



Economic Summary: 4Q2022



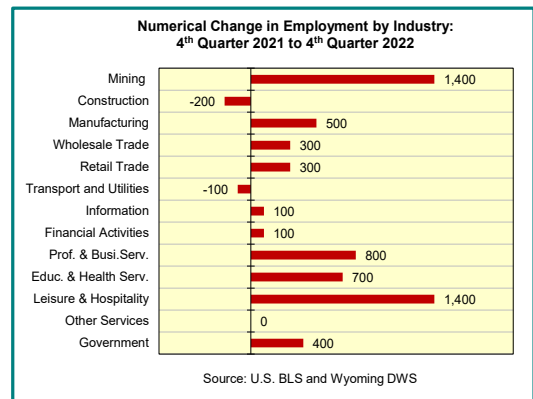
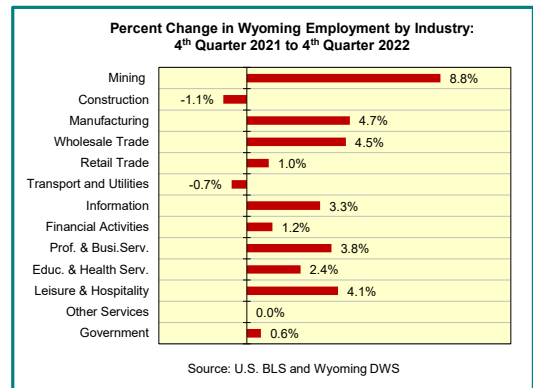
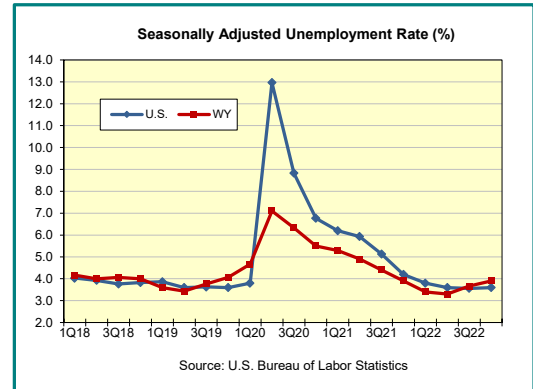
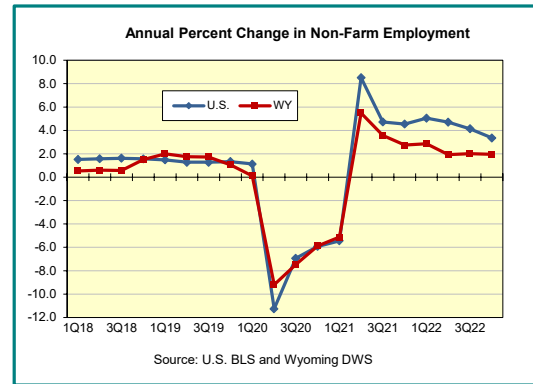
Current Global and U.S. Economy

The global economy will slow down in 2023, but recession odds have receded slightly, according to Moody’s Analytics. The mild European winter has relieved near-term concerns of energy supply shortages during peak season demand. China’s desertion of its zero-COVID policy is supposed to lead to a sustained revival in domestic demand. In addition, the U.S. labor market resilience is supporting household consumption. Global GDP growth is forecast to slow to 2.0 percent in 2023, markedly weaker than the 3.0 percent in 2022. Central banks in most countries aggressively tightened rates in 2022. The combination of higher interest rates and still-elevated inflation is affecting purchasing powers for both businesses and households, which could increasingly result in a slower demand condition in 2023. Europe may barely escape a recession, but will probably perform weakly this year.

The levels of confidence in the economy are one of the most important factors for a recession. If consumers, businesses, and banks lose faith in the economy, they will stop spending, halt hiring, and pull back on lending. U.S. consumers have not lost faith in the economy, but they are increasingly becoming indecisive. Small businesses may be closer on the borderline, and some lenders have been recently tightening standards. However, a continuous robust labor market, the excess savings (due to pandemic), and a relatively firm financial system may possibly prevent a full-blown recession. The assessment from Moody’s Analytics is that there is a 45 percent probability of a recession in 2024. Their baseline forecast remains recession free. Real GDP (growth rate of 1.9%) and payroll jobs (addition of 250,000 monthly) continue to grow but at a lower speed, and the unemployment rate is expected to remain below 4.0 percent in 2023.

