

## 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

## Mortgages, credit cards, and the new bankruptcy code

Changes in the bankruptcy law have created an unusual pattern in bankruptcy filings. There was a surge at the end of last year and a drop at the beginning of this year, as laws have been tightened to make bankruptcy a less attractive option for consumers. This came on the heels of new requirements in minimum amounts due on revolving credit card accounts, which is an attempt to improve consumers' debt position. The American consumer has come to depend on the accumulation of debt, especially with the decline in real wages over the last year.

All of this adds up to a breakdown in

the correlation between bankruptcy rates and consumers' financial well-being. Utah showed the sharpest drop in bankruptcy filings for the four quarters ending in the second quarter of 2006 compared to the previous four quarters, while Vermont showed the largest increase in filings. While Louisiana is still suffering from the consequences of Hurricane Katrina, bankruptcy filings fell by 18.7 percent, a larger decrease than in Arizona, where job growth has been stellar.

This means that bankruptcy filings cannot currently be used as a dependable predictor of upcoming turning points in the

economy. Bankruptcy rates could, prior to the change in the law, provide a gauge of Americans' debt circumstances. Were people able to get by on their earnings or were their finances sufficiently strained for them to seek court protection from creditors?

With the housing boom that occurred in many metro areas across the United States offering homeowners a chance to supplement their spending by tapping into their assets, the percentage of people with second mortgages and home equity loans can shed some light on households' financial situation. On page 8, the percent of housing units that, along with a first mortgage, also have a second mortgage, home equity loan, or both are shown, ranked by the total percentage with such loans. Of the Western States, according to the Office of Federal Housing Enterprise Oversight, only Colorado is not showing double-digit growth in house prices over the year for the second quarter of 2006. The other Western States have achieved growth in house prices not only in the double digits, but also well over the national average.

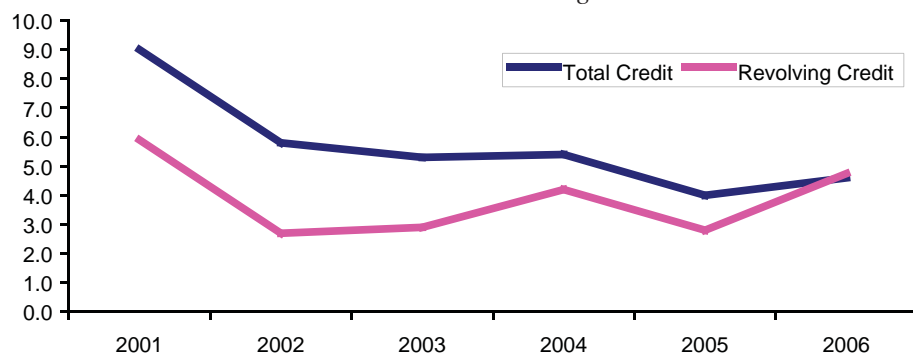
The debt service ratio (see chart on this page) is reaching all-time highs, touching 14 percent in late 2005. This ratio climbed throughout the economic good times of the 1990s, only leveling after the last recession instead of dropping as it had after previous recessions. During the 2001 recession, consumer spending was a key component in keeping the recession shallow and short. Most of all, consumers – lured by incentives – kept buying cars, even in the face of faltering job growth.

At the moment, our economy is continuing to grow and job growth has been steady except for parts of the hurricane-torn Gulf and in Michigan, the heart of the auto industry. In the Western states, job growth performance has remained strong. Does this mean that the debt service ratio will be whittled away and the change in the bankruptcy laws will not matter? Or will the next business cycle be much harder on consumers than the last?

— Dawn McLaren

## Growth in Outstanding Consumer Credit

Annual Percent Change

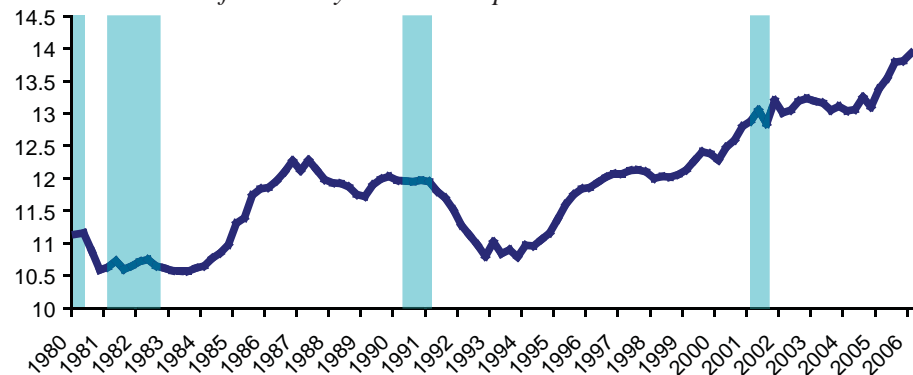


Source: Federal Reserve

2006 is the average of the first six months of the year

## Household Debt Service Ratio

Ratio of Debt Payments to Disposable Personal Income



Source: Federal Reserve

Bars indicate periods of recession

# NATIONAL ROUNDUP

## U.S. JOB GROWTH



### % Change: August 2006 vs. August 2005

Nonfarm .....	1.3
Goods-Producing .....	1.2
Construction .....	3.1
Manufacturing .....	0.1
Service-Providing .....	1.3
Transportation, Warehousing & Utilities .....	1.3
Trade .....	-0.1
Information .....	-0.2
Financial Activities .....	2.1
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 August 2006 vs. August 2005

	Total Residential	Single- family	Multi- family
2006	158,815	119,611	39,204
2005	201,179	159,349	41,830
% Δ	-21.1	-24.9	-6.3

