

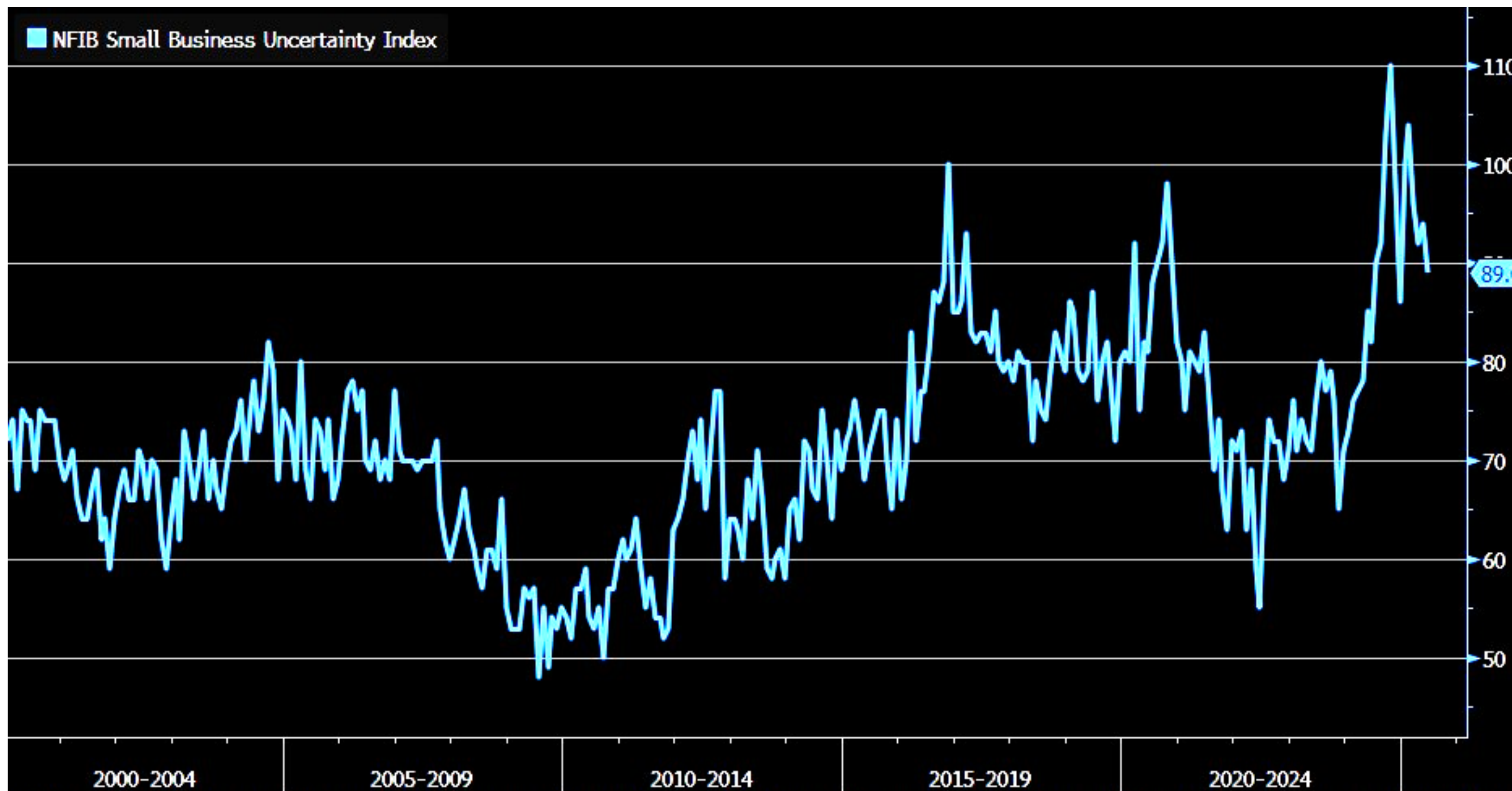
# **The U.S. and Montana Economy at Mid Year**

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# Economic Policy in a Trump 2.0 World

- Many Policy Changes Happening at Once
- Economic Growth has slowed down
- Answer to “why” is not as easy as many think

■ NFIB Small Business Uncertainty Index

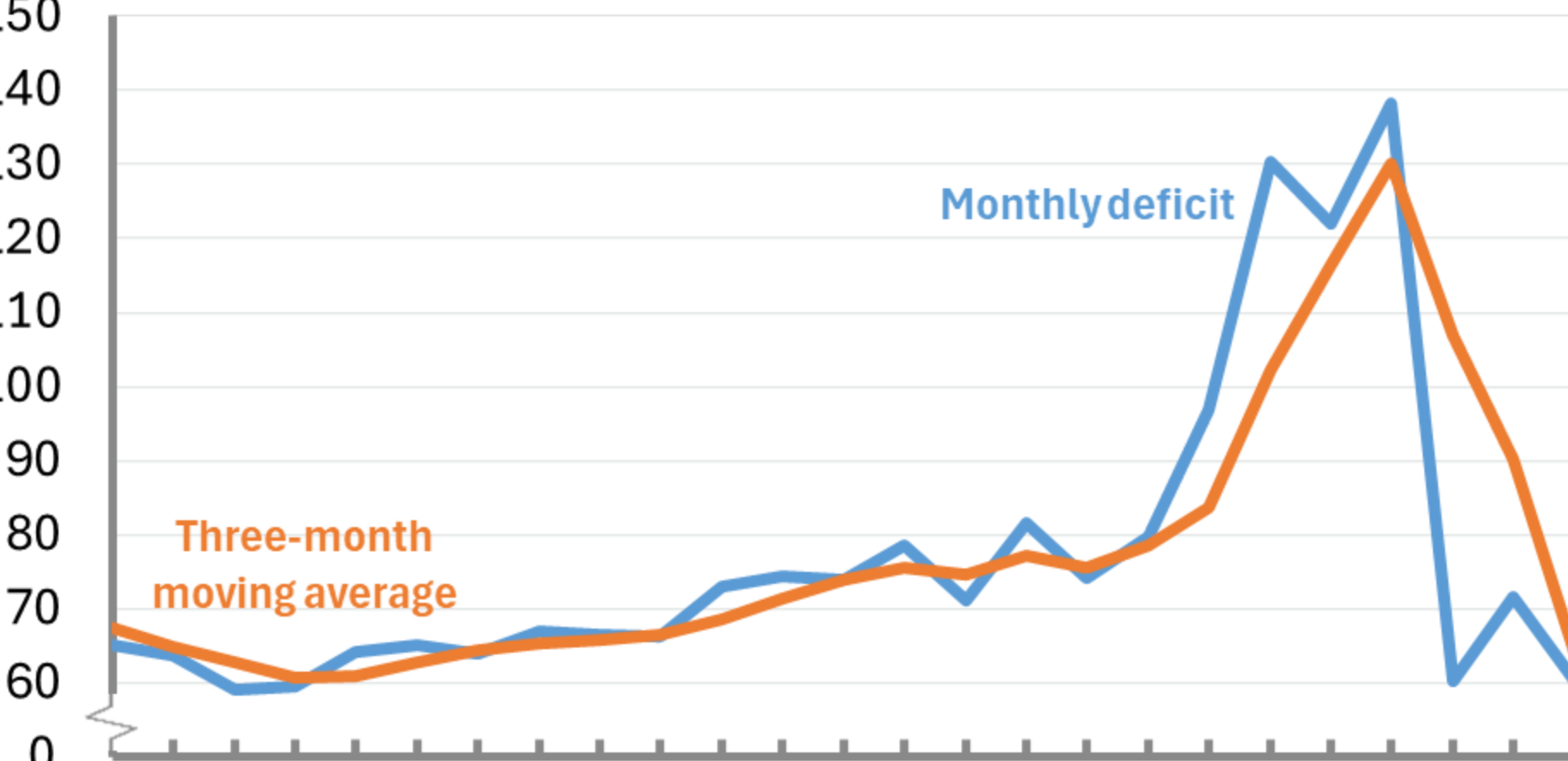


# Goods and Services Trade Deficit

Seasonally adjusted

Billion \$

150  
140  
130  
120  
110  
100  
90  
80  
70  
60  
0



Jun 2023

Jun 2024

Jun 2025

U.S. Bureau of Economic Analysis

U.S. Census Bureau

U.S. International Trade in Goods and Services

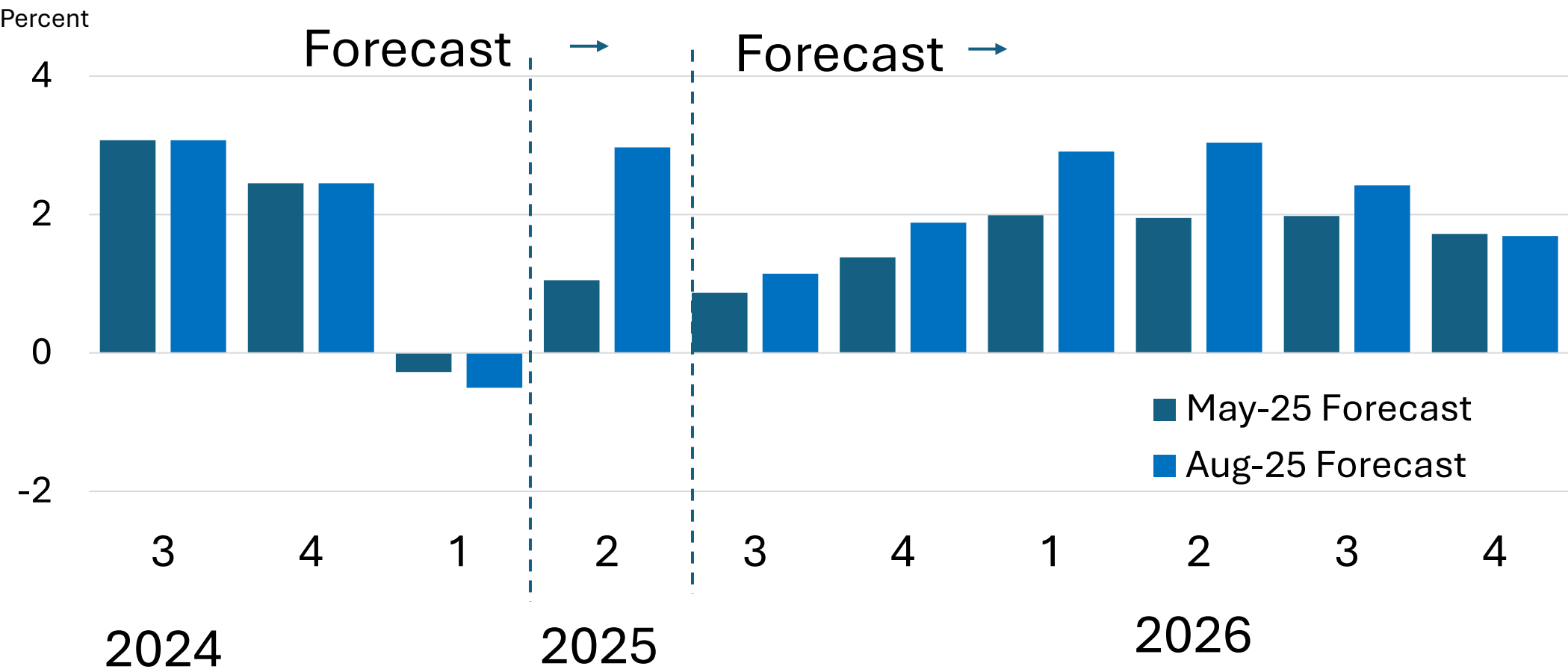
August 5, 2025

# **U.S. Economy – Not as Bad as Feared, Not as Good as Previously Thought**

- Noisy GDP reports
- Inflation remains tame, but unvanquished
- Labor market is revealed to be weak
- Global economic landscape is uninspiring

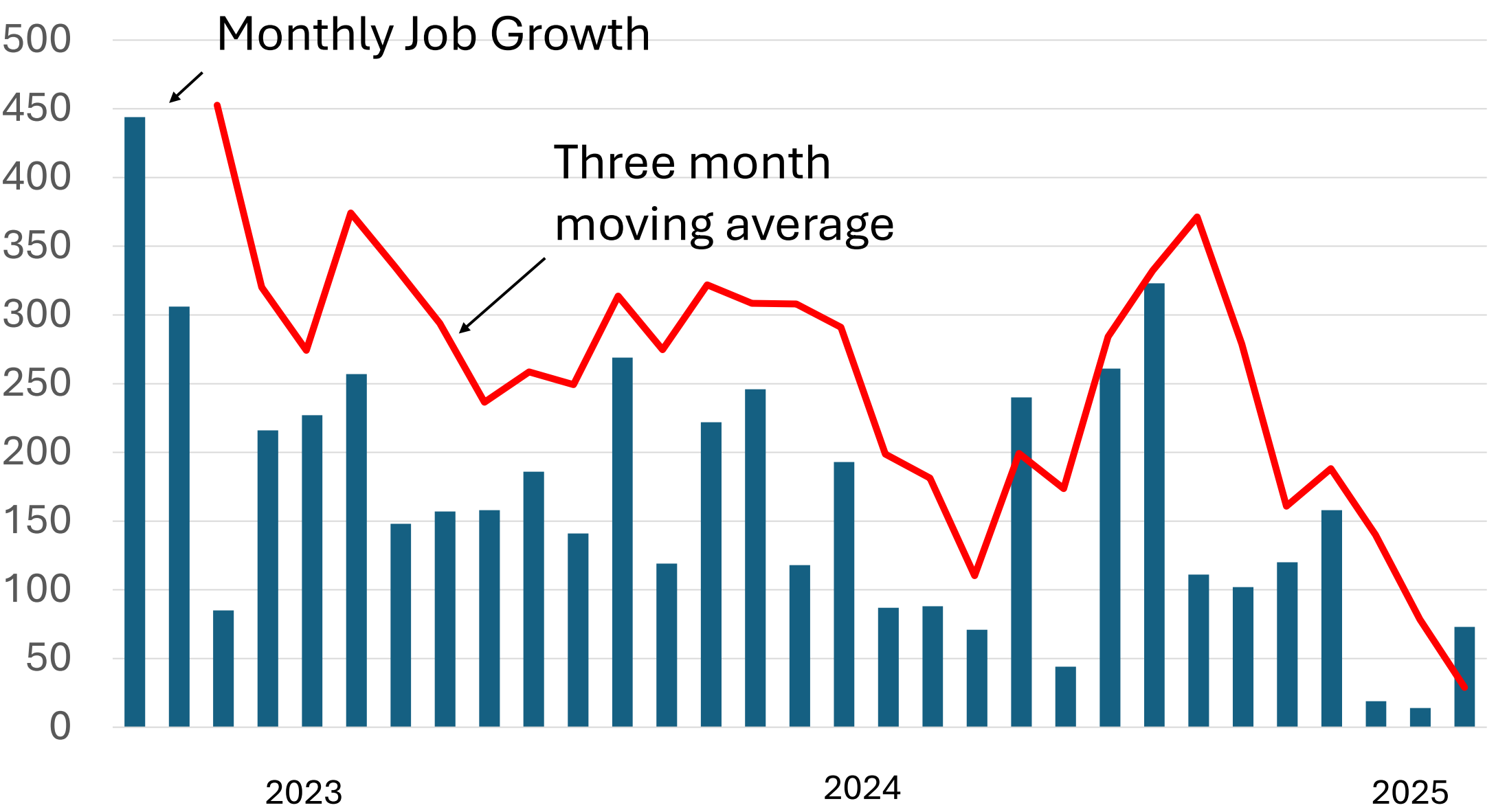
# Mainstream Forecasters Not Seeing Recession - Yet

