

BLUE CHIP ECONOMIC FORECAST

WESTERN

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What Blue Chip Economists are Saying about the Western States

ASU ARIZONA STATE UNIVERSITY

Western outlook mostly positive as uncertainties brew

The optimism from the first half of the year has begun to wane across the nation, but the West hasn't yet fallen into despair. In fact, since January almost two-thirds of the forecasts for the Western states have improved.

For wage and salary employment growth, the Blue Chip panelists have shifted their forecasts upward for some states and down for others. California, Colorado, New Mexico, Oregon and Texas saw downward revisions for job growth in 2004, but Oregon's forecast for 2005 has been revised upward as job growth appears to be intensifying.

For the nation, job growth is expected to rise by 2.3 percent in 2004 and 1.6 percent in 2005, according to the *National Consensus Forecast of Labor Employment, Compensation and Productivity*. However, in June the nation showed only 1.2 percent growth compared to June 2003.

On the upside, Nevada reported job growth of 4.5 percent for the same period. Six of the Western states ranked in the top 10 for job growth in June.

When it comes to housing permits, the outlook for 2004 has improved since January, but has been revised downward for 2005. In the face of rising interest rates and high homeownership rates, some areas of the country are worried about a real estate bubble. Prices have risen, and it is likely that a significant portion of real estate is being held as investment property in certain areas. A soft rental market is now evident, due to the rush from renting to homeownership over the last few years. Investment in real estate is being made, not for the income stream it may generate, but the "flip" value.

A good rule of thumb is to gauge the growth in personal income against the growth in housing prices in an area. The two indicators tend to move at about the same rate in the long term, so if one is outpacing the other, an adjustment can be expected.

The forecasts for personal income measured in current dollars have been revised upward over the last few months, but this is in the face of rising estimates of inflation. A damper on personal income growth could translate into a damper in consumer spending. Indeed, a recent drop in retail sales has provided cause for concern [see Figure I]. During the sluggish recovery after the last recession, borrowing increased in order to fuel buying. Now that buying spree has slackened, especially when it comes to vehicles. There also has been a dip in furniture sales. There is

a link between furniture sales and home sales [see Figure II], but the importance of the slip last month is not yet known.

The economy has been growing, but there are still some concerns. One is anxiety due to the political unrest overseas and its effect on fuel prices. Some fear an overheated real estate market and its effect on consumer spending. There is uneasiness because of lackluster job growth nationwide, even though the Western states are doing well in comparison.

— Dawn McLaren

Fig. I – REAL RETAIL SALES
Percent Change, Year over Year

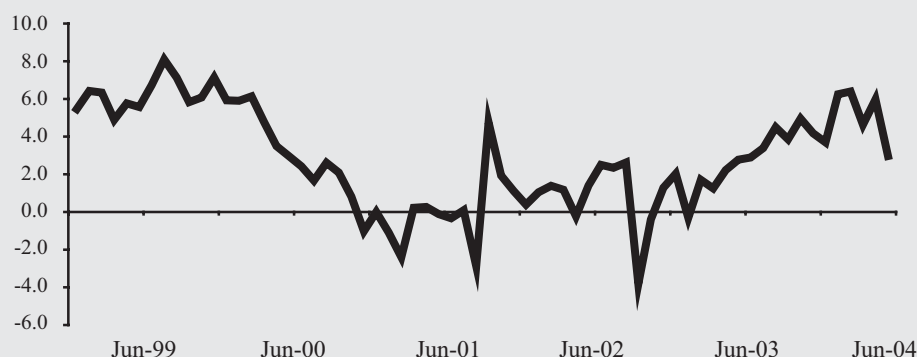
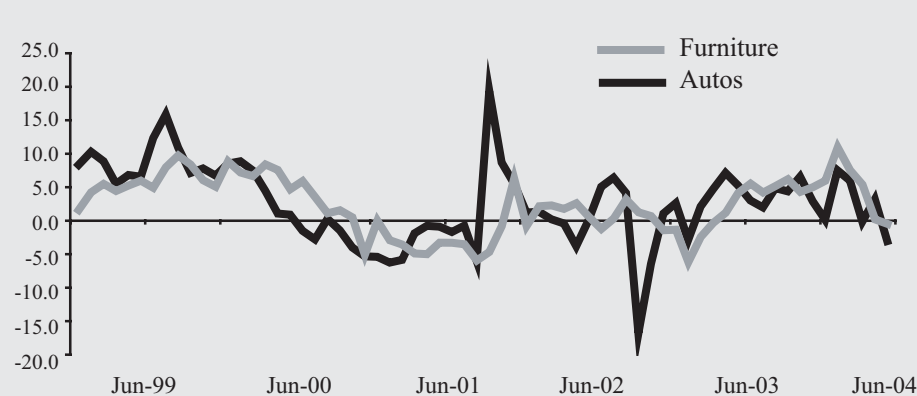


