

Montana Economic Update



Presented at the Minneapolis Federal Reserve REC Conference

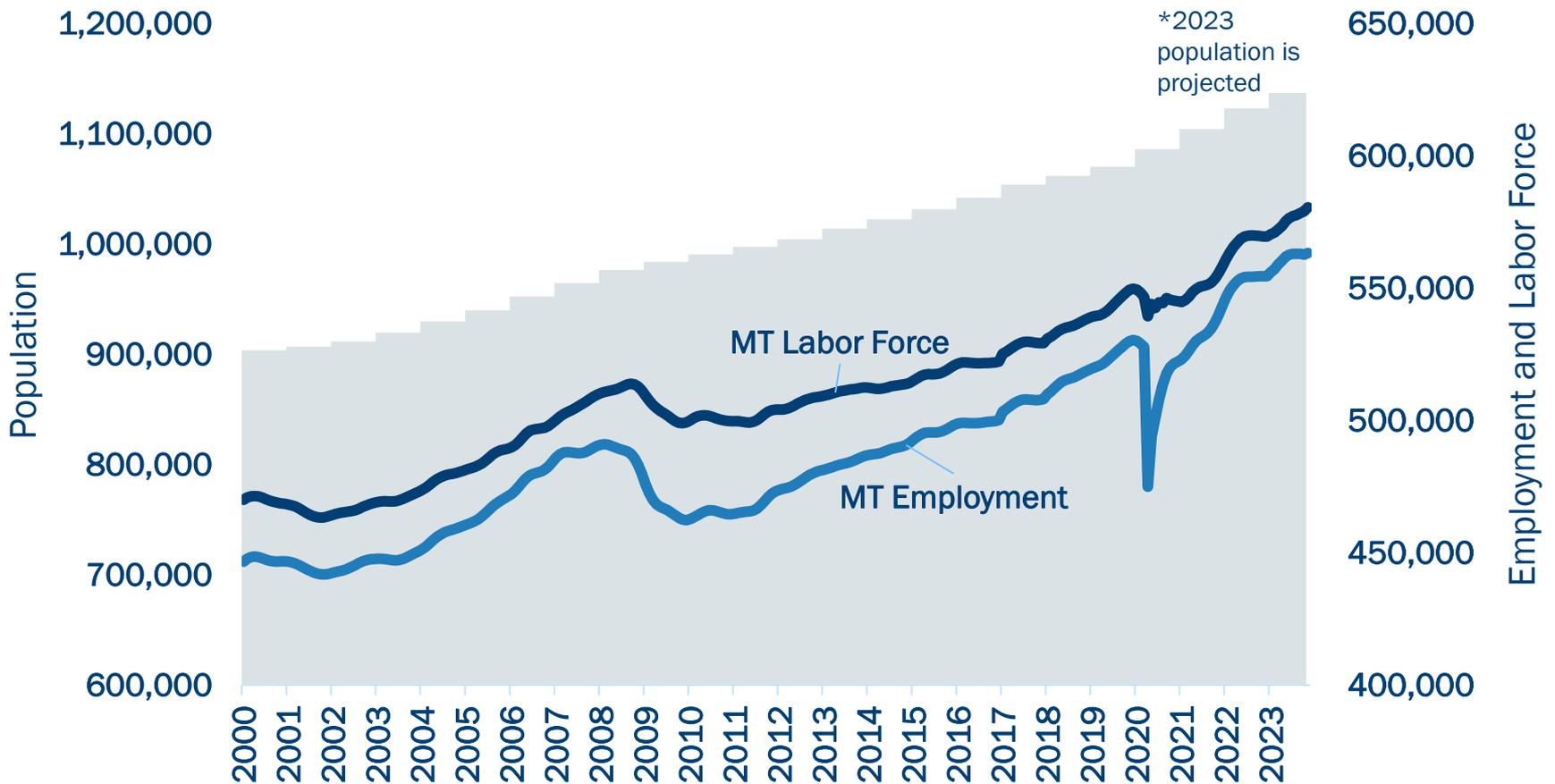
January 12th, 2024



AMY WATSON, State Economist
Montana Dept. of Labor & Industry
awatson@mt.gov | 406-444-3245

More Workers and People than Ever Before

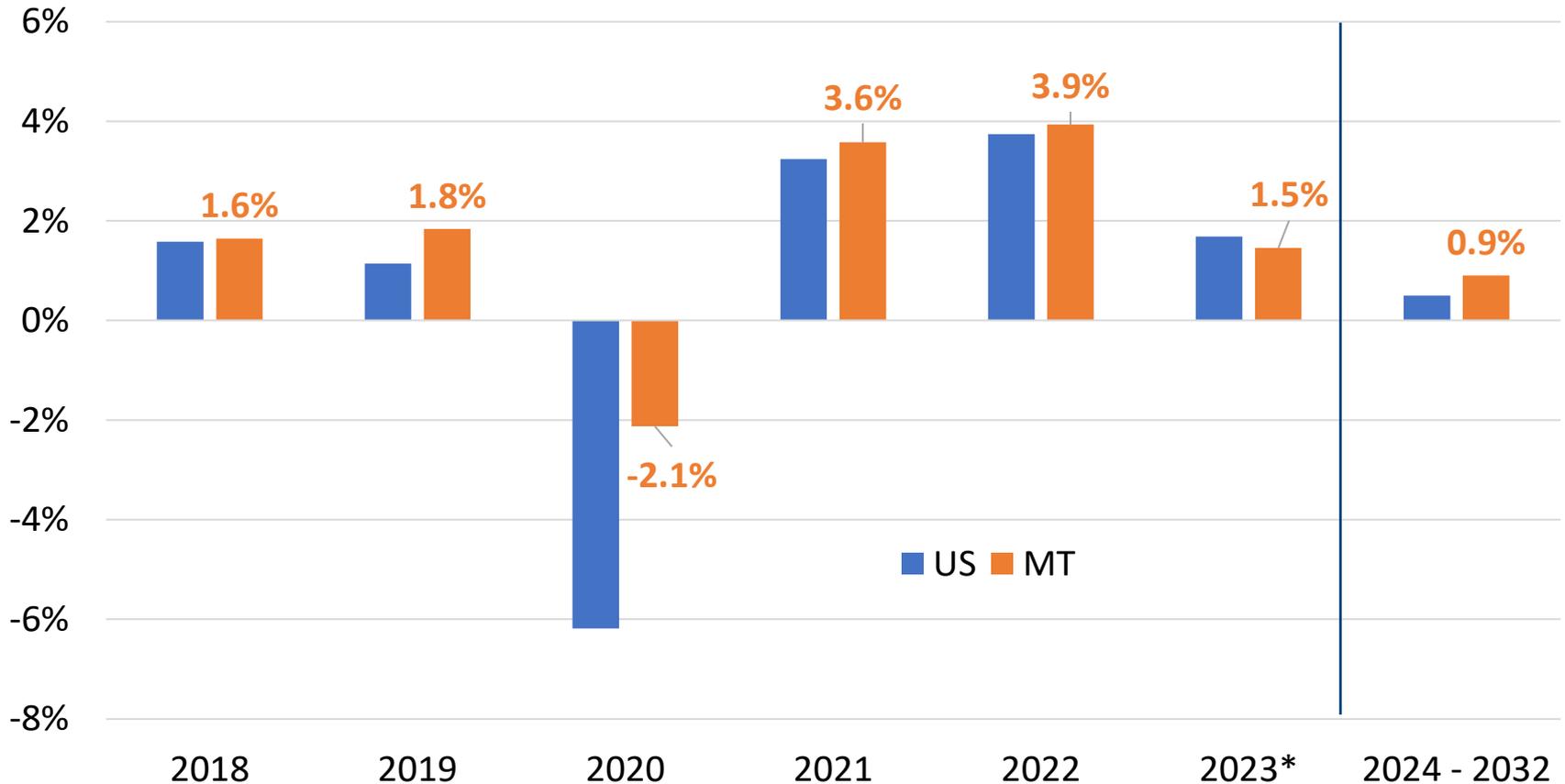
Employment and Labor Force grows steadily post-pandemic



Source: US Census Bureau and Local Area Unemployment Statistics (LAUS), through November 2023.

