

MACRO Report: Review of Wyoming's Economy



Economic Update as of June 30, 2017

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: Mining industry expands but at a slow pace; labor market in recovery mode.

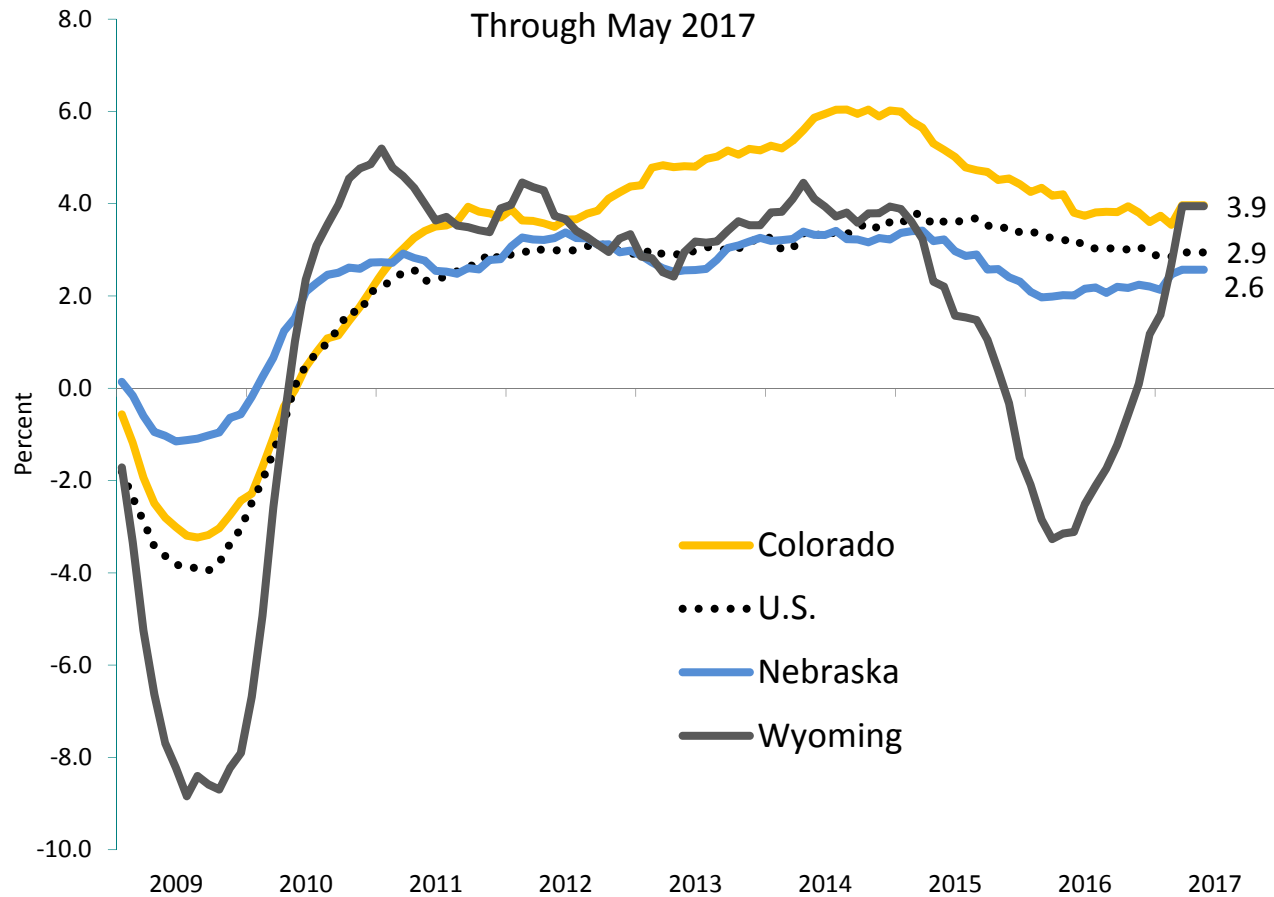
- **Employment** – Total nonfarm employment fell by 3,900 jobs (-1.4%) in May compared to previous year; construction and professional & business services lost the most private sector jobs (-1,000 each) while mining was the only sector to record a gain (+1,600).
- **Energy** – June average for Opal natural gas settled at \$2.63 per MMBtu while WTI oil fell to \$45.13 per bbl.; April 2017 natural gas production was 7.9% behind last year while oil production lagged 7.1% and June 2017 year-to-date coal production had increased by 24.1%; oil & gas rig count was 25 in June compared to 7 one year ago; oil & gas jobs in May increased by 1,700 in a year-ago comparison.
- **Revenues** – Final FY 2017 sales and use tax collections lagged last year by 8.2%; 10 of 12 industry sectors that were tracked recorded year-over-year losses; **Campbell County** realized the largest drop in collections (-\$19.8 million) in fiscal 2017 while **Teton County** saw the largest gain (+\$2.8 million). Final FY17 severance tax revenue finished ahead of last year by 0.5%.
- **Personal income, home price appreciation, and building permits** – Personal income for Q1 of 2017 saw an increase of 1.1% for the state compared to the previous quarter. FHFA's purchase-only house price index reported a Q1 year-over-year increase in home prices for Wyoming of 1.8%; the Mountain Division saw an increase in prices of 8.0%. Statewide, single family units permitted year-to-date through end of May fell by 0.3% over the previous year.

Economic Activity: Improvement Noted in Wyoming Economy at 2017 Midpoint

- Fewer jobs in May 2017 compared to 2016 but job gap was getting smaller; June jobless claims fell in all industry sectors.
- Rig counts reached 25 in June, the highest level since October 2015; natural gas, crude oil, and coal prices continued to trade in narrow bands.
- Sales & use tax collections finished fiscal 2017 8.2% behind last year's pace (started the fiscal year lagging by 16.9%); severance taxes exceeded 2016 collections by 0.5%.

Coincident Index: WY, CO, NE, & U.S.

Year-over-Year Percent Change in Index Values



Note: The coincident index for each state is comprised of four indicators of current economic activity including:

1. nonfarm employment
2. manufacturing hours worked
3. unemployment rate
4. and wages & salaries paid.

Source: Federal Reserve Bank of Philadelphia.

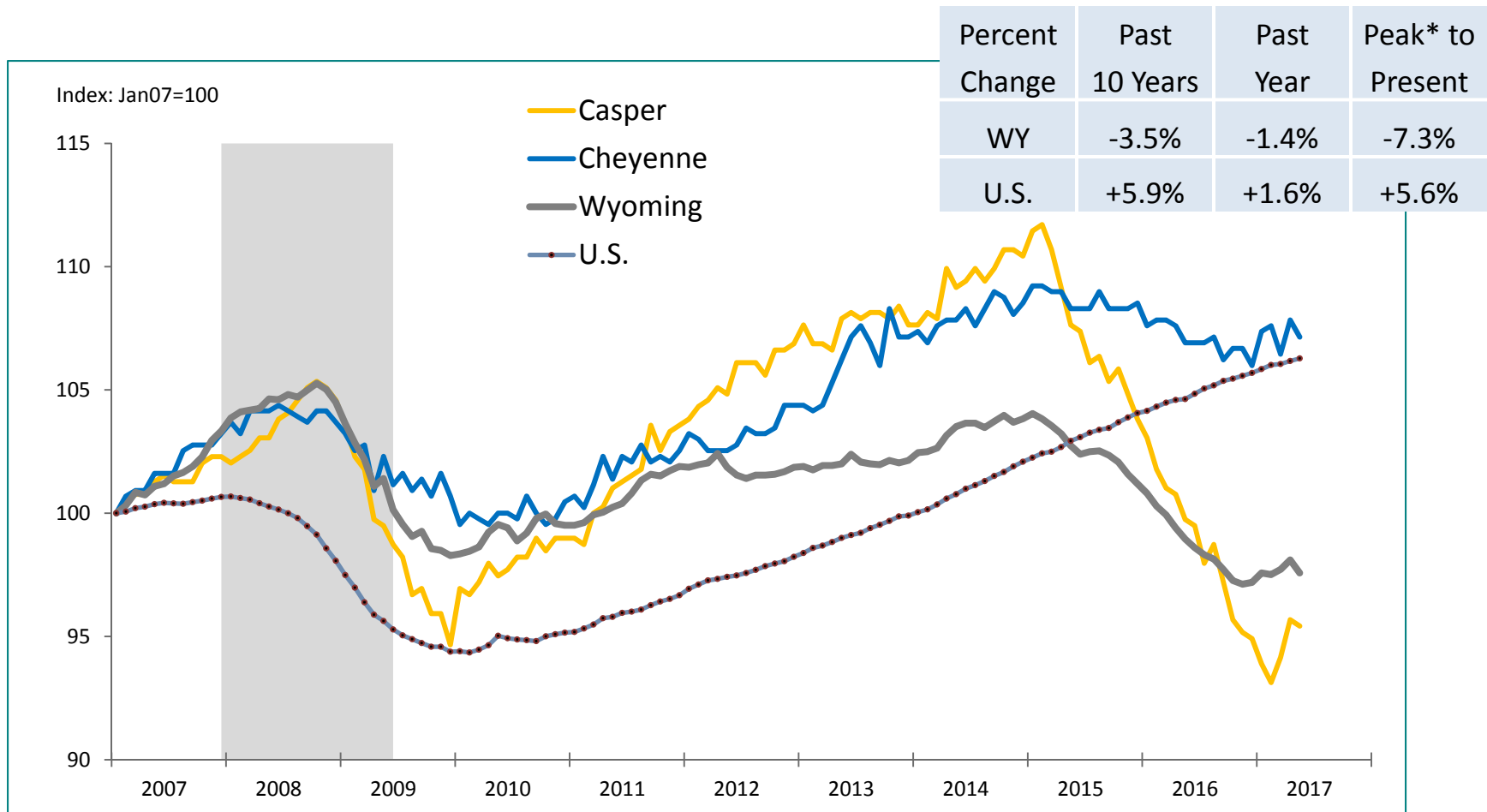


Employment:

Year-over-Year Job Losses Shrink in 2017

- Statewide employment fell by 3,900 jobs when compared to May 2016.
- Mining was the only industry to add jobs (+1,600) in the private sector in May 2017.
- At the state level, jobless claims for all sectors, year-to-date end of June 2017, decreased by 7,812 or 35.8% compared to a year ago; the mining sector saw claims decline by 3,092 or 80.2%.

