

WESTERN ECONOMIC DEVELOPMENTS

September 2000

Executive Summary

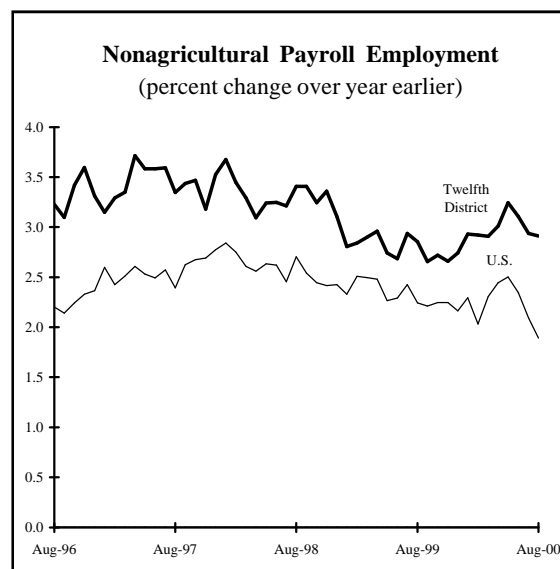
- *The District economy continued to add jobs at a solid pace in July and August, although growth slowed somewhat from the second quarter. District payroll jobs expanded at a 2.7 percent annual rate in July and August, down from a 3.4 percent rate in the second quarter.*
- *Over the past year Arizona, Nevada, Idaho, and California all added jobs at a 3.0 percent annual rate or better and ranked in the top five states in job growth.*
- *Employment growth in the District's construction sector slowed somewhat in July and August, as demand for commercial and residential real estate cooled in several parts of the District.*
- *Despite slower job growth, District labor markets remained tight in recent months; the unemployment rate held steady at 4.8 percent in August.*
- *Soaring semiconductor, telecommunications, and high-tech equipment sales have boosted employment growth among makers of electronic and electrical goods so far this year, following nearly two years of job cuts.*
- *The economic resurgence of a number of District trading partners, as well as increased demand for a variety of high-tech products, have boosted District export growth in 2000.*

District Update

The Twelfth District expansion remained solid in recent months. Total nonfarm payroll employment increased 2.7 percent at an average annual rate in July and August, off the 3.4 percent pace of the second quarter but slightly faster than the first-quarter growth rate.

Despite the slowing, the District continued to expand more quickly than the nation in recent months; payroll jobs in the rest of the nation (U.S. less District) fell by 1.5 percent at an annual rate during the two months ending in August, largely due to the layoff of temporary U.S. Census workers. Furthermore, the District also recorded much stronger job growth in the private sector—total employment less government jobs—than the nation in July and August. The District (which accounts for about one-fifth of U.S. employment) added 84,000 private sector payroll jobs in the July to August period; the rest of the nation registered an increase of only 97,000 private sector jobs.

Over a longer time frame—the twelve months ending in August 2000—the District also far surpassed the nation in the pace of job growth, adding



jobs at a 2.9 percent annual rate, compared to the 1.8 percent increase recorded for the rest of the nation. Leading the District's expansion were Arizona, Nevada, Idaho, and California, which added jobs at annual growth rates ranging from 3.0 to 4.7 percent over the past year and ranked in the top five in terms of job growth rates nationally.

District employment growth in the July–August period was broad-based across sectors of the economy. The construction sector recorded the fastest growth—adding jobs at a 5.2 percent annual rate during the two months. Still, compared to earlier in the year construction has slowed, as demand for residential and commercial real estate has cooled. In August nonresidential construction awards were down from a year earlier in every District state except Oregon. District residential building permits declined 1.4 percent in the first eight months of 2000 compared to the same period in 1999. The slowing extended across much of the District; Alaska, Arizona, Idaho, Nevada, Oregon, Utah, and Washington all experienced declines in permits during the period.

Although demand in the real estate sector has eased some, there still are areas of strength. A surge in multi-family permits helped boost total cumulative permits in California to a 6.6 percent increase over 1999. The National Association of Realtors' data for August indicate that housing sales in the West (an area larger than the District) rose in August to the highest rate since December 1999.

Strength in communications jobs boosted payrolls in the transportation, communications, and public utili-

ties sector; job growth averaged 4.2 percent at an annual rate in July and August, up from the 3.5 percent pace of growth in the second quarter. The return of teachers and administrators to school boosted local government job growth in a number of states, pushing government employment growth to an annual rate of 3.9 percent in July and August. District services, finance, insurance, and real estate, and trade sectors each reported job growth rates of 2.8 percent or better, reflecting the broad strength in the region's economy. However, that growth rate represents a slowdown for the large services sector, which accounts for over 31 percent of all payroll jobs in the District; services added jobs at a 4.9 percent annual rate of growth in the second quarter. Moreover, slower growth in services was evident in Alaska, California, Hawaii, Idaho, Oregon, and Utah.

Twelfth District labor markets remained tight, particularly in urban areas. Beige Book respondents frequently noted tight labor markets across the District in a wide variety of occupations as well as in key urban areas. The District unemployment rate held steady in August at 4.8 percent, about the same rate as in 1999. However, the District average masks considerable variation within the region. The Boise, Oakland, Orange County, Phoenix, Salt Lake City, San Diego, San Francisco, San Jose, and Seattle metropolitan statistical areas (MSAs) each reported unemployment rates of 3.7 or lower in August, while the Bakersfield, Fresno, and Modesto MSAs located in California's Central Valley continued to report double-digit unemployment rates.

