

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 states record strong personal income gains

The West accounted for four of the top five states posting the most rapid growth in personal income in 2005, according to figures recently compiled by the U.S. Bureau of Economic Analysis [see table at right].

Nevada and Arizona held the first two positions, with personal income gains exceeding 9 percent. Florida, Wyoming and Utah rounded out the next three places.

Personal income includes earnings, dividends, interest, rental income, and such receipts as Social Security and pensions. Higher levels of wages, an increase in employment, longer hours of work, or population gains all can contribute to increases in personal income for a state.

Population gains last year undoubtedly contributed to the strong personal income advances in Nevada, Arizona, Florida and Utah. But Wyoming's fourth-place ranking for personal income (with an 8 percent rise) was driven more by increased

economic activity, since population grew by less than the national average [see related article below on per capita personal income].

Other Western states that placed in the top 10 for personal income gains included Texas, Idaho, Montana and New Mexico.

Washington was the only Western state reporting personal income gains below the national average [see clarification on Washington's personal income from the Forecast Council's Bret Bertolin inside, page 3].

California's personal income growth of 6 percent put the Golden State in the upper half of all states at 19th position. But in terms of dollar value of personal income, California has no near competitors. At \$1.3 trillion, California is the only state to exceed the trillion-dollar mark for personal income. Texas is second in personal income, at \$742 billion.

— Lee McPheters

PERSONAL INCOME GROWTH
IN THE WESTERN STATES
(Percent Change 2005 vs. 2004)

U.S. Rank		Growth
	United States	5.6%
1	Nevada	9.9
2	Arizona	9.3
4	Wyoming	9.3
5	Utah	7.6
6	Texas	7.5
8	Idaho	7.3
8	Montana	7.3
10	New Mexico	7.0
12	Colorado	6.5
14	Oregon	6.5
19	California	6.0
49	Washington	2.4

Source: U.S. Bureau of Economic Analysis,
March 2006

PER CAPITA PERSONAL
INCOME GROWTH IN THE
WESTERN STATES
(Percent Change 2005 vs. 2004)

U.S. Rank		Growth
	United States	4.6%
1	Wyoming	7.3
3	Montana	6.3
4	Nevada	6.2
10	Arizona	5.6
10	New Mexico	5.6
10	Texas	5.6
16	Utah	5.5
20	California	5.2
22	Colorado	5.1
23	Oregon	5.0
27	Idaho	4.8
49	Washington	1.1

Source: U.S. Bureau of Economic Analysis,
March 2006

Wyoming leads in per capita
personal income growth in 2005

Wyoming outpaced all states in per capita personal income growth in 2005, with an increase of 7.3 percent.

Per capita personal income is calculated by dividing total personal income in a state by its population. As a measure of economic growth, per capita personal income moderates the effects of population changes by adjusting income to a per person basis.

With the exception of Washington, all other Western states saw increases of per capita personal income exceeding the national average of 4.6 percent [see table].

Wyoming, a smaller state, grew by only 3,000 residents (0.7 percent) in 2005, but personal income was up by \$1.4 billion (8 percent). As a result, Wyoming's per capita personal income growth rate topped that of any other state.

As energy prices surged, employment in Wyoming natural resources and mining activity increased by more than 12 percent in 2005. Wages in that sector historically have exceeded the average for other types of employment by a significant amount.

Boosted by expansion of the energy sector, the state created a total of 7,600 new jobs in 2005. The February unemployment rate statewide was 3.8 percent.

Wyoming is one of five Western states (including also Colorado, California, Nevada and Washington) to have per capita personal income above the U.S. average.

The highest per capita income in the West is in Colorado ((\$37,946), while the highest in the country is in Connecticut (\$47,819).

