

# WESTERN ECONOMIC DEVELOPMENTS

January 1997

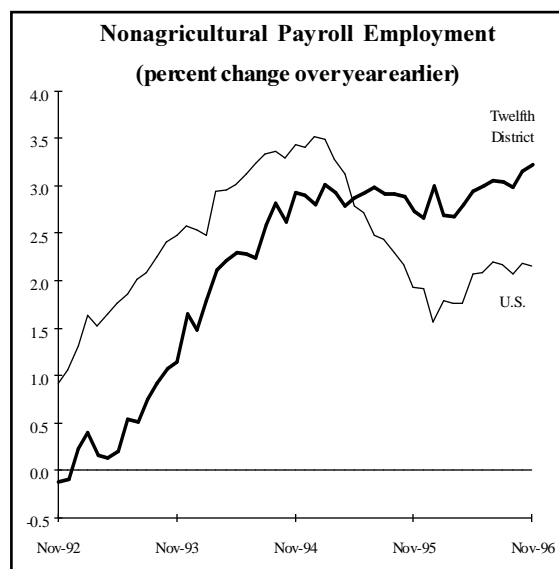
## Executive Summary

- California's economy continued to expand at a strong pace in late 1996, and the state's labor market tightened further.
- Nevada, the fastest-growing state in the nation, continued to add jobs at more than a 6½ percent average annual pace in recent months.
- Rapid growth also continued recently in Arizona and Oregon, and the underlying trend of job growth looks strong in Washington.
- In late 1996, Idaho and Utah did not sustain the earlier rapid pace of growth. Economic conditions remain sluggish in Hawaii and Alaska.
- In the District as a whole, relatively rapid economic growth has been boosted by, among other factors, large gains in nonresidential construction. The 1997 outlook for nonresidential construction in the District is buoyed by prospects for the office sector, which is picking up.

## District Update

Strong economic growth continued in the District in late 1996. In the fourth quarter, California continued to add more than 20,000 jobs per month, on average, to its payrolls. Compared with each other state in the U.S., California has been making the largest average monthly contribution to national employment growth. California is the largest state in the U.S., with about 12.9 million jobs on state payrolls, and the recent pace of growth in California has been faster than the national average.

Only three other District states--Washington, Arizona and Oregon--have more than 1 million jobs on their payrolls. In Washington, job growth has been strong, largely owing to the pickup in employment and production at Boeing. In Arizona and Oregon, employment growth was in the range of 4 percent to 5 percent at an annual rate in recent months, consistent with the rapid underlying trend rate of growth in these states over the past year. Three of the four smaller District states--Alaska, Hawaii, and



Idaho--lost jobs in recent months, and the remaining state, Utah, only posted a moderate increase in employment.

On average in October and November, District employment increased at about a 2½ percent annual rate, about ½ percentage point faster than the national pace. Given the rebound in aerospace employment and solid growth in most computer-related industries, District manufacturing employment increased at about a 2 percent annual rate. In contrast, national manufacturing employment has been relatively flat. Growth in District government sector jobs also has outpaced the nation. Federal government

employment is contracting in the U.S., and overall government employment in the nation edged down in recent months. Government employment in the District, however, grew about 3 percent at an annual rate in October and November, owing to increases in state and local government jobs.

Over the past several years, population growth has been faster in the District than in the rest of the nation, boosting the demand for state and local government services. Until recently, the relatively strong District population growth has been concentrated in the Intermountain and Pacific Northwest states. California's population growth has been held down below the roughly 1 percent annual pace of growth in U.S. population by a net outflow of California residents to other states. However, recent estimates of 1996 population growth from the Census Bureau confirm that the out-migration from California slowed substantially last year, raising California's rate of population growth to about 1 percent. By this population measure, Nevada and Arizona were the fastest growing states in the nation, with increases of 4½ and 3 percent, respectively. Population growth in Utah and Idaho in 1996 was estimated to have been about 2 percent, and the pace of increase in Oregon and Washington was estimated to be closer to 1½ percent.

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Nov-96	Oct-96	Nov-95		
	Alaska	264.6	265.9	264.0	-5.7
Arizona	1,890.2	1,875.7	1,804.9	9.7	4.7
California	12,879.6	12,849.9	12,555.3	2.8	2.6
Hawaii	522.2	524.6	530.6	-5.4	-1.6
Idaho	502.5	504.0	482.9	-3.5	4.1
Nevada	869.8	860.2	814.3	14.2	6.8
Oregon	1,502.0	1,492.7	1,437.9	7.7	4.5
Utah	973.3	970.4	926.4	3.6	5.1
Washington	2,437.9	2,433.8	2,342.9	2.0	4.1
District	21,842.1	21,777.2	21,159.2	3.6	3.2
U.S.	120,438.0	120,311.0	117,899.0	1.3	2.2

Seasonally adjusted payroll employment data

	Number Employed (thousands)			% Change From Previous Month	% Change From Previous Year
	Nov-96	Oct-96	Nov-95		
Aerospace Employment (1992=100)	66.9	66.1	55.9	1.2	19.8
Electronics Employment (1992=100)	107.9	107.7	104.0	0.2	3.7
U.S. Semiconductor Orders (\$ Million)	3960.0	3730.0	5030.0	6.2	-21.3
Non-Residential Awards (1992=100)	119.3	133.0	135.4	-10.3	-11.9
Residential Permits (Thousands)	23.5	24.0	23.6	-2.0	-0.2
Western Housing Starts (Thousands)	23.9	33.4	22.3	-28.4	7.2

