

# Six Months and a Different World

CAR

April 15, 2010

Portland, Oregon

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# Technical Recession Over

- ▶ GDP 2.2% Growth Q3 and 5.6% in Q4
  - ▶ ECRI Leading Index/ISM
  - ▶ Leading Indicators
  - ▶ Initial Claims–Falling
  - ▶ Employment– Flat to Up
  - ▶ January to February 23 States SA Job Gains
  - ▶ Industrial Production–8 Months
  - ▶ Beige Book– March 3, 2010
  - ▶ Global Economy Improving
  - ▶ Personal Income Rising
  - ▶ Retail Sales
  - ▶ Durable Goods Orders
  - ▶ Q4 Personal Income up in all 50 States
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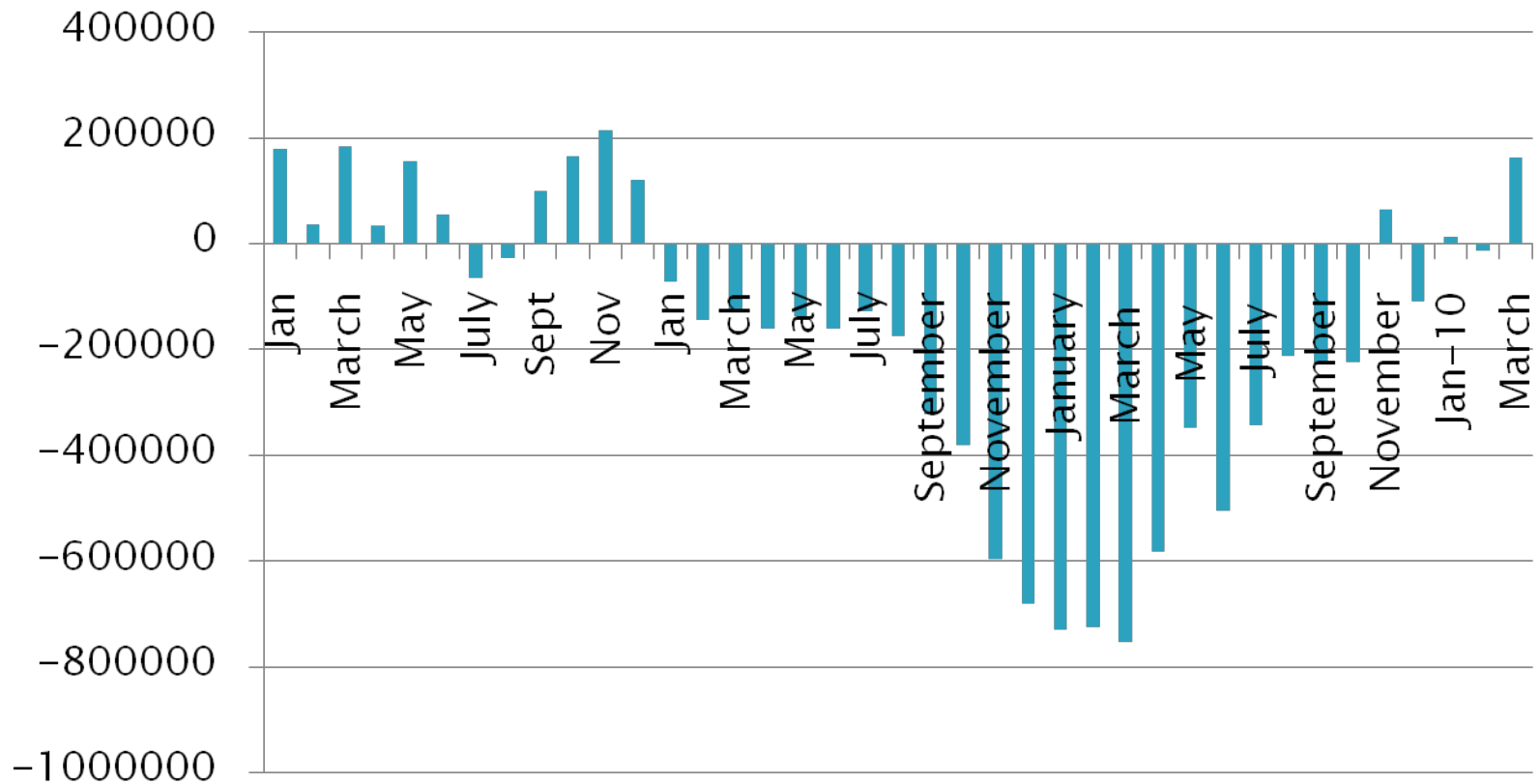
# The End of the Recession– The Start of the Recovery