Percent Growth, Real Gross Domestic Product, 2024Q3 – 2026Q4



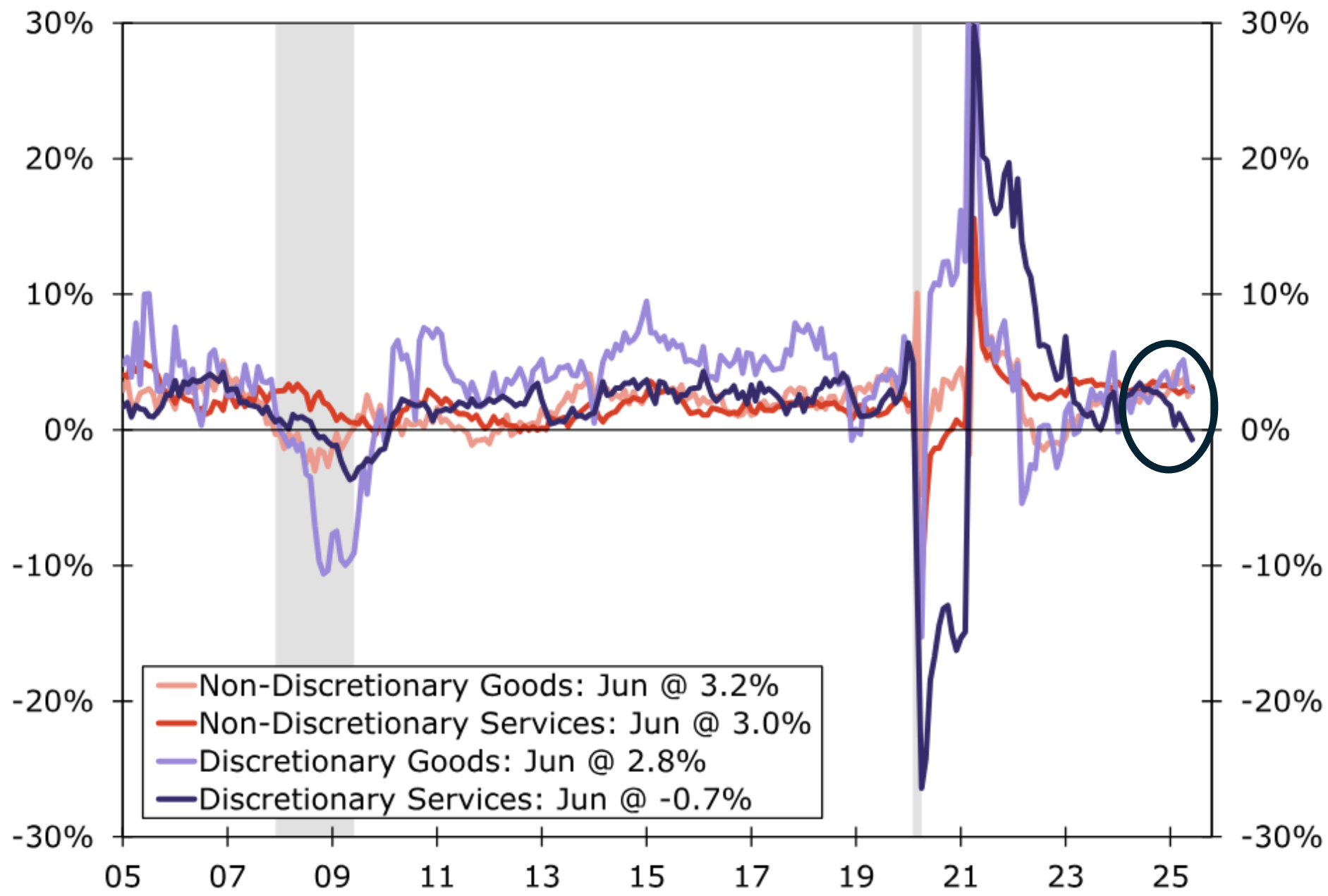
Source: S&P Global

# Job Growth in the Economy Has Markedly Slowed



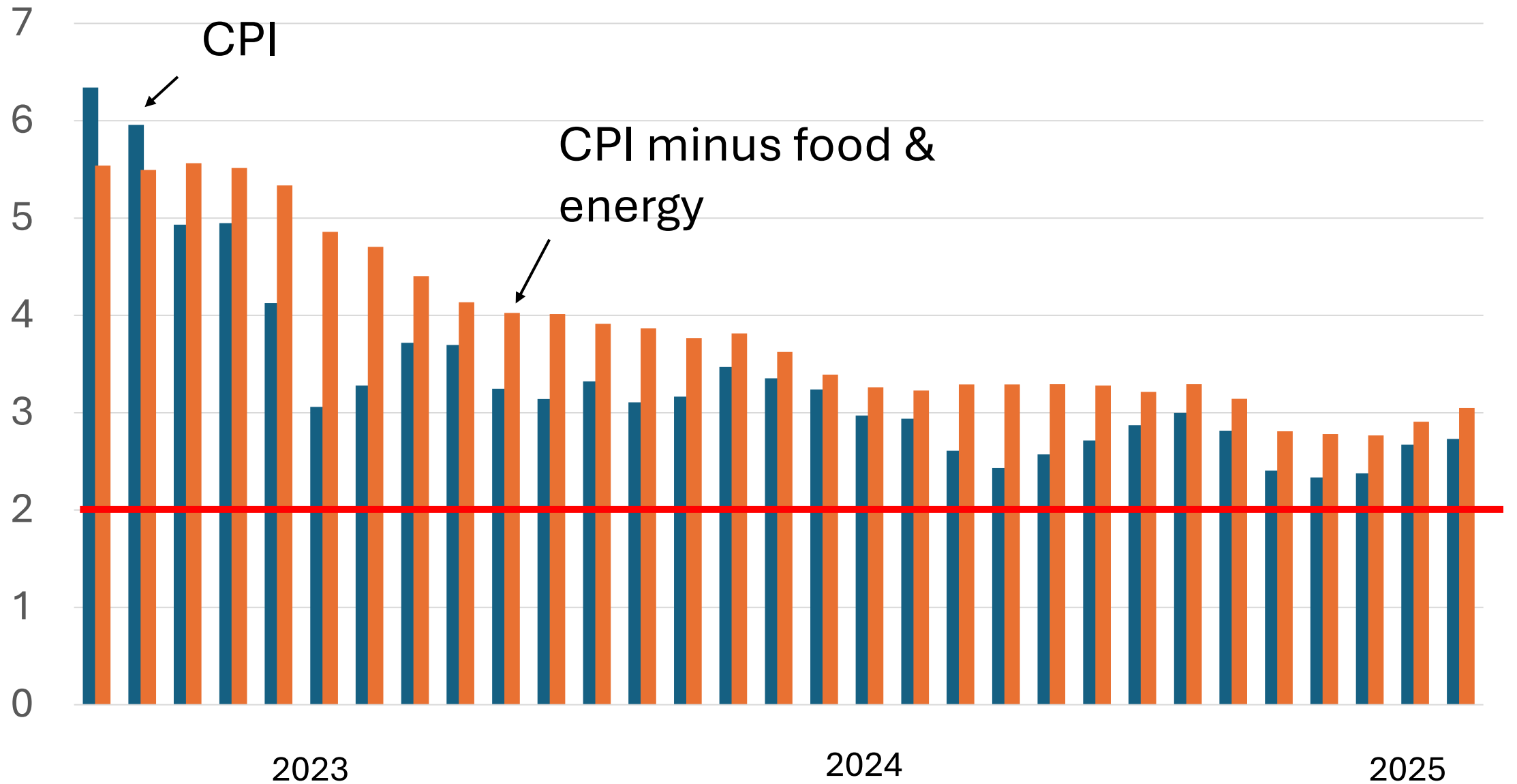
# Real Consumer Spending

Year-over-Year Percent Change



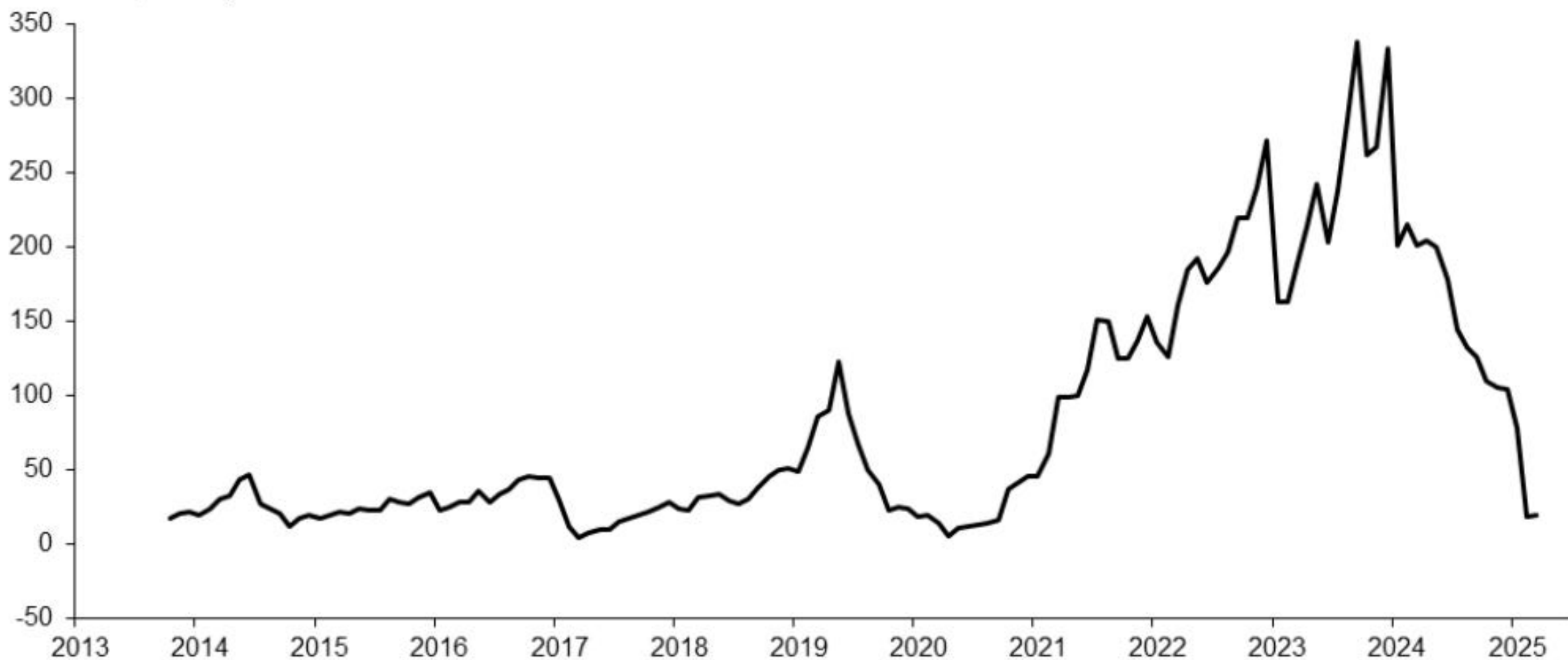


# Inflation Remains Tame but Unvanquished



**Chart 1**  
**Net unauthorized immigration to the U.S. in steep decline**

Thousands, monthly



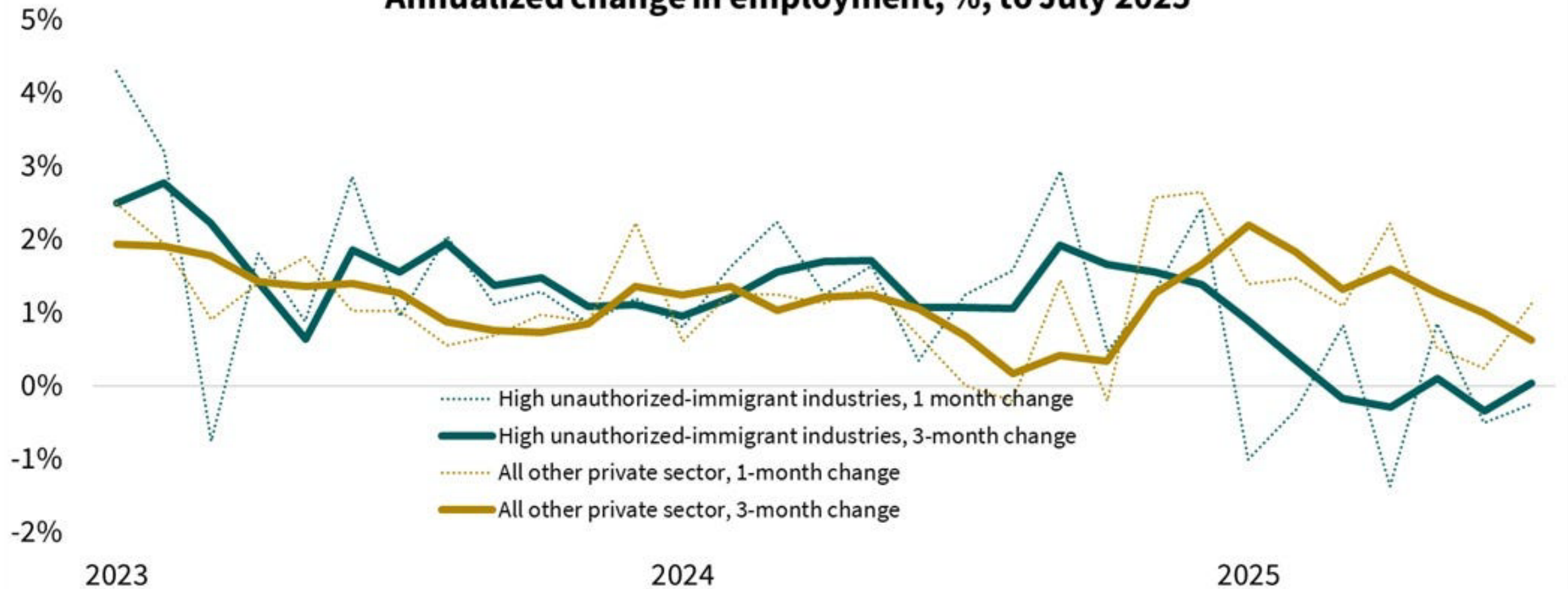
NOTES: Shown is net unauthorized immigration through March 2025. Data begin in October 2013.

