

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

Nevada, Arizona led the nation in job creation last year

Nevada and Arizona created new jobs faster than all other states in 2004, based on the latest revised figures from the U.S. Bureau of Labor Statistics.

Nevada's nonfarm employment grew by 5.9 percent last year, while jobs in the Grand Canyon State were up by 3.4 percent. Employment nationally grew by 1.1 percent in 2004, according to the BLS.

Florida took third place in the job growth rankings based on the rate of increase, but the Sunshine State led the nation in the absolute number of new jobs created, with 242,900. Nevada added 64,100 new jobs, and Arizona's employment was up by 77,200 [see table].

Western states accounted for six of the top 10 states with the fastest job growth, as Montana, Utah, Idaho, and Wyoming all posted gains of more than 2.0 percent.

NEVADA GROWTH SOARS

Although the leisure/hospitality sector is one of the most important components of the Nevada economy (accounting for one out of four jobs), the Silver State ranked a modest 13th among all states in the rate of expansion in this sector in 2004.

Meanwhile, growth soared in practically every other industry in the state. Nevada was one of the only a handful of states to add manufacturing jobs, for example, ranking first in the nation with gains of 5.0 percent.

Construction was the fastest-growing sector nationally, up by 3.4 percent last year. But again, Nevada led the country in the rate of growth of new construction jobs, with a sizzling 16.5 percent increase. Nevada also ranked first in the rate of increase in trade, finance, professional and business services, education and health, other services, and government.

Arizona was runner-up to Nevada in

two sector categories, trade and education/health services, ranking second nationally in the rate of increase of new jobs.

Arizona also ranked among the top 10 states in the rate of growth of finance jobs (sixth place and 2.4 percent growth), construction jobs (eighth place, with 7.7 percent growth), and leisure/hospitality (ninth place and 3.6 percent growth).

Nevada is a repeat winner of the job growth derby, having ranked first in overall job growth in 2003 as well, and Arizona was also among the top five (ranking 4th) in that year. But several Western states made some notable gains in 2004 compared to 2003.

SOME JOB LOSSES REVERSED

Oregon, for one, lost jobs for three consecutive years 2001–2003, finally recording gains of 2.0 percent in 2004 to rocket up from 38th place to a ranking of 11th among all states in employment gains. Colorado, after losing jobs in 2002 and 2003, grew by 1.3 percent in 2004, a strong enough recovery to rank 20th among all states in a weak

job growth year for the nation.

California, with employment up by 1.0 percent in 2004, also reversed a two-year pattern of job losses.

Three states lost nonfarm jobs last year, according to the revised BLS figures [see the National Roundup, page 2].

THE CURRENT YEAR

This year is not expected to bring stellar job creation at the national level, although most analysts are projecting an improvement over 2004 performance. First quarter gains over the year are in the 1.6 percent range for the economy as a whole.

Nevada's labor markets have continued red hot, with over-the-year employment up by more than 6.5 percent in 2005, keeping the Silver State solidly in first place among all states for job creation.

Arizona retains its second-place position, with job growth topping 4.0 percent so far this year.

— Lee McPheters

NONFARM EMPLOYMENT STATES: TOP 10 FOR 2004

State	Rank 2004	Percent Change	Thousands of Jobs	
			Job Growth	Employment 2004
Nevada	1	5.9	64.1	1,152.4
Arizona	2	3.4	77.2	2,373.5
Florida	3	3.4	242.	97,504.0
Montana	4	2.8	11.3	412.0
Utah	5	2.7	29.1	1,103.2
Idaho	6	2.6	14.9	586.9
Hawaii	7	2.6	14.7	582.3
Virginia	8	2.5	86.9	3,584.3
Delaware	9	2.3	9.6	424.1
Wyoming	10	2.2	5.4	255.4

Source: U. S. Bureau of Labor Statistics

NATIONAL ROUNDUP

U.S. JOB GROWTH



% Change: Jan. 2005 vs. Jan. 2004

Nonfarm	1.6
Goods-Producing	1.3
Construction	3.7
Manufacturing	0.1
Service-Providing	1.7
Transportation, Warehousing & Utilities	2.5
Trade	0.9
Information	-0.6
Financial Activities	2.0
Professional & Business Services ..	3.4
Educational & Health Services	2.4
Leisure & Hospitality	2.2
Government	0.9

Source: U.S. Bureau of Labor Statistics

U.S. REAL ESTATE



Residential Building Permits Feb. 2005 vs. Feb. 2004

	Total Residential	Single- family	Multi- family
2004	145,426	112,999	32,427
2003	134,681	106,131	28,550
% Δ	8.0	6.5	13.6

