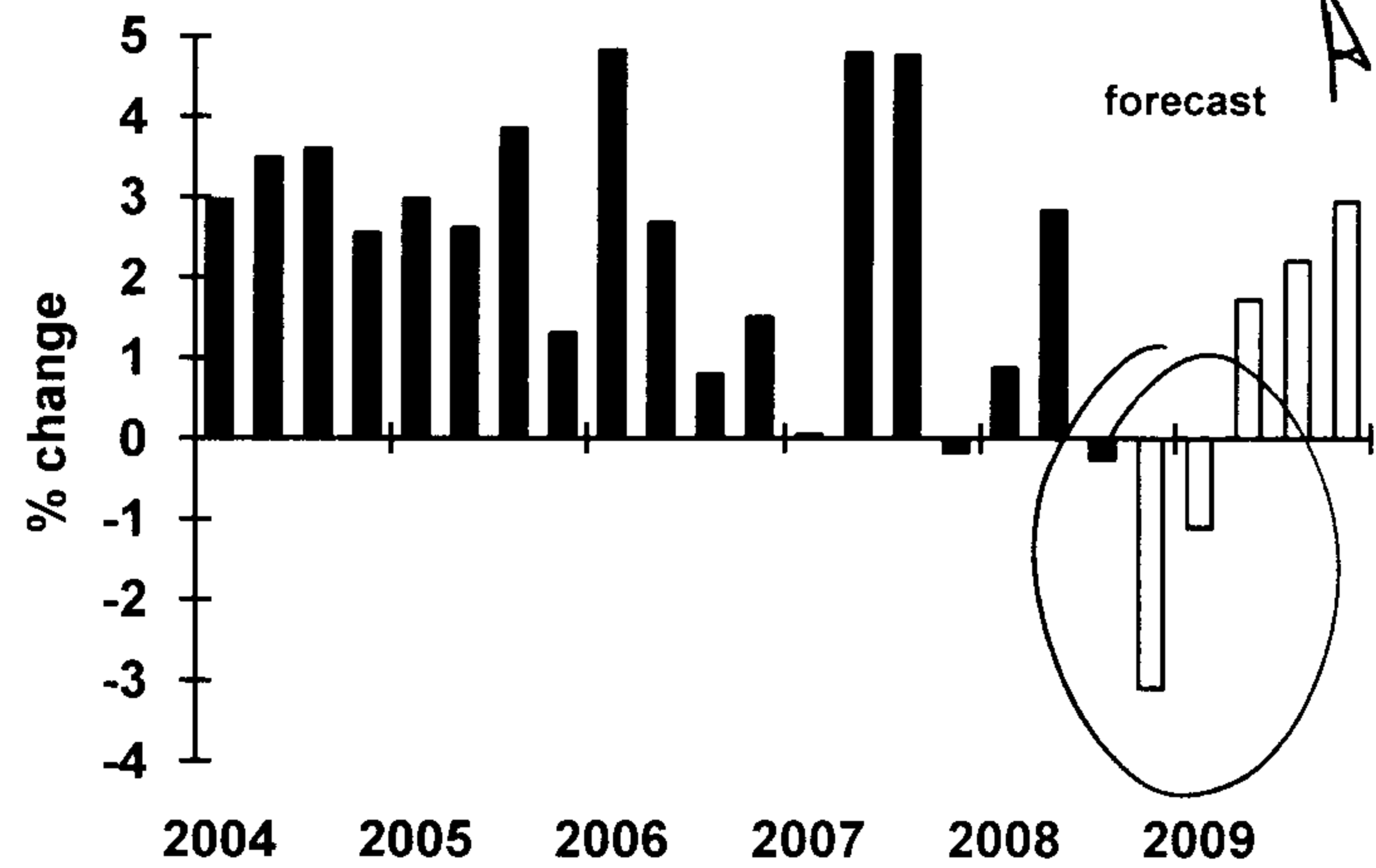
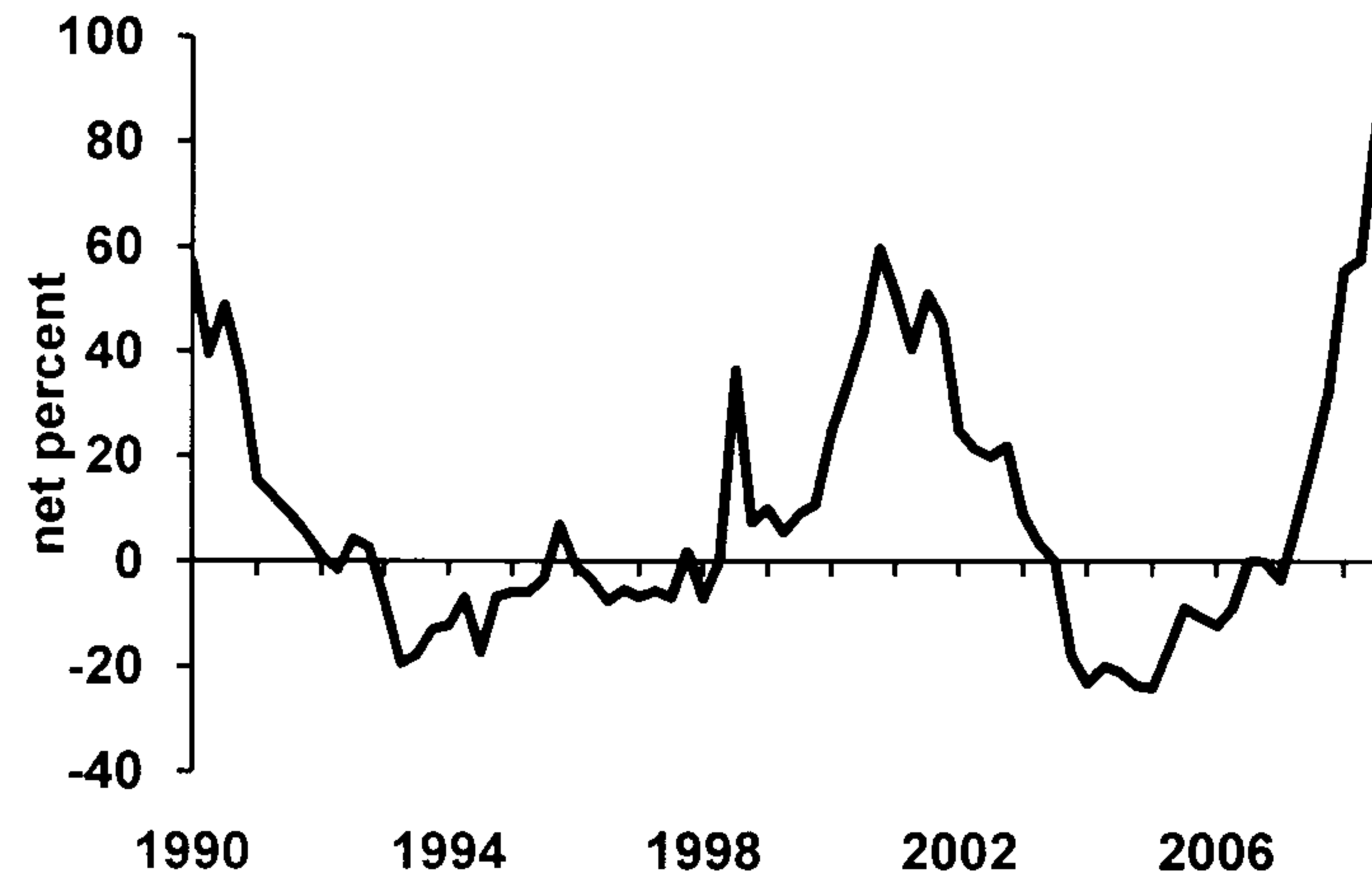


