



*Wyoming*  
Business Alliance

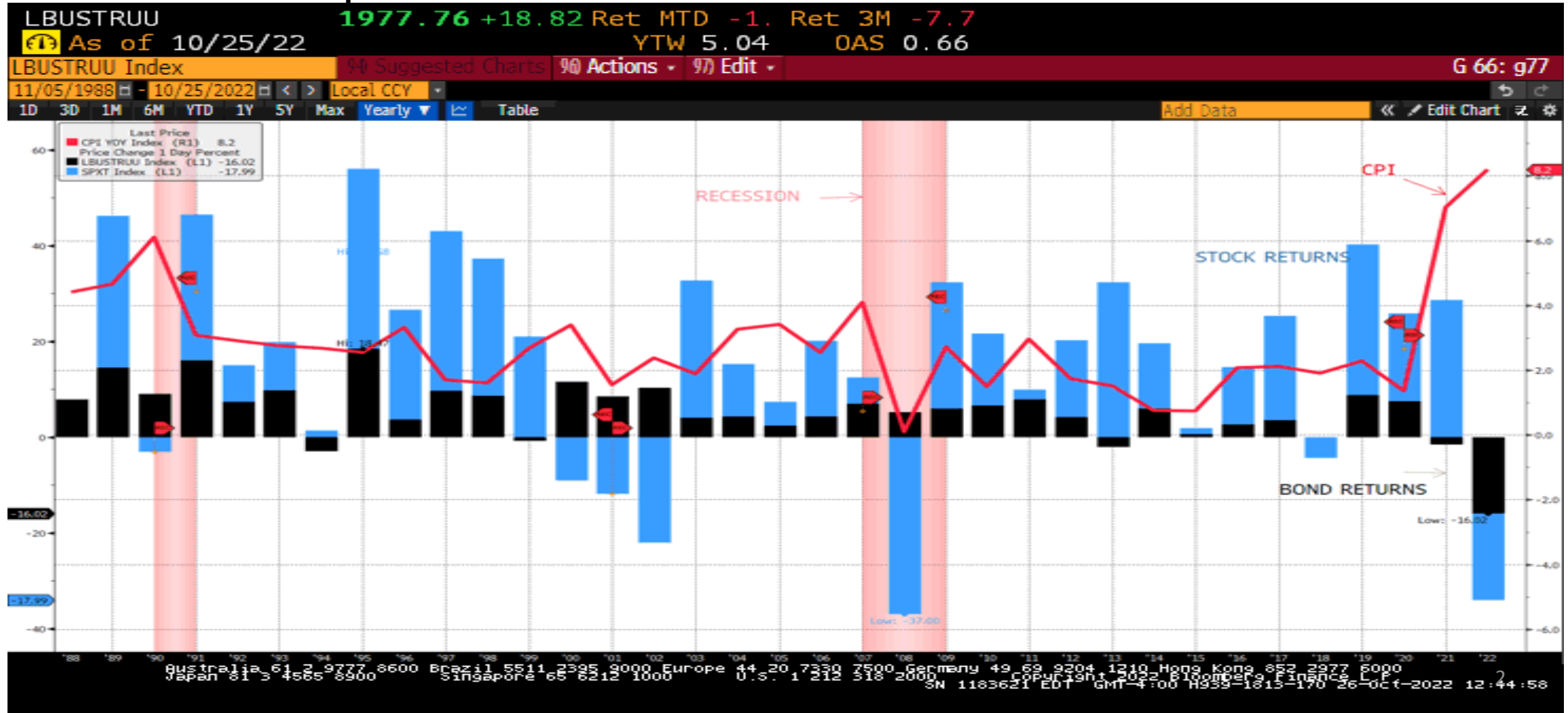
*Wyoming*  
*Heritage* Foundation

# 2022 GOVERNOR'S BUSINESS FORUM

Inflation's impact on Wyoming's \$24 billion Sovereign Wealth Fund.  
Past, Present and Future implications.

Patrick Fleming CIO  
Wyoming State Treasurers' Office.

