

WESTERN ECONOMIC DEVELOPMENTS

January 1996

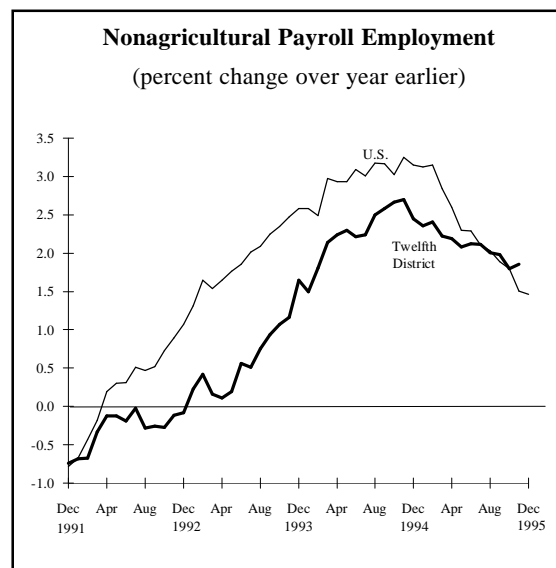
Executive Summary

- *The California economy showed signs of a pick up near year-end 1995 and is expanding faster than the national economy. In addition to the widely reported recent job gains in the state, California also has experienced noticeable increases in state government tax revenues.*
- *Rapid expansion continued in Arizona, Nevada, Oregon, and Utah. These District states are among the six fastest-growing U.S. states, along with the Southwestern states of New Mexico and Texas.*
- *Most District states benefitted from rapid growth in overall exports in 1995. Exports from states which traditionally ship to rapidly-growing Asian markets increased particularly fast, but the prominence of high-technology manufacturing industries in the West also helps explain the region's relatively strong export performance.*
- *Total loans outstanding at a sample of large District banks increased in the fourth quarter. Large California banks posted slightly larger fourth-quarter gains than those operating elsewhere, despite a slight drop in California loans in December.*

District Update

The District economy showed some vigor near year-end 1995. District payroll employment increased 3.3 percent at an annual rate in November and likely posted a moderate gain in December, when California employment increased about 2 percent and a large number of workers in Washington state returned from a strike at Boeing. Although no official statistics are available yet, business contacts report moderate gains in retail sales for most western states. Labor markets and the consumer sector appear to have been quite strong near year-end in Arizona, Nevada, Oregon, and Utah—the four District states which rank among the top six U.S. states in terms of annual job growth through November. Moderate-paced expansions continued in California, Idaho, and Washington states. In contrast, the economies of Alaska and Hawaii remained stagnant in recent months.

Many sectors have contributed to the recent District job growth. Of the roughly 56,000 jobs added to District payrolls in November, 26,000



were in the services sector, and employment in wholesale and retail trade increased by 17,000 jobs. Government sector jobs also have edged up in recent months, and—excluding the striking Boeing workers—manufacturing has managed to post small gains. Moreover, District construction employment continues to expand rapidly, fueled by the building of additional manufacturing plants and housing in many of the fast-growing states.

District Employment by State

	Number Employed (thousands)			Annualized % Change	% Change
	Nov-95	Oct-95	Nov-94	From	From
				Month Ago	Year Ago
Alaska	263	263	262	0.5	0.3
Arizona	1,782	1,771	1,723	7.8	3.4
California	12,354	12,330	12,186	2.4	1.4
Hawaii	529	529	538	0.0	-1.7
Idaho	481	479	473	6.2	1.8
Nevada	803	798	758	8.8	6.0
Oregon	1,443	1,439	1,391	3.6	3.7
Utah	926	921	880	6.3	5.2
Washington	2,357	2,353	2,345	2.0	0.5
District	20,939	20,882	20,557	3.3	1.9
Rest of U.S.	96,226	96,116	94,870	1.4	1.4
U.S.	117,164	116,998	115,427	1.7	1.5

Seasonally adjusted payroll employment data.

District Employment by Industry

	Number Employed (thousands)			Annualized % Change	% Change
	Nov-95	Oct-95	Nov-94	From	From
				Month Ago	Year Ago
Total	20,939	20,882	20,557	3.3	1.9
Mining	82	83	83	-12.3	-1.4
Construction	1,015	1,005	960	12.1	5.7
Manufacturing	2,786	2,785	2,790	0.3	-0.2
Transportation	1,081	1,082	1,066	-0.3	1.4
Trade	4,950	4,933	4,844	4.2	2.2
F.I.R.E.	1,251	1,250	1,259	0.4	-0.6
Services	6,147	6,121	5,942	5.2	3.4
Government	3,628	3,624	3,612	1.4	0.4

Seasonally adjusted payroll employment data.

Regional Export Performance

Export growth is an ongoing source of strength for the regional economy. For California and many other states in the District, exports grew rapidly in 1995, exceeding the healthy pace of overall U.S. export growth. However, a decline in exports from Washington state held overall District export growth below the average for the United States last year (table 1, chart 1).

For the western states with high export growth, analysts generally point to two factors contributing to strong export performance: the proximity to the rapidly growing markets in Asia and the prominence of the high-tech sectors in the West. Data on the composition of overall U.S. and Twelfth District state exports confirms the importance of these factors.

