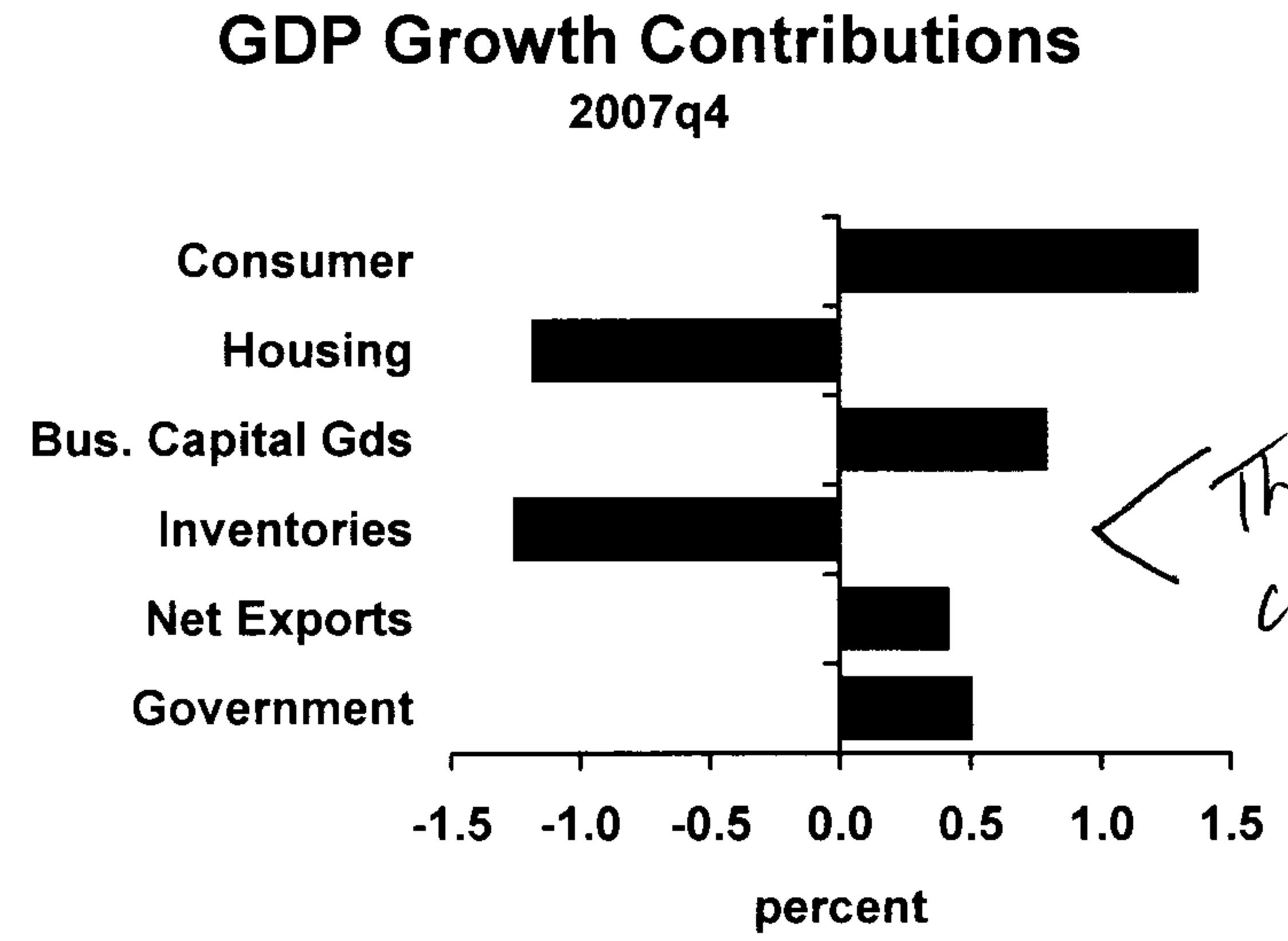
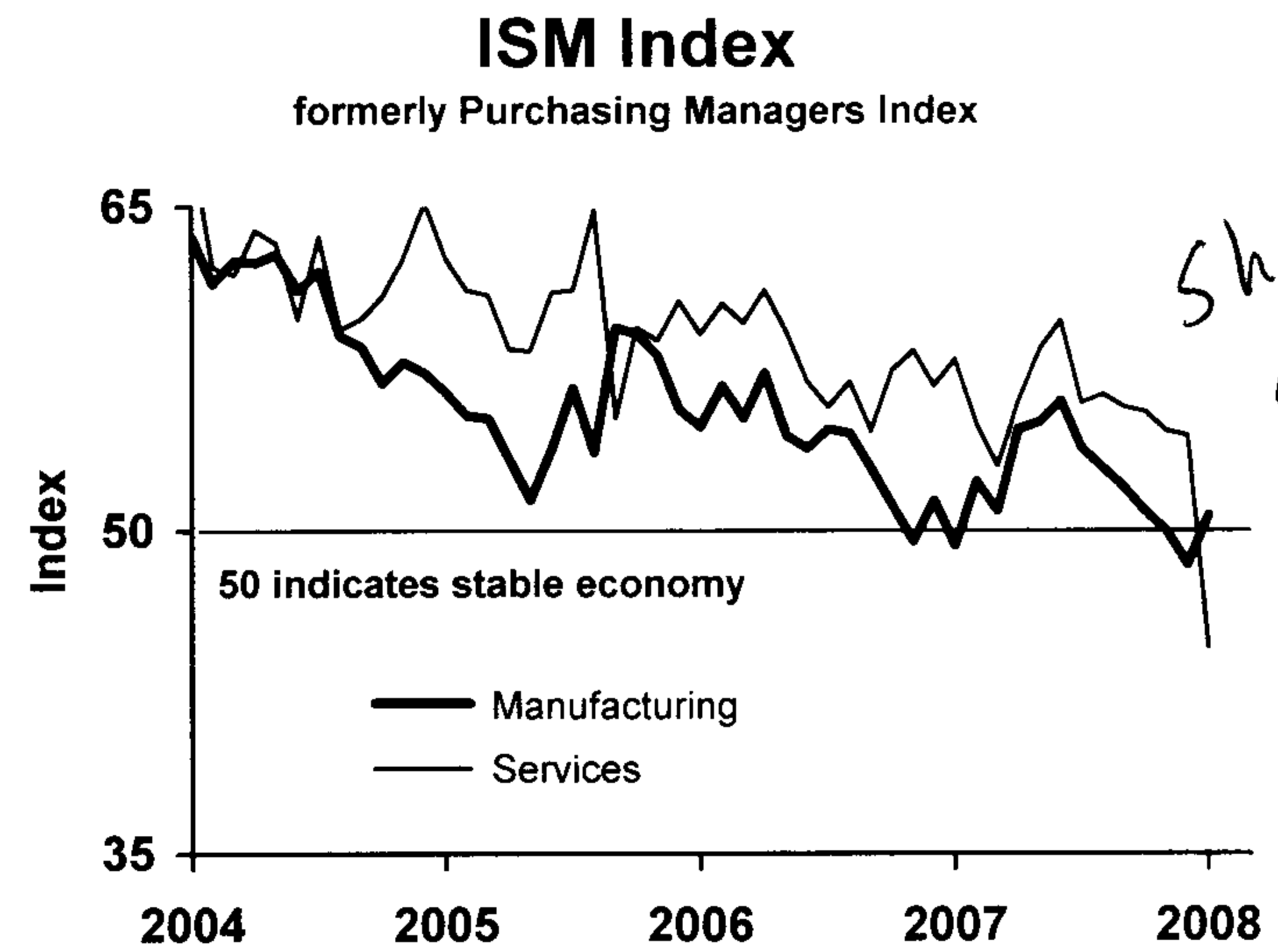


