

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

New year, brighter outlook for jobs and retail sales

The refrain is becoming familiar: “If the economy is doing so well, where are the jobs?” Economic indicators, such as the Institute of Supply Management’s Purchasing Managers Index, are showing a great deal of strength when it comes to economic growth across the nation — but job growth has remained weak. Considering that the consumer was the bastion of support during the last recession, it begs the question: what will happen if job growth continues to lag overall economic growth?

There are some signs that business is beginning to invest once again, primarily in new capital equipment. That could be a precursor to investment in human capital.

With the exception of Nevada and New Mexico, job growth was stagnant in the Western states. California, Colorado and Oregon managed to lose jobs during 2003 compared to 2002 (see historical charts on pages 8 and 10). Arizona, Idaho, Texas, Utah and Washington managed to eke out some job growth in 2003, at a rate of 1 percent or less. New Mexico, which is usually fairly immune to both

recession and growth shocks, saw 1.6 percent job growth in 2003, higher than the 1.2 percent seen in 2002. Nevada remains a remarkable story. With an economy entrenched in tourism, the state saw a slight decline in the number of jobs in 2002, but managed 2.4 percent growth in 2003. This matches the rate reported in 2001.

Productivity has buoyed the output side of the economic equation. The jobs may have been scarce, but output became strong, especially during the last half of 2003. How far can production go without the addition of new workers? The *Western Blue Chip* panelists see a rosier picture for job growth in 2004 and 2005 compared to the last couple of years. This month marks the first appearance of a 2005 consensus forecast by the *Western Blue Chip* panelists.

The consensus forecast for 2004 shows all the Western states with job growth higher than 1 percent. California, in fact, shows the lowest prognostication of job growth, at 1.3 percent. The state with the most optimistic consensus forecast

is Arizona, with 3.6 percent job growth expected in 2004. This is higher than Nevada’s forecast of 3.5 percent.

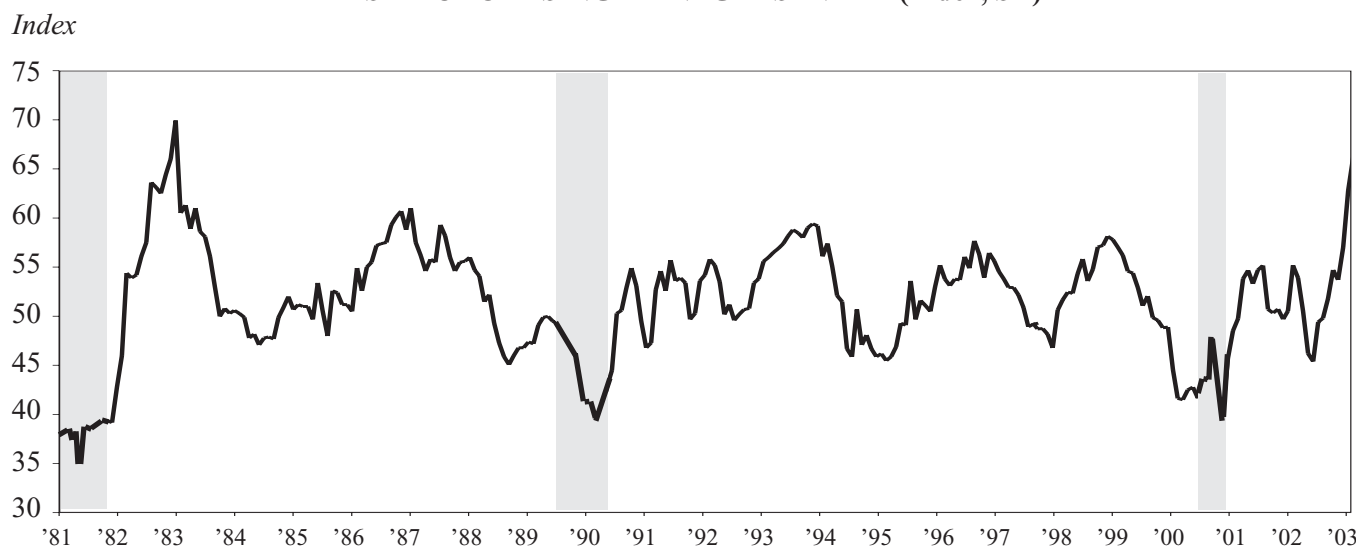
Retail sales are expected to grow at a healthy rate in 2004 and 2005 in the Western states. The most positive retail sales growth for 2004 is anticipated in Texas, where a rate of 7.0 percent is the consensus. The question this raises, however, is whether retail sales will fall off if the job market does not improve. Attractive interest rates and automobile dealer incentives kept retail sales moving in 2003, but they have been leveling off in recent months.

