



Montana Economic Update

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Montana Economic Overview

Continued Labor Market Growth

- Record high labor force – led by in-migration and strong wage growth
- Strong employment growth – adding 45,000 jobs since 2020
- The unemployment rate remains low– 3.2% in Nov 2024

Steady Economic Growth

- Real GDP grew by 3.9% in 2023, remaining elevated post-pandemic.
- Business formation hits record high in 2023
- Economic growth translating to increased income for Montana households

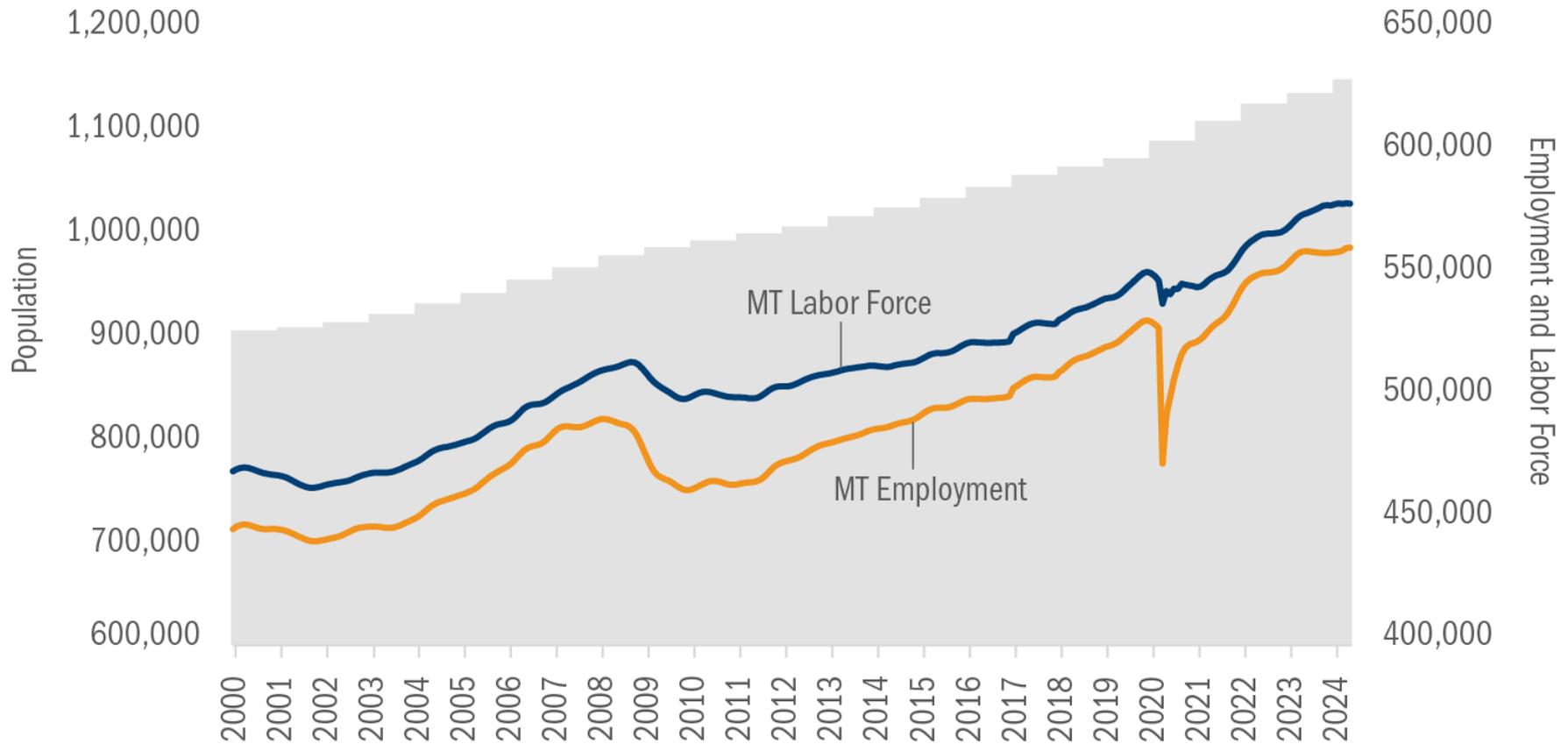
Headwinds to Economic Growth

- Inflation moderating – down to 2.7% over the year in November
- Tight labor markets – 2 job openings per unemployed person



More Workers and People than Ever Before

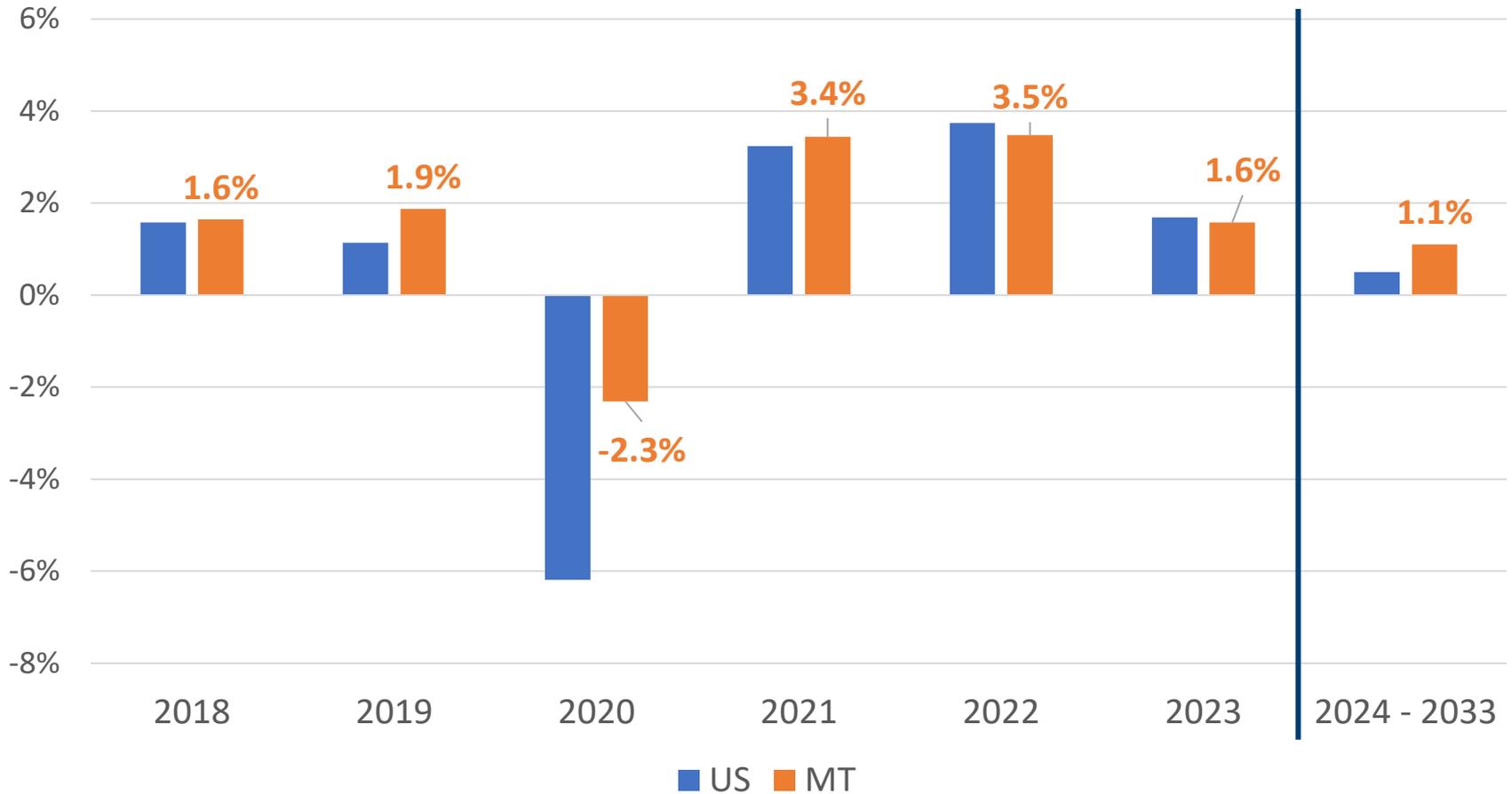
Employment and Labor Force grows steadily post-pandemic



