

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

Personal income fails to keep pace with debt

As the government's debt grows and consumers increase their debt service ratios, the question looms: How long can the spending continue without some severe consequences? Compared to other economic recoveries since World War II, this one has brought a notable lack of enthusiasm. Part of the reason may be that it followed on the heels of the booming 1990s — but there also is something else at play.

A quick look at household debt service payments as a percent of disposable personal income reveals that consumers are feeling a much harder pinch in the budget than they have during past recoveries. While rising housing price valuations may offset some of the uneasy feeling about these debt burdens, there is widespread uncertainty about the exuberance in the real estate market limits.

Mortgage debt payments as a percent of disposable personal income also have risen with remarkable vigor over the last two years. The last time such a ratio of mortgage debt payments occurred was in the second quarter of 1991. From the third quarter of 1990 to the first quarter of 1991, the country had been in a recession (according to the National Bureau of Economic Research), and the mortgage debt ratio had been rising since the first quarter of 1989. What made a difference then was that, during the same period, the overall debt ratio was declining. This time is different.

In terms of jobs and the housing market, Nevada is leading the nation. Further good news in Nevada is the fact that total bankruptcy filings in the first quarter of 2005 compared to the first quarter of 2004 declined by 18.9 percent [see Page 7].

The National Association of Realtors, however, released figures that show total sales of homes declining in the first quarter of 2005 compared to the previous year, and flat for the second quarter. Unconventional financing has come to the forefront of the frenzy in the real estate market, but thus far it does not seem to have severe consequences in Nevada, as demonstrated by the

bankruptcy figures, but the average loan size in the second quarter of 2005 compared to the second quarter of 2004 was up by 9 percent. Arizona showed an increase of 12.9 percent in average loan size for the same period.

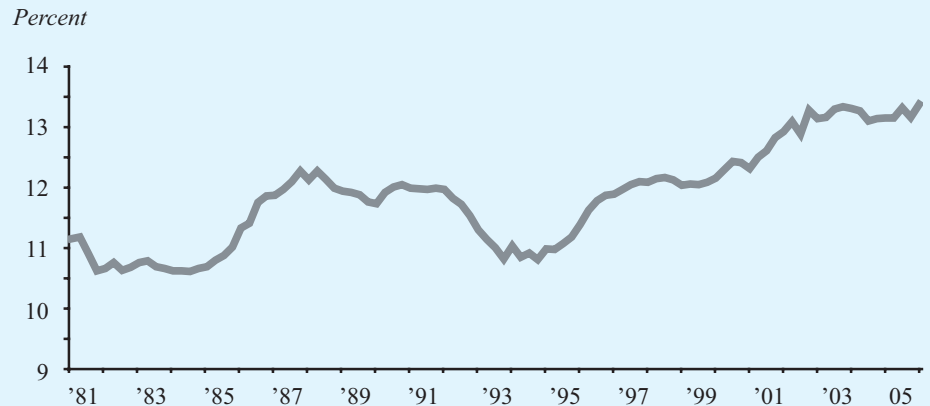
Such increases in the debt ratio and average mortgage size may be a cause for concern as the Western panelists are forecasting a 7.8 percent growth next year in personal income for Nevada and 7.4 percent

for Arizona. This brings us back the question of how long consumers can continue to carry such debt. The economy, while not in high gear, is still in a growth cycle. As long as this continues, the likelihood of problems is minimal. If the economy should stumble, however, there could be trouble ahead.

— Dawn McLaren
Economic Analyst

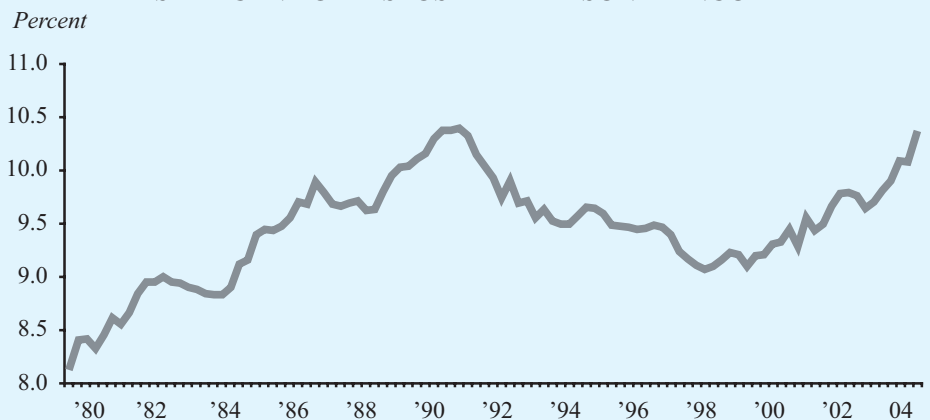
Bank One Economic Outlook Center

HOUSEHOLD DEBT SERVICE PAYMENTS AS A PERCENT OF DISPOSABLE PERSONAL INCOME



Source: Board of Governors of the Federal Reserve System

MORTGAGE DEBT PAYMENTS AS A PERCENT OF DISPOSABLE PERSONAL INCOME



Source: Bureau of Economic Analysis

NATIONAL ROUNDUP

U.S. JOB GROWTH



% Change: June 2005 vs. June 2004

Nonfarm	1.7
Goods-Producing	1.2
Construction	4.3
Manufacturing	-0.5
Service-Providing	1.8
Transportation, Warehousing & Utilities	2.8
Trade	1.1
Information	0.1
Financial Activities	1.9
Professional & Business Services	3.1
Educational & Health Services	2.4
Leisure & Hospitality	2.2
Government	0.8

