



Economic Summary: 2Q2024



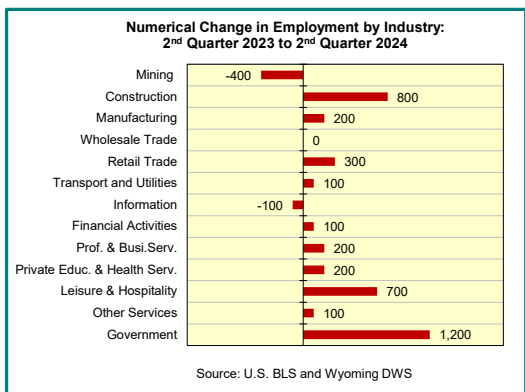
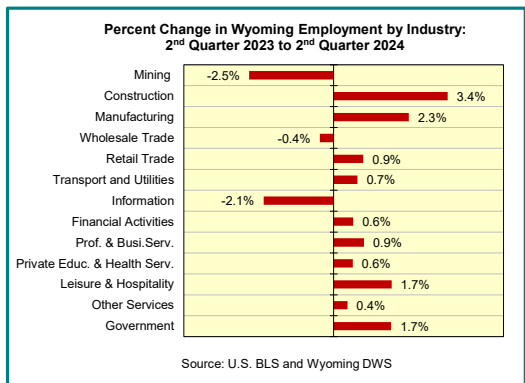
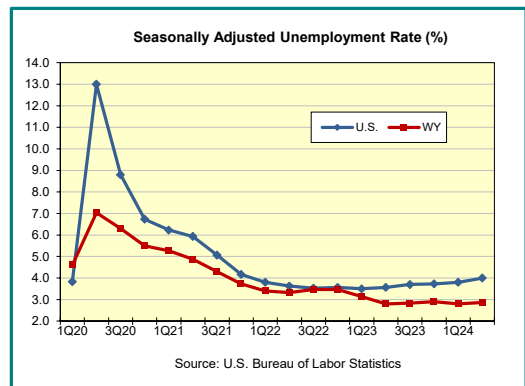
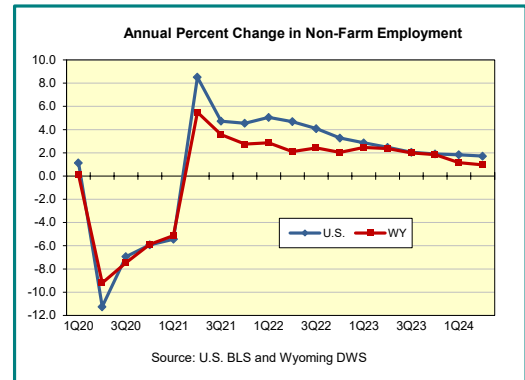
Current Global and U.S. Economy

The global economy has experienced a convergence of extreme stresses over the past three years. The aggressive tightening of monetary policy alongside elevated inflation dampened domestic demand and reduced the volume of global trade. However, helped by the resilience of the U.S. economy, the global economy not only avoided a recession, but it delivered a GDP growth rate of 2.7 percent in 2023. As monetary easing is anticipated to arrive in time, it is expected to slow slightly to 2.6 percent in 2024, preventing a broader global slowdown, according to Moody's Analytics. Boosted by the robust spending of consumers, GDP growth in the U.S. for 2024 is expected to be close to last year's strong pace. Although Europe experienced a slower rate of growth in 2023, the economic outlook for the region is expected to improve this year, while China's doldrums in the property market continues to take a toll on household consumption.

Despite higher interest rates, the U.S. economy continued to show a remarkable performance. Growth was higher than the potential, with real GDP expanding over 2.0 percent for the first half of 2024. The labor market is slowing down, but is still resilient, averaging close to a solid 150,000 payroll jobs per month, while wage growth is outpacing inflation. It is uplifting that the slower employment growth is mostly due to business hiring deceleration instead of laying off workers. In addition, corporate earnings are delivering robust increases and the financial markets have reached unprecedented highs. With relatively less volatility in oil prices, inflation has been below 3.0 percent. The assessment from Moody's Analytics is that the U.S. economy has soft-landed, and real GDP grows at 2.6 percent in 2024, a similar rate to 2023. The unemployment rate is expected to be around 4.1 percent.