Fig. II – REAL AUTO AND REAL FURNITURE SALES
Percent Change, Year over Year



Source (Figures I and II): U.S. Census Bureau, deflated using CPI.

NATIONAL ROUNDUP

U.S. JOB GROWTH



% Change: June 2004 vs. June 2003

Nonfarm	1.2
Goods-Producing	0.4
Construction	2.9
Manufacturing	-0.8
Service-Providing	1.3
Transportation, Warehousing & Utilities	1.7
Trade	1.0
Information	-0.4
Financial Activities	0.7
Professional & Business Services...	3.2
Educational & Health Services.....	2.1
Leisure & Hospitality	1.9
Government.....	-0.2

Source: U.S. Bureau of Labor Statistics

U.S. REAL ESTATE



Residential Building Permits June 2004 vs. June 2003

	Total Residential	Single- family	Multi- family
2004	190,997	153,455	37,542
2003	172,066	135,521	36,545
% Δ	11.0	13.2	2.7

Source: U.S. Department of Commerce

U.S. FORECASTS



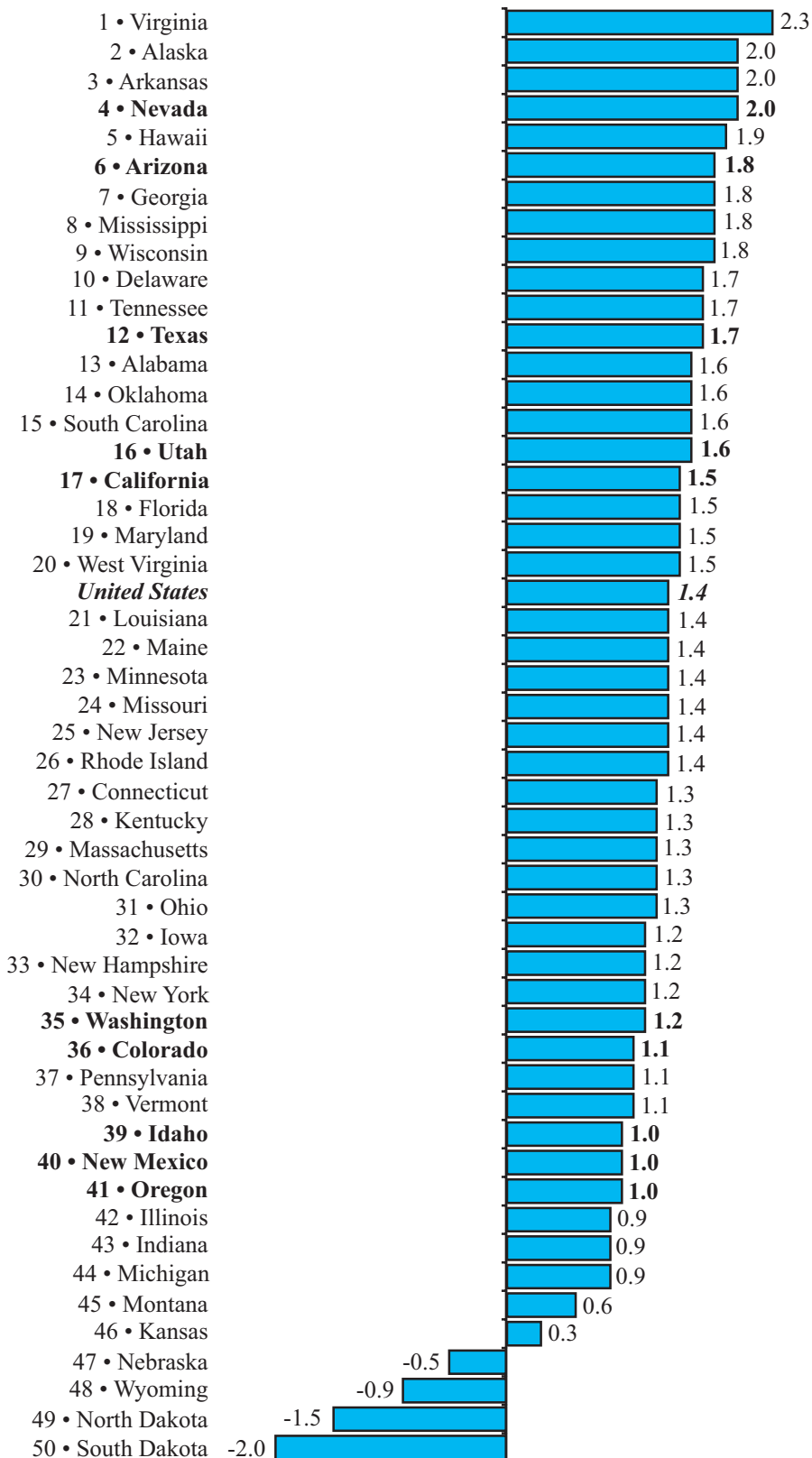
Percent Change

	2004	2005
Real GDP (Chain).....	4.6	3.9
CPI	2.7	1.8
GDP Deflator (Chain)...	2.2	2.0

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

STATE PERSONAL INCOME

Percent Change, 1st Quarter 2004 vs. 1st Quarter 2003



Source: Bureau of Economic Analysis

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	6.9 ↑	4.6 ↓	3.3 ↓	2.8 ↑	2.1 ↑	7.3 ↑	5.2 ↓	3.9 ↓	2.9	(2.4)↓
California	5.1 ↑	2.9 ↓	1.0 ↓	1.5 ↑	2.4 ↑	5.4 ↓	3.4 ↓	1.9 ↓	1.5 ↑	(3.3)↓
Colorado	4.2 ↑	1.9 ↓	1.0 ↓	1.2 ↓	5.0 ↑	5.4 ↑	3.4 ↓	2.3 ↓	1.3 ↓	(0.7)↓
Idaho	5.5 ↑	3.2 ↓	1.6 ↑	1.3 ↑	(4.0)↑	5.5 ↑	3.5 ↓	2.0 ↑	1.4 ↑	0.5 ↑
Nevada	6.6 ↑	4.3 ↓	3.8 ↑	4.0 ↑	1.4 ↑	6.6	4.5 ↓	3.8 ↓	3.9 ↓	1.7 ↓
New Mexico	5.2	2.9 ↓	1.7 ↑	1.4	1.6 ↑	5.4	3.3 ↓	2.2 ↑	1.5	(1.1)↓
