

10 Year Outlook

Wyoming Economic and Demographic Forecast 2007 to 2016



**Economic Analysis Division
Department of Administration and Information**

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Executive Summary

The global economy is still in good shape and remains on track for a healthy expansion this year. Even though the U.S. economic slowdown will be a large factor in this year's deceleration of global growth, the world economy will continue to expand close to potential of 3 percent in 2007. The ongoing self-sustaining recovery in Europe and strong domestic demand in Asia are offsetting the weaker than expected U.S. economy.

The astonishing performance of the U.S. economy in the 1990s was probably the best and the longest expansion decade in history. After a brief economic recession in 2001, the U.S. economy recovered well and has been performing strongly more than five years into the current expansion. Real GDP grew at 3.3 percent in 2006, the third year in a row with over 3 percent of growth. The economy's growth potential is estimated at 3 percent. Employment increased 1.9 percent which was the highest job expansion since 2000. The 4.6 percent unemployment rate in 2006 was below the 5 percent mark, and was the lowest since 2000. However, the real GDP growth of a 0.6% annualized pace in the first quarter of 2007, was the weakest growth in four years, as a housing slump continued to hobble the expansion. As the economy is still operating just beyond full employment, the job market is finally relenting to the weaker GDP growth. Overall, the U.S. economy is expected to continue the expansion, but at a weaker pace of 2.1 percent in 2007. This is due to the erosion in mortgage credit quality, weakness in housing market activity, and the record breaking gasoline prices that are weighing on consumer spending.

Largely driven by the demand of natural resources, Wyoming's economy continued to surge in 2006, and even accelerated. The mining industry contributed approximately one third of both the state's total earnings growth and job growth. In addition, the multiplier effect associated with the acceleration in the mining industry is resulting in upward movement in many other industries such as construction, wholesale trade, transportation, and professional and business services. As a result, slews of breath taking statistics appeared in the state, with many economic indicators leading the nation. For example, the total job growth rate of 4.9 percent in 2006 was the second highest in the U.S.; a personal income growth rate of 10.4 percent in 2006 was virtually the highest; and the annual housing appreciation rate of 14.3 percent during 4th quarter of 2006 was the second highest. In comparison to the U.S. industrial structure, the state's economic diversification was the lowest, and also was the lowest in Wyoming's history. The growth rate of 13.2 percent in gross state product (value added) in 2005 was the highest; Major state and local tax burden was the lowest, just 4.4 percent of income in 2005; the 14.5 percent of growth rate in per capita state revenue in 2005 was the highest in the country.

Bolstered by a booming energy industry, the Wyoming economy is continuing to expand rapidly in 2007, though at a slower pace than the previous year. The recent slowdown is caused by a decelerating, yet still robust growth in the mining sector. This is due to the reduced drilling activities (particularly for coal bed methane), shortages of qualified workers and affordable housing, declining spot prices of natural gas in the Rocky Mountain region which is caused by constraints of pipeline capacity, and wildlife concerns. However, production will remain sturdy going forward thanks to elevated prices and growing global demand for energy. So in the near and midterm, the energy industry will continue to support strong, but decelerating growth for the state economy. The state's tight labor market and the high paying nature of energy related jobs will support strong wage and income growth. Over the long term, Wyoming's very low industrial diversity and/or high dependence on the energy sector will be a limiting factor, particularly if energy prices drop lower and faster than expected.

Due to the larger proportion of baby-boomers, with a white dominant racial structure, and no big metro presence in the state, Wyoming's population will be aging fast in the near future. Therefore, the tight labor market will probably hang round, or could be getting worse for many years in the state, particularly when early boomers start to exit out of the labor market around 2010.

Global and National Economic Review and Forecast*

The outlook for the global economy remains positive, but 2007 will be a year of transition and adjustment. Even though economic conditions remain quite friendly, the global economy will decelerate in the first half of the year as the impact of higher interest rates, higher commodity prices, and the housing-led slowdown in the U.S. takes its toll. However, the slowdown will be rather limited in depth and duration, and world economic growth will see renewed vigor in the second half of the year. The global economy will continue to expand close to potential this year, with real GDP growth coming in around 3 percent, in comparison to last year's stellar 3.6 percent estimated growth.

As external demand decelerates, domestic demand will become an increasingly important driver of global growth. In addition, corporate profit margins will remain strong as the recent pullback in global energy prices will lesson input cost pressures facing businesses. Solid corporate profits will keep business hiring at healthy levels, and therefore, a rebound in global industrial production is anticipated in the second half of the year. The slowing of U.S. economy will detract from global growth, but the impact will not be as large as it has been in the past as an increasing share of global output will redirected to China.

Although further weakness in U.S. housing market activity will affect the overall global growth this year, buoyant domestic demand – particularly in Europe and Asia – will help to cushion the impact. Economies throughout much of the Europe are expected to expand at a healthy pace this year. Corporate restructuring in Japan has also helped the economy emerge from years of an economic slump. Nevertheless, economic recovery in Japan will lose momentum this year, and the GDP growth is expected to be below 2 percent level, as exports and investment cool and consumer spending remains weak. The emerging Latin American countries will continue to perform well this year, and the aggregate GDP should be still above 4 percent.

Growth will be fairly well spread among Asian, European and Latin American countries. The developing economies in these regions will continue to outperform developed countries. China and India will continue to rank among the biggest contributors to the global expansion with around 9.0 percent of real GDP growth, driven mostly by robust income and consumption.

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The close to potential growth and lower prices for energy goods and other commodities have taken to the edge of inflation. Underlying inflation is getting close to the Federal Reserve's target, and has moderated in recent months. The current 5.25% federal fund rate target is expected to basically remain in place, or it will be slight if there is any change in the near future. Investors are very optimistic over the economy's performance and prospects. Stock prices have gone nearly straight up since last summer, rising a

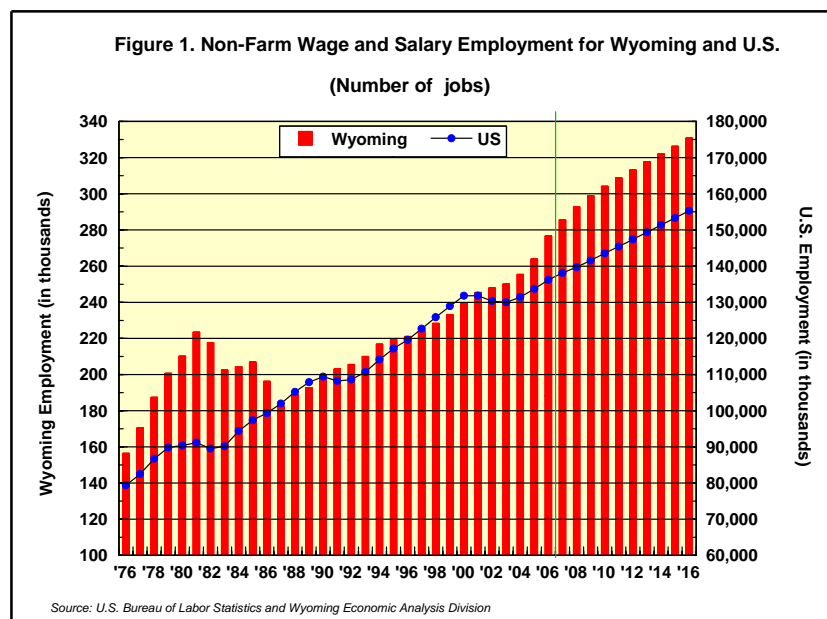
* National Economic Review and Forecast was prepared with reference to Moody's Economy.Com (<http://www.economy.com>).

stunning 20 percent, and it keeps breaking records. Overall, the baseline is for real GDP growth of 2.1 percent in 2007, a slightly higher unemployment rate this summer and core inflation further moving to within the Fed's target of 2.5%.

U.S. consumer finances remain strong. Household wealth is currently at a record high, but growth has slowed dramatically as house-price appreciation has ended and borrowing remains aggressive, so growth this year will be far below its recent trend. Growth in personal income remains strong though moderation is expected for 2007. The current job market is tight, and employers are concerned about the lack of available workers, particularly skilled and educated workers, so labor compensation costs are accelerating. However, the housing and vehicle led economic slow down is already taking a toll on job growth. The jobless rate will increase to nearly 5 percent later this year as layoffs intensify in housing and vehicle industries. Household finances are currently under significant strain, and have begun to falter, with delinquency and loss rates rising under the weights of record financial obligations and no savings. Aggregate borrowing and past increases in interest rates have pushed up financial obligations and debt burden to record highs despite healthy income growth.

As the U.S. expansion enters its sixth year, the nation's industries will transition to a more moderate pace of growth. A maturing economy, decelerating productivity growth, still-elevated energy costs, rising wages and interest expenses, higher prices for imported goods, and the fading wealth effect from the recent slowing in house price appreciation will somewhat dampen performance for many industries. The nation's industries performed well in 2006. Both revenue and profits posted double-digit growth for a third consecutive year in 2006. Profit margins across industries reached a 50-year high. The manufacturing and housing related industries will continue to struggle, though the U.S. economy seems to be weathering their weaknesses better than has been expected, and there has been little spillover to other industries. Consumer-dependent industries, including healthcare providers and technology industries may experience the best prospects in 2007. Global demand will continue to support manufacturers, but growth will be moderate relative to 2006. While the housing market correction may be near the bottom, demand for new homes will remain weak in 2007 and builders can only look forward to a bleak outlook of sinking revenues and an absence of profit growth. Still-plentiful inventories in many regional housing markets will compound the problem of weak demand fundamentals, putting further downward pressure on prices. The extraordinary profit and revenue growth for financial services and energy industries will decelerate sharply in 2007.

However, the strong economy is still clouded by the elevated energy prices. The recent decline in energy prices has not removed the risk of future energy price spikes. Excess production capacity remains limited and many sources of supply are located in unstable parts of the world. Expected growth in global energy consumption and a lack of sufficient refining capacity will place some upward pressure on global prices for refined products. Oil prices of around \$70 per barrel, and natural gas prices of over \$7 per million BTU have



continued to sap some of the strength in consumer spending. Auto makers have been forced to change their manufacturing strategy as demanded by buyers, switching from larger, less gas-efficient SUVs and light trucks to cars. Consumer confidence and core retail sales have also moderated. Lower income households suffered the most because a large share of their budget has to be spent on energy needs. Energy-intensive manufacturers and transportation companies are hit hard by higher energy prices. When energy prices were steadily falling in the 1980s and 1990s, businesses invested more in equipment and software that raised labor productivity and thus workers' wages. However, they will be forced to adjust and spend more on energy-saving investment if heightened prices are convinced to stay. Therefore, labor productivity and labor income will eventually suffer.

If the heightened prices do spike again, the economy will weaken. The rule of thumb is that a \$10 per barrel sustained increase in oil prices will reduce subsequent annual GDP growth by as much as three-quarters of a percentage point. Though the economy seems adapting itself to a higher level of energy prices, the sustained oil prices of over \$70 per barrel could result in a recession. The economic fallout from higher energy prices will also be more substantial if they infect broader inflation expectations. Historical experience shows that every recession since World War II, except 1960, was preceded by a sizable jump in global oil prices. The recession in 2001 began after oil prices spiked. The positive factor is that the U.S. is less energy dependent in today's economy due to a large service and information oriented business sector. For example, total energy expenditures in the U.S. today are about 7 percent of GDP, while they were 14 percent in 1981.

Regionally, the causes of economic slowdown in the U.S. have created a regional pattern highlighting weaknesses in the industrial Midwest and slower growth in Florida, in the West and Southwest, and in parts of the Northeast. The slowdown remains primarily concentrated in housing related industries and in the U.S. domestic auto assembly and auto parts industries, with some additional softening related to inventory accumulation in other goods-producing industries.

The West and South remain the fastest growing economies, but they are suffering the most from the end of the housing market cycle as home sales, homebuilding and house prices falter in parts of these regions. In the Northeast the housing cycle is hurting New England the hardest. Washington D.C., particularly its condo markets, is also suffering. Cutbacks among the U.S. domestic auto makers have hit the Midwest industrial economy hard, with secondary impacts felt in housing markets and consumer spending in metro areas with high exposure to the auto industry.

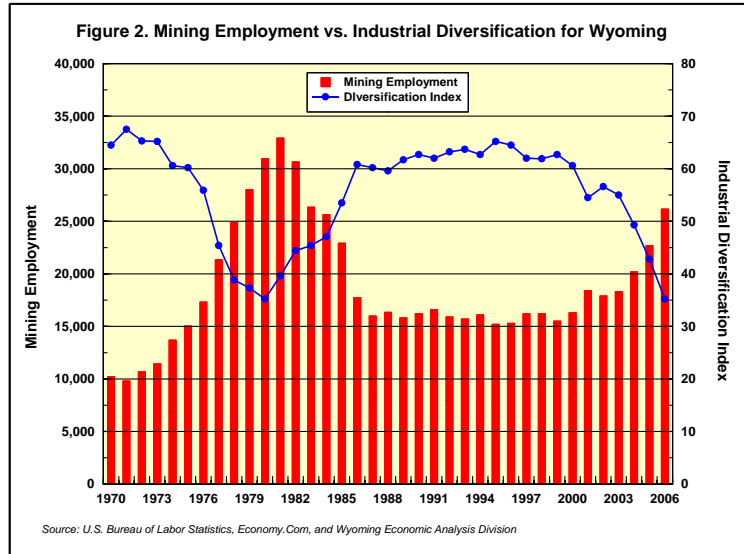
The near term will see less differentiation of economic performance among regions. Slower construction activity will cause the growth rate of gross domestic product to slow considerably in the South and West. It will bring them back closer in line with the slower growing, but more stable Northeast and Midwest. Productivity growth is likely to be stronger in the Northeast and the Midwest in the near future, giving a boost to income growth in these regions. Job growth, however, will continue to be stronger in the South and West, so will the population trend.

