

Idaho Economic Forecast

C.L. "Butch" Otter, Governor

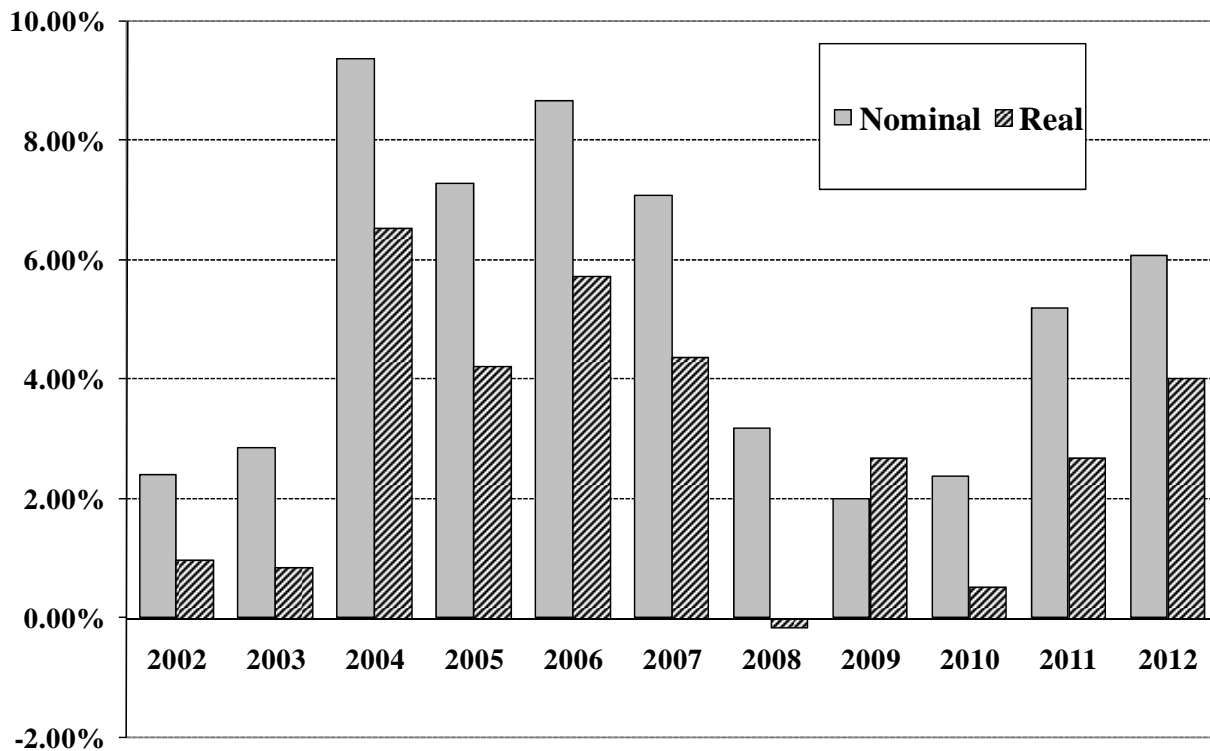
Division of Financial Management

Vol. XXXI, No. 1
January 2009

ISSN 8756-1840

- Forecast 2008-2012
- Monetary Policy and Asset Prices
- Alternative Forecasts

Idaho Nominal & Real Personal Income Growth



This page left blank intentionally.

**IDAHO
ECONOMIC
FORECAST
2008 - 2012**

State of Idaho
C.L. "BUTCH" OTTER
Governor

*Costs associated with this publication are available
from the Division of Financial Management
in accordance with Section 60-202, Idaho Code.*

01-09/010200-180-4001

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 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. 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 card 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. The 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 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.

Division of Financial Management

700 W. State Street
P.O. Box 83720
Boise, Idaho 83720-0032

Economic Analysis Bureau

Michael H. Ferguson, Chief Economist
Derek E. Santos, Economist
(208) 334-3900

This page left blank intentionally.

TABLE OF CONTENTS

Preface.....	iii
Introduction.....	2
Executive Summary	5
Idaho and U.S. Forecast Summary Tables.....	6
Forecast Description:	
National.....	9
Idaho	16
Forecasts Comparison.....	22
Alternative Forecasts	24
Feature Article	
Monetary Policy and Asset Prices	27
Forecast Detail	31
Annual Forecast	32
Quarterly Forecast	46
Appendix.....	61
Global Insight U.S. Macroeconomic Model.....	62
Idaho Economic Model.....	64
Equations	66
Endogenous Variables	70
Exogenous Variables	72

INTRODUCTION

The national forecast presented in this publication is the December 2008 Global Insight baseline forecast of the U.S. economy. The previous *Idaho Economic Forecast* is based on the October 2008 Global Insight baseline national forecast.

The recent history and current forecast for Idaho nominal and real personal incomes are highlighted on the cover graph of this *Idaho Economic Forecast*. This chart helps illustrate the economic challenge facing the Gem State over the next few years. It shows that after averaging 6.2% growth from 2000 to 2007, Idaho nominal personal income growth is expected to slow to 3.2% in 2008, 2.0% in 2009, and 2.4% in 2010. It does accelerate in 2011 and 2012, but remains below the average pace established during the first part of the decade. Idaho real personal income is expected to retreat slightly in 2008—for the first time since 1986. Inflation is expected to decline next year, which pushes the real growth rate (2.7%) above the nominal rate (2.0%). Real growth slips to 0.5% in 2010, but picks up speed in both 2011 and 2012.

FEATURE

House prices peaked in 2006 and have since reversed course dramatically. The bursting of the housing bubble has been followed by a sharp rise in delinquencies and foreclosures, massive write-downs in the value of mortgage-backed securities and derivatives, the collapse of a number of large financial institutions, and, most recently, a serious financial crisis prompting unprecedented government intervention in U.S. private capital markets. An important unsettled question in economics is whether policymakers should take deliberate steps to prevent or deflate asset price bubbles. Those who advocate leaning against bubbles point out that excessive asset prices can distort economic and financial decisions, creating costly problems that can take many years to dissipate. Others argue that it is difficult for policymakers to detect a bubble in real time, and that policies intended to prick a suspected bubble could send the economy into a recession, thereby forgoing the benefits of the boom that might otherwise continue. In this *Forecast's* feature article, author Kevin J. Lansing examines the potential role of monetary policy in responding to asset prices. Mr. Lansing is a Senior 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 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 1995 to 2012 and for every quarter from 2006 through 2011. The solution of the Idaho Economic Model (IEM) for this forecast begins with the third quarter of 2008.

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 Idaho Department of Labor provides monthly historical employment data that are seasonally adjusted and converted to quarterly frequencies by the Idaho Division of Financial Management (DFM). These adjusted data include final employment numbers through the second quarter of 2008 and estimates for the third quarter of this year. These data show there were 951 fewer jobs in this year's third quarter than had been reported in the October 2008 *Idaho Economic Forecast*.

The tables in this forecast include the U.S. Bureau of Economic Analysis' (BEA) September 18, 2008 estimates of Idaho quarterly personal income through the second quarter of 2008. The most recent Idaho quarterly personal income estimates which runs through the third quarter of 2008 were published on December 18, 2008. Unfortunately, these estimates were released too late to be included in the current *Idaho Economic Forecast*. The next round of estimates is scheduled for release on March 24, 2009, and they will be incorporated into the April 2009 *Idaho Economic Forecast*.

Readers with any questions should contact Derek Santos at (208) 854-3070 or at derek.santos@dfm.idaho.gov.

This page left blank intentionally.

EXECUTIVE SUMMARY

A review of Idaho's economic performance last year shows why we are glad it is behind us. The preponderance of evidence shows it was one of the worst years in memory. Idaho nonfarm employment, which is one of the most closely watched indicators of the state's economic health, shrank an estimated 0.9% in 2008, its weakest showing since 2002 and its first decline since 1986. Idaho real personal income receded 0.1% in 2008. The bad news is this year is expected to be worse than last year. Idaho nonfarm employment is forecast to drop 2.1% in 2009. Construction employment is anticipated to shrink another 5,800 jobs due to continued problems in the housing sector. The worldwide glut of computer memory products and collapse in business investment contribute to the expected 2,000-job loss forecast for the state's computer and electronics sector. Logging and wood products employment is expected to lose nearly 1,400 jobs. Professional and business employment is expected to post a second consecutive year of job losses. Interestingly, Idaho real personal income advances by 2.7% in 2009 despite the employment decline. This gain does not reflect strong income growth, but weak prices. Idaho nominal personal income is expected to grow just 2.0% this year, which is slower than in 2008. However, instead of inflation, the weak economy leads to a rare bout of deflation. Adjusting the nominal income for falling prices boosts the real personal income growth to 2.7%. The economy is expected to begin moving forward in 2010, but the recovery will be modest. Idaho nonfarm employment grows a meager 0.5%. Idaho real personal income is expected to rise 0.5%. Local economic conditions improve notably during the last two years of the forecast. For the first time since 2007, nonfarm employment growth rises above 2%. Like jobs, Idaho real personal income rebounds, growing 2.7% in 2011 and 4.0% in 2012.

The current U.S. recession is already a year old, and could turn out to be the longest recession in the past six decades. Global Insight predicts U.S. output will shrink through the first half of 2009. If this forecast holds, the recession would be about 18 months long—almost twice as long as the average for post-war recessions. The anticipated decline will also test another six-decade old record. The back-to-back declines in real GDP predicted for the fourth quarter of 2008 (5.0%) and first quarter of 2009 (3.8%) are the worst since the 1982 recession. The U.S. is not alone. Japan and some European countries (Ireland, Italy, and Germany) are also in recession, and other continental economies are expected to join them soon. With U.S. interest rates already headed to zero, the Federal Reserve is running out of policy tools. As a result, it is likely the onus from restarting the economy will move from monetary policy to fiscal policy. In its most recent forecast, Global Insight assumes a \$550 billion package which consists of tax cuts, infrastructure spending, and other provisions. The economy will take its first, tentative steps toward recovery in the second half of this year, but not hit its stride until 2010. Hence, real GDP is forecast to decline by 1.8% in 2009 and increase 2.1% in 2010. It will pick up more steam and average about 3.0% growth in the final two years of the forecast. Employment does not fare as well. Not only did nonfarm employment begin declining before the recession began, it is not expected to recover until a half year after the downturn ends. While the economy is forecast to begin adding jobs again in 2010, most of the quarterly gains will be meager. Hiring will pick up in 2011 and 2012, however. Real personal income does not retreat over the forecast period, but it comes close in 2010.

IDAHO ECONOMIC FORECAST
EXECUTIVE SUMMARY
JANUARY 2009

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
U.S. GDP (BILLIONS)												
Current \$	10,128	10,470	10,961	11,686	12,422	13,178	13,808	14,287	14,241	14,728	15,438	16,165
% Ch	3.2%	3.4%	4.7%	6.6%	6.3%	6.1%	4.8%	3.5%	-0.3%	3.4%	4.8%	4.7%
2000 Chain-Weighted	9,891	10,049	10,301	10,676	10,990	11,295	11,524	11,662	11,456	11,692	12,063	12,422
% Ch	0.8%	1.6%	2.5%	3.6%	2.9%	2.8%	2.0%	1.2%	-1.8%	2.1%	3.2%	3.0%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	33,054	33,849	34,816	38,079	40,853	44,389	47,536	49,045	50,024	51,217	53,871	57,148
% Ch	5.6%	2.4%	2.9%	9.4%	7.3%	8.7%	7.1%	3.2%	2.0%	2.4%	5.2%	6.1%
Idaho Nonfarm (Millions)	32,039	32,921	34,099	37,100	39,993	43,748	46,497	48,156	48,908	50,074	52,687	56,021
% Ch	5.2%	2.8%	3.6%	8.8%	7.8%	9.4%	6.3%	3.6%	1.6%	2.4%	5.2%	6.3%
U.S. (Billions)	8,724	8,882	9,164	9,727	10,270	10,994	11,663	12,122	12,315	12,632	13,226	13,904
% Ch	3.5%	1.8%	3.2%	6.2%	5.6%	7.1%	6.1%	3.9%	1.6%	2.6%	4.7%	5.1%
PERSONAL INCOME - 2000 \$												
Idaho (Millions)	32,376	32,690	32,970	35,127	36,608	38,705	40,400	40,341	41,423	41,646	42,768	44,487
% Ch	3.5%	1.0%	0.9%	6.5%	4.2%	5.7%	4.4%	-0.1%	2.7%	0.5%	2.7%	4.0%
Idaho Nonfarm (Millions)	31,382	31,795	32,290	34,223	35,838	38,147	39,517	39,610	40,499	40,716	41,827	43,610
% Ch	3.1%	1.3%	1.6%	6.0%	4.7%	6.4%	3.6%	0.2%	2.2%	0.5%	2.7%	4.3%
U.S. (Billions)	8,545	8,578	8,678	8,973	9,203	9,587	9,912	9,971	10,198	10,271	10,500	10,824
% Ch	1.4%	0.4%	1.2%	3.4%	2.6%	4.2%	3.4%	0.6%	2.3%	0.7%	2.2%	3.1%
HOUSING STARTS												
Idaho	12,207	13,229	16,393	18,671	23,383	19,452	14,262	8,358	7,556	9,346	11,154	14,958
% Ch	6.1%	8.4%	23.9%	13.9%	25.2%	-16.8%	-26.7%	-41.4%	-9.6%	23.7%	19.3%	34.1%
U.S. (Millions)	1,601	1,710	1,854	1,950	2,073	1,812	1,341	0,921	0,662	0,969	1,347	1,571
% Ch	1.8%	6.8%	8.4%	5.2%	6.3%	-12.6%	-26.0%	-31.3%	-28.1%	46.4%	39.0%	16.7%
TOTAL NONFARM EMPLOYMENT												
Idaho	568,035	568,047	572,552	588,072	611,729	638,916	656,300	650,652	637,195	640,591	656,206	678,280
% Ch	1.7%	0.0%	0.8%	2.7%	4.0%	4.4%	2.7%	-0.9%	-2.1%	0.5%	2.4%	3.4%
U.S. (Thousands)	131,830	130,340	129,996	131,419	133,695	136,092	137,618	137,377	134,794	134,910	136,917	139,193
% Ch	0.0%	-1.1%	-0.3%	1.1%	1.7%	1.8%	1.1%	-0.2%	-1.9%	0.1%	1.5%	1.7%
SELECTED INTEREST RATES												
Federal Funds	3.9%	1.7%	1.1%	1.3%	3.2%	5.0%	5.0%	2.0%	0.1%	1.2%	3.7%	4.8%
Bank Prime	6.9%	4.7%	4.1%	4.3%	6.2%	8.0%	8.1%	5.1%	3.1%	4.2%	6.7%	7.8%
Existing Home Mortgage	7.0%	6.5%	5.7%	5.7%	5.9%	6.6%	6.5%	6.1%	5.5%	5.7%	6.8%	7.2%
INFLATION												
GDP Price Deflator	2.4%	1.7%	2.1%	2.9%	3.3%	3.2%	2.7%	2.3%	1.4%	1.3%	1.6%	1.7%
Personal Cons Deflator	2.1%	1.4%	2.0%	2.6%	2.9%	2.8%	2.6%	3.3%	-0.7%	1.8%	2.4%	2.0%
Consumer Price Index	2.8%	1.6%	2.3%	2.7%	3.4%	3.2%	2.9%	3.8%	-1.5%	2.4%	3.1%	2.3%

National Variables Forecast by GLOBAL INSIGHT
Forecast Begins the THIRD Quarter of 2008

IDAHO ECONOMIC FORECAST

EXECUTIVE SUMMARY

JANUARY 2009

	2008				2009				2010			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
U.S. GDP (BILLIONS)												
Current \$	14,151	14,295	14,421	14,283	14,201	14,171	14,252	14,338	14,457	14,628	14,823	15,003
% Ch	3.5%	4.1%	3.6%	-3.8%	-2.3%	-0.8%	2.3%	2.4%	3.4%	4.8%	5.4%	5.0%
2000 Chain-Weighted	11,646	11,727	11,712	11,563	11,450	11,431	11,451	11,490	11,544	11,638	11,744	11,843
% Ch	0.9%	2.8%	-0.5%	-5.0%	-3.8%	-0.7%	0.7%	1.4%	1.9%	3.3%	3.7%	3.4%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	48,280	49,055	49,394	49,450	49,772	49,956	50,104	50,266	50,569	50,918	51,432	51,948
% Ch	-2.0%	6.6%	2.8%	0.5%	2.6%	1.5%	1.2%	1.3%	2.4%	2.8%	4.1%	4.1%
Idaho Nonfarm (Millions)	47,415	48,358	48,309	48,540	48,768	48,817	48,940	49,106	49,404	49,780	50,303	50,809
% Ch	-0.4%	8.2%	-0.4%	1.9%	1.9%	0.4%	1.0%	1.4%	2.5%	3.1%	4.3%	4.1%
U.S. (Billions)	11,961	12,152	12,157	12,217	12,263	12,291	12,327	12,381	12,457	12,562	12,688	12,821
% Ch	3.0%	6.6%	0.2%	2.0%	1.5%	0.9%	1.2%	1.7%	2.5%	3.4%	4.1%	4.3%
PERSONAL INCOME - 2000 \$												
Idaho (Millions)	40,139	40,360	40,128	40,738	41,267	41,523	41,477	41,427	41,468	41,538	41,705	41,871
% Ch	-5.4%	2.2%	-2.3%	6.2%	5.3%	2.5%	-0.4%	-0.5%	0.4%	0.7%	1.6%	1.6%
Idaho Nonfarm (Millions)	39,420	39,786	39,247	39,988	40,434	40,576	40,513	40,471	40,514	40,609	40,789	40,953
% Ch	-3.9%	3.8%	-5.3%	7.8%	4.5%	1.4%	-0.6%	-0.4%	0.4%	0.9%	1.8%	1.6%
U.S. (Billions)	9,944	9,998	9,876	10,064	10,168	10,216	10,205	10,204	10,216	10,248	10,288	10,334
% Ch	-0.6%	2.2%	-4.8%	7.8%	4.2%	1.9%	-0.4%	0.0%	0.5%	1.3%	1.6%	1.8%
HOUSING STARTS												
Idaho	9,153	9,290	7,798	7,192	7,336	7,398	7,682	7,809	8,130	9,035	9,873	10,347
% Ch	-57.3%	6.1%	-50.3%	-27.7%	8.3%	3.4%	16.3%	6.8%	17.5%	52.5%	42.6%	20.6%
U.S. (Millions)	1.053	1.025	0.877	0.728	0.643	0.614	0.652	0.738	0.766	0.902	1.035	1.173
% Ch	-30.0%	-10.2%	-46.4%	-52.4%	-39.4%	-16.6%	27.2%	64.2%	15.9%	91.8%	73.4%	65.5%
TOTAL NONFARM EMPLOYMENT												
Idaho	655,618	652,185	650,127	644,678	640,894	637,496	635,353	635,036	637,119	639,037	641,598	644,610
% Ch	-1.9%	-2.1%	-1.3%	-3.3%	-2.3%	-2.1%	-1.3%	-0.2%	1.3%	1.2%	1.6%	1.9%
U.S. (Thousands)	137,917	137,699	137,371	136,519	135,567	134,838	134,434	134,335	134,386	134,668	135,057	135,530
% Ch	-0.3%	-0.6%	-1.0%	-2.5%	-2.8%	-2.1%	-1.2%	-0.3%	0.2%	0.8%	1.2%	1.4%
SELECTED INTEREST RATES												
Federal Funds	3.2%	2.1%	1.9%	0.7%	0.2%	0.0%	0.0%	0.2%	0.5%	0.9%	1.4%	2.0%
Bank Prime	6.2%	5.1%	5.0%	4.1%	3.2%	3.0%	3.0%	3.2%	3.5%	3.9%	4.4%	5.0%
Existing Home Mortgage	6.0%	6.1%	6.4%	5.9%	5.3%	5.4%	5.6%	5.7%	5.7%	5.6%	5.6%	5.9%
INFLATION												
GDP Price Deflator	2.6%	1.1%	4.2%	1.0%	1.6%	-0.2%	1.6%	1.0%	1.4%	1.5%	1.6%	1.5%
Personal Cons Deflator	3.6%	4.3%	5.2%	-5.4%	-2.5%	-1.0%	1.6%	1.8%	2.0%	2.1%	2.4%	2.4%
Consumer Price Index	4.3%	5.0%	6.7%	-9.0%	-4.0%	-1.7%	2.2%	2.6%	2.6%	2.7%	3.1%	3.2%

National Variables Forecast by GLOBAL INSIGHT
Forecast Begins the **THIRD** Quarter of 2008

This page left blank intentionally.

NATIONAL FORECAST DESCRIPTION

The Forecast Period is the Third Quarter of 2008 through the Fourth Quarter of 2012

While all years bring challenges, this year promises to have more than its fair share of them. The current U.S. recession is already a year old, and could turn out to be the longest recession in the past six decades. Global Insight predicts U.S. output will shrink through the first half of 2009. If this forecast holds, the recession would be about 18 months long—almost twice as long as the average for post-war recessions. The anticipated decline will also test another six-decade old record. The back-to-back declines in real GDP predicted for the fourth quarter of 2008 (5.0%) and first quarter of 2009 (3.8%) are the worst since the 1982 recession. The U.S. is not alone. Japan and some European countries (Ireland, Italy, and Germany) are also in recession, and other continental economies are expected to join them soon. This downturn will be the biggest European economic contraction since the early 1990s and the first for the Eurozone. Japan will suffer its nastiest setback since the Asian crises in 1998. Few large economies will escape the global slowdown. Even global economic wunderkind China will see its growth slow from nearly 12% in 2007 to “just” 7% in 2009.

Central banks have already begun to respond in an effort to minimize economic woes. The Federal Reserve’s Federal Open Market Committee (FOMC) lowered its federal funds rate target to the range of 0.25% to 0.0% on December 16, 2008—a move that was bolder than most Fed watchers expected. On December 4, the European Central Bank cut its overnight rate by 75 basis points to 2.5%. On the same day, the Bank of England dropped its rate by 100 basis points to 2.0%. It is assumed these central banks will drop their respective rates further to 1.0% and 0.5%. However, cutting them to zero is also possible. On December 19, 2008 the Bank of Japan lowered its uncollateralized overnight call rate by 20 basis points to 0.1%. The People’s Bank of China lowered rates 108 basis points on November 26—its largest cut in 11 years.

With U.S. interest rates already headed to zero, the Federal Reserve is running out of policy tools. As a result, it is likely the onus from restarting the economy will move from monetary policy to fiscal policy. It remains to be seen what will be the final size and shape of the fiscal policy. The incoming Obama administration has been looking at a stimulus package of between \$500 billion and \$750 billion (about 3% to 5% of GDP). In its most recent forecast, Global Insight assumes a \$550 billion package which consists of tax cuts, infrastructure spending, and other provisions. The only other country considering a major stimulus program is China. It has announced a \$586-billion plan (16% of GDP) that should add substantially to growth. The fiscal stimulus plans discussed by other countries are more modest. For example, plans being considered by the United Kingdom and Eurozone are only between one and one-half percent of GDP.

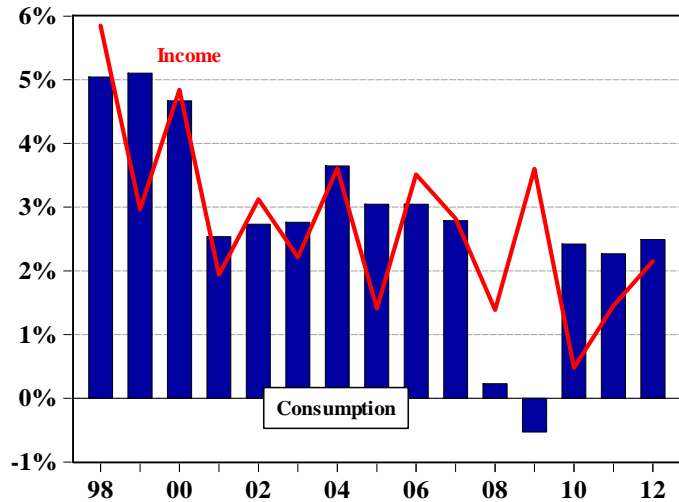
The economy will take its first, tentative steps toward recovery in the second half of this year, but not hit its stride until 2010. Hence, real GDP is forecast to decline by 1.8% in 2009 and increase 2.1% in 2010. It will pick up more steam and average about 3.0% growth in the final two years of the forecast. Employment does not fare as well. Not only did nonfarm employment begin declining before the recession began, it is not expected to recover until a half year after the downturn ends. While the economy is forecast to begin adding jobs again in 2010, most of the quarterly gains will be meager. Hiring will pick up in 2011 and 2012, however. Real personal income does not retreat over the forecast period, but it comes close in 2010.

SELECTED NATIONAL ECONOMIC INDICATORS

Consumer Spending: The consumer spending retreat is expected to continue into early 2009. The predicted 2.3% peak-to-trough drop in real spending will be the biggest setback since the 1980 recession. This decline would have been more drastic were it not for the anticipated new round of fiscal stimulus and lower energy prices. This forecast assumes a \$550-billion fiscal package that includes \$250 billion in tax cuts and \$55 billion in other personal transfer payments over three years. The expected decline in gasoline prices from their 2008 third quarter peak is equivalent to a \$230-billion tax cut for consumers. The lower gasoline prices help the share of consumers' disposable income spent for energy to drop from 6.6% in the third quarter of 2008 to 4.1% this spring. Thus, despite falling employment, real disposable income is projected to rise 3.6% in 2009.

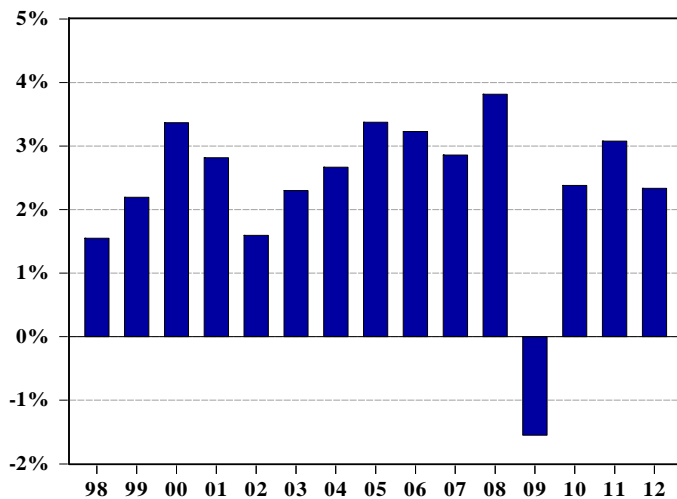
Households are expected to spend cautiously, resulting in the personal savings rate rising from 1.8% in 2008 to 5.8% in 2009—its highest level since 1992. However, the protracted decline in home prices, the expected upturn in oil prices, and rising unemployment should dampen spending growth in late 2009 and early 2010. On an annual basis, after declining 0.5% in this year, real consumer spending growth averages about 2.4% annually through 2012. One of the reasons for jittery consumers can be traced to their balance sheets. It is estimated real net worth plunged 13.0% in 2008 due in large part to the decline in housing prices and the stock market collapse. Household real net worth is expected to recover slowly, and not reach its 2007 level until after 2011.

U.S. Real Consumption and Disposable Income Growth



Source: Global Insight

Consumer Price Inflation



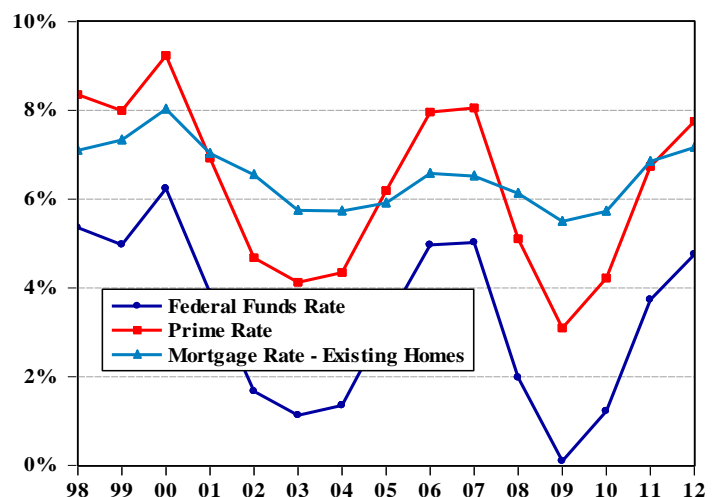
Source: Global Insight

Inflation: The energy price freefall is putting immense downward pressure on every inflation index. The U.S. Department of Labor reported the closely watched Consumer Price Index for all urban consumers dropped 1.7% in November 2008. Driving this decline was the 17.0% drop in the energy component of the index. (Excluding energy, the index was virtually flat.) According to the Department of Labor, the gasoline index fell 29.5% in November alone and is down a whopping 47.0% from its July 2008 peak. Consumers have experienced this decline in the form of gasoline prices which have fallen from a peak of \$3.91 per gallon in the third quarter of 2008 to \$2.28 per gallon in early November 2008. Oil prices should continue retreating due to weak global demand.

OPEC has not managed the downturn in global demand very well. From an average of \$100 per barrel in 2008, the price of West Texas Intermediate crude is forecast to average just \$43 per barrel this year. Unfortunately, oil prices are expected to rise as when the economy recovers. Specifically, its average price goes from \$57 per barrel in 2010, to \$79 in 2011, and to \$87 in 2012. Gasoline prices display a similar pattern. After averaging \$3.33 per gallon last year, the pump price for gasoline is expected to average \$1.99 this year, \$2.44 in 2010, \$2.95 in 2011, and \$3.14 in 2012. The energy index should decline 27.2% this year, rise 12.9% next year, increase 13.2% in 2011, and grow another 4.6% in 2012. Overall consumer inflation is less volatile. Prices should rise 3.8% in 2008, drop 1.5% in 2009—the first decline in 54 years, increase 2.4% in 2010, grow 3.1% in 2011, and increase 2.3% in 2012. The more modest swings in the overall index compared to the energy index largely reflects the calming influence of slower, consistent employment costs which are expected to rise about 2% annually. The low employment cost growth reflects the downward pressure of relatively high unemployment.