Oregon	5.3 ↓	3.0 ↓	1.9 ↑	1.3	(0.5)↑	5.7 ↑	3.6 ↓	2.6 ↑	1.3	(1.1)↓
Texas	5.8 ↓	3.5 ↓	1.7 ↓	1.8	0.0 ↑	6.3 ↓	4.2 ↓	2.2 ↓	1.8	(1.4)↓
Utah	4.7 ↑	2.5 ↓	1.8 ↑	1.7	0.7 ↑	5.4	3.4 ↓	2.4 ↑	1.8 ↑	1.2 ↑
Washington	5.2 ↑	2.9 ↓	1.8 ↑	1.1 ↑	(4.9)↑	5.5 ↑	3.4 ↓	2.6	1.2 ↑	(4.0)↓
↑= Increase in consensus forecast ↓= Decrease in consensus forecast										

Forecast notes from the Western region...

June “swoon” (lower than expected job growth) was more pronounced in the San Francisco Bay area than in the state or the nation. Job growth in **California** will continue to be a major concern for the rest of 2004 as the San Francisco area’s economic recovery continues to be sluggish, despite good performances in key high-tech industries and a resurgence of venture capital funding. The exception to this sluggish recovery is the residential real estate sector — primarily a result of continued shortages in home building. Several San Joaquin Valley counties continue to do well in terms of job growth. Now that the opening of the U.C. Merced is assured in 2005 with the passage of the state budget, economic development prospects are bright for the greater Merced region.

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

Utah’s taxable sales grew 8 to 10 percent during the first half of 2004. But in the second half we expect growth rates to tail off. And, if housing starts begin to ebb, we will be lucky to strike 4 percent growth next year. Still, employment growth is picking up steam. With average wages up between 2 and 2.5 percent, it seems that retail sales should be able to sustain a 3 to 6 percent growth rate over the next few quarters.

