

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 leads in job growth, but overall picture is murky

The Western states have taken the lead in economic growth, but the overall view is that a pattern of slow growth — and in some cases, contraction — in the rest of the states is creating a drag on the nation as a whole.

In the 12 months preceding August 2004, more than half of the states reported job growth of less than 1 percent. Three states — Massachusetts, Ohio and Michigan — showed job losses. In the manufacturing sector alone, job growth was essentially neutral, at just 0.1 percent nationwide.

Since September 1998 — the most recent peak in manufacturing jobs — 3,194,000 jobs in the sector have been lost, reducing manufacturing jobs overall by about 20 percent.

The civilian labor force as a whole increased by 873,000 people between August 2003 and August 2004, according to the Bureau of Labor Statistics' Household Survey. The labor force participation rate, however, fell from 66.1 percent to 65.9 percent. This compares to 67.3 percent at its most recent peak in early 2000. The Latino community reports the highest labor force participation rate, at 69 percent in August 2004. The drop in participation reflects a working age population that is growing faster than the labor force.

It should be noted that there is a marked difference between the Household and Establishment surveys of employment. Each uses different methodology and reports different types of results. The Household Survey reports the size of the labor force, unemployment rates and breakdowns as to racial origin. A sample of households are surveyed, there is no benchmarking, and certain types of employment, such as unpaid family members, are included. The Establishment or Payroll Survey reports the number of jobs

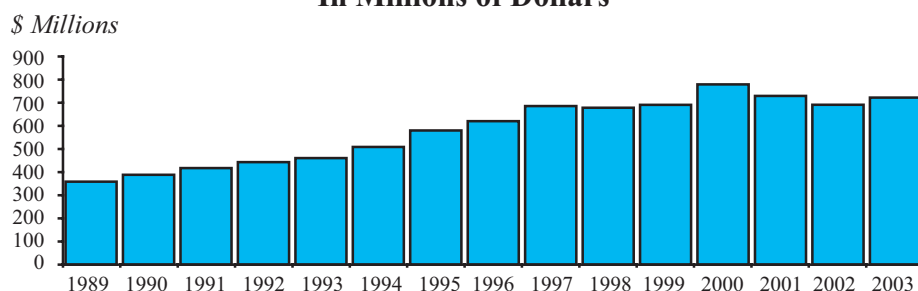
by industry. Business of various sizes are surveyed and a benchmarking procedure is done annually.

While the Western states, for the most part, have returned to job growth, the question is how much the jobs are worth. While this information won't be available for some time, personal income figures, which include both wages and investment income on an aggregate basis, are available. These figures were most recently benchmarked in September and the revised numbers can be found in the historical section that begins on Page 8. It is clear that growth in personal income fell considerably in 2001 and has not yet regained a strong footing.

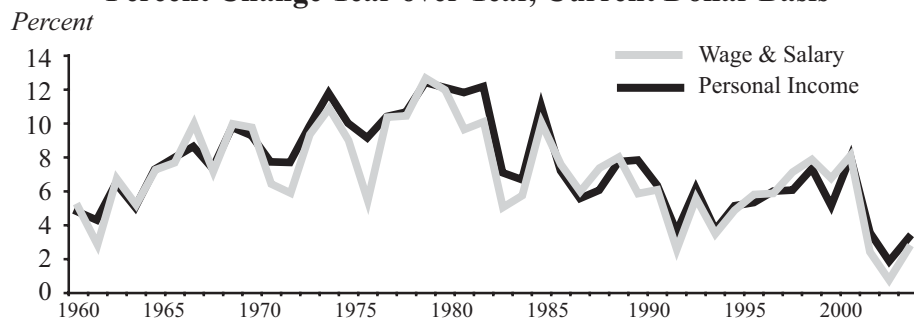
Faring better than the job market, U.S.

exports of merchandise rebounded during 2003 after falling off somewhat in 2002. On an origin of movement basis, Texas and California report the lion's share of exports, with New York a distant third. The U.S. merchandise trade balance moved further into negative territory in 2003, with the value of imports outweighing exports by \$535.7 billion — an increase of 13.9 percent compared to 2002. While the economy has recovered, problems persist when it comes to trepidation about the oil supply and the perception of jobs rather than merchandise being exported.

