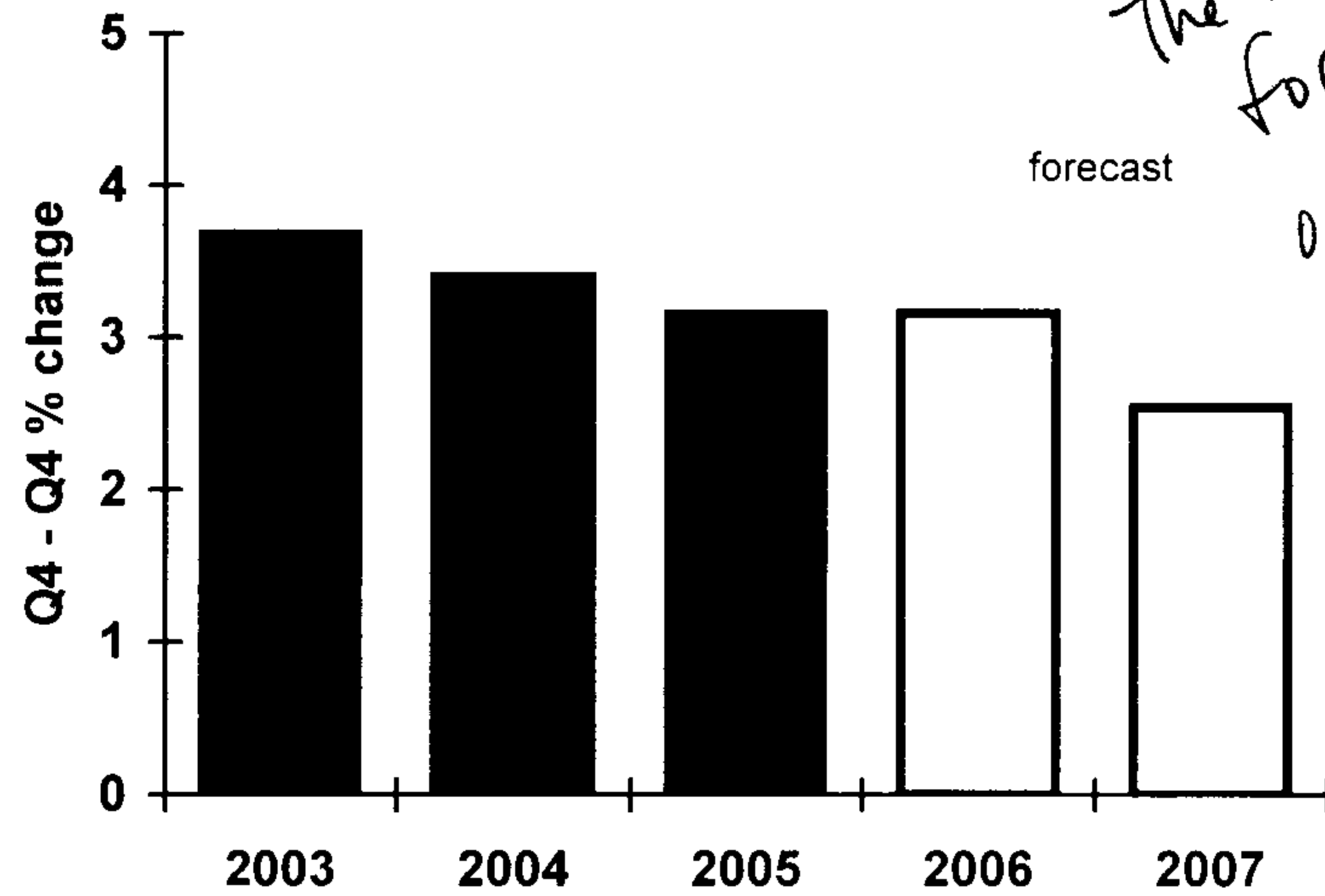


Real GDP Growth



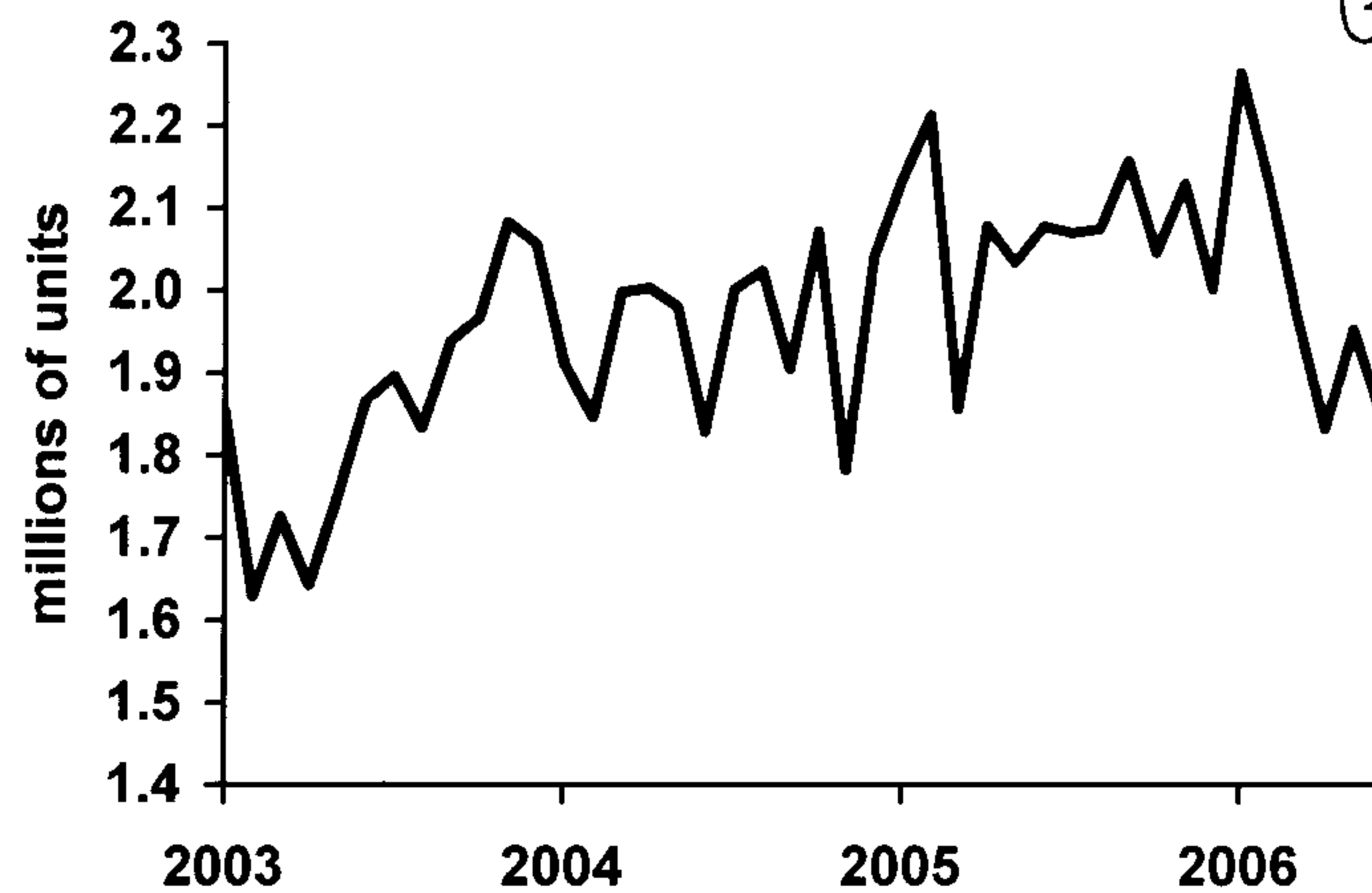
The new forecast is less optimistic, but still positive.

Business Planning for Recession

- Assess your vulnerability to recession
- Sketch out contingency plan
- Develop early warning system
- Build flexibility into business to enable future cost-cutting

Recession not in my forecast, but the risk has gone up.

