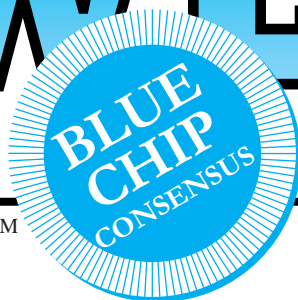


WESTERN



BLUE CHIP ECONOMIC FORECAST

TM

What Blue Chip economists are saying about the Western states

VOLUME 17 • NUMBER 8 • OCTOBER 2003

Western states lag rest of U.S. in housing appreciation

Low mortgage rates have fueled demand for housing across the nation during the past three years. Conventional mortgage rates peaked at 8.5 percent in May 2000 and bottomed out at 5.2 percent in June 2003. Rates were consistently below 6.0 percent for the entire first half of this year.

As the stock market steadily weakened, homeowners were more than willing to transfer their wealth to larger and newer homes, and meanwhile were refinancing existing properties for home improvements and purchase of consumer goods.

Activity in the housing market caused significant appreciation in value, but most Western states have tended to lag behind the rest of the nation [see table].

For the 12 months ending in June 2003, housing prices in the United States

increased an average of 5.6 percent, according to the Office of Federal Housing Enterprise Oversight (OFHEO). The office tracks average house price changes in repeat sales or refinancings on the same single-family properties.

Among Western states, only California and Nevada posted gains in housing prices that exceeded the national average for the past year. California ranked third in the nation and Nevada was 15th. Rhode Island led all states with 11.8 percent appreciation.

Texas, Colorado and Utah ranked in the bottom 10 states for housing appreciation for the period. But Colorado was 11th among all states in five-year appreciation, with a 44.6 percent gain.

— **Lee McPheters**
Contributing Editor

HOUSING APPRECIATION IN WESTERN STATES

Rank	State	Growth Rate	
		1 Year	5 Year
3	California	9.4%	66.5%
15	Nevada	6.3	25.2
22	Arizona	4.7	31.6
23	New Mexico	4.4	16.4
27	Idaho	4.0	17.4
28	Oregon	3.8	21.5
39	Washington	3.4	28.5
41	Texas	3.1	28.7
48	Colorado	2.7	44.6
50	Utah	2.5	11.2
United States		5.6	37.9

Source: U.S. Office of Federal Housing Enterprise Oversight, based on data ending June 2003.

Jobless recovery continues to plague state economies

EMPLOYMENT GROWTH IN 2003

State	1st Half	Forecast
Nevada	1.8%	2.8%
New Mexico	1.7	1.3
Arizona	0.8	2.0
Washington	0.4	0.3
Idaho	0.4	0.7
Texas	0.1	0.9
California	-0.1	0.5
Utah	-0.2	0.8
Oregon	-0.3	0.6
Colorado	-0.6	0.2

Source: U.S. Bureau of Labor Statistics and state forecast panels.

The “jobless recovery” continues nationally and in the Western states. The U.S. lost jobs over-the-year in each of the past five months.

Four Western states — California, Utah, Oregon and Colorado — reported negative employment growth for the first half of the year, compared to the same period from 2002 [see table].

The strongest first half gains in employment were recorded in Nevada (1.8 percent). New Mexico was the only other Western state with job growth exceeding 1 percent.

New Mexico appears on track to possibly exceed the 1.3 percent employment growth forecast for 2003 from the Blue Chip panel. But the Arizona economy will have to pick up steam in the second half in order to hit the 2.0 percent job

growth forecast for this year. First half growth in the Grand Canyon State was 0.8 percent.

Many national forecasters expect strong gains in Gross Domestic Product in the second half of the year. Possible economic drivers include the tax cut and increased business spending. Pessimists note that since the tax cut was enacted in May, the economy has lost 250,000 jobs.

Several of the Western states in the table ranked among the national leaders in job growth throughout the 1990s. But during the first half of 2003, total employment growth for the 10 states was 40,000 jobs on a base of 36 million, a gain of one-tenth of one percent.

— **Lee McPheters**
Contributing Editor

NATIONAL ROUNDUP

U.S. JOB GROWTH



% Change: July 2003 vs July 2002

Nonfarm	-0.3
Goods-Producing	-2.6
Construction	1.2
Manufacturing	-4.6
Service-Providing	0.2
Transportation, Warehousing & Utilities	-2.4
Trade	-1.0
Information	-3.8
Financial Activities	2.0
Professional & Business Services ..	0.6
Educational & Health Services	1.8
Leisure & Hospitality	1.2
Government	-0.1

Source: U.S. Bureau of Labor Statistics

U.S. REAL ESTATE

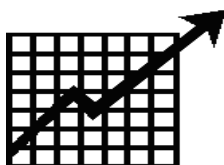


Residential Building Permits July 2003 vs July 2002

	Total Residential	Single- family	Multi- family
2003	165,662	134,938	30,724
2002	157,340	120,107	37,233
% Δ	5.3	12.3	-17.5

