

## 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

## Nevada leads U.S. in population growth for 19th year

State population growth estimates recently released for 2005 confirmed what Western economic analysts have come to expect — Nevada once again led the nation in the rate of increase, followed (closely!) by Arizona.

For Nevada, this was the 19th straight year that the Silver State recorded the fastest rate of population growth, posting a 3.5 percent gain in the number of residents. And, for the 12th consecutive year, Arizona was in second place.

But this time, the people counters at the U.S. Census Bureau had to take their calculations out to two digits to determine which of the two Western states deserved the growth crown. Nevada's increase of 81,909 residents represented a 3.51 gain, while the Grand Canyon State added 199,413 persons for an increase of 3.47 percent.

Nevada's growth rate was down somewhat from the 4.0 percent recorded in 2004, while Arizona accelerated compared to the 2.9 percent increase from the previous year.

The growth figures released were estimates produced by the Census Bureau for the 12 months between July 1, 2004 and July 1, 2005.

Colorado and Oregon tied for 10th place in the population derby, so seven of the top 10 slots were occupied by Western states, three by Southern states, and Delaware represented the East [see map].

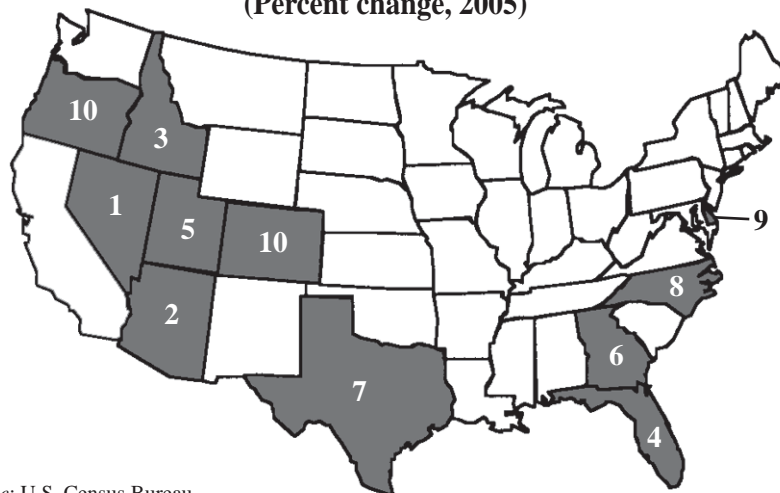
The nation as a whole grew by .9 percent, similar to recent gains, with an increase of 2.7 million new residents. There were 18 states that grew more rapidly, and nine were in the West (for growth rates of all states, see the Roundup, page 2).

Three Western states (Montana, California and Wyoming) grew more slowly than the national average in 2005.

Although California's rate of increase was only 0.8 percent, the Golden State added 290,109 new residents, third overall behind Florida and Texas [see table].

Washington's increase of 80,713 pushed

LEADING POPULATION GROWTH STATES  
(Percent change, 2005)



Source: U.S. Census Bureau

the state past Indiana to rank 14th in total population, while Arizona became larger than Missouri and took 17th place. At current rates of growth, it appears likely that Arizona will pass Tennessee next year and move into 16th rank for absolute size.

Florida attracted the most new residents from internal migration in 2005, followed by Arizona with more than 100,000. Nevada and Texas each reported in excess of 50,000 net relocaters from other states.

While California lost residents due to internal migration, the state ranked first in numerical increase in residents of international origin, with 232,700. Texas reported the second largest gains in this category.

Population growth will continue strong in 2006, according to current projections from the *Western Blue Chip* forecasters. Nevada's role as the national growth leader seems secure, with expected gains of 3.8 percent. Arizona's growth will return to the 3.0 percent range. But all Western states are projected to exceed the most likely national rate of increase of about 1.0 percent [see state forecasts inside, page 3].