Source: U.S. Department of Commerce

## U.S. FORECASTS



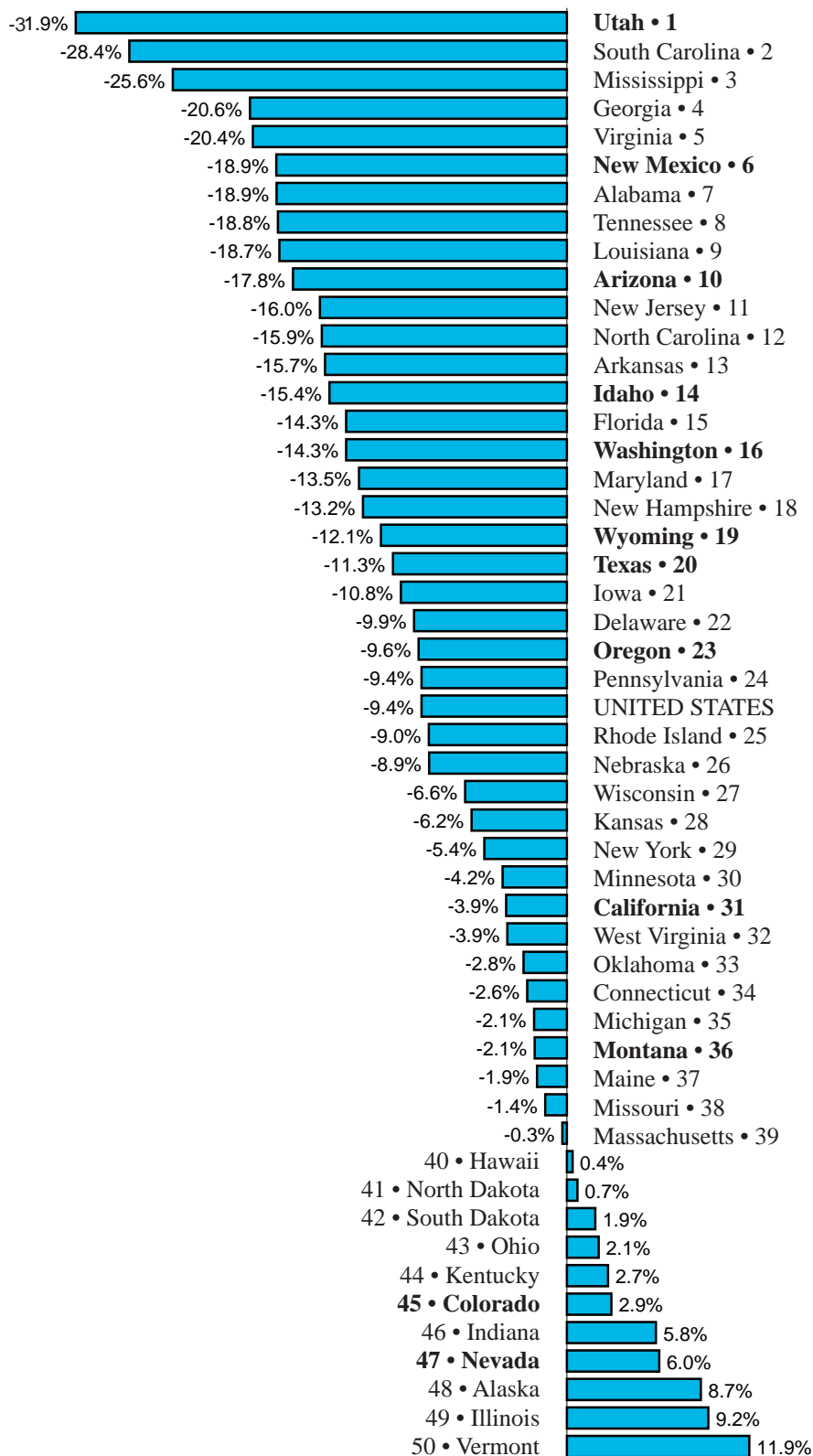
### Percent Change

	2006	2007
Real GDP (Chain) .....	3.4	2.2
CPI .....	3.5	2.7
GDP Deflator (Chain) .....	3.0	2.3

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

## PERCENT CHANGE IN BANKRUPTCY FILINGS

Four Quarters Ending Second Quarter 2006 over Previous Four Quarters



Source: ABI World

# SUMMARY

## WESTERN BLUE CHIP ECONOMIC FORECAST

2006 Annual Percent Change, 2006 from 2005						2007 Annual Percent Change, 2007 from 2006				
State:	Current \$ Personal Income	Real Personal Income	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Real Personal Income	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Arizona	8.3 ↓	5.5 ↓	4.6 ↑	3.1 ↓	(12.1) ↓	7.4 ↓	5.4 ↓	3.7	2.9 ↓	(6.7) ↓
California	5.7 ↓	2.9 ↓	1.4 ↓	1.4	(14.0) ↓	5.3 ↓	3.4 ↓	1.2 ↓	1.3	(6.7) ↓
Colorado	5.9 ↓	3.1 ↓	2.2 ↓	1.5	(5.4) ↓	6.0 ↓	4.0 ↓	2.0 ↓	1.6	(4.9)
Idaho	6.2 ↓	3.4 ↓	2.5 ↓	1.6 ↓	(7.0) ↓	5.7 ↓	3.8 ↓	2.2 ↓	1.6 ↓	(4.0) ↓
Montana*	6.9	4.1	2.2	1.0	0.0	6.6	4.7	1.9	1.0	(5.0)
Nevada	8.0 ↓	5.2 ↓	4.7 ↓	3.8	(1.2) ↓	7.3 ↓	5.3 ↓	4.2 ↑	3.6	0.0 ↓
New Mexico	5.5 ↑	2.7 ↑	2.1 ↑	1.5	0.8 ↓	5.3 ↑	3.4 ↑	2.2 ↑	1.5	(1.8) ↓
Oregon	6.0 ↑	3.2 ↑	2.7	1.3 ↓	(2.4) ↓	5.5 ↑	3.6 ↑	1.8	1.3 ↓	(2.8) ↑
Texas	6.3 ↑	3.6 ↑	2.3 ↑	1.8 ↓	(0.6) ↑	6.1 ↑	4.2 ↑	1.9 ↑	1.7 ↑	(1.5) ↑
Utah	7.1	4.3	3.5	2.4	2.6	6.6	4.7	3.1	2.2	(0.1)
Washington	7.0 ↑	4.3 ↑	2.9 ↑	1.7	(8.7) ↑	6.2	4.3	2.2 ↑	1.6	(6.5) ↑
Wyoming*	7.7	4.9	3.4	1.0	3.0	6.6	4.6	2.6	0.9	(1.0)

