

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

Soaring natural gas prices affect electricity costs

In 2001, California's energy crisis and rolling blackouts highlighted the state's power production troubles that had been ignored for years: a lack of sufficient power generation, compounded by transmission problems between the southern and the northern parts of the state.

Neighboring Arizona had traditionally been a net exporter of electricity to California. Given the building restrictions in the Golden State, it made sense for Arizona and other Western states to launch plans to build new power plants.

In the years that followed, electricity generating plants were built using natural gas as input, the reasoning being they have the fastest build-out time (two years). Natural gas-fired power plants account for 62.8 percent of the planned additions to generation capacity through 2009 (although coal is beginning to gain in popularity).

One example of the sudden demand for natural gas: In 2004 Arizona increased its use of natural gas for electrical power consumers by 41.2 percent. The year before, Idaho's use rose by 252.8 percent. Overall in 2004, the Western states accounted for 39.8 percent of natural gas deliveries to end consumers within the U.S.; of that amount, 51.8 percent went to generate electric power.

As natural gas became a popular alternative to other fuels, demand became more than an industrial phenomenon. It gained popularity as a clean alternative to gasoline in vehicles. Use of natural gas in vehicles has risen by more than 2½ times in eight years. The largest jumps occurred in 1999 and 2003, when its use as a vehicle fuel rose by 24.4 and 22.2 percent, respectively, compared to the previous years. The Western states account for more than half the use of natural gas for vehicles, with the largest consumer being California.

Total natural gas demand is expected to remain steady in 2006 and then increase in 2007 by approximately 2.4 percent

according to the Energy Information Administration.

While demand for natural gas in the West has increased, production in the U.S. has dropped slightly, 2.7 percent in 2005 compared to 2004, due in part to the damage from hurricanes Katrina and Rita. Additionally, there has been no significant increase in natural gas withdrawals for many years. Recovery of infrastructure from the hurricane damage has been slower in natural gas than in oil, which has caused continued pressure in the supply chain.

The Energy Information Administration forecasts the supply situation to change over the next two years, with a 2.2 percent increase in 2006 and a 1.7 percent

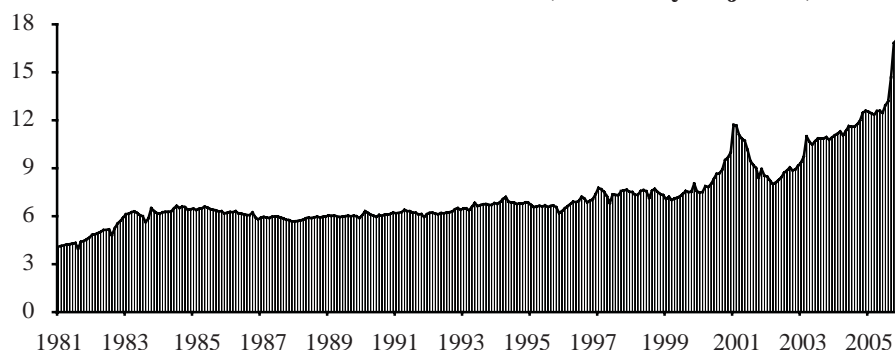
increase in 2007 for domestic dry natural gas production.

Ultimately, the balance between amount of supply and strength of demand is reflected in a product's price. The increasing demand and the problems in supply of natural gas have led to upward pressure in price. This surprised residential consumers of natural gas this winter as their home heating bills rose well above the previous year.

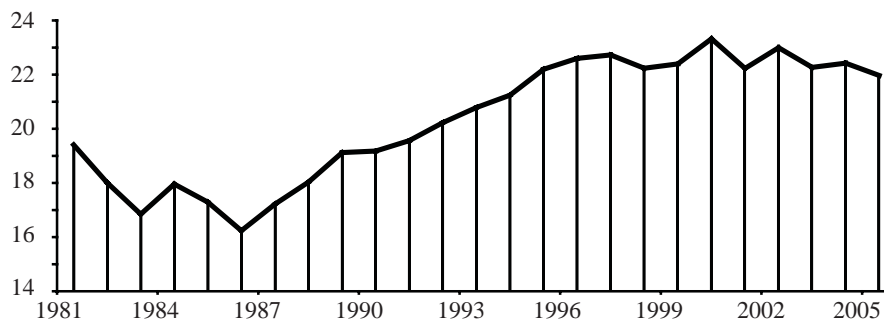
While there has been some easing in natural gas prices recently, it is unlikely they will fall to the levels seen before the California energy supply crisis — unless some fundamental changes occur.