Source: U.S. Department of Commerce

U.S. FORECASTS



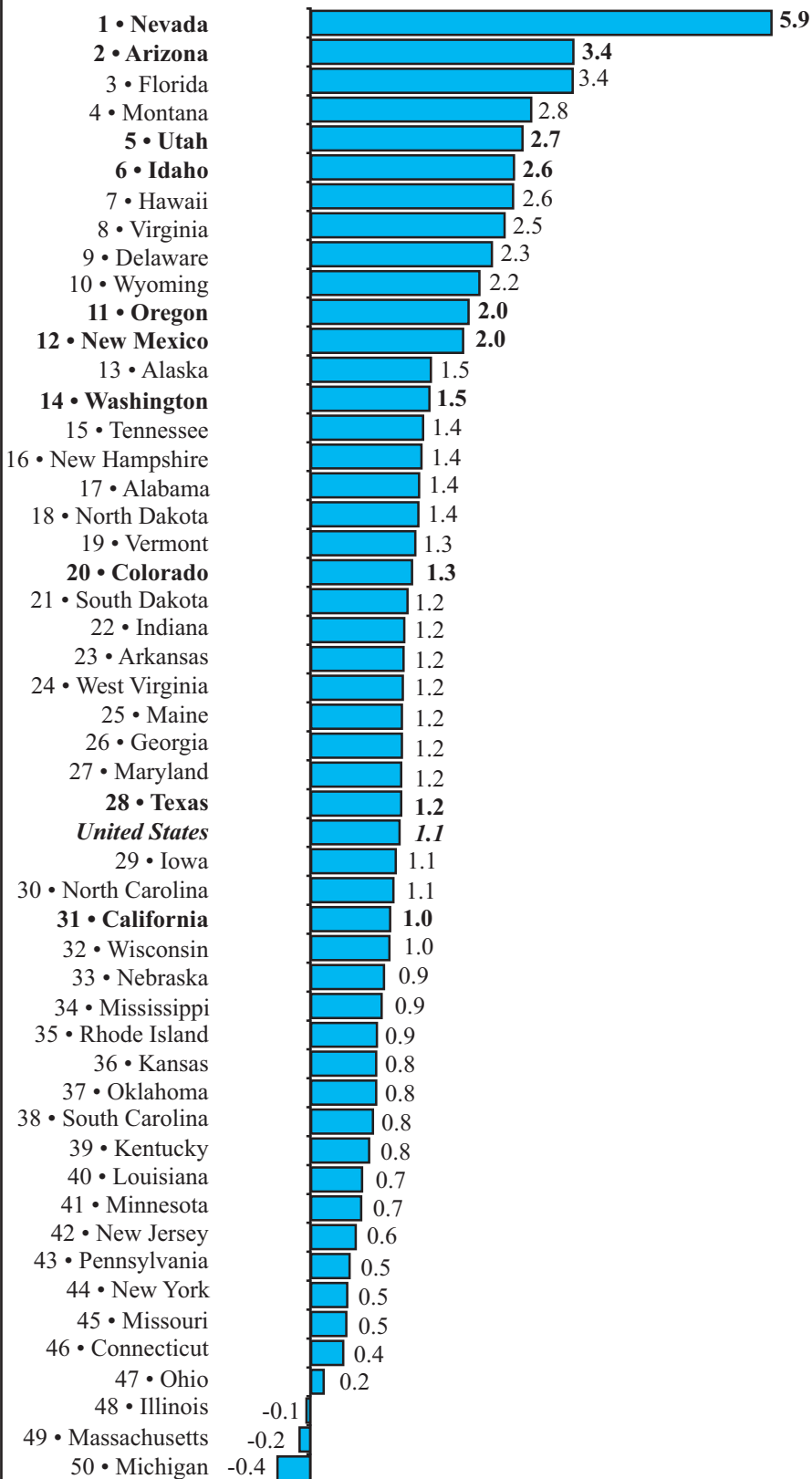
Percent Change

	2005	2006
Real GDP (Chain)	3.7	3.1
CPI	2.2	1.7
GDP Deflator (Chain) ..	2.1	1.9

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

GROWTH IN NONFARM EMPLOYMENT

2004



Source: Bureau of Labor Statistics, benchmarked March 2005

SUMMARY

WESTERN BLUE CHIP ECONOMIC FORECAST

State:	2005 Annual Percent Change, 2005 from 2004					2006 Annual Percent Change, 2006 from 2005				
	Current \$ Personal Income	Real Personal Income	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Real Personal Income	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Arizona	7.5	5.6 ↑	3.9	3.0	(2.7)	7.4	5.6 ↑	3.8	2.9	(3.3)
California	5.4 ↑	3.5 ↑	1.7 ↓	1.5 ↓	(3.9)↓	5.4 ↑	3.7 ↑	1.6 ↑	1.5 ↓	(4.3)↑
Colorado	5.5 ↑	3.6 ↑	2.4 ↑	1.3 ↓	(4.3)↓	5.7	3.9 ↑	2.4 ↑	1.4 ↑	(1.5)↑
Idaho	5.5	3.6 ↑	2.1 ↑	1.4 ↑	(1.5)	5.4	3.6 ↑	2.0	1.5 ↑	(2.9)
Nevada	7.6 ↑	5.7 ↑	4.4 ↑	3.8 ↓	(1.6)↓	7.8 ↑	6.0 ↑	4.2 ↑	3.7 ↓	1.7
New Mexico	5.4 ↑	3.5 ↑	2.0 ↓	1.5	(0.7)↓	5.4 ↑	3.6 ↑	2.0 ↓	1.5	(1.2)↓
Oregon	5.8 ↑	3.9 ↑	2.3 ↑	1.3	(0.5)↑	5.7 ↓	3.9 ↑	2.0 ↓	1.1 ↓	(0.3)↓
Texas	6.1 ↓	4.2 ↑	1.9 ↓	1.7	(0.7)↑	5.9	4.2 ↑	2.0 ↓	1.8	(2.5)↓
Utah	6.0 ↑	4.2 ↑	2.7 ↑	2.0 ↑	1.0 ↑	5.7 ↑	4.0 ↑	2.7 ↑	2.0 ↑	(0.7)
Washington	6.7 ↑	4.8 ↑	2.4	1.4	(5.2)↓	5.6 ↑	3.8 ↑	2.1	1.4	(6.1)

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

Forecast notes from the Western region...