Diversification of Wyoming's Economy and Revenue

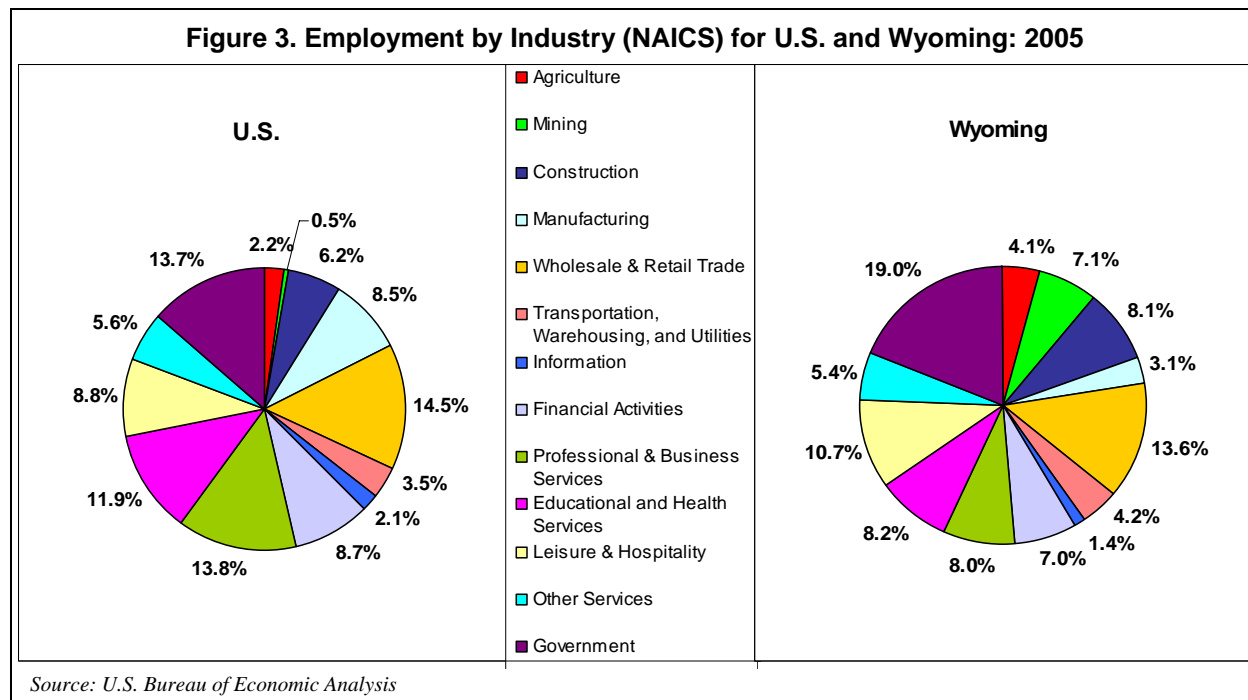
For most economic indicators, Wyoming's economy does not mirror that of the nation. As a matter of fact, Wyoming is the least diversified state in the nation in terms of employment distribution across industries in comparison with U.S. According to Moody's Economy.Com, only 17 percent of employment volatility in the state is due to U.S. fluctuation. Given the fact that Wyoming's economy relies on commodities to a great scale, the conclusion above is not surprising. Utilizing the employment by major industry with the North American Industry Classification System (NAICS), a diversification index was developed. The index summarizes the industrial structure comparisons between Wyoming and the nation from 1970 to 2006. It basically measures the differences between the state and national shares

of employment across industries. The index values increase as the state shares of employment across industries move closer to the U.S benchmark, and a value of 100 means that Wyoming's industry mix perfectly matches the industry mix for the U.S. Conversely, the index values decrease as Wyoming shares of employment diverge from the national counterparts. Economic diversity has been commonly considered as one means to achieve economic stability.

As indicated in figure 2, the mining industry (including oil and gas extraction) was the principal factor driving the fluctuation of the index. Wyoming's economy was dramatically becoming undiversified during the previous boom (mainly petroleum) in the 1970s. The industrial structures of the state had become relatively more like the industrial structure of the nation as the boom changed to a bust in the 1980s. Since this current mining boom started 3 years ago, the index has been dropping fast again. By 2006, the index value was as low as it was in 1980.



According to U.S. Bureau of Economic Analysis' estimation, the mining industry consisted of 7.1 percent of total employment in 2005 for Wyoming, the highest in the nation, compared to a mere 0.5 percent for the national average. Besides mining industries, a few other industries also contribute to the undiversified nature of the state's economic structure. The proportion of manufacturing jobs in the state is only 3.1 percent (the second lowest in U.S.), and mostly concentrate on wood product, petroleum refineries, and chemical manufacturing. The employment percentage in professional & business services, and educational & health services also ranked as one of the lowest, while construction, leisure & hospitality, and government sectors were among the highest in the nation.

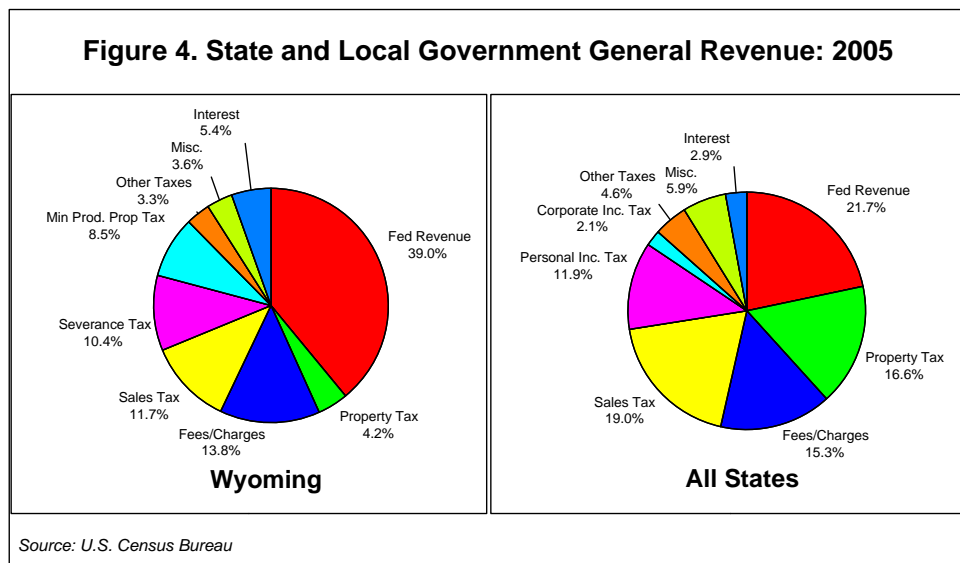


Approximately 19 percent of payroll employment in the state is with Federal, state, and local government. The main reason for this is Wyoming's small and sparsely distributed population. After all, Wyoming is the only state with a population of just over half a million. Its density of 5 persons per square mile is the second lowest in U.S., only higher than Alaska. Governments need to provide many public services such as roads and schools throughout the state, and so the economy of scale is rather low. The construction industry tends to move in the same direction as the mining industry because many construction projects are directly triggered by natural resource exploration such as pipeline, power plant, and industrial building construction.

The employment by industry component alone does not show the whole picture about Wyoming's reliance on mining. In terms of Gross Domestic Product (GDP), which measures the total value of goods and services produced in the state, the mining industry contributed over 30 percent in 2005. Nationwide, the mining industry's contribution to the GDP was merely 1.7 percent during the same year.

Until public finance is reviewed, there is still a lack of complete understanding about the magnitude of Wyoming's dependence on the mineral industry. Of the \$976 million state general fund in fiscal year 2006, 24.6 percent was from mineral severance taxes; 12.7 percent was investment income from the Permanent Wyoming Mineral Trust Fund; and 7.7 percent is from mining industry's sales and use tax collections. Much of the state's over \$1 billion Federal Mineral Royalties went to K12 school foundation and school capital construction in fiscal year 2006. In 2005, all state and locally assessed property valuation totaled nearly \$21 billion, of which the mineral production accounted for over 71 percent. It is estimated that, currently, approximately two thirds of state and local government revenues in the state comes directly from mining industries. In terms of revenue sources, the provision of public services in the state are about as dependent on mining industries in fiscal year 2006 as in fiscal year 1981.

Wyoming does not impose an individual or corporate income tax. Both residential property and gasoline tax rates are among the lowest in the nation. Overall, the major tax burdens for an average Wyoming household are lower than in any other states. How can Wyoming afford the nation's highest per capita state and local



government expenditures? The mineral industry, instead, fills up the revenue pie. According to U.S. Census Bureau data, Wyoming relies more heavily on federal revenue than do other states. Approximately \$2.7 billion (including \$846 million from mineral royalty and lease bonus payments) made up 39.0 percent of FY 2005 state and local revenue in the state compared to 21.7 percent nationwide. Wyoming public entities obtained over \$381 million in interest in FY 2005, or 5.4 percent of all revenue. Average interest income is only 2.9 percent of revenue for all states. Property tax is one of the most important taxes in the country, primarily imposed at the local level to fund local functions such as public schools. Unlike most other states, the major portion of Wyoming's property tax is a gross product tax levied on mineral production, and this proportion amounted to 8.5 percent of total revenue. Wyoming

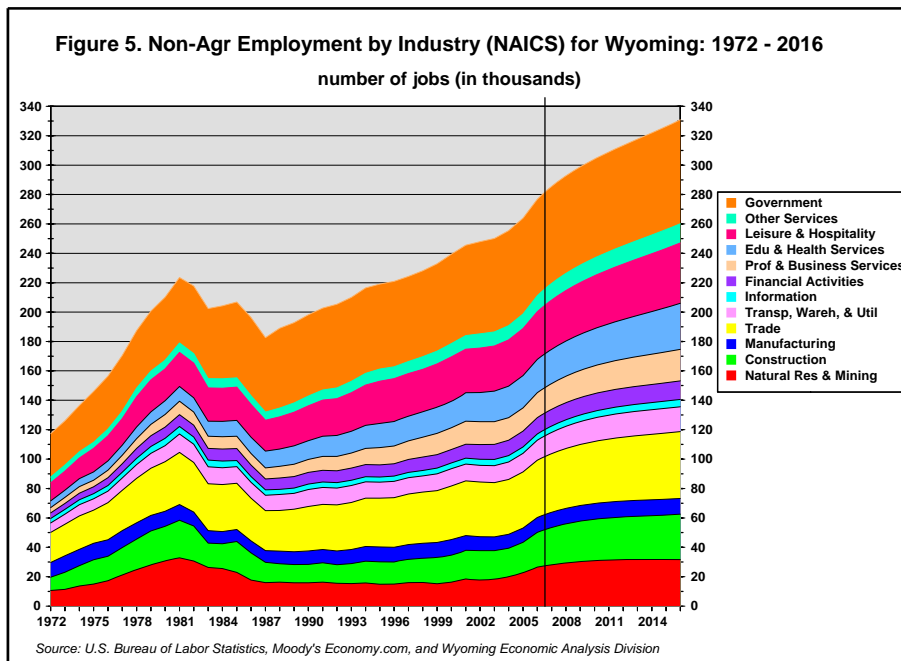
also imposes a severance tax on mineral production. The nearly \$727 million in FY 2005 severance taxes made up 10.4 percent of total state and local revenue.

Despite the seemingly small impact the national economy has on Wyoming’s economy, many economic activities are occurring concurrently throughout the country, and are commonly affected by economic variables such as interest rates, financial markets, and commodity prices. For example, the long-term low interest rates in recent years equally promoted Wyoming’s housing, while the high gasoline prices have, affected motor sales. On the other hand, the performance of the national economy has had a direct impact on our state’s economy in some ways. During the national recession of the early 1990s, many people migrated out of California and eastern states into Wyoming, which boosted the states’ population and employment considerably. However, in the second half of 1990s, that trend was reversed – more people moved out of Wyoming because diverse and higher paying jobs could be easily found in other parts of the nation due to the national economic recovery. The current low unemployment rates throughout the nation, particularly around Rocky Mountain area, also contributed to Wyoming’s tight labor market.

Wyoming’s Employment Trend

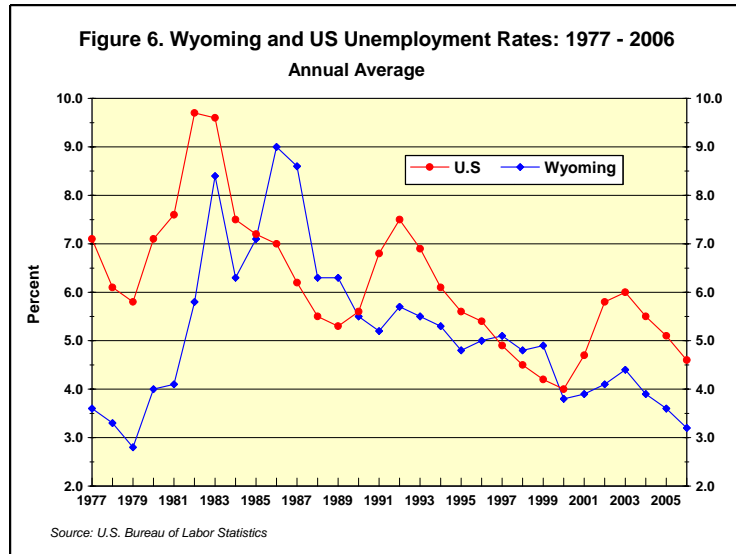
Despite the decline in U. S. employment, Wyoming is one of a few states to post positive gains in payroll jobs in both 2002 and 2003, and the labor market has remained well-insulated from the weak national economy. Wyoming’s economy was not overly exposed to the industries that are shedding the most jobs nationwide, such as the information and communications industries. The state’s small proportion of manufacturing also made it less vulnerable to the national manufacturing cycles during the period of the national recession. As a matter of fact, Wyoming has not experienced an employment decline since the energy bust of the 1980s. The employment growth rate has been accelerating since 5 years ago. Mainly driven by the energy sector, the growth rate of 2.1 percent in 2003 and 3.0 percent in 2004 in the state were doubled that of the nation during the same periods. Wyoming’s total job growth rate of over 5 percent, recorded in December 2006, was the highest in the country. Energy industries alone contributed nearly one-third of the total new jobs in the state during the past 3 years.

Bolstered by strong demand for its energy resources, Wyoming was the second best performing state in the nation in 2006, continuing to outperform the U.S. and many other states in the western region in terms of job growth. Total employment rose 4.9 percent in 2006, a net increase of over 12,800 jobs. The mining industry lead the growth with over 3,890 jobs or 17.1 percent. All industries were expanding during the year, while industries directly triggered by the booming energy sector such as construction, wholesale trade, and transportation also experienced significant increases of over 7 percent, respectively. Few negatives exist



outside of the slight declines in Federal and state government employment.

Since experiencing the exceptionally low sub-4 percent in both 2000 and 2001, the unemployment rate in the state gradually increased to 4.4 percent in 2003. But, it has again dropped during the past 3 years. The unemployment rate of 3.2 percent in 2006 was only slightly higher than the previous low figure recorded in 1979, and it was well below the national average of 4.6 percent. Despite the well above average labor force growth rate and labor force participation rate, the tight labor market is expected to continue in the near future with around a 3 percent unemployment rate.



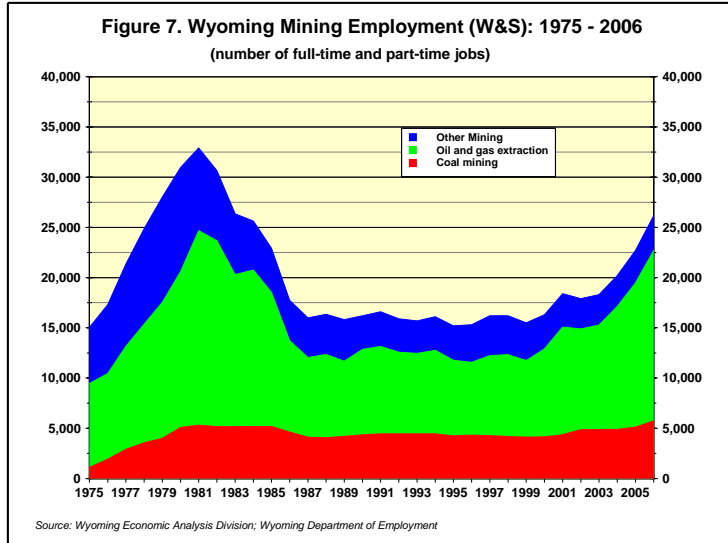
Wyoming's workforce shortage is one of the most crucial issues facing all businesses in the state, both large and small. Due to the state's low population, consistently low unemployment rate, and continuing economic growth, Wyoming's industries are struggling to hire and retain the skilled workforce they need to prosper. There is more work than workers today – particularly in Pinedale, Rock Springs, Gillette, Rawlins and other energy hubs. Residents and businesses in these communities are experiencing significant growing pains. Many companies are in dire need of welders, engineers, geologists, trade specialists, and other related occupations. Certain business survival largely depends on whether a company can attract and maintain enough qualified employees to satisfy its clients. There are a number of initiatives to recruit and train workers, but the current programs are not working as fast as the industry needs. In addition, the flood of workers finding high paying energy jobs is leaving fewer people available to fill positions in other industries such as restaurants and lodgings, which is forcing some eateries and hotels to limit their hours of operations.

