Testimony

of

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SUMMARY

Economic Conditions in the Twelfth Federal Reserve District and the Nation and the Conduct of Monetary Policy

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The Twelfth Federal Reserve District comprises nine western states: Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Utah, and Washington. This testimony covers the recent economic performance of the District as a whole, then details activity in each of the nine states, and concludes with a discussion of national developments and monetary policy. Following the text are charts of trends in population, personal income, employment and unemployment rates, and bank lending activity for the District and for each state, as well as tables detailing sectoral employment and construction statistics.

The economic performance of the Twelfth Federal Reserve District has been dominated by the long and deep recession gripping California. From January 1992 to January 1993, employment in the District fell slightly, as the weakness in California and Hawaii offset moderate job growth in Alaska, Arizona, Oregon, and Washington, as well as the more robust performances in Utah, Nevada, and Idaho. The District's unemployment rate, which had been running in line with the nation over the last several years, was 8.7 percent in January—or 1.6 percentage points above the national average. This high rate largely reflects California's 9.5 percent unemployment rate in January 1993 (it rose to 9.8 percent in February 1993).

In the twelve months ending in January 1993, the main sector in the District showing meaningful growth was services, which grew 2.2 percent. Most other sectors showed weakness in the District as a whole, with manufacturing and construction among the hardest hit, especially in California.

Because of the size of the California economy and the complexity of its problems, it is treated in some detail in the submitted testimony. To summarize briefly: California's economy has been hit by a number of adverse factors in the last few years, such as problems in commercial real estate, defense cutbacks, a series of natural calamities, and the national recession. Though initially concentrated in Southern California, these problems have had an effect on the rest of the state, and, indeed on neighboring states that have ties to California through tourism and trade.

The near-term outlook for California must account for continued downward adjustments in defense as well as problems in commercial real estate. The main positive factor is the prospect of improved demand from the national economy, where a recovery is now well underway.

Analyses of the various regions of the country play an important role in determining monetary policy, because they provide an up-to-date, detailed supplement to published national statistics. The focus of monetary policy is on the national economy as a whole, since the tools of policy affect the economy broadly, through the <u>overall</u> level of interest rates and the availability of credit. While policy affects each region, it is not an effective vehicle for directing credit to particular regions or industries.

Our goal is to promote the maximum standard of living attainable for our citizens over the long run. In recent years, this has meant mitigating the size of the cyclical downswing through reductions in interest rates. However, in the long run the most significant contribution we can make to economic growth is to provide a low-inflation environment, and we also have made progress in that area.

We have faced a number of challenges recently, not the least of which has been the deterioration in the relationship between the monetary aggregates and spending on goods and services. Last year, both M2 and M3 grew sluggishly, at the same time that the pace of economic activity picked up. Thus we had to look beyond the aggregates to a broad range of economic and financial indicators.

Our main challenge has been to find a balance in policy, allowing short-term interest rates to fall enough to promote economic expansion, but not so much as to risk higher inflation in the future. Developments in 1992 and thus far this year suggest that our efforts are paying off. The U.S. economy established a sustained, moderate expansion, while the unemployment rate peaked in mid-year and has been on a downward path since then. Importantly, price developments also were favorable. I expect these patterns to continue this year and beyond, with moderate growth in real GDP accompanied by gradual declines in unemployment and inflation.

Economic Conditions in the Twelfth Federal Reserve District and the Nation and the Conduct of Monetary Policy

Robert T. Parry
President and Chief Executive Officer
Federal Reserve Bank of San Francisco

I am pleased to appear before the Committee on Banking, Housing, and Urban Affairs, to testify on economic conditions in the Twelfth Federal Reserve District and in the nation, as well as on the conduct of monetary policy.

This testimony first treats the recent economic performance of the District as a whole and then details activity in each of the nine states within the District: Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Utah, and Washington. Charts of trends in population, personal income, employment and unemployment rates, and bank lending activity for the District and for each state, as well as tables detailing sectoral employment and construction statistics are in the Appendix. The testimony concludes with a discussion of national developments and the conduct of monetary policy.

TWELFTH FEDERAL RESERVE DISTRICT

Employment in the District fell slightly between January 1992 and January 1993, as the weakness in California and Hawaii offset the moderate job growth reported in the other seven states in the District, including the more robust performances in Utah, Nevada, and Idaho.

The District's unemployment rate, which had been running in line with the nation over the last several years, was 8.7 percent in January 1993 - or 1.6 percentage points above the national average. This high rate largely reflects California's 9.5 percent unemployment rate in January 1993.

The recession in the region was felt most strongly in manufacturing and construction, particularly in California. Manufacturing employment in the District has fallen 8.4 percent - a loss of 259,000 jobs since January 1991.[1] Construction employment has fallen even faster, dropping 12.8 percent since January 1991 -- a loss of 124,000 jobs. Between January 1992 and January 1993, the decline in manufacturing employment showed no sign of abating, as employment fell 3.2 percent; the decline in construction employment, however, slowed somewhat, falling 3.0 percent.

Services and state and local government employment are the only sectors to have reported steady job gains since January 1991. Between January 1991 and January 1993, employment in those two sectors rose 3.0 percent (159,000 jobs) and 6.0 percent (164,000 jobs), respectively. Growth in these sectors has slowed recently; employment in January 1993 was up 2.2 percent in services and 0.4 percent in state and local government from the levels of a year earlier.

Most other sectors have shown weakness in the District as a whole. The utilities and communications sectors have been downsizing, resulting in considerable employment declines. The finance, insurance, and real estate sector also has reported net job losses over the past few years, due to weakness in real estate and the consolidation of the banking industry, though this sector did show a modest gain over the twelve months ending in

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[1]Comparisons using data before 1991 should be viewed with caution. Employment data for California and the District are likely to be revised significantly to show fewer jobs before 1991. Changes in BLS procedures revealed a serious over-estimation of jobs in California before January 1991.

1993. Trade employment also has been a major source of job losses, as a consequence of weak consumer spending and consolidation of the retail sector. Employment in trade declined 0.2 percent in January from the level of a year earlier, bringing the level of employment down 1.3 percent from the level in January 1991. Declines in federal government employment also contributed to weakness in the District, falling 1.9 percent between January 1992 and January 1993.

Weakness in the District was mitigated somewhat by growth in activities related to foreign trade. For example, total import and export traffic in California rose to $192.5 billion in 1992, an increase of 10.1 percent over 1991 and an increase of 16.2 percent over 1990. Oregon and Washington also have seen growth in import and export traffic, though not at the pace of California.[2]

The performance of the banking industry in the District has been mixed. Earnings ratios at California and Arizona banks were below the national average last year, while the other states in the District posted very strong earnings. Banks in California, Nevada, and to some extent Arizona, continued to have relatively high volumes of problem loans. Lending at commercial banks in the District, which held up very well in the recent recession, has deteriorated in the past couple of years, though banks in a number of states have continued to expand loans.

[2]These data refer to Customs Districts.

ALASKA

Alaska's dependence on oil, fisheries, and other natural resources makes its economy the most volatile of the Twelfth District states; it is subject to large swings in economic activity related to commodity prices, but relatively unlinked to national business cycles. During the 1989-1992 period, employment growth was 4.5 percent in 1989, 6.1 percent in 1990, 2.1 percent in 1991, and 0.5 percent in 1992. The unemployment rate in January 1993 stood at 8.4 percent—below its year-earlier level of 9.5 percent. Some of Alaska's recent volatility is attributable to the activity stimulated by the 1989 oil spill and the associated clean-up and payments. Thereafter, however, several basic industries were hampered, making economic activity more sluggish.

In contrast to the weakness in 1992, employment rose sharply in January 1993, to a level 2.1 percent above a year earlier. Manufacturing employment rose 4.0 percent, reflecting strength in durable goods employment. Pulp and paper employment, however, showed little change over the year, and seafood processing employment declined 8.5 percent, following rapid expansion in previous years. The fall-off in seafood processing was due in part to lower than normal catches of pink salmon.

A 5.9 percent decline in mining employment over the year reflects the sluggish world demand for minerals, and energy exploration remains constrained by environmental considerations. However, there are some plans for energy development in 1993, including construction of a gas reinjection facility on the North Slope. A discovery in the Beaufort Sea is potentially large enough to justify a 60-mile connection to the Alaska Pipeline.

Finally, sluggish construction employment reflects the overall slow economy. A pickup in residential building permits (26.5 percent) and nonresidential construction awards (414 percent) in January 1993 from a year earlier, however, suggests that 1993 may see some improvement in this sector.

Sectors showing job growth over the twelve months ending January 1993 included transportation (1.6 percent), trade (1.5 percent), services (3.4 percent), and federal employment (3.2 percent). With respect to government employment, however, uncertainty exists as to the impact of further defense cutbacks on military bases that have so far survived. Furthermore, sluggish conditions in energy markets are restraining the main source of state government financing—oil revenues—and are constraining state government employment to zero growth.

Despite the sluggish economy, banking conditions in Alaska are relatively good. The return on assets (1.61 percent) and return on equity (12.67 percent) were above the national averages (0.93 percent and 12.24 percent, respectively).[3] At the end of last year, problem loans at large commercial banks stood at 2.3 percent of total loans, compared to a national average of 5.1 percent, and are below the national average in all major categories.[4] Bank lending in the state also has held up in the past couple of years compared to bank lending nationwide.

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[3]The data on commercial banks throughout the testimony for the fourth quarter of 1992 are preliminary.

[4]The data on problem loans are for banks with assets over $300 million. "Problem loans" are defined here and throughout the testimony as 30 days or more past due and nonaccrual loans.

ARIZONA

Arizona's economy posted solid employment gains in the last year, with employment in January up 2.6 percent from the level of a year earlier. The economy has shown job growth in the services sector and in construction, while manufacturing has continued to slide. The unemployment rate for the state has risen in recent months. In January, the unemployment rate stood at 8.0 percent, having risen steadily from 6.5 percent in September 1992.

Construction activity has become a relative bright spot in Arizona, with employment up 7.3 percent between January 1992 and January 1993. Construction employment is up to 83,000 workers, the highest level since 1990. This increase represents a gain of 6,000 workers since bottoming out in August 1991. Compared to the peak reached in January 1986, however, employment is down 29.5 percent (34,400 jobs).

The recent gains in construction employment in the state are attributed to growing strength in the residential market, particularly in Tucson. It appears, therefore, that the long construction recession in Arizona that followed the overbuilding in the mid-1980s may be ending. During that period, residential and nonresidential construction fell sharply. Raw land prices fell as much as 70 percent in some areas. The overbuilding was largely the result of overoptimistic population projections. Population in Arizona grew around 4 percent in the mid-1980s, but fell to lower rates in 1990 (1.6 percent), 1991 (1.8 percent), and 1992 (2.6 percent, estimated). Downtown office vacancy rates remained high in Phoenix and Tucson at the end of 1992, however, at 24.7 and 24.8 percent, respectively, compared to an average national rate of 17.6 percent.

Manufacturing in Arizona has been suffering through defense-related cuts, with employment falling 10.2 percent (19,000 jobs) since the peak in June 1988. Aerospace employment has been hit the hardest, with employment down 17.1 percent since peaking in July 1990, but closure of other high-tech facilities (including IBM) also has contributed to the sector's weakness.

The Tucson area is expected to benefit (in a relative sense) from further consolidation of the defense and aerospace industries now located in California. Hughes has announced plans to consolidate its missiles division in the Tucson area (largely transferring weapons programs currently located in San Diego that were acquired from General Dynamics), and it is considering moving other units there as well.

In contrast to manufacturing, trade employment rose 2.1 percent between January 1992 and January 1993, services employment rose 4.4 percent, and state and local government employment rose 3.3 percent in this period.

The foreign trade picture also looks like a source of new strength in the near-term. Trade with Mexico has been rising sharply in recent years, boosted during the 1980s by the growth of the maquiladora (or "twin plant") program along the border. In 1992, trade with Mexico reached $983 million, or 20 percent of Arizona's total exports. Most contacts from the region report high expectations of further trade gains with Mexico, particularly if the North American Free Trade Agreement is ratified.

Part of the explanation for the weakness of some sectors of Arizona's economy involves links to the southern California market. Southern California is the largest market for goods and services from Arizona, many key firms operating in Arizona are headquartered in California, and California is the source of many of Arizona's tourists. Thus, weakness in California is having a direct impact on growth in Arizona.

The banking sector is reflecting some of the changes underway in the Arizona economy. Improving conditions in real estate can be seen in a decline in problem loans in that sector. In the fourth quarter of 1992, problem loans at large commercial banks equaled 4.7 percent of all loans, and 6.7 percent of real estate loans were problem loans. This contrasts with the 5.0 and 9.1 percent ratios reported at the end of 1991. Equity capital at Arizona banks rose in 1992, while return on assets jumped to 0.33 percent, compared to only 0.18 percent a year earlier. Total bank loans were unusually strong in the early 1990s, boosted in part by credit card operations as well as by bank acquisitions of savings and loans. In 1992, the disposition of assets in connection with bank mergers appears to have contributed to a decline in the reported volume of total loans in the first part of the year. In the second half of the year, total bank loans rose somewhat. The volume of business loans held by commercial banks declined in the first three quarters of 1992, but showed some signs of life in the last quarter of the year.

According to the Arizona Blue Chip forecast, Arizona's economy is expected to pick up in 1993. The consensus forecast predicts job growth of 2.4 percent and real personal income growth of 3.3 percent, boosted by continued strength in retailing and in the housing sector.

CALIFORNIA

California is in its longest and deepest recession since World War II, and the first since 1970 in which its performance has been worse than the nation's. The state has lost more than 568,000 jobs since January 1991, a decline of 4.7 percent.[5] While employment nationally grew 0.9 percent between February 1992 and February 1993, California's employment declined 1.3 percent, a loss of 182,000 jobs. Even in the robust job report of February where national employment rose by 365,000, California's employment fell by 4,600. Moreover, the unemployment rate remains stubbornly high, at 9.8 percent in February 1993. Construction and aerospace have gotten much of the blame for the state's economic troubles, and with good reason.

The defense sector has been hit hard by cutbacks. Real defense spending in California has fallen by 13 percent since its 1988 peak. Aerospace employment has fallen 28.2 percent since the beginning of 1991—a loss of 65,000 jobs. The role of defense cuts in this recession brings to mind the cycle of 1970, when a national recession was accompanied by the defense cutbacks associated with winding down the Vietnam War. In that episode, cutbacks in California's defense spending continued until 1975; yet California began its recovery in February 1971, just two months after the U.S. economy began to expand in December 1970. At that time, defense accounted for 11½ percent of the state's production, much more than the 7 percent defense provides today. So, even without a pickup—or even a leveling off—in defense spending, California managed to stage a robust recovery. This suggests that if defense cuts were the state's only problem, then California's economy would

[5]This testimony compares California employment data between January 1991 and February 1993. According to current official data, California's employment peaked in May 1990. However, comparisons with pre-1991 data should be viewed with caution. Employment data for California are likely to be revised significantly to show fewer jobs before 1991, because changes in BLS procedures revealed a serious overestimation of jobs in the state before 1991.

be expected to recover along with the national economy.

But there are other problems as well. Construction and real estate also have been hit hard this time around. More than a quarter of the construction jobs (31 percent) that existed in California in January 1991 are gone today. This amounts to 140,000 jobs lost. Residential construction activity has fallen sharply. In 1992, the number of housing permits issued in California was just a little over a third of the 1986 peak, and the number of existing homes sold was well below the 1989 peak. In addition, home prices have fallen significantly in many parts of the state.

Commercial real estate is in even worse shape, with high vacancy rates and low absorption in many markets. Property values in some cases are reported to have fallen below replacement cost. Moreover, rents for some office buildings are barely covering *operating* costs. Consequently, very little commercial space is being built at present.

California real estate and construction activity is likely to remain weak during the next few years, mainly because the commercial real estate sector suffers from serious overbuilding. Nevertheless, an increase in the number of large commercial sales in recent months provides some encouragement that conditions in some markets may be stabilizing.

There are some promising signs on the residential side as well. Lower interest rates are strengthening residential sales. The number of home sales in the state is well above what it was a year ago. And some improvement in residential construction is noted. Though the number of housing permits issued has been declining more or less continuously since the beginning of 1990, the consensus forecast is that the number will be almost 20 percent higher in 1993 than it was in 1992.

One consequence of the stress in California real estate is the burgeoning number of problem loans for banks in the state. For example, in the fourth quarter of 1992, large California banks' problem loan ratio for commercial real estate loans was 9.5 percent, much higher than the national ratio of 6.7 percent. As a result of the large volume of troubled loans, California banks have had to set aside significant loan loss reserves, which has affected earnings. The return on assets (ROA) for all California banks was a modest 0.58 percent in 1992. That compares with a good ROA of 0.93 for large banks nationally. Earnings problems have been especially evident among community banks (assets less than $300 million) in Southern California, which as a group posted a net loss for 1992. 1992 also marked the second year in a row that loans at commercial banks in California contracted more sharply than they did nationally. The decline during the past two years offset the relatively high lending activity at banks in the state during 1990.

A host of public sector issues has moved to center stage as much of the state's economy has become more and more troubled. Foremost among them are budget problems for state and local governments. Projections suggest that putting together a budget will be as difficult this summer as it has been for the past two years. In addition, concerns about the state's business climate have increased in recent years. Critics cite a costly and inefficient workers' compensation system as well as stringent environmental regulations and bureaucratic "red tape."

While a few sectors have been cited as the major sources of California's weak performance, the weakness in employment is actually quite broad-based, extending to a wide range of service, manufacturing, and financial industries. Wholesale and retail trade lost

132,000 jobs, a 4.5 percent decline since January 1991, and non-aerospace manufacturing lost 172,000 jobs, a 9.3 percent decline.

One somewhat mitigating factor in the state has been the expansion of international trade, thanks to the importance of the state's ports in facilitating that trade. In 1991, Los Angeles import-export traffic reported $121.8 billion, 12.4 percent of the nation's total. San Diego reported another $10.2 billion (1 percent of the nation's total), while San Francisco handled $60.5 billion (6.2 percent of the total).[6] In 1992, the state as a whole saw an increase in import-export traffic of 10.1 percent.

Most of the state's weakness has been relatively concentrated in Southern California (Los Angeles, Orange, Riverside, Ventura, San Diego, and San Bernardino counties). In Los Angeles County, where the job losses have been greatest, the number of jobs is now 7.2 percent lower than it was in January 1991. Job losses are worse in Southern California partly because construction and real estate problems have been more severe in this region, and partly because defense is a much more important part of the economy in Southern California than it is in most other parts of the state. But as has been the case statewide, Southern California has seen employment decline across a broad range of industries, including services, retail trade, financial services, and non-aerospace manufacturing.

Other parts of California have fared better than the southern part of the state, but they are hardly immune from stress. For example, the greater San Francisco Bay Area continued to grow for a few months after Southern California turned down. Since January 1991, the Bay Area has lost around 4½ percent of its jobs; this is still worse than the national

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[6]These data refer to Customs Districts.

economy, where employment growth has been flat since January 1991. And in recent months, a larger share of the state's job losses are outside of Southern California. While Southern California has accounted for 84 percent of total job losses from January 1991 to April 1992, in the more recent period between April and December 1992, it accounted for only 60 percent of the losses.

Downward adjustments in defense are likely to last for a few years more, and problems in commercial real estate are expected to last even longer. The state government is going to face difficult choices, which seem certain to complicate California's short-term problems. The main positive factors for significant improvement during the next couple of years are the improved demand from the national economy and expanding international trade that will continue to boost trade-related business, particularly in Southern California. Moreover, population growth in 1992 was estimated to have been 2.2 percent, double the national rate.

HAWAII

The Hawaiian economy has been hit hard since the last recession began. After registering year-over-year employment growth in the late 1980s in the range of 4 to 6 percent, employment has declined. In January 1993, employment fell 1.4 percent below the level of a year earlier.

Weakness in employment has raised the state's January unemployment rate to 4.0 percent. While low relative to the levels of most states, it is high relative to the 2.0 to 2.5 percent rates registered before the recession began.

Weakness in the economy can be traced directly to the factors that contributed to the recession in the rest of the country. The onset of the Gulf War had an immediate impact on tourism, leading to monthly employment declines in February, March, and April 1991 at annualized rates of 5.6, 1.6, and 3.1 percent, respectively. Part of this effect can be traced to a sharp reduction in visitors from Japan, where public policy discouraged travel to Hawaii during the hostilities.

Growth in tourism resumed after April 1991, but at a more subdued pace. Analysts in Hawaii attribute this weakness to the national recession, which caused travel plans to be curtailed. Especially important to tourism trends was weakness in California, which contributes as much as 30 percent of the mainland visitors to the islands. Weakness in California and slow growth in the rest of the country continued to keep tourism down in Hawaii in 1992. As a result, the state's overall employment declined in all but four months during 1992.

Two additional factors adversely affected the state's employment growth during the year. First, the "airfare wars" in the summer of 1992 did not include the Hawaiian routes. Consequently, Hawaii suffered from a relative price disadvantage that favored mainland destinations. Second, Hurricane Iniki caused major damage to Kauai, forcing a large number of cancellations. Partially as a result of these factors, nominal personal income dropped at an annualized rate of 6.6 percent between the second and third quarters of 1992.

Problems in Japan also have had widespread impacts on the Hawaiian economy. Japan's financial market difficulties have had direct repercussions on nonresidential construction activity in Hawaii. Construction employment fell 4.7 percent in January 1993 from the level of a year earlier, despite rebuilding efforts associated with Kauai. Housing prices have remained high (the fourth quarter 1992 median price of $352,000 in Honolulu remains by far the highest in the country), but appreciation has slowed. Moreover, while visitor counts from Japan have generally held up (except during the Gulf War), there is growing concern that Japanese tourists may begin to grow more cautious, with rising job insecurity in Japan.

Some recent signs of improvement are noted in the construction sector, however. During the twelve-month period ending in January, the number of residential permits rose 49.8 percent. The value of nonresidential construction awards jumped sharply following the hurricane, although the value of new awards has returned to more normal levels since October. These trends offer hope for renewed construction employment during 1993.

Employment declined in most major sectors between January 1992 and January 1993. Employment fell 3.8 percent in the federal government sector (which accounts for a relatively large 6.2 percent of the total work force in Hawaii), 3.1 percent in trade, 2.0 percent in manufacturing, and 1.3 percent in services. State and local government employment rose 1.6 percent during this period.

The ratio of problem loans has risen slightly at Hawaiian banks, but conditions remain strong relative to other states in the District. Data for large commercial banks in the state shows the problem loan ratio for all loans rising to 3.1 percent in 1992 from 1.7 percent a year earlier. However, the return on assets at 1.13 percent in 1992 was about the same as in 1991. Lending at commercial banks in Hawaii expanded much more rapidly than it did nationwide during the past two years, though loan growth in the state was below the very rapid pace set in the late 1980s and in 1990.

IDAHO

The Idaho economy has been one of the strongest performers in the District—and in the nation—in recent years. The state has successfully attracted manufacturing activity, and a growing influx of population has created a construction boom.

Employment in Idaho grew 3.9 percent between January 1992 and January 1993, continuing the strong pace of growth reported in 1991 (3.4 percent), 1990 (4.6 percent), and 1989 (5.4 percent). Of particular note was the 5.1 percent expansion in manufacturing jobs and 16.0 percent expansion in construction employment, which contrast strongly with negative trends seen in these sectors in the District as a whole. Reflecting the strong jobs performance, the Idaho unemployment rate stood at 6.4 percent in January 1993.

Growth in Idaho manufacturing in 1992 occurred principally in durable goods industries, which saw employment expand 8.4 percent. Particularly strong job growth was seen in industrial machinery (22.3 percent) and electronic equipment (6.4 percent). Nondurable goods industries registered 2.6 percent growth, reflecting relatively weak conditions in food processing and pulp and paper. Printing and publishing employment rose only 0.2 percent over the year, while food processing employment fell 0.6 percent. Contacts report that the strength of Idaho manufacturing is due in part to firms moving in from other states.

Relatively low housing and labor costs continue to attract manufacturing firms to the state. Median house prices are appreciating at a rapid rate, but remain below the national average. For example, the median home price in Boise rose nearly 11 percent in 1992, but stands at a moderate $87,300, compared to the national median price of $103,900. Larger price increases, however, are reported for other communities, especially in northern Idaho.

Other sectors showing growth in January 1993 from the level of a year earlier include trade (4.0 percent) and services (4.6 percent). The growth in services in part reflects growing tourism. Sectors that are faring less well include mining, timber, and food processing. Employment in mining—chiefly silver, gold, and phosphates—has declined steadily since 1990, reflecting weak mineral prices; in January 1993, employment was down 4.0 percent from a year earlier. Employment in lumber and wood products rose 5.9 percent in 1992, but that level is down 9.7 percent from its peak in March 1990.

Idaho's agricultural sector has performed reasonably well, especially considering the drought conditions that have affected several western states in recent years. In the 1992 water year, Idaho received only 29 percent of its normal precipitation, the lowest on record. Reflecting reduced production, total farm income in 1992 is expected to decline somewhat from 1991's level. Heavy precipitation in the winter of 1992-1993, however, has significantly alleviated the water shortage, and promises a favorable outlook for 1993. In addition, rising potato prices are supporting the farm sector.

The overall health of the Idaho economy is reflected in favorable conditions in banking. Problem loans at large commercial banks stood at 2.1 percent of loans relative to a national average of 5.1 percent at the end of 1992. Bank profitability in the state also was high last year, with a return on assets of 1.24 percent compared with a national average 0.93 percent. Growth in loans, including business loans, at Idaho's commercial banks has been well above the average for the nation in recent years.

NEVADA

Economic activity in Nevada has grown throughout the national recession and weak recovery period. In January 1993, the Nevada economy posted a 4.4 percent employment gain from the level of a year earlier, with strong gains registered in September, November, and January.

Nevada's unemployment rate has tended to remain below the national average in recent years. It rose to a high of 7.5 percent in August 1992, but has subsequently fallen. In January, the unemployment rate dropped to 6.8 percent.

Nevada's performance was strong, although highly variable, in the late 1980s, as year-over-year employment gains ranged from 4 to 9 percent until the end of 1989. Employment growth slowed during the Gulf War and the national recession, dropping year-over-year growth for the state to a low of 0.6 percent in January 1992. Since that time, employment growth has picked up sharply.

The construction industry has had the most dramatic variations, reflecting the start-up and completion of several major new casinos. Construction employment rose from around 25,000 in 1985 to over 48,000 in early 1990. Employment dropped off to below 40,000 at the end of 1991, but climbed to over 44,000 in January 1993, an increase of 11.4 percent.

Trade and services are especially important sectors in Nevada, accounting for 64 percent of total employment, compared to 50 percent of employment nationally. January 1993 data show trade employment up 2.7 percent over the levels of a year earlier. Services employment was weak in the middle of 1992, but increased sharply in January 1993, resulting in an increase of 3.6 percent over the level of a year ago.

Strength was reported in the state and local government sector, where employment rose 4.3 percent between January 1992 and January 1993. Employment has risen by nearly 50 percent in that sector since 1985, with strong periods of gains mirroring the pattern of total employment.

Manufacturing employment in Nevada was positive, unlike most other parts of the District, rising 4.8 percent in January 1993 from the level of a year earlier. Manufacturing accounts for only a small share of the total economy in Nevada—4 percent of total employment—so the increase in employment translated into a gain of 1200 jobs.

Employment in Nevada's finance, insurance, and real estate sector rose 5.2 percent between January 1992 and January 1993. The banking and finance sector reported an employment increase of 5.8 percent, and insurance and real estate posted a 4.8 percent gain. Moreover, Nevada's commercial banks reported improving conditions, with the return on assets rising from a strong 1.5 percent in 1991 to a very strong 2.9 percent in 1992, although the share of problem loans rose from 5.5 percent in 1991 to 7.2 percent in 1992. Loans at Nevada commercial banks have contracted sharply during the past few years. The data on outstanding loans, however, significantly overstate the weakness in lending activity. The level of total loans was affected by sales of credit card loans in 1990 and 1991. In 1992, such loan sales also apparently depressed the level of total loans at commerical banks in Nevada. In the case of business loans, loan reclassifications appear to account for much of the net decline over the past few years. Taking these special factors into account suggests that bank lending in Nevada in recent years has been much closer to the pattern observed nationally. More recent reports also suggest that bank lending activity has begun to pick up in the state.

While Nevada's overall economy currently is reporting healthy growth, there are concerns about its near-term future. Construction activity has been very brisk, particularly in the construction of very large hotel/casinos. Construction employment accounts for 6.7 percent of the total work force. That compares to an average of around 4 percent nationally. The concern, therefore, is that some overbuilding may be occurring in the hotel and casino sectors. Investors appear to be looking for continued above-normal increases in population and tourism, which may or may not materialize. (Population growth in 1992 was estimated to be 4.0 percent.)

Nevada has attempted to diversify its economy away from gaming in recent years. The gaming industry accounts for 26 percent of all jobs in Nevada and contributes 41 percent of the state's general fund revenues. In fact, many of the new casinos are designed as theme parks targeted more at families. Nevada also has encouraged the migration of service-intensive firms, such as credit card processing and telemarketing businesses. Nevada also hopes to expand its connections to Los Angeles, developing plans for a high speed train between Los Angeles and Las Vegas.

OREGON

Employment growth in Oregon was somewhat better than the nation's, although conditions in the state varied across regions and sectors. In general, service and technologyoriented urban areas had gradual expansion. Smaller towns dependent on the traditional lumber and wood-products industry, however, remained economically depressed.

Employment in Oregon rose 1.9 percent in January 1993 from the level of a year earlier, an improvement over the 0.2 percent decline seen in 1991. The expansion, however, is modest compared to the 2.7 percent rise in 1990 and the 4.0 percent growth rates seen in the late 1980s. An influx of migrants from other states—including job-seekers from neighboring California—continues to swell Oregon's population and labor force. Reflecting both this immigration and the generally slow economy, Oregon's unemployment rate stood at 8.8 percent in January 1993.

The manufacturing sector was stagnant over the last year, as manufacturing jobs fell 0.4 percent between January 1992 and January 1993. Within manufacturing, however, conditions were mixed. In 1992, employment fell in industrial machinery (-1.1 percent), instruments (-9.6 percent), primary metals (-9.2 percent) and food products (-4.4 percent), while it rose in electronics (up 6.1 percent).[7]

Of particular note is the continuing decline of lumber and wood products and other industries reliant on timber supply. The sale of timber grown on public lands has been dramatically curtailed due to court-ordered environmental restrictions. Employment in the lumber and wood-products industry fell 2.3 percent between January 1992 and January 1993 and has declined 22 percent from its recent peak in mid-1989. Pulp and paper employment declined 2.1 percent between January 1992 and January 1993. Contacts report that small towns reliant on these industries are under severe economic stress with no relief in sight due

[7]January 1993 data for these sectors are not yet available.

to the continuing restricted supply of lumber.

Other sectors in Oregon are similarly mixed. Employment in January 1993 was down 3.6 percent in construction and up 0.5 percent in transportation from the level of a year earlier. Trade employment rose 2.5 percent, boosted by a 14 percent increase in the dollar volume of exports from the state. Robust conditions were recorded in finance, insurance, and real estate (FIRE, 3.4 percent) and services (3.8 percent). Tourism is reported strong. The robust FIRE and service job growth is centered in the larger urban areas. These sectors—together with stronger manufacturing sectors—have led to stronger economies in the larger cities relative to the small lumber-based towns. This strength is reflected in house price appreciation of 14.9 percent in Eugene and 11.9 percent in Portland in 1992. Overall residential building permits, however, were down 13.4 percent in 1992.

Despite the recent drought, agriculture in Oregon performed well, with tree fruit crops benefiting from extra sunshine. Reduced river flows, however, resulted in cutbacks in hydro-electric production; combined with a recent shutdown of a nuclear power plant, this forced utilities to purchase power from other states and raise electric rates. Heavy precipitation during the 1992-1993 winter should help alleviate these conditions.

Also of concern for Oregon's immediate future are the issues of state and local government financing. Measure 5, a recently passed property tax limit, has resulted in financial stresses at all levels of government, particularly in education. While there are efforts to find alternative funding sources, the process remains gridlocked.

Banking conditions in Oregon are good, despite the mixed economic picture. In 1992, the return on assets was 1.27 percent (compared to the national average of 0.93) and the return on equity was 13.44 percent (compared to a national average of 12.24 percent). Within loan categories, problem loans at Oregon commercial banks are below the national average in all sectors but agriculture. Total loan growth at commercial banks in Oregon was above the national average in 1992, though business loans at banks in the state contracted more sharply than they did nationwide.

In general, the outlook for Oregon's economy is favorable. It is less reliant on aerospace and defense-related industries than its neighbor states of Washington and California. Quality of life remains high and living costs remain relatively low, attracting both workers and firms. Areas dependent on timber-related industries, however, face continued hardship for the foreseeable future.

UTAH

Utah has enjoyed a period of prosperity during the past two and a half years, despite the weakness seen nationally. Utah's unemployment rate in January 1992 was relatively low, at 5.1 percent. Between July 1990 and January 1993, the number of jobs in Utah grew 7.9 percent, and during the past year, Utah employment grew 3.4 percent. Perhaps even more impressive, 1992 was the fifth consecutive year during which employment in Utah grew by 3 percent or more. That's the first time in more than 50 years that Utah has seen such an extended period of rapid growth.

The strength in Utah extends across most major sectors of the state's economy. Since July 1990 the number of jobs has grown 7.4 percent in wholesale and retail trade; 11.1 percent in finance, insurance, and real estate; and 13.6 percent in services. Growth has been rapid in the information processing industry, which includes catalogue operations, credit card processing, and airline reservations. Software also has contributed significantly to the strong growth. Both WordPerfect and Novell are located in northern Utah, as are many smaller software producers. Moreover, software jobs pay around twice as much as the statewide average wage.

Tourism has provided an additional source of growth in recent years. One study estimated that tourism brought $2.9 billion into the state in 1991, providing 8 percent of the state's total jobs. A huge snowfall this winter should result in substantial increases in tourism this year, with skiers coming to the state to enjoy the first deep snows in a number of years.

In recent years, migration patterns have changed in Utah's favor. From 1984 to 1990, more people moved out of Utah than moved into the state. In contrast, both 1991 and 1992 saw nearly 20,000 more people move into Utah than move out. The net immigration accounted for more than two-fifths of Utah's population growth, boosting the total growth rate to more than 2 1/2 percent in 1992.

Manufacturing activity has not fared as well as most other industries have in Utah; manufacturing employment fell 1.7 percent in January 1993 from the level of a year earlier. Cutbacks in defense spending explain a good portion of the decline. Nevertheless, within the manufacturing sector some industries showed gains, especially growth industries, such as airbags.

