

Idaho Economic Forecast

C.L. "Butch" Otter, Governor

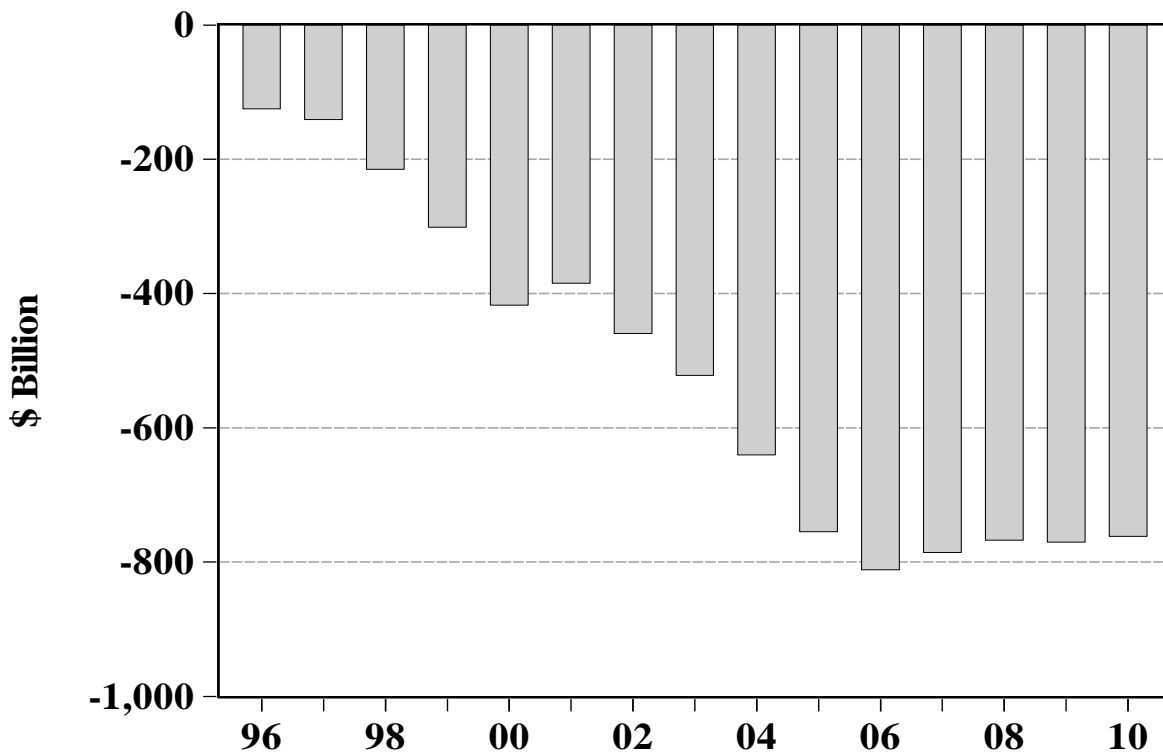
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- Forecast 2007-2010
- House Prices and Subprime Mortgage Delinquencies
- Alternative Forecasts

U.S. Current Account Deficit



Source: Global Insight

**IDAHO
ECONOMIC
FORECAST
2007 - 2010**

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

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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 in 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. Tourism has also been a boon to the service industry. 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. This 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.

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INTRODUCTION

The national forecast presented in this publication is the July 2007 Global Insight baseline forecast of the U.S. economy. The previous *Idaho Economic Forecast* is based on the April 2007 Global Insight baseline national forecast.

The U.S. current account deficit is expected to end its freefall and stabilize over the forecast period. As the cover chart shows, in the decade spanning 1996 to 2006 the U.S. current account deficit more than quadrupled as a result of the lopsided trade situation. However, exports should gain ground on imports as the economy slows and the dollar declines. As a result, the current account trade deficit will hover between \$800 billion and \$750 billion over the next few years.

FEATURE

The recent sharp increase in subprime mortgage delinquencies has captured the public spotlight and led analysts to search for the factors that are likely to have contributed to the problem. Along with the usual suspects, it also is important to remember that the delinquencies have occurred during a time of seismic shifts in the patterns of house-price appreciation, shifts that were unprecedented in terms of their size and suddenness and that varied widely across metropolitan areas. The feature article explores how the pace of and change in house-price appreciation can affect the incentives and opportunities for borrowers in a market to avoid delinquencies and foreclosures. The authors of this article are Mark Doms, Frederick Furlong, and John Krainer.

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 international 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 1993 to 2010 and for every quarter from 2004 through 2009. The solution of the Idaho Economic Model (IEM) for this forecast begins with the second quarter of 2007.

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 historical employment data used in this forecast was provided by the Idaho Department of Commerce and Labor and was seasonally adjusted by the Idaho Division of Financial Management (DFM). These data include final employment numbers through 2006 and a preliminary estimate for the first quarter of 2007. These data show Idaho nonfarm employment growth accelerated to a 4.4% annual pace in the first quarter of this year after advancing at a 2.0% clip in last year's terminal quarter. This employment jump was larger than the 2.0% gain forecast in the April 2007 *Idaho Economic Forecast*. As a result, Idaho nonfarm employment was 652,217 in the first quarter of 2007, which is 3,424 more than the previous estimate.

The tables in this forecast include the U.S. Bureau of Economic Analysis' (BEA) June 2007 estimates of Idaho quarterly personal income through the first quarter of 2007. The quarterly estimates for 2006 were

revised since the previous release. The BEA will publish its next round of Idaho quarterly personal income estimates on September 20, 2007. These data will be incorporated into the October 2007 *Idaho Economic Forecast*.

The *Idaho Economic Forecast* is available on the Internet at http://dfm.idaho.gov/Publications/Econ_Publications.html. Readers with any questions should contact Derek Santos at (208) 854-3070 or at dsantos@dfm.idaho.gov.

SUBSCRIPTIONS

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EXECUTIVE SUMMARY

Idaho's economy is expected to prosper over the forecast period, but not as much as had been previously predicted. In April 2007, it was anticipated nonfarm employment would expand at a 2.4% annual clip over the 2007-2010 period. Idaho nonfarm employment advances at a 2.3% yearly pace over the same period in the July 2007 forecast. Likewise, Idaho personal income is down from its previous pace. Idaho nominal personal income is slated to average 6.3% over the forecast horizon, which is down slightly from the 6.5% pace that was forecasted in April 2007. The major difference between the two forecasts is the current forecast includes the impact of Micron Technology's restructuring, while the previous forecast did not include it. This summer Micron Technology announced it was immediately reducing its 11,000-person Idaho work force by 10%. The company also plans to reduce its payroll by another 5% later this summer. Taking this reduction into consideration, this sector's employment is now forecast to dip to 14,937 jobs in 2010, which is about 1,700 lower than its 2006 level. It should be pointed out that Micron's reduction will have a ripple effect on the economy. A reasonable estimate is that for every job lost at Micron, another one will be lost somewhere else in the economy. It should also be noted that while the Micron Technology restructuring will dampen future employment growth, it will not stop it. Idaho nonfarm employment is forecast to rise from 638,902 jobs in 2006 to 698,348 jobs in 2010. Idaho nominal personal income growth is projected to slow to about 5.6% in 2007 and 2008, but accelerate slightly thereafter. Idaho real personal income is forecast to display a similar pattern.

Real GDP, the broadest measure of economic performance, eked out just 0.7% growth at the beginning of this year. This disappointing showing has divided economists into two major camps. The pessimistic camp believes the economy's first quarter performance was just a taste of things to come. The optimistic camp believes real GDP growth will quickly bounce back from its trough and soon expand more rapidly. While there are risks to the economy, their impacts may be overstated. First, the increased market volatility since late February has led some to predict an impending credit crunch. But major stock indexes have bounced back recently and are near historic highs. Second, subprime mortgage problems seem to be contained. Third, the threat to consumer spending by rising oil and gasoline prices will be dampened by the positive impact of continuing job growth and decent real wage increases. Fourth, consumer debt, while high, is not a serious constraint on spending. Fifth, the current account deficit is smaller than had been thought. Sixth, some analysts fear foreign central banks will dump their dollar holdings, which would lead to a spike in long-term interest rates. This action seems unlikely. Despite constant hand wringing, the share of dollar assets held as reserves by central banks has been stable for the last three years. Most importantly, central banks are not interested in triggering a sharp rise in U.S. interest rates and a sharp drop in the dollar. Given these reasons, the current Global Insight macroeconomic forecast treats the first quarter slump as an anomaly. Real GDP is projected to increase at a 3.2% annual pace in the second quarter of 2007. The quick turnaround from the first quarter slump does not guarantee robust future growth. In fact, although the economy is forecast to expand both this year and next, its projected growth is below its potential. Real GDP growth is anticipated to breach 3.0% in 2009 then slip back to 2.8% in 2010. While the economy is not expected to perform as strongly as it did in recent years, it should out perform the predictions of the pessimistic camp.

**IDAHO ECONOMIC FORECAST
EXECUTIVE SUMMARY
JULY 2007**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
U.S. GDP (BILLIONS)												
Current \$	9,268	9,817	10,128	10,470	10,961	11,712	12,456	13,247	13,860	14,523	15,287	16,036
% Ch	6.0%	5.9%	3.2%	3.4%	4.7%	6.9%	6.3%	6.3%	4.6%	4.8%	5.3%	4.9%
2000 Chain-Weighted	9,470	9,817	9,891	10,049	10,301	10,704	11,049	11,415	11,657	11,981	12,363	12,715
% Ch	4.4%	3.7%	0.8%	1.6%	2.5%	3.9%	3.2%	3.3%	2.1%	2.8%	3.2%	2.8%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	29,068	31,290	33,054	33,849	34,816	38,229	40,706	44,176	46,699	49,317	52,561	56,459
% Ch	6.5%	7.6%	5.6%	2.4%	2.9%	9.8%	6.5%	8.5%	5.7%	5.6%	6.6%	7.4%
Idaho Nonfarm (Millions)	28,054	30,448	32,039	32,921	34,099	37,085	39,768	43,265	45,765	48,273	51,456	55,296
% Ch	6.5%	8.5%	5.2%	2.8%	3.6%	8.8%	7.2%	8.8%	5.8%	5.5%	6.6%	7.5%
U.S. (Billions)	7,802	8,430	8,724	8,882	9,164	9,731	10,239	10,891	11,544	12,166	12,875	13,612
% Ch	5.1%	8.0%	3.5%	1.8%	3.2%	6.2%	5.2%	6.4%	6.0%	5.4%	5.8%	5.7%
PERSONAL INCOME - 2000 \$												
Idaho (Millions)	29,788	31,289	32,376	32,690	32,970	35,272	36,507	38,560	39,895	41,387	43,292	45,653
% Ch	4.8%	5.0%	3.5%	1.0%	0.9%	7.0%	3.5%	5.6%	3.5%	3.7%	4.6%	5.5%
Idaho Nonfarm (Millions)	28,748	30,447	31,382	31,795	32,290	34,216	35,665	37,765	39,096	40,512	42,382	44,712
% Ch	4.7%	5.9%	3.1%	1.3%	1.6%	6.0%	4.2%	5.9%	3.5%	3.6%	4.6%	5.5%
U.S. (Billions)	7,996	8,429	8,545	8,578	8,678	8,979	9,183	9,507	9,862	10,210	10,605	11,007
% Ch	3.4%	5.4%	1.4%	0.4%	1.2%	3.5%	2.3%	3.5%	3.7%	3.5%	3.9%	3.8%
HOUSING STARTS												
Idaho	10,346	11,486	12,204	13,229	16,365	18,572	23,249	19,369	16,073	16,608	17,350	18,311
% Ch	2.2%	11.0%	6.2%	8.4%	23.7%	13.5%	25.2%	-16.7%	-17.0%	3.3%	4.5%	5.5%
U.S. (Millions)	1,647	1,573	1,601	1,710	1,854	1,950	2,073	1,812	1,396	1,429	1,636	1,696
% Ch	1.6%	-4.5%	1.8%	6.8%	8.4%	5.2%	6.3%	-12.6%	-23.0%	2.4%	14.5%	3.7%
TOTAL NONFARM EMPLOYMENT												
Idaho	538,100	558,580	568,034	568,043	572,545	588,058	611,715	638,902	654,112	662,943	677,691	698,348
% Ch	3.4%	3.8%	1.7%	0.0%	0.8%	2.7%	4.0%	4.4%	2.4%	1.3%	2.2%	3.0%
U.S. (Thousands)	128,992	131,792	131,832	130,347	129,990	131,423	133,696	136,175	137,987	139,541	141,572	143,456
% Ch	2.4%	2.2%	0.0%	-1.1%	-0.3%	1.1%	1.7%	1.9%	1.3%	1.1%	1.5%	1.3%
SELECTED INTEREST RATES												
Federal Funds	5.0%	6.2%	3.9%	1.7%	1.1%	1.3%	3.2%	5.0%	5.3%	5.3%	5.3%	5.3%
Bank Prime	8.0%	9.2%	6.9%	4.7%	4.1%	4.3%	6.2%	8.0%	8.3%	8.3%	8.3%	8.3%
Existing Home Mortgage	7.3%	8.0%	7.0%	6.5%	5.7%	5.7%	5.9%	6.6%	6.6%	6.9%	7.1%	7.2%
INFLATION												
GDP Price Deflator	1.4%	2.2%	2.4%	1.7%	2.1%	2.8%	3.0%	2.9%	2.4%	1.9%	2.0%	2.0%
Personal Cons Deflator	1.7%	2.5%	2.1%	1.4%	2.0%	2.6%	2.9%	2.7%	2.2%	1.8%	1.9%	1.9%
Consumer Price Index	2.2%	3.4%	2.8%	1.6%	2.3%	2.7%	3.4%	3.2%	2.5%	1.8%	1.9%	1.8%

**National Variables Forecast by GLOBAL INSIGHT
Forecast Begins the SECOND Quarter of 2007**

**IDAHO ECONOMIC FORECAST
EXECUTIVE SUMMARY
JULY 2007**

	2007				2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
U.S. GDP (BILLIONS)												
Current \$	13,620	13,809	13,930	14,080	14,253	14,426	14,614	14,799	14,998	15,194	15,386	15,570
% Ch	4.9%	5.7%	3.5%	4.4%	5.0%	4.9%	5.3%	5.2%	5.5%	5.3%	5.2%	4.9%
2000 Chain-Weighted	11,533	11,624	11,697	11,774	11,848	11,929	12,026	12,121	12,217	12,319	12,414	12,503
% Ch	0.7%	3.2%	2.5%	2.6%	2.6%	2.8%	3.3%	3.2%	3.2%	3.4%	3.1%	2.9%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	46,169	46,214	46,872	47,542	48,291	48,971	49,622	50,383	51,198	52,093	53,001	53,952
% Ch	4.6%	0.4%	5.8%	5.8%	6.4%	5.8%	5.4%	6.3%	6.6%	7.2%	7.2%	7.4%
Idaho Nonfarm (Millions)	45,330	45,273	45,898	46,557	47,229	47,926	48,592	49,347	50,124	50,992	51,887	52,822
% Ch	6.3%	-0.5%	5.6%	5.9%	5.9%	6.0%	5.7%	6.4%	6.5%	7.1%	7.2%	7.4%
U.S. (Billions)	11,353	11,457	11,607	11,760	11,925	12,084	12,242	12,413	12,597	12,785	12,967	13,152
% Ch	9.6%	3.7%	5.3%	5.4%	5.7%	5.4%	5.3%	5.7%	6.1%	6.1%	5.8%	5.8%
PERSONAL INCOME - 2000 \$												
Idaho (Millions)	39,816	39,450	39,927	40,386	40,824	41,204	41,541	41,980	42,461	43,014	43,557	44,135
% Ch	1.1%	-3.6%	4.9%	4.7%	4.4%	3.8%	3.3%	4.3%	4.7%	5.3%	5.1%	5.4%
Idaho Nonfarm (Millions)	39,093	38,647	39,097	39,549	39,926	40,324	40,679	41,117	41,570	42,105	42,641	43,211
% Ch	2.7%	-4.5%	4.7%	4.7%	3.9%	4.0%	3.6%	4.4%	4.5%	5.2%	5.2%	5.5%
U.S. (Billions)	9,791	9,781	9,887	9,990	10,081	10,168	10,249	10,343	10,447	10,556	10,656	10,759
% Ch	5.9%	-0.4%	4.4%	4.2%	3.7%	3.5%	3.2%	3.7%	4.1%	4.2%	3.8%	3.9%
HOUSING STARTS												
Idaho	16,516	16,011	15,954	15,813	16,384	16,508	17,045	16,494	15,168	17,948	18,462	17,821
% Ch	44.7%	-11.7%	-1.4%	-3.5%	15.2%	3.1%	13.6%	-12.3%	-28.5%	96.0%	12.0%	-13.2%
U.S. (Millions)	1,460	1,469	1,342	1,311	1,295	1,403	1,480	1,536	1,581	1,620	1,658	1,685
% Ch	-22.1%	2.4%	-30.3%	-9.1%	-4.8%	38.1%	23.8%	16.0%	12.1%	10.2%	9.8%	6.6%
TOTAL NONFARM EMPLOYMENT												
Idaho	652,217	653,044	654,850	656,338	658,552	661,332	664,408	667,478	670,376	675,100	680,181	685,107
% Ch	4.4%	0.5%	1.1%	0.9%	1.4%	1.7%	1.9%	1.9%	1.7%	2.8%	3.0%	2.9%
U.S. (Thousands)	137,447	137,825	138,167	138,510	138,865	139,288	139,759	140,252	140,776	141,314	141,847	142,351
% Ch	1.5%	1.1%	1.0%	1.0%	1.0%	1.2%	1.4%	1.4%	1.5%	1.5%	1.5%	1.4%
SELECTED INTEREST RATES												
Federal Funds	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%
Bank Prime	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%
Existing Home Mortgage	6.4%	6.5%	6.7%	6.8%	6.8%	6.9%	6.9%	7.0%	7.1%	7.1%	7.1%	7.1%
INFLATION												
GDP Price Deflator	4.2%	2.3%	1.0%	1.7%	2.4%	2.1%	2.0%	1.9%	2.2%	1.9%	2.0%	1.9%
Personal Cons Deflator	3.5%	4.2%	0.9%	1.1%	2.0%	1.9%	2.0%	1.9%	1.9%	1.8%	1.9%	1.8%
Consumer Price Index	3.8%	5.9%	0.5%	0.8%	2.0%	1.9%	2.1%	1.9%	1.9%	1.7%	1.9%	1.8%

**National Variables Forecast by GLOBAL INSIGHT
Forecast Begins the SECOND Quarter of 2007**

NATIONAL FORECAST DESCRIPTION

The Forecast Period is the Second Quarter of 2007 through the Fourth Quarter of 2010

The U.S. economy stalled in the first quarter of this year. Real GDP, the broadest measure of economic performance, eked out just 0.7% growth at the beginning of this year. Growth was held in check by a combination of the faltering housing market, weak net exports, and the reduction in private inventories. Together these factors erased nearly three percentage points from first quarter real GDP growth. This disappointing showing has divided economists into two major camps. The pessimistic camp believes the economy's first quarter performance was just a taste of things to come, and the economy will remain in the doldrums for a while. The other camp views the first quarter's slowdown as temporary and the bottom of the current economic cycle. It believes real GDP growth will quickly bounce back from its trough and soon expand more rapidly.

Economic pessimists offer several reasons for their bleak outlook. These include financial volatility, the subprime meltdown, rising oil and gasoline prices, high consumer debt levels, the current-account deficit, and the risk that central banks will dump dollar assets. While these risks do exist, their impacts may be overstated. First, the increased market volatility since late February has led some to predict an impending credit crunch. But major stock indexes have bounced back recently and are near historic highs. Furthermore, 10-year bond yields have fallen from their recent peaks and are still at historically low levels. Second, subprime mortgage problems seem to be contained. The prime mortgage market remains healthy due to the still-favorable financial environment and abundance of liquidity available in the global economy. Third, the threat to consumer spending by rising oil and gasoline prices will be dampened by the positive impact of continuing job growth and decent real wage increases. Fourth, consumer debt, while high, is not a serious constraint on spending. Household wealth provides a cushion because it is high, both in absolute terms and relative to take-home pay. Fifth, the current account deficit is smaller than had been thought. For example, the 2006 deficit was lowered from \$857 billion to \$811 billion. While the deficit still exists, it is not as big a problem as was previously believed. Sixth, some analysts fear foreign central banks will dump their dollar holdings, which would lead to a spike in long-term interest rates. This action seems unlikely. Despite constant hand wringing, the share of dollar assets held as reserves by central banks has been stable for the last three years. Most importantly, central banks are not interested in triggering a sharp rise in U.S. interest rates and a sharp drop in the dollar.

Given these reasons, the current Global Insight macroeconomic forecast treats the first quarter slump as an anomaly. Real GDP is projected to increase at a 3.2% annual pace in the second quarter of 2007. In this scenario, inventories and real net exports go from being a drag on the economy in the first quarter to a source of growth, contributing 1.6 percentage points to real GDP growth in the second quarter. Housing remains a drag, subtracting 0.7 percentage point from real output growth.

The quick turnaround from the first quarter slump does not guarantee robust future growth. In fact, although the economy is forecast to expand both this year and next, its projected growth is below its potential. Real GDP growth is anticipated to breach 3.0% in 2009 then slip back to 2.8% in 2010. While the economy is not expected to perform as strongly as it did in recent years, it should out perform the predictions of the pessimistic camp.

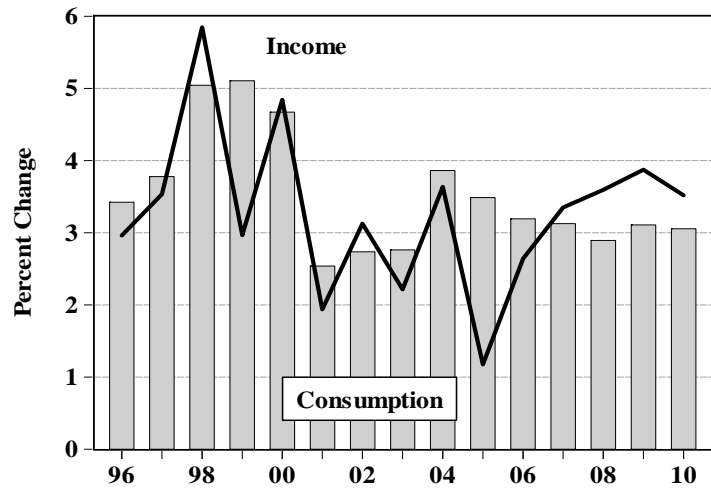
SELECTED NATIONAL ECONOMIC INDICATORS

Consumer Spending: Real consumer spending should remain fairly insulated from the impacts of the retreating housing sector. This prediction may appear inconsistent given spending's recent behavior. Real consumer spending slowed to a 1.4% annual pace in the second quarter of this year, after growing over 4.0% in the two preceding quarters. However, this decline cannot be blamed on housing. Instead, soaring gasoline prices are the culprit. Every 10-cent rise in the retail price of gasoline costs consumers \$12 billion per year. Thus, the surge in pump prices from the first to second quarter of this year drained 0.76% from personal income. The higher inflation prompted consumers to cut back purchases of energy, food, and vehicles. However, spending should improve as gasoline prices start to ease. Real spending will also benefit from rising real disposable personal income, an expanding job market, and improving household balance sheets. Propelled by rising real wages, inflation-adjusted disposable income advances about 3.6% annually over the forecast period, serving both as a fuel and upper limit for real spending growth. The healthy job market has two main impacts on spending. First, as already mentioned, it causes real wages to rise. Second, it pushes consumer confidence above 90 over the forecast period, which is an improvement from 87.3 in 2006. Consumers' moods should also be lifted by rising real household net worth. Riding the crest of the housing market tidal wave, household real net worth increased 5.4% from 2005 to 2006. It is expected to stall this year due largely to the anticipated decline in home prices. After this year's setback, real net worth is projected to increase through 2010 because of expanding financial assets. Having just seen the price of gasoline rise over 25% and the value of their nonfinancial assets whipsaw from 2006 to 2007, consumers are not likely to throw caution to the wind. A safe bet is spending should advance slightly slower than real disposable income over most of the forecast period. This new found frugality will lower the ratio of nonmortgage debt to personal disposable income from 25.2% in 2006 to 23.0% in 2010. Also, the restrained spending helps the U.S. savings rate return to positive territory in 2009 for the first time since 2004.

Real spending will also benefit from rising real disposable personal income, an expanding job market, and improving household balance sheets. Propelled by rising real wages, inflation-adjusted disposable income advances about 3.6% annually over the forecast period, serving both as a fuel and upper limit for real spending growth. The healthy job market has two main impacts on spending. First, as already mentioned, it causes real wages to rise. Second, it pushes consumer confidence above 90 over the forecast period, which is an improvement from 87.3 in 2006. Consumers' moods should also be lifted by rising real household net worth. Riding the crest of the housing market tidal wave, household real net worth increased 5.4% from 2005 to 2006. It is expected to stall this year due largely to the anticipated decline in home prices. After this year's setback, real net worth is projected to increase through 2010 because of expanding financial assets. Having just seen the price of gasoline rise over 25% and the value of their nonfinancial assets whipsaw from 2006 to 2007, consumers are not likely to throw caution to the wind. A safe bet is spending should advance slightly slower than real disposable income over most of the forecast period. This new found frugality will lower the ratio of nonmortgage debt to personal disposable income from 25.2% in 2006 to 23.0% in 2010. Also, the restrained spending helps the U.S. savings rate return to positive territory in 2009 for the first time since 2004.

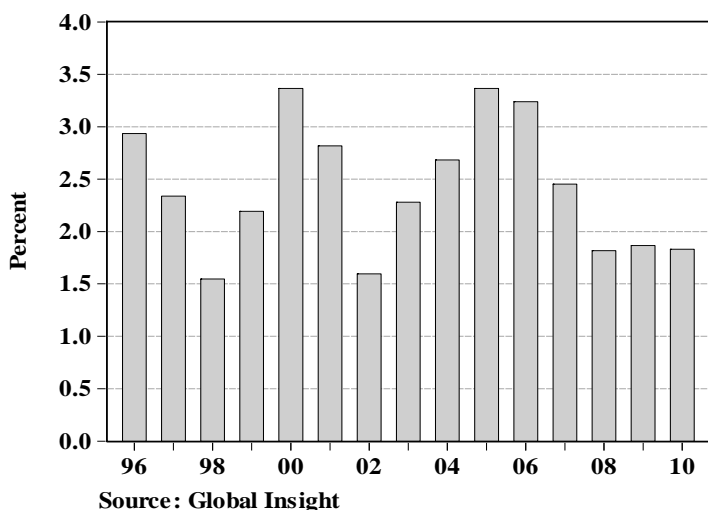
Inflation: The current inflation situation varies depending on whom you ask. Consumers will probably tell you inflation is too high. Their observation is validated by reports that show the overall or "headline" consumer price index jumped 0.7% in May 2007. This increase was the largest rise since September 2005, in the wake of Hurricane Katrina. Over the last three months energy prices have galloped at an amazing 71% annual pace. Consumers are reminded of this every time they fill their cars. The average retail price (including taxes) of gasoline increased from \$2.33 per gallon as recently as the last quarter of 2006 to an estimated \$3.06 per gallon in the second quarter of this year. Some of this change reflects seasonal factors. This is why on a year-over-year basis gasoline was up just 4.8%. However, some of the price increase can be blamed on inventory problems caused by the frustrating shortage of domestic refining capacity. Unfortunately, increasing refining capacity has been agonizingly slow. However, progress has been made, suggesting gasoline prices may have already peaked. Gasoline prices faded in June, averaging \$3.10 per gallon, which was down 2.7% from May. The price of gasoline hovered near \$3.00 per gallon in early July, which was 25 cents lower than the Memorial Day price.

U.S. Real Consumption and Disposable Income Growth



Source: Global Insight

Consumer Price Inflation

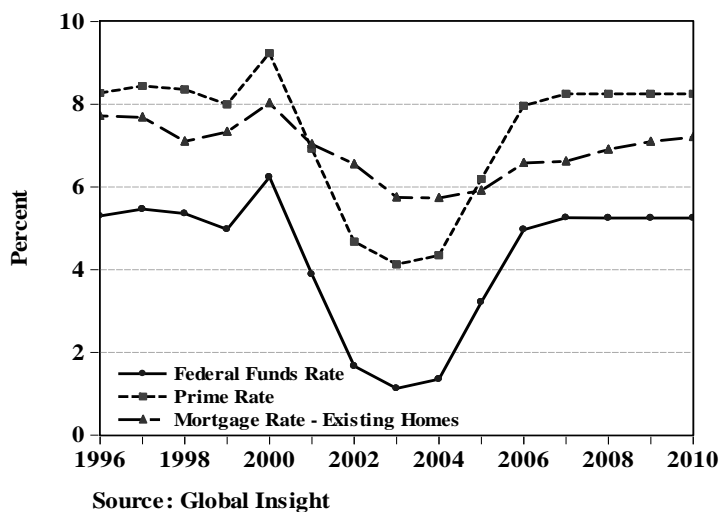


Unfortunately, after an initial drop from this year's high, further gasoline price declines will be stymied by rising oil prices. The West Texas Intermediate price of oil is expected to peak at \$66.00 per barrel in this year's third quarter, but remain above \$60.00 per barrel throughout the forecast period. After peaking in the second quarter of this year, the price of gasoline is expected to bounce between \$2.40 and \$2.80 per gallon over the forecast period. Overall consumer inflation is forecast to run at 2.5% this year then drop just below 2.0% in the remaining years of the forecast. The Federal Reserve's recent assessment of inflation is a bit more optimistic than the consumers' view. In its statement following its late June meeting the nation's central bank said, "Readings on

core inflation have improved modestly in recent months." Its opinion differs from consumers because the Federal Reserve focuses on the core inflation rate. Since this inflation rate does not include the influences of energy and food prices, it has not risen as fast as overall inflation; it has averaged about 2.0% during this year's first half. Core inflation is projected to be just over 2.0% over the forecast period.

