

WESTERN ECONOMIC DEVELOPMENTS

August 2000

Executive Summary

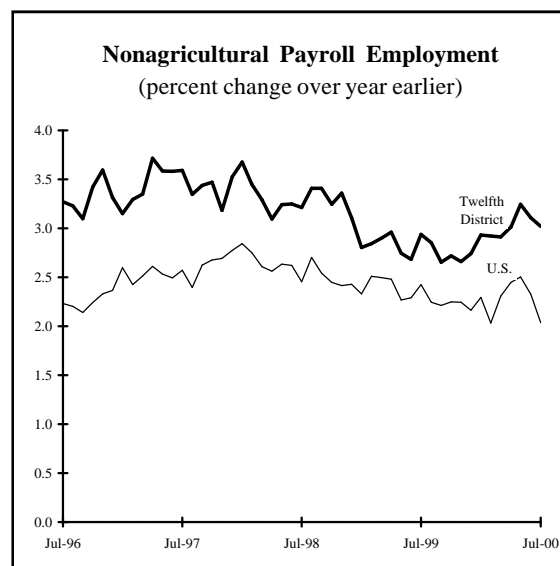
- *The District economy gained momentum in recent months. Employment grew at an annual rate of 3.6 percent during the four months ending in July, up from the 2.6 percent pace recorded during the first quarter.*
- *Strength in the District economy was widespread. In the District's six fastest growing states—Nevada, Arizona, California, Idaho, Hawaii, and Alaska—payroll employment growth ranged from 5.4 to 3.3 percent at an annual rate in the April to July period.*
- *Strong employment growth has kept District labor markets tight. In California, the unemployment rate fell to 5.0 percent in July after rising earlier in the year.*
- *Declines in single-family housing permits in the District indicate possible future slowing in construction. At the same time, in parts of the District, housing demand remains quite strong relative to supply.*
- *Wholesale electricity prices in the West have increased substantially and have been volatile. Higher prices have led to disruptions in production at some firms and higher costs for users not shielded by rate freezes or fixed-rate contracts.*

District Update

The Twelfth District's expansion gained momentum in recent months. Total nonagricultural employment grew by 3.6 percent at an annual rate during the four months ending in July, up 1 percentage point from the first quarter. The nine District states added more than 285,000 jobs over the April to July period, more than half of the increase nationally (the District accounts for under one-fifth of U.S. employment). California added 180,000 of these jobs, or more than one-third of the total payroll additions nationally (California accounts for 11 percent of total U.S. employment).

The recent pickup extended the District's record of faster job growth relative to the rest of the nation. Over the twelve-month period ending in July, District payrolls grew by 3.0 percent, far above the 1.8 percent increase registered by the rest of the nation.

Recently released personal income figures for the first quarter of 2000 also point to the strength of the District economy relative to the nation. Nominal personal income for the District rose 7.5 percent at an annual rate in the first quarter, relative to the



same quarter in 1999. The growth rate for the rest of the nation was less than 6.0 percent. Washington, Arizona, California, and Nevada all recorded increases in personal income of 7.1 percent or better in the first quarter of 2000 compared to the same period a year earlier.

The pickup in employment growth during the April to July period was widespread throughout the District. Growth in six District states—Nevada, Arizona, California, Idaho, Hawaii, and Alaska—was especially rapid during this period. Annualized nonfarm payroll employment growth in these states ranged from 5.4 percent in Nevada to 3.3 percent in Alaska. In addition, in all six states except Idaho, growth was faster during the April to July period than in the first quarter. Washington and Oregon recorded somewhat faster job growth than the nation in the four months ending in July.

District Employment by Industry

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Jul-00	Jun-00	Jul-99		
Total	24,505.8	24,423.2	23,791.8	4.1	3.0
Mining	69.3	69.3	70.8	0.0	-2.1
Construction	1,392.9	1,382.6	1,308.1	9.3	6.5
Manufacturing	3,013.6	3,016.9	3,019.8	-1.3	-0.2
Transportation	1,287.1	1,286.2	1,248.1	0.8	3.1
Trade	5,656.8	5,639.8	5,517.7	3.7	2.5
F.L.R.E.	1,385.3	1,382.7	1,367.6	2.3	1.3
Services	7,659.1	7,622.5	7,346.0	5.9	4.3
Government	4,041.7	4,023.2	3,913.7	5.7	3.3

Seasonally adjusted payroll employment data

District Employment by State

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Jul-00	Jun-00	Jul-99		
Alaska	282.9	282.7	278.0	0.9	1.8
Arizona	2,265.5	2,251.0	2,170.3	8.0	4.4
California	14,450.9	14,403.9	14,001.8	4.0	3.2
Hawaii	545.5	544.6	534.9	2.0	2.0
Idaho	561.4	559.7	540.2	3.7	3.9
Nevada	1,030.4	1,025.0	988.8	6.5	4.2
Oregon	1,600.1	1,593.6	1,580.1	5.0	1.3
Utah	1,072.5	1,071.8	1,051.8	0.8	2.0
Washington	2,696.6	2,690.9	2,645.9	2.6	1.9
District	24,505.8	24,423.2	23,791.8	4.1	3.0
U.S.	131,512.0	131,620.0	128,898.0	-1.0	2.0

Seasonally adjusted payroll employment data

Recent payroll additions also were broad-based across sectors of the economy. Job growth in the services sector was especially strong. The District's services sector contributed 127,400 new jobs during the April to July period, about 45 percent of the 285,000 net new jobs added to payrolls during the four months ending in July. Employment growth was particularly rapid in business services, which includes software and Internet-related firms. A number of states also posted robust growth in tourism-related employment.

