

MACRO Report: Review of Wyoming's Economy



Economic Update as of December 31, 2018

The MACRO Report is a quarterly publication comprised of charts focusing on energy, employment, state revenues, and other indicators pertaining to the state of Wyoming.



WYOMING DEPARTMENT
OF ADMINISTRATION & INFORMATION

WYOMING MACRO Report

Summary: Modest Expansion Seen in Wyoming's Economy in 2018.

- **Employment** – Total nonfarm employment grew by 9,000 jobs (+3.2%) in November compared to previous year; leisure & hospitality (+3,300) recorded the largest private sector gain while retail trade (-300) and other services (-100) were the only private sectors to report job losses.
- **Energy** – December average price for Opal natural gas settled at \$5.04 per MMBtu while WTI oil fell to \$50.37 per bbl.; oil & gas rig count was 34 in December compared to 25 one year ago; November oil & gas jobs decreased by 100 in a year-ago comparison.
- **Revenues** – First six months of FY 2019 sales and use tax collections ahead of last year by 12.3%; 11 of 12 industry sectors that were tracked recorded year-over-year gains; **Converse County** realized the largest increase in collections (+\$12.5 million) in fiscal 2019 while **Sublette County** had the largest loss (-\$2.2 million). After six months of FY19, year-to-date severance tax revenue exceeded last year by 13.1%.
- **Personal income, home price appreciation, and building permits** – Personal income for Q3 of 2018 saw an annualized increase of 3.3% for the state compared to the previous quarter. Purchase and refinance mortgages house price index reported a Q3 year-over-year increase in home prices for Wyoming of 5.0% while Casper and Cheyenne saw increases of 6.1% and 5.7%, respectively. State-wide, single family units permitted year-to-date through end of October decreased by 1.6% over the previous year.



Economic Activity:

Most Indicators Point to Slow Growth in 2018

- Positives:
 - ✓ Business-cycle indexes suggest improving Wyoming, Casper, and Cheyenne economies.
 - ✓ State sees year-over-year nonfarm job growth.
 - ✓ Rebounding oil production in 2018.
 - ✓ Double-digit growth in sales & use tax and severance tax collections in fiscal 2019.
- Concerns:
 - ✓ Labor force is still shrinking; minimal job growth in oil & gas sub-sector.
 - ✓ Natural gas and coal production show over-the-year declines.
 - ✓ State lags the region and the U.S. in personal income growth.
 - ✓ Spending in construction industry is down; state-wide single family building permits lagging last year's count.

Economy Metrics: Wyoming, Casper, and Cheyenne

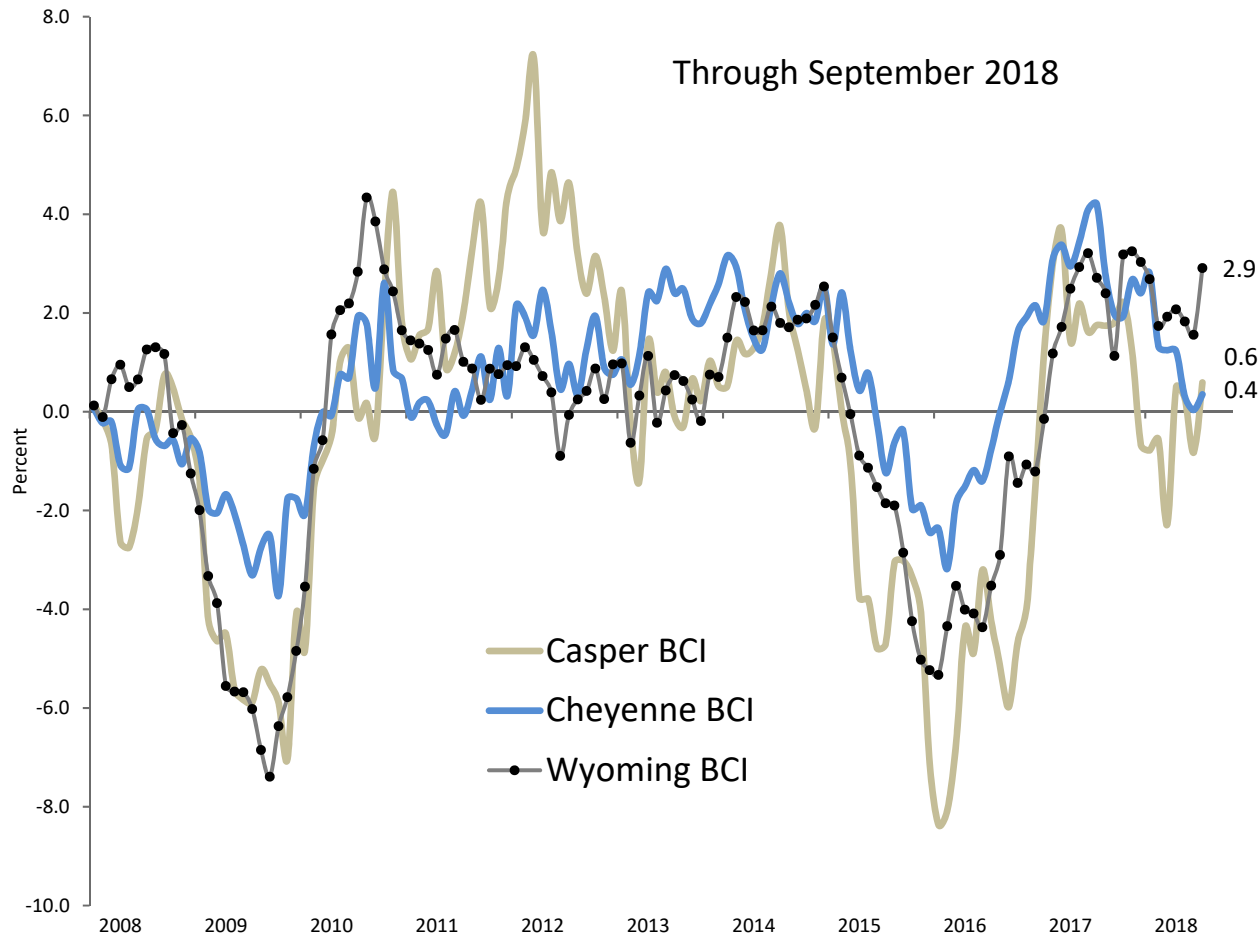
	Wyoming				Casper MSA				Cheyenne MSA			
	Current Period	Year Ago	Annual % Change		Current Period	Year Ago	Annual % Change		Current Period	Year Ago	Annual % Change	
(1) EAD Business-Cycle Indexes	101.23	98.37	2.9%	▲	96.95	96.38	0.6%	▲	106.87	106.50	0.3%	▲
(2) Sales and Use Tax Collections (millions)	\$403.1	\$359.0	12.3%	▲	\$44.9	\$39.8	12.8%	▲	\$53.2	\$46.8	13.7%	▲
(3) Nonfarm Employment (000s)	290.9	281.9	3.2%	▲	38.8	38.5	0.8%	▲	46.8	46.2	1.3%	▲
(4) Labor Force (000s)	288.7	291.6	-1.0%	▼	39.0	39.6	-1.5%	▼	47.6	47.8	-0.4%	▼
(5) Private Sector Jobs (000s)	218.0	208.6	4.5%	▲	33.4	32.9	1.5%	▲	33.3	32.8	1.5%	▲
(6) Private Sector Weekly Earnings	\$929	\$831	11.8%	▲	\$956	\$898	6.5%	▲	\$821	\$776	5.8%	▲
(7) Single Family Building Permits (units)	1,274	1,295	-1.6%	▼	124	135	-8.1%	▼	340	335	1.5%	▲
(8) FHFA All-Transactions Home Price Index	320.0	304.8	5.0%	▲	282.9	266.7	6.1%	▲	248.5	235.0	5.7%	▲
(9) Personal Income (millions)	\$34,713	\$33,234	4.5%	▲	\$5,332	\$5,247	1.6%	▲	\$4,972	\$4,773	4.2%	▲
(10) Gross Domestic Product (millions)	\$40,384	\$37,959	6.4%	▲	\$6,294	\$5,721	10.0%	▲	\$5,754	\$5,649	1.9%	▲

Data sources:

- (1) Economic Analysis Division (EAD), Dept. of Administration & Information, State of Wyoming (Sep 2018);
- (2) Dept. of Revenue, State of Wyoming, (state-wide 4% fiscal year-to-date sales and use tax collections) (Dec 2018);
- (3) Seasonally adjusted (SA), (4) Not seasonally adjusted (NSA), (5) NSA, & (6) NSA, (U.S. Bureau of Labor Statistics, CES) (Nov 2018);
- (7) U.S. Census Bureau, (NSA), (calendar year-to-date Oct 2018);
- (8) Federal Housing Finance Agency (FHFA), All-Transactions Index, (Q1 1991 = 100.0) (NSA) (Q3 2018);
- (9) U.S. Bureau of Economic Analysis, WY: Quarterly Personal Income (Current-Dollar) (Q3 2018), Casper and Cheyenne: Annual Personal Income (Current-Dollar) (2017);
- (10) U.S. Bureau of Economic Analysis, WY: Quarterly GDP (Current-Dollar) (Q2 2018), Casper and Cheyenne: Annual GDP (Current-Dollar) (2017).



Coincident Indexes: Wyoming, Casper, and Cheyenne Year-over-Year Percent Change in Index Values



Note: The **Wyoming Business-Cycle Index** unites four state-level indicators to sum up current economic conditions in a single number. The indicators consist of:

1. unemployment rate
2. private sector jobs and wages
3. mining sector sales & use tax collections
4. national park visits.

The **Casper** and **Cheyenne Business-Cycle Indexes** combine four city and county-level indicators to sum up current economic conditions in a single number. The indicators consist of:

1. unemployment rate
2. private sector jobs and wages
3. total 4% sales & use tax collections
4. median home prices.

