

## BLUE CHIP ECONOMIC FORECAST

## WESTERN

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SCHOOL of BUSINESS

What Blue Chip Economists are Saying about the Western States

ASU ARIZONA STATE  
UNIVERSITY

## Western tourism softens, immigration flow continues

In the last few years, changes have occurred in the flow of immigrants and foreign visitors to the United States. Overseas visitation declined while the number of applications for citizenship remained steady even as immigration regulations were toughened in the face of political events.

When it comes to tourism, most overseas visitation (which does not include travelers from Canada and Mexico) originates in the United Kingdom, Japan and Germany, and visitors stay an average of 17 nights in the United States, with 70 percent visiting only one state. Florida, New York and California are the states attracting the largest market share of overseas visitors [see chart on page 11], but the Western states of Nevada, Texas and Arizona also rank in the top 12 destinations.

The Office of Travel and Tourism Industries (OTTI) estimates that about 3,984,000 overseas visitors arrived in California in 2003. This is a marked

decline from the 6,239,000 overseas visitors in 1999, prior to the economic and political problems suffered by the nation beginning in earnest in 2001. Nevada, a state famed for its tourism industry, saw the number of overseas visitors drop from 2,373,000 in 1999 to 1,370,000 in 2003. From the chart on this page, it is apparent that the tourism industry, whether measured by dollars or numbers of visitors, has suffered in the last few years.

In addition to overseas visitors, the number of arrivals from Mexico also has declined since 2000, after having increased to the 5 to 7 percent range in prior years. The same is true for tourists from Canada.

On the other hand, according to the U.S. Citizenship and Immigration Services (formerly the INS), applications for naturalization have remained steady, with a sharp increase in February 2004 and subsequent decline to trend in April, likely due to an increase in fees. The number of initial applications for immigration sta-

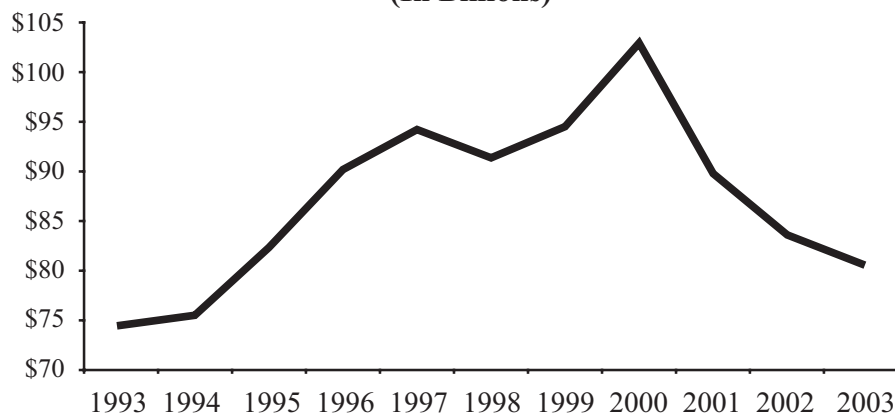
tus has seen a declining trend over the last couple of years, while the number of apprehensions of those trying to cross the Southwest border illegally has increased, the latter being a typical occurrence as the United States economy improves. What marks a difference in 2004 is a significant increase in the number of Central Americans attempting to enter.

In 2004, Western states took the top rankings for population growth, with Nevada in the number one spot with 4.1 percent growth in population [see chart on page 2]. Just over 70 percent of that growth is attributed to international migration into the states, while 13.8 percent is due to domestic migration [see chart on page 7]. The remainder is the net natural increase, the number of births minus the number of deaths. Arizona, ranking second in population growth, can attribute about a fifth of that growth to international migration and about half to domestic migration.

Thus, while the flow of overseas tourist dollars into the United States has softened in recent years, the impact of the immigrant population remains strong.

— Dawn McLaren

**TOTAL DOLLARS SPENT BY INTERNATIONAL VISITORS  
WITHIN THE UNITED STATES**  
(In Billions)



Source: U.S. Department of Commerce, International Trade Administration, Office of Travel and Tourism Industries and Bureau of Economic Analysis

### Main Purpose of Trips to U.S. By Overseas Visitors

Leisure/Recreation	45%
Visit Friends/Relatives	24%
Business/Professional	23%
Convention/Conference	5%
Study/Teaching	3%

Source: U.S. Department of Commerce, Office of Travel and Tourism Industries

# NATIONAL ROUNDUP

## U.S. JOB GROWTH



### % Change: Nov. 2004 vs. Nov. 2003

Nonfarm .....	1.6
Goods-Producing .....	1.5
Construction .....	3.9
Manufacturing .....	0.3
Service-Providing .....	1.6
Transportation, Warehousing & Utilities .....	2.1
Trade .....	0.9
Information .....	-0.4
Financial Activities .....	1.5
Professional & Business Services ..	3.5
Educational & Health Services .....	2.2
Leisure & Hospitality .....	1.8
Government .....	0.9

Source: U.S. Bureau of Labor Statistics

## U.S. REAL ESTATE



### Residential Building Permits Nov. 2004 vs. Nov. 2003

	Total Residential	Single- family	Multi- family
2004	151,399	112,015	39,384
2003	127,189	97,684	29,505
% Δ	19.0	14.7	33.5

