

# WESTERN ECONOMIC DEVELOPMENTS

September 1996

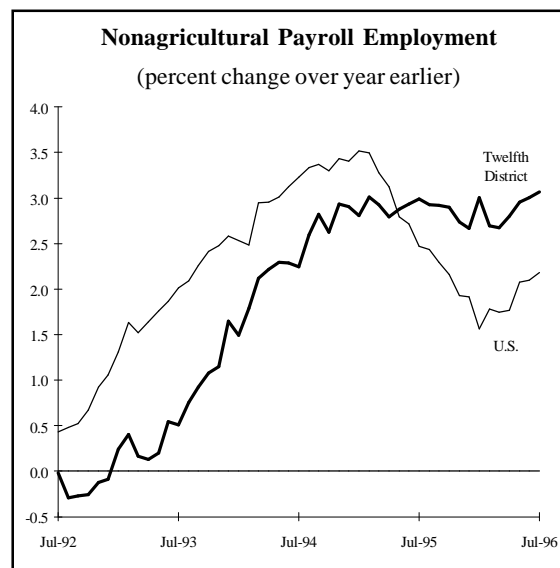
## Executive Summary

- *The District economy has expanded more strongly thus far in 1996 than it did in 1995. In July, payroll employment was 3.2 percent above its year earlier level, although growth for that month was somewhat below the brisk pace recorded in the second quarter.*
- *Strong growth continued in California, with payroll employment expanding at a 2½ percent annualized pace on average in June and July. The Washington economy, boosted by expansion at Boeing, accelerated noticeably in recent months.*
- *Signs of slightly moderated growth have appeared in the fast growth Intermountain states and Oregon. However, among all District states, only Hawaii and to a lesser extent Alaska showed any significant weakness.*
- *Several District states have experienced sustained or increasing labor market tightness. Average hourly wage figures reveal that the associated labor shortages have had a noticeable effect on wage growth in manufacturing, construction, and wholesale and retail trade in several states.*

## District Update

The District economy expanded strongly in July but at a rate somewhat below the very brisk pace in the second quarter. Payroll employment grew 3.6 percent at an annual rate in the second quarter and 2.7 percent at an annual rate in July. Thus far in 1996, District employment has expanded 3.2 percent at an annual rate, compared to 2.7 percent during 1995. This improvement largely has arisen from slightly accelerated growth in California and strong acceleration in Washington, where employment growth during 1996 was at more than twice its 1995 pace.

Although job growth continued at rapid rates in most of the remaining states in the District, employment and other economic indicators do not point to fast growth as uniformly as they have over the past few years. Arizona, Idaho, Nevada, Oregon, and Utah all exhibited signs of slight slowing in recent months, including moderated growth in employment and planned building activity. Furthermore, despite exhibiting some positive economic indicators of late, Hawaii lost



jobs in June and July, and employment there remains below year-ago levels. The Alaskan economy also lost jobs in July, but employment there is slightly above year-ago levels.

Much of the recent strengthening in the District has come from the manufacturing sector. Employment growth in that sector has picked up substantially in 1996; after expanding at annual rates of 1.9 and 2.4 percent during the first two quarters of 1996, annualized District manufacturing employment growth was 5.1 percent in July. This acceleration largely is due to gains in

Washington state emanating from the resurgence at Boeing. Expansion also occurred at a wide variety of California manufacturing firms, including those involved in high-tech product lines such as network computer products and also in more traditional industries such as metal products.

However, manufacturing employment in several smaller states that previously had expanded rapidly—notably Idaho, Oregon, Nevada, and Utah—was flat or declined in recent months. Some of this moderation appears attributable to continued slack in the market for computer memory chips; evidence suggests that Idaho, Utah, and Oregon all have experienced slower growth due to this source of weakness. Also, District nondurable manufacturing in general has grown more slowly than durable manufacturing, even prior to the resurgence at Boeing.

Among other industry sectors, the services sector has been the largest contributor to District employment expansion for some time. This sector accounts for 30 percent of District employment, and thus far in 1996 it accounted for approximately 50 percent of the 388 thousand District jobs created. The finance, insurance, and real estate sector also has expanded this year, at a 1.2 percent annualized pace. This is in sharp contrast to previous years; employment in this sector decreased substantially in 1994 and

### District Employment by State

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Jul-96	Jun-96	Jul-95		
	Alaska	264.6	265.5		
Arizona	1,859.5	1,854.9	1,782.4	3.0	4.3
California	12,757.1	12,734.8	12,447.4	2.1	2.5
Hawaii	527.1	529.2	531.5	-4.7	-0.8
Idaho	501.3	501.2	474.6	0.2	5.6
Nevada	850.3	846.1	793.9	6.1	7.1
Oregon	1,476.5	1,469.8	1,420.9	5.6	3.9
Utah	961.5	959.3	907.8	2.8	5.9
Washington	2,412.1	2,401.1	2,348.6	5.6	2.7
District	21,610.0	21,561.9	20,969.8	2.7	3.1
U.S.	119,748	119,555	117,201	2.0	2.2

