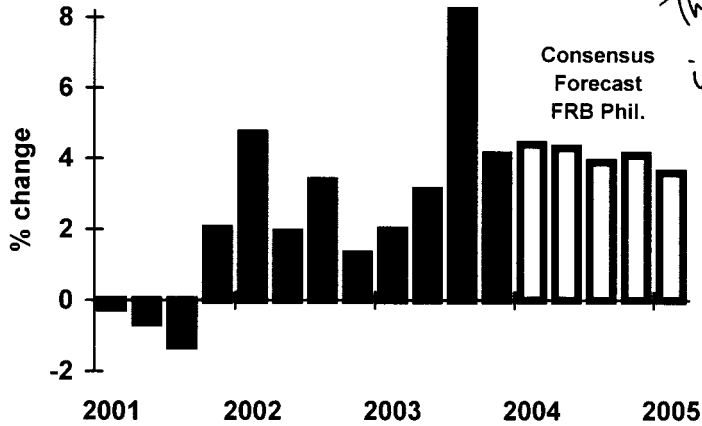


GDP Inflation Adjusted



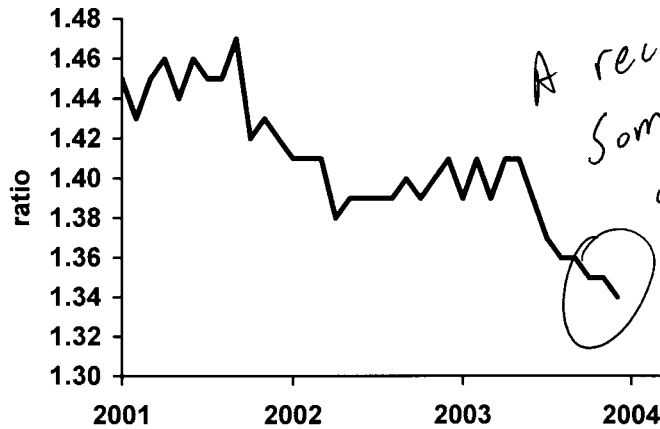
The consensus is optimistic, and I am even more so.

Household Net Worth



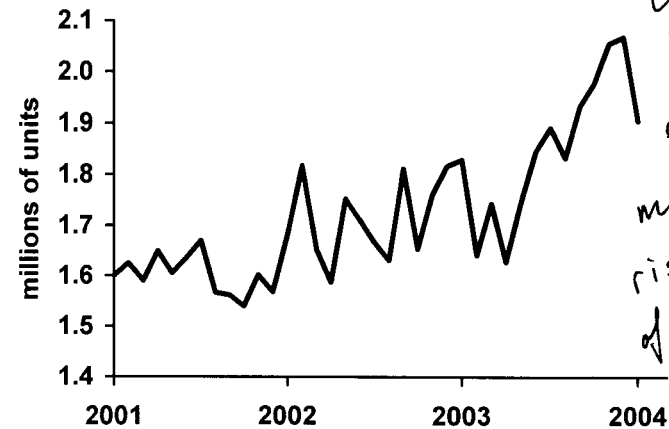
A new record, thanks to stock market & home price gains.

Inventory/Sales Ratio



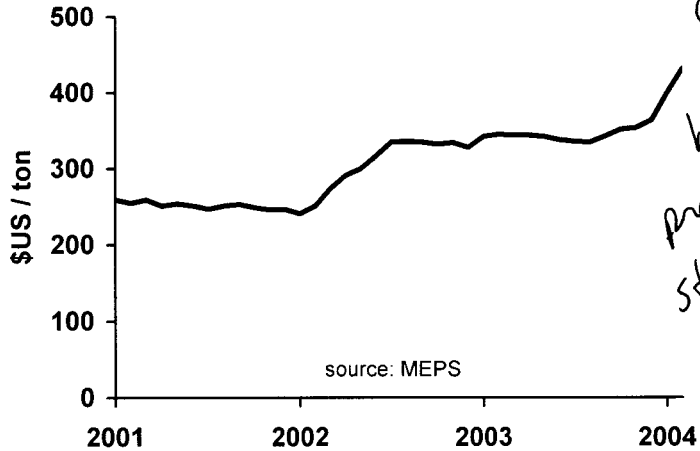
A record low. Some re-stocking of shelves will boost GDP this year.

