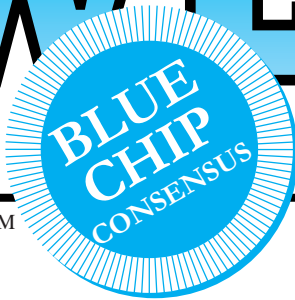


WESTERN



BLUE CHIP ECONOMIC FORECAST

TM

What Blue Chip economists are saying about the Western states

VOLUME 17 • NUMBER 5 • JUNE 2003

Consumer takes center stage in uncertain economic times

Consumers continued to spend during the recession, and they have been praised for spending during the ensuing period of lackluster economic growth.

This behavior is different than that of the past. Typically, consumer spending has dropped sharply during a recession, and recessions have been followed by bursts of growth. Some contributing factors to the current odd behavior are low mortgage rates and automobile dealer incentives, which have encouraged people to buy houses and cars. Already some softness has been seen in the automobile market, and this begs the question of whether saturation has occurred in the industry. If not, can consumers continue to spend even though the economy appears weak?

Consumer debt as a percentage of disposable income has reached a height not seen for more than 15 years, recording a level of 14 percent in the fourth quarter of 2002. Mortgage debt as a percentage of disposable personal income also has risen sharply since the beginning of the recession and through the subsequent economic troubles. This is an indication that consumers likely are financing their purchases with equity in their homes. In support of this is the fact that refinancing of homes surged in mid-2002. Lately, however, the rate of refinancing has slowed. This might not be of concern if the job market were stronger, but employment growth has been sadly lacking in most states, adding to concerns that consumer spending, without a source of financing, may dry up.

JOB GROWTH FLOUNDERS

In February 2003 compared to February 2002, Utah and Colorado were the only Western states that did not rank in the top half of the nation in nonfarm job growth. While things have improved

since 2001, the growth rate is not where it was before the last recession. Nevada, the second-ranking state in job growth, registered a 2.5 percent increase in February 2003 compared to February 2002. Arizona, the seventh-ranking state, recorded just 1.1 percent growth for the same period. The United States as a whole managed just 0.1 percent growth. The consumer confidence indices reflect the inert conditions in the job market.

BANKRUPTCIES CLIMB

Unlike employment, the growth rate in bankruptcies has been in the double digits in most of the Western states. Texas consumer bankruptcy filings rose by 32.7 percent in 2002 compared to 2001, but business bankruptcies dropped by 5.1 percent [see chart on Page 7]. Utah and Colorado, both states with continuing job contraction, saw business bankruptcy filings of 26.7 and 26.3 percent respectively over the same period. Idaho recorded a 14.2 percent drop in business bankruptcy filings, but an 8.7 percent rise in consumer bankruptcies, revealing a dichotomy in the

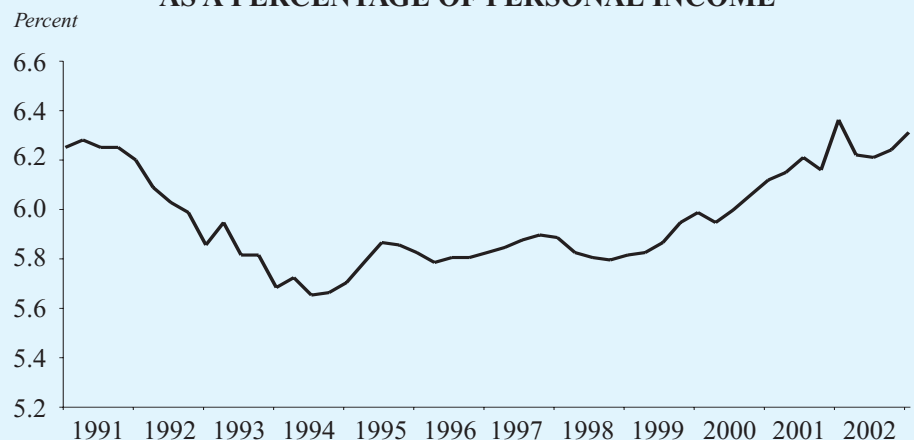
functioning of the local economy. There also have been a series of large corporation bankruptcies, such as Kmart, that have worried both investors and consumers.

While business spending, both in human and physical capital, must return to growth in order to get the economy running at full steam, it is consumers who have taken a place of prominence. Businesses have been watching consumers' reaction to the threat of terrorism, corporate misconduct and the fall of stock market values, which reduced consumer wealth in investment and retirement funds. Because of these issues, businesses have held back on making the investments necessary to induce solid economic growth. This leaves the consumer at center stage.

Can consumers be expected to continue spending in the face of rising unemployment? While most of the Western states are in the top ranks of job growth, the problem of lagging employment gains nationwide remains of great concern for the future of economic growth.

— Dawn McLaren

CONSUMER MORTGAGE DEBT
AS A PERCENTAGE OF PERSONAL INCOME



Source: Federal Reserve Bank

NATIONAL ROUNDUP

U.S. JOB GROWTH



% Change: Feb. 2003 vs Feb. 2002

Nonfarm	0.1
Goods-Producing	-2.8
Construction	-0.9
Manufacturing	-3.7
Service-Providing	0.7
Transportation, Warehousing & Utilities	-1.0
Trade	0.3
Information	-5.5
Financial Activities	0.5
Professional & Business Services ..	0.0
Educational & Health Services	2.6
Leisure & Hospitality	1.5
Government	1.0