SOURCES: U.S. Department of Homeland Security; Transactional Records Access Clearinghouse; authors' calculations.

Federal Reserve Bank of Dallas

# High unauthorized-immigrant industries are lagging

Annualized change in employment, %, to July 2025



Source: Jed Kolko analysis of BLS Current Employment Statistics (job growth) and 2023 Census American Community Survey (industry classification).  
Estimated industry share of unauthorized immigrant workers adapted from Borjas (2017).

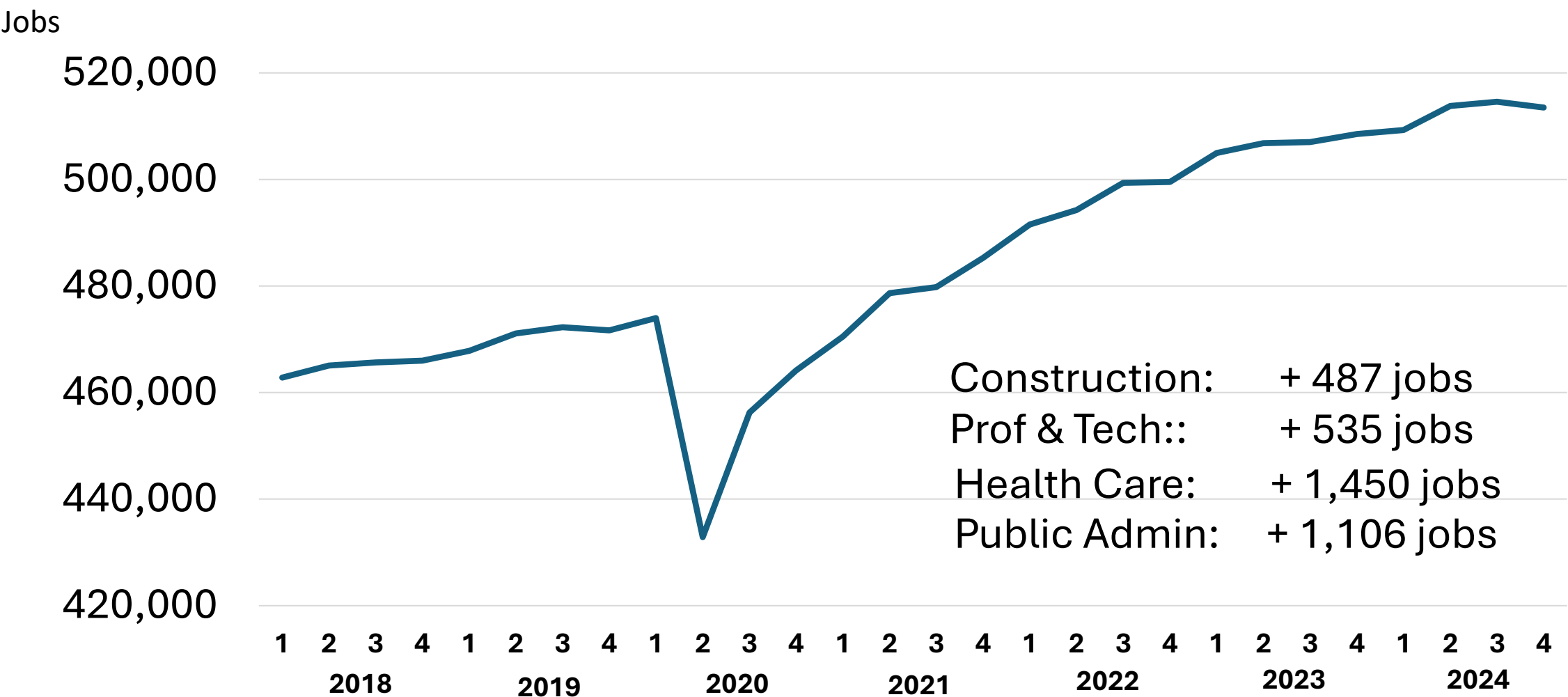
High unauthorized-immigrant industries include construction, several manufacturing industries, several tech and research industries, hotels, restaurants, building and landscaping services, warehousing and storage, repair and maintenance services, and home health aides.

# Montana's Growth Has Also Slowed

- In-migration surge is over
- AI is changing the Tech landscape
- International tourism as taken a hit
- Ag and commodities are mixed
- Sibanye-Stillwater, western Montana curtailments have registered
- Interest rate sensitive sectors struggling
- Housing remains an unsolved problem

# Montana Added 6,002 Jobs Last Year

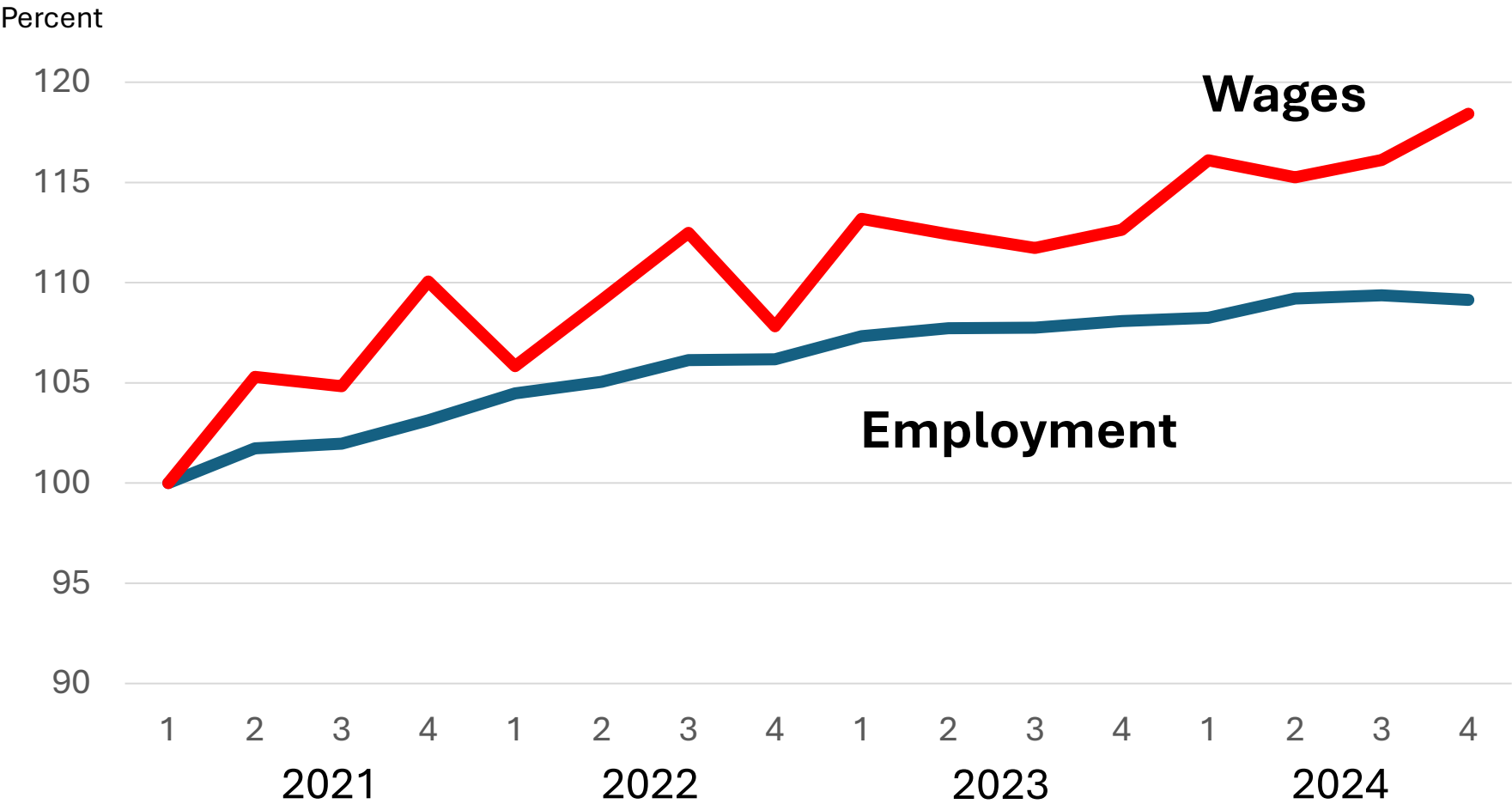
Seasonally Adjusted Covered Employment, 2018-24



Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

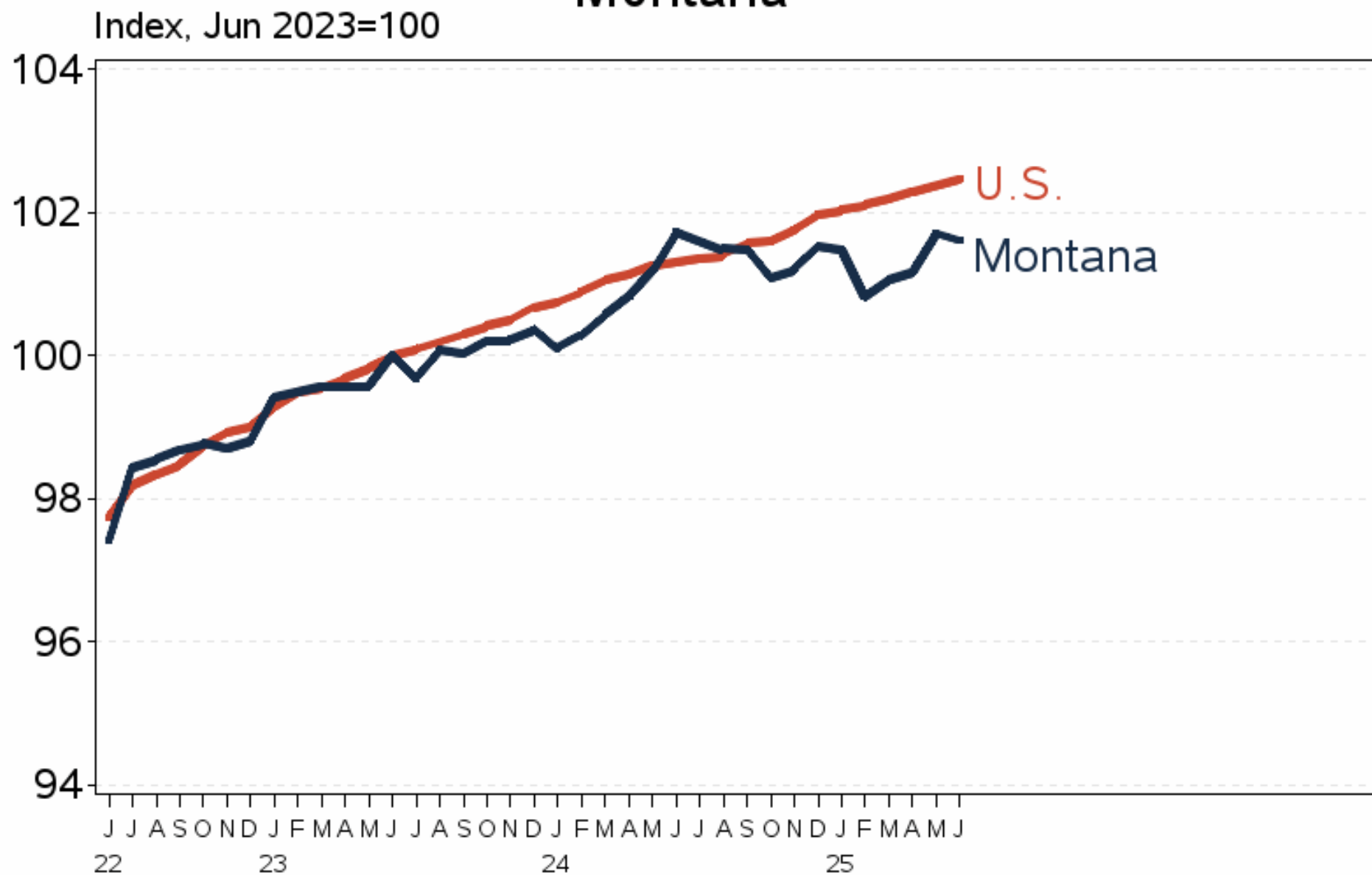
# Wages and Employment, Montana, 2021Q1 – 2024Q4