It looks as though the Western states may be on the heels of true economic recovery. Sluggish performance since the onset of the last recession has been a plague, but indications — reflected here in the *Western Blue Chip* panelists’ forecasts — are positive for better performance over the next two years.

— Dawn McLaren
Economic Analyst

Bank One Economic Outlook Center

ISM PURCHASING MANAGERS INDEX (Index, SA)



NATIONAL ROUNDUP

U.S. JOB GROWTH



% Change: Nov. 2003 vs Nov. 2002

Nonfarm	-0.2
Goods-Producing	-1.9
Construction	1.5
Manufacturing	-3.6
Service-Providing	0.2
Transportation, Warehousing & Utilities	-1.6
Trade	-0.5
Information	-3.5
Financial Activities	1.1
Professional & Business Services	1.0
Educational & Health Services	1.9
Leisure & Hospitality	0.4
Government	-0.3

Source: U.S. Bureau of Labor Statistics

U.S. REAL ESTATE

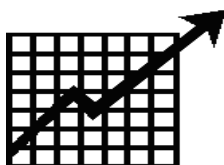


Residential Building Permits Nov. 2003 vs Nov. 2002

	Total Residential	Single- family	Multi- family
2003	127,189	97,684	29,505
2002	124,513	94,791	29,722
% Δ	2.1	3.1	-0.7