— Lee McPheters

### NUMERIC POPULATION GAINS, 2005

#### Total Increase

Florida .....	404,434
Texas.....	388,419
California.....	290,109
Arizona .....	199,413
Georgia .....	154,447

#### Internal Migration

Florida .....	262,511
Arizona .....	123,704
North Carolina.....	66,383
Nevada.....	55,715
Texas.....	51,067

#### International Migration

California.....	232,700
Texas.....	109,467
New York.....	108,811
Florida .....	87,222
Illinois.....	53,597

Source: U.S. Census Bureau

# NATIONAL ROUNDUP

## U.S. JOB GROWTH



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

Nonfarm .....	1.5
Goods-Producing .....	1.2
Construction .....	4.3
Manufacturing .....	-0.4
Service-Providing .....	1.5
Transportation, Warehousing & Utilities .....	2.2
Trade .....	0.8
Information .....	0.4
Financial Activities .....	2.5
Professional & Business Services...	2.7
Educational & Health Services.....	2.2
Leisure & Hospitality .....	1.6
Government.....	0.7

Source: U.S. Bureau of Labor Statistics

## U.S. REAL ESTATE



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

	Total Residential	Single- family	Multi- family
2005	159,813	123,430	36,383
2004	154,236	113,995	40,241
% Δ	3.6	8.3	-9.6

