

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 top U.S. personal income growth rate

Sluggish job growth has resulted in relatively low gains in personal income in recent quarters, although most Western states have outpaced the rest of the nation.

The latest available figures for personal income growth are for the third quarter of 2003 [see table]. The over-the-year gain for the United States was 3.6 percent

Eight Western states exceeded or matched the national rate of increase, while two fell below the national average. Colorado's 2.0 percent rise was not only the lowest in the West, but also the weakest showing in the country [for a complete listing of states, see the Roundup, page 2].

Comparing third-quarter 2003 personal income gains with forecasts for 2004, it appears that Nevada, Idaho and New Mexico are on course to meet growth projections for the year.

Meanwhile, several other states will have to register sharp upturns in personal income growth to hit the targets projected for 2004.

Texas has the largest absolute difference (2.6 percentage points) between 2003(Q3) performance and the 2004 forecast for personal income growth, although Colorado has the greatest percentage gap to close.

— Lee McPheters

WESTERN PERSONAL INCOME
(Percentage Change)

	2003(Q3) vs 2002(Q3)	Forecast 2004
Nevada	5.9	6.3
Idaho	5.6	5.4
New Mexico	5.5	5.1
Arizona	5.1	6.7
Washington	4.4	5.0
California	3.8	4.8
Utah	3.7	4.4
Texas	3.6	6.2
Oregon	3.4	5.3
Colorado	2.0	4.1

Large central cities have lower proportion of seniors

LARGEST CITIES AND PERCENT
AGED 65 OR OLDER

	Percent 65 and Over	Population Rank
Philadelphia, PA	14.1	5
San Francisco, CA	13.7	13
New York, NY	11.7	1
Indianapolis, IN	11.1	12
San Diego, CA	10.5	7
San Antonio, TX	10.4	9
Detroit, MI	10.4	10
Jacksonville, FL	10.3	14
Chicago, IL	10.3	3
Los Angeles, CA	9.7	2
Columbus, OH	8.9	15
Dallas, TX	8.6	8
Houston, TX	8.4	4
San Jose, CA	8.3	11
Phoenix, AZ	8.1	6

Source: U. S. Census, 2000

The senior citizen population nationally and in the West continues to increase, but the proportion of persons aged 65 or over in major Western cities is below the U.S. average, according to the Census Bureau.

The accompanying table shows the 15 largest central cities in the country, based on the 2000 census. Eight of these are in the West, with four in California, three in Texas, and Phoenix in Arizona.

Among the largest central cities, Philadelphia has the greatest percentage of persons 65 and over, at 14.1 percent. The national figure for all 245 places with population of 100,000 or more is 10.8 percent. San Francisco is the only large Western central city with a higher-than-average proportion of older population (13.7 percent).

In spite of a national reputation as a destination for retirees, Phoenix has the lowest percentage of senior citizens among all large cities (8.1 percent).

This contrast between perception and reality undoubtedly stems from pockets of retirement communities in the Phoenix

area. Scottsdale, for example, has one of the country's highest concentrations of persons 65 and over, at 16.7 percent.

The lowest concentration of senior citizens in the country is also in the Phoenix metropolitan area. In Gilbert, Arizona, only 3.8 percent of the population was 65 or older in 2000.

According to the census data, the overall national proportion of persons 65 and older in the total population (combining urban and rural residents) was 12.4 percent in 2000.

Florida had the highest proportion of older population (17.6 percent), followed by Pennsylvania (15.6 percent).

Western states above the national average were Arizona (13.0 percent) and Oregon (12.8 percent).

All other Western states had proportions of older population below the national average, and several ranked near the bottom of all states. Senior citizens accounted for less than 10 percent of the population in Texas, Colorado and Utah.

— Lee McPheters

NATIONAL ROUNDUP

U.S. JOB GROWTH



% Change: Dec. 2003 vs Dec. 2002

Nonfarm	-0.1
Goods-Producing	-1.7
Construction	1.9
Manufacturing	-3.4
Service-Providing	0.3
Transportation, Warehousing & Utilities	-1.4
Trade	-0.6
Information	-2.5
Financial Activities	0.8
Professional & Business Services...	1.7
Educational & Health Services.....	1.9
Leisure & Hospitality	0.5
Government.....	-0.3

Source: U.S. Bureau of Labor Statistics

U.S. REAL ESTATE



Residential Building Permits Dec. 2003 vs Dec. 2002

	Total Residential	Single- family	Multi- family
2003	145,185	107,924	37,261
2002	132,716	93,101	39,615
% Δ	9.4	15.9	-5.9

