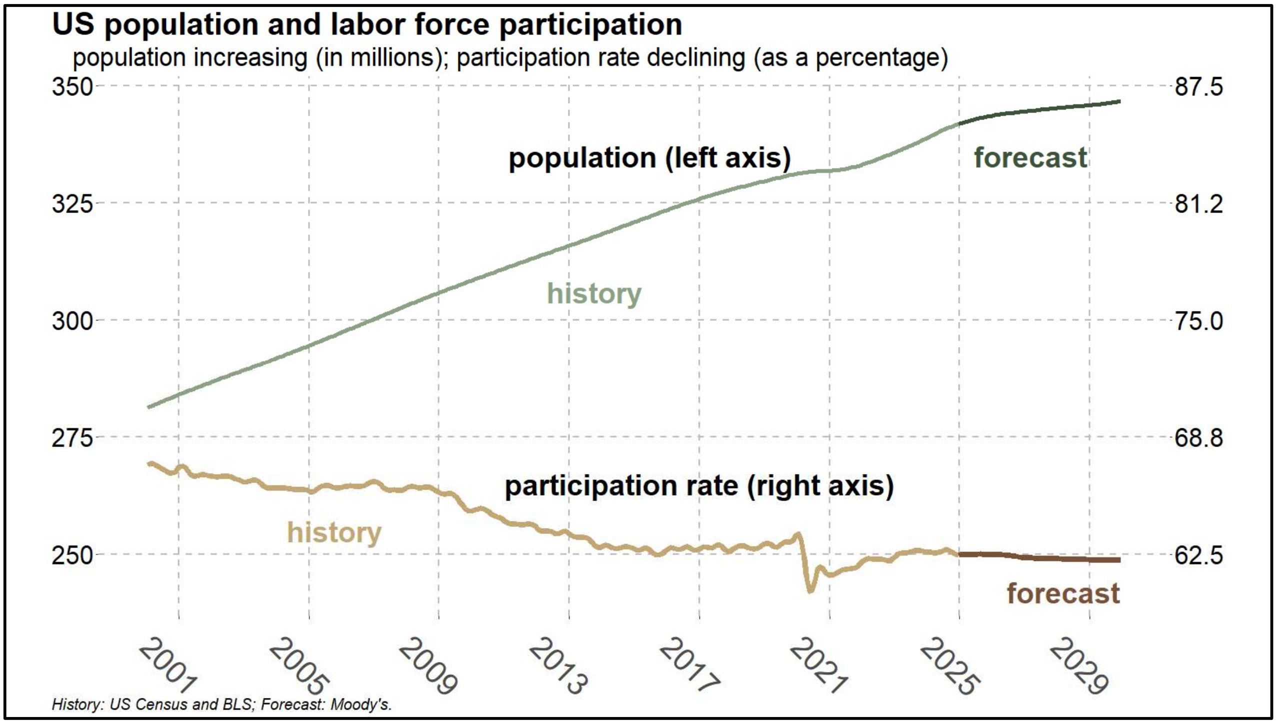
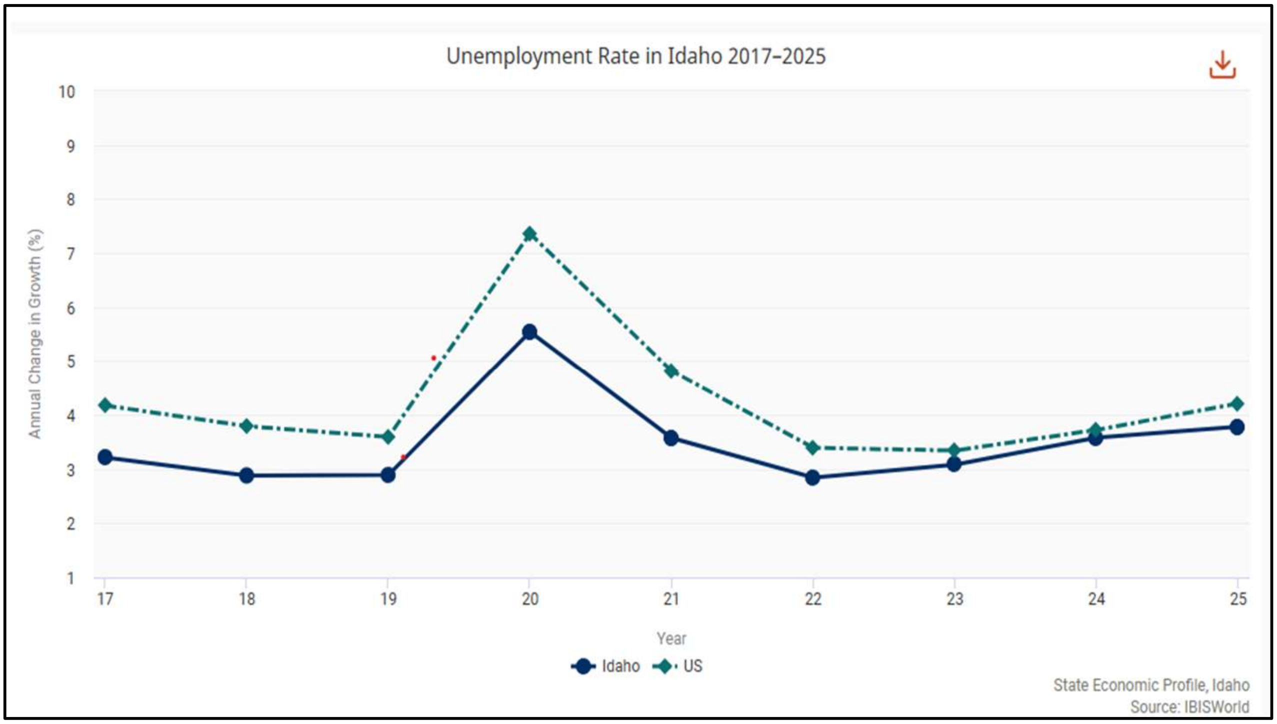
Idaho economic trends and outlook
PNREC