— Dawn McLaren

RESIDENTIAL PRICE OF NATURAL GAS
Dollars Per Thousand Cubic Feet (Seasonally Adjusted)



NATURAL GAS CONSUMPTION BY VOLUME
(In Thousands of Cubic Feet)



Source: Energy Information Administration

NATIONAL ROUNDUP

U.S. JOB GROWTH



% Change: Jan. 2006 vs. Jan. 2005

Nonfarm	1.5
Goods-Producing	1.6
Construction	5.3
Manufacturing	-0.2
Service-Providing	1.5
Transportation, Warehousing & Utilities	1.7
Trade	1.1
Information	-0.1
Financial Activities	1.9
Professional & Business Services...	3.0
Educational & Health Services.....	2.2
Leisure & Hospitality	2.0
Government.....	0.5

Source: U.S. Bureau of Labor Statistics

U.S. REAL ESTATE



Residential Building Permits January 2006 vs. January 2005

	Total Residential	Single- family	Multi- family
2006	149,070	112,620	36,450
2005	138,159	105,147	33,012
% Δ	7.9	7.1	-10.4

Source: U.S. Department of Commerce

U.S. FORECASTS



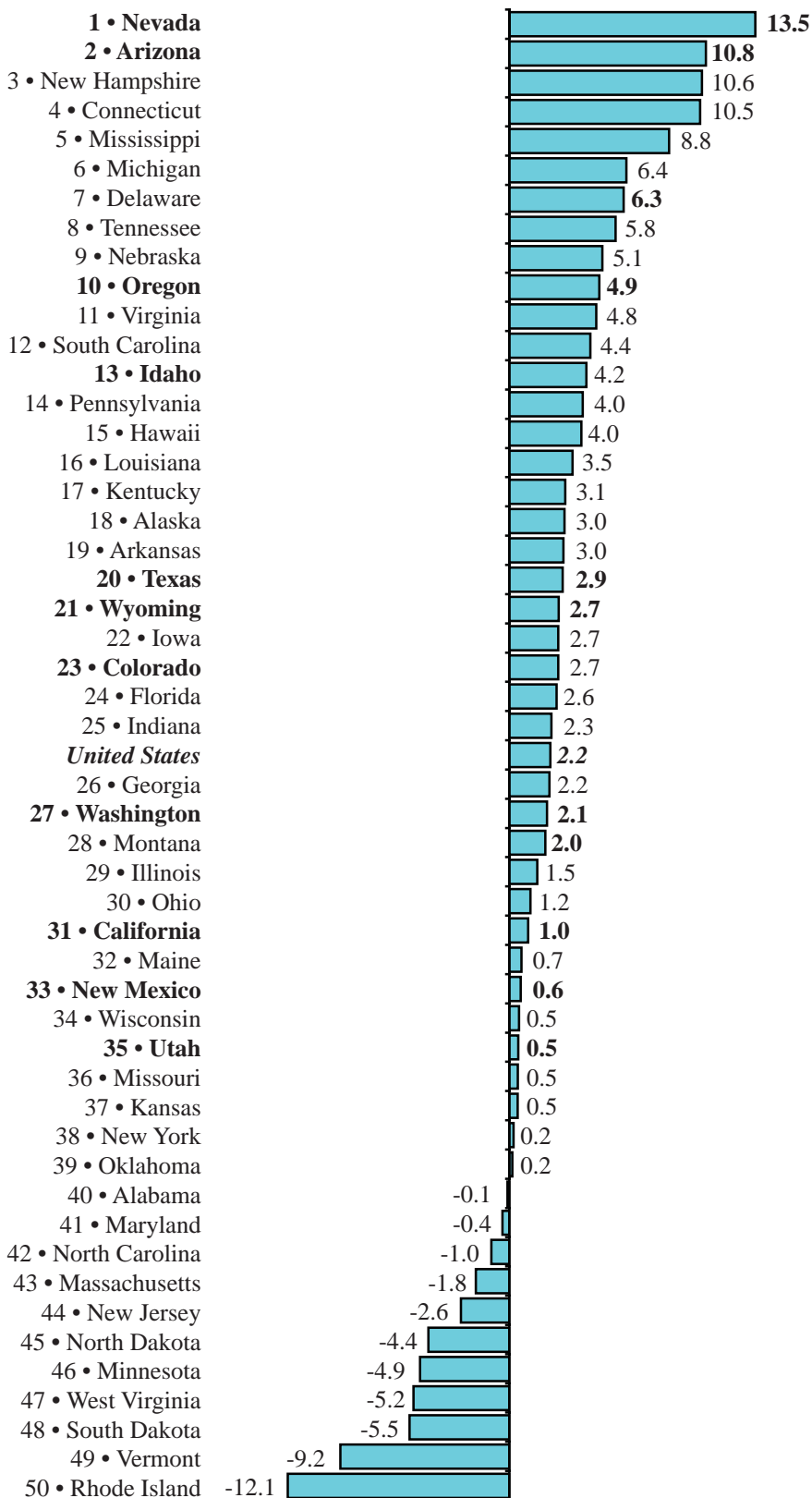
Percent Change

	2006	2007
Real GDP (Chain).....	3.3	2.7
CPI	2.5	1.8
GDP Deflator (Chain)...	2.6	1.9

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

ELECTRICITY GENERATION

Percent Change, 2004 vs. 2003



Source: Energy Information Administration

SUMMARY

WESTERN BLUE CHIP ECONOMIC FORECAST

State:	2006 Annual Percent Change, 2006 from 2005					2007 Annual Percent Change, 2007 from 2006				
	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 ↑	4.1 ↑	3.0 ↑	(6.0)↓	7.5 ↓	5.7 ↓	3.7 ↓	2.9 ↑	(3.9)↓
California	5.9	3.5	1.4 ↑	1.5	(9.9)↓	5.5	3.7	1.2 ↑	1.5	(4.9)↓
Colorado	5.9 ↓	3.5 ↓	2.2 ↓	1.5 ↑	(3.1)↓	6.2 ↑	4.5 ↑	2.1 ↑	1.5 ↓	(3.3)↑
Idaho	6.1	3.7	2.3	1.6	(5.4)	5.9	4.2	2.2	1.6	(4.7)