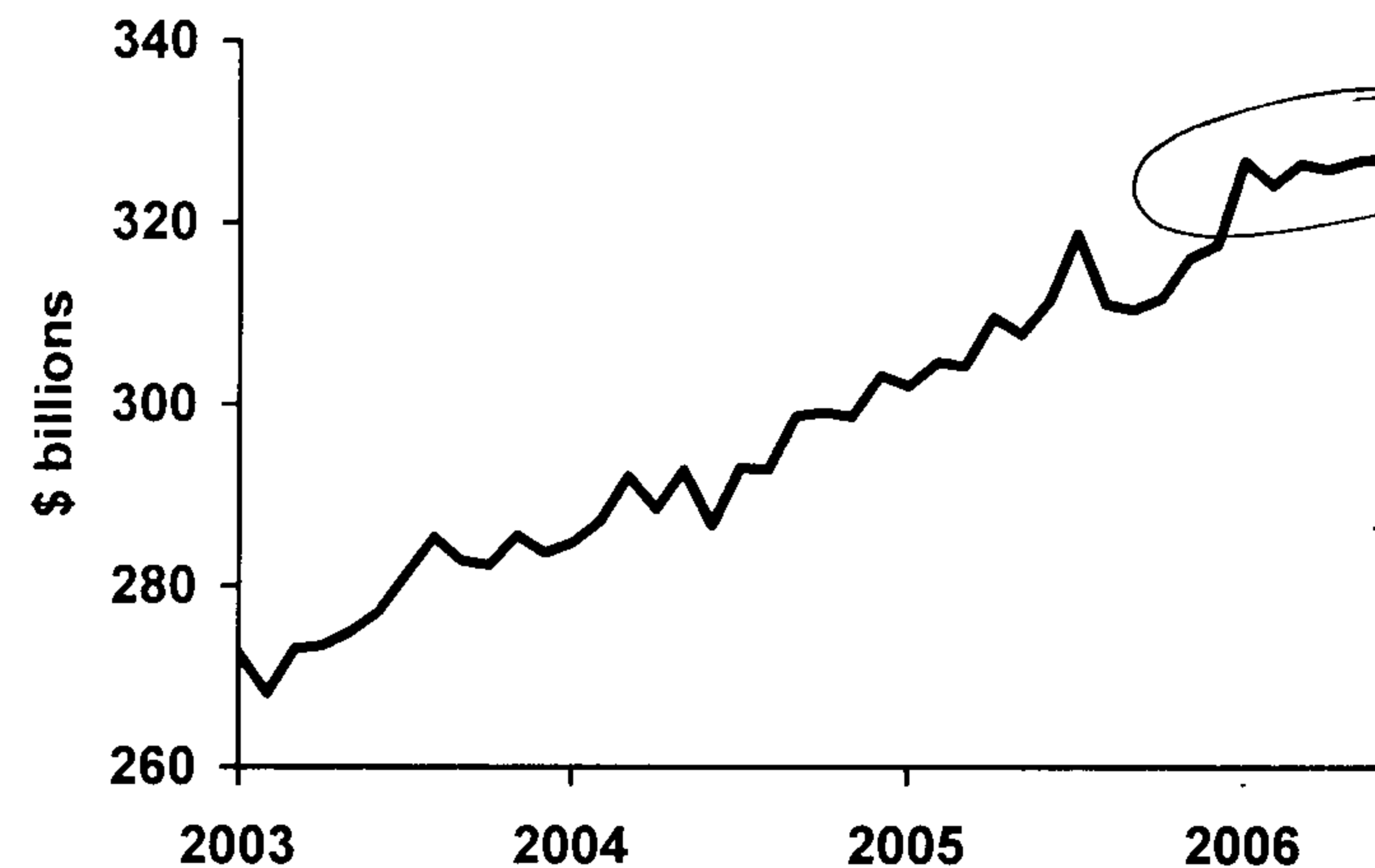
Housing Starts



Ground zero of the slowing rate of growth.

