

WESTERN ECONOMIC DEVELOPMENTS

June 2000

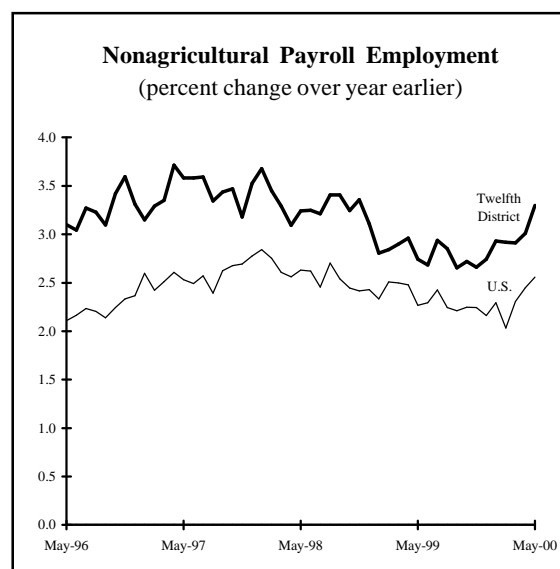
Executive Summary

- *The Twelfth District's robust economic expansion continued in recent months. The employment growth rate of 3.6 percent so far in 2000 is well above the corresponding national rate, and both were boosted by a surge in federal government hiring of temporary Census workers in recent months.*
- *In California, private sector jobs have grown at about the same strong pace as last year, and the availability of labor and real estate is remarkably tight in the San Francisco Bay Area.*
- *Among District states, Oregon, Alaska, and Utah have exhibited the slowest growth this year, with job creation well below the national average.*
- *Growth in District construction employment has slowed this year, as evidence of slight cooling in residential real estate markets has emerged. The exception is California, where continued strong demand relative to supply has been raising home sales prices at a double-digit yearly pace.*
- *Prospects for the District manufacturing sector have improved this year, largely due to an increase in domestic and international demand for high-tech products.*

District Update

The Twelfth District economy has been expanding at a strong pace this year. Total nonfarm employment grew at a 2.6 percent pace during the first quarter, about equal to last year's pace, and then picked up to about a 5 percent pace in April and May. Over the past twelve months, employment has grown 3.3 percent in the District, well above the growth rate of 2.4 percent in the remainder of the nation. Labor force growth in the District also has picked up this year, holding the unemployment rate approximately constant since the end of 1999. At 4.7 percent in May, the District unemployment rate was six-tenths of a point above the national rate. District labor markets are very tight, however, especially in key urban areas.

California's economy has been expanding a bit faster than the remainder of the District, with a growth rate of 3.7 percent so far this year. Among other District states, Oregon, Alaska, and Utah have exhibited the slowest growth, with job creation well below the national average. In contrast, Hawaii's economy has shown further improvement in recent months, with employment growing



at a 3.1 percent pace this year, one-tenth of a point above the national average. Employment growth in Washington also has accelerated this year, although a faster rate of labor force growth has increased the unemployment rate a bit.

The recent pickup in District employment growth has come largely from the government sector. Government jobs in the District grew about 8 percent on an annual basis during the first five months of this year, with a pronounced surge in May. These jobs have been concentrated in the federal sector, with 500,000 temporary Census jobs created nationwide this year. Federal government employment in California has grown by about 53,000 jobs this year, which corresponds to an annualized growth rate in excess of 50 percent. Most other states in the District have seen similar growth rates. On net, new government jobs ac-

counted for nearly 40 percent of total District job growth in the first five months of this year, more than twice that sector's employment share.

In contrast to the public sector, private sector job growth in the District has not picked up. Private sector employment has grown at a 2.7 percent pace this year, slightly below the growth rate of 2.8 percent recorded in 1999. Nationally, private sector job growth has slowed more, from 2.3 percent in 1999 to a 2.0 percent pace so far this year. The reversal of government employment gains associated with temporary Census jobs should exert a restraining influence on District and national employment growth later this year.

Among other key sectors, growth in District construction employment has slowed this year, as evidence of slight cooling in residential real estate markets has emerged. Growth in sales, prices, and new home construction has slowed somewhat in a number of states. The most notable exception to this trend is in California, where continued excess demand has been raising home sales prices at a double-digit yearly pace.

In another key development, prospects for the District manufacturing sector have improved this year. Following two years of losses, District manufacturing employment has held steady thus far in 2000. The prognosis is especially favorable for makers of semiconductors and related electronics products, with sharp sales increases and a pickup in employment growth evident in recent months. Underlying this improvement is a surge in merchandise exports during the first four months of this year. Except Washington, where exports of Boeing aircraft declined, most other states saw substantial increases in exports compared to a year earlier. This in turn has spurred rapid increases in transportation services jobs in most District states.

District Employment by Industry

	Number Employed (thousands)			Annualized % Change	% Change
	May-00	Apr-00	May-99	From Previous Month	From Previous Year
Total	24,416.6	24,312.8	23,640.7	5.2	3.3
Mining	70.7	71.0	74.2	-5.0	-4.7
Construction	1,375.9	1,376.3	1,289.7	-0.3	6.7
Manufacturing	3,017.2	3,018.2	3,022.3	-0.4	-0.2
Transportation	1,284.2	1,279.7	1,241.7	4.3	3.4
Trade	5,631.1	5,623.4	5,485.5	1.7	2.7
F.I.R.E.	1,383.0	1,380.9	1,363.4	1.8	1.4
Services	7,576.1	7,555.5	7,268.3	3.3	4.2
Government	4,078.4	4,007.8	3,895.6	23.3	4.7