Seasonally adjusted payroll employment data

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Nov-96	Oct-96	Nov-95		
	Total	21,842.1	21,777.2	21,159.2	3.6
Mining	81.0	80.5	80.9	7.7	0.1
Construction	1,073.7	1,069.7	1,013.4	4.6	6.0
Manufacturing	2,893.8	2,889.1	2,804.1	2.0	3.2
Transportation	1,114.8	1,113.9	1,094.6	1.0	1.8
Trade	5,207.0	5,186.4	5,055.9	4.9	3.0
F.I.R.E.	1,225.8	1,224.3	1,212.1	1.5	1.1
Services	6,550.1	6,532.4	6,268.6	3.3	4.5
Government	3,695.9	3,680.9	3,629.6	5.0	1.8

Seasonally adjusted payroll employment data

### Nonresidential Real Estate and Construction

The rapid pace of population increase and job growth in District states has created additional demands for space and improvements in various types of nonresidential buildings. In some locales, there has been enough vacant, high-quality space to accommodate the increased demand without additional construction. However, in general, nonresidential real estate markets in the District have tightened substantially in recent years, and nonresidential construction has picked up. In 1996, with tighter nonresidential real estate markets in many of the District's largest metropolitan areas, prices for some types of nonresidential property began to increase more quickly, attracting increased investor and builder interest. In particular, the office sector began to rebound noticeably in 1996, and office construction activity picked up from the very low levels of prior years.

### Nonresidential Construction Awards

Nonresidential building construction awards increased about 7½ percent in the District in 1996, following similar-sized gains in 1994 and 1995. Over these three years, nonresidential construction also advanced at near an 8 percent average annual pace in the broader Census region called the "West", which includes the District states and Colorado, Montana, New Mexico, and Wyoming.

The recent gains in Western nonresidential building have been concentrated in construction of commercial properties, a category which includes office, retail, warehouse and hotel properties. Most of the variability in commercial building over the last decade has been from the office sector. Office construction awards in the West remained in the \$5 billion to \$6½ billion range from 1984 to 1990, dropped sharply in the wake of the recession, and then drifted down further through 1993 to about \$3 billion. The 1994 and 1995 gains in office construction were slight, but office construction awards jumped about \$1¼ billion in 1996.

In terms of construction spending, retail properties account for the next largest segment of commercial building. In 1992 through 1995, retail building awards increased moderately, but

this type of construction fell slightly last year. Among smaller segments of the market, the commercial warehouse sector also posted a noticeable gain in 1996. Awards to construct or rehabilitate hotels also were up.

Within the District, nonresidential building increased in 1996 in California and in the Intermountain states but was little changed in Oregon and Washington. Nonresidential construction awards were down last year in Alaska and Hawaii. The pickup in commercial building for the West as a whole largely owes to a pickup in spending on office buildings in the San Francisco Bay Area of California and on hotels in Las Vegas, Nevada.

### Vacancy Rates

Some of the construction awards are for new structures and other spending is for additions and alterations to existing structures. As vacancy rates in existing structures have come down in recent years, both types of construction activity have increased.

The office market tightened in many parts of the District in 1996, and vacancy rates are low in some of the fastest growing areas. In the major metropolitan centers of the San Francisco Bay Area, downtown and suburban office vacancy rates fell sharply in 1996 to relatively low levels (charts 1 and 2). Office vacancy rates also have been declining sharply and are at low levels in Portland and Seattle (charts 3 and 4).

Elsewhere in the District, typically in areas where demand is expected to increase only moderately next year, construction supply conditions are less favorable. The downtown office vacancy rates in Los Angeles County and San Diego have not declined much lately and remain well above the national average (chart 5). Suburban office vacancy rates also remain high in Los Angeles County and San Diego (chart 6).

Some other District metropolitan areas have made substantial progress in reducing excess office inventory. Orange County's suburban office vacancy rate was as high as that in Los Angeles County in 1989, but since then Orange County job growth and office demand has picked up enough to bring the suburban office vacancy rate well below the national average.

Also, the Phoenix, Arizona downtown and suburban office markets were some of the most overbuilt in the nation at the onset of the 1990 recession, with vacancy rates of about 25 percent. Since then, the Phoenix office vacancy rates have dropped substantially. Now, the Phoenix downtown office vacancy rate is slightly below the national average vacancy rate of 14½ percent, and the suburban Phoenix office market is relatively tight, with a 7½ percent vacancy rate.

Conditions are mixed within the industrial real estate market. Some R&D facilities are counted as industrial properties, and, in general, R&D space is tight. The tightness in the R&D market is most evident in Silicon Valley, where the vacancy rate fell to 4 percent in the third quarter of 1996, down from about 9 percent the year before and 14 percent two years earlier. However, the industrial property category is dominated by warehouses, for which vacancy rates remain high in many areas. The Los Angeles metropolitan area has more industrial space than any other part of the country, and the downsizing of the aerospace industry and more general economic decline continued to boost the Los Angeles industrial vacancy rate through 1993. Since then, the industrial market in Los Angeles has tightened somewhat, but toward the end of 1996 the overall vacancy rate was still relatively high at 7½ percent. That said, much of the vacant industrial space in Los Angeles is regarded to be functionally obsolescent, and some construction may be needed to tailor such unused industrial space to emerging industries. Industrial vacancy rates are low in the fast growing cities of the Pacific Northwest.

Comprehensive measures of retail vacancy rates are not available, and, anyhow, in this market supply-demand imbalances often show through more to rents and property prices than to vacancy rates. Prices of retail properties were weaker last year than for other types of commercial real estate in the West.

