

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 January 2006 to the April 2006 *Idaho Economic Forecast*. The January 2006 *Idaho Forecast* is based on Global Insight's November 2005 baseline forecast and the April 2006 *Idaho Forecast* is driven by Global Insight's March 2006 baseline U.S. macroeconomic forecast.

A comparison of several key variables shows how the outlooks for the national and state economies have changed compared to the January 2006 *Idaho Economic Forecast*. A review of the accompanying table shows the U.S. economy will grow slightly slower than had been forecasted in January 2006. Real GDP, the most-watched barometer of the nation's overall economic health, is lower than in the previous forecast by 0.1% this year, 0.8% next year, 1.2% in 2008, and 1.0% in 2009. Nominal personal is down 0.2% in 2006, 1.2% in 2007, 1.8% in 2008, and 1.9% in 2009 from the previous forecast. The gap between the previous and current forecast narrows when personal income is adjusted for inflation because inflation is lower in the current forecast. The lower inflation results from the anticipated slower economic growth. Also consistent with the cooler economic outlook is lower national employment. Specifically, total nonfarm employment is lower by 0.2% in 2006, 0.4% in 2007, 0.5% in 2008, and 0.3% in 2009. Virtually all of the reductions to total employment occur in the nongoods-producing sector. Employment in the goods-producing sector fares better; it is actually higher than had been previously forecast in three of four years.

Unlike the national economy, the prospects for Idaho's economy has improved significantly compared to the previous forecast. This improvement is evident in the employment and personal income projections. For example, the Gem State's nonfarm employment forecast has been raised 2.3% in 2006, 3.2% in 2007, 3.0% in 2008, and 3.1% in 2009. The cumulative impact of this stronger growth is there is expected to be 20,800 more jobs in Idaho in 2009 than had been forecasted three months ago. This strength is spread through both the goods- and nongoods-producing sectors. In 2009, there are about 6,400 more goods-producing jobs than in the previous forecast and nongoods-producing employment is up 14,400. The outlooks for Idaho personal incomes, both nominal and real, are also up from the previous forecast. While Idaho nominal personal income is little changed in 2006, improvements become more noticeable as time passes. These differences are even more pronounced when comparing Idaho real personal income because inflation is lower in this forecast compared to the previous one.

**IDAHO ECONOMIC FORECAST
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DIFFERENCES BETWEEN
APRIL 2006 AND JANUARY 2006 FORECASTS**

	2001	2002	2003	2004	2005	2006	2007	2008	2009
GDP (BILLIONS)									
Current \$	0	0	0	0	0	-2	-118	-223	-281
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.8%	-1.5%	-1.8%
2000 Chain-Weighted	0	0	0	0	-5	-17	-98	-142	-122
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.8%	-1.2%	-1.0%
PERSONAL INCOME - CURR \$									
Idaho (Millions)	0	26	-6	104	157	-58	303	403	676
% Difference	0.0%	0.1%	0.0%	0.3%	0.4%	-0.1%	0.7%	0.8%	1.3%
U.S. (Billions)	0	0	0	0	-20	-53	-144	-220	-245
% Difference	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.5%	-1.2%	-1.8%	-1.9%
PERSONAL INCOME - 2000 \$									
Idaho (Millions)	0	24	-6	96	139	64	414	601	1,069
% Difference	0.0%	0.1%	0.0%	0.3%	0.4%	0.2%	1.1%	1.5%	2.5%
U.S. (Billions)	0	0	0	0	-18	-17	-86	-121	-77
% Difference	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.2%	-0.9%	-1.2%	-0.7%
TOTAL NONFARM EMPLOYMENT									
Idaho	-2	-1	-5	-8	2,646	14,238	20,107	19,588	20,797
% Difference	0.0%	0.0%	0.0%	0.0%	0.4%	2.3%	3.2%	3.0%	3.1%
U.S. (Thousands)	-1	-3	-6	-51	-158	-266	-609	-730	-462
% Difference	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.2%	-0.4%	-0.5%	-0.3%
GOODS PRODUCING SECTOR									
Idaho	0	1	-1	-5	1,238	7,551	8,818	6,466	6,446
% Difference	0.0%	0.0%	0.0%	0.0%	1.1%	6.9%	8.2%	6.0%	6.0%
U.S. (Thousands)	1	1	-1	-2	-1	104	48	-11	14
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.2%	-0.1%	0.1%
NONGOODS PRODUCING SECTOR									
Idaho	-2	-2	-4	-3	1,408	6,687	11,289	13,122	14,352
% Difference	0.0%	0.0%	0.0%	0.0%	0.3%	1.3%	2.1%	2.4%	2.6%
U.S. (Thousands)	-2	-4	-5	-49	-157	-369	-657	-718	-476
% Difference	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.3%	-0.6%	-0.6%	-0.4%
FINANCIAL MARKETS									
Federal Funds Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	-0.2%	-0.1%
Bank Prime Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	-0.2%	-0.1%
Mort Rate, Existing Homes	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.2%	-0.3%	-0.2%
INFLATION									
GDP Price Deflator	0.000	0.000	0.000	0.000	0.058	0.153	-0.025	-0.435	-1.042
Personal Cons Deflator	0.000	0.000	0.000	0.000	0.007	-0.349	-0.447	-0.746	-1.429
Consumer Price Index	0.000	0.000	0.000	0.000	0.000	-0.003	0.001	-0.002	-0.012

Forecast Begins the FIRST Quarter of 2006