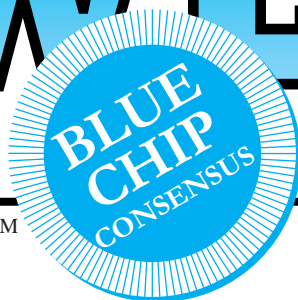


WESTERN



BLUE CHIP ECONOMIC FORECAST

TM

What Blue Chip economists are saying about the Western states

VOLUME 16 • NUMBER 7 • SEPTEMBER 2002

Amid gloomy conditions, a few hopeful glimpses

While it is hard to find good news about the economy these days, there are some reasons to expect that the obstacles to full recovery can be avoided. The shadow of the Enron and WorldCom accounting scandals and subsequent bankruptcy filings have shaken confidence in the stock market's ability to provide astounding returns, and the weak job market is making consumers feel less confident about economic conditions.

The July release of the Conference Board's Consumer Confidence Index reveals a sharp decline in the Western states, reversing gains made over the previous months. This decline mirrors a drop in consumer confidence across the nation and is likely a reaction to the profusion of gloomy economic news released during the month, including downward revisions of Gross Domestic Product and continued job contraction across the nation.

Looking at one's 401K retirement plan or mutual fund isn't much fun these days. Gone are the heady days of the 1990s when the stock market managed double-digit annual returns. While the market was effectively doing the country's sav-

EXPORTS BY STATE, ORIGIN OF MOVEMENT (Millions of Dollars)

	2000	2001	% Change	% Share
Arizona	\$14,334	\$12,514	-12.7%	1.7%
California	119,640	106,777	-10.8	14.6
Colorado	6,593	6,126	-7.1	0.8
Idaho	3,559	2,122	-40.4	0.3
Nevada	1,482	1,423	-4.0	0.2
New Mexico	2,391	1,405	-41.2	0.2
Oregon	11,441	8,900	-22.2	1.2
Texas	103,866	94,995	-8.5	13.0
Utah	3,221	3,506	8.9	0.5
Washington	32,215	34,929	8.4	4.8
Total U.S.	780,419	731,026	-6.3	100.0

Source: U.S. Census Bureau

ing, the personal savings rate, measured as a percentage of disposable personal income, fell from 8.3 percent in 1991 to 2.3 percent in 2001, according to the Bureau of Economic Analysis.

Consumer debt service payments already eat up about 8 percent of disposable income, and the consumer debt load rose by 5.7 percent in July 2002 compared to July 2001. While the effect of changes in overall wealth on consumer spending is fairly small — about 4 cents for each additional dollar of stock market wealth according to the Federal Reserve Board — the question is what will happen to retail sales, given this reduction in wealth?

Luckily, not all consumers are invested in the stock market, so a large section of the population is not feeling the drain on wealth. Also, a lot of investment in the stock market is through retirement plans, which are less likely to affect current spending. Consumer spending is affected more by changes in the income stream than changes in wealth. Retail sales, excluding motor vehicles and parts, had declined slightly in May compared

to April, after four months of an upward trend. In June, however, retail sales managed a 3.1 percent improvement over June 2001.

What about the weak dollar in foreign exchange markets? That is beneficial to exporters because it makes their goods relatively cheaper in overseas markets. Over the last year, while the dollar was still strong against other currencies, the total value of exports dwindled, but that trend reversed in January 2002. The Western states were responsible for about one-third of total U.S. exports in 2000 and 2001 (see table). Canada, Mexico and Japan have been the largest importers of U.S. products, measured by product value, during 2002.

Economic activity is slowly gaining ground under the weight of recent events. Consumers, aided by low interest rates and automobile dealer incentives, are still spending. Now, if business spending would join them, the economic recovery could stand on steady ground.

— Dawn McLaren

ARIZONA ERRATA

Our July issue of the *Western Blue Chip* listed forecasters from each state with the most accurate employment growth projections for 2001. We determined the accuracy list by comparing January 2001 state forecasts with actual employment gains as released by the Bureau of Labor Statistics. The Arizona listing should have included Debra Roubik of VisionEcon, whose January forecast correctly anticipated that Arizona's 2001 job growth performance would be weaker than the initial consensus when the year began.

NATIONAL ROUNDUP

U.S. JOB GROWTH



% Change: June 2002 vs June 2001

Nonfarm	-1.1
Construction	-2.2
Manufacturing	-5.6
Transportation, Communications and Public Utilities	-4.4
Trade	-1.3
Finance, Insurance and Real Estate	0.2
Services	0.2
Government	1.5

Source: U.S. Bureau of Labor Statistics

U.S. REAL ESTATE



Residential Building Permits June 2002 vs June 2001

	Total Residential	Single- family	Multi- family
2002	156,025	118,175	37,850
2001	151,077	116,653	34,424
% Δ	3.3	1.3	10.0