Source: U.S. Department of Commerce

## U.S. FORECASTS



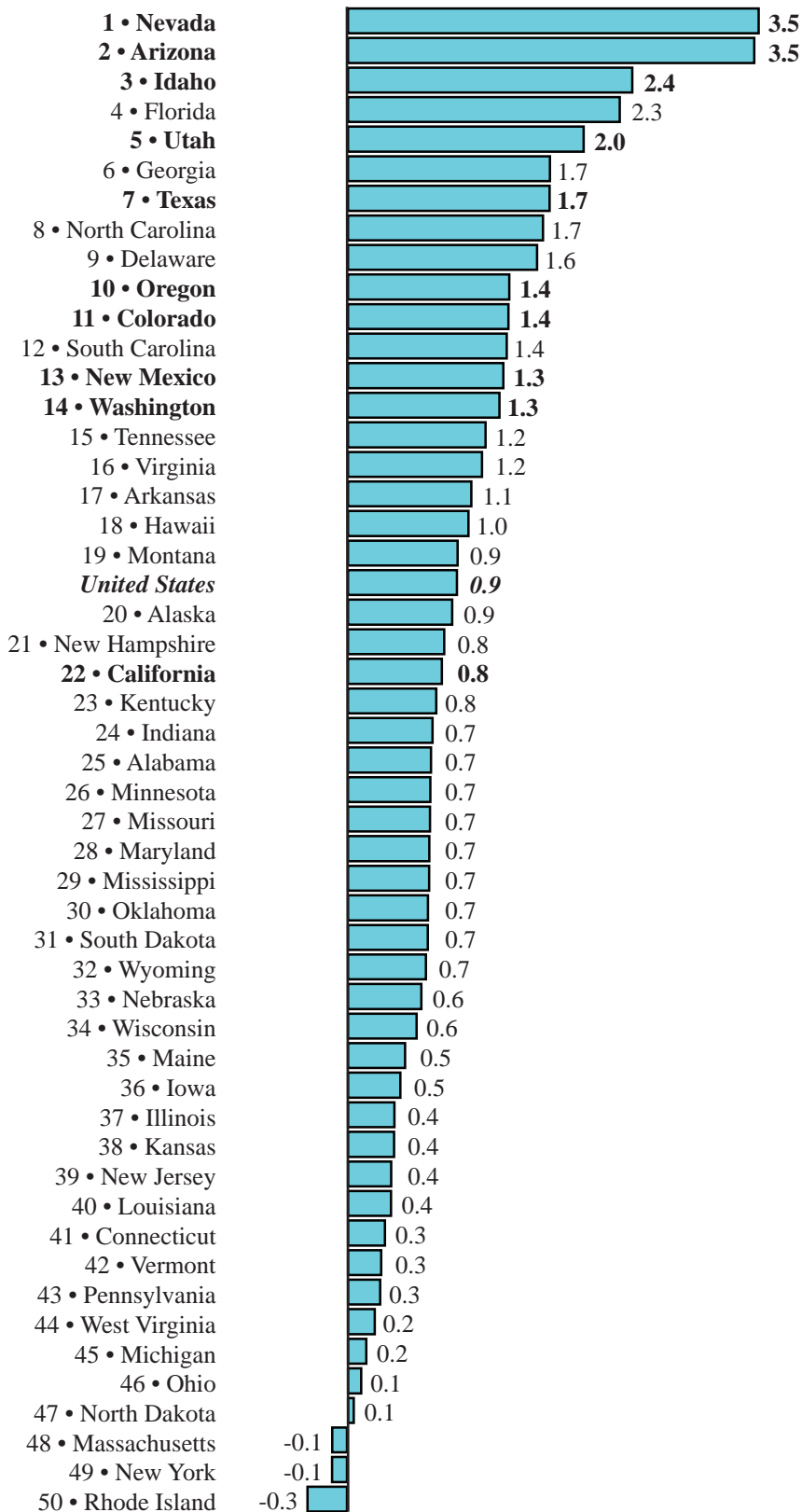
### Percent Change

	2006	2007
Real GDP (Chain).....	3.5	2.9
CPI .....	2.4	1.4
GDP Deflator (Chain)...	2.4	1.8

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

## POPULATION ESTIMATES

### Percent Change, 2005 vs. 2004



Source: U.S. Census Bureau

# 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	7.9 ↓	5.5 ↑	4.0 ↓	3.0 ↓	(5.9) ↓	7.4 ↓	5.7 ↑	3.6 ↓	2.9 ↓	(3.8) ↑
California	5.9 ↑	3.5 ↑	1.5 ↓	1.5 ↓	(7.6) ↓	5.6 ↓	3.9 ↑	1.2 ↓	1.4 ↑	(3.4) ↑
Colorado	5.9 ↓	3.5 ↑	2.2 ↓	1.5 ↑	(3.0) ↓	6.1 ↑	4.4 ↑	2.3 ↑	1.5 ↑	(3.3) ↓
Idaho	6.0 ↓	3.6 ↑	2.3 ↓	1.6 ↑	(5.1) ↓	5.8 ↑	4.1 ↑	2.4 ↑	1.5 ↓	(6.0) ↓
Nevada	8.0 ↑	5.6 ↑	4.5 ↓	3.8 ↓	2.1 ↑	7.6 ↓	5.9 ↑	4.0 ↓	3.4 ↓	(1.8) ↓
New Mexico	5.3 ↓	2.9 ↑	1.9 ↑	1.5 ↓	(3.9) ↓	5.2 ↓	3.4 ↑	1.9 ↓	1.5 ↓	(1.4) ↑
Oregon	5.8 ↓	3.4 ↑	2.4 ↓	1.2 ↓	0.1 ↓	5.6 ↓	3.8 ↑	2.0 ↓	1.3 ↑	(1.4) ↑
Texas	6.3 ↑	3.9 ↑	2.0 ↑	1.7 ↓	(2.9) ↓	6.2 ↑	4.5 ↑	2.0 ↑	1.7 ↓	(3.1) ↓
Utah	6.8 ↑	4.4 ↑	3.2 ↑	2.1 ↑	1.6 ↓	6.5 ↑	4.7 ↑	2.9 ↑	1.9 ↑	1.2 ↑
Washington	6.3 ↑	3.9 ↑	2.5 ↑	1.6 ↑	(7.4) ↓	6.1 ↑	4.4 ↑	2.1 ↓	1.6 ↑	(5.9) ↑

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

## Forecast notes from the Western region...

[This] should be a pretty good year in **Texas**. Benchmark employment data show job growth will be revised up for the first two quarters of 2005 — thus, job growth last year was stronger than most people think. High energy prices should result in Texas outperforming the nation for the second consecutive year. Housing prices have risen less than the national average, so home price declines are less of a concern here than in other places in the country.