Source: Economic Analysis Division, Dept. of Administration & Information, State of Wyoming.

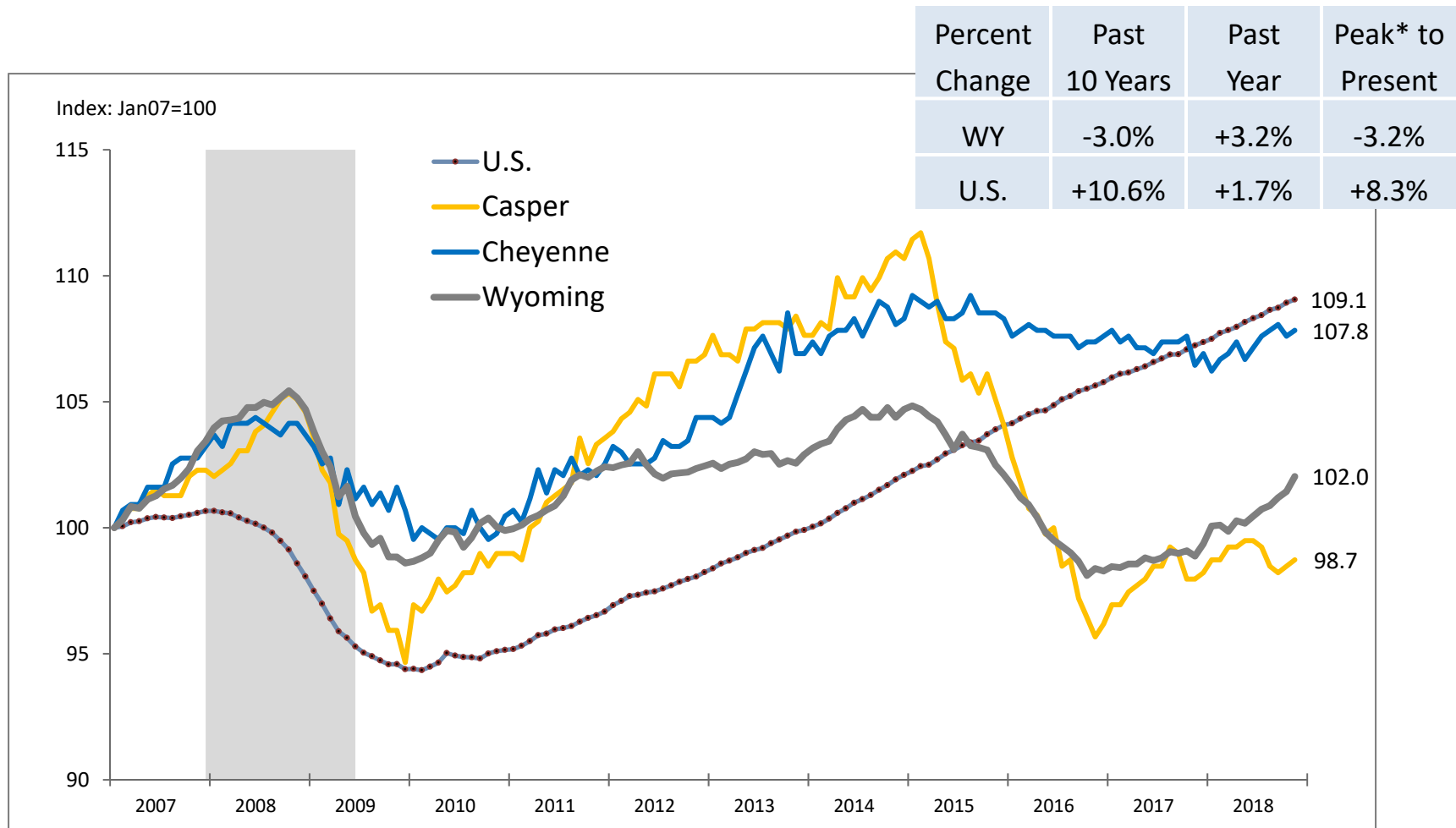


Employment:

Steady Year-over-Year Job Growth Realized in 2018

- State-wide employment gained 9,000 jobs (+3.2%) when compared to November 2017.
- Leisure & hospitality industry led the private sector by adding 3,300 jobs in November 2018 followed by construction (+2,900).
- Casper realized job growth of 400 jobs (+1.0%) while Cheyenne job total increased by 500 jobs (+1.1%) in an November year-over-year comparison.

Nonfarm Employment: Casper, Cheyenne, WY, & U.S. Through End of November 2018 — Seasonally Adjusted



Source: Bureau of Labor Statistics.

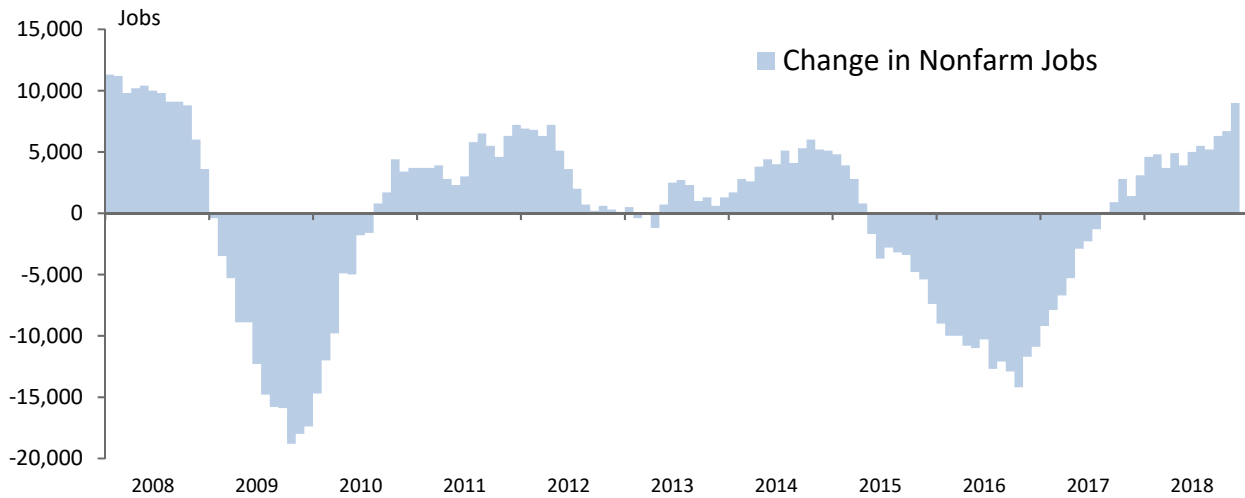
Note: Shaded area represents U.S. recession.

*Refers to pre-recession peak.

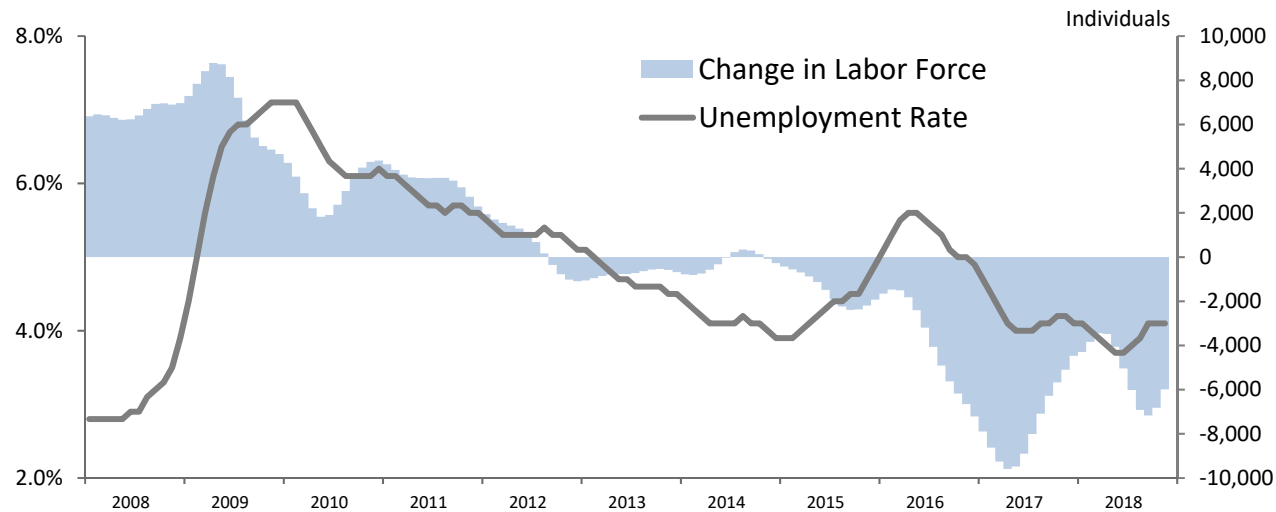


WY Nonfarm Jobs, Labor Force, and Jobless Rate Seasonally Adjusted

Source: U.S. Bureau of Labor Statistics.



November year-over-year job growth was estimated to be +9,000 jobs (+3.2%).