Source: U.S. Census Bureau and Local Area Unemployment Statistics (LAUS), January 2000 through May 2024. Population in 2024 represents MT Census and Economic Information Center (CEIC) projection.

Employment Growth in Montana and US

Job gains moderate in 2023 and projections remain positive.



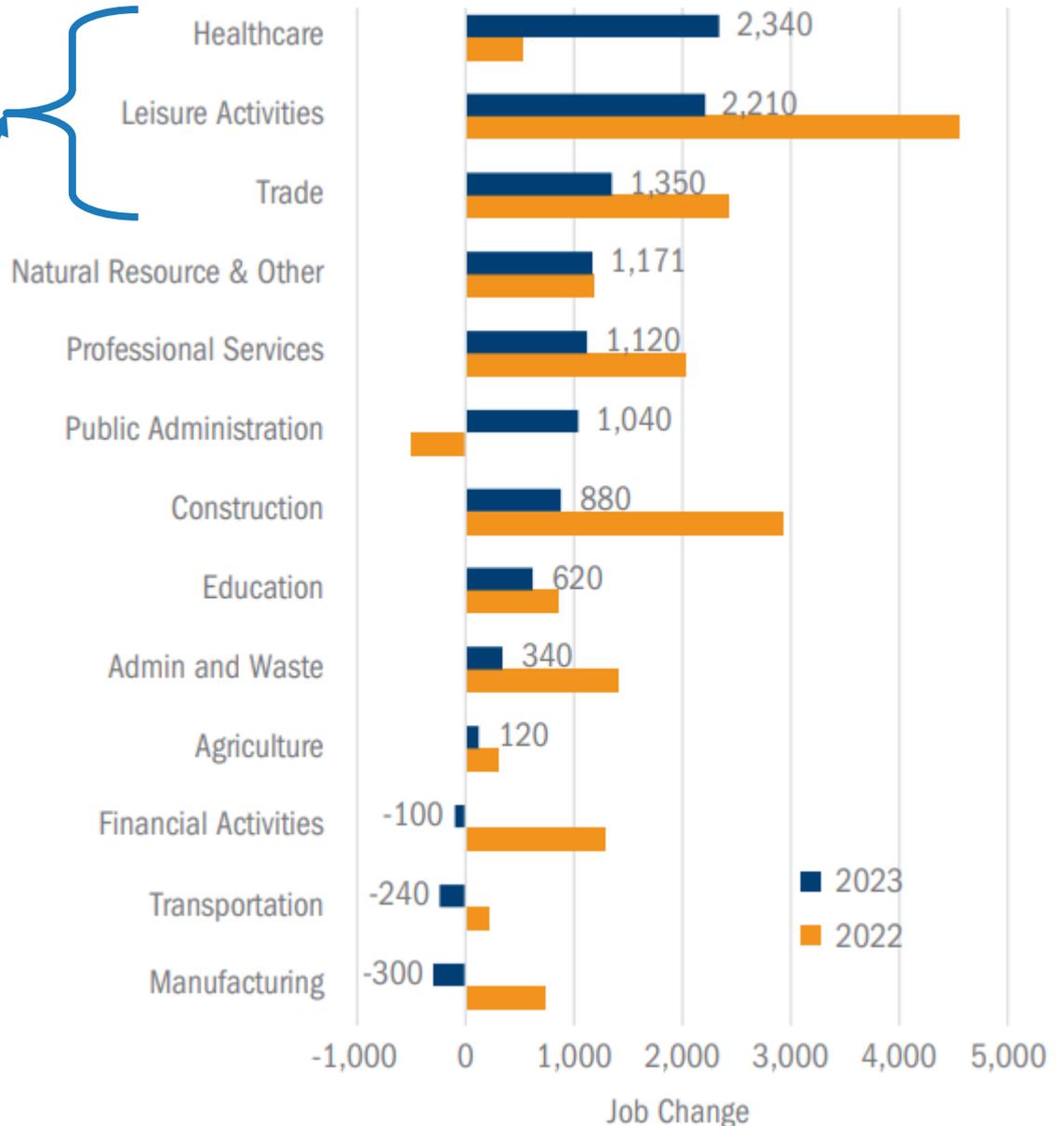
Source: Local Area Unemployment Statistics (LAUS). MTDLI 2022 – 2032 Employment Projections. National employment projections from S&P Global.

Employment Growth Across Industries

>50% of job gains

Healthcare jobs grew by **3.1%** in 2023, more than double its long-term growth rate.

