

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

Economic growth to slow, but no recession on horizon

Slower economic growth but no recession in sight — that's the outlook nationally and in the Western region for the next two years.

Analysts expect most Western states to outperform the national economy. But that may not be saying very much, since the consensus among economists is that growth in national output will continue to gear down from rates posted during the past couple of years.

Inflation-adjusted Gross Domestic Product, the standard measure of real output, may barely expand by 3.5 percent in 2006 and will continue to weaken in 2007. These marks come after gains of 4.2 percent in 2004 and 3.5 percent in 2005.

Although forecasters may disagree about what forces are most dominant, almost everybody's list would include steeper interest rates, a reduction in spending fueled by a lower pace of withdrawal of home equity, record consumer debt levels, and higher energy prices.

The accompanying table shows state by state percentage gains in nonfarm employment last year compared to current projections from the Western Blue Chip forecasters. Figures for 2005 are preliminary, pending revision from the Bureau of Labor Statistics [see the listing of all states in the National Roundup, page 2].

The three fastest-growing Western states are expected to slow down in 2006, followed by a still-weaker year in 2007.

While stock pickers dote on pointing out that past gains do not guarantee future performance, it is likely that several Western states will be in the top 10 for job creation yet again this year and next. Heading the pack will be Nevada, followed by Arizona and Utah.

Colorado, Texas and Wyoming, all states with strong energy sectors, are projected to show improved job creation in 2006.

— Lee McPheters

JOB GROWTH
IN THE WESTERN STATES
(Percent Change vs. Prior Year)

	2005	2006	2007
Nevada	6.3	4.5	4.0
Arizona	4.1	4.0	3.7
Utah	3.7	3.2	2.9
Idaho	3.6	2.3	2.2
Oregon	3.4	2.4	2.0
Wyoming	2.5	2.7	2.5
Washington	2.4	2.6	2.1
Colorado	2.1	2.2	1.9
New Mexico	2.0	2.1	2.0
California	1.6	1.4	1.1
Texas	1.3	2.0	2.0

Source: U.S. Bureau of Labor Statistics (preliminary) and state forecasts

Western housing activity projected to remain solid in '06

SINGLE-FAMILY PERMITS
2005 and 2006

	Permits	% Change	
	2005	2005	2006
Texas	165,580	11.7	-3.1
California	151,020	2.9	-9.8
Arizona	80,650	0.0	-5.8
Washington	40,930	10.2	-5.7
Colorado	40,480	3.3	-3.1
Nevada	37,440	-4.1	1.4
Oregon	24,930	13.6	0.1
Utah	24,650	17.8	1.6
Idaho	19,460	28.0	-5.4
New Mexico	13,550	13.9	-3.7
Wyoming	2,790	14.2	0.0

Source: U.S. Census Bureau (preliminary) and state forecasts

The laws of physics normally do not apply to economic activity, but when it comes to housing permits, most analysts expect that "what goes up must come down."

The big questions are "how far and how fast" will home building pull back from record levels in 2004 and 2005?

Some pessimistic pundits still expect the bubble to pop with a dramatic reversal in prices accompanied by a sharp decline in new home construction. Historical evidence of the feasibility of an extreme downturn can be found in the recession of 1981 – 1982, when home building dipped by 40 percent.

Other observers take a more moderate view of the outlook. They expect home prices to decrease somewhat in highly inflated areas, and to increase, but more slowly, in other parts of the country.

While sales of new homes may be down as much as 10 percent nationally, that would still make 2006 the third strongest year ever recorded.

Among the Western states, construction of all types has accounted for a significant proportion of new job creation. In Arizona and Idaho, one out of four new jobs has been in the construction sector.

Projections from the Blue Chip panel call for 2006 to be another solid year for single family housing activity in the Western region. Forecasters expect single-family housing permits to increase slightly in Nevada and Utah, and stay at current high levels in Oregon and Wyoming. Those states with fewer housing permits will register declines in the single digits, the largest in California.

— Lee McPheters

NATIONAL ROUNDUP

U.S. JOB GROWTH



% Change: Dec. 2005 vs. Dec. 2004

Nonfarm	1.5
Goods-Producing	1.1
Construction	3.7
Manufacturing	-0.3
Service-Providing	1.6
Transportation, Warehousing & Utilities	1.8
Trade	0.7
Information	0.7
Financial Activities	2.4
Professional & Business Services	3.0
Educational & Health Services	2.1
Leisure & Hospitality	1.8
Government	0.9

Source: U.S. Bureau of Labor Statistics

U.S. REAL ESTATE



Residential Building Permits Dec. 2005 vs. Dec. 2004

	Total Residential	Single- family	Multi- family
2005	147,560	110,859	36,701
2004	154,148	113,267	40,881
% Δ	-4.3	-2.1	-10.2

