



# Economic Summary: 3Q2023



Wyoming Department of Administration & Information

Economic Analysis Division

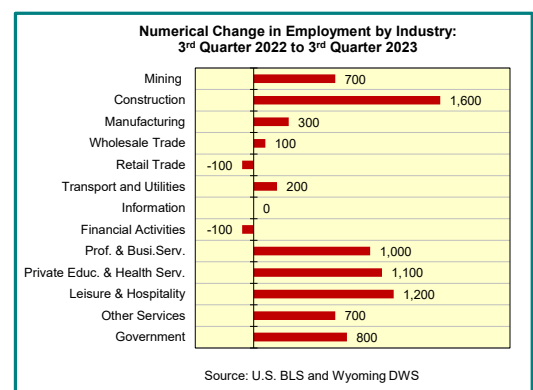
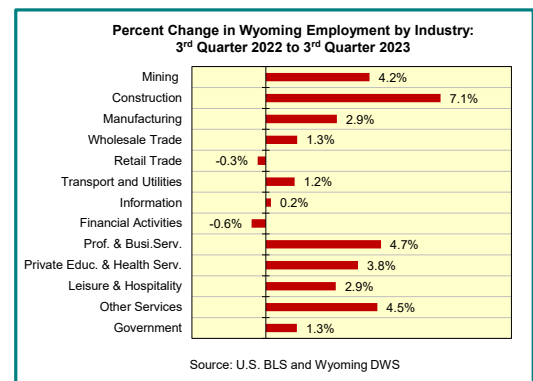
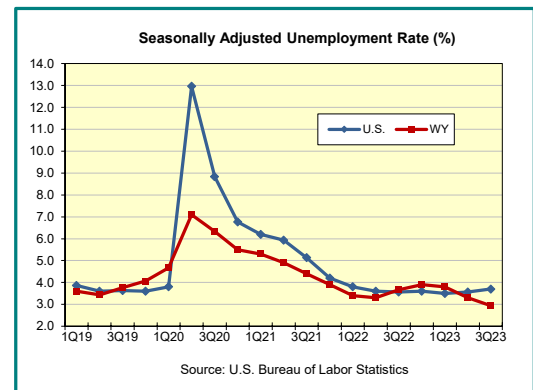
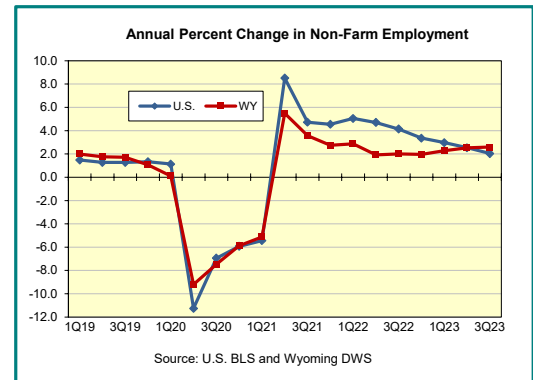
## Current Global and U.S. Economy

The global economic performance in 2023 is mixed, with major regions pulling in different directions, according to Moody's Analytics. The U.S. economic expansion surpassed expectation. This will guarantee that the global economy closes out 2023 with growth above its potential. However, as the second largest economy in the world, China's disappointing post-pandemic recovery has hurt Europe, Japan and emerging markets. Latin America staged well this year because its large economies, Mexico and Brazil, benefited from global commodity trade. Looking forward, most regions are expected to slow in 2024, with the U.S. economy decelerating in the first half as higher interest rates and tighter credit conditions curb consumer spending and business investment. The growth of China is expected to rebound as fiscal and monetary stimulus take effect. Growth will also return in the U.K. and euro zone.

Even with the aggressive rate hikes by the Federal Reserve, the U.S. economy continued to perform well. Growth has been higher than the potential, with real GDP expanding around 2.5 percent in the full year of 2023. The labor market is slowing down somewhat but still resilient, averaging close to a healthy 200,000 pay roll jobs per month, and the labor force participation rate of prime-age (25-54) workers has fully recovered from the pandemic. It is uplifting that the slower employment growth is mostly due to business hiring deceleration instead of laying off workers. Wage growth has moderated and the growth of labor productivity has been speeding up recently. With lower recent oil prices, inflation has receded. The assessment from Moody's Analytics is that the baseline forecast remains recession free in 2024. Both real GDP and payroll jobs continue to grow, but at a lower speed. The unemployment rate is expected to be 4.0 percent.