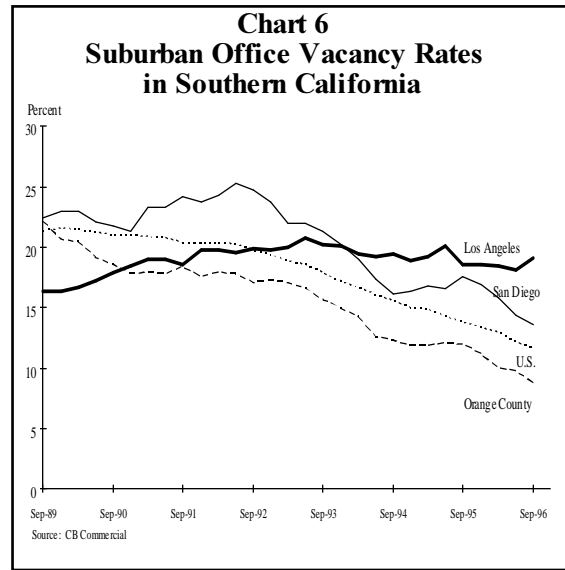
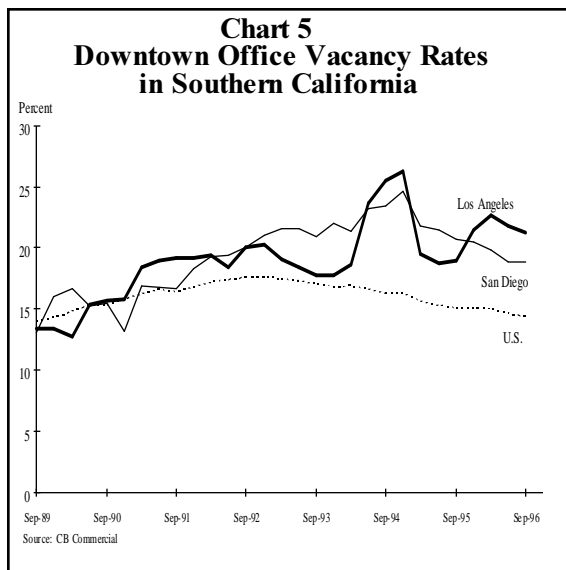
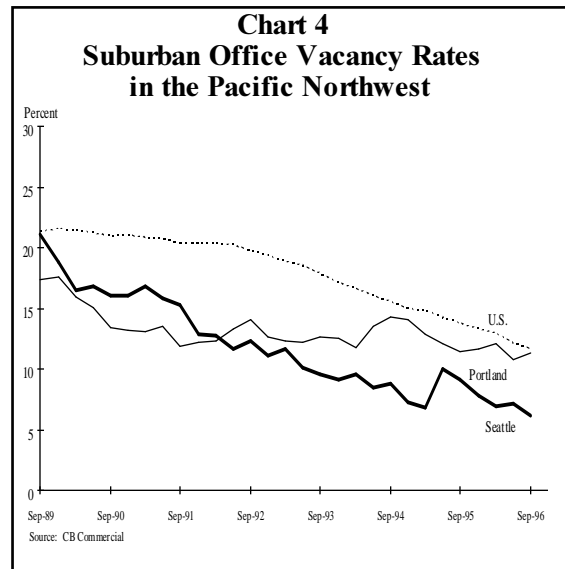
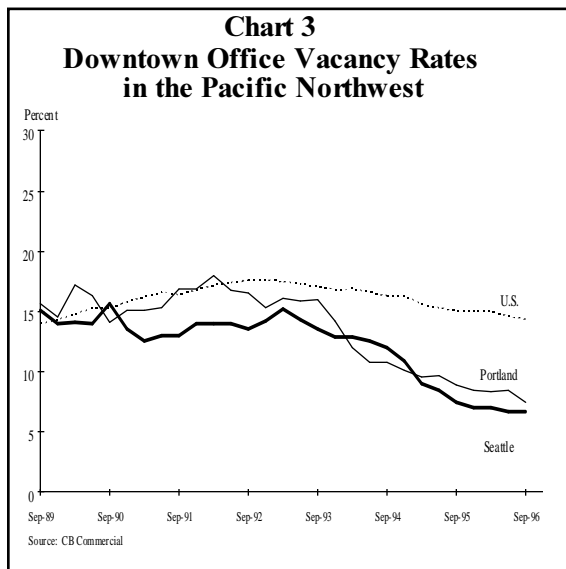
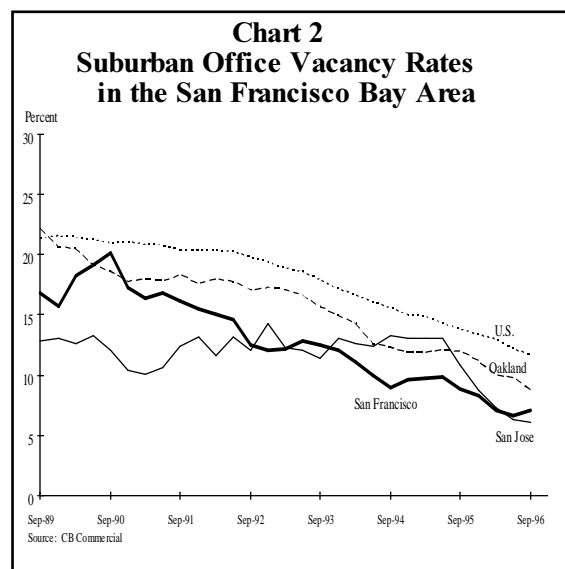
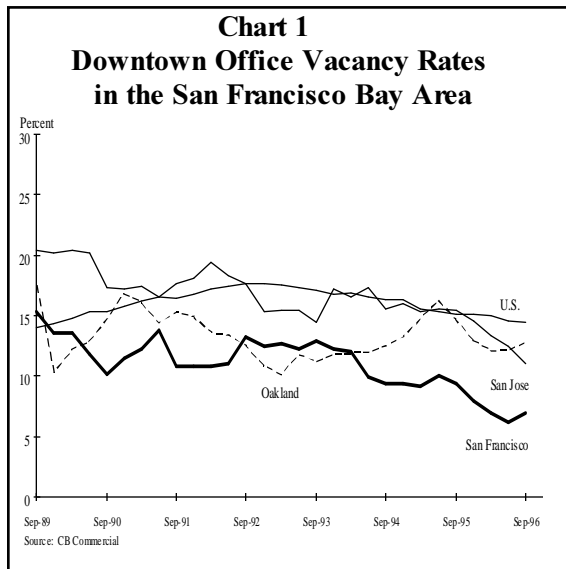
#### Investment Returns and Capital Availability