Looking at other sectors, employment in retail sales grew by 3.3 percent at an annual rate during the four months ending in July, while the communications sector added jobs at a 2.7 percent average annual pace. Manufacturing employment in the District remained flat in recent months, owing to sustained weakness in a variety of industries, including wood and wood products, computers and related equipment, and transportation equipment.

The District's construction sector added jobs at a 7.1 percent annual rate in the four months ending in July, up from the first quarter pace of 4.4 percent. However, much of the increase in construction jobs occurred in California. Outside of California, construction job growth was mixed, and four states reported construction job losses. Slowing in those four states—Alaska, Utah, Nevada, and Arizona—is consistent with a slowing in housing permit activity in 2000.

Strong job growth continued to keep District labor markets tight. The District unemployment rate fell to 4.7 percent in July. Three states—Arizona, Nevada, and Utah—had unemployment rates below 4 percent. One noteworthy development has been the improvement in Hawaii's labor market. As the state's economy has grown, its unemployment rate has fallen rapidly, dropping to 4 percent in June and July. In California, the state unemployment rate fell 0.3 percentage point in July to 5.0 percent. Tight labor markets continue to make it difficult to find managerial, technical, construction, and high-tech workers.

District Residential Real Estate Markets

Recent data on permit activity and sales volume indicate that housing markets in the District may be cooling. Signs of slowing in the single-family housing market were present in most states in the District. The slowdown has begun to affect construction employment growth in a number of states.

New housing permits

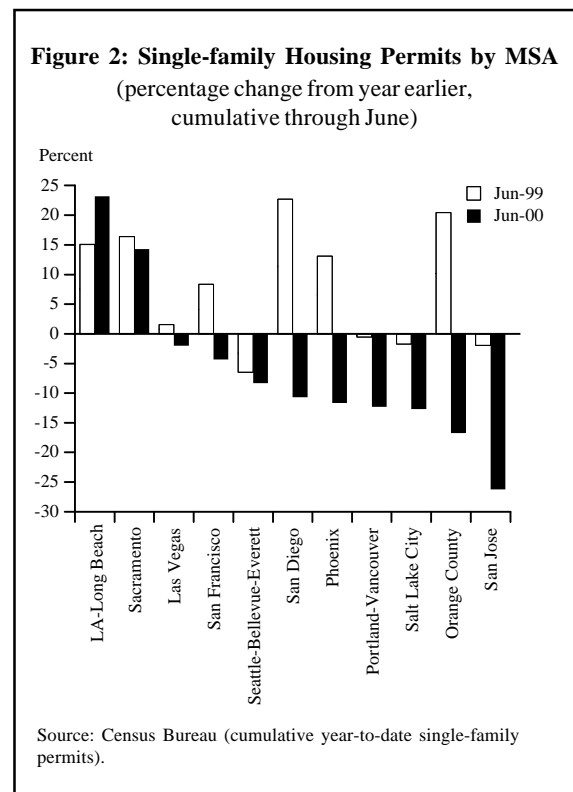
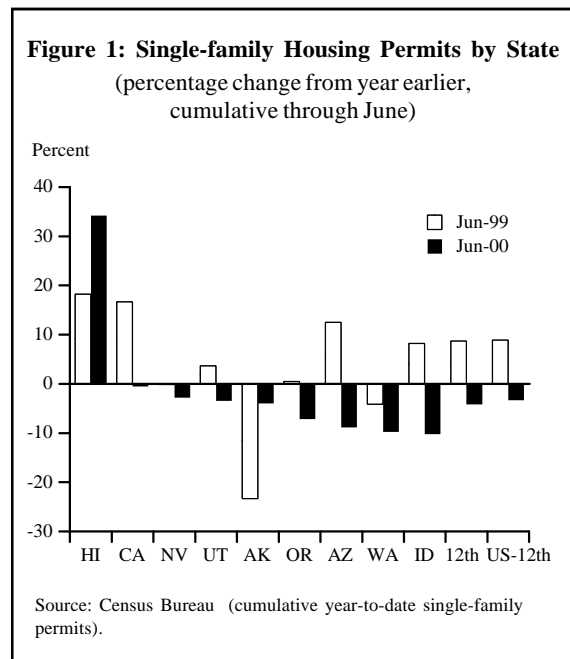
Data through June indicate that single-family housing permits in the District have fallen more than 4 percent during the first six months of this year compared to the same period in 1999. During the first six months of 2000, every District state except Hawaii recorded a decline in growth of single-family permits. Figure 1 shows the cumulative through June percentage changes in single-family housing permits for District states compared to the same period one year earlier. In California, where housing market activity has been booming, single-family permits declined slightly during the first half of 2000. Four states, Oregon, Arizona, Washington, and Idaho, recorded much larger declines in single-family permits; declines ranged from 7 to 10 percent relative to year-earlier activity.

Decreased single-family permit activity also was evident across many of the major metropolitan statistical areas (MSAs) located in the District. As can be seen in Figure 2, which graphs cumulative

through June percentage changes in single-family housing permits by MSA, only Los Angeles-Long Beach and Sacramento recorded increases in activity in the first half of 2000. Large declines—over 10 percent from the same period in 1999—were reported in the San Diego, Phoenix, Portland, Salt Lake City, Orange County, and San Jose MSAs. However, three of these MSAs—Orange County, San Diego, and San Jose—also recorded very large increases in permits for multifamily housing (not shown) as builders responded to tight housing market conditions.

Existing home sales

Second quarter home sales data provided by the National Association of Realtors also indicate moderation in the District’s housing markets. District home sales in the second quarter were about 4 percent lower than home sales in the fourth quarter of 1999, as shown in Figure 3. In California, second quarter home sales fell 6.5 percent compared to the fourth quarter 1999 level, the lowest they had been since 1998. Six states, California, Alaska, Idaho, Utah, Nevada, and Washington, also experienced reduced sales volumes in the second quarter of 2000 compared to the first quarter of 2000.