Source: U.S. Department of Commerce

## U.S. FORECASTS

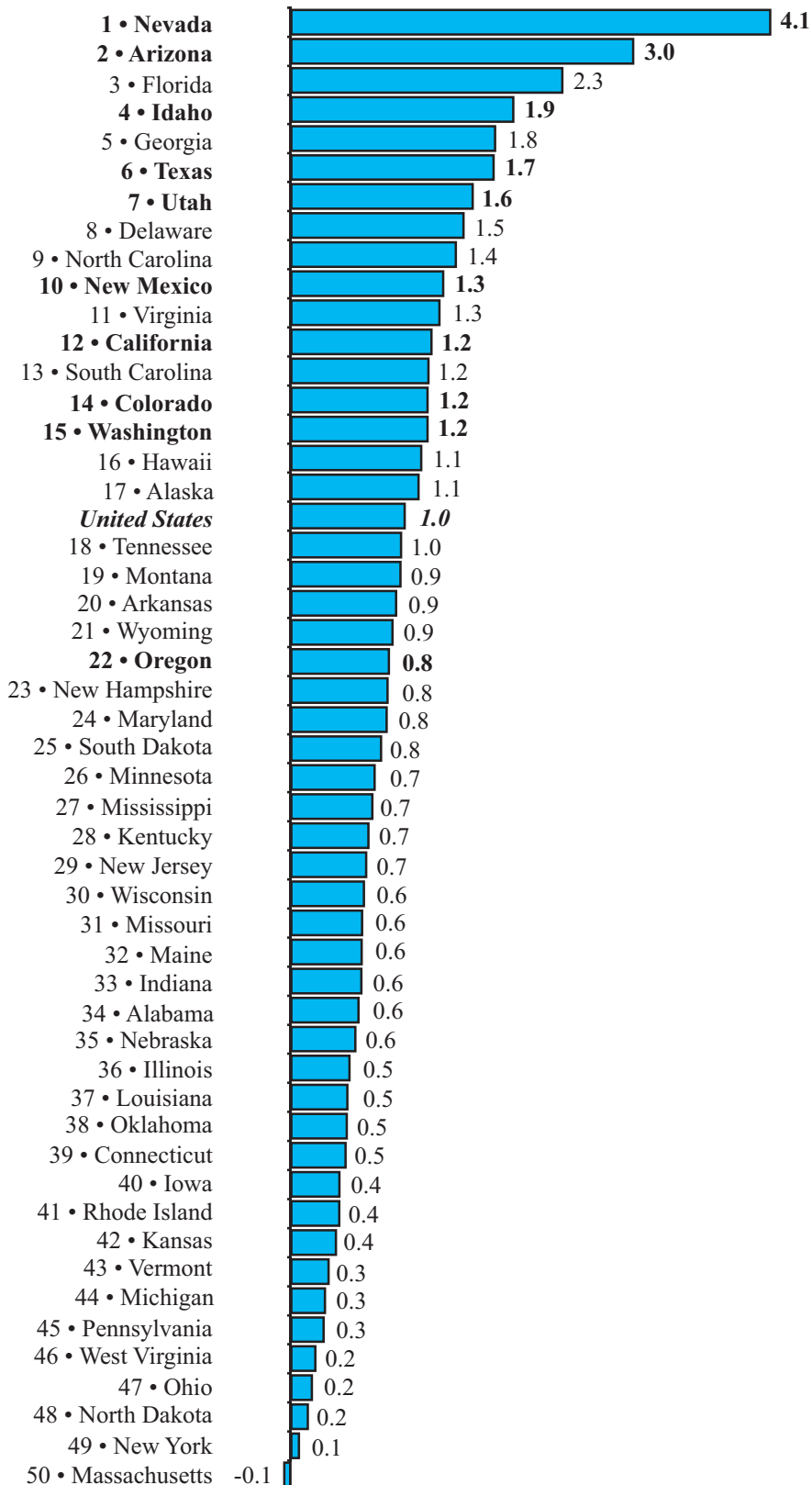


### Percent Change

	2005	2006
Real GDP (Chain) .....	3.5	3.3
CPI .....	2.3	1.6
GDP Deflator (Chain) ..	2.0	1.8

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

## POPULATION CHANGE Percent Change, 2004 vs 2003



Source: U.S. Census Bureau

# SUMMARY

## WESTERN BLUE CHIP ECONOMIC FORECAST

State:	2005 Annual Percent Change, 2005 from 2004					2006 Annual Percent Change, 2006 from 2005				
	Current \$ Personal Income	Real Personal Income	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Real Personal Income	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Arizona	7.4	5.3 ↓	3.9 ↑	2.9	(2.5)↑	7.3	5.4	3.7	2.9	(3.5)
California	5.5	3.4 ↓	1.7 ↓	1.5	(4.4)↓	5.3	3.4	1.5	1.5	(4.2)
Colorado	5.3 ↓	3.3 ↓	2.3 ↓	1.3	(4.0)↓	5.9	4.0	2.3	1.4	(1.7)
Idaho	5.5	3.5	2.0 ↓	1.4	(1.5)↓	5.4	3.5	2.0	1.4	(2.9)
Nevada	7.1	5.0 ↓	4.1 ↑	3.8	(1.5)↓	7.5	5.6	3.9	3.9	1.3
New Mexico	5.2 ↓	3.2 ↓	2.0 ↓	1.4	(0.3)↑	5.3	3.4	2.0	1.6	(2.5)
Oregon	5.3 ↓	3.2 ↓	2.1 ↓	1.3	(1.1)↑	5.7	3.8	2.2	1.3	(0.1)
Texas	6.0 ↓	4.0 ↓	1.9 ↓	1.7 ↓	(1.4)↑	5.9	4.0	2.0	1.8	(2.9)
Utah	5.5 ↑	3.5 ↓	2.5	1.9	0.3 ↓	5.3	3.5	2.6	2.0	(0.7)
Washington	5.6	3.5 ↓	2.4 ↓	1.4	(5.9)↓	5.5	3.6	2.0	1.4	(6.7)

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

## Forecast notes from the Western region...

The second half of 2004 has been quite strong [in **Colorado**]. November CES numbers have job growth at 33,000 over the previous November. This is a welcome relief compared to the job losses of 2002 and 2003.