Source: U.S. Bureau of Labor Statistics

U.S. REAL ESTATE



Residential Building Permits June 2005 vs. June 2004

	Total Residential	Single- family	Multi- family
2004	207,948	164,094	43,854
2003	194,258	156,740	37,518
% Δ	7.0	4.7	16.9

Source: U.S. Department of Commerce

U.S. FORECASTS



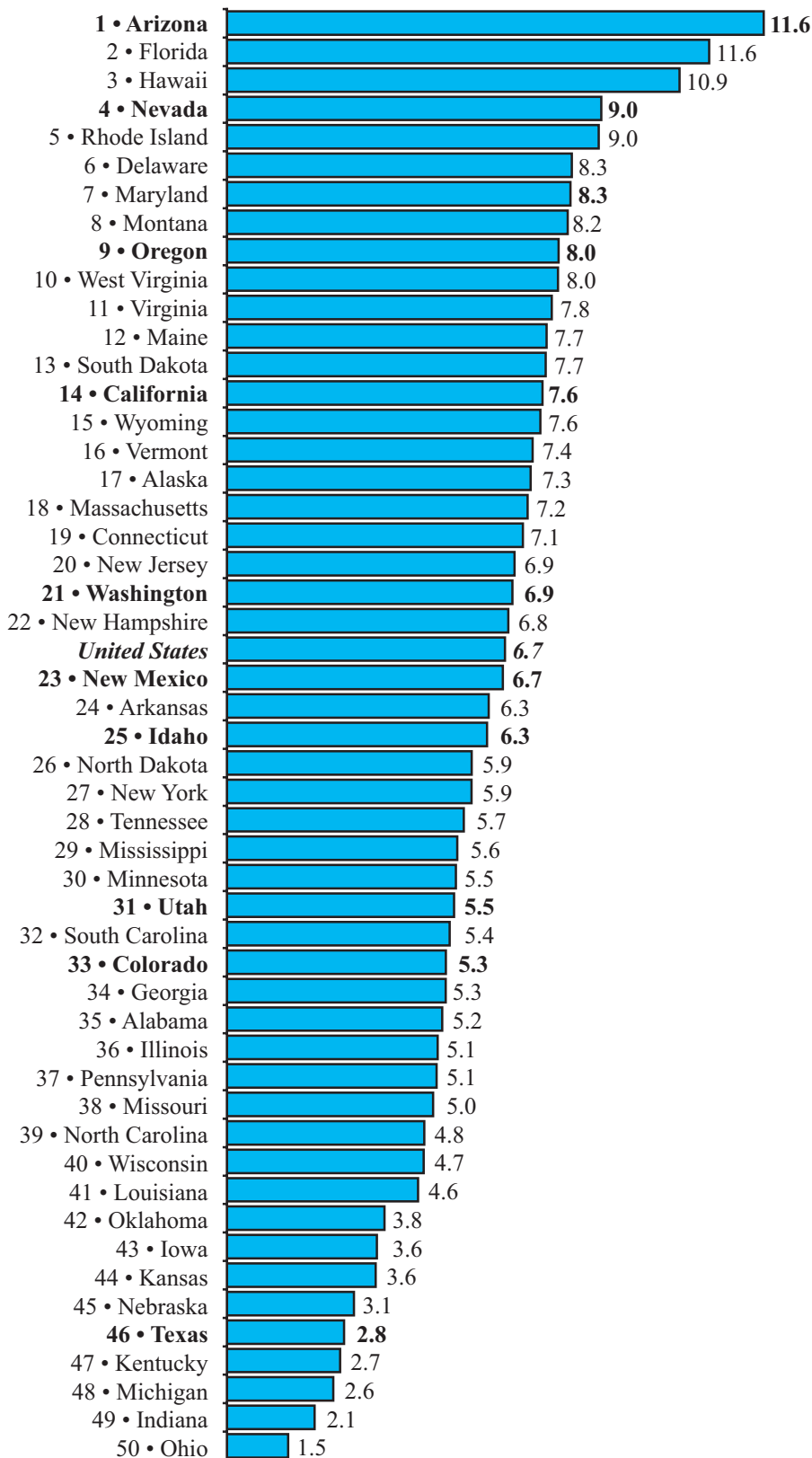
Percent Change

	2005	2006
Real GDP (Chain)	3.5	3.0
CPI	2.9	2.0
GDP Deflator (Chain)	2.4	2.0

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

GROWTH IN AVERAGE MORTGAGE SIZE

Second Quarter 2005 vs. Second Quarter 2004



Source: Office of Federal Housing Enterprise Oversight

SUMMARY

WESTERN BLUE CHIP ECONOMIC FORECAST

2005 Annual Percent Change, 2005 from 2004						2006 Annual Percent Change, 2006 from 2005				
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	7.7 ↑	5.8 ↑	4.1 ↑	3.1 ↑	0.5 ↑	7.4 ↑	5.6 ↑	3.8 ↑	3.0 ↑	(4.0)↓
California	5.7 ↑	3.9 ↑	1.7 ↑	1.5 ↓	(4.0)↑	5.3 ↑	3.6 ↑	1.5 ↑	1.5	(7.9)↓
Colorado	5.7 ↑	3.8 ↑	2.3 ↓	1.3 ↑	(2.2)↑	5.9 ↑	4.1 ↑	2.4 ↑	1.4 ↑	(2.4)↓
Idaho	5.8 ↑	3.9 ↑	2.3 ↑	1.5	5.9 ↑	5.4 ↑	3.6 ↑	2.0 ↓	1.5 ↑	(4.3)↓
Nevada	8.0 ↑	6.0 ↑	4.7 ↑	3.9 ↑	(3.9)↓	7.8 ↓	6.0 ↓	4.4 ↑	3.8 ↑	2.1 ↑
New Mexico	5.4	3.5	1.9	1.5	2.8	5.3	3.5	2.0	1.5	(2.5)
Oregon	5.8 ↓	3.9 ↓	2.5 ↑	1.3	5.8 ↑	5.7	4.0	2.0	1.1	(3.8)↓
Texas	6.1 ↑	4.3 ↑	2.0 ↑	1.8	(0.2)↑	6.0 ↑	4.2 ↑	2.0 ↑	1.8 ↑	(2.6)
Utah	6.1	4.2	2.9	2.0	4.4 ↓	5.7 ↓	3.9	2.8 ↓	1.9	(0.1)
Washington	4.3 ↓	2.5 ↓	2.5 ↑	1.4 ↑	(1.7)↑	5.9 ↑	4.1 ↑	2.3 ↑	1.4	(6.9)↑
↑= Increase in consensus forecast ↓= Decrease in consensus forecast										

Forecast notes from the Western region...

Throughout the recession and with the highest unemployment of any state, **Oregon** still had a positive net migration. With the economy reviving and strong job growth since mid-2003, the U-Haul trailers are crowding the roads once again. Surrendered driver licenses are approaching pre-recession levels.

— **Tom Potiowsky**
Oregon Executive Department
Salem, Oregon

Utah home price gains of recent years have trailed those of the nation. The latest report of the Office of Federal Housing Enterprise Oversight for the five-year period ending March 31, 2005 had the average Utah home rising 17.5 percent, versus a 50.5 percent rise for the nation. Given the current price disparity between Utah homes and those in many U.S. markets, Utah homes are bargain priced.

Utah's economy is performing well, with solid growth likely to continue. The state is very competitive as a place to do business, with a reasonable cost of living. Higher home prices are expected.

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

California's economy continues on its expansion track, with good news in several sectors. International trade continues to flow smoothly at the ports of Los Angeles