While single-family permit activity and sales volume have fallen in recent months, house prices in many District MSAs continued to increase rapidly. As can be seen in Figure 4, several California MSAs, led by the San Francisco Bay Area, reported appreciation rates of 10 percent or better in

the second quarter, compared to the same quarter a year earlier. In contrast, only one MSA, Boise, recorded a decline.

Jobs and housing demand in California

In California, rapid job growth and lags in housing construction may work to keep housing markets tight in the state. During the 1990s, California, the Twelfth District, and the nation added about two nonfarm payroll jobs for each housing permit authorized (includes both single-family and multifamily units).¹ Figures for California since 1995 indicate that the state has deviated sharply from these longer-term averages. Moreover, the deviation has occurred without a significant change in the number of persons per household in California, according to Census Bureau data.

As Table 1 shows, the ratio of changes in payroll employment to housing permits suggests that building activity over the period from 1995 to 1999 in California was much slower relative to job growth than it was in the rest of the District or the rest of the nation. During this period, California averaged 3.5 jobs per every new housing permit issued, more than double the ratio for the rest of the District (1.5 jobs per permit) or the rest of the nation (1.8 jobs per permit). In California, the ratio of jobs to permits fell slightly in 1999 and the first half of 2000, as compared to the 1995–1999 period. As can be seen from the table, over the first six months of 2000 California added 3.1 jobs per housing permit autho-

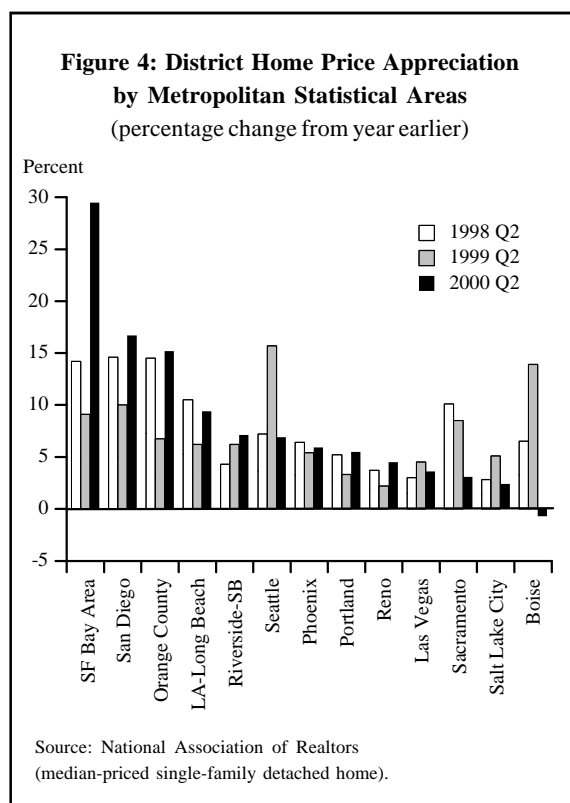
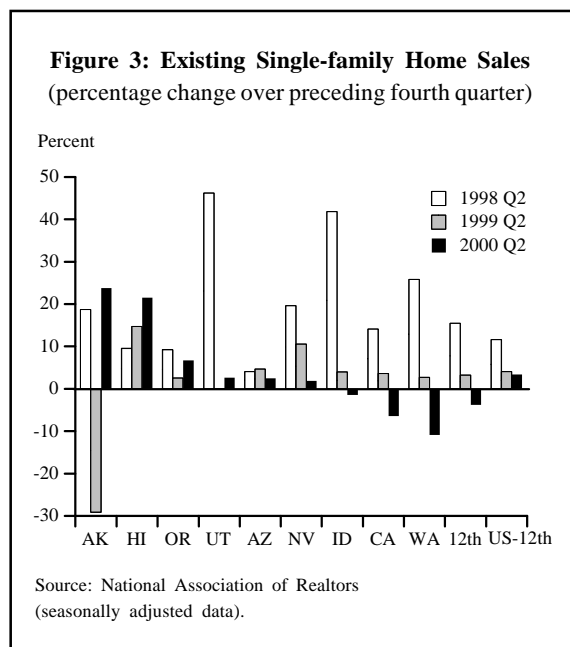


Table 1: Comparison of Population, Job Growth, and Jobs-to-Permits Ratios
(California, the Twelfth District, and the US)

	CA	12th - CA	12th	US - 12th	US
Avg. Annual Growth Rate (1995-1999)					
Population	1.3%	1.9%	1.5%	0.8%	0.9%
Employment	2.9%	3.4%	3.1%	2.2%	2.3%
Jobs-to-Permits Avg. Ratio					
1995-1999	3.5	1.5	2.2	1.8	1.9
2000 H1	3.1	1.3	2.1	1.9	2.0

¹ Although there was considerable variation, both over time and across states, the period average and annual averages for each of these three geographic areas were close to the ratio of two jobs for every one permit.

rized, far more jobs per permit than either the rest of the District, (1.3 jobs per permit) or the rest of the nation (1.9 jobs per permit).

