

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 vary widely in education, income levels

The long-established positive correlation of education and income levels continues amid an ever more competitive job market. The importance of a degree, whether technical or professional, is greater than ever. The high-paying jobs of the 20th century technological revolution that required only a high school diploma have moved offshore to countries with inexpensive sources of labor, so the comparative advantage for the United States in the Information Age must lie in the skills of its work force.

A study of the adult population among the Western states reveals that Colorado has the highest percentage of residents holding at least a bachelor's degree and the second-lowest percentage with only a high school diploma [see Page 7]. The Census Bureau reports that during 2003 in Colorado, 10.9 percent of the population held a graduate or professional degree and 20.9 percent had a bachelor's degree. Texas, on the other hand, had only 7.0 percent with a graduate or professional degree and 15.0 percent with a bachelor's degree. While the last recession caused significant problems in terms of job growth, an argument can be made that this contributes to keeping household

incomes above the national average in Colorado and below the national average in Texas.

Another factor affecting household income is whether the household includes retirees or self-employed workers. Retirees tend to have lower incomes than workers, and their income is usually fixed, increasing only with the cost of living. This is the life-cycle pattern where income starts at the low end, moves toward high-income earning years before retirement, then falls off again. Among the Western states, New Mexico had the highest percentage of households with retirement income in 2003 — 18.4 percent — and Texas had the lowest for the same period, 12.1 percent [see Page 11]. New Mexico has been largely immune to booms and busts in the national economy due to the number of federal workers and the number of fixed-income households there.

Idaho has a significant amount of households with retirement income as well as a large amount with some sort of self-employment income — 18.5 percent, which is well above the national average of 11.9 percent. Arizona has the lowest percentage of households with self-employment income, 9.8 percent. After the 2001

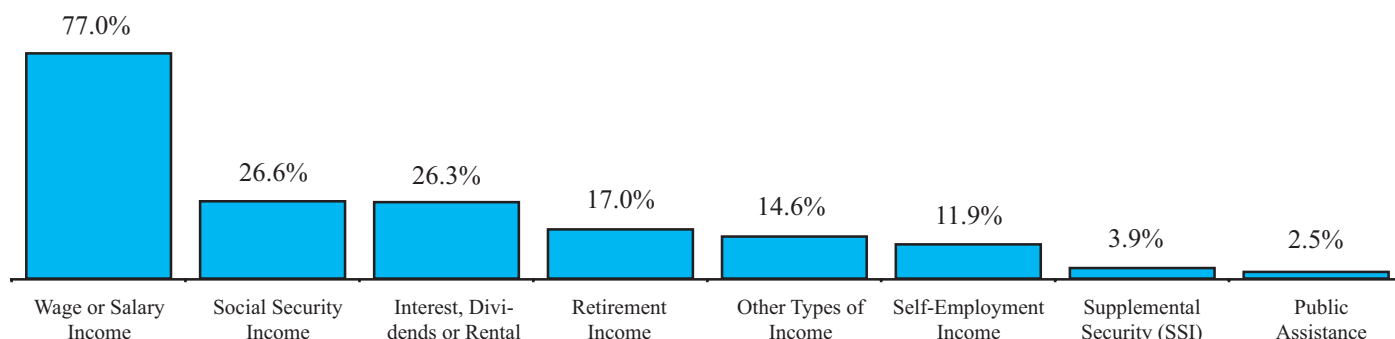
recession, there was a longer than normal lag before job growth returned. It was believed that some who had not returned to the regular work force became self-employed. The evidence from the Census Bureau, however, does not support this.

Although social assistance jobs across the nation have seen strong growth, only 2.5 percent of households had some sort of public assistance income in 2003, according to the Census Bureau. The majority of households, 77.0 percent, depended upon wage and salary income and 26.5 percent had Social Security income (not SSI, Supplemental Security Income). The latter of these figures has fluctuated around the 26 percent mark for the last few years, but is expected to increase as the baby boomers continue to age.

The hot topics of the day — outsourcing, Social Security, and education — are tangential to the issue of household income. The global market has changed such that one needs more than a high school diploma to ensure an adequate income. The link between education and income provides the opportunity to exploit this type of comparative advantage.