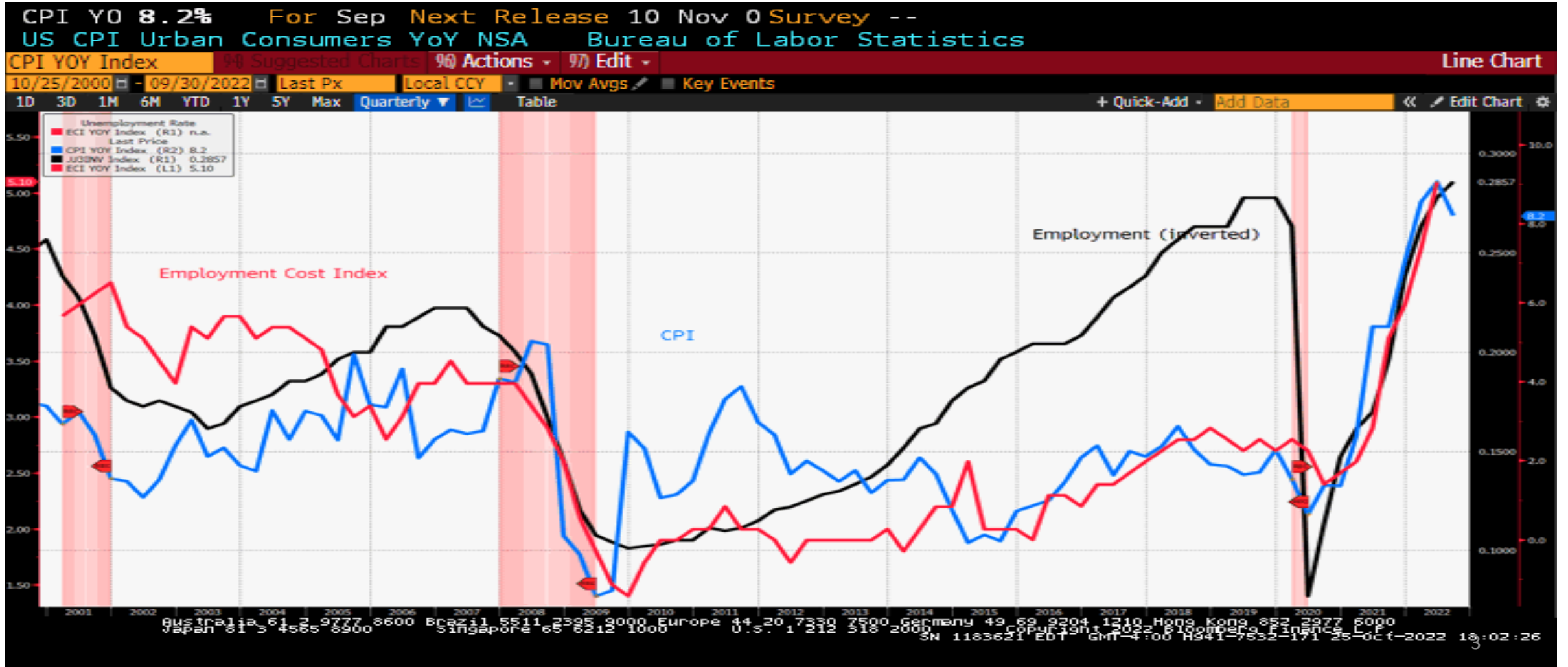
Normally, when inflation goes up, interest rates follow as the Fed increases the fed funds rate. This usually hurts asset prices and many times results in a recession. A 60/40 portfolio had a **-20.8%** return YTD ending Sept. 30. The worst performance for bonds and stocks since 1981.



# How does the Fed normally bring down inflation?

## The Sacrifice ratio:

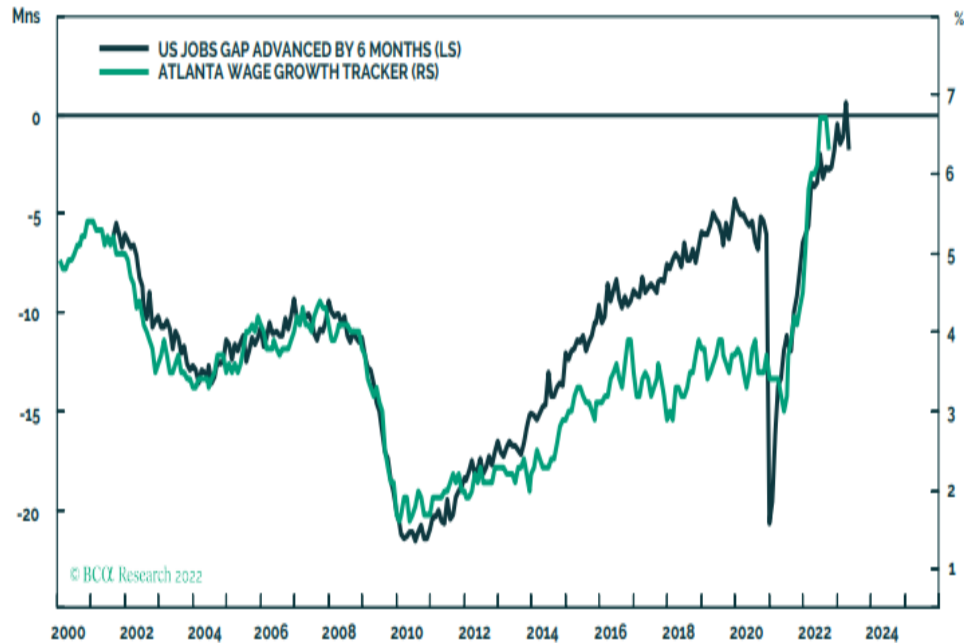
-How much income or employment must be sacrificed to bring down inflation?