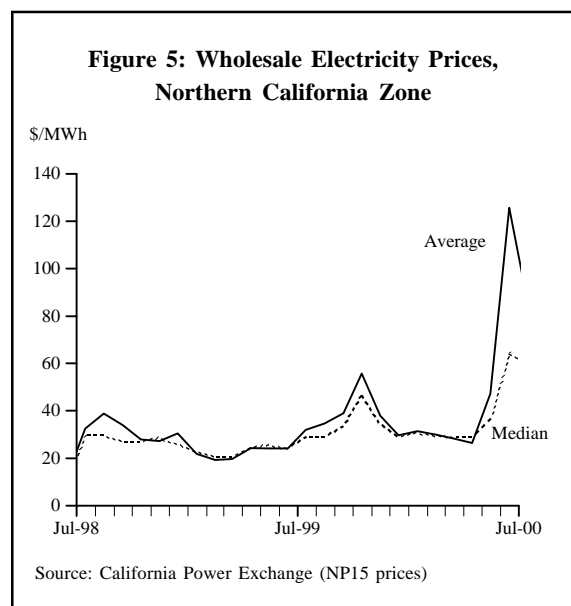
California's deviation from the rest of the District and the rest of the nation, as well as from the average ratio of two to one for the 1990s, may indicate a potential for a growing imbalance between housing supply and demand in the state. Similar imbalances also are found in the state's largest metropolitan areas. The imbalance may provide a cushion against a severe downturn in the state's housing market. The recent moderation in single-family housing permit activity aside, the underlying demand for housing relative to supply in California, especially in key metropolitan areas of the state where the jobs-to-permits ratio also remains high, is likely to remain strong.

Electricity Prices

Wholesale electricity prices in the West have increased substantially and have been quite volatile in recent months. Indicative of these developments are the wholesale prices on the California Power Exchange. The monthly average and median prices for the Northern region are shown in Figure 5. Extremely hot weather pushed up average prices in June and July. During those months, the hour-ahead prices of electricity on individual days reached the previous price caps of \$750 per megawatt-hour (MWh).

The hikes in the price of electricity have gained considerable attention in California and the Northwest. In California, rate freezes and contractual arrangements have not shielded all users from the rise in wholesale prices. For example, in the San Diego area where retail rates have been deregulated, customers saw utility bills double this summer. Manufacturing and mining firms also have been affected. Some of the most notable cases have been firms in the Northwest. Disruptions to production, for example, were reported by Georgia-Pacific West and Bellingham Cold Storage. The jump in electricity prices apparently has affected the competitive outlook for aluminum manufacturers, with three companies in the Northwest announcing permanent layoffs due in part to expectations of continued high electricity prices.

Looking ahead, the cap on wholesale prices of electricity in California has been lowered, first to \$500 per MWh and then to \$250. The lower cap on wholesale prices can be expected to damp price hikes. However, it also could adversely affect the availability of electricity even in the near term. Over the longer run, the sustainability of the \$250 per MWh cap likely will be tested given that it is considerably below caps on wholesale prices of electricity in other parts of the country, where caps are as high as \$1,000 per MWh or more.



ALASKA, OREGON, AND WASHINGTON

Alaska's economy rebounded in recent months. Following a slight contraction in employment during the first quarter, total nonfarm payroll employment expanded by 3.3 percent at an annual rate during the four months ending in July, for a net gain of 3,000 jobs. Of the net new jobs created during these months, about 40 percent were in the services sector, which benefited from a pickup in tourism and continued expansion in the health care sector. Increased visitor traffic had a positive effect on Alaska's retail trade sector, which added jobs at an average annual rate of 2.5 percent over the four months ending in July. In contrast, state construction payrolls declined in recent months, as a number of large projects concluded. However, measured on a twelve-month basis, construction remains one of Alaska's fastest-growing sectors, expanding by 3.7 percent per year. Alaska's unemployment rate declined to 5.5 percent in July.

Alaska's fishing industry experienced another year of poor salmon runs. On August 3, several counties were designated fishery disaster areas. These areas will receive short-term federal cash assistance as well as longer-term support for community development.

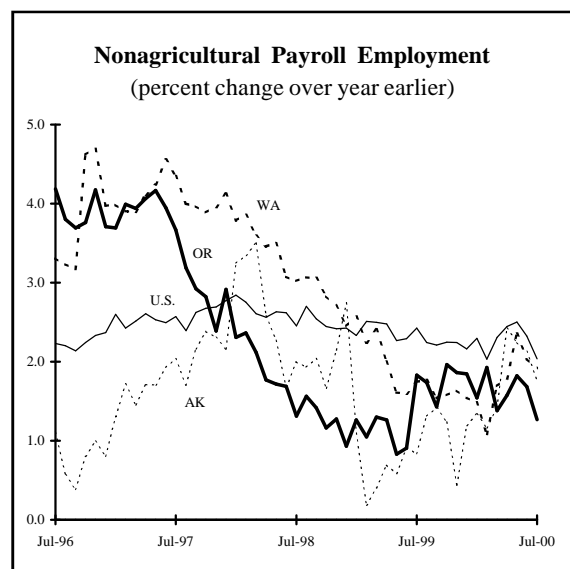
Oregon's economy picked up in recent months. Following a sluggish start in the first quarter, total nonagricultural payroll employment expanded by 2.3 percent at an annual rate during the four months ending in July. The most pronounced acceleration was in the construction sector. Construction em-

ployment grew by 15.3 percent at an annual rate, boosted by double-digit increases in payrolls among general building and special trade contractors. In contrast, manufacturing employment contracted by 1.2 percent during the period as makers of lumber and wood products, mobile homes, industrial machinery and equipment, and paper and allied products shed jobs. The services sector also experienced employment reductions in recent months, particularly in educational and business services. The state unemployment rate rose slightly in recent months—to 5 percent in July—as growth in the labor force outpaced payroll job increases.