Source: U.S. Department of Commerce

U.S. FORECASTS



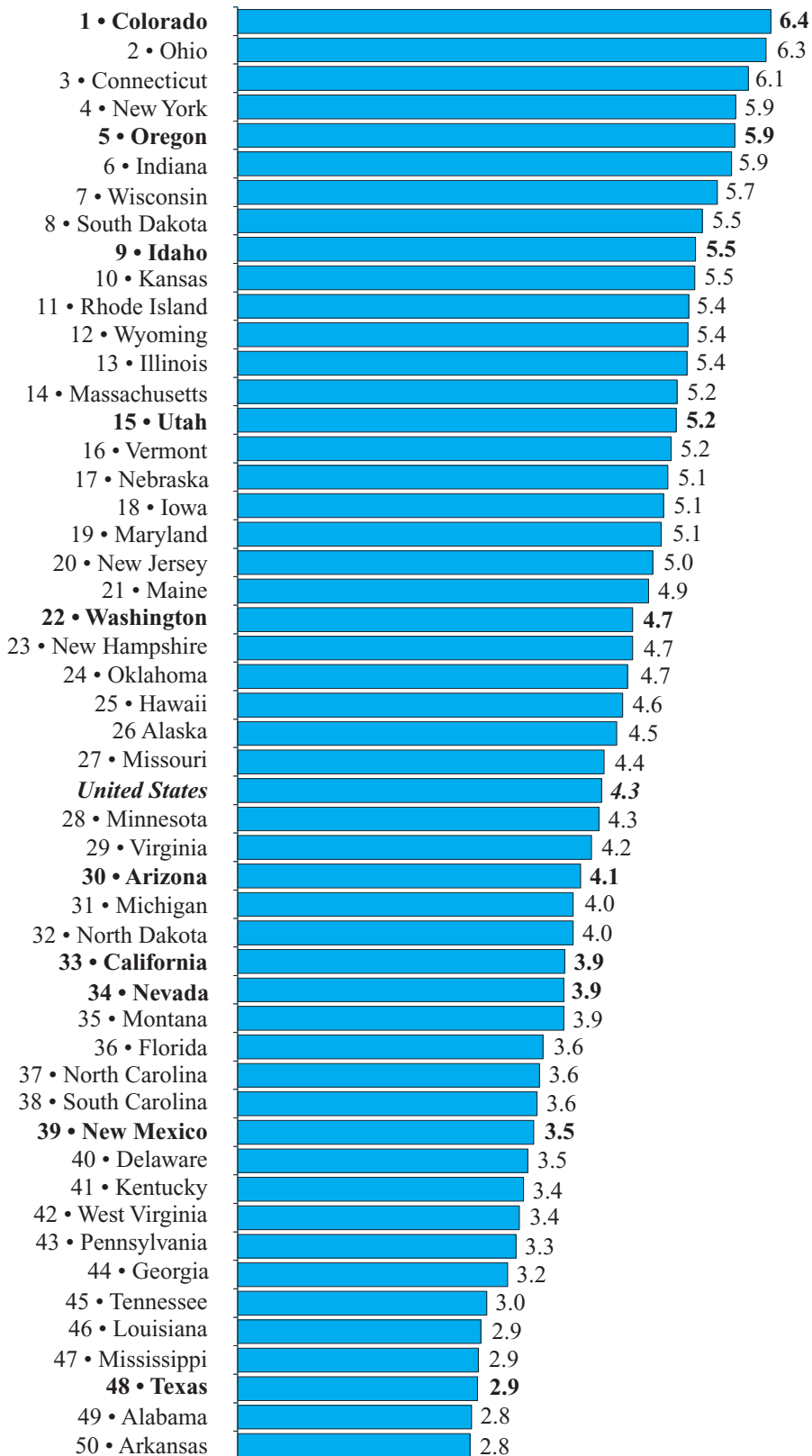
Percent Change

	2003	2004
Real GDP (Chain).....	2.3	3.8
CPI	2.2	1.2
GDP Deflator (Chain)...	1.5	1.5