Nonfarm Employment: Casper, Cheyenne, WY, & U.S. Seasonally Adjusted — Through May 2017



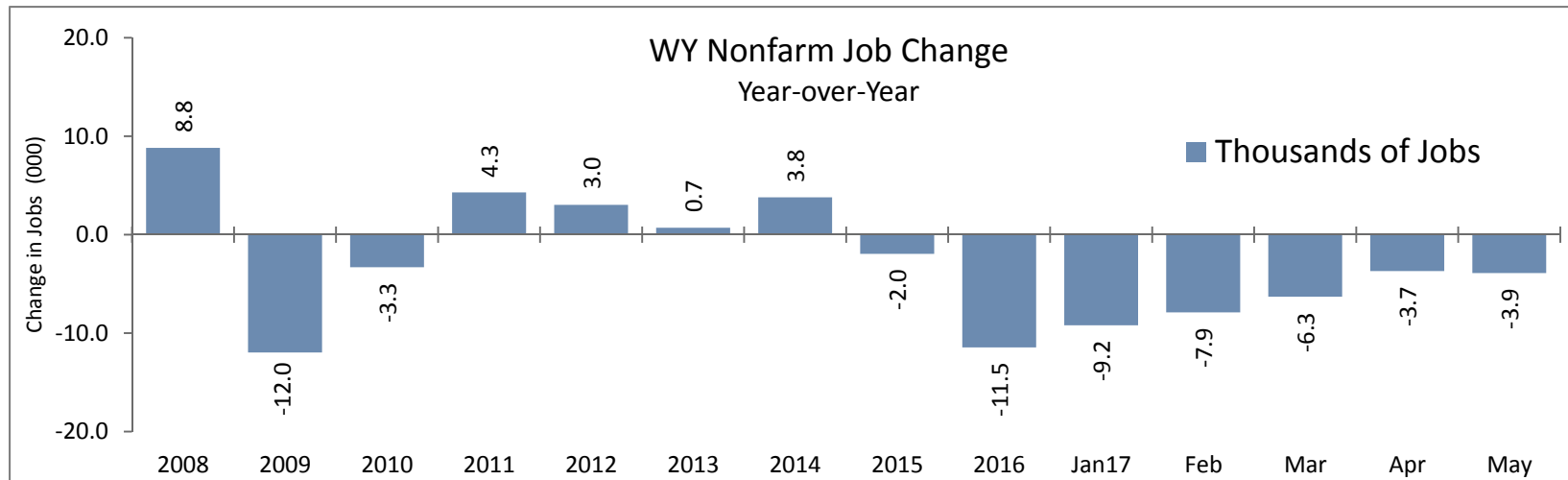
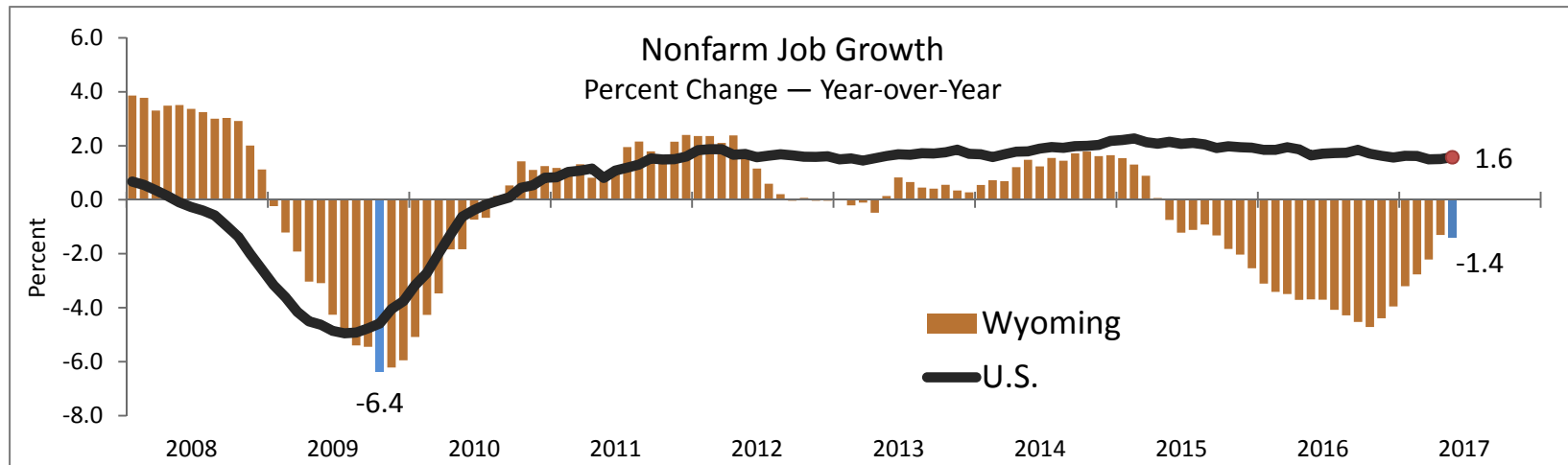
Source: Bureau of Labor Statistics.

Note: Shaded area represents U.S. recession.

*Refers to pre-recession peak.



WY and U.S. Nonfarm Employment Through End of May 2017; Seasonally Adjusted

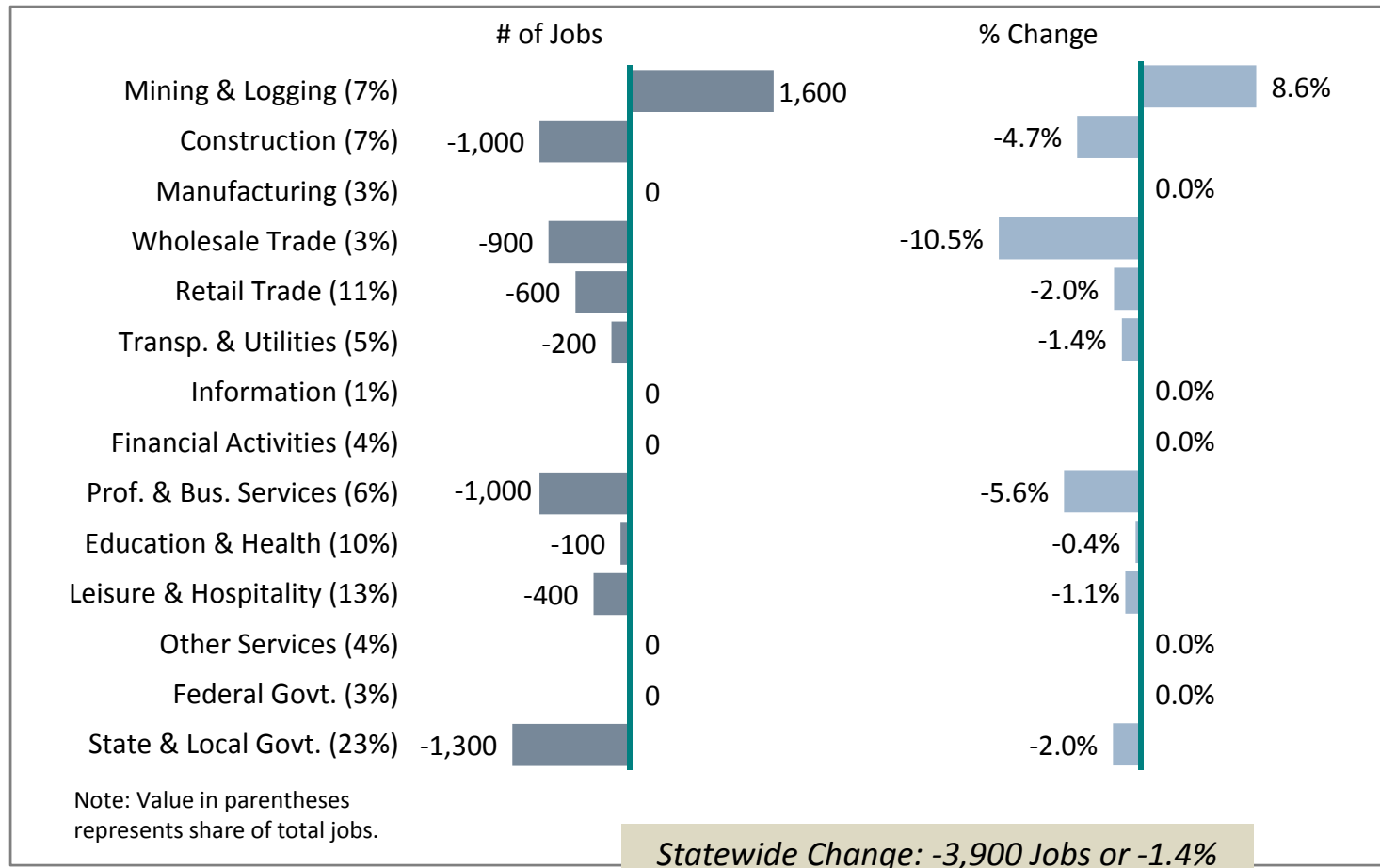


Source: U.S. Bureau of Labor Statistics.



