

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

Energy costs to further constrict household budgets

The comfortable feeling about economic growth has begun to dissipate in the wake of natural disaster and a increasing federal deficit. Increasing fuel prices have raised concerns about personal consumption, including spending during the holiday season — the rationale being that the more money one spends getting to the store, the less one has to spend in the store.

Not only are consumers facing higher prices at gas pump, but indications are that prices will be rising across the board. The problem is not the supply of oil; rather, it is the refining capacity and the situation in the natural gas industry. Refining capacity was damaged during Hurricane Katrina, but appears to be coming back on line at a reasonable pace. With Hurricane Rita, however, the natural gas supply has not fared so well.

Natural gas was the popular fuel three years ago. In 2001, California experienced a serious crisis in the electricity market, which was due in part to the lack of growth in power generation capacity over many years. In reaction to the crisis, plans for construction of power generation plants were approved and building began. Plants using natural gas were built, because these take only about two years before coming on line — much faster than plants using other energy sources. By 2004, the demand for natural gas increased significantly. Now the supply has been constrained.

Prices, as the result of conditions in both supply and demand, have reacted by increasing. Regarding the futures prices for gasoline and natural gas, the expectation is that natural gas prices will continue to experience upward pressure, while the situation in oil prices is already easing. As we move into the winter heating season, a typical time for increased fuel prices, this looms as a serious concern.

Why might higher prices have more of an effect now? Over the last few years, consumers have followed the trend of the federal government in accumulating debt.

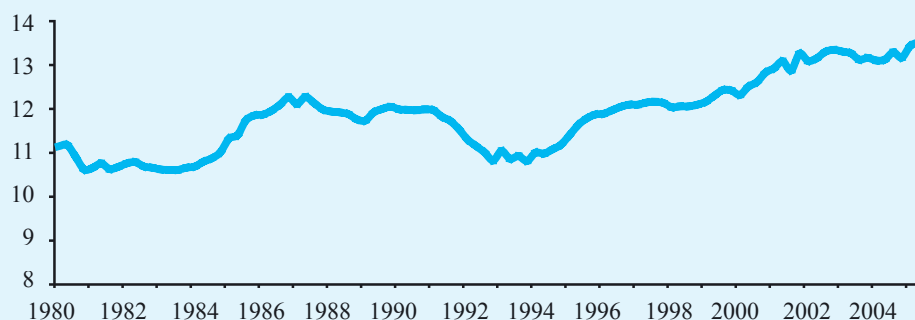
In 2002, there was a dip in household debt service payments as a percent of disposable personal income, but that percentage has since risen, reaching a height not seen in decades [see top figure]. In addition, consumption as a percent of disposable income has reached close to 98 percent [see bottom figure]. In January 2005 this percentage dipped in response to a sharp and brief increase in disposable personal income, but returned to an upward trend immediately. With high debt service and little savings, consumers have limited room in which to maneuver their finances. To increase their troubles, the bankruptcy

laws have also been changed, making it harder for consumers to eliminate accumulated debt.

While this is a problem on a national scale, the Western states are likely to fare better during any soft patches. Job growth in the West has continually outperformed the national average and, with the exception of California and Texas, the West has remained in the top 10. This should provide some strength amid the force of economic shock — whether resulting from natural disaster or fiscal irresponsibility.