Source: "U.S. Economic Outlook," *Global Insight*, August 2003

LIBRARY VISITS PER CAPITA

2001



Source: U.S. Department of Education

SUMMARY

WESTERN BLUE CHIP ECONOMIC FORECAST

2003 Annual Percent Change, 2003 from 2002						2004 Annual Percent Change, 2004 from 2003				
State:	Current \$ Personal Income	Real Personal Income	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Real Personal Income	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Arizona	5.4 ↓	3.8 ↓	1.9 ↓	2.6 ↑	(1.9)↑	6.4 ↑	4.5 ↑	3.4 ↑	2.6 ↑	(3.5)↓
California	3.3 ↓	1.7 ↓	0.5 ↓	1.6 ↓	9.5 ↑	4.6 ↓	2.7 ↓	1.7 ↑	1.6 ↓	(0.6)↓
Colorado	3.3 ↓	1.7 ↓	0.2 ↓	1.2	(8.4)↑	4.9 ↓	3.1 ↓	1.9 ↓	1.4 ↑	(1.5)↑
Idaho	4.1 ↓	2.5 ↓	0.7 ↓	1.2	0.2 ↓	5.2 ↓	3.3 ↓	1.7 ↑	1.2 ↑	(1.9)↑
Nevada	5.6	4.0	2.8 ↓	3.7 ↑	0.9 ↓	6.1 ↓	4.3 ↓	3.4 ↓	3.9 ↓	2.5 ↑
New Mexico	4.9 ↓	3.2 ↓	1.3 ↑	1.0 ↓	3.1 ↑	4.9 ↑	3.0 ↑	1.8 ↑	1.1 ↓	0.2 ↑
Oregon	4.2	2.5	0.6 ↓	1.2 ↑	3.3 ↑	5.4	3.5	2.2 ↓	1.3 ↑	(0.4)↓
Texas	5.1 ↓	3.4 ↓	0.9 ↓	1.7 ↑	1.7 ↑	6.5 ↓	4.6 ↓	2.2 ↓	1.8 ↑	(1.2)↓
Utah	3.9	2.2	0.8 ↓	1.5	3.2	4.8 ↓	3.0 ↓	1.8 ↓	1.7	2.3
Washington	3.5	1.9	0.3	1.0	(0.5)↑	4.9 ↓	3.1 ↓	1.7 ↓	1.0 ↑	(7.4)↓
↑= Increase in consensus forecast ↓= Decrease in consensus forecast										

Forecast notes from the Western region...

My models indicate deterioration in manufacturing employment as well as abatement in growth of wage and salary employment in **New Mexico**. Although the deterioration is not as significant as found in other parts of the country, it does mirror what is being experienced throughout the country.

— **David Hemley**
Eastern New Mexico University
Portales, New Mexico

New Mexico is on a gradual recovery with health care services at the forefront in 2003. This upward recovery is expected to continue in 2004.

— **Elisa Walker-Moran**
New Mexico Department of Labor
Albuquerque, New Mexico

Utah still hasn't been able to climb back into job growth territory. Little change has occurred in the labor market in the past year. This is the worst economic environment Utah has seen in nearly 40 years. This state has averaged 3.4 percent yearly employment growth since 1960. That's a strong track record, but we are way off this historical trend. This illustrates the unique nature of this economic downturn.

— **Mark Knold**
Utah Dept. of Workforce Services
Salt Lake City, Utah

The recall frenzy in **California** has heated up, and one unpleasant by-product has been the passage of some legislation that will further increase the cost of doing business in the state. While there has been "reform" of worker's compensation insurance, business is waiting to see how real this is. However, news on the economic side is getting somewhat better. Orders for IT products are strengthening, and new home building continues to run ahead of last year's level. The tourist industry has had a good summer travel season, but has its fingers crossed over fall business levels. Finally, activity in motion picture/TV production has picked up a little. The bad news is that business is keeping a lid on hiring.

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

One major factor impacting **Colorado** in coming years could be a repeat of the California experience of a decade ago. At that time, the California recession led roughly 1.3 million people to pack up and leave, fueling population growth in all other Western states.

That flow of "talented people and their money" led to strong gains in Colorado's population and rising demand for Colorado real estate. The process reversed itself somewhat in the late 1990s as California prospered. California's projected \$38 billion budget shortfall over the next 18

months will require major tax hikes and deep spending cuts. Tax hikes of all types, directed toward higher income people, could force many to relocate again, fueling another Colorado growth spurt.

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

The forecast also reflects Seattle consumer price data for the first six months of the year, which shows local inflation running well below the national average. **Washington** housing activity remained strong during the last three months, averaging an annual rate of nearly 43,000.

— **Chang Mook Sohn**
Office of the Forecast Council
Olympia, Washington

Gaming revenue, one of the better indicators of the vitality of the travel and tourism sectors of the **Nevada** economy, posted strong growth in June, up 13.3 and 16.8 percent, respectively, for Nevada and Clark County, but down 1.2 percent for Washoe County. The state of Nevada closed out the 2003 fiscal year with gaming-revenue growth in excess of 2.8 percent. As such, continuation of last month's relatively good growth will surely require stronger overall performance of the U.S. economy.