Source: U.S. Bureau of Labor Statistics

U.S. REAL ESTATE

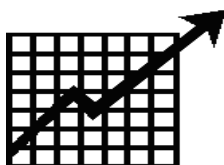


Residential Building Permits March 2003 vs March 2002

	Total Residential	Single- family	Multi- family
2003	143,525	114,106	29,419
2002	139,592	108,336	31,256
% Δ	2.8	5.3	-5.9

Source: U.S. Department of Commerce

U.S. FORECASTS



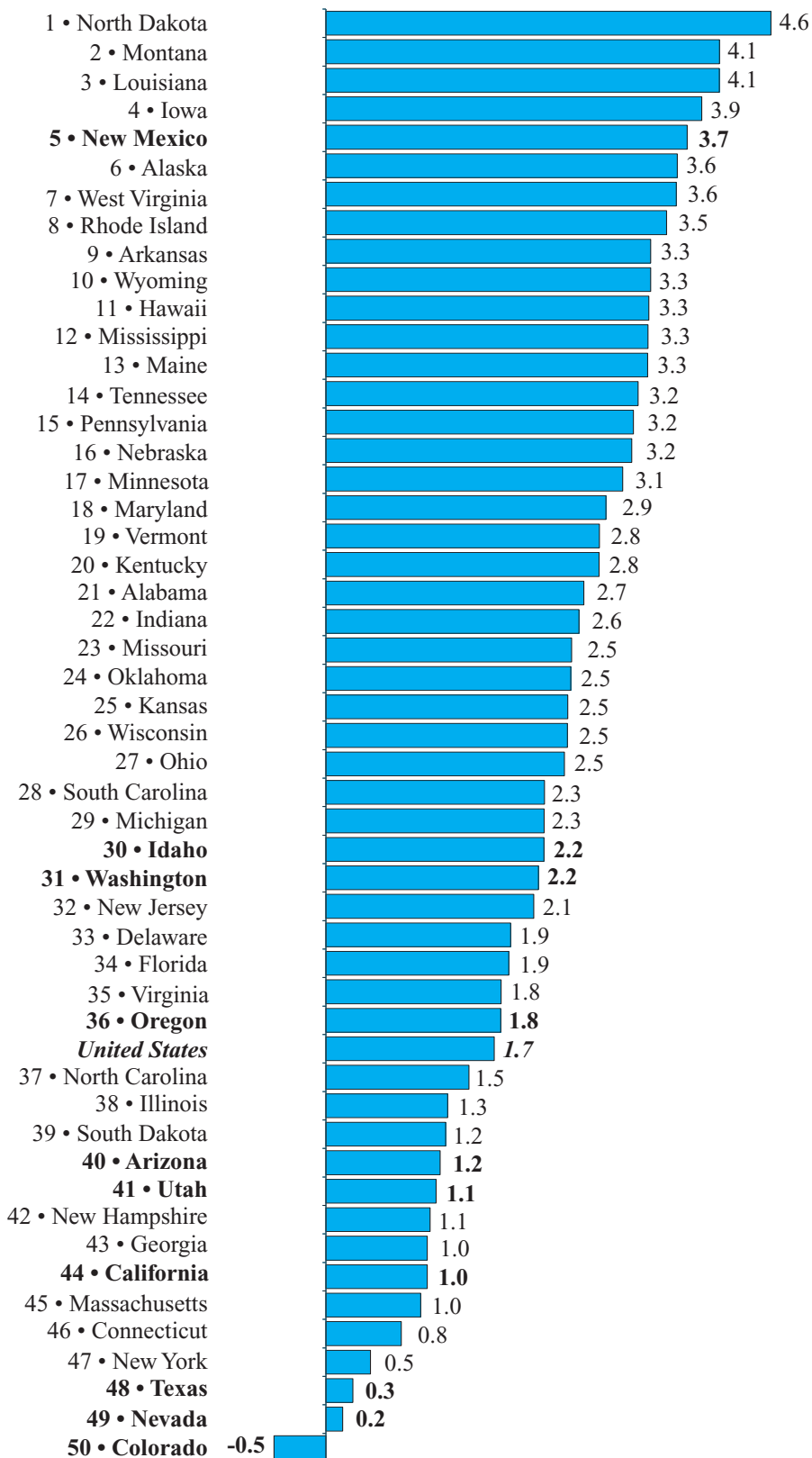
Percent Change

	2003	2004
Real GDP (Chain)	2.6	4.2
CPI	2.2	1.6
GDP Deflator (Chain) . .	1.6	1.8

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

PER CAPITA PERSONAL INCOME

Percent Change, 2002 vs. 2001



Source: Bureau of Economic Analysis

SUMMARY

WESTERN BLUE CHIP ECONOMIC FORECAST

2003 Annual Percent Change, 2003 from 2002						2004 Annual Percent Change, 2004 from 2003				
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	5.6	5.6 ↑	2.3	2.6	(5.5)	6.4	4.5 ↑	3.4	2.6	(2.1)
California	3.6 ↓	1.9 ↑	0.8 ↓	1.7	5.2 ↑	5.3 ↓	3.4 ↑	2.0 ↓	1.7	0.6
Colorado	3.7 ↓	2.1 ↓	0.7 ↓	1.3 ↓	(10.1)↓	5.3 ↑	3.4 ↑	2.1 ↓	1.4 ↓	(2.9)↑
Idaho	4.2 ↑	2.6 ↑	1.1	1.2	(1.8)	5.3	3.4 ↑	1.7	1.2	0.6
Nevada	5.7 ↓	4.0 ↑	2.9	3.8 ↓	0.6 ↓	6.2 ↓	4.3 ↓	3.5 ↓	4.0 ↓	2.6 ↓
New Mexico	5.0 ↑	3.3 ↑	1.2	1.3	(1.4)↑	4.9 ↑	3.0 ↑	1.5 ↓	1.3 ↑	(0.3)↓
Oregon	4.6	2.9 ↑	1.4 ↓	1.2 ↓	0.4 ↓	5.7 ↑	3.9 ↑	2.7 ↑	1.3	2.1 ↓
Texas	5.4 ↓	3.7 ↑	1.1 ↓	1.6	1.3 ↓	6.6 ↑	4.7 ↑	2.2 ↑	1.7 ↑	0.2 ↓
Utah	3.9	2.3 ↑	1.0	1.5	1.4	4.8	3.0 ↑	2.2	1.6	3.0
Washington	4.0 ↓	2.3 ↑	0.5 ↓	1.0 ↓	(3.7)↑	5.2 ↓	3.3 ↑	2.0 ↓	1.0 ↓	(5.3)↑
↑= Increase in consensus forecast ↓= Decrease in consensus forecast										

