

BLUE CHIP ECONOMIC FORECAST

WESTERN

W. P. CAREY
SCHOOL of BUSINESS

What Blue Chip Economists are Saying about the Western States

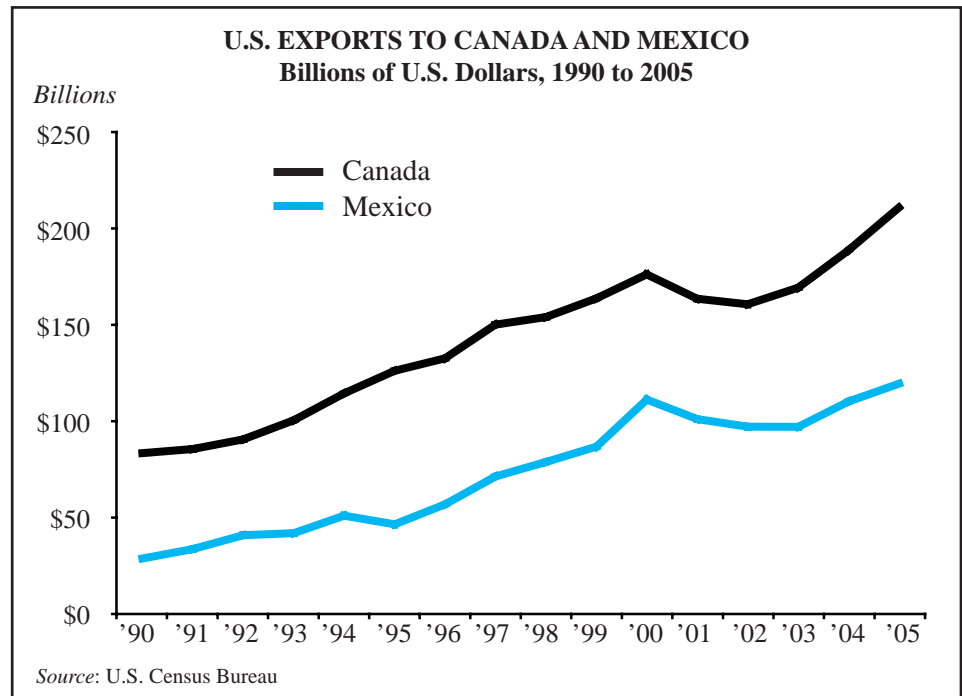
ASU ARIZONA STATE
UNIVERSITY

West's top global trade partners are Canada, Mexico

Ten years ago, the North American Free Trade Agreement (NAFTA) was established to help ease international trade between the three countries sharing the North American continent: Canada, the United States and Mexico. Although increased security measures at the U.S. border which have been put in place since 2001 have interfered somewhat with the transport of goods through ports-of-entry (as should be expected), the top export markets for U.S. products are Canada and Mexico. Proximity has proven to be a significant advantage when it comes to international trade, especially if the goods traded are cumbersome or dangerous to transport. While statistics are available only according to origin of movement, not production, the surprise in the West is that, because of the concentration on manufacture of high-tech goods such as computer memory chips, Asian countries ranked high as trading partners for the Western states in 2005.

DESTINATION: ASIA

New Mexico's top export market in 2005 was the Philippines, followed by China and then Malaysia. The main prod-



uct going to these destinations was digital memory chips, part of the semiconductor market. Over 90 percent of New Mexico's exports were of this category. Although known for its software industry, Washington also is a center for the manufacture of aircraft, making its main export large airplanes, with its top customers in Japan, China and Canada.

For California in 2005, Japan ranked just under Canada and Mexico for exports, with helicopters as the main product exported. A few years ago, California encountered troubles at its ports as negotiations with the longshoremen broke down and a backlog of containers awaiting entry at various seaports developed. This highlighted the importance of efficiency at ports-of-entry to international trade.

NATURAL RESOURCE TRADE

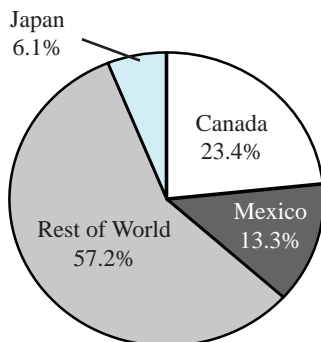
When high-tech goods such as semiconductors are not the traded product, the Western states' exports are closely related

to their endowment of natural resources. In 2005, Utah, for example, exported molybdenum ores and concentrates to the world; Nevada exported gold, and Arizona exported tomatoes to Canada. In 2005, however, a manufactured good — digital monolithic integrated circuits (semiconductors) — ranked in the top three exports for all the Western states.

Technology has changed the type of international trade that has occurred, and is likely to do so again. Technological advances now are making accessible the oil within the oil sands of Canada, for instance. Port-of-entry improvements are being made along the border with Mexico that will facilitate the movement of goods as well. Application of technology, both to improve the accessibility of resources and to allow shorter wait times at border crossing points, should promote the increase of trilateral trade within North America.