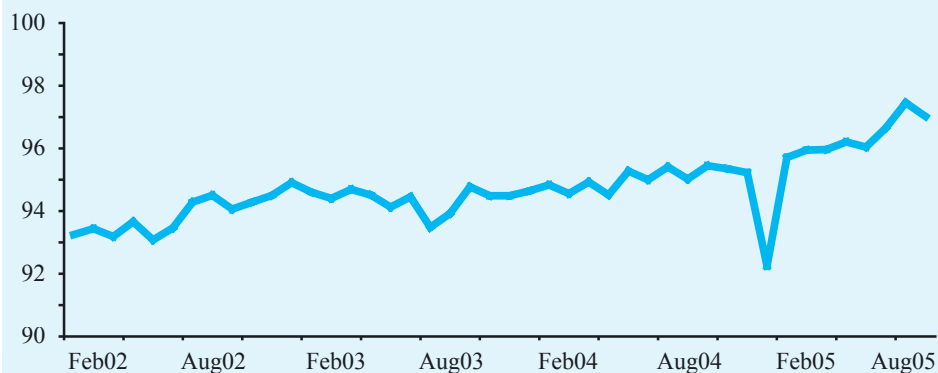
— Dawn McLaren

HOUSEHOLD DEBT SERVICE PAYMENTS
AS A PERCENT OF DISPOSABLE PERSONAL INCOME



Source: Federal Reserve Board

CONSUMPTION AS A PERCENT OF DISPOSABLE INCOME



Source: Bureau of Economic Analysis

NATIONAL ROUNDUP

U.S. JOB GROWTH



% Change: August 2005 vs. August 2004

Nonfarm	1.7
Goods-Producing	0.9
Construction	4.0
Manufacturing	-0.8
Service-Providing	1.9
Transportation, Warehousing & Utilities	2.3
Trade	1.5
Information	0.5
Financial Activities	2.3
Professional & Business Services ..	3.1
Educational & Health Services	2.4
Leisure & Hospitality	2.6
Government	0.9

Source: U.S. Bureau of Labor Statistics

U.S. REAL ESTATE



Residential Building Permits August 2005 vs. August 2004

	Total Residential	Single- family	Multi- family
2005	201,179	159,349	41,830
2004	181,122	144,056	37,066
% Δ	11.1	10.6	12.9