Construction employment in Utah has been quite strong, growing 36.2 percent since the middle of 1990. One reason for this performance is that Utah suffered through major real estate problems during the mid-1980s, which led to little building in the state and falling values. The limited building activity in the recent past and the population growth in Utah have led to very strong residential construction activity. Home values have risen by around 10 percent in the Salt Lake City area during each of the past two years. Most of the construction has been single-family homes. In contrast, multifamily markets are just now reaching the point where the space built during the early 1980s has been absorbed. Residential markets still look solid. Vacancy rates are low, and credit quality in mortgage portfolios continues to be excellent.

In the nonresidential area, the past few years have seen significant building activity as well. Fewer large office buildings are likely to be built during the next few years, but a major renovation at the Kennecott Smelter near Salt Lake City is expected to pump around $800 million in construction spending into the economy during the next few years. In a state where the annual value of nonresidential construction awards has totaled between $300 million and $400 million since 1987, the Kennecott project represents a major contribution to the state's economy.

One result of relatively strong construction activity and solid real estate markets is that financial institutions report good credit quality and strong earnings. At the end of 1992, large commercial banks in Utah had a problem loan ratio of only 2.1 percent compared with 5.1 percent nationally. Credit quality was strong across a broad range of loan types. Moreover, profits of Utah banks were significantly better than the national average in 1992. While the return on assets (ROA) averaged a solid 0.93 percent nationally, ROA for Utah banks was much higher, at 1.51 percent. Lending activity at commercial banks in Utah over the past few years generally has been stronger than nationally, though this was not the case in 1992.

Overall, the Utah economy is in excellent shape, and the prospects for continued economic health during the next few years are good.

WASHINGTON

Washington's recent economic performance has slowed from the robust growth seen in the late 1980s. The state's economy—particularly in the Puget Sound area—has been hit recently by weakness in aerospace. Not all the reports are negative, however, as communities in eastern Washington are experiencing robust growth.

The number of jobs in Washington grew 1.8 percent between January 1992 and January 1993, reflecting a strong increase in January employment. This performance follows the weak 0.8 percent growth reported in 1991. These rates are significantly below the pace of 1990 (2.7 percent) and 1989 (5.8 percent). Reflecting this slower job growth, Washington's unemployment rate rose to 7.8 percent in January 1993, up from 7.0 percent a year earlier and 5.9 percent at the end of 1990. Despite the slow job growth, population growth—tied to continuing high levels of immigration—remains strong, with the labor force growing 2.5 percent in 1992. Population growth in 1992 is estimated to have been 2.3 percent. Weakness in employment is centered in western Washington, with employment in Seattle falling 0.7 percent in 1992. In contrast, cities in eastern Washington are enjoying robust growth. The number of jobs in Spokane, for example, grew 2.8 percent in 1992.

The drop-off in Washington's jobs performance last year is largely attributable to a contraction in its aerospace-based manufacturing sector. The number of manufacturing jobs fell 1.9 percent in January 1993 from the level of a year earlier following a 5.0 percent decline in 1991. Since peaking in April 1990, Washington's manufacturing sector has lost 31,000 jobs. (Between April 1990 and December 1992, aerospace employment declined by 9,000 jobs.) The majority of these were linked to cutbacks at Boeing, where employment has dropped by roughly 8,000 since Boeing's employment peaked in 1989. Furthermore, in mid-February, Boeing confirmed it would eliminate 23,000 jobs in 1993 and another 5,000 during the first half of 1994. Of the total this year, 15,000 jobs will be cut in Washington state. These job reductions were widely expected following Boeing's announcement in late January that it would reduce production. The Boeing cutbacks are expected to have a negative impact on its suppliers, with layoffs already announced by smaller firms in Washington, Oregon, and Southern California.

Given the importance of Boeing for the Puget Sound economy, where it employs almost 100,000 aerospace workers, prospects for the company are watched carefully by regional analysts. In the short run, continued losses in the U.S. airlines industry and competition from overseas producers are undermining the $83 billion backlog of Boeing's "firm" orders. Several carriers have canceled or postponed delivery of jets in recent years. Responding to this slackening demand, Boeing has slowed production or is slowing production of all its airplane models, including the very profitable 747. Increased production in the near term is unlikely. Longer-run prospects for the company, however, are more favorable. Despite falling orders and competition from overseas, Boeing has maintained its traditional market share. In addition, the company is developing new fuel-efficient product lines tailored to the Asian-Pacific market, which is expected to be a major source of growth in air travel. The company also has begun discussions with European companies for joint development of a super jumbo carrier. While these developments bode well for the long-run survival of the company, current troubles in the airline industry suggest that cutbacks at Boeing will retard economic activity in Washington for the foreseeable future.

Outside of aerospace, Washington's manufacturing activity is mixed. Compared to levels of a year earlier, employment rose by 1.6 percent in industrial machinery, and fell by 3.4 percent in primary metals, 3.5 percent in instruments, and 2.7 percent in pulp and paper. Employment in lumber and wood products rose in January to a level of 3.2 percent above a year earlier, although employment was off 10.8 percent from the level reported in December 1989. The declines in the timber-related industries are linked to environmental limitations on harvesting from public lands and sluggish national demand. Other manufacturing sectors recording growth in the last year include electronics (0.9 percent), food-and-kindred products (3.0 percent), and fruits and vegetables (0.7 percent). Contacts report that prospects are good for high-tech sectors such as biotechnology and computer software production.

Other sectors outside of manufacturing also are registering mixed performance. As in other District states, employment was down in mining (-3.1 percent) in January compared to a year earlier. Employment also contracted in finance, insurance, and real estate (-0.7 percent). Job gains, however, were recorded in trade (2.5 percent), services (3.9 percent), and state and local government (3.1 percent). The agriculture sector in Washington has performed well in recent years, despite the drought that affects several western states. Recent precipitation has improved prospects for next year.

Washington's construction and real estate markets are mixed. Construction employment rose 2.4 percent in January from the level of a year earlier, as strength in residential construction offset continued weakness in nonresidential real estate. The strength in residential construction—driven in part by needs to house Washington's growing population—is expected to continue into 1993. Residential permits at the end of 1992 were up 26 percent from their year-earlier level. In contrast, nonresidential construction awards were down 17.6 percent from a year-earlier.

Much of the strength in Washington's construction remains centered in the eastern part of the state, where contacts report a construction boom in cities such as Spokane. House prices in Spokane appreciated 18 percent in 1992—driven by demand from immigration—but the median home price remains at a relatively affordable $80,000. Residential median sales prices in Seattle moved up slightly in the second half of 1992, after remaining flat for much of the previous two years, and stand at $147,000. Contacts attribute the relatively robust growth of central and eastern Washington to factors including affordable housing, immigration of firms from higher-cost states, and in the tri-cities area (Richland, Pasco, and Kennewick), a large multi-year clean-up project for the Hanford nuclear facility.

Washington's banking sector is performing well. Commercial bank profits in the state were above the national average in 1992, with return on assets 1.17 percent (versus 0.93 percent nationally) and a return on equity of 13.16 percent (versus 12.24 percent nationally). At the end of 1992, problem loans at large commercial banks stood at 4.7 percent of assets, below the national average of 5.1 percent, and were below the national average in all sectors but construction and farm loans. Problem construction loans—reflecting weak conditions in nonresidential real estate—stood at 19.1 percent versus a national average of 16.5 percent at the end of 1992. This ratio for banks in Washington was higher than for all other District states except California. Commercial bank loan growth has been sluggish during the past two years, but still has outpaced the growth in bank lending nationwide.

NATIONAL ECONOMIC DEVELOPMENTS AND MONETARY POLICY

Analyses of the various regions of the country that are provided by all twelve of the District Bank Presidents play an important role in formulating monetary policy. Taken together, these analyses help form an understanding of developments in the U.S. economy by providing an up-to-date, detailed base of information that supplements published national statistics. Because the tools of monetary policy—open market operations, changes in the discount rate, and occasionally, changes in reserve requirements—affect the economy broadly, the focus of policy must be on the national economy as a whole. Policy actions are transmitted to the economy through highly efficient and integrated national financial markets. Credit is allocated according to the private decisions of the many lenders and borrowers in these markets. The efficient allocation of credit in financial markets is an important element determining the efficiency with which our market economy operates.

Thus the Fed's actions in the markets affect the *overall* level of interest rates and availability of credit, but are not aimed at how that credit is allocated. While each region of the country is affected by interest rates and the overall amount of credit available in the national economy, the effects of policy cannot be directed to particular geographical regions or industries.

Current economic conditions in California provide a good illustration of this point. As discussed above, the recession in California is strongly related to a number of "structural" problems, including the cutbacks in defense spending and the need in recent years to reduce the large state budget deficit. These problems will be helped by the national recovery that is underway. Stronger national economic growth will create more jobs to absorb displaced defense workers, and will reduce the budget deficit by raising state tax receipts. However, monetary policy is not an effective vehicle for directing credit to these particular sectors. My views on monetary policy must be based on an understanding of national economic conditions -- an understanding that is enhanced by my regional perspective as well as by those of the other Reserve Bank Presidents.

With respect to current monetary policy, as always our goal is to promote the maximum standard of living attainable for our citizens over the long run. In recent years, this has meant mitigating the size of the cyclical downswing through reductions in interest rates. However, in the long run the most significant contribution we can make to economic growth is by providing a low-inflation environment, and we have made progress in that area.

In formulating policy, we have faced a number of challenges recently, not the least of which has been the deterioration in the relationship between the monetary aggregates and spending on goods and services. Last year, both M2 and M3 grew sluggishly; at the same time, the pace of economic activity picked up, which meant that the velocity (spending per dollar) of both aggregates rose sharply, well above what historical relationships would suggest. The misleading signals provided by these aggregates mainly seem to reflect a desire by the public to hold liquid funds in high-yielding stock and bond mutual funds as well as to pay down consumer and mortgage debt. More strict supervision and regulation of depository institutions, which are essential to the long-run health of the industry, also may have contributed to the slow growth in M2 and M3. However, to a large extent, financial markets have been able to direct credit through channels other than the banking system so as to mitigate the effects of restructuring on overall economic activity.

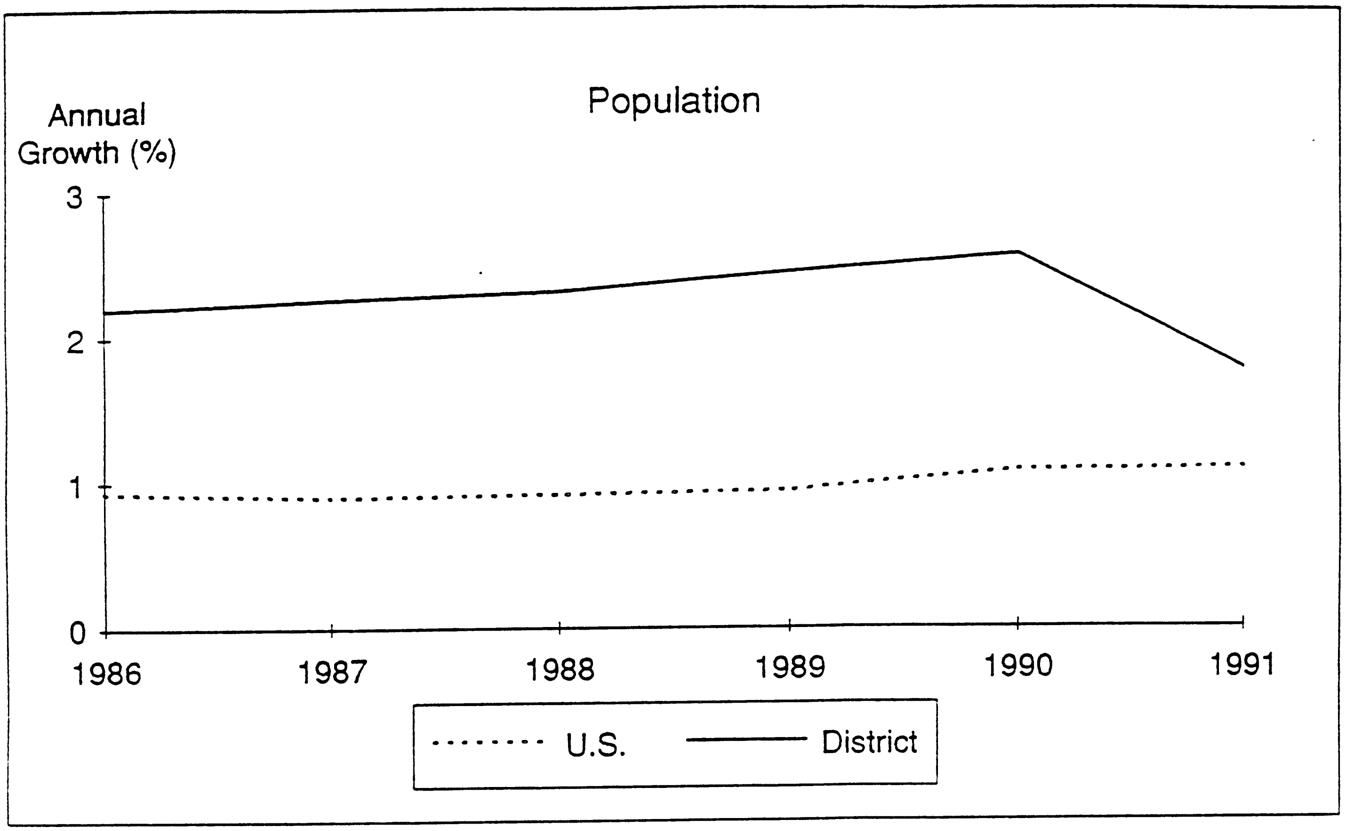
Last year, we had to look beyond the aggregates in the formulation of monetary policy to a broad range of economic and financial indicators. Had policy in 1992 been aimed at pushing M2 and M3 up into their ranges, policy would have been so expansionary as to have risked eliciting fears of higher inflation. The response of financial markets to the possible inflationary consequences of overly expansionary monetary policies puts a limitation on how much the Fed can do to stimulate the economy. When it appears that the Fed is going too far in easing short-term interest rates, long-term rates rise, which is counterproductive to efforts to stimulate the pace of economic activity.

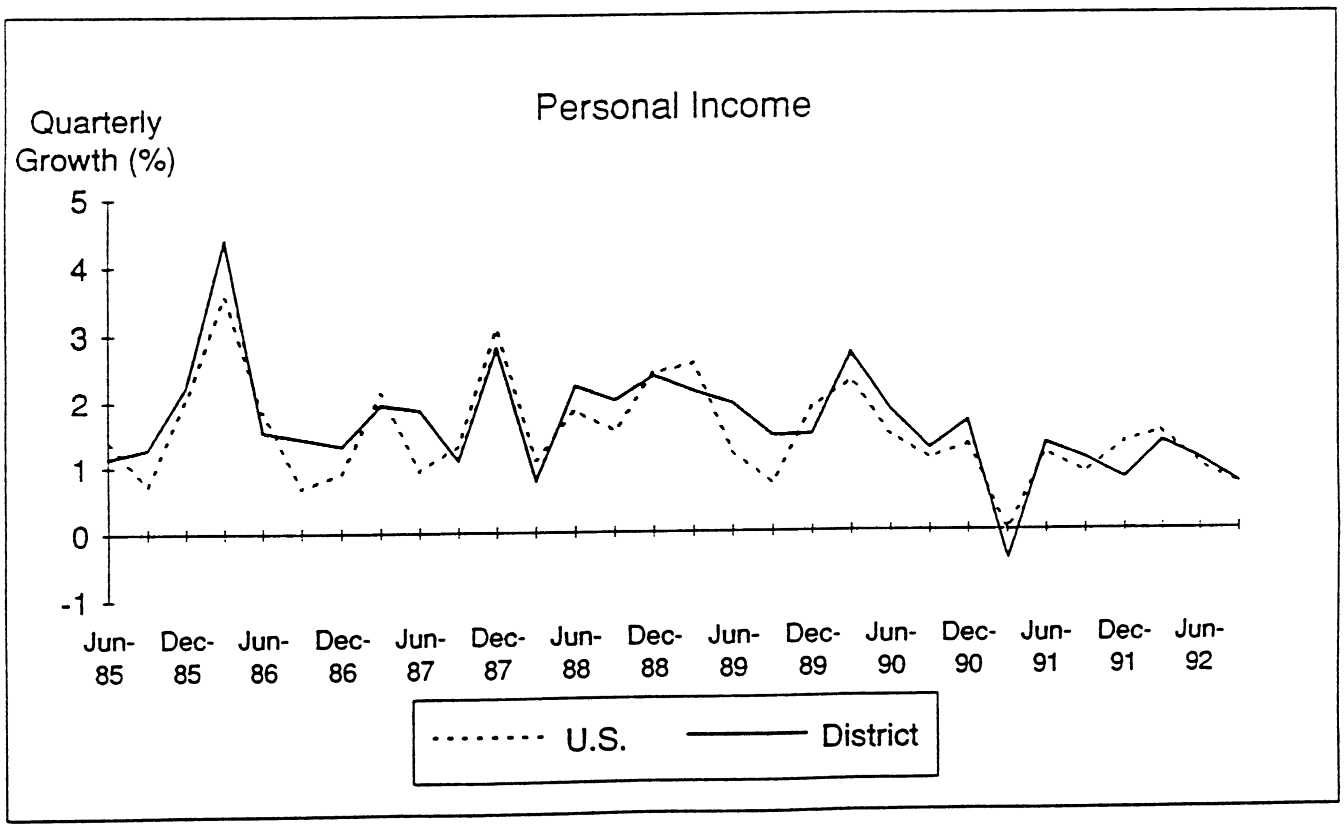
Thus, the Fed has had to find a delicate balance in recent years, allowing short-term interest rates to fall enough to promote economic expansion, but not so much as to risk higher inflation. Developments in 1992 and thus far this year suggest that our efforts are paying off. The U.S. economy moved into a phase of sustained expansion last year, following the period of recession and slow growth in the prior two years. The 3¼ percent growth in real GDP for last year as a whole was modest compared with what typically occurs in the early stages of expansions; however, it compares favorably with the 2¼ percent pace that appears to be sustainable for the U.S. economy in the long run, and was well ahead of growth in most industrialized economies abroad.

The expanding economy last year generated growth in jobs, although at only a moderate pace, as the productivity of the work force registered large gains. However, the strong surge in jobs in February is encouraging. Moreover, the civilian unemployment rate *did* peak in the middle of 1992 and has been on a downward path since then. These declines are in line with what would be expected based upon historical relationships between real GDP growth and changes in the unemployment rate, suggesting that substantial further declines in that rate can be expected as the expansion continues. Price developments last year were favorable. Excluding food and energy, consumer prices rose at a 3½ percent rate, the lowest in 20 years.

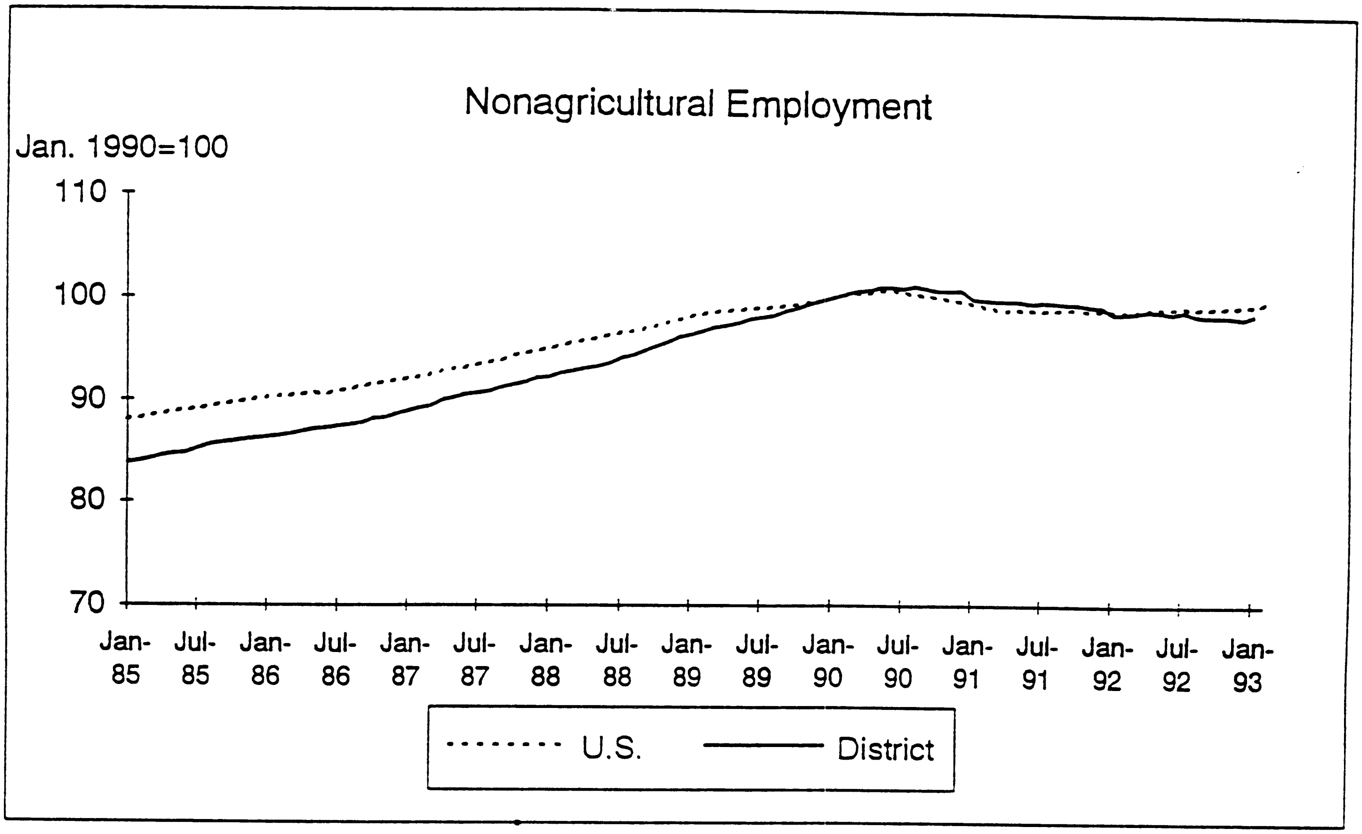
I expect the patterns established in 1992 to continue this year and beyond, with moderate growth in real GDP accompanied by gradual declines in both unemployment and inflation. I believe that a major factor behind these favorable developments is the prudent easing of monetary policy that has been implemented to date.

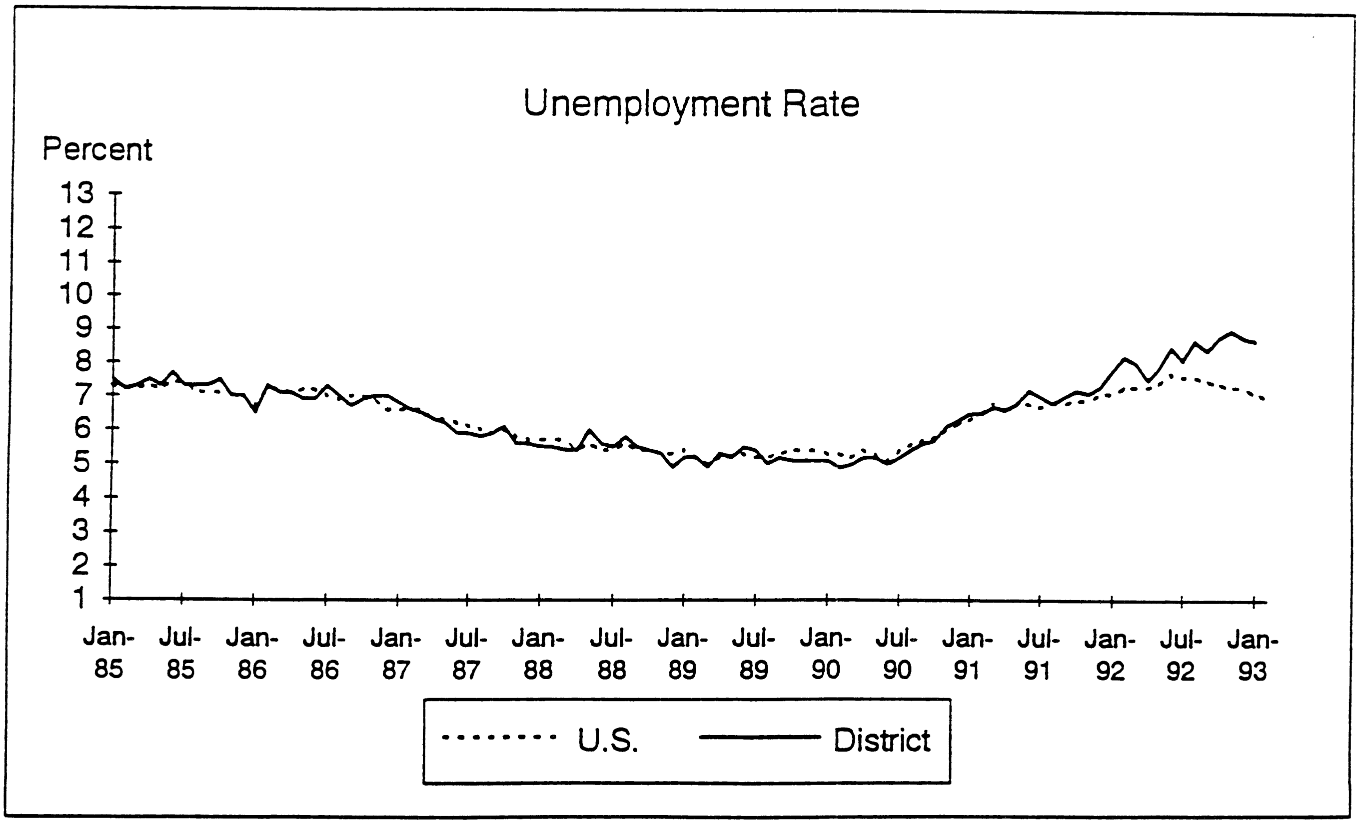
Twelfth District



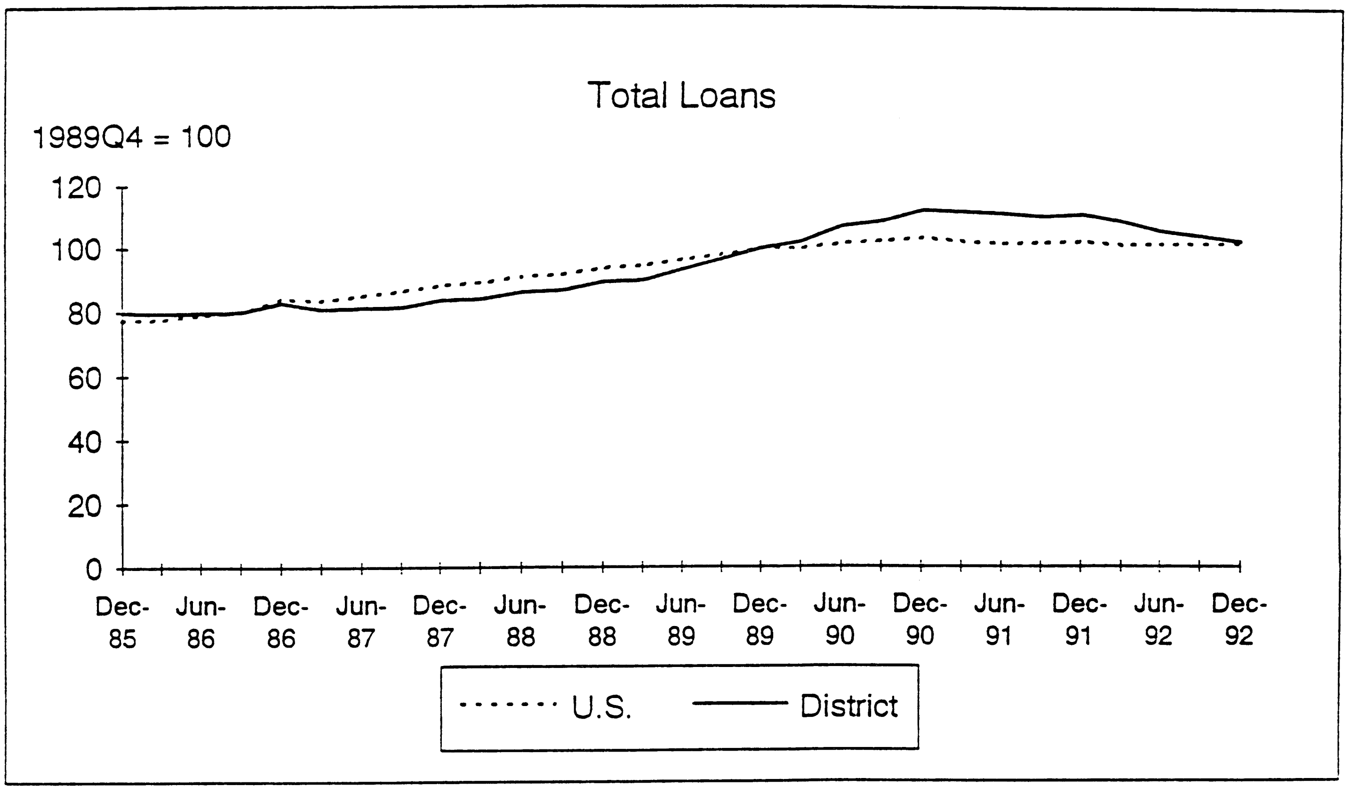


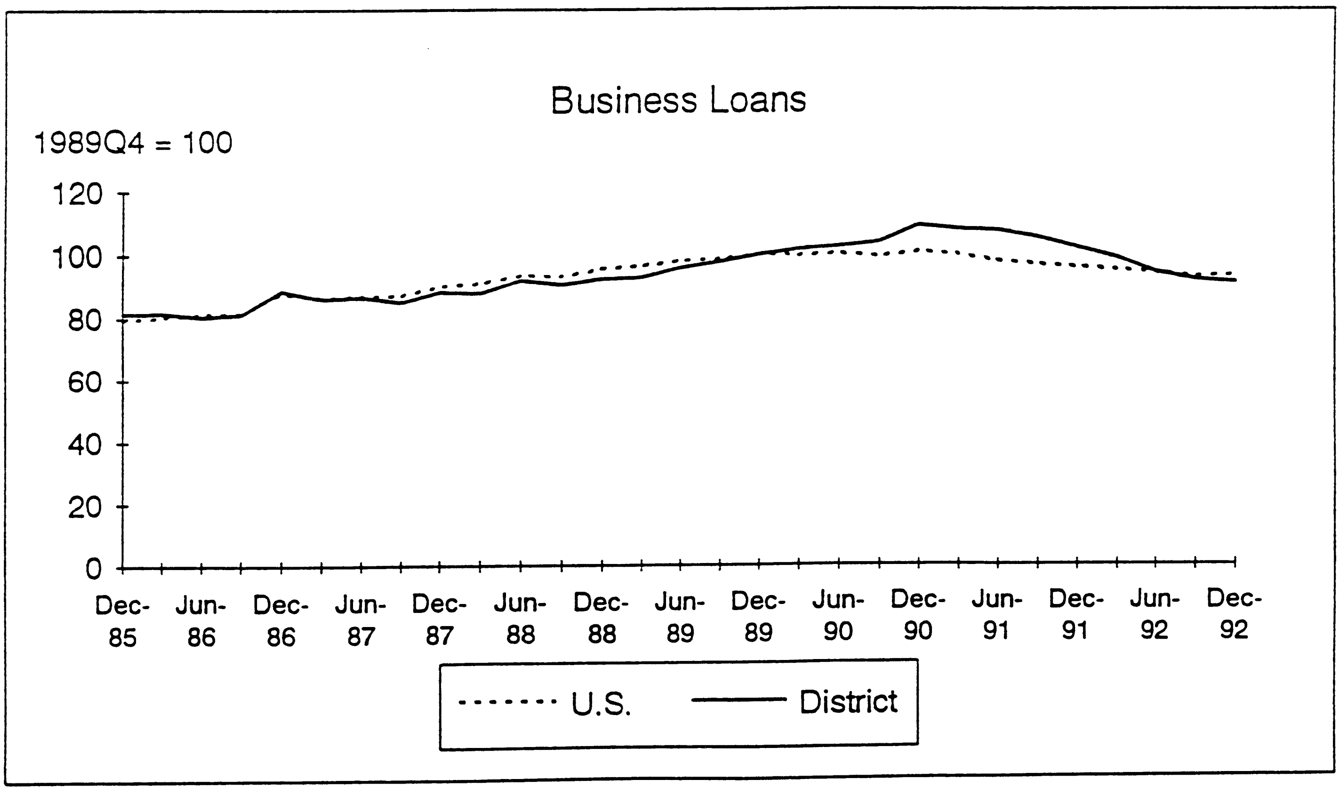
Twelfth Federal Reserve District





Twelfth Federal Reserve District





Twelfth District
Current Economic Statistics
Seasonally Adjusted

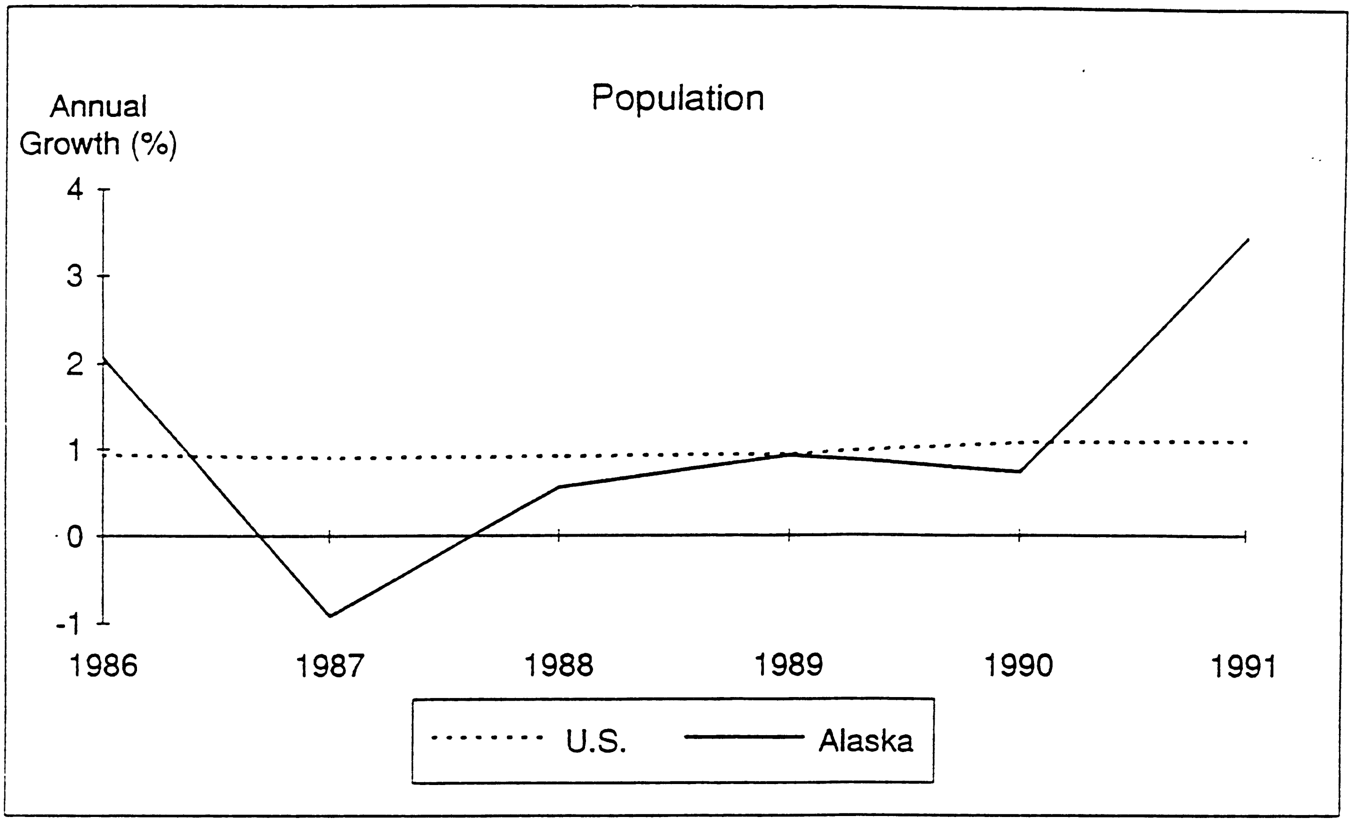
	Jan-93	Dec-92	Jan-92	Annualized % Change From Previous Month	% Change From Year Earlier
Total Non-Agricultural Employment	19754.7	19682.7	19763.2	4.5	0.0
Mining	85.6	84.7	89.5	12.9	-4.4
Construction	849.9	848.6	876.3	1.9	-3.0
Manufacturing	2806.7	2792.2	2898.5	6.4	-3.2
T.C.P.U.	1029.0	1022.2	1032.3	8.3	-0.3
Trade	4674.0	4642.6	4682.7	8.4	-0.2
F.I.R.E.	1227.2	1222.2	1219.7	5.0	0.6
Services	5554.1	5534.8	5436.8	4.3	2.2
Federal Government	606.2	608.6	617.9	-4.6	-1.9
State and Local Government	2922.1	2927.0	2909.5	-2.0	0.4
Civilian Labor Force	24033.6	24064.1	23566.1	-1.5	2.0
Civilian Employment	21942.7	21955.7	21726.7	-0.7	1.0
Unemployment Rate	8.7%	8.8%	7.8%		