— **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

	2003 Annual Percent Change, 2003 from 2002					2004 Annual Percent Change, 2004 from 2003				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Source:										
Arizona Public Service	5.6	4.8	2.1	2.6	(5.2)	6.4	5.6	3.3	2.6	1.0
ASU – Bank One EOC	5.3	3.8	1.1	2.5	(1.5)	6.0	5.5	2.7	2.3	(5.0)
CH2M HILL	5.5	4.5	2.2	2.6	(2.0)	6.4	5.6	3.4	2.7	(3.0)
Department of Economic Security	5.6	5.1	1.2	2.4		6.4	6.1	2.4	2.4	
ECON-LINC	5.4	4.9	1.2	2.5	0.5	6.4	5.5	3.8	2.6	(10.0)
Eggert Economic Enterprises Inc.	5.6	4.7	2.2	2.7	(3.3)	6.5	5.8	3.4	2.8	(2.5)
Elliott D. Pollack & Co.	5.5	5.0	1.8	2.7	5.0	6.5	5.5	4.0	2.6	(10.0)
H. C. Reardon Economics	5.0	3.0	1.2	2.7	0.0	6.6	5.7	3.3	2.7	(5.0)
Joint Legislative Budget Committee	5.0	4.0	1.8	2.6	(5.0)	6.2	4.7	3.3	2.6	(5.0)
Lancaster Consulting	5.6	4.8	2.4	2.5	(2.5)	6.2	5.3	3.2	2.6	0.0
The Maguire Company	5.6	4.8	2.4	2.7	(8.0)	6.3	5.6	3.4	2.7	0.0
Metropolitan West Asset Management	5.6	5.0	2.1			6.3	5.5	3.2		
NAU – BBER	5.7	4.6	2.1	2.5	0.0	6.4	5.9	3.8	2.6	(5.0)
Protitlement	5.8	5.2	2.1	2.6	4.5	6.6	5.9	3.8	2.7	(5.0)
Salt River Project	5.5	4.0	2.0	2.8	(3.0)	6.6	6.0	3.5	2.8	0.0
Stellar Capital Management	5.5	4.2	2.1	2.3	(3.0)	6.2	4.9	3.1	2.5	1.0
Tucson Electric Power Co.	4.8	3.3	1.3	2.5	(9.0)					
UA – Eller College	4.7	2.6	1.8	3.1	(9.0)	6.6	4.9	3.6	2.4	(6.9)
VisionEcon	6.0	6.0	3.0	3.1	0.0	6.7	7.0	4.0	2.8	1.0
Wells Fargo & Co.	5.3	4.3	2.0	2.6	8.0	6.0	5.1	3.1	2.6	(5.0)
Consensus Forecast — This Month	5.4	4.4	1.9	2.6	(1.9)	6.4	5.6	3.4	2.6	(3.5)
— Last Month	5.4	4.5	2.0	2.6	(3.0)	6.4	5.6	3.4	2.6	(3.3)

CALIFORNIA

	2003 Annual Percent Change, 2003 from 2002					2004 Annual Percent Change, 2004 from 2003				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Source:										
Anonymous	3.1	3.1	0.6	1.7	5.8	4.9	5.3	2.1	1.7	(8.1)
California State University, Long Beach *	7.5	5.8	0.6	1.6	2.3	6.2	6.4	1.8	1.4	(4.0)
Chapman University	3.5	3.2	0.6	1.6	7.1	4.3	4.4	1.8	1.7	(2.8)
L.A. County Economic Development Corp.	3.5	3.3	0.5	1.7	13.0	4.2	4.6	1.2	1.5	8.0
Legislative Analyst's Office	4.0	3.9	0.5	1.6	5.0	6.1	6.2	2.4	1.6	5.0
Monroe Consulting	3.0	3.1	0.5	1.7	6.0	3.5	5.1	1.0	1.7	5.0
UCLA – Business Forecasting Project	2.5	2.1	0.4	1.6	20.5	4.3	5.0	1.8	1.6	(1.0)
Wells Fargo & Co.	3.4	2.9	0.4	1.4	9.0	4.6	4.6	1.8	1.3	(10.0)
Consensus Forecast — This Month	3.3	3.1	0.5	1.6	9.5	4.6	5.0	1.7	1.6	(0.6)
— Last Month	3.4	3.0	0.5	1.6	9.3	4.6	4.9	1.7	1.6	2.1

*This forecast is for Southern California only

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

COLORADO										
2003 Annual Percent Change, 2003 from 2002						2004 Annual Percent Change, 2004 from 2003				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
The Adams Group, Inc.	3.1	1.8	(0.3)	1.2	(7.9)	3.9	4.6	1.7	1.3	(0.7)
Ctr. for Business & Econ. Forecasting	3.1	3.0	(0.2)	1.3	(15.0)	5.8	4.5	1.5	1.1	(5.0)
Colorado Legislative Council	2.7	1.7	0.1	1.2	(13.4)	5.4	4.0	2.0	1.5	(5.0)
Office of State Planning and Budgeting	3.1	2.9	(0.1)	1.2	(8.2)	3.9	3.3	1.8	1.3	(3.7)
University of Colorado	4.3	2.9	0.6	0.9	(10.0)	5.0	4.5	2.5	1.5	(3.0)
Wells Fargo & Co.	3.2	2.0	0.3	1.3	(2.0)	5.0	3.7	2.0	1.5	2.0
Xcel Energy	3.5	1.5	1.2	1.0	(2.0)	5.5	3.0	2.0	1.5	5.0
Consensus Forecast — This Month	3.3	2.3	0.2	1.2	(8.4)	4.9	3.9	1.9	1.4	(1.5)
— Last Month	3.3	2.3	0.2	1.2	(10.5)	5.0	4.0	2.0	1.4	(2.4)