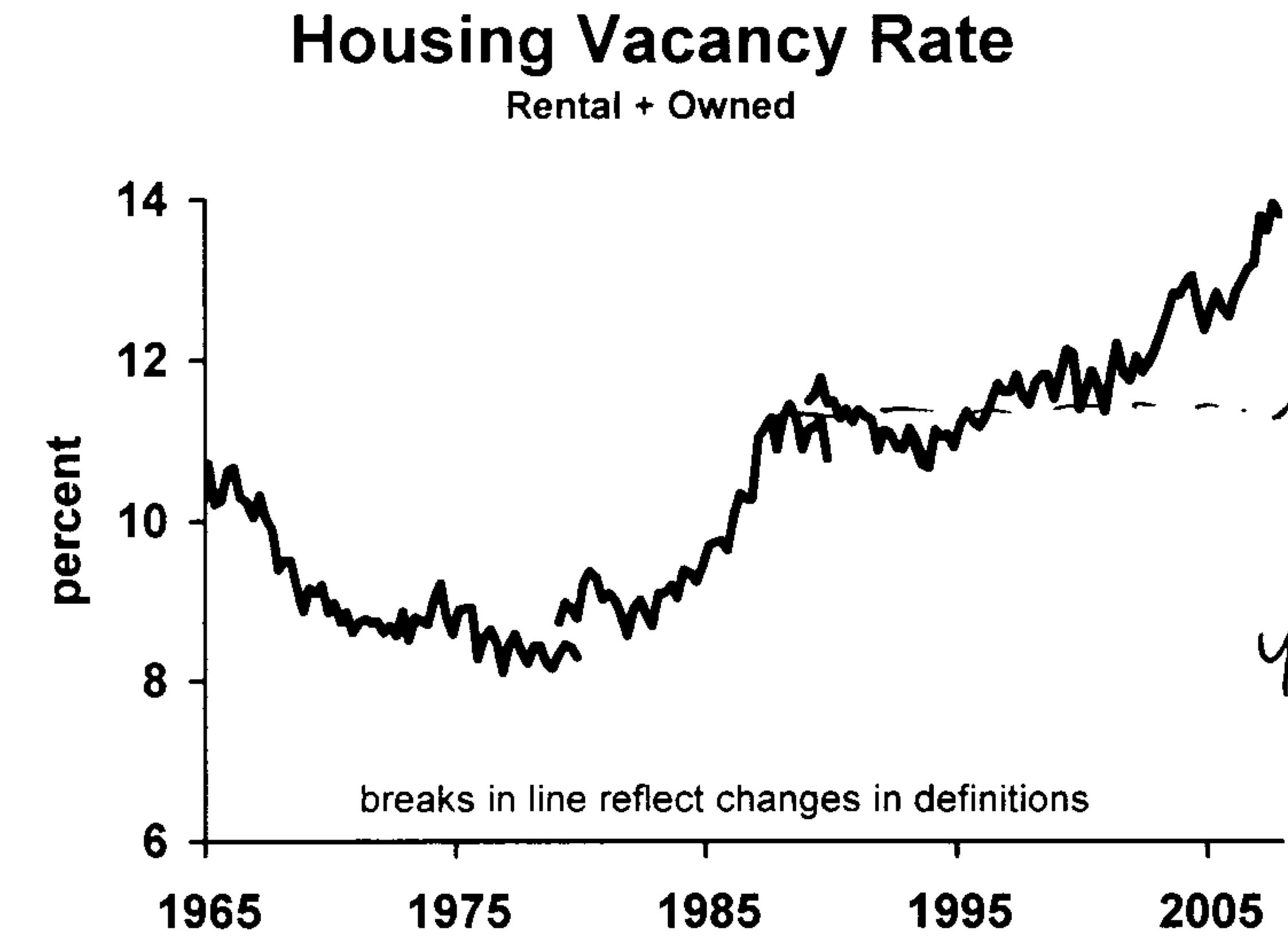
*My latest forecast: only a borderline recession.*



