

Idaho Economic Forecast

DIRK KEMPTHORNE, Governor

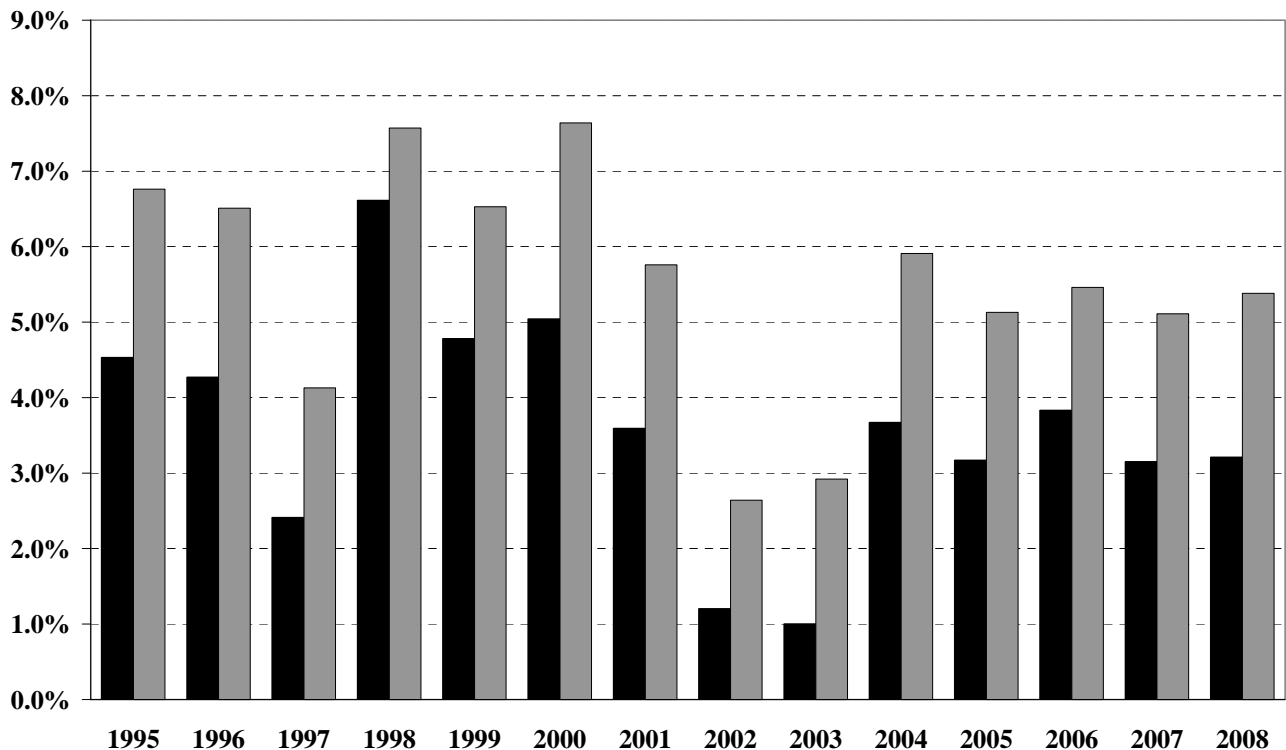
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- Forecast 2004-2008
- Exchange Rate Movements and the U.S. International Balance Sheet
- Alternative Forecasts

Idaho Real & Nominal Personal Income Growth



**IDAHO
ECONOMIC
FORECAST
2004 - 2008**

State of Idaho
DIRK KEMPTHORNE
Governor

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PREFACE

Idaho's economy continues to grow and evolve as it enters the 21st Century. The 1980s was a decade of stop-and-start economic performance. However, it also ushered in one of the longest expansions in the state's history. Since 1987, nonfarm employment has expanded in every year and has consistently placed Idaho among the top ten fastest growing states in the nation. The 1990s saw a flood of new residents move into the state, causing the population to expand by an astounding 29% from 1990 to 2000. Over this period Idaho personal income nearly doubled. Much of the current expansion results from ongoing structural changes in Idaho's economy.

One of the biggest changes is the rise of the state's high-technology sector. Virtually nonexistent in the 1970s, this sector achieved critical mass in the 1990s to become the state's largest manufacturing employer. The growth of industry giants, such as Micron Technology and Hewlett-Packard, as well as the emergence and expansion of smaller companies, pushed payrolls above even the most optimistic forecasts made in the 1980s. The state's trade sector has also been going through a transformation. The last decade witnessed an influx of national "big box" merchandisers. During this same time, Idaho merchants successfully reached beyond the state's borders. Several regional shopping centers were established that serve locals, as well as attract shoppers from other states and Canada. Visitors fueled the surge in tourism that also benefited trade. Like its national counterpart, the service sector accounts for most of the nonfarm jobs in Idaho. Tourism has also been a boon to the service industry. While traditional factors, such as increasing discretionary income, continue to fuel the demand for services, other influences have emerged. For example, the use of temporary employees in manufacturing has bolstered business services employment. Idaho's outstanding work force has been a major factor in attracting call centers, back office operations, and credit companies.

While many changes are taking place today, traditional resource industries still play a major role in Idaho's economy. Indeed, the state's mining, agriculture, and timber sectors all experienced lulls in the late 1990s. While displaying more resilience to downturns than in the past, these industries are not totally immune from business-cycle effects. This continuing dependence on natural resources will bring a host of challenges to Idaho.

Other factors that are external to the state's economy will also present challenges to decision makers. Public policy decisions made in Washington, D.C. affect resource industry and federal installations such as the Idaho National Engineering and Environmental Laboratory and the Mountain Home Air Force Base. Finding balanced and acceptable solutions to endangered and threatened species issues and timber supply issues are of major economic significance.

In order to deal effectively with these challenges, public and private decisions need to be made with a thorough understanding of the structure of the state's economy. It is to this end that the *Idaho Economic Forecast* is directed.

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INTRODUCTION

The national forecast presented in this publication is the November 2004 Global Insight baseline forecast of the U.S. economy. The previous *Idaho Economic Forecast* is based on the September 2004 Global Insight baseline national forecast.

The histories and outlooks for both Idaho nominal and real personal income are featured on the cover graph of this *Idaho Economic Forecast*. The most notable feature of this graph is it shows that after growing slowly in both 2002 and 2003, Idaho personal income is expected to grow faster over the forecast period. Specifically, Idaho nominal personal income should rise 5.9% in 2004, 5.1% in 2005, 5.5% in 2006, 5.1% in 2007, and 5.4% in 2008. Idaho real personal income is expected to advance 3.7% in 2004, 3.2% in 2005, 3.8% in 2006, 3.2% in 2007, and 3.2% in 2008.

FEATURE

The U.S. has had to borrow massively from foreigners in order to fund its widening current account deficit. Many believe this is the main reason for the rising U.S. net indebtedness to foreigners. However, research shows that changes in asset prices and exchange rates have also played important roles in determining the level of foreign indebtedness. In the feature article entitled “Exchange Rate Movements and the U.S. International Balance Sheet,” Michele Cavallo discusses the relative importance of each of these determinants on the U.S. net foreign investment position. Michele Cavallo is an Economist with the Federal Reserve Bank of San Francisco.

THE FORECAST

Alternative assumptions concerning future movements of key economic variables can lead to major variations in national and/or regional outlooks. Global Insight examines the effects of different economic scenarios, including the potential impacts of international recessions, higher inflation, and future Federal Reserve Board decisions. Alternative Idaho economic forecasts were developed under different policy and growth scenarios at the national level. These forecasts are included in this report.

Historical and forecast data for Idaho and the U.S. are presented in the tables in the middle section of this report. Detail is provided for every year from 1991 to 2008 and for every quarter from 2002 through 2007. The solution of the Idaho Economic Model (IEM) for this forecast begins with the third quarter of 2004.

Descriptions of the Global Insight U.S. Macroeconomic Model and the IEM are provided in the Appendix. Equations of the IEM and variable definitions are listed in the last pages of this publication.

CHANGES

The historical Idaho nonfarm employment data appearing in this forecast was provided by the Idaho Department of Commerce and Labor and seasonally adjusted by the Division of Financial Management. This data consists of final employment estimates through the second quarter of 2004 and preliminary data for the third quarter of 2004. These new historical data show the employment forecasts made in October 2004 for the second and third quarters of 2004 were too low. Specifically, Idaho nonfarm employment was about 1,500 higher in the second quarter of 2004 than had been predicted and about 2,000 higher than had been projected for the third quarter of 2004.

The tables in this forecast also include the U.S. Department of Commerce's Bureau of Economic Analysis (BEA) estimates of Idaho quarterly personal income through the second quarter of 2004. The BEA released its latest Idaho personal income estimates which run through the third quarter of 2004 in late December 2004. These new data will be incorporated into the April 2005 *Idaho Economic Forecast*.

The *Idaho Economic Forecast* is available on the Internet at http://www.state.id.us/dfm/econ_pub.html. Readers with any questions should contact Derek Santos at (208) 334-3900 or at dsantos@dfm.state.id.us.

SUBSCRIPTIONS

You can access the *Idaho Economic Forecast* for free at http://www.state.id.us/dfm/econ_pub.html.

Printed copies of the *Idaho Economic Forecast* may be requested by contacting:

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EXECUTIVE SUMMARY

Idaho nonfarm employment returned to a solid footing in 2004, after experiencing two years of disappointing growth in the previous two years. Over this two-year period, the state added about 4,500 new jobs. To put this in perspective, in 2004 alone Idaho gained over 14,600 jobs. After 2004, Idaho nonfarm employment should grow slightly slower, averaging about 1.7% per year through 2008. This is very close to what had been anticipated in the October 2004 *Idaho Economic Forecast*. In fact, although some of the details for the sectors differ, in 2007 the difference between the current and previous forecasts is just 52 jobs. While the overall Idaho job outlook is virtually unchanged, the prospects for the state's goods-producing sector have improved. There are about 1,000 more goods-producing jobs in 2007 than in the previous forecast. It is interesting to note that while the forecast for Idaho goods-producing employment has been revised up, its national counterpart has reduced. The differences between Idaho personal income forecasts are more noticeable than the employment projections. For example, the Idaho nominal personal income forecast for 2004 is one-half billion dollars (1.3%) lower than in October 2004 and it is \$622 million (1.4%) lower in 2007. Most of this decrease can be traced to the revised Idaho personal income estimates that lowered the starting point for this forecast by 1.2%. While the starting level of the Idaho personal income forecast has changed since October 2004, its rate of growth remains comparable. Specifically, Idaho nominal personal income is expected to grow 5.4% annually from 2003 to 2007, compared with 5.5% per year in the previous forecast. Even after adjusting for inflation, the forecasts for personal income are similar.

The U.S. economy is forecast to make steady progress over the next few years, but fall short of its potential. This can be seen in the output and jobs forecasts. Specifically, real output is expected to average about 3.0% annual growth after 2004. While this is a welcome change from the lackluster growth of 2001 and 2002, it is below the estimated potential GDP growth of 3.5%. The sub-potential growth is also evident in the employment numbers. This year's projected 1.7% increase is the high-water mark for the forecast period. After this year, national nonfarm employment should expand at about 1.0% annually. While any growth is a relief from the job drought of 2001-2003, the forecasted pace of job creation will not be fast enough to absorb all the expanding labor pool. As a result, after falling initially, the U.S. civilian unemployment rate is expected to increase in the latter part of the forecast and fail to return to full employment. It should be obvious oil prices have been a major determinant of the economy's performance over the past year. These huge oil price increases may have subdued the U.S. economic expansion, but they have not stopped it. This is because the U.S. economy is less dependent on oil than in the 1970s and 1980s. One issue that moved to the front burner was the nation's swelling current account deficit. Although it had been ignored for years, this imbalance was noticed when it began to put downward pressure on the U.S. dollar. The major good point is it makes American goods and services more affordable in the global market, and this should help shrink, but not erase, the lopsided global trade picture. The relatively slow job growth should also contain inflation because forthcoming compensation gains should be modest. Indeed, the U.S. civilian unemployment rate is expected to remain above the level at which inflationary fires will be rekindled. Thus, should the economy grow faster than expected, it should be able to do so without igniting rapid inflation.

**IDAHO ECONOMIC FORECAST
EXECUTIVE SUMMARY
JANUARY 2005**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
GDP (BILLIONS)											
Current \$	8,747	9,268	9,817	10,128	10,487	11,004	11,727	12,352	12,948	13,584	14,275
% Ch	5.3%	6.0%	5.9%	3.2%	3.5%	4.9%	6.6%	5.3%	4.8%	4.9%	5.1%
2000 Chain-Weighted	9,067	9,470	9,817	9,891	10,075	10,381	10,837	11,187	11,524	11,884	12,254
% Ch	4.2%	4.4%	3.7%	0.8%	1.9%	3.0%	4.4%	3.2%	3.0%	3.1%	3.1%
PERSONAL INCOME - CURR \$											
Idaho (Millions)	27,287	29,068	31,290	33,091	33,963	34,955	37,019	38,919	41,042	43,139	45,459
% Ch	7.6%	6.5%	7.6%	5.8%	2.6%	2.9%	5.9%	5.1%	5.5%	5.1%	5.4%
Idaho Nonfarm (Millions)	26,371	28,075	30,474	32,095	33,011	34,030	36,116	37,858	39,922	42,020	44,344
% Ch	7.1%	6.5%	8.5%	5.3%	2.9%	3.1%	6.1%	4.8%	5.5%	5.3%	5.5%
U.S. (Billions)	7,423	7,802	8,430	8,724	8,879	9,162	9,638	10,109	10,657	11,209	11,826
% Ch	7.3%	5.1%	8.0%	3.5%	1.8%	3.2%	5.2%	4.9%	5.4%	5.2%	5.5%
PERSONAL INCOME - 2000 \$											
Idaho (Millions)	28,429	29,788	31,289	32,411	32,800	33,128	34,342	35,430	36,788	37,947	39,165
% Ch	6.6%	4.8%	5.0%	3.6%	1.2%	1.0%	3.7%	3.2%	3.8%	3.2%	3.2%
Idaho Nonfarm (Millions)	27,475	28,770	30,473	31,436	31,880	32,251	33,505	34,465	35,784	36,963	38,205
% Ch	6.1%	4.7%	5.9%	3.2%	1.4%	1.2%	3.9%	2.9%	3.8%	3.3%	3.4%
U.S. (Billions)	7,734	7,996	8,429	8,545	8,575	8,683	8,941	9,203	9,552	9,860	10,189
% Ch	6.4%	3.4%	5.4%	1.4%	0.3%	1.3%	3.0%	2.9%	3.8%	3.2%	3.3%
HOUSING STARTS											
Idaho	10,110	10,338	11,518	12,236	13,154	16,322	18,077	17,634	16,252	15,296	13,968
% Ch	14.1%	2.3%	11.4%	6.2%	7.5%	24.1%	10.8%	-2.5%	-7.8%	-5.9%	-8.7%
U.S. (Millions)	1,621	1,647	1,573	1,601	1,710	1,853	1,941	1,832	1,692	1,657	1,629
% Ch	9.9%	1.6%	-4.5%	1.8%	6.8%	8.3%	4.8%	-5.6%	-7.6%	-2.1%	-1.7%
TOTAL NONFARM EMPLOYMENT											
Idaho	520,477	538,102	558,580	568,017	568,006	572,502	587,124	596,683	607,474	618,150	628,093
% Ch	2.6%	3.4%	3.8%	1.7%	0.0%	0.8%	2.6%	1.6%	1.8%	1.8%	1.6%
U.S. (Thousands)	125,924	128,992	131,791	131,837	130,343	129,937	131,295	133,501	135,058	136,200	137,296
% Ch	2.6%	2.4%	2.2%	0.0%	-1.1%	-0.3%	1.0%	1.7%	1.2%	0.8%	0.8%
SELECTED INTEREST RATES											
Federal Funds	5.4%	5.0%	6.2%	3.9%	1.7%	1.1%	1.3%	2.6%	3.4%	3.5%	3.9%
Bank Prime	8.4%	8.0%	9.2%	6.9%	4.7%	4.1%	4.3%	5.6%	6.4%	6.5%	6.9%
Existing Home Mortgage	7.1%	7.3%	8.0%	7.0%	6.5%	5.7%	5.8%	6.2%	6.6%	6.8%	7.3%
INFLATION											
GDP Price Deflator	1.1%	1.4%	2.2%	2.4%	1.7%	1.8%	2.1%	2.0%	1.8%	1.7%	1.9%
Personal Cons Deflator	0.9%	1.7%	2.5%	2.1%	1.4%	1.9%	2.2%	1.9%	1.6%	1.9%	2.1%
Consumer Price Index	1.5%	2.2%	3.4%	2.8%	1.6%	2.3%	2.7%	2.2%	1.3%	1.7%	1.9%

**National Variables Forecast by GLOBAL INSIGHT
Forecast Begins the THIRD Quarter of 2004**

**IDAHO ECONOMIC FORECAST
EXECUTIVE SUMMARY
JANUARY 2005**

	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GDP (BILLIONS)												
Current \$	11,473	11,658	11,804	11,973	12,128	12,286	12,427	12,569	12,721	12,870	13,027	13,174
% Ch	7.4%	6.6%	5.1%	5.9%	5.3%	5.3%	4.6%	4.7%	4.9%	4.8%	5.0%	4.6%
2000 Chain-Weighted	10,698	10,785	10,883	10,981	11,060	11,149	11,230	11,308	11,391	11,480	11,571	11,654
% Ch	4.5%	3.3%	3.7%	3.6%	2.9%	3.3%	2.9%	2.8%	3.0%	3.1%	3.2%	2.9%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	35,992	36,649	37,319	38,116	38,063	38,637	39,253	39,722	40,247	40,800	41,288	41,831
% Ch	4.6%	7.5%	7.5%	8.8%	-0.6%	6.2%	6.5%	4.9%	5.4%	5.6%	4.9%	5.4%
Idaho Nonfarm (Millions)	35,255	35,883	36,255	37,069	37,141	37,630	38,119	38,542	39,086	39,653	40,208	40,740
% Ch	8.5%	7.3%	4.2%	9.3%	0.8%	5.4%	5.3%	4.5%	5.8%	5.9%	5.7%	5.4%
U.S. (Billions)	9,445	9,583	9,655	9,869	9,916	10,049	10,177	10,296	10,448	10,590	10,730	10,858
% Ch	5.0%	6.0%	3.0%	9.2%	1.9%	5.5%	5.2%	4.8%	6.0%	5.6%	5.4%	4.9%
PERSONAL INCOME - 2000 \$												
Idaho (Millions)	33,681	34,034	34,561	35,092	34,857	35,208	35,674	35,983	36,318	36,667	36,925	37,243
% Ch	1.3%	4.3%	6.3%	6.3%	-2.7%	4.1%	5.4%	3.5%	3.8%	3.9%	2.9%	3.5%
Idaho Nonfarm (Millions)	32,992	33,323	33,576	34,128	34,012	34,291	34,643	34,914	35,270	35,635	35,959	36,272
% Ch	5.1%	4.1%	3.1%	6.7%	-1.4%	3.3%	4.2%	3.2%	4.1%	4.2%	3.7%	3.5%
U.S. (Billions)	8,839	8,900	8,941	9,086	9,080	9,157	9,249	9,327	9,428	9,517	9,596	9,667
% Ch	1.7%	2.8%	1.9%	6.6%	-0.3%	3.4%	4.1%	3.4%	4.4%	3.9%	3.4%	3.0%
HOUSING STARTS												
Idaho	16,544	17,595	19,330	18,838	18,156	17,816	17,491	17,071	16,716	16,347	16,107	15,838
% Ch	-27.5%	27.9%	45.7%	-9.8%	-13.7%	-7.3%	-7.1%	-9.3%	-8.1%	-8.5%	-5.7%	-6.5%
U.S. (Millions)	1,943	1,920	1,968	1,932	1,890	1,864	1,814	1,760	1,727	1,696	1,683	1,664
% Ch	-16.8%	-4.7%	10.4%	-7.0%	-8.5%	-5.4%	-10.2%	-11.5%	-7.3%	-7.1%	-3.0%	-4.5%
TOTAL NONFARM EMPLOYMENT												
Idaho	581,386	586,605	588,831	591,673	592,985	595,197	598,010	600,541	603,326	606,026	608,880	611,662
% Ch	4.2%	3.6%	1.5%	1.9%	0.9%	1.5%	1.9%	1.7%	1.9%	1.8%	1.9%	1.8%
U.S. (Thousands)	130,367	131,125	131,521	132,167	132,721	133,314	133,774	134,196	134,529	134,913	135,269	135,521
% Ch	1.1%	2.3%	1.2%	2.0%	1.7%	1.8%	1.4%	1.3%	1.0%	1.1%	1.1%	0.7%
SELECTED INTEREST RATES												
Federal Funds	1.0%	1.0%	1.4%	1.9%	2.2%	2.5%	2.8%	3.0%	3.2%	3.4%	3.5%	3.5%
Bank Prime	4.0%	4.0%	4.4%	4.9%	5.2%	5.5%	5.8%	6.0%	6.2%	6.4%	6.5%	6.5%
Existing Home Mortgage	5.6%	5.7%	5.8%	5.9%	6.1%	6.1%	6.1%	6.3%	6.4%	6.6%	6.6%	6.7%
INFLATION												
GDP Price Deflator	2.8%	3.2%	1.3%	2.0%	2.3%	2.0%	1.7%	1.8%	1.9%	1.6%	1.7%	1.6%
Personal Cons Deflator	3.3%	3.1%	1.1%	2.4%	2.2%	2.0%	1.1%	1.3%	1.6%	1.7%	2.0%	1.8%
Consumer Price Index	3.6%	4.7%	1.9%	3.1%	2.3%	2.0%	0.7%	1.0%	1.3%	1.5%	1.9%	1.6%

**National Variables Forecast by GLOBAL INSIGHT
Forecast Begins the THIRD Quarter of 2004**

NATIONAL FORECAST DESCRIPTION

The Forecast Period is the Third Quarter of 2004 through the Fourth Quarter of 2008

The U.S. economy is forecast to make steady progress over the next few years, but fall short of its potential. This can be seen in the output and jobs forecasts. Specifically, real output is expected to average about 3.0% annual growth after 2004. While this is a welcome change from the lackluster growth of 2001 and 2002, it is below the estimated potential GDP growth of 3.5%. The sub-potential growth is also evident in the employment numbers. This year's projected 1.7% increase is the high-water mark for the forecast period. After this year, national nonfarm employment should expand at about 1.0% annually. While any growth is a relief from the job drought of 2001-2003, the forecasted pace of job creation will not be fast enough to absorb all the expanding labor pool. As a result, after falling initially, the U.S. civilian unemployment rate is expected to increase in the latter part of the forecast and fail to return to full employment.

It should be obvious oil prices have been a major determinant of the economy's performance over the past year. Unfortunately, it has been harder to determine the level of oil prices. A look at Global Insight's oil price predictions illustrates this point. At the beginning of 2004, it was assumed the price of West Texas Intermediate crude would be \$28 per barrel in 2004 and \$26 per barrel in 2005. Several surges later, these price forecasts have been raised to \$42 for 2004 and \$46 for 2005—upward increases of \$14 and \$20 respectively.

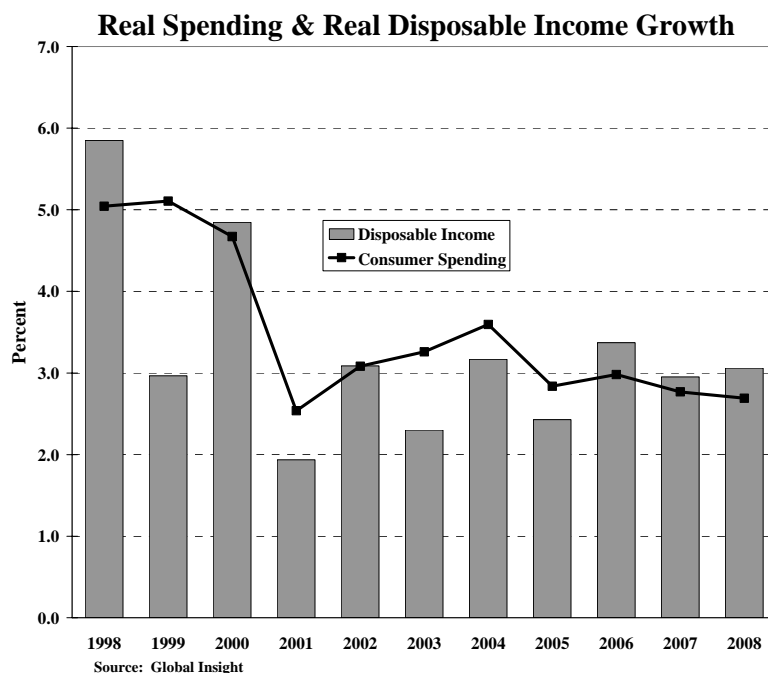
These huge oil price increases may have subdued the U.S. economic expansion, but they have not stopped it. The forecast for real U.S. GDP growth for 2004 has been revised downwards from 4.7% in January 2004 to 4.4% in November 2004. Likewise, real GDP growth in 2005 has been scaled back from 4.0% in the beginning of the year to 3.2% near the end of the year. What is surprising is not how much the output forecasts have been reduced, but how little. Based on historical precedent, the casual observer would conclude oil price increases of the size discussed here would send the U.S. economy into a tailspin. But they have not because the U.S. economy is less dependent on oil than in the 1970s and 1980s.

One issue that moved to the front burner was the nation's swelling current account deficit. Although it had been ignored for years, this imbalance was noticed when it began to put downward pressure on the U.S. dollar. The falling dollar has its good and bad points. The major good point is it makes American goods and services more affordable in the global market, and this should help shrink the lopsided global trade picture. Unfortunately, the dollar's decline alone will not be sufficient to fix the trade imbalance. First, for the last several years many foreign economies have benefited from the strong dollar, which allowed their companies to export themselves to prosperity by selling to the U.S., but doing little to stimulate demand in their own countries. In addition, since China pegs its currency to the U.S. dollar, it has not been affected by recent exchange rate changes. Foreign companies may also be willing to absorb losses from exchange rate fluctuations in order to maintain their market shares. These factors also help explain why inflation remains benign in spite of the falling dollar, which is usually inflationary.

The relatively slow job growth should also contain inflation because forthcoming compensation gains should be modest. Indeed, the U.S. civilian unemployment rate is expected to remain above the level at which inflationary fires will be rekindled. Thus, should the economy grow faster than expected, it should be able to do so without igniting rapid inflation.

SELECTED NATIONAL ECONOMIC INDICATORS

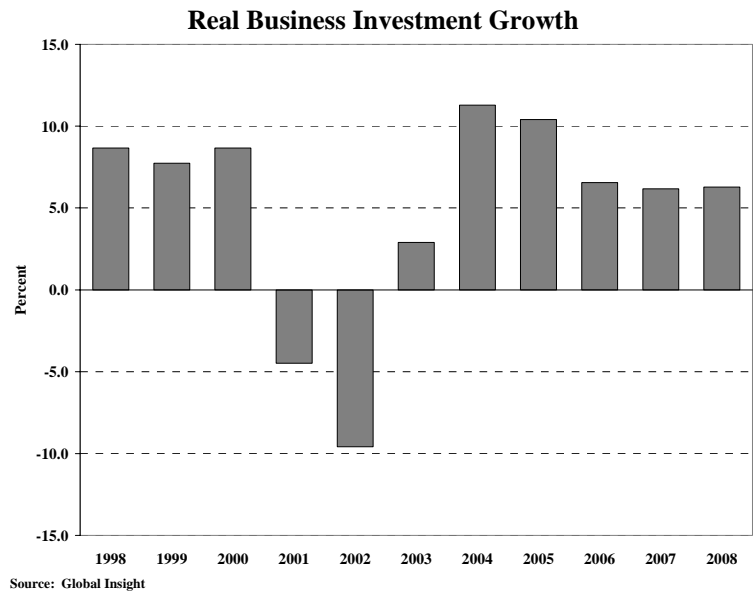
Consumer Spending: The economy's consumer sector is expected to transition from a leading role to a supporting role during the forecast period. This will be a notable change because consumer spending kept the U.S. economy afloat while other sectors foundered. Real consumption spending grew faster than real GDP in every year from 1998 to 2003. A close examination shows consumer spending was an important positive influence that restrained the severity of the last recession. Real consumer spending growth slowed to 2.5% in 2001, but has accelerated in each year since. Several factors account for the strong post-recession spending. They include low interest rates, the strong housing market, and temporary federal tax cuts.



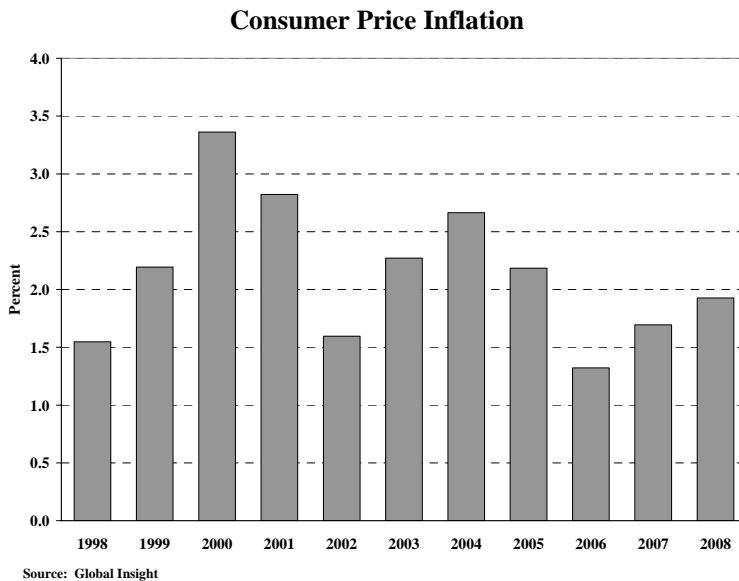
However, in the near term, consumer spending will need to shift to another fuel source because interest rates are expected to rise, the housing market is forecast to cool, and no major income tax cuts are anticipated. Absent these factors, consumer spending will become more dependent on the recovering job market. As a result, real spending is expected to grow more in line with real disposable income over the next few years than it has in the last few years. As the accompanying chart shows, since 1999 real consumer spending has generally grown faster than real personal income. One of the ways consumers financed this shopping spree was to curtail personal savings. The personal savings rate crossed a notable threshold in the third quarter of 2004 by falling to its lowest level since quarterly data were collected since 1947. From 1946 to 1992, the savings rate averaged 8.5% with no discernable trend. It plummeted from 1993 through 1999 before stabilizing near 2% during 2000 through 2002. After that it resumed its fall. Fluctuations in the savings rate can be explained by the wealth effect, interest rates, and credit availability. The decline in savings during the 1990s coincided with rising household net worth as stock markets boomed and home values appreciated. Households spent some of this new wealth, reducing the savings rate. The extension of credit also encouraged spending by low-income households. When the stock market collapsed in 2000-02, people were expected to save more of their incomes to rebuild depleted financial assets. Instead, declining interest rates sparked a wave of mortgage refinancing in which homeowners liquidated some of their home equity gains. In some cases, savings from lower mortgage payments provided another funding source for spending. The U.S. personal savings rate is currently at 0.4% of disposable income. The savings rate is expected to post a gradual recovery over the forecast period, but will not reach its pre-2001 level. The low savings rate is a concern because it could hamper long-term economic growth. Lower personal savings reduces the supply of funds available for capital formation. This pushes up long-term interest rates, which raises the cost of borrowing. The higher borrowing costs lower capital investment, and this limits potential long-term GDP growth. Real consumer spending is expected to increase 3.6% in 2004, 2.8% in 2005, 3.0% in 2006, 2.8% in 2007, and 2.7% in 2008. In comparison, real disposable income should rise 3.2% in 2004, 2.4% in 2005, 3.4% in 2006, 3.0% in 2007, and 3.1% in 2008.

Business Investment: Business investment has witnessed an interesting turnaround lately. Usually, spending on high-tech items grows faster than investment in low-tech items. But this has been reversed. Spending on high-tech items has grown slower than the investment on low-tech items.