Housing Starts



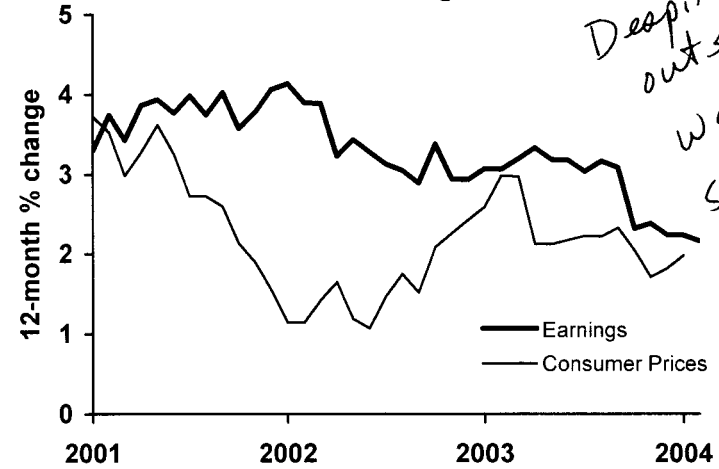
Lower trend is inevitable even before mortgage rates rise, as ranks of potential first-time buyers are depleted.

World Steel Prices



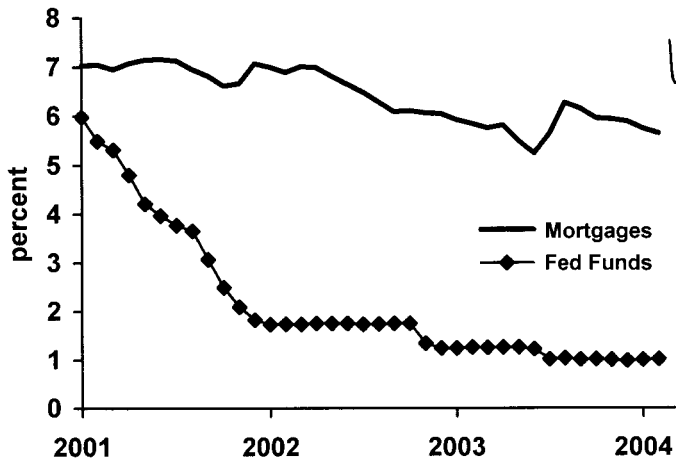
*Chinese construction boom putting pressure on steel prices*

Wage Inflation Manufacturing



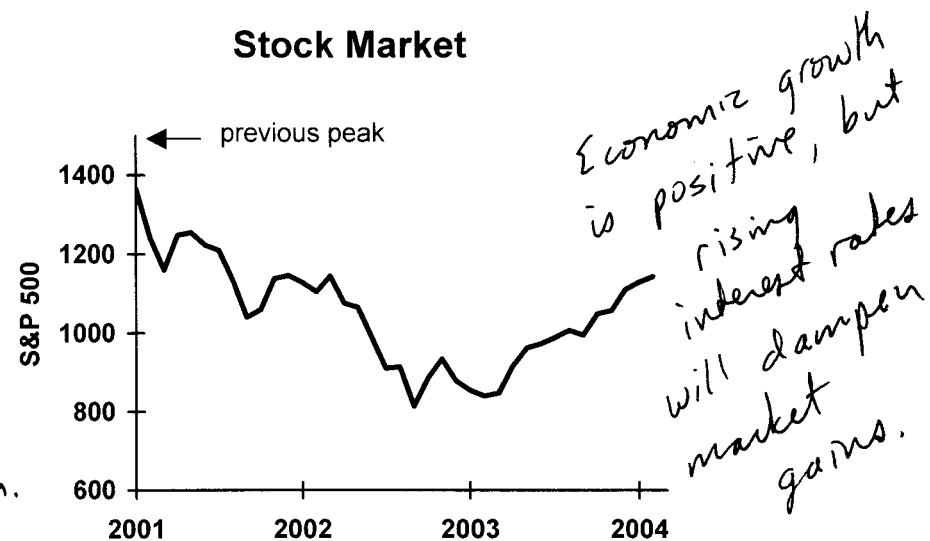
*Despite outsourcing, wage gains still above inflation.*

