



Economic Summary: 4Q2023



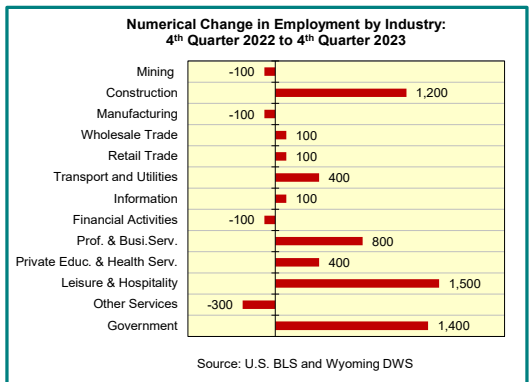
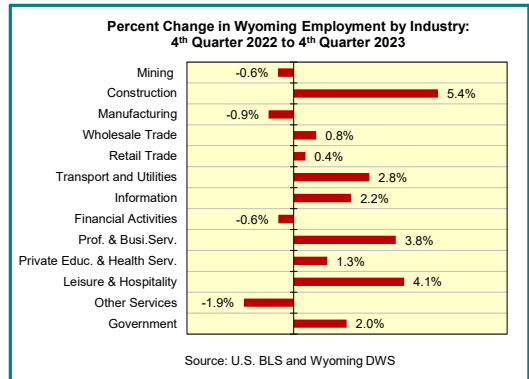
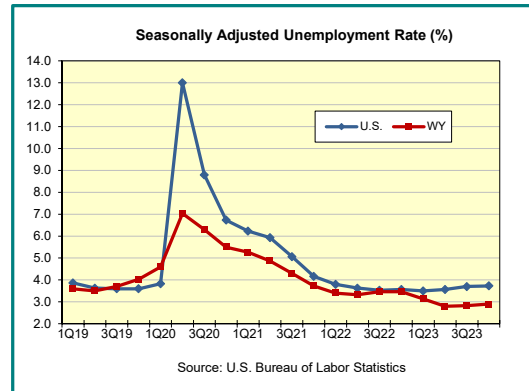
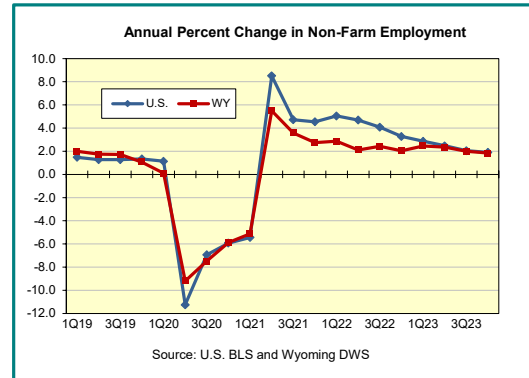
Current Global and U.S. Economy

The global economy has experienced a convergence of extreme stresses over the past three years, according to Moody’s Analytics. As aggressive tightening of monetary policy alongside elevated inflation dampened domestic demand and reduced the volume of global trade. Helped by the resilience of the U.S. economy, the global economy avoided a recession, instead it delivered a GDP growth rate of 2.6 percent. However, it’s expected to slow to 2.4 percent in 2024, with the second half stronger than the first. Near-term prospects remain weak for the U.K. and euro zone, but will pick up pace in 2024. China’s economy is still being challenged by a lack of domestic demand. The strong performances in Brazil and Mexico in 2023 may slowdown this year, but the expansion will continue. The largest concern is energy price swings if geopolitical tension escalates.

Despite the higher interest rates, the U.S. economy continued to perform well. Growth was higher than the potential, with real GDP expanding 2.5 percent for the full year of 2023. The labor market is slowing down somewhat, but is still resilient, averaging close to a healthy 250,000 payroll jobs per month. In addition, 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 labor productivity growth has been speeding up recently. With relatively less volatile oil prices, inflation has been hovering near 3.0 percent. The assessment from Moody’s Analytics is that the baseline forecast remains resilient and recession free in 2024. Both real GDP and payroll jobs continue to grow, but at a slower speed. The unemployment rate is expected to be close to 4.0 percent.