↑= Increase in consensus forecast    ↓= Decrease in consensus forecast    \*Not a full consensus panel

## Forecast notes from the Western region...

The focus of recent business stories about **California** has been on the housing market, which is definitely feeling pain. What is not being talked about is the growth occurring in other sectors of the state's economy, with the prime examples being international trade and tourism. If there are any gripes in the latter, it is that we are bumping up against hotel capacity with not much in the pipeline. Times are also good in the office and industrial markets, with generally low vacancy rates and a significant amount of new construction either underway or planned. Growth will be slower in California in 2007, and businesses are still looking at expanding.

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

**Texas** continues to show excellent momentum in virtually all sectors. Several major new locations of manufacturing facilities will come online in the next year.

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

The most recent data for residential permits for both Las Vegas and Reno [**Nevada**] show a pronounced slowdown, dropping 35.6 percent and 45.4 percent, respectively. These sharp declines reflect market corrections to housing activity which has been in the wind

for some time. After the dot-com stock-market decline, housing has increasingly been an investment of choice for many. With realization that the market was overheated, corrections are now underway. As markets may display exuberance during upswings, over-pessimism can also occur during a downturn.

— **R. Keith Schwer**  
Ctr. for Business and Economic Research  
University of Nevada, Las Vegas  
Las Vegas, Nevada

The Zions Bank Small Business Index for **Utah** was 114.2 during September 2006, down from a revised 115.8 during August 2006. The Index measures business conditions from the viewpoint of the Utah small business owner or manager. Utah added 45,200 jobs in 2005 and 30,200 jobs in 2004. These totals compare to gains averaging 38,000 new jobs annually during the 1994-2000 period and a net loss of 1,300 jobs in 2001 through 2003. Weaker job gains, leading to lesser income creation and slower retail spending, have a negative impact upon Utah's small businesses...and therefore, the Index.

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

The **Texas** economy expanded at a moderate pace in August. The Dallas Fed's Texas

Business-Cycle Index—an aggregate measure of current economic activity—rose an annualized 2.6 percent during the month. Year-to-date, the index has increased at a solid annualized rate of 3.5 percent. Recent estimates for total nonfarm job growth have been significantly impacted by large swings in employment at public schools. Some schools added to their payrolls a bit earlier than normal, causing a 31 percent annualized increase in July, followed by a decrease of 3 percent in August.

Federal Reserve Bank of Dallas  
Dallas, Texas

Employment rose 40,800 [in **Colorado**] from the previous September level of 2,247,300 for an annual gain of 1.8 percent. This marks the first time in fifteen months that fewer than 45,000 positions were added to statewide payrolls in a twelve month period, and matches the slowest rate of growth in nearly two years. Professional and business services accounted for one-third of this advance with 13,700 new hires. Leisure and hospitality, education and health services, and construction combined were responsible for another third of this growth. Information trended down 1,600 to remain the only major industry not experiencing job growth over the past twelve months.

Colorado Department of  
Labor and Employment  
Denver, Colorado

MONTANA										
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
University of Montana	7.0		2.1	1.0		6.7		1.8	1.0	
Wells Fargo	6.8		2.2	1.0	0.0	6.5		2.0	1.0	(5.0)
<b>Consensus Forecast — This Month</b>	<b>6.9</b>		<b>2.2</b>	<b>1.0</b>	<b>0.0</b>	<b>6.6</b>		<b>1.9</b>	<b>1.0</b>	<b>(5.0)</b>
<b>— Last Month</b>	<b>6.9</b>		<b>2.2</b>	<b>1.0</b>	<b>0.0</b>	<b>6.6</b>		<b>1.9</b>	<b>1.0</b>	<b>(5.0)</b>

WYOMING										
2006 Annual Percent Change, 2006 from 2005						2007 Annual Percent Change, 2007 from 2006				
Source:	Current \$ Personal Income	Mining Empl.	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Mining Empl.	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
WY Dept. of Admin. & Information	7.4	12.0	3.2	1.2	1.0	6.1	5.0	2.0	0.9	(2.0)
Wells Fargo	8.0		3.5	0.8	5.0	7.0		3.2	0.8	0.0
<b>Consensus Forecast — This Month</b>	<b>7.7</b>	<b>12.0</b>	<b>3.4</b>	<b>1.0</b>	<b>3.0</b>	<b>6.6</b>	<b>5.0</b>	<b>2.6</b>	<b>0.9</b>	<b>(1.0)</b>
<b>— Last Month</b>	<b>7.7</b>	<b>12.0</b>	<b>3.2</b>	<b>1.0</b>	<b>3.0</b>	<b>6.6</b>	<b>4.0</b>	<b>2.7</b>	<b>0.8</b>	<b>(1.0)</b>