IDAHO										
2003 Annual Percent Change, 2003 from 2002						2004 Annual Percent Change, 2004 from 2003				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Idaho Div. of Financial Management	4.3		0.1	1.0	4.9	5.3		1.5	1.0	(8.5)
Idaho Economics	4.2		0.9	1.2	(5.0)	5.3		1.5	1.3	0.0
Idaho State University	3.8	4.2	1.0	1.2	(2.0)	5.0	4.3	2.0	1.2	0.0
Thredgold Economic Associates	4.8	3.7	1.0	1.2	(2.0)	5.5	4.5	2.2	1.1	(1.0)
University of Idaho	3.7	3.0	0.3	1.1		4.8	4.0	1.3	1.1	
Wells Fargo & Co.	4.0	3.5	0.9	1.2	5.0	5.0	4.0	1.7	1.3	0.0
Consensus Forecast — This Month	4.1	3.6	0.7	1.2	0.2	5.2	4.2	1.7	1.2	(1.9)
— Last Month	4.2	3.7	1.0	1.2	0.7	5.2	4.2	1.7	1.2	(2.4)

NEVADA										
2003 Annual Percent Change, 2003 from 2002						2004 Annual Percent Change, 2004 from 2003				
Source:	Current \$ Personal Income	Gross Gaming Revenues	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Gross Gaming Revenues	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Dept. of Empl., Training, and Rehab.	5.0	4.0	2.5	3.5		6.0	4.0	3.3	3.3	
Legis. Counsel Bureau – Fiscal Analysis	5.0	4.9	2.6	3.5	(2.0)	5.5	2.6	3.3	3.5	0.0
Restrepo Consulting Group, LLC	5.0	4.0	3.0	3.3	2.5	5.3	4.0	3.5	3.5	2.8
Thredgold Economic Associates	6.5	2.5	3.2	4.2	3.0	7.0	5.0	4.3	4.8	4.5
Southwest Gas	6.6	3.3	2.8	4.2	2.2	6.9	4.6	3.1	4.7	3.0
Univ. of Nevada at Las Vegas – CBER	5.9	3.1	3.3	3.9	(3.5)					
Wells Fargo & Co.	5.3	2.0	2.5	3.6	3.2	6.2	3.0	3.1	3.4	2.0
Consensus Forecast — This Month	5.6	3.4	2.8	3.7	0.9	6.1	3.9	3.4	3.9	2.5
— Last Month	5.6	3.6	2.9	3.7	1.0	6.2	4.1	3.5	3.9	2.1

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

NEW MEXICO

	2003					2004				
	Annual Percent Change, 2003 from 2002					Annual Percent Change, 2004 from 2003				
Source:	Current \$ Personal Income	Mfg. Employ- ment	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Mfg. Employ- ment	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Eastern New Mexico University	4.3	-0.5	0.7	1.3	2.5	4.4	(0.2)	0.9	1.2	1.2
New Mexico Department of Labor		(1.5)	1.6				(1.5)	2.1		
New Mexico State University – CEMAF	5.5	(1.5)	1.2			5.2	(1.0)	1.5		
Public Service New Mexico	4.6	(1.4)	1.2	1.2	(2.0)	4.3	0.2	1.7	1.1	(1.8)
University of New Mexico – BBER	5.2	(3.9)	1.9		12.6	5.5	2.5	2.6		6.3
Wells Fargo & Co.	4.8	(1.5)	1.4	0.5	(0.9)	5.0	(1.0)	1.7	1.0	(5.0)
Consensus Forecast — This Month	4.9	(1.7)	1.3	1.0	3.1	4.9	(0.2)	1.8	1.1	0.2
— Last Month	5.0	(1.1)	1.2	1.2	0.5	4.8	(0.1)	1.6	1.2	(1.1)

OREGON

	2003					2004				
	Annual Percent Change, 2003 from 2002					Annual Percent Change, 2004 from 2003				
Source:	Current \$ Personal Income	Mfg. Employ- ment	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Mfg. Employ- ment	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Conerly Consulting	4.1	(3.5)	(0.3)	1.2	3.8	5.9	1.5	2.4	1.1	(6.0)
Forefront Economics	5.3	1.8	2.4	1.1	3.5	5.6	2.0	2.8	1.3	5.0
Oregon Executive Department	2.9	(3.4)	(0.5)	1.0	4.9	4.3	(1.2)	1.1	1.3	(2.3)
Portland General Electric	4.1	(3.0)	0.6	1.3	3.0	5.7	0.0	1.7	1.3	0.0
Rhodes Econometrics	4.2	1.1	1.6	1.2	1.2	5.6	2.1	2.5	1.3	1.9
Thredgold Economic Associates	4.5	0.0	1.0	1.2	4.5	5.5	2.5	3.0	1.5	5.0
U.S. Bancorp	4.0	(3.0)	(0.4)	1.1	4.0	5.5	2.5	2.5	1.2	(3.0)
Wells Fargo & Co.	4.2	(0.5)	0.2	1.2	1.8	5.2	(0.1)	1.7	1.3	(4.0)
Consensus Forecast — This Month	4.2	(1.3)	0.6	1.2	3.3	5.4	1.2	2.2	1.3	(0.4)
— Last Month	4.2	(1.2)	0.7	1.1	2.8	5.4	1.3	2.3	1.3	0.2

