

Montana's Economic Outlook in Perspective

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The Montana Outlook

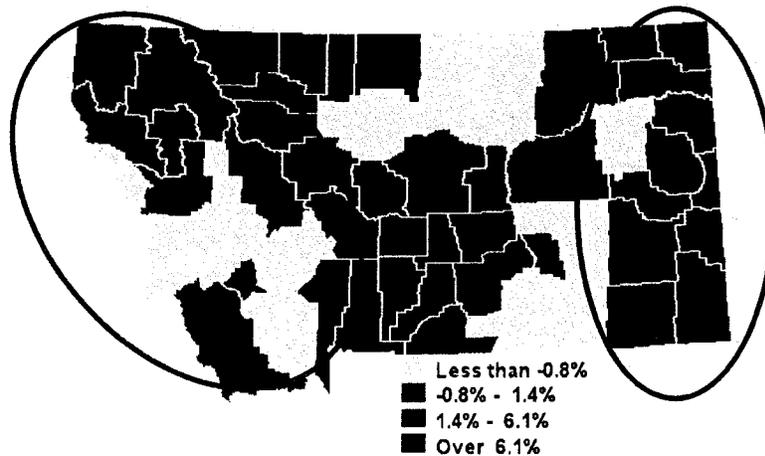
- BBER's short term forecast shows outlook is slowly improving
- How can BBER forecast be compared to others?
- Status report on Fiscal Cliff

Montana's Current Status: The Good and the Bad

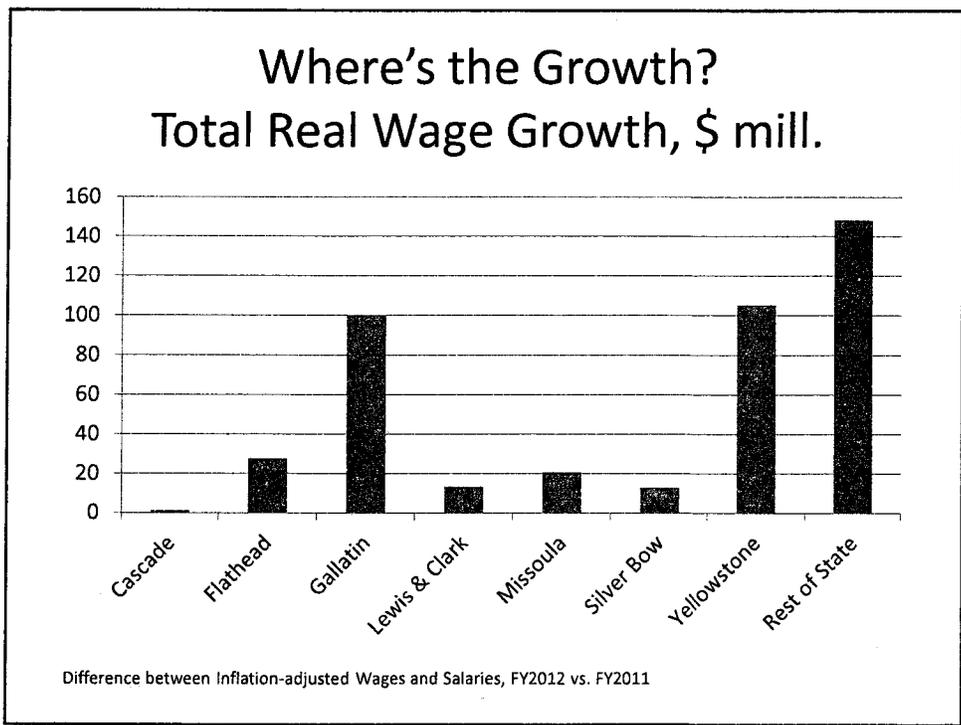
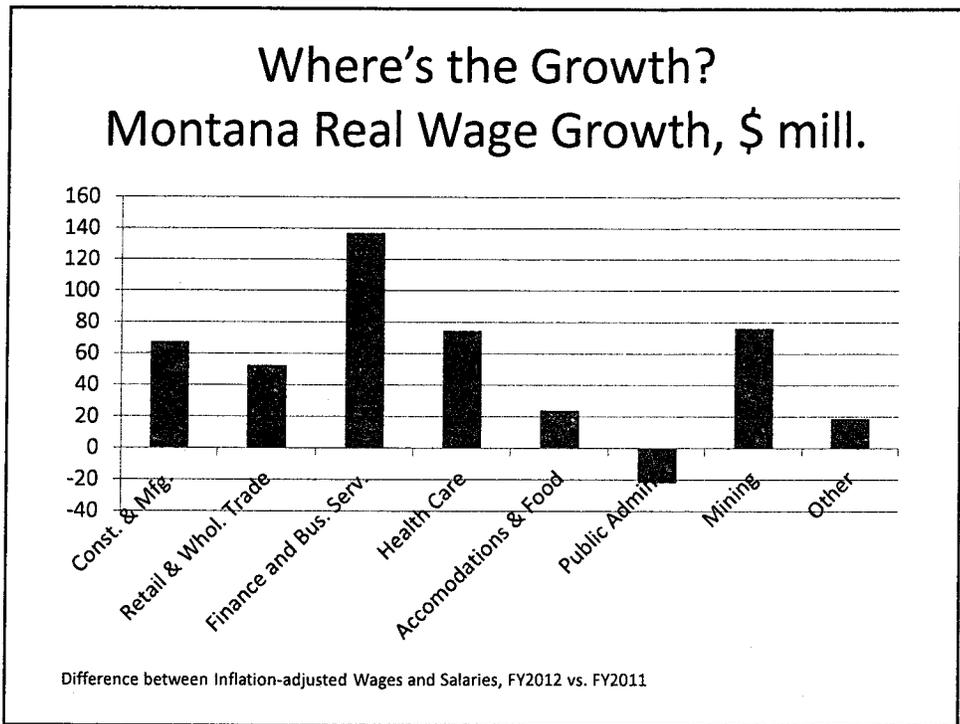
- Income growth looks strong
- Job market is healing
- Housing prices beginning to recover
- Energy investment is robust
- Retail remains very weak
- Natural gas boom is impacting coal
- Global economic concerns affecting energy and commodity prices

