

Idaho Economic Outlook

Economic Outlook and Revenue Assessment Committee



Jan 03, 2020

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Economic Headlines



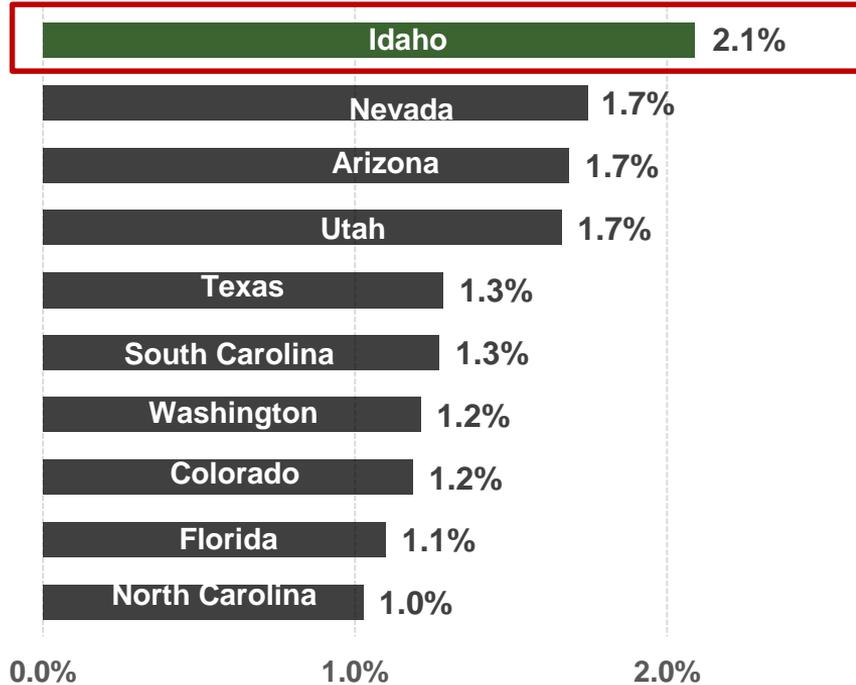
Headline Statistical Economic Considerations

- **Idaho economy ranks 1st in the nation** in aggregate of econ indicators
- **Idaho holds top migration rate in country** (big impact) 3rd year in a row
- Idaho **labor market** continues robust compared to US average at **3.0% job growth**
- **Idaho personal income** grew over **5.5% in 2018**, fifth in the nation
- **Housing and income** growing at much different rates