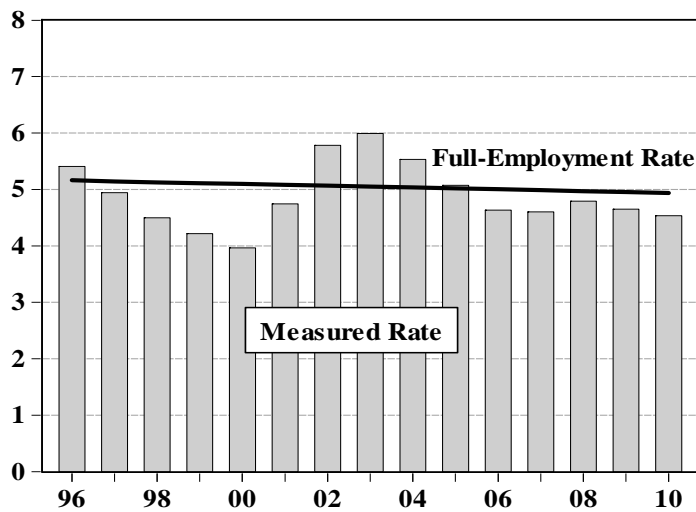
Financial Markets: On June 28th, the Federal Reserve once again passed on its chance to raise the federal funds rate. In the press statement following the Federal Reserve's meeting, it appears the Federal Reserve is a little more optimistic about future inflation. However, it has not declared inflation dead, either. The Federal Reserve warned that sustained moderation in inflationary pressures has yet to be convincingly demonstrated, and that the high rate of resource utilization has the potential to sustain these pressures. While upside risks to inflation remain the dominant concern, the Federal Reserve is expected to keep its policy options open. The bottom line is that the economy is muddling through the current mid-cycle slowdown. Housing is a drag on the economy, but consumption, business investment, and exports should keep it afloat. This situation will actually help make the Federal Reserve's job a little easier. For all practical purposes, this is about as close to an ideal situation for the Federal Reserve to gently squeeze inflation out of the system without putting the economy into a tailspin. Under these conditions, the Federal Reserve is assumed to keep rates steady for the foreseeable future.

Selected U.S. Interest Rates



Business Investment: Nonresidential fixed investment will be an important cog in the nation’s economic engine thanks to the improved spending on equipment and software. After eking out just 1.9% growth in 2007, equipment and software investment will recover nicely. After stumbling in the fourth quarter of 2006 and the first quarter of 2007, real equipment and software investment is forecast to find its legs in this year’s second quarter and expand steadily over the forecast period. The jump in expenditures for information processing equipment includes a temporary kick in spending on computers and software related to the introduction of Microsoft’s Vista operating system. Not all recent impacts were positive, however. Transportation equipment expenditures declined at the start of this year. This happened because companies accelerated their equipment purchases into 2006 before enactment of new EPA regulations. Real spending on nonresidential structures will enter 2007 with enough momentum to carry it at a 7.8% pace. This strength will help dampen the impact of soft equipment and software spending this year. Starting next year, the roles reverse. Spending on equipment and software should pick up speed while spending on structures flattens. Specifically, real spending on equipment and software advances 4.9% in 2008, 7.1% in 2009, and 4.6% in 2010. Spending on structures grows 2.2% in 2008, declines 1.2% in 2009, and grows 0.8% in 2010. Overall, nonresidential fixed investment is forecast to rise 4.1% in 2008, 4.5% in 2009, and 3.5% in 2010.

U.S. Civilian Unemployment Rate



Source: Global Insight

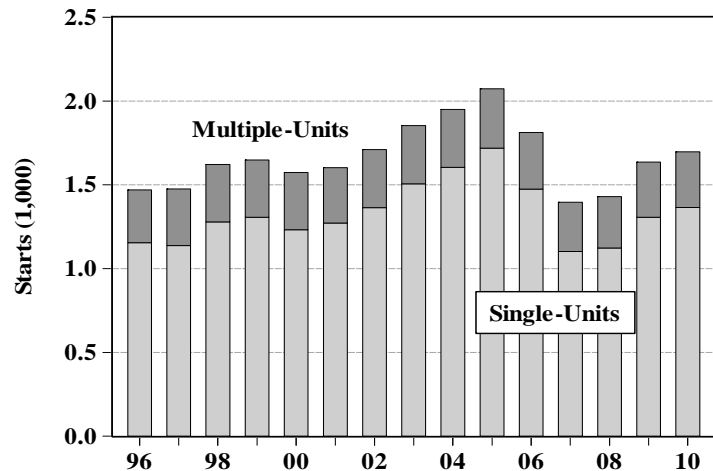
Employment: Nonfarm employment growth is forecast to dip over the next few quarters, but pick up speed toward the latter years of the forecast. The U.S. Department of Labor reported nonfarm payrolls expanded by 132,000 jobs in June 2007, which was just under the 145,000 job year-to-date average. Most of the gains were in the nongoods sector, with the service sector enjoying continued job increases. Government employment increased by 40,000 jobs, with over two-thirds of the gain in state and local education. Not all sectors were winners, however. Retail employment, with the exception of food stores, sagged almost across the board. The manufacturing sector continued to shed jobs. Interestingly, construction payrolls rose by 12,000 jobs in June on the strength of

its nonresidential component. However, this increase should be viewed with caution. There is a massive potential for misclassification of construction jobs between the residential and nonresidential segments. It is also possible the Department of Labor procedures that try to predict the “births” and “deaths” of construction firms are producing overly optimistic results. “Off the books” workers are a wild card. If the “off the books” dimension was dominant, it should have produced a “reported” productivity miracle in construction during 2003-2005, but this is not supported by the productivity data for this period. The U.S. unemployment rate remained unchanged at 4.5% in June 2007, the same as it was in April and May. But after months at this level, the unemployment rate is expected to begin rising. Nonfarm employment gains are expected to average about 120,000 jobs per month until sometime next spring. Unfortunately, this is slower than labor-force growth, so the unemployment rate is projected to climb to 4.8% by next spring—its highest level since 2005. Nonfarm employment growth should accelerate beginning the second half of 2008, as the economy rebounds. This revival in payroll growth will return the unemployment rate to near current levels by 2010.

Housing: Recent measures suggest the U.S. housing sector is still in decline. The two most reliable indicators of the housing industry's health are existing home sales and single-family permit data. The former measures demand and the latter measures supply. Existing home sales suffered a disappointing drop in April 2007. Because of weak sales the supply of existing single-family homes rose from 7.2 months to 8.3 months, its highest reading since August 1992. In addition, sales of single-family houses in May 2007 were nearly 16% lower than in the previous May. At the current rate of sales there is a 7.1-month supply of homes available. Housing permits plunged in all regions of the country in May 2007 compared to May 2006, a sign

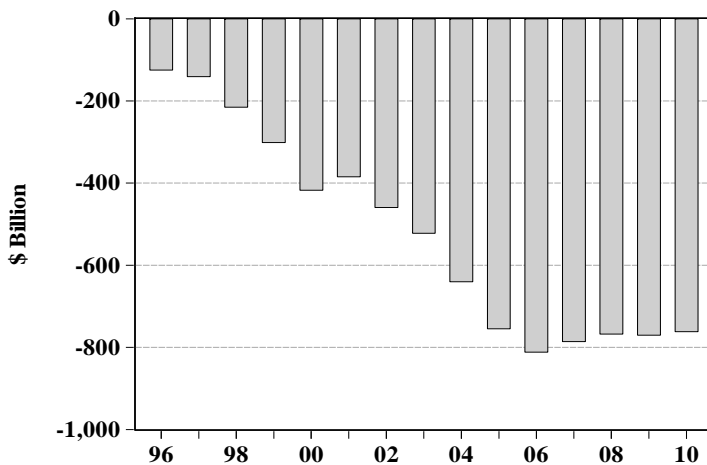
that the subprime lending market was taking its toll. Two factors will be behind an eventual housing turnaround. They are falling housing prices and demographic demand. House prices are falling or showing slower gains nearly everywhere in the country. The current forecast calls for the median price of an existing home to drop 2.6% this year and 3.2% next year. New household formations, in addition to growing demand for second homes and replacement demand, are a constant source of demand for new housing. These three sources, which add about 1.5-1.7 million units to demand annually, should keep housing starts from falling too far. In the forecast, housing starts total 1.40 million units in 2007 and 1.43 million units in 2008, which is not enough to meet steady-state demand. As a result, the inventories of unsold homes should come down. The slowdown in housing starts causes residential investment to drop 16.1% in 2007, which trims 0.9 percentage points off real U.S. output growth. Eventually, falling home prices will stimulate demand and improve home sales. These increased sales should reduce the inventory overhang, which, in turn, will lead to growing housing starts. Specifically, after falling to 1.40 million units in 2007, U.S. housing starts are projected to reach 1.43 million units in 2008, 1.64 million units in 2009, and 1.70 million units in 2010.

U.S. Housing Starts



Source: Global Insight

U.S. Current Account Deficit



Source: Global Insight

International: The U.S. economy finds itself in the position of being one of the world's slowest growing economies. This is uncharted territory for the U.S. which usually has one of the world's fastest growing economies. For example, the national economy's 3.3% expansion last year was topped only by China, South America, Asia (except for Japan), and Mexico. The U.S. economy is expected to slow to 2.1% in 2007, which is even weaker than perennial bottom dweller Japan (2.8%). The U.S. economy should accelerate after this year, but it should still expand slower than overall world economic growth. The U.S. dollar is projected to continue sliding over the forecast period. The greenback will lose

almost 10% of its value versus the currency of its major trade partners and 4.5% against its other important trade partners. The combination of slower economic growth and the falling dollar will boost prospects for exports, which should help shrink the trade deficit. In addition, the trade balance also benefits from the drop in the price of oil later this year. As a result, net exports go from being a small drag on the economy, to a contributor to economic growth in 2007 and 2008. Specifically, the real net export deficit shrinks from \$618 billion in 2006 to \$542 billion in 2010. The U.S. current account trade deficit will hover between \$800 billion and \$750 billion over the next few years.

Government: The U.S. Treasury reported a \$27.5 billion surplus in June, up from a \$20.5 billion surplus in June 2006. Total revenues rose by 4.6%, propelled largely by a 12.2% jump in individual income tax receipts. Expenditures rose by 2.1%, as strong increases in Social Security and Medicare were partially offset by a sharp decline in Medicaid. This drop appears to be an anomaly, though, as fiscal year-to-date Medicaid spending was up 6.0%. For the fiscal year to date, the federal government incurred a deficit of \$121.0 billion, \$85.5 billion less than the shortfall in the comparable period of 2006. Revenues have risen 7.5%, whereas expenditures are up just 2.5%. This year will be a landmark year. The unified budget deficit is expected to fall to \$180 billion this year—its lowest level since 2002. After this year, the federal budget will begin to creep up, rising to \$230 billion by 2010.

IDAHO FORECAST DESCRIPTION

The Forecast Period is the Second Quarter of 2007 through the Fourth Quarter of 2010

Idaho's economy is expected to prosper over the forecast period, but not as much as had been previously predicted. In April 2007, it was anticipated nonfarm employment would expand at a 2.4% annual clip over the 2007-2010 period. Idaho nonfarm employment advances at a 2.3% yearly pace over the same period in the July 2007 forecast. As a result of the more subdued growth, there are about 3,900 fewer jobs in 2010 in the current forecast versus the previous one. Likewise, Idaho personal income is down from its previous pace. Idaho nominal personal income is slated to average 6.3% over the forecast horizon, which is down slightly from the 6.5% pace that was forecasted in April 2007. The slower growth leaves Idaho nominal personal income in 2010 \$36 million below the April 2007 estimate. Some of this difference is due to higher inflation, so the gap between the two forecasts narrows when inflation is taken into account.

The major difference between the two forecasts is the current forecast includes the impact of Micron Technology's restructuring, while the previous forecast did not include it. As a result, the previous forecast showed Idaho computer and electronics employment would be relatively stable, dropping by just 325 jobs from 2006 to 2007. This summer Micron Technology announced it was immediately reducing its 11,000-person Idaho work force by 10%. The company also plans to reduce its payroll by another 5% later this summer. Taking this reduction into consideration, this sector's employment is now forecast to dip to 14,937 jobs in 2010, which is about 1,700 lower than its 2006 level. It should be pointed out that Micron's reduction will have a ripple effect on the economy. A reasonable estimate is that for every job lost at Micron, another one will be lost somewhere else in the economy. For example, assuming the company reduces its work force by 1,100 jobs, the statewide job lost will be about 2,200 when the dust settles.

It should also be noted that while the Micron Technology restructuring will dampen future employment growth, it will not stop it. Idaho nonfarm employment is forecast to rise from 638,902 jobs in 2006 to 698,348 jobs in 2010. This gain of over 59,000 jobs result after the impacts from the restructuring are included. Almost all of the gain is located in the state's enormous nongoods-producing sector. Indeed, it grows continuously over the forecast period because it is large enough to absorb the indirect impacts of the initial Micron Technology hit. Unfortunately, the goods-producing sector does not fare as well because the goods-producing sector is smaller and takes a direct hit from the layoff. As a result, this sector experiences declines in both 2007 (0.8%) and 2008 (3.4%). But the situation improves after next year; this sector is expected to resume growing after 2008.

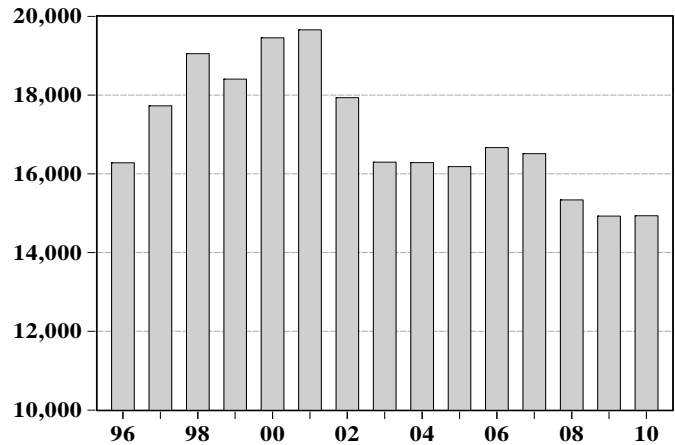
Idaho nominal personal income growth is projected to slow to about 5.6% in 2007 and 2008, but accelerate slightly thereafter. Idaho real personal income is forecast to display a similar pattern. Specifically, it rises 3.5% this year, 3.7% next year, 4.6% in 2009, and 5.5% in 2010. For the first time since 2000, Idaho real personal income growth is lower than its national counterpart in 2007. However, by 2008 it should once again out pace national income gains.

SELECTED IDAHO ECONOMIC INDICATORS

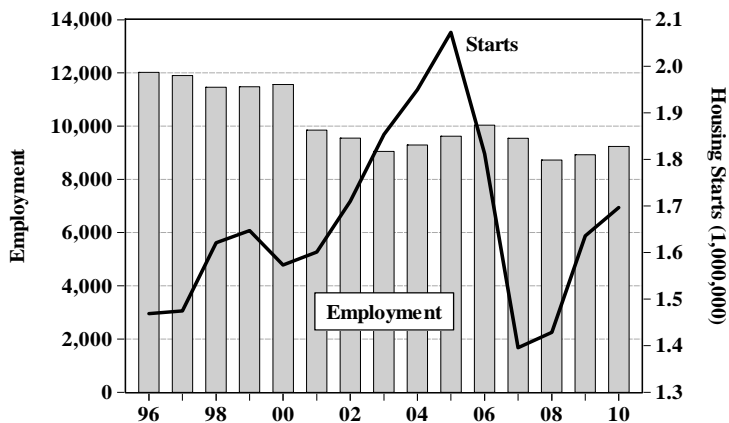
Computer and Electronics: Idaho’s high-tech sector was dealt a major blow when Micron Technology permanently laid off approximately 10% of its 11,000-person local work force and announced it would cut another 5% later this summer. Company officials stated this move is an attempt to restructure its operations in order to reduce production costs. The need for costs savings became immediate due to the recent collapse of memory product prices that led to a \$225 million loss for the company in its third quarter that ended on March 31, 2007. The company reported a glut of products on the global market dropped prices for DRAM 35% and NAND Flash products 30% from the previous

quarter. This marks the second time this decade Micron Technology has reduced its Idaho payroll. The company let go of about 1,000 workers in early 2003. Micron is the state’s largest private employer, so the impact of the latest reduction will be felt beyond the company’s gates. A reasonable estimate is each Micron job lost will eventually result in another job lost elsewhere in the economy. It should be pointed out that the recent high-tech news is not all bad. Hoku Materials began building its polysilicon production plant in Pocatello. Polysilicon is used by the solar market. The plant is expected to be completed in the second half of 2008 and commence shipping its products in the first half of 2009. It is estimated the plant will employ 200 employees by the late summer or early fall of 2008. It should also be pointed out the high-tech sector should be aided by the anticipated national business investment recovery. Unfortunately, these factors are not robust enough to prevent the state’s largest manufacturing sector from suffering job losses during this challenging period. Idaho computer and electronics manufacturing employment will shrink from 16,664 jobs in 2006 to just under 15,000 jobs in 2010.

Idaho Computer and Electronic Products Employment



Idaho Wood Product Employment and U.S. Housing Starts



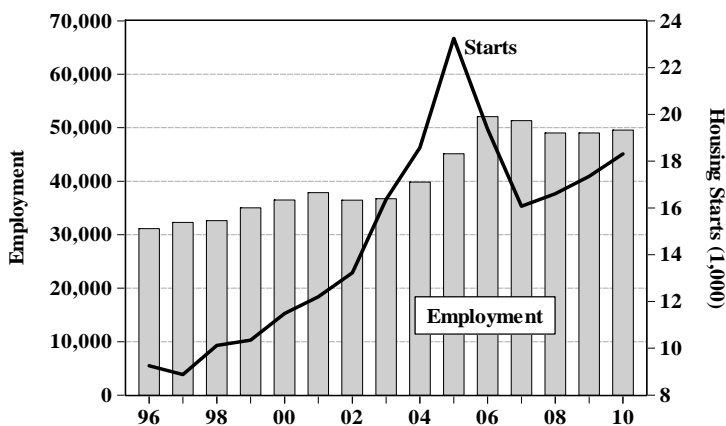
Logging and Wood Products: The fallout from the retreating U.S. housing market has already impacted Idaho’s lumber and wood products sector. Employment in this sector began dropping in the third quarter of 2006. Interestingly, the sting of the declining housing market arrived sooner than the gain from the soaring housing market. National housing data show the number of starts began to take off in 2002 and peaked at 2.07 million units in 2005. National wood production expanded 11.1% over this same period. Despite these strong conditions, the Gem State’s lumber and wood products sector shed about 800 jobs from 2001

to 2003. Its first year-over-year job gain was delayed until 2004, and it peaked at around 10,200 jobs in the second quarter of 2006. In contrast, Idaho lumber and wood products employment began falling just one quarter after U.S. housing starts began their current descent. As the demand-side boost from the housing sector ebbs, this sector will once again succumb to the structural supply forces that led to a downward employment trend. The biggest challenge Idaho's lumber and wood products sector faces is the dwindling timber supply from public forests. The U.S. Forest Service estimates over the ten-year period from 1994 to 2004 the harvest from Idaho national forests fell by two-thirds, from 429.7 million board feet to 143.3 million board feet. This decline represents a significant resource loss to the state. Specifically, national forests' share of Idaho's timber harvest shrank from 28.5% in 1994 to 12.3% in 2004. This decline resulted in the closure of several mills around the state. Ironically, these closings have increased the lumber and wood products sector's overall efficiency. As a result, fewer workers will be needed in the future. Despite the industry's downsizing, excess capacity remains a challenge. Strong markets in the 1990s led to heavy capital investment in this sector. As a result, it is estimated the industry can produce 20% to 25% more lumber than is being consumed in North America. These factors suggest future employment is not expected to approach its recent peak. Specifically, it is forecast there will be 9,547 jobs in 2007, 8,730 jobs in 2008, 8,928 jobs in 2009, and 9,242 jobs in 2010.

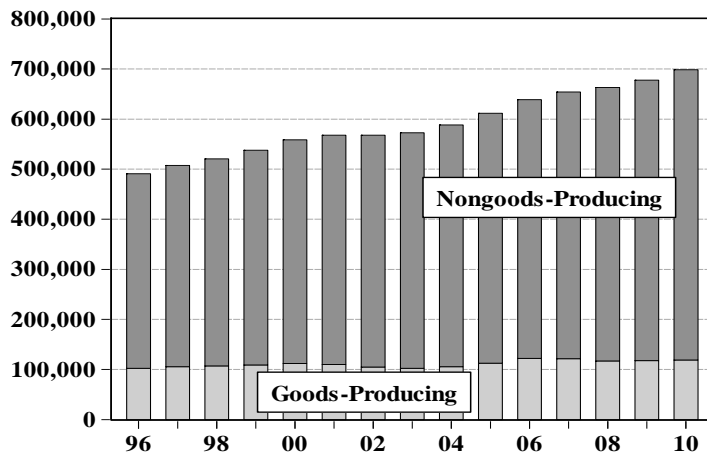
Construction: After several years of spectacular growth, Idaho construction employment is expected to decline this year and next year and flatten in the final two years of the forecast. The construction sector's most recent employment run up began in 2003, when fueled by a jump in local housing starts, it grew 0.7%. Continued strong housing starts caused job growth to accelerate rapidly after that year, reaching 15.4% in 2006. This sector's growth averaged 9.3% from 2002 to 2006. In comparison, Idaho total nonfarm employment grew at a 3.0% annual pace over this same period. Thus, this sector has been an

integral part of Idaho's recent economic success. Unfortunately, the anticipated cooling of the Idaho housing sector does not bode well for future construction job growth. Indeed, housing has already turned south. Idaho housing starts have been on downward trend for a couple of years. Estimates based on Idaho housing permit data show starts peaked at 24,505 units in the third quarter of 2005 and fell to about 16,500 units in this year's first quarter. Employment has managed to avoid reductions so far thanks in part to nonresidential construction spending, but rising pressures from falling housing starts portend future job declines. The first in a string of job reductions is predicted to come in the second quarter of this year. When the dust settles in 2009, Idaho construction employment's forecasted nadir is about 49,000 jobs, or about 3,000 lower than its 2006 zenith. Idaho housing starts is anticipated to drop to about 16,100 units in 2007 then gradually rise to around 18,300 units in 2010. While these levels of construction employment and housing starts may pale compared to their respective peaks, they are still relatively high compared to history. For example, at nearly 49,600 jobs in 2010, this sector's employment is almost 10.0% higher than the 45,145 jobs in 2005. Similarly, Idaho housing starts at 18,311 units in 2010 is 44.2% higher than the historical average of 12,700 units.

Idaho Construction Employment and Housing Starts



Idaho Nonfarm Employment



Nongoods-Producing Industries:

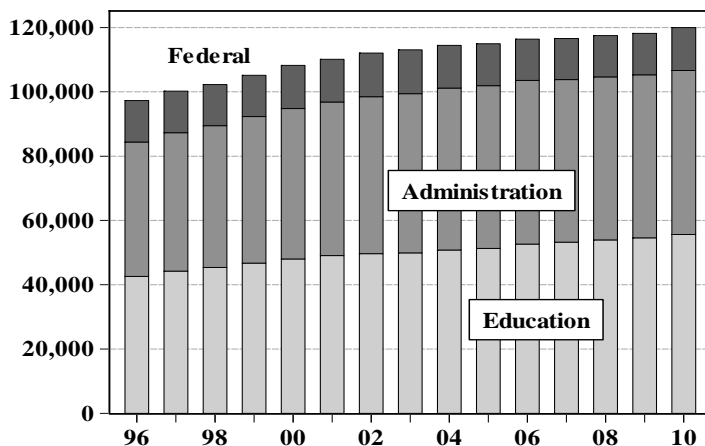
Idaho's largest private employment sector, nongoods, will also be its fastest growing sector over the forecast period. Its importance should come as no surprise given its huge size. It accounted for roughly two-thirds of last year's job gain. Industries in this sector can be divided into two broad categories: services and trade. The services category, with 292,726 employees in 2006, is the larger of the two. There were 107,466 trade jobs in Idaho last year. 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 categories, advancing an average of 3.2% annually over the last five years versus 1.8% for trade employment. One of the services category's strongest performers is professional and business services. This category's employment should expand an average of 3.8% per year over the next four years. Other strong performers include education and health services and leisure and hospitality services. An interesting trait of the former is that it is driven more by demographics than economics, so it is relatively immune to business cycle swings. This category should add jobs at a 3.3% average annual pace over the forecast period. Financial services employment will feel the impact of the cooling local housing market. After expanding by an average of around 6.5% in both 2005 and 2006 as the housing sector boomed, its job base will expand by about half that pace over the forecast period. The transportation, warehousing, and utilities sector also enjoyed healthy growth in 2005 and 2006. The number of jobs in this sector should increase another 3.7% this year, but it will stall thereafter because of housing sector woes. Not all sectors will suffer this fate, however. The leisure and hospitality category will expand at a 3.8% rate, despite relatively high gasoline prices this summer. Information service employment should rise at a 2.5% annual pace. The other services category includes call centers such as Dial 411's new operation that has begun hiring in the Meridian area. Its payroll could reach 300 jobs within its first year of operation. Employment in the other services category is projected to accelerate over the forecast period. The trade sector's employment should grow an average of 3.9% per year, with its retail component growing slightly faster (4.0%) than its wholesale piece (3.5%).

Government: Idaho state and local government employment is expected to grow slower than its national counterpart during the first three years of the forecast, even though the Gem State's population is projected to expand faster than the U.S. population. The role of population in driving government employment can be seen by reviewing historical data. From 1991 to 2000, Idaho's population increased by 24.8%, or about 2.5% per year. Idaho state and local government advanced by 3.0% per year during the same period to meet the demands of the booming population. Population growth cooled in the first part of the current decade and so did government employment. Specifically, from 1999 to 2004 population growth slowed to a 1.7% annual pace, while government employment's annual clip decreased to 1.9%. Idaho's population growth seems to have gotten its second wind during this decade's second half; it jumped to over 2.5% growth in both 2005 and 2006. As with past surges, the population gain over these two years was due to an inflow of new residents. Idaho net immigration averaged 11,728 during 2000 to 2004. There were over 24,000 new residents in both 2005 and 2006. The current forecast

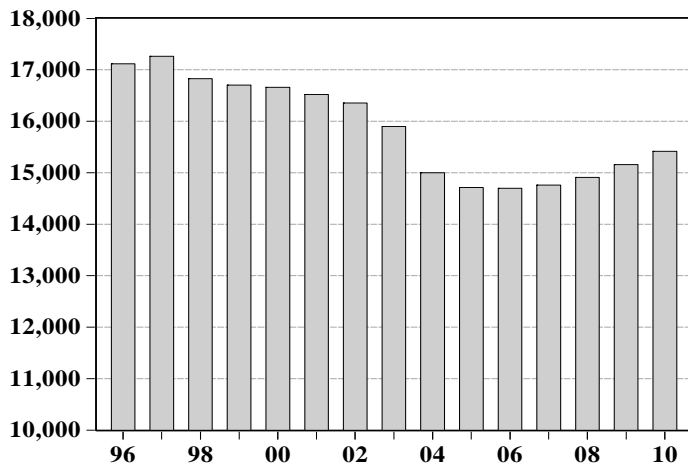
assumes immigration will ease back from these levels over the next few years. As a result, Idaho's population is projected to expand 2.1% annually over the next four years. Likewise, Idaho state and local employment growth is forecast to slow after peaking in 2006 at 1.6%. This sector can be broken out into two major components: education and noneducation employment. Education employment should grow about 1.4%, versus noneducation's 0.1% forecasted annual rate. Federal government employment in Idaho is forecast to grow 0.9% annually. However, almost all of this increase results from hiring for the 2010 census. Indeed, when 2010 is excluded, federal government employment in Idaho actually shrinks by about 25 jobs. The slower federal job pace in these years reflects anticipated future federal budget austerity measures. The U.S. Air Force has accelerated its plans for Mountain Home Air Force Base per the Base Realignment and Closure Act of 2005. The original plan was to replace the base's F-16J fighters with F-15Es between 2009 and 2011. However, the first F-15Es have already been transferred to the base, with the rest expected to arrive by the fall. It is estimated 400 jobs will eventually be lost due to this change. The current forecast does not include this impact because the actual number of jobs that will be lost and the timetable of these losses have not been finalized. The impact will be included as more information becomes available.