Both Wyoming's short-term and long-term outlook will see stronger than average growth, which will continue to be supported by increased natural gas mining. Although mining jobs are expected to slow to more sustainable levels, the increased demand for the state's natural resources from national markets will help provide a steady source of mining jobs and revenues for the state. Outside of the mining industry, however, the state's future prospects will be somewhat limited by a job market that fails to attract high-growth job opportunities. Although migration has recently reversed to a positive trend, many younger and educated workers will be tempted to move to other states with more versatile job opportunities as long as labor markets are relatively tight in those economies.

Mining Industry

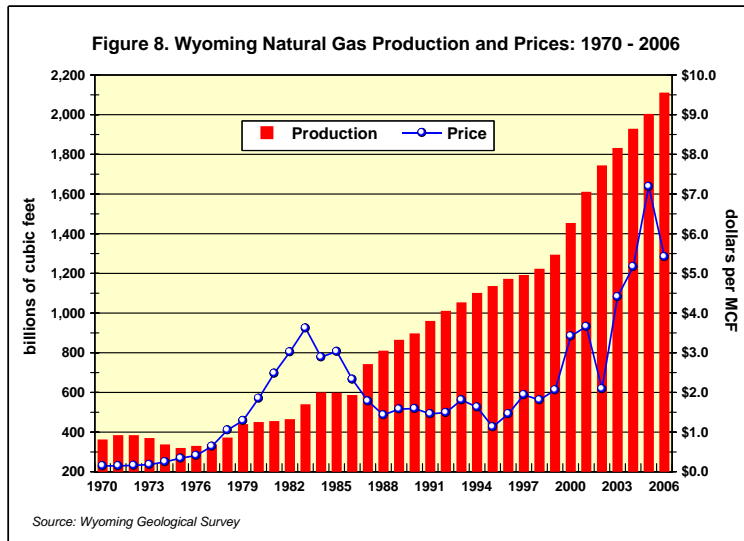
The mining sector (including oil and gas extraction) has been the most significant economic and revenue player in Wyoming's recent history. After it experienced a boom in the late 1970s, the following bust in mid 1980s, and a slow and steady decline in the 1990s, the mining sector has been demonstrating strong growth since the beginning of the 21st century. The nearly 33,000 mining jobs in 1981 were the highest level on record, and comprised 14.7 percent of total Wyoming non-agricultural wage and salary employment. However, by 1999, the number shrank to only 15,500 jobs. Again, the employment increased a mighty 5.6 percent in 2000, and 13 percent in 2001. After a slight dip in 2002 due to the

collapse of natural gas prices, it rebounded and has been continuing surging. As the heightened energy prices continue, mining jobs recorded double digit increases 3 years in a row since 2004. The trend seems to be continuing in 2007, but in a decelerated rate. This mining sector alone is responsible for one third of net payroll gains in recent years. Multiplier effects are also creating jobs in transportation, distribution, construction, and consumer related industries, and the state is benefiting from a surge in mineral revenue.



The outlook for future revenue and jobs from the state's mining industry looks strong, and may not slow down any time soon. Worldwide demand for energy is continuing to fuel the boom in energy rich Wyoming. Energy prices have backed off from the peak, but remain well above long-term averages. Unless the price of oil drops well below \$50 a barrel and the price of natural gas falls below \$4 per MCF, which are not expected in the near future, energy companies will continue to find it profitable to expand production and exploration. Therefore, this energy boom is expected to be sustained at reasonably high prices for some years to come. However, the employment growth in mining will be slow going forward as labor shortage becomes more acute. In addition, federal permitting issues, land-use policies, and environmental evaluation will restrain new exploration in the state in near term.

Mainly caused by Hurricane Katrina, the average price of natural gas soared to \$7.40 per thousand cubic feet in 2005 at Opal Hub. It dropped after December 2005, and averaged just \$5.40 during 2006. Due to the constraints of pipeline capacity, the spot prices of natural gas in Rocky Mountain region have been dropping precipitously since early this year. As a result, the price differential between Henry Hub and Opal Hub reached near \$5.00, the highest in history. Though the current price of below \$5 per MCF will certainly fluctuate somewhat, it is still expected to average around \$5 per MCF in 2007, which is close to the 2006 level.



Therefore, the potential hit to production, and ultimately growth, from lower prices is limited. First, pipeline and take-away capacity improvements will effectively raise production at almost any given price level. Second, competing production in other areas of the nation has declined while production in Wyoming has been continuing to rise. The gas companies believe the demand will last and are investing billions of dollars in the state. Finally, demand for natural gas is expected to increase as rising oil prices may cause more companies to look for cheaper sources of energy. So the share of natural gas in the fuel mix is expected to rise, keeping prices at a heightened level.

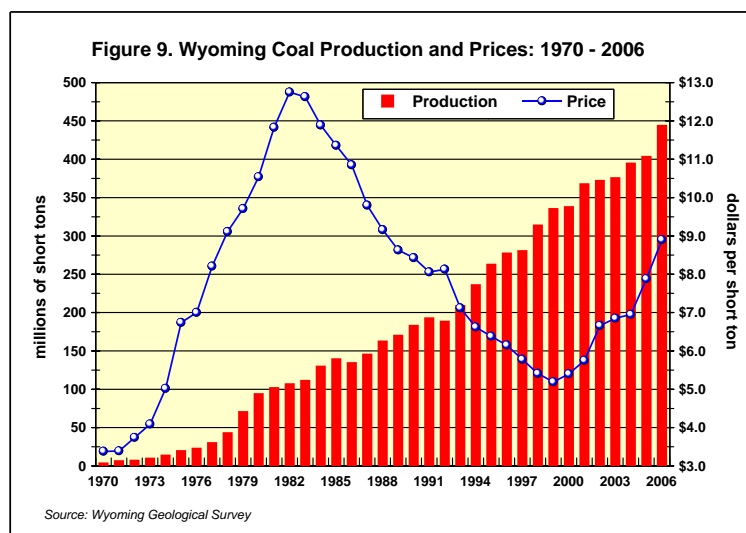
Since the coalbed methane boom that began in the mid-1990s, Rocky Mountain energy producers have been a victim of their own success due to over production but low capability of transportation. As a result, a bottleneck has effectively trapped much of the gas in the region, thus keeping prices down locally. Pipelines could not carry enough gas to more lucrative markets in the eastern and western United States, costing the state millions of dollars in lost revenues, taxes, and royalties.

The opening of the Kern River pipeline expansion in 2003 consequently relieved the constraint and helped to raise the value of Wyoming natural gas by 30 percent. Presently several pipelines, including the Kern River, transport about 2 billion cubic feet of natural gas per day out of Wyoming, and mainly into California. The price difference between Nymex's Henry Hub and Wyoming's Opal Hub has been consistently below \$1.00 per MCF from mid-2003 to mid-2005. However, the difference climbed to \$3 at the end of 2005. After \$1 or so price differential lasted a few months in the summer 2006, it increased again to over \$3 in this summer. Every time the price grows at a fast clip in the national market, Wyoming is not capable of capturing the higher prices due to the limitation of takeaway capacity. Kinder Morgan's Rockies Express Pipeline is due to be finished in a few years, and it is expected to take 1.5 billion cubic feet of gas a day to eastern Ohio. It provides an important new market opportunity for Wyoming.

Driven by demand and a boost in prices, Wyoming produced over 2.1 trillion cubic feet of natural gas in 2006 (the 3rd leading producer in the nation), an increase of 60 percent since 1999. Production from the world class Jonah Field and Pinedale Anticline wells in Sublette County, and coal bed methane (CBM) from the Powder River Basin field, together, accounted for nearly 40 percent of total production in the state. Experts estimated the 160 trillion of Wyoming's total gas resource can last more than 50 years even at the production rate of 3 trillion cubic feet per year.

The Bureau of Land Management recently approved night drilling projects that will allow increased natural gas development in a number of different areas in Wyoming. Besides the notable areas mentioned above, other mineral rich locations are mostly in the Great Divide Basin and Wind River Basin, and some in Big Horn Basin and Greater Green River Basin. For instance, the Desolation Flats Project area has the potential to produce 1,000 million cubic feet over a 40-year production period in southeast Sweetwater County and southwest Carbon County.

After it surpassed 400 million tons in 2005, coal production in Wyoming was boosted another 10 percent in 2006, the highest percentage increase since 1998. Responding to electric utilities' demand to replenish stockpiles of Powder River Basin coal, BNSF and Union Pacific railways launched a massive effort to expand transportation capacity out of the state, which drove total coal production to a new record. The 441 million tons of coal in 2006 was double the production in 1992. In fact, coal production in the state has climbed steadily since the 1970s, and has established a record almost every year.

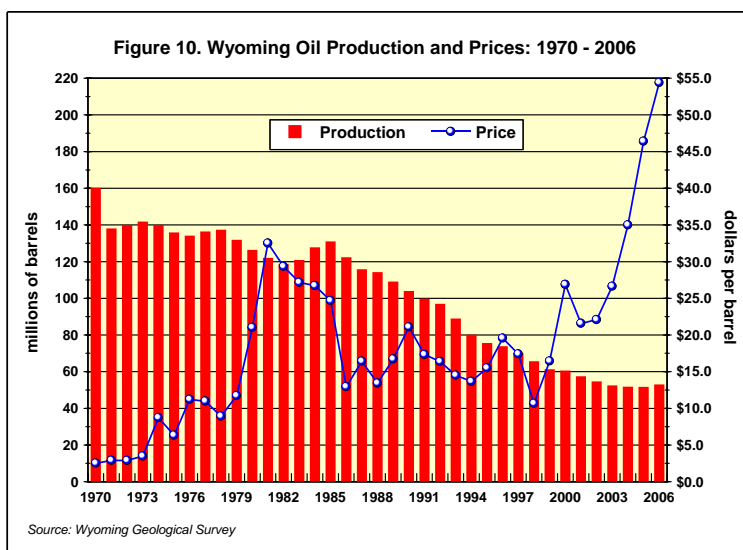


Coal in the Powder River Basin, the principal coal producing area in Wyoming, is easily accessible and has low sulfur content. Due to the demand for electric power generation throughout the U.S., the cleaner

coal production in the state accounted for over 38 percent of total coal supply and a quarter of the nation's electricity. It has replaced much of the high-sulfur coal mined from the traditional coal producing areas in Pennsylvania and West Virginia. Today, Wyoming's coal and power plants provide much of the electric power for the Pacific Northwest. Long-term growth in the state's coal production will probably depend on converting raw coal to environmentally clean, alternate fuel forms for electrical generation, transportation, and industrial usage. The price of coal has also been rising steadily since 1999, and \$8.50 per ton in 2006 was the highest since 1989.

Due to the mismatch between increasing demand and a short supply of natural gas since the early 1990s, energy prices have been steadily climbing over the past 10 years. Today's high level of fuel prices makes coal gasification and liquefaction technology competitive. In the future, Wyoming could become the leader in coal gasification and liquefaction plants in the nation with its ample coal resources and with incentives from the energy bill. Though interest and demand for alternative energy sources such as wind and solar are increasing, coal is going to continue to be a dominant world energy source for years to come. Due to its low cost and abundance, coal accounts for half of the country's electricity production. The new technologies for coal efficiency enhancement and pollution reduction have yet to be proven on a commercial scale. However, the greening trend could be both a challenge and a tremendous opportunity for Wyoming's coal industry.

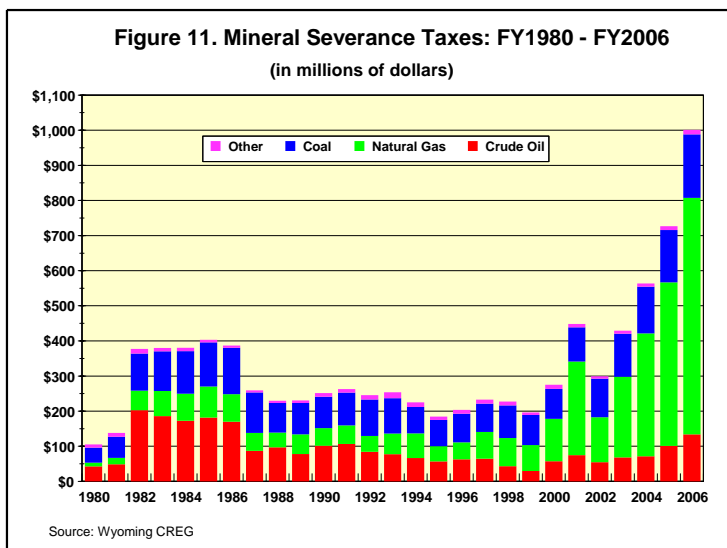
Much of the fluctuation in mining jobs was in oil and gas extraction due to the boom and bust of oil and natural gas extractions. Despite the gradual coal price declines and tremendous production boost in 1980s and 1990s, the employment directly associated with coal mining was very stable, consistently around 4,300 jobs between 1987 and 2001. However, coal employment climbed to 4,800 in 2002, and to 5,000 in 2005. By 2006, coal companies provided over 5,700 jobs, the highest in history. For the forecast years, the mining jobs will continue to increase though in a slower pace because the productivity is expected to continue to rise.



Oil production in the state has been suffering a steady decline since 1985, due to lower prices and aging oil fields. The cost of drilling in Wyoming is too high for oil companies to make profit. Despite the price recovery of near and above \$20 per barrel in 1990, 1996, and again in 2000, oil production failed to increase or even stabilize. Instead, it continued the downward trend. The 2005 production of 52 million barrels was only a fraction of over 130 million produced in 1985. The only contributor to employment change in the mining sector in recent years has been the natural gas industry. With soaring prices since 2002, and applications of carbon dioxide injection on line, the yearly oil production declines finally ended in 2005, and showed slight increase in 2006, the first time in 21 years. Tax collections from oil dominated the revenue stream in the 1980s, but natural gas has been the current winner into this century. Oil industries paid over \$200 million severance taxes in fiscal year 1982, which was 54 percent of total mineral severance taxes collected in the state. However, the collection from natural gas production was 67 percent of \$1 billion total mineral severance tax collections in fiscal year 2006. With natural gas

prices projected to remain high, and thus production continuing to increase, the overall mining employment will be increasing to approximately 32,000 in next decade.

Because of soaring natural gas prices and the prospect of controls on fossil fuel generated power, and even possibility of climate change legislation, utilities are looking to nuclear power, which is considered as a clean and safe way to generate electricity. Meanwhile, enrichment facilities, which turn uranium into fuel for nuclear power plants, have been pledging their services due to growing interest in nuclear fuel by other countries. Hopes are rising for a resurgence in uranium. Today's uranium price is over 10 times as much as it was 5 years ago. Wyoming's production of 2 million tons in 2006 was only one-sixth of 1980 level. Currently, there is a rush among potential uranium developers to assemble leases in the state, and prepare to submit applications to the Nuclear Regulatory Commission.



The state benefits from increased mining activity in many ways. First, increased demand for oil, natural gas, and coal means increased mineral production revenue and sales and use tax collections for both state and local governments. In addition, because mining job salaries are over twice as much as the average for all industries, increased demand for mining employment trickles down into the economy through increased per capita income and therefore increased levels of consumer spending. On the other hand, the state's economy and revenue also fluctuate sharply along with the rise and fall of mining prices.

