

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

Cautious CA analysts were right about '05 job growth

CONSENSUS FORECASTS AND ACTUAL NONFARM
EMPLOYMENT GROWTH FOR WESTERN STATES: 2005

Rank	State	Forecast	Actual	Difference
1	California	1.7%	1.8%	0.1
2	Colorado	2.3	2.1	0.2
3	New Mexico	2.0	2.4	0.4
4	Washington	2.4	2.9	0.5
5	Texas	1.9	2.5	0.6
6	Oregon	2.1	3.1	1.0
7	Arizona	3.9	5.3	1.4
8	Utah	2.5	4.1	1.6
9	Nevada	4.1	6.2	2.1
10	Idaho	2.0	4.2	2.2

Source: Forecasts from *Western Blue Chip Economic Forecast*, January/February 2005; actual employment growth from U.S. Bureau of Labor Statistics.

At the beginning of last year, the California forecasting panel projected the Golden State would record the weakest job growth in the West. Their pessimism was justified, as employment in California grew by 1.8 percent in 2005.

On the bright side, this dour outlook earned the California forecasters top honors for producing the most accurate forecast of nonfarm employment growth among Western states in 2005.

The California job growth forecast missed the mark by a scant 0.1 percent point [see table]. The Colorado panel was runner-up with a miss of 0.2 percent.

With the exception of Colorado, analysts in the West underestimated the strength of labor markets in 2005. Job growth turned out to be stronger than expected, with every Western state exceeding the national nonfarm growth rate of 1.5 percent.

CO forecaster closest to the mark for fifth straight year

There were two perfect state forecasts for 2005 job growth among the 75 analysts who contribute to the *Western Blue Chip* newsletter.

Wilson Kendall of the private Center for Business and Economic Forecasting correctly foresaw Colorado's 2.1 percent employment increase for 2005. Remarkably, this was his fifth consecutive year to post the most accurate Colorado forecast, among a strong state cohort of experts.

The other bulls-eye was scored by the flawless Phantom Forecaster of the California organization that prefers to remain listed only as "anonymous."

Forecast panel members with the best individual forecasts for each state are shown in the accompanying table. In addition to Colorado's Wilson Kendall, repeat winners include the ever-prescient Keith Schwer (University of Nevada Las Vegas, fourth consecutive year) and the Wells Fargo team of Sung Won Sohn and Scott Anderson (Washington, second consecutive year).

— Lee McPheters

MOST ACCURATE FORECASTERS BY STATE: 2005

State	Organization	Panelists
Arizona	VisionEcon	Debra Roubik
California	Anonymous	
Colorado	Center for Business & Economic Forecasting ⁵	Wilson Kendall
Idaho	Wells Fargo	Scott Anderson Sung Wun Sohn
Nevada	University of Nevada, Las Vegas ⁴	Keith Schwer
New Mexico	University of New Mexico	Larry Waldman
Oregon	Conerly Consulting	Bill Conerly
Oregon	Wells Fargo	Scott Anderson Sung Wun Sohn
Texas	Wells Fargo	Scott Anderson Sung Wun Sohn
Utah	Wells Fargo	Kelly Matthews
Washington	Wells Fargo ²	Scott Anderson Sung Wun Sohn

Bold print designates perfect forecast

² Second consecutive year of forecast accuracy listing

⁴ Fourth consecutive year of forecast accuracy listing

NATIONAL ROUNDUP

U.S. JOB GROWTH



% Change: April 2006 vs. April 2005

Nonfarm	1.4
Goods-Producing	1.3
Construction	3.7
Manufacturing	0.0
Service-Providing	1.4
Transportation, Warehousing & Utilities	1.1
Trade	0.6
Information	-0.1
Financial Activities	2.6
Professional & Business Services	2.5
Educational & Health Services	2.3
Leisure & Hospitality	1.7
Government	0.7

Source: U.S. Bureau of Labor Statistics

U.S. REAL ESTATE



Residential Building Permits April 2006 vs. April 2005

	Total Residential	Single-family	Multi-family
2006	164,884	129,393	35,491
2005	192,245	151,654	40,591
% Δ	-14.2	-14.7	-12.6