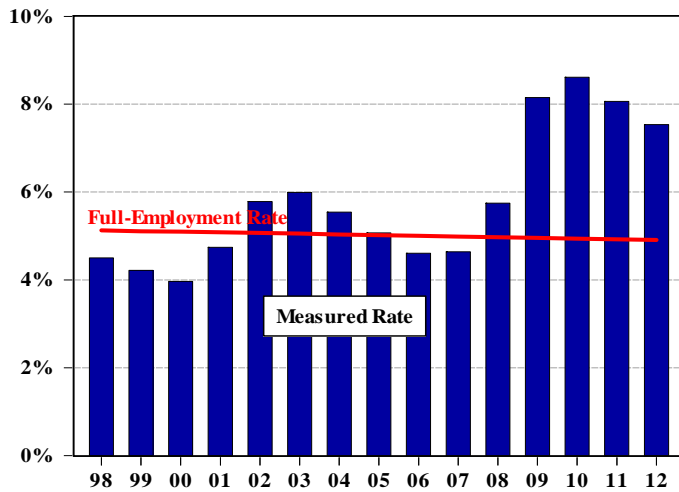
Financial Markets: The Federal Reserve’s Federal Open Market Committee (FOMC) lowered its federal funds rate target to the range of 0.25% to 0.0% on December 16, 2008. While the FOMC was expected to lower this rate, the change was more aggressive than the consensus expectation of economists that the target rate would be 0.50%. Global Insight is in this camp. It assumed the FOMC would lower the federal funds rate to 0.50% in December followed by another move in late January 2009 that would reduce this rate to zero. In the press release announcing its move, the FOMC stated, “Since the committee’s last meeting, labor market conditions have deteriorated, and the available data indicate consumer spending, business investment, and industrial production have declined. Financial markets remain quite strained and credit conditions tight. Overall, the outlook for economic activity has weakened further.” Clearly, the nation’s central bank has made propping the economy and supporting financial markets its top priorities. One of the reasons the FOMC can act so aggressively is inflation pressures have eased dramatically this fall. The U.S. central bank was not alone in loosening its monetary policy. The Bank of England slashed its key interest rate by 100 basis points to 2.00% in early December. Consequently, interest rates match their lowest levels since the bank’s founding in 1694. The European Central Bank cut its key interest rate by 75 basis points to 2.50% about the same time the Bank of England dropped its rate. This was the European Central Bank’s largest-single move since it assumed responsibility for the Eurozone’s monetary policy in January 1999. The Bank of Canada lowered its key interest rate by 75 basis points to 1.5% in an attempt to improve its ailing economy. Sweden’s central bank, the Riksbank, also cut its policy interest rate recently. It appears these cuts are not the final shots in the salvo against each country’s recession. With the federal funds rate at zero, the FOMC may have to engage in direct purchases of long-term Treasuries. It is already engaging in nontraditional measures to stimulate the economy such as buying commercial paper, mortgage-backed securities, credit card debt, and loans to small businesses, students, and car buyers. The FOMC is expected to hold the federal funds rate at zero through the third quarter of next year, then it will gradually raise rates as the economy begins to recover.

Selected U.S. Interest Rates



Source: Global Insight

U.S. Civilian Unemployment Rate



Source: Global Insight

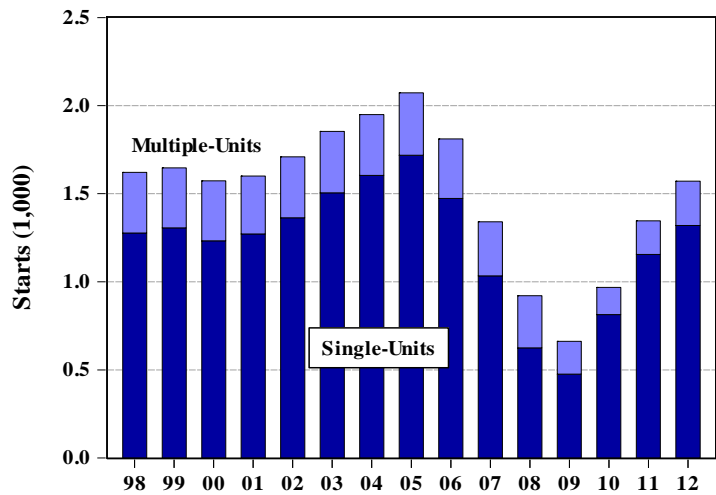
Employment: The nation's employment situation is expected to worsen through 2009 before starting a modest recovery in 2010. The U.S. economy has posted net job losses in every month of 2008. The latest jobs' report was particularly troubling. The consensus among economists was that nonfarm payrolls would shrink about 350,000 jobs in November 2008. The U.S. Department of Labor reported November's job base shrank by 533,000 jobs—its worst percentage drop since May 1980. The November report contained more bad news in the form of revisions that lowered the September and October estimates by a combined 199,000 jobs. Since December 2007, 1.9 million jobs have been lost. Over the same time period, the U.S. civilian unemployment rate has climbed from 5.0%

to 6.7%. The unemployment rate increase means the country's work force has gone from being nearly full employed to clearly underemployed. One statistic that is often overlooked when assessing the labor market's health is discouraged workers. These are people who would like to have a job but have stopped looking for work, so they are not included in the labor force. The Labor Department estimates the number of discouraged workers swelled by 400,000 in November 2008. Had these persons kept looking for jobs, the November 2008 civilian unemployment rate would have been even higher than had been reported. Unfortunately, payrolls are expected to keep retreating another year, resulting in a peak-to-trough drop of 3.7 million jobs from the fourth quarter of 2007 through late 2009. Job growth is forecast to resume in 2010, although average annual payrolls in that year are little different from the 2009 levels. However, more robust gains should push annual tallies between 2.0 million and 2.3 million jobs thereafter. National nonfarm employment is forecast to shrink 0.2% in 2008 and another 1.9% in 2009. It is expected to advance a meager 0.1% in 2010, 1.5% in 2011, and 1.7% in 2012. Not surprisingly, the unemployment rate also gets worse before improving. It is projected to climb another two percentage points from November's 6.7% to 8.7% in early 2010. The job recovery is anticipated to be tepid, so the U.S. unemployment rate will remain above the full-employment level.

Housing: The nation's housing sector is not near its bottom, and it is expected to continue sliding through most of next year. This prognosis is disappointing because a recovering housing industry is critical to the nation's economic recovery. The housing market weakness is expected to erase one percentage point of growth in both the last quarter of 2008 and first quarter of 2009. While some recent statistics may provide hope the worst is behind this sector, the preponderance of evidence point to more challenges ahead. The small decline in the Pending Home Sales Index seems to point to modest declines in existing homes sales over the rest of 2009. However, seasonally adjusted housing starts fell to a record low of 791,000 units in October 2008. In addition, housing permits dropped 12.0% in October, which increased the possibility of double-digit housing starts declines in the remaining two months of that year. On an annual basis, housing starts were forecast to drop below one million units in 2008, for the first time since 1945. They are expected to fall further to 662,000 in 2009. This year's drop reflects declines in the first half of the year followed by a rebound fueled by renewed economic growth and lean inventories. Housing starts rise to 969,000 units in 2010, 1.347 million units in 2011, and 1.571 million units in 2012. Existing home sales will also display weakness during the early years of the forecast.

Weighed down by job losses, tight credit, and low consumer confidence, existing home sales are expected to dip below five million units in the last quarter of 2008 and keep falling through 2010's first quarter. New home sales are projected to fall proportionately more than existing homes because builders, who must cover their costs, will have trouble competing in markets with high foreclosure rates. The average price for existing homes is expected to decline in all but the last two years of the forecast. Two observations regarding prices are worth noting. First, the biggest projected year-over-year decline is in 2009, which means there are harder times ahead. Second, the anticipated housing price appreciation during the last two years of the forecast will come nowhere near to offsetting the price depreciation suffered since existing home prices peaked at nearly \$270,000 in 2006.

U.S. Housing Starts

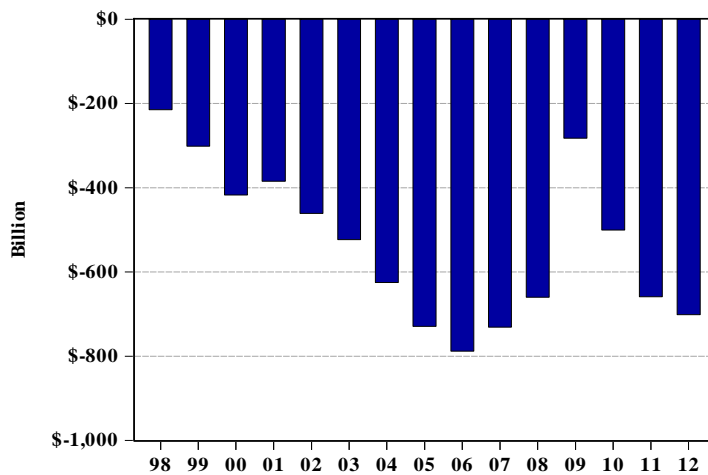


Source: Global Insight

International: The U.S. and world economies are expected to experience some of the worst recessions in the postwar period. The United States is now officially in a recession that started in December 2007. Japan and some European countries (Ireland, Italy, and Germany) are also in recession. Other European economies are expected to turn down soon. For Europe, this will be the most severe business contraction since the early 1990s. For Japan, it will be the nastiest recession since the depths of the Asian crises in 1998. In 2009, output is expected to decline 1.0% in Europe, 1.3% in Japan, and 1.8% in the United Kingdom. Unfortunately, the developing countries will not be immune from the economic contagion from the developed world. There are at least three transmission vectors to the emerging world. One, the collapse in commodity prices, which is already hurting countries such as Russia, Iran, Venezuela, and South Africa. Two, capital flows have dried up, which is harming economies with large current-account

balances. Three, the precipitous decline in world trade, will damage growth for the major exporting countries (almost all of which are in Asia). As a result, GDP in most emerging markets during 2009 will be roughly half the rate of 2007 and early 2008. For example, the Chinese economy, which surged 11.9% in 2007, is expected to grow just 6.9% in 2009. One positive consequence of the emerging trade picture is global trade imbalances should improve markedly. For example, the U.S. current-account deficit, which was \$731 billion in 2007, should drop to \$282 billion in 2009. It is important to remember the large deficits in the past two years have masked the significant improvement in the non-oil

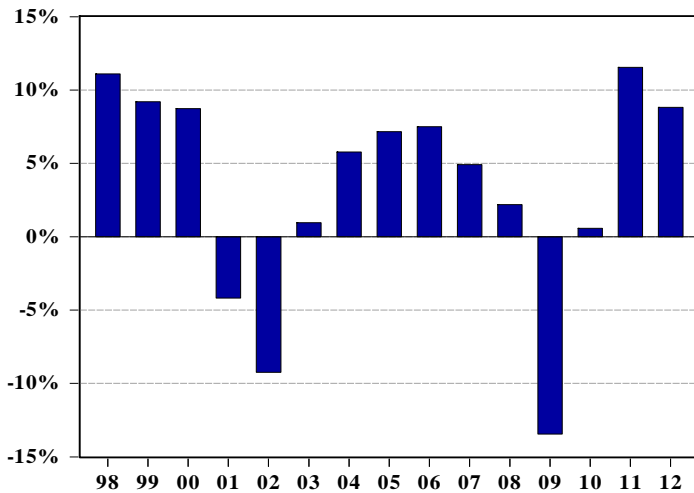
U.S. Current Trade Deficit



Source: Global Insight

deficit, which resulted from the sharp rise in the oil import bill. With the collapses in oil prices, the U.S. current account deficit will plummet about 50%. The huge drop in commodity prices also points to a major shift in the terms of trade, in favor of the developed countries, and represents a rebalancing of growth and current account deficits, with commodity-importing countries being the major beneficiaries. After 2009, the current account deficit is forecast to rise to \$500 billion in 2010, \$659 billion in 2011, and \$702 billion in 2012.

Real Business Investment



Source: Global Insight

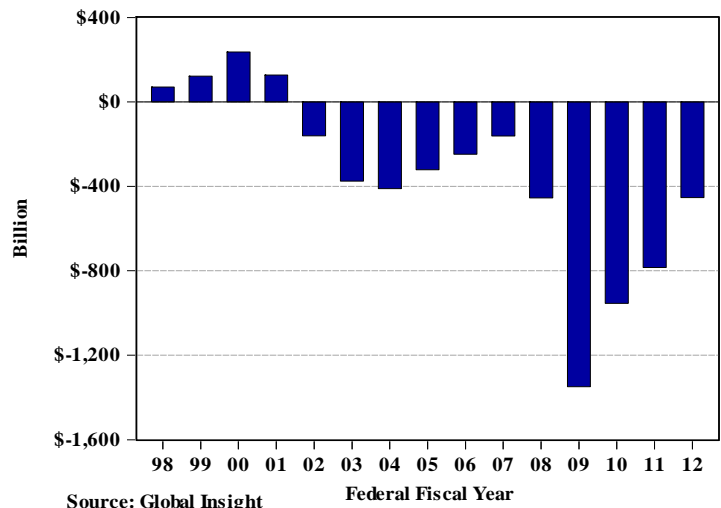
Business Investment: Current conditions do not bode well for business investment. Businesses have few reasons to start new buildings or renovate existing ones. The economy is in recession, job losses are mounting, too many hotels and malls were put up during the most recent expansion, the securitization market for commercial real estate loans is frozen, credit is tight, and oil prices have collapsed. As a result, nonresidential construction spending is expected to drop over the first seven quarters of the forecast horizon. The decline is widespread and deep. All major building categories fall at double-digit rates this year. In summary, real nonresidential investment is projected to shrink 13.4% this year, eke out 0.6% growth next year, advance by 11.5% in

2011, and increase another 8.8% in 2012. The credit crunch is also hitting businesses in other ways. They are finding it hard to finance solid projects and are opting to preserve cash rather than fund projects they would normally undertake. One example is spending on equipment and software. In the forecast, real spending on equipment and supplies drops at about a 20% annualized rate in the last quarter of 2008, despite the boost provided by the accelerated depreciation allowances that were part of last year’s stimulus package. Overall, real spending on equipment and software is anticipated to drop 2.1% in 2008, plunge 12.2% in 2009, rise 7.7% in 2010, increase 13.9% in 2011, and advance 8.6% in 2012.

Government: The Obama administration is expected to flex its fiscal policy muscle early in an attempt to end the recession. The President-elect has already started assembling his economic team and putting together a large-scale stimulus plan. The incoming administration has been talking about a fiscal plan package of about \$500 billion to \$700 billion. This forecast assumes a \$550 billion package over three years that includes a mixture of infrastructure spending, support for state and local governments, transfer payments to individuals, and a permanent middle-class tax cut. (However, given how quickly the economy is deteriorating, the final fiscal package could be much larger.) Specifically, the assumed plan includes \$135 billion in infrastructure spending channeled through the states, \$110 billion in other transfers to the states to support Medicaid and other current spending, \$55 billion in targeted transfer payments to the personal sector (e.g., food stamps, extended unemployment insurance), and \$250 billion in tax cuts for the personal sector. The infrastructure spending is expected to directly create jobs, but its impact will not be immediate because it will take time to ramp up these projects. The stimulus plan should be easily recognizable to anyone who has read an introductory college economics text. This fiscal

policy strategy is a standard Keynesian response when the monetary policy is facing a liquidity trap (i.e., the financial sector mops up liquidity without increasing lending) and private-sector spending is contracting. In addition, the U.S. Treasury has the authority to purchase up to \$700 billion in assets through the Troubled Asset Relief Program (TARP). It is assumed in the current forecast that \$350 billion of this amount will be used as capital infusions into financial institutions. The remaining \$350 billion is expected to be used to purchase troubled assets and to fund a foreclosure prevention program. The estimated net loss of these activities is around \$102 billion, which is included in the fiscal 2009 federal budget deficit. In total, the federal budget deficit should swell above \$1.3 trillion in 2009 and be close to \$1 trillion in 2010.

**U.S. Federal Government Surplus
Unified Basis**



IDAHO FORECAST DESCRIPTION

The Forecast Period is the Third Quarter of 2008 through the Fourth Quarter of 2012

A review of Idaho's economic performance last year shows why we are glad it is behind us. The preponderance of evidence shows it was one of the worst years in memory. Idaho nonfarm employment, which is one of the most closely watched indicators of the state's economic health, shrank an estimated 0.9% in 2008, its weakest showing since 2002 and its first decline since 1986. Contributing to this decline were ailing sectors that took a turn for the worse last year. Weighed down by the housing industry troubles, Idaho construction employment shed an estimated 6,800 jobs last year, a nearly 13% drop. This reversal of fortune came quickly; in 2006 construction employment increased over 15%. Idaho's computer and electronic sector's payroll declined about 12% last year, reflecting a major reduction at Micron Technology and cuts at other local high-tech manufacturers. The national housing collapse took its toll on the state's logging and wood products sector. After shrinking about 5% in 2007, its employment base plunged nearly 16% in 2008. Two nongoods-producing sectors also stumbled last year. Professional and business employment fell an estimated 2% and trade employment slipped about 1% beneath its 2007 level. Idaho real personal income dropped slightly last year.

The bad news is this year is expected to be worse than last year. Idaho nonfarm employment is forecast to drop 2.1% in 2009, with a chunk of the decline coming from the same industries as in 2008. Construction employment is anticipated to shrink another 5,800 jobs due to continued problems in the housing sector. The worldwide glut of computer memory products and collapse in business investment contribute to the expected 2,000-job loss forecast for the state's computer and electronics sector. Logging and wood products employment is expected to lose nearly 1,400 jobs. Professional and business employment is expected to post a second consecutive year of job losses, but not as severe as in 2008. However, it needs to be pointed out that other large nongoods-producing sectors' employment growth will slow considerably this year. Trade employment, which fell about 1% last year, will fall another 1% this year. Interestingly, Idaho real personal income advances by 2.7% in 2009 despite the employment decline. This gain does not reflect strong income growth, but weak prices. Idaho nominal personal income is expected to grow just 2.0% this year, which is slower than in 2008. However, instead of inflation, the weak economy leads to a rare incidence of deflation. Adjusting the nominal income for falling prices boosts the real personal income growth to 2.7%.

The economy is expected to begin moving forward in 2010, but the recovery will be modest. Idaho nonfarm employment grows a meager 0.5%. This increase results from slowing job losses (-2.5%) in the goods-manufacturing sector plus a small gain (1.1%) in the nongoods-producing sector. Logging and wood products loses another 200 jobs, computer and electronics sheds 700 jobs, and construction falls by nearly 1,400 jobs. In that year, all components of the nongoods-producing sectors, except state and local government, are expected to add jobs. Idaho real personal income is expected to rise 0.5%.

Local economic conditions improve notably during the last two years of the forecast. For the first time since 2007, nonfarm employment growth rises above 2%. This first is made possible by another first for this forecast; the goods-producing sector begins adding jobs in 2011. Accelerating nongoods-producing employment growth adds to this recovery. Like jobs, Idaho real personal income rebounds, growing 2.7% in 2011 and 4.0% in 2012.

SELECTED IDAHO ECONOMIC INDICATORS

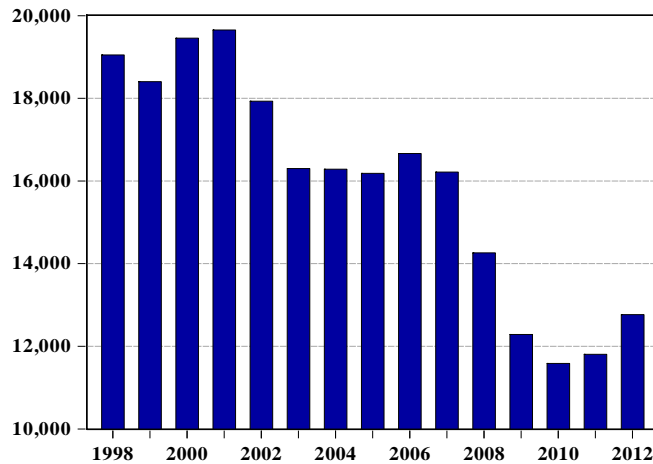
Computer and Electronics: The protracted downturn in the computer memory industry continues to wreak havoc with the state's largest private employer. Micron Technology announced in early October that it was reducing its global work force by 15% in response to depressed prices for its products.

According to company officials, about 1,500 jobs at the Boise plant will be lost by the beginning of this year as a result of the company shutting down its NAND memory operations. The company made this move because the worldwide glut of these products has driven prices below their manufacturing costs. This is not the first time depressed prices have forced the company to reduce its payroll. In 2007, the

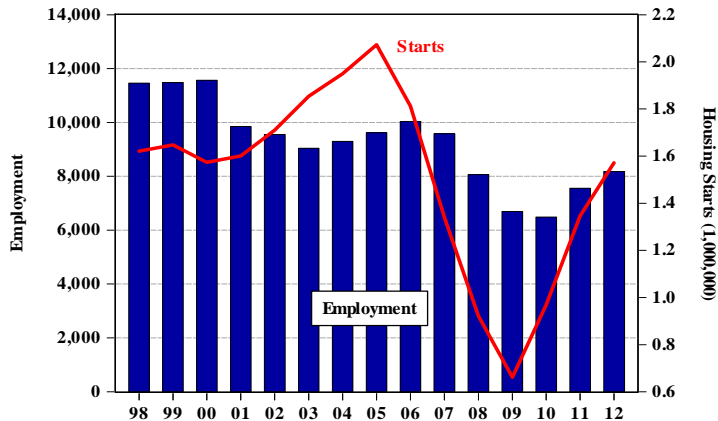
company reduced its Idaho work force by 1,100. The news of the latest round of job cuts came a week after the company released its 2008 fourth quarter earnings report that showed the company had a net loss of \$344 million on net sales of \$1.45 billion. The company lost \$1.6 billion on sales of \$5.8 billion over the entire fiscal year, compared to a loss of \$320 million the previous fiscal year. Unfortunately, the company started its current fiscal year with a \$706 million loss on net sales of \$1.4 billion—its eighth consecutive quarterly loss. Falling global DRAM and NAND prices continue to bedevil this industry, causing hardships for other memory producers. For example, Hynix announced in July 2008 it would close its Eugene, Oregon facility. The plant produced 200mm silicon wafers and employed about 1,100 persons. The company is also seeking financial help from the South Korean government. Infineon has been trying to unload its huge stake in chip maker Qimonda. This unit has been suffering huge losses but was recently granted a reprieve in the form of a line of credit. However, it remains to be seen whether the company will remain viable long enough to introduce its next generation of products. All these companies will continue to be challenged over the next few years. The worldwide imbalance of supply and demand that has depressed prices is not expected to right itself quickly. In addition, this sector's recovery will be hamstrung by the expected declines in U.S. real investment on software and equipment. Specifically, investment is estimated to have fallen 2.1% in 2008 and is forecast to drop 12.2% in 2009 then increase 7.7% in 2010, 13.9% in 2011, and 8.6% in 2012. Idaho computer and electronics employment shrinks over the next two years to a near-term low of about 11,600 jobs, which is down significantly from its 2001 peak of nearly 19,700 jobs. Employment recovers modestly in 2011 and 2012, so that it is at 12,763 jobs in 2012. While the news of Micron Technology's most recent round of layoffs dominate this sector, it should be noted there are a few bright spots. Hoku Scientific, Inc. is building a \$390 million plant to produce polycilicon in Pocatello. The plant is expected to start shipping product in 2009. Pocatello is also the new home for wind turbine manufacturer Nordic Windpower, Ltd.

Logging and Wood Products: Having ridden the national housing boom to a peak of just over 10,000 jobs in 2006, Idaho's logging and wood products sector now finds itself floundering in the after wash of its collapse. To provide some perspective of this change a short history is in order. National housing starts grew strongly most of this decade, topping the 2-million unit level in 2005. This expansion fueled the demand for lumber and wood products, which is evident in the 6.5% cumulative increase in the

Idaho Computer and Electronic Products Employment



Idaho Wood Product Employment and U.S. Housing Starts



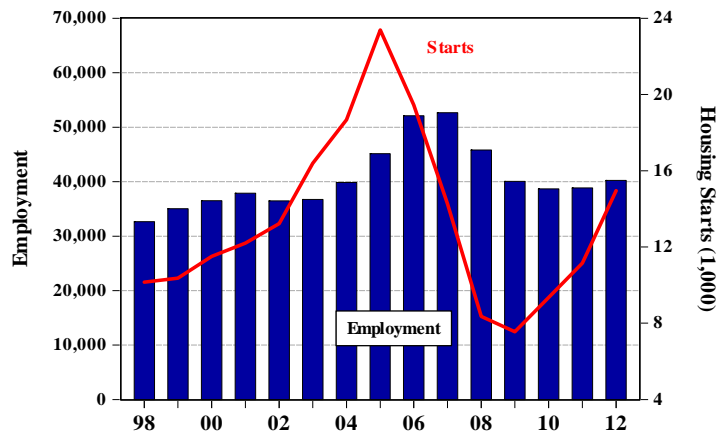
wood production index over the first half of this decade. Idaho logging and wood product employment was slow to respond to the increased demand, but finally produced job gains beginning in 2004. National housing starts slipped to 1.8 million units in 2006 from its previous year's peak, but remained at high historical levels. Despite this drop, U.S. wood products output was virtually unchanged in 2006 as it was in 2005. Idaho payroll increased to just over 10,000 jobs that year. The next year would be much different. In 2007, the U.S. housing starts decline was twice as steep as the previous year, causing output to retreat nearly 10%. Unlike the

previous year, Idaho's logging and wood products sector was not able to avoid losses and its employment shrank to about 9,600 jobs. Unfortunately, the national housing retreat is expected to continue through 2009, which is anticipated to reduce Idaho payrolls further. For example, Potlatch Corporation laid off 160 employees at its St. Maries plywood plant for two weeks in November 2008. The company also laid off 220 workers at its Lewiston wood products mill during the last three weeks of the same month. Housing woes were also to blame for the Idaho Forest Group shut down of its Moyie Springs mill during Thanksgiving week. The housing sector's ebb means the logging and wood products sector's future will once again be dominated by unfavorable supply factors. They include dwindling timber supplies from Idaho national forests. According to U.S. Forest Service estimates, the harvest from national forests fell by 69% from 1997 to 2006. As a result, the national forests' share of Idaho's timber harvest shrank from 20% in 1997 to 8% in 2006. Idaho is not the only area suffering; the combined harvest from Washington and Oregon national forests has dropped nearly 60% over the same period, and their employment has fallen by over 25%. The June 2008 edition of *Random Lengths Yardstick* reported there are about half as many mills in the inland region as there were twenty years ago and the inland region's share of North American (U.S. and Canada) production has dwindled from 18% to 8%. Despite the industry's downsizing, excess capacity remains a challenge. It is estimated the industry can produce 20% to 25% more lumber than is being consumed in North America. The industry's increased productivity means mills need fewer workers. National housing starts are forecast to begin recovering modestly in 2010. Idaho logging and wood sector employment is expected to decline through 2010, and then it posts a modest recovery to around 8,200 jobs in 2012.

Construction: Expected declines in Idaho construction employment over most of the forecast period means the state will lose one of its most important growth engines. Fueled by the Idaho housing boom, construction employment advanced an amazing 5% annually from 1997 to 2007—about twice as fast as overall employment. As a result of this strong showing, construction's share of total employment climbed from 6.4% in 1997 to 8.0% in 2007. This growth spurt was made possible by the healthy housing market that expanded from just 8,888 housing starts in 1997 to a peak of nearly 23,400 units in 2005. Although housing starts began declining the next year, Idaho construction employment continued growing thanks to the strong commercial sector. However, this boost ran out of fuel in 2007, causing construction employment to stall. Unfortunately, this sector's fortunes have not yet bottomed out. Future housing activity will be hampered by the combined impacts of the cooling economy, tight credit conditions, and slower population growth. The next two years will be particularly devastating. Housing

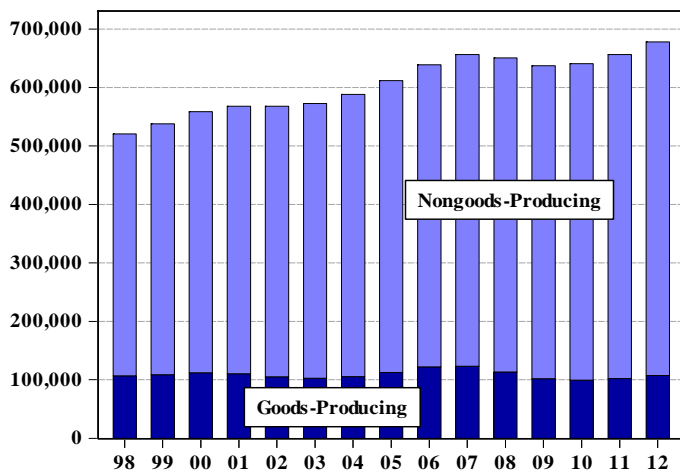
starts are expected to have dropped to 7,192 units by the end of 2008, about 2,000 units lower than at the year's start. Housing starts should then begin recovering modestly in 2009. Housing starts are projected to post their first year-over-year gain in 2010 and continue growing thereafter to about 5,000 units in 2012, which is much lower than its 2005 peak. Idaho construction employment is forecast to slide during the first three years of the forecast to 38,660 jobs in 2010 and remain near that level in 2011. Idaho construction employment enjoys its first significant increase to 40,205 jobs in the last year of the forecast. During the forecast period, construction's share of total nonfarm employment slips from 8.0% in 2007 to just under 6.0% in 2012.

Idaho Construction Employment and Housing Starts



Nongoods-Producing Industries: As the state's manufacturing, construction, and mining sectors struggle over the next few years, modest job growth is expected to come from Idaho's services and trade sectors. The services category had an average of 304,484 jobs in 2007 and there were 111,657 trade jobs. Together they accounted for about 80% of the state's nonfarm jobs. The services category consists of information services; financial activities; transportation, warehousing, and utilities; professional and business services; education and health services; leisure and hospitality services; and other services. Trade is divided into retail and wholesale categories. Services employment has traditionally been the faster growing of the two categories, advancing an average of 3.7% annually over the last five years versus 2.8% for trade employment. Education and health services are consistent performers because they are driven more by demographics than economics. This category should add jobs at a 3.3% average annual pace from 2008 to 2012. Professional and business services employment should expand an average of 1.6% per year over the same period. Leisure and hospitality services should grow 1.5% annually over the next few years. This industry suffered a setback when the owners of Tamarack Resort filed for bankruptcy protection last year. In addition, Andre Agassi and Steffi Graf dropped their plans for a resort hotel at Tamarack. Not surprising, staffing levels at the resort this winter are lower than last winter. Financial services employment will feel the pinch of the cooling housing market and tighter credit. After expanding by an average of around 6.5% in both 2005 and 2006, financial service's payroll should average 0.6% annual growth over the forecast period. Transportation, warehousing, and utilities sector employment is expected to average 1.0% growth. Information service employment should rise at a 2.4% annual pace. Employment in the other services category

Idaho Nonfarm Employment



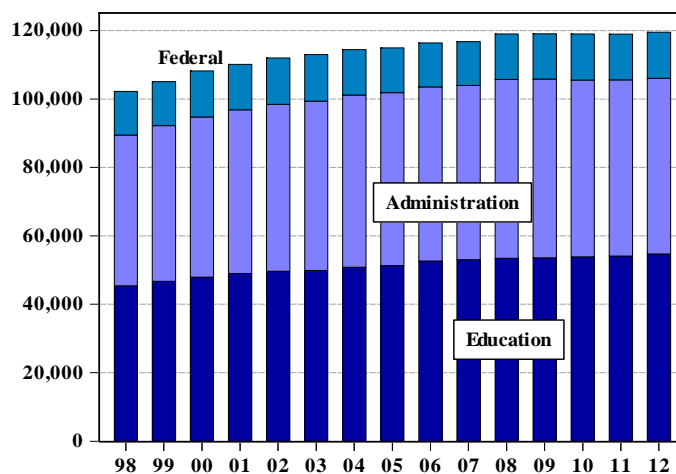
Employment in the other services category

increases over the forecast period from 19,463 jobs to 22,171 jobs. Readers are reminded that other services employment sprinted at a nearly 25% annual pace during last year's first quarter because a new employment survey that revealed there were more noncovered jobs in this sector than had been previously reported. This new data creates a series break that results in a one-time boost to the first quarter's growth rate. After a slow start, total services employment growth is expected to accelerate beginning in 2010. Prognostications for one of the weakest holiday shopping seasons in years have led to fears that Idaho trade employment will repeat last year's disappointing showing. Indeed, final and preliminary data show both wholesale and retail trade employment shrank through the first three quarters of 2008. Trade employment is expected to shrink again this year before expanding in the last three years of the forecast. Walmart plans to close its Lewiston, Idaho store when it opens its new store across the river in Clarkston, Washington. Interestingly, this will have little impact on Idaho retail employment because Clarkston employment is included in the Idaho statistics. The Idaho store's closure will have another impact on Lewiston, however. It will cut Nez Perce County revenue from its half-cent local option sales tax by an estimated 10%, or about \$330,000 per year.