Forecast notes from the Western region...

Declining software wages remain a drag on income growth in **Washington**. Excluding this volatile sector, income growth was 3.3 percent in 2001 and 4.2 percent in 2002. Personal income growth is expected to remain slow at 4.1 percent in 2003 due to the weak national economy and continued Boeing layoffs, but should improve in the next two years to 5.1 percent per year as the U.S. recovery gains momentum and the aerospace sector bottoms out.

The housing frenzy is expected to subside. The current pace of housing activity is unsustainable, given the weak population growth, and mortgage interest rates will surely rise. The forecast expects housing permits to decline to 39,300 units this year. Housing will be relatively flat for the next two years.

— **Washington Economic and Revenue Forecast**
Office of the Forecast Council
Olympia, Washington

Initial signs of momentum are surfacing. Pending economic development legislation [in **Texas**] should spur long-range expansions.

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

Idaho's manufacturing industries continue to contract as the national economy exhibits only modest growth. The weakness in the state's high-tech industries are not the only area of concern. Cutbacks are

now occurring in Idaho's food processing sector, an industry which had been relatively stable throughout past downturns.

— **John Church**
Idaho Economics
Boise, Idaho

Since 1950, the **Colorado** economy has experienced negative job growth only three times, with 2002 being one of those years. On both of the two previous occasions the economy rebounded the following year with positive job growth. We expect that to happen in 2003.

— **Richard Wobbekind**
University of Colorado
Boulder, Colorado

Nevada's tourism-based economy has showed mixed results most recently. Some indicators reached favorable levels. For example, Nevada gaming revenues for March reached 3.4 percent above year-ago levels, and taxable sales were 4.9 percent above year-ago levels. Still, one month's bump up does not represent a trend. And, as a result, the length of uncertainties at this time constrains the optimism that otherwise might be in place after completion of a short and successful military campaign.

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

The war in Iraq and threats of terrorism clipped **California's** economy in March and April, while the SARS epi-

demic has caused lots of inconvenience but no major dollar losses so far for business. Amidst all the gloom were some pieces of good news, including the strong increases in new housing permits so far this year, as well as hefty import activity. The latter is being boosted by efforts to beat a 50 percent rate increase scheduled for westbound containers May 1. Tourist venues also reported some uptick in reservations after the outcome of the war became clear. However, there was no solution to the state budget crisis, worker's compensation insurance premiums continued to skyrocket, while business is nervously watching the evolution of SARS.

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

A slowing single-family market should benefit the apartment market in Maricopa and Pima counties. Because the apartment market in other [**Arizona**] counties has been largely overlooked, some companies have an increasing interest to develop apartments to supply affordable housing to a growing population. Even with growth, most of these apartment markets are relatively small, so it is difficult to sustain more than one or two projects in a year's time.

— **Jay Q. Butler**
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

	2003 Annual Percent Change, 2003 from 2002					2004 Annual Percent Change, 2004 from 2003				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Source:										
Arizona Public Service	5.6	4.7	2.4	2.6	(5.2)	6.4	5.6	3.4	2.6	1.5
ASU – Bank One EOC	5.3	4.0	2.0	2.3	(4.0)	6.0	5.8	3.1	2.4	(6.0)
CH2M HILL	5.8	4.8	2.4	2.6	(8.0)	6.3	5.6	3.4	2.6	(5.0)
Department of Economic Security	5.7	4.8	1.7	2.3		6.3	6.5	2.4	2.3	
ECON-LINC	5.4	4.4	2.2	2.5	(5.0)	6.4	5.5	3.8	2.6	5.0
Eggert Economic Enterprises Inc.	5.8	4.8	2.5	2.7	(6.0)	6.5	5.7	3.3	2.8	(2.0)
Elliott D. Pollack & Co.	5.8	5.0	2.5	2.7	(10.0)	6.8	5.5	4.0	2.6	(10.0)
H. C. Reardon Economics	5.4	5.0	2.4	2.7	(5.0)	6.7	5.8	3.8	2.7	(5.0)
Helm Financial	5.6	5.0	2.4			6.3	5.5	3.2		
Joint Legislative Budget Committee	5.2	3.5	2.0	2.6	(5.0)	6.0	4.5	3.0	2.6	(5.0)
Lancaster Consulting	5.8	5.0	2.6	2.5	(2.5)	6.2	5.3	2.9	2.6	5.0
The Maguire Company	5.9	5.0	2.7	2.7	(8.0)	6.3	6.0	3.7	2.7	0.0
NAU – BBER	5.7	4.8	2.9	2.4	(5.0)	6.5	5.8	3.4	2.5	0.0
Protitlement	5.8	5.2	2.5	2.7	(10.0)	6.6	5.9	3.8	2.6	(8.0)
Salt River Project	5.5	4.0	2.0	2.8	(3.0)	6.8	6.0	3.5	2.8	0.0
Stellar Capital Management	5.5	4.1	2.0	2.3	(2.5)	6.0	4.9	2.9	2.5	4.0
Tucson Electric Power Co.	4.8	3.3	1.3	2.5	(9.0)					
UA – Eller College	5.7	5.0	1.8	1.9	(6.1)	7.7	6.2	4.1	2.2	(11.6)
VisionEcon	6.0	6.0	3.0	3.1	0.0	5.9	6.1	3.2	2.8	1.0
Wells Fargo & Co.	5.8	4.4	2.4	2.8	(4.0)	6.4	5.3	3.4	2.9	0.8
Consensus Forecast — This Month	5.6	4.6	2.3	2.6	(5.5)	6.4	5.7	3.4	2.6	(2.1)
— Last Month	5.6	4.7	2.3	2.6	(5.0)	6.4	5.6	3.4	2.6	(2.0)

