

## BLUE CHIP ECONOMIC FORECAST

## WESTERN

W. P. CAREY  
SCHOOL of BUSINESS

What Blue Chip Economists are Saying about the Western States

ASU ARIZONA STATE  
UNIVERSITY

## U.S. dollar weakens — but will exports increase?

A weak domestic currency encourages exports... or so the story goes. While the dollar has become weaker since 2002, exports have not increased as much as expected. At a time when the U.S. is showing a budget deficit, one hopes to see the trade deficit — the gap between imports and exports — narrow.

China, which has become a major trading partner, does not let its currency float. This has the effect of making it easier to avoid exchange rate risk — but while this keeps Chinese imports from becoming increasingly expensive, it also takes away any advantage of a weak dollar in exporting goods to China, including base materials for use in production there. Over the past five years, China's share of total U.S. exports has doubled; in 2004 U.S. exports to China accounted for \$34.7 billion.

Canada remained the number one destination for U.S. exports, a position it has held for decades. In 2004, Canada was the recipient of 23.1 percent of total U.S. exports. Of that, trade in vehicles and parts (excluding railway) was responsible for about a fifth of U.S. exports to Canada — a value of \$39.1 billion.

Mexico holds the number two position with 13.5 percent of the export market. U.S. exports to Mexico peaked in 2000, tapered off and then managed an upward jog during 2004. The main goods traded to the Mexican market fall under the category of electrical machinery, sound and television equipment. This accounted for \$23 billion during 2004.

When it comes to western Europe, the major exports from the U.S. come under Chapter 84 of the Harmonized Tariff Schedule and cover machinery and mechanical appliances, and electrical equipment. This includes parts for power generation plants in the case of the western Europe. The second largest export category is elec-

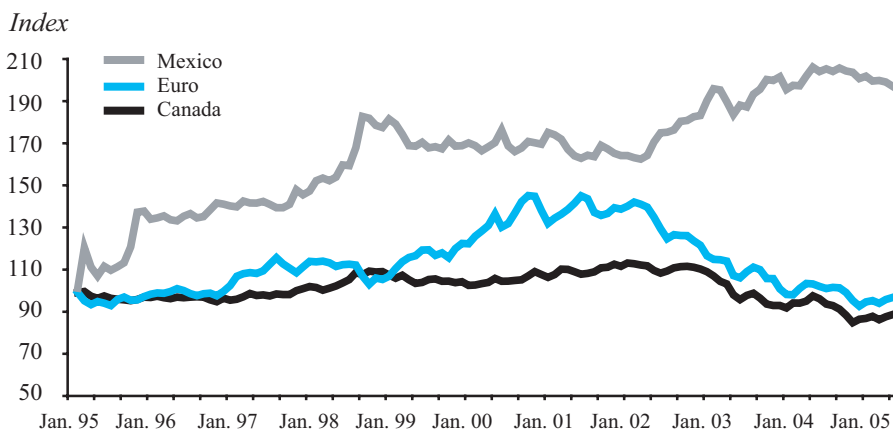
trical machinery, including sound and video equipment. The fastest-growing export category to western Europe between 2003 and 2004 was fertilizer. While this represented less than half of 1 percent of total exports to the region, it more than doubled in value.

Exports to Mexico increased during 2004 in spite of the dollar not weakening significantly against the peso. The 2004 figure,

however, did not exceed the peak reached in 2000. It is logical that exports to Canada would increase, considering the Canadian dollar's increasing strength against the U.S. dollar over the last few years. In fact, exports to Canada did increase significantly — about 7.2 percent compared to the 2001 level.

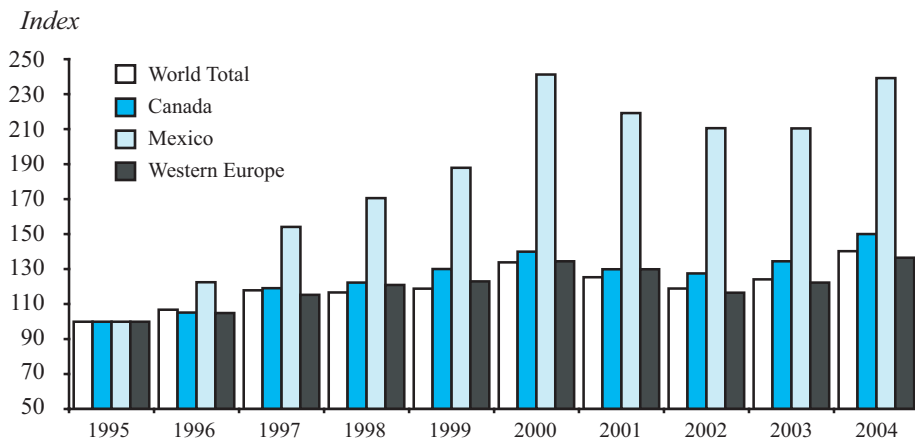
— Dawn McLaren

## EXCHANGE RATES WITH MAJOR TRADING PARTNERS



Source: Pacific Exchange Rate Service

## U.S. EXPORTS TO MAJOR TRADING PARTNERS



Source: Office of Trade and Industry Information

# NATIONAL ROUNDUP

## U.S. JOB GROWTH



### % Change: March 2005 vs. March 2004

|   |      |
|---|------|
| Nonfarm.....                                    | 1.6  |
| Goods-Producing.....                            | 1.4  |
| Construction.....                               | 4.0  |
| Manufacturing.....                              | 0.2  |
| Service-Providing.....                          | 1.7  |
| Transportation, Warehousing<br>& Utilities..... | 2.5  |
| Trade.....                                      | 0.8  |
| Information.....                                | -0.3 |
| Financial Activities.....                       | 2.0  |
| Professional & Business Services...             | 3.7  |
| Educational & Health Services.....              | 2.2  |
| Leisure & Hospitality.....                      | 1.9  |
| Government.....                                 | 0.8  |

Source: U.S. Bureau of Labor Statistics

## U.S. REAL ESTATE



### Residential Building Permits March 2005 vs. March 2004

|      | Total<br>Residential | Single-<br>family | Multi-<br>family |
|------|----------------------|-------------------|------------------|
| 2004 | 185,587              | 147,583           | 38,004           |
| 2003 | 186,856              | 152,082           | 34,774           |
| % Δ  | -0.7                 | -3.0              | 9.3              |

Source: U.S. Department of Commerce

## U.S. FORECASTS



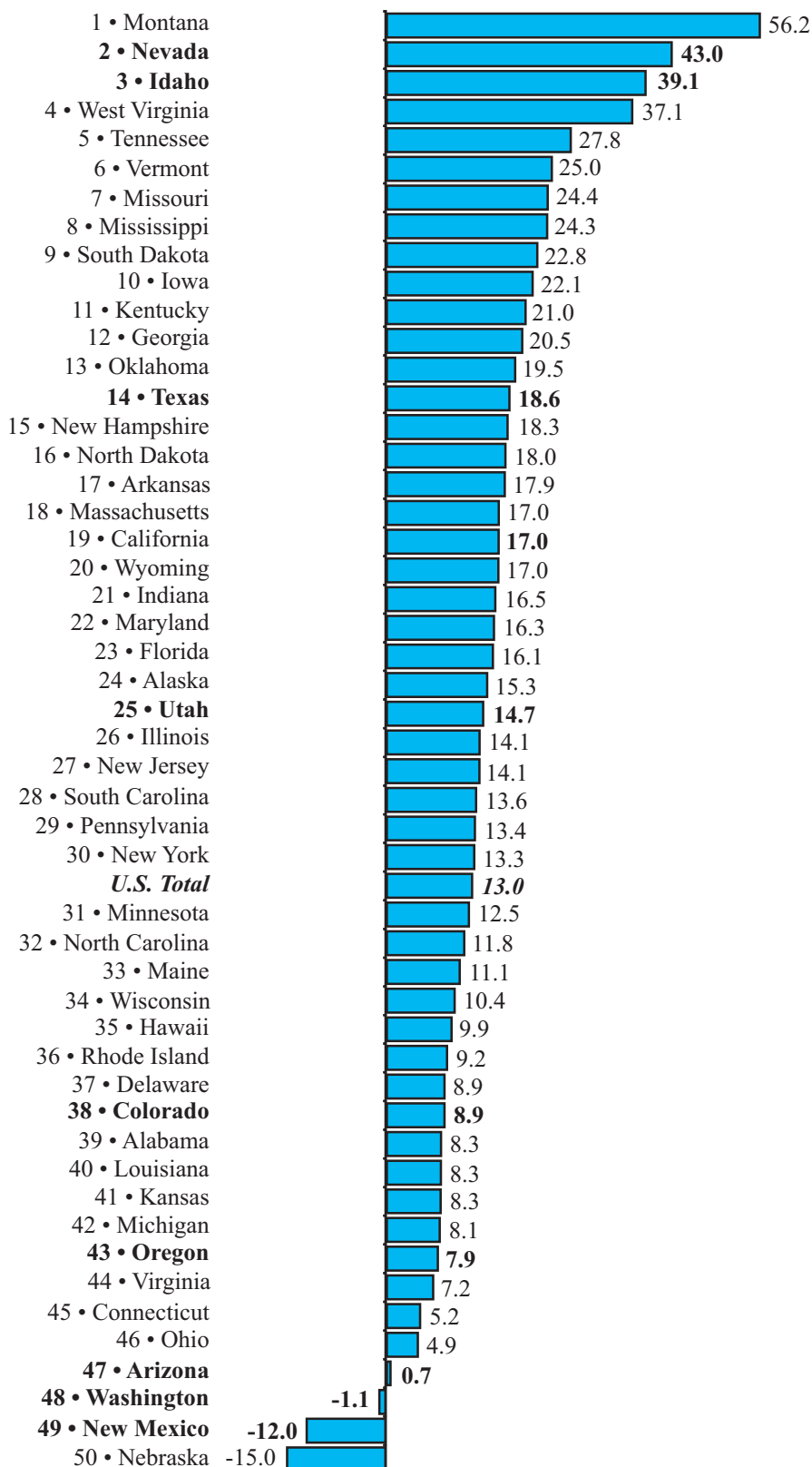
### Percent Change

|                         | 2005 | 2006 |
|-------------------------|------|------|
| Real GDP (Chain).....   | 3.7  | 3.0  |
| CPI.....                | 2.2  | 1.7  |
| GDP Deflator (Chain)... | 2.7  | 2.0  |

