

WESTERN ECONOMIC DEVELOPMENTS

November 1997

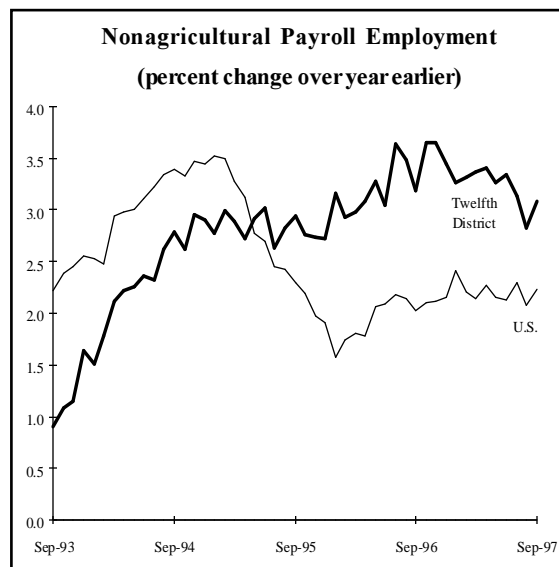
Executive Summary

- The District states of Nevada, Utah, Washington, and Arizona have been the fastest growing states in the nation over the past twelve months.
- Relative to the first half of the year, employment growth slowed in the third quarter in each of the seven most populous District states. Elsewhere, job growth picked up slightly in Alaska and remained weak in Hawaii.
- Employment growth in 1996 and early 1997 has outpaced labor force growth in most areas of the District, leading to lower unemployment rates. In California, job growth was particularly strong over this period, and the pace of labor force growth in other District states appears to have been held down by a slowing of the immigration of former California residents.

District Update

The pace of overall District economic growth has slowed so far this year, particularly in the third quarter. Payroll employment increased at a 2.4 percent annual rate in the third quarter, down from a 3¼ percent annual pace in the first half of the year, and 1 percentage point below the 3.4 percent growth rate in 1996.

By sector, the slowdown this year stems from less rapid growth in government, services, and wholesale and retail trade employment. Government payroll employment growth slowed to about a 1.2 percent annual rate in the first three quarters of 1997, down from 1.8 percent in 1996. The recent slowing owes to the state and local government sector, which tends to expand and contract with the size of a region's population. In Oregon and the Intermountain states, where population growth reportedly has slowed recently, state and local government employment growth also has begun to moderate. Employment in the business service sector, which includes a wide range of activities such as management consulting and software development,



grew very rapidly in 1996 in many District states; this source of rapid growth also has moderated somewhat this year.

Geographically, the third-quarter slowdown is most evident in the Intermountain states of Nevada, Utah, and Arizona where growth had been quite rapid earlier in the year; the cumulative increases in employment over the past twelve months were large enough to place these three states among the four fastest-growing states in the nation. On this basis, Washington also is among the top four states, as employment growth accelerated to a 3.9 percent pace over the past twelve months. Elsewhere in the Pacific North-

west, the Oregon state economy is slowing. Further north, economic conditions in Alaska have improved steadily this year. In California, employment growth slowed in the second and third quarters after picking up in 1996 and early 1997. Hawaii's economy remains quite weak.

Employment Growth, Unemployment Rates and California Migration

Labor markets are very tight in most areas of the District. Until recently, California was a notable exception. California's unemployment rate was relatively high in the first half of the 1990s, and a large outflow of people from California to other western states helped meet the growing employment demand outside of California. More recently, job growth in California has picked up, and the net outmigration from California to other states has slowed substantially, holding down the rate of expansion in the labor force of other District states. Thus, given continued increases in employment demand, the slowing outmigration from California is exerting downward pressure on unemployment rates in other states, exacerbating labor market tightness there.

We do not know how this process will continue to unfold. However, history provides some guidance as to the range of likely outcomes. Historical studies of regional economic data suggest that most of the cyclical variations in regional labor markets are reflected in three variables: the rate of employment growth in the state, the unemployment rate, and the labor force participation rate.¹ A fourth factor, the rate at which a state population changes, is implicitly tied to these three other variables through the identities relating employment, unemployment, and labor force participation.²

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Sep-97	Aug-97	Sep-96		
Alaska	266.6	266.7	262.8	-0.4	1.4
Arizona	1,993.4	1,982.2	1,922.6	7.0	3.7
California	13,202.0	13,150.2	12,840.1	4.8	2.8
Hawaii	530.6	529.0	528.4	3.7	0.4
Idaho	498.7	502.1	494.1	-7.8	0.9
Nevada	903.9	896.9	856.9	9.8	5.5
Oregon	1,531.3	1,527.3	1,488.0	3.2	2.9
Utah	1,003.2	997.6	962.7	6.9	4.2
Washington	2,518.7	2,512.9	2,423.7	2.8	3.9
District	22,448.4	22,364.9	21,779.3	4.6	3.1
U.S.	122,695.0	122,480.0	120,019.0	2.1	2.2

Seasonally adjusted payroll employment data

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Sep-97	Aug-97	Sep-96		
Total	22,448.4	22,364.9	21,779.3	4.6	3.1
Mining	85.9	85.8	84.6	1.4	1.5
Construction	1,141.8	1,135.7	1,058.2	6.6	7.9
Manufacturing	3,006.2	2,996.7	2,918.6	3.9	3.0
Transportation	1,147.8	1,107.5	1,119.7	53.6	2.5
Trade	5,242.7	5,238.9	5,133.5	0.9	2.1
F.I.R.E.	1,246.6	1,246.4	1,227.4	0.2	1.6
Services	6,828.4	6,814.2	6,538.0	2.5	4.4
Government	3,749.0	3,739.7	3,699.3	3.0	1.3

Seasonally adjusted payroll employment data

¹See, for example, Olivier Blanchard and Lawrence Katz (1992), "Regional Evolutions," *Brookings Papers on Economic Activity*, 0(1), 1-61.