Source: U.S. Department of Commerce

U.S. FORECASTS



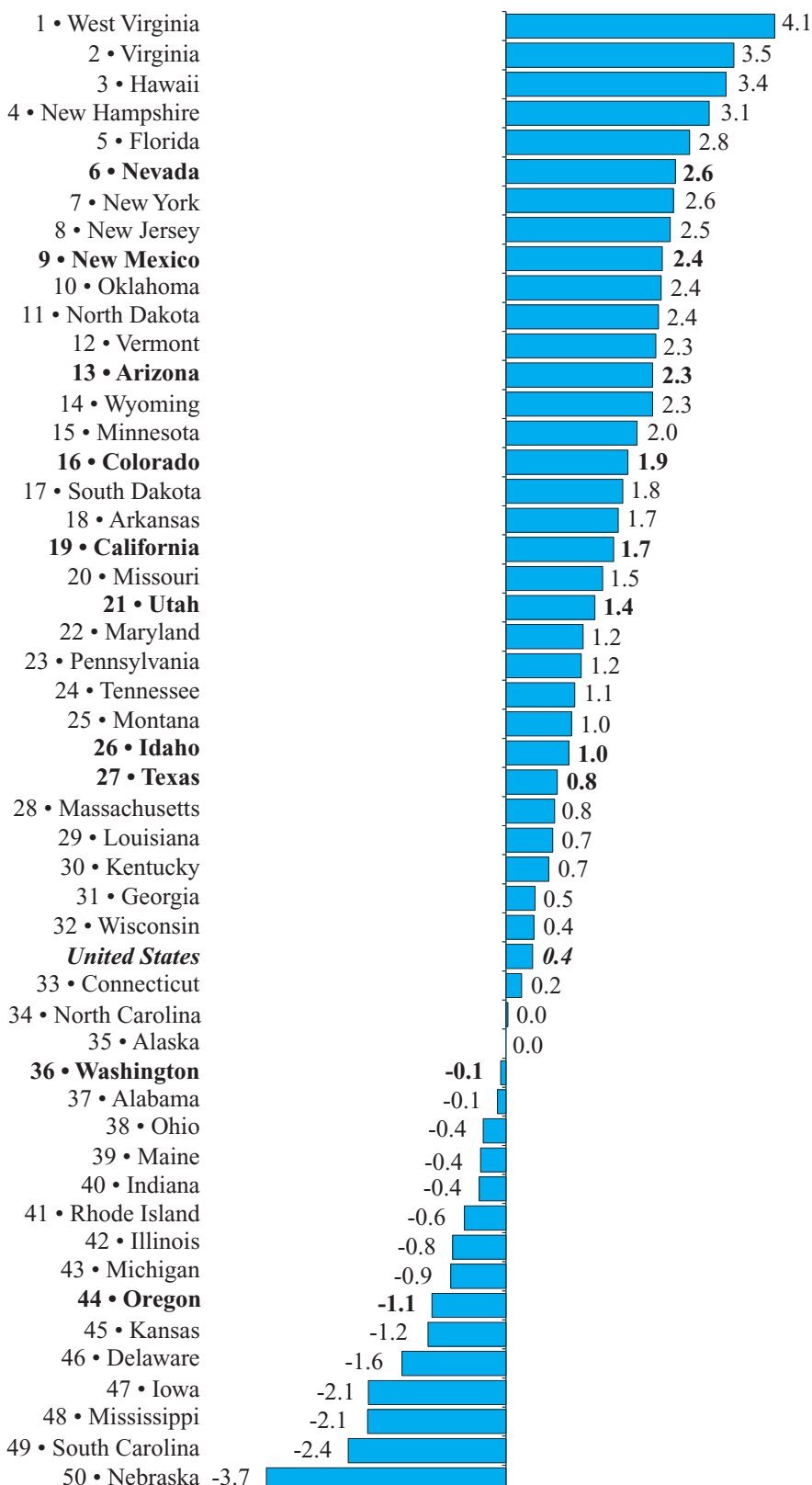
Percent Change

	2004	2005
Real GDP (Chain)	4.7	3.8
CPI	1.3	1.6
GDP Deflator (Chain) . .	1.7	1.7

Source: "U.S. Economic Outlook," *Global Insight*, December 2003

LEISURE AND HOSPITALITY JOB GROWTH

Percent Change, Nov. 2003 vs. Nov. 2002*



Source: U.S. Bureau of Labor Statistics

*not seasonally adjusted

SUMMARY

WESTERN BLUE CHIP ECONOMIC FORECAST

2004 Annual Percent Change, 2004 from 2003						2005 Annual Percent Change, 2005 from 2004				
State:	Current \$ Personal Income	Real Personal Income	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Real Personal Income	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Arizona	6.7 ↑	5.2 ↑	3.6 ↑	2.8 ↑	(2.3)↑	6.9	1.0	3.9	2.9	0.5
California	4.7 ↑	3.3 ↑	1.3 ↓	1.5 ↓	(4.7)↓	5.2	(0.3)	2.1	1.5	(1.4)
Colorado	4.5 ↑	3.0 ↑	1.8 ↓	1.4 ↓	(0.7)↑	5.7	(0.3)	2.6	1.5	2.8
Idaho	5.4 ↑	3.9 ↑	1.6 ↑	1.2 ↑	(8.0)↓	5.4	(0.5)	1.9	1.3	0.5
Nevada	6.2 ↑	4.7 ↑	3.5 ↑	3.9 ↓	0.9 ↓	6.4	2.0	3.7	3.9	2.1
New Mexico	5.1 ↑	3.7 ↑	1.9 ↑	1.3 ↑	(1.5)↓	5.2	(0.4)	2.2	1.4	0.6
Oregon	5.3 ↓	3.9 ↑	1.9 ↓	1.3 ↓	(1.3)↓	5.7	(0.5)	2.6	1.3	(1.2)
Texas	6.5 ↓	5.0 ↑	2.1 ↓	1.8 ↑	(1.9)↓	6.7	0.2	2.5	2.0	(0.9)
Utah	4.4 ↓	2.9 ↓	1.6 ↓	1.7 ↑	(1.4)↓	5.1	(0.0)	2.3	1.8	0.6
Washington	4.9 ↑	3.4 ↑	1.4 ↑	1.0 ↑	(9.1)↓	5.3	(0.6)	2.4	1.1	(4.8)
↑= Increase in consensus forecast ↓= Decrease in consensus forecast										