For the U.S. as a whole, the relatively fast growth of exports in 1995 does owe partly to increased trade with Newly Industrialized Countries (NICs) in Asia—Hong Kong, Korea, Singapore and Taiwan—to which exports in the first three quarters of last year increased 23.3 percent at an annual rate relative to the full year of 1994 (table 2). However, the impact of this growth on overall exports was limited because only about 11.6 percent of U.S. exports go to the NICs, whereas almost one-fourth of U.S. exports go to Canada and another roughly 30 percent are shipped to major Western European countries or Japan. Exports to Canada and Europe increased at about a 10 percent annual rate in 1995. Relatively fast growth of exports to Japan also helped offset the roughly 10 percent decline in exports to Mexico.

In terms of the *commodity* composition, U.S. export trade is dominated by capital goods and industrial supplies and materials, both of which have been increasing rapidly. Among capital goods, rapid increases in exports of high-technology items have been partly offset by declining aircraft exports. On an end-use basis (not shown), exports of aircraft, engines and parts fell 17 percent in the first three quarters of 1995, whereas exports of computers, accessories and telecommunications equipment increased nearly 20 percent, and semiconductor exports jumped

35 percent. On an industry sector (SIC) basis (table 2, memo items), the declining aircraft exports are primarily responsible for the 2.7 percent decline in exports of the overall transportation equipment group, which also includes autos. Increasing exports of high-technology equipment have boosted exports of the industrial machinery and computing equipment, electrical machinery, and instruments industry groups.

The data on California exports suggest that proximity to Asia is important for the state. In 1994, California had a larger share of its exports destined for NICs and Japan than did the overall United States, and in 1995 exports from California to these Asian countries grew about as fast as overall U.S. exports to these countries (table 2). Thus, the relatively fast growth of exports to those markets benefitted California more than the rest of the U.S. as a whole.

Table 1
U.S. Exports of Goods by State
of Origin-of-Movement
(percent change over year earlier)

Percent Share		-----through December-----			Sep.
		1992	1993	1994	1995
100.0	U.S. Total	6.2	3.7	10.3	12.1
21.4	Twelfth District	10.0	-0.7	8.2	10.4
12.9	California	11.7	1.6	15.9	13.7
4.6	Washington	3.7	-5.1	-11.2	-6.3
3.9	District except California, Washington	15.6	-1.0	12.9	19.2
1.3	Arizona	14.4	6.4	18.9	12.1
1.2	Oregon	14.7	7.8	15.7	19.5
0.5	Utah	42.0	-12.5	-0.5	39.9
0.5	Alaska	1.9	-21.4	-2.2	23.9
0.3	Idaho	12.3	4.3	30.6	18.9
0.1	Nevada	18.8	6.3	15.1	10.2
0.1	Hawaii	39.6	26.0	14.1	-14.8

Table 2
Exports of Goods from California
and the United States

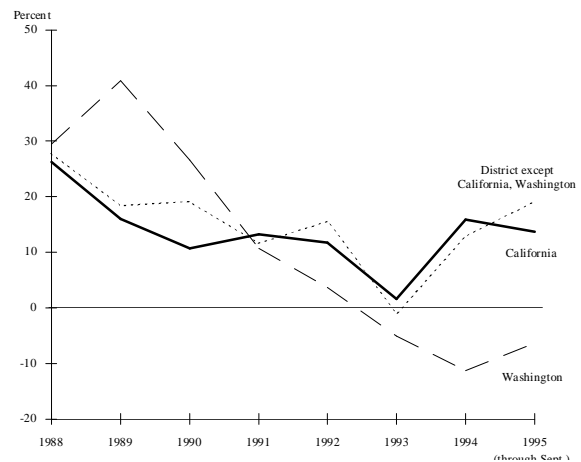
	---Percent share---		---Percent change---	
	California	U.S.	California	U.S.
Total, Census basis	100.0	100.0	15.1	12.1
Canada	10.4	22.3	10.0	10.5
Mexico	9.4	9.9	-6.7	-10.3
Selected Western Europe	19.1	18.7	9.9	10.8
Japan	16.3	10.4	21.8	18.5
NICs	22.0	11.6	24.8	23.3
Other	22.7	27.0	16.9	15.4
Memo: Exports by SIC group				
Industrial machinery and computing equipment	23.5	16.0	17.7	12.6
Electrical machinery	26.1	12.5	26.5	16.4
Transportation Equipment	11.6	16.6	9.5	-2.7
Instruments and related	7.2	5.2	13.1	9.2

Notes: The 1995 percent change figure is at an annual rate, based on exports through Sept., 1995 relative to the full 1994. The selected western european countries are the U.K., Germany, Netherlands, France, Italy, Belgium and Spain.

Chart 1
Growth of Nominal Exports
in the U.S. and Twelfth District



Growth of Twelfth District Nominal Exports
by State of Origin-of-Movement



The composition of exports from California also suggests that prominence of high-tech sectors has been important. California has a larger share of its exports in the fast-growing instruments and machinery industry groups than does the overall U.S. Thus, the rapid growth of high-technology equipment exports also contributed substantially to the growth of California exports in 1995 and helps explain California's relatively strong export performance.

The characterization of other western states as purveyors of high-technology machinery and equipment, particularly to Asian markets, largely rings true. Similar to California, about 25 percent of exports from the District, excluding California and Washington, are of electrical machinery. With regard to where exports are shipped from the remainder of the District, about 40 percent goes to Japan or NICs, which is a bit higher than the California proportion for these areas and well above the U.S. average. Also, exports from these other states did increase somewhat faster than overall U.S. exports in the first three quarters of 1995. Export growth accelerated in 1995 for Oregon, Utah, and Alaska and remained in double-digit figures for Arizona, Idaho, and Nevada.