Source: "U.S. Economic Outlook," *Global Insight*, April 2005

## EXPORT TRADE

### Percent Change 2004 vs. 2003, Dollar Basis, Origin of Movement



Source: U.S. Department of Commerce

# SUMMARY

## WESTERN BLUE CHIP ECONOMIC FORECAST

| State:     | 2005<br>Annual Percent Change, 2005 from 2004 |                            |                           |                           |                                     | 2006<br>Annual Percent Change, 2006 from 2005 |                            |                           |                           |                                     |
|------------|---|----------------------------|---------------------------|---------------------------|-------------------------------------|---|----------------------------|---------------------------|---------------------------|-------------------------------------|
|            | Current \$<br>Personal<br>Income              | Real<br>Personal<br>Income | Wage &<br>Salary<br>Empl. | Popu-<br>lation<br>Growth | Single-family<br>Housing<br>Permits | Current \$<br>Personal<br>Income              | Real<br>Personal<br>Income | Wage &<br>Salary<br>Empl. | Popu-<br>lation<br>Growth | Single-family<br>Housing<br>Permits |
| Arizona    | 7.6 ↑   | 5.7 ↑                      | 4.1 ↑                     | 3.0 ↑                     | (2.1)↑                              | 7.4 ↑   | 5.6 ↑                      | 3.8 ↑                     | 2.9 ↑                     | (4.3)↓                              |
| California | 5.4 ↓   | 3.5 ↓                      | 1.7 ↑                     | 1.6 ↑                     | (4.2)↓                              | 5.3 ↓   | 3.6 ↓                      | 1.5 ↓                     | 1.5 ↑                     | (4.9)↓                              |
| Colorado   | 5.6 ↑   | 3.7 ↑                      | 2.4                       | 1.3                       | (4.3)↓                              | 5.7   | 3.9 ↓                      | 2.4 ↑                     | 1.4                       | (1.5)↑                              |
| Idaho      | 5.5 ↑   | 3.7 ↑                      | 2.1 ↑                     | 1.5 ↑                     | 0.0 ↑                               | 5.4   | 3.6 ↑                      | 2.0 ↓                     | 1.5                       | (3.3)↓                              |
| Nevada     | 7.6   | 5.7                        | 4.4                       | 3.8                       | (1.6)↑                              | 7.8   | 6.0                        | 4.2 ↑                     | 3.7                       | 1.7 ↑                               |
| New Mexico | 5.3 ↓   | 3.5 ↓                      | 2.0                       | 1.5                       | (0.7)↑                              | 5.4   | 3.6                        | 2.0 ↑                     | 1.5                       | (1.2)                               |
| Oregon     | 5.9 ↑   | 4.0 ↑                      | 2.6 ↑                     | 1.3                       | 1.5 ↑                               | 5.7 ↑   | 3.9 ↑                      | 2.0 ↑                     | 1.1 ↑                     | (2.2)↓                              |
| Texas      | 6.1   | 4.2                        | 2.0 ↑                     | 1.7                       | (0.5)↑                              | 5.9   | 4.2                        | 2.1 ↑                     | 1.8 ↑                     | (2.6)↓                              |
| Utah       | 6.0   | 4.2                        | 2.7                       | 2.0                       | 1.0                                 | 5.7   | 4.0                        | 2.7                       | 2.0                       | (0.7)                               |
| Washington | 4.9 ↑   | 3.0 ↑                      | 2.4 ↑                     | 1.3 ↓                     | (3.4)↑                              | 5.6   | 3.8                        | 2.1 ↑                     | 1.4                       | (7.3)↓                              |

↑= Increase in consensus forecast    ↓= Decrease in consensus forecast

## Forecast notes from the Western region...

**Oregon** is rockin' and rollin' with very strong job growth. The forecast is much more optimistic than last month, but the inclusion of the most recent historic data pushed the projections up.

**Washington** is chugging along, with plenty of momentum, and good news in the form of new Boeing orders.

— **Bill Conerly**  
*Conerly Consulting*  
*Portland, Oregon*

**Nevada** hit the jackpot with five Las Vegas mega-resort openings between October 1998 and August 2000. Then the gaming industry "crapped out" after Sept. 11, 2001. Gaming employment fell by approximately 20,000 from its peak. Now Nevada is back in the game with new money provided by Steve Wynn and several other developers. The Wynn Las Vegas resort alone chipped in with 9,500 gaming industry jobs when it opened on April 28.

— *Nevada Dept. of Employment,  
Training and Rehabilitation*  
*Carson City, Nevada*

**California's** economy continues to move forward at a moderate pace, but people around the state were nervously awaiting the announcement of the military bases on the BRAC list (Base Realignment and Closure). Trends are still positive for agriculture, international

trade (a lot of people think that the Los Angeles/Long Beach port complex is struggling with congestion — they are not), entertainment and tourism (although United Airline's woes were another thing making people nervous, since it is a major carrier at both Los Angeles and San Francisco).

New homebuilding in the state was running a little behind 2004's level, but there was some better news in nonresidential construction. While some people still fret about the lackluster job market, things here are looking better with a wide array of businesses hiring. In some areas of Los Angeles County, there are even reports of "job hopping."

— **Jack Kyser**  
*Los Angeles County Economic  
Development Corporation*  
*Los Angeles, California*

The energy industry is resurgent in **Texas**, but not in the usual places. Fort Worth and the surrounding counties, home to the Barnett Shale gas field, are now the energy drilling and production center of the state. Three thousand wells have been drilled since 1999, and 80 percent of Texas' working rigs are located in the Barnett field. As long as natural gas prices stay above \$5, the drilling boom in north central Texas should continue.

— **Bernard Weinstein**  
*University of North Texas*  
*Denton, Texas*

**Idaho** real estate values have experienced solid appreciation during the past year, a trend expected to continue in 2005 and 2006. The reasons include more impressive economic growth and the fact that Idaho real estate is again "bargain priced" versus its neighbors. The state's economy is growing at a desirable pace, with solid growth expected to continue. Idaho economic development is a three-component game, with each critical to long-term success. The state's return to solid growth is under way and likely to continue.

— **Jeff Thredgold**  
*Thredgold Economic Associates*  
*Salt Lake City, Utah*

Double-digit growth in key 2004 Nevada indicators exceeded real U.S. GDP growth after adjusting for inflation. Though one month's data do not foretell trends, we also see a slowing in the rate of growth. For example, gaming-revenue growth rates, measured year-over-year, are 3.8, 4.7, and -3.9 percent, respectively, for Nevada, Clark County, and Washoe County.

This growth, however, does not signal a downturn in Nevada; rather, the state seems to be taking a respite from the rapid growth of 2004 as the national economy makes a mid-cycle adjustment.

— **Keith Schwer**  
*University of Nevada at Las Vegas*  
*Las Vegas, Nevada*

# CONSENSUS FORECASTS

## WESTERN BLUE CHIP ECONOMIC FORECAST

### Methodology

The consensus forecasting approach used in the *Western Blue Chip* was inspired by Robert J. Eggert of Sedona, Arizona. Eggert popularized consensus forecasting with the introduction of his widely cited newsletter on the national economy, *Blue Chip Economic Indicators*. This approach has been consistently shown to be more accurate than projections

from an individual forecaster.

Consensus panelists for the *Western Blue Chip* are drawn from leading firms, universities and state agencies across the West. Panelists are contacted during the final week of each month and forecast data are compiled by telephone and fax transmission until the last day of the month. Thus, data reported in the forecast tables for a given month are current as of the

first day of that month.

