

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

Western analysts project better job growth for 2004

The latest forecasts for the Western states are more positive than we have seen in quite a while. Unlike the spotty performance of 2003, every Western state is slated to add jobs this year.

The analysts compiled their forecasts for the West after they took a look at the stronger monthly national employment growth figures... then they tossed in a little bit of optimism to spice up the projections a bit more.

If the tea leaves are accurate, Arizona and Nevada will set the pace with a projected gain of 3.6 percent in nonfarm payroll employment for 2004 [see chart].

It's no coincidence that Arizona and Nevada are projected to have strong population gains along with employment increases for 2004. The two states consistently add new residents at a faster pace than most other states, year after year. More people contribute to demand for workers in housing, retailing, and services such as health care. Government employment also goes up as population grows.

So far this year, Nevada is recording employment gains of more than 4 per-

cent over the same months of 2003. And Arizona has yet to break the 3 percent mark for over-the-year growth job growth in 2004.

States losing jobs in 2003 included Colorado, California, Oregon and Texas. While job growth is far from sizzling in any of these four states right now, by the end of 2004, the projecting pundits expect positive gains for the year as a whole.

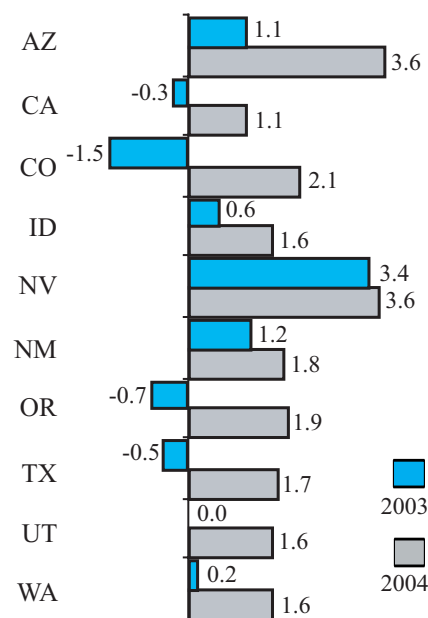
Perhaps the largest turnaround will be in Colorado, where employment fell by more than 30,000 jobs last year. The forecast for 2.1 percent growth implies 45,000 new jobs in 2004.

The Denver metropolitan area accounts for slightly more than one half of all jobs in the state. Since employment peaked in December of 2000, Denver had lost some 60,000 jobs by year-end 2003.

To fully participate in the projected Colorado recovery, Denver will have to get away from being one of the weakest labor markets in the country and reverse a record of three years of job erosion.

— Lee McPheters

**WESTERN JOB GROWTH
FORECASTS: 2004
(Percent Change)**



California migration swells populations of other Western states

NET MIGRATION FROM CALIFORNIA 1995–2000

State	Net Inflow from California
Nevada	138,637
Arizona	93,699
Texas	66,860
Oregon	64,194
Washington	60,108
Colorado	55,272
Florida	29,054

Source: U.S. Census Bureau

California supplied over 2 million new residents to other states during 1995–2000, according to figures on domestic migration recently released by the U.S. Census Bureau.

The outflow of 2.2 million was only partially offset by inflows of 1.4 million, leading to net outmigration from California of more than 700,000 between 1995–2000. Outflow from California was mostly to nearby Western states.

The largest migration from the Golden State over the period was to neighboring Nevada. The flow of persons from California to Nevada numbered 199,125, and after adjusting for 60,488 going from Nevada to California, the net flow was 138,637 [see table].

The Census Bureau analysts reported that California sent 186,000 to Arizona, accounting for 23 percent of the 796,000 new Arizona residents who moved from other states. One half as many persons moved from Arizona to California. The net migration to Arizona from California was 93,699.

Although the largest net outflow of residents from California went to Nevada, the largest net inflow to California was contributed by Texas. There were 115,929 who moved from the Lone Star State to the Golden State. California, in turn, contributed the largest inflow to Texas, 182,789, a net migration to Texas of 66,860 persons.

— Lee McPheters

NATIONAL ROUNDUP

U.S. JOB GROWTH



% Change: Feb. 2004 vs Feb. 2003

Nonfarm	0.1
Goods-Producing	-1.6
Construction	1.9
Manufacturing	-3.1
Service-Providing	0.4
Transportation, Warehousing & Utilities	-1.9
Trade	0.0
Information	-2.1
Financial Activities	0.7
Professional & Business Services	1.5
Educational & Health Services	1.8
Leisure & Hospitality	0.9
Government	-0.5

Source: U.S. Bureau of Labor Statistics

U.S. REAL ESTATE

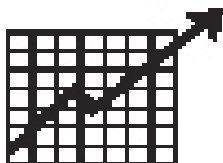


Residential Building Permits
Feb. 2004 vs Feb. 2003

	Total Residential	Single- family	Multi- family
2004	131,204	103,476	27,728
2003	124,159	91,186	32,973
% Δ	5.7	13.5	-15.9

