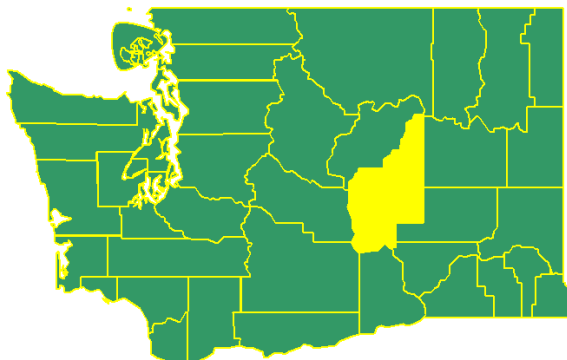


The Grant County Labor Economy (2006-in-Review)



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Nonagricultural Employment

The Grant County economy experienced an outstanding year in 2006 by adding 1,060 new jobs to the labor market, a 4.2 percent upturn (see Table 1). The number of nonagricultural jobs grew from an average of 24,970 jobs in 2005, to 26,030 jobs in 2006. Five local industries grew faster than 10 percent last year:

1. Natural Resources, Mining, and Construction grew 18.7 percent by adding 200 new jobs.
2. Professional and Business Services (primarily temporary agency employment) netted 170 new jobs countywide in 2006, a 12.0 percent over-the-year increase. This temporary agency hiring often foretells rising employment levels, and hence is an indicator of an expanding economy.
3. Durable Goods Manufacturing, led by hiring at such firms as Genie Industries in Moses Lake, and Katana in Ephrata, increased a substantial 11.8 percent last year, a 180-job upturn.
4. Information and Financial Activities averaged 100 new jobs, a 10.9-percent over the year upturn. This broad category includes real estate agencies and mortgage companies, each of which is in a growth mode due to the strong construction activity throughout Grant County.
5. Accommodation and Food Services increased by 10.7 percent by expanding by 190 jobs.

Calendar year 2006 ended on an up-note as nonagricultural employment in Grant County expanded to 25,680 jobs in December 2006, a 790-job increase over the corresponding month in the previous year. Statewide, employment added 79,500 jobs between December 2005 and December 2006, a 2.8-percent growth rate versus the stronger 3.2-percent clip in Grant County. Growth rates in the local labor market equaled or surpassed statewide job growth rates in every month of 2006 (see Figure 1-

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A). Over-the-year job growth between December 2005 and December 2006 was driven by: Natural Resources, Mining, and Construction; Accommodation and Food Services; Durable Goods Manufacturing; Retail Trade; and Information and Financial Activities.

Although nonagricultural employment changes were minimal in Grant County from 2002-04, the local job market averaged solid job growth in the last two years: 2.3 percent in 2005, and 4.2 percent in 2006 (see Figure 1-B). If REC Silicon's \$600 Million expansion occurs on schedule in Moses Lake; if Intuit, Yahoo, and Microsoft get their server farms up and running at the Port of Quincy; if Specialty Chemicals and Key Trucking continue on schedule with their expansions; if Genie Industries keeps hiring; and several other business proposals come to fruition (i.e., gas drilling the Mattawa vicinity, bio-diesel production in Warden, etc.), then we are likely to see dynamic local job growth. In fact, Grant County may develop into the "shining star of Central Washington" over the next couple of years.

Washington's labor market added 76,600 new nonagricultural jobs in 2005, a 2.8-percent rise; and in 2006 the state's economy added 91,500 more jobs, an even more impressive 3.3-percent increase (see Figure 1-C). The statewide economy has slowly and steadily added jobs during the last four years, ever since the 1.6-percent contraction in the job market during the recession in 2002. The Grant County economy, with a 2.3 percent job growth rate in 2005, did not grow quite as rapidly as the statewide job market in that year. But, it made up for lost ground in 2006 by posting a very robust 4.2-percent job growth pace (see Figure 1-D).