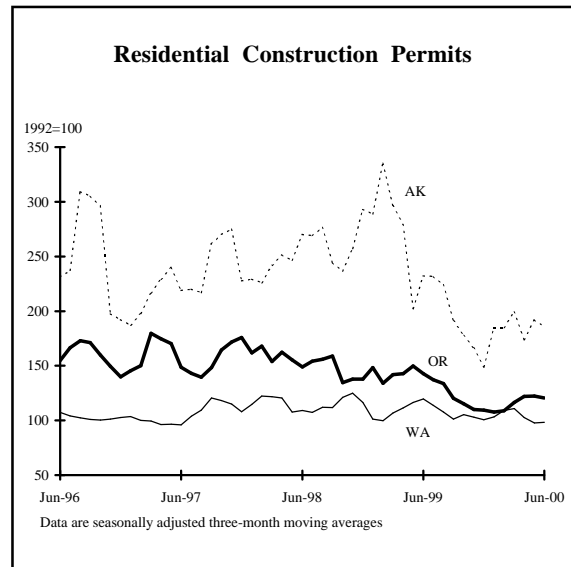
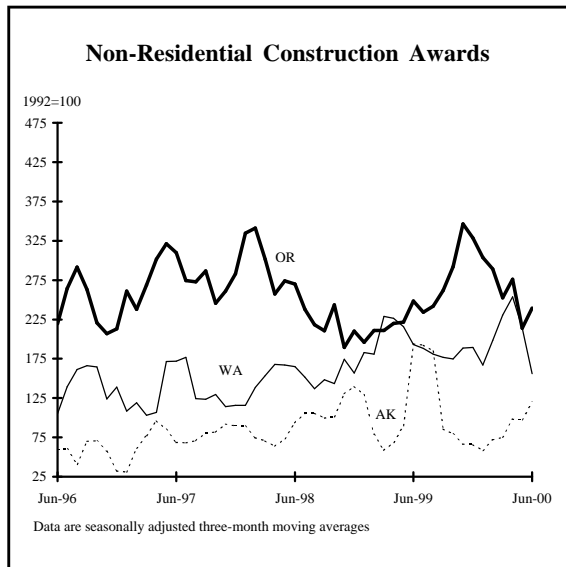
Wholesale energy rates in Oregon rose as high as \$600 per megawatt-hour in June, as hot weather heightened already strong demand for electricity and low river flows reduced hydroelectric power supplies. As a result, commercial electricity prices increased, encouraging some heavy energy users to alter production schedules.

The **Washington** economy decelerated in recent months. Payroll employment increased by 1.9 percent at an annual rate over the four months ending in July, down from the 2.2 percent pace in the first quarter. Continued layoffs at Boeing as well as job reductions in the lumber and wood products, primary metals, paper and allied products, and textile industries damped growth in manufacturing employment. Weak export demand and higher fuel prices tempered demand for trucking and warehousing, leaving payrolls in the transportation sector unchanged during the four months ending in July. In the services sector, rapid job growth in computer and data processing and engineering and management services offset job losses in health- and tourism-related services and personal services. Slower employment growth in recent months pushed the state unemployment rate up to 4.8 percent in July.

Although job reductions at Boeing and its suppliers continue to curb job growth in the Seattle area, recent data suggest that the worst may be over. Job cuts at Boeing have tapered off in recent months, with only about 100 positions cut during the three months ending in July, well off the rate of employment reduction in 1999. In addition, orders during the first seven months of the year have picked up and are approaching totals for 1999.



CONSTRUCTION



EMPLOYMENT

	Number Employed (thousands)			Annualized % Change	% Change
	Jul-00	Jun-00	Jul-99	From	From
				Previous Month	Previous Year
Alaska					
Total	282.9	282.7	278.0	0.9	1.8
Mining	9.7	9.8	9.1	-11.6	6.6
Construction	14.0	14.3	13.5	-22.5	3.7
Manufacturing	13.9	12.9	14.0	145.0	-0.7
T.C.P.U.	26.8	26.9	26.3	-4.4	1.9
Trade	58.1	57.9	57.5	4.2	1.0
F.I.R.E.	12.7	12.8	12.8	-9.0	-0.8
Services	73.1	73.3	71.0	-3.2	3.0
Government	74.6	74.8	73.8	-3.2	1.1
Oregon					
Total	1600.1	1593.6	1580.1	5.0	1.3
Mining	1.8	1.8	1.9	0.0	-5.3
Construction	88.5	85.7	82.7	47.1	7.0
Manufacturing	241.2	240.0	239.8	6.2	0.6
T.C.P.U.	79.3	79.0	77.7	4.7	2.1
Trade	393.9	391.3	388.7	8.3	1.3
F.I.R.E.	95.6	95.2	95.3	5.2	0.3
Services	433.5	435.8	428.8	-6.2	1.1
Government	266.3	264.8	265.2	7.0	0.4

	Number Employed (thousands)			Annualized % Change	% Change
	Jul-00	Jun-00	Jul-99	From	From
				Previous Month	Previous Year
Washington					
Total	2696.6	2690.9	2645.9	2.6	1.9
Mining	3.3	3.4	3.4	-30.1	-2.9
Construction	164.3	161.2	154.6	25.7	6.3
Manufacturing	351.1	353.1	363.7	-6.6	-3.5
T.C.P.U.	141.3	141.1	139.8	1.7	1.1
Trade	653.5	652.1	634.8	2.6	2.9
F.I.R.E.	139.9	139.3	137.7	5.3	1.6
Services	765.4	760.7	737.9	7.7	3.7
Government	477.8	480.0	474.0	-5.4	0.8

Unemployment Rates (%)

	Jul-00	Jun-00	May-00	Jul-99	Jun-99
Alaska	5.5	6.1	6.1	6.5	6.6
Oregon	5.0	4.9	5.0	5.8	5.9
Washington	4.8	4.7	4.7	4.8	5.0
U.S.	4.0	4.0	4.1	4.3	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 remains one of the fastest-growing states in the nation in terms of both job and personal income growth. State nonfarm payrolls expanded by 5.2 percent at an annual rate during the four months ending in July, slightly faster than the first quarter pace. The expansion was widespread, with the services, government, transportation and communications, and financial services sectors all posting increases. Rapid job growth kept labor markets tight in the state; the June unemployment rates in both Phoenix and Tucson were below 3 percent. Consistently strong employment gains have translated to robust growth in personal income, which rose by nearly 9 percent in the first quarter of 2000 compared to the same period in 1999.