Source: U.S. Department of Commerce

U.S. FORECASTS

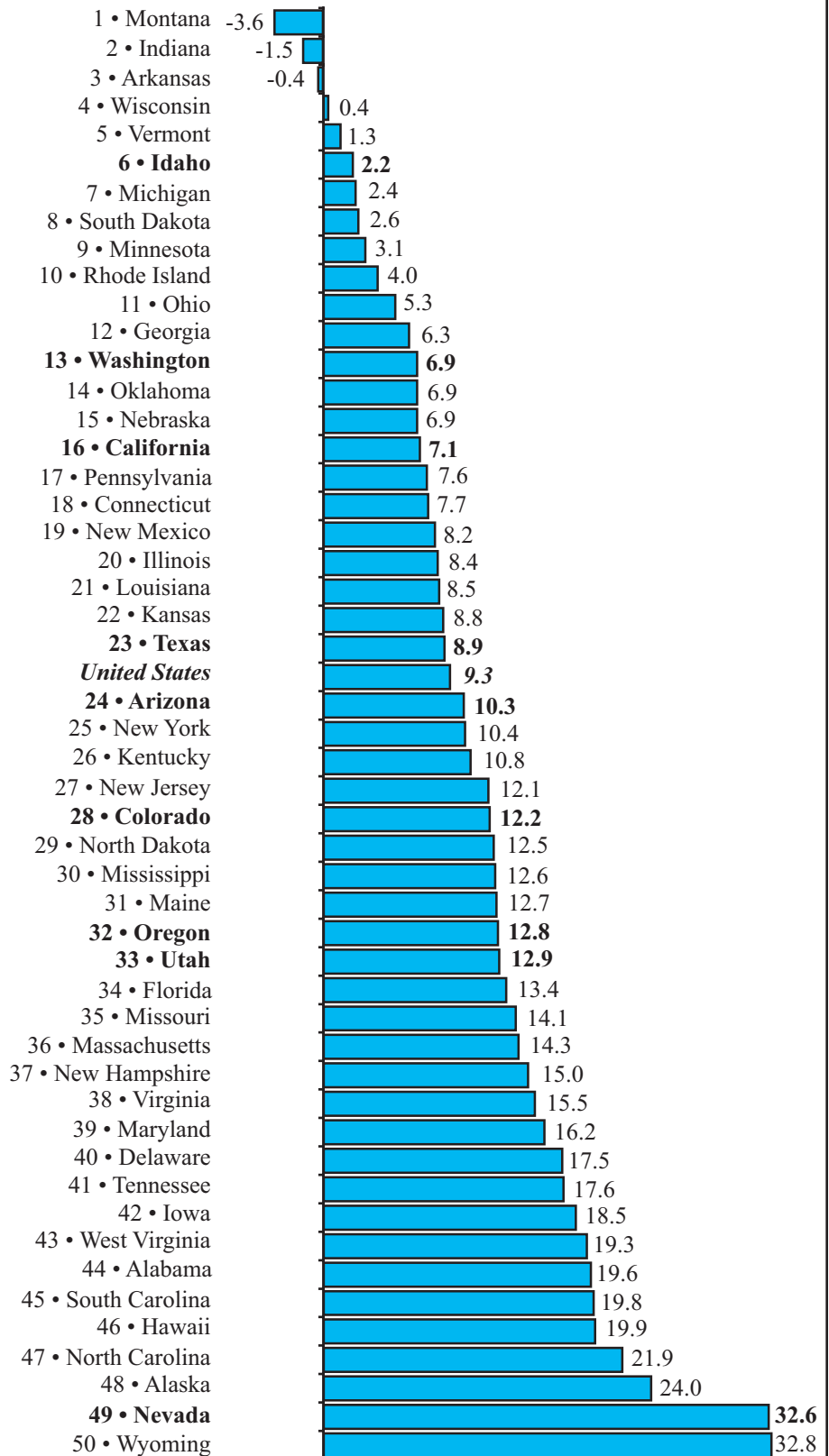


Percent Change

	2004	2005
Real GDP (Chain)	4.7	3.6
CPI	1.7	1.3
GDP Deflator (Chain)	1.6	1.5

Source: "U.S. Economic Outlook," *Global Insight*, March 2004

TOTAL EXISTING HOME SALES Percent Change, 4th Quarter 2003 vs. 4th Quarter 2002



Source: National Association of Realtors

SUMMARY

WESTERN BLUE CHIP ECONOMIC FORECAST

2004 Annual Percent Change, 2004 from 2003						2005 Annual Percent Change, 2005 from 2004				
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	6.8 ↑	5.0 ↓	3.6 ↓	2.8	(1.1)↓	7.2 ↑	5.2 ↑	4.0	2.9 ↑	(0.2)↓
California	4.9 ↑	3.2 ↓	1.1	1.5 ↑	(2.9)↑	5.3 ↓	(0.0)↓	2.0 ↑	1.5	(1.9)↓
Colorado	3.9 ↓	2.3 ↓	2.1 ↓	1.3 ↓	(0.6)↓	5.4 ↓	(0.1)↓	3.1 ↓	1.4 ↓	1.6 ↓
Idaho	5.4	3.7 ↓	1.6 ↑	1.2	(8.2)	5.4	(0.2)↓	1.9	1.3	0.5
Nevada	6.4 ↑	4.7 ↓	3.6 ↑	4.0 ↑	1.2 ↑	6.6 ↑	2.4 ↓	3.8 ↑	3.9 ↑	1.6 ↑
New Mexico	5.1 ↓	3.5 ↓	1.8 ↑	1.3 ↑	(0.2)↑	5.3	(0.1)↓	2.1 ↑	1.4 ↓	(0.5)↓
Oregon	5.3	3.7 ↓	1.9 ↑	1.3 ↑	(1.3)↑	5.6 ↑	(0.1)↓	2.6 ↑	1.4	(0.9)↑
Texas	5.9 ↓	4.2 ↓	1.7 ↓	1.8 ↑	(1.6)↑	6.4 ↓	0.4 ↓	2.3 ↓	1.9 ↑	(1.0)↑
Utah	4.5 ↑	2.9 ↓	1.6 ↑	1.7	(0.3)	5.4 ↑	0.3 ↓	2.3 ↑	1.8	0.5
Washington	5.0	3.4 ↓	1.6 ↑	1.0 ↓	(9.4)↑	5.4 ↑	(0.3)↓	2.6	1.2 ↑	(4.9)↑