CALIFORNIA

	2003 Annual Percent Change, 2003 from 2002					2004 Annual Percent Change, 2004 from 2003				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Source:										
Anonymous	3.3	3.4	0.7	1.7	(0.1)	5.3	5.6	2.1	1.7	2.9
California State University, Long Beach *	7.3	6.6	1.3	1.6	5.9	6.0	5.8	1.8	1.6	(1.7)
Chapman University	3.6	3.3	1.1	1.6	0.0	5.2	5.1	2.2	1.6	(6.3)
L.A. County Econ. Development Corp.	3.5	2.5	0.7	1.7	15.0	4.7	4.5	1.2	1.7	10.5
Legislative Analyst's Office	4.0	3.9	0.5	1.6	5.0	6.1	6.2	2.4	1.6	5.0
Monroe Consulting	3.6	3.7	0.9	1.7	5.0	5.0	5.5	2.0	1.7	1.0
UCLA — Business Forecasting Project	3.0	3.8	0.7	1.8	8.7	5.3	5.8	2.2	1.6	(10.2)
Wells Fargo & Co.	4.0	3.7	0.9	1.7	2.5	5.3	5.3	2.1	1.8	1.0
Consensus Forecast — This Month	3.6	3.5	0.8	1.7	5.2	5.3	5.4	2.0	1.7	0.6
— Last Month	3.6	3.5	0.8	1.7	3.8	5.3	5.4	2.1	1.7	0.6

*This forecast is for Southern California only

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

COLORADO										
2003 Annual Percent Change, 2003 from 2002						2004 Annual Percent Change, 2004 from 2003				
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.	4.1	1.4	0.9	1.3	(10.3)	3.5	4.0	2.5	1.4	(7.9)
Ctr. for Business and Econ. Forecasting	4.3	3.0	(0.2)	1.3	(12.0)	5.8	4.5	1.5	1.1	(5.0)
Colorado Legislative Council	3.0	2.8	0.5	1.4	(11.3)	5.9	5.2	2.3	1.5	(6.6)
Office of State Planning and Budgeting	3.3	2.7	0.7	1.3	(19.8)	5.7	3.3	2.1	1.4	(3.1)
University of Colorado	4.0	2.9	1.0	1.3	(8.0)	5.5	4.5	2.4	1.4	0.0
Wells Fargo & Co.	4.0	2.4	0.7	1.4	(7.0)	5.1	4.1	2.2	1.4	(2.5)
Xcel Energy	3.5	1.5	1.2	1.0	(2.0)	5.5	3.0	2.0	1.5	5.0
Consensus Forecast — This Month	3.7	2.4	0.7	1.3	(10.1)	5.3	4.1	2.1	1.4	(2.9)
— Last Month	3.9	2.6	0.7	1.3	(9.2)	5.2	4.2	2.2	1.4	(3.4)

IDAHO										
2003 Annual Percent Change, 2003 from 2002						2004 Annual Percent Change, 2004 from 2003				
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	4.4		0.9	1.1	(5.0)	5.8		1.9	1.1	(0.8)
Idaho Economics	4.1		0.5	1.2	(5.0)	5.2		1.1	1.2	(1.0)
Idaho State University	4.0	4.5	2.0	1.2						
Thredgold Economic Associates	4.8	3.7	1.0	1.2	(2.0)	5.5	4.5	2.2	1.1	(1.0)
University of Idaho	3.8	3.0	0.6	1.1		5.0	4.2	1.5	1.1	
Wells Fargo & Co.	4.3	3.8	1.5	1.4	5.0	5.0	4.3	2.0	1.4	5.0
Consensus Forecast — This Month	4.2	3.8	1.1	1.2	(1.8)	5.3	4.3	1.7	1.2	0.6
— Last Month	4.2	3.7	1.0	1.2	(5.5)	5.3	4.3	1.8	1.2	0.6

NEVADA										
2003 Annual Percent Change, 2003 from 2002						2004 Annual Percent Change, 2004 from 2003				
Source:	Current \$ Personal Income	Gross Gaming Revenues	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Gross Gaming Revenues	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Dept. of Empl., Training, and Rehab.	5.0	4.0	2.5	3.5		6.0	4.0	3.3	3.3	
Legis. Counsel Bureau – Fiscal Analysis	5.0	4.9	2.6	3.5	(2.0)	5.5	2.6	3.3	3.5	0.0
Restrepo Consulting Group, LLC	5.0	4.0	3.0	3.3	2.5	5.3	4.0	3.5	3.5	2.8
Thredgold Economic Associates	6.5	2.5	3.2	4.2	3.0	7.0	5.0	4.3	4.8	4.5
Southwest Gas	6.6	3.3	2.8	4.2	2.2	6.9	4.6	3.1	4.7	3.0
Univ. of Nevada at Las Vegas – CBER	5.9	3.1	3.3	3.9	(3.5)					
Wells Fargo & Co.	5.8	3.3	3.0	3.7	1.1	6.4	4.0	3.7	4.0	2.5
Consensus Forecast — This Month	5.7	3.6	2.9	3.8	0.6	6.2	4.0	3.5	4.0	2.6
— Last Month	5.8	3.5	2.9	3.8	0.7	6.3	4.0	3.6	4.0	2.6