Source: U.S. Department of Commerce

U.S. FORECASTS



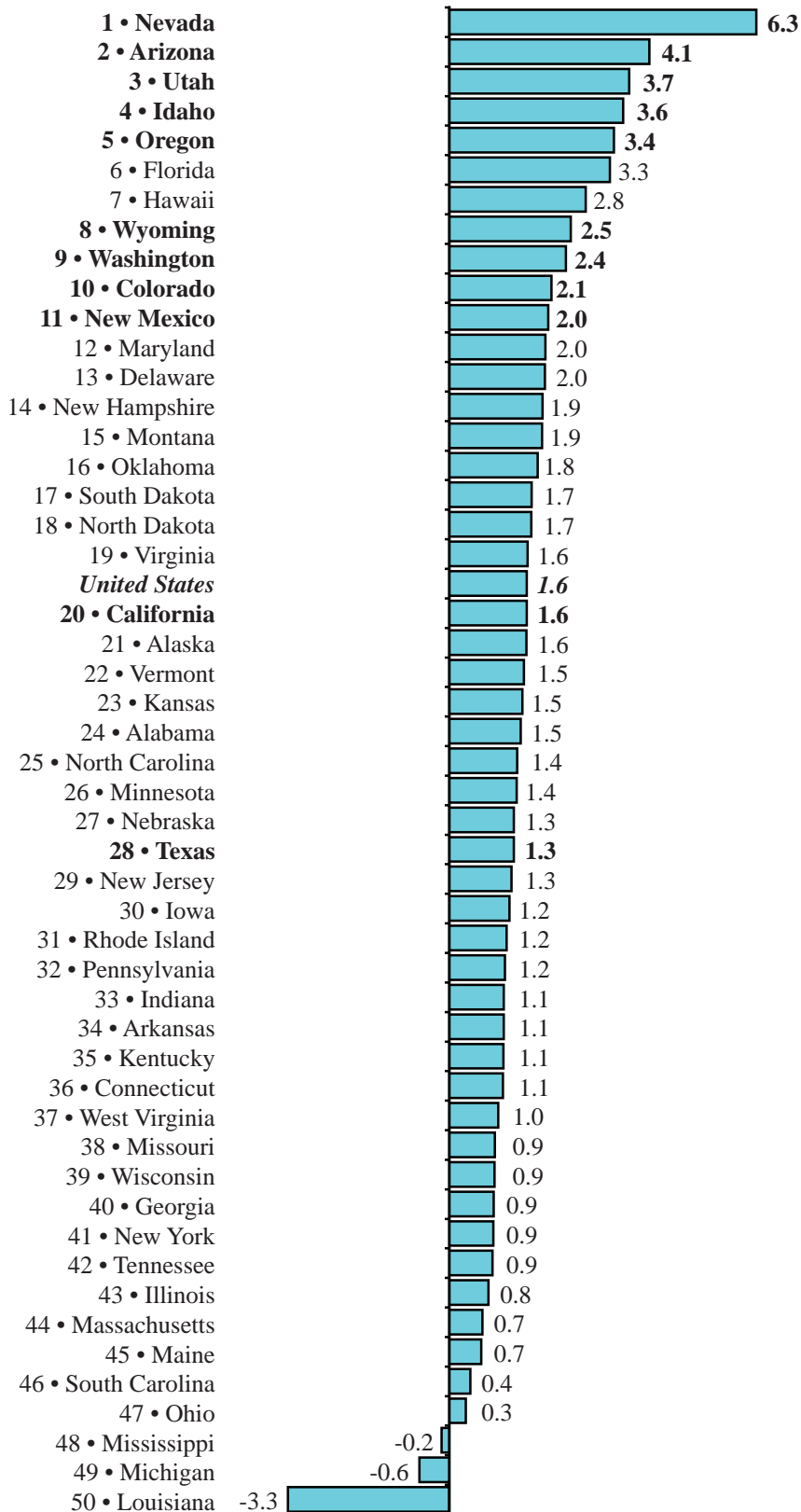
Percent Change

	2006	2007
Real GDP (Chain)	3.4	2.7
CPI	2.6	1.8
GDP Deflator (Chain)	2.5	2.0

Source: "U.S. Economic Outlook," *Global Insight*, January 2006

NONFARM JOB GROWTH

Percent Change, 2005 vs. 2004



Source: U.S. Bureau of Labor Statistics (preliminary)

