

# BUSINESS OUTLOOK PRESENTATION

REVENUE & TRANSPORTATION INTERIM COMMITTEE  
SEPTEMBER 4, 2014

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**Government Relations Director**  
**Montana Chamber of Commerce**

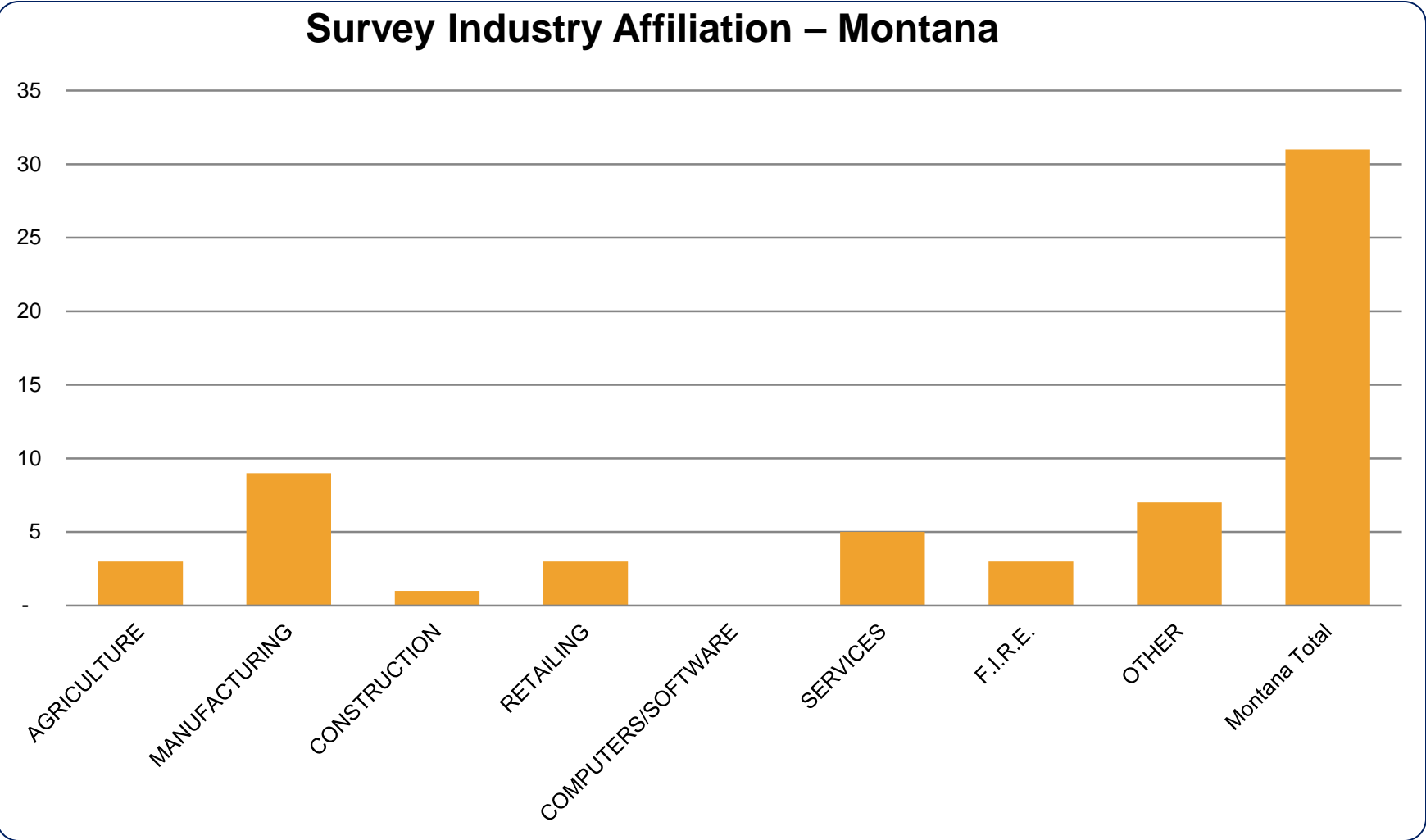


# SURVEY OVERVIEW

- ❖ **Minneapolis Federal Reserve Bank**
- ❖ **2014 Business Outlook Survey for the 9<sup>th</sup> District**
- ❖ **Includes ND, SD, MN, MI Upper Peninsula, Northwestern WI, and Montana**
- ❖ **Conducted November 2013**
  - ❖ 1,008 surveys mailed
  - ❖ 321 respondents
  - ❖ 113 surveys mailed to Montana, 32 respondents
- ❖ **Released in January 2014**
- ❖ **Survey responses over 50% indicate expansion, those below 50% indicate contraction**