John Nordstrom, Economics Lecturer, Boise State University



These provide part of the context for the Idaho forecast. Overall expansion of the US economy through labor force is limited. A lot of this is demographic (i.e., baby-boomer retirements). Also, for Idaho, many retirees are moving to Idaho for a lower COL.



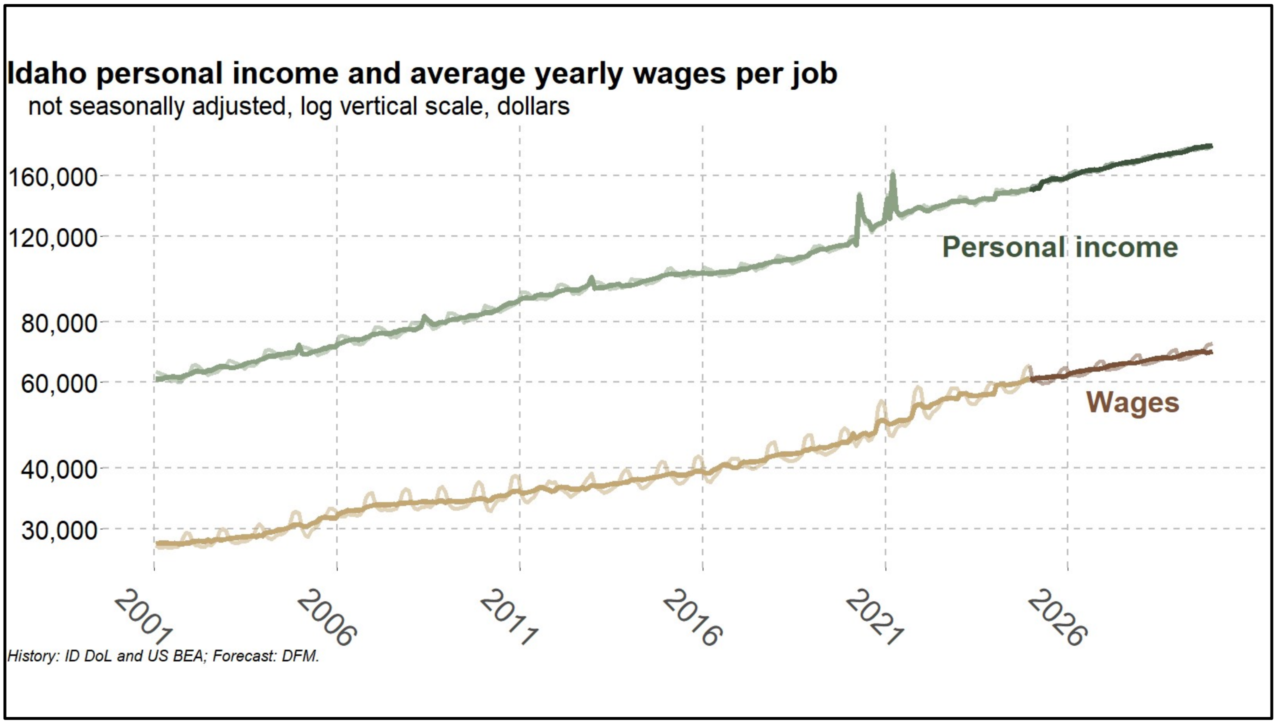
Idaho's unemployment trends lower than the national average and recovered from COVID faster than the US in general. Lower unemployment contributed to gains in