Government: On December 22, 2008 the U.S. Census Department reported Idaho's population on July 1, 2008 was 1,523,816. This change equates to a 1.8% growth rate, which is down from the previous year's 2.4% clip. The state's population growth is projected to slow further, as its economy cools. The main reason for this slowing is the anticipated drop in net immigration. Idaho's population grows fastest when net migration is strong and slowest when net migration is weak. For example, the state's population grew by 1.9% in 2004 when immigration was about 13,000 persons. The next year, a net influx of over 24,000 new residents helped population jump by 2.7%.

Over the next few years net immigration is expected to swing from a low of about 3,100 in 2009 to a high of about 16,400 in 2012. Under these conditions, total population growth should average 1.7% per year over the forecast period, which is well below the pace of the last few years. The anticipated slower population growth should translate to slower demand for government services and reduced government employment growth. In addition, Idaho state and local government employment will be held in check by tight budgets, especially during the next two years. Over the forecast period, Idaho state and local governments will add less than 400 jobs. All of the job gains (1,270) will be in education-related jobs, while the noneducation-related jobs will shrink (-901). There are about 13,300 federal government jobs in Idaho. It should remain near this level throughout the forecast period except for 2010 when hiring associated with the U.S. census takes place early in that year.

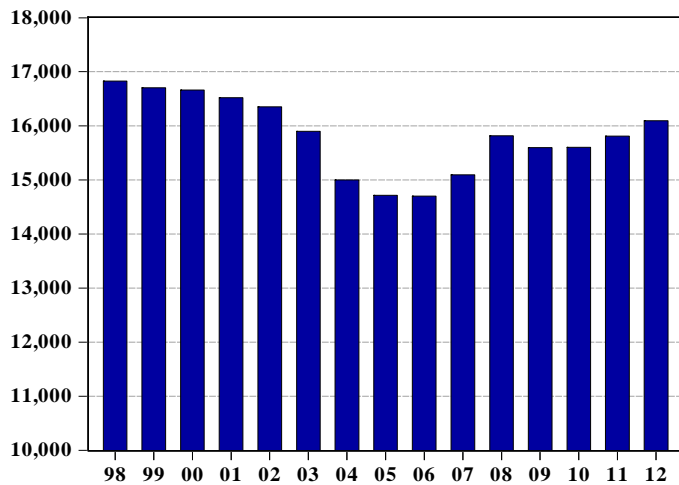
Idaho Government Employment



Mining: Idaho's mining sector employment is forecast to suffer declines over the next two years as the national and global economies cool. These declines will mark the end of six consecutive years of growth. After suffering several years of decline, Idaho mining employment increased from a low of 1,759 jobs in 2002 to nearly 2,800 jobs in 2008—its highest level in over a decade. This expansion was largely fueled by a run up of metal prices. Kathryn Tacke, the Idaho Department of Labor's Regional Economist for North Idaho, reported that at one time the prices of lead and zinc were so high that the

Lucky Friday Mine could make a profit on sales of these two byproducts alone. These high prices led to increased exploration activity in the state. SNS Silver is looking at the possibility of bringing the Crescent Mine near Kellogg back into production. The Crescent, which closed in the 1980s, lies between two of the world's greatest silver producers—the Sunshine and Bunker Hill mines. It appears there are ample mineral supplies for further expansion. However, metal prices have been falling recently, so this sector's short-term fortunes will be driven more by economics than by geology. After exploding 7.1% in 2008, U.S. metal ore mining production is forecast to decrease this year and next. As a result, mining employment is forecast to drop just below 2,000 jobs in 2010. Mining production is forecast to pick up again once the economy starts expanding. This recovery will help Idaho mining employment to start growing in 2011, after suffering two years of losses.

Idaho Food Processing Employment



Food Processing: One of Idaho's cornerstone industries, food processing, is poised to retake the title of the state's largest manufacturing employer. This sector's last employment peak was 17,300 jobs in 1997. Ironically, it was the same year the computer and electronics sector passed it to become Idaho's largest manufacturing employer. After that year, food processing employment shrank for several years as several of this sector's long-time employers began to curtail their local operations. For example, nearly 360 jobs were lost when the J.R. Simplot Company closed its Nampa meat packing plant in the fall of 2003 and shuttered its Heyburn potato processing plant that had run continuously since 1960. More recently,

about 400 jobs were lost when the Swift and Company beef processing plant closed. However, the passing of time suggests these painful contractions were not symptoms of this sector's demise, but part of its ongoing evolution. Already, new factories have replaced older ones. For example, the former Swift and Company beef processing plant has been reopened by XL Foods, Inc. Gossner Foods, Inc. opened a new cheese manufacturing plant in Heyburn on land formerly occupied by the J.R. Simplot plant. Brewster Dairy, Inc. has taken over the former Kraft plant in Rupert. Marathon Cheese opened its Mountain Home plant. Idaho Milk Products is building a new 185,000-square-foot facility in Jerome County. Once operational, the plant will process about 3 million gallons of milk per day into protein powders, lactose permeate, and cream. The new plant is expected to employ 75 workers. Sorrento Lactalis is planning to add 40 to 50 manufacturing jobs when it completes its \$50-million whey processing plant. This sector is expected to experience two notable achievements. Its employment will top 16,000 jobs in 2012—for the first time since 2002—and it will once again become the state's largest manufacturing employer in 2008. Employment is but one measure of the food processing industry's importance to the state. The average value of food manufacturing output accounted for more than half (55.8%) of the total Idaho nondurable manufacturing output from 1997 to 2006 and about 2.4% of the state's total gross domestic product. Its relative importance can be seen when it is compared to its national counterpart, which accounts for just 1.5% of the country's economic output.

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

The national and Idaho economic outlooks have soured significantly since the October 2008 *Idaho Economic Forecast* was published. All major indicators show the economy will perform even more poorly than was projected a couple of months ago. In the previous forecast, real GDP was expected to decline for the three quarters beginning with the third quarter of 2008, and it would shrink 0.6 percent from peak to trough. The new forecast brings the unwelcome prediction that the recession will be longer and deeper. It is expected to run through the second quarter of this year and real output is projected to drop 2.5%. This weakness can also be measured by the relative differences between the two GDP forecasts. As the accompanying table shows, real GDP is down 0.3% in 2008 and 2.2% in 2009. Not only is the recession more severe, but the recovery is weaker than in the previous forecast, which explains why real output is actually 2.5% lower in both 2010 and 2011. Other measures also testify to the weaker expected showing. Real personal income is lower in the current forecast in every year except for 2009. That year's strength results, not from income growth, but from the expected rare decline in prices. On a nominal basis, national personal income is lower in every year of the forecast. The U.S. job picture has worsened since this fall. Not only is employment lower, but the situation deteriorates over time, so the gap between the two forecasts grows from 119,000 jobs in 2008 to over two and one-half million jobs in 2011. The nation's goods-producing sector, which includes construction and manufacturing, takes a relatively big hit, coming in at nearly 4.8% fewer jobs in 2011 than had been forecast previously. The nongoods-producing sector, on the other hand, is down 1.3% jobs in 2011. All of the key inflation measures have been reduced from the previous forecast, which is consistent with the weaker economic outlook.

Like its national counterparts, Idaho employment and personal income have also been scaled back significantly since October 2008. Idaho nonfarm employment is down 0.2% in 2008, 0.9% in 2009, 1.7% in 2010, and 2.2% in 2011. All told, there is expected to be around 14,600 fewer jobs in 2011 than had been forecasted previously. As shown in the table, Idaho nominal personal income is also lower in every year. Interestingly, adjusting for inflation raises 2009 real personal income 1.2% above the amount from the October forecast. As was mentioned above, this is the result of falling prices in that year.

**IDAHO ECONOMIC FORECAST
FORECASTS COMPARISON
DIFFERENCES BETWEEN
JANUARY 2009 AND OCTOBER 2008 FORECASTS**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
U.S. GDP (BILLIONS)										
Current \$	0	0	0	0	0	0	-65	-415	-512	-545
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.5%	-2.8%	-3.4%	-3.4%
2000 Chain-Weighted	0	0	0	0	0	0	-32	-262	-304	-306
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.3%	-2.2%	-2.5%	-2.5%
PERSONAL INCOME - CURR \$										
Idaho (Millions)	0	0	0	0	0	0	-131	-653	-1,543	-2,076
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.3%	-1.3%	-2.9%	-3.7%
U.S. (Billions)	0	0	0	0	0	0	-52	-187	-335	-398
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.4%	-1.5%	-2.6%	-2.9%
PERSONAL INCOME - 2000 \$										
Idaho (Millions)	0	0	0	0	0	0	38	476	-255	-764
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	1.2%	-0.6%	-1.8%
U.S. (Billions)	0	0	0	0	0	0	-7	95	-26	-101
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.9%	-0.3%	-0.9%
TOTAL NONFARM EMPLOYMENT										
Idaho	0	0	0	0	0	0	-1,041	-5,612	-11,189	-14,606
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.9%	-1.7%	-2.2%
U.S. (Thousands)	0	0	0	0	0	0	-119	-1,308	-2,239	-2,538
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-1.0%	-1.6%	-1.8%
GOODS PRODUCING SECTOR										
Idaho	0	0	0	0	0	0	-472	-2,373	-3,925	-5,260
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.4%	-2.3%	-3.8%	-4.9%
U.S. (Thousands)	0	0	0	0	0	0	-29	-506	-950	-985
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-2.5%	-4.8%	-4.8%
NONGOODS PRODUCING SECTOR										
Idaho	0	0	0	0	0	0	-569	-3,239	-7,264	-9,346
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.6%	-1.3%	-1.7%
U.S. (Thousands)	0	0	0	0	0	0	-91	-802	-1,289	-1,554
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.7%	-1.1%	-1.3%
SELECTED INTEREST RATES										
Federal Funds Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-1.2%	-1.7%	-0.9%
Bank Prime Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-1.2%	-1.7%	-0.9%
Existing Home Mortgage Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.7%	-0.3%
INFLATION										
GDP Price Deflator	0.000	0.000	0.000	0.000	0.000	0.000	-0.201	-0.761	-1.072	-1.234
Personal Cons Deflator	0.000	0.000	0.000	0.000	0.000	0.000	-0.434	-2.994	-2.932	-2.558
Consumer Price Index	0.000	0.000	0.000	0.000	0.000	0.000	-0.011	-0.073	-0.067	-0.055

Forecast Begins the THIRD Quarter of 2008

ALTERNATIVE FORECASTS

Global Insight has assigned a 55% probability of occurrence to its December 2008 baseline forecast of the U.S. economy. The major features of this forecast include:

- Real GDP increases 1.2% in 2008, drops 1.8% in 2009, expands 2.1% in 2010, and grows 3.2% in 2011;
- U.S. nonfarm employment falls 0.2% in 2008, drops another 1.9% in 2009, grows 0.1% in 2010, and increases 1.5% in 2011;
- the annual U.S. civilian unemployment rate peaks at 8.6% in 2010 then gradually declines to 8.1% in 2011;
- consumer inflation is 3.8% in 2008, negative 1.5% in 2009, 2.4% in 2010, and 3.1% in 2011;
- the current account deficit is \$660 billion in 2008, \$282 billion in 2009, \$500 billion in 2010, and \$659 billion in 2011;
- the federal unified budget deficit is \$455 billion in 2008, \$1,349 billion in 2009, \$954 billion in 2010, and \$785 billion in 2011.

OPTIMISTIC SCENARIO

Global Insight's *Optimistic Scenario* has been assigned a 5% probability of occurrence. In this scenario, the rapid response of the Federal Reserve to the crisis in financial markets, coupled with the U.S. Treasury's rescue plan and help from foreign central banks, help avert a severe U.S. economic downturn. In addition, stronger total factor productivity growth is stronger than in the baseline forecast, which helps rein in inflation despite the stronger expected growth. Credit flows more freely in this scenario, helping housing starts average 748,000 units this year, compared to the 662,000 units projected in the baseline case. Likewise, nonresidential fixed investment is stronger in the *Optimistic Scenario*. It suffers a 10.3% contraction in 2009 followed by a 6.5% expansion in 2010. In the baseline, it retreats 13.4% this year followed by an anemic 0.6% rise next year. Both foreign economic growth and the dollar are stronger in this scenario. Finally, thanks to stronger demand, energy prices are higher in this scenario than in the baseline. However, they are lower in the long run, reflecting more-optimistic assumptions about supply.

On net, these assumptions paint a much brighter future for the economy compared to the *Baseline* and *Pessimistic* scenarios. Real GDP declines 0.5% in the third quarter of 2008, 4.3% in the fourth quarter, and by 3.1% in the first quarter of this year. However, it is expected to recover to a 3-percent pace in the second half of this year. On an annual basis, real GDP shrinks 0.6% in 2009 versus 1.8% in the baseline. It expands 3.5% in 2010, compared to the baseline's 2.1%. Under these conditions the unemployment rate never exceeds 8% and falls under 7% by 2011. In short, this scenario is similar to the baseline, with more muted cycle dynamics, but a quick bounce-back.

Under these conditions Idaho's economy does not avoid a downturn, but it is less severe than the one projected in the baseline case. Idaho nonfarm employment declines 0.8% in 2008 and 1.6% in 2009, compared to drops of 0.9% and 2.1%, respectively, in the *Baseline Scenario*. As a result of these more modest declines, there are roughly 3,100 more jobs in 2009 compared to in the baseline. This gap widens to over 11,600 jobs in 2011, however, because of the stronger U.S. economic recovery assumed in the *Optimistic Scenario*. Interestingly, Idaho real personal income growth is virtually the same in the first two years of the forecast, but grows significantly faster in 2010 and 2011. This late rally pushes Idaho real personal income to \$43.2 billion in 2011—about \$450 million higher than in the *Baseline Scenario*.

IDAHO ECONOMIC FORECAST
BASELINE AND ALTERNATIVE FORECASTS
JANUARY 2009

	BASELINE				OPTIMISTIC				PESSIMISTIC			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
U.S. GDP (BILLIONS)												
Current \$	14,287	14,241	14,728	15,438	14,293	14,452	15,256	16,066	14,279	13,995	14,216	14,911
% Ch	3.5%	-0.3%	3.4%	4.8%	3.5%	1.1%	5.6%	5.3%	3.4%	-2.0%	1.6%	4.9%
2000 Chain-Weighted	11,662	11,456	11,692	12,063	11,667	11,593	11,996	12,391	11,656	11,283	11,366	11,708
% Ch	1.2%	-1.8%	2.1%	3.2%	1.2%	-0.6%	3.5%	3.3%	1.1%	-3.2%	0.7%	3.0%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	49,045	50,024	51,217	53,871	49,047	50,272	52,004	54,892	49,048	49,740	50,301	52,711
% Ch	3.2%	2.0%	2.4%	5.2%	3.2%	2.5%	3.4%	5.6%	3.2%	1.4%	1.1%	4.8%
U.S. (Billions)	12,122	12,315	12,632	13,226	12,123	12,435	13,018	13,713	12,119	12,198	12,281	12,846
% Ch	3.9%	1.6%	2.6%	4.7%	3.9%	2.6%	4.7%	5.3%	3.9%	0.6%	0.7%	4.6%
PERSONAL INCOME - 2000 \$												
Idaho (Millions)	40,341	41,423	41,646	42,768	40,336	41,363	41,824	43,219	40,358	41,522	41,352	41,909
% Ch	-0.1%	2.7%	0.5%	2.7%	-0.2%	2.5%	1.1%	3.3%	-0.1%	2.9%	-0.4%	1.3%
U.S. (Billions)	9,971	10,198	10,271	10,500	9,970	10,231	10,469	10,797	9,973	10,183	10,096	10,213
% Ch	0.6%	2.3%	0.7%	2.2%	0.6%	2.6%	2.3%	3.1%	0.6%	2.1%	-0.9%	1.2%
TOTAL NONFARM EMPLOYMENT												
Idaho	650,652	637,195	640,591	656,206	650,738	640,261	650,144	667,854	650,626	634,382	631,989	645,018
% Ch	-0.9%	-2.1%	0.5%	2.4%	-0.8%	-1.6%	1.5%	2.7%	-0.9%	-2.5%	-0.4%	2.1%
U.S. (Thousands)	137,377	134,794	134,910	136,917	137,393	136,074	138,311	140,670	137,348	133,938	132,645	134,285
% Ch	-0.2%	-1.9%	0.1%	1.5%	-0.2%	-1.0%	1.6%	1.7%	-0.2%	-2.5%	-1.0%	1.2%
GOODS-PRODUCING SECTOR												
Idaho	113,379	101,819	99,323	102,220	113,388	102,849	102,410	105,789	113,344	100,557	96,270	98,586
% Ch	-8.1%	-10.2%	-2.5%	2.9%	-8.1%	-9.3%	-0.4%	3.3%	-8.1%	-11.3%	-4.3%	2.4%
U.S. (Thousands)	21,451	19,887	18,996	19,338	21,452	20,210	19,929	20,487	21,440	19,617	18,167	18,465
% Ch	-3.5%	-7.3%	-4.5%	1.8%	-3.5%	-5.8%	-1.4%	2.8%	-3.5%	-8.5%	-7.4%	1.6%
NONGOODS-PRODUCING SECTOR												
Idaho	537,273	535,375	541,268	553,986	537,350	537,412	547,734	562,065	537,282	533,825	535,719	546,432
% Ch	0.8%	-0.4%	1.1%	2.3%	0.8%	0.0%	1.9%	2.6%	0.8%	-0.6%	0.4%	2.0%
U.S. (Thousands)	115,926	114,907	115,914	117,579	115,942	115,864	118,381	120,183	115,909	114,320	114,478	115,819
% Ch	0.5%	-0.9%	0.9%	1.4%	0.5%	-0.1%	2.2%	1.5%	0.4%	-1.4%	0.1%	1.2%
SELECTED INTEREST RATES												
Federal Funds	2.0%	0.1%	1.2%	3.7%	2.0%	0.4%	1.4%	3.3%	2.0%	0.0%	1.1%	4.9%
Bank Prime	5.1%	3.1%	4.2%	6.7%	5.1%	3.4%	4.4%	6.3%	5.1%	3.0%	4.1%	7.9%
Existing Home Mortgage	6.1%	5.5%	5.7%	6.8%	6.1%	5.6%	5.8%	6.7%	6.2%	5.3%	5.7%	7.6%
INFLATION												
GDP Price Deflator	2.3%	1.4%	1.3%	1.6%	2.3%	1.7%	2.0%	1.9%	2.3%	1.2%	0.8%	1.8%
Personal Cons Deflator	3.3%	-0.7%	1.8%	2.4%	3.3%	0.0%	2.3%	2.1%	3.3%	-1.4%	1.5%	3.4%
Consumer Price Index	3.8%	-1.5%	2.4%	3.1%	3.8%	-0.7%	2.9%	2.6%	3.8%	-2.5%	2.0%	4.3%

Forecast Begins the THIRD Quarter of 2008

PESSIMISTIC SCENARIO

The *Pessimistic Scenario* has been assigned a 40% probability of occurrence. It should be pointed out this probability is much higher than the 25% used in the October 2008 forecast, which is consistent with the deteriorating conditions since then. This scenario assumes the financial crisis worsens, sending the economy into its worst downturn since the Great Depression. Credit markets remain clogged, both domestically and across the world. Without access to credit, domestic spending contracts and the housing market falls into an even deeper hole. The spread between 30-year fixed mortgage rates and the 10-year Treasury note yield remains wider than normal into 2010. Housing starts slip below one million units in 2008 (909,000), 2009 (586,000), and 2010 (807,000). The median price of existing homes and home sales are much weaker than in the baseline case. This weakness undermines consumer confidence which, along with the drop in household wealth and job market fears, cause consumers to retrench. Businesses scuttle long-term projects, causing business fixed investment to slide over seven-straight quarters. The economic malaise is not limited to the U.S., however. Real GDP among the United States' major-currency trading partners (excluding China) falls for seven quarters, starting with the second quarter of 2008. As a result, exports deduct 0.8 and 0.3 percentage point from GDP growth in 2009 and 2010. One positive aspect of the weaker outlook is inflation is lower than anticipated in the *Baseline Scenario*.

In this scenario, real GDP contracts 3.2% in 2009 and rebounds only 0.7% in 2010. Employment drops for ten straight quarters, manufacturing output falls for ten straight quarters, and real GDP shrinks for six quarters. This recession takes a much higher toll than the previous two recessions. Peak to trough, real GDP contracts 4.3%, which is worse than the losses during the 1973-75 and 1981-82 recessions. Unlike those recessions, however, the economy emerges from this downturn weaker, and facing more trouble ahead.

Not surprisingly, the outlook for the state's economy is the weakest here of all the scenarios. Nonfarm employment, which is expected to reach 656,200 jobs in 2011 in the baseline case and 667,900 jobs in the *Optimistic Scenario*, barely tops 645,000 in this scenario. Compared to their baseline counterparts, there are about 3,600 fewer goods-producing jobs in 2011 and 7,600 fewer nongoods-producing jobs. The lower job count is partly to blame for both nominal and real personal income being weaker in 2011 than in the *Baseline Scenario*.

Monetary Policy and Asset Prices

Kevin J. Lansing¹

Nearly seven years have passed since the last recession ended in November 2001. That recession was characterized by an unwinding of excess business investment in the aftermath of a burst U.S. stock market bubble (see Lansing 2003a). During the early years of the recovery, an accommodative interest rate environment provided stimulus to the housing market. To keep initial monthly payments affordable for the large influx of new and often credit-impaired homebuyers, the lending industry marketed a range of "exotic" mortgage products, for example, loans requiring no down payment or documentation of income, monthly payments for interest-only or less, and adjustable rate mortgages with low introductory "teaser" rates that reset higher over time. House prices rose faster in areas where exotic mortgages were more prevalent (see Tal 2006), suggesting, ironically, that the new lending products may have actually harmed affordability by fueling the price run-up.

From 2001 to 2006, house prices rose much faster than the underlying fundamentals, as measured by rents or household income. Equity extracted from rapidly appreciating real estate yielded hundreds of billions of dollars per year in spendable cash for households, providing significant support for U.S. consumption. The consumption boom was accompanied by a parabolic rise in household debt relative to income and a decline in the personal saving rate (see Lansing 2005).

House prices peaked in 2006 and have since reversed course dramatically. The bursting of the housing bubble has been followed by a sharp rise in delinquencies and foreclosures, massive write-downs in the value of mortgage-backed securities and derivatives, the collapse of a number of large financial institutions, and, most recently, a serious financial crisis prompting unprecedented government intervention in U.S. private capital markets.

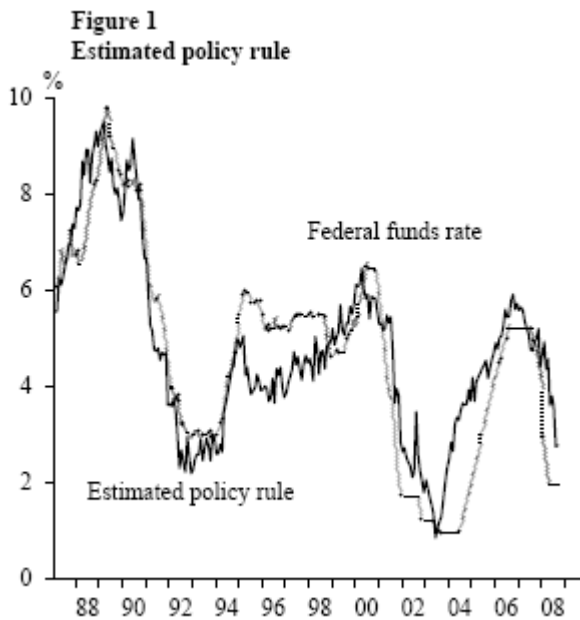
An important unsettled question in economics is whether policymakers should take deliberate steps to prevent or deflate asset price bubbles (see Lansing 2003b). Those who advocate leaning against bubbles point out that excessive asset prices can distort economic and financial decisions, creating costly problems that can take many years to dissipate. Others argue that it is difficult for policymakers to detect a bubble in real time, and that policies intended to prick a suspected bubble could send the economy into a recession, thereby forgoing the benefits of the boom that might otherwise continue.

In light of the severe economic fall-out from recent bubble episodes, this *Economic Letter* examines the potential role of monetary policy in responding to asset prices.

Monetary policy and the Taylor rule

Central banks' goals are to keep inflation low while promoting sustainable growth and full employment. Policymaker behavior is typically modeled in the form of a "Taylor rule," whereby a short-term nominal interest rate (the federal funds rate) is adjusted in response to inflation and some measure of real economic activity. Using such a framework, Taylor (1999) shows that estimated versions of the Fed's policy rule can help account for the "Great Inflation" of the 1970s and the period of good economic performance in the 1980s and 1990s. Specifically, he finds that the estimated response of the federal

¹ This article originally appeared in the Number 2008-34; October 31, 2008 *FRBSF Economic Letter*. Opinions expressed in this article are those of the authors and do not necessarily reflect the views of the management of the Federal Reserve Bank of San Francisco or the Board of Governors of the Federal Reserve System.



natural rate of unemployment and the prevailing unemployment rate. The natural rate series is constructed by the Congressional Budget Office.

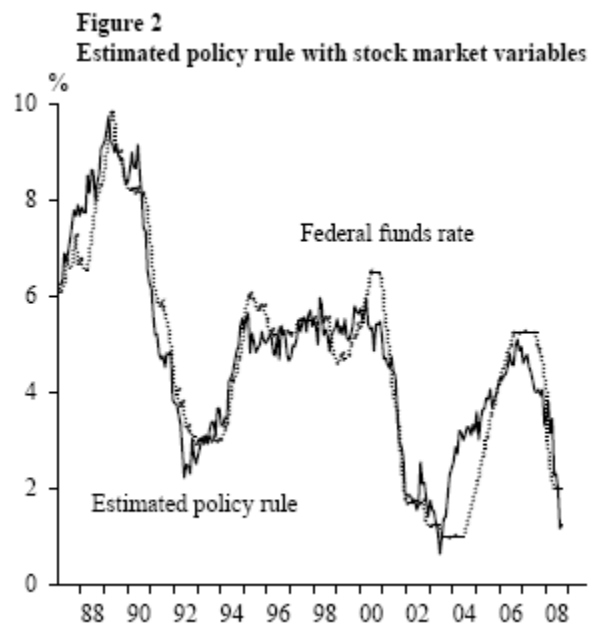
The figure shows that the estimated rule does a good job of accounting for broad movements in the actual funds rate over the past two decades. However, the actual funds rate is consistently above the estimated rule from 1995 to 1998, and consistently below the estimated rule from 2003 to 2008. Focusing on the latter period, the threat of deflation following the bursting of the stock market bubble was cited at the time as justification for the low level of the funds rate in 2003. Taylor (2007) uses a statistical model of new housing starts to argue that the deviation of the funds rate below the path predicted by previous Fed policy behavior contributed to the housing boom. Moreover, he argues that even after the funds rate started rising in 2004, long-term interest rates remained low because the bond market perceived that the Fed's response to inflation had permanently shifted. According to Taylor, a higher funds rate path would have avoided much of the housing boom, such that the subsequent reversal and resulting financial market turmoil would have been less severe.

The Taylor rule augmented with stock market variables

If stock market investors react to the same observations about the economy as do policymakers, then special factors that are relevant to monetary policy, such as the threat of deflation in 2003 or the recent financial crisis, can perhaps be captured by observed movements in stock prices. Along these lines, Figure 2 plots an augmented version of the estimated policy rule that includes two additional explanatory variables: (1) the percentage change in the S&P 500 stock index over the prior 12 months, and (2) the prior-month level of the S&P 500 stock index. As in Lansing (2003b), the use of data from prior months helps ensure that the direction of causation runs from

funds rate to inflation in the 1970s is smaller than the estimated response in the 1980s and 1990s. In retrospect, it appears that the "policy mistake" of the 1970s was that the funds rate remained too low for too long as inflation continued to rise. Taylor (2007) extends this type of analysis to more recent Fed policy actions. He concludes that, from 2003 to 2006, "the federal funds rate was well below what experience during the previous two decades of good economic performance...would have predicted."

Figure 1 plots an estimated version of the Taylor rule using monthly data from January 1987 to September 2008. The estimated rule is constructed by regressing the federal funds rate on a constant, the 12-month percent change in the core personal consumption expenditures price index, and the unemployment gap, i.e., the percentage point difference between the



the stock market to the funds rate, and not vice versa. The figure shows that the inclusion of the stock market variables significantly improves the fit of the estimated rule, particularly from 2006 through the end of the data sample in September 2008. However, even after controlling for special factors that show up in stock prices, the actual funds rate path continues to deviate below the estimated policy rule path from 2003 to 2005.

Should monetary policy lean against bubbles?

It remains controversial whether a higher funds rate path from 2003 onwards could have prevented the housing bubble and its subsequent fallout. More generally, there is a wide range of views about whether central banks should take deliberate steps to prevent or deflate asset price bubbles.

One view, summarized by former Fed Chairman Greenspan (2004), is that central banks should not attempt to prick a suspected bubble, but rather they should follow a "strategy of addressing the bubble's consequences rather than the bubble itself." This view is predicated on the idea that it is difficult for policymakers to identify a bubble in real time. Others have countered that central banks already respond to economic variables that are difficult to measure in real time, such as the level of potential GDP. Moreover, Borio and Lowe (2002) argue that bubbles *can* be identified in real time if central banks expand their view beyond asset prices to include other variables that signal a threat to financial stability. In an exhaustive historical study of financial market bubbles in many countries, they find that episodes of sustained rapid credit expansion, booming stock or house prices, and high levels of investment are almost always followed by periods of stress in the financial system. According to the authors, "If the economy is indeed robust and the boom is sustainable, actions by the authorities to restrain the boom are unlikely to derail it altogether. By contrast, failure to act could have much more damaging consequences, as the imbalances unravel" (p. 26).

Regulatory policy and bubbles

Beyond the setting of short-term nominal interest rates, a broader view of monetary policy includes regulatory oversight of financial institutions. Throughout history, asset price bubbles have typically coincided with outbreaks of fraud and scandal, followed by calls for more regulation once the bubble has burst (see Gerding 2006). Recent bubble episodes are no different. If a goal of financial regulation is to prevent fraud, and as history attests, asset price bubbles are typically associated with fraud, then one could argue that financial regulators at central banks should strive to prevent bubbles.