*The inventory cycle is new.*

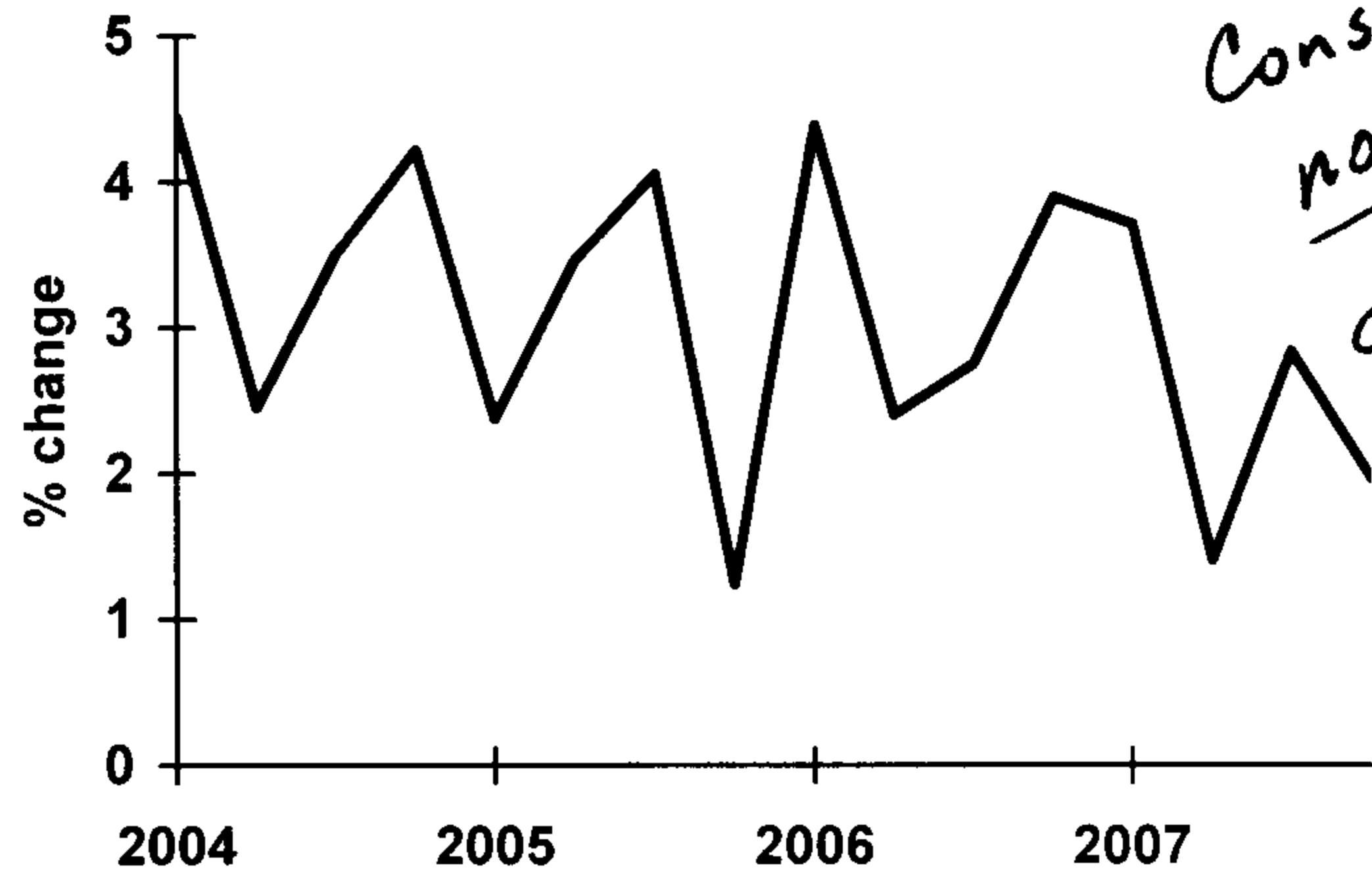


*Sharpest drop ever in service sector survey.*



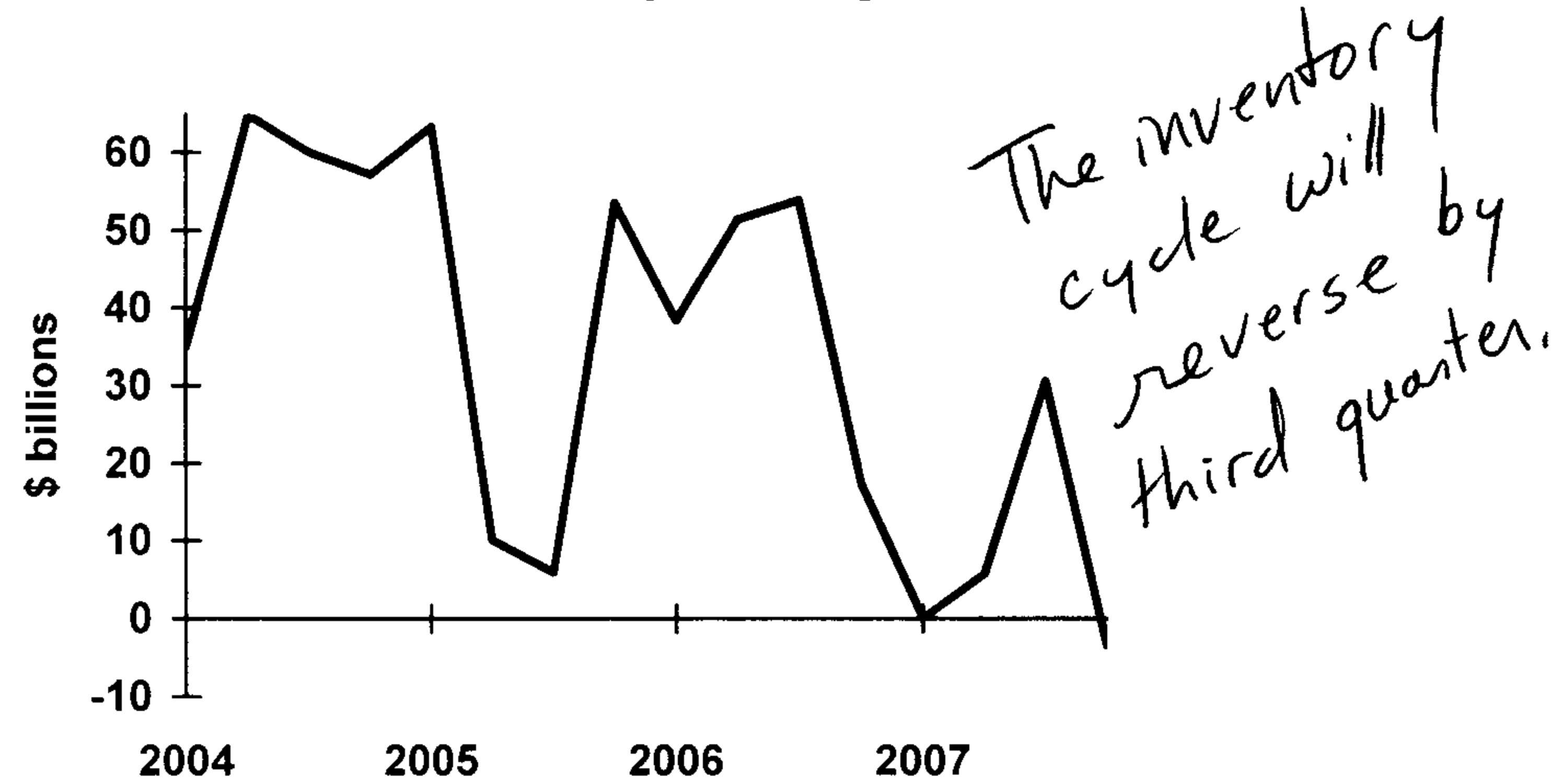
*excess supply is nearly one year's