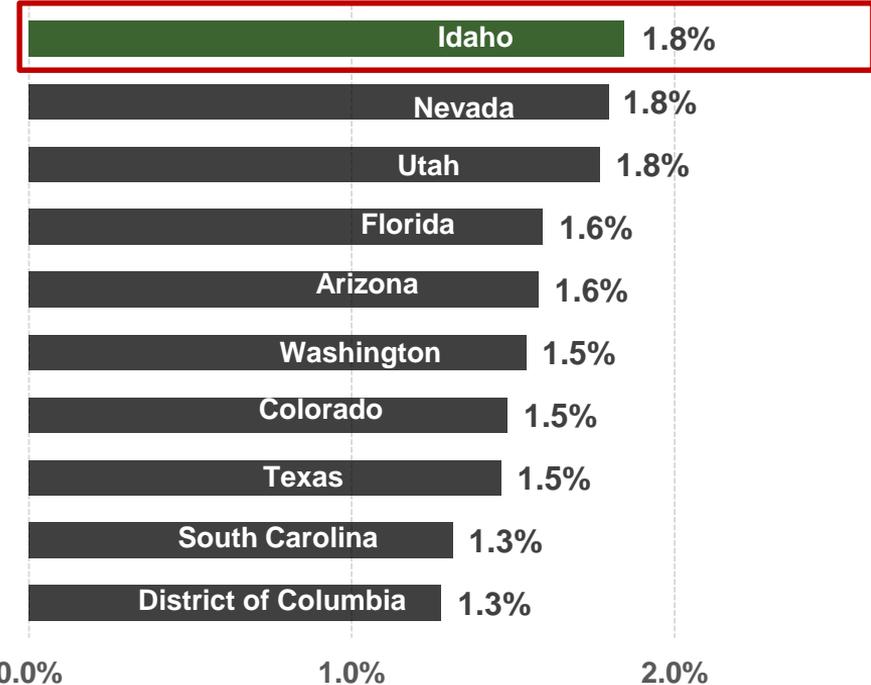
Population Growth in Idaho



2019 State Rankings of Population



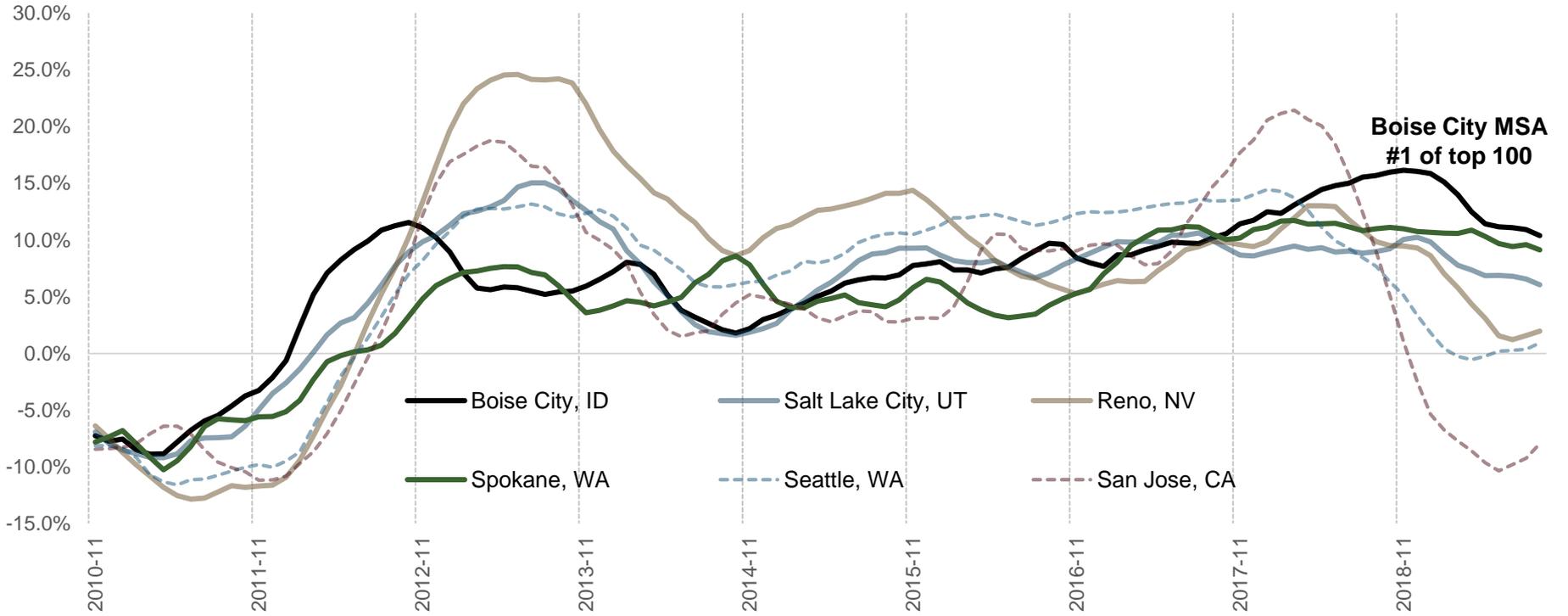
5 Year State Rankings of Population



Western Home Value Growth



Western City Home Values Rate of Change

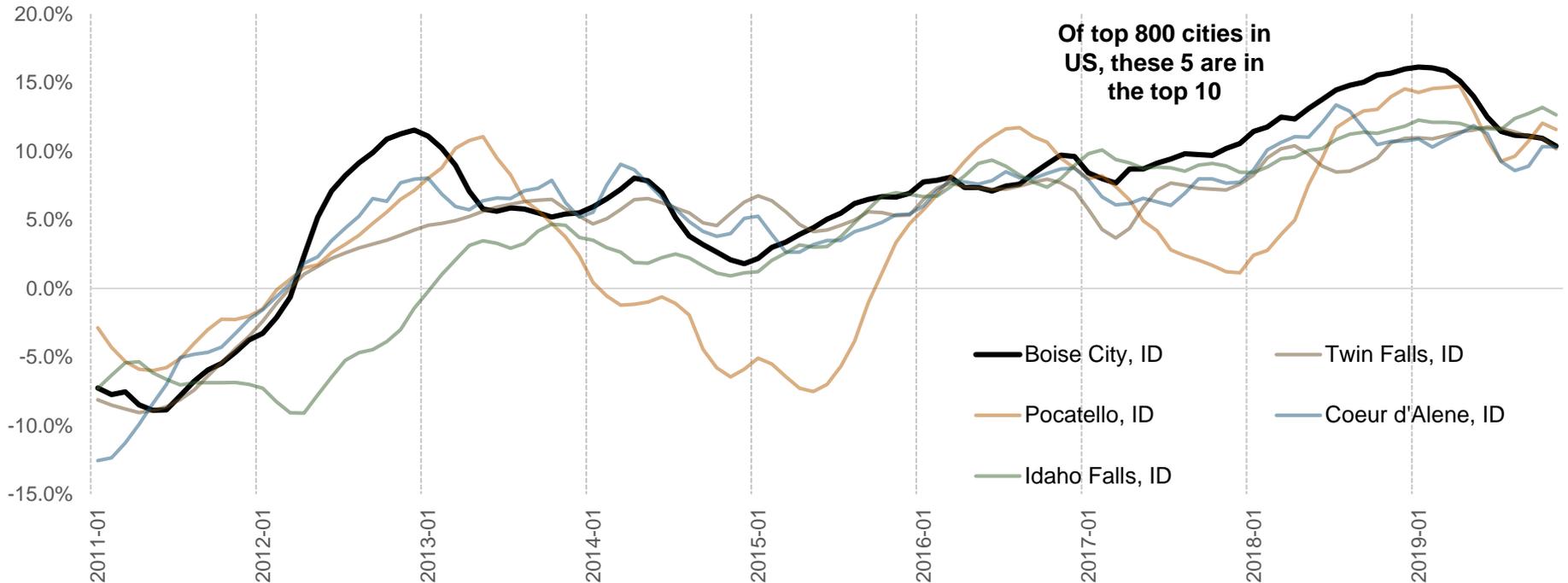


SOURCE: Zillow research. Zillow Home Value Index (ZHVI) of single family homes through 11/30/19.

Idaho Home Value Growth



Idaho Cities Home Values Rate of Change



SOURCE: Zillow research. Zillow Home Value Index (ZHVI) of single family homes through 11/30/19.

