The Montana Economy At Mid-Year: Economic Outlook Summer Update

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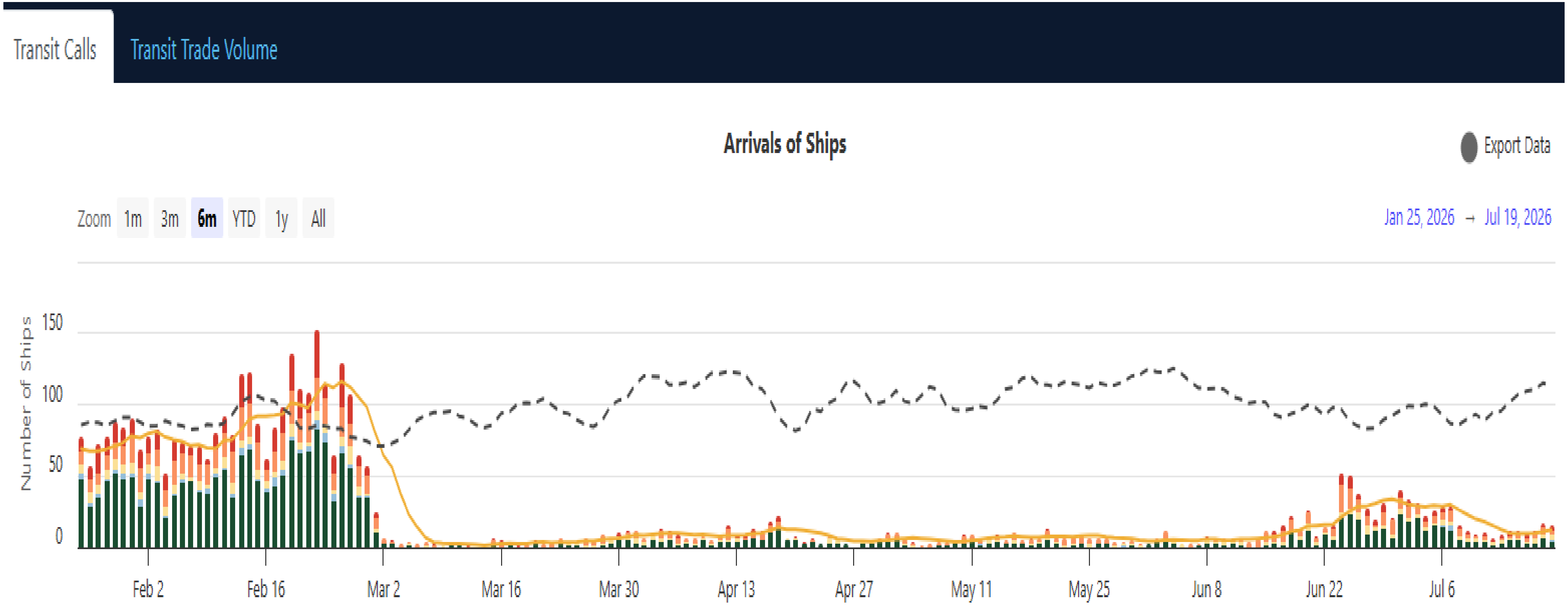
Montana: Slower But Resilient Growth

- Jobs are flat, but wages are rising
- Steady, Moderate Population Growth
- Some Big Investments On The Way – Led by Janicki/Great Falls

Current Macro Trends Are A Challenge for Montana

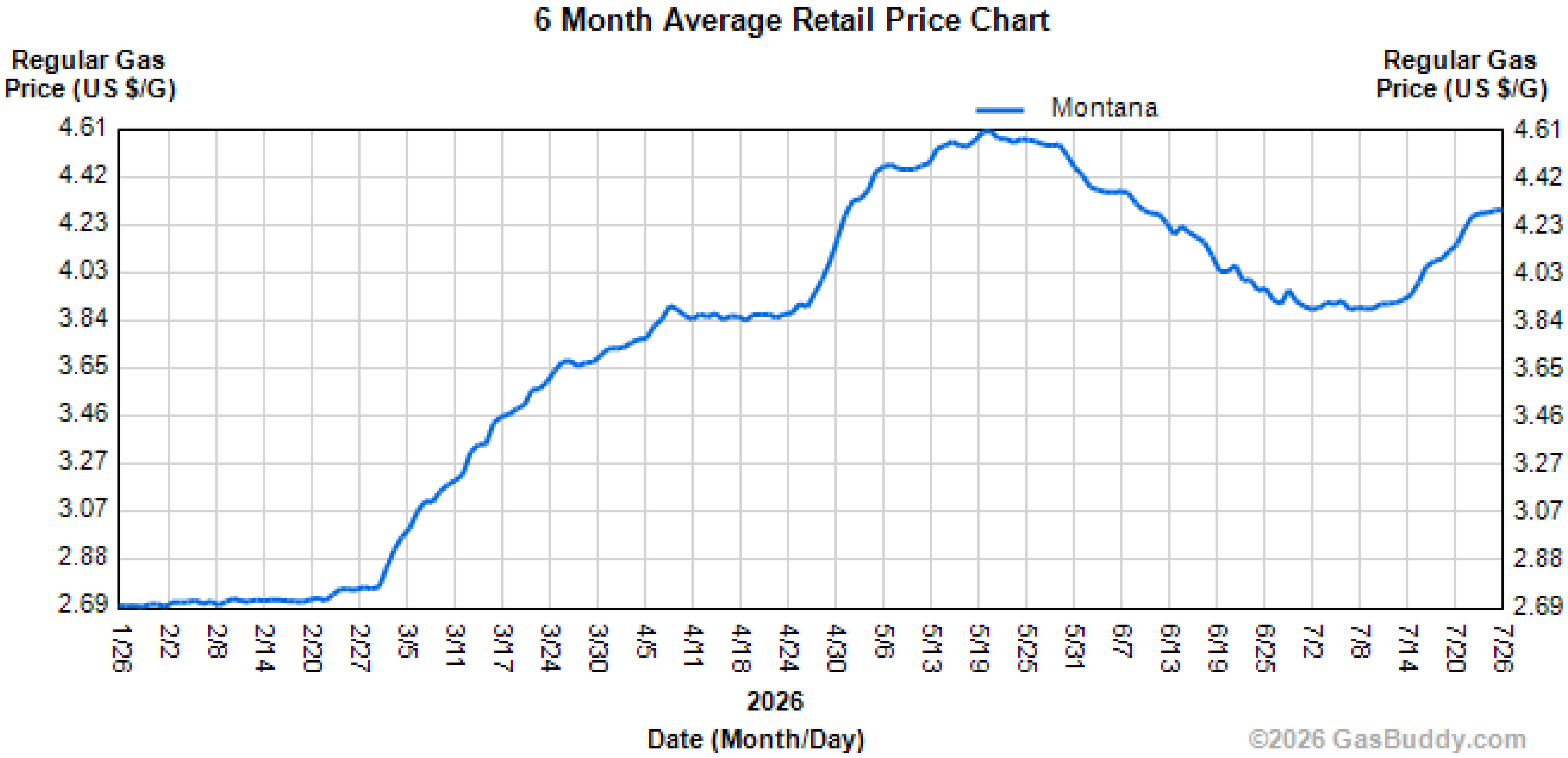
1. Higher Gas Prices
2. Higher Interest Rates
3. AI Investment Boom Has Mostly Bypassed

