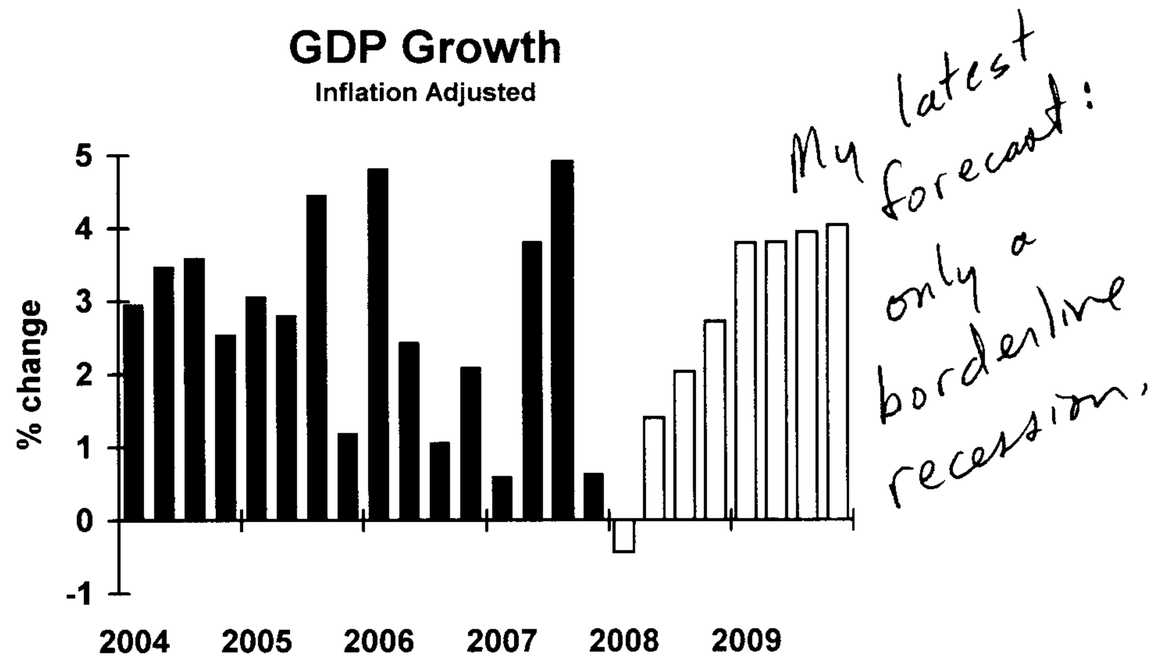
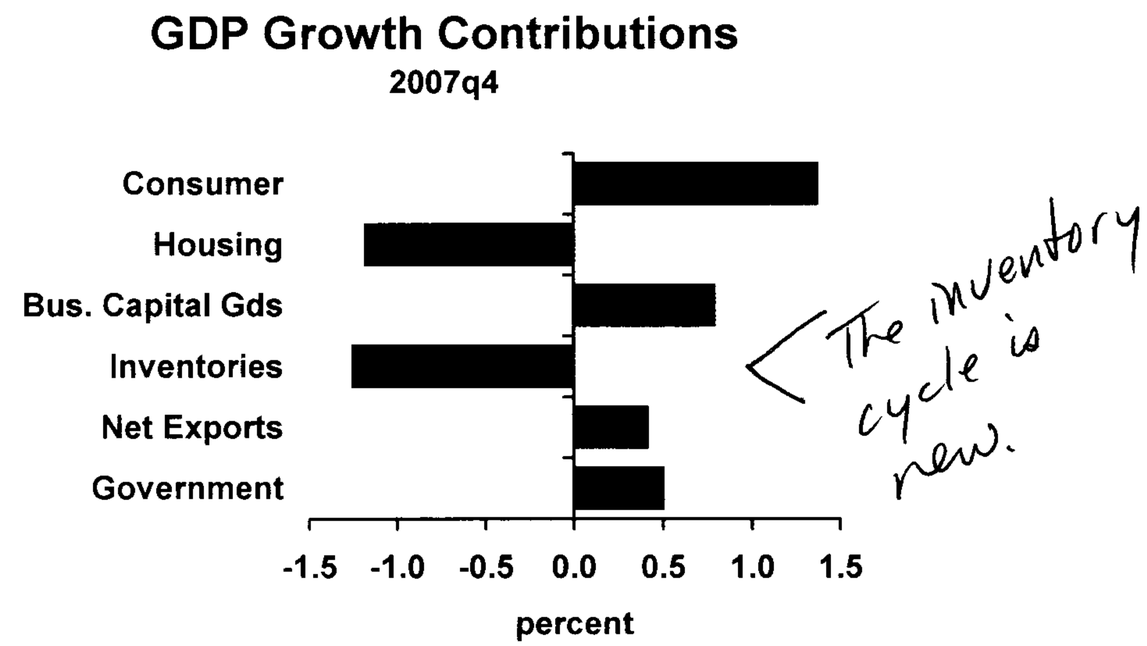