Retail Sales

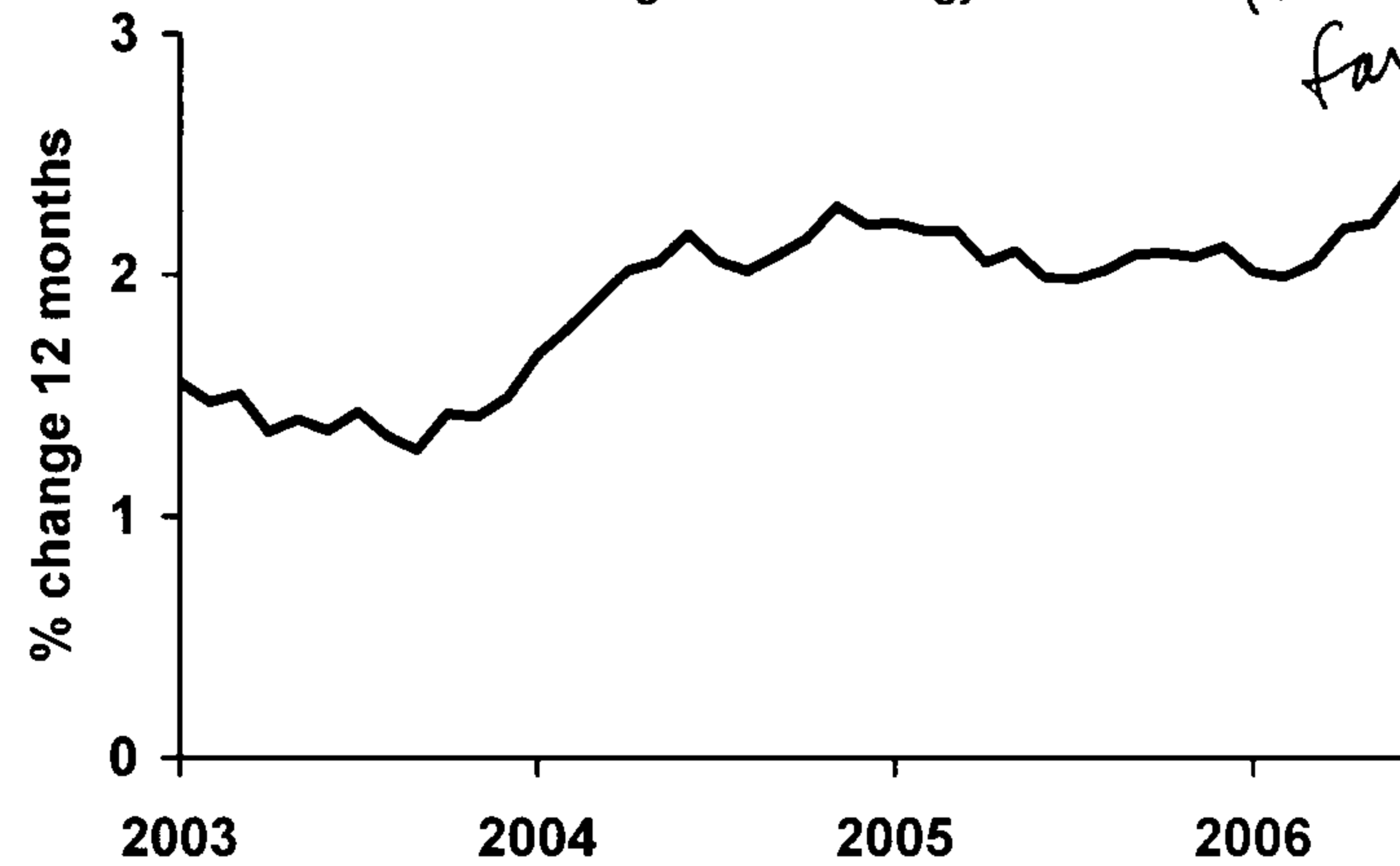
excluding gasoline



No growth since January, after the gas is paid for.

Inflation

Personal Consumption Price Index
Excluding Food & Energy



The Fed's favorite measure of inflation is edging up.