Some of the most widely-followed measures of investment returns on nonresidential properties show very strong gains in 1996. In many cases,

investments in non-residential real estate reportedly have outperformed the recent high rate of return in the broader stock market. For example, the National Association of Real Estate Investment Trusts (NAREIT) reported that returns in most individual REIT industry sectors beat the 23 percent return of the S&P 500 Index in 1996. REITs emphasizing the hotel sector had a 1996 rate of return of about 49 percent, and the REIT return for the industrial and office sector was about 44 percent, with the strongest gains in the office area. Separate data from the National Council of Real Estate Investment Fiduciaries (NCREIF) are broadly consistent with this portrait of high recent returns on many types of nonresidential real estate investment, once an adjustment is made for lags in NCREIF measurement of price changes. The regional detail available in the NCREIF indices shows that some of the highest recent returns in office and industrial markets have been in the West.

Undoubtedly, some of the high rate of return on nonresidential real estate reflects a risk premium, so such high rates of return will not necessarily bring forth additional investment. But, in this case, risk-adjusted returns appear to be high enough to attract capital. REIT and other funding for nonresidential real estate investing has been increasing. Last year, the REIT industry raised a record \$17½ billion through securities offerings. Also, the market for commercial mortgage-backed securities has been growing.

The FDIC's reports also are showing improved conditions in nonresidential real estate markets. The FDIC's survey of senior examiners and asset managers views on real estate trends shows that the percent of respondents reporting excess supply in commercial real estate markets fell to 29 percent in October 1996 from about 50 percent in 1995. Now, 46 percent of respondents believe that commercial real estate markets are improving. This survey also suggests that a tightening in office markets has been particularly concentrated in parts of the West; 42 percent of respondents indicated that the demand for office space in the West was somewhat or much higher than three months earlier.



## ALASKA, OREGON, AND WASHINGTON

The economy in Alaska remained sluggish near the end of 1996. Payroll employment edged down in October and November, offsetting most of the slight gains earlier in 1996. Over the twelve months ending in November, employment in Alaska's sizeable mining sector fell about 2 percent, and manufacturing employment also declined last year. Mining showed signs of improvement in October and November, but there were additional large declines in manufacturing employment near year-end. In contrast, the services industries have been adding jobs, and this trend continued through late 1996.

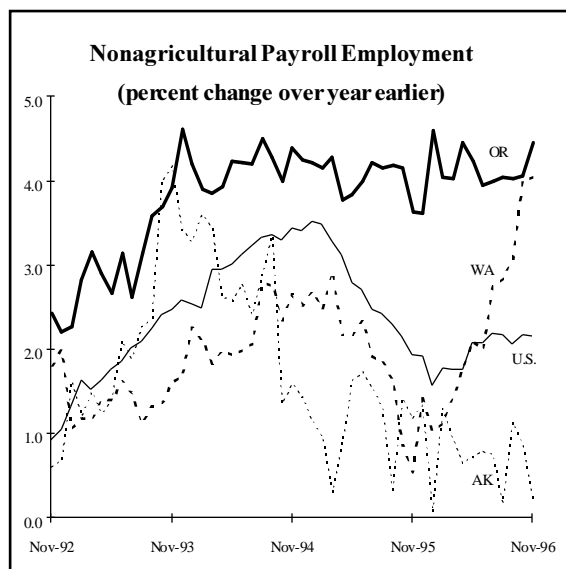
Outside of services, most of Alaska's slight employment gains over the course of 1996 were in the wholesale and retail trade sector. Also, the air transportation industry rebounded from its 1995 slump and recently has shown signs of further improvement. United Parcel Service is expanding its Alaskan operations, and United Airlines has decided to fly cargo through Anchorage. In addition, a recent decision by the U.S. Department of Transportation to allow international airlines to transfer freight at Alaska's international airports is likely to further boost employment in the air transportation industry.