## Real GDP (SAAR) Commerce Department

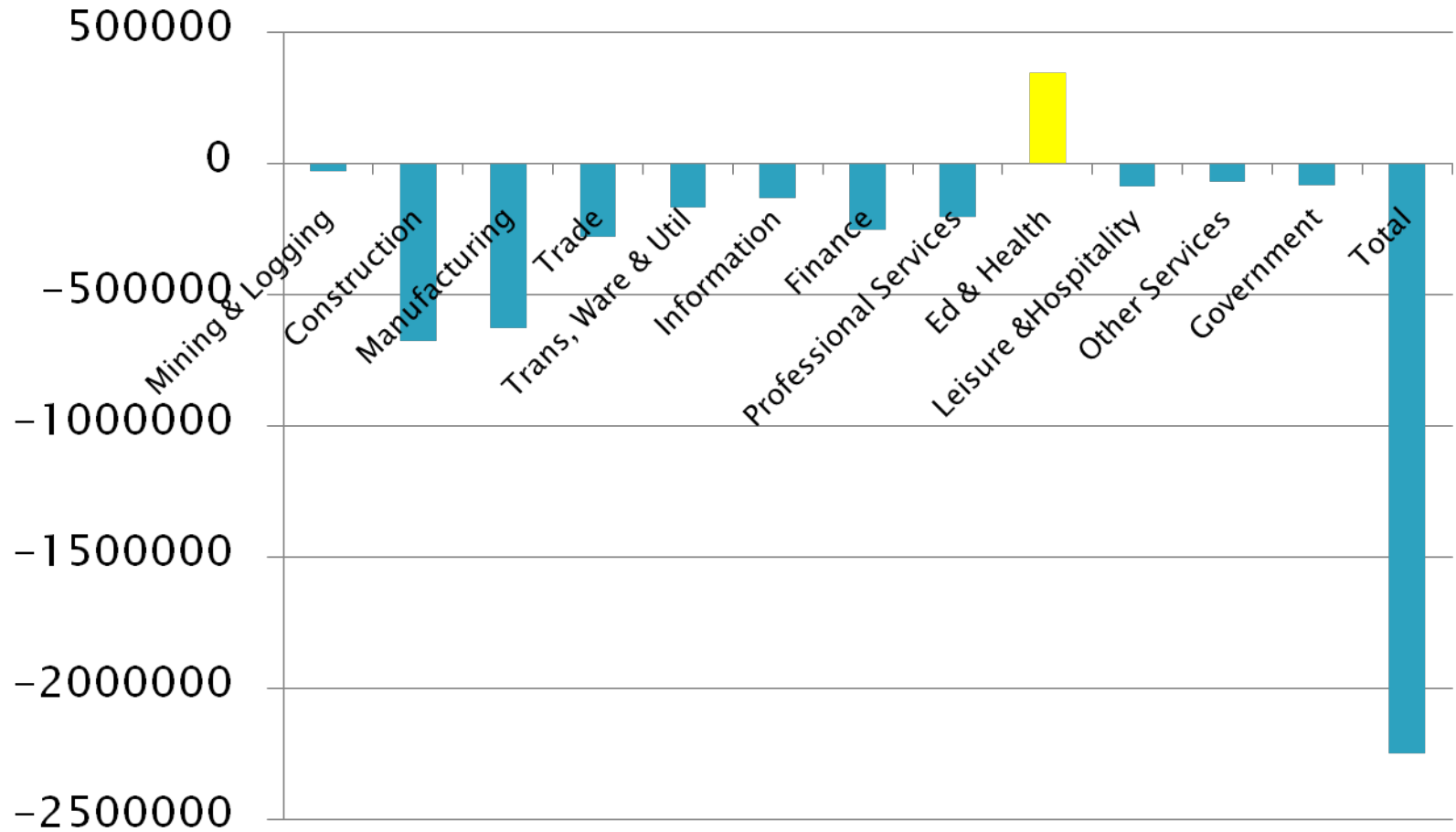
	Q4 08	Q1 09	Q2 09	Q3 09	Q4 09
GDP	-5.4%	-6.4%	-.7%	2.2%	5.6%
Consumption	-3.1	.6	-.9	2.8	1.6
Equip & Software	-25.9	-38.4	-4.9	1.5	19
NR Structures	-7.2	-43.6	-17.3	-18.4	-18
Residential	-23.2	-38.2	-23.3	18.9	3.8
Federal	6.5	-4.3	11.4	8	0
State and Local	-2.9	-1.5	3.9	-.6	-2.2
Exports	-19.5	-29.9	-4.1	17.8	22.8
Imports	-16.7	-36.4	-14.7	21.3	15.8