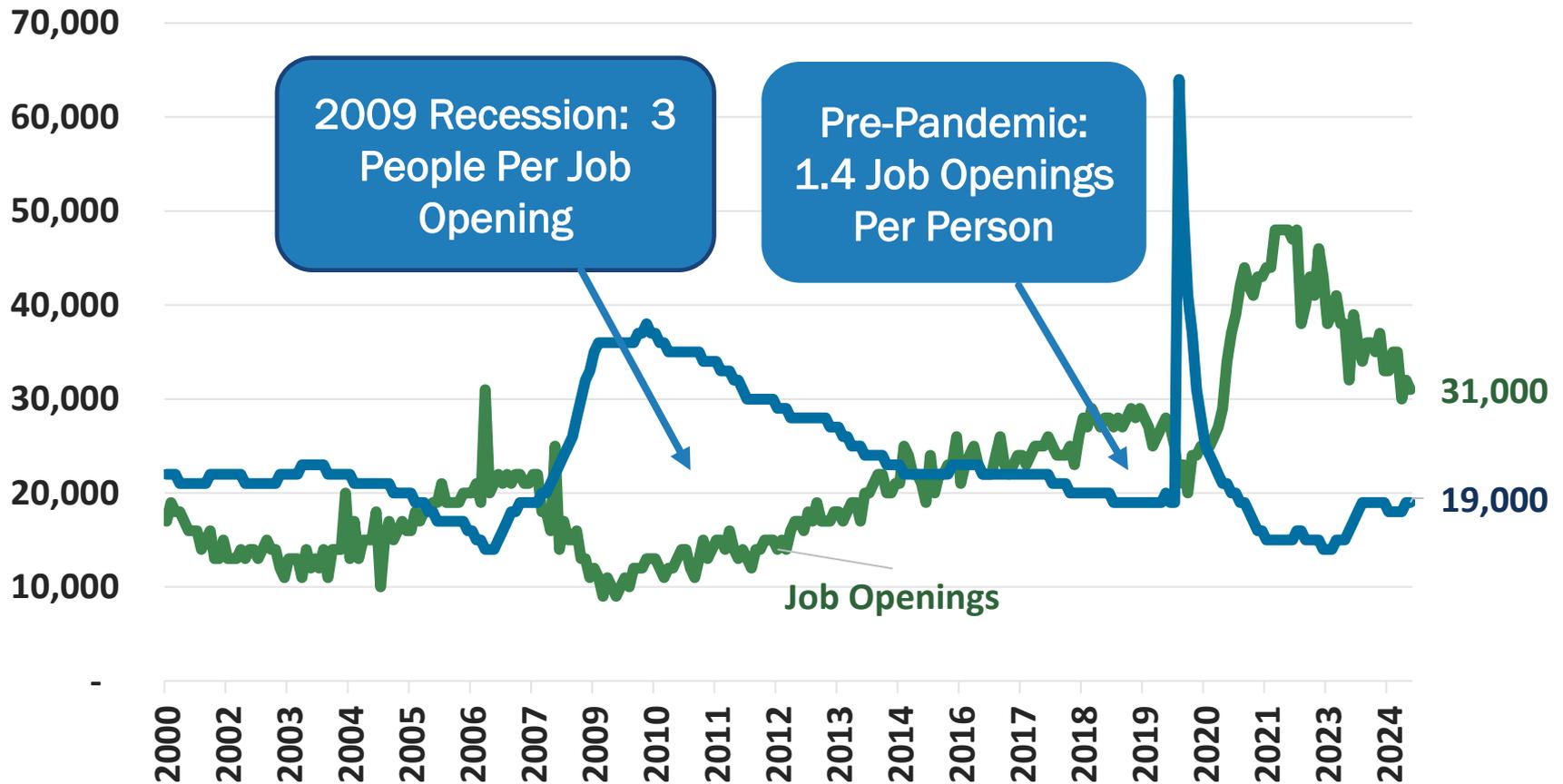
MTDLI projects **1,310** new healthcare jobs per year through 2033, ranking **1st** highest among industries.



Source: Quarterly Census of Employment and Wages.

TIGHT LABOR MARKETS PERSIST IN MONTANA

Characterized by nearly two job openings for every one unemployed person



Source: JOLTS and LAUS, January 2000 to Sept 2024. Unemployment level is rounded to the nearest thousand.

Reasons for Tight Labor Market

Demand for Workers

- Record-high number of job openings

Supply of Workers

- Aging population driving reduced participation
- Reduced hours from childcare issues

All Montanans fall into three groups based on their work status:



EMPLOYED

Employed persons are actively working for pay or profit.



UNEMPLOYED

Unemployed persons are actively seeking work.



NOT IN THE LABOR FORCE

Those not working or seeking work, including:

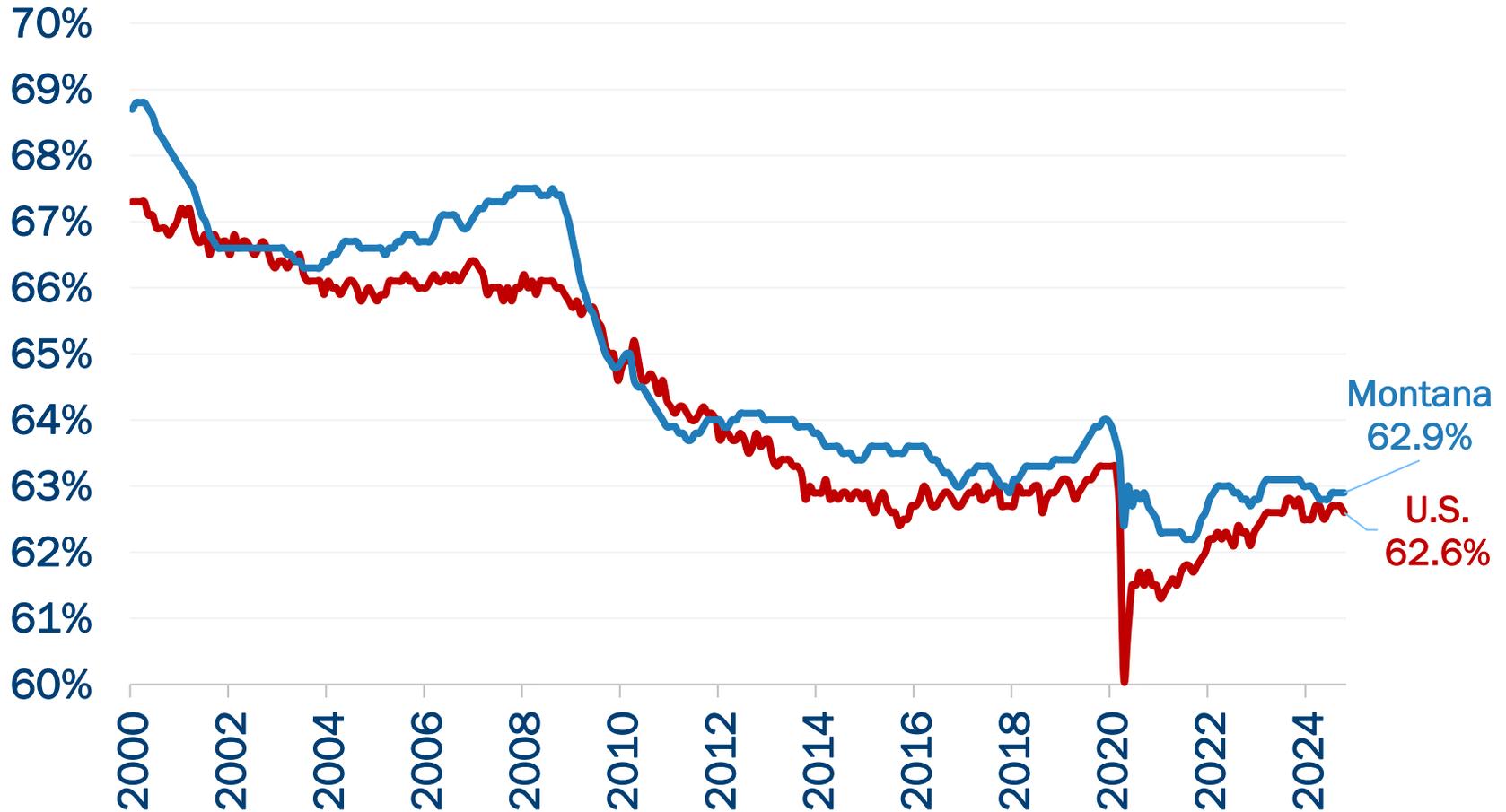
- retired people
- children
- students
- family caretakers

Together, the **EMPLOYED** and the **UNEMPLOYED** form the **LABOR FORCE**, which includes all Montanans who are either working or looking for work.