Seasonally Adjusted Index, 2021Q1 = 100



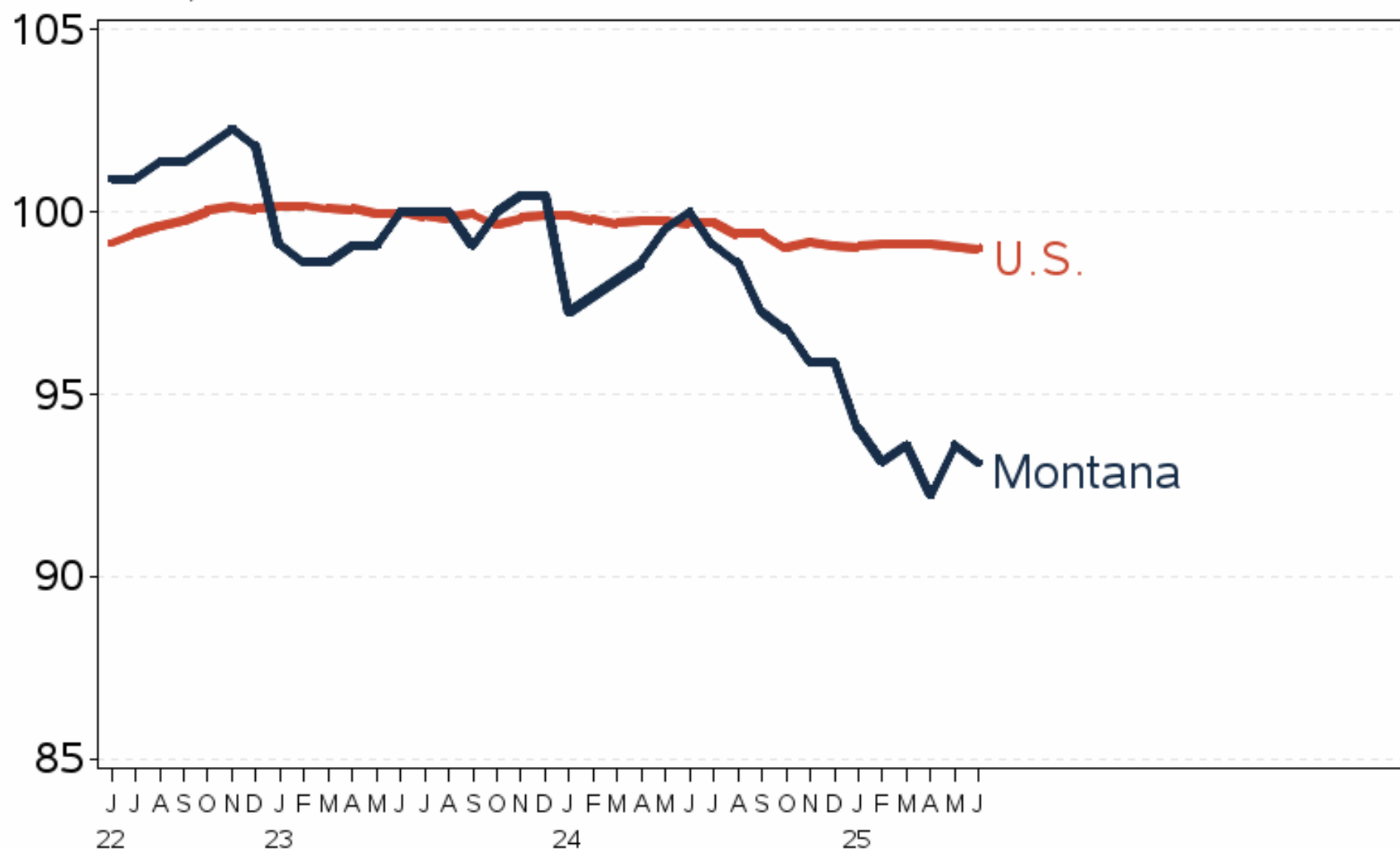
Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

# Payroll Employment Montana



# Manufacturing Employment Montana

Index, Jun 2023=100





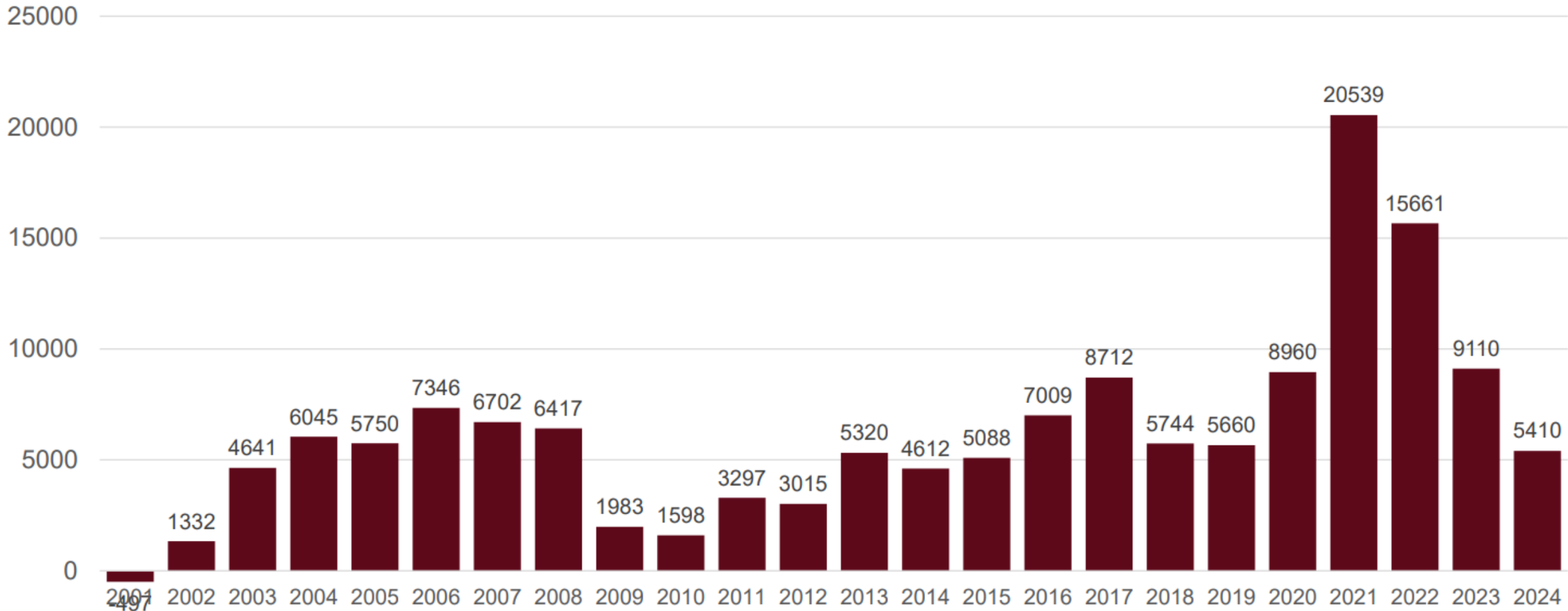
# Montana's Economic Base - 2005

- Nonresident Travel
- Mining
- Manufacturing
  - Wood and Paper
  - Oil refineries
- Agriculture
- Federal Government (including military)

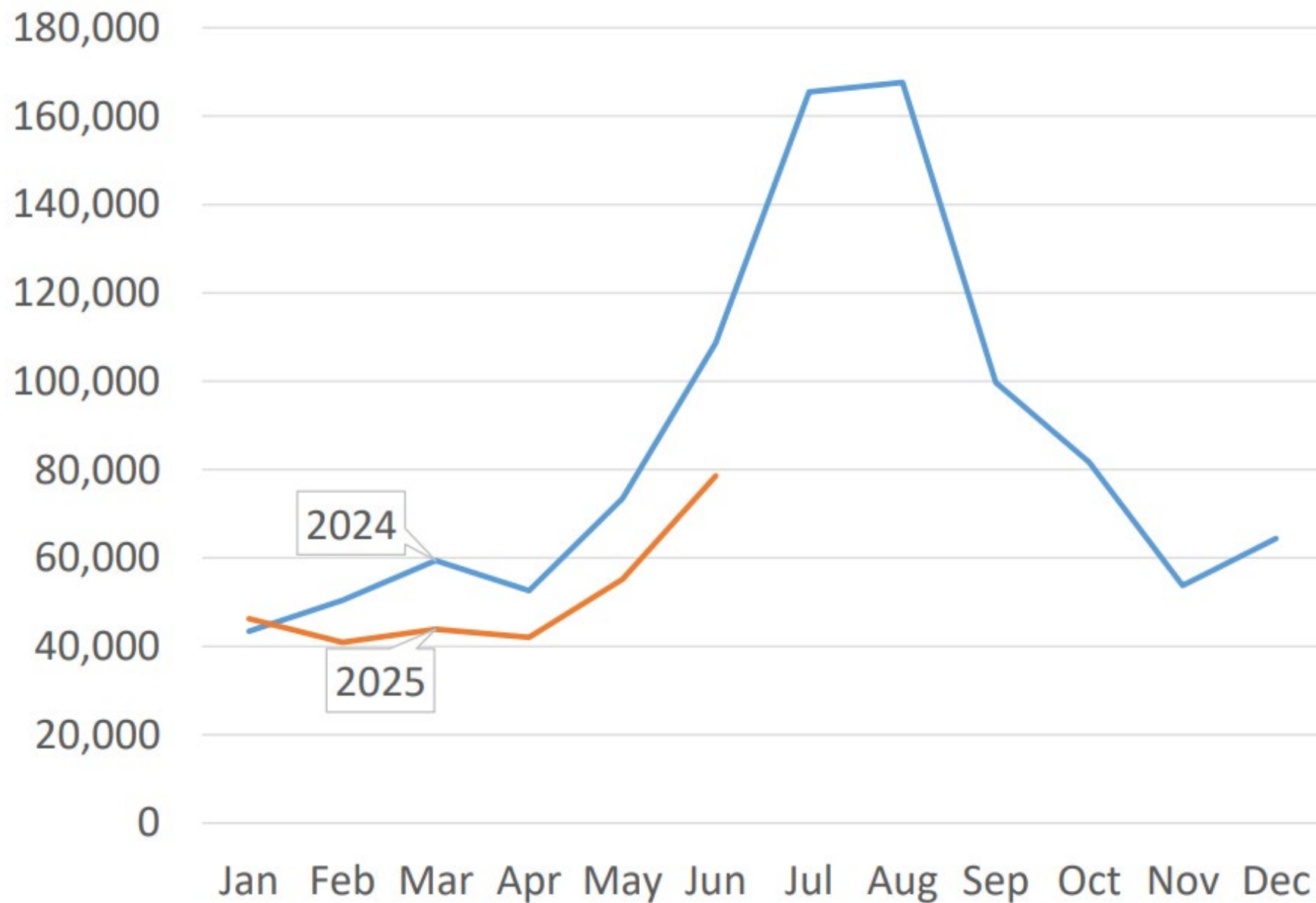
# Montana's Economic Base - 2025

- Nonresident Travel
- Mining
- Manufacturing
  - Wood and Paper
  - Oil refineries
- Agriculture
- Federal Government (including military)
- Technology and Startups
- Remote Workers and Knowledge Workers
- In-migration of New Residents

# Net Domestic Migration to Montana

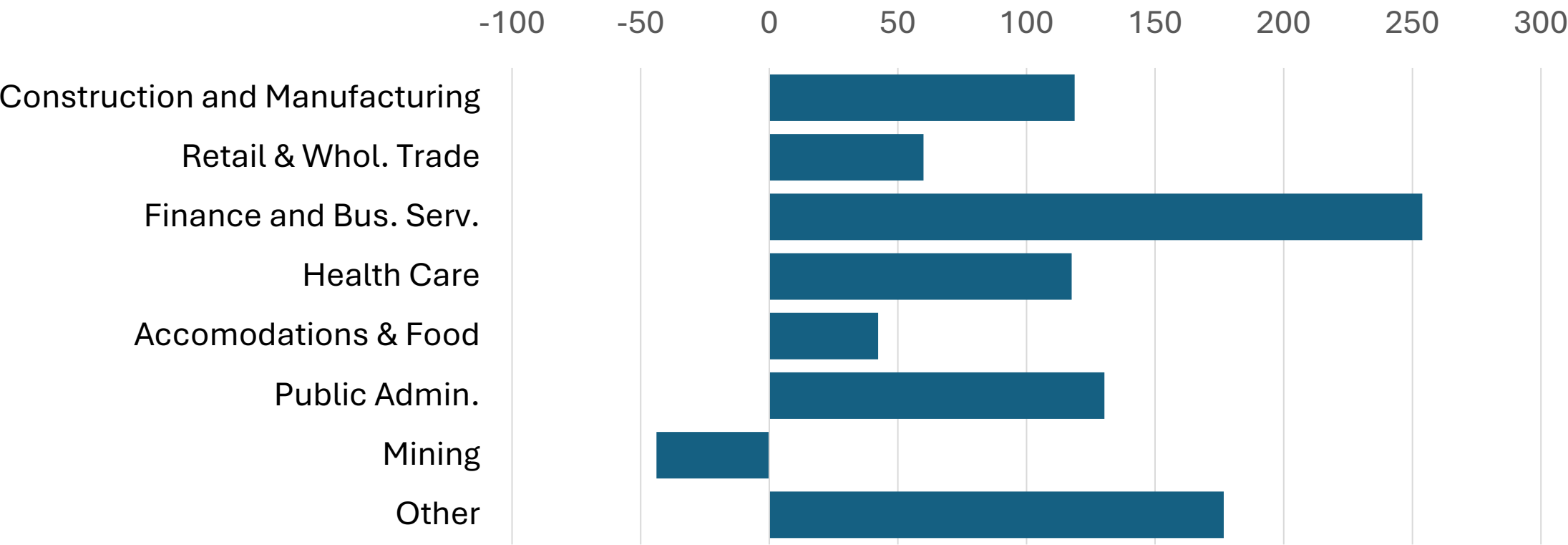


Canadian Border Crossings Into Montana  
(passenger vehicle individuals)