Source: U.S. Department of Commerce

U.S. FORECASTS



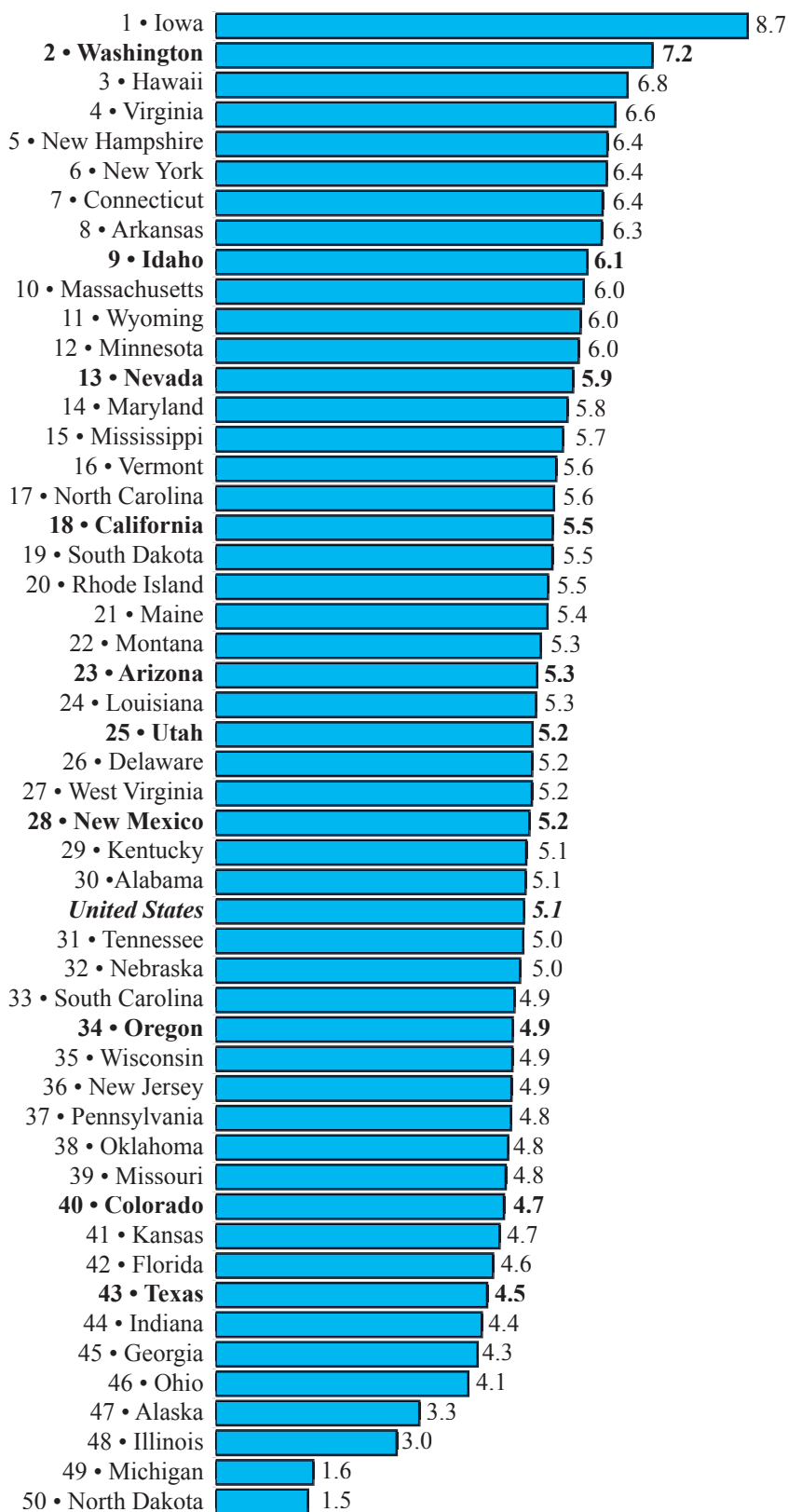
Percent Change

	2005	2006
Real GDP (Chain)	3.5	3.4
CPI	3.5	2.3
GDP Deflator (Chain) ..	2.7	2.2

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

PER CAPITA PERSONAL INCOME

Percent Growth, 2005 over 2004



Source: U.S. Bureau of Economic Analysis

SUMMARY

WESTERN BLUE CHIP ECONOMIC FORECAST

2005 Annual Percent Change, 2005 from 2004						2006 Annual Percent Change, 2006 from 2005				
State:	Current \$ Personal Income	Real Personal Income	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Real Personal Income	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Arizona	7.9 ↑	6.0 ↑	4.2 ↑	3.1 ↑	1.1 ↑	7.5 ↑	5.7 ↑	3.8 ↑	3.0 ↑	(4.2)↓
California	5.9 ↑	4.0 ↑	1.6 ↓	1.6 ↓	(2.9)↑	5.6 ↑	3.8 ↑	1.4 ↓	1.5	(5.3)↑
Colorado	5.8 ↑	4.0 ↑	2.3 ↓	1.4 ↑	(1.8)↑	5.9 ↑	4.1 ↑	2.3 ↓	1.4 ↑	(2.6)↓
Idaho	5.9 ↑	4.1 ↑	2.4 ↑	1.5 ↑	11.3 ↑	5.5 ↑	3.8 ↑	2.1 ↑	1.5 ↑	(4.7)↓
Nevada	8.0 ↑	6.1 ↑	4.8 ↑	3.9 ↑	(1.2)↑	7.8 ↓	6.0 ↓	4.4 ↑	3.8 ↑	2.0 ↑
New Mexico	5.3 ↓	3.4 ↓	2.0 ↑	1.5 ↓	2.6 ↓	5.2 ↓	3.4 ↓	2.0 ↑	1.6 ↑	(3.1)↓
Oregon	6.1 ↑	4.2 ↑	2.5 ↑	1.3	6.4 ↑	5.7	4.0 ↑	2.0 ↑	1.1	(3.4)↓
Texas	6.1 ↑	4.3 ↑	1.9 ↓	1.7 ↓	2.5 ↑	6.0 ↑	4.3 ↑	2.0 ↓	1.7 ↓	(2.6)↑
Utah	6.1	4.2	2.9 ↑	2.0	6.3 ↑	5.8 ↑	4.0 ↑	2.8 ↓	2.0 ↑	0.6 ↑
Washington	4.1 ↓	2.2 ↓	2.5 ↑	1.4 ↑	(1.0)↑	5.9 ↑	4.1 ↑	2.3 ↑	1.4 ↑	(7.3)↑

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

Forecast notes from the Western region...

Taxable sales [in **Utah**] have outpaced all our expectations for CY2005. July sales increased 13 percent ahead of last year. Fueled by dealer incentives, motor vehicle sales grew 29 percent, while strong housing starts pushed up furniture store sales by 20 percent.

Overall, retail trade jumped 15 percent in July. We expect things to slow down in the fourth quarter, perhaps dragging to-date retail trade growth from its near 9 percent peak to 7 percent by the end of the year. Can durable goods growth continue this pace into CY2006? We don't think so, but have been surprised on the upside for almost a year now.

— **Doug MacDonald**
Utah State Tax Commission
Salt Lake City, Utah

It's steady as she goes for **California's** economy. Containers are moving smoothly through the major ports, the tourism industry is recording high levels of activity, and TV production is holding at high levels (no breakout hits so far this TV season, so back to the drawing boards for more pilots).

However, there is nervousness about higher costs for natural gas. It's not just home heating cost — a lot of businesses use it in their production processes.

The construction industry has already seen a jump in material costs, due to rebuilding on the Gulf Coast. The state's apparel industry is also fretting. A lot of firms have been caught by the sudden re-imposition of quotas. Christmas sales

forecasts are generally strong, but both clothing and toy producers wonder how they will come true.