— Dawn McLaren

U.S. EXPORTS
Percentage of Trade to Top Three
Trading Partners
(U.S. Dollar Basis, 2005)



NATIONAL ROUNDUP

U.S. JOB GROWTH



% Change: March 2006 vs. March 2005

Nonfarm	1.6
Goods-Producing	1.4
Construction	4.7
Manufacturing	-0.4
Service-Providing	1.6
Transportation, Warehousing & Utilities	1.1
Trade	1.1
Information	0.3
Financial Activities	2.3
Professional & Business Services ..	2.8
Educational & Health Services	2.3
Leisure & Hospitality	2.3
Government	0.7

Source: U.S. Bureau of Labor Statistics

U.S. REAL ESTATE



Residential Building Permits March 2006 vs. March 2005

	Total Residential	Single- family	Multi- family
2006	191,266	145,369	45,879
2005	185,587	147,583	38,004
% Δ	3.1	-1.5	20.8

Source: U.S. Department of Commerce

U.S. FORECASTS



Percent Change

	2006	2007
Real GDP (Chain)	3.3	2.6
CPI	2.6	1.6
GDP Deflator (Chain) ..	2.84	1.8

Source: "U.S. Economic Outlook," *Global Insight*, April 2006

STATE EXPORTS TO THE WORLD Origin of Movement, Percent Change 2005 vs. 2004

1 • Hawaii	154.0
2 • Kansas	36.3
3 • Oklahoma	35.8
4 • Nevada	35.4
5 • Nebraska	29.7
6 • Vermont	29.1
7 • Utah	28.4
8 • Mississippi	26.1
9 • Montana	25.9
10 • New Mexico	24.2
11 • Maryland	23.9
12 • Delaware	23.0
13 • Pennsylvania	20.5
14 • Alabama	19.5
15 • Illinois	18.7
16 • Tennessee	18.3
17 • North Dakota	17.6
18 • Wisconsin	17.5
19 • Missouri	16.3
20 • Minnesota	16.0
21 • Florida	15.2
22 • Iowa	14.9
23 • Kentucky	14.7
24 • South Dakota	14.1
25 • Alaska	13.8
26 • New York	13.7
27 • Connecticut	13.2
28 • Indiana	12.4
29 • Washington	12.3
30 • Idaho	11.9
31 • Ohio	11.5
32 • New Hampshire	11.5
33 • Arizona	11.4
34 • Oregon	10.8
United States	10.6
35 • Arkansas	10.6
36 • New Jersey	9.8
37 • Texas	9.8
38 • North Carolina	7.4
39 • California	6.2
40 • Michigan	5.5
41 • Virginia	5.0
42 • Georgia	4.8
43 • South Carolina	4.3
44 • Colorado	2.0
45 • Massachusetts	0.9
46 • Rhode Island	-1.4
47 • Wyoming	-1.6
48 • Louisiana	-3.5
49 • West Virginia	-3.5
50 • Maine	-9.1

Source: U.S. Census Bureau

SUMMARY

WESTERN BLUE CHIP ECONOMIC FORECAST

State:	2006 Annual Percent Change, 2006 from 2005					2007 Annual Percent Change, 2007 from 2006				
	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	8.3 ↑	5.8 ↑	4.5 ↑	3.1 ↑	(6.5)↑	7.5 ↓	5.7 ↓	3.8 ↑	2.9	(4.0)↑
California	5.7 ↓	3.3 ↓	1.5 ↑	1.5 ↓	(9.9)↓	5.4 ↓	3.6 ↓	1.3 ↑	1.5 ↓	(4.7)↑
Colorado	5.8 ↑	3.4 ↑	2.2 ↑	1.5	(3.8)↓	6.1	4.4 ↓	2.1	1.6	(3.2)↓
Idaho	6.6 ↑	4.1 ↑	2.7 ↑	1.7 ↑	(4.3)↑	6.0 ↑	4.3 ↑	2.3 ↑	1.6 ↑	(3.4)↑
Nevada	8.1	5.6	4.6 ↑	3.8	1.2 ↑	7.5	5.7	4.1	3.6	0.2↑
New Mexico	5.5 ↑	3.1 ↑	2.1 ↑	1.5	(0.9)↓	5.3	3.6	2.1 ↑	1.6	(2.7)↓
Oregon	6.1 ↑	3.7 ↑	2.7 ↑	1.3	(2.7)↓	5.6 ↓	3.8 ↓	2.0 ↓	1.3	(1.9)
Texas	6.4 ↓	3.9 ↓	2.1	1.7	(2.6)	6.1 ↓	4.4 ↓	1.9 ↓	1.7 ↓	(3.4)↓
Utah	6.9 ↑	4.5 ↑	3.3 ↑	2.2 ↑	3.6 ↑	6.5 ↑	4.8 ↑	3.0 ↑	1.9	2.5 ↑
Washington	6.3 ↑	3.9 ↑	2.8 ↑	1.6 ↑	(7.7)↓	6.2 ↑	4.4 ↑	2.2 ↑	1.6 ↑	(8.5)↓

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

Forecast notes from the Western region...