and Long Beach (steps were taken to solve some of the factors that caused congestion problems in 2004. "Pier Pass" has gone into operation, while there have been diversions of service to Seattle, Tacoma and Oakland), and tourism is having a very solid year (despite labor problems in San Francisco).

While the media is focusing on lack-luster box office results, film production activity is strong. However, Canada has ratcheted up its incentives, so it is seeing a renewed flow of feature film production.

All eyes are on California's red-hot housing market, although price gains in some areas are easing. The nonresidential real estate market in the state is improving, with some major new office projects slated to break ground by year-end. Here too, there are questions about the sharp run-up in price for both land and buildings.

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

Though most foresee no quick reversal in [**Nevada's**] economic fundamentals, it is not uncommon for problems to first emerge during the mid-phase of the business cycle. It is not surprising, therefore, to see the increasing attention now focusing on housing-market speculation. The increasing use of "interest-only" mortgages, purchases of real estate for quick price appreciation, the increasing participation in the mortgage market by

households with limited resources or precarious finances with modestly increasing rates foretell one of a list of possible issues that could bring the current expansion to a close, but current conditions only point to a possible concern, not currently a high-alert level.

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

The **California** economy...has been showing very solid signs of growth. Taxable sales are up a full 10 percent (year over year), office vacancies are falling and non-residential investment is on the rise; the airport is humming with travelers and the ports are crowded.

— **Christopher Thornberg**
UCLA Anderson Forecast
Los Angeles, California

Government led the [**Washington**] state's employment gains in July, adding 4,200 net new jobs. Almost all of this rise is attributable to a sizeable increase (4,800) in local government educational services. State and local government employment outside of educational services was basically flat, and federal government employment was down 900.

— **Rick Kaglic**
Washington State Employment
Security Department
Olympia, Washington

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

Methodology

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

from an individual forecaster.

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

first day of that month.