The downside was that agricultural employment fell across Grant County from 8,230 workers in 2005 to an estimated 8,050 in 2006, a 180-job, and 2.2-percent downturn. Washington's apple crop shrank from 100.9-million fresh-packed boxes during 2005 to an estimated 95.4-million fresh-packed boxes in 2006. Windstorms and hailstorms pelted many apple orchards across Washington in 2006; and the labor supply was tighter. The bottom line was fewer jobs at local orchards and farms this past year.

TABLE 1: GRANT COUNTY: NONAGRICULTURAL EMPLOYMENT CHANGES DURING 2006 (Prepared February 4, 2007)		
INDUSTRY	JOB CHANGE	PERCENT CHANGE
Total Nonagricultural	1,060	4.2%
Natural Resources, Mining, and Construction	200	18.7%
Professional and Business Svcs	170	12.0%
Durable Goods Manufacturing	180	11.8%
Information and Financial Activities	100	10.9%
Accommodation and Food Services	190	10.7%
Transportation, Warehousing, and Utilities	40	4.7%
Health Services and Social Assistance	100	3.9%
Total State Government	-10	-1.1%
Non-Durable Goods Manufacturing	-40	-1.6%

Figure 1-A
GRANT COUNTY AND WASHINGTON: NONAGRICULTURAL
EMPLOYMENT CHANGES DURING THE TWELVE MONTHS OF 2006
 (Prepared February 16, 2007)

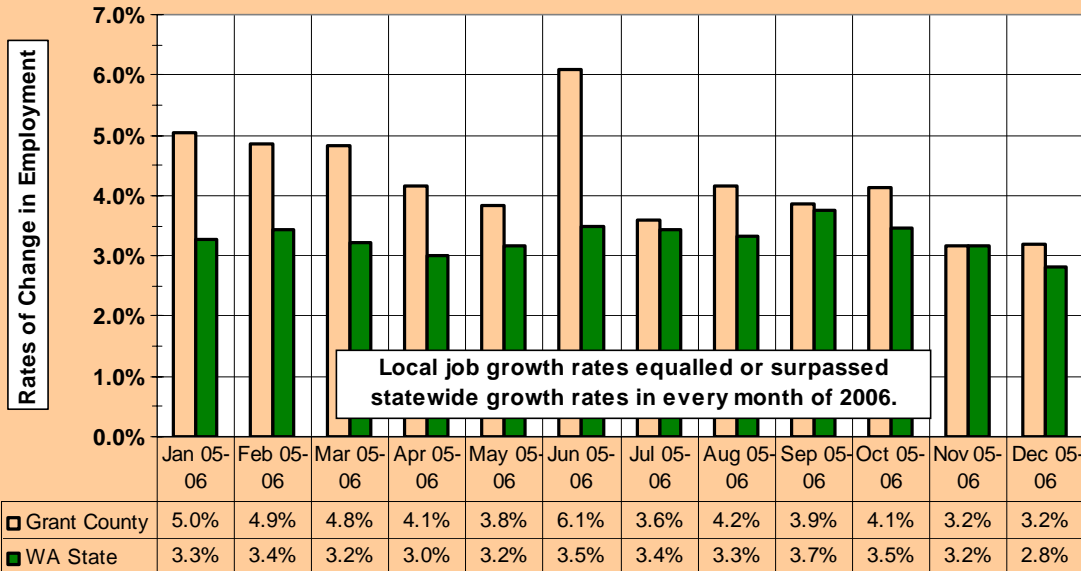


Figure 1-B
GRANT COUNTY AND WASHINGTON: ANNUAL CHANGES IN TOTAL NONAG
EMPLOYMENT DURING 2002, 2003, 2004, 2005, AND 2006
 (Prepared February 16, 2007)