Employment

Even with the moderate slowdown in energy businesses' drilling activities, Wyoming's economy continued to grow in the second quarter, but the pace of expansion appeared to decelerate. Total employment increased 1.1 percent (or 3,400 jobs) compared to the previous year, while the U.S. growth rate also slowed down slightly to 1.7 percent. The state's unemployment rate showed little change, 2.9 percent, which was much lower than the national average of 4.0 percent. Payroll jobs increased in most sectors, led by construction, which grew 3.4 percent annually in the second quarter. Manufacturing increased 2.3 percent. The government sector, which includes public higher education, K-12 education, and local hospitals, added 1,200 payroll jobs. Wyoming's pivotal industry, mining, decreased moderately (-2.5%). Compared to the pre-COVID period of the second quarter of 2019, total employment was 1.1 percent higher, but the mining industry was still down by 20.7 percent, or 4,400 jobs.



Personal Income and Earnings

Wyoming’s total personal income increased 5.4 percent in the second quarter of 2024 compared to the second quarter of 2023. This growth rate was identical to the previous quarter. U.S. personal income increased 5.9 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 also grew 5.4 percent annually in the quarter, while personal transfer receipts grew 6.6 percent. Earnings in nearly all sectors demonstrated expansions from a year ago, led by construction industry (13.9%). Government sector and other services grew 8.9 and 7.6 percent, respectively. The only declines were the mining industry (-2.4%) and farm (-7.3%).

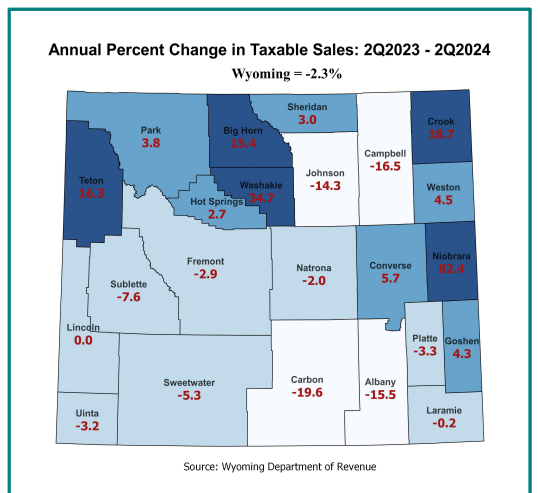
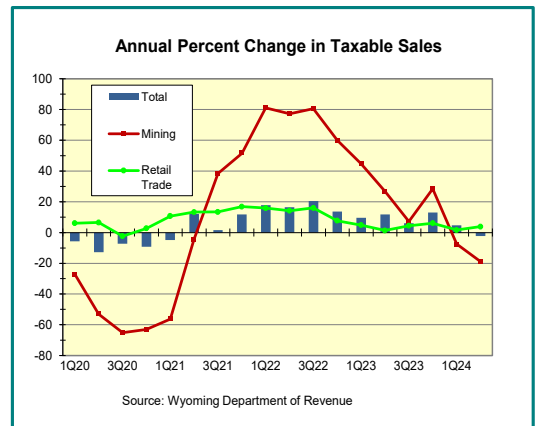
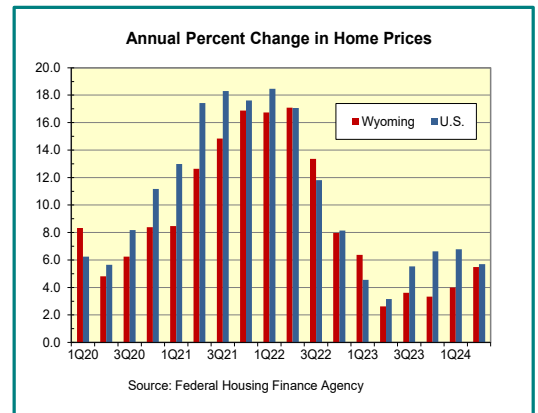
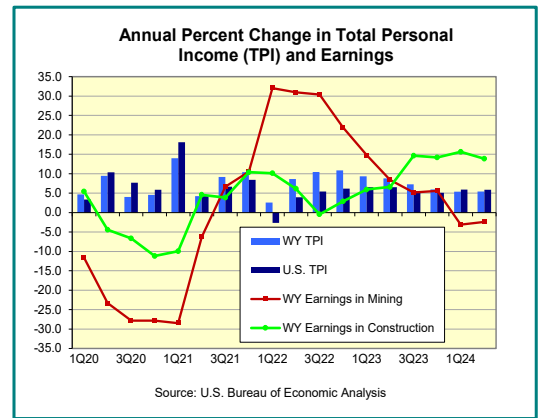
Housing

The statewide single-family home price increased 5.5 percent in the second quarter of 2024 compared to one year ago, moderately faster than the previous quarter. The national average price appreciation, however, decelerated to 5.7 percent during the same period. In Wyoming, single-family building permits for new privately-owned residential construction in the second quarter of 2024 were 12.6 percent higher than the previous year, while multi-family units advanced 66.7 percent.