With unemployment down to 3.4 percent and falling, the **Utah** labor environment is returning to the tight labor situation of the 1990s. "Help wanted" signs are quite prevalent and employers are again speaking of a hard search in finding labor. Employers have spoken of doing more out-of-state recruiting and of paying "California wages." If so, it's a winning situation for the workers, as Utah's cost of living is much lower than California's.

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

According to the latest Fortune 500 ranking, **Texas** now has more corporate headquarters — 56 — than any other state. A mid-continent location, diversified economy, rapidly expanding work force, and a moderate cost of living are helping to attract new business to the state. More corporate relocations and expansions can be anticipated in the years ahead.

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

Call it **California's** "quiet boom". Unemployment is running at low levels, business is fretting about a shortage of skilled workers, motion picture box office receipts are up and the state government has a \$5 billion surplus. However, there are some burrs under the saddle. Gas prices are high (and transit ridership is up) and the housing market has softened (keep

an eye on the condo/loft market). Things to watch: the state bond initiatives on the November ballot — they could provide a boost for construction — and the fallout from the May 1 boycott.

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

Improving **Oregon** economic growth in 2004 gave way to near-boom conditions during the past 15 months. Slightly less robust performance is expected in 2006 and 2007. A reason? Labor scarcity will limit job gains. At the same time, well diversified growth bodes well for future performance. Oregon is doing very well.

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

The most recent unemployment rates are 3.8, 4.1, and 4.0 for Clark County, Washoe County, and the state of **Nevada**, respectively. This recent performance is a continuation of very favorable labor-market conditions over the past few years. As such, population growth should continue over the next couple of years, driven by readily available employment opportunities. Nevada's key industries, travel and tourism, construction, and mining, continue to report favorable economic conditions. Thus, though ever-changing

economic factors may increasingly point to greater economic risks, the near-term outlook for the Silver State is great.

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

Colorado's economy remains strong. The state is posting steady employment gains, personal income and consumer spending are increasing, and the tourism industry continues to expand. Additionally, construction activity remains positive and traffic through Denver International Airport is setting new records.

— **Colorado Close-Up**
Office of State Planning and Budgeting
Denver, Colorado

We expect residential construction to slow going forward after one of the longest sustained run-ups ever recorded in **Arizona**. We are lucky that the totally irrational phase lasted for little more than a year because that limits the retrenchment the market will have to undergo. The impact on the economy is likely to be muted somewhat by the continued strong population growth we are experiencing.

— **Tracy Clark**
Bank One Economic Outlook Center
W. P. Carey School of Business
Arizona State University
Tempe, Arizona

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										
2006 Annual Percent Change, 2006 from 2005						2007 Annual Percent Change, 2007 from 2006				
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 Department of Commerce	7.7	7.6	3.9	2.9	(7.0)	7.4	6.7	3.6	2.9	(5.0)
Arizona Public Service	8.5	9.0	4.0	3.0	(5.0)	7.8	7.5	3.7	2.8	(4.0)
ASU - Bank One EOC	8.7	7.6	4.9	3.0	(8.0)	6.8	6.8	4.2	2.8	(7.0)
Department of Economic Security	8.6	8.4	5.5	2.9		7.2	7.4	4.4	3.0	
ECON-LINC	8.4	8.0	4.8	3.2	(10.0)	8.0	7.5	4.0	3.1	(5.0)
EconLit LLC	7.9	7.4	4.2	3.0	(5.0)	7.5	6.9	3.8	2.9	(5.0)
Eggert Economic Enterprises Inc.	8.5	7.8	4.2	3.2	(6.2)	8.0	7.3	3.9	3.1	(5.2)
Elliott D. Pollack & Co.	8.0	9.0	4.8	3.3	(10.0)	7.5	7.5	4.0	3.0	(5.0)
H. C. Reardon Economics	8.6	8.0	5.4	3.2	(7.0)	7.7	6.8	4.4	3.0	(2.0)
Joint Legislative Budget Committee	8.0	9.0	4.2	3.0	(7.0)	7.4	6.5	3.7	3.0	(3.0)
The Maguire Company	8.2	7.7	4.4	3.2	(5.0)	7.6	7.1	4.0	3.1	(5.0)
Metropolitan West Asset Management	8.3	7.7	4.4			7.7	7.1	4.0		
NAU - BBER	8.3	7.3	3.9	2.9	(7.0)	8.3	6.8	3.6	2.7	0.0
Salt River Project	8.6	7.9	5.0	3.2	(9.0)	7.5	6.5	4.0	3.0	(4.0)
Stellar Capital Management	7.5	7.1	3.8	2.7	(7.5)	7.1	6.9	3.6	2.6	(5.0)
UA - Eller College	9.4	7.5	4.7	3.3	(5.9)	7.9	6.8	3.6	3.3	(3.0)
VisionEcon	8.0	8.3	4.4	3.4	0.0	6.1	6.7	2.9	2.9	(2.0)
Wells Fargo & Co.	7.8	7.3	3.7	2.8	(4.0)	7.1	6.2	3.0	2.7	(4.0)
Consensus Forecast — This Month	8.3	7.9	4.5	3.1	(6.5)	7.5	6.9	3.8	2.9	(4.0)
— Last Month	8.2	7.8	4.3	3.1	(6.5)	7.5	6.9	3.7	2.9	(4.4)