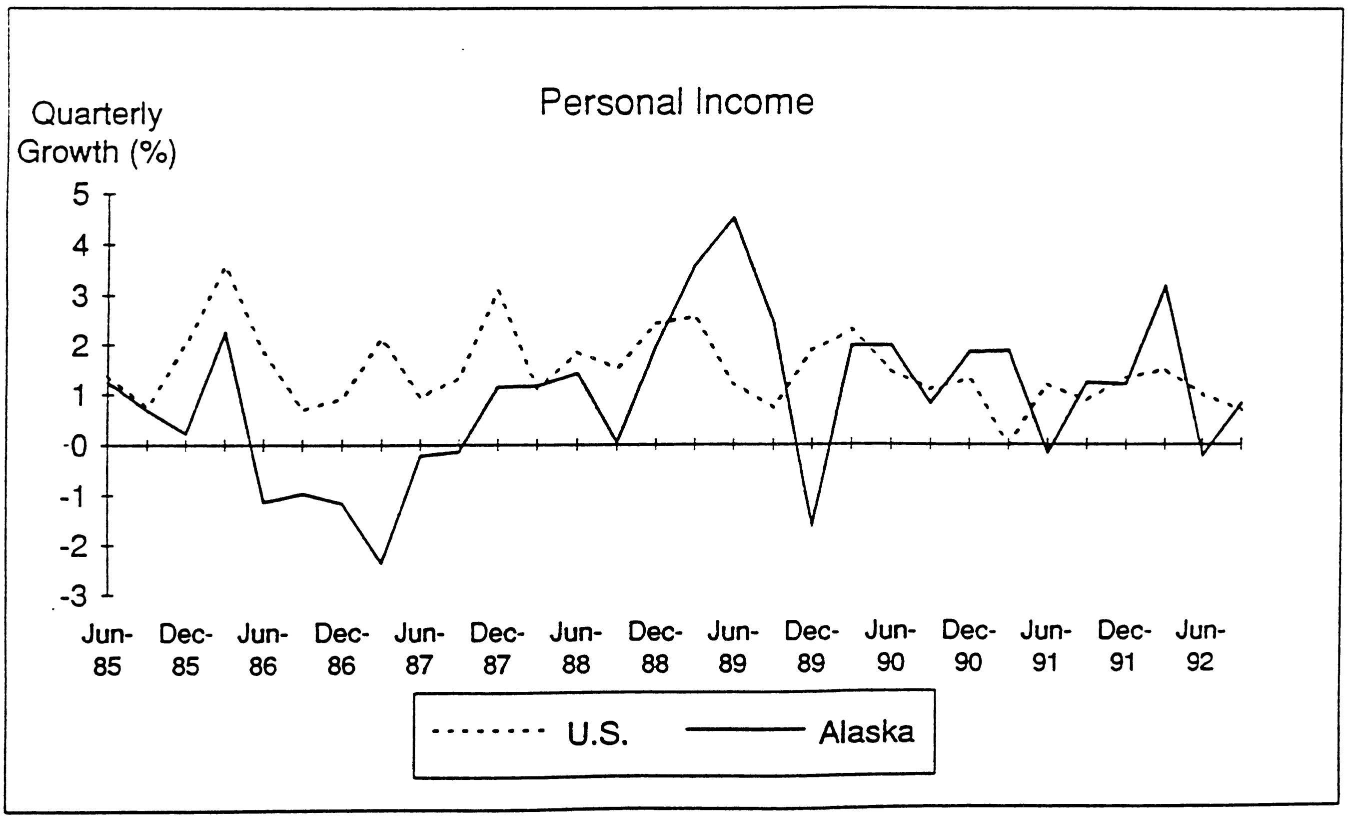
	Jan-93	Dec-92	Jan-92		
Non-Residential Const. Awards ($ millions)	1308.6	1364.1	1350.5	-39.2	-3.1

	Jan-93	Dec-92	Jan-92		
Residential Construction Permits	20353.1	21146.7	19501.7	-36.8	4.4

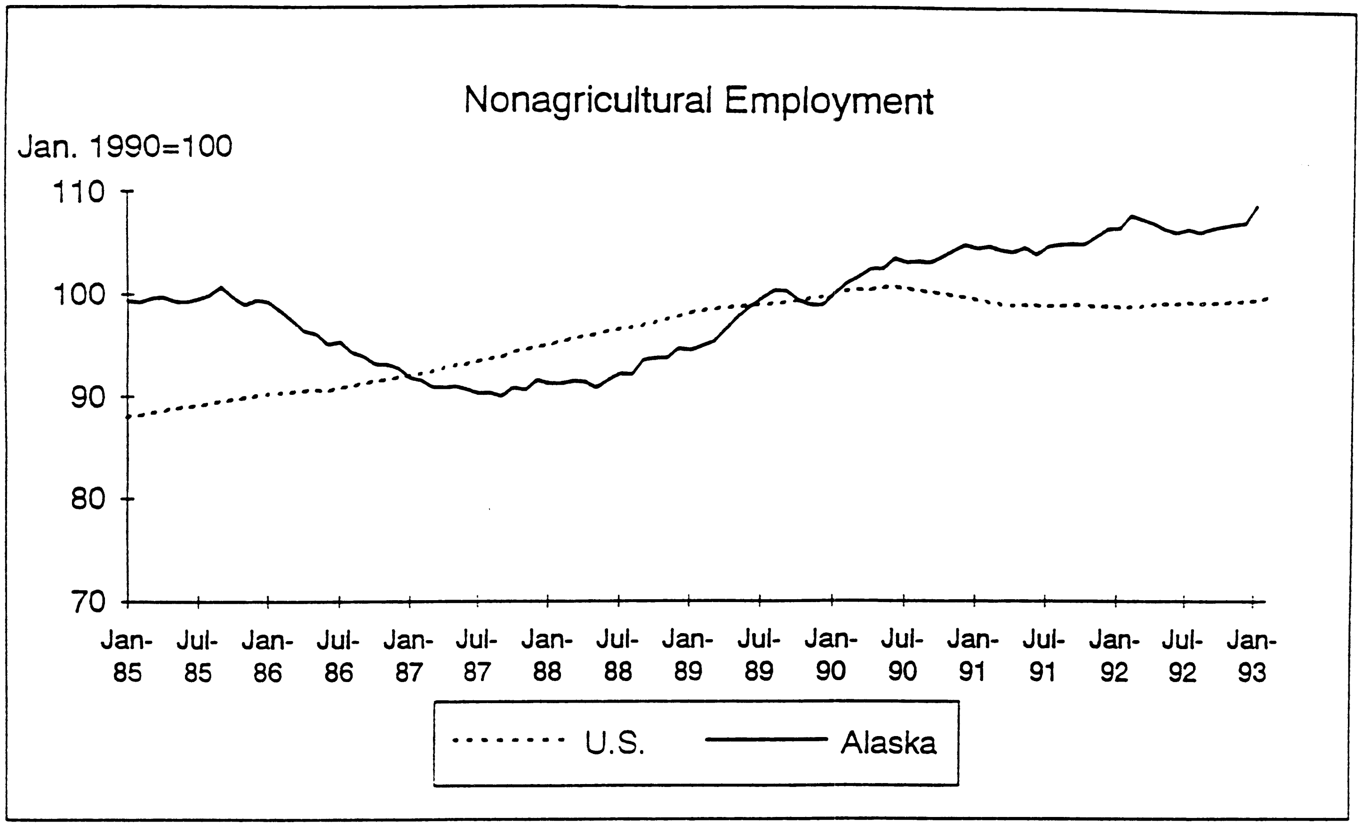
Employment levels are in thousands.
Construction data are three-month moving averages.

Alaska


Population
Annual Growth (%)
4
3
2
1
0
-1
1986
1987
1988
1989
1990
1991
U.S.
Alaska


Personal Income
Quarterly Growth (%)
5
4
3
2
1
-0
-1
-2
-3
Jun-85
Dec-85
Jun-86
Dec-86
Jun-87
Dec-87
Jun-88
Dec-88
Jun-89
Dec-89
Jun-90
Dec-90
Jun-91
Dec-91
Jun-92
U.S.
Alaska

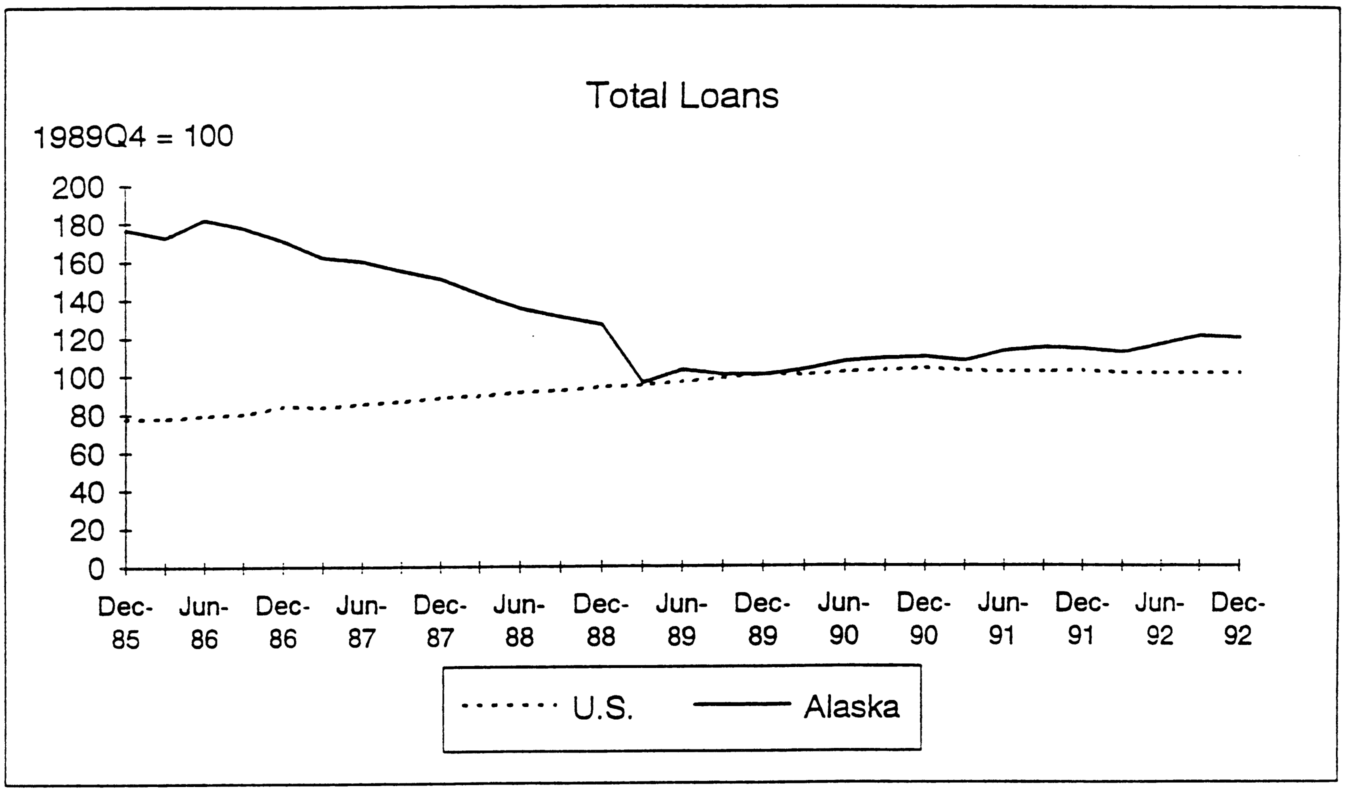
Alaska



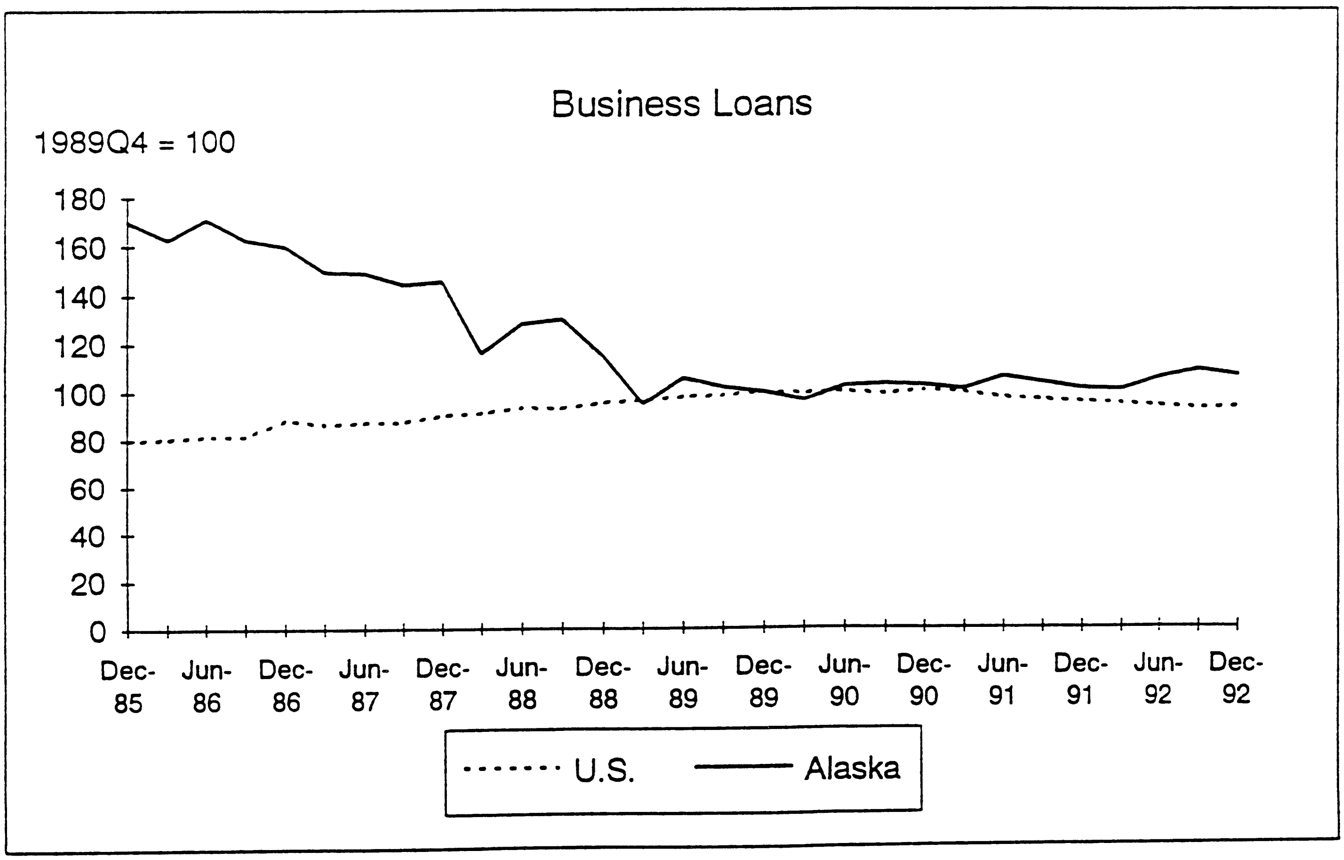
Nonagricultural Employment
Jan. 1990=100
110
100
90
80
70
Jan-85
Jul-85
Jan-86
Jul-86
Jan-87
Jul-87
Jan-88
Jul-88
Jan-89
Jul-89
Jan-90
Jul-90
Jan-91
Jul-91
Jan-92
Jul-92
Jan-93
U.S.
Alaska

Unemployment Rate
Percent
13
12
11
10
9
8
7
6
5
4
3
2
1
Jan-85
Jul-85
Jan-86
Jul-86
Jan-87
Jul-87
Jan-88
Jul-88
Jan-89
Jul-89
Jan-90
Jul-90
Jan-91
Jul-91
Jan-92
Jul-92
Jan-93
U.S.
Alaska

Alaska



Total Loans
1989Q4 = 100
200
180
160
140
120
100
80
60
40
20
0
Dec-85
Jun-86
Dec-86
Jun-87
Dec-87
Jun-88
Dec-88
Jun-89
Dec-89
Jun-90
Dec-90
Jun-91
Dec-91
Jun-92
Dec-92
U.S.
Alaska



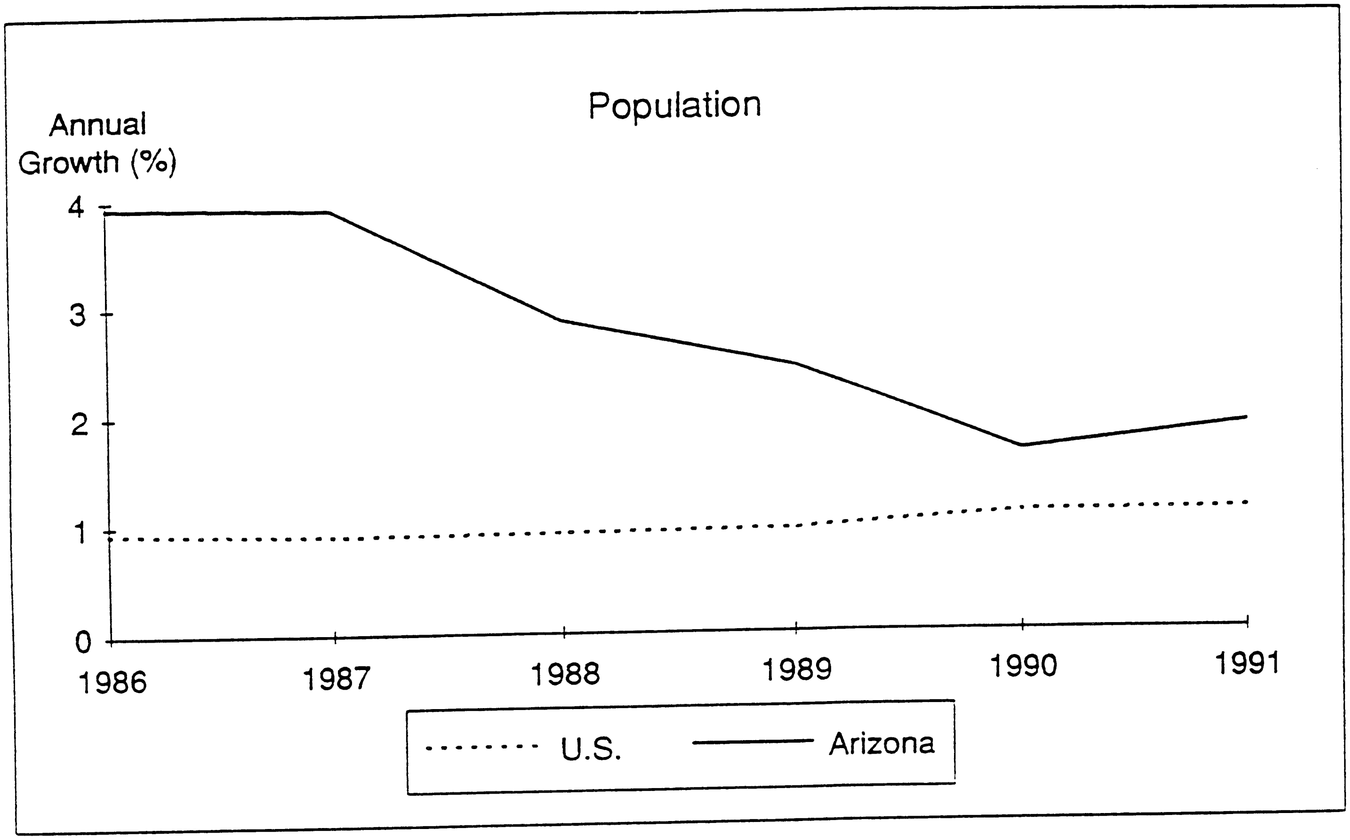
Business Loans
1989Q4 = 100
180
160
140
120
100
80
60
40
20
0
Dec-85
Jun-86
Dec-86
Jun-87
Dec-87
Jun-88
Dec-88
Jun-89
Dec-89
Jun-90
Dec-90
Jun-91
Dec-91
Jun-92
Dec-92
U.S.
Alaska

Alaska
Current Economic Statistics
Seasonally Adjusted

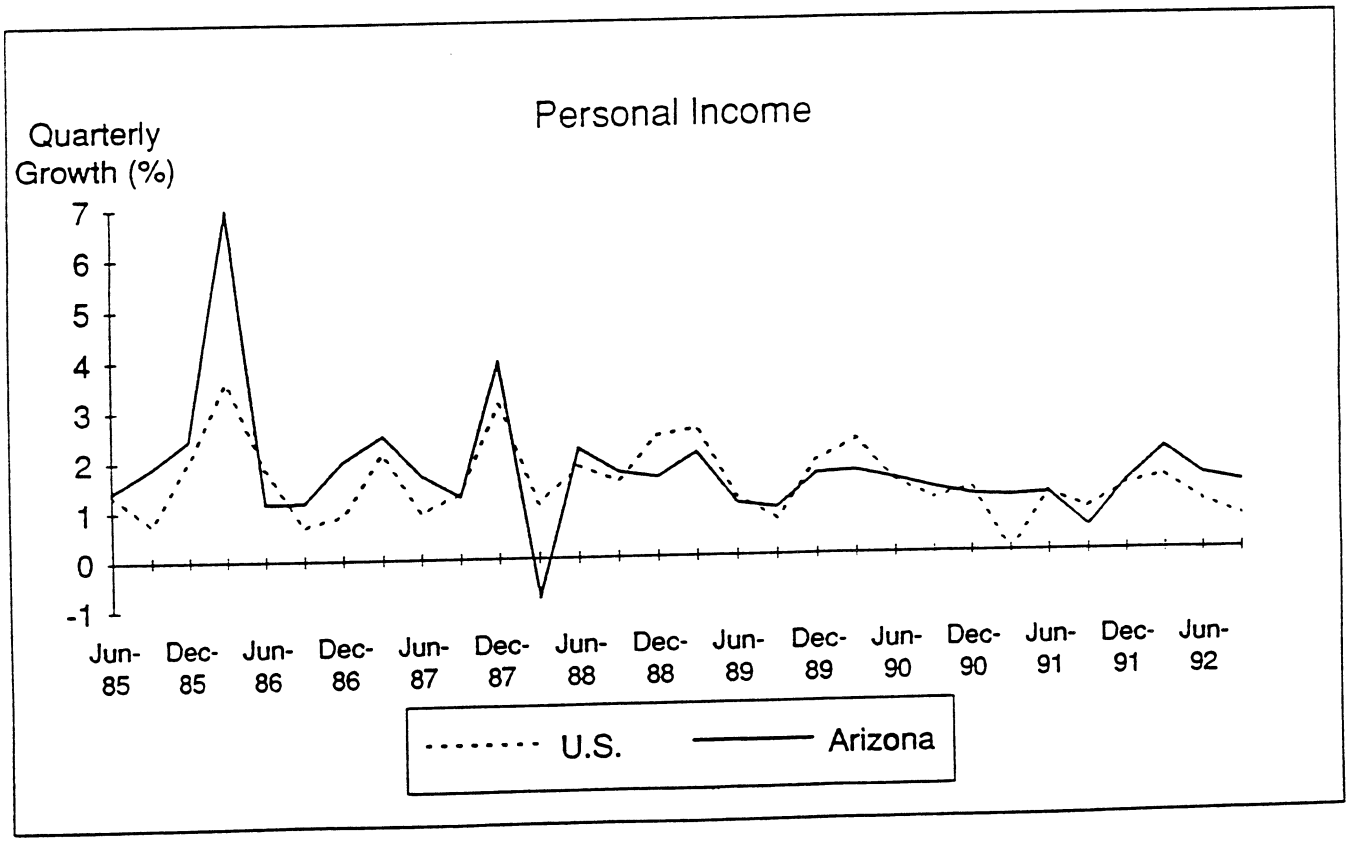
	Jan-93	Dec-92	Jan-92	Annualized % Change From Previous Month	% Change From Year Earlier
Total Non-Agricultural Employment	251.8	247.9	246.7	20.3	2.1
Mining	10.6	10.4	11.3	30.1	-5.9
Construction	10.5	10.7	9.9	-19.4	6.0
Manufacturing	18.8	16.7	18.1	331.1	4.0
T.C.P.U.	23.3	23.1	22.9	7.5	1.6
Trade	48.2	48.2	47.5	0.2	1.5
F.I.R.E.	10.8	10.8	10.5	2.2	2.9
Services	54.6	54.4	52.8	2.9	3.4
Federal Government	20.0	19.8	19.4	13.5	3.2
State and Local Government	55.0	53.9	54.4	28.3	1.2
Civilian Labor Force	263.7	263.3	257.7	1.9	2.4
Civilian Employment	241.5	241.4	233.3	0.1	3.5
Unemployment Rate	8.4%	8.3%	9.5%		
	Jan-93	Dec-92	Jan-92		
Non-Residential Const. Awards ($ millions)	57.0	56.8	11.1	5.2	414.2
	Jan-93	Dec-92	Jan-92		
Residential Construction Permits	104.5	95.5	82.6	194.2	26.5

Employment levels are in thousands.
Construction data are three-month moving averages.

Arizona

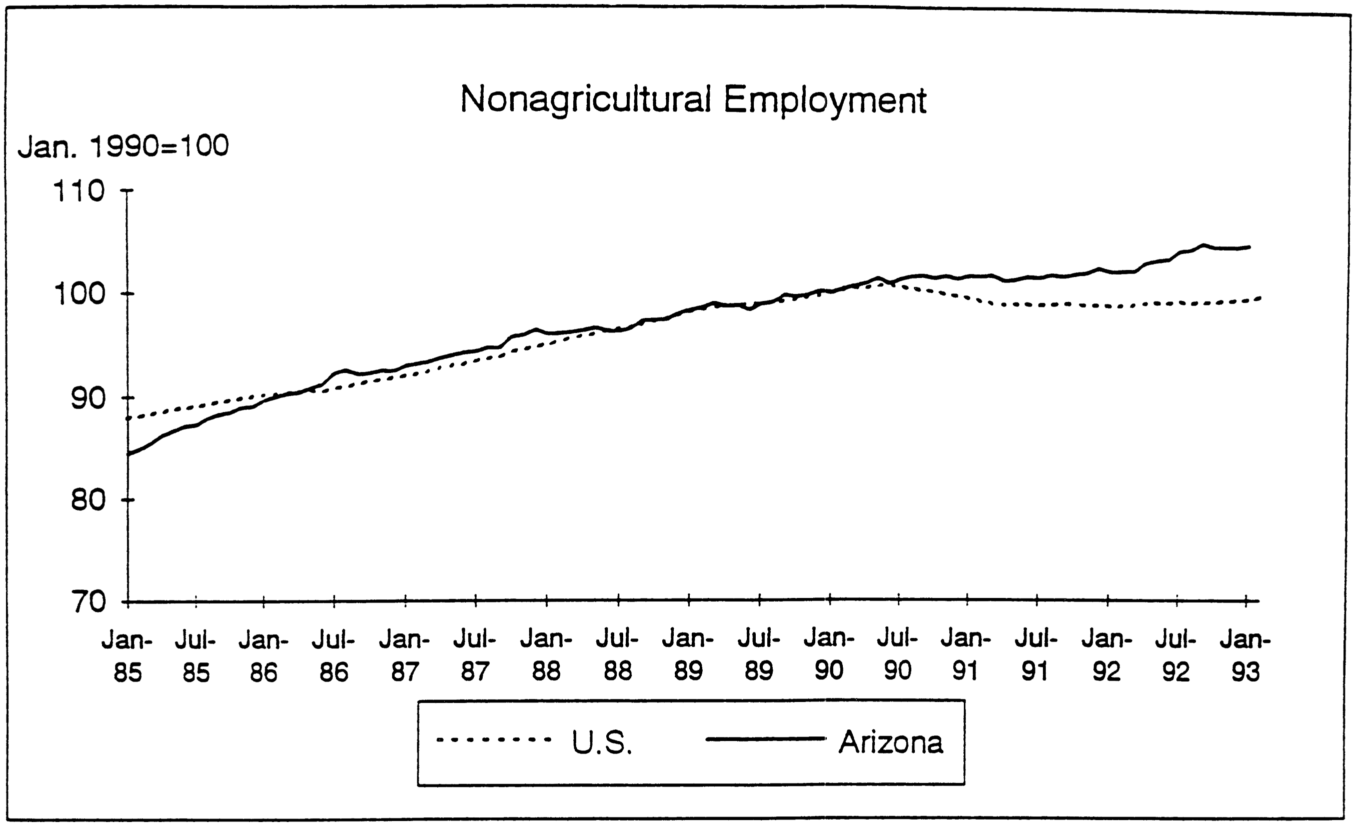


Population
Annual Growth (%)
4
3
2
1
0
1986
1987
1988
1989
1990
1991
U.S.
Arizona



Personal Income
Quarterly Growth (%)
7
6
5
4
3
2
1
0
-1
Jun-85
Dec-85
Jun-86
Dec-86
Jun-87
Dec-87
Jun-88
Dec-88
Jun-89
Dec-89
Jun-90
Dec-90
Jun-91
Dec-91
Jun-92
U.S.
Arizona