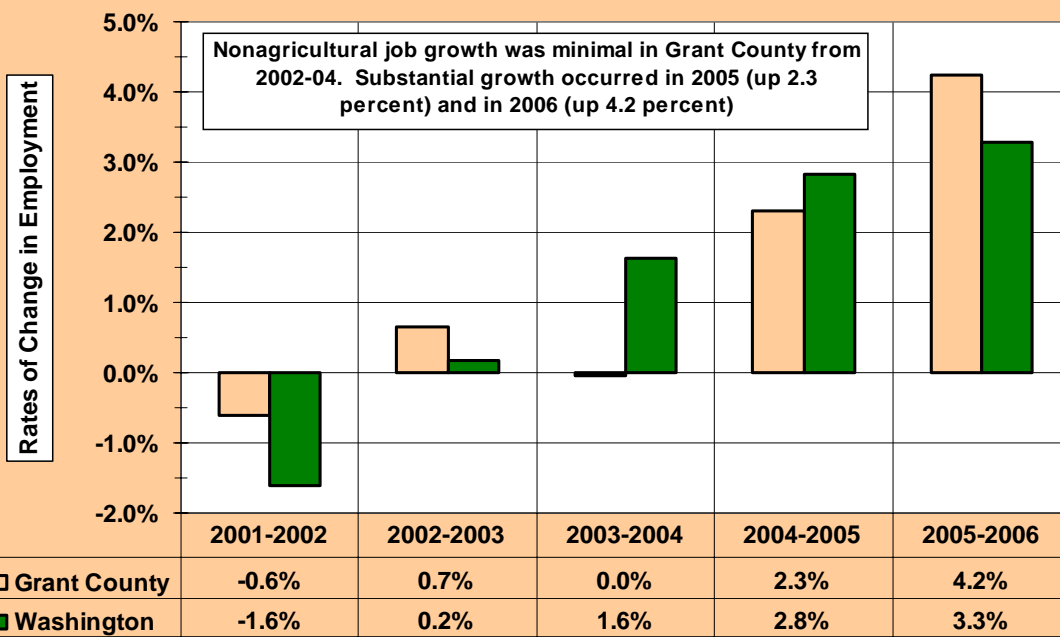


Figure 1-C
WASHINGTON STATE: TOTAL NONAGRICULTURAL EMPLOYMENT
FROM JANUARY 2004 TO DECEMBER 2006
 (Prepared January 16, 2007)