Arizona's construction and residential housing sector has slowed this year, tempered by higher interest rates and rising home prices. Single-family housing permits, measured on a year-to-date basis through June 2000, fell nearly 9 percent compared to the same period in 1999. Multifamily permits continued to increase, but at a more modest pace. Existing home sales also have fallen this year relative to 1999 sales. Reduced demand for housing has slowed the state's construction sector. Construction jobs declined in both the first and second quarter of 2000.

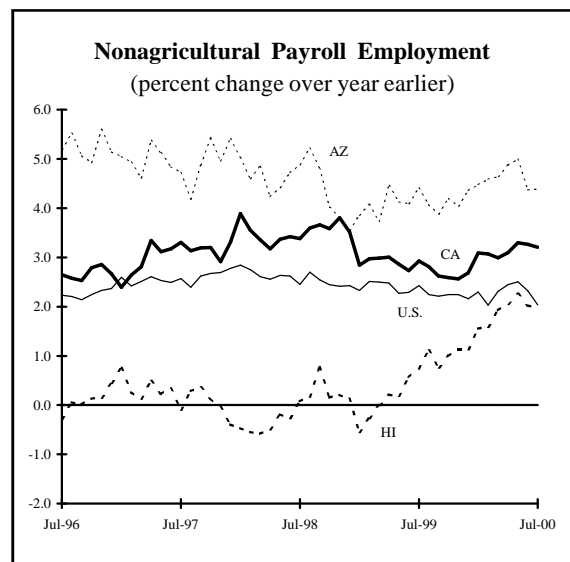
California's economy continued to expand rapidly in recent months. Following employment growth of 3.8 percent on an annual basis during the second

quarter, statewide nonfarm payrolls expanded at a 4 percent annual pace in July. On a twelve-month basis, total nonfarm employment was up 3.2 percent as of June and July, ranking California sixth among all states in its pace of growth. Recent job growth was most rapid in the construction sector, which added jobs at about a 10 percent average annual pace during the four months ending in July. The services sector also posted strong job growth, boosted by a slight pickup in the business services sector. Growth in retail trade employment and state sales tax revenues picked up substantially in the second quarter. Personal income in the state increased by 7.4 percent in the first quarter of 2000 compared to the same period a year earlier, well above the national rate.

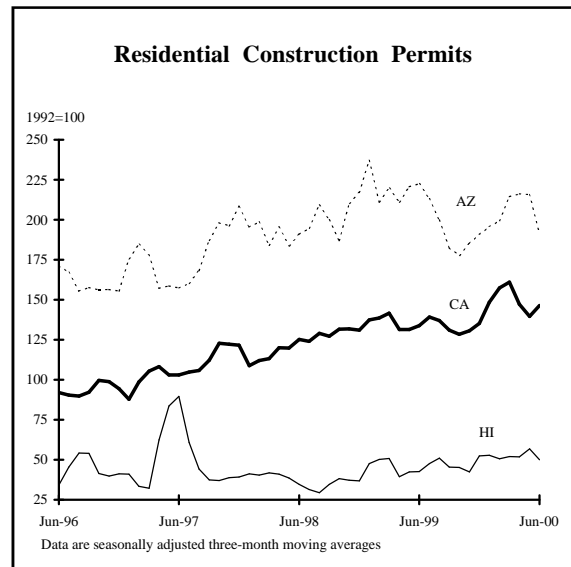
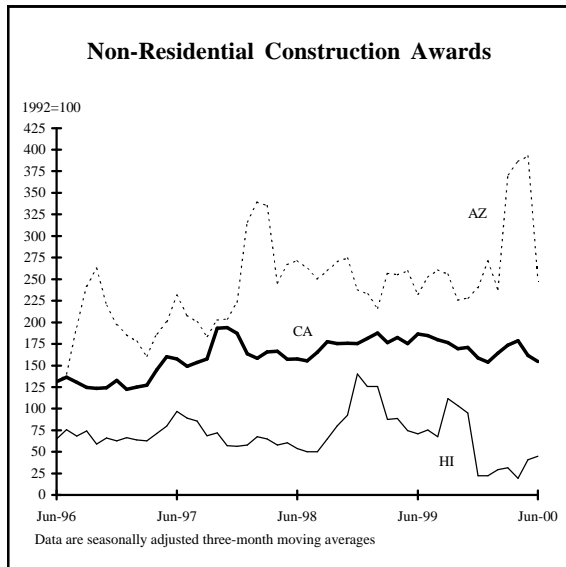
For the first six months of 2000, the total number of residential housing permits for California was up 7.3 percent, and the value of nonresidential permits was up 8.3 percent compared to the same period a year earlier. However, growth in residential permits statewide has been heavily concentrated in multifamily units, with the number of new single-family permits actually falling statewide, especially in the Bay Area and in Southern California. Statewide, home price appreciation remains rapid. As of June, the median price for existing single-family homes sold statewide was up 8.7 percent compared to June of 1999.