HISTORICAL DATA								
MONTANA								
	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Construction Employment (thousands)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2005	27,497	24,575	420.7	27.5	19.4	3,458	936	4.0
% change	7.3	4.6	2.3	10.4	1.0	1.0	0.9	
2004	25,635	23,499	411.3	24.9	19.2	3,425	927	4.3
% change	6.7	4.0	2.6	7.8	1.1	46.4	1.0	
2003	24,028	22,604	400.7	23.1	19.0	2,340	918	4.4
% change	5.3	3.2	1.2	6.5	(5.0)	14.1	0.8	
2002	22,819	21,904	396.0	21.7	20.0	2,050	910	4.5
% change	2.1	0.3	1.1	2.4	(6.5)	14.5	0.5	
WYOMING								
	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Natural Resources & Mining Employ. (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2005	18,731	16,740	263.0	22.7	9.7	3,159	509	3.6
% change	8.0	5.3	3.0	12.4	3.2	12.3	0.7	
2004	17,341	15,896	255.4	20.2	9.4	2,814	506	3.9
% change	7.0	4.3	2.2	10.4	1.1	24.2	0.8	
2003	16,202	15,242	250.0	18.3	9.3	2,265	502	4.4
% change	4.8	2.7	0.8	2.2	(2.1)	24.3	0.6	
2002	15,463	14,843	247.9	17.9	9.5	1,822	499	4.1
% change	3.3	1.5	1.0	(2.7)	(5.0)	22.7	1.0	
Basic data sources: Personal Income – U.S. Bureau of Economic Analysis; Employment – Bureau of Labor Statistics; Housing Permits – U.S. Bureau of the Census; Population – U.S. Bureau of the Census; Unemployment Rate – Bureau of Labor Statistics.								
† Consensus †† Estimate								

# 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	7.7	7.4	3.9	2.9	(12.0)	7.3	6.7	3.8	2.9	(10.0)
Arizona Public Service	8.0	9.0	4.7	3.1	(4.0)	7.8	7.5	3.7	3.0	(4.0)
ASU - Economic Outlook Center	8.7	7.6	4.9	3.0	(8.0)	6.8	6.8	4.2	2.8	(7.0)
Department of Economic Security	8.8	9.0	4.9	3.0		7.7	6.3	4.0	3.0	
ECON-LINC	8.4	8.2	4.8	3.2	(16.0)	7.8	7.5	4.0	3.1	(5.0)
EconLit LLC	8.1	7.6	4.2	3.0	(15.0)	7.5	6.9	3.8	2.9	(10.0)
Eggert Economic Enterprises Inc.	8.6	8.0	4.7	3.2	(11.4)	7.3	6.8	3.6	3.1	(5.6)
Elliott D. Pollack & Co.	7.8	9.0	4.7	3.3	(20.0)	7.4	7.0	4.0	3.0	(5.0)
H. C. Reardon Economics	8.2	8.0	4.8	3.2	(12.0)	7.1	6.7	3.5	3.0	(6.0)
Joint Legislative Budget Committee	8.3	9.0	4.4	3.0	(10.0)	7.4	6.7	3.7	3.0	(5.0)
The Maguire Company	8.2	8.1	4.6	3.2	(10.0)	7.6	7.3	4.2	3.1	(8.0)
Davidson Fixed Income Management	8.3	7.7	4.4			7.7	7.1	4.0		
NAU - BBER	8.4	7.6	4.4	2.9	(15.0)	8.2	6.7	3.8	2.8	0.0
Salt River Project	8.6	7.9	5.0	3.2	(15.0)	7.5	6.5	3.8	3.0	(15.0)
Stellar Capital Management	7.8	7.8	4.5	2.8	(20.0)	7.1	6.9	3.6	2.6	(6.0)
UA - Eller College	9.2	10.1	4.9	3.3	(13.2)	6.4	5.5	2.3	2.9	(11.8)
VisionEcon	8.6	7.1	4.3	3.4	(5.0)	6.7	6.9	3.0	2.9	(2.0)
Wells Fargo & Co.	8.3	7.3	4.3	2.9	(6.5)	7.6	5.8	3.5	2.7	(7.5)
<b>Consensus Forecast — This Month</b>	<b>8.3</b>	<b>8.1</b>	<b>4.6</b>	<b>3.1</b>	<b>(12.1)</b>	<b>7.4</b>	<b>6.8</b>	<b>3.7</b>	<b>2.9</b>	<b>(6.7)</b>
<b>— Last Month</b>	<b>8.3</b>	<b>8.2</b>	<b>4.6</b>	<b>3.1</b>	<b>(11.6)</b>	<b>7.4</b>	<b>6.7</b>	<b>3.7</b>	<b>2.9</b>	<b>(6.1)</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	6.2	5.1	1.6	1.7	(12.0)	5.8	5.3	1.5	1.7	(1.2)
California State University, Long Beach *	6.3	6.1	1.5	1.5	(0.7)	4.9	5.7	1.8	2.0	(0.8)
Chapman University	6.5	5.3	1.5	1.5	(13.6)	5.1	4.0	1.0	1.4	(8.1)
L.A. County Economic Development Corp.	6.5	5.9	1.6	1.2	(23.0)	6.0	5.5	1.4	1.2	(10.5)
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	4.8	4.9	1.4	1.2	(22.0)	4.5	4.3	0.9	1.1	(5.5)
University of the Pacific	5.3	6.5	1.4	1.6	(8.9)	5.6	3.6	1.2	1.6	(10.7)
Wells Fargo Company	4.9	4.7	1.3	0.9	(8.7)	4.8	4.4	0.7	1.0	(10.0)
<b>Consensus Forecast — This Month</b>	<b>5.7</b>	<b>5.4</b>	<b>1.4</b>	<b>1.4</b>	<b>(14.0)</b>	<b>5.3</b>	<b>4.7</b>	<b>1.2</b>	<b>1.3</b>	<b>(6.7)</b>
<b>— Last Month</b>	<b>5.8</b>	<b>5.2</b>	<b>1.5</b>	<b>1.4</b>	<b>(12.1)</b>	<b>5.4</b>	<b>4.6</b>	<b>1.2</b>	<b>1.3</b>	<b>(4.5)</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.	5.9	5.5	2.2	1.5	(8.0)	5.3	2.1	1.4	1.7	(11.2)
Ctr. for Business and Econ. Forecasting	5.9	5.5	2.1	1.5	(8.0)	6.0	5.3	2.0	1.8	(8.0)
Colorado Legislative Council	6.4	6.3	2.2	1.8	(12.1)	6.2	5.1	2.0	2.0	(5.7)
David Hemley	5.5	4.6	2.0	1.4	(1.6)	5.9	4.9	2.1	1.4	(1.5)
Office of State Planning and Budgeting	5.7	5.5	2.1	1.4	(8.4)	5.9	5.7	2.1	1.6	(2.6)
University of Colorado	6.0	5.7	2.3	1.5	(1.0)	6.1	5.0	2.2	1.6	(1.0)
Wells Fargo & Co.	5.7	4.4	2.4	1.3	(2.8)	5.1	4.0	1.3	1.2	(6.3)
Xcel Energy	5.8	5.4	2.0	1.5	(1.3)	7.1	6.0	2.6	1.6	(2.5)
<b>Consensus Forecast — This Month</b>	<b>5.9</b>	<b>5.4</b>	<b>2.2</b>	<b>1.5</b>	<b>(5.4)</b>	<b>6.0</b>	<b>4.8</b>	<b>2.0</b>	<b>1.6</b>	<b>(4.9)</b>
<b>— Last Month</b>	<b>6.0</b>	<b>5.4</b>	<b>2.2</b>	<b>1.5</b>	<b>(5.3)</b>	<b>6.1</b>	<b>4.8</b>	<b>2.0</b>	<b>1.6</b>	<b>(4.9)</b>

