

The Economic Outlook for the U.S. and Montana

Patrick M. Barkey, Director
Bureau of Business and Economic Research
University of Montana



**BUREAU OF BUSINESS AND
ECONOMIC RESEARCH**
UNIVERSITY OF MONTANA

Montana Economic Outlook

The U.S. Economy Continues to Overperform

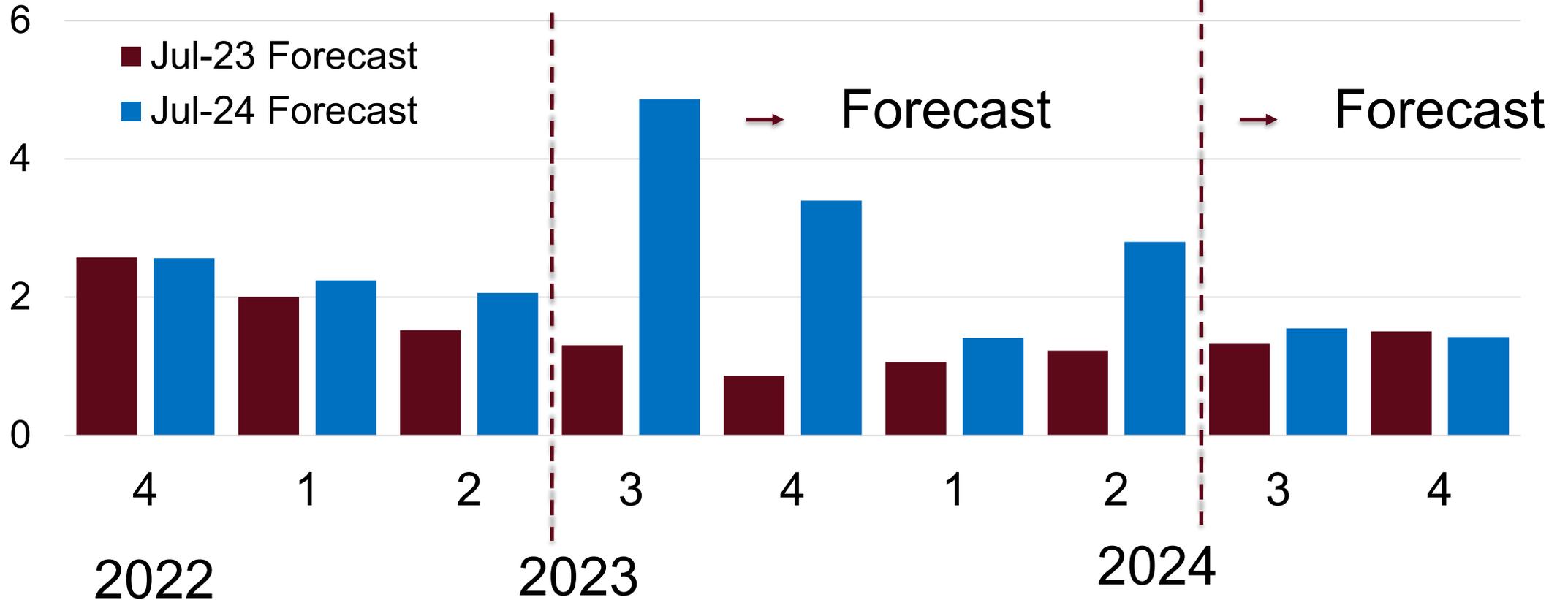
- Second quarter acceleration another upside surprise
- Inflation is fading, high prices are not
- Interest rate cuts will finally come down – or not
- Housing markets are frozen
- Manufacturing economy is slowing down
- Worker shortages easing, inventories slowly recovering