Not surprisingly, for Washington state the commodity-composition of exports is dominated by aircraft and other transportation equipment (at 57 percent). While the state exhibits somewhat higher shares of trade with Japan and the NICs than the U.S. average, weakness in aircraft shipments last year led to the 6.3 percent decline in overall state exports in 1995. That decline came on the heels of large declines in 1993 and 1994 (chart 1). This pattern reflects the decline in aircraft deliveries by Boeing to foreign customers. Looking ahead, developments in Washington state are unlikely to be such a significant drag on District export performance.

Magnitude of Other Factors

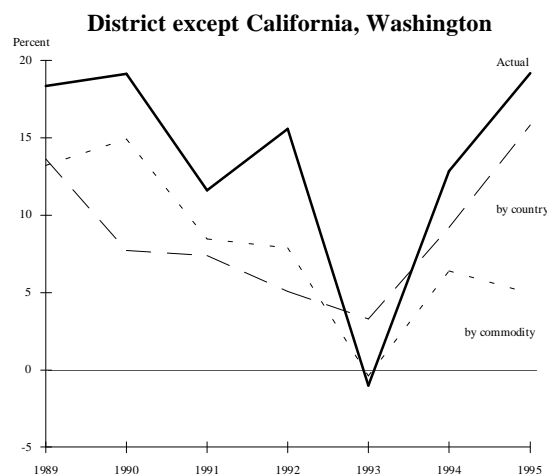
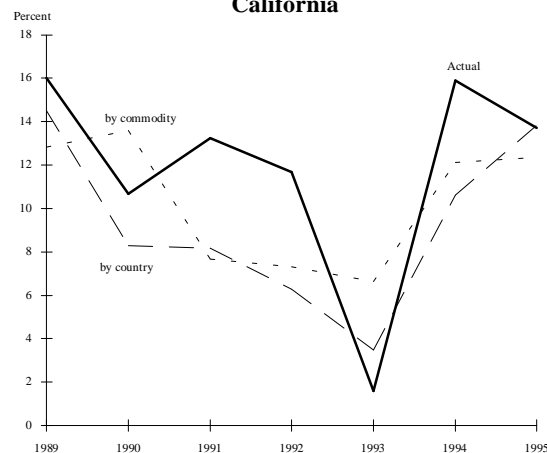
The country composition of U.S. export trade cannot fully explain relative regional export performance. For example, at times the growth of exports to Asia from California has exceeded the U.S. pace of growth of exports to Asia.

Similarly, California exports to Mexico did not decrease as fast as overall U.S. exports to Mexico last year. Industry mix likely explains part of this divergence, but other factors—such as the role of maquiladoras in the Mexico case—also have been important.

To investigate the extent to which the export performance of California and other District states has been explained by the commodity-composition or country-composition of U.S. export growth, we have calculated two corresponding predictors of state export growth and compared them with actual state export growth (chart 2). First, to predict exports based on commodity-composition (dotted line), we take the 1994 state commodity-composition of exports as a given for all years; state exports are then extrapolated by the time-series of rates of

Chart 2

Growth of State Exports as Predicted by the Country or Commodity Composition of U.S. Exports California



change in national exports for each major commodity (2-digit SIC) group. Similarly, the dashed "by country" line shows the appropriate state-specific weighted average of growth rates in U.S. exports to each of the country groups listed in table 2.

For California, the actual 1995 growth rate is best-explained by the country-composition of U.S. export growth, but the commodity-composition of U.S. exports also implies rapid growth in exports from California. However, over the longer span of time shown in the chart, the errors in explaining actual California export growth have been relatively large in many years, with actual California export growth generally exceeding the predicted rates based on either commodity or country composition. Similarly, the rapid recent growth of exports from District states except California and Washington is better-explained by the country composition of U.S. export growth, particularly the pick-up in exports to Asia, than by what is being exported. Also, the errors in explaining other District states export growth have been relatively large in many years, with actual export growth generally exceeding both types of predicted rates. California and other District states (except Washington) have the advantages of an export mix that is tilted toward fast-growing destinations and types of goods and also have exhibited a tendency to capture a larger-than-average share of U.S. ex-

port growth within these fast-growing markets. Thus, export performance in Twelfth District states provides some reason for optimism about the regional economic outlook.

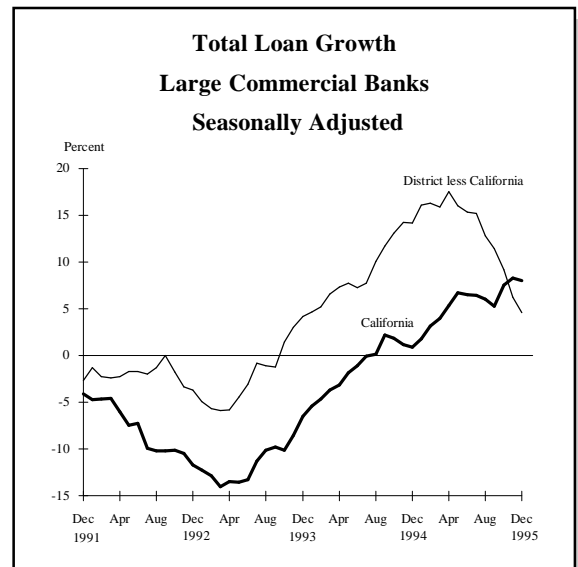
Financial Conditions

Data from a sample of large banks indicate that, after taking into account loan sales and securitizations, District loans outstanding contracted in December. However, as in November, the volatile consumer loan sector in Nevada, influenced by credit card lending, accounted for almost all of the drop-off. In the District outside of California and Nevada, total loans grew at about a 6.2 percent annual rate in December. Fourth quarter growth overall, at 5.4 percent, was up slightly from the 4.5 percent pace set in the third quarter, but significantly below the first quarter peak of 16.4 percent.