CALIFORNIA										
2006 Annual Percent Change, 2006 from 2005						2007 Annual Percent Change, 2007 from 2006				
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	6.2	5.1	1.6	1.7	(12.0)	5.8	5.3	1.5	1.7	(1.2)
California State University, Long Beach *	5.9	7.8	1.7	1.8	(26.4)	7.0	7.1	2.1	2.1	(3.2)
Chapman University	5.5	4.8	1.4	1.5	(12.5)	5.1	4.6	0.8	1.5	(6.1)
L.A. County Econ. Development Corp.	6.1	6.2	1.6	1.2	(5.0)	5.9	5.7	1.4	1.2	(0.3)
Legislative Analyst's Office	5.7	5.2	1.3	1.4	(10.0)	5.5	5.6	1.4	1.4	(1.0)
UCLA - Business Forecasting Project	5.0	4.5	1.5	1.5	(8.0)	4.7	2.3	1.0	1.5	(8.9)
University of the Pacific	6.0	5.2	1.7	1.6	(13.8)	5.6	3.3	1.4	1.6	(5.5)
Wells Fargo & Co.	5.1	5.0	1.6	1.3	(8.0)	4.9	4.7	1.3	1.3	(10.0)
Consensus Forecast — This Month	5.7	5.1	1.5	1.5	(9.9)	5.4	4.5	1.3	1.5	(4.7)
— Last Month	5.7	5.1	1.5	1.5	(9.4)	5.4	4.5	1.2	1.5	(5.0)

*This forecast is for Southern California only

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

COLORADO										
2006 Annual Percent Change, 2006 from 2005						2007 Annual Percent Change, 2007 from 2006				
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.	5.4	5.3	1.8	1.5	(8.1)	5.0	(1.5)	0.0	1.5	(10.1)
Ctr. for Business and Econ. Forecasting	6.0	5.5	2.5	1.5	(5.0)	6.5	6.0	2.6	1.8	(5.0)
Colorado Legislative Council	5.7	4.6	2.5	1.7	(9.3)	6.4	5.2	2.7	1.9	(5.8)
David Hemley	5.4	4.8	1.9	1.4	(1.0)	5.6	5.1	2.1	1.4	(0.5)
Office of State Planning and Budgeting	6.4	5.5	2.1	1.4	0.2	6.7	5.8	2.4	1.5	3.7
University of Colorado	6.0	5.9	2.3	1.5	(1.0)	6.1	5.0	2.2	1.5	0.0
Wells Fargo & Co.	5.6	4.9	2.5	1.3	(5.0)	5.4	4.8	1.9	1.3	(5.0)
Xcel Energy	5.8	5.4	2.0	1.5	(1.3)	7.1	6.0	2.6	1.6	(2.5)
Consensus Forecast — This Month	5.8	5.2	2.2	1.5	(3.8)	6.1	4.6	2.1	1.6	(3.2)
— Last Month	5.8	5.2	2.2	1.5	(3.8)	6.1	4.6	2.1	1.6	(3.1)

IDAHO										
2006 Annual Percent Change, 2006 from 2005						2007 Annual Percent Change, 2007 from 2006				
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	7.1		2.1	1.6	(13.0)	6.2		2.0	1.6	(0.7)
Idaho Economics	6.6		2.5	1.7	(5.0)	6.3		2.1	1.6	(8.0)
Thredgold Economic Associates	5.5	5.0	2.5	1.6	(4.0)	5.0	4.5	2.2	1.5	(5.0)
Wells Fargo & Co.	7.0	5.7	3.6	1.7	5.0	6.5	5.5	3.0	1.7	0.0
Consensus Forecast — This Month	6.6	5.4	2.7	1.7	(4.3)	6.0	5.0	2.3	1.6	(3.4)
— Last Month	6.3	5.2	2.4	1.6	(6.8)	5.9	4.8	2.2	1.6	(4.7)