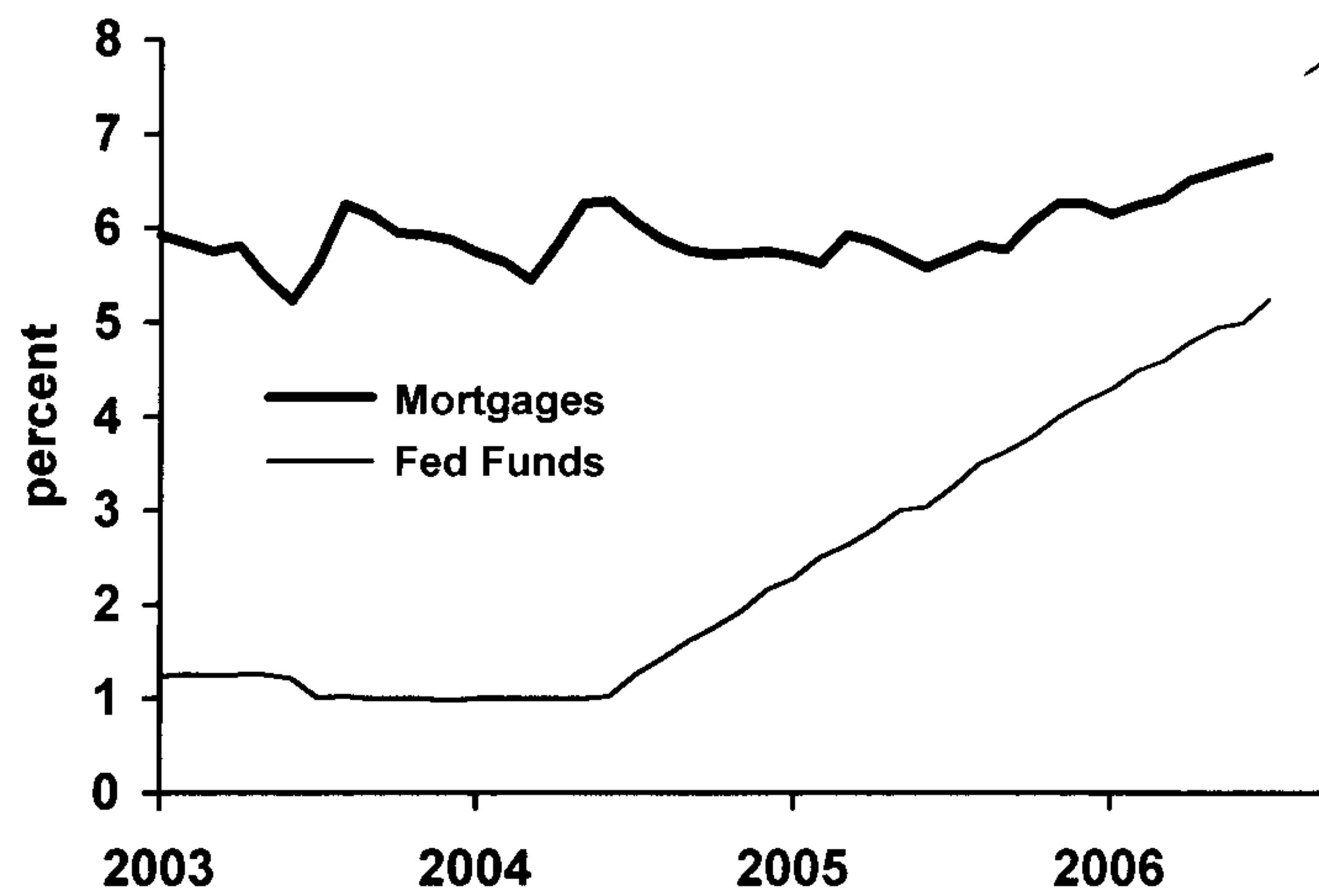
Monetary Tightening Around the World

Key Policy Interest Rate

	<u>Now</u>	<u>Year Ago</u>
United States	5.25	3.25
European Monetary Union	3.00	2.00