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

NEW MEXICO

	2003					2004				
	Annual Percent Change, 2003 from 2002					Annual Percent Change, 2004 from 2003				
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	4.3	-0.4	0.7	1.3	2.3	4.4	0.0	1.1	1.2	1.3
New Mexico Department of Labor		(1.9)	0.9				(1.0)	1.5		
New Mexico State Univ – CEMAF	5.5	(1.5)	1.2			5.2	(1.0)	1.5		
University of New Mexico – BBER	5.4	(1.4)	1.9	1.5	(4.1)	5.1	0.4	1.9	1.5	(3.3)
Wells Fargo & Co.	4.8	(0.2)	1.1	1.2	(2.5)	4.8	0.3	1.6	1.3	1.0
Consensus Forecast — This Month	5.0	(1.1)	1.2	1.3	(1.4)	4.9	(0.3)	1.5	1.3	(0.3)
— Last Month	5.0	(1.0)	1.2	1.3	(1.8)	4.9	(0.1)	1.5	1.3	0.1

OREGON

	2003					2004				
	Annual Percent Change, 2003 from 2002					Annual Percent Change, 2004 from 2003				
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	5.2	0.8	1.0	1.2	(7.1)	6.2	4.2	3.5	1.2	(6.2)
Forefront Economics	5.3	1.8	2.4	1.1	3.5	5.6	2.0	2.8	1.3	5.0
Oregon Executive Department	4.8	0.8	1.0	1.0	1.4	5.6	1.5	2.4	1.3	3.3
Portland General Electric	4.5	0.0	1.0	1.2	5.0	6.0	1.0	2.0	1.3	7.0
Rhodes Econometrics	3.4	1.3	2.2	1.2	2.0	5.3	1.8	2.6	1.3	2.3
Thredgold Economic Associates	4.5	0.0	1.0	1.2	4.5	5.5	2.5	3.0	1.5	5.0
U.S. Bancorp	4.4	1.0	0.6	1.1	(5.0)	5.5	2.5	2.5	1.1	0.0
Wells Fargo & Co.	4.6	1.1	1.7	1.2	1.0	5.6	2.0	2.6	1.2	2.4
Consensus Forecast — This Month	4.6	0.9	1.4	1.2	0.4	5.8	2.2	2.7	1.3	2.1
— Last Month	4.7	1.1	1.5	1.2	0.7	5.8	2.3	2.7	1.3	2.4

TEXAS

	2003					2004				
	Annual Percent Change, 2003 from 2002					Annual Percent Change, 2004 from 2003				
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	5.1	5.0	1.1	1.5	1.0	7.1	6.8	2.5	1.8	2.0
Federal Reserve Bank of Dallas	6.0	6.0	0.5	1.7	(1.5)	7.5	7.0	2.7	1.8	2.5
Ed McClelland	5.8	5.7	1.5	1.7	1.0	6.6	6.4	2.2	1.7	0.7
Perryman Group	5.7	5.8	1.6	1.7	3.7	6.5	6.7	2.1	1.8	(1.1)
TX State Comptroller of Public Accounts	5.2	5.5	1.2	1.7	1.5	6.0	6.2	2.1	1.5	(2.4)
University of Houston – CPP	5.1	4.9	0.9	1.4		6.8	6.9	2.2	1.8	
University of Texas at El Paso	4.6	3.9	0.8	1.6	2.2	5.7	5.8	1.8	1.7	(0.4)
Wells Fargo & Co.	5.6	5.4	1.3	1.7	1.2	6.4	6.3	2.1	1.8	0.4
Consensus Forecast — This Month	5.4	5.3	1.1	1.6	1.3	6.6	6.5	2.2	1.7	0.2
— Last Month	5.4	5.3	1.1	1.6	1.3	6.5	6.5	2.2	1.7	0.3