Source: U.S. Department of Commerce

U.S. FORECASTS

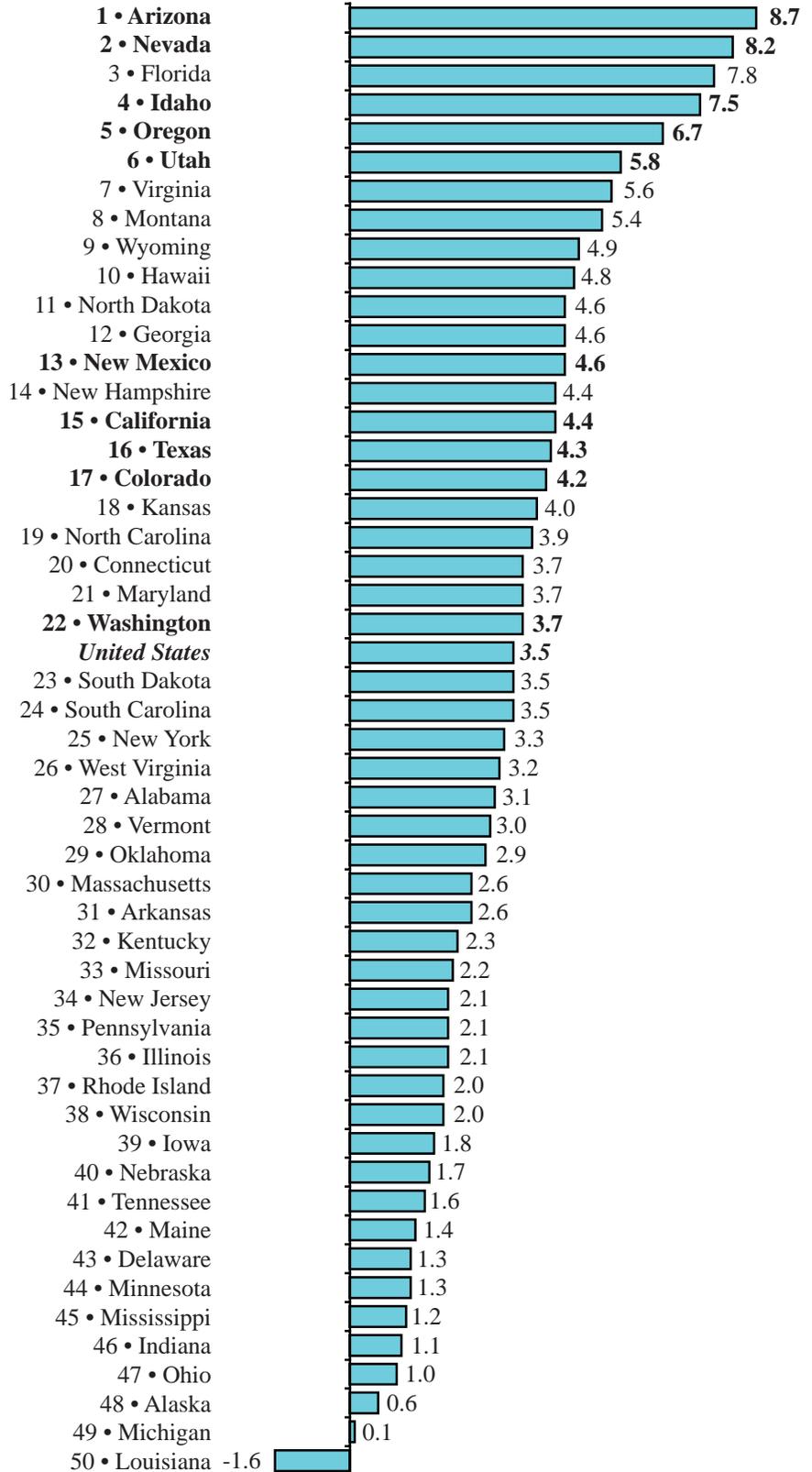


Percent Change

	2006	2007
Real GDP (Chain)	3.3	2.7
CPI	3.2	1.5
GDP Deflator (Chain)	2.9	1.7

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

REAL GROSS STATE PRODUCT Percent Change, 2005 vs. 2004



Source: Bureau of Economic Analysis

SUMMARY

WESTERN BLUE CHIP ECONOMIC FORECAST

State:	2006 Annual Percent Change, 2006 from 2005					2007 Annual Percent Change, 2007 from 2006				
	Current \$ Personal Income	Real Personal Income	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Real Personal Income	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Arizona	8.3 ↑	5.9 ↑	4.6 ↑	3.1 ↑	(7.0)↓	7.4 ↓	5.7 ↓	3.8 ↓	2.9 ↓	(5.0) ↓
California	6.0 ↑	3.6 ↑	1.6 ↑	1.4 ↓	(9.6)↑	5.4	3.7 ↑	1.3 ↑	1.4 ↓	(5.0) ↓
Colorado	6.0 ↑	3.6 ↑	2.2 ↓	1.5	(5.1)↓	6.1 ↑	4.4 ↑	2.0 ↓	1.6	(4.3) ↓
Idaho	6.6	4.1	2.7	1.7	(4.3)	6.0	4.3	2.3	1.6	(3.4)
Nevada	8.1	5.6	4.6 ↓	3.8	1.2	7.5	5.7	4.1 ↓	3.6	0.2 ↓
New Mexico	5.5 ↓	3.1 ↓	2.1 ↓	1.5	0.8 ↑	5.4 ↑	3.6 ↑	2.2 ↑	1.6	(2.2) ↑
Oregon	6.1	3.7	2.7 ↓	1.3	(2.7)	5.6	3.8 ↓	2.0 ↓	1.3 ↑	(2.0) ↓
Texas	6.3 ↓	3.9 ↓	2.1 ↓	1.8 ↑	(2.7)↓	6.0 ↓	4.3	1.9 ↓	1.7 ↓	(3.2) ↑
Utah	6.9	4.5	3.4 ↑	2.2 ↑	3.6	6.5	4.8	3.1 ↑	2.1 ↑	2.5
Washington	6.3 ↓	3.9 ↓	2.9 ↑	1.6 ↓	(9.1)	6.3 ↑	4.5 ↑	2.3 ↑	1.6	(7.4) ↑

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

Forecast notes from the Western region...

Economic performance in **Texas** is closely mirroring that of the nation at the present time. The Texas, Dallas-Fort Worth and Houston unemployment rates are nearly equal to the U.S. average and have been trending together for some time.

On the political front, the Texas legislature finally came up with a tax restructuring package that will cut ad valorem levies for public schools but impose a 3 percent gross receipts tax on all businesses, both incorporated and unincorporated.