— Dawn McLaren

U.S. EXPORTS OF MERCHANDISE
In Millions of Dollars

Source: Office of Trade and Economic Analysis

PERSONAL INCOME, WAGE AND SALARY DISBURSEMENTS
Percent Change Year over Year, Current Dollar Basis

Source: Bureau of Economic Analysis

NATIONAL ROUNDUP

U.S. JOB GROWTH



% Change: August 2004 vs. August 2003

Nonfarm	1.3
Goods-Producing	1.1
Construction	2.9
Manufacturing	-0.1
Service-Providing	1.4
Transportation, Warehousing & Utilities	1.9
Trade	0.9
Information	-0.3
Financial Activities	0.9
Professional & Business Services	3.4
Educational & Health Services	2.2
Leisure & Hospitality	1.5
Government	0.0

Source: U.S. Bureau of Labor Statistics

U.S. REAL ESTATE



Residential Building Permits August 2004 vs. August 2003

	Total Residential	Single- family	Multi- family
2004	176,475	140,465	36,010
2003	165,014	128,565	36,449
% Δ	6.9	9.3	-1.2

Source: U.S. Department of Commerce

U.S. FORECASTS



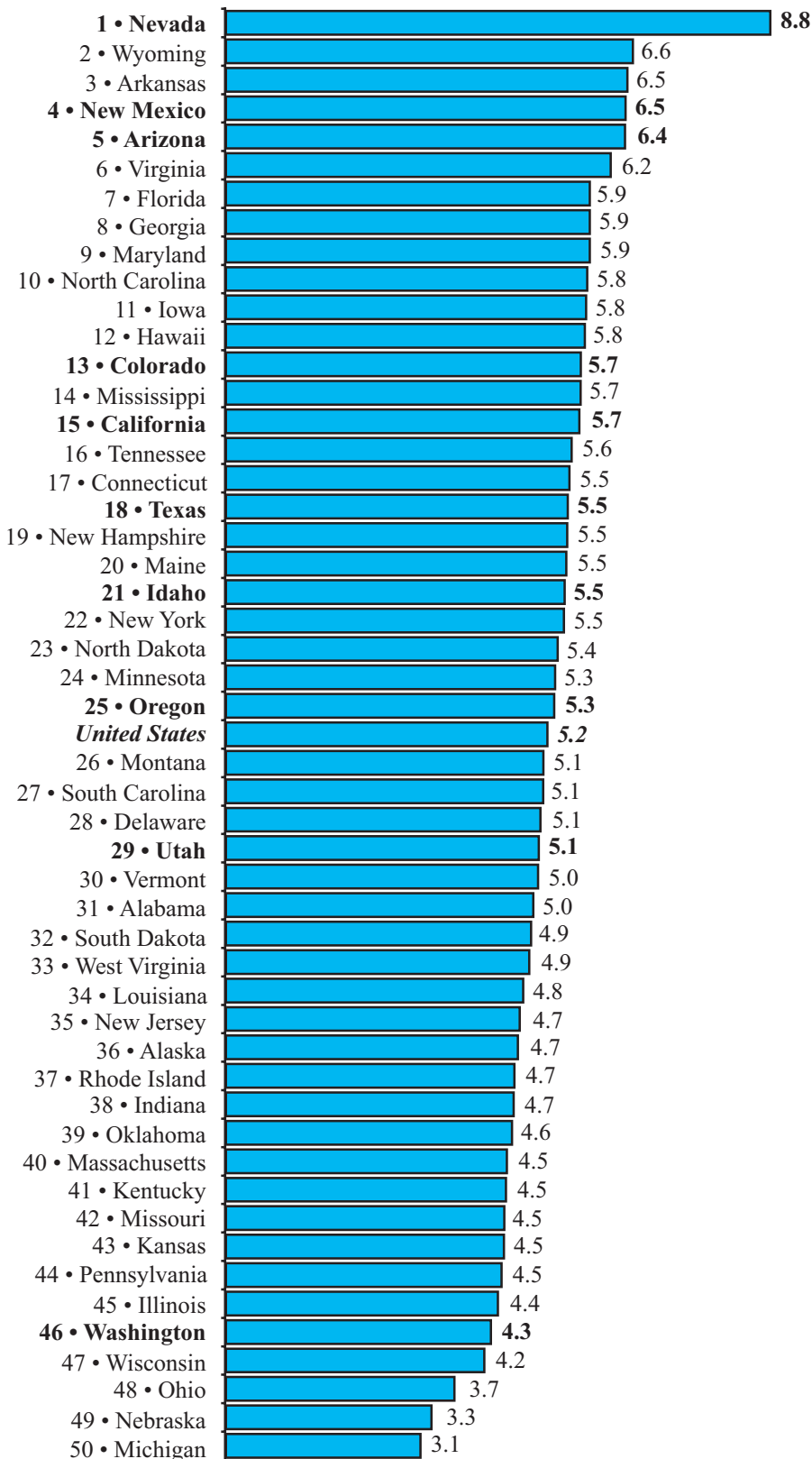
Percent Change

	2004	2005
Real GDP (Chain)	4.3	3.3
CPI	2.6	1.9
GDP Deflator (Chain)	2.1	1.9

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

PERSONAL INCOME

Percent Change, 2nd Quarter 2004 vs. 2nd 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 ↓	4.7 ↑	3.2 ↓	2.8 ↑	5.3 ↑	7.3 ↑	5.3 ↑	3.8	2.9	(2.6)↓
California	5.3 ↑	3.2 ↑	1.0 ↓	1.5 ↓	2.4 ↓	5.4 ↓	3.5 ↑	1.9	1.5	(2.6)↓
Colorado	4.3 ↑	2.1 ↑	1.0 ↓	1.2 ↓	7.6 ↑	5.6	3.6 ↑	2.4 ↓	1.3 ↓	(2.3)↓
Idaho	5.6 ↑	3.4 ↑	1.8 ↑	1.3	3.2 ↑	5.6 ↑	3.6 ↑	2.1 ↑	1.4 ↑	(0.1)↓
Nevada	6.7	4.5 ↑	3.9	4.0 ↓	1.6 ↓	6.7	4.7 ↑	3.8 ↓	3.9	1.4
New Mexico	5.5 ↑	3.3 ↑	1.8	1.3 ↓	3.2 ↑	5.5	3.5 ↑	2.2	1.4	(2.0)↓
Oregon	5.1 ↑	2.9 ↑	1.8 ↓	1.3	0.8 ↑	5.5 ↑	3.6 ↑	2.5 ↓	1.3 ↑	(1.2)↓
Texas	5.7 ↓	3.5 ↑	1.6 ↓	1.8	1.5 ↑	6.3 ↓	4.3 ↑	2.2 ↓	1.8 ↓	(0.9)↑
Utah	4.9 ↑	2.7 ↑	2.0 ↑	1.7 ↑	2.7 ↑	5.5 ↑	3.6 ↑	2.5 ↑	1.8	1.2
Washington	5.0 ↑	2.9 ↑	1.9 ↓	1.2	3.4 ↑	5.7 ↑	3.7 ↑	2.6 ↓	1.3 ↑	(7.0)↑
↑= Increase in consensus forecast ↓= Decrease in consensus forecast										

Forecast notes from the Western region...

Idaho's summer economic barometer includes surprisingly strong single-family construction activity and a top-10 overall job growth spurt centered in lower-paying service employment. Nevertheless, new claims for unemployment rose and underemployment issues persist across the state as manufacturing continues to lag.

— **Paul Zelus**
Idaho State University
Pocatello, Idaho

High energy prices, a healthy construction market, defense sector expansion, and improved high-tech industry performances have all contributed to an economic rebound in **Texas**. Ongoing problem areas include consumer and business balance sheet imbalances, as well as weak air travel sector prospects. Additional moderate growth is likely to occur in 2005.

