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.

Ground Zero of the slowing rate of growth.

No growth since January, often the gas is paid for.
Inflation
Personal Consumption Price Index Excluding Food & Energy

Monetary Tightening Around the World
Key Policy Interest Rate

<table>
<thead>
<tr>
<th>Country</th>
<th>Now</th>
<th>Year Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>5.25</td>
<td>3.25</td>
</tr>
<tr>
<td>European Monetary Union</td>
<td>3.00</td>
<td>2.00</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>4.75</td>
<td>4.50</td>
</tr>
<tr>
<td>Japan</td>
<td>0.25</td>
<td>0.01</td>
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<tr>
<td>China</td>
<td>5.85</td>
<td>5.58</td>
</tr>
<tr>
<td>Australia</td>
<td>6.00</td>
<td>5.50</td>
</tr>
<tr>
<td>India</td>
<td>6.00</td>
<td>6.00</td>
</tr>
</tbody>
</table>

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

Interest Rates

Stock Market

The Fed is done, but long rates will keep rising.

previous peak

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

Some tightening the world, but not yet enough to cool off global growth.
Oregon Employment Growth

Washington Emp. Growth

Oregon Home Building
Seasonally Adjusted

Washington Home Building
Seasonally Adjusted

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

No sign of the national slowdown here.

Moderate declining trend.