Not Much Growth in the U.S. Forecast

Percent Growth, Real Gross Domestic Product, 2022Q4 – 2024Q4

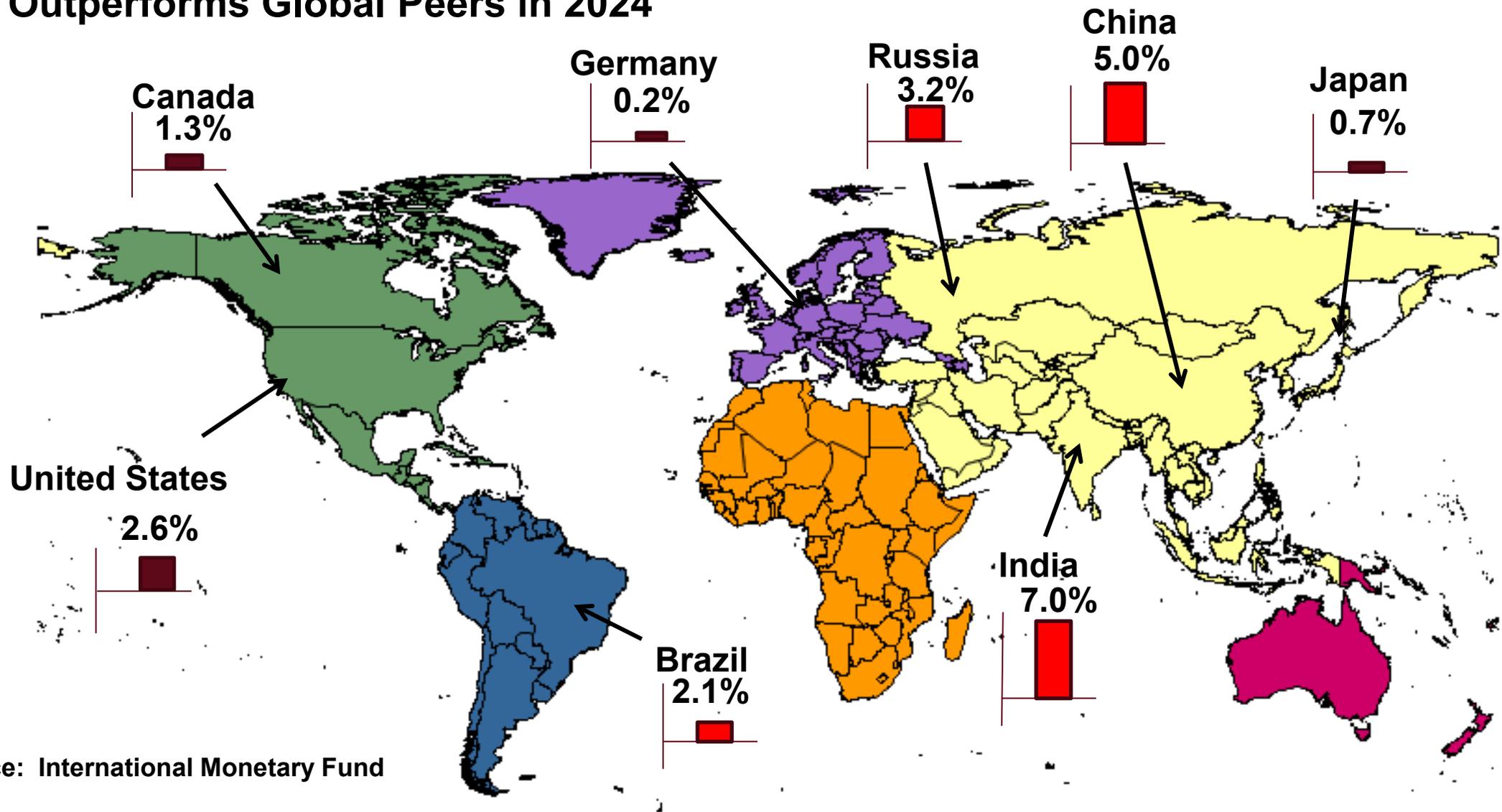
Percent



Source: S&P Global



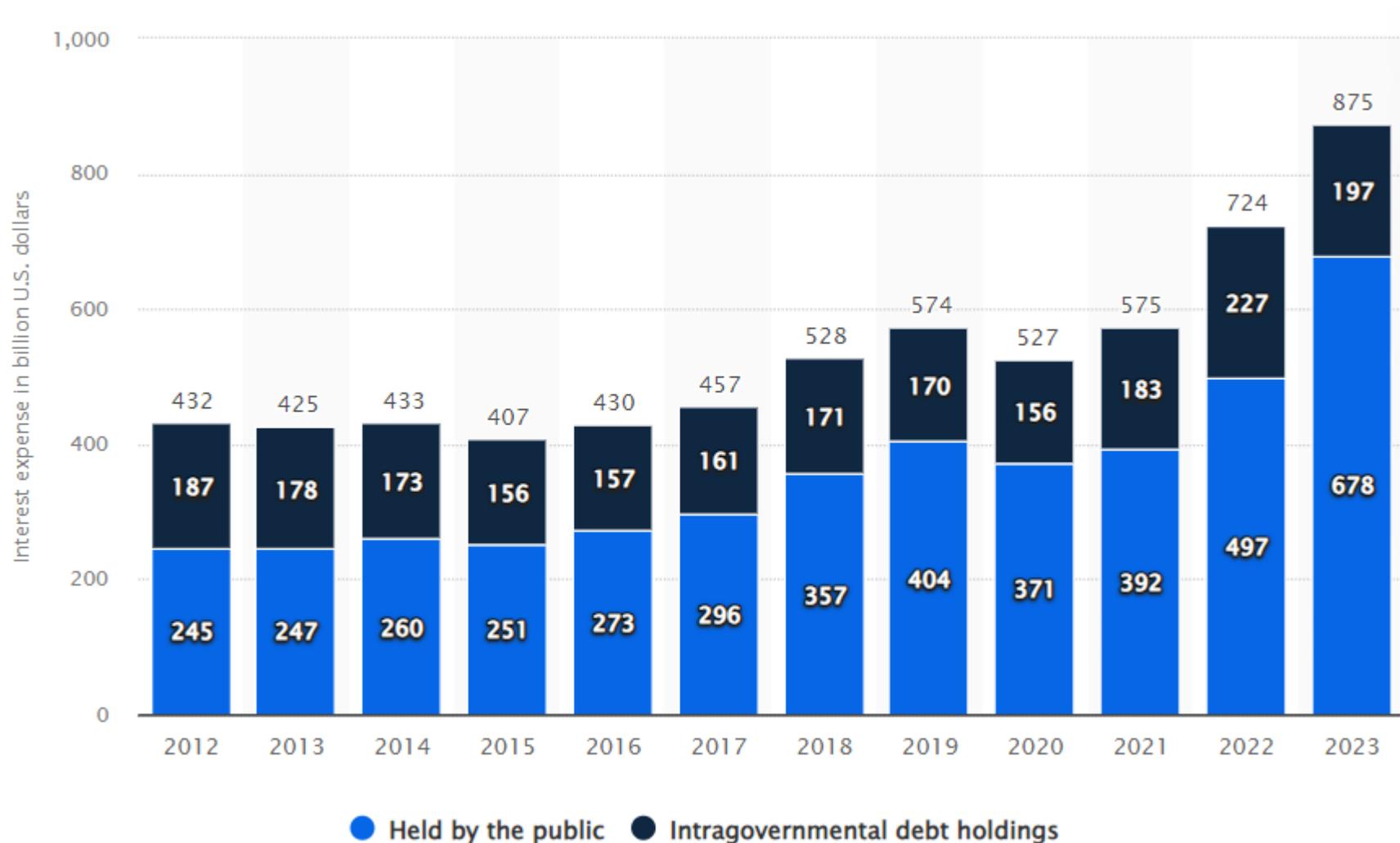
US Outperforms Global Peers in 2024



Source: International Monetary Fund



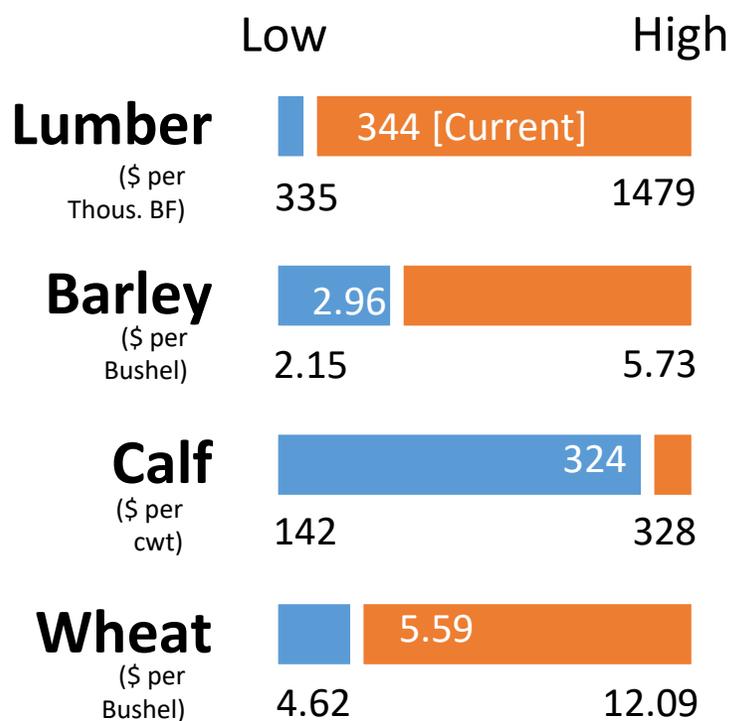
Interest payments on Federal debt now exceed defense spending



Commodity Prices Are Mixed

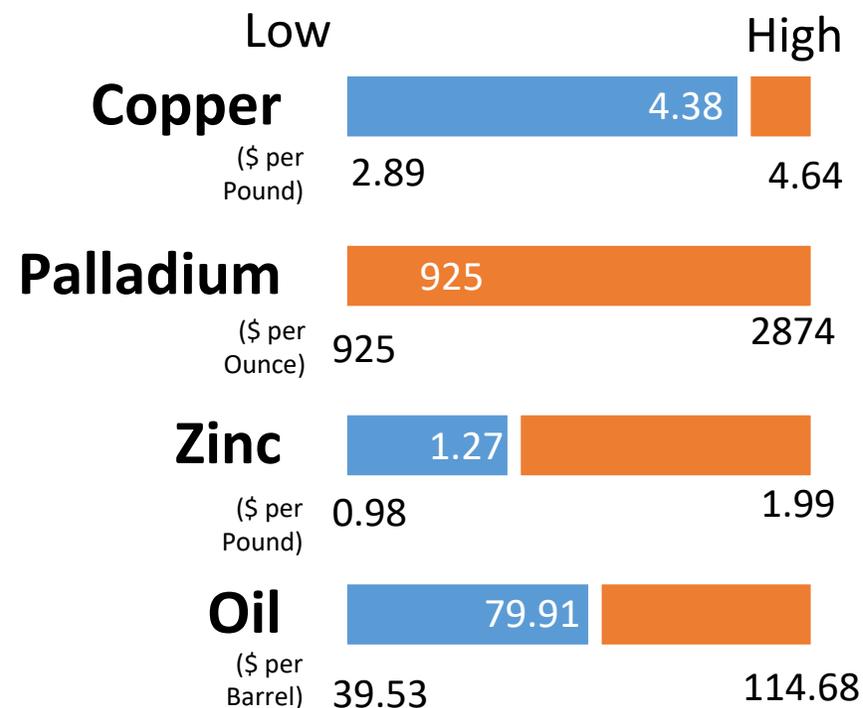
Materials & Foodstuffs

(as of Jun 2024)



Metals & Energy

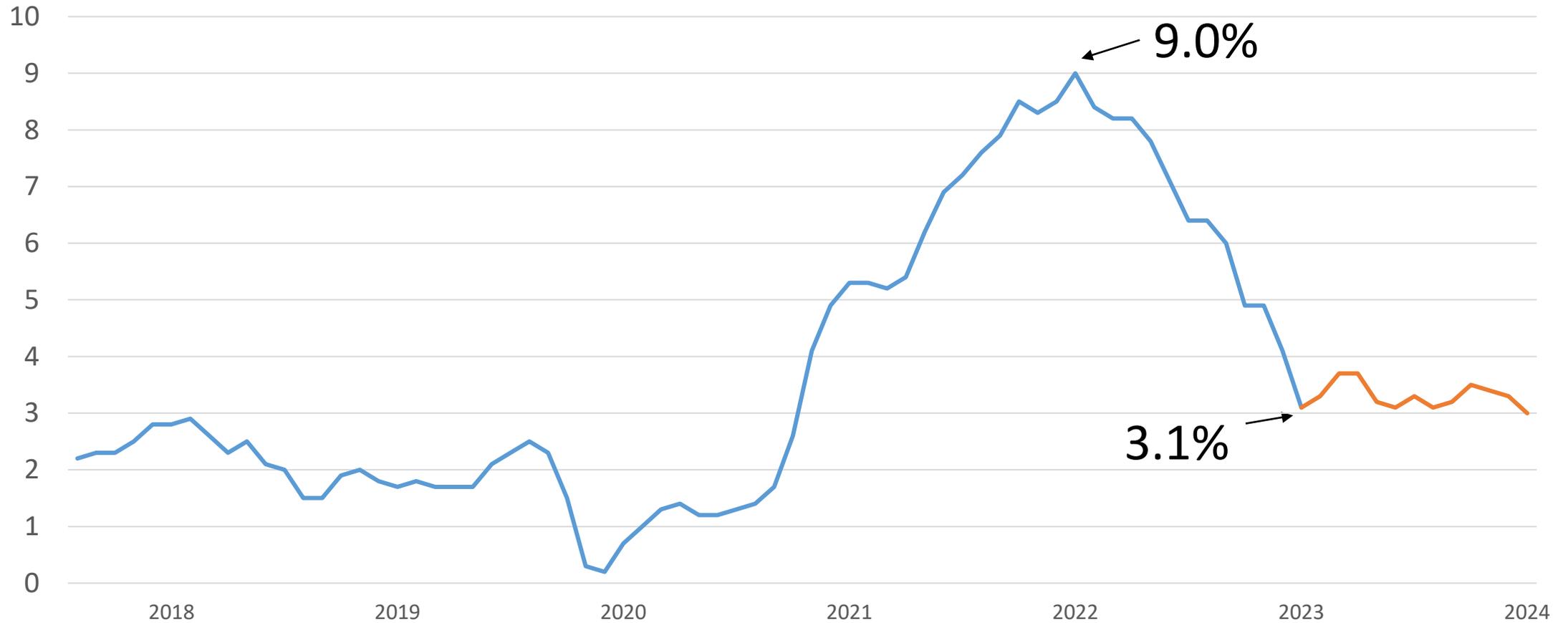
(as of Jun 2024)