Employment

As energy businesses maintain their drilling activities, Wyoming’s economy continued to rebound in the fourth quarter, though slower than the U.S. average. The year over year comparison may overstate the strength of the economy and the state’s labor market because 2021’s fourth quarter conditions were still heavily affected by the pandemic. Total employment increased 2.0 percent (or 5,700 jobs) compared to the previous year, while the U.S. growth rate was 3.4 percent. The state’s unemployment rate increased to 3.9 percent, which was slightly higher than the national average of 3.6 percent. Payroll jobs increased in most industrial sectors, led by Wyoming’s pivotal industry, mining. This industry has been rebounding since the first quarter of 2021, and grew 8.8 percent annually in the fourth quarter. Leisure & hospitality services added about 1,400 jobs, or 4.1 percent during the year. Professional & business services and private education & health services gained 800 and 700 jobs, respectively.



Personal Income and Earnings

Wyoming's total personal income increased 5.3 percent in the fourth quarter of 2022 compared to the fourth quarter of 2021. The growth rate for the fourth quarter of 2022 was slightly higher than the previous quarter. U.S. personal income increased 5.7 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 6.1 percent annually in the quarter while property income grew 5.6 percent. Earnings in nearly every sector demonstrated expansions from a year ago, led by transportation & warehousing (19.6%) and wholesale trade (16.9 %). The only sector that experienced decline was real estate & leasing (-7.3 %), possibly due to the slowdown in the housing market.

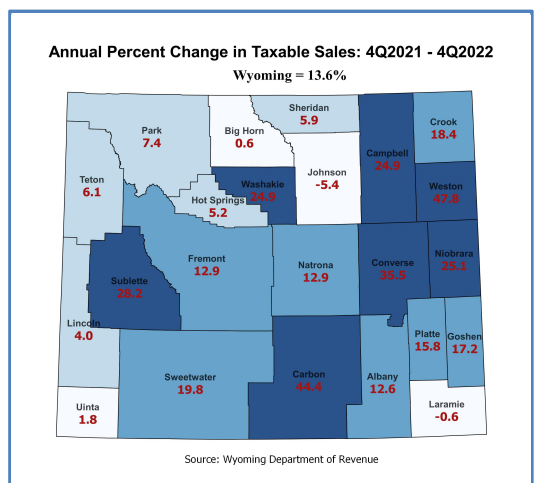
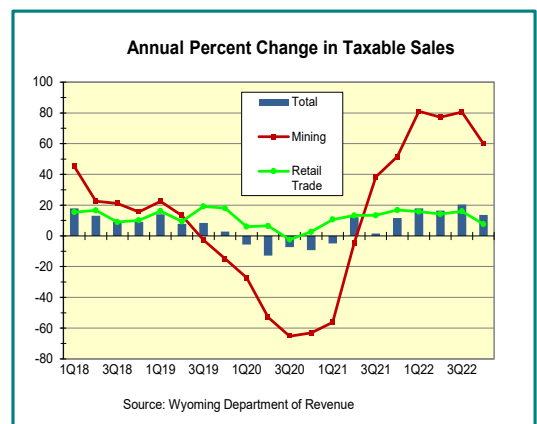
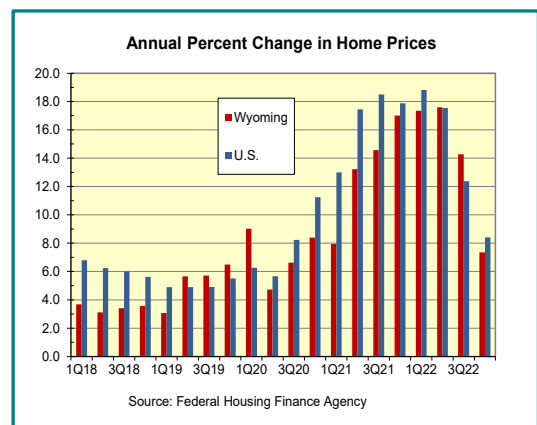
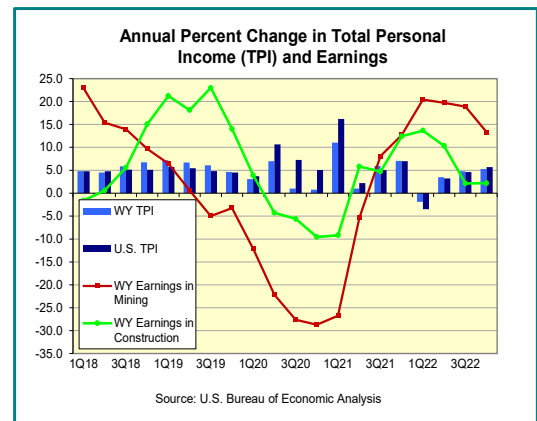
Housing