Source: U.S. Department of Commerce

U.S. FORECASTS



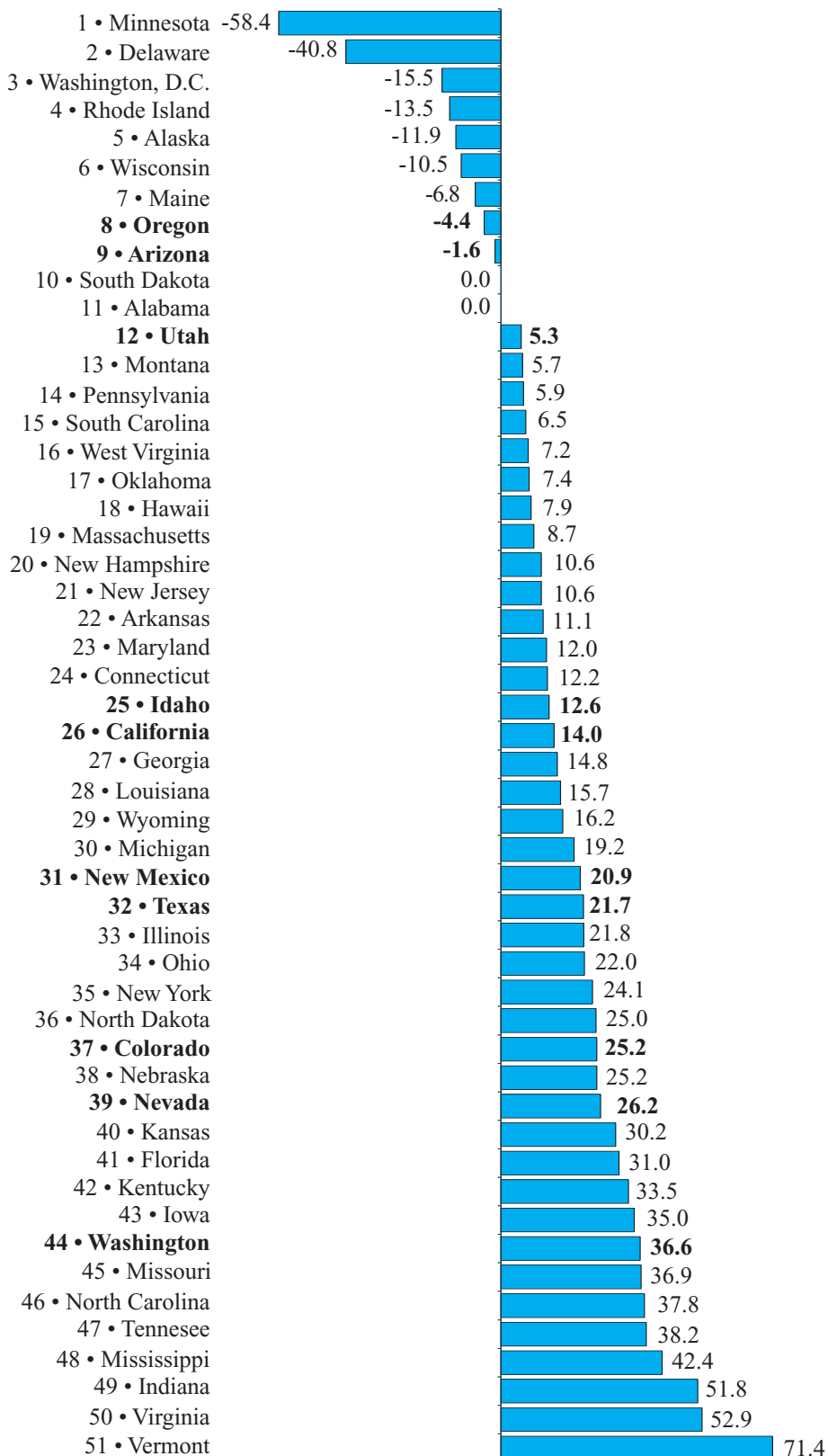
Percent Change

	2002	2003
Real GDP (Chain)	2.5	3.5
CPI	1.4	2.4
GDP Deflator (Chain) . .	1.7	2.8

Source: "U.S. Economic Outlook," DRI-WEFA, July 2002

BUSINESS BANKRUPTCY FILINGS

Percent Change, 2001 vs 2000



Source: ABI World

SUMMARY

WESTERN BLUE CHIP ECONOMIC FORECAST

2002 Annual Percent Change, 2002 from 2001						2003 Annual Percent Change, 2003 from 2002				
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	4.6 ↓	2.9 ↓	0.5 ↓	2.6 ↓	(10.1)↑	6.0 ↓	3.6 ↓	2.8 ↓	2.6 ↓	(1.9)↓
California	2.2 ↓	0.6 ↓	0.1	1.6	0.0 ↑	6.0 ↓	3.6 ↓	2.1 ↓	1.6	0.7 ↓
Colorado	2.8 ↓	1.2 ↓	(0.6)↓	1.6 ↓	(12.7)↑	5.5 ↓	3.1 ↓	2.2 ↓	1.5 ↓	1.6 ↓
Idaho	4.0 ↓	2.4 ↓	0.9 ↓	1.3 ↓	(7.9)↓	5.0 ↓	2.7 ↓	1.6 ↓	1.2 ↓	(0.9)↓
Nevada	5.3 ↓	3.7 ↓	2.5	3.8 ↑	(1.7)↓	6.6 ↓	4.2 ↓	4.1	4.3	3.7
New Mexico	4.9	3.2	1.1 ↓	1.3	1.0 ↑	5.1 ↓	2.7 ↓	1.8 ↓	1.3	(1.4)↓
Oregon	3.3 ↓	1.6 ↓	(0.1)↓	1.1 ↓	1.2 ↑	5.4 ↓	3.0 ↓	2.3 ↓	1.3 ↓	4.6 ↓
Texas	5.0 ↓	3.4 ↓	0.9 ↓	1.7 ↓	0.7 ↑	6.6 ↓	4.2 ↓	2.4 ↓	1.8	0.7 ↓
Utah	3.7	2.0	0.6 ↓	1.6 ↓	(4.1)	5.1 ↓	2.8 ↓	2.1 ↓	1.7 ↓	2.5
Washington	1.5 ↓	(0.1)↓	(1.4)↓	1.0 ↑	(0.5)↑	5.0 ↓	2.6 ↓	1.4 ↓	1.0 ↓	(2.1)↓

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

Forecast notes from the Western region...

The **California** economy is struggling to get back on a growth track. Some of the news is good, like the rebound in international trade activity and motion picture production. But some is bad, like the continued tough times in both agriculture and tourism. The resale housing industry continues to sail along, but there are some ominous assessments of the office market. For example, one analyst claims that there is currently a 10 year supply of space in the Bay Area.

— **Jack Kyser**
Los Angeles Economic Development Corp.
Los Angeles, California

We have hopefully turned the corner in **Colorado**. Seasonally adjusted employment in April showed the first increase since December 2000. A local manufacturing index shows that manufacturing is expanding. However, the mountain wildfires may squelch the hope that tourism would pick up again.

— **Tom Dunn**
Colorado Legislative Council
Denver, Colorado

Nevada indicators generally show a weaker economy when compared with year-ago indicators. [These include] visitor volume (-1.5 percent), airline passengers (-7.4 percent), gaming revenue (-8.0 percent), and taxable sales (-19 percent). Though taxable-sales collections declined by a relatively small percentage, June gaming revenue is down substantially. Nevada