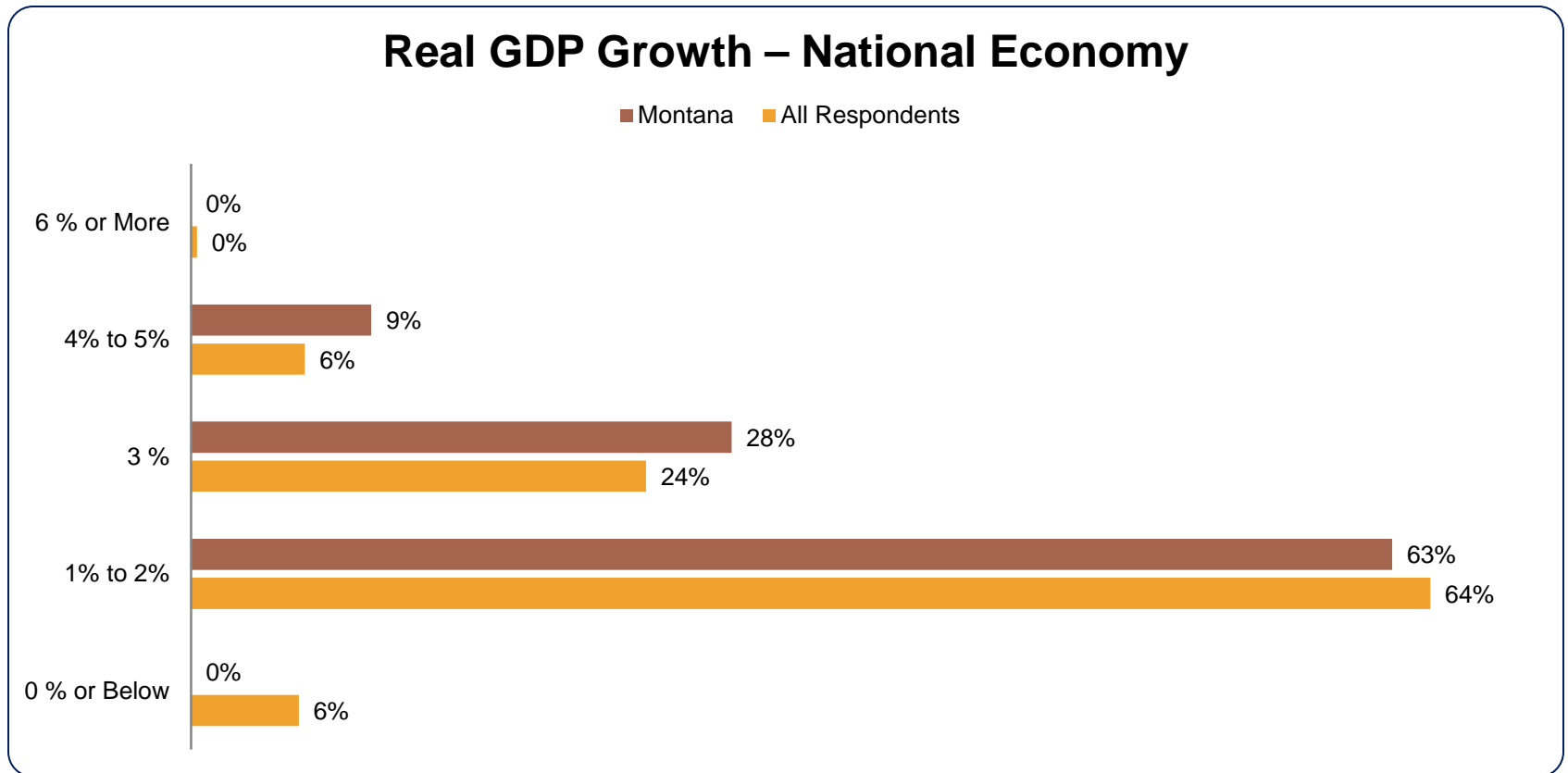
# SURVEY OVERVIEW – INDUSTRY AFFILIATION