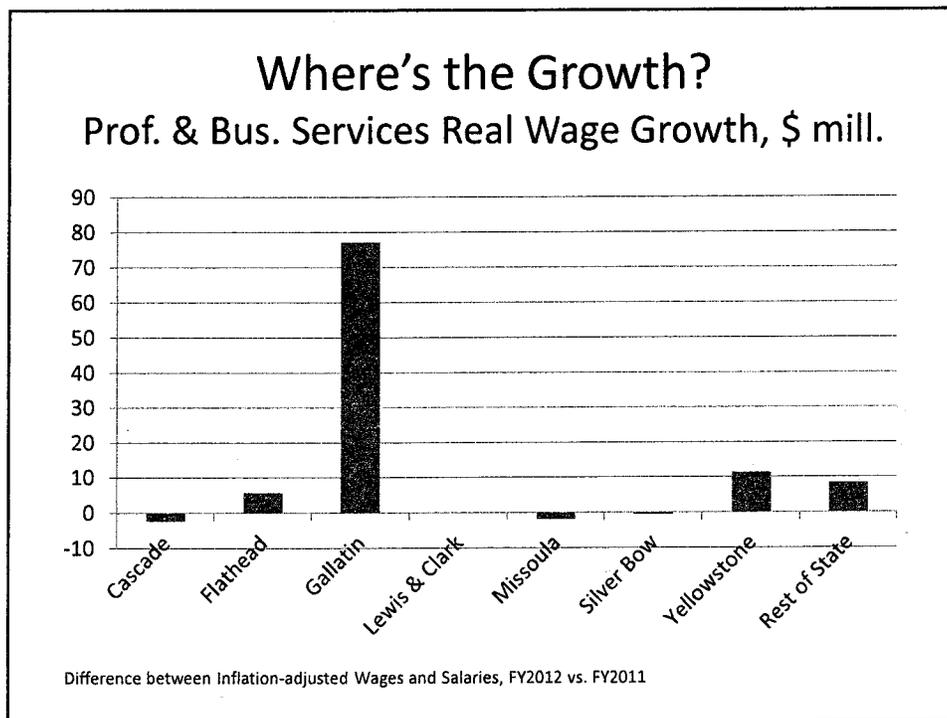
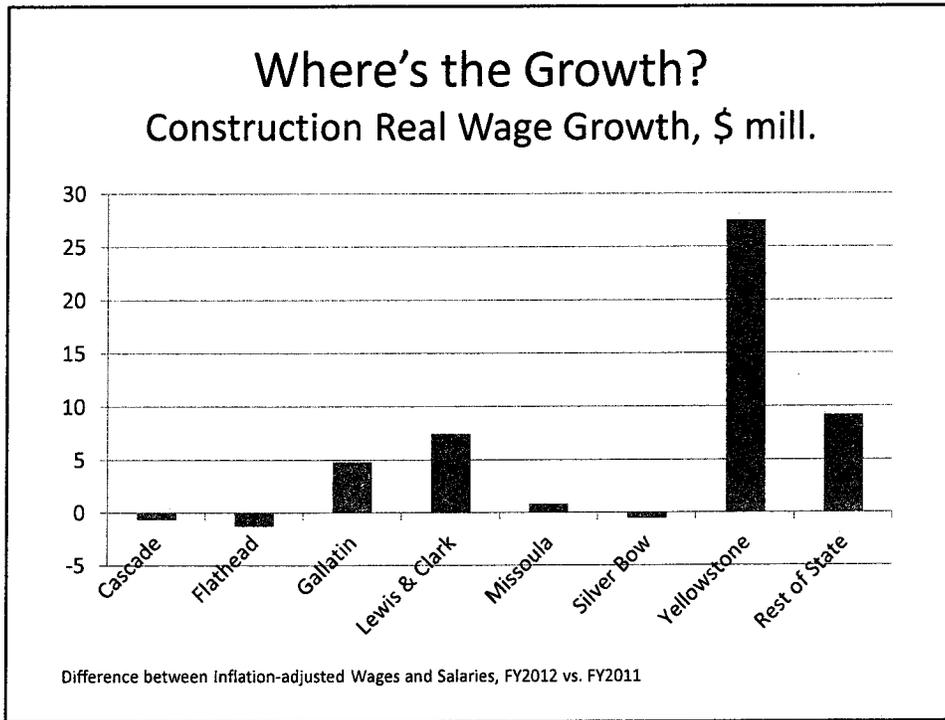
Real Wages