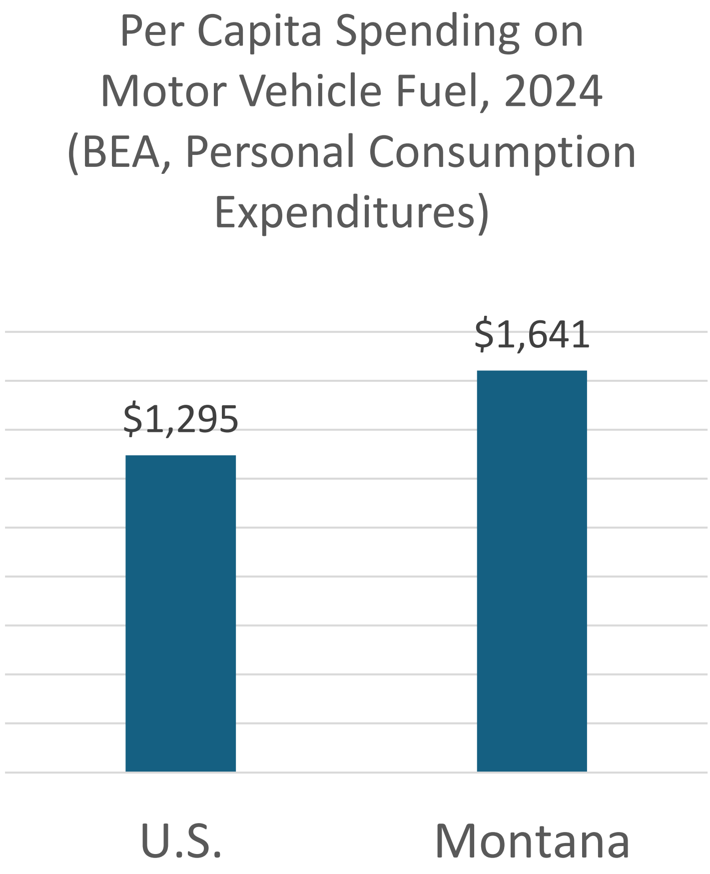
Strait of Hormuz Traffic (source: IMF)



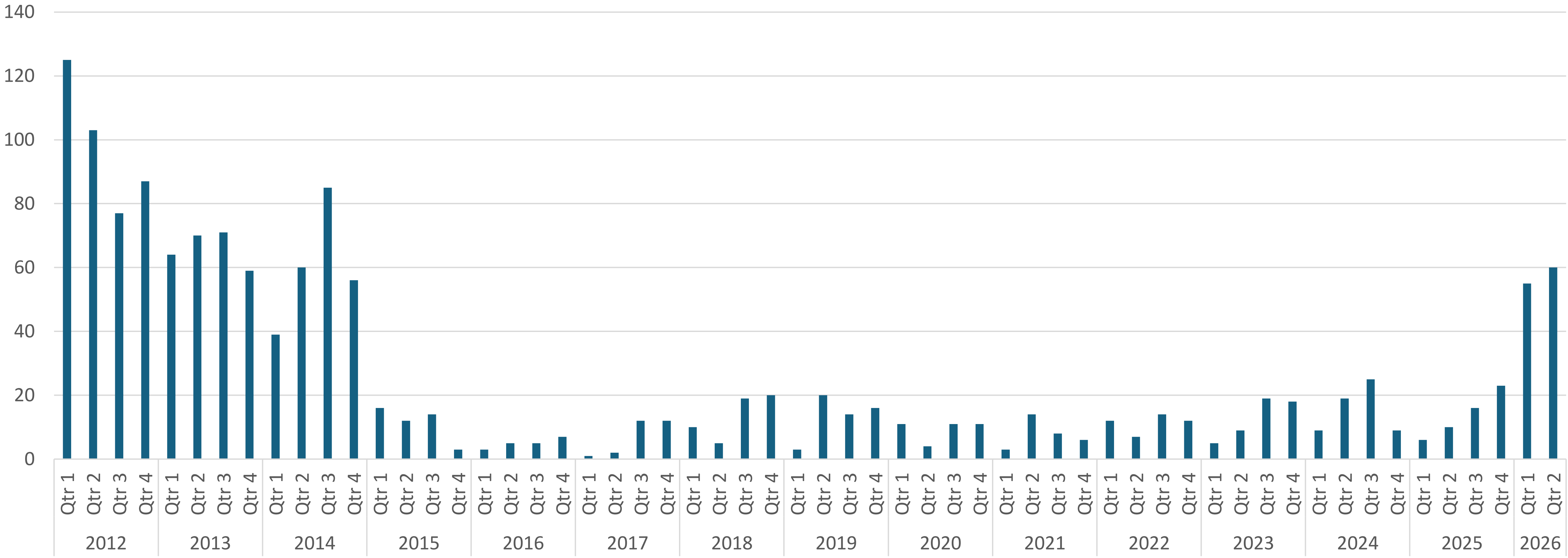
Gas Prices and Montana:

Montana consumers spend 27% more on gasoline than U.S. average, and some key industries like tourism and agriculture are sensitive to fuel costs.





Oil Drilling Permits in Montana are at their highest level since 2014.



Tariffs, Inflation and Interest Rates: What will 2026 bring?

- Inflation projected to average 3.8% in 2026.
  - Energy prices overwhelm modest tariff relief.
- Tariff impacts are decreasing… or are they?
  - Supreme Court has struck down President’s “reciprocal tariffs”
  - New tariffs just announced under new theories of legal authority.
- Beyond Oil and Tariffs, a new Fed chair and fiscal policy loom as long-run inflation concerns.
  - Long-term rates staying stubbornly high.

Interest Rates On The Rise Again

CNBC

10-year Treasury yield rises to highest since January 2025 as surging oil rekindles inflation fear