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

Nevada's persistently strong job growth has led us to revise our employment estimates for 2005 and 2006 to 6.0 percent and 5.4 percent, up from 5.8 and 5.3, respectively. Any potential national economic slowdown over the next few months should not be sufficient to derail the Silver State's expansion.

— *Nevada Dept. of Employment,*
Training and Rehabilitation
Las Vegas, Nevada

The aftermath of hurricanes Rita and Katrina will have both negatives and positives for **Texas**. Oil and gas production in the Gulf has been severely curtailed and may not recover for some time. Several large refineries are also out of commission

for two to three months.

On the plus side, energy and building contractors can expect record business as they help restore the damaged infrastructure in Texas, Louisiana and Mississippi.

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

In **Nevada** we are less adversely affected, as we do not get our gasoline and other petroleum products from the gulf region. Still, we will likely see some effects, such as higher cost for construction materials, as hurricane-related rebuilding occurs.

Oil prices, which may trend downward, are increasingly volatile. Bottlenecks are increasingly likely because of the capacity constraints. Still, we foresee that conditions in Nevada will remain more favorable than for the U.S. and that economic expansion continues.

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

Wyoming, Montana to join Blue Chip consensus panel

The *Western Blue Chip Economic Forecast* is preparing to welcome new panels from Montana and Wyoming. In this issue we introduce forecast numbers from a new panelist, Paul Polzin from the University of Montana at Missoula.

2005		2006	
Current Personal Income	7.0	Current Personal Income	6.0
Wage & Salary Employment ...	1.8	Wage & Salary Employment ...	1.5
Population Growth	0.9	Population Growth	0.8

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

Methodology

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

from an individual forecaster.

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

first day of that month.

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

ARIZONA										
2005 Annual Percent Change, 2005 from 2004						2006 Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Arizona Public Service	8.2	8.5	3.9	3.1	0.0	7.3	7.0	3.0	2.9	(5.0)
ASU - Bank One EOC	7.7	9.0	4.1	2.7	2.0	6.8	7.2	3.5	2.9	(8.0)
CH2M HILL	7.7	7.4	4.0	3.1	1.0	7.5	6.8	3.6	3.0	(6.0)
Department of Economic Security	8.1	8.0	4.6	3.0		7.3	6.7	3.7	2.9	
ECON-LINC	7.6	7.5	4.0	3.1	5.0	7.6	7.0	4.0	2.9	(5.0)
EconLit LLC	7.6	7.5	3.9	2.8	5.0	7.5	7.0	4.2	3.0	(5.0)
Eggert Economic Enterprises Inc.	7.1	7.8	4.2	3.3	1.1	7.3	7.1	3.9	3.2	(3.8)
Elliott D. Pollack & Co.	7.8	9.0	4.2	3.2	0.0	7.6	7.5	4.0	3.0	0.0
H. C. Reardon Economics	8.1	9.0	4.2	3.2	0.0	7.3	7.0	3.8	3.2	0.0
Joint Legislative Budget Committee	8.0	9.0	4.0	3.0	0.0	7.5	7.0	3.8	2.9	(5.0)
The Maguire Company	7.8	8.1	4.2	3.2	0.0	7.6	7.1	3.9	3.1	0.0
Metropolitan West Asset Management	7.8	7.7	4.0			7.9	7.4	4.1		
NAU - BBER	7.9	7.4	3.9	3.0	0.0	7.9	6.8	3.8	2.8	0.0
Salt River Project	9.0	9.0	4.2	3.4	0.0	7.8	7.0	4.3	3.2	(13.0)
Stellar Capital Management	7.4	7.4	4.1	2.9	0.0	7.0	7.0	3.6	2.7	(7.5)
UA - Eller College	9.2	9.0	4.9	3.4	2.0	8.7	6.5	4.4	3.3	(7.6)
VisionEcon	8.1	8.8	5.3	3.4	2.0	7.7	7.4	3.7	3.4	0.0
Wells Fargo & Co.	7.5	7.5	3.4	2.8	(0.6)	7.3	6.7	3.3	2.8	(2.0)
Consensus Forecast — This Month	7.9	8.2	4.2	3.1	1.1	7.5	7.0	3.8	3.0	(4.2)
— Last Month	7.5	7.6	4.1	3.1	(0.8)	7.4	6.9	3.8	3.0	(3.5)