Construction

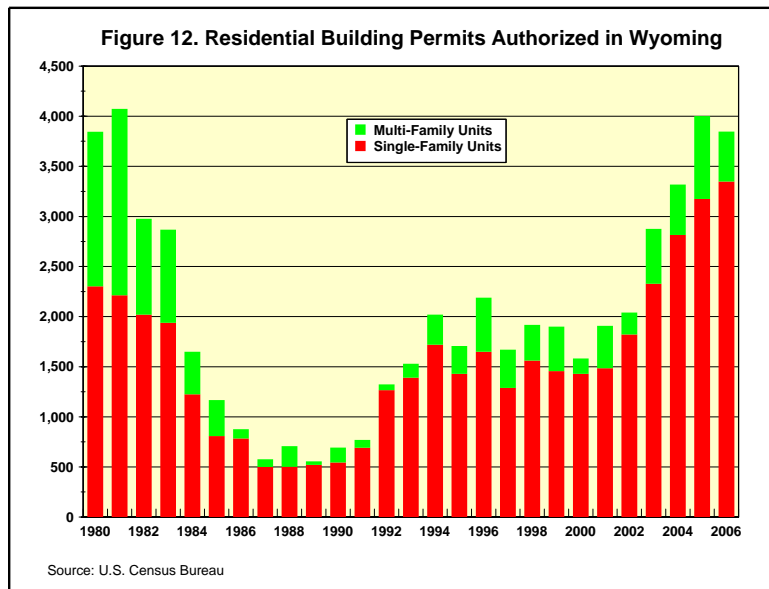
Nationally, strong real estate and housing industries were constant throughout the economy's ebbs and flows in recent years, with more than double home price appreciation in parts of the country between 2000 and 2005. As Americans soured on the stock market after the tech bubble burst in 2000, they poured money into real estate, spurred on by the historically low interest rates and looser lending standards. Surging demand created home shortages in California, Florida, and the Northeast. Over the 5 years ending December 2005, the average U.S. home prices jumped by 58 percent.

The housing boom's economic contribution was enormous, accounting for approximately one-fourth of real GDP growth since 2000. The direct effects from the housing market were through construction activity, real estate transactions, and mortgage finance. The multiplier benefits were substantial, such as demand in numerous supplying industries, and the income earned from construction related industries drive spending elsewhere in the economy. Another important link had been the massive mortgage equity withdrawal through cash-out refinancing and capital gains realization. The extra cash was used for home improvements, other investments, and consumer goods and services.

Since early 2006, as mortgage rates began rising and surging inventories finally caught up with demand, the housing market has been cooling rapidly in much of the country. The housing slow down has been characterized by steep contractions in both home sales and home construction. The price of home

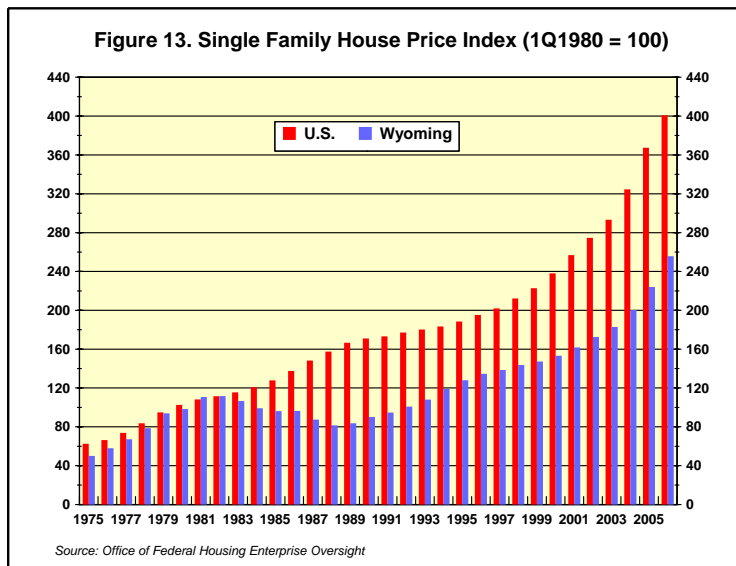
appreciation is continuing to extend a general trend of deceleration, and the near flat price movement in the second half of 2006 was the worst since 1999. In addition, the negative housing wealth effect and large housing related job losses will further cut into consumers' spending, and therefore slow the current economic expansion. The overall housing downturn in U.S. is expected to hit bottom this year. Sales and construction activity will stabilize first, while the huge inventory will keep price appreciation at a minimum. Weaker job growth, a tightening lending standard, and the lack of pent-up demand will keep the housing market weak, more than offsetting a modest improvement in housing affordability.

As the fastest growing sector in the 1990s, the construction industry in Wyoming added 7,100 jobs in that decade, a staggering annual average of 5.2 percent. From 1992 to 2002, total residential home permits averaged nearly 1,800 units per year, compared to just an annual range of 500 to 800 units during the period of 1987-1991. However, driven both by demand and by price appreciation, the number of permits expanded dramatically to over 4,000 in 2005, double the permits authorized in 2002. Though the total permits declined slightly, single-family new houses continued to increase in 2006, reached a record of 3,349. So the construction employment also surged over 9 percent in the year.



The large amount of new housing construction in the early 1980s was driven by an oil industry boom accompanied by a massive inflow of in-migrants. Until 2006, the recent housing market in the state was being mostly driven by price appreciations, similar to the national trend. The annual net in-migration (in-migration less out-migration) to Wyoming was over 10,000 in the late 1970s and early 1980s, but it was only a couple of thousand annually before 2006. As the housing market was struggling in most areas of the country, it is continuing to grow, even accelerating in certain areas in the Cowboy State.

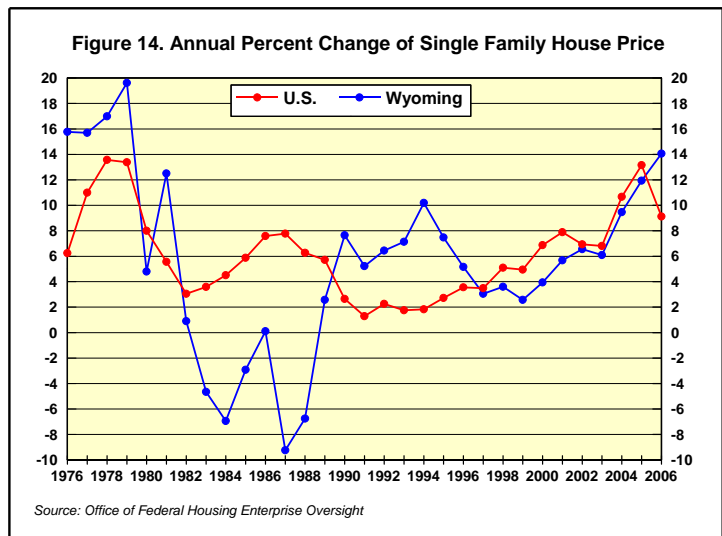
In certain areas of the state without much mining activity, housing markets are getting really soft, which was caused by increasing inventory and slow immigration, such as in Albany, Goshen, Laramie, Park, and Teton counties. Home price appreciation is slowing down, or rental rates are flat, or vacancy rates are increasing. On the other hand, in areas with booming natural resource exploration, from Pinedale and Rock Springs, to Casper and Gillette, communities are facing severe housing shortages,



despite speedy home construction. This shortage has caused as much as a 20 percent annual increase on rent and home prices, making the affordability degrade fast, particularly for workers in low paying industries. Home prices have more than doubled in some of these communities in the last 5 years.

Wyoming's home prices were getting strong again after a slow pace in the second half of the 1990s. The 6.5 percent of annual home price appreciation between 2001 and 2003 was just slightly lower than the national average of 7.0 percent. The prices in the state went up 9.5 percent in 2004 and 12 percent in 2005. As it slowed down to 9 percent in the U.S., the average home price surged another 14.1 percent in Wyoming in 2006, the fastest since 1979. The state's annual appreciation rate for the 4th quarter of 2006 ranked the second highest in the nation, just behind Utah. As a matter of fact, the statewide home price increased 184 percent since 1990, compared to U.S. average of 135 percent.

Positive net migration trends and record low interest rates in recent years have contributed to the demand for housing and prompted homebuilders to boost the stock of housing in response. Despite the healthy home price appreciation, housing in many areas of the state remain one of the region's more affordable, which has also helped both attract and keep Wyoming residents. However, as the employment in the mining sector is expected to decelerate forward, the demand for housing in coming years will be somewhat slow going. In addition, due to the tremendous amount of new homes put into place during the past 10 years, demand will dampen, and new permits for the forecasting period will fall to an average of 3,000 per year due to the slow increase in the number of households.



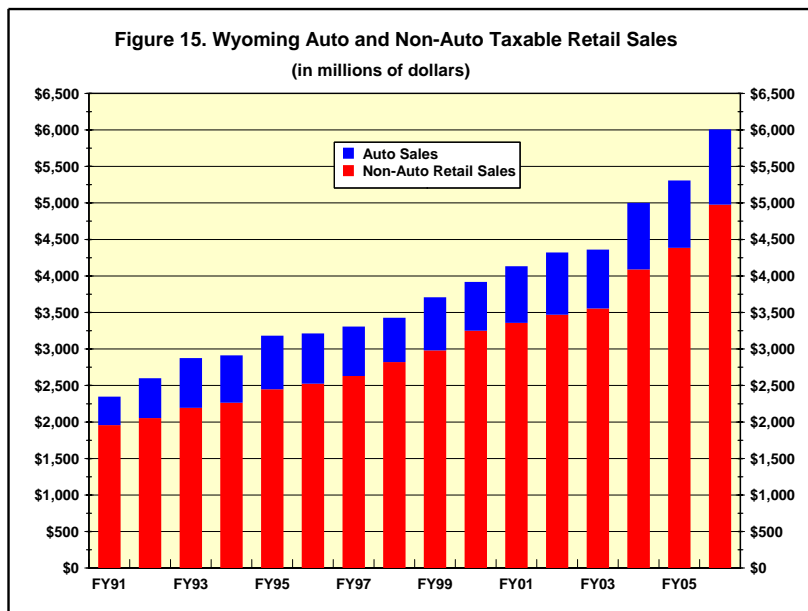
Despite the general malaise of the commercial construction industry, there are a few plans for large scale construction projects. Besides the potential railroad line and natural gas pipeline construction, over \$1 billion will be spent on a new prison in Torrington, and statewide highway and school capital construction in the next few years, thanks to the revenue boost for state government. Construction for a few conventional pulverized coal plants near Gillette is on the way. Beginning soon will be the 385 megawatts (MW) Dry Fork power plant, and will cost over \$1 billion, hire 1,000 construction workers, and the project is scheduled to end in 2011. Though delayed, the construction of \$700 million 320-MW Two Elk power plant should be under way by summer of 2007. Black Hills Corporation's Wygen II coal fired plant is planned to generate electricity soon. Black Hills Electric is also planning a new power plant in the near future. Other potential applications include a few coal refineries with multi-billion dollars of construction projects and thousands of employment. The first coal to liquids plant in the United States using the classic Fischer-Tropsch reactor could be built in Medicine Bow, Wyoming.

Overall, job growth in the construction industry is expected to increase strongly in the next few years after it grew over 21 percent in the past 2 years, although at a slower rate around 4 percent annually. Total number of employment in construction will be getting close to that of the mining industry by the end of forecasting period, and 7,290 new jobs are expected to be created during this time span.

Retail Sales

Nationally, profit margins have begun to fall for a number of industries, particularly those related to the weakening housing market, such as homebuilders. As demand for new homes will remain weak in 2007, building material and garden supplies retail industries should expect a bleak outlook for revenue. Plentiful home inventories in many regional markets will put further downward pressure on housing prices. Many retail and auto industries will resort to more discounting and price cutting in the near future. Despite the drags from the weakening housing market and deteriorating credit conditions, strong income growth will continue to support spending. Retailers and service providers that are oriented to wealthier customers will continue to perform better than the industry average. Higher income households are also supporting catalog and online sales, and electronic and appliance retailers.

As the third largest sector in Wyoming's economy, the retail trade industry (NAICS) experienced fast job growth in the first half of 1990s, averaging over 2 percent each year. However, it has slowed down to only about 1 percent annually since then, largely due to out migration from the state. After experiencing a 3.4 percent boost in 2000, the retail trade industry employment did not change much in the next 5 years. The gain of 420 jobs or, 1.4 percent in 2006 was the fastest growth since 2000. In the near future, employment in this sector is expected to expand at a modest rate of a bit over 1 percent a year.



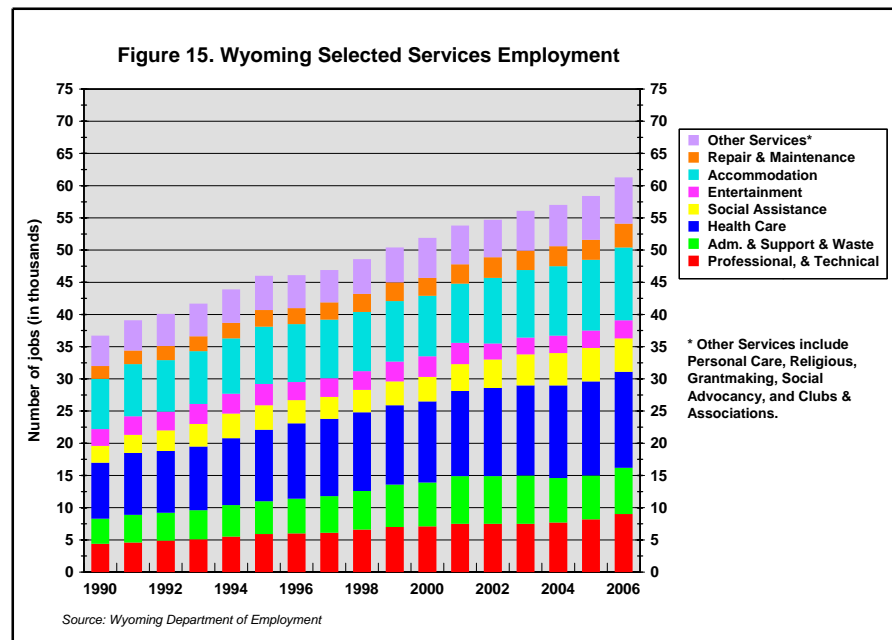
While the average increase for the fiscal year 1991 to 2000 period was 7.3 percent, the annual non-auto taxable retail sales were up only 3.1 percent from fiscal year 2001 to fiscal year 2003. However, mostly driven by strong natural gas exploration, expanding housing market, and net in-migration, the retail sales were robust again. For fiscal year 2004, both the taxable non-auto and auto retail sales recorded tremendous expansions, at 15.1 and 12.9 percent, respectively. The non-auto retail sales continued the strong pace in fiscal year 2005 and increased another 7.2 percent from the previous year level. But, seemingly dragged down by high gasoline prices, automobile sales in the state virtually came to a stall, and only edged up a mere 1.4 percent during the fiscal year. As energy boom continued, double digit sales growth were realized again in FY 2006 for retail industries, from auto dealers to gas stations, from home furnishing to building material and garden supplies, from department stores to restaurants, and the strong trend is continuing in FY 2007. Much like the nation, the real concern for many retailers in the state is how to continue competing with remote sellers who do not have to charge sales tax.

