

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

Conclusions regarding whether the U.S. economic outlook has improved or deteriorated since the last forecast was published depends on the weight one assigns to key measures. For example, focusing on output gives a brighter picture of the economy than was presented in July. Namely, real GDP is clearly higher in each year of the forecast. It should also be noted that it is also stronger for the historical period, which is the result of a major data revision since last summer. Other measures paint a different picture. For example, national personal income is down significantly in each year of the forecast. Likewise, nonfarm employment is down compared to July in this year, next year, and 2011. All of these drops are concentrated in the nongoods-producing sector. Goods-producing employment is stronger than in the previous forecast, but not high enough to offset the drop in the nongoods-producing sector over the next three years. The lowered job expectations reinforce concerns about a jobless recovery. It should be pointed out that since the last forecast, several inflation measures were changed from a 2000-year base to a 2005-base. As a result of this change, comparisons between previous and current forecasts of the GDP price deflator and the personal consumption deflator were not made. Comparisons for these two variables will return in the next forecast when their current and previous values will share a common base year.

The outlook for Idaho nonfarm employment has been reduced. A large part of this change reflects revisions to historical data and the availability of more current data. For example, Idaho employment in 2008 was reduced by about 1,500 jobs. Reductions were even more severe in 2009. The current data show our previous forecast for the second quarter of 2009 was too high by about 10,800 jobs (1.7%). This drop was split between about 4,000 jobs in the goods-producing category and 6,800 nongoods-producing jobs. These differences are expected to widen over time because the economy is projected to grow slower than in the previous forecast. Idaho real income is actually higher here compared to the July 2009 forecast. This change reflects the major revision of the personal income series that was published in October 2009 by the U.S. Department of Commerce. In the case of real personal income, the economy's weaker outlook causes the historical advantage to taper off over the forecast period. Specifically, in 2008, revised Idaho real personal income is \$1.4 billion above its July 2009 counterpart, but by 2012 it is up by just \$400 million.

**IDAHO ECONOMIC FORECAST  
FORECASTS COMPARISON  
DIFFERENCES BETWEEN  
OCTOBER 2009 AND JULY 2009 FORECASTS**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>U.S. GDP (BILLIONS)</b>										
Current \$	181	182	217	221	270	177	176	268	254	252
% Difference	1.7%	1.6%	1.7%	1.7%	2.0%	1.2%	1.2%	1.9%	1.7%	1.6%
2005 Chain-Weighted	192	188	216	214	255	154	156	241	226	220
% Difference	1.6%	1.6%	1.7%	1.7%	2.0%	1.2%	1.2%	1.9%	1.7%	1.6%
<b>PERSONAL INCOME - CURR \$</b>										
Idaho (Millions)	1,266	1,480	1,370	1,890	1,648	1,530	383	538	479	471
% Difference	3.6%	3.9%	3.4%	4.3%	3.5%	3.1%	0.8%	1.1%	0.9%	0.9%
U.S. (Billions)	215	210	216	274	231	138	-132	-65	-72	-84
% Difference	2.3%	2.2%	2.1%	2.5%	2.0%	1.1%	-1.1%	-0.5%	-0.6%	-0.6%
<b>PERSONAL INCOME - 2005 \$</b>										
Idaho (Millions)	1,337	1,524	1,370	1,840	1,562	1,403	351	486	425	412
% Difference	3.6%	3.9%	3.4%	4.3%	3.5%	3.1%	0.8%	1.1%	0.9%	0.9%
U.S. (Billions)	227	216	216	267	219	127	-120	-59	-64	-74
% Difference	2.3%	2.2%	2.1%	2.5%	2.0%	1.1%	-1.1%	-0.5%	-0.6%	-0.6%
<b>TOTAL NONFARM EMPLOYMENT</b>										
Idaho	-6	-17	-34	-41	-26	-1,497	-9,752	-13,537	-13,996	-16,667
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-1.6%	-2.2%	-2.2%	-2.6%
U.S. (Thousands)	0	0	0	0	0	0	-183	-489	-43	81
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.4%	0.0%	0.1%
<b>GOODS PRODUCING SECTOR</b>										
Idaho	-2	-6	-16	-28	-16	-350	-2,753	-2,813	-3,912	-4,362
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.3%	-2.9%	-3.2%	-4.3%	-4.5%
U.S. (Thousands)	0	0	0	0	0	0	42	273	330	313
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	1.6%	1.9%	1.7%
<b>NONGOODS PRODUCING SECTOR</b>										
Idaho	-4	-11	-18	-13	-10	-1,147	-6,999	-10,724	-10,084	-12,305
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-1.3%	-2.0%	-1.9%	-2.2%
U.S. (Thousands)	0	0	0	0	0	0	-224	-762	-373	-232
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.7%	-0.3%	-0.2%
<b>SELECTED INTEREST RATES</b>										
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%	-0.2%	-0.1%	0.0%
<b>INFLATION</b>										
GDP Price Deflator	-12.310	-12.694	-13.039	-13.413	-13.598	-14.019	-14.520	-14.643	-14.846	-15.085
Personal Cons Deflator	-10.975	-11.294	-11.581	-11.929	-12.157	-12.565	-12.660	-12.959	-13.328	-13.613
Consumer Price Index	0.000	0.000	0.000	0.000	0.000	0.000	0.006	-0.003	-0.007	-0.010

**Forecast Begins the THIRD Quarter of 2009**