— **Keith R. Phillips**  
*Federal Reserve Bank of Dallas  
Dallas, Texas*

Contrary to the belief that high gas prices would put a pause in the **Utah** labor market during the third quarter of 2005, revised employment numbers now show that to be far from the actual scenario. Instead, Utah employment took a big jump forward. Employment growth moved from the mid 3-percent range to the high 4-percent range in just a few months. The professional and business services sector led this charge. Construction continues to boom, and all other sectors are participating in the overall strong economic environment.

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

**California's** economy will continue to grow at a moderate rate in 2006, with the punch being provided by interna-

tional trade, technology and tourism. In aerospace, subcontractors for Boeing and Airbus are looking at healthy backlogs of commercial jets. However, the defense sector is nervously watching Department of Defense budget wrangling, but program cuts won't really hit until 2007.

Homebuilding in the state will ease down in 2006, as will unit sales in the resale housing market. The median price of a resale home could also slip, mainly due to softness in the million-dollar market. On the positive side, nonresidential construction should be strong both north and south. Remember that 2006 is a political year, with what looks to be a vigorous race for governor.

— **Jack Kyser**  
*Economic Development Corp.  
of Los Angeles County  
Los Angeles, California*

**Texas** cities will continue to perform differently over the next two years with divergences in employment growth rates as great as 2 percentage points. Upstream energy will be a dominant source of growth in 2006, giving way to a much broader basis of growth in 2007 as energy cools down.

— **Barton Smith**  
*University of Houston  
Houston, Texas*

Historically high levels of household indebtedness, rising interest rates, and

changing demographics collectively represent the most serious storm cloud hovering over the **Texas** economic outlook.

— **Tom Fullerton**  
*University of Texas at El Paso  
El Paso, Texas*

Although **California's** housing markets were cooling some in late 2005, the state continues to enjoy broad-based economic growth, with high-tech and export-related industries leading the way.

— *UCLA Anderson Forecast  
Los Angeles, California*

Employment growth in **Texas** continues at a measured pace, but nothing like the boom years of 1995-2000 when the state added more than 1.4 million jobs. For the 2000-2005 period, job growth was less than 200,000. In Dallas-Fort Worth, the slowest-growing among the state's large metros, payroll employment remains 45,000 below the peak of 2000.

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

Momentum continues in **Texas**, and new economic development initiatives will pay substantial dividends.

— **M. Ray Perryman**  
*The Perryman Group  
Waco, Texas*

# 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 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)
Arizona Department of Commerce	7.9	7.2	4.0	3.0	(7.0)	7.5	6.1	3.7	2.9	(10.0)
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	7.5	7.0	4.2	3.0	(5.0)	7.5	6.9	3.8	2.9	(5.0)
Eggert Economic Enterprises Inc.	8.6	7.3	4.2	3.1	(5.1)	8.4	7.2	4.3	3.3	(4.1)
Elliott D. Pollack & Co.	8.0	8.0	4.0	3.0	(10.0)	7.5	7.5	3.8	3.0	(5.0)
H. C. Reardon Economics	7.7	7.2	4.1	3.1	(7.0)	7.2	6.8	3.8	2.8	(2.0)
Joint Legislative Budget Committee	7.6	7.5	4.0	3.0	(5.0)	7.2	7.0	3.1	3.0	(1.5)
The Maguire Company	8.1	7.2	3.9	3.1	(5.0)	7.6	6.9	3.8	3.1	(5.0)
Metropolitan West Asset Management	7.9	7.4	4.1			7.9	7.1	4.0		
NAU - BBER	7.8	7.0	3.8	2.8	(5.0)	8.0	6.4	3.7	2.7	0.0
Salt River Project	8.5	7.0	4.2	3.2	(4.0)	7.0	6.0	2.5	2.7	(4.0)
Stellar Capital Management	7.2	7.0	3.8	2.7	(7.5)	7.1	6.9	3.6	2.6	(5.0)
UA - Eller College	9.4	6.7	4.4	3.3	(7.2)	7.4	6.3	3.0	3.1	(4.3)
VisionEcon	8.0	8.3	4.4	3.4	0.0	6.1	6.7	2.9	2.9	(2.0)
Wells Fargo & Co.	7.4	6.7	3.2	2.8	(3.3)	7.2	6.3	3.0	2.7	(4.0)
<b>Consensus Forecast — This Month</b>	<b>7.9</b>	<b>7.4</b>	<b>4.0</b>	<b>3.0</b>	<b>(5.9)</b>	<b>7.4</b>	<b>6.8</b>	<b>3.6</b>	<b>2.9</b>	<b>(3.8)</b>
<b>— Last Month</b>	<b>7.9</b>	<b>8.2</b>	<b>4.2</b>	<b>3.1</b>	<b>1.1</b>					