The consensus for each state is the mean of all forecasts shown in the table. Data are expressed as annual percentage changes relative to the annual average value for each indicator during the previous year. Since not all panelists revise their forecasts each month, changes in the consensus may result from revisions by an individual contributor.

| ARIZONA                                       |                                  |                 |                           |                           |                                     |   |                 |                           |                           |                                     |
|---|----------------------------------|-----------------|---------------------------|---------------------------|-------------------------------------|---|-----------------|---------------------------|---------------------------|-------------------------------------|
| 2005<br>Annual Percent Change, 2005 from 2004 |                                  |                 |                           |                           |                                     | 2006<br>Annual Percent Change, 2006 from 2005 |                 |                           |                           |                                     |
| Source:                                       | Current \$<br>Personal<br>Income | Retail<br>Sales | Wage &<br>Salary<br>Empl. | Popu-<br>lation<br>Growth | Single-family<br>Housing<br>Permits | Current \$<br>Personal<br>Income              | Retail<br>Sales | Wage &<br>Salary<br>Empl. | Popu-<br>lation<br>Growth | Single-family<br>Housing<br>Permits |
| Arizona Public Service                        | 7.7                              | 8.5             | 3.7                       | 3.0                       | (9.5)                               | 7.3   | 7.0             | 3.0                       | 2.9                       | (5.0)                               |
| ASU – Bank One EOC                            | 7.3                              | 7.5             | 4.2                       | 2.7                       | (12.0)                              | 6.8   | 6.5             | 4.0                       | 2.9                       | (8.0)                               |
| CH2M HILL                                     | 7.2                              | 6.9             | 3.8                       | 2.9                       | (2.0)                               | 7.0   | 6.3             | 3.6                       | 2.8                       | (10.0)                              |
| Department of Economic Security               | 7.7                              | 7.4             | 4.2                       | 3.0                       |                                     | 7.1   | 6.7             | 3.7                       | 2.9                       |                                     |
| ECON-LINC                                     | 7.4                              | 7.0             | 3.9                       | 3.0                       | 5.0                                 | 7.6   | 7.0             | 4.2                       | 2.8                       | (5.0)                               |
| EconLit LLC                                   | 7.2                              | 7.2             | 3.9                       | 2.8                       | 5.0                                 | 7.5   | 7.0             | 4.2                       | 3.0                       | (5.0)                               |
| Eggert Economic Enterprises Inc.              | 7.7                              | 7.2             | 4.1                       | 3.1                       | (2.0)                               | 7.2   | 6.6             | 3.7                       | 3.0                       | (5.0)                               |
| Elliott D. Pollack & Co.                      | 7.8                              | 8.0             | 4.0                       | 3.2                       | 0.0                                 | 7.6   | 7.0             | 4.0                       | 3.0                       | 0.0                                 |
| H. C. Reardon Economics                       | 7.8                              | 8.0             | 4.0                       | 3.1                       | 0.0                                 | 7.5   | 7.0             | 4.0                       | 3.1                       | 0.0                                 |
| Joint Legislative Budget Committee            | 7.5                              | 7.5             | 4.0                       | 2.9                       | (2.0)                               | 7.3   | 7.0             | 3.8                       | 2.9                       | (5.0)                               |
| The Maguire Company                           | 7.4                              | 7.4             | 4.1                       | 2.9                       | 0.0                                 | 7.4   | 6.8             | 3.8                       | 2.8                       | 0.0                                 |
| Metropolitan West Asset Management            | 7.5                              | 6.9             | 4.0                       |                           |                                     | 7.9   | 7.2             | 4.1                       |                           |                                     |
| NAU – BBER                                    | 7.3                              | 7.2             | 3.7                       | 3.0                       | (5.0)                               | 7.5   | 6.8             | 3.7                       | 2.9                       | (5.0)                               |
| Salt River Project                            | 8.0                              | 8.5             | 4.5                       | 3.4                       | (5.0)                               | 7.8   | 7.0             | 4.0                       | 3.0                       | (10.0)                              |
| Stellar Capital Management                    | 7.3                              | 7.0             | 3.6                       | 2.9                       | (5.0)                               | 7.0   | 7.1             | 3.0                       | 2.7                       | 2.0                                 |
| UA – Eller College                            | 9.2                              | 8.7             | 5.3                       | 3.5                       | (2.3)                               | 8.3   | 6.3             | 3.7                       | 3.3                       | (5.9)                               |
| VisionEcon                                    | 7.7                              | 9.1             | 5.0                       | 3.4                       | 2.0                                 | 7.8   | 7.4             | 4.3                       | 3.3                       | (5.0)                               |
| Wells Fargo & Co.                             | 7.4                              | 7.2             | 3.8                       | 2.8                       | (1.2)                               | 7.2   | 6.6             | 3.5                       | 2.8                       | (2.0)                               |
| <b>Consensus Forecast — This Month</b>        | <b>7.6</b>                       | <b>7.6</b>      | <b>4.1</b>                | <b>3.0</b>                | <b>(2.1)</b>                        | <b>7.4</b>                                    | <b>6.9</b>      | <b>3.8</b>                | <b>2.9</b>                | <b>(4.3)</b>                        |
| <b>— Last Month</b>                           | <b>7.5</b>                       | <b>7.3</b>      | <b>3.9</b>                | <b>3.0</b>                | <b>(2.7)</b>                        | <b>7.4</b>                                    | <b>6.7</b>      | <b>3.8</b>                | <b>2.9</b>                | <b>(3.3)</b>                        |

| CALIFORNIA                                    |                                  |                 |                           |                           |                                     |   |                 |                           |                           |                                     |
|---|----------------------------------|-----------------|---------------------------|---------------------------|-------------------------------------|---|-----------------|---------------------------|---------------------------|-------------------------------------|
| 2005<br>Annual Percent Change, 2005 from 2004 |                                  |                 |                           |                           |                                     | 2006<br>Annual Percent Change, 2006 from 2005 |                 |                           |                           |                                     |
| Source:                                       | Current \$<br>Personal<br>Income | Retail<br>Sales | Wage &<br>Salary<br>Empl. | Popu-<br>lation<br>Growth | Single-family<br>Housing<br>Permits | Current \$<br>Personal<br>Income              | Retail<br>Sales | Wage &<br>Salary<br>Empl. | Popu-<br>lation<br>Growth | Single-family<br>Housing<br>Permits |
| Anonymous                                     | 5.7                              | 3.2             | 1.7                       | 1.7                       | (6.6)                               | 5.8   | 5.2             | 1.7                       | 1.7                       | (0.8)                               |
| California State University, Long Beach *     | 6.1                              | 7.4             | 1.9                       | 2.1                       | (4.7)                               | 4.9   | 6.7             | 2.4                       | 1.9                       | (6.3)                               |
| Capital Corporation of the West               | 5.5                              | 5.3             | 1.9                       | 1.5                       | (1.8)                               |   |                 |                           |                           |                                     |
| Chapman University                            | 5.0                              | 4.9             | 1.2                       | 1.5                       | (8.9)                               | 4.6   | 4.2             | 1.0                       | 1.4                       | (7.5)                               |
| L.A. County Economic Development Corp.        | 6.0                              | 5.9             | 1.7                       | 1.6                       | (3.5)                               | 5.8   | 5.5             | 1.6                       | 1.6                       | (4.0)                               |
| Legislative Analyst's Office                  | 5.5                              | 5.6             | 1.3                       | 1.4                       | (3.5)                               | 5.6   | 5.4             | 1.4                       | 1.4                       | (5.0)                               |
| UCLA – Business Forecasting Project           | 4.9                              | 4.8             | 1.5                       | 1.5                       | (7.5)                               | 4.8   | 5.1             | 1.2                       | 1.5                       | (8.7)                               |
| University of the Pacific                     | 5.0                              | 4.8             | 2.3                       | 2.0                       | 2.9                                 | 5.7   | 3.6             | 2.0                       | 1.6                       | (3.0)                               |
| Wells Fargo & Co.                             | 5.5                              | 5.2             | 2.0                       | 1.3                       | (5.0)                               | 5.1   | 4.8             | 1.7                       | 1.3                       | (5.0)                               |
| <b>Consensus Forecast — This Month</b>        | <b>5.4</b>                       | <b>5.0</b>      | <b>1.7</b>                | <b>1.6</b>                | <b>(4.2)</b>                        | <b>5.3</b>                                    | <b>4.8</b>      | <b>1.5</b>                | <b>1.5</b>                | <b>(4.9)</b>                        |
| <b>— Last Month</b>                           | <b>5.4</b>                       | <b>5.0</b>      | <b>1.7</b>                | <b>1.5</b>                | <b>(3.9)</b>                        | <b>5.4</b>                                    | <b>4.9</b>      | <b>1.6</b>                | <b>1.5</b>                | <b>(4.3)</b>                        |

\*This forecast is for Southern California only

# CONSENSUS FORECASTS

## WESTERN BLUE CHIP ECONOMIC FORECAST

| COLORADO                                      |                                  |                 |                           |                           |                                     |   |                 |                           |                           |                                     |
|---|----------------------------------|-----------------|---------------------------|---------------------------|-------------------------------------|---|-----------------|---------------------------|---------------------------|-------------------------------------|
| 2005<br>Annual Percent Change, 2005 from 2004 |                                  |                 |                           |                           |                                     | 2006<br>Annual Percent Change, 2006 from 2005 |                 |                           |                           |                                     |
| Source:                                       | Current \$<br>Personal<br>Income | Retail<br>Sales | Wage &<br>Salary<br>Empl. | Popu-<br>lation<br>Growth | Single-family<br>Housing<br>Permits | Current \$<br>Personal<br>Income              | Retail<br>Sales | Wage &<br>Salary<br>Empl. | Popu-<br>lation<br>Growth | Single-family<br>Housing<br>Permits |
| The Adams Group, Inc.                         | 5.3                              | 4.9             | 2.5                       | 1.4                       | (12.3)                              | 4.5   | 3.5             | 2.1                       | 1.4                       | (9.5)                               |
| Ctr. for Business and Econ. Forecasting       | 6.4                              | 6.5             | 2.6                       | 1.4                       | (8.0)                               | 6.5   | 6.6             | 2.6                       | 1.7                       | 0.0                                 |
| Colorado Legislative Council                  | 6.2                              | 5.8             | 2.5                       | 1.4                       | (12.4)                              | 6.1   | 6.0             | 2.7                       | 1.6                       | (3.9)                               |
| David Hemley                                  | 4.7                              | 4.2             | 1.7                       | 1.1                       | (0.5)                               | 4.8   | 4.4             | 1.7                       | 1.5                       | 0.0                                 |
| Office of State Planning and Budgeting        | 5.2                              | 5.8             | 2.3                       | 1.2                       | (7.1)                               | 6.6   | 5.3             | 2.8                       | 1.3                       | (1.1)                               |
| University of Colorado                        | 5.2                              | 5.7             | 2.0                       | 1.2                       | 0.0                                 | 5.5   | 6.0             | 2.3                       | 1.3                       | 5.0                                 |
| Wells Fargo & Co.                             | 5.5                              | 4.6             | 2.7                       | 1.4                       | (1.2)                               | 5.6   | 4.5             | 2.4                       | 1.3                       | (0.8)                               |
| Xcel Energy                                   | 6.0                              | 4.5             | 2.8                       | 1.5                       | 7.0                                 |   |                 |                           |                           |                                     |
| <b>Consensus Forecast — This Month</b>        | <b>5.6</b>                       | <b>5.3</b>      | <b>2.4</b>                | <b>1.3</b>                | <b>(4.3)</b>                        | <b>5.7</b>                                    | <b>5.2</b>      | <b>2.4</b>                | <b>1.4</b>                | <b>(1.5)</b>                        |
| <b>— Last Month</b>                           | <b>5.5</b>                       | <b>5.3</b>      | <b>2.4</b>                | <b>1.3</b>                | <b>(4.3)</b>                        | <b>5.7</b>                                    | <b>5.2</b>      | <b>2.4</b>                | <b>1.4</b>                | <b>(1.5)</b>                        |