Specifically, spending on equipment and software posted double-digit annualized growth for the fifth time in six quarters during the third quarter of 2004. And for the second quarter in a row, the low-tech categories outperformed the high-tech ones. Excluding equipment and software, nominal spending jumped 27% in the third quarter. Overall, nominal spending on equipment and software grew 13.2%. It was kept down by weak spending on equipment that rose a meager 1.6%. Several explanations have been offered for the abrupt slowdown in high-tech equipment spending. One theory is high-tech recovered much earlier than other equipment categories, so its go-go years have passed. The Wall Street Journal



suggested the surge in high-tech equipment spending came from companies catching-up on delayed upgrades. Now that these companies are caught up, spending is slowing. This forecast assumes the recent slowdown was merely a hiccup, and that spending should rebound beginning with the fourth quarter of 2004. Another interesting change in the equipment category is computer prices are not falling as quickly as they once did. This raises two important questions. First, why have computer price declines slowed? Second, how will this change impact productivity growth? To answer the first question, the rate of technological change appeared to move at light speed during the 1990s. However, in recent years, perhaps because the profits from innovation are now understood to be smaller than once thought, the rate of innovation has slowed. As a result, price reductions have decelerated. The short answer to the second question is productivity will slow. Over the past 50 years productivity growth averaged 2.2% per year. Over the past four years, it has averaged nearly 4% annual growth. Over the forecast period, productivity will slow to about 2.5% per year. This slowdown is partially the result of the slower investment in equipment.

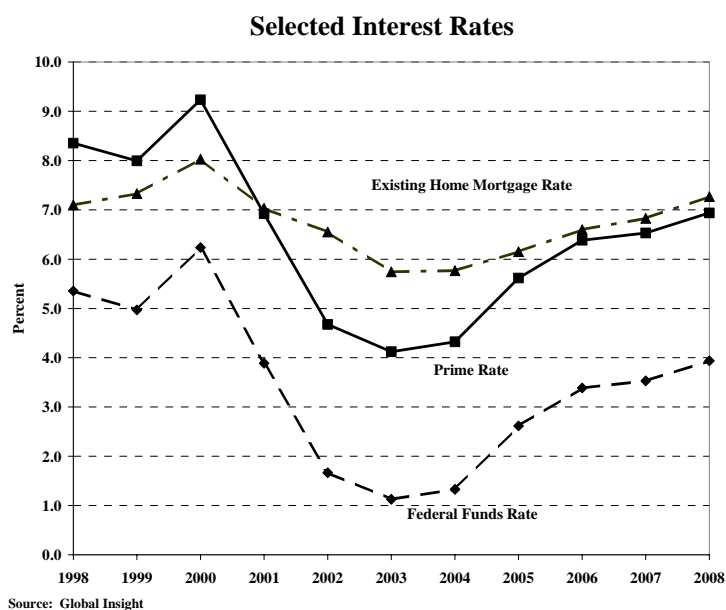


Inflation: Inflation is expected to remain benign over the forecast period. Despite being assailed by surging oil prices and the falling dollar, overall consumer price inflation remained under 3.0% in 2004. In the fall of 2004 oil prices topped \$50 per barrel, which pushed the energy commodities component of the consumer price index (CPI) to rise by over 18% in 2004. However, little of this spilled over into the overall CPI, which advanced 2.7% in 2004. While this is the highest inflation in four years, it does not come close to matching the inflation experienced during the 1970s. For example, in 1979 the energy component of CPI soared by 34% and the over CPI jumped 11%. Interestingly, the energy component of CPI grew slower in

1990 than in 2004, yet overall inflation was 2.7% in 2004 compared to 5.4% in 1990. Energy prices have less of an impact on overall inflation than in the past because the U.S. economy is more energy

efficient then it was in the past. Part of this is the result of technological changes and some of it reflects structural changes in the economy. The U.S. economy continues to move from a goods-producing economy to a services-producing economy. The latter simply uses less energy per unit of output than the former. Another potential source of inflation is the falling dollar. As the dollar value falls, it makes imported goods relatively more expensive for Americans to purchase imported goods. So far, the dollar's fall does not seem to be boosting inflation. There are a couple of explanations why inflation remains well behaved while the dollar falls. First, for most exporting nations, the U.S. market is too important to abandon. By raising prices, they risk losing their hard-won share of the U.S. market. Instead, they have resisted raising prices and absorbed losses caused by the falling dollar in order to remain competitive in the world's most lucrative market. Second, China is a major exporter of consumer goods into the U.S. market. Chinese goods are largely insulated from changes in the dollar's value because the Chinese currency is pegged to the dollar. In essence, the exchange rate between the countries' currencies remains constant, so there is no need for Chinese companies to change their prices. Over time, oil prices and exchange rates should be less of a threat to inflation. Oil prices began moving down in the winter of 2004 and the dollar is expected to gradually decline. Under these conditions, the primary determinant of inflation is employment costs. These costs are largely dictated by labor market conditions. The anticipation of slow job growth suggests employee compensation, and thus, employment costs will rise slowly. The forecast calls for wages and salaries to advance just over 3% per year and benefit costs to increase between 4% and 5%. The major wild card in the benefits forecast is health insurance costs. According to the forecast, this important component of total employee compensation should grow slower over the forecast period. However, history has shown this component is capable of escalating quickly. Consumer price inflation is forecast to rise 2.2% in 2005, 1.3% in 2006, 1.7% in 2007, and 1.9% in 2008.

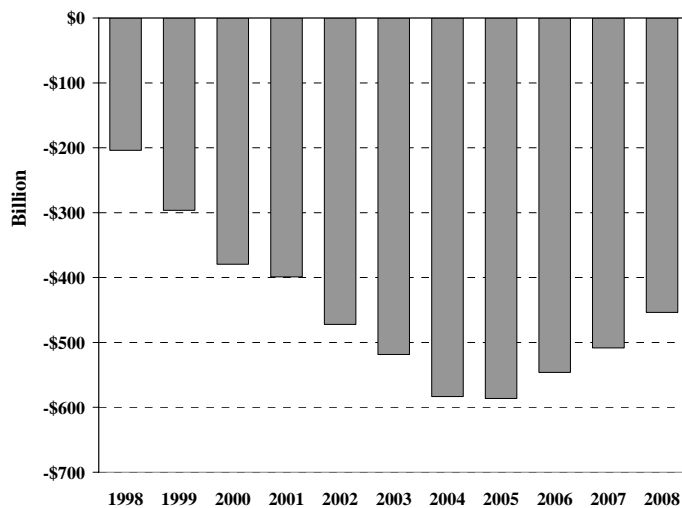
Financial: The Federal Reserve continues its plan to raise interest rates to a more normal level. The central bank's most recent step came on December 14, 2004, when it raised its federal funds rate by 25 basis points for the fifth time since May 2004. As a result, the bellwether federal funds rate was 2.25% at the end of 2004. The December 2004 move was the most difficult change of the string of increases to predict. This is because Federal Reserve statements made after recent increases have hinted the bank would delay further increases if it felt the economy was in danger of stalling. In addition, some bank officials have voiced concerns about the economy's fortitude and its vulnerability to high oil prices. These were also concerns before the Federal Reserve raised its short-term funds rate in November 2004. But signs the economy remained on solid footing were evident back then, and this helped convince the central bank to continue raising interest rates. Two key factors influencing this move were the increase of over 300,000 nonfarm jobs in October 2004 and falling oil prices. The Federal Reserve usually increases interest rates to cool the economy in order to keep inflation under control. However, the Federal Reserve's recent increases are hard to tie to inflation because prices have been relatively well behaved. Instead, it seems to be moving to a more normal level of interest rates. A bit of history explains the Federal Reserve's recent action. At the end of 2000, the federal funds rate was 6.5%. However, fears of the economy's health caused the central bank to lower interest rates in order to keep the economy moving forward. The federal funds



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rate fell to its nadir of 1.0% in June 2003 and remained at that level for about a year. This caused the real interest rate (federal funds rate less inflation) to become negative, which boosted the weak economy. The economy has grown since then and is better able to stand on its own, so the need for policy driven stimulation is unnecessary. In addition, with the federal funds rate at 1.0%, the U.S. central bank was at risk of losing one of its most important policy tools because it cannot lower rates below 0%. With the federal funds rate 2.25%, the central bank has expanded its options. At 2.25%, the federal funds rate is at a level where the real interest rate is near zero, so the Federal Reserve can stretch out its interest rate increases. The Federal Reserve will not remain neutral, but it is expected to raise the federal funds rate gradually to 4.25% by the end of 2008. Interestingly, the Federal Reserve has done little to prop up the dollar. Theoretically, the Federal Reserve could raise rates in order to increase the attractiveness of holding dollar-denominated assets, which would boost the demand for dollars, which would raise its value versus other currencies. But the gradual interest rate increases suggest the Federal Reserve's attention will remain focused on the economy and inflation.

Real U.S. Trade Deficit



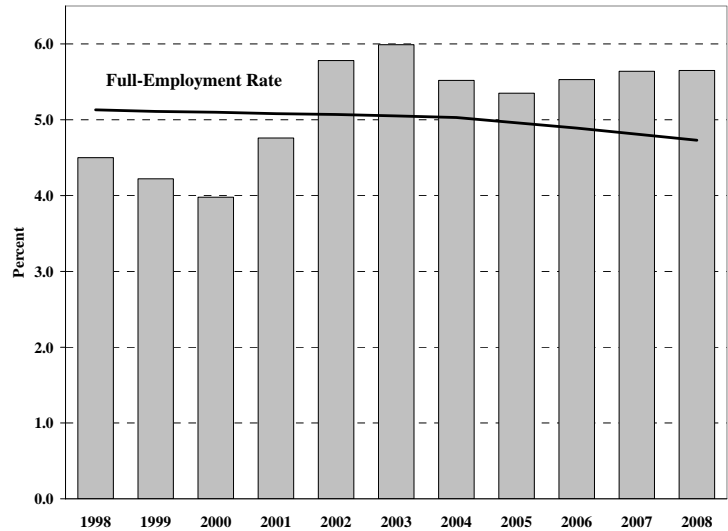
Source: Global Insight

International: Recently, doubts about the current strength of world economic growth have moved to center stage. In addition, record-breaking oil prices raised uncertainty about whether above-trend economic growth rates can be extended through 2005. While surging oil prices represent a temporary headwind to global economic growth, their negative impacts will be limited by the global economy's reduced oil intensity compared with the 1970s and 1980s. The reduced inflationary impact of oil prices provides central banks with more maneuvering room than in the previous oil crises. As a result, the world economy's recent setbacks are temporary and growth should remain strong enough for the

current cyclical recovery to continue. North America and Asia/Pacific, which have led the way with strong rebounds since the end of the Iraq crises, should maintain their leads through the first half of 2005, and the economies of either region should continue to benefit from higher global trade volumes and improving terms of trade. Another important factor is the U.S. dollar's recent slide. The drop in the greenback should make American products less expensive relative to their foreign competitors, which, in turn, should boost U.S. exports. After dropping by 7.8% in 2004 alone, the dollar is expected to decline gradually over the forecast period, so it is 8.3% lower in 2008 compared to 2004. Eventually, this should help shrink, but not erase, the nation's enormous trade imbalance. Other factors will work to keep the U.S. trade balance lopsided. First, some trade partners who are quick to criticize the U.S. trade deficit are the very ones who have benefited the most from it. In recent years, the U.S. has carried global economic growth. Foreign countries facing lackluster demand at home have attempted to export themselves to prosperity by selling to the U.S. Second, the worldwide excess of manufacturing capacity will cause foreign competitors to think twice about raising prices that would threaten their U.S. market share. Third, China, one of the nation's largest trading partners, pegs its currency to the dollar, so anticipated declines will have little impact on its imports into the U.S. or how much it purchase from the U.S. Fourth, exporting countries benefit from a strong dollar, and are likely to intervene to keep it from going into a freefall. It is estimated U.S. real net exports was \$583.3 billion in 2004, which is 12.5% higher than the previous year. It is expected to rise just slightly to \$586.2 billion in 2005 and shrink in the remaining years of the forecast.

Employment: National nonfarm employment grew in 2004 after a three-year hiatus. From 2000 to 2003, the U.S. economy shed over 1.8 million jobs. Unfortunately, the nation's manufacturing sectoring took an even bigger hit by losing nearly 2.8 million jobs over this same period. It has been estimated another 150,000 manufacturing jobs were lost in 2004. Despite the manufacturing sector's losses, overall nonfarm employment managed to expand a modest 1.0% in 2004. This long-awaited gain results from an unusual monthly job-growth pattern. Instead of growing steadily, employment growth in 2004 has displayed a pattern that consists of a string of disappointing months followed by months of outstanding job growth. For example, after strong month-to-month gains in March, April, and May, there was unspectacular nonfarm employment growth through most of the summer. This was followed by a strong October, when over 300,00 jobs were added. November brought an additional 112,000 jobs. During the first 11 months of 2004 an average of over 185,000 jobs per month have been added to the U.S. economy. The next year promises to be even better, with a projected 1.7% increase over 2004. It should also be pointed out U.S. nonfarm employment should top its 2001 peak in 2005. The return to job expansion is especially well timed. Up until recently, overall economic growth has been policy driven. An accommodative monetary policy and a generous fiscal policy kept the economy moving ahead. Job growth has to return as an important growth engine just as policies are becoming less generous. Nonfarm employment is expected to grow slower after 2005, averaging about 1% per year. The non-manufacturing component will enjoy most of the growth over this period. Manufacturing employment is anticipated to post meager gains in 2005 and 2006, but these increases will not come close to replacing the jobs lost by this beleaguered sector since 2000. From 2005 to 2008, about 105,000 nonfarm jobs should be added per month. At that pace, the job market will not grow fast enough to keep up with the expanding labor force. This can be seen in the unemployment data. After peaking at 6% in 2003, the U.S. civilian unemployment rate improved to 5.5% in 2004 and should move down to 5.4% in 2005. However, it is expected to gradually rise thereafter, reaching 5.7% in 2008.

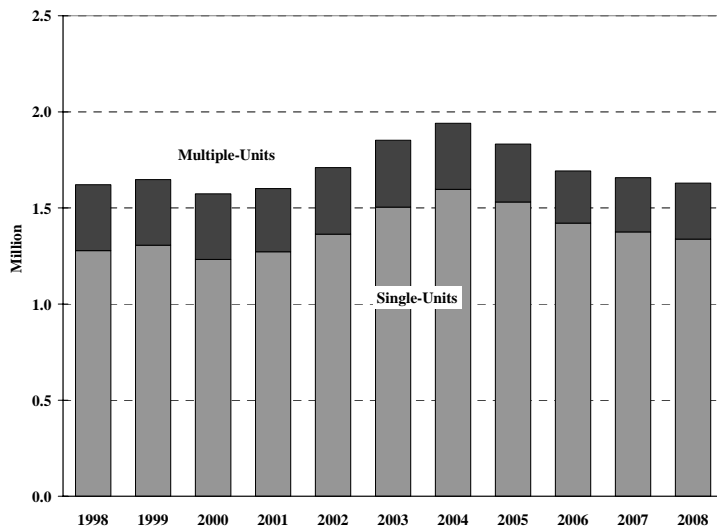
U.S. Civilian Unemployment Rate



Source: Global Insight

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U.S. Housing Starts



Source: Global Insight

Housing: The nation's housing industry is expected to gradually slow after enjoying a banner year in 2004. The housing sector has been a pleasant surprise during the recovery. Economists have more than once issued warnings of the housing sector's imminent retreat only to see it set new records. This can be seen in both the housing starts and housing sales data. After falling to 1.57 million units in 2000, the number of housing starts has increased in every year thereafter. In 2003, housing starts topped 1.8 million units for the first time since 1986. This milestone will be passed in 2004, when housing starts should grow

comfortably above 1.9 million units—its strongest showing since 1978. The performance of housing sales has been even more impressive. Fueled by low mortgage interest rates, sales of existing homes rose from five million units in 1998 to over six million units in 2003. Given the major role low interest rates have played in bolstering the housing sector, there has been growing concern that recent interest rate hikes may cause a step decline in this sector. However, this forecast assumes a more gradual decline for this sector, partially because mortgage interest rates are expected to rise only slowly. Specifically, the rate for existing-home mortgages is expected to rise from 5.7% in 2003 to 7.3% in 2008. While the latter rate is high compared to recent years, it is much lower than the 8% rate that prevailed in 2000. There should be a minor fallout from rising rates. National housing starts are forecast to decline from 1.9 million units in 2004 to 1.6 million units in 2008. The number of existing homes sold will fall by about one million during the forecast period, from 6.6 million units to 5.6 million units.

IDAHO FORECAST DESCRIPTION

The Forecast Period is the Third Quarter of 2004 through the Fourth Quarter of 2008

The current Idaho economic outlook is very similar to the forecast published in October 2004. Indeed, a comparison between the two forecasts is more accurately described as minor tune-up than a major overhaul. Most of the changes are minor because changes to the national forecast upon which they are based have been relatively small. Other changes reflect revisions to historical data. In most cases these revisions were relatively minor, except for the personal income data. In general, the revisions lowered the starting point for the Idaho personal income forecast. This is discussed in detail below.

Idaho nonfarm employment returned to a solid footing in 2004, after experiencing two years of disappointing growth in the previous two years. Over this two-year period, the state added about 4,500 new jobs. To put this in perspective, in 2004 alone Idaho gained over 14,600 jobs. The state's 2004 job recovery was not unexpected. In the October 2004 *Idaho Economic Forecast*, Idaho nonfarm payrolls were expected to expand about 13,500 in 2004. The difference between these two employment forecasts for 2004 is a miniscule 0.2%.

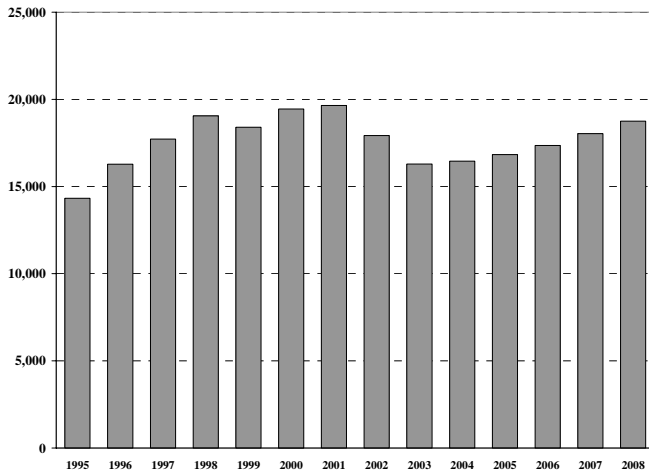
After 2004, Idaho nonfarm employment should grow slightly slower, averaging about 1.7% per year through 2008. Again, this is very close to what had been anticipated in the October 2004 *Idaho Economic Forecast*. In fact, although some of the details for the sectors differ, in 2007 the difference between the current and previous forecasts is just 52 jobs. (A comparison for 2008 was not possible because the previous forecast terminated in 2007.)

While the overall Idaho job outlook is virtually unchanged, the prospects for the state's goods-producing sector have improved. Employment is about 1.0% higher in 2005, 2006, and 2007, so there are about 1,000 more goods-producing jobs in 2007 than in the previous forecast. One of the reasons for this improvement is the forecast for Idaho manufacturing has been revised upwards. This partly reflects the revised historical data that show previous employment forecasts for this sector were too low. Specifically, it appears there were nearly 400 more goods-producing jobs in the second quarter of last year than had been forecast in October 2004. It is interesting to note that while the forecast for Idaho goods-producing employment has been revised up, its national counterpart has reduced. In 2007, the gain in Idaho goods-producing jobs is offset by a decline in forecasted nongoods-producing jobs. However, given the huge size of the nongoods-producing sector, the decline has a relatively minor percentage.

The differences between Idaho personal income forecasts are more noticeable than the employment projections. For example, the Idaho nominal personal income forecast for 2004 is one-half billion dollars (1.3%) lower than in October 2004 and it is \$622 million (1.4%) lower in 2007. Most of this decrease can be traced to the revised Idaho personal income estimates that lowered the starting point for this forecast by 1.2%. While the starting level of the Idaho personal income forecast has changed since October 2004, its rate of growth remains comparable. Specifically, Idaho nominal personal income is expected to grow 5.4% annually from 2003 to 2007. This measure was forecast to advance 5.5% per year in the previous forecast. Even after adjusting for inflation, the forecasts for personal income are similar. Idaho real personal income is expected to advance 3.5% annually in the current forecast, which is the same as in the October 2004 forecast.

SELECTED IDAHO ECONOMIC INDICATORS

Idaho Computer & Electronic Products Employment

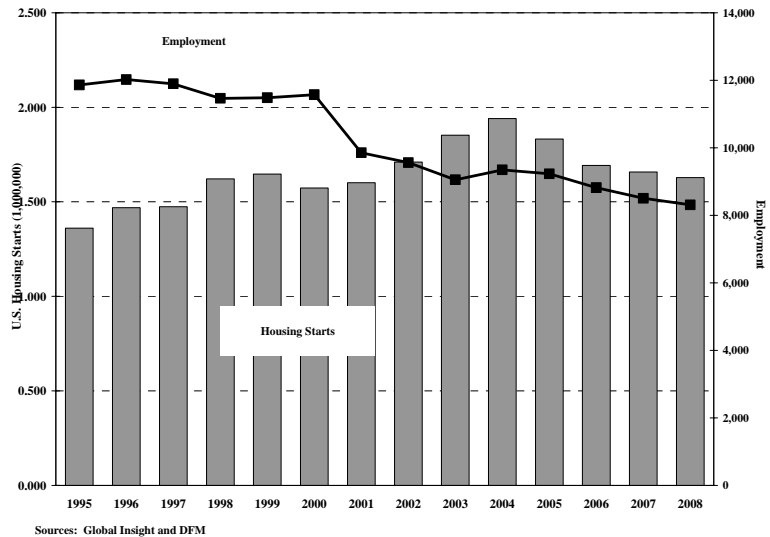


Computer and Electronics: Idaho's largest manufacturing sector, computers and electronics, continues to recover from one of them most severe downturns in the global electronics industry. Gem State manufacturers have navigated these industry doldrums before, but the most recent downturn has had the most negative impact on Idaho companies since the 1980s. The state's computer and electronics manufacturing sector shed jobs for the 11 quarters beginning with the second quarter of 2001. When the dust settled at the end of 2003, nearly 4,700 high-tech jobs had been lost. The companies losing employees is a who's who of the state's high-tech manufacturers. In 2001, Jabil Circuit, MicronPC.com, SCP Global Technologies, Micron MCMS, AMI, and Hewlett-Packard

reduced their staffs. As a result, this sector's employment growth slowed from 5.7% in 2000 to 1.0% in 2001. The Gem State's computer and electronics sector suffered another round of layoffs in 2002, which caused employment to decline 8.8% in that year. Much of the blame for this decline can be attributed to the fallout from the bursting high-tech bubble. Fueled by the demands of the Telecommunications Act of 1996, concerns over Y2K, and the popularity of the Internet, real investment in computer equipment advanced by at least 40% each year from 1995 through 1999. The output of U.S. computer and electronic equipment producers averaged over 31% annual growth during the second half of the 1990s. Unfortunately, real business investment retreated in 2001 and 2002. The computer and electronics sector suffered another blow in the winter of 2003 when Micron laid off over 1,000 employees in Idaho. This move was part of the company's plan to reduce costs in response to the glut of memory products that caused their prices to plummet. For example, Semico Research Corporation reported the price of 256 MB DRAM (Dynamic Random Access Memory) fell from \$7.40 in the first quarter of 2002 to around \$5.00 in the first quarter of 2003. The company's fortunes have improved since then, however. Micron posted net income of \$157 million for its fiscal year 2004, which is a noticeable improvement from the nearly \$1.3 billion loss for the previous fiscal year. In addition, Micron started its current fiscal year with another profitable quarter. Micron recently announced its payroll is back to its pre-layoff level. Idaho's computer and electronics sector's employment began growing again in the first quarter of 2004. This should be the first in a series of quarterly employment gains. This positive employment outlook reflects the impact of the anticipated business investment recovery. Real spending on information processing equipment by businesses is projected to grow 15.6% in 2004, 11.3% in 2005, 11.1% in 2006, 10.2% in 2007, and 10.2% in 2008. While the growth over the next few years is not up to par with previous years, it should be enough to keep this sector's employment growing through 2008. Specifically, Idaho's computer and electronics sector employment should rise 1.0% in 2004, 2.3% in 2005, 3.1% in 2006, 3.9% in 2007, and 4.0% in 2008.

Logging and Wood Products: Idaho's logging and wood products sector posted a small employment gain in 2004—its first increase in four years. Unfortunately, this is not the first step in a return to prosperity, but rather it is a respite from the employment slide of recent years. After 2004, Idaho wood and lumber products employment is expected to decline once again. This sector has been shedding jobs in recent years. Employment in the lumber and wood products sector most recently peaked in 1996 and, except for two minor gains in 1999 and 2000, had been falling until 2004. During this period Idaho's lumber and wood products sector has suffered serious blows. The worst year was 2001,

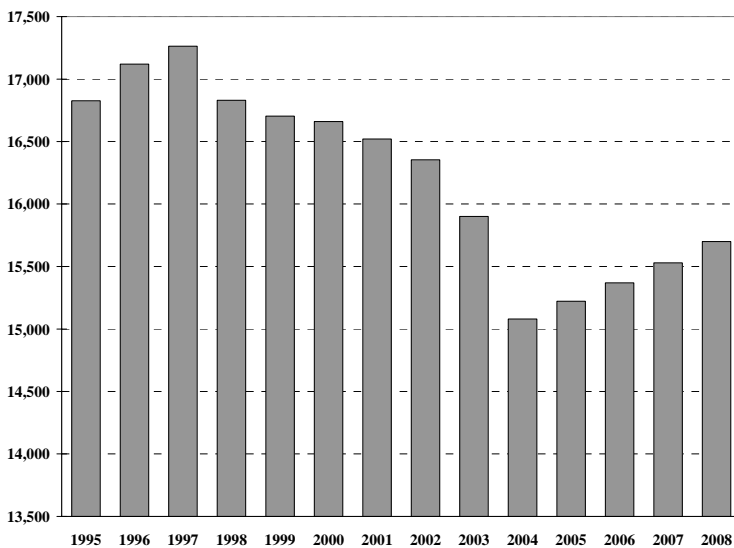
Idaho Logging & Wood Products Employment and U.S. Housing Starts



when employment declined a whopping 14.9%. Employment fell by another 3.0% in 2002 and 5.3% in 2003. The closing of several mills over this period caused a portion of these declines. Approximately 125 jobs were lost when Boise Cascade shuttered its Cascade, Idaho mill in 2001. About 250 jobs were lost in 2002 when the company's Emmett, Idaho mill closed. Potlatch ceased operations at its Jaype Mill near Pierce, a move that cost about 215 jobs. Louisiana-Pacific closed its Bonners Ferry mill, putting about 140 people out of work. One of the reasons these mill closures are distressing is because their job losses are permanent. Unlike cyclical layoffs, where employees are recalled when business conditions improve, workers from closed mills have no place to return to work. It should also be pointed out that these tend to be high-paying jobs and the mill is often a community's major employer. As a result, the fallout from a mill closure is felt not just inside the mill's gate, but also throughout the community. One of the most frustrating part of these setbacks is they took place when the U.S. housing industry was booming. This sector has traditionally prospered when the U.S. housing industry is healthy, but that has not been the case recently. The number of U.S. housing starts has increased in every year since 2000, and nearly 1.9 million starts are expected in 2004—its strongest showing since 1978—yet Idaho lumber and wood products employment declined until 2004. Last year's employment increase suggests the Gem State's logging and wood products sector may have finally benefited from the strong demand for housing. Another factor contributing to last year's gain is the U.S. dollars decline against the Canadian dollar. This improved the competitiveness of U.S. lumber and wood products versus Canadian forest products. Unfortunately, U.S. housing starts are expected to recede from their 2004 peak, so lumber and wood products demand is expected to ebb. As a result, this sector's fortunes will be dominated by supply factors. This does not bode well for the Gem State's lumber and wood products sector because supply factors have not been favorable to this sector for some time. This sector depends on timber from public lands, but this supply has been dwindling. A look at the last decade's harvests shows how steep the decline has been. According to the U.S. Department of Agriculture, 739 million board feet (mbf) were harvested in Idaho in 1991, or about 41% of the state total. In comparison, federal lands in Idaho yielded just 102 mbf a decade later, which was less than 10% of the total harvest. The uncertainty of supply from federal forest is just one cloud on this sector's forecast horizon. Another concern is the current manufacturing over capacity. Strong markets in the 1990s led to heavy capital investment in this sector. As a result, it is estimated the industry can produce 20% to 25% more lumber than is being consumed in North America and Canada. In addition, unresolved fair trade issues between the U.S. and Canada are another source of uncertainty.

Idaho logging and wood products employment is expected to rise 3.2% in 2004, decline 1.2% in 2005, 4.5% in 2006, 3.5% in 2007, and 2.3% in 2008.

Idaho Food Processing Employment

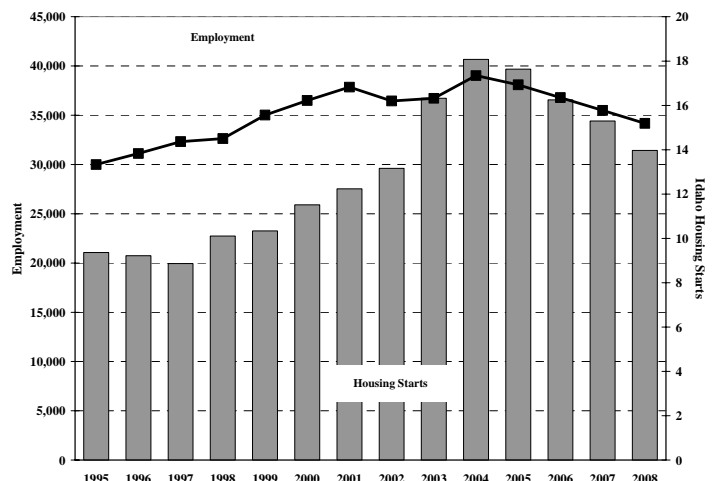


Food Processing: Employment in the Gem State’s food processing sector is poised to expand beginning this year. This should mark the end to the long stretch of job declines that began in 1999. During this period, several iconic manufacturing facilities were shuttered. Nearly 360 jobs were lost when unfavorable business conditions caused J.R. Simplot Company to also close its Nampa meat packing plant in the fall of 2003. In addition, J.R. Simplot Company recently shuttered its Heyburn potato processing plant. The plant was built in 1960 and had run continuously since that time. However, the former processing site will be the home of new jobs. J.R. Simplot Company gifted the

entire property of its Heyburn plant to the City of Burley. One company has already announced plans to move into the industrial park. The opening of the new Gossner plant will require over 100 construction workers, and the plant will create over 40 jobs when it becomes operational in October 2005. This new plant is symbolic of the growing presence of dairy industry in the state. According to the USDA, the size of Idaho’s dairy herd has nearly doubled from 208,000 cows in 1994 to 404,000 cows in 2003. Over this same period, milk production more than doubled from 3.8 billion gallons to 8.8 billion gallons because of the increased output per cow. The amount of milk sold to plants also more than doubled during this time. Milk cash receipts grew from a little under one-half billion dollars in 1994 to over one billion dollars in 2003. Unfortunately, the Gem State’s food processing sector’s long-awaited employment gains have not offset the losses it has experienced in recent years. This sector’s employment last peaked at 17,263 in 1997. After experiencing a 5.2% loss in 2004, Idaho food processing employment is projected to rise 0.9% in 2005, and about 1.0% annually in 2006, 2007, and 2008. In the last year, employment should be 15,699, which is about 1,600 below its 1997 peak.