Idaho Government Employment



Mining: After expanding over the last few years, Idaho mining employment is forecast to gradually decline as the U.S. economy cools. Rising metal prices helped mining employment increase from 1,758 to 2,375 from 2002 to 2006. The spot price of silver more than doubled from \$4.60 per ounce in 2002 to \$11.62 per ounce in 2006. According to the U.S. Department of Labor, the wholesale price index (WPI) for metals and metal products jumped 44.4% over the same period. The price surge rekindled an interest in the state's mining industry. The Idaho Department of Commerce and Labor recently reported that Hecla Mining is considering a capital outlay of up to \$200 million at its Lucky Friday Mine near Mullan. This investment could boost its silver production by 80%. In addition, Hecla Mining is contemplating the potential for new mines in Idaho's Silver Valley because it believes the Silver Valley is one of the most under-explored silver mining districts in the country. The Coeur and Galena mines were purchased last summer by U.S. Silver Corp. The company plans to spend \$1.5 million this year to restart the ore-processing mill at the Coeur Mine and explore for silver and lead ore. The mine has been closed for a decade. The Galena Mine and mill were operating at the time they were purchased and employ about 140 workers. Timberline Resources plans to begin exploration drilling at its Snowstorm Mine. Sterling Mining Co. recently revitalized the boilers and steam heating distribution system at the historic Sunshine Mine and is currently renovating its ore-processing facilities. The company expects to commence processing ore late this year or early next year. However, future employment gains will be shaped by the expectation of smaller price gains. It is forecast the WPI for metal and metal products will grow 11.8% from 2006 to 2010, which is much slower than in the previous period. This subtle increase reflects a more even balance between the demand and supply of metals. As a result, Idaho mining employment will retreat from 2,507 in 2007 to 2,141 jobs in 2010.

Idaho Food Processing Employment



Food Processing: Food processing remains one of the state's cornerstone industries. While it is no longer Idaho's largest manufacturing employer, its role in the state's economy cannot be overstated. Its importance can be measured both in terms of employment and output. According to Idaho Department of Commerce and Labor data, this sector had 14,699 jobs in 2006, making it the state's second largest manufacturing employer. The computer and electronics manufacturing sector is the largest with 16,664 jobs. The value of food manufacturing output accounted for more than half (55.7%) of the total Idaho nondurable manufacturing output from 1997

to 2004 and about 2.6% of the state's total gross domestic product. While 2.6% of output may appear to be a small part of the economy, it masks the state's dependence on this sector. Its relative importance can be seen when it is compared to its national counterpart. Food processing accounted for just 1.6% of U.S. economic output. Clearly, Idaho's economy is more dependent on food processing than the nation. A similar argument can be made for employment. Food processing employment accounted for 2.3% of the state's nonfarm jobs in 2006, while it accounted for just 1.1% of national nonfarm employment. Like many manufacturing sectors, this industry has seen its share of hard times. For example, nearly 360 jobs were lost when unfavorable business conditions caused the J.R. Simplot Company to close its Nampa meat packing plant in the fall of 2003. In addition, the J.R. Simplot Company shuttered its Heyburn potato processing plant that was built in 1960 and since then had run continuously. More recently, the Swift and Company beef processing plant fell victim to the embargo of Canadian beef imports into the U.S. Concerns over mad cow disease restricted imports to animals under 30 months old. The Nampa plant processed older animals and was not able to get enough animals to keep operations viable. About 400 jobs were lost when the company closed the plant. However, recent news regarding the food processing sector has been promising, suggesting its employment is ripe for expansion. Some of this growth will come from plants that had been shuttered. The Nampa meat processing plant has been reopened by XL Foods, Inc. It is anticipated that it will replace all the jobs lost from Swift's closure once the plant is running at full capacity. 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 and plans to start production on November 1, 2007. Marathon Cheese is building a \$27-million plant in Mountain Home that will employ 250 workers. The plant's employment should climb to twice that many jobs in five years. Another new plant is High Desert Milk in Burley. When completed, this plant will employ 30 workers to manufacture powdered milk. After declining for nearly a decade, Idaho food processing employment is expected to stabilize then grow slowly. Specifically, the number of jobs is forecast to gradually increase from 14,699 in 2006 to 15,416 in 2010.

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 April 2007 to the July 2007 *Idaho Economic Forecast*. The April 2007 *Idaho Forecast* is based on Global Insight's April 2007 baseline forecast and the July 2007 *Idaho Forecast* is driven by Global Insight's July 2007 baseline U.S. macroeconomic forecast.

A comparison of several key variables shows how the outlooks for the national and state economies have changed compared to the April 2007 *Idaho Economic Forecast*. The national variables are discussed first. In general, the U.S. economic outlook has improved marginally since the last report. The most notable increase is in real personal income. As the table shows, inflation-adjusted personal income is at least 0.4% higher in this forecast compared to the last one. One of the reasons for this gain is the higher interest rates that boost the dividends, interest, and rent component of total personal income. Employment is slightly higher in this forecast, with most of the difference in the goods-producing sector. This sector's employment is at least 0.5% above its April 2007 counterpart in each year. On the other hand, nongoods-producing employment is virtually unchanged. Another measure showing little change from its previous iteration is real output. The only noticeable difference is in 2010, when it is 0.3 percent lower than in the April 2007 forecast.

Idaho nonfarm employment has been reduced slightly from the previous forecast. Specifically, it is expected to be about 0.6% lower in each year (after 2007) than had been previously forecast, so that by 2010 there are about 3,900 fewer jobs (0.6%). Both the goods- and nongoods-producing sectors' payrolls are lower than in the previous forecast. The former is down an average of over 1.0% beginning in 2008 and just over 1,200 jobs by 2010. This drop is largely due to the Micron Technology layoff which is reflected in this forecast but not in the April 2007 forecast. Nongoods-producing employment is projected to be down about 2,700 jobs from the previous forecast in 2010. The lower employment outlook reduces Idaho personal income prospects. Nominal personal income is forecast to be about 0.1% lower in each year and real personal income is anticipated to be down about 0.2% annually.

**IDAHO ECONOMIC FORECAST
FORECASTS COMPARISON
DIFFERENCES BETWEEN
JULY 2007 AND APRIL 2007 FORECASTS**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
U.S. GDP (BILLIONS)										
Current \$	0	0	0	0	0	0	3	16	11	-41
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	-0.3%
2000 Chain-Weighted	0	0	0	0	0	0	5	7	-3	-40
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	-0.3%
PERSONAL INCOME - CURR \$										
Idaho (Millions)	0	0	0	0	0	252	37	-107	-86	-36
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	0.1%	-0.2%	-0.2%	-0.1%
U.S. (Billions)	0	0	0	0	0	8	70	101	106	83
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.6%	0.8%	0.8%	0.6%
PERSONAL INCOME - 2000 \$										
Idaho (Millions)	0	0	0	0	0	219	-64	-156	-70	15
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	-0.2%	-0.4%	-0.2%	0.0%
U.S. (Billions)	0	0	0	0	0	7	36	69	87	78
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.4%	0.7%	0.8%	0.7%
TOTAL NONFARM EMPLOYMENT										
Idaho	1	-2	3	5	15	-875	587	-3,806	-4,546	-3,913
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.1%	-0.6%	-0.7%	-0.6%
U.S. (Thousands)	0	0	0	0	0	0	143	254	274	158
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.2%	0.1%
GOODS PRODUCING SECTOR										
Idaho	2	2	3	8	9	30	935	-1,261	-1,576	-1,226
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%	-1.1%	-1.3%	-1.0%
U.S. (Thousands)	0	0	0	0	0	0	106	164	183	167
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.7%	0.8%	0.8%
NONGOODS PRODUCING SECTOR										
Idaho	-1	-4	-1	-3	6	-906	-348	-2,545	-2,970	-2,687
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.1%	-0.5%	-0.5%	-0.5%
U.S. (Thousands)	0	0	0	0	0	0	38	90	91	-9
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%
FINANCIAL MARKETS										
Federal Funds Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.3%	0.3%	0.2%
Bank Prime Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.3%	0.3%	0.3%
Mort Rate, Existing Homes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%	0.1%	0.2%
INFLATION										
GDP Price Deflator	0.000	0.000	0.000	0.000	0.000	0.000	-0.020	0.064	0.119	0.068
Personal Cons Deflator	0.000	0.000	0.000	0.000	0.000	0.000	0.281	0.190	-0.004	-0.118
Consumer Price Index	0.000	0.000	0.000	0.000	0.000	0.000	0.007	0.005	0.002	0.000

Forecast Begins the SECOND Quarter of 2007

ALTERNATIVE FORECASTS

Global Insight has assigned a 60% probability of occurrence to its July 2007 baseline forecast of the U.S. economy. The major features of this forecast include:

- Real GDP increases 2.1% in 2007, 2.8% in 2008, 3.2% in 2009, and 2.8% in 2010;
- U.S. nonfarm employment grows 1.3% in 2007, 1.1% in 2008, 1.5% in 2009, and 1.3% in 2010;
- the annual U.S. civilian unemployment rate remains below 5.0% through 2010;
- consumer inflation is 2.5% in 2007, 1.8% in 2008, 1.9% in 2009, and 1.8% in 2010;
- the current account deficit is \$786 billion in 2007, \$768 billion in 2008, \$770 billion in 2009, and \$762 billion in 2010; and
- the federal unified budget deficit is \$180 billion in 2007, \$214 billion in 2008, \$238 billion in 2009, and \$230 billion in 2010.

OPTIMISTIC SCENARIO

Global Insight's *Optimistic Scenario* has been assigned a 20% probability of occurrence. In this scenario, the economy rides the crest of a perfect storm of positive influences that carries it higher and further than in the baseline case. In the *Optimistic Scenario*, business fixed investment is stronger, peaking at 10.9% of GDP in 2009, versus just 10.5% in the baseline case. This investment yields faster total factor productivity growth. The enhanced productivity results in higher economic and employment gains and lower inflation and budget deficits. The higher productivity also boosts the dollar. The combination of productivity gains and the stronger dollar help keep a lid on inflation. Residential investment is also stronger in this scenario, with housing bouncing back stronger in 2008 and maintaining a higher level throughout the forecast period. Exports benefit from faster foreign economic growth, and advance quicker than in the baseline case despite the stronger dollar. This scenario also assumes oil prices are \$8 to \$9 per barrel lower than in the baseline case.

Under these assumptions, the economic outlook is much brighter. The current slowdown proves temporary, as real GDP growth rebounds to 4.5% by the end of this year, compared to the baseline's 2.6%. For 2007 overall, real GDP growth comes in at 3.0%, versus 2.3%. Real output growth is also stronger next year, 3.9% compared to 3.0%. Despite this stronger growth, consumer price inflation remains safely within the Federal Reserve's 1-2% tolerance band through 2010. In the *Baseline Scenario*, inflation hovers near the upper end of this band. The lower inflation rate allows the nation's central bank to keep the federal funds rate below its baseline value.

The stronger national performance brightens the outlook for the Gem State's economy. Idaho nonfarm employment grows marginally faster over the next three years and slightly slower in 2010. Despite the slower growth in the forecast's terminal year, Idaho is forecast to have 1,701 more jobs in 2010 compared to the baseline, or about a 0.24% advantage. The nongoods-producing sector accounts for most of this gain (1,294 jobs), while the goods-producing sector accounts for the other 357 jobs. Idaho nominal personal income is lower than in the baseline in each year of the forecast. By 2010, it is about \$1 billion lower than in the baseline. However, this gap narrows significantly in 2010 when the personal income measures are adjusted for inflation. Thanks to the lower inflation in the *Optimistic Scenario*, the difference is just \$39 million. It bears repeating that the improved inflation outlook is largely due to the stronger productivity growth in the *Optimistic Scenario*.

IDAHO ECONOMIC FORECAST
BASELINE AND ALTERNATIVE FORECASTS
JULY 2007

	BASELINE				OPTIMISTIC				PESSIMISTIC			
	2007	2008	2009	2010	2007	2008	2009	2010	2007	2008	2009	2010
U.S. GDP (BILLIONS)												
Current \$	13,860	14,523	15,287	16,036	13,892	14,657	15,419	16,151	13,808	14,314	15,099	15,910
% Ch	4.6%	4.8%	5.3%	4.9%	4.9%	5.5%	5.2%	4.7%	4.2%	3.7%	5.5%	5.4%
2000 Chain-Weighted	11,657	11,981	12,363	12,715	11,684	12,141	12,581	12,972	11,609	11,703	11,961	12,237
% Ch	2.1%	2.8%	3.2%	2.8%	2.4%	3.9%	3.6%	3.1%	1.7%	0.8%	2.2%	2.3%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	46,699	49,317	52,561	56,459	46,601	48,941	51,930	55,454	46,995	50,696	54,882	59,861
% Ch	5.7%	5.6%	6.6%	7.4%	5.5%	5.0%	6.1%	6.8%	6.4%	7.9%	8.3%	9.1%
U.S. (Billions)	11,544	12,166	12,875	13,612	11,553	12,239	12,953	13,663	11,554	12,150	12,835	13,619
% Ch	6.0%	5.4%	5.8%	5.7%	6.1%	5.9%	5.8%	5.5%	6.1%	5.2%	5.6%	6.1%
PERSONAL INCOME - 2000 \$												
Idaho (Millions)	39,895	41,387	43,292	45,653	39,883	41,435	43,351	45,614	40,022	41,887	44,001	46,682
% Ch	3.5%	3.7%	4.6%	5.5%	3.4%	3.9%	4.6%	5.2%	3.8%	4.7%	5.0%	6.1%
U.S. (Billions)	9,862	10,210	10,605	11,007	9,887	10,362	10,813	11,239	9,840	10,039	10,291	10,621
% Ch	3.7%	3.5%	3.9%	3.8%	4.0%	4.8%	4.4%	3.9%	3.5%	2.0%	2.5%	3.2%
TOTAL NONFARM EMPLOYMENT												
Idaho	654,112	662,943	677,691	698,348	654,126	664,487	680,051	700,049	653,342	659,515	677,333	701,115
% Ch	2.4%	1.3%	2.2%	3.0%	2.4%	1.6%	2.3%	2.9%	2.3%	0.9%	2.7%	3.5%
U.S. (Thousands)	137,987	139,541	141,572	143,456	138,069	140,427	142,881	144,825	137,758	137,837	138,698	140,261
% Ch	1.3%	1.1%	1.5%	1.3%	1.4%	1.7%	1.7%	1.4%	1.2%	0.1%	0.6%	1.1%
GOODS-PRODUCING SECTOR												
Idaho	121,279	117,110	117,611	119,143	121,365	118,293	118,781	119,550	120,042	111,372	114,016	117,127
% Ch	-0.8%	-3.4%	0.4%	1.3%	-0.8%	-2.5%	0.4%	0.6%	-1.9%	-7.2%	2.4%	2.7%
U.S. (Thousands)	22,416	22,134	22,159	22,343	22,426	22,350	22,588	22,827	22,430	21,656	21,085	20,937
% Ch	-0.7%	-1.3%	0.1%	0.8%	-0.7%	-0.3%	1.1%	1.1%	-0.6%	-3.4%	-2.6%	-0.7%
NONGOODS-PRODUCING SECTOR												
Idaho	532,833	545,832	560,080	579,205	532,761	546,194	561,270	580,499	533,300	548,143	563,317	583,987
% Ch	3.1%	2.4%	2.6%	3.4%	3.1%	2.5%	2.8%	3.4%	3.2%	2.8%	2.8%	3.7%
U.S. (Thousands)	115,571	117,407	119,413	121,113	115,643	118,077	120,293	121,998	115,328	116,181	117,612	119,324
% Ch	1.7%	1.6%	1.7%	1.4%	1.8%	2.1%	1.9%	1.4%	1.5%	0.7%	1.2%	1.5%
SELECTED INTEREST RATES												
Federal Funds	5.3%	5.3%	5.3%	5.3%	5.3%	5.2%	5.0%	5.0%	5.6%	7.2%	6.7%	6.1%
Bank Prime	8.3%	8.3%	8.3%	8.3%	8.3%	8.2%	8.0%	8.0%	8.6%	10.2%	9.7%	9.1%
Existing Home Mortgage	6.6%	6.9%	7.1%	7.2%	6.6%	6.7%	6.8%	6.9%	6.9%	8.3%	8.2%	7.9%
INFLATION												
GDP Price Deflator	2.4%	1.9%	2.0%	2.0%	2.4%	1.5%	1.5%	1.6%	2.5%	2.8%	3.2%	3.0%
Personal Cons Deflator	2.2%	1.8%	1.9%	1.9%	2.0%	1.1%	1.4%	1.5%	2.5%	3.1%	3.1%	2.8%
Consumer Price Index	2.5%	1.8%	1.9%	1.8%	2.2%	1.0%	1.4%	1.5%	2.8%	3.1%	3.0%	2.8%

Forecast Begins the SECOND Quarter of 2007

PESSIMISTIC SCENARIO

The *Pessimistic Scenario* has been assigned a 20% probability of occurrence. Higher inflation is a key lever that differentiates this scenario from the baseline case. Soaring oil prices, a sliding dollar, and tightening labor markets increase price pressures. Another reason to believe prices will accelerate is there may be less spare production capacity in the world than is perceived. Rapid technological advances and high oil prices may have rendered obsolete much of the idled capacity that remains on the books. This alternative forecast also assumes the dollar weakens as foreign investors flee the greenback over concerns of the huge U.S. trade deficit. The falling dollar raises prices Americans pay for imports, which further fuels inflation. The economic outlook is also dampened by increased pressure on interest rates. Two are most noteworthy. Foreign investors demand higher returns on U.S. investments to compensate for the dollar's slide. In addition, the Federal Reserve tightens more aggressively than in the baseline case to fight inflation. The anticipated higher interest rates take a greater toll on the already weak housing sector. Housing starts drop to 1.17 million units in 2008. The median price of existing homes drops nearly 10% below the baseline price in late 2007. Capital spending also retreats. Beginning in the third quarter of 2007, spending on equipment and software declines for five straight quarters.

Between the higher interest rates and persistently high energy prices, consumer confidence suffers. As a result, consumers rein in their discretionary spending, causing the U.S. economy to slow. Hiring falters, which causes the nation's unemployment rate to climb. The nation's central bank is forced to choose between fighting inflation and encouraging economic growth. It is assumed to battle inflation. This puts upward pressure on interest rates, which causes debt-burdened consumers to retrench further. The economy nearly sinks into a recession, with GDP growth at just 1.6% in 2007 and 1.0% in 2008. The Federal Reserve's policy eventually succeeds and inflation stabilizes. However, the ground lost relative to the baseline scenario is not made up over the forecast period.

Ironically, Idaho's economy actually improves relative to the baseline case. This counterintuitive result stems from the lower productivity growth in this scenario. The lower productivity growth leads to faster unit labor cost growth. The higher unit labor costs translate to higher wages, which lead to higher income. Since Idaho nongoods-producing employment is largely a function of income, it buoys this sector's employment. As a result, there are 4,782 more nongoods-producing jobs in 2010 compared to the baseline. The goods-producing sector behaves more intuitively, with employment down 2,016 jobs in 2010 from its baseline counterpart. It is lower because, unlike the nongoods-producing sector, employment is not propped up by higher income, but by industrial production. In aggregate, Idaho nonfarm employment is 2,767 higher in 2010 compared to the baseline. The outlook for personal income is also higher than in the baseline case. As the table shows, both Idaho nominal and real personal incomes are above their baseline counterparts in 2010. Specifically, nominal personal income is up \$3.4 billion and real income is up \$1.0 billion.

House Prices and Subprime Mortgage Delinquencies

Mark Doms

Frederick Furlong

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The recent sharp increase in subprime mortgage delinquencies has captured the public spotlight and led analysts to search for the factors that are likely to have contributed to the problem. These factors commonly include the lack of income documentation, high loan-to-income ratios, the lowering of credit standards, and the resets on adjustable-rate loans, to name but a few. Although these factors are important to consider, it also is important to remember that the delinquencies have occurred during a time of seismic shifts in the patterns of house-price appreciation, shifts that were unprecedented in terms of their size and suddenness and that varied widely across metropolitan areas.

In this *Letter*, we explore how the pace of and change in house-price appreciation can affect the incentives and opportunities for borrowers in a market to avoid delinquencies and foreclosures. For instance, with likely gains in home equity in markets where house prices have risen significantly, a homeowner should have greater incentives and opportunities to keep a mortgage loan current. Indeed, we show that markets that recently experienced greater house-price appreciation tended to have lower delinquency rates and smaller increases in delinquency rates. We also find that metropolitan areas where house prices decelerated the most in 2006 have experienced the largest increases in subprime delinquency rates. One of several possible explanations for this relationship is that, in the face of sharp declines in the pace of house-price appreciation, some borrowers may have lowered their expectations about future appreciation rates, and, hence, the attractiveness of the investment component of homeownership also declined.

The subprime market

One hurdle facing researchers in the subprime market area is that there is no readily agreed upon definition of "subprime." Indeed, the subprime residential mortgage market barely existed in 1995, although since then it has grown rapidly, by some estimates accounting for approximately 20% of all first lien mortgages made in 2006. Generally speaking, subprime is a lender-given designation for borrowers with low credit scores (FICO score less than 620, for example), with little credit history, or with other types of observable credit impairment.

Although "subprime" is not rigorously and consistently defined in the mortgage industry, one firm, First American LoanPerformance (FALP), has produced a number of statistics on regional delinquency rates based on subprime mortgages in its database. The delinquency rate is defined as the percent of subprime loans that are delinquent 60 days or more. The data, which are from 2005 and 2006, contain observations on 309 metropolitan statistical areas (MSAs), and form the basis of our analysis (see also *The Wall Street Journal* 2007). It is worth noting that the FALP data do not represent the entire universe of mortgages; also, estimates of delinquency rates on subprime mortgages vary among sources, reflecting differences in the definition of subprime and sample coverage. However, where possible, we have compared the FALP data to those from other sources and have found high correlations among them.

¹ This article originally appeared in the Number 2007-14; June 8, 2007 *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.

The FALP data show considerable regional variation in the delinquency rates and in the changes in the delinquency rates. The median delinquency rate in 2006 among the 309 MSAs was 12.2%, with a range from about 3% to 25%. MSAs near the Gulf Coast that were severely affected by Hurricane Katrina were among those with the highest delinquency rates. Overall, however, the MSAs with the highest delinquency rates tend to be located in the Midwest; of the 18 MSAs with the highest subprime delinquency rates in 2006, 14 were in Michigan or Ohio.

In terms of changes in subprime delinquency rates, nearly all MSAs posted increases from 2005 to 2006. The median change was about 3 percentage points, and the largest increase was 11 percentage points. Of the 309 MSAs in the sample, only 25 had decreases in their delinquency rates, with the sharpest declines among MSAs near the Gulf Coast. Of the 18 MSAs that posted the largest increases in delinquency rates, 12 were in California and 3 were in Massachusetts. These MSAs typically had relatively low delinquency rates at the end of 2005.

Delinquency rates in 2006 and recent house-price appreciation

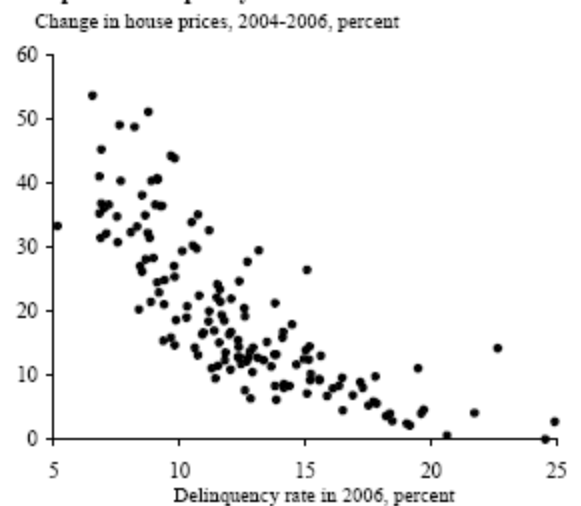
There are a number of possible reasons for the observed differences in subprime delinquency rates among MSAs in 2006, including variation in economic conditions, differences in the riskiness of the subprime borrower pools across MSAs, and changes in the house prices. Parsing out the relative importance of these reasons involves a degree of complication that is beyond the scope of this *Letter*.

With that said, we examine the relationship between house-price appreciation and delinquency rates for subprime mortgages among MSAs. Specifically, we compare the share of subprime mortgages in delinquency at the end of 2006 and the percent change in house prices, as measured by the Office of Federal Housing Enterprise Oversight (OFHEO) indexes, from 2004 through 2006. For this period, the pace of house-price appreciation varied considerably. For the sample of 309 MSAs, appreciation rates ranged from -2% in Kokomo, Indiana, to almost 54% in the Phoenix, Arizona, area.

Figure 1 provides a graphical perspective on the link between delinquency rates and house-price appreciation. The figure covers the largest 150 MSAs in the sample. Excluded from the figure are several MSAs near the Gulf Coast that were severely affected by Hurricane Katrina. The figure shows a very strong negative correlation between recent rates of house-price appreciation and the level of the subprime delinquency rate in 2006 (the correlation coefficient is 0.79); that is, higher rates of house-price appreciation are associated with lower rates of delinquencies.

This negative correlation could arise for a variety of reasons. One possibility is that the economies in MSAs with rapidly appreciating house prices were strong, and, hence, relatively fewer households became delinquent in their payments. However, we find that controlling for economic conditions (as measured by employment growth and the unemployment rate) does little to alter the relationship displayed in Figure 1.

Figure 1: Changes in house prices and the subprime delinquency rate



All data at the MSA level. Source: First American LoanPerformance and OFHEO.

Another possibility is that distressed borrowers in strong housing markets have opportunities to pursue alternatives to delinquency. For instance, a homeowner in a market with rapid house-price appreciation is likely to have built up more home equity than a homeowner in a market with smaller gains in house prices. With higher home equity, homeowners have a greater incentive to keep their mortgage loans current. Further, homeowners with a greater equity stake would be in a better position either to sell their homes and pay back the remaining principal or to refinance existing mortgages to ones that would offer lower, more affordable payments, at least for a while.

Changes in delinquency rates

We also find that *changes* in delinquency rates on subprime residential mortgages were strongly related to *changes* in the pace of house-price appreciation. In the analysis we looked at the changes in the subprime delinquency rates from 2005 to 2006 and the changes in house-price appreciation rates in 2006 compared to 2005. An MSA experiencing a deceleration in house prices would have a negative change in its appreciation rate. For the overall sample, changes in appreciation rates ranged from about -32% (deceleration) in the Cape Coral-Fort Myers, Florida, areas to over 11% (acceleration) in Lawton, Oklahoma.

Figure 2 plots the pairings of changes in mortgage delinquency rates and changes in house-price appreciation for the largest 150 MSAs in the sample. A negative value on the vertical axis implies that house prices in 2006 grew less quickly than house prices in 2005—that is, a deceleration in house prices. As the figure shows, MSAs that experienced large decelerations in prices tended to experience large increases in rates of subprime mortgage delinquencies (the correlation is 0.61).

In addition to the simple correlation illustrated in the figure, we used a variety of techniques to examine the empirical relationship. For example, we took into account differences in the pace of house-price appreciation among the MSAs in 2006, to control for the possibility that areas experiencing large decelerations in house prices were simply ones with low rates of appreciation in 2006. While we found evidence that low rates of appreciation were associated with large changes in delinquency rates, we still

found a strong and highly statistically significant relationship between increases in the delinquency rates and house-price deceleration. We also found that the relationship holds up when we control for changes in economic conditions in housing markets.

The finding that changes in delinquencies are related to house-price deceleration raises the possibility that the increases in delinquencies reflect not just borrower distress but also a decline in the demand for housing. This might be true if some borrowers originally were willing to spend more on their mortgages than they otherwise would because they expected large gains in equity from future house-price appreciation. When those gains did not materialize, some borrowers may have reassessed their expectations about future appreciation rates and thus their decisions about spending on housing.

Figure 2: House-price acceleration and changes in subprime delinquency rates
House-price acceleration, 2005-2006, percentage point



All data at the MSA level. Sources: First American LoanPerformance and OFHEO.

Such an effect from changes in expectations about future house-price appreciation would be expected to affect the demand for housing more generally, not just subprime borrowers. Indeed, the data on home sales and surveys on the demand for home mortgages indicate a general decline in demand for buying homes. In addition, while delinquency rates on prime mortgage loans remain quite low, the MSA-based data show a positive correlation between changes in delinquency rates on subprime and prime mortgages.

It also is possible that the patterns of house-price appreciation are linked to delinquency rates through their influence on mortgage lenders' assessments of risk. For example, MSAs that had large decelerations in house prices also had very high rates of house-price appreciation prior to 2006. The earlier rapid rates of appreciation may have paved the way for new, riskier borrowers to enter the market, as lenders were more willing to finance house purchases in markets with rising prices. However, in this case, the eventual rise in delinquencies would have been due to the previous high rates of house-price appreciation rather than the subsequent deceleration

Conclusion

The sharp rise in delinquency rates on subprime residential mortgages has raised concerns about credit underwriting practices and economic distress among borrowers and has drawn the attention of policymakers at the Fed and elsewhere. No doubt, this is a complex issue, influenced by a number of different dynamics. Our analysis focuses on one of the potential dynamics, and we find that differences in the performance of subprime mortgages among MSAs may reflect in part the effects of house-price appreciation on the incentives and the opportunities of some mortgage borrowers to keep loans current. Two of the potential channels through which house-price appreciation may affect the subprime delinquency rate that we suggest are the incentive to protect home equity associated with recent appreciation in house prices and the effect of changes in expectations about future house-price appreciation on the demand for housing.

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[subscription required].