production (at average levels)*

**Consumer Spending Growth**  
Inflation Adjusted



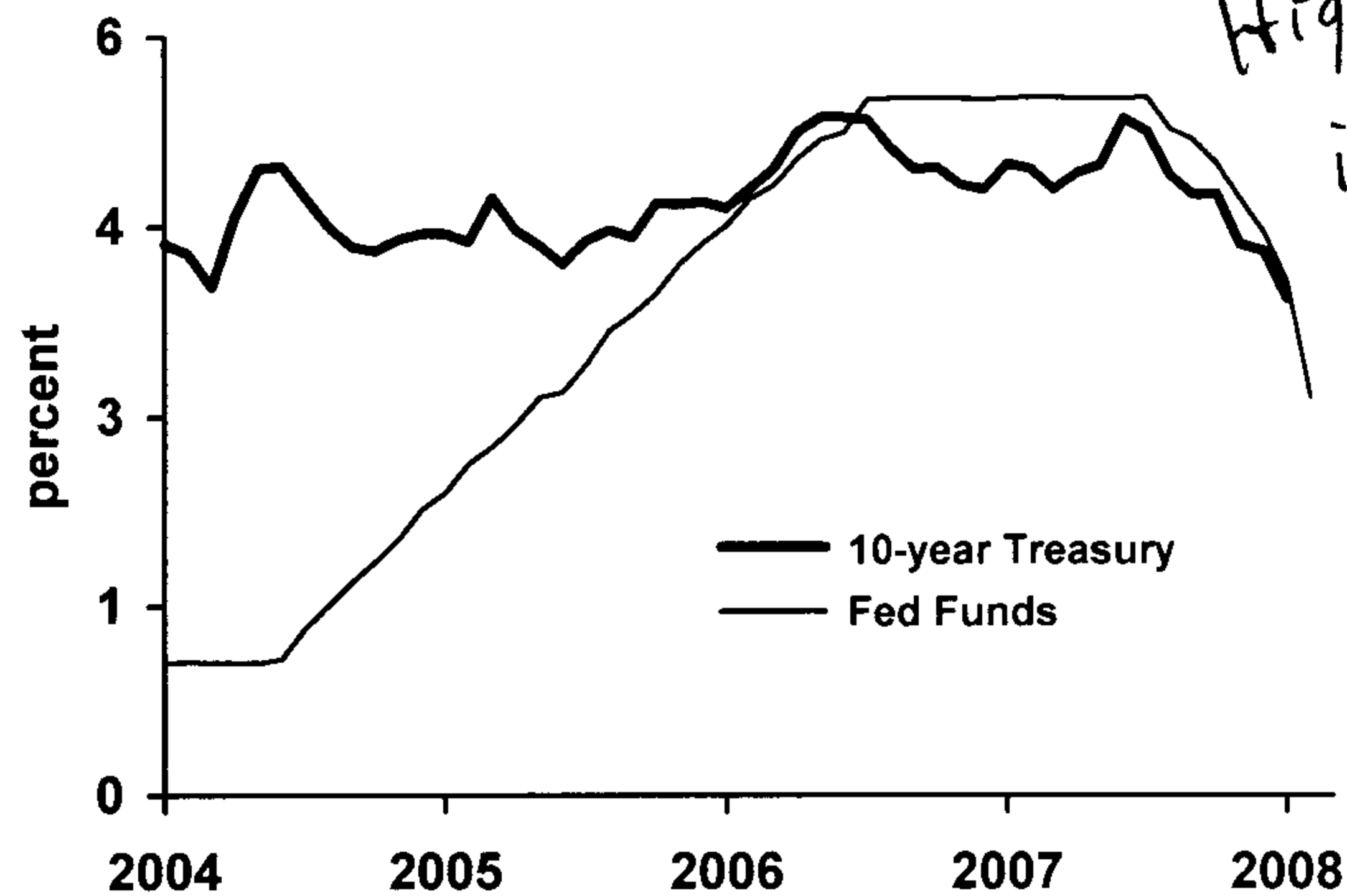
*Consumers have not given up completely, though they are slowing down.*