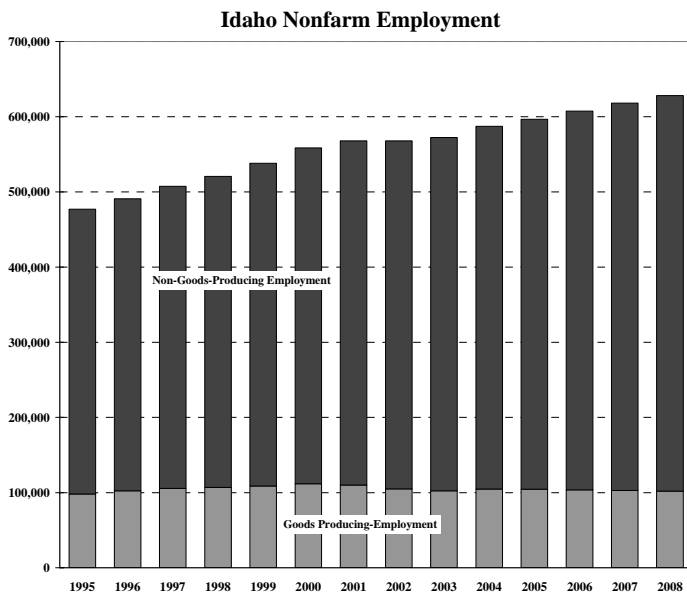
Construction: Idaho’s construction sector broadcast mixed signals in the middle of last year, with Idaho housing starts performing above expectations and construction employment falling below projections. Idaho housing starts are covered first. Estimates based on data that has become available since the October 2004 *Forecast* was produced show there were 376 more housing starts in the second quarter of 2004 than had been forecast in the fall. These data also show the third quarter was much stronger than had been anticipated in the October 2004 *Forecast*. At that time, Idaho housing starts had peaked in the second quarter of 2004, and would slowly

Idaho Construction Employment & Housing Starts



decline over the forecast period. The current data show housing starts rose steeply in the third quarter of 2004 instead of declining, with both single- and multiple-units showing significant increases. Idaho single-unit starts swelled to over 16,300 in the third quarter of 2004, which were nearly 1,800 more than had been previously forecast. There were nearly 750 more multiple-units starts than had been previously projected. Despite the higher housing starts, Idaho construction employment was actually lower than in the previous forecast. Specifically, it had been predicted in the October 2004 *Forecast* that construction employment would increase at a 11.7% annual rate to 39,980 in the second quarter of 2004. The current employment data show the number of construction jobs did increase, but to only 39,368. In the third quarter of 2004, there were 538 fewer jobs than had been previously forecasted. The new data have changed some of the details of the Idaho housing and construction projections, but their general outlooks remain unchanged from the previous forecast. For example, it was previously forecast that Idaho housing starts had peaked in the second quarter of 2004 and then would slowly decline thereafter. The current Idaho housing forecast calls for starts to peak in the third quarter of last year, then decline slowly over the forecast horizon. The reasons for the declines are the same for both forecasts. Eventually housing starts will succumb to rising mortgage rates and slower population growth. While these factors may cause the construction sector to sputter, this important engine of economic growth is not expected to collapse. Over the forecast period total Idaho housing starts are expected to fall from 18,077 in 2004 to 13,968 in 2008. Thus, while Idaho housing starts represent a decline from high levels of activity, they remain high by historical standards. Likewise, the Idaho construction employment declines from 39,031 in 2004 to 34,181 in 2008 represents a comfortable margin above its historical average.

Nongoods-Producing Industries: The importance of the state’s nongoods-producing sector cannot be overstated. Like its national counterpart, the nongoods-producing sector accounts for the lion’s share of nonfarm Idaho jobs and is expected to be the state’s top job producer over the forecast period. Nongoods-producing employment accounts for eight of every ten nonfarm jobs in Idaho. The two largest nongoods employers are services and trade, representing three-fourths of nongoods-producing employment, or over 60% of Idaho total nonfarm employment. The services category is the larger of the two categories. The three largest services components are: professional and business services;



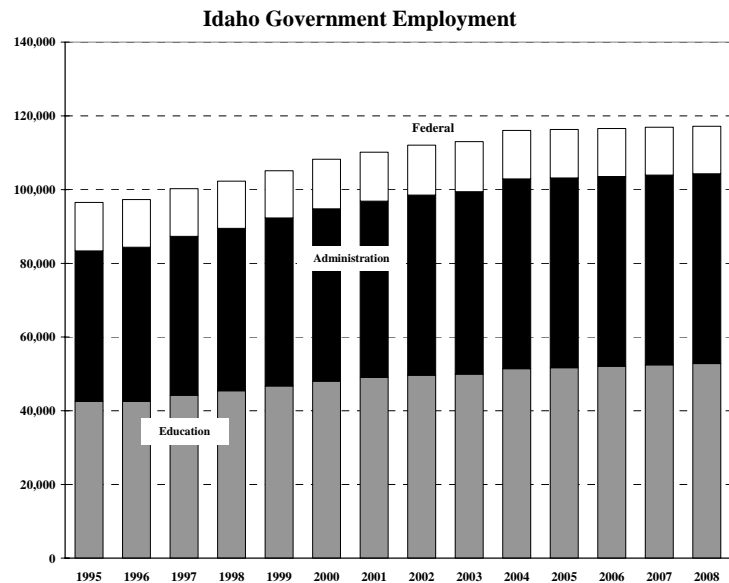
education and health services; and leisure and hospitality services. The next largest group consists of financial services; transportation, warehousing, and utilities; and other services. The smallest sector is information services. The trade sector consists of its retail and wholesale components. The retail component accounted for over 73,000 jobs in 2004 and is roughly three times the size of the wholesale component. The nongoods-producing sector usually leads overall job growth, and this decade is no exception. For example, the number of nongoods jobs expanded at a 1.9% annual pace from 2000 through 2004, while Idaho total nonfarm employment grew 1.3% per year.

The services component has risen faster in recent years than the trade component. While Idaho services employment has increased in every year since 2000 through 2004, trade employment expanded only in 2004. Professional and business services

should be one of strongest performers during the next few years. After experiencing a relatively anemic showing in 2003, professional and business services employment should expand an average of 3.9% per year through 2008. Education and health services employment should benefit from increased demand for health services caused by the aging population. Education and health services should grow 3.1% annually. Leisure and hospitality services employment is forecast to increase an average of 2.8% annually. Financial services employment growth is projected to average 2.4%, while transportation, warehousing, and utilities are expected to average 1.2% growth. Other services should advance 1.6% yearly. Idaho’s high-quality labor force should continue to attract call centers, with the number of information services jobs growing 3.6% annually. Retail trade should average 2.1% growth over the forecast period, while wholesale trade advances at a 2.0% yearly pace.

Government: Idaho’s state and local government sector is forecast to experience tepid employment growth over the next few years. Specifically, after a 3.5% jump in 2004, the number of jobs will advance by less than 0.5% annually in the remaining years of the forecast. This is a marked change from the 1990s when state and local employment combined averaged more than 3% growth per year. This job spurt resulted from the state’s population boom in the 1990s. Idaho’s population grew over 27%, or an average of about 2.5% per year from 1990 to 2000. In comparison, the U.S. economy grew about half as fast during that decade.

Idaho owes a great deal of this population growth to migration. The Gem State was relatively unscathed by the 1990-91 recession, which made it an attractive oasis in an economic desert. It was particularly attractive to Californians seeking to escape the ravages of one of the Golden State’s most devastating downturns. Not only was California reeling from the 1990-91 recession, but it was also suffering the impacts of defense industry consolidations and military base closures. New arrivals poured into Idaho at such a pace that in the early 1990s net migration was higher than the number of births. The state’s rapid population increase strained all levels of government. This put governments in catch-up mode for a good portion of the 1990s. As a result, Idaho state and local government employment growth averaged 3.0% from 1991 to 2000. As the U.S. economy boomed in the late 1990s, net migration into the Gem State tapered off. By the end of that decade net migration dipped below 13,000—which was less than its peak of 27,168 in 1993. It is expected to decline steadily over the forecast period, dropping well below 8,000 in 2008. Idaho’s total population is forecast to grow about 1.5% per year. As Idaho’s population growth slows, so will its state and local government employment. As was mentioned above, beginning with 2005 state and local employment should expand by less than 0.5% per year. Virtually all the growth will take place in the education-related component of government, with the noneducation component remaining essentially flat. It should be noted that the huge increase in Idaho non-education related employment in 2004 results from a data revision, so it should be used with caution. On an annual basis, Idaho noneducation related employment should advance 4.1% in 2004, but remain flat for 2005 to 2008. In comparison, the state’s education employment is projected to increase just less than 1.0% per year. The federal government component is a relatively small part of Idaho employment. It accounted for 13,620 jobs in 2003, which is much less



than the nearly 100,000 state and local government jobs in Idaho. Unlike state and local employment, the number of federal jobs in Idaho is set by factors beyond its borders. Federal budget writers in Washington, D.C. mainly determine federal employment in Idaho. The return of federal deficits does not bode well for Idaho federal government employment. Federal government employment in Idaho is expected to shrink slowly over the next few years, going from 13,133 in 2004 to 12,906 in 2008.

FORECASTS COMPARISON

Idaho has a dynamic economy whose growth is influenced by a myriad of local, national, and international factors. Therefore, changes to the projected values of such diverse variables as oil prices, interest rates, and national housing starts can have an effect at the state level. In order to account for the effects of such changes on the state's economy, each issue of the *Idaho Economic Forecast* uses Global Insight's most recent forecast of the U.S. economy. Additional data, such as company-specific expansions and/or contractions are also considered.

The following comparison table shows how the outlooks for several key Idaho and national economic series have changed from the October 2004 to the January 2005 *Idaho Economic Forecast*. The January 2005 *Idaho Forecast* is based on Global Insight's November 2004 baseline forecast and the October 2004 *Idaho Forecast* is driven by Global Insight's September 2004 baseline U.S. macroeconomic forecast.

A comparison of several key variables shows how the outlooks for the national and state economies have changed since the October 2004 *Idaho Economic Forecast* was published. A review of several macroeconomic variables shows the short-run outlook for the U.S. economy is virtually unchanged. The forecasts for both nominal and real GDP is higher in every year compared to the previous forecasts. However, these changes are small enough to be negligible. For example, nominal GDP is no more than 0.2% higher in any year of the forecast. Similarly, real GDP is just 0.1% higher in most years of the forecast compared to the previous projections. National personal income is a mixed bag. Both nominal and real U.S. personal incomes are lower in 2004 and 2005 compared to the October 2004 predictions. This reverses beginning in 2006, when the current forecasts of real and nominal personal incomes are stronger than was previously estimated. However, as in the case of U.S. GDP, these differences are insignificant. The outlook for inflation has improved or worsened depending on what measure is used. For example, the most-quoted measure, the consumer price index, shows inflation is slightly higher than had been previously forecast. On the other hand, the current forecast of the implicit price deflator for consumer spending on goods and services show inflation is lower than in October 2004. The differences are insignificant. This was also the case with employment. The number of U.S. jobs was increased by no more than 0.1% per year compared to the previous forecast.

The changes to Idaho's employment forecast were very similar to those at the national level. Specifically, differences between the January 2005 and October 2004 forecasts were slight. In the current forecast, Idaho nonfarm employment is 0.2% above its October 2004 counterpart in 2004, but it is 0.2% lower in 2008. A review of Idaho personal income shows this measure is clearly lower than its October 2004 counterpart. However, this decline is mostly due to a revision to the historical personal income data that lowered the starting points for both real and nominal Idaho personal incomes.

**IDAHO ECONOMIC FORECAST
FORECASTS COMPARISON
DIFFERENCES BETWEEN
JANUARY 2005 AND OCTOBER 2004 FORECASTS**

	1999	2000	2001	2002	2003	2004	2005	2006	2007
GDP (BILLIONS)									
Current \$	0	0	0	0	0	13	11	31	4
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.2%	0.0%
2000 Chain-Weighted	0	0	0	0	0	12	3	15	10
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%	0.1%
PERSONAL INCOME - CURR \$									
Idaho (Millions)	0	0	128	-254	-429	-499	-442	-452	-622
% Difference	0.0%	0.0%	0.4%	-0.7%	-1.2%	-1.3%	-1.1%	-1.1%	-1.4%
U.S. (Billions)	0	0	0	0	0	-9	-6	22	-2
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%	0.2%	0.0%
PERSONAL INCOME - 2000 \$									
Idaho (Millions)	0	0	125	-243	-406	-445	-417	-365	-474
% Difference	0.0%	0.0%	0.4%	-0.7%	-1.2%	-1.3%	-1.2%	-1.0%	-1.2%
U.S. (Billions)	0	0	0	0	0	-4	-9	30	17
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.3%	0.2%
TOTAL NONFARM EMPLOYMENT									
Idaho	3	3	4	2	-1	1,152	828	740	-52
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%	0.1%	0.0%
U.S. (Thousands)	0	0	0	0	0	53	85	202	103
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%
GOODS PRODUCING SECTOR									
Idaho	1	1	2	0	-3	270	787	903	1,005
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.8%	0.9%	1.0%
U.S. (Thousands)	0	0	0	0	0	-21	-135	-197	-230
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.6%	-0.9%	-1.0%
NONGOODS PRODUCING SECTOR									
Idaho	2	2	1	1	3	881	41	-163	-1,057
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	-0.2%
U.S. (Thousands)	0	0	0	0	0	74	220	399	333
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.4%	0.3%
FINANCIAL MARKETS									
Federal Funds Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.1%	0.0%
Bank Prime Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.1%	0.0%
Mort Rate, Existing Homes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.4%	-0.1%	0.1%
INFLATION									
GDP Price Deflator	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	-0.1
Personal Cons Deflator	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	-0.1	-0.2
Consumer Price Index	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Forecast Begins the THIRD Quarter of 2004

ALTERNATIVE FORECASTS

Global Insight has assigned a 60% probability of occurrence to its November 2004 baseline forecast of the U.S. economy. The major features of this forecast include:

- Real GDP increases 4.4% in 2004, 3.2% in 2005, 3.0% in 2006, 3.1% in 2007 and 3.1% in 2008;
- U.S. nonfarm employment grows 1.0% in 2004, 1.7% in 2005, 1.2% in 2006, and 0.8% in both 2007 and 2008;
- the U.S. civilian unemployment rate rises slightly over time;
- consumer inflation is 2.7% in 2004, 2.2% in 2005, 1.3% in 2006, and 1.7% in 2007, and 1.9% in 2008; and
- the federal unified budget deficit peaks at \$413 billion in 2004 then gradually declines to \$288 billion in 2008.

OPTIMISTIC SCENARIO

The *Optimistic Scenario* has been assigned a 20% probability of occurrence. A few key assumptions distinguish the *Optimistic Scenario* from the baseline. In this *Scenario*, total factor productivity is higher than in the baseline. This helps the economy expand faster without rekindling inflation. Job growth is also stronger, while budget deficits are much smaller. This *Scenario* assumes stronger foreign growth boosts exports despite a stronger dollar. In addition to these key assumptions, oil prices are lower and construction is stronger.

These assumptions produce a rosier outlook than in the baseline. Although economic growth and job gains are stronger, inflation is actually lower than in the baseline thanks to the strong dollar and higher productivity gains. The lower inflation rate allows the Federal Reserve to be more accommodating than in the baseline. Real GDP rises 4.4% in 2004, 3.6% in 2005, 3.7% in 2006, 3.7% in 2007, and 3.5% in 2008. In the baseline, real GDP grows 4.4% in 2004, 3.2% in 2005, 3.0% in 2006, 3.1% in 2007, and 3.1% in 2008. In the *Optimistic Scenario*, nonfarm employment advances 1.1% in 2004, 1.9% in 2005, 1.5% in 2006, 1.1% in 2007, and 1.0% in 2008. The labor market's strength is also evident in the civilian unemployment rate, which declines from 5.5% to 5.2% over the forecast horizon. In contrast, the unemployment rate gradually increases over the forecast period in the baseline case. Nonfarm employment grows 1.0% in 2004, 1.7% in 2005, 1.2% in 2006, 0.8% in 2007, and 0.8% in 2008.

The higher U.S. productivity presents a mixed outlook for Idaho. Specifically, total nonfarm employment advances slightly faster than in the baseline this year and next, but grows slower than the baseline in 2007 and 2008. The cumulative result is Idaho nonfarm employment in the *Optimistic Scenario* is slightly lower. But this is not the case for all Idaho employment sectors. As the table shows, Idaho goods-producing employment actually remains stable in the *Optimistic Scenario*. It declines steadily in the *Baseline Scenario*. The nongoods-producing sector is not as well off. Its employment does grow over the forecast period, but it lags its baseline counterpart. The largest differences between the *Optimistic* and *Baseline* scenarios lie with Idaho personal income. Both nominal and real personal incomes grow slower over the forecast period than in the baseline. This occurs because the higher productivity dampens unit labor cost, which lowers Idaho wage growth. The lower wage growth has a cascading effect on several components of Idaho personal income.

PESSIMISTIC SCENARIO

The *Pessimistic Scenario* has also been assigned 20% probability of occurrence. A significant feature of the *Pessimistic Scenario* is the re-emergence of inflation. The pickup of inflation reflects higher oil prices, a weaker dollar, two-and-one half years of accommodative monetary policy, and loose fiscal policy. In addition, higher prices are fueled by the ability of businesses to pass more of their costs to their customers. Two other factors cause prices to rise faster than in the baseline. There may actually be less spare manufacturing capacity than is currently believed, since rapid technological advances may have rendered obsolete much of the idle capacity the Federal Reserve has been including in its estimates of capacity. Global growth is hampered by the anti-growth regulatory and social policies in Europe. Consumer prices rise 2.7% in 2004, 2.6% in 2005, 2.5% in 2006, 2.5% in 2007, and 2.8% in 2008. The Federal Reserve responds to the higher inflation by quickening the pace of its tightening. By the end of 2005, the federal funds rate is at 4.5%. The federal funds rate eventually peaks at 7.5%. Between the higher interest rates and persistently high-energy prices, consumer confidence retreats and consumers rein in their discretionary spending.

The economy does not sink into a recession in this scenario, but merely fails to come as close to its potential. Real GDP is one-half percentage point lower in 2005 and 2006 than its baseline counterparts. As mentioned, inflation is higher, despite the weaker aggregate economy. Nonfarm employment grows slower than in the baseline. As a result, the unemployment rate climbs from about 5.5% in 2005 to over 6.0% in middle of 2006, where it remains until the second half of 2008.

In this *Scenario*, the outlook for Idaho employment is lower than in the *Baseline Scenario*, but the personal income forecast is stronger. Specifically, Idaho nonfarm employment advances 1.6% in 2005, 1.4% in 2006, 1.6% in 2007, and 1.7% in 2008. In this *Scenario*, Idaho goods-producing employment shrinks nearly twice as fast as in the baseline. As a result, there are about 2,100 fewer goods-producing jobs in this scenario compared to the baseline. This being the case, the nongoods-producing sector is the engine for job growth. However, it advances slower than it does in the baseline. Interestingly, Idaho nominal personal income increases faster than its baseline counterpart, due in large part to the higher predicted inflation.

IDAHO ECONOMIC FORECAST
BASELINE AND ALTERNATIVE FORECASTS
JANUARY 2005

	BASELINE				OPTIMISTIC				PESSIMISTIC			
	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008
GDP (BILLIONS)												
Current \$	12,352	12,948	13,584	14,275	12,371	12,998	13,667	14,382	12,326	12,900	13,605	14,380
% Ch	5.3%	4.8%	4.9%	5.1%	5.5%	5.1%	5.1%	5.2%	5.1%	4.7%	5.5%	5.7%
2000 Chain-Weighted	11,187	11,524	11,884	12,254	11,231	11,646	12,074	12,499	11,146	11,378	11,679	11,975
% Ch	3.2%	3.0%	3.1%	3.1%	3.6%	3.7%	3.7%	3.5%	2.9%	2.1%	2.6%	2.5%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	38,919	41,042	43,139	45,459	38,718	40,438	42,089	43,942	39,110	41,656	44,470	47,660
% Ch	5.1%	5.5%	5.1%	5.4%	4.6%	4.4%	4.1%	4.4%	5.6%	6.5%	6.8%	7.2%
U.S. (Billions)	10,109	10,657	11,209	11,826	10,111	10,665	11,222	11,832	10,112	10,670	11,317	12,045
% Ch	4.9%	5.4%	5.2%	5.5%	4.9%	5.5%	5.2%	5.4%	4.9%	5.5%	6.1%	6.4%
PERSONAL INCOME - 2000 \$												
Idaho (Millions)	35,430	36,788	37,947	39,165	35,409	36,566	37,467	38,417	35,442	36,716	38,120	39,644
% Ch	3.2%	3.8%	3.2%	3.2%	3.1%	3.3%	2.5%	2.5%	3.2%	3.6%	3.8%	4.0%
U.S. (Billions)	9,203	9,552	9,860	10,189	9,247	9,644	9,990	10,344	9,164	9,404	9,701	10,019
% Ch	2.9%	3.8%	3.2%	3.3%	3.4%	4.3%	3.6%	3.5%	2.5%	2.6%	3.2%	3.3%
TOTAL NONFARM EMPLOYMENT												
Idaho	596,683	607,474	618,150	628,093	597,075	608,017	618,303	627,838	596,706	605,189	614,577	625,003
% Ch	1.6%	1.8%	1.8%	1.6%	1.7%	1.8%	1.7%	1.5%	1.6%	1.4%	1.6%	1.7%
U.S. (Thousands)	133,501	135,058	136,200	137,296	133,866	135,863	137,408	138,721	133,339	134,279	135,094	136,118
% Ch	1.7%	1.2%	0.8%	0.8%	1.9%	1.5%	1.1%	1.0%	1.6%	0.7%	0.6%	0.8%
GOODS-PRODUCING SECTOR												
Idaho	104,605	103,636	102,899	102,175	104,997	104,969	104,926	104,912	104,729	102,949	101,432	100,080
% Ch	-0.1%	-0.9%	-0.7%	-0.7%	0.3%	0.0%	0.0%	0.0%	0.0%	-1.7%	-1.5%	-1.3%
U.S. (Thousands)	22,135	22,174	22,120	22,106	22,180	22,405	22,490	22,509	22,126	21,972	21,661	21,459
% Ch	1.2%	0.2%	-0.2%	-0.1%	1.4%	1.0%	0.4%	0.1%	1.1%	-0.7%	-1.4%	-0.9%
NONGOODS-PRODUCING SECTOR												
Idaho	492,079	503,837	515,252	525,918	492,078	503,047	513,377	522,926	491,977	502,240	513,145	524,923
% Ch	2.0%	2.4%	2.3%	2.1%	2.0%	2.2%	2.1%	1.9%	2.0%	2.1%	2.2%	2.3%
U.S. (Thousands)	111,366	112,884	114,080	115,190	111,686	113,458	114,918	116,212	111,213	112,307	113,433	114,659
% Ch	1.8%	1.4%	1.1%	1.0%	2.0%	1.6%	1.3%	1.1%	1.6%	1.0%	1.0%	1.1%
SELECTED INTEREST RATES												
Federal Funds	2.6%	3.4%	3.5%	3.9%	2.4%	3.1%	3.3%	3.4%	3.4%	5.3%	7.1%	7.4%
Bank Prime	5.6%	6.4%	6.5%	6.9%	5.4%	6.1%	6.3%	6.4%	6.4%	8.3%	10.1%	10.4%
Existing Home Mortgage	6.2%	6.6%	6.8%	7.3%	5.9%	6.2%	6.3%	6.6%	6.6%	8.0%	9.1%	9.4%
INFLATION												
GDP Price Deflator	2.0%	1.8%	1.7%	1.9%	1.7%	1.3%	1.4%	1.7%	2.1%	2.5%	2.7%	3.1%
Personal Cons Deflator	1.9%	1.6%	1.9%	2.1%	1.7%	1.3%	1.4%	1.7%	2.4%	2.8%	2.8%	3.1%
Consumer Price Index	2.2%	1.3%	1.7%	1.9%	1.7%	0.9%	1.4%	1.6%	2.6%	2.5%	2.5%	2.8%

Forecast Begins the **THIRD** Quarter of 2004

Exchange Rate Movements and the U.S. International Balance Sheet

Michele Cavallo

The U.S. current account deficit has been growing for several years, as the country has been importing increasingly more than it has been exporting. In 1992, the current account deficit was 0.8% of GDP, and by the end of 2003, it had soared to an unprecedented 4.8% of GDP.

To finance this widening deficit, the U.S. has had to borrow massively from foreigners, resulting in large net financial inflows. Many have pointed to these inflows as the main reason for the rising net U.S. indebtedness to foreigners; in 1992, U.S. net indebtedness was 7% of GDP, and at the end of 2003 it was over 24% of GDP.

Net foreign indebtedness is measured by the "net international investment position," or NIIP, which is calculated annually by the U.S. Bureau of Economic Analysis. The NIIP is negative when the value of U.S. investments abroad is less than the value of foreign investments in the U.S., and it is positive in the reverse case. The size of the negative NIIP has raised concerns in some quarters about whether current account deficits of this magnitude are sustainable. For example, if foreign investors, both private and official, had accumulated a disproportionate share of U.S.-issued securities in their portfolios, then they might want to pull their money out of the U.S. and diversify into non-U.S. assets. Doing so would shrink the pool of resources available for the U.S. to finance its foreign borrowing and, according to many, that could lead to higher interest rates. Higher interest rates, in turn, could put a damper on aggregate demand and lead to slower economic growth

Recent research has examined the evolution of the NIIP and has found that current account deficits and the associated net financial inflows are not the only factors influencing it; rather, research finds that changes in asset prices and especially in exchange rates have played an important role recently because of their effect on the values of the stocks of assets and liabilities that make up the NIIP.

In this *Economic Letter*, I review this literature, discuss these determinants of the NIIP, and provide some evidence on their relative quantitative importance. In particular, the evidence suggests that since the late 1990s, exchange rate movements have had a more significant effect on the value of U.S. assets abroad and, therefore, have played a larger role in shaping the evolution of the NIIP.

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What is the NIIP, and what are its determinants?

The U.S. NIIP reflects the U.S. international balance sheet. On one side of the ledger is the value of the accumulated stock of U.S. claims on foreigners; this would include, for example, the shares or bonds of, say, German firms held by U.S. residents. On the other side is the value of the accumulated stock of foreign claims on U.S. residents; this would include, for example, shares or bonds of U.S. firms held by German residents. The difference between the two is the NIIP, and when claims of foreigners on the U.S. are greater than U.S. claims on foreigners, it represents the net foreign indebtedness of the U.S. economy.

The types of assets and liabilities included in this measure go well beyond corporate securities like shares and bonds. For example, U.S. claims on foreigners include other private assets, such as the value of U.S. direct investment abroad (U.S. subsidiaries and branches in foreign countries) and U.S. bank loans and trade credits. They also include official reserve assets (such as gold and foreign currency reserves) and government assets (such as foreign treasury bills).

Among the most important determinants of the NIIP—and the most commonly referred to until recently—are net financial inflows. For example, consider today's current account deficit in the U.S. In order to pay for the excess of imports over exports, the U.S. must borrow funds from foreigners, and, by the same token, foreigners must purchase liabilities issued by the U.S. Hence, a current account deficit generates net borrowing from abroad. These financial transactions are recorded as net financial inflows and imply an increase in the stock of net U.S. liabilities to foreigners and a deterioration in the NIIP.

But another determinant of the NIIP to consider is valuation adjustment. This occurs through changes in the value of the stock of foreign assets owned by U.S. residents and in the value of the stock of U.S. liabilities held by foreigners. Changes in the values of these U.S. assets and liabilities reflect fluctuations both in asset prices and in exchange rates.

Valuation adjustments arising from asset price fluctuations occur when the prices of existing equity shares change. For example, when the price of the shares of a U.S. firm owned by a German investor increases, so does the value of his asset holdings of that firm. Therefore, it leads to a deterioration of the U.S. NIIP. In the same way, when the share prices of a U.S. firm fall, so does the value of the foreign investor's asset holdings, leading to an improvement in the U.S. NIIP. Conversely, when the price of foreign assets held by U.S. investors increases, the U.S. NIIP improves, while a drop in those prices leads to a decrease in the value of the gross asset position and to a deterioration of the U.S. NIIP.

When assets or liabilities are denominated in foreign currencies, exchange rate movements may also create valuation adjustments affecting the dollar equivalent of the value of gross U.S. assets and liabilities. As a substantial fraction of U.S. claims on foreigners is denominated in foreign currencies (39% according to Tille 2004), exchange rate movements generate corresponding gains or losses on these assets. For example, an

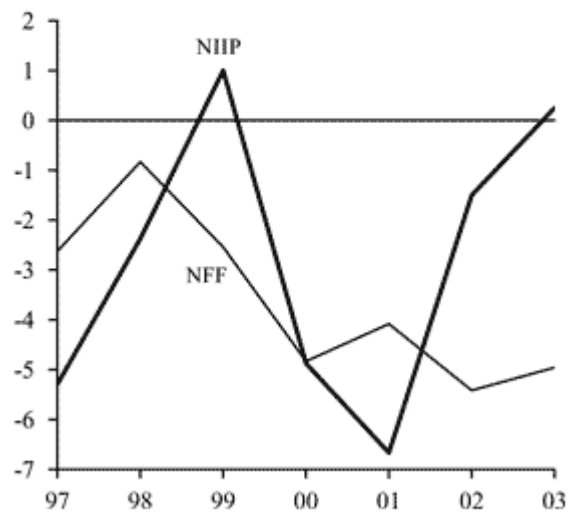
appreciation of the dollar drives down the dollar value of assets held by U.S. investors that are denominated in foreign currencies. In contrast, most U.S. liabilities to foreigners are denominated in dollars; so their value is basically not affected by exchange rate movements. Therefore, holding other things equal, a dollar appreciation results in a deterioration of the NIIP; and, correspondingly, when the dollar depreciates, the dollar value of foreign-currency denominated assets held by U.S. investors increases, resulting in an improvement in the U.S. NIIP.

Why do valuation adjustments matter now?

Before the late 1990s valuation adjustments had only a small impact on the NIIP—in other words, net financial inflows arising from the current account deficit and changes in the NIIP traced each other closely for the most part.

In the late 1990s, however, the two began to diverge significantly. Figure 1 plots net financial inflows and annual changes in the U.S. NIIP from 1997 to 2003, the last year of available data. As the figure shows, in 1999, for example, net financial inflows amounted to about 2.5% of GDP, but the change in the NIIP was actually positive at 1% of GDP; on a cumulative basis, from 1998 to 2003 the net financial inflows required to fund the ongoing current account deficits amounted to 21.9% of GDP, while the U.S. NIIP deteriorated by only 11.8%. The difference between these numbers suggests how important valuation adjustments have been in shaping the recent behavior of the U.S. NIIP. Specifically, valuation adjustments have added a significant counterbalance to the increase in the U.S. NIIP arising from the current account deficit.

Figure 1
U.S.: change in NIIP vs. change in net financial flows (NFF)
% of GDP



A key reason for the growing importance of valuation adjustments for the U.S. NIIP is the country's increased financial integration with the rest of the world over the last two decades. The volumes of both gross assets and gross liabilities increased sharply in the U.S., and, as a result, asset price and exchange rate fluctuations generated larger capital gains and losses.

Similar results have been found for other countries. Lane and Milesi-Ferretti (2001) reported that for industrialized countries, such as Australia, Austria, Finland, the Netherlands, New Zealand, Sweden, Switzerland, the U.K., as well as the U.S., the correlation between the current account and changes in the NIIP is low or even negative,

suggesting the increased importance of valuation adjustments for short-run movements in the NIIP. Like the U.S., these countries have developed a significant degree of financial integration with the rest of the world and built up substantial gross international investment positions (see also Obstfeld and Rogoff 2001 and Lane and Milesi-Ferretti 2003). In a subsequent study, Lane and Milesi-Ferretti (2004) found similar patterns for some emerging economies, such as Hungary, Indonesia, Mexico, and Thailand.

Which matters more—asset price changes or exchange rate movements?

Tille (2003) explores the relative importance of asset price changes and exchange rate changes for valuation adjustments. He finds that between 1999 and 2001 valuation adjustments were responsible for 37% of the worsening of the U.S. NIIP, and, of that, 30% can be imputed to exchange rate changes; specifically, the appreciation of the dollar during that period had a substantial impact on the value of assets held by U.S. residents that were denominated in foreign currencies, while asset price declines played a quantitatively limited role. Tille (2004) also reports that during the late 1990s and up to 2002 it was common for valuation adjustments caused by exchange rate movements to influence the NIIP substantially—on the order of 2% of GDP.

Why did exchange rate movements become so important? The main reason is the surge in U.S. holdings of assets denominated in foreign currencies—these amounted to 15% of GDP in 1992 and to 24% at end of 2002 (Tille 2004). More recently, the relative importance of exchange rates appears to continue to hold. During 2002 and 2003, as the dollar depreciated substantially, valuation adjustments arising from exchange rate changes cushioned the deterioration of the U.S. NIIP. As the figure illustrates, net financial inflows amounted to about 5.4% of GDP in 2002 and 5% in 2003, while the ratio of the NIIP to GDP actually improved by 0.26% between those two years. The improvement is accounted for by valuation adjustments, and the bulk of it by exchange rate movements.

Conclusions

The increase in the degree of financial integration of the U.S. with the rest of the world has widened the channel by which valuation adjustments, and particularly exchange rate movements, can affect the NIIP. For example, a depreciation of the dollar can improve the NIIP, as gross assets are exposed to valuation adjustments due to exchange rate movements, while gross liabilities are not; this valuation effect of exchange rate movements is equivalent to a transfer of wealth from foreign countries to the U.S. Likewise, an increase in the value of the dollar worsens the NIIP and it is equivalent to a wealth transfer from the U.S. to the foreign countries it borrows from.

The consequences of exchange rate movements for a country that borrows in dollars, as many emerging market economies do, however, are quite different. A depreciation of its own currency increases the burden of its foreign borrowing and worsens its NIIP.