along with more than 40 other states finds its state fiscal conditions weakening. Some major southern Nevada casino properties have earning losses, for periods adversely affected by 9/11 and the national recessions. Still, the most recent data for these four indicators show improvement.

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

The overall shallowness of the recession and the lack of a substantial employment have the perverse effect of limiting the strength of the rebound as well. Economies often receive a surge after downturns as the idled resources of production get back to work. With so few idled resources, the economy will not have this ricochet effect to pad this year's numbers.

— **Christopher Thornberg**
UCLA Anderson Forecast
Los Angeles, California

[**Oregon**] remains in recession, with considerable employment weakness. However, solid U.S. economic growth now under way will benefit the state during 2002's second half. The state's agricultural sector should do better this year. Oregon's critical technology sector should see improvement in 2002's second half and throughout 2003 as global demand strengthens. The state remains well positioned for a return to solid performance in coming years.

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

The manufacturing sector of **Orange County** recovered nicely in the first quarter of 2002 from the recession that plagued it in 2001. Production and new orders grew sufficiently to propel the sector into recovery. Commodity prices decreased slightly and suppliers delivered their goods at the same speed as the fourth quarter of 2001. Employment, however, continued to be weak although the rate of decline is much slower than last year. Similarly at the national level, the contraction turned into a recovery in the first quarter of this year.

— **Gary A. Anderson**
Economic Research Center
Chapman University
Orange, California

It is becoming apparent that the **Arizona** construction market has come through the recession and traumatic events of last September in better shape than expected. What does the future hold?

A key element will be the recovery of job growth. This is especially important for the single-family market to attract new residents to the area and to enhance the confidence of the home buyer. Further, job growth will benefit the office building and industrial sectors, where firms will need to increase their space needs. This will improve absorption, remove concessions and allow rents to rise.

— **Jay Q. Butler**
Arizona Real Estate Center
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

