



# Economic Summary: 3Q2020



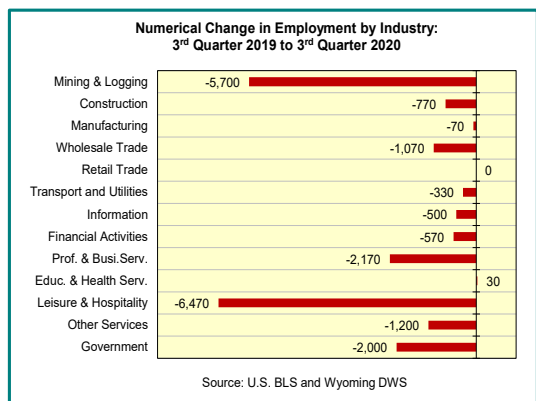
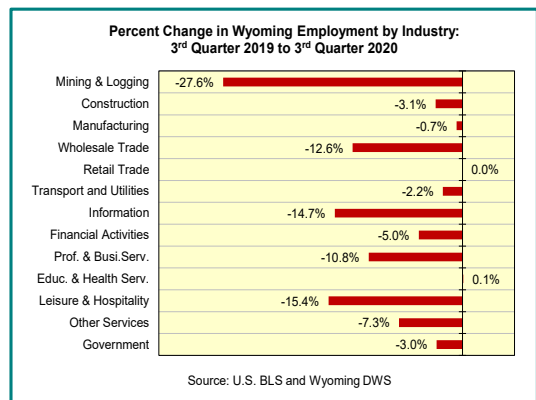
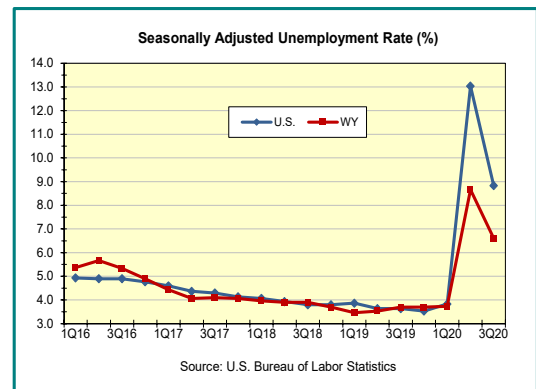
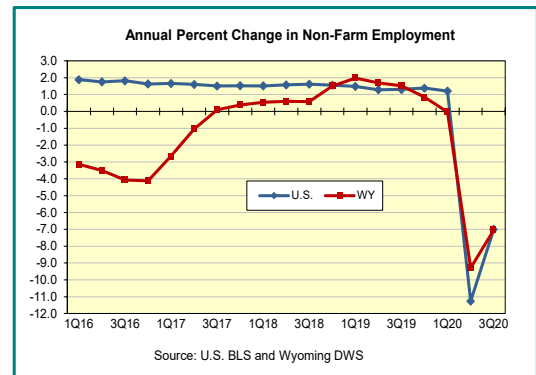
## Current Global and U.S. Economy

With the resurgence of COVID-19 cases in Europe and the U.S., the costs of the pandemic continue to be significant. Moody's Analytics expects that the global economic fallout from the second wave of infections is likely to be less severe than in the initial wave, thanks to fiscal and monetary measures already in place. Infection resurgence does threaten to disrupt and moderate the global recovery through early 2021. The global real GDP is still forecast to decline 4.5 percent year-over-year in 2020, the sharpest contraction on record. However, the extent of the downturn will eventually depend on the effectiveness of current containment efforts, and on the provision of additional fiscal stimulus to cushion the economy. Both Europe and Latin America are set to see a deeper contraction than the U.S. in the fourth quarter of 2020. The Asian-Pacific region is expected to see some recovery in the near term, driven by China's strong rebound, and supported by the ongoing recovery in Australia and South Korea, according to Moody's Analytics.

Led by a notable turnaround in consumer spending, and business and residential investment, the U.S. economy performed better than expected in the third quarter, when GDP rebounded at an annualized rate of 33.1 percent. However, the intensifying pandemic and fading government support are weighing on household spending and business sentiment through the fourth quarter. The weak job addition (245,000) in November was clear evidence of the slowdown in recovery, with employment losses resuming in the virus-sensitive retail and restaurant industries. Odds are probably high and rising that employment will decline in the next few months as local communities tighten mitigation measures.