Oregon's fast-paced economic growth continued in recent months, and almost every sector added jobs. The average annual rate of total

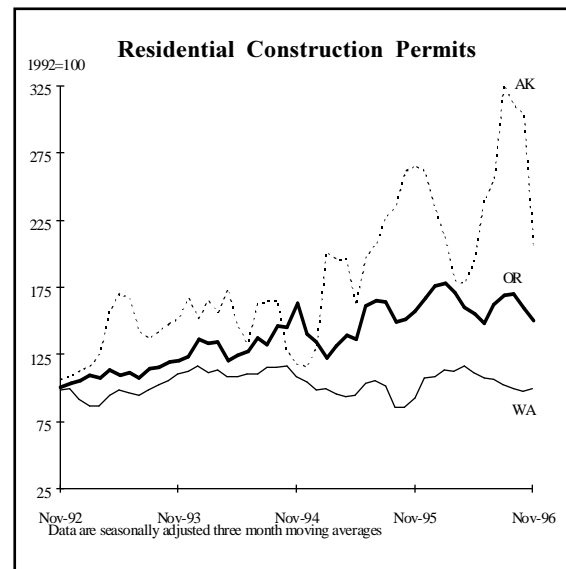
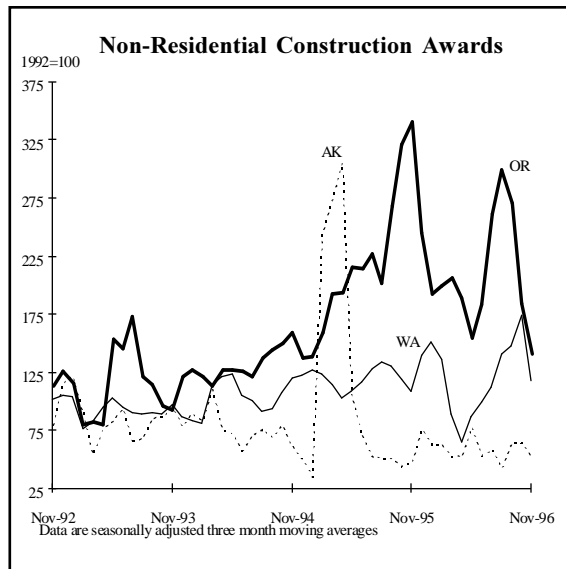
non-farm payroll employment growth was above 6 percent in October and November, bringing the November level of employment about 4½ percent above a year earlier. Manufacturing employment also increased noticeably in recent months, and government employment expanded rapidly in the latter part of the year, after declining earlier. Oregon's fast growing construction industry added additional jobs in recent months. Although residential building permit issuance dropped back slightly in the fourth quarter, residential construction remains at high levels. Disagreement over land-use policies has been cited as a factor likely to hold down the pace of future residential construction.

Washington continued to post solid job gains through November. Employment increased at an average annual rate of about 2 percent in October and November. Manufacturing payrolls continued to increase very rapidly, at about an 8 percent average annual rate, but construction, finance, and service sector employment growth paused.

Much of Washington's economic rebound has been localized to the Puget Sound area, which has benefitted from the surge in aerospace employment and favorable developments in the software industry. In contrast, many other parts of Washington rely heavily on agriculture, forest products, and federal spending, which have not been sources of growth over the past year. The pickup in aerospace employment reflects efforts by Boeing to meet orders received for 708 civilian aircraft in 1996, up from 346 in 1995 and 150 aircraft in 1994. Boeing also has been looking out-of-state for labor help and new products to fold into the firm's portfolio, first by acquiring Rockwell's defense division last year and more recently by agreeing to acquire McDonnell Douglas Corporation. After these acquisitions, Boeing will have more than 200,000 employees, with about 90,000 of these in Washington state and more than 40,000 employees in California.



# CONSTRUCTION



# EMPLOYMENT

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Nov-96	Oct-96	Nov-95		
<b>Alaska</b>					
Total	264.6	265.9	264.0	-5.7	0.2
Mining	9.7	9.6	9.9	13.2	-2.0
Construction	13.1	13.1	13.1	0.0	0.0
Manufacturing	15.9	17.3	18.4	-63.7	-13.6
T.C.P.U.	23.3	23.2	23.0	5.3	1.3
Trade	54.8	55.1	53.7	-6.3	2.0
F.I.R.E.	11.6	11.7	11.6	-9.8	0.0
Services	63.0	62.9	61.3	1.9	2.8
Government	73.2	73.0	73.0	3.3	0.3

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Nov-96	Oct-96	Nov-95		
<b>Washington</b>					
Total	2437.9	2433.8	2342.9	2.0	4.1
Mining	3.4	3.3	3.4	43.1	0.0
Construction	125.8	125.4	123.0	3.9	2.3
Manufacturing	349.9	348.2	310.2	6.0	12.8
T.C.P.U.	122.5	122.3	121.7	2.0	0.7
Trade	598.7	597.6	587.4	2.2	1.9
F.I.R.E.	124.7	124.8	121.6	-1.0	2.5
Services	662.4	661.4	631.6	1.8	4.9
Government	450.5	450.8	444.0	-0.8	1.5

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Nov-96	Oct-96	Nov-95		
<b>Oregon</b>					
Total	1502.0	1492.7	1437.9	7.7	4.5
Mining	2.0	2.0	1.8	0.0	11.1
Construction	78.1	78.4	70.5	-4.5	10.8
Manufacturing	234.3	232.5	229.0	9.7	2.3
T.C.P.U.	73.8	74.2	71.8	-6.3	2.8
Trade	379.7	377.0	364.0	8.9	4.3
F.I.R.E.	92.1	91.8	88.3	4.0	4.3
Services	402.2	400.8	374.1	4.3	7.5
Government	239.8	236.0	238.4	21.1	0.6