District Employment by Industry

	Number Employed (thousands)			Annualized	%
	Aug-00	Jul-00	Aug-99	% Change	Change
				From Previous Month	From Previous Year
Total	24,532.7	24,490.2	23,842.7	2.1	2.9
Mining	69.2	69.5	69.8	-5.1	-0.9
Construction	1,394.0	1,390.4	1,310.5	3.2	6.4
Manufacturing	3,012.6	3,013.2	3,019.7	-0.2	-0.2
Transportation	1,294.6	1,287.8	1,251.8	6.5	3.4
Trade	5,665.5	5,655.7	5,530.9	2.1	2.4
F.I.R.E.	1,389.3	1,386.6	1,370.1	2.4	1.4
Services	7,658.8	7,649.3	7,370.0	1.5	3.9
Government	4,048.7	4,037.7	3,919.9	3.3	3.3

Seasonally adjusted payroll employment data

District Employment by State

	Number Employed (thousands)			Annualized	%
	Aug-00	Jul-00	Aug-99	% Change	Change
				From Previous Month	From Previous Year
Alaska	282.9	282.8	278.1	0.4	1.7
Arizona	2,274.2	2,268.1	2,172.8	3.3	4.7
California	14,450.7	14,436.2	14,033.4	1.2	3.0
Hawaii	545.4	545.0	538.8	0.9	1.2
Idaho	563.9	561.0	542.6	6.4	3.9
Nevada	1,038.1	1,031.0	994.4	8.6	4.4
Oregon	1,599.1	1,600.3	1,579.8	-0.9	1.2
Utah	1,072.6	1,071.9	1,053.0	0.8	1.9
Washington	2,705.8	2,693.9	2,649.8	5.4	2.1
District	24,532.7	24,490.2	23,842.7	2.1	2.9
U.S.	131,491.0	131,596.0	129,057.0	-1.0	1.9

Seasonally adjusted payroll employment data

**Recent Developments
in District High-tech Manufacturing**

The high-tech manufacturing sector has shown signs of strength for a number of months now, but until recently the rebound was not reflected in employment statistics. However, data for 2000 point to a pickup in job growth in the manufacturing of electronic components and accessories (semiconductors), particularly in California.

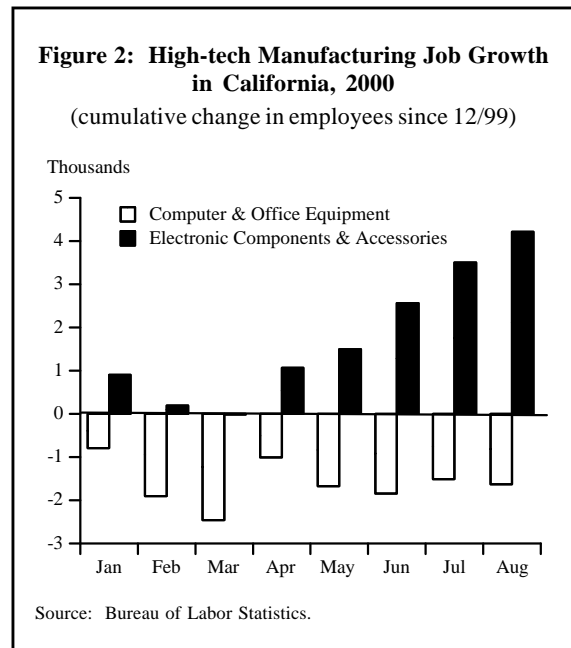
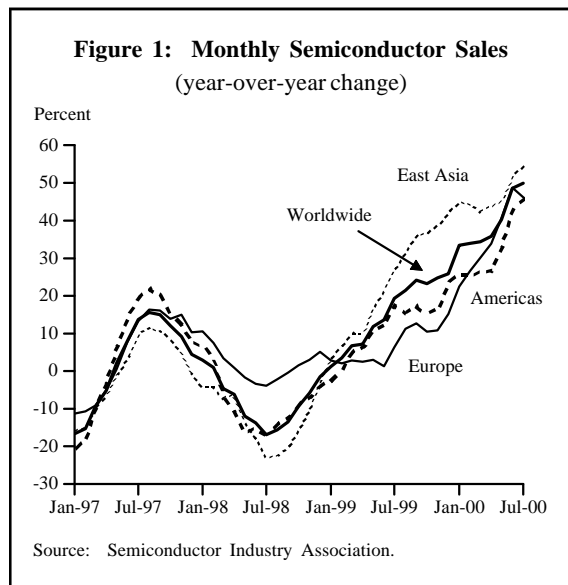
Worldwide semiconductor sales provide evidence of increased demand for chips. Boosted by Internet structure and wireless communications sales, in July 2000 the Semiconductor Industry Association (SIA) reported a record \$17.3 billion in sales, up 50 percent from year-ago sales. Moreover, sales growth has been robust around the globe, shown in Figure 1, with year-over-year increases exceeding 52 percent in both the Asia Pacific Region and Japan, and 46 percent in the Americas and Europe. The strength of sales provides a sound basis for the SIA projections that 2000 semiconductor sales will exceed 1999 sales by 31 percent. Furthermore, not only are sales up sharply, but new orders and shipments of electronics and other electrical goods at the national level also are rising.

Soaring demand for chips used in a wide range of rapidly selling products, including Internet products, handheld computers, and communications devices, is outpacing the ability of producers to expand their production and capacity. One estimate suggests that chip producers in Taiwan are at least 30

percent overbooked. Shortages are leading to delays and allocation of production to key customers or to scheduled deliveries.

Shortages are leading to expansions of capacity. However, in the meanwhile, shortages are reported to have affected a broad range of products, from disk drives to children’s toys. Another effect of the shortages is that integrated device manufacturers whose products require key semiconductor components are reportedly trying to lock in long-term contracts with suppliers to assure chip supplies over the next several years.