— Lee McPheters

NATIONAL ROUNDUP

U.S. JOB GROWTH



% Change: Feb. 2006 vs. Feb. 2005

Nonfarm	1.6
Goods-Producing	1.6
Construction	5.4
Manufacturing	-0.3
Service-Providing	1.6
Transportation, Warehousing & Utilities	1.5
Trade	0.8
Information	0.3
Financial Activities	2.0
Professional & Business Services ..	2.9
Educational & Health Services	2.5
Leisure & Hospitality	2.0
Government	0.7

Source: U.S. Bureau of Labor Statistics

U.S. REAL ESTATE



Residential Building Permits Feb. 2006 vs. Feb. 2005

	Total Residential	Single- family	Multi- family
2006	151,950	114,629	37,321
2005	145,426	112,999	32,427
% Δ	4.5	1.4	15.1

Source: U.S. Department of Commerce

U.S. FORECASTS

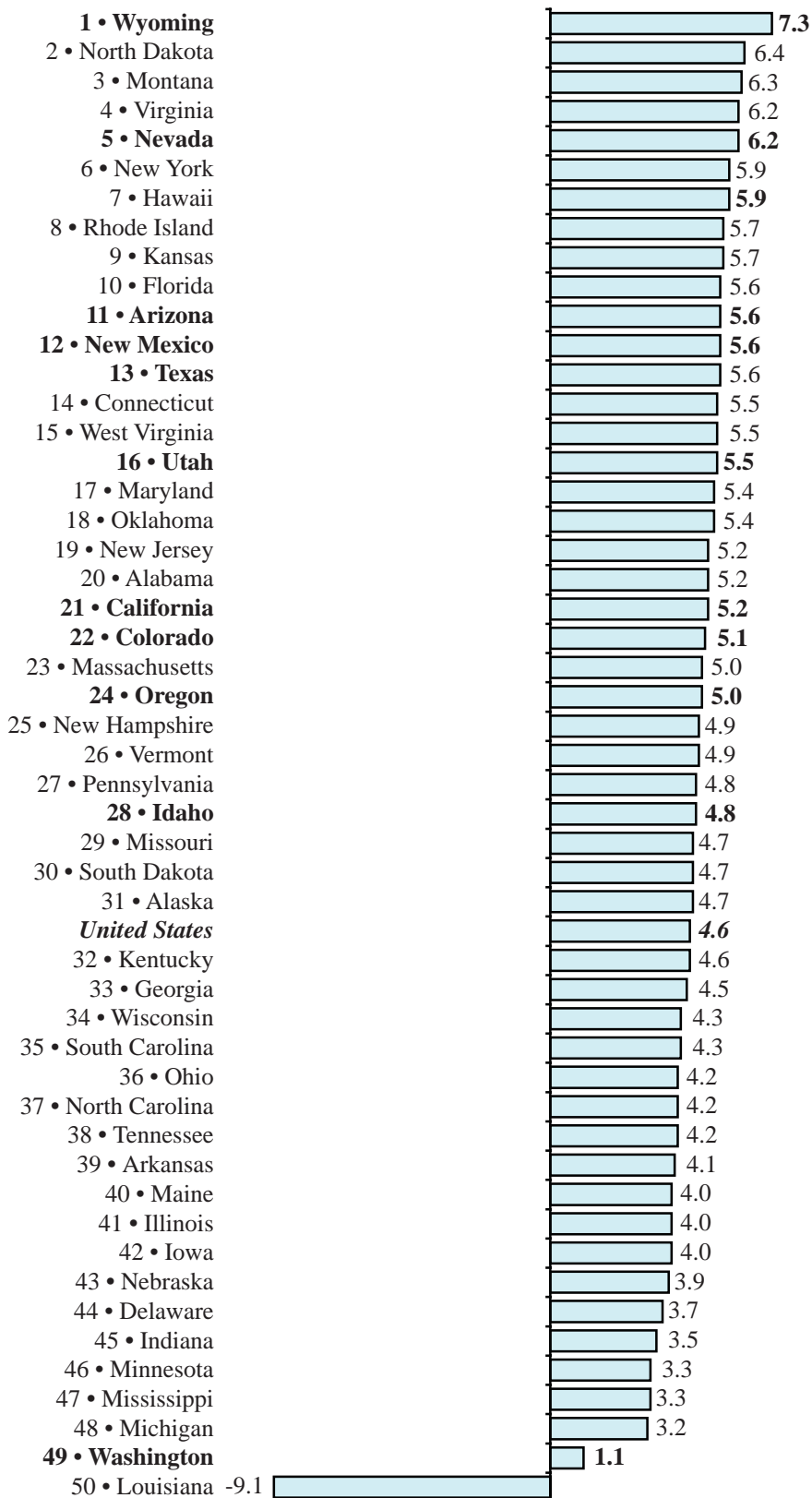


Percent Change

	2006	2007
Real GDP (Chain)	3.3	2.4
CPI	2.4	1.7
GDP Deflator (Chain) ..	1.4	1.8

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

PER CAPITA PERSONAL INCOME Percent Change, Annual Average 2005 vs. 2004



Source: U.S. Bureau of Economic Analysis

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	8.2 ↑	5.7 ↑	4.3 ↑	3.1 ↑	(6.5)↓	7.5 ↑	5.8 ↑	3.7 ↑	2.9 ↓	(4.4)↓
California	5.7 ↓	3.3 ↓	1.5 ↑	1.5 ↑	(9.4)↑	5.4 ↓	3.7 ↓	1.2 ↑	1.5 ↑	(5.0)↓
Colorado	5.8 ↓	3.4 ↓	2.2 ↑	1.5	(3.8)↓	6.1 ↓	4.4 ↓	2.1 ↑	1.6 ↑	(3.1)↑
Idaho	6.3 ↑	3.9 ↑	2.4 ↑	1.6 ↑	(6.8)↓	5.9	4.2 ↑	2.2	1.6	(4.7)
Nevada	8.1 ↑	5.6 ↑	4.6 ↑	3.8 ↑	0.8 ↓	7.5 ↓	5.7 ↓	4.1 ↑	3.6 ↑	0.0 ↑
New Mexico	5.5 ↑	3.1 ↑	2.1 ↑	1.5	(0.7)↑	5.3 ↓	3.6 ↓	2.1 ↑	1.6 ↓	(2.6)↓
Oregon	6.0 ↑	3.6 ↑	2.6 ↓	1.3	(1.9)↓	5.6 ↑	3.8 ↑	2.0 ↓	1.3	(1.7)
Texas	6.4 ↑	4.0 ↑	2.1 ↑	1.7 ↑	(2.8)↑	6.2 ↓	4.5 ↓	2.0 ↑	1.7 ↑	(3.3)↓
Utah	6.8	4.4	3.2	2.1	1.6	6.4	4.6	2.9	1.9	1.2
Washington	6.2 ↓	3.8 ↓	2.7	1.6	(6.0)↓	6.1	4.4	2.2 ↑	1.6	(8.3)

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

Forecast notes from the Western region...

Colorado continues to exhibit solid broad based job growth. To date, there has been relatively little wage pressure, although I believe that will change in the latter part of the year.

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

California's economy continues to perk right along, but employers are still fretting about the skills levels of job applicants. The office market has roused itself, with new building proposed in San Francisco, the Westside of Los Angeles and Orange County.