Nevada	8.1 ↑	5.6 ↑	4.5 ↑	3.7	1.0 ↓	7.5 ↓	5.7 ↓	4.0 ↑	3.5	(1.2)↓
New Mexico	5.4	3.0	2.1 ↑	1.5	(3.7)	5.4	3.6	2.1 ↑	1.6	(1.3)↓
Oregon	5.9 ↑	3.5 ↑	2.6 ↑	1.3 ↑	0.0 ↓	5.6 ↓	3.8 ↓	2.0 ↓	1.3 ↓	(1.4)↑
Texas	6.4 ↑	3.9 ↑	2.1 ↑	1.7	(2.8)↑	6.2 ↑	4.5 ↑	2.0 ↑	1.7 ↑	(3.3)↓
Utah	6.8	4.4	3.2	2.1	1.6	6.4	4.6	2.9	1.9	1.2
Washington	6.3 ↑	3.9 ↑	2.7 ↑	1.6 ↑	(5.9)↓	6.1 ↑	4.4 ↑	2.2 ↑	1.6 ↑	(8.3)↓

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

Forecast notes from the Western region...

Nevada will be hard pressed to match its economic performance of 2005, when it posted 6.2 percent job growth and double-digit gains in both gaming revenues and taxable sales. Nevertheless, the state's economy should remain strong in 2006 and once again rank among the leading states for percentage job growth.

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

Texas remains the top state for corporate relocations and expansions, attracting 842 projects in 2005 according to *SITE Selection* magazine. A big draw is housing affordability. A recent survey by the Office of Federal Housing Enterprise Oversight (OFHEO) found that Texas ranked dead last among the 50 states in inflation-adjusted annual average housing appreciation over the past 30 years, at -0.3 percent. Since 2000, real average housing prices in Texas have risen at an annual rate of only 1.8 percent compared to the U.S. average of 7.0 percent.

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

In the post-2000 period, the **New Mexico** economy has been one of the strongest in the nation. Indeed, New Mexico was one of only three states not to suffer a budget deficit, and one of only five states to not fall into recession.

