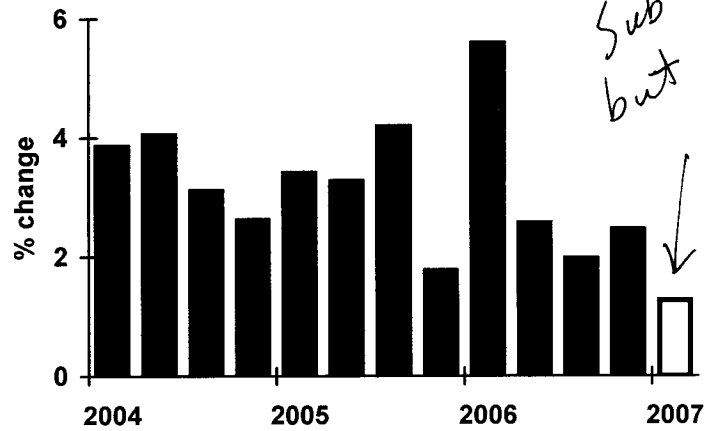
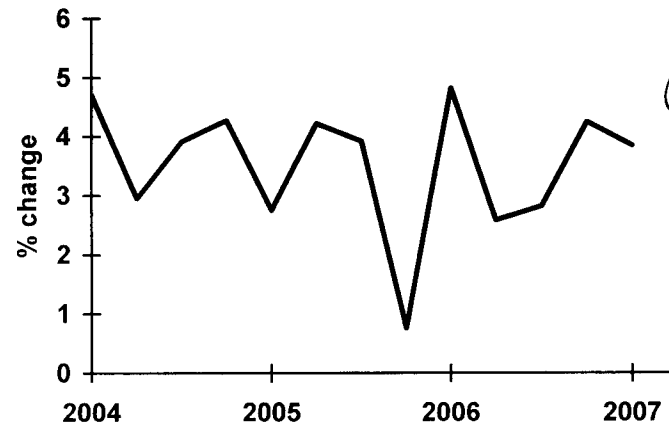


Gross Domestic Product
adjusted for inflation



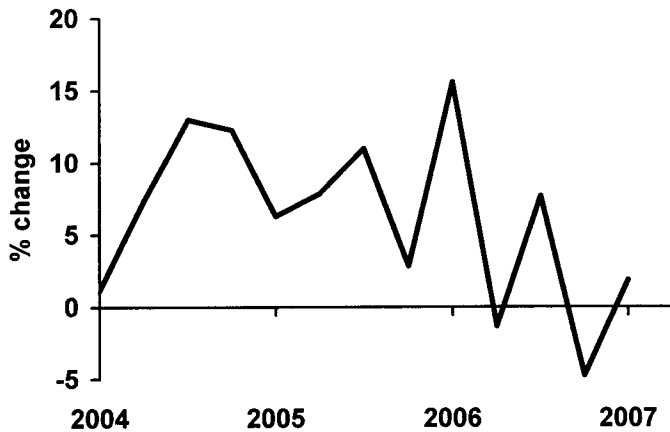
Sub-normal, but not recessionary.

Consumer Spending Growth
Inflation Adjusted



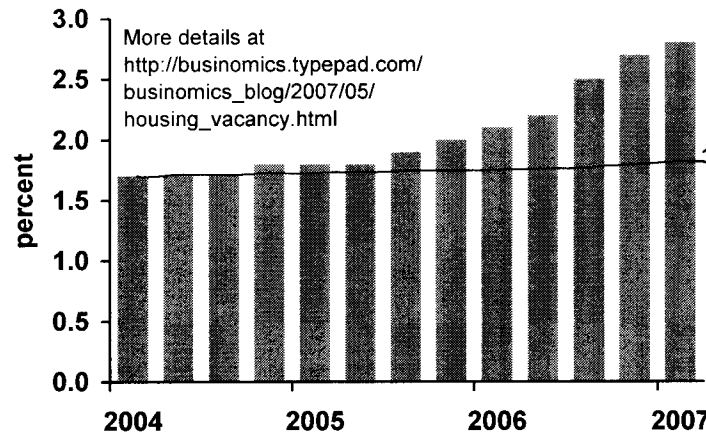
Consumers holding up well.