Source: U.S. Department of Commerce

U.S. FORECASTS



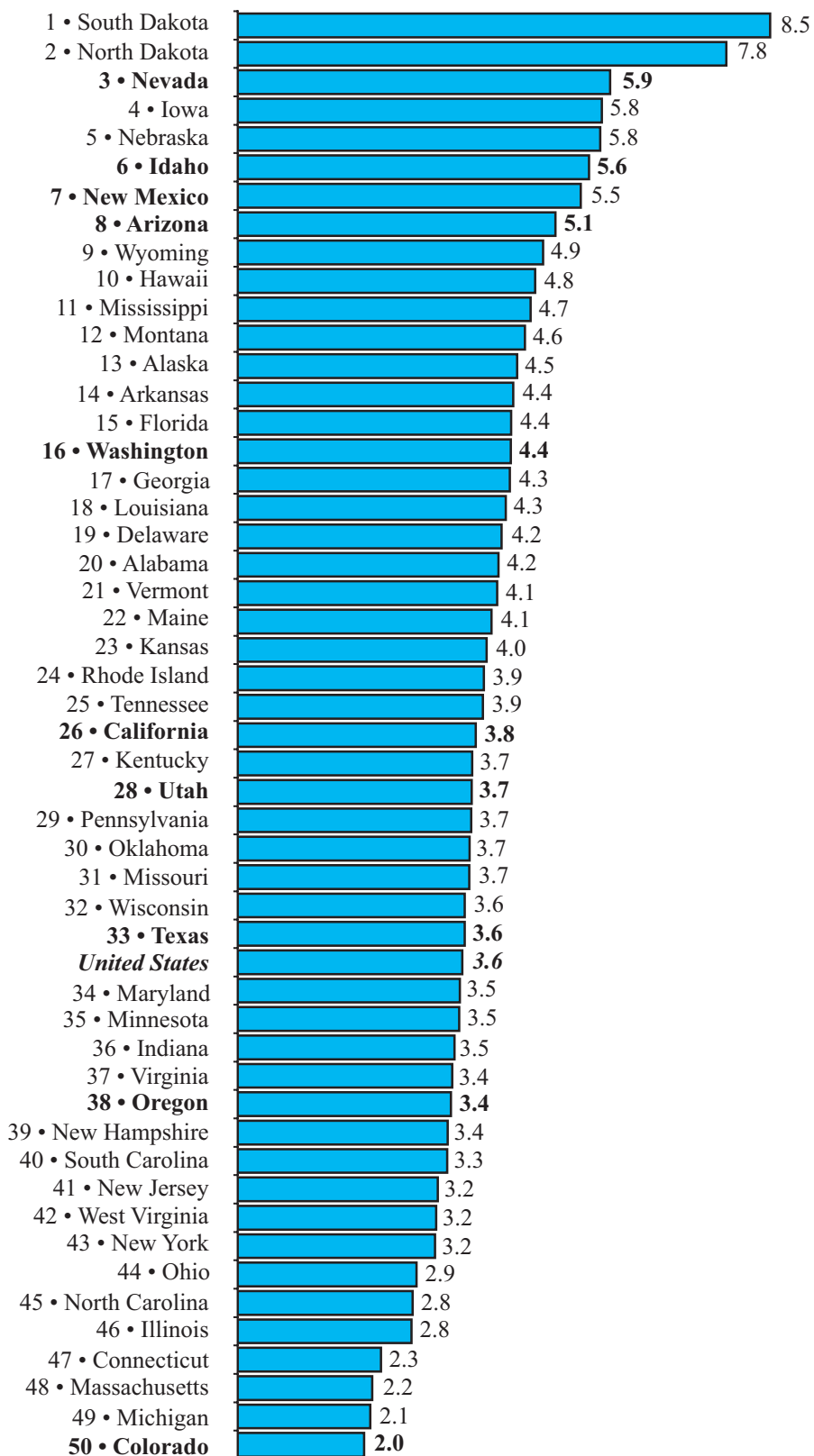
Percent Change

	2004	2005
Real GDP (Chain).....	4.6	3.6
CPI	1.4	1.3
GDP Deflator (Chain)...	1.3	1.4

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

PERSONAL INCOME

Percent Change, Third Quarter 2003 vs. Third Quarter 2002



Source: U.S. Bureau of Economic Analysis

SUMMARY

WESTERN BLUE CHIP ECONOMIC FORECAST

State:	2004 Annual Percent Change, 2004 from 2003					2005 Annual Percent Change, 2005 from 2004				
	Current \$ Personal Income	Real Personal Income	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Real Personal Income	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Arizona	6.7 ↑	5.2 ↑	3.6	2.8 ↓	(2.1)↑	7.0 ↑	1.0 ↓	4.0 ↑	2.8 ↓	0.3 ↓
California	4.8 ↑	3.3 ↑	1.2 ↓	1.5 ↓	(3.5)↑	5.3 ↑	(0.3)↓	2.0 ↓	1.5 ↓	(1.6)↓
Colorado	4.5 ↑	3.1 ↑	2.1 ↑	1.3 ↓	(0.4)↑	5.5 ↓	(0.4)↓	3.0 ↑	1.4 ↓	2.5 ↓
Idaho	5.4	3.9	1.6	1.2	(8.0)	5.4	(0.5)	1.9	1.3	0.5
Nevada	6.3 ↑	4.9 ↑	3.5	3.9 ↑	0.9	6.6 ↑	2.0 ↓	3.8 ↑	3.9 ↓	1.5 ↓
New Mexico	5.1 ↑	3.7 ↑	1.8 ↓	1.3 ↓	(1.6)↓	5.3 ↑	(0.3)↑	2.1 ↓	1.5 ↑	0.6 ↑
Oregon	5.3	3.9	2.0 ↑	1.3 ↓	(1.3)↓	5.6 ↓	(0.5)	2.6 ↓	1.3	(1.0)↑
Texas	6.2 ↓	4.7 ↓	2.0 ↓	1.8 ↓	(2.7)↓	6.6 ↓	0.1 ↓	2.4 ↓	1.9 ↓	(1.6)↓
Utah	4.4	2.9	1.6	1.7	(1.4)	5.1	(0.0)	2.3	1.8	0.6
Washington	5.0 ↑	3.5 ↑	1.5 ↑	1.0 ↑	(8.9)↑	5.4 ↑	(0.7)↓	2.5 ↑	1.1 ↓	(5.1)↓

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

Forecast notes from the Western region...