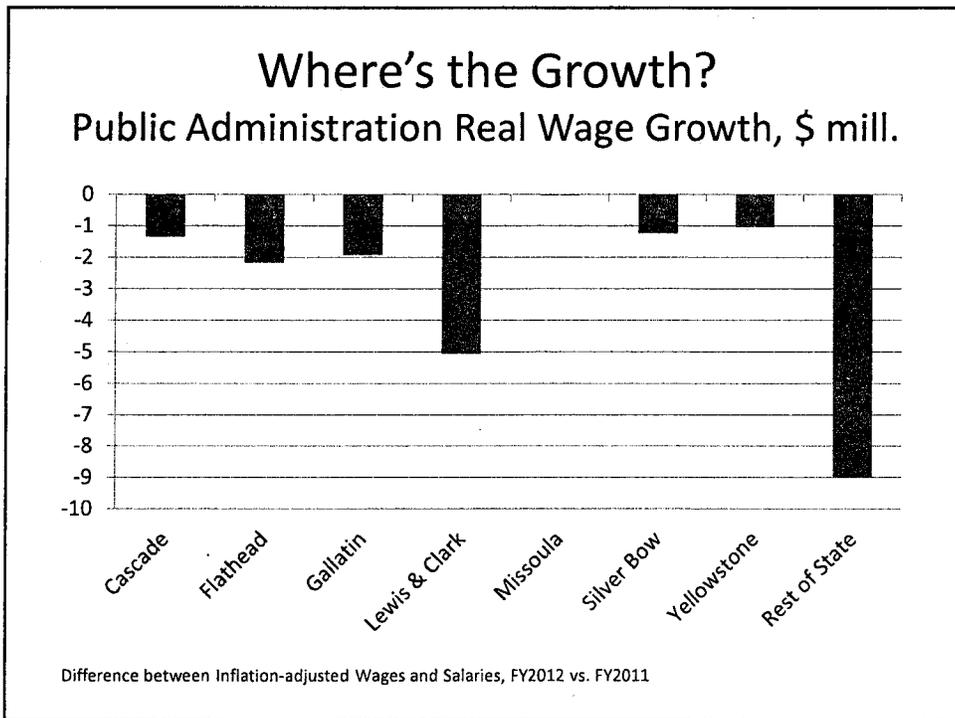
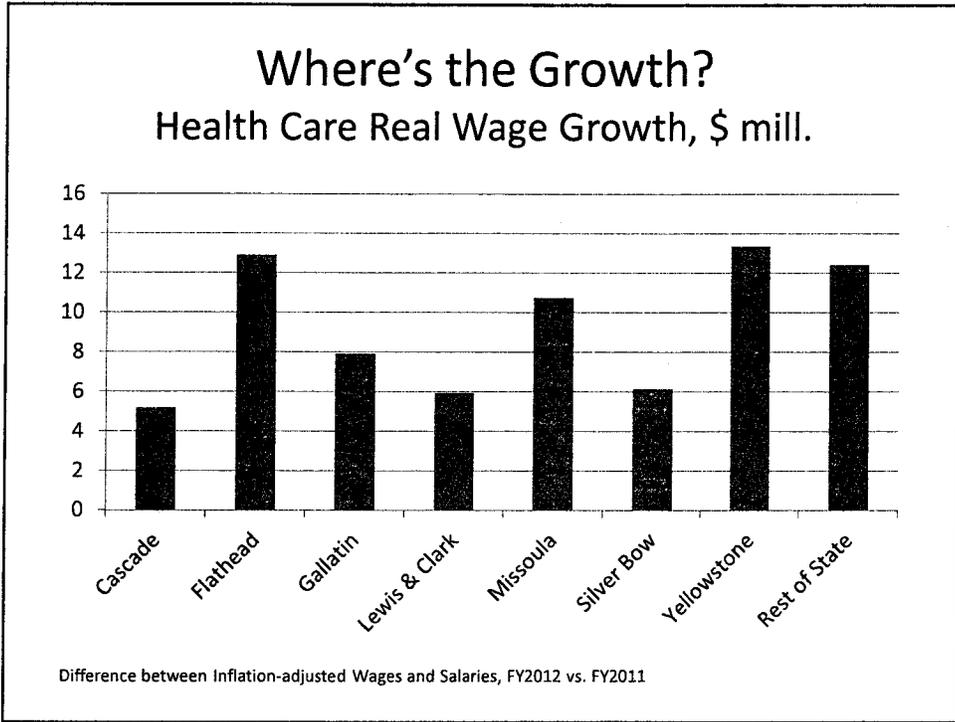
Percent Change, 2011Q2 - 2012Q2
Click on a county to view detail