SUMMARY

WESTERN BLUE CHIP ECONOMIC FORECAST

2006 Annual Percent Change, 2006 from 2005						2007 Annual Percent Change, 2007 from 2006				
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	8.0 ↑	5.6 ↑	4.0 ↑	3.0	(5.8) ↑	7.5 ↑	5.7 ↑	3.7 ↑	2.9 ↑	(3.4) ↑
California	5.9 ↓	3.5 ↓	1.4 ↓	1.5 ↑	(9.8) ↓	5.5 ↓	3.7 ↓	1.1 ↓	1.5 ↑	(4.8) ↓
Colorado	5.9 ↑	3.5 ↑	2.2 ↓	1.5	(3.1) ↓	5.9 ↓	4.2 ↓	1.9 ↓	1.5 ↓	(4.5) ↓
Idaho	6.1 ↑	3.7 ↑	2.3 ↑	1.6 ↑	(5.4) ↓	5.9 ↑	4.2 ↑	2.2 ↓	1.6 ↑	(4.7) ↑
Nevada	8.0 ↓	5.5 ↓	4.5 ↑	3.7 ↓	1.4 ↓	7.6 ↓	5.8 ↓	4.0	3.5 ↑	(1.1) ↑
New Mexico	5.4 ↑	3.0 ↑	2.1 ↑	1.5	(3.7) ↓	5.4 ↑	3.6 ↑	2.0 ↑	1.6 ↑	(1.0) ↑
Oregon	5.8 ↓	3.4 ↓	2.4 ↑	1.2	0.1 ↑	5.6	3.8 ↑	2.0	1.3	(1.8) ↓
Texas	6.3	3.9	2.0	1.7	(3.1) ↓	6.2	4.5	2.0 ↓	1.7	(3.2) ↓
Utah	6.8	4.4	3.2	2.1	1.6	6.4 ↓	4.6 ↓	2.9	1.9	1.2
Washington	6.2 ↓	3.8 ↓	2.6 ↑	1.5 ↓	(5.7) ↑	6.1 ↓	4.3 ↓	2.1 ↑	1.6	(6.9) ↓
↑= Increase in consensus forecast ↓= Decrease in consensus forecast										

Forecast notes from the Western region...

Right now, the two booming regions of **Texas** are Houston and the Rio Grande Valley. Houston is benefiting from higher oil prices and industry consolidation while the Valley's uptick reflects improvements in Mexico's economy resulting in higher retail sales activity in border cities.

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

California's economy entered 2006 at a solid pace, with favorable outlooks for international trade, technology and tourism. But there are a few clouds hovering over the latter industry, with an ongoing labor dispute in San Francisco and pending negotiations in Los Angeles. The housing market has definitely peaked and the "bubble hawks" are on the alert.

[This] is also a political year. The Governor has proposed a large infrastructure bond issue, to fix transportation links and the Delta area's woebe-gone levees. However, the Legislature is already trying to tinker with the bond proposal. Of note is the huge amount of hospital construction either under way or on the drawing boards. This is not only to meet seismic safety requirements but to cope with population growth.

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

Impressive **Utah** economic growth of the past 24 months has led state

tax receipts sharply higher. A surplus exceeding \$1 billion has accumulated, providing new funding for departments and programs that saw limited spending increases or spending cuts in 2001-2003. A solid increase in spending on education and vital services is now under way. At the same time, it is incumbent on Utah's political leaders to not lock the state into future spending increases that will be problematic when the local economy again slows. A return of some excess funds to Utah taxpayers also needs to draw serious attention.

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

[**Nevada**] tax revenues and gaming revenue continue to post record-setting levels, particularly in Las Vegas. Still, Reno, facing heavy competition for its gaming-market share, shows November gaming revenue up over 6 percent for the same month a year ago. All in all, 2005 was a great year, and indications point to continued economic strength in 2006.

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

Colorado is a state that will do relatively well with higher energy prices because that means there will be more gas wells being punched in the ground. This is very important to many areas around the state because these wells generate secondary types of income in the

form of royalties and severance taxes and fees, and those on private land pay royalties to the property owners.

— **Richard Wobbekind**
University of Colorado
Boulder, Colorado

Overall, we forecast payroll employment to grow by 1.1 percent in 2006 – an increase of 167,000 jobs. The professional and business sectors (2.3 percent), leisure and hospitality sector (2.0 percent), and educational and health services sector (1.7 percent) are forecasted to outperform all other sectors. Slower employment growth is projected to reduce growth in personal income and that, in turn, will negatively impact taxable sales spending. Total personal income is forecasted to increase from an estimated level of \$1,344 billion in 2005 to \$1,418 billion in 2006 – an increase of 5.5 percent.

— **Esmael Adibi**
Chapman University
Orange, California

[**Idaho**] Sales tax growth on a year-over-year basis was 11.7 percent, almost double the 6 percent growth expected in December (these rates are for gross collections and are adjusted for the rate change that occurred July 1, 2005). This strength is not due to vehicle sales, and is most likely the result of continued exceptional levels of construction activity.