Seasonally adjusted payroll employment data

District Employment by State

	Number Employed (thousands)			Annualized % Change	% Change
	May-00	Apr-00	May-99	From Previous Month	From Previous Year
Alaska	282.4	282.9	276.3	-2.1	2.2
Arizona	2,256.7	2,246.0	2,148.2	5.9	5.1
California	14,390.1	14,330.7	13,924.8	5.1	3.3
Hawaii	543.6	541.5	531.6	4.8	2.3
Idaho	558.7	556.2	535.8	5.5	4.3
Nevada	1,022.9	1,015.2	979.0	9.5	4.5
Oregon	1,595.1	1,591.5	1,565.9	2.7	1.9
Utah	1,070.2	1,069.0	1,046.0	1.4	2.3
Washington	2,696.9	2,679.8	2,633.1	7.9	2.4
District	24,416.6	24,312.8	23,640.7	5.2	3.3
U.S.	131,654.0	131,423.0	128,377.0	2.1	2.6

Seasonally adjusted payroll employment data

Recent Developments Affecting the District Expansion

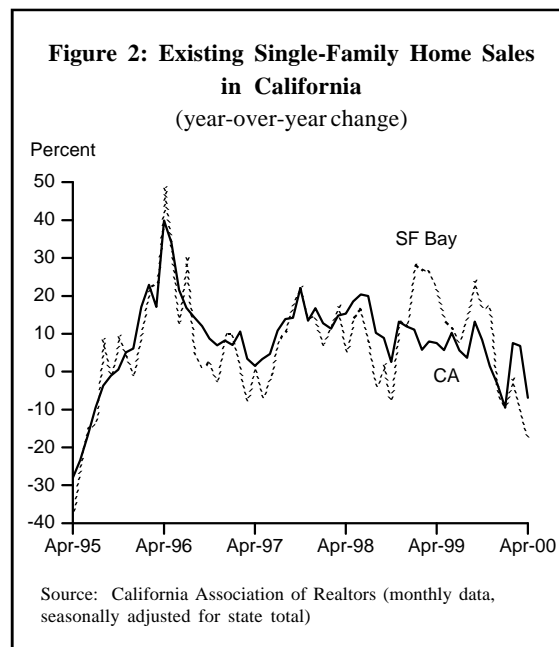
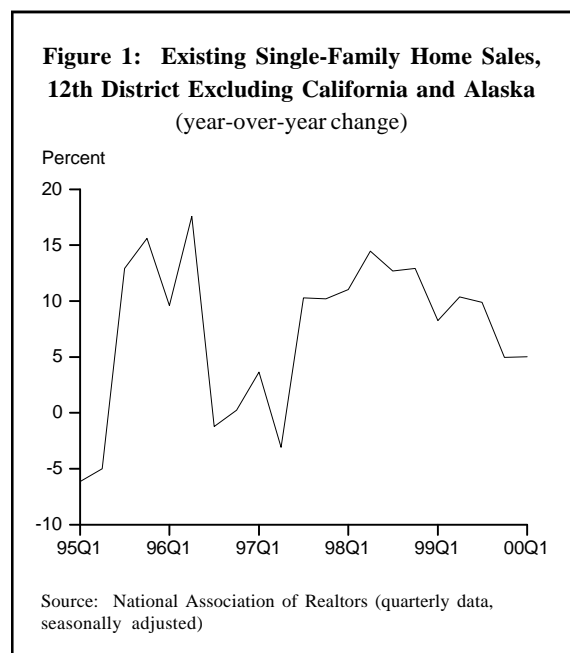
The national economic expansion has exhibited scattered signs of slowing in recent months. These include slower home sales, reduced factory orders (especially for electronic equipment), and an increase in the unemployment rate. In the Twelfth District, although there are tentative signs of a slowdown in the housing market, the outlook for the

electronics sector is highly favorable and labor markets show little or no sign of loosening.

Residential Housing Markets

During the past twelve months, mortgage rates nationwide have increased by about 1 to 1¼ points. These rate increases may have reduced demand for homes: the latest national figures on sales of new and existing homes indicate a decline in April on a monthly and a year-over-year basis.

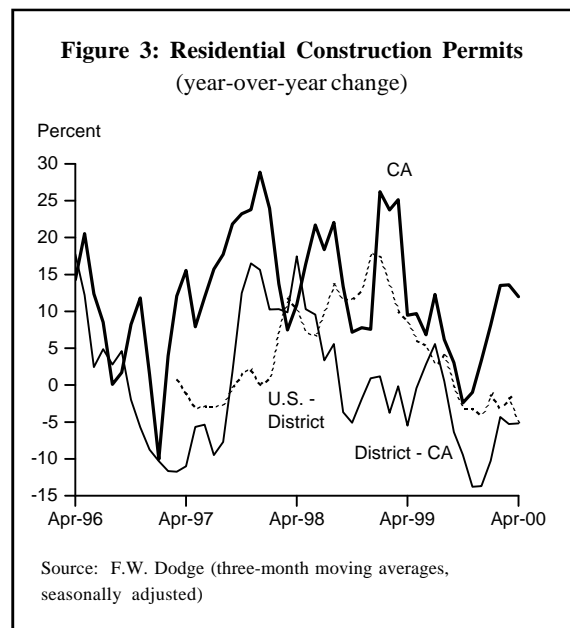
Recent increases in interest rates may be restraining housing demand in the District as well. Figures 1 and 2 display sales of existing homes in the District excluding California and Alaska (quarterly) and California (monthly), respectively. In early 2000, the level of sales of existing homes is higher than it was a year earlier in most District states. However, following surging home sales during late 1997 and 1998, the pace of growth has come down substantially in the District. For the District excluding California, the pace of growth fell from a peak of 14.4 percent in 1998Q2 to 5 percent in 2000Q1. In California, the decline in the pace of growth of home sales largely has been confined to the San Francisco Bay Area, where home sales fell by about 10 percent during the first four months of this year compared to the same period in 1999. By contrast, sales of existing homes have continued to grow a bit in Los Angeles and San Diego (not shown). For the state as a whole,



home sales were approximately flat in the first four months of 2000 compared to the same period a year earlier.