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

UTAH

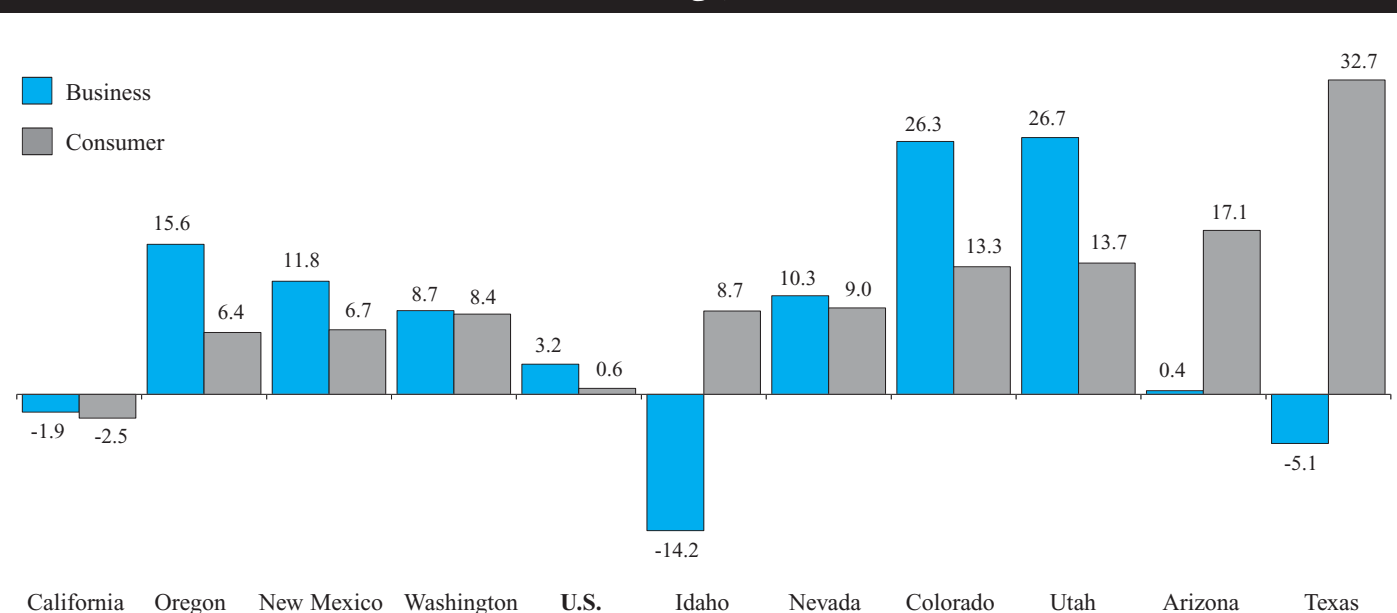
Source:	2003 Annual Percent Change, 2003 from 2002					2004 Annual Percent Change, 2004 from 2003				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Pacificorp	5.3	4.5	2.2	1.7	7.0	4.8	4.2	2.1	1.7	5.0
Thredgold Economic Associates	3.5	2.8	1.0	1.3	(1.0)	5.5	3.5	2.3	1.6	3.0
Utah Dept. of Workforce Services	3.1	2.2	0.7	1.5	(1.0)	4.3	3.5	2.0	1.7	1.5
Utah State Tax Commission	3.6	3.3	0.5	1.6	(3.0)	4.8	4.5	2.0	1.6	0.5
Wells Fargo & Co.	4.0	3.7	1.0	1.6	5.0	4.8	4.3	2.5	1.6	5.0
Consensus Forecast — This Month	3.9	3.3	1.1	1.5	1.4	4.8	4.0	2.2	1.6	3.0
— Last Month	3.8	3.3	1.0	1.5	(1.6)	4.8	4.0	2.2	1.6	3.0

WASHINGTON

Source:	2003 Annual Percent Change, 2003 from 2002					2004 Annual Percent Change, 2004 from 2003				
	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	4.0	3.6	0.3	1.1	6.8	5.6	5.5	2.4	1.2	(5.0)
Dick Conway & Associates	4.2	3.2	0.8	0.9	(7.0)	5.4	5.1	1.8	0.9	(5.0)
Doug Pedersen & Associates	3.7	3.0	0.4	0.8	(1.0)	4.6	5.0	1.6	0.9	(4.0)
Office of Forecast Council *	4.1	3.2	0.6	0.9	(13.1)	5.1	5.6	2.2	1.0	(9.3)
Wells Fargo & Co.	3.8	3.2	0.6	1.2	(4.2)	5.3	4.9	2.1	1.1	(3.0)
Consensus Forecast — This Month	4.0	3.2	0.5	1.0	(3.7)	5.2	5.2	2.0	1.0	(5.3)
— Last Month	4.0	3.3	0.6	1.1	(4.4)	5.3	5.2	2.1	1.1	(5.3)

* Population forecast is from the Office of Financial Management.

BANKRUPTCY FILINGS Percent Change, 2002 vs. 2001



Source: ABI World

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
2002	142,868	128,938	2,264.9	45,425	183.9	55,649	5,468	6.2
% change	4.0	2.9	(0.0)	1.3	(8.8)	9.3	2.8	
2001	137,331	125,304	2,265.0	44,833	201.7	50,930	5,321	4.7
% change	4.8	2.3	1.0	2.0	(3.9)	4.3	2.9	
2000	131,046	122,510	2,242.7	43,940	209.9	48,846	5,169	4.0
% change	9.0	6.7	3.7	7.8	1.2	(5.6)	3.0	
1999	120,264	114,841	2,163.1	40,769	207.5	51,764	5,017	4.4
% change	6.5	5.0	4.3	10.0		1.5	3.2	
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
2002	1,158,679	1,045,698	14,658.1	298,366 †	1,816.0	120,783	35,301	6.4
% change	2.5	1.4	(0.3)	1.5	(4.6)	13.7	1.7	
2001	1,129,868	1,030,914	14,696.6	293,957	1,904.4	106,265	34,698	5.3
% change	2.7	0.2	1.4	2.4	(2.2)	1.6	1.9	
2000	1,100,679	1,028,977	14,488.1	287,068	1,947.8	104,600	34,036	4.9
% change	10.6	8.3	3.5	12.3	1.3	1.8	1.9	
1999	995,326	950,446	13,991.8	255,589	1,923.0	102,750	33,417	5.2
% change	6.8	5.3	2.9	11.4	(1.4)	10.0	1.7	
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
2002	149,958	135,336	2,189.0	52,777	185.6	35,522	4,507	5.3
% change	1.2	0.1	(1.9)	(10.6)	(6.8)	(2.6)	1.7	
2001	148,239	135,256	2,231.9	59,041	199.2	36,477	4,431	3.7
% change	3.6	1.1	0.9	1.8	(3.3)	(3.2)	2.4	
2000	143,043	133,725	2,213.0	58,018	205.9	37,699	4,327	2.7
% change	11.4	9.1	3.8	10.3	0.6	(1.9)		
1999	128,386	122,597	2,131.8	52,609	204.6	38,410	4,056	2.9
% change	8.4	6.9	3.6	9.2	(1.4)	6.4	2.2	
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								

* 2002, 2001 and 2000 based on 2000 Census; 1999 based on 1990 Census.