Arizona



Nonagricultural Employment
Jan. 1990=100
110
100
90
80
70
Jan-85
Jul-85
Jan-86
Jul-86
Jan-87
Jul-87
Jan-88
Jul-88
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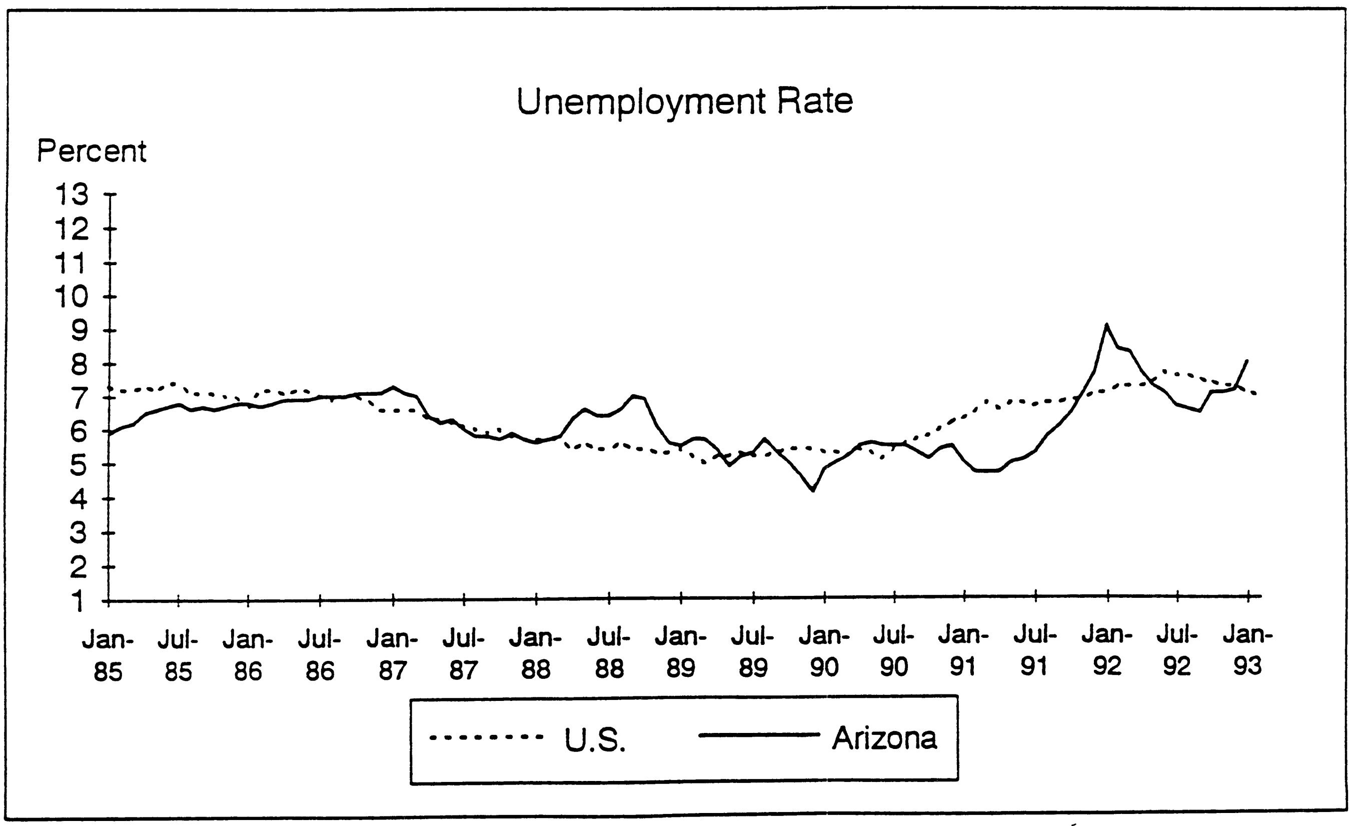
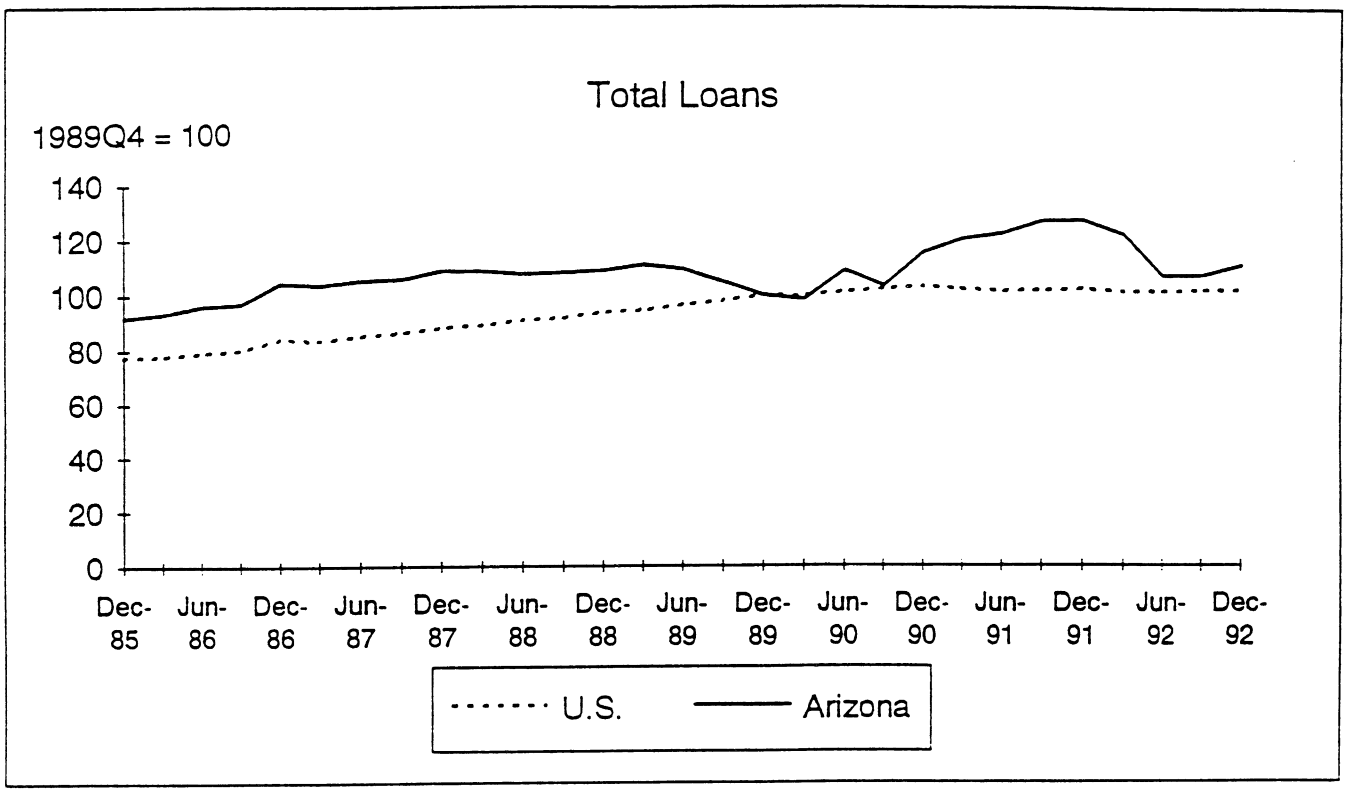
Jan-91
Jul-91
Jan-92
Jul-92
Jan-93
U.S.
Arizona

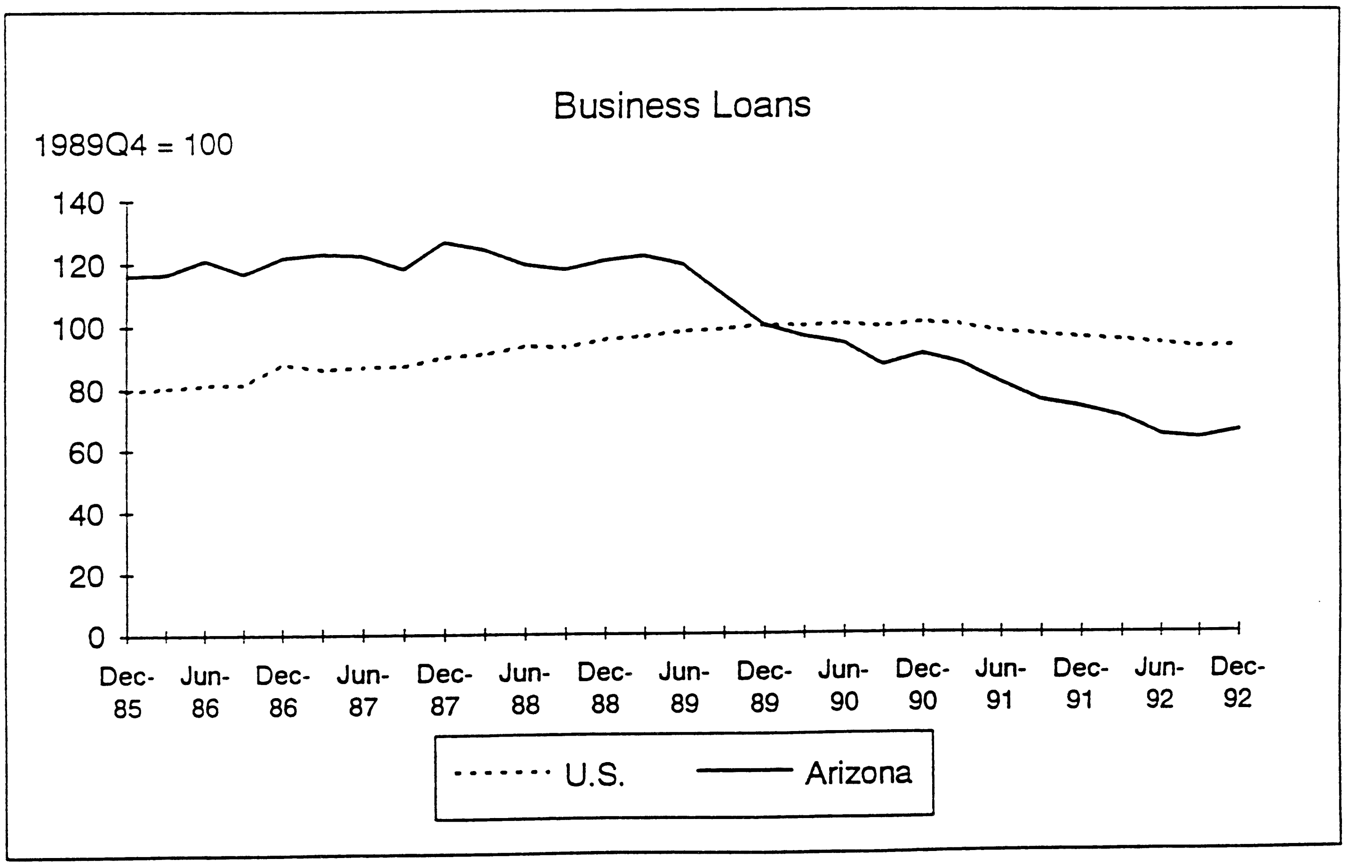


Unemployment Rate
Percent
13
12
11
10
9
8
7
6
5
4
3
2
1
Jan-85
Jul-85
Jan-86
Jul-86
Jan-87
Jul-87
Jan-88
Jul-88
Jan-89
Jul-89
Jan-90
Jul-90
Jan-91
Jul-91
Jan-92
Jul-92
Jan-93
U.S.
Arizona

Arizona



Total Loans
1989Q4 = 100
140
120
100
80
60
40
20
0
Dec-85
Jun-86
Dec-86
Jun-87
Dec-87
Jun-88
Dec-88
Jun-89
Dec-89
Jun-90
Dec-90
Jun-91
Dec-91
Jun-92
Dec-92
U.S.
Arizona



Business Loans
1989Q4 = 100
140
120
100
80
60
40
20
0
Dec-85
Jun-86
Dec-86
Jun-87
Dec-87
Jun-88
Dec-88
Jun-89
Dec-89
Jun-90
Dec-90
Jun-91
Dec-91
Jun-92
Dec-92
U.S.
Arizona

Arizona
Current Economic Statistics
Seasonally Adjusted

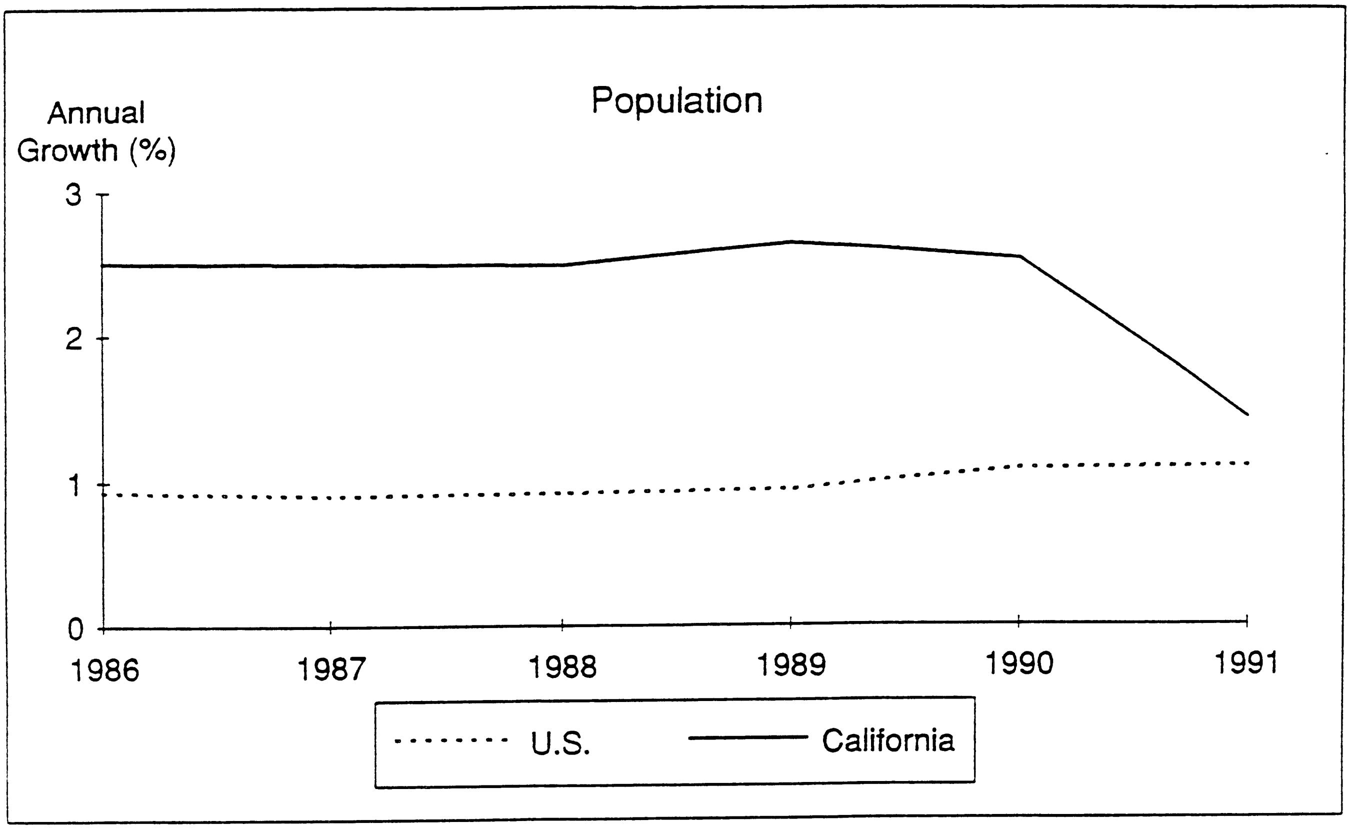
	Jan-93	Dec-92	Jan-92	Annualized % Change From Previous Month	% Change From Year Earlier
Total Non-Agricultural Employment	1536.5	1534.4	1497.7	1.7	2.6
Mining	12.5	12.6	12.5	-4.7	0.1
Construction	83.0	83.6	77.4	-9.3	7.3
Manufacturing	170.8	170.2	172.5	3.9	-1.0
T.C.P.U.	78.2	81.6	80.2	-40.4	-2.6
Trade	380.1	378.4	372.1	5.4	2.1
F.I.R.E.	96.0	94.9	92.7	14.4	3.5
Services	433.3	432.4	415.2	2.6	4.4
Federal Government	46.0	45.4	45.8	18.6	0.4
State and Local Government	236.8	235.4	229.2	7.6	3.3
Civilian Labor Force	1789.4	1736.8	1756.9	43.0	1.8
Civilian Employment	1645.6	1612.0	1597.3	28.1	3.0
Unemployment Rate	8.0%	7.2%	9.1%		

	Jan-93	Dec-92	Jan-92		
Non-Residential Const. Awards ($ millions)	92.7	98.3	124.1	-50.9	-25.3

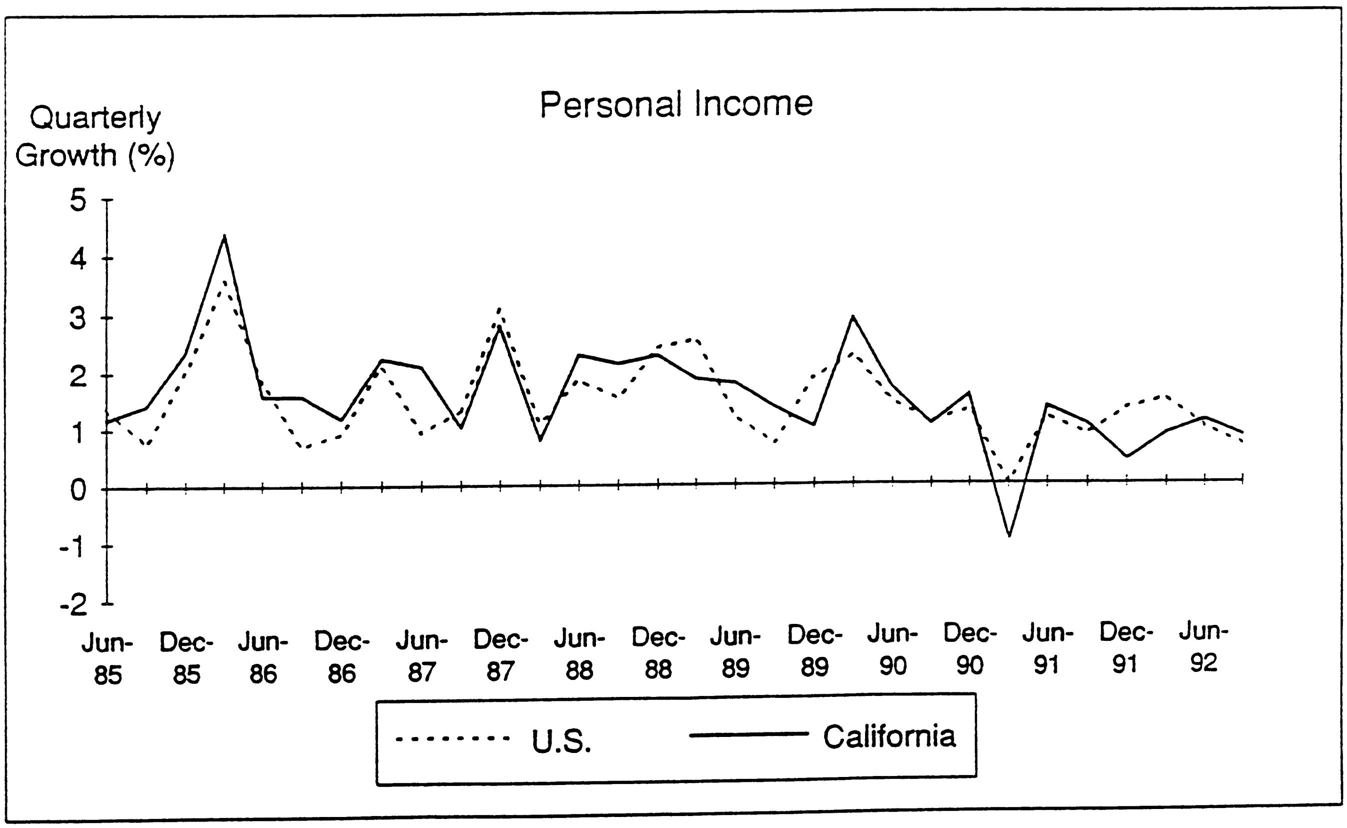
	Jan-93	Dec-92	Jan-92		
Residential Construction Permits	2969.0	3082.1	2331.9	-36.1	27.3

Employment levels are in thousands.
Construction data are three-month moving averages.

California

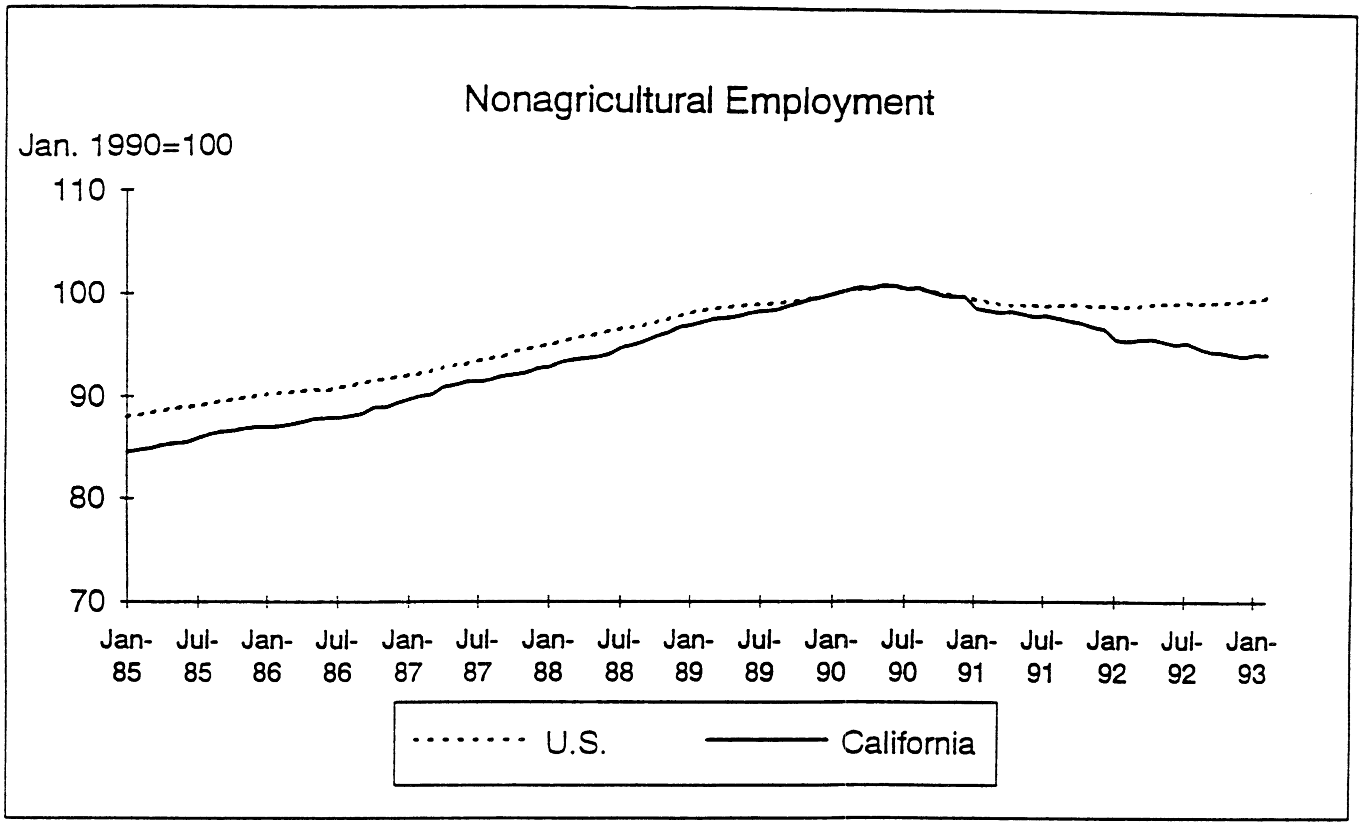


Population
Annual Growth (%)
3
2
1
0
1986
1987
1988
1989
1990
1991
U.S.
California



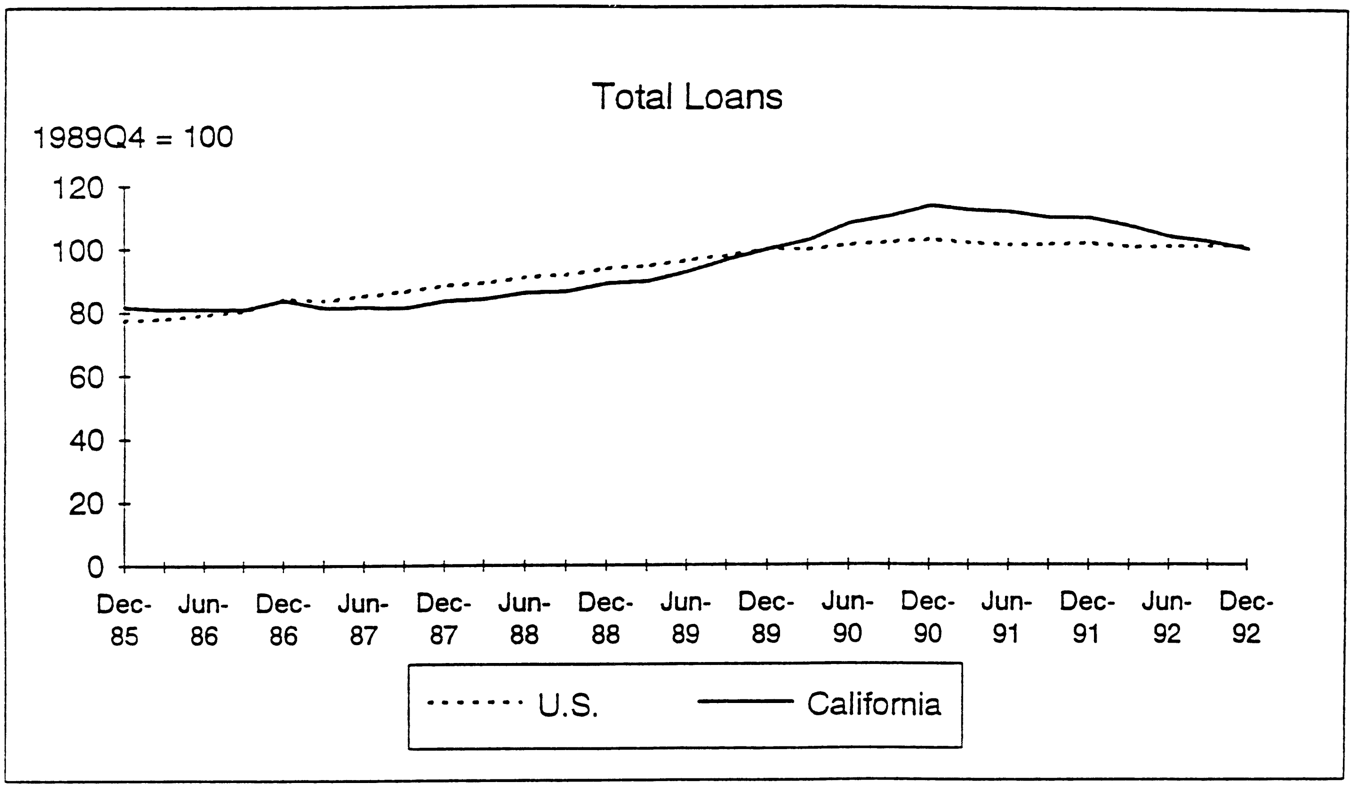
Personal Income
Quarterly Growth (%)
5
4
3
2
1
0
-1
-2
Jun-85
Dec-85
Jun-86
Dec-86
Jun-87
Dec-87
Jun-88
Dec-88
Jun-89
Dec-89
Jun-90
Dec-90
Jun-91
Dec-91
Jun-92
U.S.
California

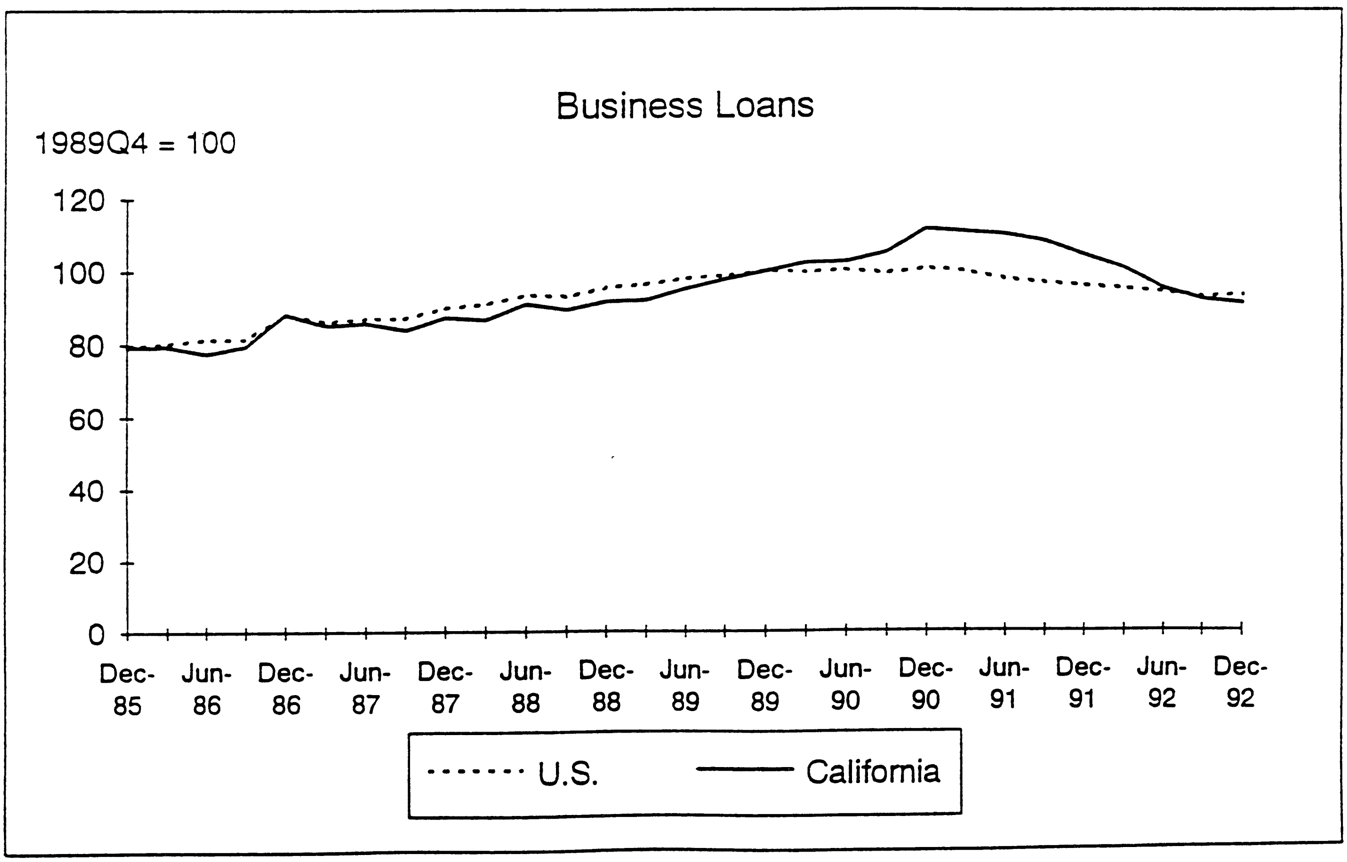
California


Nonagricultural Employment
Jan. 1990=100
110
100
90
80
70
Jan-85
Jul-85
Jan-86
Jul-86
Jan-87
Jul-87
Jan-88
Jul-88
Jan-89
Jul-89
Jan-90
Jul-90
Jan-91
Jul-91
Jan-92
Jul-92
Jan-93
U.S.
California


Unemployment Rate
Percent
13
12
11
10
9
8
7
6
5
4
3
2
1
Jan-85
Jul-85
Jan-86
Jul-86
Jan-87
Jul-87
Jan-88
Jul-88
Jan-89
Jul-89
Jan-90
Jul-90
Jan-91
Jul-91
Jan-92
Jul-92
Jan-93
U.S.
California

California


Total Loans
1989Q4 = 100
120
100
80
60
40
20
0
Dec-85
Jun-86
Dec-86
Jun-87
Dec-87
Jun-88
Dec-88
Jun-89
Dec-89
Jun-90
Dec-90
Jun-91
Dec-91
Jun-92
Dec-92
U.S.
California

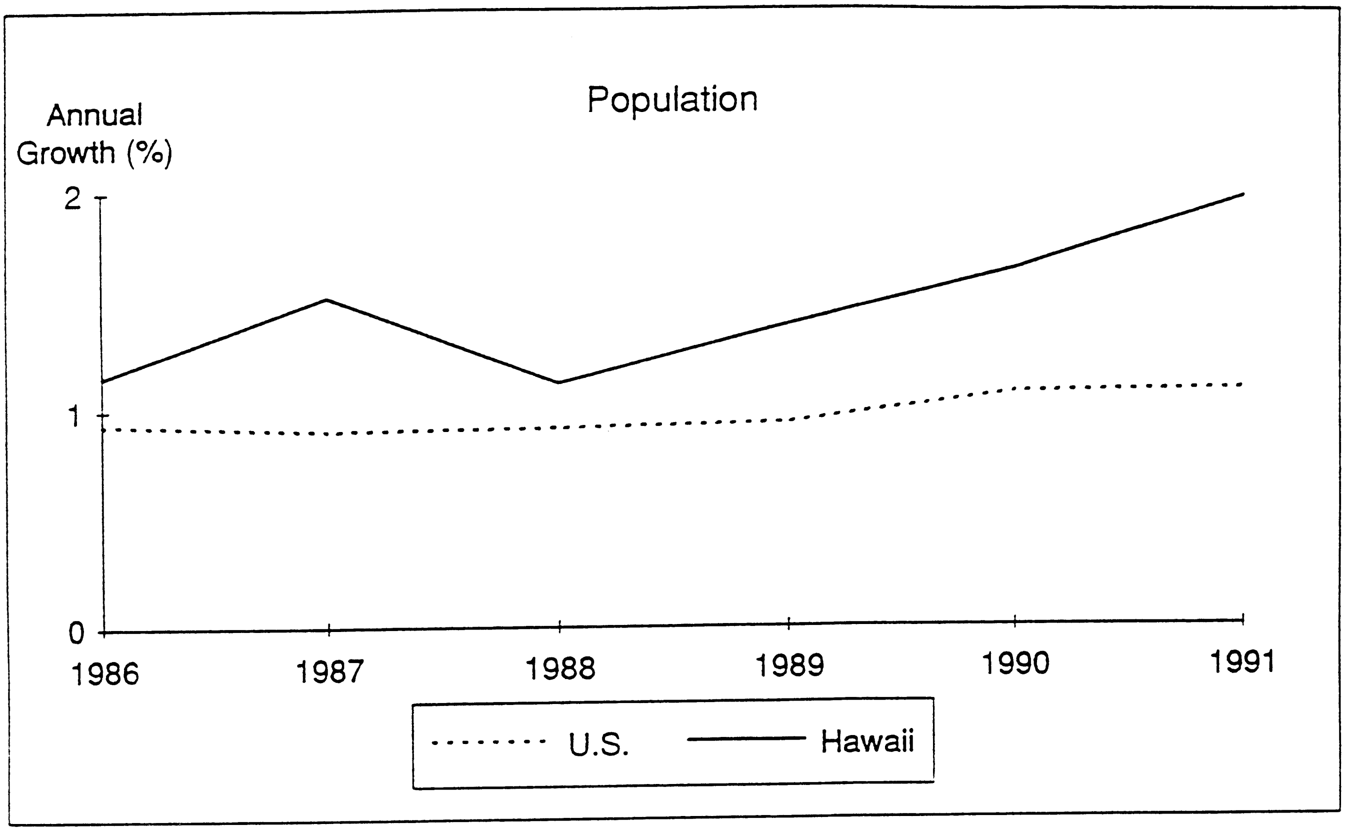

Business Loans
1989Q4 = 100
120
100
80
60
40
20
0
Dec-85
Jun-86
Dec-86
Jun-87
Dec-87
Jun-88
Dec-88
Jun-89
Dec-89
Jun-90
Dec-90
Jun-91
Dec-91
Jun-92
Dec-92
U.S.
California

California
Current Economic Statistics
Seasonally Adjusted

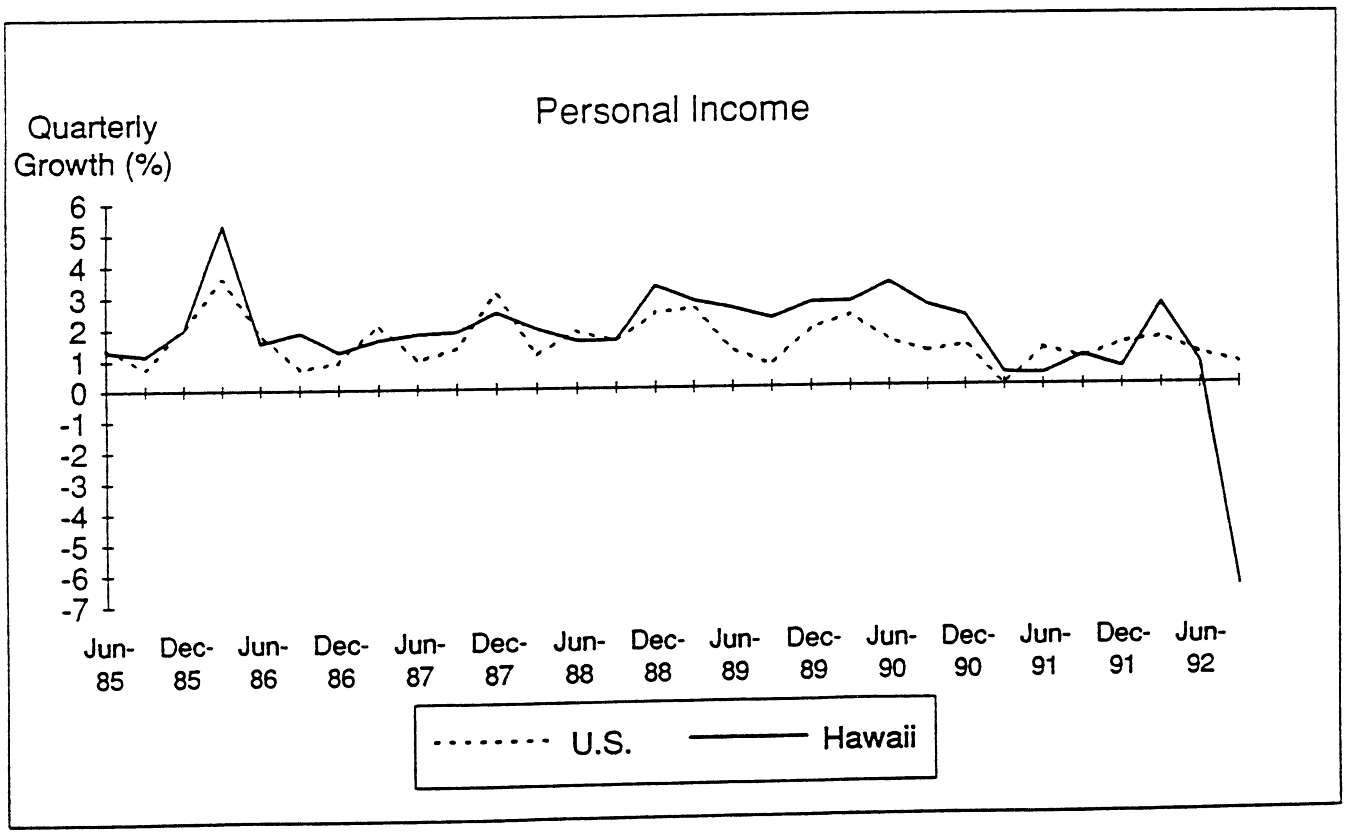
	Feb-93	Jan-93	Feb-92	Annualized % Change From Previous Month	% Change From Year Earlier
Total Non-Agricultural Employment	12033.3	12037.9	12195.0	-0.5	-1.3
Mining	32.4	33.2	35.4	-24.0	-8.5
Construction	446.1	447.7	472.4	-4.3	-5.6
Manufacturing	1839.3	1848.2	1926.4	-5.6	-4.5
T.C.P.U.	606.2	607.1	611.5	-1.8	-0.9
Trade	2807.4	2815.6	2849.2	-3.4	-1.5
F.I.R.E.	789.7	787.4	795.5	3.7	-0.7
Services	3445.3	3433.5	3410.5	4.2	1.0
Federal Government	337.3	338.9	345.1	-5.5	-2.3
State and Local Government	1729.7	1726.4	1749.0	2.3	-1.1
Civilian Labor Force	15405.0	15242.0	15099.0	13.6	2.0
Civilian Employment	13899.0	13801.0	13781.0	8.9	0.9
Unemployment Rate	9.8%	9.5%	8.7%		
	Jan-93	Dec-92	Jan-92		
Non-Residential Const. Awards ($ millions)	694.4	760.9	794.8	-66.7	-12.6
	Jan-93	Dec-92	Jan-92		
Residential Construction Permits	8456.3	8502.2	8077.1	-6.3	4.7

Employment levels are in thousands.
Construction data are three-month moving averages.