GDP Growth
Inflation Adjusted



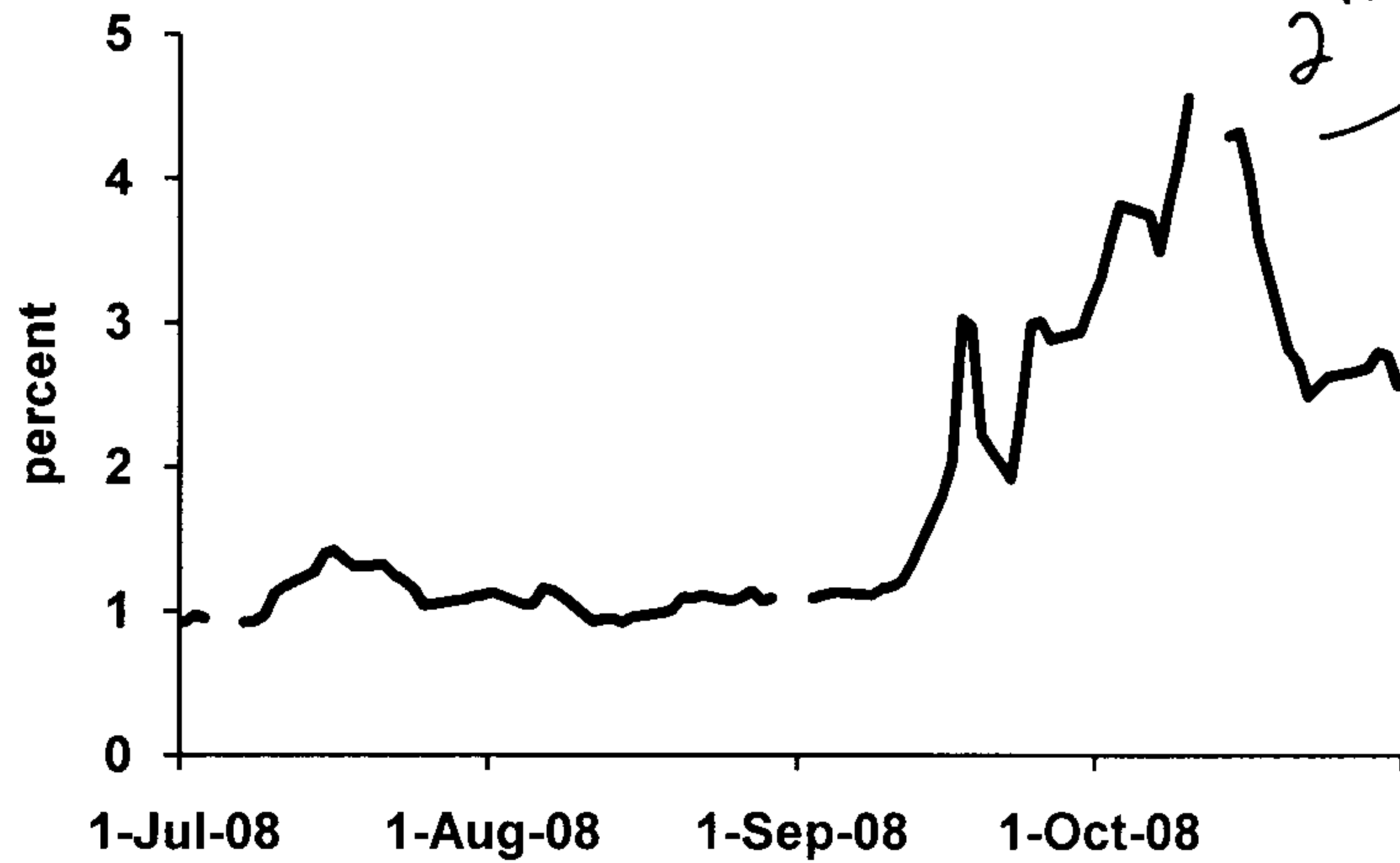
A recession until spring

Banks Tightening Credit
for Commercial & Industrial Loans



1st reason for credit crunch

TED Spread
3-month LIBOR minus T-bills



2nd reason Cost of money for banks has shot up