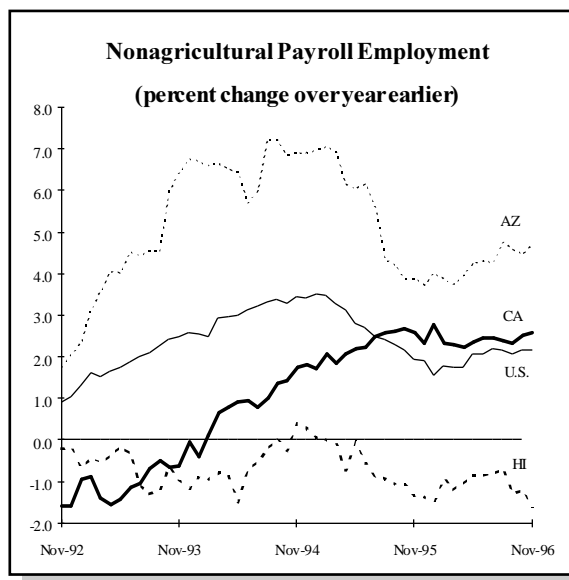
	Unemployment Rates (%)				
	Nov-96	Oct-96	Sep-96	Nov-95	Oct-95
Alaska	7.5	7.2	7.3	7.6	7.4
Oregon	5.5	5.2	5.0	5.0	5.0
Washington	5.8	5.7	6.0	6.4	6.4
U.S.	5.3	5.2	5.2	5.6	5.5

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

The Arizona economy continued to grow rapidly near the end of 1996. Payroll employment increased at an average annual rate of about 4 percent in October and November to a level 4¾ percent above a year earlier. The rapid expansion has been broad-based. About one-third of the roughly 85,000 jobs added in Arizona last year were in the services sector, where employment increased at about a 5½ percent rate. Construction and government payrolls also increased at about a 5 or 6 percent pace, whereas the gains in the trade and finance, insurance, and real estate sectors were closer to 4 percent. All major sectors expanded at a 3 percent or faster pace last year (through November).

Most of the 1996 job gains in Arizona were in the Phoenix-Mesa area, where the population is about 3 times larger than in the second largest metropolitan area, Tucson. Phoenix's manufacturing base continued to expand rapidly in 1996, as did the more locally-oriented services and wholesale and retail trade sectors. Construction employment also continued to trend upwards in Phoenix, boosted by additional growth in residential construction. In contrast, residential construction permit issuance was flat to down during 1996 in Tucson, and other economic indicators such as employment and retail sales also point to a leveling off of activity in that metropolitan area.



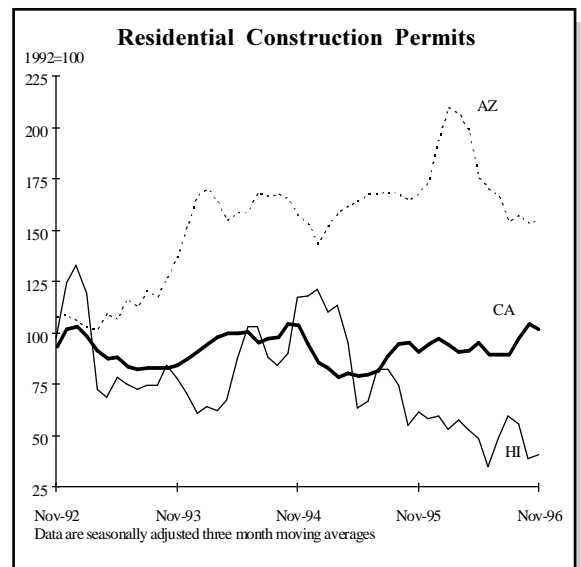
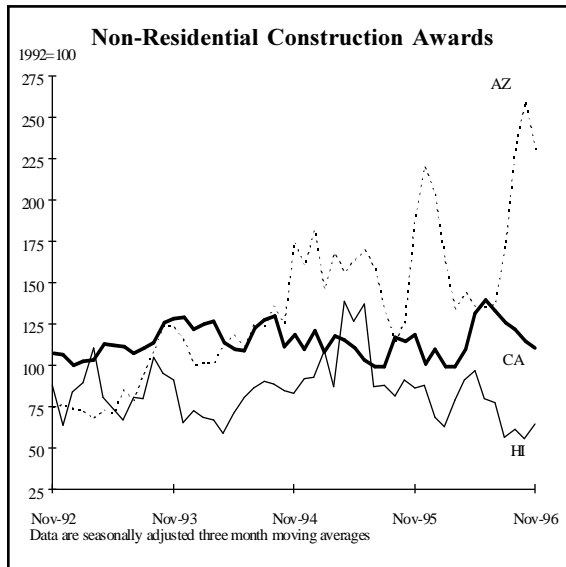
In California, relatively fast economic growth continued near the end of 1996. Payroll employment increased at about a 2½ percent average annual pace in October and November, and preliminary estimates show a further increase in employment in December. The state unemployment rate continued to trend down and, at 6¾ percent in December, is about 1 percentage point below its year earlier level.

Economic conditions are much stronger in the San Francisco Bay area than in the Los Angeles area. The Bay area unemployment rate is about 4 percent, whereas the roughly 7½ percent Los Angeles County unemployment rate boosts the Los Angeles metropolitan area average unemployment rate up to almost 7 percent. From the beginning of the national recession in August 1990 until November 1993, when state payrolls began to post significant gains, about 500,000 jobs were lost in California, and 90 percent of these were in Los Angeles County. Since late 1993, job growth in Los Angeles County has been sluggish, and only about ½ of the lost jobs have been recovered. Taken together, other Los Angeles area counties have more than fully recovered the roughly 50,000 jobs they lost during the 1990-93 recessionary period, but for the broader Los Angeles area as a whole, the current employment level still is about 125,000 jobs below the pre-recession peak.

Hawaii's economy contracted further in recent months. Payroll employment fell at about a 2¾ percent average annual pace in October and November, pulled down by a large decline in construction employment. The finance, insurance, and real estate sector also lost many jobs in recent months. Employment in other major sectors recently has been flat to up slightly in recent months. However, with the exception of a slight year-over-year increase in services employment, all major sectors have contracted over the past year.