IDAHO ECONOMIC FORECAST

JULY 2007

FORECAST DETAIL

Annual Forecast 1993-2010	Page 30
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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
JULY 2007**

DEMOGRAPHICS

	1993	1994	1995	1996	1997	1998	1999	2000	2001
POPULATION									
Idaho (Thousands)	1,108.6	1,144.9	1,177.0	1,203.2	1,228.4	1,252.3	1,275.7	1,299.1	1,320.7
% Ch	3.4%	3.3%	2.8%	2.2%	2.1%	1.9%	1.9%	1.8%	1.7%
National (Millions)	260.688	263.853	266.980	270.115	273.368	276.553	279.731	282.841	285.866
% Ch	1.3%	1.2%	1.2%	1.2%	1.2%	1.2%	1.1%	1.1%	1.1%
BIRTHS									
Idaho (Thousands)	17.575	17.690	17.915	18.482	18.599	19.188	19.897	20.304	20.684
% Ch	2.2%	0.7%	1.3%	3.2%	0.6%	3.2%	3.7%	2.0%	1.9%
National (Thousands)	4,041	4,010	3,951	3,971	3,964	4,038	4,028	4,070	4,062
% Ch	-1.3%	-0.7%	-1.5%	0.5%	-0.2%	1.9%	-0.2%	1.0%	-0.2%
DEATHS									
Idaho (Thousands)	8.277	8.478	8.553	8.679	8.953	9.105	9.488	9.538	9.811
% Ch	4.9%	2.4%	0.9%	1.5%	3.2%	1.7%	4.2%	0.5%	2.9%
National (Thousands)	2,294	2,322	2,349	2,350	2,351	2,406	2,406	2,410	2,476
% Ch	4.9%	1.2%	1.2%	0.0%	0.0%	2.3%	0.0%	0.2%	2.7%
NET MIGRATION									
Idaho (Thousands)	27.168	27.115	22.652	16.417	15.583	13.836	12.975	12.658	10.645
HOUSING									
HOUSING STARTS									
Idaho	11,582	12,833	9,451	9,257	8,875	10,121	10,346	11,486	12,204
% Ch	20.2%	10.8%	-26.4%	-2.1%	-4.1%	14.0%	2.2%	11.0%	6.2%
National (Millions)	1.292	1.446	1.361	1.469	1.475	1.621	1.647	1.573	1.601
% Ch	7.5%	12.0%	-5.9%	7.9%	0.4%	9.9%	1.6%	-4.5%	1.8%
SINGLE UNITS									
Idaho	8,949	9,424	7,296	7,844	7,652	9,040	9,191	10,338	10,377
% Ch	13.1%	5.3%	-22.6%	7.5%	-2.4%	18.1%	1.7%	12.5%	0.4%
National (Millions)	1.131	1.191	1.082	1.154	1.136	1.278	1.306	1.232	1.272
% Ch	9.6%	5.4%	-9.2%	6.7%	-1.6%	12.4%	2.2%	-5.7%	3.2%
MULTIPLE UNITS									
Idaho	2,632	3,410	2,156	1,414	1,223	1,081	1,155	1,149	1,826
% Ch	52.3%	29.5%	-36.8%	-34.4%	-13.5%	-11.6%	6.8%	-0.5%	59.0%
National (Millions)	0.161	0.255	0.279	0.314	0.338	0.344	0.341	0.341	0.330
% Ch	-5.1%	58.3%	9.4%	12.7%	7.6%	1.6%	-0.7%	0.1%	-3.5%
HOUSING STOCK									
Idaho (Thousands)	357.1	369.0	378.1	386.5	394.0	402.6	411.7	421.5	432.4
% Ch	2.8%	3.3%	2.5%	2.2%	1.9%	2.2%	2.2%	2.4%	2.6%

National Variables Forecast by Global Insight
Forecast Begins the SECOND Quarter of 2007

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JULY 2007**

DEMOGRAPHICS

	2002	2003	2004	2005	2006	2007	2008	2009	2010
POPULATION									
Idaho (Thousands)	1,342.0	1,365.5	1,391.0	1,428.0	1,465.7	1,499.2	1,528.2	1,559.0	1,594.3
% Ch	1.6%	1.8%	1.9%	2.7%	2.6%	2.3%	1.9%	2.0%	2.3%
National (Millions)	288.811	291.661	294.457	297.337	300.127	302.833	305.516	308.189	310.852
% Ch	1.0%	1.0%	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%
BIRTHS									
Idaho (Thousands)	21.002	21.735	22.526	23.069	24.127	24.978	25.649	26.394	27.316
% Ch	1.5%	3.5%	3.6%	2.4%	4.6%	3.5%	2.7%	2.9%	3.5%
National (Thousands)	4,092	4,124	4,161	4,204	4,244	4,288	4,332	4,376	4,420
% Ch	0.7%	0.8%	0.9%	1.0%	0.9%	1.0%	1.0%	1.0%	1.0%
DEATHS									
Idaho (Thousands)	9.935	10.308	10.020	10.413	10.867	11.096	11.299	11.512	11.751
% Ch	1.3%	3.8%	-2.8%	3.9%	4.4%	2.1%	1.8%	1.9%	2.1%
National (Thousands)	2,469	2,462	2,456	2,453	2,479	2,501	2,527	2,552	2,577
% Ch	-0.3%	-0.3%	-0.2%	-0.1%	1.1%	0.9%	1.0%	1.0%	1.0%
NET MIGRATION									
Idaho (Thousands)	10.247	12.077	13.013	24.319	24.513	19.604	14.621	15.961	19.701
HOUSING									
HOUSING STARTS									
Idaho	13,229	16,365	18,572	23,249	19,369	16,073	16,608	17,350	18,311
% Ch	8.4%	23.7%	13.5%	25.2%	-16.7%	-17.0%	3.3%	4.5%	5.5%
National (Millions)	1.710	1.854	1.950	2.073	1.812	1.396	1.429	1.636	1.696
% Ch	6.8%	8.4%	5.2%	6.3%	-12.6%	-23.0%	2.4%	14.5%	3.7%
SINGLE UNITS									
Idaho	11,136	13,843	16,115	20,836	17,411	13,821	14,788	15,712	16,589
% Ch	7.3%	24.3%	16.4%	29.3%	-16.4%	-20.6%	7.0%	6.2%	5.6%
National (Millions)	1.363	1.505	1.604	1.719	1.474	1.102	1.122	1.306	1.364
% Ch	7.2%	10.4%	6.6%	7.1%	-14.2%	-25.3%	1.8%	16.4%	4.4%
MULTIPLE UNITS									
Idaho	2,093	2,521	2,457	2,413	1,958	2,252	1,820	1,638	1,722
% Ch	14.6%	20.5%	-2.6%	-1.8%	-18.9%	15.0%	-19.2%	-10.0%	5.1%
National (Millions)	0.347	0.349	0.345	0.354	0.338	0.294	0.307	0.330	0.333
% Ch	5.3%	0.5%	-1.0%	2.6%	-4.7%	-13.0%	4.6%	7.4%	0.8%
HOUSING STOCK									
Idaho (Thousands)	443.3	457.3	473.4	493.9	514.1	529.1	543.8	559.0	575.3
% Ch	2.5%	3.2%	3.5%	4.3%	4.1%	2.9%	2.8%	2.8%	2.9%

National Variables Forecast by Global Insight
Forecast Begins the SECOND Quarter of 2007

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JULY 2007**

OUTPUT, INCOME, & WAGES

	1993	1994	1995	1996	1997	1998	1999	2000	2001
U.S. GROSS DOM. PRODUCT (Billions)									
Current Dollars	6,657	7,072	7,398	7,817	8,304	8,747	9,268	9,817	10,128
% Ch	5.0%	6.2%	4.6%	5.7%	6.2%	5.3%	6.0%	5.9%	3.2%
2000 Chain-Weighted	7,533	7,835	8,032	8,329	8,704	9,067	9,470	9,817	9,891
% Ch	2.7%	4.0%	2.5%	3.7%	4.5%	4.2%	4.4%	3.7%	0.8%
PERSONAL INCOME - CURR \$									
Idaho (Millions)	20,072	21,422	22,871	24,360	25,367	27,287	29,068	31,290	33,054
% Ch	9.6%	6.7%	6.8%	6.5%	4.1%	7.6%	6.5%	7.6%	5.6%
Idaho Nonfarm (Millions)	19,009	20,685	22,057	23,433	24,611	26,350	28,054	30,448	32,039
% Ch	8.8%	8.8%	6.6%	6.2%	5.0%	7.1%	6.5%	8.5%	5.2%
National (Billions)	5,559	5,843	6,152	6,521	6,915	7,423	7,802	8,430	8,724
% Ch	3.7%	5.1%	5.3%	6.0%	6.1%	7.3%	5.1%	8.0%	3.5%
PERSONAL INCOME - 2000 \$									
Idaho (Millions)	22,858	23,892	24,973	26,040	26,666	28,429	29,788	31,289	32,376
% Ch	7.1%	4.5%	4.5%	4.3%	2.4%	6.6%	4.8%	5.0%	3.5%
Idaho Nonfarm (Millions)	21,648	23,068	24,085	25,048	25,871	27,452	28,748	30,447	31,382
% Ch	6.3%	6.6%	4.4%	4.0%	3.3%	6.1%	4.7%	5.9%	3.1%
National (Billions)	6,330	6,516	6,718	6,970	7,269	7,734	7,996	8,429	8,545
% Ch	1.3%	2.9%	3.1%	3.8%	4.3%	6.4%	3.4%	5.4%	1.4%
PER CAPITA PERS INC - CURR \$									
Idaho	18,103	18,708	19,431	20,246	20,649	21,788	22,784	24,084	25,029
% Ch	6.0%	3.3%	3.9%	4.2%	2.0%	5.5%	4.6%	5.7%	3.9%
National	21,322	22,142	23,043	24,139	25,295	26,840	27,891	29,803	30,518
% Ch	2.3%	3.8%	4.1%	4.8%	4.8%	6.1%	3.9%	6.9%	2.4%
PER CAPITA PERS INC - 2000 \$									
Idaho	20,617	20,866	21,218	21,642	21,707	22,700	23,349	24,084	24,515
% Ch	3.6%	1.2%	1.7%	2.0%	0.3%	4.6%	2.9%	3.1%	1.8%
National	24,282	24,695	25,163	25,803	26,591	27,964	28,584	29,802	29,893
% Ch	0.0%	1.7%	1.9%	2.5%	3.1%	5.2%	2.2%	4.3%	0.3%
AVERAGE ANNUAL WAGE									
Idaho	22,051	22,728	23,594	24,147	24,803	25,822	26,992	28,657	28,736
% Ch	2.0%	3.1%	3.8%	2.3%	2.7%	4.1%	4.5%	6.2%	0.3%
National	27,807	28,279	29,148	30,237	31,582	33,219	34,622	36,642	37,494
% Ch	1.4%	1.7%	3.1%	3.7%	4.5%	5.2%	4.2%	5.8%	2.3%

National Variables Forecast by Global Insight
Forecast Begins the SECOND Quarter of 2007

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JULY 2007**

OUTPUT, INCOME, & WAGES

	2002	2003	2004	2005	2006	2007	2008	2009	2010
U.S. GROSS DOM. PRODUCT (Billions)									
Current Dollars	10,470	10,961	11,712	12,456	13,247	13,860	14,523	15,287	16,036
% Ch	3.4%	4.7%	6.9%	6.3%	6.3%	4.6%	4.8%	5.3%	4.9%
2000 Chain-Weighted	10,049	10,301	10,704	11,049	11,415	11,657	11,981	12,363	12,715
% Ch	1.6%	2.5%	3.9%	3.2%	3.3%	2.1%	2.8%	3.2%	2.8%
PERSONAL INCOME - CURR \$									
Idaho (Millions)	33,849	34,816	38,229	40,706	44,176	46,699	49,317	52,561	56,459
% Ch	2.4%	2.9%	9.8%	6.5%	8.5%	5.7%	5.6%	6.6%	7.4%
Idaho Nonfarm (Millions)	32,921	34,099	37,085	39,768	43,265	45,765	48,273	51,456	55,296
% Ch	2.8%	3.6%	8.8%	7.2%	8.8%	5.8%	5.5%	6.6%	7.5%
National (Billions)	8,882	9,164	9,731	10,239	10,891	11,544	12,166	12,875	13,612
% Ch	1.8%	3.2%	6.2%	5.2%	6.4%	6.0%	5.4%	5.8%	5.7%
PERSONAL INCOME - 2000 \$									
Idaho (Millions)	32,690	32,970	35,272	36,507	38,560	39,895	41,387	43,292	45,653
% Ch	1.0%	0.9%	7.0%	3.5%	5.6%	3.5%	3.7%	4.6%	5.5%
Idaho Nonfarm (Millions)	31,795	32,290	34,216	35,665	37,765	39,096	40,512	42,382	44,712
% Ch	1.3%	1.6%	6.0%	4.2%	5.9%	3.5%	3.6%	4.6%	5.5%
National (Billions)	8,578	8,678	8,979	9,183	9,507	9,862	10,210	10,605	11,007
% Ch	0.4%	1.2%	3.5%	2.3%	3.5%	3.7%	3.5%	3.9%	3.8%
PER CAPITA PERS INC - CURR \$									
Idaho	25,222	25,497	27,481	28,504	30,136	31,148	32,270	33,711	35,410
% Ch	0.8%	1.1%	7.8%	3.7%	5.7%	3.4%	3.6%	4.5%	5.0%
National	30,753	31,418	33,047	34,435	36,288	38,120	39,821	41,775	43,789
% Ch	0.8%	2.2%	5.2%	4.2%	5.4%	5.1%	4.5%	4.9%	4.8%
PER CAPITA PERS INC - 2000 \$									
Idaho	24,360	24,145	25,356	25,566	26,306	26,610	27,082	27,767	28,634
% Ch	-0.6%	-0.9%	5.0%	0.8%	2.9%	1.2%	1.8%	2.5%	3.1%
National	29,702	29,752	30,492	30,885	31,676	32,566	33,419	34,409	35,409
% Ch	-0.6%	0.2%	2.5%	1.3%	2.6%	2.8%	2.6%	3.0%	2.9%
AVERAGE ANNUAL WAGE									
Idaho	29,209	29,769	30,954	31,922	33,864	34,746	36,029	37,626	39,433
% Ch	1.6%	1.9%	4.0%	3.1%	6.1%	2.6%	3.7%	4.4%	4.8%
National	38,213	39,331	41,026	42,368	44,288	46,195	47,813	49,640	51,581
% Ch	1.9%	2.9%	4.3%	3.3%	4.5%	4.3%	3.5%	3.8%	3.9%

National Variables Forecast by Global Insight
Forecast Begins the SECOND Quarter of 2007

**IDAHO ECONOMIC FORECAST
ANNUAL DETAIL
JULY 2007**

PERSONAL INCOME--CURRENT \$\$

	1993	1994	1995	1996	1997	1998	1999	2000	2001
WAGE AND SALARY PAYMENTS									
Idaho (Millions)	9,979	10,896	11,701	12,284	13,078	13,936	15,024	16,552	16,880
% Ch	7.4%	9.2%	7.4%	5.0%	6.5%	6.6%	7.8%	10.2%	2.0%
National (Billions)	3,083	3,232	3,419	3,620	3,878	4,183	4,466	4,829	4,943
% Ch	3.4%	4.8%	5.8%	5.9%	7.1%	7.9%	6.8%	8.1%	2.4%
FARM PROPRIETORS INCOME									
Idaho (Millions)	836	453	515	643	425	607	690	471	646
% Ch	30.2%	-45.8%	13.6%	25.0%	-33.9%	42.8%	13.7%	-31.8%	37.1%
National (Billions)	31	34	23	37	34	29	29	23	20
% Ch	-9.5%	8.7%	-33.2%	64.5%	-8.3%	-14.1%	-2.6%	-20.7%	-13.1%
NONFARM PROPRIETORS INCOME									
Idaho (Millions)	2,087	2,312	2,229	2,324	2,313	2,480	2,765	2,883	3,312
% Ch	18.0%	10.8%	-3.6%	4.2%	-0.5%	7.2%	11.5%	4.3%	14.9%
National (Billions)	423	439	469	506	542	598	650	706	752
% Ch	7.5%	4.0%	6.8%	7.8%	7.1%	10.4%	8.6%	8.6%	6.6%
DIVIDENDS, RENT & INTEREST									
Idaho (Millions)	3,568	3,957	4,350	4,718	5,068	5,545	5,546	5,909	6,195
% Ch	6.8%	10.9%	9.9%	8.5%	7.4%	9.4%	0.0%	6.5%	4.8%
National (Billions)	997	1,070	1,139	1,221	1,310	1,421	1,412	1,537	1,547
% Ch	0.9%	7.3%	6.4%	7.2%	7.3%	8.4%	-0.6%	8.9%	0.7%
OTHER LABOR INCOME									
Idaho (Millions)	2,516	2,729	2,846	2,881	2,929	3,063	3,243	3,549	3,647
% Ch	12.6%	8.5%	4.3%	1.2%	1.7%	4.6%	5.9%	9.4%	2.8%
National (Billions)	472	493	494	492	498	530	562	610	643
% Ch	6.8%	4.4%	0.1%	-0.2%	1.0%	6.5%	6.2%	8.5%	5.4%
GOVT. TRANSFERS TO INDIV.									
Idaho (Millions)	2,645	2,789	3,023	3,319	3,408	3,557	3,776	4,079	4,568
% Ch	7.5%	5.5%	8.4%	9.8%	2.7%	4.4%	6.1%	8.0%	12.0%
National (Billions)	790	827	877	925	951	979	1,022	1,084	1,194
% Ch	5.4%	4.7%	6.1%	5.4%	2.8%	2.9%	4.4%	6.1%	10.1%
CONTRIB. FOR SOCIAL INSUR.									
Idaho (Millions)	1,767	1,951	2,074	2,134	2,223	2,337	2,480	2,676	2,724
% Ch	9.5%	10.5%	6.3%	2.9%	4.2%	5.1%	6.1%	7.9%	1.8%
National (Billions)	240	254	264	275	290	307	323	344	357
% Ch	5.0%	6.0%	3.9%	4.1%	5.3%	6.0%	5.3%	6.2%	3.8%
RESIDENCE ADJUSTMENT									
Idaho (Millions)	210	238	281	326	369	437	504	525	531
% Ch	9.5%	13.3%	18.3%	15.9%	13.2%	18.3%	15.4%	4.1%	1.1%

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**IDAHO ECONOMIC FORECAST
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PERSONAL INCOME--CURRENT \$\$

	2002	2003	2004	2005	2006	2007	2008	2009	2010
WAGE AND SALARY PAYMENTS									
Idaho (Millions)	17,256	17,690	18,914	20,359	22,470	23,582	24,754	26,374	28,431
% Ch	2.2%	2.5%	6.9%	7.6%	10.4%	4.9%	5.0%	6.5%	7.8%
National (Billions)	4,981	5,113	5,392	5,665	6,031	6,374	6,672	7,028	7,400
% Ch	0.8%	2.6%	5.5%	5.1%	6.5%	5.7%	4.7%	5.3%	5.3%
FARM PROPRIETORS INCOME									
Idaho (Millions)	497	337	726	409	367	398	510	570	626
% Ch	-23.0%	-32.2%	115.2%	-43.7%	-10.1%	8.4%	28.1%	11.7%	9.8%
National (Billions)	11	29	36	30	23	29	26	25	25
% Ch	-46.3%	176.4%	23.9%	-16.4%	-25.3%	29.3%	-10.8%	-5.2%	2.1%
NONFARM PROPRIETORS INCOME									
Idaho (Millions)	3,290	3,389	3,785	4,211	4,454	4,572	4,844	5,163	5,479
% Ch	-0.6%	3.0%	11.7%	11.2%	5.8%	2.7%	5.9%	6.6%	6.1%
National (Billions)	758	782	875	940	992	1,024	1,082	1,151	1,219
% Ch	0.7%	3.2%	11.9%	7.5%	5.5%	3.2%	5.6%	6.4%	6.0%
DIVIDENDS, RENT & INTEREST									
Idaho (Millions)	6,051	6,227	7,037	7,346	7,951	8,675	9,318	10,167	11,103
% Ch	-2.3%	2.9%	13.0%	4.4%	8.2%	9.1%	7.4%	9.1%	9.2%
National (Billions)	1,486	1,470	1,555	1,592	1,734	1,873	2,023	2,203	2,385
% Ch	-4.0%	-1.1%	5.8%	2.4%	8.9%	8.0%	8.0%	8.9%	8.3%
OTHER LABOR INCOME									
Idaho (Millions)	4,041	4,259	4,659	5,081	5,563	5,832	5,989	6,198	6,586
% Ch	10.8%	5.4%	9.4%	9.1%	9.5%	4.8%	2.7%	3.5%	6.3%
National (Billions)	745	816	866	933	993	1,042	1,076	1,110	1,158
% Ch	15.9%	9.5%	6.2%	7.7%	6.4%	5.0%	3.2%	3.1%	4.4%
GOVT. TRANSFERS TO INDIV.									
Idaho (Millions)	4,971	5,254	5,609	6,026	6,432	6,926	7,390	7,851	8,326
% Ch	8.8%	5.7%	6.8%	7.4%	6.7%	7.7%	6.7%	6.2%	6.0%
National (Billions)	1,286	1,351	1,427	1,527	1,602	1,717	1,826	1,926	2,023
% Ch	7.7%	5.0%	5.6%	7.0%	5.0%	7.2%	6.3%	5.5%	5.1%
CONTRIB. FOR SOCIAL INSUR.									
Idaho (Millions)	2,802	2,909	3,115	3,390	3,777	4,038	4,261	4,556	4,921
% Ch	2.9%	3.8%	7.1%	8.8%	11.4%	6.9%	5.5%	6.9%	8.0%
National (Billions)	365	382	407	432	462	488	509	536	563
% Ch	2.4%	4.6%	6.5%	6.2%	6.9%	5.5%	4.3%	5.3%	5.1%
RESIDENCE ADJUSTMENT									
Idaho (Millions)	544	570	616	665	717	752	773	795	829
% Ch	2.5%	4.9%	8.1%	8.0%	7.7%	5.0%	2.7%	2.9%	4.3%

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EMPLOYMENT

	1993	1994	1995	1996	1997	1998	1999	2000	2001
TOTAL NONFARM EMPLOYMENT									
Idaho	434,502	460,210	477,045	490,901	507,423	520,477	538,100	558,580	568,034
% Ch	5.1%	5.9%	3.7%	2.9%	3.4%	2.6%	3.4%	3.8%	1.7%
National (Thousands)	110,847	114,282	117,306	119,699	122,767	125,924	128,992	131,792	131,832
% Ch	2.0%	3.1%	2.6%	2.0%	2.6%	2.6%	2.4%	2.2%	0.0%
GOODS PRODUCING SECTOR									
Idaho	90,363	97,411	98,309	102,402	105,505	106,975	108,723	111,885	110,226
% Ch	6.3%	7.8%	0.9%	4.2%	3.0%	1.4%	1.6%	2.9%	-1.5%
National (Thousands)	22,221	22,777	23,161	23,412	23,884	24,352	24,467	24,653	23,874
% Ch	0.6%	2.5%	1.7%	1.1%	2.0%	2.0%	0.5%	0.8%	-3.2%
MANUFACTURING									
Idaho	63,132	65,717	65,639	68,313	70,185	71,528	71,213	73,032	70,393
% Ch	5.4%	4.1%	-0.1%	4.1%	2.7%	1.9%	-0.4%	2.6%	-3.6%
National (Thousands)	16,857	17,106	17,327	17,317	17,500	17,640	17,404	17,345	16,515
% Ch	-0.1%	1.5%	1.3%	-0.1%	1.1%	0.8%	-1.3%	-0.3%	-4.8%
DURABLE MANUFACTURING									
Idaho	34,785	37,821	39,957	42,447	44,215	45,892	45,698	47,407	45,099
% Ch	8.3%	8.7%	5.6%	6.2%	4.2%	3.8%	-0.4%	3.7%	-4.9%
National (Thousands)	9,983	10,214	10,456	10,565	10,785	10,990	10,912	10,956	10,408
% Ch	-0.4%	2.3%	2.4%	1.0%	2.1%	1.9%	-0.7%	0.4%	-5.0%
LOGGING & WOOD PRODUCTS									
Idaho	10,796	11,774	11,864	12,024	11,897	11,463	11,480	11,567	9,849
% Ch	3.2%	9.1%	0.8%	1.3%	-1.0%	-3.6%	0.1%	0.8%	-14.9%
National (Thousands)	605	643	656	663	677	689	701	692	647
% Ch	4.3%	6.2%	2.0%	1.1%	2.1%	1.7%	1.8%	-1.3%	-6.5%
METAL FABRICATION									
Idaho	2,577	2,958	3,410	3,582	3,793	3,826	3,942	4,030	3,876
% Ch	5.8%	14.8%	15.3%	5.0%	5.9%	0.9%	3.0%	2.2%	-3.8%
National (Thousands)	1,510	1,566	1,624	1,648	1,696	1,739	1,728	1,753	1,677
% Ch	0.8%	3.7%	3.7%	1.5%	2.9%	2.6%	-0.6%	1.4%	-4.4%
MACHINERY									
Idaho	2,613	2,901	3,078	3,189	3,065	3,178	3,039	3,305	3,056
% Ch	11.1%	11.0%	6.1%	3.6%	-3.9%	3.7%	-4.4%	8.7%	-7.5%
National (Thousands)	1,329	1,379	1,440	1,466	1,494	1,512	1,466	1,455	1,368
% Ch	1.5%	3.8%	4.4%	1.8%	1.9%	1.3%	-3.1%	-0.8%	-6.0%
COMPUTER & ELECTRONICS									
Idaho	13,169	13,646	14,324	16,280	17,727	19,055	18,406	19,454	19,656
% Ch	12.1%	3.6%	5.0%	13.7%	8.9%	7.5%	-3.4%	5.7%	1.0%
National (Thousands)	1,656	1,651	1,688	1,747	1,803	1,831	1,781	1,820	1,749
% Ch	-3.0%	-0.3%	2.3%	3.4%	3.2%	1.5%	-2.7%	2.2%	-3.9%
OTHER DURABLES									
Idaho	5,630	6,542	7,280	7,373	7,732	8,370	8,831	9,050	8,663
% Ch	9.8%	16.2%	11.3%	1.3%	4.9%	8.3%	5.5%	2.5%	-4.3%
National (Thousands)	4,883	4,975	5,047	5,041	5,115	5,218	5,235	5,236	4,967
% Ch	-1.0%	1.9%	1.4%	-0.1%	1.5%	2.0%	0.3%	0.0%	-5.1%

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EMPLOYMENT

	2002	2003	2004	2005	2006	2007	2008	2009	2010
TOTAL NONFARM EMPLOYMENT									
Idaho	568,043	572,545	588,058	611,715	638,902	654,112	662,943	677,691	698,348
% Ch	0.0%	0.8%	2.7%	4.0%	4.4%	2.4%	1.3%	2.2%	3.0%
National (Thousands)	130,347	129,990	131,423	133,696	136,175	137,987	139,541	141,572	143,456
% Ch	-1.1%	-0.3%	1.1%	1.7%	1.9%	1.3%	1.1%	1.5%	1.3%
GOODS PRODUCING SECTOR									
Idaho	105,031	102,385	105,454	112,349	122,310	121,279	117,110	117,611	119,143
% Ch	-4.7%	-2.5%	3.0%	6.5%	8.9%	-0.8%	-3.4%	0.4%	1.3%
National (Thousands)	22,555	21,811	21,882	22,192	22,576	22,416	22,134	22,159	22,343
% Ch	-5.5%	-3.3%	0.3%	1.4%	1.7%	-0.7%	-1.3%	0.1%	0.8%
MANUFACTURING									
Idaho	66,805	63,862	63,681	65,042	67,850	67,439	65,721	66,312	67,449
% Ch	-5.1%	-4.4%	-0.3%	2.1%	4.3%	-0.6%	-2.5%	0.9%	1.7%
National (Thousands)	15,328	14,575	14,384	14,294	14,267	14,128	13,968	13,917	13,951
% Ch	-7.2%	-4.9%	-1.3%	-0.6%	-0.2%	-1.0%	-1.1%	-0.4%	0.2%
DURABLE MANUFACTURING									
Idaho	42,321	39,950	40,550	42,113	44,613	44,395	42,630	42,896	43,689
% Ch	-6.2%	-5.6%	1.5%	3.9%	5.9%	-0.5%	-4.0%	0.6%	1.8%
National (Thousands)	9,553	9,030	8,992	9,021	9,069	8,973	8,869	8,872	8,926
% Ch	-8.2%	-5.5%	-0.4%	0.3%	0.5%	-1.1%	-1.2%	0.0%	0.6%
LOGGING & WOOD PRODUCTS									
Idaho	9,553	9,047	9,295	9,620	10,036	9,547	8,730	8,928	9,242
% Ch	-3.0%	-5.3%	2.7%	3.5%	4.3%	-4.9%	-8.5%	2.3%	3.5%
National (Thousands)	625	607	617	625	626	586	542	552	575
% Ch	-3.3%	-3.0%	1.8%	1.2%	0.2%	-6.4%	-7.4%	1.7%	4.2%
METAL FABRICATION									
Idaho	3,636	3,537	3,637	3,906	4,377	4,737	4,838	4,925	4,968
% Ch	-6.2%	-2.7%	2.8%	7.4%	12.1%	8.2%	2.1%	1.8%	0.9%
National (Thousands)	1,549	1,479	1,497	1,522	1,554	1,567	1,572	1,586	1,592
% Ch	-7.6%	-4.5%	1.2%	1.7%	2.1%	0.8%	0.3%	0.9%	0.4%
MACHINERY									
Idaho	2,832	2,633	2,570	2,606	2,865	2,836	2,764	2,757	2,768
% Ch	-7.3%	-7.0%	-2.4%	1.4%	9.9%	-1.0%	-2.5%	-0.3%	0.4%
National (Thousands)	1,229	1,149	1,143	1,163	1,192	1,221	1,208	1,207	1,211
% Ch	-10.2%	-6.5%	-0.5%	1.7%	2.5%	2.4%	-1.0%	-0.1%	0.3%
COMPUTER & ELECTRONICS									
Idaho	17,933	16,297	16,285	16,182	16,664	16,510	15,334	14,926	14,937
% Ch	-8.8%	-9.1%	-0.1%	-0.6%	3.0%	-0.9%	-7.1%	-2.7%	0.1%
National (Thousands)	1,507	1,355	1,323	1,316	1,316	1,314	1,327	1,299	1,284
% Ch	-13.8%	-10.1%	-2.4%	-0.5%	0.0%	-0.1%	0.9%	-2.1%	-1.2%
OTHER DURABLES									
Idaho	8,367	8,436	8,762	9,799	10,670	10,765	10,962	11,360	11,775
% Ch	-3.4%	0.8%	3.9%	11.8%	8.9%	0.9%	1.8%	3.6%	3.6%
National (Thousands)	4,643	4,440	4,412	4,395	4,380	4,285	4,220	4,229	4,264
% Ch	-6.5%	-4.4%	-0.6%	-0.4%	-0.3%	-2.2%	-1.5%	0.2%	0.8%