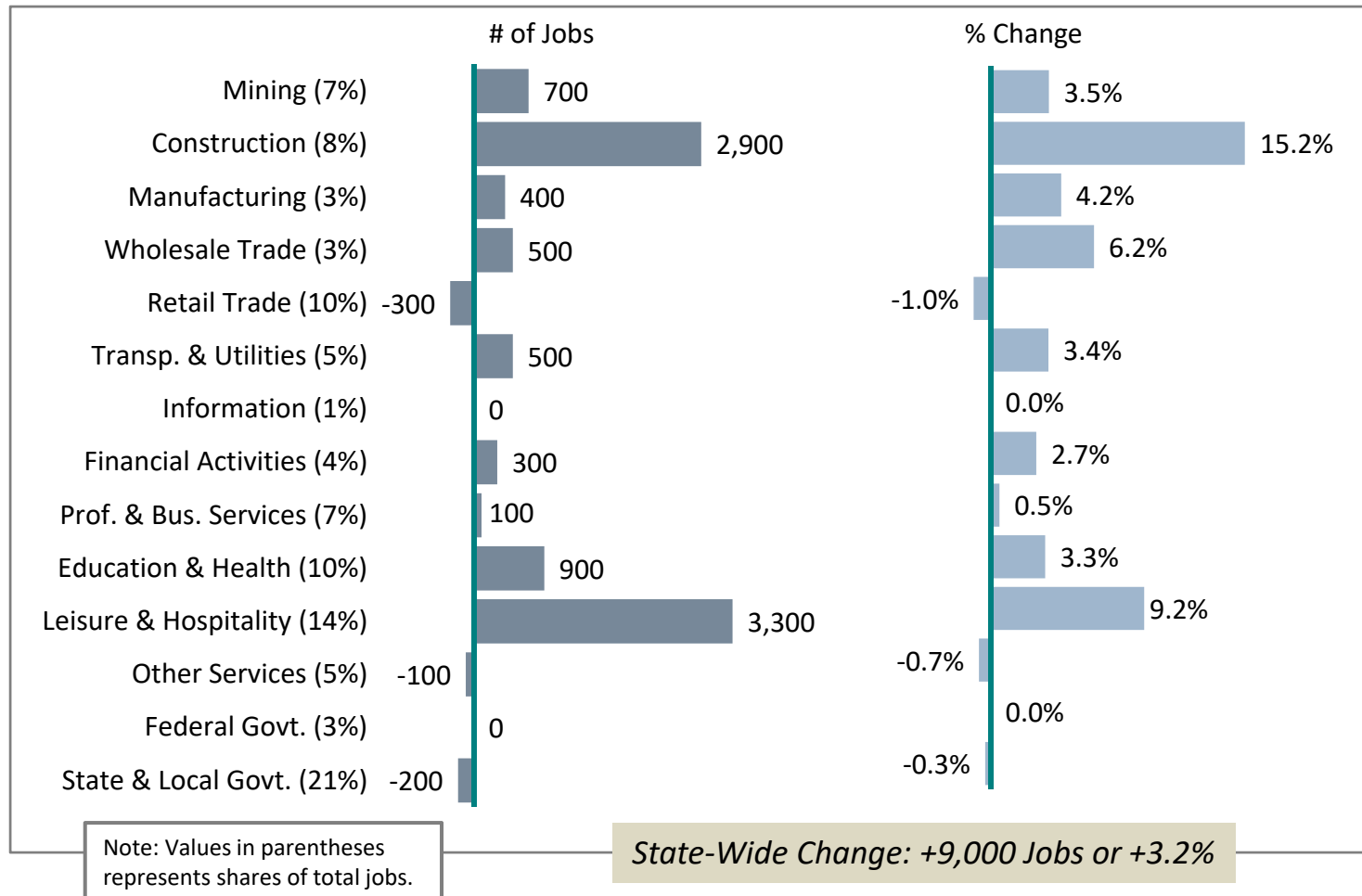


Wyoming's labor force contracted by 5,994 jobs (-2.1%) in November in a year ago comparison. Jobless rate was 4.1% for the month.



WY Employment Change: Nov 2018 vs. Nov 2017

Year-over-Year — Seasonally Adjusted



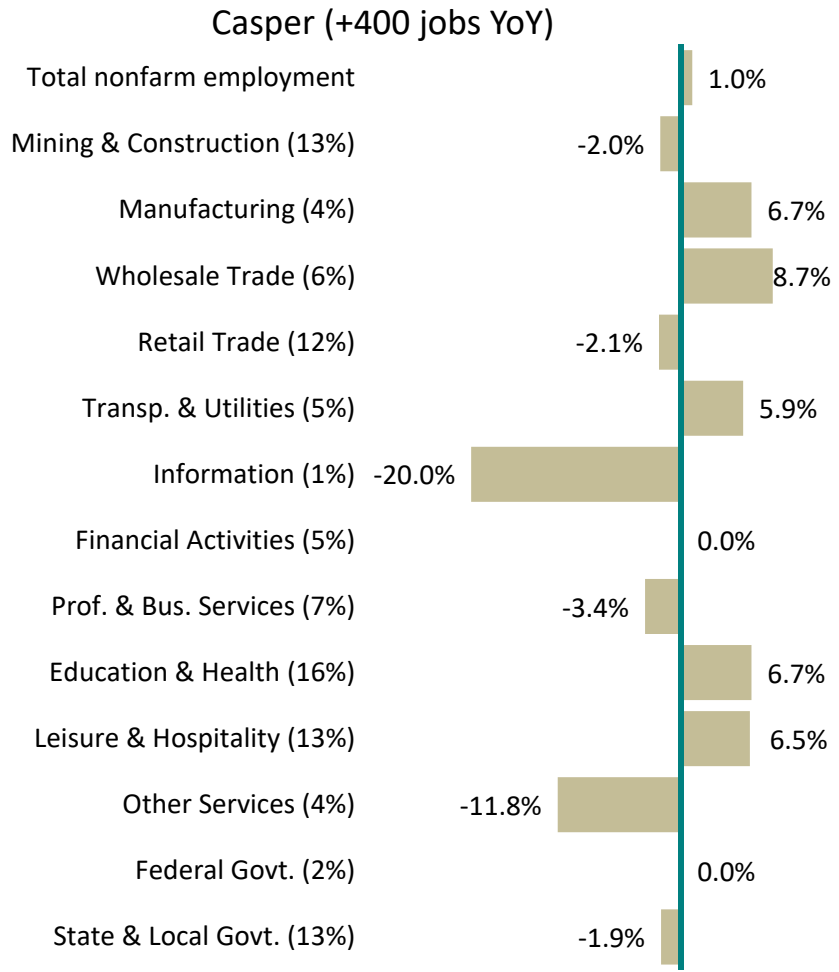
Source: U.S. Bureau of Labor Statistics.

Note: The State & Local Government sector includes jobs affiliated with K-12 & higher education and public hospitals.



Casper & Cheyenne Job Change: Nov 2018 vs. Nov 2017

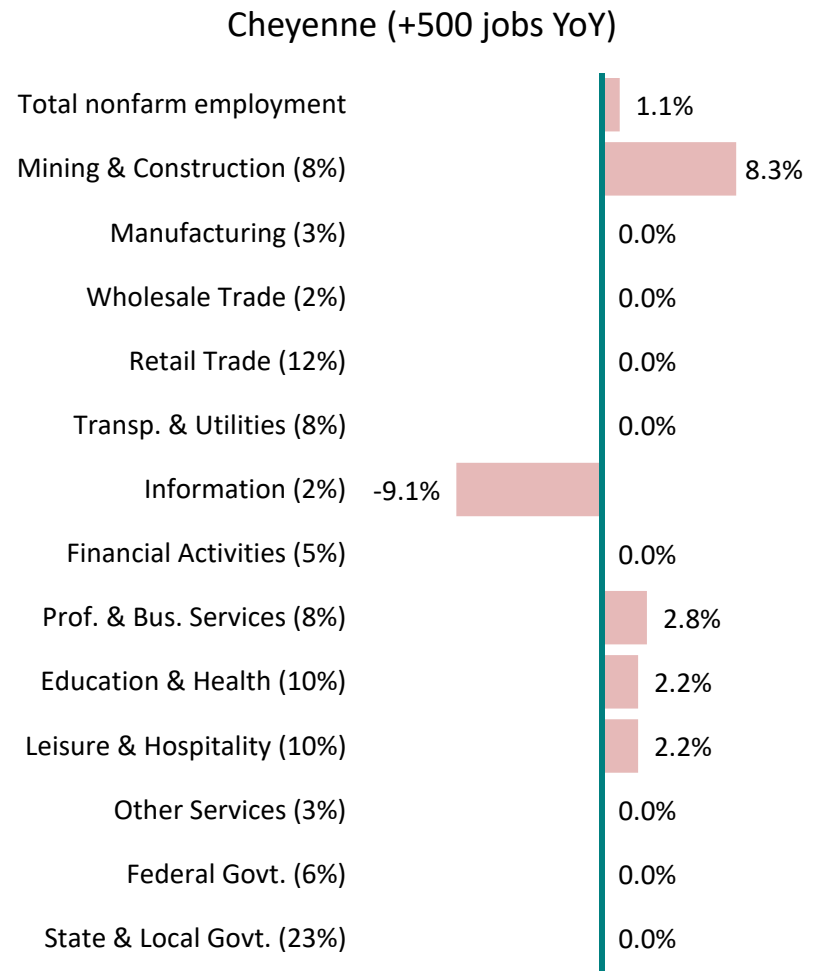
Year-over-Year — Not Seasonally Adjusted



Note: Values in parentheses represent shares of total employment.

Source: U.S. Bureau of Labor Statistics.

Note: The State & Local Government sector includes jobs affiliated with K-12 & higher education and public hospitals.



Note: Values in parentheses represent shares of total employment.

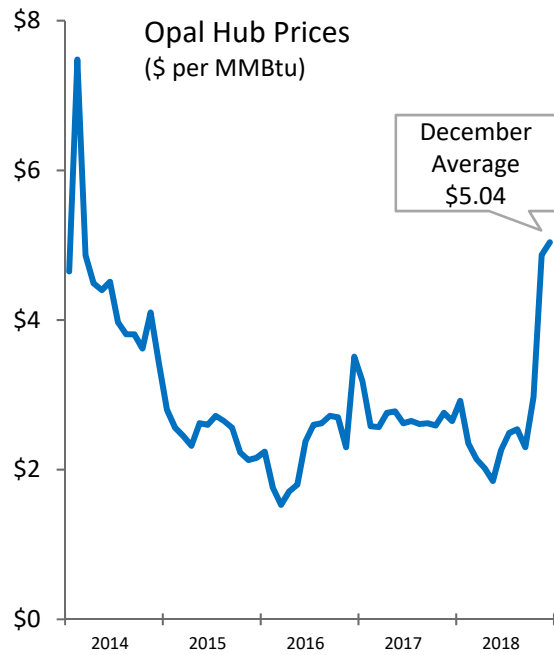


Energy:

Jobless Recovery in the Oil & Gas Sub-Sector Despite Increasing Oil Production

- The December price of Opal natural gas averaged \$5.04 per MMBtu for the month; WTI oil price declined to \$50.37 per bbl.
- Oil production (+15.4%) increased by end of October 2018 but natural gas production was down (-3.5%) in a year-over-year comparison; twelve months of coal production (-4.4%) in 2018 was lagging 2017 output.
- Oil & gas jobs were at 12,300 in November 2018, a decrease of 100 compared to a year ago; oil and gas rig counts at 34 in December, 9 better than December 2017.