Labor Force Participation Rate Declines

About 63% of Percent of Population Working or Actively Seeking Work

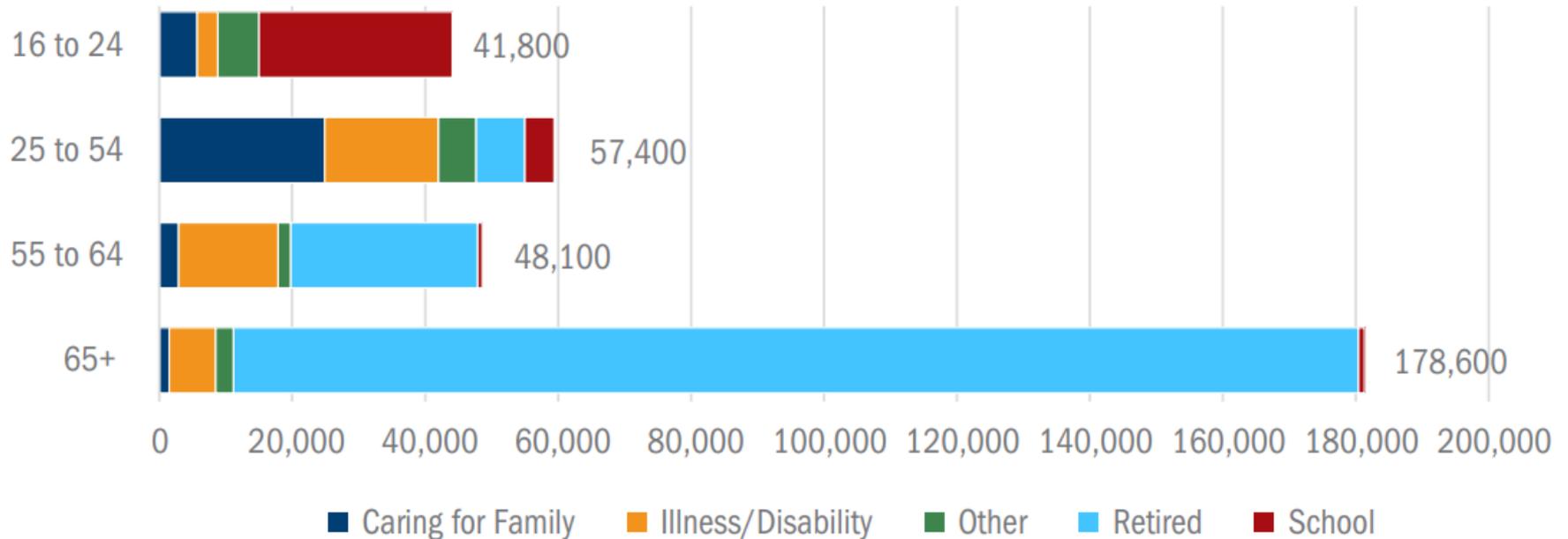


Source: IPUMS Current Population Survey, Jan 2000 to Oct 2024. Reported as twelve-month moving average.

330,000 Montanans Out of the Labor Force

About 61% are retired and over the age of 55.

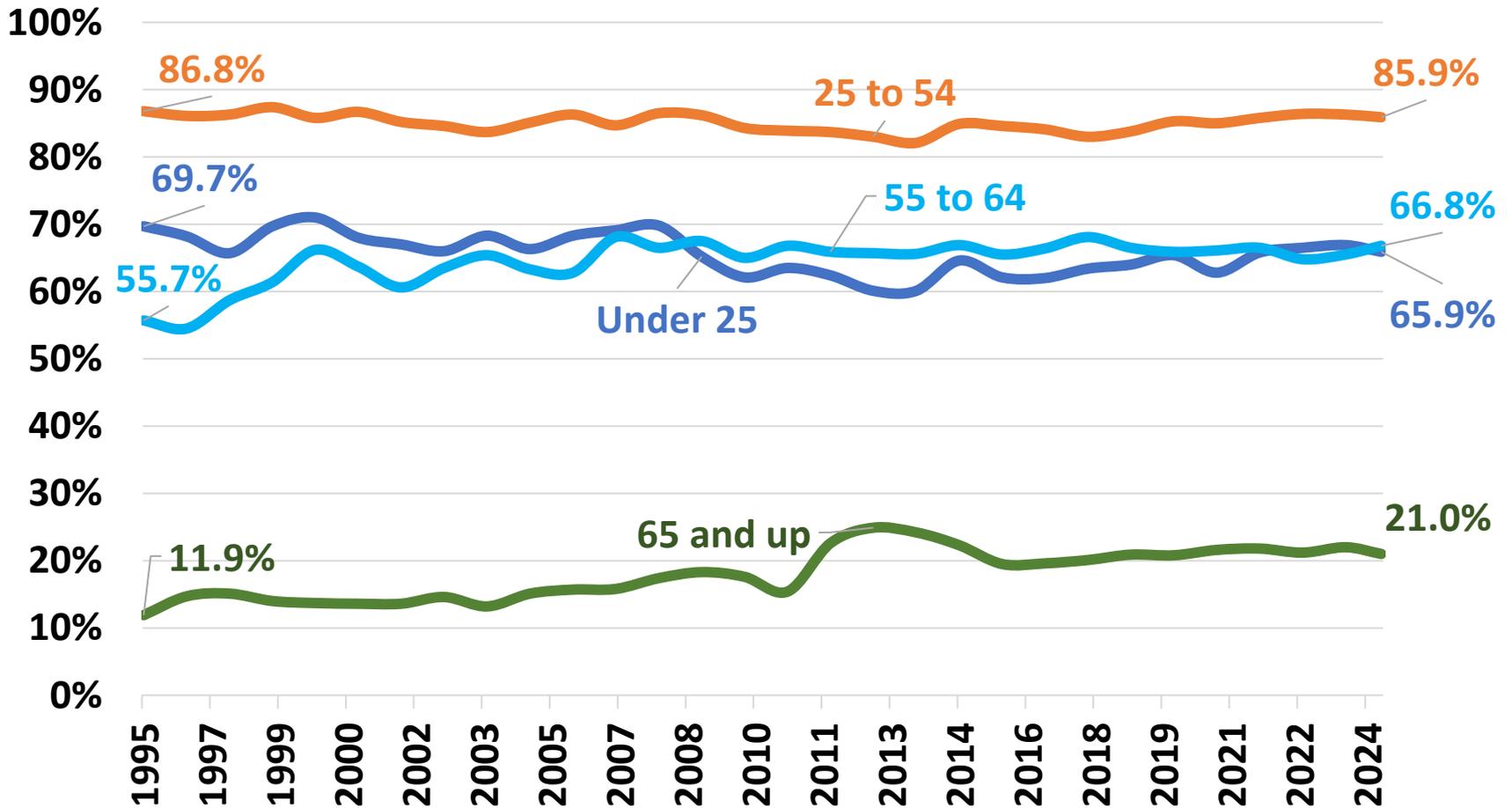
Montanans Out-of-the Labor Force by Age and Reason



Source: IPUMS Current Population Survey 2-Year Moving Average.