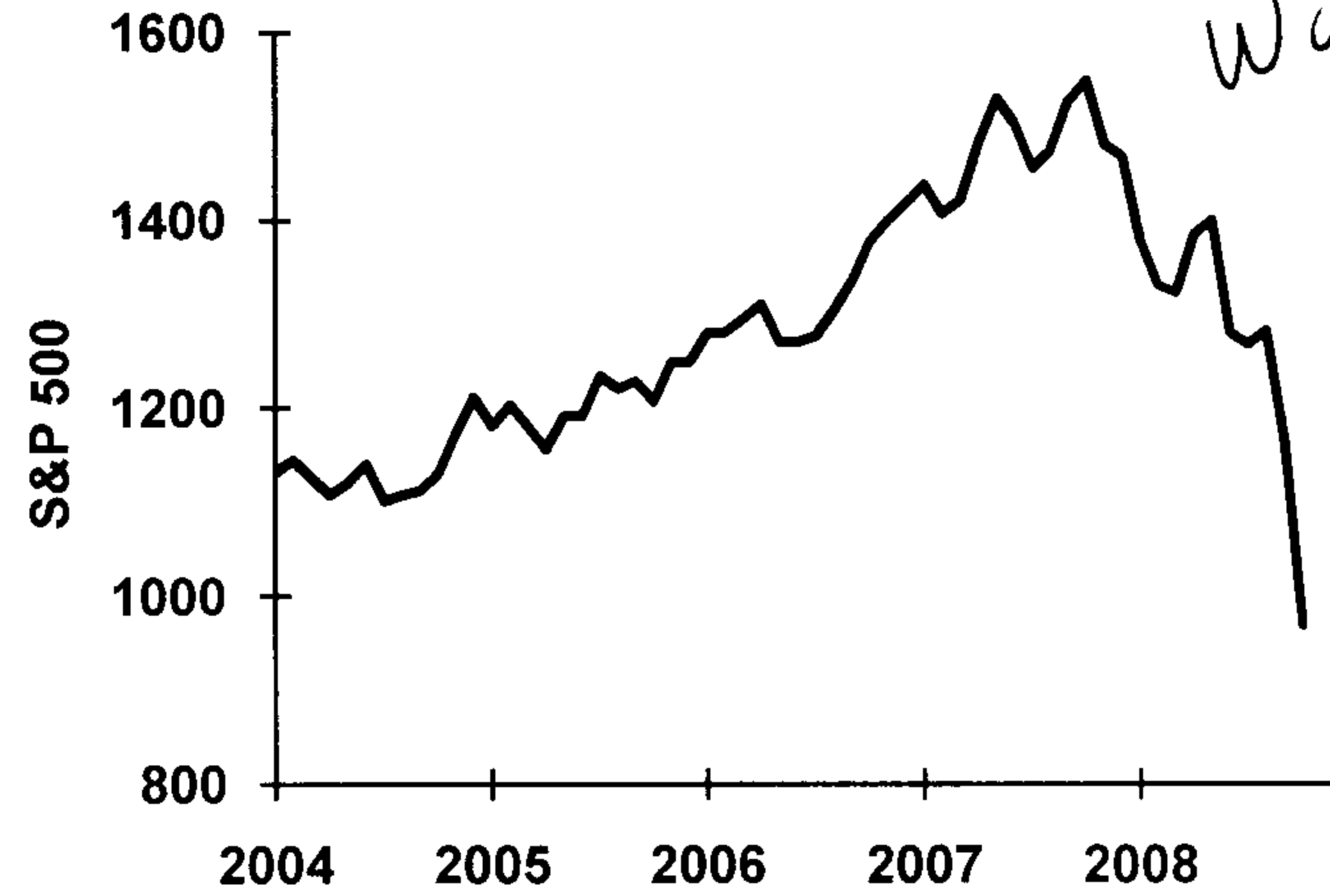
Commercial Banks

percent of assets as of June 30

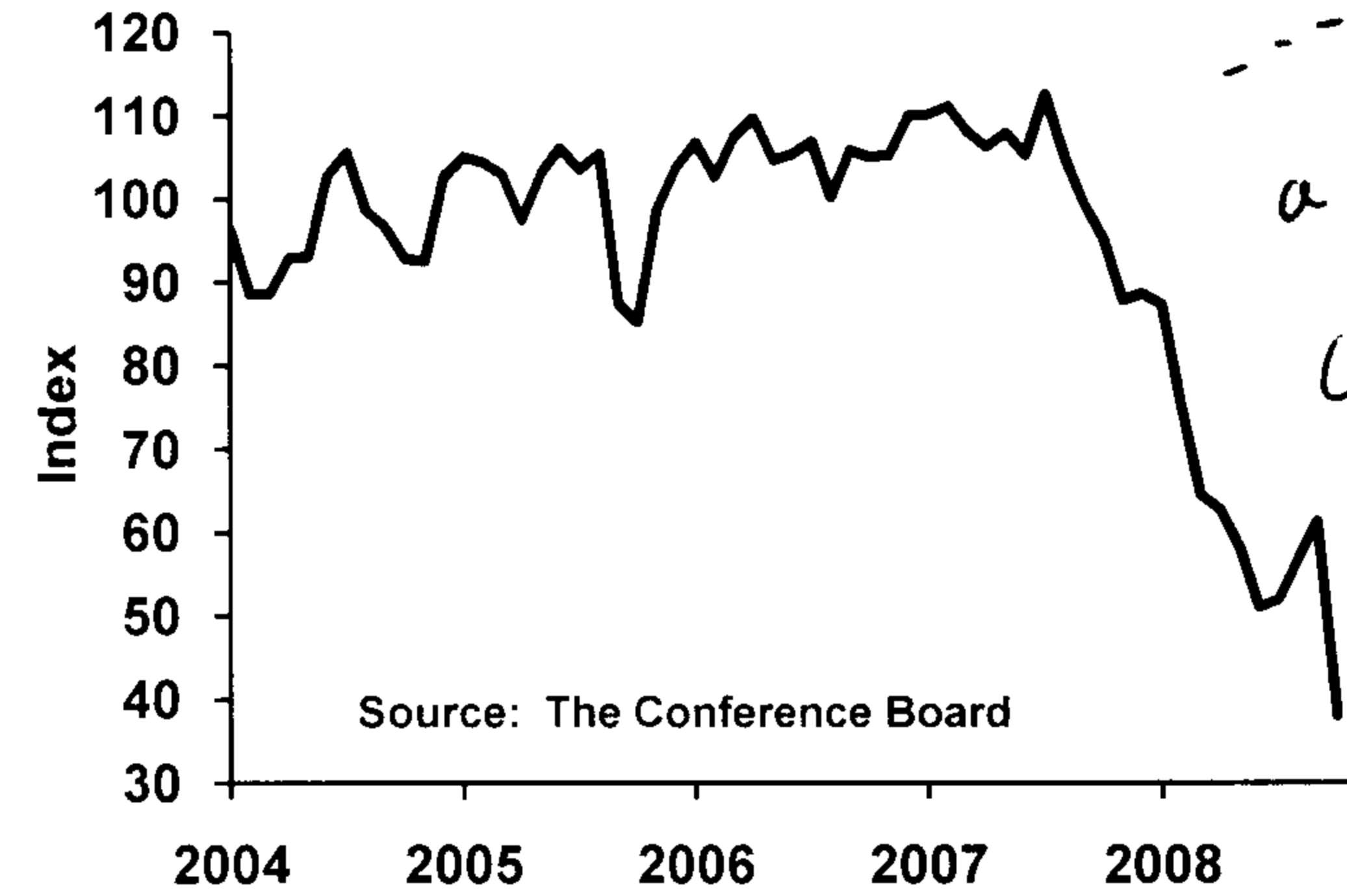
Core capital	7.9
needed to be "well capitalized"	6.0
Real estate loans	36.0
Mortgage backed securities	9.9