CALIFORNIA										
2005 Annual Percent Change, 2005 from 2004						2006 Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Anonymous	5.7	3.2	1.7	1.7	(6.6)	5.8	5.2	1.7	1.7	(0.8)
California State University, Long Beach *	6.1	7.4	1.9	2.1	(4.7)	4.9	6.7	2.4	1.9	(6.3)
Capital Corporation of the West	5.5	5.3	1.9	1.5	(1.8)					
Chapman University	5.8	5.9	1.5	1.5	(8.9)	5.1	4.2	1.1	1.4	(9.1)
L.A. County Economic Development Corp.	6.2	6.0	1.8	1.5	(1.6)	5.9	5.7	1.7	1.4	(3.5)
Legislative Analyst's Office	5.5	5.6	1.3	1.4	(3.5)	5.6	5.4	1.4	1.4	(5.0)
UCLA - Business Forecasting Project	6.5	5.0	1.6	1.6	1.9	5.3	4.7	1.2	1.5	(11.2)
University of the Pacific	5.8	5.7	1.6	1.9	1.5	5.8	3.0	1.4	1.6	(2.2)
Wells Fargo & Co.	5.9	5.0	1.6	1.3	(4.5)	5.6	4.8	1.6	1.3	(5.5)
Consensus Forecast — This Month	5.9	5.2	1.6	1.6	(2.9)	5.6	4.7	1.4	1.5	(5.3)
— Last Month	5.7	5.0	1.7	1.6	(4.1)	5.3	4.8	1.5	1.5	(5.6)

*This forecast is for Southern California only

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

COLORADO										
2005 Annual Percent Change, 2005 from 2004						2006 Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
The Adams Group, Inc.	5.7	8.1	2.3	1.4	(2.5)	5.9	5.9	2.1	1.5	(4.8)
Ctr. for Business and Econ. Forecasting	6.4	6.3	2.5	1.2	(8.0)	6.3	6.2	2.8	1.4	(5.0)
Colorado Legislative Council	6.8	6.2	2.2	1.6	(1.5)	6.7	6.0	2.6	1.7	(9.2)
David Hemley	4.7	4.0	1.7	1.2	(0.5)	4.7	4.0	1.7	1.5	0.2
Office of State Planning and Budgeting	6.4	5.8	2.3	1.3	(5.0)	6.8	5.6	2.6	1.3	(2.0)
University of Colorado	5.2	5.7	2.0	1.2	0.0	5.5	6.0	2.3	1.3	5.0
Wells Fargo & Co.	5.4	4.9	2.4	1.4	(3.5)	5.3	4.7	2.3	1.3	(2.5)
Xcel Energy	6.0	4.5	2.8	1.5	7.0					
Consensus Forecast — This Month	5.8	5.7	2.3	1.4	(1.8)	5.9	5.5	2.3	1.4	(2.6)
— Last Month	5.6	5.3	2.3	1.3	(4.5)	5.7	5.2	2.4	1.4	(2.2)

IDAHO										
2005 Annual Percent Change, 2005 from 2004						2006 Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Idaho Div. of Financial Management	6.5		2.5	1.7	14.6	5.6		1.7	1.6	(12.0)
Idaho Economics	5.9		2.3	1.7	15.0	5.9		2.2	1.7	(8.0)
Idaho State University	5.8	4.5	2.0	1.4	12.0	5.1	4.2	2.0	1.6	0.0
Thredgold Economic Associates	5.7	4.9	2.4	1.4	0.0	5.5	4.7	2.2	1.5	(3.5)
Wells Fargo & Co.	5.8	5.3	2.9	1.3	15.0	5.6	5.0	2.6	1.3	0.0
Consensus Forecast — This Month	5.9	4.9	2.4	1.5	11.3	5.5	4.6	2.1	1.5	(4.7)
— Last Month	5.6	4.8	2.2	1.5	4.0	5.4	4.5	2.1	1.5	(3.3)

NEVADA										
2005 Annual Percent Change, 2005 from 2004						2006 Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Gross Gaming Revenues	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Gross Gaming Revenues	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Dept. of Empl., Training, and Rehab.	10.2	6.0	6.0	3.2		9.2	5.4	5.4	3.0	
Legis. Counsel Bureau - Fiscal Analysis	7.2	4.5	3.7	3.5	(2.5)					
Restrepo Consulting Group, LLC	7.5	5.0	5.0	4.0	7.0	7.5	5.0	4.5	4.0	4.0
Thredgold Economic Associates	7.8		4.1	4.0	2.5	7.6		3.5	3.7	0.5
Southwest Gas	8.7	9.2	4.6	4.5	(2.1)	8.5	8.1	4.4	4.3	1.1
Univ. of Nevada at Las Vegas - CBER	7.3	3.9	4.7	4.1	(11.1)	7.2	3.7	4.1	3.8	4.5
Wells Fargo & Co.	7.2	6.4	5.5	4.0	(1.0)	6.9	5.7	4.5	3.8	0.0
Consensus Forecast — This Month	8.0	5.8	4.8	3.9	(1.2)	7.8	5.6	4.4	3.8	2.0
— Last Month	7.6	5.5	4.5	3.8	(1.8)	7.8	5.7	4.3	3.7	1.6