Employment Growth in Montana and US

Job gains moderate in 2023 and projections remain positive.



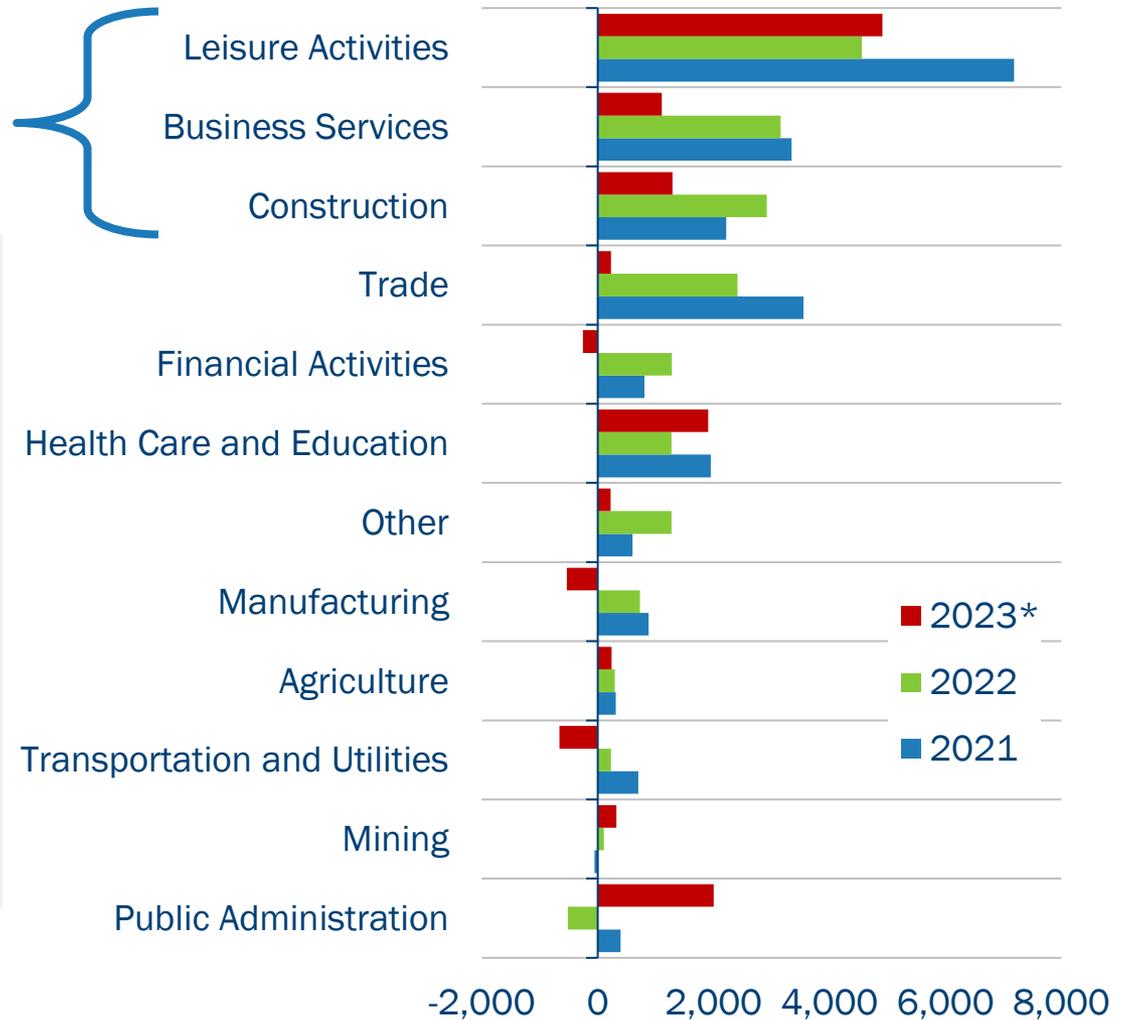
Source: Local Area Unemployment Statistics (LAUS) through Nov 2023. MTDLI 2022 - 2032 Employment Projections. National employment projections from S&P Global.

Employment Growth Across Industries

60% of job gains

Construction jobs grew by **8.3%** in 2022, ranking **2nd** highest among states.

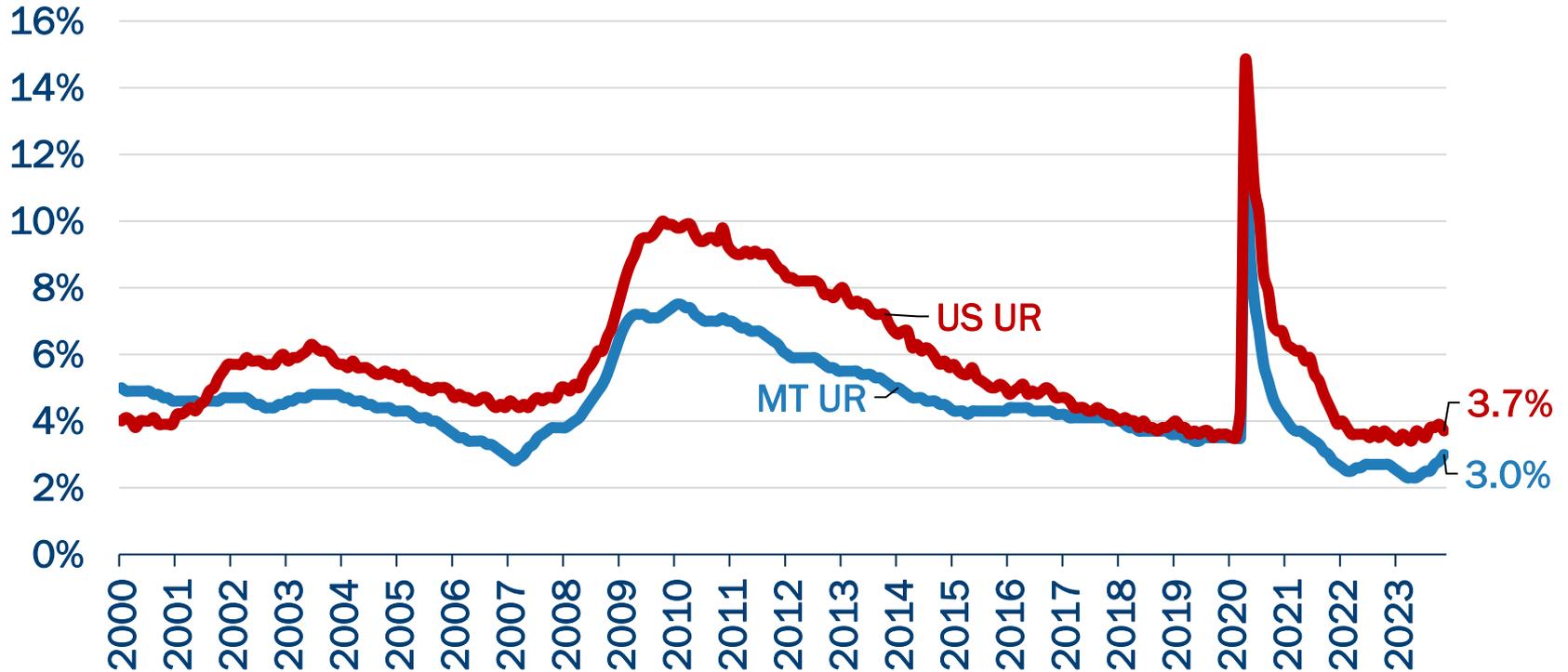
MTDLI projects over **1,000** construction job openings per year through 2032, the most of any industry in the state.