Labor Force Participation by Age

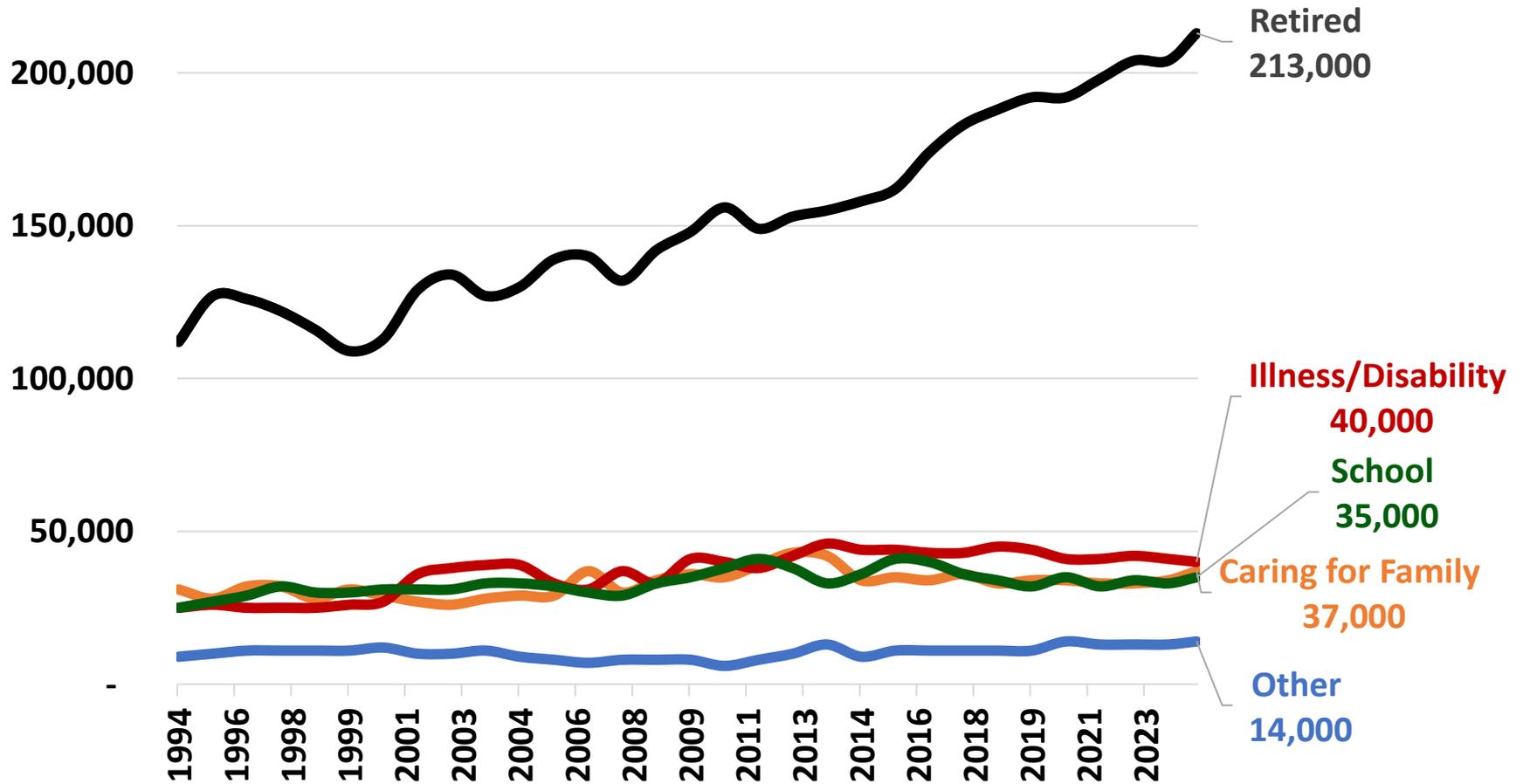
Long-run increases in labor force participation within every age group



Source: IPUMS Current Population Survey, Jan 1995- Oct 2024. Twelve-month moving averages, rounded to the nearest thousand.

Reasons Montanans are not in the Labor Force

Aging Population and Increased Retirements Drive Long-run LFPR Decline



Source: IPUMS Current Population Survey, Jan 1995- Oct 2024. Twelve-month moving averages, rounded to the nearest thousand.