TEXAS

	2003					2004				
	Annual Percent Change, 2003 from 2002					Annual Percent Change, 2004 from 2003				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Econoclast	5.1	5.0	1.1	1.5	1.0	7.1	6.8	2.5	1.8	2.0
Federal Reserve Bank of Dallas	6.0	6.0	0.5	1.7	(1.5)	7.5	7.0	2.7	1.8	2.5
Ed McClelland	5.6	5.7	1.0	1.7	1.0	6.6	6.6	2.0	1.7	0.5
Perryman Group	5.5	5.8	1.0	1.5	4.1	6.5	6.7	2.1	1.7	(1.4)
TX State Comptroller of Public Accounts	4.2	1.1	0.6	1.9	2.9	5.9	7.9	1.9	1.8	(7.8)
University of Houston – CPP	5.1	4.9	0.9	1.4		6.8	6.9	2.2	1.8	
University of Texas at El Paso	4.6	3.4	0.8	1.6	2.2	5.8	5.9	1.8	1.7	(0.4)
Wells Fargo & Co.	4.5	5.0	0.9	2.1	2.1	5.8	6.6	2.1	1.9	(4.0)
Consensus Forecast — This Month	5.1	4.6	0.9	1.7	1.7	6.5	6.8	2.2	1.8	(1.2)
— Last Month	5.2	4.7	0.9	1.6	1.4	6.6	6.8	2.2	1.8	(0.8)

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

UTAH

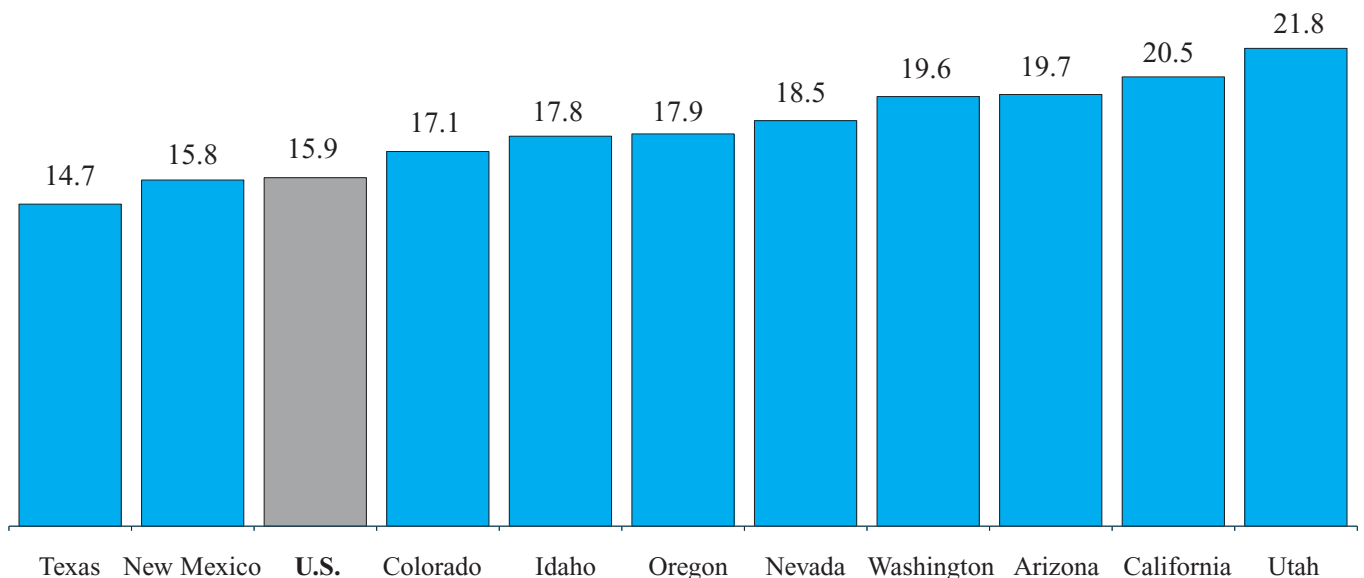
Source:	2003 Annual Percent Change, 2003 from 2002					2004 Annual Percent Change, 2004 from 2003				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Pacificorp	5.3	4.5	2.2	1.7	7.0	4.8	4.2	2.1	1.7	5.0
Thredgold Economic Associates	3.5	2.8	1.0	1.3	(1.0)	5.5	3.5	2.3	1.6	3.0
Utah Dept. of Workforce Services	3.1	3.3	0.0	1.5	(1.0)	4.3	3.5	1.7	1.7	1.5
Utah State Tax Commission	3.6	3.4	0.0	1.6	6.0	5.1	3.7	1.3	1.7	2.0
Wells Fargo & Co.	3.8	3.0	0.7	1.5	5.0	4.5	3.7	1.8	1.6	0.0
Consensus Forecast — This Month	3.9	3.4	0.8	1.5	3.2	4.8	3.7	1.8	1.7	2.3
— Last Month	3.9	3.2	0.9	1.5	3.2	4.9	3.7	1.9	1.7	2.3