Price appreciation has been very rapid in California this year. According to the California Association of Realtors (CAR), prices on existing homes (single family and condominium) rose over 10 percent between early 1999 and early 2000. The relatively rapid price appreciation in California suggests that excess demand for housing in California remains quite strong. Related data on housing availability and time to sale indicate that the supply of homes has tightened in the state. Between April 1999 and April 2000, CAR's unsold inventory index for existing homes fell from 4.3 to 3.5 months, and the median number of days to sale for single-family homes fell from 39 days to 32 days.

As a result of relatively strong demand in California, growth in the District housing stock, as represented by new residential housing permits, has been most rapid in California in recent years (Figure 3). Although the pace of growth of residential construction permits in California has fallen somewhat since early 1999, it came back up in early 2000; residential permits in the state were up about 12 percent on a year-over-year basis for the first four months of this year. By contrast, in the remainder of the District and the nation excluding the District, residential permits were down about 5 percent. On

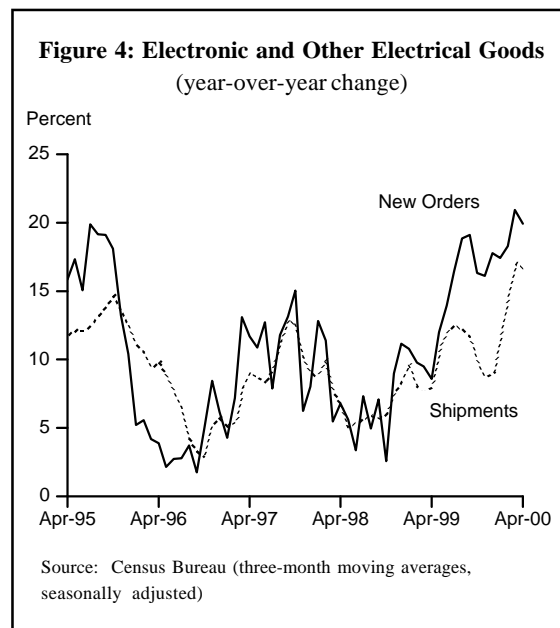


net, this evidence points to cooling in residential housing markets in the District outside of California, but excess demand in that state is likely to buoy home prices and construction activity in the near term.

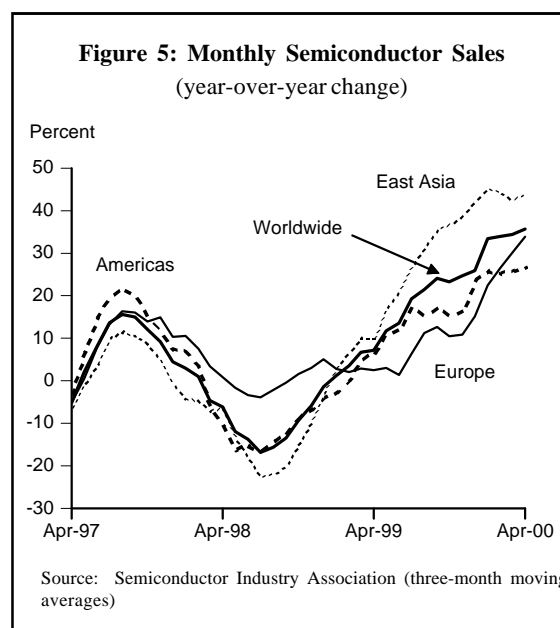
High-Tech Manufacturing and Exports

The April report for manufacturers' durable goods orders nationwide showed a decline from March, with the decline being especially pronounced for makers of electronics and electrical equipment. More generally, however, new orders and shipments of electronics and electrical equipment have been very strong this year. Figure 4 displays growth in the monthly values of new orders and shipments of electronic and electrical equipment by U.S. manufacturers, relative to their year-earlier values. On an unadjusted month-to-month basis, new orders fell 20.2 percent in April. However, the drop was much smaller (1.4 percent) on the three-month moving average basis used in the figure. Relative to their year-earlier values, new orders are up by nearly 20 percent this year, and shipments are up nearly as much. New orders and shipments of computer and office equipment also have been strong this year, with year-over-year increases in the range of 10 to 20 percent in recent months.

Relatively strong recent sales of electronics and computer equipment reflect substantial improvements in the outlook for high-tech equipment manufacturers as worldwide demand has improved over



the past year. As further evidence, recent semiconductor sales have outstripped even the very favorable forecasts issued by industry analysts last fall (most notably the Semiconductor Industry Association, or SIA). As of October 1999, the SIA was predicting worldwide sales growth of 15 percent in 1999 and 21 percent in 2000. Actual growth in 1999 was 18.9 percent, and the SIA currently expects growth of 31 percent in 2000. As seen in Figure 5, growth in semiconductor sales has been very strong this year, with a substantial rebound in East Asian demand evident.



The impact of these strong sales trends are reflected in recent employment performance in California. Following declines averaging about 2 percent in 1998 and 1999, employment in the electronic and electrical equipment sector grew by 1.8 percent at an annual rate during the first five months of 2000. In addition, employment growth has been very strong in the industry category that includes makers of semiconductor manufacturing equipment (8.9 percent at an annual rate during the first five months of this year). Employment in the electronic and electrical equipment sector has been growing in other District states as well this year, including Arizona, Idaho, Oregon, and Washington.