International trade is set for another good year, with most participants expecting a congestion-free year. People in the motion picture/TV production industry are keeping their fingers crossed about a stronger box office performance in 2006, but run-away production is still a worry. The resale housing market has softened, and the debate continues about bubble or not.

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

Las Vegas rightfully garners most of the credit for **Nevada's** outstanding job growth, but it is not the Silver State's only success story. The Reno MSA produced jobs at more than twice the national aver-

age last year and has seen a recovery in its gaming sector. Meanwhile, the state's rural counties are benefiting from increased mining and exploration activity. The price of copper has increased fourfold since 1999, and gold is trading near \$600 per ounce.

— *Department of Employment,*
Training and Rehabilitation
Carson City, Nevada

The **Texas** Legislature is meeting in special session to consider a school finance proposal that would fundamentally alter the state's tax structure. Local school property taxes would be cut by one-third, the corporate franchise tax would be abolished, a new gross receipts tax would be imposed on virtually all businesses, and the cigarette tax would be increased by \$1.00 per pack. Though revenue neutral, the restructuring would significantly increase the business tax burden in Texas.

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

The **Texas** job market is showing sustained strength and investment continues at an encouraging pace. Prospects for continued growth are excellent.

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

The **New Mexico** economy is on the verge of a major expansion in the manufacturing sector, as numerous large firms add hundreds of jobs each during the next two years. Firms include Intel, Eclipse Aviation, TempurPedic, Advent Solar, Merrilat Cabinets, American Utilicraft, and Millennium Transit.

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

Impressive **Utah** economic growth of the past 24 months should give way to slightly softer performance in 2006 and 2007. Labor scarcity will limit job gains. At the same time, well diversified growth bodes well for future performance.