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	5.2	1.7	1.7	(0.8)					
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	(5.2)	5.9	8.7	1.4	1.3	(1.3)
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	5.7	5.2	1.3	1.4	(10.0)	5.5	5.6	1.4	1.4	(1.0)
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	4.8	1.6	1.3	(6.0)	5.8	4.7	1.0	1.3	(6.5)
<b>Consensus Forecast — This Month</b>	<b>5.9</b>	<b>5.6</b>	<b>1.5</b>	<b>1.5</b>	<b>(7.6)</b>	<b>5.6</b>	<b>5.7</b>	<b>1.2</b>	<b>1.4</b>	<b>(3.4)</b>
<b>— Last Month</b>	<b>5.9</b>	<b>5.2</b>	<b>1.6</b>	<b>1.6</b>	<b>(2.9)</b>					

\*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.	5.0	5.2	2.0	1.5	(8.0)					
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	6.6	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.	5.5	4.7	2.3	1.3	(3.2)	5.4	4.8	1.9	1.3	(3.6)
Xcel Energy	6.0	5.8	2.0	1.3	1.8					
<b>Consensus Forecast — This Month</b>	<b>5.9</b>	<b>5.6</b>	<b>2.2</b>	<b>1.5</b>	<b>(3.0)</b>	<b>6.1</b>	<b>5.7</b>	<b>2.3</b>	<b>1.5</b>	<b>(3.3)</b>
— Last Month	5.8	5.7	2.3	1.4	(1.8)					

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	6.5		1.8	1.6	(11.5)					
Idaho Economics	6.2		2.3	1.7	(5.0)	6.0		2.2	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.	6.7	5.5	2.7	1.5	(5.0)	6.5	5.0	2.7	1.5	(5.0)
<b>Consensus Forecast — This Month</b>	<b>6.0</b>	<b>4.9</b>	<b>2.3</b>	<b>1.6</b>	<b>(5.1)</b>	<b>5.8</b>	<b>3.2</b>	<b>2.4</b>	<b>1.5</b>	<b>(6.0)</b>
— Last Month	5.9	4.9	2.4	1.5	11.3					

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	4.0					
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.	7.1	5.9	3.9	3.8	0.5	6.8	5.7	3.2	3.5	(2.0)
<b>Consensus Forecast — This Month</b>	<b>8.0</b>	<b>5.5</b>	<b>4.5</b>	<b>3.8</b>	<b>2.1</b>	<b>7.6</b>	<b>4.2</b>	<b>4.0</b>	<b>3.4</b>	<b>(1.8)</b>
— Last Month	8.0	5.8	4.8	3.9	(1.2)					