²The labor force participation rate is the ratio of the labor force to population, and the labor force itself is comprised of those employed and those unemployed. Thus, there is an implicit rate of population growth implied by given values of employment, unemployment, and labor force participation.

Employment growth tends to be quite variable from year to year (chart 1). Most regional



economic models assume that the bulk of these short-run variations in employment growth are caused by changes in employment demand. For example, in the early 1990s California suffered an adverse shock to employment demand from downsizing of defense-related industries. Labor supply-side reactions to such shocks can take a long time to unfold, as most of the adjustment is through inducing changes in the size of the population and the labor force.

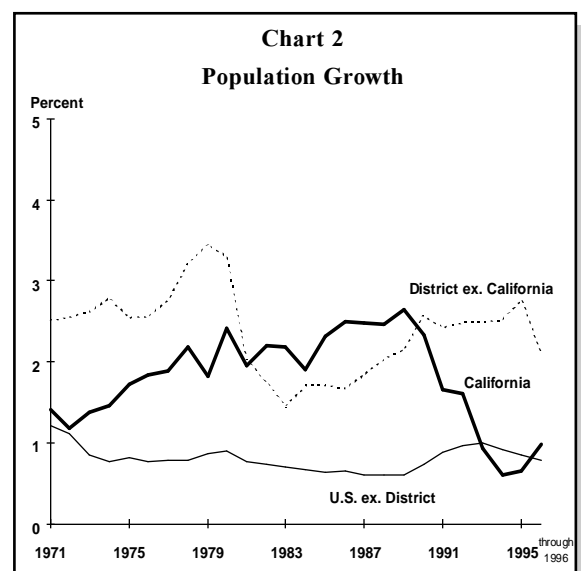
Population growth also is a determinant of long-run average employment growth rates, which have differed substantially across regions. California non-agricultural payroll employment increased at a 2.4 percent average annual rate over 1971-96, which is slower than the 3.7 percent rate of growth in the District excluding California, but about ½ percentage point faster than the average employment growth rate for the U.S. excluding the District.

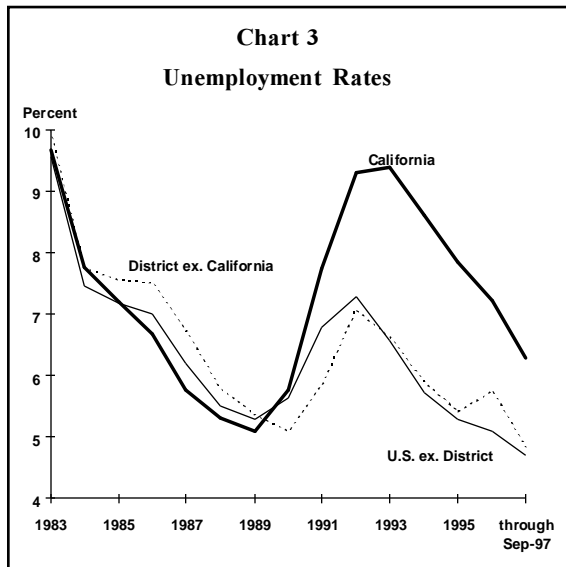
Most of the long-run differences in employment growth rates across regions are explained by differences in population growth rates (chart 2). Labor force participation rates and unemployment rates also differ by region, affecting the degree to which a given amount of population growth translates into employment growth, but these factors are less important than differential

rates of population growth in explaining longer-run patterns of employment growth. For example, over this two and one-half decade period during which employment growth in the District excluding California exceeded that in the U.S. excluding the District by about 1¼ percentage point, population growth in the District excluding California was about 1¼ percentage point faster than in the U.S. excluding the District.

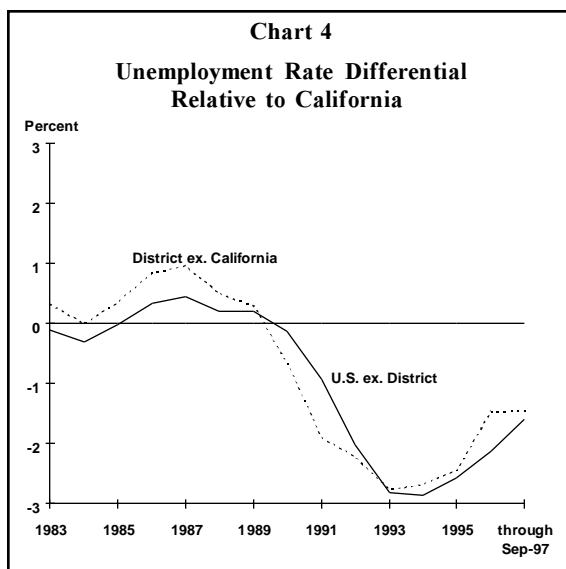
Differences in employment and population growth rates across regions tend to be relatively persistent, but they are subject to shifts. For example, during the 1970s and 1980s, California’s average employment growth rate was about 1 percentage point higher than the pace of employment growth in the U.S. excluding the District, consistent with the slightly more than 1 percentage point excess of California relative to the other area in annualized rate of population growth. However, in the 1991-96 period, when California’s employment growth rate fell about 1 percentage point short of that in the U.S. excluding the District, the gap between the rates of population growth in these two areas narrowed to close to zero.