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
Conerly Consulting										
Idaho Div. of Financial Management	7.1		2.1	1.6	(13.0)	6.2		2.0	1.6	(0.7)
Idaho Economics	7.0		3.0	1.7	(5.0)	6.5		2.6	1.7	(4.0)
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	5.2	4.1	2.3	1.6	(6.0)	5.2	3.9	2.0	1.5	(6.3)
<b>Consensus Forecast — This Month</b>	<b>6.2</b>	<b>4.6</b>	<b>2.5</b>	<b>1.6</b>	<b>(7.0)</b>	<b>5.7</b>	<b>4.2</b>	<b>2.2</b>	<b>1.6</b>	<b>(4.0)</b>
<b>— Last Month</b>	<b>6.8</b>	<b>6.0</b>	<b>2.9</b>	<b>1.7</b>	<b>(6.8)</b>	<b>6.1</b>	<b>5.3</b>	<b>2.6</b>	<b>1.7</b>	<b>(2.4)</b>

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		8.0	5.0	5.0	2.9	
Restrepo Consulting Group, LLC	7.5	6.5	5.0	4.0	2.0	7.0	6.0	5.0	4.0	1.0
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	7.4	5.1	4.6	3.9	(9.3)	7.2	5.0	4.5	3.9	4.8
Wells Fargo & Co.	7.0	6.0	4.0	3.7	(0.1)	6.5	5.4	3.2	3.5	(2.6)
<b>Consensus Forecast — This Month</b>	<b>8.0</b>	<b>6.1</b>	<b>4.7</b>	<b>3.8</b>	<b>(1.2)</b>	<b>7.3</b>	<b>5.4</b>	<b>4.2</b>	<b>3.6</b>	<b>0.0</b>
<b>— Last Month</b>	<b>8.1</b>	<b>6.1</b>	<b>4.7</b>	<b>3.8</b>	<b>(1.1)</b>	<b>7.3</b>	<b>5.4</b>	<b>4.2</b>	<b>3.6</b>	<b>0.0</b>

# 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	5.3	1.0	1.8	1.4	1.1	5.3	1.2	2.2	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	1.4	(1.5)	4.8	0.8	1.9	1.3	(1.9)
University of New Mexico - BBER	6.1	4.9	2.6		7.3	5.5	4.9	2.3		(1.4)
Wells Fargo & Co.	5.8	1.9	2.9	1.8	(3.7)	5.7	1.8	2.5	1.8	(2.7)
<b>Consensus Forecast — This Month</b>	<b>5.5</b>	<b>1.8</b>	<b>2.1</b>	<b>1.5</b>	<b>0.8</b>	<b>5.3</b>	<b>2.2</b>	<b>2.2</b>	<b>1.5</b>	<b>(1.8)</b>
<b>— Last Month</b>	<b>5.5</b>	<b>1.8</b>	<b>2.1</b>	<b>1.5</b>	<b>0.8</b>	<b>5.3</b>	<b>2.1</b>	<b>2.2</b>	<b>1.5</b>	<b>(1.8)</b>