| IDAHO   |                                  |                 |                           |                           |                                     |   |                 |                           |                           |                                     |
|---|----------------------------------|-----------------|---------------------------|---------------------------|-------------------------------------|---|-----------------|---------------------------|---------------------------|-------------------------------------|
| 2005<br>Annual Percent Change, 2005 from 2004 |                                  |                 |                           |                           |                                     | 2006<br>Annual Percent Change, 2006 from 2005 |                 |                           |                           |                                     |
| Source:                                       | Current \$<br>Personal<br>Income | Retail<br>Sales | Wage &<br>Salary<br>Empl. | Popu-<br>lation<br>Growth | Single-family<br>Housing<br>Permits | Current \$<br>Personal<br>Income              | Retail<br>Sales | Wage &<br>Salary<br>Empl. | Popu-<br>lation<br>Growth | Single-family<br>Housing<br>Permits |
| Idaho Division of Financial Management        | 5.3                              |                 | 1.9                       | 1.7                       | 4.8                                 | 5.5   |                 | 1.7                       | 1.5                       | (6.8)                               |
| Idaho Economics                               | 5.7                              |                 | 2.1                       | 1.6                       | 0.0                                 | 5.8   |                 | 2.2                       | 1.6                       | (8.0)                               |
| Idaho State University                        | 5.4                              | 4.2             | 1.8                       | 1.3                       | 0.0                                 | 4.5   | 3.8             | 1.4                       | 1.4                       | 2.0                                 |
| Thredgold Economic Associates                 | 5.7                              | 4.9             | 2.4                       | 1.4                       | 0.0                                 | 5.5   | 4.7             | 2.2                       | 1.5                       | (3.5)                               |
| Wells Fargo & Co.                             | 5.6                              | 4.5             | 2.5                       | 1.3                       | (5.0)                               | 5.6   | 4.8             | 2.5                       | 1.3                       | 0.0                                 |
| <b>Consensus Forecast — This Month</b>        | <b>5.5</b>                       | <b>4.5</b>      | <b>2.1</b>                | <b>1.5</b>                | <b>0.0</b>                          | <b>5.4</b>                                    | <b>4.4</b>      | <b>2.0</b>                | <b>1.5</b>                | <b>(3.3)</b>                        |
| <b>— Last Month</b>                           | <b>5.5</b>                       | <b>4.5</b>      | <b>2.1</b>                | <b>1.4</b>                | <b>(1.5)</b>                        | <b>5.4</b>                                    | <b>4.4</b>      | <b>2.0</b>                | <b>1.5</b>                | <b>(2.9)</b>                        |

| NEVADA  |                                  |                             |                           |                           |                                     |   |                             |                           |                           |                                     |
|---|----------------------------------|-----------------------------|---------------------------|---------------------------|-------------------------------------|---|-----------------------------|---------------------------|---------------------------|-------------------------------------|
| 2005<br>Annual Percent Change, 2005 from 2004 |                                  |                             |                           |                           |                                     | 2006<br>Annual Percent Change, 2006 from 2005 |                             |                           |                           |                                     |
| Source:                                       | Current \$<br>Personal<br>Income | Gross<br>Gaming<br>Revenues | Wage &<br>Salary<br>Empl. | Popu-<br>lation<br>Growth | Single-family<br>Housing<br>Permits | Current \$<br>Personal<br>Income              | Gross<br>Gaming<br>Revenues | Wage &<br>Salary<br>Empl. | Popu-<br>lation<br>Growth | Single-family<br>Housing<br>Permits |
| Dept. of Empl., Training, and Rehab.          | 9.9                              | 5.8                         | 5.8                       | 3.2                       |                                     | 9.0   | 5.3                         | 5.3                       | 3.0                       |                                     |
| Legis. Counsel Bureau – Fiscal Analysis       | 7.2                              | 4.5                         | 3.7                       | 3.5                       | (2.5)                               |   |                             |                           |                           |                                     |
| Restrepo Consulting Group, LLC                | 5.0                              | 3.0                         | 3.5                       | 3.5                       | 3.0                                 |   |                             |                           |                           |                                     |
| Thredgold Economic Associates                 | 7.8                              |                             | 4.1                       | 4.0                       | 2.5                                 | 7.6   |                             | 3.5                       | 3.7                       | 0.5                                 |
| Southwest Gas                                 | 8.7                              | 9.2                         | 4.6                       | 4.5                       | (2.1)                               | 8.5   | 8.1                         | 4.4                       | 4.3                       | 1.1                                 |
| Univ. of Nevada at Las Vegas – CBER           | 7.3                              | 3.9                         | 4.7                       | 4.1                       | (11.1)                              | 7.2   | 3.7                         | 4.1                       | 3.8                       | 4.5                                 |
| Wells Fargo & Co.                             | 7.3                              | 5.9                         | 4.5                       | 4.0                       | 0.6                                 | 6.9   | 5.5                         | 3.8                       | 3.9                       | 0.8                                 |
| <b>Consensus Forecast — This Month</b>        | <b>7.6</b>                       | <b>5.4</b>                  | <b>4.4</b>                | <b>3.8</b>                | <b>(1.6)</b>                        | <b>7.8</b>                                    | <b>5.7</b>                  | <b>4.2</b>                | <b>3.7</b>                | <b>1.7</b>                          |
| <b>— Last Month</b>                           | <b>7.6</b>                       | <b>5.4</b>                  | <b>4.4</b>                | <b>3.8</b>                | <b>(1.6)</b>                        | <b>7.8</b>                                    | <b>5.6</b>                  | <b>4.2</b>                | <b>3.7</b>                | <b>1.7</b>                          |



# CONSENSUS FORECASTS

## WESTERN BLUE CHIP ECONOMIC FORECAST

### NEW MEXICO

|  | 2005<br>Annual Percent Change, 2005 from 2004 |                         |                           |                           |                                     | 2006<br>Annual Percent Change, 2006 from 2005 |                         |                           |                           |                                     |
|--|---|-------------------------|---------------------------|---------------------------|-------------------------------------|---|-------------------------|---------------------------|---------------------------|-------------------------------------|
|  | Current \$<br>Personal<br>Income              | Mfg.<br>Employ-<br>ment | Wage &<br>Salary<br>Empl. | Popu-<br>lation<br>Growth | Single-family<br>Housing<br>Permits | Current \$<br>Personal<br>Income              | Mfg.<br>Employ-<br>ment | Wage &<br>Salary<br>Empl. | Popu-<br>lation<br>Growth | Single-family<br>Housing<br>Permits |
| Source:                                |   |                         |                           |                           |                                     |   |                         |                           |                           |                                     |
| Eastern New Mexico University          | 4.5   | 0.6                     | 1.6                       | 1.2                       | 0.0                                 | 5.1   | 0.9                     | 1.7                       | 1.3                       | (0.1)                               |
| New Mexico Department of Labor         |   | 0.5                     | 1.9                       |                           |                                     |   | 1.3                     | 2.0                       |                           |                                     |
| New Mexico State Univ. – CEMAF         | 5.0   | 0.5                     | 1.4                       |                           |                                     | 5.2   | 1.0                     | 1.6                       |                           |                                     |
| Public Service New Mexico              | 5.3   | 1.0                     | 2.1                       | 1.5                       | 0.5                                 |   |                         |                           |                           |                                     |
| University of New Mexico – BBER        | 5.8   | 1.8                     | 2.3                       |                           | (3.2)                               | 5.9   | 2.8                     | 2.3                       |                           | (3.5)                               |
| Wells Fargo & Co.                      | 6.0   | 1.8                     | 2.9                       | 1.8                       | 0.1                                 | 5.3   | 1.5                     | 2.5                       | 1.7                       | (0.1)                               |
| <b>Consensus Forecast — This Month</b> | <b>5.3</b>                                    | <b>1.0</b>              | <b>2.0</b>                | <b>1.5</b>                | <b>(0.7)</b>                        | <b>5.4</b>                                    | <b>1.5</b>              | <b>2.0</b>                | <b>1.5</b>                | <b>(1.2)</b>                        |
| <b>— Last Month</b>                    | <b>5.4</b>                                    | <b>1.0</b>              | <b>2.0</b>                | <b>1.5</b>                | <b>(0.7)</b>                        | <b>5.4</b>                                    | <b>1.5</b>              | <b>2.0</b>                | <b>1.5</b>                | <b>(1.2)</b>                        |