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

The main reason for the slowdown in personal income growth in 2005 is the Microsoft special dividend in 2004 which added nearly 3 percent to **Washington** personal income in 2004. The absence of a similar dividend in 2004 reduced growth in 2005 by a similar amount. Without this dividend, income growth would have been 5.08 percent in 2005, down only slightly from 2004.

— **Bret Bertolin**
Office of the Forecast Council
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										
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	7.3	3.8	2.9	(7.0)	7.4	6.6	3.6	2.9	(5.0)
Arizona Public Service	8.5	9.0	4.0	3.0	(5.0)	7.8	7.5	3.7	2.8	(4.0)
ASU - Bank One EOC	8.7	7.6	4.9	3.0	(8.0)	6.8	6.8	4.2	2.8	(7.0)
Department of Economic Security	8.6	8.6	5.5	2.9		7.6	7.4	4.4	3.0	
ECON-LINC	7.8	7.5	4.2	3.0	(10.0)	8.0	7.2	4.0	3.1	(5.0)
EconLit LLC	7.7	7.4	4.2	3.0	(5.0)	7.5	6.9	3.8	2.9	(5.0)
Eggert Economic Enterprises Inc.	8.6	7.8	4.3	3.3	(6.3)	8.1	7.5	4.0	3.1	(6.0)
Elliott D. Pollack & Co.	8.0	9.0	4.8	3.3	(10.0)	7.5	7.5	4.0	3.0	(5.0)
H. C. Reardon Economics	8.4	8.0	4.9	3.2	(7.0)	7.7	6.8	4.0	3.0	(2.0)
Joint Legislative Budget Committee	8.0	9.0	4.0	3.0	(7.0)	7.4	6.5	3.5	3.0	(3.0)
The Maguire Company	8.2	7.6	4.1	3.1	(5.0)	7.6	7.0	3.8	3.1	(5.0)
Metropolitan West Asset Management	7.9	7.4	4.0			7.7	7.1	4.0		
NAU - BBER	8.2	7.1	3.8	2.8	(7.0)	8.3	6.4	3.6	2.7	(5.0)
Salt River Project	8.5	7.7	4.5	3.2	(10.0)	7.5	6.5	3.5	3.0	(4.0)
Stellar Capital Management	7.5	7.1	3.8	2.7	(7.5)	7.1	6.9	3.6	2.6	(5.0)
UA - Eller College	9.4	7.5	4.7	3.3	(5.9)	7.9	6.8	3.6	3.3	(3.0)
VisionEcon	8.0	8.3	4.4	3.4	0.0	6.1	6.7	2.9	2.9	(2.0)
Wells Fargo & Co.	7.8	7.3	3.7	2.8	(4.0)	7.1	6.2	3.0	2.7	(4.0)
Consensus Forecast — This Month	8.2	7.8	4.3	3.1	(6.5)	7.5	6.9	3.7	2.9	(4.4)
— Last Month	8.0	7.7	4.1	3.0	(6.0)	7.5	6.8	3.7	2.9	(3.9)

CALIFORNIA										
2006 Annual Percent Change, 2006 from 2005						2007 Annual Percent Change, 2007 from 2006				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Anonymous	5.8	4.9	1.3	1.7	(9.5)	5.5	5.0	1.3	1.7	(5.4)
California State University, Long Beach *	5.9	7.8	1.7	1.8	(26.4)	7.0	7.1	2.1	2.1	(3.2)
Chapman University	5.5	4.8	1.4	1.5	(12.5)	5.1	4.6	0.8	1.5	(6.1)
L.A. County Econ. Development Corp.	6.1	6.2	1.6	1.5	(5.0)	5.9	5.8	1.4	1.3	(0.3)
Legislative Analyst's Office	5.7	5.2	1.3	1.4	(10.0)	5.5	5.6	1.4	1.4	(1.0)
UCLA - Business Forecasting Project	5.0	4.5	1.5	1.5	(8.0)	4.7	2.3	1.0	1.5	(8.9)
University of the Pacific	6.0	5.2	1.7	1.6	(13.8)	5.6	3.3	1.4	1.6	(5.5)
Wells Fargo & Co.	5.9	5.0	1.7	1.3	(7.0)	5.8	4.8	1.1	1.3	(8.0)
Consensus Forecast — This Month	5.7	5.1	1.5	1.5	(9.4)	5.4	4.5	1.2	1.5	(5.0)
— Last Month	5.9	5.6	1.4	1.5	(9.9)	5.5	5.4	1.2	1.5	(4.9)

