



Economic Summary: 3Q2024



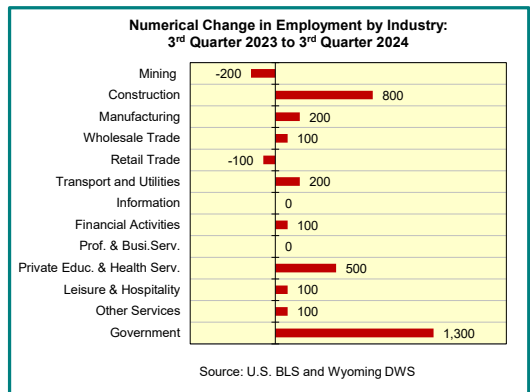
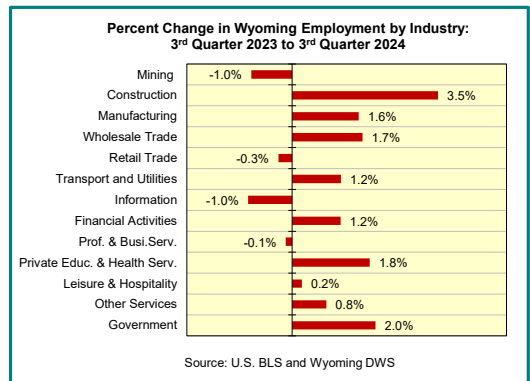
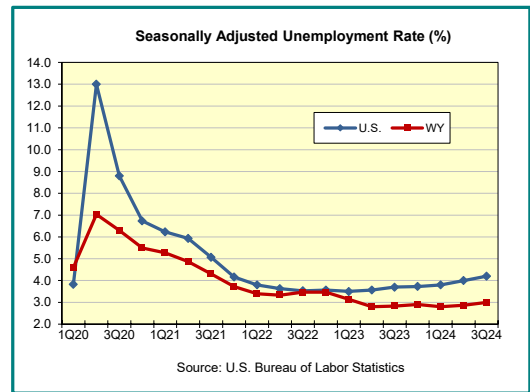
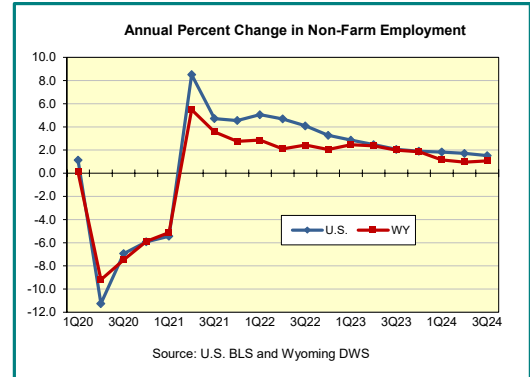
Current Global and U.S. Economy

After being interrupted by a severe pandemic, military conflicts, and a surge in inflation, the global economy is back on track and has performed better than expected, according to Moody’s Analytics. Thanks to the resilience of the U.S. economy, the global economy not only avoided a recession, but also achieved a GDP growth rate of 2.8 percent in 2023. As monetary easing is expected to continue, growth is anticipated to slow slightly to 2.6 percent in 2024, before accelerating back to 2.8 percent in 2028. Boosted by a solid labor market and robust consumer spending, the U.S. economy has outperformed most of the world, while China and Japan are under performing. Emerging markets such as India and Latin America are performing better, while advanced economies in Europe are struggling. The reelection of former U.S. President Trump could potentially lead to significant changes in economic policy, such as tariffs on U.S. imports, immigration, fiscal, and monetary decisions.

Despite higher interest rates, the U.S. economy continued to show a remarkable performance. Growth was higher than expectation, with real GDP expanding 3.0 percent and 3.1 percent for the second and the third quarter of 2024, respectively. 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. While businesses are slowing down their hiring, the number of worker layoffs remains low. In addition, corporate earnings are robust and the financial markets have reached unprecedented highs. With relatively less volatility in oil prices, inflation, still sticky, has moderated. The assessment from Moody’s Analytics is that the U.S. economy may have soft-landed, and real GDP will grow 2.2 percent in 2025, a slower rate than 2024. The unemployment rate is expected to be around 4.1 percent.