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

ARIZONA										
2005 Annual Percent Change, 2005 from 2004						2006 Annual Percent Change, 2006 from 2005				
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	8.2	8.5	3.9	3.1	0.0	7.3	7.0	3.0	2.9	(5.0)
ASU – Bank One EOC	7.7	9.0	4.1	2.7	2.0	6.8	7.2	3.5	2.9	(8.0)
CH2M HILL	7.6	7.4	3.9	3.1	(2.0)	7.5	6.8	3.8	3.0	(5.0)
Department of Economic Security	7.7	7.4	4.2	3.0		7.1	6.7	3.7	2.9	
ECON-LINC	7.6	7.5	4.0	3.1	5.0	7.6	7.0	4.0	2.9	(5.0)
EconLit LLC	7.4	7.5	3.9	2.8	5.0	7.5	7.0	4.2	3.0	(5.0)
Eggert Economic Enterprises Inc.	7.8	7.6	4.4	3.4	(0.7)	7.5	7.3	4.0	3.3	(3.5)
Elliott D. Pollack & Co.	7.8	8.0	4.0	3.2	0.0	7.6	7.0	4.0	3.0	0.0
H. C. Reardon Economics	8.1	9.0	4.2	3.2	0.0	7.4	7.0	3.8	3.2	0.0
Joint Legislative Budget Committee	7.6	7.7	4.0	3.0	(2.0)	7.3	7.0	3.8	2.9	(5.0)
The Maguire Company	7.6	7.6	4.1	3.0	0.0	7.4	6.9	3.8	3.0	0.0
Metropolitan West Asset Management	7.8	7.2	4.0			7.9	7.2	4.1		
NAU – BBER	5.1	7.5	3.9	3.0	0.0	5.5	7.0	3.7	2.9	0.0
Salt River Project	9.0	9.0	4.2	3.4	0.0	7.8	7.0	4.3	3.0	(13.0)
Stellar Capital Management	7.3	7.2	3.8	2.9	(2.0)	7.0	7.0	3.2	2.7	(5.0)
UA – Eller College	9.2	9.0	4.9	3.4	2.0	8.7	6.5	4.4	3.3	(7.6)
VisionEcon	8.1	8.8	5.3	3.4	2.0	7.7	7.4	3.7	3.4	0.0
Wells Fargo & Co.	7.5	7.2	3.4	2.8	(0.8)	7.3	6.7	3.1	2.8	(1.8)
Consensus Forecast — This Month	7.7	8.0	4.1	3.1	0.5	7.4	7.0	3.8	3.0	(4.0)
— Last Month	7.5	7.6	4.1	3.1	(0.8)	7.4	6.9	3.8	3.0	(3.5)

CALIFORNIA										
2005 Annual Percent Change, 2005 from 2004						2006 Annual Percent Change, 2006 from 2005				
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	5.7	3.2	1.7	1.7	(6.6)	5.8	5.2	1.7	1.7	(0.8)
California State University, Long Beach *	6.1	7.4	1.9	2.1	(4.7)	4.9	6.7	2.4	1.9	(6.3)
Capital Corporation of the West	5.5	5.3	1.9	1.5	(1.8)					
Chapman University	5.8	5.9	1.5	1.5	(8.9)	5.1	4.2	1.1	1.4	(9.1)
L.A. County Economic Development Corp.	6.2	6.4	1.8	1.5	(1.2)	5.9	5.8	1.7	1.4	(3.5)
Legislative Analyst's Office	5.5	5.6	1.3	1.4	(3.5)	5.6	5.4	1.4	1.4	(5.0)
UCLA – Business Forecasting Project	5.7	3.8	1.6	1.6	(7.2)	4.1	4.6	1.3	1.5	(27.4)
University of the Pacific	5.5	3.4	1.8	1.6	1.4	5.3	3.5	1.6	1.6	(4.5)
Wells Fargo & Co.	5.9	5.3	1.8	1.3	(4.3)	5.6	5.0	1.9	1.3	(5.2)
Consensus Forecast — This Month	5.7	4.9	1.7	1.5	(4.0)	5.3	4.8	1.5	1.5	(7.9)
— Last Month	5.7	5.0	1.7	1.6	(4.1)	5.3	4.8	1.5	1.5	(5.6)

*This forecast is for Southern California only

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

COLORADO										
2005 Annual Percent Change, 2005 from 2004						2006 Annual Percent Change, 2006 from 2005				
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.	5.7	8.1	2.3	1.4	(2.5)	5.9	5.9	2.1	1.5	(4.8)
Ctr. for Business and Econ. Forecasting	6.4	6.3	2.5	1.2	(8.0)	6.3	6.2	2.8	1.4	(5.0)
Colorado Legislative Council	5.9	6.2	2.1	1.6	(3.5)	6.1	6.0	2.6	1.7	(9.2)
David Hemley	4.7	4.2	1.7	1.1	(0.5)	4.8	4.4	1.7	1.5	0.0
Office of State Planning and Budgeting	6.0	6.0	2.4	1.2	(7.0)	7.0	5.5	3.0	1.3	(1.0)
University of Colorado	5.2	5.7	2.0	1.2	0.0	5.5	6.0	2.3	1.3	5.0
Wells Fargo & Co.	5.6	5.1	2.2	1.4	(3.0)	5.5	4.9	2.2	1.3	(1.8)
Xcel Energy	6.0	4.5	2.8	1.5	7.0					
Consensus Forecast — This Month	5.7	5.8	2.3	1.3	(2.2)	5.9	5.6	2.4	1.4	(2.4)
— Last Month	5.6	5.3	2.3	1.3	(4.5)	5.7	5.2	2.4	1.4	(2.2)