Hawaii

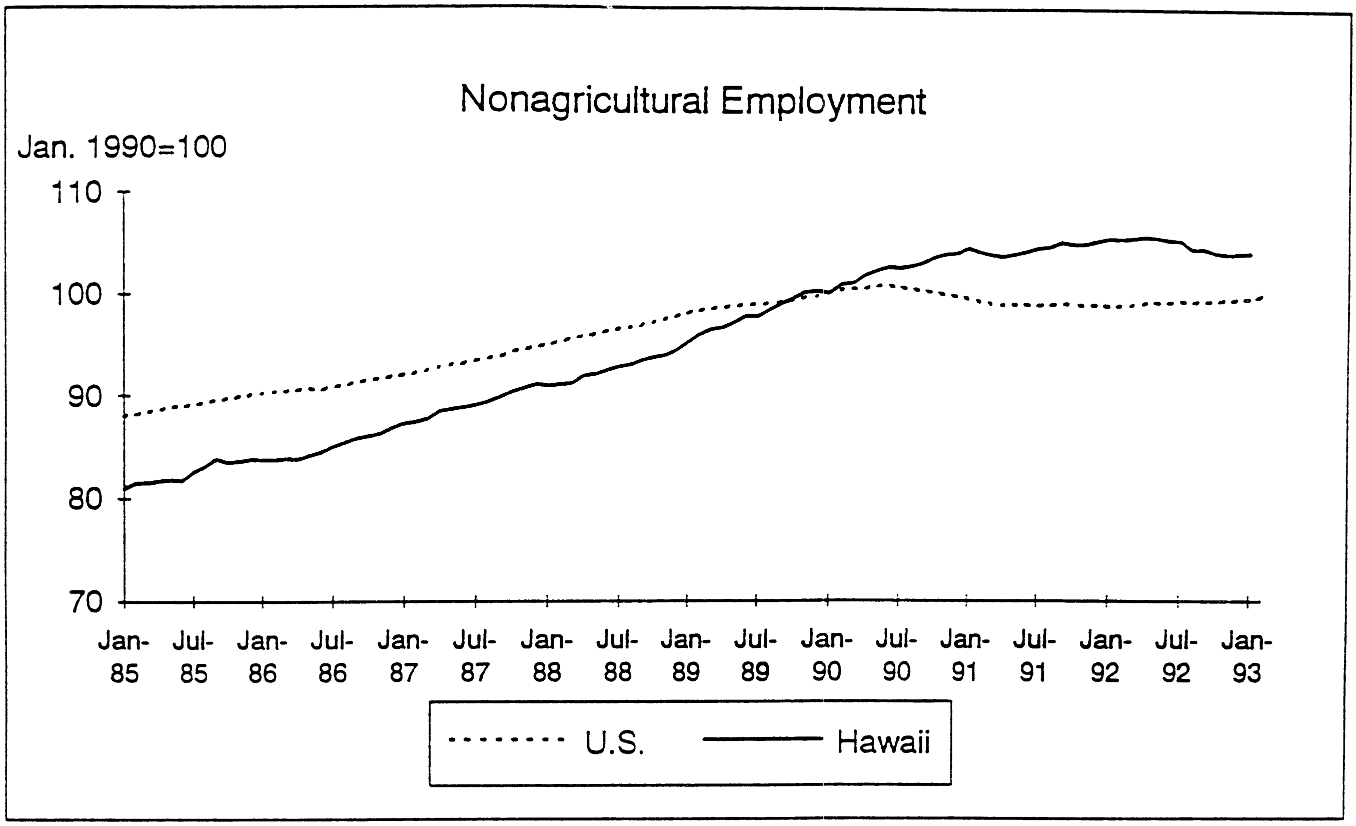


Population
Annual Growth (%)
2
1
0
1986
1987
1988
1989
1990
1991
U.S.
Hawaii

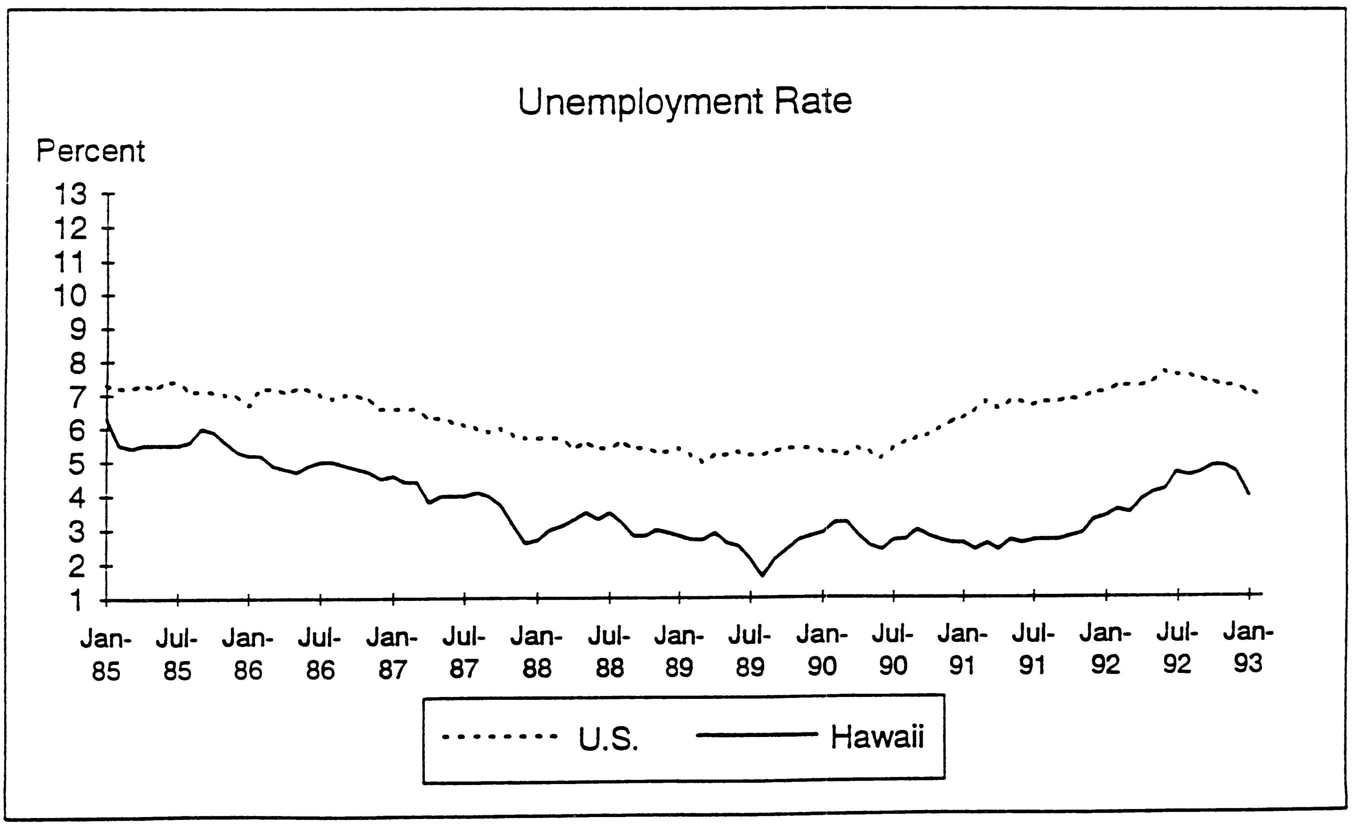


Personal Income
Quarterly Growth (%)
6
5
4
3
2
1
0
-1
-2
-3
-4
-5
-6
-7
Jun-85
Dec-85
Jun-86
Dec-86
Jun-87
Dec-87
Jun-88
Dec-88
Jun-89
Dec-89
Jun-90
Dec-90
Jun-91
Dec-91
Jun-92
U.S.
Hawaii

Hawaii

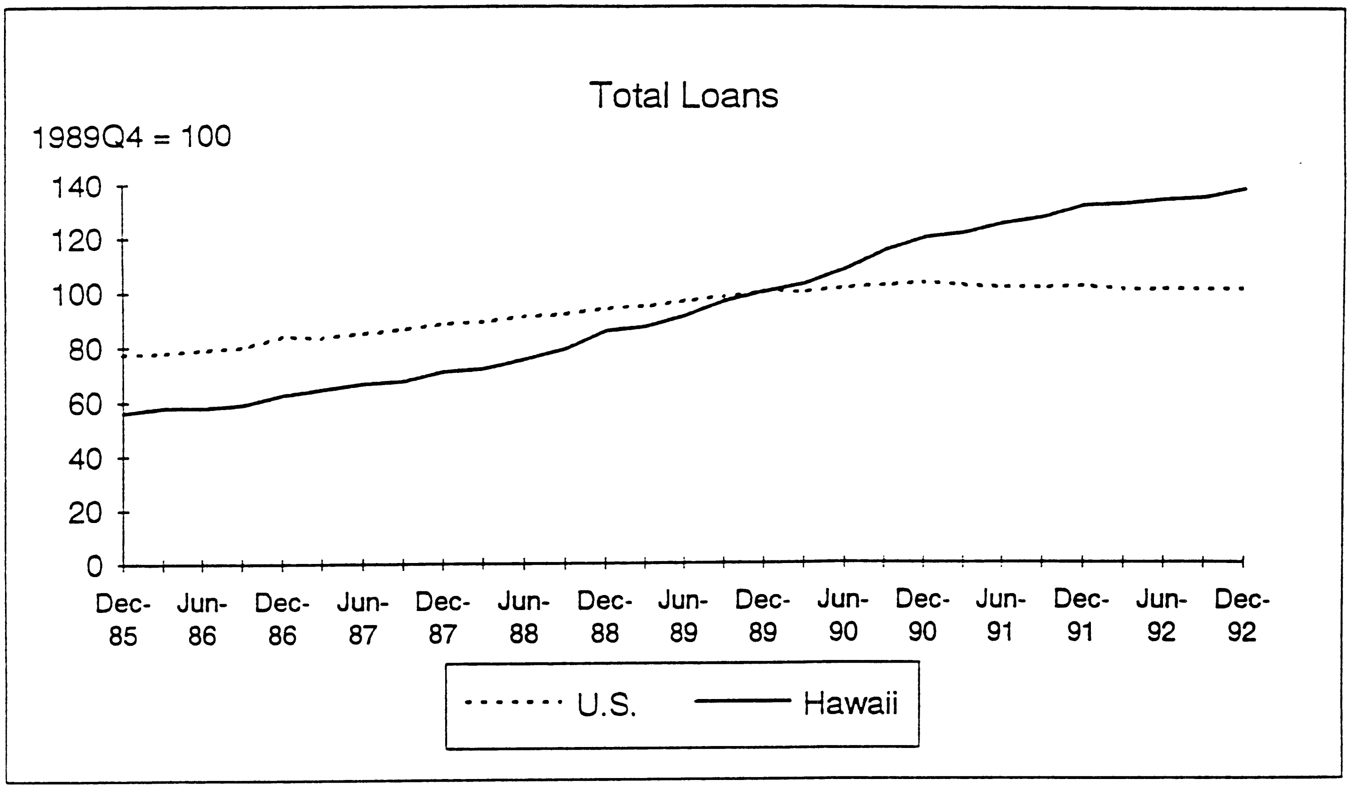


Nonagricultural Employment
Jan. 1990=100
110
100
90
80
70
Jan-85 Jul-85 Jan-86 Jul-86 Jan-87 Jul-87 Jan-88 Jul-88 Jan-89 Jul-89 Jan-90 Jul-90 Jan-91 Jul-91 Jan-92 Jul-92 Jan-93
U.S.
Hawaii

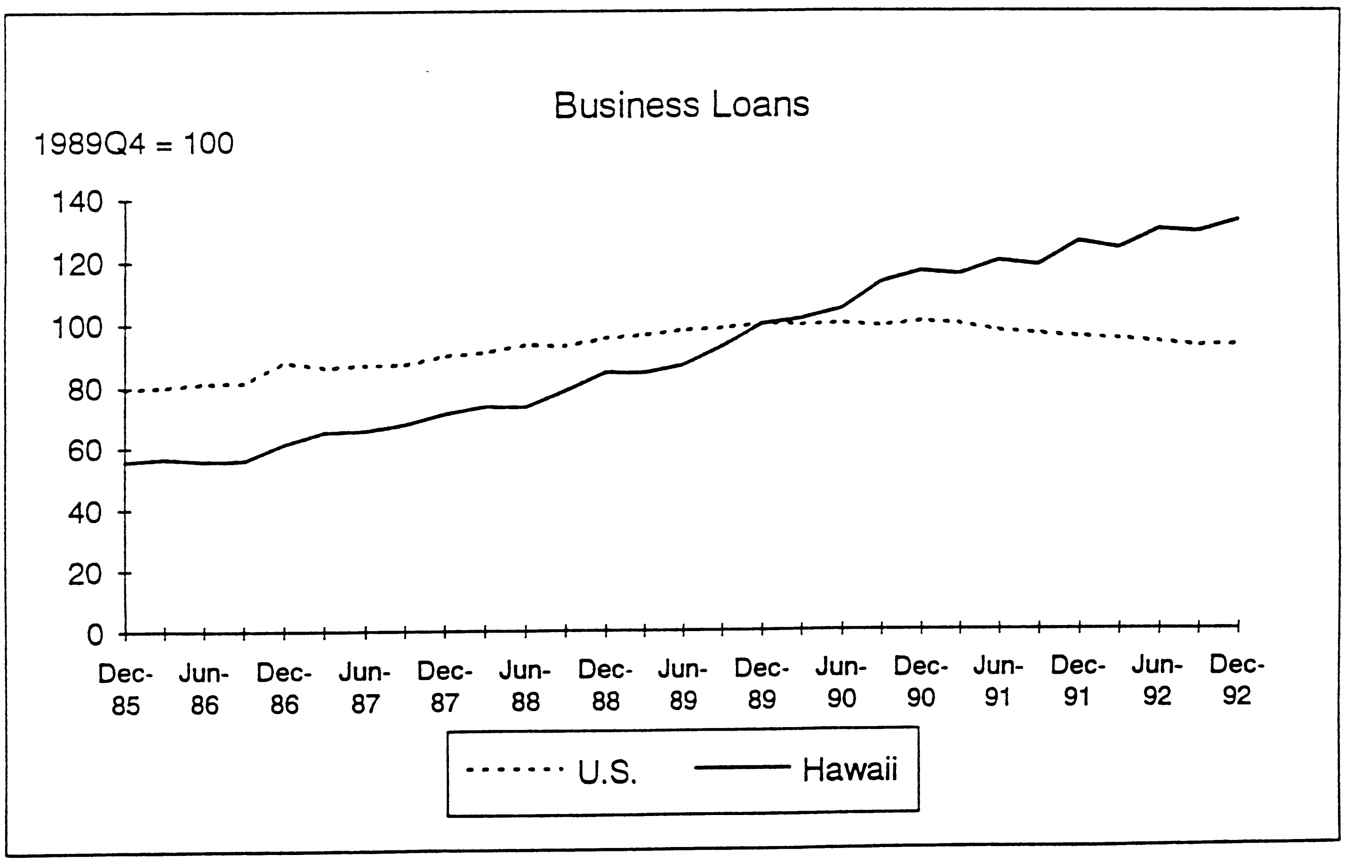


Unemployment Rate
Percent
13
12
11
10
9
8
7
6
5
4
3
2
1
Jan-85 Jul-85 Jan-86 Jul-86 Jan-87 Jul-87 Jan-88 Jul-88 Jan-89 Jul-89 Jan-90 Jul-90 Jan-91 Jul-91 Jan-92 Jul-92 Jan-93
U.S.
Hawaii

Hawaii



Total Loans
1989Q4 = 100
140
120
100
80
60
40
20
0
Dec-85
Jun-86
Dec-86
Jun-87
Dec-87
Jun-88
Dec-88
Jun-89
Dec-89
Jun-90
Dec-90
Jun-91
Dec-91
Jun-92
Dec-92
U.S.
Hawaii



Business Loans
1989Q4 = 100
140
120
100
80
60
40
20
0
Dec-85
Jun-86
Dec-86
Jun-87
Dec-87
Jun-88
Dec-88
Jun-89
Dec-89
Jun-90
Dec-90
Jun-91
Dec-91
Jun-92
Dec-92
U.S.
Hawaii

Hawaii
Current Economic Statistics
Seasonally Adjusted

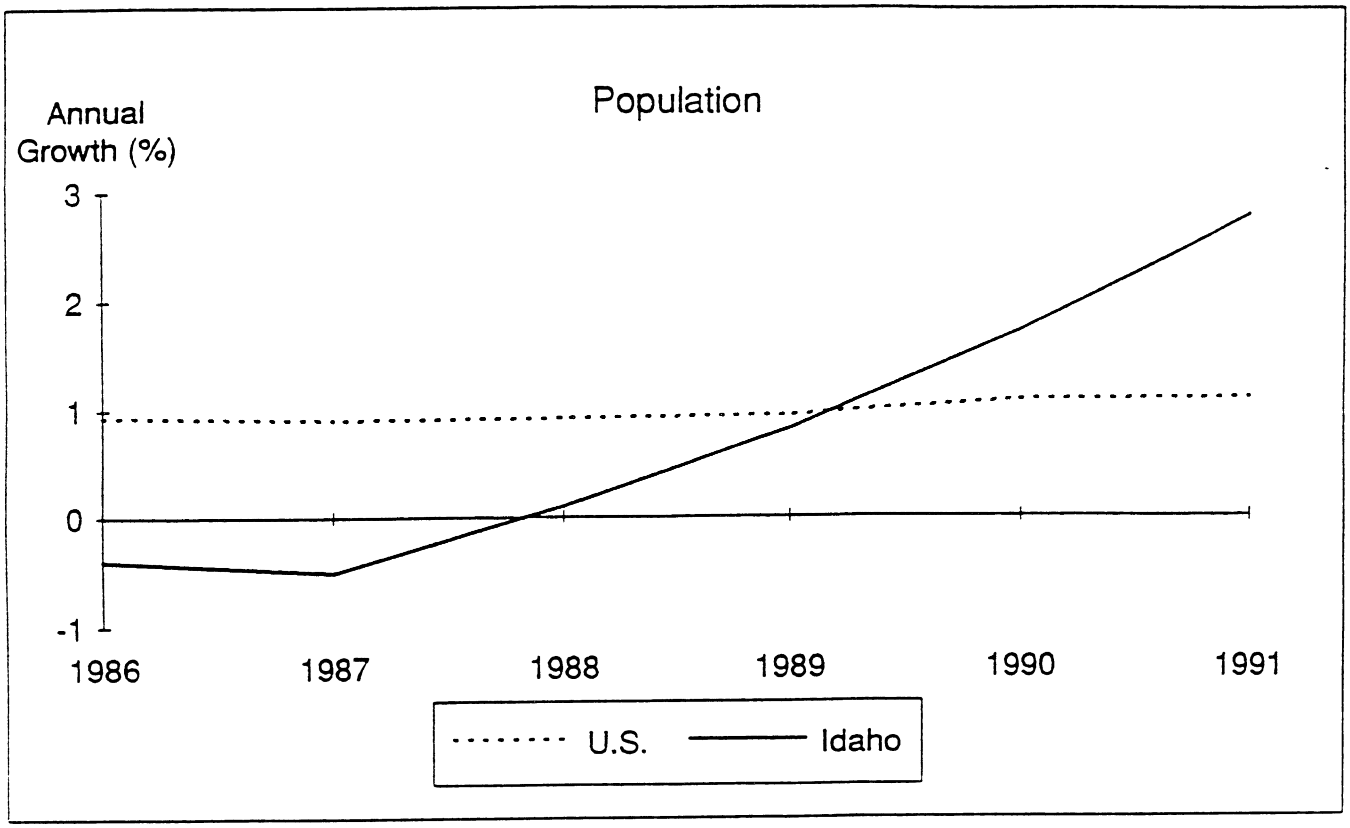
	Jan-93	Dec-92	Jan-92	Annualized % Change From Previous Month	% Change From Year Earlier
Total Non-Agricultural Employment	536.4	536.2	544.3	0.6	-1.4
Mining	0.0	0.0	0.0	0.0	0.0
Construction	31.5	31.1	33.0	14.4	-4.7
Manufacturing	19.5	18.9	19.9	41.9	-2.0
T.C.P.U.	43.2	43.2	43.0	0.3	0.3
Trade	132.4	132.8	136.7	-3.8	-3.1
F.I.R.E.	37.8	37.6	37.4	5.9	1.1
Services	159.8	160.3	161.9	-4.1	-1.3
Federal Government	32.6	32.9	33.9	-9.7	-3.8
State and Local Government	79.7	79.3	78.5	6.7	1.6
Civilian Labor Force	580.0	577.5	567.4	5.3	2.2
Civilian Employment	556.6	550.1	548.3	15.1	1.5
Unemployment Rate	4.0%	4.7%	3.4%		

	Jan-93	Dec-92	Jan-92		
Non-Residential Const. Awards ($ millions)	59.8	41.0	49.1	9166.9	21.7

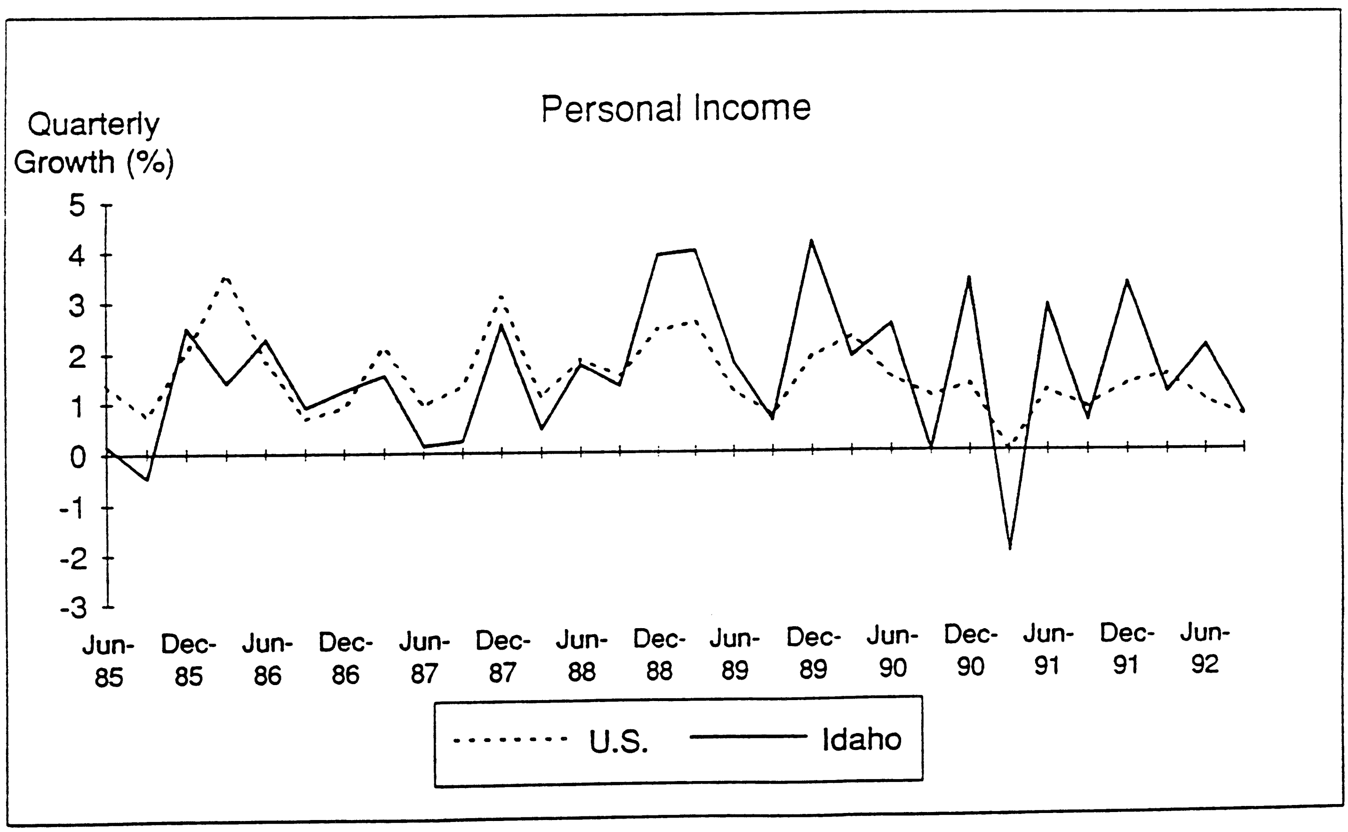
	Jan-93	Dec-92	Jan-92		
Residential Construction Permits	736.7	731.6	491.9	8.8	49.8

Employment levels are in thousands.
Construction data are three-month moving averages.

Idaho

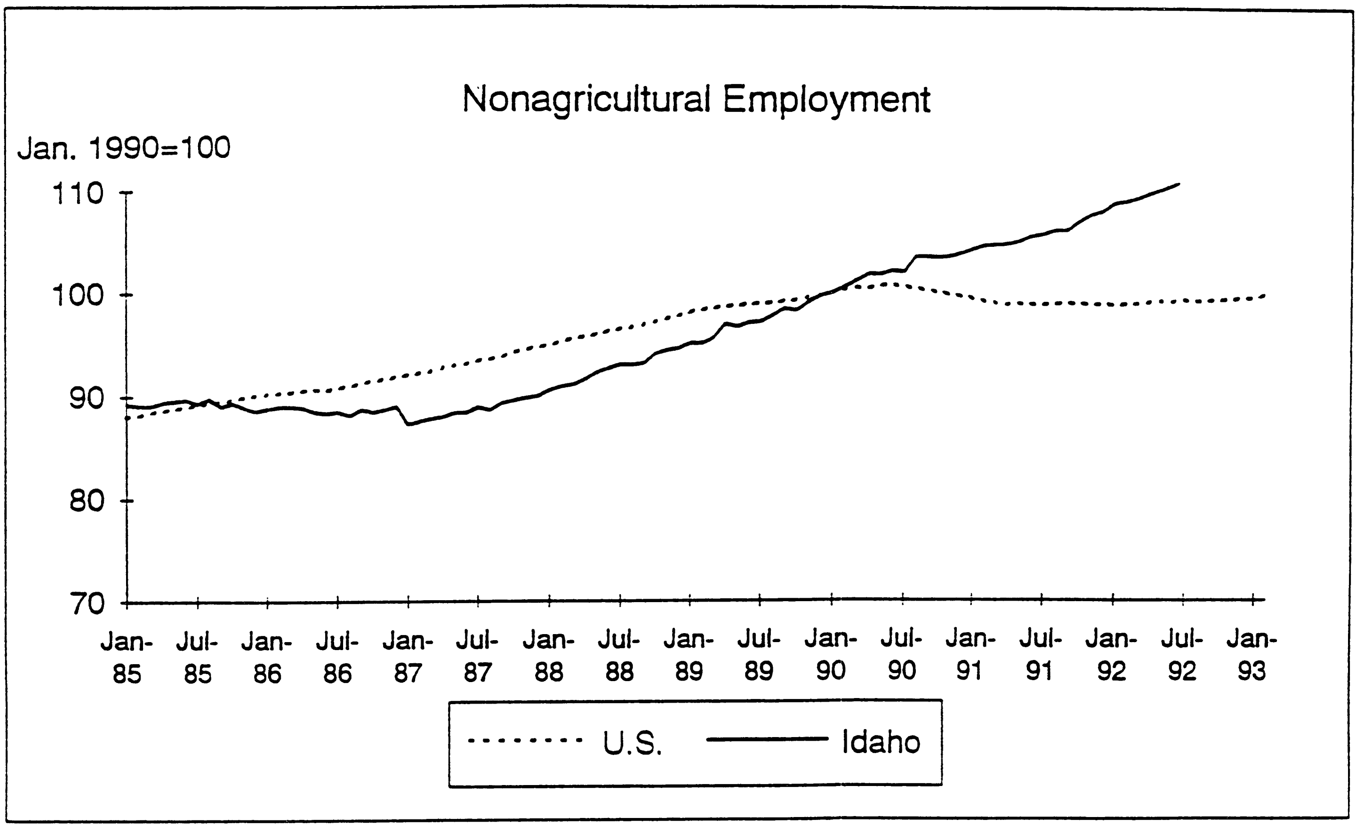


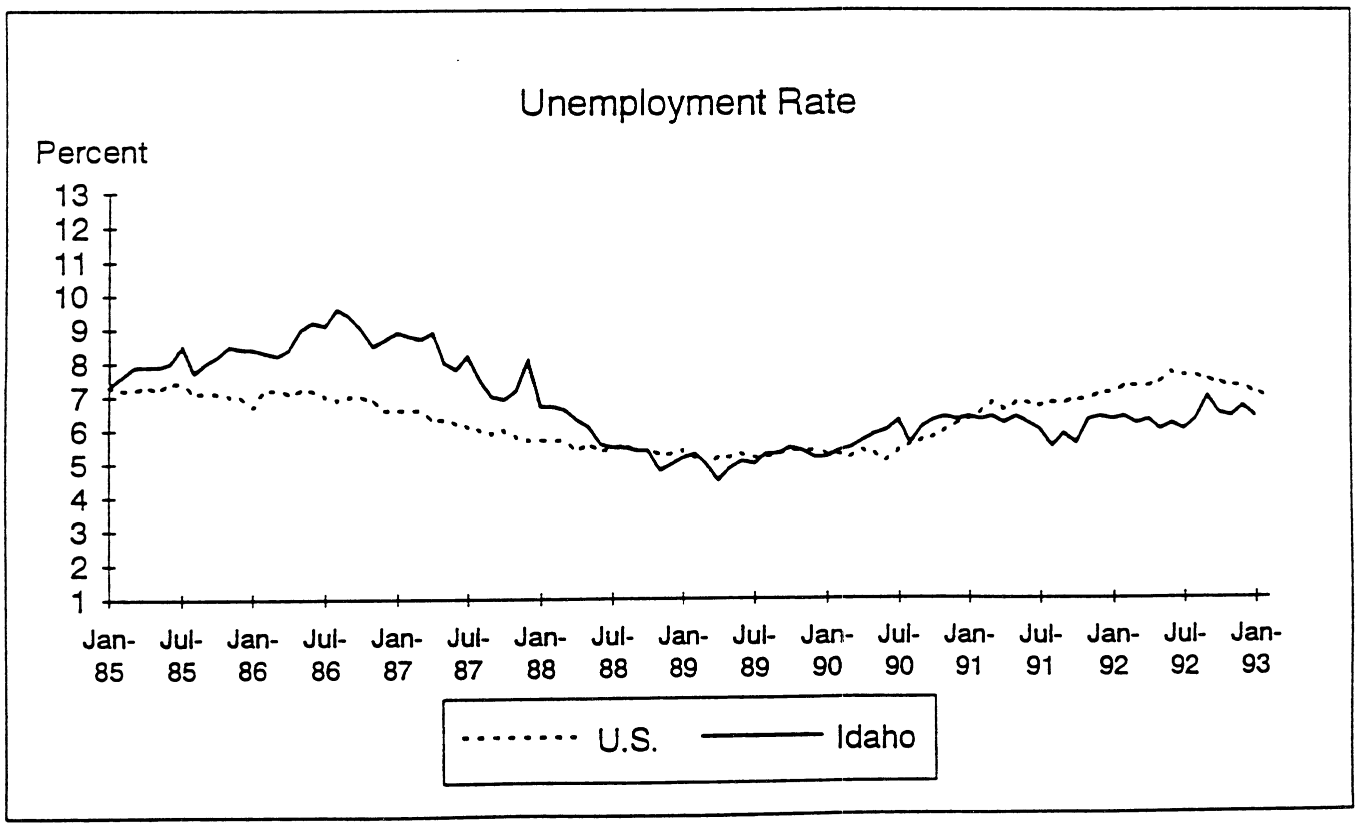
Population
Annual
Growth (%)
3
2
1
0
-1
1986
1987
1988
1989
1990
1991
U.S.
Idaho



