The Businomics® Newsletter

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GDP Growth
Inflation Adjusted
Clearly a recession forecast

% change
-3 -2 -1 0 1 2 3 4 5
2004 2005 2006 2007 2008 2009

Strengths
- Exports, esp to Asia
- Non-res construction takes a while to slow down
- Fed aggressively stimulative
- Regulators will cut banks slack on capital requirements

Weaknesses
- Attitudes very grim
- Credit crunch hitting Main Street
- Too many houses through 2009
- Lost home equity hurts spending
- Europe weakening

Auto & Light Truck Sales
discretionary spending down

million units
20 18 16 14 12 10 8
2004 2005 2006 2007 2008

Exports
But exports still a power house

$ billions
170 160 150 140 130 120 110 100 90 80
2004 2005 2006 2007 2008

Page 1
Nonperforming Loan Ratio
based on $ volume, all banks

Oil Price

Interest Rates

Stock Market

Bad, but we’ve seen it worse.

Heres some good news

In a year, the risk spread will narrow.

Don’t panic.