*This forecast is for Southern California only

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

COLORADO										
2006 Annual Percent Change, 2006 from 2005						2007 Annual Percent Change, 2007 from 2006				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
The Adams Group, Inc.	5.4	5.3	1.8	1.5	(8.1)	5.0	(1.5)	0.0	1.5	(10.1)
Ctr. for Business and Econ. Forecasting	5.8	5.4	2.2	1.5	(5.0)	6.5	6.0	2.5	1.8	(5.0)
Colorado Legislative Council	5.7	4.6	2.5	1.7	(9.3)	6.4	5.2	2.7	1.9	(5.8)
David Hemley	5.4	4.8	1.9	1.4	(1.0)	5.6	5.1	2.1	1.4	(0.5)
Office of State Planning and Budgeting	6.4	5.5	2.1	1.4	0.2	6.7	5.8	2.4	1.5	3.7
University of Colorado	6.0	5.9	2.3	1.5	(1.0)	6.1	5.0	2.2	1.5	0.0
Wells Fargo & Co.	5.6	4.9	2.5	1.3	(4.5)	5.4	4.9	2.0	1.3	(4.5)
Xcel Energy	5.8	5.4	2.0	1.5	(1.3)	7.1	6.0	2.6	1.6	(2.5)
Consensus Forecast — This Month	5.8	5.2	2.2	1.5	(3.8)	6.1	4.6	2.1	1.6	(3.1)
— Last Month	5.9	5.4	2.2	1.5	(3.1)	6.2	4.7	2.1	1.5	(3.3)

IDAHO										
2006 Annual Percent Change, 2006 from 2005						2007 Annual Percent Change, 2007 from 2006				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Idaho Div. of Financial Management	7.1		2.1	1.6	(13.0)	6.2		2.0	1.6	(0.7)
Idaho Economics	6.2		2.3	1.7	(5.0)	6.1		2.0	1.6	(8.0)
Thredgold Economic Associates	5.5	5.0	2.5	1.6	(4.0)	5.0	4.5	2.2	1.5	(5.0)
Wells Fargo & Co.	6.5	5.3	2.6	1.6	(5.0)	6.3	5.0	2.6	1.5	(5.0)
Consensus Forecast — This Month	6.3	5.2	2.4	1.6	(6.8)	5.9	4.8	2.2	1.6	(4.7)
— Last Month	6.1	4.8	2.3	1.6	(5.4)	5.9	3.2	2.2	1.6	(4.7)

NEVADA										
2006 Annual Percent Change, 2006 from 2005						2007 Annual Percent Change, 2007 from 2006				
Source:	Current \$ Personal Income	Gross Gaming Revenues	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Gross Gaming Revenues	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Dept. of Empl., Training, and Rehab.	9.2	5.4	5.4	3.0		8.8	5.2	5.2	2.9	
Restrepo Consulting Group, LLC	7.5	5.0	4.5	4.0	0.0	7.0	5.0	4.0	4.0	1.5
Thredgold Economic Associates	8.5		4.0	3.7	0.0	6.5		2.8	3.0	(4.5)
Southwest Gas	8.6	7.4	4.9	4.2	1.4	8.4	5.8	4.8	4.1	1.2
Univ. of Nevada at Las Vegas - CBER	7.4	5.1	4.6	3.9	3.6	7.2	5.0	4.5	3.9	4.8
Wells Fargo & Co.	7.3	6.2	4.2	3.7	(1.0)	6.8	5.8	3.3	3.5	(3.0)
Consensus Forecast — This Month	8.1	5.8	4.6	3.8	0.8	7.5	5.4	4.1	3.6	0.0
— Last Month	8.1	5.5	4.5	3.7	1.0	7.5	4.4	4.0	3.5	(1.2)