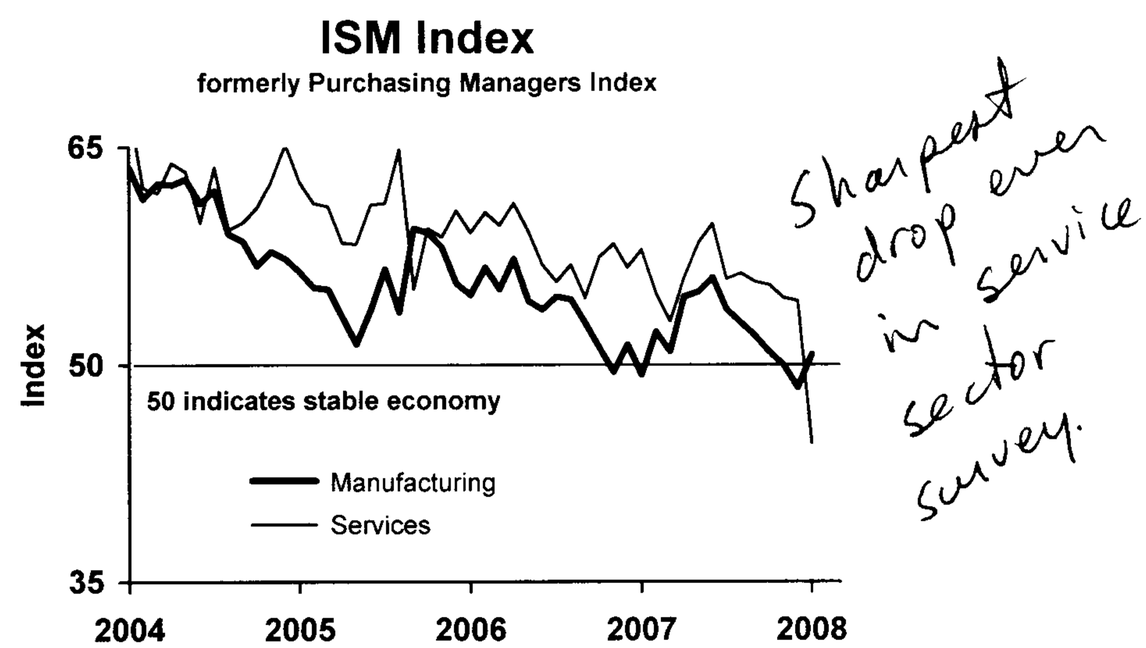
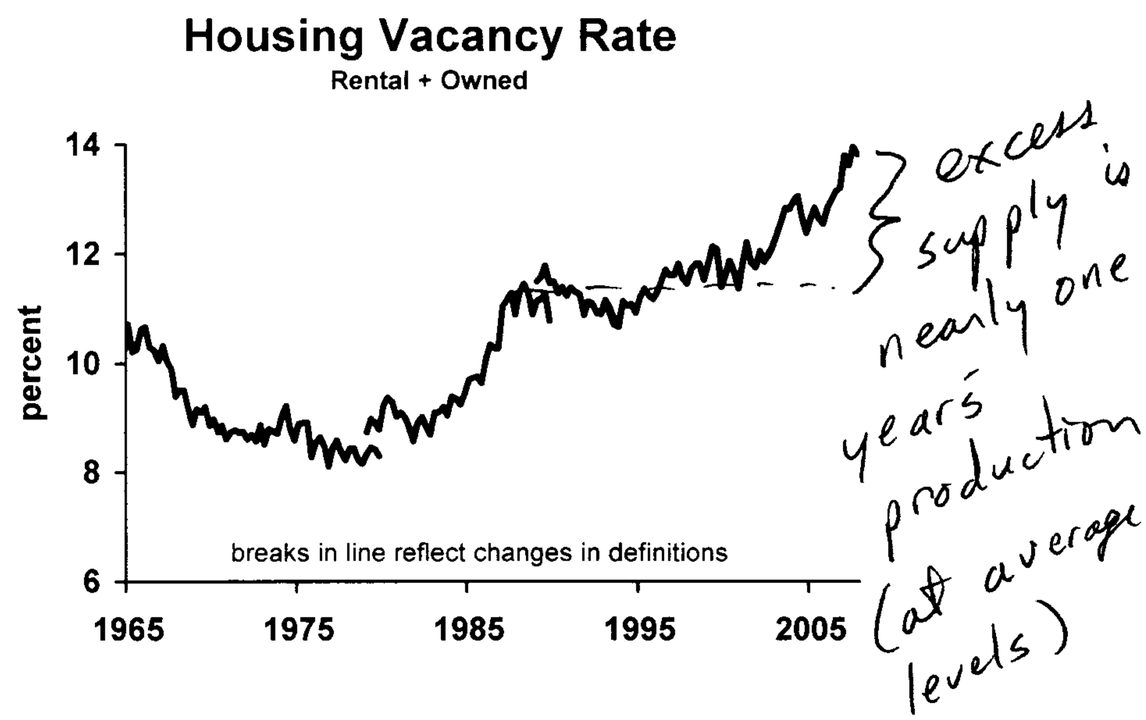