IDAHO										
2005 Annual Percent Change, 2005 from 2004						2006 Annual Percent Change, 2006 from 2005				
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		2.5	1.7	14.6	5.6		1.7	1.6	(12.0)
Idaho Economics	5.7		2.1	1.6	0.0	5.8		2.2	1.6	(8.0)
Idaho State University	5.4	4.2	1.8	1.3	0.0	4.5	3.8	1.4	1.4	2.0
Thredgold Economic Associates	5.7	4.9	2.4	1.4	0.0	5.5	4.7	2.2	1.5	(3.5)
Wells Fargo & Co.	5.8	5.3	2.9	1.3	15.0	5.6	5.0	2.6	1.3	0.0
Consensus Forecast — This Month	5.8	4.8	2.3	1.5	5.9	5.4	4.5	2.0	1.5	(4.3)
— Last Month	5.6	4.8	2.2	1.5	4.0	5.4	4.5	2.1	1.5	(3.3)

NEVADA										
2005 Annual Percent Change, 2005 from 2004						2006 Annual Percent Change, 2006 from 2005				
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.	9.9	5.8	5.8	3.2		9.0	5.3	5.3	3.0	
Legis. Counsel Bureau - Fiscal Analysis	7.2	4.5	3.7	3.5	(2.5)					
Restrepo Consulting Group, LLC	7.5	5.0	5.0	4.0	(10.0)	7.5	4.0	4.5	4.0	4.0
Thredgold Economic Associates	7.8		4.1	4.0	2.5	7.6		3.5	3.7	0.5
Southwest Gas	8.7	9.2	4.6	4.5	(2.1)	8.5	8.1	4.4	4.3	1.1
Univ. of Nevada at Las Vegas – CBER	7.3	3.9	4.7	4.1	(11.1)	7.2	3.7	4.1	3.8	4.5
Wells Fargo & Co.	7.3	6.5	5.3	4.0	(0.4)	6.9	5.8	4.3	3.8	0.2
Consensus Forecast — This Month	8.0	5.8	4.7	3.9	(3.9)	7.8	5.4	4.4	3.8	2.1
— Last Month	7.6	5.5	4.5	3.8	(1.8)	7.8	5.7	4.3	3.7	1.6

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

NEW MEXICO

	2005					2006				
	Annual Percent Change, 2005 from 2004					Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Mfg. Employ- ment	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Mfg. Employ- ment	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Eastern New Mexico University	4.5	0.6	1.6	1.2	0.0	5.1	0.9	1.7	1.3	(0.1)
New Mexico Department of Labor		0.5	1.9				1.3	2.0		
New Mexico State Univ – CEMAF	5.0	0.5	1.4			5.2	1.0	1.6		
Public Service New Mexico	5.3	1.0	2.1	1.5	0.5					
University of New Mexico – BBER	6.2	0.4	2.1		10.8	5.6	3.7	2.3		(6.9)
Wells Fargo & Co.	5.8	1.8	2.5	1.8	(0.2)	5.3	1.6	2.2	1.7	(0.6)
Consensus Forecast — This Month	5.4	0.8	1.9	1.5	2.8	5.3	1.7	2.0	1.5	(2.5)
— Last Month	5.4	0.8	1.9	1.5	2.8	5.3	1.7	2.0	1.5	(2.5)

OREGON

	2005					2006				
	Annual Percent Change, 2005 from 2004					Annual Percent Change, 2006 from 2005				
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	5.8	3.2	3.3	1.3	5.3	5.7	1.2	2.5	1.4	(14.7)
Forefront Economics	5.7	2.2	1.9	1.2	4.5	5.7	1.5	2.0	1.2	4.1
Oregon Executive Department	5.9	2.5	3.0	1.2	9.8	6.2	(0.2)	1.5	1.2	(7.3)
Portland General Electric	6.2	2.0	2.5	1.4	10.0	5.7	1.0	2.0	1.3	0.0
Rhodes Econometrics	5.3	2.4	1.6	1.2	2.2	5.1	1.9	1.6	0.2	2.0
Thredgold Economic Associates	5.4	1.2	2.4	1.5	1.5					
U.S. Bancorp	6.2	3.0	3.0	1.2	12.0	6.2	2.0	2.6	1.3	(10.0)
Wells Fargo & Co.	5.7	1.0	2.2	1.4	1.0	5.5	0.8	1.7	1.3	(0.7)
Consensus Forecast — This Month	5.8	2.2	2.5	1.3	5.8	5.7	1.2	2.0	1.1	(3.8)
— Last Month	5.8	2.1	2.5	1.3	3.2	5.7	1.2	2.0	1.1	(2.1)