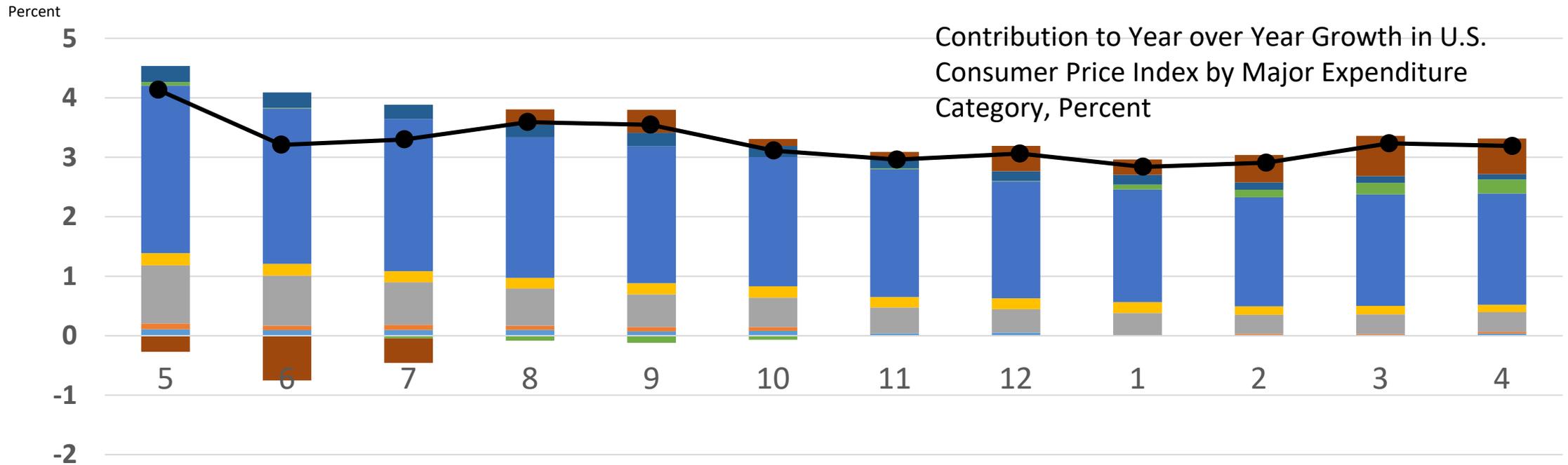
Had ~~Headline Inflation Has~~ Fallen Impressively

12-month percent change, Consumer Price Index, All Items

Percent



Transportation and Housing Fueling Inflation



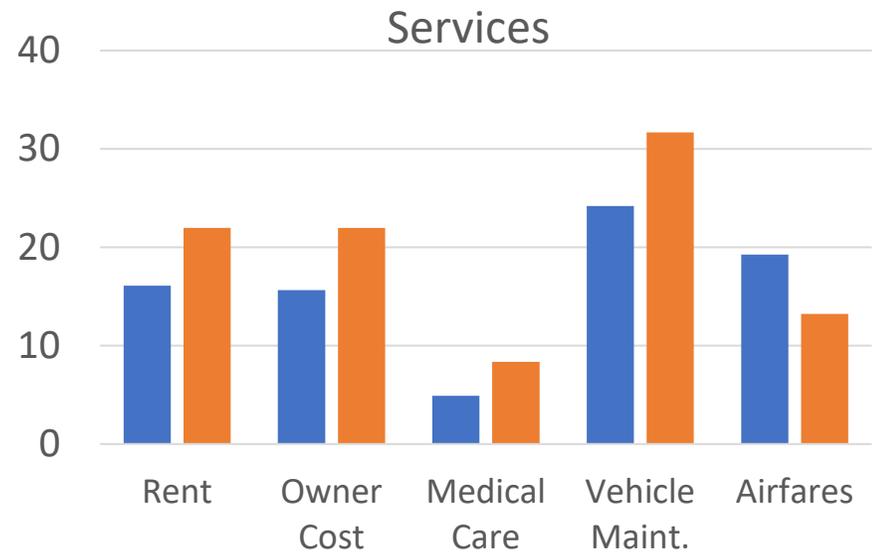
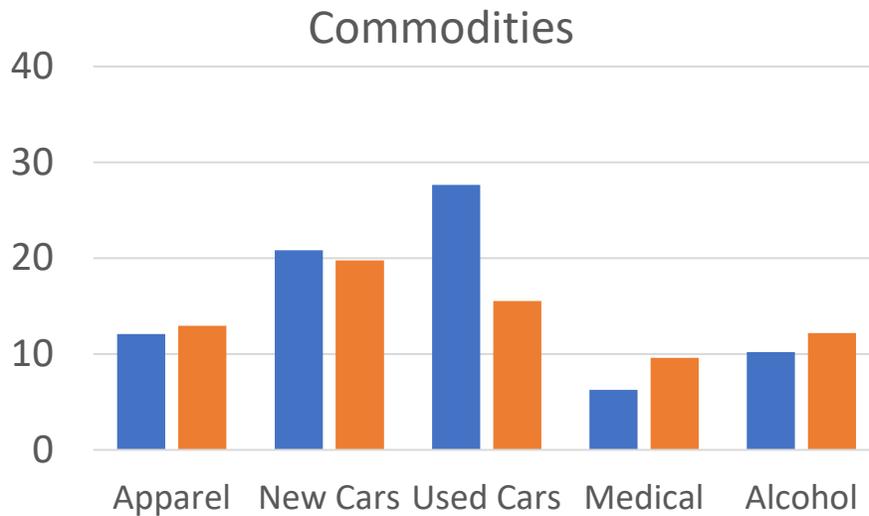
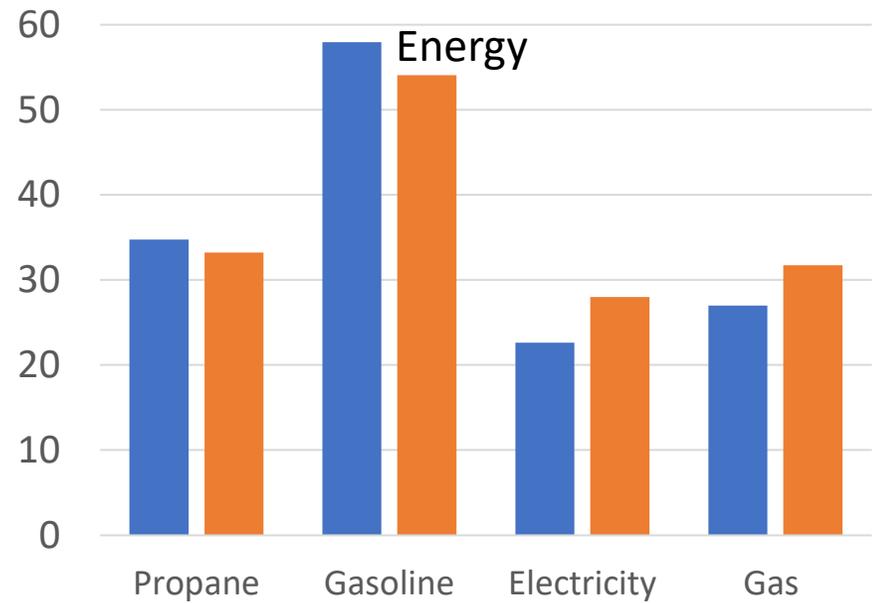
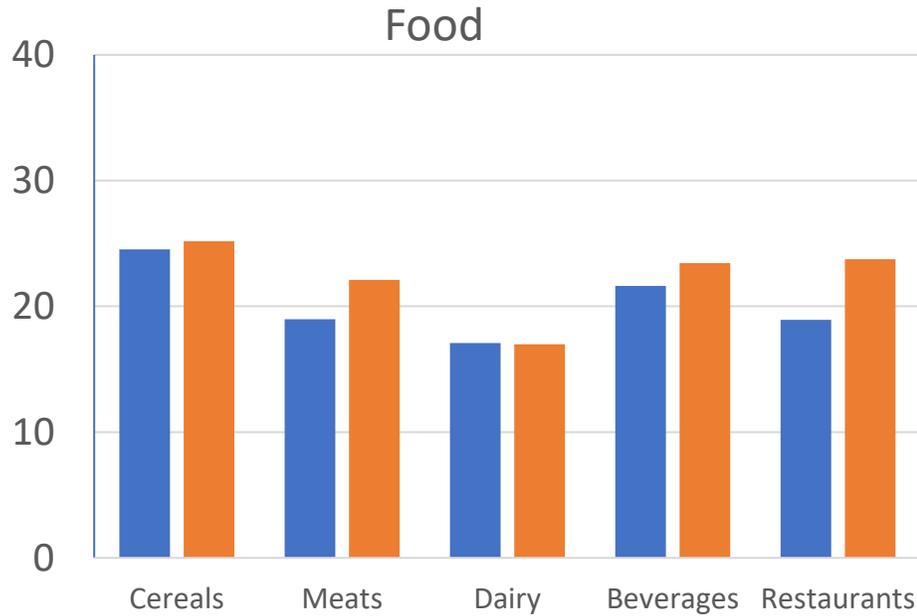
2023

2024

- Apparel
- Food and Beverages
- Housing
- Recreation

- Education and Communications
- Other Goods and Services
- Medical Care
- Transportation