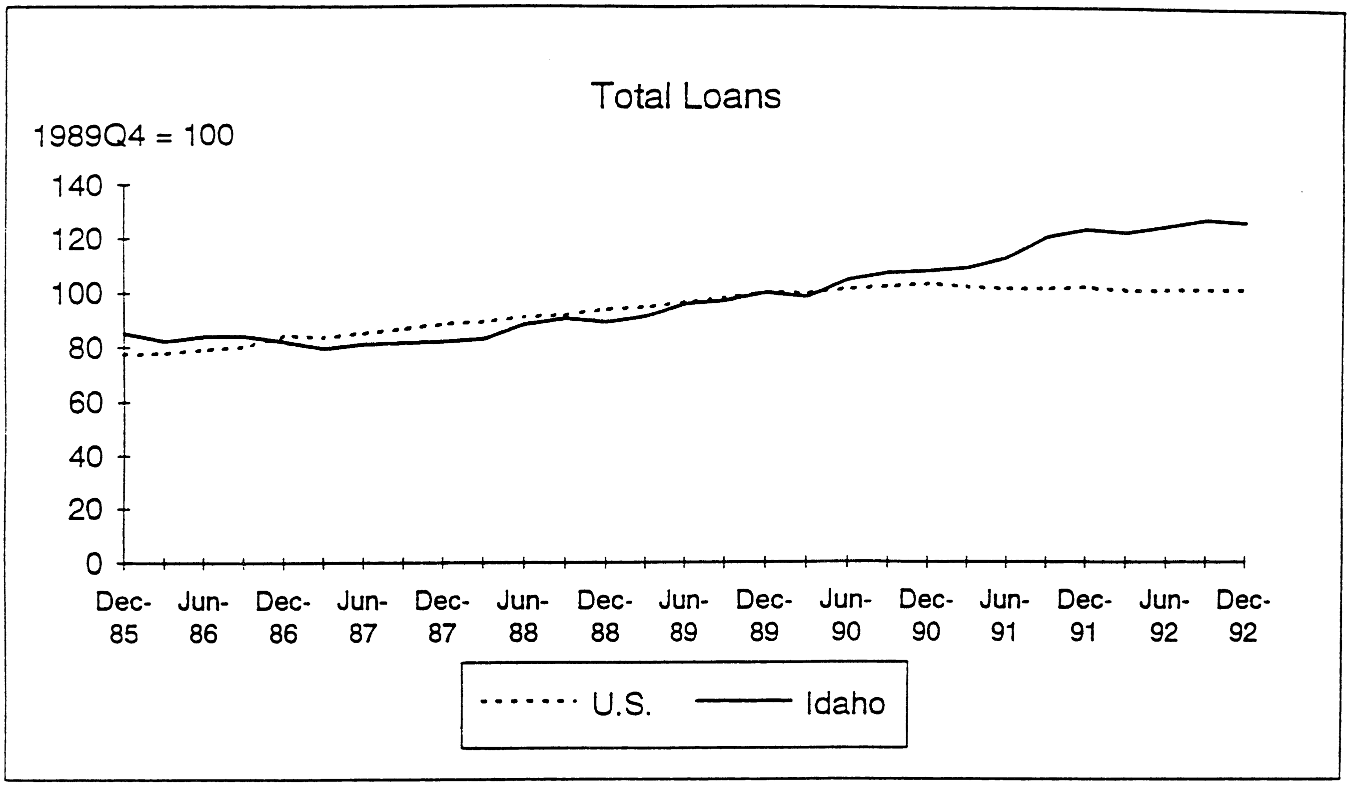
Personal Income
Quarterly
Growth (%)
5
4
3
2
1
0
-1
-2
-3
Jun-85
Dec-85
Jun-86
Dec-86
Jun-87
Dec-87
Jun-88
Dec-88
Jun-89
Dec-89
Jun-90
Dec-90
Jun-91
Dec-91
Jun-92
U.S.
Idaho

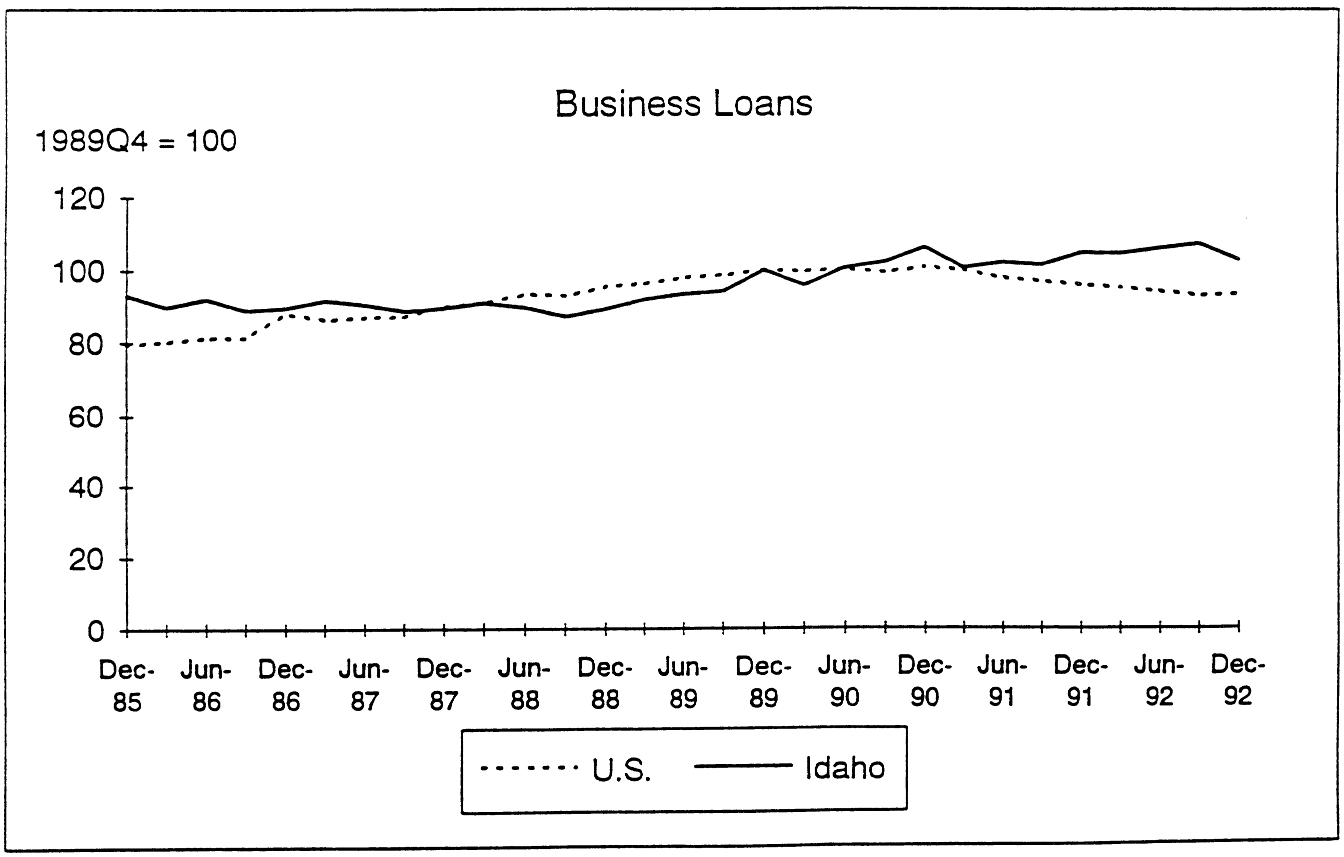
Idaho


Nonagricultural Employment
Jan. 1990=100
110
100
90
80
70
Jan-85
Jul-85
Jan-86
Jul-86
Jan-87
Jul-87
Jan-88
Jul-88
Jan-89
Jul-89
Jan-90
Jul-90
Jan-91
Jul-91
Jan-92
Jul-92
Jan-93
U.S.
Idaho


Unemployment Rate
Percent
13
12
11
10
9
8
7
6
5
4
3
2
1
Jan-85
Jul-85
Jan-86
Jul-86
Jan-87
Jul-87
Jan-88
Jul-88
Jan-89
Jul-89
Jan-90
Jul-90
Jan-91
Jul-91
Jan-92
Jul-92
Jan-93
U.S.
Idaho

Idaho


Total Loans
1989Q4 = 100
140
120
100
80
60
40
20
0
Dec-85
Jun-86
Dec-86
Jun-87
Dec-87
Jun-88
Dec-88
Jun-89
Dec-89
Jun-90
Dec-90
Jun-91
Dec-91
Jun-92
Dec-92
U.S.
Idaho

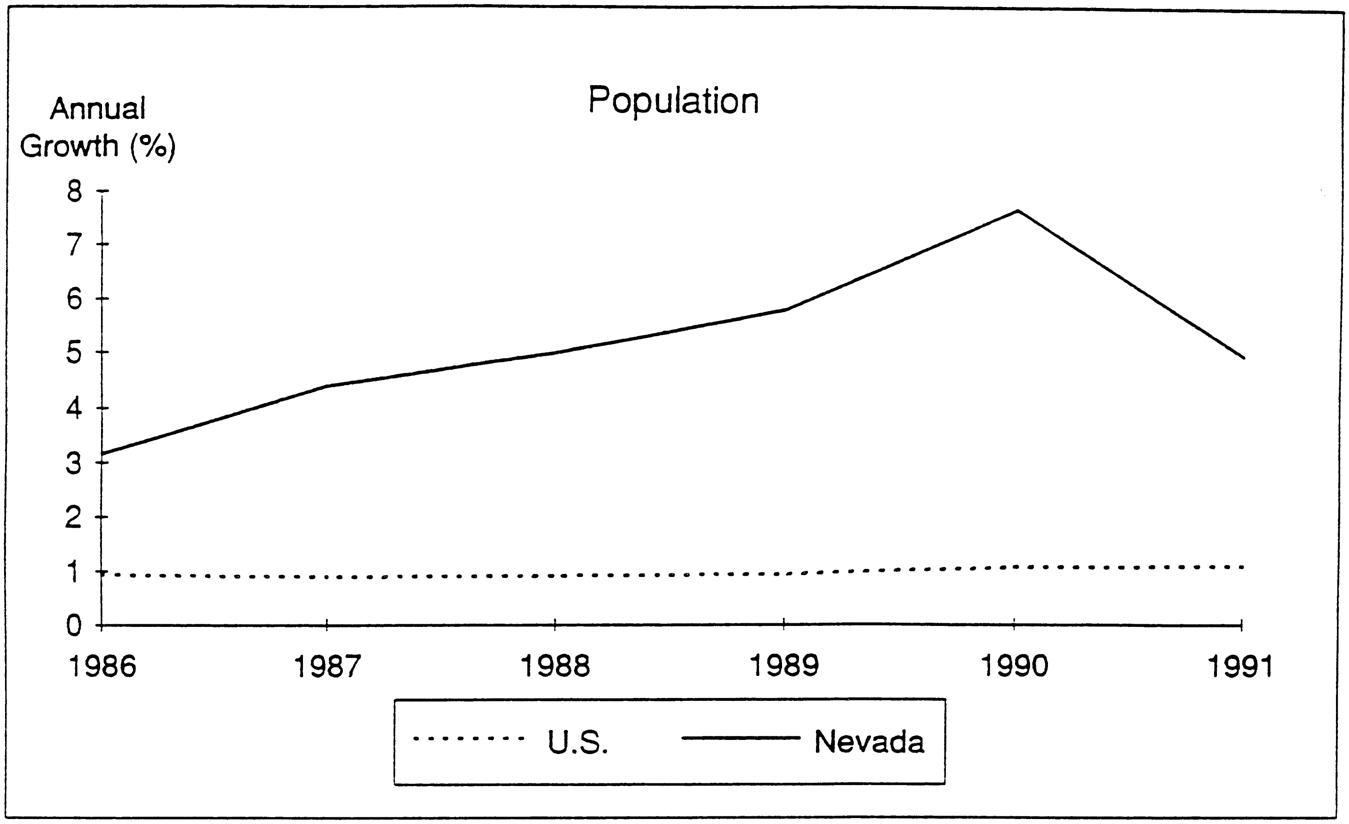

Business Loans
1989Q4 = 100
120
100
80
60
40
20
0
Dec-85
Jun-86
Dec-86
Jun-87
Dec-87
Jun-88
Dec-88
Jun-89
Dec-89
Jun-90
Dec-90
Jun-91
Dec-91
Jun-92
Dec-92
U.S.
Idaho

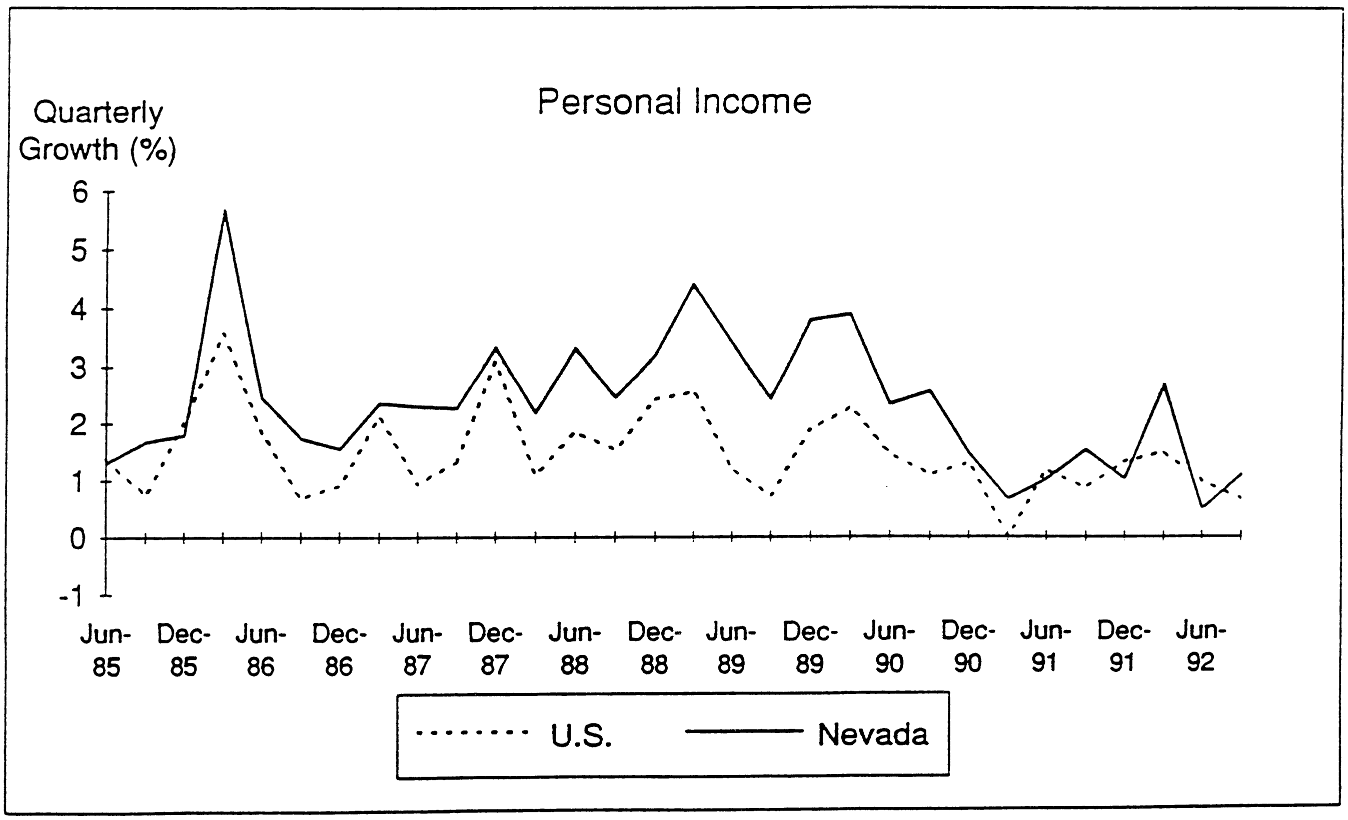
Idaho
Current Economic Statistics
Seasonally Adjusted

	Jan-93	Dec-92	Jan-92	Annualized % Change From Previous Month	% Change From Year Earlier
Total Non-Agricultural Employment	425.8	423.4	409.6	7.0	3.9
Mining	2.6	2.5	2.7	75.9	-4.0
Construction	24.7	23.8	21.3	53.9	16.0
Manufacturing	68.5	67.0	65.1	29.3	5.1
T.C.P.U.	21.0	20.4	20.2	36.0	4.1
Trade	107.5	107.5	103.3	-0.1	4.0
F.I.R.E.	21.8	21.8	20.9	0.6	4.4
Services	92.9	93.3	88.8	-4.8	4.6
Federal Government	13.1	13.3	13.4	-16.7	-2.6
State and Local Government	73.9	73.9	73.9	0.2	0.0
Civilian Labor Force	518.6	521.3	506.3	-6.0	2.4
Civilian Employment	485.2	486.5	474.3	-3.1	2.3
Unemployment Rate	6.4%	6.7%	6.3%		
	Jan-93	Dec-92	Jan-92		
Non-Residential Const. Awards ($ millions)	23.7	25.3	16.0	-55.9	47.8
	Jan-93	Dec-92	Jan-92		
Residential Construction Permits	787.3	865.7	696.0	-68.0	13.1

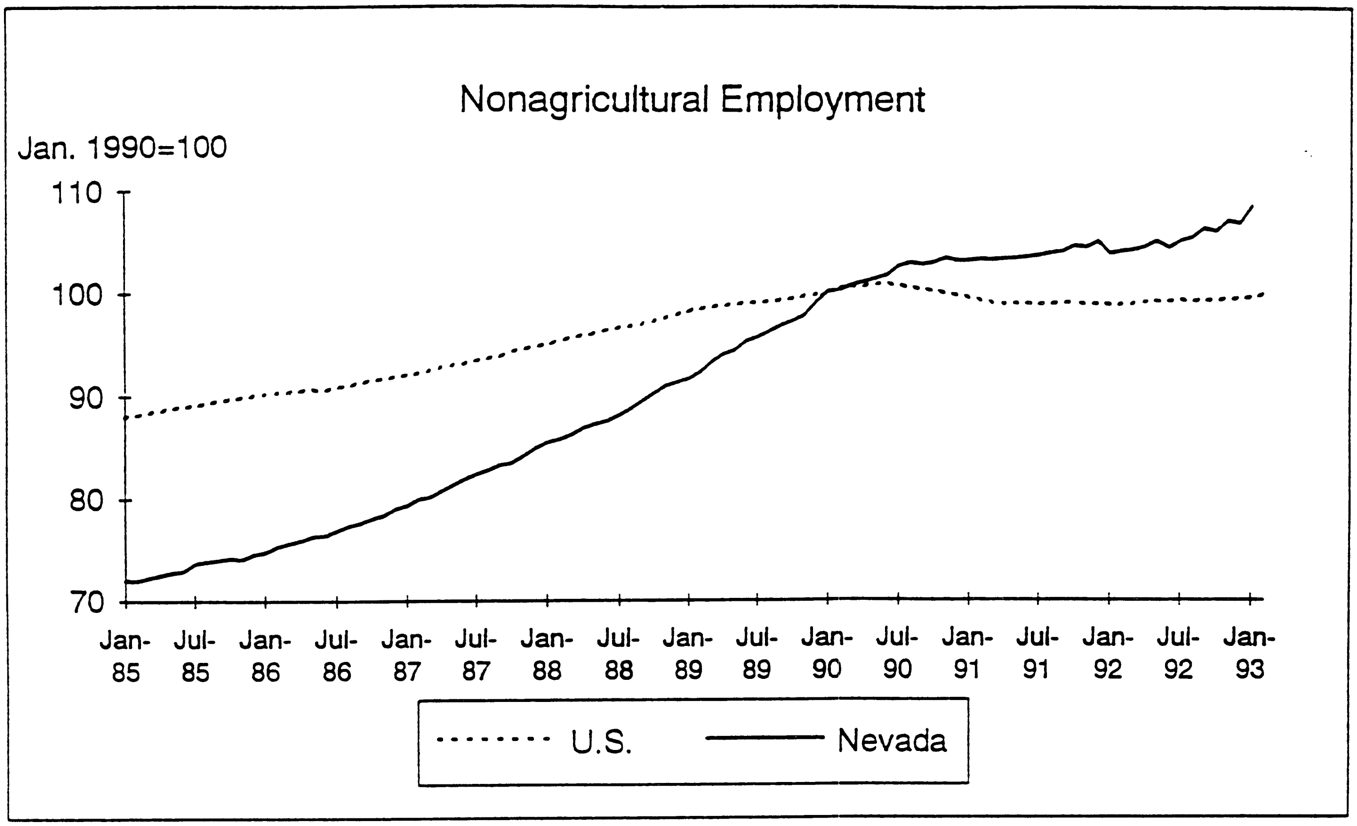
Employment levels are in thousands.
Construction data are three-month moving averages.

Nevada

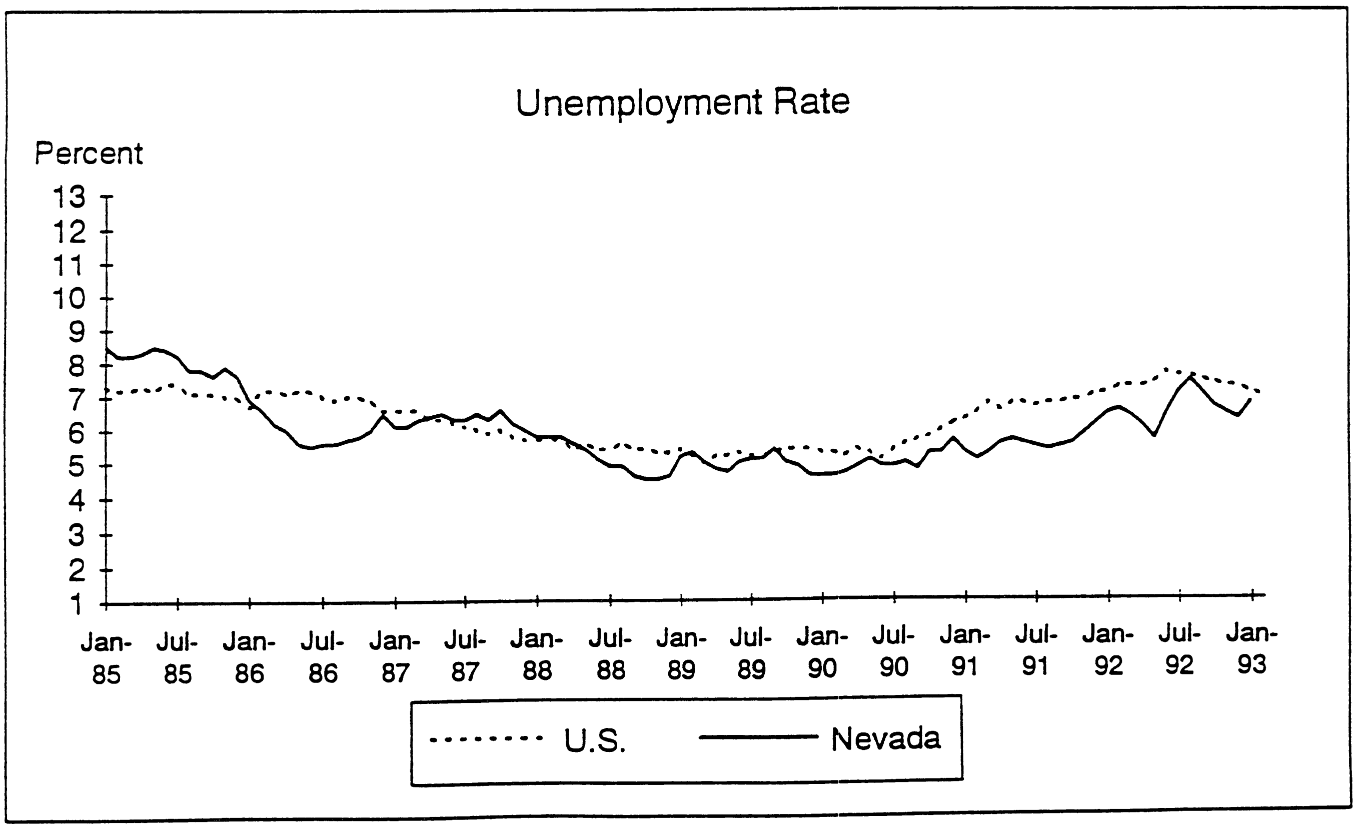

Population
Annual Growth (%)
8
7
6
5
4
3
2
1
0
1986
1987
1988
1989
1990
1991
U.S.
Nevada


Personal Income
Quarterly Growth (%)
6
5
4
3
2
1
0
-1
Jun-85
Dec-85
Jun-86
Dec-86
Jun-87
Dec-87
Jun-88
Dec-88
Jun-89
Dec-89
Jun-90
Dec-90
Jun-91
Dec-91
Jun-92
U.S.
Nevada

Nevada

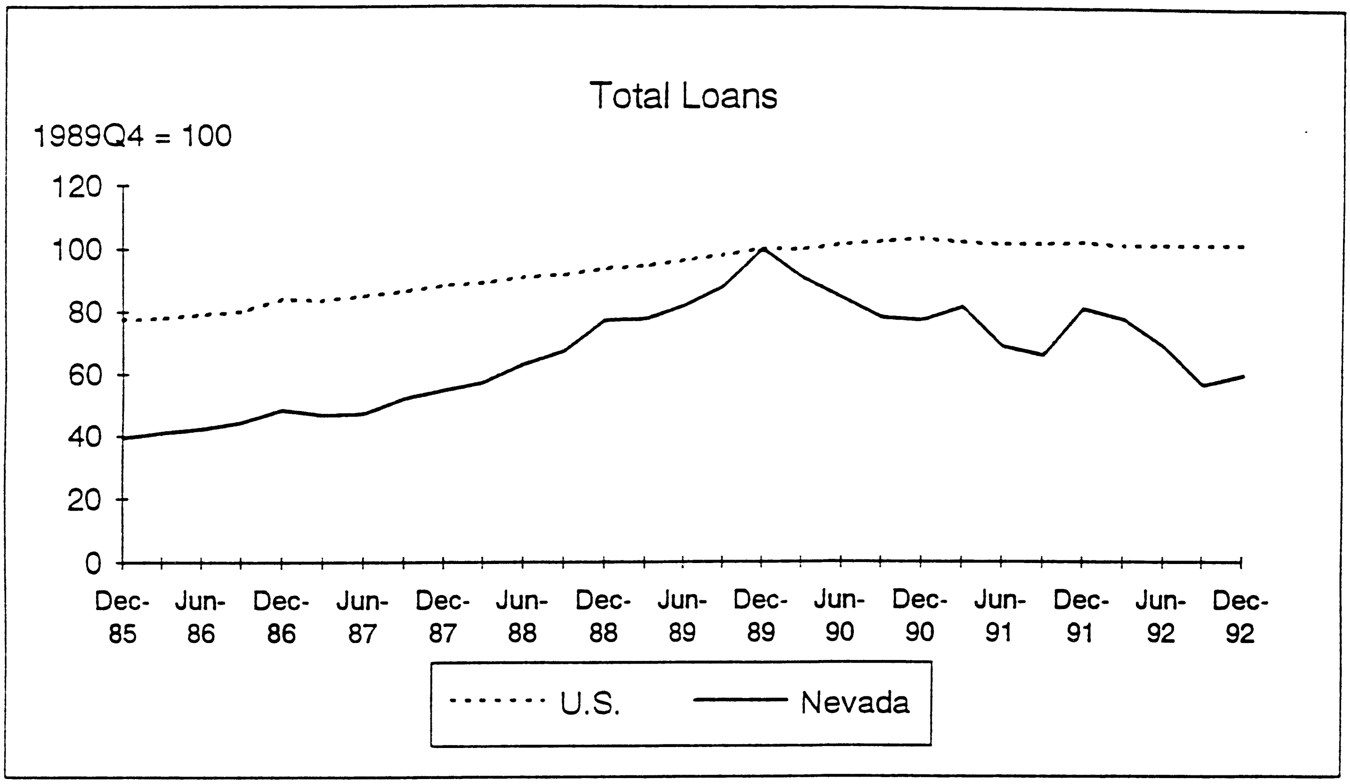


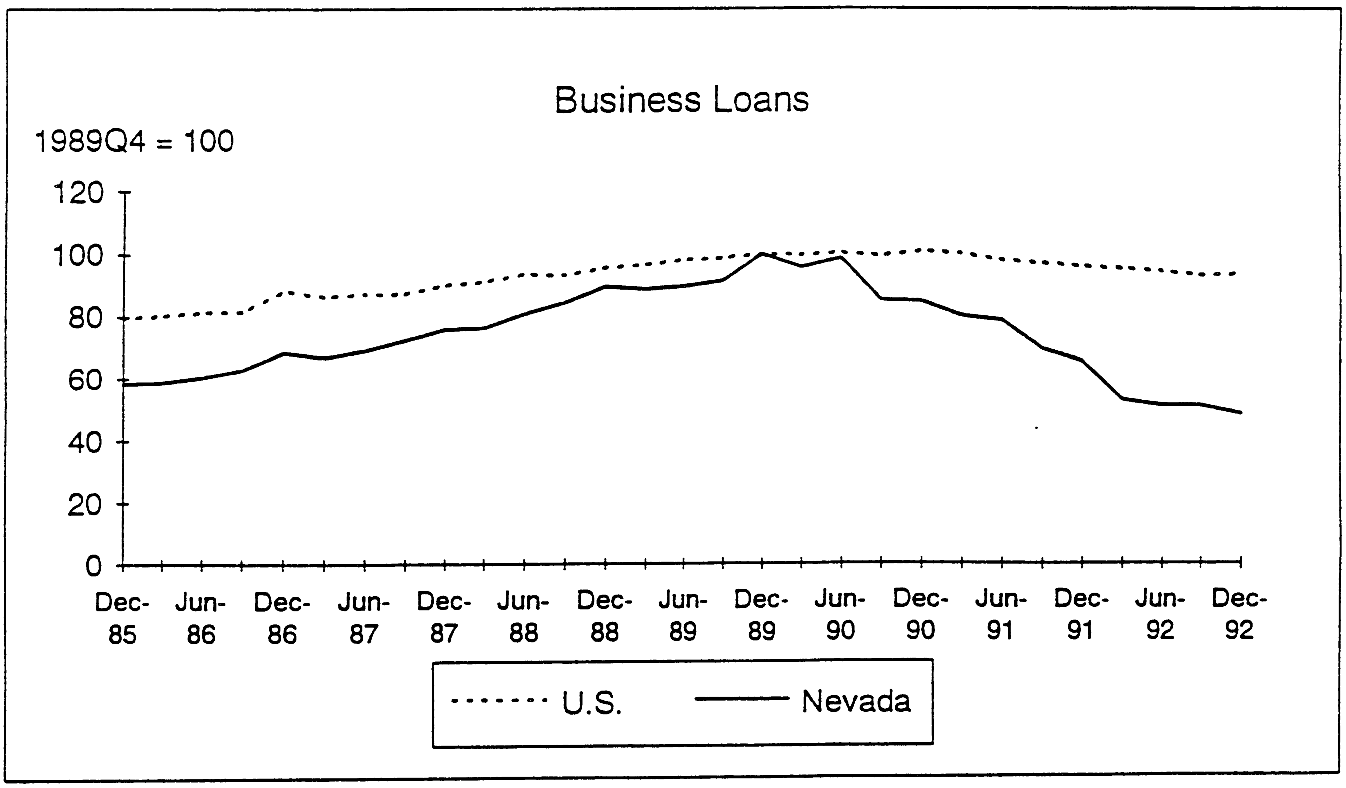
Nonagricultural Employment
Jan. 1990=100
110
100
90
80
70
Jan-85
Jul-85
Jan-86
Jul-86
Jan-87
Jul-87
Jan-88
Jul-88
Jan-89
Jul-89
Jan-90
Jul-90
Jan-91
Jul-91
Jan-92
Jul-92
Jan-93
U.S.
Nevada



Unemployment Rate
Percent
13
12
11
10
9
8
7
6
5
4
3
2
1
Jan-85
Jul-85
Jan-86
Jul-86
Jan-87
Jul-87
Jan-88
Jul-88
Jan-89
Jul-89
Jan-90
Jul-90
Jan-91
Jul-91
Jan-92
Jul-92
Jan-93
U.S.
Nevada

Nevada


Total Loans
1989Q4 = 100
120
100
80
60
40
20
0
Dec-85
Jun-86
Dec-86
Jun-87
Dec-87
Jun-88
Dec-88
Jun-89
Dec-89
Jun-90
Dec-90
Jun-91
Dec-91
Jun-92
Dec-92
U.S.
Nevada