GDP Growth
Inflation Adjusted
% change
5
4
3
2
1
0
-1
2004
2005
2006
2007
2008
2009
My latest forecast: only a borderline recession.

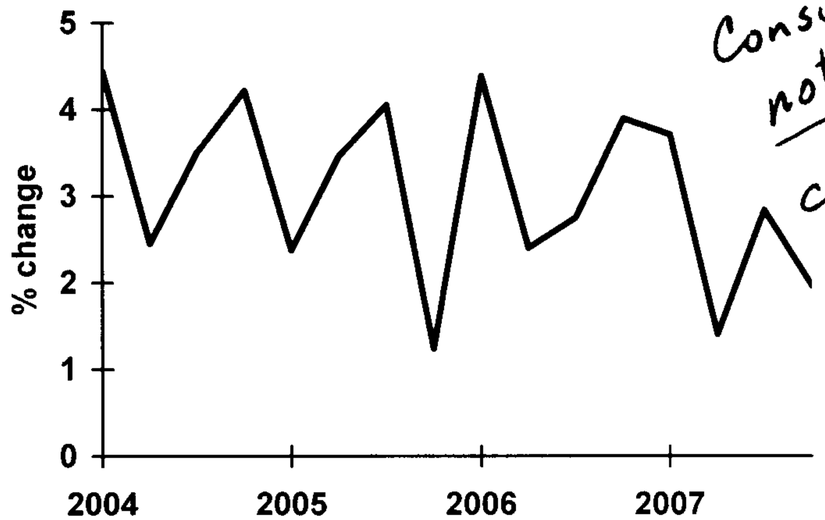

GDP Growth Contributions
2007q4
Consumer
Housing
Bus. Capital Gds
Inventories
Net Exports
Government
-1.5
-1.0
-0.5
0.0
0.5
1.0
1.5
percent
The inventory cycle is new.


ISM Index
formerly Purchasing Managers Index
Index
65
50
35
50 indicates stable economy
Manufacturing
Services
2004
2005
2006
2007
2008
Sharpest drop ever in service sector survey.


Housing Vacancy Rate
Rental + Owned
percent
14
12
10
8
6
breaks in line reflect changes in definitions
1965
1975
1985
1995
2005
excess supply is nearly one year's production (at average levels)