Seasonally adjusted payroll employment data

### District Manufacturing and Construction Indicators

	Jul-96	Jun-96	Jul-95	%	%
				Change From Previous Month	Change From Previous Year
Aerospace Employment (1992=100)	63.3	62.6	62.5	1.1	1.2
Electronics Employment (1992=100)	107.4	107.1	101.9	0.3	5.4
U.S. Semiconductor Orders (\$ Million)	2810.0	2960.0	4640.0	-5.1	-39.4
Non-Residential Awards (1992=100)	117.6	155.6	114.3	-24.4	2.9
Residential Permits (Thousands)	24.8	23.7	23.3	4.5	6.4
Western Housing Starts (Thousands)	30.3	34.5	30.0	-12.2	1.0

### District Employment by Industry

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Jul-96	Jun-96	Jul-95		
	Total	21,610.0	21,561.9		
Mining	81.4	81.7	81.3	-4.3	0.1
Construction	1,046.9	1,040.5	982.1	7.6	6.6
Manufacturing	2,869.1	2,856.8	2,813.3	5.3	2.0
Transportation	1,108.4	1,104.6	1,088.0	4.2	1.9
Trade	5,158.1	5,147.2	5,012.9	2.6	2.9
F.I.R.E.	1,221.9	1,219.7	1,207.9	2.2	1.2
Services	6,472.2	6,463.2	6,169.0	1.7	4.9
Government	3,652.0	3,648.2	3,615.3	1.3	1.0

Seasonally adjusted payroll employment data

was essentially flat in 1995. Construction employment has expanded rapidly in 1996, at close to a 6 percent yearly pace, although growth in planned building activity has slowed in the District. Government payrolls have grown moderately, at just under a 1 percent pace, for the last 4 years.

On a less sanguine note, the District is now emerging from one of the worst wildfire seasons on record, with over 5 million acres of land and hundreds of houses burned nationwide, most of them in the 12th District. This has caused substantial losses in public land resources and open space, and significant expenditures by firefighting and related public agencies, although dollar estimates of damage and public expenditures are not yet available.

**District Wage Pressures**

As of August, the national unemployment rate stood at 5.1 percent, which indicates a tight national labor market. Although the District unemployment rate was 6.4 percent in July, this represents substantial tightness in the 12th District. In particular, the table shows the long-run average and current unemployment rates in the District states, along with the change in unemployment over the past year. The unemployment rate is below its long-run trend in all states except Hawaii. Several fast-growing states (particularly Utah and Nevada) have had low unemployment rates for a sustained period of time, and increasing labor market tightness (as represented by falling unemployment rates) is apparent in several states including California and Washington. This labor market tightness may put upward pressure on wages in the District.

The primary and most reliable source of information on labor cost inflation is the Employment Cost Index (ECI), which is based on reported compensation for a fixed sample of occupations across a large number of private non-farm and state and local government establishments. The total compensation and wage and salary ECI's are available nationally and for broad U.S. regions. The West region includes the states of Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon,

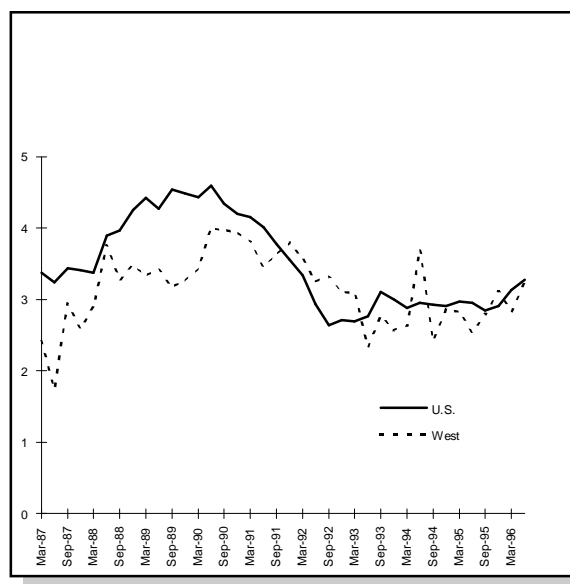
Utah, Washington, and Wyoming. Of these, only Colorado, Montana, New Mexico, and Wyoming are outside the 12th District. This index therefore provides useful information regarding wage and compensation developments in the District.

The year-over-year percentage change in the quarterly Employment Cost Indices for wages and salaries, for the U.S. as a whole and the Western region, is shown in the chart. After increasing substantially at the end of the 1980s expansion, then coming down in response to the early 1990s recession, wage inflation at the national level generally has remained in the 2.8 to 3.0 percent range since mid-1992. However, a

	Average, 1978-1995	July 1996	Change from July 1995 - July 1996
Alaska	9.1	7.6	0.5
Arizona	6.4	5.2	0.1
California	7.4	7.1	-0.7
Hawaii	5.0	6.0	0.0
Idaho	6.9	4.9	-0.5
Nevada	6.5	4.8	-0.6
Oregon	7.5	5.3	0.5
Utah	5.5	3.1	-0.5
Washington	7.7	5.8	-0.6
U.S.	6.8	5.4	-0.3

slight upward tilt in both national wage inflation and inflation in the western states is evident in recent quarters. As of the second quarter of 1996, the national and western indices stood 3.3 and 3.2 percent above their year earlier levels.