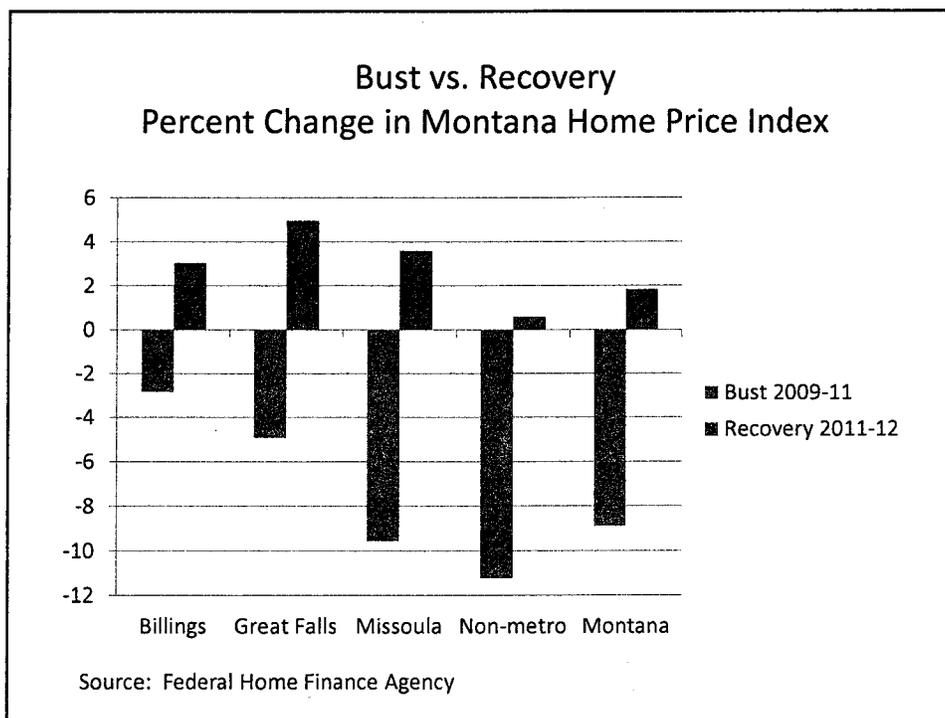
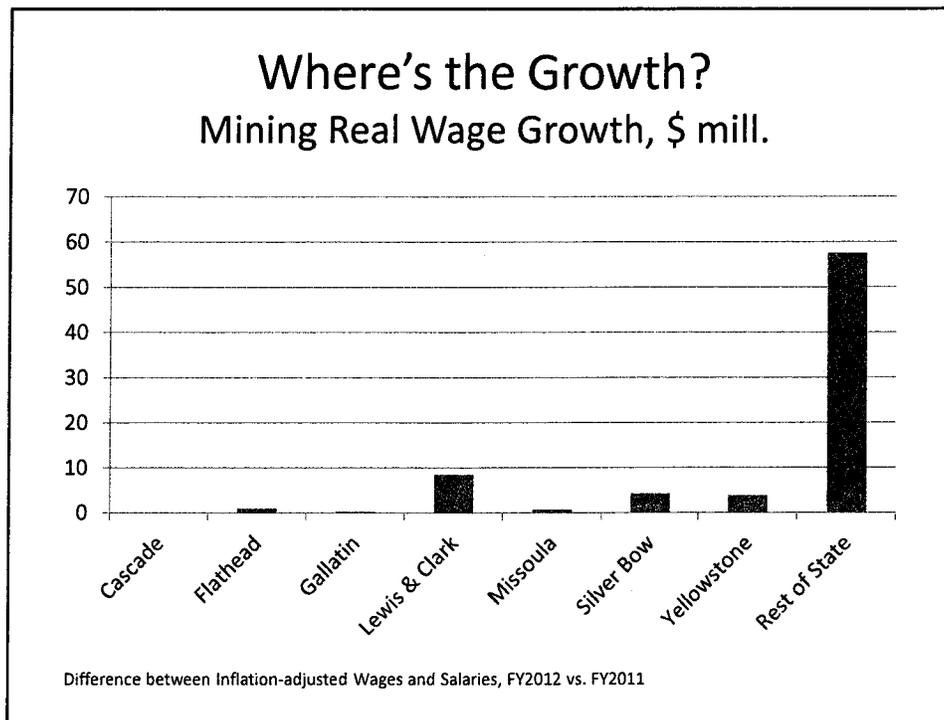


