



Economic Summary: 1Q2021



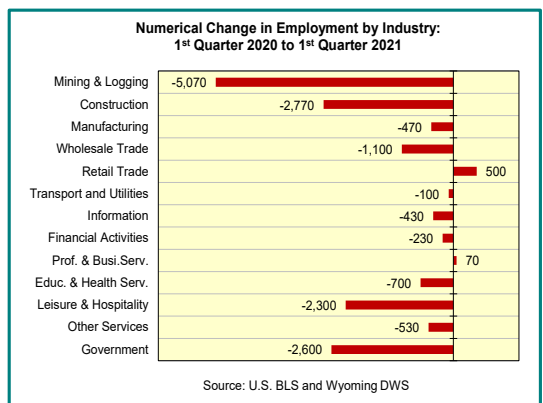
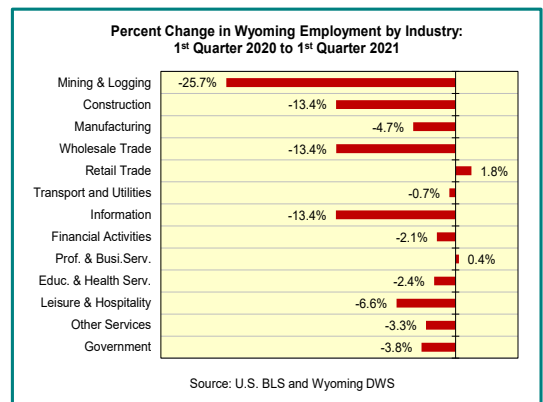
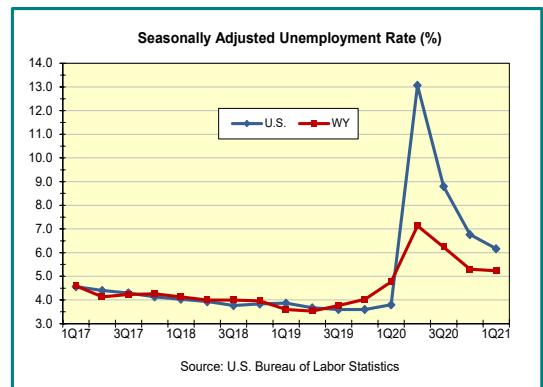
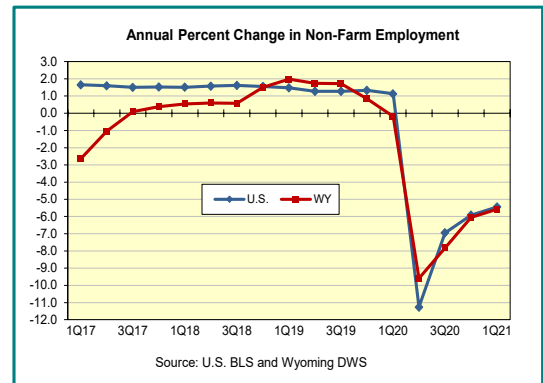
Current Global and U.S. Economy

The global economy will gradually return to expansion in 2021 after contracting in last years' historic recession, according to Moody's Analytics. China's early outperformance boosted Asia's real GDP to surpass its pre-pandemic level at the end of last year. The addition of substantial fiscal stimulus and the successful deployment of the vaccines in the United States will not only push the country's economy, but also the world economy as a whole past its pre-COVID-19 level in the current second quarter. However, performance among the world's major economies will be uneven and growing divergent due to disparities in policy support, outbreak intensity, and the efficiency of vaccine rollout. Economic growth will slowly revert to pre-pandemic trends over the next few years as markets unwind from the globally synchronized downturn. Moody's Analytics projects that other large economies such as Japan, Italy and Spain may not enter expansions until late 2023.

About a year after the coronavirus devastated the economy, the U.S. overall rebounding pace has been unexpectedly speedier than anticipated, thanks to the rounds of Federal stimulus payment to individuals and businesses, and the winding-down of the pandemic. This could lead to the highest GDP growth rate in many decades. Nonfarm employment rose by 559,000 in May, much higher than the previous month, and the unemployment rate dipped to 5.8 percent. Moody's Analytics now forecasts the monthly payroll job growth will be about half of one million this year, real GDP will increase 6.9 percent in 2021, and the economy will fully recover from the pandemic with an unemployment rate of 3.5 percent in 2023.