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

The **New Mexico** economy continues to thrive, led by health care and social assistance, construction, oil and gas mining and government. These same sectors, along with a surge in manufacturing, will keep New Mexico on a solid growth path through 2007.

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

Texas continues to show sustained job growth and economic development success. Recent tax reforms will enhance the competitiveness of the state.

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

In June, the **Washington** State Economic and Revenue Forecast Council increased its general fund revenue forecast for the 2005-07 and 2007-09 biennia by nearly \$1 billion.

The quarterly forecast update reflects a slightly stronger U.S. economic outlook as well as better-than-expected job growth in Washington during the first four months of 2006. But the main reason for the large revenue forecast increase is very strong revenue collection experience during the four months since the last forecast was released. Once again, construction and real estate related revenue sources accounted for the majority of the forecast increase.

— **Bret Bertolin**
Washington Economic and Revenue
Forecast Council
Olympia, Washington

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

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

California's resale housing market has definitely softened, with more "price

reduced" stickers on for sale signs. A sector to watch is the high-rise condo market and "live/work" lofts, as entrepreneurial developers have rushed into this market without assessing its depth.

However, the news in other industries remains good, with international trade, technology and tourism continuing to set the pace. The movie industry is also encouraged by the year-to-year gains in both domestic and international box office receipts.

Anywhere you go, business people are fretting about finding qualified workers.

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

After four years of comparatively low net migration, **Colorado** will once again become a more attractive place to relocate as the labor market gains additional strength. As a result, net migration will increase, and statewide population will grow at a rate of 1.5 percent this year compared to 1.0 percent for the nation. Net migration will account for about 45 percent of the population increase projected for 2006.

— **Business Research Division**
Leeds School of Business
University of Colorado at Boulder
Boulder, Colorado

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										
Source:	2006 Annual Percent Change, 2006 from 2005					2007 Annual Percent Change, 2007 from 2006				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Arizona Department of Commerce	7.6	7.1	4.0	3.0	(7.0)	7.2	6.5	3.2	2.9	(8.0)
Arizona Public Service	8.5	9.0	4.0	3.0	(5.0)	7.8	7.5	3.7	2.8	(4.0)
ASU - Bank One EOC	8.7	7.6	4.9	3.0	(8.0)	6.8	6.8	4.2	2.8	(7.0)
Department of Economic Security	8.6	8.4	5.5	2.9		7.2	7.4	4.4	3.0	
ECON-LINC	8.4	8.0	4.8	3.2	(12.0)	7.8	7.5	4.0	3.1	(5.0)
EconLit LLC	7.9	7.4	4.2	3.0	(5.0)	7.5	6.9	3.8	2.9	(5.0)
Eggert Economic Enterprises Inc.	8.6	7.8	4.3	3.3	(6.3)	8.1	7.5	4.0	3.1	(6.0)
Elliott D. Pollack & Co.	8.0	9.0	5.0	3.3	(10.0)	7.5	7.5	4.0	3.0	(5.0)
H. C. Reardon Economics	8.6	8.0	5.4	3.2	(7.0)	7.7	6.8	4.2	3.0	(2.0)
Joint Legislative Budget Committee	8.2	9.0	4.4	3.0	(7.0)	7.4	6.5	3.7	3.0	(3.0)
The Maguire Company	8.2	7.9	4.6	3.2	(8.0)	7.6	7.3	4.2	3.1	(8.0)
Metropolitan West Asset Management	8.3	7.7	4.4			7.7	7.1	4.0		
NAU - BBER	8.4	7.4	3.9	2.9	(7.0)	8.5	6.8	3.6	2.7	0.0
Salt River Project	8.6	7.9	5.0	3.2	(9.0)	7.5	6.5	4.0	3.0	(4.0)
Stellar Capital Management	7.7	7.2	3.9	2.8	(7.5)	7.1	6.9	3.6	2.6	(5.0)
UA - Eller College	9.4	7.6	4.9	3.3	(7.6)	6.2	5.5	2.5	2.9	(8.7)
VisionEcon	8.0	8.3	4.4	3.4	0.0	6.1	6.7	2.9	2.9	(2.0)
Wells Fargo & Co.	8.3	7.5	4.4	2.9	(6.0)	7.8	6.0	3.7	2.7	(7.0)
Consensus Forecast — This Month	8.3	7.9	4.6	3.1	(7.0)	7.4	6.9	3.8	2.9	(5.0)
— Last Month	8.3	7.9	4.5	3.1	(6.5)	7.5	6.9	3.8	2.9	(4.0)

CALIFORNIA										
Source:	2006 Annual Percent Change, 2006 from 2005					2007 Annual Percent Change, 2007 from 2006				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Anonymous	6.2	5.1	1.6	1.7	(12.0)	5.8	5.3	1.5	1.7	(1.2)
California State University, Long Beach *	6.3	6.1	1.5	1.5	(0.7)	4.9	5.7	1.8	2.0	(0.8)
Chapman University	6.5	5.3	1.5	1.5	(10.3)	5.1	4.0	1.0	1.4	(8.1)
L.A. County Economic Development Corp.	6.1	5.9	1.6	1.2	(5.0)	5.9	5.5	1.4	1.2	(0.3)
Legislative Analyst's Office	5.7	5.2	1.3	1.4	(10.0)	5.5	5.6	1.4	1.4	(1.0)
UCLA - Business Forecasting Project	6.1	4.8	1.8	1.2	(8.0)	4.8	4.0	1.2	1.1	(8.8)
University of the Pacific	6.0	5.2	1.7	1.6	(13.8)	5.6	3.3	1.4	1.6	(5.5)
Wells Fargo & Co.	5.1	5.0	1.6	0.9	(8.0)	4.9	4.7	1.3	1.1	(10.0)
Consensus Forecast — This Month	6.0	5.2	1.6	1.4	(9.6)	5.4	4.6	1.3	1.4	(5.0)
— Last Month	5.7	5.1	1.5	1.5	(9.9)	5.4	4.5	1.3	1.5	(4.7)