Q319 Earnings Growth by State

Less Farm Industry



Percent Change in Personal Income – Top 10 States (Annualized Percent Change)			Percent Change in Personal Income – Bottom 10 States (Annualized Percent Change)		
RANK	STATE	CHANGE	RANK	STATE	CHANGE
1	District of Columbia	9.6%	42	Kentucky	2.3%
2	Washington	3.8%	43	Virginia	2.3%
3	Texas	3.8%	44	North Dakota	2.2%
4	Utah	3.7%	45	Oklahoma	2.1%
5	Georgia	3.3%	46	Hawaii	2.0%
6	Idaho	3.2%	47	Louisiana	2.0%
7	California	3.1%	48	Michigan	2.0%
8	New Hampshire	3.1%	49	New York	2.0%
9	Oregon	3.0%	50	Wyoming	1.5%
10	Arizona	3.0%	51	West Virginia	1.2%

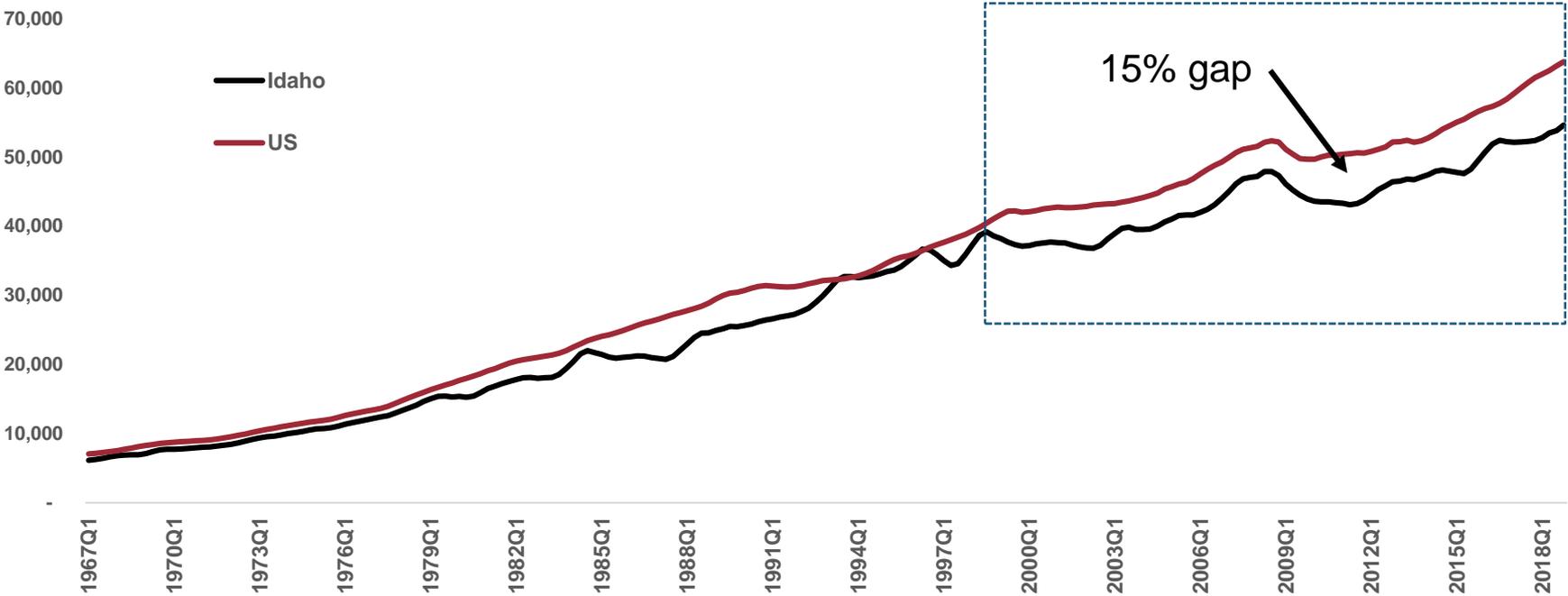
Source: U.S. Bureau of Economic Analysis (BEA). Data Table SQ4: Personal Income by Major Component. Actual data through Q32019. US: 2.8%.

NOTE: Farm earnings were excluded due to increases in payments associated with the Department of Agriculture's [Market Facilitation Program](#) in the third quarter.