Low Unemployment + High Population Growth = Higher Wages

Wage Growth	2022	2023	2024
Idaho	10.4%	7%	8.3% ($26.75)
Boise MSA		4.4%	7.8% ($29.65)
Population Growth	**2022**	**2023**	**2024**
Idaho	2.1%	1.4%	1.5% (7th fastest)
Boise MSA		1.7%	2.1%

- **Idaho crossed over to over 2 million people in 2024!**
- **The Boise MSA represents 40% of the state population**

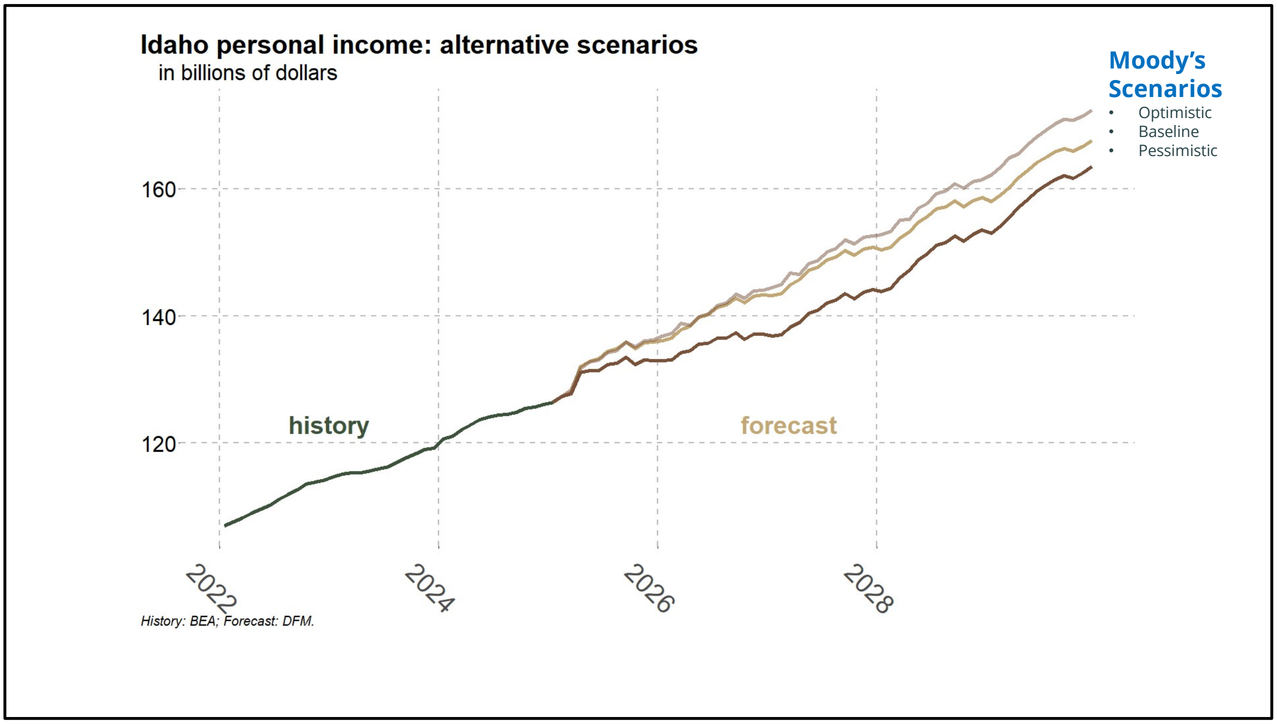
Idaho's population is growing rapidly and wages are growing even faster



For Idaho, the state forecasts uses not-seasonally adjusted data (background, muted colors). The smoother the seasonal adjustment (including the transition from historical data to forecast data) is, the fewer the outlier issues. The disruptions from 2020--2021 dwarf any on the forecast horizon.

Wage data expansion comes about through raises/inflation and the evolution of the mix of jobs within the state.