Population growth did not absorb the slowdown in job growth in California on a one-for-one basis. Rather, the California unemployment rate increased sharply in the early 1990s and has remained higher than unemployment rates elsewhere for more than seven years (chart 3). In the 1990-1992 period of national recession and





weak recovery, California's unemployment rate increased more rapidly than that of the rest of the nation and in 1993 continued to edge up to a peak of about 9½ percent. California's unemployment rate was almost 3 percentage points higher than that in the remainder of the nation in 1993 and 1994 (chart 4). This differential narrowed to about 2 percentage points by 1996 and now is only about 1½ percentage points.



California's recent population and labor market adjustment process is consistent with the patterns revealed in historical studies of regional economic data from each of the fifty U.S. states. These studies show that unemployment rate differentials tend to go through relatively pro-

tracted periods of adjustment after regional economic shocks, but they eventually tend to return to their long-run average values. Migration tends to be the main mechanism by which this adjustment is accomplished. When the unemployment differential for a state relative to other areas widens beyond historical average values of the differential, that state tends to experience a net outflow of residents to other states.³ The attendant slower population growth holds down the rate of increase in the labor force, allowing increases in employment demand to exert a larger downward pressure on unemployment rates in the state than they otherwise would. Eventually, in the absence of additional shocks, the unemployment rate differential narrows to its historical average value, as employment, labor force, and population growth return to their trend paces.

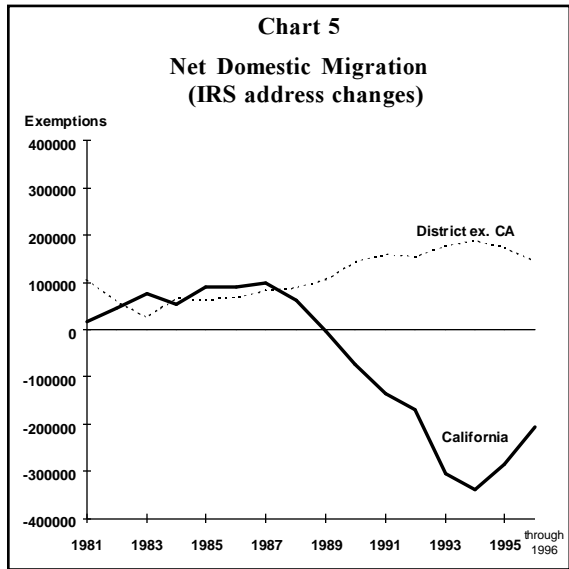
During the most recent three years, California has been in the phase of a narrowing unemployment rate differential relative to other states. As the California unemployment rate differential has narrowed to a gap which is now not far from the long-run average differential, the net out-migration has slowed.

The slowing of net out-migration is evident in the U.S. Census Bureau's estimates of California's population, which extend through mid-1996 and show a pickup in state population growth to about a 1 percent pace that (fiscal) year, up from about a 0.6 percent pace in the preceding year (chart 2). The underlying components of population change show that at the peak of the exodus from California in 1994, the net outflow was close to 1½ percent of California residents that year, but the pace of net domestic outmigration from California slowed to about ¾ percent of the population in 1996.

The Census Bureau estimates of net domestic migration reflect IRS data on tax return address changes. The IRS address change data is available on an annual basis over a longer span of time than the published Census Bureau estimates of

³For a detailed statistical study of this phenomenon, see Stuart A. Gabriel, Joe P. Matthey, and William L. Wascher (1995), "The Demise of California Reconsidered: Interstate Migration over the Economic Cycle," Federal Reserve Bank of San Francisco Economic Review, No. 2., 30-45.

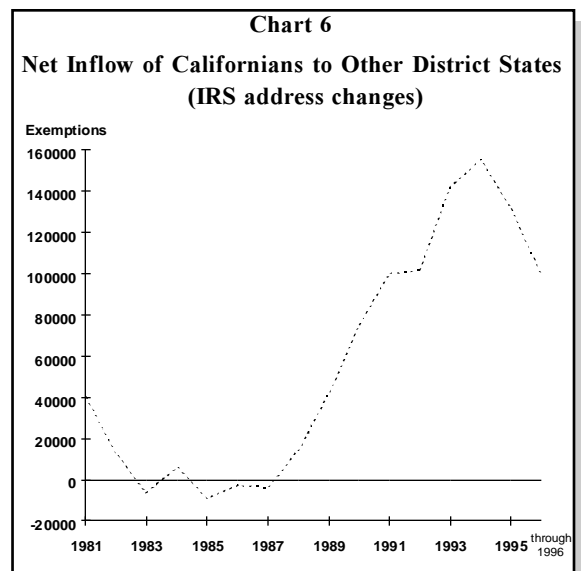
net domestic migration and indicate that the 1990 to 1996 outflow of Californians to other states was quite a change from each year in the 1980s, when California was attracting more residents from other states than it was sending to them (chart 5).



The IRS data also facilitate more specific tracking of the migration flows. For example, at the peak of the exodus in 1994, the net outflow from California to all other states was about 340,000 exemptions (chart 5); the state-by-state detailed statistics show that 155,000 of the people represented by these exemptions moved from California to other states in the District (chart 6). The net outflow from California to other District states fell to 100,000 exemptions in 1996.