Forecast notes from the Western region...

The mining sector (oil & gas extraction and drilling, primarily) has finally begun to add jobs following a long decline. The construction sector has also recovered and is adding jobs. Only manufacturing is still a major drag, and recovery there will not occur until 2005.

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

Oregon is trending up slowly, but the fiscal follies continue. The temporary income tax surcharge that the Legislature imposed is going to be voted on by the electorate in February, and is likely to be rejected. Governor Kulongoski is publicly inviting people to come to Oregon and stay — rather than just visit as the late Governor McCall wished.

— **John Mitchell**
*U.S. Bank
Portland Oregon*

Although the state data are not looking much better in the last few months, the strength of the national economy will certainly spill over into the region. The dim spot in both **Oregon** and **Washington** will be single family housing starts. Recent strength in home sales are borrowing sales from the future.

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

The **Texas** economy continues to recover and gain momentum. Job gains should

show increasing strength in 2004, and the state is likely to attract numerous new major employers.

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

The year 2004 looks to be quite interesting for **California**. Business is becoming more optimistic, but still frets about the “employment cost package.” That refers to workmen’s compensation insurance costs, paid family leave, and the higher contribution to the unemployment insurance fund — all of which make it very expensive to add a job. In the meantime, relations between the Governor and the Legislature are becoming more tense, as they try to craft a solution to budget problems present and future. Not a peep about doing something to help the economy. The best business prospects in California in 2004 will be found in “classic” aerospace, international trade and tourism, while there will be a recovery in the tech sector. New homebuilding should also run at high levels. The biggest risk will be found in sub-prime lending, as mortgage rates rise and lenders cut their work force.

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

Once again, the year is ending on a positive note. We all have our fingers crossed that no large negative shock hits

the economy that might, once again, delay a pickup in jobs.

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

Third-quarter data is showing that **Utah**’s employment picture finally swung to the positive side of the ledger. Although the employment growth was small, it was the first positive employment quarter since the quarter preceeding 9/11. This moves Utah’s employment growth situation above the national employment situation, which is where this state usually performs.

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

California’s economic outlook for 2004 is modest at best. The best thing going for the state is the strong national economy — that will enhance demand for California products. The key challenges the state faces are: 1)The fiscal crisis, and 2) slow recovery of the San Francisco Bay Area economy. It is a tale of two cities — the more diversified Southern California economy continues to do well, while the Bay Area continues to lag as a result of the hangover from the dot-com debacle and the tech wreck. Things really do not get significantly better in California till 2005.

— **Tapan Munroe**
*Munroe Consulting
Moraga, 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