3rd reason since end of quarter 2, bank capital has fallen

Stock Market



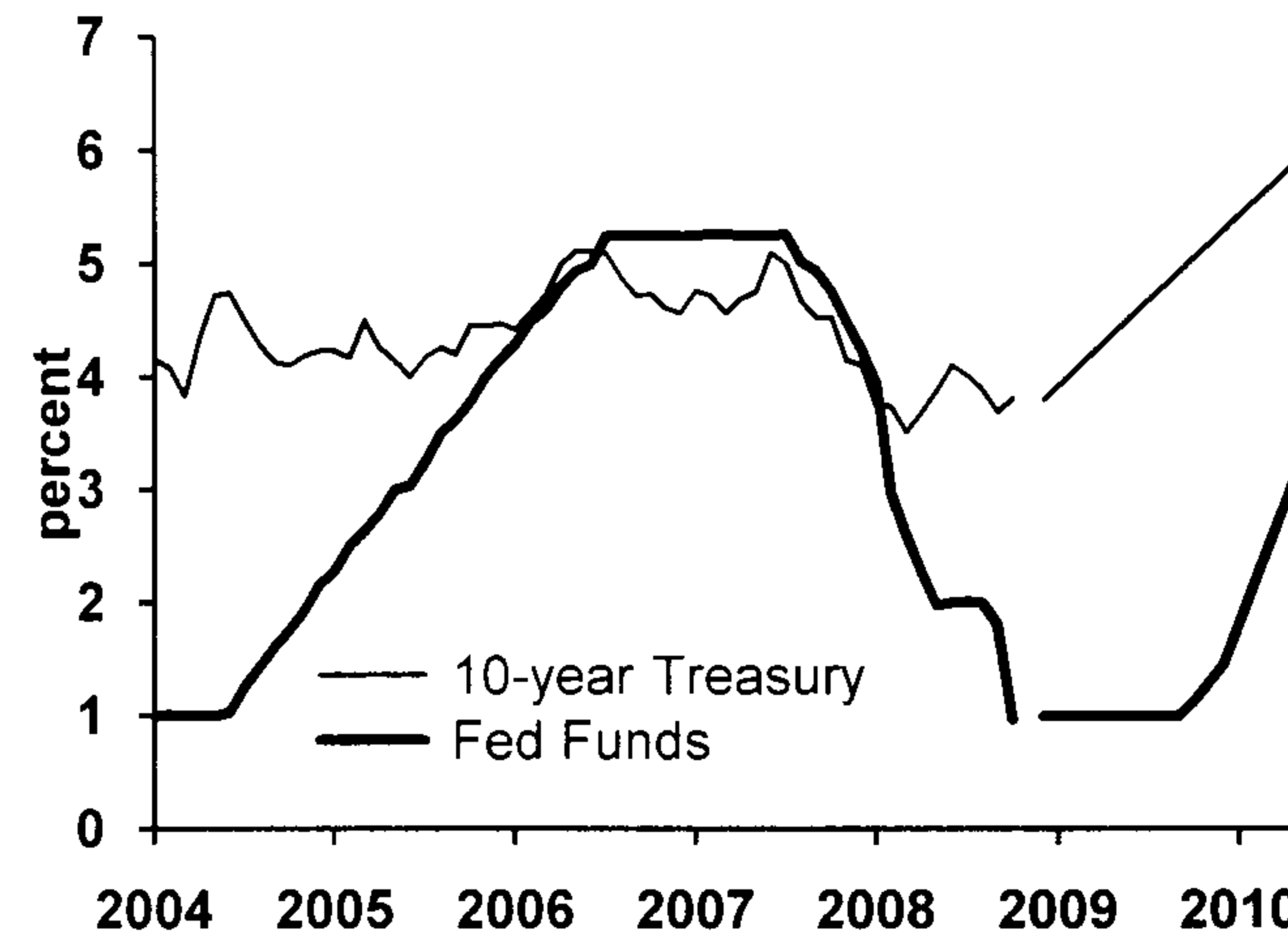
Consumer Confidence



How Will We Recover?