**Real Inventory Change**



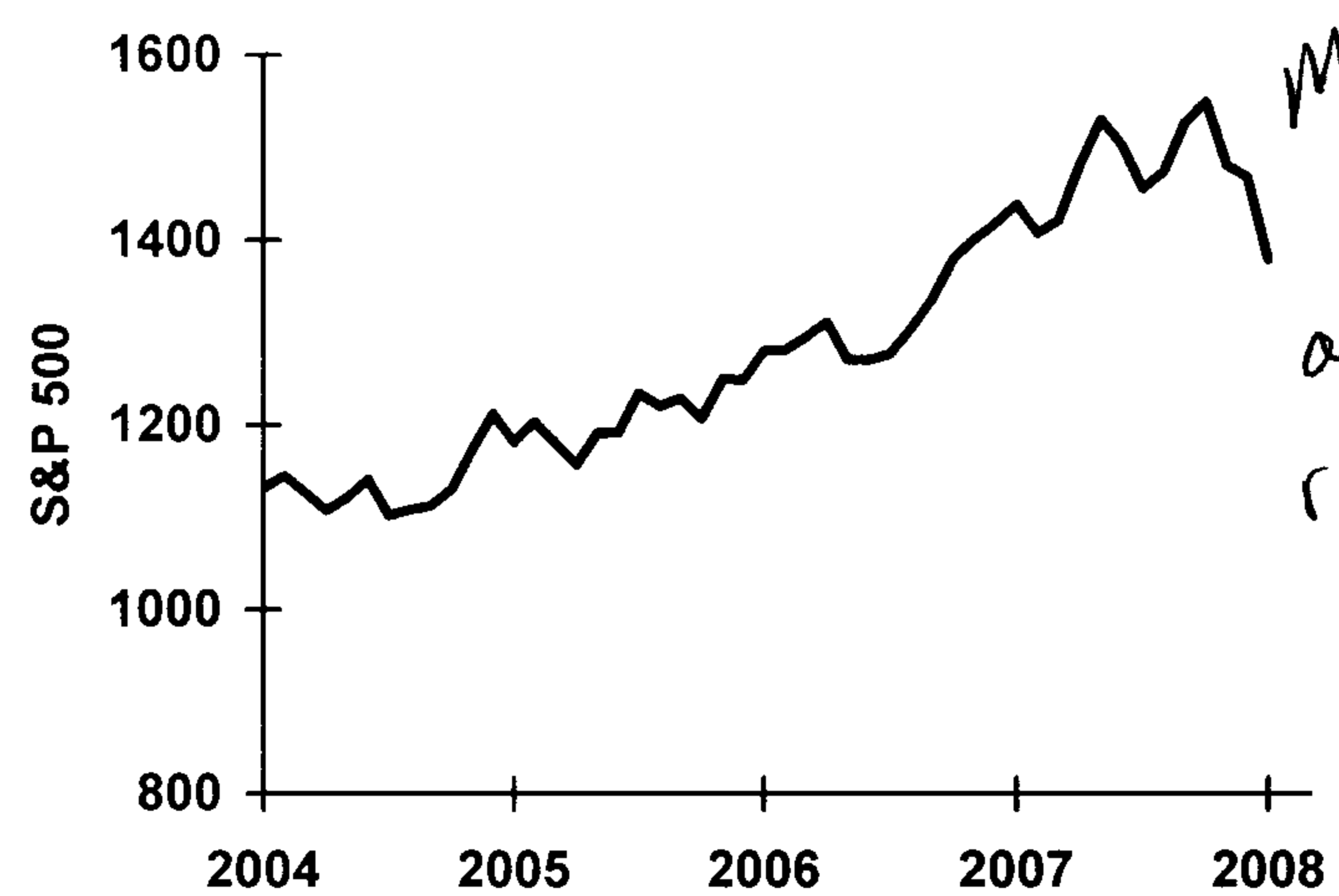
*The inventory cycle will reverse by third quarter.*