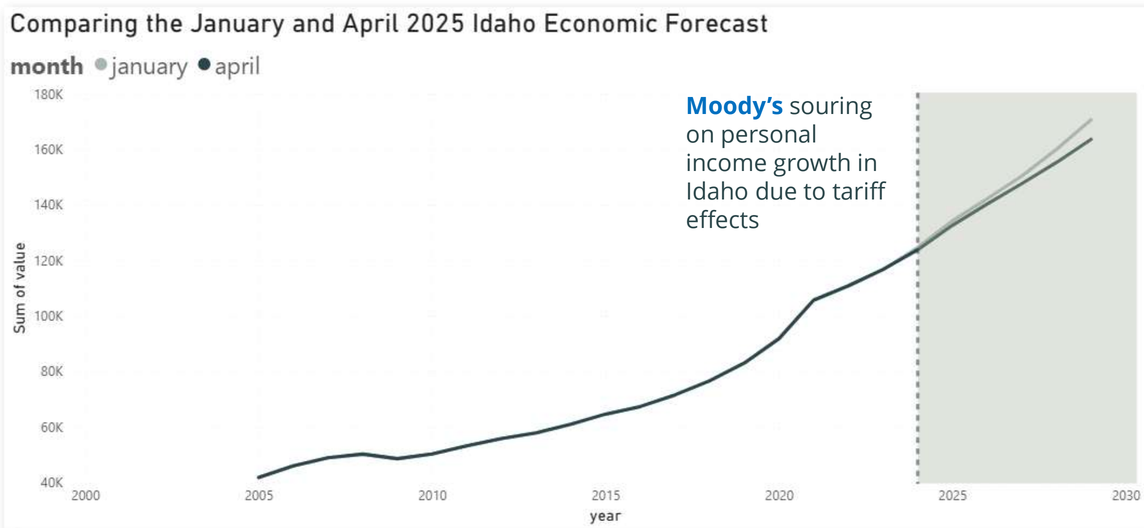
Personal income includes wages, supplements (things like health-insurance), dividends/interest/rent, and transfer payments (social security); those are the largest contributors to personal income in Idaho.



The step-off of personal income (shown on a per-person basis on the prior slide) can be a bit steep when aggregated across participants in the economy. This steepness can also be due to some of the seasonal pattern induced from wages, though.

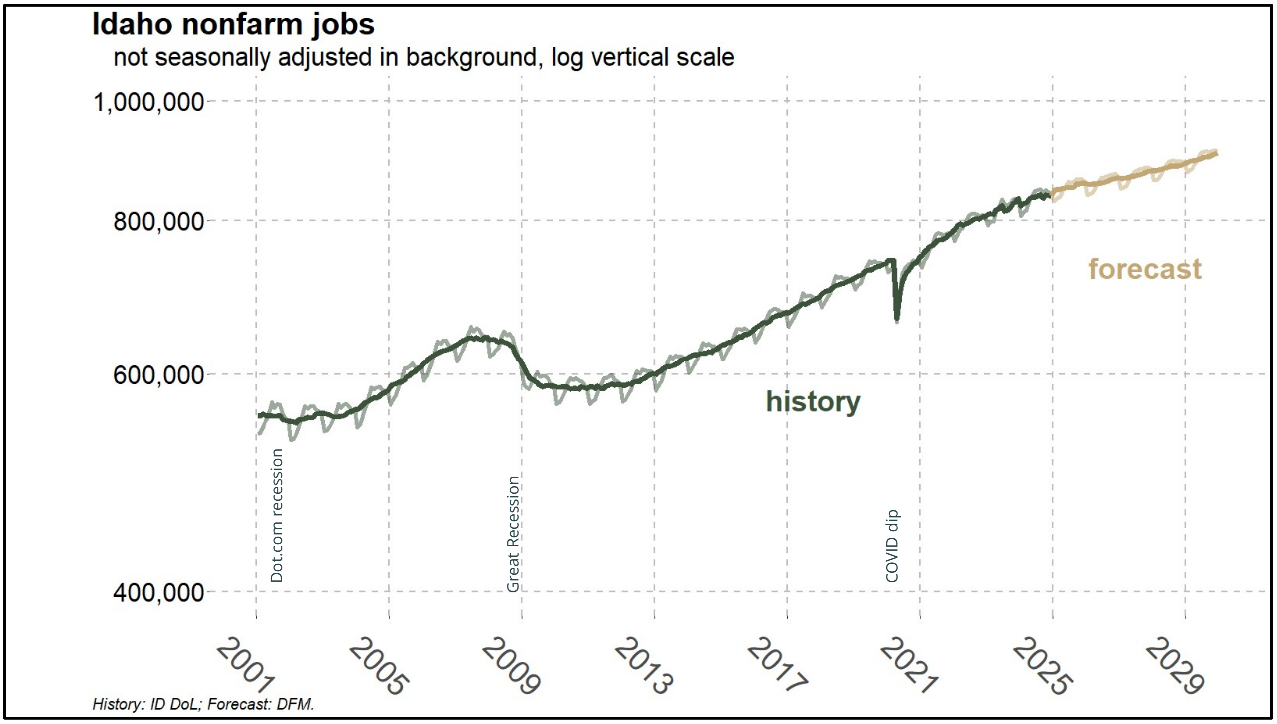
The three scenarios presented here are the most central optimistic and pessimistic standard scenarios from Moody's for the US economy, applied to the state economy. They frame the baseline US scenario from Moody's (also applied by the state to the state economy). Typically, the baseline is close-to optimistic for the state, as reflected here by the tight adherence between the baseline and optimistic cases for the next couple of years.