— Dawn McLaren

PERCENT OF HOUSEHOLDS WITH TYPES OF INCOME
U.S. Census Bureau Data, 2003



NATIONAL ROUNDUP

U.S. JOB GROWTH



% Change: Dec. 2004 vs. Dec. 2003

Nonfarm	1.7
Goods-Producing	1.5
Construction	3.6
Manufacturing	0.5
Service-Providing	1.7
Transportation, Warehousing & Utilities	2.7
Trade	1.1
Information	-0.6
Financial Activities	1.8
Professional & Business Services ..	3.4
Educational & Health Services	2.4
Leisure & Hospitality	1.5
Government	0.9

Source: U.S. Bureau of Labor Statistics

U.S. REAL ESTATE



Residential Building Permits Jan. 2005 vs. Jan. 2004

	Total Residential	Single- family	Multi- family
2005	138,159	105,147	33,012
2004	131,900	102,098	29,802
% Δ	4.7	3.0	10.8

Source: U.S. Department of Commerce

U.S. FORECASTS



Percent Change

	2005	2006
Real GDP (Chain)	3.5	3.1
CPI	2.0	1.6
GDP Deflator (Chain) ..	1.8	1.7

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

MEDIAN HOUSEHOLD INCOME

2003

1 • New Jersey	\$58,588
2 • Maryland	\$57,218
3 • Connecticut	\$56,803
4 • New Hampshire	\$53,910
5 • Massachusetts	\$53,610
6 • Alaska	\$52,499
7 • Virginia	\$50,805
8 • Hawaii	\$50,787
9 • Delaware	\$50,583
10 • Colorado	\$50,538
11 • California	\$50,220
12 • Minnesota	\$50,100
13 • Rhode Island	\$48,854
14 • Illinois	\$47,977
15 • Utah	\$46,873
16 • Washington	\$46,868
17 • New York	\$46,195
18 • Nevada	\$45,395
19 • Michigan	\$44,407
20 • Wisconsin	\$44,084
21 • Vermont	\$43,679
United States	\$43,564
22 • Wyoming	\$43,332
23 • Georgia	\$42,742
24 • Indiana	\$42,067
25 • Pennsylvania	\$41,478
26 • Nebraska	\$41,406
27 • Ohio	\$41,350
28 • Kansas	\$41,075
29 • Arizona	\$40,762
30 • Missouri	\$40,725
31 • Texas	\$40,674
32 • Iowa	\$40,526
33 • Oregon	\$40,319
34 • Florida	\$39,871
35 • Maine	\$39,838
36 • Idaho	\$39,492
37 • South Carolina	\$38,467
38 • South Dakota	\$38,415
39 • Tennessee	\$38,247
40 • North Carolina	\$38,234
41 • North Dakota	\$37,554
42 • Montana	\$35,399
43 • Alabama	\$35,158
44 • Oklahoma	\$35,129
45 • New Mexico	\$34,805
46 • Kentucky	\$34,368
47 • Arkansas	\$34,246
48 • Louisiana	\$34,141
49 • Mississippi	\$32,466
50 • West Virginia	\$31,008