The slowdown in net arrivals from California to these states accounts for more than all of the recent slowdown in overall net migration to District states excluding California. At the peak of the California exodus in 1994, net domestic immigration from all U.S. states was adding about 1¼ percent per year to the population of the District states excluding California. By 1996, overall net domestic migration to the District excluding California had slowed to about 1 percent of the population in these states. Even with the reduced flow from California in 1996, the Golden State still was the origin of about two-thirds of the net migration to other District states that year. Thus, it is important to understand the likelihood of various possible amounts of addi-

tional slowing in the exodus from California. In this regard, the major uncertainty is our usual inability to foretell the impending path of employment demand, which is subject to shocks which could postpone or hasten a further narrowing of the unemployment rate differential. Determining an equilibrium value for the differential between unemployment rates in California and other states also is difficult, but history provides some guide. Over both the 1983-96 period shown in chart 4 and the longer 1948-96 period for which data is available, the average difference between California's unemployment rate and the unemployment rate for the remainder of the United States was close to one percentage point. As of September of this year, the unemployment rate differential between California and other states was about 1½ percentage points. Thus, using the historical average as an equilibrium differential would imply that the California unemployment rate eventually is likely to fall about ½ percentage point relative to the unemployment rate in the remainder of the U.S.; for comparison, the California unemployment rate differential has narrowed about ¼ percentage points since the year of the peak exodus, 1994.



Thus, historical regularities suggest that as of September of this year California was slightly more than two-thirds of the way through its labor market disequilibrium and cyclical migration swing.

ALASKA, OREGON, AND WASHINGTON

Alaska's economy continued to show signs of improvement in recent months, despite disappointing summer seasons for both the fishing and tourism industries. Payroll employment increased 2¼ percent at an annual rate in the third quarter, up from a 1½ percent pace in the first half of the year, and well above the ½ percent rate of job growth in 1996. Employment growth has picked up in the air transportation, retail trade, and services sectors. Overall job growth has begun to outpace the rate of increase in the labor force. Alaska reportedly is experiencing a net out-migration of permanent residents and a decline in the number of seasonal job seekers. Accordingly, with weak labor force growth and moderate job gains, unemployment rates have fallen recently in most areas of the state.

There has been some good news about the future capacity of Alaska's seafood processing and tourism sectors. Last month, the American Seafoods company opened an Anchorage office and announced plans to hire more than 300 Alaskans from Bristol Bay, the Yukon-Kuskokwim Delta and Southeast Alaska by the end of 1998. The capacity to provide visitor services is expanding, as construction of five new Anchorage hotels reportedly got under way in recent weeks.

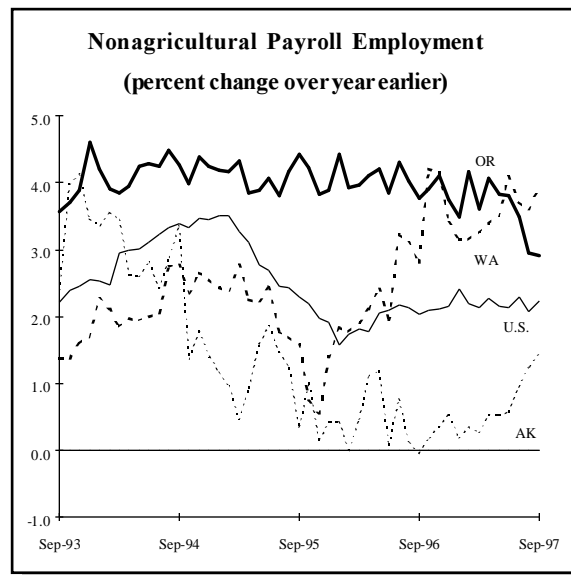
The pace of growth in Oregon remained solid in recent months but slowed from its previously rapid pace. Payroll employment increased at a

1½ percent annual rate in the third quarter, down from about 3¼ percent in the first half of the year and quite a bit slower than the 3.8 percent pace in 1996. Construction employment growth has slowed noticeably this year but still proceeded at a rapid 8 percent annual rate in the third quarter. Manufacturing employment growth was strong in the first half of the year but declined slightly in the third quarter, owing to a drop in the lumber and wood products employment and a slowdown in job growth among computer and electronics manufacturers.