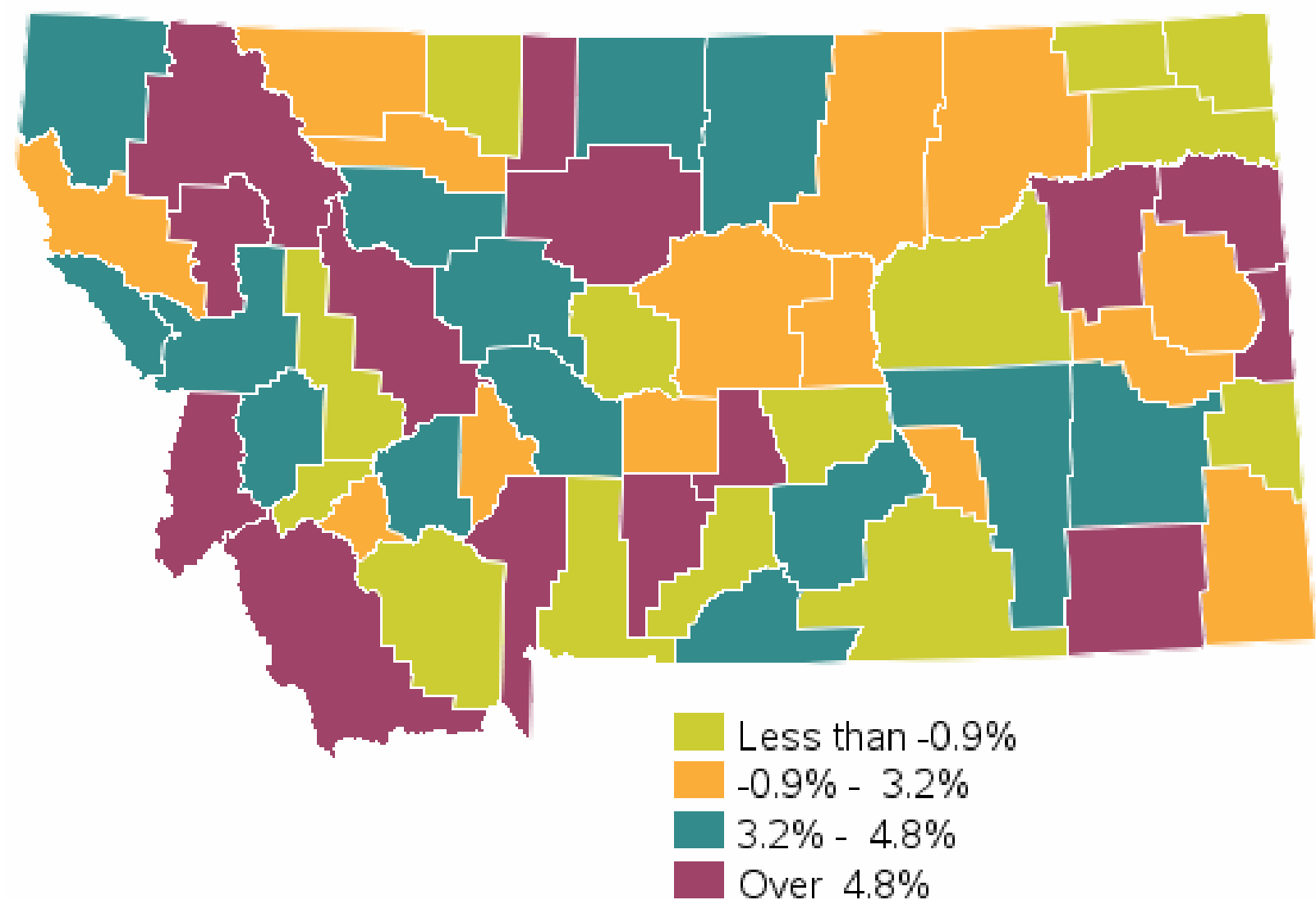
# Montana Had More Balanced Growth in 2024

Inflation-corrected Total Wage Growth, Montana, \$ Millions, 2023-24



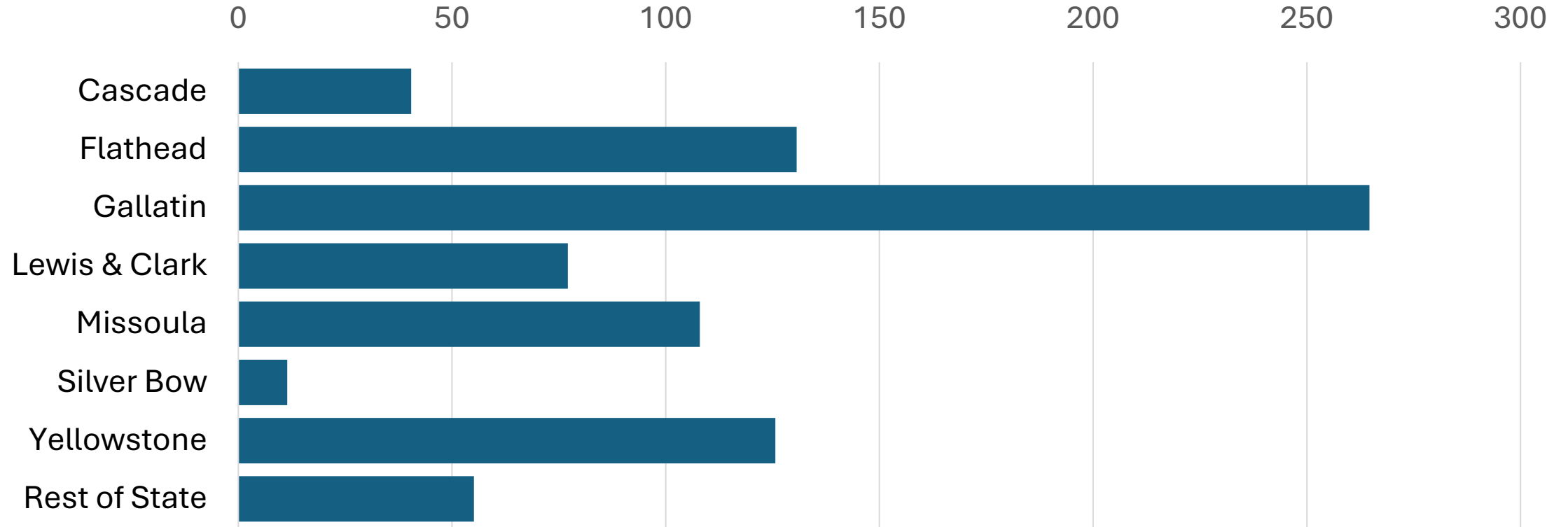
# Growth in Total Inflation-Corrected Wages, 2023Q4-2024Q4

Percent

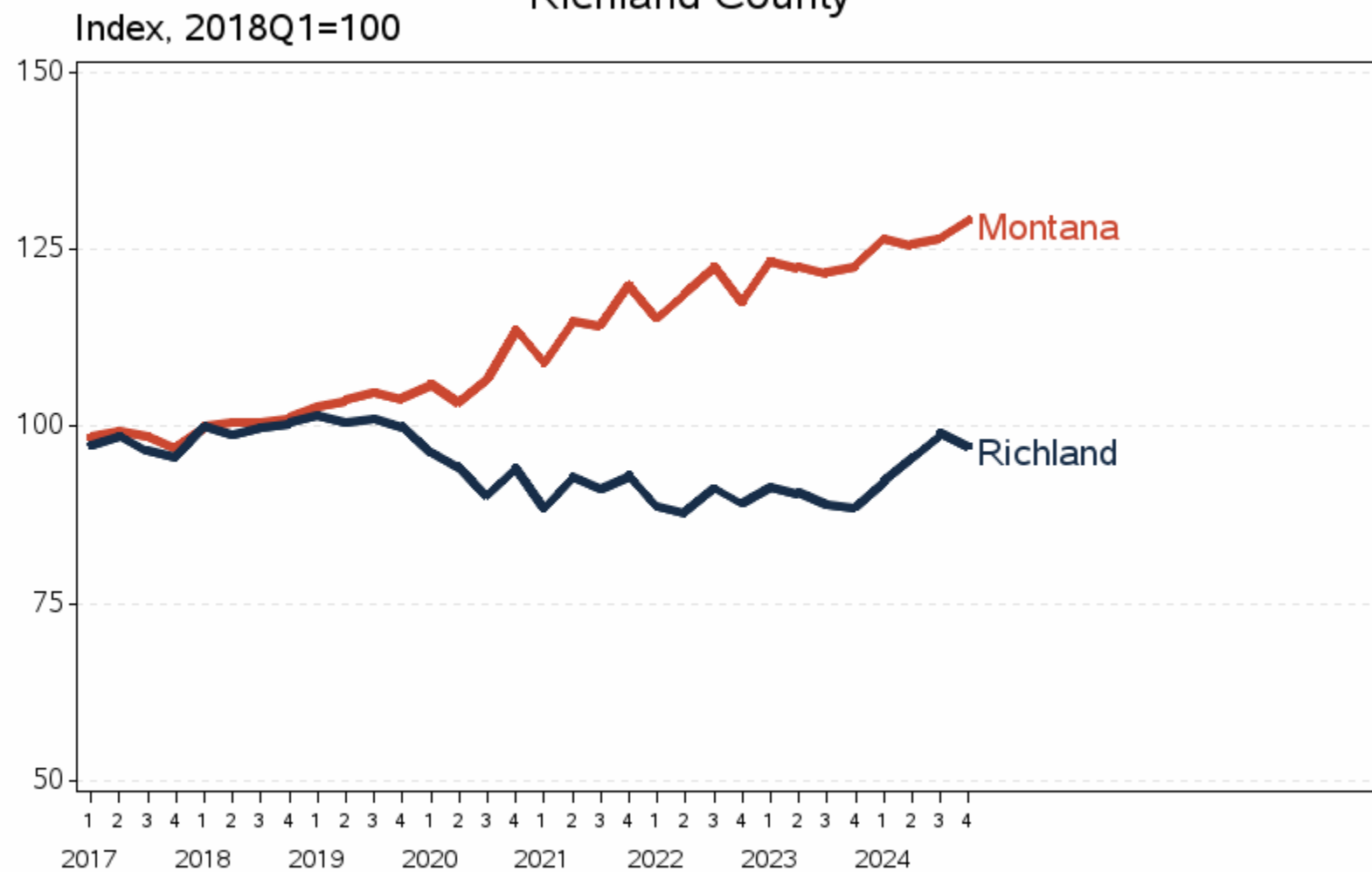


# Tech and Amenity Counties Outperformed in 2024

Inflation-corrected Total Wage Growth, \$ Millions, 2023-24



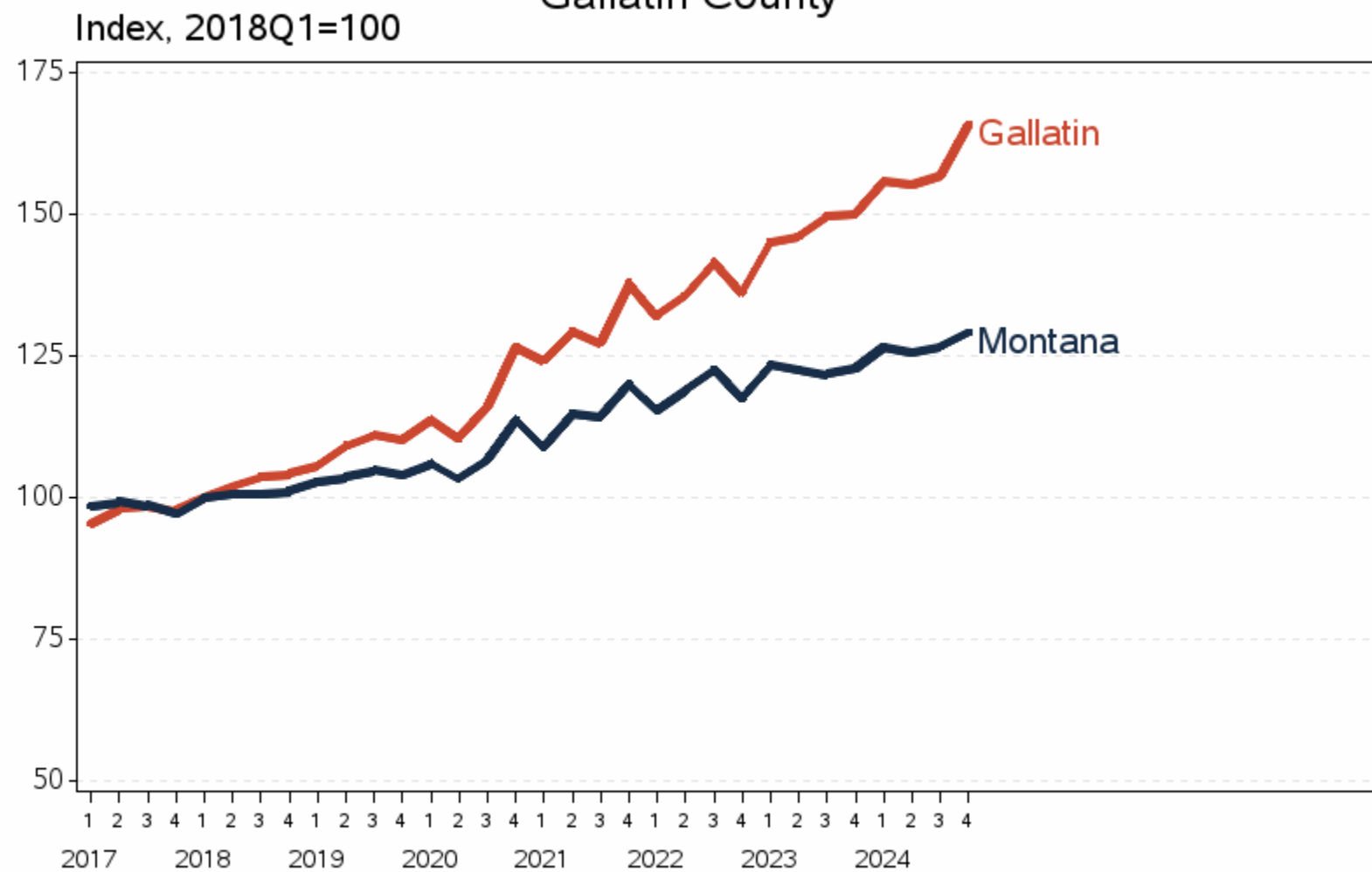
## Real Payroll Wages Richland County



Data Seasonally Adjusted by BBER.