WY Employment Change: May 2017 vs. May 2016

Year-over-Year; Seasonally Adjusted



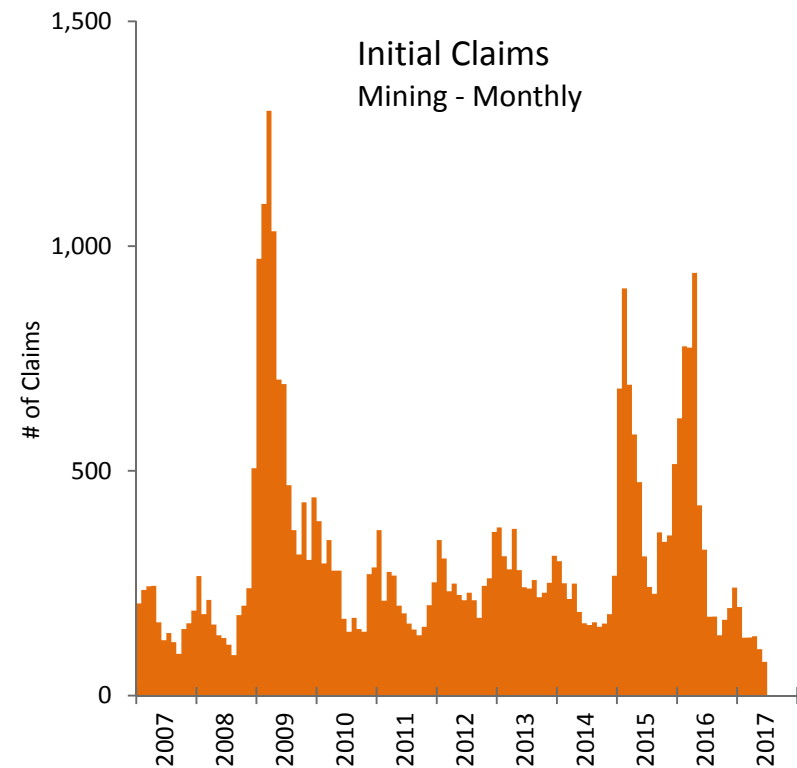
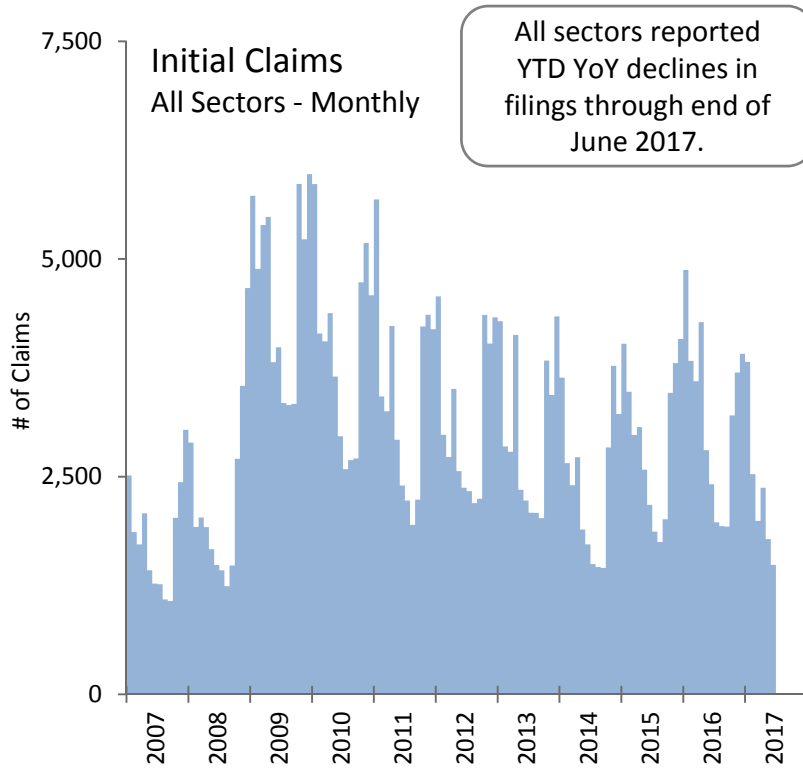
Source: U.S. Bureau of Labor Statistics.

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



WY Initial Unemployment Insurance Claims

All Sectors and Mining Sector – June 2017



Source: WY Dept. of Workforce Services – Research & Planning Section.

Jun 2017 vs. Jun 2016	
Year-over-Year Change:	
-925	-38.3%
Cumulative Change YTD:	
-7,812	-35.8%

Jun 2017 vs. Jun 2016	
Year-over-Year Change:	
-250	-76.9%
Cumulative Change YTD:	
-3,092	-80.2%

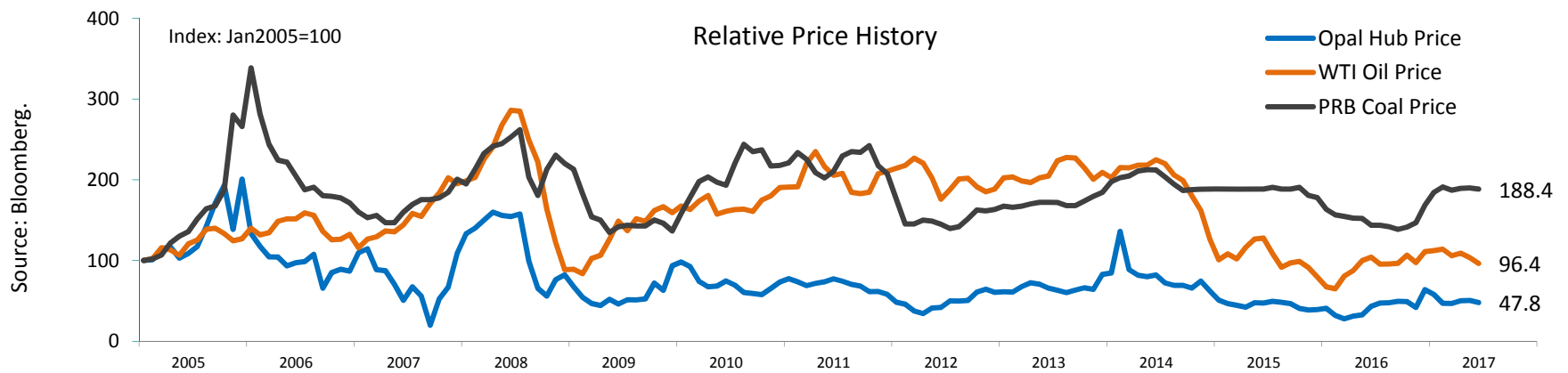
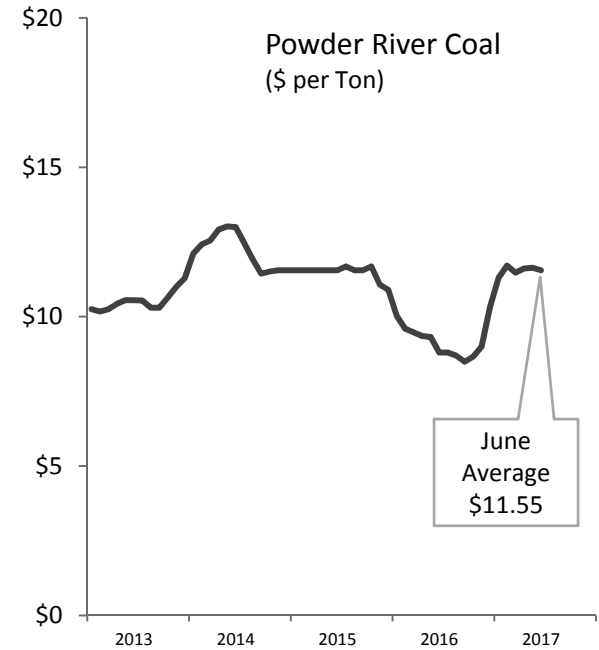
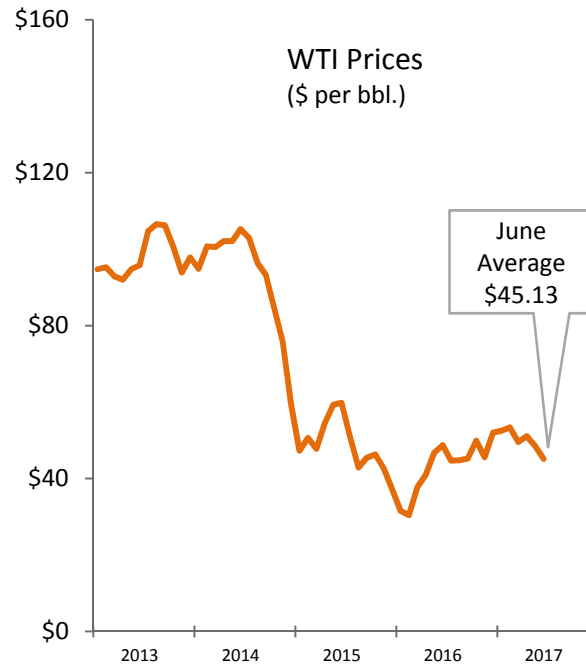
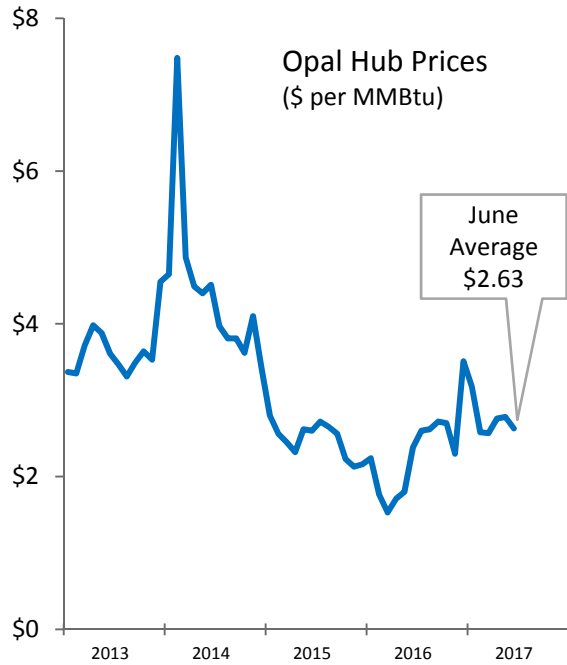


Energy:

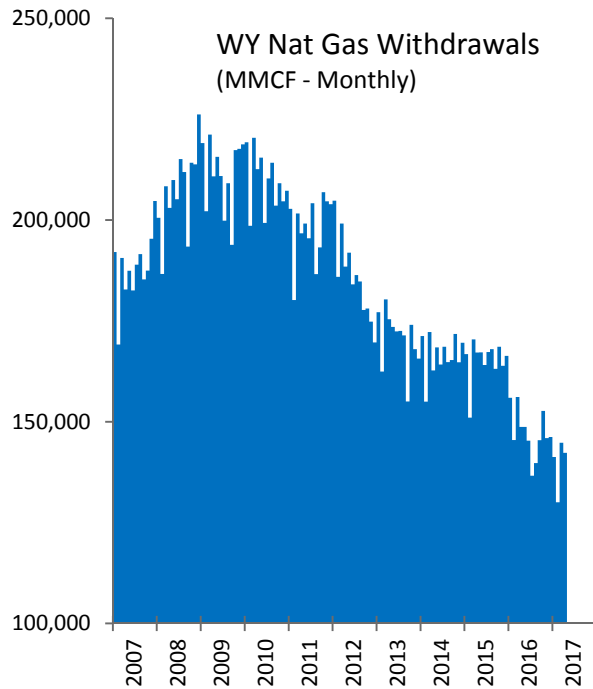
More Drilling Activity and Increasing Oil & Gas Jobs Seen in the State

- In June, the price of Opal natural gas was at \$2.63 per MMBtu for monthly average; WTI oil price averaged \$45.13 per bbl.
- Natural gas and oil decline for year-to-date April 2017 production; coal production ahead of 2016 by 24.1% after six months.
- Oil & gas jobs were at 11,400 in May 2017, an increase of 1,700 compared to a year ago.

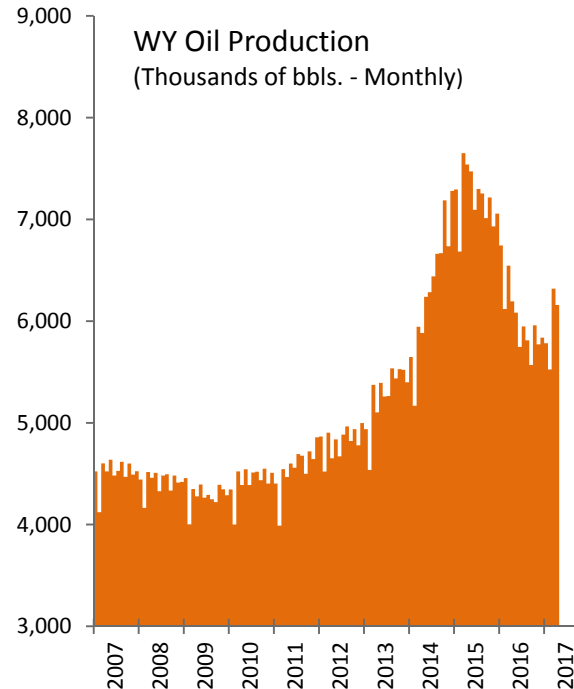
Natural Gas, Crude Oil, and Coal Prices



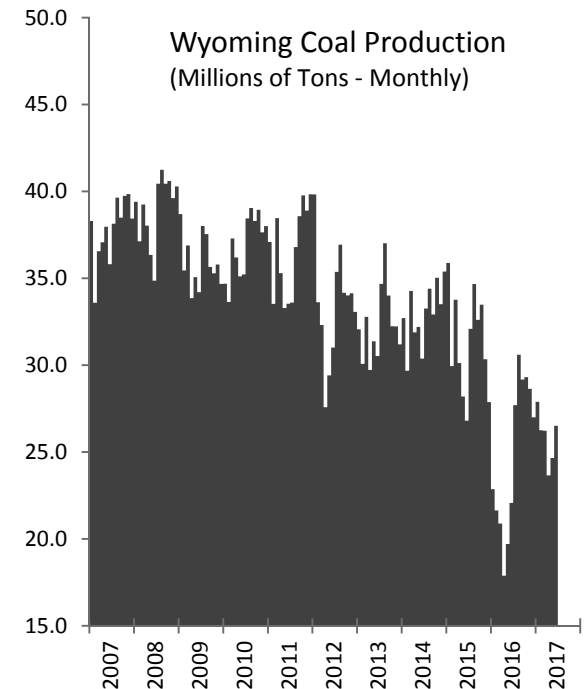
WY Natural Gas, Crude Oil, and Coal Production



Cumulative Change YTD:
Apr 2017 vs. Apr 2016
-7.9%



Cumulative Change YTD:
Apr 2017 vs. Apr 2016
-7.1%

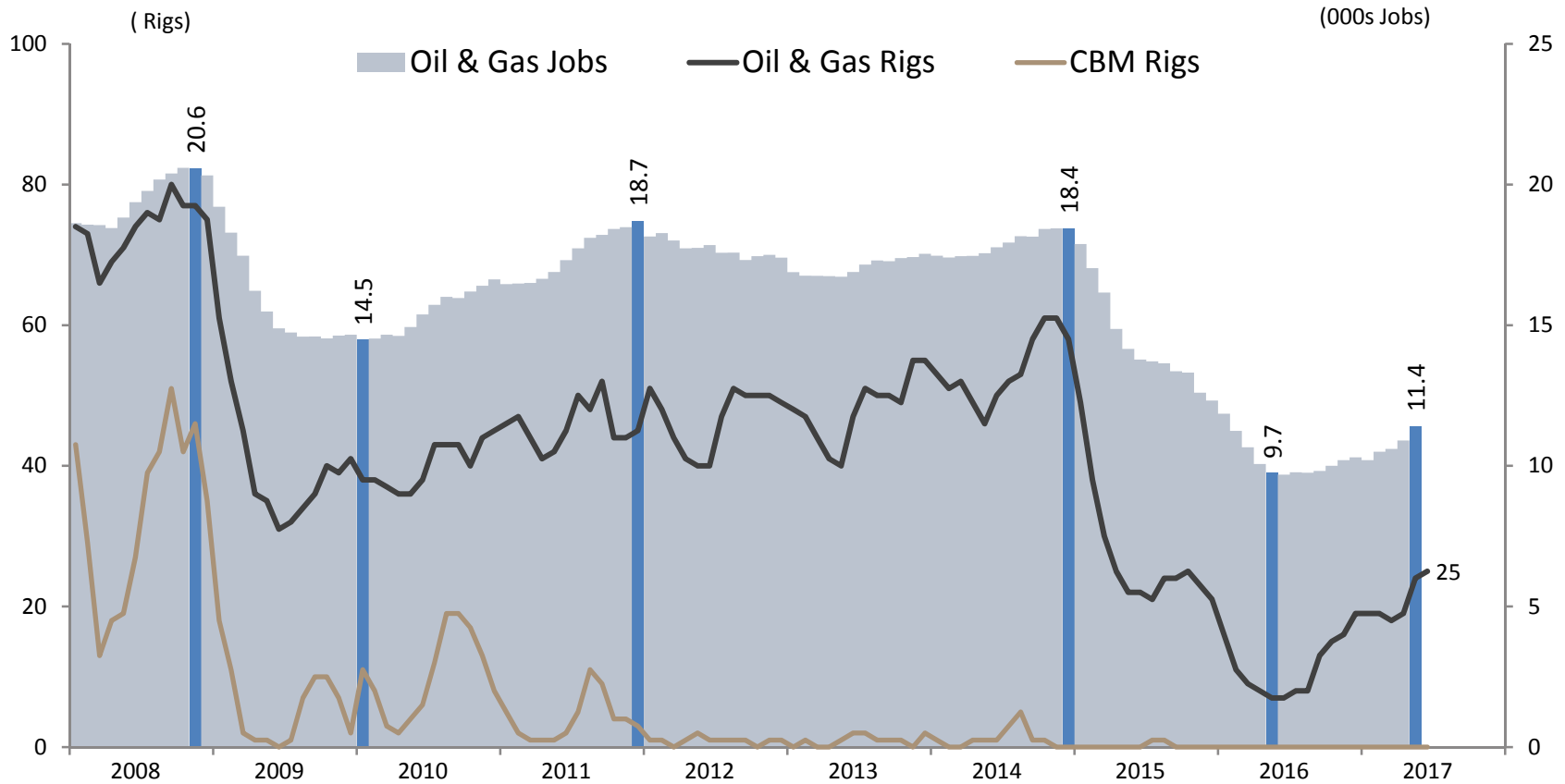


Cumulative Change YTD:
Jun 2017 vs. Jun 2016
+24.1%

Source: Energy Information Administration.