# 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	5.0	0.8	1.8	1.5	(3.0)	4.9	0.6	1.7	1.4	(5.0)
University of New Mexico - BBER	5.9	3.8	2.5		(9.7)	5.4	3.0	2.0		(0.5)
Wells Fargo & Co.	5.5	1.5	2.5	1.7	(2.7)	5.6	1.5	2.3	1.8	(2.7)
<b>Consensus Forecast — This Month</b>	<b>5.3</b>	<b>1.5</b>	<b>1.9</b>	<b>1.5</b>	<b>(3.9)</b>	<b>5.2</b>	<b>1.4</b>	<b>1.9</b>	<b>1.5</b>	<b>(1.4)</b>
— Last Month	5.3	0.7	2.0	1.5	2.6					

### 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	1.2	2.5	1.4	(11.9)	5.5	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	6.2	2.8	1.8	1.2	(5.4)	5.5	0.0	1.4	1.3	(0.7)
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.	5.3	0.5	2.2	1.3	(2.2)	5.4	0.6	1.9	1.3	(2.5)
<b>Consensus Forecast — This Month</b>	<b>5.8</b>	<b>1.8</b>	<b>2.4</b>	<b>1.2</b>	<b>0.1</b>	<b>5.6</b>	<b>0.8</b>	<b>2.0</b>	<b>1.3</b>	<b>(1.4)</b>
— Last Month	6.1	2.2	2.5	1.3	6.4					

### 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	(0.5)
Perryman Group	6.7	6.8	1.8	2.1	(9.0)	6.9	7.0	1.8	1.8	(5.0)
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	5.3	2.1	1.7	1.0	5.8	5.4	2.1	1.7	0.9
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	5.8	2.5	1.6	(2.8)	6.7	5.9	2.5	1.7	(3.1)
<b>Consensus Forecast — This Month</b>	<b>6.3</b>	<b>5.9</b>	<b>2.0</b>	<b>1.7</b>	<b>(2.9)</b>	<b>6.2</b>	<b>6.0</b>	<b>2.0</b>	<b>1.7</b>	<b>(3.1)</b>
— Last Month	6.1	6.1	1.9	1.7	2.5					

# 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)	6.5	5.5	2.8	2.0	(5.0)
<b>Consensus Forecast — This Month</b>	<b>6.8</b>	<b>5.8</b>	<b>3.2</b>	<b>2.1</b>	<b>1.6</b>	<b>6.5</b>	<b>5.3</b>	<b>2.9</b>	<b>1.9</b>	<b>1.2</b>
<b>— Last Month</b>	<b>6.1</b>	<b>5.2</b>	<b>2.9</b>	<b>2.0</b>	<b>6.3</b>					