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

The economic implications of the [**California**] budget mess are not good. In the short run, cities and counties will shed employment due to the "loans" they are being forced to give the state. We expect total job losses of about 45,000 at the state and local levels in 2004 and 2005.

— **Joseph Hurd**
UCLA Anderson Forecast
Los Angeles, California

On the whole, **California's** economy continues to improve, but there is no end of drama. The governor has vetoed many pieces of legislation that would have harmed the state's business environment and there were the predictable howls of pain. Hotel workers are locked out/on strike in San Francisco, while congestion continues at the ports in Southern California. One piece of good news was the recent contract agreement between the Director's Guild and the entertainment industry. The state's housing market has cooled down, with the inventory of resale homes climbing, and the sellers are having to rethink their asking prices. However, if a home is under \$400,000, it will move fairly quickly. In addition, people are starting to realize that next year's state budget process will be painful.

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

Major **Texas** employers are now hiring, suggesting the economic expansion will continue into 2005.

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

Nevada indicators generally reveal expansion. Only gaming revenue and visitor volume are below year-ago levels for July. The other indicators show positive

performance. Most notably, the total number of jobs is up, growing at a 4.4 percent rate in the Silver State compared with 1.3 percent for the U.S. Moreover, Nevada has seen solid growth rates over the past year and a half, whereas the U.S. economy has been lukewarm on job growth. U.S. job levels have not returned to the level of the last economic-expansion peak in March 2001. Nevada's recovery from the national recession of 2001 and the tourism fallout of 9/11 was complete by the end of 2002. In short, the Nevada expansion has been stronger and more job-intensive than the nation's.

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

After four quarterly increases, the turnaround in **Washington** employment seems firmly established. The recovery is expected to be relatively weak due to the sluggish U.S. economy and only a modest upturn in aerospace. Housing activity remains very strong. The strength in housing has been in the single-family market which continues to benefit from low mortgage rates. While stronger population growth in the next three years should boost multi-family activity, higher mortgage rates will lead to similar declines in the single-family market.