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

The **Las Vegas** tourism industry has reported strong results over the past several months. Hotels and motels have recorded a room occupancy rate in excess of 90 percent for three consecutive months for the first time since the summer of 2000. This figure is even more impressive since there are about 7,000 more rooms to fill than in August 2000, when the last big wave of resort construction ended. Gross gaming revenues have increased by more than 11 percent over the year in each of the last four months.

— **Peter Janson**
Nevada Department of Employment,
Training and Rehabilitation
Carson City, Nevada

The recovery has finally reached **Colorado**. The state is now seeing steady job, income and sales growth. Housing is holding up surprisingly well.

— **Wilson D. Kendall**
Center for Business and Economic
Forecasting
Denver, Colorado

Manufacturing has shown surprising strength in the second quarter of this year. Announcements by Freightliner to add 700 workers over the next seven months will add a boost to the second half numbers. In addition, hiring at Boeing of **Oregon**, Intel, Tektronix, RV makers, Oregon Steel Mills and others indicate that manufacturing jobs have joined the

recovery. The rest of this year looks strong, but is expected to flatten out as we get into 2005.

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

Texas continues to see solid gains in many measures of business activity and stands to benefit notably in the future from major corporate locations and expanded global trade.

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

Real estate activity in **Washington** accelerated this month. Taxable activity (based on closings in June which reflect tax payments to the state in July) was 46.3 percent higher than a year ago. This is well above last month’s 18.8 percent gain and is the strongest growth since June 1998. Growth continues to be driven primarily by higher prices. In the most recent month, although there was an acceleration in the growth of transactions (+16.6 percent), the value per transaction increased 25.4 percent. Aside from an anomaly in 2001, this is the first time the value per transaction has exceeded 20 percent since December 1997.

— **Chang Mook Sohn**
Office of the Forecast Council
Olympia, Washington

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				
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	7.3	10.0	2.6	3.0	10.0	7.7	8.5	3.9	3.0	(9.5)
ASU – Bank One EOC	6.4	6.0	2.5	2.7	(5.0)	6.8	6.6	3.4	2.7	(2.0)
CH2M HILL	6.7	6.2	3.7	2.8	1.0	7.1	6.4	3.8	2.8	1.5
Department of Economic Security	6.7	6.2	2.5	2.7		7.0	6.7	3.1	2.6	
ECON-LINC	6.6	6.2	3.2	2.6	3.0	6.8	6.4	3.6	2.8	(6.0)
EconLit LLC	6.8	6.0	3.8	2.8	1.0	7.2	6.5	3.9	2.8	5.0
Eggert Economic Enterprises Inc.	7.2	6.4	3.8	2.9	(1.6)	7.1	6.6	4.0	3.0	(1.0)
Elliott D. Pollack & Co.	6.8	7.0	3.0	2.8	10.0	7.8	7.0	4.0	3.0	(10.0)
H. C. Reardon Economics	7.3	6.5	2.5	2.9	1.0	7.4	6.7	4.0	3.0	0.0
Joint Legislative Budget Committee	7.0	6.5	3.7	2.7	0.0	7.2	6.7	4.0	2.8	(1.0)
The Maguire Company	6.8	6.3	3.7	2.7	0.0	7.2	6.7	3.9	2.7	2.0
Metropolitan West Asset Management	6.8	6.0	4.2			7.5	6.5	4.0		
NAU – BBER	6.6	6.4	2.5	2.8	0.0	7.6	7.0	4.0	2.9	(5.0)
Protitlement	6.9	6.5	3.8	2.9	5.0	7.5	6.4	4.0	2.8	(7.5)
Salt River Project	7.0	7.0	2.5	2.9	0.0	7.8	7.8	4.0	2.8	0.0
Stellar Capital Management	6.6	5.9	3.8	2.7	3.0	6.9	6.4	3.9	2.9	1.0
UA – Eller College	7.5	8.8	3.9	2.9	4.9	7.8	5.7	4.6	3.4	(9.6)
VisionEcon	7.9	7.2	4.0	3.1	1.0	7.4	7.9	3.9	3.0	3.0
Wells Fargo & Co.	6.8	6.5	3.7	3.0	3.1	7.1	6.5	4.0	3.2	(2.0)
Consensus Forecast — This Month	6.9	6.7	3.3	2.8	2.1	7.3	6.8	3.9	2.9	(2.4)
— Last Month	6.8	6.3	3.6	2.8	(0.3)	7.2	6.6	3.9	2.9	(0.9)