TEXAS

	2005					2006				
	Annual Percent Change, 2005 from 2004					Annual Percent Change, 2006 from 2005				
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	6.3	6.3	2.0	1.8	1.1	5.7	5.5	1.7	1.7	(3.8)
Federal Reserve Bank of Dallas	6.6	6.0	1.8	1.8	(2.0)	6.4	6.4	2.2	1.9	2.0
David Hemley	5.8	5.7	2.1	1.6	0.0	5.8	5.6	2.1	1.6	(0.5)
Perryman Group	6.5	6.6	2.2	1.8	1.3					
TX State Comptroller of Public Accounts	5.8	5.6	1.6	1.7	0.8	6.0	5.0	1.8	1.7	(9.6)
University of Houston - CPP	6.4	6.5	2.1	1.9	(5.9)	6.7	6.6	2.3	2.1	(6.5)
University of North Texas	5.5	5.2	2.0	1.6	0.9	5.6	5.4	2.1	1.7	0.8
University of Texas at El Paso	6.1	6.1	1.7	1.8	2.8	6.0	6.0	2.0	1.8	(2.0)
Wells Fargo & Co.	6.2	6.2	2.1	1.9	(0.9)	5.9	5.9	2.1	1.9	(1.5)
Consensus Forecast — This Month	6.1	6.0	2.0	1.8	(0.2)	6.0	5.8	2.0	1.8	(2.6)
— Last Month	6.1	6.1	1.9	1.8	(0.6)	6.0	5.8	2.0	1.8	(2.6)

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

UTAH

Source:	2005 Annual Percent Change, 2005 from 2004					2006 Annual Percent Change, 2006 from 2005				
	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	7.0	5.5	2.2	1.8	5.0					
Thredgold Economic Associates	5.6	5.1	2.5	1.8	3.5	5.7	5.4	2.4	1.8	0.0
Utah Dept. of Workforce Services	5.8	2.5	3.4	1.7	1.7	5.2	2.3	3.0	1.6	1.5
Utah State Tax Commission	6.0	5.6	3.2	2.5	0.0	6.0	4.2	3.0	2.3	(2.0)
Wells Fargo & Co.	6.0	6.0	3.0	2.0	12.0	5.8	5.7	2.9	2.0	0.0
Consensus Forecast — This Month	6.1	4.9	2.9	2.0	4.4	5.7	4.4	2.8	1.9	(0.1)
— Last Month	6.1	4.9	2.9	2.0	5.0	5.7	4.4	2.9	1.9	(0.1)

WASHINGTON

Source:	2005 Annual Percent Change, 2005 from 2004					2006 Annual Percent Change, 2006 from 2005				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Conerly Consulting	3.7	6.4	2.5	1.3	1.8	5.7	4.8	3.1	1.4	(13.7)
Dick Conway & Associates	5.7	6.0	2.3	1.3	(3.0)	5.5	5.0	1.8	1.4	(5.0)
Doug Pedersen & Associates	4.0	7.0	3.0	1.4	2.5	6.3	6.2	2.5	1.5	1.0
Office of Forecast Council *	2.5	6.7	2.8		(6.9)	6.7	5.0	2.1		(12.4)
Wells Fargo & Co.	5.7	5.8	2.0	1.4	(3.1)	5.2	5.3	1.9	1.3	(4.5)
Consensus Forecast — This Month	4.3	6.4	2.5	1.4	(1.7)	5.9	5.3	2.3	1.4	(6.9)
— Last Month	4.9	5.7	2.2	1.3	(3.7)	5.6	5.1	2.0	1.4	(7.4)

* Population forecast is from the Office of Financial Management.

TOTAL BANKRUPTCY FILINGS

Percent Change, First Quarter 2005 vs. First Quarter 2004



Source: American Bankruptcy Institute

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

CALIFORNIA

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

COLORADO

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

HISTORICAL DATA

WESTERN BLUE CHIP ECONOMIC FORECAST

IDAHO

	Current \$ 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
2004	37,755	34,749	586.9	16,797 †	61.5	14,650	1,393	4.8
% change	6.6	4.0	2.6	4.6	(0.8)	17.8	1.9	
2003	35,409	33,405	572.0	16,059	62.0	12,432	1,367	5.4
% change	3.0	1.1	0.7	2.1	(4.5)	21.7	1.8	
2002	34,381	33,027	568.2	15,736	64.9	10,212	1,343	5.8
% change	4.0	2.3	0.1	8.3	(5.0)	7.7	1.7	
2001	33,054	32,279	567.7	14,525	68.3	9,483	1,321	5.0
% change	5.6	3.2	1.5	5.6	(2.3)	(6.1)	1.7	

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

NEVADA

	Current \$ 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
2004	77,994	71,785	1,152.4	41,087	10,058.4 †	38,817	2,335	4.1
% change	9.0	6.3	5.9	16.0	4.5	17.5	4.1	
2003	71,549	67,499	1,088.3	35,426	9,625.3	33,033	2,242	5.2
% change	6.9	5.0	3.5	9.3	1.9	21.1	3.4	
2002	66,904	64,269	1,052.0	32,410	9,447.4	27,284	2,168	5.5
% change	3.9	2.2	0.1	3.0	(0.3)	1.1	3.5	
2001	64,367	62,859	1,051.4	31,469	9,471.6	26,981	2,095	5.3
% change	4.8	2.3	2.4	2.8	(1.3)	4.8	3.8	