— **WA Economic and Revenue Forecast**
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	6.3	3.3	2.8	1.0	7.1	6.5	3.7	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	2.8	8.0	7.2	6.8	3.8	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.	7.0	6.7	3.5	2.9	5.0	7.1	6.7	3.9	3.1	(3.3)
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	6.9	6.5	2.5	2.9	1.0	7.2	6.7	4.0	3.0	0.0
Joint Legislative Budget Committee	7.0	6.6	3.1	2.8	1.0	7.3	6.7	3.6	2.8	(2.0)
The Maguire Company	6.8	6.5	3.5	2.7	5.0	7.2	6.8	3.9	2.7	5.0
Metropolitan West Asset Management	6.8	6.0	4.2			7.5	6.5	4.0		
NAU – BBER	6.7	6.5	2.5	2.8	0.0	7.6	6.9	4.0	2.9	(5.0)
Protitlement	6.9	6.5	3.4	2.9	12.0	7.5	6.4	4.0	2.9	(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	6.1	3.8	2.7	4.5	6.9	6.3	3.9	2.9	(1.0)
Tucson Electric Power Co.	7.5	9.0	3.7	2.9	9.5	7.4	7.0	3.5	2.9	0.0
UA – Eller College	7.4	8.7	3.9	2.9	4.9	7.8	5.8	4.6	3.4	(9.6)
VisionEcon	7.6	7.2	4.0	3.1	8.3	8.2	8.8	4.2	3.0	0.0
Wells Fargo & Co.	6.7	6.2	2.7	2.7	20.0	6.0	6.0	3.2	2.8	(3.0)
Consensus Forecast — This Month	6.9	6.9	3.2	2.8	5.3	7.3	6.9	3.8	2.9	(2.6)
— Last Month	6.9	6.8	3.3	2.8	4.1	7.3	6.8	3.8	2.9	(2.5)

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	5.4	5.2	1.2	1.6	0.0	5.2	4.9	1.6	1.5	(6.8)
L.A. County Economic Development Corp.	4.8	4.3	0.9	1.6	4.2	5.5	5.6	1.6	1.6	1.5
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	5.5	7.0	0.8	1.5	9.4	5.3	4.8	2.0	1.5	(4.6)
Wells Fargo & Co.	5.6	4.8	1.0	1.5	(3.0)	4.9	5.0	2.0	1.5	(6.2)
Consensus Forecast — This Month	5.3	5.1	1.0	1.5	2.4	5.4	5.2	1.9	1.5	(2.6)
— Last Month	5.2	5.1	1.0	1.5	2.5	5.5	5.3	1.9	1.5	(2.5)

*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	11.9	5.3	5.5	2.5	1.4	(12.7)
Cntr. for Business and Econ. Forecasting	5.5	4.5	0.9	1.1	15.0	6.2	5.0	2.6	1.2	(10.0)
Colorado Legislative Council	4.9	4.1	0.7	1.2	13.2	5.7	4.2	2.0	1.4	(3.8)
David Hemley	1.8	1.5	(0.9)	1.3	(4.7)	4.4	3.9	1.9	1.3	1.2
Office of State Planning and Budgeting	3.2	5.6	0.8	1.0	11.8	5.4	5.1	2.1	1.2	(5.8)
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	1.4	1.0	3.0	5.4	4.6	2.6	1.2	0.8
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	4.3	4.0	1.0	1.2	7.6	5.6	4.7	2.4	1.3	(2.3)
— Last Month	4.2	3.9	1.0	1.2	5.8	5.6	4.8	2.4	1.3	(1.4)

IDAHO										
2004 Annual Percent Change, 2004 from 2003						2005 Annual Percent Change, 2005 from 2004				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Idaho Div. of Financial Management	5.8		1.6	1.6	0.0	5.1		1.7	1.5	(3.6)
Idaho Economics	5.5		1.7	1.5	5.0	5.6		2.0	1.6	0.0
Idaho State University	5.1	4.2	1.4	1.1	0.0	5.3	4.0	1.7	1.3	2.0
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.	5.7	4.5	2.2	1.3	10.0	5.6	4.5	2.5	1.4	0.0
Consensus Forecast — This Month	5.6	4.4	1.8	1.3	3.2	5.6	4.5	2.1	1.4	(0.1)
— Last Month	5.5	4.3	1.7	1.3	(1.2)	5.5	4.4	2.0	1.4	0.5

NEVADA										
2004 Annual Percent Change, 2004 from 2003						2005 Annual Percent Change, 2005 from 2004				
Source:	Current \$ Personal Income	Gross Gaming Revenues	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Gross Gaming Revenues	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Dept. of Empl., Training, and Rehab.	7.5	4.5	4.5	3.3		6.9	4.1	4.1	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	5.8	4.6	4.5	2.8	7.4	5.5	4.3	4.0	0.2
Consensus Forecast — This Month	6.7	4.0	3.9	4.0	1.6	6.7	4.1	3.8	3.9	1.4
— Last Month	6.7	4.0	3.9	4.0	1.6	6.7	4.1	3.9	3.9	1.4

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	6.4	(0.2)	1.9		10.1	5.9	3.3	2.4		(7.0)
Wells Fargo & Co.	5.9	1.4	2.4	1.5	1.5	5.8	1.6	2.7	1.6	(1.7)
Consensus Forecast — This Month	5.5	0.1	1.8	1.3	3.2	5.5	1.4	2.2	1.4	(2.0)
— Last Month	5.5	0.0	1.8	1.4	3.0	5.5	1.4	2.2	1.4	(1.9)