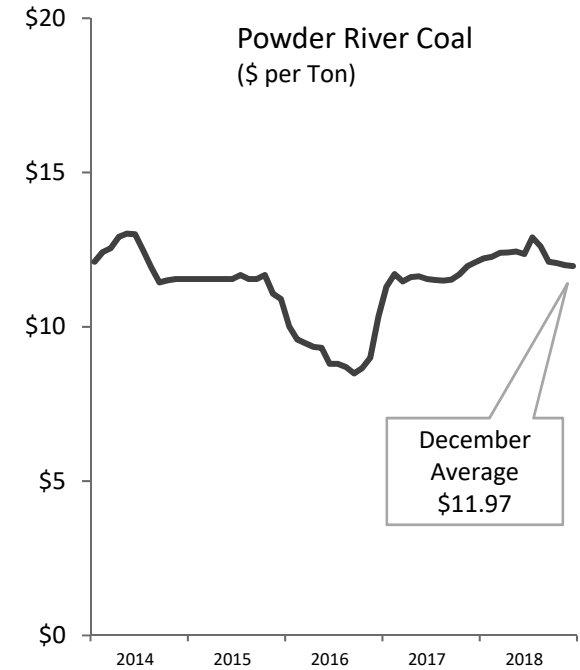
Natural Gas, Crude Oil, and Coal Prices



As of December 21, 2018
Fiscal Year 2019 Average Price:
\$3.24
Calendar Year 2018 Average Price:
\$2.74



As of December 21, 2018
Fiscal Year 2019 Average Price:
\$65.23
Calendar Year 2018 Average Price:
\$65.36

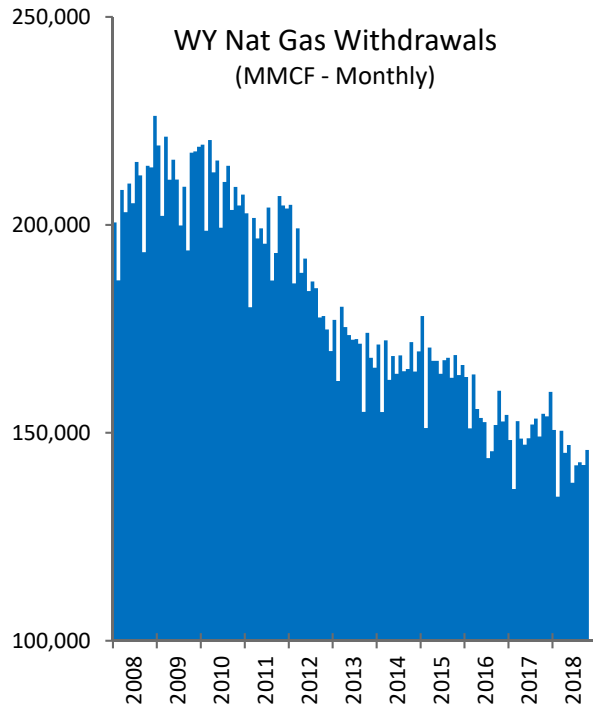


As of December 21, 2018
Fiscal Year 2019 Average Price:
\$12.30
Calendar Year 2018 Average Price:
\$12.23

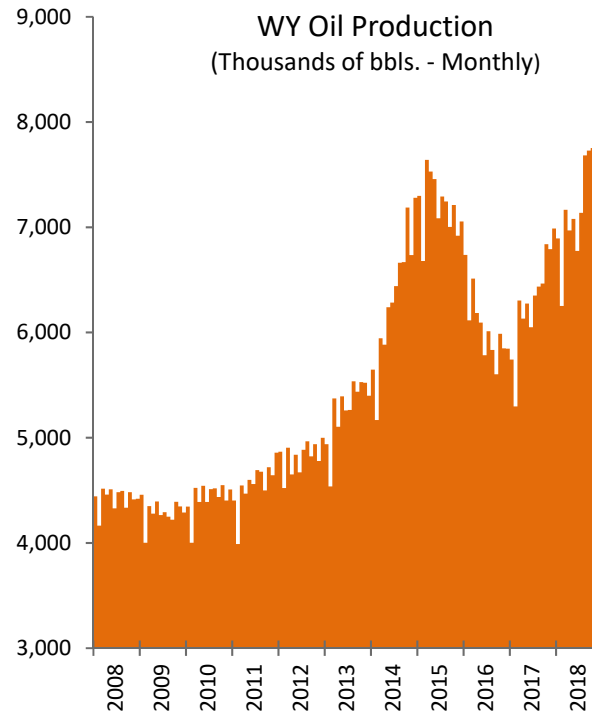
Source: Bloomberg.



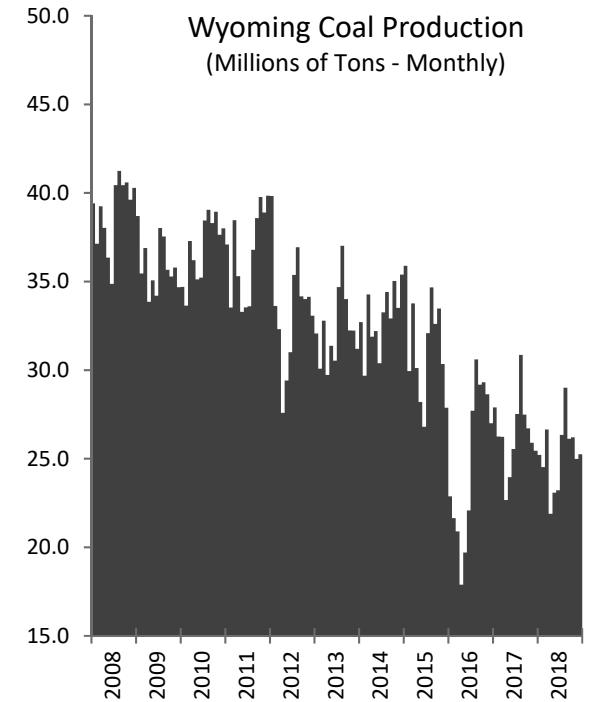
WY Natural Gas, Crude Oil, and Coal Production



Cumulative Change YTD:
Oct 2018 vs. Oct 2017
-3.5%



Cumulative Change YTD:
Oct 2018 vs. Oct 2017
+15.4%

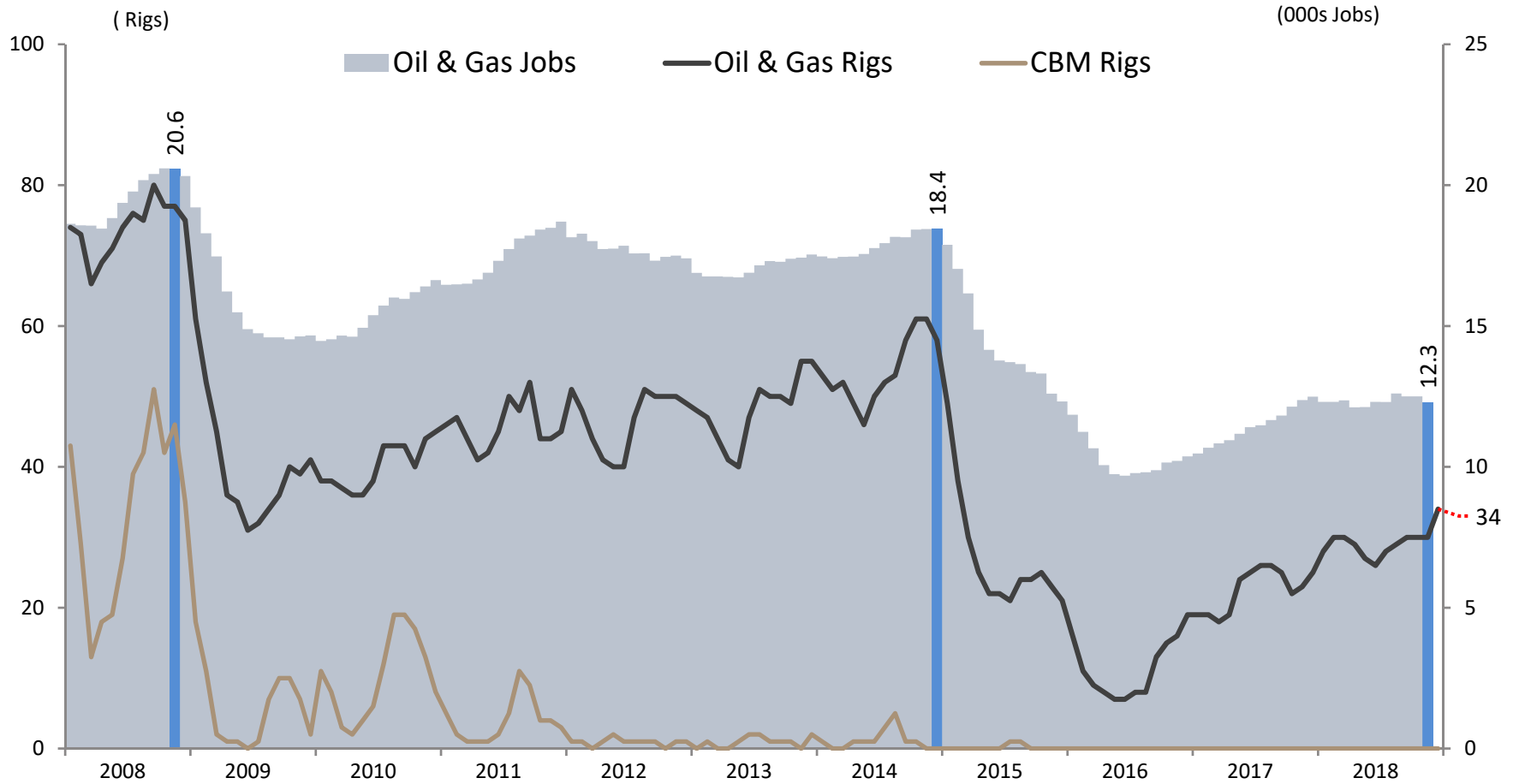


Cumulative Change YTD:
Dec 2018 vs. Dec 2017
-4.4%

Source: Energy Information Administration.