Idaho-US Personal Income Gap



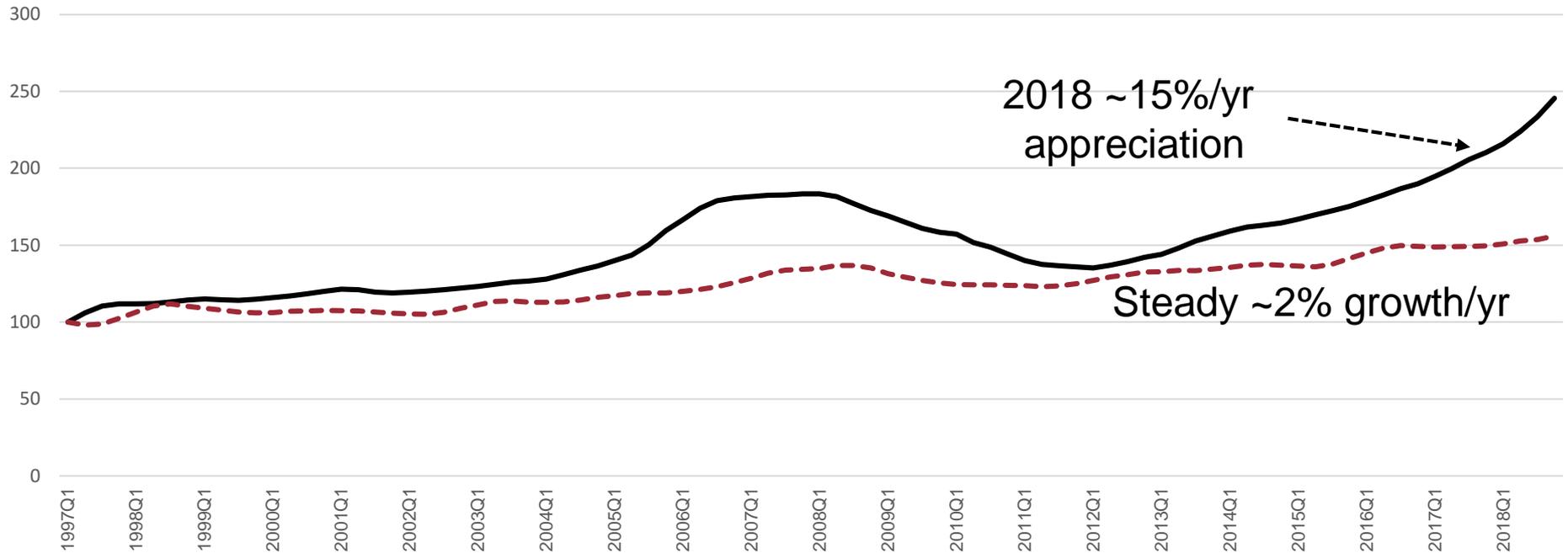
Idaho and National Median Income



SOURCE: U.S. Bureau of Economic Analysis (BEA); U.S. Bureau of Labor Statistics (BLS) Wage and salary disbursements: Total, (Mil. USD, SAAR)

Idaho Incomes and Home Values

Idaho Median Household Income and Home Values (Indexed to 1997)



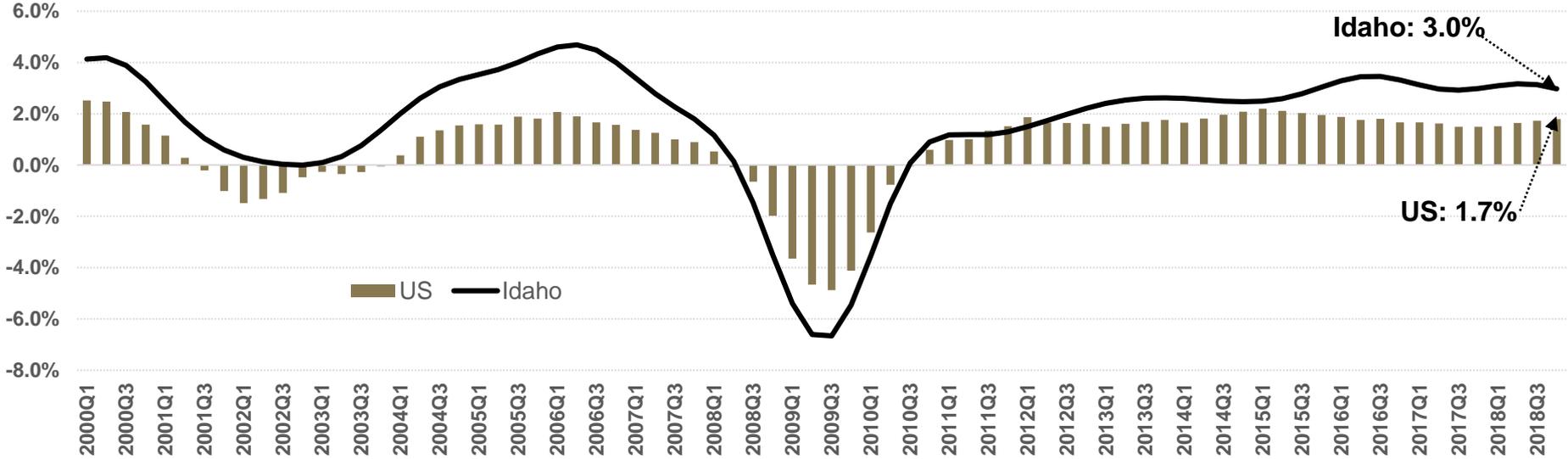
SOURCE HOME VALUES: Zillow research. Zillow Home Value Index (ZHVI) of single family homes.

SOURCE INCOME: U.S. Bureau of Economic Analysis (BEA); U.S. Bureau of Labor Statistics (BLS) Wage and salary disbursements: Total, (Mil. USD, SAAR)