Source: Quarterly Census of Employment and Wages. *2023 data through Q2.

Unemployment Rate Hits Record Low

The less unemployment the better.... right?

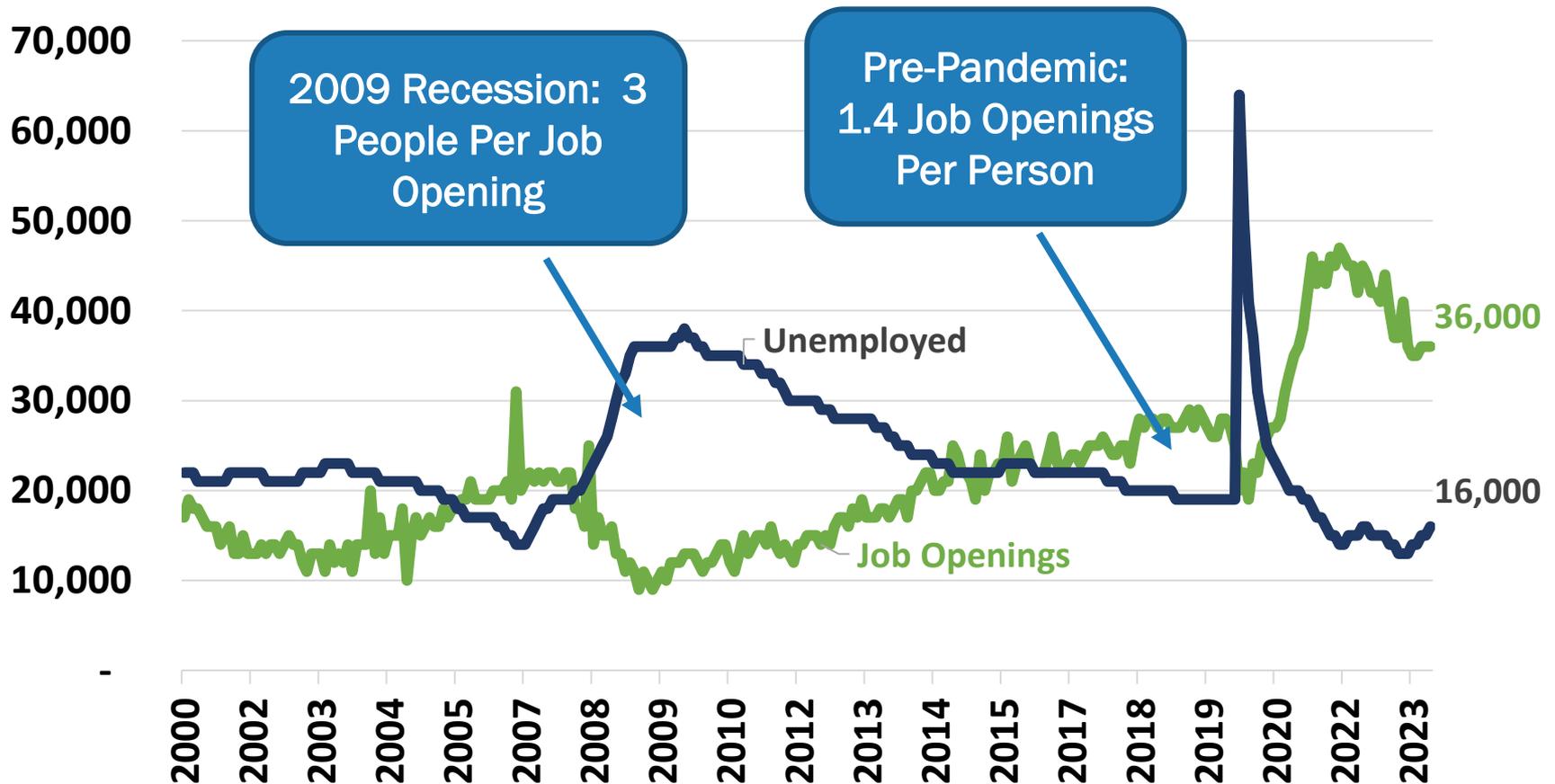


It depends. Very tight labor markets make it difficult for businesses to find the workers they need to continue to grow.

Source: BLS Local Area Unemployment Statistics, through November 2023.

Tight Labor Markets Persist in Montana

Characterized by more job openings than unemployed persons



Source: JOLTS and LAUS, January 2000 to November 2023. Unemployment level is rounded to the nearest thousand.

Reasons for Tight Labor Market

Demand for Workers

- Record-high number of job openings

Supply of Workers

- Aging population driving reduced participation
- Reduced hours from childcare issues

All Montanans fall into three groups based on their work status:



EMPLOYED

Employed persons are actively working for pay or profit.



UNEMPLOYED

Unemployed persons are actively seeking work.