All this is not to say, however, that we need not pay attention to the relation between the NIIP and the current account deficit. Rather, as Gourinchas and Rey (2004) have pointed out, the valuation adjustment through exchange rates is particularly helpful in explaining short-term and medium-term changes in the NIIP—that is, over at most a couple of years. Longer-term developments in the NIIP, however, are more deeply rooted in trade and the associated condition of current accounts.

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IDAHO ECONOMIC FORECAST

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Reporting Conventions

Units of measurement are presented in the individual reports.

The percentage change numbers given in the annual reports are simple period-to-period percent changes. Since the periods are years, they are thus simple annual changes. The percentage changes given in the quarterly report are period-to-period changes at compound annual rates, following standard practice. A large change in a given quarter can seem to be exaggerated since the calculation assumes the change is compounded over an entire year.

Data Sources

National forecast data is provided by Global Insight, as well as the Food and Agricultural Policy Research Institute (FAPRI). Historical data for the models are obtained from the following agencies: Bureau of the Census (demographic), Bureau of Economic Analysis (income), Bureau of Labor Statistics (employment), Federal Reserve Board of Governors (production), and U.S. Department of Agriculture (farm).

Idaho historical data are obtained from the Department of Commerce and Labor (employment and hourly earnings), Bureau of Vital Statistics (births and deaths), Division of Financial Management (migration), and the Bureau of Economic Analysis (income).

The Idaho average annual wage is calculated by the Division of Financial Management from Bureau of Economic Analysis and Idaho Department of Commerce and Labor data. Because of the different methodology used and data available, this figure may not match those published by other sources.

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
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DEMOGRAPHICS

	1991	1992	1993	1994	1995	1996	1997	1998	1999
POPULATION									
Idaho (Thousands)	1,041.2	1,072.1	1,108.6	1,144.9	1,177.0	1,203.2	1,228.4	1,252.3	1,275.7
% Ch	2.8%	3.0%	3.4%	3.3%	2.8%	2.2%	2.1%	1.9%	1.9%
National (Millions)	253.946	257.357	260.688	263.853	266.980	270.115	273.368	276.553	279.731
% Ch	1.3%	1.3%	1.3%	1.2%	1.2%	1.2%	1.2%	1.2%	1.1%
BIRTHS									
Idaho (Thousands)	16.741	17.197	17.575	17.690	17.915	18.482	18.599	19.188	19.897
% Ch	1.9%	2.7%	2.2%	0.7%	1.3%	3.2%	0.6%	3.2%	3.7%
National (Thousands)	4,110	4,038	3,997	3,964	3,935	3,911	3,892	3,880	3,874
% Ch	-1.2%	-1.8%	-1.0%	-0.8%	-0.7%	-0.6%	-0.5%	-0.3%	-0.2%
DEATHS									
Idaho (Thousands)	7.644	7.887	8.277	8.478	8.553	8.679	8.953	9.105	9.488
% Ch	3.9%	3.2%	4.9%	2.4%	0.9%	1.5%	3.2%	1.7%	4.2%
National (Thousands)	2,163	2,210	2,237	2,264	2,291	2,318	2,345	2,372	2,399
% Ch	0.0%	2.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.1%
NET MIGRATION									
Idaho (Thousands)	19.017	21.659	27.168	27.115	22.652	16.417	15.583	13.836	12.975
HOUSING									
HOUSING STARTS									
Idaho	6,600	9,584	11,457	12,766	9,360	9,221	8,862	10,110	10,338
% Ch	13.2%	45.2%	19.5%	11.4%	-26.7%	-1.5%	-3.9%	14.1%	2.3%
National (Millions)	1.009	1.201	1.292	1.446	1.361	1.469	1.475	1.621	1.647
% Ch	-16.2%	19.1%	7.5%	12.0%	-5.9%	7.9%	0.4%	9.9%	1.6%
SINGLE UNITS									
Idaho	5,662	7,900	8,939	9,420	7,280	7,849	7,658	9,040	9,188
% Ch	18.3%	39.5%	13.1%	5.4%	-22.7%	7.8%	-2.4%	18.1%	1.6%
National (Millions)	0.835	1.032	1.131	1.191	1.082	1.154	1.136	1.278	1.306
% Ch	-7.3%	23.6%	9.6%	5.4%	-9.2%	6.7%	-1.6%	12.4%	2.2%
MULTIPLE UNITS									
Idaho	938	1,684	2,518	3,346	2,079	1,372	1,205	1,070	1,150
% Ch	-10.3%	79.6%	49.5%	32.9%	-37.9%	-34.0%	-12.2%	-11.2%	7.4%
National (Millions)	0.174	0.170	0.161	0.255	0.279	0.314	0.338	0.344	0.341
% Ch	-42.6%	-2.4%	-5.1%	58.3%	9.4%	12.7%	7.6%	1.6%	-0.7%
HOUSING STOCK									
Idaho (Thousands)	339.8	347.4	356.9	368.7	377.8	386.2	393.7	402.3	411.3
% Ch	1.5%	2.2%	2.7%	3.3%	2.4%	2.2%	1.9%	2.2%	2.2%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2004

**IDAHO ECONOMIC FORECAST
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DEMOGRAPHICS

	2000	2001	2002	2003	2004	2005	2006	2007	2008
POPULATION									
Idaho (Thousands)	1,299.1	1,320.7	1,342.0	1,364.9	1,385.2	1,405.4	1,425.8	1,446.7	1,466.4
% Ch	1.8%	1.7%	1.6%	1.7%	1.5%	1.5%	1.5%	1.5%	1.4%
National (Millions)	282.795	285.721	288.599	291.388	294.098	296.793	299.478	302.146	304.787
% Ch	1.1%	1.0%	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%
BIRTHS									
Idaho (Thousands)	20.304	20.684	20.988	21.399	21.693	21.982	22.279	22.595	22.865
% Ch	2.0%	1.9%	1.5%	2.0%	1.4%	1.3%	1.4%	1.4%	1.2%
National (Thousands)	3,872	3,876	3,885	3,901	3,925	3,955	3,991	4,033	4,077
% Ch	-0.1%	0.1%	0.2%	0.4%	0.6%	0.8%	0.9%	1.0%	1.1%
DEATHS									
Idaho (Thousands)	9.538	9.811	9.935	10.129	10.283	10.435	10.590	10.747	10.896
% Ch	0.5%	2.9%	1.3%	2.0%	1.5%	1.5%	1.5%	1.5%	1.4%
National (Thousands)	2,424	2,446	2,467	2,487	2,507	2,528	2,548	2,569	2,590
% Ch	1.0%	0.9%	0.9%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
NET MIGRATION									
Idaho (Thousands)	12.658	10.645	10.261	11.638	8.924	8.630	8.724	9.066	7.696
HOUSING									
HOUSING STARTS									
Idaho	11,518	12,236	13,154	16,322	18,077	17,634	16,252	15,296	13,968
% Ch	11.4%	6.2%	7.5%	24.1%	10.8%	-2.5%	-7.8%	-5.9%	-8.7%
National (Millions)	1.573	1.601	1.710	1.853	1.941	1.832	1.692	1.657	1.629
% Ch	-4.5%	1.8%	6.8%	8.3%	4.8%	-5.6%	-7.6%	-2.1%	-1.7%
SINGLE UNITS									
Idaho	10,370	10,423	11,139	13,864	15,449	15,179	14,203	13,551	12,539
% Ch	12.9%	0.5%	6.9%	24.5%	11.4%	-1.7%	-6.4%	-4.6%	-7.5%
National (Millions)	1.232	1.272	1.363	1.505	1.597	1.531	1.421	1.375	1.338
% Ch	-5.7%	3.2%	7.2%	10.4%	6.1%	-4.1%	-7.2%	-3.2%	-2.7%
MULTIPLE UNITS									
Idaho	1,148	1,813	2,015	2,457	2,627	2,454	2,050	1,745	1,430
% Ch	-0.2%	58.0%	11.2%	21.9%	6.9%	-6.6%	-16.5%	-14.9%	-18.1%
National (Millions)	0.341	0.330	0.347	0.348	0.344	0.301	0.271	0.282	0.291
% Ch	0.1%	-3.5%	5.3%	0.3%	-1.2%	-12.5%	-9.9%	4.0%	3.1%
HOUSING STOCK									
Idaho (Thousands)	421.1	432.1	442.9	456.9	472.9	489.6	504.9	519.0	532.0
% Ch	2.4%	2.6%	2.5%	3.2%	3.5%	3.5%	3.1%	2.8%	2.5%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2004

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
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OUTPUT, INCOME, & WAGES

	1991	1992	1993	1994	1995	1996	1997	1998	1999
GROSS DOM. PRODUCT (Billions)									
Current Dollars	5,996	6,338	6,657	7,072	7,398	7,817	8,304	8,747	9,268
% Ch	3.3%	5.7%	5.0%	6.2%	4.6%	5.7%	6.2%	5.3%	6.0%
2000 Chain-Weighted	7,101	7,337	7,533	7,835	8,032	8,329	8,704	9,067	9,470
% Ch	-0.2%	3.3%	2.7%	4.0%	2.5%	3.7%	4.5%	4.2%	4.4%
PERSONAL INCOME - CURR \$									
Idaho (Millions)	16,692	18,318	20,072	21,422	22,871	24,360	25,367	27,287	29,068
% Ch	4.9%	9.7%	9.6%	6.7%	6.8%	6.5%	4.1%	7.6%	6.5%
Idaho Nonfarm (Millions)	15,902	17,488	19,023	20,699	22,073	23,448	24,628	26,371	28,075
% Ch	6.3%	10.0%	8.8%	8.8%	6.6%	6.2%	5.0%	7.1%	6.5%
National (Billions)	5,051	5,362	5,559	5,843	6,152	6,521	6,915	7,423	7,802
% Ch	3.5%	6.2%	3.7%	5.1%	5.3%	6.0%	6.1%	7.3%	5.1%
PERSONAL INCOME - 2000 \$									
Idaho (Millions)	20,009	21,342	22,858	23,892	24,973	26,040	26,666	28,429	29,788
% Ch	1.2%	6.7%	7.1%	4.5%	4.5%	4.3%	2.4%	6.6%	4.8%
Idaho Nonfarm (Millions)	19,061	20,374	21,664	23,084	24,102	25,064	25,890	27,475	28,770
% Ch	2.6%	6.9%	6.3%	6.6%	4.4%	4.0%	3.3%	6.1%	4.7%
National (Billions)	6,055	6,247	6,330	6,516	6,718	6,970	7,269	7,734	7,996
% Ch	-0.1%	3.2%	1.3%	2.9%	3.1%	3.8%	4.3%	6.4%	3.4%
PER CAPITA PERS INC - CURR \$									
Idaho	16,031	17,084	18,103	18,708	19,431	20,246	20,649	21,788	22,784
% Ch	2.0%	6.6%	6.0%	3.3%	3.9%	4.2%	2.0%	5.5%	4.6%
National	19,889	20,834	21,322	22,142	23,043	24,139	25,295	26,840	27,891
% Ch	2.2%	4.7%	2.3%	3.8%	4.1%	4.8%	4.8%	6.1%	3.9%
PER CAPITA PERS INC - 2000 \$									
Idaho	19,217	19,905	20,617	20,866	21,218	21,642	21,707	22,700	23,349
% Ch	-1.6%	3.6%	3.6%	1.2%	1.7%	2.0%	0.3%	4.6%	2.9%
National	23,842	24,274	24,282	24,695	25,163	25,803	26,591	27,964	28,584
% Ch	-1.4%	1.8%	0.0%	1.7%	1.9%	2.5%	3.1%	5.2%	2.2%
AVERAGE ANNUAL WAGE									
Idaho	20,748	21,613	22,051	22,728	23,594	24,147	24,803	25,822	26,992
% Ch	#DIV/0!	4.2%	2.0%	3.1%	3.8%	2.3%	2.7%	4.1%	4.5%
National	26,047	27,410	27,807	28,279	29,148	30,237	31,582	33,219	34,622
% Ch	3.6%	5.2%	1.4%	1.7%	3.1%	3.7%	4.5%	5.2%	4.2%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2004

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2005**

OUTPUT, INCOME, & WAGES

	2000	2001	2002	2003	2004	2005	2006	2007	2008
GROSS DOM. PRODUCT (Billions)									
Current Dollars	9,817	10,128	10,487	11,004	11,727	12,352	12,948	13,584	14,275
% Ch	5.9%	3.2%	3.5%	4.9%	6.6%	5.3%	4.8%	4.9%	5.1%
2000 Chain-Weighted	9,817	9,891	10,075	10,381	10,837	11,187	11,524	11,884	12,254
% Ch	3.7%	0.8%	1.9%	3.0%	4.4%	3.2%	3.0%	3.1%	3.1%
PERSONAL INCOME - CURR \$									
Idaho (Millions)	31,290	33,091	33,963	34,955	37,019	38,919	41,042	43,139	45,459
% Ch	7.6%	5.8%	2.6%	2.9%	5.9%	5.1%	5.5%	5.1%	5.4%
Idaho Nonfarm (Millions)	30,474	32,095	33,011	34,030	36,116	37,858	39,922	42,020	44,344
% Ch	8.5%	5.3%	2.9%	3.1%	6.1%	4.8%	5.5%	5.3%	5.5%
National (Billions)	8,430	8,724	8,879	9,162	9,638	10,109	10,657	11,209	11,826
% Ch	8.0%	3.5%	1.8%	3.2%	5.2%	4.9%	5.4%	5.2%	5.5%
PERSONAL INCOME - 2000 \$									
Idaho (Millions)	31,289	32,411	32,800	33,128	34,342	35,430	36,788	37,947	39,165
% Ch	5.0%	3.6%	1.2%	1.0%	3.7%	3.2%	3.8%	3.2%	3.2%
Idaho Nonfarm (Millions)	30,473	31,436	31,880	32,251	33,505	34,465	35,784	36,963	38,205
% Ch	5.9%	3.2%	1.4%	1.2%	3.9%	2.9%	3.8%	3.3%	3.4%
National (Billions)	8,429	8,545	8,575	8,683	8,941	9,203	9,552	9,860	10,189
% Ch	5.4%	1.4%	0.3%	1.3%	3.0%	2.9%	3.8%	3.2%	3.3%
PER CAPITA PERS INC - CURR \$									
Idaho	24,084	25,056	25,309	25,609	26,723	27,691	28,784	29,818	30,999
% Ch	5.7%	4.0%	1.0%	1.2%	4.3%	3.6%	3.9%	3.6%	4.0%
National	29,807	30,534	30,765	31,441	32,770	34,061	35,583	37,098	38,801
% Ch	6.9%	2.4%	0.8%	2.2%	4.2%	3.9%	4.5%	4.3%	4.6%
PER CAPITA PERS INC - 2000 \$									
Idaho	24,084	24,542	24,443	24,271	24,791	25,210	25,801	26,230	26,708
% Ch	3.1%	1.9%	-0.4%	-0.7%	2.1%	1.7%	2.3%	1.7%	1.8%
National	29,807	29,908	29,712	29,798	30,402	31,009	31,895	32,633	33,430
% Ch	4.3%	0.3%	-0.7%	0.3%	2.0%	2.0%	2.9%	2.3%	2.4%
AVERAGE ANNUAL WAGE									
Idaho	28,657	28,739	29,172	29,687	30,520	31,598	32,840	34,040	35,241
% Ch	6.2%	0.3%	1.5%	1.8%	2.8%	3.5%	3.9%	3.7%	3.5%
National	36,642	37,492	38,178	39,277	40,623	42,127	43,886	45,761	47,685
% Ch	5.8%	2.3%	1.8%	2.9%	3.4%	3.7%	4.2%	4.3%	4.2%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2004

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2005**

PERSONAL INCOME--CURRENT \$\$

	1991	1992	1993	1994	1995	1996	1997	1998	1999
WAGE AND SALARY PAYMENTS									
Idaho (Millions)	8,525	9,295	9,979	10,896	11,701	12,284	13,078	13,936	15,024
% Ch	7.0%	9.0%	7.4%	9.2%	7.4%	5.0%	6.5%	6.6%	7.8%
National (Billions)	2,823	2,980	3,083	3,232	3,419	3,620	3,878	4,183	4,466
% Ch	2.5%	5.6%	3.4%	4.8%	5.8%	5.9%	7.1%	7.9%	6.8%
FARM PROPRIETORS INCOME									
Idaho (Millions)	603	642	836	453	515	643	425	607	690
% Ch	-21.9%	6.5%	30.2%	-45.8%	13.6%	25.0%	-33.9%	42.8%	13.7%
National (Billions)	27	35	31	34	23	37	34	29	29
% Ch	-16.1%	29.1%	-9.6%	8.8%	-33.2%	64.6%	-8.3%	-14.1%	-2.7%
NONFARM PROPRIETORS INCOME									
Idaho (Millions)	1,458	1,769	2,087	2,312	2,229	2,324	2,313	2,480	2,765
% Ch	-4.4%	21.3%	18.0%	10.8%	-3.6%	4.2%	-0.5%	7.2%	11.5%
National (Billions)	350	393	423	439	469	506	542	598	650
% Ch	0.5%	12.2%	7.5%	4.0%	6.8%	7.8%	7.1%	10.4%	8.6%
DIVIDENDS, RENT & INTEREST									
Idaho (Millions)	3,210	3,340	3,568	3,957	4,350	4,718	5,068	5,545	5,546
% Ch	4.6%	4.1%	6.8%	10.9%	9.9%	8.5%	7.4%	9.4%	0.0%
National (Billions)	992	989	997	1,070	1,139	1,221	1,310	1,421	1,412
% Ch	1.8%	-0.3%	0.9%	7.3%	6.4%	7.2%	7.3%	8.4%	-0.6%
OTHER LABOR INCOME									
Idaho (Millions)	2,011	2,235	2,516	2,729	2,846	2,881	2,929	3,063	3,243
% Ch	10.0%	11.2%	12.6%	8.5%	4.3%	1.2%	1.7%	4.6%	5.9%
National (Billions)	407	442	472	493	494	492	498	530	562
% Ch	7.8%	8.7%	6.8%	4.4%	0.1%	-0.2%	1.0%	6.5%	6.2%
GOVT. TRANSFERS TO INDIV.									
Idaho (Millions)	2,194	2,460	2,645	2,789	3,023	3,319	3,408	3,557	3,776
% Ch	11.5%	12.1%	7.5%	5.5%	8.4%	9.8%	2.7%	4.4%	6.1%
National (Billions)	666	749	790	827	877	925	951	979	1,022
% Ch	12.0%	12.4%	5.4%	4.7%	6.1%	5.4%	2.8%	2.9%	4.4%
CONTRIB. FOR SOCIAL INSUR.									
Idaho (Millions)	1,482	1,613	1,767	1,951	2,074	2,134	2,223	2,337	2,480
% Ch	9.2%	8.8%	9.5%	10.5%	6.3%	2.9%	4.2%	5.1%	6.1%
National (Billions)	215	228	240	254	264	275	290	307	323
% Ch	4.2%	6.2%	5.0%	6.0%	3.9%	4.1%	5.3%	6.0%	5.3%
RESIDENCE ADJUSTMENT									
Idaho (Millions)	174	192	210	238	281	326	369	437	504
% Ch	14.6%	9.9%	9.5%	13.3%	18.3%	15.9%	13.2%	18.3%	15.4%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2004

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2005**

PERSONAL INCOME--CURRENT \$\$

	2000	2001	2002	2003	2004	2005	2006	2007	2008
WAGE AND SALARY PAYMENTS									
Idaho (Millions)	16,552	16,880	17,167	17,640	18,579	19,511	20,611	21,714	22,820
% Ch	10.2%	2.0%	1.7%	2.8%	5.3%	5.0%	5.6%	5.4%	5.1%
National (Billions)	4,829	4,943	4,976	5,104	5,334	5,624	5,927	6,233	6,547
% Ch	8.1%	2.4%	0.7%	2.6%	4.5%	5.4%	5.4%	5.2%	5.0%
FARM PROPRIETORS INCOME									
Idaho (Millions)	471	653	593	536	512	676	736	732	723
% Ch	-31.8%	38.6%	-9.1%	-9.6%	-4.5%	32.0%	8.8%	-0.5%	-1.3%
National (Billions)	23	20	10	22	14	16	16	17	19
% Ch	-20.7%	-13.2%	-51.0%	126.1%	-36.2%	12.5%	0.0%	9.5%	7.9%
NONFARM PROPRIETORS INCOME									
Idaho (Millions)	2,883	3,311	3,396	3,623	3,965	4,238	4,506	4,774	5,046
% Ch	4.3%	14.9%	2.6%	6.7%	9.4%	6.9%	6.3%	5.9%	5.7%
National (Billions)	706	752	760	812	883	940	997	1,055	1,113
% Ch	8.6%	6.6%	1.0%	6.9%	8.7%	6.5%	6.1%	5.7%	5.5%
DIVIDENDS, RENT & INTEREST									
Idaho (Millions)	5,909	6,225	6,125	6,032	6,381	6,576	6,781	7,042	7,537
% Ch	6.5%	5.3%	-1.6%	-1.5%	5.8%	3.1%	3.1%	3.9%	7.0%
National (Billions)	1,537	1,547	1,506	1,477	1,551	1,594	1,650	1,722	1,852
% Ch	8.9%	0.7%	-2.7%	-1.9%	5.0%	2.8%	3.5%	4.4%	7.6%
OTHER LABOR INCOME									
Idaho (Millions)	3,549	3,649	3,997	4,258	4,597	4,846	5,050	5,257	5,486
% Ch	9.4%	2.8%	9.6%	6.5%	8.0%	5.4%	4.2%	4.1%	4.3%
National (Billions)	610	643	730	809	875	921	961	996	1,036
% Ch	8.5%	5.4%	13.5%	10.9%	8.2%	5.2%	4.4%	3.7%	4.0%
GOVT. TRANSFERS TO INDIV.									
Idaho (Millions)	4,079	4,568	4,953	5,201	5,495	5,746	6,223	6,665	7,075
% Ch	8.0%	12.0%	8.4%	5.0%	5.6%	4.6%	8.3%	7.1%	6.2%
National (Billions)	1,084	1,194	1,283	1,335	1,401	1,457	1,574	1,680	1,780
% Ch	6.1%	10.1%	7.4%	4.1%	4.9%	4.0%	8.0%	6.8%	5.9%
CONTRIB. FOR SOCIAL INSUR.									
Idaho (Millions)	2,676	2,726	2,803	2,886	3,069	3,234	3,434	3,625	3,818
% Ch	7.9%	1.9%	2.8%	2.9%	6.3%	5.4%	6.2%	5.5%	5.3%
National (Billions)	344	357	364	377	398	420	444	468	493
% Ch	6.2%	3.8%	2.0%	3.6%	5.7%	5.4%	5.8%	5.4%	5.3%
RESIDENCE ADJUSTMENT									
Idaho (Millions)	525	532	536	551	559	559	569	580	590
% Ch	4.1%	1.5%	0.7%	2.8%	1.5%	0.1%	1.8%	1.8%	1.8%

National Variables Forecast by Global Insight
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**IDAHO ECONOMIC FORECAST
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JANUARY 2005**

EMPLOYMENT

	1991	1992	1993	1994	1995	1996	1997	1998	1999
TOTAL NONFARM EMPLOYMENT									
Idaho	394,129	413,478	434,502	460,209	477,046	490,899	507,422	520,477	538,102
% Ch	N/C	4.9%	5.1%	5.9%	3.7%	2.9%	3.4%	2.6%	3.4%
National (Thousands)	108,384	108,723	110,847	114,282	117,306	119,699	122,767	125,924	128,992
% Ch	-1.0%	0.3%	2.0%	3.1%	2.6%	2.0%	2.6%	2.6%	2.4%
GOODS PRODUCING SECTOR									
Idaho	80,857	85,009	90,364	97,411	98,310	102,401	105,505	106,974	108,724
% Ch	N/C	5.1%	6.3%	7.8%	0.9%	4.2%	3.0%	1.4%	1.6%
National (Thousands)	22,591	22,094	22,221	22,777	23,161	23,412	23,884	24,352	24,467
% Ch	-4.8%	-2.2%	0.6%	2.5%	1.7%	1.1%	2.0%	2.0%	0.5%
MANUFACTURING									
Idaho	57,408	59,920	63,132	65,718	65,640	68,312	70,185	71,529	71,217
% Ch	N/C	4.4%	5.4%	4.1%	-0.1%	4.1%	2.7%	1.9%	-0.4%
National (Thousands)	17,146	16,879	16,857	17,106	17,327	17,317	17,500	17,640	17,404
% Ch	-3.6%	-1.6%	-0.1%	1.5%	1.3%	-0.1%	1.1%	0.8%	-1.3%
DURABLE MANUFACTURING									
Idaho	30,153	32,118	34,786	37,821	39,958	42,447	44,215	45,893	45,703
% Ch	N/C	6.5%	8.3%	8.7%	5.6%	6.2%	4.2%	3.8%	-0.4%
National (Thousands)	10,298	10,025	9,983	10,214	10,456	10,565	10,785	10,990	10,912
% Ch	-4.8%	-2.6%	-0.4%	2.3%	2.4%	1.0%	2.1%	1.9%	-0.7%
LOGGING & WOOD PRODUCTS									
Idaho	9,760	10,460	10,796	11,774	11,864	12,023	11,898	11,465	11,483
% Ch	N/C	7.2%	3.2%	9.1%	0.8%	1.3%	-1.0%	-3.6%	0.2%
National (Thousands)	577	580	605	643	656	663	677	689	701
% Ch	-7.7%	0.6%	4.3%	6.2%	2.0%	1.1%	2.1%	1.7%	1.8%
METAL FABRICATION									
Idaho	2,460	2,436	2,577	2,958	3,410	3,582	3,793	3,826	3,942
% Ch	N/C	-1.0%	5.8%	14.8%	15.3%	5.0%	5.9%	0.9%	3.0%
National (Thousands)	1,542	1,497	1,510	1,566	1,624	1,648	1,696	1,739	1,728
% Ch	-4.3%	-2.9%	0.8%	3.7%	3.7%	1.5%	2.9%	2.6%	-0.6%
MACHINERY									
Idaho	2,287	2,352	2,613	2,901	3,078	3,189	3,065	3,178	3,039
% Ch	N/C	2.8%	11.1%	11.0%	6.1%	3.6%	-3.9%	3.7%	-4.4%
National (Thousands)	1,345	1,310	1,329	1,379	1,440	1,466	1,494	1,512	1,466
% Ch	-4.4%	-2.7%	1.5%	3.8%	4.4%	1.8%	1.9%	1.3%	-3.1%
COMPUTER & ELECTRONICS									
Idaho	10,696	11,744	13,169	13,646	14,325	16,280	17,727	19,054	18,408
% Ch	N/C	9.8%	12.1%	3.6%	5.0%	13.6%	8.9%	7.5%	-3.4%
National (Thousands)	1,809	1,707	1,656	1,651	1,688	1,747	1,803	1,831	1,781
% Ch	-4.9%	-5.6%	-3.0%	-0.3%	2.3%	3.4%	3.2%	1.5%	-2.7%
OTHER DURABLES									
Idaho	4,949	5,126	5,630	6,543	7,281	7,373	7,733	8,371	8,831
% Ch	N/C	3.6%	9.8%	16.2%	11.3%	1.3%	4.9%	8.3%	5.5%
National (Thousands)	5,025	4,931	4,883	4,975	5,047	5,041	5,115	5,218	5,235
% Ch	-4.8%	-1.9%	-1.0%	1.9%	1.4%	-0.1%	1.5%	2.0%	0.3%

**National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2004**

**IDAHO ECONOMIC FORECAST
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JANUARY 2005**

EMPLOYMENT

	2000	2001	2002	2003	2004	2005	2006	2007	2008
TOTAL NONFARM EMPLOYMENT									
Idaho	558,580	568,017	568,006	572,502	587,124	596,683	607,474	618,150	628,093
% Ch	3.8%	1.7%	0.0%	0.8%	2.6%	1.6%	1.8%	1.8%	1.6%
National (Thousands)	131,791	131,837	130,343	129,937	131,295	133,501	135,058	136,200	137,296
% Ch	2.2%	0.0%	-1.1%	-0.3%	1.0%	1.7%	1.2%	0.8%	0.8%
GOODS PRODUCING SECTOR									
Idaho	111,885	110,219	105,013	102,366	104,684	104,605	103,636	102,899	102,175
% Ch	2.9%	-1.5%	-4.7%	-2.5%	2.3%	-0.1%	-0.9%	-0.7%	-0.7%
National (Thousands)	24,653	23,875	22,556	21,817	21,876	22,135	22,174	22,120	22,106
% Ch	0.8%	-3.2%	-5.5%	-3.3%	0.3%	1.2%	0.2%	-0.2%	-0.1%
MANUFACTURING									
Idaho	73,036	70,390	66,801	63,863	63,763	64,552	65,138	65,940	66,858
% Ch	2.6%	-3.6%	-5.1%	-4.4%	-0.2%	1.2%	0.9%	1.2%	1.4%
National (Thousands)	17,345	16,515	15,327	14,592	14,442	14,521	14,536	14,492	14,454
% Ch	-0.3%	-4.8%	-7.2%	-4.8%	-1.0%	0.5%	0.1%	-0.3%	-0.3%
DURABLE MANUFACTURING									
Idaho	47,411	45,097	42,319	39,952	40,595	41,157	41,560	42,155	42,884
% Ch	3.7%	-4.9%	-6.2%	-5.6%	1.6%	1.4%	1.0%	1.4%	1.7%
National (Thousands)	10,956	10,408	9,553	9,038	9,012	9,143	9,192	9,178	9,185
% Ch	0.4%	-5.0%	-8.2%	-5.4%	-0.3%	1.5%	0.5%	-0.2%	0.1%
LOGGING & WOOD PRODUCTS									
Idaho	11,573	9,853	9,560	9,055	9,346	9,229	8,818	8,505	8,312
% Ch	0.8%	-14.9%	-3.0%	-5.3%	3.2%	-1.2%	-4.5%	-3.5%	-2.3%
National (Thousands)	692	647	625	604	608	601	563	548	545
% Ch	-1.3%	-6.4%	-3.4%	-3.4%	0.7%	-1.1%	-6.3%	-2.8%	-0.6%
METAL FABRICATION									
Idaho	4,030	3,875	3,635	3,536	3,670	3,772	3,839	3,926	3,976
% Ch	2.2%	-3.8%	-6.2%	-2.7%	3.8%	2.8%	1.8%	2.3%	1.3%
National (Thousands)	1,753	1,677	1,549	1,478	1,495	1,544	1,577	1,586	1,604
% Ch	1.5%	-4.4%	-7.6%	-4.5%	1.2%	3.2%	2.2%	0.6%	1.1%
MACHINERY									
Idaho	3,305	3,055	2,831	2,632	2,552	2,621	2,755	2,813	2,812
% Ch	8.7%	-7.5%	-7.3%	-7.0%	-3.0%	2.7%	5.1%	2.1%	0.0%
National (Thousands)	1,455	1,368	1,229	1,154	1,154	1,201	1,249	1,256	1,244
% Ch	-0.8%	-6.0%	-10.1%	-6.2%	0.1%	4.0%	4.0%	0.5%	-1.0%
COMPUTER & ELECTRONICS									
Idaho	19,453	19,651	17,925	16,292	16,456	16,834	17,360	18,031	18,751
% Ch	5.7%	1.0%	-8.8%	-9.1%	1.0%	2.3%	3.1%	3.9%	4.0%
National (Thousands)	1,820	1,749	1,507	1,361	1,345	1,329	1,309	1,318	1,327
% Ch	2.2%	-3.9%	-13.8%	-9.7%	-1.2%	-1.2%	-1.5%	0.7%	0.7%
OTHER DURABLES									
Idaho	9,051	8,663	8,367	8,437	8,571	8,702	8,788	8,880	9,034
% Ch	2.5%	-4.3%	-3.4%	0.8%	1.6%	1.5%	1.0%	1.0%	1.7%
National (Thousands)	5,236	4,967	4,642	4,441	4,409	4,468	4,494	4,469	4,465
% Ch	0.0%	-5.1%	-6.5%	-4.3%	-0.7%	1.3%	0.6%	-0.5%	-0.1%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2004