Services

The economy has been and is continuing its long-term trend of shifting toward a more service-oriented than goods-oriented one. Much like the nation, the service industries continued to grow in Wyoming, even during the 1980s recession. The upward pace accelerated in the 1990s, at an annual rate of 3.6 percent. After it averaged 2.4 percent growth rate annually between 2000 and 2005, the total employment for selected service industries climbed 5.2 percent in 2006, the fastest growth since 1992. The professional, scientific, and technical services has led the upsurge throughout the years, it more than

doubled between 1990 and 2006. Particularly during past 2 years, riding the energy boom, architectural, engineering, and related services have benefited greatly. Social assistance services also grew substantially, and the number of jobs in 2006 was twice as much as the 1990 level, due to the increased demand for child services, elderly, and disabled services. The rise of information technology, including computer programming, systems design, data processing, and other computer related services in the 1990s were main causes for the growth in professional and business services. The fast increase in services such as consumer credit reporting agencies, and adjustment and collection agencies also contributed to the expansion.

The health care industry, with 14,900 jobs in 2006, is the largest service sector with a consistent fast pace, and it grew over 71 percent in the past 16 years. The strong growth is expected to continue in the foreseeable future at an average rate of 3.5 percent annually, the highest among all industries. This industry will be largely unaffected by a downturn in the larger economy, and an aging population will almost ensure continued demand for healthcare services. Both social assistance and health care service



industries may continue to face increasing shortages of professional staff along with increasing demands of an aging population. Wyoming's population is expected to age more rapidly than the U.S. as a whole. Governments need to be prepared financially in the coming years because healthcare needs for the elderly population is less profitable than for relatively healthy younger persons.

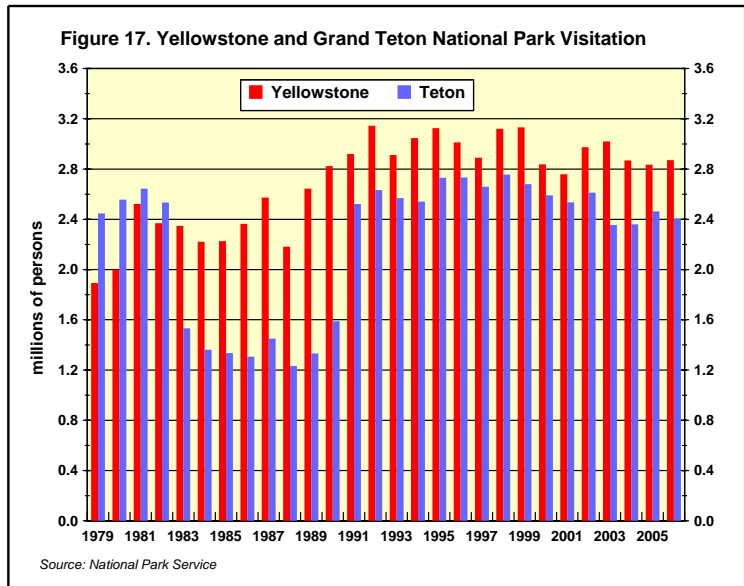
The services sectors are forecasted to be the fastest growing industry over the long term, both in terms of growth rate and total number of new jobs. Business, social assistance, and health services will be the main drivers. Despite the structural differences between Wyoming's and the national economy, the growing pace in the services industries is similar for both. The service industry was and will be the fastest growing sector in the national economy as it continues to undergo a structural shift from goods producing to service producing economy. Wyoming's total service producing sectors are expected to add nearly 36,000 jobs in next 10 years.

Tourism

With over \$1 billion in direct expenditures and tens of thousands of jobs, Wyoming's travel and tourism industry is an important part of the state's heritage and overall economy, particularly for the Northwest Region of the state. The primary attractions for tourists are the world's oldest national park, Yellowstone National Park, and the scenic Grand Teton National Park. Each year, millions of people from all over the world visit them. However, tourism itself is not classified as an independent or separate economic sector, rather it is mostly included in leisure & hospitality and in certain retail trade industries. Its economic effect crosses many retail trade and services related sectors such as gasoline stations, general merchandise

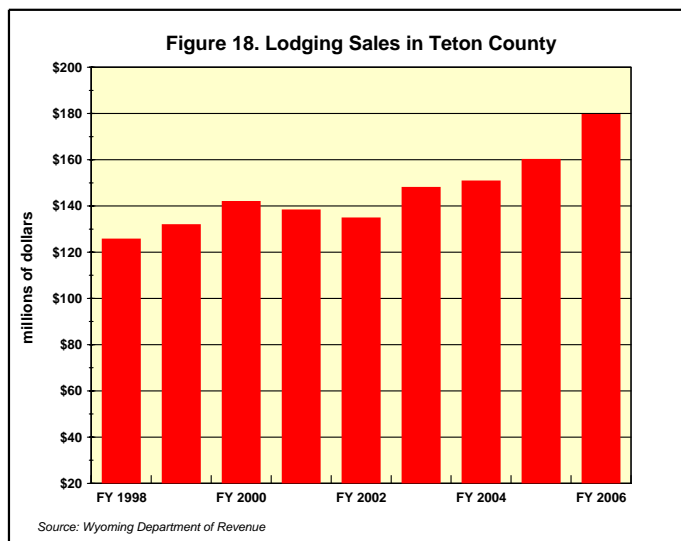
stores, arts, entertainment, & recreation services, and food and accommodation services. Unfortunately, most jobs directly connected with tourism are mostly seasonal, lower skilled, and lower paying by nature.

Looking at the trend for the past 28 years, the total number of visitations to Yellowstone Park has been quite stagnant, steadily hovering around 3 million annually for the 1990s, and slightly over 2.8 million during the past 3 years. There were some exceptions with a few years of solid increases immediately before and after the big forest fire in 1988, and a couple of years of moderate growth in the early 2000s. In contrast, the total national population grew rather fast at an annual rate of 1.0 percent during these years. Note: the lower shift of visitation in Grand Teton Park from 1983 to 1990 was purely caused by the change of statistical data gathering procedures.



Given the fact that most visitors to Wyoming’s national parks are not by air transportation, the after effect from 9/11 attacks was limited compared to other states. The lodging tax collections in Park County still managed a 0.4 percent increase between July 2001 and July 2002, and has recovered well as evidenced by the nearly 10 percent increase the following year. The number of Yellowstone Park visitors also increased from 2.8 million in 2001 to approximately 3 million in 2002 and it edged up again in 2003. The lodging sales in Teton County also recorded near double digit growth in fiscal year 2003. However, as gasoline prices (regular grade) shot to well over \$2.00 per gallon since 2004, the number of visitors to Yellowstone National Park dropped below 2.9 million, but the visitations to Grand Teton National Park held steady.

Regardless of the \$3.00 gasoline prices in the summer of 2006, the tourism industry registered one of the best in many years. Sales tax collections on lodging climbed 12 percent in Teton County between July 2005 and July 2006. Approximately half of the nearly \$1 billion taxable sales transactions occurring inside Teton County were related to out-of-county residents, i.e. travelers. The lodging sales alone in Teton County totaled \$180 million in FY 2006. With gasoline prices hovering around \$3.00 again this summer, Wyoming’s tourism industry seems to hold well, may have another banner year. For the fiscal year 2007, lodging tax collections in Park County increased 7.5 percent over FY 2006, while it was up 10.2 percent between FY 2005 and FY 2006. The difficulty facing the state’s tourism industry in recent years has been the labor force shortage. Many restaurants and hotels were forced to recruit seasonal employees



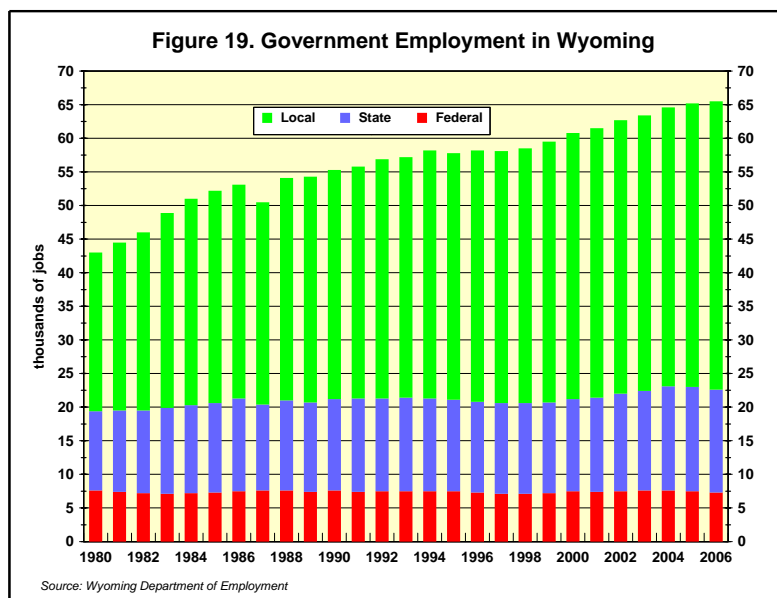
from other countries due to the unavailability of local workers and the competition of wage rates with other industries. In addition, the rapid development in the energy industry flooded available hotel rooms with oil and gas workers in certain communities, which negatively affected tourism activities.

Looking into the future, travel and tourism for Wyoming may not deviate a lot from the past trend, that of a moderate growth. One of the reasons for this is that the demographic structure nationwide has been and is continuing to shift. With ever increasing numbers of Hispanic and Asian immigrants, their interests in vacation seem more towards a central city than national parks. However, there are at least a few factors which could work to the advantage of the state's tourism industry. First, the weakened American currency, combined with surging income in certain developing countries such as China and India, may attract more international tourists. Second, the baby-boom generation (born between 1946 and 1964) is starting to retire or will retire in the next few years, and assuming that the elderly population is more interested in natural amenities than the younger generation. Third, the state's rising revenue and budget surplus are creating an opportunity to protect the state's scenic amenities and enhance area attractions for the future. Although increasing visitor numbers and spending are important, quality of experience and preservation of open space and wildlife should be emphasized. Lastly, if residents in Teton County could elect to pass a lodging tax imposition again, the local government would be able to have the financial flexibility for extra travel promotions and tourism related facility maintenances to compete for potential travelers. However, the jobs created in tourism industry are mostly seasonal, and typically low-paying, offering little in the way of long-term growth for the state.

Government

As the largest employment sector for Wyoming, government jobs are, no doubt, one of the mainstays in the state's economy, particularly in the Southeast region. It also serves as a big stabilizer to the overall economy. During Wyoming's economic bust period of the 1980s, government employment only experienced a one year decline in 1986, while the state's total employment suffered 18 percent contraction from 1981 to 1987.

Because of the nature of a sparsely distributed population, state and local governments have to hire a relatively large number of employees to serve the residents, from public schools, fire districts, to road maintenance. It was not surprising to see that the proportion of Wyoming's state and local government full-time employees was the one of the highest in the country in 2006, at 890 per 10,000 population, while the national average was 540 employees. Other states with higher state and local government employee rates were also states with large land areas and small population such as Alaska, New Mexico, and Nebraska. The lower proportions of government employment are in states with a high population density such as Pennsylvania and Massachusetts.



Wyoming probably also ranked the highest in terms of per capita state and local government expenditures in 2006.

The government sector provided 65,500 jobs, or just less than one-fourth of total employment, in 2006 to Wyoming's economy. While both Federal and state government employment has contracted, local government (including school districts and hospitals) added 700 jobs for the year, which drove the total government growth to 0.6 percent in 2006. It was also one of the slowest growing industries in the 1990s, during which State government experienced a slight increase while Federal government recorded a minor decline during the same period. From 2000 to 2006, government in Wyoming created 4,700 jobs for an annual growth rate of 1.3 percent, compared with the overall growth rate of 2.5 percent for total state employment. However, the robust budget surplus and an increase in government expenditures will keep the government sector remain to be a consistent and steady source of new jobs in the future.

Over the forecast period, the government sector is expected to add 5,200 new jobs, for a total of 70,700 jobs in 2016. Most of the growth is projected to occur in local government, with slower growth for state government and no change for Federal government.

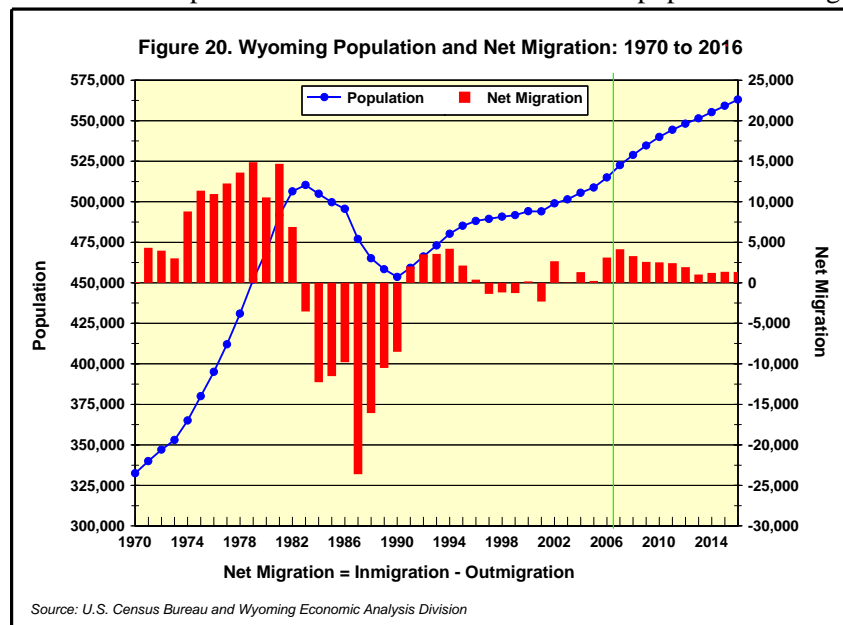
Population and Migration

Population change is a function of three processes referred to as the demographic processes. These are births, deaths, and migration – involving births into a population, deaths from a population, and migration either into or out of a population. It is of vital importance to understand the sources of population change because the determinants of the processes of natural increase (combined effects of births and deaths) and migration are quite different. Both births and deaths are physiological and biological processes. Migration is a behavior involving people moving from one area to another often as a result of employment, income, and other socioeconomic changes.

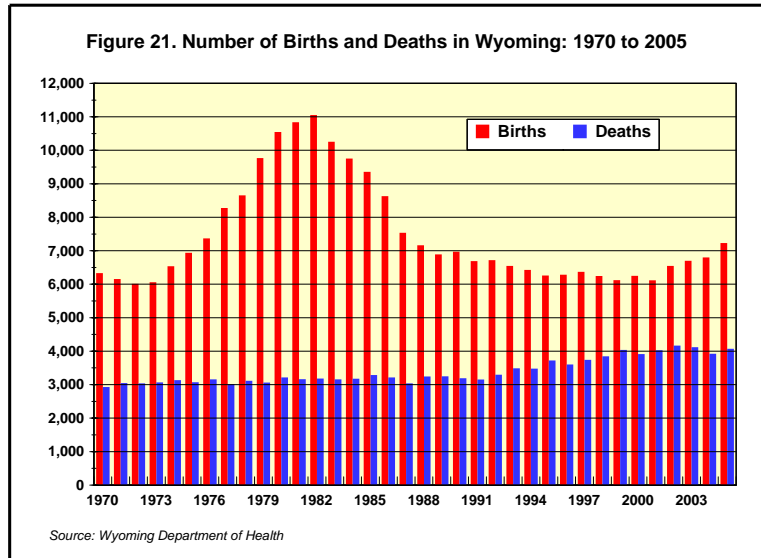
Although births and deaths impact a population by increasing or decreasing its size, their effects on other non-demographic and socioeconomic factors are

usually long-term. Migration, on the other hand, has a more immediate impact on an area because it is more likely to involve young adults in their family formation ages, thus reducing demands for products and services in areas with net outmigration and creating instant demands for goods and services necessary to establish a residence in areas with patterns of net in-migration.