United Kingdom	4.75	4.50
Japan	0.25	0.01
China	5.85	5.58
Australia	6.00	5.50
India	6.00	6.00

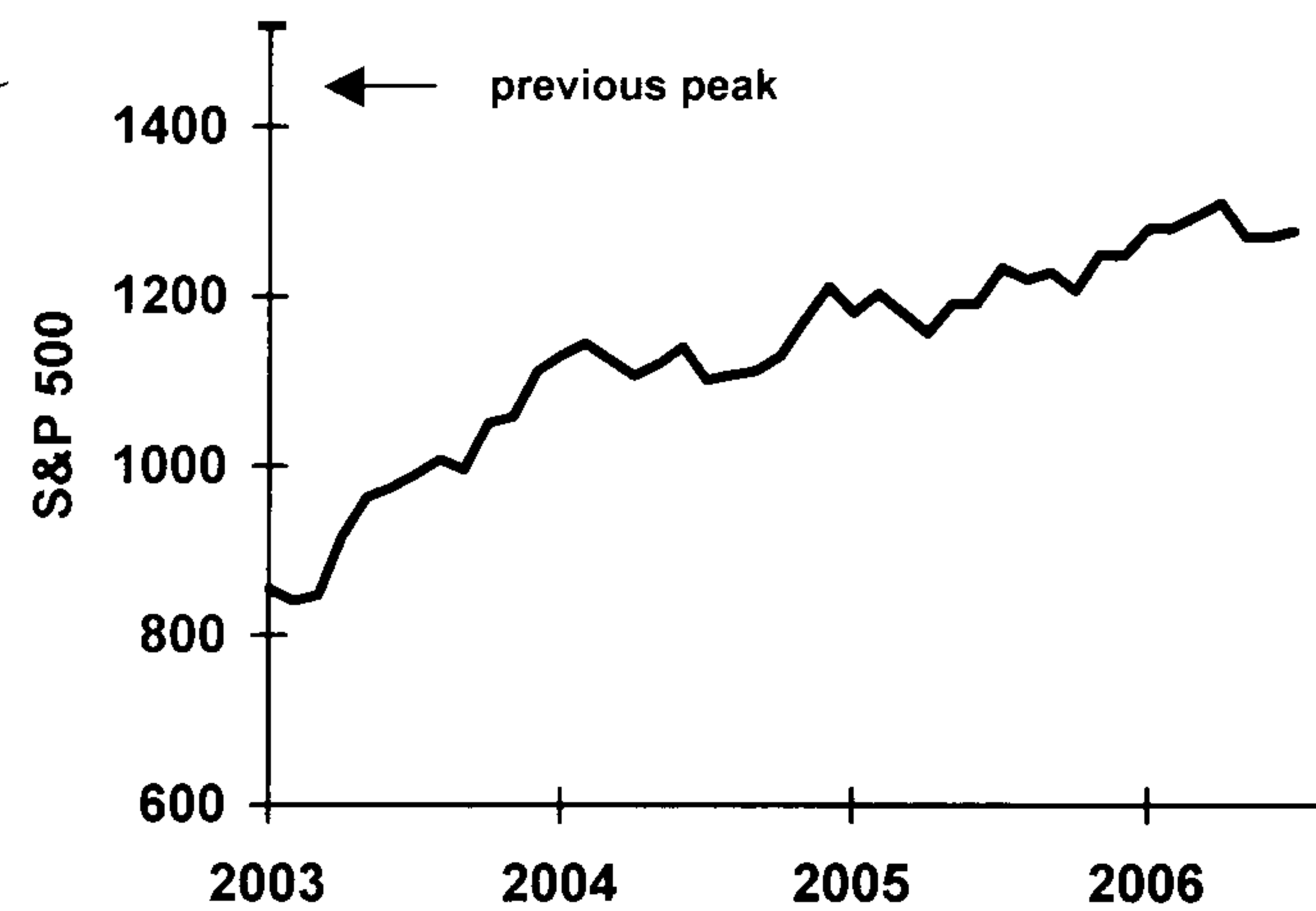
Some tightening around the world, but not yet enough to cool off global growth