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

**Utah's** employment growth rate has climbed throughout 2004 but now is at a leveling-off point. Currently at 2.9 percent, the rate probably will not go higher for the next five or six months. The growth rate may actually decline a bit in the early part of 2005, but should revive and grow beyond the 3-percent range in the latter half of 2005.

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

**New Mexico** will be the recipient of hundreds of new manufacturing jobs within the next four quarters, and thousands within four to five years. A large portion of them will be in the aerospace industry, as the state welcomes several new aircraft and aircraft parts manufacturers.

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

**Oregon's** employment figures have

hesitated in recent months. The state's job figures should start looking up in the coming months, thanks to strength in capital goods and exports. **Washington** finally has exceeded its pre-recession peak employment level. The state should see accelerating employment gains in the coming months. Building permits are way overdone in both Oregon and Washington. Although people keep moving into these states, there are not enough new residents to sustain 2004's pace of home building.

— **Bill Conerly**  
*Conerly Consulting*  
*Portland, Oregon*

The **Colorado** economy continues to recover from a deep and prolonged downturn. The weaker dollar is benefiting tourism and much of the state's manufacturing sector. A softening housing market is worrisome.

— **Bill Kendall**  
*Center for Business and Economic*  
*Forecasting*  
*Denver, Colorado*

The burgeoning single-family housing market in **Texas** will take a breather in 2005 and 2006, as higher mortgage rates and moderately overbuilt supply decelerate activity.

— **Gary Preuss**  
*State Comptroller of Public Accounts*  
*Austin, Texas*

The **Texas** Leading Index increased for four consecutive months ending in November, which is stronger than the U.S. leading index. The Texas forecast, however, reflects continued strength in output but only moderate job growth. In November, a strong increase in the stock prices of Texas companies and a decline in the dollar versus Texas export nations led to the gain in the Leading Index.

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

Prospects for **California's** economy in 2005 look fairly good. Manufacturing should be adding jobs, with help from aerospace and technology. International trade should have another strong year, but the ports in Southern California are keeping their fingers crossed about congestion. The tourist industry is almost giddy about the 2005 outlook. And new homebuilding should hold at fairly high levels. However, there is concern that the state will get hit by another round of BRAC/base closures. The state's apparel industry is watching for the end of apparel/textile import quotas. Firms that sourced in Sri Lanka report that the production capabilities there have been badly damaged.

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

# CONSENSUS FORECASTS

## WESTERN BLUE CHIP ECONOMIC FORECAST

### Methodology

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

from an individual forecaster.

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

first day of that month.

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

ARIZONA										
2005 Annual Percent Change, 2005 from 2004						2006 Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Arizona Public Service	7.7	8.5	3.7	3.0	(9.5)	7.3	7.0	3.0	2.9	(5.0)
ASU – Bank One EOC	6.8	8.5	3.6	2.7	(12.0)	6.8	8.0	4.0	2.9	(8.0)
CH2M HILL	7.1	6.6	3.8	2.8	1.5	7.0	6.6	3.4	2.7	(10.0)
Department of Economic Security	7.5	6.9	3.0	2.8		7.3	7.1	3.8	2.8	
ECON-LINC	7.2	6.8	3.8	2.8	(8.0)	7.8	7.5	4.2	2.8	0.0
EconLit LLC	7.2	6.5	3.9	2.8	5.0	7.5	7.0	4.2	3.0	5.0
Eggert Economic Enterprises Inc.	7.3	6.9	3.9	3.0	(3.0)	7.1	6.8	3.8	2.9	(3.2)
Elliott D. Pollack & Co.	7.8	7.0	4.0	3.2	(10.0)	8.0	5.5	4.5	3.2	(15.0)
H. C. Reardon Economics	7.3	9.0	4.0	3.0	0.0	7.0	7.0	4.0	3.1	0.0
Joint Legislative Budget Committee	7.3	7.5	3.8	2.9	(2.0)	7.0	7.0	3.0	2.9	(5.0)
The Maguire Company	7.2	7.0	3.9	2.8	5.0	7.0	6.8	3.8	2.8	0.0
Metropolitan West Asset Management	7.5	6.5	4.0			7.9	7.2	4.1		
NAU – BBER	7.4	6.9	3.8	2.9	0.0	7.7	6.9	4.0	2.9	5.0
Protitlement	7.5	6.4	4.0	2.9	(7.5)					
Salt River Project	7.8	7.0	4.0	2.9	(5.0)	7.8	7.0	4.0	2.8	(3.0)
Stellar Capital Management	7.3	7.0	3.6	2.9	(5.0)	6.7	7.2	3.0	2.7	2.0
Tucson Electric Power Co.	7.4	7.0	3.5	2.9	0.0					
UA – Eller College	8.2	7.1	4.8	3.2	6.5	6.7	5.0	3.1	3.3	(11.1)
VisionEcon	8.2	9.1	5.5	3.4	2.0					
Wells Fargo & Co.	6.0	6.0	3.1	2.8	(3.0)					
<b>Consensus Forecast — This Month</b>	<b>7.4</b>	<b>7.2</b>	<b>3.9</b>	<b>2.9</b>	<b>(2.5)</b>	<b>7.3</b>	<b>6.9</b>	<b>3.7</b>	<b>2.9</b>	<b>(3.5)</b>
<b>— Last Month</b>	<b>7.4</b>	<b>7.0</b>	<b>3.8</b>	<b>2.9</b>	<b>(3.4)</b>					