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

NEW MEXICO

	Current \$ 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
2004	49,849	45,881	790.7	12,312	35.9	11,743	1,903	5.4
% change	6.2	3.6	1.9		(1.6)	(0.7)	1.3	
2003	46,955	44,298	775.6	11,702	36.5	11,829	1,879	6.4
% change	4.5	2.6	1.2	**	(4.9)	14.3	1.3	
2002	44,946	43,175	766.1	12,708	38.4	10,348	1,855	5.4
% change	1.8	0.2	1.2	1.3	(6.1)	15.9	1.2	
2001	44,138	43,104	757.2	12,540	40.9	8,929	1,832	4.8
% change	9.5	6.9	1.7	3.6	(1.9)	11.1	0.6	

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

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

HISTORICAL DATA

WESTERN BLUE CHIP ECONOMIC FORECAST

OREGON

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

TEXAS

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

UTAH

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

HISTORICAL DATA

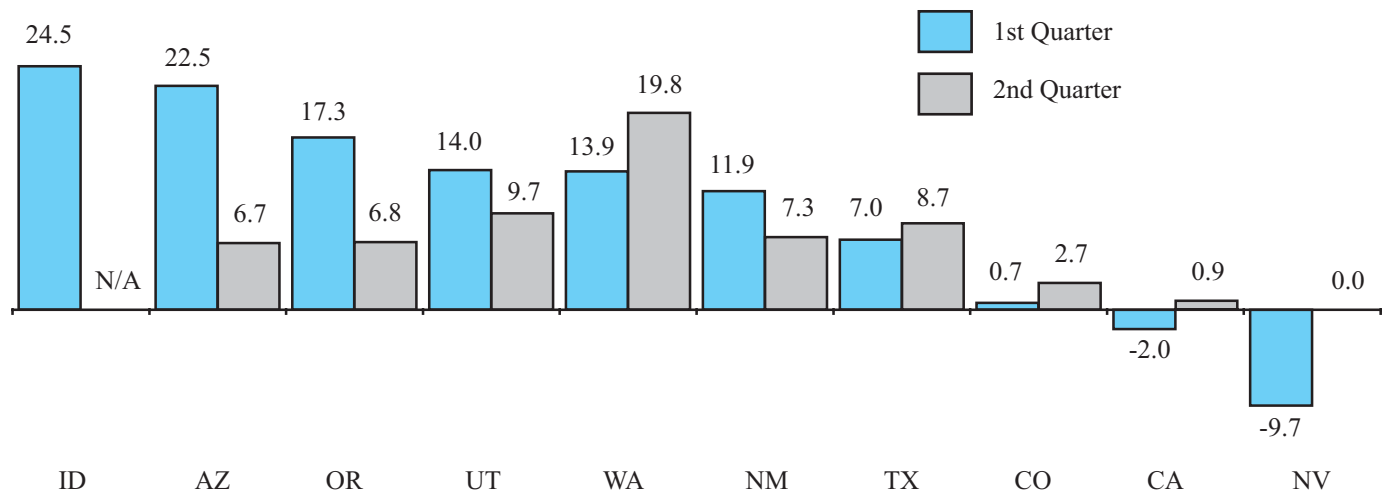
WESTERN BLUE CHIP ECONOMIC FORECAST

WASHINGTON

	Current \$ 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
2004	218,987	201,553	2,698.2	92,661 †	263.5	36,815	6,204	6.1
% change	7.4	4.8	1.5	5.7	(1.3)	6.8	1.2	
2003	203,890	192,349	2,657.8	87,664	267.1	34,480	6,131	7.5
% change	2.8	0.9	0.1	2.8	(6.3)	4.2	1.1	
2002	198,371	190,558	2,654.1	85,284	285.0	33,090	6,067	7.3
% change	2.5	0.8	(1.6)	0.6	(9.8)	17.6	1.2	
2001	193,498	188,963	2,697.0	84,785	316.1	28,137	5,993	6.4
% change	3.0	0.6	(0.5)	(0.5)	(4.7)	3.1	1.4	

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

TOTAL SALES: SINGLE-FAMILY, APARTMENT CONDOS AND CO-OPS Percent Change, 2005 vs. 2004, by Quarter



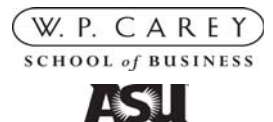
Source: National Association of Realtors

N/A – Information from 2nd Quarter Idaho not available



WESTERN BLUE CHIP ECONOMIC FORECAST

Robert J. Eggert Sr., *Executive Editor* • Dawn McLaren, *Editor*
Tracy Clark, *Managing Editor* • Lee McPheters, *Contributing Editor*
Nancy A. Maneely, *Editorial Coordinator*



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 (800) 448-0432. 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.