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

NEW MEXICO

	2006 Annual Percent Change, 2006 from 2005					2007 Annual Percent Change, 2007 from 2006				
	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	5.0	0.5	1.7	1.4	1.0	5.2	0.6	1.9	1.5	1.2
New Mexico Department of Labor		1.3	2.0							
New Mexico State Univ. - CEMAF	5.2	1.0	1.6							
Public Service New Mexico	5.2	1.0	1.9	1.5	(2.0)	5.1	0.8	2.0	1.4	(1.8)
University of New Mexico - BBER	6.5	5.6	2.8		1.6	5.2	4.3	2.1		(6.0)
Wells Fargo & Co.	5.6	1.7	2.7	1.7	(3.5)	5.6	1.6	2.4	1.8	(3.8)
Consensus Forecast — This Month	5.5	1.9	2.1	1.5	(0.7)	5.3	1.8	2.1	1.6	(2.6)
— Last Month	5.4	1.9	2.1	1.5	(3.7)	5.4	2.2	2.1	1.6	(1.3)

OREGON

	2006 Annual Percent Change, 2006 from 2005					2007 Annual Percent Change, 2007 from 2006				
	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	6.7	3.5	3.2	1.4	(10.0)	5.3	0.0	1.9	1.4	(10.0)
Forefront Economics	5.7	2.2	2.6	1.2	3.5	5.7	1.6	2.4	1.2	7.5
Oregon Executive Department	5.9	0.7	2.1	1.4	(4.1)	5.8	(0.7)	1.5	1.3	(1.8)
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	2.5	3.0	1.3	(7.0)	5.8	1.2	2.3	1.3	0.0
Wells Fargo & Co.	5.4	0.9	2.4	1.3	(3.1)	5.4	0.7	2.0	1.3	(3.5)
Consensus Forecast — This Month	6.0	1.8	2.6	1.3	(1.9)	5.6	0.6	2.0	1.3	(1.7)
— Last Month	5.9	5.6	2.6	1.3	0.0	5.6	0.7	2.0	1.3	(1.4)

TEXAS

	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
Source:										
Econoclast	6.1	5.9	1.9	1.7	1.0	5.9	5.7	1.8	1.7	(1.0)
Federal Reserve Bank of Dallas	6.7	6.4	2.4	1.8	(1.0)	6.5	6.6	2.2	1.7	2.0
David Hemley	5.7	5.1	2.0	1.6	1.0	5.8	5.7	2.1	1.5	0.0
Perryman Group	6.8	6.5	2.1	2.1	(6.7)	7.0	7.0	2.0	1.8	(3.8)
State Comptroller of Public Accounts	7.1	8.1	2.3	1.7	(5.7)	6.2	6.0	2.0	1.8	(13.8)
University of Houston - CPP	5.9	5.7	1.6	1.6	(9.1)	6.0	6.1	1.7	1.7	(7.3)
University of North Texas	5.7	5.5	2.3	1.8	0.5	5.7	5.4	1.9	1.7	0.3
University of Texas at El Paso	6.4	6.1	2.1	1.8	(1.5)	6.0	5.9	2.0	1.7	(1.2)
Wells Fargo & Co.	7.2	6.0	2.6	1.6	(3.7)	6.7	6.0	2.6	1.7	(4.5)
Consensus Forecast — This Month	6.4	6.1	2.1	1.7	(2.8)	6.2	6.0	2.0	1.7	(3.3)
— Last Month	6.4	5.9	2.1	1.7	(2.8)	6.2	6.0	2.0	1.7	(3.3)

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

UTAH

Source:	2006 Annual Percent Change, 2006 from 2005					2007 Annual Percent Change, 2007 from 2006				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Pacificorp	6.0	4.9	2.9	1.8	7.8	6.3	5.1	3.1	1.9	9.2
Thredgold Economic Associates	6.0	5.8	3.0	1.7	0.0	5.5	4.8	2.6	1.7	(3.0)
Utah Dept. of Workforce Services	9.0	6.6	4.1	2.8	4.4	7.6	5.6	3.1	2.0	3.6
Utah State Tax Commission	6.5	6.0	2.9	2.4	1.0					
Wells Fargo & Co.	6.5	5.7	2.9	2.0	(5.0)	6.0	5.3	2.8	2.0	(5.0)
Consensus Forecast — This Month	6.8	5.8	3.2	2.1	1.6	6.4	5.2	2.9	1.9	1.2
— Last Month	6.8	5.8	3.2	2.1	1.6	6.4	5.2	2.9	1.9	1.2