Among large California banks, total loans outstanding contracted at a 1.5 percent annual rate in December, after taking into account loan sales and securitizations. This was the first cutback since November 1994. Contractions in consumer and real estate loans contributed to the overall cutback. Fourth quarter growth overall, at 7.6 percent, was down somewhat from the 11 percent pace set in the third quarter and significantly below the second quarter peak of 19.1 percent.

	Dec-95	Nov-95	Dec-94	Annualized % Change From Month Ago	% Change From Year Ago
Total Loans	226.3	227.1	211.9	-4.2	6.8
Commercial	50.3	50.0	44.9	9.2	12.2
Real Estate	114.0	114.2	112.9	-2.0	1.0
Consumer	36.3	37.1	33.6	-23.9	7.9
Total Deposits	238.4	238.2	238.8	0.9	-0.2
Large Time	18.4	18.4	14.8	1.6	24.7
Small Time	42.8	41.1	41.2	62.6	3.9
MMDAs / Savings	85.1	84.4	89.4	10.5	-4.9

Figures in billions of dollars, seasonally adjusted



ALASKA, OREGON, AND WASHINGTON

Job growth in **Alaska** paused in recent months. Nonfarm payroll employment was little changed during October and November, after rising at a 2.6 percent annual rate during the third quarter. The state's resource-based industries were especially sluggish. Pulp mills, lumber processors and the oil industry have all reduced employment levels. Among the state's primary activities, only tourism flourished in November, boosting hotel service jobs and supporting retail trade. The federal, state and local government sectors each reduced employment during the latter half of 1995. However, the cutbacks at the state level were not as severe as at other levels of government, despite the pressure on the state budget from declining oil-related revenues. This pressure is likely to continue, as state analysts project only slight near-term increases in state oil revenue.

Oregon's economy posted further gains in November, with the number of jobs now up 3.7 percent from a year earlier. Only the government sector trimmed payrolls in November. Manufacturing, wholesale and retail trade, and the transportation sectors all showed strong gains in November, while the pace of growth slowed in the service and financial sectors. Construction employment has trended up, and there was

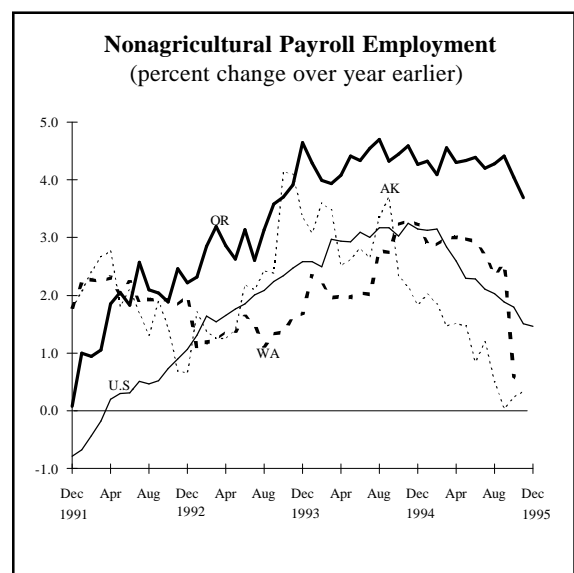
a sharp recent rise in both non-residential construction awards and residential construction permits.

Contacts report that Oregon's merchants posted sizeable Christmas holiday retail sales increases compared to last year. In addition to the underlying strength of the consumer sector in the state, spending this holiday season reportedly was buoyed by the disbursement on November 1st of tax rebate checks from the state government. The rebates amounted to about \$115 per recipient. Earlier strong growth in income tax receipts triggered the rebate, and state government income tax withholding reportedly continued to increase rapidly through the fourth quarter.