Source: U.S. Census Bureau

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	7.5 ↑	5.4 ↑	3.9 ↑	3.0 ↑	(2.7)	7.4 ↑	5.5 ↑	3.8 ↑	2.9 ↑	(3.3)↓
California	5.4 ↓	3.3 ↓	1.8 ↑	1.6 ↑	(3.6)↑	5.4 ↑	3.5 ↑	1.5	1.5 ↑	(4.4)↓
Colorado	5.4 ↑	3.4 ↑	2.4 ↑	1.3	(3.8)↓	5.7 ↓	3.8 ↓	2.3 ↑	1.4 ↑	(1.8)↑
Idaho	5.5	3.4	2.0	1.4	(1.5)	5.4	3.5	2.0	1.4	(2.9)
Nevada	7.2	5.1	4.2 ↑	3.9	(1.5)↑	7.3	5.4	3.9 ↑	3.8	1.7 ↑
New Mexico	5.3 ↑	3.2 ↑	2.1 ↑	1.5 ↑	(0.0)	5.3	3.4	2.0	1.5	(0.7)
Oregon	5.6 ↑	3.6 ↑	2.3 ↑	1.3 ↑	(0.7)	5.7	3.8 ↓	2.1 ↓	1.1 ↓	0.0 ↓
Texas	6.1 ↓	4.0 ↓	1.9 ↓	1.7	(1.2)↑	5.9	4.1	2.0 ↑	1.8	(2.4)↑
Utah	5.5	3.5	2.5	1.9	0.3	5.3	3.4	2.5	2.0	(0.7)
Washington	5.1 ↓	3.1 ↓	2.4 ↓	1.4 ↓	(5.1)↑	5.5	3.7	2.1 ↑	1.4 ↓	(6.1)↓
↑= Increase in consensus forecast ↓= Decrease in consensus forecast										

Forecast notes from the Western region...

The **Texas** economy was hit hard by recession, the tech wreck and the aftermath of 9/11. But a strong recovery has been under way for the past 18 months. Still, total employment hasn't reached its 2000 peak.

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

Residential construction continues to exhibit strength in **Texas**. Although average value per unit started is still increasing, much of that is due to higher costs of materials.

— **Tom Fullerton**
University of Texas at El Paso
El Paso, Texas

Nevada's nation-leading job growth rose to even greater heights after the latest benchmark revision. Employment rose at an annual average rate of 5.9 percent statewide in 2004. Construction employment rose by more than 17 percent last year and contributed more than one of every four new jobs.

— **Jim Shabi**
Nevada Dept. of Employment,
Training & Rehabilitation
Carson City, Nevada

Most every business owner and professional I speak to here seems suddenly to have:

1) Ambitions towards new hires.

2) Plans to expand their inventories and businesses, anticipating a new round of private inventory build-out throughout the United States.

Several of my clients are shipping materials manufacturers and are seeing their businesses pick up substantially of late. Another client owns a shipping company. A recent quote from him: "There are over a million trucks out there right now, moving materials and finished goods to market."

In short, I think nationwide we are seeing infrastructure build-out and the production of new goods. This has to be favorable to us here locally in Portland and **Oregon** in general.

— **C. Wesley Rhodes**
Rhodes Econometrics
West Linn, Oregon

The annual employment revisions revealed that **California's** economy performed a little more strongly in 2004 than first reported. And the state entered 2005 with a good head of steam. Better yet, various surveys of business indicate a more optimistic mood and plans for expansion.

There was more good news from the Screen Actors Guild's recent acceptance of its contract with the motion picture industry, thus avoiding labor unrest in this important industry.

On the downside, the heavy rains in January and February have done a

lot of damage to the state's freeways and highways, and repairs are nicking the government budgets. Worse yet, hillsides are still sliding in Southern California, damaging homes (it's a slow-motion disaster).

In addition, warnings have gone out that if there is a hot summer, Southern California faces possible electric power shortages. Talk about irony!

The political situation in Sacramento continues to deteriorate and battles between the governor and the legislature could delay real improvements to the state's business environment.

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

Nonfarm employment (seasonally adjusted) peaked in November 2000 as the recession started to unfold. Employment hit a low in June 2003 with a cumulative loss of 64,000 jobs.

As of January 2005, the **Oregon** economy has added back 65,400 jobs, reaching a new high measure for total employment. The unemployment rate did come down to 6.4 percent from a high of 8.2 percent, but still indicates that during this time, the labor force continued to grow.

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

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

Methodology

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

from an individual forecaster.

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

first day of that month.