NEVADA										
2006 Annual Percent Change, 2006 from 2005						2007 Annual Percent Change, 2007 from 2006				
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.	9.2	5.4	5.4	3.0		8.8	5.2	5.2	2.9	
Restrepo Consulting Group, LLC	7.5	5.0	4.5	4.0	0.0	7.0	5.0	4.0	4.0	1.5
Thredgold Economic Associates	8.5		4.0	3.7	0.0	6.5		2.8	3.0	(4.5)
Southwest Gas	8.6	7.4	4.9	4.2	1.4	8.4	5.8	4.8	4.1	1.2
Univ. of Nevada at Las Vegas - CBER	7.4	5.1	4.6	3.9	3.6	7.2	5.0	4.5	3.9	4.8
Wells Fargo & Co.	7.3	6.3	4.4	3.7	1.0	6.8	5.8	3.3	3.5	(2.0)
Consensus Forecast — This Month	8.1	5.8	4.6	3.8	1.2	7.5	5.4	4.1	3.6	0.2
— Last Month	8.1	5.8	4.6	3.8	0.8	7.5	5.4	4.1	3.6	0.0

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

NEW MEXICO

	2006					2007				
	Annual Percent Change, 2006 from 2005					Annual Percent Change, 2007 from 2006				
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	5.0	0.9	1.7	1.4	1.0	5.2	0.6	1.9	1.5	1.2
New Mexico Department of Labor		1.3	2.0							
New Mexico State Univ - CEMAF	5.2	1.0	1.6							
Public Service New Mexico	5.2	1.0	1.9	1.5	(2.0)	5.1	0.8	2.0	1.4	(1.8)
University of New Mexico - BBER	6.5	5.6	2.8		1.6	5.2	4.3	2.1		(6.0)
Wells Fargo & Co.	5.7	1.9	2.8	1.7	(4.1)	5.6	1.8	2.5	1.8	(4.3)
Consensus Forecast — This Month	5.5	2.0	2.1	1.5	(0.9)	5.3	1.9	2.1	1.6	(2.7)
— Last Month	5.5	1.9	2.1	1.5	(0.7)	5.3	1.8	2.1	1.6	(2.6)

OREGON

	2006					2007				
	Annual Percent Change, 2006 from 2005					Annual Percent Change, 2007 from 2006				
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	6.7	3.6	3.3	1.4	(11.6)	5.3	0.0	1.9	1.4	(10.0)
Forefront Economics	5.7	2.2	2.6	1.2	3.5	5.7	1.6	2.4	1.2	7.5
Oregon Executive Department	6.5	2.8	3.1	1.4	(8.3)	5.7	(0.3)	1.4	1.3	(2.8)
Portland General Electric	6.3	1.2	2.3	1.4	0.0	5.7	0.5	1.9	1.3	(5.0)
Rhodes Econometrics	6.2	2.3	2.6	1.3	1.9	5.4	0.8	1.7	1.2	0.9
Thredgold Economic Associates	5.8	1.2	2.4	1.3	3.5	5.4	1.0	2.2	1.2	(2.0)
U.S. Bancorp	6.2	2.5	3.0	1.3	(7.0)	5.8	1.2	2.3	1.3	0.0
Wells Fargo & Co.	5.4	1.0	2.4	1.3	(3.5)	5.4	0.7	2.0	1.3	(4.0)
Consensus Forecast — This Month	6.1	2.1	2.7	1.3	(2.7)	5.6	0.7	2.0	1.3	(1.9)
— Last Month	6.0	1.8	2.6	1.3	(1.9)	5.6	0.6	2.0	1.3	(1.7)

TEXAS

	2006					2007				
	Annual Percent Change, 2006 from 2005					Annual Percent Change, 2007 from 2006				
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	6.0	2.0	1.7	1.0	5.9	5.7	1.8	1.7	(2.0)
Federal Reserve Bank of Dallas	6.7	6.4	2.4	1.8	(1.0)	6.5	6.6	2.2	1.7	2.0
David Hemley	5.2	5.3	2.0	1.6	1.0	5.8	5.7	2.1	1.5	0.0
Perryman Group	6.8	6.5	2.1	2.1	(6.7)	7.0	7.0	2.0	1.8	(3.8)
TX State Comptroller of Public Accounts	7.1	8.1	2.3	1.7	(3.9)	6.2	6.0	2.0	1.8	(13.8)
University of Houston - CPP	5.9	5.7	1.6	1.6	(9.1)	6.0	6.1	1.7	1.7	(7.3)
University of North Texas	5.7	5.5	2.3	1.8	0.5	5.7	5.4	1.9	1.7	0.3
University of Texas at El Paso	6.4	6.1	2.1	1.8	(1.5)	6.0	5.9	2.0	1.7	(1.2)
Wells Fargo & Co.	7.2	6.0	2.5	1.6	(4.0)	5.7	5.6	1.6	1.6	(5.0)
Consensus Forecast — This Month	6.4	6.2	2.1	1.7	(2.6)	6.1	6.0	1.9	1.7	(3.4)
— Last Month	6.4	6.1	2.1	1.7	(2.8)	6.2	6.0	2.0	1.7	(3.3)

