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## **Fitch Ratings: Coal Industry Declines Fueling Weaker Demographics for Some U.S. States**

Fitch Ratings-New York-11 February 2020: The days of coal production meaningfully contributing to state economies appear to be numbered, posing a drag on state GDP, employment, and revenues and contributing to weaker demographics for some coal-producing U.S. states, according to a new report from Fitch Ratings.

Coal production has declined steadily for over a decade, though direct mining's contribution to U.S. states' economies has remained fairly steady. Notable outliers include West Virginia, where mining's contribution to state GDP gradually descended from 11.4% in 2008 to 7.2% in 2017. Wyoming is another notable outlier with mining's importance slightly growing over this time frame from 12.2% of state GDP in 2008 to 13.4% in 2017. However, this reflects Wyoming's 0.8% annual loss in total GDP over this time reflecting contractions in multiple industries.

Mining activity contributions to state GDP are likely to have softened in 2019 (based on data through the third-quarter). And as the coal industry continues to retract and the secondary impacts of employment and economic loss are incorporated, states unable to replace this economic engine have and will continue to suffer weakening demographics according to Senior Director Marcy Block. 'Met coal prices will exhibit short-term volatility due to numerous factors, and the current coronavirus outbreak also poses downside risks to global demand.'

'Some coal producing states are seeing declines in population and a greater proportion of aged residents, although these trends can be felt more acutely at lower levels of government,' said Block. 'Most coal-producing states have also seen significant losses in coal mining-related employment since 2011, particularly in those states where the industry was heavily labor intensive.'

In total, 41,773 coal mining jobs were lost between 2011 and 2018 with the largest job losses occurring in Kentucky (12,939 jobs) and West Virginia (10,807). For those states with the largest coal mining presence, retraction in this industry has been a drag on overall growth in nonfarm employment. Conversely, coal-related employment has grown in Montana and North Dakota since 2011.

Of the top 10 coal producing states, West Virginia's demographic trends are among the least favorable. Weak trends in population levels, aging of residents and unemployment are also common among Kentucky, Montana and Wyoming, whereas strong growth in oil and gas development (Colorado, North Dakota, and Texas) in addition to other sectors (Colorado and Texas) have strengthened trends in these states' population, GDP and employment.

'Global Trends Sustain Uncertainty for U.S. Coal Producing States' is available at '[www.fitchratings.com](http://www.fitchratings.com)'.

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