**Survey Industry Affiliation – Montana**



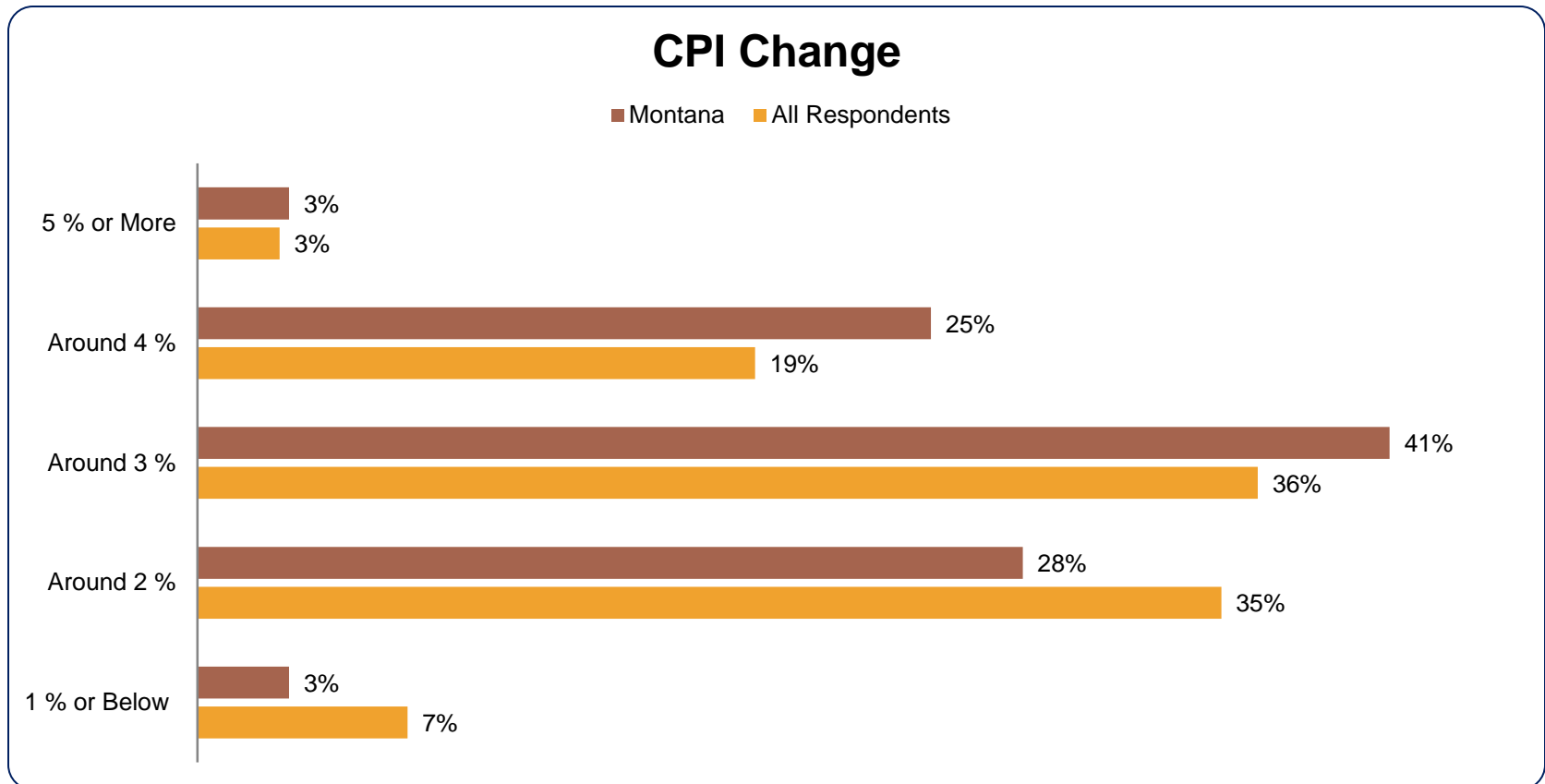
# NATIONAL ECONOMY – GDP

Real gross state product (GDP) has risen about 3% per year since WWII. Compared to that average performance, which of the following best describes how you expect the national economy to perform over the next year?



# NATIONAL ECONOMY – CPI

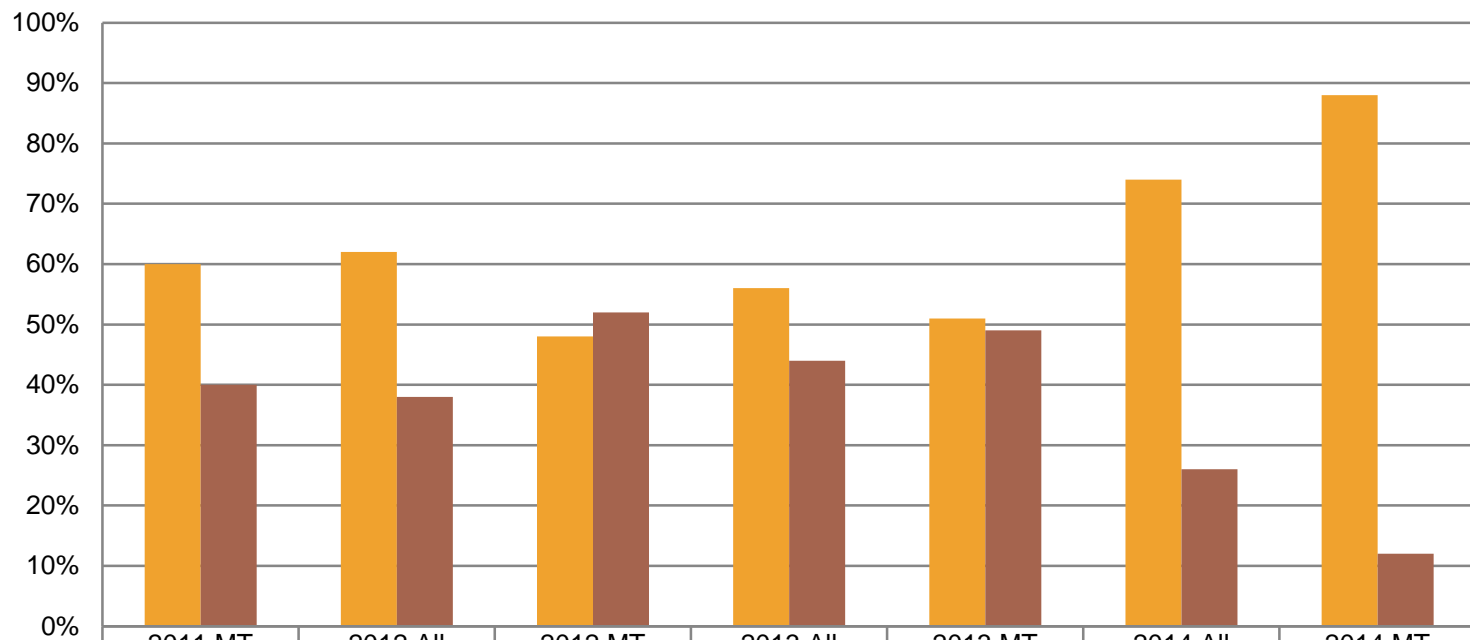
The consumer price index (CPI) has risen at a 3% annual rate over the past 20 years. Compared to the average performance, which of the following best describes how you expect consumer prices to change over the next year.