Employment

As the resurgence of the virus diminished, Wyoming's economy continued to rebound in the first quarter, similar to the U.S. average. However, the year over year comparison was still disconcerting for the state's labor market. Total employment decreased 5.6 percent (or 15,730 jobs) compared to one year earlier, while the rate of job decline for the U.S. was 5.4 percent. The state's unemployment rate decreased slightly to 5.2 percent, lower than the national average of 6.2 percent. Payroll job declines occurred in nearly all industrial sectors, led by the mining (including oil & gas extraction). This pivotal industry lost about 5,070 jobs, or 25.7 percent of its employees in a year-over-year comparison, and it showed little improvement in the quarter due to the continuation of depressed oil and natural gas activities. The construction, leisure & hospitality (mostly restaurant & lodging), and government sectors lost over 2,300 jobs, respectively. Retail trade was the only industry that showed minimal effects from the COVID-19 pandemic, and employment in this sector grew 1.8 percent during the year.



Personal Income and Earnings

Wyoming's total personal income grew 11.4 percent in the first quarter of 2021 from the previous year, the fastest growth since the second quarter of 2008. U.S. personal income increased 16.6 percent during the same period. Personal income is the income received by all residents from all sources. It is the sum of wage & salary and proprietors' earnings; property income (dividends, interest, and rent); and personal transfer receipts such as Social Security Income, Medicare and Medicaid benefits, unemployment insurance compensation, and other income benefits and assistance. Total earnings in the state shrank 2.0 percent annually in the quarter, while transfer receipts increased 89.3 percent, attributed to the new rounds of government pandemic relief payments from the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act.

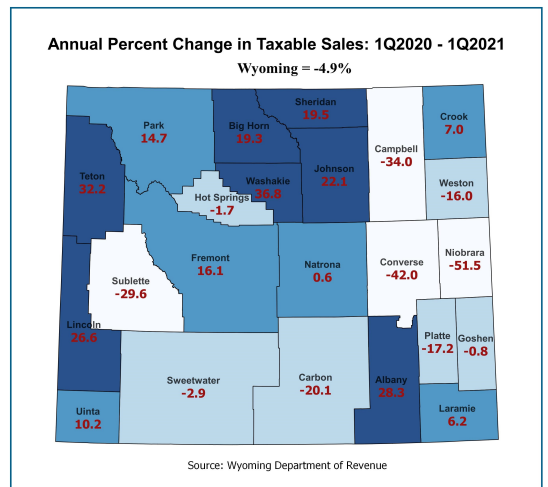
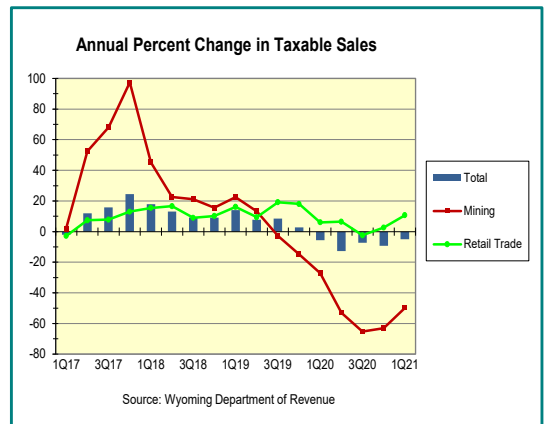
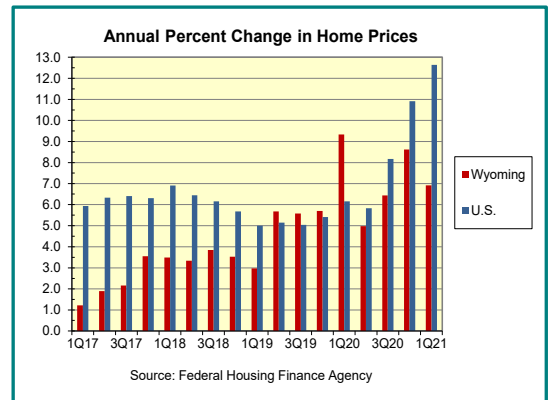
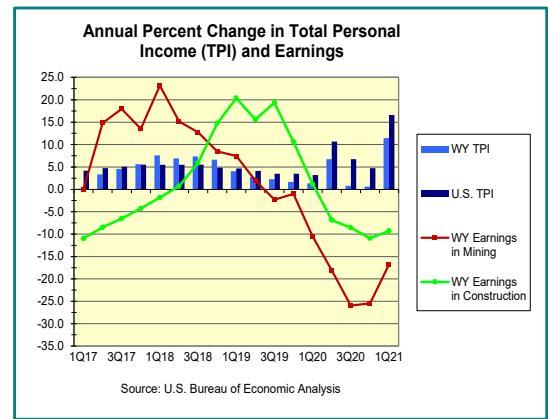
Housing