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
2002	33,605	30,329	566.0	15,736 ††	71.1	10,212	1,341	5.4
% change	3.8	2.7	(0.6)	8.3 **	(5.9)	7.7	1.6	
2001	32,363	29,528	569.4	14,525	75.5	9,483	1,321	5.0
% change	3.8	1.3	1.8	5.6	(2.2)	(6.1)	1.6	
2000	31,177	29,146	559.6	13,755	77.2	10,098	1,300	4.9
% change	7.9	5.6	3.8	4.5	1.2	(3.8)	*	
1999	28,901	27,598	538.9	13,163	76.3	10,497	1,252	5.2
% change	6.8	5.3	3.3	4.8	0.3	2.1	1.7	

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

NEVADA

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Gaming Revenue (millions)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2002	65,596	59,199	1,069.3	32,003 †	9,611 †	27,284	2,173	5.4
%	c	h a	n g	e	3 .	8	2	.
2001	63,200	57,665	1,053.9	31,709 †	9,469	26,981	2,098	5.3
% change	5.1	2.6	2.6	7.7	(1.4)	4.8	3.9	
2000	60,149	56,230	1,026.9	29,454	9,600.3	25,749	2,019	4.1
% change	8.5	6.2	4.5	6.1	6.4	6.0	*	
1999	55,439	52,939	982.9	27,761	9,023.4	24,283	1,809	4.4
%	c	h a	n g	e	6 .	6	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

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
2002	44,412	40,081	762.2	12,212 ††	41.3	10,348	1,855	6.0
% change	5.1	3.9	0.7	(2.6)	(4.1)	15.9	1.3	
2001	42,260	38,559	756.8	12,540	43.1	8,929	1,831	4.8
% change	6.5	3.9	1.6	3.6	(0.4)	11.1	0.5	
2000	39,692	37,107	744.9	12,099	43.2	8,037	1,822	4.9
% change	5.2	3.0	2.1	5.5	1.9	(6.5)	*	
1999	37,725	36,024	729.6	11,466	42.4	8,595	1,740	5.6
% change	2.4	0.9	1.3	2.1	(5.1)	(6.7)	0.4	

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

* 2002, 2001 and 2000 based on 2000 Census; 1999 based on 1990 Census.

** 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
2002	101,176	91,311	1,581.0	226.3	17,977	22,543	3,505	7.4
% change	3.2	2.1	(0.9)	(4.2)	10.9	7.1	1.0	
2001	98,026	89,441	1,596.1	236.2	16,217	21,049	3,472	6.3
% change	2.6	0.2	(0.7)	(3.0)	4.4	6.4	1.0	
2000	95,508	89,286	1,606.8	243.6	15,532	19,785	3,437	4.9
% change	7.2	5.0	2.0	0.6	(6.4)	(14.9)	1.3	
1999	89,080	85,063	1,575.0	242.2	16,595	23,249	3,393	5.7
% change	4.4	3.0	1.5	(1.6)	(2.0)	(10.1)	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
2002	621,832	561,198	9,435.4	314.8 †	1,005.9	120,644	21,780	6.1
% change	2.2	1.1	(0.8)	3.9	(4.9)	8.3	1.9	
2001	608,466	555,176	9,513.1	303.0	1,057.6	111,352	21,371	4.9
% change	3.7	1.2	0.8	1.5	(2.8)	4.5	2.0	
2000	586,587	548,374	9,433.0	298.6	1,088.1	106,601	20,955	4.2
% change	8.7	6.4	3.0	11.5	0.3	4.7	*	
1999	539,527	515,200	9,159.2	267.7	1,084.4	101,848	20,044	4.6
% change	5.4	3.9	2.5	9.5	(2.1)	2.0	1.7	
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
2002	56,299	50,809	1,068.5	18,355	120.1	15,406	2,316	5.2
% change	2.8	1.7	(1.3)	3.6	(5.4)	11.2	1.6	
2001	54,764	49,968	1,082.1	17,709	127.0	13,851	2,279	4.4
% change	4.3	1.8	0.6	2.5	(3.1)	2.9	1.6	
2000	52,518	49,097	1,075.4	17,278	131.1	13,463	2,243	3.2
% change	7.3	5.1	2.6	4.8	(0.7)	(7.5)	*	
1999	48,923	46,717	1,048.6	16,493	132.0	14,561	2,130	3.7
% change	4.6	3.1	2.5	5.3	(0.4)	0.6	1.4	
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								

* 2002, 2001 and 2000 based on 2000 Census; 1999 based on 1990 Census.

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
2002	198,317	178,980	2,646.9	84,895	309.1	33,090	6,069	7.0
% change	3.5	2.4	(1.9)	0.5	(8.7)	17.6	1.3	
2001	191,645	174,860	2,697.8	84,470	338.4	28,137	5,993	6.4
% change	2.6	0.1	(0.5)	(0.3)	(4.2)	3.1	1.4	
2000	186,843	174,671	2,711.3	84,748	353.1	27,283	5,912	5.2
% change	7.3	5.0	2.4	6.4	(3.0)	(7.8)	*	
1999	174,148	166,295	2,648.7	79,684	364.2	29,598	5,756	4.7
% change	6.7	5.2	2.1	7.8	(4.0)	(3.3)	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

* 2002, 2001 and 2000 based on 2000 Census; 1999 based on 1990 Census.