Interest Rates



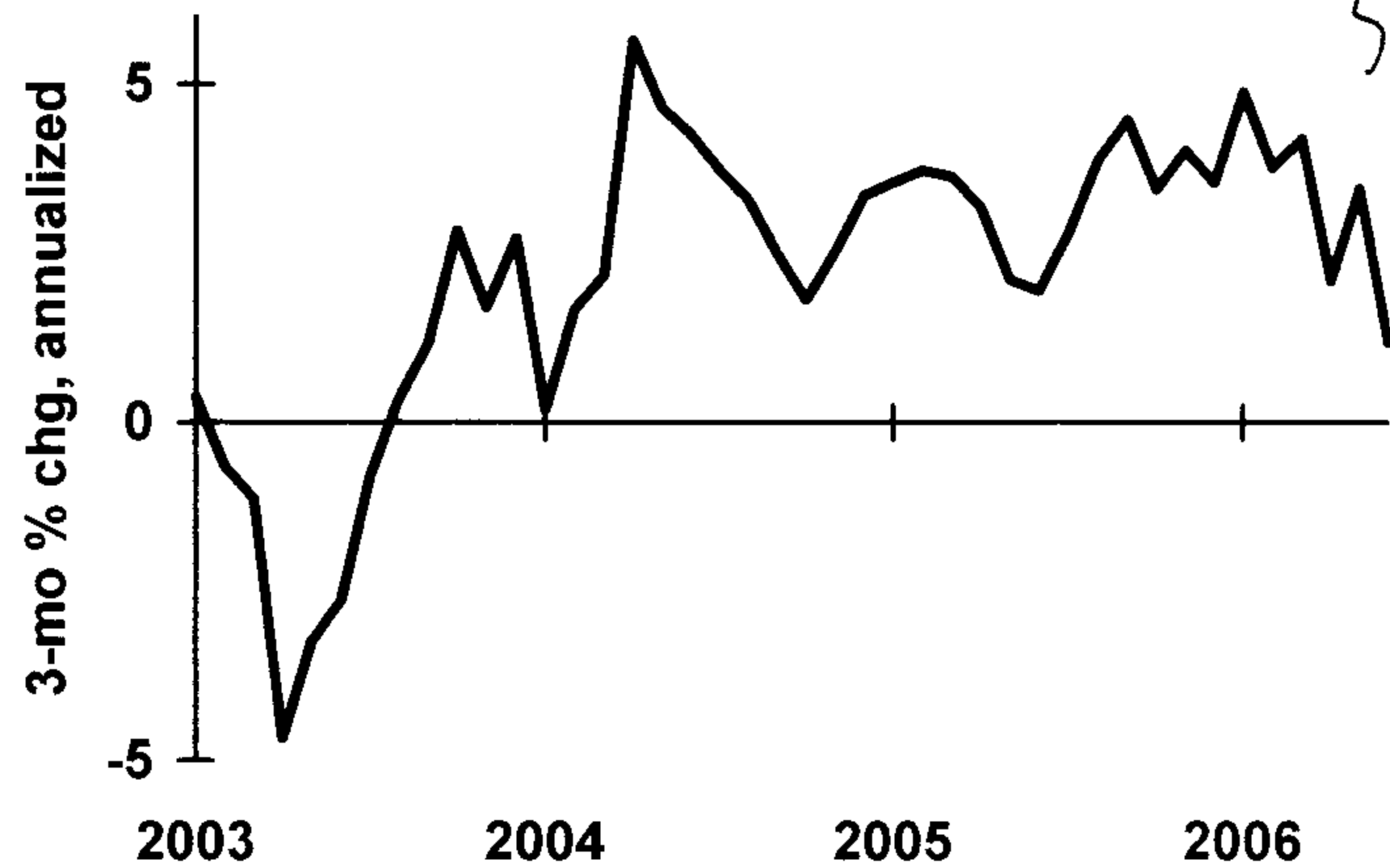
The Fed is done, but long rates will keep rising