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

Forecast notes from the Western region...

Texas is seeing substantial momentum on many fronts. Most major urban centers are beginning to enjoy meaningful, sustainable job growth. Most major sectors are also seeing substantial increases in orders and production.

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

Utah's economy started adding new jobs in July 2003. Slow at first, but the pace picked noticeably during last year's fourth quarter. For March 2004, employment growth stands at 1.4 percent. Nearly all industrial sectors are growing, including construction and manufacturing. The last time Utah experienced employment growth of 1.4 percent was March 2001, three years ago. An interesting similarity for an exact three-year interval, but fortunately there is a difference. Back then the rate was on the way down. Now it's on the way up. With some intermittent intervals, employment growth is expected to continue rising as this year progresses.

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

California's economy is slowly making the turn to recovery. However, there is still a budget deficit to cover, workmen's compensation insurance reform is progressing in fits and starts, and high gas and diesel fuel prices are taking a toll. There is also concern that the housing market is overheating, as speculators

have appeared in both the new and resale segments. However, businesses are starting to see increases on orders, but due to the costs of hiring, are moving cautiously in adding staff. The best results so far this year have come in international trade, some sectors of the tourism and travel market, and in technology. Southern California's economy is showing the best results, while the Bay Area is still struggling.

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

Pent-up demand and growing confidence in the economy will increase the need for such services as engineering, computer systems design, and other professional or technical business services. Between 1993 and 2002, [Colorado] financial activities grew at a compound annual growth rate of 2.8 percent, with the strongest employment growth occurring in securities at 6.6 percent. The goods-producing sectors of the economy will again show negative growth in 2004, with job losses totaling 5,000. These declines will be offset by growth in the service-producing sectors, which are expected to increase by 37,300 jobs.

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

Nevada's investment and construction opportunities, fueled by favorable bor-

rowing costs and good fundamentals for the future, have kept construction activity brisk, making up for some of the slower growth in travel and tourism. Travel and tourism stands to gain with an improving national economy in 2004, however. The sharp upward movement in metal prices has improved the outlook for rural Nevada. All in all, 2004 should be a good year for the Silver State.

— **R. Keith Schwer**
University of Nevada Las Vegas
Las Vegas, Nevada

New home construction activity across the state continues to be rock solid. Despite **Oregon's** economic weakness of the past three years, new housing starts last year remained strong. The primary reason: attractive mortgage rates have allowed thousands of Oregon residents to buy their first homes, while allowing thousands of current homeowners to refinance higher-rate mortgages, improving monthly cash flow for years to come. Much of the existing home resale activity in the state has been in lower-priced homes. However, a combination of stronger Oregon economic growth, impressive U.S. growth, a rising stock market, and an expected increase in "talented people and their money" relocating to Oregon (among other states) should provide more demand for mid-range and higher-end Oregon real estate.

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

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

	2004 Annual Percent Change, 2004 from 2003					2005 Annual Percent Change, 2005 from 2004				
	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
Source:										
Arizona Public Service	6.8	6.6	3.2	3.0	1.5	7.7	7.4	4.2	3.0	1.4
ASU – Bank One EOC	6.4	5.8	2.7	2.7	(5.0)	6.8	6.3	3.5	2.7	(2.0)
CH2M HILL	6.7	6.2	3.7	2.8	1.0	6.8	6.4	3.9	2.8	1.5
Department of Economic Security	6.6	6.1	2.4	2.7		6.9	6.4	3.6	2.6	
ECON-LINC	6.8	6.2	4.0	2.6	(3.0)	7.0	6.4	4.2	2.8	(2.0)
Eggert Economic Enterprises Inc.	6.9	6.2	3.7	3.0	(1.5)	6.8	6.5	4.0	3.0	1.8
Elliott D. Pollack & Co.	6.8	6.0	3.5	2.6	0.0	7.8	7.0	4.0	3.0	(10.0)
H. C. Reardon Economics	6.7	6.4	3.6	2.9	(5.0)	7.2	6.6	4.0	3.0	0.0
Joint Legislative Budget Committee	6.8	6.0	4.0	2.7	(1.5)	7.0	6.2	4.5	2.7	(1.0)
Lancaster Consulting	6.6	6.0	3.8	2.8	1.0	6.9	6.0	3.7	2.8	5.0
The Maguire Company	6.5	5.9	3.7	2.7	0.0	7.1	6.5	3.7	2.7	2.0
Metropolitan West Asset Management	6.8	6.0	4.2			7.5	6.5	4.0		
NAU – BBER	6.8	6.4	3.8	2.7	0.0	7.2	6.8	4.0	2.9	5.0
Protitlement	6.6	5.9	3.8	2.7	(5.0)	7.2	6.1	4.0	2.8	(7.5)
Salt River Project	6.6	6.0	3.2	2.9	0.0	8.0	8.0	4.0	2.8	0.0
Stellar Capital Management	6.5	5.6	3.8	2.7	(2.0)	6.6	5.6	3.9	2.9	3.5
Tucson Electric Power Co.	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
UA – Eller College	7.3	8.0	4.2	2.8	(1.4)	7.4	6.6	4.6	3.2	(0.9)
VisionEcon	7.9	7.2	4.0	3.1	1.0	7.4	7.9	3.9	3.0	3.0
Wells Fargo & Co.	6.6	6.5	3.6	3.0	1.0	7.1	6.4	4.0	3.2	(3.0)
Consensus Forecast — This Month	6.8	6.3	3.6	2.8	(1.1)	7.2	6.6	4.0	2.9	(0.2)
— Last Month	6.7	6.2	3.7	2.8	(2.1)	7.1	6.6	4.0	2.8	0.3