— **Idaho Outlook**
Idaho Div. of Financial Management
Boise, Idaho

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										
2006 Annual Percent Change, 2006 from 2005						2007 Annual Percent Change, 2007 from 2006				
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
Arizona Department of Commerce	7.9	7.4	3.8	2.9	(7.0)	7.5	6.8	3.7	2.9	(5.0)
Arizona Public Service	8.0	9.0	3.7	2.9	(5.0)	8.2	7.0	3.7	2.8	3.6
ASU - Bank One EOC	7.7	7.2	4.2	2.9	(8.0)	6.8	6.8	4.0	2.8	(7.0)
Department of Economic Security	7.8	7.1	3.7	2.9		7.1	6.8	4.0	3.0	
ECON-LINC	7.8	7.5	4.0	3.0	(10.0)	8.0	7.2	4.0	3.1	(5.0)
EconLit LLC	7.7	7.4	4.2	3.0	(5.0)	7.5	6.9	3.8	2.9	(5.0)
Eggert Economic Enterprises Inc.	8.6	7.3	4.1	3.2	(5.5)	8.3	7.1	4.2	3.3	(4.0)
Elliott D. Pollack & Co.	8.0	8.0	4.3	3.0	(10.0)	7.5	7.5	4.0	3.0	(5.0)
H. C. Reardon Economics	7.9	7.5	4.1	3.1	(7.0)	7.4	6.8	3.8	2.8	(2.0)
Joint Legislative Budget Committee	7.8	8.0	4.0	3.0	(5.0)	7.2	6.5	3.3	3.0	(1.5)
The Maguire Company	8.1	7.4	3.9	3.1	(5.0)	7.6	7.0	3.8	3.1	(5.0)
Metropolitan West Asset Management	7.9	7.4	4.0			7.9	7.1	4.0		
NAU - BBER	8.2	7.1	3.8	2.8	(5.0)	8.3	6.3	3.7	2.7	0.0
Salt River Project	8.5	7.5	4.2	3.2	(4.0)	7.5	6.0	3.0	3.0	(4.0)
Stellar Capital Management	7.3	7.0	3.8	2.7	(7.5)	7.1	6.9	3.6	2.6	(5.0)
UA - Eller College	9.4	7.5	4.7	3.3	(5.9)	7.9	6.8	3.6	3.3	(3.0)
VisionEcon	8.0	8.3	4.4	3.4	0.0	6.1	6.7	2.9	2.9	(2.0)
Wells Fargo & Co.	7.7	7.1	3.4	2.8	(3.6)	7.0	6.2	2.9	2.7	(5.0)
Consensus Forecast — This Month	8.0	7.5	4.0	3.0	(5.8)	7.5	6.8	3.7	2.9	(3.4)
— Last Month	7.9	7.4	4.0	3.0	(5.9)	7.4	6.8	3.6	2.9	(3.8)

CALIFORNIA										
2006 Annual Percent Change, 2006 from 2005						2007 Annual Percent Change, 2007 from 2006				
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
Anonymous	5.8	4.9	1.3	1.7	(9.5)	5.5	5.0	1.3	1.7	(5.4)
California State University, Long Beach *	5.9	7.8	1.7	1.8	(26.4)	7.0	7.1	2.1	2.1	(3.2)
Chapman University	5.5	4.8	1.1	1.5	(12.5)	5.1	4.6	0.8	1.5	(6.1)
L.A. County Econ. Development Corp.	6.1	9.4	1.5	1.4	(5.0)	5.9	8.7	1.4	1.3	(0.3)
Legislative Analyst's Office	5.7	5.2	1.3	1.4	(10.0)	5.5	5.6	1.4	1.4	(1.0)
UCLA - Business Forecasting Project	5.2	5.1	1.1	1.5	(16.8)	4.5	4.0	0.8	1.5	(9.0)
University of the Pacific	6.9	4.6	1.7	1.6	(8.4)	6.0	4.9	1.3	1.5	(4.5)
Wells Fargo & Co.	5.9	4.9	1.6	1.3	(6.5)	5.8	4.7	1.0	1.3	(7.0)
Consensus Forecast — This Month	5.9	5.6	1.4	1.5	(9.8)	5.5	5.4	1.1	1.5	(4.8)
— Last Month	5.9	5.6	1.5	1.5	(7.6)	5.6	5.7	1.2	1.4	(3.4)

*This forecast is for Southern California only

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

COLORADO										
2006 Annual Percent Change, 2006 from 2005						2007 Annual Percent Change, 2007 from 2006				
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.	5.4	5.3	1.8	1.5	(8.1)	5.0	(1.5)	0.0	1.5	(10.1)
Ctr. for Business and Econ. Forecasting	6.1	5.9	2.3	1.5	(5.0)	6.2	6.0	2.5	1.7	(10.0)
Colorado Legislative Council	6.8	6.0	2.5	1.7	(9.2)	6.6	6.4	2.4	1.8	(5.5)
David Hemley	5.4	4.8	1.9	1.4	(1.0)	5.6	5.1	2.1	1.4	(0.5)
Office of State Planning and Budgeting	6.5	5.8	2.3	1.4	0.7	6.8	6.1	2.7	1.5	3.3
University of Colorado	5.7	5.8	2.2	1.5	0.0					
Wells Fargo & Co.	5.6	4.8	2.4	1.3	(4.0)	5.4	4.8	1.9	1.3	(4.0)
Xcel Energy	6.0	5.8	2.0	1.3	1.8					
Consensus Forecast — This Month	5.9	5.5	2.2	1.5	(3.1)	5.9	4.5	1.9	1.5	(4.5)
— Last Month	5.9	5.6	2.2	1.5	(3.0)	6.1	5.7	2.3	1.5	(3.3)