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EMPLOYMENT

MANUFACTURING (continued)	1993	1994	1995	1996	1997	1998	1999	2000	2001
NONDURABLE MANUFACTURING									
Idaho	28,346	27,897	25,682	25,866	25,970	25,636	25,515	25,625	25,294
% Ch	2.0%	-1.6%	-7.9%	0.7%	0.4%	-1.3%	-0.5%	0.4%	-1.3%
National (Thousands)	6,874	6,892	6,871	6,752	6,715	6,650	6,493	6,388	6,107
% Ch	0.3%	0.3%	-0.3%	-1.7%	-0.6%	-1.0%	-2.4%	-1.6%	-4.4%
FOOD PROCESSING									
Idaho	17,856	17,369	16,827	17,119	17,263	16,830	16,705	16,660	16,521
% Ch	2.4%	-2.7%	-3.1%	1.7%	0.8%	-2.5%	-0.7%	-0.3%	-0.8%
National (Thousands)	1,535	1,540	1,561	1,562	1,557	1,555	1,550	1,553	1,550
% Ch	1.1%	0.3%	1.3%	0.1%	-0.3%	-0.1%	-0.3%	0.2%	-0.2%
PRINTING									
Idaho	2,231	2,241	2,308	2,365	2,326	2,307	2,234	2,339	2,225
% Ch	0.9%	0.4%	3.0%	2.5%	-1.6%	-0.8%	-3.2%	4.7%	-4.9%
National (Thousands)	785	802	817	816	821	828	814	807	769
% Ch	0.6%	2.2%	1.9%	-0.2%	0.6%	0.8%	-1.6%	-0.9%	-4.7%
CHEMICALS									
Idaho	4,210	4,099	2,354	2,330	2,273	2,361	2,314	2,336	2,324
% Ch	-1.1%	-2.6%	-42.6%	-1.0%	-2.5%	3.9%	-2.0%	1.0%	-0.5%
National (Thousands)	1,025	1,005	988	985	987	993	983	980	959
% Ch	-0.4%	-2.0%	-1.7%	-0.3%	0.2%	0.6%	-1.0%	-0.2%	-2.2%
OTHER NONDURABLES									
Idaho	4,049	4,187	4,193	4,051	4,108	4,138	4,262	4,290	4,224
% Ch	4.2%	3.4%	0.1%	-3.4%	1.4%	0.7%	3.0%	0.7%	-1.5%
National (Thousands)	3,529	3,545	3,505	3,390	3,350	3,274	3,145	3,048	2,829
% Ch	0.1%	0.5%	-1.1%	-3.3%	-1.2%	-2.3%	-3.9%	-3.1%	-7.2%
MINING									
Idaho	2,164	2,367	2,683	2,977	2,996	2,817	2,485	2,347	1,973
% Ch	-16.1%	9.4%	13.3%	11.0%	0.6%	-6.0%	-11.8%	-5.5%	-15.9%
National (Thousands)	585	576	558	556	571	565	518	520	532
% Ch	-4.1%	-1.4%	-3.2%	-0.3%	2.7%	-1.1%	-8.4%	0.5%	2.4%
CONSTRUCTION									
Idaho	25,068	29,326	29,988	31,112	32,324	32,629	35,025	36,506	37,861
% Ch	11.4%	17.0%	2.3%	3.7%	3.9%	0.9%	7.3%	4.2%	3.7%
National (Thousands)	4,779	5,094	5,276	5,538	5,813	6,147	6,545	6,788	6,827
% Ch	3.8%	6.6%	3.6%	5.0%	5.0%	5.8%	6.5%	3.7%	0.6%
NONGOODS PRODUCING									
Idaho	344,139	362,799	378,735	388,499	401,918	413,503	429,378	446,696	457,807
% Ch	4.8%	5.4%	4.4%	2.6%	3.5%	2.9%	3.8%	4.0%	2.5%
National (Thousands)	88,626	91,505	94,145	96,287	98,883	101,571	104,525	107,139	107,958
% Ch	2.3%	3.2%	2.9%	2.3%	2.7%	2.7%	2.9%	2.5%	0.8%
SERVICES									
Idaho	173,523	185,543	196,052	202,106	210,034	217,464	227,557	238,281	249,579
% Ch	6.3%	6.9%	5.7%	3.1%	3.9%	3.5%	4.6%	4.7%	4.7%
National (Thousands)	51,520	53,498	55,382	57,094	59,170	61,256	63,350	65,137	65,824
% Ch	3.2%	3.8%	3.5%	3.1%	3.6%	3.5%	3.4%	2.8%	1.1%
INFORMATION									
Idaho	7,195	7,413	7,602	7,699	7,587	8,376	9,274	9,859	9,596
% Ch	1.6%	3.0%	2.5%	1.3%	-1.5%	10.4%	10.7%	6.3%	-2.7%
National (Thousands)	2,667	2,739	2,844	2,940	3,084	3,219	3,418	3,629	3,629
% Ch	1.0%	2.7%	3.8%	3.4%	4.9%	4.4%	6.2%	6.2%	0.0%
FINANCIAL ACTIVITIES									
Idaho	23,257	24,520	25,492	26,833	26,835	24,256	25,306	25,161	25,013
% Ch	5.2%	5.4%	4.0%	5.3%	0.0%	-9.6%	4.3%	-0.6%	-0.6%
National (Thousands)	6,708	6,866	6,828	6,969	7,178	7,462	7,646	7,688	7,808
% Ch	2.6%	2.4%	-0.6%	2.1%	3.0%	4.0%	2.5%	0.5%	1.6%

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EMPLOYMENT

MANUFACTURING (continued)	2002	2003	2004	2005	2006	2007	2008	2009	2010
NONDURABLE MANUFACTURING									
Idaho	24,484	23,912	23,131	22,929	23,237	23,044	23,091	23,416	23,759
% Ch	-3.2%	-2.3%	-3.3%	-0.9%	1.3%	-0.8%	0.2%	1.4%	1.5%
National (Thousands)	5,774	5,545	5,392	5,273	5,198	5,155	5,100	5,045	5,025
% Ch	-5.4%	-4.0%	-2.8%	-2.2%	-1.4%	-0.8%	-1.1%	-1.1%	-0.4%
FOOD PROCESSING									
Idaho	16,354	15,900	14,999	14,713	14,699	14,759	14,908	15,158	15,416
% Ch	-1.0%	-2.8%	-5.7%	-1.9%	-0.1%	0.4%	1.0%	1.7%	1.7%
National (Thousands)	1,525	1,517	1,495	1,478	1,485	1,496	1,507	1,524	1,543
% Ch	-1.6%	-0.5%	-1.5%	-1.1%	0.4%	0.7%	0.8%	1.1%	1.2%
PRINTING									
Idaho	2,033	2,030	1,921	1,900	1,908	1,895	1,844	1,825	1,796
% Ch	-8.6%	-0.1%	-5.3%	-1.1%	0.4%	-0.7%	-2.7%	-1.0%	-1.6%
National (Thousands)	707	680	663	646	636	633	628	617	609
% Ch	-8.1%	-3.7%	-2.6%	-2.4%	-1.6%	-0.4%	-0.9%	-1.8%	-1.2%
CHEMICALS									
Idaho	1,925	1,831	1,878	1,937	2,116	1,901	1,760	1,737	1,721
% Ch	-17.1%	-4.9%	2.6%	3.2%	9.2%	-10.2%	-7.4%	-1.3%	-0.9%
National (Thousands)	927	906	887	872	869	869	861	853	854
% Ch	-3.3%	-2.3%	-2.1%	-1.7%	-0.4%	0.1%	-0.9%	-0.9%	0.1%
OTHER NONDURABLES									
Idaho	4,172	4,151	4,334	4,379	4,514	4,490	4,579	4,695	4,826
% Ch	-1.2%	-0.5%	4.4%	1.0%	3.1%	-0.5%	2.0%	2.6%	2.8%
National (Thousands)	2,615	2,442	2,348	2,276	2,209	2,156	2,103	2,051	2,019
% Ch	-7.6%	-6.6%	-3.9%	-3.0%	-3.0%	-2.4%	-2.5%	-2.5%	-1.5%
MINING									
Idaho	1,758	1,785	1,932	2,161	2,375	2,507	2,359	2,277	2,141
% Ch	-10.9%	1.5%	8.2%	11.9%	9.9%	5.5%	-5.9%	-3.5%	-6.0%
National (Thousands)	512	503	523	562	619	651	642	620	591
% Ch	-3.8%	-1.8%	4.0%	7.5%	10.1%	5.3%	-1.4%	-3.3%	-4.8%
CONSTRUCTION									
Idaho	36,468	36,739	39,841	45,145	52,085	51,333	49,031	49,022	49,553
% Ch	-3.7%	0.7%	8.4%	13.3%	15.4%	-1.4%	-4.5%	0.0%	1.1%
National (Thousands)	6,715	6,734	6,976	7,336	7,690	7,637	7,524	7,621	7,801
% Ch	-1.6%	0.3%	3.6%	5.2%	4.8%	-0.7%	-1.5%	1.3%	2.4%
NONGOODS PRODUCING									
Idaho	463,012	470,159	482,604	499,366	516,592	532,833	545,832	560,080	579,205
% Ch	1.1%	1.5%	2.6%	3.5%	3.4%	3.1%	2.4%	2.6%	3.4%
National (Thousands)	107,792	108,179	109,541	111,505	113,599	115,571	117,407	119,413	121,113
% Ch	-0.2%	0.4%	1.3%	1.8%	1.9%	1.7%	1.6%	1.7%	1.4%
SERVICES									
Idaho	253,632	260,021	269,019	280,747	292,726	303,470	312,587	322,313	334,147
% Ch	1.6%	2.5%	3.5%	4.4%	4.3%	3.7%	3.0%	3.1%	3.7%
National (Thousands)	65,602	66,075	67,201	68,655	70,393	71,922	73,259	74,900	76,254
% Ch	-0.3%	0.7%	1.7%	2.2%	2.5%	2.2%	1.9%	2.2%	1.8%
INFORMATION									
Idaho	9,156	9,181	9,934	11,071	10,590	10,894	11,003	11,325	11,688
% Ch	-4.6%	0.3%	8.2%	11.4%	-4.3%	2.9%	1.0%	2.9%	3.2%
National (Thousands)	3,394	3,189	3,117	3,060	3,054	3,079	3,051	3,049	3,079
% Ch	-6.5%	-6.1%	-2.3%	-1.8%	-0.2%	0.8%	-0.9%	-0.1%	1.0%
FINANCIAL ACTIVITIES									
Idaho	25,824	26,944	27,937	29,652	31,744	32,609	33,633	34,699	35,868
% Ch	3.2%	4.3%	3.7%	6.1%	7.1%	2.7%	3.1%	3.2%	3.4%
National (Thousands)	7,847	7,976	8,031	8,153	8,363	8,435	8,450	8,598	8,721
% Ch	0.5%	1.6%	0.7%	1.5%	2.6%	0.9%	0.2%	1.8%	1.4%

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EMPLOYMENT

SERVICES (Continued)	1993	1994	1995	1996	1997	1998	1999	2000	2001
TRANS., WAREHOUSING, UTILITIES									
Idaho	14,557	15,465	16,508	17,329	17,624	18,159	19,004	19,409	19,157
% Ch	3.6%	6.2%	6.7%	5.0%	1.7%	3.0%	4.7%	2.1%	-1.3%
National (Thousands)	4,264	4,390	4,505	4,576	4,647	4,781	4,906	5,013	4,973
% Ch	1.8%	2.9%	2.6%	1.6%	1.5%	2.9%	2.6%	2.2%	-0.8%
PROFESSIONAL & BUSINESS									
Idaho	36,872	39,173	42,480	42,934	47,295	50,766	54,794	60,626	67,656
% Ch	9.2%	6.2%	8.4%	1.1%	10.2%	7.3%	7.9%	10.6%	11.6%
National (Thousands)	11,493	12,171	12,846	13,461	14,333	15,142	15,954	16,670	16,481
% Ch	4.8%	5.9%	5.6%	4.8%	6.5%	5.6%	5.4%	4.5%	-1.1%
EDUCATION & HEALTH									
Idaho	36,841	39,048	41,491	44,361	46,347	49,248	50,574	53,017	56,956
% Ch	6.6%	6.0%	6.3%	6.9%	4.5%	6.3%	2.7%	4.8%	7.4%
National (Thousands)	12,303	12,806	13,288	13,683	14,088	14,445	14,795	15,109	15,643
% Ch	3.5%	4.1%	3.8%	3.0%	3.0%	2.5%	2.4%	2.1%	3.5%
LEISURE & HOSPITALITY									
Idaho	41,375	44,569	46,651	47,558	48,839	50,425	51,461	52,565	53,059
% Ch	4.4%	7.7%	4.7%	1.9%	2.7%	3.2%	2.1%	2.1%	0.9%
National (Thousands)	9,733	10,098	10,499	10,774	11,016	11,232	11,544	11,860	12,032
% Ch	3.1%	3.7%	4.0%	2.6%	2.3%	2.0%	2.8%	2.7%	1.5%
OTHER SERVICES									
Idaho	13,426	15,356	15,829	15,393	15,506	16,235	17,144	17,643	18,143
% Ch	11.5%	14.4%	3.1%	-2.8%	0.7%	4.7%	5.6%	2.9%	2.8%
National (Thousands)	4,350	4,429	4,572	4,691	4,825	4,976	5,087	5,168	5,258
% Ch	2.6%	1.8%	3.2%	2.6%	2.9%	3.1%	2.2%	1.6%	1.7%
TRADE									
Idaho	78,874	83,336	86,215	89,134	91,683	93,772	96,725	100,169	98,088
% Ch	3.9%	5.7%	3.5%	3.4%	2.9%	2.3%	3.1%	3.6%	-2.1%
National (Thousands)	18,113	18,733	19,328	19,663	20,053	20,405	20,863	21,212	21,013
% Ch	1.0%	3.4%	3.2%	1.7%	2.0%	1.8%	2.2%	1.7%	-0.9%
RETAIL TRADE									
Idaho	57,743	61,034	63,162	65,408	67,175	69,160	71,418	74,456	72,622
% Ch	5.3%	5.7%	3.5%	3.6%	2.7%	3.0%	3.3%	4.3%	-2.5%
National (Thousands)	13,019	13,486	13,895	14,141	14,390	14,610	14,971	15,279	15,240
% Ch	1.5%	3.6%	3.0%	1.8%	1.8%	1.5%	2.5%	2.1%	-0.3%
WHOLESALE TRADE									
Idaho	21,132	22,303	23,053	23,726	24,508	24,612	25,306	25,713	25,466
% Ch	0.2%	5.5%	3.4%	2.9%	3.3%	0.4%	2.8%	1.6%	-1.0%
National (Thousands)	5,094	5,247	5,433	5,523	5,663	5,795	5,893	5,933	5,773
% Ch	-0.3%	3.0%	3.5%	1.6%	2.6%	2.3%	1.7%	0.7%	-2.7%
STATE & LOCAL GOVERNMENT									
Idaho	78,166	80,426	83,355	84,359	87,297	89,467	92,262	94,744	96,861
% Ch	3.0%	2.9%	3.6%	1.2%	3.5%	2.5%	3.1%	2.7%	2.2%
National (Thousands)	15,436	15,674	15,931	16,258	16,488	16,653	16,854	17,139	17,542
% Ch	1.4%	1.5%	1.6%	2.1%	1.4%	1.0%	1.2%	1.7%	2.4%
EDUCATION									
Idaho	39,830	40,542	42,571	42,572	44,219	45,412	46,749	47,988	49,023
% Ch	3.4%	1.8%	5.0%	0.0%	3.9%	2.7%	2.9%	2.7%	2.2%
NONEDUCATION									
Idaho	38,336	39,884	40,783	41,787	43,078	44,055	45,513	46,756	47,838
% Ch	2.6%	4.0%	2.3%	2.5%	3.1%	2.3%	3.3%	2.7%	2.3%
FEDERAL GOVERNMENT									
Idaho	13,575	13,493	13,113	12,899	12,904	12,800	12,834	13,502	13,280
% Ch	0.9%	-0.6%	-2.8%	-1.6%	0.0%	-0.8%	0.3%	5.2%	-1.6%
National (Thousands)	3,062	3,016	2,947	2,876	2,806	2,771	2,770	2,865	2,763
% Ch	-1.6%	-1.5%	-2.3%	-2.4%	-2.5%	-1.2%	0.0%	3.4%	-3.6%

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**IDAHO ECONOMIC FORECAST
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EMPLOYMENT

SERVICES (Continued)	2002	2003	2004	2005	2006	2007	2008	2009	2010
TRANS., WAREHOUSING, UTILITIES									
Idaho	18,676	18,763	18,945	19,293	20,241	20,998	20,947	20,901	21,144
% Ch	-2.5%	0.5%	1.0%	1.8%	4.9%	3.7%	-0.2%	-0.2%	1.2%
National (Thousands)	4,820	4,761	4,811	4,916	5,014	5,097	5,236	5,397	5,554
% Ch	-3.1%	-1.2%	1.0%	2.2%	2.0%	1.7%	2.7%	3.1%	2.9%
PROFESSIONAL & BUSINESS									
Idaho	69,020	70,008	73,147	76,912	81,362	83,285	86,676	90,238	94,353
% Ch	2.0%	1.4%	4.5%	5.1%	5.8%	2.4%	4.1%	4.1%	4.6%
National (Thousands)	15,981	15,987	16,386	16,946	17,555	17,974	18,546	19,392	20,036
% Ch	-3.0%	0.0%	2.5%	3.4%	3.6%	2.4%	3.2%	4.6%	3.3%
EDUCATION & HEALTH									
Idaho	59,809	62,550	65,214	67,986	70,106	73,038	74,924	77,065	79,938
% Ch	5.0%	4.6%	4.3%	4.2%	3.1%	4.2%	2.6%	2.9%	3.7%
National (Thousands)	16,201	16,588	16,952	17,371	17,836	18,327	18,648	18,999	19,183
% Ch	3.6%	2.4%	2.2%	2.5%	2.7%	2.8%	1.7%	1.9%	1.0%
LEISURE & HOSPITALITY									
Idaho	53,282	54,408	55,572	57,360	59,668	63,188	65,333	67,180	69,210
% Ch	0.4%	2.1%	2.1%	3.2%	4.0%	5.9%	3.4%	2.8%	3.0%
National (Thousands)	11,986	12,173	12,495	12,814	13,139	13,524	13,822	13,970	14,168
% Ch	-0.4%	1.6%	2.6%	2.6%	2.5%	2.9%	2.2%	1.1%	1.4%
OTHER SERVICES									
Idaho	17,867	18,167	18,269	18,474	19,014	19,457	20,071	20,905	21,946
% Ch	-1.5%	1.7%	0.6%	1.1%	2.9%	2.3%	3.2%	4.2%	5.0%
National (Thousands)	5,372	5,401	5,409	5,394	5,432	5,486	5,507	5,493	5,514
% Ch	2.2%	0.5%	0.1%	-0.3%	0.7%	1.0%	0.4%	-0.2%	0.4%
TRADE									
Idaho	97,342	97,119	99,129	103,675	107,466	112,802	115,787	119,611	125,055
% Ch	-0.8%	-0.2%	2.1%	4.6%	3.7%	5.0%	2.6%	3.3%	4.6%
National (Thousands)	20,680	20,524	20,721	21,043	21,218	21,385	21,698	21,938	22,031
% Ch	-1.6%	-0.8%	1.0%	1.6%	0.8%	0.8%	1.5%	1.1%	0.4%
RETAIL TRADE									
Idaho	72,396	72,621	73,720	76,795	80,509	84,583	86,845	89,846	94,093
% Ch	-0.3%	0.3%	1.5%	4.2%	4.8%	5.1%	2.7%	3.5%	4.7%
National (Thousands)	15,027	14,916	15,059	15,281	15,321	15,390	15,616	15,782	15,776
% Ch	-1.4%	-0.7%	1.0%	1.5%	0.3%	0.5%	1.5%	1.1%	0.0%
WHOLESALE TRADE									
Idaho	24,947	24,497	25,409	26,880	26,957	28,219	28,942	29,765	30,961
% Ch	-2.0%	-1.8%	3.7%	5.8%	0.3%	4.7%	2.6%	2.8%	4.0%
National (Thousands)	5,653	5,608	5,662	5,762	5,897	5,994	6,082	6,156	6,255
% Ch	-2.1%	-0.8%	1.0%	1.8%	2.3%	1.6%	1.5%	1.2%	1.6%
STATE & LOCAL GOVERNMENT									
Idaho	98,486	99,397	101,146	101,866	103,526	103,782	104,652	105,305	106,665
% Ch	1.7%	0.9%	1.8%	0.7%	1.6%	0.2%	0.8%	0.6%	1.3%
National (Thousands)	18,744	18,819	18,889	19,074	19,260	19,547	19,738	19,884	20,064
% Ch	2.1%	0.4%	0.4%	1.0%	1.0%	1.5%	1.0%	0.7%	0.9%
EDUCATION									
Idaho	49,655	49,909	50,813	51,303	52,648	53,267	53,936	54,594	55,616
% Ch	1.3%	0.5%	1.8%	1.0%	2.6%	1.2%	1.3%	1.2%	1.9%
NONEDUCATION									
Idaho	48,832	49,488	50,333	50,562	50,878	50,515	50,716	50,711	51,049
% Ch	2.1%	1.3%	1.7%	0.5%	0.6%	-0.7%	0.4%	0.0%	0.7%
FEDERAL GOVERNMENT									
Idaho	13,551	13,623	13,311	13,078	12,874	12,779	12,807	12,852	13,338
% Ch	2.0%	0.5%	-2.3%	-1.7%	-1.6%	-0.7%	0.2%	0.3%	3.8%
National (Thousands)	2,766	2,761	2,731	2,732	2,728	2,717	2,712	2,692	2,764
% Ch	0.1%	-0.2%	-1.1%	0.1%	-0.2%	-0.4%	-0.2%	-0.7%	2.7%

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**IDAHO ECONOMIC FORECAST
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MISCELLANEOUS

	1993	1994	1995	1996	1997	1998	1999	2000	2001
SELECTED CHAIN-WEIGHTED DEFL.									
Gross Domestic Product	88.391	90.265	92.115	93.859	95.415	96.475	97.868	100.000	102.402
% Ch	2.3%	2.1%	2.0%	1.9%	1.7%	1.1%	1.4%	2.2%	2.4%
Consumption Expenditures	87.804	89.654	91.577	93.547	95.124	95.978	97.575	100.000	102.094
% Ch	2.3%	2.1%	2.1%	2.2%	1.7%	0.9%	1.7%	2.5%	2.1%
Durable Goods	107.841	109.978	110.672	109.507	107.068	104.152	101.626	100.000	98.114
% Ch	1.0%	2.0%	0.6%	-1.1%	-2.2%	-2.7%	-2.4%	-1.6%	-1.9%
Nondurable Goods	88.973	89.605	90.629	92.567	93.835	93.821	96.173	100.000	101.531
% Ch	1.0%	0.7%	1.1%	2.1%	1.4%	0.0%	2.5%	4.0%	1.5%
Services	83.345	85.748	88.320	90.844	93.305	95.319	97.393	100.000	103.257
% Ch	3.3%	2.9%	3.0%	2.9%	2.7%	2.2%	2.2%	2.7%	3.3%
Consumer Price Index (1982-84=1.000)	1.445	1.482	1.524	1.569	1.605	1.630	1.666	1.722	1.770
% Ch	3.0%	2.6%	2.8%	2.9%	2.3%	1.5%	2.2%	3.4%	2.8%

SELECTED INTEREST RATES

Federal Funds	3.0%	4.2%	5.8%	5.3%	5.5%	5.4%	5.0%	6.2%	3.9%
NY Fed Discount	3.0%	3.6%	5.2%	5.0%	5.0%	4.9%	4.6%	5.7%	3.4%
Prime	6.0%	7.1%	8.8%	8.3%	8.4%	8.4%	8.0%	9.2%	6.9%
Existing Home Mortgage	7.2%	7.5%	7.8%	7.7%	7.7%	7.1%	7.3%	8.0%	7.0%
U.S. Govt. 3-Month Bills	3.0%	4.2%	5.5%	5.0%	5.1%	4.8%	4.6%	5.8%	3.4%
U.S. Govt. 6-Month Bills	3.1%	4.6%	5.6%	5.1%	5.2%	4.8%	4.7%	5.9%	3.4%
U.S. Govt. 5-Year Notes	5.1%	6.7%	6.4%	6.2%	6.2%	5.2%	5.5%	6.2%	4.6%
U.S. Govt. 10-Year Notes	5.9%	7.1%	6.6%	6.4%	6.4%	5.3%	5.6%	6.0%	5.0%

SELECTED US PRODUCTION INDICES

Wood Products	84.2	89.2	91.3	94.3	97.1	101.5	105.7	104.2	97.5
% Ch	1.1%	5.9%	2.4%	3.3%	3.0%	4.5%	4.2%	-1.5%	-6.4%
Computers & Electronic Products	15.8	18.9	24.9	32.0	43.0	56.2	75.5	101.8	103.5
% Ch	11.6%	20.0%	31.9%	28.3%	34.3%	30.7%	34.3%	34.8%	1.7%
Food	87.6	88.2	90.4	88.6	91.0	95.0	96.0	97.7	97.7
% Ch	2.7%	0.6%	2.6%	-2.1%	2.8%	4.4%	1.0%	1.7%	0.0%
Agricultural Chemicals	114.9	114.8	114.3	116.6	121.0	123.5	111.3	105.1	96.7
% Ch	0.8%	-0.2%	-0.4%	2.0%	3.8%	2.1%	-9.9%	-5.6%	-8.0%
Metal Ore Mining	119.2	121.4	122.6	125.3	132.1	131.5	120.7	120.2	109.2
% Ch	-0.7%	1.9%	1.0%	2.2%	5.5%	-0.4%	-8.3%	-0.4%	-9.2%

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MISCELLANEOUS

	2002	2003	2004	2005	2006	2007	2008	2009	2010
SELECTED CHAIN-WEIGHTED DEFL.									
Gross Domestic Product	104.193	106.410	109.429	112.744	116.062	118.900	121.210	123.638	126.113
% Ch	1.7%	2.1%	2.8%	3.0%	2.9%	2.4%	1.9%	2.0%	2.0%
Consumption Expenditures	103.542	105.597	108.373	111.493	114.556	117.054	119.152	121.402	123.660
% Ch	1.4%	2.0%	2.6%	2.9%	2.7%	2.2%	1.8%	1.9%	1.9%
Durable Goods	95.766	92.366	90.845	90.198	88.981	87.437	86.879	86.546	85.875
% Ch	-2.4%	-3.6%	-1.6%	-0.7%	-1.3%	-1.7%	-0.6%	-0.4%	-0.8%
Nondurable Goods	102.089	104.145	107.618	111.531	114.959	117.299	118.264	119.714	121.442
% Ch	0.5%	2.0%	3.3%	3.6%	3.1%	2.0%	0.8%	1.2%	1.4%
Services	106.018	109.379	112.863	116.529	120.509	124.149	127.525	130.869	134.188
% Ch	2.7%	3.2%	3.2%	3.2%	3.4%	3.0%	2.7%	2.6%	2.5%
Consumer Price Index (1982-84=100)	1.799	1.840	1.889	1.953	2.016	2.065	2.103	2.142	2.181
% Ch	1.6%	2.3%	2.7%	3.4%	3.2%	2.5%	1.8%	1.9%	1.8%