WASHINGTON

Source:	2003 Annual Percent Change, 2003 from 2002					2004 Annual Percent Change, 2004 from 2003				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Conerly Consulting	3.1	2.7	0.3	1.4	3.7	5.4	5.5	1.8	1.3	(5.5)
Dick Conway & Associates	3.4	3.0	0.0	0.8	(1.0)	4.8	5.2	1.6	0.7	(8.0)
Doug Pedersen & Associates	3.4	1.5	0.2	0.8	8.5	4.6	4.0	1.5	0.9	(5.0)
Office of Forecast Council *	4.1	3.2	0.6	0.9	(13.1)	5.1	5.6	2.2	1.0	(9.3)
Wells Fargo & Co.	3.5	2.9	0.2	1.0	(0.8)	4.8	5.0	1.5	1.2	(9.0)
Consensus Forecast — This Month	3.5	2.7	0.3	1.0	(0.5)	4.9	5.1	1.7	1.0	(7.4)
— Last Month	3.5	2.8	0.3	1.0	(1.1)	5.0	5.1	1.8	1.0	(6.6)

* Population forecast is from the Office of Financial Management.

PUPIL-TO-TEACHER RATIO IN PUBLIC ELEMENTARY AND SECONDARY SCHOOLS School Year 2001-2002



Source: U.S. Department of Education

HISTORICAL DATA

WESTERN BLUE CHIP ECONOMIC FORECAST

ARIZONA

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2002	142,868	128,938	2,264.9	45,425	183.9	55,649	5,468	6.2
% change	4.0	2.9	(0.0)	1.3	(8.8)	9.3	2.8	
2001	137,331	125,304	2,265.0	44,833	201.7	50,930	5,321	4.7
% change	4.8	2.3	1.0	2.0	(3.9)	4.3	2.9	
2000	131,046	122,510	2,242.7	43,940	209.9	48,846	5,169	4.0
% change	9.0	6.7	3.7	7.8	1.2	(5.6)	3.0	
1999	120,264	114,841	2,163.0	40,769	207.4	51,764	5,017	4.4
% change	6.5	5.0	4.3	10.0	(1.5)	1.5	3.2	
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 \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2002	1,158,679	1,045,698	14,476.5	298,366 †	1,641.2	120,783	35,301	6.7
% change	2.5	1.4	(0.9)	1.5	(8.1)	13.7	1.7	
2001	1,129,868	1,030,914	14,601.9	293,957	1,785.6	106,265	34,698	5.4
% change	2.7	0.2	0.8	2.4	(3.9)	1.6	1.9	
2000	1,100,679	1,028,977	14,488.2	287,068	1,857.5	104,600	34,036	4.9
% change	10.6	8.3	3.5	12.3	1.5	1.8	1.9	
1999	995,326	950,446	13,991.8	255,589	1,829.9	102,750	33,417	5.2
% change	6.8	5.3	2.9	11.4	(1.5)	10.0	1.7	
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 \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2002	149,958	135,336	2,183.7	52,777	166.3	35,522	4,507	5.7
% change	1.2	0.1	(1.9)	(10.6)	(8.6)	(2.6)	1.7	
2001	148,239	135,256	2,225.4	59,041	181.9	36,477	4,431	3.7
% change	3.6	1.1	0.6	1.8	(4.9)	(3.2)	2.4	
2000	143,043	133,725	2,212.6	58,018	191.3	37,699	4,327	2.8
% change	11.4	9.1	3.8	10.3	0.3	(1.9)	*	
1999	128,386	122,597	2,131.5	52,609	190.7	38,410	4,056	2.9
% change	8.4	6.9	3.6	9.2	(1.9)	6.4	2.2	
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								

* 2002, 2001 and 2000 based on 2000 Census; 1999 based on 1990 Census.

HISTORICAL DATA

WESTERN BLUE CHIP ECONOMIC FORECAST

IDAHO

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2002	33,605	30,329	567.2	15,736 ††	64.7	10,212	1,341	5.8
% change	3.8	2.7	(0.1)	8.3 **	(5.3)	7.7	1.6	
2001	32,363	29,528	567.7	14,525	68.3	9,483	1,321	5.0
% change	3.8	1.3	1.5	5.6	(2.3)	(6.1)	1.6	
2000	31,177	29,146	559.5	13,755	69.9	10,098	1,300	4.9
% change	7.9	5.6	3.8	4.5	1.5	(3.8)	*	
1999	28,901	27,598	538.8	13,163	68.9	10,497	1,252	5.2
% change	6.8	5.3	3.3	4.8	(0.4)	2.1	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 \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Gaming Revenue (millions)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2002	65,596	59,199	1,049.6	32,003 †	9,611 †	27,284	2,173	5.5
% change	3.8	2.7	(0.2)	0.9	1.5	1.1	3.6	
2001	63,200	57,665	1,051.4	31,709 †	9,469	26,981	2,098	5.3
% change	5.1	2.6	2.4	7.7	(1.4)	4.8	3.9	
2000	60,149	56,230	1,026.9	29,454	9,600	25,749	2,019	4.0
% change	8.5	6.2	4.5	6.1	6.4	6.0	*	
1999	55,439	52,939	983.0	27,761	9,023	24,283	1,809	4.4
% change	6.6	5.1	6.2	6.5	11.9	(0.7)	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