According to Mishkin (2008), financial regulators at central banks may have a greater likelihood of identifying a credit-fueled bubble in real time because "they might have information that lenders have weakened their underwriting standards and that credit extension is rising at abnormally high rates." He argues that "financial developments might then lead policymakers to consider implementing policies to...help reduce the magnitude of the bubble." During the recent housing bubble, underwriting standards *were* weakened and credit extension *did* rise at abnormally high rates, resulting in rapid growth of subprime mortgage lending. In the aftermath of the burst housing bubble, financial regulators are now taking steps to strengthen the integrity of underwriting, appraisal, and credit-rating procedures.

Conclusion

In the years following the 2001 recession, the booming U.S. housing market was a powerful stimulating force for the U.S. economy. Consumers extracted equity from their homes to pay for all kinds of goods and services, while the personal saving rate approached zero. Hundreds of thousands of new jobs were created in residential construction, mortgage banking, and real estate. Ample liquidity and easy lending practices drew in waves of new buyers who had previously been shut out of the housing market. Strong demand for starter homes allowed existing owners to move up to bigger houses with bigger mortgages.

The reversal of this stimulus is now exerting a significant drag on household spending, employment, and GDP growth.

The painful unwinding of bubble-induced excesses, first with the U.S. stock market in the early 2000s, and now with the U.S. housing market, has spurred debate about the appropriate response of monetary policy to asset price movements--either on the upswing or the downswing. Important unsettled questions remain about whether central banks should lean against asset price bubbles and the degree to which central banks should attempt to mitigate the economic fallout from speculative losses. In any case, further research on the links between monetary policy and asset prices is needed.

References

[URLs accessed October 2008.]

Borio, C., and P. Lowe. 2002. "Asset Prices, Financial and Monetary Stability: Exploring the Nexus." Bank for International Settlements Working Paper 114. <http://www.bis.org/publ/work114.htm>

Gerding, E.F. 2006. "The Next Epidemic: Bubbles and the Growth and Decay of Securities Regulation." *Connecticut Law Review* 38(3), pp. 393-453.

Greenspan, A. 2004. "Risk and Uncertainty in Monetary Policy." *American Economic Review Papers and Proceedings* 94, pp. 33-40.

Lansing, K.J. 2003a. "Growth in the Post-Bubble Economy" *FRBSF Economic Letter* 2003-17 (June 20). <http://www.frbsf.org/publications/economics/letter/2003/el2003-17.html>

Lansing, K.J. 2003b. "Should the Fed React to the Stock Market?" *FRBSF Economic Letter* 2003-34 (November 14). <http://www.frbsf.org/publications/economics/letter/2003/el2003-34.html>

Lansing, K.J. 2005. "Spendthrift Nation." *FRBSF Economic Letter* 2005-30 (November 10). <http://www.frbsf.org/publications/economics/letter/2005/el2005-30.html>

Mishkin, F.S. 2008. "How Should We Respond to Asset Price Bubbles?" Speech at the Wharton Financial Institutions Center, Philadelphia (May 15). <http://www.federalreserve.gov/newsevents/speech/mishkin20080515a.htm>

Tal, B. 2006. "How Painful Will Mortgage Resets Be?" CIBC World Markets, Inc., *Consumer Watch U.S.* (October 18). http://research.cibcwm.com/economic_public/download/cwus-102006.pdf

Taylor, J.B. 1999. "A Historical Analysis of Monetary Policy Rules." In *Monetary Policy Rules*, ed. J.B. Taylor. Chicago: University of Chicago Press, pp. 319-341.

Taylor, J.B. 2007. "Housing and Monetary Policy," Remarks at Symposium Sponsored by Federal Reserve Bank of Kansas City, Jackson Hole, Wyoming (September 1). <http://www.kansascityfed.org/PUBLICAT/SYMPOS/2007/PDF/2007.09.04.Taylor.pdf>

IDAHO ECONOMIC FORECAST

January 2009

FORECAST DETAIL

Annual Forecast 1995-2012	Page 32
Quarterly Forecast 2006-2011	Page 46

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 is 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
JANUARY 2009**

DEMOGRAPHICS

	1995	1996	1997	1998	1999	2000	2001	2002	2003
POPULATION									
Idaho (Thousands)	1,177.0	1,203.2	1,228.4	1,252.3	1,275.7	1,299.1	1,320.7	1,342.0	1,365.5
% Ch	2.8%	2.2%	2.1%	1.9%	1.9%	1.8%	1.7%	1.6%	1.8%
National (Millions)	266.980	270.115	273.368	276.553	279.731	282.808	285.734	288.560	291.301
% Ch	1.2%	1.2%	1.2%	1.2%	1.1%	1.1%	1.0%	1.0%	0.9%
BIRTHS									
Idaho (Thousands)	17.915	18.482	18.599	19.188	19.897	20.304	20.684	21.002	21.735
% Ch	1.3%	3.2%	0.6%	3.2%	3.7%	2.0%	1.9%	1.5%	3.5%
National (Thousands)	3,951	3,971	3,964	4,038	4,028	4,070	4,060	4,089	4,119
% Ch	-1.5%	0.5%	-0.2%	1.9%	-0.2%	1.0%	-0.2%	0.7%	0.7%
DEATHS									
Idaho (Thousands)	8.553	8.679	8.953	9.105	9.488	9.538	9.811	9.935	10.308
% Ch	0.9%	1.5%	3.2%	1.7%	4.2%	0.5%	2.9%	1.3%	3.8%
National (Thousands)	2,349	2,350	2,351	2,406	2,406	2,410	2,474	2,467	2,459
% Ch	1.2%	0.0%	0.0%	2.3%	0.0%	0.2%	2.7%	-0.3%	-0.3%
NET MIGRATION									
Idaho (Thousands)	22.652	16.417	15.583	13.836	12.975	12.658	10.645	10.247	12.077
HOUSING									
HOUSING STARTS									
Idaho	9,472	9,283	8,888	10,155	10,363	11,500	12,207	13,229	16,393
% Ch	-26.4%	-2.0%	-4.3%	14.3%	2.0%	11.0%	6.1%	8.4%	23.9%
National (Millions)	1.361	1.469	1.475	1.621	1.647	1.573	1.601	1.710	1.854
% Ch	-5.9%	7.9%	0.4%	9.9%	1.6%	-4.5%	1.8%	6.8%	8.4%
SINGLE UNITS									
Idaho	7,296	7,844	7,652	9,040	9,191	10,337	10,378	11,143	13,863
% Ch	-22.6%	7.5%	-2.4%	18.1%	1.7%	12.5%	0.4%	7.4%	24.4%
National (Millions)	1.082	1.154	1.136	1.278	1.306	1.232	1.272	1.363	1.505
% Ch	-9.2%	6.7%	-1.6%	12.4%	2.2%	-5.7%	3.2%	7.2%	10.4%
MULTIPLE UNITS									
Idaho	2,176	1,440	1,236	1,115	1,172	1,163	1,829	2,087	2,530
% Ch	-36.9%	-33.8%	-14.2%	-9.8%	5.1%	-0.8%	57.3%	14.1%	21.2%
National (Millions)	0.279	0.314	0.338	0.344	0.341	0.341	0.330	0.347	0.349
% Ch	9.4%	12.7%	7.6%	1.6%	-0.7%	0.1%	-3.5%	5.3%	0.5%
HOUSING STOCK									
Idaho (Thousands)	378.3	386.8	394.3	402.9	411.9	421.8	432.7	443.6	457.6
% Ch	2.5%	2.2%	1.9%	2.2%	2.2%	2.4%	2.6%	2.5%	3.2%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2009**

DEMOGRAPHICS

	2004	2005	2006	2007	2008	2009	2010	2011	2012
POPULATION									
Idaho (Thousands)	1,391.0	1,428.0	1,465.7	1,501.8	1,531.7	1,549.7	1,573.5	1,604.3	1,637.0
% Ch	1.9%	2.7%	2.6%	2.5%	2.0%	1.2%	1.5%	2.0%	2.0%
National (Millions)	293.990	296.719	299.566	302.410	305.365	308.356	311.373	314.377	317.414
% Ch	0.9%	0.9%	1.0%	0.9%	1.0%	1.0%	1.0%	1.0%	1.0%
BIRTHS									
Idaho (Thousands)	22.526	23.069	24.150	25.289	26.013	26.251	26.730	27.489	28.332
% Ch	3.6%	2.4%	4.7%	4.7%	2.9%	0.9%	1.8%	2.8%	3.1%
National (Thousands)	4,154	4,196	4,236	4,282	4,330	4,379	4,428	4,467	4,504
% Ch	0.9%	1.0%	1.0%	1.1%	1.1%	1.1%	1.1%	0.9%	0.8%
DEATHS									
Idaho (Thousands)	10.020	10.413	10.471	11.053	11.256	11.395	11.565	11.773	11.992
% Ch	-2.8%	3.9%	0.6%	5.6%	1.8%	1.2%	1.5%	1.8%	1.9%
National (Thousands)	2,452	2,448	2,474	2,498	2,525	2,553	2,581	2,606	2,635
% Ch	-0.3%	-0.2%	1.1%	0.9%	1.1%	1.1%	1.1%	1.0%	1.1%
NET MIGRATION									
Idaho (Thousands)	13.013	24.319	24.094	21.845	15.109	3.124	8.695	15.015	16.429
HOUSING									
HOUSING STARTS									
Idaho	18,671	23,383	19,452	14,262	8,358	7,556	9,346	11,154	14,958
% Ch	13.9%	25.2%	-16.8%	-26.7%	-41.4%	-9.6%	23.7%	19.3%	34.1%
National (Millions)	1.950	2.073	1.812	1.341	0.921	0.662	0.969	1.347	1.571
% Ch	5.2%	6.3%	-12.6%	-26.0%	-31.3%	-28.1%	46.4%	39.0%	16.7%
SINGLE UNITS									
Idaho	16,163	20,923	17,449	11,944	7,525	6,885	8,164	9,878	13,378
% Ch	16.6%	29.4%	-16.6%	-31.6%	-37.0%	-8.5%	18.6%	21.0%	35.4%
National (Millions)	1.604	1.719	1.474	1.034	0.624	0.476	0.814	1.156	1.320
% Ch	6.6%	7.1%	-14.3%	-29.8%	-39.7%	-23.7%	71.1%	42.0%	14.2%
MULTIPLE UNITS									
Idaho	2,508	2,460	2,002	2,318	833	671	1,182	1,275	1,580
% Ch	-0.9%	-1.9%	-18.6%	15.8%	-64.1%	-19.5%	76.2%	7.9%	23.8%
National (Millions)	0.345	0.354	0.338	0.307	0.297	0.186	0.155	0.191	0.251
% Ch	-1.0%	2.6%	-4.5%	-9.4%	-3.1%	-37.3%	-16.8%	23.3%	31.3%
HOUSING STOCK									
Idaho (Thousands)	473.8	494.3	514.6	529.1	537.7	543.7	550.5	559.4	571.0
% Ch	3.5%	4.3%	4.1%	2.8%	1.6%	1.1%	1.3%	1.6%	2.1%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2009**

OUTPUT, INCOME, & WAGES

	1995	1996	1997	1998	1999	2000	2001	2002	2003
U.S. GROSS DOM. PRODUCT (Billions)									
Current Dollars	7,398	7,817	8,304	8,747	9,268	9,817	10,128	10,470	10,961
% Ch	4.6%	5.7%	6.2%	5.3%	6.0%	5.9%	3.2%	3.4%	4.7%
2000 Chain-Weighted	8,032	8,329	8,704	9,067	9,470	9,817	9,891	10,049	10,301
% Ch	2.5%	3.7%	4.5%	4.2%	4.4%	3.7%	0.8%	1.6%	2.5%
PERSONAL INCOME - CURR \$									
Idaho (Millions)	22,871	24,360	25,367	27,287	29,068	31,290	33,054	33,849	34,816
% Ch	6.8%	6.5%	4.1%	7.6%	6.5%	7.6%	5.6%	2.4%	2.9%
Idaho Nonfarm (Millions)	22,057	23,433	24,611	26,350	28,054	30,448	32,039	32,921	34,099
% Ch	6.6%	6.2%	5.0%	7.1%	6.5%	8.5%	5.2%	2.8%	3.6%
National (Billions)	6,152	6,521	6,915	7,423	7,802	8,430	8,724	8,882	9,164
% Ch	5.3%	6.0%	6.1%	7.3%	5.1%	8.0%	3.5%	1.8%	3.2%
PERSONAL INCOME - 2000 \$									
Idaho (Millions)	24,973	26,040	26,666	28,429	29,788	31,289	32,376	32,690	32,970
% Ch	4.5%	4.3%	2.4%	6.6%	4.8%	5.0%	3.5%	1.0%	0.9%
Idaho Nonfarm (Millions)	24,085	25,048	25,871	27,452	28,748	30,447	31,382	31,795	32,290
% Ch	4.4%	4.0%	3.3%	6.1%	4.7%	5.9%	3.1%	1.3%	1.6%
National (Billions)	6,718	6,970	7,269	7,734	7,996	8,429	8,545	8,578	8,678
% Ch	3.1%	3.8%	4.3%	6.4%	3.4%	5.4%	1.4%	0.4%	1.2%
PER CAPITA PERS INC - CURR \$									
Idaho	19,431	20,246	20,649	21,788	22,784	24,084	25,029	25,222	25,497
% Ch	3.9%	4.2%	2.0%	5.5%	4.6%	5.7%	3.9%	0.8%	1.1%
National	23,043	24,139	25,295	26,840	27,891	29,806	30,532	30,780	31,457
% Ch	4.1%	4.8%	4.8%	6.1%	3.9%	6.9%	2.4%	0.8%	2.2%
PER CAPITA PERS INC - 2000 \$									
Idaho	21,218	21,642	21,707	22,700	23,349	24,084	24,515	24,360	24,145
% Ch	1.7%	2.0%	0.3%	4.6%	2.9%	3.1%	1.8%	-0.6%	-0.9%
National	25,163	25,803	26,591	27,964	28,584	29,805	29,906	29,728	29,788
% Ch	1.9%	2.5%	3.1%	5.2%	2.2%	4.3%	0.3%	-0.6%	0.2%
AVERAGE ANNUAL WAGE									
Idaho	23,594	24,147	24,803	25,822	26,992	28,657	28,736	29,209	29,768
% Ch	3.8%	2.3%	2.7%	4.1%	4.5%	6.2%	0.3%	1.6%	1.9%
National	29,148	30,237	31,582	33,219	34,622	36,641	37,494	38,215	39,330
% Ch	3.1%	3.7%	4.4%	5.2%	4.2%	5.8%	2.3%	1.9%	2.9%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2009**

OUTPUT, INCOME, & WAGES

	2004	2005	2006	2007	2008	2009	2010	2011	2012
U.S. GROSS DOM. PRODUCT (Billions)									
Current Dollars	11,686	12,422	13,178	13,808	14,287	14,241	14,728	15,438	16,165
% Ch	6.6%	6.3%	6.1%	4.8%	3.5%	-0.3%	3.4%	4.8%	4.7%
2000 Chain-Weighted	10,676	10,990	11,295	11,524	11,662	11,456	11,692	12,063	12,422
% Ch	3.6%	2.9%	2.8%	2.0%	1.2%	-1.8%	2.1%	3.2%	3.0%
PERSONAL INCOME - CURR \$									
Idaho (Millions)	38,079	40,853	44,389	47,536	49,045	50,024	51,217	53,871	57,148
% Ch	9.4%	7.3%	8.7%	7.1%	3.2%	2.0%	2.4%	5.2%	6.1%
Idaho Nonfarm (Millions)	37,100	39,993	43,748	46,497	48,156	48,908	50,074	52,687	56,021
% Ch	8.8%	7.8%	9.4%	6.3%	3.6%	1.6%	2.4%	5.2%	6.3%
National (Billions)	9,727	10,270	10,994	11,663	12,122	12,315	12,632	13,226	13,904
% Ch	6.2%	5.6%	7.1%	6.1%	3.9%	1.6%	2.6%	4.7%	5.1%
PERSONAL INCOME - 2000 \$									
Idaho (Millions)	35,127	36,608	38,705	40,400	40,341	41,423	41,646	42,768	44,487
% Ch	6.5%	4.2%	5.7%	4.4%	-0.1%	2.7%	0.5%	2.7%	4.0%
Idaho Nonfarm (Millions)	34,223	35,838	38,147	39,517	39,610	40,499	40,716	41,827	43,610
% Ch	6.0%	4.7%	6.4%	3.6%	0.2%	2.2%	0.5%	2.7%	4.3%
National (Billions)	8,973	9,203	9,587	9,912	9,971	10,198	10,271	10,500	10,824
% Ch	3.4%	2.6%	4.2%	3.4%	0.6%	2.3%	0.7%	2.2%	3.1%
PER CAPITA PERS INC - CURR \$									
Idaho	27,373	28,606	30,281	31,651	32,020	32,281	32,548	33,578	34,907
% Ch	7.4%	4.5%	5.9%	4.5%	1.2%	0.8%	0.8%	3.2%	4.0%
National	33,085	34,610	36,698	38,567	39,695	39,939	40,568	42,070	43,804
% Ch	5.2%	4.6%	6.0%	5.1%	2.9%	0.6%	1.6%	3.7%	4.1%
PER CAPITA PERS INC - 2000 \$									
Idaho	25,252	25,636	26,405	26,901	26,338	26,731	26,467	26,658	27,175
% Ch	4.6%	1.5%	3.0%	1.9%	-2.1%	1.5%	-1.0%	0.7%	1.9%
National	30,522	31,016	32,001	32,778	32,651	33,072	32,987	33,400	34,101
% Ch	2.5%	1.6%	3.2%	2.4%	-0.4%	1.3%	-0.3%	1.3%	2.1%
AVERAGE ANNUAL WAGE									
Idaho	30,963	31,961	33,795	34,696	35,428	36,169	36,745	37,722	38,858
% Ch	4.0%	3.2%	5.7%	2.7%	2.1%	2.1%	1.6%	2.7%	3.0%
National	41,046	42,420	44,287	46,228	47,681	48,809	49,915	51,263	52,754
% Ch	4.4%	3.3%	4.4%	4.4%	3.1%	2.4%	2.3%	2.7%	2.9%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2009**

PERSONAL INCOME--CURRENT \$\$

	1995	1996	1997	1998	1999	2000	2001	2002	2003
WAGE AND SALARY PAYMENTS									
Idaho (Millions)	11,701	12,284	13,078	13,936	15,024	16,552	16,880	17,256	17,690
% Ch	7.4%	5.0%	6.5%	6.6%	7.8%	10.2%	2.0%	2.2%	2.5%
National (Billions)	3,419	3,620	3,878	4,183	4,466	4,829	4,943	4,981	5,113
% Ch	5.8%	5.9%	7.1%	7.9%	6.8%	8.1%	2.4%	0.8%	2.6%
FARM PROPRIETORS INCOME									
Idaho (Millions)	515	643	425	607	690	471	646	497	337
% Ch	13.6%	25.0%	-33.9%	42.8%	13.7%	-31.8%	37.1%	-23.0%	-32.2%
National (Billions)	23	37	34	29	29	23	20	11	29
% Ch	-33.2%	64.5%	-8.3%	-14.1%	-2.6%	-20.7%	-13.1%	-46.3%	176.4%
NONFARM PROPRIETORS INCOME									
Idaho (Millions)	2,229	2,324	2,313	2,480	2,765	2,883	3,312	3,290	3,389
% Ch	-3.6%	4.2%	-0.5%	7.2%	11.5%	4.3%	14.9%	-0.6%	3.0%
National (Billions)	469	506	542	598	650	706	752	758	782
% Ch	6.8%	7.8%	7.1%	10.4%	8.6%	8.6%	6.6%	0.7%	3.2%
DIVIDENDS, RENT & INTEREST									
Idaho (Millions)	4,350	4,718	5,068	5,545	5,546	5,909	6,195	6,051	6,227
% Ch	9.9%	8.5%	7.4%	9.4%	0.0%	6.5%	4.8%	-2.3%	2.9%
National (Billions)	1,139	1,221	1,310	1,421	1,412	1,537	1,547	1,486	1,470
% Ch	6.4%	7.2%	7.3%	8.4%	-0.6%	8.9%	0.7%	-4.0%	-1.1%
OTHER LABOR INCOME									
Idaho (Millions)	2,846	2,881	2,929	3,063	3,243	3,549	3,647	4,041	4,259
% Ch	4.3%	1.2%	1.7%	4.6%	5.9%	9.4%	2.8%	10.8%	5.4%
National (Billions)	494	492	498	530	562	610	643	745	816
% Ch	0.1%	-0.2%	1.0%	6.5%	6.2%	8.5%	5.4%	15.9%	9.5%
GOVT. TRANSFERS TO INDIV.									
Idaho (Millions)	3,023	3,319	3,408	3,557	3,776	4,079	4,568	4,971	5,254
% Ch	8.4%	9.8%	2.7%	4.4%	6.1%	8.0%	12.0%	8.8%	5.7%
National (Billions)	877	925	951	979	1,022	1,084	1,194	1,286	1,351
% Ch	6.1%	5.4%	2.8%	2.9%	4.4%	6.1%	10.1%	7.7%	5.0%
CONTRIB. FOR SOCIAL INSUR.									
Idaho (Millions)	2,074	2,134	2,223	2,337	2,480	2,676	2,724	2,802	2,909
% Ch	6.3%	2.9%	4.2%	5.1%	6.1%	7.9%	1.8%	2.9%	3.8%
National (Billions)	264	275	290	307	323	344	357	365	382
% Ch	3.9%	4.1%	5.3%	6.0%	5.3%	6.2%	3.8%	2.4%	4.6%
RESIDENCE ADJUSTMENT									
Idaho (Millions)	281	326	369	437	504	525	531	544	570
% Ch	18.3%	15.9%	13.2%	18.3%	15.4%	4.1%	1.1%	2.5%	4.9%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2009**

PERSONAL INCOME--CURRENT \$\$

	2004	2005	2006	2007	2008	2009	2010	2011	2012
WAGE AND SALARY PAYMENTS									
Idaho (Millions)	18,906	20,315	22,347	23,563	23,936	23,974	24,469	25,697	27,316
% Ch	6.9%	7.5%	10.0%	5.4%	1.6%	0.2%	2.1%	5.0%	6.3%
National (Billions)	5,395	5,672	6,027	6,362	6,550	6,579	6,734	7,019	7,343
% Ch	5.5%	5.1%	6.3%	5.6%	3.0%	0.4%	2.4%	4.2%	4.6%
FARM PROPRIETORS INCOME									
Idaho (Millions)	573	404	190	559	353	567	598	636	573
% Ch	69.8%	-29.5%	-53.0%	195.0%	-36.9%	60.9%	5.4%	6.4%	-9.9%
National (Billions)	37	34	16	44	33	31	33	31	33
% Ch	27.8%	-8.8%	-52.6%	172.6%	-24.1%	-6.0%	4.9%	-5.8%	5.7%
NONFARM PROPRIETORS INCOME									
Idaho (Millions)	3,848	4,087	4,456	4,383	4,374	4,440	4,662	4,869	5,066
% Ch	13.5%	6.2%	9.0%	-1.6%	-0.2%	1.5%	5.0%	4.4%	4.0%
National (Billions)	874	926	999	1,012	1,041	1,054	1,104	1,151	1,195
% Ch	11.8%	5.9%	7.9%	1.4%	2.8%	1.3%	4.7%	4.2%	3.8%
DIVIDENDS, RENT & INTEREST									
Idaho (Millions)	7,057	7,691	8,451	9,433	9,916	9,719	9,615	10,201	11,012
% Ch	13.3%	9.0%	9.9%	11.6%	5.1%	-2.0%	-1.1%	6.1%	8.0%
National (Billions)	1,551	1,638	1,869	2,040	2,119	2,074	2,059	2,197	2,365
% Ch	5.5%	5.6%	14.1%	9.2%	3.9%	-2.1%	-0.7%	6.7%	7.6%
OTHER LABOR INCOME									
Idaho (Millions)	4,582	5,031	5,489	5,698	5,804	5,991	6,205	6,439	6,788
% Ch	7.6%	9.8%	9.1%	3.8%	1.9%	3.2%	3.6%	3.8%	5.4%
National (Billions)	869	926	957	992	1,027	1,076	1,130	1,173	1,225
% Ch	6.5%	6.6%	3.3%	3.7%	3.5%	4.8%	5.0%	3.8%	4.4%
GOVT. TRANSFERS TO INDIV.									
Idaho (Millions)	5,601	6,061	6,546	7,071	7,840	8,489	8,856	9,361	9,918
% Ch	6.6%	8.2%	8.0%	8.0%	10.9%	8.3%	4.3%	5.7%	5.9%
National (Billions)	1,423	1,521	1,603	1,713	1,869	2,022	2,106	2,216	2,336
% Ch	5.3%	6.9%	5.4%	6.9%	9.1%	8.1%	4.2%	5.3%	5.4%
CONTRIB. FOR SOCIAL INSUR.									
Idaho (Millions)	3,100	3,364	3,757	3,902	3,944	3,899	3,924	4,087	4,313
% Ch	6.6%	8.5%	11.7%	3.9%	1.1%	-1.1%	0.6%	4.2%	5.5%
National (Billions)	408	428	449	465	478	480	490	512	536
% Ch	6.9%	4.8%	4.8%	3.6%	2.9%	0.4%	2.1%	4.4%	4.8%
RESIDENCE ADJUSTMENT									
Idaho (Millions)	614	630	669	732	765	742	736	755	787
% Ch	7.7%	2.6%	6.1%	9.4%	4.6%	-3.0%	-0.9%	2.6%	4.3%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2009**

EMPLOYMENT

	1995	1996	1997	1998	1999	2000	2001	2002	2003
TOTAL NONFARM EMPLOYMENT									
Idaho	477,044	490,901	507,424	520,479	538,102	558,583	568,035	568,047	572,552
% Ch	3.7%	2.9%	3.4%	2.6%	3.4%	3.8%	1.7%	0.0%	0.8%
National (Thousands)	117,307	119,698	122,767	125,923	128,992	131,794	131,830	130,340	129,996
% Ch	2.6%	2.0%	2.6%	2.6%	2.4%	2.2%	0.0%	-1.1%	-0.3%
GOODS PRODUCING SECTOR									
Idaho	98,310	102,402	105,506	106,975	108,723	111,884	110,226	105,030	102,386
% Ch	0.9%	4.2%	3.0%	1.4%	1.6%	2.9%	-1.5%	-4.7%	-2.5%
National (Thousands)	23,161	23,412	23,884	24,352	24,466	24,652	23,873	22,555	21,816
% Ch	1.7%	1.1%	2.0%	2.0%	0.5%	0.8%	-3.2%	-5.5%	-3.3%
MANUFACTURING									
Idaho	65,639	68,313	70,186	71,529	71,213	73,032	70,393	66,805	63,862
% Ch	-0.1%	4.1%	2.7%	1.9%	-0.4%	2.6%	-3.6%	-5.1%	-4.4%
National (Thousands)	17,326	17,317	17,500	17,640	17,403	17,344	16,514	15,327	14,578
% Ch	1.3%	-0.1%	1.1%	0.8%	-1.3%	-0.3%	-4.8%	-7.2%	-4.9%
DURABLE MANUFACTURING									
Idaho	39,957	42,448	44,216	45,892	45,698	47,407	45,099	42,320	39,950
% Ch	5.6%	6.2%	4.2%	3.8%	-0.4%	3.7%	-4.9%	-6.2%	-5.6%
National (Thousands)	10,457	10,566	10,786	10,991	10,913	10,957	10,409	9,554	9,033
% Ch	2.4%	1.0%	2.1%	1.9%	-0.7%	0.4%	-5.0%	-8.2%	-5.5%
LOGGING & WOOD PRODUCTS									
Idaho	11,865	12,024	11,898	11,464	11,480	11,567	9,849	9,553	9,047
% Ch	0.8%	1.3%	-1.0%	-3.6%	0.1%	0.8%	-14.9%	-3.0%	-5.3%
National (Thousands)	656	663	677	689	701	692	647	625	607
% Ch	2.0%	1.1%	2.1%	1.7%	1.8%	-1.3%	-6.5%	-3.3%	-3.0%
METAL FABRICATION									
Idaho	3,410	3,582	3,793	3,826	3,942	4,030	3,876	3,636	3,537
% Ch	15.3%	5.0%	5.9%	0.9%	3.0%	2.2%	-3.8%	-6.2%	-2.7%
National (Thousands)	1,624	1,648	1,696	1,739	1,728	1,753	1,677	1,549	1,479
% Ch	3.7%	1.5%	2.9%	2.6%	-0.6%	1.4%	-4.4%	-7.6%	-4.5%
MACHINERY									
Idaho	3,078	3,189	3,065	3,178	3,039	3,305	3,056	2,832	2,633
% Ch	6.1%	3.6%	-3.9%	3.7%	-4.4%	8.7%	-7.5%	-7.3%	-7.0%
National (Thousands)	1,442	1,469	1,496	1,515	1,468	1,457	1,370	1,232	1,152
% Ch	4.4%	1.8%	1.9%	1.2%	-3.0%	-0.8%	-5.9%	-10.1%	-6.5%
COMPUTER & ELECTRONICS									
Idaho	14,324	16,280	17,727	19,055	18,406	19,455	19,656	17,933	16,298
% Ch	5.0%	13.7%	8.9%	7.5%	-3.4%	5.7%	1.0%	-8.8%	-9.1%
National (Thousands)	1,689	1,747	1,803	1,831	1,781	1,820	1,749	1,507	1,355
% Ch	2.3%	3.4%	3.2%	1.5%	-2.7%	2.2%	-3.9%	-13.8%	-10.1%
OTHER DURABLES									
Idaho	7,280	7,373	7,732	8,370	8,831	9,050	8,663	8,366	8,435
% Ch	11.3%	1.3%	4.9%	8.3%	5.5%	2.5%	-4.3%	-3.4%	0.8%
National (Thousands)	5,046	5,040	5,114	5,217	5,234	5,235	4,966	4,641	4,440
% Ch	1.4%	-0.1%	1.5%	2.0%	0.3%	0.0%	-5.1%	-6.5%	-4.3%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2009**