Amid a scarcity of homes on the market, U.S. housing prices continued to climb, and the overall housing market is still overpriced. The principal reason is the extremely tight inventory for sale, which sits at about half the level of a balanced market. The majority of existing homeowners are tied to extremely low interest rates, greatly reducing their motivation to sell their properties. With affordability at a four decade low, the anemic demand has resulted in the slowest existing-home sales since the 2008 financial crisis. Though the overheated valuation will exert downward pressure, house prices will probably remain relatively stable because of supply constraints. Home affordability is expected to improve over time through gradual income increases, reduced interest rates, and flattening or decreasing home prices.

Taxable Sales

Based on sales and use tax collections, total taxable sales in the state decreased 2.3 percent to \$5.9 billion in the second quarter of 2024 in a year-over-year comparison, the first decline since the first quarter of 2021. This weak performance was mostly caused by the contraction in mining activities (-18.9%) and reduced projects in the utilities industry (-38.5%). Decreases occurred in a majority of economic sectors. Construction and manufacturing demonstrated growth rates of 25.2 percent and 18.8 percent, respectively. Transportation & warehousing and professional & business services also showed strong increases. Taxable sales in the leisure & hospitality sector expanded 7.2 percent. Retail trade, the largest in terms of taxable sales, increased 3.9 percent. Many sectors, such as wholesale trade, information, and other services experienced modest declines.



Across the state, 11 out of 23 counties experienced decreases in taxable sales in a year over year comparison, led by Carbon (-19.6%), followed by Campbell (-16.5%), Albany (-15.5%), and Johnson (-14.3%). Boosted by mineral and wholesale trade undertakings, Niobrara County experienced the largest increase, 82.4 percent, in a year-over-year comparison.

Tourism

The number of recreational visitations to Yellowstone National Park reached 1,508,846 in the second quarter of 2024, up 9.7 percent from the previous year, while 1,045,184 visits to Grand Teton National Park showed an increase of 14.5 percent. The visitation figure for Yellowstone Park was the highest recorded for the second quarter in history, while the number for Grand Teton Park was only the second time that it surpassed the one million mark for the second quarter.

Lodging sales for the second quarter were 37.7 percent higher than a year ago in Teton County, and increased 17.3 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. On an annual basis, the lodging sales in Teton County account for more than half of state total.

Agriculture

After dropping to the lowest level in roughly 10 years, the index of prices farmers received for all U.S. livestock and products has rebounded quickly since the third quarter of 2020. The index, at 147.7, reached a new record in the second quarter, and was 8.4 percent higher than a year ago. Farm earnings in Wyoming demonstrated a robust trend in 2022 and 2023, but have been running weaker this year. The second quarter of 2024 amount was 18.4 percent higher than the previous quarter, but 7.3 percent lower than the prior year, perhaps attributed to the potent livestock prices and the increased operation costs.

The accumulated commercial beef production for the United States in the first half of 2024 was down 2.0 percent from last year, according to Mountain Regional Field Office of the National Agricultural Statistics Service, USDA. Veal was down 12.0 percent, while lamb and mutton production was up slightly during the period.

Revenue

Benefiting from the higher interest environment, the amount of investment income distributed to the state general fund, including income from the Permanent Wyoming Mineral Trust Fund (PWMTF) and state agency pooled income accounts amounted to \$267.8 million in the second quarter of 2024, an increase of 108.2 percent from the amount recorded a year ago. The boosts in the second quarters were due to the net realized capital gains being distributed at the end of each fiscal year, which is on June 30. The \$165.9 million in mineral severance taxes generated in the second quarter was 7.0 percent lower than the previous quarter, but was 1.6 percent higher than the previous year. This amount was the second smallest since the third quarter of 2021, mostly reflecting the pullback of natural gas prices and the steeper decline in coal production.