CALIFORNIA										
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
Anonymous	5.4	4.1	0.8	1.7	7.9	5.6	5.2	2.1	1.7	(0.2)
California State University, Long Beach *	5.6	4.8	1.2	1.7	(8.9)	7.0	6.2	2.3	1.8	(2.9)
Capital Corporation of the West	5.0	4.8	1.0	1.5	3.0	5.5	5.3	1.9	1.5	(1.8)
Chapman University	4.9	4.9	1.2	1.6	0.0	5.2	4.6	1.6	1.5	(5.4)
L.A. County Economic Development Corp.	4.8	4.7	1.1	1.6	4.2	5.5	5.8	1.6	1.6	0.5
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	4.5	4.0	0.8	1.5	10.4	5.2	5.0	1.9	1.5	(6.1)
Wells Fargo & Co.	5.6	4.8	1.1	1.5	(4.0)	5.0	5.1	2.0	1.5	(10.0)
Consensus Forecast — This Month	5.1	4.7	1.0	1.5	2.4	5.4	5.3	1.9	1.5	(3.3)
— Last Month	5.0	4.8	1.1	1.5	1.4	5.5	5.3	2.0	1.5	(2.3)

*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	0.9	1.3	17.1	5.3	5.5	2.5	1.4	(12.7)
Ctr. for Business and Econ. Forecasting	4.3	4.3	0.6	1.1	10.0	5.5	5.0	2.8	1.2	(10.0)
Colorado Legislative Council	4.6	3.1	0.7	1.2	4.0	5.1	4.4	1.4	1.4	2.0
David Hemley	1.8	1.5	(0.9)	1.3	(6.7)	4.4	3.9	1.9	1.3	1.2
Office of State Planning and Budgeting	3.9	3.4	1.2	1.2	4.4	5.4	6.0	2.2	1.3	0.8
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.	4.2	3.7	1.6	1.0	0.8	5.3	4.5	2.6	1.2	1.1
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	4.2	3.5	1.0	1.2	5.0	5.4	4.8	2.3	1.3	(0.7)
— Last Month	3.9	3.4	1.0	1.2	(1.0)	5.3	4.7	2.4	1.3	1.6

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	5.8		1.6	1.6	0.0	5.1		1.7	1.5	(3.6)
Idaho Economics	5.4		1.7	1.5	(4.0)	5.5		2.0	1.6	(2.0)
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	1.6	1.3	(5.0)	5.5	4.0	2.2	1.4	0.0
Consensus Forecast — This Month	5.5	4.1	1.6	1.3	(4.0)	5.5	4.3	2.0	1.4	0.5
— Last Month	5.2	4.1	1.5	1.3	(5.6)	5.5	4.3	2.0	1.4	0.4

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.	6.7	4.0	4.0	3.3		6.1	3.6	3.6	3.2	
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.	7.3	5.7	4.6	4.8	2.0	7.6	6.0	4.6	4.0	2.0
Consensus Forecast — This Month	6.6	3.9	3.8	4.0	1.4	6.6	4.1	3.8	3.9	1.7
— Last Month	6.6	3.9	3.8	4.0	1.4	6.6	4.1	3.8	3.9	1.8

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	4.9	(0.1)	1.1	1.1	3.1	4.8	0.0	1.7	1.2	0.4
New Mexico Department of Labor		(0.2)	1.7				1.2	1.9		
New Mexico State Univ. – CEMAF	5.2	(1.0)	1.5							
Public Service New Mexico	5.1	0.4	1.9	1.4	(2.0)	5.3	1.0	2.1	1.5	0.5
University of New Mexico – BBER	4.9	(0.1)	1.6		5.9	5.7	4.0	2.5		(5.9)
Wells Fargo & Co.	5.8	1.1	2.6	1.6	(0.5)	5.8	1.3	2.8	1.7	0.5
Consensus Forecast — This Month	5.2	0.0	1.7	1.4	1.6	5.4	1.5	2.2	1.5	(1.1)
— Last Month	5.2	0.0	1.7	1.4	1.6	5.4	1.5	2.2	1.5	(1.0)