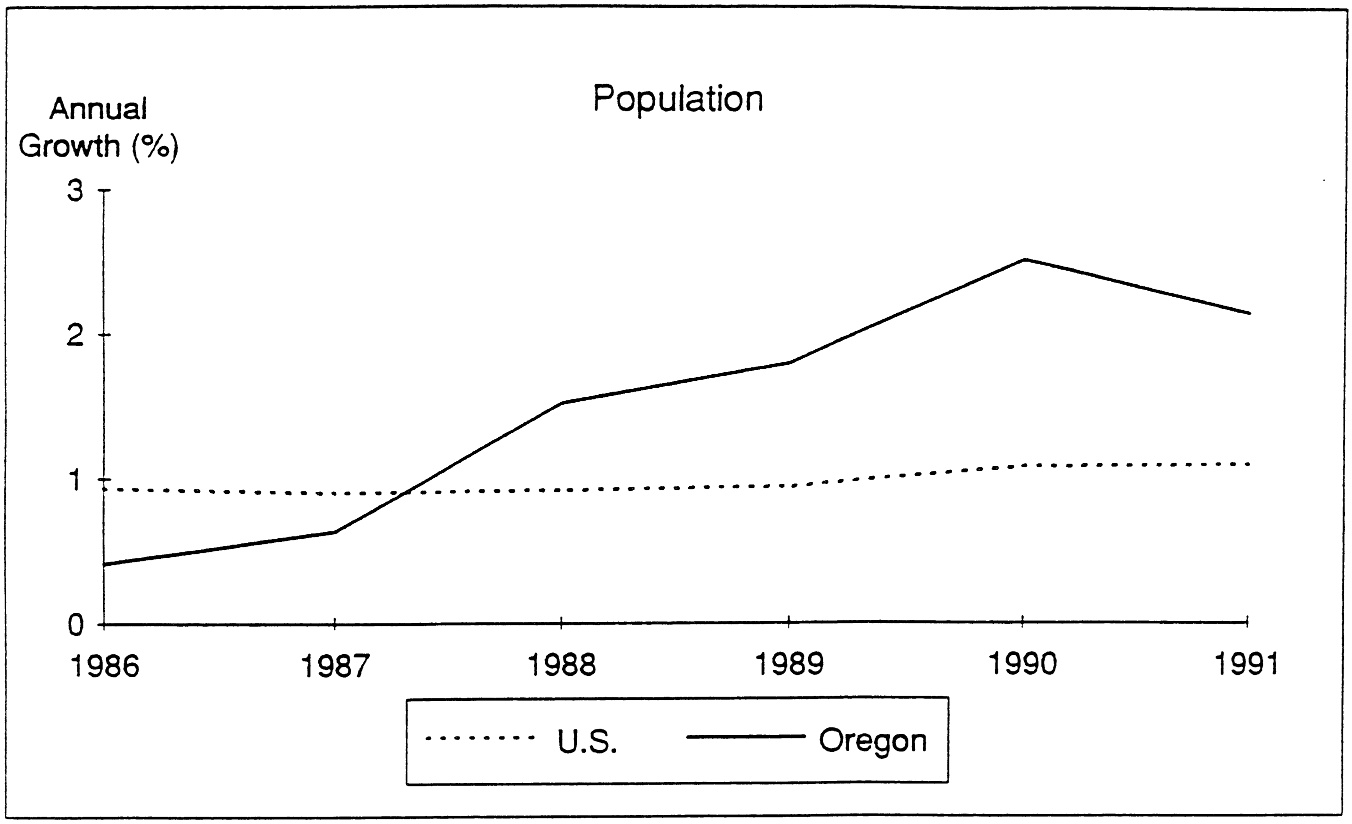

Business Loans
1989Q4 = 100
120
100
80
60
40
20
0
Dec-85
Jun-86
Dec-86
Jun-87
Dec-87
Jun-88
Dec-88
Jun-89
Dec-89
Jun-90
Dec-90
Jun-91
Dec-91
Jun-92
Dec-92
U.S.
Nevada

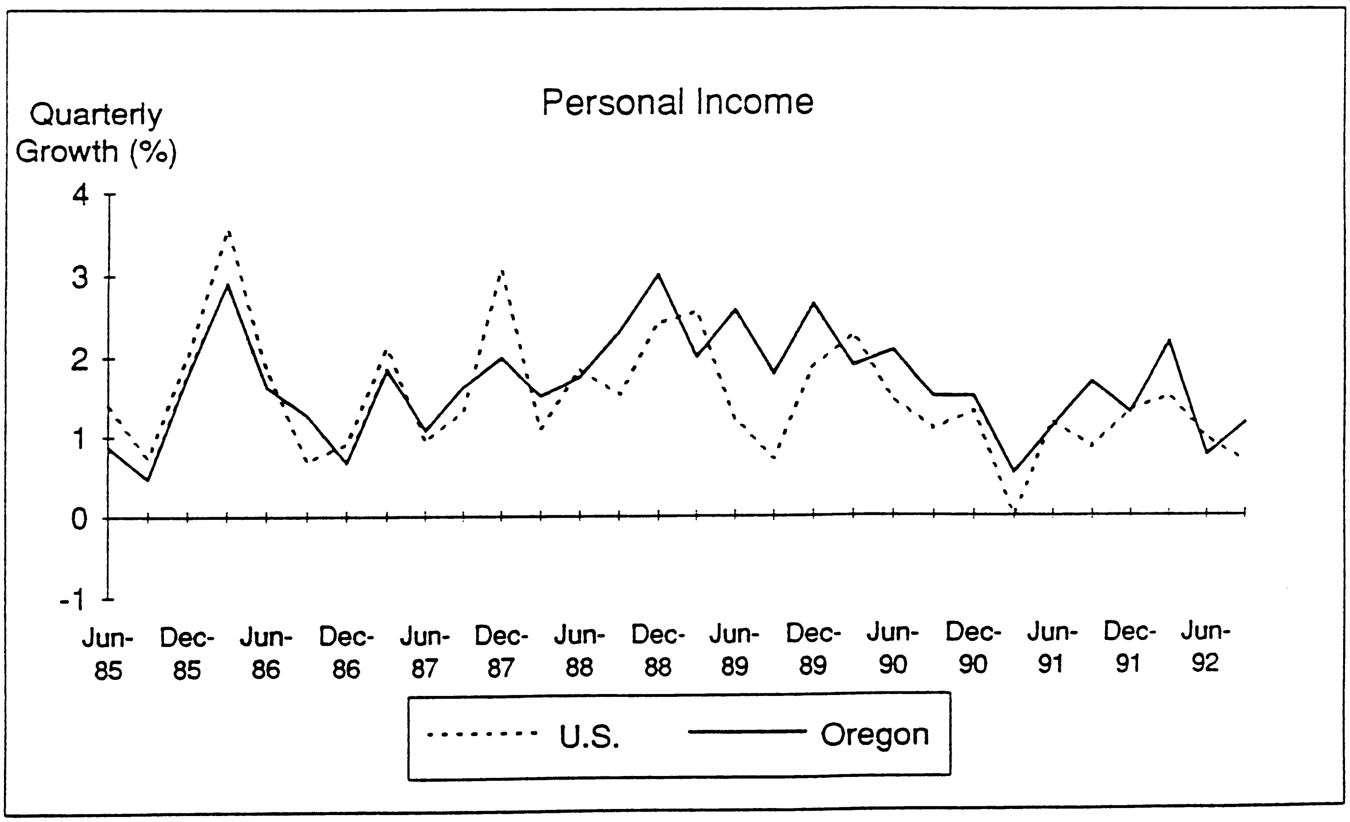
Nevada
Current Economic Statistics
Seasonally Adjusted

	Jan-93	Dec-92	Jan-92	Annualized % Change From Previous Month	% Change From Year Earlier
Total Non-Agricultural Employment	660.4	649.8	632.5	21.4	4.4
Mining	13.3	13.0	13.3	31.6	-0.1
Construction	44.2	42.0	37.4	84.6	18.3
Manufacturing	26.8	26.4	25.6	18.7	4.8
T.C.P.U.	33.5	33.2	32.7	9.8	2.4
Trade	132.5	131.8	129.1	7.3	2.7
F.I.R.E.	30.3	29.7	28.8	28.7	5.2
Services	292.4	286.6	282.1	26.8	3.6
Federal Government	13.8	13.4	12.9	32.7	6.3
State and Local Government	73.7	73.8	70.7	-0.2	4.3
Civilian Labor Force	681.7	680.6	662.5	2.0	2.9
Civilian Employment	635.3	637.4	619.6	-3.9	2.5
Unemployment Rate	6.8%	6.3%	6.5%		
	Jan-93	Dec-92	Jan-92		
Non-Residential Const. Awards ($ millions)	81.1	71.9	90.1	323.4	-10.0
	Jan-93	Dec-92	Jan-92		
Residential Construction Permits	1167.5	1403.9	1954.2	-89.1	-40.3

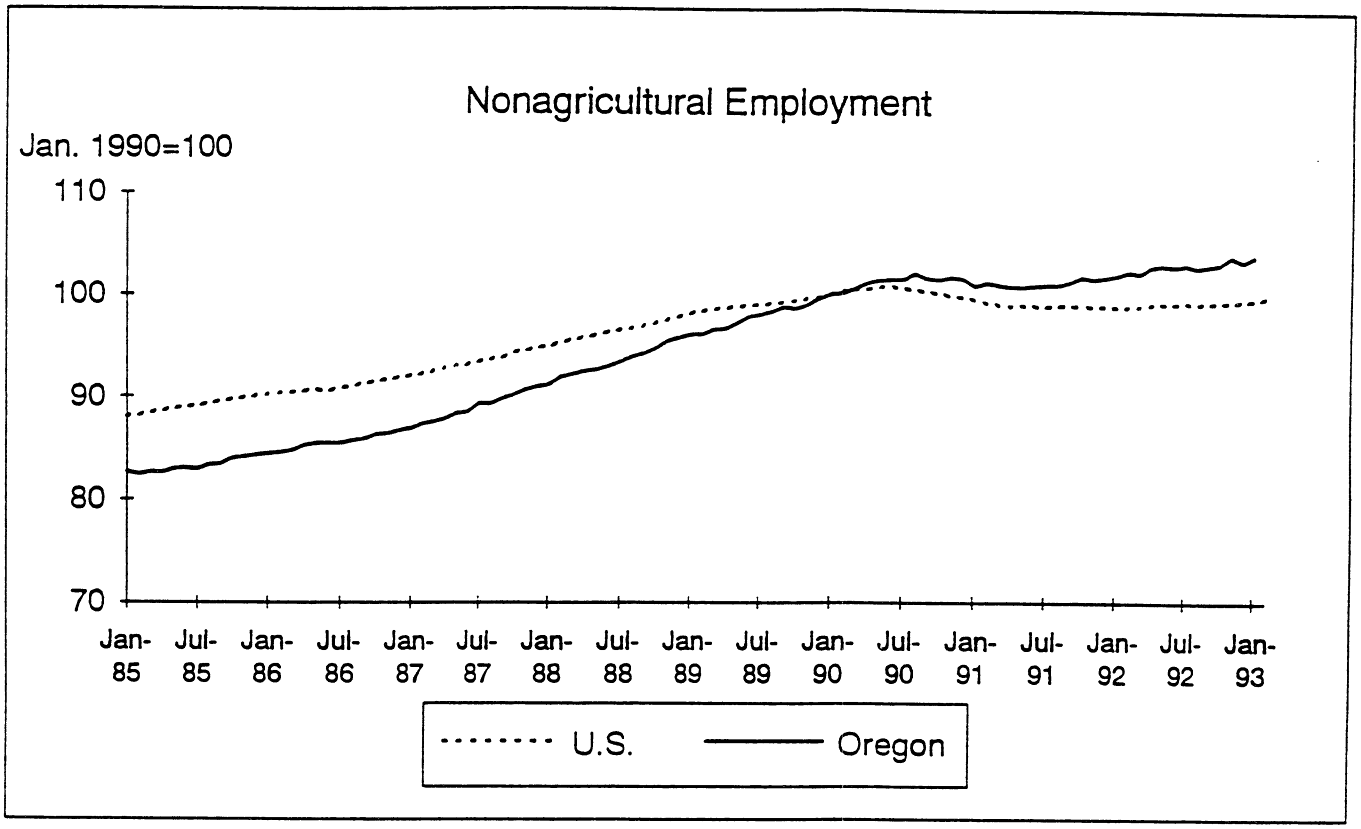
Employment levels are in thousands.
Construction data are three-month moving averages.

Oregon


Population
Annual Growth (%)
3
2
1
0
1986
1987
1988
1989
1990
1991
U.S.
Oregon

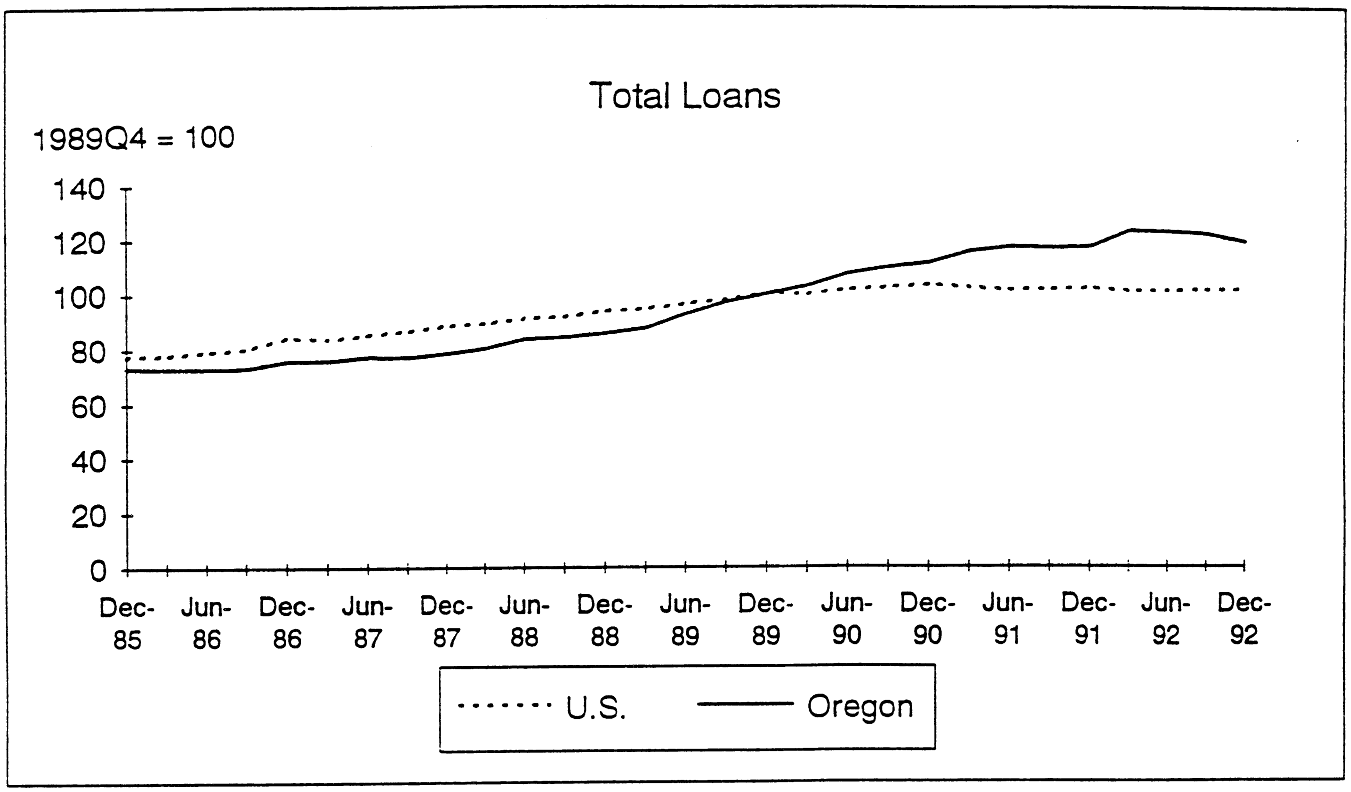

Personal Income
Quarterly Growth (%)
4
3
2
1
0
-1
Jun-85
Dec-85
Jun-86
Dec-86
Jun-87
Dec-87
Jun-88
Dec-88
Jun-89
Dec-89
Jun-90
Dec-90
Jun-91
Dec-91
Jun-92
U.S.
Oregon

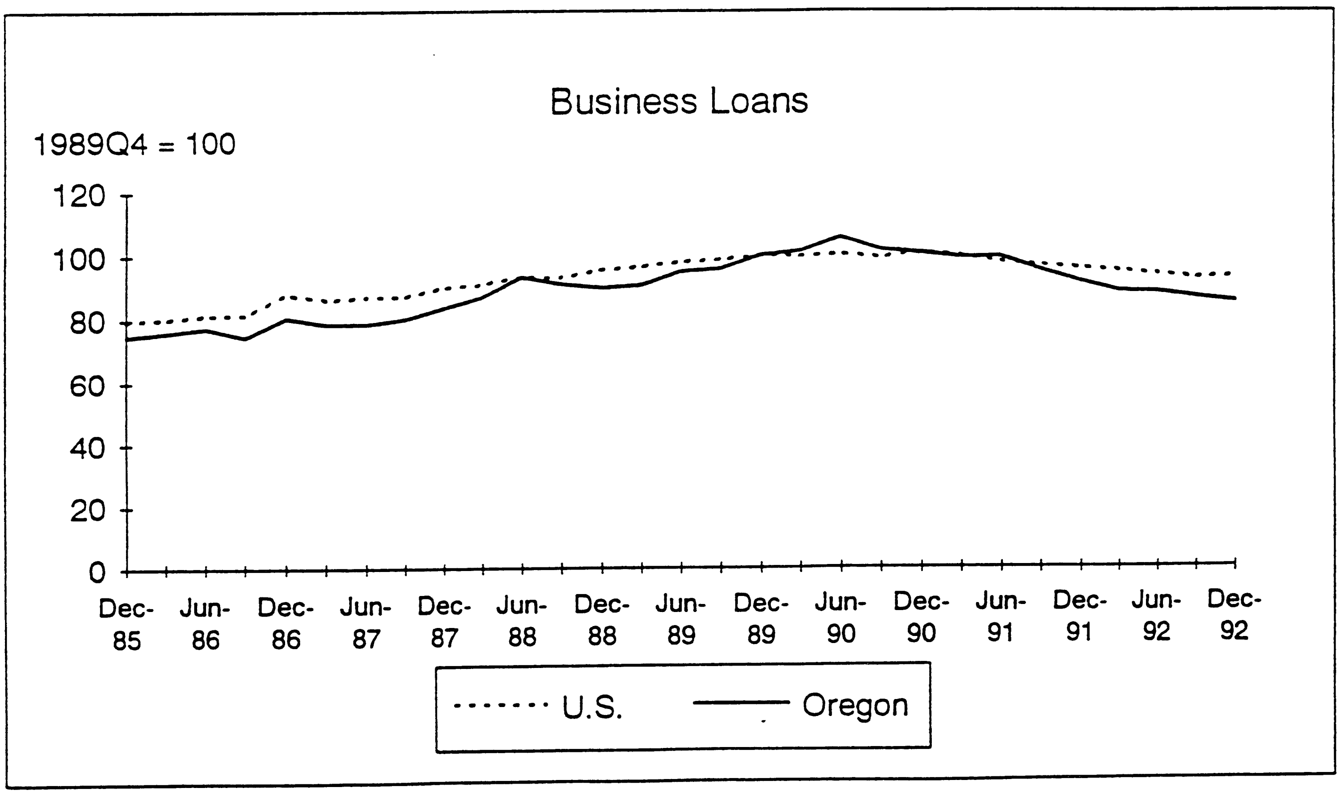
Oregon


Nonagricultural Employment
Jan. 1990=100
110
100
90
80
70
Jan-85
Jul-85
Jan-86
Jul-86
Jan-87
Jul-87
Jan-88
Jul-88
Jan-89
Jul-89
Jan-90
Jul-90
Jan-91
Jul-91
Jan-92
Jul-92
Jan-93
U.S.
Oregon


Unemployment Rate
Percent
13
12
11
10
9
8
7
6
5
4
3
2
1
Jan-85
Jul-85
Jan-86
Jul-86
Jan-87
Jul-87
Jan-88
Jul-88
Jan-89
Jul-89
Jan-90
Jul-90
Jan-91
Jul-91
Jan-92
Jul-92
Jan-93
U.S.
Oregon

Oregon


Total Loans
1989Q4 = 100
140
120
100
80
60
40
20
0
Dec-85
Jun-86
Dec-86
Jun-87
Dec-87
Jun-88
Dec-88
Jun-89
Dec-89
Jun-90
Dec-90
Jun-91
Dec-91
Jun-92
Dec-92
U.S.
Oregon


Business Loans
1989Q4 = 100
120
100
80
60
40
20
0
Dec-85
Jun-86
Dec-86
Jun-87
Dec-87
Jun-88
Dec-88
Jun-89
Dec-89
Jun-90
Dec-90
Jun-91
Dec-91
Jun-92
Dec-92
U.S.
Oregon

Oregon
Current Economic Statistics
Seasonally Adjusted

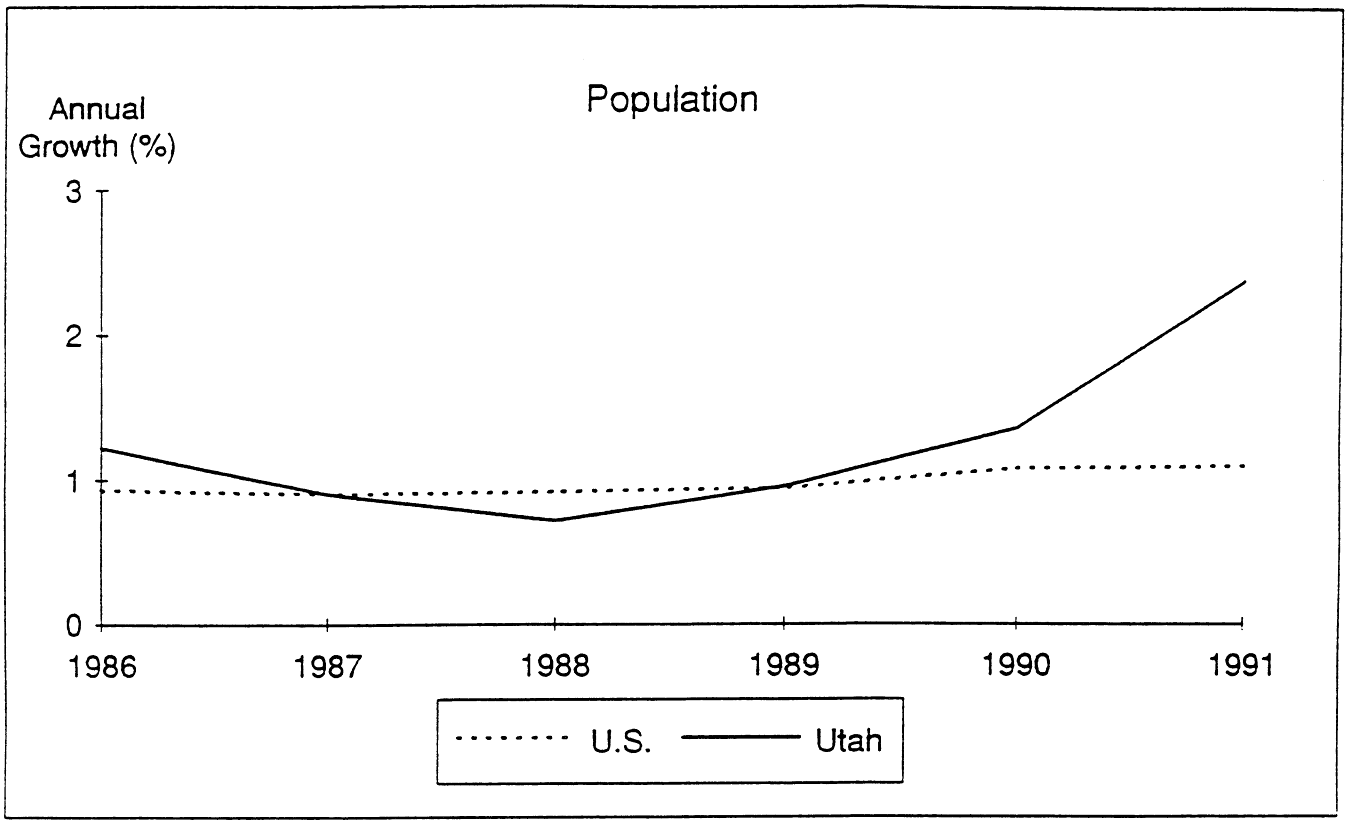
	Jan-93	Dec-92	Jan-92	Annualized % Change From Previous Month	% Change From Year Earlier
Total Non-Agricultural Employment	1283.4	1276.9	1259.7	6.3	1.9
Mining	1.4	1.5	1.5	-44.1	-7.2
Construction	48.4	48.4	50.2	-1.2	-3.6
Manufacturing	206.7	205.8	207.5	5.5	-0.4
T.C.P.U.	66.0	65.4	65.6	9.8	0.5
Trade	324.9	322.8	316.8	8.0	2.5
F.I.R.E.	87.6	87.2	84.7	5.5	3.4
Services	316.0	314.1	304.4	7.4	3.8
Federal Government	32.9	33.0	33.3	-2.2	-1.2
State and Local Government	199.6	198.7	195.7	5.5	2.0
Civilian Labor Force	1524.7	1520.2	1491.2	3.6	2.2
Civilian Employment	1390.1	1403.0	1362.7	-10.5	2.0
Unemployment Rate	8.8%	7.7%	8.6%		

	Jan-93	Dec-92	Jan-92		
Non-Residential Const. Awards ($ millions)	88.2	95.0	47.2	-59.3	87.0

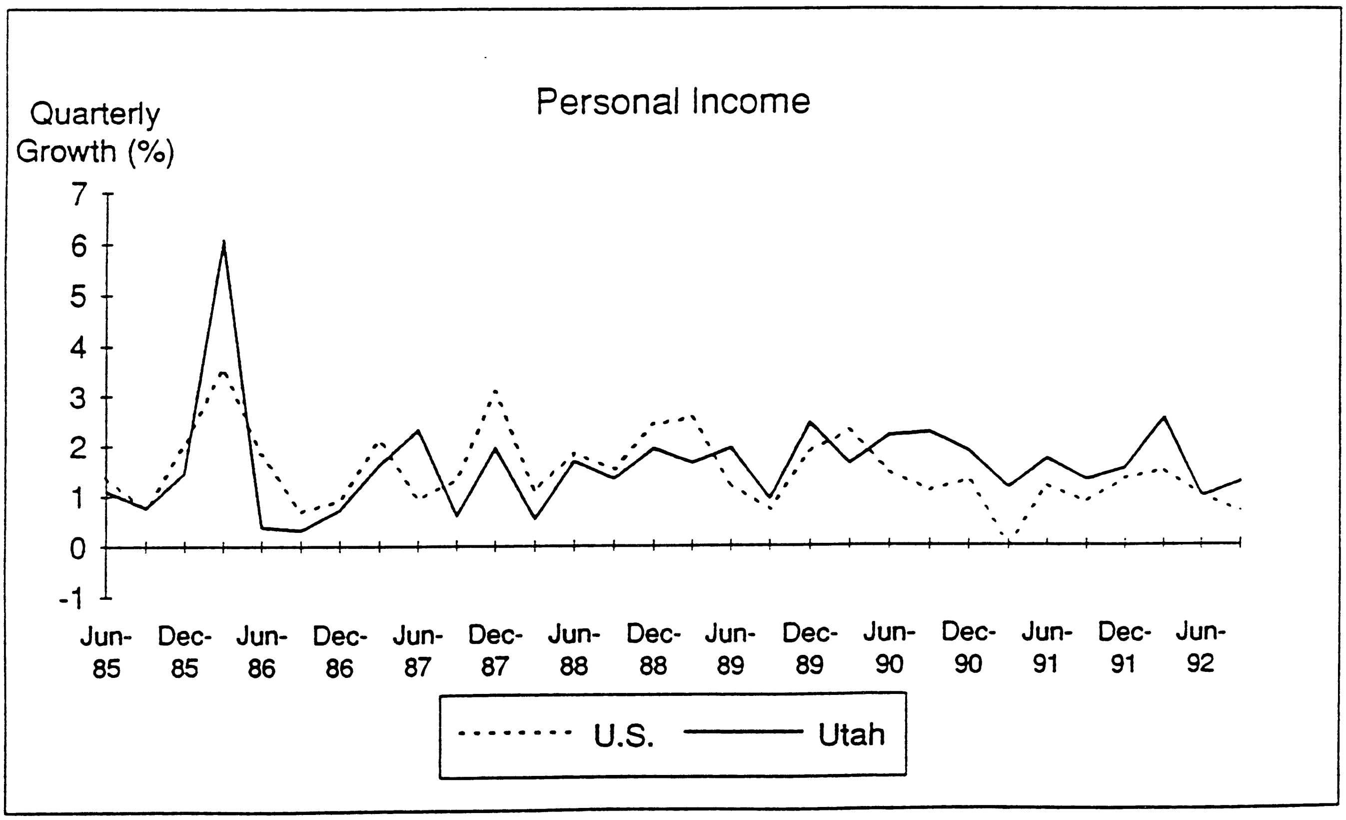
	Jan-93	Dec-92	Jan-92		
Residential Construction Permits	1539.0	1566.9	1734.0	-19.4	-11.2

Employment levels are in thousands.
Construction data are three-month moving averages.

Utah

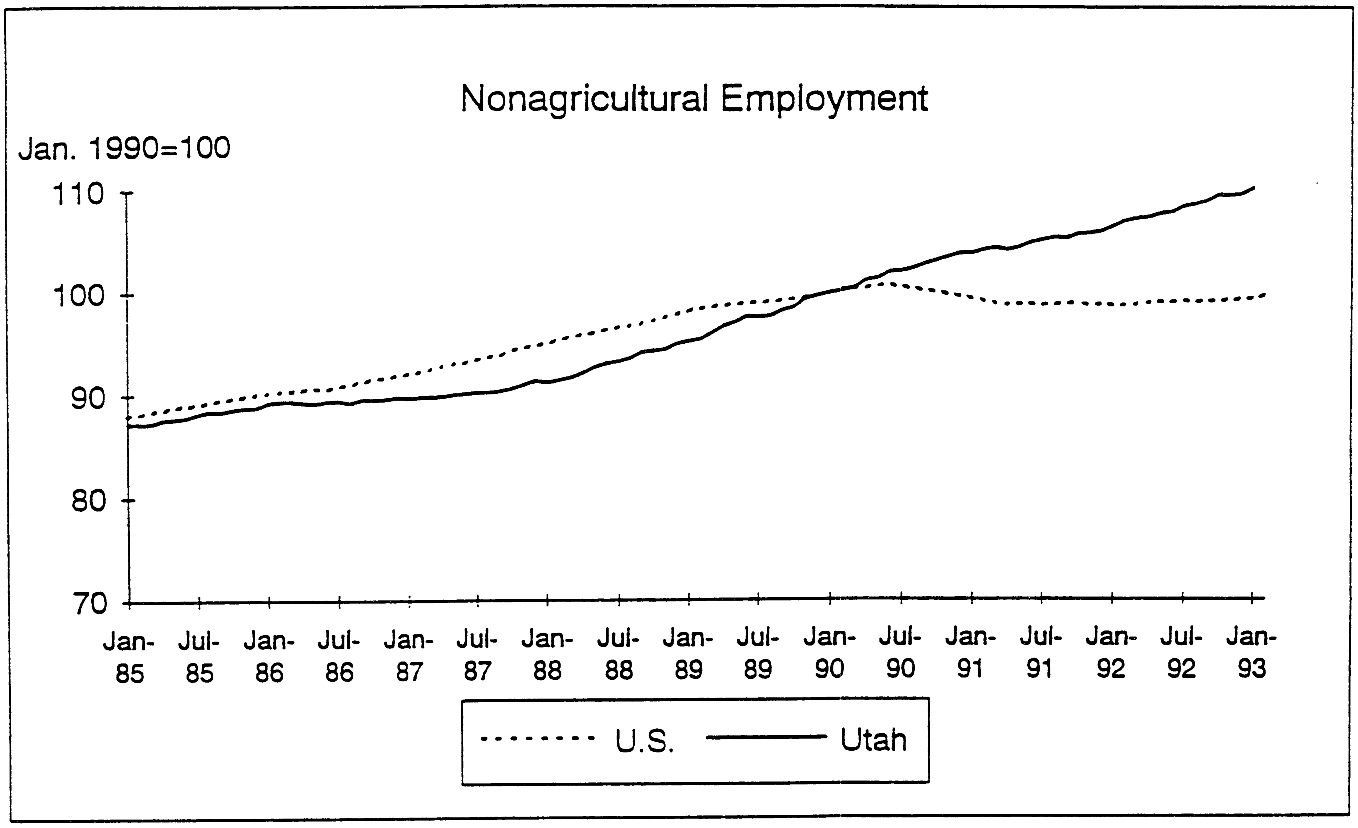


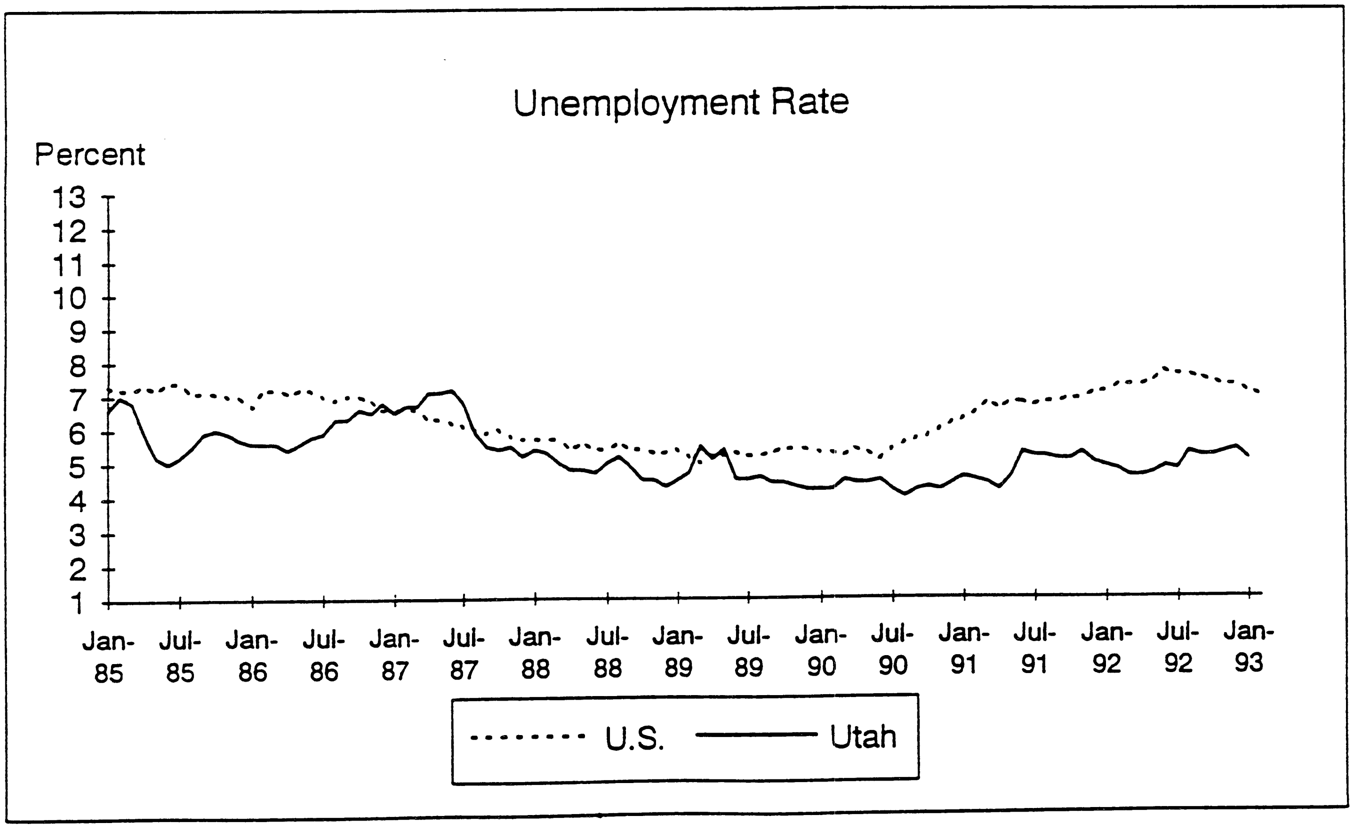
Population
Annual
Growth (%)
3
2
1
0
1986
1987
1988
1989
1990
1991
U.S.
Utah