New Mexico had some special circumstances not shared by most other states, including rapid growth in the health-care sector, a generally strong (but intermittent) construction sector, rapid expansion in Native American gaming, an influx of call centers, and a booming mining (mostly oil and gas) sector, among others. The outlook is for moderate employment growth in the 2.0–2.5 percent range in 2006 and 2007, slowing to near 1.5 percent through 2010.

— **Larry Waldman**
*University of New Mexico
Albuquerque, New Mexico*

Nevada's outlook remains more optimistic than the U.S. economy. Business expansion continues at a strong rate. Investment and job growth, having been very strong for some time, may well show some slack in 2006, just as a long distance runner with a large lead takes a more measured course of action to sustain an effort. Still, momentum should continue to create jobs, income, and wealth in 2006.

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

[This year] promises to bring trend growth to **Arizona's** economy. Population will expand by another 200,000, and 110,000 new jobs will be created. The average wage per private-sector worker will rise by 4.9 percent and total personal

income will grow by 9.4 percent, aided by a strong rebound of dividends, interest and rents. The pace will slow in 2007 as construction activity moderates and consumers spend more cautiously.

— **Marshall Vest**
*University of Arizona
Tucson, Arizona*

The number of **Texas** jobs is increasing at its fastest rate in nearly five years. Underlying the expansion over the past year were growth rates of 20-plus percent in housing construction and oil/gas drilling activity.

— **Gary Preuss**
*State Comptroller of Public Accounts
Austin, Texas*

California's economy so far in 2006 is performing well. There was some recent good news: The annual revisions to wage and salary employment for the last two years revealed that job growth during 2005 was stronger than first indicated, +1.8 percent. A growing problem is the low skills level of job seekers and, as expected, new homebuilding is easing down. However, developers are still proposing high-rise condos

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

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)	7.4	6.6	3.6	2.9	(5.0)
Arizona Public Service	8.0	9.0	3.7	2.9	(5.0)	7.8	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	4.2	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.	8.4	7.4	4.1	3.1	(5.6)	8.2	7.0	4.1	3.2	(5.1)
Elliott D. Pollack & Co.	8.0	9.0	4.8	3.3	(10.0)	7.5	7.5	4.0	3.0	(5.0)
H. C. Reardon Economics	7.9	7.5	4.4	3.1	(7.0)	7.6	6.8	3.9	3.0	(2.0)
Joint Legislative Budget Committee	8.0	9.0	4.0	3.0	(5.0)	7.4	6.5	3.3	3.0	(3.0)
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	(7.0)	8.3	6.4	3.6	2.7	(5.0)
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	7.5	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	7.7	4.1	3.0	(6.0)	7.5	6.8	3.7	2.9	(3.9)
— Last Month	8.0	7.5	4.0	3.0	(5.8)	7.5	6.8	3.7	2.9	(3.4)

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	1.4	1.5	(12.5)	5.1	4.6	0.8	1.5	(6.1)
L.A. County Econ. Development Corp.	6.1	9.4	1.6	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	5.0	1.7	1.3	(7.0)	5.8	4.8	1.1	1.3	(8.0)
Consensus Forecast — This Month	5.9	5.6	1.4	1.5	(9.9)	5.5	5.4	1.2	1.5	(4.9)
— Last Month	5.9	5.6	1.4	1.5	(9.8)	5.5	5.4	1.1	1.5	(4.8)

*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	5.8	5.4	2.0	1.5	(1.5)	7.1	6.0	2.6	1.6	(3.2)
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	4.9	2.5	1.3	(4.5)	5.4	4.9	2.0	1.3	(4.5)
Xcel Energy	5.8	5.4	2.0	1.5	(1.3)	7.1	6.0	2.6	1.6	(2.5)
Consensus Forecast — This Month	5.9	5.4	2.2	1.5	(3.1)	6.2	4.7	2.1	1.5	(3.3)
— Last Month	5.9	5.5	2.2	1.5	(3.1)	5.9	4.5	1.9	1.5	(4.5)

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	6.1	4.8	2.3	1.6	(5.4)	5.9	3.2	2.2	1.6	(4.7)

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	7.5	5.0	4.5	4.0	0.0	7.0	5.0	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	6.2	4.2	3.7	(1.0)	6.8	5.8	3.3	3.5	(3.0)
Consensus Forecast — This Month	8.1	5.5	4.5	3.7	1.0	7.5	4.4	4.0	3.5	(1.2)
— Last Month	8.0	5.7	4.5	3.7	1.4	7.6	4.5	4.0	3.5	(1.1)