# STATE/LOCAL ECONOMY – MONTANA

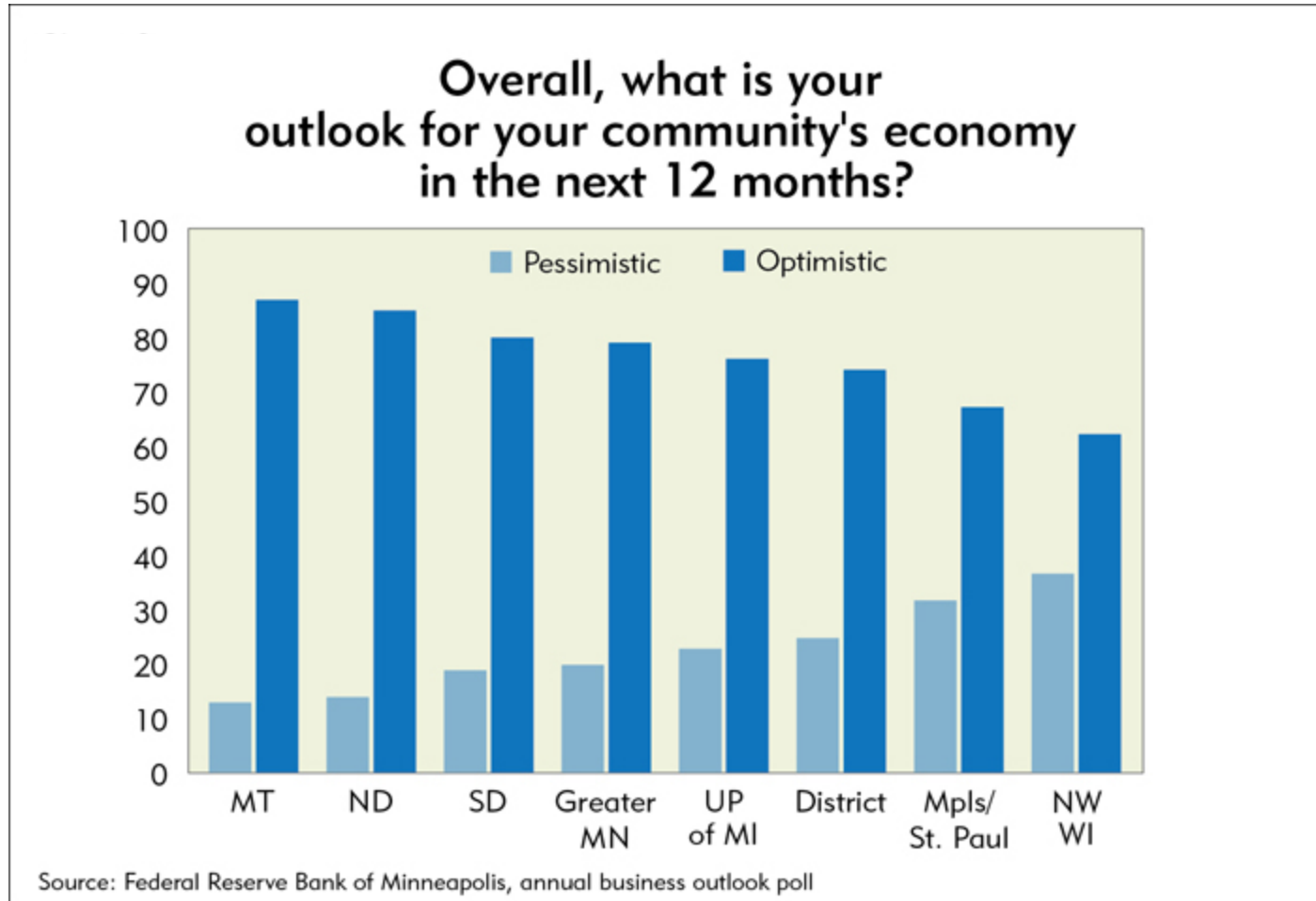
**Overall, what is your outlook for your community's economy...?**

**Optimistic v. Pessimistic from 2011-2014  
Montana & All**



Optimistic	60%	62%	48%	56%	51%	74%	88%
Pessimistic	40%	38%	52%	44%	49%	26%	12%

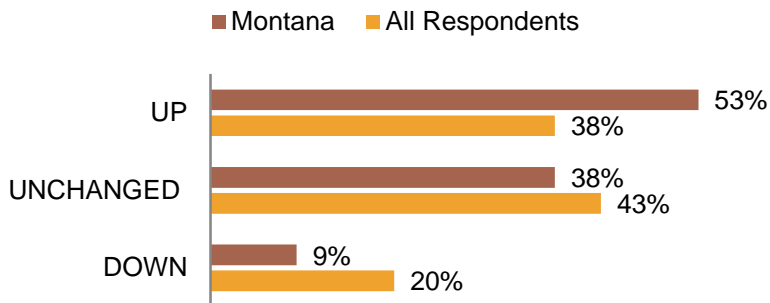
# STATE/LOCAL ECONOMY – 9<sup>TH</sup> DISTRICT



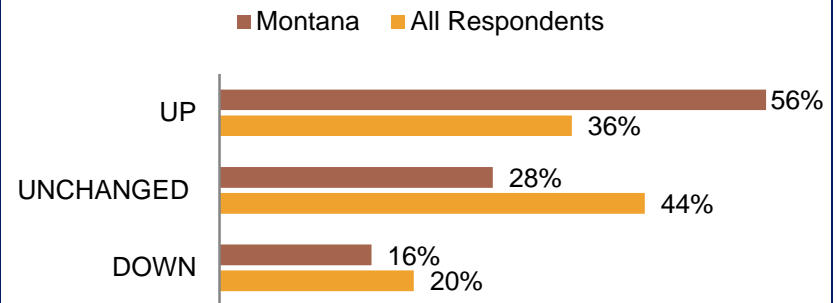
# STATE/LOCAL ECONOMY – KEY INDICATORS

**Based on your knowledge of your community's businesses and industries, how do you see the following aspects of its economy changing in 2014?**