Inflation Since October 2020, percent



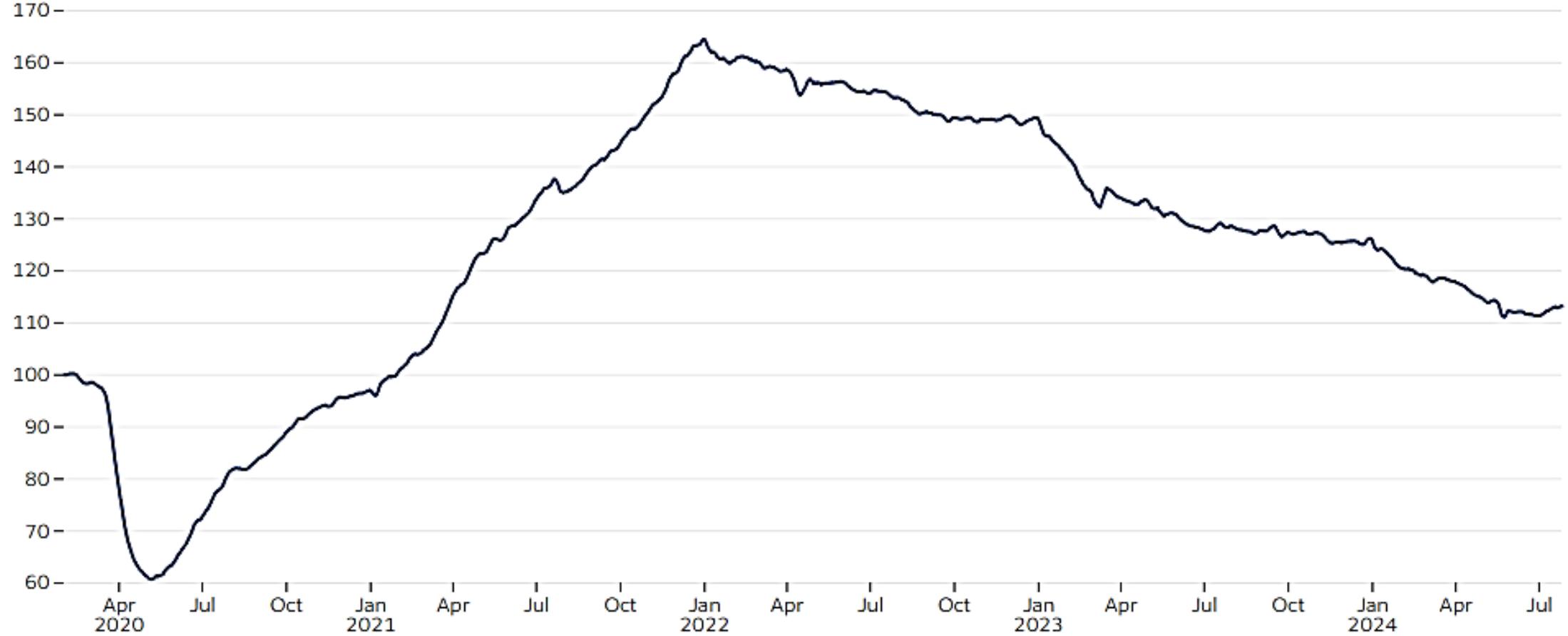
June 2023

June 2024

U.S. Job Postings Close to Pre-Covid Levels

United States

↑ Index since 1 Feb 2020

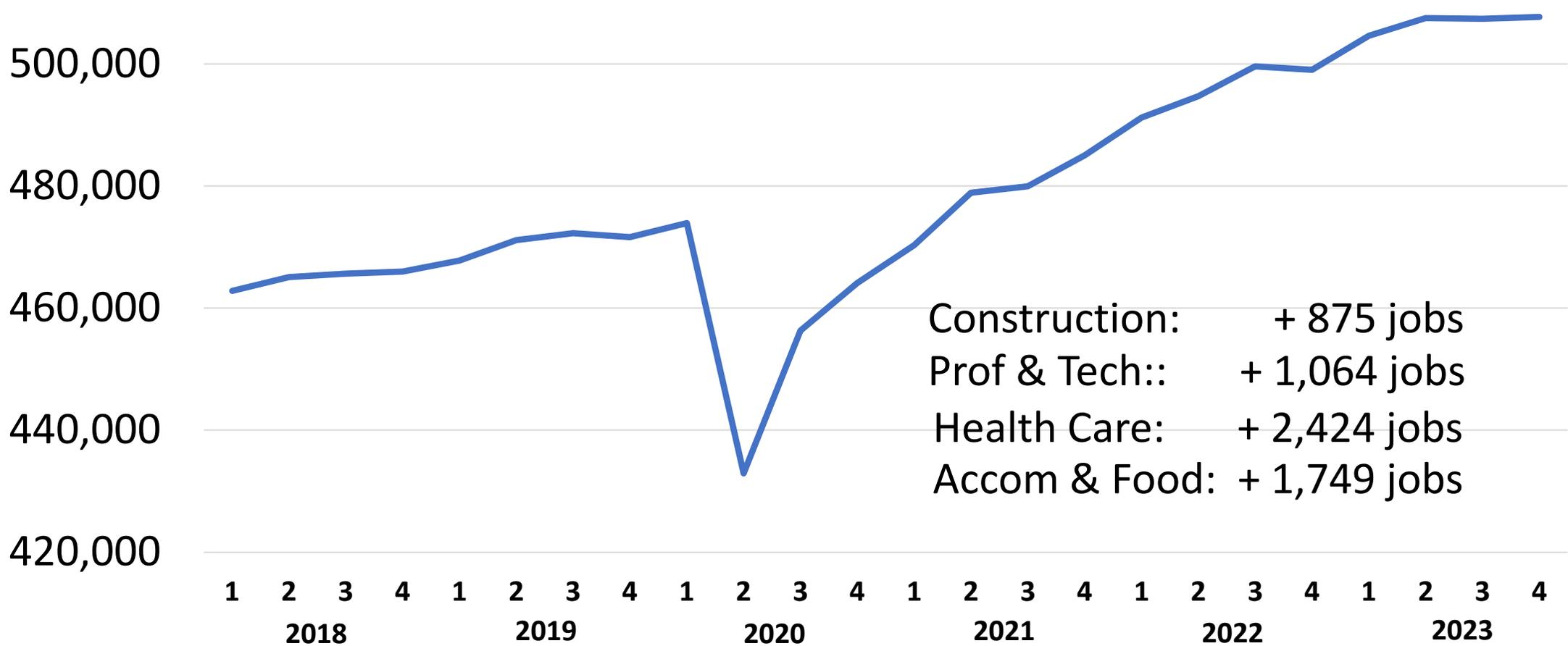


Source: Indeed

Montana Added 10,650 Jobs Last Year

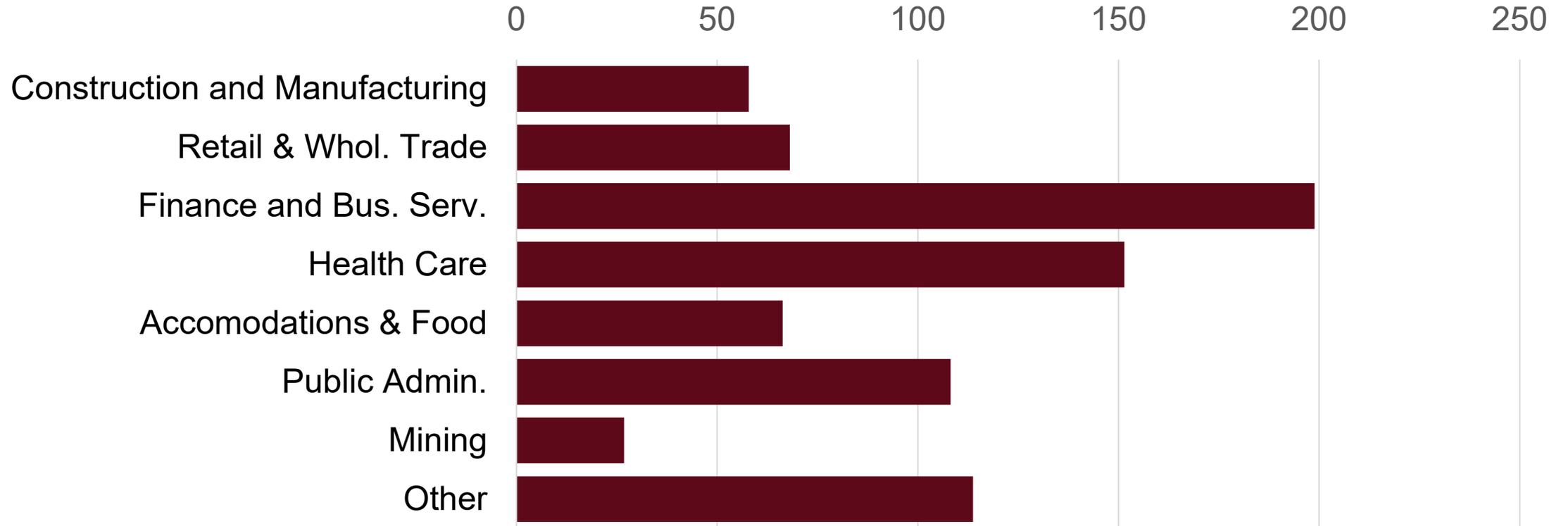
Seasonally Adjusted Covered Employment, 2018-23