## Real Payroll Wages Gallatin County

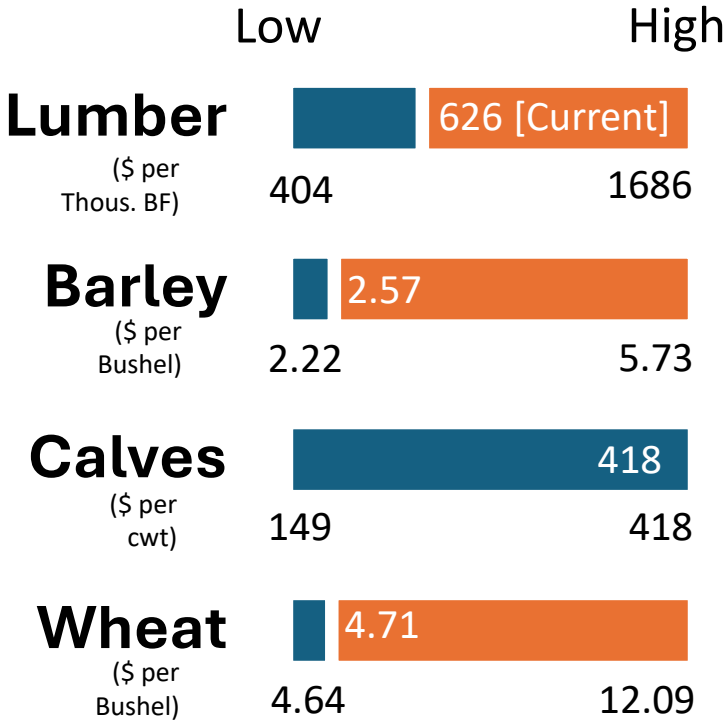


Data Seasonally Adjusted by BBER.

# Commodity Prices Have Unique Drivers

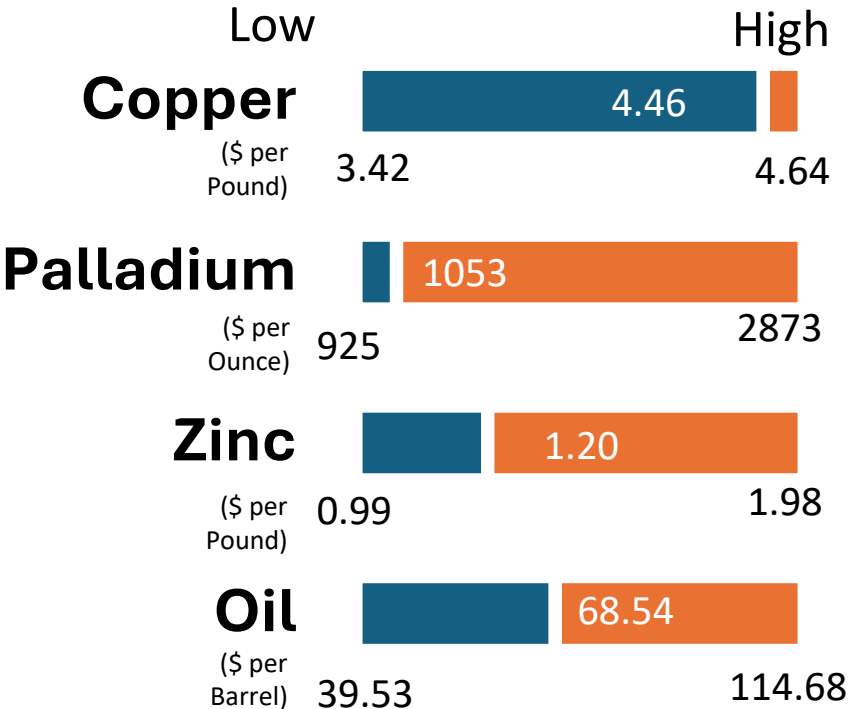
## Materials & Foodstuffs

(as of June 2025)

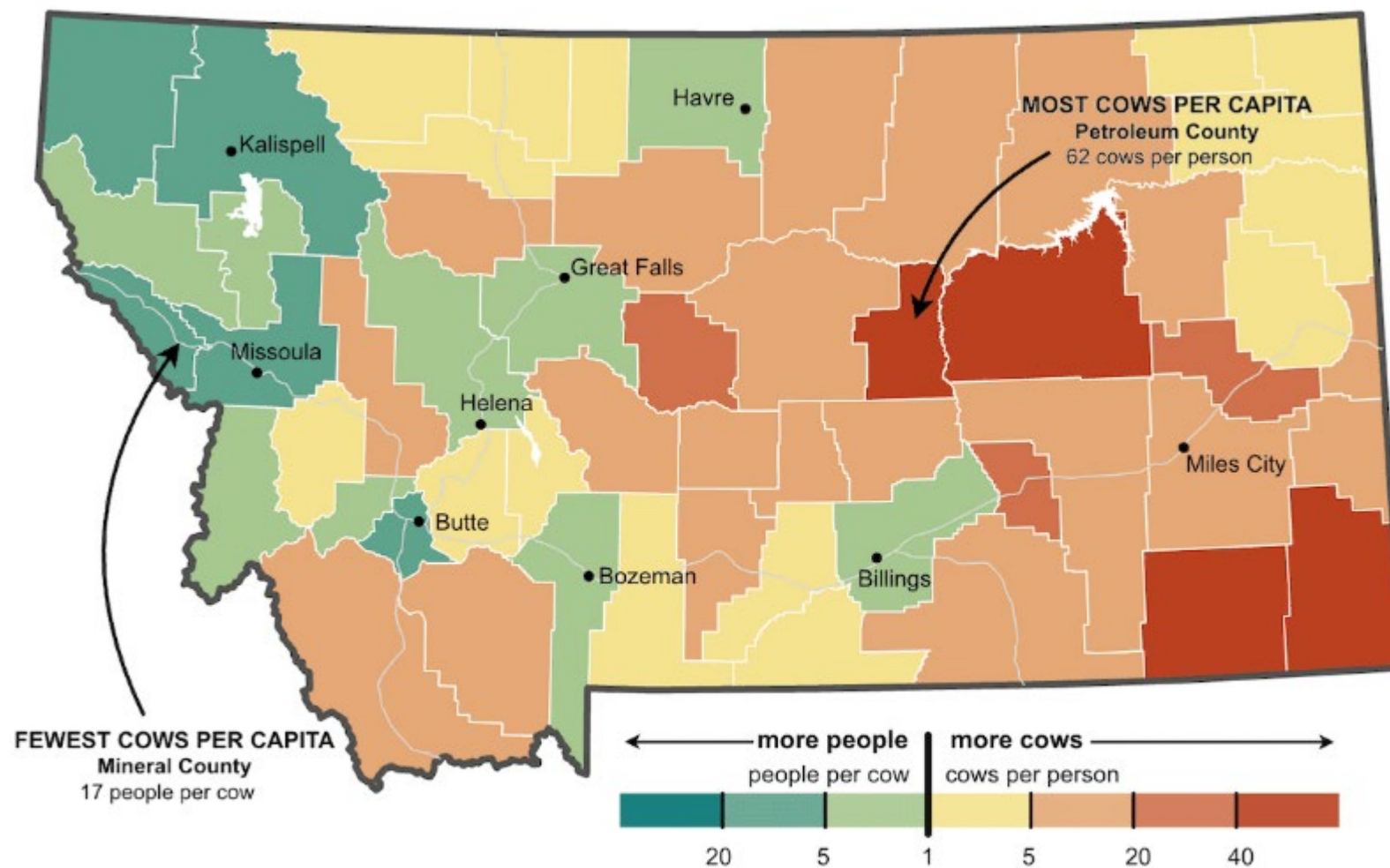


## Metals & Energy

(as of June 2025)



## Cows per capita — 2024

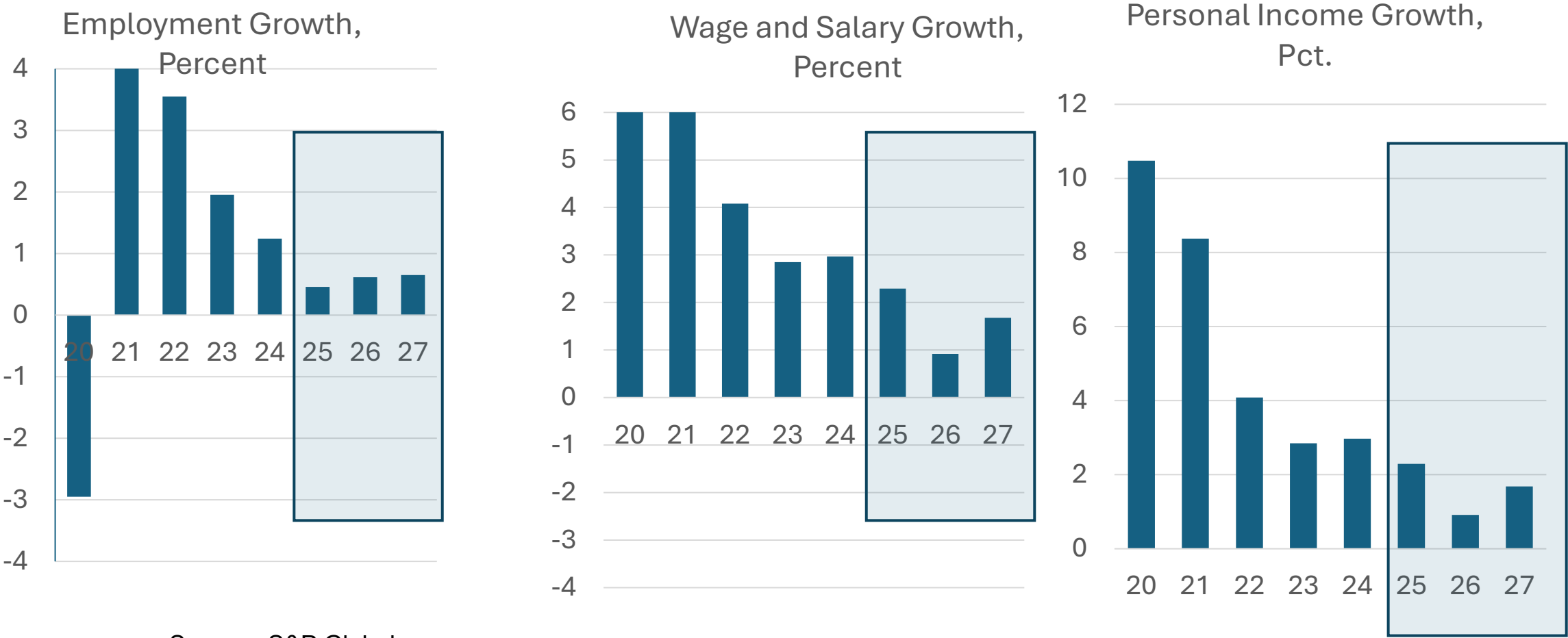


Data: USDA, U.S. Census Bureau

Graphic: Jacob Olness/MTFP

# Montana's New Slower Growth Environment

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

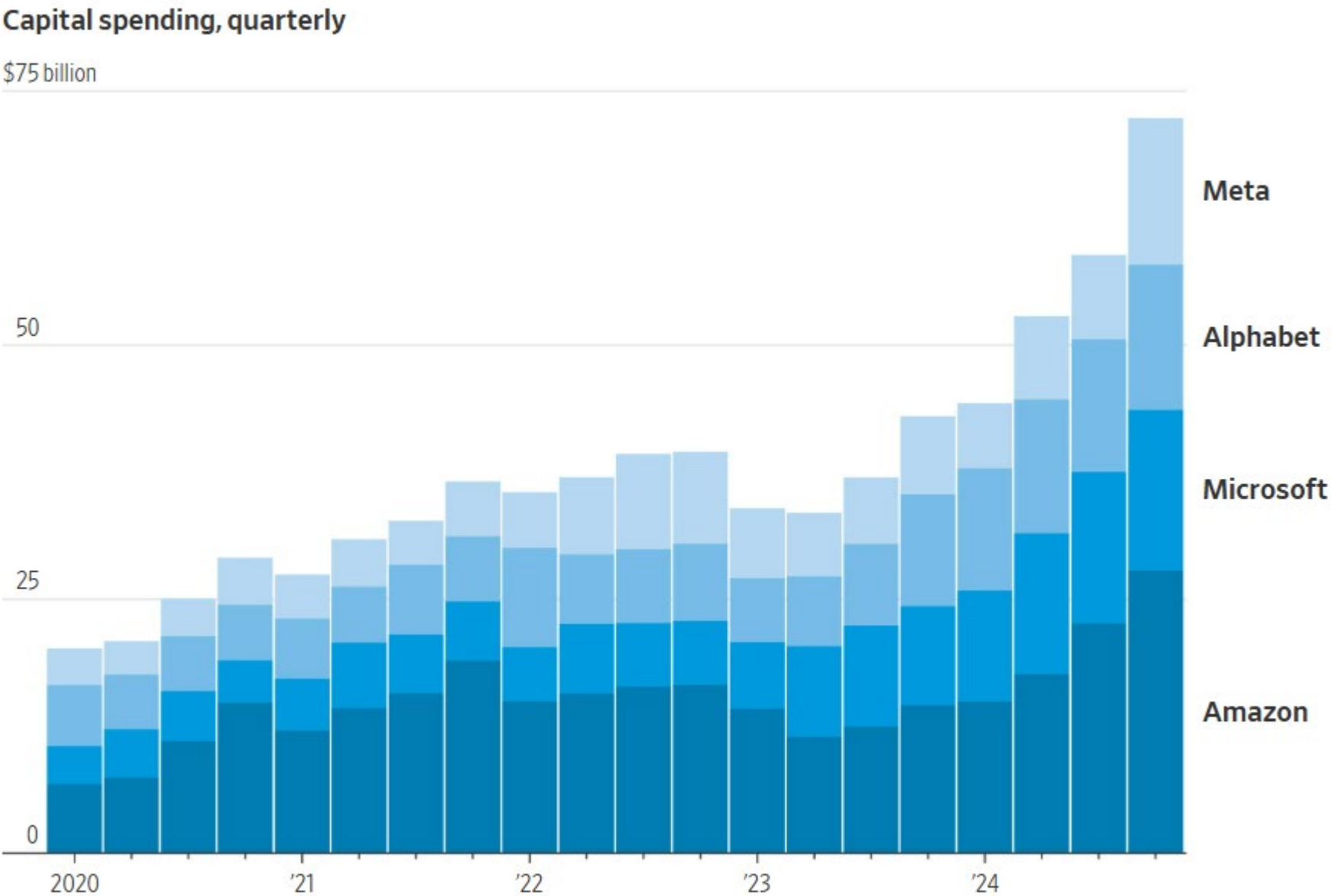


Source: S&P Global

# Challenges and opportunities

- AI-related investment is charging ahead
- Is housing price growth coming to an end?
- Borrow and spend era over for Federal budget
- Social Security and Medicare Reform – Let's Get On With It