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

ARIZONA										
2005 Annual Percent Change, 2005 from 2004						2006 Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Arizona Public Service	7.7	8.5	3.7	3.0	(9.5)	7.3	7.0	3.0	2.9	(5.0)
ASU – Bank One EOC	6.8	6.4	3.6	2.7	(12.0)	6.8	5.8	4.0	2.9	(8.0)
CH2M HILL	7.3	7.0	3.8	2.9	1.5	7.0	6.6	3.6	2.8	(10.0)
Department of Economic Security	7.5	6.9	3.0	2.8		7.3	7.1	3.8	2.8	
ECON-LINC	7.4	7.0	3.8	2.8	(8.0)	7.6	7.5	4.2	2.8	(5.0)
EconLit LLC	7.2	6.5	3.9	2.8	5.0	7.5	7.0	4.2	3.0	5.0
Eggert Economic Enterprises Inc.	7.4	7.0	3.9	3.1	(2.6)	7.2	6.9	3.8	2.9	(3.2)
Elliott D. Pollack & Co.	7.8	7.0	4.0	3.2	(10.0)	8.0	5.5	4.5	3.2	(15.0)
H. C. Reardon Economics	7.5	8.0	4.0	3.1	0.0	7.3	7.0	4.0	3.1	0.0
Joint Legislative Budget Committee	7.4	7.5	3.8	2.9	(2.0)	7.0	7.0	3.5	2.9	(5.0)
The Maguire Company	7.4	7.0	3.9	2.8	5.0	7.5	6.8	3.8	2.8	5.0
Metropolitan West Asset Management	7.5	6.5	4.0			7.9	7.2	4.1		
NAU – BBER	7.4	6.9	3.8	2.9	0.0	7.6	6.8	4.0	2.8	5.0
Salt River Project	8.0	9.0	4.0	3.2	(5.0)	7.8	7.0	4.0	3.0	(3.0)
Stellar Capital Management	7.3	7.0	3.6	2.9	(5.0)	7.0	7.2	3.0	2.7	2.0
UA – Eller College	7.9	7.2	4.5	3.3	(2.1)	7.0	4.8	2.9	3.1	(8.8)
VisionEcon	7.7	9.1	5.0	3.4	2.0	7.8	7.4	4.3	3.3	(5.0)
Wells Fargo & Co.	7.3	7.4	3.7	2.8	(1.0)	7.1	6.7	3.4	2.8	(2.0)
Consensus Forecast — This Month	7.5	7.3	3.9	3.0	(2.7)	7.4	6.7	3.8	2.9	(3.3)
— Last Month	7.4	7.2	3.9	3.0	(2.7)	7.3	6.7	3.8	2.9	(2.6)

CALIFORNIA										
2005 Annual Percent Change, 2005 from 2004						2006 Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Anonymous	5.8	5.7	1.8	1.7	(5.1)	6.0	5.6	1.8	1.7	(0.3)
California State University, Long Beach *	7.0	6.2	2.3	1.8	(2.9)					
Capital Corporation of the West	5.5	5.3	1.9	1.5	(1.8)					
Chapman University	5.0	4.9	1.2	1.5	(8.9)	4.6	4.2	1.0	1.4	(7.5)
L.A. County Econ. Development Corp.	6.1	6.1	1.7	1.4	(2.7)	5.8	5.9	1.6	1.4	(1.5)
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	4.9	4.8	1.5	1.5	(7.5)	4.8	5.1	1.2	1.5	(8.7)
University of the Pacific	4.8	2.6	2.3	2.0	4.7	5.9	4.4	2.0	1.6	(4.0)
Wells Fargo & Co.	5.2	5.1	2.3	1.5	(4.0)	4.9	4.7	1.8	1.5	(3.6)
Consensus Forecast — This Month	5.4	5.0	1.8	1.6	(3.6)	5.4	5.0	1.5	1.5	(4.4)
— Last Month	5.4	5.0	1.7	1.5	(4.0)	5.3	5.0	1.5	1.4	(4.3)