During the past three years, if you saw someone on an **Oregon** street smiling, you knew it was a real estate agent or a mortgage refiner. These smiles are fading but are being replaced by smiles on professional and business services, leisure and hospitality, and construction workers. Seasonally adjusted employment has increased for the last five months of 2003. But "dancing in the streets" is at least a year away.

— **Tom Potiowsky**
*Oregon Executive Department
Salem, Oregon*

The huge unknown is the American consumer. If record debt burdens continue to be ignored and spending holds up, **Colorado** will enjoy modest job gains and feel growth in income and retail sales in 2004 and 2005. But, the risks of dipping into a consumer-led down downturn remain high.

— **Tucker Hart Adams**
*The Adams Group
Colorado Springs, Colorado*

There are multiple headlines out of **California**. One concerns efforts to fix the budget mess, including the passage of a \$15 million bond issue in March. The second headline concerns efforts to fix the worker's comp mess (which is acting as a brake on hiring). The third is the grocery workers' strike and its eventual resolution. However you look at the latter, there will be no winners.

In the meantime, businesses are more

optimistic about 2004, with many manufacturers in Southern California getting more involved in exporting. Firms are also investing in plant and equipment, but do not want to add jobs until the business environment is improved. Questions keep coming up about the resale housing market and if there is a "bubble," and about the threat of "offshoring" of jobs.

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

Oregon's economy and job picture continue to show improvement, albeit at a painfully slow pace. Slow growth in employment should continue in the months ahead, along with renewed signs of life in the high-tech sector. Housing will continue to show surprising vigor with moderate growth in single family starts.

— **Mark Thompson**
*Forefront Economics
Beaverton, Oregon*

Texas added 44,000 jobs in 2003 after substantial losses in 2002. All sectors of the state's economy are now expanding, suggesting that 2004 will be the best year since 2000.

— **Bernard Weinstein**
*University of North Texas
Center for Economic Development
and Research
Denton, Texas*

Chip Sales are up, venture capitalists are opening up their purse strings — these are good signs for the high-tech sector of **California**. Recovery of the San Francisco Bay Area is critical to California's economic resurgence, and that does not begin to happen till 2005. Job growth remains the critical issue in an election year in California and the nation.

— **Tapan Munroe**
*Capital Corporation of the West
Moraga, California*

The state's economic outlook is the most promising in four years. **Idaho** has turned the corner toward more impressive job growth. While projected growth this year won't rival the boom period of the mid- to late-1990s, the Idaho economy is headed in the right direction.

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

Recent gaming-revenue numbers continue to show modest gains. Most recently, **Nevada's** gaming revenue was up 4.3 percent for November 2003 compared with the same month a year ago.

All in all, travel and tourism has suffered from the recent economic slowdown, both nationally and internationally, and from heightened concerns for travel safety.

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

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

Methodology

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

from an individual forecaster.

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

first day of that month.

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

ARIZONA

	2004 Annual Percent Change, 2004 from 2003					2005 Annual Percent Change, 2005 from 2004				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Source:										
Arizona Public Service	7.1	6.6	3.6	3.0	1.5	7.7	7.4	4.2	3.0	1.4
ASU – Bank One EOC	6.4	5.8	2.7	2.7	(5.0)	6.8	6.3	3.5	2.7	(2.0)
CH2M HILL	6.6	5.6	3.5	2.7	(5.0)	6.4	6.1	3.6	2.8	2.0
Department of Economic Security	6.4	6.1	2.4	2.4		5.9	5.1	3.6	2.5	
ECON-LINC	6.6	6.0	4.0	2.6	(3.0)	6.6	6.0	4.0	2.6	(2.0)
Eggert Economic Enterprises Inc.	7.0	6.3	3.7	3.1	(2.1)	6.7	6.4	4.2	3.0	2.0
Elliott D. Pollack & Co.	6.5	5.5	4.0	2.6	(10.0)	7.5	7.0	4.5	3.0	(10.0)
H. C. Reardon Economics	6.8	6.4	3.5	3.0	(5.0)	7.0	6.4	3.8	3.0	3.0
Joint Legislative Budget Committee	6.5	5.5	3.5	2.6	(2.0)	7.0	5.9	4.0	2.6	0.0
Lancaster Consulting	6.6	6.0	3.8	2.8	2.5	6.9	6.0	3.7	2.8	5.0
The Maguire Company	6.4	5.7	3.7	2.7	0.0	7.0	6.5	3.7	2.7	2.0
Metropolitan West Asset Management	6.8	6.0	4.2			7.2	6.4	4.0		
NAU – BBER	6.7	6.3	3.8	2.7	0.0	7.1	6.6	4.0	2.8	5.0
Protitlement	6.6	5.9	3.8	2.7	(5.0)	7.2	6.1	4.0	2.8	(7.5)
Salt River Project	6.6	6.0	3.5	2.8	0.0	8.0	9.0	4.0	2.7	0.0
Stellar Capital Management	6.3	5.5	3.2	2.7	(2.0)	6.6	5.6	3.9	2.9	3.5
Tucson Electric Power Co.										
UA – Eller College	7.3	8.0	4.2	2.8	(1.4)	7.4	6.6	4.6	3.2	(0.9)
VisionEcon	7.9	7.2	4.0	3.1	1.0	7.4	7.9	3.9	3.0	3.0
Wells Fargo & Co.	6.5	6.4	3.5	2.9	(1.0)	6.2	6.0	3.9	2.9	1.0
Consensus Forecast — This Month	6.7	6.1	3.6	2.8	(2.1)	7.0	6.5	4.0	2.8	0.3
— Last Month	6.7	6.1	3.6	2.8	(2.3)	6.9	6.5	3.9	2.9	0.5