NOT IN THE LABOR FORCE

Those not working or seeking work, including:

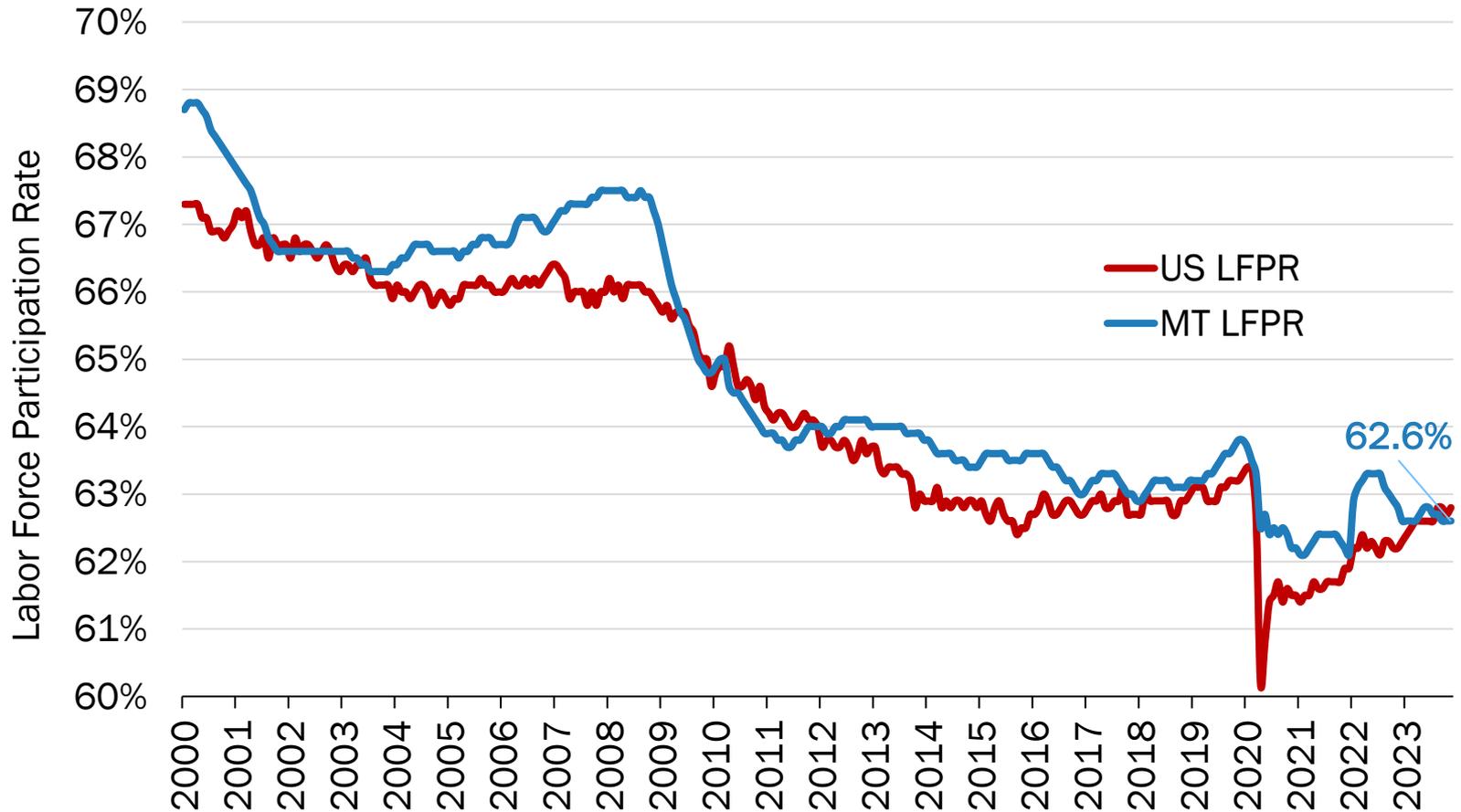
- retired people
- children
- students
- family caretakers

Together, the **EMPLOYED** and the **UNEMPLOYED** form the **LABOR FORCE**, which includes all Montanans who are either working or looking for work.



Labor Force Participation Rate Declines

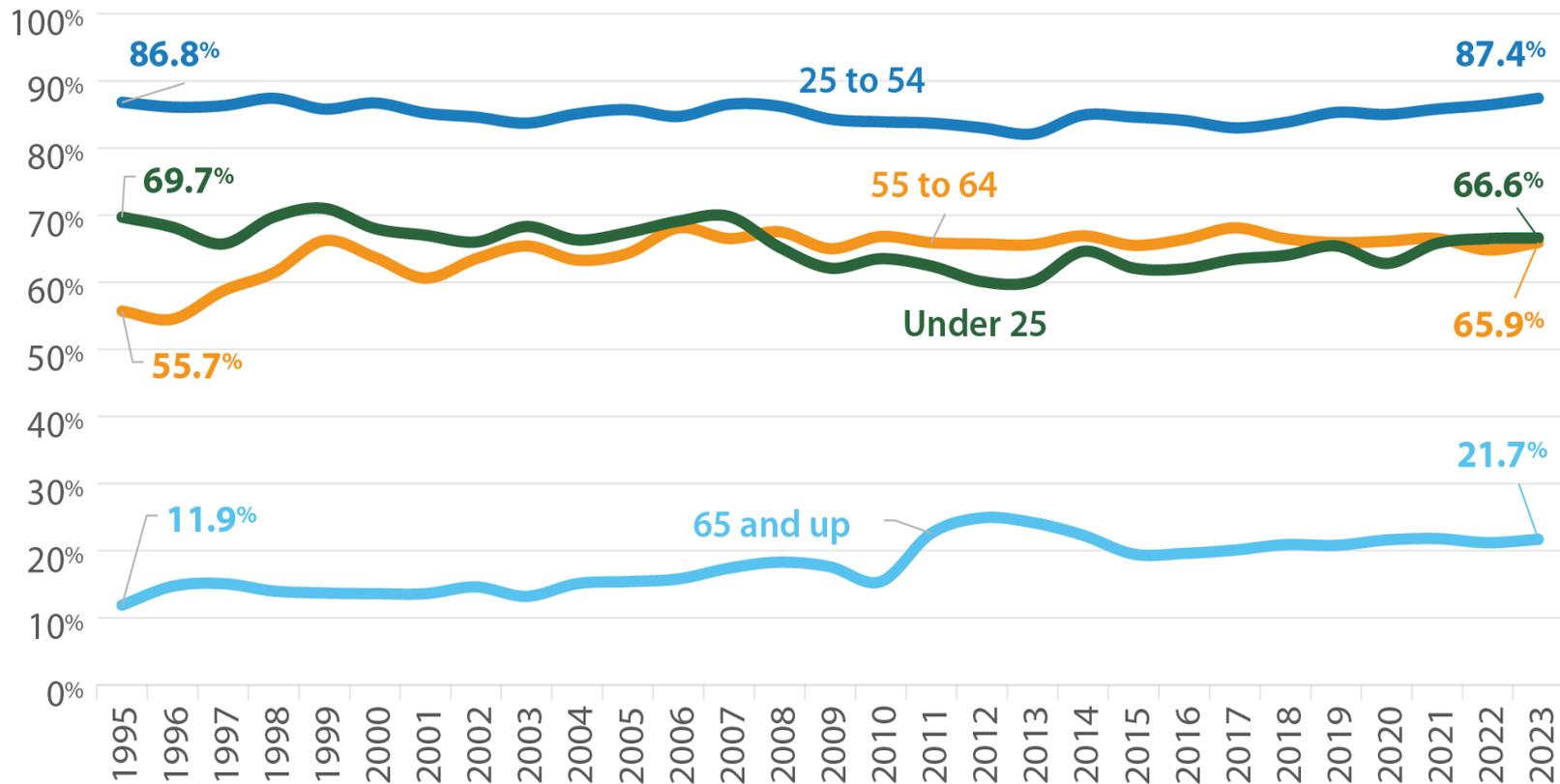
About 63% of Percent of Population Working or Actively Seeking Work



Source: IPUMS Current Population Survey, Jan 2000 to November 2023. Reported as twelve-month moving average.