*This forecast is for Southern California only

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

COLORADO										
2006 Annual Percent Change, 2006 from 2005						2007 Annual Percent Change, 2007 from 2006				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
The Adams Group, Inc.	5.4	5.3	1.8	1.5	(8.1)	5.0	(1.5)	0.0	1.5	(10.1)
Ctr. for Business and Econ. Forecasting	6.0	5.5	2.2	1.5	(10.0)	6.5	5.8	2.5	1.8	(5.0)
Colorado Legislative Council	6.7	5.5	2.2	1.7	(9.3)	6.5	5.1	2.2	1.8	(7.0)
David Hemley	5.5	4.8	1.9	1.4	(1.0)	5.8	5.1	2.1	1.4	(0.5)
Office of State Planning and Budgeting	6.3	5.5	2.1	1.4	(7.8)	6.6	5.9	2.3	1.6	(2.9)
University of Colorado	6.0	5.7	2.3	1.5	(1.0)	6.1	5.0	2.2	1.6	(1.0)
Wells Fargo & Co.	6.0	4.7	2.7	1.3	(2.0)	5.4	4.3	1.7	1.2	(5.0)
Xcel Energy	5.8	5.4	2.0	1.5	(1.3)	7.1	6.0	2.6	1.6	(2.5)
Consensus Forecast — This Month	6.0	5.3	2.2	1.5	(5.1)	6.1	4.5	2.0	1.6	(4.3)
— Last Month	5.8	5.2	2.2	1.5	(3.8)	6.1	4.6	2.1	1.6	(3.2)

IDAHO										
2006 Annual Percent Change, 2006 from 2005						2007 Annual Percent Change, 2007 from 2006				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Idaho Div. of Financial Management	7.1		2.1	1.6	(13.0)	6.2		2.0	1.6	(0.7)
Idaho Economics	6.6		2.5	1.7	(5.0)	6.3		2.1	1.6	(8.0)
Thredgold Economic Associates	5.5	5.0	2.5	1.6	(4.0)	5.0	4.5	2.2	1.5	(5.0)
Wells Fargo & Co.	7.0	5.7	3.6	1.7	5.0	6.5	5.5	3.0	1.7	0.0
Consensus Forecast — This Month	6.6	5.4	2.7	1.7	(4.3)	6.0	5.0	2.3	1.6	(3.4)
— Last Month	6.6	5.4	2.7	1.7	(4.3)	6.0	5.0	2.3	1.6	(3.4)

NEVADA										
2006 Annual Percent Change, 2006 from 2005						2007 Annual Percent Change, 2007 from 2006				
Source:	Current \$ Personal Income	Gross Gaming Revenues	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Gross Gaming Revenues	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Dept. of Empl., Training, and Rehab.	9.2	5.4	5.4	3.0		8.8	5.2	5.2	2.9	
Restrepo Consulting Group, LLC	7.5	5.0	4.5	4.0	0.0	7.0	5.0	4.0	4.0	1.5
Thredgold Economic Associates	8.5		4.0	3.7	0.0	6.5		2.8	3.0	(4.5)
Southwest Gas	8.6	7.4	4.9	4.2	1.4	8.4	5.8	4.8	4.1	1.2
Univ. of Nevada at Las Vegas – CBER	7.4	5.1	4.6	3.9	3.6	7.2	5.0	4.5	3.9	4.8
Wells Fargo & Co.	7.3	6.2	4.3	3.7	1.0	6.8	5.6	3.2	3.5	(2.1)
Consensus Forecast — This Month	8.1	5.8	4.6	3.8	1.2	7.5	5.3	4.1	3.6	0.2
— Last Month	8.1	5.8	4.6	3.8	1.2	7.5	5.4	4.1	3.6	0.2

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

NEW MEXICO										
	2006					2007				
	Annual Percent Change, 2006 from 2005					Annual Percent Change, 2007 from 2006				
Source:	Current \$ Personal Income	Mfg. Employment	Wage & Salary Empl.	Population Growth	Single-family Housing Permits	Current \$ Personal Income	Mfg. Employment	Wage & Salary Empl.	Population Growth	Single-family Housing Permits
Eastern New Mexico University	5.3	0.9	1.8	1.4	1.0	5.2	0.9	2.1	1.5	(1.2)
New Mexico Department of Labor		1.3	2.0							
New Mexico State Univ. – CEMAF	5.2	1.0	1.6							
Public Service New Mexico	5.2	1.0	1.9	1.5	(1.0)	5.1	0.8	2.0	1.4	(1.8)
University of New Mexico – BBER	6.1	4.9	2.6		7.3	5.5	4.9	2.3		(1.4)
Wells Fargo & Co.	5.7	1.8	2.8	1.7	(4.1)	5.6	1.7	2.4	1.8	(4.4)
Consensus Forecast — This Month	5.5	1.8	2.1	1.5	0.8	5.4	2.1	2.2	1.6	(2.2)
— Last Month	5.5	2.0	2.1	1.5	(0.9)	5.3	1.9	2.1	1.6	(2.7)