CALIFORNIA

	2004 Annual Percent Change, 2004 from 2003					2005 Annual Percent Change, 2005 from 2004				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Source:										
Anonymous	5.6	5.8	1.1	1.7	(3.2)	5.9	5.4	2.1	1.7	3.4
California State University, Long Beach *	7.6	6.0	1.3	1.9	4.0	6.2	7.4	2.2	1.8	(2.3)
Capital Corporation of the West	4.9	5.5	1.3	1.5	(2.0)	5.5	6.0	2.1	1.5	(1.0)
Chapman University	4.2	3.7	1.1	1.6	(3.9)	5.1	4.8	1.9	1.6	(5.5)
L.A. County Economic Development Corp.	3.8	4.5	0.9	1.6	(0.5)	4.5	5.8	1.4	1.6	1.8
Legislative Analyst's Office	5.6	5.5	1.0	1.3	(5.0)	6.1	5.8	2.3	1.3	0.0
UCLA – Business Forecasting Project	4.9	5.0	0.9	1.5	(2.0)	5.4	4.9	2.1	1.5	(5.1)
Wells Fargo & Co.	4.3	4.7	1.9	1.1	(8.0)	4.6	4.9	2.2	1.0	(5.0)
Consensus Forecast — This Month	4.8	5.0	1.2	1.5	(3.5)	5.3	5.4	2.0	1.5	(1.6)
— Last Month	4.7	5.1	1.3	1.5	(4.7)	5.2	5.5	2.1	1.5	(1.4)

*This forecast is for Southern California only

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

COLORADO										
2004 Annual Percent Change, 2004 from 2003						2005 Annual Percent Change, 2005 from 2004				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
The Adams Group, Inc.	3.9	4.6	1.7	1.3	(0.7)	4.9	5.5	2.5	1.4	1.0
Ctr. for Business and Econ. Forecasting	4.3	3.3	1.3	1.2	(8.0)	5.5	5.2	2.8	1.3	0.0
Colorado Legislative Council	4.1	4.5	4.0	1.3	(2.3)	4.7	5.3	5.5	1.4	2.1
Office of State Planning and Budgeting	3.8	3.2	1.7	1.3	(6.6)	5.3	5.2	2.4	1.4	0.9
University of Colorado	5.0	4.0	1.5	1.3	5.0	6.5	5.0	2.5	1.4	5.0
Wells Fargo & Co.	5.2	4.1	2.2	1.5	4.0	5.6	4.5	2.6	1.6	1.2
Xcel Energy	5.5	3.8	2.3	1.5	5.5	6.0	4.5	2.8	1.5	7.0
Consensus Forecast — This Month	4.5	3.9	2.1	1.3	(0.4)	5.5	5.0	3.0	1.4	2.5
— Last Month	4.5	3.8	1.8	1.4	(0.7)	5.7	4.8	2.6	1.5	2.8

IDAHO										
2004 Annual Percent Change, 2004 from 2003						2005 Annual Percent Change, 2005 from 2004				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Idaho Div. of Financial Management	5.7		1.5	1.0	(14.3)	4.9		1.7	1.0	(2.3)
Idaho Economics	5.0		1.6	1.2	(3.0)	5.2		1.8	1.4	(3.0)
Idaho State University	5.1	4.3	1.2	1.1	(12.0)	5.3	4.0	1.5	1.1	7.0
Thredgold Economic Associates	5.8	4.6	2.1	1.2	1.0	6.2	5.0	2.7	1.3	1.0
Wells Fargo & Co.	5.2	3.5	1.5	1.5	(11.8)	5.5	4.0	2.0	1.5	0.0
Consensus Forecast — This Month	5.4	4.1	1.6	1.2	(8.0)	5.4	4.3	1.9	1.3	0.5
— Last Month	5.4	4.1	1.6	1.2	(8.0)	5.4	4.3	1.9	1.3	0.5