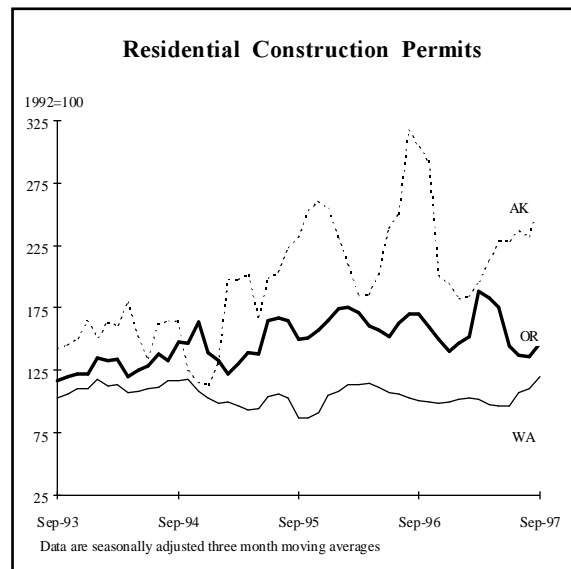
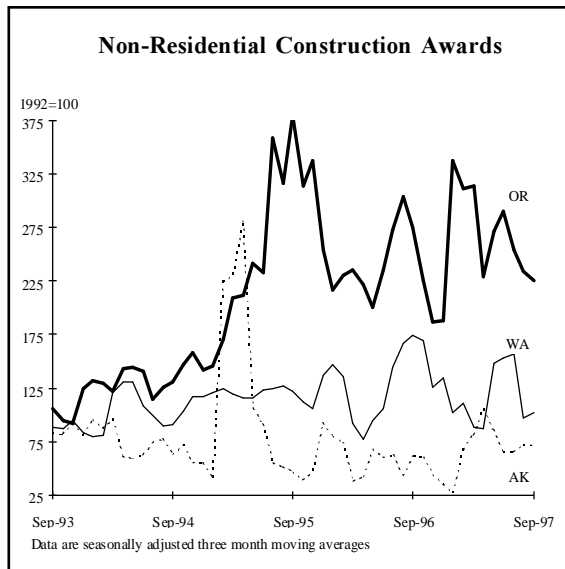
Most of this year's growth in Oregon's manufacturing sector can be attributed to growth of high-tech firms, but some other types of manufacturers also are announcing expansion plans. For example, growing demand for heavy-duty trucks reportedly has prompted Freightliner Corporation, a Portland based company, to begin searching for 550 workers in the Portland area. After making these hires, Freightliner would employ about 4,600 people in Oregon, making it the state's ninth largest manufacturing employer.

The level of economic activity in Washington state jumped in the first half of this year, and the rapid pace of growth moderated only slightly in the third quarter. Payroll employment increased at a 3 percent annual rate in the third quarter, following a 4¼ percent at an annual rate increase in the first half of the year. For the first three quarters of the year as a whole, job growth has been about 4 percent at an annual rate, which is about ½ percentage point faster than in 1996. Manufacturing employment has continued to increase rapidly this year, boosted by additional gains in aerospace and computer and electronics manufacturing employment. Job growth also has been strong at firms providing computer services, such as software. Real estate and construction activity picked up noticeably in 1996 and continued to grow at a moderate rate this year.

Boeing has been increasing production and delivery of aircraft this year but recently experienced some difficulties meeting the higher goals. Parts shortages and other factors have led Boeing to scale back slightly the pace at which it plans to work down its five-year order backlog.



CONSTRUCTION



EMPLOYMENT

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Sep-97	Aug-97	Sep-96		
Alaska					
Total	266.6	266.7	262.8	-0.4	1.4
Mining	9.9	9.8	9.9	13.0	0.0
Construction	12.6	12.6	12.3	0.0	2.4
Manufacturing	15.1	14.9	15.3	17.4	-1.3
T.C.P.U.	23.6	23.3	22.5	16.6	4.9
Trade	55.8	56.3	54.9	-10.2	1.6
F.I.R.E.	11.9	11.9	11.7	0.0	1.7
Services	64.9	64.8	62.8	1.9	3.3
Government	72.8	73.1	73.4	-4.8	-0.8

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Sep-97	Aug-97	Sep-96		
Washington					
Total	2518.7	2512.9	2423.7	2.8	3.9
Mining	3.5	3.6	3.4	-28.7	2.9
Construction	134.7	134.3	128.4	3.6	4.9
Manufacturing	373.2	372.2	347.3	3.3	7.5
T.C.P.U.	126.1	122.7	123.4	38.8	2.2
Trade	608.6	609.4	593.8	-1.6	2.5
F.I.R.E.	126.7	126.6	124.4	1.0	1.8
Services	687.2	684.7	652.3	4.5	5.4
Government	458.7	459.4	450.7	-1.8	1.8

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Sep-97	Aug-97	Sep-96		
Oregon					
Total	1531.3	1527.3	1488.0	3.2	2.9
Mining	1.9	1.9	1.9	0.0	0.0
Construction	87.3	86.2	80.2	16.4	8.9
Manufacturing	244.5	243.5	236.4	5.0	3.4
T.C.P.U.	73.4	70.2	73.5	70.7	-0.1
Trade	377.9	377.3	367.2	1.9	2.9
F.I.R.E.	94.3	94.8	91.1	-6.1	3.5
Services	404.7	405.2	391.2	-1.5	3.5
Government	247.3	248.2	246.5	-4.3	0.3

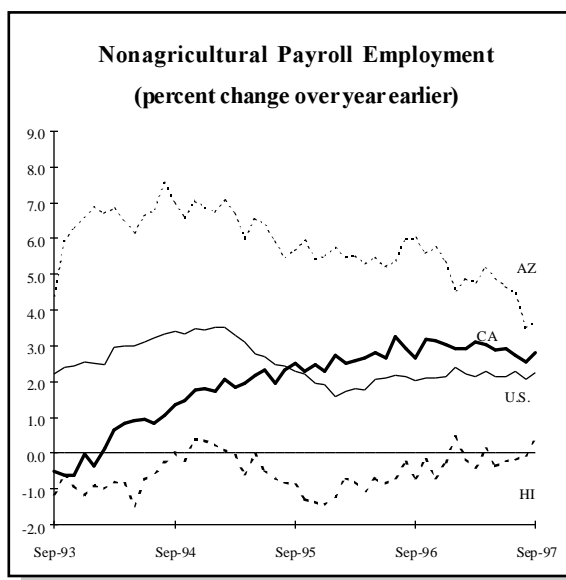
	Unemployment Rates (%)			Sep-96	Aug-96
	Sep-97	Aug-97	Jul-97		
Alaska	7.5	7.6	7.3	7.8	7.8
Oregon	5.4	5.5	5.3	6.0	5.9
Washington	5.2	5.0	4.8	6.5	6.5
U.S.	4.9	4.9	4.8	5.2	5.2