WY Oil & Gas Jobs and Rig Counts



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

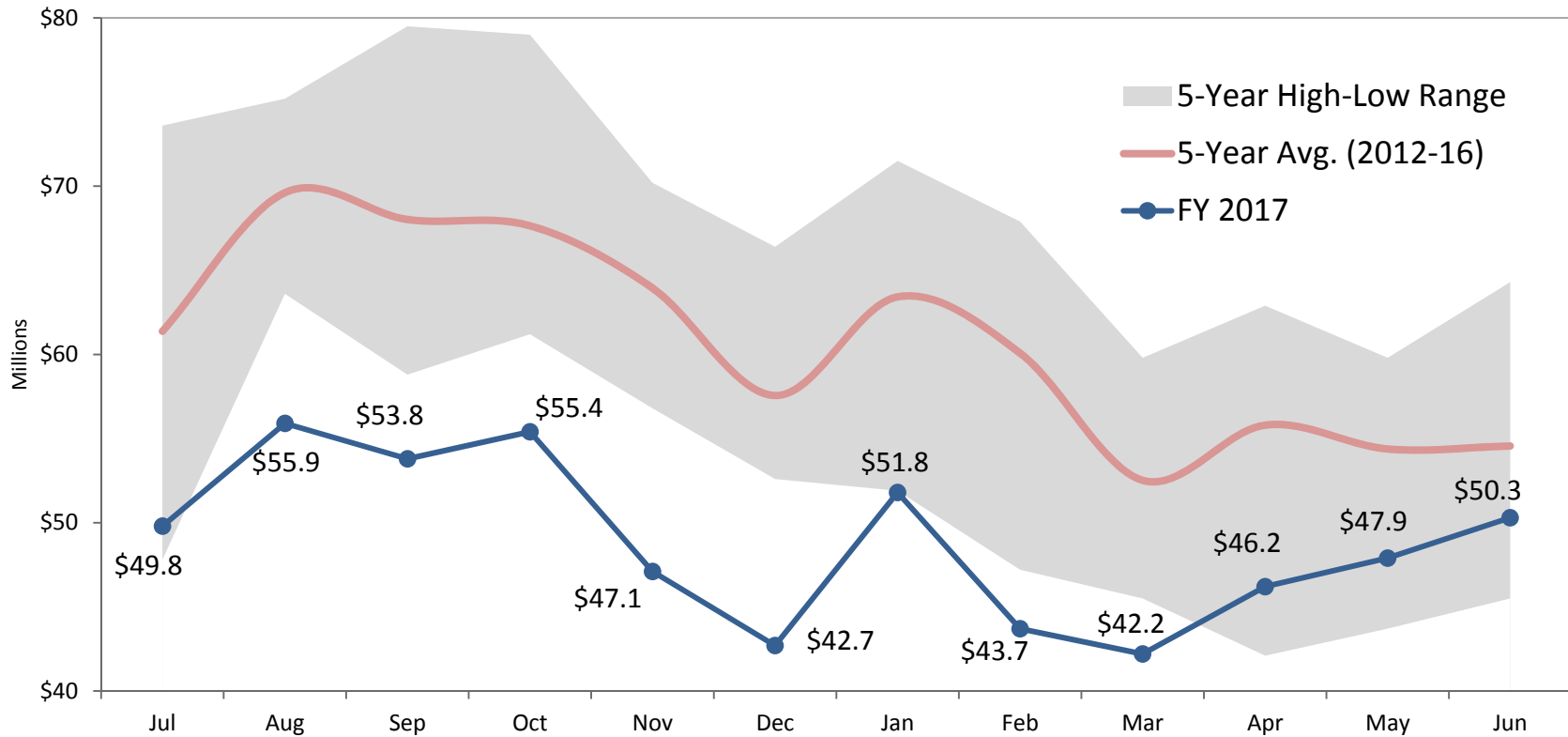


State Revenues:

Sales and Use Tax Collections Trend Upward in Last Quarter of Fiscal 2017

- After twelve months of collections for fiscal 2017, sales and use taxes were \$52.4 million or 8.2% behind last year; small year-over-year gains noted in transportation & utilities and professional & business services sectors; all other sectors lagged.
- With twelve months of collections, severance taxes increased by \$2.5 million or 0.5% in fiscal 2017 compared to 2016.

WY Statewide 4% Sales and Use Tax Collections: All Sectors



After 12 months, FY17 total collections were \$52.4 million (-8.2%) behind fiscal 2016. **Campbell, Converse, Natrona, Sublette, and Sweetwater** counties accounted for 79.8% of the decline.

Source: WY Dept. of Revenue.

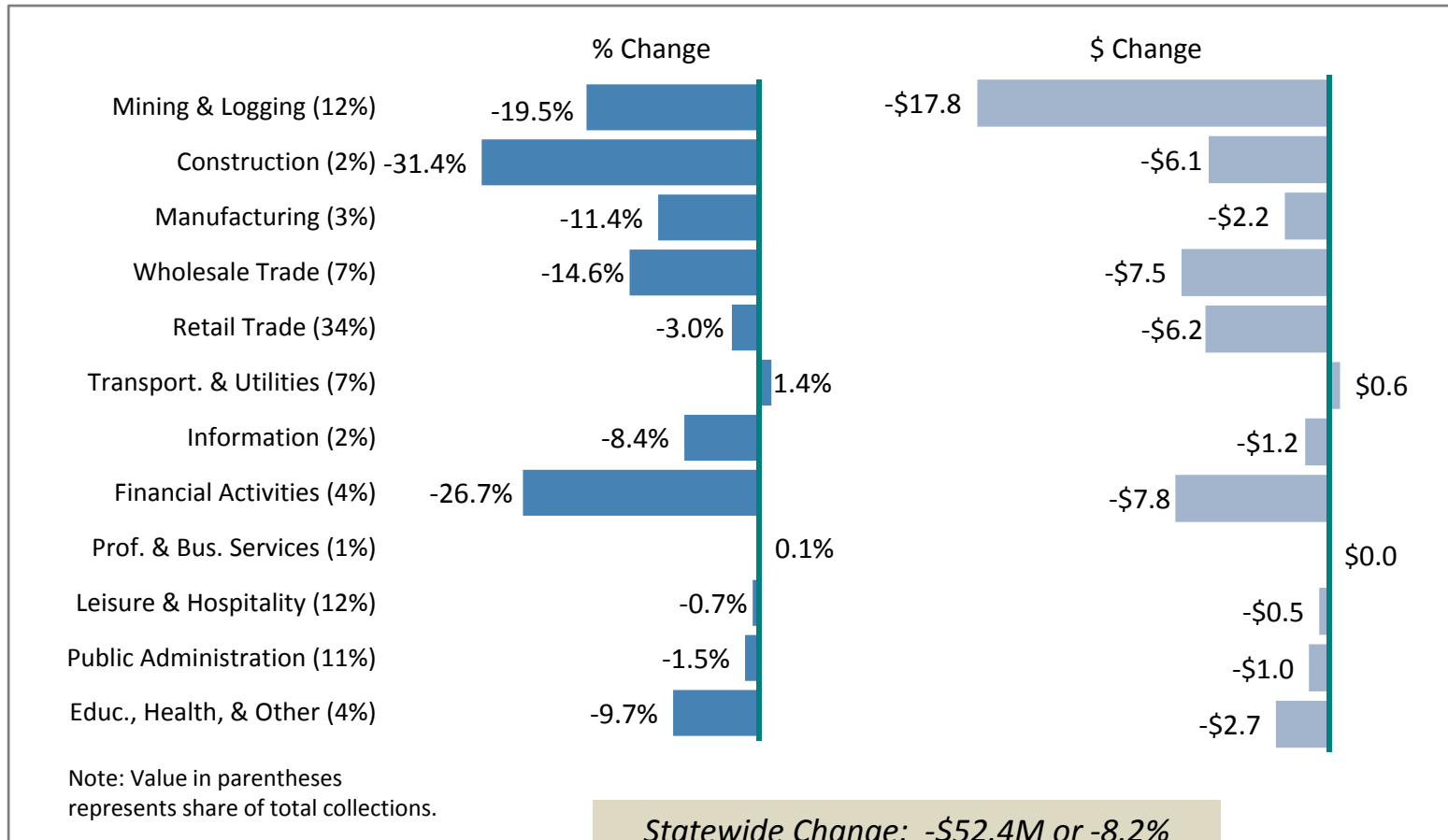
Note: Includes both the state and local shares of the state-wide 4% sales and use tax collections on a cash receipts basis.



WY Statewide 4% Sales and Use Tax Collections by Industry

Change in Percent and Dollars (Millions)

Fiscal 2017 vs. Fiscal 2016 — Twelve Months of Collections



Source: WY Dept. of Revenue.

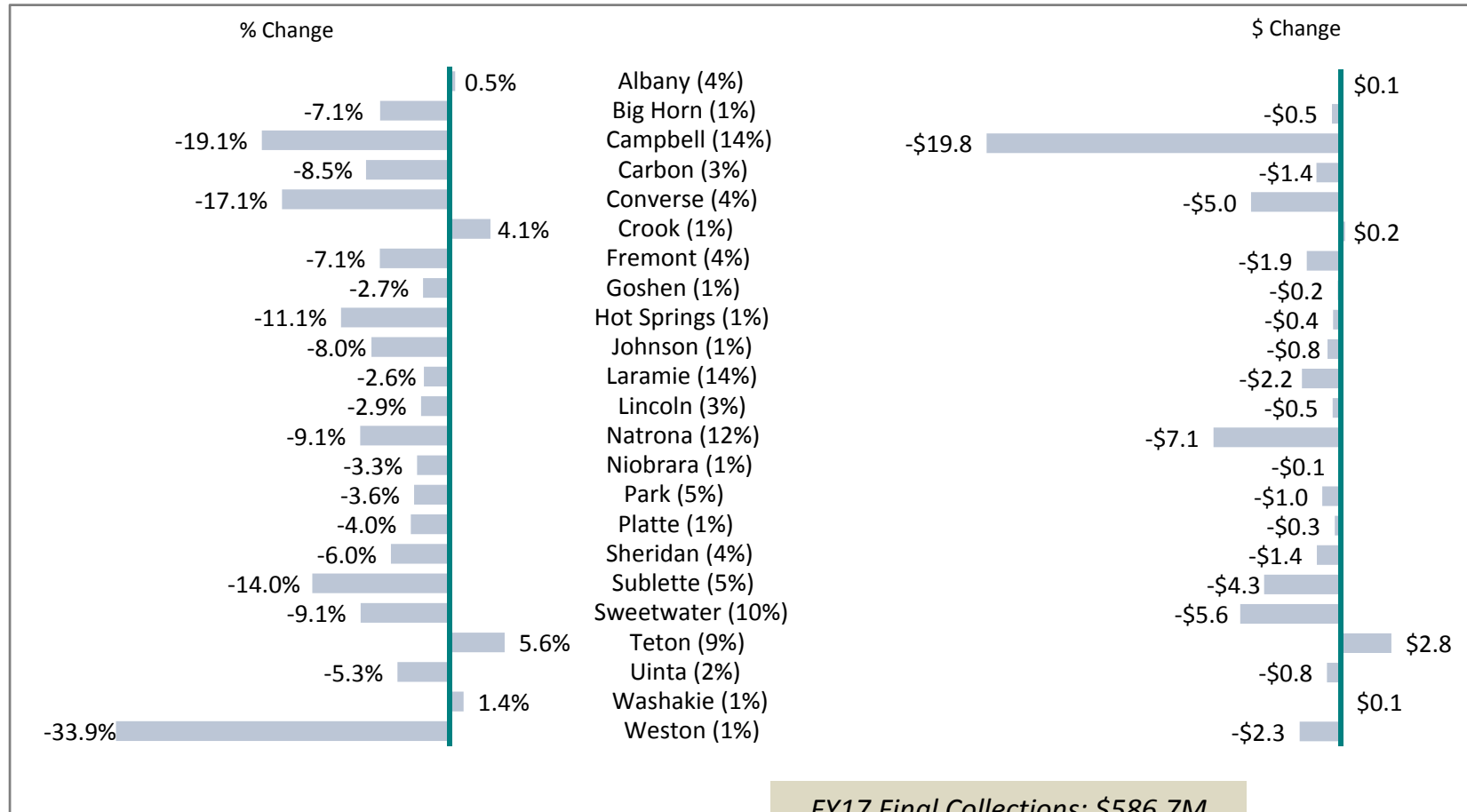
Note: Includes both the state and local shares of the state-wide 4% sales and use tax collections on a cash receipts basis. The Public Administration sector reflects taxes collected on the sale of new and used vehicles.