Jobs



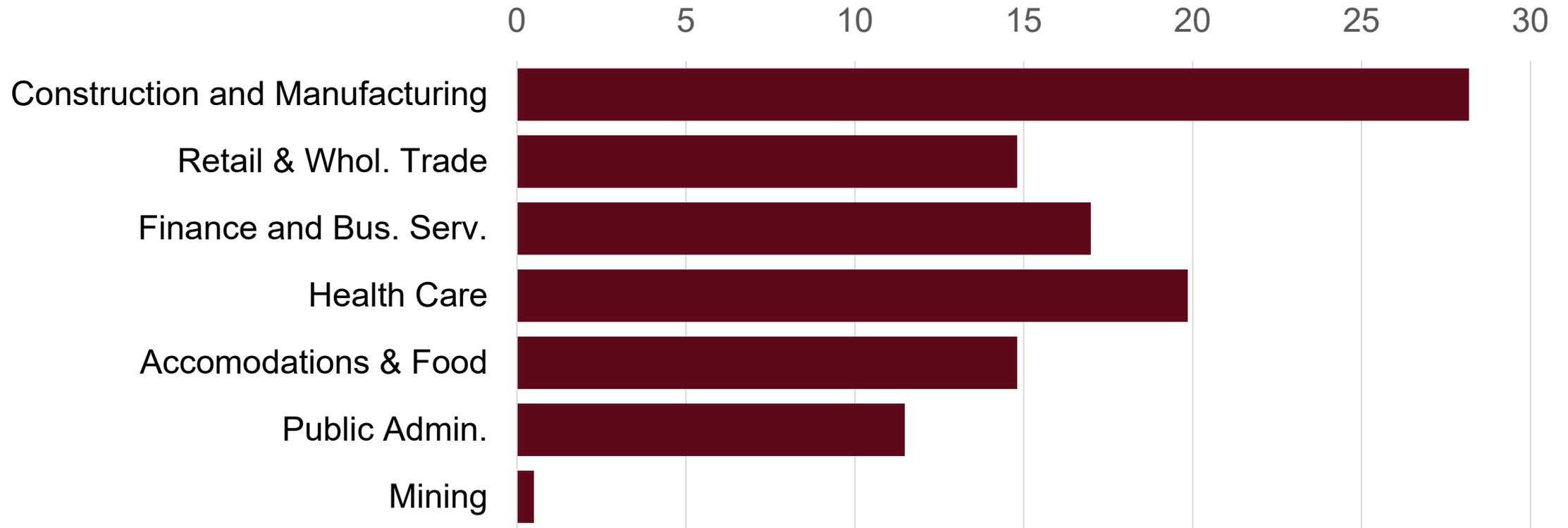
Montana Had Balanced Growth in 2023

Inflation-corrected Total Wage Growth, Montana, \$ Millions, 2022-23



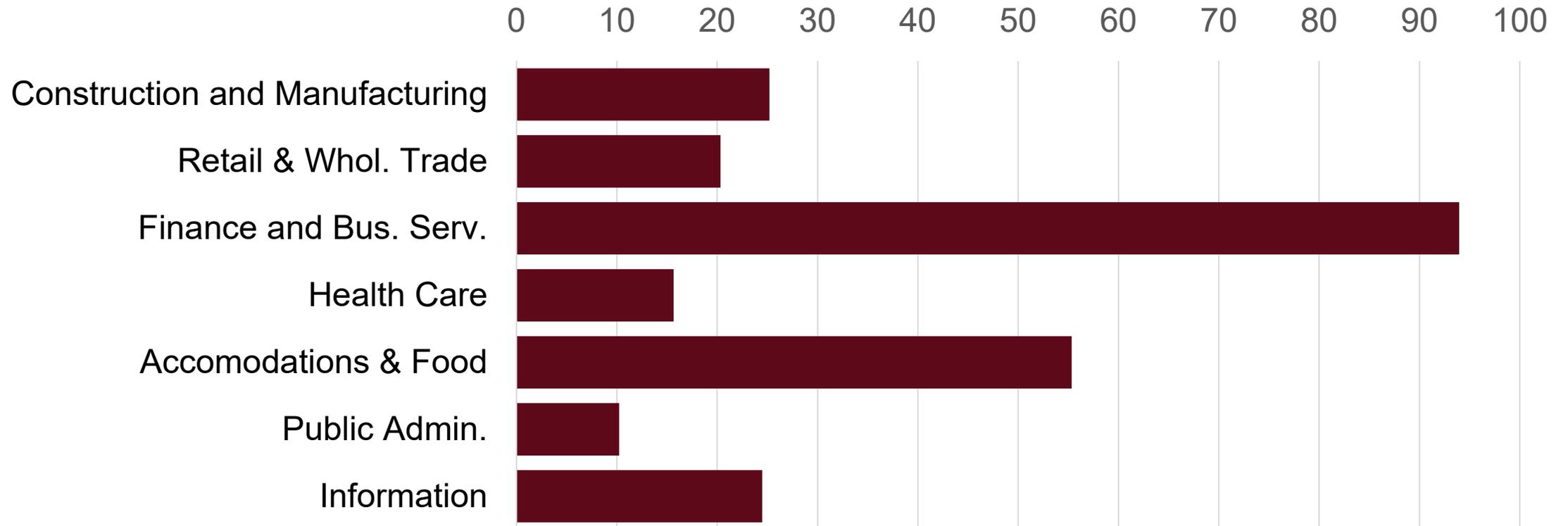
Billings Growth Picked Up in 2023

Inflation-corrected Total Wage Growth, Yellowstone County, \$ Millions, 2022-23



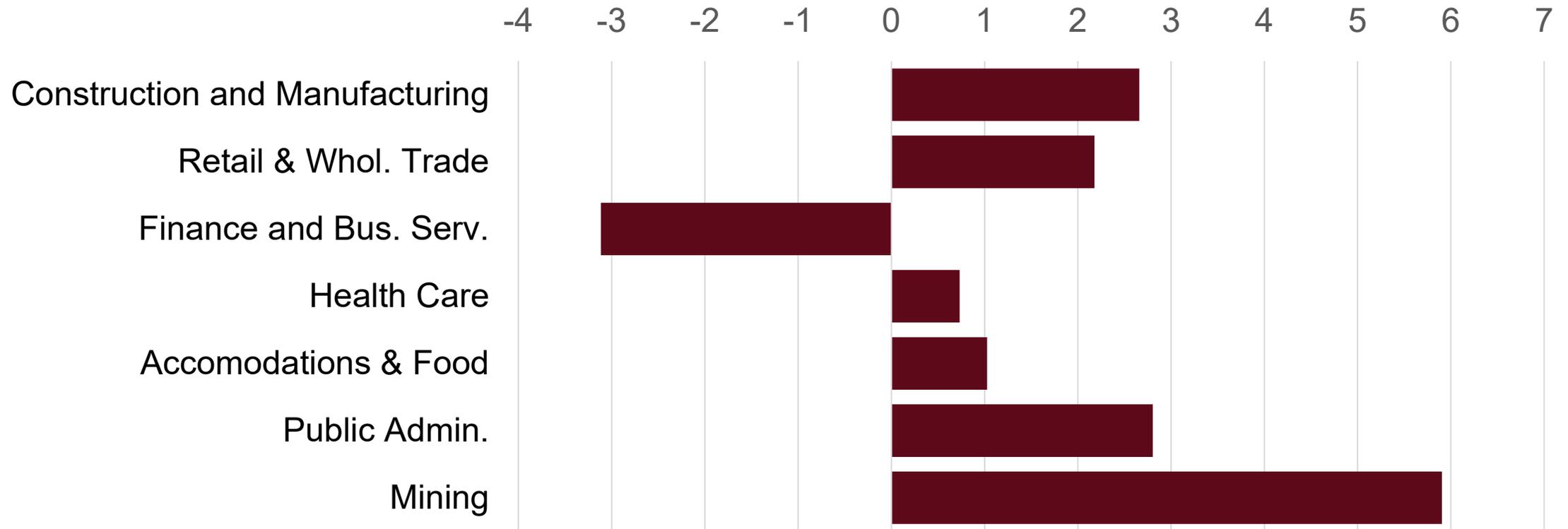
Tech Growth Stood Out in Bozeman

Inflation-corrected Total Wage Growth, Gallatin County, \$ Millions, 2022-23