Idaho personal income forecast change between January and April



Forecast period is shaded

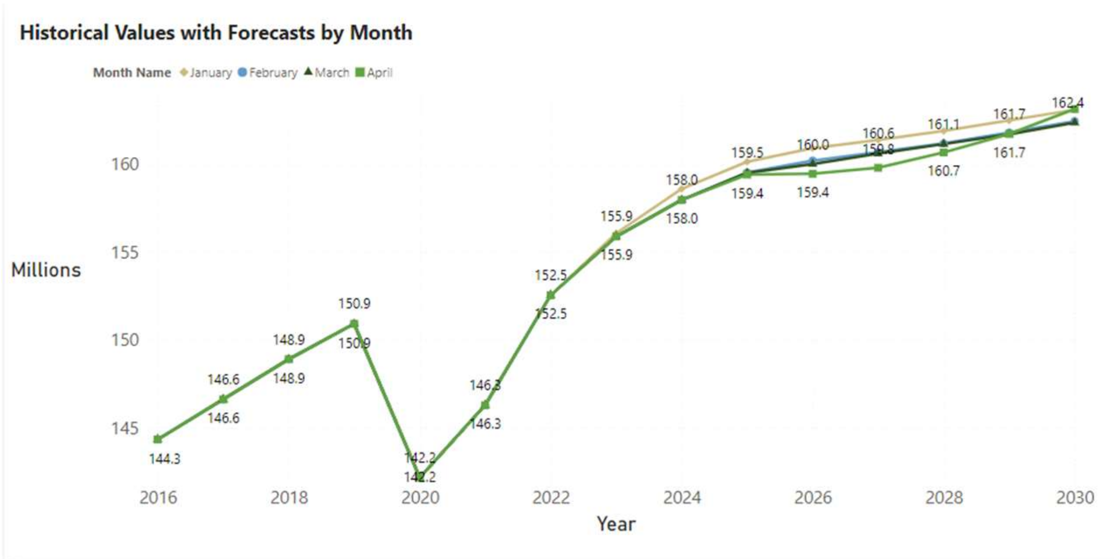
For another reflection in the variability present in the economic modeling for the state, here are two snapshots, both using the baseline scenarios from Moody's, but differing baselines by five months (the January edition relies upon the December Moody's baseline, though it is released in early January). The slowing is consistent with the national outlook, which replaced tepid labor expansion with flat-line behavior owing to uncertainty, largely ascribed to federal administration changes including tariff activity. (Here the 120 k measure for the transition from history to forecast reflects a $120 b total personal income economy in Idaho.)



This is the outlook for jobs within Idaho. This window shows the dot-com recession (slight declines but mostly flat for several years), the housing-bust recession (a prolonged decline with a wide valley lasting several subsequent years), or the pandemic recession (a sharp downturn but a rapid reopening). The outlook for jobs across the forecast horizon is for mild expansion, continuing what has been occurring the past couple of years.