OREGON

	2004					2005				
	Annual Percent Change, 2004 from 2003					Annual Percent Change, 2005 from 2004				
Source:	Current \$ Personal Income	Mfg. Employ- ment	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Mfg. Employ- ment	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Conerly Consulting	5.1	1.7	1.9	1.3	4.8	5.2	1.3	3.5	1.4	(5.7)
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	1.2	(1.8)
Portland General Electric	4.9	1.7	1.9	1.3	5.0	5.7	1.9	2.2	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.	5.6	0.8	1.9	1.3	(0.3)	5.8	1.1	2.5	1.4	(1.4)
Consensus Forecast — This Month	5.1	1.3	1.8	1.3	0.8	5.5	1.4	2.5	1.3	(1.2)
— Last Month	4.9	1.4	1.8	1.3	0.4	5.4	1.5	2.6	1.3	(1.1)

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	6.1	6.7	1.8	1.8	1.0	6.5	6.6	2.3	1.9	1.4
Federal Reserve Bank of Dallas	6.3	7.0	1.7	1.9	2.0	7.2	7.5	2.5	1.9	2.5
David Hemley	4.5	4.1	0.6	1.8	1.2	5.9	6.0	2.0	1.8	0.5
Perryman Group	6.2	6.2	1.7	1.7	(2.2)	6.5	6.6	2.2	1.8	1.3
TX State Comptroller of Public Accounts	5.5	4.4	1.8	1.8	4.6	5.7	4.7	2.1	1.8	(2.3)
University of Houston - CPP	6.0	6.2	1.4	1.7	3.9	6.6	6.8	2.2	1.9	(9.2)
University of North Texas	5.0	6.1	1.8	1.6	1.0	5.5	6.0	2.0	1.8	0.5
University of Texas at El Paso	6.1	7.3	1.5	1.8	2.9	6.0	6.0	1.8	1.8	(2.6)
Wells Fargo & Co.	5.7	6.4	1.8	1.8	(0.5)	6.4	6.7	2.4	1.9	(0.5)
Consensus Forecast — This Month	5.7	6.0	1.6	1.8	1.5	6.3	6.3	2.2	1.8	(0.9)
— Last Month	5.8	6.0	1.6	1.8	1.0	6.3	6.3	2.2	1.9	(1.4)

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

UTAH

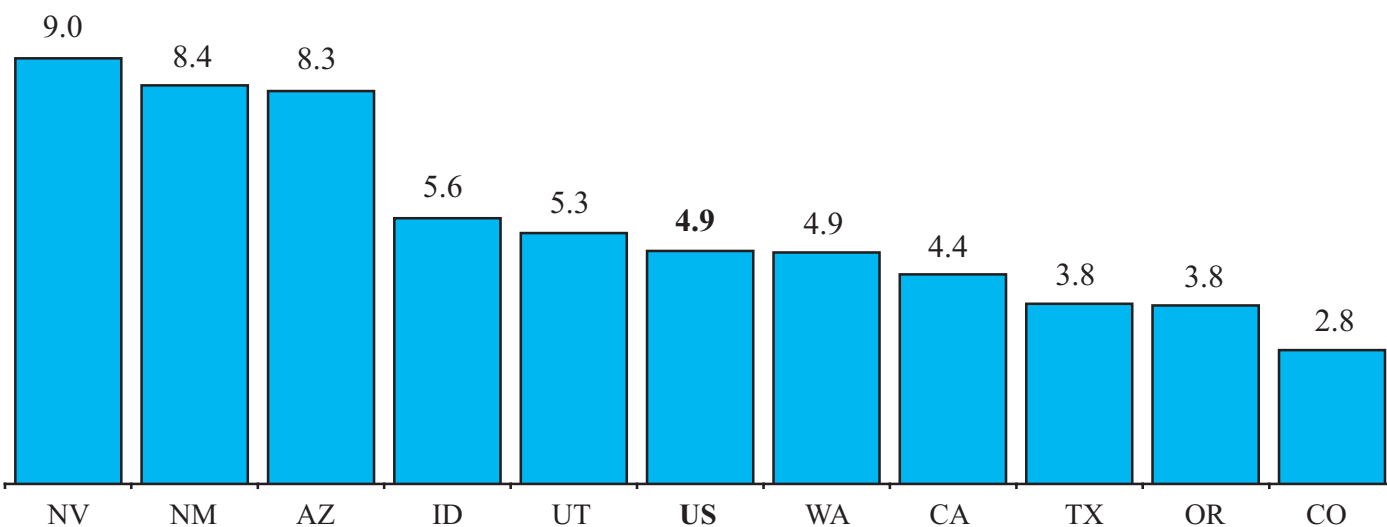
Source:	2004 Annual Percent Change, 2004 from 2003					2005 Annual Percent Change, 2005 from 2004				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Pacificorp	6.7	4.8	2.1	1.7	3.0	7.0	5.5	2.2	1.8	5.0
Thredgold Economic Associates	4.6	4.0	1.5	1.7	2.3	5.6	4.8	2.4	1.8	1.5
Utah Dept. of Workforce Services	2.8	2.3	1.7	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.	5.0	5.5	2.5	1.7	5.0	5.5	5.0	2.8	1.8	0.0
Consensus Forecast — This Month	4.9	4.8	2.0	1.7	2.7	5.5	4.1	2.5	1.8	1.2
— Last Month	4.8	4.7	1.8	1.7	1.7	5.5	3.9	2.4	1.8	1.2