### OREGON

|  | 2005<br>Annual Percent Change, 2005 from 2004 |                         |                           |                           |                                     | 2006<br>Annual Percent Change, 2006 from 2005 |                         |                           |                           |                                     |
|--|---|-------------------------|---------------------------|---------------------------|-------------------------------------|---|-------------------------|---------------------------|---------------------------|-------------------------------------|
|  | Current \$<br>Personal<br>Income              | Mfg.<br>Employ-<br>ment | Wage &<br>Salary<br>Empl. | Popu-<br>lation<br>Growth | Single-family<br>Housing<br>Permits | Current \$<br>Personal<br>Income              | Mfg.<br>Employ-<br>ment | Wage &<br>Salary<br>Empl. | Popu-<br>lation<br>Growth | Single-family<br>Housing<br>Permits |
| Source:                                |   |                         |                           |                           |                                     |   |                         |                           |                           |                                     |
| Conerly Consulting                     | 6.0   | 3.5                     | 3.7                       | 1.3                       | (1.5)                               | 5.7   | 1.3                     | 2.7                       | 1.4                       | (15.0)                              |
| Forefront Economics                    | 5.7   | 1.8                     | 1.9                       | 1.2                       | 3.8                                 | 5.7   | 1.5                     | 2.0                       | 1.2                       | 4.1                                 |
| Oregon Executive Department            | 6.3   | 2.2                     | 2.9                       | 1.2                       | 7.0                                 | 6.2   | 0.1                     | 1.5                       | 1.2                       | (4.9)                               |
| Portland General Electric              | 6.3   | 2.0                     | 2.6                       | 1.4                       | 5.0                                 | 5.7   | 1.0                     | 2.0                       | 1.3                       | 0.0                                 |
| Rhodes Econometrics                    | 5.3   | 2.4                     | 1.6                       | 1.2                       | 2.2                                 | 5.1   | 1.9                     | 1.6                       | 0.2                       | 2.0                                 |
| Thredgold Economic Associates          | 5.4   | 1.2                     | 2.4                       | 1.5                       | 1.5                                 |   |                         |                           |                           |                                     |
| U.S. Bancorp                           | 6.2   | 3.0                     | 2.9                       | 1.2                       | (5.0)                               | 6.2   | 2.0                     | 2.6                       | 1.3                       | 0.0                                 |
| Wells Fargo & Co.                      | 5.8   | 0.8                     | 2.4                       | 1.4                       | (1.2)                               | 5.3   | 0.7                     | 1.9                       | 1.3                       | (1.3)                               |
| <b>Consensus Forecast — This Month</b> | <b>5.9</b>                                    | <b>2.1</b>              | <b>2.6</b>                | <b>1.3</b>                | <b>1.5</b>                          | <b>5.7</b>                                    | <b>1.2</b>              | <b>2.0</b>                | <b>1.1</b>                | <b>(2.2)</b>                        |
| <b>— Last Month</b>                    | <b>5.8</b>                                    | <b>1.8</b>              | <b>2.3</b>                | <b>1.3</b>                | <b>(0.5)</b>                        | <b>5.7</b>                                    | <b>1.2</b>              | <b>2.0</b>                | <b>1.1</b>                | <b>(0.3)</b>                        |

### TEXAS

|   | 2005<br>Annual Percent Change, 2005 from 2004 |                 |                           |                           |                                     | 2006<br>Annual Percent Change, 2006 from 2005 |                 |                           |                           |                                     |
|---|---|-----------------|---------------------------|---------------------------|-------------------------------------|---|-----------------|---------------------------|---------------------------|-------------------------------------|
|   | Current \$<br>Personal<br>Income              | Retail<br>Sales | Wage &<br>Salary<br>Empl. | Popu-<br>lation<br>Growth | Single-family<br>Housing<br>Permits | Current \$<br>Personal<br>Income              | Retail<br>Sales | Wage &<br>Salary<br>Empl. | Popu-<br>lation<br>Growth | Single-family<br>Housing<br>Permits |
| Source:                                 |   |                 |                           |                           |                                     |   |                 |                           |                           |                                     |
| Econoclast                              | 6.3   | 6.3             | 2.0                       | 1.8                       | 1.1                                 | 5.7   | 5.5             | 1.7                       | 1.7                       | (3.8)                               |
| Federal Reserve Bank of Dallas          | 6.6   | 6.0             | 1.8                       | 1.8                       | (2.0)                               | 6.4   | 6.4             | 2.2                       | 1.9                       | 2.0                                 |
| David Hemley                            | 5.8   | 5.7             | 2.1                       | 1.6                       | 0.0                                 | 5.8   | 5.6             | 2.1                       | 1.6                       | (0.5)                               |
| Perryman Group                          | 6.5   | 6.6             | 2.2                       | 1.8                       | 1.3                                 |   |                 |                           |                           |                                     |
| TX State Comptroller of Public Accounts | 5.5   | 5.5             | 1.6                       | 1.7                       | (2.1)                               | 5.5   | 4.7             | 2.0                       | 1.8                       | (9.6)                               |
| University of Houston – CPP             | 6.4   | 6.5             | 2.1                       | 1.9                       | (5.9)                               | 6.7   | 6.6             | 2.3                       | 2.1                       | (6.5)                               |
| University of North Texas               | 5.1   | 5.1             | 2.0                       | 1.4                       | 0.9                                 | 5.5   | 5.2             | 2.1                       | 1.3                       | 0.8                                 |
| University of Texas at El Paso          | 6.1   | 6.9             | 1.6                       | 1.8                       | 2.9                                 | 6.0   | 6.0             | 1.7                       | 1.8                       | (2.0)                               |
| Wells Fargo & Co.                       | 6.2   | 6.2             | 2.2                       | 1.9                       | (0.8)                               | 5.9   | 6.0             | 2.5                       | 1.9                       | (1.0)                               |
| <b>Consensus Forecast — This Month</b>  | <b>6.1</b>                                    | <b>6.1</b>      | <b>2.0</b>                | <b>1.7</b>                | <b>(0.5)</b>                        | <b>5.9</b>                                    | <b>5.8</b>      | <b>2.1</b>                | <b>1.8</b>                | <b>(2.6)</b>                        |
| <b>— Last Month</b>                     | <b>6.1</b>                                    | <b>6.1</b>      | <b>1.9</b>                | <b>1.7</b>                | <b>(0.7)</b>                        | <b>5.9</b>                                    | <b>5.7</b>      | <b>2.0</b>                | <b>1.8</b>                | <b>(2.5)</b>                        |

# CONSENSUS FORECASTS

## WESTERN BLUE CHIP ECONOMIC FORECAST

### UTAH

| Source:                                | 2005<br>Annual Percent Change, 2005 from 2004 |                 |                           |                           |                                     | 2006<br>Annual Percent Change, 2006 from 2005 |                 |                           |                           |                                     |
|--|---|-----------------|---------------------------|---------------------------|-------------------------------------|---|-----------------|---------------------------|---------------------------|-------------------------------------|
|  | Current \$<br>Personal<br>Income              | Retail<br>Sales | Wage &<br>Salary<br>Empl. | Popu-<br>lation<br>Growth | Single-family<br>Housing<br>Permits | Current \$<br>Personal<br>Income              | Retail<br>Sales | Wage &<br>Salary<br>Empl. | Popu-<br>lation<br>Growth | Single-family<br>Housing<br>Permits |
| Pacificorp                             | 7.0   | 5.5             | 2.2                       | 1.8                       | 5.0                                 |   |                 |                           |                           |                                     |
| Thredgold Economic Associates          | 5.6   | 5.1             | 2.5                       | 1.8                       | 3.5                                 | 5.7   | 5.4             | 2.4                       | 1.8                       | 0.0                                 |
| Utah Dept. of Workforce Services       |   |                 |                           |                           |                                     |   |                 |                           |                           |                                     |
| Utah State Tax Commission              | 6.0   | 5.6             | 3.2                       | 2.5                       | 0.0                                 | 6.0   | 4.2             | 3.0                       | 2.3                       | (2.0)                               |
| Wells Fargo & Co.                      | 5.5   | 5.8             | 2.8                       | 2.0                       | (4.7)                               | 5.5   | 5.5             | 2.7                       | 2.0                       | 0.0                                 |
| <b>Consensus Forecast — This Month</b> | <b>6.0</b>                                    | <b>5.5</b>      | <b>2.7</b>                | <b>2.0</b>                | <b>1.0</b>                          | <b>5.7</b>                                    | <b>5.0</b>      | <b>2.7</b>                | <b>2.0</b>                | <b>(0.7)</b>                        |
| <b>— Last Month</b>                    | <b>6.0</b>                                    | <b>5.5</b>      | <b>2.7</b>                | <b>2.0</b>                | <b>1.0</b>                          | <b>5.7</b>                                    | <b>5.0</b>      | <b>2.7</b>                | <b>2.0</b>                | <b>(0.7)</b>                        |

