



Economic Summary: 2Q2021



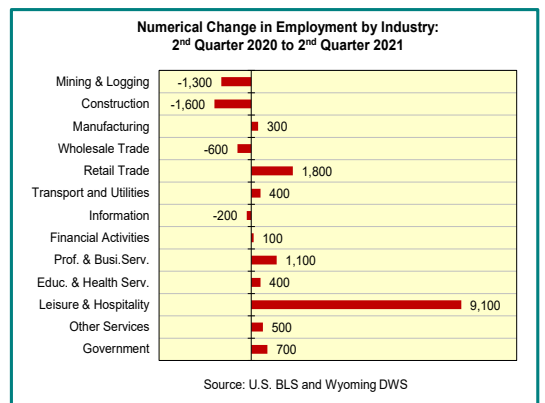
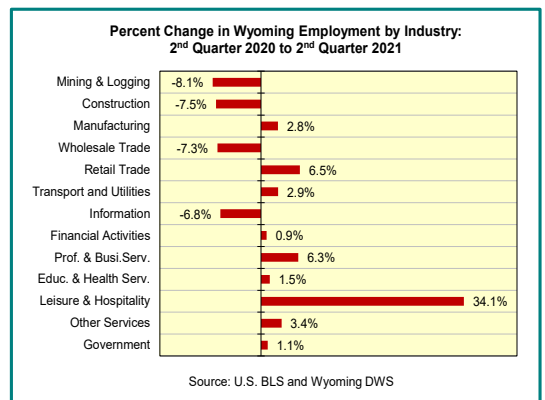
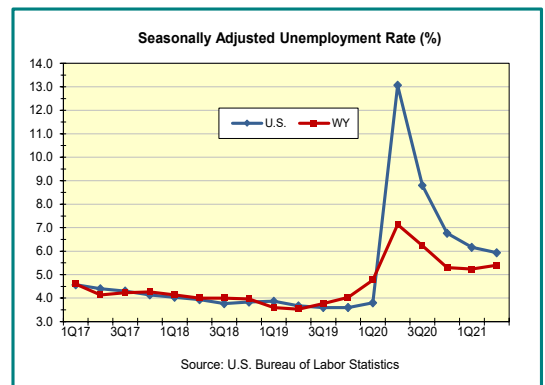
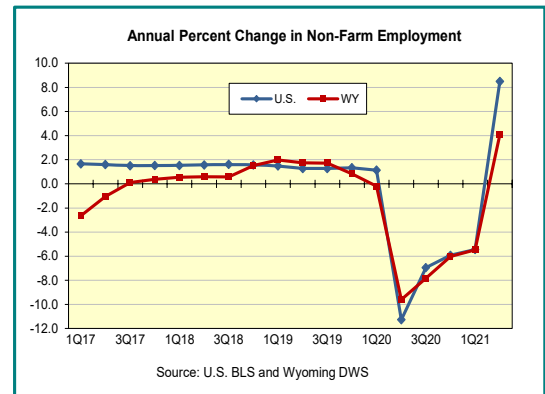
Current Global and U.S. Economy

After contracting in last year’s historical recession, the global economy expands in 2021, according to Moody’s Analytics. China’s early performance boosted Asia’s real GDP to surpass its pre-pandemic level at the end of last year. A significant fiscal stimulus and the successful deployment of the vaccines in the United States bolstered the U.S. economy and helped lift global output to the near pre-COVID-19 level in the second quarter. However, recovery among the world’s major economies remains uneven due to disparities in policy support, outbreak intensity, and the efficiency of vaccine rollouts. Moody’s Analytics expects global real GDP to rebound 5.7 percent in 2021, following the historic 3.6 percent contraction in 2020. The robust recovery will be led by the U.S. with over 6.0 percent growth rate, followed by a near equivalent 6.0 percent expansion in Asia which is anchored by China’s stable growth and India’s turnaround in the post-restriction phase.