CALIFORNIA

	2004 Annual Percent Change, 2004 from 2003					2005 Annual Percent Change, 2005 from 2004				
	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
Source:										
Anonymous	5.6	5.8	1.1	1.7	(3.2)	5.9	5.4	2.1	1.7	3.4
California State University, Long Beach *	7.6	6.0	1.3	1.9	4.0	6.2	7.4	2.2	1.8	(2.3)
Capital Corporation of the West	4.9	5.3	1.2	1.5	(3.0)	5.5	5.7	2.0	1.5	(1.5)
Chapman University	4.2	3.7	1.1	1.6	(3.9)	5.1	4.8	1.9	1.6	(5.5)
L.A. County Economic Development Corp.	4.0	4.5	0.9	1.6	(1.2)	4.6	5.8	1.4	1.6	0.5
Legislative Analyst's Office	5.6	5.5	1.0	1.3	(5.0)	6.1	5.8	2.3	1.3	0.0
UCLA – Business Forecasting Project	4.9	4.2	1.0	1.5	1.2	5.3	4.9	2.0	1.4	(6.4)
Wells Fargo & Co.	4.8	4.8	1.3	1.4	(5.5)	4.7	5.3	2.4	1.3	(3.8)
Consensus Forecast — This Month	4.9	4.8	1.1	1.5	(2.9)	5.3	5.4	2.0	1.5	(1.9)
— Last Month	4.8	4.9	1.1	1.5	(3.4)	5.3	5.3	2.0	1.5	(1.7)

*This forecast is for Southern California only

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

COLORADO										
2004 Annual Percent Change, 2004 from 2003						2005 Annual Percent Change, 2005 from 2004				
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.	3.9	4.6	1.7	1.3	(0.7)	4.9	5.5	2.5	1.4	1.0
Ctr. for Business and Econ. Forecasting	3.2	2.6	0.9	1.1	(6.0)	6.0	3.9	2.3	1.2	(6.0)
Colorado Legislative Council	4.1	4.5	4.0	1.3	(2.3)	4.7	5.3	5.5	1.4	2.1
David Hemley	1.5	1.3	(0.9)	1.1	(6.1)	4.1	3.3	1.4	1.3	0.3
Office of State Planning and Budgeting	3.4	3.8	5.5	1.3	(4.2)	5.1	4.4	4.8	1.4	2.1
University of Colorado	5.0	4.0	1.5	1.3	5.0	6.5	5.0	2.5	1.4	5.0
Wells Fargo & Co.	4.8	4.2	2.1	1.4	4.0	5.7	4.8	2.8	1.6	1.6
Xcel Energy	5.5	3.8	2.3	1.5	5.5	6.0	4.5	2.8	1.5	7.0
Consensus Forecast — This Month	3.9	3.6	2.1	1.3	(0.6)	5.4	4.6	3.1	1.4	1.6
— Last Month	4.4	4.1	2.5	1.3	0.0	5.5	4.8	3.3	1.4	2.7

IDAHO										
2004 Annual Percent Change, 2004 from 2003						2005 Annual Percent Change, 2005 from 2004				
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	5.7		1.5	1.0	(14.3)	4.9		1.7	1.0	(2.3)
Idaho Economics	5.1		1.6	1.3	(4.0)	5.2		1.8	1.5	(3.0)
Idaho State University	5.1	4.3	1.2	1.1	(12.0)	5.3	4.0	1.5	1.1	7.0
Thredgold Economic Associates	5.8	4.6	2.1	1.2	1.0	6.2	5.0	2.7	1.3	1.0
Wells Fargo & Co.	5.2	3.7	1.6	1.3	(11.8)	5.5	4.0	2.0	1.4	0.0
Consensus Forecast — This Month	5.4	4.2	1.6	1.2	(8.2)	5.4	4.3	1.9	1.3	0.5
— Last Month	5.4	4.1	1.6	1.2	(8.2)	5.4	4.3	1.9	1.3	0.5