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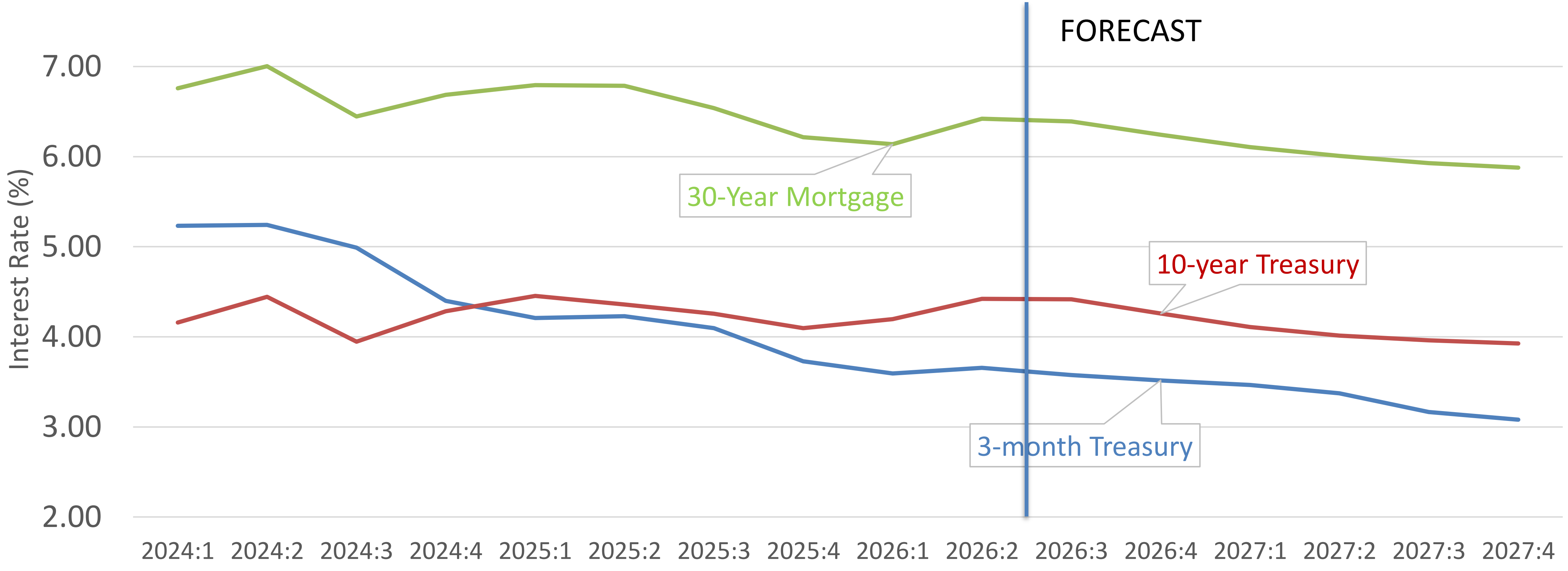
MarketWatch · 6h · on MSN

The Treasury market is flashing a warning sign for home buyers. Are 7% mortgage rates next?

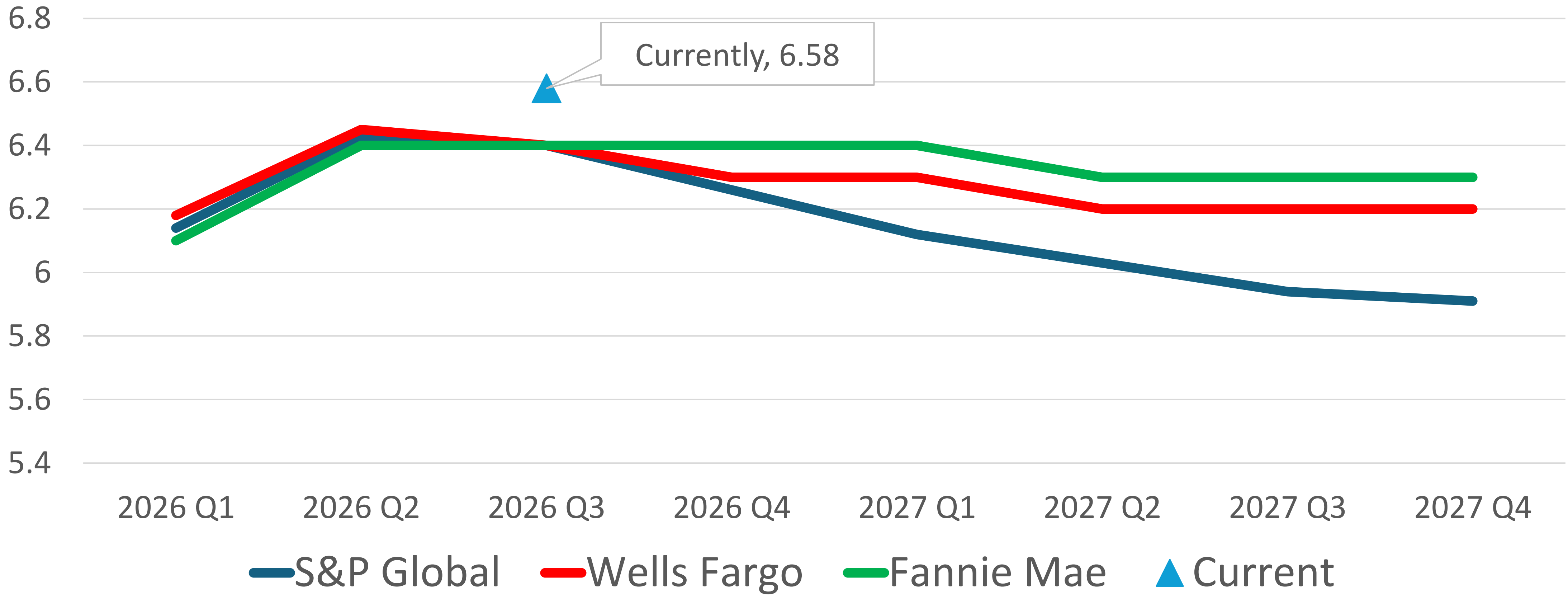
The 30-year fixed-rate mortgage edged up to its highest level of 2026.