Business Spending
Equipment & Software



Businesses have lost some optimism.

Homeowner Vacancy Rate



More details at http://businomics.typepad.com/businomics_blog/2007/05/housing_vacancy.html

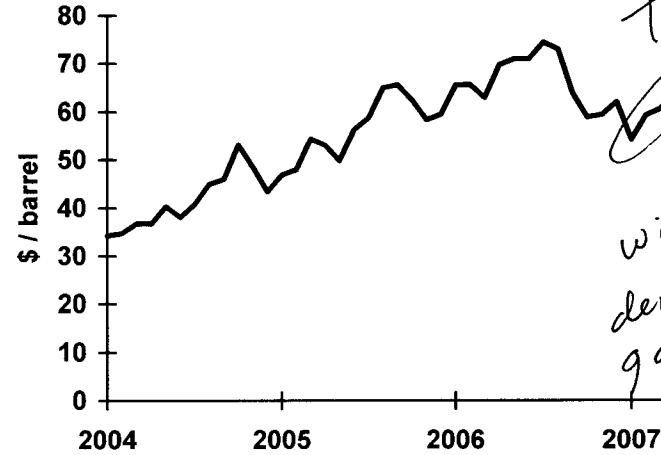
800,000 too many houses, and that doesn't count rentals.

Value of U.S. Dollar



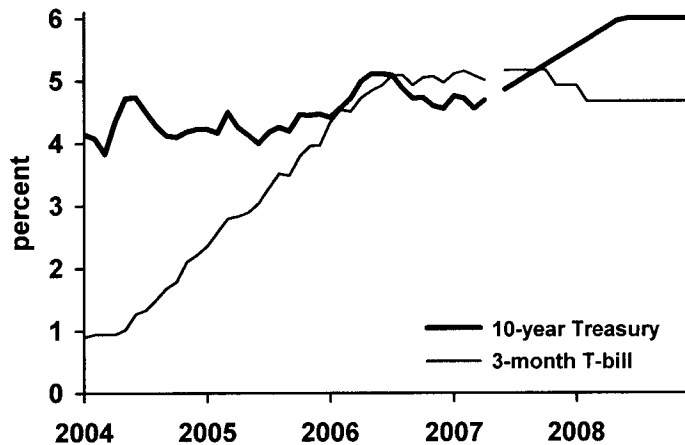
Down 4% in last 12 months. Look for this depreciation to continue.

Oil Price



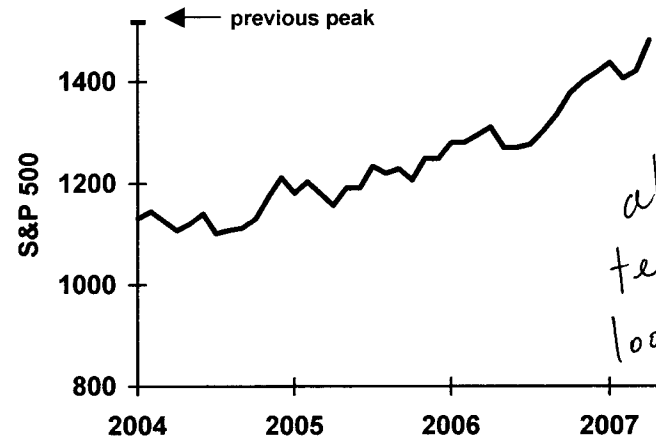
The rise in crude coincided with seasonal demand for gasoline, pushing pump prices up.