Labor Market

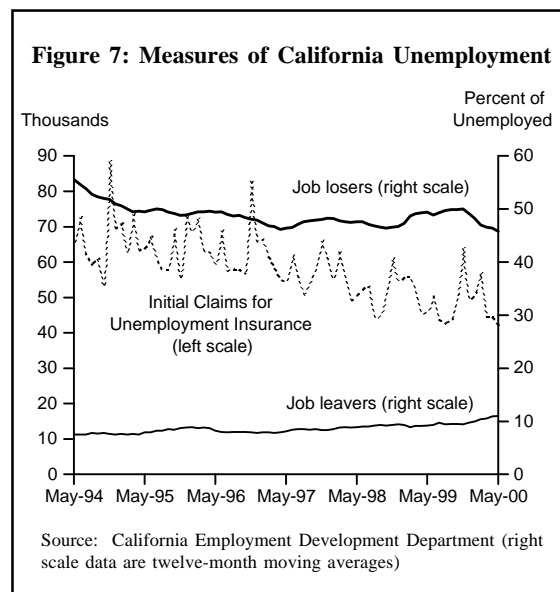
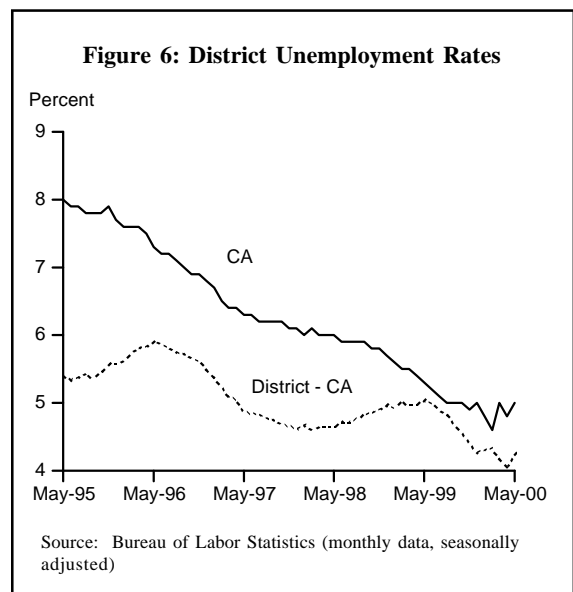
Labor markets throughout the District are tight and have become tighter, even though the District unemployment rate, at 4.7 percent in May, was above the corresponding national rate of 4.1 percent. The District unemployment rate has fallen by one-half of a percentage point during the past year. Figure 6 displays the unemployment rate for California and the remainder of the District. The unemployment rate has fallen in both areas during the past year. However, after reaching a low of 4.6 percent in February, the California rate increased and as of May was 5 percent, the same rate as in December 1999.

The recent increase in California's unemployment rate is surprising, given the strength of payroll job growth in the year 2000 to date. Separate data from

the BLS's monthly household survey indicate that growth in civilian employment has picked up a bit this year compared to 1999, but growth in the civilian labor force has picked up more, equaling the rate of employment growth and holding the unemployment rate constant. An increase in the pace of labor force growth this far into an expansion suggests continued vibrant labor market conditions.

The strength of the labor market in California also is suggested by recent changes in the composition of unemployment. Figure 7 displays the monthly shares of unemployment associated with involuntary job losers and voluntary job leavers. The figure also displays new claims for unemployment insurance (UI) on a separate scale; this represents an alternative measure of involuntary job loss, by providing a count of the number of job losers who file claims for unemployment insurance benefits. In general, an increase in unemployment due to involuntary job loss would be one key sign of a weakening labor market.

The figure shows a recent small decline in the share of unemployed job losers and a small increase in the share of unemployed job leavers. Similarly, the flow of new UI claims has been declining. These trends suggest no weakening in the California labor market in recent months. On the contrary, declining job loss and rising job leaving is consistent with improvements in labor market conditions, in the sense that a higher share of unemployment is associated with voluntary search activity.



ALASKA, OREGON, AND WASHINGTON

Alaska's economy grew at a moderate pace on net in recent months. Total nonagricultural employment grew 1.8 percent at an annual rate during the first five months of this year, about 0.6 percent faster than the pace in 1999. The state's oil producers have benefited from improved oil prices and have expanded employment rapidly this year, creating 1,100 new jobs since December. Federal government payrolls also have expanded by 1,100 jobs this year; however, many of the new positions are temporary U.S. Census jobs. Recent growth in these sectors has more than offset pronounced job losses in the state's manufacturing sector and the loss of a small number of construction jobs.

The outlook for Alaska's construction sector appears brighter for the remainder of the year. After cooling somewhat in 1999, sales of existing homes picked up substantially in the first quarter, boosting demand for new home construction. On the commercial side, several major new projects have begun, including the Northstar Oil Module and a \$40 million jail project in Anchorage.

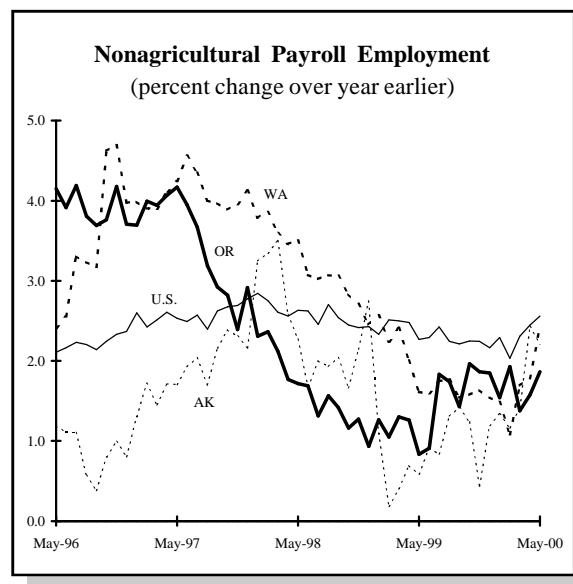
Economic growth in **Oregon** picked up recently, following an essentially flat performance during the first quarter. Total nonagricultural employment grew 2.7 percent at an average annual rate in April and May, boosting growth over the past twelve months to 1.9 percent. Three-quarters of the net jobs added in April and May were in the government sector,

spurred by the hiring of temporary field workers for the 2000 Census. Among other sectors, growth in construction jobs has picked up this year compared to 1999, largely due to solid growth in commercial building activity. Job growth in other sectors has been limited, with the exception of the transportation sector.

