

**Montana's Headline-Grabbing Growth Continues—Mid-year Update**

**The Montana Outlook**

**BUREAU OF BUSINESS**  
ECONOMIC RESEARCH

**Paul E. Polzin**  
Bureau of Business and Economic Research  
The University of Montana

---

---

---

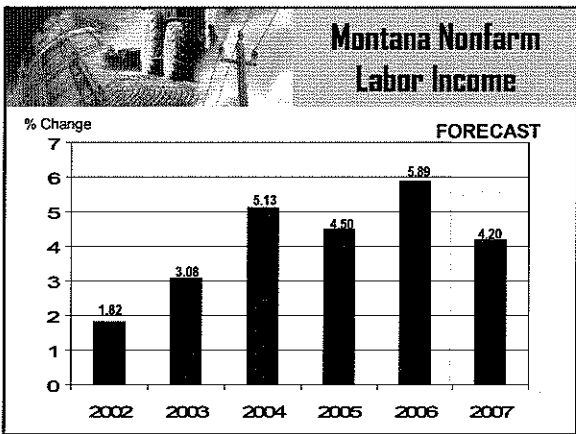
---

---

---

---

---




---

---

---

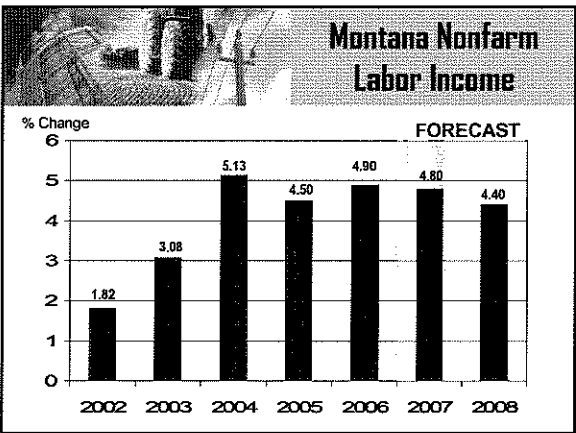
---

---

---

---

---




---

---

---

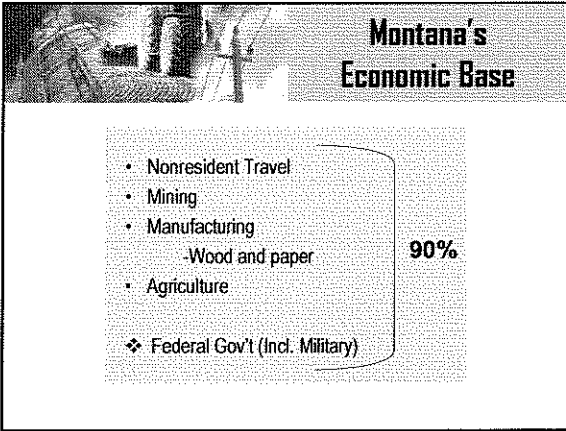
---

---

---

---

---




---

---

---

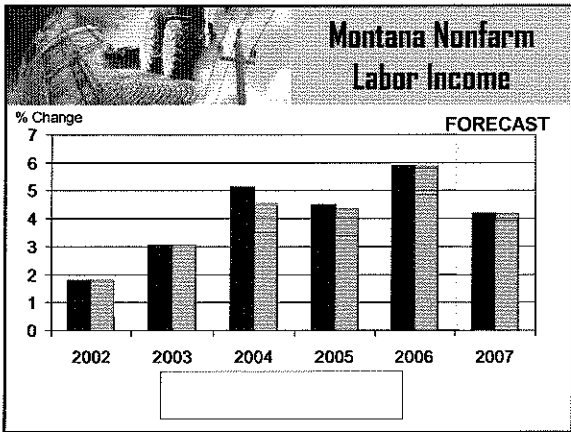
---

---

---

---

---




---

---

---

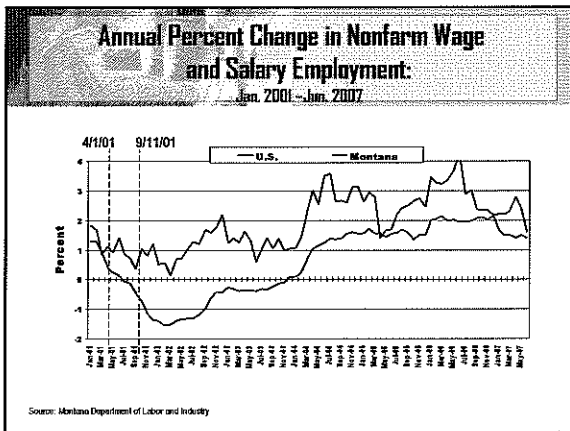
---

---

---

---

---




---

---

---

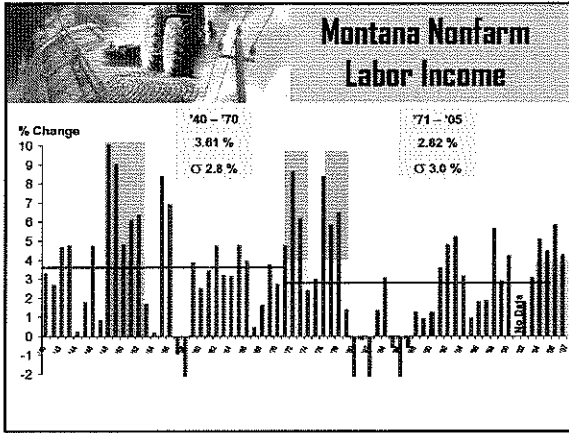
---

---

---

---

---




---

---

---

---

---

---

---

---

---

---

---

---

- 
- Natural Resource Boom**
- Demand growth in developing countries, like China.
  - Oil supply shocks in 2003 and 2004.
  - Declining value of dollar.
  - No capacity growth in 1990s.

---

---

---

---

---

---

---

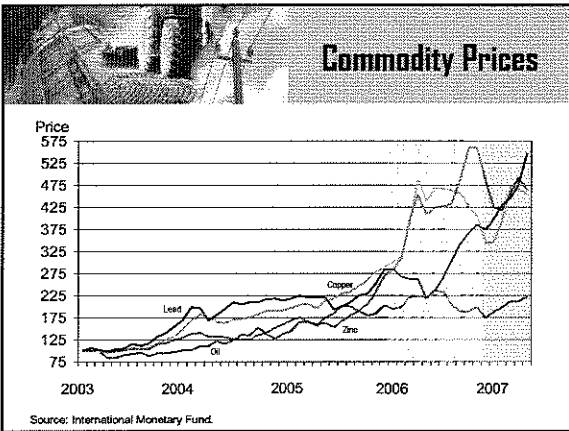
---

---

---

---

---




---

---

---

---

---

---

---

---

---

---

---