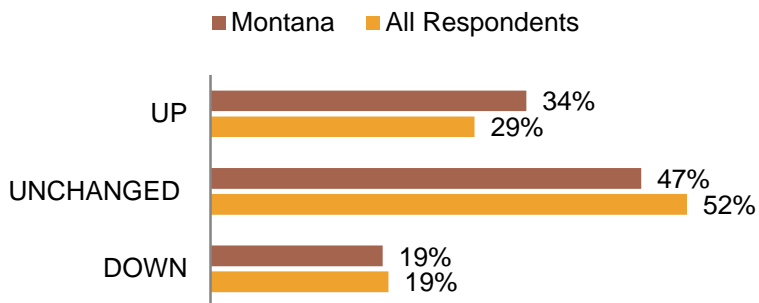
## Business Investment



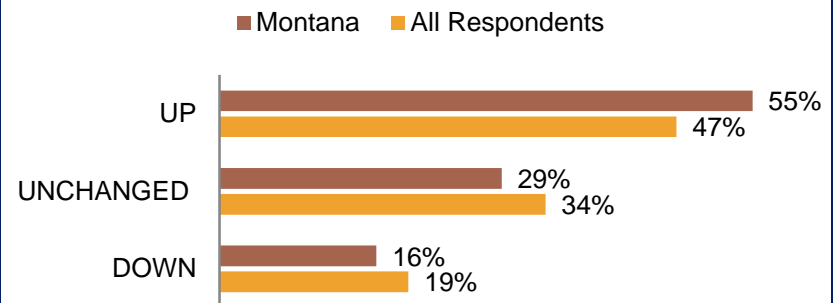
## Employment



## Consumer Spending



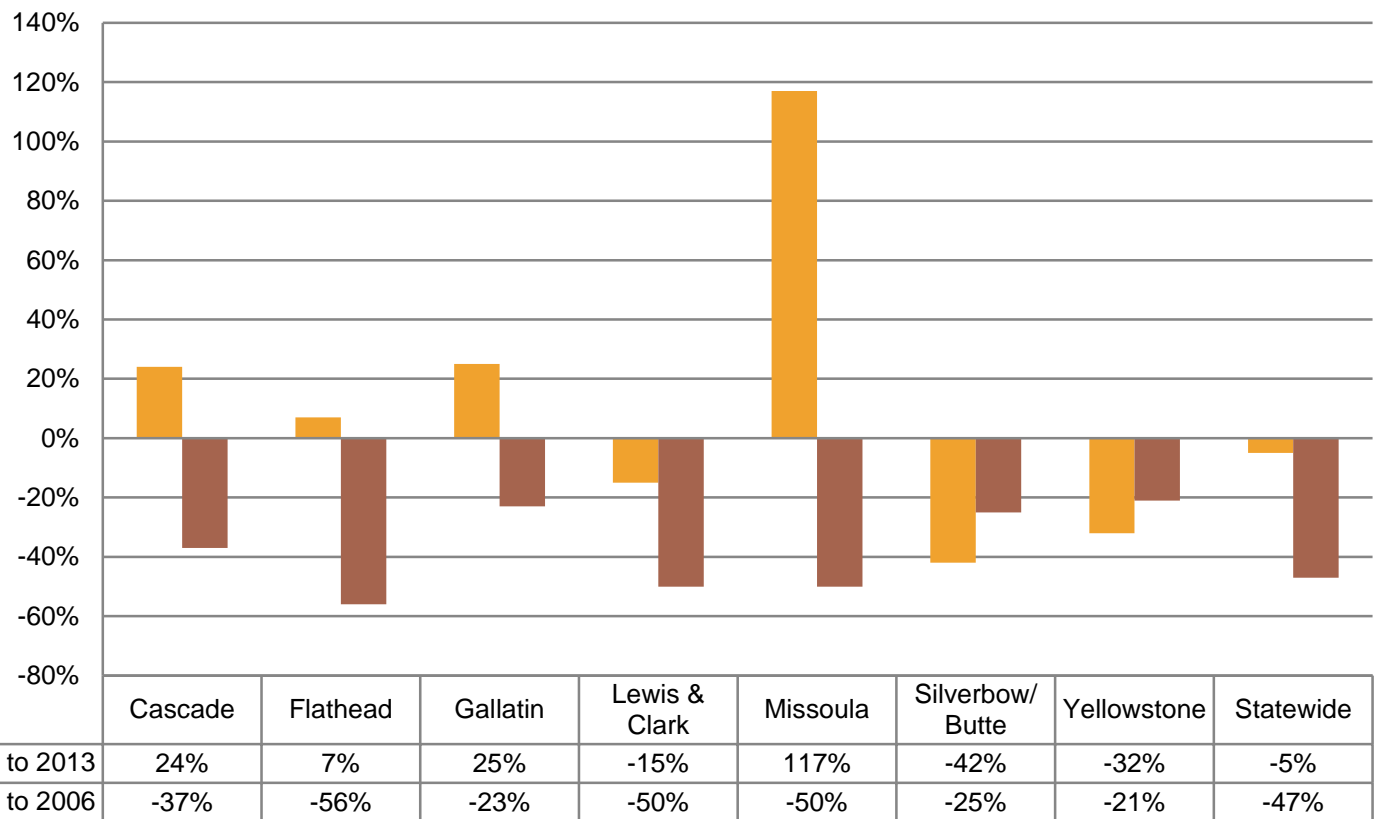
## Housing Starts





# STATE/LOCAL ECONOMY – FOCUS ON HOUSING STARTS

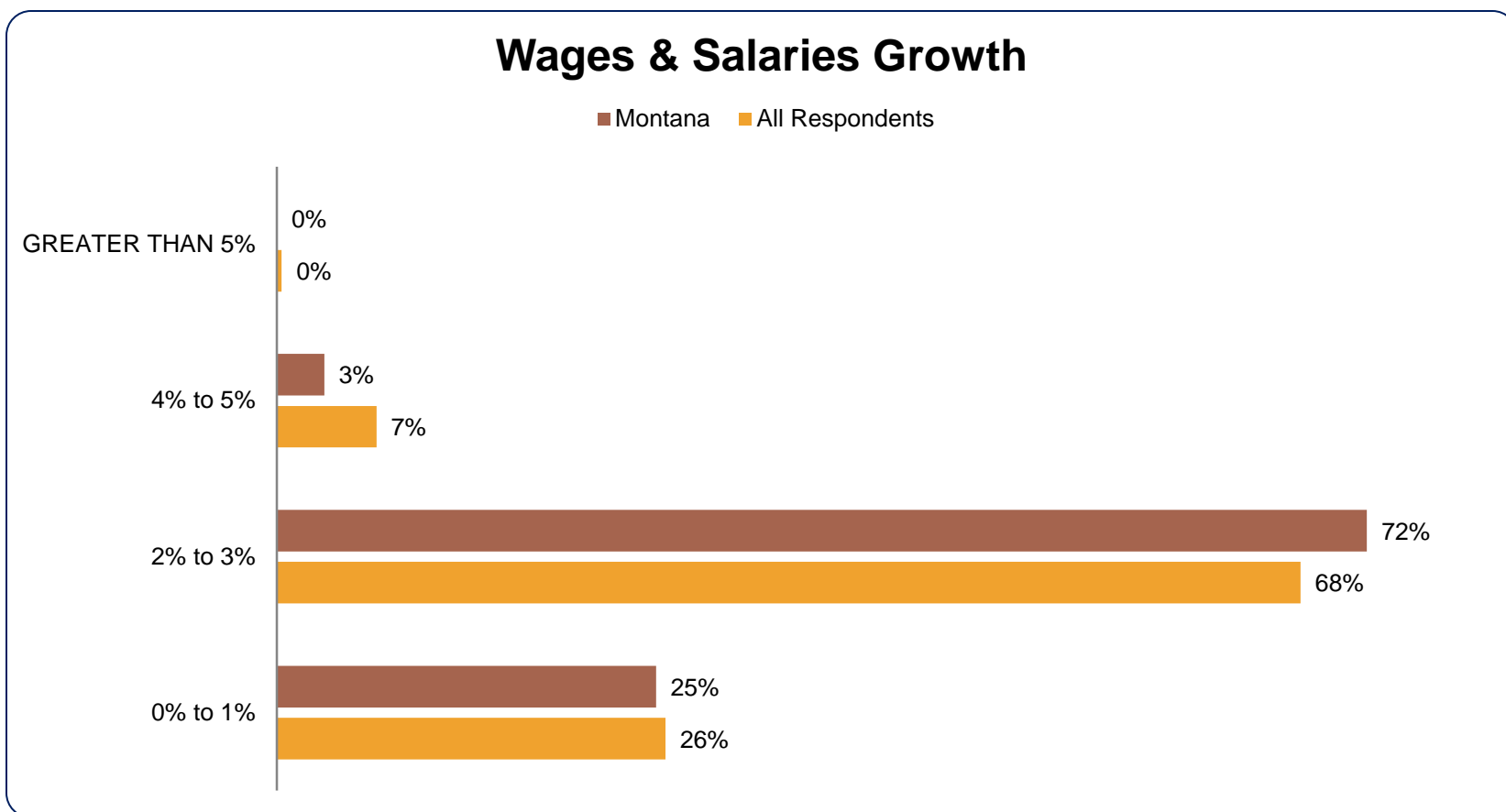
**January – June 2014 Housing Starts Compared to  
Same Period 2013 and 2006**