WASHINGTON

Source:	2006 Annual Percent Change, 2006 from 2005					2007 Annual Percent Change, 2007 from 2006				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Conerly Consulting	5.4	5.3	3.3	1.5	(6.7)	5.7	5.0	2.3	1.5	(10.0)
Dick Conway & Associates	6.3	6.4	2.6	1.5	(1.0)	6.5	6.1	2.1	1.6	(6.0)
Doug Pedersen & Associates	6.5	6.7	2.7	1.7	0.5	6.5	6.1	2.5	1.8	(6.5)
Office of Forecast Council *	7.2	5.0	2.8	1.8	(15.1)	6.6	5.1	2.2	1.8	(11.0)
Wells Fargo & Co.	5.5	5.5	2.2	1.3	(7.7)	5.4	5.4	1.9	1.4	(8.2)
Consensus Forecast — This Month	6.2	5.8	2.7	1.6	(6.0)	6.1	5.5	2.2	1.6	(8.3)
— Last Month	6.3	5.8	2.7	1.6	(5.9)	6.1	5.5	2.2	1.6	(8.3)

* Population forecast is from the Office of Financial Management.

PERSONAL INCOME

Percent Change, 4th Quarter 2005 vs. 4th Quarter 2004



Source: U.S. Bureau of Economic Analysis

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

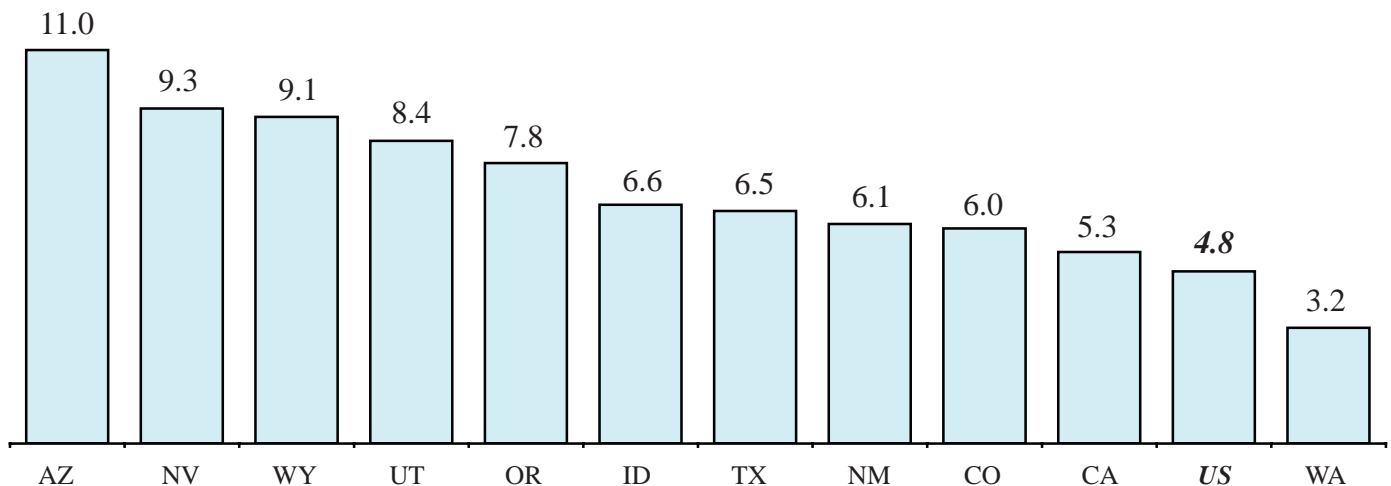
WESTERN BLUE CHIP ECONOMIC FORECAST

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	97,253	267.1	40,928	6,288	5.5
% change	2.4	(0.2)	2.4	7.9	1.4	11.2	1.3	
2004	217,503	199,378	2,698.2	90,139	263.5	36,815	6,207	6.3
% change	7.9	5.1	1.5	4.6	(1.3)	6.8	1.2	
2003	201,607	189,660	2,657.8	86,165	267.1	34,480	6,131	7.4
% change	2.1	0.1	0.1	2.1	(6.3)	4.2	1.1	
2002	197,452	189,531	2,654.1	84,418	285.0	33,090	6,066	7.3
% change	2.0	0.3	(1.6)	(1.4)	(9.8)	17.6	1.2	

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

WAGE AND SALARY DISBURSEMENTS Percent Change, 4th Quarter 2005 vs. 4th Quarter 2004



Source: U.S. Bureau of Economic Analysis



WESTERN BLUE CHIP ECONOMIC FORECAST

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