**Interest Rates**



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

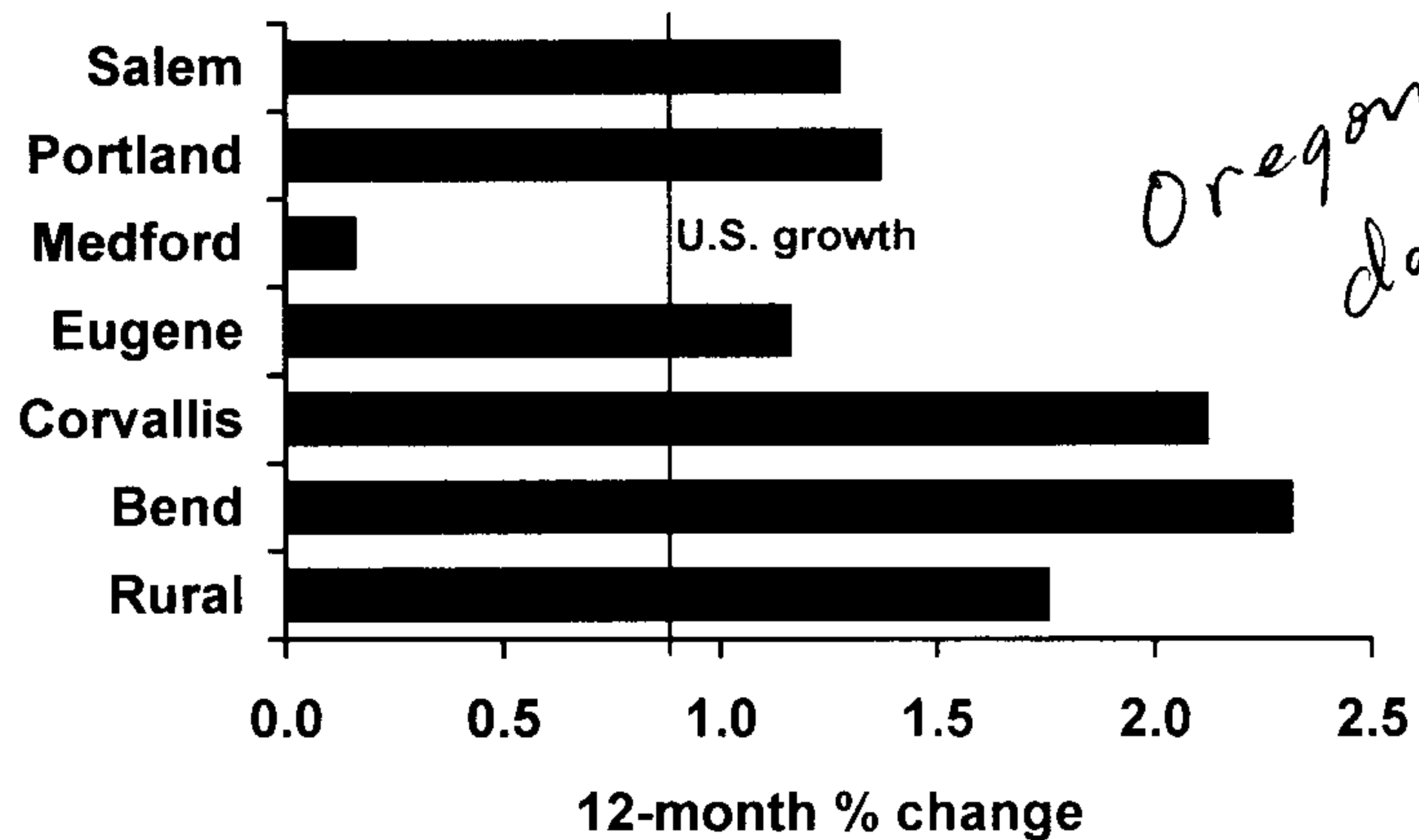
**Stock Market**



*Market nervous about recession.*