## Employment

After the severe downturn from the worst effect of the pandemic during the second quarter, Wyoming's economy demonstrated a notable rebound in the third quarter, similar to the U.S. average. However, the year over year comparison was still very much disconcerting for the state's labor market. Total employment decreased 7.0 percent (or 20,820 jobs) compared to one year earlier, while the job decline rate for the U.S. was also 7.0 percent. The state's unemployment rate decreased significantly to 6.6 percent, lower than the national average. Job declines occurred in nearly all industrial sectors where the leisure & hospitality industry (mostly restaurant & lodging) lost the largest number of jobs (-6,470). The state's pivotal industry, mining (including oil & gas extraction) also lost over one-fourth of its employees as a result of plunging oil and natural gas activities due to falling energy demand from the restrictions on businesses and travel. Retail trade and private educational & health services were the only sectors that showed smaller effects from COVID-19 pandemic, and the employment changed little in a year-over-year comparison.



## Personal Income and Earnings

Wyoming's total personal income grew 1.2 percent in the third quarter of 2020 from the previous year, the slowest growth since the first quarter of 2017. U.S. personal income increased 7.1 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, and other income benefits and assistance. Total earnings in the state shrunk 2.8 percent annually in the quarter, while transfer receipts increased 23.4 percent, attributed to the government relief payment from the CARES Act. Earnings in about half of the sectors experienced contractions from a year ago, led by the mining industry (-18.9%) and followed by the transportation & warehousing sector (-15.0%).

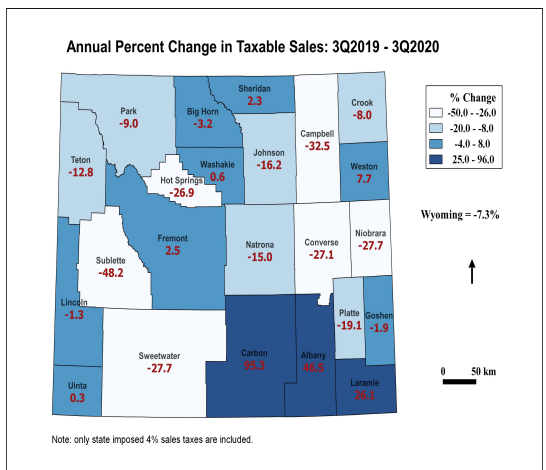
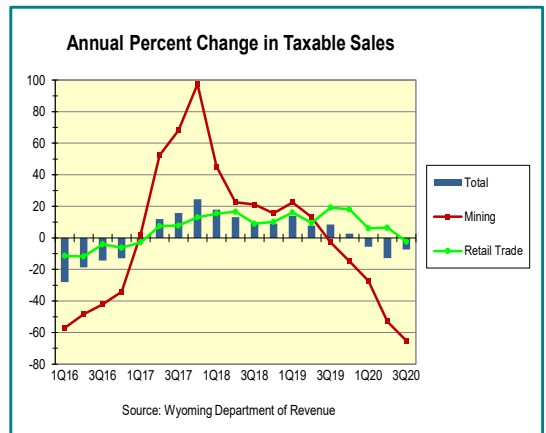
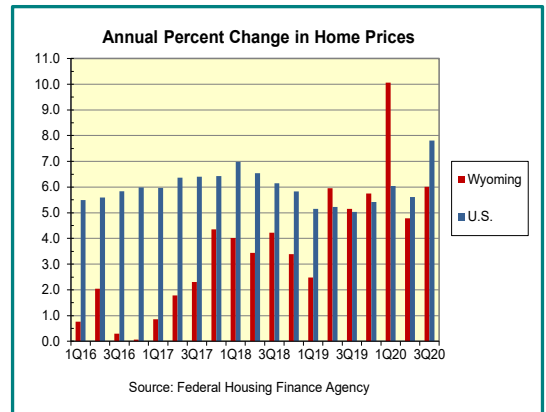
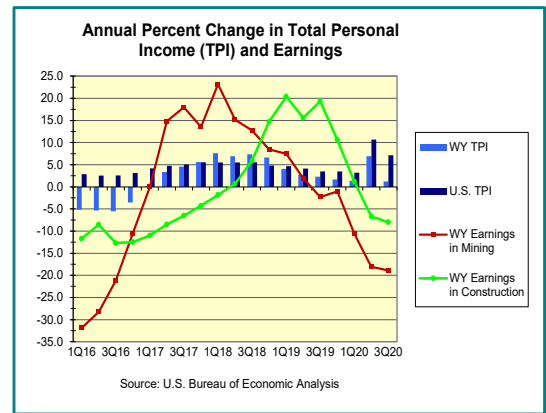
## Housing