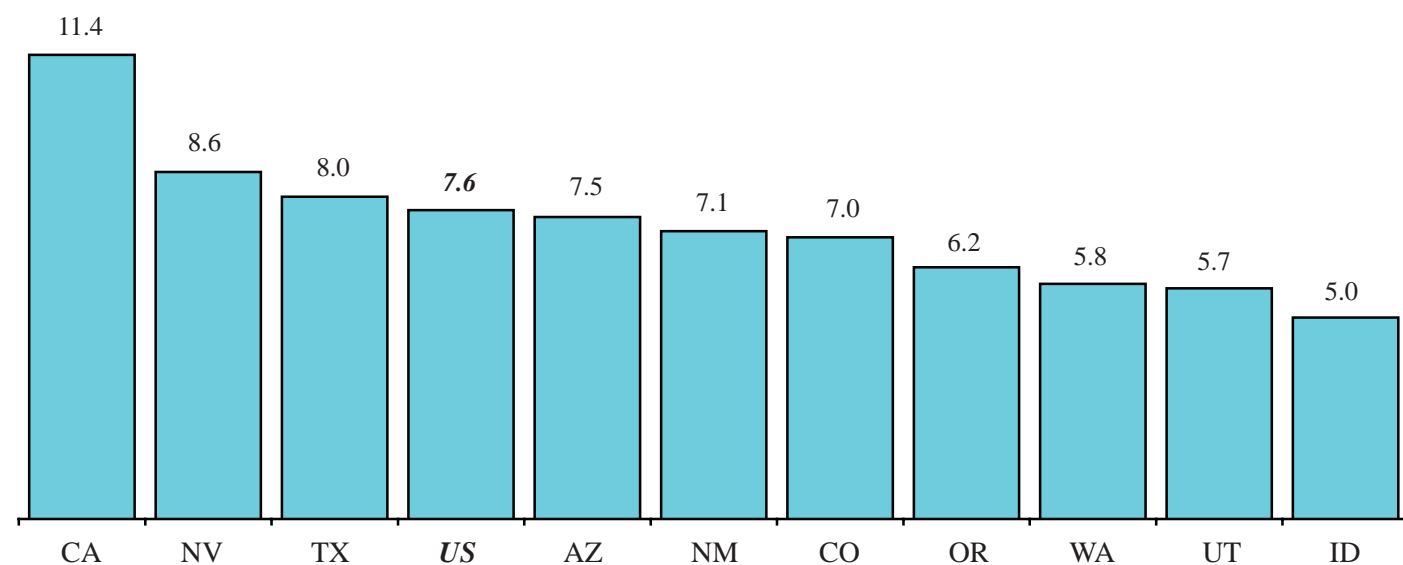
### WASHINGTON

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	5.2	3.0	1.5	(7.0)	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	6.5	5.9	2.5	1.7	(5.0)	6.2	5.8	2.2	1.7	(3.5)
Office of Forecast Council *	7.4	5.2	2.4	1.8	(17.0)	6.9		2.1	1.8	(7.8)
Wells Fargo & Co.	5.3	5.2	2.0	1.3	(6.8)	5.4	5.3	1.8	1.4	(6.5)
<b>Consensus Forecast — This Month</b>	<b>6.3</b>	<b>5.6</b>	<b>2.5</b>	<b>1.6</b>	<b>(7.4)</b>	<b>6.1</b>	<b>5.6</b>	<b>2.1</b>	<b>1.6</b>	<b>(5.9)</b>
<b>— Last Month</b>	<b>4.1</b>	<b>6.5</b>	<b>2.5</b>	<b>1.4</b>	<b>(1.0)</b>					

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

### AVERAGE PRICE OF ELECTRICITY

Cents per Kilowatt Hour, 2004



Source: Energy Information Administration

# 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 †	2,473.2 †	55,671 †	175.8 †	70,171 †	5,922 †	4.7
% change	8.0	5.4	4.2	8.4		1.2	3.1	
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 †	14,771.4 †	354,385 †	1,532.7 †	148,299 †	36,432 †	5.4
% change	5.9	3.2	1.6	5.2		(1.6)	1.5	
2004	1,262,454	1,157,249	14,538.8	336,868 †	1532.7	150,710	35,894	6.2
% change	6.6	3.9	1.0	5.2	(1.0)	7.3	1.2	
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 †	2,226.8 †	57,930 †	154.6 †	37,134 †	4,666 †	5.0
% change	5.9	3.1	2.2	5.6		(2.7)	1.4	
2004	166,153	152,306	2,178.9	54,858 †	154.6	38,164	4,601	5.5
% change	5.8	3.1	1.3	4.0	(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 †	603.3 †	17,637 †	61.5 †	16,613 †	1,414 †	3.9
% change	6.2	3.4	2.8	5.0		13.4	1.5	
2004	37,394	34,277	586.9	16,797 †	61.5	14,650	1,393	4.8
% change	7.9	5.1	2.6	4.6	(0.8)	17.8	1.9	
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 †	1,207.7 †	41,087 †	10,641.8 †	38,351 †	2,426 †	4.0
% change	8.0	5.1	4.8		5.8	(1.2)	3.9	
2004	78,876	72,303	1,152.4	41,087	10,058.4 †	38,817	2,335	4.3
% change	10.1	7.3	5.9	16.0	4.5	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 †	805.7 †	12,312 †	36.2 †	12,424 †	1,932 †	5.6
% change	5.5	2.7	1.9		0.7	5.8	1.5	
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 †	1,633.5 †	203.6 †	22,783 †	28,000 †	3,641 †	6.3
% change	6.1	3.3	2.5	2.1	6.6		1.3	
2004	109,935	100,774	1,593.7	199.5	21,372	28,000	3,595	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 †	9,648.9 †	347.6 †	889.5 †	144,788 †	22,872 †	5.4
% change	6.1	3.3	1.8	6.1		2.1	1.7	
2004	690,376	632,844	9,478.3	327.6	889.5	141,810	22,490	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 †	1,136.3 †	21,409 †	114.9 †	21,272 †	2,437 †	4.6
% change	6.1	3.3	3.0	5.2		6.9	2.0	
2004	64,376	59,011	1,103.2	20,351	114.9	19,899	2,389	5.2
% change	6.7	4.0	2.7	8.2	2.3	10.6	1.6	
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