	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	4.1	3.0	1.4
Arizona State University – Bank One EOC	6.0	5.8	2.7	2.6	(5.0)	6.8	6.3	3.6	2.7	(2.0)
CH2M HILL	6.5	5.6	3.5	2.7	(5.0)	6.0	6.1	2.9	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	5.8	4.0	2.6	(2.0)
Eggert Economic Enterprises Inc.	6.7	6.1	3.6	3.2	(2.2)	6.9	6.3	4.6	3.5	2.4
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)	6.9	6.4	3.7	3.0	3.0
Joint Legislative Budget Committee	6.5	5.4	3.5	2.6	(2.0)	7.0	5.5	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		
Northern Arizona University – BBER	6.3	6.1	3.8	2.7	(5.0)	7.0	6.3	4.0	2.7	1.0
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	2.8	0.0
Stellar Capital Management	6.3	5.4	3.2	2.7	(2.0)	6.6	5.6	3.9	2.9	3.5
University of Arizona – Eller College	7.4	7.8	3.9	3.2	2.5	7.3	7.3	4.6	3.2	7.0
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	6.1	3.9	2.9	(2.2)	6.0	5.8	4.1	2.8	(1.0)
Consensus Forecast — This Month	6.7	6.1	3.6	2.8	(2.3)	6.9	6.5	3.9	2.9	0.5
— Last Month	6.5	5.8	3.4	2.7	(2.6)					

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)
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	5.8	1.1	1.6	1.5	4.2	6.2	1.9	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
Monroe Consulting	4.6	5.4	1.6	1.5	(0.2)	5.2	6.4	1.8	1.5	2.0
UCLA – Business Forecasting Project	4.9	5.0	0.9	1.5	(2.0)	5.4	4.9	2.1	1.5	(1.7)
Wells Fargo & Co.	4.2	4.5	2.1	1.2	(20.0)	4.4	4.7	2.5	1.1	(10.0)
Consensus Forecast — This Month	4.7	5.1	1.3	1.5	(4.7)	5.2	5.5	2.1	1.5	(1.4)
— Last Month	4.5	5.3	1.8	1.5	(0.8)					

*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)					
Ctr. for Business and Econ. Forecasting	4.0	3.5	1.4	1.2	(5.0)	5.4	5.0	2.4	1.4	0.0
Colorado Legislative Council	3.8	3.6	1.2	1.5	(6.8)					
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	4.0	2.5	1.5	4.0	5.5	4.3	2.8	1.6	1.0
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	3.8	1.8	1.4	(0.7)	5.7	4.8	2.6	1.5	2.8
— Last Month	4.4	3.7	1.8	1.4	(2.4)					

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	5.1	4.2	1.5	1.1	(2.7)					

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	5.5	2.6	3.3	3.5	0.0					
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.	6.6	4.0	3.7	3.8	(1.0)	7.0	5.0	3.9	3.0	0.0
Consensus Forecast — This Month	6.2	3.4	3.5	3.9	0.9	6.4	3.9	3.7	3.9	2.1
— Last Month	6.1	4.0	3.5	3.9	2.7					

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

NEW MEXICO

	2004 Annual Percent Change, 2004 from 2003					2005 Annual Percent Change, 2005 from 2004				
	Current \$ Personal Income	Mfg. Employ- ment	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Mfg. Employ- ment	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Source:										
Eastern New Mexico University	4.8	1.0	2.0	1.1	1.8	4.7	0.0	2.0	1.0	1.7
New Mexico Department of Labor		(1.5)	2.1							
New Mexico State University – 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.	5.2	(1.1)	2.0	1.3	(2.0)	5.4	(5.0)	2.4	1.4	(0.5)
Consensus Forecast — This Month	5.1	(0.3)	1.9	1.3	(1.5)	5.2	(0.3)	2.2	1.4	0.6
— Last Month	4.9	(0.2)	1.8	1.3	1.7					

OREGON

	2004 Annual Percent Change, 2004 from 2003					2005 Annual Percent Change, 2005 from 2004				
	Current \$ Personal Income	Mfg. Employ- ment	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Mfg. Employ- ment	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Source:										
Conerly Consulting	5.8	3.7	2.2	1.2	(7.4)	5.1	1.4	3.9	1.2	(7.4)
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	(0.0)	1.0	1.2	(5.1)	5.5	0.9	2.4	1.2	(4.0)
Portland General Electric	6.1	1.2	2.1	1.3	2.0	7.0	2.5	2.5	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.	5.6	(1.0)	2.1	1.3	(3.0)	5.8	(0.7)	2.3	1.3	(2.0)
Consensus Forecast — This Month	5.3	1.2	1.9	1.3	(1.3)	5.7	1.4	2.6	1.3	(1.2)
— Last Month	5.5	1.3	2.3	1.3	(0.0)					