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

NEW MEXICO

	2005					2006				
	Annual Percent Change, 2005 from 2004					Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Mfg. Employ- ment	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Mfg. Employ- ment	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Eastern New Mexico University	4.4	0.4	1.6	1.2	0.0	4.9	0.6	1.6	1.4	0.2
New Mexico Department of Labor		0.5	1.9				1.3	2.0		
New Mexico State Univ - CEMAF	5.0	0.5	1.4			5.2	1.0	1.6		
Public Service New Mexico	5.3	1.0	2.1	1.5	0.5					
University of New Mexico - BBER	6.2	0.4	2.1		10.8	5.6	3.7	2.3		(6.9)
Wells Fargo & Co.	5.6	1.6	2.6	1.7	(1.0)	5.1	1.4	2.4	1.7	(2.5)
Consensus Forecast — This Month	5.3	0.7	2.0	1.5	2.6	5.2	1.6	2.0	1.6	(3.1)
— Last Month	5.4	0.8	1.9	1.5	2.8	5.3	1.7	2.0	1.5	(2.5)

OREGON

	2005					2006				
	Annual Percent Change, 2005 from 2004					Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Mfg. Employ- ment	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Mfg. Employ- ment	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Conerly Consulting	8.3	3.0	3.4	1.3	10.5	5.7	0.9	2.6	1.4	(11.8)
Forefront Economics	5.7	2.2	1.9	1.2	4.5	5.7	1.5	2.0	1.2	4.1
Oregon Executive Department	5.9	2.5	3.0	1.2	9.8	6.2	(0.2)	1.5	1.2	(7.3)
Portland General Electric	6.2	2.0	2.5	1.4	10.0	5.7	1.0	2.0	1.3	0.0
Rhodes Econometrics	5.3	2.4	1.6	1.2	2.2	5.1	1.9	1.6	0.2	2.0
Thredgold Economic Associates	5.4	1.2	2.4	1.5	1.5					
U.S. Bancorp	6.2	3.0	3.0	1.2	12.0	6.2	2.0	2.6	1.3	(10.0)
Wells Fargo & Co.	5.7	1.0	2.2	1.4	1.0	5.5	0.8	1.7	1.3	(0.7)
Consensus Forecast — This Month	6.1	2.2	2.5	1.3	6.4	5.7	1.1	2.0	1.1	(3.4)
— Last Month	5.8	2.1	2.5	1.3	3.2	5.7	1.2	2.0	1.1	(2.1)

TEXAS

	2005					2006				
	Annual Percent Change, 2005 from 2004					Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Econoclast	6.3	6.3	2.0	1.8	1.1	5.7	5.5	1.7	1.7	(3.8)
Federal Reserve Bank of Dallas	6.6	6.0	1.8	1.8	(2.0)	6.4	6.4	2.2	1.9	2.0
David Hemley	5.8	5.5	2.1	1.6	0.3	5.6	5.4	2.0	1.6	0.4
Perryman Group	6.5	6.6	2.2	1.8	1.3					
TX State Comptroller of Public Accounts	6.4	6.5	1.3	1.7	11.3	6.8	6.6	1.9	1.6	(5.0)
University of Houston - CPP	6.0	6.0	1.7	1.7	7.8	6.1	5.9	1.9	1.8	(10.9)
University of North Texas	5.7	5.3	2.1	1.7	1.0	5.8	5.4	2.1	1.7	0.9
University of Texas at El Paso	6.2	6.4	1.7	1.9	2.8	5.9	5.9	1.7	1.8	(1.5)
Wells Fargo & Co.	5.7	6.0	1.9	1.6	(1.5)	6.0	5.7	2.3	1.6	(2.5)
Consensus Forecast — This Month	6.1	6.1	1.9	1.7	2.5	6.0	5.9	2.0	1.7	(2.6)
— Last Month	6.1	6.1	1.9	1.8	(0.6)	6.0	5.8	2.0	1.8	(2.6)