OREGON										
	2006					2007				
	Annual Percent Change, 2006 from 2005					Annual Percent Change, 2007 from 2006				
Source:	Current \$ Personal Income	Mfg. Employment	Wage & Salary Empl.	Population Growth	Single-family Housing Permits	Current \$ Personal Income	Mfg. Employment	Wage & Salary Empl.	Population Growth	Single-family Housing Permits
Conerly Consulting	6.7	3.2	3.1	1.4	(11.4)	5.3	0.0	1.9	1.5	(10.0)
Forefront Economics	5.7	2.2	2.6	1.2	3.5	5.7	1.6	2.4	1.2	7.5
Oregon Executive Department	6.5	2.8	3.1	1.4	(8.3)	5.7	(0.3)	1.4	1.3	(2.8)
Portland General Electric	6.3	1.2	2.3	1.4	0.0	5.7	0.5	1.9	1.3	(5.0)
Rhodes Econometrics	6.2	2.3	2.6	1.3	1.9	5.4	0.8	1.7	1.2	0.9
Thredgold Economic Associates	5.8	1.2	2.4	1.3	3.5	5.4	1.0	2.2	1.2	(2.0)
U.S. Bancorp	6.2	2.5	3.0	1.3	(7.0)	5.8	1.2	2.3	1.3	0.0
Wells Fargo & Co.	5.4	0.9	2.3	1.3	(3.7)	5.4	0.6	1.9	1.3	(4.3)
Consensus Forecast — This Month	6.1	2.0	2.7	1.3	(2.7)	5.6	0.7	2.0	1.3	(2.0)
— Last Month	6.1	2.1	2.7	1.3	(2.7)	5.6	0.7	2.0	1.3	(1.9)

TEXAS										
	2006					2007				
	Annual Percent Change, 2006 from 2005					Annual Percent Change, 2007 from 2006				
Source:	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Population Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Population Growth	Single-family Housing Permits
Econoclast	6.2	6.0	2.0	1.7	1.0	5.9	5.7	1.8	1.7	(2.0)
Federal Reserve Bank of Dallas	6.7	6.4	2.4	1.8	(1.0)	6.5	6.6	2.2	1.7	2.0
David Hemley	5.3	5.6	2.2	1.7	0.8	5.8	5.7	2.1	1.6	0.0
Perryman Group	6.8	6.8	2.1	2.1	(4.1)	7.0	7.0	2.0	1.7	(5.2)
TX State Comptroller of Public Accounts	7.1	8.1	2.3	1.7	(6.4)	6.2	6.0	2.0	1.8	(13.8)
University of Houston - CPP	5.8	5.4	1.6	1.6	(9.8)	5.4	5.4	1.5	1.4	(3.9)
University of North Texas	5.6	5.5	2.0	1.8	0.4	5.5	5.4	1.8	1.7	0.3
University of Texas at El Paso	6.4	6.1	2.1	1.8	(1.5)	6.0	5.9	2.0	1.7	(1.2)
Wells Fargo & Co.	7.2	5.7	2.5	1.6	(4.0)	5.7	5.3	1.6	1.6	(5.0)
Consensus Forecast — This Month	6.3	6.2	2.1	1.8	(2.7)	6.0	5.9	1.9	1.7	(3.2)
— Last Month	6.4	6.2	2.1	1.7	(2.6)	6.1	6.0	1.9	1.7	(3.4)