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

ARIZONA, CALIFORNIA, AND HAWAII

The level of economic activity in Arizona is very high, but the pace of economic growth is slowing. State payroll employment increased at a 3¼ percent annual rate in the third quarter, down from a 4 percent annual rate in the first half of the year and quite a bit slower than the 5.4 percent pace of employment growth in 1996. Government payrolls have declined this year, and trade sector employment growth slowed. Last year, there was a large jump in service sector employment, owing to a 15 percent increase in business service jobs and large gains in the health services and hotel industries. This year, business service job growth has slowed to a still rapid pace of 10 percent at an annual rate, and there has been little change in employment in the health services and hotel industries.

The Center for Business Research at Arizona State University estimates that state population growth slowed in late 1996 and 1997, owing to less net in-migration. These estimates are consistent with recent patterns in unemployment, employment and implied labor force growth. The state unemployment rate actually edged up over the course of 1996, when rapid payroll employment growth could not keep up with an even more rapid rate of expansion in the labor force. Over the first three quarters of 1997, the Arizona unemployment rate fell about 1¼ percentage points, even though job growth slowed relative to 1996.

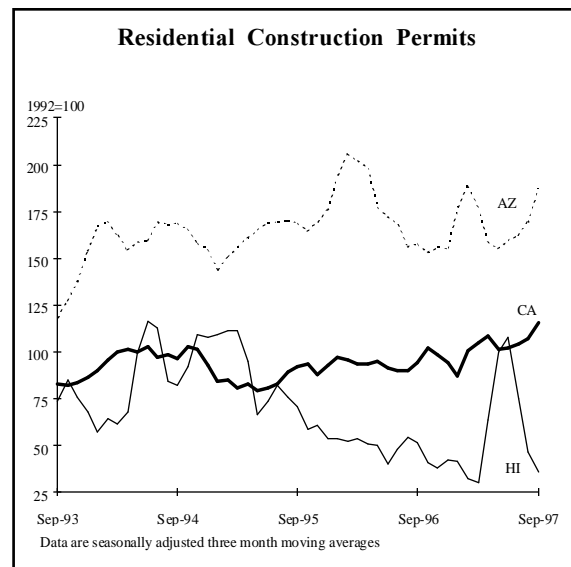
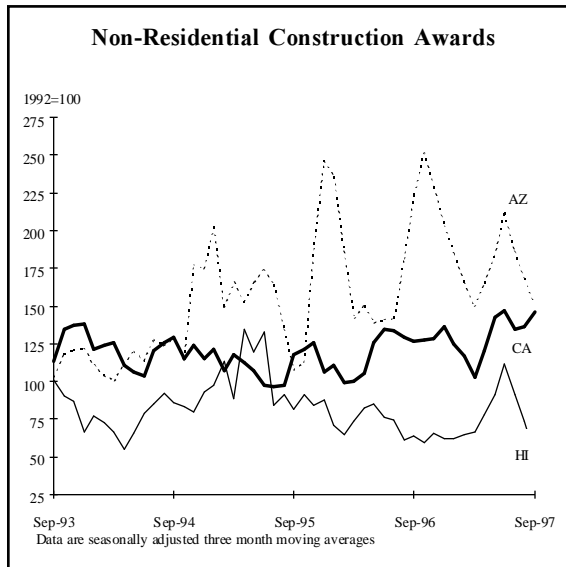


Employment growth in California moderated to a 2¼ percent average annual pace in the second and third quarters of 1997, down from a gain of 3.4 percent at an annual rate in the first quarter and 3 percent in 1996. Manufacturing and business service employment growth has slowed a bit this year, and this was only partly offset by a pickup in job growth in the construction, real estate, and local government sectors. Construction employment has increased at a 10 percent annual rate so far this year, up from a 5¾ percent pace last year. The real estate sector has posted its first employment gains in several years. Among types of local governments, employment increases this year have been particularly rapid for educational districts, and county government (non-educational) payrolls also began to increase, after declining in 1995 and 1996.

The pickup in local government employment in California reflects the state government's sharing of increased tax revenues with school districts and county governments under the terms of recent state budgets. State general fund revenues increased rapidly last year, and in the first three months of this fiscal year, July through September, general fund revenues have continued to be strong but have not increased as rapidly as projected by state officials during the budgeting process. The observed shortfall in personal income tax withholdings is consistent with the somewhat weaker-than-expected pace of employment growth in the state toward the middle of this year. Taxable sales, the base for sales taxes, have continued to increase, but the growth rate of taxable sales slowed to about a 5½ percent annual pace in the first half of 1997, down from a 6½ percent increase in the preceding fiscal year.

Only a few bright spots are evident in Hawaii. On the positive side, the state managed to add about 2,400 jobs to its payrolls so far this year, which is about a ½ percent annualized rate of increase. However, all of these jobs (and then some) were from increased hiring by state and local governments, which are in a difficult fiscal position due to years of weak private sector activity. Most types of private sector jobs have continued to decline this year.