The recent surge in semiconductor production is having an impact on high-tech manufacturing employment in the District. Since the beginning of the year, California has added jobs in electronic components and accessories at a 4.2 percent annual rate. In contrast, employment in computers and office equipment declined at a 2.5 percent annual rate. Figure 2 shows the cumulative changes since December 1999 in two categories of high-tech manufacturing employment in California—electronic components and accessories (includes semiconductors) and computers and office equipment. The rebound in semiconductor employment is especially important in the District since over 50 percent of the 284,000 U.S. jobs of this category are located in the District, according to 1998 data reported by the American Electronics Associa-

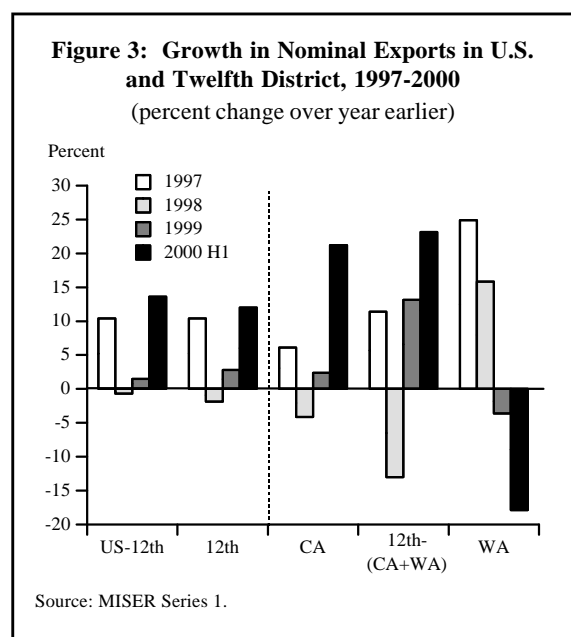


tion.¹ The rebound in employment growth has extended to several other states with sizeable semiconductor manufacturing capacity; Arizona, Idaho, Oregon, and Washington are reporting strong growth in the broader job categories that include semiconductor manufacturing employment. These job increases are occurring at the same time that high-tech exports are showing a rebound.

Recent Developments in District Exports

After more than two years of weakness, District exports have begun to rebound. The recent pickup owes in large part to the economic resurgence of a number of District trading partners and to rapid growth in demand for a variety of high-tech manufactured products. The growth in nominal exports in the Twelfth District has pushed trade levels above those recorded in 1997.

Figure 3 shows the percentage change in the nominal value of merchandise exports—manufactured and non-manufactured products—for the Twelfth District and the U.S. minus the Twelfth District for 1997–2000H1.² The percentage change in nominal exports is calculated for the period shown relative to the same period one year earlier.



As the left side of the chart indicates, District export growth tracked national growth closely during the past 3½ years. Following fairly rapid growth in 1997, export totals fell in 1998 in both the District and the rest of the U.S. Exports grew slightly in 1999 but growth remained weak. In contrast, during the first half of this year, nominal exports in both the District and the rest of the U.S. have grown rapidly, increasing by more than 10 percent over the same period a year earlier.

The right side of the graph displays export growth for California, Washington, and the remaining seven District states. California and Washington are displayed separately because California accounts for more than 50 percent of total District exports and Washington exports are dominated by the shipment of aircraft.

The export patterns for California and the District states other than Washington roughly follow those for the U.S. as a whole, though with larger swings. During the first half of 2000 exports from District states other than Washington surged, increasing by more than 20 percent over year-earlier levels, far above the pace of growth recorded for the rest of the nation. In contrast, in Washington, where exports are dominated by shipments of aircraft, export patterns diverged significantly from those in the remainder of the District, growing rapidly in 1997 and 1998 and then falling significantly in 1999 and the first half of 2000.³

Growth by destination region

Table 1 shows changes in exports for 1997 through the first half of 2000 for three trade groups: the Asia 10 (Japan, Korea, China, Taiwan, Hong Kong, Singapore, Thailand, Indonesia, the Philippines, and Malaysia), NAFTA (Canada and Mexico), and the EU (Great Britain, France, Germany, Netherlands, Belgium, Luxembourg, Denmark, Sweden, Finland, Ireland, Spain, Austria, Italy, Portugal, and Greece). As the table indicates, the East Asian financial crisis and ongoing weakness in Japan damped growth in exports to Asia as early as 1997. As the effects of the financial crisis spread, U.S.

¹ *Cyberstates*, American Electronics Association, 2000.

² Based on Massachusetts Institute of Social and Economic Research (MISER) origin-of-movement data.

³ This is roughly consistent with the pattern of aircraft deliveries reported by Boeing. Percentage change in deliveries from the same period a year earlier: 1997, 38%; 1998, 50%; 1999, 10%; 2000H1, -23%.

**Table 1: Growth in Merchandise Exports
1997-2000H1**

(percentage change over same period one year earlier)

	1997	1998	1999	2000H1
U.S - District				
Total	10.4	-0.7	1.5	13.6
Asia 10	4.8	-14.2	6.3	18.3
NAFTA	17.1	4.3	7.1	18.4
EU	6.6	6.2	-1.3	7.1
District				
Total	10.4	-1.9	2.8	12.0
Asia 10	1.6	-16.2	0.9	15.8
NAFTA	16.4	10.5	10.6	24.0
EU	22.9	5.6	9.2	0.0
California				
Total	6.1	-4.2	2.4	21.2
Asia 10	-1.8	-20.3	6.0	25.8
NAFTA	18.4	10.7	8.2	23.1
EU	7.3	9.9	-1.6	19.9
District - (CA+WA)				
Total Exports	11.4	-13.0	13.2	23.2
Asia 10	5.5	-22.9	16.4	16.3
NAFTA	13.7	13.4	23.5	29.9
EU	28.5	-23.0	4.6	5.8
Washington				
Total Exports	24.9	15.8	-3.6	-17.9
Asia 10	8.9	2.5	-21.8	-14.7
NAFTA	8.2	3.4	-0.1	15.6
EU	78.7	17.5	35.4	-26.3

Asia 10: Japan, Korea, China, Taiwan, Hong Kong, Singapore, Thailand, Indonesia, the Philippines, and Malaysia

EU: Great Britain, France, Germany, Netherlands, Belgium, Luxembourg, Denmark, Sweden, Finland, Ireland, Spain, Austria, Italy, Portugal, and Greece

Source: MISER Series 1.

and District exports to Asia fell. In 1998, exports to Asia from both the District and the rest of the U.S. declined by 15 percent compared to year-earlier levels. During the same period, export growth to NAFTA and EU trading partners slowed, weakened by export competition from nations in Asia, the strong dollar, and slower economic growth in Europe, Canada, and Mexico.