Labor Force Participation by Age

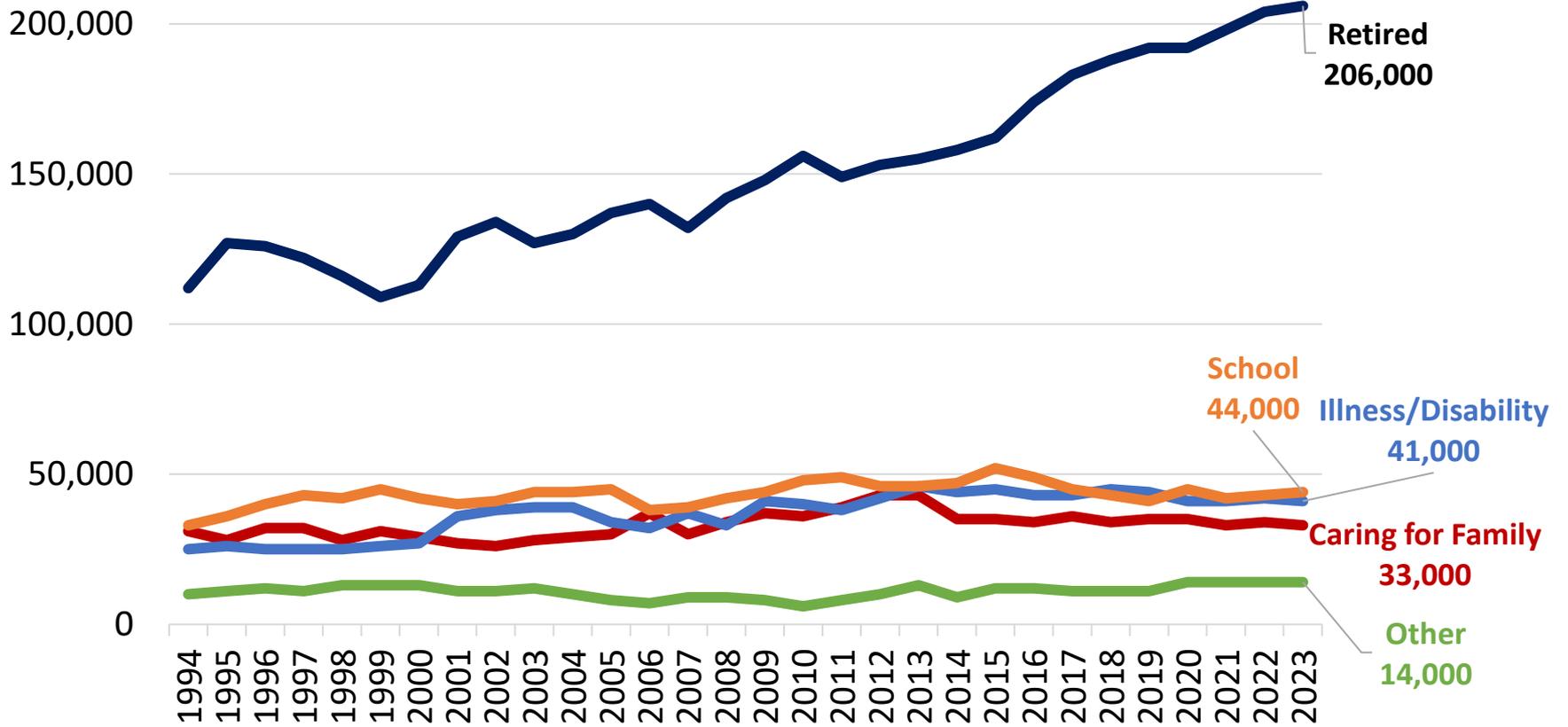
Long-run increases in labor force participation within every age group



Source: IPUMS Current Population Survey, Jan 1995- May 2023. Twelve-month moving averages, rounded to the nearest thousand.

Reasons Montanans are not in the Labor Force

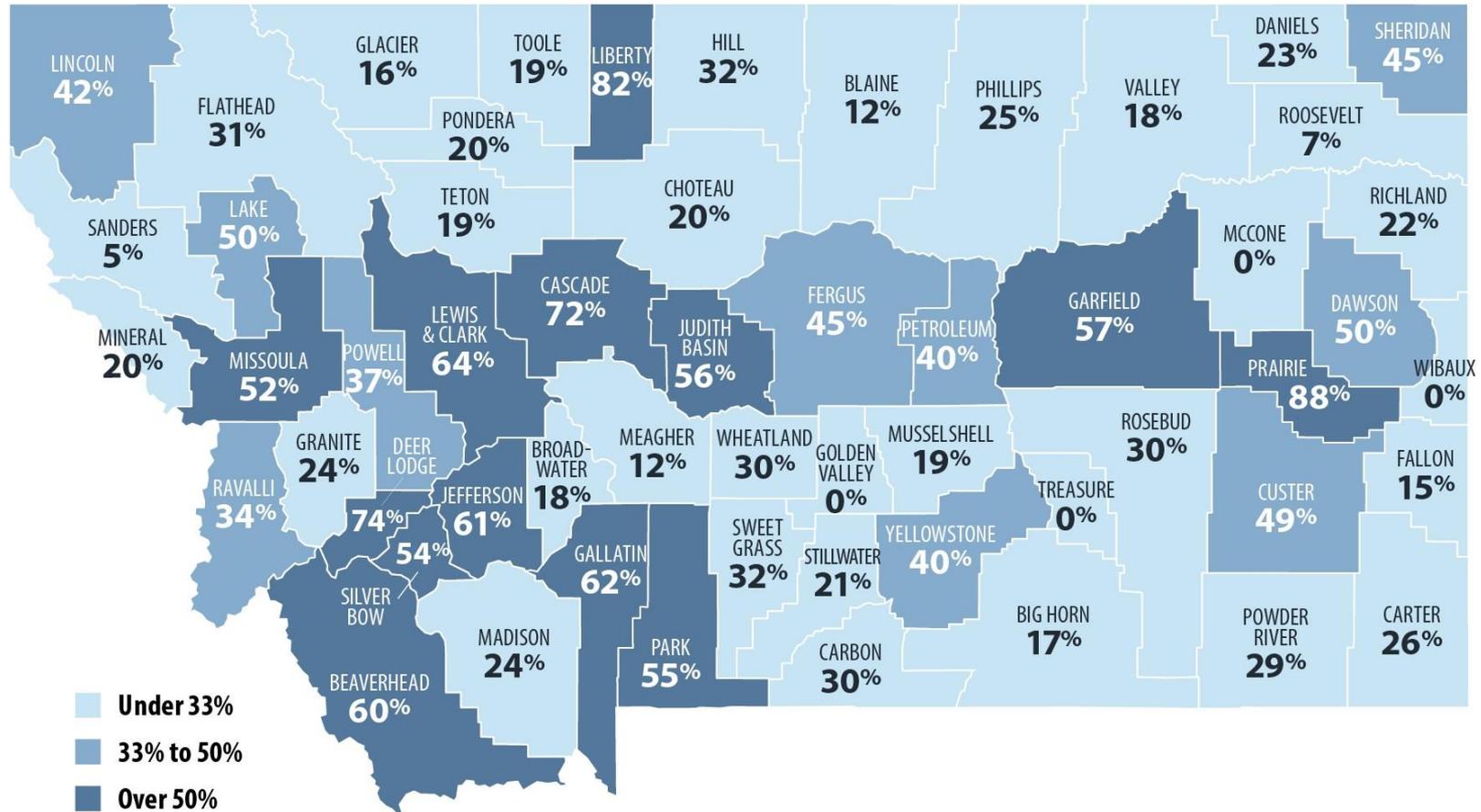
Aging Population and Increased Retirements Drive Long-run LFPR Decline



Source: IPUMS Current Population Survey, Jan 1995- November 2023. Twelve-month moving averages, rounded to the nearest thousand.