Labor Market Readings



Idaho and National Private Sector Employment Growth

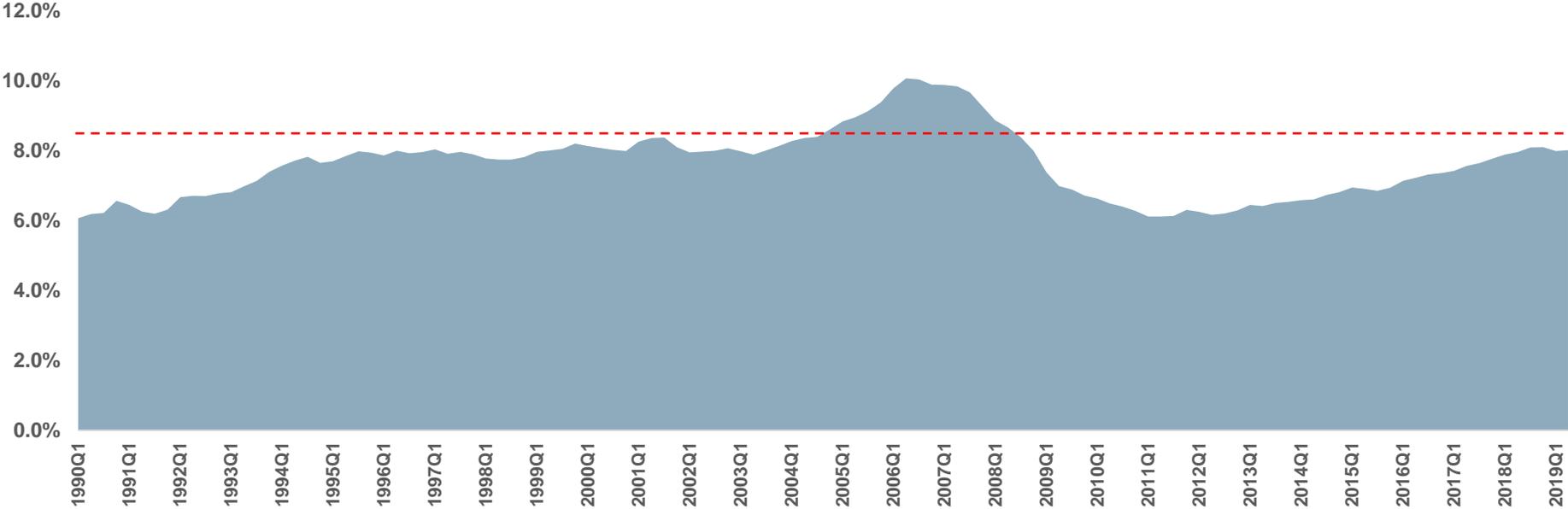


Source: U.S. Bureau of Labor Statistics (BLS): Current Employment Statistics (CES), Quarterly Census of Employment and Wages (QCEW). Actual data through Q119

Construction Labor Exposure



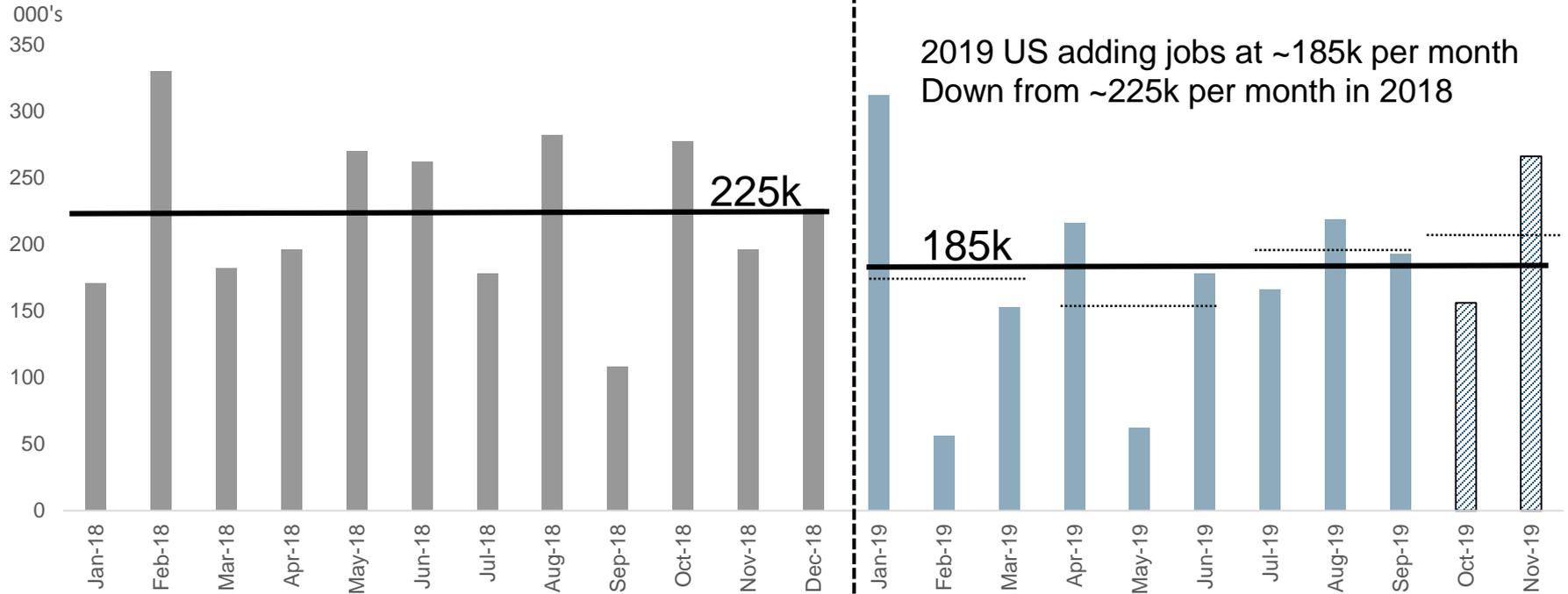
Ratio of Idaho Private Sector Construction Employment



Source: U.S. Bureau of Labor Statistics (BLS): Current Employment Statistics (CES), Quarterly Census of Employment and Wages (QCEW). Actual data through Q219