WY Statewide 4% Sales and Use Tax Collections by County

Change in Percent and Dollars (Millions)

Fiscal 2017 vs. Fiscal 2016 — Twelve Months of Collections



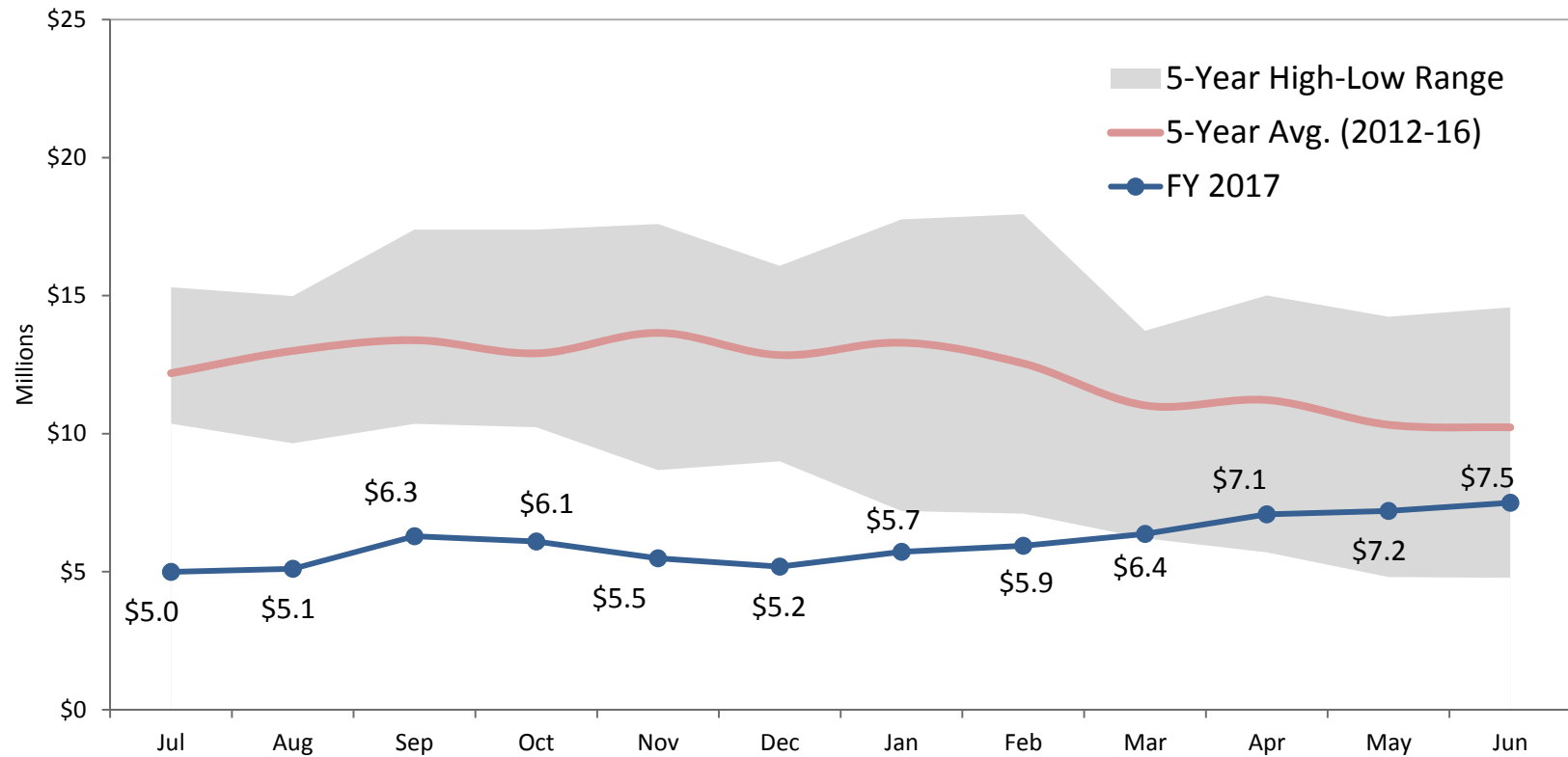
FY17 Final Collections: \$586.7M
FY16 Final Collections: \$639.1M

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 Statewide 4% Sales and Use Tax Collections: Mining Sector



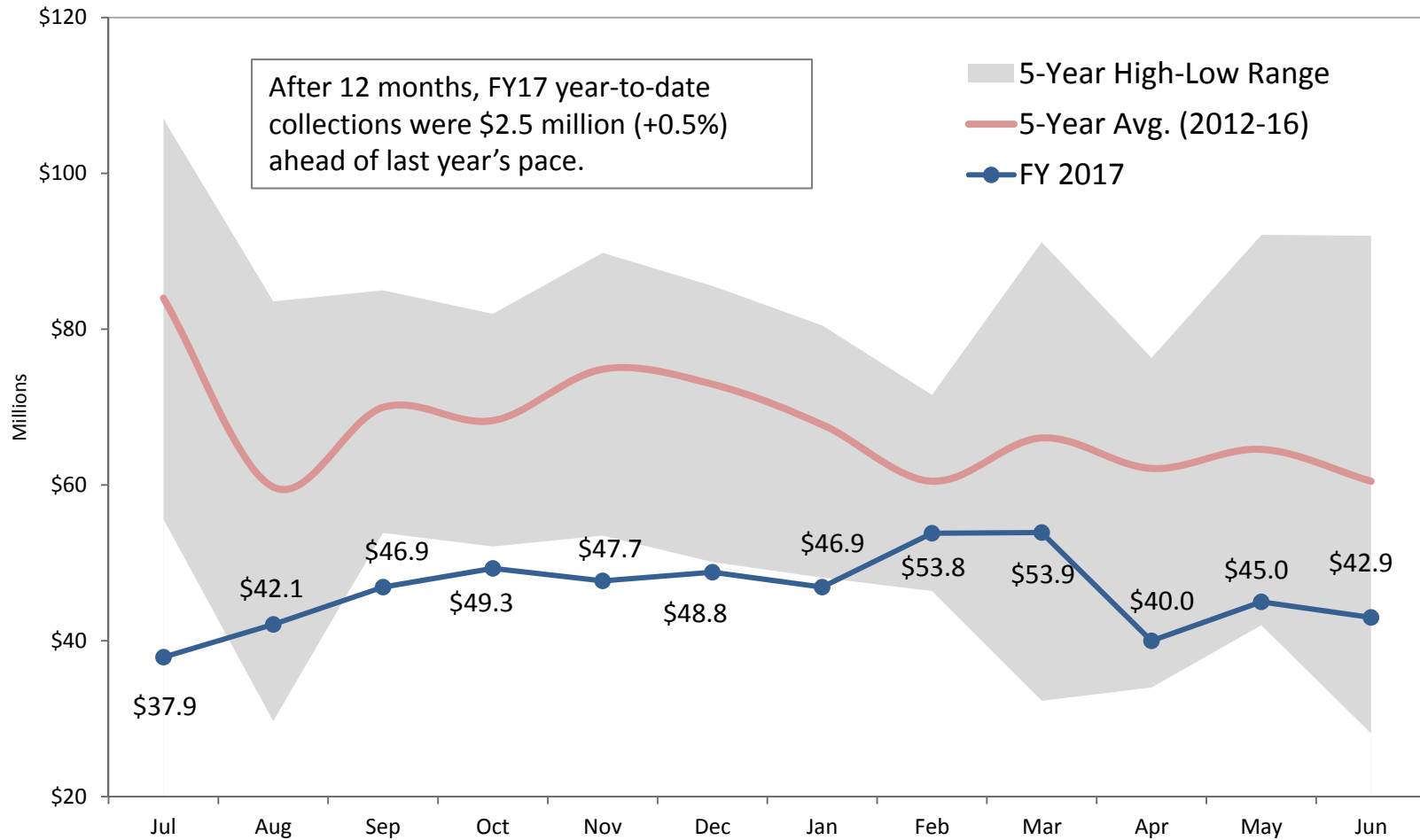
After 12 months, FY17 total collections from the mining sector reached a total of \$73.2 million, lagging fiscal 2016 by \$17.8 million or 19.5%.

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 Statewide Severance Tax Collections



Source: WY Dept. of Revenue.