# Monthly Change Payroll Employment 2007 to March 2010 Down 8.2 million since 12/07

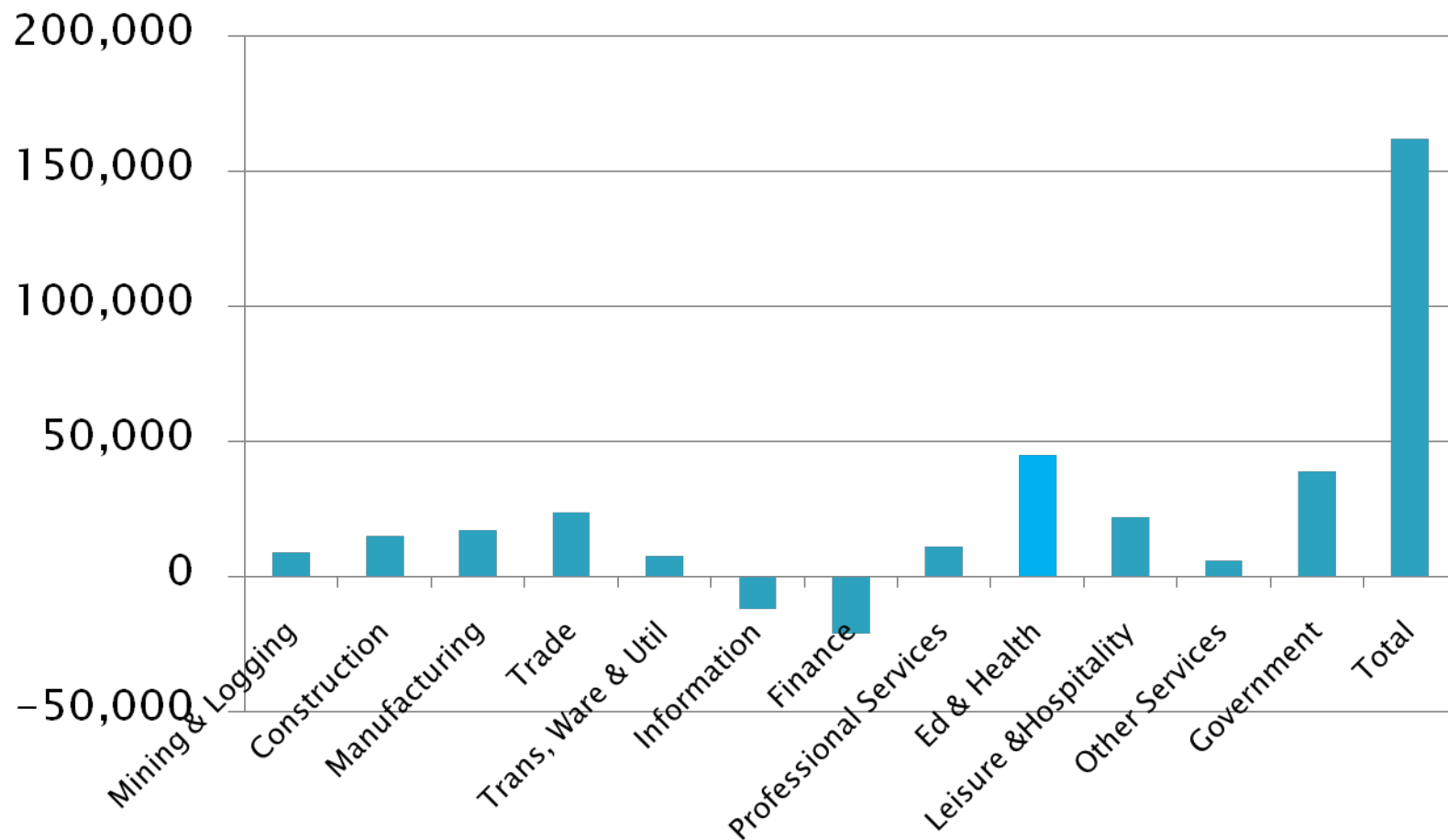
Source: BLS



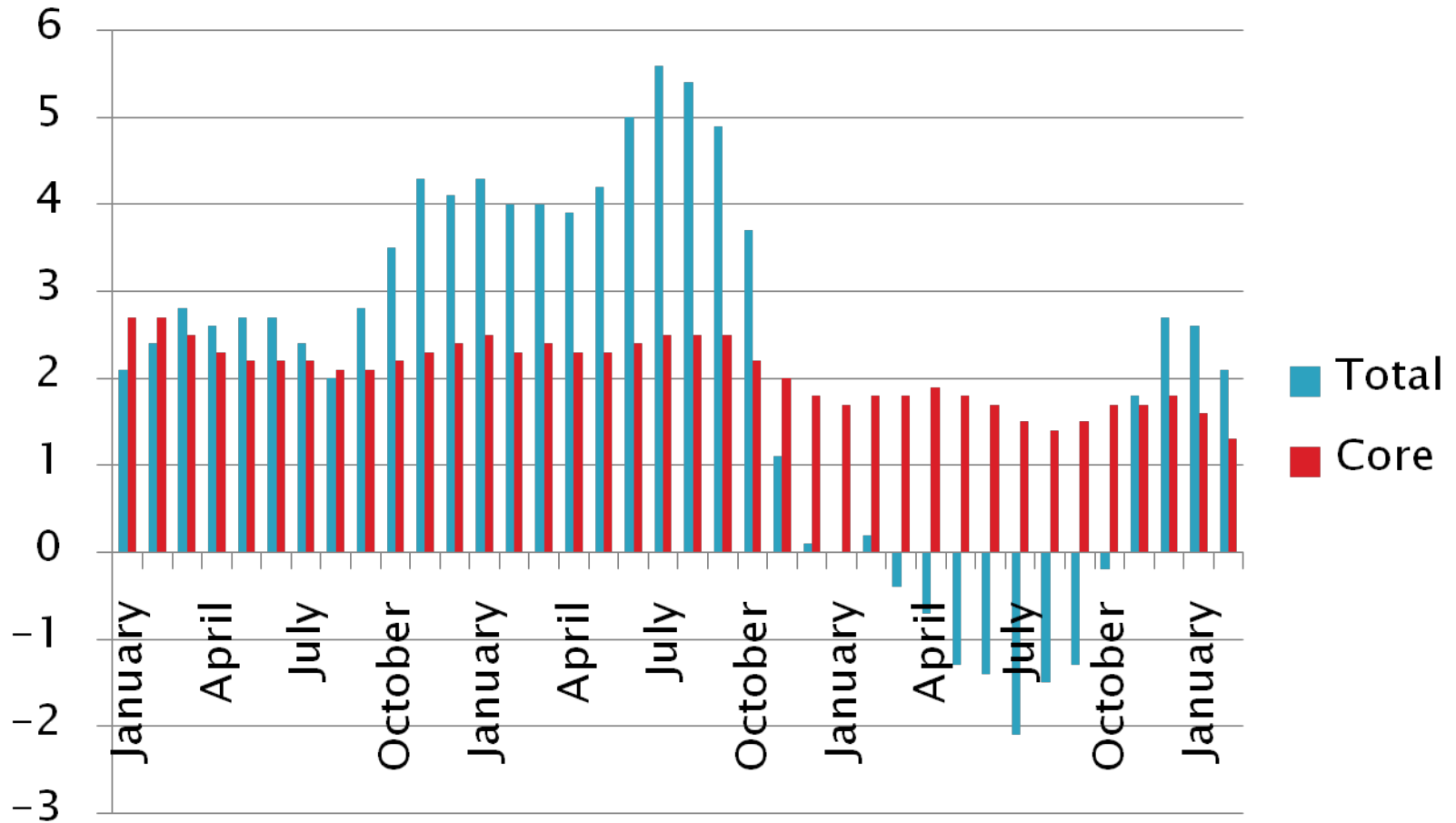
# Annual Job Change March, 2009– March, 2010 (-1.7%)