Childcare Availability Limits Workforce Participation

Licensed capacity meets only 44% of estimated demand in 2023



Source: Produced by the MTDLI. Childcare Capacity Data Provided by MT DPHHS as of 12/2023. Demand is equal to the number of children under age six living in the working parent households.



Montana Department of
LABOR & INDUSTRY

Solutions for Tight Labor Market

REDUCE WORKER DEMAND

- Labor-saving technological advancements
- Increased productivity

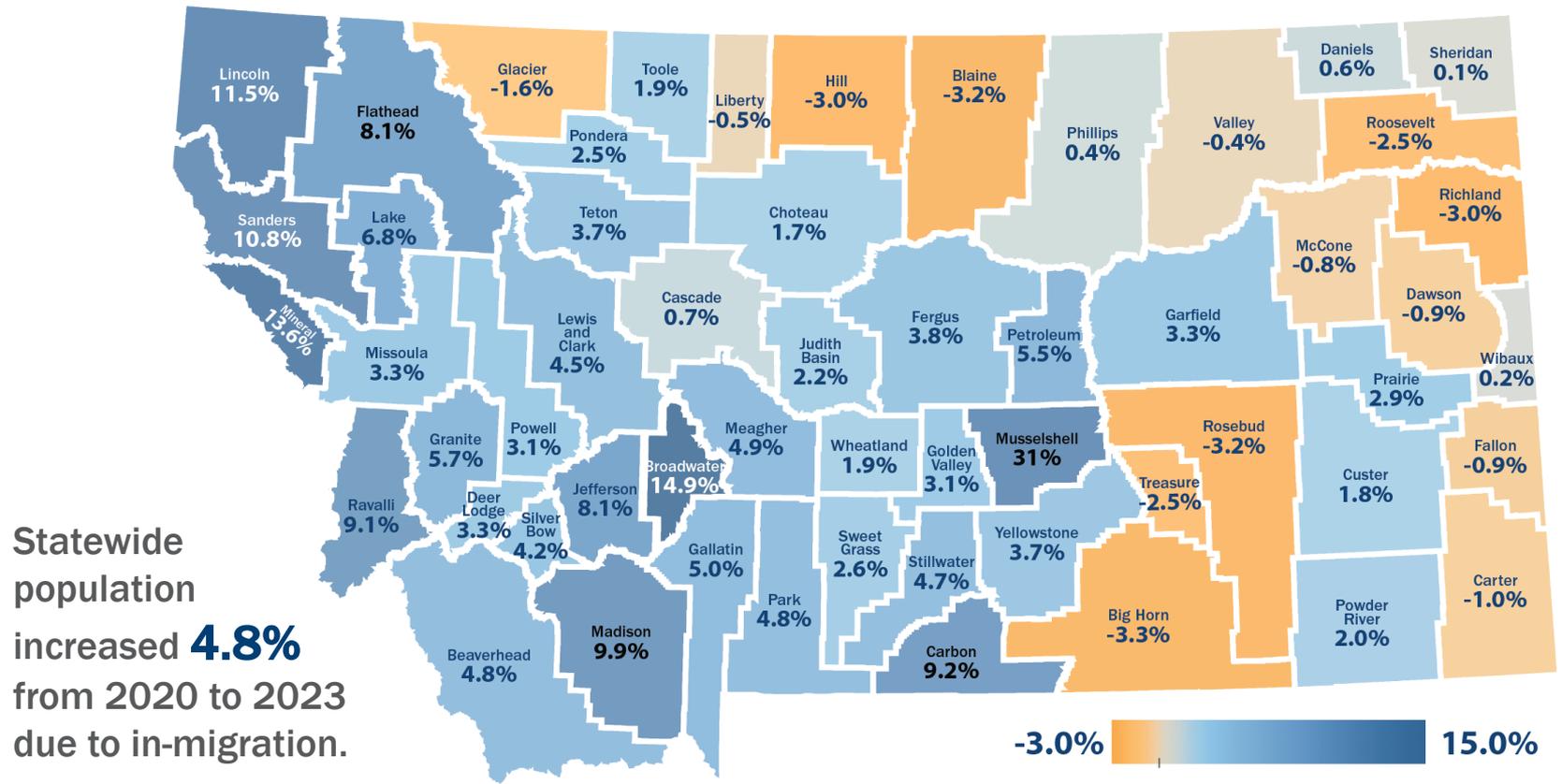
INCREASE WORKER SUPPLY

- Increase labor force participation rate
- In-migration



In-Migration Spikes Post-Pandemic

Montana ranks 4th in the nation for highest rate of in-migration since 2020

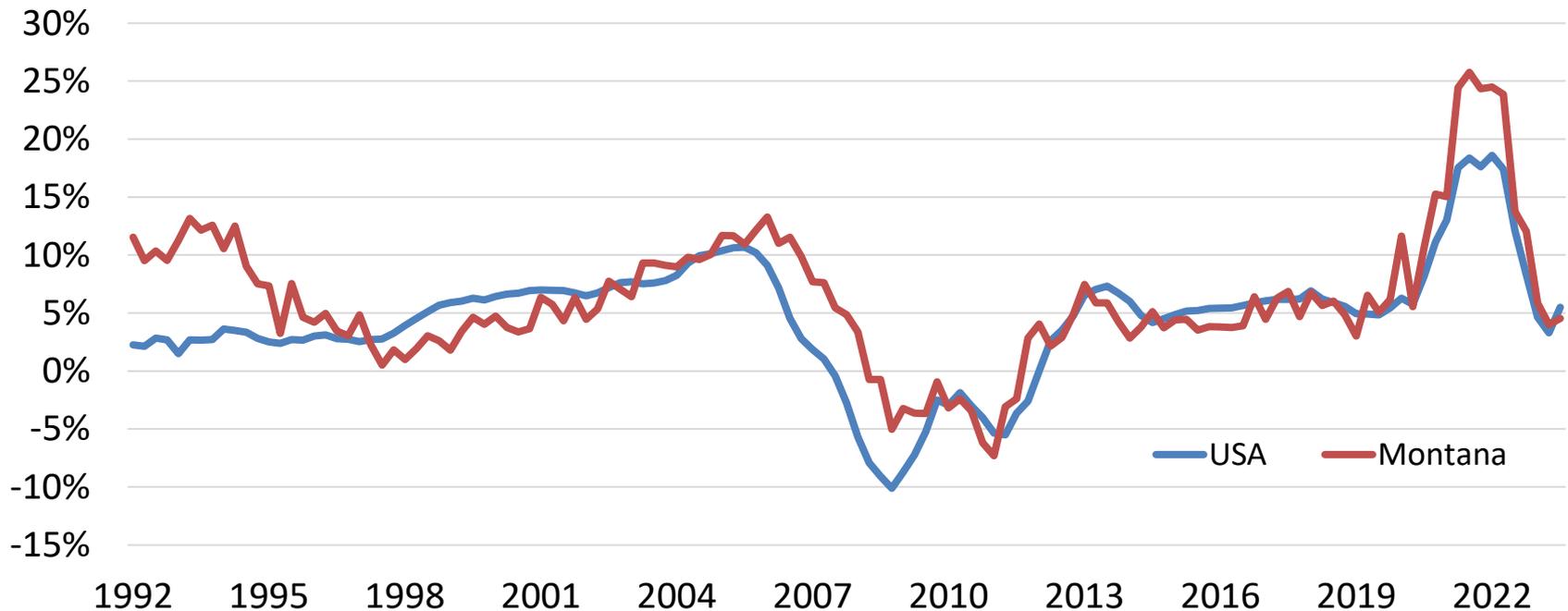