# THE DISCONNECT... S&P 500 earnings forecast 12 month forward = + 12.6%

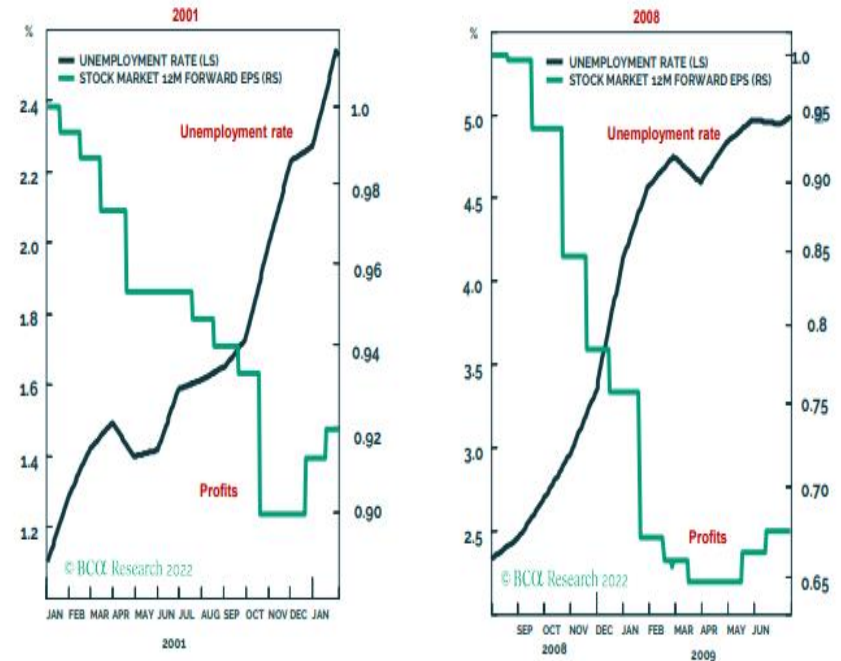
To Depress Wage Inflation To 4-5%, The 'Jobs Gap' Needs To Be 5-10 Million

Shape Your Conviction™



Every 1% Rise In The Unemployment Rate = A 10% Decline In Profits...

Shape Your Conviction™



# The positive side of inflation is increased revenues to the state!

Table B. FY 2023-2024 Biennium GF Revenue Forecast Comparison.

Revenue Source	Jan. 2022 Forecast FY 2023-2024 Biennium and 2022 Legislation Impacts	Oct. 2022 Forecast FY 2023-2024 Biennium	Difference
Sales and Use Taxes	\$1,077.8 million	\$1,218.0 million	\$140.2 million
Severance Taxes	\$ 295.8 million	\$ 413.7 million	\$117.9 million
Investment Income*	\$ 533.5 million	\$ 565.5 million	\$ 32.0 million
All Other	\$ 349.1 million	\$ 387.0 million	\$ 37.9 million
<b>Total General Fund</b>	<b>\$2,256.2 million</b>	<b>\$2,584.2 million</b>	<b>\$328.0 million</b>

Table D. FY 2023-2024 Biennium SFP Revenue Forecast Comparison.

Revenue Source	Jan. 2022 Forecast FY 2023-2024 Biennium, plus 2022 Legislation	October 2022 Forecast FY 2023-2024 Biennium	Difference
FMRs	\$340.1 million	\$531.3 million	\$191.2 million
Inv, fees, leases (CSLIA)*	\$461.3 million	\$463.7 million	\$2.4 million
12 mills	\$558.6 million	\$733.9 million	\$175.3 million
<i>All Other**</i>	<i>\$311.4 million</i>	<i>\$646.0 million</i>	<i>\$334.6 million</i>
<b>TOTAL SFP</b>	<b>\$1,671.4 million</b>	<b>\$2,374.9 million</b>	<b>\$703.5 million</b>

Table C. FY 2023-2024 Biennium BRA Revenue Forecast Comparison.

Revenue Source	Jan. 2022 Forecast FY 2023-2024 Biennium and 2022 Legislation Impacts	Oct. 2022 Forecast FY 2023-2024 Biennium	Difference
Severance Taxes	\$205.5 million	\$329.5 million	\$124.0 million
FMRs	\$309.5 million	\$596.3 million	\$286.8 million
<b>Total BRA</b>	<b>\$515.0 million</b>	<b>\$925.8 million</b>	<b>\$410.8 million</b>

***All in for 2022, 23, and 24, the CREG forecasts were increased by 2.2 billion dollars primarily due to minerals and sales and use tax.***