We have raised [**Nevada's**] personal income, gaming revenue and employment growth forecasts. Last's year's scorching pace of residential construction, new records in several tourism categories and increased mining activity due to high commodity prices have heightened our optimism. The opening of the Wynn Las Vegas resort in late April, in addition to providing thousands of new jobs, will provide one more reason (as if there weren't enough already) to visit Las Vegas.

— *Nevada Dept. of Employment
Training and Rehabilitation
Carson City, Nevada*

The revenue numbers from [**Utah's**] January economy indicate that while sales taxes continued to grow in the 8 percent range, withholding taxes fell to only a 1 percent growth rate. Moderation is expected in late 2005 and early 2006 as housing permits level off and even fall relative to 2004. But we have been pleasantly surprised before as the housing boom continues to march on due to low rates and a burgeoning echo baby boom which is now forming new households and spreading its consumer wings.

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

The special \$3 Microsoft dividend paid in December boosted **Washington** personal income considerably in 2004. The absence of that income in 2005 will reduce the growth rate of personal

income by nearly 3 percentage points this year. Without the dividend, our forecast for this year would have been 6.2 percent rather than 3.4 percent.

— *Office of the Forecast Council
Olympia, Washington*

New Mexico is in the midst of a construction boom. Construction employment increased 6.7 percent in 2004, and is expected to increase 4.4 percent in 2005. Although housing has remained moderately strong, the major part of the activity is non-residential. Other major job contributors are health care & social assistance, and government. Many of the new government jobs are in Native American enterprise, mainly casinos and resorts.

— **Larry Waldman**
*University of New Mexico
Albuquerque, New Mexico*

The state's business community has felt the sting of high gas and diesel prices, and has taken steps to ease the pain. Government agencies have also been squeezed, but it would be hard for them to impose a "fuel surcharge." Worse yet, the southern half of the state has been warned that there could be electric power shortages if there is a warmer than normal summer. These forces have the potential to retard economic growth. In the meantime,

California's resale housing market rumbles upward, although there are many signs of prices softening, especially in the

high-end market. However, attention has to be paid to the nonresidential real estate sector, as investors fret about the large amount of money chasing a shrinking pool of good assets. Cap rates have come down, and some recent buyers may have to hold on to their purchasers for longer than planned.

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

The **Colorado** unemployment rate—the most heavily weighted component of the Vectra Bank Colorado Small Business Index for Colorado—was estimated at 4.9 percent in the most recent month, down from the prior month's 5.4 percent rate, and down sharply from the 5.8 percent rate of 12 months ago. A lower Colorado jobless rate is a negative contributor to the Index, as it suggests lesser access to labor for small businesses.

Revised data now indicates the state's unemployment rate averaged 5.5 percent in 2004, 6.2 percent in 2003, 5.9 percent in 2002, and 3.7 percent during 2001. The Colorado unemployment rate averaged 2.8 percent during calendar year 2000, the lowest average annual rate on record. Colorado's unemployment rate averaged 3.3 percent during 1997-99 and 4.9 percent during the period 1990-1996.

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

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

Methodology

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

from an individual forecaster.

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

first day of that month.

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

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

CALIFORNIA										
2005 Annual Percent Change, 2005 from 2004						2006 Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Anonymous	5.8	5.7	1.8	1.7	(5.1)	6.0	5.6	1.8	1.7	(0.3)
California State University, Long Beach *	7.0	6.2	2.3	1.8	(2.9)					
Capital Corporation of the West	5.5	5.3	1.9	1.5	(1.8)					
Chapman University	5.0	4.9	1.2	1.5	(8.9)	4.6	4.2	1.0	1.4	(7.5)
L.A. County Economic Development Corp.	6.0	5.9	1.7	1.4	(2.7)	5.8	5.8	1.6	1.4	(1.5)
Legislative Analyst's Office	5.5	5.6	1.3	1.4	(3.5)	5.6	5.4	1.4	1.4	(5.0)
UCLA - Business Forecasting Project	4.9	4.8	1.5	1.5	(7.5)	4.8	5.1	1.2	1.5	(8.7)
University of the Pacific	5.3	2.4	2.3	1.6	2.0	5.8	3.4	2.7	1.6	(2.9)
Wells Fargo & Co.	5.3	5.0	1.5	1.3	(4.0)	5.4	4.6	1.6	1.3	(4.0)
Consensus Forecast — This Month	5.4	5.0	1.7	1.5	(3.9)	5.4	4.9	1.6	1.5	(4.3)
— Last Month	5.4	5.0	1.8	1.6	(3.6)	5.4	5.0	1.5	1.5	(4.4)