CONSENSUS FORECASTS

WESTERN BLUE CHIP ECONOMIC FORECAST

UTAH

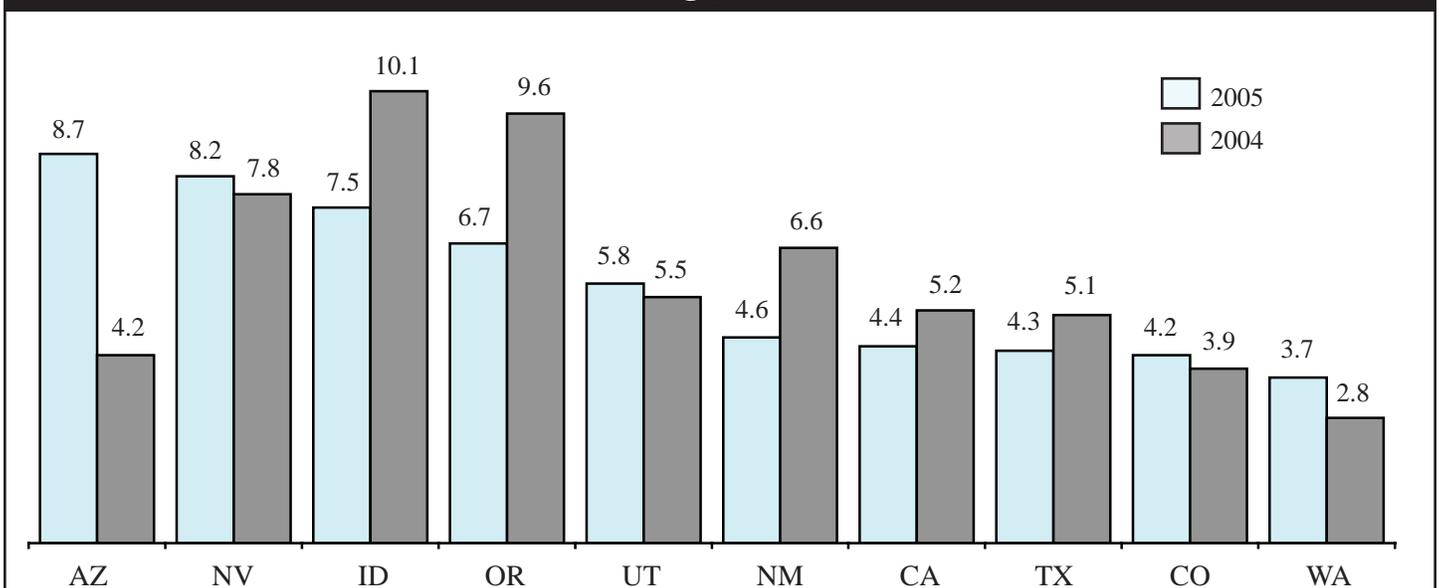
Source:	2006 Annual Percent Change, 2006 from 2005					2007 Annual Percent Change, 2007 from 2006				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Pacificorp	6.0	4.9	2.9	1.8	7.8	6.3	5.1	3.1	1.9	9.2
Thredgold Economic Associates	6.0	5.8	3.0	1.7	0.0	5.5	4.8	2.6	1.7	(3.0)
Utah Department of Workforce Services	9.0	6.6	4.4	3.1	4.4	7.6	5.6	3.3	2.8	3.6
Utah State Tax Commission	6.5	6.0	2.9	2.4	1.0					
Wells Fargo & Co.	7.0	6.0	3.8	2.2	5.0	6.6	5.5	3.2	2.0	0.0
Consensus Forecast — This Month	6.9	5.9	3.4	2.2	3.6	6.5	5.3	3.1	2.1	2.5
— Last Month	6.9	5.9	3.3	2.2	3.6	6.5	5.3	3.0	1.9	2.5

WASHINGTON

Source:	2006 Annual Percent Change, 2006 from 2005					2007 Annual Percent Change, 2007 from 2006				
	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits	Current \$ Personal Income	Retail Sales	Wage & Salary Empl.	Popu- lation Growth	Single-family Housing Permits
Conerly Consulting	5.4	5.9	3.1	1.5	(8.2)	5.7	5.0	2.2	1.5	(10.0)
Dick Conway & Associates	6.3	6.4	2.6	1.5	(1.0)	6.5	6.1	2.1	1.6	(6.0)
Doug Pedersen & Associates	7.0	7.7	3.1	1.8	(6.5)	6.6	6.4	2.6	1.9	(6.0)
Office of Forecast Council *	7.1	7.2	3.4	1.8	(21.4)	7.1	4.6	2.4	1.8	(6.0)
Wells Fargo & Co.	5.7	5.3	2.3	1.5	(8.2)	5.5	5.2	2.0	1.4	(8.8)
Consensus Forecast — This Month	6.3	6.5	2.9	1.6	(9.1)	6.3	5.5	2.3	1.6	(7.4)
— Last Month	6.3	6.1	2.8	1.6	(7.7)	6.2	5.7	2.2	1.6	(8.5)

* Population forecast is from the Office of Financial Management.

REAL GROSS STATE PRODUCT Percent Change, Year Over Year



Source: Bureau of Economic Analysis

HISTORICAL DATA

WESTERN BLUE CHIP ECONOMIC FORECAST

ARIZONA

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2005	179,765	160,218	2,471.3	58,964	176.2	80,648	5,939	4.7
% change	9.3	6.3	4.1	13.2	0.2	16.3	3.4	
2004	164,495	150,775	2,373.5	52,098	175.8	69,339	5,744	5.0
% change	8.4	5.6	3.4	9.0	0.3	8.1	3.0	
2003	151,708	142,717	2,296.3	47,818	175.3	64,143	5,579	5.7
% change	5.2	3.2	1.4	5.3	(4.5)	15.3	2.6	
2002	144,150	138,340	2,265.1	45,425	183.5	55,649	5,439	6.0
% change	3.8	2.0	0.0	1.3	(9.0)	9.3	2.7	

Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Arizona Department of Economic Security; Retail Sales – Arizona Department of Revenue; Manufacturing Employment – Arizona Department of Economic Security; Housing Permits – Arizona Real Estate Center; Population – Center for Business Research; Unemployment Rate – Arizona Department of Economic Security. † Consensus †† Estimate

CALIFORNIA

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2005	1,338,181	1,195,979	14,770.4	368,382 †	1,535.8	151,022	36,132	5.4
% change	6.0	3.4	1.6	5.2	0.2	0.2	0.8	
2004	1,262,306	1,157,113	14,538.8	350,173	1532.7	150,710	35,842	6.2
% change	6.6	3.9	1.0	9.4	(1.0)	7.3	1.1	
2003	1,184,265	1,114,089	14,392.3	320,217	1,547.9	140,512	35,457	6.8
% change	3.2	1.1	(0.5)	6.2	(5.5)	16.3	1.3	
2002	1,147,716	1,101,677	14,457.8	301,612	1,638.2	120,783	34,988	6.7
% change	1.1	(0.6)	(1.0)	2.6	(8.3)	13.7	1.3	

Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Bureau of Labor Statistics; Taxable Sales – California Board of Equalization; Manufacturing Employment – Bureau of Labor Statistics; Housing Permits – Construction Industry Research Board; Population – California Department of Finance; Unemployment Rate – California Department of Finance. † Consensus †† Estimate

COLORADO

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2005	177,025	158,214	2,225.1	63,375 †	153.4	40,477	4,665	5.0
% change	6.5	3.9	2.1	5.6	(0.8)	6.1	1.4	
2004	166,188	152,339	2,178.9	60,014	154.6	38,164	4,602	5.6
% change	5.8	3.1	1.3	4.9	(0.9)	14.2	1.2	
2003	157,035	147,730	2,151.0	57,192	156.0	33,428	4,548	6.1
% change	2.6	0.5	(1.4)	8.1	(6.1)	(5.9)	1.1	
2002	153,066	146,926	2,182.5	52,888	166.1	35,522	4,498	5.7
% change	0.2	(1.5)	(1.9)	(10.4)	(8.7)	(2.6)	1.6	

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

HISTORICAL DATA

WESTERN BLUE CHIP ECONOMIC FORECAST

IDAHO

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2005	40,241	35,965	608.0	19,183	62.2	19,464	1,429	3.8
% change	7.3	4.6	3.6	14.7	1.1	32.9	2.4	
2004	37,497	34,373	586.9	16,727	61.5	14,650	1,395	4.7
% change	8.2	5.4	2.6	4.2	(0.8)	17.8	2.0	
2003	34,654	32,600	572.0	16,059	62.0	12,432	1,368	5.3
% change	2.4	0.3	0.7	2.1	(4.5)	21.7	1.9	
2002	33,849	32,491	568.2	15,736	64.9	10,212	1,343	5.4
% change	2.4	0.7	0.1	8.3	(5.0)	7.7	1.7	

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

NEVADA

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Gaming Revenue (millions)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2005	86,650	77,442	1,225.2	46,190	11,649.0	37,438	2,415	4.1
% change	11.1	8.3	6.3	12.4	10.3	(3.6)	3.5	
2004	78,022	71,520	1,152.4	41,087	10,562.2	38,817	2,333	4.6
% change	9.0	6.2	5.9	16.0	9.7	17.5	4.1	
2003	71,606	67,363	1,088.3	35,426	9,625.3	33,033	2,242	5.3
% change	7.5	5.3	3.5	9.3	1.9	21.1	3.4	
2002	66,632	63,959	1,052.0	32,410	9,447.4	27,284	2,168	5.7
% change	3.5	1.7	0.1	3.0	(0.3)	1.1	3.5	

Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Nevada Department of Employment, Training and Rehabilitation; Retail Sales – Nevada Department of Taxation; Gross Gaming Revenue – Nevada State Gaming Control Board; Housing Permits – U.S. Bureau of the Census; Population – U.S. Bureau of the Census; Unemployment Rate – Nevada Department of Employment, Training and Rehabilitation.
† Consensus †† Estimate N/A - not yet available

NEW MEXICO

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2005	53,308	47,644	806.9	12,900	36.0	13,553	1,928	5.3
% change	7.0	4.3	2.0	4.8	0.2	15.4	1.3	
2004	49,828	45,675	790.7	12,312	35.9	11,743	1,903	5.7
% change	6.5	3.8	1.9	5.2	(1.6)	(0.7)	1.3	
2003	46,779	44,007	775.6	11,702	36.5	11,829	1,879	5.9
% change	4.0	1.9	1.2	**	(4.9)	14.3	1.3	
2002	44,987	43,182	766.1	12,708	38.4	10,348	1,855	5.5
% change	1.9	0.2	1.2	1.3	(6.1)	15.9	1.2	

Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – New Mexico Department of Labor; Retail Sales – New Mexico Department of Taxation & Revenue; Manufacturing Employment – New Mexico Department of Labor; Housing Permits – U.S. Bureau of the Census; Population – U.S. Bureau of the Census; Unemployment Rate – New Mexico Department of Labor. † Consensus †† Estimate N/A - not yet available

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

HISTORICAL DATA

WESTERN BLUE CHIP ECONOMIC FORECAST

OREGON

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Manufacturing Employment (thousands)	Single-family Permits (number)	Housing Permits (number)	Population (thousands)	Unem- ployment Rate
2005	116,889	104,468	1,647.8	206.0	24,925	31,864	3,641	6.1
% change	6.5	3.8	3.4	3.3	16.6	13.8	1.4	
2004	109,757	100,610	1,593.7	199.5	21,372	28,000	3,591	7.3
% change	5.6	2.9	2.0	2.3	13.7	7.3	0.8	
2003	103,890	97,734	1,562.2	194.9	18,799	26,103	3,563	8.1
% change	2.0	(0.1)	(0.7)	(3.3)	4.6	15.8	1.1	
2002	101,882	97,795	1,572.5	201.6	17,977	22,543	3,522	7.6
% change	2.9	1.1	(1.3)	(6.5)	10.9	7.1	1.4	

Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Oregon Employment Division; Manufacturing Employment – Oregon Employment Division; Single-family Permits – U.S. Bureau of the Census; Housing Permits – U.S. Bureau of the Census; Population – Portland State University; Unemployment Rate – Oregon Employment Division. † Consensus †† Estimate