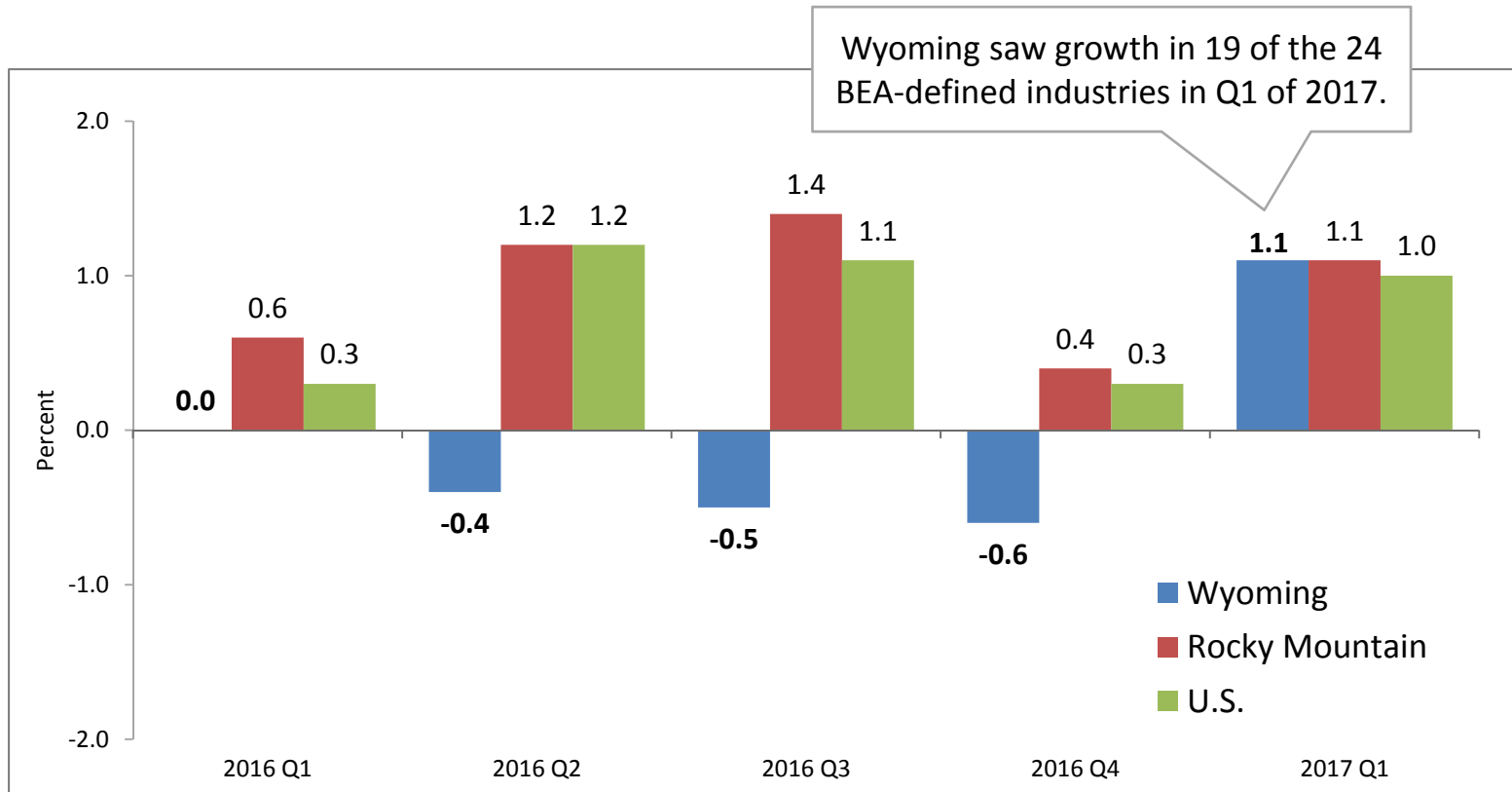
Note: Includes severance taxes collected on all minerals in Wyoming on a cash receipts basis.



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

- Mining and construction sectors were main drivers of personal income growth for Q1 of 2017.
- Wyoming's house price appreciation saw modest annual growth of 1.8% in Q1 of 2017; the Mountain Division and the U.S. saw gains of 8.0% and 6.0%, respectively.
- Statewide single family permits increased year-to-date through end of May 2017 in a year-ago comparison by 1; single-family permits declined in Casper by 13 while Cheyenne saw a decrease of 7 through May year-to-date.

Quarterly Personal Income: WY, Rocky Mtn. Region, & U.S. Percent Change from Preceding Quarter



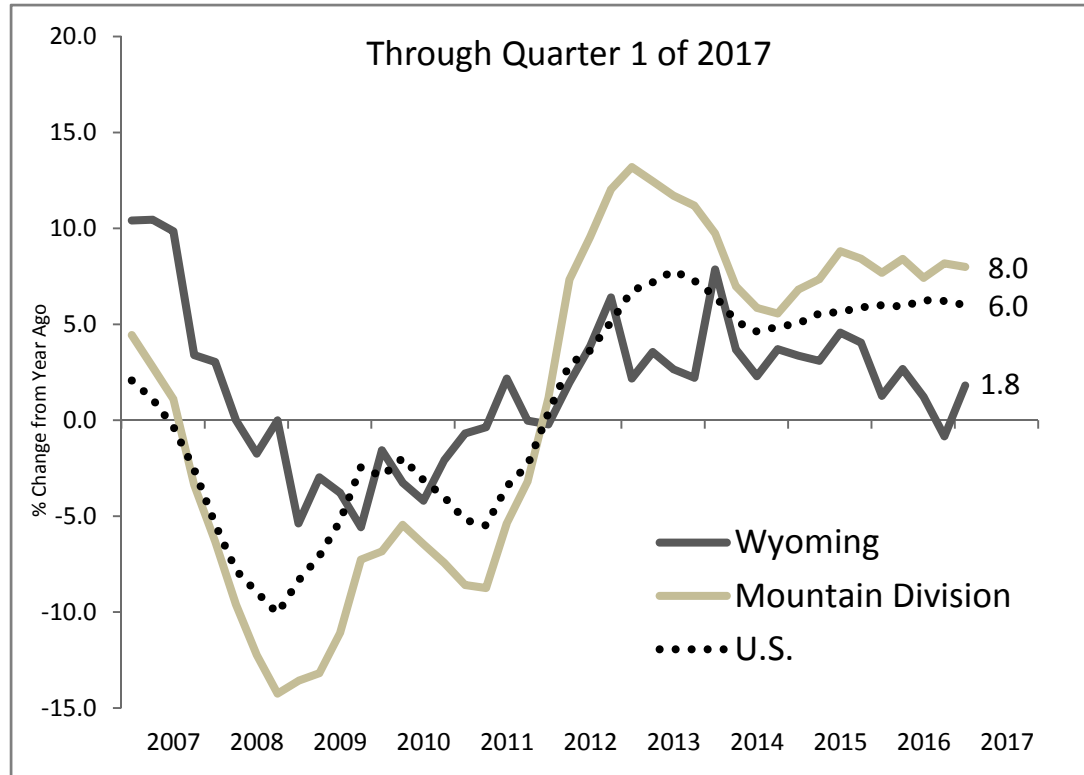
The **mining sector** contributed the most to earnings growth in Q1 of 2017 with an increase of \$71 million over Q4. **Farm earnings** had the largest decline of \$29 million.

Source: U.S. Bureau of Economic Analysis.



House Price Appreciation

Purchase-Only Mortgages: WY, Mountain Division, & U.S.



2017 Q1 vs. 2016 Q1

	<u>1-Yr. Rate</u>	<u>Rank</u>
Colorado	+10.7%	2
Idaho	+10.3%	3
Nevada	+8.9%	8
Utah	+8.8%	9
Arizona	+6.7%	16
New Mexico	+5.7%	24
Montana	+3.9%	38
Wyoming	+1.8%	44
Mtn Division	+8.0%	
U.S.	+6.0%	

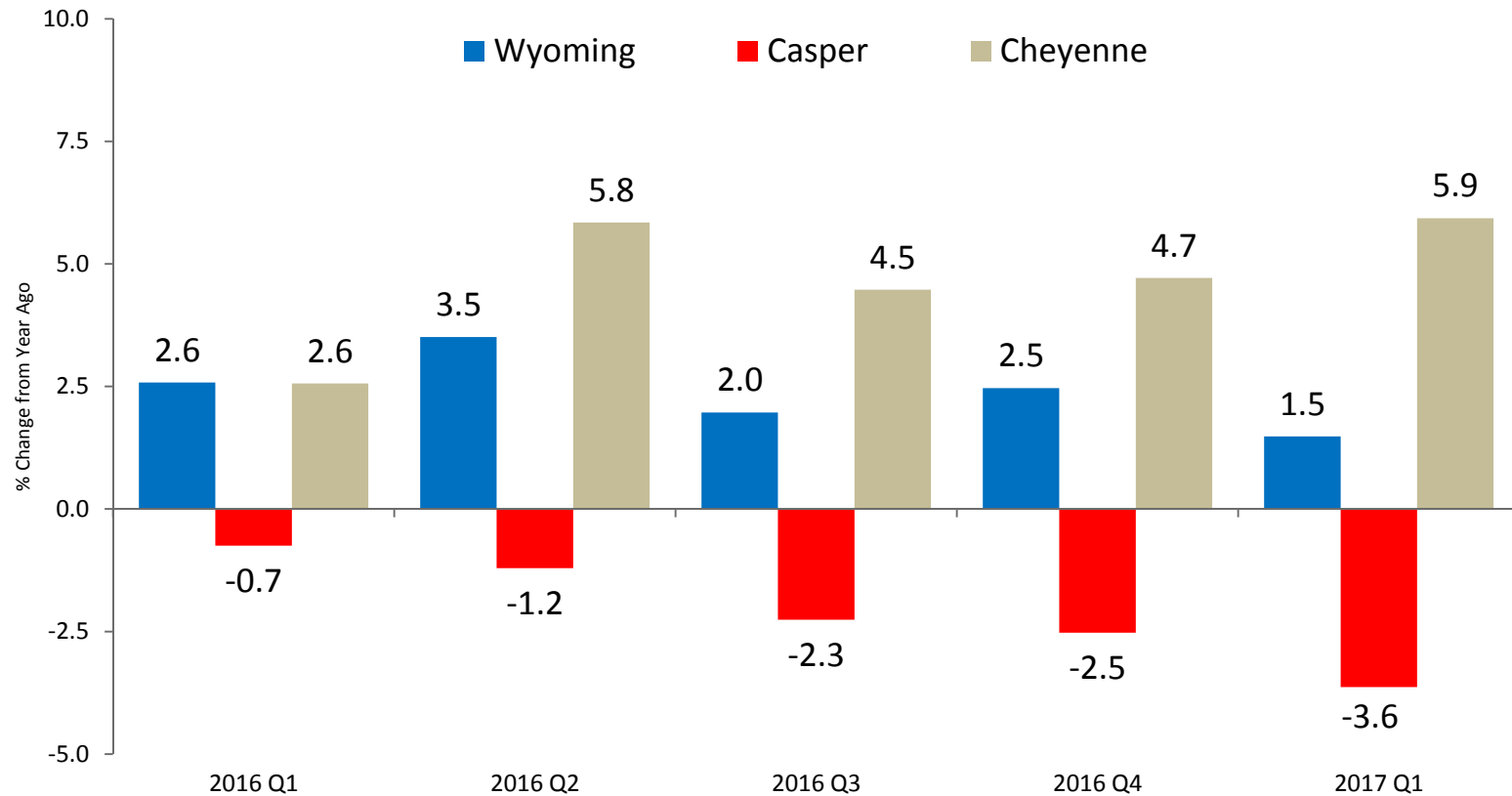
Source: Federal Housing Finance Agency (FHFA) – estimates using FHFA’s seasonally adjusted, purchase-only house price index.