WY Oil & Gas Jobs and Rig Counts



Source: WY Oil and Gas Conservation Commission; U.S. Bureau of Labor Statistics.

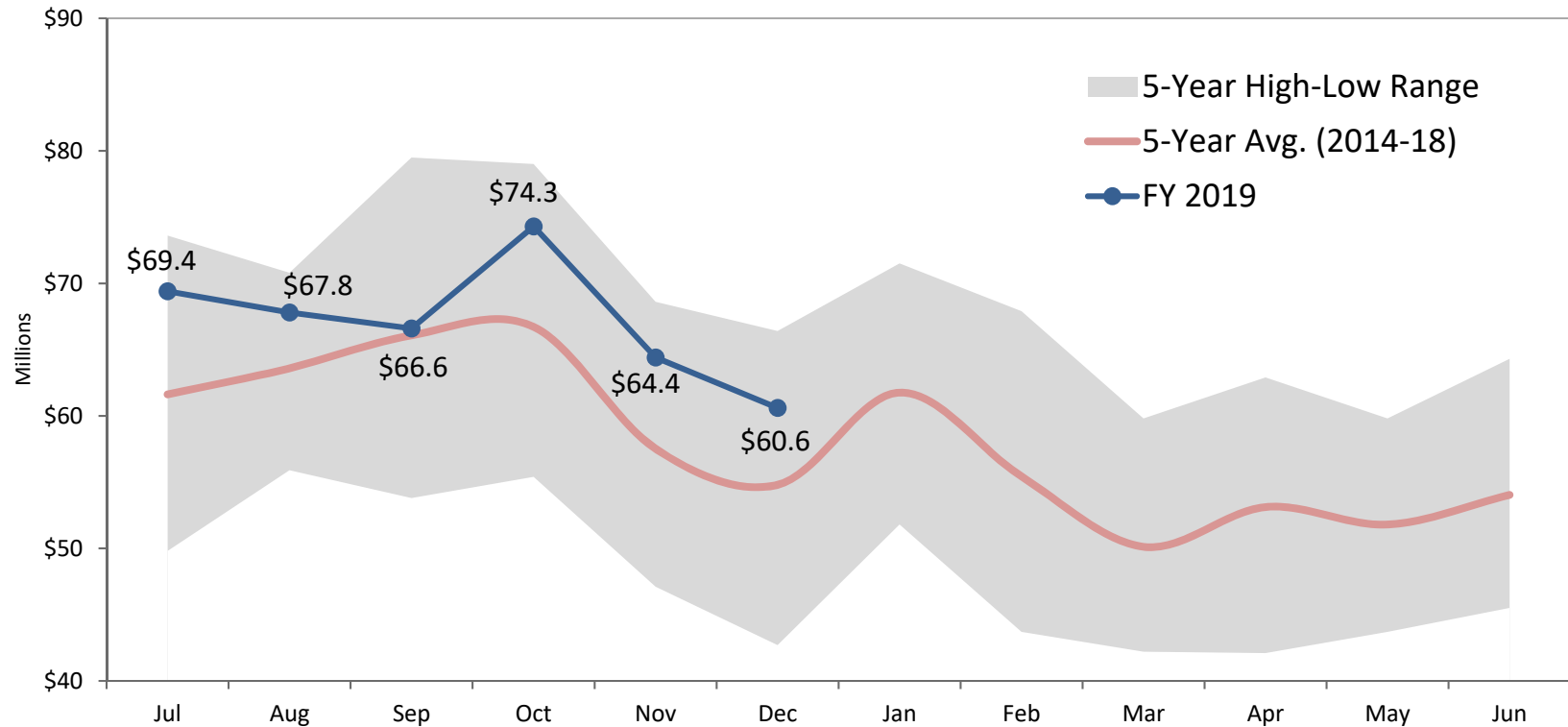


State Revenues:

Sales & Use and Severance Tax Collections Remain Strong at Mid-Point of Fiscal 2019

- After six months of collections for fiscal 2019, sales and use taxes were \$44.1 million or 12.3% ahead of last year.
- Severance tax collections increased by \$39.2 million or 13.1% in first six months of fiscal 2019 compared to 2018.

WY State-Wide 4% Sales and Use Tax Collections: All Sectors



After six months, FY19 collections were \$44.1 million (+12.3%) ahead of fiscal 2018. **Converse County** grew the fastest among all 23 counties with a pace of 61.4%.

Source: WY Dept. of Revenue.

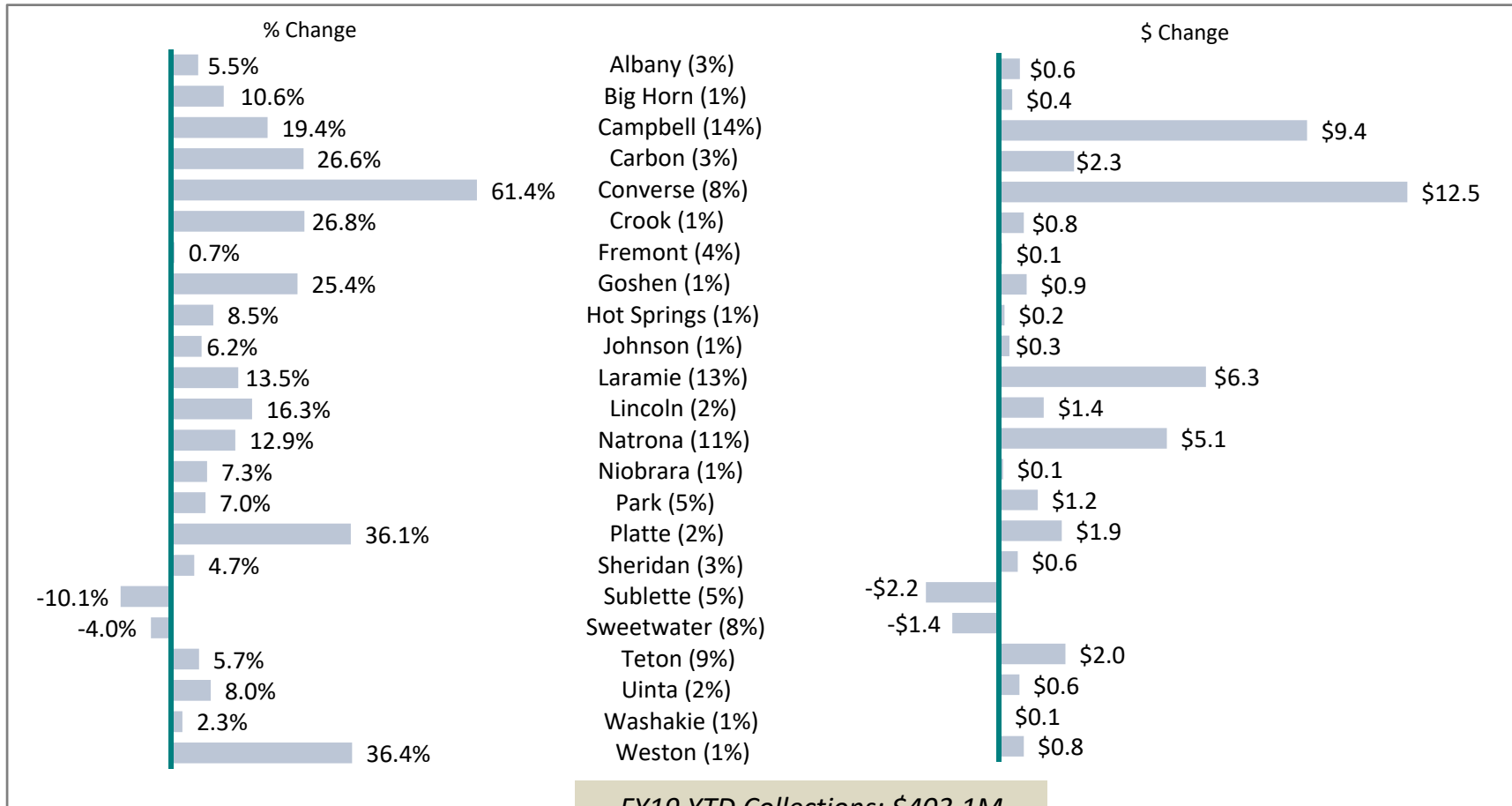
Note: Includes both the state and local shares of the state-wide 4% sales and use tax collections on a cash receipts basis.