Solutions for Tight Labor Market

REDUCE WORKER DEMAND

- Labor-saving technological advancements
- Increased productivity

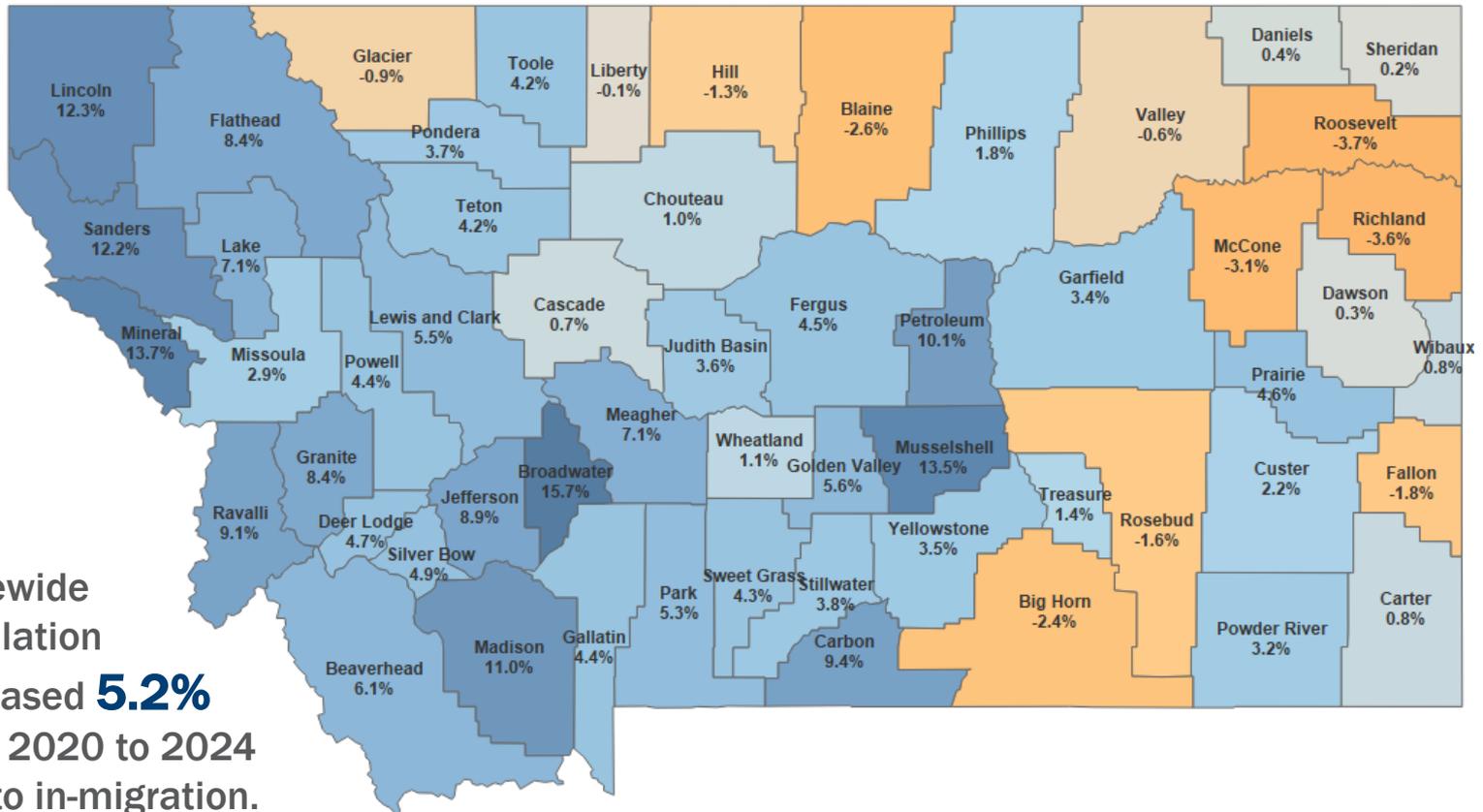
INCREASE WORKER SUPPLY

- Increase labor force participation rate
- In-migration



In-Migration Spikes Post-Pandemic

Montana ranks 8th in the nation for highest rate of in-migration since 2020

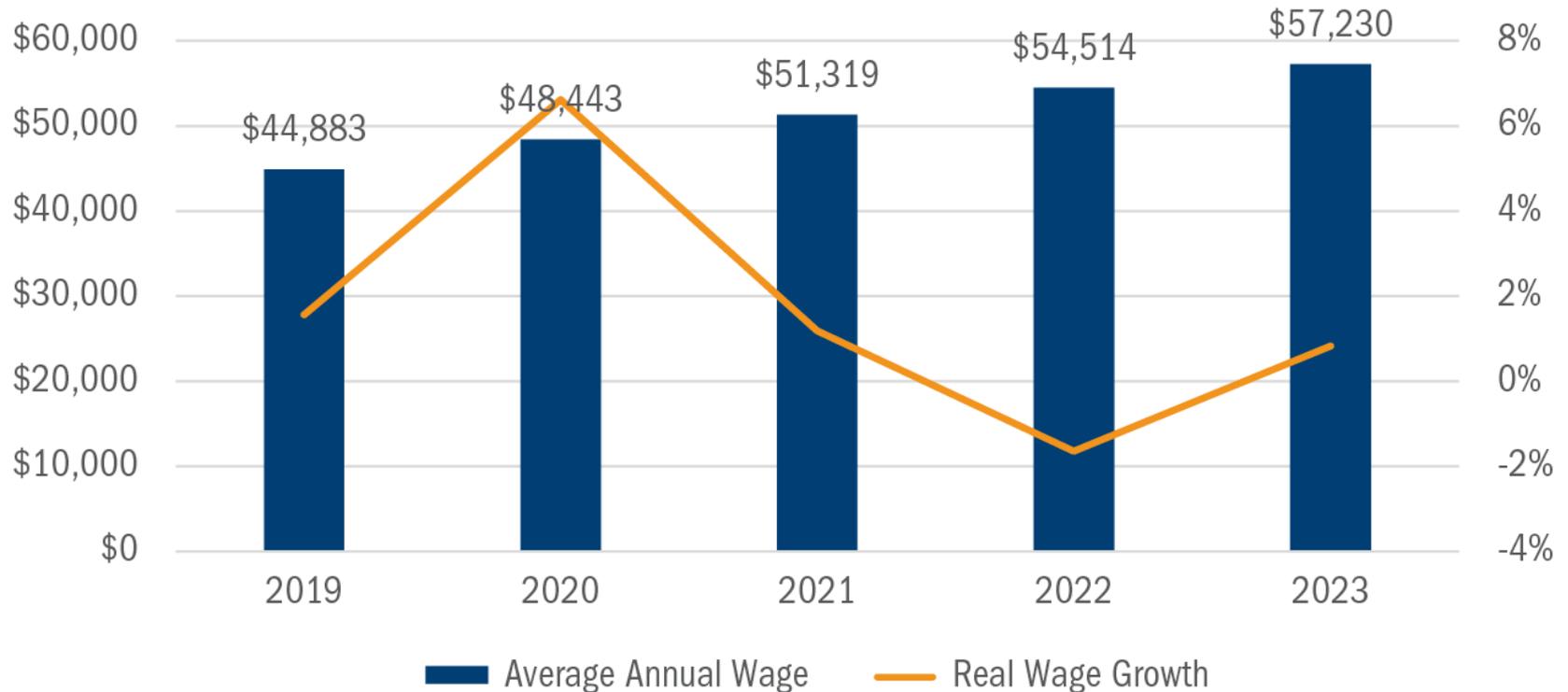


Statewide population increased **5.2%** from 2020 to 2024 due to in-migration.

Source: US Census Bureau, Annual Resident Population Estimates, Estimated Components of Resident Population Change, and Rates of the Components of Resident Population Changes for Counties: April 1, 2020 to July 1, 2023.

One Benefit of Tight Labor Markets...

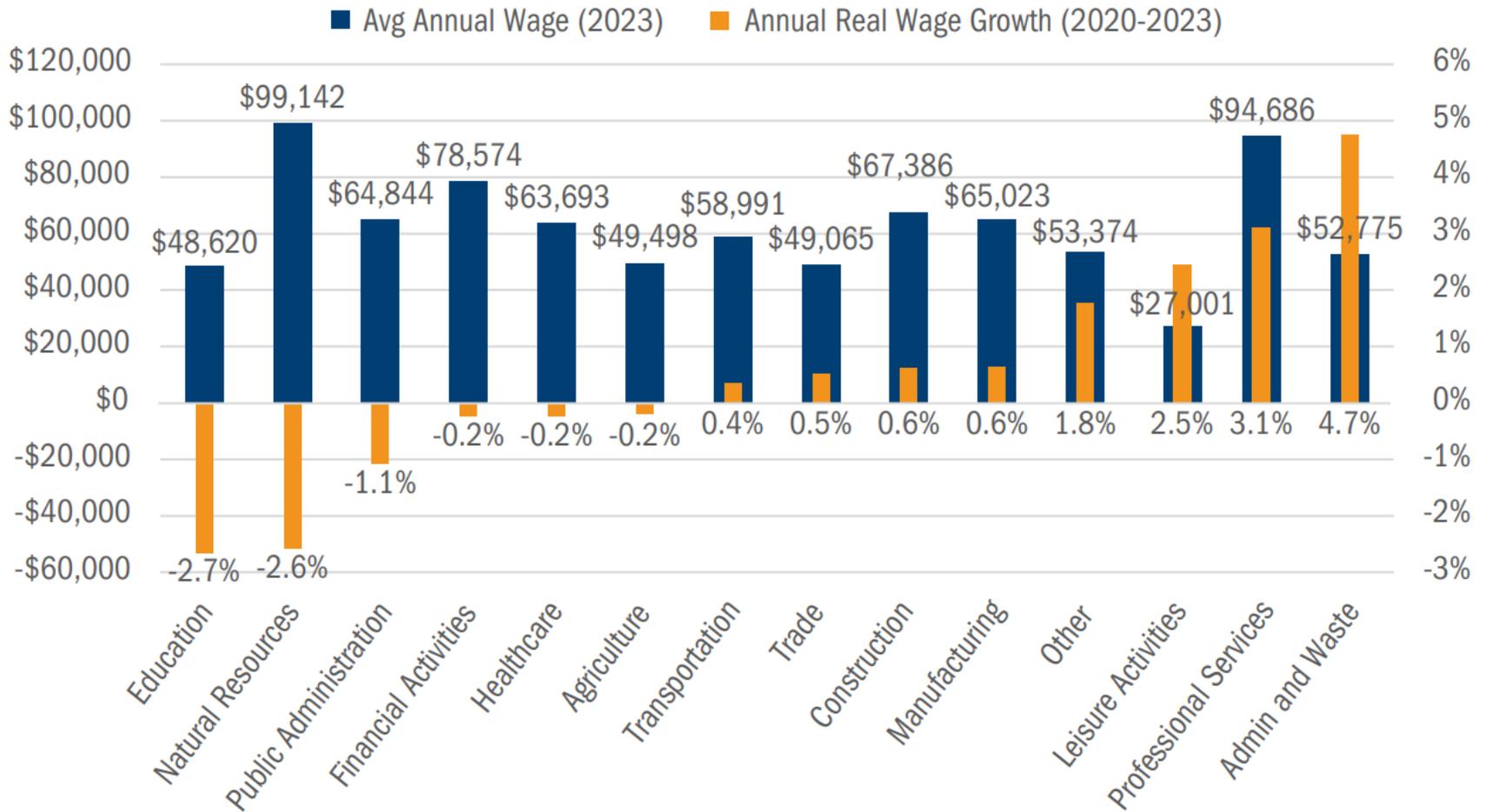
Rapid Wage Growth!