# Job Change February, 2010– March, 2010–A Different Look!

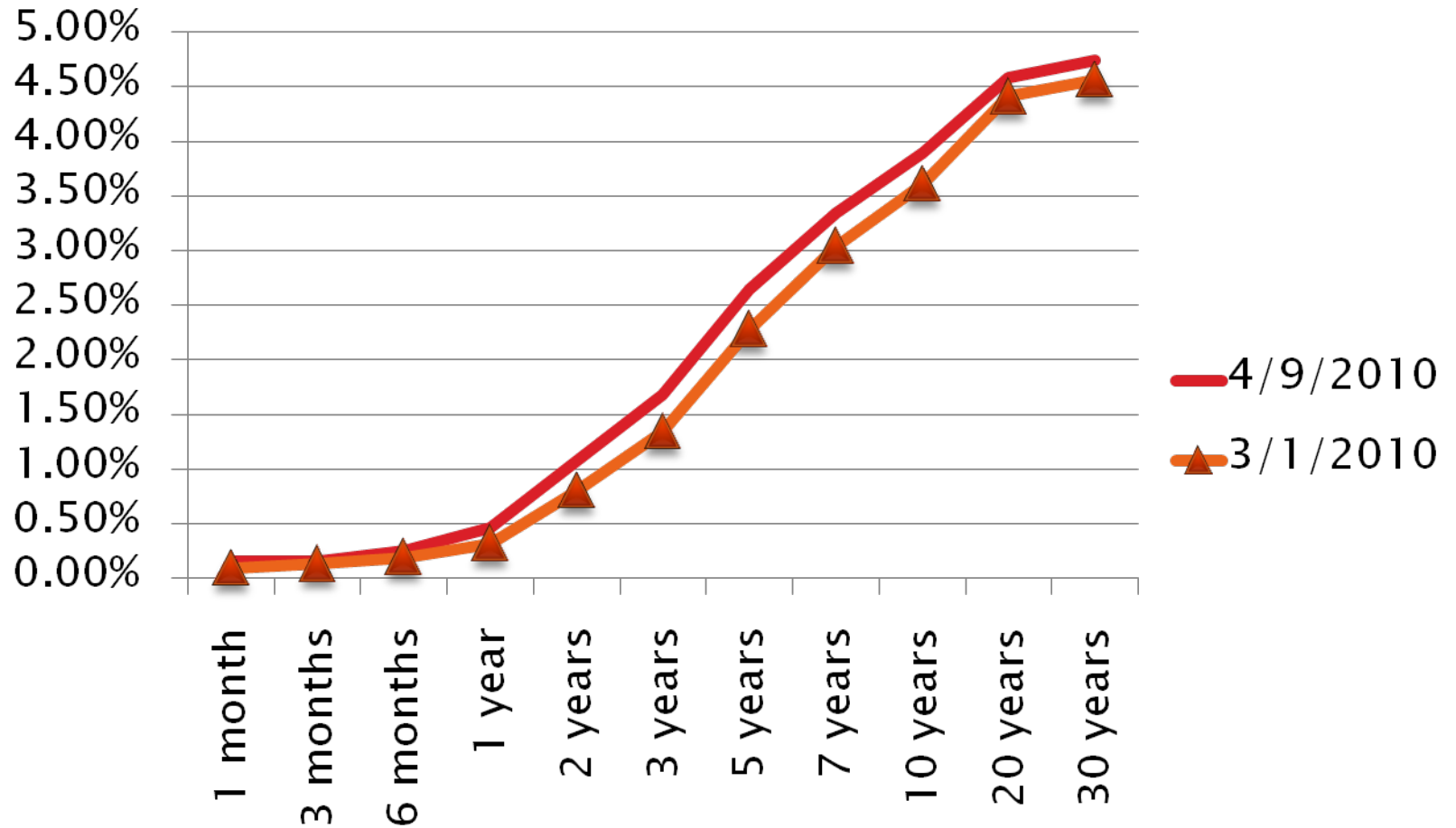


Consumer Price Index 2007 to February, 2010 2.1% Total  
 1.3% Core-BLS  
 2009 -.4%