*This forecast is for Southern California only

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

COLORADO										
2005 Annual Percent Change, 2005 from 2004						2006 Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
The Adams Group, Inc.	5.3	4.9	2.5	1.4	(12.3)	4.5	3.5	2.1	1.4	(9.5)
Ctr. for Business and Econ. Forecasting	6.4	5.3	2.4	1.5	(8.0)	6.9	6.6	2.8	1.7	0.0
Colorado Legislative Council	5.6	5.8	2.3	1.4	(9.2)	5.7	6.2	2.1	1.5	(8.5)
David Hemley	4.4	4.1	1.7	1.1	0.0	4.7	4.3	1.7	1.5	0.0
Office of State Planning and Budgeting	5.1	5.5	2.3	1.2	(7.4)	6.7	5.1	2.8	1.3	1.4
University of Colorado	5.2	5.7	2.0	1.2	0.0	5.5	6.0	2.3	1.3	5.0
Wells Fargo & Co.	5.5	4.8	2.9	1.4	(0.6)	5.6	4.4	2.4	1.3	(0.8)
Xcel Energy	6.0	4.5	2.8	1.5	7.0					
Consensus Forecast — This Month	5.4	5.1	2.4	1.3	(3.8)	5.7	5.2	2.3	1.4	(1.8)
— Last Month	5.4	5.0	2.3	1.3	(3.5)	5.7	5.1	2.3	1.4	(1.8)

IDAHO										
2005 Annual Percent Change, 2005 from 2004						2006 Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Idaho Div. of Financial Management	5.1		1.6	1.5	(2.5)	5.5		1.8	1.5	(7.8)
Idaho Economics	5.7		1.9	1.5	0.0	5.8		2.2	1.5	(5.0)
Idaho State University	5.4	4.2	1.8	1.3	0.0	4.5	3.8	1.4	1.4	2.0
Thredgold Economic Associates	5.7	4.9	2.4	1.4	0.0	5.5	4.7	2.2	1.5	(3.5)
Wells Fargo & Co.	5.6	4.5	2.5	1.3	(5.0)	5.6	4.8	2.5	1.3	0.0
Consensus Forecast — This Month	5.5	4.5	2.0	1.4	(1.5)	5.4	4.4	2.0	1.4	(2.9)
— Last Month	5.5	4.5	2.0	1.4	(1.5)	5.4	4.4	2.0	1.4	(2.9)

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.	7.0	4.1	4.1	3.3		6.3	3.7	3.7	3.2	
Legis. Counsel Bureau – Fiscal Analysis	7.2	4.5	3.7	3.5	(2.5)					
Restrepo Consulting Group, LLC	5.0	3.0	3.5	3.5	3.0					
Thredgold Economic Associates	7.8		4.1	4.0	2.5	7.6		3.5	3.7	0.5
Southwest Gas	8.7	9.2	4.6	4.5	(2.1)	8.5	8.1	4.4	4.3	1.1
Univ. of Nevada at Las Vegas – CBER	7.3	3.9	4.7	4.1	(11.1)	7.2	3.7	4.1	3.8	4.5
Wells Fargo & Co.	7.3	5.8	4.5	4.1	1.5	6.9	5.3	3.8	3.9	0.7
Consensus Forecast — This Month	7.2	5.1	4.2	3.9	(1.5)	7.3	5.2	3.9	3.8	1.7
— Last Month	7.2	5.1	4.1	3.9	(1.5)	7.3	5.2	3.9	3.8	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	4.9	0.5	1.6	1.2	0.0	5.1	0.9	1.7	1.3	0.0
New Mexico Department of Labor		0.5	1.9				1.3	2.0		
New Mexico State Univ – CEMAF	5.0	0.5	1.4			5.2	1.0	1.6		
Public Service New Mexico	5.3	1.0	2.1	1.5	0.5					
University of New Mexico – BBER	5.3	3.0	2.2		(0.4)	5.5	5.4	2.2		(3.0)
Wells Fargo & Co.	6.0	2.0	3.1	1.8	(0.2)	5.3	1.7	2.6	1.7	1.0
Consensus Forecast — This Month	5.3	1.3	2.1	1.5	(0.0)	5.3	2.1	2.0	1.5	(0.7)
— Last Month	5.3	1.2	2.0	1.5	(0.0)	5.3	2.0	2.0	1.5	(0.7)