Source: Montana Building Industry Association

# STATE/LOCAL ECONOMY – KEY INDICATORS

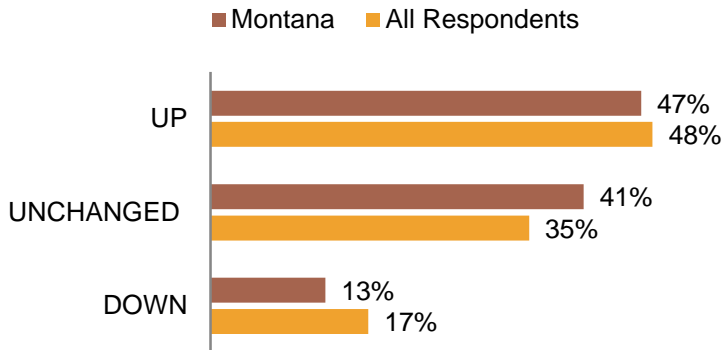
**Based on your knowledge of your community's businesses and industries, how do you see wages and salaries changing in 2014?**



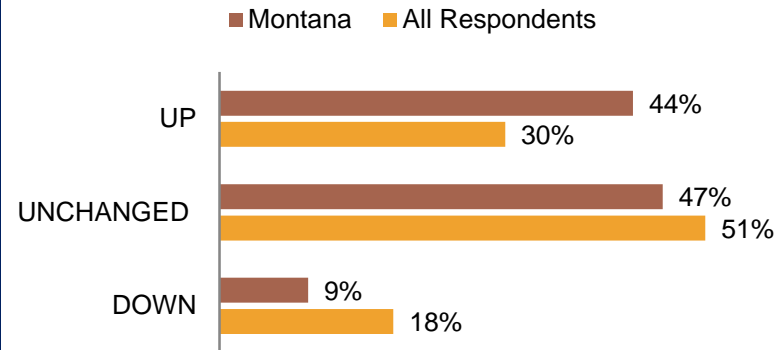
# PROSPECTS – MONTANA

With regard to your company or organization, how do you see operations changing during the next year?