Key Interest Rates 2024-2027

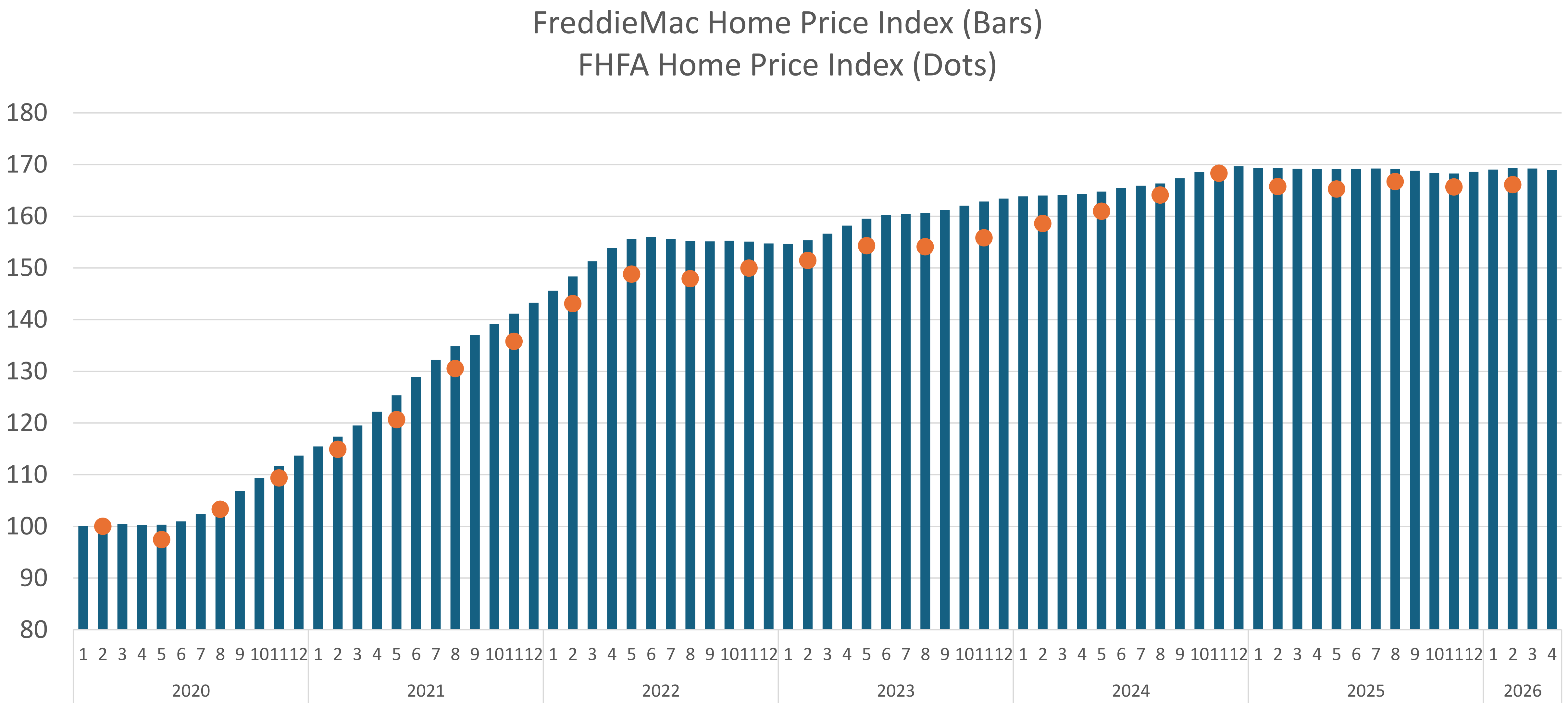
(Source: S&P Global – An optimistic forecast for rates)



Some Alternative Mortgage Rate Forecasts



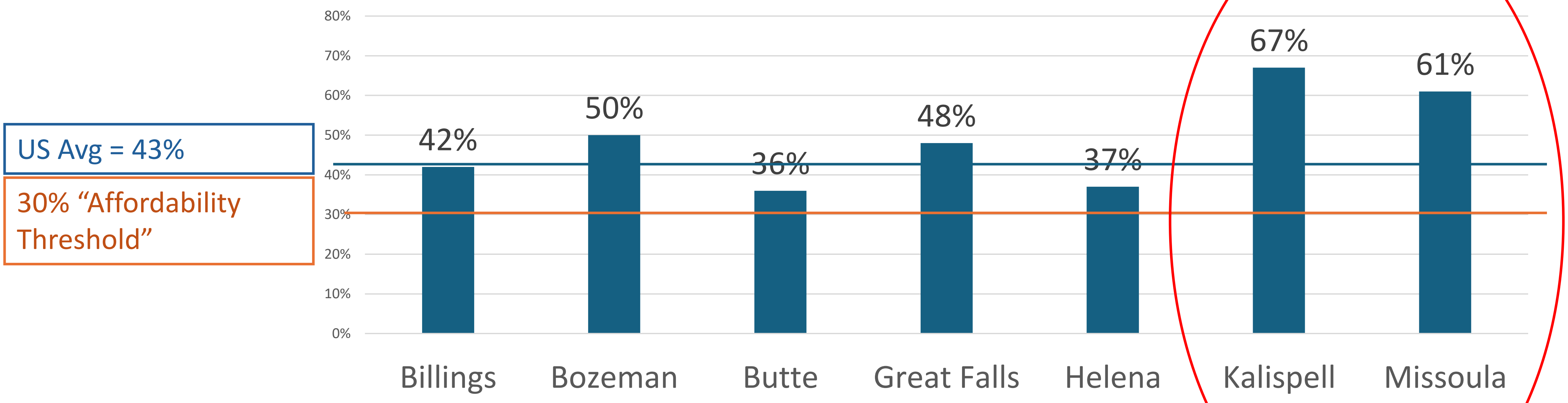
Home Prices Have Changed Little In Past 1-2 Years



Home Ownership Affordability: April ’26

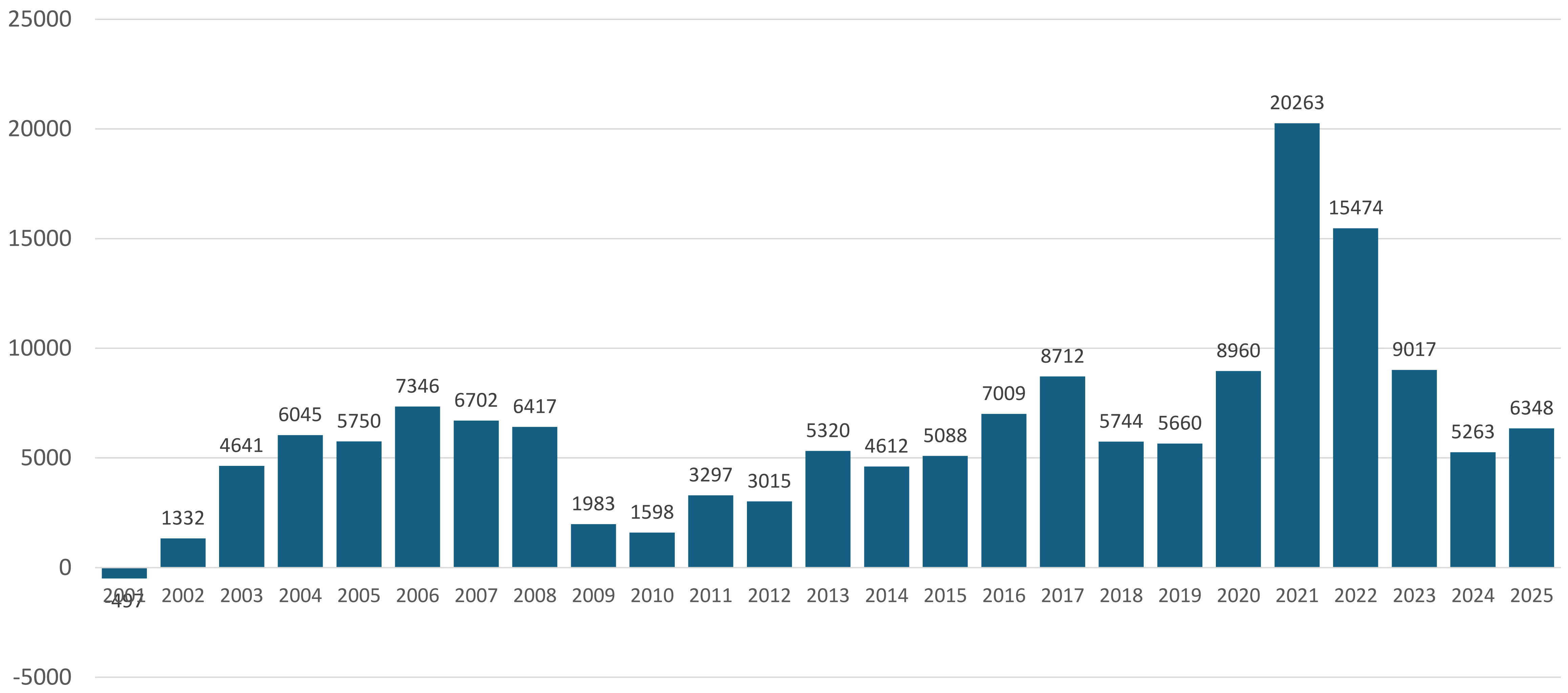
Share of Median Household Income Required To Purchase Median Priced Home (10% down payment)