TEXAS

	2004 Annual Percent Change, 2004 from 2003					2005 Annual Percent Change, 2005 from 2004				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Source:										
Econoclast	7.2	6.8	2.5	1.8	2.0	6.5	6.1	2.3	1.8	1.0
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
Ed McClelland	6.6	6.6	2.0	1.7	0.5					
Perryman Group	6.1	6.4	1.8	1.8	(2.0)	6.5	6.6	2.2	2.1	2.7
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	6.7	6.6	2.0	1.7	(5.3)	7.4	7.2	2.5	2.1	(6.9)
University of Texas at El Paso	6.8	7.3	2.5	1.9	(1.6)	6.5	7.0	2.2	1.8	(0.4)
Wells Fargo & Co.	6.3	7.1	2.6	2.0	(3.0)	6.5	7.3	2.8	2.2	(1.0)
Consensus Forecast — This Month	6.5	7.0	2.1	1.8	(1.9)	6.7	6.9	2.5	2.0	(0.9)
— Last Month	6.7	7.0	2.3	1.8	(1.1)					

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

UTAH

	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
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	3.0	1.3	1.6	(7.4)	4.5	3.7	2.3	1.6	0.0
Consensus Forecast — This Month	4.4	3.5	1.6	1.7	(1.4)	5.1	4.1	2.3	1.8	0.6
— Last Month	4.7	3.6	1.8	1.6	2.1					