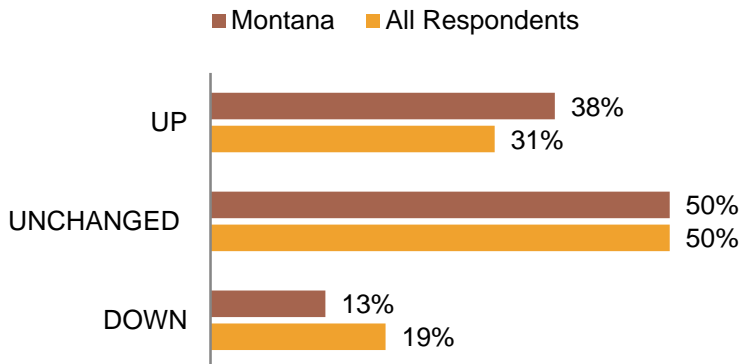
## Sales



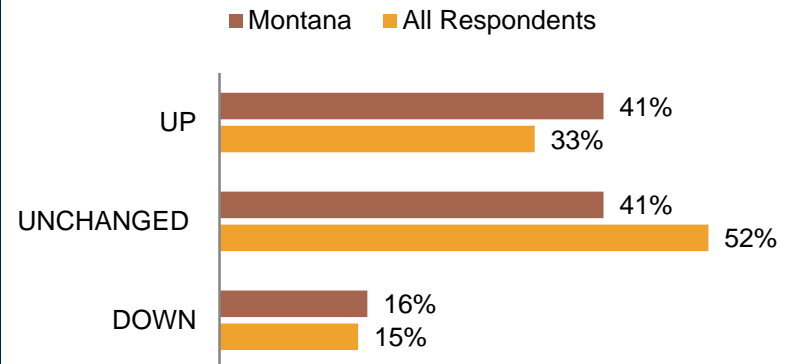
## Full-Time Employees



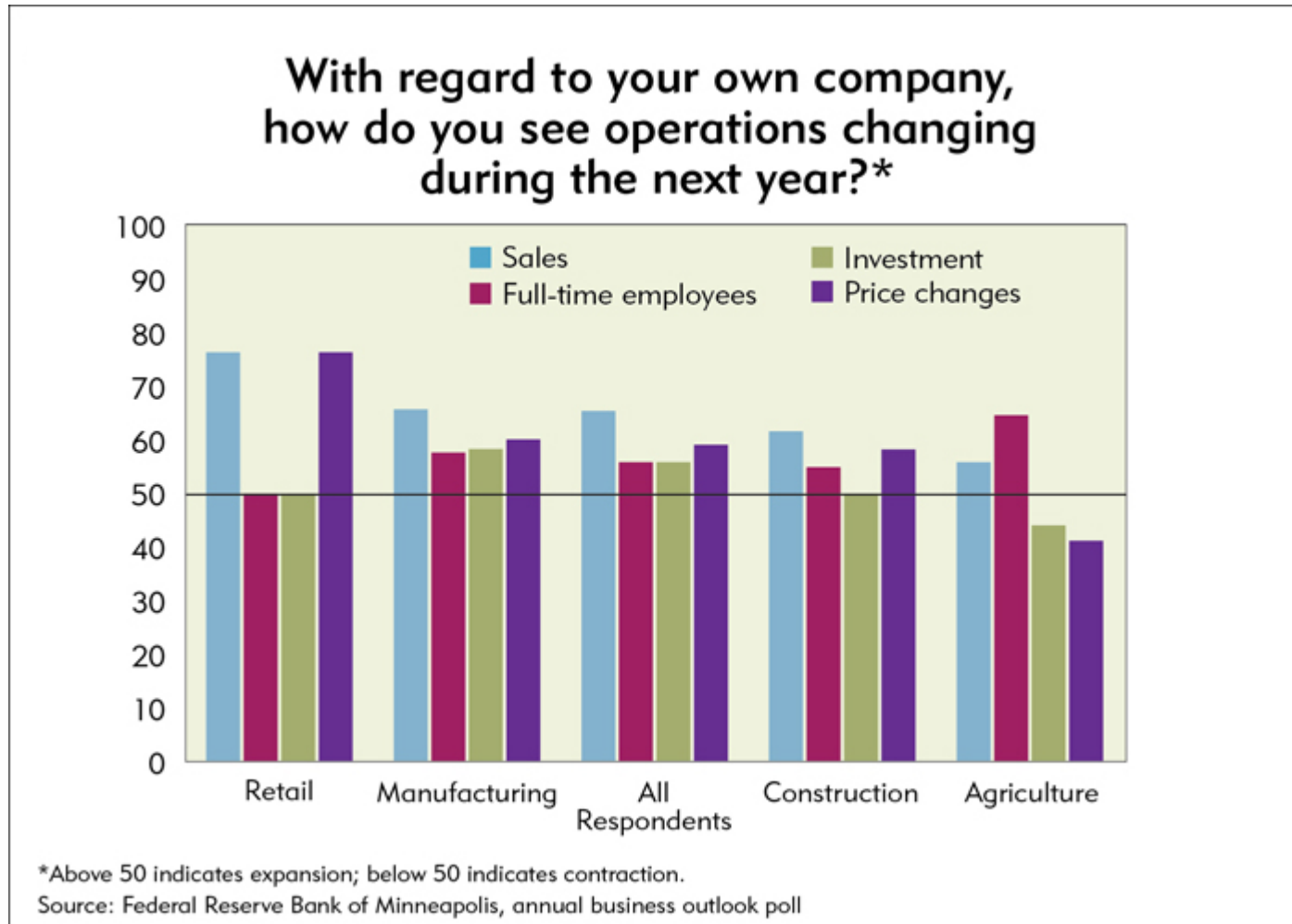
## Investment



## Prices



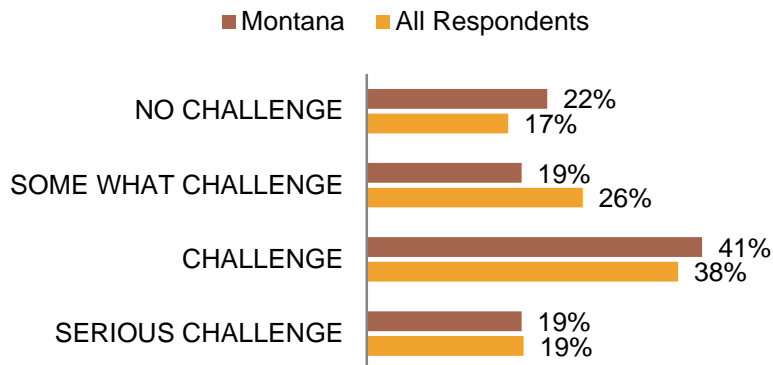
# PROSPECTS - ALL BY INDUSTRY



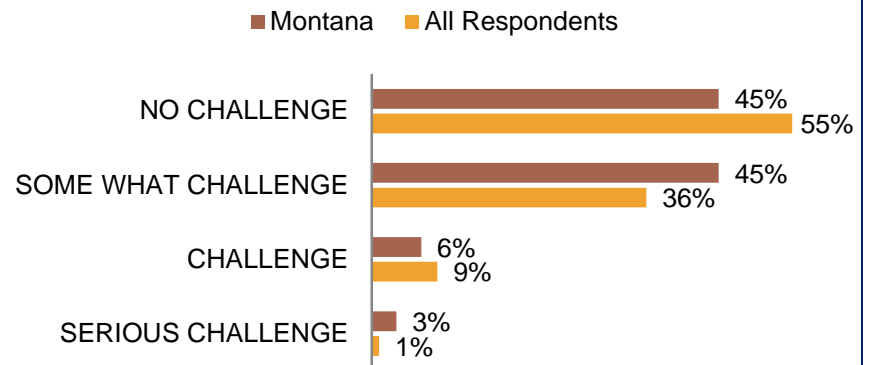
# CHALLENGES

How much of a challenge will the following issues pose for your company or organization in 2014?

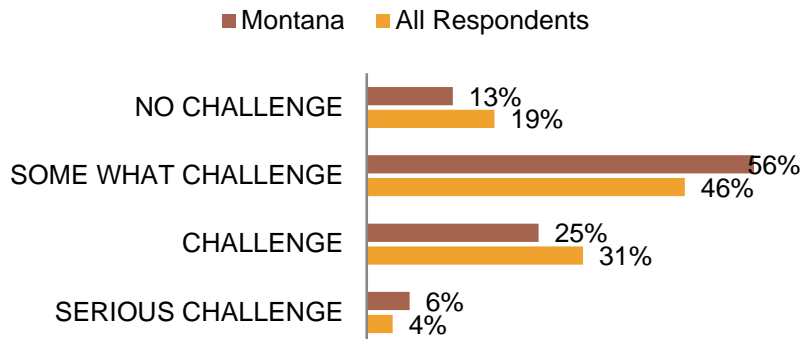
## Securing Workers



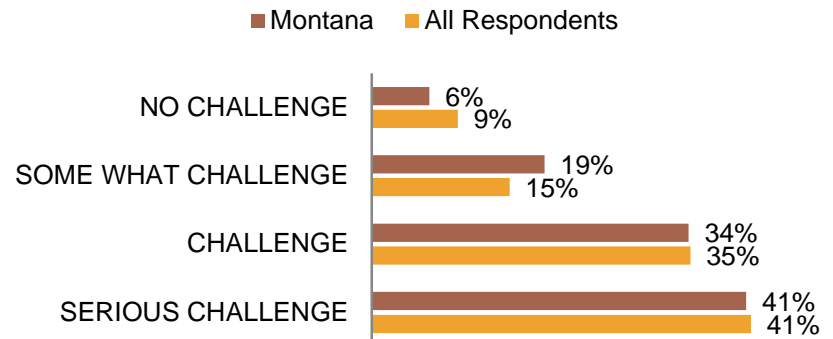
## Securing Non-Labor Inputs



## Implementing New Technology



## Complying with Gov't Regulations



# SUMMARY

- ❖ **Optimism for 2014 at 7-year high, with 37-point jump for Montana from 2013**
- ❖ **Overall, companies expected solid increases in all key indicators**
- ❖ **Higher productivity with increases in capital investment, especially in oil & gas**
- ❖ **Montana and Dakotas had highest indication of positive hiring**
- ❖ **Top concerns are gov't regulation and the skills gap**

# LINKS TO SOURCES

## **Minneapolis Fed –**

[www.minneapolisfed.org/index.cfm](http://www.minneapolisfed.org/index.cfm)

## **Minneapolis *fedgazette* –**

[www.minneapolisfed.org/publications\\_papers/fedgazette/index.cfm](http://www.minneapolisfed.org/publications_papers/fedgazette/index.cfm)

## **2014 Business Outlook Survey –**

[www.minneapolisfed.org/publications\\_papers/pub\\_display.cfm?id=5230](http://www.minneapolisfed.org/publications_papers/pub_display.cfm?id=5230)