Although export growth showed signs of recovering in 1999, the real rebound occurred during the first half of this year. During 2000H1 exports to Asia from District states grew by almost 16 percent compared to the same period last year. Growth has been most rapid in California, where exports increased by almost 26 percent in 2000H1 compared to the same period a year earlier. California exports to NAFTA and EU trading partners also have increased rapidly during the first half of 2000. Exports from District states other than California and Washington have followed a similar pattern.

Washington remains the outlier in the District pattern, largely due to exports of aircraft. Planes require a long lead time to build so that orders placed two to three years ago will be delivered this year. The export pattern observed for Washington in 2000 approximately follows the downturn in orders placed in 1997 and 1998.

Growth of high-tech exports

A major component of the recent pickup in District exports has been the resurgence in shipments of high-tech products. Sales of semiconductors, semiconductor manufacturing equipment, and a variety of telecommunications gear have risen rapidly this year. This has boosted export growth among high-tech manufacturing firms. Table 2 shows the percentage change in nominal exports from industries producing high-tech manufactured goods.⁴ In general, changes in exports of high-tech goods follow the patterns described for exports more generally. Exports from industries producing high-tech products declined in 1998, rebounded slightly in 1999, and have surged during the first half of 2000. This pattern held for both the District and the rest of the U.S. During 2000H1 exports from the sectors defined as high-tech increased 27.5 percent in the District, more than four times as rapidly as in 1999. Although the largest increase occurred in California, high-tech exports grew rapidly throughout the District.

**Table 2: Growth in High-tech Exports
1997-2000H1**

(percentage change over same period one year earlier)

	1997	1998	1999	2000H1
U.S.-District	16.2	-1.4	2.1	14.0
District	9.0	-7.7	6.5	27.5
California	4.7	-5.3	5.3	29.1
District-(CA+WA)	25.2	-16.6	13.5	24.0
Washington	22.4	-7.2	-2.1	13.7

Source: MISER Series 1.

⁴ High-tech exports are defined as exports of goods in the SIC groupings: industrial machinery and equipment (includes semiconductor manufacturing equipment), electrical machinery and components (includes computers and components, semiconductors, and telecommunications gear), and instruments and related products.

ALASKA, OREGON, AND WASHINGTON

Alaska's economic expansion moderated in July and August following a robust second quarter. Total nonfarm payroll employment growth slowed to an annual rate of about one-half of a percentage point during July and August, down from a 4 percent growth rate during the second quarter. Employment gains in the manufacturing sector were largely offset by declines in the construction and services sectors. In the manufacturing sector, seafood processors added 1,500 jobs in July and August, despite this year's smaller fish harvest. Although building activity was strong earlier in the year, both residential and commercial construction activity eased during July and August. Similarly, service employment declined by 400 jobs during these two months; however, year-over-year service sector employment growth remained solid, near 3 percent, due to strong tourism-related gains in the first half of the year. Consistent with the state's slower job growth in recent months, the unemployment rate inched up from 4 to 4.3 percent in August.

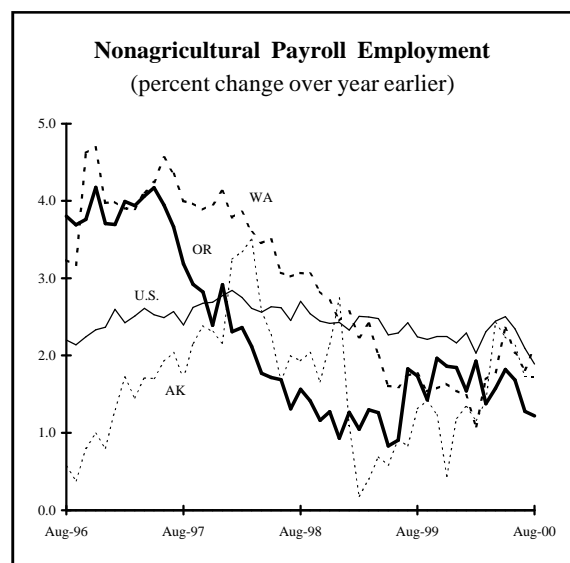
Economic conditions in **Oregon** were somewhat mixed in recent months. Total nonfarm payroll employment increased 2.1 percent at an annual rate in July and August, up from the 1.4 percent pace of growth recorded for the second quarter. Oregon's recent pickup owes primarily to rapid gains in the construction sector, which benefited from increasing demand and falling vacancy rates for office and industrial space. Construction payroll

jobs increased by 12.5 percent at an average annual rate during the two months ending in August. In contrast, payroll jobs in the manufacturing and services sectors contracted at annual rates of 3 and 1.6 percent, respectively, during the two months ending in August. Oregon's unemployment rate edged up 0.3 percentage point in August, to 5.3 percent, largely due to a double-digit increase in the labor force.