Employment

With a slight rebound in energy businesses’ drilling activities, Wyoming’s labor market continued to be healthy in the third quarter, similar to the previous quarter; however, job growth is among the slowest since the COVID-19. Total employment increased 1.1 percent (or 3,100 jobs) compared to the previous year, while the U.S. growth rate also decelerated to 1.5 percent. The state’s unemployment rate rose slightly to 3.0 percent, remaining significantly lower than the U.S. rate of 4.2 percent. Payroll jobs increased in most sectors, with construction leading the way, growing by 3.5 percent annually. The government sector, which includes public higher education, K-12 education, and local hospitals, added 1,300 payroll jobs. Wyoming’s pivotal industry, mining, decreased modestly (-1.0%). Compared to the pre-COVID period of the third quarter of 2019, total employment was 1.2 percent higher, but the mining industry was still down by 17.8 percent, or 3,700 jobs.



Personal Income and Earnings

Wyoming’s total personal income increased 4.6 percent in the third quarter of 2024 compared to the third quarter of 2023. This growth rate was slower than the previous quarter. U.S. personal income increased 5.2 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 4.1 percent annually in the quarter, while personal transfer receipts grew 7.5 percent. Earnings in nearly all sectors demonstrated expansions from a year ago, led by professional & business services (15.7%). Other services sector grew 9.6 percent annually. The only declines were the mining industry (-5.7%) and farm (-4.3%).

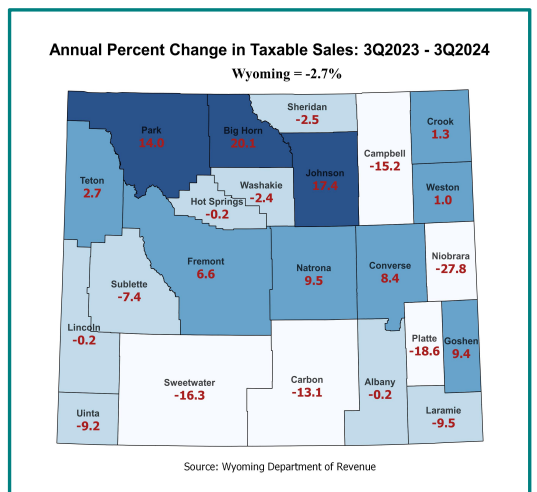
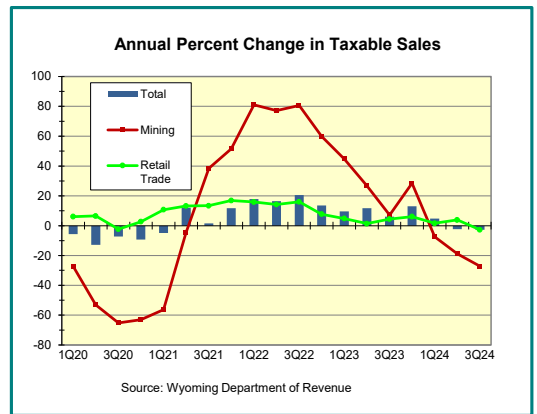
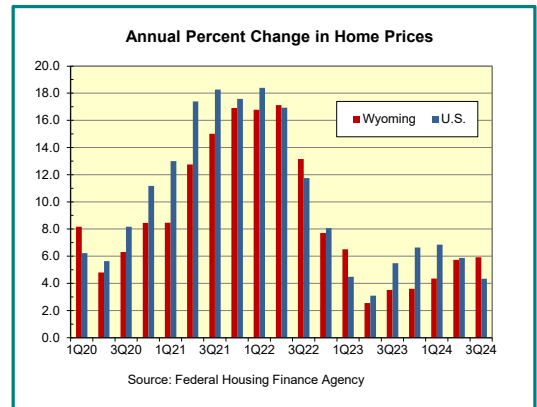
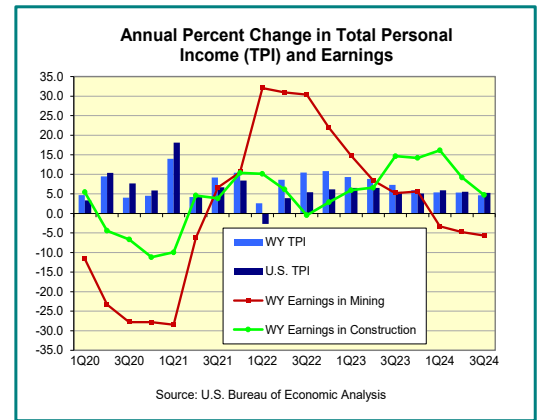
Housing