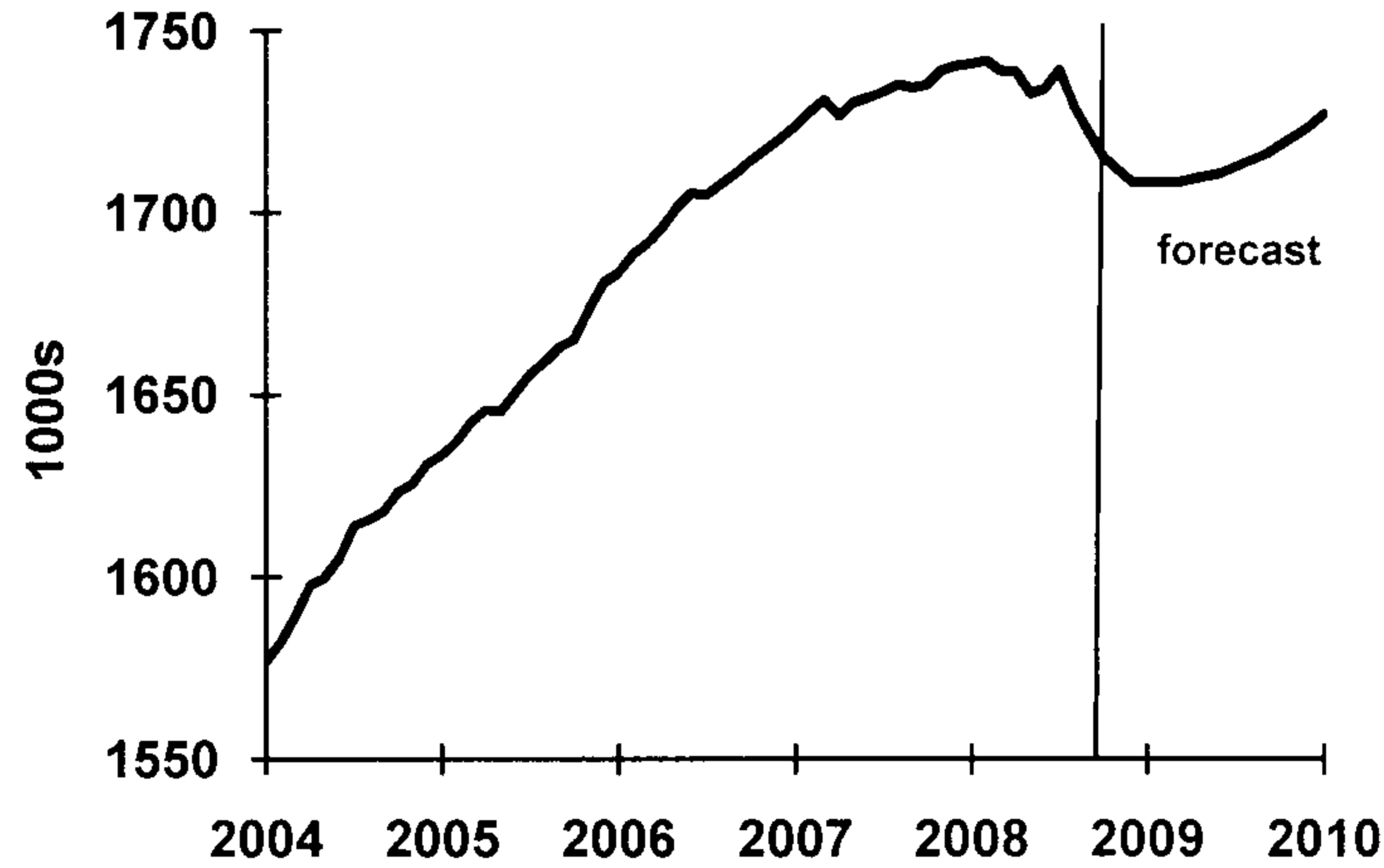
- 1 Monetary policy very stimulative now.
(But remember the time lag: 6 to 12 months)
- 2 Bailout plan provides liquidity, capital to banks
(but banker attitudes will take some time to change)
- 3 After consumers cut back spending for a few months