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

UTAH

Source:	2006 Annual Percent Change, 2006 from 2005					2007 Annual Percent Change, 2007 from 2006				
	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	6.0	4.9	2.9	1.8	7.8	6.3	5.1	3.1	1.9	9.2
Thredgold Economic Associates	6.0	5.8	3.0	1.7	0.0	5.5	4.8	2.6	1.7	(3.0)
Utah Dept. of Workforce Services	9.0	6.6	4.1	2.8	4.4	7.6	5.6	3.1	2.0	3.6
Utah State Tax Commission	6.5	6.0	2.9	2.4	1.0					
Wells Fargo & Co.	7.0	6.0	3.8	2.2	5.0	6.6	5.5	3.2	2.0	0.0
Consensus Forecast — This Month	6.9	5.9	3.3	2.2	3.6	6.5	5.3	3.0	1.9	2.5
— Last Month	6.8	5.8	3.2	2.1	1.6	6.4	5.2	2.9	1.9	1.2

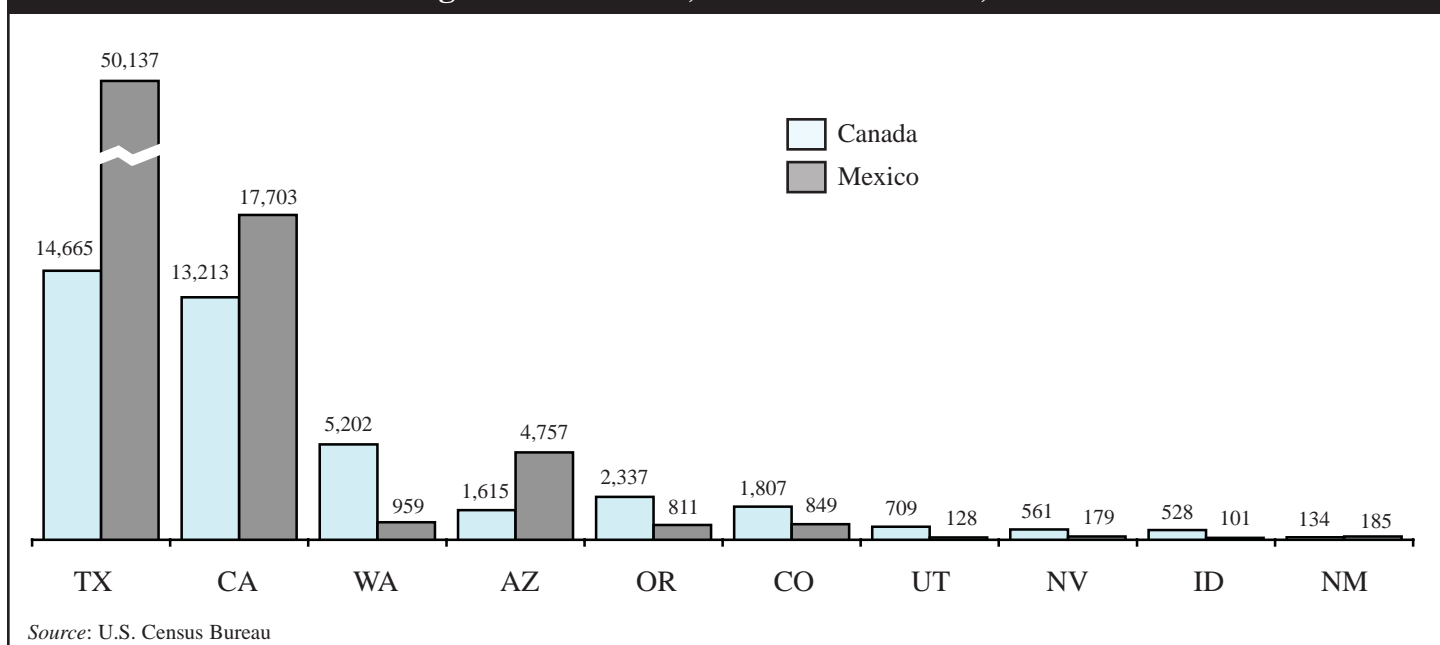
WASHINGTON

Source:	2006 Annual Percent Change, 2006 from 2005					2007 Annual Percent Change, 2007 from 2006				
	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	5.9	3.3	1.5	(8.1)	5.7	5.0	2.2	1.5	(10.0)
Dick Conway & Associates	6.3	6.4	2.6	1.5	(1.0)	6.5	6.1	2.1	1.6	(6.0)
Doug Pedersen & Associates	7.1	7.7	3.1	1.9	(6.5)	6.6	6.5	2.6	1.9	(7.0)
Office of Forecast Council *	7.2	5.0	2.8	1.8	(15.1)	6.6	5.1	2.2	1.8	(11.0)
Wells Fargo & Co.	5.7	5.7	2.4	1.5	(8.0)	5.5	5.6	2.1	1.4	(8.5)
Consensus Forecast — This Month	6.3	6.1	2.8	1.6	(7.7)	6.2	5.7	2.2	1.6	(8.5)
— Last Month	6.2	5.8	2.7	1.6	(6.0)	6.1	5.5	2.2	1.6	(8.3)

* Population forecast is from the Office of Financial Management.