WASHINGTON

Source:	2004 Annual Percent Change, 2004 from 2003					2005 Annual Percent Change, 2005 from 2004				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Conerly Consulting	4.5	5.8	1.9	1.4	2.8	5.7	3.4	3.2	1.5	(6.5)
Dick Conway & Associates	5.2	5.8	1.7	1.1	6.0	5.7	6.0	2.3	1.2	(5.0)
Doug Pedersen & Associates	5.5	6.1	2.1	1.2	5.5	5.8	6.0	2.6	1.4	(3.9)
Office of Forecast Council *	4.8	5.7	1.8	1.2	3.7	5.8	4.7	2.3	1.3	(14.6)
Wells Fargo & Co.	5.2	5.5	2.0	1.1	(1.0)	5.6	5.9	2.7	1.3	(5.0)
Consensus Forecast — This Month	5.0	5.8	1.9	1.2	3.4	5.7	5.2	2.6	1.3	(7.0)
— Last Month	4.9	5.4	1.9	1.2	2.8	5.6	5.7	2.7	1.3	(7.1)

* Population forecast is from the Office of Financial Management.

PERSONAL INCOME Percent Change of Revised 2003 over 2002



Source: Bureau of Economic Analysis

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	150,295	132,847	2,289.3	47,818	175.4	64,143	5,615	5.6
% change	4.6	2.9	1.1	5.3	(4.6)	15.3	2.7	
2002	143,680	129,159	2,265.1	45,425	183.9	55,649	5,468	6.2
% change	3.6	2.0	0.0	1.3	(8.8)	9.3	2.8	
2001	138,741	126,590	2,265.0	44,833	201.7	50,930	5,321	4.7
% change	4.7	2.2	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	1,185,302	1,047,699	14,410.2	311,867 †	1,544.9	140,512	35,934 ††	6.7
% change	3.1	1.4	(0.3)	3.4	(5.7)	16.3	1.7	
2002	1,149,144	1,033,006	14,457.8	301,612	1,638.2	120,783	35,336	6.7
% change	1.2	(0.3)	(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	157,043	138,811	2,150.4	52,748	156.2	33,428	4,551	5.7
% change	2.2	0.5	(1.5)	(0.3)	(6.0)	(5.9)	1.1	
2002	153,593	138,070	2,182.5	52,888	166.1	35,522	4,501	5.7
% change	0.6	(0.9)	(1.9)	(10.4)	(8.7)	(2.6)	1.6	
2001	152,713	139,338	2,225.4	59,041	181.9	36,477	4,429	3.7
% change	5.8	3.2	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	34,954	30,896	571.8	16,059	62.0	12,432	1,366	5.3
% change	2.9	1.2	0.6	2.1	(4.5)	21.7	1.7	
2002	33,963	30,531	568.2	15,736	64.9	10,212	1,343	5.8
% change	2.6	1.1	0.1	8.3	(5.0)	7.7	1.7	
2001	33,090	30,192	567.7	14,525	68.3	9,483	1,321	5.0
% change	5.8	3.2	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	70,567	62,375	1,087.4	35,426	9,625.3	33,033	2,241	5.1
% change	6.1	4.3	3.4	9.3	1.9	21.1	3.4	
2002	66,534	59,810	1,052.0	32,410	9,447.4	27,284	2,167	5.5
% change	2.8	1.3	0.1	3.0	(0.3)	1.1	3.5	
2001	64,727	59,058	1,051.4	31,469	9,471.6	26,981	2,095	5.3
% change	5.4	2.8	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	47,807	42,257	775.5	11,702	36.3	11,829	1,875	5.9
% change	4.4	2.6	1.2	**	(5.5)	14.3	1.2	
2002	45,801	41,172	766.1	12,708	38.4	10,348	1,852	5.4
% change	3.9	2.4	1.2	1.3	(6.1)	15.9	1.3	
2001	44,083	40,223	757.2	12,540	40.9	8,929	1,829	4.8
% change	9.3	6.7	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 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
2003	102,538	90,635	1,562.0	195.9	18,799	26,103	3,542	7.8
% change	2.1	0.4	(0.7)	(2.8)	4.6	15.8	1.1	
2002	100,434	90,284	1,572.5	201.6	17,977	22,543	3,505	7.5
% change	1.7	0.2	(1.3)	(6.5)	10.9	7.1	1.0	
2001	98,800	90,147	1,593.6	215.7	16,217	21,049	3,472	6.3
% change	2.5	0.0	(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	643,129	568,467	9,373.1	320.7	900.9	133,077	22,119	6.6
% change	3.1	1.4	(0.5)	3.9	(5.0)	10.3	1.8	
2002	623,697	560,663	9,422.9	296.0	948.7	120,644	21,737	6.3
% change	0.7	(0.8)	(1.0)	3.9	(7.6)	8.3	1.9	
2001	619,483	565,229	9,518.4	305.8	1,026.8	111,352	21,341	4.8
% change	4.4	1.9	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	59,327	52,439	1,073.8	18,741	112.1	17,995	2,351	5.2
% change	2.8	1.0	0.0	2.1	(1.6)	16.8	1.4	
2002	57,732	51,897	1,073.4	18,356	113.9	15,406	2,319	6.1
% change	2.5	1.0	(0.7)	3.4	(6.6)	11.2	1.7	
2001	56,332	51,398	1,081.3	17,748	122.0	13,851	2,280	4.4
% change	5.2	2.6	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