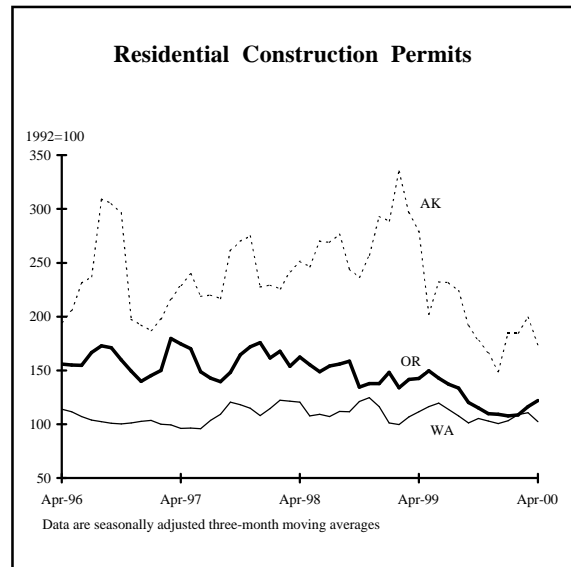
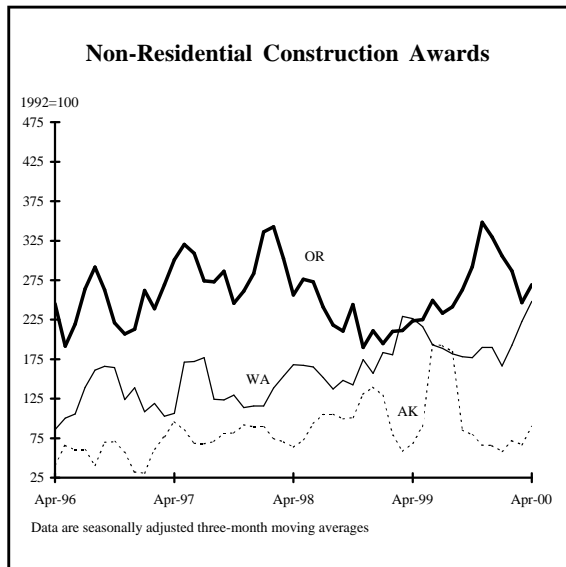
Providers of transportation services have benefited from a pickup in Oregon exports this year, as Asian demand for the state's agricultural and electronics products has improved. Recent data based on origin of movement indicate that merchandise exports from Oregon increased about 22 percent during the first four months of this year relative to the same period a year earlier. The most noticeable impact has been on the state's trucking and warehousing sector, in which employment increased by 7.3 percent at an annual rate during the first five months of this year.

The rebound in economic growth in **Washington** continued in recent months. Job gains in the state picked up in the first quarter compared to 1999, and then picked up further in April and May, when employment expanded by nearly 4 percent at an annual rate. Recent job growth owes largely to rapid gains among providers of business services (including computer services) as well as substantial increases in government employment due to hiring of temporary Census workers. Combined, these two sectors accounted for about three-quarters of net new jobs during the first five months of this year. Despite an acceleration in payroll job growth this year, the labor market has loosened slightly, owing to a pickup in the pace of labor force growth. As of May the state unemployment rate was 4.7 percent, up 0.4 percent from December 1999.

Despite concerns that the federal ruling against Microsoft and the recent turmoil in high-tech stock values would damp growth in Washington's high-tech services sector, software and other computer service providers in the state have continued to add jobs at a 15 to 20 percent pace this year. Rapid growth in this sector has helped Washington weather substantial employment reductions among Boeing and its suppliers. The loss of aircraft jobs has continued this year, with 3,100 jobs gone, but the losses have started to level out.



CONSTRUCTION



EMPLOYMENT

	Number Employed (thousands)			Annualized % Change	% Change
	May-00	Apr-00	May-99	From Previous Month	From Previous Year
Alaska					
Total	282.4	282.9	276.3	-2.1	2.2
Mining	10.1	10.1	9.9	0.0	2.0
Construction	14.1	14.7	13.7	-39.4	2.9
Manufacturing	12.9	13.8	13.2	-55.5	-2.3
T.C.P.U.	27.0	26.6	25.9	19.6	4.2
Trade	57.5	58.1	56.9	-11.7	1.1
F.I.R.E.	12.8	13.1	12.8	-24.3	0.0
Services	72.9	72.1	70.3	14.2	3.7
Government	75.1	74.4	73.6	11.9	2.0
Oregon					
Total	1595.1	1591.5	1565.9	2.7	1.9
Mining	1.8	1.9	1.8	-47.7	0.0
Construction	84.7	84.6	82.3	1.4	2.9
Manufacturing	240.9	242.8	240.8	-9.0	0.0
T.C.P.U.	79.2	79.7	77.6	-7.3	2.1
Trade	391.7	389.7	387.0	6.3	1.2
F.I.R.E.	94.5	94.6	95.4	-1.3	-0.9
Services	434.5	434.9	421.4	-1.1	3.1
Government	267.8	263.3	259.6	22.6	3.2

	Number Employed (thousands)			Annualized % Change	% Change
	May-00	Apr-00	May-99	From Previous Month	From Previous Year
Washington					
Total	2696.9	2679.8	2633.1	7.9	2.4
Mining	3.3	3.4	3.4	-30.1	-2.9
Construction	160.1	159.2	151.5	7.0	5.7
Manufacturing	353.1	353.1	366.1	0.0	-3.6
T.C.P.U.	141.2	140.6	138.8	5.2	1.7
Trade	652.2	650.3	632.8	3.6	3.1
F.I.R.E.	139.6	138.9	137.6	6.2	1.5
Services	759.8	756.5	731.0	5.4	3.9
Government	487.6	477.8	471.9	27.6	3.3

Unemployment Rates (%)

	May-00	Apr-00	Mar-00	May-99	Apr-99
Alaska	6.1	6.6	6.0	6.8	6.6
Oregon	5.0	4.6	4.7	5.8	5.8
Washington	4.7	4.6	4.5	5.0	4.8
U.S.	4.1	3.9	4.1	4.2	4.3

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

ARIZONA, CALIFORNIA, AND HAWAII

Arizona's economy has been the fastest growing in the nation, and it picked up further in recent months. After expanding 4.5 percent on an annual basis during the first quarter, total nonfarm employment grew over 8 percent on an annual basis in April and May. Even after excluding federal government jobs, which surged in recent months due to the hiring of temporary Census workers, payroll employment grew 5.1 percent in the first five months of this year, above last year's pace of 4.4 percent. Excluding government, the fastest job growth this year has been in the services sector, mainly in business services and health services. The state's durable manufacturing sector also has done well this year, as a pronounced pickup in the high-tech machinery and electronic equipment sectors added to continued strong growth in aerospace jobs.