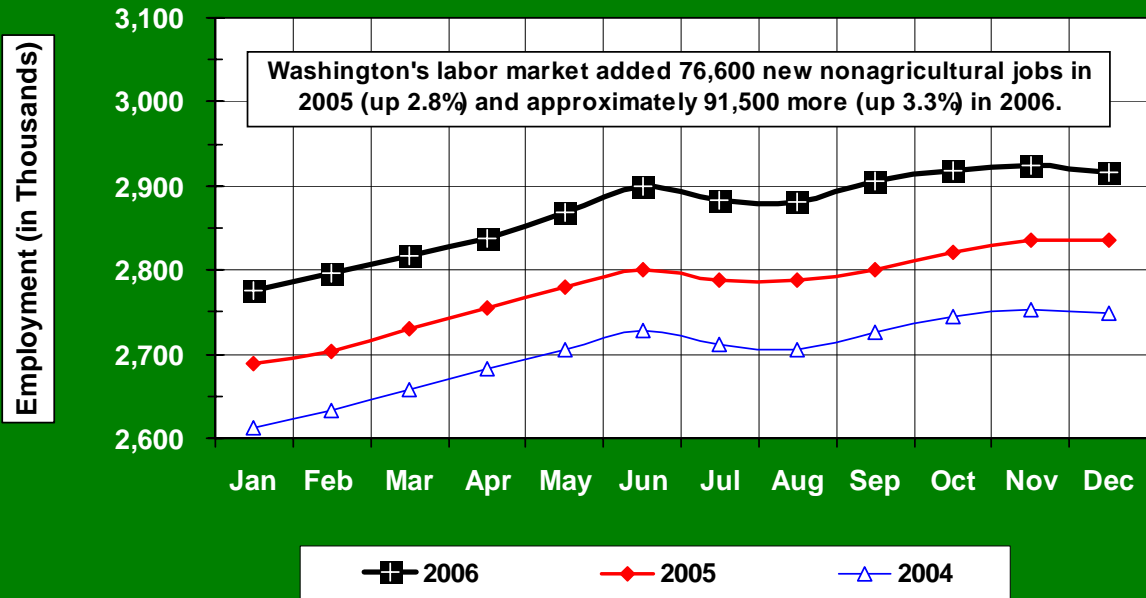
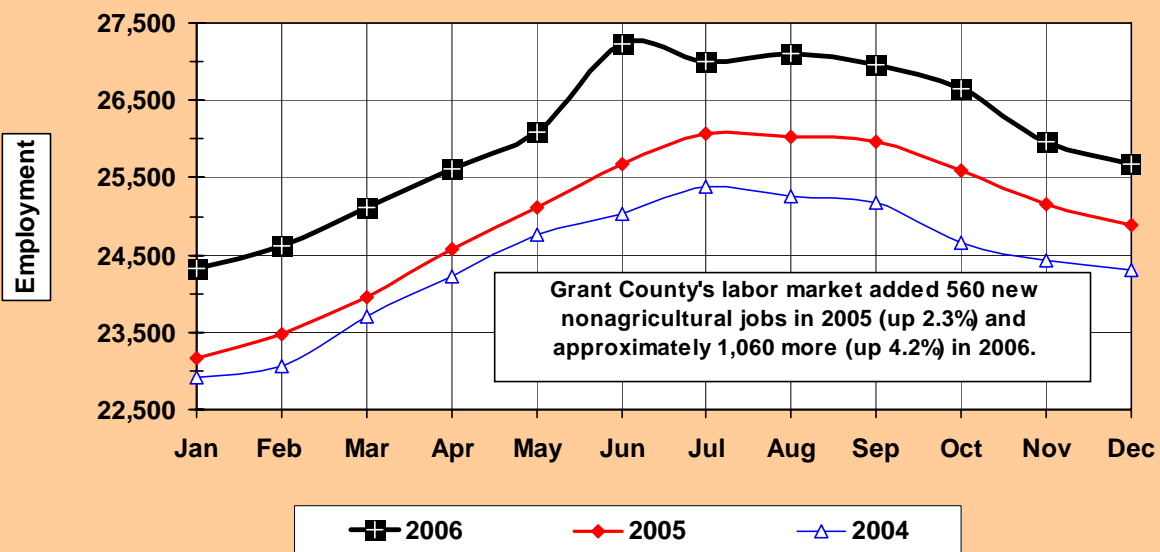


Figure 1-D
GRANT COUNTY: TOTAL NONAGRICULTURAL EMPLOYMENT
FROM JANUARY 2004 TO DECEMBER 2006
 (Prepared January 16, 2007)



Unemployment Rates

In December 2006, the Grant County unemployment rate of 8.5 percent was eight-tenths of a percentage point lower than the December 2005 figure of 9.3 percent (see Figure 2-A). The current unemployment rate of 8.5-percent is the lowest recorded December unemployment rate on record for Grant County in recent economic history - all the way back to 1990. An estimated 3,140 residents from Grant County were out of work this December versus 3,330 in the corresponding month during 2005, a substantial 190-person drop in the number of people unemployed. Washington's unemployment rate (not seasonally adjusted) in December 2006 was 5.0 percent. This was a remarkable two-tenths of a point drop below the already low December 2005 figure of 5.2 percent. Statewide unemployment rates consistently declined over-the-year in every month of 2006.