CALIFORNIA										
2005 Annual Percent Change, 2005 from 2004						2006 Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Anonymous	5.8	5.7	1.8	1.7	(5.1)	6.0	5.6	1.8	1.7	(0.3)
California State University, Long Beach *	7.0	6.2	2.3	1.8	(2.9)					
Capital Corporation of the West	5.5	5.3	1.9	1.5	(1.8)					
Chapman University	5.0	4.4	1.2	1.5	(8.9)	4.6	4.2	1.0	1.4	(7.5)
L.A. County Economic Development Corp.	6.2	6.1	1.9	1.6	(2.7)	5.7	5.0	1.5	1.6	(1.0)
Legislative Analyst's Office	5.5	5.6	1.3	1.4	(3.5)	5.6	5.4	1.4	1.4	(5.0)
UCLA – Business Forecasting Project	5.2	4.8	1.6	1.5	(3.5)	5.0	5.1	1.7	1.5	(7.6)
Wells Fargo & Co.	5.2	5.0	2.1	1.5	(5.0)	4.8	4.7	1.8	1.5	(4.0)
<b>Consensus Forecast — This Month</b>	<b>5.5</b>	<b>5.3</b>	<b>1.7</b>	<b>1.5</b>	<b>(4.4)</b>	<b>5.3</b>	<b>5.0</b>	<b>1.5</b>	<b>1.5</b>	<b>(4.2)</b>
<b>— Last Month</b>	<b>5.4</b>	<b>5.2</b>	<b>1.9</b>	<b>1.5</b>	<b>(2.6)</b>					

\*This forecast is for Southern California only

# CONSENSUS FORECASTS

## WESTERN BLUE CHIP ECONOMIC FORECAST

COLORADO										
2005 Annual Percent Change, 2005 from 2004						2006 Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
The Adams Group, Inc.	5.3	5.5	2.5	1.4	(12.7)					
Ctr. for Business and Econ. Forecasting	5.7	5.2	2.1	1.2	(10.0)	6.0	5.4	2.4	1.4	(5.0)
Colorado Legislative Council	5.6	5.8	2.3	1.4	(9.2)	5.7	6.2	2.1	1.5	(8.5)
David Hemley	4.4	3.9	1.9	1.3	1.2					
Office of State Planning and Budgeting	5.1	5.5	2.3	1.2	(7.4)	6.7	5.1	2.8	1.3	1.4
University of Colorado	5.2	5.7	2.0	1.2	0.0	5.5	6.0	2.3	1.3	5.0
Wells Fargo & Co.	5.4	4.5	2.6	1.3	(1.0)	5.5	4.3	2.1	1.3	(1.2)
Xcel Energy	6.0	4.5	2.8	1.5	7.0					
<b>Consensus Forecast — This Month</b>	<b>5.3</b>	<b>5.1</b>	<b>2.3</b>	<b>1.3</b>	<b>(4.0)</b>	<b>5.9</b>	<b>5.4</b>	<b>2.3</b>	<b>1.4</b>	<b>(1.7)</b>
— Last Month	5.6	4.7	2.4	1.3	(2.3)					

IDAHO										
2005 Annual Percent Change, 2005 from 2004						2006 Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Idaho Div. of Financial Management	5.1		1.6	1.5	(2.5)	5.5		1.8	1.5	(7.8)
Idaho Economics	5.8		1.8	1.5	0.0	5.7		1.9	1.5	(5.0)
Idaho State University	5.4	4.2	1.8	1.3	0.0	4.5	3.8	1.4	1.4	2.0
Thredgold Economic Associates	5.7	4.9	2.4	1.4	0.0	5.5	4.7	2.2	1.5	(3.5)
Wells Fargo & Co.	5.6	4.5	2.6	1.3	(5.0)	5.8	5.0	2.8	1.3	0.0
<b>Consensus Forecast — This Month</b>	<b>5.5</b>	<b>4.5</b>	<b>2.0</b>	<b>1.4</b>	<b>(1.5)</b>	<b>5.4</b>	<b>4.5</b>	<b>2.0</b>	<b>1.4</b>	<b>(2.9)</b>
— Last Month	5.6	4.5	2.1	1.4	(0.1)					

NEVADA										
2005 Annual Percent Change, 2005 from 2004						2006 Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Gross Gaming Revenues	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Gross Gaming Revenues	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Dept. of Empl., Training, and Rehab.	6.9	4.1	4.1	3.2						
Legis. Counsel Bureau – Fiscal Analysis	7.2	4.5	3.7	3.5	(2.5)					
Restrepo Consulting Group, LLC	5.0	3.0	3.5	3.5	3.0					
Thredgold Economic Associates	7.8		4.1	4.0	2.5	7.6		3.5	3.7	0.5
Southwest Gas	8.7	9.2	4.6	4.5	(2.1)	8.5	8.1	4.4	4.3	1.1
Univ. of Nevada at Las Vegas – CBER	7.3	3.9	4.7	4.1	(11.1)	7.2	3.7	4.1	3.8	4.5
Wells Fargo & Co.	7.1	5.4	4.1	4.0	1.1	6.8	5.0	3.6	3.8	(1.0)
<b>Consensus Forecast — This Month</b>	<b>7.1</b>	<b>5.0</b>	<b>4.1</b>	<b>3.8</b>	<b>(1.5)</b>	<b>7.5</b>	<b>5.6</b>	<b>3.9</b>	<b>3.9</b>	<b>1.3</b>
— Last Month	6.7	4.1	3.8	3.9	1.4					