money will burn holes in pockets
- 4 Exports, especially to Asia, will continue strong

Interest Rates



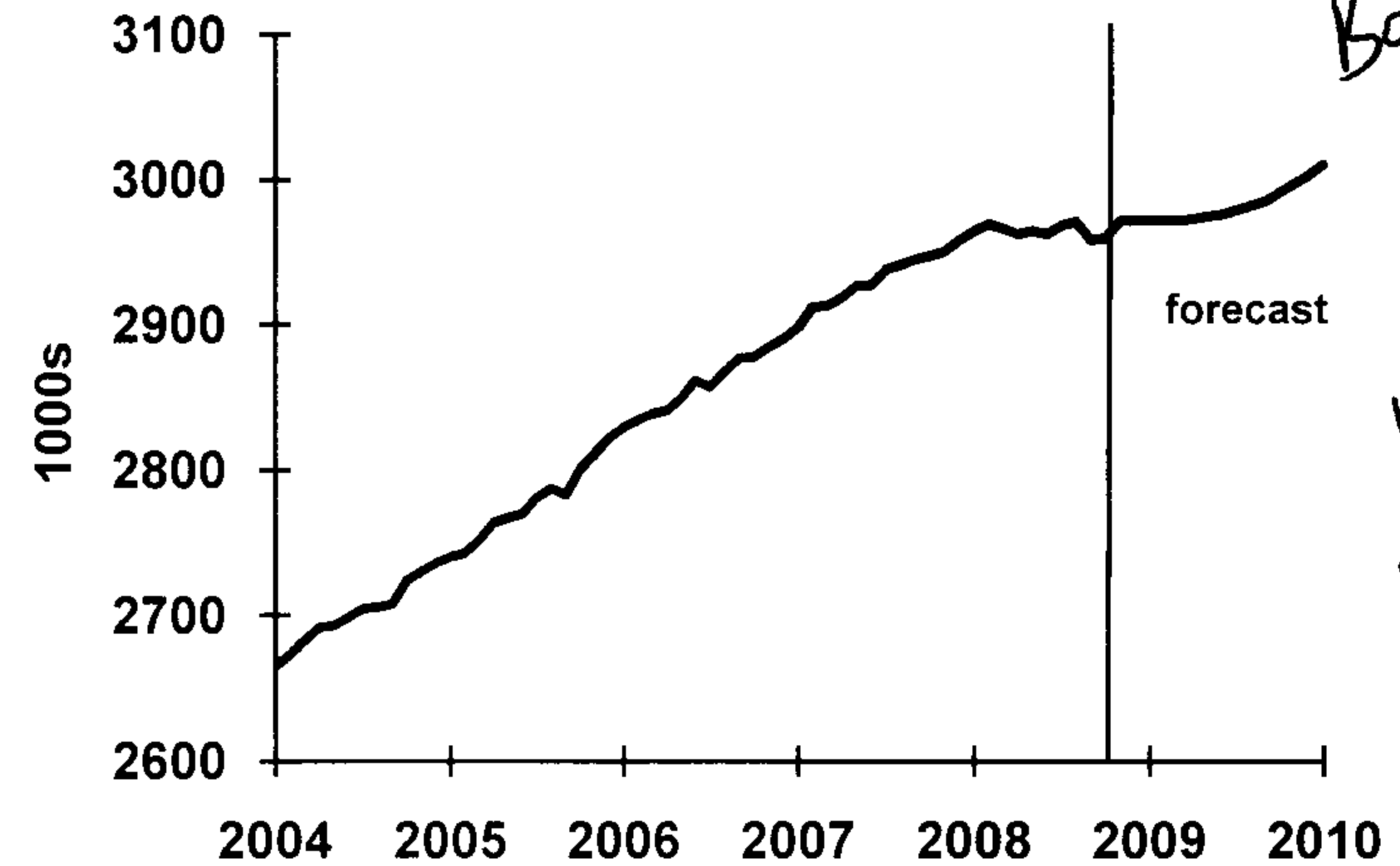
In a year's time, the Fed will have to absorb the liquidity they've been spreading around.