EXPORTS TO CANADA AND MEXICO BY STATE

Origin of Movement, Millions of Dollars, 2005



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
2005	179,765	160,218	2,471.3	58,964	176.2	80,648	5,939	4.7
% change	9.3	6.3	4.1	13.2	0.2	16.3	3.4	
2004	164,495	150,775	2,373.5	52,098	175.8	69,339	5,744	5.0
% change	8.4	5.6	3.4	9.0	0.3	8.1	3.0	
2003	151,708	142,717	2,296.3	47,818	175.3	64,143	5,579	5.7
% change	5.2	3.2	1.4	5.3	(4.5)	15.3	2.6	
2002	144,150	138,340	2,265.1	45,425	183.5	55,649	5,439	6.0
% change	3.8	2.0	0.0	1.3	(9.0)	9.3	2.7	
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
2005	1,338,181	1,195,979	14,770.4	368,382 †	1,535.8	151,022	36,132	5.4
% change	6.0	3.4	1.6	5.2	0.2	0.2	0.8	
2004	1,262,306	1,157,113	14,538.8	350,173	1532.7	150,710	35,842	6.2
% change	6.6	3.9	1.0	9.4	(1.0)	7.3	1.1	
2003	1,184,265	1,114,089	14,392.3	320,217	1,547.9	140,512	35,457	6.8
% change	3.2	1.1	(0.5)	6.2	(5.5)	16.3	1.3	
2002	1,147,716	1,101,677	14,457.8	301,612	1,638.2	120,783	34,988	6.7
% change	1.1	(0.6)	(1.0)	2.6	(8.3)	13.7	1.3	
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
2005	177,025	158,214	2,225.1	63,375 †	153.4	40,477	4,665	5.0
% change	6.5	3.9	2.1	5.6	(0.8)	6.1	1.4	
2004	166,188	152,339	2,178.9	60,014	154.6	38,164	4,602	5.6
% change	5.8	3.1	1.3	4.9	(0.9)	14.2	1.2	
2003	157,035	147,730	2,151.0	57,192	156.0	33,428	4,548	6.1
% change	2.6	0.5	(1.4)	8.1	(6.1)	(5.9)	1.1	
2002	153,066	146,926	2,182.5	52,888	166.1	35,522	4,498	5.7
% change	0.2	(1.5)	(1.9)	(10.4)	(8.7)	(2.6)	1.6	
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
2005	40,241	35,965	608.0	19,183	62.2	19,464	1,429	3.8
% change	7.3	4.6	3.6	14.7	1.1	32.9	2.4	
2004	37,497	34,373	586.9	16,727	61.5	14,650	1,395	4.7
% change	8.2	5.4	2.6	4.2	(0.8)	17.8	2.0	
2003	34,654	32,600	572.0	16,059	62.0	12,432	1,368	5.3
% change	2.4	0.3	0.7	2.1	(4.5)	21.7	1.9	
2002	33,849	32,491	568.2	15,736	64.9	10,212	1,343	5.4
% change	2.4	0.7	0.1	8.3	(5.0)	7.7	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
2005	86,650	77,442	1,225.2	46,190	11,649.0	37,438	2,415	4.1
% change	11.1	8.3	6.3	12.4	10.3	(3.6)	3.5	
2004	78,022	71,520	1,152.4	41,087	10,562.2	38,817	2,333	4.6
% change	9.0	6.2	5.9	16.0	9.7	17.5	4.1	
2003	71,606	67,363	1,088.3	35,426	9,625.3	33,033	2,242	5.3
% change	7.5	5.3	3.5	9.3	1.9	21.1	3.4	
2002	66,632	63,959	1,052.0	32,410	9,447.4	27,284	2,168	5.7
% change	3.5	1.7	0.1	3.0	(0.3)	1.1	3.5	
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
2005	53,308	47,644	806.9	12,900	36.0	13,553	1,928	5.3
% change	7.0	4.3	2.0	4.8	0.2	15.4	1.3	
2004	49,828	45,675	790.7	12,312	35.9	11,743	1,903	5.7
% change	6.5	3.8	1.9	5.2	(1.6)	(0.7)	1.3	
2003	46,779	44,007	775.6	11,702	36.5	11,829	1,879	5.9
% change	4.0	1.9	1.2	**	(4.9)	14.3	1.3	
2002	44,987	43,182	766.1	12,708	38.4	10,348	1,855	5.5
% change	1.9	0.2	1.2	1.3	(6.1)	15.9	1.2	
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
2005	116,889	104,468	1,647.8	206.0	24,925	31,864	3,641	6.1
% change	6.5	3.8	3.4	3.3	16.6	13.8	1.4	
2004	109,757	100,610	1,593.7	199.5	21,372	28,000	3,591	7.3
% change	5.6	2.9	2.0	2.3	13.7	7.3	0.8	
2003	103,890	97,734	1,562.2	194.9	18,799	26,103	3,563	8.1
% change	2.0	(0.1)	(0.7)	(3.3)	4.6	15.8	1.1	
2002	101,882	97,795	1,572.5	201.6	17,977	22,543	3,522	7.6
% change	2.9	1.1	(1.3)	(6.5)	10.9	7.1	1.4	
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
2005	742,074	663,217	9,606.4	347.6 †	889.6	165,579	22,860	5.3
% change	7.5	4.8	1.4	6.1	0.0	16.8	1.7	
2004	690,588	633,038	9,478.3	327.6	889.5	141,810	22,472	6.0
% change	6.1	3.4	1.2	6.4	(1.2)	6.6	1.7	
2003	650,875	612,305	9,370.0	307.9	900.0	133,077	22,099	6.7
% change	3.9	1.8	(0.5)	3.9	(5.1)	10.3	1.7	
2002	626,604	601,468	9,416.0	296.0	948.7	120,644	21,722	6.4
% change	1.1	(0.6)	(1.0)	3.9	(7.6)	8.3	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
2005	69,299	61,935	1,144.2	21,409 †	117.4	24,645	2,470	4.3
% change	7.6	4.9	3.7	5.2	2.2	23.9	2.0	
2004	64,399	59,032	1,103.2	20,351	114.9	19,899	2,421	5
% change	6.8	4.1	2.7	8.2	2.3	10.6	1.8	
2003	60,298	56,725	1,074.1	18,809	112.3	17,995	2,379	5.6
% change	3.7	1.6	0.1	2.1	(1.4)	16.8	1.8	
2002	58,172	55,838	1,073.4	18,356	113.9	15,406	2,337	5.8
% change	2.8	1.0	(0.7)	3.4	(6.6)	11.2	0.0	
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