*This forecast is for Southern California only

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

COLORADO										
2005 Annual Percent Change, 2005 from 2004						2006 Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
The Adams Group, Inc.	5.3	4.9	2.5	1.4	(12.3)	4.5	3.5	2.1	1.4	(9.5)
Ctr. for Business and Econ. Forecasting	6.4	6.5	2.6	1.4	(8.0)	6.5	6.6	2.6	1.7	0.0
Colorado Legislative Council	5.8	5.8	2.5	1.4	(12.4)	6.2	6.0	2.7	1.6	(3.9)
David Hemley	4.4	4.1	1.7	1.1	0.0	4.7	4.3	1.7	1.5	0.0
Office of State Planning and Budgeting	5.2	5.8	2.3	1.2	(7.1)	6.6	5.3	2.8	1.3	(1.1)
University of Colorado	5.2	5.7	2.0	1.2	0.0	5.5	6.0	2.3	1.3	5.0
Wells Fargo & Co.	5.5	4.7	2.7	1.4	(1.5)	5.6	4.6	2.3	1.3	(1.0)
Xcel Energy	6.0	4.5	2.8	1.5	7.0					
Consensus Forecast — This Month	5.5	5.3	2.4	1.3	(4.3)	5.7	5.2	2.4	1.4	(1.5)
— Last Month	5.4	5.1	2.4	1.3	(3.8)	5.7	5.2	2.3	1.4	(1.8)

IDAHO										
2005 Annual Percent Change, 2005 from 2004						2006 Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Idaho Div. of Financial Management	5.1		1.6	1.5	(2.5)	5.5		1.8	1.5	(7.8)
Idaho Economics	5.7		2.0	1.6	0.0	5.8		2.2	1.6	(5.0)
Idaho State University	5.4	4.2	1.8	1.3	0.0	4.5	3.8	1.4	1.4	2.0
Thredgold Economic Associates	5.7	4.9	2.4	1.4	0.0	5.5	4.7	2.2	1.5	(3.5)
Wells Fargo & Co.	5.6	4.5	2.5	1.3	(5.0)	5.6	4.8	2.5	1.3	0.0
Consensus Forecast — This Month	5.5	4.5	2.1	1.4	(1.5)	5.4	4.4	2.0	1.5	(2.9)
— Last Month	5.5	4.5	2.0	1.4	(1.5)	5.4	4.4	2.0	1.4	(2.9)

NEVADA										
2005 Annual Percent Change, 2005 from 2004						2006 Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Gross Gaming Revenues	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Gross Gaming Revenues	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Dept. of Empl., Training, and Rehab.	9.9	5.8	5.8	3.2		9.0	5.3	5.3	3.0	
Legis. Counsel Bureau - Fiscal Analysis	7.2	4.5	3.7	3.5	(2.5)					
Restrepo Consulting Group, LLC	5.0	3.0	3.5	3.5	3.0					
Thredgold Economic Associates	7.8		4.1	4.0	2.5	7.6		3.5	3.7	0.5
Southwest Gas	8.7	9.2	4.6	4.5	(2.1)	8.5	8.1	4.4	4.3	1.1
Univ. of Nevada at Las Vegas - CBER	7.3	3.9	4.7	4.1	(11.1)	7.2	3.7	4.1	3.8	4.5
Wells Fargo & Co.	7.3	5.9	4.5	4.0	0.5	6.9	5.4	3.7	3.9	0.7
Consensus Forecast — This Month	7.6	5.4	4.4	3.8	(1.6)	7.8	5.6	4.2	3.7	1.7
— Last Month	7.2	5.1	4.2	3.9	(1.5)	7.3	5.2	3.9	3.8	1.7

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

NEW MEXICO

	2005					2006				
	Annual Percent Change, 2005 from 2004					Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Mfg. Employ- ment	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Mfg. Employ- ment	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Eastern New Mexico University	4.9	0.5	1.6	1.2	0.0	5.1	0.9	1.7	1.3	0.0
New Mexico Department of Labor		0.5	1.9				1.3	2.0		
New Mexico State Univ - CEMAF	5.0	0.5	1.4			5.2	1.0	1.6		
Public Service New Mexico	5.3	1.0	2.1	1.5	0.5					
University of New Mexico - BBER	5.8	1.8	2.3		(3.2)	5.9	2.8	2.3		(3.5)
Wells Fargo & Co.	6.0	1.9	2.9	1.8	0.0	5.3	1.6	2.4	1.7	(0.2)
Consensus Forecast — This Month	5.4	1.0	2.0	1.5	(0.7)	5.4	1.5	2.0	1.5	(1.2)
— Last Month	5.3	1.3	2.1	1.5	(0.0)	5.3	2.1	2.0	1.5	(0.7)