Oregon Employment



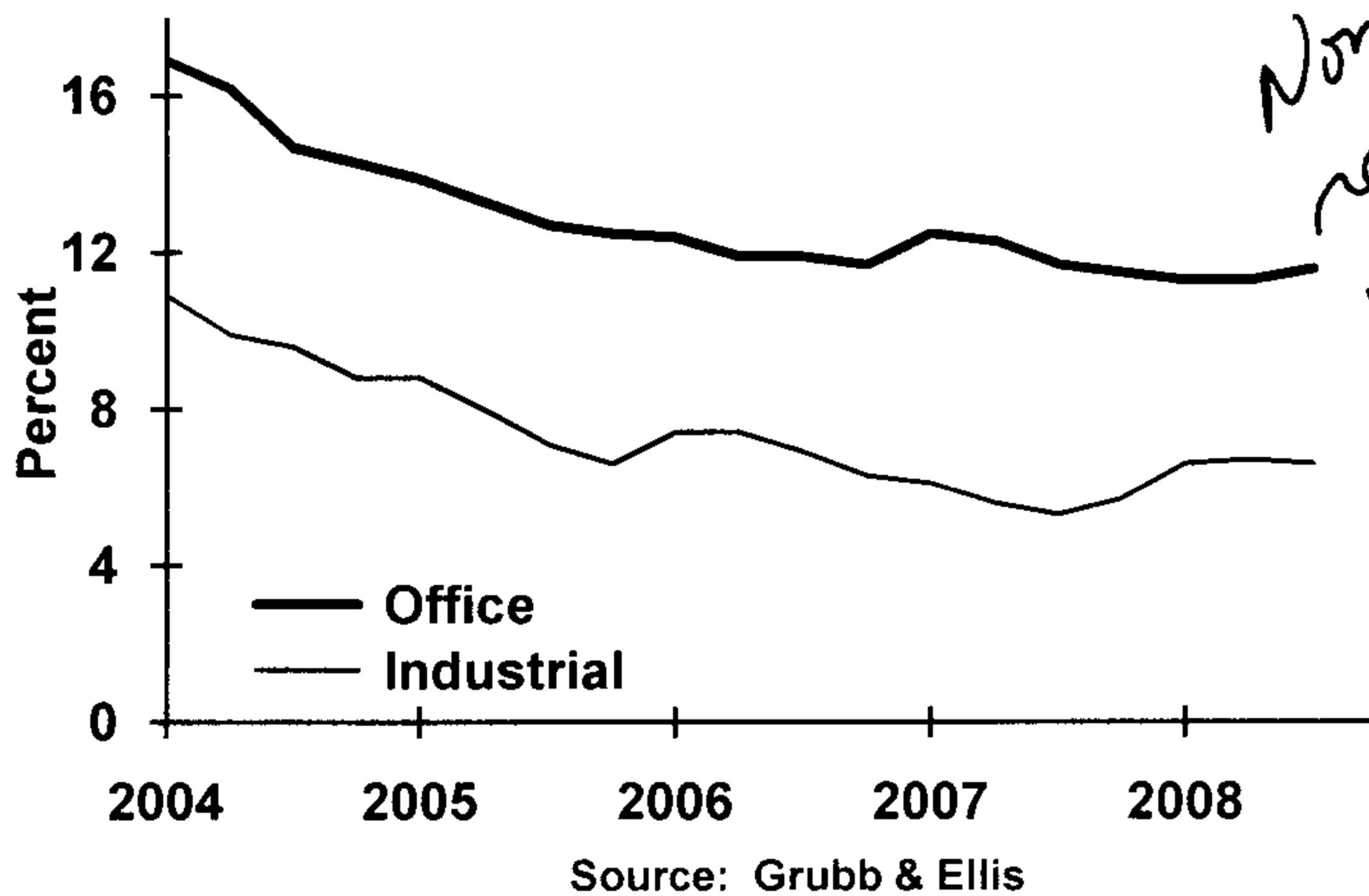
Recession hits here, too.