The ECI figures are suggestive of increased wage pressure at both the national level and in the West in the second quarter. Given the variation in unemployment across states in the District, additional insights can be gleaned from examining data on average hourly wages by state, which are available through July. For the 12th District, data are available for manufacturing employees in all states, and for construction and retail employees in several states. These



data are not seasonally adjusted, and they pertain only to production or non-supervisory employees.

The next table shows growth in average manufacturing wages for the contiguous District states and the U.S. The figures shown are the average 12-month percentage change in manufacturing wages for the periods August 1994 to July 1996, August 1994 to July 1995, August 1995 to January 1996, and February 1996 to July 1996.

The rate of manufacturing wage growth varies from moderate to high across the District states. However, all but one of the states listed show a pick up in average manufacturing wage increases in 1996. The pick up is particularly pronounced in Idaho and Washington, perhaps because each is recovering from low wage growth in previous periods. The level and degree of acceleration are striking in Nevada and Utah, two states that have experienced prolonged labor market tightness and further tightening over the past year. Manufacturing wage growth also has accelerated noticeably in 1996 in Arizona and to a lesser extent California, although the level of wage growth in both states is moderate. The one exception to the pattern of acceleration is Oregon, where unemployment has increased by half a percentage point over the last year and manufacturing employment growth has slowed somewhat in 1996.

The acceleration in manufacturing wage growth documented in the table suggests significant wage inflation for production workers in much of the District. An alternative explanation is that manufacturing expansion in these states is occurring disproportionately in sectors that use relatively skilled and highly paid workers, so that rather than wage inflation occurring, the figures reflect higher manufacturing labor productivity. This explanation cannot be rejected definitively, particularly as an explanation of the high levels of wage growth in several states. However, the acceleration in 1996 does not appear to be explained by such composition effects, since the pattern and timing of employment growth by manufacturing industry sub-sectors is not suggestive of an accelerated shift toward high-wage manufacturing industries in states such as Utah and Nevada in 1996.

Data also are available for construction workers and/or wholesale and retail trade workers in several states, as shown in the table. Although these figures do not suggest high wage growth and acceleration in 1996 as uniformly as the manufacturing figures do, they nonetheless reinforce several conclusions implied by the manufacturing wage series. In particular, wage growth has been high in Nevada's construction sector and Utah's trade sector. Furthermore, wage

**Growth in Hourly Manufacturing Wages,  
Selected 12th District States and the U.S.**  
(percentage change over same period a year earlier)

	Aug '94 - July '96	Aug '94 - July '95	Aug '95 - Jan '96	Feb '96 - July '96
Arizona	0.7	0.3	-0.1	2.2
California	0.9	0.2	1.4	1.9
Idaho	0.1	-3.1	0.7	6.1
Nevada	6.0	5.0	5.5	8.3
Oregon	3.0	3.3	3.2	2.3
Utah	3.3	2.8	2.6	5.0
Washington	-1.5	-1.8	-7.2	4.8
U.S.	2.7	2.5	2.8	3.1

growth in these sectors and in Nevada's trade sector has accelerated substantially in 1996. Wage inflation also has been strong for some time in Oregon's construction sector, and it increased further in 1996. In contrast, construction wage growth has come down in Arizona, as have construction and trade wage growth in Idaho. In California, construction wage growth has been moderate, although there has been an acceleration in 1996. Retail sector wage growth is high in California, although it has come down somewhat in 1996 compared to 1995.

Although wages in California have not yet accelerated much beyond moderate growth rates, state-level figures may mask developments occurring in different areas of the state. In particular, the Los Angeles County labor market continues to be somewhat weak, whereas other areas—notably the San Francisco Bay Area—have substantially tighter labor markets. However, with the exception of Orange County, which borders the Los

Angeles/Long Beach SMSA to the south, manufacturing wage increases have been weak to moderate in most areas, with only limited indications of an acceleration in 1996. Even the San Jose SMSA, which is in the heart of the Bay Area's "Silicon Valley" high-tech center, recently has experienced average manufacturing wage growth at a pace less rapid than in the U.S. as a whole.

Overall, these figures suggest high and accelerating wage increases in Nevada and Utah, which have had low unemployment rates over a sustained period. The evidence for high and accelerating wage increases is less clear for other fast-growth states. However, wages in Idaho's manufacturing sector and Oregon's construction sector have accelerated to high growth levels in 1996. There also has been some pick up in wage inflation in California and Washington, where growth has accelerated in 1996; the rate of growth to date, however, remains moderate in California.