Source: Atlanta Fed

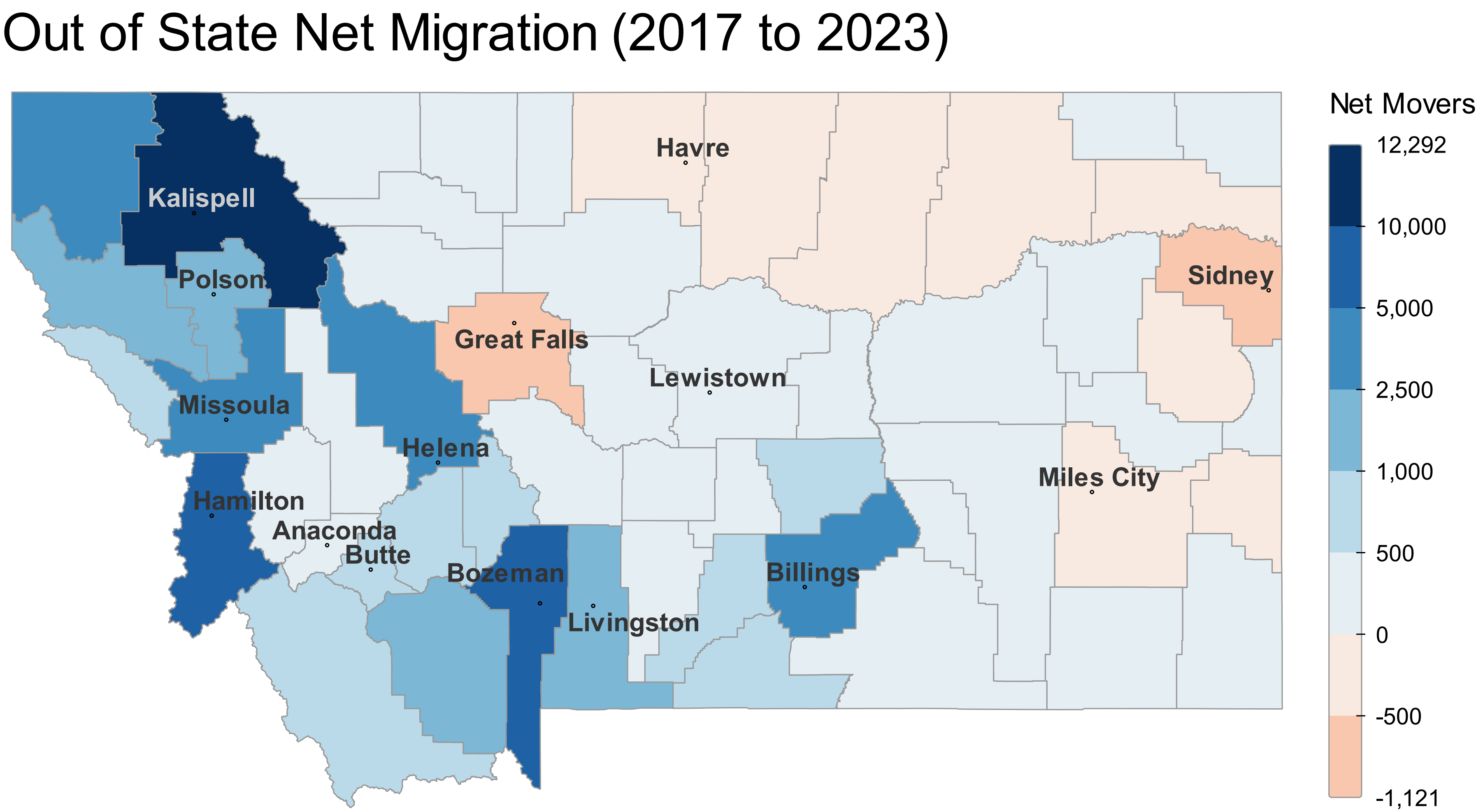


Bozeman’s high incomes help offset state’s highest prices.