Washington Employment



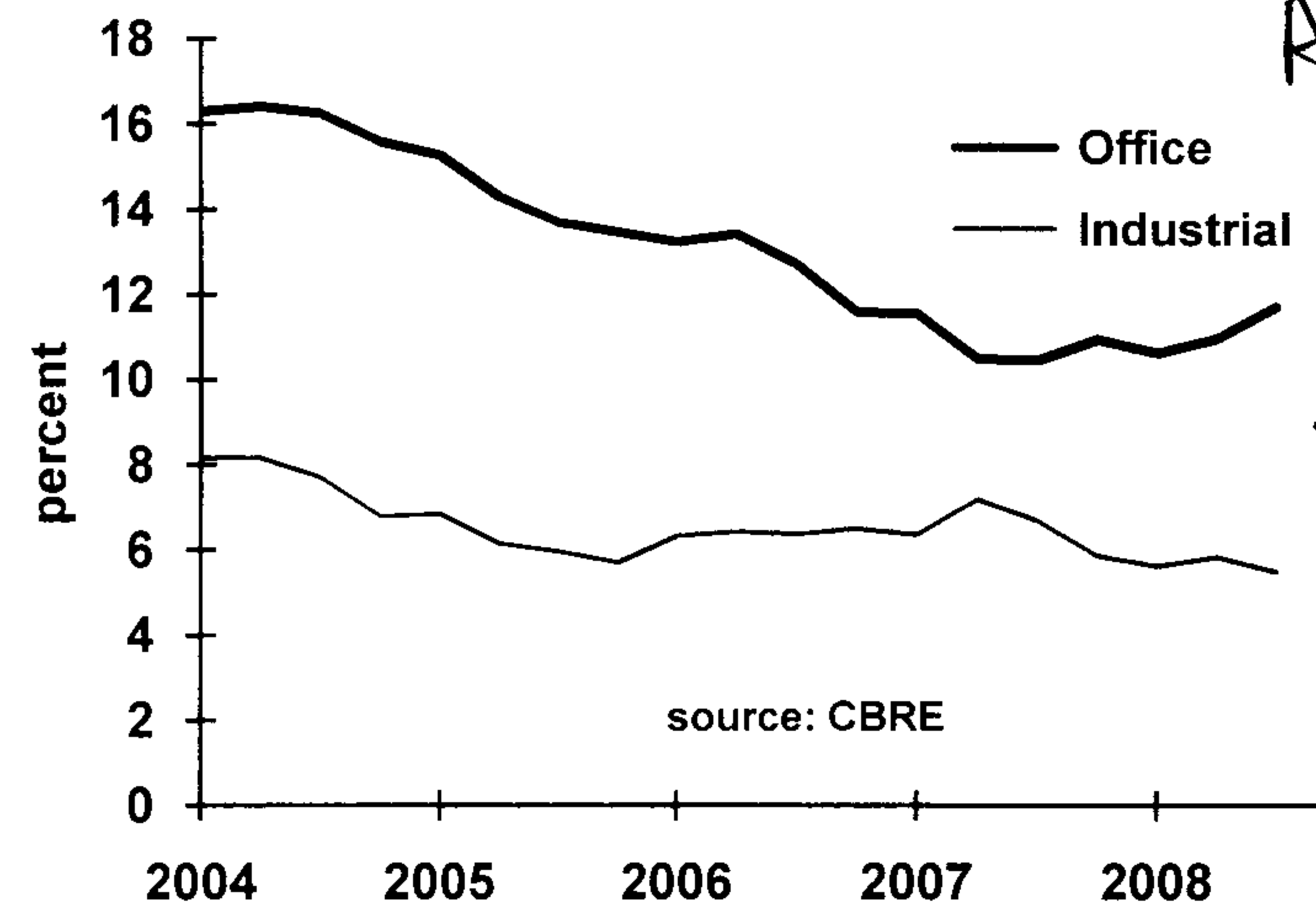
Boeing & Microsoft help state weather the storm

Portland Vacancy Rates



Non-residential real estate has held up well, but job losses will hurt

Seattle Vacancy Rates



After current projects are finished, vacancy will start to drop