TEXAS

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (billions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2005	742,074	663,217	9,606.4	347.6 †	889.6	165,579	22,860	5.3
% change	7.5	4.8	1.4	6.1	0.0	16.8	1.7	
2004	690,588	633,038	9,478.3	327.6	889.5	141,810	22,472	6.0
% change	6.1	3.4	1.2	6.4	(1.2)	6.6	1.7	
2003	650,875	612,305	9,370.0	307.9	900.0	133,077	22,099	6.7
% change	3.9	1.8	(0.5)	3.9	(5.1)	10.3	1.7	
2002	626,604	601,468	9,416.0	296.0	948.7	120,644	21,722	6.4
% change	1.1	(0.6)	(1.0)	3.9	(7.6)	8.3	1.8	

Basic data sources: Personal Income – U.S. Department of Commerce; Wage & Salary Employment – Texas Employment Commission; Gross Retail Sales – Texas State Comptroller of Public Accounts; Manufacturing Employment – Texas Employment Commission; Housing Permits – U.S. Bureau of the Census; Population – U.S. Bureau of the Census; Unemployment Rate – Texas Employment Commission. † Consensus †† Estimate

UTAH

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2005	69,299	61,935	1,144.2	21,409 †	117.4	24,645	2,470	4.3
% change	7.6	4.9	3.7	5.2	2.2	23.9	2.0	
2004	64,399	59,032	1,103.2	20,351	114.9	19,899	2,421	5
% change	6.8	4.1	2.7	8.2	2.3	10.6	1.8	
2003	60,298	56,725	1,074.1	18,809	112.3	17,995	2,379	5.6
% change	3.7	1.6	0.1	2.1	(1.4)	16.8	1.8	
2002	58,172	55,838	1,073.4	18,356	113.9	15,406	2,337	5.8
% change	2.8	1.0	(0.7)	3.4	(6.6)	11.2	0.0	

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

HISTORICAL DATA

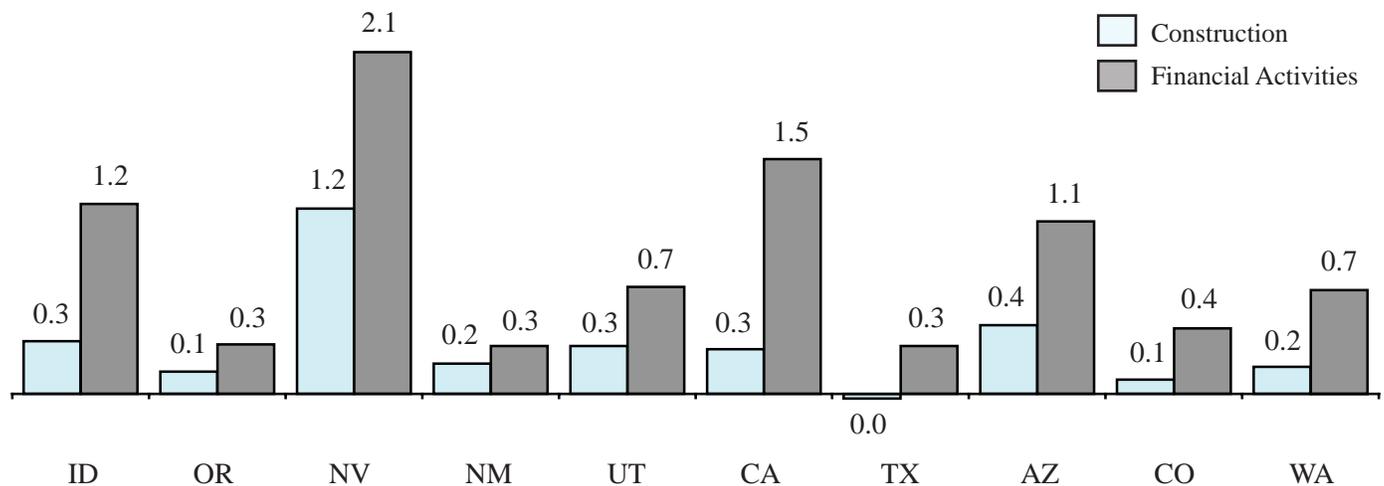
WESTERN BLUE CHIP ECONOMIC FORECAST

WASHINGTON

	Current \$ Personal Income (millions)	Real Personal Income (millions)	Wage & Salary Employment (thousands)	Retail Sales (millions)	Manufacturing Employment (thousands)	Single-family Permits (number)	Population (thousands)	Unem- ployment Rate
2005	222,643	198,983	2,763.2	98,552	267.1	40,928	6,288	5.5
% change	2.4	(0.2)	2.4	9.3	1.4	11.2	1.3	
2004	217,503	199,378	2,698.2	90,139	263.5	36,815	6,207	6.3
% change	7.9	5.1	1.5	4.6	(1.3)	6.8	1.2	
2003	201,607	189,660	2,657.8	86,165	267.1	34,480	6,131	7.4
% change	2.1	0.1	0.1	2.1	(6.3)	4.2	1.1	
2002	197,452	189,531	2,654.1	84,418	285.0	33,090	6,066	7.3
% change	2.0	0.3	(1.6)	(1.4)	(9.8)	17.6	1.2	

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

CONTRIBUTION TO GROSS STATE PRODUCT By Percentage Point, 2004



Source: Bureau of Economic Analysis



WESTERN BLUE CHIP ECONOMIC FORECAST

Robert J. Eggert Sr., *Executive Editor* • Dawn McLaren, *Editor*
Tracy Clark, *Managing Editor* • Lee McPheters, *Contributing Editor*
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