# CONSENSUS FORECASTS

## WESTERN BLUE CHIP ECONOMIC FORECAST

### NEW MEXICO

	2005					2006				
	Annual Percent Change, 2005 from 2004					Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Mfg. Employ- ment	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Mfg. Employ- ment	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Eastern New Mexico University	4.8	0.0	1.7	1.2	0.4					
New Mexico Department of Labor		0.5	1.9				1.3	2.0		
New Mexico State Univ. – CEMAF	5.0	0.5	1.4			5.2	1.0	1.6		
Public Service New Mexico	5.3	1.0	2.1	1.5	0.5					
University of New Mexico – BBER	5.3	3.0	2.2		(0.4)	5.5	5.4	2.2		(3.0)
Wells Fargo & Co.	5.8	1.6	2.7	1.6	(1.5)	5.1	1.4	2.3	1.6	(2.0)
<b>Consensus Forecast — This Month</b>	<b>5.2</b>	<b>1.1</b>	<b>2.0</b>	<b>1.4</b>	<b>(0.3)</b>	<b>5.3</b>	<b>2.3</b>	<b>2.0</b>	<b>1.6</b>	<b>(2.5)</b>
— Last Month	5.5	1.4	2.2	1.4	(2.0)					

### OREGON

	2005					2006				
	Annual Percent Change, 2005 from 2004					Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Mfg. Employ- ment	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Mfg. Employ- ment	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Conerly Consulting	5.4	1.5	2.5	1.3	(10.0)	5.8	1.0	2.4	1.4	(5.0)
Forefront Economics	5.3	1.8	1.9	1.2	3.8	5.8	1.5	2.1	1.2	4.4
Oregon Executive Department	5.8	1.1	2.1	1.2	(1.0)	5.9	0.7	1.8	1.2	(2.6)
Portland General Electric	5.7	1.5	2.0	1.4	0.0	5.8	1.6	2.1	1.5	2.0
Rhodes Econometrics	3.1	(1.3)	0.9	1.1	3.2	4.9	2.6	2.5	1.3	2.1
Thredgold Economic Associates	5.4	1.2	2.4	1.5	1.5					
U.S. Bancorp	5.8	2.0	2.4	1.2	(5.0)	6.2	2.0	2.5	1.2	0.0
Wells Fargo & Co.	5.8	1.1	2.5	1.4	(1.3)	5.2	0.9	1.9	1.3	(1.8)
<b>Consensus Forecast — This Month</b>	<b>5.3</b>	<b>1.1</b>	<b>2.1</b>	<b>1.3</b>	<b>(1.1)</b>	<b>5.7</b>	<b>1.5</b>	<b>2.2</b>	<b>1.3</b>	<b>(0.1)</b>
— Last Month	5.5	1.4	2.5	1.3	(1.2)					

### TEXAS

	2005					2006				
	Annual Percent Change, 2005 from 2004					Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Econoclast	6.5	6.6	2.3	1.9	1.1	5.3	5.4	1.5	1.6	(3.8)
Federal Reserve Bank of Dallas	6.6	6.0	1.8	1.8	(2.0)	6.4	6.4	2.2	1.9	2.0
David Hemley	5.9	6.0	2.0	1.8	0.5					
Perryman Group	6.5	6.6	2.2	1.8	1.3					
TX State Comptroller of Public Accounts	5.5	5.5	1.6	1.7	(11.5)	5.5	4.7	2.0	1.8	(9.6)
University of Houston – CPP	6.4	6.5	2.1	1.9	(5.9)	6.7	6.6	2.3	2.1	(6.5)
University of North Texas	4.5	4.8	1.1	1.1	1.2	5.5	5.0	1.5	1.3	1.0
University of Texas at El Paso	6.1	7.0	1.4	1.8	3.2	6.0	6.0	1.8	1.8	(2.5)
Wells Fargo & Co.	6.4	6.5	2.4	1.9	(0.8)	5.8	6.3	2.4	1.8	(1.0)
<b>Consensus Forecast — This Month</b>	<b>6.0</b>	<b>6.2</b>	<b>1.9</b>	<b>1.7</b>	<b>(1.4)</b>	<b>5.9</b>	<b>5.8</b>	<b>2.0</b>	<b>1.8</b>	<b>(2.9)</b>
— Last Month	6.3	6.3	2.2	1.8	(0.9)					

# CONSENSUS FORECASTS

## WESTERN BLUE CHIP ECONOMIC FORECAST

### UTAH

Source:	2005 Annual Percent Change, 2005 from 2004					2006 Annual Percent Change, 2006 from 2005				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Pacificorp	7.0	5.5	2.2	1.8	5.0					
Thredgold Economic Associates	5.6	5.1	2.5	1.8	3.5	5.7	5.4	2.4	1.8	0.0
Utah Dept. of Workforce Services	4.3	2.6	2.5	1.7	1.5					
Utah State Tax Commission	5.2	5.6	2.4	2.4	(4.0)	4.6	3.5	2.5	2.1	(2.0)
Wells Fargo & Co.	5.5	6.0	2.8	2.0	(4.7)	5.7	5.5	2.8	2.2	0.0
<b>Consensus Forecast — This Month</b>	<b>5.5</b>	<b>5.0</b>	<b>2.5</b>	<b>1.9</b>	<b>0.3</b>	<b>5.3</b>	<b>4.8</b>	<b>2.6</b>	<b>2.0</b>	<b>(0.7)</b>
<b>— Last Month</b>	<b>5.5</b>	<b>4.1</b>	<b>2.5</b>	<b>1.8</b>	<b>1.2</b>					