NEVADA										
2004 Annual Percent Change, 2004 from 2003						2005 Annual Percent Change, 2005 from 2004				
Source:	Current \$ Personal Income	Gross Gaming Revenues	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Gross Gaming Revenues	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Dept. of Empl., Training and Rehab.	5.5	4.0	3.0	3.5						
Legis. Counsel Bureau – Fiscal Analysis	6.5	4.0	3.3	3.5	0.0	7.2	4.5	3.7	3.5	(2.5)
Restrepo Consulting Group, LLC	6.0	3.5	4.0	4.0	4.0	5.0	3.0	3.5	3.5	3.0
Thredgold Economic Associates	6.4	4.0	3.9	4.0	4.0	6.7	4.4	4.0	4.2	4.0
Southwest Gas	7.0	2.7	2.8	4.3	(1.0)	7.2	3.1	3.0	4.4	1.3
Univ. of Nevada at Las Vegas – CBER	6.1	3.3	4.1	4.1	(0.4)	6.3	3.8	4.3	4.2	2.4
Wells Fargo & Co.	6.8	4.5	3.7	4.0	(1.0)	7.1	5.3	4.0	3.3	1.0
Consensus Forecast — This Month	6.3	3.7	3.5	3.9	0.9	6.6	4.0	3.8	3.9	1.5
— Last Month	6.2	3.4	3.5	3.9	0.9	6.4	3.9	3.7	3.9	2.1

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

NEW MEXICO

	2004					2005				
	Annual Percent Change, 2004 from 2003					Annual Percent Change, 2005 from 2004				
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	(0.1)	1.3	1.1	2.6	4.9	0.0	1.8	1.4	1.3
New Mexico Department of Labor		(1.5)	2.1							
New Mexico State Univ — CEMAF	5.2	(1.0)	1.5							
Public Service New Mexico	5.2	1.3	2.1	1.5	(2.0)	5.4	1.4	2.3	1.7	0.4
University of New Mexico — BBER	5.2	(0.4)	1.9	1.3	(3.9)	5.2	2.3	2.2	1.3	0.8
Wells Fargo & Co.	5.3	(1.3)	1.8	1.2	(3.0)	5.5	(0.8)	2.2	1.4	0.0
Consensus Forecast — This Month	5.1	(0.5)	1.8	1.3	(1.6)	5.3	0.7	2.1	1.5	0.6
— Last Month	5.1	(0.3)	1.9	1.3	(1.5)	5.2	(0.3)	2.2	1.4	0.6

OREGON

	2004					2005				
	Annual Percent Change, 2004 from 2003					Annual Percent Change, 2005 from 2004				
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	5.9	3.0	2.4	1.2	(7.4)	5.1	1.9	3.8	1.2	(6.8)
Forefront Economics	4.8	1.0	1.5	1.1	3.5	5.3	1.4	2.2	1.2	4.0
Oregon Executive Department	5.0	2.1	1.6	1.1	(3.6)	5.0	1.1	2.2	1.2	(2.4)
Portland General Electric	5.9	1.0	2.1	1.3	1.0	6.6	2.0	2.4	1.4	1.0
Rhodes Econometrics	5.2	1.2	2.4	1.4	1.9	5.1	1.3	2.8	1.6	2.1
Thredgold Economic Associates	4.8	0.8	1.9	1.4	1.0	5.4	1.2	2.4	1.5	1.5
U.S. Bancorp	5.3	2.5	2.0	1.2	(3.0)	6.0	3.0	2.5	1.2	(5.0)
Wells Fargo & Co.	5.7	(1.2)	1.9	1.3	(4.0)	5.9	(0.9)	2.1	1.3	(2.0)
Consensus Forecast — This Month	5.3	1.3	2.0	1.3	(1.3)	5.6	1.4	2.6	1.3	(1.0)
— Last Month	5.3	1.2	1.9	1.3	(1.3)	5.7	1.4	2.6	1.3	(1.2)

TEXAS

	2004					2005				
	Annual Percent Change, 2004 from 2003					Annual Percent Change, 2005 from 2004				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Econoclast	7.0	7.0	2.5	1.8	2.0	6.5	6.6	2.3	1.9	1.4
Federal Reserve Bank of Dallas	6.3	7.0	1.7	1.9	2.0	7.2	7.5	2.5	1.9	2.5
Perryman Group	6.1	6.2	1.8	1.7	(3.2)	6.5	6.6	2.2	1.8	1.4
TX State Comptroller of Public Accounts	5.9	7.9	1.9	1.8	(7.8)	6.3	6.6	2.7	1.9	(4.1)
University of Houston — CPP	6.2	6.0	1.5	1.7	(3.8)	6.6	6.8	2.2	2.0	(8.5)
University of North Texas	5.0	6.1	1.8	1.5	(5.0)	6.2	6.2	2.2	1.7	(2.0)
University of Texas at El Paso	6.8	7.3	2.5	1.9	(1.4)	6.5	7.0	2.2	1.8	(0.4)
Wells Fargo & Co.	6.4	7.3	2.2	1.9	(4.0)	6.7	7.4	2.6	2.1	(3.0)
Consensus Forecast — This Month	6.2	6.9	2.0	1.8	(2.7)	6.6	6.8	2.4	1.9	(1.6)
— Last Month	6.5	7.0	2.1	1.8	(1.9)	6.7	6.9	2.5	2.0	(0.9)

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

UTAH

Source:	2004 Annual Percent Change, 2004 from 2003					2005 Annual Percent Change, 2005 from 2004				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Pacificorp	6.7	4.8	2.1	1.7	3.0	7.0	5.5	2.2	1.8	5.0
Thredgold Economic Associates	4.6	4.0	1.5	1.7	2.3	5.6	4.8	2.4	1.8	1.5
Utah Dept. of Workforce Services	2.8	2.3	1.1	1.5	(2.0)	4.3	2.6	2.3	1.7	1.5
Utah State Tax Commission	3.8	3.6	1.8	2.0	(3.0)	4.2	4.0	2.5	1.9	(5.0)
Wells Fargo & Co.	4.0	3.2	1.3	1.6	(7.4)	4.5	3.7	2.3	1.6	0.0
Consensus Forecast — This Month	4.4	3.6	1.6	1.7	(1.4)	5.1	4.1	2.3	1.8	0.6
— Last Month	4.4	3.5	1.6	1.7	(1.4)	5.1	4.1	2.3	1.8	0.6