IDAHO										
2006 Annual Percent Change, 2006 from 2005						2007 Annual Percent Change, 2007 from 2006				
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	7.1		2.1	1.6	(13.0)	6.2		2.0	1.6	(0.7)
Idaho Economics	6.2		2.3	1.7	(5.0)	6.1		2.0	1.6	(8.0)
Idaho State University	5.1	4.2	2.0	1.6	0.0					
Thredgold Economic Associates	5.5	5.0	2.5	1.6	(4.0)	5.0	4.5	2.2	1.5	(5.0)
Wells Fargo & Co.	6.5	5.3	2.6	1.6	(5.0)	6.3	5.0	2.6	1.5	(5.0)
Consensus Forecast — This Month	6.1	4.8	2.3	1.6	(5.4)	5.9	3.2	2.2	1.6	(4.7)
— Last Month	6.0	4.9	2.3	1.6	(5.1)	5.8	3.2	2.4	1.5	(6.0)

NEVADA										
2006 Annual Percent Change, 2006 from 2005						2007 Annual Percent Change, 2007 from 2006				
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.	9.2	5.4	5.4	3.0		8.8	5.2	5.2	2.9	
Restrepo Consulting Group, LLC	7.0	6.0	4.5	4.0	1.5	7.5	6.0	4.0	4.0	1.5
Thredgold Economic Associates	8.5		4.0	3.7	0.0	6.5		2.8	3.0	(4.5)
Southwest Gas	8.6	7.4	4.9	4.2	1.4	8.4	5.8	4.8	4.1	1.2
Univ. of Nevada at Las Vegas - CBER	7.2	3.7	4.1	3.8	4.5					
Wells Fargo & Co.	7.3	6.1	4.1	3.7	(0.5)	6.8	5.7	3.2	3.5	(2.5)
Consensus Forecast — This Month	8.0	5.7	4.5	3.7	1.4	7.6	4.5	4.0	3.5	(1.1)
— Last Month	8.0	5.5	4.5	3.8	2.1	7.6	4.2	4.0	3.4	(1.8)

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

NEW MEXICO

	2006					2007				
	Annual Percent Change, 2006 from 2005					Annual Percent Change, 2007 from 2006				
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	5.0	0.5	1.7	1.4	1.0	5.2	0.6	1.9	1.5	1.2
New Mexico State Univ - CEMAF	5.2	1.0	1.6							
Public Service New Mexico	5.3	2.9	1.9	1.5	(3.0)	5.2	3.4	1.9	1.5	(1.2)
University of New Mexico - BBER	5.9	3.8	2.5		(9.7)	5.4	3.0	2.0		(0.5)
Wells Fargo & Co.	5.6	1.6	2.6	1.7	(3.0)	5.6	1.5	2.3	1.8	(3.4)
Consensus Forecast — This Month	5.4	1.9	2.0	1.5	(3.7)	5.4	2.1	2.0	1.6	(1.0)
— Last Month	5.3	1.5	2.0	1.5	(3.6)	5.3	1.4	2.0	1.6	(1.8)

OREGON

	2006					2007				
	Annual Percent Change, 2006 from 2005					Annual Percent Change, 2007 from 2006				
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	5.3	3.1	2.7	1.4	(11.9)	5.2	0.0	1.9	1.4	(10.0)
Forefront Economics	5.7	2.2	2.6	1.2	3.5	5.7	1.6	2.4	1.2	7.5
Oregon Executive Department	5.9	0.9	2.0	1.2	(4.7)	5.8	(1.6)	1.4	1.3	(2.7)
Portland General Electric	6.9	2.5	3.2	1.4	18.0	5.7	1.0	2.0	1.3	(2.0)
Rhodes Econometrics	5.1	1.9	1.6	0.2	2.0					
Thredgold Economic Associates	5.8	1.2	2.4	1.3	3.5	5.4	1.0	2.2	1.2	(2.0)
U.S. Bancorp	6.0	2.0	2.6	1.3	(7.0)	5.8	1.5	2.4	1.3	0.0
Wells Fargo & Co.	5.4	0.8	2.3	1.3	(2.6)	5.4	0.6	1.9	1.3	(3.1)
Consensus Forecast — This Month	5.8	1.8	2.4	1.2	0.1	5.6	0.6	2.0	1.3	(1.8)
— Last Month	5.8	1.8	2.4	1.2	0.1	5.6	0.8	2.0	1.3	(1.4)