After the coronavirus devastated the economy, the U.S. overall rebound pace has been unexpectedly speedier than anticipated, thanks to the rounds of Federal stimulus payments to individuals and businesses as well as the efficacy and deployment of the vaccination. However, the economy’s near future performance appears increasingly to depend on how the Delta variant plays out. This more contagious version has already weighed on the labor market. Nonfarm employment rose by only 235,000 in August, much slower than the previous two months of around one million payroll jobs, respectively. Moody’s Analytics now forecasts that real GDP will increase 6.0 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 trajectory of the COVID cases flattened, Wyoming’s economy continued to rebound in the second quarter, though somewhat slower than the U.S. average. The year over year comparison may overstate the strength of the labor market and the state’s overall economy because of the devastating conditions in the second quarter of 2020. Total employment increased 4.1 percent (or 10,700 jobs) compared to one year earlier, while the rate of job growth for the U.S was 8.5 percent. The state’s unemployment rate increased slightly to 5.4 percent, still lower than the national average of 5.9 percent. Payroll jobs increased in most industrial sectors, led by leisure & hospitality (mostly restaurant & lodging). This service industry recovered about 9,100 jobs, or 34.1 percent of its employees in a year-over-year comparison. The retail trade and professional & business services also regained 6.5 and 6.3 percent of jobs, respectively. Wyoming’s pivotal industry, mining, improved slightly over the quarter, but the year-over-year comparison was still -8.1 percent due to the sluggish rebound in oil and natural gas activities.



Personal Income and Earnings

Wyoming's total personal income contracted 0.3 percent in the second quarter of 2021 from the previous year, which is the second decline since the second quarter of 2020. U.S. personal income increased 1.1 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, as well as other income benefits and assistance. Total earnings in the state grew 10.7 percent annually in the quarter, while transfer receipts decreased 25.3 percent. This decline reflected the substantial government pandemic relief such as direct economic impact payments and expanded unemployment benefits from the CARES Act related to COVID-19 during the second quarter of 2020.

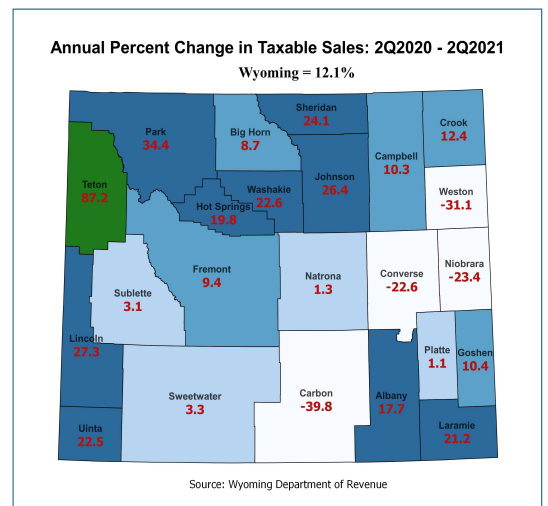
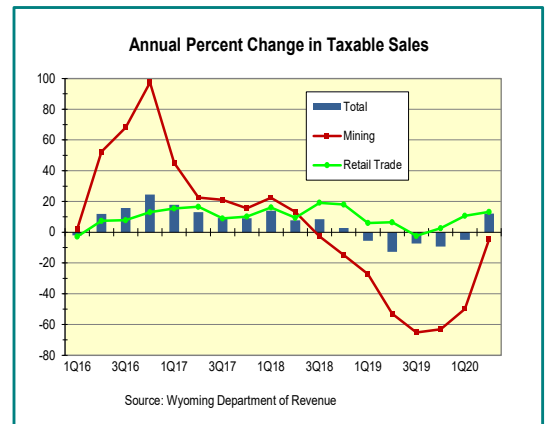
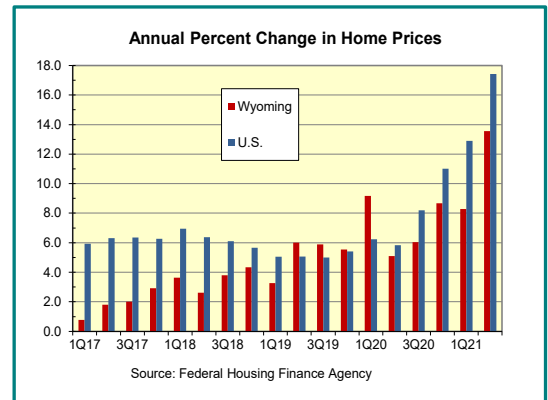
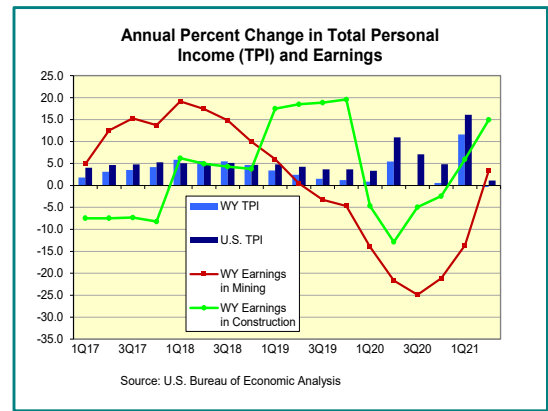
Housing