**Growth in Hourly Wages,  
Selected 12th District States and Industries**  
(percentage change over same period a year ago)

	Aug '94 - July '96	Aug '94 - July '95	Aug '95 - Jan '96	Feb '96 - July '96
Arizona				
Construction	3.1	3.5	4.4	1.1
California				
Construction	1.6	0.8	2.0	2.6
Retail Trade	3.0	1.7	4.8	3.7
Idaho				
Construction	5.4	8.0	8.2	-2.7
W&R Trade	0.3	-0.2	0.8	0.6
Nevada				
Construction	3.6	2.8	2.0	6.9
W&R Trade	2.5	2.1	2.2	3.7
Oregon				
Construction	5.0	4.1	5.7	6.1
W&R Trade	2.6	2.8	3.4	1.2
Utah				
W&R Trade	5.9	5.3	5.1	8.0
Washington				
Construction	2.4	2.8	1.4	2.6
W&R Trade	4.2	5.6	3.3	2.3
U.S.				
Construction	2.4	2.7	2.4	1.9
W&R Trade	3.1	2.8	3.1	3.5

## ALASKA, OREGON, AND WASHINGTON

The **Alaskan** economy has been highly variable in recent months but continues to expand at a slow pace on average. Following strong second quarter growth of 3.5 percent at an annual rate, payroll employment declined 4.0 percent at an annual rate in July, and job growth over the past 12 months has only been 0.7 percent. The July downturn was broad based, with all major sectors except manufacturing experiencing declines. State manufacturing employment has fallen 7.5 percent over the last year, but it recorded sizeable increases in June and July, despite flat employment in the key seafood processing sector. Although this year's salmon harvest was good, the outlook for that industry is slightly downbeat, due to very low salmon prices arising from stiff international competition.

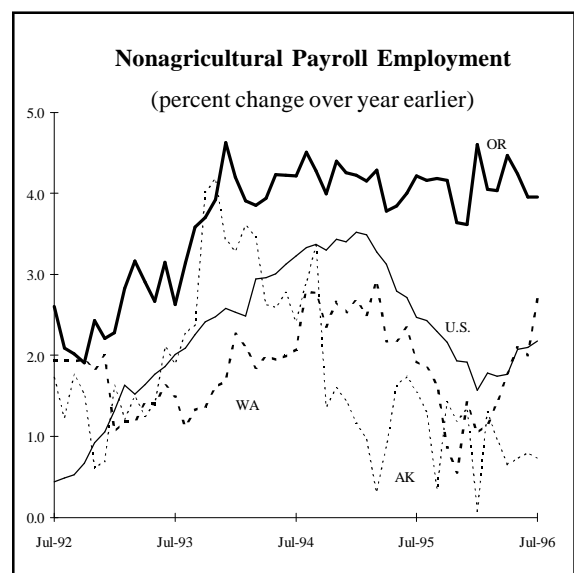
Anchorage has fared better than the state as a whole over the last year, and service and trade employment there grew during July. However, growth there and in the remainder of the state has been hampered by accelerating out-migration in recent years, including a loss of 9000 residents due to net out-migration in 1995.

**Oregon's** payroll employment jumped in July, after moderate gains in the second quarter. July employment growth accelerated to 5.6 percent

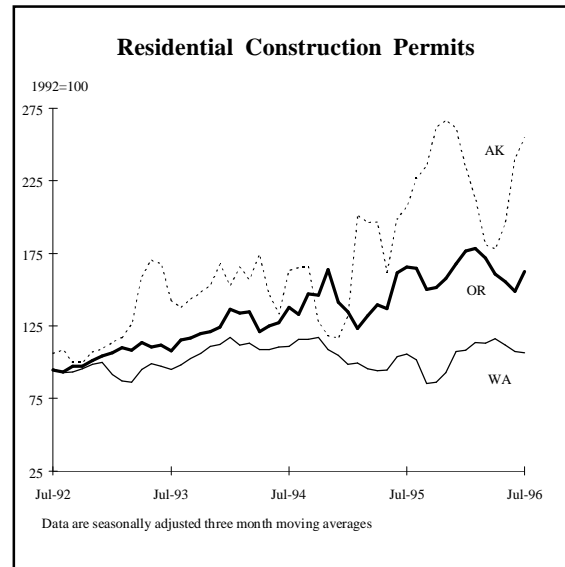
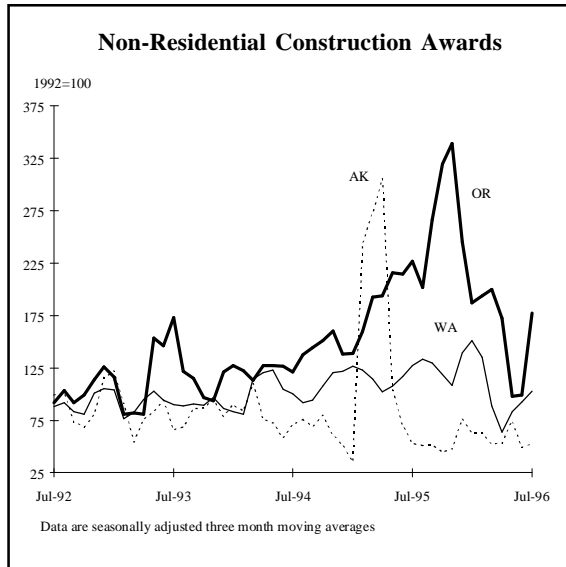
at an annual rate, nearly double the growth rate for the second quarter. Job growth has been particularly strong in business and professional services. Also, the manufacturing sector perked up in July, benefitting from an increase in the demand for lumber and wood products, and from recent strong growth in computer and electronics employment; the latter occurred in spite of moderation arising from slack in the market for computer memory chips. The unemployment rate remains low, at 5.3 percent in July, but it has been slightly higher in 1996 than it was in 1995. Furthermore, although construction employment growth accelerated sharply in July, growth in the number of building permits has moderated.