WY State-Wide 4% Sales and Use Tax Collections by County

Change in Percent and Dollars (Millions)

Fiscal 2019 vs. Fiscal 2018 — Six Months of Collections



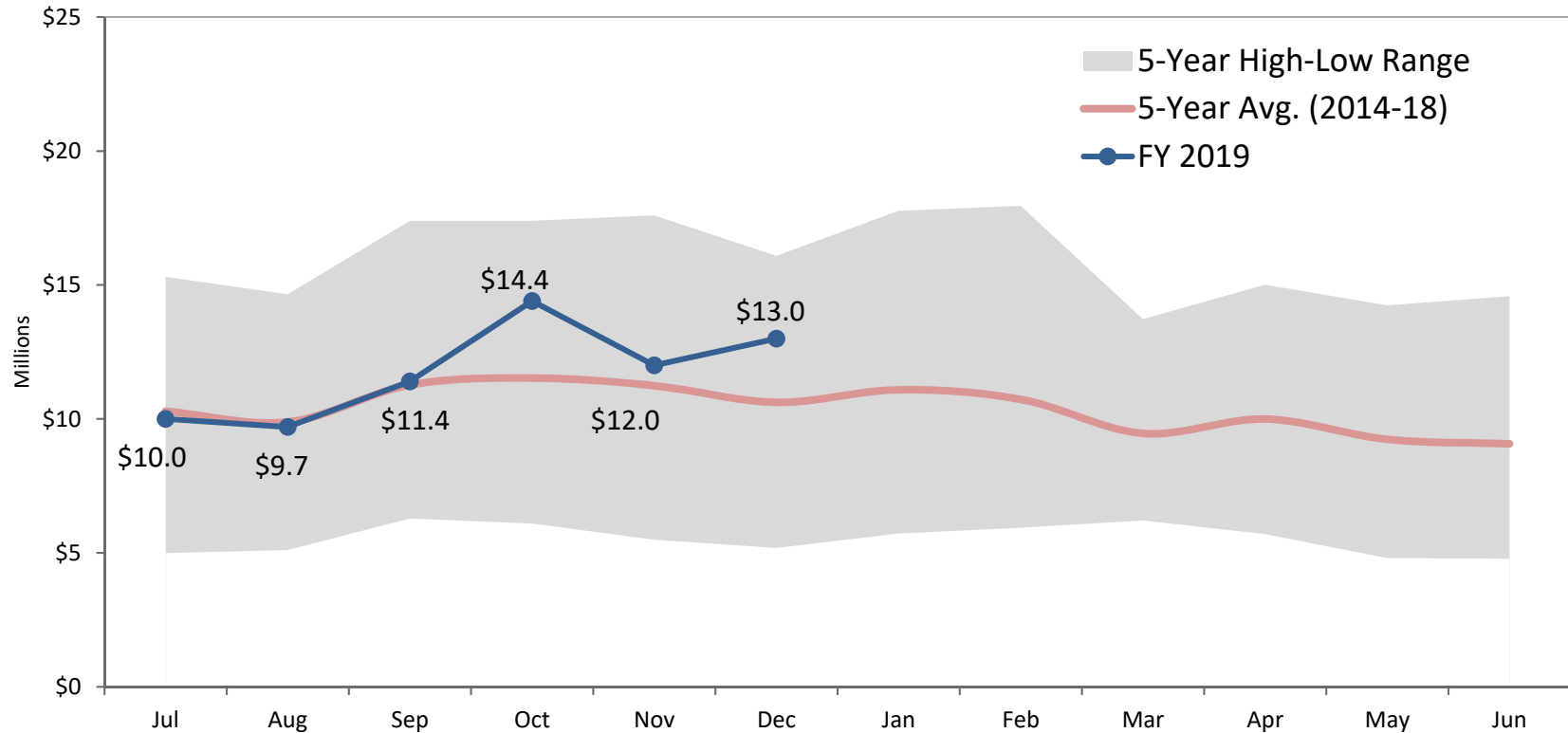
FY19 YTD Collections: \$403.1M
FY18 YTD Collections: \$359.0M

Source: WY Dept. of Revenue.

Note: Includes both the state and local shares of the state-wide 4% sales and use tax collections on a cash receipts basis. Value in parentheses represents share of total collections.



WY State-Wide 4% Sales and Use Tax Collections: Mining Sector



After six months, FY19 collections from the mining sector reached a total of \$70.7 million, ahead of fiscal 2018 by \$11.8 million or 20.1%.

Source: WY Dept. of Revenue.

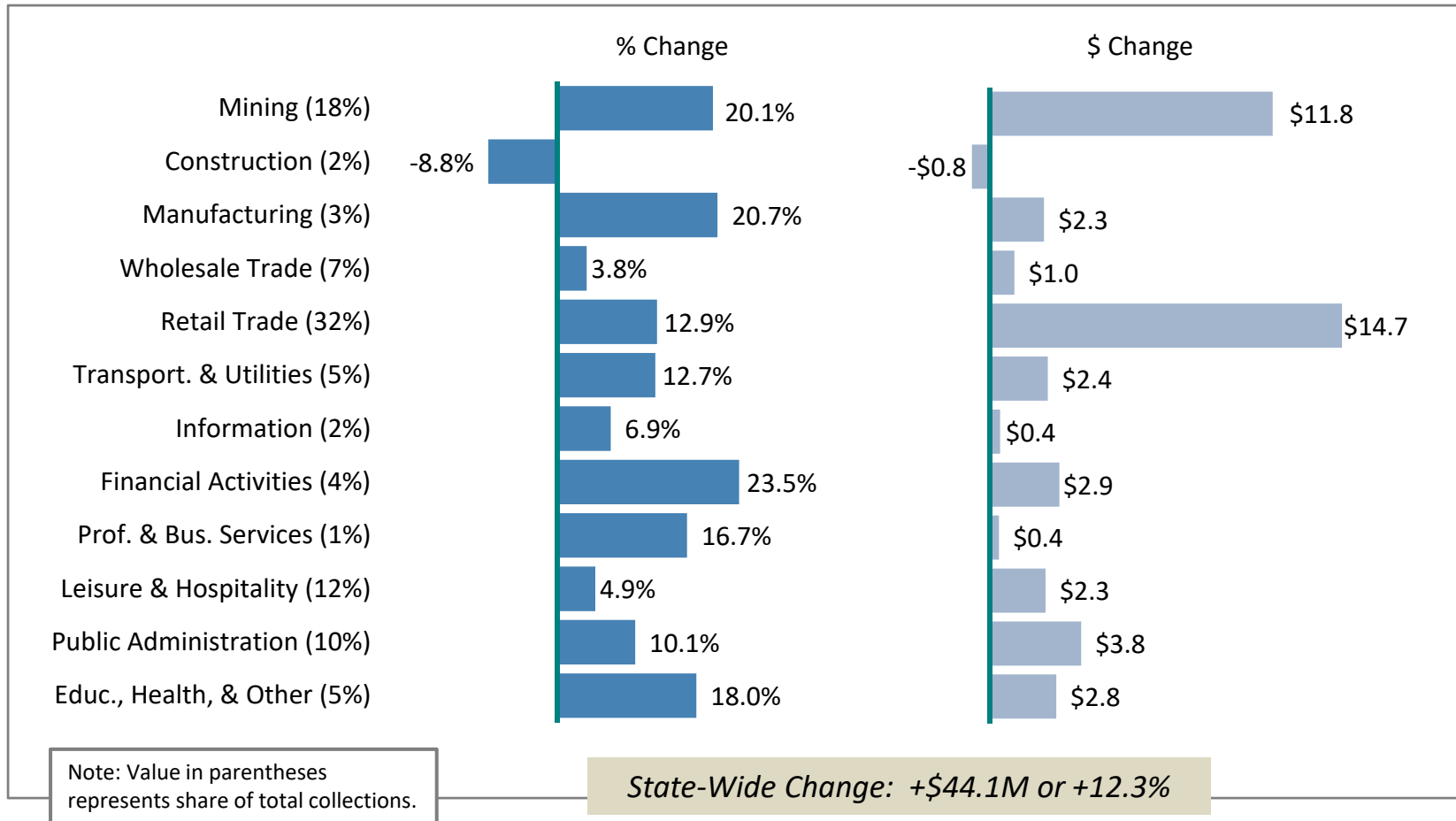
Note: Both the state and local shares of the state-wide 4% sales and use tax collections on a cash receipts basis are counted; collections include both the mining and natural resources sectors.



WY State-Wide 4% Sales and Use Tax Collections by Industry

Change in Percent and Dollars (Millions)