The statewide single-family home price increased 6.9 percent in the first quarter of 2021 from one year ago, slower than the previous quarter. The national average price appreciation accelerated to 12.6 percent during the same period, the fastest in recent decades. In Wyoming, single-family building permits for new privately-owned residential construction in the first quarter of 2021 were 53.1 percent higher than the previous year level. Mortgage delinquency rates in March were higher than last year, according to CoreLogic.

U.S. home values continue to outperform expectations, supported by resilient demand and increasingly constrained supply. The Fed's expansionary monetary policy actions are key contributors to this resilience. The 30-year mortgage rate increased a bit but was still close to the all-time low. Demographics are supporting the demand as younger millennials enter the market in droves while older millennials look to upgrade and upsize their homes. However, the red-hot housing market may slow down somewhat in late 2021 as housing supply is expected to catch up with demand. In addition, the reduced affordability may also contribute to a cool-down in housing demand.

Taxable Sales

Based on sales and use tax collections, total taxable sales in the state shrank 4.9 percent to \$4.0 billion in the first quarter of 2021, in a year-over-year comparison. Decreases occurred in most economic sectors. The mining industry contracted substantially, 56.2 percent, due to declining sales of equipment, supplies, and services from energy exploration and production activity. This was one of the largest year-over-year drops in Wyoming's history. The manufacturing, transportation, and auto & machinery leasing industries that act in tandem with mineral extraction operations, also declined around 20.0 percent, each. The retail trade industry, the largest in terms of sales tax contribution, increased 10.7 percent, with online sales growing substantially (44.3%). Consumer spending in retail stores such as furniture & home furnishings, liquor, and sporting goods also demonstrated strong growth.



Motor vehicle and food services sales showed significant increases of 18.2 and 14.5 percent, respectively, over the year. Across the state, 10 out of 23 counties experienced decreases in taxable sales in a year over year comparison, led by Niobrara's -51.5 percent, followed by -42.0 percent in Converse. However, counties without considerable mineral extraction displayed strong increases, led by Washakie (36.8%) and Teton (32.2%).

Tourism

The number of recreational visitations to Yellowstone National Park reached 107,846 in the first quarter of 2021, up 20.7 percent from the previous year, while 194,447 visits in Grand Teton National Park showed an increase of 22.8 percent. Visitation figures for both national parks were the highest recorded for the first quarter in history, mostly attributed to visitors' preference of outdoor sightseeing during the COVID-19 outbreak and trending down of the pandemic.

Lodging sales for the first quarter were 27.9 percent higher than a year ago in Teton County, and were up 16.4 percent for the state as a whole. In general, the primary drivers for the fluctuation in lodging sales are visitations to the national parks and mineral activities in the state, but the lodging sales in Teton County's winter season is mostly driven by ski activity.

Agriculture

After dropping to the lowest level in about 10 years, the index of prices farmers received for all U.S. livestock and products rebounded to 96, the same as a year ago. The COVID-19 pandemic not only disrupted supply chain, but also severely affected demand patterns from consumers. Farm earnings in Wyoming experienced a downward trend in 2016 and 2017, but has since been recovering. For the first quarter of 2021, it decreased significantly from the previous quarter's record amount, which was partially due to the fading support from government payment.

Commercial beef production for the United States totaled 2.48 billion pounds in March, up 3 percent from the 2.40 billion pounds produced in March 2020, according to Mountain Regional Field Office of the National Agricultural Statistics Service, USDA. Lamb and mutton production, at 13.9 million pounds, was up 13 percent above the previous year.

Revenue

The amount of investment income distributed to the state general fund, including income from the Permanent Wyoming Mineral Trust Fund and state agency pooled income accounts, reached \$50.3 million in the first quarter of 2021, which was 9.0 percent lower the amount recorded a year ago. The huge boosts in the second quarters were due to the net realized capital gains being distributed at the end of each fiscal year, which ends on June 30. The \$150.7 million in mineral severance taxes generated in the first quarter of 2021, the largest since the fourth quarter of 2019, was substantially higher than both the previous quarter and the prior year levels, reflecting a strong rebound in oil and natural gas prices.