Hawaii's economy continued to rebound in recent months. Nonfarm payroll employment expanded at an annual rate of 3.3 percent during the four months ending in July, for a net gain of 5,800 jobs. The expansion reduced Hawaii's unemployment rate to 4 percent in June and July. Much of the recent job growth has been in the trade and services sectors, boosted by increased tourism in the state.

Hawaii's recent recovery has produced robust income growth and stimulated the housing market. Personal income in the state increased by 4.3 percent in the first quarter of 2000 compared to the same period a year earlier, well above the rate of growth recorded in 1999. Sales of existing homes rose by 20 percent at an annual rate during the second quarter compared to the same period a year earlier. Median home prices in Honolulu surpassed \$300,000 for the first time in two years.



CONSTRUCTION



EMPLOYMENT

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Jul-00	Jun-00	Jul-99		
Arizona					
Total	2265.5	2251.0	2170.3	8.0	4.4
Mining	10.0	10.0	10.5	0.0	-4.8
Construction	157.1	157.5	156.1	-3.0	0.6
Manufacturing	216.1	214.6	211.8	8.7	2.0
T.C.P.U.	109.9	109.1	104.0	9.2	5.7
Trade	529.0	529.4	513.5	-0.9	3.0
F.I.R.E.	145.9	146.1	140.4	-1.6	3.9
Services	728.7	722.8	684.2	10.2	6.5
Government	368.8	361.5	349.8	27.1	5.4
California					
Total	14450.9	14403.9	14001.8	4.0	3.2
Mining	22.9	23.0	23.3	-5.1	-1.7
Construction	740.9	735.5	682.0	9.2	8.6
Manufacturing	1920.2	1925.8	1921.8	-3.4	-0.1
T.C.P.U.	745.5	747.1	720.8	-2.5	3.4
Trade	3280.3	3270.8	3201.5	3.5	2.5
F.I.R.E.	832.0	829.8	822.1	3.2	1.2
Services	4582.9	4560.0	4392.6	6.2	4.3
Government	2326.2	2311.9	2237.7	7.7	4.0

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Jul-00	Jun-00	Jul-99		
Hawaii					
Total	545.5	544.6	534.9	2.0	2.0
Mining
Construction	23.9	23.9	21.9	0.0	9.1
Manufacturing	16.8	16.7	16.6	7.4	1.2
T.C.P.U.	41.8	41.5	41.1	9.0	1.7
Trade	136.2	135.4	133.2	7.3	2.3
F.I.R.E.	34.5	34.5	35.0	0.0	-1.4
Services	178.0	177.5	174.8	3.4	1.8
Government	114.3	115.1	112.3	-8.0	1.8

Unemployment Rates (%)

	Jul-00	Jun-00	May-00	Jul-99	Jun-99
Arizona	3.6	3.8	3.8	4.6	4.5
Hawaii	4.0	4.0	4.3	5.5	5.6
California	5.0	5.3	5.1	5.1	5.2
U.S.	4.0	4.0	4.1	4.3	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 nonfarm employment grew at a 3.4 percent annual rate between April and July, down from the 4.6 percent pace of growth in the first quarter. On a twelve-month basis, total payroll employment was up 3.9 percent in July, ranking Idaho fourth among all states in its pace of job growth. Job growth in the last four months was especially fast in the services sector, boosted by rapid gains in business services. In contrast, the manufacturing sector, especially the wood products, paper and printing, and processed foods industries, recorded job losses between April and July. Rapid job growth has kept the state unemployment rate relatively stable this year; in July, unemployment was 4.4 percent. Personal income in the state grew by 6.4 percent in the first quarter compared to the same period in 1999, about the rate recorded for the nation.

While still robust, construction employment growth in Idaho has tapered off a bit this year. In addition, nonresidential construction award activity has been slowing since the spring, and there are indications of moderation in residential housing. Cumulative through June, single-family housing permits have declined more than 10 percent compared to the same period a year earlier. Second quarter home sales also were off, down 6.6 percent from the same quarter in 1999.

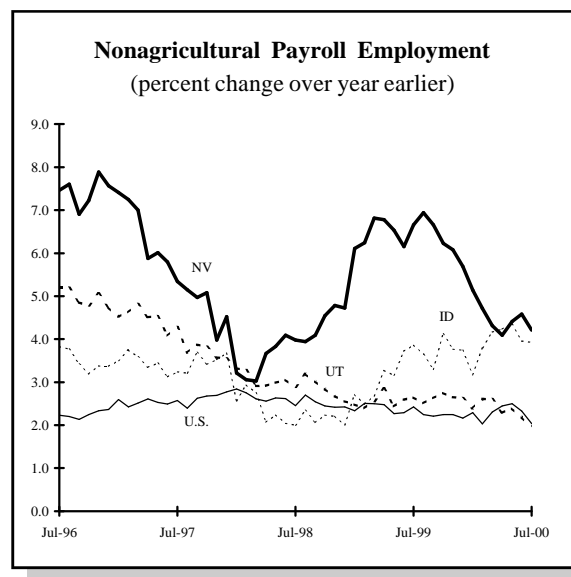
Nevada remained one of the nation's fastest-growing states as nonfarm payroll employment

rose 5.4 percent at an annual rate in the four months ending in July. Over the past twelve months the state added jobs at a 4.2 percent rate. High visitor counts and increasing gaming revenues resulted in a 6.9 percent job growth rate for services for the four months ending in July, about double the rate of the first quarter. The business services sector added jobs at nearly an 8 percent rate during the April to July period. Rapid job growth further tightened labor markets; in July, the state's unemployment rate was 3.5 percent, well below the rate recorded earlier in the year. Finally, personal income in Nevada grew by a 7.1 percent annual rate in the first quarter of 2000, compared to the same period in 1999.