Employment

Even with the moderate slowdown in energy businesses’ drilling activities, Wyoming’s economy continued to grow in the fourth quarter. The robust activities were broad-based across most sectors, but the pace of expansion decelerated slightly. Total employment increased 1.8 percent (or 5,400 jobs) compared to the previous year, while the U.S. growth rate also slowed down to 1.9 percent. The state’s unemployment rate decreased to 2.8 percent, which was much lower than the national average of 3.7 percent. Payroll jobs increased in most sectors, led by construction which grew 5.4 percent annually in the fourth quarter. Wyoming’s pivotal industry, mining, decreased slightly, -0.6 percent, and it still had 3,800 or 18.3 percent less jobs than the pre-COVID period of the fourth quarter of 2019. Professional & business services and leisure & hospitality each increased by around 4.0 percent. Other services, which include repair and personal services, experienced the largest decline, -300 jobs or -1.9 percent.



Personal Income and Earnings

Wyoming's total personal income increased 5.9 percent in the fourth quarter of 2023 compared to the fourth quarter of 2022. This growth rate was slightly lower than the previous quarter. U.S. personal income increased 4.8 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 7.8 percent annually in the quarter, while property income grew 5.0 percent. Earnings in nearly all sectors demonstrated expansions from a year ago, led by professional & business services (16.9%) and the construction industry (13.9%). Leisure & hospitality grew 9.4 percent. The only decline was information (-5.4%).

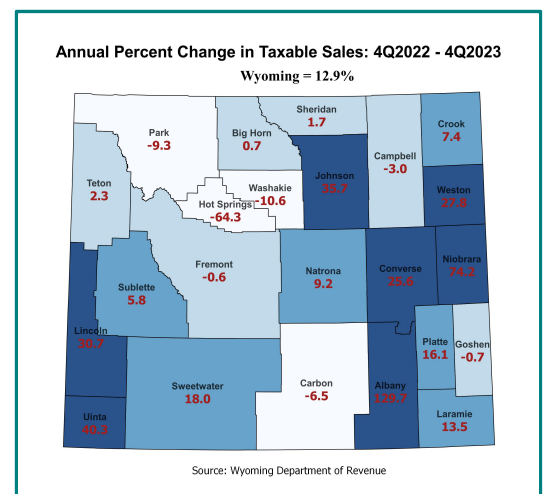
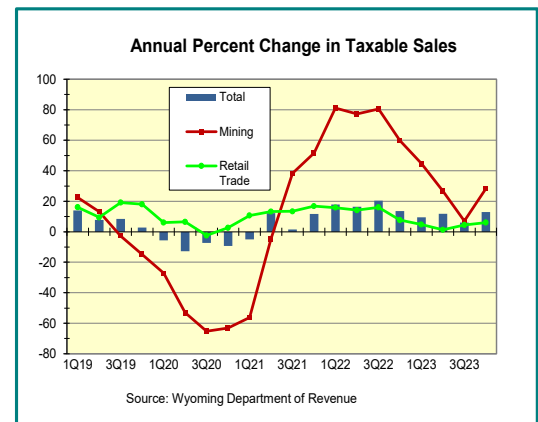
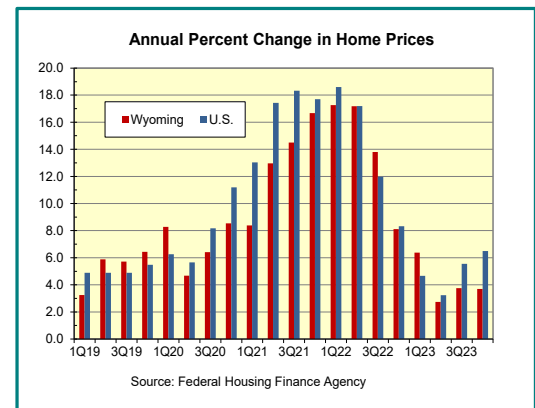
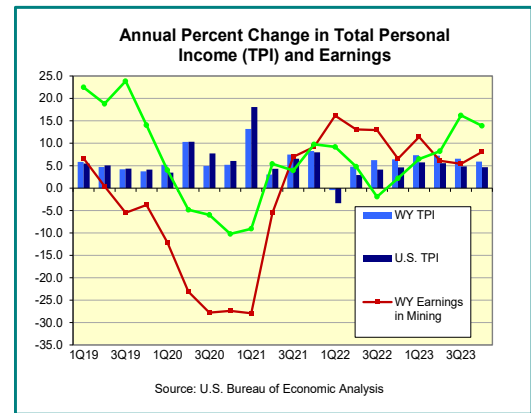
Housing