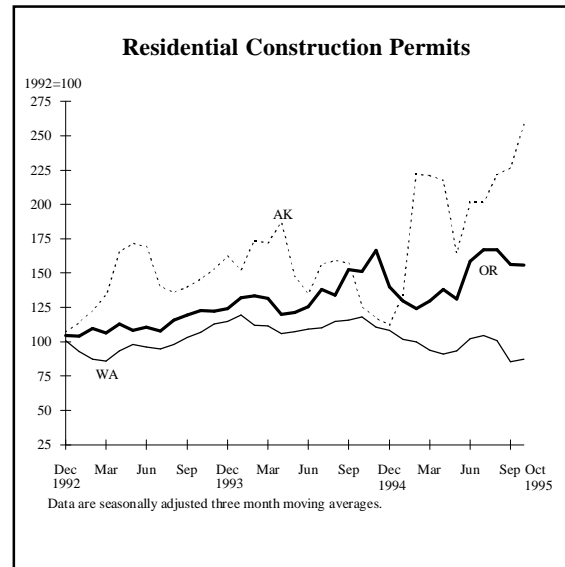
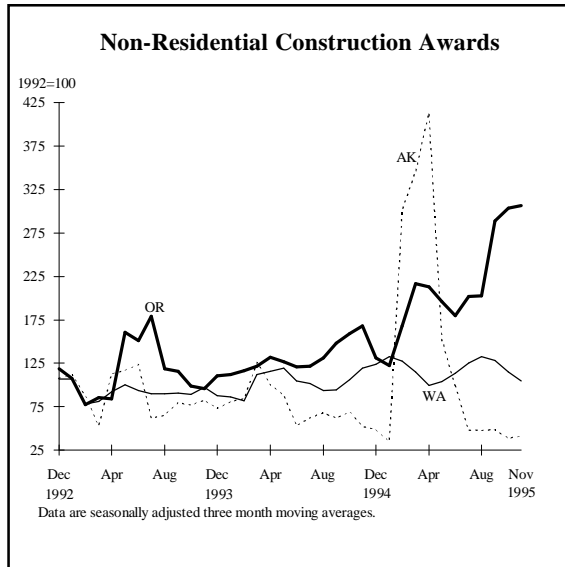
Economic activity in **Washington** state apparently remained subdued through most of December, owing to the direct and indirect effects of the just-ended strike at Boeing Aircraft and earlier reductions in aerospace employment. Outside of aerospace, labor demand has been strong, with the most rapid employment gains in the trade and service sectors. Growth also has been strong in selected manufacturing industries, such as electronic equipment, industrial machinery and plastic products.

The Boeing machinists ended their strike in mid-December, after nearly 10 weeks off the job. The return of the machinists to work and receipt of an upfront pay increase reportedly gave a boost to retail sales during the last week of the Christmas shopping season. Nevertheless, overall retail sales reportedly were disappointing.

In coming years, the aerospace business appears less likely to hold down the state economy significantly. Boeing reportedly plans to deliver more planes in 1996 than in 1995. The vast majority of new orders in 1995 came from foreign customers. However, the longer-term outlook for Boeing rests on expectations of a pickup in domestic orders, given the age profile of current fleets. In the most recent round of competition for domestic business, Boeing won a large order from General Electric Leasing.



CONSTRUCTION



EMPLOYMENT

	Number Employed (thousands)			Annualized % Change From Month Ago	% Change From Year Ago		Number Employed (thousands)			Annualized % Change From Month Ago	% Change From Year Ago
	Nov '95	Oct '95	Nov '94				Nov '95	Oct '95	Nov '94		
Alaska						Washington					
Total	263.1	263.0	262.2	0.5	0.3	Total	2,356.7	2,352.8	2,345.4	2.0	0.5
Mining	9.7	9.8	10.4	-11.6	-6.7	Mining	3.4	3.6	3.5	-49.6	-2.9
Construction	13.5	13.1	13.3	43.5	1.5	Construction	127.2	126.9	125.7	2.9	1.2
Manufacturing	16.5	16.7	16.0	-13.5	3.1	Manufacturing	311.6	311.5	339.8	0.4	-8.3
T.C.P.U.	22.8	23.1	23.8	-14.5	-4.2	T.C.P.U.	121.4	120.9	119.1	5.1	1.9
Trade	55.3	55.0	54.0	6.7	2.4	Trade	594.1	593.8	576.7	0.6	3.0
F.I.R.E.	11.8	12.0	11.9	-18.3	-0.8	F.I.R.E.	123.1	123.0	123.4	1.0	-0.2
Services	61.0	60.6	59.3	8.2	2.9	Services	631.5	630.2	613.4	2.5	3.0
Government	72.5	72.7	73.5	-3.3	-1.4	Government	444.4	442.9	443.8	4.1	0.1
Oregon						Unemployment Rates (%)					
Total	1,442.7	1,438.5	1,391.3	3.6	3.7		Dec '95	Nov '95	Oct '95	Dec '94	Nov '94
Mining	1.8	1.7	1.5	98.6	20.0	Alaska	N/A	7.3	7.2	8.0	7.7
Construction	72.4	71.6	65.0	14.3	11.4	Oregon	N/A	4.9	4.7	4.9	5.1
Manufacturing	228.0	226.5	223.3	8.2	2.1	Washington	N/A	6.5	6.3	6.0	6.1
T.C.P.U.	71.6	70.9	69.1	12.5	3.6	U.S.	5.6	5.6	5.5	5.4	5.6
Trade	361.1	357.9	350.1	11.3	3.1						
F.I.R.E.	91.1	91.1	88.7	0.0	2.7						
Services	379.1	378.4	354.5	2.2	6.9						
Government	237.6	240.4	239.1	-13.1	-0.6						

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 continued to post substantial employment gains in recent months. The average pace of job growth in October and November was about 4 percent at an annual rate, about the same as the strong third-quarter pace. More than half of the most recent job gains have been in the services sector, but construction, manufacturing, and the trade sectors also have posted notable increases.

As reported in First Interstate Bank's Arizona Review, state retail sales in the first ten months of 1995 increased 7.6 percent relative to the same period a year earlier, and November and December retail sales likely remained more than 5 percent above a year earlier. Activity in the Phoenix area was boosted by increases in air passenger traffic this year. Looking ahead, however, travel-related revenues are expected to be held down slightly by the elimination of 16 Southwest Airlines flights from its Phoenix schedules.