SELECTED INTEREST RATES

Federal Funds	1.7%	1.1%	1.3%	3.2%	5.0%	5.3%	5.3%	5.3%	5.3%
NY Fed Discount	1.2%	2.1%	2.3%	4.2%	5.9%	6.3%	6.3%	6.3%	6.3%
Prime	4.7%	4.1%	4.3%	6.2%	8.0%	8.3%	8.3%	8.3%	8.3%
Existing Home Mortgage	6.5%	5.7%	5.7%	5.9%	6.6%	6.6%	6.9%	7.1%	7.2%
U.S. Govt. 3-Month Bills	1.6%	1.0%	1.4%	3.1%	4.7%	4.8%	5.0%	5.1%	5.1%
U.S. Govt. 6-Month Bills	1.7%	1.1%	1.6%	3.4%	4.8%	4.9%	5.0%	5.2%	5.2%
U.S. Govt. 5-Year Notes	3.8%	3.0%	3.4%	4.0%	4.7%	4.9%	5.2%	5.4%	5.5%
U.S. Govt. 10-Year Notes	4.6%	4.0%	4.3%	4.3%	4.8%	4.9%	5.3%	5.5%	5.6%

SELECTED US PRODUCTION INDICES

Wood Products	100.0	100.9	104.5	111.1	107.8	95.6	90.4	95.0	99.3
% Ch	2.5%	0.9%	3.6%	6.3%	-3.0%	-11.3%	-5.4%	5.0%	4.5%
Computers & Electronic Products	100.0	111.5	126.2	141.0	169.4	188.1	211.5	236.1	262.8
% Ch	-3.4%	11.5%	13.1%	11.7%	20.1%	11.1%	12.4%	11.6%	11.3%
Food	100.0	101.0	101.1	104.5	107.7	111.8	113.6	115.7	118.2
% Ch	2.4%	1.0%	0.1%	3.3%	3.1%	3.8%	1.6%	1.9%	2.2%
Agricultural Chemicals	100.0	104.5	109.7	115.6	116.6	107.3	110.6	115.5	119.9
% Ch	3.4%	4.5%	5.0%	5.4%	0.8%	-8.0%	3.0%	4.4%	3.8%
Metal Ore Mining	100.0	94.3	94.0	101.8	103.2	107.0	110.4	113.2	114.7
% Ch	-8.4%	-5.7%	-0.4%	8.3%	1.4%	3.7%	3.1%	2.6%	1.3%

**National Variables Forecast by Global Insight
Forecast Begins the SECOND Quarter of 2007**

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JULY 2007**

DEMOGRAPHICS

	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
POPULATION												
Idaho (Thousands)	1,381.2	1,387.6	1,394.3	1,400.9	1,411.2	1,422.5	1,434.2	1,444.0	1,452.7	1,461.7	1,470.0	1,478.5
% Ch	1.9%	1.9%	2.0%	1.9%	3.0%	3.2%	3.3%	2.8%	2.4%	2.5%	2.3%	2.3%
National (Millions)	293.340	294.056	294.857	295.576	296.209	296.940	297.740	298.458	299.079	299.801	300.476	301.151
% Ch	0.8%	1.0%	1.1%	1.0%	0.9%	1.0%	1.1%	1.0%	0.8%	1.0%	0.9%	0.9%
BIRTHS												
Idaho (Thousands)	22.203	22.409	22.682	22.810	22.520	22.939	23.277	23.539	23.789	24.026	24.237	24.456
% Ch	2.4%	3.8%	5.0%	2.3%	-5.0%	7.7%	6.0%	4.6%	4.3%	4.0%	3.6%	3.7%
National (Thousands)	4,145	4,155	4,166	4,177	4,188	4,199	4,210	4,221	4,228	4,239	4,249	4,260
% Ch	0.8%	0.9%	1.1%	1.0%	1.1%	1.0%	1.1%	1.0%	0.7%	1.0%	1.0%	1.0%
DEATHS												
Idaho (Thousands)	10.320	10.125	9.890	9.745	10.060	10.290	10.570	10.730	10.779	10.839	10.896	10.954
% Ch	-5.6%	-7.3%	-9.0%	-5.7%	13.6%	9.5%	11.3%	6.2%	1.8%	2.3%	2.1%	2.1%
National (Thousands)	2,457	2,456	2,456	2,455	2,449	2,450	2,454	2,459	2,470	2,476	2,482	2,488
% Ch	-0.3%	-0.2%	-0.1%	-0.1%	-0.9%	0.2%	0.6%	0.8%	1.8%	1.1%	1.0%	0.9%
NET MIGRATION												
Idaho (Thousands)	12.872	12.920	13.206	13.055	17.546	22.265	27.152	30.313	28.478	26.023	22.492	21.058
HOUSING												
HOUSING STARTS												
Idaho	16,279	17,844	18,967	21,197	22,780	22,637	24,505	23,075	22,642	21,415	18,361	15,059
% Ch	-34.0%	44.4%	27.7%	56.0%	33.4%	-2.5%	37.3%	-21.4%	-7.3%	-20.0%	-46.0%	-54.8%
National (Millions)	1.918	1.937	1.977	1.965	2.072	2.051	2.100	2.069	2.127	1.861	1.704	1.555
% Ch	-21.1%	4.0%	8.4%	-2.3%	23.5%	-3.9%	9.8%	-5.8%	11.8%	-41.4%	-29.7%	-30.8%
SINGLE UNITS												
Idaho	13,932	15,361	16,357	18,810	20,483	20,152	21,603	21,107	20,681	19,379	16,519	13,066
% Ch	-37.8%	47.8%	28.6%	74.9%	40.6%	-6.3%	32.1%	-8.9%	-7.8%	-22.9%	-47.2%	-60.9%
National (Millions)	1.558	1.608	1.640	1.611	1.705	1.697	1.747	1.725	1.752	1.520	1.393	1.232
% Ch	-22.0%	13.6%	8.3%	-7.0%	25.5%	-1.8%	12.3%	-4.9%	6.2%	-43.3%	-29.5%	-38.9%
MULTIPLE UNITS												
Idaho	2,347	2,484	2,610	2,387	2,297	2,485	2,903	1,968	1,961	2,036	1,842	1,993
% Ch	-4.9%	25.5%	22.0%	-30.0%	-14.3%	37.0%	86.2%	-78.9%	-1.3%	16.0%	-33.0%	37.0%
National (Millions)	0.361	0.329	0.337	0.355	0.367	0.354	0.353	0.343	0.376	0.341	0.311	0.323
% Ch	-17.4%	-30.5%	9.2%	23.2%	14.7%	-13.1%	-1.5%	-10.5%	43.3%	-32.1%	-30.8%	16.4%
HOUSING STOCK												
Idaho (Thousands)	466.9	471.0	475.4	480.3	485.7	491.0	496.7	502.1	507.4	512.4	516.6	520.0
% Ch	3.3%	3.6%	3.8%	4.2%	4.5%	4.4%	4.8%	4.4%	4.3%	4.0%	3.3%	2.6%

**National Variables Forecast by Global Insight
Forecast Begins the SECOND Quarter of 2007**

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JULY 2007**

DEMOGRAPHICS

	2007				2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
POPULATION												
Idaho (Thousands)	1,487.3	1,495.5	1,503.3	1,510.8	1,517.5	1,524.5	1,531.7	1,539.2	1,546.8	1,554.7	1,563.0	1,571.6
% Ch	2.4%	2.2%	2.1%	2.0%	1.8%	1.9%	1.9%	2.0%	2.0%	2.1%	2.1%	2.2%
National (Millions)	301.824	302.497	303.169	303.840	304.511	305.182	305.851	306.520	307.189	307.856	308.523	309.189
% Ch	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
BIRTHS												
Idaho (Thousands)	24,683	24,891	25,080	25,257	25,402	25,560	25,727	25,905	26,087	26,283	26,492	26,714
% Ch	3.8%	3.4%	3.1%	2.9%	2.3%	2.5%	2.6%	2.8%	2.8%	3.0%	3.2%	3.4%
National (Thousands)	4,272	4,283	4,294	4,305	4,316	4,327	4,338	4,349	4,360	4,371	4,382	4,393
% Ch	1.1%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
DEATHS												
Idaho (Thousands)	11,014	11,070	11,124	11,176	11,223	11,273	11,323	11,376	11,428	11,483	11,540	11,598
% Ch	2.2%	2.1%	2.0%	1.9%	1.7%	1.8%	1.8%	1.9%	1.9%	1.9%	2.0%	2.0%
National (Thousands)	2,493	2,498	2,504	2,510	2,517	2,523	2,530	2,536	2,542	2,549	2,555	2,561
% Ch	0.7%	0.9%	1.0%	1.0%	1.1%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
NET MIGRATION												
Idaho (Thousands)	20,900	20,020	19,324	18,171	16,003	14,642	13,978	13,860	14,670	15,468	16,379	17,327
HOUSING												
HOUSING STARTS												
Idaho	16,516	16,011	15,954	15,813	16,384	16,508	17,045	16,494	15,168	17,948	18,462	17,821
% Ch	44.7%	-11.7%	-1.4%	-3.5%	15.2%	3.1%	13.6%	-12.3%	-28.5%	96.0%	12.0%	-13.2%
National (Millions)	1,460	1,469	1,342	1,311	1,295	1,403	1,480	1,536	1,581	1,620	1,658	1,685
% Ch	-22.1%	2.4%	-30.3%	-9.1%	-4.8%	38.1%	23.8%	16.0%	12.1%	10.2%	9.8%	6.6%
SINGLE UNITS												
Idaho	13,667	13,844	13,929	13,846	14,452	14,658	15,262	14,781	13,527	16,311	16,829	16,180
% Ch	19.7%	5.3%	2.5%	-2.4%	18.7%	5.8%	17.5%	-12.0%	-29.9%	111.4%	13.3%	-14.6%
National (Millions)	1,172	1,168	1,061	1,007	0,992	1,104	1,170	1,221	1,261	1,295	1,322	1,346
% Ch	-18.0%	-1.4%	-31.9%	-19.0%	-5.8%	53.5%	26.1%	18.8%	13.5%	11.4%	8.7%	7.4%
MULTIPLE UNITS												
Idaho	2,849	2,167	2,025	1,967	1,932	1,850	1,783	1,713	1,641	1,637	1,633	1,641
% Ch	317.9%	-66.5%	-23.8%	-11.0%	-6.8%	-15.9%	-13.8%	-14.8%	-15.7%	-1.1%	-0.8%	1.9%
National (Millions)	0,288	0,301	0,281	0,304	0,303	0,300	0,311	0,315	0,320	0,325	0,336	0,339
% Ch	-36.5%	18.8%	-23.8%	36.4%	-1.2%	-4.4%	15.5%	5.6%	7.0%	5.8%	14.3%	3.3%
HOUSING STOCK												
Idaho (Thousands)	523.7	527.3	530.9	534.4	538.1	541.9	545.7	549.4	552.8	556.9	561.1	565.1
% Ch	2.9%	2.8%	2.8%	2.7%	2.8%	2.8%	2.9%	2.8%	2.5%	3.0%	3.0%	2.9%

**National Variables Forecast by Global Insight
Forecast Begins the SECOND Quarter of 2007**

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JULY 2007**

OUTPUT, INCOME, & WAGES

	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
U.S. GROSS DOM. PRODUCT (Billions)												
Current Dollars	11,431	11,649	11,799	11,970	12,173	12,346	12,574	12,731	13,008	13,197	13,323	13,458
% Ch	7.8%	7.9%	5.3%	5.9%	7.0%	5.8%	7.6%	5.1%	9.0%	5.9%	3.9%	4.1%
2000 Chain-Weighted	10,566	10,672	10,753	10,823	10,914	11,002	11,115	11,164	11,316	11,388	11,444	11,513
% Ch	3.8%	4.0%	3.1%	2.6%	3.4%	3.3%	4.2%	1.8%	5.6%	2.6%	2.0%	2.5%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	37,087	37,935	38,477	39,418	39,830	40,195	41,060	41,739	42,902	43,934	44,212	45,655
% Ch	21.0%	9.5%	5.8%	10.1%	4.2%	3.7%	8.9%	6.8%	11.6%	10.0%	2.6%	13.7%
Idaho Nonfarm (Millions)	35,901	36,700	37,377	38,362	38,727	39,302	40,164	40,877	42,042	43,105	43,273	44,640
% Ch	14.8%	9.2%	7.6%	11.0%	3.9%	6.1%	9.1%	7.3%	11.9%	10.5%	1.6%	13.2%
National (Billions)	9,498	9,641	9,768	10,019	10,049	10,162	10,263	10,484	10,721	10,807	10,939	11,097
% Ch	6.9%	6.2%	5.4%	10.7%	1.2%	4.6%	4.0%	8.9%	9.4%	3.2%	5.0%	5.9%
PERSONAL INCOME - 2000 \$												
Idaho (Millions)	34,595	35,075	35,411	36,006	36,179	36,231	36,639	36,979	37,817	38,346	38,365	39,712
% Ch	16.7%	5.7%	3.9%	6.9%	1.9%	0.6%	4.6%	3.8%	9.4%	5.7%	0.2%	14.8%
Idaho Nonfarm (Millions)	33,489	33,933	34,399	35,041	35,177	35,426	35,840	36,215	37,059	37,622	37,550	38,829
% Ch	10.7%	5.4%	5.6%	7.7%	1.6%	2.9%	4.7%	4.3%	9.7%	6.2%	-0.8%	14.3%
National (Billions)	8,860	8,914	8,990	9,152	9,128	9,159	9,158	9,288	9,451	9,433	9,493	9,652
% Ch	3.1%	2.5%	3.5%	7.4%	-1.1%	1.4%	-0.1%	5.8%	7.2%	-0.8%	2.6%	6.9%
PER CAPITA PERS INC - CURR \$												
Idaho	26,851	27,339	27,595	28,139	28,224	28,257	28,629	28,906	29,533	30,057	30,076	30,879
% Ch	18.7%	7.5%	3.8%	8.1%	1.2%	0.5%	5.4%	3.9%	9.0%	7.3%	0.3%	11.1%
National	32,378	32,785	33,128	33,898	33,925	34,221	34,469	35,126	35,848	36,048	36,407	36,847
% Ch	6.0%	5.1%	4.3%	9.6%	0.3%	3.5%	2.9%	7.9%	8.5%	2.3%	4.0%	4.9%
PER CAPITA PERS INC - 2000 \$												
Idaho	25,047	25,278	25,397	25,703	25,637	25,471	25,547	25,609	26,032	26,234	26,098	26,859
% Ch	14.5%	3.7%	1.9%	4.9%	-1.0%	-2.6%	1.2%	1.0%	6.8%	3.1%	-2.1%	12.2%
National	30,203	30,313	30,488	30,964	30,815	30,846	30,757	31,120	31,600	31,463	31,592	32,051
% Ch	2.2%	1.5%	2.3%	6.4%	-1.9%	0.4%	-1.1%	4.8%	6.3%	-1.7%	1.6%	5.9%
AVERAGE ANNUAL WAGE												
Idaho	30,527	30,757	31,125	31,407	31,431	31,620	32,173	32,464	33,213	33,925	33,369	34,950
% Ch	7.9%	3.0%	4.9%	3.7%	0.3%	2.4%	7.2%	3.7%	9.6%	8.8%	-6.4%	20.3%
National	40,444	40,748	41,275	41,638	41,881	41,998	42,617	42,977	44,095	44,005	44,177	44,874
% Ch	4.2%	3.0%	5.3%	3.6%	2.3%	1.1%	6.0%	3.4%	10.8%	-0.8%	1.6%	6.5%

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JULY 2007**

OUTPUT, INCOME, & WAGES

	2007				2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
U.S. GROSS DOM. PRODUCT (Billions)												
Current Dollars	13,620	13,809	13,930	14,080	14,253	14,426	14,614	14,799	14,998	15,194	15,386	15,570
% Ch	4.9%	5.7%	3.5%	4.4%	5.0%	4.9%	5.3%	5.2%	5.5%	5.3%	5.2%	4.9%
2000 Chain-Weighted	11,533	11,624	11,697	11,774	11,848	11,929	12,026	12,121	12,217	12,319	12,414	12,503
% Ch	0.7%	3.2%	2.5%	2.6%	2.6%	2.8%	3.3%	3.2%	3.2%	3.4%	3.1%	2.9%
PERSONAL INCOME - CURR \$												
Idaho (Millions)	46,169	46,214	46,872	47,542	48,291	48,971	49,622	50,383	51,198	52,093	53,001	53,952
% Ch	4.6%	0.4%	5.8%	5.8%	6.4%	5.8%	5.4%	6.3%	6.6%	7.2%	7.2%	7.4%
Idaho Nonfarm (Millions)	45,330	45,273	45,898	46,557	47,229	47,926	48,592	49,347	50,124	50,992	51,887	52,822
% Ch	6.3%	-0.5%	5.6%	5.9%	5.9%	6.0%	5.7%	6.4%	6.5%	7.1%	7.2%	7.4%
National (Billions)	11,353	11,457	11,607	11,760	11,925	12,084	12,242	12,413	12,597	12,785	12,967	13,152
% Ch	9.6%	3.7%	5.3%	5.4%	5.7%	5.4%	5.3%	5.7%	6.1%	6.1%	5.8%	5.8%
PERSONAL INCOME - 2000 \$												
Idaho (Millions)	39,816	39,450	39,927	40,386	40,824	41,204	41,541	41,980	42,461	43,014	43,557	44,135
% Ch	1.1%	-3.6%	4.9%	4.7%	4.4%	3.8%	3.3%	4.3%	4.7%	5.3%	5.1%	5.4%
Idaho Nonfarm (Millions)	39,093	38,647	39,097	39,549	39,926	40,324	40,679	41,117	41,570	42,105	42,641	43,211
% Ch	2.7%	-4.5%	4.7%	4.7%	3.9%	4.0%	3.6%	4.4%	4.5%	5.2%	5.2%	5.5%
National (Billions)	9,791	9,781	9,887	9,990	10,081	10,168	10,249	10,343	10,447	10,556	10,656	10,759
% Ch	5.9%	-0.4%	4.4%	4.2%	3.7%	3.5%	3.2%	3.7%	4.1%	4.2%	3.8%	3.9%
PER CAPITA PERS INC - CURR \$												
Idaho	31,043	30,901	31,180	31,469	31,824	32,124	32,397	32,734	33,100	33,506	33,909	34,329
% Ch	2.1%	-1.8%	3.7%	3.8%	4.6%	3.8%	3.4%	4.2%	4.5%	5.0%	4.9%	5.0%
National	37,614	37,876	38,285	38,706	39,162	39,597	40,027	40,497	41,008	41,528	42,029	42,536
% Ch	8.6%	2.8%	4.4%	4.5%	4.8%	4.5%	4.4%	4.8%	5.1%	5.2%	4.9%	4.9%
PER CAPITA PERS INC - 2000 \$												
Idaho	26,771	26,379	26,560	26,732	26,903	27,028	27,121	27,275	27,451	27,667	27,867	28,083
% Ch	-1.3%	-5.7%	2.8%	2.6%	2.6%	1.9%	1.4%	2.3%	2.6%	3.2%	2.9%	3.1%
National	32,439	32,333	32,612	32,879	33,106	33,317	33,509	33,743	34,009	34,290	34,540	34,797
% Ch	4.9%	-1.3%	3.5%	3.3%	2.8%	2.6%	2.3%	2.8%	3.2%	3.3%	2.9%	3.0%
AVERAGE ANNUAL WAGE												
Idaho	34,863	34,314	34,712	35,095	35,502	35,860	36,183	36,573	37,006	37,389	37,831	38,278
% Ch	-1.0%	-6.2%	4.7%	4.5%	4.7%	4.1%	3.6%	4.4%	4.8%	4.2%	4.8%	4.8%
National	45,777	45,909	46,343	46,750	47,198	47,594	48,011	48,449	48,931	49,390	49,879	50,361
% Ch	8.3%	1.2%	3.8%	3.6%	3.9%	3.4%	3.6%	3.7%	4.0%	3.8%	4.0%	3.9%

**National Variables Forecast by Global Insight
Forecast Begins the SECOND Quarter of 2007**

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JULY 2007**

PERSONAL INCOME -- CURR \$\$

	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
WAGE AND SALARY PAYMENTS												
Idaho (Millions)	18,364	18,752	19,093	19,445	19,800	20,027	20,612	20,998	21,781	22,451	22,260	23,386
% Ch	10.1%	8.7%	7.5%	7.6%	7.5%	4.7%	12.2%	7.7%	15.8%	12.9%	-3.4%	21.8%
National (Billions)	5,280	5,350	5,433	5,506	5,556	5,601	5,715	5,787	5,970	5,981	6,028	6,146
% Ch	5.4%	5.4%	6.4%	5.5%	3.7%	3.3%	8.4%	5.1%	13.3%	0.7%	3.2%	8.1%
FARM PROPRIETORS INCOME												
Idaho (Millions)	791	822	673	617	579	363	363	329	323	288	393	465
% Ch	5590.3%	16.6%	-55.1%	-29.4%	-22.5%	-84.6%	0.0%	-32.5%	-7.1%	-36.8%	246.7%	96.0%
National (Billions)	38	40	33	34	34	29	30	29	24	18	22	27
% Ch	88.9%	15.5%	-51.9%	18.1%	-4.6%	-48.6%	14.7%	-12.8%	-51.9%	-71.3%	136.4%	150.5%
NONFARM PROPRIETORS INCOME												
Idaho (Millions)	3,629	3,758	3,842	3,911	4,068	4,163	4,295	4,316	4,437	4,464	4,457	4,456
% Ch	17.9%	15.0%	9.2%	7.4%	17.1%	9.7%	13.3%	2.0%	11.7%	2.5%	-0.6%	-0.1%
National (Billions)	839	871	882	907	919	937	938	968	984	994	993	998
% Ch	16.3%	15.7%	5.4%	11.9%	5.2%	8.2%	0.3%	13.6%	6.9%	4.1%	-0.4%	1.9%
DIVIDENDS, RENT & INTEREST												
Idaho (Millions)	6,750	6,887	7,042	7,467	7,165	7,271	7,371	7,577	7,673	7,859	8,077	8,194
% Ch	25.7%	8.4%	9.3%	26.4%	-15.2%	6.1%	5.6%	11.7%	5.2%	10.1%	11.6%	5.9%
National (Billions)	1,506	1,522	1,528	1,663	1,583	1,603	1,521	1,662	1,679	1,719	1,762	1,775
% Ch	4.3%	4.2%	1.7%	40.2%	-18.0%	5.3%	-19.0%	42.4%	4.3%	9.9%	10.3%	2.9%
OTHER LABOR INCOME												
Idaho (Millions)	4,500	4,606	4,713	4,815	4,941	5,011	5,135	5,236	5,360	5,579	5,527	5,787
% Ch	16.3%	9.8%	9.6%	8.9%	10.9%	5.8%	10.3%	8.1%	9.8%	17.4%	-3.7%	20.2%
National (Billions)	846	858	872	888	910	925	942	956	972	986	1,000	1,014
% Ch	5.6%	5.8%	6.4%	7.8%	10.0%	6.7%	7.7%	6.1%	6.6%	5.9%	6.0%	5.5%
GOVT. TRANSFERS TO INDIV.												
Idaho (Millions)	5,494	5,581	5,632	5,730	5,929	6,040	6,042	6,092	6,288	6,374	6,503	6,562
% Ch	13.4%	6.5%	3.7%	7.1%	14.6%	7.7%	0.1%	3.4%	13.5%	5.6%	8.3%	3.7%
National (Billions)	1,399	1,417	1,442	1,448	1,487	1,510	1,569	1,540	1,570	1,590	1,619	1,630
% Ch	9.6%	5.1%	7.2%	1.9%	11.2%	6.3%	16.5%	-7.2%	8.2%	5.0%	7.5%	2.8%
CONTRIB. FOR SOCIAL INSUR.												
Idaho (Millions)	3,038	3,090	3,138	3,193	3,298	3,338	3,433	3,491	3,664	3,776	3,743	3,925
% Ch	14.2%	7.0%	6.4%	7.2%	13.8%	4.9%	11.9%	6.9%	21.3%	12.8%	-3.5%	20.9%
National (Billions)	399	404	410	415	424	428	436	441	459	459	462	469
% Ch	11.0%	4.5%	6.0%	5.5%	8.7%	3.5%	8.2%	4.7%	16.7%	0.1%	2.3%	7.1%
RESIDENCE ADJUSTMENT												
Idaho (Millions)	597	619	622	626	646	657	675	683	702	696	738	730
% Ch	17.8%	15.6%	2.0%	2.6%	13.4%	7.0%	11.4%	4.8%	11.6%	-3.4%	26.4%	-4.3%

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Forecast Begins the SECOND Quarter of 2007**

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JULY 2007**

PERSONAL INCOME -- CURR \$\$

	2007				2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
WAGE AND SALARY PAYMENTS												
Idaho (Millions)	23,591	23,258	23,587	23,890	24,247	24,585	24,907	25,277	25,679	26,113	26,605	27,099
% Ch	3.6%	-5.5%	5.8%	5.2%	6.1%	5.7%	5.3%	6.1%	6.5%	6.9%	7.8%	7.6%
National (Billions)	6,292	6,327	6,403	6,475	6,554	6,629	6,710	6,795	6,888	6,980	7,075	7,169
% Ch	9.9%	2.3%	4.9%	4.6%	5.0%	4.7%	5.0%	5.2%	5.6%	5.4%	5.6%	5.4%
FARM PROPRIETORS INCOME												
Idaho (Millions)	284	411	442	455	529	512	497	503	539	566	579	594
% Ch	-86.1%	339.1%	33.4%	12.9%	82.6%	-12.8%	-11.0%	4.7%	32.7%	21.5%	9.2%	11.0%
National (Billions)	32	28	29	29	28	26	25	25	24	25	25	25
% Ch	81.8%	-39.8%	10.9%	-0.4%	-9.2%	-19.4%	-18.9%	-5.2%	-8.3%	10.2%	-0.4%	1.5%
NONFARM PROPRIETORS INCOME												
Idaho (Millions)	4,478	4,548	4,599	4,664	4,734	4,808	4,879	4,956	5,041	5,129	5,203	5,278
% Ch	2.0%	6.4%	4.6%	5.7%	6.2%	6.4%	6.0%	6.5%	7.0%	7.1%	5.9%	5.9%
National (Billions)	1,008	1,018	1,029	1,043	1,058	1,074	1,089	1,106	1,124	1,143	1,159	1,176
% Ch	3.9%	4.3%	4.3%	5.5%	6.0%	6.2%	5.8%	6.3%	6.9%	7.0%	5.7%	5.7%
DIVIDENDS, RENT & INTEREST												
Idaho (Millions)	8,405	8,636	8,751	8,907	9,036	9,220	9,406	9,610	9,825	10,055	10,280	10,508
% Ch	10.7%	11.5%	5.4%	7.3%	5.9%	8.4%	8.3%	9.0%	9.2%	9.7%	9.3%	9.2%
National (Billions)	1,820	1,859	1,889	1,924	1,961	2,004	2,043	2,086	2,132	2,181	2,228	2,273
% Ch	10.5%	9.0%	6.4%	7.6%	7.9%	9.0%	8.0%	8.8%	9.0%	9.5%	8.9%	8.5%
OTHER LABOR INCOME												
Idaho (Millions)	5,825	5,766	5,835	5,903	5,940	5,978	5,999	6,037	6,084	6,156	6,232	6,318
% Ch	2.7%	-4.0%	4.9%	4.7%	2.5%	2.6%	1.4%	2.6%	3.2%	4.8%	5.0%	5.7%
National (Billions)	1,026	1,035	1,048	1,061	1,067	1,073	1,078	1,085	1,094	1,105	1,114	1,126
% Ch	5.0%	3.7%	4.9%	5.0%	2.3%	2.5%	1.9%	2.6%	3.1%	4.1%	3.6%	4.1%
GOVT. TRANSFERS TO INDIV.												
Idaho (Millions)	6,831	6,844	6,962	7,067	7,228	7,337	7,446	7,551	7,698	7,802	7,899	8,006
% Ch	17.4%	0.8%	7.0%	6.2%	9.5%	6.2%	6.0%	5.8%	8.0%	5.5%	5.1%	5.5%
National (Billions)	1,685	1,702	1,728	1,752	1,789	1,814	1,838	1,861	1,894	1,916	1,936	1,958
% Ch	14.3%	4.0%	6.3%	5.6%	8.9%	5.6%	5.4%	5.1%	7.2%	4.8%	4.3%	4.6%
CONTRIB. FOR SOCIAL INSUR.												
Idaho (Millions)	3,988	4,000	4,060	4,103	4,190	4,239	4,285	4,331	4,453	4,518	4,595	4,658
% Ch	6.6%	1.2%	6.1%	4.3%	8.8%	4.8%	4.4%	4.4%	11.7%	6.0%	7.0%	5.6%
National (Billions)	483	485	490	494	502	507	511	515	528	533	539	543
% Ch	11.6%	1.6%	4.7%	3.1%	7.1%	3.3%	3.6%	3.0%	10.4%	4.1%	4.5%	3.0%
RESIDENCE ADJUSTMENT												
Idaho (Millions)	744	751	755	759	765	770	775	781	785	791	799	806
% Ch	7.9%	3.6%	2.6%	2.1%	3.1%	2.7%	2.4%	3.3%	2.3%	2.9%	3.9%	3.9%