National Jobs Report

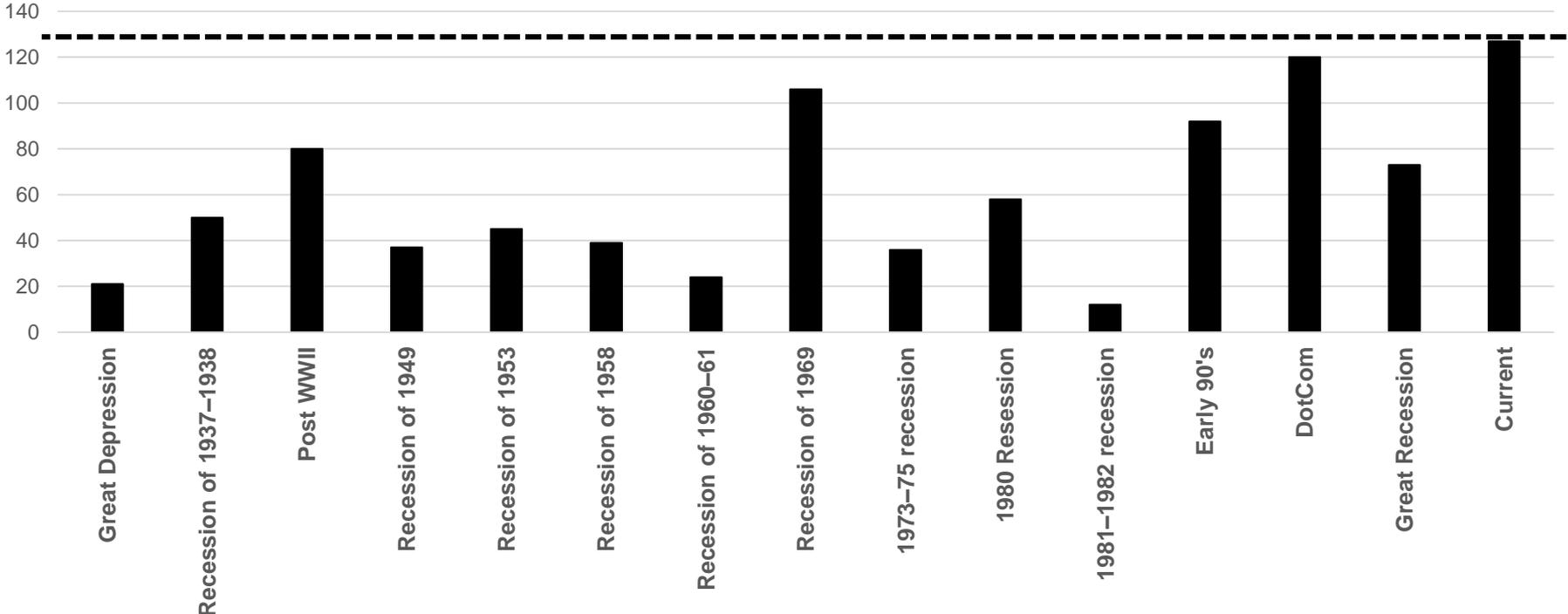
National Employment Jobs Added



Source: U.S. Bureau of Labor Statistics (BLS) through Nov 2019

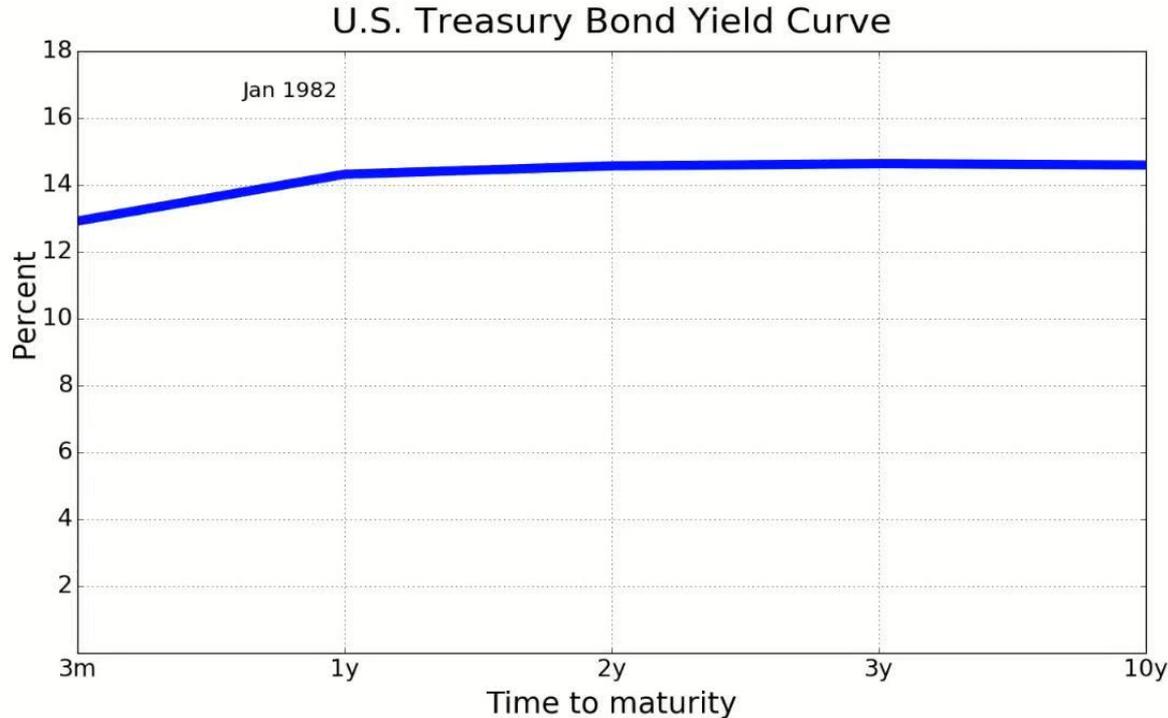
US Recession Recovery Periods

Duration in Months from Previous Recessionary Period



Source: National Bureau of Economic Research (NBER) business cycles data through Dec 2019

What Preempts A Recession – Inversion?