Source: US Census Bureau, Annual Resident Population Estimates, Estimated Components of Resident Population Change, and Rates of the Components of Resident Population Changes for Counties: April 1, 2020 to July 1, 2022. State statistics through July 1, 2023.

Montana Housing Market

Montana ranks **11th** among states for fastest home price appreciation since 2020. The typical home value in Montana averaged **\$443,000** in the third quarter of 2023, **up 56%** from the beginning of 2020.

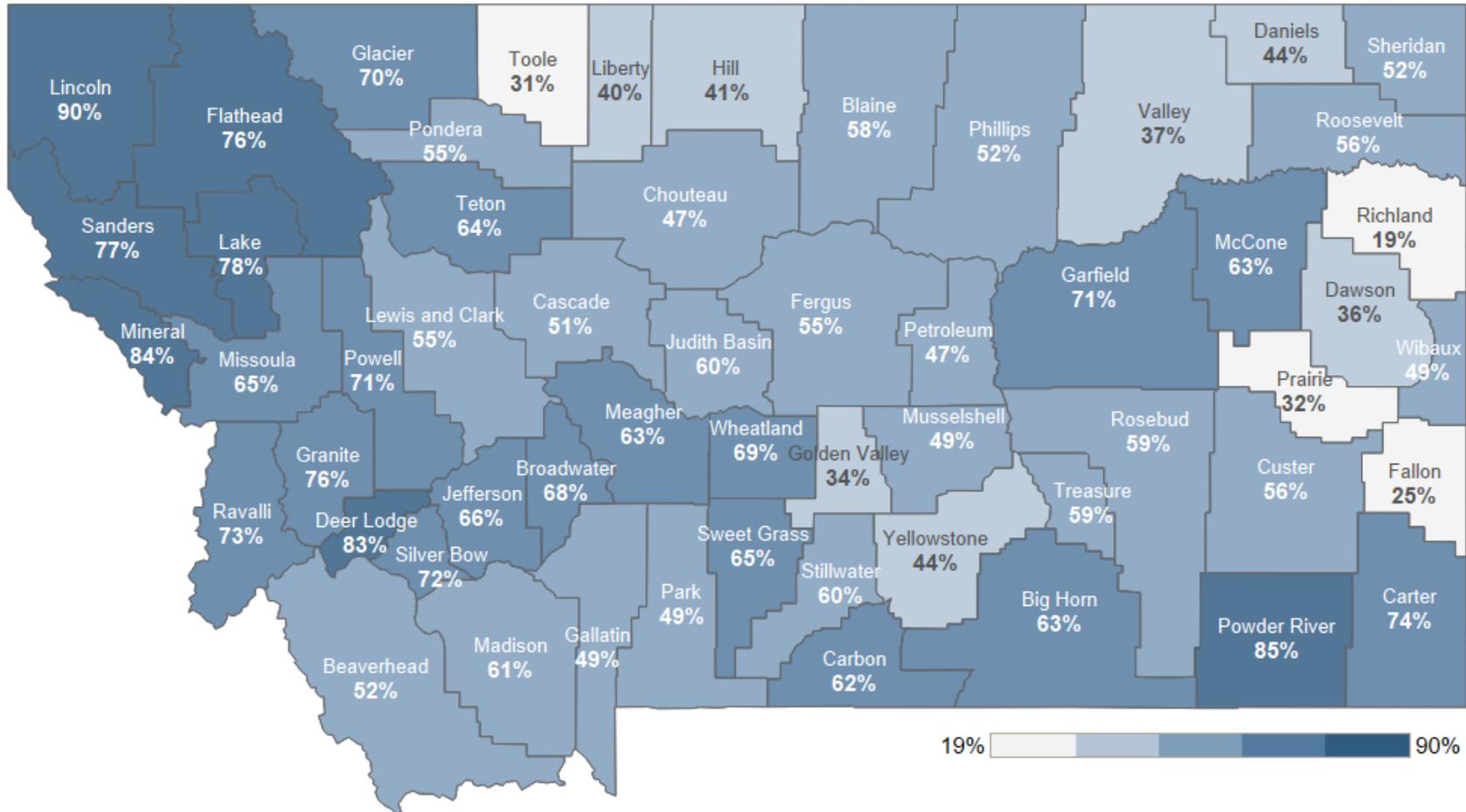
Annual Percent Change in House Prices



Source: FHFA. HPI. Purchase-Only Index. Data shown through 2023 Q3. Typical home value reported by Zillow Research Data. ZVHI for All Homes. Average of July-Sept 2023.