TEXAS

	2006					2007				
	Annual Percent Change, 2006 from 2005					Annual Percent Change, 2007 from 2006				
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	5.8	5.6	1.8	1.7	1.0	5.9	5.7	1.8	1.7	(1.0)
Federal Reserve Bank of Dallas	6.7	6.4	2.4	1.8	(1.0)	6.5	6.6	2.2	1.7	2.0
David Hemley	5.7	5.1	2.0	1.6	1.0	5.8	5.7	2.1	1.5	0.0
Perryman Group	6.7	6.8	1.8	2.1	(9.0)	6.9	7.0	1.8	1.8	(5.0)
TX State Comptroller of Public Accounts	6.8	6.5	1.9	1.6	(5.0)	6.2	6.0	2.0	1.7	(14.0)
University of Houston - CPP	5.8	5.7	1.5	1.6	(10.2)	6.0	6.2	1.7	1.6	(6.3)
University of North Texas	5.7	5.4	2.1	1.7	0.5	5.8	5.4	1.9	1.7	0.5
University of Texas at El Paso	6.3	6.0	1.9	1.8	(1.5)	5.9	5.6	1.8	1.7	(1.0)
Wells Fargo & Co.	7.2	5.9	2.5	1.6	(3.3)	6.7	5.9	2.5	1.7	(4.0)
Consensus Forecast — This Month	6.3	5.9	2.0	1.7	(3.1)	6.2	6.0	2.0	1.7	(3.2)
— Last Month	6.3	5.9	2.0	1.7	(2.9)	6.2	6.0	2.0	1.7	(3.1)

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

UTAH

Source:	2006 Annual Percent Change, 2006 from 2005					2007 Annual Percent Change, 2007 from 2006				
	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	6.0	4.9	2.9	1.8	7.8	6.3	5.1	3.1	1.9	9.2
Thredgold Economic Associates	6.0	5.8	3.0	1.7	0.0	5.5	4.8	2.6	1.7	(3.0)
Utah Dept. of Workforce Services	9.0	6.6	4.1	2.8	4.4	7.6	5.6	3.1	2.0	3.6
Utah State Tax Commission	6.5	6.0	2.9	2.4	1.0					
Wells Fargo & Co.	6.5	5.7	2.9	2.0	(5.0)	6.0	5.3	2.8	2.0	(5.0)
Consensus Forecast — This Month	6.8	5.8	3.2	2.1	1.6	6.4	5.2	2.9	1.9	1.2
— Last Month	6.8	5.8	3.2	2.1	1.6	6.5	5.3	2.9	1.9	1.2

