Wyoming’s Defining Industries:
A Source of Strength This Decade

Wyoming Economic Forums 2008

Chad Wilkerson
Oklahoma City Branch Executive
Federal Reserve Bank of Kansas City

What are defining industries?

- Those that are heavily concentrated in a state relative to the nation
- A common measure is location quotient (LQ), or the ratio of an industry’s share of state employment to its share of U.S. employment
- The higher its LQ, the more defining an industry is
- Data are available for nearly 300 industries
Wyoming’s industrial structure remains the most unique in the country

Tenth District States’ Differences from U.S. Industrial Structure
1970-2000

A small group of defining industries still drives most state economies

Average Annual State Job Growth, 1990-2005
Tenth Federal Reserve District States

The Ten Industries that Most Define Wyoming

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<tbody>
<tr>
<td>1</td>
<td>Coal Mining</td>
<td>32.5</td>
<td>5,011</td>
<td>$69,454</td>
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<td>2</td>
<td>Oil and Gas Extraction</td>
<td>20.6</td>
<td>14,914</td>
<td>$59,112</td>
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<td>3</td>
<td>Nonmetallic Mineral Mining</td>
<td>11.5</td>
<td>2,566</td>
<td>$63,495</td>
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<td>4</td>
<td>Rail Transportation</td>
<td>6.0</td>
<td>2,900</td>
<td>N/A</td>
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<td>5</td>
<td>Cattle Ranching</td>
<td>5.3</td>
<td>1,329</td>
<td>$24,523</td>
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<td>6</td>
<td>National Parks and Forests</td>
<td>5.2</td>
<td>3,516</td>
<td>$43,253</td>
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<td>7</td>
<td>Utility Construction</td>
<td>4.1</td>
<td>3,375</td>
<td>$44,592</td>
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<td>8</td>
<td>Petroleum/Chemical Mfg</td>
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<td>1,837</td>
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<tr>
<td>9</td>
<td>Machinery Rental and Repair</td>
<td>3.2</td>
<td>1,840</td>
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<td>10</td>
<td>Travel Accommodation</td>
<td>2.9</td>
<td>10,943</td>
<td>$17,557</td>
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</tbody>
</table>

Sources: Bureau of Labor Statistics, Bureau of Economic Analysis

Growth in the state’s defining industries has been very strong in recent years

Wyoming Defining Industries
Average Annual Job Growth, 2005-2007

Sources: Bureau of Labor Statistics, Bureau of Economic Analysis
And together, they help explain Wyoming’s overall strong performance this decade.


So far in 2008, only Texas is posting better job growth readings than Wyoming.

Source: Economy.com
The near-term outlook for the state’s defining industries is modestly positive

- **Oil and gas** prices remain high, which should provide support to many energy-related industries.

- **Coal and related industries** will likely feel some impact from national economic difficulties.

- The cattle industry should benefit from expanded foreign markets and some reduction in feed costs.

- **Tourism** could slow with a weaker U.S. economy.

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Oil and gas prices remain supportive of further exploration and production

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![Oil and Natural Gas Prices](image-url)

Source: Baker Hughes
Coal production is expected level off with weaker U.S. economic growth

![U.S. Coal Production Graph]

Cattle prices remain solid, and the industry should benefit from some reduction in feed costs

![U.S. Livestock Prices and Breakeven Costs Graph]
Wyoming tourism has held up fairly well despite high gasoline prices

Wyoming Hotel Occupancy Rates
Seasonally Adjusted

While 2009 job growth will be slower than in 2008, Wyoming still ranks near the top
The longer-term outlook for the state’s defining industries is mixed

- Growth in mining and oil and gas jobs is expected to be somewhat restrained by technology gains and environmental concerns, though output will be high.

- The long-term outlook for cattle-related jobs is somewhat weak due to productivity, increasing urbanization, and potentially higher food imports.

- Long-term prospects for travel and tourism jobs are good, with solid growth driven by rising incomes.

What About Housing?

- The U.S. housing sector remains in a prolonged slump.

- Home prices are falling in many places, driving up foreclosures.

- How does Wyoming compare?
New home construction has dropped sharply in the U.S., but much less so in Wyoming

U.S. home prices are falling, while Wyoming prices are holding up better
House price fundamentals were more in line in Wyoming from 2000 to 2005

![Annual Growth in Per Capita Incomes and Home Prices](image)

- Foreclosure Trends in the U.S.
  - 4 million homeowners were either behind on their payments or in foreclosure at the end of 2Q08.
  - Foreclosure activity up 14% in 2Q08 - 121% increase from 2Q07
  - Almost 500,000 homeowners entered the foreclosure process in 2Q08
  - Subprime ARMs represent 6% of the loans outstanding but represent 39% of the foreclosures started during 1Q08.
  - Prime ARMs represent 15% of the outstanding loans but represent 23% of the foreclosures started during 1Q08.
  - 95 out of the nation’s 100 largest metro areas experienced year-over-year increases in foreclosure activity.
  - Foreclosure rates are predicted to grow through 2009.
Wyoming’s foreclosure rate is the lowest in the Tenth District, and well below the U.S. rate.

State Foreclosure Rates (share of mortgages)

Questions?