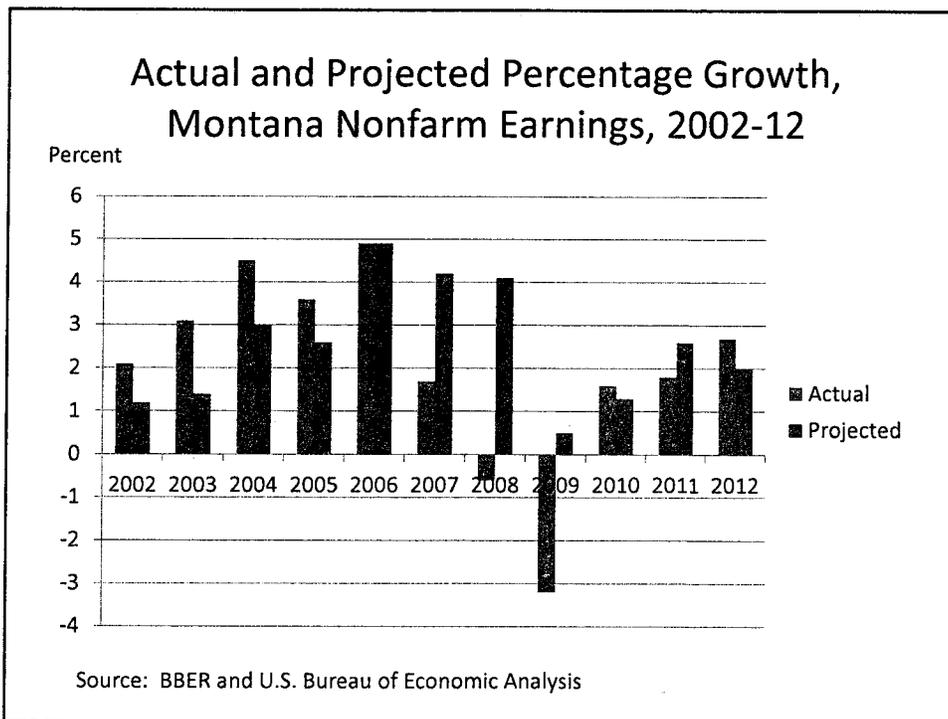
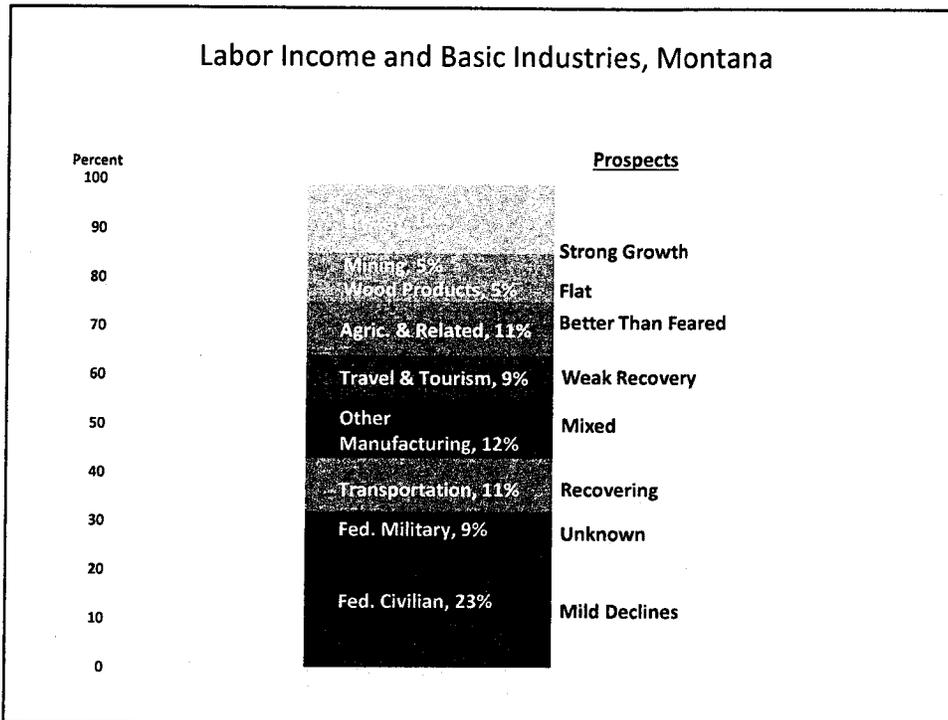
Source: Quarterly Census of Employment and Wages.



