

## 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 January 2010 *Idaho Economic Forecast*. The January 2010 *Idaho Economic Forecast* is based on IHS Global Insight's December 2009 baseline forecast and the October 2009 *Idaho Economic Forecast* is driven by IHS Global Insight's October 2009 baseline U.S. macroeconomic forecast.

The economic outlook for the nation has changed little since the previous forecast. In this case, no change is good because this leveling out is a welcome respite from several past forecasts that were downgraded from their predecessors. At the most aggregate level, the real GDP forecast is virtually unchanged. As the accompanying table shows, 2009 is down one-tenth of a percentage point and 2012 is up one-tenth of a percentage point. The differences between 2010 and 2011 are negligible. On the other hand, the forecast for real personal income is clearly stronger than it was in October 2009. This increase is seen as early as 2009, when real personal income is \$76 billion higher than the previous forecast. And this gap more than doubles to \$150 billion by 2012. This change is primarily due to stronger wages and salary payments that reflect an upwards revision to the average annual wage. Although it is not included in the accompanying table, our analysis shows the U.S. average annual wage forecast is up 1.1% in 2009, 1.7% in 2010, 2.1% in 2011, and 2.0% in 2012. This increase more than offsets the slight decrease in nonfarm employment, which helps explain the increase in personal income.

The Idaho economic outlook has clearly improved. First, nonfarm employment is up at least four-tenths percent in every year of the forecast after 2009. By 2012, there are about 2,600 more jobs than were forecast in October 2009. The goods-producing sector is relatively stronger over the forecast interval. Its employment is up 1.5% in 2010, 1.9% in 2011, and 1.2% in 2012. The nongoods-producing sector is up 0.2% in 2010, 0.3% in 2011, and 0.3% in 2012. The stronger employment boosts Idaho nominal personal income so that it is \$645 million higher in 2012. In that same year, Idaho real personal income is up \$538 billion.

**IDAHO ECONOMIC FORECAST  
FORECASTS COMPARISON  
DIFFERENCES BETWEEN  
JANUARY 2010 AND OCTOBER 2009 FORECASTS**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>U.S. GDP (BILLIONS)</b>										
Current \$	0	0	0	0	0	0	-28	0	-1	7
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	0.0%	0.0%	0.0%
2005 Chain-Weighted	0	0	0	0	0	0	-12	6	-1	14
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.0%	0.0%	0.1%
<b>PERSONAL INCOME - CURR \$</b>										
Idaho (Millions)	0	0	0	0	0	0	156	489	664	645
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	1.0%	1.3%	1.2%
U.S. (Billions)	0	0	0	0	0	0	90	154	182	179
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	1.3%	1.4%	1.3%
<b>PERSONAL INCOME - 2005 \$</b>										
Idaho (Millions)	0	0	0	0	0	0	118	312	519	538
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.7%	1.1%	1.1%
U.S. (Billions)	0	0	0	0	0	0	76	108	145	150
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	1.0%	1.3%	1.3%
<b>TOTAL NONFARM EMPLOYMENT</b>										
Idaho	0	1	1	2	2	2	386	2,513	2,952	2,633
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.4%	0.5%	0.4%
U.S. (Thousands)	0	0	0	0	0	0	34	-199	-342	-9
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.3%	0.0%
<b>GOODS PRODUCING SECTOR</b>										
Idaho	0	0	0	0	0	0	68	1,287	1,643	1,104
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	1.5%	1.9%	1.2%
U.S. (Thousands)	0	0	0	0	0	0	-14	102	86	148
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.6%	0.5%	0.8%
<b>NONGOODS PRODUCING SECTOR</b>										
Idaho	0	1	1	2	2	2	318	1,227	1,310	1,529
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.3%	0.3%
U.S. (Thousands)	0	0	0	0	0	0	48	-301	-428	-157
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.3%	-0.4%	-0.1%
<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%	0.0%	0.0%	0.1%	0.0%
<b>INFLATION</b>										
GDP Price Deflator	0.000	0.000	0.000	0.000	0.000	0.000	-0.121	-0.051	0.004	-0.060
Personal Cons Deflator	0.000	0.000	0.000	0.000	0.000	0.000	0.058	0.315	0.170	0.059
Consumer Price Index	0.000	0.000	0.000	0.000	0.000	0.000	0.002	0.008	0.002	-0.001

**Forecast Begins the THIRD Quarter of 2009**