	2002 Annual Percent Change, 2002 from 2001					2003 Annual Percent Change, 2003 from 2002				
	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	5.1	3.1	0.9	2.6	(12.5)	6.0	4.8	2.7	2.6	10.0
ASU - Bank One EOC	4.8	2.5	0.3	2.6	(10.0)	5.6	5.0	2.7	2.3	(1.0)
CH2M HILL	4.2	3.4	0.6	2.4	(12.0)	6.1	5.9	2.5	2.6	1.0
Department of Economic Security	5.2	4.0	(0.8)	2.5		6.0	5.6	2.5	2.4	
ECON-LINC	3.8	3.2	(0.6)	2.3	(5.0)	6.4	5.6	2.8	2.5	(10.0)
Eggert Economic Enterprises Inc.	4.2	3.0	0.8	2.4	(14.0)	6.0	5.5	3.3	2.6	(5.0)
Elliott D. Pollack & Co.	4.1	2.5	0.0	2.7	(15.0)	6.5	6.0	3.5	2.7	(10.0)
H. C. Reardon Economics	4.2	3.1	0.2	2.5	(12.0)	6.7	6.5	3.4	2.6	0.0
Joint Legislative Budget Committee	4.0	1.3	0.5	2.5	(12.0)	5.0	4.0	1.5	2.6	0.0
Lancaster Consulting	5.0	3.6	1.2	2.6	(10.0)	6.1	5.3	2.8	2.5	(5.0)
The Maguire Company	5.1	3.3	0.0	2.7	(10.0)	6.3	6.0	3.0	2.7	(5.0)
NAU - BBER	4.8	3.8	1.6	2.5	(10.0)	6.0	5.5	3.0	2.6	0.0
Office of the Treasurer	4.5	3.3	1.0			5.9	5.2	2.6		
Protitlement	5.0	3.2	1.3	2.7	(12.0)	6.1	5.8	3.2	2.7	(5.0)
Salt River Project	5.0	3.0	0.0	2.8	(7.0)	6.0	5.5	3.0	2.8	0.0
Stellar Capital Management	4.9	2.5	0.6	2.5	(9.5)	5.5	4.5	2.0	2.2	2.0
Tucson Electric Power Co.	3.0	(0.1)	0.0	2.4	(18.0)	4.8	3.3	1.3	2.5	(9.0)
UA - Eller College	4.0	1.2	(0.1)	2.5	(3.0)	6.1	4.4	2.8	2.2	(7.8)
VisionEcon	5.8	4.6	2.3	2.7	0.0	6.8	7.7	4.0	3.1	11.7
Wells Fargo & Co.	4.5	3.1	0.3	2.6	(5.0)	5.9	5.1	3.4	2.6	0.0
Consensus Forecast - This Month	4.6	2.9	0.5	2.6	(10.1)	6.0	5.4	2.8	2.6	(1.9)
- Last Month	4.8	3.3	1.0	2.6	(11.1)	6.1	5.6	3.0	2.6	0.2

CALIFORNIA

	2002 Annual Percent Change, 2002 from 2001					2003 Annual Percent Change, 2003 from 2002				
	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	1.5	0.0	(0.5)	1.7	3.6	6.0	6.0	2.1	1.7	(4.7)
California State University, Long Beach *	3.7	2.4	0.8	1.6	(1.4)	5.3	5.1	1.8	1.5	(5.8)
Chapman University	3.1	3.3	0.4	1.6	(4.2)	5.2	5.0	2.2	1.6	3.1
L.A. County Economic Development Corp.	1.5	1.9	(0.1)	1.7	2.5	5.8	5.9	1.6	1.6	2.6
Legislative Analyst's Office	2.8	3.5	(0.3)	1.7	0.0	7.4	7.8	2.4	1.6	10.0
UCLA - Business Forecasting Project	1.3	3.5	0.7	1.5	(2.3)	5.6	5.7	2.2	1.4	(8.8)
Wells Fargo Company	2.7	2.7	0.6	1.6	0.5	5.8	4.8	2.0	1.5	2.0
Consensus Forecast - This Month	2.2	2.5	0.1	1.6	0.0	6.0	5.9	2.1	1.6	0.7
- Last Month	2.7	2.8	0.5	1.6	(0.2)	6.1	5.9	2.3	1.6	1.1

* This forecast is for Southern California only

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

COLORADO										
2002 Annual Percent Change, 2002 from 2001						2003 Annual Percent Change, 2003 from 2002				
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
Ctr for Business & Econ. Forecasting	1.2	2.8	(1.3)	1.7	(13.7)	6.2	7.5	2.7	1.4	4.5
Colorado Legislative Council	2.7	1.7	(1.3)	1.4	(9.0)	6.1	5.5	1.9	1.5	2.1
Office of State Planning and Budgeting	2.3	1.6	(0.6)	1.7	(18.1)	3.8	3.9	1.8	1.5	(1.9)
U. S. Bank	1.3	1.9	(1.3)	1.7	(8.0)	5.4	6.0	2.5	1.4	2.5
University of Colorado	4.9	3.9	0.5	1.8	(15.0)	6.5	6.2	2.6	1.8	4.0
Wells Fargo & Co.	5.0	3.4	1.2	1.6	(10.0)	6.4	5.0	3.0	1.8	5.0
Xcel Energy	2.0	3.0	(1.2)	1.5	(15.0)	4.0	5.0	1.2	1.3	(5.0)
Consensus Forecast - This Month	2.8	2.6	(0.6)	1.6	(12.7)	5.5	5.6	2.2	1.5	1.6
- Last Month	3.0	2.8	(0.1)	1.6	(14.4)	5.8	5.6	2.6	1.6	3.5