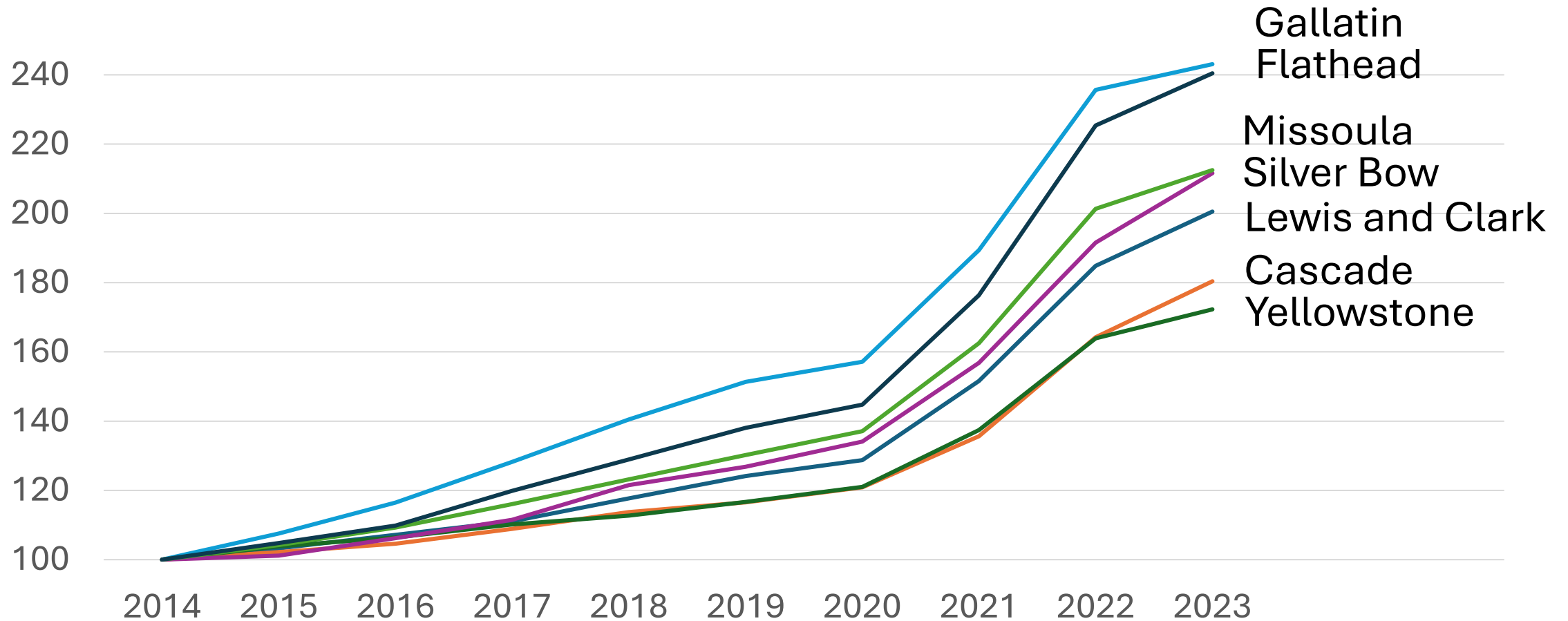
# AI Spending on Physical Infrastructure is Exploding



**Do you think Montana housing markets need fixing?**

# Post-2020 Acceleration in Home Prices Was Widespread

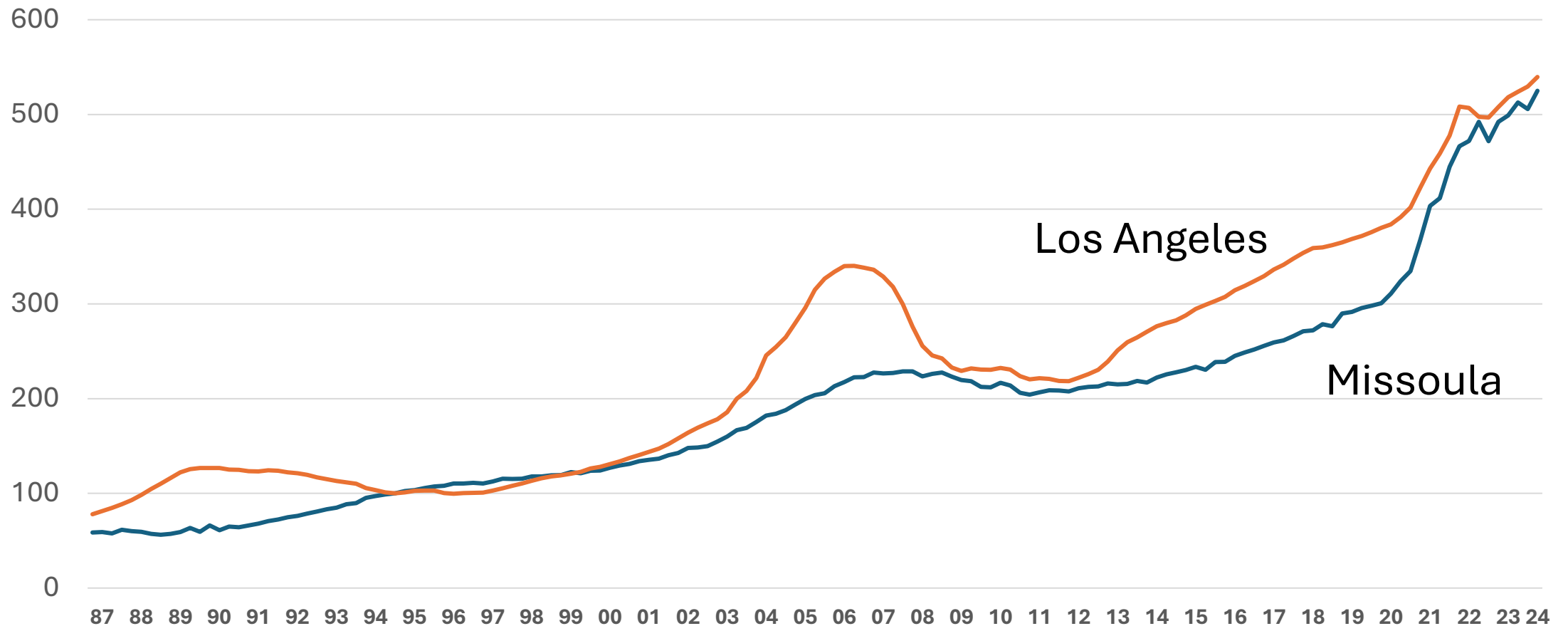
All Transactions House Price Index, 2014=100