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2005**

EMPLOYMENT

MANUFACTURING (continued)	1991	1992	1993	1994	1995	1996	1997	1998	1999
NONDURABLE MANUFACTURING									
Idaho	27,256	27,802	28,346	27,897	25,682	25,865	25,970	25,636	25,514
% Ch	N/C	2.0%	2.0%	-1.6%	-7.9%	0.7%	0.4%	-1.3%	-0.5%
National (Thousands)	6,848	6,854	6,874	6,892	6,871	6,752	6,715	6,650	6,493
% Ch	-1.6%	0.1%	0.3%	0.3%	-0.3%	-1.7%	-0.6%	-1.0%	-2.4%
FOOD PROCESSING									
Idaho	17,197	17,445	17,856	17,369	16,827	17,119	17,263	16,830	16,705
% Ch	N/C	1.4%	2.4%	-2.7%	-3.1%	1.7%	0.8%	-2.5%	-0.7%
National (Thousands)	1,515	1,519	1,535	1,540	1,561	1,562	1,557	1,555	1,550
% Ch	0.5%	0.3%	1.1%	0.3%	1.3%	0.1%	-0.3%	-0.1%	-0.3%
PRINTING									
Idaho	2,226	2,211	2,231	2,241	2,308	2,365	2,326	2,307	2,234
% Ch	N/C	-0.7%	0.9%	0.4%	3.0%	2.5%	-1.6%	-0.8%	-3.2%
National (Thousands)	792	780	785	802	817	816	821	828	814
% Ch	-2.0%	-1.5%	0.6%	2.2%	1.9%	-0.2%	0.6%	0.8%	-1.6%
CHEMICALS									
Idaho	4,172	4,259	4,210	4,099	2,354	2,330	2,272	2,361	2,314
% Ch	N/C	2.1%	-1.1%	-2.6%	-42.6%	-1.0%	-2.5%	3.9%	-2.0%
National (Thousands)	1,024	1,029	1,025	1,005	988	985	987	993	983
% Ch	-1.1%	0.5%	-0.4%	-2.0%	-1.7%	-0.3%	0.2%	0.6%	-1.0%
OTHER NONDURABLES									
Idaho	3,661	3,886	4,049	4,187	4,193	4,051	4,108	4,138	4,262
% Ch	N/C	6.2%	4.2%	3.4%	0.1%	-3.4%	1.4%	0.7%	3.0%
National (Thousands)	3,517	3,526	3,529	3,545	3,505	3,390	3,350	3,274	3,145
% Ch	-2.5%	0.3%	0.1%	0.5%	-1.1%	-3.3%	-1.2%	-2.3%	-3.9%
MINING									
Idaho	3,098	2,581	2,164	2,367	2,683	2,977	2,996	2,817	2,485
% Ch	N/C	-16.7%	-16.1%	9.4%	13.3%	11.0%	0.7%	-6.0%	-11.8%
National (Thousands)	661	610	585	576	558	556	571	565	518
% Ch	-2.8%	-7.7%	-4.1%	-1.4%	-3.2%	-0.3%	2.7%	-1.1%	-8.4%
CONSTRUCTION									
Idaho	20,350	22,508	25,068	29,326	29,988	31,112	32,323	32,627	35,022
% Ch	N/C	10.6%	11.4%	17.0%	2.3%	3.7%	3.9%	0.9%	7.3%
National (Thousands)	4,784	4,605	4,779	5,094	5,276	5,538	5,813	6,147	6,545
% Ch	-9.2%	-3.7%	3.8%	6.6%	3.6%	5.0%	5.0%	5.8%	6.5%
NONGOODS PRODUCING									
Idaho	313,272	328,469	344,139	362,798	378,735	388,498	401,918	413,503	429,378
% Ch	N/C	4.9%	4.8%	5.4%	4.4%	2.6%	3.5%	2.9%	3.8%
National (Thousands)	85,793	86,629	88,626	91,505	94,145	96,287	98,883	101,571	104,525
% Ch	0.0%	1.0%	2.3%	3.2%	2.9%	2.3%	2.7%	2.7%	2.9%
SERVICES									
Idaho	155,410	163,210	173,523	185,543	196,052	202,105	210,033	217,463	227,555
% Ch	N/C	5.0%	6.3%	6.9%	5.7%	3.1%	3.9%	3.5%	4.6%
National (Thousands)	49,164	49,904	51,520	53,498	55,382	57,094	59,170	61,256	63,350
% Ch	0.5%	1.5%	3.2%	3.8%	3.5%	3.1%	3.6%	3.5%	3.4%
INFORMATION									
Idaho	6,990	7,083	7,195	7,413	7,602	7,699	7,587	8,376	9,274
% Ch	N/C	1.3%	1.6%	3.0%	2.5%	1.3%	-1.5%	10.4%	10.7%
National (Thousands)	2,678	2,642	2,667	2,739	2,844	2,940	3,084	3,219	3,418
% Ch	-0.4%	-1.3%	1.0%	2.7%	3.8%	3.4%	4.9%	4.4%	6.2%
FINANCIAL ACTIVITIES									
Idaho	21,116	22,104	23,257	24,520	25,492	26,833	26,835	24,256	25,306
% Ch	N/C	4.7%	5.2%	5.4%	4.0%	5.3%	0.0%	-9.6%	4.3%
National (Thousands)	6,559	6,540	6,708	6,866	6,828	6,969	7,178	7,462	7,646
% Ch	-0.8%	-0.3%	2.6%	2.4%	-0.6%	2.1%	3.0%	4.0%	2.5%

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MANUFACTURING (continued)	2000	2001	2002	2003	2004	2005	2006	2007	2008
NONDURABLE MANUFACTURING									
Idaho	25,625	25,293	24,483	23,911	23,168	23,394	23,578	23,786	23,973
% Ch	0.4%	-1.3%	-3.2%	-2.3%	-3.1%	1.0%	0.8%	0.9%	0.8%
National (Thousands)	6,389	6,107	5,774	5,554	5,430	5,378	5,344	5,315	5,268
% Ch	-1.6%	-4.4%	-5.4%	-3.8%	-2.2%	-1.0%	-0.6%	-0.5%	-0.9%
FOOD PROCESSING									
Idaho	16,660	16,521	16,354	15,900	15,080	15,222	15,370	15,530	15,699
% Ch	-0.3%	-0.8%	-1.0%	-2.8%	-5.2%	0.9%	1.0%	1.0%	1.1%
National (Thousands)	1,553	1,551	1,525	1,518	1,501	1,497	1,503	1,514	1,524
% Ch	0.2%	-0.2%	-1.7%	-0.5%	-1.1%	-0.3%	0.4%	0.7%	0.7%
PRINTING									
Idaho	2,339	2,225	2,033	2,030	1,912	1,882	1,886	1,890	1,887
% Ch	4.7%	-4.9%	-8.6%	-0.2%	-5.8%	-1.6%	0.2%	0.2%	-0.2%
National (Thousands)	807	769	707	680	663	662	665	669	670
% Ch	-0.9%	-4.7%	-8.1%	-3.8%	-2.4%	-0.2%	0.3%	0.7%	0.1%
CHEMICALS									
Idaho	2,336	2,323	1,925	1,830	1,860	1,879	1,801	1,745	1,702
% Ch	1.0%	-0.5%	-17.2%	-4.9%	1.6%	1.0%	-4.1%	-3.1%	-2.4%
National (Thousands)	980	959	928	908	893	892	890	881	869
% Ch	-0.2%	-2.2%	-3.3%	-2.1%	-1.6%	-0.2%	-0.2%	-1.1%	-1.4%
OTHER NONDURABLES									
Idaho	4,290	4,224	4,171	4,151	4,316	4,413	4,521	4,621	4,685
% Ch	0.7%	-1.5%	-1.2%	-0.5%	4.0%	2.2%	2.4%	2.2%	1.4%
National (Thousands)	3,048	2,828	2,615	2,448	2,372	2,327	2,286	2,251	2,206
% Ch	-3.1%	-7.2%	-7.5%	-6.4%	-3.1%	-1.9%	-1.7%	-1.5%	-2.0%
MINING									
Idaho	2,347	1,973	1,758	1,784	1,890	1,957	1,703	1,471	1,136
% Ch	-5.5%	-15.9%	-10.9%	1.5%	6.0%	3.5%	-12.9%	-13.7%	-22.7%
National (Thousands)	520	533	512	502	521	540	512	482	450
% Ch	0.5%	2.4%	-3.8%	-1.9%	3.8%	3.6%	-5.1%	-6.0%	-6.5%
CONSTRUCTION									
Idaho	36,502	37,856	36,453	36,719	39,031	38,096	36,795	35,487	34,181
% Ch	4.2%	3.7%	-3.7%	0.7%	6.3%	-2.4%	-3.4%	-3.6%	-3.7%
National (Thousands)	6,788	6,828	6,717	6,722	6,913	7,074	7,125	7,146	7,202
% Ch	3.7%	0.6%	-1.6%	0.1%	2.8%	2.3%	0.7%	0.3%	0.8%
NONGOODS PRODUCING									
Idaho	446,695	457,798	462,993	470,136	482,440	492,079	503,837	515,252	525,918
% Ch	4.0%	2.5%	1.1%	1.5%	2.6%	2.0%	2.4%	2.3%	2.1%
National (Thousands)	107,138	107,962	107,787	108,120	109,419	111,366	112,884	114,080	115,190
% Ch	2.5%	0.8%	-0.2%	0.3%	1.2%	1.8%	1.4%	1.1%	1.0%
SERVICES									
Idaho	238,277	249,570	253,619	260,002	268,000	275,497	284,402	292,933	300,950
% Ch	4.7%	4.7%	1.6%	2.5%	3.1%	2.8%	3.2%	3.0%	2.7%
National (Thousands)	65,136	65,830	65,600	66,021	67,133	68,751	70,045	71,126	72,207
% Ch	2.8%	1.1%	-0.3%	0.6%	1.7%	2.4%	1.9%	1.5%	1.5%
INFORMATION									
Idaho	9,860	9,597	9,157	9,183	9,674	10,181	10,503	10,750	10,940
% Ch	6.3%	-2.7%	-4.6%	0.3%	5.4%	5.2%	3.2%	2.4%	1.8%
National (Thousands)	3,630	3,629	3,394	3,198	3,166	3,205	3,215	3,252	3,319
% Ch	6.2%	0.0%	-6.5%	-5.8%	-1.0%	1.2%	0.3%	1.1%	2.1%
FINANCIAL ACTIVITIES									
Idaho	25,161	25,013	25,824	26,945	27,773	28,590	29,269	29,829	30,270
% Ch	-0.6%	-0.6%	3.2%	4.3%	3.1%	2.9%	2.4%	1.9%	1.5%
National (Thousands)	7,688	7,809	7,848	7,974	8,048	8,131	8,129	8,130	8,157
% Ch	0.5%	1.6%	0.5%	1.6%	0.9%	1.0%	0.0%	0.0%	0.3%

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SERVICES (Continued)	1991	1992	1993	1994	1995	1996	1997	1998	1999
TRANS., WAREHOUSING, UTILITIES									
Idaho	13,478	14,055	14,557	15,465	16,508	17,329	17,624	18,158	19,004
% Ch	N/C	4.3%	3.6%	6.2%	6.7%	5.0%	1.7%	3.0%	4.7%
National (Thousands)	4,200	4,188	4,264	4,390	4,505	4,576	4,647	4,781	4,906
% Ch	-0.4%	-0.3%	1.8%	2.9%	2.6%	1.6%	1.5%	2.9%	2.6%
PROFESSIONAL & BUSINESS									
Idaho	32,720	33,756	36,872	39,173	42,480	42,934	47,295	50,766	54,792
% Ch	N/C	3.2%	9.2%	6.2%	8.4%	1.1%	10.2%	7.3%	7.9%
National (Thousands)	10,715	10,967	11,493	12,171	12,846	13,461	14,333	15,142	15,954
% Ch	-1.2%	2.3%	4.8%	5.9%	5.6%	4.8%	6.5%	5.6%	5.4%
EDUCATION & HEALTH									
Idaho	32,043	34,554	36,841	39,048	41,491	44,361	46,347	49,248	50,574
% Ch	N/C	7.8%	6.6%	6.0%	6.3%	6.9%	4.5%	6.3%	2.7%
National (Thousands)	11,507	11,890	12,303	12,806	13,288	13,683	14,088	14,445	14,795
% Ch	4.8%	3.3%	3.5%	4.1%	3.8%	3.0%	3.0%	2.5%	2.4%
LEISURE & HOSPITALITY									
Idaho	37,432	39,614	41,375	44,569	46,651	47,557	48,839	50,424	51,460
% Ch	N/C	5.8%	4.4%	7.7%	4.7%	1.9%	2.7%	3.2%	2.1%
National (Thousands)	9,256	9,439	9,733	10,098	10,499	10,774	11,016	11,232	11,544
% Ch	-0.3%	2.0%	3.1%	3.7%	4.0%	2.6%	2.3%	2.0%	2.8%
OTHER SERVICES									
Idaho	11,631	12,045	13,426	15,356	15,829	15,393	15,506	16,235	17,144
% Ch	N/C	3.6%	11.5%	14.4%	3.1%	-2.8%	0.7%	4.7%	5.6%
National (Thousands)	4,249	4,240	4,350	4,429	4,572	4,691	4,825	4,976	5,087
% Ch	-0.3%	-0.2%	2.6%	1.8%	3.2%	2.6%	2.9%	3.1%	2.2%
TRADE									
Idaho	72,496	75,916	78,874	83,336	86,215	89,134	91,683	93,772	96,725
% Ch	N/C	4.7%	3.9%	5.7%	3.5%	3.4%	2.9%	2.3%	3.1%
National (Thousands)	18,083	17,939	18,113	18,733	19,328	19,663	20,053	20,405	20,863
% Ch	-2.0%	-0.8%	1.0%	3.4%	3.2%	1.7%	2.0%	1.8%	2.2%
RETAIL TRADE									
Idaho	52,323	54,822	57,743	61,034	63,162	65,408	67,175	69,160	71,418
% Ch	N/C	4.8%	5.3%	5.7%	3.5%	3.6%	2.7%	3.0%	3.3%
National (Thousands)	12,897	12,829	13,019	13,486	13,895	14,141	14,390	14,610	14,971
% Ch	-2.2%	-0.5%	1.5%	3.6%	3.0%	1.8%	1.8%	1.5%	2.5%
WHOLESALE TRADE									
Idaho	20,173	21,094	21,132	22,303	23,053	23,726	24,509	24,612	25,307
% Ch	N/C	4.6%	0.2%	5.5%	3.4%	2.9%	3.3%	0.4%	2.8%
National (Thousands)	5,186	5,110	5,094	5,247	5,433	5,523	5,663	5,795	5,893
% Ch	-1.6%	-1.5%	-0.3%	3.0%	3.5%	1.6%	2.6%	2.3%	1.7%
STATE & LOCAL GOVERNMENT									
Idaho	72,468	75,893	78,166	80,426	83,355	84,360	87,298	89,469	92,265
% Ch	N/C	4.7%	3.0%	2.9%	3.6%	1.2%	3.5%	2.5%	3.1%
National (Thousands)	14,791	15,218	15,436	15,674	15,931	16,258	16,488	16,653	16,854
% Ch	2.6%	2.9%	1.4%	1.5%	1.6%	2.1%	1.4%	1.0%	1.2%
EDUCATION									
Idaho	37,568	38,516	39,830	40,542	42,571	42,572	44,219	45,413	46,749
% Ch	N/C	2.5%	3.4%	1.8%	5.0%	0.0%	3.9%	2.7%	2.9%
NONEDUCATION									
Idaho	34,900	37,376	38,336	39,884	40,783	41,787	43,079	44,056	45,516
% Ch	N/C	7.1%	2.6%	4.0%	2.3%	2.5%	3.1%	2.3%	3.3%
FEDERAL GOVERNMENT									
Idaho	12,899	13,450	13,575	13,493	13,113	12,899	12,903	12,800	12,833
% Ch	N/C	4.3%	0.9%	-0.6%	-2.8%	-1.6%	0.0%	-0.8%	0.3%
National (Thousands)	3,111	3,112	3,062	3,016	2,947	2,876	2,806	2,771	2,770
% Ch	-0.4%	0.0%	-1.6%	-1.5%	-2.3%	-2.4%	-2.5%	-1.2%	0.0%

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SERVICES (Continued)	2000	2001	2002	2003	2004	2005	2006	2007	2008
TRANS., WAREHOUSING, UTILITIES									
Idaho	19,409	19,155	18,673	18,759	18,990	19,129	19,412	19,693	19,943
% Ch	2.1%	-1.3%	-2.5%	0.5%	1.2%	0.7%	1.5%	1.4%	1.3%
National (Thousands)	5,012	4,973	4,821	4,758	4,803	4,927	5,041	5,140	5,263
% Ch	2.2%	-0.8%	-3.1%	-1.3%	0.9%	2.6%	2.3%	2.0%	2.4%
PROFESSIONAL & BUSINESS									
Idaho	60,623	67,649	69,007	69,992	73,081	75,388	78,605	81,775	84,646
% Ch	10.6%	11.6%	2.0%	1.4%	4.4%	3.2%	4.3%	4.0%	3.5%
National (Thousands)	16,671	16,483	15,976	15,992	16,468	17,162	17,764	18,461	19,049
% Ch	4.5%	-1.1%	-3.1%	0.1%	3.0%	4.2%	3.5%	3.9%	3.2%
EDUCATION & HEALTH									
Idaho	53,017	56,956	59,811	62,554	65,248	67,141	69,087	70,931	72,902
% Ch	4.8%	7.4%	5.0%	4.6%	4.3%	2.9%	2.9%	2.7%	2.8%
National (Thousands)	15,108	15,645	16,203	16,580	16,921	17,313	17,619	17,819	18,016
% Ch	2.1%	3.6%	3.6%	2.3%	2.1%	2.3%	1.8%	1.1%	1.1%
LEISURE & HOSPITALITY									
Idaho	52,564	53,056	53,278	54,400	54,982	56,552	58,572	60,654	62,581
% Ch	2.1%	0.9%	0.4%	2.1%	1.1%	2.9%	3.6%	3.6%	3.2%
National (Thousands)	11,859	12,032	11,986	12,128	12,321	12,584	12,785	12,771	12,777
% Ch	2.7%	1.5%	-0.4%	1.2%	1.6%	2.1%	1.6%	-0.1%	0.0%
OTHER SERVICES									
Idaho	17,643	18,143	17,868	18,169	18,252	18,515	18,954	19,300	19,668
% Ch	2.9%	2.8%	-1.5%	1.7%	0.5%	1.4%	2.4%	1.8%	1.9%
National (Thousands)	5,168	5,258	5,372	5,392	5,406	5,429	5,493	5,552	5,626
% Ch	1.6%	1.7%	2.2%	0.4%	0.3%	0.4%	1.2%	1.1%	1.3%
TRADE									
Idaho	100,169	98,084	97,336	97,107	98,403	100,292	102,872	105,413	107,805
% Ch	3.6%	-2.1%	-0.8%	-0.2%	1.3%	1.9%	2.6%	2.5%	2.3%
National (Thousands)	21,210	21,012	20,677	20,525	20,677	20,811	20,983	21,032	21,006
% Ch	1.7%	-0.9%	-1.6%	-0.7%	0.7%	0.6%	0.8%	0.2%	-0.1%
RETAIL TRADE									
Idaho	74,455	72,618	72,389	72,612	73,411	74,821	76,843	78,832	80,704
% Ch	4.3%	-2.5%	-0.3%	0.3%	1.1%	1.9%	2.7%	2.6%	2.4%
National (Thousands)	15,278	15,239	15,025	14,918	15,033	15,075	15,170	15,205	15,149
% Ch	2.1%	-0.3%	-1.4%	-0.7%	0.8%	0.3%	0.6%	0.2%	-0.4%
WHOLESALE TRADE									
Idaho	25,714	25,466	24,947	24,495	24,993	25,471	26,030	26,580	27,102
% Ch	1.6%	-1.0%	-2.0%	-1.8%	2.0%	1.9%	2.2%	2.1%	2.0%
National (Thousands)	5,933	5,772	5,653	5,606	5,644	5,735	5,813	5,826	5,858
% Ch	0.7%	-2.7%	-2.1%	-0.8%	0.7%	1.6%	1.3%	0.2%	0.5%
STATE & LOCAL GOVERNMENT									
Idaho	94,748	96,867	98,490	99,408	102,904	103,164	103,535	103,948	104,257
% Ch	2.7%	2.2%	1.7%	0.9%	3.5%	0.3%	0.4%	0.4%	0.3%
National (Thousands)	17,928	18,358	18,743	18,816	18,897	19,101	19,158	19,227	19,276
% Ch	6.4%	2.4%	2.1%	0.4%	0.4%	1.1%	0.3%	0.4%	0.3%
EDUCATION									
Idaho	47,989	49,024	49,656	49,917	51,397	51,664	52,039	52,446	52,806
% Ch	2.7%	2.2%	1.3%	0.5%	3.0%	0.5%	0.7%	0.8%	0.7%
NONEDUCATION									
Idaho	46,759	47,843	48,834	49,490	51,507	51,500	51,496	51,502	51,450
% Ch	2.7%	2.3%	2.1%	1.3%	4.1%	0.0%	0.0%	0.0%	-0.1%
FEDERAL GOVERNMENT									
Idaho	13,501	13,278	13,548	13,620	13,133	13,126	13,028	12,958	12,906
% Ch	5.2%	-1.7%	2.0%	0.5%	-3.6%	-0.1%	-0.7%	-0.5%	-0.4%
National (Thousands)	2,864	2,763	2,766	2,758	2,712	2,703	2,698	2,696	2,700
% Ch	3.4%	-3.5%	0.1%	-0.3%	-1.7%	-0.3%	-0.2%	0.0%	0.1%

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JANUARY 2005**

MISCELLANEOUS

	1991	1992	1993	1994	1995	1996	1997	1998	1999
SELECTED CHAIN-WEIGHTED DEFL.									
Gross Domestic Product	84.457	86.402	88.391	90.265	92.115	93.859	95.415	96.475	97.868
% Ch	3.5%	2.3%	2.3%	2.1%	2.0%	1.9%	1.7%	1.1%	1.4%
Consumption Expenditures	83.419	85.825	87.804	89.654	91.577	93.547	95.124	95.978	97.575
% Ch	3.6%	2.9%	2.3%	2.1%	2.1%	2.2%	1.7%	0.9%	1.7%
Durable Goods	106.081	106.756	107.841	109.978	110.672	109.507	107.068	104.152	101.626
% Ch	1.5%	0.6%	1.0%	2.0%	0.6%	-1.1%	-2.2%	-2.7%	-2.4%
Nondurable Goods	86.779	88.105	88.973	89.605	90.629	92.567	93.835	93.821	96.173
% Ch	3.0%	1.5%	1.0%	0.7%	1.1%	2.1%	1.4%	0.0%	2.5%
Services	77.497	80.684	83.345	85.748	88.320	90.844	93.305	95.319	97.393
% Ch	4.4%	4.1%	3.3%	2.9%	3.0%	2.9%	2.7%	2.2%	2.2%
Consumer Price Index (1982-84=1.000)	1.362	1.403	1.445	1.482	1.524	1.569	1.605	1.630	1.666
% Ch	4.2%	3.0%	3.0%	2.6%	2.8%	2.9%	2.3%	1.5%	2.2%

SELECTED INTEREST RATES

Federal Funds	5.7%	3.5%	3.0%	4.2%	5.8%	5.3%	5.5%	5.4%	5.0%
NY Fed Discount	5.5%	3.3%	3.0%	3.6%	5.2%	5.0%	5.0%	4.9%	4.6%
Prime	8.5%	6.3%	6.0%	7.1%	8.8%	8.3%	8.4%	8.4%	8.0%
Existing Home Mortgage	9.3%	8.1%	7.2%	7.5%	7.8%	7.7%	7.7%	7.1%	7.3%
U.S. Govt. 3-Month Bills	5.4%	3.4%	3.0%	4.2%	5.5%	5.0%	5.1%	4.8%	4.6%
U.S. Govt. 6-Month Bills	5.5%	3.6%	3.1%	4.6%	5.6%	5.1%	5.2%	4.8%	4.7%
U.S. Govt. 5-Year Notes	7.4%	6.2%	5.1%	6.7%	6.4%	6.2%	6.2%	5.2%	5.5%
U.S. Govt. 10-Year Notes	7.9%	7.0%	5.9%	7.1%	6.6%	6.4%	6.4%	5.3%	5.6%

SELECTED US PRODUCTION INDICES

Wood Products	81.3	85.7	86.7	91.8	94.0	97.1	100.0	105.0	108.8
% Ch	-6.4%	5.5%	1.1%	5.9%	2.4%	3.3%	3.0%	5.0%	3.7%
Computers & Electronic Products	29.8	33.6	37.1	44.2	57.5	73.8	100.0	129.1	169.0
% Ch	3.8%	12.7%	10.4%	19.1%	30.2%	28.4%	35.5%	29.1%	30.9%
Food	92.0	93.8	96.3	96.8	99.3	97.4	100.0	104.3	105.2
% Ch	1.8%	1.9%	2.7%	0.6%	2.6%	-2.0%	2.7%	4.3%	0.9%
Agricultural Chemicals	90.4	94.2	95.0	94.9	94.5	96.4	100.0	102.4	91.8
% Ch	-3.4%	4.2%	0.8%	-0.2%	-0.4%	2.0%	3.7%	2.4%	-10.4%
Metal Ore Mining	84.6	90.8	90.2	91.9	92.8	94.8	100.0	99.6	91.3
% Ch	-0.2%	7.4%	-0.7%	1.8%	1.0%	2.2%	5.5%	-0.4%	-8.3%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2004

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2005**

MISCELLANEOUS

	2000	2001	2002	2003	2004	2005	2006	2007	2008
SELECTED CHAIN-WEIGHTED DEFL.									
Gross Domestic Product	100.000	102.402	104.097	106.004	108.257	110.414	112.352	114.293	116.492
% Ch	2.2%	2.4%	1.7%	1.8%	2.1%	2.0%	1.8%	1.7%	1.9%
Consumption Expenditures	100.000	102.094	103.548	105.511	107.785	109.840	111.557	113.676	116.063
% Ch	2.5%	2.1%	1.4%	1.9%	2.2%	1.9%	1.6%	1.9%	2.1%
Durable Goods	100.000	98.114	95.475	92.245	90.303	89.529	88.867	88.363	88.127
% Ch	-1.6%	-1.9%	-2.7%	-3.4%	-2.1%	-0.9%	-0.7%	-0.6%	-0.3%
Nondurable Goods	100.000	101.531	102.097	104.154	107.625	109.250	109.324	110.699	112.395
% Ch	4.0%	1.5%	0.6%	2.0%	3.3%	1.5%	0.1%	1.3%	1.5%
Services	100.000	103.257	106.083	109.237	111.954	114.947	118.099	121.270	124.687
% Ch	2.7%	3.3%	2.7%	3.0%	2.5%	2.7%	2.7%	2.7%	2.8%
Consumer Price Index (1982-84=100)	1.722	1.770	1.799	1.840	1.889	1.930	1.955	1.988	2.027
% Ch	3.4%	2.8%	1.6%	2.3%	2.7%	2.2%	1.3%	1.7%	1.9%

SELECTED INTEREST RATES

Federal Funds	6.2%	3.9%	1.7%	1.1%	1.3%	2.6%	3.4%	3.5%	3.9%
NY Fed Discount	5.7%	3.4%	1.2%	2.1%	2.3%	3.6%	4.4%	4.5%	4.9%
Prime	9.2%	6.9%	4.7%	4.1%	4.3%	5.6%	6.4%	6.5%	6.9%
Existing Home Mortgage	8.0%	7.0%	6.5%	5.7%	5.8%	6.2%	6.6%	6.8%	7.3%
U.S. Govt. 3-Month Bills	5.8%	3.4%	1.6%	1.0%	1.3%	2.6%	3.2%	3.3%	3.6%
U.S. Govt. 6-Month Bills	5.9%	3.4%	1.7%	1.1%	1.5%	2.7%	3.3%	3.4%	3.8%
U.S. Govt. 5-Year Notes	6.2%	4.6%	3.8%	3.0%	3.4%	4.0%	4.7%	4.8%	5.4%
U.S. Govt. 10-Year Notes	6.0%	5.0%	4.6%	4.0%	4.3%	4.7%	5.2%	5.4%	5.9%

SELECTED US PRODUCTION INDICES

Wood Products	107.2	100.6	100.6	99.1	103.2	99.5	94.5	94.3	94.4
% Ch	-1.5%	-6.2%	-0.1%	-1.4%	4.1%	-3.6%	-5.0%	-0.2%	0.1%
Computers & Electronic Products	224.0	226.1	234.7	266.9	313.5	353.1	394.6	448.4	513.5
% Ch	32.5%	1.0%	3.8%	13.8%	17.5%	12.6%	11.7%	13.6%	14.5%
Food	106.8	106.9	107.1	106.2	108.1	109.7	111.9	114.3	116.8
% Ch	1.5%	0.1%	0.2%	-0.9%	1.8%	1.5%	2.0%	2.1%	2.2%
Agricultural Chemicals	84.9	80.6	81.7	80.9	87.8	86.7	84.9	84.7	84.7
% Ch	-7.5%	-5.1%	1.4%	-0.9%	8.5%	-1.3%	-2.0%	-0.3%	0.0%
Metal Ore Mining	90.9	82.6	75.4	72.5	74.5	80.3	83.9	86.5	88.4
% Ch	-0.4%	-9.2%	-8.8%	-3.8%	2.8%	7.8%	4.4%	3.2%	2.1%

**National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2004**

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2005**

DEMOGRAPHICS

	2002				2003				2004			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
POPULATION												
Idaho (Thousands)	1,333.2	1,339.4	1,344.8	1,350.4	1,356.5	1,362.4	1,367.8	1,372.9	1,377.9	1,382.8	1,387.6	1,392.6
% Ch	1.6%	1.9%	1.6%	1.7%	1.8%	1.8%	1.6%	1.5%	1.5%	1.4%	1.4%	1.5%
National (Millions)	287.487	288.205	289.001	289.703	290.340	291.049	291.745	292.417	293.088	293.759	294.436	295.109
% Ch	0.9%	1.0%	1.1%	1.0%	0.9%	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%
BIRTHS												
Idaho (Thousands)	20.897	20.950	21.027	21.077	21.259	21.363	21.450	21.522	21.593	21.660	21.723	21.796
% Ch	2.0%	1.0%	1.5%	1.0%	3.5%	2.0%	1.6%	1.3%	1.3%	1.2%	1.2%	1.3%
National (Thousands)	3,881	3,883	3,886	3,890	3,894	3,898	3,903	3,909	3,915	3,921	3,928	3,935
% Ch	0.2%	0.2%	0.3%	0.4%	0.4%	0.4%	0.5%	0.6%	0.6%	0.6%	0.7%	0.8%
DEATHS												
Idaho (Thousands)	9.894	9.912	9.955	9.977	10.067	10.110	10.151	10.189	10.227	10.264	10.301	10.339
% Ch	1.1%	0.7%	1.7%	0.9%	3.6%	1.7%	1.6%	1.5%	1.5%	1.5%	1.4%	1.5%
National (Thousands)	2,459	2,465	2,470	2,475	2,480	2,485	2,490	2,495	2,499	2,504	2,510	2,515
% Ch	0.9%	0.9%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
NET MIGRATION												
Idaho (Thousands)	8.906	8.892	10.724	11.523	12.053	11.678	11.728	11.093	10.043	9.011	8.325	8.318
HOUSING												
HOUSING STARTS												
Idaho	11,389	12,320	13,036	15,872	15,741	15,018	16,599	17,929	16,544	17,595	19,330	18,838
% Ch	11.1%	36.9%	25.4%	119.7%	-3.3%	-17.2%	49.3%	36.1%	-27.5%	27.9%	45.7%	-9.8%
National (Millions)	1.723	1.691	1.697	1.730	1.747	1.745	1.883	2.035	1.943	1.920	1.968	1.932
% Ch	45.1%	-7.2%	1.5%	7.8%	4.1%	-0.5%	35.7%	36.2%	-16.8%	-4.7%	10.4%	-7.0%
SINGLE UNITS												
Idaho	9,995	10,735	11,250	12,575	12,802	12,784	14,005	15,866	14,437	15,040	16,326	15,995
% Ch	10.9%	33.1%	20.6%	56.1%	7.4%	-0.6%	44.1%	64.7%	-31.5%	17.8%	38.8%	-7.8%
National (Millions)	1.370	1.349	1.339	1.395	1.418	1.420	1.522	1.657	1.570	1.596	1.626	1.594
% Ch	41.5%	-6.1%	-3.0%	17.9%	6.9%	0.6%	32.0%	40.4%	-19.4%	6.9%	7.7%	-7.6%
MULTIPLE UNITS												
Idaho	1,394	1,584	1,787	3,297	2,939	2,234	2,594	2,063	2,107	2,555	3,004	2,843
% Ch	12.0%	66.9%	61.8%	1059.5%	-36.9%	-66.6%	81.7%	-60.0%	9.0%	115.9%	91.3%	-19.9%
National (Millions)	0.353	0.342	0.359	0.335	0.329	0.325	0.361	0.378	0.373	0.323	0.341	0.338
% Ch	59.8%	-11.6%	21.0%	-24.2%	-7.0%	-4.8%	52.9%	19.8%	-4.9%	-43.5%	24.2%	-3.7%
HOUSING STOCK												
Idaho (Thousands)	438.5	441.2	444.1	447.8	451.4	454.8	458.6	462.7	466.5	470.6	475.1	479.4
% Ch	2.3%	2.5%	2.7%	3.3%	3.3%	3.1%	3.4%	3.7%	3.3%	3.5%	3.9%	3.7%