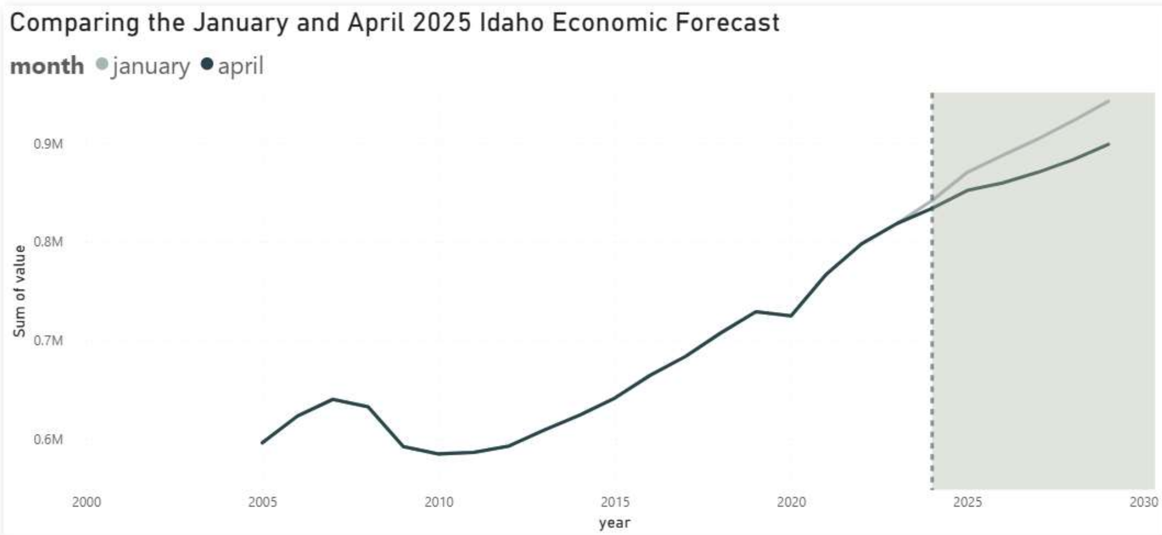
Again, muted colors show the not-seasonally adjusted data (used for forecasting), and the bolder colors indicate the seasonal adjustment of that data once the forecast is built.

US employment forecast change between January and April



This shows the evolution of the employment forecast, baseline scenario each month, from January through April. The effects of the tariffs and other changes by the federal administration is apparent.

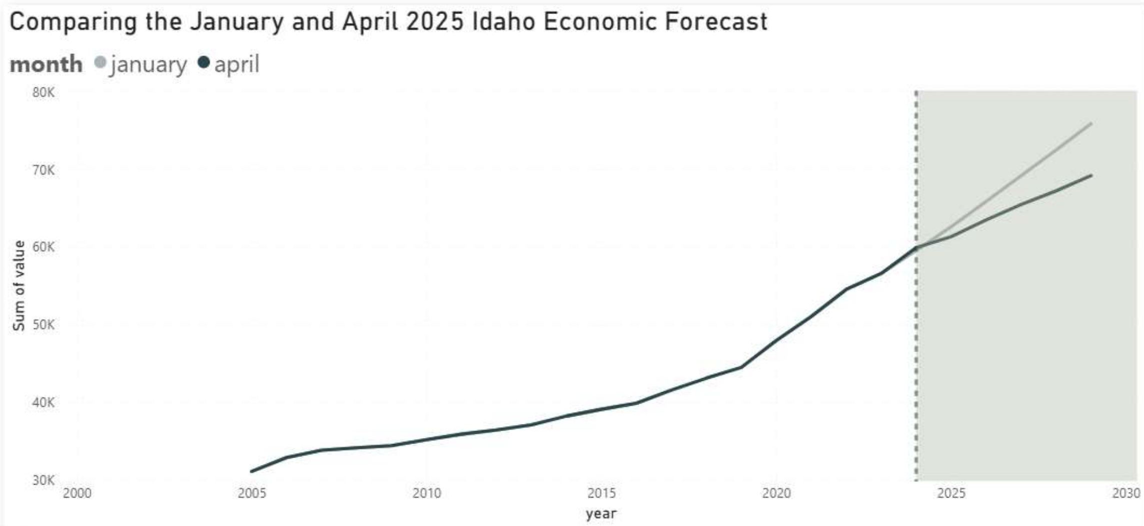
Idaho employment forecast change between January and April