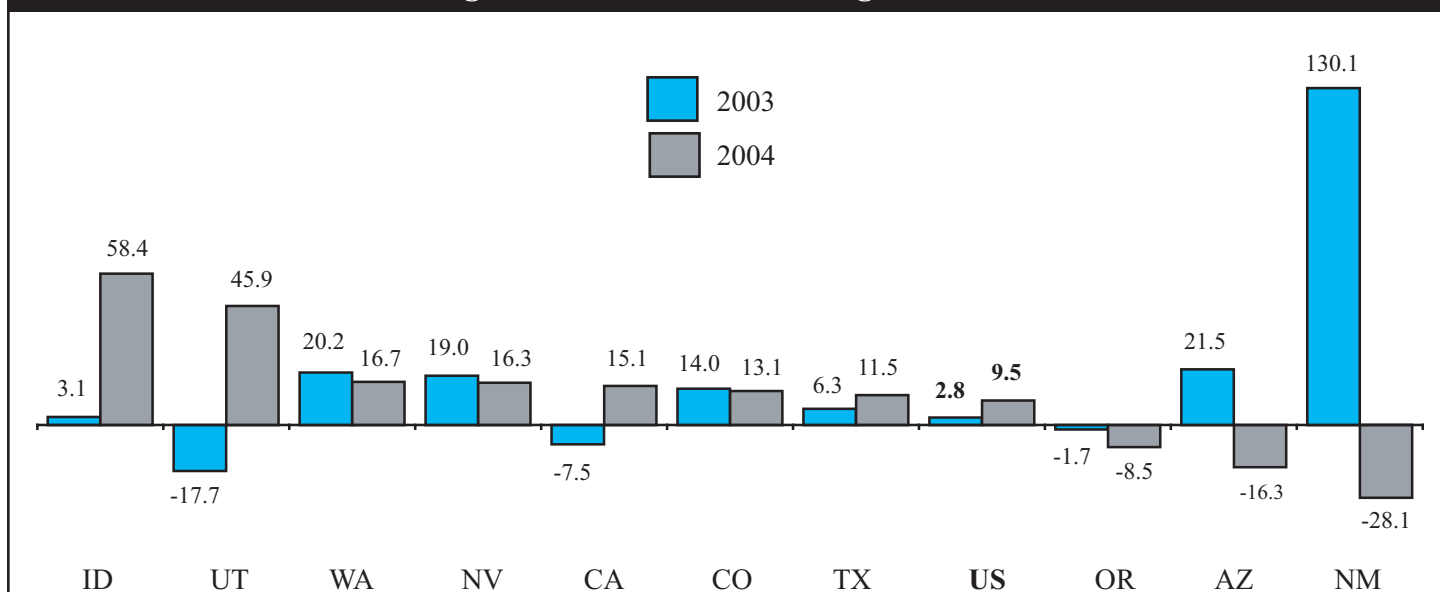
### WASHINGTON

| Source:                                | 2005<br>Annual Percent Change, 2005 from 2004 |                 |                           |                           |                                     | 2006<br>Annual Percent Change, 2006 from 2005 |                 |                           |                           |                                     |
|--|---|-----------------|---------------------------|---------------------------|-------------------------------------|---|-----------------|---------------------------|---------------------------|-------------------------------------|
|  | Current \$<br>Personal<br>Income              | Retail<br>Sales | Wage &<br>Salary<br>Empl. | Popu-<br>lation<br>Growth | Single-family<br>Housing<br>Permits | Current \$<br>Personal<br>Income              | Retail<br>Sales | Wage &<br>Salary<br>Empl. | Popu-<br>lation<br>Growth | Single-family<br>Housing<br>Permits |
| Conerly Consulting                     | 3.5   | 5.1             | 2.3                       | 1.3                       | 2.3                                 | 5.7   | 4.8             | 2.5                       | 1.5                       | (14.1)                              |
| Dick Conway & Associates               | 5.7   | 6.0             | 2.3                       | 1.3                       | (3.0)                               | 5.5   | 5.0             | 1.8                       | 1.4                       | (5.0)                               |
| Doug Pedersen & Associates             | 5.8   | 6.3             | 2.4                       | 1.3                       | (1.0)                               | 5.6   | 5.5             | 2.2                       | 1.4                       | (3.0)                               |
| Office of Forecast Council *           | 3.4   | 5.4             | 2.1                       | 1.4                       | (12.6)                              | 5.9   | 5.0             | 1.8                       | 1.5                       | (10.4)                              |
| Wells Fargo & Co.                      | 5.9   | 5.8             | 2.8                       | 1.4                       | (2.8)                               | 5.2   | 5.4             | 2.4                       | 1.3                       | (3.8)                               |
| <b>Consensus Forecast — This Month</b> | <b>4.9</b>                                    | <b>5.7</b>      | <b>2.4</b>                | <b>1.3</b>                | <b>(3.4)</b>                        | <b>5.6</b>                                    | <b>5.1</b>      | <b>2.1</b>                | <b>1.4</b>                | <b>(7.3)</b>                        |
| <b>— Last Month</b>                    | <b>4.8</b>                                    | <b>5.5</b>      | <b>2.4</b>                | <b>1.4</b>                | <b>(5.2)</b>                        | <b>5.6</b>                                    | <b>5.1</b>      | <b>2.1</b>                | <b>1.4</b>                | <b>(6.1)</b>                        |

\* Population forecast is from the Office of Financial Management.

## STATE EXPORTS OF COMPUTERS AND ELECTRONIC PRODUCTS

### Percent Change from Previous Year, Origin of Movement Basis



Source: U.S. Department of Commerce

# HISTORICAL DATA

## WESTERN BLUE CHIP ECONOMIC FORECAST

### ARIZONA

|  | Current \$<br>Personal Income<br>(millions) | Real<br>Personal Income<br>(millions) | Wage & Salary<br>Employment<br>(thousands) | Retail Sales<br>(millions) | Manufacturing<br>Employment<br>(thousands) | Single-family<br>Permits<br>(number) | Population<br>(thousands) | Unem-<br>ployment<br>Rate |
|--|---|---------------------------------------|--|----------------------------|--|--------------------------------------|---------------------------|---------------------------|
| 2004   | 163,365                                     | 150,359                               | 2,373.5                                    | 51,357                     | 175.8                                      | 69,339 †                             | 5,744                     | 4.8                       |
| % change   | 7.5   | 4.9                                   | 3.4  | 7.4                        | 0.3  | 8.1                                  | 3.0                       |                           |
| 2003   | 151,933                                     | 143,333                               | 2,296.3                                    | 47,818                     | 175.3                                      | 64,143                               | 5,579                     | 5.6                       |
| % change   | 4.7   | 2.8                                   | 1.4  | 5.3                        | (4.5)                                      | 15.3                                 | 2.6                       |                           |
| 2002   | 145,114                                     | 139,399                               | 2,265.1                                    | 45,425                     | 183.5                                      | 55,649                               | 5,439                     | 6.2                       |
| % change   | 4.5   | 2.8                                   | 0.0  | 1.3                        | (9.0)                                      | 9.3                                  | 2.7                       |                           |
| 2001   | 138,854                                     | 135,599                               | 2,265.0                                    | 44,833                     | 201.7                                      | 50,930                               | 5,297                     | 4.7                       |
| % change   | 4.7   | 2.3                                   | 1.0  | 2.0                        | (3.9)                                      | 4.3                                  | 2.5                       |                           |
| Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Arizona Department of Economic Security; Retail Sales – Arizona Department of Revenue; Manufacturing Employment – Arizona Department of Economic Security; Housing Permits – Arizona Real Estate Center; Population – Center for Business Research; Unemployment Rate – Arizona Department of Economic Security. † Consensus †† Estimate |   |                                       |  |                            |  |                                      |                           |                           |

### CALIFORNIA

|   | Current \$<br>Personal Income<br>(millions) | Real<br>Personal Income<br>(millions) | Wage & Salary<br>Employment<br>(thousands) | Retail Sales<br>(millions) | Manufacturing<br>Employment<br>(thousands) | Single-family<br>Permits<br>(number) | Population<br>(thousands) | Unem-<br>ployment<br>Rate |
|---|---|---------------------------------------|--|----------------------------|--|--------------------------------------|---------------------------|---------------------------|
| 2004  | 1,256,959                                   | 1,156,888                             | 14,538.8                                   | 328,084 †                  | 1532.7                                     | 150,710                              | 35,894                    | 6.1                       |
| % change  | 6.1   | 3.5                                   | 1.0  | 5.2                        | (1.0)                                      | 7.3                                  | 1.2                       |                           |
| 2003  | 1,184,997                                   | 1,117,922                             | 14,392.3                                   | 311,867 †                  | 1,547.9                                    | 140,512                              | 35,463                    | 6.7                       |
| % change  | 3.1   | 1.3                                   | (0.5)                                      | 3.4                        | (5.5)                                      | 16.3                                 | 1.4                       |                           |
| 2002  | 1,149,183                                   | 1,103,922                             | 14,457.8                                   | 301,612                    | 1,638.2                                    | 120,783                              | 34,988                    | 6.7                       |
| % change  | 1.2   | (0.4)                                 | (1.0)                                      | 2.6                        | (8.3)                                      | 13.7                                 | 1.3                       |                           |
| 2001  | 1,135,304                                   | 1,108,695                             | 14,601.9                                   | 293,957                    | 1,785.6                                    | 106,265                              | 34,532                    | 5.4                       |
| % change  | 2.9   | 0.4                                   | 0.8  | 2.4                        | (3.9)                                      | 1.6                                  | 1.6                       |                           |
| Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Bureau of Labor Statistics; Taxable Sales – California Board of Equalization; Manufacturing Employment – Bureau of Labor Statistics; Housing Permits – Construction Industry Research Board; Population – California Department of Finance; Unemployment Rate – California Department of Finance. † Consensus †† Estimate |   |                                       |  |                            |  |                                      |                           |                           |