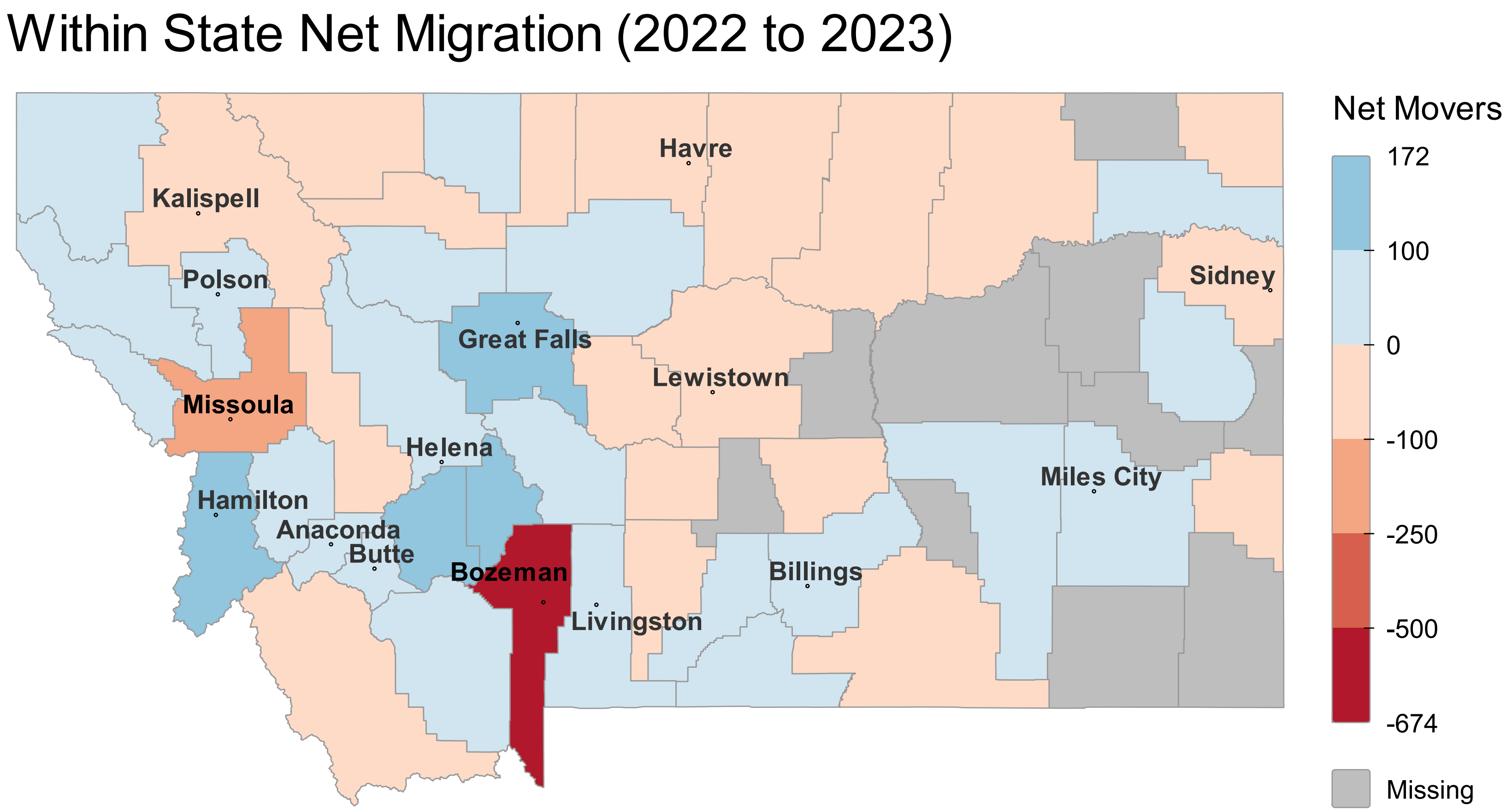
Net Domestic Migration to Montana



Flathead County attracts the most out-of-staters.



Montana resident migration between counties, 2023: Movement from high-cost counties to lower-cost counties.