NEVADA										
2004 Annual Percent Change, 2004 from 2003						2005 Annual Percent Change, 2005 from 2004				
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.	5.5	4.0	3.0	3.5						
Legis. Counsel Bureau – Fiscal Analysis	6.5	4.0	3.3	3.5	0.0	7.2	4.5	3.7	3.5	(2.5)
Restrepo Consulting Group, LLC	6.0	3.5	4.0	4.0	4.0	5.0	3.0	3.5	3.5	3.0
Thredgold Economic Associates	6.4	4.0	3.9	4.0	4.0	6.7	4.4	4.0	4.2	4.0
Southwest Gas	7.0	2.7	2.8	4.3	(1.0)	7.2	3.1	3.0	4.4	1.3
Univ. of Nevada at Las Vegas – CBER	6.1	3.3	4.1	4.1	(0.4)	6.3	3.8	4.3	4.2	2.4
Wells Fargo & Co.	7.1	5.0	4.1	4.4	0.3	7.4	5.6	4.3	3.8	1.5
Consensus Forecast — This Month	6.4	3.8	3.6	4.0	1.2	6.6	4.1	3.8	3.9	1.6
— Last Month	6.3	3.7	3.6	3.9	1.1	6.6	4.1	3.8	3.9	1.6

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

NEW MEXICO

	2004 Annual Percent Change, 2004 from 2003					2005 Annual Percent Change, 2005 from 2004				
	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
Source:										
Eastern New Mexico University	4.8	(0.1)	1.1	1.1	3.1	4.8	0.0	1.8	1.2	1.3
New Mexico Department of Labor		(1.5)	2.1							
New Mexico State Univ – CEMAF	5.2	(1.0)	1.5							
Public Service New Mexico	5.1	0.4	1.9	1.4	(2.0)	5.3	1.0	2.1	1.5	0.5
University of New Mexico – BBER	4.8	0.8	2.0	1.3	0.2	5.2	2.3	2.2	1.3	(4.4)
Wells Fargo & Co.	5.7	0.3	2.2	1.5	(2.0)	5.7	0.6	2.4	1.6	0.5
Consensus Forecast — This Month	5.1	(0.2)	1.8	1.3	(0.2)	5.3	1.0	2.1	1.4	(0.5)
— Last Month	5.2	(0.4)	1.8	1.3	(1.6)	5.3	0.9	2.1	1.4	0.7

OREGON

	2004 Annual Percent Change, 2004 from 2003					2005 Annual Percent Change, 2005 from 2004				
	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
Source:										
Conerly Consulting	5.8	2.2	1.6	1.2	(8.8)	5.1	1.9	3.8	1.3	(6.7)
Forefront Economics	4.8	1.0	1.5	1.1	3.5	5.3	1.4	2.2	1.2	4.0
Oregon Executive Department	5.0	2.1	1.6	1.1	(3.6)	5.0	1.1	2.2	1.1	(2.4)
Portland General Electric	5.8	1.0	2.0	1.3	1.0	6.5	2.0	2.4	1.4	1.0
Rhodes Econometrics	5.2	1.2	2.4	1.4	1.9	5.1	1.3	2.8	1.6	2.1
Thredgold Economic Associates	4.8	0.8	1.9	1.4	1.0	5.4	1.2	2.4	1.5	1.5
U.S. Bancorp	5.3	2.5	2.0	1.2	(3.0)	6.0	3.0	2.5	1.2	(5.0)
Wells Fargo & Co.	5.8	0.5	2.0	1.4	(2.5)	6.1	0.9	2.5	1.5	(1.3)
Consensus Forecast — This Month	5.3	1.4	1.9	1.3	(1.3)	5.6	1.6	2.6	1.4	(0.9)
— Last Month	5.3	1.2	1.8	1.3	(1.4)	5.6	1.5	2.6	1.4	(0.9)

TEXAS

	2004 Annual Percent Change, 2004 from 2003					2005 Annual Percent Change, 2005 from 2004				
	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
Source:										
Econoclast	6.4	7.0	2.3	1.8	1.0	6.5	6.7	2.3	1.9	1.4
Federal Reserve Bank of Dallas	6.3	7.0	1.7	1.9	2.0	7.2	7.5	2.5	1.9	2.5
David Hemley	4.5	3.8	0.4	1.8	1.1	5.7	6.0	2.0	1.8	0.6
Perryman Group	6.1	6.2	1.8	1.7	(3.2)	6.5	6.6	2.2	1.8	1.4
TX State Comptroller of Public Accounts	5.5	4.4	1.8	1.8	(1.9)	5.7	4.7	2.1	1.8	(2.3)
University of Houston - CPP	6.2	6.2	1.6	1.7	(3.8)	6.6	6.8	2.3	2.0	(8.5)
University of North Texas	5.0	6.1	1.8	1.5	(5.0)	6.2	6.2	2.2	1.7	(2.0)
University of Texas at El Paso	6.4	6.9	2.0	1.9	(1.4)	6.6	6.7	2.2	1.8	(0.4)
Wells Fargo & Co.	6.4	7.4	2.2	1.9	(3.5)	6.8	7.4	2.7	2.0	(2.0)
Consensus Forecast — This Month	5.9	6.1	1.7	1.8	(1.6)	6.4	6.5	2.3	1.9	(1.0)
— Last Month	6.2	6.4	2.0	1.8	(2.7)	6.5	6.6	2.3	1.9	(1.5)