Fiscal 2019 vs. Fiscal 2018 — Six Months of Collections

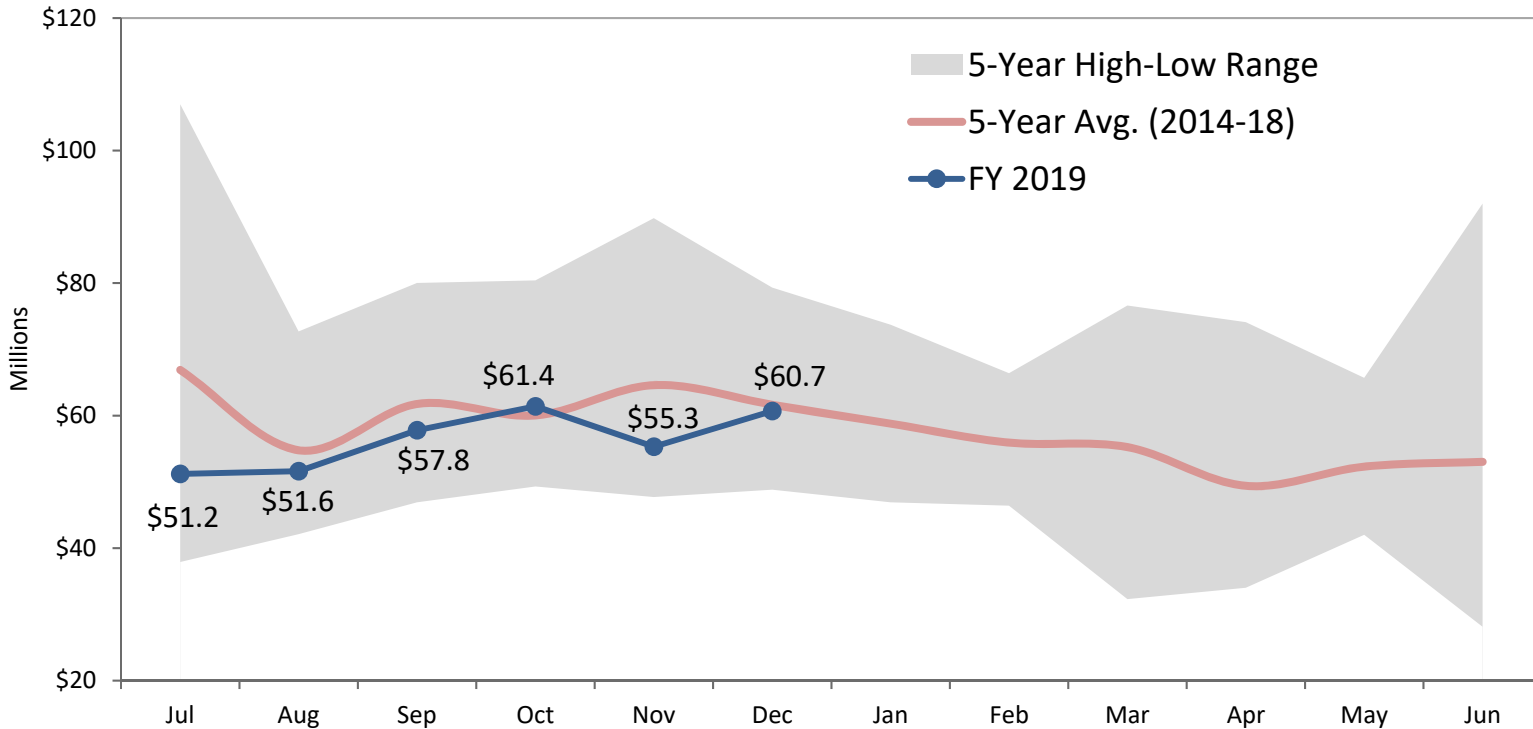


Source: WY Dept. of Revenue.

Note: Includes both the state and local shares of the state-wide 4% sales and use tax collections on a cash receipts basis. The Public Administration sector reflects taxes collected on the sale of new and used vehicles.



WY State-Wide Severance Tax Collections



After six months, FY19 severance tax collections reached \$338.0 million, leading fiscal 2018 by \$39.2 million or 13.1 percent.

Source: WY Dept. of Revenue.

Note: Includes severance taxes collected on all minerals in Wyoming on a cash receipts basis.

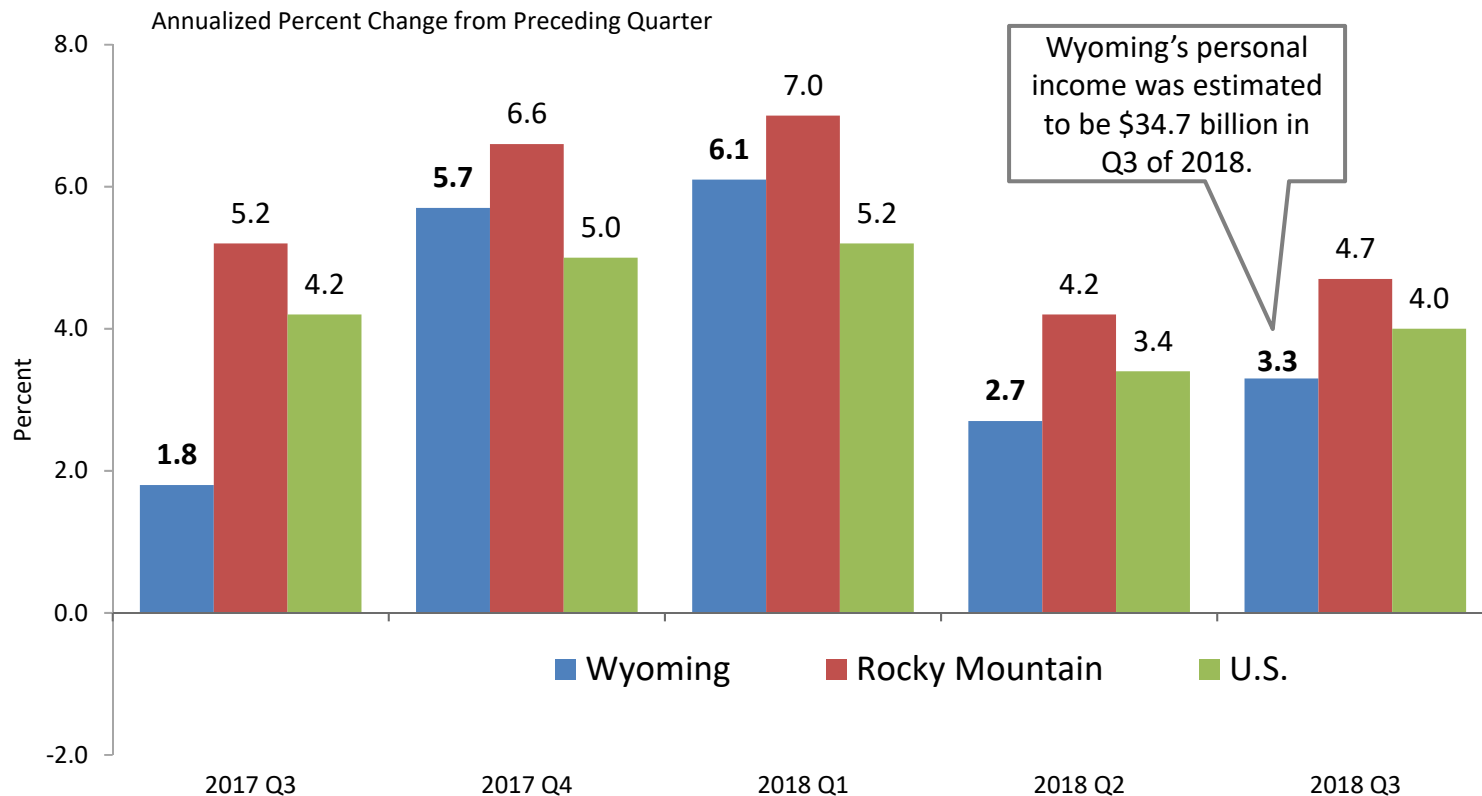


Other Indicators for the State: Personal Income, House Price Appreciation, and Building Permits

- Personal income grew in Q3 despite **contracting mining and farm sectors**.
- Wyoming's house price appreciation saw moderate annual growth of 5.0% in Q3 of 2018; the Mountain Division and the U.S. saw gains of 9.4% and 6.6%, respectively.
- State-wide single family units permitted decreased year-to-date through end of October 2018 in a year-ago comparison by 21; single family units decreased in Casper by 11 while Cheyenne saw an increase of 5 through end of October year-to-date.

Quarterly Personal Income

WY, Rocky Mountain Region, & U.S.



Source: U.S. Bureau of Economic Analysis.

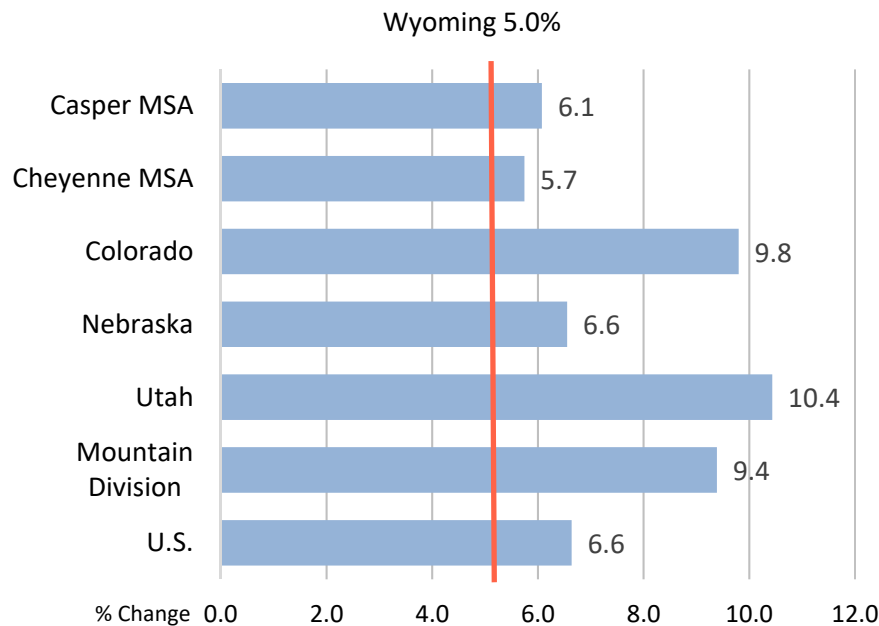
The **construction sector** had the largest contribution to total earnings growth in Q3 of 2018 with an increase of \$45 million when compared to Q2. The **farm** and **mining sectors** incurred the largest decreases of \$43 million and \$42 million, respectively. Note: The quarterly dollar changes are not annualized.