Montana is one of two state with real wage growth since 2020.

Source: US BLS and Montana Department of Labor and Industry, QCEW and CPI-U.

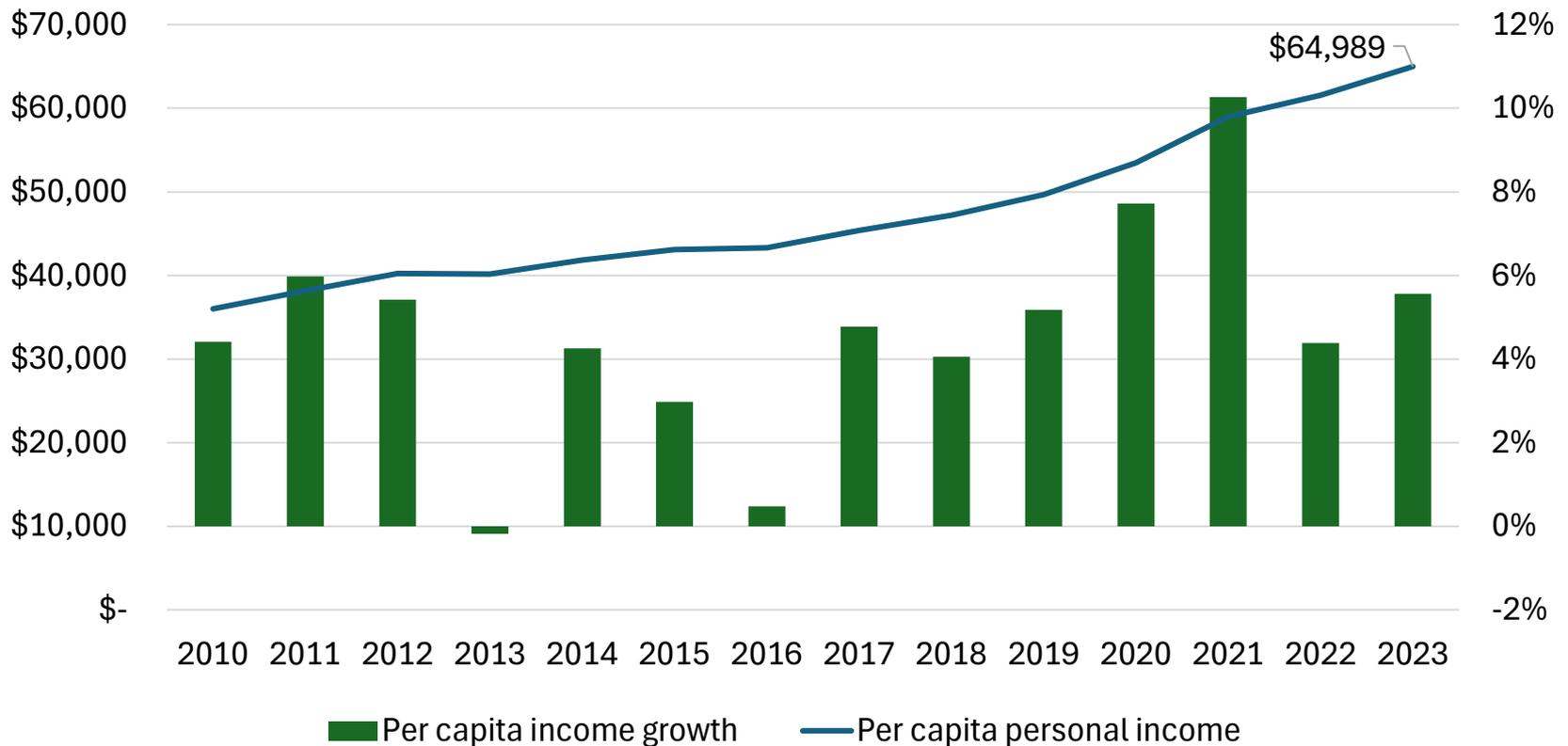
Wage Growth by Industry



Source: U.S. BLS and MTDLI. QCEW and CPI-U.