OREGON

	2005					2006				
	Annual Percent Change, 2005 from 2004					Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Mfg. Employ- ment	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Mfg. Employ- ment	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Conerly Consulting	5.5	2.0	3.1	1.3	(7.8)	5.7	1.0	2.4	1.4	(5.0)
Forefront Economics	5.3	1.8	1.9	1.2	3.8	5.8	1.5	2.1	1.2	4.4
Oregon Executive Department	5.8	1.2	2.1	1.2	(3.7)	5.9	0.3	1.7	1.2	(1.8)
Portland General Electric	6.1	1.8	2.4	1.4	5.0	5.9	1.6	2.2	1.5	2.0
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	5.8	2.0	2.4	1.2	(5.0)	6.2	2.0	2.5	1.2	0.0
Wells Fargo & Co.	5.8	1.1	2.5	1.4	(1.2)	5.3	1.0	1.9	1.3	(1.5)
Consensus Forecast — This Month	5.6	1.7	2.3	1.3	(0.7)	5.7	1.3	2.1	1.1	0.0
— Last Month	5.3	1.1	2.1	1.3	(0.7)	5.7	1.5	2.2	1.3	0.1

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	5.7	2.1	1.6	0.3	5.8	5.6	2.1	1.5	0.0
Perryman Group	6.5	6.6	2.2	1.8	1.3					
TX State Comptroller of Public Accounts	5.5	5.5	1.6	1.7	(9.4)	5.5	4.7	2.0	1.8	(9.6)
University of Houston - CPP	6.4	6.5	2.1	1.9	(5.9)	6.7	6.6	2.3	2.1	(6.5)
University of North Texas	5.1	5.2	1.2	1.4	1.0	5.5	5.0	1.5	1.3	1.1
University of Texas at El Paso	6.1	7.0	1.4	1.8	3.5	6.0	6.0	1.8	1.8	(2.0)
Wells Fargo & Co.	6.3	6.4	2.5	1.9	(0.8)	5.9	6.3	2.6	1.9	(0.5)
Consensus Forecast — This Month	6.1	6.1	1.9	1.7	(1.2)	5.9	5.8	2.0	1.8	(2.4)
— Last Month	6.1	6.2	1.9	1.7	(2.1)	5.9	5.8	2.0	1.8	(2.5)

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

UTAH

Source:	2005 Annual Percent Change, 2005 from 2004					2006 Annual Percent Change, 2006 from 2005				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Pacificorp	7.0	5.5	2.2	1.8	5.0					
Thredgold Economic Associates	5.6	5.1	2.5	1.8	3.5	5.7	5.4	2.4	1.8	0.0
Utah Dept. of Workforce Services	4.3	2.6	2.5	1.7	1.5					
Utah State Tax Commission	5.2	5.6	2.4	2.4	(4.0)	4.6	3.5	2.5	2.1	(2.0)
Wells Fargo & Co.	5.5	5.8	2.8	2.0	(4.7)	5.5	5.5	2.7	2.0	0.0
Consensus Forecast — This Month	5.5	4.9	2.5	1.9	0.3	5.3	4.8	2.5	2.0	(0.7)
— Last Month	5.5	4.9	2.5	1.9	0.3	5.3	4.8	2.5	2.0	(0.7)

WASHINGTON

Source:	2005 Annual Percent Change, 2005 from 2004					2006 Annual Percent Change, 2006 from 2005				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Conerly Consulting	5.4	4.2	2.1	1.5	(6.4)	5.7	4.8	2.4	1.5	(7.6)
Dick Conway & Associates	5.7	6.0	2.3	1.3	(3.0)	5.5	5.0	1.8	1.4	(5.0)
Doug Pedersen & Associates	5.4	6.0	2.3	1.3	(1.5)	5.5	5.0	2.0	1.4	(3.5)
Office of Forecast Council *	3.4	4.5	2.1	1.4	(12.6)	5.9	5.0	1.8	1.5	(10.4)
Wells Fargo & Co.	5.8	6.1	3.0	1.4	(2.0)	5.0	5.7	2.5	1.3	(4.0)
Consensus Forecast — This Month	5.1	5.4	2.4	1.4	(5.1)	5.5	5.1	2.1	1.4	(6.1)
— Last Month	5.6	5.3	2.4	1.4	(5.3)	5.5	5.2	2.1	1.4	(5.9)

* Population forecast is from the Office of Financial Management.