In contrast to other sectors, growth in construction jobs has slowed substantially this year. Although planned nonresidential construction shot up in recent months, new housing permits in the state fell 5 percent during the first four months of 2000 compared to the same period last year. Housing demand remains quite strong in the Phoenix area, with yearly price appreciation around 6 percent, but prices fell a bit in Tucson during the past year.

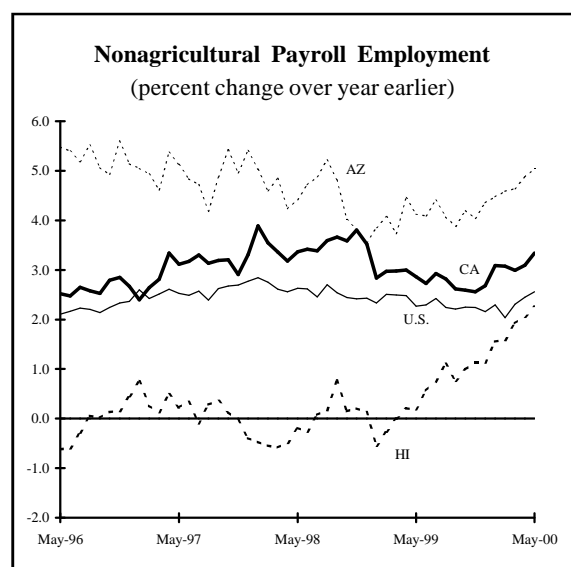
California's economy continued its robust expansion in recent months. Following strong growth in total nonfarm employment during the first quarter of this year, growth picked up further in April and

May, to a pace over 5 percent on an annual basis. As of May, employment was 3.3 percent above its year-earlier level. Much of the growth so far this year—especially in May—came from the hiring of a large number of temporary Census workers. The pace of private sector job growth this year has been about equal to the 2.7 percent pace recorded in 1999, with the fastest growth evident in the construction, transportation, and communications sectors. The unemployment rate was 5 percent in May, exactly equal to its level at the end of last year.

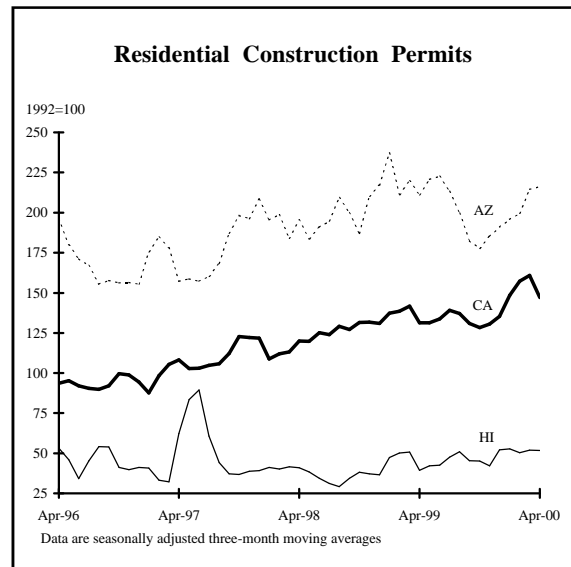
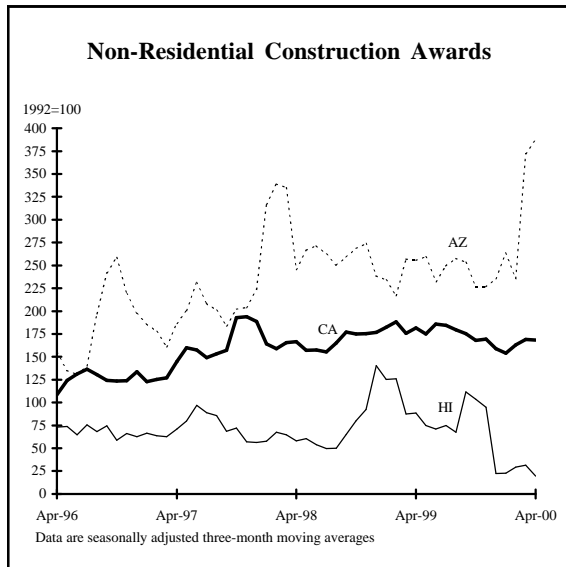
The state's sustained expansion has led to especially tight conditions in the San Francisco Bay Area. Unemployment there has been hovering around 2.5 percent, prices on existing homes sold are rising 25 to 30 percent per year, and commercial real estate is in very short supply. As of the first quarter of this year, vacancy rates on office space were down to 1.1 percent in San Francisco and the Silicon Valley, and lease rates rose 25 percent or more compared to their values in the preceding quarter.

Hawaii's economy strengthened further in recent months. The annualized pace of job growth in April and May was double the 2.2 percent pace recorded in the first quarter of this year. The construction and government sectors accounted for nearly three-quarters of Hawaii's employment gains so far this year. Although the gains in government employment—largely federal Census takers—are likely to be temporary, the gains in construction employment in part reflect improved housing demand. First quarter existing home sales increased by 27.3 percent compared to 1999, and new housing permits have been rising. Sustained employment growth has lowered the state's unemployment rate to 4.3 percent in May, the lowest rate since 1993.