EMPLOYMENT

	2004	2005	2006	2007	2008	2009	2010	2011	2012
TOTAL NONFARM EMPLOYMENT									
Idaho	588,072	611,729	638,916	656,300	650,652	637,195	640,591	656,206	678,280
% Ch	2.7%	4.0%	4.4%	2.7%	-0.9%	-2.1%	0.5%	2.4%	3.4%
National (Thousands)	131,419	133,695	136,092	137,618	137,377	134,794	134,910	136,917	139,193
% Ch	1.1%	1.7%	1.8%	1.1%	-0.2%	-1.9%	0.1%	1.5%	1.7%
GOODS PRODUCING SECTOR									
Idaho	105,456	112,352	122,315	123,372	113,379	101,819	99,323	102,220	107,169
% Ch	3.0%	6.5%	8.9%	0.9%	-8.1%	-10.2%	-2.5%	2.9%	4.8%
National (Thousands)	21,878	22,187	22,534	22,221	21,451	19,887	18,996	19,338	19,942
% Ch	0.3%	1.4%	1.6%	-1.4%	-3.5%	-7.3%	-4.5%	1.8%	3.1%
MANUFACTURING									
Idaho	63,681	65,042	67,849	68,065	64,755	59,531	58,684	61,305	64,728
% Ch	-0.3%	2.1%	4.3%	0.3%	-4.9%	-8.1%	-1.4%	4.5%	5.6%
National (Thousands)	14,383	14,292	14,222	13,943	13,531	12,517	11,997	12,210	12,541
% Ch	-1.3%	-0.6%	-0.5%	-2.0%	-3.0%	-7.5%	-4.2%	1.8%	2.7%
DURABLE MANUFACTURING									
Idaho	40,549	42,112	44,612	44,201	40,157	35,604	34,799	37,187	40,243
% Ch	1.5%	3.9%	5.9%	-0.9%	-9.1%	-11.3%	-2.3%	6.9%	8.2%
National (Thousands)	8,993	9,021	9,048	8,876	8,579	7,818	7,444	7,693	8,016
% Ch	-0.4%	0.3%	0.3%	-1.9%	-3.4%	-8.9%	-4.8%	3.3%	4.2%
LOGGING & WOOD PRODUCTS									
Idaho	9,295	9,619	10,036	9,579	8,061	6,696	6,487	7,557	8,182
% Ch	2.7%	3.5%	4.3%	-4.5%	-15.8%	-16.9%	-3.1%	16.5%	8.3%
National (Thousands)	617	624	623	581	534	471	463	522	558
% Ch	1.7%	1.2%	-0.2%	-6.9%	-8.1%	-11.8%	-1.5%	12.7%	6.9%
METAL FABRICATION									
Idaho	3,636	3,906	4,377	4,659	4,635	4,139	4,144	4,437	4,782
% Ch	2.8%	7.4%	12.1%	6.4%	-0.5%	-10.7%	0.1%	7.1%	7.8%
National (Thousands)	1,497	1,522	1,553	1,563	1,536	1,433	1,292	1,293	1,352
% Ch	1.2%	1.7%	2.1%	0.6%	-1.8%	-6.7%	-9.8%	0.1%	4.5%
MACHINERY									
Idaho	2,570	2,606	2,865	2,993	3,123	2,765	2,648	2,688	2,810
% Ch	-2.4%	1.4%	9.9%	4.5%	4.4%	-11.5%	-4.2%	1.5%	4.5%
National (Thousands)	1,145	1,165	1,183	1,188	1,191	1,130	1,064	1,085	1,144
% Ch	-0.6%	1.7%	1.6%	0.4%	0.2%	-5.1%	-5.9%	2.0%	5.4%
COMPUTER & ELECTRONICS									
Idaho	16,287	16,184	16,668	16,219	14,259	12,285	11,586	11,807	12,763
% Ch	-0.1%	-0.6%	3.0%	-2.7%	-12.1%	-13.8%	-5.7%	1.9%	8.1%
National (Thousands)	1,323	1,316	1,308	1,272	1,247	1,135	1,122	1,149	1,153
% Ch	-2.4%	-0.5%	-0.6%	-2.7%	-2.0%	-9.0%	-1.2%	2.4%	0.4%
OTHER DURABLES									
Idaho	8,761	9,797	10,667	10,751	10,079	9,720	9,933	10,698	11,706
% Ch	3.9%	11.8%	8.9%	0.8%	-6.2%	-3.6%	2.2%	7.7%	9.4%
National (Thousands)	4,411	4,393	4,380	4,272	4,072	3,650	3,503	3,644	3,809
% Ch	-0.7%	-0.4%	-0.3%	-2.5%	-4.7%	-10.4%	-4.0%	4.0%	4.5%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2009
EMPLOYMENT

MANUFACTURING (continued)	1995	1996	1997	1998	1999	2000	2001	2002	2003
NONDURABLE MANUFACTURING									
Idaho	25,682	25,866	25,970	25,636	25,515	25,625	25,294	24,484	23,913
% Ch	-7.9%	0.7%	0.4%	-1.3%	-0.5%	0.4%	-1.3%	-3.2%	-2.3%
National (Thousands)	6,869	6,751	6,714	6,649	6,491	6,387	6,105	5,773	5,545
% Ch	-0.3%	-1.7%	-0.6%	-1.0%	-2.4%	-1.6%	-4.4%	-5.4%	-3.9%
FOOD PROCESSING									
Idaho	16,827	17,119	17,263	16,830	16,705	16,661	16,521	16,355	15,901
% Ch	-3.1%	1.7%	0.8%	-2.5%	-0.7%	-0.3%	-0.8%	-1.0%	-2.8%
National (Thousands)	1,561	1,562	1,557	1,555	1,550	1,553	1,550	1,525	1,517
% Ch	1.3%	0.1%	-0.3%	-0.1%	-0.3%	0.2%	-0.2%	-1.6%	-0.5%
PRINTING									
Idaho	2,308	2,365	2,326	2,307	2,234	2,339	2,225	2,033	2,030
% Ch	3.0%	2.5%	-1.6%	-0.8%	-3.2%	4.7%	-4.9%	-8.6%	-0.1%
National (Thousands)	817	816	821	828	814	807	769	707	680
% Ch	1.9%	-0.2%	0.6%	0.8%	-1.6%	-0.9%	-4.7%	-8.1%	-3.8%
CHEMICALS									
Idaho	2,354	2,330	2,273	2,361	2,314	2,336	2,324	1,925	1,831
% Ch	-42.6%	-1.0%	-2.5%	3.9%	-2.0%	1.0%	-0.5%	-17.1%	-4.9%
National (Thousands)	988	985	987	993	983	980	959	927	906
% Ch	-1.7%	-0.3%	0.2%	0.6%	-1.0%	-0.2%	-2.2%	-3.3%	-2.3%
OTHER NONDURABLES									
Idaho	4,193	4,051	4,108	4,138	4,262	4,290	4,224	4,172	4,151
% Ch	0.1%	-3.4%	1.4%	0.7%	3.0%	0.7%	-1.5%	-1.2%	-0.5%
National (Thousands)	3,504	3,388	3,348	3,273	3,143	3,046	2,827	2,614	2,442
% Ch	-1.1%	-3.3%	-1.2%	-2.3%	-3.9%	-3.1%	-7.2%	-7.5%	-6.6%
MINING									
Idaho	2,683	2,977	2,997	2,817	2,485	2,347	1,973	1,759	1,785
% Ch	13.3%	11.0%	0.7%	-6.0%	-11.8%	-5.5%	-15.9%	-10.9%	1.5%
National (Thousands)	558	556	571	565	518	520	532	512	503
% Ch	-3.2%	-0.3%	2.7%	-1.1%	-8.4%	0.5%	2.4%	-3.8%	-1.9%
CONSTRUCTION									
Idaho	29,988	31,112	32,324	32,629	35,025	36,505	37,860	36,467	36,739
% Ch	2.3%	3.7%	3.9%	0.9%	7.3%	4.2%	3.7%	-3.7%	0.7%
National (Thousands)	5,276	5,538	5,813	6,147	6,545	6,788	6,827	6,715	6,736
% Ch	3.6%	5.0%	5.0%	5.8%	6.5%	3.7%	0.6%	-1.6%	0.3%
NONGOODS PRODUCING									
Idaho	378,735	388,499	401,918	413,504	429,379	446,699	457,809	463,016	470,165
% Ch	4.4%	2.6%	3.5%	2.9%	3.8%	4.0%	2.5%	1.1%	1.5%
National (Thousands)	94,146	96,286	98,883	101,571	104,526	107,141	107,957	107,786	108,180
% Ch	2.9%	2.3%	2.7%	2.7%	2.9%	2.5%	0.8%	-0.2%	0.4%
SERVICES									
Idaho	196,052	202,106	210,034	217,465	227,558	238,282	249,579	253,633	260,023
% Ch	5.7%	3.1%	3.9%	3.5%	4.6%	4.7%	4.7%	1.6%	2.5%
National (Thousands)	55,383	57,094	59,170	61,256	63,350	65,139	65,824	65,596	66,074
% Ch	3.5%	3.1%	3.6%	3.5%	3.4%	2.8%	1.1%	-0.3%	0.7%
INFORMATION									
Idaho	7,602	7,699	7,587	8,376	9,274	9,859	9,596	9,156	9,181
% Ch	2.5%	1.3%	-1.5%	10.4%	10.7%	6.3%	-2.7%	-4.6%	0.3%
National (Thousands)	2,843	2,940	3,084	3,219	3,418	3,630	3,629	3,394	3,189
% Ch	3.8%	3.4%	4.9%	4.4%	6.2%	6.2%	0.0%	-6.5%	-6.1%
FINANCIAL ACTIVITIES									
Idaho	25,492	26,833	26,835	24,256	25,306	25,161	25,013	25,824	26,945
% Ch	4.0%	5.3%	0.0%	-9.6%	4.3%	-0.6%	-0.6%	3.2%	4.3%
National (Thousands)	6,828	6,969	7,178	7,462	7,646	7,688	7,809	7,848	7,976
% Ch	-0.6%	2.1%	3.0%	4.0%	2.5%	0.5%	1.6%	0.5%	1.6%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2009**

EMPLOYMENT

MANUFACTURING (continued)	2004	2005	2006	2007	2008	2009	2010	2011	2012
NONDURABLE MANUFACTURING									
Idaho	23,132	22,930	23,237	23,864	24,597	23,927	23,886	24,118	24,485
% Ch	-3.3%	-0.9%	1.3%	2.7%	3.1%	-2.7%	-0.2%	1.0%	1.5%
National (Thousands)	5,390	5,271	5,174	5,067	4,953	4,699	4,553	4,516	4,525
% Ch	-2.8%	-2.2%	-1.8%	-2.1%	-2.3%	-5.1%	-3.1%	-0.8%	0.2%
FOOD PROCESSING									
Idaho	15,000	14,715	14,699	15,093	15,819	15,598	15,600	15,808	16,095
% Ch	-5.7%	-1.9%	-0.1%	2.7%	4.8%	-1.4%	0.0%	1.3%	1.8%
National (Thousands)	1,494	1,478	1,479	1,481	1,477	1,465	1,469	1,483	1,498
% Ch	-1.5%	-1.1%	0.1%	0.1%	-0.3%	-0.8%	0.3%	0.9%	1.0%
PRINTING									
Idaho	1,921	1,900	1,908	1,892	1,802	1,695	1,645	1,604	1,588
% Ch	-5.3%	-1.1%	0.4%	-0.8%	-4.8%	-6.0%	-2.9%	-2.5%	-1.0%
National (Thousands)	662	646	635	624	602	555	527	516	506
% Ch	-2.6%	-2.4%	-1.8%	-1.6%	-3.6%	-7.8%	-5.0%	-2.0%	-2.0%
CHEMICALS									
Idaho	1,878	1,938	2,117	2,266	2,379	2,263	2,176	2,162	2,163
% Ch	2.6%	3.2%	9.2%	7.1%	5.0%	-4.9%	-3.8%	-0.7%	0.1%
National (Thousands)	887	872	866	863	857	817	773	766	781
% Ch	-2.1%	-1.7%	-0.7%	-0.4%	-0.7%	-4.6%	-5.4%	-1.0%	2.0%
OTHER NONDURABLES									
Idaho	4,333	4,378	4,513	4,612	4,597	4,371	4,464	4,544	4,639
% Ch	4.4%	1.0%	3.1%	2.2%	-0.3%	-4.9%	2.1%	1.8%	2.1%
National (Thousands)	2,347	2,275	2,195	2,099	2,017	1,862	1,783	1,752	1,741
% Ch	-3.9%	-3.1%	-3.5%	-4.3%	-3.9%	-7.7%	-4.2%	-1.7%	-0.7%
MINING									
Idaho	1,932	2,161	2,374	2,668	2,790	2,235	1,979	2,064	2,235
% Ch	8.2%	11.8%	9.9%	12.4%	4.6%	-19.9%	-11.5%	4.3%	8.3%
National (Thousands)	523	562	620	662	715	688	648	668	656
% Ch	4.0%	7.5%	10.3%	6.8%	8.0%	-3.8%	-5.8%	3.1%	-1.8%
CONSTRUCTION									
Idaho	39,843	45,149	52,092	52,640	45,834	40,054	38,660	38,851	40,205
% Ch	8.4%	13.3%	15.4%	1.1%	-12.9%	-12.6%	-3.5%	0.5%	3.5%
National (Thousands)	6,973	7,333	7,693	7,616	7,205	6,682	6,351	6,460	6,745
% Ch	3.5%	5.2%	4.9%	-1.0%	-5.4%	-7.3%	-5.0%	1.7%	4.4%
NONGOODS PRODUCING									
Idaho	482,616	499,377	516,601	532,928	537,273	535,375	541,268	553,986	571,111
% Ch	2.6%	3.5%	3.4%	3.2%	0.8%	-0.4%	1.1%	2.3%	3.1%
National (Thousands)	109,540	111,508	113,558	115,397	115,926	114,907	115,914	117,579	119,251
% Ch	1.3%	1.8%	1.8%	1.6%	0.5%	-0.9%	0.9%	1.4%	1.4%
SERVICES									
Idaho	269,022	280,753	292,732	304,484	307,615	306,678	311,453	322,594	335,618
% Ch	3.5%	4.4%	4.3%	4.0%	1.0%	-0.3%	1.6%	3.6%	4.0%
National (Thousands)	67,199	68,658	70,327	71,682	72,179	71,631	72,420	74,243	75,574
% Ch	1.7%	2.2%	2.4%	1.9%	0.7%	-0.8%	1.1%	2.5%	1.8%
INFORMATION									
Idaho	9,934	11,070	10,589	10,909	11,522	11,563	11,755	12,021	12,307
% Ch	8.2%	11.4%	-4.3%	3.0%	5.6%	0.4%	1.7%	2.3%	2.4%
National (Thousands)	3,117	3,061	3,037	3,029	2,992	2,856	2,738	2,831	2,859
% Ch	-2.3%	-1.8%	-0.8%	-0.3%	-1.2%	-4.5%	-4.1%	3.4%	1.0%
FINANCIAL ACTIVITIES									
Idaho	27,939	29,655	31,746	32,531	31,916	31,401	31,528	32,323	33,570
% Ch	3.7%	6.1%	7.1%	2.5%	-1.9%	-1.6%	0.4%	2.5%	3.9%
National (Thousands)	8,030	8,153	8,329	8,310	8,191	7,941	7,917	8,002	8,147
% Ch	0.7%	1.5%	2.2%	-0.2%	-1.4%	-3.1%	-0.3%	1.1%	1.8%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2009
EMPLOYMENT

SERVICES (Continued)	1995	1996	1997	1998	1999	2000	2001	2002	2003
TRANS., WAREHOUSING, UTILITIES									
Idaho	16,508	17,329	17,624	18,159	19,004	19,409	19,157	18,676	18,764
% Ch	6.7%	5.0%	1.7%	3.0%	4.7%	2.1%	-1.3%	-2.5%	0.5%
National (Thousands)	4,505	4,576	4,647	4,781	4,906	5,013	4,973	4,820	4,761
% Ch	2.6%	1.6%	1.5%	2.9%	2.6%	2.2%	-0.8%	-3.1%	-1.2%
PROFESSIONAL & BUSINESS									
Idaho	42,480	42,934	47,295	50,766	54,793	60,626	67,655	69,018	70,006
% Ch	8.4%	1.1%	10.2%	7.3%	7.9%	10.6%	11.6%	2.0%	1.4%
National (Thousands)	12,847	13,461	14,333	15,142	15,955	16,672	16,480	15,975	15,985
% Ch	5.6%	4.8%	6.5%	5.6%	5.4%	4.5%	-1.1%	-3.1%	0.1%
EDUCATION & HEALTH									
Idaho	41,491	44,361	46,347	49,248	50,575	53,018	56,956	59,810	62,552
% Ch	6.3%	6.9%	4.5%	6.3%	2.7%	4.8%	7.4%	5.0%	4.6%
National (Thousands)	13,288	13,683	14,088	14,445	14,795	15,109	15,643	16,201	16,588
% Ch	3.8%	3.0%	3.0%	2.5%	2.4%	2.1%	3.5%	3.6%	2.4%
LEISURE & HOSPITALITY									
Idaho	46,651	47,558	48,840	50,426	51,461	52,566	53,058	53,281	54,406
% Ch	4.7%	1.9%	2.7%	3.2%	2.1%	2.1%	0.9%	0.4%	2.1%
National (Thousands)	10,499	10,774	11,016	11,232	11,544	11,860	12,032	11,986	12,175
% Ch	4.0%	2.6%	2.3%	2.0%	2.8%	2.7%	1.5%	-0.4%	1.6%
OTHER SERVICES									
Idaho	15,829	15,393	15,506	16,235	17,144	17,643	18,143	17,867	18,168
% Ch	3.1%	-2.8%	0.7%	4.7%	5.6%	2.9%	2.8%	-1.5%	1.7%
National (Thousands)	4,572	4,691	4,825	4,976	5,087	5,168	5,258	5,372	5,401
% Ch	3.2%	2.6%	2.9%	3.1%	2.2%	1.6%	1.7%	2.2%	0.5%
TRADE									
Idaho	86,215	89,134	91,683	93,773	96,725	100,170	98,088	97,344	97,122
% Ch	3.5%	3.4%	2.9%	2.3%	3.1%	3.6%	-2.1%	-0.8%	-0.2%
National (Thousands)	19,328	19,663	20,053	20,405	20,863	21,212	21,013	20,680	20,526
% Ch	3.2%	1.7%	2.0%	1.8%	2.2%	1.7%	-0.9%	-1.6%	-0.7%
RETAIL TRADE									
Idaho	63,162	65,408	67,175	69,160	71,419	74,457	72,623	72,398	72,625
% Ch	3.5%	3.6%	2.7%	3.0%	3.3%	4.3%	-2.5%	-0.3%	0.3%
National (Thousands)	13,895	14,141	14,390	14,610	14,971	15,279	15,240	15,027	14,918
% Ch	3.0%	1.8%	1.8%	1.5%	2.5%	2.1%	-0.3%	-1.4%	-0.7%
WHOLESALE TRADE									
Idaho	23,053	23,726	24,508	24,612	25,306	25,713	25,466	24,947	24,497
% Ch	3.4%	2.9%	3.3%	0.4%	2.8%	1.6%	-1.0%	-2.0%	-1.8%
National (Thousands)	5,433	5,523	5,663	5,795	5,893	5,933	5,773	5,653	5,608
% Ch	3.5%	1.6%	2.6%	2.3%	1.7%	0.7%	-2.7%	-2.1%	-0.8%
STATE & LOCAL GOVERNMENT									
Idaho	83,354	84,359	87,297	89,467	92,262	94,745	96,862	98,488	99,397
% Ch	3.6%	1.2%	3.5%	2.5%	3.1%	2.7%	2.2%	1.7%	0.9%
National (Thousands)	15,931	16,258	16,488	16,653	16,854	17,139	17,542	17,925	18,357
% Ch	1.6%	2.1%	1.4%	1.0%	1.2%	1.7%	2.4%	2.2%	2.4%
EDUCATION									
Idaho	42,571	42,572	44,219	45,412	46,749	47,989	49,023	49,655	49,907
% Ch	5.0%	0.0%	3.9%	2.7%	2.9%	2.7%	2.2%	1.3%	0.5%
NONEDUCATION									
Idaho	40,783	41,787	43,079	44,055	45,513	46,756	47,839	48,833	49,490
% Ch	2.3%	2.5%	3.1%	2.3%	3.3%	2.7%	2.3%	2.1%	1.3%
FEDERAL GOVERNMENT									
Idaho	13,113	12,899	12,904	12,800	12,834	13,502	13,280	13,552	13,624
% Ch	-2.8%	-1.6%	0.0%	-0.8%	0.3%	5.2%	-1.6%	2.0%	0.5%
National (Thousands)	2,947	2,876	2,806	2,771	2,770	2,865	2,763	2,766	2,760
% Ch	-2.3%	-2.4%	-2.5%	-1.2%	0.0%	3.4%	-3.6%	0.1%	-0.2%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2009
EMPLOYMENT

SERVICES (Continued)	2004	2005	2006	2007	2008	2009	2010	2011	2012
TRANS., WAREHOUSING, UTILITIES									
Idaho	18,946	19,294	20,243	21,034	20,895	20,193	20,409	21,079	22,107
% Ch	1.0%	1.8%	4.9%	3.9%	-0.7%	-3.4%	1.1%	3.3%	4.9%
National (Thousands)	4,811	4,916	5,019	5,090	5,063	4,934	4,958	5,097	5,279
% Ch	1.1%	2.2%	2.1%	1.4%	-0.5%	-2.5%	0.5%	2.8%	3.6%
PROFESSIONAL & BUSINESS									
Idaho	73,144	76,911	81,364	83,213	81,381	80,578	82,025	86,392	89,955
% Ch	4.5%	5.1%	5.8%	2.3%	-2.2%	-1.0%	1.8%	5.3%	4.1%
National (Thousands)	16,387	16,949	17,572	17,966	17,898	17,373	17,768	18,957	19,665
% Ch	2.5%	3.4%	3.7%	2.2%	-0.4%	-2.9%	2.3%	6.7%	3.7%
EDUCATION & HEALTH									
Idaho	65,217	67,988	70,107	74,055	77,629	78,477	80,111	83,311	87,279
% Ch	4.3%	4.2%	3.1%	5.6%	4.8%	1.1%	2.1%	4.0%	4.8%
National (Thousands)	16,951	17,372	17,825	18,327	18,870	19,436	19,988	20,421	20,711
% Ch	2.2%	2.5%	2.6%	2.8%	3.0%	3.0%	2.8%	2.2%	1.4%
LEISURE & HOSPITALITY									
Idaho	55,570	57,357	59,667	63,277	63,577	63,586	64,509	66,017	68,229
% Ch	2.1%	3.2%	4.0%	6.1%	0.5%	0.0%	1.5%	2.3%	3.4%
National (Thousands)	12,494	12,813	13,107	13,470	13,639	13,461	13,388	13,395	13,506
% Ch	2.6%	2.6%	2.3%	2.8%	1.3%	-1.3%	-0.5%	0.1%	0.8%
OTHER SERVICES									
Idaho	18,271	18,477	19,016	19,463	20,694	20,880	21,116	21,451	22,171
% Ch	0.6%	1.1%	2.9%	2.4%	6.3%	0.9%	1.1%	1.6%	3.4%
National (Thousands)	5,409	5,395	5,438	5,491	5,526	5,629	5,663	5,540	5,409
% Ch	0.2%	-0.3%	0.8%	1.0%	0.6%	1.9%	0.6%	-2.2%	-2.4%
TRADE									
Idaho	99,135	103,682	107,472	111,657	110,605	109,617	110,759	112,410	115,949
% Ch	2.1%	4.6%	3.7%	3.9%	-0.9%	-0.9%	1.0%	1.5%	3.1%
National (Thousands)	20,721	21,044	21,259	21,515	21,300	20,828	21,140	20,997	21,175
% Ch	1.0%	1.6%	1.0%	1.2%	-1.0%	-2.2%	1.5%	-0.7%	0.8%
RETAIL TRADE									
Idaho	73,727	76,803	80,516	83,554	82,894	82,186	83,215	84,633	87,498
% Ch	1.5%	4.2%	4.8%	3.8%	-0.8%	-0.9%	1.3%	1.7%	3.4%
National (Thousands)	15,059	15,281	15,356	15,487	15,285	15,001	15,326	15,126	15,165
% Ch	0.9%	1.5%	0.5%	0.9%	-1.3%	-1.9%	2.2%	-1.3%	0.3%
WHOLESALE TRADE									
Idaho	25,408	26,879	26,956	28,104	27,712	27,431	27,544	27,776	28,451
% Ch	3.7%	5.8%	0.3%	4.3%	-1.4%	-1.0%	0.4%	0.8%	2.4%
National (Thousands)	5,662	5,762	5,904	6,028	6,015	5,827	5,814	5,871	6,010
% Ch	1.0%	1.8%	2.5%	2.1%	-0.2%	-3.1%	-0.2%	1.0%	2.4%
STATE & LOCAL GOVERNMENT									
Idaho	101,146	101,862	103,522	103,972	105,730	105,843	105,578	105,617	106,099
% Ch	1.8%	0.7%	1.6%	0.4%	1.7%	0.1%	-0.3%	0.0%	0.5%
National (Thousands)	18,889	19,074	19,239	19,474	19,704	19,696	19,563	19,617	19,795
% Ch	0.4%	1.0%	0.9%	1.2%	1.2%	0.0%	-0.7%	0.3%	0.9%
EDUCATION									
Idaho	50,810	51,297	52,640	53,011	53,451	53,607	53,895	54,163	54,721
% Ch	1.8%	1.0%	2.6%	0.7%	0.8%	0.3%	0.5%	0.5%	1.0%
NONEDUCATION									
Idaho	50,336	50,566	50,882	50,961	52,279	52,236	51,683	51,454	51,378
% Ch	1.7%	0.5%	0.6%	0.2%	2.6%	-0.1%	-1.1%	-0.4%	-0.1%
FEDERAL GOVERNMENT									
Idaho	13,313	13,080	12,874	12,815	13,322	13,237	13,478	13,365	13,445
% Ch	-2.3%	-1.8%	-1.6%	-0.5%	4.0%	-0.6%	1.8%	-0.8%	0.6%
National (Thousands)	2,731	2,732	2,732	2,727	2,742	2,752	2,791	2,722	2,707
% Ch	-1.1%	0.0%	0.0%	-0.2%	0.6%	0.3%	1.4%	-2.5%	-0.5%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2009**

MISCELLANEOUS

	1995	1996	1997	1998	1999	2000	2001	2002	2003
SELECTED CHAIN-WEIGHTED DEFL.									
Gross Domestic Product	92.115	93.859	95.415	96.475	97.868	100.000	102.402	104.193	106.410
% Ch	2.0%	1.9%	1.7%	1.1%	1.4%	2.2%	2.4%	1.7%	2.1%
Consumption Expenditures	91.577	93.547	95.124	95.978	97.575	100.000	102.094	103.542	105.597
% Ch	2.1%	2.2%	1.7%	0.9%	1.7%	2.5%	2.1%	1.4%	2.0%
Durable Goods	110.672	109.507	107.068	104.152	101.626	100.000	98.114	95.766	92.366
% Ch	0.6%	-1.1%	-2.2%	-2.7%	-2.4%	-1.6%	-1.9%	-2.4%	-3.6%
Nondurable Goods	90.629	92.567	93.835	93.821	96.173	100.000	101.531	102.089	104.145
% Ch	1.1%	2.1%	1.4%	0.0%	2.5%	4.0%	1.5%	0.5%	2.0%
Services	88.320	90.844	93.305	95.319	97.393	100.000	103.257	106.018	109.379
% Ch	3.0%	2.9%	2.7%	2.2%	2.2%	2.7%	3.3%	2.7%	3.2%
Consumer Price Index (1982-84=1.000)	1.524	1.569	1.605	1.630	1.666	1.722	1.770	1.799	1.840
% Ch	2.8%	2.9%	2.3%	1.5%	2.2%	3.4%	2.8%	1.6%	2.3%

SELECTED INTEREST RATES

Federal Funds	5.8%	5.3%	5.5%	5.4%	5.0%	6.2%	3.9%	1.7%	1.1%
NY Fed Discount	5.2%	5.0%	5.0%	4.9%	4.6%	5.7%	3.4%	1.2%	2.1%
Prime	8.8%	8.3%	8.4%	8.4%	8.0%	9.2%	6.9%	4.7%	4.1%
Existing Home Mortgage	7.8%	7.7%	7.7%	7.1%	7.3%	8.0%	7.0%	6.5%	5.7%
U.S. Govt. 3-Month Bills	5.5%	5.0%	5.1%	4.8%	4.6%	5.8%	3.4%	1.6%	1.0%
U.S. Govt. 6-Month Bills	5.6%	5.1%	5.2%	4.8%	4.7%	5.9%	3.4%	1.7%	1.1%
U.S. Govt. 5-Year Notes	6.4%	6.2%	6.2%	5.2%	5.5%	6.2%	4.6%	3.8%	3.0%
U.S. Govt. 10-Year Notes	6.6%	6.4%	6.4%	5.3%	5.6%	6.0%	5.0%	4.6%	4.0%

SELECTED US PRODUCTION INDICES

Wood Products	91.0	93.9	96.7	101.0	105.3	103.7	97.1	100.0	100.7
% Ch	2.4%	3.3%	3.0%	4.5%	4.2%	-1.5%	-6.4%	3.0%	0.7%
Computers & Electronic Products	26.7	34.5	46.1	59.2	77.2	101.3	103.6	100.0	113.8
% Ch	28.8%	29.3%	33.7%	28.4%	30.4%	31.2%	2.2%	-3.5%	13.8%
Food	90.4	88.6	91.0	95.0	96.0	97.7	97.7	100.0	101.0
% Ch	2.6%	-2.1%	2.8%	4.4%	1.0%	1.7%	0.0%	2.4%	1.0%
Agricultural Chemicals	114.3	116.6	120.9	123.5	111.3	105.1	96.7	100.0	104.8
% Ch	-0.4%	2.0%	3.8%	2.1%	-9.9%	-5.6%	-8.0%	3.4%	4.8%
Metal Ore Mining	123.8	126.4	133.3	132.5	121.2	120.5	109.2	100.0	95.4
% Ch	1.1%	2.1%	5.5%	-0.6%	-8.6%	-0.6%	-9.4%	-8.4%	-4.6%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JANUARY 2009**