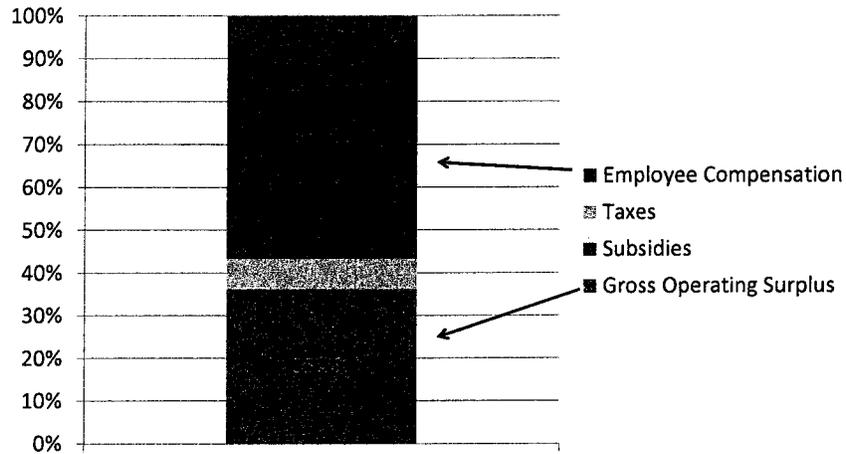






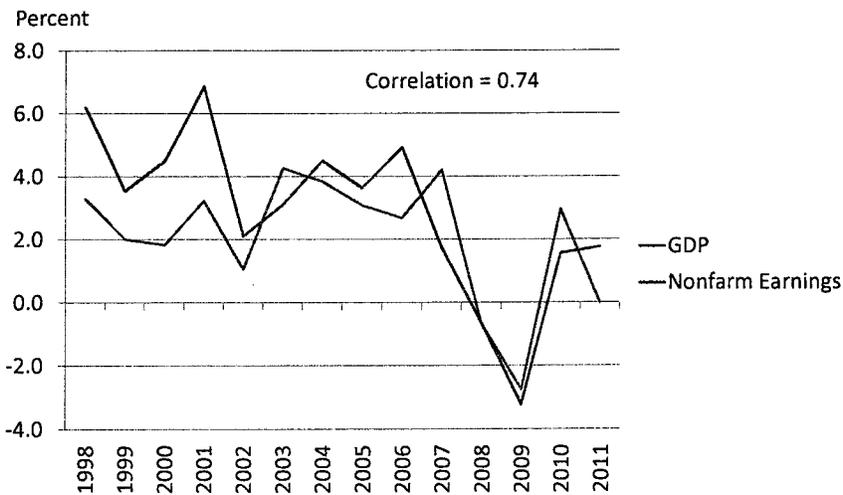


Gross State Product Composition

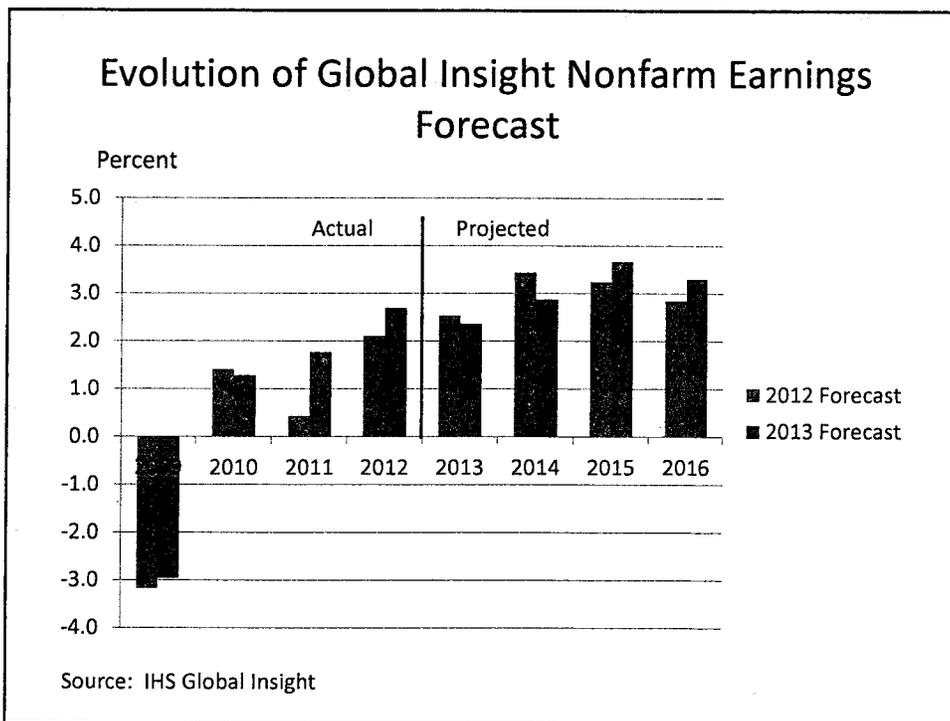
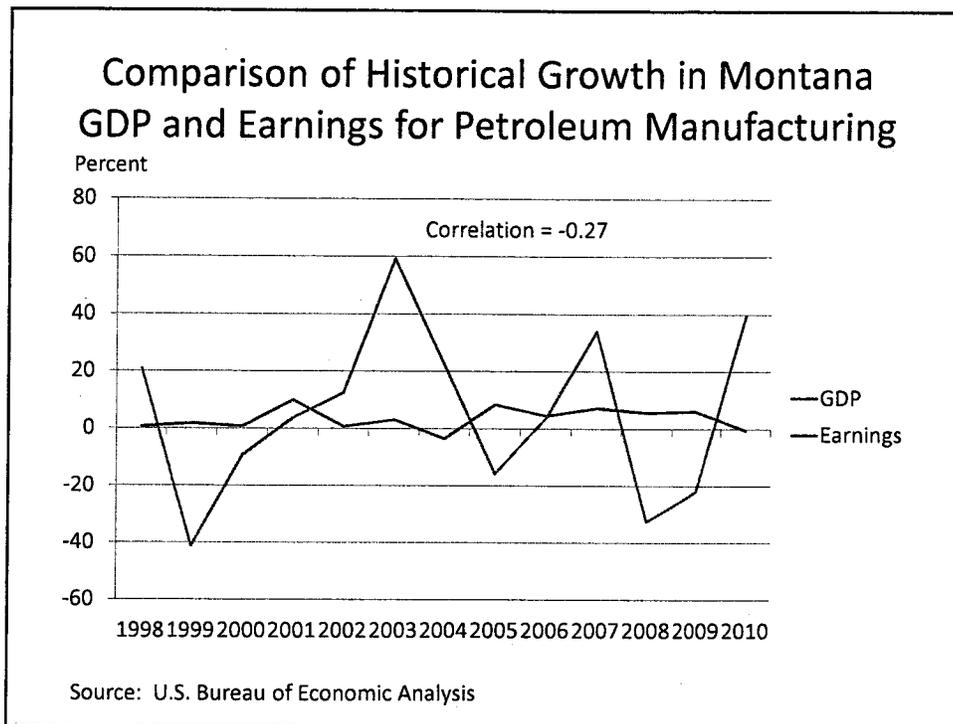


Source: U.S. Bureau of Economic Analysis. Graph uses U.S. data.