The statewide single-family home price increased 13.6 percent in the second quarter of 2021 from one year ago, faster than the previous quarter. The national average price appreciation accelerated to 17.4 percent during the same period, the fastest in recent decades. In Wyoming, single-family building permits for new privately-owned residential construction in the second quarter of 2021 were 32.9 percent higher than the previous year level. Mortgage delinquency rates in June were lower than last year, according to CoreLogic.

Resilient demand and increasingly constrained supply lead U.S. home values to continue outperforming expectations. 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 support 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 because housing supply is expected to catch up with demand. In addition, reduced affordability may also contribute to a cool-down in housing demand.

Taxable Sales

After five consecutive quarter declines, total taxable sales in the state expanded 12.1 percent to \$4.6 billion in the second quarter of 2021, in a year-over-year comparison. Increases occurred in most economic sectors. The leisure & hospitality grew substantially, 82.8 percent, thanks to business reopening and the booming travel & tourism activities. Motor vehicle sales as well as auto/machinery rental & leasing showed significant increases of around 30.0 percent, respectively, over the year. Transportation & warehousing endured the largest decline (-55.9%), followed by the shrinkage of 34.8 percent in utilities. Wholesale trade, construction, and information industries also experienced double-digit declines, each. The retail trade industry, the largest in terms of sales tax contributions, increased 13.3 percent. Consumer spending in retail stores such as furniture & home furnishings, liquor, and



sporting goods also demonstrated strong growth. Across the state, 19 out of 23 counties experienced increases in taxable sales in a year over year comparison, led by Teton County's 87.2 percent, followed by 34.4 percent in Park County. However, counties with considerable mineral extraction in their economies displayed decreases or smaller increases. The fading activities in wind energy construction compromised the comparisons for Carbon County.

Tourism

The number of recreational visitations to Yellowstone National Park reached 1,480,152 in the second quarter of 2021, up 138.8 percent from the previous year, while 1,203,565 visits in Grand Teton National Park showed an increase of 103.3 percent. Visitation figures for both national parks were the highest recorded for the second quarter in history, which can be mostly attributed to visitors' preference of outdoor sightseeing during the COVID-19 outbreak and downward trend of the pandemic. Previous records were 1,342,199 in the second quarter of 2016 for Yellowstone, and 984,481 in the second quarter of 2018 for Grand Teton.

Lodging sales for the second quarter were 249.4 percent higher than a year ago in Teton County, and were up 158.0 percent for the state as a whole.

Agriculture

After dropping to the lowest level in about 10 years, the index of prices farmers received for all U.S. livestock and products continued to rebound since the third quarter of 2020. The index reached 108 in the second quarter, which was 21.3 percent higher than a year ago. The COVID-19 pandemic not only disrupted supply chain, but it 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 second quarter of 2021, farm earnings were about 20 percent higher than both the previous quarter and the prior year levels.

According to the Federal Reserve Bank of Kansas City, the financial condition of farm borrowers continued to improve even though increases in the costs of some inputs weighed on profit margin. Interest rates on agricultural loans remained historically low through the first half of 2021.

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 \$347.0 million in the second quarter of 2021, which was 135.4 percent higher than the amount recorded a year ago. The huge boosts in the second quarters stemmed from the net realized capital gains being distributed at the end of each fiscal year, ending on June 30. The \$147.3 million in mineral severance taxes generated in the second quarter of 2021, was just slightly lower than the previous quarter, but was substantially higher than the prior year levels, reflecting a strong rebound in both petroleum and natural gas prices.