# Interest Rates

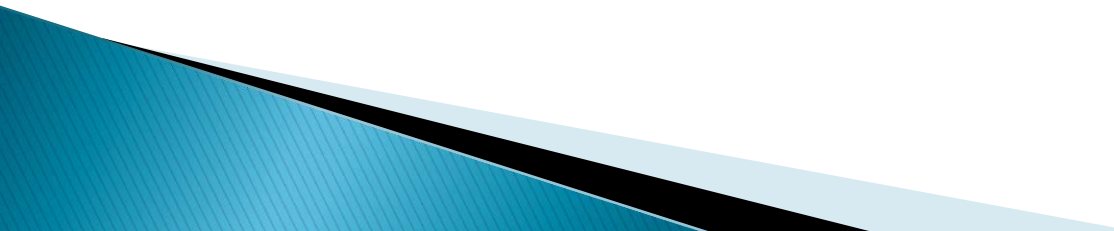
Source: US Treasury



# Prospects

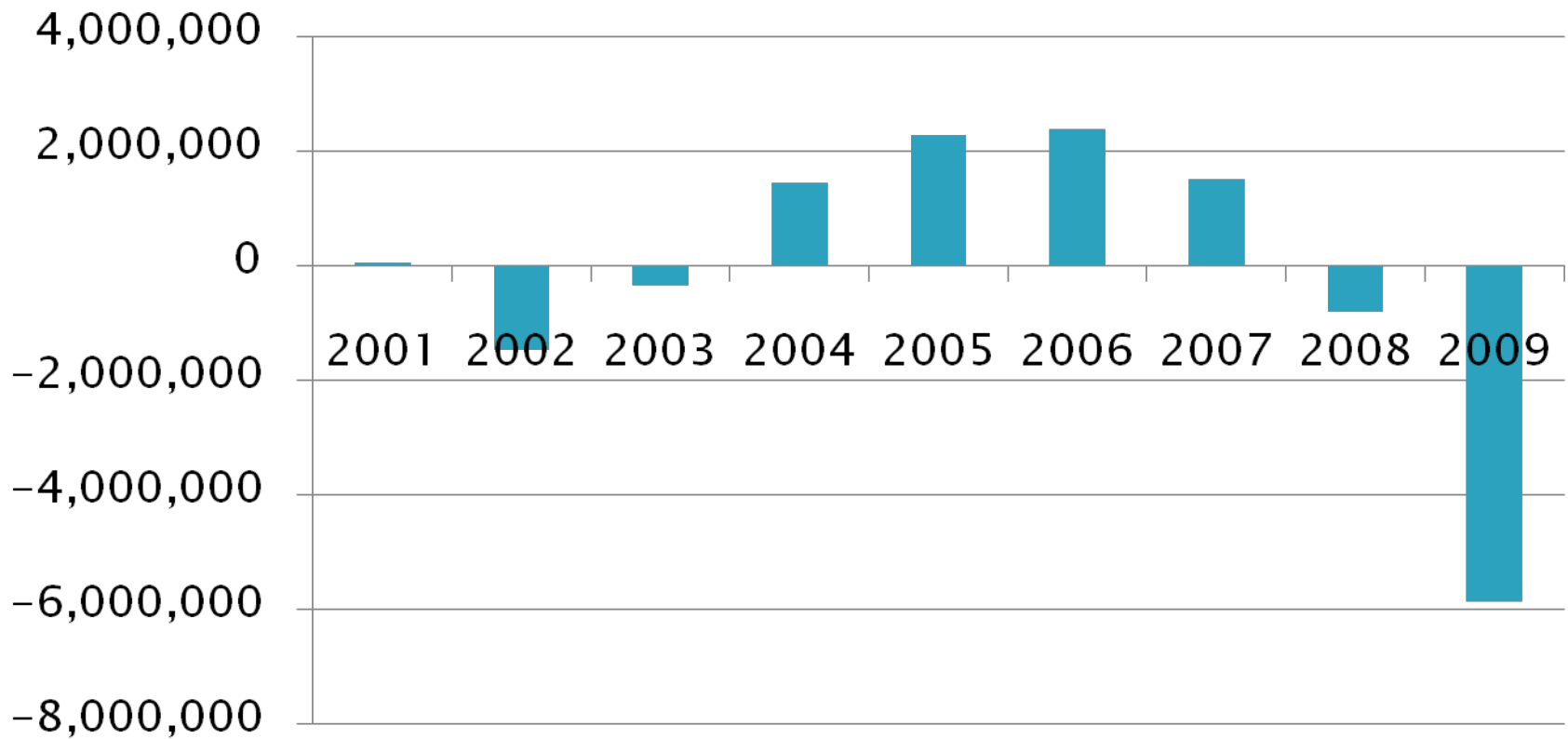
- ▶ GDP Growth 2009 down -2.4% and up 3-3.5% in 2010
- ▶ Inflation 1.5%-2% in 2010
- ▶ Rates: Fed Funds Target 0-.25%  
“economic conditions... are likely to warrant exceptionally low levels of the federal funds rate for an extended period.” Watch for the phrase to go away!
- ▶ Ending Emergency Support

# Headwinds?

- ▶ Deleveraging
  - ▶ Wealth Declines
  - ▶ Real Estate–Commercial, Lagged Residential
  - ▶ Uncertainty Amidst Major Policy Changes
  - ▶ A New Credit World
  - ▶ Oil Prices
  - ▶ State and Local Retrenchment
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# Changes in Non-Ag Wage and Salary Employment Annual Average

Source: BLS



# The World Has Changed

## (But We Do Not Know The Full Implications)

- ▶ New Medical System–Long Implementation
- ▶ Extending Insurance/ Required to Have– 2014 \$95 or 1% of Income –32 Million People Better Coverage
- ▶ Weakens the Employment Link
- ▶ Subsidies to Low Income
- ▶ Cannot Deny Coverage for Pre–existing Conditions (2014)
- ▶ Coverage Requirements
- ▶ Exchanges Set Up for People to Buy
- ▶ Tax in 2018 On High Valued Plans
- ▶ Payroll Taxes to Investment Income for High Income \$200,000 Singles and \$250,000 for Couples
- ▶ Has the cost curve been bent down or up?
- ▶ Increased demand–what about supply?
- ▶ How will people behave?
- ▶ Future Legislation?
- ▶ Medical Building Implications–New Delivery Systems?