### 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	6.8	3.1	3.3	1.4	(12.8)	5.6	0.2	1.8	1.5	(7.7)
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	2.9	3.2	1.4	(4.1)	5.7	(0.5)	1.3	1.4	(5.2)
Portland General Electric	6.3	1.2	2.3	1.4	0.0	5.7	0.5	1.9	1.3	(5.0)
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	6.2	2.8	3.0	1.3	(7.0)	5.7	0.0	1.8	1.3	(5.0)
Wells Fargo & Co.	5.0	0.6	2.0	1.2	(4.5)	5.1	0.3	1.6	1.2	(5.5)
<b>Consensus Forecast — This Month</b>	<b>6.0</b>	<b>2.0</b>	<b>2.7</b>	<b>1.3</b>	<b>(2.4)</b>	<b>5.5</b>	<b>0.5</b>	<b>1.8</b>	<b>1.3</b>	<b>(2.8)</b>
<b>— Last Month</b>	<b>5.9</b>	<b>2.1</b>	<b>2.7</b>	<b>1.3</b>	<b>(2.2)</b>	<b>5.5</b>	<b>0.5</b>	<b>1.8</b>	<b>1.3</b>	<b>(3.0)</b>

### 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	6.2	6.0	2.0	1.7	1.0	5.9	5.7	1.8	1.7	(2.0)
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	5.6	2.2	1.8	0.0	6.0	5.8	2.1	1.6	(0.2)
Perryman Group	6.8	6.7	2.5	2.0	5.5	7.0	6.9	2.1	1.8	(2.1)
TX State Comptroller of Public Accounts	7.4	12.9	2.5	2.3	0.7	6.5	5.8	2.0	1.8	(5.0)
University of Houston - CPP	5.8	5.4	1.6	1.6	(9.8)	5.4	5.4	1.5	1.4	(3.9)
University of North Texas	5.6	5.5	2.0	1.8	0.4	5.5	5.4	1.8	1.7	0.3
University of Texas at El Paso	6.4	7.2	2.4	1.8	0.8	6.2	6.1	2.0	1.7	(1.7)
Wells Fargo & Co.	6.4	5.6	2.8	1.7	(3.2)	5.9	5.1	1.9	1.7	(4.2)
<b>Consensus Forecast — This Month</b>	<b>6.3</b>	<b>6.8</b>	<b>2.3</b>	<b>1.8</b>	<b>(0.6)</b>	<b>6.1</b>	<b>5.9</b>	<b>1.9</b>	<b>1.7</b>	<b>(1.9)</b>
<b>— Last Month</b>	<b>6.3</b>	<b>6.2</b>	<b>2.2</b>	<b>1.8</b>	<b>(1.9)</b>	<b>6.1</b>	<b>5.8</b>	<b>1.9</b>	<b>1.7</b>	<b>(3.1)</b>

# CONSENSUS FORECASTS

## WESTERN BLUE CHIP ECONOMIC FORECAST

### UTAH

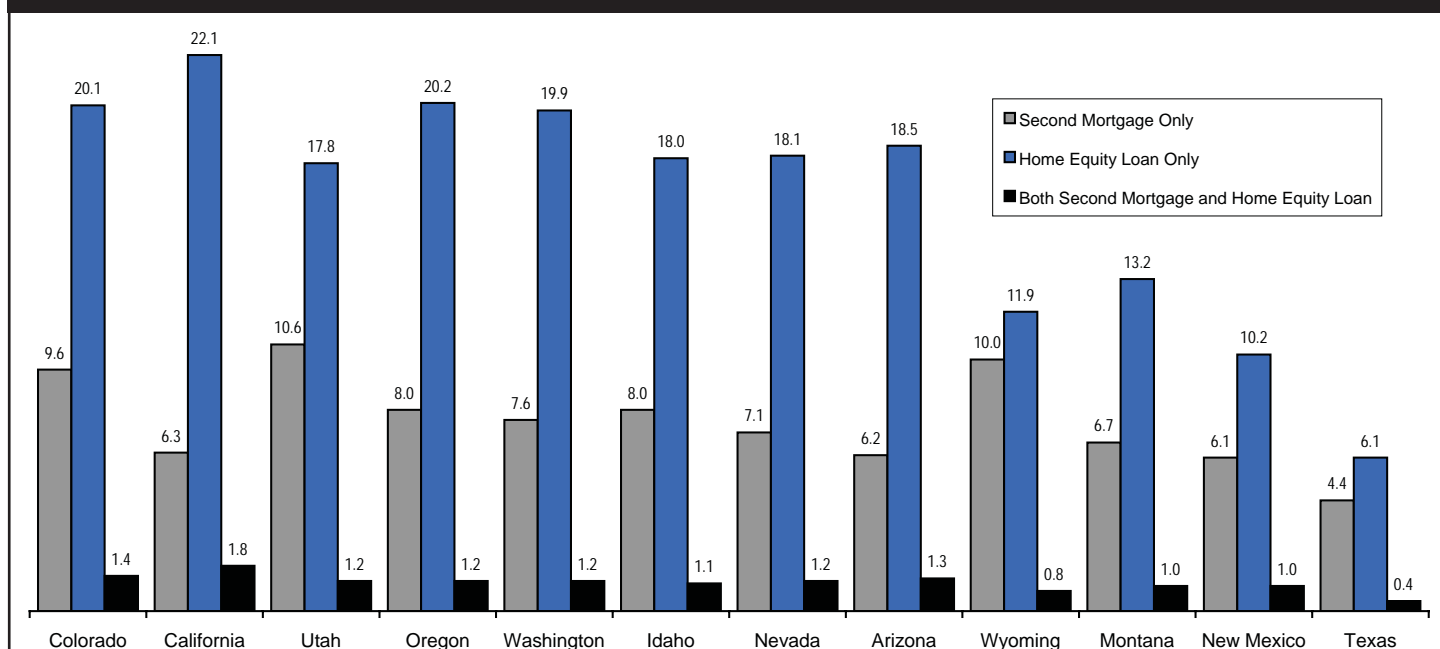
Source:	2006 Annual Percent Change, 2006 from 2005					2007 Annual Percent Change, 2007 from 2006				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family 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 Department of Workforce Services	9.0	6.6	4.4	3.1	4.4	7.6	5.6	3.3	2.8	3.6
Utah State Tax Commission	6.5	6.0	2.9	2.4	1.0					
Wells Fargo	8.0	9.0	4.5	3.0	0.0	7.0	7.0	3.5	2.5	(10.0)
<b>Consensus Forecast — This Month</b>	<b>7.1</b>	<b>6.5</b>	<b>3.5</b>	<b>2.4</b>	<b>2.6</b>	<b>6.6</b>	<b>5.6</b>	<b>3.1</b>	<b>2.2</b>	<b>(0.1)</b>
<b>— Last Month</b>	<b>7.1</b>	<b>6.5</b>	<b>3.5</b>	<b>2.4</b>	<b>2.6</b>	<b>6.6</b>	<b>5.6</b>	<b>3.1</b>	<b>2.2</b>	<b>(0.1)</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	8.0	8.2	3.1	1.9	(3.2)	6.0	5.0	2.1	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	6.8	7.2	3.0	1.7	(11.5)	6.5	5.8	2.4	1.7	(2.5)
Office of Forecast Council *	8.4	8.6	3.0	1.8	(20.1)	6.9	4.0	2.2	1.8	(7.0)
Wells Fargo & Co.	5.7	5.4	3.0	1.5	(7.5)	5.3	5.2	2.1	1.4	(7.0)
<b>Consensus Forecast — This Month</b>	<b>7.0</b>	<b>7.2</b>	<b>2.9</b>	<b>1.7</b>	<b>(8.7)</b>	<b>6.2</b>	<b>5.2</b>	<b>2.2</b>	<b>1.6</b>	<b>(6.5)</b>
<b>— Last Month</b>	<b>6.6</b>	<b>7.1</b>	<b>2.8</b>	<b>1.7</b>	<b>(9.0)</b>	<b>6.2</b>	<b>5.2</b>	<b>2.1</b>	<b>1.6</b>	<b>(7.5)</b>