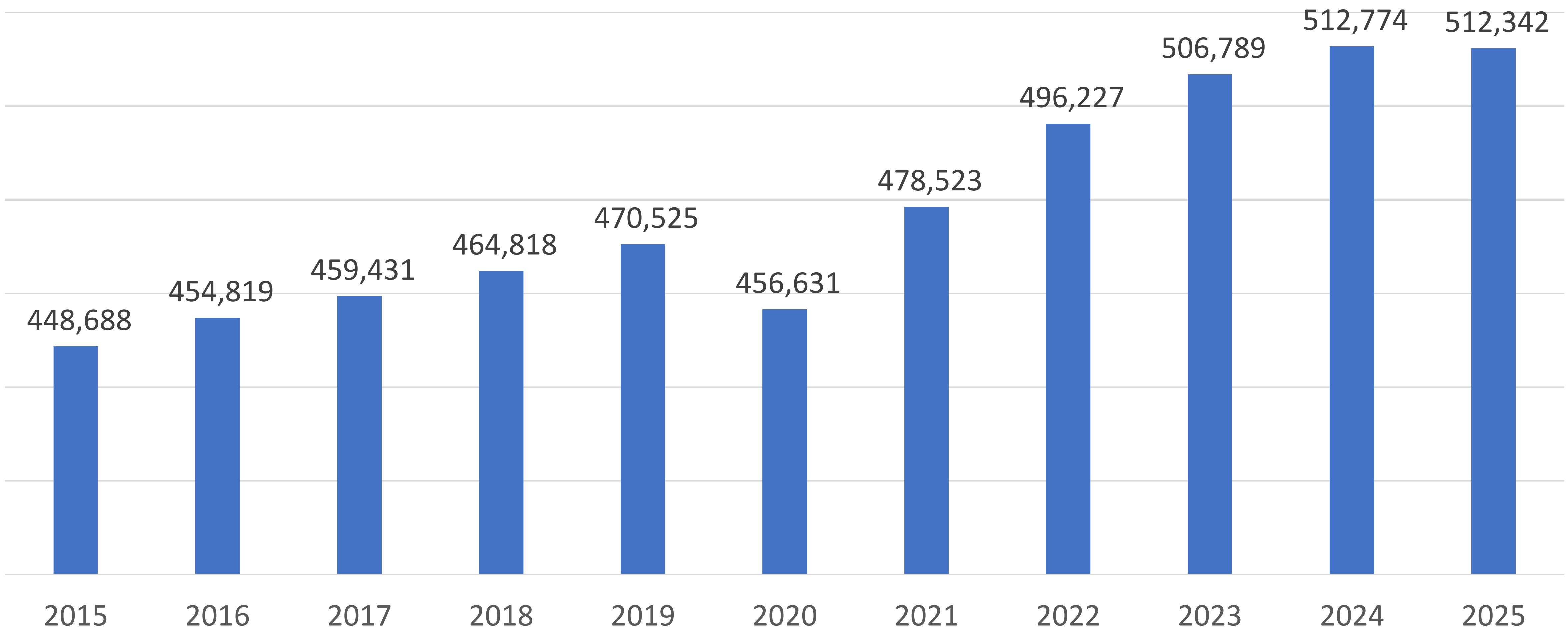


Cumulative Population Change, 2020 – 2025

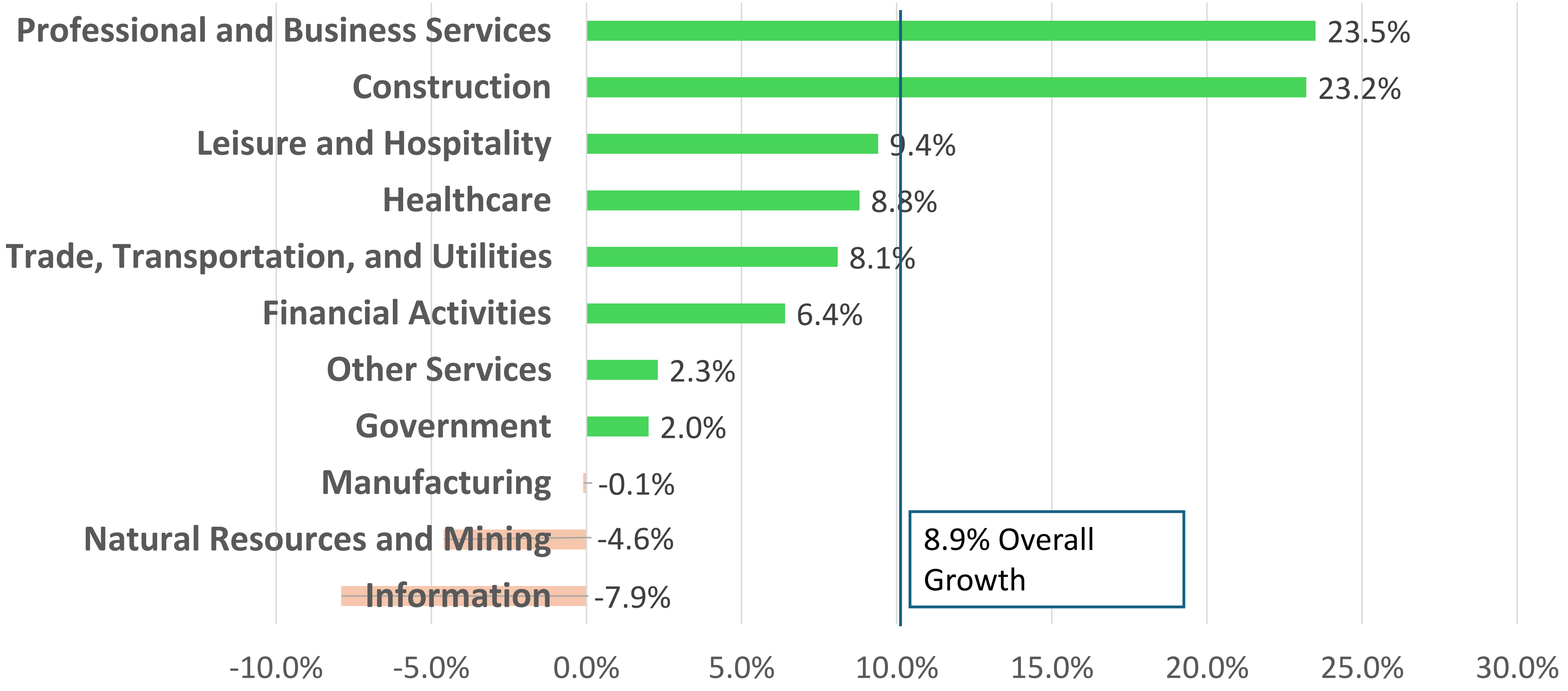
Eight Largest Counties

Geography	Cumulative Change	Percent
Montana	60,473	5.6%
Flathead (Kalispell)	11,076	10.6%
Gallatin (Bozeman)	9,783	8.2%
Yellowstone (Billings)	7,966	4.8%
Missoula	5,586	4.7%
Ravalli (Hamilton)	4,407	10.0%
Lewis and Clark (Helena)	4,360	6.1%
Silver Bow (Butte)	988	2.8%
Cascade (Great Falls)	612	0.7%

Montana Jobs: Flat in 2025 After Years of Steady Growth (QCEW data from employer tax filings)

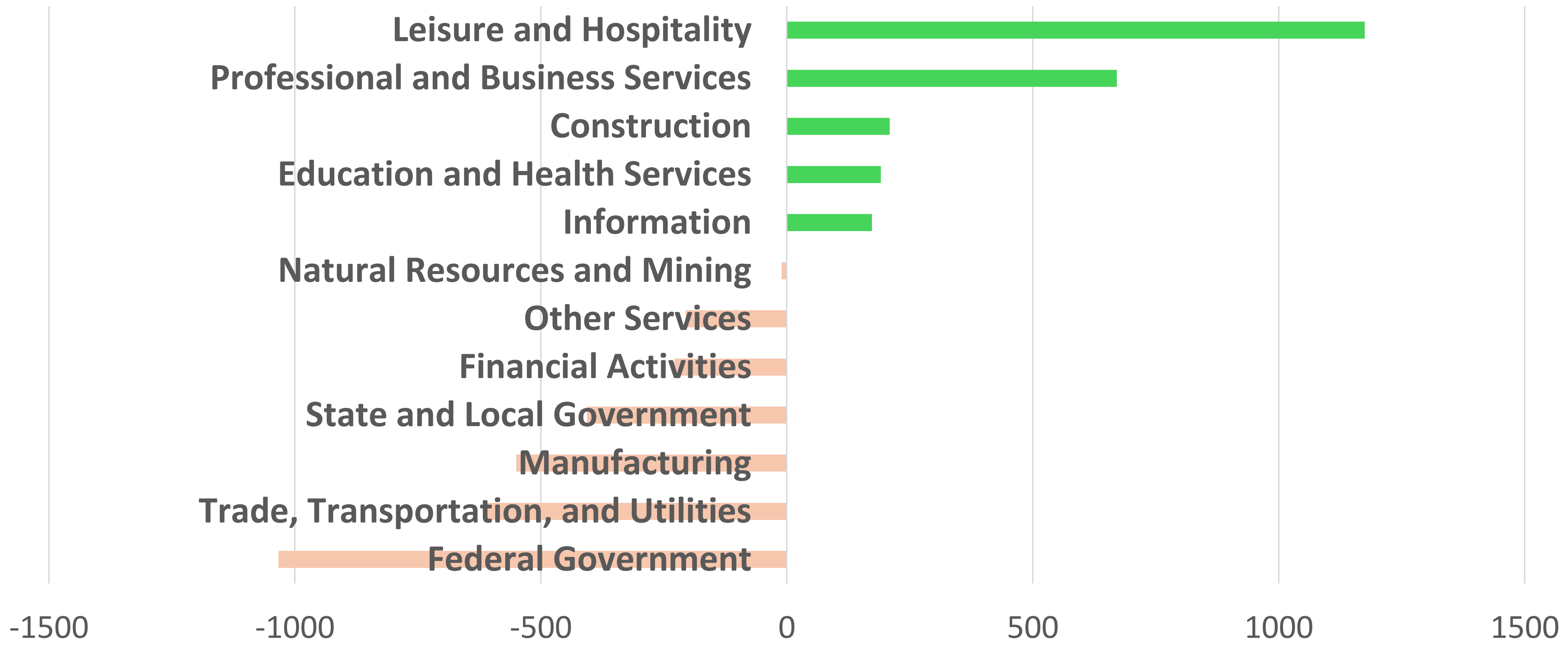


Montana Job Growth By Major Industry From 2019 to 2025. (% change)



Montana Job Growth By Major Industry

Dec 2024 – Dec 2025



Federal Job Declines In Montana

By Agency (With > 800 MT Jobs)