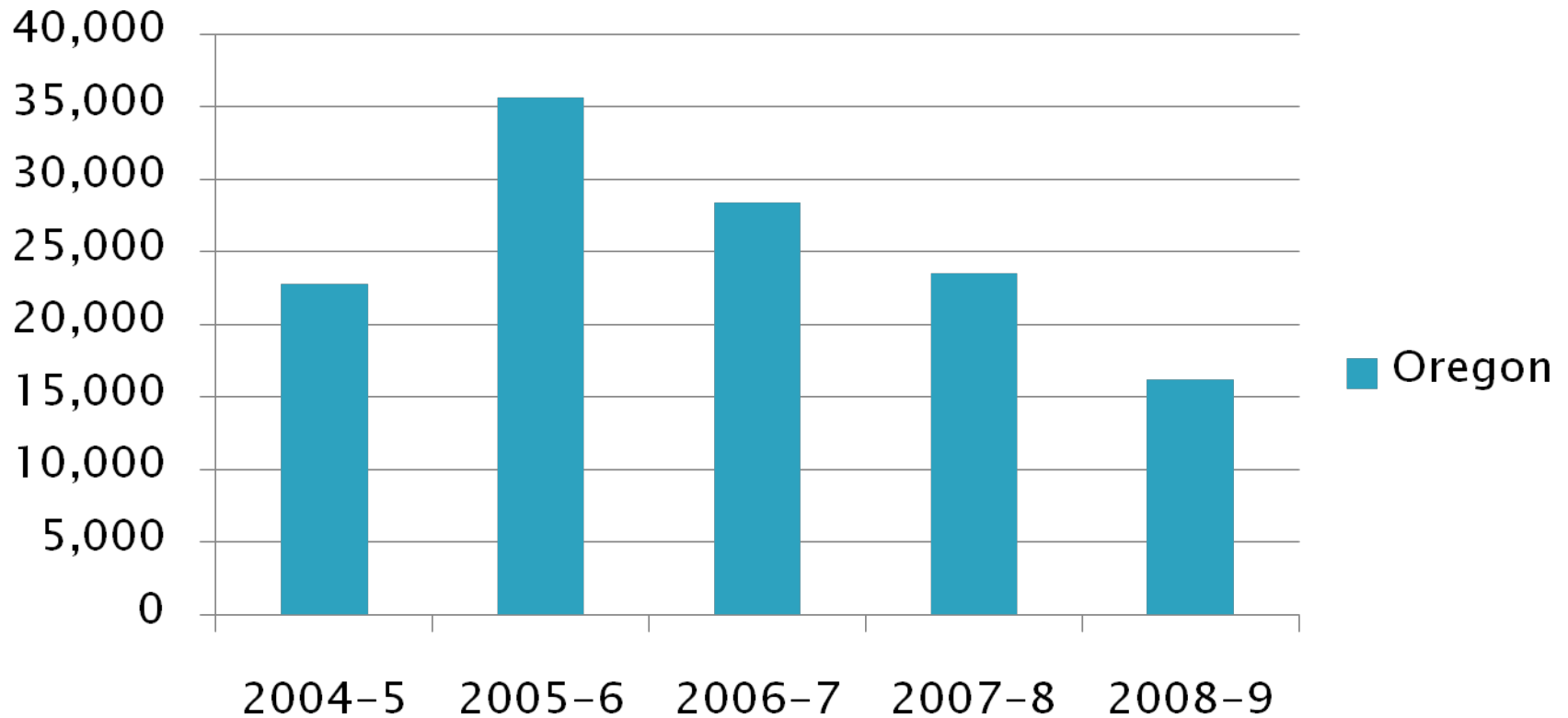
# OREGON

- ▶ Employment Fell 6.2% in 2009
- ▶ Personal Income Declined by .8% in 2009, Per Capita Income Dropped 1.9%
- ▶ The Unemployment Rate Averaged 11.1% up from 6.5% in 2008
- ▶ Population Growth fell from 1.5% to 1.1% according to the Census Bureau
- ▶ FACL 15.9% of Oregonians with Mortgages are Underwater– 23.9% in the Nation Q4
- ▶ A Tax Experiment Underway