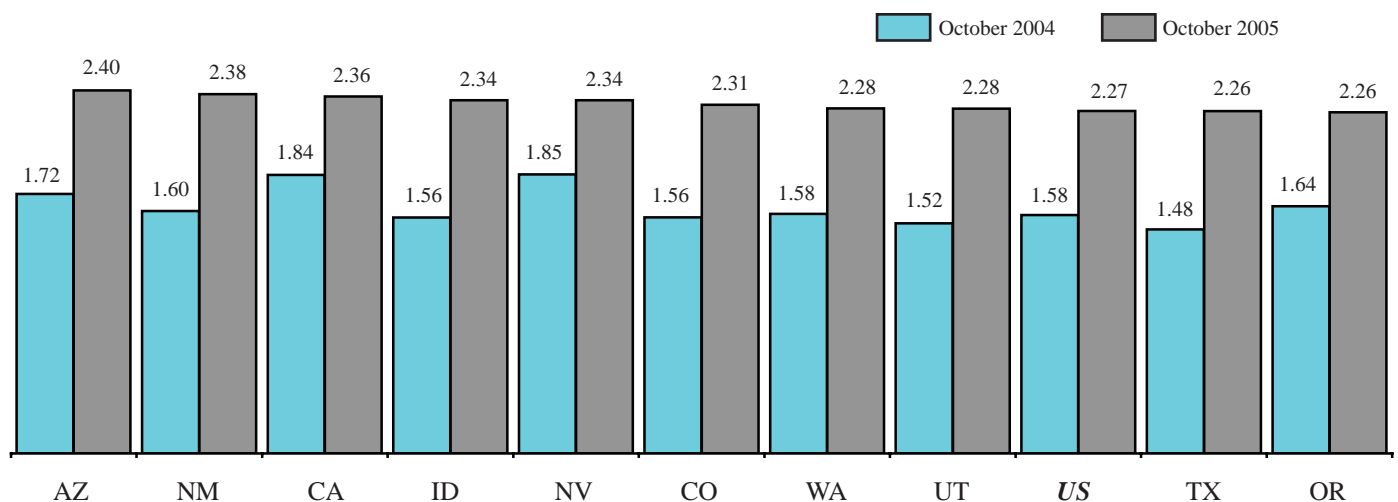
## WESTERN BLUE CHIP ECONOMIC FORECAST

### WASHINGTON

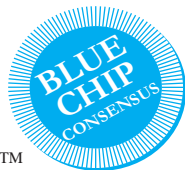
	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2005	226,147 †	201,725 †	2,763.0 †	97,253	263.5 †	37,662 †	6,291 †	5.5
% change	4.1	1.3	2.4	7.9		2.3	1.4	
2004	217,240	199,137	2,698.2	90,139	263.5	36,815	6,204	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

## AVERAGE PRICE OF GASOLINE AT RETAIL OUTLETS Dollars per Gallon



Source: Energy Information Administration



### WESTERN BLUE CHIP ECONOMIC FORECAST

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# WESTERN BLUE CHIP PANEL

## WESTERN BLUE CHIP ECONOMIC FORECAST

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