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

UTAH

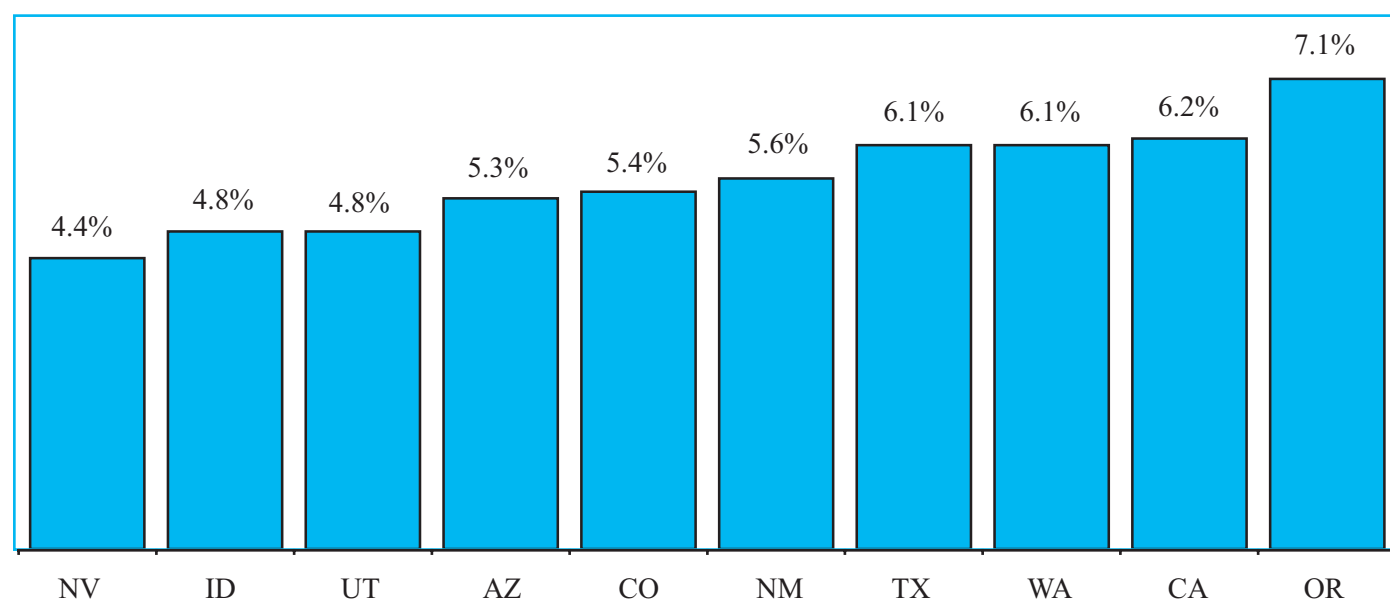
Source:	2004 Annual Percent Change, 2004 from 2003					2005 Annual Percent Change, 2005 from 2004				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Pacificorp	6.7	4.8	2.1	1.7	3.0	7.0	5.5	2.2	1.8	5.0
Thredgold Economic Associates	4.6	4.0	1.5	1.7	2.3	5.6	4.8	2.4	1.8	1.5
Utah Dept. of Workforce Services	2.8	2.3	1.7	1.5	(2.0)	4.3	2.6	2.5	1.7	1.5
Utah State Tax Commission	4.2	3.5	1.2	2.0	2.4	5.2	4.0	2.0	1.9	(5.3)
Wells Fargo & Co.	4.2	3.7	1.5	1.6	(7.4)	4.8	4.0	2.3	1.8	0.0
Consensus Forecast — This Month	4.5	3.7	1.6	1.7	(0.3)	5.4	4.2	2.3	1.8	0.5
— Last Month	4.5	3.6	1.4	1.7	(0.3)	5.3	4.1	2.2	1.8	0.5

WASHINGTON

Source:	2004 Annual Percent Change, 2004 from 2003					2005 Annual Percent Change, 2005 from 2004				
	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	5.3	4.7	1.8	1.2	(9.4)	5.4	6.0	3.3	1.3	(7.2)
Dick Conway & Associates	5.1	5.2	1.7	0.7	(6.0)	5.3	5.6	2.3	1.0	(2.0)
Doug Pedersen & Associates	5.0	5.5	1.7	1.0	(7.0)	5.3	5.2	2.5	1.1	(3.0)
Office of Forecast Council *	4.5	5.3	1.5	1.1	(16.6)	5.4	6.1	2.5	1.1	(7.3)
Wells Fargo & Co.	5.2	5.4	1.3	1.0	(8.0)	5.5	5.9	2.3	1.3	(5.0)
Consensus Forecast — This Month	5.0	5.2	1.6	1.0	(9.4)	5.4	5.8	2.6	1.2	(4.9)
— Last Month	5.0	5.0	1.5	1.0	(9.7)	5.4	5.7	2.7	1.1	(5.3)

* Population forecast is from the Office of Financial Management.