IDAHO										
2002 Annual Percent Change, 2002 from 2001						2003 Annual Percent Change, 2003 from 2002				
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 Division of Financial Management	4.2		0.0	1.2	(8.4)	5.4		1.5	1.1	(4.7)
Idaho Economics	4.6		1.3	1.3	(10.0)	5.4		1.5	1.4	(3.0)
Idaho State University	3.4	3.0	1.4	1.4	(12.0)	4.0	4.5	1.0	1.0	0.0
Thredgold Economic Associates	4.2	3.5	1.2	1.4	1.0	5.5	4.5	2.2	1.4	3.0
University of Idaho	4.1	3.2	1.1	1.1		5.3	4.2	1.7	1.1	
Wells Fargo & Co.	3.5	3.3	0.5	1.2	(10.0)	4.5	4.2	1.7	1.2	0.0
Consensus Forecast - This Month	4.0	3.3	0.9	1.3	(7.9)	5.0	4.4	1.6	1.2	(0.9)
- Last Month	4.1	3.3	1.2	1.3	(7.7)	5.1	4.4	1.7	1.3	(0.4)

NEVADA										
2002 Annual Percent Change, 2002 from 2001						2003 Annual Percent Change, 2003 from 2002				
Source:	Current \$ Personal Income	Gross Gaming Revenues	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Gross Gaming Revenues	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Dept. of Empl., Training, and Rehab.	6.0	3.0	2.8	4.0		6.5	4.0	3.9	4.0	
Legis. Counsel Bureau - Fiscal Analysis	4.0	0.5	3.0	3.0	(8.0)	5.5	4.0	4.5	4.0	2.0
Restrepo Consulting Group, LLC	5.5	3.0	3.0	3.5	3.0	7.0	4.0	4.0	4.5	4.0
Thredgold Economic Associates	6.0	3.5	2.0	3.6	3.5	7.0	6.0	3.5	4.2	6.0
Southwest Gas	6.7	3.4	4.1	4.9	2.2	7.2	4.6	4.5	5.2	2.4
Univ. of Nevada at Las Vegas - CBER	3.7	(0.3)	(0.6)	4.0	(5.8)					
Wells Fargo & Co.	5.2	2.8	3.0	3.8	(5.0)	6.6	4.5	4.2	3.9	4.0
Consensus Forecast - This Month	5.3	2.3	2.5	3.8	(1.7)	6.6	4.5	4.1	4.3	3.7
- Last Month	5.4	2.3	2.5	3.8	(1.4)	6.7	4.7	4.1	4.3	3.7

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

NEW MEXICO

	2002					2003				
	Annual Percent Change, 2002 from 2001					Annual Percent Change, 2003 from 2002				
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	4.5		1.2	1.4	-2.5	3.9		1.4	1.3	(3.6)
New Mexico Department of Labor		(1.5)	0.5				(0.8)	1.2		
New Mexico State Univ - CEMAF	5.0	0.0	1.5			5.5	1.5	2.0		
University of New Mexico - BBER	5.2	(1.9)	1.2		(0.5)	6.1	1.9	2.0		(1.2)
Wells Fargo & Co.	4.7	1.0	1.1	1.2	6.0	4.9	1.0	2.3	1.3	0.5
Consensus Forecast - This Month	4.9	(0.6)	1.1	1.3	1.0	5.1	0.9	1.8	1.3	(1.4)
- Last Month	4.9	(0.5)	1.3	1.3	(1.3)	5.2	1.4	1.8	1.3	(1.3)

OREGON

	2002					2003				
	Annual Percent Change, 2002 from 2001					Annual Percent Change, 2003 from 2002				
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	2.3	(3.9)	(1.0)	0.9	0.5	5.5	4.7	2.6	1.2	3.0
Forefront Economics	3.6	(2.9)	(0.4)	1.0	1.0	5.3	1.8	2.4	1.1	5.5
Oregon Executive Department	2.6	(5.3)	(0.6)	1.0	0.1	6.3	1.4	2.1	1.2	4.6
Portland General Electric	2.9	(4.2)	(0.2)	1.1	3.0	6.5	2.2	2.5	1.3	7.0
Rhodes Econometrics	4.2	2.8	1.4	1.3	1.7	4.5	3.9	3.1	2.1	2.2
Thredgold Economic Associates	3.8	(1.0)	(0.5)	1.1	2.2	4.5	0.0	1.0	1.2	5.0
U.S. Bancorp	3.5	(3.0)	(0.4)	1.0	0.0	5.3	2.0	2.3	1.1	5.0
Wells Fargo & Co.	3.1	0.6	0.7	1.1	1.0	5.0	2.0	2.6	1.2	4.5
Consensus Forecast - This Month	3.3	(2.1)	(0.1)	1.1	1.2	5.4	2.3	2.3	1.3	4.6
- Last Month	3.3	(2.4)	(0.1)	1.1	0.9	5.4	2.1	2.4	1.3	4.8