---

### Commodity Price Forecasts

	1990-2005	2006	2007f
WTI Oil (\$/barrel)	26	66	<del>66</del> 60
Nymex Natural Gas (\$/mmbtu)	3.32	6.99	<del>7.00</del> 7.65
Copper (\$/lb)	1.01	3.05	<del>2.70</del> 3.10
Zinc (\$/lb)	.50	1.49	<del>2.00</del> 1.70
Nickel (\$/lb)	3.64	11.00	<del>13.50</del> 20.00

Source: Scotiabank Commodity Price Index

---

---

---

---

---

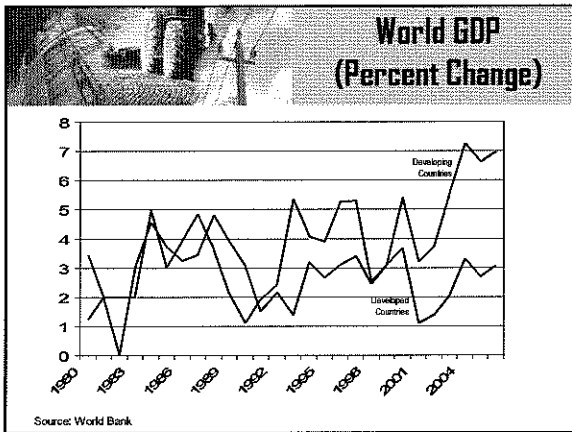
---

---

---

---

---




---

---

---

---

---

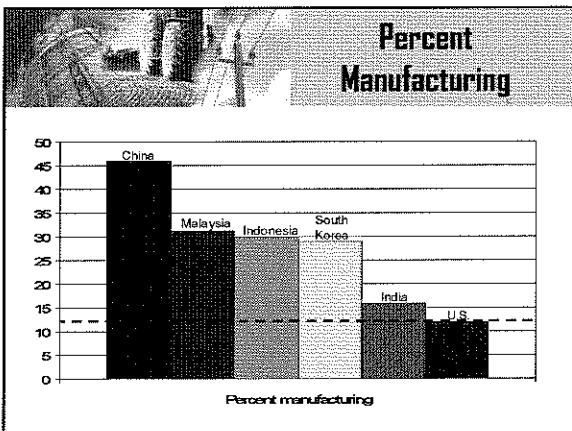
---

---

---

---

---




---

---

---

---

---


---

---

---

---

---



### Summary

- Trends in commodity prices and energy due to demand factors (long-term) rather than supply factors (short-term)
- Regulatory and siting issues
  - Existing facilities now reopened
  - New facilities = new permits
- Risk: Slower growth in developing countries
  - Economic instability, i.e. "Asian Flu"
  - Political instability
- Risk: Slowdown in construction
- Risk: Labor shortage impacts (more details in 2008 Montana Economic Outlook Seminar)

---

---

---

---

---

---

---

---



# Thank You

---

---

---

---

---

---

---

---