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 Department of Labor		1.3	2.0							
New Mexico State Univ. - CEMAF	5.2	1.0	1.6							
Public Service New Mexico	5.3	2.9	1.9	1.5	(2.5)	5.2	3.4	1.9	1.5	(2.0)
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	1.7	2.7	1.7	(3.5)	5.6	1.6	2.4	1.8	(3.8)
Consensus Forecast — This Month	5.4	1.9	2.1	1.5	(3.7)	5.4	2.2	2.1	1.6	(1.3)
— Last Month	5.4	1.9	2.1	1.5	(3.7)	5.4	2.1	2.0	1.6	(1.0)

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	2.7	2.8	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	0.7	2.1	1.4	(4.6)	5.8	(0.7)	1.5	1.3	(1.8)
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	6.2	2.3	2.6	1.3	1.9	5.4	0.8	1.7	1.2	0.9
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	0.9	2.4	1.3	(3.1)	5.4	0.7	2.0	1.3	(3.5)
Consensus Forecast — This Month	5.9	1.8	2.6	1.3	0.0	5.6	0.7	2.0	1.3	(1.4)
— Last Month	5.8	1.8	2.4	1.2	0.1	5.6	0.6	2.0	1.3	(1.8)

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	6.1	5.9	1.9	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	6.8	6.5	2.1	2.1	(7.5)	7.0	7.0	1.9	1.8	(3.6)
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	5.9	5.7	1.6	1.6	(9.1)	6.0	6.1	1.7	1.7	(7.3)
University of North Texas	5.6	5.4	2.0	1.7	0.5	5.8	5.4	1.9	1.7	0.3
University of Texas at El Paso	6.4	6.0	2.0	1.8	(1.5)	5.9	5.4	1.9	1.7	(1.2)
Wells Fargo & Co.	7.2	6.0	2.6	1.6	(3.7)	6.7	6.0	2.6	1.7	(4.5)
Consensus Forecast — This Month	6.4	5.9	2.1	1.7	(2.8)	6.2	6.0	2.0	1.7	(3.3)
— Last Month	6.3	5.9	2.0	1.7	(3.1)	6.2	6.0	2.0	1.7	(3.2)