Sustained strong economic growth has helped to fill the state coffers. Currently, an excess of state personal and corporate income tax revenues over the state's legislative prediction is expected to produce a rebate of approximately \$275 million dollars in late 1997 under the state's "2% Kicker Law."

Growth in **Washington** continues to accelerate. Payroll jobs expanded 2.7 percent over the past year, but at 3.4 and 5.6 percent rates during the second quarter and July, respectively. Although growth has been broad-based, much is attributable to Boeing's resurgence. Manufacturing employment grew at annualized rates of 10.5 and 15.6 percent in June and July, and growth in this sector during 1996 has completely reversed the significant job losses of 1995. Boeing plans to add 13,200 jobs in total this year, 5000 more than previously announced. This alone will increase state manufacturing employment by 4 percent during the year, and salutary spillover effects on Boeing's suppliers and other firms are likely to be large. Expansion by software companies and computer makers such as Intel also are fueling state growth, and the state's strong business climate has encouraged a recent upswing in planned nonresidential construction.



# CONSTRUCTION



# EMPLOYMENT

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Jul-96	Jun-96	Jul-95		
<b>Alaska</b>					
Total	264.6	265.5	262.7	-4.0	0.7
Mining	10.0	10.2	9.8	-21.2	2.0
Construction	13.3	13.7	13.0	-29.9	2.3
Manufacturing	16.0	15.4	17.3	58.2	-7.5
T.C.P.U.	22.0	22.1	22.8	-5.3	-3.5
Trade	55.8	56.1	54.3	-6.2	2.8
F.I.R.E.	11.5	11.7	11.6	-18.7	-0.9
Services	62.6	62.8	61.2	-3.8	2.3
Government	73.4	73.5	72.7	-1.6	1.0
<b>Oregon</b>					
Total	1476.5	1469.8	1420.9	5.6	3.9
Mining	1.8	1.8	1.7	0.0	5.9
Construction	76.4	74.6	68.4	33.1	11.7
Manufacturing	230.1	229.5	227.9	3.2	1.0
T.C.P.U.	73.5	72.7	71.1	14.0	3.4
Trade	374.5	373.2	360.3	4.3	3.9
F.I.R.E.	90.2	90.5	87.3	-3.9	3.3
Services	394.8	392.4	366.1	7.6	7.8
Government	235.2	235.1	238.1	0.5	-1.2

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Jul-96	Jun-96	Jul-95		
<b>Washington</b>					
Total	2412.1	2401.1	2348.6	5.6	2.7
Mining	3.3	3.3	3.3	0.0	0.0
Construction	124.6	125.3	121.5	-6.5	2.6
Manufacturing	340.9	336.8	333.9	15.6	2.1
T.C.P.U.	121.9	122.0	119.6	-1.0	1.9
Trade	593.8	591.4	582.7	5.0	1.9
F.I.R.E.	124.5	124.5	120.7	0.0	3.1
Services	653.4	649.8	621.6	6.9	5.1
Government	449.7	448.0	445.3	4.6	1.0

### Unemployment Rates (%)

	Jul-96	Jun-96	May-96	Jul-95	Jun-95
	Alaska	7.6	7.5	6.8	7.1
Oregon	5.3	5.1	5.2	4.8	4.9
Washington	5.8	6.1	6.2	6.4	6.4
U.S.	5.4	5.3	5.6	5.7	5.6

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** experienced solid economic growth in early summer, albeit at a slower rate than in the first five months of the year. Payroll employment increased at an average annual rate of about 2½ percent in June and July, down from the 5 percent average pace earlier in the year. Recently, construction employment gains have slowed noticeably, and government payrolls have been trimmed. The Arizona unemployment rate has remained near 5¼ percent in recent months, up about ½ percentage point from the low point at the end of 1995.

A recent slowdown in labor force growth has helped prevent further increases in the Arizona unemployment rate. Population growth has slowed to about a 3 percent yearly pace. State demographers trace this to a smaller influx of residents from other states and from abroad; net migration to Arizona in the second quarter was estimated to be about 20,000 persons, down about 25 percent from the same period a year ago.