OREGON

	2005					2006				
	Annual Percent Change, 2005 from 2004					Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Mfg. Employ- ment	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Mfg. Employ- ment	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Conerly Consulting	6.0	2.7	3.4	1.3	(6.1)	5.7	1.0	2.5	1.4	(5.0)
Forefront Economics	5.7	1.8	1.9	1.2	3.8	5.7	1.5	2.0	1.2	4.1
Oregon Executive Department	5.8	1.2	2.1	1.2	(3.7)	5.9	0.3	1.7	1.2	(1.8)
Portland General Electric	6.2	2.0	2.5	1.4	5.0	5.7	1.0	2.0	1.3	0.0
Rhodes Econometrics	5.3	2.4	1.6	1.2	2.2	5.1	1.9	1.6	0.2	2.0
Thredgold Economic Associates	5.4	1.2	2.4	1.5	1.5					
U.S. Bancorp	5.8	2.0	2.4	1.2	(5.0)	6.2	2.0	2.5	1.2	0.0
Wells Fargo & Co.	5.8	1.0	2.4	1.4	(1.4)	5.3	0.9	1.8	1.3	(1.5)
Consensus Forecast — This Month	5.8	1.8	2.3	1.3	(0.5)	5.7	1.2	2.0	1.1	(0.3)
— Last Month	5.6	1.7	2.3	1.3	(0.7)	5.7	1.3	2.1	1.1	0.0

TEXAS

	2005					2006				
	Annual Percent Change, 2005 from 2004					Annual Percent Change, 2006 from 2005				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Econoclast	6.3	6.3	2.0	1.8	1.1	5.7	5.5	1.7	1.7	(3.8)
Federal Reserve Bank of Dallas	6.6	6.0	1.8	1.8	(2.0)	6.4	6.4	2.2	1.9	2.0
David Hemley	5.8	5.7	2.1	1.6	0.3	5.8	5.6	2.1	1.5	0.0
Perryman Group	6.5	6.6	2.2	1.8	1.3					
TX State Comptroller of Public Accounts	5.5	5.5	1.6	1.7	(3.9)	5.5	4.7	2.0	1.8	(9.6)
University of Houston - CPP	6.4	6.5	2.1	1.9	(5.9)	6.7	6.6	2.3	2.1	(6.5)
University of North Texas	5.1	5.2	1.2	1.4	1.0	5.5	5.0	1.5	1.3	1.1
University of Texas at El Paso	6.1	6.8	1.5	1.8	2.8	6.0	6.0	1.8	1.8	(2.0)
Wells Fargo & Co.	6.2	6.3	2.2	1.9	(1.0)	5.9	6.1	2.4	1.9	(1.2)
Consensus Forecast — This Month	6.1	6.1	1.9	1.7	(0.7)	5.9	5.7	2.0	1.8	(2.5)
— Last Month	6.1	6.1	1.9	1.7	(1.2)	5.9	5.8	2.0	1.8	(2.4)

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

UTAH

Source:	2005 Annual Percent Change, 2005 from 2004					2006 Annual Percent Change, 2006 from 2005				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Pacificorp	7.0	5.5	2.2	1.8	5.0					
Thredgold Economic Associates	5.6	5.1	2.5	1.8	3.5	5.7	5.4	2.4	1.8	0.0
Utah Dept. of Workforce Services										
Utah State Tax Commission	6.0	5.6	3.2	2.5	0.0	6.0	4.2	3.0	2.3	(2.0)
Wells Fargo & Co.	5.5	5.8	2.8	2.0	(4.7)	5.5	5.5	2.7	2.0	0.0
Consensus Forecast — This Month	6.0	5.5	2.7	2.0	1.0	5.7	5.0	2.7	2.0	(0.7)
— Last Month	5.5	4.9	2.5	1.9	0.3	5.3	4.8	2.5	2.0	(0.7)