PER CAPITA PERSONAL INCOME Percent Change Over Previous Year

	2000	2001		2000	2001
Albuquerque, NM	5.3	4.8	Tacoma, WA	5.5	0.9
Houston, TX	7.8	4.0	Portland-Salem, OR-WA	6.9	0.7
Los Angeles-Riverside- Orange County, CA	5.9	3.0	Las Vegas, NV-AZ	3.3	0.5
San Diego, CA	8.5	3.0	Seattle-Bellevue-Everett, WA	5.7	0.5
Salt Lake City-Ogden, UT	5.8	2.3	Boise City, ID	8.0	-0.6
Riverside-San Bernardino, CA	5.1	2.0	Dallas, TX	8.0	-1.9
Denver, CO	9.9	1.6	San Francisco-Oakland- San Jose, CA	16.2	-3.0
Phoenix-Mesa, AZ	6.7	1.2	Austin-San Marcos, TX	5.3	-2.1
			United States.....	6.7	2.2

Source: Bureau of Labor Statistics



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* • Laura Carr, *Graphic Designer*



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.

© 2003, 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	Econoclast Dallas, Texas Michael Cosgrove	New Mexico Dept. of Labor Albuquerque, New Mexico Gerry Bradley	Tucson Electric Power Co. Tucson, Arizona Julia Adams
Arizona Department of Economic Security Phoenix, Arizona Donald J. Wehbey	Economic Development Corp. of Los Angeles County Los Angeles, California Jack Kyser	New Mexico State University Las Cruces, New Mexico Chris Erickson	U.S. Bancorp Portland, Oregon John W. Mitchell
Arizona Joint Legislative Budget Committee Phoenix, Arizona Staff	Eggert Economic Enterprises, Inc. Sedona, Arizona Robert J. Eggert, Sr.	Northern Arizona University Flagstaff, Arizona Dennis Foster, Ronald Gunderson & Max Jerrell	UCLA Anderson Forecast Los Angeles, California Tom Lieser
Arizona Public Service Co. Phoenix, Arizona Brian Cary & Pete Ewen	Elliott D. Pollack & Co. Scottsdale, Arizona Elliott Pollack	Office of the Forecast Council Olympia, Washington Chang Mook Sohn	University of Arizona, Eller College Tucson, Arizona Marshall Vest
Arizona State University Tempe, Arizona Tracy Clark	Federal Reserve Bank of Dallas Dallas, Texas Keith R. Phillips	Oregon Executive Department Salem, Oregon Tom Potiowsky	University of Colorado Boulder, Colorado Richard Wobbekind
California Legislative Analyst's Office Sacramento, California Brad Williams	Forefront Economics Beaverton, Oregon Mark Thompson	Pacificorp Salt Lake City, Utah Reed Davis	University of Houston Houston, Texas Barton Smith
California State University Department of Economics Long Beach, California Joseph P. Magaddino	H. C. Reardon Economics Phoenix, Arizona H. C. Reardon	Perryman Group Waco, Texas M. Ray Perryman	University of Idaho Moscow, Idaho Michael DiNoto
Center for Business & Economic Forecasting Denver, Colorado Wilson D. Kendall	Idaho Division of Financial Management Boise, Idaho Michael Ferguson	Portland General Electric Portland, Oregon Ham Nguyen	University of Nevada at Las Vegas Las Vegas, Nevada Keith Schwer
Chapman University Orange, California Esmael Adibi	Idaho Economics Boise, Idaho John Church	Protitlement Scottsdale, Arizona Steve Pritulsky	University of Texas El Paso, Texas Tom Fullerton
Colorado Legislative Council Denver, Colorado Tom Dunn	Idaho State University Pocatello, Idaho Paul Zelus	Restrepo Consulting Group, LLC Las Vegas, Nevada John Restrepo	University of New Mexico Albuquerque, New Mexico Larry Waldman
Colorado Office of Planning & Budgeting Denver, Colorado Julie Hart	Lancaster Consulting Phoenix, Arizona Dwight Duncan	Rhodes Econometrics West Linn, Oregon C. Wesley Rhodes	Utah Dept. of Workforce Services Salt Lake City, Utah Ken Jensen
Conerly Consulting Portland, Oregon Bill Conerly	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
Dick Conway & Associates Seattle, Washington Dick Conway	The Maguire Co. Phoenix, Arizona Alan Maguire	Sierra Pacific Power Co. Reno, Nevada Pete Elkema	VisionEcon Phoenix, Arizona Debra J. Roubik
Doug Pedersen & Associates Seattle, Washington Doug Pedersen	Richardson, Texas Ed McClelland	Stellar Capital Management Phoenix, Arizona Stephen Taddie	Wells Fargo & Co. Minneapolis, Minnesota Scott A. Anderson & Sung Won Sohn
Eastern New Mexico University Portales, New Mexico David Hemley	Metropolitan West Asset Management Phoenix, Arizona Neal Helm	Southwest Gas Corp. Las Vegas, Nevada Jamie Cattanaach	Wells Fargo & Co. Salt Lake City, Utah Kelly K. Matthews
ECON-LINC Phoenix, Arizona John Lucking	Munroe Consulting Moraga, California Tapan Munroe	Texas State Comptroller of Public Accounts Austin, Texas Tamara R. Plaut & Gary Preuss	Xcel Energy Denver, Colorado Tim Sheesley
	Nevada Dept. of Employment, Training & Rehabilitation Carson City, Nevada Peter Janson	Thredgold Economic Associates Salt Lake City, Utah Jeff K. Thredgold	