PERCENT OF POPULATION AT LEVELS OF EDUCATION 2003

	<i>High school graduate</i>	<i>Some college</i>	<i>Associate degree</i>	<i>Bachelor's degree</i>	<i>Graduate degree</i>
Arizona	26.8%	26.1%	7.2%	14.3%	7.6%
California	23.3	23.1	7.1	17.2	9.2
Colorado	25.1	23.2	6.8	20.9	10.9
Idaho	30.8	26.8	8.1	14.5	7.0
Nevada	32.5	25.6	5.5	11.7	5.9
New Mexico	28.1	23.7	6.1	12.0	9.0
Oregon	28.1	27.8	7.0	15.8	8.2
Texas	27.4	22.3	5.5	15.0	7.0
United States	30.3	21.7	6.7	15.8	8.5
Utah	27.3	30.4	9.2	15.3	7.0
Washington	26.5	26.4	8.2	18.6	8.9

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	160,665 †	147,874 †	2,345.1	51,357 ††	175.0 ††	69,339 †	5,744	4.8
% change	6.9	4.3	2.4	7.4	0.6	8.1	3.0	
2003	150,295	141,787	2,289.3	47,818	174.0	64,143	5,579	5.6
% change	4.6	2.7	1.1	5.3	(5.2)	15.3	2.6	
2002	143,680	138,021	2,265.1	45,425	183.5	55,649	5,439	6.2
% change	3.6	1.9	0.0	1.3	(9.0)	9.3	2.7	
2001	138,741	135,489	2,265.0	44,833	201.7	50,930	5,297	4.7
% change	4.7	2.2	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	1,248,123 †	1,148,755 †	14,515.1	328,084 †	1529.2	150,710	35,894	6.1
% change	5.3	2.7	0.7	5.2	(1.0)	7.3	1.2	
2003	1,185,302	1,118,209	14,410.2	311,867 †	1,544.9	140,512	35,463	6.7
% change	3.1	1.3	(0.3)	3.4	(5.7)	16.3	1.4	
2002	1,149,144	1,103,884	14,457.8	301,612	1,638.2	120,783	34,988	6.7
% change	1.2	(0.5)	(1.0)	2.6	(8.3)	13.7	1.3	
2001	1,135,848	1,109,226	14,601.9	293,957	1,785.6	106,265	34,532	5.4
% change	2.9	0.5	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	163,638 †	150,611 †	2,164.2	54,858 †	154.4	38,164	4,601	5.1
% change	4.2	1.7	0.6	4.0	(1.2)	14.2	1.2	
2003	157,043	148,153	2,150.4	52,748	156.2	33,428	4,548	6.0
% change	2.2	0.4	(1.5)	(0.3)	(6.0)	(5.9)	1.1	
2002	153,593	147,544	2,182.5	52,888	166.1	35,522	4,498	5.7
% change	0.6	(1.1)	(1.9)	(10.4)	(8.7)	(2.6)	1.6	
2001	152,713	149,134	2,225.4	59,041	181.9	36,477	4,427	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	36,912 †	33,973 †	585.5	16,797 †	60.9	14,650	1,393	4.8
% change	5.6	3.0	2.4	4.6	(1.7)	17.8	1.9	
2003	34,954	32,976	571.8	16,059	62.0	12,432	1,367	5.4
% change	2.9	1.1	0.6	2.1	(4.5)	21.7	1.8	
2002	33,963	32,626	568.2	15,736	64.9	10,212	1,343	5.8
% change	2.6	1.0	0.1	8.3	(5.0)	7.7	1.7	
2001	33,090	32,315	567.7	14,525	68.3	9,483	1,321	5.0
% change	5.8	3.3	1.5	5.6	(2.3)	(6.1)	1.7	