The statewide single-family home price increased 5.9 percent in the third quarter of 2024 compared to one year ago, slightly faster than the previous quarter. The national average price appreciation, however, decelerated to 4.3 percent during the same period. In Wyoming, single-family building permits for new privately-owned residential construction in the third quarter of 2024 were 21.9 percent higher than the previous year, while multi-family units advanced 32.4 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 2.7 percent to \$6.6 billion in the third quarter of 2024 in a year-over-year comparison, the second consecutive decline since the first quarter of 2021. This weak performance was mostly caused by the contraction in mining industry (-27.3%). Decreases occurred in a majority of economic sectors. Wholesale trade demonstrated growth rates of 28.1 percent. Manufacturing (10.9%) and financial activities which mostly reflects transactions in automotive, machinery, and equipment leasing and rental (10.9%) also showed double-digit increases. Taxable sales in the leisure & hospitality sector expanded 3.0 percent. Retail trade, the largest in terms of taxable sales, decreased 2.8 percent, the first year-over-year decline since the third quarter of 2020.



Across the state, 13 out of 23 counties experienced decreases in taxable sales in a year over year comparison, led by Niobrara (-27.8%), followed by Platte (-18.6%), Sweetwater (-16.3%), Campbell (-15.2%), and Carbon (-13.1%). Big Horn County showed the largest increase, 20.1 percent.

Tourism

The number of recreational visitations to Yellowstone National Park reached 2,713,046 in the third quarter of 2024, up 2.2 percent from the previous year, while 2,053,650 visits to Grand Teton National Park showed an increase of 3.8 percent. The visitation figure for Yellowstone Park was the second highest recorded for the third quarter in history, while the number for Grand Teton Park was only lower than the third quarters of 2020 and 2021.

Lodging sales for the third quarter were 10.3 percent higher than a year ago in Teton County, and increased 6.7 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 148.0, reached a new record in the third quarter, and was 1.8 percent higher than a year ago, the slowest increase since the first quarter of 2021. Farm earnings in Wyoming demonstrated a robust trend in 2022 and 2023, but have been running weaker this year. The third quarter of 2024 amount was 0.8 percent higher than the previous quarter, but 4.3 percent lower than the prior year.

According to the Federal Reserve Bank of Kansas City, robust prices in the cattle market and other animal industries have bolstered revenues in the farm sector, while domestic consumption of meat products has remained solid. Although financial stress among farmers has been relatively low, conditions have become more challenging in recent months, accompanied by a slight rise in loan delinquency rates.

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 \$105.7 million in the third quarter of 2024, an increase of 6.3 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 \$169.3 million in mineral severance taxes generated in the third quarter was 2.0 percent higher than the previous quarter, but was 14.8 percent lower than the previous year. This amount was among one of the smallest since the second quarter of 2021, mostly reflecting the pullback of natural gas prices and the steeper drop in coal production.