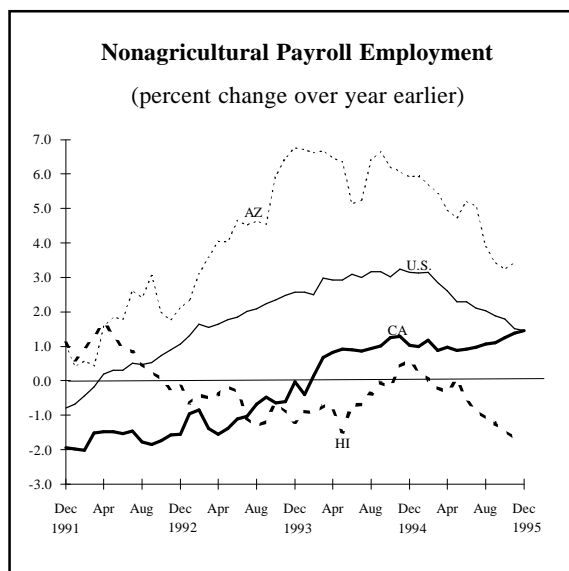
California's economy is accelerating a bit and growing faster than the national economy. The payroll survey showed a 1.9 percent at an annual rate state employment gain in December, following an upward-revised November increase of 2.4 percent. For the fourth quarter as a whole, employment growth was 2 percent at an annual

rate, slightly higher than in the third quarter and well above the first-half pace reported in the survey. (The alternative interim employment series also shows a recent pickup from the first half pace but places the overall annual California job gains through December at a higher 2¼ percent.) Recent job gains have been large in the services and trade sectors, and construction employment continued to expand rapidly. In the midst of this apparent pickup in labor demand in some sectors and regions, job loss in other areas increased in recent months, keeping the state unemployment rate relatively high.

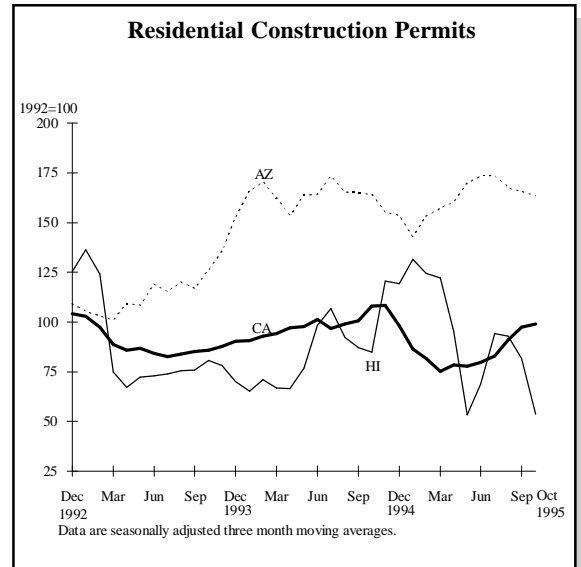
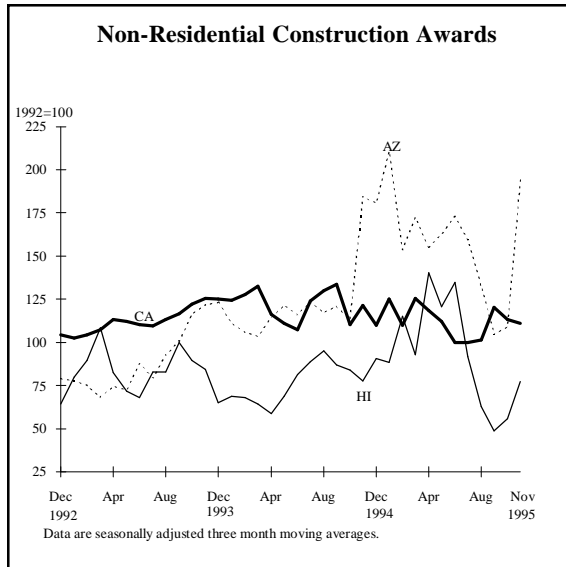
Other economic indicators are consistent with moderate overall growth in the state economy near year-end. State sales tax receipts in December were almost 5 percent above a year earlier, and payroll withholding tax receipts also were strong last month. Selected retailers in some areas of the state—particularly San Diego—reported sizeable gains in holiday season sales relative to last year. However, retail sales in other areas of Southern and Central California reportedly were weak, and the federal government shutdown of parks and visa offices disrupted visitor buying in some tourist areas.

Economic activity in **Hawaii** remained at a relatively low level near year-end, despite a reported strong flow of tourist visitors. Payroll employment was unchanged in November at a level 1.7 percent below a year earlier. The state unemployment rate was little changed toward the end of 1995 from a 1994 average of 6 percent, which is the highest unemployment rate in Hawaii since 1983. Retail trade employment in Hawaii held steady last year, but jobs were lost in every other major sector. Most of the roughly 4,000 jobs lost in the government sector last year were cut from state government payrolls, reflecting a lagged adjustment to the prolonged period of contraction in private sector activity in the state.

Construction employment fell almost 6 percent in 1995, following similar-sized declines in 1993 and 1994. Much of the ongoing weakness is in non-residential building, but the residential sector also is down.