Rising tourist visits have been critical to the state's recovery, with visitor arrivals during the first four months of the year growing by almost 3 percent compared to the same period in 1999. Rising hotel occupancy rates helped to expand hotel and lodging employment at a brisk annual rate of 7.2 percent in the first five months of the year. Growing tourism demand has led several airlines to supplement the number and capacity of scheduled flights between the U.S. mainland and Hawaii.



CONSTRUCTION



EMPLOYMENT

	Number Employed (thousands)			Annualized % Change	% Change
	May-00	Apr-00	May-99	From Previous Month	From Previous Year
Arizona					
Total	2256.7	2246.0	2148.2	5.9	5.1
Mining	10.0	10.0	12.7	0.0	-21.3
Construction	159.6	159.8	153.5	-1.5	4.0
Manufacturing	215.2	214.5	211.1	4.0	1.9
T.C.P.U.	109.1	108.6	103.4	5.7	5.5
Trade	526.6	525.3	510.5	3.0	3.2
F.I.R.E.	145.9	145.6	138.9	2.5	5.0
Services	722.8	719.4	672.5	5.8	7.5
Government	367.5	362.8	345.6	16.7	6.3

	Number Employed (thousands)			Annualized % Change	% Change
	May-00	Apr-00	May-99	From Previous Month	From Previous Year
Hawaii					
Total	543.6	541.5	531.6	4.8	2.3
Mining
Construction	24.1	23.7	21.6	22.2	11.6
Manufacturing	16.8	16.7	16.4	7.4	2.4
T.C.P.U.	41.1	41.2	41.1	-2.9	0.0
Trade	134.8	135.5	132.3	-6.0	1.9
F.I.R.E.	34.7	34.5	35.0	7.2	-0.9
Services	176.6	176.0	174.4	4.2	1.3
Government	115.5	113.9	110.8	18.2	4.2

	Number Employed (thousands)			Annualized % Change	% Change
	May-00	Apr-00	Mar-00	From Previous Month	From Previous Year
California					
Total	14390.1	14330.7	13924.8	5.1	3.3
Mining	23.6	23.7	23.8	-4.9	-0.8
Construction	728.5	729.0	672.3	-0.8	8.4
Manufacturing	1924.9	1923.6	1923.7	0.8	0.1
T.C.P.U.	745.5	741.3	717.9	7.0	3.8
Trade	3266.6	3264.5	3182.8	0.8	2.6
F.I.R.E.	830.7	829.6	819.3	1.6	1.4
Services	4523.9	4514.3	4353.4	2.6	3.9
Government	2346.4	2304.7	2231.6	24.0	5.1

	Unemployment Rates (%)				
	May-00	Apr-00	Mar-00	May-99	Apr-99
Arizona	3.8	3.7	3.9	4.6	4.6
Hawaii	4.3	4.3	4.7	5.7	5.8
California	5.0	4.8	5.0	5.3	5.4
U.S.	4.1	3.9	4.1	4.2	4.3

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

IDAHO, NEVADA, AND UTAH

Idaho's economic expansion was vigorous in recent months. Following growth of 4.6 percent on an annual basis in the first quarter, nonfarm employment grew at a 4 percent average pace in April and May. The expansion has been most rapid in the services sector, which has grown by nearly 5,000 jobs. About one-half of the new services jobs are in business services, which so far this year has grown 24 percent on an annual basis, more than twice as fast as in 1998 and 1999. Rapid employment growth in the state has been accompanied by a pickup in labor force growth, holding the state's unemployment rate in the range of 4 to 4½ percent.

Construction activity has remained vibrant in Idaho, with employment up by 1,000 jobs this year. Further expansion is likely as a number of large projects, including a new \$85.5 million terminal building at the Boise airport, are yet to commence. However, the market for residential real estate appears to be cooling. Sales of existing homes have fallen a bit during the past year, and the number of residential construction permits issued in the February to April period was the lowest since fall 1998.

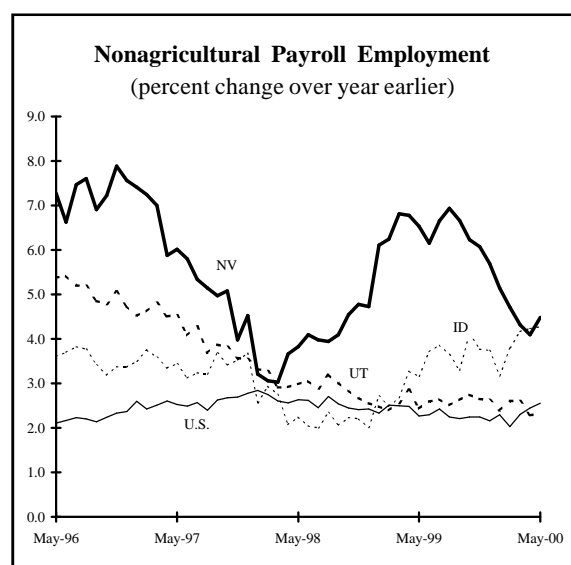
Nevada's economy has been expanding rapidly, although gradual deceleration has been evident. On an annual basis, employment grew nearly 4 percent during the first five months of the year, with a surge in April and May that drove the unemployment rate down by four-tenths of a point to 3.4 percent. Recent private-sector gains have been most rapid

in the business services and retail trade sectors. In contrast, despite favorable hotel occupancy rates and gaming revenues, the state's key gaming industry has shed over 3,000 jobs this year. The recent weakness appears to reflect modest consolidation following a period of extraordinarily rapid development and expansion.