### COLORADO

|   | Current \$<br>Personal Income<br>(millions) | Real<br>Personal Income<br>(millions) | Wage & Salary<br>Employment<br>(thousands) | Retail Sales<br>(millions) | Manufacturing<br>Employment<br>(thousands) | Single-family<br>Permits<br>(number) | Population<br>(thousands) | Unem-<br>ployment<br>Rate |
|---|---|---------------------------------------|--|----------------------------|--|--------------------------------------|---------------------------|---------------------------|
| 2004  | 165,943                                     | 152,731                               | 2,178.9                                    | 54,858 †                   | 154.6                                      | 38,164                               | 4,601                     | 5.1                       |
| % change  | 5.6   | 3.0                                   | 1.3  | 4.0                        | (0.9)                                      | 14.2                                 | 1.2                       |                           |
| 2003  | 157,171                                     | 148,275                               | 2,151.3                                    | 52,748                     | 156.0                                      | 33,428                               | 4,548                     | 6.0                       |
| % change  | 2.1   | 0.3                                   | (1.4)                                      | (0.3)                      | (6.1)                                      | (5.9)                                | 1.1                       |                           |
| 2002  | 153,962                                     | 147,898                               | 2,182.5                                    | 52,888                     | 166.1                                      | 35,522                               | 4,498                     | 5.7                       |
| % change  | 0.8   | (0.8)                                 | (1.9)                                      | (10.4)                     | (8.7)                                      | (2.6)                                | 1.6                       |                           |
| 2001  | 152,700                                     | 149,121                               | 2,225.4                                    | 59,041                     | 181.9                                      | 36,477                               | 4,427                     | 3.7                       |
| % change  | 5.8   | 3.3                                   | 0.6  | 1.8                        | (4.9)                                      | (3.2)                                | 2.3                       |                           |
| Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Colorado Department of Labor and Employment; Retail Trade Sales – Colorado Department of Revenue; Manufacturing Employment – Colorado Department of Labor and Employment; Housing Permits – U.S. Bureau of the Census; Population – U.S. Bureau of the Census; Unemployment Rate – Colorado Department of Labor and Employment. † Consensus †† Estimate |   |                                       |  |                            |  |                                      |                           |                           |



# HISTORICAL DATA

## WESTERN BLUE CHIP ECONOMIC FORECAST

### IDAHO

|          | Current \$<br>Personal Income<br>(millions) | Real<br>Personal Income<br>(millions) | Wage & Salary<br>Employment<br>(thousands) | Retail Sales<br>(millions) | Manufacturing<br>Employment<br>(thousands) | Single-family<br>Permits<br>(number) | Population<br>(thousands) | Unem-<br>ployment<br>Rate |
|----------|---|---------------------------------------|--|----------------------------|--|--------------------------------------|---------------------------|---------------------------|
| 2004     | 37,755                                      | 34,749                                | 586.9                                      | 16,797 †                   | 61.5                                       | 14,650                               | 1,393                     | 4.8                       |
| % change | 6.6   | 4.0                                   | 2.6  | 4.6                        | (0.8)                                      | 17.8                                 | 1.9                       |                           |
| 2003     | 35,409                                      | 33,405                                | 572.0                                      | 16,059                     | 62.0                                       | 12,432                               | 1,367                     | 5.4                       |
| % change | 3.0   | 1.1                                   | 0.7  | 2.1                        | (4.5)                                      | 21.7                                 | 1.8                       |                           |
| 2002     | 34,381                                      | 33,027                                | 568.2                                      | 15,736                     | 64.9                                       | 10,212                               | 1,343                     | 5.8                       |
| % change | 4.0   | 2.3                                   | 0.1  | 8.3                        | (5.0)                                      | 7.7                                  | 1.7                       |                           |
| 2001     | 33,054                                      | 32,279                                | 567.7                                      | 14,525                     | 68.3                                       | 9,483                                | 1,321                     | 5.0                       |
| % change | 5.6   | 3.2                                   | 1.5  | 5.6                        | (2.3)                                      | (6.1)                                | 1.7                       |                           |

Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Idaho Department of Employment; Retail Sales – Idaho State Tax Commission; Manufacturing Employment – Idaho Department of Employment; Housing Permits – First Security Bank; Population – U.S. Bureau of the Census; Unemployment Rate – Idaho Department of Employment. † Consensus †† Estimate

### NEVADA

|          | Current \$<br>Personal Income<br>(millions) | Real<br>Personal Income<br>(millions) | Wage & Salary<br>Employment<br>(thousands) | Retail Sales<br>(millions) | Gaming<br>Revenue<br>(millions) | Single-family<br>Permits<br>(number) | Population<br>(thousands) | Unem-<br>ployment<br>Rate |
|----------|---|---------------------------------------|--|----------------------------|---------------------------------|--------------------------------------|---------------------------|---------------------------|
| 2004     | 77,994                                      | 71,785                                | 1,152.4                                    | 41,087                     | 10,058.4 †                      | 38,817                               | 2,335                     | 4.1                       |
| % change | 9.0   | 6.3                                   | 5.9  | 16.0                       | 4.5                             | 17.5                                 | 4.1                       |                           |
| 2003     | 71,549                                      | 67,499                                | 1,088.3                                    | 35,426                     | 9,625.3                         | 33,033                               | 2,242                     | 5.2                       |
| % change | 6.9   | 5.0                                   | 3.5  | 9.3                        | 1.9                             | 21.1                                 | 3.4                       |                           |
| 2002     | 66,904                                      | 64,269                                | 1,052.0                                    | 32,410                     | 9,447.4                         | 27,284                               | 2,168                     | 5.5                       |
| % change | 3.9   | 2.2                                   | 0.1  | 3.0                        | (0.3)                           | 1.1                                  | 3.5                       |                           |
| 2001     | 64,367                                      | 62,859                                | 1,051.4                                    | 31,469                     | 9,471.6                         | 26,981                               | 2,095                     | 5.3                       |
| % change | 4.8   | 2.3                                   | 2.4  | 2.8                        | (1.3)                           | 4.8                                  | 3.8                       |                           |

Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Nevada Department of Employment, Training and Rehabilitation; Retail Sales – Nevada Department of Taxation; Gross Gaming Revenue – Nevada State Gaming Control Board; Housing Permits – U.S. Bureau of the Census; Population – U.S. Bureau of the Census; Unemployment Rate – Nevada Department of Employment, Training and Rehabilitation.  
† Consensus †† Estimate N/A - not yet available

### NEW MEXICO

|          | Current \$<br>Personal Income<br>(millions) | Real<br>Personal Income<br>(millions) | Wage & Salary<br>Employment<br>(thousands) | Retail Sales<br>(millions) | Manufacturing<br>Employment<br>(thousands) | Single-family<br>Permits<br>(number) | Population<br>(thousands) | Unem-<br>ployment<br>Rate |
|----------|---|---------------------------------------|--|----------------------------|--|--------------------------------------|---------------------------|---------------------------|
| 2004     | 49,849                                      | 45,881                                | 790.7                                      | 12,312                     | 35.9                                       | 11,743                               | 1,903                     | 5.4                       |
| % change | 6.2   | 3.6                                   | 1.9  |                            | (1.6)                                      | (0.7)                                | 1.3                       |                           |
| 2003     | 46,955                                      | 44,298                                | 775.6                                      | 11,702                     | 36.5                                       | 11,829                               | 1,879                     | 6.4                       |
| % change | 4.5   | 2.6                                   | 1.2  | **                         | (4.9)                                      | 14.3                                 | 1.3                       |                           |
| 2002     | 44,946                                      | 43,175                                | 766.1                                      | 12,708                     | 38.4                                       | 10,348                               | 1,855                     | 5.4                       |
| % change | 1.8   | 0.2                                   | 1.2  | 1.3                        | (6.1)                                      | 15.9                                 | 1.2                       |                           |
| 2001     | 44,138                                      | 43,104                                | 757.2                                      | 12,540                     | 40.9                                       | 8,929                                | 1,832                     | 4.8                       |
| % change | 9.5   | 6.9                                   | 1.7  | 3.6                        | (1.9)                                      | 11.1                                 | 0.6                       |                           |

Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – New Mexico Department of Labor; Retail Sales – New Mexico Department of Taxation & Revenue; Manufacturing Employment – New Mexico Department of Labor; Housing Permits – U.S. Bureau of the Census; Population – U.S. Bureau of the Census; Unemployment Rate – New Mexico Department of Labor. † Consensus †† Estimate N/A - not yet available

\*\* Due to a change in the manner of calculation, it may not be appropriate to compare 2003 retail sales with previous years.

# HISTORICAL DATA

## WESTERN BLUE CHIP ECONOMIC FORECAST

### OREGON

|  | Current \$<br>Personal Income<br>(millions) | Real<br>Personal Income<br>(millions) | Wage & Salary<br>Employment<br>(thousands) | Manufacturing<br>Employment<br>(thousands) | Single-family<br>Permits<br>(number) | Housing<br>Permits<br>(number) | Population<br>(thousands) | Unem-<br>ployment<br>Rate |
|--|---|---------------------------------------|--|--|--------------------------------------|--------------------------------|---------------------------|---------------------------|
| 2004   | 107,732                                     | 99,155                                | 1,593.7                                    | 199.5                                      | 21,372                               | 28,000                         | 3,595                     | 7.1                       |
| % change   | 5.2   | 2.6                                   | 2.0  | 2.3  | 13.7                                 | 7.3                            | 0.8                       |                           |
| 2003   | 102,419                                     | 96,622                                | 1,562.2                                    | 194.9                                      | 18,799                               | 26,103                         | 3,564                     | 8.2                       |
| % change   | 2.1   | 0.3                                   | (0.7)                                      | (3.3)                                      | 4.6                                  | 15.8                           | 1.2                       |                           |
| 2002   | 100,286                                     | 96,336                                | 1,572.5                                    | 201.6                                      | 17,977                               | 22,543                         | 3,523                     | 7.5                       |
| % change   | 1.3   | (0.4)                                 | (1.3)                                      | (6.5)                                      | 10.9                                 | 7.1                            | 1.4                       |                           |
| 2001   | 99,020                                      | 96,699                                | 1,593.6                                    | 215.7                                      | 16,217                               | 21,049                         | 3,474                     | 6.3                       |
| % change   | 2.7   | 0.3                                   | (0.8)                                      | (4.1)                                      | 4.4                                  | 6.4                            | 1.3                       |                           |
| Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Oregon Employment Division; Manufacturing Employment – Oregon Employment Division; Single-family Permits – U.S. Bureau of the Census; Housing Permits – U.S. Bureau of the Census; Population – Portland State University; Unemployment Rate – Oregon Employment Division. † Consensus †† Estimate |   |                                       |  |  |                                      |                                |                           |                           |