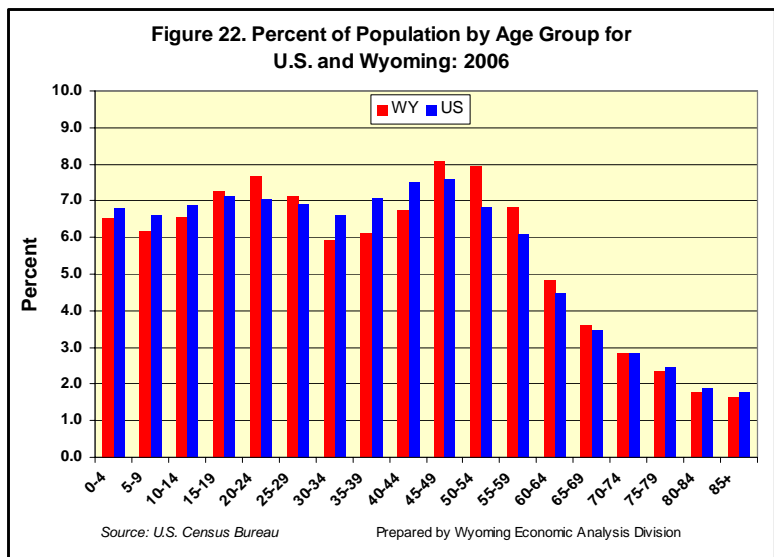
From 2000 to 2006, Wyoming's total population increased 4.3 percent compared to the national increase of 6.4 percent. Decelerating and steady population growth is expected throughout the 10 year forecast period. Total population in Wyoming is projected to increase over 7,000 persons this year, and around 4,500 per year with an annual growth rate of just under 0.9 percent thereafter. The number of Wyoming residents in 2006, 515,004, surpassed the previous record of 510,361 set in 1983.



The number of births in Wyoming steadily declined throughout the 1990s, from 6,974 in 1990 to 6,122 in 1999. However, death numbers noticeably climbed during that period, from 3,152 in 1991 to 4,038 in 1999. This was the first time that the numbers of resident deaths in the state passed 4,000. As a result, the net gain in population from this natural change declined to around 2,000 in 2001 from the level of 3,780 in 1990. Births have been increasing significantly since 2001. The number of newborn babies from Wyoming's resident mothers reached 7,231 in 2005, the highest since 1987, while total deaths maintained at a level of around 4,000 annually in the last 5 years. Due to the larger proportion of the baby boom population in the state, their children in recent years are in the young adult stage. Therefore, Wyoming may experience a few more years of higher birth numbers if this group stays in the state in the near future. The annual number of deaths, however, will gradually increase to nearly 4,600 by 2016.



Both in-migration and out-migration numbers were around 25,000 annually for the state in recent years. In the early 1990s, the national economy was performing poorly, as was California's economy, partially due to the cut backs in the defense industry. Thus, many Californians relocated to neighboring states and into the Rocky Mountain region. As a result, the population in Wyoming grew more than 1 percent each year from 1991 to 1995, as the annual net in-migration exceeded 4,000 persons during these years. However, as the overall economy for the nation, and the economy particularly in California, became stronger, the Californian out-migrants diminished. Net in-migration (in-migration minus out-migration) to Wyoming from California amounted to only 111 persons during the period of 1996-97, and it has not passed 500 since then, compared to the 1993-94 level of 1,820. The Cowboy State has been experiencing net out-migration from 1995 to the first year of this century, reaching to over 2,000 in 2001. These out-migrants mainly moved to other western states (Colorado, Utah, Idaho, Arizona, and Texas) whose economies were growing faster than Wyoming's. Consequently, the growth of total population in the state from 1995 to 2000 averaged less than 0.25 percent annually, which was entirely due to natural increases.

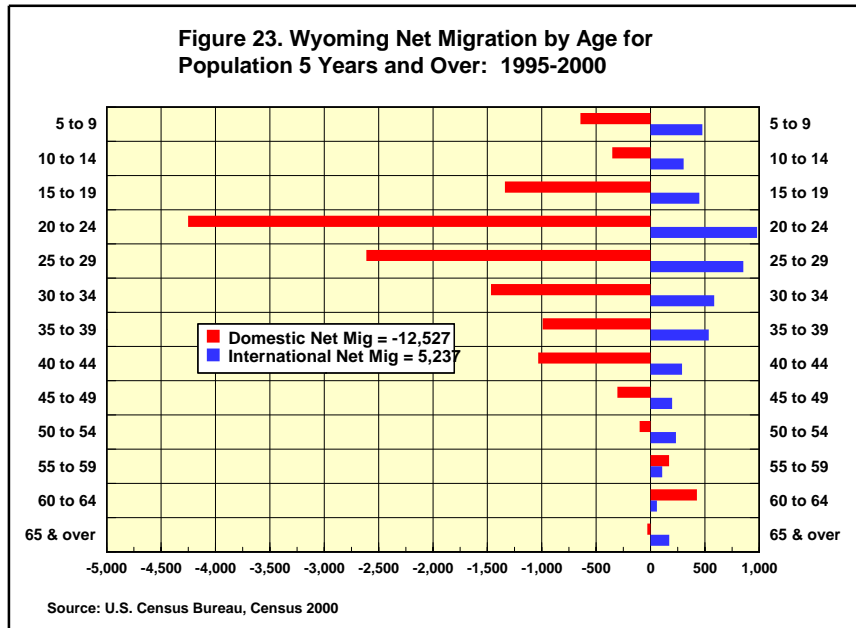


As Wyoming's economy has been growing faster in recent years, particularly since 2003, the net migration to Wyoming has reversed to positive again in 2001, and has maintained that direction for the past 5 years, but it is still lagging the job growth. However, the continuing trend of strong employment

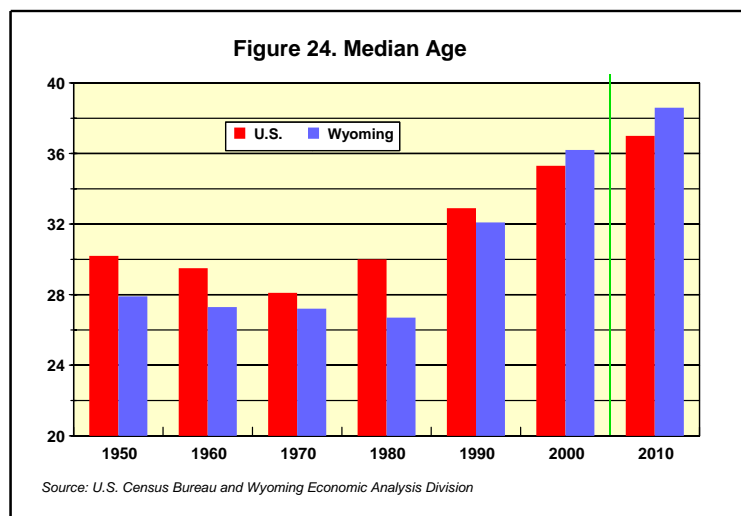
increase finally persuaded many out of state mining workers to settle down in Wyoming. The net immigration of 3,400 in 2006 was the highest since 1994. As long as the demand for energy sustains, the transition of workers from non-residents to residents will continue. Annual average net migration is expected to be 2,500 in the short-term, and the speed will somewhat slowing down to just over 1,000 in about six years.

Population Aging

The age composition of a population affects many other demographic and economic characteristics, from fertility rates to the nature of the goods and services demanded. Age is often measured using simple percentage distributions and the median years of age. During the period from 1990 to 2000, the median age in Wyoming increased so rapidly that the value of 36.2 in 2000 was nearly one year older than the U.S. median age of 35.3. However, the gap has been somewhat narrowed in recent years, the median age of 37.1 in the state was 0.7 years greater than that of U.S. in 2006. Wyoming's median age was only 26.7 in comparison with national level of 30.0 in 1980. Indeed, Wyoming was one of the youngest states 25 years ago, but will probably be one of the oldest ones in the country in the future.



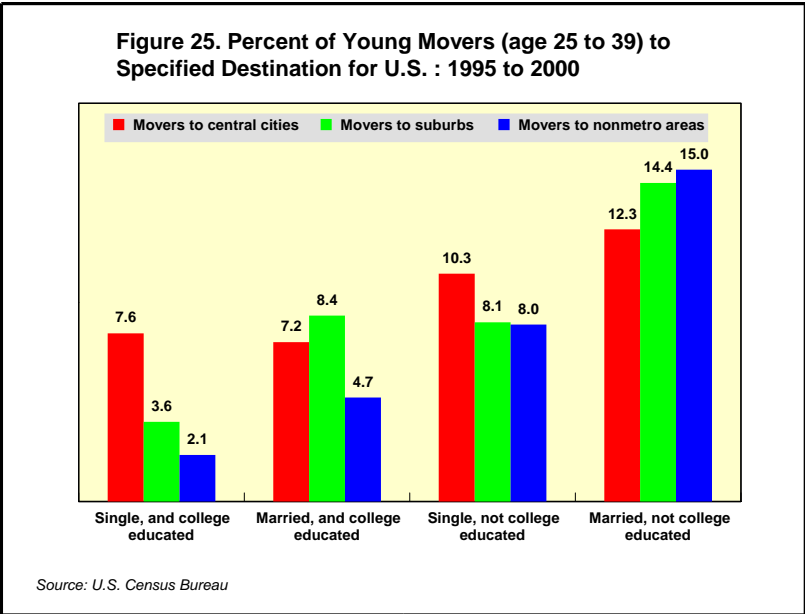
There are a few factors contributing to the state's potential rapid aging. First, Wyoming has one of the highest proportions of the early baby boom population in the nation. During the oil boom in the late 1970s and early 1980s, tens thousands of young workers migrated into the state. Though some moved out when the bust happened in mid 1980s, many of them still stayed. So their ages are between 45 and 60 years old in 2006. On the other hand, the percent of the population age 27 to 43 (so called generation X) in Wyoming is very low because a significant number of them left the state in late 1980s and 1990s when they were young adults. For example, over half of 12,500 domestic net outmigration (outflow greater than inflow) occurred among people age 20 to 29 years old during the period of 1995-2000. As a result, K-12 enrollment continuously declined over the past 10 years, and the number of



students in 2005 was 16 percent less than in 1994. Unlike Florida, the overall net in-migration to Wyoming has been trivial for the retirement population. Only a few places such as Cody, Sheridan, and Buffalo consistently attract retired individuals. With the lowest cost of living in the nation, that may change for the upcoming baby boom generation.

A second reason for Wyoming’s fast aging population is that the proportion of immigrants and minority population (total less non-Hispanic white) is among one of the smallest in the U.S. Most immigrants (largely Latinos and Asians) entered this country originally as workers or students. Many of them stayed and may have formed their own families, but left their parents and grand-parents back in their home countries. Therefore, the percentage of minority youth is a lot larger, while the percentage of older minority population is considerably smaller than whites. The median age for both Latinos and American Indians in 2000 was 10 years smaller than the white population in the state.

Third, Wyoming is the smallest state in terms of population size, and the state’s entire population is still not as large as the City of Colorado Springs. Only two cities, Cheyenne and Casper, just qualify as Metropolitan Statistical Areas (MSA). Young adults (age 25 to 39) constitute a large share of migrants because they are risk takers and adventurous. Their migration choices may be largely influenced by employment opportunities, or simply preferences for certain local amenities. Nationally, over one-third of all movers between 1995 and 2000 belonged to this age group. Within this particular age group, for work-related reasons, single and college-educated individuals represent a much larger share of in-migration into central cities than into suburbs (portions of metropolitan areas outside central cities) or non-metropolitan territory. In contrast, married and not college educated young adults made up a higher proportion of migration to non-metropolitan areas than to central cities or suburbs. Married individuals are more motivated to move for quality of life reasons, such as housing, crime, and schools.

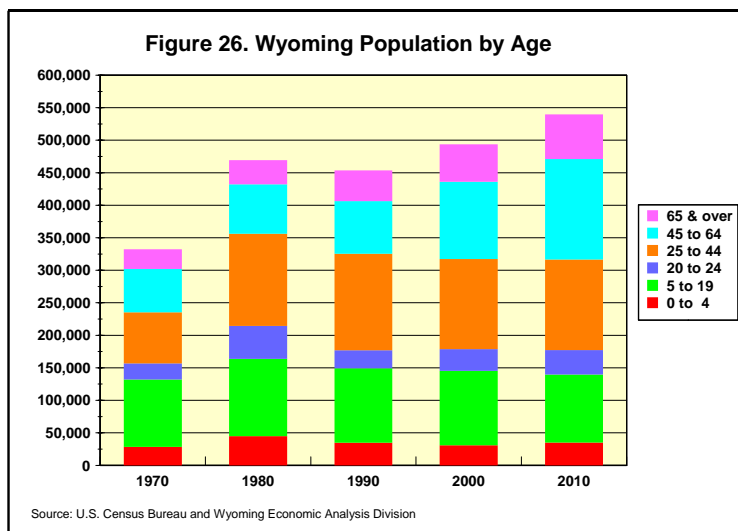


In fact, the whole globe is undergoing a major demographic transformation. Over the next several decades, the combined effects of increased life expectancy and lower fertility rates will lead to slower population growth and significant population aging across the world. Many developed countries, such as Japan and some European countries, are already far along in this transition. They will experience more rapid population aging than the U.S. The percentage of population 65 years and over is approaching 20 percent in those countries, while it may take 30 more years for the U.S. to get there. The main factor for this is the international immigration resulting from evolving economic conditions in the country because immigrants are much younger than the native population. The fertility rate in United States increased dramatically after World War II and maintained a high level between 1946 and 1964. The cohort born during that period is commonly referred as baby boom generation. The fertility rate fell quickly right after that and into the early 1970s.

Change in the overall size of population and its age structure can affect the economy in a number of ways.

The most important channel is through changes in the supply of labor. Elderly dependency--the ratio of older adults to younger adults—will certainly rise more rapidly as the baby boomers reach retirement age and are replaced by fewer new workers. The labor force will increase slowly, or even a decline may happen over the next 20 years unless these effects are offset by increased immigration. But the employed older population will certainly be affected by changes in the economic returns to working and improvements in health. Americans are not only living longer but also generally living healthier. Rates of disability for older people have been declining. In addition, work is becoming less physically strenuous but more intellectually demanding. Despite the improving feasibility of work at older ages, Americans have been retiring at younger ages. But the rising pressures on retirement income, continuously climbing healthcare costs, and a growing scarcity of experienced labor force could eventually reverse that trend.

Throughout the forecast period, the pre-school population for Wyoming (age 0-4) is expected to grow in the next 4 years before it declines starting in 2011. The 5-19 year age group has declined since 1996, resulting in the continuous drop in the state’s K-12 school enrollment, from the 1996 level of 98,777 to 83,705 in 2005. The enrollment of 84,611 students in 2006 was the first increase since 1993. This cohort of population is projected to increase gradually throughout the forecasting period. The young adults (age 20-24) group has grown fast in the past 5 years, but will gradually decline to 34,900 by 2016. The main labor



force participant cohort (age 25-44) is expected to grow by approximately 12,560 persons by the end of the forecasting period. The older age working group (age 45-64) is projected to continue to grow, but at a decreasing pace until 2012, and then it will decline slightly after that. Because the early baby boomers are progressing into this cohort in just a few years, the retired group (age 65 and over) will continue to increase rapidly at an annual rate of 3.1 percent. By 2016, the proportion of persons age 65 and over will reach 15.1 percent, compared to 11.7 percent level in 2000. The examination of the forecast data suggests that growth rates in the labor force will slow substantially in the coming years with rates of growth among middle-aged workers exceeding those for younger workers if significant net in-migration to the state does not occur.