The **California** economy improved further in recent months. After a large increase in May, payroll employment increased in June and July by about 2½ percent at an annual rate, which is ½ percentage point higher than the pace in the first four months of the year. In recent months,

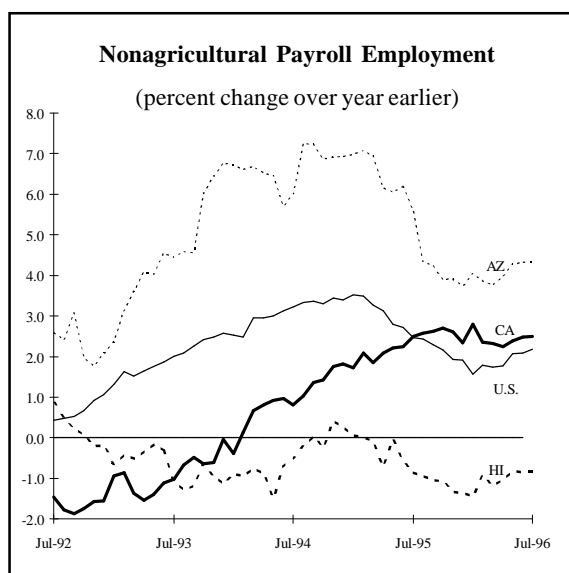
construction and manufacturing employment growth both accelerated. Among services, some of the most rapid job gains continued to be in the motion picture industry and in business services, which includes software development.

The growth in business services jobs has been particularly rapid in the San Francisco Bay Area, where employment in this industry increased 17½ percent during the past year. The 5 percent pace of manufacturing employment gains in the Bay Area also is notable and includes rapid gains in the electronics, computers, and other industrial machinery and equipment sectors. The Bay Area unemployment rate has dropped about 1½ percentage points over the past twelve months to 4.3 percent in July.

In contrast, the Los Angeles Area unemployment rate edged down only a quarter point to 7¼ percent over the same period, as a slight increase in unemployment in Los Angeles County partly offset declining unemployment rates in surrounding counties. The latest report on drivers license address changes from the California Department of Motor Vehicles reveals that these surrounding counties—Orange, Riverside, San Bernardino, and Ventura—and other states continue to attract a substantial number of residents from Los Angeles County. In contrast, the report suggests that for the state as a whole, net migration to other states slowed substantially in the most recent fiscal year.

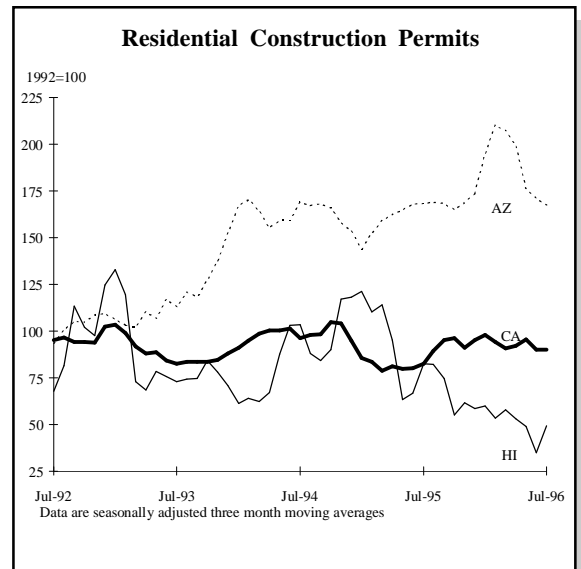
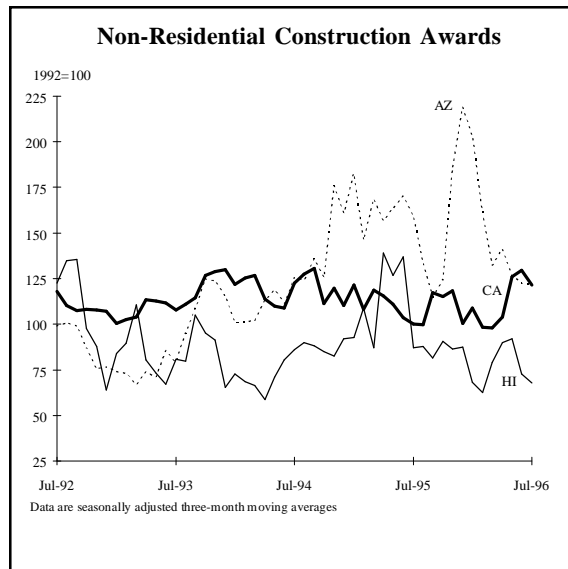
The labor market in **Hawaii** remains weak. Non-agricultural employment fell 2½ percent at an annual rate in June and July, reversing slight gains during February through May. The unemployment rate has remained near 6 percent, which is about 1 percentage point above the long-run average unemployment rate in Hawaii.

However, other indicators of Hawaii economic activity have improved this year. Through May, cumulative state gross business receipts increased 3.8 percent and the visitor count increased 4.3 percent relative to the same period in 1995.