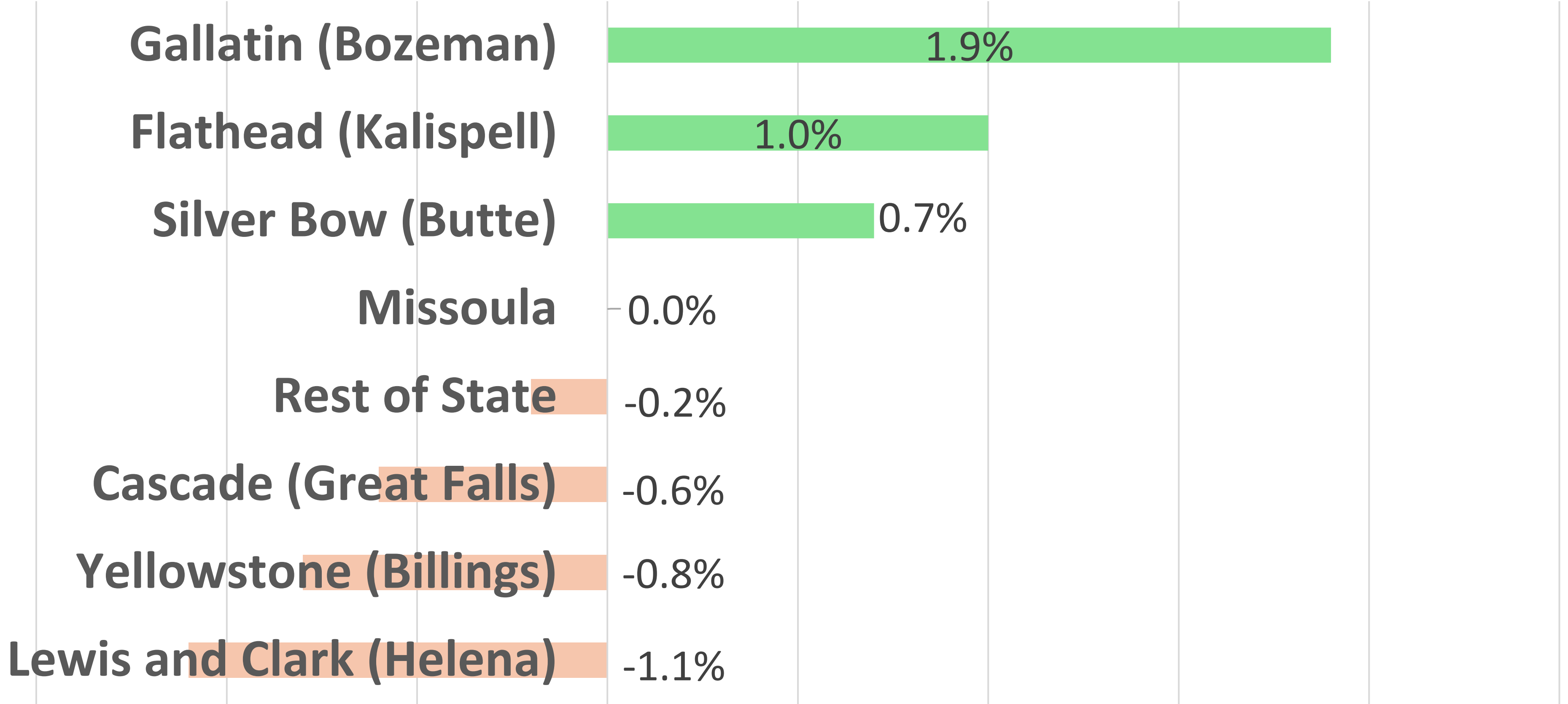
	FY 24	FY 26	Change
Total	**12,539**	**10,896**	**-1,643**
Agriculture (Forest Serv)	3,767	3,156	-600
Interior (BLM, Nat Parks)	2,360	2,014	-346
Veterans Affairs	2,021	1,748	-273
War/Defense	1,334	1,167	-167
Health & Human Serv. (NIH, Indian Health Serv)	1,168	1,024	-144
Homeland Security	768	808	+40

By County

County	Dec '24 – Dec '25 Change	% change
Yellowstone	-223	-12.1%
Lewis and Clark	-202	-9.7%
Cascade	-138	-9.5%
Missoula	-125	-8.8%
Ravalli	-54	-9.8%
Flathead	-38	-5.2%
Big Horn	-37	-8.4%
Gallatin	-33	-5.0%

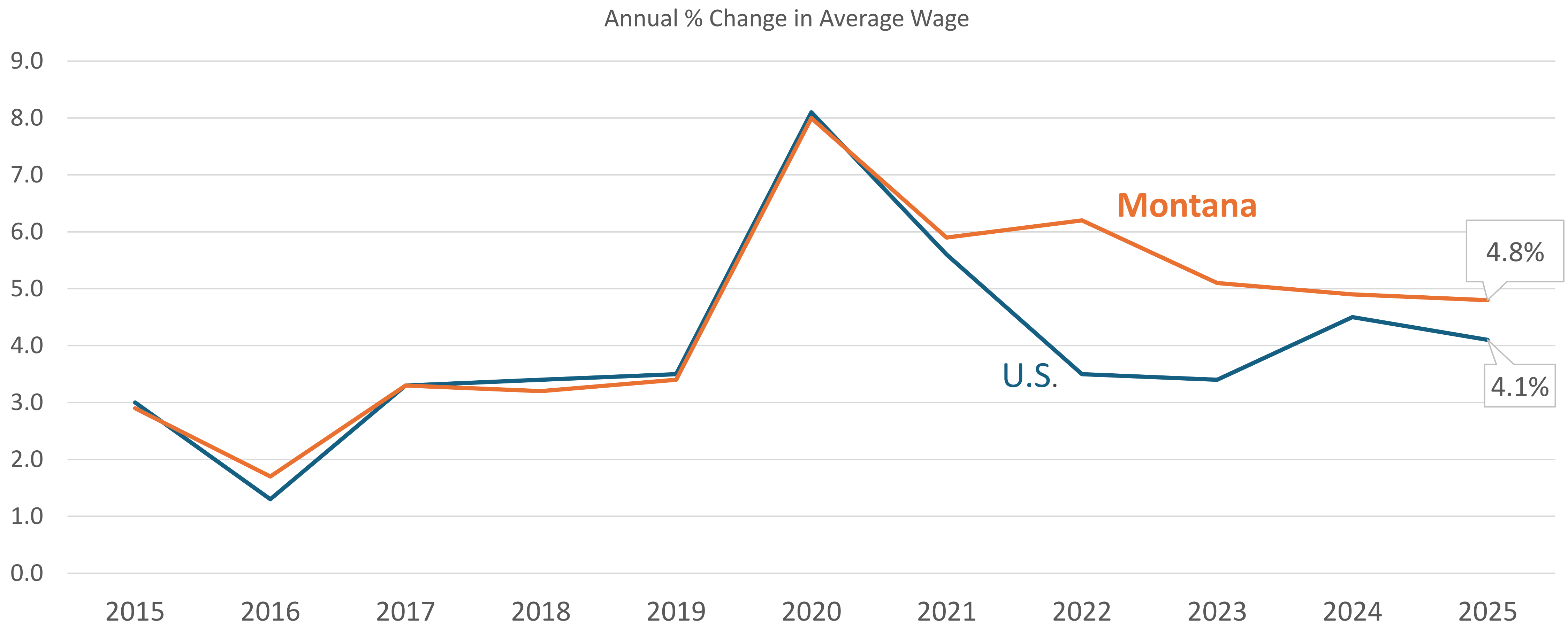
Job Growth By County

Dec 2024 – Dec 2025 (Source: BLS QCEW)



Montana has experienced strong wage growth.

Beat U.S. Average For Past 4 Years.



Montana Outlook for 2026

- Oil Price Pain
  - Montanans drive a lot. So do tourists.
- Population Growth and In-Migration Stabilize
- Jobs Are Flat But Wages Still Rising - High-tech a key factor
- Janicki and other big projects will bring growth to new areas
- Will Big Data Center Projects Break Ground?
  - 3 Notable Proposals Withdrawn Since Winter (Great Falls, Butte, Bonner)
  - The largest proposal remains on-track (Quantica outside Billings)
- Watching the Real Estate Market
  - Home prices are flat over past year – inventories higher
  - Slow Progress on Affordability: 1) Incomes rising faster than home prices, 2) property tax cuts on **most** homes, 3) no help from mortgage rates
  - How will the second-home tax impact the market?