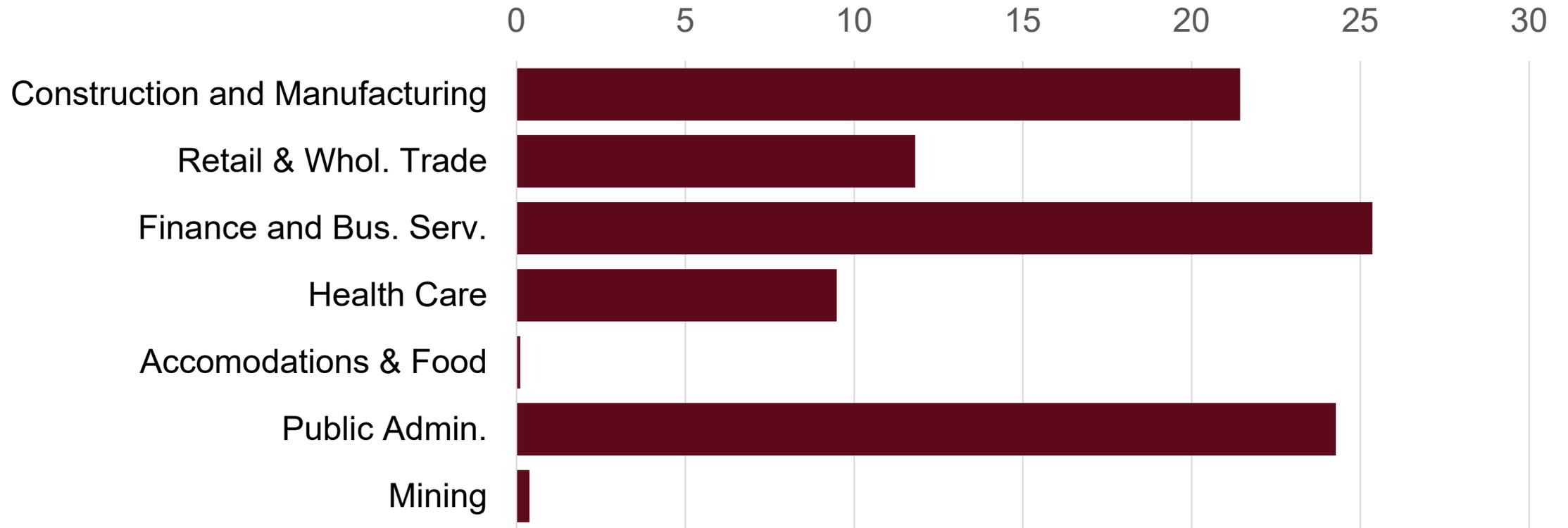
Butte-Silver Bow in 2023

Inflation-corrected Total Wage Growth, Silver Bow County, \$ Millions, 2022-23



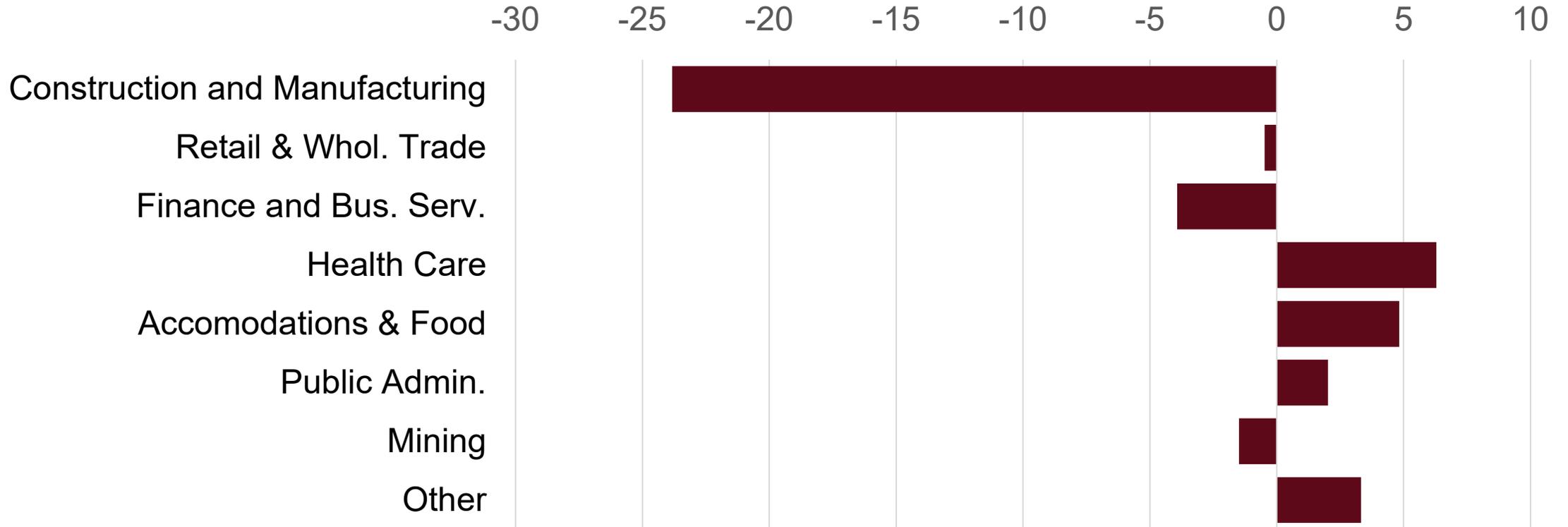
Commercial Construction Strong in 2023

Inflation-corrected Total Wage Growth, Lewis & Clark County, \$ Millions, 2022-23



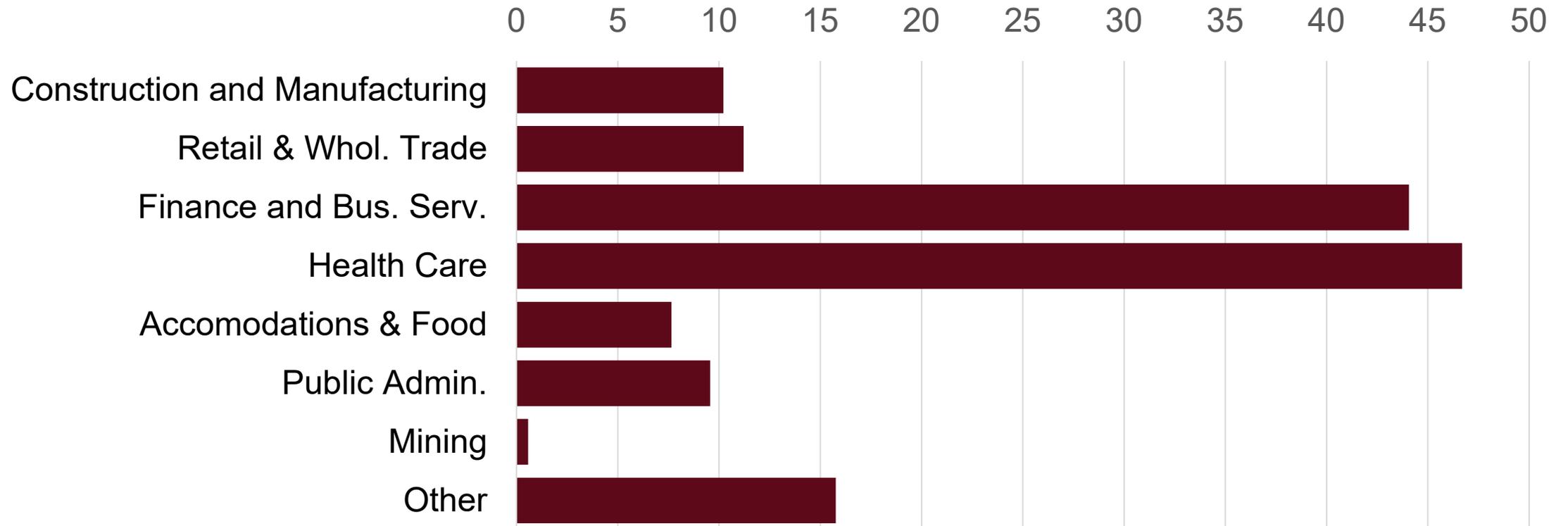
A More Normal Year for Great Falls in 2023