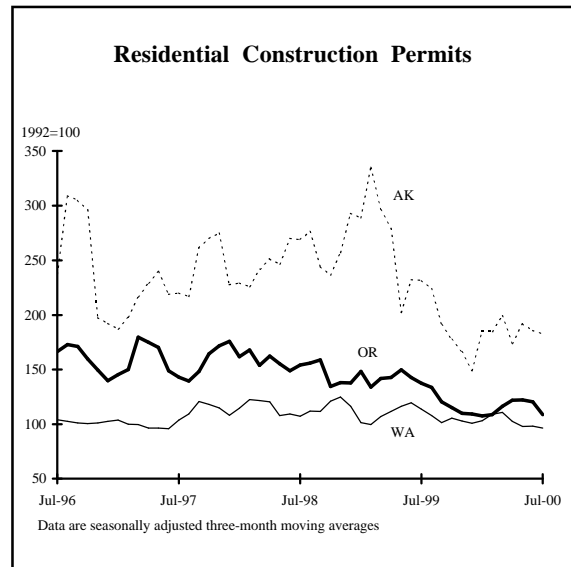
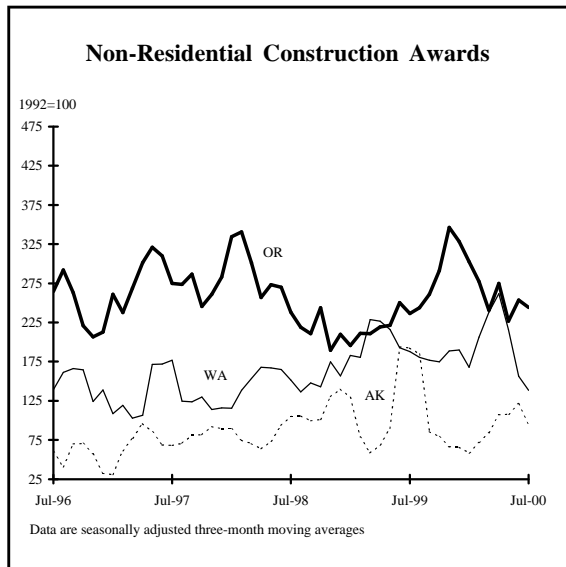
The bright spot in Oregon's manufacturing sector this year has been the electronics industry, especially makers of semiconductors. Increased demand for semiconductors used in Internet-related devices and cellular phones has boosted employment growth and exports among electronics manufacturers.

Following a slow second quarter, **Washington's** economy picked up in recent months. Total non-agricultural payroll employment increased by 3.4 percent at an annual rate in July and August, well above the 2 percent pace recorded during the first half of the year. Washington's recent acceleration owes to a number of factors including the tempering of job losses at Boeing, a pickup in demand for high-tech manufactured products, surging growth in construction employment associated with increased commercial building, and ongoing rapid expansion among providers of telecommunications, Internet-related, and software services.

A pickup in aircraft orders this year, particularly from Asia, has helped stabilize employment at Boeing; in fact, Boeing reported adding 200 net new employees to its Washington payrolls in July. Increased demand for a variety of high-tech manufactured goods has boosted employment and exports among makers of electronics and electronic equipment. Rapid growth in the high-tech services sector and among the firms that support it have kept vacancy rates in office and industrial space well below 5 percent, prompting considerable new building. As a result construction payrolls have grown rapidly in recent months, increasing at a 12 percent average annual pace during the two months ending in August. Despite the recent pickup, the state unemployment rate inched up in August to 5.1 percent, 0.8 percentage point higher than the rate at the end of 1999.



CONSTRUCTION



EMPLOYMENT

	Number Employed (thousands)			Annualized % Change	% Change
	Aug-00	Jul-00	Aug-99	From Previous Month	From Previous Year
Alaska					
Total	282.9	282.8	278.1	0.4	1.7
Mining	9.8	9.7	8.9	13.1	10.1
Construction	13.8	14.0	13.5	-15.9	2.2
Manufacturing	14.1	13.9	14.7	18.7	-4.1
T.C.P.U.	26.8	26.8	26.4	0.0	1.5
Trade	57.8	57.8	57.5	0.0	0.5
F.I.R.E.	12.8	12.7	12.8	9.9	0.0
Services	72.9	73.1	70.9	-3.2	2.8
Government	74.9	74.8	73.4	1.6	2.0

	Number Employed (thousands)			Annualized % Change	% Change
	Aug-00	Jul-00	Aug-99	From Previous Month	From Previous Year
Washington					
Total	2705.8	2693.9	2649.8	5.4	2.1
Mining	3.2	3.3	3.3	-30.9	-3.0
Construction	164.2	163.8	154.4	3.0	6.3
Manufacturing	351.4	350.3	362.3	3.8	-3.0
T.C.P.U.	142.3	141.6	140.0	6.1	1.6
Trade	650.9	652.3	636.3	-2.5	2.3
F.I.R.E.	139.6	139.9	137.9	-2.5	1.2
Services	767.2	764.4	739.3	4.5	3.8
Government	487.0	478.3	476.3	24.1	2.2

	Number Employed (thousands)			Annualized % Change	% Change
	Aug-00	Jul-00	Aug-99	From Previous Month	From Previous Year
Oregon					
Total	1599.1	1600.3	1579.8	-0.9	1.2
Mining	1.8	1.8	1.9	0.0	-5.3
Construction	87.4	88.4	82.7	-12.8	5.7
Manufacturing	238.8	240.8	239.3	-9.5	-0.2
T.C.P.U.	79.8	79.2	78.3	9.5	1.9
Trade	391.2	393.4	388.0	-6.5	0.8
F.I.R.E.	95.7	95.4	95.4	3.8	0.3
Services	434.6	432.9	428.1	4.8	1.5
Government	269.8	268.4	266.1	6.4	1.4

	Unemployment Rates (%)				
	Aug-00	Jul-00	Jun-00	Aug-99	Jul-99
Alaska	5.8	5.5	6.1	6.3	6.5
Oregon	5.3	5.0	4.9	5.8	5.8
Washington	5.1	4.9	4.7	4.7	4.8
U.S.	4.1	4.0	4.0	4.2	4.3

Unemployment rates are from the household employment survey; all other data are for nonagricultural payroll employment. All data are seasonally adjusted.