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

UTAH

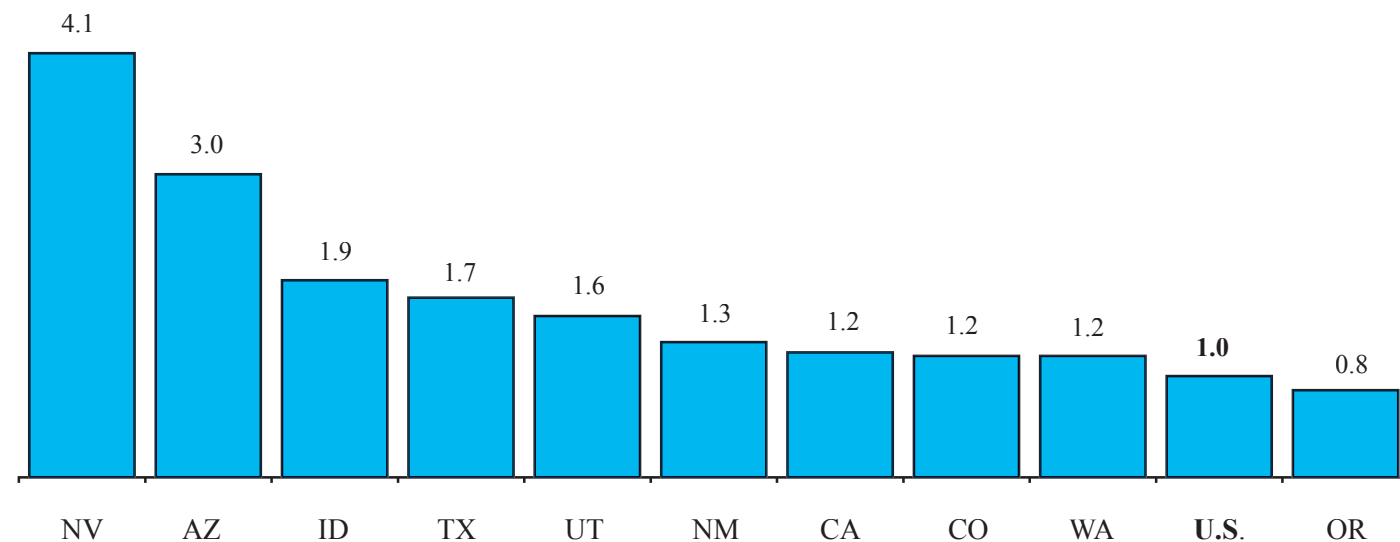
Source:	2005 Annual Percent Change, 2005 from 2004					2006 Annual Percent Change, 2006 from 2005				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Pacificorp	7.0	5.5	2.2	1.8	5.0					
Thredgold Economic Associates	5.6	5.1	2.5	1.8	3.5	5.7	5.4	2.4	1.8	0.0
Utah Dept. of Workforce Services	5.8	2.5	3.4	1.7	1.7	5.2	2.3	3.0	1.6	1.5
Utah State Tax Commission	6.0	7.0	3.5	2.5	9.1	6.5	6.0	2.9	2.4	1.0
Wells Fargo & Co.	6.0	5.8	3.0	2.0	12.0	5.8	5.5	2.9	2.0	0.0
Consensus Forecast — This Month	6.1	5.2	2.9	2.0	6.3	5.8	4.8	2.8	2.0	0.6
— Last Month	6.1	4.9	2.9	2.0	5.0	5.7	4.4	2.9	1.9	(0.1)

WASHINGTON

Source:	2005 Annual Percent Change, 2005 from 2004					2006 Annual Percent Change, 2006 from 2005				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Conerly Consulting	2.7	6.7	2.4	1.4	4.9	5.9	5.0	3.1	1.5	(13.7)
Dick Conway & Associates	5.7	6.0	2.3	1.3	(3.0)	5.5	5.0	1.8	1.4	(5.0)
Doug Pedersen & Associates	4.0	7.5	2.9	1.4	3.5	6.4	5.9	2.5	1.5	0.5
Office of Forecast Council *	2.5	6.7	2.8		(6.9)	6.7	5.0	2.1		(12.4)
Wells Fargo & Co.	5.5	5.6	2.1	1.4	(3.7)	5.1	5.1	2.0	1.3	(6.0)
Consensus Forecast — This Month	4.1	6.5	2.5	1.4	(1.0)	5.9	5.2	2.3	1.4	(7.3)
— Last Month	4.9	5.7	2.2	1.3	(3.7)	5.6	5.1	2.0	1.4	(7.4)

* Population forecast is from the Office of Financial Management.