Inflation-corrected Total Wage Growth, Cascade County, \$ Millions, 2022-23



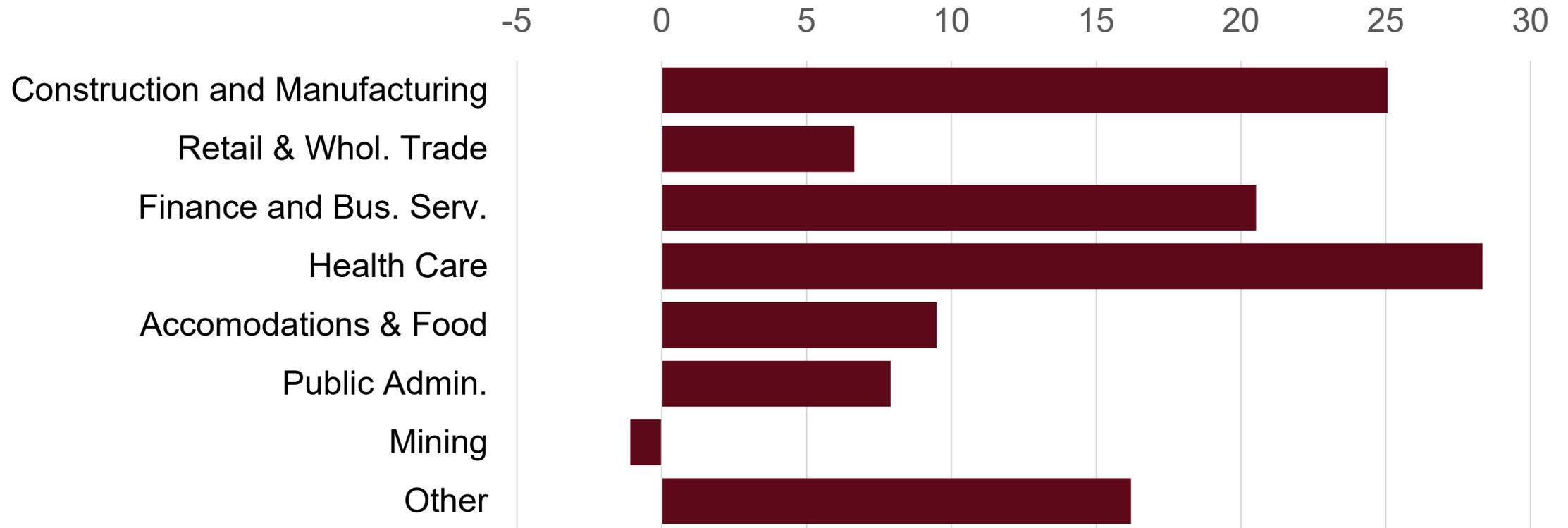
Tech and Health Care Led Growth in 2023

Inflation-corrected Total Wage Growth, Missoula County, \$ Millions, 2022-23



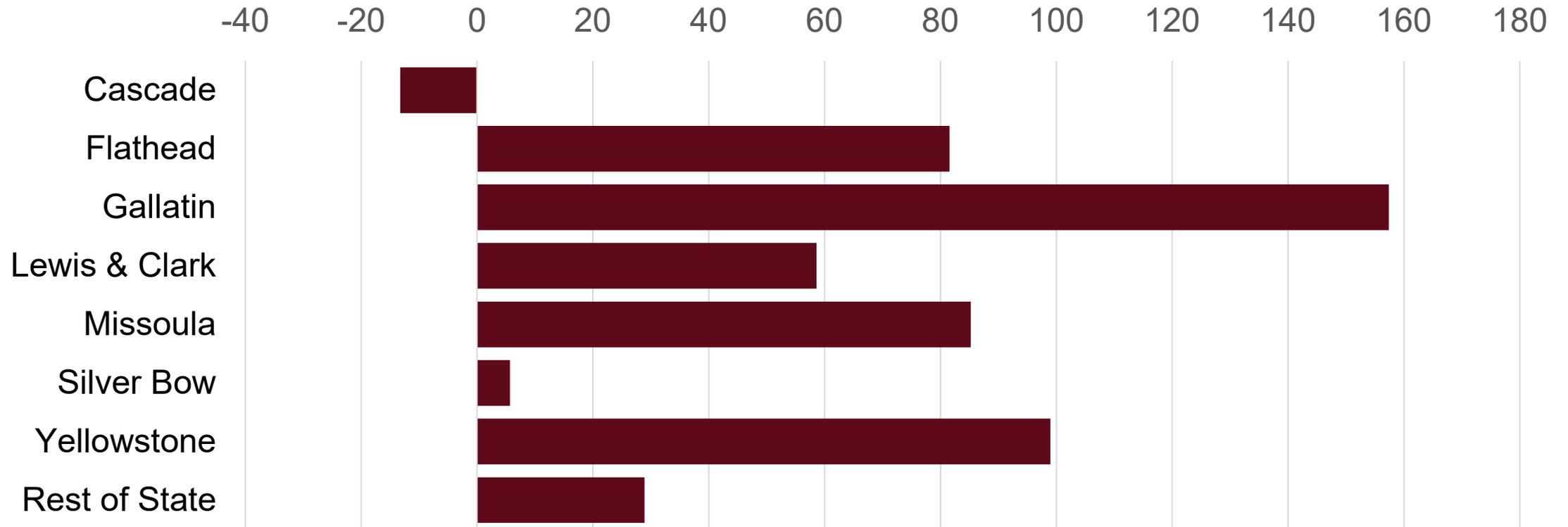
Health Care Resumes Growth in Kalispell in 2023

Inflation-corrected Total Wage Growth, Flathead County, \$ Millions, 2022-23



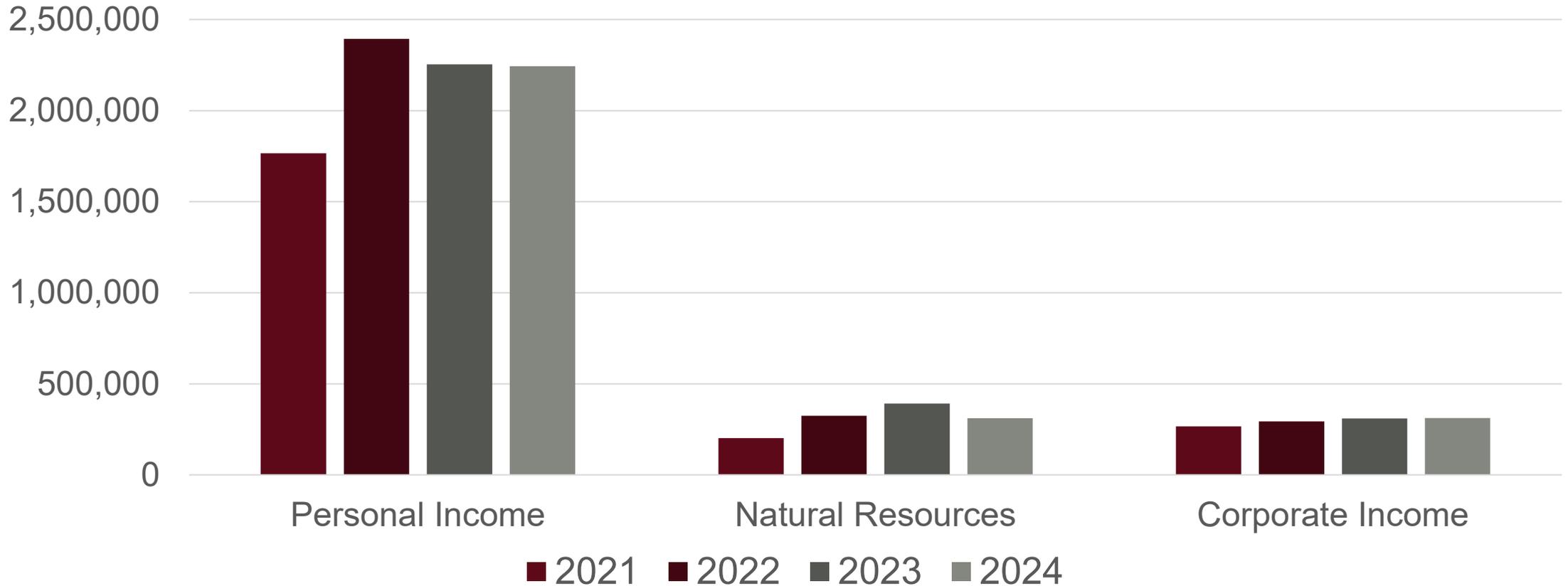
Total Wage Growth Was More Balanced in 2023