ARIZONA, CALIFORNIA, AND HAWAII

Arizona recorded the fastest job growth in the nation, 4.7 percent, over the twelve-month period ending in August 2000. Nonfarm payroll employment growth, boosted in part by a surge in government sector jobs, accelerated to a 6.3 percent annual rate in July and August, well above the state's 4.3 percent annual job growth rate during the second quarter. Private sector employment also remained robust. Manufacturing employment rose 5.7 percent at an annual rate in July and August, as machinery, electronic and electrical equipment jobs—including high-tech manufacturing—posted a 7.5 percent annual rate of growth in July and August. The service sector added jobs at a 6 percent annual rate in July and August; growth in hotel and health care employment was strong. Labor markets remained tight in Arizona, despite an increase of 0.3 percentage point in the unemployment rate in August, to 4.0 percent.

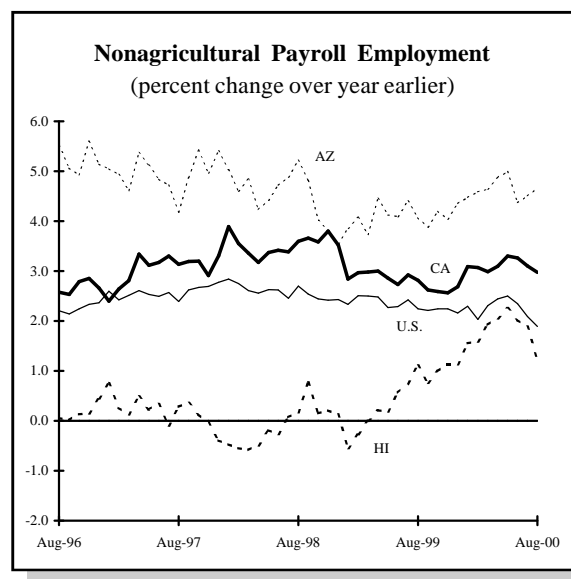
Expansion of Arizona's construction sector is moderating in 2000. With high metropolitan office vacancy rates and rising concerns about potential overbuilding in Phoenix, nonresidential construction awards in July and August fell back to 1999 levels. Single-family housing permits authorized over the first eight months of 2000 are running 9.2 percent below year-ago activity.

Economic growth in **California** proceeded at a solid pace in recent months. Nonfarm payroll employment increased at a 2 percent average annual

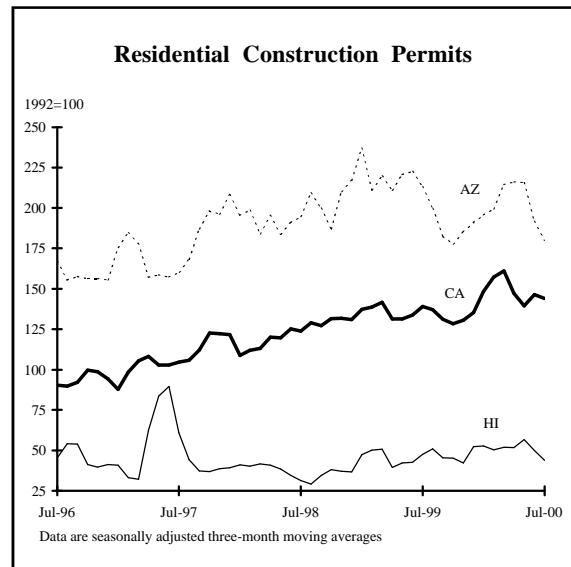
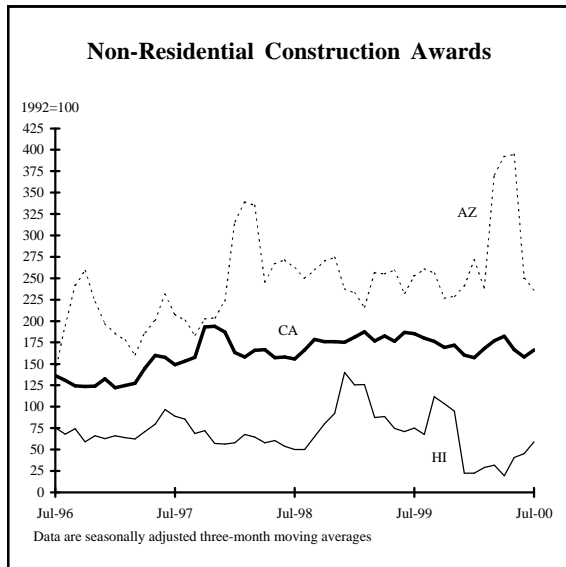
rate during July and August, down from the 3.8 percent pace of the second quarter. However, the slower rate of job growth was not reflected in state income tax withholding receipts for July and August. Despite the recent moderation in job growth, on a twelve-month basis, total nonfarm employment was up 3 percent as of August, ranking California fifth among all states in its pace of growth. In the manufacturing sector, employment remained essentially unchanged for the two months of July and August, with gains in high-tech manufacturing offsetting weaknesses in other sectors. The construction sector continued to expand, adding jobs at about a 5 percent average annual pace during the two months ending in August, though that was off from the double-digit growth in the second quarter. Rapid growth in business and engineering and management services boosted employment in the services sector, offsetting job reductions in the tourism-related and personal services sectors.

The growth in employment combined with stabilization in the pace of labor force expansion worked to reduce the state's unemployment rate to 5.1 percent in August. Although California's unemployment rate remains well above that for the nation, the data indicate growing tightness. Data through August show that the share of the unemployed who are job losers has fallen this year, while the share of job leavers has risen.

Hawaii's economic expansion slowed in July and August following a strong second quarter. Nonfarm payroll employment grew at an annual rate of nearly 1 percent during July and August, down from a rate of 3.7 percent during the first quarter. Heavy tourist traffic has fueled Hawaii's continued rebound, boosting demand for services and retail trade. Hawaii's retail trade sector grew at an annual rate of 3.2 percent, adding 600 jobs during July and August, while hospitality services jobs grew at a rate of 1.5 percent during these months. Government sector employment growth slowed to 2 percent at an annual rate during July and August. While a slight contraction of construction sector employment was reported during July and August, year-over-year growth remains solid at nearly 10 percent. Hawaii's unemployment rate ticked up 0.3 percentage point to 4.3 percent in August.