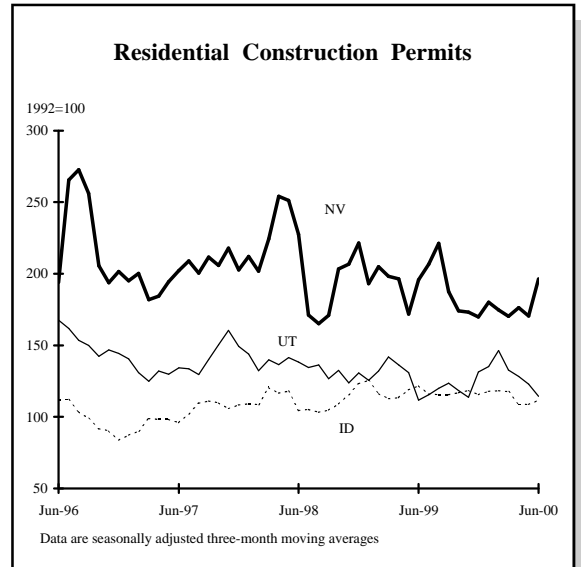
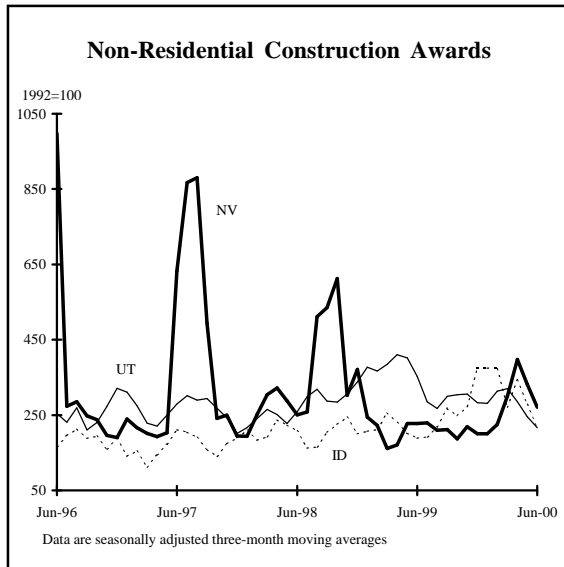
Residential housing markets in Nevada are showing some signs of cooling. Through June, single-family housing permits for the state were down nearly 6 percent compared to the same six-month period in 1999. Housing sales volume in the second quarter was down over 3 percent from the first quarter peak. Construction employment was flat in the second quarter of 2000 following a decline in the first quarter.

Utah's economy slowed in recent months. Total nonfarm payroll employment grew by 1.2 percent at an annual rate between April and July, well off the 2.4 percent pace recorded in the first quarter. Slower growth in trade, government, and manufacturing, as well as job losses in construction, contributed to the deceleration in employment growth since April. Within the manufacturing sector, job losses in the metals and processed food industries offset hiring in the electronics industry. Even with the slowdown, labor markets remain very tight; the state unemployment rate in July was 3 percent, the same as at the end of 1999.

Following four consecutive months of decline, construction jobs in Utah increased in July. However, the one-month increase may be short-lived. Nonresidential construction award activity, which had already been fairly flat, began declining in the spring. In addition, issuance of single-family housing permits through June 2000 has fallen below 1999 levels.



CONSTRUCTION



EMPLOYMENT

	Number Employed (thousands)			Annualized % Change	% Change
	Jul-00	Jun-00	Jul-99	From Previous Month	From Previous Year
Idaho					
Total	561.4	559.7	540.2	3.7	3.9
Mining	2.5	2.4	2.5	63.2	0.0
Construction	38.6	39.0	34.9	-11.6	10.6
Manufacturing	76.8	76.7	76.7	1.6	0.1
T.C.P.U.	27.3	27.1	26.9	9.2	1.5
Trade	140.0	138.9	136.3	9.9	2.7
F.I.R.E.	23.5	23.5	23.4	0.0	0.4
Services	143.9	142.7	134.1	10.6	7.3
Government	108.8	109.4	105.4	-6.4	3.2
Nevada					
Total	1030.4	1025.0	988.8	6.5	4.2
Mining	11.1	11.0	12.1	11.5	-8.3
Construction	91.3	91.7	89.2	-5.1	2.4
Manufacturing	43.9	43.5	42.1	11.6	4.3
T.C.P.U.	54.8	54.0	51.7	19.3	6.0
Trade	212.8	211.2	203.4	9.5	4.6
F.I.R.E.	44.6	44.6	44.1	0.0	1.1
Services	449.8	446.5	428.6	9.2	4.9
Government	122.1	122.5	117.6	-3.8	3.8

	Number Employed (thousands)			Annualized % Change	% Change
	Jul-00	Jun-00	Jul-99	From Previous Month	From Previous Year
Utah					
Total	1072.5	1071.8	1051.8	0.8	2.0
Mining	8.0	7.9	8.0	16.3	0.0
Construction	74.3	73.8	73.2	8.4	1.5
Manufacturing	133.6	133.6	133.3	0.0	0.2
T.C.P.U.	60.4	60.4	59.8	0.0	1.0
Trade	253.0	252.8	248.8	1.0	1.7
F.I.R.E.	56.6	56.9	56.8	-6.1	-0.4
Services	303.8	303.2	294.0	2.4	3.3
Government	182.8	183.2	177.9	-2.6	2.8

Unemployment Rates (%)

	Jul-00	Jun-00	May-00	Jul-99	Jun-99
Idaho	4.4	4.4	4.3	5.3	5.4
Nevada	3.5	3.5	3.4	4.7	4.7
Utah	3.0	3.0	2.9	3.8	3.9
U.S.	4.0	4.0	4.1	4.3	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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