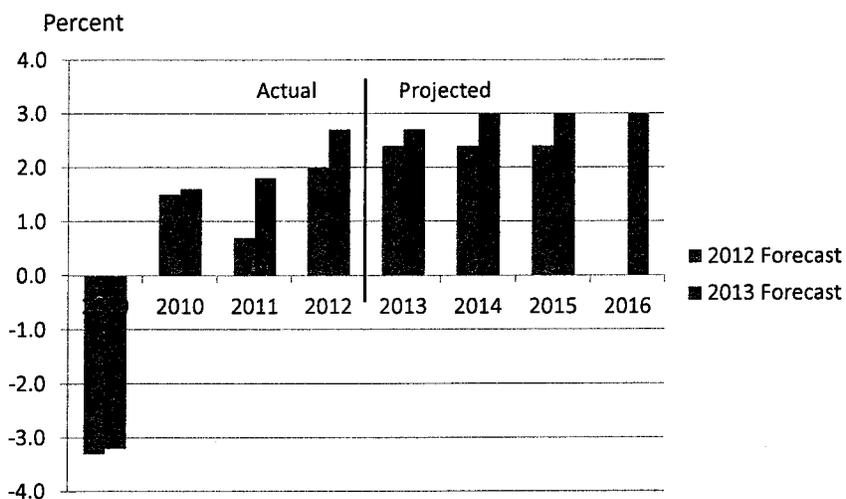
Comparison of Historical Growth in Montana GDP and Nonfarm Earnings, 1998-2011



Source: U.S. Bureau of Economic Analysis

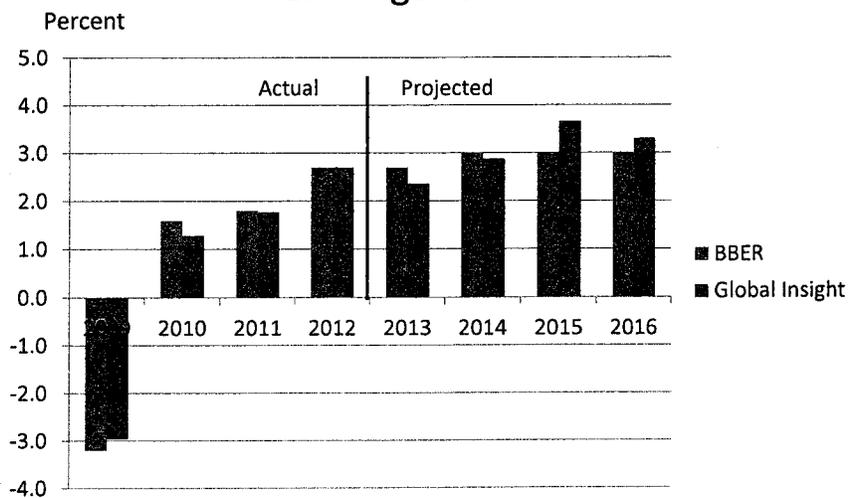


Evolution of BBER Nonfarm Earnings Forecast



Source: UM Bureau of Business and Economic Research

Comparison of BBER and Global Insight Nonfarm Earnings Forecast



Source: UM Bureau of Business and Economic Research

What about the “Fiscal Cliff?”

The 2013 Fiscal Cliff as of December 1

All Figures Are Calendar Year Estimates \$ Billions Percent of GDP

Possible:

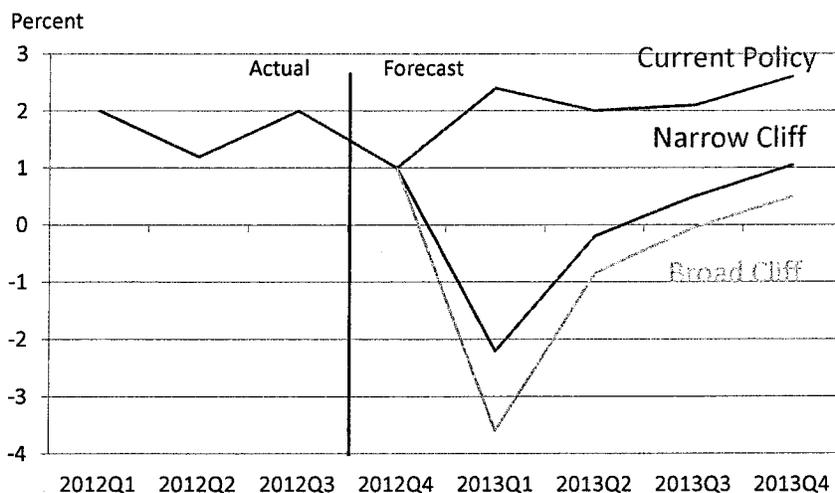
| | | |
|---|------------|------------|
| Bush Tax Cut Expiration | 197 | 1.2 |
| Payroll Tax Cut Expiration | 113 | 0.7 |
| Sequester Spending Cuts | 72 | 0.4 |
| Emergency Unemployment Insurance Expiration | 45 | 0.3 |
| Depreciation Incentives Expiration | 66 | 0.4 |
| Total (Narrow Cliff) | 493 | 3.0 |