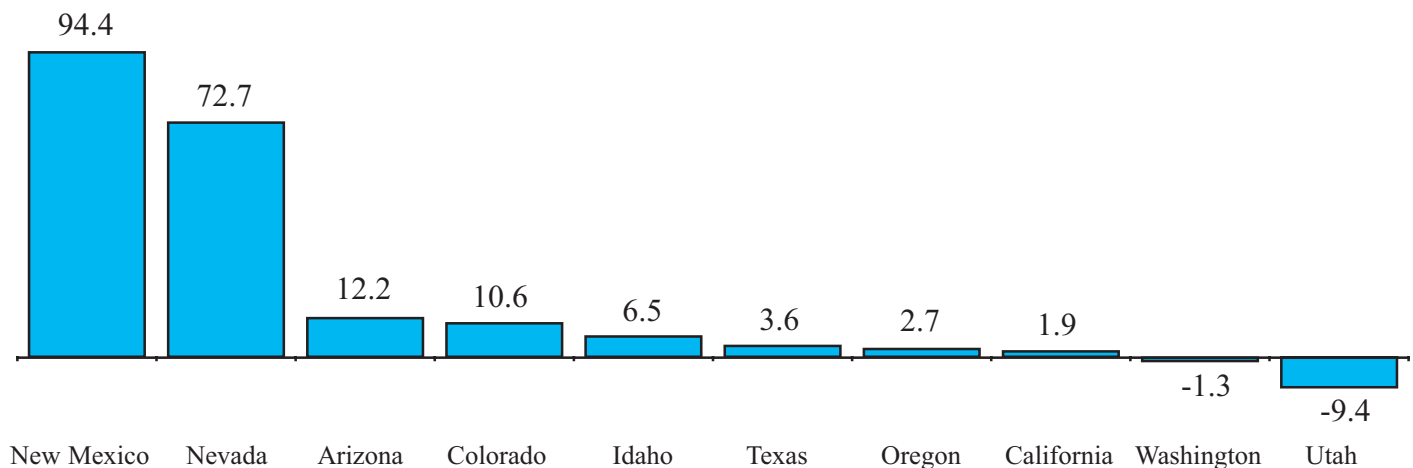
WESTERN BLUE CHIP ECONOMIC FORECAST

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	203,956	180,278	2,659.4	87,664	266.5	34,480	6,131	7.2
% change	2.8	1.1	0.2	2.8	(6.5)	4.2	1.1	
2002	198,367	178,319	2,654.1	85,284	285.0	33,090	6,067	7.3
% change	2.0	0.5	(1.6)	0.6	(9.8)	17.6	1.2	
2001	194,420	177,392	2,697.0	84,785	316.1	28,137	5,993	6.4
% change	3.5	1.0	(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

EXPORTS OF MERCHANDISE, ORIGIN OF MOVEMENT BASIS Percent Change, 2003 vs. 2002



Source: Office of Trade and Economic Analysis



WESTERN BLUE CHIP ECONOMIC FORECAST

Robert J. Eggert Sr., *Executive Editor* • Dawn McLaren, *Editor*
Tracy Clark, *Managing Editor* • Lee McPheters, *Contributing Editor*
Nancy A. Maneely, *Editorial Coordinator*



WESTERN BLUE CHIP ECONOMIC FORECAST (ISSN 1042-6795) is published by the Bank One Economic Outlook Center, an affiliate of the L. William Seidman Research Institute, W. P. Carey School of Business, Arizona State University, P.O. Box 874011, Tempe, AZ 85287-4011. **Rates:** Print Copy – one year (10 issues), \$110; two years (20 issues), \$160. PDF file – one year, \$99; two years, \$145. Address all requests to the Bank One Economic Outlook Center, or call (800) 448-0432. Checks must be payable to ASU Foundation. Funds will be deposited with the ASU Foundation, a nonprofit organization which exists to support ASU. Your payment is not considered a charitable contribution.

© 2004, Arizona Board of Regents for Arizona State University. Reprinting information contained in this publication requires the prior written permission of the Bank One Economic Outlook Center in the L. William Seidman Research Institute at Arizona State University.

Arizona State University vigorously pursues affirmative action and equal opportunity in its employment, activities and programs.