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JULY 2007**

EMPLOYMENT

	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
TOTAL NONFARM EMPLOYMENT												
Idaho	579,022	586,829	590,431	595,951	603,512	607,149	614,863	621,337	630,835	637,443	642,094	645,238
% Ch	1.8%	5.5%	2.5%	3.8%	5.2%	2.4%	5.2%	4.3%	6.3%	4.3%	3.0%	2.0%
National (Thousands)	130,547	131,286	131,631	132,229	132,656	133,371	134,107	134,652	135,393	135,913	136,442	136,951
% Ch	1.2%	2.3%	1.1%	1.8%	1.3%	2.2%	2.2%	1.6%	2.2%	1.5%	1.6%	1.5%
GOODS PRODUCING SECTOR												
Idaho	103,122	105,231	105,727	107,736	109,928	110,919	112,855	115,693	120,060	122,458	123,049	123,676
% Ch	2.3%	8.4%	1.9%	7.8%	8.4%	3.7%	7.2%	10.4%	16.0%	8.2%	1.9%	2.1%
National (Thousands)	21,723	21,857	21,936	22,012	22,027	22,153	22,218	22,370	22,534	22,604	22,625	22,539
% Ch	0.7%	2.5%	1.5%	1.4%	0.3%	2.3%	1.2%	2.8%	3.0%	1.2%	0.4%	-1.5%
MANUFACTURING												
Idaho	63,041	63,791	63,600	64,292	64,724	64,761	65,013	65,673	66,950	67,711	68,187	68,551
% Ch	0.0%	4.8%	-1.2%	4.4%	2.7%	0.2%	1.6%	4.1%	8.0%	4.6%	2.8%	2.1%
National (Thousands)	14,352	14,397	14,408	14,377	14,337	14,305	14,267	14,266	14,280	14,293	14,283	14,211
% Ch	-0.8%	1.3%	0.3%	-0.8%	-1.1%	-0.9%	-1.1%	0.0%	0.4%	0.4%	-0.3%	-2.0%
DURABLE MANUFACTURING												
Idaho	39,887	40,636	40,701	40,974	41,531	41,885	42,254	42,784	43,796	44,421	44,835	45,398
% Ch	2.2%	7.7%	0.6%	2.7%	5.5%	3.5%	3.6%	5.1%	9.8%	5.8%	3.8%	5.1%
National (Thousands)	8,933	8,986	9,020	9,028	9,024	9,020	9,008	9,031	9,055	9,090	9,085	9,044
% Ch	0.4%	2.4%	1.5%	0.3%	-0.2%	-0.2%	-0.5%	1.0%	1.1%	1.5%	-0.2%	-1.8%
LOGGING & WOOD PRODUCTS												
Idaho	9,219	9,312	9,335	9,316	9,447	9,557	9,652	9,823	10,049	10,213	10,031	9,853
% Ch	5.2%	4.1%	1.0%	-0.8%	5.7%	4.8%	4.0%	7.3%	9.5%	6.7%	-6.9%	-6.9%
National (Thousands)	610	617	619	624	625	620	624	630	637	634	625	608
% Ch	0.8%	4.5%	1.3%	3.4%	0.4%	-2.8%	2.3%	4.3%	4.5%	-2.1%	-5.7%	-10.3%
METAL FABRICATION												
Idaho	3,570	3,647	3,692	3,638	3,767	3,813	3,935	4,109	4,223	4,265	4,379	4,644
% Ch	5.3%	9.0%	5.0%	-5.7%	14.9%	5.0%	13.4%	18.9%	11.6%	4.0%	11.2%	26.5%
National (Thousands)	1,478	1,495	1,504	1,510	1,514	1,520	1,524	1,530	1,541	1,551	1,563	1,564
% Ch	2.7%	4.6%	2.5%	1.6%	1.0%	1.7%	1.0%	1.6%	2.8%	2.6%	3.2%	0.2%
MACHINERY												
Idaho	2,547	2,570	2,579	2,583	2,597	2,571	2,605	2,653	2,786	2,844	2,876	2,955
% Ch	-5.2%	3.6%	1.4%	0.6%	2.1%	-3.9%	5.5%	7.5%	21.6%	8.5%	4.6%	11.4%
National (Thousands)	1,132	1,141	1,150	1,150	1,154	1,161	1,165	1,172	1,173	1,184	1,201	1,210
% Ch	0.0%	3.2%	3.3%	-0.1%	1.5%	2.6%	1.3%	2.2%	0.5%	3.9%	5.7%	3.0%
COMPUTER & ELECTRONICS												
Idaho	16,125	16,418	16,255	16,344	16,321	16,331	16,103	15,974	16,385	16,504	16,738	17,029
% Ch	1.3%	7.5%	-3.9%	2.2%	-0.6%	0.3%	-5.5%	-3.2%	10.7%	2.9%	5.8%	7.1%
National (Thousands)	1,321	1,324	1,327	1,319	1,318	1,317	1,316	1,314	1,309	1,318	1,319	1,319
% Ch	-0.5%	0.9%	1.0%	-2.3%	-0.3%	-0.5%	-0.1%	-0.8%	-1.5%	3.0%	0.2%	0.0%
OTHER DURABLES												
Idaho	8,426	8,689	8,841	9,093	9,400	9,613	9,959	10,225	10,353	10,596	10,811	10,918
% Ch	1.7%	13.1%	7.2%	11.9%	14.2%	9.4%	15.2%	11.1%	5.1%	9.7%	8.4%	4.0%
National (Thousands)	4,392	4,410	4,420	4,425	4,413	4,401	4,379	4,386	4,396	4,403	4,378	4,344
% Ch	-0.1%	1.7%	0.9%	0.4%	-1.1%	-1.1%	-2.0%	0.6%	0.9%	0.7%	-2.3%	-3.1%

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**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JULY 2007**

EMPLOYMENT

	2007				2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
TOTAL NONFARM EMPLOYMENT												
Idaho	652,217	653,044	654,850	656,338	658,552	661,332	664,408	667,478	670,376	675,100	680,181	685,107
% Ch	4.4%	0.5%	1.1%	0.9%	1.4%	1.7%	1.9%	1.9%	1.7%	2.8%	3.0%	2.9%
National (Thousands)	137,447	137,825	138,167	138,510	138,865	139,288	139,759	140,252	140,776	141,314	141,847	142,351
% Ch	1.5%	1.1%	1.0%	1.0%	1.0%	1.2%	1.4%	1.4%	1.5%	1.5%	1.5%	1.4%
GOODS PRODUCING SECTOR												
Idaho	124,384	121,947	120,258	118,526	117,490	117,063	117,049	116,839	116,381	117,245	118,206	118,611
% Ch	2.3%	-7.6%	-5.4%	-5.6%	-3.5%	-1.4%	0.0%	-0.7%	-1.6%	3.0%	3.3%	1.4%
National (Thousands)	22,505	22,442	22,391	22,324	22,197	22,121	22,113	22,105	22,110	22,129	22,172	22,224
% Ch	-0.6%	-1.1%	-0.9%	-1.2%	-2.3%	-1.3%	-0.2%	-0.1%	0.1%	0.3%	0.8%	1.0%
MANUFACTURING												
Idaho	68,038	67,902	67,301	66,516	66,072	65,794	65,550	65,467	65,768	66,131	66,517	66,833
% Ch	-3.0%	-0.8%	-3.5%	-4.6%	-2.6%	-1.7%	-1.5%	-0.5%	1.9%	2.2%	2.4%	1.9%
National (Thousands)	14,176	14,121	14,114	14,099	14,034	13,981	13,942	13,917	13,913	13,913	13,916	13,928
% Ch	-1.0%	-1.5%	-0.2%	-0.4%	-1.8%	-1.5%	-1.1%	-0.7%	-0.1%	0.0%	0.1%	0.3%
DURABLE MANUFACTURING												
Idaho	44,945	44,837	44,286	43,511	43,061	42,748	42,431	42,278	42,481	42,754	43,053	43,297
% Ch	-3.9%	-1.0%	-4.8%	-6.8%	-4.1%	-2.9%	-2.9%	-1.4%	1.9%	2.6%	2.8%	2.3%
National (Thousands)	9,006	8,970	8,970	8,946	8,906	8,870	8,856	8,843	8,850	8,864	8,879	8,897
% Ch	-1.7%	-1.6%	0.0%	-1.0%	-1.8%	-1.6%	-0.7%	-0.6%	0.3%	0.7%	0.6%	0.9%
LOGGING & WOOD PRODUCTS												
Idaho	9,710	9,598	9,546	9,332	9,016	8,740	8,599	8,565	8,744	8,877	8,995	9,096
% Ch	-5.7%	-4.5%	-2.2%	-8.6%	-12.9%	-11.7%	-6.3%	-1.6%	8.6%	6.2%	5.5%	4.5%
National (Thousands)	599	592	583	568	555	543	536	536	541	548	555	562
% Ch	-5.5%	-4.6%	-5.9%	-9.9%	-9.3%	-8.0%	-5.5%	0.2%	4.1%	5.3%	5.0%	4.9%
METAL FABRICATION												
Idaho	4,703	4,720	4,752	4,774	4,798	4,825	4,852	4,878	4,902	4,920	4,934	4,944
% Ch	5.2%	1.5%	2.7%	1.9%	2.1%	2.2%	2.3%	2.2%	2.0%	1.5%	1.1%	0.8%
National (Thousands)	1,565	1,564	1,569	1,569	1,569	1,569	1,573	1,576	1,580	1,584	1,587	1,592
% Ch	0.4%	-0.4%	1.3%	0.1%	0.1%	-0.2%	1.0%	0.8%	1.1%	0.9%	0.8%	1.3%
MACHINERY												
Idaho	2,856	2,874	2,825	2,790	2,774	2,765	2,761	2,758	2,756	2,756	2,757	2,758
% Ch	-12.7%	2.5%	-6.6%	-4.9%	-2.3%	-1.2%	-0.6%	-0.4%	-0.2%	-0.1%	0.1%	0.2%
National (Thousands)	1,216	1,215	1,225	1,227	1,218	1,207	1,205	1,204	1,205	1,207	1,210	1,208
% Ch	2.0%	-0.3%	3.6%	0.6%	-2.9%	-3.5%	-0.9%	-0.2%	0.3%	0.7%	0.9%	-0.6%
COMPUTER & ELECTRONICS												
Idaho	16,961	16,931	16,363	15,784	15,607	15,503	15,233	14,994	14,889	14,899	14,948	14,970
% Ch	-1.6%	-0.7%	-12.7%	-13.4%	-4.4%	-2.6%	-6.8%	-6.1%	-2.8%	0.3%	1.3%	0.6%
National (Thousands)	1,317	1,309	1,310	1,322	1,327	1,335	1,330	1,315	1,307	1,302	1,296	1,292
% Ch	-0.7%	-2.3%	0.2%	3.8%	1.6%	2.4%	-1.3%	-4.6%	-2.5%	-1.4%	-1.9%	-1.1%
OTHER DURABLES												
Idaho	10,715	10,715	10,800	10,831	10,865	10,915	10,987	11,083	11,190	11,303	11,419	11,529
% Ch	-7.2%	0.0%	3.2%	1.2%	1.2%	1.9%	2.7%	3.6%	3.9%	4.1%	4.2%	3.9%
National (Thousands)	4,309	4,290	4,283	4,260	4,237	4,216	4,212	4,212	4,217	4,223	4,231	4,244
% Ch	-3.2%	-1.7%	-0.7%	-2.1%	-2.1%	-1.9%	-0.4%	0.0%	0.4%	0.6%	0.8%	1.2%

**National Variables Forecast by Global Insight
Forecast Begins the SECOND Quarter of 2007**

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JULY 2007**

EMPLOYMENT

MANUFACTURING (continued)

	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
NONDURABLE MANUFACTURING												
Idaho	23,154	23,155	22,899	23,318	23,193	22,876	22,758	22,889	23,154	23,290	23,353	23,153
% Ch	-3.7%	0.0%	-4.4%	7.5%	-2.1%	-5.4%	-2.0%	2.3%	4.7%	2.4%	1.1%	-3.4%
National (Thousands)	5,420	5,411	5,387	5,349	5,313	5,286	5,259	5,235	5,225	5,203	5,197	5,167
% Ch	-2.7%	-0.6%	-1.7%	-2.8%	-2.7%	-2.1%	-2.0%	-1.8%	-0.8%	-1.6%	-0.5%	-2.3%
FOOD PROCESSING												
Idaho	15,163	15,062	14,717	15,053	14,955	14,709	14,582	14,609	14,688	14,782	14,795	14,532
% Ch	-9.3%	-2.6%	-8.9%	9.5%	-2.6%	-6.4%	-3.4%	0.8%	2.2%	2.6%	0.4%	-6.9%
National (Thousands)	1,499	1,497	1,495	1,487	1,483	1,479	1,477	1,475	1,479	1,483	1,489	1,488
% Ch	-3.2%	-0.3%	-0.6%	-2.2%	-1.0%	-1.3%	-0.5%	-0.6%	1.2%	1.2%	1.4%	-0.1%
PRINTING												
Idaho	1,911	1,912	1,942	1,921	1,911	1,893	1,894	1,900	1,877	1,909	1,917	1,928
% Ch	-3.7%	0.2%	6.5%	-4.2%	-2.0%	-3.8%	0.3%	1.2%	-4.8%	7.0%	1.6%	2.4%
National (Thousands)	668	665	661	656	652	649	644	641	638	636	633	636
% Ch	-3.2%	-1.5%	-2.3%	-3.2%	-2.6%	-1.9%	-2.7%	-1.8%	-1.7%	-1.7%	-1.4%	1.4%
CHEMICALS												
Idaho	1,837	1,878	1,895	1,901	1,941	1,923	1,944	1,940	2,093	2,105	2,132	2,135
% Ch	3.3%	9.4%	3.5%	1.4%	8.6%	-3.6%	4.4%	-0.8%	35.3%	2.4%	5.2%	0.6%
National (Thousands)	890	890	886	882	877	875	870	867	866	866	871	871
% Ch	-1.5%	0.3%	-2.0%	-1.5%	-2.5%	-0.7%	-2.5%	-1.4%	-0.2%	-0.3%	2.6%	0.1%
OTHER NONDURABLES												
Idaho	4,244	4,303	4,345	4,442	4,386	4,351	4,338	4,440	4,495	4,495	4,510	4,558
% Ch	16.2%	5.7%	4.0%	9.2%	-5.0%	-3.1%	-1.2%	9.7%	5.1%	-0.1%	1.3%	4.4%
National (Thousands)	2,364	2,358	2,345	2,324	2,301	2,283	2,269	2,253	2,241	2,219	2,204	2,171
% Ch	-2.6%	-1.0%	-2.2%	-3.6%	-3.8%	-3.1%	-2.5%	-2.8%	-2.0%	-4.0%	-2.6%	-5.8%
MINING												
Idaho	1,818	1,926	1,978	2,004	2,036	2,125	2,222	2,261	2,349	2,392	2,351	2,408
% Ch	5.3%	26.1%	11.2%	5.2%	6.5%	18.7%	19.6%	7.3%	16.4%	7.7%	-6.7%	10.0%
National (Thousands)	511	521	528	531	544	557	565	582	596	614	627	637
% Ch	4.6%	7.7%	5.7%	2.5%	9.6%	10.3%	5.9%	12.0%	10.3%	12.8%	8.6%	6.6%
CONSTRUCTION												
Idaho	38,263	39,513	40,149	41,440	43,168	44,033	45,621	47,759	50,761	52,354	52,510	52,717
% Ch	6.2%	13.7%	6.6%	13.5%	17.7%	8.3%	15.2%	20.1%	27.6%	13.2%	1.2%	1.6%
National (Thousands)	6,860	6,938	7,001	7,104	7,146	7,290	7,385	7,522	7,658	7,696	7,716	7,691
% Ch	3.6%	4.7%	3.6%	6.0%	2.4%	8.3%	5.3%	7.6%	7.4%	2.0%	1.0%	-1.3%
NONGOODS PRODUCING												
Idaho	475,901	481,599	484,703	488,215	493,584	496,230	502,008	505,644	510,775	514,985	519,045	521,562
% Ch	1.7%	4.9%	2.6%	2.9%	4.5%	2.2%	4.7%	2.9%	4.1%	3.3%	3.2%	2.0%
National (Thousands)	108,823	109,430	109,695	110,217	110,630	111,218	111,889	112,282	112,859	113,310	113,817	114,412
% Ch	1.3%	2.2%	1.0%	1.9%	1.5%	2.1%	2.4%	1.4%	2.1%	1.6%	1.8%	2.1%
SERVICES												
Idaho	264,643	268,438	270,163	272,830	276,840	278,702	282,317	285,130	288,295	291,526	294,579	296,502
% Ch	2.9%	5.9%	2.6%	4.0%	6.0%	2.7%	5.3%	4.0%	4.5%	4.6%	4.3%	2.6%
National (Thousands)	66,669	67,120	67,318	67,696	68,004	68,425	68,916	69,276	69,772	70,168	70,579	71,052
% Ch	1.5%	2.7%	1.2%	2.3%	1.8%	2.5%	2.9%	2.1%	2.9%	2.3%	2.4%	2.7%
INFORMATION												
Idaho	9,400	9,708	10,211	10,418	10,895	11,030	11,023	11,335	10,480	10,593	10,640	10,646
% Ch	6.4%	13.7%	22.4%	8.3%	19.6%	5.1%	-0.2%	11.8%	-26.9%	4.4%	1.8%	0.2%
National (Thousands)	3,141	3,135	3,107	3,086	3,066	3,064	3,059	3,053	3,056	3,051	3,049	3,061
% Ch	-1.3%	-0.8%	-3.5%	-2.6%	-2.7%	-0.2%	-0.6%	-0.9%	0.4%	-0.7%	-0.3%	1.7%
FINANCIAL ACTIVITIES												
Idaho	27,475	27,807	27,957	28,507	28,864	29,205	29,940	30,601	31,184	31,700	31,928	32,165
% Ch	3.5%	4.9%	2.2%	8.1%	5.1%	4.8%	10.5%	9.1%	7.8%	6.8%	2.9%	3.0%
National (Thousands)	7,989	8,028	8,040	8,065	8,095	8,109	8,169	8,238	8,294	8,347	8,385	8,425
% Ch	0.0%	1.9%	0.6%	1.2%	1.5%	0.7%	3.0%	3.5%	2.7%	2.5%	1.8%	1.9%

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**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JULY 2007**

EMPLOYMENT

MANUFACTURING (continued)

	2007				2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
NONDURABLE MANUFACTURING												
Idaho	23,093	23,065	23,015	23,004	23,011	23,046	23,119	23,188	23,287	23,377	23,464	23,535
% Ch	-1.0%	-0.5%	-0.9%	-0.2%	0.1%	0.6%	1.3%	1.2%	1.7%	1.6%	1.5%	1.2%
National (Thousands)	5,170	5,151	5,145	5,153	5,128	5,111	5,087	5,074	5,063	5,049	5,038	5,030
% Ch	0.3%	-1.5%	-0.5%	0.6%	-1.9%	-1.3%	-1.9%	-1.0%	-0.8%	-1.1%	-0.9%	-0.6%
FOOD PROCESSING												
Idaho	14,712	14,753	14,760	14,812	14,837	14,873	14,936	14,988	15,062	15,130	15,194	15,246
% Ch	5.1%	1.1%	0.2%	1.4%	0.7%	1.0%	1.7%	1.4%	2.0%	1.8%	1.7%	1.4%
National (Thousands)	1,494	1,495	1,492	1,502	1,501	1,505	1,508	1,516	1,520	1,522	1,525	1,529
% Ch	1.5%	0.3%	-0.8%	2.7%	-0.3%	1.0%	1.0%	1.9%	1.2%	0.5%	0.7%	1.1%
PRINTING												
Idaho	1,917	1,900	1,889	1,871	1,855	1,847	1,839	1,835	1,833	1,829	1,823	1,815
% Ch	-2.2%	-3.5%	-2.3%	-3.8%	-3.5%	-1.5%	-1.8%	-0.9%	-0.4%	-1.0%	-1.3%	-1.7%
National (Thousands)	634	632	632	634	633	630	626	623	621	618	615	613
% Ch	-0.9%	-1.2%	0.1%	1.1%	-1.0%	-1.7%	-2.8%	-1.7%	-1.4%	-1.6%	-1.8%	-1.5%
CHEMICALS												
Idaho	1,983	1,939	1,874	1,807	1,779	1,762	1,752	1,747	1,743	1,739	1,735	1,732
% Ch	-25.5%	-8.7%	-12.6%	-13.7%	-5.9%	-3.9%	-2.1%	-1.2%	-1.0%	-0.8%	-0.8%	-0.8%
National (Thousands)	872	868	868	869	867	864	858	856	854	853	853	853
% Ch	0.2%	-1.5%	-0.4%	0.9%	-1.1%	-1.5%	-2.5%	-1.1%	-0.7%	-0.7%	-0.1%	0.1%
OTHER NONDURABLES												
Idaho	4,480	4,473	4,491	4,514	4,540	4,564	4,591	4,618	4,648	4,679	4,711	4,743
% Ch	-6.6%	-0.6%	1.6%	2.1%	2.3%	2.2%	2.4%	2.4%	2.6%	2.6%	2.8%	2.7%
National (Thousands)	2,170	2,155	2,153	2,147	2,127	2,112	2,094	2,079	2,068	2,056	2,045	2,036
% Ch	-0.2%	-2.8%	-0.4%	-1.0%	-3.7%	-2.8%	-3.3%	-2.8%	-2.2%	-2.4%	-2.1%	-1.8%
MINING												
Idaho	2,594	2,540	2,470	2,423	2,377	2,369	2,354	2,335	2,313	2,292	2,267	2,234
% Ch	34.7%	-8.1%	-10.5%	-7.5%	-7.4%	-1.3%	-2.4%	-3.2%	-3.7%	-3.5%	-4.3%	-5.7%
National (Thousands)	645	653	654	652	648	644	640	635	630	624	617	610
% Ch	5.3%	4.8%	0.7%	-1.2%	-2.4%	-2.4%	-2.5%	-3.0%	-3.2%	-3.6%	-4.5%	-4.6%
CONSTRUCTION												
Idaho	53,752	51,504	50,487	49,588	49,042	48,900	49,145	49,037	48,301	48,822	49,422	49,544
% Ch	8.1%	-15.7%	-7.7%	-6.9%	-4.3%	-1.1%	2.0%	-0.9%	-5.9%	4.4%	5.0%	1.0%
National (Thousands)	7,684	7,668	7,623	7,573	7,515	7,497	7,531	7,553	7,567	7,592	7,638	7,686
% Ch	-0.4%	-0.8%	-2.4%	-2.6%	-3.0%	-1.0%	1.8%	1.2%	0.8%	1.3%	2.5%	2.6%
NONGOODS PRODUCING												
Idaho	527,833	531,097	534,592	537,812	541,062	544,269	547,358	550,640	553,995	557,855	561,975	566,496
% Ch	4.9%	2.5%	2.7%	2.4%	2.4%	2.4%	2.3%	2.4%	2.5%	2.8%	3.0%	3.3%
National (Thousands)	114,942	115,383	115,775	116,186	116,669	117,167	117,646	118,147	118,666	119,185	119,675	120,127
% Ch	1.9%	1.5%	1.4%	1.4%	1.7%	1.7%	1.6%	1.7%	1.8%	1.8%	1.7%	1.5%
SERVICES												
Idaho	300,178	302,181	304,634	306,889	309,138	311,503	313,696	316,011	318,312	320,908	323,602	326,432
% Ch	5.1%	2.7%	3.3%	3.0%	3.0%	3.1%	2.8%	3.0%	2.9%	3.3%	3.4%	3.5%
National (Thousands)	71,440	71,785	72,093	72,372	72,694	73,063	73,436	73,843	74,305	74,720	75,114	75,460
% Ch	2.2%	1.9%	1.7%	1.6%	1.8%	2.1%	2.1%	2.2%	2.5%	2.3%	2.1%	1.9%
INFORMATION												
Idaho	10,959	10,895	10,870	10,854	10,889	10,964	11,041	11,120	11,200	11,281	11,365	11,452
% Ch	12.3%	-2.3%	-0.9%	-0.6%	1.3%	2.8%	2.9%	2.9%	2.9%	2.9%	3.0%	3.1%
National (Thousands)	3,080	3,101	3,095	3,040	3,032	3,051	3,061	3,058	3,044	3,043	3,050	3,058
% Ch	2.5%	2.7%	-0.8%	-7.0%	-1.0%	2.6%	1.3%	-0.4%	-1.8%	-0.2%	0.9%	1.0%
FINANCIAL ACTIVITIES												
Idaho	32,237	32,486	32,735	32,980	33,237	33,497	33,769	34,028	34,257	34,549	34,851	35,139
% Ch	0.9%	3.1%	3.1%	3.0%	3.2%	3.2%	3.3%	3.1%	2.7%	3.4%	3.6%	3.3%
National (Thousands)	8,444	8,438	8,439	8,418	8,408	8,427	8,467	8,497	8,538	8,575	8,621	8,659
% Ch	0.9%	-0.3%	0.0%	-1.0%	-0.5%	0.9%	1.9%	1.5%	1.9%	1.7%	2.2%	1.8%

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QUARTERLY DETAIL
JULY 2007**

EMPLOYMENT

SERVICES (Continued)

	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
TRANS., WAREHOUSING, UTILITIES												
Idaho	18,915	19,060	18,880	18,927	18,966	19,121	19,468	19,617	19,978	20,213	20,271	20,503
% Ch	3.6%	3.1%	-3.7%	1.0%	0.8%	3.3%	7.5%	3.1%	7.6%	4.8%	1.1%	4.7%
National (Thousands)	4,778	4,798	4,825	4,844	4,879	4,908	4,928	4,948	4,976	5,000	5,024	5,055
% Ch	1.8%	1.7%	2.3%	1.6%	2.9%	2.4%	1.7%	1.6%	2.3%	1.9%	1.9%	2.5%
PROFESSIONAL & BUSINESS												
Idaho	71,302	72,949	73,752	74,585	75,725	76,385	77,474	78,064	80,575	81,391	81,645	81,838
% Ch	2.8%	7.3%	2.8%	4.6%	6.3%	3.5%	5.8%	3.1%	13.5%	4.1%	1.2%	1.0%
National (Thousands)	16,163	16,357	16,439	16,587	16,697	16,839	17,033	17,217	17,378	17,499	17,615	17,727
% Ch	1.4%	4.9%	2.0%	3.7%	2.7%	3.4%	4.7%	4.4%	3.8%	2.8%	2.7%	2.6%
EDUCATION & HEALTH												
Idaho	63,948	65,084	65,534	66,291	67,427	67,793	68,219	68,504	68,554	69,337	71,245	71,288
% Ch	2.8%	7.3%	2.8%	4.7%	7.0%	2.2%	2.5%	1.7%	0.3%	4.6%	11.5%	0.2%
National (Thousands)	16,804	16,913	16,983	17,109	17,188	17,306	17,452	17,540	17,665	17,771	17,889	18,019
% Ch	2.1%	2.6%	1.7%	3.0%	1.9%	2.8%	3.4%	2.0%	2.9%	2.4%	2.7%	2.9%
LEISURE & HOSPITALITY												
Idaho	55,485	55,500	55,507	55,796	56,615	56,773	57,682	58,367	58,742	59,329	59,679	60,922
% Ch	3.6%	0.1%	0.0%	2.1%	6.0%	1.1%	6.6%	4.8%	2.6%	4.1%	2.4%	8.6%
National (Thousands)	12,386	12,471	12,513	12,608	12,691	12,806	12,873	12,887	12,984	13,072	13,184	13,318
% Ch	3.3%	2.8%	1.4%	3.1%	2.7%	3.7%	2.1%	0.4%	3.0%	2.7%	3.5%	4.1%
OTHER SERVICES												
Idaho	18,118	18,331	18,321	18,306	18,347	18,396	18,511	18,643	18,782	18,962	19,172	19,140
% Ch	-4.0%	4.8%	-0.2%	-0.3%	0.9%	1.1%	2.5%	2.9%	3.0%	3.9%	4.5%	-0.7%
National (Thousands)	5,408	5,420	5,411	5,397	5,388	5,393	5,403	5,394	5,418	5,429	5,433	5,447
% Ch	0.2%	0.9%	-0.6%	-1.0%	-0.7%	0.3%	0.8%	-0.7%	1.8%	0.8%	0.3%	1.0%
TRADE												
Idaho	97,788	98,972	99,476	100,280	101,886	102,812	104,582	105,422	105,941	106,897	107,958	109,070
% Ch	1.1%	4.9%	2.1%	3.3%	6.6%	3.7%	7.1%	3.3%	2.0%	3.7%	4.0%	4.2%
National (Thousands)	20,602	20,711	20,747	20,823	20,887	21,012	21,123	21,150	21,213	21,199	21,208	21,253
% Ch	1.4%	2.1%	0.7%	1.5%	1.2%	2.4%	2.1%	0.5%	1.2%	-0.3%	0.2%	0.9%
RETAIL TRADE												
Idaho	72,885	73,803	73,693	74,498	75,527	76,217	77,436	78,001	79,225	79,986	80,994	81,830
% Ch	-1.0%	5.1%	-0.6%	4.4%	5.6%	3.7%	6.6%	2.9%	6.4%	3.9%	5.1%	4.2%
National (Thousands)	14,978	15,059	15,073	15,124	15,174	15,265	15,345	15,339	15,359	15,312	15,298	15,316
% Ch	1.2%	2.2%	0.4%	1.4%	1.3%	2.4%	2.1%	-0.1%	0.5%	-1.2%	-0.4%	0.5%
WHOLESALE TRADE												
Idaho	24,904	25,169	25,783	25,781	26,359	26,595	27,146	27,421	26,715	26,910	26,964	27,240
% Ch	7.8%	4.3%	10.1%	0.0%	9.3%	3.6%	8.5%	4.1%	-9.9%	3.0%	0.8%	4.2%
National (Thousands)	5,624	5,652	5,674	5,698	5,713	5,747	5,779	5,811	5,854	5,888	5,910	5,936
% Ch	2.0%	2.0%	1.5%	1.7%	1.0%	2.4%	2.2%	2.2%	3.0%	2.3%	1.5%	1.8%
STATE & LOCAL GOVERNMENT												
Idaho	100,245	100,874	101,596	101,869	101,654	101,569	102,204	102,036	103,528	103,796	103,658	103,122
% Ch	-0.1%	2.5%	2.9%	1.1%	-0.8%	-0.3%	2.5%	-0.7%	6.0%	1.0%	-0.5%	-2.1%
National (Thousands)	18,823	18,863	18,901	18,969	19,011	19,049	19,117	19,119	19,144	19,212	19,297	19,388
% Ch	0.4%	0.8%	0.8%	1.4%	0.9%	0.8%	1.4%	0.0%	0.5%	1.4%	1.8%	1.9%
EDUCATION												
Idaho	50,337	50,626	51,119	51,172	51,270	51,203	51,555	51,184	52,058	52,375	53,482	52,677
% Ch	-2.4%	2.3%	3.9%	0.4%	0.8%	-0.5%	2.8%	-2.8%	7.0%	2.5%	8.7%	-5.9%
NONEDUCATION												
Idaho	49,908	50,248	50,478	50,696	50,384	50,366	50,649	50,852	51,470	51,421	50,176	50,444
% Ch	2.3%	2.7%	1.8%	1.7%	-2.4%	-0.1%	2.3%	1.6%	5.0%	-0.4%	-9.3%	2.2%
FEDERAL GOVERNMENT												
Idaho	13,224	13,314	13,467	13,237	13,205	13,147	12,905	13,057	13,012	12,766	12,851	12,869
% Ch	-4.3%	2.7%	4.7%	-6.7%	-1.0%	-1.8%	-7.2%	4.8%	-1.4%	-7.3%	2.7%	0.6%
National (Thousands)	2,729	2,736	2,729	2,729	2,728	2,732	2,732	2,737	2,729	2,731	2,733	2,719
% Ch	-0.8%	0.9%	-1.0%	0.0%	-0.1%	0.6%	0.0%	0.7%	-1.2%	0.3%	0.2%	-2.0%