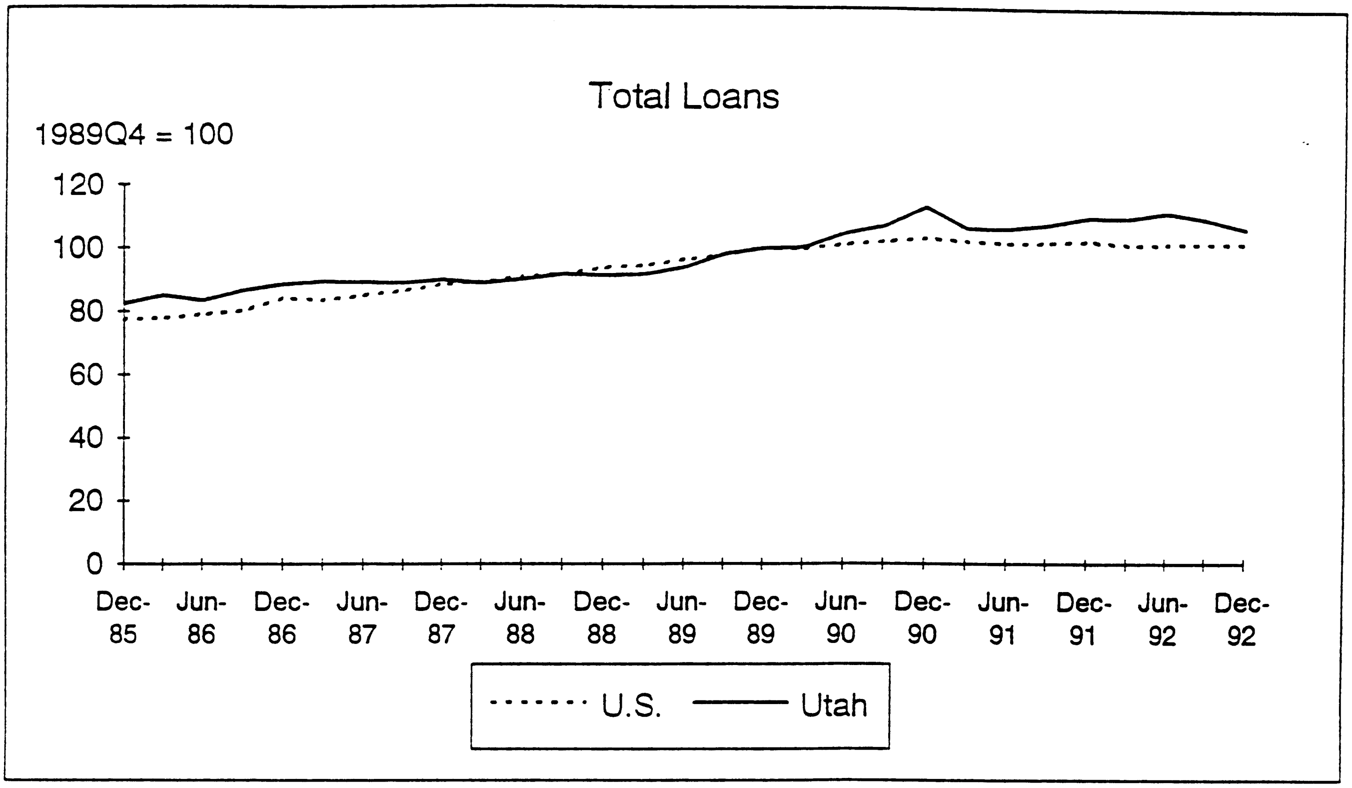


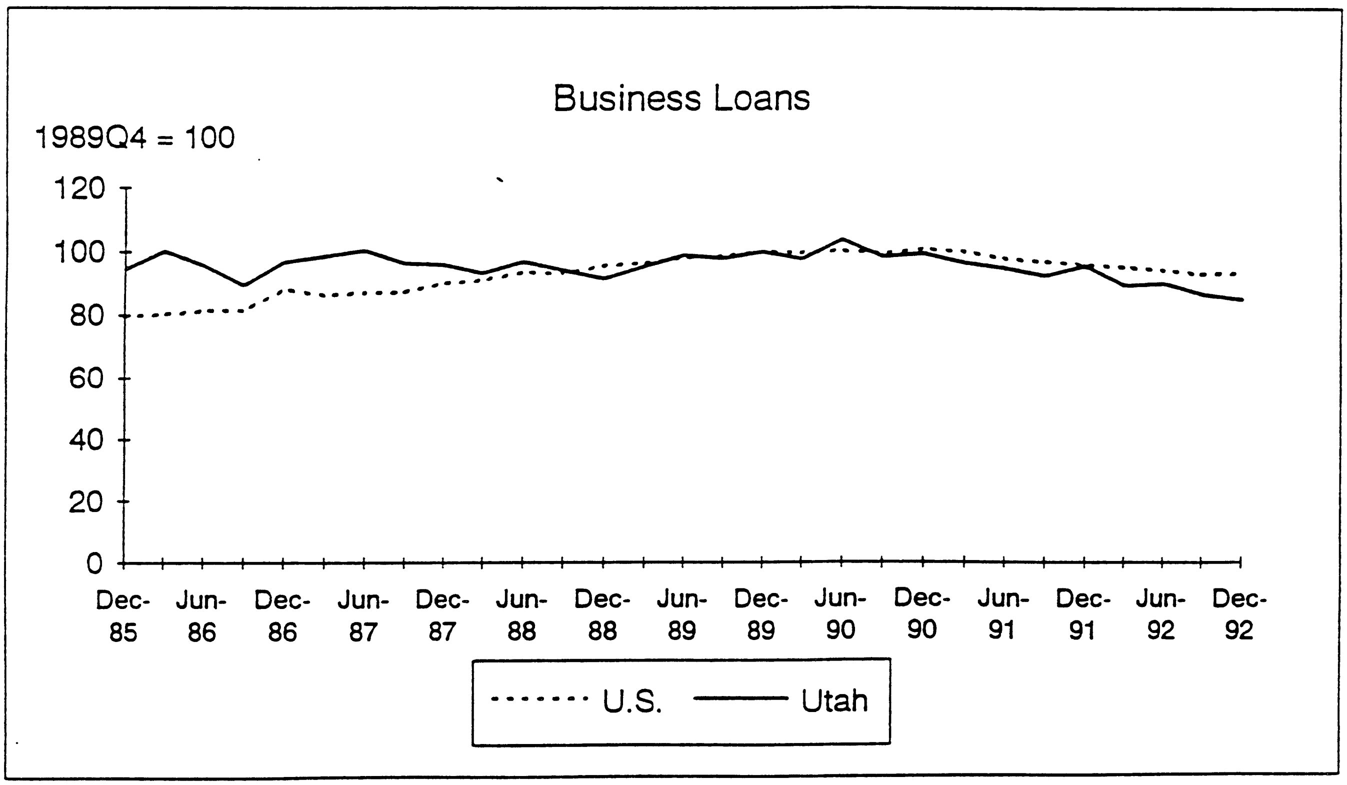
Personal Income
Quarterly
Growth (%)
7
6
5
4
3
2
1
0
-1
Jun-85
Dec-85
Jun-86
Dec-86
Jun-87
Dec-87
Jun-88
Dec-88
Jun-89
Dec-89
Jun-90
Dec-90
Jun-91
Dec-91
Jun-92
U.S.
Utah

Utah


Nonagricultural Employment
Jan. 1990=100
110
100
90
80
70
Jan-85 Jul-85 Jan-86 Jul-86 Jan-87 Jul-87 Jan-88 Jul-88 Jan-89 Jul-89 Jan-90 Jul-90 Jan-91 Jul-91 Jan-92 Jul-92 Jan-93
U.S.
Utah


Unemployment Rate
Percent
13
12
11
10
9
8
7
6
5
4
3
2
1
Jan-85 Jul-85 Jan-86 Jul-86 Jan-87 Jul-87 Jan-88 Jul-88 Jan-89 Jul-89 Jan-90 Jul-90 Jan-91 Jul-91 Jan-92 Jul-92 Jan-93
U.S.
Utah


Total Loans
1989Q4 = 100
120
100
80
60
40
20
0
Dec-85
Jun-86
Dec-86
Jun-87
Dec-87
Jun-88
Dec-88
Jun-89
Dec-89
Jun-90
Dec-90
Jun-91
Dec-91
Jun-92
Dec-92
U.S.
Utah

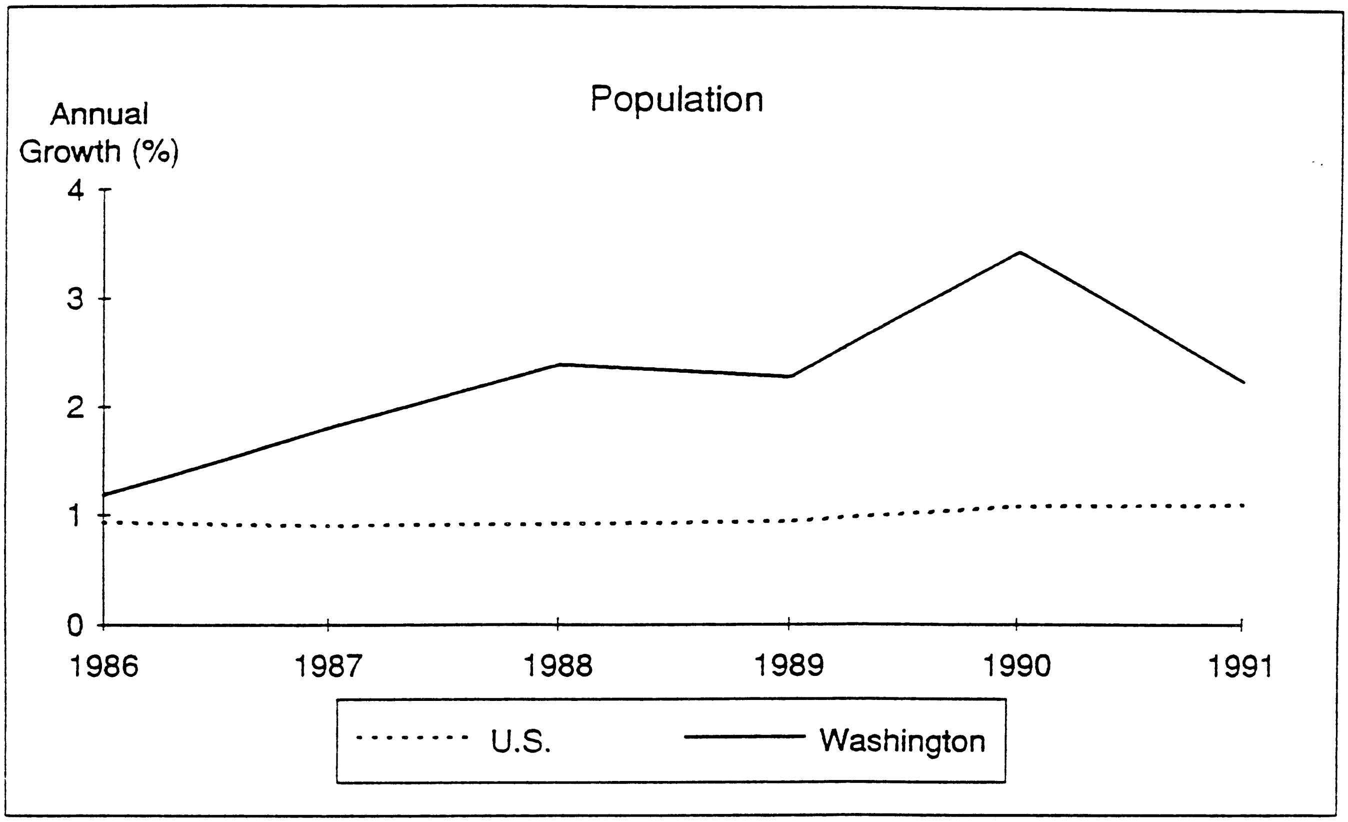

Business Loans
1989Q4 = 100
120
100
80
60
40
20
0
Dec-85
Jun-86
Dec-86
Jun-87
Dec-87
Jun-88
Dec-88
Jun-89
Dec-89
Jun-90
Dec-90
Jun-91
Dec-91
Jun-92
Dec-92
U.S.
Utah

Utah
Current Economic Statistics
Seasonally Adjusted

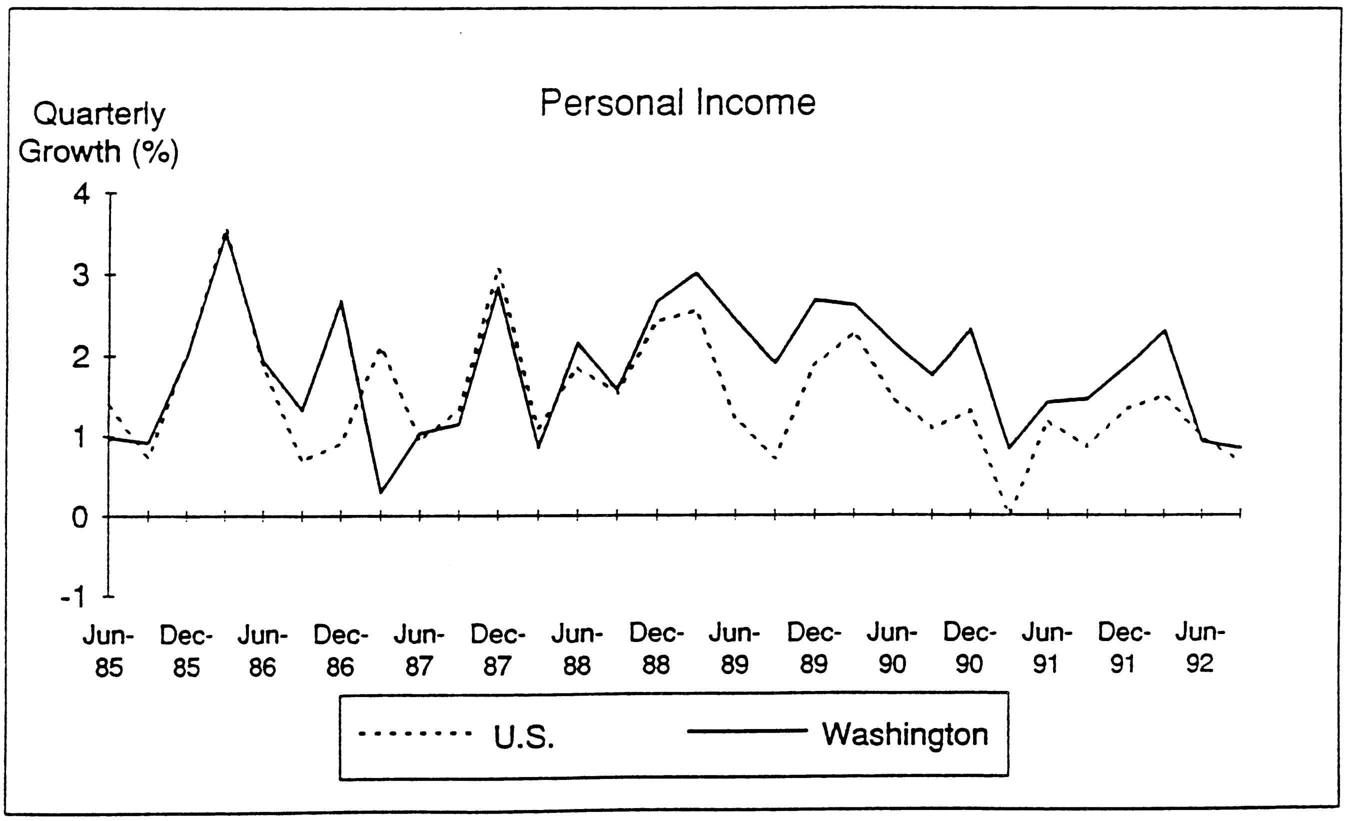
	Jan-93	Dec-92	Jan-92	Annualized % Change From Previous Month	% Change From Year Earlier
Total Non-Agricultural Employment	781.9	777.7	756.0	6.7	3.4
Mining	8.6	8.4	8.5	34.6	1.2
Construction	38.0	36.3	33.3	73.1	14.1
Manufacturing	104.5	104.9	106.4	-4.0	-1.7
T.C.P.U.	44.0	43.9	42.8	5.0	2.9
Trade	186.0	185.5	181.4	3.3	2.6
F.I.R.E.	37.8	37.7	36.8	5.2	2.8
Services	205.1	202.9	191.5	13.9	7.1
Federal Government	37.3	37.5	38.7	-6.5	-3.7
State and Local Government	120.5	120.7	116.6	-2.1	3.4
Civilian Labor Force	825.2	813.3	814.1	18.9	1.4
Civilian Employment	783.1	769.8	774.0	22.8	1.2
Unemployment Rate	5.1%	5.4%	4.9%		
	Jan-93	Dec-92	Jan-92		
Non-Residential Const. Awards ($ millions)	54.8	48.9	55.8	288.8	-1.7
	Jan-93	Dec-92	Jan-92		
Residential Construction Permits	1291.2	1360.5	991.5	-46.6	30.2

Employment levels are in thousands.
Construction data are three-month moving averages.

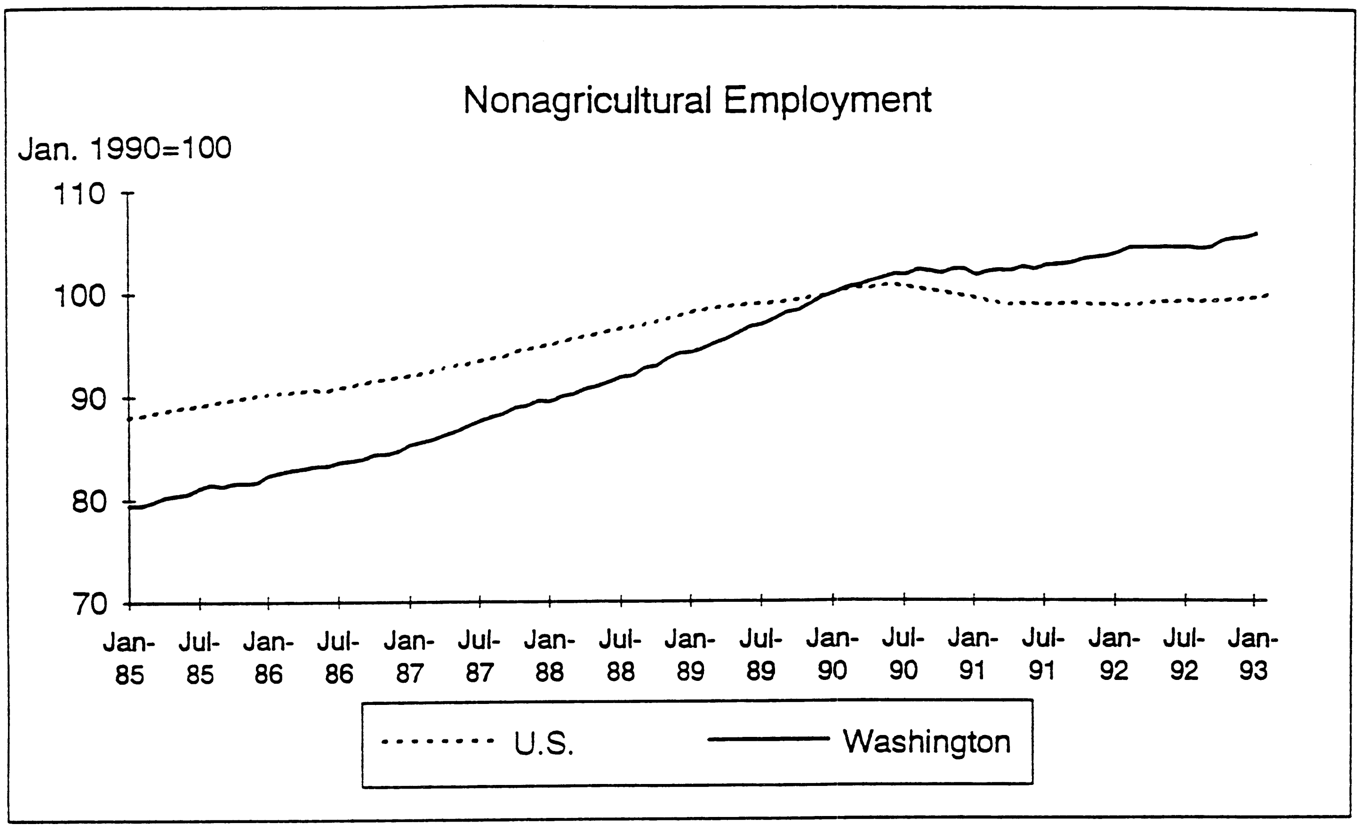
Washington

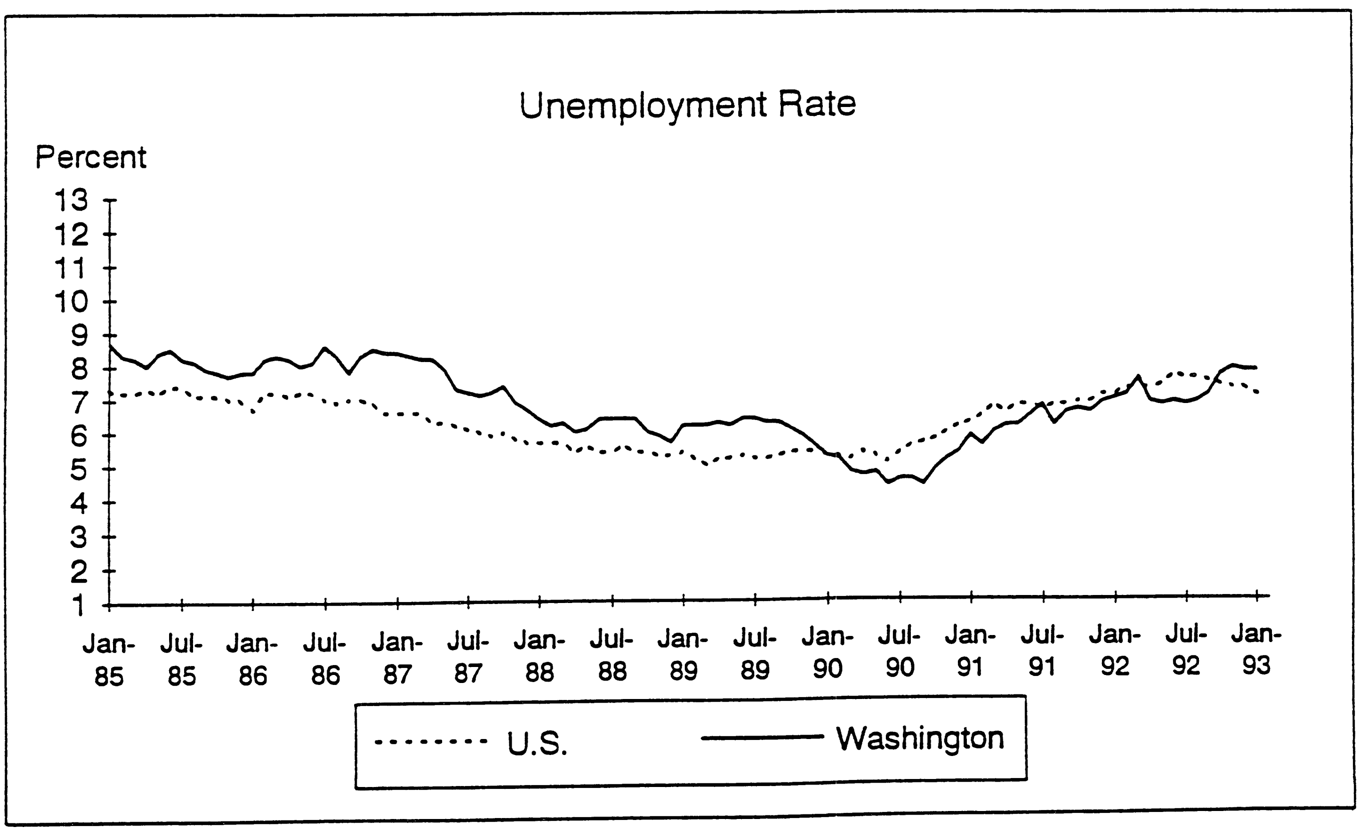


Population
Annual
Growth (%)
4
3
2
1
0
1986
1987
1988
1989
1990
1991
U.S.
Washington

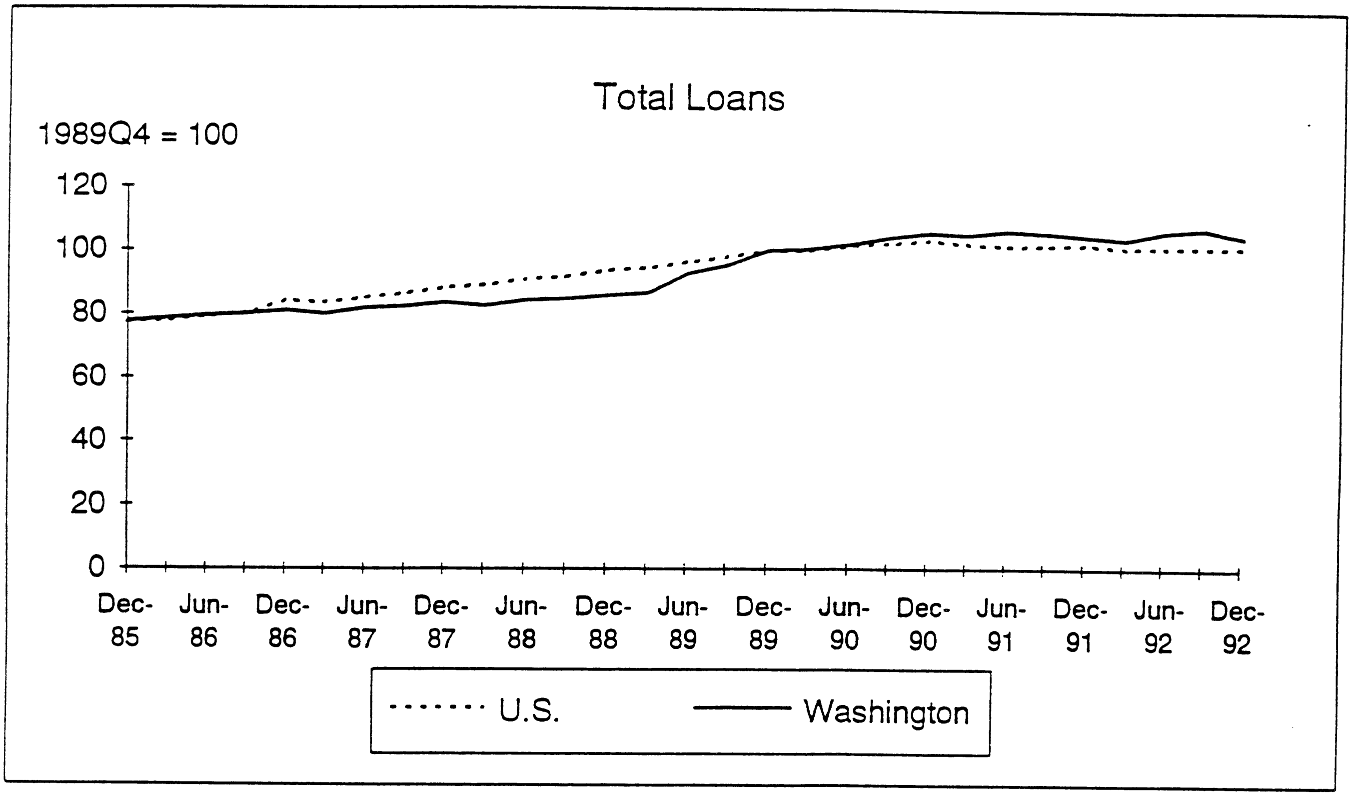


Personal Income
Quarterly
Growth (%)
4
3
2
1
0
-1
Jun-85
Dec-85
Jun-86
Dec-86
Jun-87
Dec-87
Jun-88
Dec-88
Jun-89
Dec-89
Jun-90
Dec-90
Jun-91
Dec-91
Jun-92
U.S.
Washington

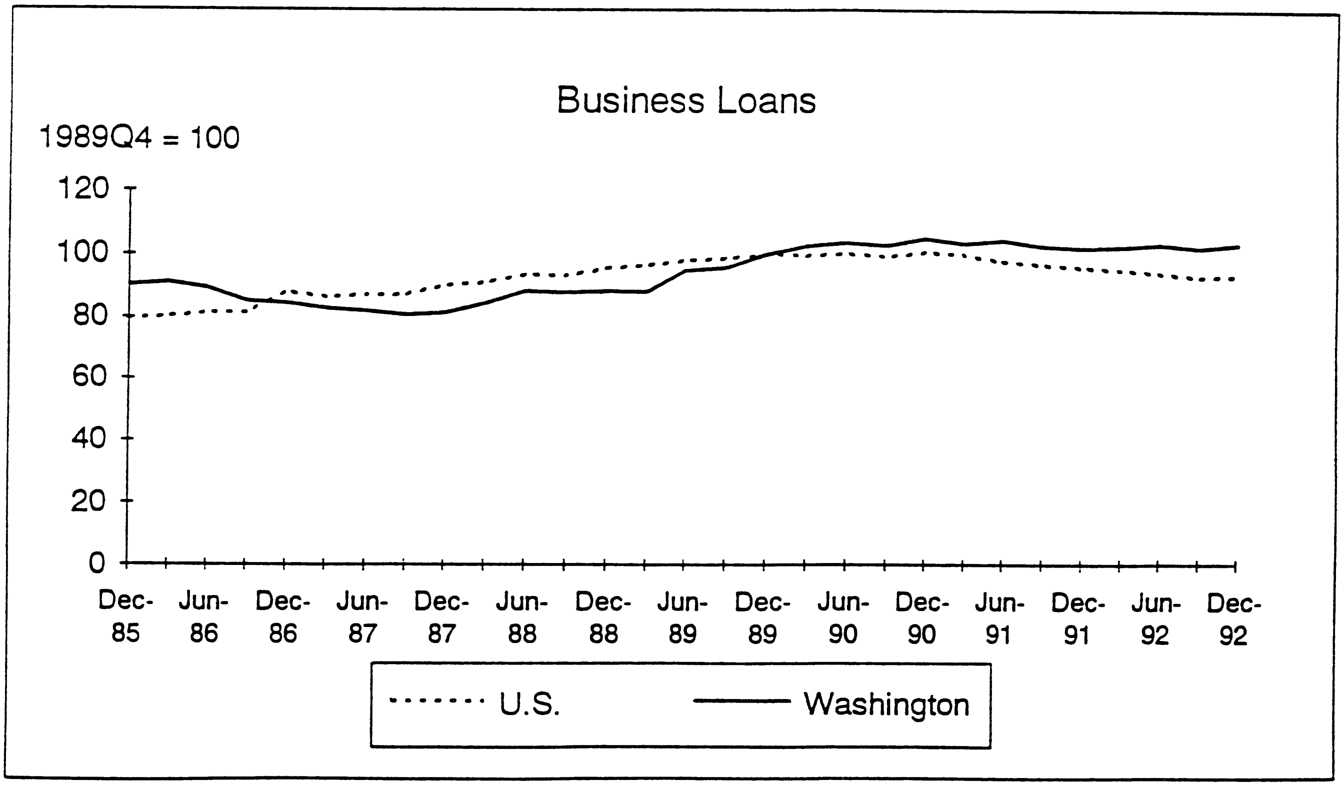

Nonagricultural Employment
Jan. 1990=100
110
100
90
80
70
Jan-85
Jul-85
Jan-86
Jul-86
Jan-87
Jul-87
Jan-88
Jul-88
Jan-89
Jul-89
Jan-90
Jul-90
Jan-91
Jul-91
Jan-92
Jul-92
Jan-93
U.S.
Washington


Unemployment Rate
Percent
13
12
11
10
9
8
7
6
5
4
3
2
1
Jan-85
Jul-85
Jan-86
Jul-86
Jan-87
Jul-87
Jan-88
Jul-88
Jan-89
Jul-89
Jan-90
Jul-90
Jan-91
Jul-91
Jan-92
Jul-92
Jan-93
U.S.
Washington

Washington



Total Loans
1989Q4 = 100
120
100
80
60
40
20
0
Dec-85
Jun-86
Dec-86
Jun-87
Dec-87
Jun-88
Dec-88
Jun-89
Dec-89
Jun-90
Dec-90
Jun-91
Dec-91
Jun-92
Dec-92
U.S.
Washington



Business Loans
1989Q4 = 100
120
100
80
60
40
20
0
Dec-85
Jun-86
Dec-86
Jun-87
Dec-87
Jun-88
Dec-88
Jun-89
Dec-89
Jun-90
Dec-90
Jun-91
Dec-91
Jun-92
Dec-92
U.S.
Washington

Washington
Current Economic Statistics
Seasonally Adjusted

	Jan-93	Dec-92	Jan-92	Annualized % Change From Previous Month	% Change From Year Earlier
Total Non-Agricultural Employment	2240.7	2233.0	2201.9	4.2	1.8
Mining	3.4	3.4	3.5	11.3	-3.1
Construction	122.1	121.9	119.2	1.3	2.4
Manufacturing	342.9	342.7	349.6	0.7	-1.9
T.C.P.U.	112.9	113.2	113.1	-2.5	-0.1
Trade	546.8	539.1	533.5	18.8	2.5
F.I.R.E.	117.8	117.7	118.6	0.5	-0.7
Services	566.7	567.3	545.6	-1.3	3.9
Federal Government	71.7	72.2	73.4	-7.5	-2.3
State and Local Government	356.4	355.6	345.6	2.8	3.1
Civilian Labor Force	2608.5	2577.1	2535.1	15.6	2.9
Civilian Employment	2404.4	2375.4	2358.1	15.7	2.0
Unemployment Rate	7.8%	7.8%	7.0%		

	Jan-93	Dec-92	Jan-92		
Non-Residential Const. Awards ($ millions)	157.0	165.9	162.4	-48.1	-3.3

	Jan-93	Dec-92	Jan-92		
Residential Construction Permits	3301.6	3538.3	3142.5	-56.4	5.1

Employment levels are in thousands.
Construction data are three-month moving averages.