TEXAS

	2002					2003				
	Annual Percent Change, 2002 from 2001					Annual Percent Change, 2003 from 2002				
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	5.4	5.1	1.3	1.7	1.0	6.5	6.6	2.1	1.8	1.0
Federal Reserve Bank of Dallas	5.5	5.2	0.5	1.7	(2.0)	7.5	7.0	3.1	1.8	2.0
Ed McClelland	6.2	5.8	2.1	1.7	(1.0)	6.8	6.6	2.6	1.7	1.0
Perryman Group	5.1	4.6	1.4	1.8	(1.7)	6.6	6.4	2.4	1.8	1.0
TX State Comptroller of Public Accounts	4.2	4.3	0.0	1.8	4.5	6.5	6.9	2.0	1.7	(2.9)
University of Houston - CPP	5.0	4.1	0.9	1.4		6.7	6.8	2.5	1.9	
University of Texas at El Paso	3.8	4.0	0.6	1.7	1.8	5.7	6.0	1.8	1.6	1.5
Wells Fargo & Co.	5.0	4.6	0.7	1.7	2.0	6.4	5.8	2.5	1.8	1.5
Consensus Forecast - This Month	5.0	4.7	0.9	1.7	0.7	6.6	6.5	2.4	1.8	0.7
- Last Month	5.2	4.8	1.2	1.7	0.1	6.7	6.6	2.4	1.8	0.9

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

UTAH

Source:	2002 Annual Percent Change, 2002 from 2001					2003 Annual Percent Change, 2003 from 2002				
	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	4.5	3.9	1.5	1.4	(4.5)	5.3	4.5	2.2	1.7	5.0
Thredgold Economic Associates	4.8	2.5	1.3	1.6	2.5	6.0	3.5	2.3	1.6	3.0
Utah Dept. of Workforce Services	3.0	2.9	0.0	1.7	(3.0)	4.5	0.5	2.1	1.9	2.0
Utah State Tax Commission	2.5	2.2	0.0	1.7	(1.5)	5.3	4.5	2.1	1.7	2.5
Wells Fargo & Co.	3.5	2.3	0.0	1.6	(14.0)	4.5	3.5	2.0	1.6	0.0
Consensus Forecast - This Month	3.7	2.8	0.6	1.6	(4.1)	5.1	3.3	2.1	1.7	2.5
- Last Month	3.7	2.8	0.7	1.6	(4.1)	5.2	3.3	2.2	1.7	2.5

