

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 2009 to the April 2009 *Idaho Economic Forecast*. The January 2009 *Idaho Economic Forecast* is based on Global Insight's December 2008 baseline forecast and the April 2009 *Idaho Economic Forecast* is driven by Global Insight's April 2009 baseline U.S. macroeconomic forecast.

The national and Idaho economic outlooks have been lowered once again. In January 2009 it was reported both economies would perform more weakly than had been reported in October 2008. The current forecast suggests the January 2009 forecast may have been optimistic. All major indicators show the economy will perform even more poorly than was projected a few months ago. In the previous forecast, real GDP was expected to shrink 2.4% from peak to trough. It declines 3.6% from peak to trough in the current forecast. However, this weakness extends beyond the recession. As the accompanying table shows, real GDP is lower in every year of the forecast compared to the previous forecast. Specifically, it is down 1.8% in 2009, 2.5% in 2010, 2.2% in 2011, and 1.2% in 2012. Signs of the weaker outlook can be found in several other measures. For example, real personal income is lower in every year of the forecast. On a nominal basis, national personal income is also lower in every year. The U.S. job picture has worsened since this winter. Not only is employment lower, but the situation deteriorates over most of the forecast period. Specifically, the employment gap between the two forecasts grows from 2.74 million jobs in 2009 to nearly four million jobs in 2011. The gap does narrow, however, in 2012 to about three million jobs. The nation's goods-producing sector, which includes construction and manufacturing, takes a relatively big hit, coming in at nearly 9.5% fewer jobs in 2011 than had been forecast previously. Nongoods-producing employment, on the other hand, is down just 1.8% in 2011. All of the key inflation measures have been reduced from the previous forecast after this year, which is consistent with the weaker economic outlook.

As the accompanying table shows, Idaho nonfarm employment, a key measure of the economy's health, is lower than in the January 2009 forecast in every year. By 2012, there are nearly 28,400 fewer jobs than was predicted just a few months ago, which represents a 4.2% decline from the previous forecast. While both the goods- and nongoods-producing sectors' employment are down, the former is particularly hard hit. It is down nearly 6.5% from the January forecast. In comparison, nongoods employment is down 3.8%. Another closely watched local economic indicator is Idaho nominal personal income. Interestingly, not only is this measure weaker than its predecessor, but the gap between the two increases over time, going from 2.3% in 2009 to 4% in 2012. Adjusting personal income for inflation reduces, but does not eliminate this gap. Specifically, at its widest, the gap between current and previous Idaho real personal income in 2012 is 2.9%.

**IDAHO ECONOMIC FORECAST
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DIFFERENCES BETWEEN
APRIL 2009 AND JANUARY 2009 FORECASTS**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
U.S. GDP (BILLIONS)										
Current \$	0	0	0	0	0	-23	-258	-407	-431	-349
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-1.8%	-2.8%	-2.8%	-2.2%
2000 Chain-Weighted	0	0	0	0	0	-10	-208	-290	-264	-151
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-1.8%	-2.5%	-2.2%	-1.2%
PERSONAL INCOME - CURR \$										
Idaho (Millions)	0	0	-8	-6	47	-80	-1,164	-1,460	-1,938	-2,296
% Difference	0.0%	0.0%	0.0%	0.0%	0.1%	-0.2%	-2.3%	-2.9%	-3.6%	-4.0%
U.S. (Billions)	0	0	0	0	0	-19	-195	-292	-405	-416
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-1.6%	-2.3%	-3.1%	-3.0%
PERSONAL INCOME - 2000 \$										
Idaho (Millions)	0	0	-7	-5	40	-72	-1,103	-1,093	-1,151	-1,280
% Difference	0.0%	0.0%	0.0%	0.0%	0.1%	-0.2%	-2.7%	-2.6%	-2.7%	-2.9%
U.S. (Billions)	0	0	0	0	0	-17	-196	-214	-226	-199
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-1.9%	-2.1%	-2.2%	-1.8%
TOTAL NONFARM EMPLOYMENT										
Idaho	1	0	-4	-7	-11	-1,200	-19,854	-26,643	-28,696	-28,393
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-3.1%	-4.2%	-4.4%	-4.2%
U.S. (Thousands)	0	0	5	6	-14	-331	-2,740	-3,887	-3,970	-3,031
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-2.0%	-2.9%	-2.9%	-2.2%
GOODS PRODUCING SECTOR										
Idaho	1	2	-2	-6	-7	-288	-4,888	-7,213	-6,896	-6,838
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.3%	-4.8%	-7.3%	-6.7%	-6.4%
U.S. (Thousands)	0	0	-1	2	14	-42	-1,062	-1,642	-1,830	-1,505
% Difference	0.0%	0.0%	0.0%	0.0%	0.1%	-0.2%	-5.3%	-8.6%	-9.5%	-7.5%
NONGOODS PRODUCING SECTOR										
Idaho	-1	-2	-2	-2	-4	-912	-14,966	-19,430	-21,801	-21,555
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-2.8%	-3.6%	-3.9%	-3.8%
U.S. (Thousands)	0	0	6	4	-28	-288	-1,678	-2,244	-2,141	-1,526
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-1.5%	-1.9%	-1.8%	-1.3%
SELECTED INTEREST RATES										
Federal Funds Rate	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.0%	-1.0%	-2.0%	-1.4%
Bank Prime Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	-0.9%	-2.0%	-1.4%
Existing Home Mortgage Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.4%	-0.6%	-0.9%	-0.8%
INFLATION										
GDP Price Deflator	0.000	0.000	0.000	0.000	0.000	-0.073	0.012	-0.365	-0.788	-1.246
Personal Cons Deflator	0.000	0.000	0.000	0.000	0.000	0.019	0.418	-0.287	-1.169	-1.508
Consumer Price Index	0.000	0.000	0.000	0.000	0.000	0.000	0.004	-0.014	-0.035	-0.036

Forecast Begins the FIRST Quarter of 2009