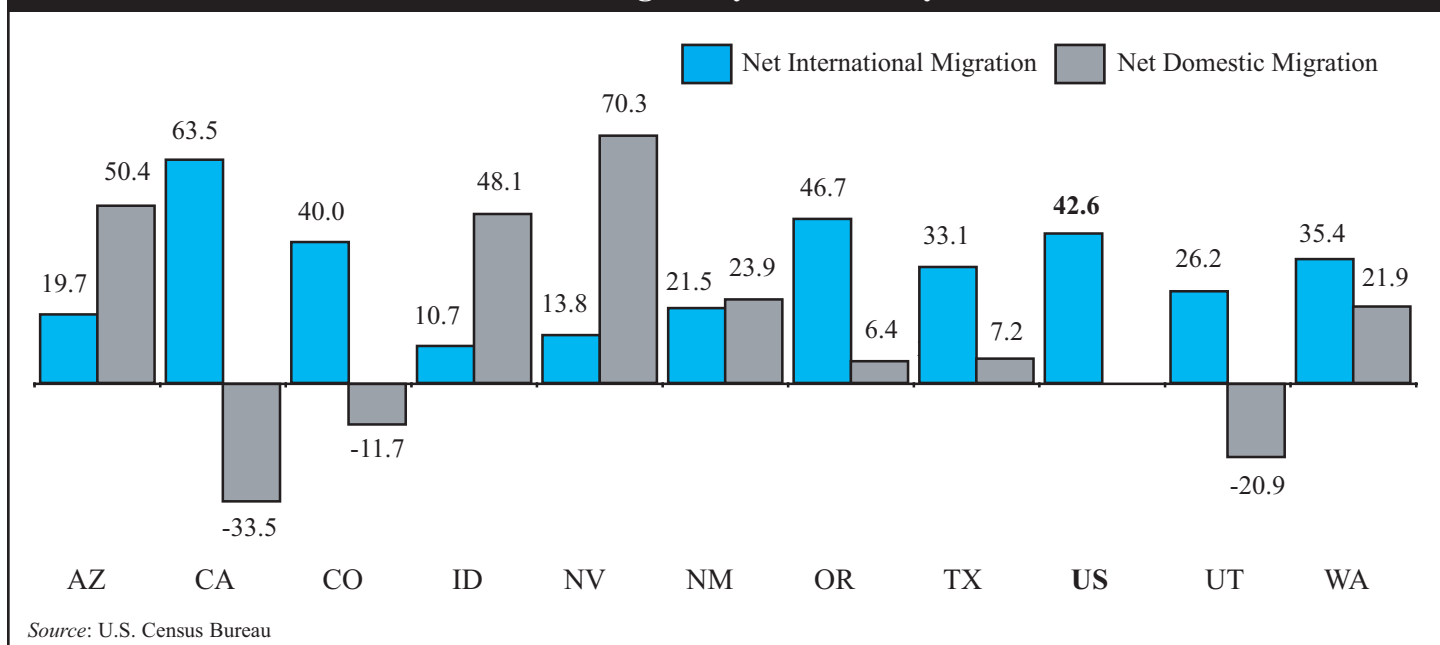
### WASHINGTON

Source:	2005 Annual Percent Change, 2005 from 2004					2006 Annual Percent Change, 2006 from 2005				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Conerly Consulting	5.4	4.2	2.6	1.5	(7.2)	5.7	4.8	2.4	1.5	(7.6)
Dick Conway & Associates	5.7	6.0	2.3	1.3	(3.0)	5.5	5.0	1.8	1.4	(5.0)
Doug Pedersen & Associates	5.7	6.0	2.3	1.4	(2.5)	5.6	5.2	2.1	1.4	(5.5)
Office of Forecast Council *	5.4	4.5	2.0	1.4	(13.0)	5.8	5.0	1.6	1.5	(9.3)
Wells Fargo & Co.	5.6	5.9	2.7	1.3	(4.0)	4.9	5.6	2.3	1.2	(6.0)
<b>Consensus Forecast — This Month</b>	<b>5.6</b>	<b>5.3</b>	<b>2.4</b>	<b>1.4</b>	<b>(5.9)</b>	<b>5.5</b>	<b>5.1</b>	<b>2.0</b>	<b>1.4</b>	<b>(6.7)</b>
<b>— Last Month</b>	<b>5.7</b>	<b>5.2</b>	<b>2.6</b>	<b>1.3</b>	<b>(7.0)</b>					

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

### MIGRATION COMPONENT OF POPULATION CHANGE

#### Percent Change, July 2004 vs July 2003



# HISTORICAL DATA

## WESTERN BLUE CHIP ECONOMIC FORECAST

### ARIZONA

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2004	160,665 †	147,874 †	2,360.3 †	51,261 †	180.1 †	69,339 †	5,772 †	4.4 †
% change	6.9	4.3	3.1	7.2	2.7	8.1	2.8	
2003	150,295	141,787	2,289.3	47,818	175.4	64,143	5,615	5.6
% change	4.6	2.7	1.1	5.3	(4.6)	15.3	2.7	
2002	143,680	138,021	2,265.1	45,425	183.9	55,649	5,468	6.2
% change	3.6	1.9	0.0	1.3	(8.8)	9.3	2.8	
2001	138,741	135,489	2,265.0	44,833	201.7	50,930	5,321	4.7
% change	4.7	2.2	1.0	2.0	(3.9)	4.3	2.9	
Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Arizona Department of Economic Security; Retail Sales – Arizona Department of Revenue; Manufacturing Employment – Arizona Department of Economic Security; Housing Permits – Arizona Real Estate Center; Population – Center for Business Research; Unemployment Rate – Arizona Department of Economic Security. † Consensus †† Estimate								