Stock Market



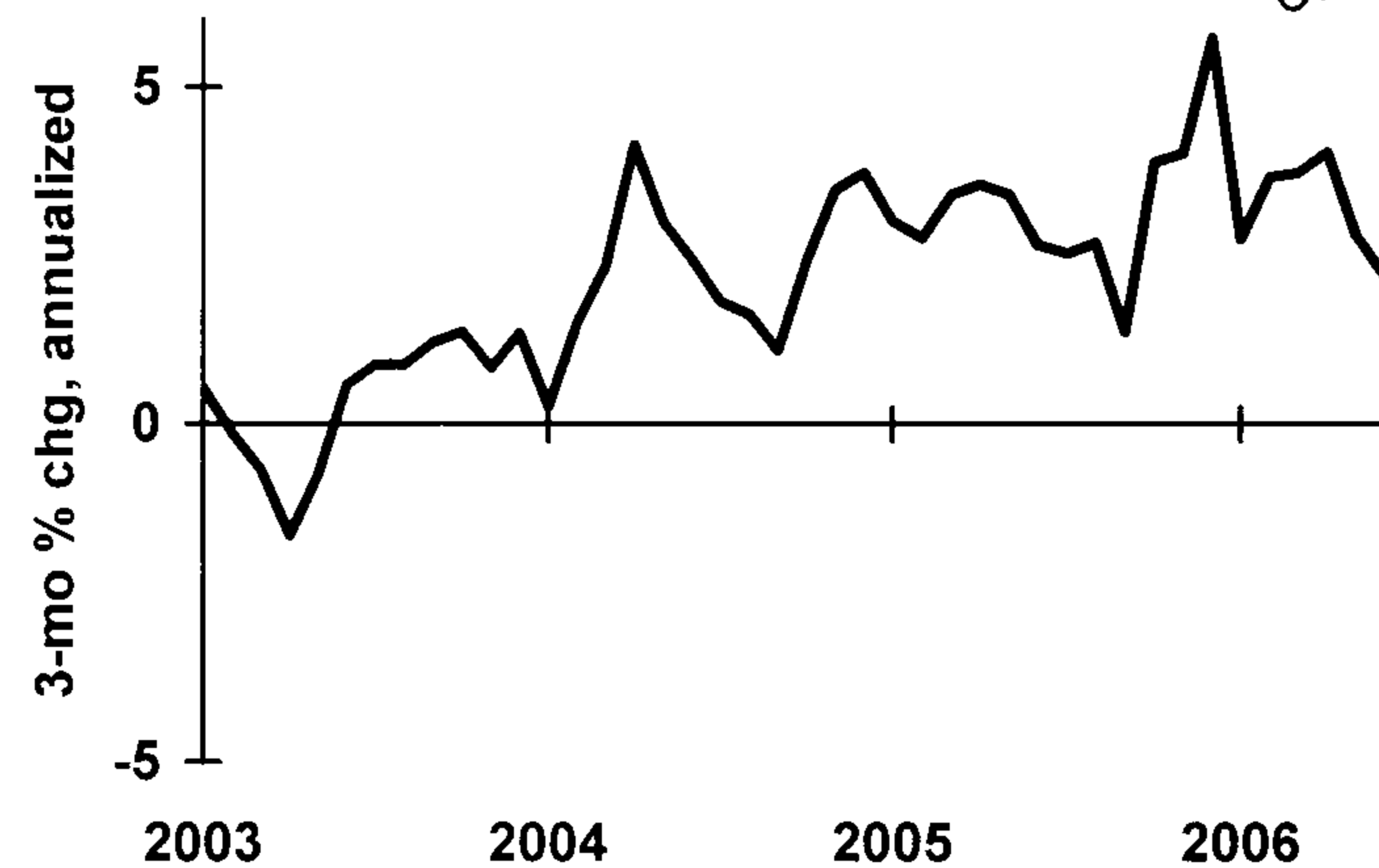
Some slowing of earnings now priced into the market, appropriately.