CONSTRUCTION



EMPLOYMENT

	Number Employed (thousands)			Annualized % Change	% Change
	Sep-97	Aug-97	Sep-96	From Previous Month	From Previous Year
Arizona					
Total	1993.4	1982.2	1922.6	7.0	3.7
Mining	15.1	15.2	14.5	-7.6	4.1
Construction	133.5	133.0	127.4	4.6	4.8
Manufacturing	208.4	207.0	200.4	8.4	4.0
T.C.P.U.	97.2	93.3	93.8	63.5	3.6
Trade	488.3	487.3	470.1	2.5	3.9
F.I.R.E.	124.4	124.2	116.8	1.9	6.5
Services	602.1	597.2	574.6	10.3	4.8
Government	324.4	325.0	325.0	-2.2	-0.2

	Number Employed (thousands)			Annualized % Change	% Change
	Sep-97	Aug-97	Sep-96	From Previous Month	From Previous Year
Hawaii					
Total	530.6	529.0	528.4	3.7	0.4
Mining
Construction	21.0	20.9	23.2	5.9	-9.5
Manufacturing	15.9	16.2	16.4	-20.1	-3.0
T.C.P.U.	40.8	40.7	40.9	3.0	-0.2
Trade	134.1	133.9	135.0	1.8	-0.7
F.I.R.E.	35.7	35.8	36.6	-3.3	-2.5
Services	169.4	168.6	166.5	5.8	1.7
Government	113.7	112.9	109.8	8.8	3.6

	Number Employed (thousands)			Annualized % Change	% Change
	Sep-97	Aug-97	Sep-96	From Previous Month	From Previous Year
California					
Total	13202.0	13150.2	12840.1	4.8	2.8
Mining	29.3	29.2	29.0	4.2	1.0
Construction	567.0	564.6	516.7	5.2	9.7
Manufacturing	1902.8	1897.4	1861.6	3.5	2.2
T.C.P.U.	661.4	635.6	645.1	61.2	2.5
Trade	3030.6	3026.5	2981.5	1.6	1.6
F.I.R.E.	736.2	735.6	733.1	1.0	0.4
Services	4117.3	4114.5	3946.9	0.8	4.3
Government	2157.4	2146.8	2126.2	6.1	1.5

	Unemployment Rates (%)			Sep-96	Aug-96
	Sep-97	Aug-97	Jul-97		
Arizona	4.2	4.4	4.2	5.8	5.6
Hawaii	5.9	6.1	6.3	6.4	6.4
California	6.3	6.2	6.2	7.1	7.1
U.S.	4.9	4.9	4.8	5.2	5.2

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

Idaho's economic expansion paused in recent months. Total payroll employment shrank on net during the third quarter and is up only 700 jobs since the beginning of the year. The most notable third quarter losses were in retail trade employment, which was down 14 percent at an annual rate. Wholesale trade employment also contracted, and many jobs were lost in the railroad industry recently. Both federal and local government payrolls declined during the third quarter. In contrast, construction employment increased about 17 percent at an annual rate in the first half of the year and posted additional third-quarter gains. The state's manufacturing sector was weak in the first half of the year but picked up in recent months, as gains at high-tech firms around Boise more than offset sharp job losses in the lumber and logging industries.

Most economic strength in the state is centered around Boise, where job growth remains close to 4 percent yearly. Transportation employment has increased about 5 percent at an annual rate and is poised to increase further. Airborne Freight Corporation recently announced plans to move its nationwide call-center operations to Boise and to expand its existing package-distribution center near the airport.

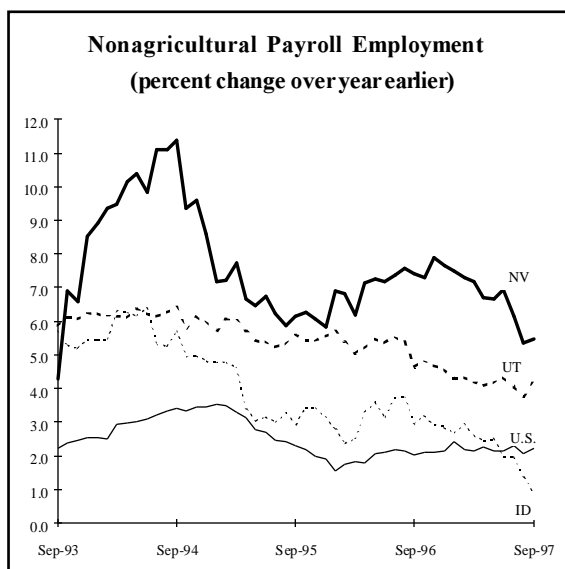
The pace of economic growth in Nevada remains brisk but decelerated further in recent months. Total payroll employment expanded by 2½ percent at an annual pace during the third

quarter, down from a 6½ percent pace in the first half and from a 7¾ percent gain in 1996. Much of the large gain in 1996 owed to booming construction employment, which subsequently slowed to a still rapid 11½ percent annual pace in the first half of 1997 and moderated further in the third quarter to a 3 percent annual growth rate. Third-quarter residential construction permit issuance was down about 18 percent relative to a year earlier, and home sales in the first half of 1997 also declined. In contrast, non-residential construction contract awards have been very strong recently.