Inflation-corrected Total Wage Growth, Millions of \$

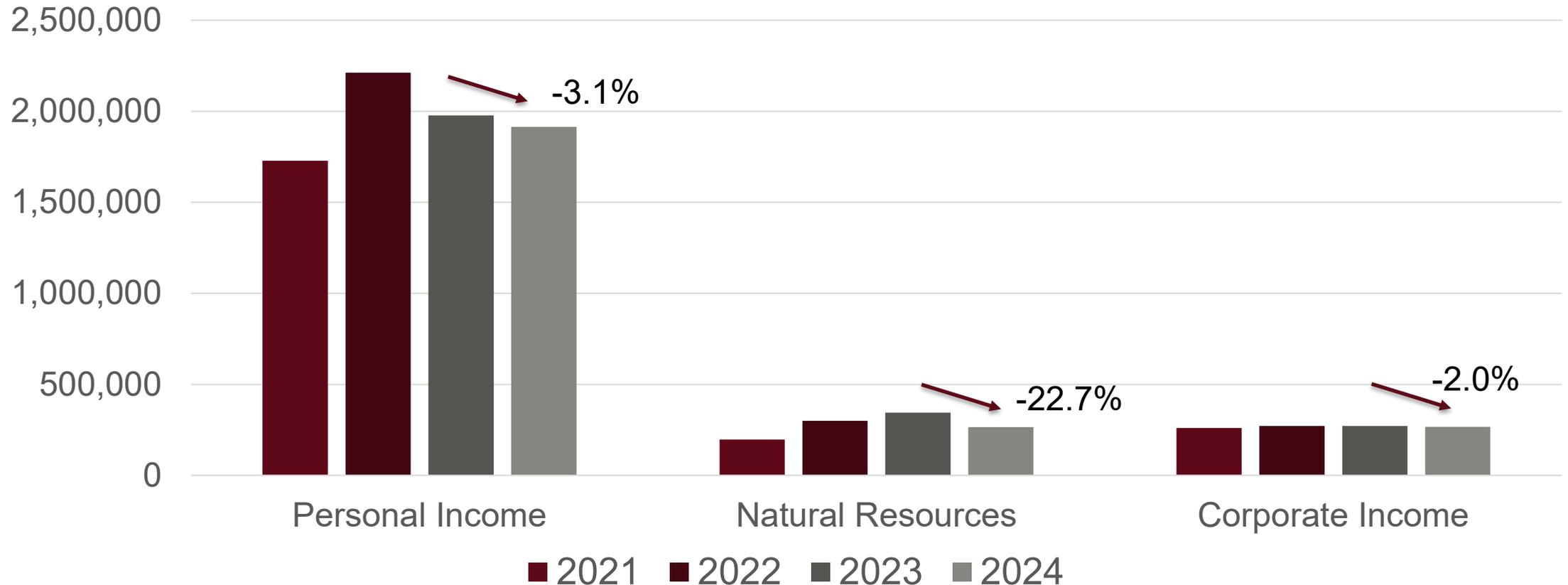


FY 2024 Montana Tax Collections Stagnate

\$ Thousands

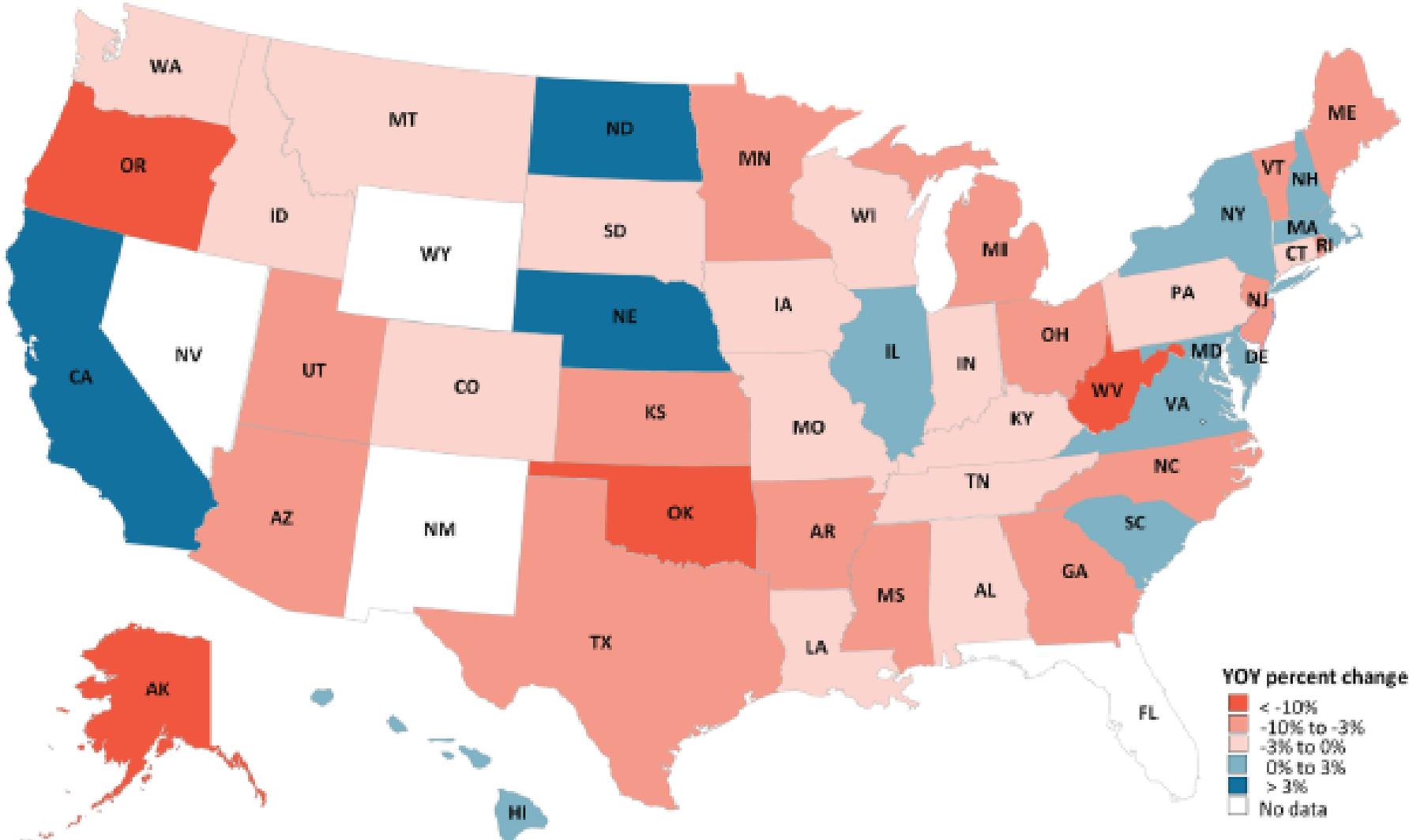


Revenues Decline in Inflation Corrected Terms



Percent change in inflation-adjusted state tax revenues

July 2023 - May 2024 vs July 2022 - May 2023, percentage change

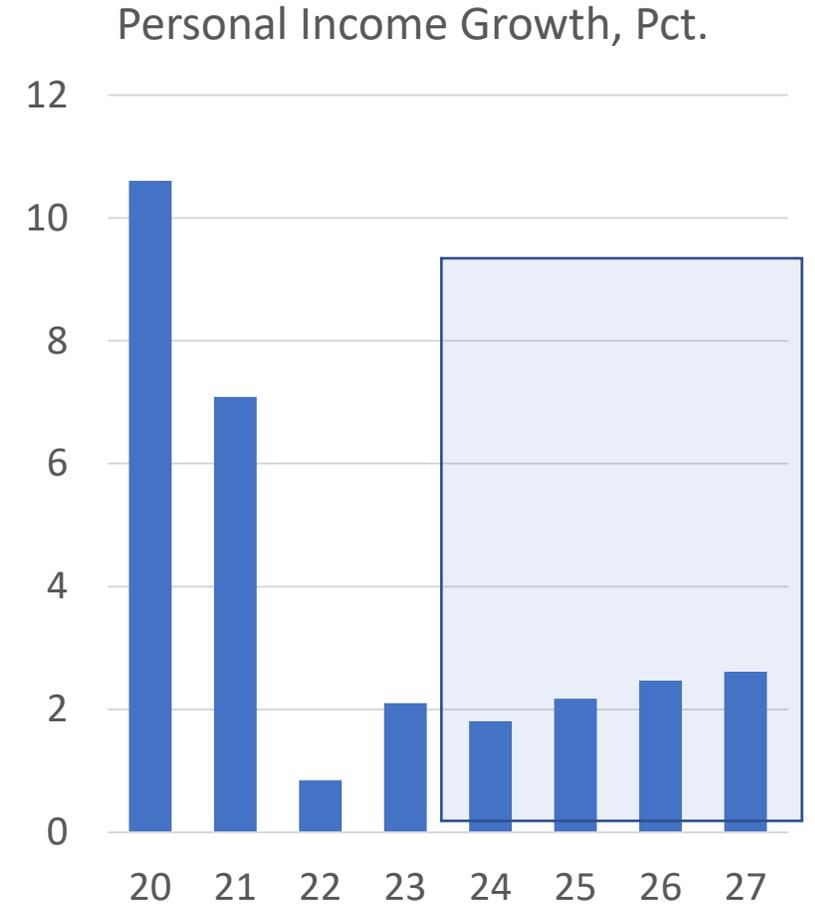
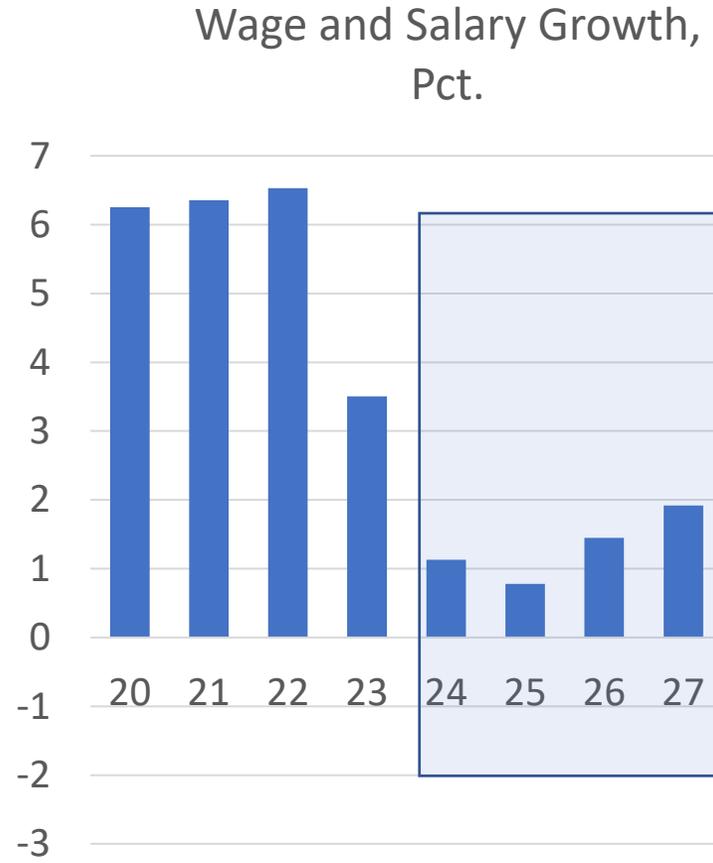
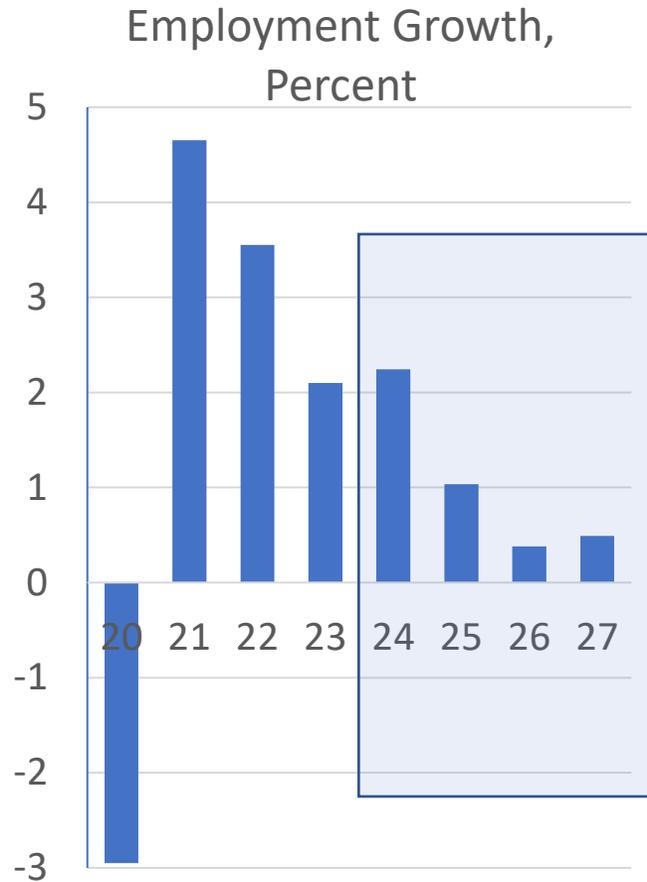


Notes: Complete data is still not available for Florida, Nevada, New Mexico, and Wyoming.

<https://www.urban.org/policy-centers/cross-center-initiatives/state-and-local-finance-initiative/projects/state-tax-and-economic-review>

Slower Growth for Montana Next Year

Employment, Real Wages and Salary and Real Income Growth, Actual and Forecast, Percent



Source: IHS Markit