**National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2004**

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2005**

DEMOGRAPHICS

	2005				2006				2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
POPULATION												
Idaho (Thousands)	1,397.7	1,402.8	1,407.9	1,413.0	1,418.1	1,423.2	1,428.3	1,433.5	1,439.1	1,444.2	1,449.3	1,454.4
% Ch	1.5%	1.5%	1.5%	1.5%	1.5%	1.4%	1.4%	1.4%	1.6%	1.4%	1.4%	1.4%
National (Millions)	295.783	296.457	297.131	297.803	298.474	299.145	299.813	300.480	301.148	301.816	302.481	303.139
% Ch	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
BIRTHS												
Idaho (Thousands)	21.870	21.945	22.019	22.093	22.168	22.242	22.316	22.391	22.483	22.558	22.632	22.706
% Ch	1.4%	1.4%	1.4%	1.4%	1.4%	1.3%	1.3%	1.3%	1.7%	1.3%	1.3%	1.3%
National (Thousands)	3,943	3,951	3,959	3,968	3,977	3,986	3,995	4,006	4,017	4,027	4,038	4,049
% Ch	0.8%	0.8%	0.8%	0.9%	0.9%	0.9%	0.9%	1.1%	1.1%	1.0%	1.1%	1.1%
DEATHS												
Idaho (Thousands)	10.378	10.416	10.455	10.493	10.532	10.570	10.609	10.647	10.689	10.727	10.766	10.804
% Ch	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.6%	1.4%	1.4%	1.4%
National (Thousands)	2,520	2,525	2,531	2,536	2,540	2,545	2,550	2,556	2,561	2,566	2,571	2,576
% Ch	0.8%	0.8%	1.0%	0.8%	0.6%	0.8%	0.8%	0.9%	0.8%	0.8%	0.8%	0.8%
NET MIGRATION												
Idaho (Thousands)	8,371	8,535	8,800	8,814	8,778	8,742	8,706	8,671	9,119	9,084	9,048	9,012
HOUSING												
HOUSING STARTS												
Idaho	18,156	17,816	17,491	17,071	16,716	16,347	16,107	15,838	15,650	15,422	15,168	14,945
% Ch	-13.7%	-7.3%	-7.1%	-9.3%	-8.1%	-8.5%	-5.7%	-6.5%	-4.7%	-5.7%	-6.4%	-5.8%
National (Millions)	1,890	1,864	1,814	1,760	1,727	1,696	1,683	1,664	1,659	1,659	1,657	1,654
% Ch	-8.5%	-5.4%	-10.2%	-11.5%	-7.3%	-7.1%	-3.0%	-4.5%	-1.1%	0.0%	-0.4%	-0.9%
SINGLE UNITS												
Idaho	15,481	15,296	15,112	14,828	14,547	14,257	14,097	13,909	13,798	13,641	13,458	13,305
% Ch	-12.3%	-4.7%	-4.7%	-7.3%	-7.4%	-7.7%	-4.4%	-5.2%	-3.2%	-4.5%	-5.3%	-4.5%
National (Millions)	1,578	1,549	1,516	1,480	1,452	1,429	1,411	1,392	1,385	1,379	1,372	1,365
% Ch	-4.0%	-7.1%	-8.3%	-9.2%	-7.4%	-6.2%	-5.0%	-5.2%	-2.2%	-1.7%	-1.8%	-2.0%
MULTIPLE UNITS												
Idaho	2,675	2,520	2,379	2,243	2,169	2,091	2,010	1,929	1,851	1,781	1,710	1,640
% Ch	-21.5%	-21.2%	-20.7%	-20.9%	-12.5%	-13.7%	-14.5%	-15.2%	-15.2%	-14.4%	-15.0%	-15.4%
National (Millions)	0.312	0.314	0.298	0.280	0.275	0.266	0.272	0.271	0.274	0.281	0.285	0.288
% Ch	-27.8%	3.3%	-19.0%	-22.3%	-6.9%	-11.6%	8.5%	-1.0%	4.6%	9.4%	6.4%	4.9%
HOUSING STOCK												
Idaho (Thousands)	483.6	487.7	491.7	495.6	499.4	503.1	506.7	510.3	513.9	517.3	520.7	524.1
% Ch	3.5%	3.4%	3.3%	3.2%	3.1%	3.0%	2.9%	2.9%	2.8%	2.7%	2.7%	2.6%

**National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2004**

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2005**

OUTPUT, INCOME, & WAGES

	2002				2003				2004			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GROSS DOM. PRODUCT (Billions)												
Current Dollars	10,338	10,446	10,547	10,618	10,745	10,884	11,117	11,271	11,473	11,658	11,804	11,973
% Ch	4.4%	4.2%	3.9%	2.7%	4.9%	5.3%	8.8%	5.7%	7.4%	6.6%	5.1%	5.9%
2000 Chain-Weighted	9,994	10,053	10,117	10,136	10,184	10,287	10,473	10,581	10,698	10,785	10,883	10,981
% Ch	3.4%	2.4%	2.6%	0.7%	1.9%	4.1%	7.4%	4.2%	4.5%	3.3%	3.7%	3.6%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	33,556	34,327	34,043	33,927	34,286	34,748	35,198	35,586	35,992	36,649	37,319	38,116
% Ch	1.1%	9.5%	-3.3%	-1.4%	4.3%	5.5%	5.3%	4.5%	4.6%	7.5%	7.5%	8.8%
Idaho Nonfarm (Millions)	32,610	33,026	33,121	33,287	33,628	33,776	34,174	34,540	35,255	35,883	36,255	37,069
% Ch	4.6%	5.2%	1.2%	2.0%	4.2%	1.8%	4.8%	4.4%	8.5%	7.3%	4.2%	9.3%
National (Billions)	8,804	8,897	8,896	8,919	9,002	9,106	9,209	9,330	9,445	9,583	9,655	9,869
% Ch	2.2%	4.3%	-0.1%	1.1%	3.8%	4.7%	4.6%	5.3%	5.0%	6.0%	3.0%	9.2%
PERSONAL INCOME - 2000 \$												
Idaho (Millions)	32,687	33,203	32,767	32,544	32,628	33,009	33,303	33,570	33,681	34,034	34,561	35,092
% Ch	0.2%	6.5%	-5.1%	-2.7%	1.0%	4.7%	3.6%	3.2%	1.3%	4.3%	6.3%	6.3%
Idaho Nonfarm (Millions)	31,765	31,944	31,880	31,930	32,002	32,085	32,334	32,583	32,992	33,323	33,576	34,128
% Ch	3.6%	2.3%	-0.8%	0.6%	0.9%	1.0%	3.1%	3.1%	5.1%	4.1%	3.1%	6.7%
National (Billions)	8,575	8,606	8,562	8,556	8,567	8,650	8,714	8,801	8,839	8,900	8,941	9,086
% Ch	1.4%	1.4%	-2.0%	-0.3%	0.5%	3.9%	3.0%	4.1%	1.7%	2.8%	1.9%	6.6%
PER CAPITA PERS INC - CURR \$												
Idaho	25,169	25,628	25,315	25,123	25,276	25,506	25,733	25,921	26,122	26,504	26,895	27,370
% Ch	-0.5%	7.5%	-4.8%	-3.0%	2.5%	3.7%	3.6%	3.0%	3.1%	6.0%	6.0%	7.2%
National	30,623	30,871	30,781	30,787	31,006	31,286	31,566	31,907	32,226	32,623	32,791	33,442
% Ch	1.3%	3.3%	-1.2%	0.1%	2.9%	3.7%	3.6%	4.4%	4.1%	5.0%	2.1%	8.2%
PER CAPITA PERS INC - 2000 \$												
Idaho	24,517	24,789	24,366	24,099	24,054	24,229	24,348	24,453	24,445	24,613	24,908	25,198
% Ch	-1.4%	4.5%	-6.7%	-4.3%	-0.7%	2.9%	2.0%	1.7%	-0.1%	2.8%	4.9%	4.7%
National	29,829	29,860	29,627	29,532	29,507	29,720	29,867	30,099	30,157	30,296	30,368	30,789
% Ch	0.4%	0.4%	-3.1%	-1.3%	-0.3%	2.9%	2.0%	3.1%	0.8%	1.9%	1.0%	5.7%
AVERAGE ANNUAL WAGE												
Idaho	29,090	29,084	29,237	29,277	29,492	29,569	29,828	29,860	30,174	30,356	30,655	30,896
% Ch	4.5%	-0.1%	2.1%	0.5%	3.0%	1.0%	3.5%	0.4%	4.3%	2.4%	4.0%	3.2%
National	37,994	38,196	38,233	38,291	38,627	39,062	39,506	39,914	40,188	40,442	40,759	41,103
% Ch	4.1%	2.1%	0.4%	0.6%	3.6%	4.6%	4.6%	4.2%	2.8%	2.5%	3.2%	3.4%

**National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2004**

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2005**

OUTPUT, INCOME, & WAGES

	2005				2006				2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GROSS DOM. PRODUCT (Billions)												
Current Dollars	12,128	12,286	12,427	12,569	12,721	12,870	13,027	13,174	13,327	13,499	13,666	13,842
% Ch	5.3%	5.3%	4.6%	4.7%	4.9%	4.8%	5.0%	4.6%	4.7%	5.3%	5.0%	5.3%
2000 Chain-Weighted	11,060	11,149	11,230	11,308	11,391	11,480	11,571	11,654	11,739	11,839	11,931	12,029
% Ch	2.9%	3.3%	2.9%	2.8%	3.0%	3.1%	3.2%	2.9%	2.9%	3.5%	3.1%	3.3%
 PERSONAL INCOME - CURR \$												
Idaho (Millions)	38,063	38,637	39,253	39,722	40,247	40,800	41,288	41,831	42,330	42,840	43,419	43,969
% Ch	-0.6%	6.2%	6.5%	4.9%	5.4%	5.6%	4.9%	5.4%	4.9%	4.9%	5.5%	5.2%
Idaho Nonfarm (Millions)	37,141	37,630	38,119	38,542	39,086	39,653	40,208	40,740	41,228	41,737	42,282	42,833
% Ch	0.8%	5.4%	5.3%	4.5%	5.8%	5.9%	5.7%	5.4%	4.9%	5.0%	5.3%	5.3%
National (Billions)	9,916	10,049	10,177	10,296	10,448	10,590	10,730	10,858	10,991	11,133	11,281	11,432
% Ch	1.9%	5.5%	5.2%	4.8%	6.0%	5.6%	5.4%	4.9%	5.0%	5.3%	5.4%	5.5%
 PERSONAL INCOME - 2000 \$												
Idaho (Millions)	34,857	35,208	35,674	35,983	36,318	36,667	36,925	37,243	37,515	37,784	38,102	38,389
% Ch	-2.7%	4.1%	5.4%	3.5%	3.8%	3.9%	2.9%	3.5%	2.9%	2.9%	3.4%	3.0%
Idaho Nonfarm (Millions)	34,012	34,291	34,643	34,914	35,270	35,635	35,959	36,272	36,539	36,811	37,104	37,397
% Ch	-1.4%	3.3%	4.2%	3.2%	4.1%	4.2%	3.7%	3.5%	3.0%	3.0%	3.2%	3.2%
National (Billions)	9,080	9,157	9,249	9,327	9,428	9,517	9,596	9,667	9,740	9,819	9,900	9,981
% Ch	-0.3%	3.4%	4.1%	3.4%	4.4%	3.9%	3.4%	3.0%	3.1%	3.3%	3.3%	3.3%
 PER CAPITA PERS INC - CURR \$												
Idaho	27,232	27,542	27,880	28,111	28,380	28,667	28,906	29,182	29,415	29,664	29,959	30,232
% Ch	-2.0%	4.6%	5.0%	3.4%	3.9%	4.1%	3.4%	3.9%	3.2%	3.4%	4.0%	3.7%
National	33,523	33,896	34,251	34,573	35,003	35,401	35,790	36,137	36,496	36,887	37,295	37,713
% Ch	1.0%	4.5%	4.3%	3.8%	5.1%	4.6%	4.5%	3.9%	4.0%	4.4%	4.5%	4.6%
 PER CAPITA PERS INC - 2000 \$												
Idaho	24,938	25,098	25,338	25,465	25,610	25,763	25,852	25,982	26,069	26,163	26,291	26,396
% Ch	-4.1%	2.6%	3.9%	2.0%	2.3%	2.4%	1.4%	2.0%	1.4%	1.5%	2.0%	1.6%
National	30,699	30,888	31,128	31,319	31,586	31,814	32,008	32,173	32,344	32,534	32,728	32,927
% Ch	-1.2%	2.5%	3.1%	2.5%	3.4%	2.9%	2.5%	2.1%	2.1%	2.4%	2.4%	2.4%
 AVERAGE ANNUAL WAGE												
Idaho	31,172	31,452	31,741	32,026	32,344	32,678	32,989	33,348	33,653	33,901	34,171	34,434
% Ch	3.6%	3.6%	3.7%	3.6%	4.0%	4.2%	3.9%	4.4%	3.7%	3.0%	3.2%	3.1%
National	41,534	41,922	42,317	42,735	43,235	43,667	44,096	44,546	45,056	45,529	45,995	46,465
% Ch	4.3%	3.8%	3.8%	4.0%	4.8%	4.1%	4.0%	4.1%	4.7%	4.3%	4.2%	4.2%

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2005**

PERSONAL INCOME -- CURR \$\$

	2002				2003				2004			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
WAGE AND SALARY PAYMENTS												
Idaho (Millions)	16,992	17,110	17,230	17,337	17,516	17,511	17,698	17,835	18,213	18,480	18,700	18,924
% Ch	4.4%	2.8%	2.8%	2.5%	4.2%	-0.1%	4.3%	3.1%	8.8%	6.0%	4.9%	4.9%
National (Billions)	4,956	4,980	4,981	4,987	5,023	5,073	5,129	5,189	5,239	5,303	5,361	5,432
% Ch	2.7%	2.0%	0.1%	0.5%	2.9%	4.0%	4.4%	4.8%	3.9%	5.0%	4.4%	5.5%
FARM PROPRIETORS INCOME												
Idaho (Millions)	585	941	563	283	273	585	634	652	339	364	678	667
% Ch	-79.7%	569.5%	-87.2%	-93.6%	-13.4%	2008.5%	38.0%	11.8%	-92.7%	32.9%	1103.9%	-6.4%
National (Billions)	11	10	9	9	14	24	25	25	18	19	11	8
% Ch	-91.8%	-10.7%	-51.7%	3.1%	508.1%	844.4%	11.5%	-2.1%	-72.1%	24.2%	-89.9%	-65.1%
NONFARM PROPRIETORS INCOME												
Idaho (Millions)	3,330	3,386	3,409	3,458	3,515	3,563	3,671	3,742	3,818	3,962	4,015	4,066
% Ch	3.6%	6.9%	2.7%	5.9%	6.8%	5.6%	12.7%	8.0%	8.4%	16.0%	5.4%	5.2%
National (Billions)	751	759	762	768	780	802	827	840	854	883	893	903
% Ch	-1.4%	3.9%	1.6%	3.3%	6.6%	11.4%	13.4%	6.3%	6.9%	13.9%	4.6%	4.9%
DIVIDENDS, RENT & INTEREST												
Idaho (Millions)	6,177	6,218	6,096	6,010	6,053	5,985	5,972	6,116	6,195	6,254	6,281	6,793
% Ch	-0.9%	2.7%	-7.6%	-5.5%	2.9%	-4.4%	-0.9%	10.0%	5.3%	3.9%	1.7%	36.8%
National (Billions)	1,518	1,525	1,499	1,481	1,481	1,469	1,463	1,493	1,510	1,525	1,517	1,650
% Ch	-4.9%	2.0%	-6.6%	-4.9%	0.2%	-3.4%	-1.5%	8.4%	4.6%	4.0%	-2.0%	40.0%
OTHER LABOR INCOME												
Idaho (Millions)	3,857	3,973	4,045	4,114	4,202	4,218	4,284	4,327	4,493	4,577	4,637	4,681
% Ch	19.1%	12.6%	7.4%	7.0%	8.8%	1.5%	6.4%	4.1%	16.3%	7.7%	5.4%	3.8%
National (Billions)	692	724	741	762	783	799	818	836	857	870	881	892
% Ch	22.0%	20.0%	9.8%	11.9%	11.3%	8.6%	9.8%	9.1%	10.2%	6.7%	5.1%	5.0%
GOVT. TRANSFERS TO INDIV.												
Idaho (Millions)	4,866	4,961	4,973	5,012	5,072	5,201	5,264	5,268	5,394	5,494	5,543	5,550
% Ch	5.9%	8.0%	1.0%	3.2%	4.9%	10.6%	4.9%	0.3%	9.9%	7.6%	3.6%	0.5%
National (Billions)	1,259	1,284	1,289	1,298	1,311	1,333	1,346	1,351	1,379	1,400	1,414	1,409
% Ch	7.2%	8.0%	1.6%	2.8%	4.2%	6.8%	4.0%	1.3%	8.6%	6.4%	3.9%	-1.4%
CONTRIB. FOR SOCIAL INSUR.												
Idaho (Millions)	2,781	2,798	2,811	2,823	2,876	2,866	2,891	2,909	3,015	3,054	3,086	3,119
% Ch	8.6%	2.5%	1.9%	1.7%	7.7%	-1.4%	3.5%	2.5%	15.4%	5.3%	4.3%	4.4%
National (Billions)	362	364	364	364	372	375	378	382	392	396	400	404
% Ch	6.4%	1.9%	-0.4%	0.1%	8.6%	3.3%	3.8%	4.0%	11.3%	4.0%	3.8%	4.3%
RESIDENCE ADJUSTMENT												
Idaho (Millions)	532	536	539	536	531	551	566	554	555	573	552	555
% Ch	3.1%	3.0%	2.3%	-2.2%	-3.7%	15.9%	11.3%	-8.2%	0.7%	13.6%	-13.9%	2.0%

**National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2004**

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2005**

PERSONAL INCOME -- CURR \$\$

	2005				2006				2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
WAGE AND SALARY PAYMENTS												
Idaho (Millions)	19,139	19,377	19,637	19,890	20,175	20,464	20,747	21,059	21,345	21,584	21,838	22,089
% Ch	4.6%	5.1%	5.5%	5.3%	5.8%	5.9%	5.6%	6.2%	5.5%	4.6%	4.8%	4.7%
National (Billions)	5,512	5,589	5,661	5,735	5,816	5,891	5,965	6,037	6,117	6,195	6,271	6,349
% Ch	6.0%	5.7%	5.3%	5.3%	5.8%	5.3%	5.1%	4.9%	5.4%	5.2%	5.0%	5.1%
FARM PROPRIETORS INCOME												
Idaho (Millions)	539	621	750	793	777	763	696	707	716	716	749	748
% Ch	-57.5%	77.3%	112.6%	25.0%	-7.8%	-7.1%	-31.0%	6.5%	5.1%	0.4%	19.6%	-0.8%
National (Billions)	10	15	18	19	17	16	15	15	17	17	18	18
% Ch	132.6%	344.9%	143.1%	27.0%	-44.7%	-9.5%	-37.3%	8.7%	51.2%	3.3%	27.8%	0.7%
NONFARM PROPRIETORS INCOME												
Idaho (Millions)	4,132	4,207	4,272	4,341	4,410	4,474	4,538	4,600	4,664	4,739	4,809	4,882
% Ch	6.7%	7.4%	6.4%	6.5%	6.6%	5.9%	5.9%	5.5%	5.7%	6.6%	6.0%	6.2%
National (Billions)	917	933	948	962	977	991	1,004	1,017	1,031	1,047	1,062	1,078
% Ch	6.4%	7.2%	6.2%	6.3%	6.4%	5.6%	5.7%	5.3%	5.5%	6.4%	5.8%	6.1%
DIVIDENDS, RENT & INTEREST												
Idaho (Millions)	6,493	6,552	6,615	6,646	6,690	6,757	6,812	6,863	6,919	6,984	7,079	7,188
% Ch	-16.5%	3.7%	3.9%	1.9%	2.7%	4.1%	3.3%	3.1%	3.3%	3.8%	5.5%	6.3%
National (Billions)	1,574	1,587	1,602	1,613	1,626	1,643	1,657	1,673	1,689	1,707	1,732	1,760
% Ch	-17.3%	3.5%	3.8%	2.6%	3.3%	4.2%	3.6%	3.8%	3.9%	4.3%	6.1%	6.7%
OTHER LABOR INCOME												
Idaho (Millions)	4,741	4,820	4,885	4,936	4,973	5,025	5,072	5,131	5,173	5,231	5,285	5,339
% Ch	5.3%	6.8%	5.5%	4.3%	3.0%	4.3%	3.8%	4.7%	3.3%	4.6%	4.2%	4.1%
National (Billions)	904	915	927	937	946	956	966	976	980	992	1,002	1,012
% Ch	5.5%	4.9%	5.3%	4.5%	3.9%	4.5%	4.1%	4.3%	1.4%	4.9%	4.1%	4.2%
GOVT. TRANSFERS TO INDIV.												
Idaho (Millions)	5,656	5,716	5,777	5,836	6,028	6,158	6,305	6,400	6,521	6,614	6,713	6,813
% Ch	7.9%	4.4%	4.3%	4.2%	13.8%	8.9%	9.9%	6.1%	7.8%	5.8%	6.1%	6.1%
National (Billions)	1,435	1,450	1,464	1,479	1,526	1,558	1,594	1,616	1,645	1,667	1,691	1,716
% Ch	7.7%	4.2%	4.1%	4.0%	13.4%	8.6%	9.5%	5.8%	7.3%	5.6%	5.9%	5.9%
CONTRIB. FOR SOCIAL INSUR.												
Idaho (Millions)	3,194	3,215	3,243	3,283	3,371	3,410	3,453	3,503	3,585	3,608	3,635	3,671
% Ch	9.9%	2.7%	3.5%	5.1%	11.2%	4.7%	5.2%	5.9%	9.7%	2.5%	3.0%	4.0%
National (Billions)	415	418	421	426	437	441	446	451	462	466	469	475
% Ch	10.8%	2.9%	2.9%	5.0%	10.8%	4.1%	4.7%	4.7%	9.5%	3.3%	3.4%	4.5%
RESIDENCE ADJUSTMENT												
Idaho (Millions)	557	558	560	562	565	568	571	574	577	579	580	582
% Ch	1.8%	0.9%	1.4%	1.3%	2.0%	2.1%	2.0%	2.7%	2.0%	0.9%	1.2%	1.1%

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2005**

EMPLOYMENT

	2002				2003				2004			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
TOTAL NONFARM EMPLOYMENT												
Idaho	563,449	567,538	568,875	572,161	572,421	570,428	571,679	575,481	581,386	586,605	588,831	591,673
% Ch	-1.0%	2.9%	0.9%	2.3%	0.2%	-1.4%	0.9%	2.7%	4.2%	3.6%	1.5%	1.9%
National (Thousands)	130,448	130,389	130,287	130,248	130,047	129,878	129,820	130,002	130,367	131,125	131,521	132,167
% Ch	-1.4%	-0.2%	-0.3%	-0.1%	-0.6%	-0.5%	-0.2%	0.6%	1.1%	2.3%	1.2%	2.0%
GOODS PRODUCING SECTOR												
Idaho	104,390	105,052	105,198	105,412	103,946	101,794	101,549	102,177	103,816	105,133	104,947	104,842
% Ch	-6.6%	2.6%	0.6%	0.8%	-5.5%	-8.0%	-1.0%	2.5%	6.6%	5.2%	-0.7%	-0.4%
National (Thousands)	22,867	22,638	22,465	22,252	22,025	21,848	21,718	21,676	21,719	21,869	21,927	21,989
% Ch	-6.0%	-3.9%	-3.0%	-3.7%	-4.0%	-3.2%	-2.4%	-0.8%	0.8%	2.8%	1.1%	1.1%
MANUFACTURING												
Idaho	66,820	66,896	66,886	66,602	65,405	63,859	63,250	62,938	63,211	63,841	63,916	64,082
% Ch	-5.1%	0.5%	-0.1%	-1.7%	-7.0%	-9.1%	-3.8%	-2.0%	1.7%	4.0%	0.5%	1.0%
National (Thousands)	15,575	15,418	15,267	15,049	14,845	14,639	14,478	14,407	14,391	14,450	14,467	14,459
% Ch	-8.0%	-4.0%	-3.9%	-5.6%	-5.3%	-5.4%	-4.3%	-2.0%	-0.4%	1.6%	0.5%	-0.2%
DURABLE MANUFACTURING												
Idaho	42,276	42,321	42,385	42,292	41,082	39,806	39,382	39,538	39,984	40,846	40,721	40,830
% Ch	-5.7%	0.4%	0.6%	-0.9%	-11.0%	-11.9%	-4.2%	1.6%	4.6%	8.9%	-1.2%	1.1%
National (Thousands)	9,725	9,620	9,511	9,356	9,204	9,061	8,955	8,932	8,948	9,007	9,038	9,054
% Ch	-9.5%	-4.3%	-4.5%	-6.4%	-6.4%	-6.1%	-4.6%	-1.0%	0.7%	2.7%	1.4%	0.7%
LOGGING & WOOD PRODUCTS												
Idaho	9,495	9,479	9,651	9,613	9,356	8,927	8,886	9,050	9,270	9,458	9,312	9,342
% Ch	-1.0%	-0.7%	7.4%	-1.6%	-10.3%	-17.1%	-1.8%	7.6%	10.1%	8.3%	-6.0%	1.3%
National (Thousands)	633	628	624	617	610	605	599	603	603	608	610	613
% Ch	-2.0%	-2.8%	-2.9%	-4.3%	-4.1%	-3.7%	-3.9%	2.6%	0.4%	3.1%	1.2%	2.0%
METAL FABRICATION												
Idaho	3,563	3,642	3,687	3,648	3,620	3,536	3,470	3,519	3,592	3,644	3,707	3,737
% Ch	-14.5%	9.2%	5.0%	-4.2%	-3.0%	-9.0%	-7.2%	5.8%	8.6%	5.9%	7.1%	3.3%
National (Thousands)	1,567	1,556	1,546	1,525	1,501	1,481	1,465	1,467	1,476	1,493	1,504	1,509
% Ch	-9.1%	-2.8%	-2.3%	-5.3%	-6.4%	-5.2%	-4.2%	0.5%	2.4%	4.8%	3.0%	1.5%
MACHINERY												
Idaho	2,809	2,831	2,865	2,820	2,704	2,653	2,596	2,575	2,558	2,570	2,548	2,533
% Ch	1.5%	3.2%	5.0%	-6.2%	-15.4%	-7.3%	-8.4%	-3.2%	-2.6%	2.0%	-3.5%	-2.3%
National (Thousands)	1,258	1,240	1,221	1,199	1,177	1,155	1,142	1,140	1,142	1,154	1,162	1,160
% Ch	-11.2%	-5.9%	-5.9%	-6.9%	-7.2%	-7.1%	-4.6%	-0.7%	0.6%	4.4%	2.6%	-0.4%
COMPUTER & ELECTRONICS												
Idaho	18,114	18,015	17,807	17,764	16,812	16,222	16,149	15,983	16,155	16,564	16,526	16,579
% Ch	-6.0%	-2.2%	-4.5%	-1.0%	-19.8%	-13.3%	-1.8%	-4.0%	4.4%	10.5%	-0.9%	1.3%
National (Thousands)	1,570	1,530	1,486	1,443	1,399	1,368	1,344	1,333	1,335	1,344	1,352	1,348
% Ch	-14.8%	-9.6%	-11.2%	-11.1%	-11.5%	-8.6%	-6.8%	-3.2%	0.6%	2.7%	2.4%	-1.1%
OTHER DURABLES												
Idaho	8,295	8,353	8,375	8,447	8,589	8,468	8,281	8,411	8,408	8,610	8,628	8,639
% Ch	-8.6%	2.9%	1.0%	3.5%	6.9%	-5.5%	-8.5%	6.4%	-0.1%	10.0%	0.8%	0.5%
National (Thousands)	4,698	4,666	4,634	4,572	4,517	4,452	4,405	4,390	4,393	4,409	4,411	4,423
% Ch	-8.2%	-2.7%	-2.7%	-5.3%	-4.8%	-5.6%	-4.2%	-1.4%	0.3%	1.4%	0.2%	1.2%

National Variables Forecast by Global Insight
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**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2005**

EMPLOYMENT

	2005				2006				2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
TOTAL NONFARM EMPLOYMENT												
Idaho	592,985	595,197	598,010	600,541	603,326	606,026	608,880	611,662	614,397	616,901	619,399	621,903
% Ch	0.9%	1.5%	1.9%	1.7%	1.9%	1.8%	1.9%	1.8%	1.8%	1.6%	1.6%	1.6%
National (Thousands)	132,721	133,314	133,774	134,196	134,529	134,913	135,269	135,521	135,756	136,058	136,343	136,643
% Ch	1.7%	1.8%	1.4%	1.3%	1.0%	1.1%	1.1%	0.7%	0.7%	0.9%	0.8%	0.9%
GOODS PRODUCING SECTOR												
Idaho	104,718	104,734	104,615	104,351	104,070	103,750	103,483	103,242	103,103	102,977	102,827	102,687
% Ch	-0.5%	0.1%	-0.5%	-1.0%	-1.1%	-1.2%	-1.0%	-0.9%	-0.5%	-0.5%	-0.6%	-0.5%
National (Thousands)	22,033	22,129	22,170	22,207	22,192	22,209	22,175	22,120	22,118	22,121	22,123	22,116
% Ch	0.8%	1.8%	0.7%	0.7%	-0.3%	0.3%	-0.6%	-1.0%	0.0%	0.0%	0.0%	-0.1%
MANUFACTURING												
Idaho	64,266	64,501	64,658	64,783	64,940	65,068	65,208	65,336	65,577	65,812	66,054	66,317
% Ch	1.1%	1.5%	1.0%	0.8%	1.0%	0.8%	0.9%	0.8%	1.5%	1.4%	1.5%	1.6%
National (Thousands)	14,479	14,517	14,535	14,552	14,548	14,551	14,533	14,513	14,507	14,495	14,491	14,476
% Ch	0.6%	1.1%	0.5%	0.5%	-0.1%	0.1%	-0.5%	-0.5%	-0.2%	-0.3%	-0.1%	-0.4%
DURABLE MANUFACTURING												
Idaho	40,956	41,126	41,234	41,314	41,428	41,517	41,610	41,686	41,875	42,054	42,241	42,449
% Ch	1.2%	1.7%	1.1%	0.8%	1.1%	0.9%	0.9%	0.7%	1.8%	1.7%	1.8%	2.0%
National (Thousands)	9,081	9,139	9,163	9,189	9,194	9,205	9,193	9,178	9,176	9,176	9,181	9,178
% Ch	1.2%	2.6%	1.0%	1.1%	0.2%	0.5%	-0.5%	-0.7%	-0.1%	0.0%	0.2%	-0.1%
LOGGING & WOOD PRODUCTS												
Idaho	9,362	9,320	9,187	9,047	8,965	8,877	8,778	8,653	8,583	8,526	8,474	8,436
% Ch	0.9%	-1.8%	-5.6%	-5.9%	-3.6%	-3.9%	-4.4%	-5.6%	-3.2%	-2.7%	-2.4%	-1.8%
National (Thousands)	612	608	598	588	575	566	559	553	551	548	547	545
% Ch	-0.7%	-2.1%	-6.4%	-6.9%	-8.0%	-6.3%	-5.2%	-3.7%	-2.0%	-1.6%	-1.2%	-0.9%
METAL FABRICATION												
Idaho	3,747	3,765	3,781	3,793	3,810	3,828	3,849	3,870	3,892	3,917	3,939	3,958
% Ch	1.1%	1.9%	1.7%	1.2%	1.9%	1.9%	2.2%	2.3%	2.3%	2.6%	2.3%	1.9%
National (Thousands)	1,521	1,540	1,551	1,562	1,570	1,577	1,581	1,581	1,582	1,585	1,588	1,590
% Ch	3.2%	5.0%	2.8%	3.0%	2.0%	1.9%	0.8%	0.1%	0.3%	0.6%	0.9%	0.5%
MACHINERY												
Idaho	2,568	2,603	2,638	2,675	2,711	2,743	2,772	2,793	2,807	2,814	2,815	2,814
% Ch	5.7%	5.6%	5.5%	5.7%	5.5%	4.9%	4.3%	3.1%	2.0%	1.0%	0.2%	-0.1%
National (Thousands)	1,170	1,195	1,212	1,227	1,237	1,248	1,255	1,258	1,260	1,258	1,255	1,251
% Ch	3.3%	8.7%	5.9%	5.1%	3.1%	3.6%	2.4%	1.0%	0.6%	-0.6%	-0.9%	-1.3%
COMPUTER & ELECTRONICS												
Idaho	16,648	16,769	16,895	17,023	17,156	17,283	17,427	17,575	17,769	17,940	18,115	18,298
% Ch	1.7%	2.9%	3.0%	3.1%	3.2%	3.0%	3.4%	3.4%	4.5%	3.9%	4.0%	4.1%
National (Thousands)	1,346	1,334	1,321	1,314	1,312	1,312	1,306	1,304	1,309	1,317	1,322	1,327
% Ch	-0.8%	-3.3%	-3.9%	-2.2%	-0.5%	-0.1%	-1.6%	-0.6%	1.3%	2.5%	1.6%	1.4%
OTHER DURABLES												
Idaho	8,630	8,668	8,733	8,777	8,787	8,786	8,784	8,795	8,824	8,857	8,897	8,942
% Ch	-0.4%	1.8%	3.0%	2.0%	0.5%	0.0%	-0.1%	0.5%	1.3%	1.5%	1.8%	2.0%
National (Thousands)	4,432	4,462	4,481	4,498	4,500	4,502	4,492	4,480	4,475	4,468	4,469	4,465
% Ch	0.8%	2.7%	1.7%	1.5%	0.2%	0.1%	-0.8%	-1.1%	-0.5%	-0.5%	0.0%	-0.4%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2004

IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2005
EMPLOYMENT

MANUFACTURING (continued)

	2002				2003				2004			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
NONDURABLE MANUFACTURING												
Idaho	24,544	24,575	24,501	24,310	24,324	24,053	23,868	23,400	23,228	22,995	23,195	23,253
% Ch	-4.1%	0.5%	-1.2%	-3.1%	0.2%	-4.4%	-3.0%	-7.6%	-2.9%	-3.9%	3.5%	1.0%
National (Thousands)	5,850	5,798	5,756	5,693	5,641	5,578	5,523	5,474	5,443	5,443	5,430	5,405
% Ch	-5.5%	-3.5%	-2.9%	-4.3%	-3.6%	-4.4%	-3.9%	-3.5%	-2.3%	0.0%	-1.0%	-1.8%
FOOD PROCESSING												
Idaho	16,433	16,419	16,293	16,271	16,148	15,967	15,902	15,585	15,195	14,874	15,113	15,139
% Ch	3.3%	-0.3%	-3.0%	-0.5%	-3.0%	-4.4%	-1.6%	-7.7%	-9.6%	-8.2%	6.6%	0.7%
National (Thousands)	1,536	1,529	1,518	1,518	1,517	1,517	1,524	1,514	1,503	1,504	1,502	1,497
% Ch	-1.1%	-1.7%	-3.0%	0.2%	-0.2%	0.0%	1.7%	-2.5%	-3.1%	0.4%	-0.7%	-1.3%
PRINTING												
Idaho	2,027	2,011	2,051	2,043	2,106	2,085	2,002	1,926	1,918	1,917	1,912	1,901
% Ch	-13.7%	-3.1%	8.1%	-1.4%	12.8%	-3.9%	-15.0%	-14.4%	-1.7%	-0.1%	-1.1%	-2.2%
National (Thousands)	726	711	700	690	686	683	679	672	666	666	662	661
% Ch	-8.3%	-7.9%	-5.9%	-5.9%	-2.2%	-1.5%	-2.6%	-3.8%	-3.8%	-0.1%	-2.2%	-0.5%
CHEMICALS												
Idaho	1,972	1,944	1,889	1,893	1,858	1,824	1,834	1,805	1,849	1,873	1,845	1,874
% Ch	-40.2%	-5.6%	-10.8%	0.9%	-7.3%	-7.1%	2.3%	-6.3%	10.1%	5.3%	-5.7%	6.3%
National (Thousands)	934	929	925	921	919	911	905	898	894	896	893	890
% Ch	-4.2%	-2.3%	-1.6%	-1.8%	-1.2%	-3.1%	-2.5%	-3.4%	-1.4%	0.5%	-1.3%	-0.9%
OTHER NONDURABLES												
Idaho	4,113	4,202	4,268	4,102	4,212	4,176	4,129	4,084	4,267	4,331	4,326	4,339
% Ch	-4.4%	8.9%	6.5%	-14.7%	11.2%	-3.3%	-4.4%	-4.3%	19.1%	6.2%	-0.5%	1.2%
National (Thousands)	2,654	2,629	2,613	2,564	2,520	2,466	2,415	2,390	2,380	2,378	2,374	2,357
% Ch	-7.5%	-3.8%	-2.4%	-7.3%	-6.7%	-8.2%	-8.0%	-4.1%	-1.7%	-0.4%	-0.7%	-2.8%
MINING												
Idaho	1,790	1,733	1,759	1,751	1,735	1,777	1,843	1,782	1,787	1,924	1,935	1,917
% Ch	8.6%	-12.2%	6.2%	-2.0%	-3.5%	10.0%	15.8%	-12.5%	1.0%	34.3%	2.3%	-3.7%
National (Thousands)	522	514	507	505	502	502	502	503	509	521	527	527
% Ch	-3.4%	-6.5%	-4.9%	-1.6%	-2.1%	-0.7%	0.2%	1.0%	5.1%	9.8%	4.4%	0.0%
CONSTRUCTION												
Idaho	35,779	36,422	36,552	37,060	36,805	36,158	36,457	37,456	38,817	39,368	39,096	38,842
% Ch	-9.8%	7.4%	1.4%	5.7%	-2.7%	-6.9%	3.3%	11.4%	15.3%	5.8%	-2.7%	-2.6%
National (Thousands)	6,769	6,707	6,692	6,698	6,678	6,707	6,738	6,766	6,819	6,897	6,932	7,003
% Ch	-1.3%	-3.7%	-0.9%	0.4%	-1.2%	1.8%	1.8%	1.7%	3.1%	4.7%	2.0%	4.1%
NONGOODS PRODUCING												
Idaho	459,059	462,486	463,678	466,748	468,475	468,635	470,129	473,305	477,571	481,472	483,884	486,831
% Ch	0.3%	3.0%	1.0%	2.7%	1.5%	0.1%	1.3%	2.7%	3.7%	3.3%	2.0%	2.5%
National (Thousands)	107,581	107,751	107,821	107,995	108,022	108,030	108,102	108,326	108,648	109,256	109,594	110,178
% Ch	-0.4%	0.6%	0.3%	0.6%	0.1%	0.0%	0.3%	0.8%	1.2%	2.3%	1.2%	2.1%
SERVICES												
Idaho	249,908	253,098	254,474	256,996	258,380	258,790	260,428	262,410	264,873	266,236	269,244	271,647
% Ch	-0.5%	5.2%	2.2%	4.0%	2.2%	0.6%	2.6%	3.1%	3.8%	2.1%	4.6%	3.6%
National (Thousands)	65,447	65,534	65,610	65,809	65,847	65,925	66,041	66,270	66,519	67,025	67,271	67,717
% Ch	-0.5%	0.5%	0.5%	1.2%	0.2%	0.5%	0.7%	1.4%	1.5%	3.1%	1.5%	2.7%
INFORMATION												
Idaho	9,273	9,186	9,009	9,160	9,177	9,158	9,121	9,274	9,367	9,565	9,832	9,933
% Ch	-7.1%	-3.7%	-7.5%	6.9%	0.7%	-0.8%	-1.6%	6.9%	4.0%	8.8%	11.6%	4.2%
National (Thousands)	3,472	3,419	3,364	3,321	3,237	3,204	3,179	3,171	3,167	3,177	3,166	3,156
% Ch	-7.2%	-6.0%	-6.3%	-5.1%	-9.7%	-4.1%	-3.0%	-1.0%	-0.5%	1.3%	-1.5%	-1.2%
FINANCIAL ACTIVITIES												
Idaho	25,587	25,669	25,883	26,157	26,549	26,841	27,125	27,264	27,463	27,666	27,868	28,094
% Ch	6.0%	1.3%	3.4%	4.3%	6.1%	4.5%	4.3%	2.1%	2.9%	3.0%	3.0%	3.3%
National (Thousands)	7,833	7,827	7,839	7,893	7,931	7,981	7,998	7,985	7,991	8,031	8,058	8,110
% Ch	-0.2%	-0.3%	0.6%	2.8%	1.9%	2.5%	0.9%	-0.6%	0.3%	2.0%	1.4%	2.6%

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IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2005
EMPLOYMENT

MANUFACTURING (continued)

	2005				2006				2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
NONDURABLE MANUFACTURING												
Idaho	23,310	23,375	23,424	23,469	23,512	23,551	23,598	23,650	23,703	23,758	23,813	23,869
% Ch	1.0%	1.1%	0.8%	0.8%	0.7%	0.7%	0.8%	0.9%	0.9%	0.9%	0.9%	0.9%
National (Thousands)	5,398	5,378	5,372	5,363	5,354	5,347	5,340	5,336	5,331	5,320	5,310	5,298
% Ch	-0.5%	-1.5%	-0.4%	-0.7%	-0.7%	-0.5%	-0.5%	-0.3%	-0.4%	-0.8%	-0.7%	-0.9%
FOOD PROCESSING												
Idaho	15,168	15,201	15,239	15,279	15,316	15,350	15,387	15,427	15,467	15,509	15,550	15,592
% Ch	0.8%	0.9%	1.0%	1.0%	1.0%	0.9%	1.0%	1.0%	1.1%	1.1%	1.1%	1.1%
National (Thousands)	1,499	1,496	1,496	1,497	1,499	1,502	1,504	1,507	1,511	1,513	1,515	1,517
% Ch	0.7%	-0.8%	0.0%	0.2%	0.6%	0.7%	0.6%	0.9%	1.0%	0.4%	0.7%	0.6%
PRINTING												
Idaho	1,885	1,880	1,879	1,883	1,886	1,885	1,886	1,888	1,890	1,891	1,891	1,890
% Ch	-3.2%	-1.1%	-0.3%	0.9%	0.7%	-0.1%	0.2%	0.4%	0.3%	0.2%	0.0%	-0.1%
National (Thousands)	662	662	663	663	662	664	665	667	668	669	669	670
% Ch	0.3%	0.1%	0.9%	-0.3%	-0.2%	0.8%	1.0%	0.9%	0.8%	0.4%	0.3%	0.2%
CHEMICALS												
Idaho	1,888	1,893	1,879	1,854	1,830	1,808	1,790	1,775	1,762	1,750	1,739	1,728
% Ch	3.1%	1.1%	-2.9%	-5.2%	-5.1%	-4.7%	-4.0%	-3.4%	-2.9%	-2.6%	-2.5%	-2.5%
National (Thousands)	892	891	892	893	893	891	889	888	885	882	879	876
% Ch	0.6%	-0.3%	0.5%	0.3%	0.1%	-0.7%	-1.0%	-0.7%	-1.0%	-1.5%	-1.2%	-1.4%
OTHER NONDURABLES												
Idaho	4,369	4,401	4,427	4,453	4,480	4,508	4,535	4,560	4,584	4,609	4,633	4,658
% Ch	2.8%	2.9%	2.4%	2.4%	2.4%	2.5%	2.4%	2.3%	2.1%	2.2%	2.1%	2.2%
National (Thousands)	2,346	2,329	2,321	2,311	2,299	2,290	2,282	2,274	2,266	2,256	2,247	2,236
% Ch	-1.9%	-2.8%	-1.5%	-1.7%	-2.0%	-1.6%	-1.5%	-1.3%	-1.4%	-1.7%	-1.7%	-2.0%
MINING												
Idaho	1,893	1,976	2,014	1,943	1,835	1,723	1,648	1,608	1,554	1,516	1,448	1,366
% Ch	-4.7%	18.7%	7.9%	-13.5%	-20.5%	-22.3%	-16.2%	-9.4%	-12.9%	-9.4%	-16.6%	-20.9%
National (Thousands)	533	544	546	538	526	516	507	501	493	486	478	469
% Ch	4.4%	8.5%	1.4%	-5.7%	-8.1%	-7.9%	-6.6%	-5.0%	-5.6%	-5.8%	-6.7%	-6.9%
CONSTRUCTION												
Idaho	38,559	38,257	37,944	37,625	37,296	36,959	36,627	36,298	35,972	35,648	35,325	35,004
% Ch	-2.9%	-3.1%	-3.2%	-3.3%	-3.5%	-3.6%	-3.5%	-3.5%	-3.5%	-3.6%	-3.6%	-3.6%
National (Thousands)	7,021	7,068	7,089	7,118	7,117	7,142	7,135	7,106	7,119	7,140	7,155	7,170
% Ch	1.1%	2.7%	1.2%	1.6%	0.0%	1.4%	-0.4%	-1.6%	0.7%	1.2%	0.8%	0.9%
NONGOODS PRODUCING												
Idaho	488,268	490,463	493,395	496,190	499,256	502,276	505,397	508,420	511,294	513,924	516,572	519,216
% Ch	1.2%	1.8%	2.4%	2.3%	2.5%	2.4%	2.5%	2.4%	2.3%	2.1%	2.1%	2.1%
National (Thousands)	110,687	111,185	111,605	111,989	112,337	112,705	113,094	113,401	113,638	113,937	114,220	114,527
% Ch	1.9%	1.8%	1.5%	1.4%	1.2%	1.3%	1.4%	1.1%	0.8%	1.1%	1.0%	1.1%
SERVICES												
Idaho	272,631	274,344	276,511	278,501	280,890	283,330	285,596	287,794	289,918	291,898	293,943	295,972
% Ch	1.5%	2.5%	3.2%	2.9%	3.5%	3.5%	3.2%	3.1%	3.0%	2.8%	2.8%	2.8%
National (Thousands)	68,143	68,580	68,976	69,306	69,586	69,883	70,221	70,492	70,721	70,979	71,256	71,547
% Ch	2.5%	2.6%	2.3%	1.9%	1.6%	1.7%	1.9%	1.6%	1.3%	1.5%	1.6%	1.6%
INFORMATION												
Idaho	10,031	10,133	10,232	10,330	10,401	10,470	10,538	10,602	10,667	10,725	10,780	10,831
% Ch	4.0%	4.1%	4.0%	3.9%	2.8%	2.7%	2.6%	2.5%	2.5%	2.2%	2.1%	1.9%
National (Thousands)	3,178	3,204	3,221	3,216	3,201	3,205	3,223	3,232	3,240	3,242	3,254	3,271
% Ch	2.9%	3.3%	2.2%	-0.7%	-1.8%	0.5%	2.3%	1.2%	1.0%	0.1%	1.6%	2.1%
FINANCIAL ACTIVITIES												
Idaho	28,301	28,500	28,690	28,868	29,037	29,196	29,349	29,494	29,635	29,769	29,896	30,017
% Ch	3.0%	2.8%	2.7%	2.5%	2.4%	2.2%	2.1%	2.0%	1.9%	1.8%	1.7%	1.6%
National (Thousands)	8,153	8,122	8,119	8,132	8,144	8,128	8,123	8,122	8,130	8,127	8,128	8,135
% Ch	2.1%	-1.5%	-0.1%	0.6%	0.6%	-0.8%	-0.2%	0.0%	0.4%	-0.2%	0.0%	0.3%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2004

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2005**

EMPLOYMENT

	2002				2003				2004			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SERVICES (Continued)												
TRANS., WAREHOUSING, UTILITIES												
Idaho	18,593	18,702	18,671	18,727	18,994	18,654	18,716	18,671	18,951	19,056	18,957	18,995
% Ch	-8.2%	2.4%	-0.7%	1.2%	5.8%	-7.0%	1.3%	-1.0%	6.1%	2.2%	-2.1%	0.8%
National (Thousands)	4,822	4,825	4,827	4,811	4,796	4,762	4,733	4,742	4,763	4,791	4,816	4,840
% Ch	-2.8%	0.3%	0.2%	-1.4%	-1.2%	-2.8%	-2.4%	0.8%	1.8%	2.4%	2.1%	1.9%
PROFESSIONAL & BUSINESS												
Idaho	67,302	68,967	69,446	70,312	69,959	69,787	69,824	70,400	71,463	72,469	73,816	74,576
% Ch	-1.3%	10.3%	2.8%	5.1%	-2.0%	-1.0%	0.2%	3.3%	6.2%	5.8%	7.6%	4.2%
National (Thousands)	15,989	16,024	15,964	15,926	15,893	15,936	16,023	16,114	16,202	16,417	16,523	16,731
% Ch	-3.6%	0.9%	-1.5%	-0.9%	-0.8%	1.1%	2.2%	2.3%	2.2%	5.4%	2.6%	5.1%
EDUCATION & HEALTH												
Idaho	58,927	59,548	60,054	60,717	61,494	62,185	63,015	63,521	63,903	64,951	65,750	66,387
% Ch	4.9%	4.3%	3.4%	4.5%	5.2%	4.6%	5.4%	3.2%	2.4%	6.7%	5.0%	3.9%
National (Thousands)	16,007	16,143	16,283	16,377	16,462	16,559	16,594	16,705	16,774	16,874	16,950	17,086
% Ch	3.4%	3.4%	3.5%	2.3%	2.1%	2.4%	0.8%	2.7%	1.7%	2.4%	1.8%	3.2%
LEISURE & HOSPITALITY												
Idaho	52,508	53,211	53,460	53,932	54,120	54,088	54,441	54,953	55,578	54,270	54,791	55,290
% Ch	-2.8%	5.5%	1.9%	3.6%	1.4%	-0.2%	2.6%	3.8%	4.6%	-9.1%	3.9%	3.7%
National (Thousands)	11,971	11,928	11,960	12,086	12,131	12,086	12,120	12,172	12,239	12,324	12,345	12,374
% Ch	-0.2%	-1.4%	1.1%	4.3%	1.5%	-1.5%	1.1%	1.7%	2.2%	2.8%	0.7%	0.9%
OTHER SERVICES												
Idaho	17,718	17,815	17,950	17,990	18,088	18,076	18,185	18,327	18,148	18,258	18,230	18,372
% Ch	-4.1%	2.2%	3.1%	0.9%	2.2%	-0.3%	2.4%	3.2%	-3.8%	2.4%	-0.6%	3.2%
National (Thousands)	5,352	5,368	5,373	5,395	5,396	5,397	5,393	5,381	5,382	5,410	5,413	5,420
% Ch	2.9%	1.2%	0.3%	1.6%	0.1%	0.1%	-0.3%	-0.9%	0.1%	2.1%	0.2%	0.6%
TRADE												
Idaho	97,317	97,396	97,485	97,145	97,418	97,014	96,619	97,376	97,879	98,255	98,522	98,956
% Ch	1.6%	0.3%	0.4%	-1.4%	1.1%	-1.6%	-1.6%	3.2%	2.1%	1.5%	1.1%	1.8%
National (Thousands)	20,733	20,723	20,660	20,593	20,556	20,536	20,501	20,506	20,589	20,683	20,698	20,737
% Ch	-1.9%	-0.2%	-1.2%	-1.3%	-0.7%	-0.4%	-0.7%	0.1%	1.6%	1.8%	0.3%	0.7%
RETAIL TRADE												
Idaho	72,412	72,508	72,450	72,184	72,756	72,324	72,403	72,965	72,977	73,443	73,443	73,780
% Ch	3.7%	0.5%	-0.3%	-1.5%	3.2%	-2.4%	0.4%	3.1%	0.1%	2.6%	0.0%	1.8%
National (Thousands)	15,060	15,067	15,013	14,959	14,928	14,918	14,912	14,915	14,974	15,047	15,043	15,069
% Ch	-1.7%	0.2%	-1.4%	-1.4%	-0.8%	-0.2%	-0.2%	0.1%	1.6%	2.0%	-0.1%	0.7%
WHOLESALE TRADE												
Idaho	24,905	24,888	25,035	24,960	24,663	24,690	24,216	24,411	24,903	24,812	25,079	25,177
% Ch	-4.4%	-0.3%	2.4%	-1.2%	-4.7%	0.4%	-7.5%	3.3%	8.3%	-1.4%	4.4%	1.6%
National (Thousands)	5,673	5,656	5,648	5,634	5,628	5,618	5,589	5,591	5,616	5,636	5,655	5,668
% Ch	-2.4%	-1.2%	-0.6%	-1.0%	-0.4%	-0.7%	-2.0%	0.1%	1.8%	1.5%	1.3%	0.9%
STATE & LOCAL GOVERNMENT												
Idaho	98,547	98,655	98,024	98,736	98,931	99,114	99,393	100,192	101,708	103,970	102,889	103,049
% Ch	1.6%	0.4%	-2.5%	2.9%	0.8%	0.7%	1.1%	3.3%	6.2%	9.2%	-4.1%	0.6%
National (Thousands)	18,649	18,725	18,785	18,815	18,833	18,802	18,808	18,823	18,826	18,830	18,914	19,019
% Ch	1.7%	1.6%	1.3%	0.6%	0.4%	-0.7%	0.1%	0.3%	0.1%	0.1%	1.8%	2.2%
EDUCATION												
Idaho	49,706	50,048	49,330	49,540	49,914	49,791	49,483	50,481	50,389	52,348	51,346	51,505
% Ch	-0.2%	2.8%	-5.6%	1.7%	3.1%	-1.0%	-2.4%	8.3%	-0.7%	16.5%	-7.4%	1.2%
NONEDUCATION												
Idaho	48,841	48,607	48,693	49,196	49,017	49,324	49,910	49,711	51,319	51,622	51,543	51,544
% Ch	3.4%	-1.9%	0.7%	4.2%	-1.5%	2.5%	4.8%	-1.6%	13.6%	2.4%	-0.6%	0.0%
FEDERAL GOVERNMENT												
Idaho	13,286	13,337	13,695	13,872	13,745	13,717	13,690	13,326	13,111	13,012	13,228	13,179
% Ch	-2.7%	1.5%	11.2%	5.3%	-3.6%	-0.8%	-0.8%	-10.2%	-6.3%	-3.0%	6.8%	-1.5%
National (Thousands)	2,753	2,769	2,765	2,778	2,787	2,767	2,752	2,726	2,714	2,718	2,711	2,705
% Ch	-0.1%	2.2%	-0.5%	1.8%	1.3%	-2.9%	-2.2%	-3.6%	-1.8%	0.7%	-1.1%	-0.8%

**National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2004**

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2005**

EMPLOYMENT

SERVICES (Continued)	2005				2006				2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
TRANS., WAREHOUSING, UTILITIES												
Idaho	19,045	19,100	19,163	19,207	19,288	19,373	19,454	19,534	19,606	19,664	19,722	19,780
% Ch	1.1%	1.2%	1.3%	0.9%	1.7%	1.8%	1.7%	1.7%	1.5%	1.2%	1.2%	1.2%
National (Thousands)	4,868	4,905	4,950	4,987	5,012	5,029	5,050	5,072	5,098	5,122	5,154	5,185
% Ch	2.3%	3.1%	3.7%	3.0%	2.0%	1.4%	1.6%	1.8%	2.1%	1.9%	2.5%	2.4%
PROFESSIONAL & BUSINESS												
Idaho	74,447	75,018	75,715	76,372	77,262	78,205	79,054	79,900	80,678	81,411	82,144	82,866
% Ch	-0.7%	3.1%	3.8%	3.5%	4.7%	5.0%	4.4%	4.4%	3.9%	3.7%	3.6%	3.6%
National (Thousands)	16,919	17,125	17,244	17,359	17,496	17,655	17,864	18,042	18,196	18,374	18,555	18,721
% Ch	4.6%	5.0%	2.8%	2.7%	3.2%	3.7%	4.8%	4.0%	3.4%	4.0%	4.0%	3.6%
EDUCATION & HEALTH												
Idaho	66,583	66,860	67,360	67,763	68,319	68,857	69,352	69,820	70,249	70,674	71,161	71,642
% Ch	1.2%	1.7%	3.0%	2.4%	3.3%	3.2%	2.9%	2.7%	2.5%	2.4%	2.8%	2.7%
National (Thousands)	17,192	17,267	17,355	17,440	17,501	17,585	17,669	17,722	17,747	17,803	17,836	17,892
% Ch	2.5%	1.7%	2.0%	2.0%	1.4%	1.9%	1.9%	1.2%	0.6%	1.3%	0.7%	1.3%
LEISURE & HOSPITALITY												
Idaho	55,795	56,300	56,805	57,310	57,815	58,320	58,825	59,330	59,897	60,402	60,907	61,412
% Ch	3.7%	3.7%	3.6%	3.6%	3.6%	3.5%	3.5%	3.5%	3.9%	3.4%	3.4%	3.4%
National (Thousands)	12,422	12,540	12,655	12,720	12,763	12,796	12,791	12,788	12,776	12,769	12,771	12,770
% Ch	1.5%	3.9%	3.7%	2.1%	1.4%	1.0%	-0.2%	-0.1%	-0.4%	-0.2%	0.1%	0.0%
OTHER SERVICES												
Idaho	18,429	18,432	18,546	18,653	18,769	18,909	19,024	19,113	19,187	19,254	19,334	19,424
% Ch	1.2%	0.1%	2.5%	2.3%	2.5%	3.0%	2.5%	1.9%	1.6%	1.4%	1.7%	1.9%
National (Thousands)	5,412	5,418	5,433	5,452	5,469	5,486	5,502	5,514	5,533	5,543	5,559	5,575
% Ch	-0.6%	0.5%	1.1%	1.5%	1.2%	1.2%	1.2%	0.9%	1.4%	0.7%	1.2%	1.1%
TRADE												
Idaho	99,471	100,013	100,606	101,079	101,787	102,526	103,236	103,941	104,569	105,132	105,692	106,257
% Ch	2.1%	2.2%	2.4%	1.9%	2.8%	2.9%	2.8%	2.8%	2.4%	2.2%	2.1%	2.2%
National (Thousands)	20,788	20,796	20,811	20,848	20,916	20,974	21,010	21,031	21,029	21,041	21,028	21,029
% Ch	1.0%	0.2%	0.3%	0.7%	1.3%	1.1%	0.7%	0.4%	0.0%	0.2%	-0.2%	0.0%
RETAIL TRADE												
Idaho	74,181	74,603	75,067	75,434	75,990	76,571	77,128	77,682	78,174	78,613	79,051	79,492
% Ch	2.2%	2.3%	2.5%	2.0%	3.0%	3.1%	2.9%	2.9%	2.6%	2.3%	2.2%	2.3%
National (Thousands)	15,115	15,083	15,049	15,055	15,102	15,160	15,197	15,221	15,214	15,219	15,198	15,189
% Ch	1.2%	-0.8%	-0.9%	0.2%	1.3%	1.5%	1.0%	0.6%	-0.2%	0.1%	-0.6%	-0.2%
WHOLESALE TRADE												
Idaho	25,291	25,410	25,539	25,645	25,797	25,955	26,108	26,259	26,395	26,519	26,642	26,765
% Ch	1.8%	1.9%	2.1%	1.7%	2.4%	2.5%	2.4%	2.3%	2.1%	1.9%	1.9%	1.9%
National (Thousands)	5,673	5,713	5,762	5,794	5,814	5,814	5,813	5,810	5,815	5,821	5,831	5,839
% Ch	0.3%	2.9%	3.5%	2.2%	1.4%	0.0%	0.0%	-0.2%	0.3%	0.5%	0.6%	0.6%
STATE & LOCAL GOVERNMENT												
Idaho	103,010	102,967	103,163	103,518	103,510	103,383	103,553	103,694	103,828	103,930	103,986	104,047
% Ch	-0.2%	-0.2%	0.8%	1.4%	0.0%	-0.5%	0.7%	0.5%	0.5%	0.4%	0.2%	0.2%
National (Thousands)	19,053	19,105	19,114	19,133	19,134	19,151	19,167	19,181	19,193	19,222	19,239	19,253
% Ch	0.7%	1.1%	0.2%	0.4%	0.0%	0.3%	0.3%	0.3%	0.2%	0.6%	0.4%	0.3%
EDUCATION												
Idaho	51,493	51,476	51,675	52,011	52,005	51,876	52,052	52,222	52,327	52,419	52,484	52,554
% Ch	-0.1%	-0.1%	1.6%	2.6%	-0.1%	-1.0%	1.4%	1.3%	0.8%	0.7%	0.5%	0.5%
NONEDUCATION												
Idaho	51,516	51,491	51,487	51,507	51,505	51,507	51,501	51,472	51,501	51,511	51,502	51,493
% Ch	-0.2%	-0.2%	0.0%	0.2%	0.0%	0.0%	0.0%	-0.2%	0.2%	0.1%	-0.1%	-0.1%
FEDERAL GOVERNMENT												
Idaho	13,156	13,139	13,116	13,092	13,070	13,037	13,012	12,991	12,979	12,965	12,950	12,940
% Ch	-0.7%	-0.5%	-0.7%	-0.7%	-0.7%	-1.0%	-0.8%	-0.7%	-0.4%	-0.4%	-0.4%	-0.3%
National (Thousands)	2,704	2,704	2,703	2,702	2,701	2,698	2,697	2,696	2,696	2,696	2,696	2,698
% Ch	-0.2%	0.0%	-0.2%	-0.2%	-0.1%	-0.4%	-0.2%	-0.1%	0.0%	0.1%	0.1%	0.2%

**National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2004**

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2005**

MISCELLANEOUS

	2002				2003				2004			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SELECTED CHAIN-WEIGHTED DEFL.												
Gross Domestic Product	103.470	103.853	104.280	104.786	105.490	105.780	106.158	106.586	107.314	108.169	108.510	109.036
% Ch	1.4%	1.5%	1.7%	2.0%	2.7%	1.1%	1.4%	1.6%	2.8%	3.2%	1.3%	2.0%
Consumption Expenditures	102.660	103.386	103.894	104.250	105.080	105.269	105.689	106.005	106.860	107.683	107.980	108.617
% Ch	0.9%	2.9%	2.0%	1.4%	3.2%	0.7%	1.6%	1.2%	3.3%	3.1%	1.1%	2.4%
Durable Goods	96.343	95.743	95.244	94.570	93.688	92.787	91.757	90.747	90.741	90.725	90.005	89.742
% Ch	-3.8%	-2.5%	-2.1%	-2.8%	-3.7%	-3.8%	-4.4%	-4.3%	0.0%	-0.1%	-3.1%	-1.2%
Nondurable Goods	100.861	102.193	102.520	102.814	104.108	103.520	104.423	104.564	105.914	107.616	107.866	109.102
% Ch	0.0%	5.4%	1.3%	1.2%	5.1%	-2.2%	3.5%	0.5%	5.3%	6.6%	0.9%	4.7%
Services	104.963	105.693	106.524	107.153	108.158	108.993	109.529	110.266	111.085	111.667	112.245	112.817
% Ch	2.3%	2.8%	3.2%	2.4%	3.8%	3.1%	2.0%	2.7%	3.0%	2.1%	2.1%	2.1%
Consumer Price Index	1.780	1.795	1.805	1.814	1.831	1.834	1.845	1.848	1.864	1.886	1.895	1.909
% Ch	1.3%	3.5%	2.2%	1.9%	3.9%	0.6%	2.3%	0.7%	3.6%	4.7%	1.9%	3.1%
SELECTED INTEREST RATES												
Federal Funds	1.7%	1.8%	1.7%	1.4%	1.3%	1.2%	1.0%	1.0%	1.0%	1.0%	1.4%	1.9%
NY Fed Discount	1.3%	1.3%	1.3%	1.0%	2.1%	2.2%	2.0%	2.0%	2.0%	2.0%	2.4%	2.9%
Prime	4.8%	4.8%	4.8%	4.5%	4.3%	4.2%	4.0%	4.0%	4.0%	4.0%	4.4%	4.9%
Existing Home Mortgage	6.9%	6.8%	6.4%	6.1%	5.9%	5.6%	5.7%	5.8%	5.6%	5.7%	5.8%	5.9%
U.S. Govt. 3-Month Bills	1.7%	1.7%	1.6%	1.4%	1.2%	1.0%	0.9%	0.9%	0.9%	1.1%	1.5%	1.9%
U.S. Govt. 6-Month Bills	1.8%	1.9%	1.6%	1.4%	1.2%	1.1%	1.0%	1.0%	1.0%	1.3%	1.7%	2.1%
U.S. Govt. 5-Year Notes	4.5%	4.4%	3.3%	3.0%	2.9%	2.6%	3.1%	3.3%	3.0%	3.7%	3.5%	3.3%
U.S. Govt. 10-Year Notes	5.1%	5.1%	4.3%	4.0%	3.9%	3.6%	4.2%	4.3%	4.0%	4.6%	4.3%	4.2%
SELECTED US PRODUCTION INDICES												
Wood Products	102.0	101.5	100.1	98.7	98.0	97.3	99.0	102.3	103.1	103.7	102.8	103.2
% Ch	6.1%	-2.0%	-5.4%	-5.7%	-2.7%	-2.8%	7.2%	14.3%	3.0%	2.5%	-3.6%	1.4%
Computers & Electronic Products	225.2	229.7	237.8	245.9	253.1	257.7	272.5	284.5	295.9	308.9	320.0	329.3
% Ch	6.0%	8.2%	14.9%	14.4%	12.2%	7.5%	25.0%	18.8%	17.0%	18.8%	15.2%	12.2%
Food	107.8	107.4	106.9	106.4	106.4	106.2	105.9	106.2	107.2	108.3	108.3	108.5
% Ch	3.0%	-1.4%	-1.8%	-2.0%	0.2%	-0.9%	-0.9%	1.0%	3.8%	4.0%	0.0%	1.0%
Agricultural Chemicals	80.1	82.4	83.4	80.9	79.9	80.4	80.3	83.1	84.3	88.0	89.9	89.2
% Ch	-10.8%	12.0%	5.0%	-11.4%	-4.8%	2.3%	-0.4%	14.8%	5.5%	18.9%	9.2%	-3.3%
Metal Ore Mining	72.7	75.7	76.1	76.9	73.7	71.0	73.9	71.4	72.4	72.2	76.1	77.5
% Ch	-29.7%	17.5%	1.9%	4.6%	-15.9%	-13.7%	17.6%	-13.1%	5.5%	-0.8%	23.6%	7.4%