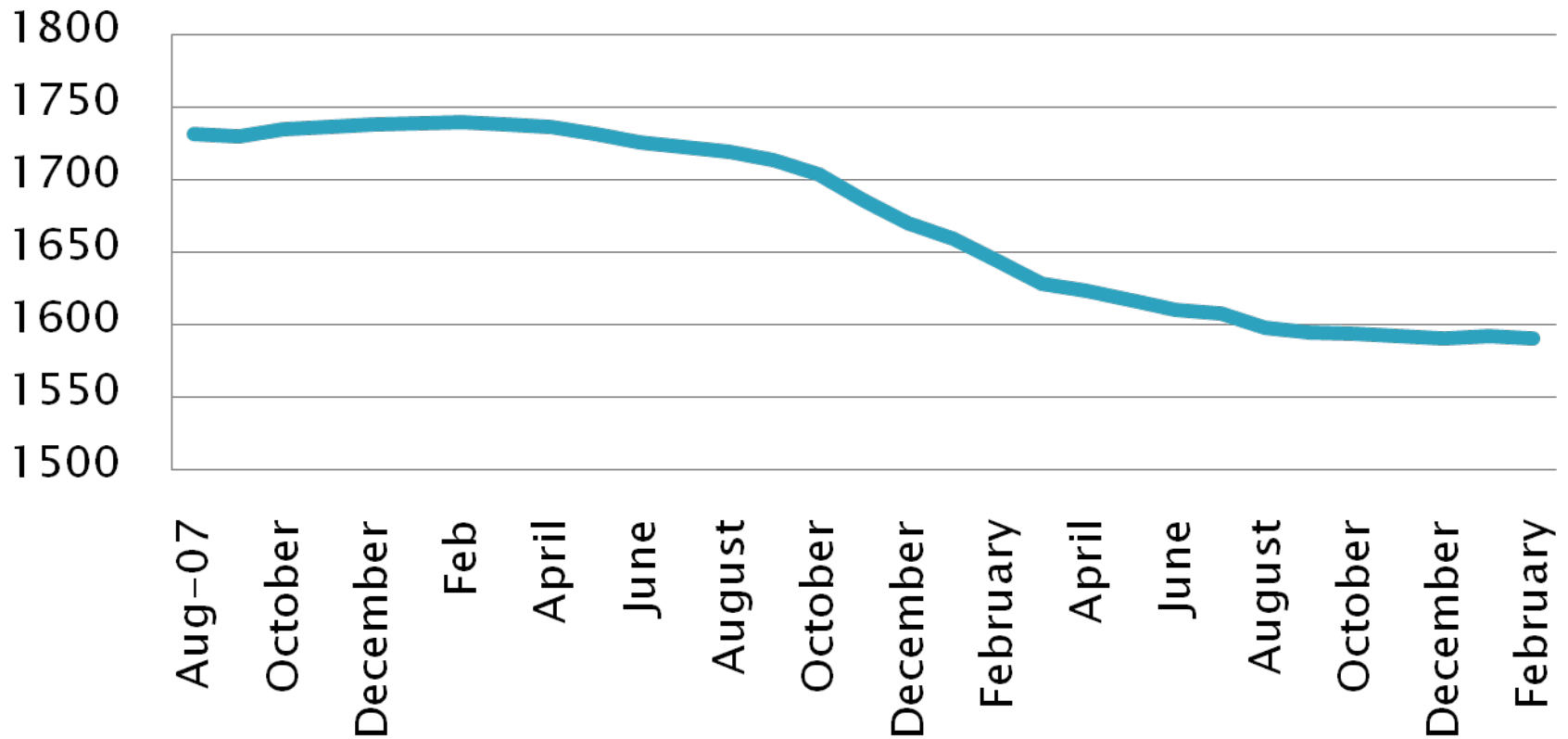
# Net Domestic Migration 2009

Source: Census and Brookings

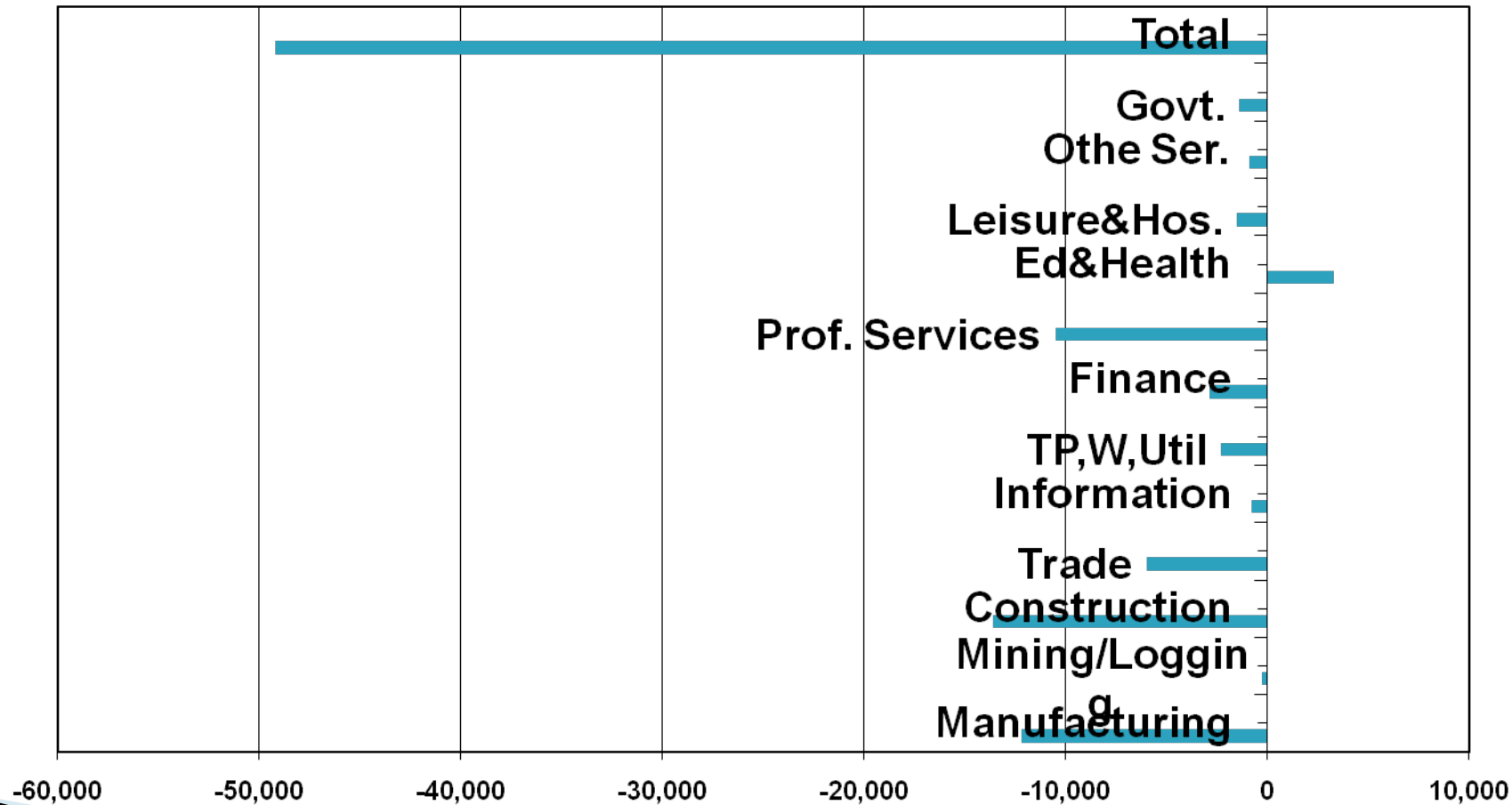
## Oregon



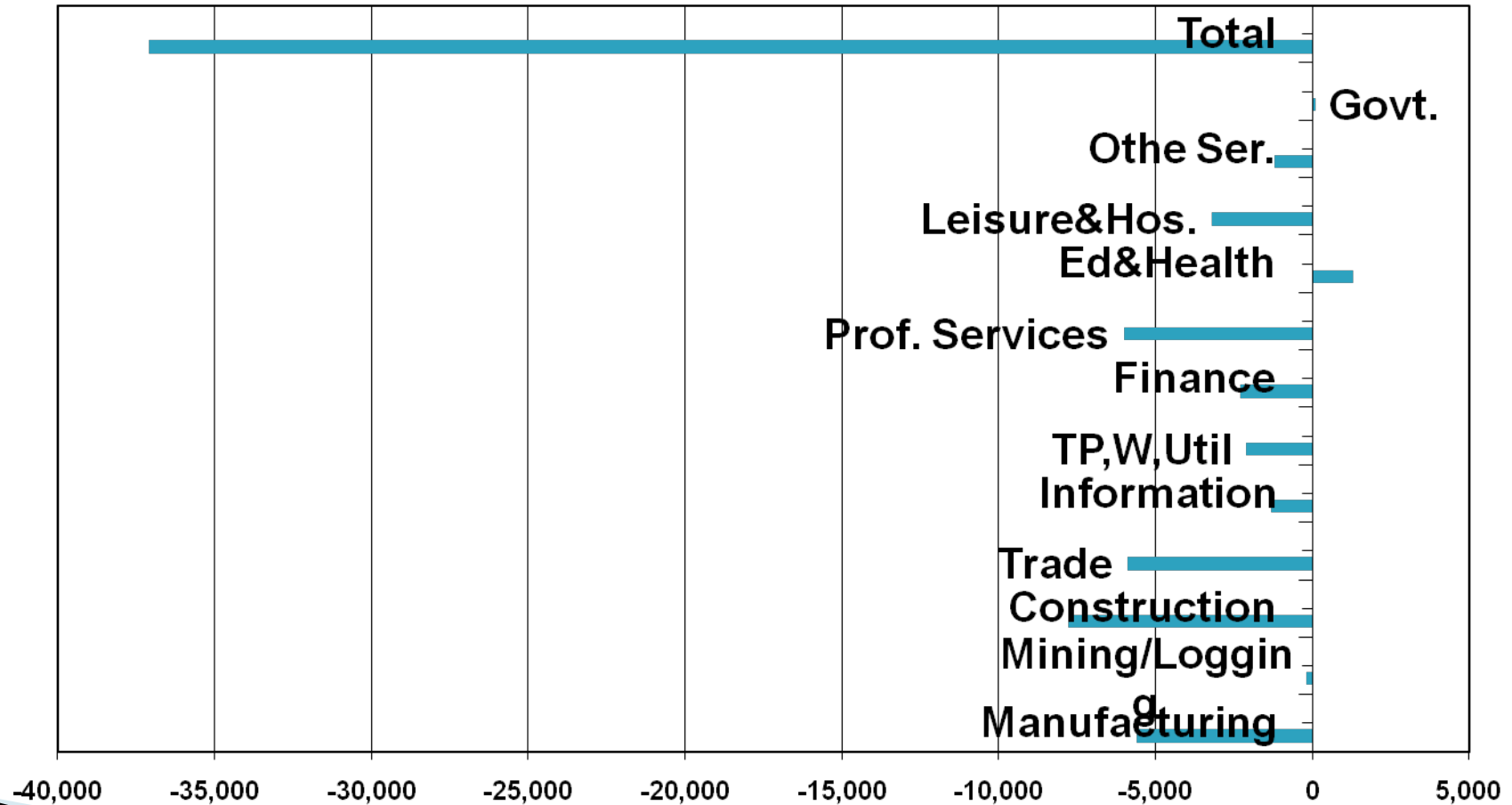
# Oregon Wage and Salary Employment ( ,000-SAAR) Employment Department Wage and Salary Employment