CONSTRUCTION



EMPLOYMENT

	Number Employed (thousands)			Annualized % Change	% Change
	Aug-00	Jul-00	Aug-99	From Previous Month	From Previous Year
Arizona					
Total	2274.2	2268.1	2172.8	3.3	4.7
Mining	10.1	10.0	10.3	12.7	-1.9
Construction	158.4	156.9	157.1	12.1	0.8
Manufacturing	216.6	216.2	211.6	2.2	2.4
T.C.P.U.	110.4	109.8	104.4	6.8	5.7
Trade	532.2	529.6	515.2	6.1	3.3
F.I.R.E.	146.7	146.5	141.1	1.7	4.0
Services	729.9	728.5	688.8	2.3	6.0
Government	369.9	370.6	344.3	-2.2	7.4

	Number Employed (thousands)			Annualized % Change	% Change
	Aug-00	Jul-00	Aug-99	From Previous Month	From Previous Year
Hawaii					
Total	545.4	545.0	538.8	0.9	1.2
Mining
Construction	23.8	23.8	21.5	0.0	10.7
Manufacturing	16.6	16.8	16.6	-13.4	0.0
T.C.P.U.	41.4	41.6	41.1	-5.6	0.7
Trade	135.8	135.9	133.5	-0.9	1.7
F.I.R.E.	34.5	34.5	35.0	0.0	-1.4
Services	177.8	178.1	175.2	-2.0	1.5
Government	115.5	114.3	115.9	13.4	-0.3

	Number Employed (thousands)			Annualized % Change	% Change
	Aug-00	Jul-00	Aug-99	From Previous Month	From Previous Year
California					
Total	14450.7	14436.2	14033.4	1.2	3.0
Mining	22.9	23.0	23.3	-5.1	-1.7
Construction	741.4	740.4	683.7	1.6	8.4
Manufacturing	1922.9	1920.7	1922.9	1.4	0.0
T.C.P.U.	750.8	746.1	723.0	7.8	3.8
Trade	3286.5	3280.3	3210.6	2.3	2.4
F.I.R.E.	834.8	832.9	823.3	2.8	1.4
Services	4576.1	4575.1	4405.7	0.3	3.9
Government	2315.3	2317.7	2240.9	-1.2	3.3

	Unemployment Rates (%)				
	Aug-00	Jul-00	Jun-00	Aug-99	Jul-99
Arizona	4.0	3.7	3.8	4.5	4.6
Hawaii	4.3	4.0	4.0	5.4	5.5
California	5.1	5.1	5.3	5.0	5.1
U.S.	4.1	4.0	4.0	4.2	4.3

Unemployment rates are from the household employment survey; all other data are for nonagricultural payroll employment. All data are seasonally adjusted.

IDAHO, NEVADA, AND UTAH

Total payroll employment in **Idaho** was up 3.9 percent in August 2000 compared to a year earlier, ranking Idaho fourth among all states in its pace of job growth. Idaho's nonfarm payroll employment grew at a 4.6 percent annual rate in July and August, considerably higher than the 3.4 percent pace set in the second quarter. Hiring in the trade sector, boosted by the opening of four new Wal-Mart Super Stores, offset cutbacks in manufacturing in July and August and slower growth in services and government. The number of construction sector jobs remained stable during this period as nonresidential construction award activity has slowed sharply since the spring. Strong job growth over the past year has pushed Idaho's unemployment rate down; in August it was 4.5 percent, 0.7 percentage point below one year ago.

Overall, Idaho's manufacturing plants have eliminated almost 1,000 jobs over the past twelve months. Lumber and wood products manufacturers are being hit hard by declines in lumber and log prices. In contrast, electrical equipment and industrial machinery, Idaho's two largest merchandise export categories, are benefiting from strong foreign demand.

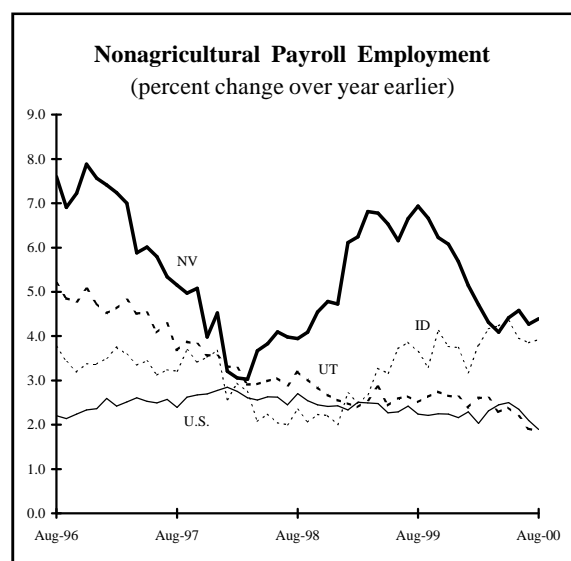
Nevada recorded the second fastest job growth in the nation, 4.4 percent at an annual rate, over the twelve-month period ending in August 2000. Strength was broad-based during July and August as nonfarm payrolls expanded at a 7.9 percent annual rate, up from a 5.0 percent rate during the

second quarter. Gaming revenues and hotel occupancy rates remained strong and drove job expansion in both services and trade. Services added jobs at an 8.5 percent annual rate in July and August, while jobs in eating and drinking establishments expanded at double-digit rates. Job growth also was rapid in communications, manufacturing, and government. Labor markets in Nevada remained tight, although the unemployment rate rose 0.2 percentage point in August to 3.7 percent.