UNEMPLOYMENT RATE February 2004 (Seasonally Adjusted)



Source: Bureau of Labor Statistics

HISTORICAL DATA

WESTERN BLUE CHIP ECONOMIC FORECAST

ARIZONA

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2003	150,726 †	133,887 †	2,287.9 ††	47,605 †	175.4 ††	64,143 ††	5,610 †	5.6††
% change	5.5	3.8	1.0	4.8	(4.6)	15.3	2.6	
2002	142,868	128,938	2,264.9	45,425	183.9	55,649	5,468	6.2
% change	4.0	2.9	(0.0)	1.3	(8.8)	9.3	2.8	
2001	137,331	125,304	2,265.0	44,833	201.7	50,930	5,321	4.7
% change	4.8	2.3	1.0	2.0	(3.9)	4.3	2.9	
2000	131,046	122,510	2,242.7	43,940	209.9	48,846	5,169	4.0
% change	9.0	6.7	3.7	7.8	1.2	(5.6)	3.0	
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
2003	1,198,074 †	1,064,224 †	14,453.7 ††	311,867 †	1,584.2 ††	140,512 ††	35,866 †	6.7††
% change	3.4	1.8	(0.2)	3.4	(3.5)	16.3	1.6	
2002	1,158,679	1,045,698	14,476.5	301,612	1,641.2	120,783	35,301	6.7
% change	2.5	1.4	(0.9)	2.6	(8.1)	13.7	1.7	
2001	1,129,868	1,030,914	14,601.9	293,957	1,785.6	106,265	34,698	5.4
% change	2.7	0.2	0.8	2.4	(3.9)	1.6	1.9	
2000	1,100,679	1,028,977	14,488.2	287,068	1,857.5	104,600	34,036	4.9
% change	10.6	8.3	3.5	12.3	1.5	1.8	1.9	
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
2003	154,607 †	137,334 †	2,166.3 ††	53,621 †	154.6 ††	33,428 ††	4,561 †	5.7††
% change	3.1	1.5	(0.8)	1.6	(7.0)	(5.9)	1.2	
2002	149,958	135,336	2,183.7	52,777	166.3	35,522	4,507	5.7
% change	1.2	0.1	(1.9)	(10.6)	(8.6)	(2.6)	1.7	
2001	148,239	135,256	2,225.4	59,041	181.9	36,477	4,431	3.7
% change	3.6	1.1	0.6	1.8	(4.9)	(3.2)	2.4	
2000	143,043	133,725	2,212.6	58,018	191.3	37,699	4,327	2.8
% change	11.4	9.1	3.8	10.3	0.3	(1.9)		
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
2003	34,983 †	31,075 †	570.8 ††	16,287 †	61.5 ††	12,432 ††	1,356 †	5.3††
% change	4.1	2.5	0.6	3.5	(4.9)	21.7	1.1	
2002	33,605	30,329	567.2	15,736 ††	64.7	10,212	1,341	5.8
% change	3.8	2.7	(0.1)	8.3	(5.3)	7.7	1.6	
2001	32,363	29,528	567.7	14,525	68.3	9,483	1,321	5.0
% change	3.8	1.3	1.5	5.6	(2.3)	(6.1)	1.6	
2000	31,177	29,146	559.5	13,755	69.9	10,098	1,300	4.9
% change	7.9	5.6	3.8	4.5	1.5	(3.8)		

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
2003	69,334 †	61,588 †	1,074.7 ††	N/A	9,947 †	33,033 ††	2,258 †	5.1††
% change	5.7	4.0	2.4		3.5	21.1	3.9	
2002	65,596	59,199	1,049.6	32,003 ††	9,611 ††	27,284	2,173	5.5
% change	3.8	2.7	(0.2)	0.9	1.5	1.1	3.6	
2001	63,200	57,665	1,051.4	31,709 ††	9,469	26,981	2,098	5.3
% change	5.1	2.6	2.4	7.7	(1.4)	4.8	3.9	
2000	60,149	56,230	1,026.9	29,454	9,600.3	25,749	2,019	4.0
% change	8.5	6.2	4.5	6.1	6.4	6.0		

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
2003	46,588 †	41,383 †	778.3 ††	N/A	36.9 ††	11,829 ††	1,875 †	5.9††
% change	4.9	3.2	1.6		(4.2)	14.3	1.1	
2002	44,412	40,081	766.0	12,708	38.5	10,348	1,855	5.4
% change	5.1	3.9	1.2	1.3	(5.9)	15.9	1.3	
2001	42,260	38,559	757.2	12,540	40.9	8,929	1,831	4.8
% change	6.5	3.9	1.7	3.6	(1.9)	11.1	0.5	
2000	39,692	37,107	744.8	12,099	41.7	8,037	1,822	5.0
% change	5.2	3.0	2.1	5.5	1.2	(6.5)		