### Oregon Employment Growth

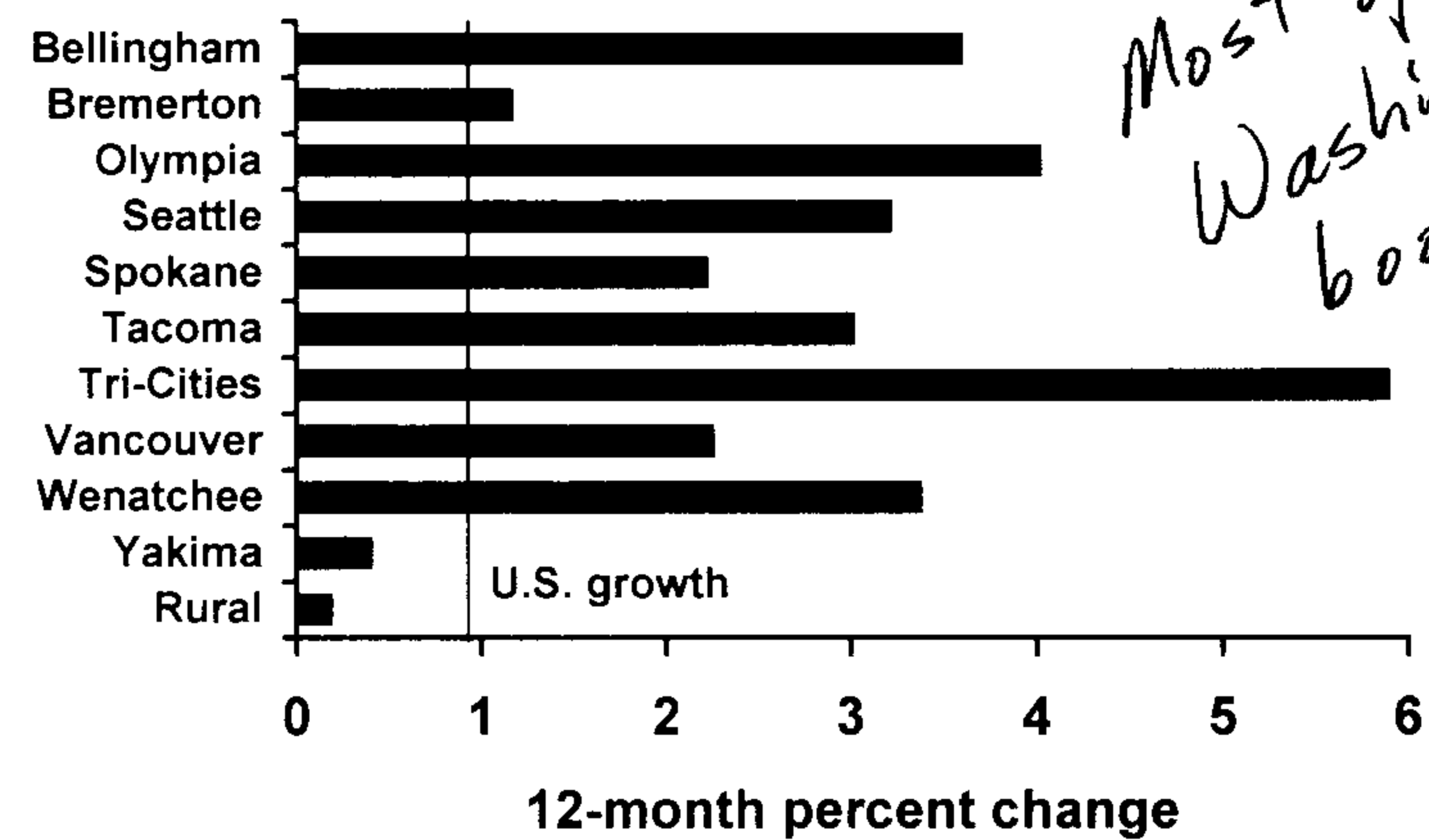
Dec 2007



*Oregon generally doing well.*

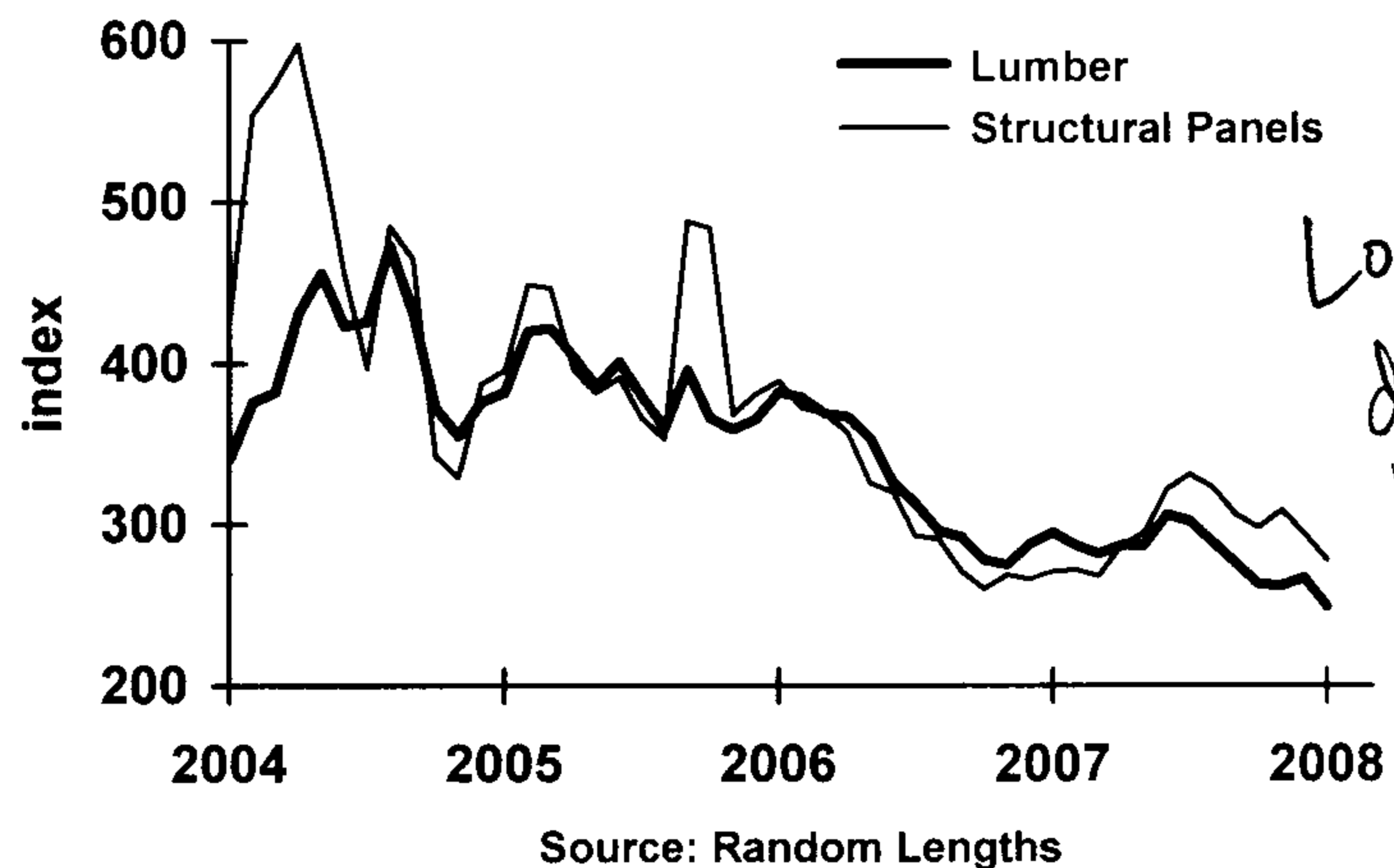
### Washington Emp. Growth

December 2007



*Most of Washington is booming!*