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	6.0	2.0	2.2	1.2	(2.0)	5.1	1.9	3.8	1.3	(5.8)
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	5.6	2.4	2.0	1.1	(2.0)	6.1	1.5	2.3	1.1	(1.8)
Portland General Electric	5.1	2.5	2.1	1.3	3.0	6.7	2.5	2.6	1.4	1.0
Rhodes Econometrics	4.8	1.1	1.4	1.3	(2.8)	5.0	1.3	2.7	1.4	(1.8)
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	5.1	1.2	1.7	1.2	(3.0)	5.8	1.8	2.4	1.2	(5.0)
Wells Fargo & Co.	5.8	0.8	2.1	1.4	(2.0)	6.0	1.3	2.7	1.5	(1.0)
Consensus Forecast — This Month	5.3	1.5	1.9	1.3	(0.5)	5.7	1.6	2.6	1.3	(1.1)
— Last Month	5.3	1.2	1.8	1.3	(1.3)	5.6	1.5	2.6	1.3	(0.9)

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	6.2	6.9	2.1	1.8	1.0	6.5	6.7	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
David Hemley	4.5	3.9	0.4	1.8	1.4	5.9	6.0	2.0	1.8	0.6
Perryman Group	6.0	6.2	1.7	1.7	(2.6)	6.5	6.6	2.2	1.8	1.3
TX State Comptroller of Public Accounts	5.5	4.4	1.8	1.8	3.2	5.7	4.7	2.1	1.8	(2.3)
University of Houston – CPP	6.2	6.2	1.6	1.7	(3.8)	6.6	6.8	2.3	2.0	(8.5)
University of North Texas	5.0	6.2	1.9	1.5	0.0	6.0	6.0	2.1	1.6	(3.0)
University of Texas at El Paso	6.2	6.9	1.9	1.8	2.5	6.0	6.0	2.0	1.8	(2.7)
Wells Fargo & Co.	6.1	6.7	1.9	1.9	(4.0)	6.5	6.8	2.5	2.0	(2.0)
Consensus Forecast — This Month	5.8	6.0	1.7	1.8	0.0	6.3	6.3	2.2	1.8	(1.4)
— Last Month	5.9	6.1	1.7	1.8	(0.4)	6.4	6.4	2.3	1.8	(1.1)

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

UTAH

	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:										
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	1.7	1.5	(2.0)	4.3	2.6	2.5	1.7	1.5
Utah State Tax Commission	5.3	7.5	2.0	2.0	5.1	5.2	2.5	2.7	2.0	(2.0)
Wells Fargo & Co.	4.2	3.7	1.5	1.6	(5.0)	5.0	4.0	2.3	1.8	0.0
Consensus Forecast — This Month	4.7	4.5	1.8	1.7	0.7	5.4	3.9	2.4	1.8	1.2
— Last Month	4.5	3.7	1.6	1.7	0.1	5.4	4.2	2.3	1.8	0.5

WASHINGTON

	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:										
Conerly Consulting	5.3	4.7	1.8	1.2	(9.4)	5.4	6.0	3.3	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	5.5	6.3	2.3	1.2	4.3	5.7	6.0	2.6	1.3	(1.5)
Office of Forecast Council *	4.8	5.6	1.9	1.2	(7.4)	5.5	4.7	2.2	1.3	(5.2)
Wells Fargo & Co.	5.2	5.4	1.5	1.1	(6.0)	5.5	5.8	2.4	1.3	(4.0)
Consensus Forecast — This Month	5.2	5.4	1.8	1.1	(4.9)	5.5	5.6	2.6	1.2	(4.0)
— Last Month	5.1	5.4	1.8	1.1	(6.3)	5.5	5.6	2.6	1.2	(3.8)

* Population forecast is from the Office of Financial Management.