Per Capita Personal Income

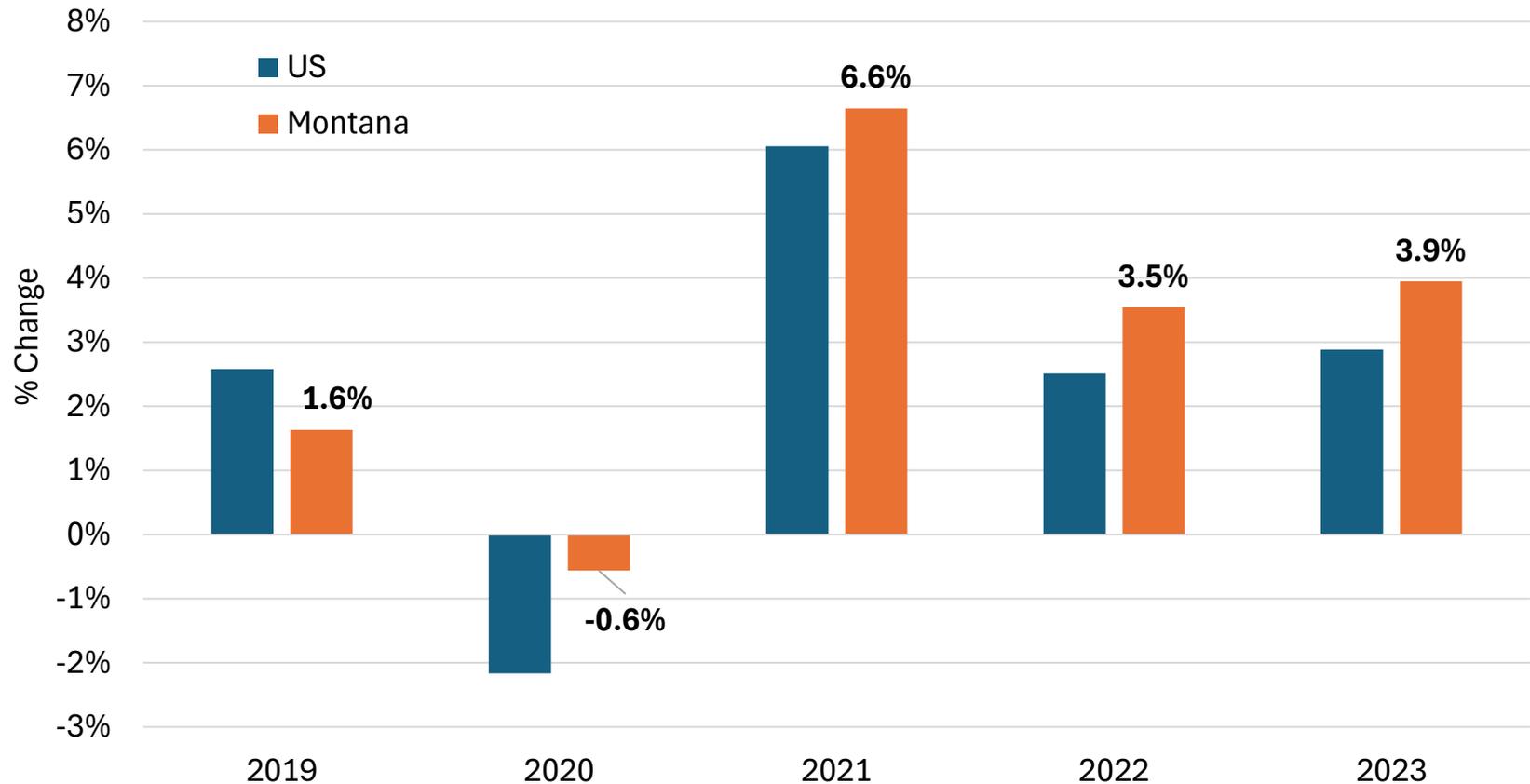
Reaches record-high in 2023— ranking Montana 30th highest among states.



Source: US Bureau of Economic Analysis

Steady Economic Growth in Montana

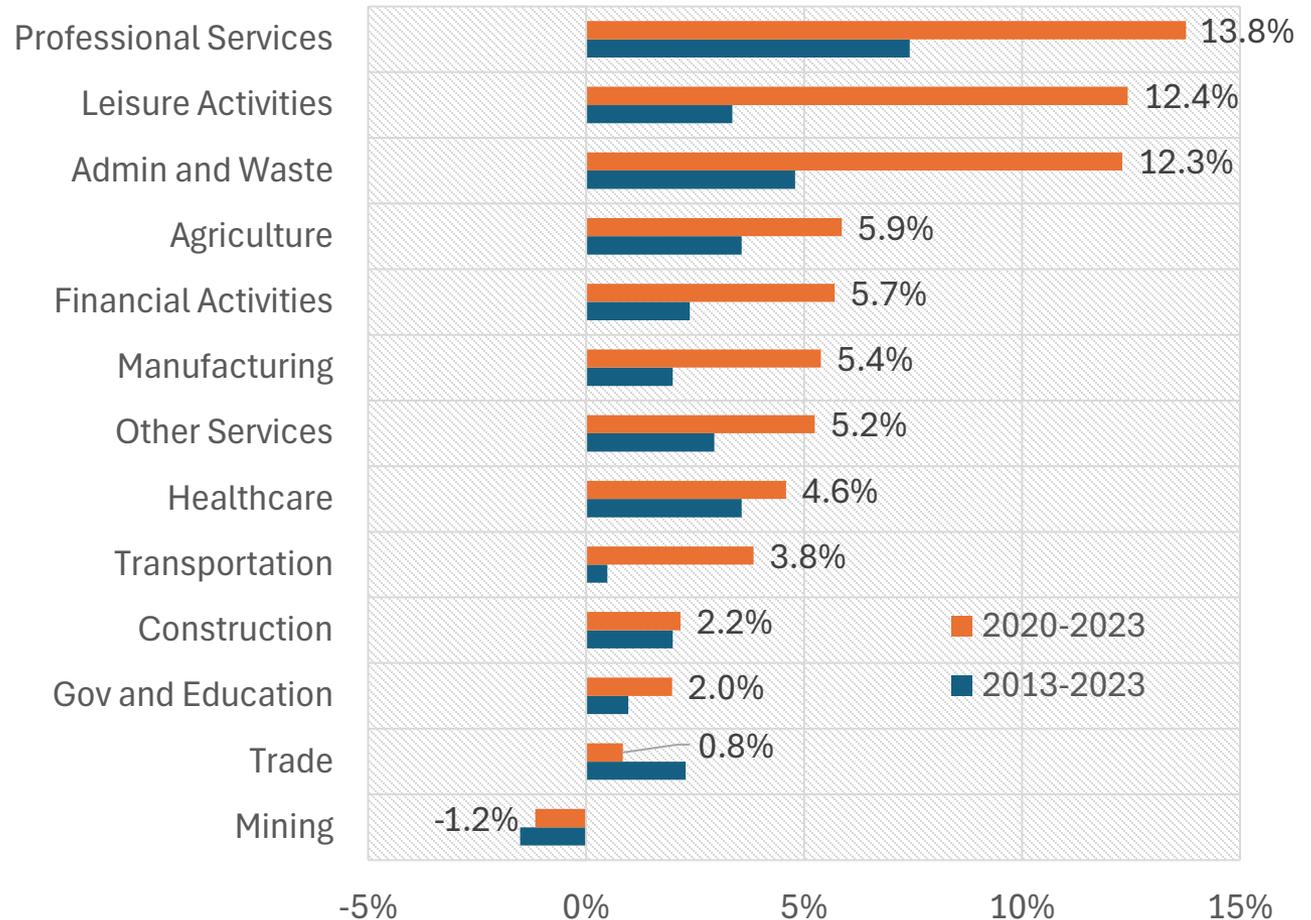
Following an extraordinary growth in 2021, Montana returns to long-run trend.



Source: Bureau of Economic Analysis.

Real Annual GDP Growth by Industry

- Fastest growth in professional services in the nation since 2020.
- Mining and Utilities report real GDP declines.
 - -1.5% annual growth in real GDP since 2013.
- Tourism-related activities have bolstered leisure activities GDP since 2020.



Source: Bureau of Economic Analysis. Other services include management of companies, information, and utilities.

Looking forward to 2025 and beyond...

Continued Economic Growth supported by

- Strong labor market
- Inflation moderating
- Continued business growth and innovation

Addressing Headwinds to Economic Growth

- Productivity enhancements
- Continued population growth



Full Reports Available at:

lmi.mt.gov/publications



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