Interest Rates



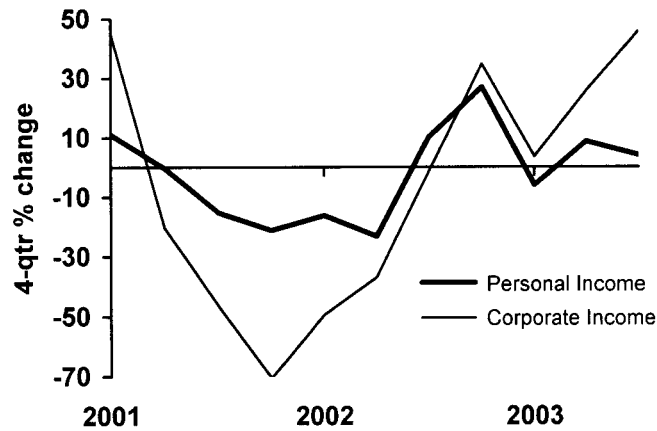
*Long rates edging down; Fed sounds like they are not close to a hike, but I still expect one in summer.*

Stock Market



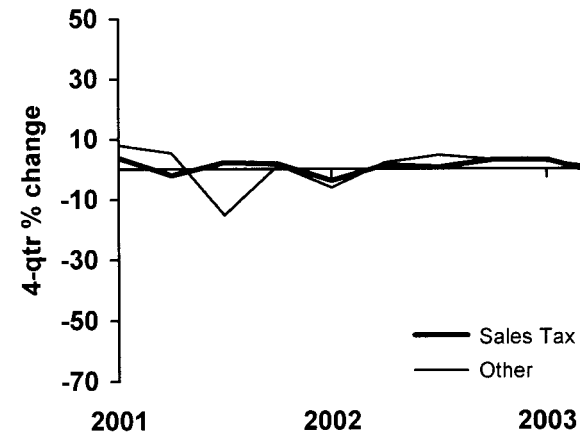
*Economic growth is positive, but rising interest rates will dampen market gains.*

Oregon Tax Revenue



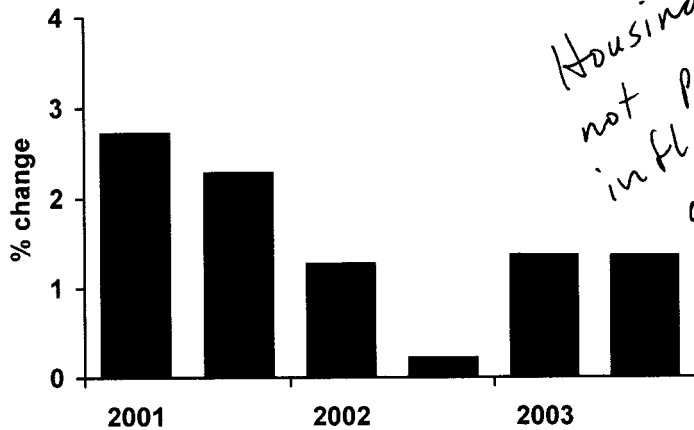
*Corporate profits rebounding; personal taxes likely to turn around soon.*

Washington Tax Revenue



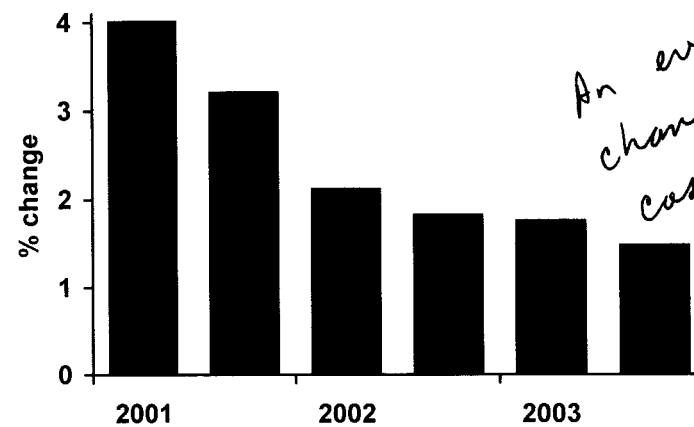
*Great stability. Long-term growth not as fast as in Oregon.*

Portland CPI



*Housing costs not pushing overall inflation as much as in the past.*

Seattle CPI



*An even larger change in housing cost inflation in Seattle metro area.*