Oregon Employment Growth



Slowing in most sectors

Washington Emp. Growth



Growth rate down from its peak, but not too bad.

Oregon Home Building

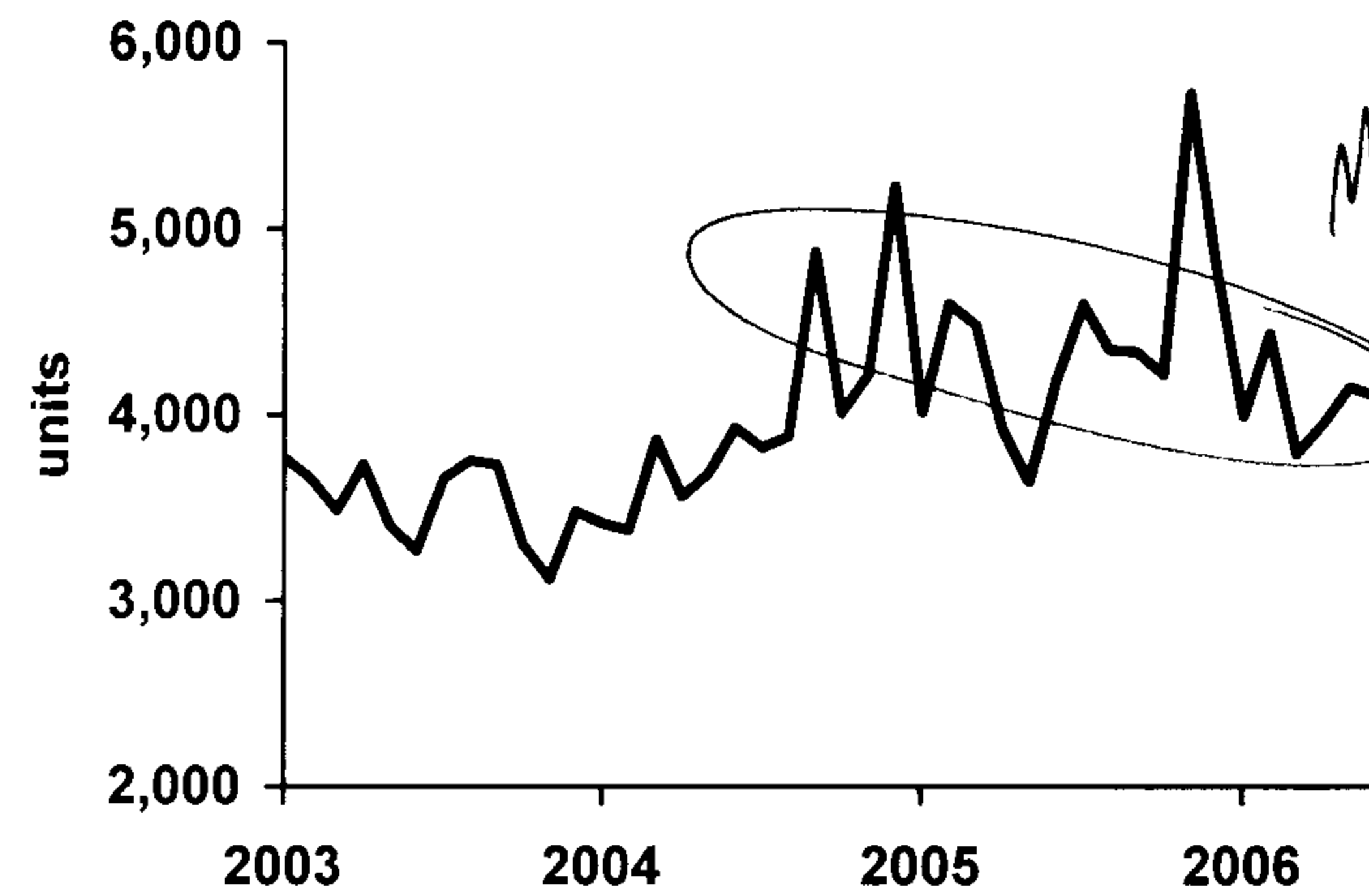
Seasonally Adjusted



No sign of the national slowdown here.

Washington Home Building

Seasonally Adjusted



Moderate declining trend.