Note: For the Period Ended March 31, 2017.



House Price Appreciation

Purchase and Refinance Mortgages: WY, Casper, & Cheyenne



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

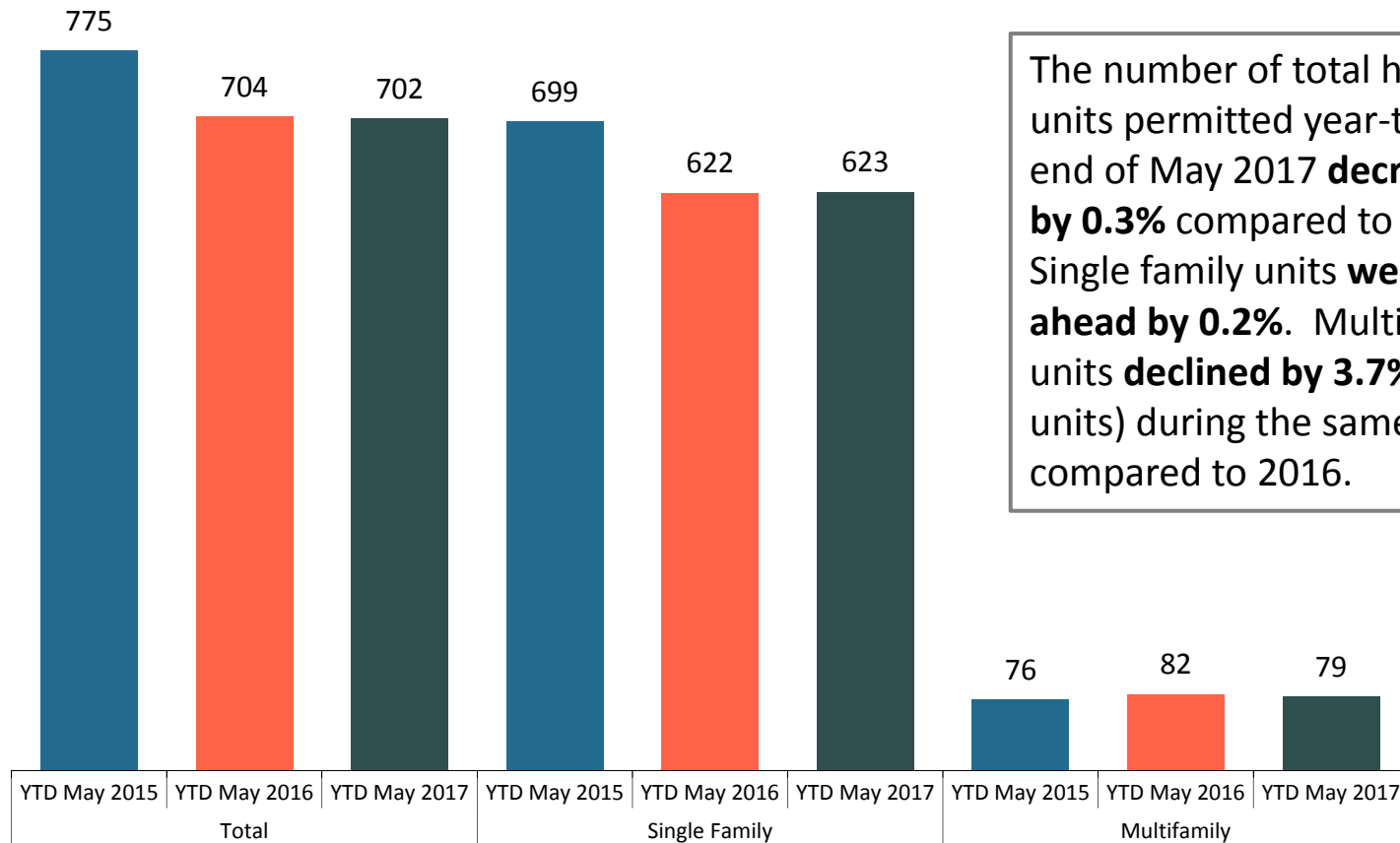
Note: For the Period Ended March 30, 2017.



Residential Building Permits

Units Statewide: Year-to-Date through May

Statewide - Units Permitted



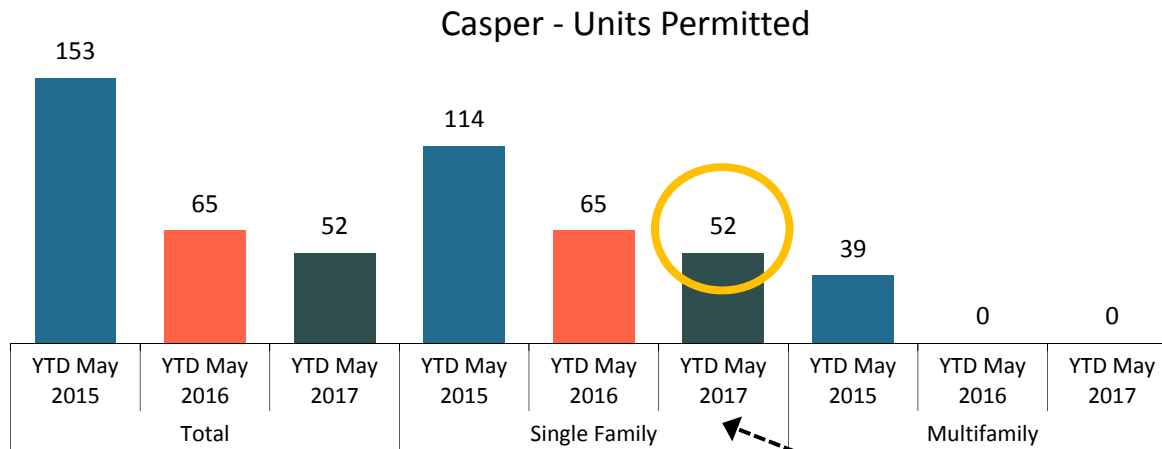
The number of total housing units permitted year-to-date end of May 2017 **decreased by 0.3%** compared to 2016. Single family units **were ahead by 0.2%**. Multifamily units **declined by 3.7%** (or 3 units) during the same period compared to 2016.

Source: U.S. Census Bureau.

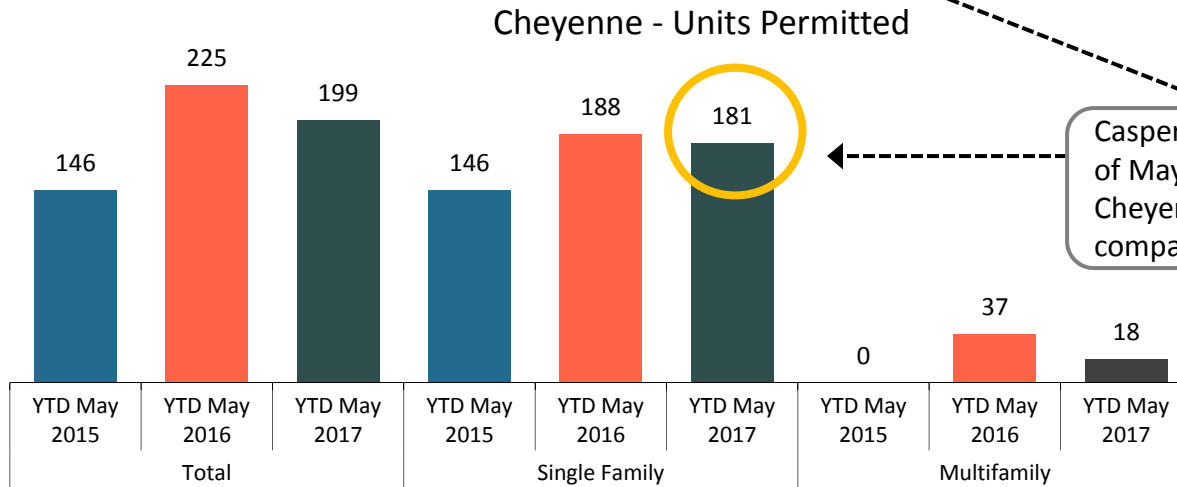


Residential Building Permits

Units for Casper and Cheyenne: Year-to-Date through May



The number of total housing units permitted for Casper year-to-date May 2017 **decreased by 20.0%** compared to 2016. Total units permitted for Cheyenne over the same time **declined by 11.6%**.



Casper saw a decline (-20.0%) through the end of May 2017 of single family units while Cheyenne reported a slight drop (-3.7%) compared to 2016.

Source: U.S. Census Bureau.



How To Find Us

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NPS turned 100 on August 25, 2016

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