## Employment

As energy businesses uphold drilling, together with broad-based robust activities across most sectors, Wyoming's economy continued to grow in the third quarter, and the pace of expansion accelerated moderately. Total employment increased faster, at 2.6 percent (or 7,500 jobs) compared to the previous year, while the U.S. growth rate slowed down to 2.0 percent. The state's unemployment rate decreased to 2.9 percent, which was lower than the national average of 3.7 percent. Payroll jobs increased in nearly all sectors, led by construction which grew 7.1 percent annually in the third quarter. Wyoming's pivotal industry, mining, increased 4.2 percent. However, the mining industry still had 3,500 or 17.2 percent less jobs than pre-COVID period of the third quarter of 2019. Professional & business services and other services each increased by 4.5 percent at least. Retail trade and financial activities were the only sectors that experienced declines, though insignificant.



## Personal Income and Earnings

Wyoming's total personal income increased 6.2 percent in the third quarter of 2023 compared to the third quarter of 2022. This growth rate was slightly lower than the previous quarter. U.S. personal income increased 4.7 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 grew 7.0 percent annually in the quarter, while property income grew 5.8 percent. Earnings in most sectors demonstrated expansions from a year ago, led by professional & business services (21.2%) and the construction industry (17.7%). The only decline was financial activities (-1.3%), possibly due to the slowdown in the housing market.

## Housing

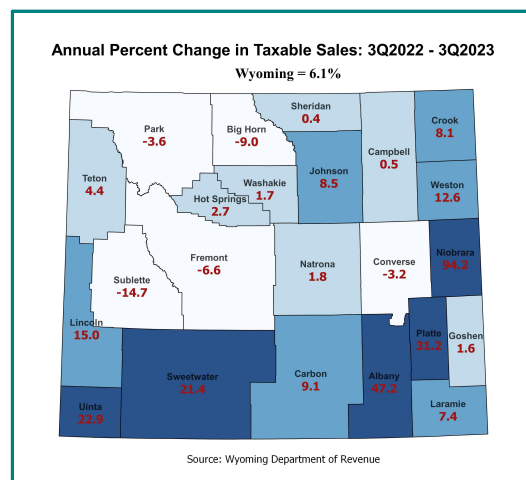
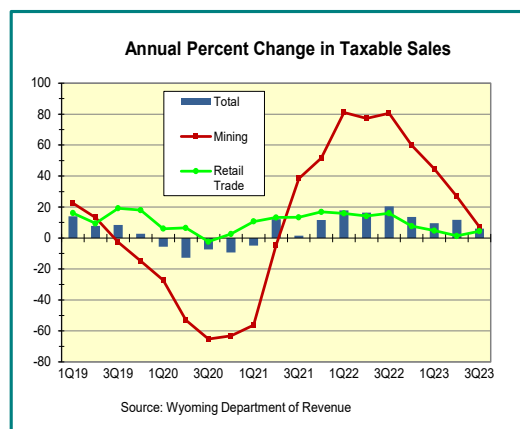
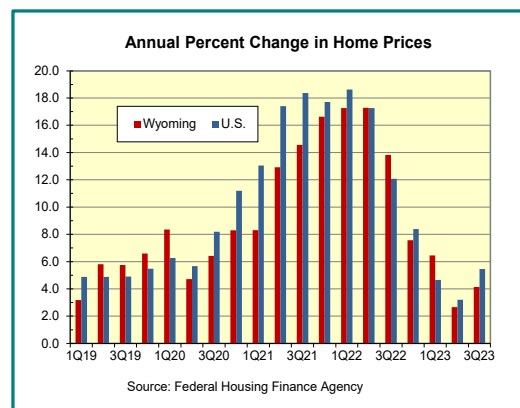
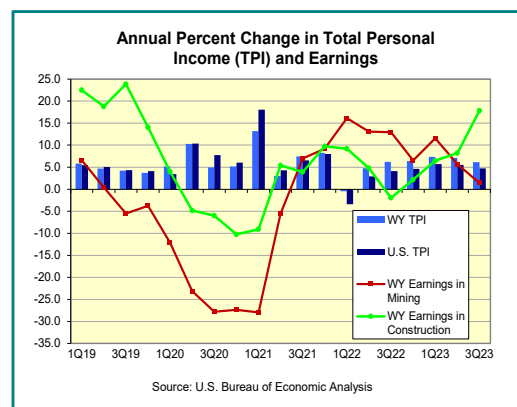
The statewide single-family home price increased 4.1 percent in the third quarter of 2023 compared to one year ago, a higher growth than the previous quarter. The national average price appreciation also accelerated, at 5.5 percent during the same period. In Wyoming, single-family building permits for new privately-owned residential construction in the third quarter of 2023 were 23.5 percent lower than the previous year, while multi-family units decreased 90.4 percent.