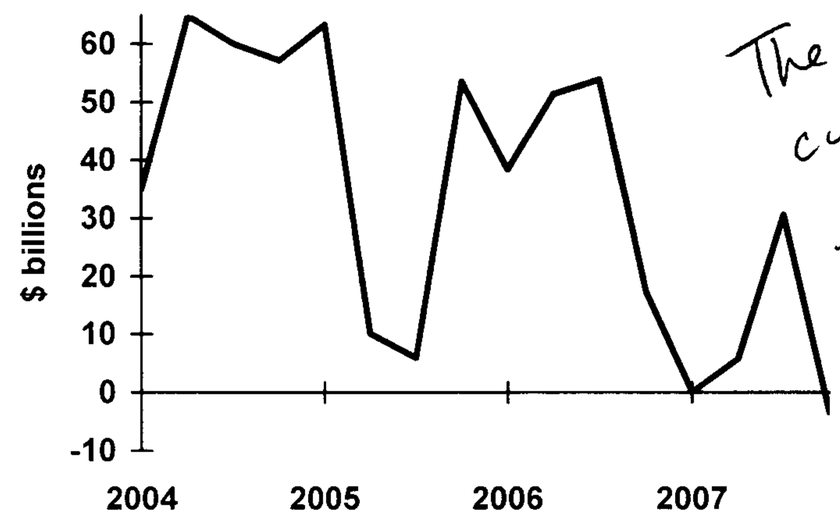
Consumer Spending Growth

Inflation Adjusted



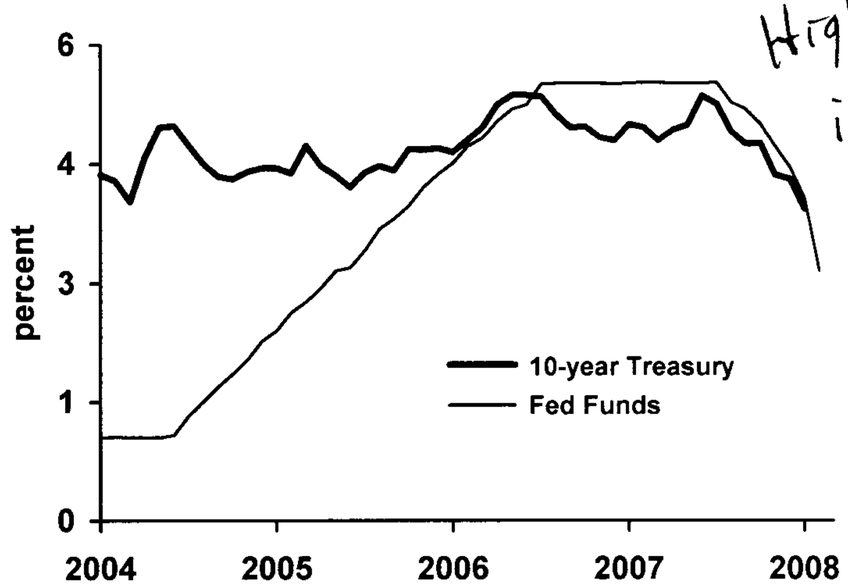
Consumers have not given up completely, though they are slowing down.

Real Inventory Change



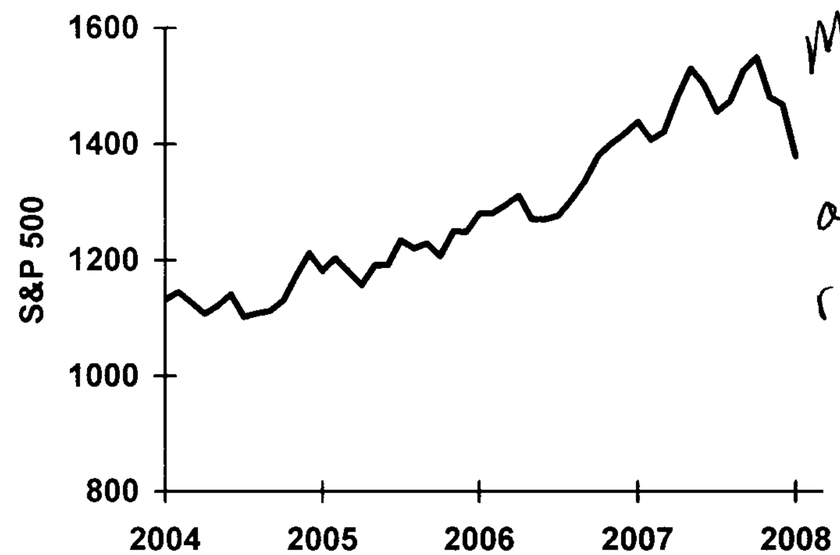
The inventory cycle will reverse by third quarter.

Interest Rates



High grade interest rates are low, but junk rates very high.

Stock Market



Market nervous about recession.