The decline in private sector activity is placing strains on Hawaii's state government budget. General fund tax revenues have been weak in recent months, owing, in part, to declining individual income tax collections.

# CONSTRUCTION



# EMPLOYMENT

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Nov-96	Oct-96	Nov-95		
<b>Arizona</b>					
Total	1890.2	1875.7	1804.9	9.7	4.7
Mining	12.5	12.5	12.4	0.0	0.8
Construction	125.8	125.1	119.0	6.9	5.7
Manufacturing	200.6	200.4	194.3	1.2	3.2
T.C.P.U.	89.5	89.3	86.6	2.7	3.3
Trade	473.7	471.5	453.0	5.7	4.6
F.I.R.E.	111.3	110.5	107.0	9.0	4.0
Services	558.0	553.4	529.2	10.4	5.4
Government	318.8	313.0	303.4	24.6	5.1

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Nov-96	Oct-96	Nov-95		
<b>Hawaii</b>					
Total	522.2	524.6	530.6	-5.4	-1.6
Mining	.	.	.	.	.
Construction	20.9	23.3	26.2	-72.9	-20.2
Manufacturing	16.2	16.4	17.0	-13.7	-4.7
T.C.P.U.	40.5	40.4	40.7	3.0	-0.5
Trade	134.4	134.2	135.6	1.8	-0.9
F.I.R.E.	35.8	36.1	37.1	-9.5	-3.5
Services	165.8	165.7	164.9	0.7	0.5
Government	108.6	108.5	109.1	1.1	-0.5

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Dec-96	Nov-96	Dec-95		
<b>California</b>					
Total	12892.8	12884.9	12570.6	0.7	2.6
Mining	28.0	28.2	28.9	-8.2	-3.1
Construction	534.8	537.1	505.7	-5.0	5.8
Manufacturing	1831.5	1831.3	1801.3	0.1	1.7
T.C.P.U.	642.1	644.6	629.9	-4.6	1.9
Trade	3027.0	3025.2	2964.3	0.7	2.1
F.I.R.E.	734.8	734.7	735.7	0.2	-0.1
Services	3964.3	3952.0	3803.3	3.8	4.2
Government	2130.3	2131.8	2101.5	-0.8	1.4

	Unemployment Rates (%)				
	Nov-96	Oct-96	Sep-96	Nov-95	Oct-95
Arizona	5.2	5.5	5.6	4.6	4.8
Hawaii	6	5.5	5.4	5.8	6
U.S.	5.3	5.2	5.2	5.6	5.5
California	6.8	7	7	7.8	8

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

Idaho's economy remains vibrant, but there was a lull in the pace of growth in recent months. Payroll employment edged down between August and November, but earlier gains place the November level of employment about 4 percent above a year earlier. Among major sectors, the most noticeable recent declines have occurred in durable manufacturing and the transportation, communications, and public utilities sector. Construction employment also has dropped back since the summer. The official state unemployment rate was 5 percent in November, and preliminary estimates (from the state Department of Labor) suggest that the jobless rate might have edged up to 5.3 percent in December.

The decline in durable manufacturing employment largely has been due to difficulties in the state's electronics sector and timber-related industries. A hiring freeze initiated by Micron Technology earlier this year in the wake of depressed memory chip prices has contributed to a slowdown in the previously booming high-tech sector. The lumber and wood products industry is dependent on the ability to harvest timber from public lands, where supply is constrained, and sawmill and planing mill employment has declined substantially in recent months.

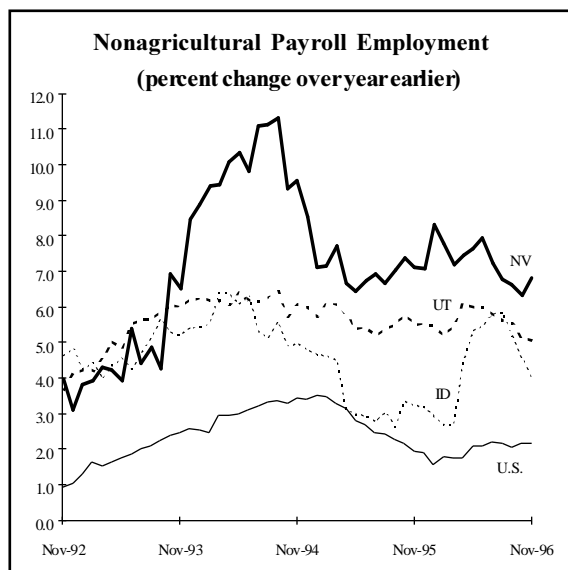
Nevada's payroll employment count surged in November following slight third quarter slowing from the state's rapid growth trend. The state remains the nation's employment growth leader,

with year-over-year employment growth of 6.8 percent as of November. Recent job gains were helped by a rebound in service industry employment. Spurred by the opening of new casinos, hotel and amusement sector employment jumped in November following a cumulative decline during July through October. In an additional sign of tightening in November, the state unemployment rate eased down 0.2 percentage point to 5 percent.