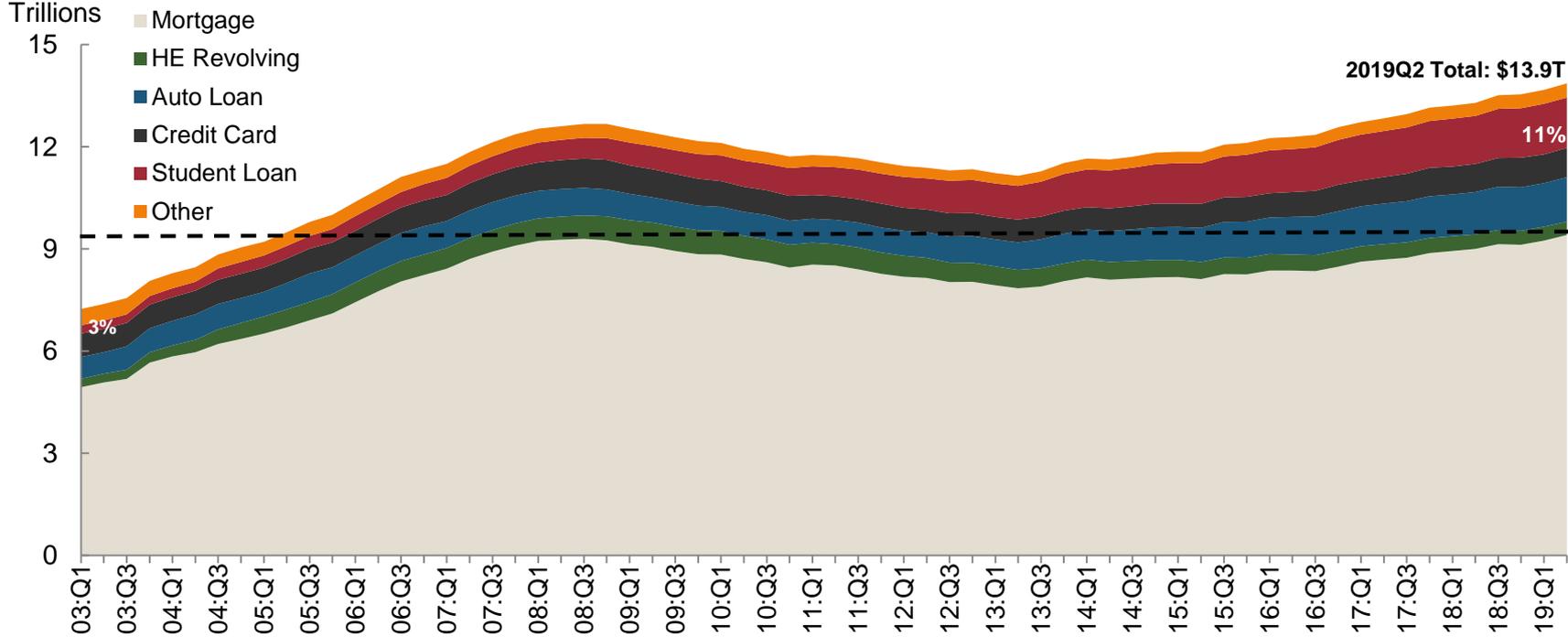
Flattening or inversion of the yield curve commonly used term...what does it mean?

Build a curve of yield rates across different bond maturities lengths and they are equal

Historically, 12-18 month period from flat or inversion of YC to recession, are we in a new paradigm?

US Household Debt

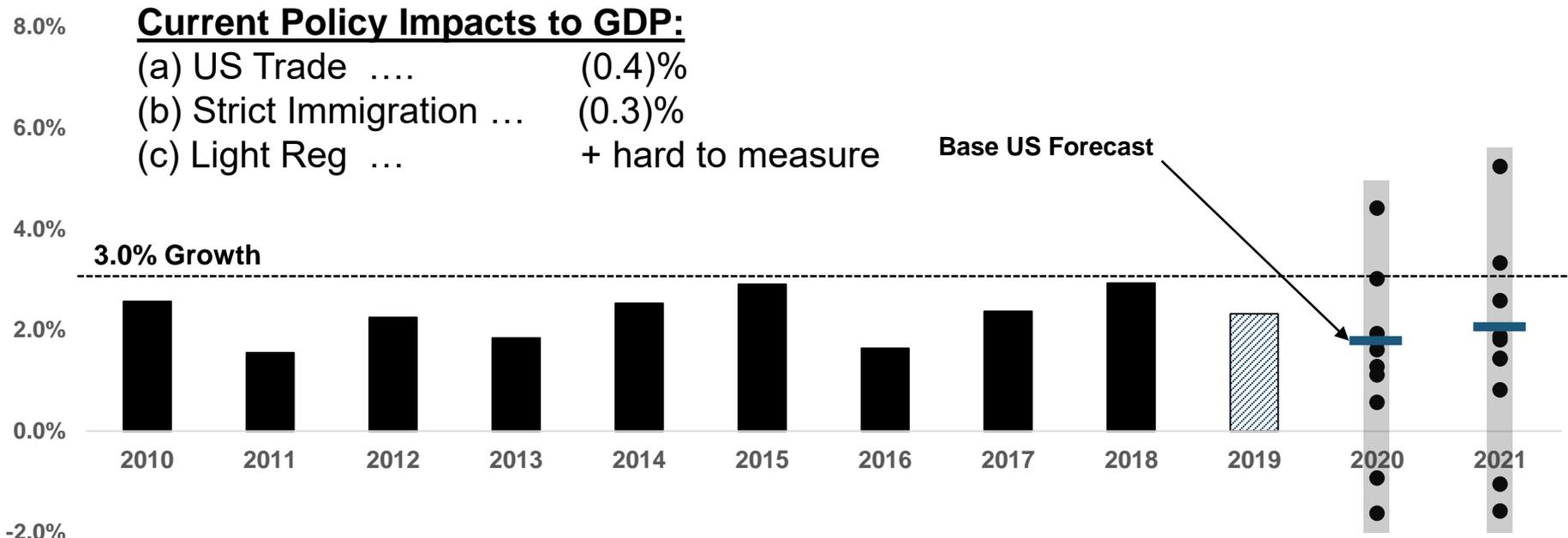
US Household Debt Balance and its Composition