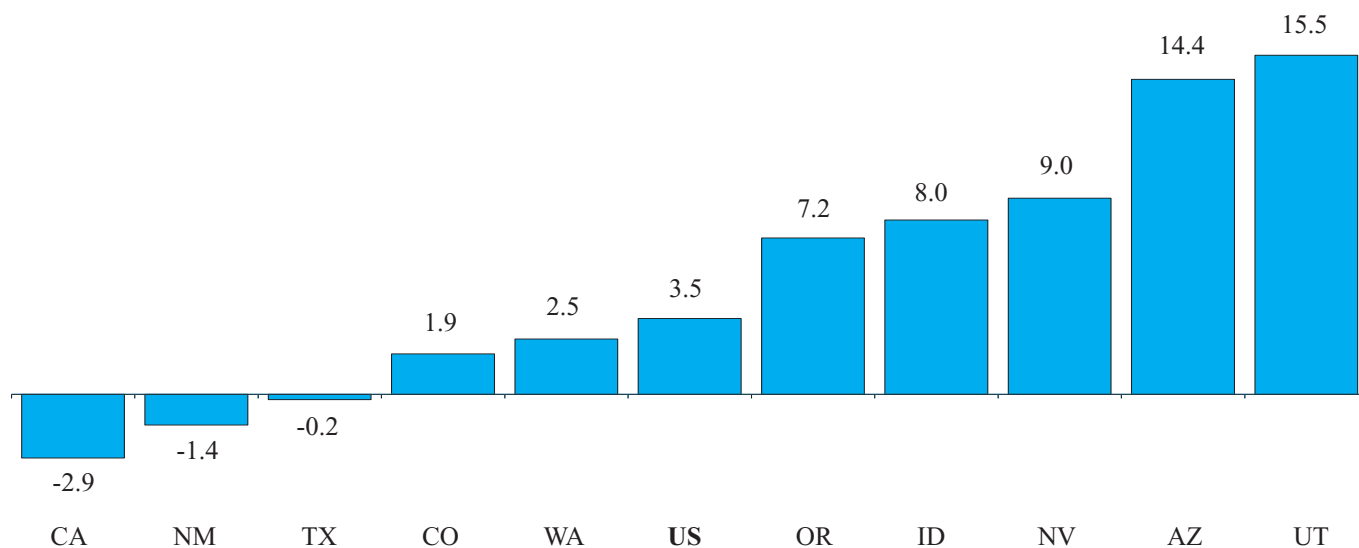
WASHINGTON

Source:	2002 Annual Percent Change, 2002 from 2001					2003 Annual Percent Change, 2003 from 2002				
	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	1.0	(0.6)	(1.6)	1.1	5.2	4.0	3.6	1.2	1.1	(4.0)
Dick Conway & Associates	2.0	(1.0)	(1.2)	0.9	(8.0)	5.3	3.5	1.0	0.9	5.0
Doug Pedersen & Associates	1.9	(1.0)	(1.5)	1.0	(1.5)	5.2	3.7	1.4	0.9	(2.5)
Office of Forecast Council *	0.7	0.3	(1.8)	1.1	(1.3)	5.5	4.6	1.4	1.0	(11.0)
Wells Fargo & Co.	2.0	0.3	(1.0)	1.0	3.0	4.9	4.0	1.9	1.1	2.0
Consensus Forecast - This Month	1.5	(0.4)	(1.4)	1.0	(0.5)	5.0	3.9	1.4	1.0	(2.1)
- Last Month	2.1	0.1	(1.4)	1.0	(4.7)	5.7	4.2	1.5	1.1	(1.7)

* Population forecast is from the Office of Financial Management.

TOTAL BANKRUPTCIES FILED

Percent Change, First Quarter 2002 over First Quarter 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
2001	\$135,224	\$123,548	2,267	\$44,833†	211.0†	50,930	5,342.3	4.5
Percent Change	4.8	2.5	0.9	2.0	(1.6)	4.3	3.0	
2000	129,069	120,590	2,248.0	43,940	214.9	48,846	5,188	3.9
Percent Change	8.2	5.7	3.9	7.8	1.5	(5.6)	3.4	
1999	112,895	114,039	2,163.1	40,769	211.7	51,764	5,017	4.4
Percent Change	5.7	4.2	4.3	10.0	(2.0)	1.5	3.2	
1998	112,910	109,394	2,074.7	37,071	216.0	50,997	4,864	3.8
Percent Change	8.9	7.6	4.5	7.2	4.1	18.6	3.3	

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
2001	\$1,127,426	\$1,030,076	14,700	\$282,028†	1,905	106,265	33,872	5.2
Percent Change	3.1	0.9	1.5	1.7	(2.2)	1.6	0.4	
2000	1,093,065	1,021,263	14,485.6	277,314	1,948.0	104,600	33,753	4.9
Percent Change	9.6	7.2	3.6	8.5	1.3	1.8	1.8	
1999	997,351	953,059	13,988.6	255,589	1,923.4	102,750	33,140	5.2
Percent Change	7.1	5.6	2.9	11.4	(1.4)	10.0	1.5	
1998	931,565	902,679	13,594.9	229,406	1,951.2	93,414	32,657	5.9
Percent Change	8.1	6.8	3.5	5.6	2.0	11.0	1.4	

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
2001	\$145,593	\$133,021	\$2,233	\$59,626†	199.0	36,477	4,418	3.5
Percent Change	3.8	1.5	0.9	2.7	(3.2)	(3.2)	2.2	
2000	140,225	131,013	2,213.0	\$58,058	205.9	37,699	4,323	2.6
Percent Change	9.8	7.4	3.8	10.9	0.7	(1.9)	*	
1999	127,653	121,984	2,131.1	52,368	204.6	38,410	4,056	2.9
Percent Change	7.8	6.3	3.6	8.7	(1.3)	6.4	2.2	
1998	118,413	114,741	2,056.1	48,173	207.3	36,107	3,969	3.8
Percent Change	8.9	7.5	3.9	6.7	1.6	13.0	2.0	

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

* 2000 and 2001 based on 2000 Census; 1999 and 1998 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
2001	\$32,044	\$29,277	570.0	\$14,278†	75.0	9,483	1,321	4.8
Percent Change	3.9	1.6	1.8	3.8	(2.2)	(6.1)	1.7	
2000	30,827	28,802	559.3	\$13,755	77.1	10,098	1,299	4.5
Percent Change	8.0	5.6	3.8	4.5	1.1	(3.8)	*	
1999	28,538	27,271	538.7	13,163	76.3	10,497	1,252	5.2
Percent Change	5.4	4.0	3.3	4.8	0.2	2.1	1.7	
1998	27,066	26,227	521.6	12,560	76.1	10,277	1,231	5.0
Percent Change	7.3	6.0	2.3	4.4	2.0	16.3	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
2001	\$62,886	\$57,456	1,054	\$31,709††	\$9,794†	26,981	2,106	5.1
Percent Change	5.6	3.2	2.6	7.7	3.1	4.8	4.3	
2000	59,565	55,652	1,027.5	29,454	9,499.7	25,749	2,019	3.9
Percent Change	7.0	4.6	4.5	6.1	5.3	6.0	*	
1999	55,694	53,220	982.8	27,761	9,021.6	24,283	1,809	4.4
Percent Change	7.1	5.6	6.2	6.5	11.9	(0.7)	3.8	
1998	52,017	50,404	925.7	26,068	8,065.1	24,445	1,744	4.3
Percent Change	10.1	8.7	3.9	4.6	3.4	4.2	4.1	
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
2001	\$42,366	\$38,708	757.0	\$12,540	43.1	8,929	1,829	5.7
Percent Change	6.1	3.7	1.6	3.6	(0.4)	11.1	0.4	
2000	39,943	37,319	744.7	12,099	43.2	8,037	1,821	5.5
Percent Change	5.5	3.1	2.1	5.5	1.8	(6.5)	*	
1999	37,877	36,195	729.7	11,466	42.5	8,595	1,740	5.6
Percent Change	2.8	1.3	1.3	2.1	(5.0)	(6.7)	0.4	
1998	36,858	35,715	720.1	11,225	44.7	9,217	1,734	6.2
Percent Change	5.7	4.4	1.6	5.3	(3.3)	12.6	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								