Possible But Highly Unlikely:

| | | |
|-------------------------------|------------|------------|
| AMT Fix Not Extended | 114 | 0.7 |
| Medicare Doc Fix Not Extended | 13 | 0.1 |
| Total (Broad Cliff) | 621 | 3.8 |

Source: IHS Global Insight and Congressional Budget Office

Implications of the Cliff for GDP



Source: Bureau of Economic Analysis and IHS Global Insight

The 2013 Fiscal Cliff as of January 4

All Figures Are Calendar Year Estimates \$ Billions Percent of GDP

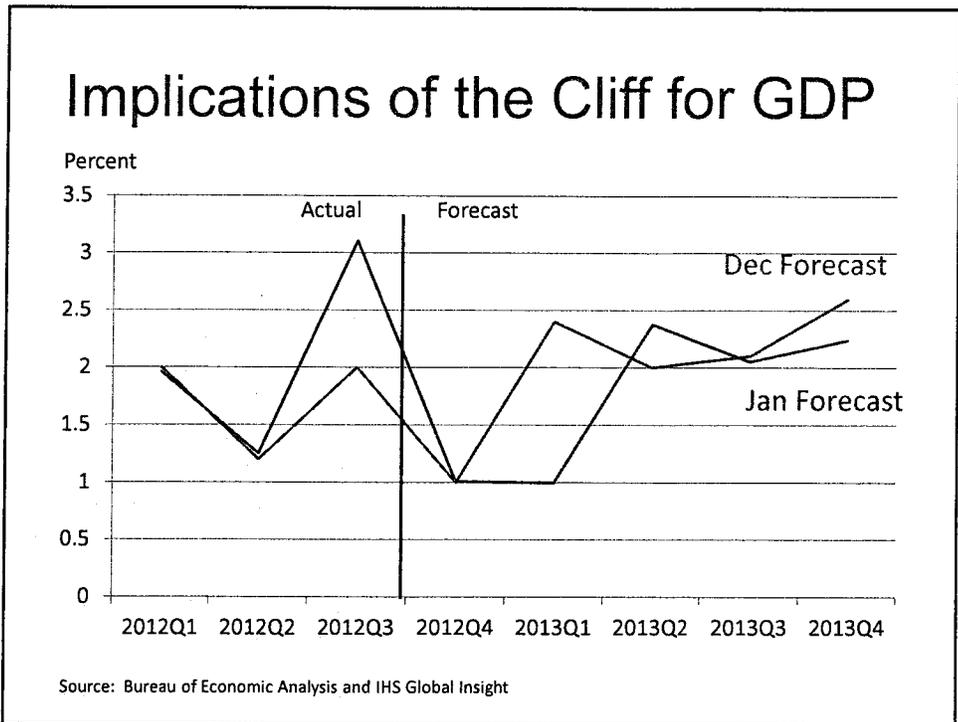
Possible:

| | | | | | |
|--|-----------------------|-----------------|-----|-----|----------------|
| Bush Tax Cut Expiration | Most Rates Maintained | -197 | 26 | 0.2 | 1.2 |
| Payroll Tax Cut Expiration | ✓ | 113 | | | 0.7 |
| Sequester Spending Cuts | Delayed 2 months | -72 | | | 0.4 |
| Emergency Unemployment Insurance Expiration | Extended through 2013 | -45 | | | 0.3 |
| Depreciation Incentives Expiration | Extended | -66 | | | 0.4 |
| Total (Narrow Cliff) | | 493 | 139 | 0.9 | 3.0 |

Possible But Highly Unlikely:

| | | | | | |
|--|---------------|----------------|--|--|----------------|
| AMT Fix Not Extended | Permanent Fix | 114 | | | 0.7 |
| Medicare Doc Fix Not Extended | Extended | -13 | | | 0.1 |
| Total (Broad Cliff) | | 621 | | | -3.8 |

Source: IHS Global Insight and Congressional Budget Office



Seminar Schedule

Helena
January 29, 2013 (Tuesday)

Great Falls
January 30, 2013 (Wednesday)

Missoula
February 1, 2013 (Friday)

Billings
February 5, 2013 (Tuesday)

Bozeman
February 6, 2013 (Wednesday)

Butte
February 7, 2013 (Thursday)

Kalispell
February 15, 2013 (Friday)

Sidney
March 12, 2013 (Tuesday)

Miles City
March 13, 2013 (Wednesday)

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