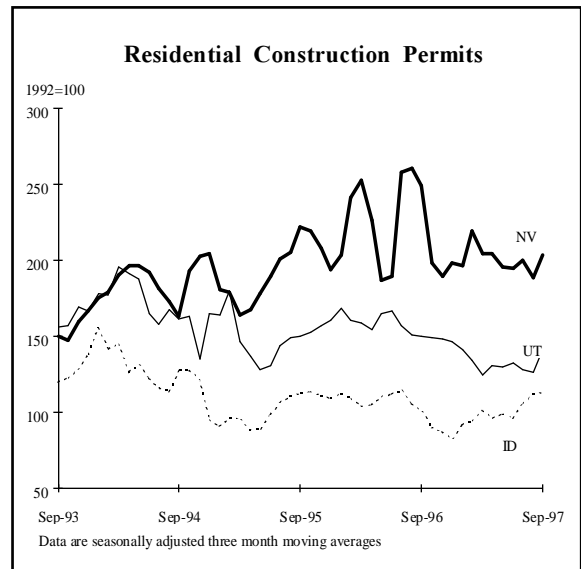
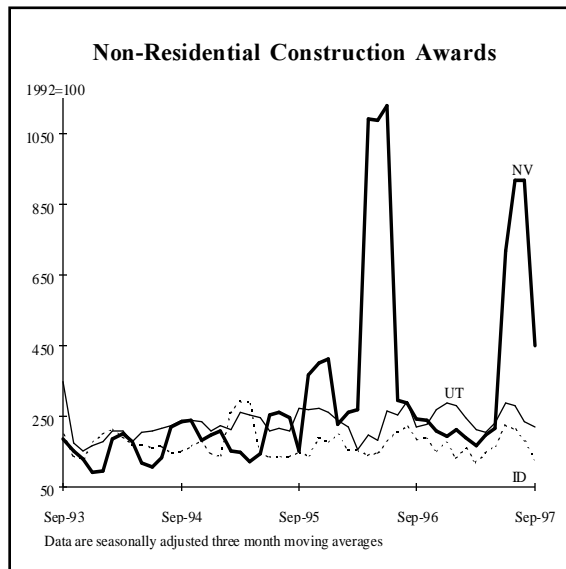
For the first three quarters of 1997 as a whole, Nevada employment increased 5¼ percent at an annual rate, which apparently far outstripped the pace of expansion in the state labor force. The state unemployment rate dropped about one percentage point in the first half of the year and remained at this lower 4.4 percent unemployment rate throughout the third quarter.

Utah's economy continued to grow rapidly, albeit somewhat more slowly than in 1996 and early 1997. Total payroll employment increased at a 3½ percent annual rate in the third quarter, down from a 4¼ percent pace in the first half of the year and from a 4.6 percent rate in 1996. The strong employment growth in early 1997 pushed the state unemployment rate down about ½ percentage point to 2.8 percent in the first quarter, and the unemployment rate remained near this lower level through September. Most sectors have experienced solid job gains this year, although nearly half the jobs created have been in the state's large services sector. Growth in construction employment also has been excellent this year, led primarily by nonresidential construction projects. In contrast, the state's manufacturing sector has suffered from a decline in electronics industry employment this year.

The state's construction and service industries have been benefitting from the creation of new hotels and other lodging places. The number of hotel rooms across the state has increased substantially, and construction recently began on a new 70 million dollar hotel in Salt Lake City.



CONSTRUCTION



EMPLOYMENT

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Sep-97	Aug-97	Sep-96		
Idaho					
Total	498.7	502.1	494.1	-7.8	0.9
Mining	3.0	3.0	3.1	0.0	-3.2
Construction	33.5	33.4	30.3	3.7	10.6
Manufacturing	74.3	73.7	72.5	10.2	2.5
T.C.P.U.	23.6	23.4	23.2	10.8	1.7
Trade	123.7	125.6	125.9	-16.7	-1.7
F.I.R.E.	25.6	25.6	25.3	0.0	1.2
Services	118.3	118.4	115.7	-1.0	2.2
Government	96.7	99.0	98.1	-24.6	-1.4

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Sep-97	Aug-97	Sep-96		
Utah					
Total	1003.2	997.6	962.7	6.9	4.2
Mining	8.2	8.0	7.9	34.5	3.8
Construction	67.1	66.2	60.8	17.6	10.4
Manufacturing	131.7	131.9	129.8	-1.8	1.5
T.C.P.U.	56.8	54.9	54.7	50.4	3.8
Trade	240.3	240.7	232.3	-2.0	3.4
F.I.R.E.	52.0	52.2	50.5	-4.5	3.0
Services	275.9	274.6	259.9	5.8	6.2
Government	171.2	169.1	166.8	16.0	2.6

	Number Employed (thousands)			Annualized % Change From Previous Month	% Change From Previous Year
	Sep-97	Aug-97	Sep-96		
Nevada					
Total	903.9	896.9	856.9	9.8	5.5
Mining	15.0	15.1	14.9	-7.7	0.7
Construction	85.1	84.5	78.9	8.9	7.9
Manufacturing	40.3	39.9	38.9	12.7	3.6
T.C.P.U.	44.9	43.4	42.6	50.3	5.4
Trade	183.4	181.9	172.8	10.4	6.1
F.I.R.E.	39.8	39.7	37.9	3.1	5.0
Services	388.6	386.2	368.1	7.7	5.6
Government	106.8	106.2	102.8	7.0	3.9

	Unemployment Rates (%)				
	Sep-97	Aug-97	Jul-97	Sep-96	Aug-96
Idaho	5.0	5.2	4.9	5.1	5.1
Nevada	4.4	4.4	4.4	5.7	5.5
Utah	2.8	3.1	3.0	3.5	3.5
U.S.	4.9	4.9	4.8	5.2	5.2

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

1997 Issues**Mailing Date**

January

February 6

March

March 27

May

May 22

June

July 3

August

August 21

September

October 2

November

November 13

December

December 18

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