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

NEVADA

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Gaming Revenue (millions)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2004	75,578 †	69,561 †	1,136.5	n/a	10,058.4 †	38,817	2,335	4.1
% change	7.1	4.5	4.5		4.5	17.5	4.1	
2003	70,567	66,573	1,087.4	35,426	9,625.3	33,033	2,242	5.2
% change	6.1	4.2	3.4	9.3	1.9	21.1	3.4	
2002	66,534	63,914	1,052.0	32,410	9,447.4	27,284	2,168	5.5
% change	2.8	1.1	0.1	3.0	(0.3)	1.1	3.5	
2001	64,727	63,210	1,051.4	31,469	9,471.6	26,981	2,095	5.3
% change	5.4	2.9	2.4	2.8	(1.3)	4.8	3.8	

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

NEW MEXICO

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2004	50,436 †	46,421 †	790.0	n/a	35.9	11,743	1,903	5.4
% change	5.5	2.9	1.9		(1.1)	(0.7)	1.3	
2003	47,807	45,101	775.5	11,702	36.3	11,829	1,879	6.4
% change	4.4	2.5	1.2	**	(5.5)	14.3	1.3	
2002	45,801	43,997	766.1	12,708	38.4	10,348	1,855	5.4
% change	3.9	2.2	1.2	1.3	(6.1)	15.9	1.2	
2001	44,083	43,050	757.2	12,540	40.9	8,929	1,832	4.8
% change	9.3	6.8	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	107,768 †	99,188 †	1,590.6	199.5	21,372	28,000	3,595	7.1
% change	5.1	2.5	1.8	1.8	13.7	7.3	0.8	
2003	102,538	96,734	1,562.0	195.9	18,799	26,103	3,564	8.2
% change	2.1	0.3	(0.7)	(2.8)	4.6	15.8	1.2	
2002	100,434	96,478	1,572.5	201.6	17,977	22,543	3,523	7.5
% change	1.7	(0.0)	(1.3)	(6.5)	10.9	7.1	1.4	
2001	98,800	96,484	1,593.6	215.7	16,217	21,049	3,474	6.3
% change	2.5	0.1	(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	679,787 †	625,667 †	9,450.9	339.7 †	885.4	141,810	22,490	5.9
% change	5.7	3.1	0.8	5.9	(1.7)	6.6	1.7	
2003	643,129	606,725	9,373.1	320.7	900.9	133,077	22,103	6.8
% change	3.1	1.3	(0.5)	3.9	(5.0)	10.3	1.7	
2002	623,697	599,133	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	619,483	604,964	9,518.4	305.8	1,026.8	111,352	21,335	4.8
% change	4.4	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	62,293 †	57,334 †	1,097.3	19,697 †	113.5	19,899	2,389	4.7
% change	5.0	2.4	2.2	5.1	1.2	10.6	1.6	
2003	59,327	55,969	1,073.8	18,741	112.1	17,995	2,352	5.6
% change	2.8	0.9	0.0	2.1	(1.6)	16.8	1.4	
2002	57,732	55,458	1,073.4	18,356	113.9	15,406	2,320	6.1
% change	2.5	0.8	(0.7)	3.4	(6.6)	11.2	1.7	
2001	56,332	55,011	1,081.3	17,748	122.0	13,851	2,281	4.4
% change	5.2	2.7	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	213,949 †	196,916 †	2,708.9	92,661 †	260.9	36,815	6,204	6.1
% change	4.9	2.3	1.9	5.7	(2.1)	6.8	1.2	
2003	203,956	192,411	2,659.4	87,664	266.5	34,480	6,131	7.5
% change	2.8	1.0	0.2	2.8	(6.5)	4.2	1.1	
2002	198,367	190,554	2,654.1	85,284	285.0	33,090	6,067	7.3
% change	2.0	0.4	(1.6)	0.6	(9.8)	17.6	1.2	
2001	194,420	189,863	2,697.0	84,785	316.1	28,137	5,993	6.4
% change	3.5	1.1	(0.5)	(0.5)	(4.7)	3.1	1.4	

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

PERCENT OF HOUSEHOLDS WITH RETIREMENT OR SELF-EMPLOYMENT INCOME 2003



Source: U.S. Census Bureau



WESTERN BLUE CHIP ECONOMIC FORECAST

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