### CALIFORNIA

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2004	1,248,123 †	1,148,755 †	14,539.9 †	328,084 †	1529.5 ††	145,430 †	36,473 †	6.2††
% change	5.3	2.7	0.9	5.2	(1.0)	3.5	1.5	
2003	1,185,302	1,118,209	14,410.2	311,867 †	1,544.9	140,512	35,934 ††	6.7
% change	3.1	1.3	(0.3)	3.4	(5.7)	16.3	1.7	
2002	1,149,144	1,103,884	14,457.8	301,612	1,638.2	120,783	35,336	6.7
% change	1.2	(0.5)	(1.0)	2.6	(8.3)	13.7	1.8	
2001	1,135,848	1,109,226	14,601.9	293,957	1,785.6	106,265	34,698	5.4
% change	2.9	0.5	0.8	2.4	(3.9)	1.6	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
2004	163,638 †	150,611 †	2,169.8 †	54,858 †	154.2 ††	35,969 †	4,605 †	5.1 ††
% change	4.2	1.7	0.9	4.0	(1.3)	7.6	1.2	
2003	157,043	148,153	2,150.4	52,748	156.2	33,428	4,551	5.7
% change	2.2	0.4	(1.5)	(0.3)	(6.0)	(5.9)	1.1	
2002	153,593	147,544	2,182.5	52,888	166.1	35,522	4,501	5.7
% change	0.6	(1.1)	(1.9)	(10.4)	(8.7)	(2.6)	1.6	
2001	152,713	149,134	2,225.4	59,041	181.9	36,477	4,429	3.7
% change	5.8	3.3	0.6	1.8	(4.9)	(3.2)	2.4	
Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Colorado Department of Labor and Employment; Retail Trade Sales – Colorado Department of Revenue; Manufacturing Employment – Colorado Department of Labor and Employment; Housing Permits – U.S. Bureau of the Census; Population – U.S. Bureau of the Census; Unemployment Rate – Colorado Department of Labor and Employment. † Consensus †† Estimate								



# HISTORICAL DATA

## WESTERN BLUE CHIP ECONOMIC FORECAST

### IDAHO

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2004	36,912 †	33,973 †	583.2 †	16,797 †	61.0 ††	12,942 †	1,384 †	4.8 ††
% change	5.6	3.0	2.0	4.6	(1.6)	4.1	1.3	
2003	34,954	32,976	571.8	16,059	62.0	12,432	1,366	5.3
% change	2.9	1.1	0.6	2.1	(4.5)	21.7	1.7	
2002	33,963	32,626	568.2	15,736	64.9	10,212	1,343	5.8
% change	2.6	1.0	0.1	8.3	(5.0)	7.7	1.7	
2001	33,090	32,315	567.7	14,525	68.3	9,483	1,321	5.0
% change	5.8	3.3	1.5	5.6	(2.3)	(6.1)	1.7	

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

### NEVADA

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Gaming Revenue (millions)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2004	75,578 †	69,561 †	1,130.9 †	N/A	10,058.4 †	33,727 †	2,331 †	4.2
% change	7.1	4.5	4.0		4.5	2.1	4.0	
2003	70,567	66,573	1,087.4	35,426	9,625.3	33,033	2,241	5.1
% change	6.1	4.2	3.4	9.3	1.9	21.1	3.4	
2002	66,534	63,914	1,052.0	32,410	9,447.4	27,284	2,167	5.5
% change	2.8	1.1	0.1	3.0	(0.3)	1.1	3.5	
2001	64,727	63,210	1,051.4	31,469	9,471.6	26,981	2,095	5.3
% change	5.4	2.9	2.4	2.8	(1.3)	4.8	3.8	

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

### NEW MEXICO

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2004	50,436 †	46,421 †	788.7 †	N/A	36.3 †	12,208 †	1,899 †	5.5 ††
% change	5.5	2.9	1.7		0.0	3.2	1.3	
2003	47,807	45,101	775.5	11,702	36.3	11,829	1,875	5.9
% change	4.4	2.5	1.2	**	(5.5)	14.3	1.2	
2002	45,801	43,997	766.1	12,708	38.4	10,348	1,852	5.4
% change	3.9	2.2	1.2	1.3	(6.1)	15.9	1.3	
2001	44,083	43,050	757.2	12,540	40.9	8,929	1,829	4.8
% change	9.3	6.8	1.7	3.6	(1.9)	11.1	0.4	

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

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

# HISTORICAL DATA

## WESTERN BLUE CHIP ECONOMIC FORECAST

### OREGON

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Manufacturing Employment (thousands)	Single-family Permits (number)	Housing Permits (number)	Population (thousands)	Unem- ployment Rate
2004	107,768 †	99,188 †	1,590.1 †	199.0 †	19,269 †	N/A	3,588 †	7.1 ††
% change	5.1	2.5	1.8	1.6	2.5		1.3	
2003	102,538	96,734	1,562.0	195.9	18,799	26,103	3,542	7.8
% change	2.1	0.3	(0.7)	(2.8)	4.6	15.8	1.1	
2002	100,434	96,478	1,572.5	201.6	17,977	22,543	3,505	7.5
% change	1.7	(0.0)	(1.3)	(6.5)	10.9	7.1	1.0	
2001	98,800	96,484	1,593.6	215.7	16,217	21,049	3,472	6.3
% change	2.5	0.1	(0.8)	(4.1)	4.4	6.4	1.0	
Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Oregon Employment Division; Manufacturing Employment – Oregon Employment Division; Single-family Permits – U.S. Bureau of the Census; Housing Permits – U.S. Bureau of the Census; Population – Portland State University; Unemployment Rate – Oregon Employment Division. † Consensus †† Estimate								