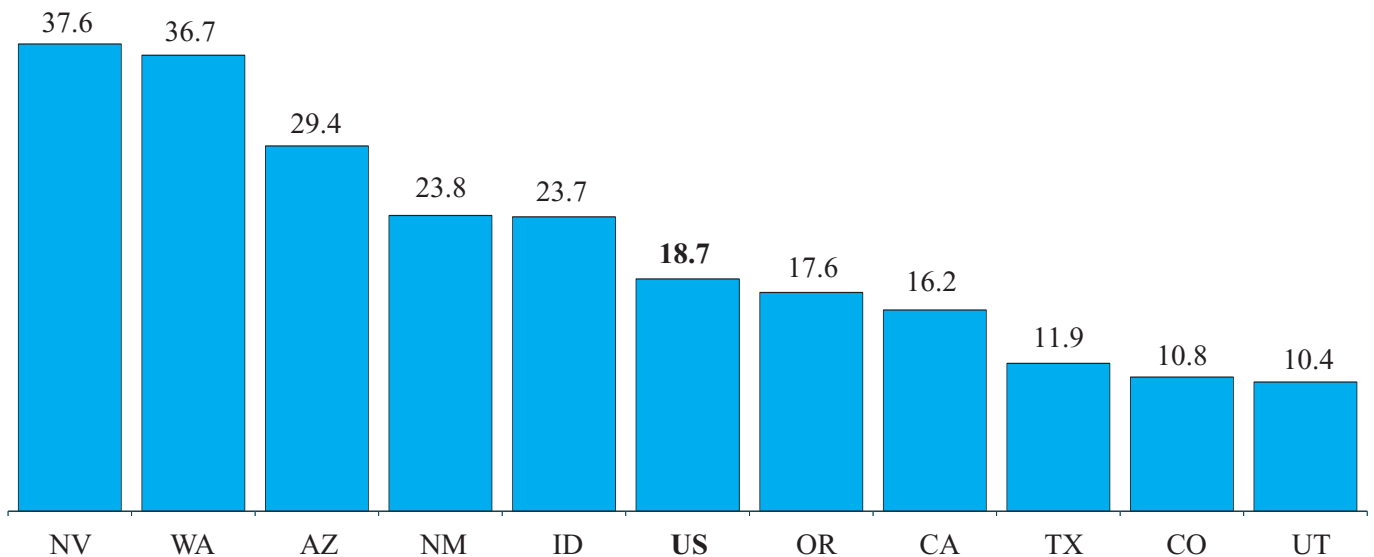
WASHINGTON

	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
Conerly Consulting	5.1	4.7	1.3	1.2	(9.7)	5.4	6.0	3.2	1.3	(7.7)
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	4.7	1.5	1.0	(6.5)	5.1	5.0	2.5	1.0	(5.0)
Office of Forecast Council *	4.4	4.6	1.0	1.1	(14.8)	5.2		2.3	1.1	(6.1)
Wells Fargo & Co.	5.1	5.4	1.5	1.1	(8.5)	5.3	5.6	1.8	1.3	(3.0)
Consensus Forecast — This Month	4.9	4.9	1.4	1.0	(9.1)	5.3	5.6	2.4	1.1	(4.8)
— Last Month	4.8	5.2	1.3	1.0	(8.3)					

* Population forecast is from the Office of Financial Management.

EXISTING HOME SALES

Percent Change, Third Quarter 2003 vs. Third Quarter 2002



Source: National Association of Realtors

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

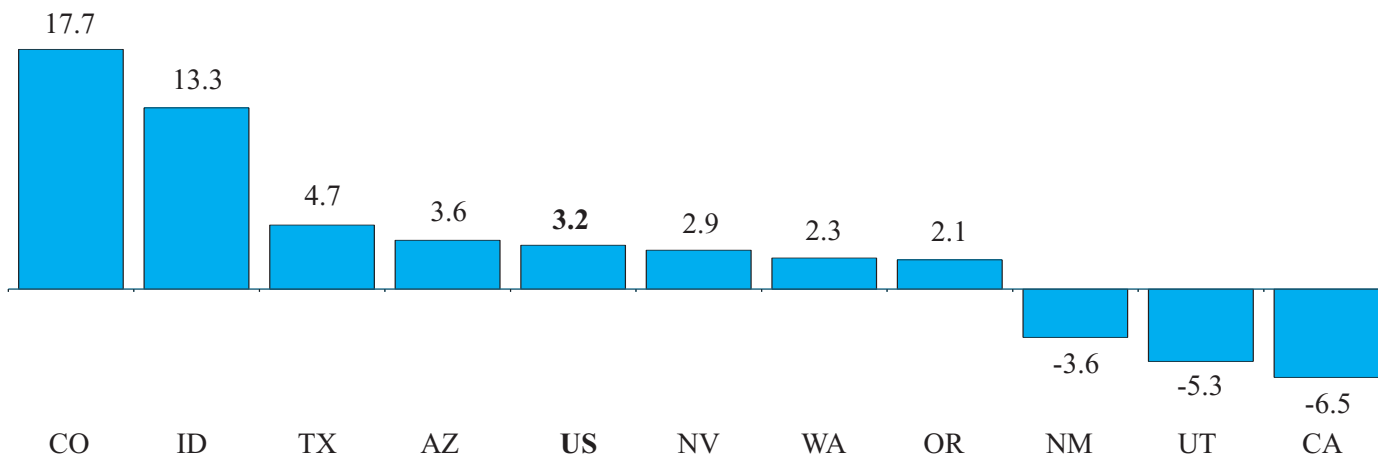
WASHINGTON

	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

NON-BUSINESS BANKRUPTCIES

Percent Change, Third Quarter 2003 vs. Third Quarter 2002



Source: ABI World



WESTERN BLUE CHIP ECONOMIC FORECAST

Robert J. Eggert Sr., *Executive Editor* • Dawn McLaren, *Editor*
 Tracy Clark, *Managing Editor* • Lee McPheters, *Contributing Editor*
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