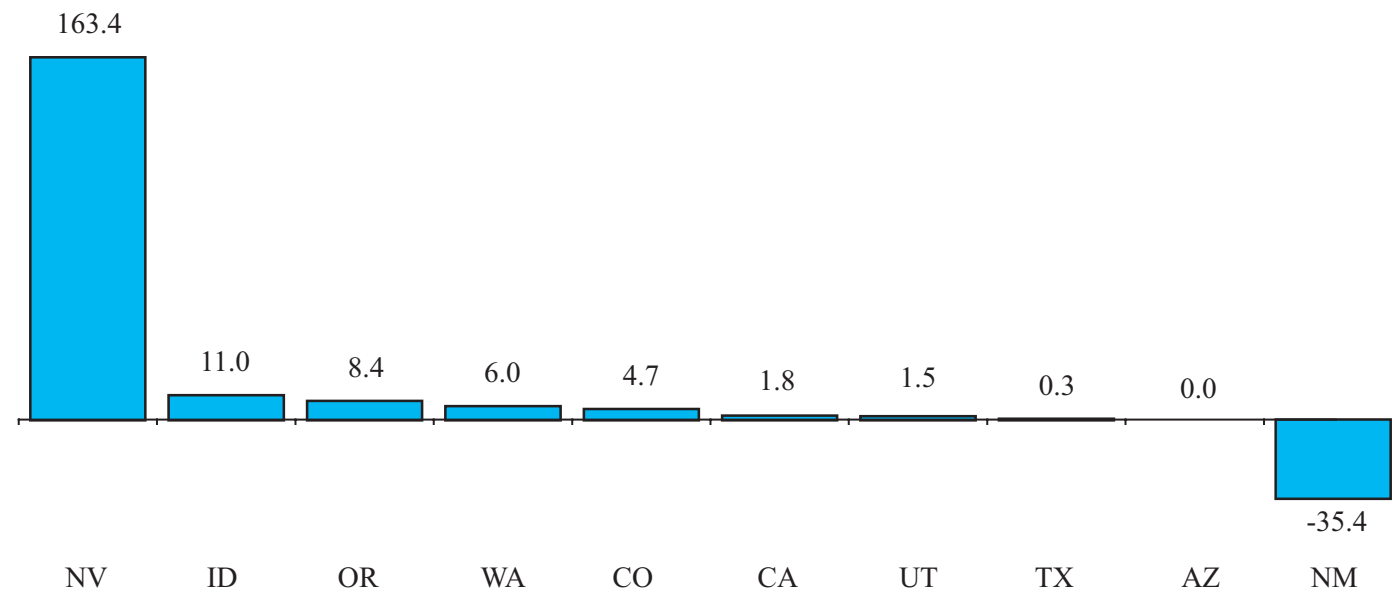
WASHINGTON

Source:	2004 Annual Percent Change, 2004 from 2003					2005 Annual Percent Change, 2005 from 2004				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Conerly Consulting	5.3	4.7	1.4	1.2	(9.1)	5.4	6.0	3.2	1.3	(7.2)
Dick Conway & Associates	5.1	5.2	1.7	0.7	(6.0)	5.3	5.6	2.3	1.0	(2.0)
Doug Pedersen & Associates	4.8	4.6	1.5	1.0	(4.0)	5.4	5.0	2.5	1.0	(3.0)
Office of Forecast Council *	4.5	4.6	1.5	1.1	(16.6)	5.4		2.5	1.1	(7.3)
Wells Fargo & Co.	5.2	5.5	1.3	1.1	(9.0)	5.5	5.8	2.0	1.2	(6.0)
Consensus Forecast — This Month	5.0	4.9	1.5	1.0	(8.9)	5.4	5.6	2.5	1.1	(5.1)
— Last Month	4.9	4.9	1.4	1.0	(9.1)	5.3	5.6	2.4	1.1	(4.8)

* Population forecast is from the Office of Financial Management.

STATE TOTAL TAX REVENUES

Percent Change, Third Quarter 2003 vs. Third Quarter 2002



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
2003	150,726 †	133,887 †	2,287.9 ††	47,605 †	175.4 ††	64,143 ††	5,610 †	5.6††
% change	5.5	3.8	1.0	4.8	(4.6)	15.3	2.6	
2002	142,868	128,938	2,264.9	45,425	183.9	55,649	5,468	6.2
% change	4.0	2.9	(0.0)	1.3	(8.8)	9.3	2.8	
2001	137,331	125,304	2,265.0	44,833	201.7	50,930	5,321	4.7
% change	4.8	2.3	1.0	2.0	(3.9)	4.3	2.9	
2000	131,046	122,510	2,242.7	43,940	209.9	48,846	5,169	4.0
% change	9.0	6.7	3.7	7.8	1.2	(5.6)	3.0	
Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Arizona Department of Economic Security; Retail Sales – Arizona Department of Revenue; Manufacturing Employment – Arizona Department of Economic Security; Housing Permits – Arizona Real Estate Center; Population – Center for Business Research; Unemployment Rate – Arizona Department of Economic Security. † Consensus †† Estimate								