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

## Percentage of Homeowners with a Second Mortgage or Home Equity Loan 2005



Source: U.S. Census Bureau, American Community Survey



# 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	179,765	160,218	2,471.3	58,964	176.2	80,648	5,939	4.7
% change	9.3	6.3	4.1	13.2	0.2	16.3	3.4	
2004	164,495	150,775	2,373.5	52,098	175.8	69,339	5,744	5.0
% change	8.4	5.6	3.4	9.0	0.3	8.1	3.0	
2003	151,708	142,717	2,296.3	47,818	175.3	64,143	5,579	5.7
% change	5.2	3.2	1.4	5.3	(4.5)	15.3	2.6	
2002	144,150	138,340	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	1,338,181	1,195,979	14,770.4	368,382 †	1,535.8	151,022	36,132	5.4
% change	6.0	3.4	1.6	5.2	0.2	0.2	0.8	
2004	1,262,306	1,157,113	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	1,184,265	1,114,089	14,392.3	320,217	1,547.9	140,512	35,457	6.8
% change	3.2	1.1	(0.5)	6.2	(5.5)	16.3	1.3	
2002	1,147,716	1,101,677	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	177,025	158,214	2,225.1	63,375 †	153.4	40,477	4,665	5.0
% change	6.5	3.9	2.1	5.6	(0.8)	6.1	1.4	
2004	166,188	152,339	2,178.9	60,014	154.6	38,164	4,602	5.6
% change	5.8	3.1	1.3	4.9	(0.9)	14.2	1.2	
2003	157,035	147,730	2,151.0	57,192	156.0	33,428	4,548	6.1
% change	2.6	0.5	(1.4)	8.1	(6.1)	(5.9)	1.1	
2002	153,066	146,926	2,182.5	52,888	166.1	35,522	4,498	5.7
% 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	40,241	35,965	608.0	19,183	62.2	19,464	1,429	3.8
% change	7.3	4.6	3.6	14.7	1.1	32.9	2.4	
2004	37,497	34,373	586.9	16,727	61.5	14,650	1,395	4.7
% change	8.2	5.4	2.6	4.2	(0.8)	17.8	2.0	
2003	34,654	32,600	572.0	16,059	62.0	12,432	1,368	5.3
% change	2.4	0.3	0.7	2.1	(4.5)	21.7	1.9	
2002	33,849	32,491	568.2	15,736	64.9	10,212	1,343	5.4
% change	2.4	0.7	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	86,650	77,442	1,225.2	46,190	11,649.0	37,438	2,415	4.1
% change	11.1	8.3	6.3	12.4	10.3	(3.6)	3.5	
2004	78,022	71,520	1,152.4	41,087	10,562.2	38,817	2,333	4.6
% change	9.0	6.2	5.9	16.0	9.7	17.5	4.1	
2003	71,606	67,363	1,088.3	35,426	9,625.3	33,033	2,242	5.3
% change	7.5	5.3	3.5	9.3	1.9	21.1	3.4	
2002	66,632	63,959	1,052.0	32,410	9,447.4	27,284	2,168	5.7
% change	3.5	1.7	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	53,308	47,644	806.9	12,900	36.0	13,553	1,928	5.3
% change	7.0	4.3	2.0	4.8	0.2	15.4	1.3	
2004	49,828	45,675	790.7	12,312	35.9	11,743	1,903	5.7
% change	6.5	3.8	1.9	5.2	(1.6)	(0.7)	1.3	
2003	46,779	44,007	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	44,987	43,182	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	116,889	104,468	1,647.8	206.0	24,925	31,864	3,641	6.1
% change	6.5	3.8	3.4	3.3	16.6	13.8	1.4	
2004	109,757	100,610	1,593.7	199.5	21,372	28,000	3,591	7.3
% change	5.6	2.9	2.0	2.3	13.7	7.3	0.8	
2003	103,890	97,734	1,562.2	194.9	18,799	26,103	3,563	8.1
% change	2.0	(0.1)	(0.7)	(3.3)	4.6	15.8	1.1	
2002	101,882	97,795	1,572.5	201.6	17,977	22,543	3,522	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	742,074	663,217	9,606.4	347.6 †	889.6	165,579	22,860	5.3
% change	7.5	4.8	1.4	6.1	0.0	16.8	1.7	
2004	690,588	633,038	9,478.3	327.6	889.5	141,810	22,472	6.0
% change	6.1	3.4	1.2	6.4	(1.2)	6.6	1.7	
2003	650,875	612,305	9,370.0	307.9	900.0	133,077	22,099	6.7
% change	3.9	1.8	(0.5)	3.9	(5.1)	10.3	1.7	
2002	626,604	601,468	9,416.0	296.0	948.7	120,644	21,722	6.4
% change	1.1	(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	69,299	61,935	1,144.2	21,409 †	117.4	24,645	2,470	4.3
% change	7.6	4.9	3.7	5.2	2.2	23.9	2.0	
2004	64,399	59,032	1,103.2	20,351	114.9	19,899	2,421	5
% change	6.8	4.1	2.7	8.2	2.3	10.6	1.8	
2003	60,298	56,725	1,074.1	18,809	112.3	17,995	2,379	5.6
% change	3.7	1.6	0.1	2.1	(1.4)	16.8	1.8	
2002	58,172	55,838	1,073.4	18,356	113.9	15,406	2,337	5.8
% change	2.8	1.0	(0.7)	3.4	(6.6)	11.2	0.0	
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