POPULATION DEMOGRAPHICS BY AGE

2003

Age Range	Percent in U.S.	Percent of State Population									
		AZ	CA	CO	ID	NV	NM	OR	TX	UT	WA
Under 5 years	5.4	6.2	5.8	5.9	5.9	5.9	5.7	5.0	6.6	7.8	5.1
5 to 17 years	14.6	15.5	15.7	14.8	15.7	15.2	15.6	14.0	16.2	17.4	14.5
18-65 years	70.1	68.1	69.9	71.4	69.3	69.7	69.2	70.8	69.2	67.9	71.3
Over 65 years	9.9	10.2	8.6	7.9	9.1	9.1	9.6	10.2	8.0	6.9	9.1
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	150,575	133,095	2,289.3	47,818	175.4	64,143	5,615	5.6
% change	5.5	3.7	1.1	5.3	(4.6)	15.3	2.7	
2002	142,725	128,301	2,265.1	45,425	183.9	55,649	5,468	6.2
% change	3.9	2.4	0.0	1.3	(8.8)	9.3	2.8	
2001	137,331	125,303	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	122,509	2,242.7	43,940	209.9	48,846	5,169	4.0
% change	8.4	6.0	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	1,197,550	1,058,526	14,410.2	311,867 †	1,544.9	140,512	35,934 ††	6.7
% change	3.7	2.0	(0.3)	3.4	(5.7)	16.3	1.7	
2002	1,154,685	1,037,987	14,457.8	301,612	1,638.2	120,783	35,336	6.7
% change	1.7	0.2	(1.0)	2.6	(8.3)	13.7	1.8	
2001	1,135,848	1,036,370	14,601.9	293,957	1,785.6	106,265	34,698	5.4
% change	2.9	0.4	0.8	2.4	(3.9)	1.6	1.9	
2000	1,103,842	1,031,933	14,488.2	287,068	1,857.5	104,600	34,036	4.9
% change	10.5	8.0	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	156,010	137,898	2,150.4	52,748	156.2	33,428	4,551	5.7
% change	2.8	1.1	(1.5)	(0.3)	(6.0)	(5.9)	1.1	
2002	151,790	136,449	2,182.5	52,888	166.1	35,522	4,501	5.7
% change	0.8	(0.7)	(1.9)	(10.4)	(8.7)	(2.6)	1.6	
2001	150,594	137,405	2,225.4	59,041	181.9	36,477	4,429	3.7
% change	4.3	1.8	0.6	1.8	(4.9)	(3.2)	2.4	
2000	144,394	134,987	2,212.6	58,018	191.3	37,699	4,327	2.8
% change	12.1	9.6	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	35,403	31,293	571.8	16,059	62.0	12,432	1,366	5.3
% change	3.5	1.7	0.6	2.1	(4.5)	21.7	1.7	
2002	34,217	30,759	568.2	15,736	64.9	10,212	1,343	5.8
% change	3.8	2.3	0.1	8.3	(5.0)	7.7	1.7	
2001	32,963	30,076	567.7	14,525	68.3	9,483	1,321	5.0
% change	5.3	2.8	1.5	5.6	(2.3)	(6.1)	1.7	
2000	31,290	29,251	559.5	13,755	69.9	10,098	1,300	4.9
% change	7.6	5.3	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	70,073	61,938	1,087.4	35,426	9,625.3	33,033	2,241	5.1
% change	5.8	4.0	3.4	9.3	1.9	21.1	3.4	
2002	66,235	59,541	1,052.0	32,410	9,447.4	27,284	2,167	5.5
% change	4.2	2.7	0.1	3.0	(0.3)	1.1	3.5	
2001	63,565	57,998	1,051.4	31,469	9,471.6	26,981	2,095	5.3
% change	3.5	1.0	2.4	2.8	(1.3)	4.8	3.8	
2000	61,428	57,426	1,026.9	30,604	9,600.3	25,749	2,018	4.0
% change	8.8	6.4	4.5	10.2	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	47,880	42,321	775.5	11,702	36.3	11,829	1,875	5.9
% change	4.1	2.4	1.2	**	(5.5)	14.3	1.2	
2002	45,974	41,328	766.1	12,708	38.4	10,348	1,852	5.4
% change	5.0	3.5	1.2	1.3	(6.1)	15.9	1.3	
2001	43,767	39,934	757.2	12,540	40.9	8,929	1,829	4.8
% change	8.6	5.9	1.7	3.6	(1.9)	11.1	0.4	
2000	40,318	37,692	744.8	12,099	41.7	8,037	1,822	5.0
% change	6.0	3.6	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	104,439	92,315	1,562.0	195.9	18,799	26,103	3,542	7.8
% change	3.0	1.3	(0.7)	(2.8)	4.6	15.8	1.1	
2002	101,359	91,115	1,572.5	201.6	17,977	22,543	3,505	7.5
% change	2.4	0.9	(1.3)	(6.5)	10.9	7.1	1.0	
2001	99,012	90,341	1,593.6	215.7	16,217	21,049	3,472	6.3
% change	2.7	0.2	(0.8)	(4.1)	4.4	6.4	1.0	
2000	96,402	90,122	1,606.9	225.0	15,532	19,785	3,437	4.9
% change	7.3	4.9	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	649,670	574,249	9,373.1	320.7	900.9	133,077	22,119	6.6
% change	2.9	1.2	(0.5)	3.9	(5.0)	10.3	1.8	
2002	631,208	567,416	9,422.9	296.0	948.7	120,644	21,737	6.3
% change	2.2	0.7	(1.0)	3.9	(7.6)	8.3	1.9	
2001	617,655	563,561	9,518.4	305.8	1,026.8	111,352	21,341	4.8
% change	4.1	1.6	0.9	2.4	(3.9)	4.5	1.9	
2000	593,139	554,500	9,433.4	298.6	1,068.0	106,601	20,949	4.2
% change	9.9	7.5	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	58,732	51,914	1,073.8	18,741	112.1	17,995	2,351	5.2
% change	2.8	1.1	0.0	2.1	(1.6)	16.8	1.4	
2002	57,134	51,359	1,073.4	18,356	113.9	15,406	2,319	6.1
% change	2.8	1.2	(0.7)	3.4	(6.6)	11.2	1.7	
2001	55,594	50,725	1,081.3	17,748	122.0	13,851	2,280	4.4
% change	3.8	1.3	0.5	2.7	(2.8)	2.9	1.6	
2000	53,561	50,072	1,075.4	17,278	125.5	13,463	2,243	3.3
% change	8.5	6.2	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