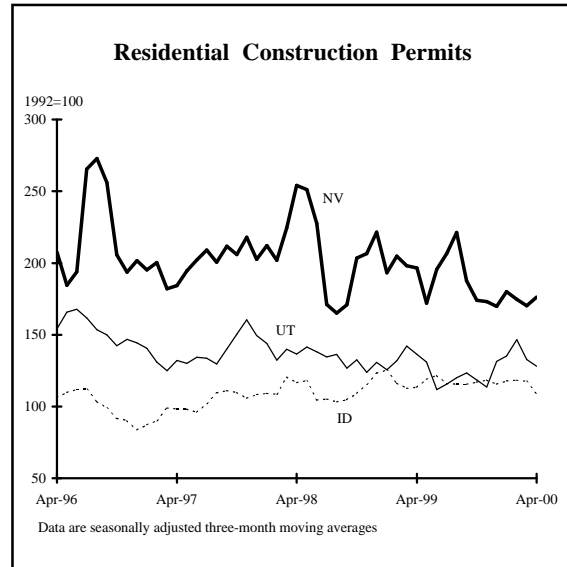
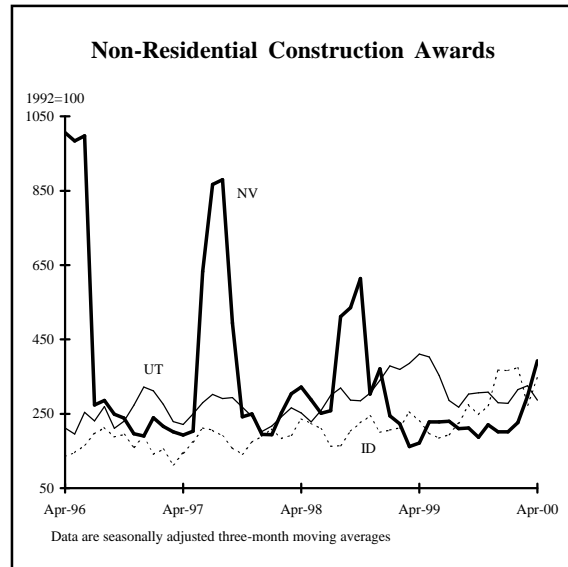
Another key sector, construction, also has calmed down noticeably, with employment growing by only 300 jobs so far this year. Although new nonresidential awards have rebounded in recent months, softening is evident in the residential housing market, due in part to a slightly slower rate of population growth in the state. New housing permits in the first four months of this year were about 8 percent below their level from a year earlier due to a sharp decline in multifamily permits.

Utah's economy has been expanding at a moderate pace this year. Total nonfarm employment grew about 1 percent on an annual basis in April and May, down from 2.4 percent in the first quarter and 2.6 percent for all of 1999. A jump in temporary hiring for the U.S. Census added significantly to federal government payrolls in the state in April and May. Excluding the increase in federal government jobs in those months, employment in the state fell by nearly 1,000 jobs. Except for the services sector, in which growth has picked up in recent months, the slowdown was evident throughout the private sector. Despite the recent slowing, Utah's labor market remains extremely tight, with the unemployment rate at 2.9 percent in May, up only slightly from a 30-year low of 2.7 percent in April.

Construction employment in Utah declined in April and May following strong growth in the first quarter, and, on net, employment in the sector has been flat this year. Separate data on construction and real estate markets indicate continued softness. Nonresidential construction awards fell sharply at the end of last summer and have stayed fairly flat since then. Residential construction permits have fallen in recent months, and median home prices in Salt Lake City declined for the second quarter in a row at the start of this year.



CONSTRUCTION



EMPLOYMENT

	Number Employed (thousands)			Annualized % Change	% Change
	May-00	Apr-00	May-99	From Previous Month	From Previous Year
Idaho					
Total	558.7	556.2	535.8	5.5	4.3
Mining	2.6	2.6	2.5	0.0	4.0
Construction	37.8	37.3	34.6	17.3	9.2
Manufacturing	77.2	77.2	76.2	0.0	1.3
T.C.P.U.	27.5	27.6	26.7	-4.3	3.0
Trade	139.2	138.7	135.4	4.4	2.8
F.I.R.E.	23.5	23.4	23.7	5.3	-0.8
Services	141.6	141.1	131.8	4.3	7.4
Government	109.3	108.3	104.9	11.7	4.2

	Number Employed (thousands)			Annualized % Change	% Change
	May-00	Apr-00	May-99	From Previous Month	From Previous Year
Utah					
Total	1070.2	1069.0	1046.0	1.4	2.3
Mining	8.1	8.0	7.8	16.1	3.8
Construction	75.0	76.1	71.6	-16.0	4.7
Manufacturing	133.1	133.4	132.5	-2.7	0.5
T.C.P.U.	59.7	59.9	59.0	-3.9	1.2
Trade	252.3	252.4	247.9	-0.5	1.8
F.I.R.E.	56.6	56.8	56.7	-4.1	-0.2
Services	300.6	299.9	291.2	2.8	3.2
Government	184.8	182.5	179.3	16.2	3.1

	Number Employed (thousands)			Annualized % Change	% Change
	May-00	Apr-00	May-99	From Previous Month	From Previous Year
Nevada					
Total	1022.9	1015.2	979.0	9.5	4.5
Mining	11.2	11.3	12.3	-10.1	-8.9
Construction	92.0	91.9	88.6	1.3	3.8
Manufacturing	43.1	43.1	42.3	0.0	1.9
T.C.P.U.	53.9	54.2	51.3	-6.4	5.1
Trade	210.2	208.9	199.9	7.7	5.2
F.I.R.E.	44.7	44.4	44.0	8.4	1.6
Services	443.4	441.3	422.3	5.9	5.0
Government	124.4	120.1	118.3	52.5	5.2

	Unemployment Rates (%)				
	May-00	Apr-00	Mar-00	May-99	Apr-99
Idaho	4.3	4.4	4.0	5.5	5.5
Nevada	3.4	3.8	3.8	4.6	4.5
Utah	2.9	2.7	2.9	4.0	4.0
U.S.	4.1	3.9	4.1	4.2	4.3

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

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