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 2002 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
2003	105,324 †	93,558 †	1,562.9 ††	196.4 ††	18,799 ††	26,103 ††	3,547 †	7.8††
% change	4.1	2.5	(0.6)	(2.7)	4.6	15.8	1.2	
2002	101,176	91,311	1,572.3	201.8	17,977	22,543	3,505	7.5
% change	3.2	2.1	(1.3)	(6.4)	10.9	7.1	1.0	
2001	98,026	89,441	1,593.6	215.7	16,217	21,049	3,472	6.3
% change	2.6	0.2	(0.8)	(4.1)	4.4	6.4	1.0	
2000	95,508	89,286	1,606.9	225.0	15,532.0	19,785	3,437	4.9
% change	7.2	5.0	2.0	0.1	(6.4)	(14.9)	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
2003	654,167 †	581,083 †	9,445.6 ††	299.1 †	916.0 ††	133,077 ††	22,150 †	6.6††
% change	5.2	3.5	0.2	1.0	(3.7)	10.3	1.7	
2002	621,832	561,198	9,426.9	296.1	951.2	120,644	21,780	6.3
% change	2.2	1.1	(1.0)	3.9	(7.4)	8.3	1.9	
2001	608,466	555,176	9,518.4	305.8	1,026.8	111,352	21,371	4.8
% change	3.7	1.2	0.9	2.4	(3.9)	4.5	2.0	
2000	586,587	548,374	9,433.4	298.6	1,068.0	106,601	20,955	4.2
% change	8.7	6.4	3.0	11.5	0.4	4.7		
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
2003	58,382 †	51,859 †	1,072.6 ††	18,962 †	111.3 ††	17,995 ††	2,351 †	5.2††
% change	3.7	2.1	0.0	3.3	(2.1)	16.8	1.5	
2002	56,299	50,809	1,072.6	18,356	113.7	15,406	2,316	6.1
% change	2.8	1.7	(0.8)	3.4	(6.8)	11.2	1.6	
2001	54,764	49,968	1,081.3	17,748	122.0	13,851	2,279	4.4
% change	4.3	1.8	0.5	2.7	(2.8)	2.9	1.6	
2000	52,518	49,097	1,075.4	17,278	125.5	13,463	2,243	3.3
% change	7.3	5.1	2.6	4.8	(0.4)	(7.5)		
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

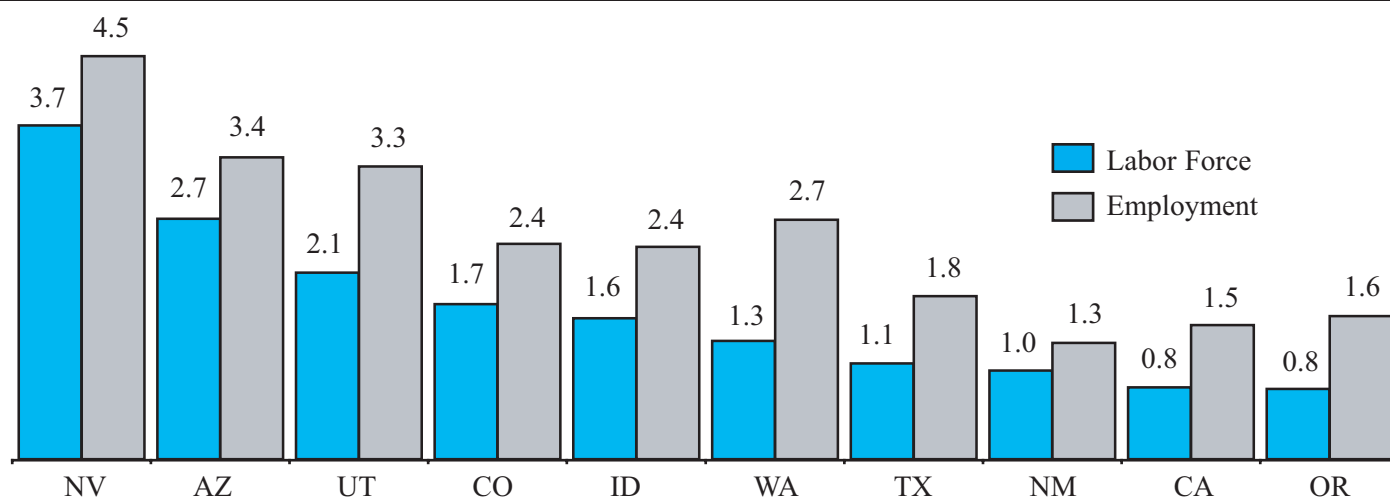
WASHINGTON

	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
2003	205,853 †	182,855 †	2,661.9 ††	87,272 †	266.5 ††	34,480 ††	6,124 †	7.2 ††
% change	3.8	2.2	0.2	2.8	(6.7)	4.2	0.9	
2002	198,317	178,980	2,656.8	84,895	285.7	33,090	6,069	7.3
% change	3.5	2.4	(1.5)	0.5	(9.6)	17.6	1.3	
2001	191,645	174,860	2,697.0	84,470	316.1	28,137	5,993	6.4
% change	2.6	0.1	(0.5)	(0.3)	(4.7)	3.1	1.4	
2000	186,843	174,671	2,711.2	84,748	331.8	27,283	5,912	5.2
% change	7.3	5.0	2.4	6.4	(3.4)	(7.8)		

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

LABOR FORCE AND EMPLOYMENT LEVELS

Percent Change, February 2004 vs. February 2003 (Seasonally Adjusted)



Source: Bureau of Labor Statistics



WESTERN BLUE CHIP ECONOMIC FORECAST

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