The statewide single-family home price increased 6.0 percent in the third quarter of 2020 from one year ago, faster than the previous quarter. The national average price appreciation also accelerated to 7.8 percent during the same period, the fastest since 2006. In Wyoming, single-family building permits for new privately-owned residential construction in the third quarter of 2020 were 18.5 percent higher than the previous year level. Mortgage delinquency rates in September were higher than last year, according to CoreLogic.

U.S. home values continue to trend upward and outperforms 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 fixed mortgage rate hit a new all-time low, decreasing costs associated with buying a home and increasing housing demand. The supply shortage could further intensify as COVID-19 cases continue to rise and would-be sellers remain hesitant about putting their homes on the market. However, in responding to the rising demand, new home construction has strongly rebounded in recent months.

## Taxable Sales

Based on sales and use tax collections, total taxable sales in the state shrunk 7.3 percent to \$5.2 billion in the third quarter of 2020, in a year-over-year comparison. Decreases occurred in most economic sectors. The mining industry (including oil & gas extraction) contracted substantially, at -65.2 percent, due to declining sales of equipment, supplies, and services from energy exploration and production activity, and this was the largest year-over-year drop in Wyoming's history. The construction, manufacturing, and transportation industries that act closely in tandem with mineral extraction operations, also declined more than 30.0 percent, each. The retail trade industry, the largest in terms of sales tax contribution, decreased 2.4 percent, the first decline since the first quarter of 2017. However, the wholesale trade industry and other services (mostly repair and maintenance) experienced year-over-year growth of 85.6 and 80.0 percent, respectively,



mostly as a result of robust activities in the wind power projects. The automobile sales also showed a strong increase of 11.5 percent over the year.

Across the state, 15 out of 23 counties experienced decreases in taxable sales in a year over year comparison, led by Sublette's -48.2 percent, followed by the -32.5 percent in Campbell. However, Carbon (95.3%), Albany (46.5%), and Laramie (26.1%) counties experienced large growth, reflecting boosts in wind energy activities.

### Tourism

The number of recreational visitations to Yellowstone National Park reached 2,674,687 in the third quarter of 2020, up 9.2 percent from the previous year, while 2,069,749 visits in Grand Teton National Park showed an increase of 3.7 percent. Visitation figures for both national parks were the highest recorded for the third quarter in history, partially attributed to visitors' preference of outdoor sightseeing during the COVID-19 outbreak.

Lodging sales for the third quarter were 16.4 percent lower than a year ago in Teton County, and were down 22.3 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 in the state, but the sales change in Teton County's winter season is mostly driven by ski activities.

### Agriculture

The index of prices received by farmers for all U.S. livestock and products dropped to 84, the lowest in about 10 years. The COVID-19 pandemic not only disrupted supply chain, but also severely affected demand patterns from different consumers.

Farm earnings in Wyoming experienced a significant downward trend in 2016 amid strong supply and weak global demand for beef products, but has since been recovering. Based on November 1 conditions, sugarbeet production in Wyoming is forecast at 921,000 tons, up 36 percent from the 679,000 tons produced in 2019, according to the Agricultural Yield Survey conducted by the Mountain Regional Field Office of the National Agricultural Statistics Service, USDA. Growers expect to harvest 30,200 acres this year, compared with 24,000 acres a year ago.

### 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 \$75.2 million in the third quarter of 2020, which was 17.4 percent higher 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 \$104.8 million in mineral severance taxes generated in the third quarter of 2020 was substantially higher than the previous quarter, but was still 29.1 percent lower than a year ago level.