# CONSTRUCTION



# EMPLOYMENT

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Jul-96	Jun-96	Jul-95		
<b>Arizona</b>					
Total	1859.5	1854.9	1782.4	3.0	4.3
Mining	12.6	12.6	12.5	0.0	0.8
Construction	123.4	122.5	116.5	9.2	5.9
Manufacturing	198.6	197.9	192.6	4.3	3.1
T.C.P.U.	88.8	88.5	86.0	4.1	3.3
Trade	465.3	463.3	450.2	5.3	3.4
F.I.R.E.	109.1	108.7	106.2	4.5	2.7
Services	550.8	547.1	521.4	8.4	5.6
Government	310.9	314.3	297.0	-12.2	4.7

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Jul-96	Jun-96	Jul-95		
<b>Hawaii</b>					
Total	527.1	529.2	531.5	-4.7	-0.8
Mining	.	.	.	.	.
Construction	24.1	24.2	26.1	-4.8	-7.7
Manufacturing	16.5	16.6	16.8	-7.0	-1.8
T.C.P.U.	40.5	40.7	40.7	-5.7	-0.5
Trade	134.0	134.9	135.9	-7.7	-1.4
F.I.R.E.	36.4	36.6	36.7	-6.4	-0.8
Services	165.6	165.6	164.4	0.0	0.7
Government	110.0	110.6	110.9	-6.3	-0.8

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Jul-96	Jun-96	Jul-95		
<b>California</b>					
Total	12757.1	12734.8	12447.4	2.1	2.5
Mining	28.5	28.7	29.9	-8.0	-4.7
Construction	514.5	511.3	491.3	7.8	4.7
Manufacturing	1824.5	1817.7	1794.7	4.6	1.7
T.C.P.U.	642.1	639.1	633.2	5.8	1.4
Trade	3003.7	3000.9	2929.8	1.1	2.5
F.I.R.E.	737.0	735.0	737.6	3.3	-0.1
Services	3898.2	3899.2	3736.2	-0.3	4.3
Government	2108.6	2102.9	2094.7	3.3	0.7

	Unemployment Rates (%)				
	Jul-96	Jun-96	May-96	Jul-95	Jun-95
Arizona	5.2	5.3	5.2	5.1	5.2
Hawaii	6	6.2	6	6	5.9
California	7.1	7.2	7.2	7.8	7.8
U.S.	5.4	5.3	5.6	5.7	5.6

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

The **Idaho** economy slowed somewhat in July, following torrid second quarter growth. Although employment in most sectors expanded at a healthy pace in July, total payroll employment was flat, due to flat manufacturing employment growth and government employment cutbacks. Given continued weakness in the computer memory chip market, employment in the electronics sector has declined in recent months, and further cuts are likely later this year. However, total payroll employment in July was 5.6 percent higher than a year earlier, and the unemployment rate continues to hover around 5.0 percent.

Other indicators of state economic activity also tell a mixed story. State income tax revenues were above projections during the first half of the year, but were offset by reduced corporate tax receipts. Automobile sales were 12 percent above 1995 levels for the first 7 months of the year. Although single-family housing starts have been high, multi-family residential and commercial construction activity are down relative to 1995 levels.

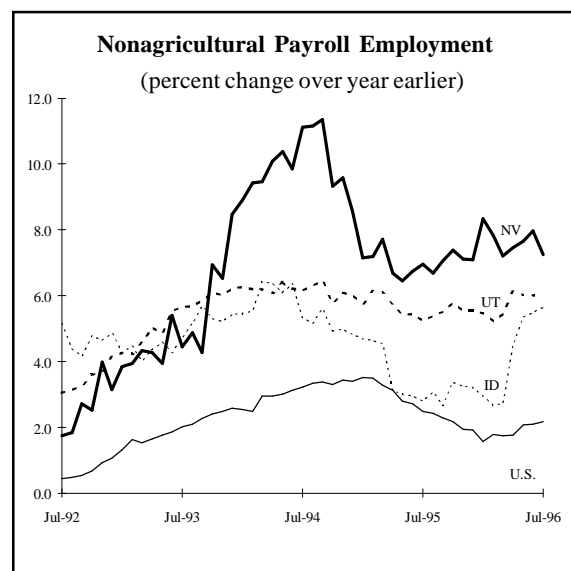
In **Nevada**, employment growth has been holding steady at a rapid pace (around 7 percent annualized) for the past year, although signs of slight moderation have appeared of late. Manu-

facturing employment growth has slowed substantially this year, and manufacturing payrolls declined in July. In contrast, both wholesale and retail trade continue to create large numbers of jobs in the state, and the state unemployment rate stood at a very low 4.8 percent in July. However, employment in services—which include the hotel and gaming sectors—contracted in July, and overall employment performance for the month would have been weak were it not for a large increase in local government employment.