The statewide single-family home price increased 3.7 percent in the fourth quarter of 2023 compared to one year ago, similar to the growth rate of the previous quarter. The national average price appreciation accelerated to 6.5 percent during the same period. In Wyoming, single-family building permits for new privately-owned residential construction in the fourth quarter of 2023 were 20.6 percent lower than the previous year, while multi-family units decreased 72.5 percent.

The U.S. housing market entered a slump in the summer of 2022 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 20 year lows. However, home prices reached new highs because of near record 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 slightly in the second half of 2022, U.S. average home prices rebounded and even accelerated somewhat in 2023 due to the condition of tight supply. House prices are expected to remain relatively stable or may taper off as low affordability cools down demand.

Taxable Sales

Based on sales and use tax collections, total taxable sales in the state expanded 12.9 percent to \$6.4 billion in the fourth quarter of 2023 in a year-over-year comparison, and the growth rate was higher than the first three quarters. This strong expansion was mostly attributed to new wind power projects and the ongoing rebound in mining activities. Increases occurred in a vast majority of economic sectors. Utilities demonstrated the fastest growth, 82.3 percent, followed by the mining industry, 28.4%. Construction, manufacturing, rental & leasing, and professional & business services all demonstrated double-digit increases. The leisure & hospitality sector showed a growth rate of 8.1 percent. Retail trade, the largest in terms of taxable sales, increased 6.0 percent. Wholesale trade and information are the only sectors that experienced declines.



Across the state, 16 out of 23 counties experienced increases in taxable sales in a year over year comparison, led by Albany (129.7%). Niobrara and Uinta counties also showed expansions of 74.2 percent and 40.3 percent, respectively. Only three counties experienced large declines in a year-over-year comparison, partially due to the result of tax refund.

Tourism

The number of recreational visitations to Yellowstone National Park reached 354,000 in the fourth quarter of 2023, up 24.2 percent from the previous year, while 344,204 visits to Grand Teton National Park showed an increase of 24.1 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 in the previous year, the fourth quarter Yellowstone park visitation was still the third highest in history, only lower than the COVID impacted fourth quarters of 2020 and 2021.

Lodging sales for the fourth quarter were 25.4 percent higher than a year ago in Teton County, and increased 18.1 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 retreated to 137.3 in the fourth quarter, but was still 11.0 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, the U.S. cattle prices rose sharply in 2023 because of persistent low herd inventories. Interest rates on farm loans remains high, but farm finances were still firm and credit stress was low. The continuing resiliency of financial conditions, with strong income and capital supported farm loan payment. In addition, the value of agricultural land remained stable.

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 \$111.9 million in the fourth quarter of 2023, an increase of 92.0 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 \$200.9 million in mineral severance taxes generated in the fourth quarter of 2023 was slightly higher than the previous quarter, but was 18.3 percent lower than the previous year, reflecting the retreat of both petroleum and natural gas prices. Severance taxes for the second half of 2023 were at the similar level to the pre-Russian invasion of Ukraine.