### TEXAS

|   | Current \$<br>Personal Income<br>(millions) | Real<br>Personal Income<br>(millions) | Wage & Salary<br>Employment<br>(thousands) | Retail Sales<br>(billions) | Manufacturing<br>Employment<br>(thousands) | Single-family<br>Permits<br>(number) | Population<br>(thousands) | Unem-<br>ployment<br>Rate |
|---|---|---------------------------------------|--|----------------------------|--|--------------------------------------|---------------------------|---------------------------|
| 2004  | 679,683                                     | 625,571                               | 9,478.3                                    | 339.7 †                    | 889.5                                      | 141,810                              | 22,490                    | 5.9                       |
| % change  | 5.8   | 3.2                                   | 1.2  | 5.9                        | (1.2)                                      | 6.6                                  | 1.7                       |                           |
| 2003  | 642,630                                     | 606,255                               | 9,370.0                                    | 320.7                      | 900.0                                      | 133,077                              | 22,103                    | 6.8                       |
| % change  | 3.0   | 1.2                                   | (0.6)                                      | 3.9                        | (5.1)                                      | 10.3                                 | 1.7                       |                           |
| 2002  | 623,914                                     | 599,341                               | 9,422.9                                    | 296.0                      | 948.7                                      | 120,644                              | 21,723                    | 6.3                       |
| % change  | 0.7   | (1.0)                                 | (1.0)                                      | 3.9                        | (7.6)                                      | 8.3                                  | 1.8                       |                           |
| 2001  | 619,642                                     | 605,119                               | 9,518.4                                    | 305.8                      | 1,026.8                                    | 111,352                              | 21,335                    | 4.8                       |
| % change  | 4.5   | 2.0                                   | 0.9  | 2.4                        | (3.9)                                      | 4.5                                  | 1.8                       |                           |
| Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Texas Employment Commission; Gross Retail Sales – Texas State Comptroller of Public Accounts; Manufacturing Employment – Texas Employment Commission; Housing Permits – U.S. Bureau of the Census; Population – U.S. Bureau of the Census; Unemployment Rate – Texas Employment Commission. † Consensus †† Estimate |   |                                       |  |                            |  |                                      |                           |                           |

### UTAH

|   | Current \$<br>Personal Income<br>(millions) | Real<br>Personal Income<br>(millions) | Wage & Salary<br>Employment<br>(thousands) | Retail Sales<br>(millions) | Manufacturing<br>Employment<br>(thousands) | Single-family<br>Permits<br>(number) | Population<br>(thousands) | Unem-<br>ployment<br>Rate |
|---|---|---------------------------------------|--|----------------------------|--|--------------------------------------|---------------------------|---------------------------|
| 2004  | 63,562                                      | 58,502                                | 1,103.2                                    | 19,697 †                   | 114.9                                      | 19,899                               | 2,389                     | 4.7                       |
| % change  | 6.4   | 3.8                                   | 2.7  | 5.1                        | 2.3  | 10.6                                 | 1.6                       |                           |
| 2003  | 59,761                                      | 56,378                                | 1,074.1                                    | 18,741                     | 112.3                                      | 17,995                               | 2,352                     | 5.6                       |
| % change  | 2.9   | 1.0                                   | 0.1  | 2.1                        | (1.4)                                      | 16.8                                 | 1.4                       |                           |
| 2002  | 58,089                                      | 55,802                                | 1,073.4                                    | 18,356                     | 113.9                                      | 15,406                               | 2,320                     | 6.1                       |
| % change  | 2.6   | 1.0                                   | (0.7)                                      | 3.4                        | (6.6)                                      | 11.2                                 | 1.7                       |                           |
| 2001  | 56,594                                      | 55,267                                | 1,081.3                                    | 17,748                     | 122.0                                      | 13,851                               | 2,281                     | 4.4                       |
| % change  | 5.7   | 3.2                                   | 0.5  | 2.7                        | (2.8)                                      | 2.9                                  | 1.7                       |                           |
| Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Utah Department of Workforce Services; Retail Sales – Utah State Tax Commission; Manufacturing Employment – Utah Department of Workforce Services; Housing Permits – University of Utah; Population – U.S. Bureau of the Census; Unemployment Rate – Utah Department of Workforce Services. † Consensus †† Estimate |   |                                       |  |                            |  |                                      |                           |                           |

# HISTORICAL DATA

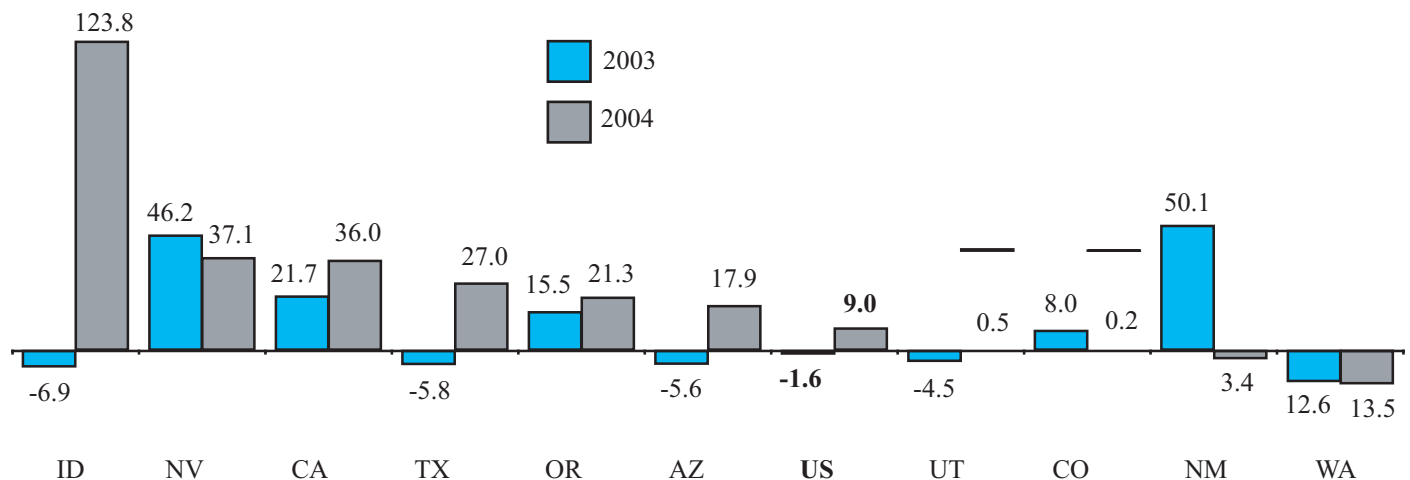
## WESTERN BLUE CHIP ECONOMIC FORECAST

### WASHINGTON

|          | Current \$<br>Personal Income<br>(millions) | Real<br>Personal Income<br>(millions) | Wage & Salary<br>Employment<br>(thousands) | Retail Sales<br>(millions) | Manufacturing<br>Employment<br>(thousands) | Single-family<br>Permits<br>(number) | Population<br>(thousands) | Unem-<br>ployment<br>Rate |
|----------|---|---------------------------------------|--|----------------------------|--|--------------------------------------|---------------------------|---------------------------|
| 2004     | 218,987                                     | 201,553                               | 2,698.2                                    | 92,661 †                   | 263.5                                      | 36,815                               | 6,204                     | 6.1                       |
| % change | 7.4   | 4.8                                   | 1.5  | 5.7                        | (1.3)                                      | 6.8                                  | 1.2                       |                           |
| 2003     | 203,890                                     | 192,349                               | 2,657.8                                    | 87,664                     | 267.1                                      | 34,480                               | 6,131                     | 7.5                       |
| % change | 2.8   | 0.9                                   | 0.1  | 2.8                        | (6.3)                                      | 4.2                                  | 1.1                       |                           |
| 2002     | 198,371                                     | 190,558                               | 2,654.1                                    | 85,284                     | 285.0                                      | 33,090                               | 6,067                     | 7.3                       |
| % change | 2.5   | 0.8                                   | (1.6)                                      | 0.6                        | (9.8)                                      | 17.6                                 | 1.2                       |                           |
| 2001     | 193,498                                     | 188,963                               | 2,697.0                                    | 84,785                     | 316.1                                      | 28,137                               | 5,993                     | 6.4                       |
| % change | 3.0   | 0.6                                   | (0.5)                                      | (0.5)                      | (4.7)                                      | 3.1                                  | 1.4                       |                           |

Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Washington State Employment Security; Taxable Retail Sales – Washington Department of Revenue; Manufacturing Employment – Washington State Employment Security; Housing Permits – U.S. Department of the Census; Population – U.S. Bureau of the Census; Unemployment Rate – Washington State Employment Security. † Consensus †† Estimate

### STATE EXPORTS OF TRANSPORTATION EQUIPMENT Percent Change from Previous Year, Origin of Movement Basis



Source: U.S. Department of Commerce



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# WESTERN BLUE CHIP PANEL

## WESTERN BLUE CHIP ECONOMIC FORECAST

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