

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

Breaking rank with the recent tradition of downwards revisions, the outlook for the national economy improved slightly from the April 2009 forecast. This change is documented in the accompanying table which summarizes improvements to several key macroeconomic measures. Nominal GDP is up by at least 0.7% in every year through 2012. Real GDP is also higher than previously projected. It is 0.7% higher this year, 0.9% higher next year, 0.5% higher in 2011, and 0.3% higher in 2012. Nonfarm employment is also stronger in this forecast. Specifically, though it is virtually unchanged in 2009, it is up 0.3% in 2010, 0.4% in 2011, and 0.4% in 2012. Nominal personal income is higher in the current forecast, but real personal income is not. There are a couple of reasons for this difference. First, although it is not shown in the table, the national average annual wage forecast is actually lower than it was in April 2009. This lower wage outlook weighs down the wage and salary component of national personal income. It is further eroded by the higher inflation. The higher inflation results from price pressures consistent with faster projected economic growth. Even though inflation is higher in this forecast, it is not high enough to set off any alarms.

The outlook is different in the Gem State. The current Idaho economic forecast is down from the April 2009 forecast despite the slight improvement in the national forecast. This difference is largely due to the recently available data that show actual employment in key categories was lower than had been forecast in April 2009. For example, goods-producing employment ranges from being 2,400 to 3,400 jobs lower than in the previous forecast. It should be noted, however, the starting point of this forecast was 2,500 lower than had been previously forecast. The situation for the nongoods-producing sector is different. Its first quarter of 2009 employment was revised upward by about 3,800 jobs. But this advantage is whittled down over time and eventually falls below the April 2009 forecasted amount. One of the reasons for the weaker job growth is that it will be hampered by lower Idaho personal income than in the previous forecast.

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
U.S. GDP (BILLIONS)										
Current \$	0	0	0	0	0	0	108	135	123	118
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%	0.9%	0.8%	0.7%
2000 Chain-Weighted	0	0	0	0	0	0	84	98	62	34
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	0.9%	0.5%	0.3%
PERSONAL INCOME - CURR \$										
Idaho (Millions)	0	0	0	0	0	-95	-300	-163	-332	-207
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.6%	-0.3%	-0.6%	-0.4%
U.S. (Billions)	0	0	0	0	0	-2	-12	36	52	65
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.3%	0.4%	0.5%
PERSONAL INCOME - 2000 \$										
Idaho (Millions)	0	0	0	0	0	-78	-475	-427	-663	-569
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-1.2%	-1.1%	-1.6%	-1.3%
U.S. (Billions)	0	0	0	0	0	-2	-67	-45	-58	-49
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.7%	-0.4%	-0.6%	-0.5%
TOTAL NONFARM EMPLOYMENT										
Idaho	-2	-3	-1	-1	3	-23	380	-1,348	-4,201	-4,301
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	-0.2%	-0.7%	-0.7%
U.S. (Thousands)	0	0	0	0	0	0	21	418	558	540
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.4%	0.4%
GOODS PRODUCING SECTOR										
Idaho	0	-1	-2	-3	1	-417	-2,394	-2,992	-3,439	-2,976
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.4%	-2.5%	-3.2%	-3.6%	-3.0%
U.S. (Thousands)	0	0	0	0	0	0	70	62	120	68
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.4%	0.7%	0.4%
NONGOODS PRODUCING SECTOR										
Idaho	-2	-2	1	2	3	394	2,774	1,644	-763	-1,325
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.5%	0.3%	-0.1%	-0.2%
U.S. (Thousands)	0	0	0	0	0	0	-49	356	438	472
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.4%	0.4%
SELECTED INTEREST RATES										
Federal Funds Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Bank Prime Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Existing Home Mortgage Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.3%	-0.3%	-0.1%
INFLATION										
GDP Price Deflator	0.000	0.000	0.000	0.000	0.000	0.000	0.055	0.103	0.377	0.603
Personal Cons Deflator	0.000	0.000	0.000	0.000	0.000	0.000	0.692	0.900	1.209	1.209
Consumer Price Index	0.000	0.000	0.000	0.000	0.000	0.000	0.015	0.020	0.028	0.025

Forecast Begins the SECOND Quarter of 2009