Forecast period is shaded

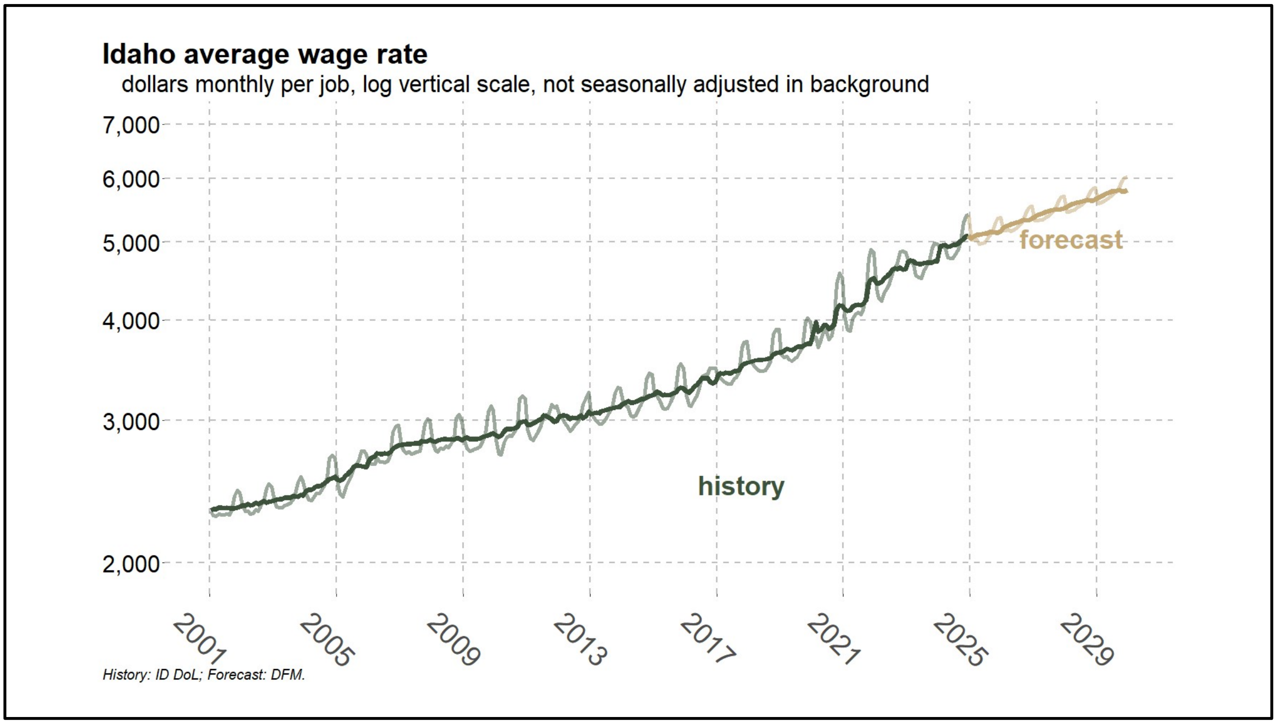
In that context, the revision to the Idaho outlook has some context. Though expansion is expected to continue, it is much slower in the latest forecast. That is partly due to the slower outlook at the national level.