### TEXAS

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (billions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2004	679,787 †	625,667 †	9,504.3 †	339.7 †	886.5 ††	135,339 †	22,517 †	5.9 ††
% change	5.7	3.1	1.4	5.9	(1.6)	1.7	1.8	
2003	643,129	606,725	9,373.1	320.7	900.9	133,077	22,119	6.6
% change	3.1	1.3	(0.5)	3.9	(5.0)	10.3	1.8	
2002	623,697	599,133	9,422.9	296.0	948.7	120,644	21,737	6.3
% change	0.7	(1.0)	(1.0)	3.9	(7.6)	8.3	1.9	
2001	619,483	604,964	9,518.4	305.8	1,026.8	111,352	21,341	4.8
% change	4.4	2.0	0.9	2.4	(3.9)	4.5	1.9	
Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Texas Employment Commission; Gross Retail Sales – Texas State Comptroller of Public Accounts; Manufacturing Employment – Texas Employment Commission; Housing Permits – U.S. Bureau of the Census; Population – U.S. Bureau of the Census; Unemployment Rate – Texas Employment Commission. † Consensus †† Estimate								

### UTAH

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2004	62,293 †	57,334 †	1,098.5 †	19,697 †	113.2 ††	18,517 †	2,394 †	4.8 ††
% change	5.0	2.4	2.3	5.1	1.0	2.9	1.8	
2003	59,327	55,969	1,073.8	18,741	112.1	17,995	2,351	5.2
% change	2.8	0.9	0.0	2.1	(1.6)	16.8	1.4	
2002	57,732	55,458	1,073.4	18,356	113.9	15,406	2,319	6.1
% change	2.5	0.8	(0.7)	3.4	(6.6)	11.2	1.7	
2001	56,332	55,011	1,081.3	17,748	122.0	13,851	2,280	4.4
% change	5.2	2.7	0.5	2.7	(2.8)	2.9	1.6	
Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Utah Department of Workforce Services; Retail Sales – Utah State Tax Commission; Manufacturing Employment – Utah Department of Workforce Services; Housing Permits – University of Utah; Population – U.S. Bureau of the Census; Unemployment Rate – Utah Department of Workforce Services. † Consensus †† Estimate								

# HISTORICAL DATA

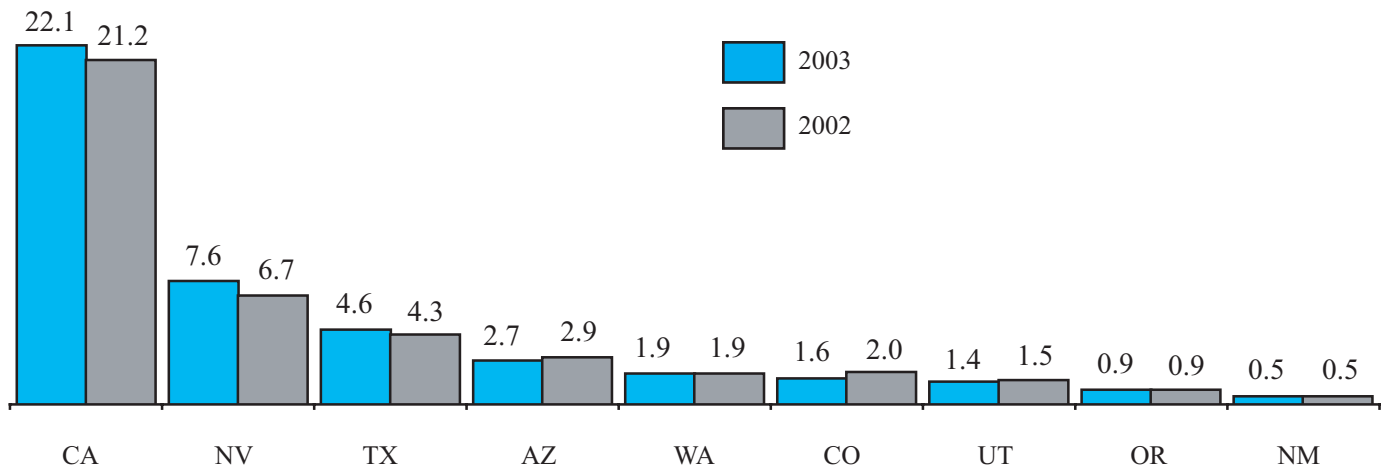
## WESTERN BLUE CHIP ECONOMIC FORECAST

### WASHINGTON

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2004	213,949 †	196,916 †	2,707.3 †	92,661 †	260.6 ††	35,721 †	6,205 †	6.1 ††
% change	4.9	2.3	1.8	5.7	(2.2)	3.6	1.2	
2003	203,956	192,411	2,659.4	87,664 ††	266.5	34,480	6,131	7.2
% change	2.8	1.0	0.2	2.8	(6.5)	4.2	1.1	
2002	198,367	190,554	2,654.1	85,284	285.0	33,090	6,067	7.3
% change	2.0	0.4	(1.6)	0.6	(9.8)	17.6	1.2	
2001	194,420	189,863	2,697.0	84,785	316.1	28,137	5,993	6.4
% change	3.5	1.1	(0.5)	(0.5)	(4.7)	3.1	1.4	

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

## OVERSEAS VISITATION TO THE UNITED STATES Percent Market Share by Destination for 2002 and 2003



Source: U.S. Department of Commerce

Note: Idaho's market share was smaller than 0.4 percent.



### WESTERN BLUE CHIP ECONOMIC FORECAST

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