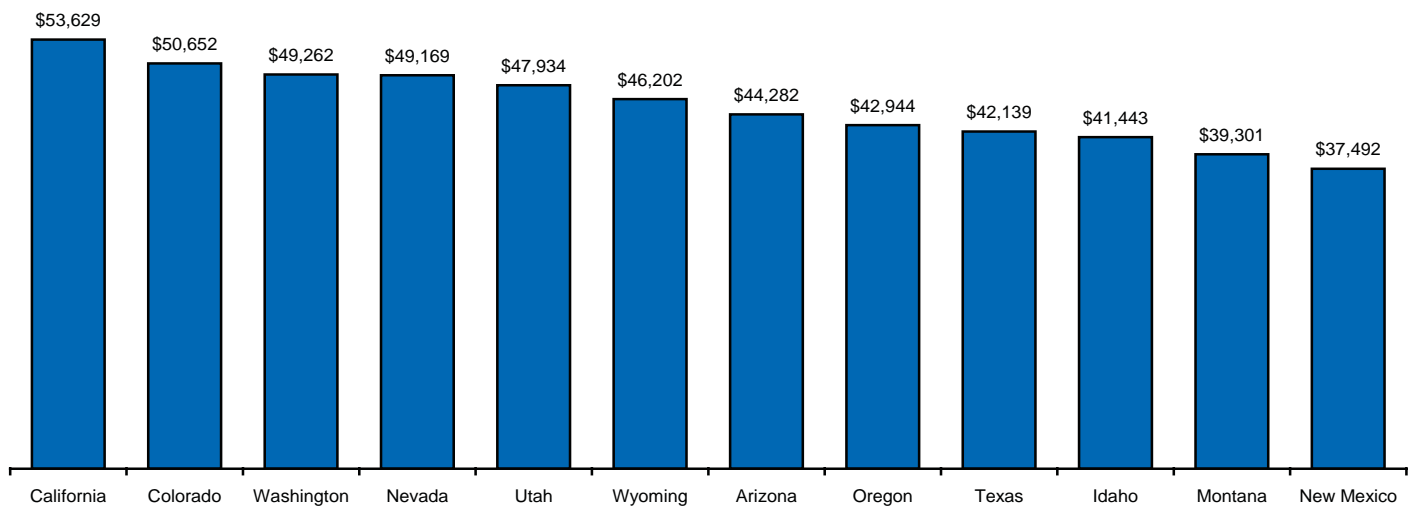
## WESTERN BLUE CHIP ECONOMIC FORECAST

### WASHINGTON

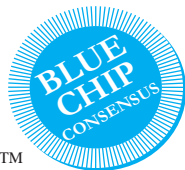
	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2005	222,643	198,983	2,763.2	98,552	267.1	40,928	6,288	5.5
% change	2.4	(0.2)	2.4	9.3	1.4	11.2	1.3	
2004	217,503	199,378	2,698.2	93,441	263.5	36,815	6,207	6.3
% change	7.9	5.1	1.5	6.6	(1.3)	6.8	1.2	
2003	201,607	189,660	2,657.8	87,664	267.1	34,480	6,131	7.4
% change	2.1	0.1	0.1	2.7	(6.3)	4.2	1.1	
2002	197,452	189,531	2,654.1	85,368	285.0	33,090	6,066	7.3
% change	2.0	0.3	(1.6)	0.5	(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

### Median Household Income 2005



Source: U.S. Census Bureau



### WESTERN BLUE CHIP ECONOMIC FORECAST

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



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