© 2005, Arizona Board of Regents for Arizona State University. Reprinting information contained in this publication requires the prior written permission of the Bank One Economic Outlook Center in the L. William Seidman Research Institute at Arizona State University.

Arizona State University vigorously pursues affirmative action and equal opportunity in its employment, activities and programs.

• Not printed or mailed at state expense •

WESTERN BLUE CHIP PANEL

WESTERN BLUE CHIP ECONOMIC FORECAST

The Adams Group Colorado Springs, Colorado Tucker Hart Adams	ECON-LINC Phoenix, Arizona John Lucking	New Mexico Dept. of Labor Albuquerque, New Mexico Dan Hall	U.S. Bancorp Portland, Oregon John W. Mitchell
Arizona Department of Economic Security Phoenix, Arizona Donald J. Wehbey	EconLit LLC Phoenix, Arizona Dwight Duncan	New Mexico State University Las Cruces, New Mexico Chris Erickson	UCLA Anderson Forecast Los Angeles, California Joseph Hurd
Arizona Joint Legislative Budget Committee Phoenix, Arizona Staff	Econoclast Dallas, Texas Michael Cosgrove	Northern Arizona University Flagstaff, Arizona Dennis Foster, Ronald Gunderson & Max Jerrell	University of Arizona, Eller College Tucson, Arizona Marshall Vest
Arizona Public Service Co. Phoenix, Arizona Pete Ewen	Economic Development Corp. of Los Angeles County Los Angeles, California Jack Kyser	Office of the Forecast Council Olympia, Washington Chang Mook Sohn	University of Colorado Boulder, Colorado Richard Wobbekind
Arizona State University Tempe, Arizona Tracy Clark	Eggert Economic Enterprises, Inc. Sedona, Arizona Robert J. Eggert, Sr.	Oregon Executive Department Salem, Oregon Tom Potiowsky	University of Houston Houston, Texas Barton Smith
California Legislative Analyst's Office Sacramento, California Brad Williams	Elliott D. Pollack & Co. Scottsdale, Arizona Elliott Pollack	Pacificorp Salt Lake City, Utah Reed Davis	University of Nevada at Las Vegas Las Vegas, Nevada Keith Schwer
California State University Department of Economics Long Beach, California Joseph P. Magaddino	Federal Reserve Bank of Dallas Dallas, Texas Keith R. Phillips	Perryman Group Waco, Texas M. Ray Perryman	University of Texas El Paso, Texas Tom Fullerton
Capital Corporation of the West Moraga, California Tapan Munroe	Forefront Economics Beaverton, Oregon Mark Thompson	Portland General Electric Portland, Oregon Ham Nguyen	University of New Mexico Albuquerque, New Mexico Larry Waldman
Center for Business & Economic Forecasting Denver, Colorado Wilson D. Kendall	H. C. Reardon Economics Phoenix, Arizona H. C. Reardon	Public Service Co. of New Mexico Albuquerque, N.M. Bradley Decker	University of North Texas Center for Economic Development and Research Denton, Texas Bernard Weinstein
Chapman University Orange, California Esmael Adibi	Idaho Division of Financial Management Boise, Idaho Michael Ferguson	Restrepo Consulting Group, LLC Las Vegas, Nevada John Restrepo	University of the Pacific Stockton, California Sean Snaith
CH2M Hill Tempe, Arizona Kent Ennis	Idaho Economics Boise, Idaho John Church	Rhodes Econometrics West Linn, Oregon C. Wesley Rhodes	Utah Dept. of Workforce Services Salt Lake City, Utah Mark Knold
Colorado Legislative Council Denver, Colorado Tom Dunn	Idaho State University Pocatello, Idaho Paul Zelus	Salt River Project Phoenix, Arizona Arlyn Herrera, Rebecca Holmes & Karen Wolfe	Utah State Tax Commission Salt Lake City, Utah Douglas Macdonald
Colorado Office of Planning & Budgeting Denver, Colorado Maria Coe	Legislative Counsel Bureau, Fiscal Analysis Carson City, Nevada Ted Zuend	Stellar Capital Management Phoenix, Arizona Stephen Taddie	VisionEcon Phoenix, Arizona Debra J. Roubik
Conerly Consulting Portland, Oregon Bill Conerly	The Maguire Co. Phoenix, Arizona Alan Maguire	Southwest Gas Corp. Las Vegas, Nevada Jamie Cattanaach	Wells Fargo & Co. Minneapolis, Minnesota Ed Kashmarek & Sung Won Sohn
Dick Conway & Associates Seattle, Washington Dick Conway	Metropolitan West Asset Management Phoenix, Arizona Neal Helm	Texas State Comptroller of Public Accounts Austin, Texas Tamara R. Plaut & Gary Preuss	Wells Fargo & Co. Salt Lake City, Utah Kelly K. Matthews
Doug Pedersen & Associates Seattle, Washington Doug Pedersen	Nevada Dept. of Employment, Training & Rehabilitation Carson City, Nevada Peter Janson	Thredgold Economic Associates Salt Lake City, Utah Jeff K. Thredgold	Xcel Energy Denver, Colorado Tim Sheesley
Eastern New Mexico University Portales, New Mexico David Hemley			