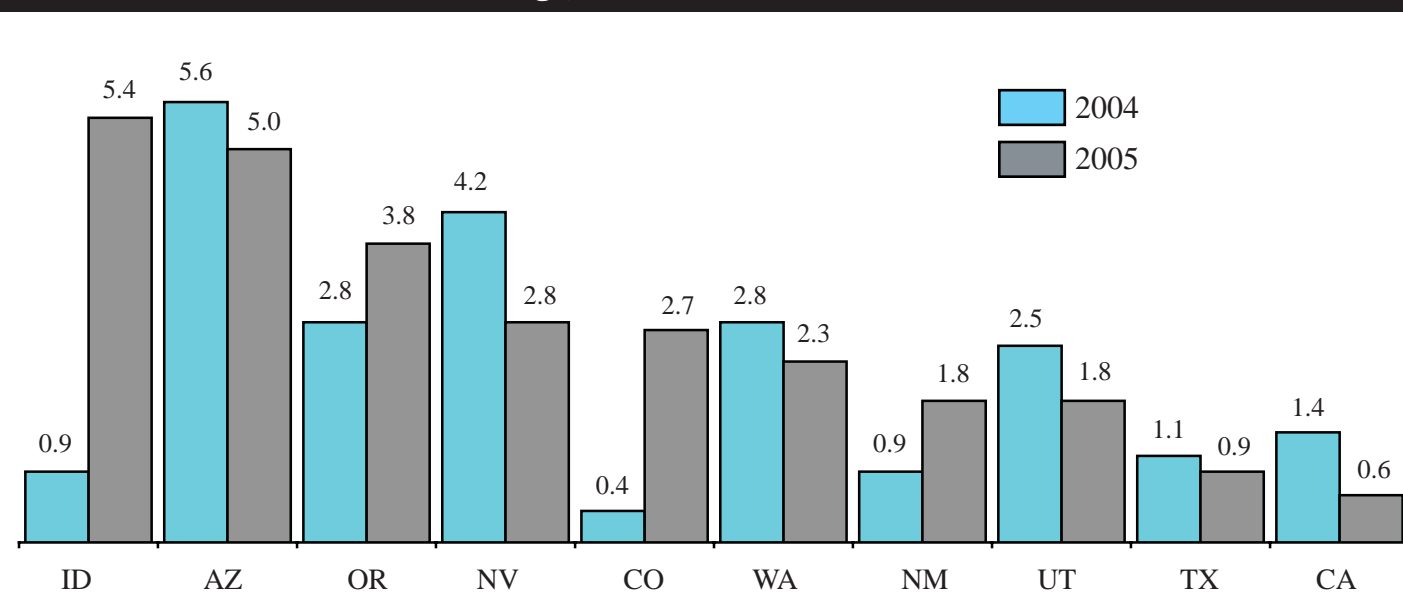
WASHINGTON

Source:	2006 Annual Percent Change, 2006 from 2005					2007 Annual Percent Change, 2007 from 2006				
	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	5.9	5.3	3.1	1.5	(4.5)	5.7	5.0	2.2	1.5	(5.5)
Dick Conway & Associates	6.3	6.4	2.6	1.5	(1.0)	6.5	6.1	2.1	1.6	(6.0)
Doug Pedersen & Associates	6.3	6.7	2.5	1.6	(0.5)	6.1	6.2	2.2	1.7	(4.5)
Office of Forecast Council *	7.2	5.0	2.8	1.8	(15.1)	6.6	5.1	2.2	1.8	(11.0)
Wells Fargo & Co.	5.5	5.4	2.1	1.3	(7.3)	5.4	5.3	1.8	1.4	(7.7)
Consensus Forecast — This Month	6.2	5.8	2.6	1.5	(5.7)	6.1	5.5	2.1	1.6	(6.9)
— Last Month	6.3	5.6	2.5	1.6	(7.4)	6.1	5.6	2.1	1.6	(5.9)

* Population forecast is from the Office of Financial Management.

JOB GROWTH IN RETAIL TRADE

Percent Change, December 2005 vs. December 2004



Source: Bureau of Labor Statistics

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
2005	177,470 †	158,764 †	2,471.3	55,671 †	176.2	80,648	5,939	4.7
% change	8.0	5.4	4.1	8.4	0.2	16.3	3.4	
2004	164,324	150,630	2,373.5	51,357	175.8	69,339	5,744	5.0
% change	8.3	5.5	3.4	7.4	0.3	8.1	3.0	
2003	151,716	142,726	2,296.3	47,818	175.3	64,143	5,579	5.7
% change	5.3	3.2	1.4	5.3	(4.5)	15.3	2.6	
2002	144,101	138,320	2,265.1	45,425	183.5	55,649	5,439	6.0
% change	3.8	2.0	0.0	1.3	(9.0)	9.3	2.7	
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
2005	1,336,939 †	1,194,281 †	14,770.4	368,382 †	1,535.8	151,022	36,132	5.3
% change	5.9	3.2	1.6	5.2	0.2	0.2	0.8	
2004	1,262,454	1,157,249	14,538.8	350,173	1532.7	150,710	35,842	6.2
% change	6.6	3.9	1.0	9.4	(1.0)	7.3	1.1	
2003	1,184,058	1,113,894	14,392.3	320,217	1,547.9	140,512	35,463	6.8
% change	3.2	1.1	(0.5)	6.2	(5.5)	16.3	1.4	
2002	1,147,868	1,101,823	14,457.8	301,612	1,638.2	120,783	34,988	6.7
% change	1.1	(0.6)	(1.0)	2.6	(8.3)	13.7	1.3	
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
2005	175,956 †	157,028 †	2,225.1	63,375 †	153.4	40,477	4,665	5.0
% change	5.9	3.1	2.1	5.6	(0.8)	6.1	1.4	
2004	166,153	152,306	2,178.9	60,014	154.6	38,164	4,602	5.5
% change	5.8	3.1	1.3	4.9	(0.9)	14.2	1.2	
2003	157,083	147,775	2,151.3	52,748	156.0	33,428	4,548	6.2
% change	2.6	0.6	(1.4)	(0.3)	(6.1)	(5.9)	1.1	
2002	153,078	146,937	2,182.5	52,888	166.1	35,522	4,498	5.9
% change	0.2	(1.5)	(1.9)	(10.4)	(8.7)	(2.6)	1.6	
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 \$ 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
2005	39,712 †	35,443 †	608.0	19,183	62.2	19,464	1,429	3.9
% change	6.2	3.4	3.6	14.7	1.1	32.9	2.4	
2004	37,394	34,277	586.9	16,727	61.5	14,650	1,395	4.7
% change	7.9	5.1	2.6	4.2	(0.8)	17.8	2.0	
2003	34,660	32,606	572.0	16,059	62.0	12,432	1,367	5.3
% change	2.5	0.4	0.7	2.1	(4.5)	21.7	1.8	
2002	33,823	32,466	568.2	15,736	64.9	10,212	1,343	5.4
% change	2.3	0.6	0.1	8.3	(5.0)	7.7	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
2005	85,186 †	75,990 †	1,225.2	n/a	11,649.0	37,438	2,415	4.0
% change	8.0	5.1	6.3	n/a	10.3	(3.6)	3.5	
2004	78,876	72,303	1,152.4	41,087	10,562.2	38,817	2,333	4.3
% change	10.1	7.3	5.9	16.0	9.7	17.5	4.1	
2003	71,632	67,387	1,088.3	35,426	9,625.3	33,033	2,242	5.1
% change	7.5	5.3	3.5	9.3	1.9	21.1	3.4	
2002	66,649	63,975	1,052.0	32,410	9,447.4	27,284	2,168	5.6
% change	3.5	1.8	0.1	3.0	(0.3)	1.1	3.5	
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 \$ 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
2005	52,516 †	46,862 †	806.9	12,900 ††	36.0	13,553	1,928	5.5
% change	5.5	2.7	2.0	4.8	0.2	15.4	1.3	
2004	49,778	45,630	790.7	12,312	35.9	11,743	1,903	5.7
% change	6.4	3.7	1.9	5.2	(1.6)	(0.7)	1.3	
2003	46,782	44,010	775.6	11,702	36.5	11,829	1,879	5.9
% change	4.0	1.9	1.2	**	(4.9)	14.3	1.3	
2002	44,982	43,178	766.1	12,708	38.4	10,348	1,855	5.5
% change	1.9	0.2	1.2	1.3	(6.1)	15.9	1.2	
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 \$ 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
2005	116,641 †	104,099 †	1,647.8	206.0	24,925	31,864	3,641	6.2
% change	6.1	3.3	3.4	3.3	16.6	13.8	1.4	
2004	109,935	100,774	1,593.7	199.5	21,372	28,000	3,591	7.4
% change	5.7	3.0	2.0	2.3	13.7	7.3	0.8	
2003	103,988	97,826	1,562.2	194.9	18,799	26,103	3,564	8.1
% change	2.0	0.0	(0.7)	(3.3)	4.6	15.8	1.2	
2002	101,902	97,814	1,572.5	201.6	17,977	22,543	3,523	7.6
% change	2.9	1.1	(1.3)	(6.5)	10.9	7.1	1.4	
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
2005	732,489 †	653,728 †	9,606.4	347.6 †	889.6	165,579	22,860	5.4
% change	6.1	3.3	1.4	6.1	0.0	16.8	1.7	
2004	690,376	632,844	9,478.3	327.6	889.5	141,810	22,472	6.1
% change	6.0	3.3	1.2	6.4	(1.2)	6.6	1.7	
2003	651,009	612,432	9,370.0	307.9	900.0	133,077	22,103	6.7
% change	3.9	1.8	(0.6)	3.9	(5.1)	10.3	1.7	
2002	626,784	601,641	9,422.9	296.0	948.7	120,644	21,723	6.3
% change	1.2	(0.6)	(1.0)	3.9	(7.6)	8.3	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 \$ 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
2005	68,303 †	60,959 †	1,144.2	21,409 †	117.4	24,645	2,470	4.6
% change	6.1	3.3	3.7	5.2	2.2	23.9	2.0	
2004	64,376	59,011	1,103.2	20,351	114.9	19,899	2,421	5.2
% change	6.7	4.0	2.7	8.2	2.3	10.6	1.8	
2003	60,320	56,746	1,074.1	18,809	112.3	17,995	2,352	5.7
% change	3.7	1.6	0.1	2.1	(1.4)	16.8	1.4	
2002	58,163	55,829	1,073.4	18,356	113.9	15,406	2,320	5.7
% change	2.8	1.0	(0.7)	3.4	(6.6)	11.2	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