Home Price Growth Concentration in West

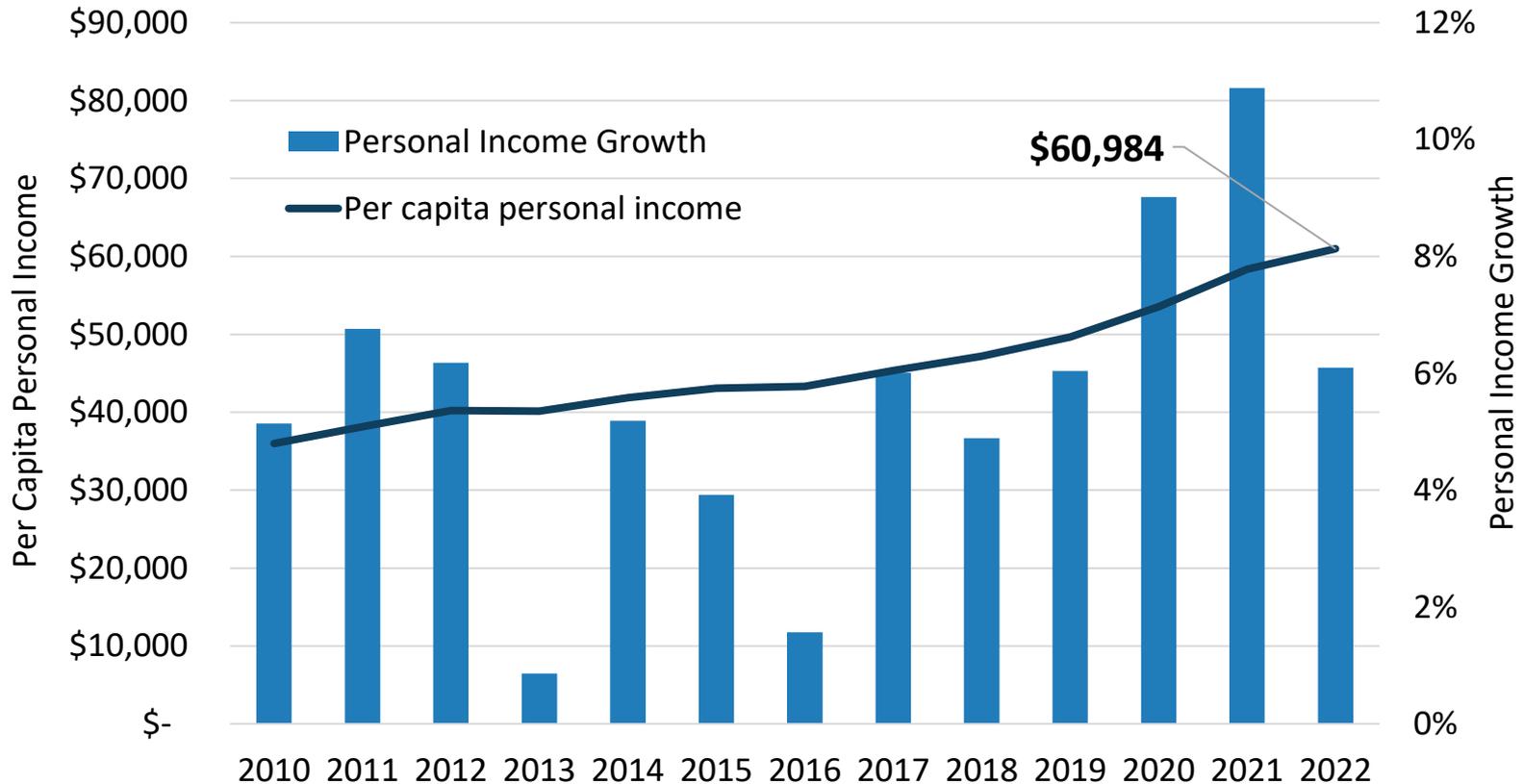
Percent Change in Typical Home Values (2020Q1 to 2023Q4*)



Source: Zillow Research Data. ZVHI for All Homes. *2023 Q4 data shown through November 2023.

Per Capita Personal Income

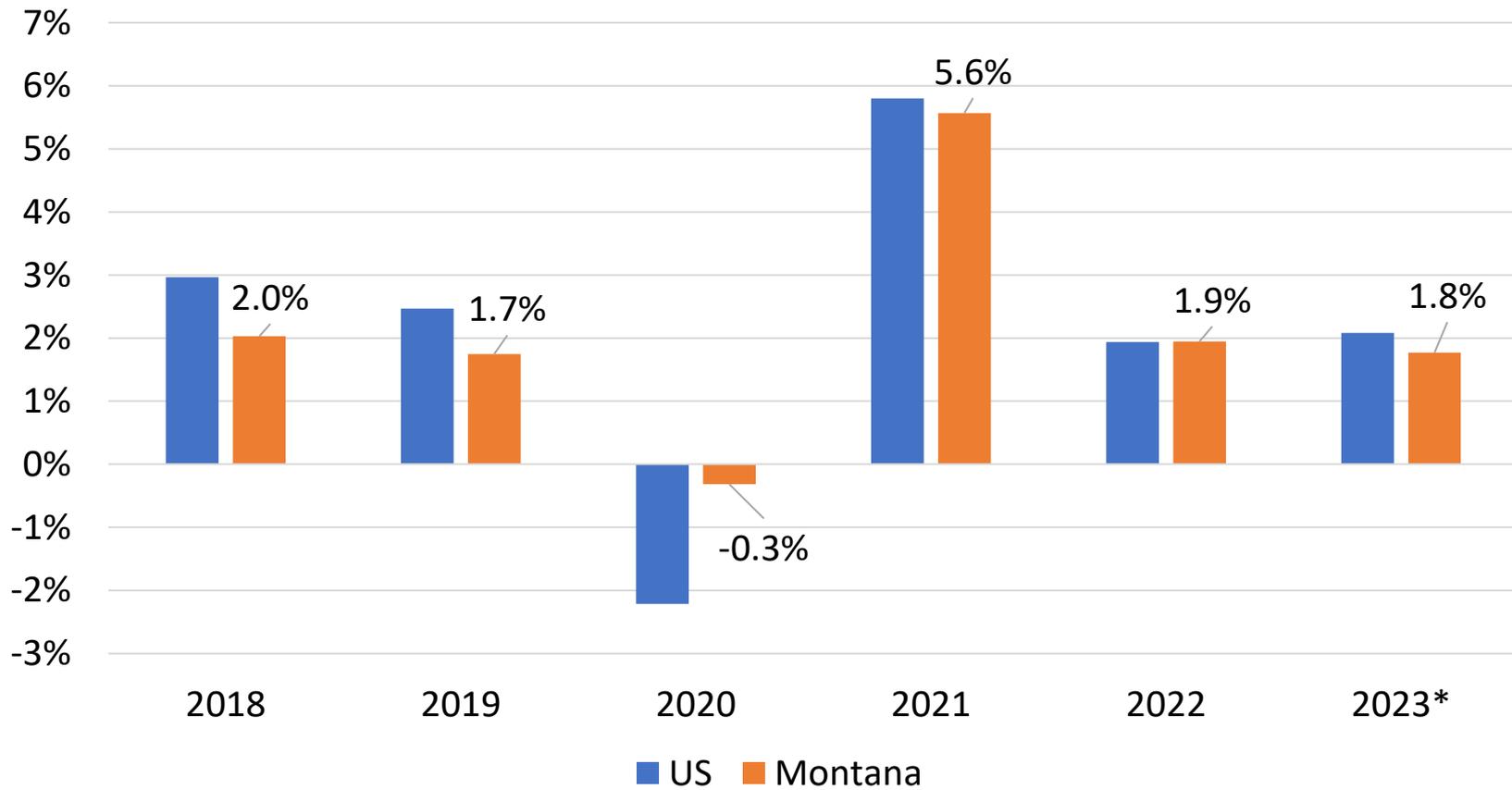
Reaches record-high in 2022 – ranking Montana 29th highest among states.



Source: US Bureau of Economic Analysis

Steady Economic Growth in Montana

Following an extraordinary growth in 2021, Montana returns to long-run trend.



Source: Bureau of Economic Analysis. *Data for 2023 shown as average through 3rd quarter.

Looking forward to 2024 and beyond...

Continued Economic Growth supported by

- Strong labor market
- Healthy household balance sheets
- Continued business growth and innovation

Addressing Headwinds to Economic Growth

- Inflation moderating
- Productivity enhancements and continued population growth





2023 Labor Day Report available at Imi.mt.gov/publications

Amy Watson, State Economist, MTDLI

awatson@mt.gov