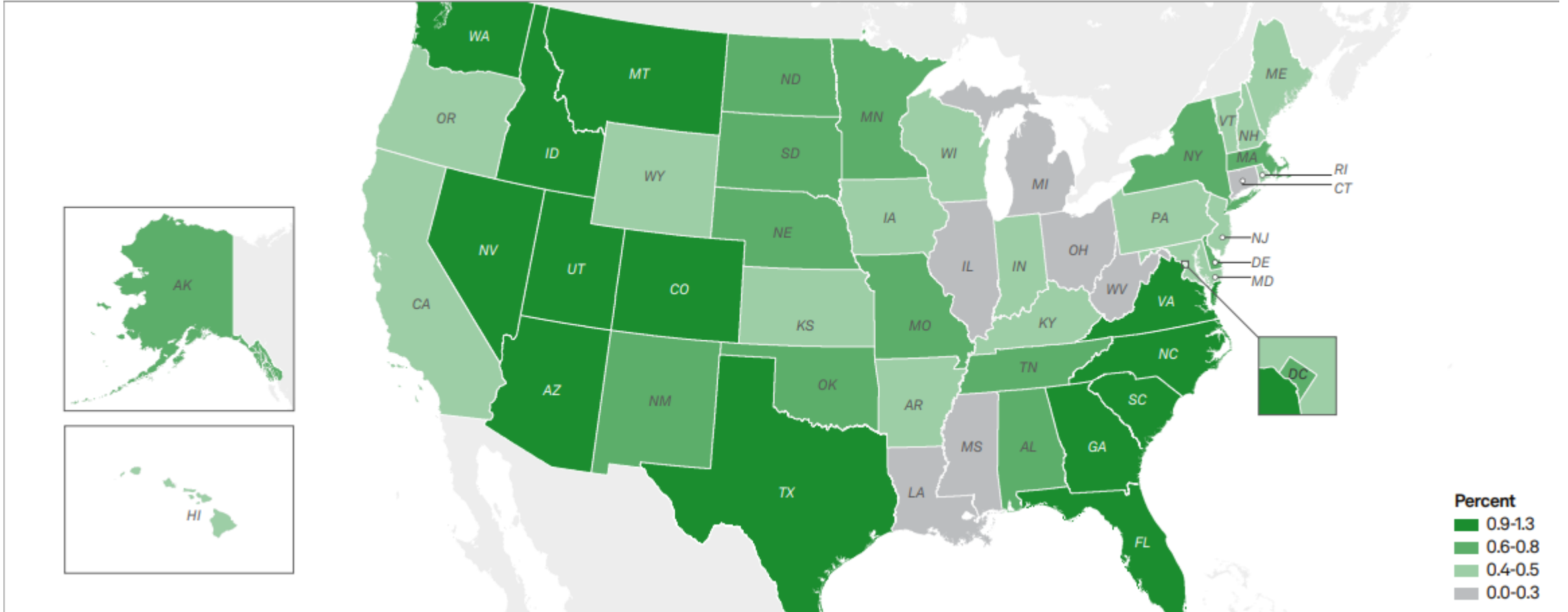
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Medium term growth will match Mountain region, outpace national average

Employment growth, 2023-28, average annual rate



Data compiled Aug. 15, 2024.

Source: S&P Global Market Intelligence: 2014061.