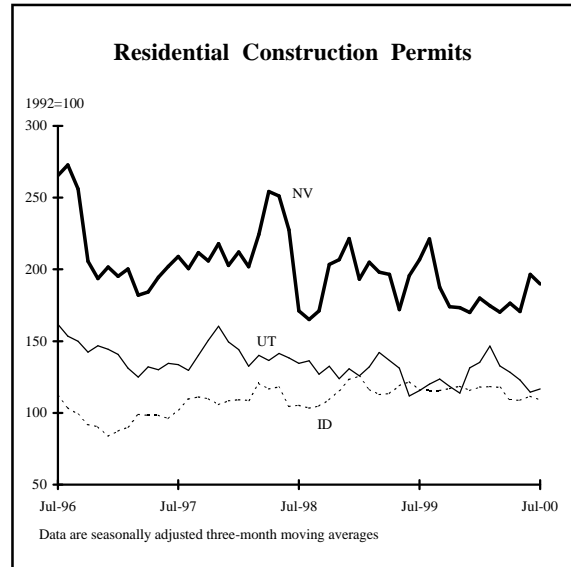
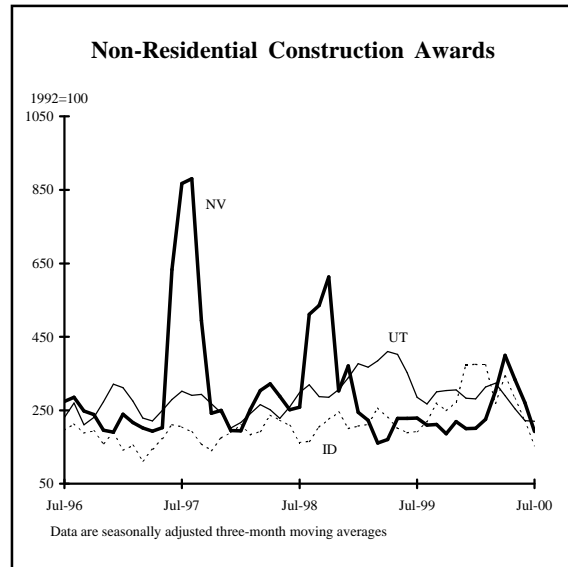
Almost 9 percent of Nevada's nonfarm payroll jobs are in the construction industry, nearly twice the share for the nation. However, this cyclical sector is slowing as Nevada's casino building boom is drawing to a close in 2000. In August, nonresidential construction awards fell sharply, dropping to the lowest level since October 1999. Residential construction activity also has softened; for the first eight months of 2000, year-to-date residential housing permits were 2.4 percent below 1999 levels.

Utah's economy continued to slow in recent months. Total nonfarm payroll employment grew by 0.4 percent at an annual rate in July and August, down from a 1.4 percent annual rate in the second quarter. On a twelve-month basis, Utah employment grew 1.9 percent in August, down from 2.5 percent for the previous twelve months. Slower employment growth allowed Utah's unemployment rate to edge up to 3.1 percent in August, from 3 percent in July. Hiring in the services sector slowed in July and August, while manufacturing and government pared back payrolls. In contrast, construction hiring picked up in August—the first increase since February—fueled by the first phase of construction near the Salt Lake airport. However, with Olympics preparations winding down, the pace of nonresidential construction award activity has slowed markedly in recent months.

Almost one in three jobs in Utah is in services; however, the pace of new hiring in services dipped sharply at the beginning of this year, and growth since then has remained considerably slower than in 1999. Announced layoffs in the high-tech software sector will further damp service job growth. Falling hotel occupancy rates in Salt Lake City are consistent with the loss of about 500 jobs since May in the tourism industry.



CONSTRUCTION



EMPLOYMENT

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Aug-00	Jul-00	Aug-99		
Idaho					
Total	563.9	561.0	542.6	6.4	3.9
Mining	2.5	2.5	2.5	0.0	0.0
Construction	39.0	38.3	35.0	24.3	11.4
Manufacturing	75.9	77.2	76.8	-18.4	-1.2
T.C.P.U.	27.5	27.5	27.0	0.0	1.9
Trade	142.3	140.1	136.3	20.6	4.4
F.I.R.E.	23.5	23.5	23.3	0.0	0.9
Services	143.2	143.3	134.7	-0.8	6.3
Government	110.0	108.6	107.0	16.6	2.8
Nevada					
Total	1038.1	1031.0	994.4	8.6	4.4
Mining	11.0	11.0	11.7	0.0	-6.0
Construction	92.1	91.6	89.3	6.8	3.1
Manufacturing	44.1	44.0	42.4	2.8	4.0
T.C.P.U.	54.7	54.5	52.0	4.5	5.2
Trade	215.6	213.4	204.5	13.1	5.4
F.I.R.E.	44.7	44.6	44.3	2.7	0.9
Services	452.6	449.7	432.4	8.0	4.7
Government	123.3	122.2	117.8	11.4	4.7

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Aug-00	Jul-00	Aug-99		
Utah					
Total	1072.6	1071.9	1053.0	0.8	1.9
Mining	7.9	8.2	7.9	-36.1	0.0
Construction	73.9	73.2	73.3	12.1	0.8
Manufacturing	132.2	133.3	133.1	-9.5	-0.7
T.C.P.U.	60.9	60.7	59.6	4.0	2.2
Trade	253.2	252.9	249.0	1.4	1.7
F.I.R.E.	57.0	56.6	57.0	8.8	0.0
Services	304.5	304.2	294.9	1.2	3.3
Government	183.0	182.8	178.2	1.3	2.7

Unemployment Rates (%)

	Aug-00	Jul-00	Jun-00	Aug-99	Jul-99
Idaho	4.5	4.5	4.4	5.2	5.3
Nevada	3.7	3.5	3.5	4.7	4.7
Utah	3.1	3.0	3.0	3.7	3.8
U.S.	4.1	4.0	4.0	4.2	4.3

Unemployment rates are from the household employment survey; all other data are for nonagricultural payroll employment. All data are seasonally adjusted.

2000 Issues**Mailing Date**

February
March
May
June
August
September
November
December

February 4
March 24
May 19
June 30
August 25
October 6
November 17
December 22



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