CALIFORNIA

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2003	1,198,074 †	1,064,224 †	14,453.7 ††	311,867 †	1,584.2 ††	140,512 ††	35,866 †	6.7††
% change	3.4	1.8	(0.2)	3.4	(3.5)	16.3	1.6	
2002	1,158,679	1,045,698	14,476.5	301,612	1,641.2	120,783	35,301	6.7
% change	2.5	1.4	(0.9)	2.6	(8.1)	13.7	1.7	
2001	1,129,868	1,030,914	14,601.9	293,957	1,785.6	106,265	34,698	5.4
% change	2.7	0.2	0.8	2.4	(3.9)	1.6	1.9	
2000	1,100,679	1,028,977	14,488.2	287,068	1,857.5	104,600	34,036	4.9
% change	10.6	8.3	3.5	12.3	1.5	1.8	1.9	
Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Bureau of Labor Statistics; Taxable Sales – California Board of Equalization; Manufacturing Employment – Bureau of Labor Statistics; Housing Permits – Construction Industry Research Board; Population – California Department of Finance; Unemployment Rate – California Department of Finance. † Consensus †† Estimate								

COLORADO

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2003	154,607 †	137,334 †	2,166.3 ††	53,621 †	154.6 ††	33,428 ††	4,561 †	5.7††
% change	3.1	1.5	(0.8)	1.6	(7.0)	(5.9)	1.2	
2002	149,958	135,336	2,183.7	52,777	166.3	35,522	4,507	5.7
% change	1.2	0.1	(1.9)	(10.6)	(8.6)	(2.6)	1.7	
2001	148,239	135,256	2,225.4	59,041	181.9	36,477	4,431	3.7
% change	3.6	1.1	0.6	1.8	(4.9)	(3.2)	2.4	
2000	143,043	133,725	2,212.6	58,018	191.3	37,699	4,327	2.8
% change	11.4	9.1	3.8	10.3	0.3	(1.9)		
Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Colorado Department of Labor and Employment; Retail Trade Sales – Colorado Department of Revenue; Manufacturing Employment – Colorado Department of Labor and Employment; Housing Permits – U.S. Bureau of the Census; Population – U.S. Bureau of the Census; Unemployment Rate – Colorado Department of Labor and Employment. † Consensus †† Estimate								

HISTORICAL DATA

WESTERN BLUE CHIP ECONOMIC FORECAST

IDAHO

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2003	34,983 †	31,075 †	570.8 ††	16,287 †	61.5 ††	12,432 ††	1,356 †	5.3††
% change	4.1	2.5	0.6	3.5	(4.9)	21.7	1.1	
2002	33,605	30,329	567.2	15,736 ††	64.7	10,212	1,341	5.8
% change	3.8	2.7	(0.1)	8.3	(5.3)	7.7	1.6	
2001	32,363	29,528	567.7	14,525	68.3	9,483	1,321	5.0
% change	3.8	1.3	1.5	5.6	(2.3)	(6.1)	1.6	
2000	31,177	29,146	559.5	13,755	69.9	10,098	1,300	4.9
% change	7.9	5.6	3.8	4.5	1.5	(3.8)		
Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Idaho Department of Employment; Retail Sales – Idaho State Tax Commission; Manufacturing Employment – Idaho Department of Employment; Housing Permits – First Security Bank; Population – U.S. Bureau of the Census; Unemployment Rate – Idaho Department of Employment. † Consensus †† Estimate								

NEVADA

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Gaming Revenue (millions)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2003	69,334 †	61,588 †	1,074.7 ††	N/A	9,947 †	33,033 ††	2,258 †	5.1††
% change	5.7	4.0	2.4		3.5	21.1	3.9	
2002	65,596	59,199	1,049.6	32,003 ††	9,611 ††	27,284	2,173	5.5
% change	3.8	2.7	(0.2)	0.9	1.5	1.1	3.6	
2001	63,200	57,665	1,051.4	31,709 ††	9,469	26,981	2,098	5.3
% change	5.1	2.6	2.4	7.7	(1.4)	4.8	3.9	
2000	60,149	56,230	1,026.9	29,454	9,600.3	25,749	2,019	4.0
% change	8.5	6.2	4.5	6.1	6.4	6.0		
Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Nevada Department of Employment, Training and Rehabilitation; Retail Sales – Nevada Department of Taxation; Gross Gaming Revenue – Nevada State Gaming Control Board; Housing Permits – U.S. Bureau of the Census; Population – U.S. Bureau of the Census; Unemployment Rate – Nevada Department of Employment, Training and Rehabilitation. † Consensus †† Estimate N/A - not yet available								

NEW MEXICO

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2003	46,588 †	41,383 †	778.3 ††	N/A	36.9 ††	11,829 ††	1,875 †	5.9††
% change	4.9	3.2	1.6		(4.2)	14.3	1.1	
2002	44,412	40,081	766.0	12,708	38.5	10,348	1,855	5.4
% change	5.1	3.9	1.2	1.3	(5.9)	15.9	1.3	
2001	42,260	38,559	757.2	12,540	40.9	8,929	1,831	4.8
% change	6.5	3.9	1.7	3.6	(1.9)	11.1	0.5	
2000	39,692	37,107	744.8	12,099	41.7	8,037	1,822	5.0
% change	5.2	3.0	2.1	5.5	1.2	(6.5)		
Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – New Mexico Department of Labor; Retail Sales – New Mexico Department of Taxation & Revenue; Manufacturing Employment – New Mexico Department of Labor; Housing Permits – U.S. Bureau of the Census; Population – U.S. Bureau of the Census; Unemployment Rate – New Mexico Department of Labor. † Consensus †† Estimate N/A - not yet available								

** Due to a change in the manner of calculation, it may not be appropriate to compare 2002 retail sales with previous years.