# Housing Prices in Missoula Are 4x Higher than 1995

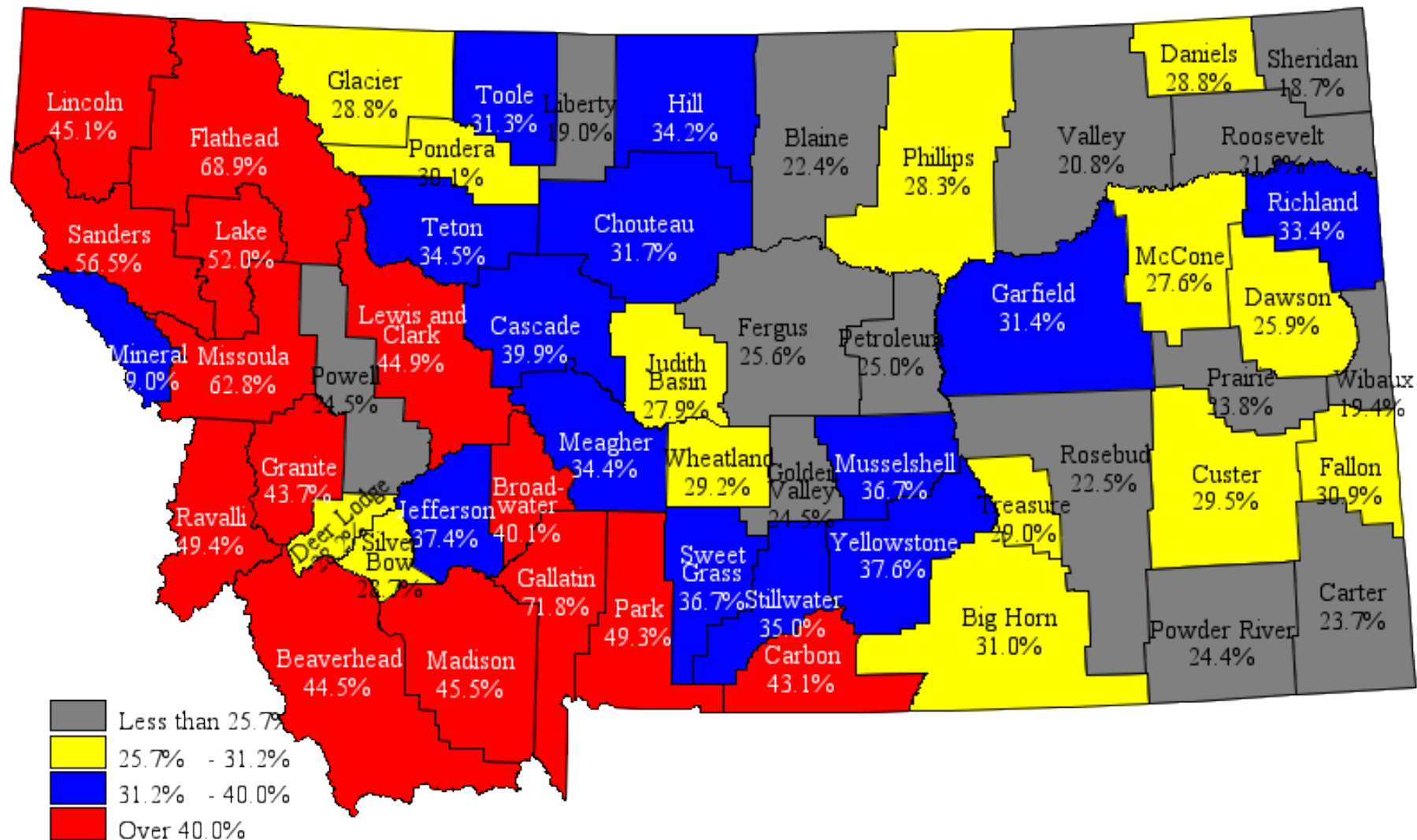
Housing Price Index, 1995 = 100



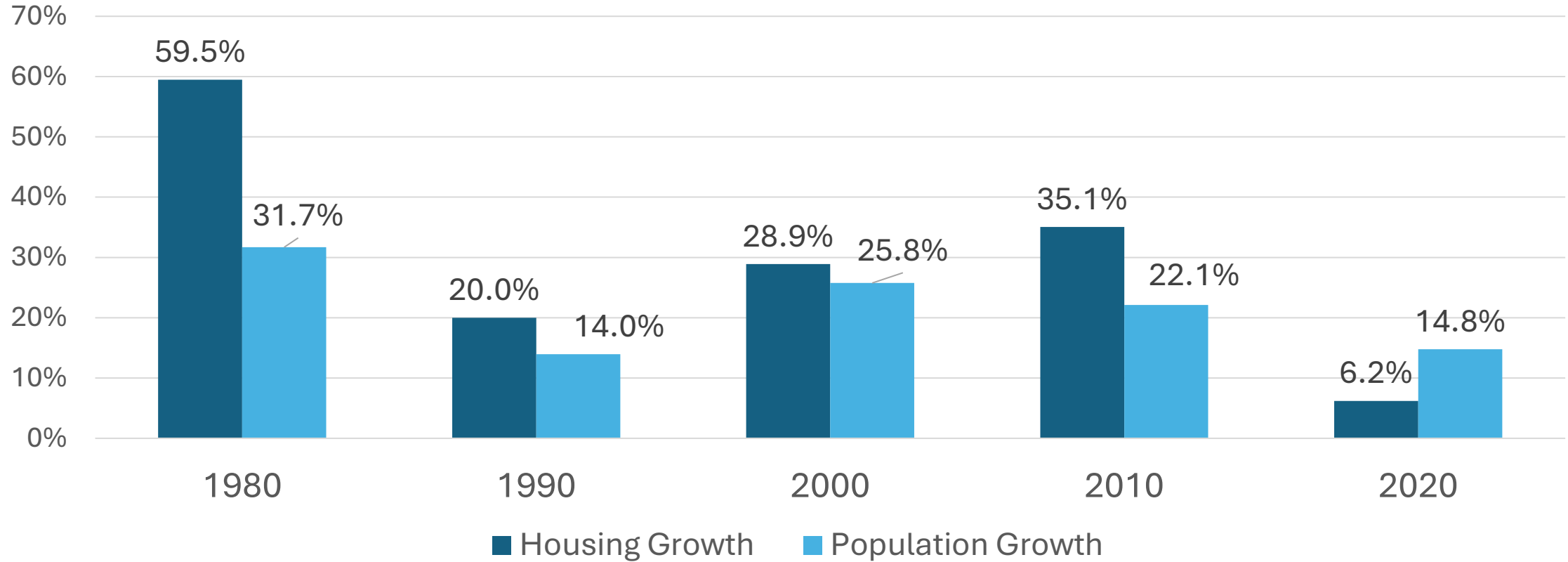
Source: Federal Home Finance Agency

# Ratio of Monthly Payment to Median Household Income

## 2024



# Housing Growth and Population Growth, Flathead County, 1980-2020, Percent



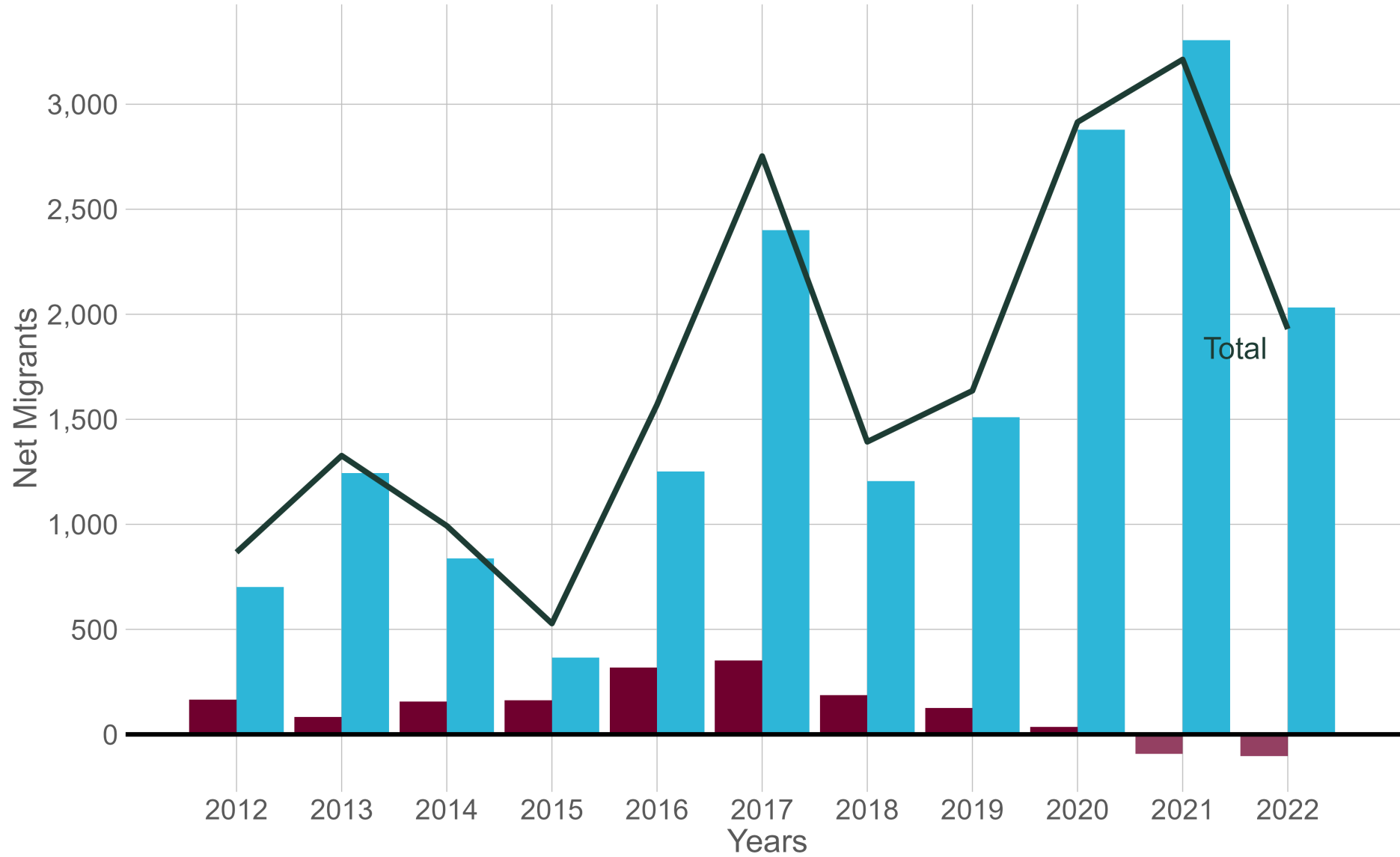
Source: U.S. Decennial Census

# The Crossfire of Housing Policy

- Mortgage interest deduction
- Mortgage revenue bonds
- Mortgage credit certificates
- Capital gains treatment for sales of primary residences
- Savings and Loan Associations
- FHA insurance
- Fannie Mae and Freddie Mac mortgage guarantees
- Quota for Fannie and Freddie for targeted populations
- Support for institutions like FHLB's
- 30-year fixed rate mortgage with no pre-payment penalty
- FHA and VA loan programs
- HUD Section 502 low-rate mortgages to low-income households
- Infrastructure requirements
- Minimum parking
- Building codes
- Wetlands regulations
- Subdivision requirements
- Exactions
- Height restrictions
- Caps on numbers of units
- Population growth limits
- Urban boundaries or green zones
- Restrictions on rezoning
- Super majority, voter, or multiple jurisdictional approvals
- Minimum lot size requirements
- Delays in local government decision-making

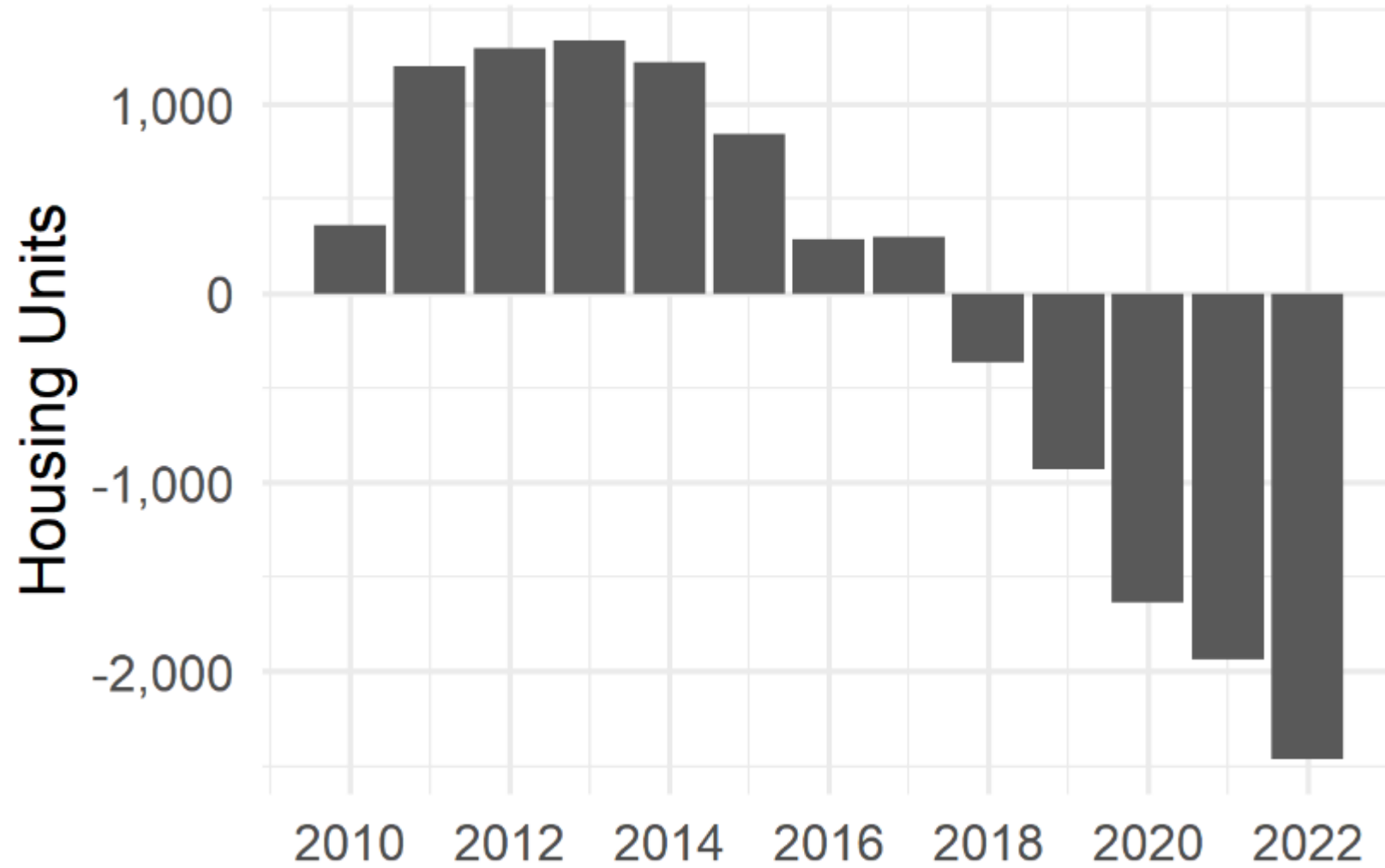
# Domestic Net Migration, Flathead County

- From (to) other MT county
- From (to) other state



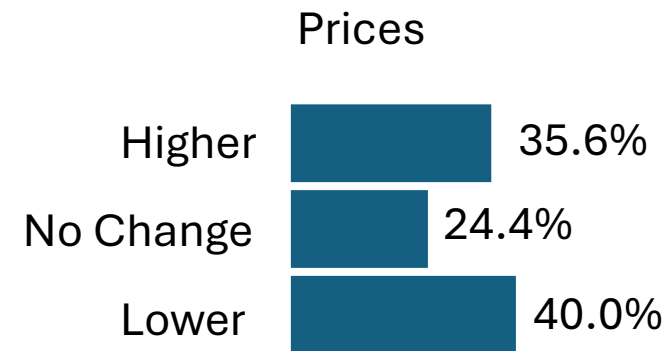
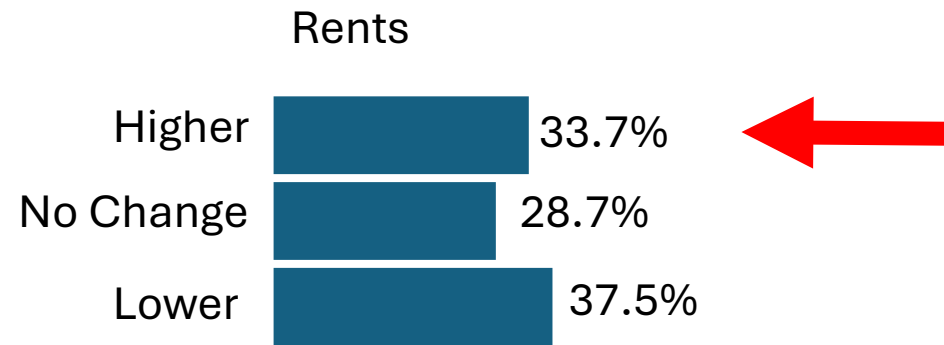
Source: Internal Revenue Service Migration Data

# Flathead County Surplus/Shortage

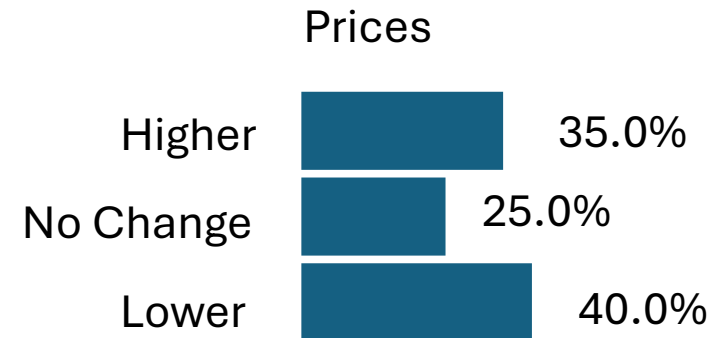
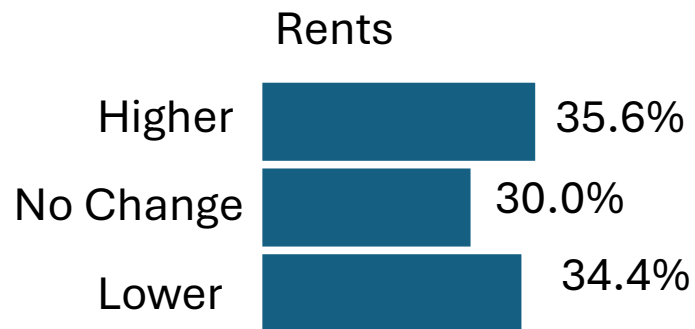


“What do you think would happen to prices and rents if there was a 10% increase in housing built in the coming 5 years?”

## What Renters Said



## What Homeowners Said



# Why Are People Skeptical About the Impacts of Housing Supply?

- Demand is also rising
- Price Impacts of Regulatory Policy
- Denial or failure to recognize interaction of price tiers in housing markets