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Risks to the forecast

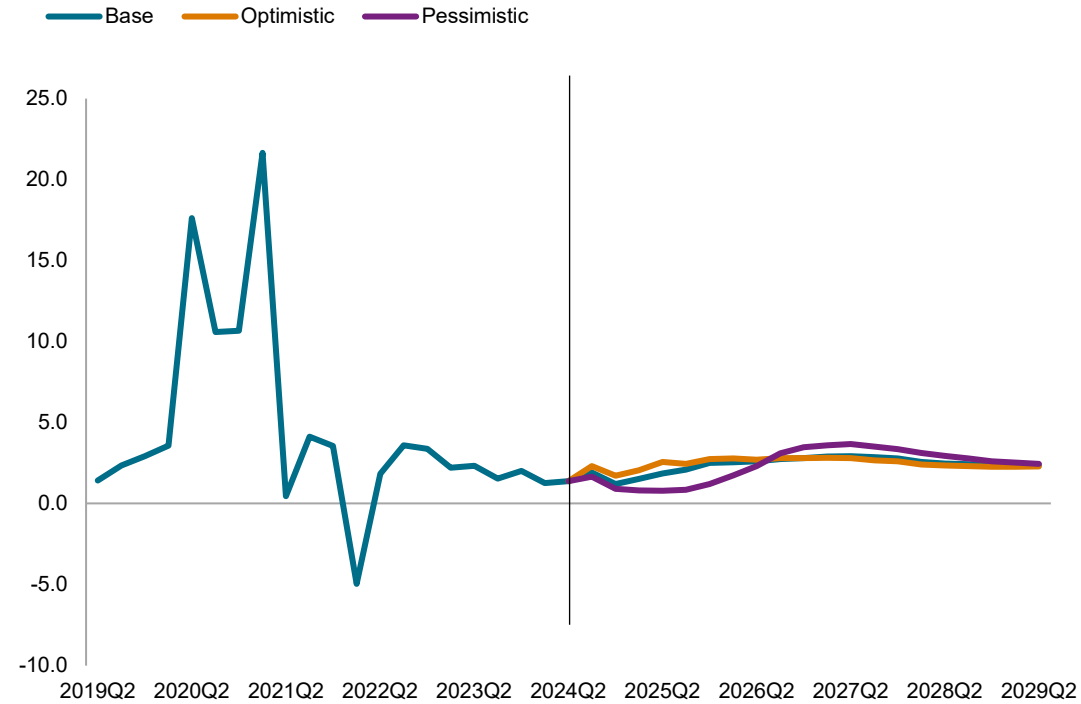
Risks to the US forecast

	Baseline (55%)	Pessimistic (25%)	Optimistic (20%)
GDP growth	Real GDP rose 2.5% in 2023. Growth continues at 2.6% in 2024 and 1.7% in 2025.	Real GDP growth slows to 2.4% in 2024 and to 0.1% in 2025.	Real GDP growth rises to 2.7% in 2024 and declines to 2.5% in 2025.
Consumer spending	Consumption dropped from 2.5% in 2022 to 2.2% in 2023. Growth continues at 2.3% in 2024 and 1.9% in 2025.	Spending slows to 2.2% in 2024 and 0.0% in 2025.	Spending accelerates to 2.5% in 2024 and 2.8% in 2025.
Housing	Housing starts fell from 1.55 million in 2022 to 1.42 million in 2023 then will decline to 1.35 million in 2024 and inch up to 1.36 million in 2025.	Housing starts will tick down further to 1.34 in 2024 and 1.25 million in 2025.	Housing starts will fall to 1.35 million in 2024 and rise up to 1.39 million in 2025.
Inflation	Core personal consumption (PCE) price inflation rose by 4.1% in 2023 and will moderate to 2.8% in 2024 and 2.4% in 2025.	Core PCE price inflation cools to 2.8% in 2024 and 2.2% in 2025.	Core PCE price inflation moderates to 2.7% in 2024 and 2.5% in 2025.
Business fixed investment	Rose 4.5% in 2023 and rises 3.8% in 2024 and 2.3% in 2025.	Rises 3.4% in 2024 before falling 1.8% in 2025.	Will rise 4.2% in 2024 and 3.9% in 2025.

Data compiled August 14, 2024.
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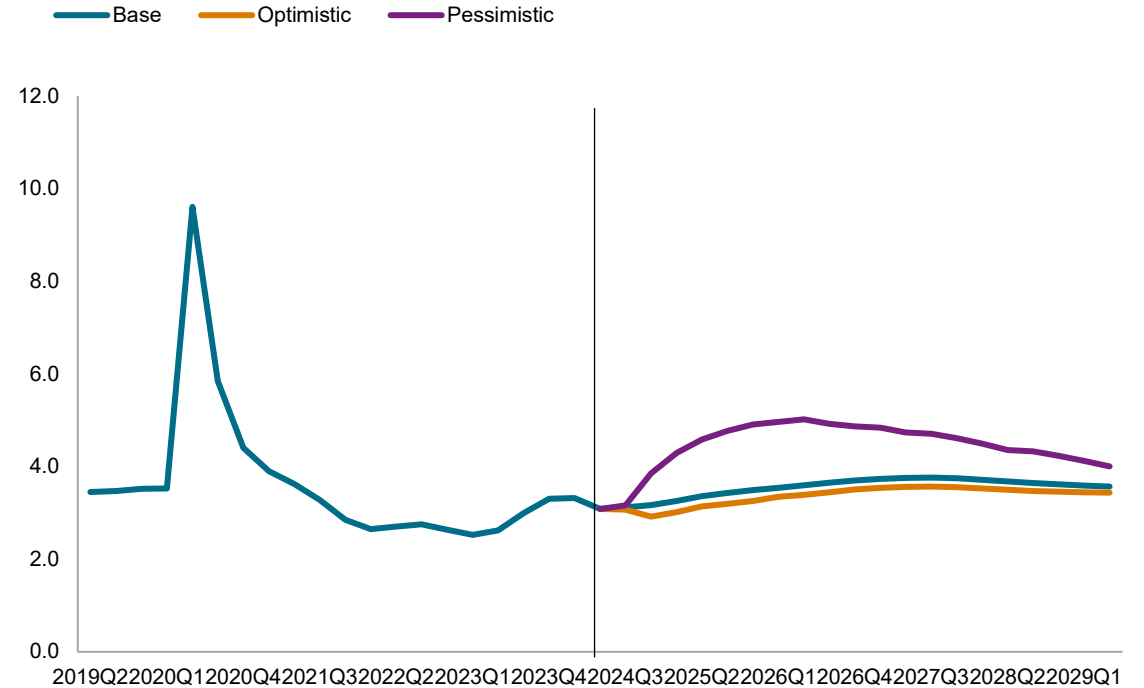
Alternative scenario impacts on Montana

Real personal income, year over year (%)



Data compiled Aug. 12, 2024
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Unemployment rate, (%)



Data compiled Aug. 12, 2024
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