HISTORICAL DATA

WESTERN BLUE CHIP ECONOMIC FORECAST

OREGON

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Manufacturing Employment (thousands)	Single-family Permits (number)	Housing Permits (number)	Population (thousands)	Unem- ployment Rate
2003	105,324 †	93,558 †	1,562.9 ††	196.4 ††	18,799 ††	26,103 ††	3,547 †	7.8††
% change	4.1	2.5	(0.6)	(2.7)	4.6	15.8	1.2	
2002	101,176	91,311	1,572.3	201.8	17,977	22,543	3,505	7.5
% change	3.2	2.1	(1.3)	(6.4)	10.9	7.1	1.0	
2001	98,026	89,441	1,593.6	215.7	16,217	21,049	3,472	6.3
% change	2.6	0.2	(0.8)	(4.1)	4.4	6.4	1.0	
2000	95,508	89,286	1,606.9	225.0	15,532.0	19,785	3,437	4.9
% change	7.2	5.0	2.0	0.1	(6.4)	(14.9)	1.3	
Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Oregon Employment Division; Manufacturing Employment – Oregon Employment Division; Single-family Permits – U.S. Bureau of the Census; Housing Permits – U.S. Bureau of the Census; Population – Portland State University; Unemployment Rate – Oregon Employment Division. † Consensus †† Estimate								

TEXAS

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (billions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2003	654,167 †	581,083 †	9,445.6 ††	299.1 †	916.0 ††	133,077 ††	22,150 †	6.6††
% change	5.2	3.5	0.2	1.0	(3.7)	10.3	1.7	
2002	621,832	561,198	9,426.9	296.1	951.2	120,644	21,780	6.3
% change	2.2	1.1	(1.0)	3.9	(7.4)	8.3	1.9	
2001	608,466	555,176	9,518.4	305.8	1,026.8	111,352	21,371	4.8
% change	3.7	1.2	0.9	2.4	(3.9)	4.5	2.0	
2000	586,587	548,374	9,433.4	298.6	1,068.0	106,601	20,955	4.2
% change	8.7	6.4	3.0	11.5	0.4	4.7		
Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Texas Employment Commission; Gross Retail Sales – Texas State Comptroller of Public Accounts; Manufacturing Employment – Texas Employment Commission; Housing Permits – U.S. Bureau of the Census; Population – U.S. Bureau of the Census; Unemployment Rate – Texas Employment Commission. † Consensus †† Estimate								

UTAH

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2003	58,382 †	51,859 †	1,072.6 ††	18,962 †	111.3 ††	17,995 ††	2,351 †	5.2††
% change	3.7	2.1	0.0	3.3	(2.1)	16.8	1.5	
2002	56,299	50,809	1,072.6	18,356	113.7	15,406	2,316	6.1
% change	2.8	1.7	(0.8)	3.4	(6.8)	11.2	1.6	
2001	54,764	49,968	1,081.3	17,748	122.0	13,851	2,279	4.4
% change	4.3	1.8	0.5	2.7	(2.8)	2.9	1.6	
2000	52,518	49,097	1,075.4	17,278	125.5	13,463	2,243	3.3
% change	7.3	5.1	2.6	4.8	(0.4)	(7.5)		
Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Utah Department of Workforce Services; Retail Sales – Utah State Tax Commission; Manufacturing Employment – Utah Department of Workforce Services; Housing Permits – University of Utah; Population – U.S. Bureau of the Census; Unemployment Rate – Utah Department of Workforce Services. † Consensus †† Estimate								

HISTORICAL DATA

WESTERN BLUE CHIP ECONOMIC FORECAST

WASHINGTON

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2003	205,853 †	182,855 †	2,661.9 ††	87,272 †	266.5 ††	34,480 ††	6,124 †	7.2 ††
% change	3.8	2.2	0.2	2.8	(6.7)	4.2	0.9	
2002	198,317	178,980	2,656.8	84,895	285.7	33,090	6,069	7.3
% change	3.5	2.4	(1.5)	0.5	(9.6)	17.6	1.3	
2001	191,645	174,860	2,697.0	84,470	316.1	28,137	5,993	6.4
% change	2.6	0.1	(0.5)	(0.3)	(4.7)	3.1	1.4	
2000	186,843	174,671	2,711.2	84,748	331.8	27,283	5,912	5.2
% change	7.3	5.0	2.4	6.4	(3.4)	(7.8)		

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

TOTAL STATE GOVERNMENT EXPENDITURES (Includes State and Federal Funds) Percent Change Estimated Fiscal 2003 over Actual Fiscal 2002



Source: National Association of State Budget Officers



WESTERN BLUE CHIP ECONOMIC FORECAST

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