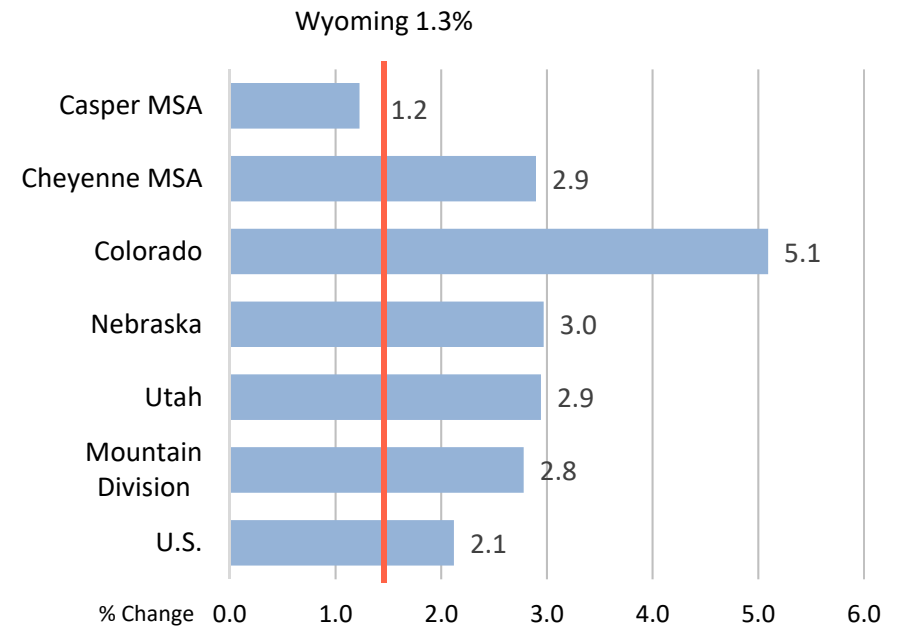
Home Price Appreciation

FHFA All-Transactions Index — Not Seasonally Adjusted

Home Prices: Q3 2017 – Q3 2018



Home Prices: CAGR Q3 2008 – Q3 2018



Source: Federal Housing Finance Agency (FHFA) – estimates using FHFA’s not seasonally adjusted, all-transactions house price index, that includes purchase and refinance mortgages.

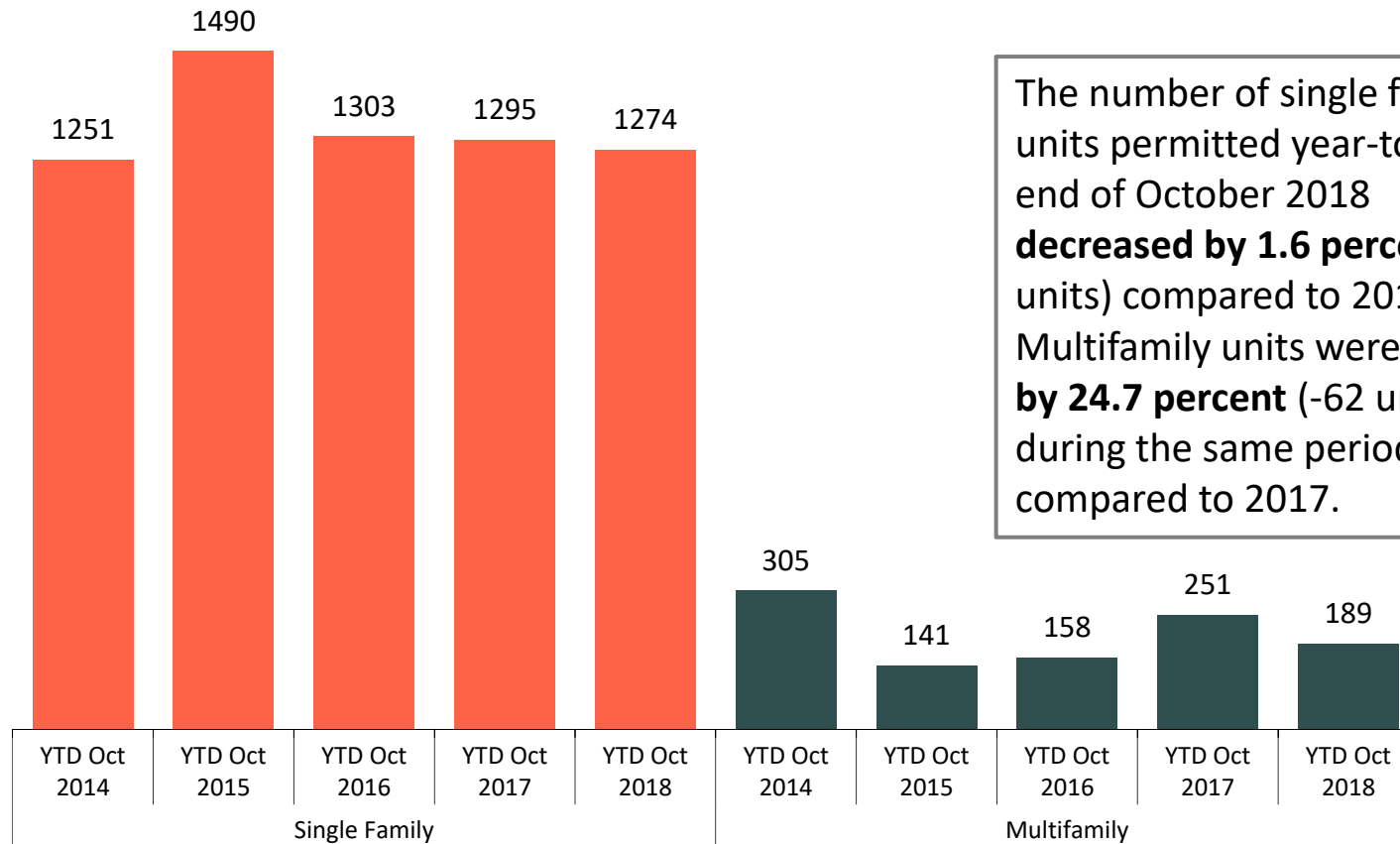
Note: For the Period Ended September 30, 2018.



Residential Building Permits

State-Wide Units: Year-to-Date End of October 2018

Statewide - Units Permitted



The number of single family units permitted year-to-date end of October 2018 **decreased by 1.6 percent** (-21 units) compared to 2017. Multifamily units were **lagging by 24.7 percent** (-62 units) during the same period compared to 2017.

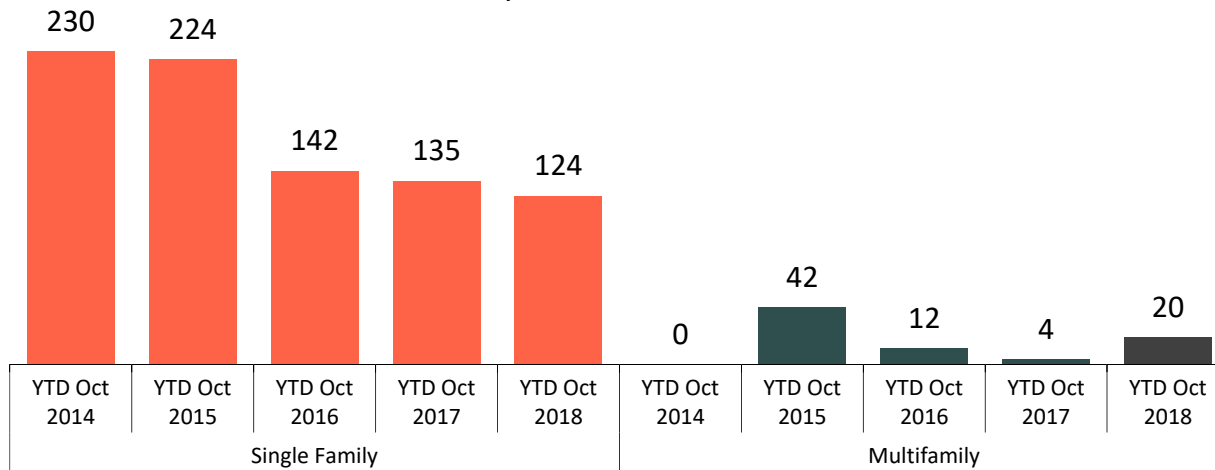
Source: U.S. Census Bureau.



Residential Building Permits

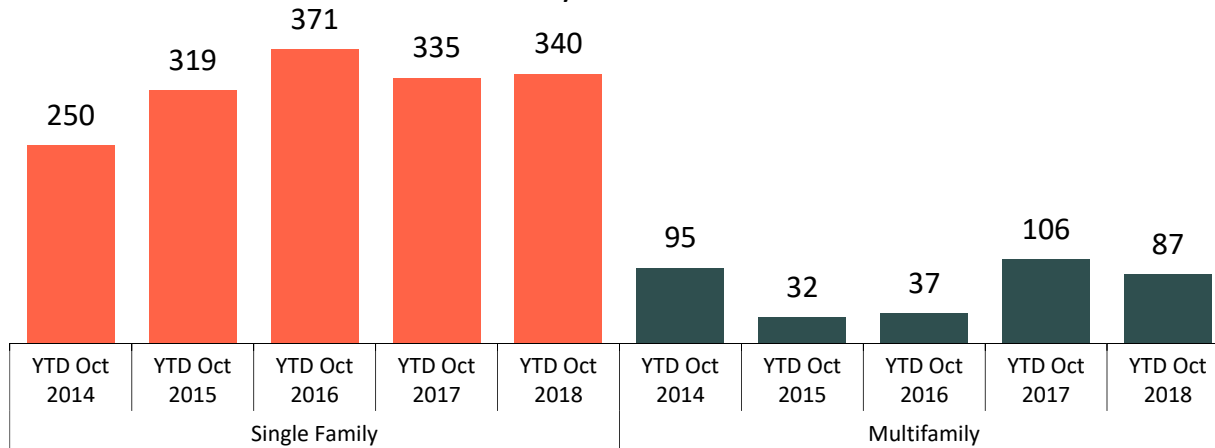
Casper and Cheyenne Units: Year-to-Date End of October 2018

Casper - Units Permitted



The number of single family housing units permitted for **Casper** year-to-date October 2018 **decreased by 8.1 percent (-11 units)** compared to 2017.

Cheyenne - Units Permitted



Cheyenne's single family housing units permitted for year-to-date October 2018 **increased by 1.5 percent (+5 units)** compared to 2017.

Source: U.S. Census Bureau.



How To Find Us

WYOMING DEPARTMENT
OF ADMINISTRATION & INFORMATION



- Economic Analysis Division
- Department of Administration & Information
- State of Wyoming
- 2800 Central Avenue
- Cheyenne, WY 82002
- 307.777.7504 or ai-ead-info@wyo.gov
- Visit our website at <http://eadiv.state.wy.us>

Contact: Jim Robinson
Principal Economist
307.777.7221
jim.robinson@wyo.gov