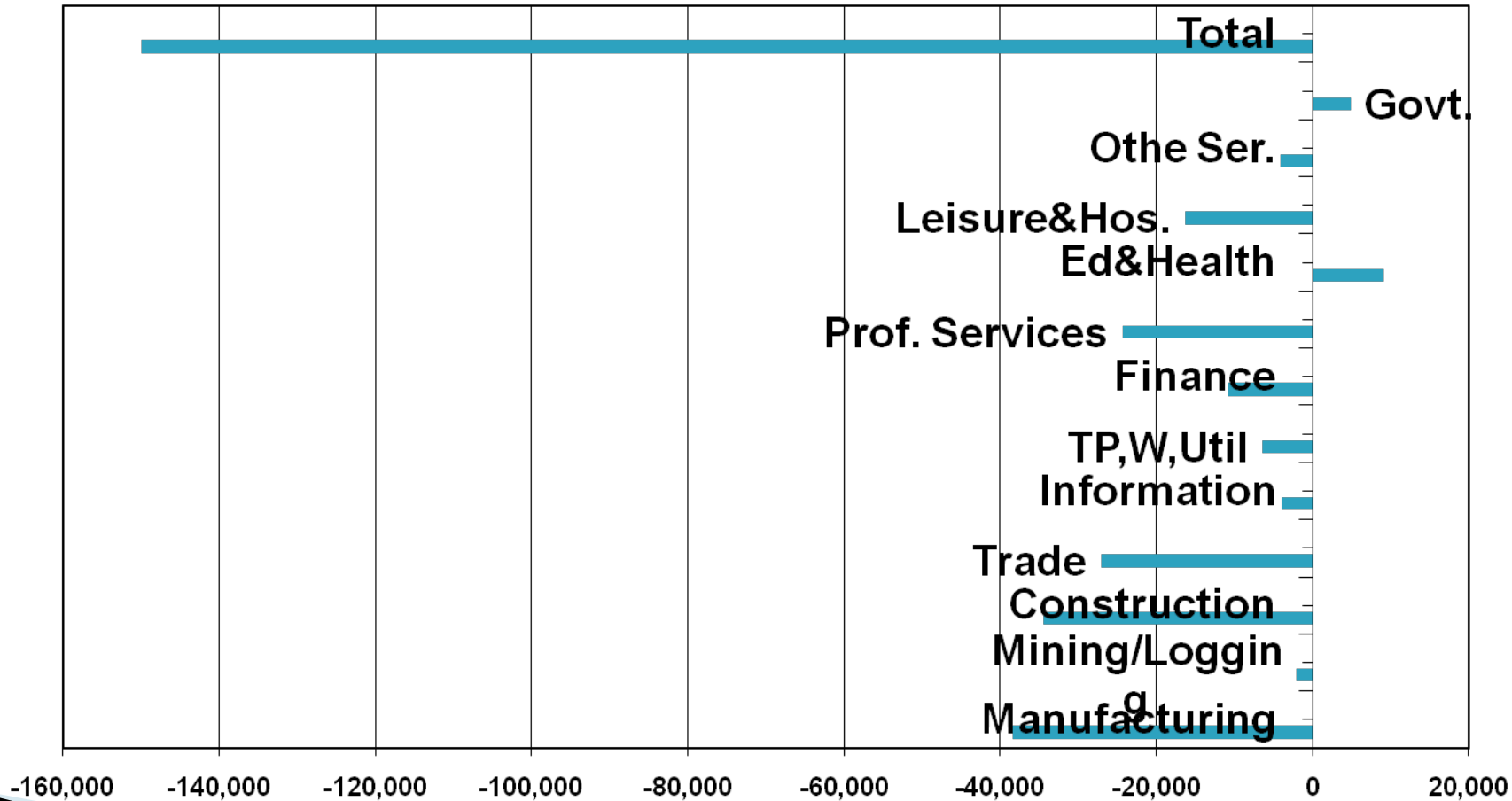
# Oregon Job Change Year to February 2010 (-3%) Employment Department



# Portland Job Change Year to February 2010 (-3.8%) Employment Department



# Oregon Job Change December 2007 to December 2009 (-8.6%) Employment Department



# Between Now and October

- ▶ No Rate Change
  - ▶ The Employment Numbers will Continue to Improve
  - ▶ The Rebound Will Be Widespread Across the Nation– If History is a Guide!
  - ▶ Think Swoosh
  - ▶ Eleven is better than Ten
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