The annual average unemployment rate in Grant County has been dropping for the last four years (see Figure 2-B). The preliminary 2006 unemployment rate of 6.9 percent is the lowest annual average unemployment rate on record for the county area in recent economic history. Strong hiring in the nonagricultural sector of the local economy throughout 2006 more than offset the softer agricultural labor market and helped depress the annual average unemployment rate. The annual average unemployment rate across Washington State dropped for the last three years. The unemployment rate for Washington was 5.0 in 2000, and 4.8 percent in 1999, so this year's preliminary 4.9-percent rate falls right in between those two years - when the statewide economy was also performing very well.

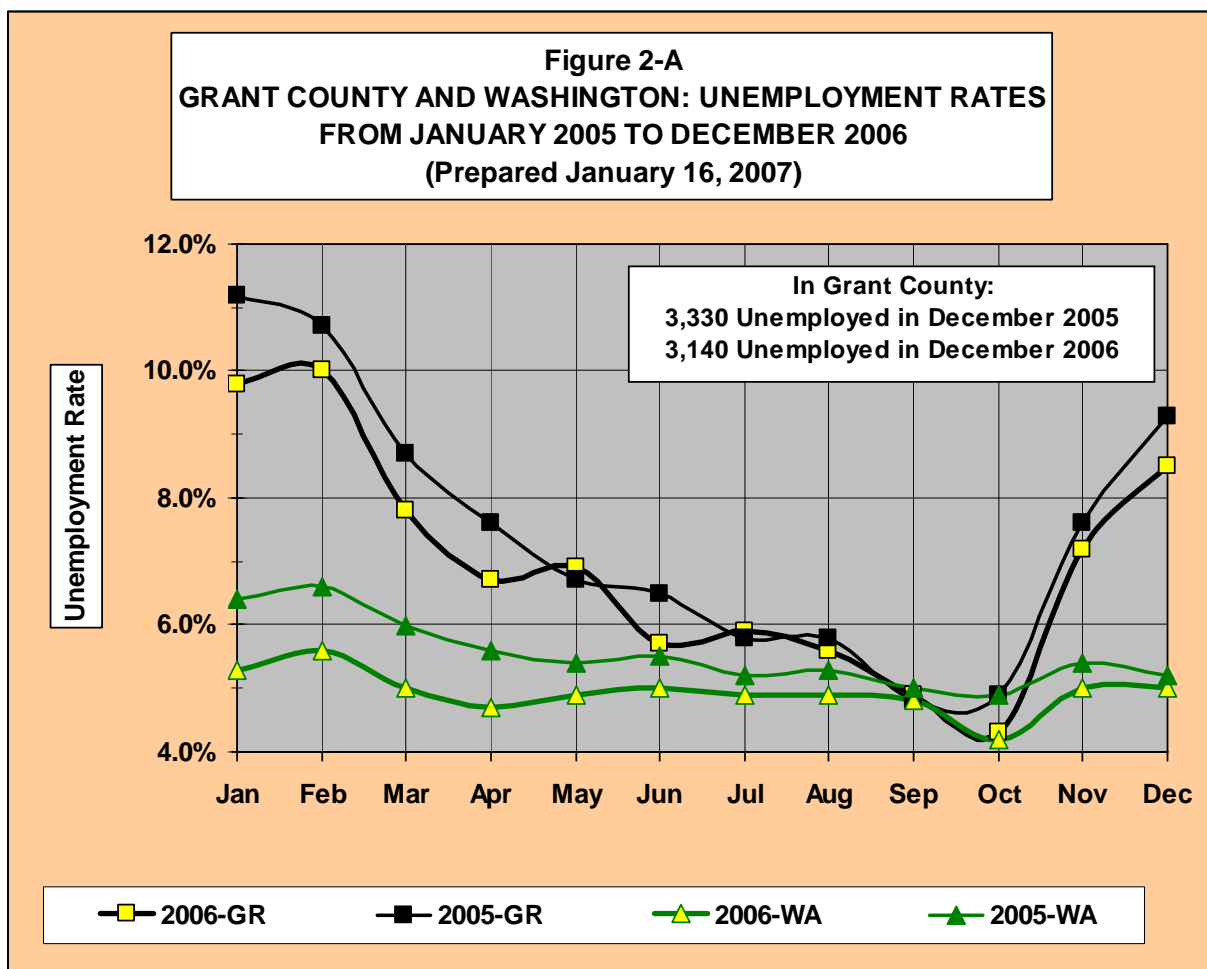
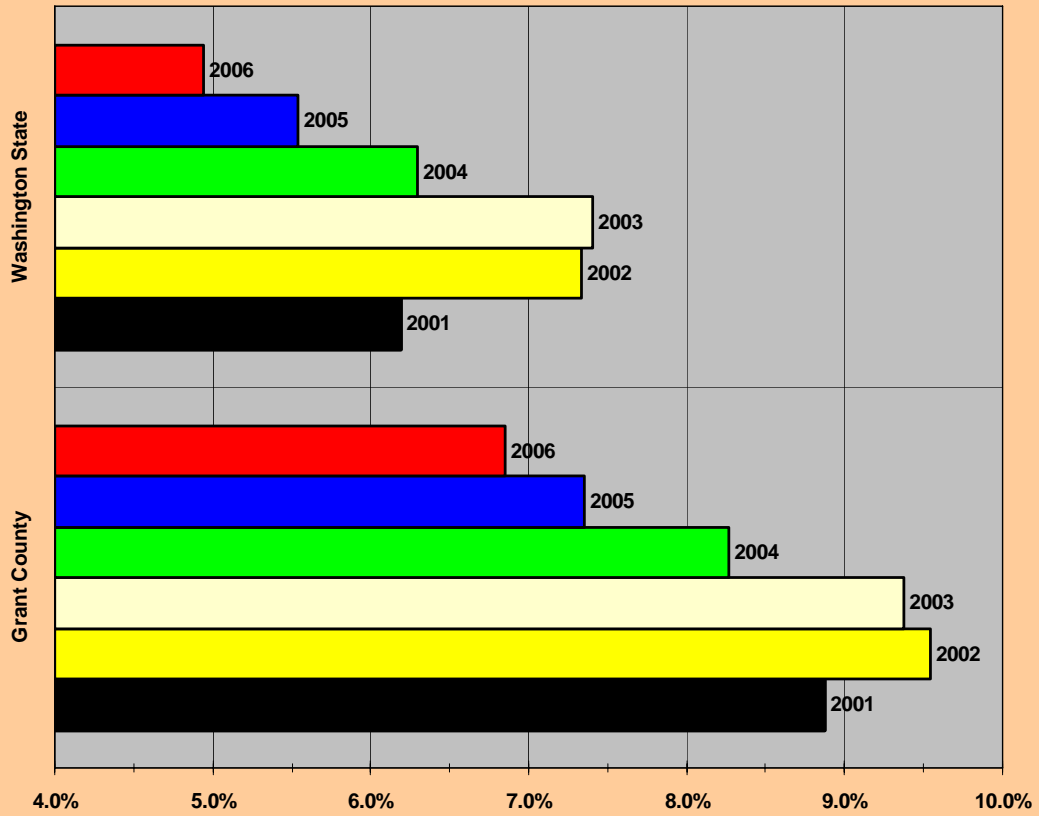


Figure 2-B
GRANT COUNTY AND WASHINGTON: ANNUAL AVERAGE
UNEMPLOYMENT RATES FROM 2001 TO 2006
 (Prepared January 16, 2007)



	Grant County	Washington State
■ 2006	6.9%	4.9%
■ 2005	7.4%	5.5%
■ 2004	8.3%	6.3%
□ 2003	9.4%	7.4%
■ 2002	9.5%	7.3%
■ 2001	8.9%	6.2%