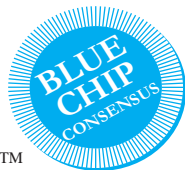
	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2005	226,147 †	201,725 †	2,763.2	97,253	267.1	40,928	6,288	5.5
% change	4.1	1.3	2.4	7.9	1.4	11.2	1.3	
2004	217,240	199,137	2,698.2	90,139	263.5	36,815	6,207	6.2
% change	7.9	5.1	1.5	4.6	(1.3)	6.8	1.2	
2003	201,342	189,411	2,657.8	86,165	267.1	34,480	6,131	7.4
% change	2.0	0.0	0.1	2.1	(6.3)	4.2	1.1	
2002	197,324	189,408	2,654.1	84,418	285.0	33,090	6,067	7.3
% change	2.0	0.2	(1.6)	(1.4)	(9.8)	17.6	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

JOB GROWTH IN ACCOMMODATION (Leisure & Hospitality) Percent Change, Annual Average 2005 vs. 2004



Source: Bureau of Labor Statistics



WESTERN BLUE CHIP ECONOMIC FORECAST

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WESTERN BLUE CHIP ECONOMIC FORECAST (ISSN 1042-6795) is published by the Bank One Economic Outlook Center, an affiliate of the L. William Seidman Research Institute, W. P. Carey School of Business, Arizona State University, P.O. Box 874011, Tempe, AZ 85287-4011. **Rates:** Print Copy – one year (10 issues), \$110; two years (20 issues), \$160. PDF file – one year, \$99; two years, \$145. Address all requests to the Bank One Economic Outlook Center, or call (480) 965-5543. Checks must be payable to ASU Foundation. Funds will be deposited with the ASU Foundation, a nonprofit organization which exists to support ASU. Your payment is not considered a charitable contribution.

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