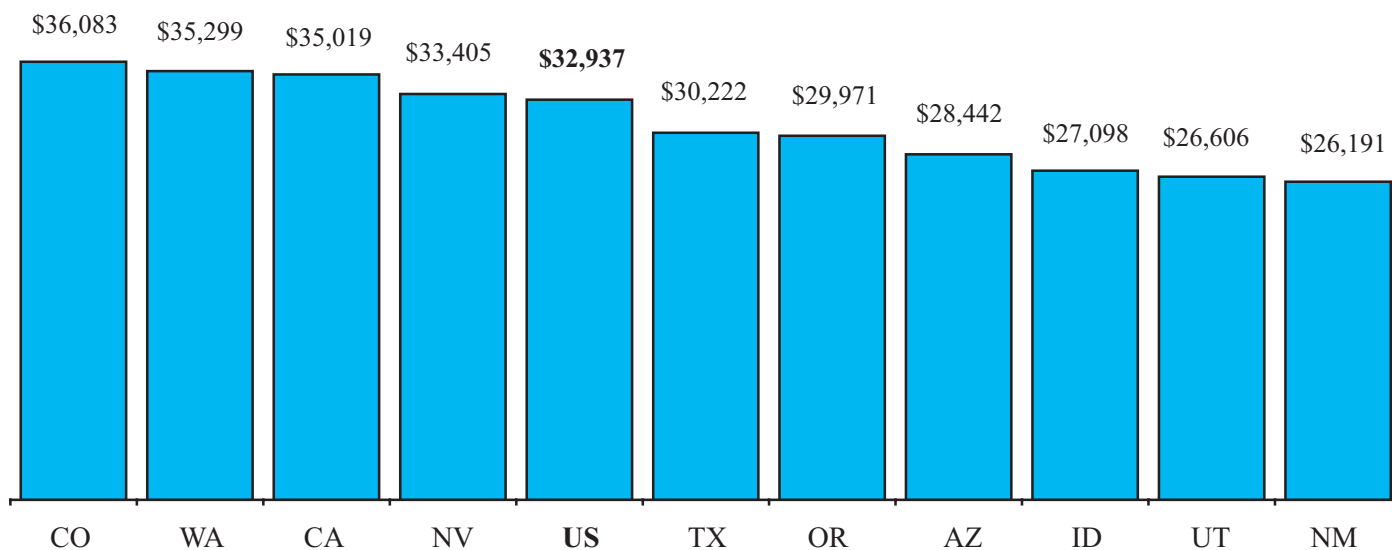
WASHINGTON

Source:	2005 Annual Percent Change, 2005 from 2004					2006 Annual Percent Change, 2006 from 2005				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Conerly Consulting	12.7	4.2	2.3	1.5	(6.0)	5.7	4.8	2.5	1.5	(7.6)
Dick Conway & Associates	5.7	6.0	2.3	1.3	(3.0)	5.5	5.0	1.8	1.4	(5.0)
Doug Pedersen & Associates	5.7	6.2	2.3	1.3	(1.5)	5.6	5.2	2.1	1.4	(3.5)
Office of Forecast Council *	3.4	5.4	2.1	1.4	(12.6)	5.9	5.0	1.8	1.5	(10.4)
Wells Fargo & Co.	5.9	5.9	2.8	1.4	(3.0)	5.2	5.5	2.3	1.3	(4.0)
Consensus Forecast — This Month	6.7	5.5	2.4	1.4	(5.2)	5.6	5.1	2.1	1.4	(6.1)
— Last Month	5.1	5.4	2.4	1.4	(5.1)	5.5	5.1	2.1	1.4	(6.1)

* Population forecast is from the Office of Financial Management.

PER CAPITA PERSONAL INCOME

2004



Source: U.S. 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
2004	163,365	150,359	2,373.5	51,357	175.8	69,339 †	5,744	4.8
% change	7.5	4.9	3.4	7.4	0.3	8.1	3.0	
2003	151,933	143,333	2,296.3	47,818	175.3	64,143	5,579	5.6
% change	4.7	2.8	1.4	5.3	(4.5)	15.3	2.6	
2002	145,114	139,399	2,265.1	45,425	183.5	55,649	5,439	6.2
% change	4.5	2.8	0.0	1.3	(9.0)	9.3	2.7	
2001	138,854	135,599	2,265.0	44,833	201.7	50,930	5,297	4.7
% change	4.7	2.3	1.0	2.0	(3.9)	4.3	2.5	
Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Arizona Department of Economic Security; Retail Sales – Arizona Department of Revenue; Manufacturing Employment – Arizona Department of Economic Security; Housing Permits – Arizona Real Estate Center; Population – Center for Business Research; Unemployment Rate – Arizona Department of Economic Security. † Consensus †† Estimate								

CALIFORNIA

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2004	1,256,959	1,156,888	14,538.8	328,084 †	1532.7	150,710	35,894	6.1
% change	6.1	3.5	1.0	5.2	(1.0)	7.3	1.2	
2003	1,184,997	1,117,922	14,392.3	311,867 †	1,547.9	140,512	35,463	6.7
% change	3.1	1.3	(0.5)	3.4	(5.5)	16.3	1.4	
2002	1,149,183	1,103,922	14,457.8	301,612	1,638.2	120,783	34,988	6.7
% change	1.2	(0.4)	(1.0)	2.6	(8.3)	13.7	1.3	
2001	1,135,304	1,108,695	14,601.9	293,957	1,785.6	106,265	34,532	5.4
% change	2.9	0.4	0.8	2.4	(3.9)	1.6	1.6	
Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Bureau of Labor Statistics; Taxable Sales – California Board of Equalization; Manufacturing Employment – Bureau of Labor Statistics; Housing Permits – Construction Industry Research Board; Population – California Department of Finance; Unemployment Rate – California Department of Finance. † Consensus †† Estimate								

COLORADO

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2004	165,943	152,731	2,178.9	54,858 †	154.6	38,164	4,601	5.1
% change	5.6	3.0	1.3	4.0	(0.9)	14.2	1.2	
2003	157,171	148,275	2,151.3	52,748	156.0	33,428	4,548	6.0
% change	2.1	0.3	(1.4)	(0.3)	(6.1)	(5.9)	1.1	
2002	153,962	147,898	2,182.5	52,888	166.1	35,522	4,498	5.7
% change	0.8	(0.8)	(1.9)	(10.4)	(8.7)	(2.6)	1.6	
2001	152,700	149,121	2,225.4	59,041	181.9	36,477	4,427	3.7
% change	5.8	3.3	0.6	1.8	(4.9)	(3.2)	2.3	
Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Colorado Department of Labor and Employment; Retail Trade Sales – Colorado Department of Revenue; Manufacturing Employment – Colorado Department of Labor and Employment; Housing Permits – U.S. Bureau of the Census; Population – U.S. Bureau of the Census; Unemployment Rate – Colorado Department of Labor and Employment. † Consensus †† Estimate								