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2005**

MISCELLANEOUS

	2005				2006				2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SELECTED CHAIN-WEIGHTED DEFL.												
Gross Domestic Product	109.657	110.198	110.653	111.149	111.673	112.113	112.582	113.040	113.533	114.024	114.540	115.076
% Ch	2.3%	2.0%	1.7%	1.8%	1.9%	1.6%	1.7%	1.6%	1.8%	1.7%	1.8%	1.9%
Consumption Expenditures	109.199	109.737	110.033	110.391	110.819	111.274	111.815	112.319	112.835	113.382	113.953	114.536
% Ch	2.2%	2.0%	1.1%	1.3%	1.6%	1.7%	2.0%	1.8%	1.8%	2.0%	2.0%	2.1%
Durable Goods	89.655	89.623	89.517	89.321	89.151	88.957	88.763	88.597	88.492	88.401	88.317	88.242
% Ch	-0.4%	-0.1%	-0.5%	-0.9%	-0.8%	-0.9%	-0.9%	-0.7%	-0.5%	-0.4%	-0.4%	-0.3%
Nondurable Goods	109.343	109.588	109.113	108.955	108.973	109.076	109.488	109.761	110.123	110.488	110.898	111.288
% Ch	0.9%	0.9%	-1.7%	-0.6%	0.1%	0.4%	1.5%	1.0%	1.3%	1.3%	1.5%	1.4%
Services	113.741	114.570	115.358	116.117	116.905	117.703	118.498	119.290	120.043	120.847	121.668	122.520
% Ch	3.3%	2.9%	2.8%	2.7%	2.7%	2.8%	2.7%	2.7%	2.5%	2.7%	2.7%	2.8%
Consumer Price Index	1.920	1.929	1.933	1.937	1.943	1.951	1.960	1.968	1.975	1.984	1.993	2.002
% Ch	2.3%	2.0%	0.7%	1.0%	1.3%	1.5%	1.9%	1.6%	1.6%	1.7%	1.8%	1.9%
SELECTED INTEREST RATES												
Federal Funds	2.2%	2.5%	2.8%	3.0%	3.2%	3.4%	3.5%	3.5%	3.5%	3.5%	3.5%	3.6%
NY Fed Discount	3.2%	3.5%	3.8%	4.0%	4.2%	4.4%	4.5%	4.5%	4.5%	4.5%	4.5%	4.6%
Prime	5.2%	5.5%	5.8%	6.0%	6.2%	6.4%	6.5%	6.5%	6.5%	6.5%	6.5%	6.6%
Existing Home Mortgage	6.1%	6.1%	6.1%	6.3%	6.4%	6.6%	6.6%	6.7%	6.7%	6.8%	6.9%	6.9%
U.S. Govt. 3-Month Bills	2.2%	2.5%	2.8%	2.9%	3.0%	3.2%	3.3%	3.3%	3.2%	3.2%	3.2%	3.3%
U.S. Govt. 6-Month Bills	2.4%	2.7%	2.9%	3.0%	3.2%	3.3%	3.4%	3.4%	3.4%	3.4%	3.4%	3.5%
U.S. Govt. 5-Year Notes	3.6%	3.9%	4.2%	4.4%	4.5%	4.7%	4.7%	4.7%	4.8%	4.8%	4.8%	4.9%
U.S. Govt. 10-Year Notes	4.4%	4.6%	4.8%	5.0%	5.1%	5.2%	5.2%	5.3%	5.3%	5.4%	5.4%	5.5%
SELECTED US PRODUCTION INDICES												
Wood Products	102.2	100.5	98.5	96.8	95.5	94.5	94.0	94.0	94.2	94.3	94.3	94.5
% Ch	-3.7%	-6.3%	-8.0%	-6.6%	-5.4%	-4.0%	-2.0%	0.0%	0.5%	0.5%	0.0%	1.0%
Computers & Electronic Products	339.2	348.3	357.5	367.5	377.9	388.8	399.7	411.9	425.4	440.4	455.8	472.0
% Ch	12.5%	11.3%	10.9%	11.7%	11.8%	12.0%	11.7%	12.7%	13.9%	14.8%	14.7%	15.0%
Food	109.0	109.5	110.0	110.5	111.1	111.7	112.2	112.8	113.4	114.0	114.6	115.2
% Ch	1.6%	1.8%	1.8%	2.0%	2.2%	2.1%	2.0%	2.1%	2.1%	2.0%	2.1%	2.1%
Agricultural Chemicals	88.1	87.0	86.2	85.6	85.1	85.0	84.9	84.8	84.8	84.7	84.7	84.7
% Ch	-4.9%	-4.7%	-3.6%	-2.7%	-2.1%	-0.8%	-0.4%	-0.3%	-0.3%	-0.3%	-0.1%	-0.1%
Metal Ore Mining	78.7	79.9	80.9	81.9	82.8	83.5	84.3	85.0	85.6	86.3	86.9	87.4
% Ch	6.3%	6.2%	5.1%	5.0%	4.5%	3.4%	3.9%	3.4%	2.9%	3.3%	2.8%	2.3%

APPENDIX

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THE GLOBAL INSIGHT U.S. MACROECONOMIC MODEL

Global Insight's Macroeconomic Model is a multiple-equation model of the U.S. economy. Consisting of over 1,200 equations, the model is solved iteratively to generate the results of different policy and forecast scenarios. The model incorporates the best insights of many theoretical schools of thought to depict the economic decision processes and interactions of households, businesses, and governments.

The Global Insight model is divided into the following eight major sectors:

- I Private Domestic Spending**
- II Production and Income**
- III Taxes**
- IV International Transactions**
- V Financial**
- VI Inflation**
- VII Supply**
- VIII Expectations**

- I. **Private Domestic Spending.** Major aggregate demand components include consumption, investment, and government. Consumer purchases are divided among three categories: durable goods, nondurable goods, and services. In nearly all cases, real expenditures are influenced by real income and the relative price of consumer goods. Durable and semidurable goods are also sensitive to household net worth, current finance costs, and consumer sentiment.

Global Insight divides investment into two general categories: fixed investment and inventories. The former is driven by utilization rates, capital stock, relative prices, financial market conditions, financial balance sheet conditions, and government policies. Inventory investment is heavily influenced by such factors as past and present sales levels, vendor performance, and utilization rates.

The government sector is divided into federal government and state and local government. Most of the federal expenditure side is exogenous. Federal receipts are endogenous and divided into personal taxes, corporate taxes, indirect business taxes, and contributions for social insurance. State and local sector receipts depend primarily on federal grants and various tax rates and bases. State and local government spending is driven by legal requirements (i.e., balanced budgets), the level of federal grants (due to the matching requirements of many programs), population growth, and trend increases in personal income.

- II. **Production and Income.** The industrial production sector includes 74 standard industrial classifications. Production is a function of various cyclical and trend variables and a generated output term, i.e., the input-output (I-O) relationship between the producing industry and both intermediate industries and final demand. The cyclical and trend variables correct for changes in I-O coefficients that are implied by the changing relationship between buyers and sellers.

Pre-tax income categories include private and government wages, corporate profits, interest rate, and entrepreneurial returns. Each of these categories, except corporate profits, is determined by some combination of wages, prices, interest rates, debt levels, capacity utilization rate, and unemployment rate. Corporate profits are calculated as the residual of total national income less the nonprofit components of income mentioned above.

- III. **Taxes.** The model tracks personal, corporate, payroll, and excise taxes separately. Tax revenues are simultaneously forecast as the product of the rate and the associated pre-tax income components. The model automatically adjusts the effective average personal tax rate for variations in inflation and income per household, and the effective average corporate rate for credits earned on equipment, utility structures, and R&D. State taxes are fully endogenous, except for corporate profits and social insurance tax rates.
- IV. **International.** The international sector can either add or divert strength from the central flow of domestic income and spending. Imports' ability to capture varying shares of domestic demand depends on the prices of foreign output, the U.S. exchange rate, and competing domestic prices. Exports' portion of domestic spending depends on similar variables and the level of world gross domestic product. The exchange rate itself responds to international differences in inflation, interest rates, trade deficits, and capital flows between the U.S. and its competitors. Investment income flows are also explicitly modeled.
- V. **Financial.** The Global Insight model includes a highly detailed financial sector. Several short- and long-term interest rates are covered in this model, and they are the key output of this sector. The short-term rates depend upon the balance between the demand and supply of reserves in the banking system. The supply of reserves is the primary exogenous monetary policy lever within the model, reflecting the Federal Reserve's open market purchases or sales of Treasury securities. Longer-term interest rates are driven by shorter-term rates as well as factors affecting the slope of the yield curve. These factors include inflation expectations, government borrowing requirements, and corporate finance needs.
- VI. **Inflation.** Inflation is modeled as a controlled, interactive process involving wages, prices, and market conditions. The principal domestic cost influences are labor compensation, nonfarm productivity, and foreign input costs that later are driven by the exchange rate, the price of oil, and foreign wholesale price inflation. This set of cost influences drives each of the industry-specific producer price indexes, in combination with a demand pressure indicator and appropriately weighted composites of the other producer price indexes.
- VII. **Supply.** In this model, aggregate supply (or potential GNP), is estimated by a Cobb-Douglas production function that combines factor input growth and improvements to total factor productivity. Factor input equals a weighted average of labor, business fixed capital, and energy. Factor supplies are defined by estimates of the full employment labor force, the full employment capital stock net of pollution abatement equipment, the domestic production of petroleum and natural gas, and the stock of infrastructure. Total factor productivity depends upon the stock of research and development capital and trend technological change.
- VIII. **Expectations.** Expectations impact several expenditure categories in the model, but the principal nuance relates to the entire spectrum of interest rates. Shifts in price expectations or the expected government capital needs influences are captured directly in this model through price expectations and budget deficit terms. The former impacts all interest rates and the latter impacts intermediate- and long-term rates. On the expenditure side, inflationary expectations impact consumption via consumer sentiment, while growth expectations affect business investment.

THE IDAHO ECONOMIC MODEL

The Idaho Economic Model (IEM) is an income and employment based model of Idaho's economy. The Model consists of a simultaneous system of linear regression equations, which are estimated using quarterly data. The primary exogenous variables are obtained from the Global Insight U.S. Macroeconomic Model. Endogenous variables are forecast at the statewide level of aggregation.

The focal point of the IEM is Idaho personal income, which is given by the identity:

**personal income = wage and salary payments + other labor
income + farm proprietors' income + nonfarm proprietors'
income + property income + transfer payments - contributions
for social insurance + residence adjustment.**

With the exception of farm proprietors' income and wage and salary payments, each of the components of personal income is estimated stochastically by a single equation. Farm proprietors' income and wage and salary payments each comprise submodels containing a system of stochastic equations and identities.

The farm proprietor sector is estimated using a highly-aggregated submodel consisting of equations for crop marketing receipts, livestock marketing receipts, production expenses, inventory changes, imputed rent income, corporate farm income, and government payments to farmers. Farm proprietors' income includes inventory changes and imputed rent, but this component is netted out of the tax base.

At the heart of the IEM is the wage and salary sector, which includes stochastic employment equations for 23 North American Industry Classification System employment categories. Conceptually, the employment equations are divided into basic and domestic activities. The basic employment equations are specified primarily as functions of national demand and supply variables. Domestic employment equations are specified primarily as functions of state-specific demand variables. Average annual wages are estimated for several broad employment categories and are combined with employment to arrive at aggregate wage and salary payments.

The demographic component of the model is used to forecast components of population change and housing starts. Resident population, births, and deaths are modeled stochastically. Net migration is calculated residually from the estimates for those variables. Housing starts are divided into single and multiple units. Each equation is functionally related to economic and population variables.

The output of the IEM (i.e., the forecast values of the endogenous variables) is determined by the parameters of the equations and the values of exogenous variables over the forecast period. The values of equation parameters are determined by the historic values of both the exogenous and endogenous variables. IEM equation parameters are estimated using the technique of ordinary least squares. Model equations are occasionally respecified in response to the dynamic nature of the Idaho and national economies. Parameter values for a particular equation (given the same specification) may change as a result of revisions in the historic data or a change in the time interval of the estimation. In general, parameter values should remain relatively constant over time, with changes reflecting changing structural relationships.

While the equation parameters are determined by structural relationships and remain relatively fixed, the forecast period exogenous variable values are more volatile determinants of the forecast values of

endogenous variables. They are more often subject to change as expectations regarding future economic behavior change, and they are more likely to give rise to debate over appropriate values. As mentioned above, the forecast period values of exogenous variables are primarily obtained from Global Insight's U.S. macroeconomic model.

Since the output of the IEM depends in large part upon the output of the Global Insight model, an understanding of the Global Insight model, its input assumptions, and its output is useful in evaluating the results of the IEM's forecast. The assumptions and output of the Global Insight model are discussed in the National Forecast section.

IDAHO ECONOMIC MODEL

$$EEA_ID = EEA_ID_GOODS + EEA_ID_NONGOODS$$

$$EEA_ID_2100 = 6690.890 + 55.951*ID0IP2122_2123 - 4838.485*(JULCNF/WPI10) - 36.175*(IPSG21/ENRM21) + 7.797*TREND$$

$$EEA_ID_2300 = -7740.038 + 333.604*TREND + 31.234*ID0HSPRS1_A + 26.772*ID0HSPRS1_A(-1) + 22.310*ID0HSPRS1_A(-2) + 17.848*ID0HSPRS1_A(-3) + 13.386*ID0HSPRS1_A(-4) + 8.924*ID0HSPRS1_A(-5) + 4.462*ID0HSPRS1_A(-6)$$

$$EEA_ID_3110 = 17288.310 + 50.079*(MOVAV(IPSG311,8)) - 47.231*TREND$$

$$EEA_ID_3230 = 336.016 + 27.225*(MOVAV(IPSG323,8)) - 6.449*TREND$$

$$EEA_ID_3250 = 2689.414 + 16.006*(MOVAV(IPSG3253(-1),4)) - 1923.583*DUM951ON$$

$$EEA_ID_3320 = -842.056 + 49.361*(MOVAV(IPSG332,2)) - 1184.206*(JULCNF/WPI10) + 5.652*TREND$$

$$EEA_ID_3330 = 462.958 + 29.764*IPSG333 - 2.283*TREND$$

$$EEA_ID_3340 = 28735.920 + 28.172*IPSG3341 - 15872.170*JEXCHMTPREAL$$

$$EEA_ID_4200 = 7372.778 + 0.247*EEA_ID_44_45$$

$$EEA_ID_44_45 = 23851.350 + 155.966*(MOVAV(YPADJ_ID,4)/MOVAV(JPC,4))$$

$$EEA_ID_48_49_22 = -8862.411 + 0.788*EEA_ID_4200 + 6057.244*ID0NPT$$

$$EEA_ID_5100 = -6591.583 + 44.500*(MOVAV(IPSN51112T9,6)) + 37.105*(MOVAV(IPSG51111,4)) + 5466.742*ID0NPT$$

$$EEA_ID_52_53 = -13696.590 - 6340.342*DUM981ON + 2181.548*(DUM9801004*MOVAV(SP500/SP500(-2),2)) + 103.500*ID0KHU$$

$$EEA_ID_54_55_56 = -36286.220 + 152.205*YPADJ_ID/JPC + 202.575*(MOVAV(RADR,8))$$

$$EEA_ID_61_62 = -29798.080 + 30911.690*ID0NPT + 142.550*YPADJ_ID/JPC$$

$$EEA_ID_71_72 = -48973.250 + 123996.200*ID0NPT - 477.801*TREND$$

$$EEA_ID_8100 = 1901.703 + 50.064*(MOVAV(YPADJ_ID,2)/MOVAV(JPC,2)) + 1297.842*DUM931964$$

$$EEA_ID_DMANU = EEA_ID_WOOD + EEA_ID_3320 + EEA_ID_3330 + EEA_ID_3340 + EEA_ID_MFDNEC$$

$$EEA_ID_GOODS = EEA_ID_MANU + EEA_ID_2300 + EEA_ID_2100$$

$$EEA_ID_GV = EEA_ID_GVSL + EEA_ID_GVF$$

$$EEA_ID_GVF = -3673.540 + 1255649.000*(EGF*(ID0NPT/N)) + 6.648*TREND$$

$$EEA_ID_GVSL = EEA_ID_GVSLAD + EEA_ID_GVSLED$$

$$EEA_ID_GVSLAD = -4231.714 + 33415.520*(ID0NPT*((N-N16A)/N)) + 0.310*(MOVAV(ID0YPTXB(-4),4))$$

$$EEA_ID_GVSLED = 9962.545 + 55401.600*(ID0NPT*((N-N16A)/N)) + 0.886*(MOVAV(ID0YPTXB(-4),2))$$

$$EEA_ID_MANU = EEA_ID_DMANU + EEA_ID_NMANU$$

$$EEA_ID_MFDNEC = -3921.289 + 115.660*(MOVAV(ID0IPMFDNEC,2))$$

$$EEA_ID_MFDNEC = 897.339 + 1.328*(CNCSR+CNOOR) + 26.083*(MOVAV(IPSG322,2))$$

$$EEA_ID_NMANU = EEA_ID_3110 + EEA_ID_3230 + EEA_ID_3250 + EEA_ID_MFDNEC$$

$$EEA_ID_NONGOODS = EEA_ID_SV + EEA_ID_4200 + EEA_ID_44_45 + EEA_ID_GV$$

$$EEA_ID_SV = EEA_ID_48_49_22 + EEA_ID_5100 + EEA_ID_52_53 + EEA_ID_54_55_56 + EEA_ID_61_62 + EEA_ID_71_72 + EEA_ID_8100$$

$$EEA_ID_WOOD = 12932.120 + 126.954*(MOVAV(IPSG321,2)) - 8707.836*(JULCNF/WPI08) - 77.701*TREND$$

$$ID0AHEMF = -10.612 + 19.721*(EEA_ID_DMANU(-1)/EEA_ID_MANU(-1)*JULCNF) + 24.707*(EEA_ID_NMANU(-1)/EEA_ID_MANU(-1)*JULCNF)$$

$$ID0CRCROP = -907492.600 + 0.013*CRCROP + 1358076.000*WPI01$$

$$ID0CRLVSTK = -283517.700 + 0.036*CRCATCVS + 539697.700*WPI01$$

$$ID0EXFP = -117243.400 + 1211161.000*WPI01 + 17837.650*TREND$$

$$ID0HSPR = ID0HSPRS1_A + ID0HSPRS2A_A$$

$$ID0HSPRS1_A = -18.169 - 1.082*(RMMTGEXIST-MOVAV(RMMTGEXIST(-1),4)) + 132.841*(MOVAV(ID0NPT(-1),4)-MOVAV(ID0NPT(-5),4)) + 0.060*ID0KHU(-1))$$

$$\text{ID0HSPRS2A_A} = 2.166 + 38.159 * (\text{MOVAV}(\text{ID0NPT}(-1),4) - \text{MOVAV}(\text{ID0NPT}(-5),4)) - 0.116 * (\text{MOVAV}(\text{RMMTGEXIST},4)) - 0.004 * \text{TREND}$$

$$\text{ID0KHU} = \text{ID0KHU1} + \text{ID0KHU2A}$$

$$\text{ID0KHU1} = ((0.997)^{0.25}) * \text{ID0KHU1}(-1) + \text{ID0HSPRS1_A} / 4$$

$$\text{ID0KHU2A} = ((0.997)^{0.25}) * \text{ID0KHU2A}(-1) + \text{ID0HSPRS2A_A} / 4$$

$$\text{ID0NB} = -8.307 + 36.495 * \text{ID0NPT} - 0.152 * \text{TREND}$$

$$\text{ID0ND} = 0.928 + 5.736 * \text{ID0NPT} + 0.009 * \text{TREND}$$

$$\text{ID0NMG} = (\text{ID0NPT} - \text{ID0NPT}(-4)) - (\text{ID0NB} - \text{ID0ND}) / 1000$$

$$\text{ID0NPT} = 0.671 + 0.005 * \text{TREND}$$

$$\text{ID0WBB\$} = \text{ID0WBBMF\$} + \text{ID0WBBOTH\$} + \text{ID0WBBCC\$} + \text{ID0WBBF\$} + \text{ID0WBBMIL\$}$$

$$\text{ID0WBBCC\$} = (\text{ID0WRWCC\$} * \text{EEA_ID_2300}) / 1000000$$

$$\text{ID0WBBF\$} = -86.677 + 270.857 * \text{WPI02}$$

$$\text{ID0WBBMF\$} = (\text{ID0WRWMF\$} * \text{EEA_ID_MANU}) / 1000000$$

$$\text{ID0WBBMIL\$} = 14.989 + 277.366 * ((\text{ID0NPT}/\text{N}) * \text{GFMLCWSS})$$

$$\text{ID0WBBOTH\$} = \text{ID0WRWOTH\$} * (\text{EEA_ID} - \text{EEA_ID_2300} - \text{EEA_ID_MANU}) / 1000000$$

$$\text{ID0WRWCC\$} = 4370.492 + 1877.931 * \text{ID0AHEMF}$$

$$\text{ID0WRWMF\$} = 109.148 + 2798.506 * \text{ID0AHEMF}$$

$$\text{ID0WRWOTH\$} = -5738.187 + 2279.114 * \text{ID0AHEMF}$$

$$\text{ID0YDIR\$} = -82.320 + 1.068 * ((\text{YPAIN} + \text{ZADIV} + \text{YPRENTADJ}) * \text{MOVAV}(\text{ID0YPS}(-1),4) / \text{MOVAV}(\text{YP}(-1),4))$$

$$\text{ID0YFC\$} = -9000.397 + 0.969 * \text{ID0YFC\$}(-1) + 15620.48 * \text{WPI01}$$

$$\text{ID0YINV_R\$} = -27327.48 + 0.846 * \text{ID0YINV_R\$}(-1) + 53333.63 * \text{WPI01}$$

$$\text{ID0YP} = \text{ID0YPS} / \text{JPC} * 100$$

$ID0YP\$ = ID0WBB\$ + ID0YSUP\$ + ID0YDIR\$ + ID0YPRNF\$ + ID0YPRF\$ + ID0YTR\$ + ID0YRA\$ - ID0YSIS\$$

$ID0YP\$PC = ID0YP\$ / ID0NPT$

$ID0YPNF = ID0YPNF\$ / JPC*100$

$ID0YPNF\$ = ID0YP\$ - ID0YPRF\$ - ID0WBBF\$$

$ID0YPNFPC = ID0YPNF\$ / JPC*100 / ID0NPT$

$ID0YPPC = ID0YP / ID0NPT$

$ID0YPRF\$ = 111.897 + 0.191*((ID0CRCROP+ID0CRLVSTK+ID0YTRF\$+ID0YINV_R\$-ID0YFC\$-ID0EXFP)/1000) + 3.329*TREND$

$ID0YPRNF\$ = 62.845 + 4.325*YENTNFADJ$

$ID0YPTXB = (ID0WBB\$ + ID0YPRNF\$ + ID0YDIR\$ + (ID0YPRF\$ - ID0YINV_R\$ / 1000)) / JPC*100$

$ID0YRA\$ = -85.254 + 0.035*ID0WBB\$$

$ID0YSIS\$ = -33.199 + 2.293*(TXSIEC*ID0WBB\$/YPCOMPWSD)$

$ID0YSUP\$ = 0.858 + 1.625*(YPCOMPSUPPAI*(ID0WBB\$/YPCOMPWSD))$

$ID0YTR\$ = -9.830 + 844.133*((YPTRFGF+YPTRFGSL)*(ID0NPT/N))$

$ID0YTRF\$ = 18282.820 + 0.011*TRF\$$

$IDWAGE = (ID0WBB\$ - ID0WBBF\$ - ID0WBBMIL\$) / EEA_ID * 100000$

$YPADJ_ID = ID0YPNF\$ + MOVAV(ID0YPRF\$, 4) + MOVAV(ID0WBBF\$, 4)$

ENDOGENOUS VARIABLES

EEA_ID	Employment on nonagricultural payrolls, total
EEA_ID_2100	Employment in mining
EEA_ID_2300	Employment in construction
EEA_ID_3110	Employment in food processing
EEA_ID_3230	Employment in printing
EEA_ID_3250	Employment in chemicals
EEA_ID_3320	Employment in fabricated metal products
EEA_ID_3330	Employment in machinery
EEA_ID_3340	Employment in computers and electronic products
EEA_ID_4200	Employment in wholesale trade
EEA_ID_44_45	Employment in retail trade
EEA_ID_48_49_22	Employment transportation, warehousing, and utilities
EEA_ID_5100	Employment in information
EEA_ID_52_53	Employment in finance, insurance, and real estate
EEA_ID_54_55_56	Employment in professional, scientific, and technical services
EEA_ID_61_62	Employment in health care and educational services
EEA_ID_71_72	Employment in leisure and hospitality
EEA_ID_8100	Employment in other services
EEA_ID_DMANU	Employment in durable goods manufacturing
EEA_ID_GOODS	Employment in goods producing
EEA_ID_GV	Employment in government
EEA_ID_GVF	Employment in federal government
EEA_ID_GVSL	Employment in state and local government
EEA_ID_GVSLAD	Employment in state and local government, administration
EEA_ID_GVSLED	Employment in state and local government, education
EEA_ID_MANU	Employment in manufacturing
EEA_ID_MFDNEC	Employment in other durable manufacturing
EEA_ID_MFNNEC	Employment in other nondurable manufacturing
EEA_ID_NMANU	Employment in nondurable manufacturing
EEA_ID_NONGOODS	Employment in non-goods producing
EEA_ID_SV	Employment in services
EEA_ID_WOOD	Employment in wood products and logging
ID0AHEMF	Average hourly earnings in manufacturing
ID0CRCROP	Cash receipts, crops, not seasonally adjusted
ID0CRLVSTK	Cash receipts, livestock, not seasonally adjusted
ID0EXFP	Farm production expenses
ID0HSPR	Housing starts, total
ID0HSPRS1_A	Adjusted housing starts, single units
ID0HSPRS2A_A	Adjusted housing starts, multiple units
ID0KHU	Housing stock, total
ID0KHU1	Housing stock, single units
ID0KHU2A	Housing stock, multiple units
ID0NB	Number of births
ID0ND	Number of deaths
ID0NMG	Net in-migration of persons
ID0NPT	Resident population

ID0WBB\$	Wage and salary disbursements
ID0WBBCC\$	Wage and salary disbursements, construction
ID0WBBF\$	Wage and salary disbursements, farm
ID0WBBMF\$	Wage and salary disbursements, manufacturing
ID0WBBMIL\$	Wage and salary disbursements, military
ID0WBBOTH\$	Wage and salary disbursements, except farm, manufacturing, and construction
ID0WRWCC\$	Average annual wage, construction
ID0WRWMF\$	Average annual wage, manufacturing
ID0WRWOTH\$	Average annual wage, except manufacturing, construction, and farm
ID0YDIR\$	Dividend, interest, and rent income
ID0YFC\$	Corporate farm income
ID0YINV_RS	Farm inventory value changes, imputed rent, and income
ID0YP	Total personal income, 2000 dollars
ID0YP\$	Total personal income
ID0YP\$PC	Per capita personal income
ID0YPNF	Nonfarm personal income, 2000 dollars
ID0YPNF\$	Nonfarm personal income
ID0YPNFPC	Per capita nonfarm income, 2000 dollars
ID0YPPC	Real per capita personal income
ID0YPRF\$	Net farm proprietors' income
ID0YPRNF\$	Nonfarm proprietors' income
ID0YPTXB	Tax base, 2000 dollars
ID0YRA\$	Residence adjustment, personal income
ID0YSI\$	Contributions for social insurance
ID0YSUP\$	Other labor income
ID0YTR\$	Transfer payments to persons
ID0YTRF\$	Government payments to Idaho farmers
IDWAGE	Average annual wage
YPADJ_ID	Adjusted total personal income

EXOGENOUS VARIABLES

CNCSR weighted	Personal consumption expenditures, clothing and shoes, 2000 dollars, chain
CNOOR	Personal consumption expenditures, other nondurable goods, 2000 dollars, chain weighted
CRCATCVS	Cash receipts, U.S. cattle and calves
CRCROP	Cash receipts, U.S. crops

DUM931964
DUM951ON
DUM98011004
DUM981ON
TREND

These are dummy variables used in regression equations for the purpose of capturing the impacts of discrete economic or noneconomic event such as strikes, plant opening, or closures, unusual weather conditions, etc.

EG91	Employment in federal government
ENRM21	Employment in mining
GFMLCWSS	Federal government defense personnel outlays
ID0IP2122_2123	Industrial production index, metal and nonmetal ore mining, 1997=100.0
ID0IPMFDNEC	Industrial production index, other nondurable goods, 1997=100.0
IPSG21	Industrial production index, mining, 1997=100.0
IPSG311	Industrial production index, food, 1997=100.0
IPSG321	Industrial production index, wood products, 1997=100.0
IPSG322	Industrial production index, paper, 1997=100.0
IPSG323	Industrial production index, printing, 1997=100.0
IPSG3253	Industrial production index, agricultural chemicals, 1997=100.0
IPSG332	Industrial production index, fabricated metal products, 1997=100.0
IPSG333	Industrial production index, machinery, 1997=100.0
IPSG3341	Industrial production index, computer and peripheral equipment, 1997=100.0
IPSG51111	Industrial production index, newspaper publishing, 1997=100.0
IPSN51112T9	Industrial production index, other publishing, 1997=100.0
JEXCHOITPREAL	Real US trade-weighted exchange rate with other important trading partners
JPC	Implicit price deflator, personal consumption, 2000=100.0, chain weighted
JULCNF	Index of unit labor costs, nonfarm business sector, 1992=1.0
N	Population, U.S.
NP16	Population, U.S., aged 16 and older
RADR	Real research and development spending, 2000 dollars, chain weighted
RMMTGEXIST	Effective conventional mortgage rate, existing homes, combined lenders
SP500	Standard & Poor's 500 index of common stocks
TRF\$	Government payments to U.S. farms
TXSIEC	Personal contributions for social insurance, U.S.
WPI01	Producer price index, farm products, 1982=1.0
WPI02	Producer price index, processed foods and feeds, 1982=1.0
WPI08	Producer price index, lumber and wood products, 1982=1.0
WPI10	Producer price index, metals and metal products, 1982=1.0

YP	Personal income
YPAINI	Personal interest income
YPCOMPSUPPAI	Other labor income, U.S.
YPCOMPWSD	Wage and salary disbursements
YPPROPADJNF	Nonfarm proprietors' income (with inventory valuation and capital consumption adjustments)
YPRENTADJ	Rental income of persons with capital consumption adjustment
YPTRFGF	Federal transfer payments to individuals
YPTRFGSL	State and local transfer payments to individuals
ZADIV	Dividends

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