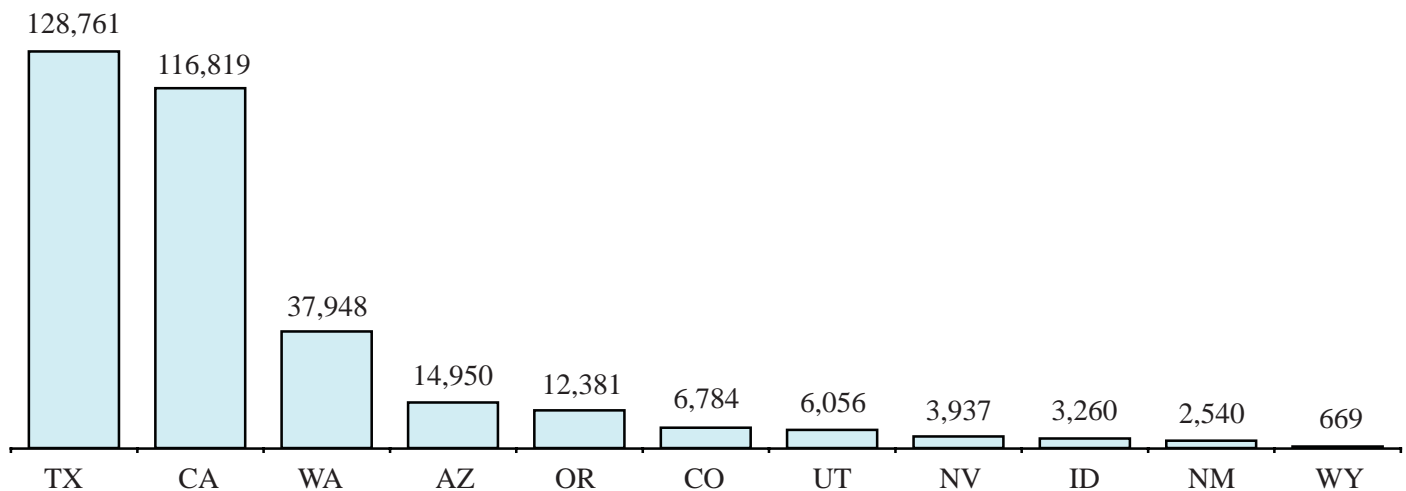
WESTERN BLUE CHIP ECONOMIC FORECAST

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
2005	222,643	198,983	2,763.2	97,253	267.1	40,928	6,288	5.5
% change	2.4	(0.2)	2.4	7.9	1.4	11.2	1.3	
2004	217,503	199,378	2,698.2	90,139	263.5	36,815	6,207	6.3
% change	7.9	5.1	1.5	4.6	(1.3)	6.8	1.2	
2003	201,607	189,660	2,657.8	86,165	267.1	34,480	6,131	7.4
% change	2.1	0.1	0.1	2.1	(6.3)	4.2	1.1	
2002	197,452	189,531	2,654.1	84,418	285.0	33,090	6,066	7.3
% change	2.0	0.3	(1.6)	(1.4)	(9.8)	17.6	1.2	

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

EXPORTS TO THE WORLD BY STATE Origin of Movement Basis, Millions of Dollars, 2005



Source: U.S. Census Bureau



WESTERN BLUE CHIP ECONOMIC FORECAST

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WESTERN BLUE CHIP PANEL

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