HISTORICAL DATA

WESTERN BLUE CHIP ECONOMIC FORECAST

IDAHO

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2004	37,755	34,749	586.9	16,797 †	61.5	14,650	1,393	4.8
% change	6.6	4.0	2.6	4.6	(0.8)	17.8	1.9	
2003	35,409	33,405	572.0	16,059	62.0	12,432	1,367	5.4
% change	3.0	1.1	0.7	2.1	(4.5)	21.7	1.8	
2002	34,381	33,027	568.2	15,736	64.9	10,212	1,343	5.8
% change	4.0	2.3	0.1	8.3	(5.0)	7.7	1.7	
2001	33,054	32,279	567.7	14,525	68.3	9,483	1,321	5.0
% change	5.6	3.2	1.5	5.6	(2.3)	(6.1)	1.7	
Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Idaho Department of Employment; Retail Sales – Idaho State Tax Commission; Manufacturing Employment – Idaho Department of Employment; Housing Permits – First Security Bank; Population – U.S. Bureau of the Census; Unemployment Rate – Idaho Department of Employment. † Consensus †† Estimate								

NEVADA

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Gaming Revenue (millions)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2004	77,994	71,785	1,152.4	41,087	10,058.4 †	38,817	2,335	4.1
% change	9.0	6.3	5.9	16.0	4.5	17.5	4.1	
2003	71,549	67,499	1,088.3	35,426	9,625.3	33,033	2,242	5.2
% change	6.9	5.0	3.5	9.3	1.9	21.1	3.4	
2002	66,904	64,269	1,052.0	32,410	9,447.4	27,284	2,168	5.5
% change	3.9	2.2	0.1	3.0	(0.3)	1.1	3.5	
2001	64,367	62,859	1,051.4	31,469	9,471.6	26,981	2,095	5.3
% change	4.8	2.3	2.4	2.8	(1.3)	4.8	3.8	
Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Nevada Department of Employment, Training and Rehabilitation; Retail Sales – Nevada Department of Taxation; Gross Gaming Revenue – Nevada State Gaming Control Board; Housing Permits – U.S. Bureau of the Census; Population – U.S. Bureau of the Census; Unemployment Rate – Nevada Department of Employment, Training and Rehabilitation. † Consensus †† Estimate N/A - not yet available								

NEW MEXICO

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2004	49,849	45,881	790.7	12,312	35.9	11,743	1,903	5.4
% change	6.2	3.6	1.9		(1.6)	(0.7)	1.3	
2003	46,955	44,298	775.6	11,702	36.5	11,829	1,879	6.4
% change	4.5	2.6	1.2	**	(4.9)	14.3	1.3	
2002	44,946	43,175	766.1	12,708	38.4	10,348	1,855	5.4
% change	1.8	0.2	1.2	1.3	(6.1)	15.9	1.2	
2001	44,138	43,104	757.2	12,540	40.9	8,929	1,832	4.8
% change	9.5	6.9	1.7	3.6	(1.9)	11.1	0.6	
Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – New Mexico Department of Labor; Retail Sales – New Mexico Department of Taxation & Revenue; Manufacturing Employment – New Mexico Department of Labor; Housing Permits – U.S. Bureau of the Census; Population – U.S. Bureau of the Census; Unemployment Rate – New Mexico Department of Labor. † Consensus †† Estimate N/A - not yet available								

** Due to a change in the manner of calculation, it may not be appropriate to compare 2003 retail sales with previous years.

HISTORICAL DATA

WESTERN BLUE CHIP ECONOMIC FORECAST

OREGON

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Manufacturing Employment (thousands)	Single-family Permits (number)	Housing Permits (number)	Population (thousands)	Unem- ployment Rate
2004	107,732	99,155	1,593.7	199.5	21,372	28,000	3,595	7.1
% change	5.2	2.6	2.0	2.3	13.7	7.3	0.8	
2003	102,419	96,622	1,562.2	194.9	18,799	26,103	3,564	8.2
% change	2.1	0.3	(0.7)	(3.3)	4.6	15.8	1.2	
2002	100,286	96,336	1,572.5	201.6	17,977	22,543	3,523	7.5
% change	1.3	(0.4)	(1.3)	(6.5)	10.9	7.1	1.4	
2001	99,020	96,699	1,593.6	215.7	16,217	21,049	3,474	6.3
% change	2.7	0.3	(0.8)	(4.1)	4.4	6.4	1.3	
Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Oregon Employment Division; Manufacturing Employment – Oregon Employment Division; Single-family Permits – U.S. Bureau of the Census; Housing Permits – U.S. Bureau of the Census; Population – Portland State University; Unemployment Rate – Oregon Employment Division. † Consensus †† Estimate								