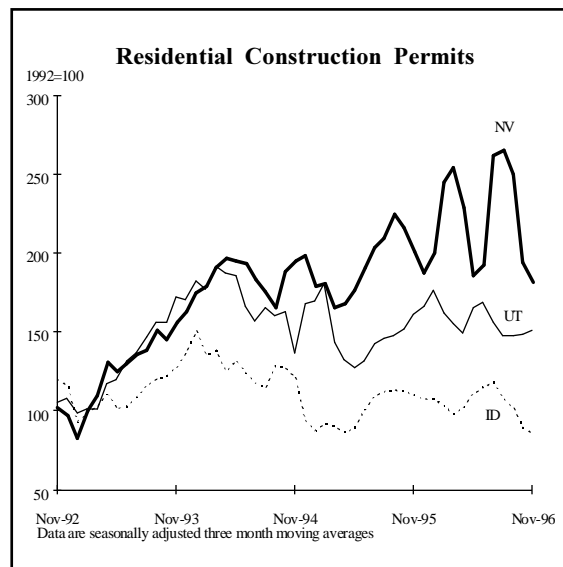
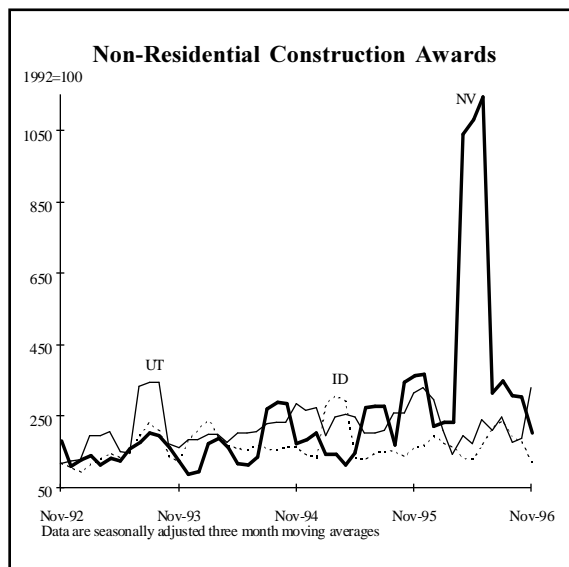
The construction industry continues to lead Nevada's impressive payroll growth. This sector accounts for 8.9 percent of all jobs in the state (compared with a 4.6 percent share nationally), and additional construction jobs accounted for nearly 16 percent of overall state job growth this past year. Although a large share of the employment gains in this sector have been to meet hotel and casino building needs around Las Vegas, construction of manufacturing and mining facilities in rural areas also has been a significant source of growth.

Utah's torrid pace of growth has slowed a bit in recent months. Payroll employment increased about 1½ percent at an annual rate in October and November, on average, following a surge in August and September. The longer-run trend, as measured by the rate of change in employment over twelve month periods, slowed from 6 percent in the middle of 1996 to just over 5 percent as of November. Employment in the service and construction sectors, which had grown rapidly earlier in 1996, both declined on net during October and November. Payroll gains in other sectors mostly offset losses in these two industries, however, and Utah's unemployment rate remained low, at 3 percent.

Since September 1995, roughly 1/3 of Utah's new jobs have been generated by the service sector. However, the state Department of Employment Security estimates that nearly 1/3 of these service sector jobs have been "temp" positions in noncomputer-related industries. This fact might help explain some of the recent volatility in services employment despite a tight state labor market. Construction employment also has been volatile, moving ahead in fits and starts.



# CONSTRUCTION



# EMPLOYMENT

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Nov-96	Oct-96	Nov-95		
<b>Idaho</b>					
Total	502.5	504.0	482.9	-3.5	4.1
Mining	3.0	3.0	2.8	0.0	7.1
Construction	33.0	34.0	31.0	-30.1	6.5
Manufacturing	73.8	73.9	71.6	-1.6	3.1
T.C.P.U.	23.5	23.9	23.2	-18.3	1.3
Trade	127.8	128.1	123.2	-2.8	3.7
F.I.R.E.	24.1	24.0	24.2	5.1	-0.4
Services	119.1	119.0	111.3	1.0	7.0
Government	98.2	98.1	95.6	1.2	2.7

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Nov-96	Oct-96	Nov-95		
<b>Utah</b>					
Total	973.3	970.4	926.4	3.6	5.1
Mining	7.8	7.7	8.3	16.7	-6.0
Construction	63.0	64.3	57.3	-21.7	9.9
Manufacturing	132.5	131.3	125.8	11.5	5.3
T.C.P.U.	54.8	53.8	51.7	24.7	6.0
Trade	234.8	233.6	224.3	6.3	4.7
F.I.R.E.	53.1	52.3	49.3	20.0	7.7
Services	259.2	259.7	245.8	-2.3	5.5
Government	168.1	167.7	163.9	2.9	2.6

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Nov-96	Oct-96	Nov-95		
<b>Nevada</b>					
Total	869.8	860.2	814.3	14.2	6.8
Mining	14.5	14.5	13.3	0.0	9.0
Construction	77.2	76.3	67.7	15.1	14.0
Manufacturing	39.7	39.5	38.0	6.2	4.5
T.C.P.U.	43.3	43.0	41.6	8.7	4.1
Trade	176.6	175.3	162.6	9.3	8.6
F.I.R.E.	38.8	38.7	37.1	3.1	4.6
Services	372.4	369.6	355.3	9.5	4.8
Government	107.3	103.3	98.7	57.8	8.7

	Unemployment Rates (%)				
	Nov-96	Oct-96	Sep-96	Nov-95	Oct-95
Idaho	5.0	4.8	5.0	5.7	5.4
Nevada	5.0	5.2	5.4	5.2	5.1
Utah	3.0	3.1	3.0	3.4	3.5
U.S.	5.3	5.2	5.2	5.6	5.5

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

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**1997 Issues****Mailing Date**

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January	February 6
March	March 27
May	May 22
June	July 3
August	August 21
September	October 2
November	November 13
December	December 18

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