Interest Rates



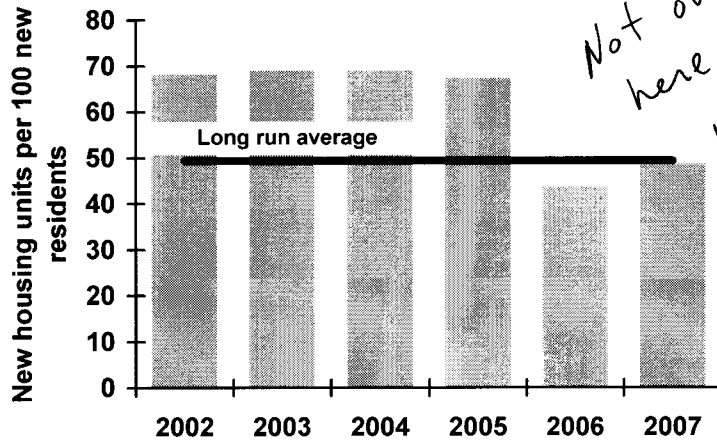
Lots of stability lately.

Stock Market



If I'm right about long-term rates, look for stock prices to level off.

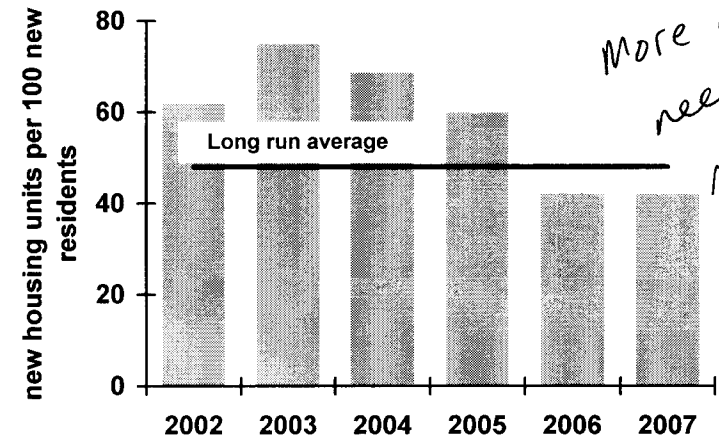
Oregon Housing Ratio



Not over-building here, but neither are we working off past excesses.

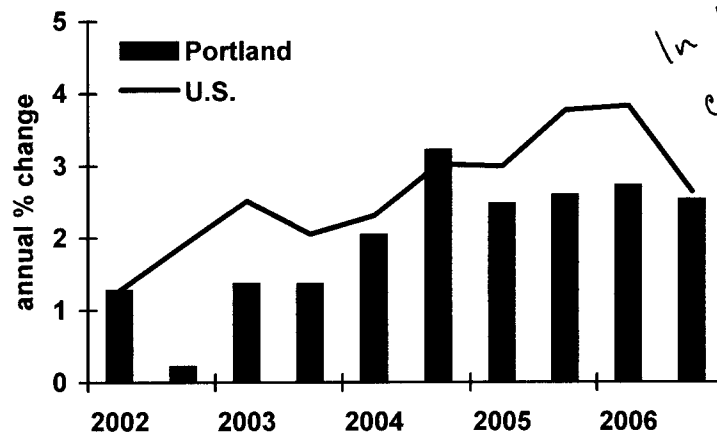
based on 1st quarter

Washington Housing Ratio



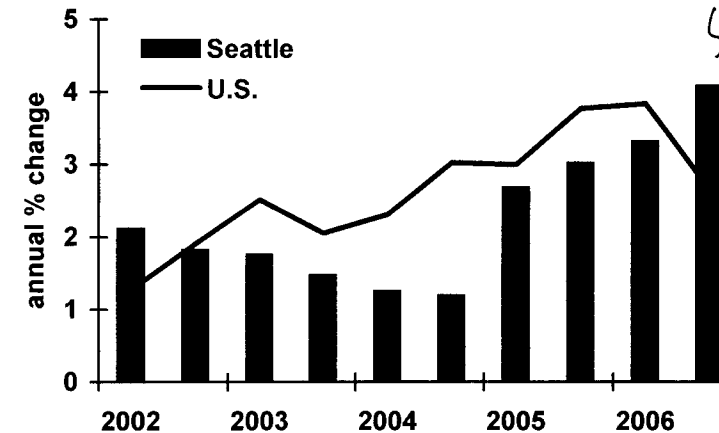
More decline needed to reduce inventory.

Portland CPI



In Portland, cheaper housing inflation offsets higher energy inflation.

Seattle CPI



Seattle has both higher energy and housing inflation.