**National Variables Forecast by Global Insight
Forecast Begins the SECOND Quarter of 2007**

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JULY 2007**

EMPLOYMENT

SERVICES (Continued)	2007				2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
TRANS., WAREHOUSING, UTILITIES												
Idaho	20,850	21,056	21,064	21,022	20,966	20,953	20,948	20,920	20,894	20,880	20,894	20,936
% Ch	6.9%	4.0%	0.2%	-0.8%	-1.1%	-0.2%	-0.1%	-0.5%	-0.5%	-0.3%	0.3%	0.8%
National (Thousands)	5,070	5,078	5,099	5,142	5,186	5,215	5,255	5,289	5,327	5,374	5,423	5,465
% Ch	1.2%	0.6%	1.6%	3.5%	3.5%	2.2%	3.1%	2.7%	2.9%	3.6%	3.7%	3.1%
PROFESSIONAL & BUSINESS												
Idaho	82,182	82,776	83,652	84,531	85,416	86,291	87,071	87,926	88,790	89,746	90,711	91,707
% Ch	1.7%	2.9%	4.3%	4.3%	4.3%	4.2%	3.7%	4.0%	4.0%	4.4%	4.4%	4.5%
National (Thousands)	17,826	17,889	18,012	18,170	18,296	18,423	18,626	18,839	19,071	19,302	19,521	19,677
% Ch	2.3%	1.4%	2.8%	3.6%	2.8%	2.8%	4.5%	4.7%	5.0%	4.9%	4.6%	3.2%
EDUCATION & HEALTH												
Idaho	72,451	72,682	73,243	73,778	74,263	74,722	75,113	75,599	76,104	76,726	77,368	78,064
% Ch	6.7%	1.3%	3.1%	3.0%	2.7%	2.5%	2.1%	2.6%	2.7%	3.3%	3.4%	3.6%
National (Thousands)	18,143	18,295	18,400	18,471	18,504	18,591	18,701	18,795	18,890	18,979	19,044	19,085
% Ch	2.8%	3.4%	2.3%	1.6%	0.7%	1.9%	2.4%	2.0%	2.0%	1.9%	1.4%	0.8%
LEISURE & HOSPITALITY												
Idaho	62,259	62,914	63,509	64,070	64,600	65,100	65,583	66,050	66,501	66,947	67,401	67,871
% Ch	9.1%	4.3%	3.8%	3.6%	3.3%	3.1%	3.0%	2.9%	2.8%	2.7%	2.7%	2.8%
National (Thousands)	13,423	13,502	13,549	13,623	13,753	13,845	13,819	13,869	13,943	13,958	13,961	14,019
% Ch	3.2%	2.4%	1.4%	2.2%	3.9%	2.7%	-0.7%	1.4%	2.1%	0.4%	0.1%	1.7%
OTHER SERVICES												
Idaho	19,240	19,371	19,561	19,655	19,768	19,975	20,172	20,367	20,566	20,779	21,013	21,262
% Ch	2.1%	2.7%	4.0%	1.9%	2.3%	4.3%	4.0%	3.9%	4.0%	4.2%	4.6%	4.8%
National (Thousands)	5,453	5,481	5,500	5,509	5,514	5,512	5,507	5,495	5,492	5,490	5,494	5,498
% Ch	0.4%	2.1%	1.4%	0.7%	0.3%	-0.1%	-0.3%	-0.9%	-0.2%	-0.1%	0.3%	0.3%
TRADE												
Idaho	111,634	112,435	113,341	113,799	114,413	115,389	116,247	117,099	117,974	118,962	120,114	121,392
% Ch	9.7%	2.9%	3.3%	1.6%	2.2%	3.5%	3.0%	3.0%	3.0%	3.4%	3.9%	4.3%
National (Thousands)	21,332	21,359	21,385	21,462	21,584	21,659	21,740	21,811	21,846	21,920	21,973	22,011
% Ch	1.5%	0.5%	0.5%	1.5%	2.3%	1.4%	1.5%	1.3%	0.6%	1.4%	1.0%	0.7%
RETAIL TRADE												
Idaho	83,725	84,282	84,996	85,328	85,780	86,524	87,201	87,874	88,563	89,339	90,242	91,240
% Ch	9.6%	2.7%	3.4%	1.6%	2.1%	3.5%	3.2%	3.1%	3.2%	3.6%	4.1%	4.5%
National (Thousands)	15,375	15,377	15,381	15,428	15,526	15,588	15,644	15,705	15,732	15,782	15,801	15,813
% Ch	1.5%	0.0%	0.1%	1.2%	2.5%	1.6%	1.4%	1.6%	0.7%	1.3%	0.5%	0.3%
WHOLESALE TRADE												
Idaho	27,909	28,153	28,345	28,471	28,633	28,865	29,046	29,226	29,411	29,622	29,873	30,152
% Ch	10.2%	3.5%	2.8%	1.8%	2.3%	3.3%	2.5%	2.5%	2.6%	2.9%	3.4%	3.8%
National (Thousands)	5,957	5,982	6,004	6,034	6,058	6,070	6,096	6,106	6,114	6,138	6,173	6,198
% Ch	1.4%	1.7%	1.4%	2.0%	1.6%	0.8%	1.7%	0.7%	0.6%	1.6%	2.3%	1.6%
STATE & LOCAL GOVERNMENT												
Idaho	103,248	103,705	103,848	104,327	104,706	104,562	104,604	104,735	104,924	105,183	105,421	105,692
% Ch	0.5%	1.8%	0.6%	1.9%	1.5%	-0.6%	0.2%	0.5%	0.7%	1.0%	0.9%	1.0%
National (Thousands)	19,453	19,523	19,583	19,632	19,673	19,728	19,759	19,794	19,826	19,858	19,902	19,948
% Ch	1.4%	1.4%	1.2%	1.0%	0.8%	1.1%	0.6%	0.7%	0.7%	0.6%	0.9%	0.9%
EDUCATION												
Idaho	52,896	53,228	53,313	53,631	53,955	53,844	53,866	54,078	54,291	54,498	54,688	54,900
% Ch	1.7%	2.5%	0.6%	2.4%	2.4%	-0.8%	0.2%	1.6%	1.6%	1.5%	1.4%	1.6%
NONEDUCATION												
Idaho	50,352	50,477	50,535	50,696	50,752	50,718	50,738	50,657	50,633	50,684	50,733	50,792
% Ch	-0.7%	1.0%	0.5%	1.3%	0.4%	-0.3%	0.2%	-0.6%	-0.2%	0.4%	0.4%	0.5%
FEDERAL GOVERNMENT												
Idaho	12,773	12,777	12,769	12,797	12,805	12,815	12,812	12,795	12,785	12,803	12,838	12,981
% Ch	-2.9%	0.1%	-0.2%	0.9%	0.3%	0.3%	-0.1%	-0.5%	-0.3%	0.6%	1.1%	4.5%
National (Thousands)	2,717	2,716	2,715	2,720	2,718	2,717	2,711	2,700	2,689	2,686	2,686	2,708
% Ch	-0.2%	-0.2%	-0.1%	0.7%	-0.2%	-0.2%	-0.9%	-1.6%	-1.6%	-0.5%	0.0%	3.3%

**National Variables Forecast by Global Insight
Forecast Begins the SECOND Quarter of 2007**

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JULY 2007**

MISCELLANEOUS

	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SELECTED CHAIN-WEIGHTED DEFL.												
Gross Domestic Product	108.190	109.172	109.744	110.610	111.558	112.229	113.139	114.048	114.967	115.905	116.446	116.930
% Ch	3.7%	3.7%	2.1%	3.2%	3.5%	2.4%	3.3%	3.3%	3.3%	3.3%	1.9%	1.7%
Consumption Expenditures	107.202	108.155	108.658	109.476	110.091	110.940	112.066	112.873	113.445	114.573	115.241	114.966
% Ch	3.7%	3.6%	1.9%	3.0%	2.3%	3.1%	4.1%	2.9%	2.0%	4.0%	2.4%	-1.0%
Durable Goods	91.043	91.105	90.581	90.649	90.709	90.570	89.908	89.605	89.385	89.206	88.967	88.366
% Ch	0.0%	0.3%	-2.3%	0.3%	0.3%	-0.6%	-2.9%	-1.3%	-1.0%	-0.8%	-1.1%	-2.7%
Nondurable Goods	106.014	107.561	107.865	109.030	109.325	110.604	113.016	113.177	113.484	115.769	116.442	114.141
% Ch	5.7%	6.0%	1.1%	4.4%	1.1%	4.8%	9.0%	0.6%	1.1%	8.3%	2.3%	-7.7%
Services	111.573	112.444	113.303	114.133	115.049	115.929	116.858	118.281	119.194	120.059	120.960	121.824
% Ch	3.5%	3.2%	3.1%	3.0%	3.2%	3.1%	3.2%	5.0%	3.1%	2.9%	3.0%	2.9%
Consumer Price Index	1.865	1.885	1.895	1.911	1.921	1.940	1.966	1.983	1.992	2.017	2.032	2.022
% Ch	3.5%	4.2%	2.1%	3.6%	2.1%	3.9%	5.6%	3.4%	1.9%	5.0%	3.1%	-2.1%
SELECTED INTEREST RATES												
Federal Funds	1.0%	1.0%	1.4%	2.0%	2.5%	2.9%	3.5%	4.0%	4.5%	4.9%	5.2%	5.2%
NY Fed Discount	2.0%	2.0%	2.4%	2.9%	3.4%	3.9%	4.4%	5.0%	5.4%	5.9%	6.3%	6.3%
Prime	4.0%	4.0%	4.4%	4.9%	5.4%	5.9%	6.4%	7.0%	7.4%	7.9%	8.3%	8.3%
Existing Home Mortgage	5.6%	5.7%	5.8%	5.7%	5.8%	5.8%	5.8%	6.2%	6.4%	6.6%	6.8%	6.5%
U.S. Govt. 3-Month Bills	0.9%	1.1%	1.5%	2.0%	2.5%	2.9%	3.4%	3.8%	4.4%	4.7%	4.9%	4.9%
U.S. Govt. 6-Month Bills	1.0%	1.3%	1.7%	2.2%	2.8%	3.1%	3.6%	4.1%	4.5%	4.8%	5.0%	4.9%
U.S. Govt. 5-Year Notes	3.0%	3.7%	3.5%	3.5%	3.9%	3.9%	4.0%	4.4%	4.5%	5.0%	4.8%	4.6%
U.S. Govt. 10-Year Notes	4.0%	4.6%	4.3%	4.2%	4.3%	4.2%	4.2%	4.5%	4.6%	5.1%	4.9%	4.6%
SELECTED US PRODUCTION INDICES												
Wood Products	103.3	104.5	104.9	105.4	108.5	108.9	110.5	116.5	113.8	110.6	107.1	99.5
% Ch	-1.2%	4.9%	1.3%	2.1%	12.1%	1.7%	5.8%	23.5%	-8.9%	-10.8%	-11.8%	-25.5%
Computers & Electronic Products	123.1	125.1	127.8	128.8	131.9	137.0	142.6	152.4	156.5	166.3	174.3	180.3
% Ch	23.1%	6.7%	8.8%	3.3%	9.8%	16.4%	17.6%	30.5%	11.2%	27.4%	20.6%	14.6%
Food	100.2	101.0	101.6	101.7	103.6	104.2	104.5	105.7	106.6	107.0	107.5	109.7
% Ch	-1.4%	3.0%	2.4%	0.6%	7.6%	2.2%	1.4%	4.5%	3.6%	1.3%	2.0%	8.5%
Agricultural Chemicals	108.1	108.0	110.1	112.6	115.7	115.5	118.4	113.0	115.6	120.0	121.1	109.9
% Ch	11.6%	-0.4%	8.0%	9.7%	11.5%	-0.8%	10.2%	-17.0%	9.5%	16.1%	3.7%	-32.0%
Metal Ore Mining	91.3	92.3	94.1	98.2	100.6	103.2	103.1	100.1	102.7	103.7	101.4	105.0
% Ch	5.0%	4.6%	8.1%	18.2%	10.3%	11.0%	-0.4%	-11.4%	11.1%	3.7%	-8.5%	14.8%

**IDAHO ECONOMIC FORECAST
QUARTERLY DETAIL
JULY 2007**

MISCELLANEOUS

	Q1	2007				2008				2009			
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
SELECTED CHAIN-WEIGHTED DEFL.													
Gross Domestic Product	118.131	118.799	119.088	119.584	120.299	120.926	121.517	122.097	122.758	123.331	123.935	124.529	
% Ch	4.2%	2.3%	1.0%	1.7%	2.4%	2.1%	2.0%	1.9%	2.2%	1.9%	2.0%	1.9%	
Consumption Expenditures	115.955	117.146	117.395	117.720	118.290	118.852	119.452	120.015	120.578	121.107	121.683	122.242	
% Ch	3.5%	4.2%	0.9%	1.1%	2.0%	1.9%	2.0%	1.9%	1.9%	1.8%	1.9%	1.8%	
Durable Goods	87.954	87.567	87.196	87.033	86.969	86.904	86.856	86.788	86.709	86.623	86.510	86.341	
% Ch	-1.9%	-1.7%	-1.7%	-0.7%	-0.3%	-0.3%	-0.2%	-0.3%	-0.4%	-0.4%	-0.5%	-0.8%	
Nondurable Goods	115.553	118.343	117.873	117.425	117.733	118.057	118.466	118.802	119.154	119.462	119.898	120.344	
% Ch	5.0%	10.0%	-1.6%	-1.5%	1.1%	1.1%	1.4%	1.1%	1.2%	1.0%	1.5%	1.5%	
Services	122.960	123.739	124.522	125.374	126.244	127.092	127.960	128.806	129.647	130.452	131.283	132.094	
% Ch	3.8%	2.6%	2.6%	2.8%	2.8%	2.7%	2.8%	2.7%	2.6%	2.5%	2.6%	2.5%	
Consumer Price Index	2.041	2.070	2.073	2.077	2.087	2.097	2.108	2.118	2.128	2.137	2.147	2.157	
% Ch	3.8%	5.9%	0.5%	0.8%	2.0%	1.9%	2.1%	1.9%	1.9%	1.7%	1.9%	1.8%	
SELECTED INTEREST RATES													
Federal Funds	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	
NY Fed Discount	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	
Prime	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	
Existing Home Mortgage	6.4%	6.5%	6.7%	6.8%	6.8%	6.9%	6.9%	7.0%	7.1%	7.1%	7.1%	7.1%	
U.S. Govt. 3-Month Bills	5.0%	4.7%	4.7%	4.9%	4.9%	4.9%	5.0%	5.1%	5.1%	5.1%	5.1%	5.1%	
U.S. Govt. 6-Month Bills	4.9%	4.8%	4.8%	4.9%	4.9%	5.0%	5.1%	5.1%	5.2%	5.2%	5.2%	5.2%	
U.S. Govt. 5-Year Notes	4.6%	4.8%	5.0%	5.1%	5.1%	5.2%	5.3%	5.3%	5.4%	5.4%	5.4%	5.5%	
U.S. Govt. 10-Year Notes	4.7%	4.8%	5.1%	5.2%	5.2%	5.3%	5.3%	5.4%	5.5%	5.5%	5.5%	5.6%	
SELECTED US PRODUCTION INDICES													
Wood Products	97.8	97.1	94.7	92.7	90.9	89.9	89.7	91.3	92.8	94.4	95.8	96.9	
% Ch	-6.9%	-2.8%	-9.6%	-8.0%	-7.5%	-4.5%	-1.0%	7.5%	7.0%	7.0%	5.8%	4.6%	
Computers & Electronic Products	181.7	184.2	190.1	196.6	202.4	208.4	214.6	220.6	226.7	232.9	239.1	245.5	
% Ch	3.0%	5.6%	13.4%	14.4%	12.4%	12.4%	12.3%	11.8%	11.5%	11.3%	11.0%	11.3%	
Food	110.8	111.7	112.1	112.4	112.9	113.3	113.8	114.3	114.8	115.4	116.0	116.6	
% Ch	4.0%	3.2%	1.3%	1.4%	1.5%	1.6%	1.7%	1.8%	1.9%	2.0%	2.1%	2.2%	
Agricultural Chemicals	108.1	106.7	106.7	107.7	108.8	109.9	111.1	112.4	113.6	114.9	116.1	117.3	
% Ch	-6.5%	-5.0%	0.0%	3.7%	4.0%	4.4%	4.5%	4.6%	4.5%	4.4%	4.3%	4.1%	
Metal Ore Mining	104.6	106.9	107.8	108.7	109.3	109.8	110.8	111.6	112.3	113.0	113.5	113.9	
% Ch	-1.5%	9.2%	3.5%	3.4%	2.2%	1.7%	3.7%	3.1%	2.4%	2.5%	1.9%	1.5%	

APPENDIX

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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

$$EEA_ID = EEA_ID_GOODS + EEA_ID_NONGOODS$$

$$EEA_ID_2100 = 3624.798 + 34.818*ID0IP2122_2123 - 3356.247*(JULCNF/WPI10) - 17.417*TREND$$

$$EEA_ID_2300 = 15375.250 + 444.302*ID0HSPRS1_A + 380.831*ID0HSPRS1_A(-1) + 317.359*ID0HSPRS1_A(-2) + 253.887*ID0HSPRS1_A(-3) + 190.415*ID0HSPRS1_A(-4) + 126.944*ID0HSPRS1_A(-5) + 63.472*ID0HSPRS1_A(-6)$$

$$EEA_ID_3110 = 20829.470 + 216.705*MOVAV(IPSG311,4) - 327.152*MOVAV(IPSG311/EMN311,4) - 38.274*TREND$$

$$EEA_ID_3230 = 2042.338 + 18.257*MOVAV(IPSG323,4) - 13.019*MOVAV((IPSG323/EMN323),8)$$

$$EEA_ID_3250 = 2681.935 + 13.316*MOVAV(IPSG3253(-1),4) - 1997.815*DUM951ON$$

$$EEA_ID_3320 = -1793.753 + 54.303*MOVAV(IPSG332,2)$$

$$EEA_ID_3330 = 1757.592 + 18.527*MOVAV(IPSG3332,4) - 6.201*TREND$$

$$EEA_ID_3340 = 12579.570 + 164.578*MOVAV(IPSG3341,4) + 11.278*DUM911011*MOVAV(IPSG3341,4) - 190.248*MOVAV((IPSG3341/EMD334),8)$$

$$EEA_ID_4200 = 6463.830 + 0.307*EEA_ID_44_45 - 26.410*TREND$$

$$EEA_ID_44_45 = 34804.46 + 271.182*MOVAV((YPADJ_ID/JPC),4) - 370.441*TREND$$

$$EEA_ID_48_49_22 = -6037.813 + 0.828*MOVAV(EEA_ID_4200,2) + 2984.025*MOVAV(ID0NPT(-1),8)$$

$$EEA_ID_5100 = -5984.097 + 49.188*MOVAV(IPSG51111,4) + 78.967*TREND + 400.588*DUM061ON$$

$$EEA_ID_52_53 = -8740.715 - 5585.218*DUM981ON + 2033.346*(DUM9801004*MOVAV(SP500/SP500(-2),2) + 89.986*ID0KHU)$$

$$EEA_ID_54_55_56 = -35767.310 + 145.140*YPADJ_ID/JPC + 208.759*MOVAV(RADR,8)$$

$$EEA_ID_61_62 = -42075.740 + 49177.900*ID0NPT + 106.715*YPADJ_ID/JPC$$

$$EEA_ID_71_72 = -43878.940 + 116933.700*ID0NPT - 447.875*TREND$$

$$EEA_ID_8100 = 3304.257 + 45.029*MOVAV((YPADJ_ID/JPC),4) + 1250.768*DUM931964 - 1230.69*DUM061ON$$

$$EEA_ID_DMANU = EEA_ID_WOOD + EEA_ID_3320 + EEA_ID_3330 + EEA_ID_3340 + EEA_ID_MFDNEC$$

$$EEA_ID_GOODS = EEA_ID_MANU + EEA_ID_2300 + EEA_ID_2100$$

$$EEA_ID_GV = EEA_ID_GVSL + EEA_ID_GVF$$

$$EEA_ID_GVF = 1930.694 + 667773.000*EG91*(ID0NPT/N) + 3105.423*EG91*(GFOR/GFR) - 2.647*TREND$$

$$EEA_ID_GVSL = EEA_ID_GVSLAD + EEA_ID_GVSLED$$

$$EEA_ID_GVSLAD = 4288.514 + 21732.680*ID0NPT + 0.578*MOVAV(ID0YPTXB(-4),4)$$

$$EEA_ID_GVSLED = 10452.86 + 42075.390*ID0NPT*((N-N16A)/N) + 0.610*MOVAV(ID0YPTXB(-4),2) + 79.871*TREND$$

$$EEA_ID_MANU = EEA_ID_DMANU + EEA_ID_NMANU$$

$$EEA_ID_MFDNEC = -3649.058 + 126.198*MOVAV(ID0IPMFDNEC,2)$$

$$EEA_ID_MFNNEC = 948.668 + 1.573*(CNCSR+CNOOR) + 22.093*MOVAV(IPSG322,2)$$

$$EEA_ID_NMANU = EEA_ID_3110 + EEA_ID_3230 + EEA_ID_3250 + EEA_ID_MFNNEC$$

$$EEA_ID_NONGOODS = EEA_ID_SV + EEA_ID_4200 + EEA_ID_44_45 + EEA_ID_GV$$

$$EEA_ID_SV = EEA_ID_48_49_22 + EEA_ID_5100 + EEA_ID_52_53 + EEA_ID_54_55_56 + EEA_ID_61_62 + EEA_ID_71_72 + EEA_ID_8100$$

$$EEA_ID_WOOD = 18253.080 + 126.011*MOVAV(IPSG321,2) - 6837.399*(JULCNF/WPI08) - 53.799*IPSG321/EMD321 - 52.153*TREND$$

$$ID0AHEMF = -7.315 + 17.735*(EEA_ID_DMANU(-1)/EEA_ID_MANU(-1)*JULCNF) + 19.714*(EEA_ID_NMANU(-1)/EEA_ID_MANU(-1)*JULCNF)$$

$$ID0CRCROP = 3327.641 + 0.013*CRCROP + 416271.400*WPI01$$

$$ID0CRLVSTK = -340644.700 + 0.021*(CRCATCVS+CRDAIRY) + 9268.393*TREND$$

$$ID0EXFP = -48911.450 + 992456.100*WPI01 + 20336.090*TREND$$

$$ID0HSPR = ID0HSPRS1_A + ID0HSPRS2A_A$$

$$\begin{aligned} \text{ID0HSPRS1_A} &= -19.495 - 0.778*(\text{RMMTGEXIST} - \text{MOVAV}(\text{RMMTGEXIST}(-1),4)) \\ &+ 316.100*(\text{ID0NPT}(-1) - (\text{MOVAV}(\text{ID0NPT}(-1),8)) + 0.216*(\text{PHU1EMEDNS} - \text{MOVAV}(\text{PHU1EMEDNS}(-1),4)) + \\ &0.179*\text{TREND} \end{aligned}$$

$$\begin{aligned} \text{ID0HSPRS2A_A} &= 5.593 + 35.168*(\text{MOVAV}(\text{ID0NPT}(-1),4) - \text{MOVAV}(\text{ID0NPT}(-5),4)) \\ &- 0.239*\text{MOVAV}(\text{RMMTGEXIST},4) - 0.003*\text{TREND}*\text{RMMTGEXIST} \end{aligned}$$

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

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

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

$$\text{ID0NB} = -11.068 + 39.781*\text{ID0NPT} - 0.160*\text{TREND}$$

$$\text{ID0ND} = 0.948 + 5.710*\text{ID0NPT} + 0.009*\text{TREND}$$

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

$$\text{ID0NPT} = 0.422 + 0.000007*\text{MOVAV}(\text{EEA_ID},4) + 0.004*\text{TREND}$$

$$\text{ID0WBB\$} = \text{ID0WBBMF\$} + \text{ID0WBBOH\$} + \text{ID0WBBCC\$} + \text{ID0WBBF\$} + \text{ID0WBBMIL\$}$$

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

$$\text{ID0WBBF\$} = -129.022 + 321.023*\text{WPI02}$$

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

$$\text{ID0WBBMIL\$} = 7.830 + 298.232*(\text{ID0NPT}/\text{N})*\text{GFMLCWSS}$$

$$\text{ID0WBBOH\$} = \text{ID0WRWOTH\$} * (\text{EEA_ID} - \text{EEA_ID_2300} - \text{EEA_ID_MANU})/1000000$$

$$\text{ID0WRWCC\$} = 3696.920 + 1949.327*\text{ID0AHEMF}$$

$$\text{ID0WRWMF\$} = 367.295 + 2785.306*\text{ID0AHEMF}$$

$$\text{ID0WRWOTH\$} = -8231.479 + 2506.545*\text{ID0AHEMF}$$

$$\text{ID0YDIR\$} = -161.206 + 1.111*(\text{YPAIN} + \text{ZADIV} + \text{YPRENTADJ})*\text{MOVAV}(\text{ID0YP\$}(-1),4)/\text{MOVAV}(\text{YP}(-1),4)$$

$$\text{ID0YFC\$} = -32178.870 + 0.882*\text{ID0YFC\$}(-1) + 50199.370*\text{WPI01}$$

$$\text{ID0YINV_R\$} = -34563.38 + 0.816 * \text{ID0YINV_R\$}(-1) + 66261.84 * \text{WPI01}$$

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

$$\text{ID0YP\$} = \text{ID0WBB\$} + \text{ID0YSUP\$} + \text{ID0YDIR\$} + \text{ID0YPRNF\$} + \text{ID0YPRF\$} + \text{ID0YTR\$} + \text{ID0YRA\$} - \text{ID0YSIS\$}$$

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

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

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

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

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

$$\text{ID0YPRF\$} = 153.754 + 0.162 * ((\text{ID0CRCROP} + \text{ID0CRLVSTK} + \text{ID0YTRF\$} + \text{ID0YINV_R\$} - \text{ID0YFC\$} - \text{ID0EXFP}) / 1000) + 2.663 * \text{TREND}$$

$$\text{ID0YPRNF\$} = 62.870 + 4.315 * \text{YPPROPADJNF}$$

$$\text{ID0YPTXB} = (\text{ID0WBB\$} + \text{ID0YPRNF\$} + \text{ID0YDIR\$} + (\text{ID0YPRF\$} - \text{ID0YINV_R\$} / 1000)) / \text{JPC} * 100$$

$$\text{ID0YRA\$} = -92.601 + 0.036 * \text{ID0WBB\$}$$

$$\text{ID0YSIS\$} = -12.284 + 2.239 * \text{TXSIEC} * \text{ID0WBB\$} / \text{YPCOMPWSD}$$

$$\text{ID0YSUP\$} = 53.937 + 1.562 * \text{YPCOMPSUPPAI} * \text{ID0WBB\$} / \text{YPCOMPWSD}$$

$$\text{ID0YTR\$} = -5.947 + 841.588 * (\text{YPTRFGF} + \text{YPTRFGSL}) * (\text{ID0NPT} / \text{N})$$

$$\text{ID0YTRF\$} = 25886.230 + 0.010 * \text{TRF\$}$$

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

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

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
ID0WRWCC\$	Average annual wage, construction
ID0WRWMF\$	Average annual wage, manufacturing
ID0WRWOTH\$	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
YPADJ_ID	Adjusted total personal income