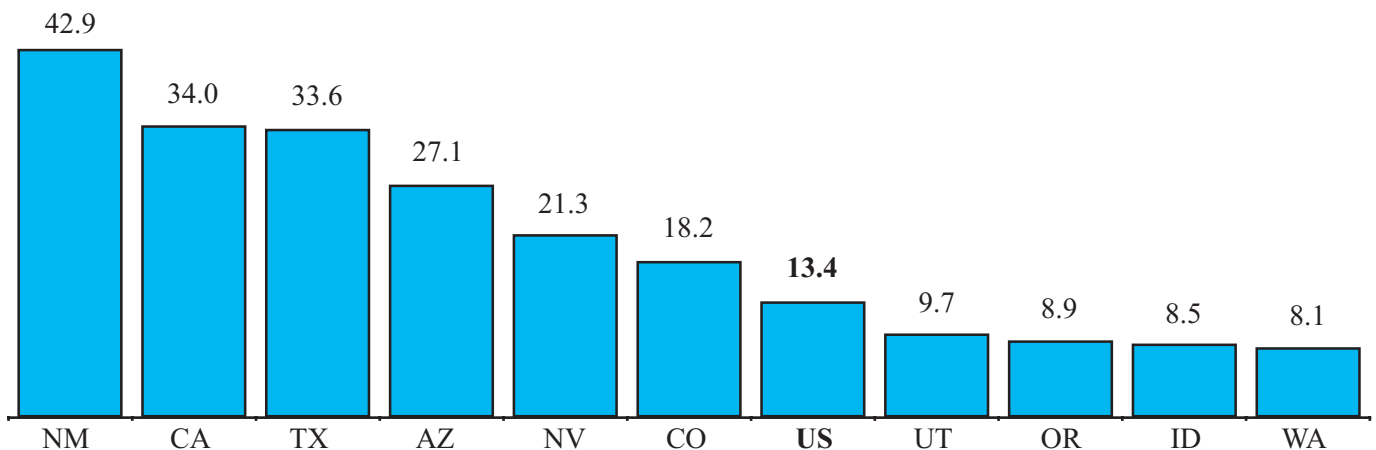
WESTERN BLUE CHIP ECONOMIC FORECAST

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	204,373	180,647	2,659.4	87,664	266.5	34,480	6,131	7.2
% change	3.2	1.5	0.2	2.8	(6.5)	4.2	1.1	
2002	198,018	178,005	2,654.1	85,284	285.0	33,090	6,067	7.3
% change	2.4	0.9	(1.6)	0.6	(9.8)	17.6	1.2	
2001	193,395	176,458	2,697.0	84,785	316.1	28,137	5,993	6.4
% change	3.0	0.5	(0.5)	(0.5)	(4.7)	3.1	1.4	
2000	187,853	175,616	2,711.2	85,212	331.8	27,283	5,911	5.2
% change	7.0	4.7	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

HISPANICS/LATINOS AS A PERCENT OF POPULATION 2002



Source: U.S. Census Bureau



WESTERN BLUE CHIP ECONOMIC FORECAST

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