CONSTRUCTION



EMPLOYMENT

	Number Employed (thousands)			Annualized % Change From Month Ago	% Change From Year Ago		Number Employed (thousands)			Annualized % Change From Month Ago	% Change From Year Ago
	Nov '95	Oct '95	Nov '94				Nov '95	Oct '95	Nov '94		
Arizona						Hawaii					
Total	1,782.3	1,771.2	1,723.2	7.8	3.4	Total	529.2	529.2	538.2	0.0	-1.7
Mining	12.9	12.9	12.4	0.0	4.0	Mining					
Construction	116.1	114.5	115.0	18.1	1.0	Construction	27.5	27.5	29.1	0.0	-5.5
Manufacturing	202.3	201.7	196.6	3.6	2.9	Manufacturing	16.8	16.8	17.3	0.0	-2.9
T.C.P.U.	89.2	89.2	86.7	0.0	2.9	T.C.P.U.	41.0	41.0	41.4	0.0	-1.0
Trade	433.8	433.5	422.8	0.8	2.6	Trade	134.4	134.4	135.0	0.0	-0.4
F.I.R.E.	111.4	111.6	111.5	-2.1	-0.1	F.I.R.E.	37.3	37.3	38.3	0.0	-2.6
Services	512.9	506.9	489.5	15.2	4.8	Services	163.7	164.1	164.8	-2.9	-0.7
Government	303.7	300.9	288.7	11.8	5.2	Government	108.5	108.1	112.3	4.5	-3.4
	Dec '95	Nov '95	Dec '94								
California						Unemployment Rates (%)					
Total	12,373.4	12,354.4	12,195.2	1.9	1.5		Dec '95	Nov '95	Oct '95	Dec '94	Nov '94
Mining	28.8	28.9	31.4	-4.1	-8.3	Arizona	N/A	4.6	4.7	6.2	6.3
Construction	504.4	505.4	476.5	-2.3	5.9	California	7.7	8.8	7.8	7.7	7.8
Manufacturing	1,776.1	1,772.1	1,770.5	2.7	0.3	Hawaii	N/A	5.4	5.7	6.0	6.2
T.C.P.U.	615.0	619.2	610.9	-7.8	0.7	U.S.	5.6	5.6	5.5	5.4	5.6
Trade	2,876.4	2,864.9	2,831.9	4.9	1.6						
F.I.R.E.	767.7	766.1	776.5	2.5	-1.1						
Services	3,705.3	3,695.6	3,594.0	3.2	3.1						
Government	2,099.7	2,102.2	2,103.5	-1.4	-0.2						

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

Although **Idaho's** overall growth in 1995 moderated relative to 1994, the state economy was strong near the end of 1995. A November surge in payroll jobs was led by large increases in trade and services employment. Construction employment also jumped in November, offsetting an October decline. Manufacturing employment has edged up, on balance, in recent months, after declining earlier in the year.

Other indicators of recent and prospective economic activity in Idaho are mixed. The household survey shows increases in overall Idaho employment in recent months, but the state unemployment rate was reported to have increased to 5.6 percent in November from 5.1 percent in September and October, as estimated labor force growth outstripped the household employment gains. Non-residential construction contract awards recently have remained well below the pace of earlier in the year, but residential construction permit issuance has increased in recent months. Unofficial reports on the pace of holiday season retail sales also were mixed.

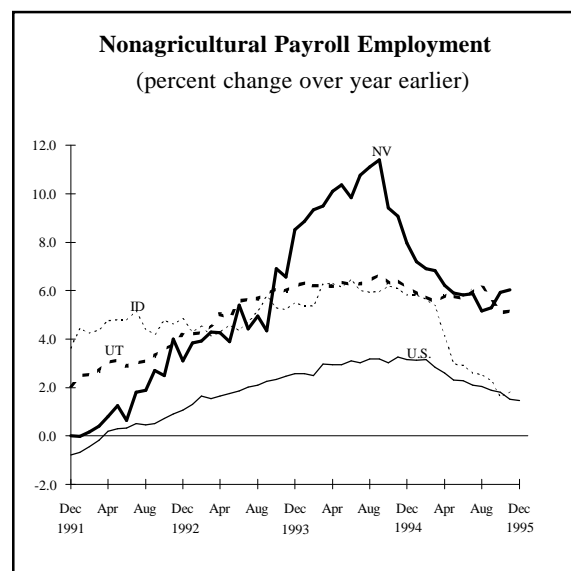
Nevada continues to be the fastest-growing state in the country. State yearly job growth as of November was 6 percent, with annualized growth averaging near 8.5 percent during September through November. State manufacturing em-

ployment growth is 4.6 percent yearly, which is substantially slower than in 1992-94 but compares favorably with the manufacturing employment decline in the U.S. as a whole. Annualized monthly growth in construction employment averaged near 35 percent during July through October, with only slight cooling to 22 percent growth in November. The strength in residential building is apparent in residential permit issuance figures, and nonresidential construction awards also have increased substantially, owing, in part, to resort expansions in the Reno area. Substantial increases in construction awards during October and November suggest continued strength in this sector.