MISCELLANEOUS

	2004	2005	2006	2007	2008	2009	2010	2011	2012
SELECTED CHAIN-WEIGHTED DEFL.									
Gross Domestic Product	109.462	113.040	116.676	119.819	122.573	124.311	125.957	127.982	130.129
% Ch	2.9%	3.3%	3.2%	2.7%	2.3%	1.4%	1.3%	1.6%	1.7%
Consumption Expenditures	108.392	111.581	114.675	117.659	121.576	120.764	122.979	125.954	128.451
% Ch	2.6%	2.9%	2.8%	2.6%	3.3%	-0.7%	1.8%	2.4%	2.0%
Durable Goods	90.696	89.984	88.772	87.154	86.060	83.255	81.183	80.351	79.579
% Ch	-1.8%	-0.8%	-1.3%	-1.8%	-1.3%	-3.3%	-2.5%	-1.0%	-1.0%
Nondurable Goods	107.626	111.606	114.985	118.407	124.566	118.459	121.841	126.690	129.915
% Ch	3.3%	3.7%	3.0%	3.0%	5.2%	-4.9%	2.9%	4.0%	2.5%
Services	112.929	116.700	120.752	124.713	128.773	131.065	133.754	136.751	139.733
% Ch	3.2%	3.3%	3.5%	3.3%	3.3%	1.8%	2.1%	2.2%	2.2%
Consumer Price Index (1982-84=100)	1.889	1.953	2.016	2.073	2.153	2.119	2.170	2.236	2.289
% Ch	2.7%	3.4%	3.2%	2.9%	3.8%	-1.5%	2.4%	3.1%	2.3%
SELECTED INTEREST RATES									
Federal Funds	1.3%	3.2%	5.0%	5.0%	2.0%	0.1%	1.2%	3.7%	4.8%
NY Fed Discount	2.3%	4.2%	5.9%	5.9%	2.4%	0.3%	1.7%	4.5%	5.8%
Prime	4.3%	6.2%	8.0%	8.1%	5.1%	3.1%	4.2%	6.7%	7.8%
Existing Home Mortgage	5.7%	5.9%	6.6%	6.5%	6.1%	5.5%	5.7%	6.8%	7.2%
U.S. Govt. 3-Month Bills	1.4%	3.1%	4.7%	4.4%	1.4%	0.4%	1.8%	4.0%	4.6%
U.S. Govt. 6-Month Bills	1.6%	3.4%	4.8%	4.5%	1.7%	0.7%	2.1%	4.1%	4.7%
U.S. Govt. 5-Year Notes	3.4%	4.0%	4.7%	4.4%	2.8%	2.2%	3.1%	4.7%	5.2%
U.S. Govt. 10-Year Notes	4.3%	4.3%	4.8%	4.6%	3.7%	3.2%	3.9%	5.1%	5.4%
SELECTED US PRODUCTION INDICES									
Wood Products	104.4	110.4	110.0	99.2	87.0	72.5	76.8	85.9	90.2
% Ch	3.6%	5.8%	-0.4%	-9.8%	-12.3%	-16.6%	5.9%	11.9%	5.0%
Computers & Electronic Products	129.0	143.5	164.6	183.4	206.7	200.9	207.2	231.5	265.4
% Ch	13.4%	11.2%	14.7%	11.4%	12.7%	-2.8%	3.2%	11.7%	14.6%
Food	101.1	104.2	105.4	110.1	112.4	112.6	114.0	116.5	119.5
% Ch	0.1%	3.0%	1.1%	4.5%	2.1%	0.2%	1.2%	2.2%	2.6%
Agricultural Chemicals	109.9	114.4	121.7	112.7	106.5	101.7	105.8	112.0	118.2
% Ch	4.9%	4.1%	6.4%	-7.4%	-5.5%	-4.5%	4.1%	5.9%	5.5%
Metal Ore Mining	98.2	106.1	109.9	109.1	116.9	110.4	109.1	113.1	115.6
% Ch	2.9%	8.1%	3.6%	-0.7%	7.1%	-5.6%	-1.2%	3.7%	2.3%

**National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008**

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2009**

DEMOGRAPHICS

	2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
POPULATION												
Idaho (Thousands)	1,452.7	1,461.7	1,470.0	1,478.5	1,487.3	1,497.2	1,506.7	1,516.1	1,523.4	1,528.9	1,535.0	1,539.5
% Ch	2.4%	2.5%	2.3%	2.3%	2.4%	2.7%	2.6%	2.5%	1.9%	1.4%	1.6%	1.2%
National (Millions)	298.416	299.157	299.987	300.703	301.313	302.045	302.772	303.508	304.249	304.994	305.737	306.481
% Ch	0.8%	1.0%	1.1%	1.0%	0.8%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
BIRTHS												
Idaho (Thousands)	23.789	24.026	24.327	24.456	24.881	25.161	25.427	25.687	25.861	25.960	26.085	26.148
% Ch	4.3%	4.0%	5.1%	2.1%	7.1%	4.6%	4.3%	4.2%	2.7%	1.5%	1.9%	1.0%
National (Thousands)	4,219	4,230	4,242	4,253	4,264	4,276	4,288	4,300	4,312	4,324	4,336	4,348
% Ch	0.7%	1.0%	1.2%	1.1%	1.0%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
DEATHS												
Idaho (Thousands)	10.386	10.444	10.499	10.555	10.958	11.022	11.084	11.145	11.195	11.235	11.279	11.314
% Ch	-12.2%	2.3%	2.1%	2.2%	16.2%	2.4%	2.3%	2.2%	1.8%	1.4%	1.6%	1.3%
National (Thousands)	2,464	2,471	2,478	2,484	2,488	2,495	2,501	2,508	2,515	2,522	2,529	2,536
% Ch	1.8%	1.1%	1.2%	1.0%	0.7%	1.0%	1.0%	1.1%	1.2%	1.1%	1.1%	1.1%
NET MIGRATION												
Idaho (Thousands)	28.086	25.628	22.005	20.658	20.655	21.343	22.349	23.032	21.459	16.956	13.433	8.588
HOUSING												
HOUSING STARTS												
Idaho	23,066	20,756	18,254	15,731	16,927	15,151	13,650	11,321	9,153	9,290	7,798	7,192
% Ch	-12.0%	-34.4%	-40.2%	-44.8%	34.0%	-35.8%	-34.1%	-52.7%	-57.3%	6.1%	-50.3%	-27.7%
National (Millions)	2.120	1.855	1.702	1.570	1.453	1.460	1.298	1.151	1.053	1.025	0.877	0.728
% Ch	10.4%	-41.4%	-29.1%	-27.7%	-26.6%	1.9%	-37.6%	-38.0%	-30.0%	-10.2%	-46.4%	-52.4%
SINGLE UNITS												
Idaho	21,018	18,700	16,419	13,662	13,944	12,785	11,540	9,507	7,930	8,349	7,189	6,634
% Ch	-12.7%	-37.3%	-40.6%	-52.1%	8.5%	-29.3%	-33.6%	-53.9%	-51.6%	22.9%	-45.0%	-27.5%
National (Millions)	1.743	1.511	1.391	1.250	1.163	1.160	0.986	0.826	0.728	0.675	0.603	0.489
% Ch	4.1%	-43.5%	-28.2%	-34.7%	-25.1%	-1.1%	-47.7%	-50.7%	-39.9%	-25.8%	-36.6%	-56.5%
MULTIPLE UNITS												
Idaho	2,048	2,057	1,835	2,070	2,983	2,366	2,110	1,813	1,223	941	609	558
% Ch	-4.5%	1.7%	-36.6%	61.8%	331.6%	-60.5%	-36.8%	-45.4%	-79.3%	-65.0%	-82.4%	-29.6%
National (Millions)	0.378	0.344	0.312	0.320	0.290	0.300	0.311	0.325	0.325	0.350	0.274	0.239
% Ch	46.4%	-30.9%	-32.9%	10.7%	-32.3%	15.0%	15.5%	18.7%	0.4%	33.4%	-62.1%	-42.4%
HOUSING STOCK												
Idaho (Thousands)	508.1	512.9	517.0	520.6	524.4	527.8	530.8	533.3	535.2	537.1	538.6	540.0
% Ch	4.4%	3.8%	3.3%	2.8%	3.0%	2.6%	2.3%	1.8%	1.4%	1.4%	1.2%	1.0%

**National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008**

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2009**

DEMOGRAPHICS

	2009				2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
POPULATION												
Idaho (Thousands)	1,543.7	1,547.2	1,551.3	1,556.4	1,562.5	1,569.7	1,577.0	1,584.9	1,593.2	1,600.2	1,607.8	1,615.9
% Ch	1.1%	0.9%	1.1%	1.3%	1.6%	1.8%	1.9%	2.0%	2.1%	1.8%	1.9%	2.0%
National (Millions)	307.228	307.978	308.731	309.487	310.244	310.998	311.750	312.499	313.247	313.998	314.752	315.509
% Ch	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
BIRTHS												
Idaho (Thousands)	26.195	26.214	26.257	26.339	26.467	26.635	26.809	27.008	27.223	27.386	27.570	27.777
% Ch	0.7%	0.3%	0.7%	1.3%	1.9%	2.6%	2.6%	3.0%	3.2%	2.4%	2.7%	3.0%
National (Thousands)	4,360	4,373	4,385	4,397	4,411	4,422	4,434	4,444	4,453	4,463	4,472	4,482
% Ch	1.1%	1.1%	1.1%	1.1%	1.3%	1.1%	1.0%	0.9%	0.8%	0.9%	0.9%	0.8%
DEATHS												
Idaho (Thousands)	11.347	11.376	11.409	11.447	11.490	11.539	11.589	11.643	11.698	11.746	11.797	11.852
% Ch	1.2%	1.0%	1.1%	1.3%	1.5%	1.7%	1.7%	1.8%	1.9%	1.7%	1.8%	1.8%
National (Thousands)	2,543	2,550	2,557	2,564	2,571	2,578	2,585	2,591	2,596	2,603	2,609	2,616
% Ch	1.1%	1.1%	1.1%	1.1%	1.2%	1.1%	1.0%	1.0%	0.8%	1.0%	1.0%	1.1%
NET MIGRATION												
Idaho (Thousands)	5,473	3,544	1,524	1,954	3,828	7,360	10,437	13,153	15,131	14,888	15,011	15,030
HOUSING												
HOUSING STARTS												
Idaho	7,336	7,398	7,682	7,809	8,130	9,035	9,873	10,347	10,731	10,710	11,118	12,056
% Ch	8.3%	3.4%	16.3%	6.8%	17.5%	52.5%	42.6%	20.6%	15.7%	-0.8%	16.1%	38.3%
National (Millions)	0.643	0.614	0.652	0.738	0.766	0.902	1.035	1.173	1.258	1.322	1.370	1.437
% Ch	-39.4%	-16.6%	27.2%	64.2%	15.9%	91.8%	73.4%	65.5%	32.1%	21.8%	15.6%	21.0%
SINGLE UNITS												
Idaho	6,723	6,808	6,986	7,025	7,225	7,891	8,560	8,980	9,361	9,467	9,914	10,771
% Ch	5.5%	5.2%	10.9%	2.2%	11.9%	42.3%	38.5%	21.1%	18.1%	4.6%	20.3%	39.4%
National (Millions)	0.438	0.426	0.472	0.566	0.626	0.758	0.870	1.002	1.080	1.133	1.179	1.230
% Ch	-36.0%	-9.9%	50.2%	107.3%	49.3%	114.2%	74.2%	75.4%	35.3%	20.9%	17.4%	18.5%
MULTIPLE UNITS												
Idaho	613	590	696	784	904	1,144	1,313	1,367	1,370	1,243	1,204	1,285
% Ch	45.9%	-14.6%	94.2%	61.2%	76.8%	155.8%	73.5%	17.5%	0.8%	-32.1%	-12.0%	29.5%
National (Millions)	0.205	0.188	0.180	0.172	0.140	0.144	0.164	0.172	0.178	0.189	0.191	0.207
% Ch	-45.9%	-29.6%	-15.3%	-17.2%	-56.1%	12.2%	69.2%	19.7%	14.4%	27.7%	5.2%	36.8%
HOUSING STOCK												
Idaho (Thousands)	541.4	542.9	544.4	545.9	547.6	549.4	551.5	553.6	555.9	558.2	560.5	563.1
% Ch	1.1%	1.1%	1.1%	1.1%	1.2%	1.4%	1.5%	1.6%	1.6%	1.6%	1.7%	1.9%

**National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008**

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2009**

OUTPUT, INCOME, & WAGES

	2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
U.S. GROSS DOM. PRODUCT (Billions)												
Current Dollars	12,960	13,134	13,250	13,370	13,511	13,738	13,951	14,031	14,151	14,295	14,421	14,283
% Ch	8.6%	5.5%	3.6%	3.7%	4.3%	6.9%	6.4%	2.3%	3.5%	4.1%	3.6%	-3.8%
2000 Chain-Weighted	11,217	11,292	11,314	11,356	11,358	11,491	11,626	11,621	11,646	11,727	11,712	11,563
% Ch	4.8%	2.7%	0.8%	1.5%	0.0%	4.8%	4.8%	-0.2%	0.9%	2.8%	-0.5%	-5.0%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	43,075	44,122	44,528	45,830	46,704	47,176	47,739	48,525	48,280	49,055	49,394	49,450
% Ch	10.2%	10.1%	3.7%	12.2%	7.8%	4.1%	4.9%	6.8%	-2.0%	6.6%	2.8%	0.5%
Idaho Nonfarm (Millions)	42,477	43,591	43,876	45,049	45,773	46,164	46,589	47,463	47,415	48,358	48,309	48,540
% Ch	12.0%	10.9%	2.6%	11.7%	6.6%	3.5%	3.7%	7.7%	-0.4%	8.2%	-0.4%	1.9%
National (Billions)	10,782	10,913	11,056	11,225	11,473	11,578	11,730	11,872	11,961	12,152	12,157	12,217
% Ch	8.6%	5.0%	5.3%	6.2%	9.1%	3.7%	5.4%	4.9%	3.0%	6.6%	0.2%	2.0%
PERSONAL INCOME - 2000 \$												
Idaho (Millions)	37,924	38,535	38,592	39,770	40,192	40,237	40,467	40,702	40,139	40,360	40,128	40,738
% Ch	8.4%	6.6%	0.6%	12.8%	4.3%	0.4%	2.3%	2.3%	-5.4%	2.2%	-2.3%	6.2%
Idaho Nonfarm (Millions)	37,398	38,071	38,027	39,092	39,391	39,374	39,493	39,811	39,420	39,786	39,247	39,988
% Ch	10.1%	7.4%	-0.5%	11.7%	3.1%	-0.2%	1.2%	3.3%	-3.9%	3.8%	-5.3%	7.8%
National (Billions)	9,492	9,531	9,582	9,740	9,873	9,875	9,944	9,958	9,944	9,998	9,876	10,064
% Ch	6.8%	1.6%	2.2%	6.8%	5.6%	0.0%	2.8%	0.6%	-0.6%	2.2%	-4.8%	7.8%
PER CAPITA PERS INC - CURR \$												
Idaho	29,652	30,186	30,291	30,997	31,402	31,510	31,684	32,006	31,692	32,086	32,180	32,120
% Ch	7.6%	7.4%	1.4%	9.7%	5.3%	1.4%	2.2%	4.1%	-3.9%	5.1%	1.2%	-0.7%
National	36,129	36,480	36,855	37,328	38,077	38,330	38,743	39,116	39,311	39,844	39,762	39,861
% Ch	7.7%	3.9%	4.2%	5.2%	8.3%	2.7%	4.4%	3.9%	2.0%	5.5%	-0.8%	1.0%
PER CAPITA PERS INC - 2000 \$												
Idaho	26,106	26,363	26,253	26,898	27,024	26,875	26,858	26,846	26,348	26,399	26,143	26,461
% Ch	5.8%	4.0%	-1.7%	10.2%	1.9%	-2.2%	-0.3%	-0.2%	-7.2%	0.8%	-3.8%	5.0%
National	31,809	31,860	31,942	32,392	32,768	32,692	32,842	32,810	32,682	32,782	32,303	32,838
% Ch	5.9%	0.6%	1.0%	5.8%	4.7%	-0.9%	1.8%	-0.4%	-1.5%	1.2%	-5.7%	6.8%
AVERAGE ANNUAL WAGE												
Idaho	33,326	33,786	33,400	34,667	34,628	34,461	34,519	35,177	35,005	35,378	35,571	35,758
% Ch	11.9%	5.6%	-4.5%	16.1%	-0.4%	-1.9%	0.7%	7.8%	-1.9%	4.3%	2.2%	2.1%
National	43,923	43,921	44,254	45,049	45,880	45,896	46,296	46,841	47,260	47,432	47,844	48,188
% Ch	8.4%	0.0%	3.1%	7.4%	7.6%	0.1%	3.5%	4.8%	3.6%	1.5%	3.5%	2.9%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2009**

OUTPUT, INCOME, & WAGES

	2009				2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
U.S. GROSS DOM. PRODUCT (Billions)												
Current Dollars	14,201	14,171	14,252	14,338	14,457	14,628	14,823	15,003	15,187	15,355	15,516	15,695
% Ch	-2.3%	-0.8%	2.3%	2.4%	3.4%	4.8%	5.4%	5.0%	5.0%	4.5%	4.3%	4.7%
2000 Chain-Weighted	11,450	11,431	11,451	11,490	11,544	11,638	11,744	11,843	11,932	12,018	12,104	12,197
% Ch	-3.8%	-0.7%	0.7%	1.4%	1.9%	3.3%	3.7%	3.4%	3.0%	2.9%	2.9%	3.1%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	49,772	49,956	50,104	50,266	50,569	50,918	51,432	51,948	52,688	53,421	54,273	55,104
% Ch	2.6%	1.5%	1.2%	1.3%	2.4%	2.8%	4.1%	4.1%	5.8%	5.7%	6.5%	6.3%
Idaho Nonfarm (Millions)	48,768	48,817	48,940	49,106	49,404	49,780	50,303	50,809	51,512	52,253	53,076	53,906
% Ch	1.9%	0.4%	1.0%	1.4%	2.5%	3.1%	4.3%	4.1%	5.7%	5.9%	6.4%	6.4%
National (Billions)	12,263	12,291	12,327	12,381	12,457	12,562	12,688	12,821	12,988	13,142	13,307	13,469
% Ch	1.5%	0.9%	1.2%	1.7%	2.5%	3.4%	4.1%	4.3%	5.3%	4.8%	5.1%	5.0%
PERSONAL INCOME - 2000 \$												
Idaho (Millions)	41,267	41,523	41,477	41,427	41,468	41,538	41,705	41,871	42,190	42,495	42,964	43,424
% Ch	5.3%	2.5%	-0.4%	-0.5%	0.4%	0.7%	1.6%	1.6%	3.1%	2.9%	4.5%	4.4%
Idaho Nonfarm (Millions)	40,434	40,576	40,513	40,471	40,514	40,609	40,789	40,953	41,248	41,566	42,016	42,479
% Ch	4.5%	1.4%	-0.6%	-0.4%	0.4%	0.9%	1.8%	1.6%	2.9%	3.1%	4.4%	4.5%
National (Billions)	10,168	10,216	10,205	10,204	10,216	10,248	10,288	10,334	10,400	10,454	10,534	10,614
% Ch	4.2%	1.9%	-0.4%	0.0%	0.5%	1.3%	1.6%	1.8%	2.6%	2.1%	3.1%	3.1%
PER CAPITA PERS INC - CURR \$												
Idaho	32,241	32,287	32,298	32,297	32,363	32,438	32,615	32,777	33,071	33,383	33,757	34,102
% Ch	1.5%	0.6%	0.1%	0.0%	0.8%	0.9%	2.2%	2.0%	3.6%	3.8%	4.5%	4.2%
National	39,915	39,908	39,929	40,003	40,154	40,392	40,698	41,027	41,462	41,854	42,277	42,688
% Ch	0.5%	-0.1%	0.2%	0.7%	1.5%	2.4%	3.1%	3.3%	4.3%	3.8%	4.1%	4.0%
PER CAPITA PERS INC - 2000 \$												
Idaho	26,732	26,837	26,736	26,618	26,539	26,462	26,446	26,419	26,481	26,556	26,723	26,874
% Ch	4.2%	1.6%	-1.5%	-1.8%	-1.2%	-1.2%	-0.2%	-0.4%	1.0%	1.1%	2.5%	2.3%
National	33,094	33,172	33,053	32,969	32,928	32,951	33,001	33,068	33,200	33,294	33,467	33,640
% Ch	3.2%	0.9%	-1.4%	-1.0%	-0.5%	0.3%	0.6%	0.8%	1.6%	1.1%	2.1%	2.1%
AVERAGE ANNUAL WAGE												
Idaho	35,966	36,080	36,245	36,384	36,510	36,607	36,835	37,028	37,283	37,582	37,870	38,154
% Ch	2.3%	1.3%	1.8%	1.5%	1.4%	1.1%	2.5%	2.1%	2.8%	3.2%	3.1%	3.0%
National	48,456	48,689	48,924	49,167	49,474	49,744	50,057	50,386	50,768	51,092	51,427	51,766
% Ch	2.2%	1.9%	1.9%	2.0%	2.5%	2.2%	2.5%	2.7%	3.1%	2.6%	2.6%	2.7%

**National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008**

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2009**

PERSONAL INCOME -- CURR \$\$

	2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
WAGE AND SALARY PAYMENTS												
Idaho (Millions)	21,778	22,269	22,197	23,143	23,369	23,434	23,481	23,969	23,770	23,901	24,082	23,990
% Ch	18.0%	9.3%	-1.3%	18.2%	4.0%	1.1%	0.8%	8.6%	-3.3%	2.2%	3.1%	-1.5%
National (Billions)	5,946	5,966	6,034	6,162	6,294	6,311	6,378	6,466	6,518	6,531	6,572	6,579
% Ch	10.8%	1.3%	4.6%	8.8%	8.8%	1.1%	4.3%	5.6%	3.3%	0.8%	2.5%	0.4%
FARM PROPRIETORS INCOME												
Idaho (Millions)	152	84	200	322	460	533	666	577	376	203	493	339
% Ch	-92.2%	-90.7%	3113.7%	571.9%	316.5%	80.3%	143.8%	-43.7%	-82.0%	-91.5%	3370.8%	-77.5%
National (Billions)	17	10	14	24	39	42	47	47	42	38	32	22
% Ch	-84.8%	-89.7%	293.2%	769.9%	656.1%	34.2%	57.7%	-2.5%	-39.1%	-30.4%	-47.1%	-80.2%
NONFARM PROPRIETORS INCOME												
Idaho (Millions)	4,416	4,509	4,462	4,437	4,344	4,352	4,363	4,474	4,341	4,358	4,401	4,395
% Ch	15.6%	8.7%	-4.1%	-2.2%	-8.1%	0.7%	1.0%	10.6%	-11.4%	1.6%	4.0%	-0.5%
National (Billions)	988	1,008	1,000	999	998	1,008	1,016	1,027	1,030	1,039	1,048	1,045
% Ch	8.9%	8.7%	-3.4%	-0.4%	-0.3%	4.1%	3.4%	4.1%	1.3%	3.5%	3.6%	-1.2%
DIVIDENDS, RENT & INTEREST												
Idaho (Millions)	8,017	8,360	8,638	8,787	9,100	9,344	9,572	9,715	9,795	9,886	9,902	10,083
% Ch	-4.4%	18.2%	14.0%	7.1%	15.0%	11.2%	10.1%	6.1%	3.3%	3.8%	0.6%	7.5%
National (Billions)	1,788	1,855	1,906	1,927	1,966	2,027	2,073	2,095	2,093	2,111	2,120	2,154
% Ch	9.0%	15.8%	11.5%	4.4%	8.4%	13.0%	9.3%	4.3%	-0.3%	3.4%	1.7%	6.6%
OTHER LABOR INCOME												
Idaho (Millions)	5,332	5,494	5,468	5,661	5,655	5,690	5,676	5,770	5,753	5,781	5,846	5,837
% Ch	13.5%	12.7%	-1.9%	14.9%	-0.4%	2.5%	-1.0%	6.8%	-1.2%	2.0%	4.5%	-0.6%
National (Billions)	947	953	960	968	978	988	997	1,006	1,015	1,024	1,031	1,037
% Ch	3.1%	2.7%	2.8%	3.6%	4.0%	4.2%	3.6%	3.8%	3.8%	3.6%	2.7%	2.4%
GOVT. TRANSFERS TO INDIV.												
Idaho (Millions)	6,372	6,506	6,626	6,680	6,982	6,993	7,109	7,199	7,412	8,099	7,871	7,977
% Ch	16.5%	8.7%	7.6%	3.3%	19.3%	0.6%	6.8%	5.2%	12.4%	42.6%	-10.8%	5.5%
National (Billions)	1,568	1,595	1,620	1,630	1,696	1,699	1,721	1,738	1,778	1,926	1,872	1,900
% Ch	8.9%	7.0%	6.6%	2.4%	17.2%	0.8%	5.1%	4.1%	9.6%	37.7%	-10.7%	6.0%
CONTRIB. FOR SOCIAL INSUR.												
Idaho (Millions)	3,651	3,752	3,741	3,884	3,909	3,888	3,874	3,936	3,934	3,944	3,967	3,930
% Ch	23.8%	11.5%	-1.2%	16.2%	2.6%	-2.1%	-1.4%	6.6%	-0.2%	1.0%	2.4%	-3.8%
National (Billions)	445	445	448	456	462	462	465	470	476	478	479	479
% Ch	9.5%	0.1%	2.8%	6.9%	5.9%	-0.5%	3.0%	3.9%	6.0%	1.1%	1.2%	-0.4%
RESIDENCE ADJUSTMENT												
Idaho (Millions)	660	652	677	685	704	720	745	757	766	770	767	758
% Ch	7.6%	-4.8%	16.2%	4.8%	11.6%	9.4%	14.6%	6.6%	4.8%	2.1%	-1.5%	-4.7%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2009**

PERSONAL INCOME -- CURR \$\$

	2009				2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
WAGE AND SALARY PAYMENTS												
Idaho (Millions)	23,980	23,932	23,956	24,027	24,192	24,323	24,563	24,799	25,127	25,489	25,879	26,292
% Ch	-0.2%	-0.8%	0.4%	1.2%	2.8%	2.2%	4.0%	3.9%	5.4%	5.9%	6.3%	6.5%
National (Billions)	6,569	6,565	6,577	6,605	6,649	6,699	6,761	6,829	6,910	6,981	7,054	7,131
% Ch	-0.6%	-0.2%	0.7%	1.7%	2.7%	3.1%	3.7%	4.1%	4.8%	4.2%	4.3%	4.4%
FARM PROPRIETORS INCOME												
Idaho (Millions)	451	586	616	616	621	593	585	593	629	620	648	649
% Ch	212.1%	185.3%	22.3%	0.1%	2.6%	-16.4%	-5.8%	5.9%	26.4%	-5.7%	19.7%	0.3%
National (Billions)	26	33	34	34	35	33	32	32	31	30	31	31
% Ch	95.3%	164.9%	17.2%	-3.8%	16.0%	-20.5%	-10.7%	0.6%	-9.2%	-11.1%	14.9%	-5.1%
NONFARM PROPRIETORS INCOME												
Idaho (Millions)	4,374	4,416	4,462	4,508	4,561	4,632	4,701	4,754	4,809	4,858	4,888	4,923
% Ch	-1.9%	3.9%	4.2%	4.2%	4.8%	6.3%	6.1%	4.6%	4.7%	4.1%	2.5%	2.9%
National (Billions)	1,040	1,049	1,059	1,069	1,081	1,097	1,113	1,125	1,137	1,148	1,155	1,162
% Ch	-2.0%	3.6%	4.0%	3.9%	4.5%	6.1%	5.8%	4.4%	4.4%	3.9%	2.3%	2.7%
DIVIDENDS, RENT & INTEREST												
Idaho (Millions)	9,923	9,779	9,634	9,542	9,529	9,554	9,623	9,753	9,897	10,081	10,305	10,520
% Ch	-6.2%	-5.7%	-5.8%	-3.8%	-0.5%	1.0%	2.9%	5.5%	6.1%	7.7%	9.2%	8.6%
National (Billions)	2,117	2,085	2,055	2,039	2,036	2,044	2,063	2,094	2,129	2,172	2,221	2,267
% Ch	-6.6%	-6.0%	-5.8%	-3.1%	-0.4%	1.5%	3.7%	6.3%	6.8%	8.3%	9.4%	8.5%
OTHER LABOR INCOME												
Idaho (Millions)	5,916	5,960	6,024	6,064	6,126	6,174	6,250	6,269	6,317	6,387	6,483	6,571
% Ch	5.5%	3.0%	4.3%	2.7%	4.2%	3.2%	5.0%	1.3%	3.1%	4.5%	6.1%	5.5%
National (Billions)	1,054	1,068	1,085	1,097	1,111	1,124	1,139	1,146	1,156	1,166	1,180	1,192
% Ch	6.7%	5.3%	6.3%	4.8%	4.9%	5.0%	5.5%	2.4%	3.4%	3.6%	4.8%	4.1%
GOVT. TRANSFERS TO INDIV.												
Idaho (Millions)	8,324	8,452	8,553	8,627	8,719	8,812	8,901	8,992	9,194	9,304	9,415	9,532
% Ch	18.5%	6.3%	4.9%	3.5%	4.3%	4.3%	4.1%	4.1%	9.3%	4.9%	4.8%	5.1%
National (Billions)	1,981	2,013	2,038	2,055	2,076	2,096	2,116	2,135	2,179	2,204	2,229	2,254
% Ch	18.1%	6.6%	5.1%	3.5%	4.1%	4.0%	3.8%	3.7%	8.6%	4.6%	4.5%	4.6%
CONTRIB. FOR SOCIAL INSUR.												
Idaho (Millions)	3,948	3,914	3,880	3,854	3,914	3,905	3,926	3,950	4,028	4,069	4,104	4,149
% Ch	1.9%	-3.5%	-3.4%	-2.7%	6.4%	-1.0%	2.2%	2.5%	8.1%	4.2%	3.4%	4.4%
National (Billions)	482	481	479	478	486	488	491	495	506	510	513	518
% Ch	3.0%	-1.4%	-1.6%	-0.6%	7.2%	0.9%	2.9%	3.7%	8.5%	3.6%	2.5%	3.4%
RESIDENCE ADJUSTMENT												
Idaho (Millions)	751	744	739	735	735	733	736	738	744	750	758	767
% Ch	-3.3%	-4.0%	-2.7%	-1.9%	-0.1%	-0.8%	1.3%	1.2%	3.0%	3.7%	4.2%	4.5%