• Not printed or mailed at state expense •

WESTERN BLUE CHIP PANEL

WESTERN BLUE CHIP ECONOMIC FORECAST

The Adams Group Colorado Springs, Colorado Tucker Hart Adams	ECON-LINC Phoenix, Arizona John Lucking	New Mexico Dept. of Labor Albuquerque, New Mexico Dan Hall	Thredgold Economic Associates Salt Lake City, Utah Jeff K. Thredgold
Arizona Department of Economic Security Phoenix, Arizona Donald J. Wehbey	EconLit LLC Phoenix, Arizona Dwight Duncan	New Mexico State University Las Cruces, New Mexico Chris Erickson	Tucson Electric Power Co. Tucson, Arizona Pat Patton
Arizona Joint Legislative Budget Committee Phoenix, Arizona Staff	Econoclast Dallas, Texas Michael Cosgrove	Northern Arizona University Flagstaff, Arizona Dennis Foster, Ronald Gunderson & Max Jerrell	U.S. Bancorp Portland, Oregon John W. Mitchell
Arizona Public Service Co. Phoenix, Arizona Pete Ewen	Economic Development Corp. of Los Angeles County Los Angeles, California Jack Kyser	Office of the Forecast Council Olympia, Washington Chang Mook Sohn	UCLA Anderson Forecast Los Angeles, California Joseph Hurd
Arizona State University Tempe, Arizona Tracy Clark	Eggert Economic Enterprises, Inc. Sedona, Arizona Robert J. Eggert, Sr.	Oregon Executive Department Salem, Oregon Tom Potiowsky	University of Arizona, Eller College Tucson, Arizona Marshall Vest
California Legislative Analyst's Office Sacramento, California Brad Williams	Elliott D. Pollack & Co. Scottsdale, Arizona Elliott Pollack	Pacificorp Salt Lake City, Utah Reed Davis	University of Colorado Boulder, Colorado Richard Wobbekind
California State University Department of Economics Long Beach, California Joseph P. Magaddino	Federal Reserve Bank of Dallas Dallas, Texas Keith R. Phillips	Perryman Group Waco, Texas M. Ray Perryman	University of Houston Houston, Texas Barton Smith
Capital Corporation of the West Moraga, California Tapan Munroe	Forefront Economics Beaverton, Oregon Mark Thompson	Portland General Electric Portland, Oregon Ham Nguyen	University of Nevada at Las Vegas Las Vegas, Nevada Keith Schwer
Center for Business & Economic Forecasting Denver, Colorado Wilson D. Kendall	H. C. Reardon Economics Phoenix, Arizona H. C. Reardon	Protitlement Scottsdale, Arizona Steve Pritulsky	University of Texas El Paso, Texas Tom Fullerton
Chapman University Orange, California Esmael Adibi	Idaho Division of Financial Management Boise, Idaho Michael Ferguson	Public Service Co. of New Mexico Albuquerque, N.M. Bradley Decker	University of New Mexico Albuquerque, New Mexico Larry Waldman
CH2M Hill Tempe, Arizona Kent Ennis	Idaho Economics Boise, Idaho John Church	Restrepo Consulting Group, LLC Las Vegas, Nevada John Restrepo	University of North Texas Center for Economic Development and Research Denton, Texas Bernard Weinstein
Colorado Legislative Council Denver, Colorado Tom Dunn	Idaho State University Pocatello, Idaho Paul Zelus	Rhodes Econometrics West Linn, Oregon C. Wesley Rhodes	Utah Dept. of Workforce Services Salt Lake City, Utah Mark Knold
Colorado Office of Planning & Budgeting Denver, Colorado Janet Rogers	Legislative Counsel Bureau, Fiscal Analysis Carson City, Nevada Ted Zuend	Salt River Project Phoenix, Arizona Arlyn Herrera, Rebecca Holmes & Karen Wolfe	Utah State Tax Commission Salt Lake City, Utah Douglas Macdonald
Conerly Consulting Portland, Oregon Bill Conerly	The Maguire Co. Phoenix, Arizona Alan Maguire	Stellar Capital Management Phoenix, Arizona Stephen Taddie	VisionEcon Phoenix, Arizona Debra J. Roubik
Dick Conway & Associates Seattle, Washington Dick Conway	Metropolitan West Asset Management Phoenix, Arizona Neal Helm	Southwest Gas Corp. Las Vegas, Nevada Jamie Cattanach	Wells Fargo & Co. Minneapolis, Minnesota Scott A. Anderson & Sung Won Sohn
Doug Pedersen & Associates Seattle, Washington Doug Pedersen	Nevada Dept. of Employment, Training & Rehabilitation Carson City, Nevada Peter Janson	Texas State Comptroller of Public Accounts Austin, Texas Tamara R. Plaut & Gary Preuss	Wells Fargo & Co. Salt Lake City, Utah Kelly K. Matthews
Eastern New Mexico University Portales, New Mexico David Hemley			Xcel Energy Denver, Colorado Tim Sheesley