The statewide single-family home price increased 7.3 percent in the fourth quarter of 2022 compared to one year ago, a notably slower increase than the previous quarter. The national average price appreciation decelerated to 8.4 percent during the same period, the weakest increase since the third quarter of 2020. In Wyoming, single-family building permits for new privately-owned residential construction in the fourth quarter of 2022 were 20.9 percent lower than the previous year, while multi-family units increased 227.0 percent.

U.S. housing market entered a slump last summer after the Federal Reserve quickly ended a real-estate boom that was driven by the pandemic and record-low interest rates. Many indicators continued to be weak, but the trends such as home sales, permits, and starts appear to be stabilizing. This indicates a potential steadying of residential construction along with an improvement in homebuilder confidence. Though demand has tumbled, the supply of homes is still low except multifamily units where both permits and construction are robust. Home prices have slid but are still well above their pre-pandemic levels. Strength of the labor market and household income are key factors to prevent a significant housing market decline.

Taxable Sales

Based on sales and use tax collections, total taxable sales in the state expanded 13.6 percent to \$5.7 billion in the fourth quarter of 2022, in a year-over-year comparison. This strong growth was mostly attributed to continued rebound in mining and expansion in retail trade. Increases occurred in a vast majority of economic sectors. The mining industry demonstrated robust growth, 59.9 percent. However, the fourth quarter amount was still 10.4 percent less than the taxable sales in the fourth quarter of 2019. The retail trade industry, the largest in terms of sales tax contribution, increased 7.7 percent. Heightened inflation has also played a large role in the strong growth. Despite the interruption of admission to the Yellowstone National Park after the historical flooding, the leisure & hospitality still showed growth of 3.1 percent.



Across the state, 21 out of 23 counties experienced increases in taxable sales in a year over year comparison, led by Weston (47.8%) and Carbon (44.4%). Converse and Sublette counties also showed expansions of 35.5 and 28.2 percent, respectively. However, counties without considerable mineral extraction in their economies displayed smaller increases or declines.

Tourism

The number of recreational visitations to Yellowstone National Park reached 285,048 in the fourth quarter of 2022, down 26.4 percent from the previous year, while 277,275 visits to Grand Teton National Park showed a decrease of 23.3 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 end of the month. The North and Northeast entrances finally opened to visitor vehicle traffic in the fourth quarter. In addition to the admission limitation in Yellowstone, many tourists had a lot more options for vacation in 2022 than the previous year when record breaking visitation was mostly attributed to visitors' preference for outdoor sightseeing because of the pandemic concern. Lodging sales for the fourth quarter were 2.6 percent higher than a year ago in Teton County, and grew 1.8 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 reached 123.7 in the fourth quarter, 14.8 percent higher than a year ago. After four consecutive quarters of declines, farm earnings in Wyoming have demonstrated a rebound since the second quarter. The fourth quarter amount was 18.8 percent higher than the third quarter, and 14.8 percent higher than the prior year, perhaps attributed to reduced production expenses.

As of January 1, 2023, the inventory of all cattle and calves in Wyoming totaled 1.24 million head, down 2.0 percent from the January 1, 2022, according to the Mountain Regional Field Office of the National Agricultural Statistics Service. Beef cows, at 671,000 head, were down 10,000 head from the previous year. Milk cows were unchanged from last year at 9,000 head. Wyoming's 2022 calf crop, at 640,000 head, is down 3.0 percent from 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 \$58.3 million in the fourth quarter of 2022, slightly lower than 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 \$246.0 million in mineral severance taxes generated in the fourth quarter of 2022, was 17.8 percent higher than the previous year, but the amount was 9.5 percent lower than the previous quarter, reflecting energy prices retreating due to the change in market balance – weak demand and faster increase in supply and inventory.