Again, the continued aging of both the state and national population is evident, though it will be more severe for the state. The reason is that the proportion of the older age working cohort (age 45-64), which contains mostly baby boomers, was much larger in Wyoming (27.7%) than the nation (25.0%) in 2006, and is one of the highest in the country. For near-term market and service analyses, it is important to recognize that, between now and 2010, the population of Wyoming might be best characterized as middle-aged rather than “old.” After 2010, the early baby boom generation will reach retirement age. As this generation enters retirement, the population as a result will age rapidly. The aging of the population is thus a long-term process. Both the increasingly middle-aged workers of the next decade and the increase in the elderly population thereafter may have substantial impacts on goods and services. The middle-aged householders are likely to be in their peak earning years. The older population will require increased health related products and social services, and will generally demand different forms and types of services than a middle-aged population. Those in the public sector will need to be alert to such shifts

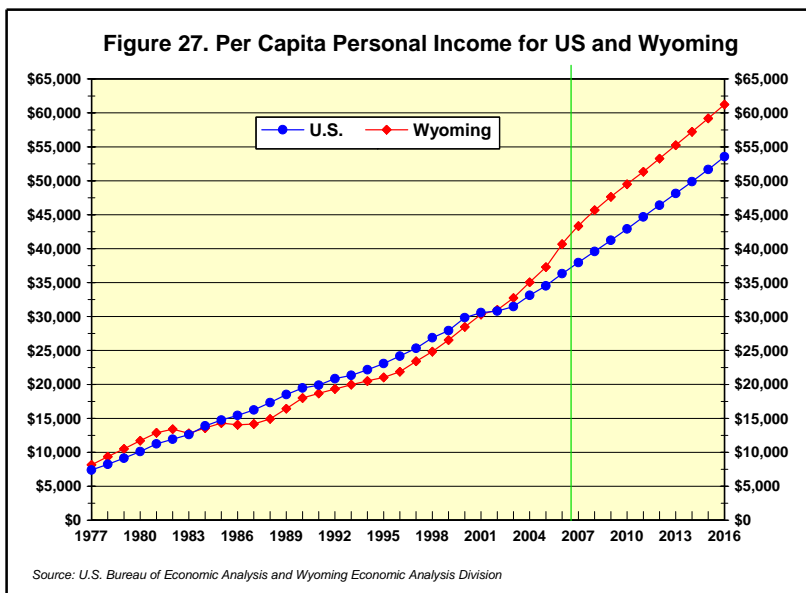
in order to effectively serve these clientele, and those in the private sector will likely need to focus their products and services toward those being purchased and monitored by public service entities as the baby boom generation ages. Other factors such as further reductions in the levels of mortality, particularly at older ages, continued low rates of fertility, a continuation of relatively high rates of international immigration, and a continuing diversity of household types will certainly impact life dimensions of residents as well, and thus will need to be recognized by policy makers.

The aging of population in the United States will significantly affect the country's fiscal situation. Not only is Social Security is expected to be in a chronic deficit over the long haul, but also the shortfalls in the Medicare program will be much larger. Medicare faces financial pressure from both the population aging and continually increasing demand for medical services. The resources to fund future retirement benefits will depend on the growth rate of real income of workers, the number of working-age population, labor force participation rates, and the productivity of labor.

Income and Wages

Total Personal Income (TPI) measures all of the income received by the residents of an area, including wage and salaries, dividends, interest, rent (DIR), and transfer receipts such as social security income. TPI is a good indicator of purchasing power for an area because it includes all sources of income, while consumer consumption makes up approximately two-thirds of total economy.

From 1990 to 2006, Wyoming's TPI increased by 157 percent in current dollars, from \$8.2 billion to nearly \$21 billion. The average annual growth rate for Wyoming's TPI was 5.5 percent compared with the average inflation rate of 2.7 percent. Personal income has grown faster since 1996, registering 7.1 percent per year in comparison to the national average of 5.3 percent, thanks to the natural gas development in the state. Driven by natural gas and coal mining activities, Wyoming's Per Capita Income (PCI) particularly showed relatively strong increases since 2000, 6.1 percent annually (the third highest in the nation), while U.S. PCI grew just 3.3 annually during the period. In fact, Wyoming's PCI in 2002 surpassed the U.S. level again for the first time since 1983. The growth rate of 9 percent recorded in 2006 was virtually the highest in U.S., and the \$40,700 of PCI for the year earned Wyoming a rank of 6th in the nation, compared to only 35th in 1996.

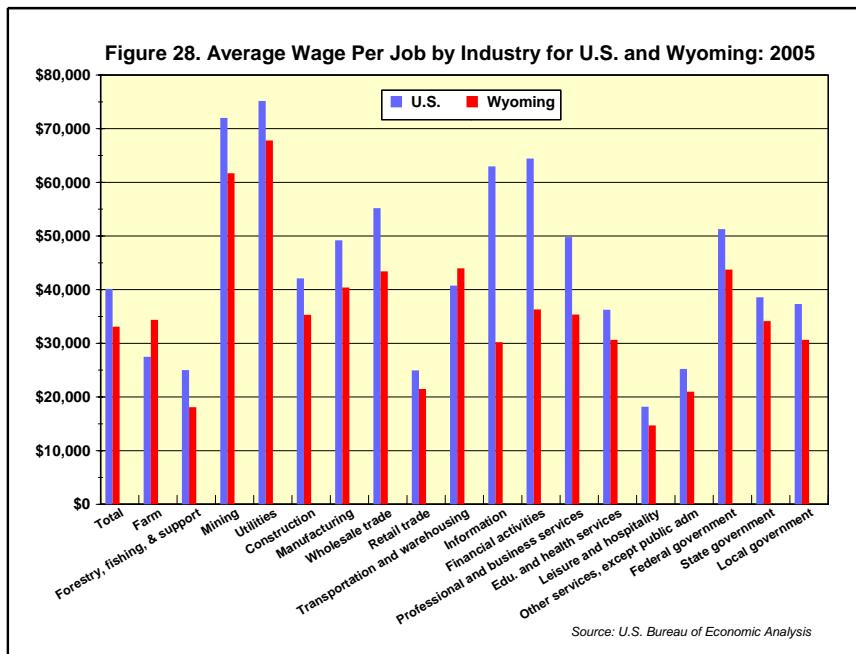


The largest component of TPI is earnings, \$15.4 billion in 2006, which includes wage and salary, and proprietor income. However, earnings were the slowest growing component before 2000, but the DIR has increased slowly over the past 6 years. Since personal income is counted as income from residents, an adjustment is applied from "Earnings by Place of Work" to "Earnings by Place of Residence." The adjustment since 2000, however, was mainly based on the Census 2000 commuting pattern. With the current economic boom and tight labor market happening in the state, the non-resident workers

commuting from other states has more than doubled since 2000. So the total personal income for Wyoming in recent years may have been somewhat overestimated, and it will be adjusted downward after 2010 if this is the case.

The state’s total personal income is projected to increase by 5.1 percent annually to \$34.5 billion by the end of the forecasting period. The earnings by place of work will increase somewhat faster than DIR and transfer receipts due to the expected slower financial market and low inflation. Real dollar personal income increases by 3.1 percent annually to reach \$25.1 billion. Inflation as measured by the U.S. Bureau of Labor Statistics Consumer Price Index (CPI-U) is forecasted to increase at an annual average rate of 2.2 percent.

Wyoming’s wage rate has also been quickly increasing in recent years, particularly since 2004, and the growth rate of 6.5 percent in 2005 was the highest in the nation. The average annual wages of \$33,251 in 2005 raised Wyoming’s rank to the 37th from previous years of 43rd nationwide. Though the wage rate for 2006 is not available at this time, it has certainly grown even faster due to the fierce competition for workers caused by the tight labor market. The wage rate in Wyoming was about 82 percent of U.S. level in 2005. Most industries in the state paid lower wages than those in the U.S. except for farm and transportation & warehousing. Probably more full-time workers are employed on ranches compared to the highly seasonal jobs associated with many part-time workers on crop oriented farms. The presence of the Union Pacific



railroad in the state certainly contributes to the pay rate difference with the U.S. for the transportation sector. However, the largest wage gap between Wyoming and the U.S. is in the information industry where the state paid only half as much as U.S. The difference in financial activities and professional & business services were also quite noticeable. The wage difference among industries is also striking. The highest paid jobs in both Wyoming and U.S. were in the utilities and mining sectors, almost double the average wages for all industries, and 5 times higher than that in accommodation and food services, and triple the wage in the retail trade industry. Again, since the measurement is average wage per job, instead of wage per employee, some of the wage differences among various industries may be explained by full-time vs. part-time jobs in addition to education, skills, and experiences.

Table 1. National Economic Forecast

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
Gross Domestic Product (\$ billions)	\$10,470	\$10,961	\$11,712	\$12,456	\$13,263	\$13,868	\$14,620	\$15,412	\$16,203	\$17,019	\$17,842	\$18,681	\$19,528	\$20,402	\$21,332	
% change	3.4	4.7	6.9	6.3	6.5	4.6	5.4	5.4	5.1	5.0	4.8	4.7	4.5	4.5	4.6	
GDP (2000 dollars, billions)	\$10,049	\$10,301	\$10,704	\$11,049	\$11,414	\$11,652	\$12,003	\$12,382	\$12,760	\$13,136	\$13,510	\$13,880	\$14,248	\$14,607	\$14,970	
% change	1.6	2.5	3.9	3.2	3.3	2.1	3.0	3.2	3.1	2.9	2.8	2.7	2.6	2.5	2.5	
Total Personal Income (\$ billions)	\$8,881.9	\$9,163.6	\$9,731.4	\$10,239.2	\$10,876.1	\$11,469.0	\$12,069.9	\$12,682.0	\$13,312.0	\$13,978.5	\$14,642.8	\$15,317.1	\$16,007.9	\$16,722.5	\$17,472.5	
% change	1.8	3.2	6.2	5.2	6.2	5.5	5.2	5.1	5.0	5.0	4.8	4.6	4.5	4.5	4.5	
Per Capita Income (\$)	\$30,803	\$31,468	\$33,133	\$34,532	\$36,326	\$37,961	\$39,597	\$41,242	\$42,918	\$44,681	\$46,405	\$48,130	\$49,877	\$51,668	\$53,555	
% change	0.8	2.2	5.3	4.2	5.2	4.5	4.3	4.2	4.1	4.1	3.9	3.7	3.6	3.6	3.7	
Median Household Income (\$)	\$42,409	\$43,318	\$44,334	\$46,326	\$48,490	\$50,195	\$51,822	\$53,432	\$55,034	\$56,686	\$58,275	\$59,851	\$61,444	\$63,107	\$64,787	
% change	0.4	2.1	2.3	4.5	4.7	3.5	3.2	3.1	3.0	3.0	2.8	2.7	2.7	2.7	2.7	
Population (millions)	288.34	291.20	293.70	296.51	299.41	302.13	304.82	307.50	310.17	312.85	315.54	318.24	320.95	323.65	326.25	
% change	1.0	1.0	0.9	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.8	0.8
Non-Agr. Employment (millions)	130.34	130.00	131.44	133.70	136.19	138.13	139.69	141.54	143.55	145.41	147.41	149.37	151.41	153.31	155.31	
% change	-1.1	-0.3	1.1	1.7	1.9	1.4	1.1	1.3	1.4	1.3	1.4	1.3	1.4	1.3	1.3	1.3
Unemployment Rate (%)	5.78	6.00	5.52	5.06	4.65	4.64	4.83	4.77	4.67	4.65	4.65	4.63	4.59	4.56	4.56	
% change	22.0	3.7	-8.1	-8.3	-8.1	-0.1	4.0	-1.2	-2.1	-0.4	-0.1	-0.4	-0.8	-0.7	0.0	
Consumer Price Index (1982-84=100)	179.9	184.0	188.9	195.3	201.6	206.9	211.4	215.8	220.5	225.6	230.9	236.4	241.9	247.5	253.0	
% change	1.6	2.3	2.7	3.4	3.2	2.6	2.2	2.1	2.2	2.3	2.4	2.4	2.3	2.3	2.2	
Retail Sales and Food Services (\$ billions)	\$3,467.1	\$3,614.3	\$3,837.0	\$4,112.9	\$4,368.7	\$4,544.9	\$4,710.1	\$4,908.3	\$5,105.7	\$5,305.6	\$5,514.6	\$5,727.7	\$5,947.8	\$6,170.7	\$6,406.7	
% change	2.4	4.2	6.2	7.2	6.2	4.0	3.6	4.2	4.0	3.9	3.9	3.9	3.8	3.7	3.8	
Personal Bankruptcies	1,536,184	1,620,710	1,559,175	2,037,971	649,272	1,193,179	1,360,914	1,396,505	1,470,701	1,566,221	1,615,204	1,660,335	1,703,035	1,744,254	1,785,254	
% change	5.8	5.5	-3.8	30.7	-68.1	83.8	14.1	2.6	5.3	6.5	3.1	2.8	2.6	2.4	2.4	
Mortgage Originations (billions)	\$3,016.4	\$4,331.7	\$3,016.7	\$3,209.9	\$2,882.8	\$2,500.0	\$2,193.8	\$2,228.9	\$2,325.5	\$2,397.2	\$2,435.4	\$2,482.0	\$2,516.3	\$2,589.7	\$2,659.7	
% change	33.8	43.6	-30.4	6.4	-10.2	-13.3	-12.3	1.6	4.3	3.1	1.6	1.9	1.4	2.9	2.7	
Housing Starts (millions)	1.71	1.85	1.95	2.07	1.82	1.43	1.45	1.49	1.56	1.58	1.61	1.61	1.60	1.59	1.59	
% change	6.8	8.4	5.2	6.3	-12.3	-21.4	1.6	2.8	4.6	1.1	2.1	-0.3	-0.5	-0.6	0.0	
Median Price of Single-Family Homes (\$)	\$157.51	\$168.99	\$182.76	\$207.17	\$225.80	\$227.88	\$231.49	\$238.51	\$246.28	\$254.52	\$261.69	\$268.88	\$276.75	\$284.89	\$292.84	
% change	7.6	7.3	8.1	13.4	9.0	0.9	1.6	3.0	3.3	3.3	2.8	2.7	2.9	2.9	2.8	

Table 2: Wyoming Nonagricultural Wage & Salary Employment by Industry (NAICS)