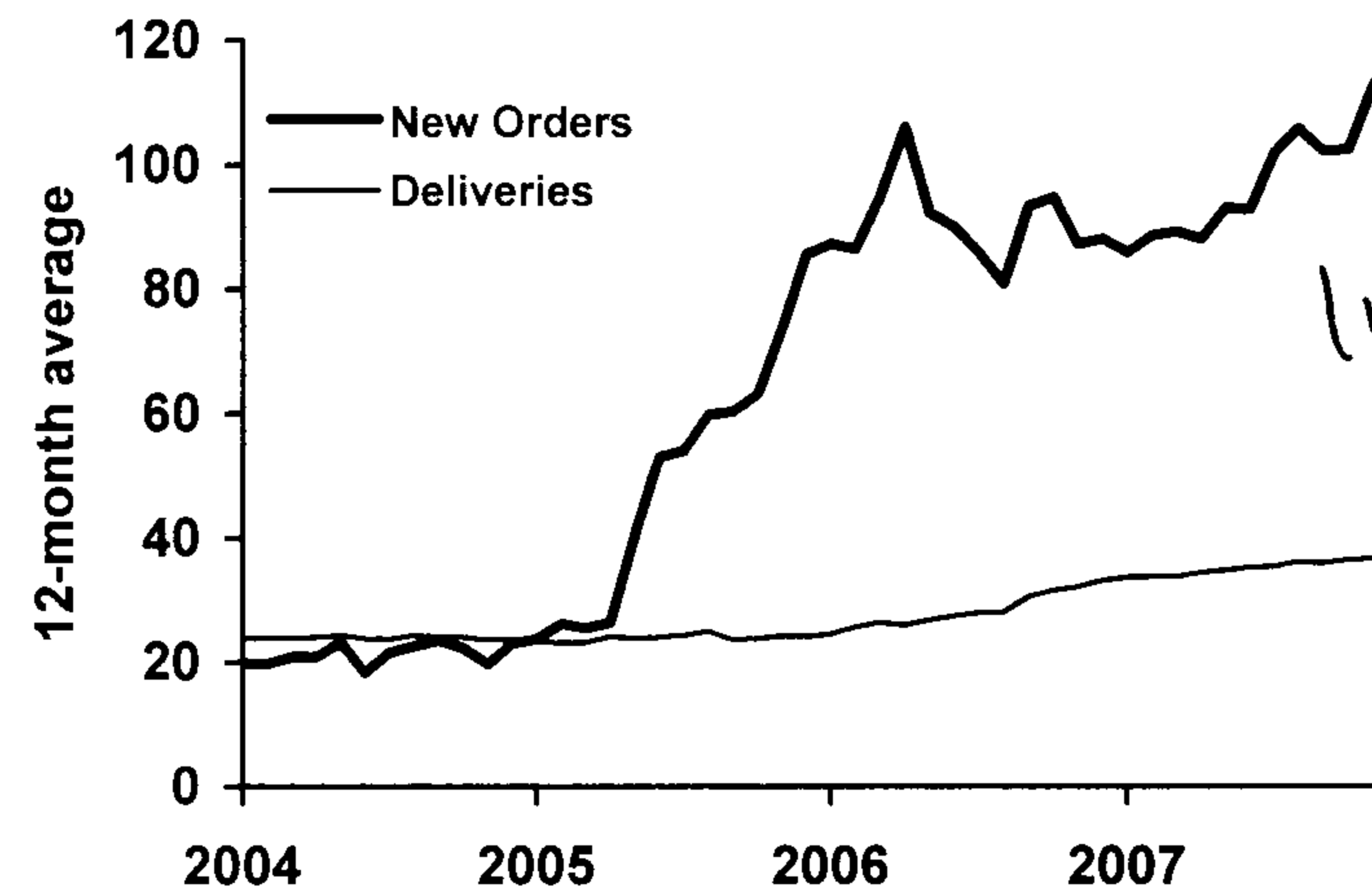
### Lumber and Panel Prices



*Low prices due to housing problems.*

### Boeing Orders & Deliveries

Commercial Aircraft



*International orders very strong.*