TEXAS

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (billions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2004	679,683	625,571	9,478.3	339.7 †	889.5	141,810	22,490	5.9
% change	5.8	3.2	1.2	5.9	(1.2)	6.6	1.7	
2003	642,630	606,255	9,370.0	320.7	900.0	133,077	22,103	6.8
% change	3.0	1.2	(0.6)	3.9	(5.1)	10.3	1.7	
2002	623,914	599,341	9,422.9	296.0	948.7	120,644	21,723	6.3
% change	0.7	(1.0)	(1.0)	3.9	(7.6)	8.3	1.8	
2001	619,642	605,119	9,518.4	305.8	1,026.8	111,352	21,335	4.8
% change	4.5	2.0	0.9	2.4	(3.9)	4.5	1.8	
Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Texas Employment Commission; Gross Retail Sales – Texas State Comptroller of Public Accounts; Manufacturing Employment – Texas Employment Commission; Housing Permits – U.S. Bureau of the Census; Population – U.S. Bureau of the Census; Unemployment Rate – Texas Employment Commission. † Consensus †† Estimate								

UTAH

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2004	63,562	58,502	1,103.2	19,697 †	114.9	19,899	2,389	4.7
% change	6.4	3.8	2.7	5.1	2.3	10.6	1.6	
2003	59,761	56,378	1,074.1	18,741	112.3	17,995	2,352	5.6
% change	2.9	1.0	0.1	2.1	(1.4)	16.8	1.4	
2002	58,089	55,802	1,073.4	18,356	113.9	15,406	2,320	6.1
% change	2.6	1.0	(0.7)	3.4	(6.6)	11.2	1.7	
2001	56,594	55,267	1,081.3	17,748	122.0	13,851	2,281	4.4
% change	5.7	3.2	0.5	2.7	(2.8)	2.9	1.7	
Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Utah Department of Workforce Services; Retail Sales – Utah State Tax Commission; Manufacturing Employment – Utah Department of Workforce Services; Housing Permits – University of Utah; Population – U.S. Bureau of the Census; Unemployment Rate – Utah Department of Workforce Services. † Consensus †† Estimate								

HISTORICAL DATA

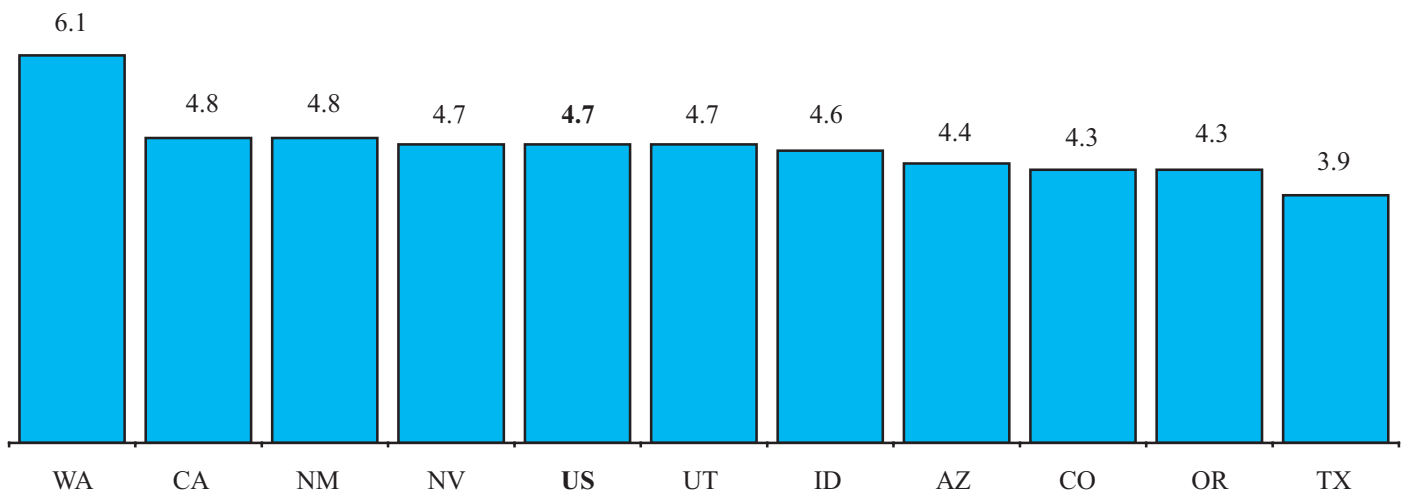
WESTERN BLUE CHIP ECONOMIC FORECAST

WASHINGTON

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2004	218,987	201,553	2,698.2	92,661 †	263.5	36,815	6,204	6.1
% change	7.4	4.8	1.5	5.7	(1.3)	6.8	1.2	
2003	203,890	192,349	2,657.8	87,664	267.1	34,480	6,131	7.5
% change	2.8	0.9	0.1	2.8	(6.3)	4.2	1.1	
2002	198,371	190,558	2,654.1	85,284	285.0	33,090	6,067	7.3
% change	2.5	0.8	(1.6)	0.6	(9.8)	17.6	1.2	
2001	193,498	188,963	2,697.0	84,785	316.1	28,137	5,993	6.4
% change	3.0	0.6	(0.5)	(0.5)	(4.7)	3.1	1.4	

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

PER CAPITA PERSONAL INCOME Percent Change, 2004 vs. 2003



Source: U.S. Bureau of Economic Analysis



WESTERN BLUE CHIP ECONOMIC FORECAST

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