POPULATION CHANGE Percent Change, 2004 vs. 2003



Source: U.S. Census Bureau

HISTORICAL DATA

WESTERN BLUE CHIP ECONOMIC FORECAST

ARIZONA

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

CALIFORNIA

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

COLORADO

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

HISTORICAL DATA

WESTERN BLUE CHIP ECONOMIC FORECAST

IDAHO

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2004	37,755	34,749	586.9	16,797 †	61.5	14,650	1,393	4.8
% change	6.6	4.0	2.6	4.6	(0.8)	17.8	1.9	
2003	35,409	33,405	572.0	16,059	62.0	12,432	1,367	5.4
% change	3.0	1.1	0.7	2.1	(4.5)	21.7	1.8	
2002	34,381	33,027	568.2	15,736	64.9	10,212	1,343	5.8
% change	4.0	2.3	0.1	8.3	(5.0)	7.7	1.7	
2001	33,054	32,279	567.7	14,525	68.3	9,483	1,321	5.0
% change	5.6	3.2	1.5	5.6	(2.3)	(6.1)	1.7	

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

NEVADA

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

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

NEW MEXICO

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2004	49,849	45,881	790.7	12,312	35.9	11,743	1,903	5.4
% change	6.2	3.6	1.9		(1.6)	(0.7)	1.3	
2003	46,955	44,298	775.6	11,702	36.5	11,829	1,879	6.4
% change	4.5	2.6	1.2	**	(4.9)	14.3	1.3	
2002	44,946	43,175	766.1	12,708	38.4	10,348	1,855	5.4
% change	1.8	0.2	1.2	1.3	(6.1)	15.9	1.2	
2001	44,138	43,104	757.2	12,540	40.9	8,929	1,832	4.8
% change	9.5	6.9	1.7	3.6	(1.9)	11.1	0.6	

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

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

HISTORICAL DATA

WESTERN BLUE CHIP ECONOMIC FORECAST

OREGON

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

TEXAS

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

UTAH

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

HISTORICAL DATA

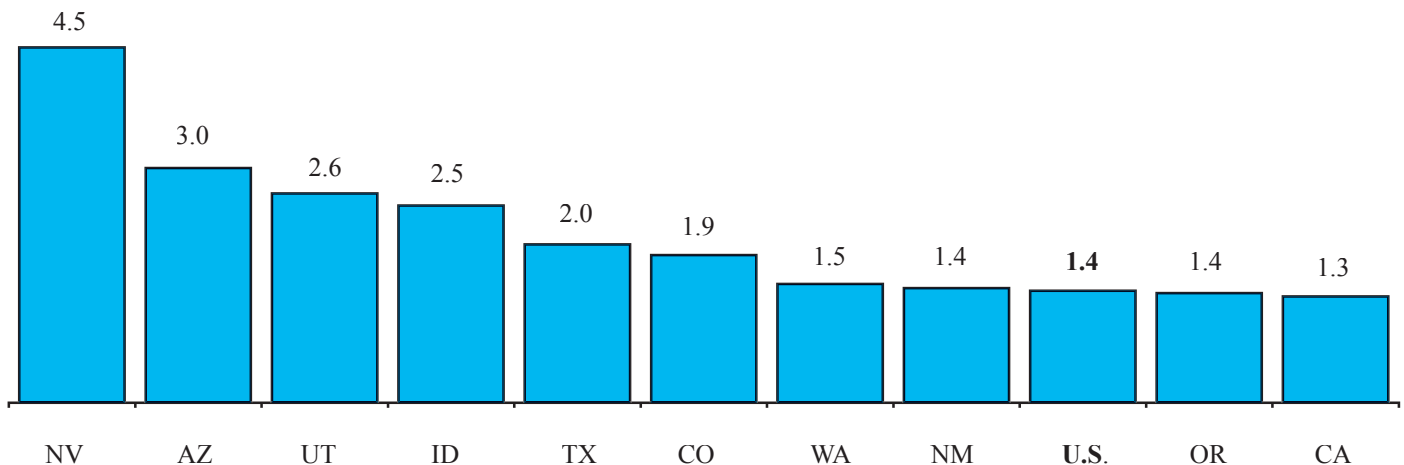
WESTERN BLUE CHIP ECONOMIC FORECAST

WASHINGTON

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

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

EXISTING HOUSING UNITS Percent Change, 2004 vs. 2003



Source: U.S. Census Bureau



WESTERN BLUE CHIP ECONOMIC FORECAST

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