NEW MEXICO

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2002	44,412	40,081	766.0	12,212 ††	38.5	10,348	1,855	5.4
% change	5.1	3.9	1.2	(2.6)	(5.9)	15.9	1.3	
2001	42,260	38,559	757.2	12,540	40.9	8,929	1,831	4.8
% change	6.5	3.9	1.7	3.6	(1.9)	11.1	0.5	
2000	39,692	37,107	744.8	12,099	41.7	8,037	1,822	5.0
% change	5.2	3.0	2.1	5.5	1.2	(6.5)	*	
1999	37,725	36,024	729.7	11,466	41.2	8,595	1,740	5.6
% change	2.4	0.9	1.4	2.1	(3.1)	(6.7)	0.4	

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

* 2002, 2001 and 2000 based on 2000 Census; 1999 based on 1990 Census.

** Due to a change in the manner of calculation, it may not be appropriate to compare 2002 retail sales with previous years.

HISTORICAL DATA

WESTERN BLUE CHIP ECONOMIC FORECAST

OREGON

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Manufacturing Employment (thousands)	Single-family Permits (number)	Housing Permits (number)	Population (thousands)	Unem- ployment Rate
2002	101,176	91,311	1,572.3	201.8	17,977	22,543	3,505	7.5
% change	3.2	2.1	(1.3)	(6.4)	10.9	7.1	1.0	
2001	98,026	89,441	1,593.6	215.7	16,217	21,049	3,472	6.3
% change	2.6	0.2	(0.8)	(4.1)	4.4	6.4	1.0	
2000	95,508	89,286	1,606.9	225.0	15,532	19,785	3,437	4.9
% change	7.2	5.0	2.0	0.1	(6.4)	(14.9)	1.3	
1999	89,080	85,063	1,575.0	224.7	16,595	23,249	3,393	5.7
% change	4.4	3.0	1.5	(1.8)	(2.0)	(10.1)	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 \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (billions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2002	621,832	561,198	9,426.9	314.8 †	951.2	120,644	21,780	6.3
% change	2.2	1.1	(1.0)	3.9	(7.4)	8.3	1.9	
2001	608,466	555,176	9,518.4	303.0	1,026.8	111,352	21,371	4.8
% change	3.7	1.2	0.9	1.5	(3.9)	4.5	2.0	
2000	586,587	548,374	9,433.4	298.6	1,068.0	106,601	20,955	4.2
% change	8.7	6.4	3.0	11.5	0.4	4.7	*	
1999	539,527	515,200	9,159.3	267.7	1,063.3	101,848	20,044	4.6
% change	5.4	3.9	2.5	9.5	(1.3)	2.0	1.7	
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 \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2002	56,299	50,809	1,072.6	18,356	113.7	15,406	2,316	6.1
% change	2.8	1.7	(0.8)	3.4	(6.8)	11.2	1.6	
2001	54,764	49,968	1,081.3	17,748	122.0	13,851	2,279	4.4
% change	4.3	1.8	0.5	2.7	(2.8)	2.9	1.6	
2000	52,518	49,097	1,075.4	17,278	125.5	13,463	2,243	3.3
% change	7.3	5.1	2.6	4.8	(0.4)	(7.5)	*	
1999	48,923	46,717	1,048.5	16,493	126.0	14,561	2,130	3.7
% change	4.6	3.1	2.5	5.3	(0.6)	0.6	1.4	
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								

* 2002, 2001 and 2000 based on 2000 Census; 1999 based on 1990 Census.

HISTORICAL DATA

WESTERN BLUE CHIP ECONOMIC FORECAST

WASHINGTON

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2002	198,317	178,980	2,656.8	84,895	285.7	33,090	6,069	7.3
% change	3.5	2.4	(1.5)	0.5	(9.6)	17.6	1.3	
2001	191,645	174,860	2,697.0	84,470	316.1	28,137	5,993	6.4
% change	2.6	0.1	(0.5)	(0.3)	(4.7)	3.1	1.4	
2000	186,843	174,671	2,711.2	84,748	331.8	27,283	5,912	5.2
% change	7.3	5.0	2.4	6.4	(3.4)	(7.8)	*	
1999	174,148	166,295	2,648.6	79,684	343.4	29,598	5,756	4.7
% change	6.7	5.2	2.1	7.8	(4.7)	(3.3)	1.2	

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

* 2002, 2001 and 2000 based on 2000 Census; 1999 based on 1990 Census.

NUMBER OF ACADEMIC DEGREES CONFERRED School Year 2000-2001

State	Bachelor's Degrees	Master's Degrees	Doctorate Degrees
Arizona	20,856	10,537	696
California	123,382	45,933	5,795
Colorado	22,272	8,398	748
Idaho	4,646	1,072	91
New Mexico	6,551	2,596	265
Nevada	4,358	1,517	91
Oregon	13,887	4,848	463
Texas	76,074	24,687	2,752
Utah	17,091	3,642	336
Washington	23,441	3,139	662

Source: U.S. Department of Education



WESTERN BLUE CHIP ECONOMIC FORECAST

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