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2009**

EMPLOYMENT

	2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
TOTAL NONFARM EMPLOYMENT												
Idaho	630,833	636,983	642,129	645,719	652,268	657,086	657,139	658,707	655,618	652,185	650,127	644,678
% Ch	6.0%	4.0%	3.3%	2.3%	4.1%	3.0%	0.0%	1.0%	-1.9%	-2.1%	-1.3%	-3.3%
National (Thousands)	135,383	135,840	136,354	136,789	137,184	137,500	137,758	138,031	137,917	137,699	137,371	136,519
% Ch	2.2%	1.4%	1.5%	1.3%	1.2%	0.9%	0.8%	0.8%	-0.3%	-0.6%	-1.0%	-2.5%
GOODS PRODUCING SECTOR												
Idaho	120,192	122,226	123,060	123,784	124,921	124,517	122,839	121,212	117,058	114,297	113,176	108,985
% Ch	16.2%	6.9%	2.8%	2.4%	3.7%	-1.3%	-5.3%	-5.2%	-13.0%	-9.1%	-3.9%	-14.0%
National (Thousands)	22,530	22,579	22,568	22,460	22,377	22,280	22,185	22,042	21,820	21,565	21,363	21,056
% Ch	2.9%	0.9%	-0.2%	-1.9%	-1.5%	-1.7%	-1.7%	-2.6%	-4.0%	-4.6%	-3.7%	-5.6%
MANUFACTURING												
Idaho	66,966	67,601	68,244	68,586	68,570	68,699	67,693	67,296	66,213	65,362	64,666	62,778
% Ch	7.9%	3.9%	3.9%	2.0%	-0.1%	0.8%	-5.7%	-2.3%	-6.3%	-5.0%	-4.2%	-11.2%
National (Thousands)	14,275	14,268	14,222	14,122	14,048	13,969	13,910	13,848	13,751	13,623	13,486	13,266
% Ch	0.3%	-0.2%	-1.3%	-2.8%	-2.1%	-2.2%	-1.7%	-1.8%	-2.8%	-3.7%	-4.0%	-6.4%
DURABLE MANUFACTURING												
Idaho	43,810	44,361	44,909	45,368	45,112	44,996	43,694	43,002	41,704	40,567	39,939	38,419
% Ch	10.2%	5.1%	5.0%	4.2%	-2.2%	-1.0%	-11.1%	-6.2%	-11.5%	-10.5%	-6.1%	-14.4%
National (Thousands)	9,055	9,078	9,056	9,001	8,943	8,893	8,855	8,814	8,745	8,648	8,547	8,375
% Ch	1.0%	1.0%	-1.0%	-2.4%	-2.5%	-2.2%	-1.7%	-1.8%	-3.1%	-4.4%	-4.6%	-7.8%
LOGGING & WOOD PRODUCTS												
Idaho	10,069	10,166	10,053	9,854	9,735	9,813	9,451	9,317	8,792	8,112	7,760	7,580
% Ch	10.4%	3.9%	-4.4%	-7.7%	-4.8%	3.3%	-14.0%	-5.6%	-20.7%	-27.5%	-16.3%	-8.9%
National (Thousands)	637	633	621	603	592	583	578	569	559	543	526	508
% Ch	4.3%	-2.7%	-7.3%	-11.1%	-7.0%	-5.8%	-3.5%	-6.0%	-7.2%	-10.9%	-11.8%	-13.0%
METAL FABRICATION												
Idaho	4,213	4,278	4,393	4,624	4,608	4,678	4,683	4,668	4,751	4,711	4,606	4,473
% Ch	11.8%	6.4%	11.1%	22.8%	-1.4%	6.2%	0.5%	-1.3%	7.3%	-3.3%	-8.6%	-11.1%
National (Thousands)	1,540	1,549	1,562	1,562	1,563	1,562	1,564	1,565	1,558	1,542	1,531	1,511
% Ch	2.5%	2.4%	3.4%	-0.1%	0.2%	-0.3%	0.6%	0.4%	-1.8%	-4.2%	-2.9%	-4.9%
MACHINERY												
Idaho	2,793	2,840	2,874	2,953	2,876	2,977	3,035	3,085	3,140	3,178	3,149	3,027
% Ch	22.9%	7.0%	4.8%	11.4%	-10.1%	14.9%	8.0%	6.8%	7.3%	4.9%	-3.6%	-14.6%
National (Thousands)	1,175	1,181	1,188	1,189	1,187	1,187	1,189	1,190	1,194	1,194	1,193	1,181
% Ch	0.6%	2.0%	2.3%	0.4%	-0.7%	-0.1%	0.7%	0.4%	1.2%	0.2%	-0.4%	-3.9%
COMPUTER & ELECTRONICS												
Idaho	16,382	16,440	16,782	17,068	17,019	16,767	15,846	15,243	14,764	14,549	14,318	13,405
% Ch	10.0%	1.4%	8.6%	7.0%	-1.1%	-5.8%	-20.2%	-14.4%	-12.0%	-5.7%	-6.2%	-23.2%
National (Thousands)	1,308	1,314	1,308	1,301	1,290	1,274	1,265	1,258	1,254	1,250	1,246	1,236
% Ch	-1.7%	1.7%	-1.7%	-2.3%	-3.1%	-4.9%	-3.0%	-2.1%	-1.3%	-1.2%	-1.3%	-3.2%
OTHER DURABLES												
Idaho	10,353	10,637	10,808	10,869	10,875	10,761	10,678	10,689	10,258	10,018	10,106	9,935
% Ch	6.6%	11.4%	6.6%	2.3%	0.2%	-4.1%	-3.1%	0.4%	-15.2%	-9.0%	3.6%	-6.6%
National (Thousands)	4,395	4,401	4,377	4,347	4,311	4,287	4,260	4,231	4,181	4,118	4,050	3,938
% Ch	1.0%	0.6%	-2.2%	-2.8%	-3.2%	-2.2%	-2.5%	-2.6%	-4.7%	-5.8%	-6.4%	-10.7%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2009**

EMPLOYMENT

	2009				2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
TOTAL NONFARM EMPLOYMENT												
Idaho	640,894	637,496	635,353	635,036	637,119	639,037	641,598	644,610	648,705	653,195	658,515	664,409
% Ch	-2.3%	-2.1%	-1.3%	-0.2%	1.3%	1.2%	1.6%	1.9%	2.6%	2.8%	3.3%	3.6%
National (Thousands)	135,567	134,838	134,434	134,335	134,386	134,668	135,057	135,530	136,108	136,638	137,169	137,754
% Ch	-2.8%	-2.1%	-1.2%	-0.3%	0.2%	0.8%	1.2%	1.4%	1.7%	1.6%	1.6%	1.7%
GOODS PRODUCING SECTOR												
Idaho	105,729	102,546	99,990	99,011	99,042	99,008	99,366	99,876	100,660	101,590	102,672	103,959
% Ch	-11.4%	-11.5%	-9.6%	-3.9%	0.1%	-0.1%	1.5%	2.1%	3.2%	3.7%	4.3%	5.1%
National (Thousands)	20,644	20,076	19,565	19,264	19,043	18,983	18,955	19,004	19,104	19,245	19,417	19,585
% Ch	-7.6%	-10.6%	-9.8%	-6.0%	-4.5%	-1.2%	-0.6%	1.1%	2.1%	3.0%	3.6%	3.5%
MANUFACTURING												
Idaho	61,435	59,859	58,583	58,246	58,267	58,425	58,795	59,250	59,938	60,798	61,744	62,741
% Ch	-8.3%	-9.9%	-8.3%	-2.3%	0.1%	1.1%	2.6%	3.1%	4.7%	5.9%	6.4%	6.6%
National (Thousands)	12,976	12,619	12,319	12,155	12,039	11,979	11,969	12,001	12,062	12,157	12,265	12,355
% Ch	-8.4%	-10.6%	-9.2%	-5.2%	-3.7%	-2.0%	-0.3%	1.1%	2.0%	3.2%	3.6%	3.0%
DURABLE MANUFACTURING												
Idaho	37,379	35,911	34,723	34,404	34,414	34,558	34,913	35,310	35,940	36,718	37,589	38,502
% Ch	-10.4%	-14.8%	-12.6%	-3.6%	0.1%	1.7%	4.2%	4.6%	7.3%	8.9%	9.8%	10.1%
National (Thousands)	8,166	7,901	7,665	7,541	7,440	7,415	7,440	7,482	7,546	7,641	7,748	7,839
% Ch	-9.6%	-12.3%	-11.4%	-6.4%	-5.2%	-1.3%	1.3%	2.3%	3.5%	5.1%	5.7%	4.8%
LOGGING & WOOD PRODUCTS												
Idaho	7,404	6,851	6,331	6,198	6,231	6,335	6,552	6,828	7,150	7,441	7,707	7,930
% Ch	-9.0%	-26.7%	-27.1%	-8.1%	2.2%	6.8%	14.4%	17.9%	20.2%	17.3%	15.1%	12.1%
National (Thousands)	497	478	457	451	451	455	466	481	497	516	532	543
% Ch	-8.3%	-14.9%	-16.2%	-5.3%	0.4%	3.7%	9.9%	12.9%	14.7%	15.4%	13.5%	8.5%
METAL FABRICATION												
Idaho	4,280	4,141	4,075	4,059	4,075	4,110	4,163	4,229	4,307	4,393	4,481	4,569
% Ch	-16.1%	-12.4%	-6.2%	-1.6%	1.6%	3.5%	5.2%	6.5%	7.5%	8.2%	8.3%	8.1%
National (Thousands)	1,501	1,470	1,403	1,358	1,322	1,292	1,280	1,273	1,273	1,283	1,301	1,316
% Ch	-2.8%	-8.0%	-17.0%	-12.3%	-10.2%	-8.5%	-3.8%	-2.2%	0.2%	3.2%	5.6%	4.7%
MACHINERY												
Idaho	2,899	2,783	2,708	2,668	2,650	2,645	2,645	2,651	2,662	2,676	2,695	2,720
% Ch	-15.8%	-15.1%	-10.3%	-5.9%	-2.6%	-0.8%	0.1%	0.9%	1.6%	2.1%	2.8%	3.8%
National (Thousands)	1,160	1,140	1,117	1,103	1,078	1,062	1,058	1,057	1,063	1,076	1,092	1,109
% Ch	-7.0%	-6.8%	-7.6%	-5.0%	-8.7%	-5.9%	-1.6%	-0.2%	2.2%	4.9%	6.4%	6.3%
COMPUTER & ELECTRONICS												
Idaho	12,935	12,454	11,957	11,793	11,712	11,625	11,566	11,442	11,466	11,638	11,900	12,223
% Ch	-13.3%	-14.1%	-15.0%	-5.4%	-2.7%	-2.9%	-2.0%	-4.2%	0.9%	6.1%	9.3%	11.3%
National (Thousands)	1,191	1,133	1,114	1,102	1,093	1,123	1,133	1,139	1,143	1,147	1,150	1,155
% Ch	-13.9%	-18.0%	-6.6%	-4.2%	-3.4%	11.5%	3.7%	2.3%	1.2%	1.7%	1.0%	1.8%
OTHER DURABLES												
Idaho	9,860	9,682	9,652	9,687	9,745	9,843	9,986	10,160	10,355	10,570	10,806	11,059
% Ch	-3.0%	-7.0%	-1.2%	1.5%	2.4%	4.1%	6.0%	7.1%	7.9%	8.5%	9.3%	9.7%
National (Thousands)	3,817	3,681	3,574	3,527	3,496	3,483	3,503	3,532	3,570	3,619	3,672	3,716
% Ch	-11.7%	-13.5%	-11.1%	-5.2%	-3.4%	-1.5%	2.4%	3.3%	4.4%	5.6%	6.0%	4.9%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2009
EMPLOYMENT

MANUFACTURING (continued)

	2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
NONDURABLE MANUFACTURING												
Idaho	23,156	23,240	23,335	23,218	23,458	23,703	23,999	24,294	24,510	24,795	24,726	24,359
% Ch	3.7%	1.5%	1.6%	-2.0%	4.2%	4.2%	5.1%	5.0%	3.6%	4.7%	-1.1%	-5.8%
National (Thousands)	5,220	5,190	5,166	5,121	5,104	5,076	5,054	5,033	5,005	4,975	4,939	4,891
% Ch	-1.0%	-2.3%	-1.8%	-3.4%	-1.3%	-2.2%	-1.7%	-1.7%	-2.2%	-2.4%	-2.8%	-3.9%
FOOD PROCESSING												
Idaho	14,694	14,728	14,760	14,616	14,806	14,975	15,207	15,383	15,656	16,012	15,887	15,720
% Ch	0.5%	0.9%	0.9%	-3.8%	5.3%	4.7%	6.3%	4.7%	7.3%	9.4%	-3.1%	-4.1%
National (Thousands)	1,479	1,480	1,481	1,478	1,480	1,480	1,482	1,481	1,481	1,473	1,473	1,479
% Ch	1.2%	0.4%	0.3%	-0.7%	0.5%	0.1%	0.5%	-0.2%	0.0%	-2.1%	-0.1%	1.7%
PRINTING												
Idaho	1,872	1,913	1,922	1,924	1,925	1,885	1,884	1,876	1,858	1,801	1,785	1,764
% Ch	-5.3%	9.1%	1.9%	0.4%	0.3%	-8.1%	-0.2%	-1.7%	-3.8%	-11.6%	-3.7%	-4.4%
National (Thousands)	638	635	632	633	629	625	622	621	616	607	598	586
% Ch	-1.8%	-1.6%	-2.3%	0.6%	-2.1%	-2.9%	-1.5%	-0.8%	-3.1%	-5.9%	-5.9%	-7.7%
CHEMICALS												
Idaho	2,086	2,097	2,136	2,147	2,204	2,255	2,278	2,329	2,346	2,365	2,417	2,389
% Ch	31.4%	2.2%	7.6%	2.0%	11.1%	9.5%	4.2%	9.2%	2.9%	3.4%	9.0%	-4.5%
National (Thousands)	866	864	867	866	864	862	864	861	861	861	855	850
% Ch	-0.4%	-0.8%	1.3%	-0.6%	-1.0%	-0.8%	0.7%	-1.2%	-0.1%	0.0%	-2.7%	-2.2%
OTHER NONDURABLES												
Idaho	4,504	4,501	4,517	4,531	4,524	4,588	4,631	4,706	4,650	4,616	4,638	4,485
% Ch	7.7%	-0.2%	1.4%	1.3%	-0.6%	5.8%	3.8%	6.7%	-4.7%	-2.9%	1.9%	-12.5%
National (Thousands)	2,238	2,210	2,186	2,144	2,131	2,109	2,086	2,070	2,047	2,034	2,013	1,975
% Ch	-2.5%	-4.8%	-4.2%	-7.5%	-2.4%	-4.2%	-4.2%	-3.1%	-4.4%	-2.6%	-4.0%	-7.4%
MINING												
Idaho	2,321	2,395	2,371	2,410	2,574	2,585	2,671	2,842	2,880	2,872	2,809	2,600
% Ch	10.5%	13.3%	-3.9%	6.7%	30.3%	1.6%	14.0%	28.3%	5.4%	-1.2%	-8.4%	-26.7%
National (Thousands)	597	615	627	640	649	658	667	674	686	701	729	743
% Ch	11.1%	12.6%	8.2%	8.1%	5.9%	5.9%	5.5%	4.0%	7.4%	9.0%	17.1%	8.2%
CONSTRUCTION												
Idaho	50,905	52,230	52,445	52,788	53,776	53,233	52,475	51,074	47,964	46,064	45,701	43,607
% Ch	28.8%	10.8%	1.7%	2.6%	7.7%	-4.0%	-5.6%	-10.3%	-22.2%	-14.9%	-3.1%	-17.1%
National (Thousands)	7,657	7,696	7,718	7,699	7,681	7,653	7,609	7,521	7,384	7,242	7,148	7,047
% Ch	7.3%	2.0%	1.1%	-1.0%	-0.9%	-1.5%	-2.3%	-4.5%	-7.1%	-7.5%	-5.1%	-5.5%
NONGOODS PRODUCING												
Idaho	510,641	514,757	519,069	521,935	527,347	532,569	534,300	537,495	538,560	537,887	536,951	535,693
% Ch	3.8%	3.3%	3.4%	2.2%	4.2%	4.0%	1.3%	2.4%	0.8%	-0.5%	-0.7%	-0.9%
National (Thousands)	112,854	113,261	113,786	114,329	114,807	115,220	115,573	115,988	116,097	116,134	116,008	115,463
% Ch	2.0%	1.5%	1.9%	1.9%	1.7%	1.4%	1.2%	1.4%	0.4%	0.1%	-0.4%	-1.9%
SERVICES												
Idaho	288,388	291,267	294,619	296,653	300,519	304,267	305,477	307,672	308,127	308,306	307,373	306,654
% Ch	4.5%	4.1%	4.7%	2.8%	5.3%	5.1%	1.6%	2.9%	0.6%	0.2%	-1.2%	-0.9%
National (Thousands)	69,764	70,131	70,508	70,907	71,229	71,533	71,829	72,135	72,245	72,319	72,233	71,918
% Ch	2.9%	2.1%	2.2%	2.3%	1.8%	1.7%	1.7%	1.7%	0.6%	0.4%	-0.5%	-1.7%
INFORMATION												
Idaho	10,481	10,585	10,649	10,641	10,826	10,906	10,882	11,023	11,285	11,507	11,691	11,606
% Ch	-26.8%	4.0%	2.4%	-0.3%	7.1%	3.0%	-0.9%	5.3%	9.9%	8.1%	6.5%	-2.9%
National (Thousands)	3,054	3,039	3,028	3,028	3,031	3,035	3,027	3,022	3,014	3,002	2,984	2,966
% Ch	-0.3%	-1.9%	-1.4%	0.0%	0.4%	0.4%	-1.0%	-0.7%	-1.1%	-1.6%	-2.3%	-2.5%
FINANCIAL ACTIVITIES												
Idaho	31,177	31,653	31,942	32,212	32,481	32,734	32,491	32,417	32,195	31,965	31,786	31,720
% Ch	7.2%	6.3%	3.7%	3.4%	3.4%	3.1%	-2.9%	-0.9%	-2.7%	-2.8%	-2.2%	-0.8%
National (Thousands)	8,293	8,330	8,339	8,353	8,343	8,318	8,312	8,265	8,235	8,223	8,194	8,111
% Ch	2.7%	1.8%	0.4%	0.7%	-0.5%	-1.2%	-0.3%	-2.3%	-1.4%	-0.6%	-1.4%	-4.0%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2009**

EMPLOYMENT

MANUFACTURING (continued)

	2009				2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
NONDURABLE MANUFACTURING												
Idaho	24,056	23,948	23,861	23,842	23,853	23,867	23,882	23,940	23,998	24,080	24,154	24,239
% Ch	-4.9%	-1.8%	-1.5%	-0.3%	0.2%	0.2%	0.3%	1.0%	1.0%	1.4%	1.2%	1.4%
National (Thousands)	4,810	4,718	4,654	4,614	4,599	4,564	4,529	4,519	4,516	4,516	4,518	4,516
% Ch	-6.4%	-7.5%	-5.3%	-3.4%	-1.3%	-3.1%	-3.0%	-0.9%	-0.3%	0.0%	0.1%	-0.1%
FOOD PROCESSING												
Idaho	15,625	15,617	15,580	15,570	15,577	15,585	15,592	15,647	15,711	15,783	15,838	15,900
% Ch	-2.4%	-0.2%	-0.9%	-0.3%	0.2%	0.2%	0.2%	1.4%	1.6%	1.8%	1.4%	1.6%
National (Thousands)	1,476	1,464	1,459	1,460	1,471	1,469	1,466	1,472	1,477	1,481	1,485	1,487
% Ch	-1.0%	-3.1%	-1.3%	0.2%	2.8%	-0.5%	-0.8%	1.7%	1.3%	1.2%	1.1%	0.6%
PRINTING												
Idaho	1,734	1,702	1,677	1,666	1,658	1,652	1,642	1,629	1,616	1,606	1,600	1,595
% Ch	-6.8%	-7.2%	-5.6%	-2.8%	-1.8%	-1.4%	-2.4%	-3.3%	-3.0%	-2.5%	-1.6%	-1.1%
National (Thousands)	572	559	548	539	534	529	524	522	519	517	515	513
% Ch	-9.0%	-8.7%	-8.0%	-6.5%	-3.8%	-3.8%	-3.6%	-1.6%	-1.6%	-1.6%	-1.7%	-2.0%
CHEMICALS												
Idaho	2,331	2,282	2,233	2,205	2,189	2,179	2,171	2,166	2,163	2,161	2,161	2,162
% Ch	-9.3%	-8.2%	-8.3%	-4.9%	-2.9%	-1.9%	-1.4%	-1.0%	-0.6%	-0.3%	0.0%	0.2%
National (Thousands)	837	824	810	798	787	776	768	763	762	764	767	770
% Ch	-6.0%	-5.9%	-7.0%	-5.8%	-5.1%	-5.8%	-3.9%	-2.8%	-0.3%	0.9%	1.5%	1.6%
OTHER NONDURABLES												
Idaho	4,366	4,347	4,370	4,402	4,429	4,450	4,477	4,498	4,508	4,530	4,555	4,582
% Ch	-10.2%	-1.7%	2.1%	2.9%	2.5%	1.9%	2.4%	1.9%	0.9%	2.0%	2.2%	2.4%
National (Thousands)	1,925	1,870	1,837	1,817	1,808	1,791	1,772	1,763	1,757	1,754	1,751	1,747
% Ch	-9.8%	-11.1%	-6.8%	-4.2%	-2.0%	-3.8%	-4.1%	-2.0%	-1.3%	-0.8%	-0.7%	-1.0%
MINING												
Idaho	2,418	2,261	2,175	2,085	2,016	1,967	1,961	1,971	2,007	2,045	2,083	2,122
% Ch	-25.1%	-23.6%	-14.5%	-15.4%	-12.7%	-9.2%	-1.3%	2.2%	7.4%	7.7%	7.7%	7.8%
National (Thousands)	728	705	668	650	640	645	651	656	663	668	671	669
% Ch	-8.1%	-11.9%	-19.7%	-10.1%	-6.0%	2.8%	3.8%	3.7%	3.8%	3.4%	1.6%	-0.9%
CONSTRUCTION												
Idaho	41,875	40,426	39,233	38,680	38,759	38,615	38,611	38,655	38,715	38,747	38,845	39,095
% Ch	-15.0%	-13.1%	-11.3%	-5.5%	0.8%	-1.5%	0.0%	0.5%	0.6%	0.3%	1.0%	2.6%
National (Thousands)	6,940	6,752	6,578	6,459	6,363	6,360	6,335	6,347	6,380	6,420	6,481	6,560
% Ch	-5.9%	-10.4%	-9.9%	-7.0%	-5.8%	-0.2%	-1.6%	0.8%	2.1%	2.6%	3.9%	4.9%
NONGOODS PRODUCING												
Idaho	535,165	534,950	535,363	536,024	538,077	540,030	542,232	544,735	548,045	551,605	555,844	560,450
% Ch	-0.4%	-0.2%	0.3%	0.5%	1.5%	1.5%	1.6%	1.9%	2.5%	2.6%	3.1%	3.4%
National (Thousands)	114,923	114,762	114,870	115,071	115,343	115,685	116,103	116,526	117,004	117,392	117,752	118,170
% Ch	-1.9%	-0.6%	0.4%	0.7%	0.9%	1.2%	1.5%	1.5%	1.7%	1.3%	1.2%	1.4%
SERVICES												
Idaho	306,441	306,312	306,674	307,286	308,475	310,306	312,413	314,620	317,609	320,691	324,212	327,866
% Ch	-0.3%	-0.2%	0.5%	0.8%	1.6%	2.4%	2.7%	2.9%	3.9%	3.9%	4.5%	4.6%
National (Thousands)	71,690	71,606	71,588	71,638	71,829	72,167	72,600	73,085	73,574	74,072	74,498	74,828
% Ch	-1.3%	-0.5%	-0.1%	0.3%	1.1%	1.9%	2.4%	2.7%	2.7%	2.7%	2.3%	1.8%
INFORMATION												
Idaho	11,556	11,539	11,556	11,602	11,659	11,722	11,786	11,852	11,919	11,987	12,055	12,125
% Ch	-1.7%	-0.6%	0.6%	1.6%	2.0%	2.2%	2.2%	2.3%	2.3%	2.3%	2.3%	2.3%
National (Thousands)	2,912	2,886	2,837	2,792	2,752	2,720	2,724	2,756	2,793	2,829	2,848	2,853
% Ch	-7.1%	-3.5%	-6.6%	-6.2%	-5.5%	-4.7%	0.6%	4.8%	5.5%	5.3%	2.7%	0.7%
FINANCIAL ACTIVITIES												
Idaho	31,618	31,436	31,249	31,301	31,342	31,407	31,633	31,727	31,905	32,133	32,456	32,797
% Ch	-1.3%	-2.3%	-2.4%	0.7%	0.5%	0.8%	2.9%	1.2%	2.3%	2.9%	4.1%	4.3%
National (Thousands)	7,993	7,911	7,914	7,945	7,919	7,888	7,908	7,952	7,964	7,979	8,012	8,054
% Ch	-5.7%	-4.1%	0.1%	1.6%	-1.3%	-1.6%	1.0%	2.3%	0.6%	0.7%	1.7%	2.1%

**National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008**

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2009**

EMPLOYMENT

SERVICES (Continued)	2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
TRANS., WAREHOUSING, UTILITIES												
Idaho	19,956	20,181	20,330	20,505	20,847	20,995	21,052	21,244	21,076	21,104	20,833	20,569
% Ch	7.1%	4.6%	3.0%	3.5%	6.8%	2.9%	1.1%	3.7%	-3.1%	0.5%	-5.0%	-5.0%
National (Thousands)	4,975	5,004	5,032	5,063	5,078	5,084	5,095	5,102	5,093	5,083	5,060	5,015
% Ch	2.3%	2.4%	2.2%	2.5%	1.2%	0.5%	0.8%	0.6%	-0.7%	-0.8%	-1.8%	-3.5%
PROFESSIONAL & BUSINESS												
Idaho	80,722	81,307	81,621	81,806	82,393	83,206	83,591	83,664	81,922	81,341	81,256	81,006
% Ch	14.6%	2.9%	1.6%	0.9%	2.9%	4.0%	1.9%	0.4%	-8.1%	-2.8%	-0.4%	-1.2%
National (Thousands)	17,368	17,511	17,650	17,760	17,865	17,925	17,979	18,093	18,063	17,980	17,858	17,693
% Ch	3.6%	3.3%	3.2%	2.5%	2.4%	1.4%	1.2%	2.6%	-0.7%	-1.8%	-2.7%	-3.6%
EDUCATION & HEALTH												
Idaho	68,551	69,292	71,147	71,439	72,657	73,803	74,290	75,472	76,968	77,777	77,881	77,891
% Ch	-0.4%	4.4%	11.1%	1.7%	7.0%	6.5%	2.7%	6.5%	8.2%	4.3%	0.5%	0.1%
National (Thousands)	17,672	17,764	17,869	17,996	18,112	18,257	18,411	18,527	18,664	18,823	18,971	19,024
% Ch	3.1%	2.1%	2.4%	2.9%	2.6%	3.2%	3.4%	2.5%	3.0%	3.5%	3.2%	1.1%
LEISURE & HOSPITALITY												
Idaho	58,750	59,312	59,743	60,861	62,074	63,199	63,639	64,198	63,924	63,787	63,333	63,263
% Ch	2.9%	3.9%	2.9%	7.7%	8.2%	7.5%	2.8%	3.6%	-1.7%	-0.9%	-2.8%	-0.4%
National (Thousands)	12,980	13,053	13,151	13,246	13,329	13,421	13,507	13,622	13,660	13,683	13,637	13,575
% Ch	3.0%	2.3%	3.0%	2.9%	2.6%	2.8%	2.6%	3.4%	1.1%	0.7%	-1.3%	-1.8%
OTHER SERVICES												
Idaho	18,752	18,937	19,186	19,189	19,241	19,424	19,533	19,654	20,757	20,825	20,593	20,599
% Ch	1.6%	4.0%	5.4%	0.1%	1.1%	3.8%	2.3%	2.5%	24.4%	1.3%	-4.4%	0.1%
National (Thousands)	5,422	5,430	5,439	5,462	5,470	5,492	5,498	5,503	5,516	5,526	5,528	5,534
% Ch	2.1%	0.5%	0.7%	1.7%	0.6%	1.6%	0.4%	0.4%	0.9%	0.7%	0.2%	0.4%
TRADE												
Idaho	105,770	106,941	108,014	109,164	111,061	111,597	111,765	112,207	112,175	111,130	109,855	109,261
% Ch	1.1%	4.5%	4.1%	4.3%	7.1%	1.9%	0.6%	1.6%	-0.1%	-3.7%	-4.5%	-2.1%
National (Thousands)	21,214	21,215	21,260	21,349	21,453	21,504	21,541	21,563	21,494	21,376	21,279	21,053
% Ch	1.1%	0.0%	0.8%	1.7%	2.0%	1.0%	0.7%	0.4%	-1.3%	-2.2%	-1.8%	-4.2%
RETAIL TRADE												
Idaho	79,067	79,990	81,066	81,943	83,271	83,561	83,454	83,928	84,061	83,368	82,328	81,816
% Ch	5.2%	4.8%	5.5%	4.4%	6.6%	1.4%	-0.5%	2.3%	0.6%	-3.3%	-4.9%	-2.5%
National (Thousands)	15,358	15,325	15,341	15,400	15,476	15,490	15,493	15,490	15,434	15,337	15,269	15,100
% Ch	0.3%	-0.9%	0.4%	1.5%	2.0%	0.4%	0.1%	-0.1%	-1.4%	-2.5%	-1.8%	-4.3%
WHOLESALE TRADE												
Idaho	26,703	26,951	26,948	27,221	27,789	28,036	28,310	28,278	28,114	27,761	27,527	27,445
% Ch	-9.9%	3.8%	0.0%	4.1%	8.6%	3.6%	4.0%	-0.5%	-2.3%	-4.9%	-3.3%	-1.2%
National (Thousands)	5,856	5,891	5,919	5,949	5,977	6,014	6,048	6,073	6,060	6,039	6,010	5,953
% Ch	3.2%	2.4%	1.9%	2.1%	1.9%	2.5%	2.3%	1.6%	-0.8%	-1.4%	-1.9%	-3.8%
STATE & LOCAL GOVERNMENT												
Idaho	103,545	103,783	103,538	103,222	102,856	103,805	104,396	104,831	105,058	105,123	106,246	106,494
% Ch	5.8%	0.9%	-0.9%	-1.2%	-1.4%	3.7%	2.3%	1.7%	0.9%	0.2%	4.3%	0.9%
National (Thousands)	19,147	19,182	19,282	19,345	19,396	19,458	19,479	19,563	19,636	19,700	19,747	19,735
% Ch	0.5%	0.7%	2.1%	1.3%	1.1%	1.3%	0.4%	1.7%	1.5%	1.3%	1.0%	-0.2%
EDUCATION												
Idaho	52,110	52,389	53,370	52,691	52,565	52,935	53,029	53,515	53,089	53,194	53,710	53,813
% Ch	7.4%	2.2%	7.7%	-5.0%	-1.0%	2.8%	0.7%	3.7%	-3.1%	0.8%	3.9%	0.8%
NONEDUCATION												
Idaho	51,435	51,394	50,169	50,531	50,291	50,869	51,367	51,316	51,969	51,929	52,537	52,681
% Ch	4.1%	-0.3%	-9.2%	2.9%	-1.9%	4.7%	4.0%	-0.4%	5.2%	-0.3%	4.8%	1.1%
FEDERAL GOVERNMENT												
Idaho	12,938	12,765	12,898	12,896	12,911	12,900	12,662	12,786	13,200	13,328	13,477	13,284
% Ch	-4.3%	-5.3%	4.2%	0.0%	0.5%	-0.3%	-7.2%	4.0%	13.6%	3.9%	4.5%	-5.6%
National (Thousands)	2,729	2,733	2,738	2,728	2,729	2,725	2,724	2,728	2,723	2,739	2,749	2,758
% Ch	-1.0%	0.6%	0.7%	-1.4%	0.1%	-0.5%	-0.2%	0.7%	-0.8%	2.5%	1.5%	1.2%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2009**