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	6.4	5.2	2.9	1.9	1.2

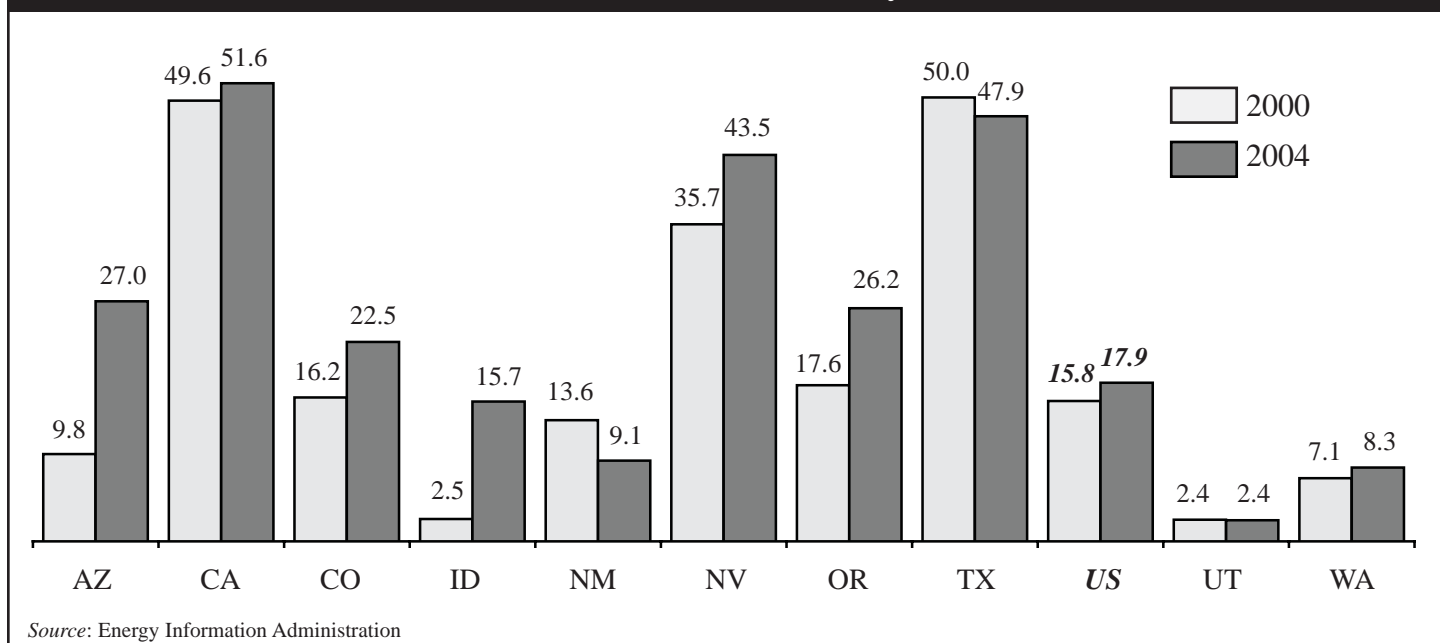
WASHINGTON

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	3.3	1.5	(6.1)	5.7	5.0	2.2	1.5	(10.0)
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	6.5	6.7	2.7	1.7	0.5	6.5	6.1	2.5	1.8	(6.5)
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	5.5	2.2	1.3	(7.7)	5.4	5.4	1.9	1.4	(8.2)
Consensus Forecast — This Month	6.3	5.8	2.7	1.6	(5.9)	6.1	5.5	2.2	1.6	(8.3)
— Last Month	6.2	5.8	2.6	1.5	(5.7)	6.1	5.5	2.1	1.6	(6.9)

* Population forecast is from the Office of Financial Management.

NATURAL GAS POWERED ELECTRICITY GENERATION

Percent as Share of Total Electricity Generation



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

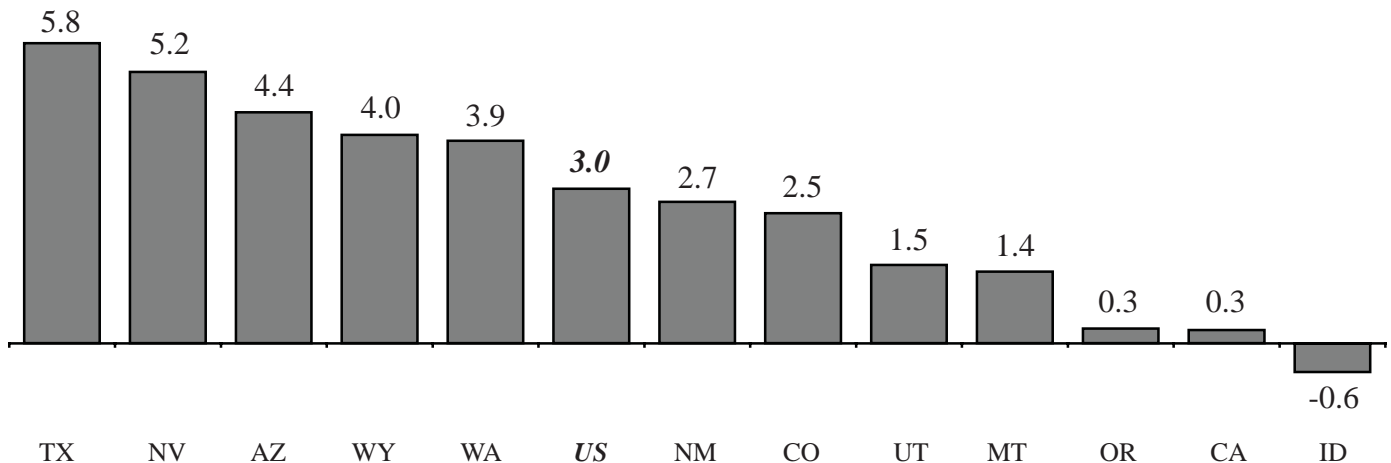
WESTERN BLUE CHIP ECONOMIC FORECAST

WASHINGTON

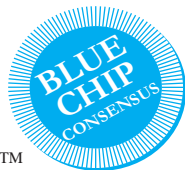
	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2005	226,147 †	201,725 †	2,763.2	97,253	267.1	40,928	6,288	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

RETAIL ELECTRICITY SALES (In Kilowatt Hours) Percent Change, YTD November 2005 vs. YTD November 2004



Source: Energy Information Administration



WESTERN BLUE CHIP ECONOMIC FORECAST

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