The U.S. housing market entered a slump last summer after the Federal Reserve quickly ended the real-estate boom that was driven by the pandemic and record-low interest rates. Many indicators continued to be weak with existing-home sales near record lows. However, home prices reached new highs because of extremely low inventories. High mortgage rates are the principal reason for the low number of sales. Rising interest rates increase the cost of buying a home and can make it harder to qualify for a mortgage.

After falling in the second half of 2022, home prices have recently rebounded somewhat due to the tight supply. However, house prices are expected to remain relatively stable or may slightly decrease as more listings become available over time.

## Taxable Sales

Based on sales and use tax collections, total taxable sales in the state expanded 6.1 percent to \$6.8 billion in the third quarter of 2023, in a year-over-year comparison, the slowest since the third quarter of 2021. This weaker growth was mostly attributed to the deceleration in the mining and retail trade sectors. Increases occurred in a vast majority of economic sectors. Transportation & warehousing demonstrated the fastest growth, 97.0 percent, followed by professional & business services (37.2%). The utilities sector increased 27.4 percent, attributable to the increased activities in wind power projects. The leisure & hospitality sector showed a growth rate of 7.9 percent. Retail trade, the largest in terms of taxable sales, increased 4.4 percent. Wholesale trade is the only sector that experienced a decline (-7.2%).



Across the state, 18 out of 23 counties experienced increases in taxable sales in a year over year comparison, led by Niobrara (94.2%). Albany, Platte, Uinta, and Sweetwater counties also showed expansions of more than 20.0 percent, respectively. Only five counties experienced moderate declines in a year-over-year comparison.

## Tourism

The number of recreational visitations to Yellowstone National Park reached 2,654,539 in the third quarter of 2023, up 52.0 percent from the previous year, while 1,978,902 visits to Grand Teton National Park showed an increase of 28.5 percent. The oldest national park, Yellowstone, was closed on June 13, 2022 due to severe flooding, and it reopened nine days later with limited admission through the fall. Though the annual comparison was affected by the weather incident last year, the third quarter Yellowstone park visitation was still the third highest in history, only lower than the COVID impacted third quarter of 2021 and close to the third quarter of 2020 figures.

Lodging sales for the third quarter were 10.2 percent higher than a year ago in Teton County, and increased 11.5 percent for the state as a whole.

## 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 jumped to 145.4 in the third quarter, 17.6 percent higher than a year ago. Farm earnings in Wyoming have demonstrated a robust trend since the fourth quarter of 2021. The third quarter of 2023 amount was 6.8 percent higher than the previous quarter, and 15.4 percent higher than the prior year, perhaps attributed to reduced production expenses.

According to the Federal Reserve Bank of Kansas City, U.S. farm debt continued to increase. Supported by strength in farm finances, farm loan performance remained strong and delinquency rates slid downward for the third consecutive year. With elevated production expenses and higher interest rates, many producers continued to face challenges and may be forced to increase credit needs. Certain lenders may expect farm income to soften in the near future.

## Revenue

Benefited 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 \$99.4 million in the third quarter of 2023, an increase of 66.1 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 ends on June 30. The \$198.8 million in mineral severance taxes generated in the third quarter of 2023, was 26.9 percent lower than the previous year. This amount was the second smallest since the third quarter of 2021, reflecting the retreat of both petroleum and natural gas prices.