EMPLOYMENT

SERVICES (Continued)	2009				2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
TRANS., WAREHOUSING, UTILITIES												
Idaho	20,377	20,230	20,125	20,040	20,190	20,343	20,475	20,630	20,790	20,960	21,163	21,404
% Ch	-3.7%	-2.9%	-2.1%	-1.7%	3.0%	3.1%	2.6%	3.1%	3.1%	3.3%	3.9%	4.6%
National (Thousands)	4,975	4,933	4,916	4,914	4,924	4,939	4,968	5,003	5,033	5,073	5,121	5,163
% Ch	-3.2%	-3.3%	-1.4%	-0.2%	0.8%	1.2%	2.4%	2.8%	2.5%	3.2%	3.8%	3.3%
PROFESSIONAL & BUSINESS												
Idaho	80,659	80,470	80,533	80,651	80,938	81,606	82,349	83,205	84,501	85,724	87,030	88,313
% Ch	-1.7%	-0.9%	0.3%	0.6%	1.4%	3.3%	3.7%	4.2%	6.4%	5.9%	6.2%	6.0%
National (Thousands)	17,505	17,398	17,309	17,281	17,353	17,581	17,889	18,250	18,583	18,884	19,086	19,275
% Ch	-4.2%	-2.4%	-2.0%	-0.6%	1.7%	5.4%	7.2%	8.3%	7.5%	6.6%	4.4%	4.0%
EDUCATION & HEALTH												
Idaho	78,129	78,305	78,572	78,900	79,217	79,751	80,401	81,076	81,913	82,773	83,772	84,786
% Ch	1.2%	0.9%	1.4%	1.7%	1.6%	2.7%	3.3%	3.4%	4.2%	4.3%	4.9%	4.9%
National (Thousands)	19,221	19,402	19,515	19,605	19,788	19,963	20,065	20,136	20,245	20,375	20,500	20,564
% Ch	4.2%	3.8%	2.4%	1.9%	3.8%	3.6%	2.1%	1.4%	2.2%	2.6%	2.5%	1.3%
LEISURE & HOSPITALITY												
Idaho	63,396	63,527	63,672	63,748	64,055	64,390	64,643	64,950	65,322	65,750	66,232	66,763
% Ch	0.8%	0.8%	0.9%	0.5%	1.9%	2.1%	1.6%	1.9%	2.3%	2.6%	3.0%	3.2%
National (Thousands)	13,532	13,483	13,427	13,403	13,390	13,393	13,394	13,372	13,378	13,380	13,400	13,422
% Ch	-1.3%	-1.4%	-1.6%	-0.7%	-0.4%	0.1%	0.0%	-0.7%	0.2%	0.1%	0.6%	0.7%
OTHER SERVICES												
Idaho	20,705	20,806	20,966	21,044	21,074	21,087	21,125	21,180	21,259	21,365	21,503	21,677
% Ch	2.1%	2.0%	3.1%	1.5%	0.6%	0.3%	0.7%	1.0%	1.5%	2.0%	2.6%	3.3%
National (Thousands)	5,553	5,594	5,671	5,699	5,702	5,683	5,652	5,616	5,578	5,553	5,532	5,499
% Ch	1.4%	3.0%	5.7%	2.0%	0.2%	-1.3%	-2.2%	-2.5%	-2.7%	-1.8%	-1.5%	-2.3%
TRADE												
Idaho	109,205	109,508	109,824	109,932	110,426	110,563	110,839	111,210	111,527	111,989	112,637	113,487
% Ch	-0.2%	1.1%	1.2%	0.4%	1.8%	0.5%	1.0%	1.3%	1.1%	1.7%	2.3%	3.1%
National (Thousands)	20,749	20,696	20,856	21,012	21,109	21,141	21,159	21,150	21,088	20,988	20,935	20,975
% Ch	-5.6%	-1.0%	3.1%	3.0%	1.9%	0.6%	0.3%	-0.2%	-1.2%	-1.9%	-1.0%	0.8%
RETAIL TRADE												
Idaho	81,812	82,083	82,363	82,485	82,901	83,045	83,295	83,618	83,899	84,292	84,827	85,516
% Ch	0.0%	1.3%	1.4%	0.6%	2.0%	0.7%	1.2%	1.6%	1.4%	1.9%	2.6%	3.3%
National (Thousands)	14,907	14,866	15,026	15,206	15,313	15,336	15,336	15,318	15,259	15,139	15,049	15,056
% Ch	-5.0%	-1.1%	4.4%	4.9%	2.8%	0.6%	0.0%	-0.5%	-1.5%	-3.1%	-2.4%	0.2%
WHOLESALE TRADE												
Idaho	27,393	27,425	27,461	27,447	27,524	27,518	27,544	27,592	27,627	27,697	27,810	27,971
% Ch	-0.8%	0.5%	0.5%	-0.2%	1.1%	-0.1%	0.4%	0.7%	0.5%	1.0%	1.6%	2.3%
National (Thousands)	5,842	5,830	5,830	5,806	5,796	5,805	5,822	5,832	5,829	5,849	5,886	5,919
% Ch	-7.2%	-0.9%	0.0%	-1.6%	-0.7%	0.6%	1.2%	0.7%	-0.2%	1.4%	2.5%	2.2%
STATE & LOCAL GOVERNMENT												
Idaho	106,260	105,897	105,652	105,562	105,565	105,586	105,590	105,571	105,572	105,571	105,621	105,705
% Ch	-0.9%	-1.4%	-0.9%	-0.3%	0.0%	0.1%	0.0%	-0.1%	0.0%	0.0%	0.2%	0.3%
National (Thousands)	19,729	19,708	19,676	19,671	19,563	19,556	19,583	19,552	19,612	19,607	19,599	19,651
% Ch	-0.1%	-0.4%	-0.6%	-0.1%	-2.2%	-0.2%	0.6%	-0.6%	1.2%	-0.1%	-0.2%	1.1%
EDUCATION												
Idaho	53,729	53,553	53,519	53,626	53,768	53,876	53,946	53,988	54,042	54,099	54,196	54,316
% Ch	-0.6%	-1.3%	-0.3%	0.8%	1.1%	0.8%	0.5%	0.3%	0.4%	0.4%	0.7%	0.9%
NONEDUCATION												
Idaho	52,531	52,344	52,133	51,937	51,797	51,709	51,644	51,582	51,530	51,472	51,426	51,389
% Ch	-1.1%	-1.4%	-1.6%	-1.5%	-1.1%	-0.7%	-0.5%	-0.5%	-0.4%	-0.5%	-0.4%	-0.3%
FEDERAL GOVERNMENT												
Idaho	13,260	13,232	13,213	13,244	13,611	13,576	13,389	13,334	13,337	13,354	13,374	13,393
% Ch	-0.7%	-0.8%	-0.6%	0.9%	11.6%	-1.0%	-5.4%	-1.6%	0.1%	0.5%	0.6%	0.6%
National (Thousands)	2,755	2,752	2,749	2,751	2,842	2,821	2,761	2,738	2,729	2,725	2,720	2,715
% Ch	-0.3%	-0.5%	-0.5%	0.3%	14.0%	-2.9%	-8.3%	-3.2%	-1.3%	-0.7%	-0.7%	-0.7%

National Variables Forecast by Global Insight
Forecast Begins the THIRD Quarter of 2008

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2009**

MISCELLANEOUS

	2006				2007				2008			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SELECTED CHAIN-WEIGHTED DEFL.												
Gross Domestic Product	115.536	116.317	117.109	117.742	118.935	119.531	119.984	120.826	121.613	121.951	123.205	123.524
% Ch	3.5%	2.7%	2.8%	2.2%	4.1%	2.0%	1.5%	2.8%	2.6%	1.1%	4.2%	1.0%
Consumption Expenditures	113.581	114.499	115.381	115.239	116.202	117.246	117.969	119.220	120.283	121.544	123.091	121.387
% Ch	1.8%	3.3%	3.1%	-0.5%	3.4%	3.6%	2.5%	4.3%	3.6%	4.3%	5.2%	-5.4%
Durable Goods	89.208	89.027	88.726	88.126	87.717	87.364	86.938	86.598	86.581	86.237	86.110	85.312
% Ch	-0.9%	-0.8%	-1.3%	-2.7%	-1.8%	-1.6%	-1.9%	-1.6%	-0.1%	-1.6%	-0.6%	-3.7%
Nondurable Goods	113.794	115.155	116.412	114.578	116.025	117.830	118.682	121.092	123.059	125.021	128.131	122.051
% Ch	0.3%	4.9%	4.4%	-6.2%	5.1%	6.4%	2.9%	8.4%	6.7%	6.5%	10.3%	-17.7%
Services	119.313	120.285	121.279	122.129	123.200	124.218	125.179	126.253	127.133	128.450	129.624	129.884
% Ch	3.0%	3.3%	3.3%	2.8%	3.6%	3.3%	3.1%	3.5%	2.8%	4.2%	3.7%	0.8%
Consumer Price Index	1.994	2.013	2.032	2.024	2.043	2.066	2.080	2.106	2.128	2.154	2.190	2.138
% Ch	1.8%	3.7%	3.9%	-1.5%	3.7%	4.6%	2.8%	5.0%	4.3%	5.0%	6.7%	-9.0%
SELECTED INTEREST RATES												
Federal Funds	4.5%	4.9%	5.2%	5.2%	5.3%	5.3%	5.1%	4.5%	3.2%	2.1%	1.9%	0.7%
NY Fed Discount	5.4%	5.9%	6.3%	6.3%	6.3%	6.3%	6.0%	5.0%	3.7%	2.3%	2.3%	1.4%
Prime	7.4%	7.9%	8.3%	8.3%	8.3%	8.3%	8.2%	7.5%	6.2%	5.1%	5.0%	4.1%
Existing Home Mortgage	6.4%	6.6%	6.8%	6.5%	6.4%	6.5%	6.8%	6.4%	6.0%	6.1%	6.4%	5.9%
U.S. Govt. 3-Month Bills	4.4%	4.7%	4.9%	4.9%	5.0%	4.7%	4.4%	3.4%	2.2%	1.6%	1.5%	0.3%
U.S. Govt. 6-Month Bills	4.5%	4.8%	5.0%	4.9%	4.9%	4.8%	4.5%	3.6%	2.2%	1.8%	1.8%	0.8%
U.S. Govt. 5-Year Notes	4.5%	5.0%	4.8%	4.6%	4.6%	4.8%	4.5%	3.8%	2.7%	3.2%	3.1%	2.4%
U.S. Govt. 10-Year Notes	4.6%	5.1%	4.9%	4.6%	4.7%	4.8%	4.7%	4.3%	3.7%	3.9%	3.9%	3.4%
SELECTED US PRODUCTION INDICES												
Wood Products	116.3	112.7	109.1	102.0	100.6	101.3	99.7	95.0	91.5	89.6	87.0	79.8
% Ch	-4.5%	-11.8%	-12.0%	-23.8%	-5.1%	2.8%	-6.3%	-17.5%	-13.8%	-8.3%	-10.9%	-29.5%
Computers & Electronic Products	156.4	162.2	168.0	171.8	172.5	178.4	186.8	195.7	202.3	209.6	209.9	204.9
% Ch	8.8%	15.6%	15.1%	9.4%	1.5%	14.5%	20.1%	20.6%	14.1%	15.3%	0.6%	-9.2%
Food	105.0	104.6	105.0	106.8	108.0	109.5	111.2	111.5	112.6	112.7	111.9	112.3
% Ch	0.6%	-1.3%	1.3%	7.3%	4.6%	5.5%	6.5%	1.0%	4.0%	0.3%	-2.8%	1.5%
Agricultural Chemicals	119.1	125.3	125.5	117.0	114.1	110.5	112.9	113.2	109.9	110.2	104.3	101.5
% Ch	17.2%	22.6%	0.8%	-24.6%	-9.6%	-12.0%	9.1%	1.0%	-11.0%	0.9%	-19.7%	-10.4%
Metal Ore Mining	108.4	109.5	110.2	111.6	107.9	110.5	110.4	107.7	111.9	116.9	121.3	117.4
% Ch	11.1%	4.0%	2.9%	5.1%	-12.7%	10.1%	-0.5%	-9.5%	16.5%	19.2%	16.0%	-12.1%

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JANUARY 2009**

MISCELLANEOUS

	2009				2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SELECTED CHAIN-WEIGHTED DEFL.												
Gross Domestic Product	124.028	123.971	124.461	124.785	125.234	125.696	126.211	126.685	127.283	127.769	128.195	128.679
% Ch	1.6%	-0.2%	1.6%	1.0%	1.4%	1.5%	1.6%	1.5%	1.9%	1.5%	1.3%	1.5%
Consumption Expenditures	120.610	120.309	120.801	121.335	121.945	122.582	123.323	124.067	124.884	125.710	126.322	126.899
% Ch	-2.5%	-1.0%	1.6%	1.8%	2.0%	2.1%	2.4%	2.4%	2.7%	2.7%	2.0%	1.8%
Durable Goods	84.604	83.637	82.743	82.036	81.587	81.279	81.049	80.818	80.626	80.456	80.267	80.055
% Ch	-3.3%	-4.5%	-4.2%	-3.4%	-2.2%	-1.5%	-1.1%	-1.1%	-0.9%	-0.8%	-0.9%	-1.1%
Nondurable Goods	118.824	117.413	118.303	119.295	120.368	121.209	122.266	123.520	124.943	126.491	127.319	128.007
% Ch	-10.2%	-4.7%	3.1%	3.4%	3.6%	2.8%	3.5%	4.2%	4.7%	5.0%	2.6%	2.2%
Services	130.296	130.698	131.327	131.939	132.580	133.350	134.177	134.911	135.677	136.394	137.103	137.828
% Ch	1.3%	1.2%	1.9%	1.9%	2.0%	2.3%	2.5%	2.2%	2.3%	2.1%	2.1%	2.1%
Consumer Price Index	2.117	2.108	2.119	2.133	2.147	2.161	2.177	2.194	2.212	2.232	2.244	2.257
% Ch	-4.0%	-1.7%	2.2%	2.6%	2.6%	2.7%	3.1%	3.2%	3.4%	3.5%	2.3%	2.3%
SELECTED INTEREST RATES												
Federal Funds	0.2%	0.0%	0.0%	0.2%	0.5%	0.9%	1.4%	2.0%	2.5%	3.4%	4.3%	4.8%
NY Fed Discount	0.4%	0.3%	0.3%	0.5%	0.8%	1.4%	1.9%	2.5%	3.2%	4.1%	5.1%	5.8%
Prime	3.2%	3.0%	3.0%	3.2%	3.5%	3.9%	4.4%	5.0%	5.5%	6.4%	7.3%	7.8%
Existing Home Mortgage	5.3%	5.4%	5.6%	5.7%	5.7%	5.6%	5.6%	5.9%	6.3%	6.8%	7.1%	7.2%
U.S. Govt. 3-Month Bills	0.1%	0.2%	0.4%	0.8%	1.2%	1.5%	2.1%	2.6%	3.2%	3.9%	4.5%	4.6%
U.S. Govt. 6-Month Bills	0.4%	0.6%	0.8%	1.2%	1.5%	1.8%	2.3%	2.8%	3.3%	4.0%	4.6%	4.7%
U.S. Govt. 5-Year Notes	2.0%	2.1%	2.3%	2.5%	2.8%	2.9%	3.1%	3.5%	4.0%	4.6%	5.1%	5.2%
U.S. Govt. 10-Year Notes	3.0%	3.1%	3.3%	3.5%	3.7%	3.8%	3.9%	4.2%	4.6%	5.1%	5.4%	5.4%
SELECTED US PRODUCTION INDICES												
Wood Products	74.1	71.8	71.7	72.5	73.7	75.4	77.7	80.3	82.8	85.2	87.3	88.3
% Ch	-25.4%	-11.9%	-0.9%	4.8%	6.8%	9.7%	12.7%	13.9%	12.9%	12.5%	10.0%	4.9%
Computers & Electronic Products	202.7	200.5	200.6	199.6	199.3	205.0	209.7	214.8	220.6	227.4	234.9	243.2
% Ch	-4.4%	-4.1%	0.1%	-1.9%	-0.6%	12.0%	9.3%	10.2%	11.2%	12.9%	13.9%	14.9%
Food	112.4	112.5	112.7	112.9	113.3	113.6	114.2	114.8	115.5	116.2	116.9	117.6
% Ch	0.3%	0.2%	0.7%	1.0%	1.2%	1.3%	2.0%	2.2%	2.3%	2.4%	2.5%	2.6%
Agricultural Chemicals	100.8	101.3	101.9	102.7	103.8	105.0	106.4	107.9	109.6	111.2	112.8	114.4
% Ch	-2.6%	1.8%	2.6%	3.1%	4.5%	4.7%	5.2%	6.0%	6.3%	6.0%	5.9%	5.7%
Metal Ore Mining	113.9	110.7	109.1	107.8	108.0	108.5	109.3	110.5	111.7	112.7	113.6	114.4
% Ch	-11.4%	-10.8%	-5.8%	-4.8%	0.7%	1.9%	3.2%	4.3%	4.3%	3.6%	3.2%	2.9%

This page left blank intentionally.

APPENDIX

Global Insight Macro Model	Page 62
Idaho Economic Model	Page 64
Equations	Page 66
Endogenous Variables	Page 70
Exogenous Variables	Page 72

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

$$EEA_ID = EEA_ID_GOODS + EEA_ID_NONGOODS$$

$$EEA_ID_2100 = 2765.816 + 27.980*MOVAV(ID0IP2122_2123(-1),4) - 4460.139*(JECIWSP/WPI10) - 4.929*TREND$$

$$EEA_ID_2300 = -22416.867 + 198.593*ID0HSPRS1_A + 170.223*ID0HSPRS1_A(-1) + 141.852*ID0HSPRS1_A(-2) + 113.482*ID0HSPRS1_A(-3) + 85.111*ID0HSPRS1_A(-4) + 56.741*ID0HSPRS1_A(-5) + 28.370*ID0HSPRS1_A(-6) + 0.180*EEA_ID_44_45 + 0.154*EEA_ID_44_45(-1) + 0.129*EEA_ID_44_45(-2) + 0.103*EEA_ID_44_45(-3) + 0.077*EEA_ID_44_45(-4) + 0.051*EEA_ID_44_45(-5) + 0.026*EEA_ID_44_45(-6)$$

$$EEA_ID_3110 = 16974.476 + 237.817*MOVAV(IPSG3119-1),2) - 242.731*MOVAV(IPSG311/EMN311,6) - 66.184*TREND$$

$$EEA_ID_3230 = 1810.618 + 18.286*MOVAV(IPSG323,4) - 11.321*MOVAV((IPSG323/EMN323),8)$$

$$EEA_ID_3250 = 2725.175 + 12.934*MOVAV(IPSG3253(-1),4) - 1987.260*DUM951ON$$

$$EEA_ID_3320 = -2135.295 + 58.301*MOVAV(IPSG332,2)$$

$$EEA_ID_3330 = 1708.628 + 18.421*MOVAV(IPSG3332,4) - 5.669*TREND$$

$$EEA_ID_3340 = 12885.666 + 201.349*MOVAV(IPSG3341,4) - 253.789*(MOVAV(IPSG3341,8) / MOVAV(EMD334,8))$$

$$EEA_ID_4200 = 6411.252 + 0.306*EEA_ID_44_45 - 25.482*TREND$$

$$EEA_ID_44_45 = 31540.690 + 195.767*((MOVAV(YPADJ_ID,4)/MOVAV(JPC,4))) - 164.107*TREND$$

$$EEA_ID_48_49_22 = -5380.336 + 0.805*MOVAV(EEA_ID_4200,2) + 2888.643*MOVAV(ID0NPT(-1),8)$$

$$EEA_ID_5100 = -5328.781 + 41.138*MOVAV(IPSG51111,4) + 79.708*TREND + 437.273*DUM061ON$$

$$EEA_ID_52_53 = 3873.046 - 4288.804*DUM981ON + 2.828*(MOVAV(SP500,4)-MOVAV(SP500(-4),4)) + 19.058*ID0KHU + 55.957*(YPADJ_ID/JPC)$$

$$EEA_ID_54_55_56 = -18110.580 + 1.185*EEPBS(EEA_ID/EEA)$$

$$EEA_ID_61_62 = -43189.636 + 52795.602*MOVAV(ID0NPT,4) + 96.646*YPADJ_ID/JPC$$

$$EEA_ID_71_72 = -45656.258 + 127274.111*MOVAV(ID0NPT,8) - 515.076*TREND$$

$$\text{EEA_ID_8100} = 3265.526 + 45.176 * (\text{MOVAV}(\text{YPADJ_ID},4) / \text{MOVAV}(\text{JPC},4)) + 1254.011 * \text{DUM931964} - 1403.299 * \text{DUM0610N}$$

$$\text{EEA_ID_DMANU} = \text{EEA_ID_WOOD} + \text{EEA_ID_3320} + \text{EEA_ID_3330} + \text{EEA_ID_3340} + \text{EEA_ID_MFDNEC}$$

$$\text{EEA_ID_GOODS} = \text{EEA_ID_MANU} + \text{EEA_ID_2300} + \text{EEA_ID_2100}$$

$$\text{EEA_ID_GV} = \text{EEA_ID_GVSL} + \text{EEA_ID_GVF}$$

$$\text{EEA_ID_GVF} = 3953.983 + 469487.783 * \text{EG91} * (\text{ID0NPT}/\text{N}) + 3860.958 * \text{EG91} * (\text{GFOR}/\text{GFR}) - 4.394 * \text{TREND}$$

$$\text{EEA_ID_GVSL} = \text{EEA_ID_GVSLAD} + \text{EEA_ID_GVSLED}$$

$$\text{EEA_ID_GVSLAD} = -7276.476 + 35466.248 * \text{MOVAV}(\text{ID0NPT},4) + 0.193 * \text{MOVAV}(\text{ID0YPTXB}(-4),4) + 3446.943 * \text{DUM911062}$$

$$\text{EEA_ID_GVSLED} = 8076.800 + 62424.688 * \text{ID0NPT} * ((\text{N}-\text{N16A})/\text{N}) + 0.372 * \text{MOVAV}(\text{ID0YPTXB}(-4),2) + 94.470 * \text{TREND}$$

$$\text{EEA_ID_MANU} = \text{EEA_ID_DMANU} + \text{EEA_ID_NMANU}$$

$$\text{EEA_ID_MFDNEC} = -3756.562 + 66.169 * \text{MOVAV}(\text{IPSG339},2) + 62.275 * @\text{MOVAV}(\text{IPSG337},2)$$

$$\text{EEA_ID_MFDNEC} = 1201.196 + 4.047 * (\text{CNCSR} + \text{CNOOR}) + 23.950 * \text{MOVAV}(\text{IPSG322},2) - 14.097 * \text{TREND}$$

$$\text{EEA_ID_NMANU} = \text{EEA_ID_3110} + \text{EEA_ID_3230} + \text{EEA_ID_3250} + \text{EEA_ID_MFDNEC}$$

$$\text{EEA_ID_NONGOODS} = \text{EEA_ID_SV} + \text{EEA_ID_4200} + \text{EEA_ID_44_45} + \text{EEA_ID_GV}$$

$$\text{EEA_ID_SV} = \text{EEA_ID_48_49_22} + \text{EEA_ID_5100} + \text{EEA_ID_52_53} + \text{EEA_ID_54_55_56} + \text{EEA_ID_61_62} + \text{EEA_ID_71_72} + \text{EEA_ID_8100}$$

$$\text{EEA_ID_WOOD} = 18103.024 + 77.950 * \text{MOVAV}(\text{IPSG321},2) - 12233.364 * (\text{JECIWSP}/\text{WPI08}) - 53.951 * \text{IPSG321}/\text{EMD321}$$

$$\text{ID0AHEMF} = -1.326 + 12.781 * (\text{EEA_ID_DMANU}(-1) / \text{EEA_ID_MANU}(-1)) * @\text{MOVAV}(\text{JECIWSP}(-1),4) + 27.247 * (\text{EEA_ID_NMANU}(-1) / \text{EEA_ID_MANU}(-1)) * @\text{MOVAV}(\text{JECIWSP}(-1),4)$$

$$\text{ID0CRCROP} = -14238.464 + 0.013 * \text{CRCROP} + 471581.192 * \text{WPI01}$$

$$\text{ID0CRLVSTK} = -351442.969 + 0.020 * (\text{CRCATCVS} + \text{CRDAIRY}) + 9707.166 * \text{TREND}$$

$$\text{ID0EXFP} = -66641.887 + 953081.270 * \text{WPI01} + 21348.589 * \text{TREND}$$

$$\text{ID0HSPR} = \text{ID0HSPRS1_A} + \text{ID0HSPRS2A_A}$$

$$\begin{aligned} \text{ID0HSPRS1_A} = & -436.373 - 1.045 * (\text{RMMTGEXIST} - \text{MOVAV}(\text{RMMTGEXIST}(-1),4)) \\ & + 9.089 * (\text{MOVAV}(\text{ID0NPT},4)) + 424.044 * \text{ID0KHU}/\text{ID0KHU}(-4) \end{aligned}$$

$$\begin{aligned} \text{ID0HSPRS2A_A} = & 5.488 + 36.772 * (\text{MOVAV}(\text{ID0NPT}(-1),4) - \text{MOVAV}(\text{ID0NPT}(-5),4)) \\ & - 0.247 * \text{MOVAV}(\text{RMMTGEXIST},4) - 0.003 * \text{TREND} * \text{RMMTGEXIST} \end{aligned}$$

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

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

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

$$\text{ID0NB} = -11.930 + 40.901 * \text{ID0NPT} - 0.164 * \text{TREND}$$

$$\text{ID0ND} = 1.188 + 5.398 * \text{ID0NPT} + 0.010 * \text{TREND}$$

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

$$\text{ID0NPT} = 0.409 + 0.0000008 * \text{MOVAV}(\text{EEA_ID},4) + 0.004 * \text{TREND}$$

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

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

$$\text{ID0WBBF\$} = -121.817 + 311.801 * \text{WPI02}$$

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

$$\text{ID0WBBMIL\$} = 9.700 + 293.556 * (\text{ID0NPT}/\text{N}) * \text{GFMLCWSS}$$

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

$$\text{ID0WRWCC\$} = 7033.834 + 1686.570 * \text{ID0AHEMF}$$

$$\text{ID0WRWMF\$} = 8776.721 + 531.309 * \text{ID0AHEMF} + 176.823 * \text{TREND}$$

$$\text{ID0WRWOTH\$} = 553.633 + 1820.643 * \text{ID0AHEMF}$$

$$\text{ID0YDIR\$} = -202.884 + 1.130 * ((\text{YPAINT} + \text{ZADIV} + \text{YPRENTADJ}) * (\text{MOVAV}(\text{ID0YPS}(-1),4) / \text{MOVAV}(\text{YP}(-1),4)))$$

$$\text{ID0YFC\$} = -27138.116 + 0.901 * \text{ID0YFC\$}(-1) + 42199.458 * \text{WPI01}$$

$$\text{ID0YINV_R\$} = -32177.960 + 0.805 * \text{ID0YINV_R\$}(-1) + 64675.757 * \text{WPI01}$$

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

$$\text{ID0YP\$} = \text{ID0WBB\$} + \text{ID0YSUP\$} + \text{ID0YDIR\$} + \text{ID0YPRNF\$} + \text{ID0YPRF\$} + \text{ID0YTR\$} + \text{ID0YRAS\$} - \text{ID0YSIS\$}$$

$$\text{ID0YPC} = \text{ID0YP\$} / \text{ID0NPT}$$

$$\text{ID0YPNF} = \text{ID0YPNF\$} / \text{JPC} * 100$$

$$\text{ID0YPNF\$} = \text{ID0YP\$} - \text{ID0YPRF\$} - \text{ID0WBBF\$}$$

$$\text{ID0YPNFPC} = \text{ID0YPNF\$} / \text{JPC} * 100 / \text{ID0NPT}$$

$$\text{ID0YPPC} = \text{ID0YP} / \text{ID0NPT}$$

$$\text{ID0YPRF\$} = 177.643 + 0.170 * ((\text{ID0CRCROP} + \text{ID0CRLVSTK} + \text{ID0YTRF\$} + \text{ID0YINV_R\$} - \text{ID0YFC\$} - \text{ID0EXFP}) / 1000) + 2.117 * \text{TREND}$$

$$\text{ID0YPRNF\$} = 70.989 + 4.284 * \text{YPPROPADJNF}$$

$$\text{ID0YPTXB} = (\text{ID0YP\$} - \text{ID0YSIS\$} - \text{ID0YTR\$} +) / \text{JPC} * 100$$

$$\text{ID0YRAS\$} = -87.778 + 0.035 * \text{ID0WBB\$}$$

$$\text{ID0YSIS\$} = -21.614 + 2.260 * \text{TXSIEC} * \text{ID0WBB\$} / \text{YPCOMPWSD}$$

$$\text{ID0YSUP\$} = 53.838 + 1.561 * \text{YPCOMPSUPPAI} * \text{ID0WBB\$} / \text{YPCOMPWSD}$$

$$\text{ID0YTR\$} = -12.328 + 845.009 * (\text{YPTRFGF} + \text{YPTRFGSL}) * (\text{ID0NPT} / \text{N})$$

$$\text{ID0YTRF\$} = 26497.24 + 0.010 * \text{TRF\$}$$

$$\text{IDWAGE} = (\text{ID0WBB\$} - \text{ID0WBBF\$} - \text{ID0WBBMIL\$}) / \text{EEA_ID} * 1000000$$

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

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
ID0RWCC\$	Average annual wage, construction
ID0RWMF\$	Average annual wage, manufacturing
ID0RWOTH\$	Average annual wage, except manufacturing, construction, and farm
ID0YDIR\$	Dividend, interest, and rent income
ID0YFC\$	Corporate farm income
ID0YINV_R\$	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
ID0YSIS\$	Contributions for social insurance
ID0YSUP\$	Other labor income
ID0YTR\$	Transfer payments to persons
ID0YTRF\$	Government payments to Idaho farmers
IDWAGE	Idaho average annual wage
YPADJ_ID	Adjusted total personal income

EXOGENOUS VARIABLES

CNCSR	Personal consumption expenditures, clothing and shoes, 2000 dollars, chain weighted
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
CRDAIRY	Cash receipts, U.S. dairy

DUM061ON
DUM911062
DUM931964
DUM951ON
DUM981ON
TREND

<p>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.</p>
--

EG91	Employment in federal government
EMD321	Employment in Wood Products
EMD334	Employment in Computer and Electronic Products
EMN311	Employment in Food Manufacturing
EMN323	Employment in Printing and Related Support Activities
GFMLCWSS	Federal government defense personnel outlays
GFOR	Real federal nondefense purchases of goods and services
GFR	Real federal purchases of goods and services
ID0IP2122_2123	Industrial production index, metal and nonmetal ore mining, 2002=100.0
IPSG311	Industrial production index, food, 2002=100.0
IPSG321	Industrial production index, wood products, 2002=100.0
IPSG322	Industrial production index, paper, 2002=100.0
IPSG323	Industrial production index, printing, 2002=100.0
IPSG3253	Industrial production index, agricultural chemicals, 2002=100.0
IPSG332	Industrial production index, fabricated metal products, 2002=100.0
IPSG3332	Industrial production index, industrial machinery, 2002=100.0
IPSG3341	Industrial production index, computer and peripheral equipment, 2002=100.0
IPSG337	Industrial production index, furniture and related products, 2002=100.0
IPSG339	Industrial production index, miscellaneous manufactures, 2002=100.0
IPSG51111	Industrial production index, newspaper publishing, 2002=100.0
JECIWSP	Employment Cost Index—Private Sector Wages and Salaries
JPC	Implicit price deflator, personal consumption, 2000=100.0, chain weighted
N	Population, U.S.
N16A	Population, U.S., aged 16 and older
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
YPAINT	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