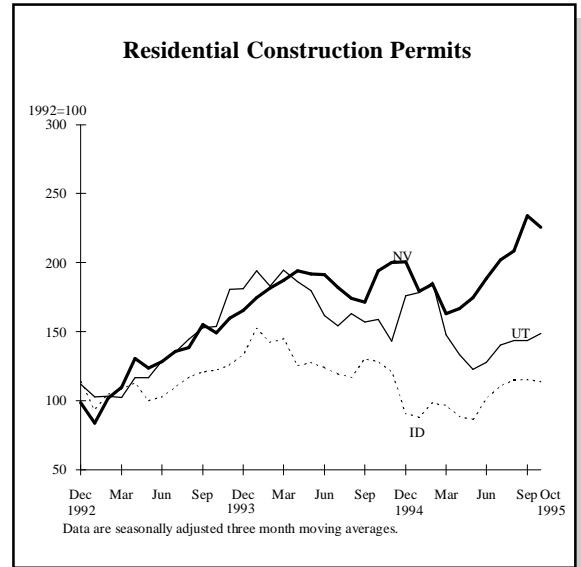
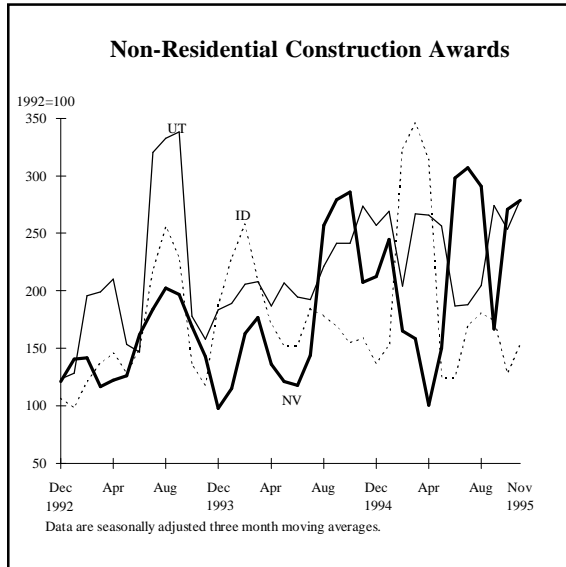
Other indicators also suggest substantial economic strength in the state. The unemployment rate averaged 4.9 percent in October and November. The retail sector added a large number of workers to its payrolls early in the holiday season, and subsequent holiday retail sales were reported to be even stronger than expected by some observers.

Utah's labor market remains tight, as indicated by the remarkably low November unemployment rate of 2.8 percent. Employment jumped 6.3 percent at an annual rate in November, after little change in September and October, bringing the 12-month employment growth rate to 5.2 percent. The November growth was led by sharp increases in manufacturing, trade, and financial sector employment. Solid expansion in the construction sector is likely to continue; non-residential construction awards have been at high levels and increased lately relative to mid-summer, and residential permit issuance has continued to climb.

Retail sales were reported as moderate-to-strong during the holiday season. The underlying strength of the local economy was masked somewhat by a slow start for the skiing industry, owing to warm, dry weather. However, snow-making capabilities and non-refundable airfares reportedly helped to mitigate the weather-related reduction in tourist revenue, and several small storms in late December and January have substantially improved ski conditions recently.



CONSTRUCTION



EMPLOYMENT

	Number Employed (thousands)			Annualized % Change From Month Ago	% Change From Year Ago
	Nov '95	Oct '95	Nov '94		
Idaho					
Total	481.1	478.7	472.5	6.2	1.8
Mining	2.8	2.8	2.7	0.0	3.7
Construction	29.7	29.3	30.5	17.7	-2.6
Manufacturing	74.1	74.5	73.7	-6.3	0.5
T.C.P.U.	22.4	22.6	22.5	-10.1	-0.4
Trade	123.9	122.3	119.8	16.9	3.4
F.I.R.E.	24.2	24.2	24.4	0.0	-0.8
Services	109.0	108.3	104.8	8.0	4.0
Government	95.0	94.7	94.1	3.9	1.0
Nevada					
Total	803.2	797.6	757.5	8.8	6.0
Mining	14.1	14.1	12.6	0.0	11.9
Construction	66.5	65.4	56.8	22.2	17.1
Manufacturing	36.6	36.5	35.0	3.3	4.6
T.C.P.U.	40.8	40.6	39.1	6.1	4.3
Trade	159.4	157.1	148.0	19.1	7.7
F.I.R.E.	37.2	36.8	34.7	13.9	7.2
Services	349.9	349.5	336.3	1.4	4.0
Government	98.7	97.6	95.0	14.4	3.9

	Number Employed (thousands)			Annualized % Change From Month Ago	% Change From Year Ago
	Nov '95	Oct '95	Nov '94		
Utah					
Total	925.8	921.1	880.4	6.3	5.2
Mining	8.4	8.4	8.4	0.0	0.0
Construction	56.3	56.4	50.6	-2.1	11.3
Manufacturing	127.8	126.9	119.3	8.9	7.1
T.C.P.U.	52.8	52.5	50.6	7.1	4.3
Trade	222.9	221.3	211.5	9.0	5.4
F.I.R.E.	48.4	47.8	46.9	16.1	3.2
Services	243.9	243.0	231.3	4.5	5.4
Government	165.3	164.8	161.8	3.7	2.2
Unemployment Rates (%)					
	Dec '95	Nov '95	Oct '95	Dec '94	Nov '94
Idaho	N/A	5.6	5.1	6.2	6.0
Nevada	N/A	5.0	4.8	5.9	6.0
Utah	N/A	2.8	3.3	3.7	3.8
U.S.	5.6	5.6	5.5	5.4	5.6

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

1996 Issues**Mailing Date**

January

February 1

March

March 28

May

May 23

July

July 5

August

August 22

September

September 26

November

November 14

December

December 19

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