Source: Fed Reserve Bank of New York/Equifax through Q2 2019

US GDP - Probabilistic Cases

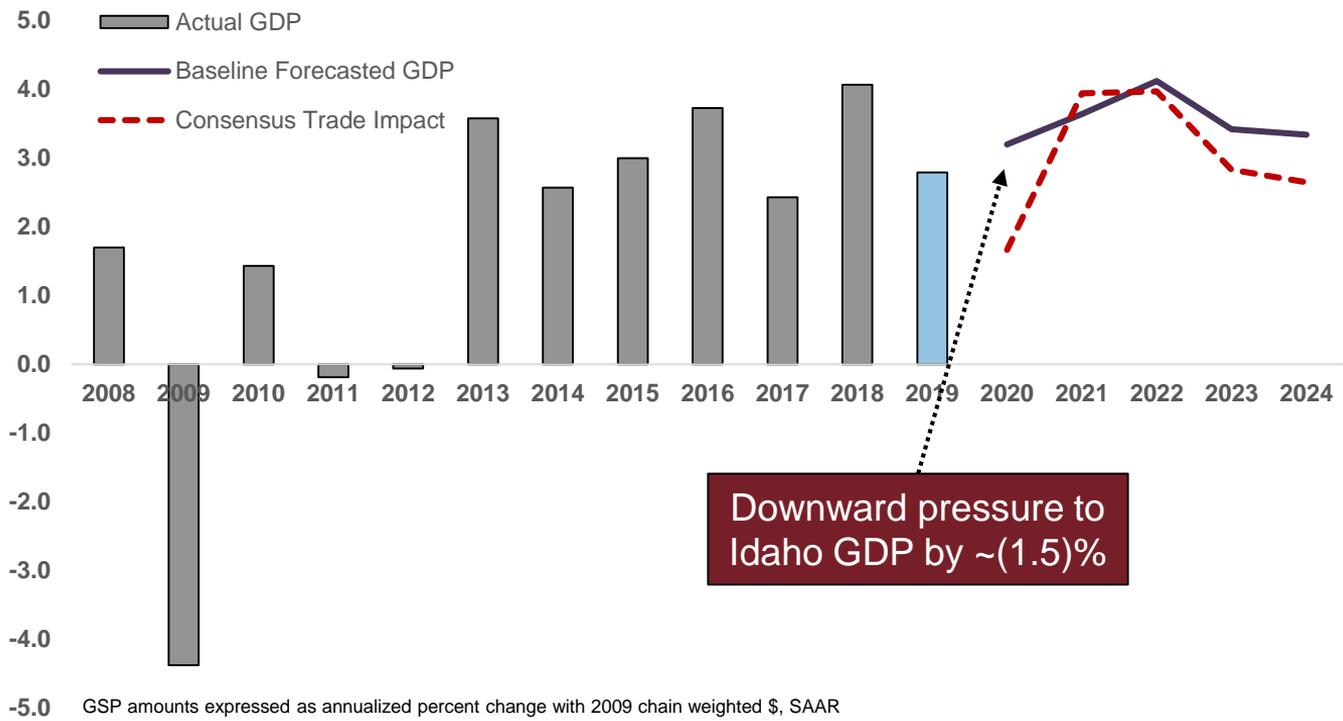
US Real GDP scenarios



Isolating Trade/Tariffs Impacts



Idaho State GDP Estimate - Trade War Scenario



Notes:

- (1) Opening of Canadian dairy demand to US farmers as per USMCA ratification, provisions for Mexican workers
- (2) Potential Impacts to GDP:
 - Brinksmanship
 - Uncertainty
 - DRAM/China
 - Production shift to Vietnam/SE Asia
- (3) Issue for Idaho ag (alfalfa hay, whey protein and milk powder, wheat, beef) exports to China. More quarantine inspections have turned away US products.

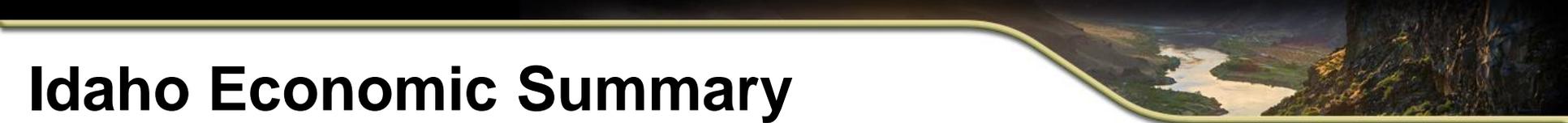
Idaho Utility Watchlist



Summary Points

- Idaho Power represents nearly 1% of GSP directly. Indirect impacts 100%. Employees ~2,000 Idahoans, contributes ~\$35M-40M in sales and other taxes (excludes income and payroll taxes).
- Company has seen sales grow at 0.5%-1.0% over past several years (weather dependent). Near top of class when compared to proxy group of IOU. Cost containment.
- Idaho Power expectation is 2020 net migration will support a continued high level of customer growth in its service territory between 2.0%-2.5%
- Strong development potential for food processing, manufacturing, and dairy
- Have experienced timeline impacts recently on large load (keep extending out). Businesses are showing a bit more anxiety?

Idaho Economic Summary



Summary Points

- Idaho continues top performing “hard data” state economy and demographics in US
- National/global soft spots percolating under the surface that increase probability of adverse economic impact in Idaho in ‘20+, although activity a positive
 - Global economies
 - Manufacturing
 - Consumer confidence remains strong
- **On balance, nominal personal income growth** in state could range from 0.0%-7.5%, with **5.5% the most probable outcome (5.0% in 2021)**



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