* 2000 and 2001 based on 2000 Census; 1999 and 1998 based on 1990 Census.

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
2001	\$97,240	\$88,844	1,598	236.3	16,217.0	21,049.0	3,374	5.9
Percent Change	2.5	0.2	(0.6)	(3.0)	4.4	6.4	1.1	
2000	94,854	88,623	1,607.1	243.5	15,532	19,785	3,337	4.8
Percent Change	6.4	4.1	2.1	0.5	(6.4)	(14.9)	1.1	
1999	89,128	85,170	1,574.6	242.4	16,595	23,249	3,301	5.7
Percent Change	4.5	3.0	1.5	(1.6)	(2.0)	(10.1)	1.0	
1998	85,305	82,660	1,551.5	246.3	16,936	25,854	3,268	5.6
Percent Change	5.9	4.6	1.6	1.1	4.2	(4.2)	1.6	
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
2001	\$607,467	\$555,014	9,514	\$306†	1,058	111,352	21,325	4.7
Percent Change	4.5	2.2	0.9	5.2	(2.8)	4.5	1.8	
2000	581,312	543,126	9,432.3	291	1,088.0	106,601	20,947	4.3
Percent Change	7.8	5.4	3.0	7.0	(0.3)	4.7	*	
1999	539,129	515,187	9,159.0	272.1	1,084.5	101,848	20,044	4.6
Percent Change	5.3	3.8	2.4	11.1	(2.1)	2.0	1.7	
1998	511,964	496,089	8,941.4	244.9	1,107.4	99,831	19,712	4.8
Percent Change	9.2	7.8	3.9	4.7	2.2	(21.5)	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
2001	\$54,934	\$50,190	1,082	\$17,935†	126.9	13,851	2,270	4.0
Percent Change	4.6	2.3	0.6	3.8	(3.2)	2.9	1.3	
2000	52,532	49,081	1,075.4	17,278	131.1	13,463	2,242	3.2
Percent Change	6.9	4.5	2.6	4.8	(0.7)	(7.5)	*	
1999	49,149	46,966	1,048.6	16,490	132.1	14,561	2,130	3.7
Percent Change	5.1	3.6	2.5	5.3	(0.3)	0.6	1.4	
1998	46,772	45,322	1,023.5	15,655	132.5	14,476	2,101	3.8
Percent Change	7.0	5.7	3.0	5.3	(0.3)	2.8	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								

* 2000 and 2001 based on 2000 Census; 1999 and 1998 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
2001	\$189,111	\$172,782	2,698	\$85,975†	338.5	28,137	5,988	6.0
Percent Change	2.5	0.2	(0.5)	1.5	(4.2)	3.1	1.3	
2000	184,518	172,397†	2,711.2	84,704	353.5	27,283	5,908	4.8
Percent Change	5.9	3.6	2.4	6.3	(2.9)	(7.8)	*	
1999	174,221	166,484	2,648.2	79,684	364.1	29,598	5,756	4.7
Percent Change	6.8	5.3	2.1	7.8	(4.1)	(3.3)	1.2	
1998	163,192	158,132	2,594.9	73,934	379.6	30,610	5,688	4.8
Percent Change	8.6	7.3	3.2	6.6	2.5	2.4	1.5	

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

* 2000 and 2001 based on 2000 Census; 1999 and 1998 based on 1990 Census.

LOCATIONS OF COMPANY HEADQUARTERS 2002

	More than 10,000 Employees			More than 1,000 Employees		
	Private	Public	Percent of U.S. Total	Private	Public	Percent of U.S. Total
Arizona	4	9	1.2%	20	32	1.2%
California	26	67	8.9	168	322	11.0
Colorado	8	9	1.6	32	39	1.6
Idaho	2	4	0.6	5	6	0.2
Nevada	2	6	0.8	17	8	0.6
New Mexico	1	1	0.2	5	2	0.2
Oregon	2	5	0.7	20	28	1.1
Texas	23	59	7.8	134	207	7.6
Utah	3	0	0.3	16	12	0.6
Washington	2	12	1.3	44	37	1.8
Total U.S.	379	670	—	2,020	2,453	—

Source: InfoUSA



WESTERN BLUE CHIP ECONOMIC FORECAST

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WESTERN BLUE CHIP PANEL

WESTERN BLUE CHIP ECONOMIC FORECAST

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