Average annual Idaho wages per job forecast change between January and April

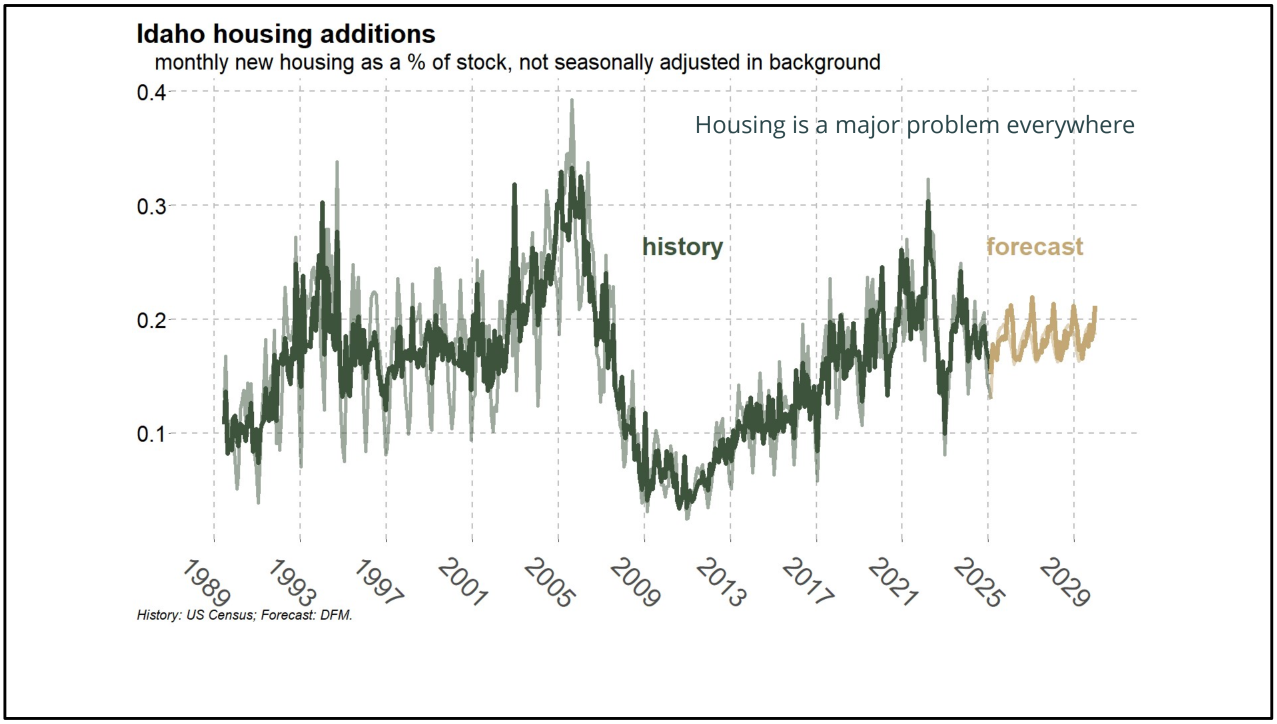


Forecast period is shaded

However, that exponential is much more tepid than envisioned earlier (now the vertical scale is straight, so exponentials appear as familiar, curving upwards.)



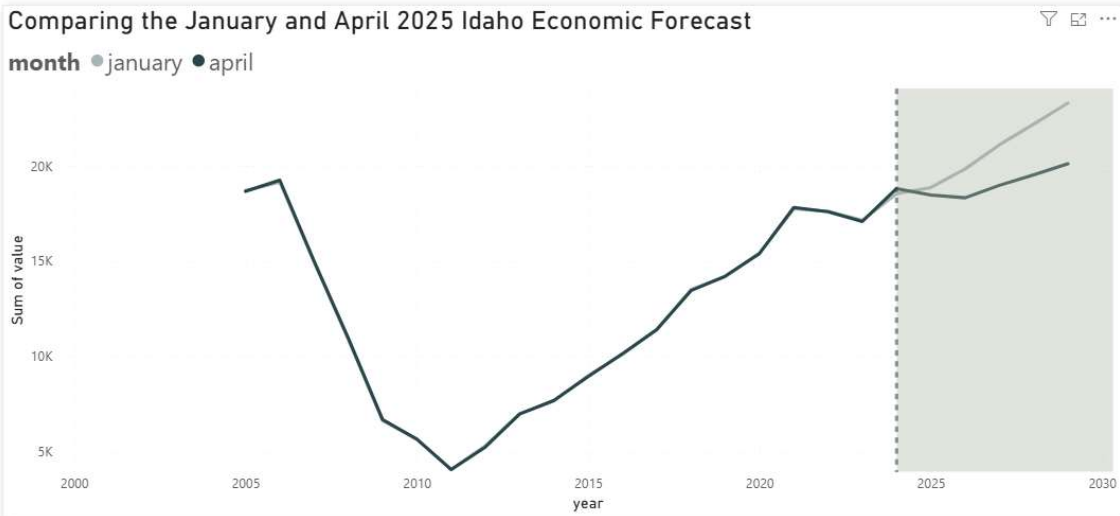
This shows the typical experience for Idaho families in terms of wages. The vertical scale here is logarithmic, so the (relatively) straight line expansion of wages does represent exponential growth on a straight scale, which is the default expectation in the presence of compounding inflation/raises.



A common complaint in the Idaho economy has been availability of housing, with the crux of that complaint often going un-explained that it rests both on local location and affordability. The outlook for housing permits (the underlying data forecast in the Idaho economic model) translates first to housing starts and then completions. Both of those translations smooth the data. Still, there remains a lot of volatility (as seen in the graph).

Here we have shown the expansion of the stock through those expected completions. The outlook is robust, certainly so by recent historical standards. It is unlikely to reach unsustainable levels (such as 2005--2008).

Idaho housing completions forecast change between January and April



Forecast period is shaded

Here is the yearly view of that housing stock expansion, contrasted with what was forecast earlier. Without dividing by the (expanded stock since 2005), it would appear that the earlier outlook was eclipsing the pre-housing-bust expansion. Context, as shown on the prior slide, shows otherwise.