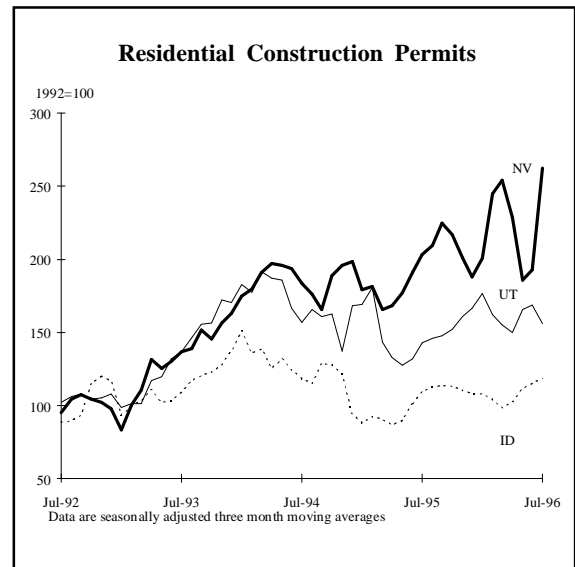
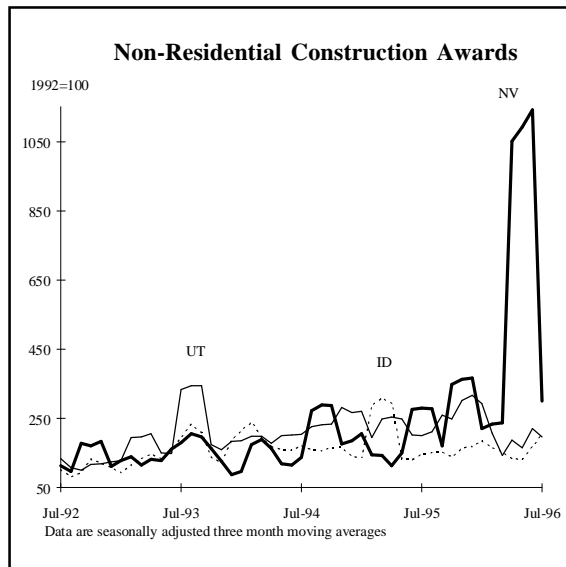
Commercial and residential development signals in the state are mixed. Although both residential and nonresidential construction are continuing at high rates, construction employment growth has been highly variable and thus far in 1996 remains below the pace of previous years. However, the state's rapid population and income growth continues to fuel commercial development plans in many areas, including plans for significant expansion of supermarket stores in the Reno area.

**Utah's** economic expansion continued at a rapid rate, although it has been uneven in recent months. Payroll employment expanded at a 5.5 to 6 percent rate during the last 3 quarters, but the July expansion was at half that rate. Manufacturing employment declined in July, and construction payrolls have varied substantially but registered no net job growth during March-July. In contrast, perhaps spurred by strong income and spending growth in the state, retail job expansion has been rapid in recent months. Furthermore, the state unemployment rate dropped from 3.4 percent in June to 3.1 percent in July.

The real estate sector also reflects the cumulative impact of a strong state economy for several years. The state is characterized by high rates of home ownership, and new home building and purchasing continue at impressive rates. Housing price appreciation has been rapid in the state, however, and affordability indices (based on a combination of home prices, interest rates, and incomes) have declined.



# CONSTRUCTION



# EMPLOYMENT

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Jul-96	Jun-96	Jul-95		
<b>Idaho</b>					
Total	501.3	501.2	474.6	0.2	5.6
Mining	2.9	2.9	2.7	0.0	7.4
Construction	34.6	34.4	29.2	7.2	18.5
Manufacturing	73.7	73.7	70.1	0.0	5.1
T.C.P.U.	23.4	23.3	22.7	5.3	3.1
Trade	126.6	126.1	120.8	4.9	4.8
F.I.R.E.	24.0	23.9	24.2	5.1	-0.8
Services	120.7	119.6	108.9	11.6	10.8
Government	95.4	97.3	96.0	-21.1	-0.6
<b>Nevada</b>					
Total	850.3	846.1	793.9	6.1	7.1
Mining	14.3	14.2	13.2	8.8	8.3
Construction	73.3	72.7	62.0	10.4	18.2
Manufacturing	38.7	38.9	36.8	-6.0	5.2
T.C.P.U.	42.9	42.6	40.7	8.8	5.4
Trade	171.4	170.2	157.8	8.8	8.6
F.I.R.E.	38.2	38.2	35.9	0.0	6.4
Services	368.7	369.9	350.3	-3.8	5.3
Government	102.8	99.4	97.2	49.7	5.8

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Jul-96	Jun-96	Jul-95		
<b>Utah</b>					
Total	961.5	959.3	907.8	2.8	5.9
Mining	8.0	8.0	8.2	0.0	-2.4
Construction	62.7	61.8	54.1	18.9	15.9
Manufacturing	130.1	130.3	123.2	-1.8	5.6
T.C.P.U.	53.3	53.6	51.2	-6.5	4.1
Trade	233.0	231.1	221.1	10.3	5.4
F.I.R.E.	51.0	50.6	47.7	9.9	6.9
Services	257.4	256.8	238.9	2.8	7.7
Government	166.0	167.1	163.4	-7.6	1.6

**Unemployment Rates (%)**

	Jul-96	Jun-96	May-96	Jul-95	Jun-95
Idaho	4.9	5.2	5	5.4	5.3
Nevada	4.8	4.7	5.4	5.4	5.4
Utah	3.1	3.5	3.3	3.6	3.7
U.S.	5.4	5.3	5.6	5.7	5.6

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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**1996 Issues****Mailing Date**

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