(in thousands)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total	247.91	250.06	255.37	263.91	276.74	285.60	292.72	298.95	304.22	308.77	313.24	317.76	322.02	326.37	330.79
% change	1.0	0.9	2.1	3.3	4.9	3.2	2.5	2.1	1.8	1.5	1.4	1.4	1.3	1.3	1.4
Natural Resources & Mining	17.88	18.31	20.16	22.70	26.59	28.16	29.30	30.29	30.98	31.38	31.61	31.71	31.74	31.70	31.61
% change	-3.1	2.4	10.1	12.6	17.1	5.9	4.1	3.4	2.3	1.3	0.7	0.3	0.1	-0.1	-0.3
Utilities	2.10	2.15	2.20	2.29	2.30	2.32	2.33	2.38	2.41	2.42	2.42	2.41	2.40	2.40	2.41
% change	0.0	2.3	2.2	4.1	0.5	0.6	0.8	2.1	1.0	0.5	0.0	-0.2	-0.4	0.0	0.2
Construction	19.90	19.50	19.23	20.70	23.61	25.43	26.73	27.60	28.15	28.52	28.96	29.40	29.94	30.44	30.90
% change	1.8	-2.0	-1.4	7.6	14.0	7.7	5.1	3.3	2.0	1.3	1.5	1.5	1.9	1.7	1.5
Manufacturing	9.48	9.31	9.43	9.65	10.08	10.28	10.38	10.56	10.70	10.82	10.79	10.78	10.73	10.71	10.70
% change	-5.5	-1.8	1.4	2.3	4.5	2.0	1.0	1.7	1.3	1.1	-0.3	-0.1	-0.5	-0.1	-0.1
Wholesale Trade	7.03	6.97	7.33	7.79	8.20	8.67	9.02	9.31	9.52	9.67	9.81	9.95	10.05	10.17	10.28
% change	2.2	-0.8	5.3	6.2	5.4	5.6	4.1	3.3	2.2	1.6	1.4	1.4	1.0	1.2	1.1
Retail Trade	30.11	29.86	29.98	30.38	30.80	31.24	31.66	32.19	32.75	33.24	33.72	34.09	34.43	34.82	35.24
% change	-0.7	-0.8	0.4	1.3	1.4	1.4	1.3	1.7	1.8	1.5	1.4	1.1	1.0	1.1	1.2
Transport. and Warehousing	9.23	9.47	9.73	10.40	11.29	12.01	12.64	13.21	13.64	13.93	14.10	14.19	14.25	14.37	14.47
% change	-0.7	2.6	2.8	6.9	8.5	6.4	5.3	4.5	3.3	2.1	1.2	0.7	0.4	0.8	0.7
Information	4.14	4.23	4.30	4.30	4.21	4.35	4.45	4.51	4.57	4.62	4.70	4.76	4.81	4.87	4.92
% change	1.9	2.0	1.8	0.0	-2.0	3.3	2.3	1.4	1.3	1.1	1.7	1.2	1.0	1.2	1.0
Financial Activities	10.00	10.15	10.45	10.81	11.10	11.46	11.69	11.86	11.86	11.97	12.09	12.24	12.40	12.55	12.69
% change	5.6	1.5	3.0	3.4	2.7	3.2	2.0	1.4	0.0	1.0	1.0	1.2	1.3	1.2	1.1
Prof. & Business Services	15.56	15.54	15.33	15.80	16.96	17.46	18.02	18.51	18.93	19.36	19.77	20.23	20.64	21.05	21.50
% change	-0.7	-0.1	-1.4	3.1	7.3	3.0	3.2	2.7	2.3	2.2	2.1	2.3	2.1	2.0	2.2
Educ. & Health Services	19.89	20.77	21.48	21.94	22.60	23.35	23.96	24.62	25.30	26.08	26.96	27.93	29.00	30.15	31.31
% change	3.1	4.4	3.4	2.1	3.0	3.3	2.6	2.7	2.8	3.1	3.4	3.6	3.8	3.9	3.8
Leisure & Hospitality	30.28	30.75	31.51	32.08	32.52	33.50	34.39	35.13	35.93	36.87	37.63	38.52	39.31	40.13	41.01
% change	2.1	1.5	2.5	1.8	1.4	3.0	2.6	2.2	2.3	2.6	2.1	2.4	2.0	2.1	2.2
Other Services	9.65	9.58	9.71	9.87	10.92	11.39	11.62	11.86	12.07	12.25	12.52	12.58	12.74	12.89	13.03
% change	4.1	-0.7	1.3	1.7	10.6	4.4	2.0	2.1	1.8	1.5	2.2	0.5	1.2	1.2	1.1
Government	62.66	63.48	64.53	65.20	65.55	65.99	66.53	66.92	67.40	67.63	68.17	68.95	69.58	70.12	70.73
% change	1.9	1.3	1.6	1.0	0.5	0.7	0.8	0.6	0.7	0.3	0.8	1.2	0.9	0.8	0.9
Federal	7.52	7.64	7.61	7.48	7.33	7.33	7.34	7.34	7.33	7.32	7.32	7.31	7.31	7.32	7.33
% change	2.3	1.6	-0.4	-1.8	-2.0	0.1	0.2	0.0	-0.2	-0.2	0.0	0.0	-0.1	0.2	0.1
State	14.48	14.83	15.46	15.52	15.31	15.38	15.49	15.58	15.65	15.70	15.78	15.87	15.96	16.01	16.09
% change	3.2	2.4	4.2	0.4	-1.3	0.4	0.7	0.6	0.5	0.3	0.5	0.6	0.5	0.4	0.5
Local	40.66	41.01	41.46	42.20	42.91	43.28	43.70	43.99	44.41	44.62	45.07	45.77	46.31	46.78	47.31
% change	1.3	0.9	1.1	1.8	1.7	0.8	1.0	0.7	1.0	0.5	1.0	1.5	1.2	1.0	1.1

Table 3. Wyoming Population and Demographics

(in thousands)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Population	498.97	501.49	505.53	508.80	515.00	522.22	528.33	534.33	539.84	544.39	548.18	551.46	555.28	559.17	563.05
% change	1.0	0.5	0.8	0.6	1.2	1.4	1.2	1.1	1.0	0.8	0.7	0.6	0.7	0.7	0.7
Population: 00-04	31.31	31.78	32.31	32.86	33.55	34.29	34.76	35.08	35.21	35.13	34.98	34.75	34.50	34.22	33.87
% change	1.3	1.5	1.7	1.7	2.1	2.2	1.4	0.9	0.4	-0.2	-0.4	-0.7	-0.7	-0.8	-1.0
Population: 05-19	109.09	106.85	105.39	103.70	102.99	103.48	103.71	104.04	104.34	104.58	104.84	105.31	105.80	106.66	107.60
% change	-1.7	-2.1	-1.4	-1.6	-0.7	0.5	0.2	0.3	0.3	0.2	0.2	0.4	0.5	0.8	0.9
Population: 20-24	37.56	38.63	39.13	39.05	39.51	39.93	39.41	38.68	37.79	37.26	36.78	36.25	35.85	35.35	34.88
% change	6.1	2.9	1.3	-0.2	1.2	1.1	-1.3	-1.8	-2.3	-1.4	-1.3	-1.4	-1.1	-1.4	-1.3
Population: 25-44	133.74	131.81	131.92	132.10	133.40	134.42	135.79	137.30	139.22	140.64	141.75	142.94	144.14	145.15	145.96
% change	-0.8	-1.4	0.1	0.1	1.0	0.8	1.0	1.1	1.4	1.0	0.8	0.8	0.8	0.7	0.6
Population: 45-64	128.14	132.32	135.86	139.27	142.80	146.20	149.48	152.45	154.70	156.04	156.28	155.88	155.82	155.64	155.64
% change	3.9	3.3	2.7	2.5	2.5	2.4	2.2	2.0	1.5	0.9	0.2	-0.3	0.0	-0.1	0.0
Population: 65 & over	59.14	60.10	60.92	61.81	62.75	63.90	65.18	66.79	68.58	70.75	73.55	76.33	79.17	82.16	85.09
% change	1.0	1.6	1.4	1.5	1.5	1.8	2.0	2.5	2.7	3.2	4.0	3.8	3.7	3.8	3.6
Net Migration	2.19	0.63	2.23	1.12	3.54	4.24	3.31	2.60	2.52	2.43	1.93	1.02	1.22	1.36	1.35
% change	283.7	-71.4	255.5	-49.8	216.1	19.7	-21.8	-21.4	-3.2	-3.6	-20.5	-47.4	19.5	12.3	-0.8
Households	197.91	199.89	202.34	204.63	208.13	212.21	215.79	219.14	222.24	224.63	226.74	228.61	230.76	232.96	234.96
% change	1.6	1.0	1.2	1.1	1.7	2.0	1.7	1.6	1.4	1.1	0.9	0.8	0.9	1.0	0.9

Table 4. Wyoming Labor Force and Unemployment

(Thousands)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Civilian Labor Force	269.65	272.11	274.46	277.90	284.69	291.21	296.19	300.21	304.14	308.06	311.63	315.06	318.53	321.71	324.63
% change	-0.1	0.9	0.9	1.3	2.4	2.3	1.7	1.4	1.3	1.3	1.2	1.1	1.1	1.0	0.9
Number Employed	258.46	259.99	263.71	267.67	275.62	282.94	287.58	291.92	295.36	298.76	302.33	305.29	308.63	312.06	315.21
% change	-0.4	0.6	1.4	1.5	3.0	2.7	1.6	1.5	1.2	1.1	1.2	1.0	1.1	1.1	1.0
Number Unemployed	11.19	12.13	10.75	10.23	9.07	8.27	8.62	8.29	8.78	9.30	9.30	9.78	9.90	9.65	9.43
% change	6.8	8.4	-11.3	-4.9	-11.3	-8.8	4.2	-3.8	5.9	6.0	0.0	5.1	1.3	-2.5	-2.3
Unemployment Rate (%)	4.2	4.5	3.9	3.7	3.2	2.8	2.9	2.8	2.9	3.0	3.0	3.1	3.1	3.0	2.9

Table 5. Wyoming Personal Income and Earnings

(Millions of Dollars unless noted.)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Personal Income	15,463.33	16,420.00	17,722.85	18,980.86	20,948.05	22,628.83	24,134.88	25,452.19	26,716.50	27,948.02	29,203.03	30,464.31	31,778.37	33,104.16	34,481.47
% change	3.3	6.2	7.9	7.1	10.4	8.0	6.7	5.5	5.0	4.6	4.5	4.3	4.3	4.2	4.2
Real Personal Income (2000 Dollars)	14,995.59	15,423.85	16,109.77	17,057.23	18,472.03	19,648.44	20,524.98	21,328.04	21,927.25	22,497.28	22,985.41	23,461.68	23,960.67	24,487.59	24,985.22
% change	2.3	2.9	4.4	5.9	8.3	6.4	4.5	3.9	2.8	2.6	2.2	2.1	2.1	2.2	2.0
Population (Thousands)	498.97	501.49	505.53	508.80	515.00	522.22	528.28	534.32	539.84	544.40	548.19	551.48	555.31	559.21	563.09
% change	1.0	0.5	0.8	0.6	1.2	1.4	1.2	1.1	1.0	0.8	0.7	0.6	0.7	0.7	0.7
Per Capita Personal Income (PCPI) (Dollars)	30,991	32,743	35,058	37,305	40,676	43,332	45,686	47,635	49,490	51,337	53,271	55,241	57,226	59,198	61,236
% change	2.3	5.7	7.1	6.4	9.0	6.5	5.4	4.3	3.9	3.7	3.8	3.7	3.6	3.4	3.4
Real PCPI (2000 Dollars)	30,053	30,756	31,867	33,524	35,868	37,625	38,853	39,916	40,618	41,325	41,929	42,543	43,148	43,790	44,372
% change	1.3	2.3	3.6	5.2	7.0	4.9	3.3	2.7	1.8	1.7	1.5	1.5	1.4	1.5	1.3
Median Household Income (Dollars)	39,963	42,155	44,497	46,218	48,351	50,380	52,273	54,078	55,648	57,228	58,901	60,563	62,198	63,903	65,626
% change	0.6	5.5	5.6	3.9	4.6	4.2	3.8	3.5	2.9	2.8	2.9	2.8	2.7	2.7	2.7
Derivation of Total Personal Income:															
Earnings by Place of Work	10,893.59	11,449.27	12,513.13	13,689.48	15,392.81	16,650.76	17,720.14	18,672.16	19,604.49	20,482.99	21,397.27	22,320.10	23,279.51	24,259.07	25,268.53
% change	3.6	5.1	9.3	9.4	12.4	8.2	6.4	5.4	5.0	4.5	4.5	4.3	4.3	4.2	4.2
less: Contributions for Social Insurance	1,181.96	1,236.28	1,328.52	1,468.26	1,692.33	1,842.38	1,932.12	2,012.49	2,092.34	2,175.98	2,261.10	2,344.45	2,428.05	2,514.13	2,604.13
% change	4.4	4.6	7.5	10.5	15.3	8.9	4.9	4.2	4.0	4.0	3.9	3.7	3.6	3.5	3.6
plus: Residence Adjustment	4.22	2.86	0.88	0.95	-10.62	-12.30	-15.22	-14.75	-14.29	-13.82	-13.33	-12.83	-9.31	-8.78	-7.78
% change	-26.3	-32.2	-69.1	7.5	-1,217.9	15.8	23.7	-3.1	-3.1	-3.3	-3.5	-3.8	-27.4	-5.7	-11.4
equals: Net Earnings by Place of Residence	9,715.85	10,215.85	11,185.49	12,222.17	13,689.86	14,796.07	15,772.80	16,644.92	17,497.86	18,293.20	19,122.84	19,962.82	20,842.15	21,736.16	22,656.63
% change	3.4	5.1	9.5	9.3	12.0	8.1	6.6	5.5	5.1	4.5	4.5	4.4	4.4	4.3	4.2
plus: Dividends, Interest & Rents	3,753.52	4,068.98	4,284.51	4,366.07	4,713.29	5,104.87	5,477.43	5,767.28	6,035.36	6,331.32	6,607.92	6,879.62	7,145.12	7,406.41	7,688.59
% change	0.6	8.4	5.3	1.9	8.0	8.3	7.3	5.3	4.6	4.9	4.4	4.1	3.9	3.7	3.8
plus: Transfer Receipts*	1,993.97	2,135.17	2,252.86	2,392.62	2,544.90	2,727.89	2,884.65	3,040.00	3,183.29	3,323.51	3,472.27	3,621.87	3,791.10	3,961.59	4,136.25
% change	8.0	7.1	5.5	6.2	6.4	7.2	5.7	5.4	4.7	4.4	4.5	4.3	4.7	4.5	4.4
Components of Earnings:															
Wages & Salaries	7,568.72	7,889.28	8,430.14	9,189.25	10,497.02	11,374.07	12,115.27	12,781.20	13,440.59	14,035.32	14,657.86	15,283.62	15,926.07	16,577.78	17,237.25
% change	4.7	4.2	6.9	9.0	14.2	8.4	6.5	5.5	5.2	4.4	4.4	4.3	4.2	4.1	4.0
Supplements to Wages and Salaries**	1,717.61	1,843.04	2,011.28	2,224.18	2,511.63	2,690.66	2,859.74	2,994.60	3,131.21	3,262.68	3,414.80	3,576.31	3,742.81	3,907.42	4,084.98
% change	11.7	7.3	9.1	10.6	12.9	7.1	6.3	4.7	4.6	4.2	4.7	4.7	4.7	4.4	4.5
Proprietors Income	1,607.26	1,716.95	2,071.71	2,276.06	2,384.17	2,586.02	2,745.14	2,896.36	3,032.69	3,184.99	3,324.60	3,460.16	3,610.63	3,773.87	3,946.31
% change	-8.5	6.8	20.7	9.9	4.7	8.5	6.2	5.5	4.7	5.0	4.4	4.1	4.3	4.5	4.6

* Transfer Receipts mainly include social security, disability, medicare and medicaid, and other income maintenance payments.

**Supplements to Wages and Salaries includes employer contributions for employee pension and insurance funds, and for government social insurance.