

2009 Regional Economic Outlook

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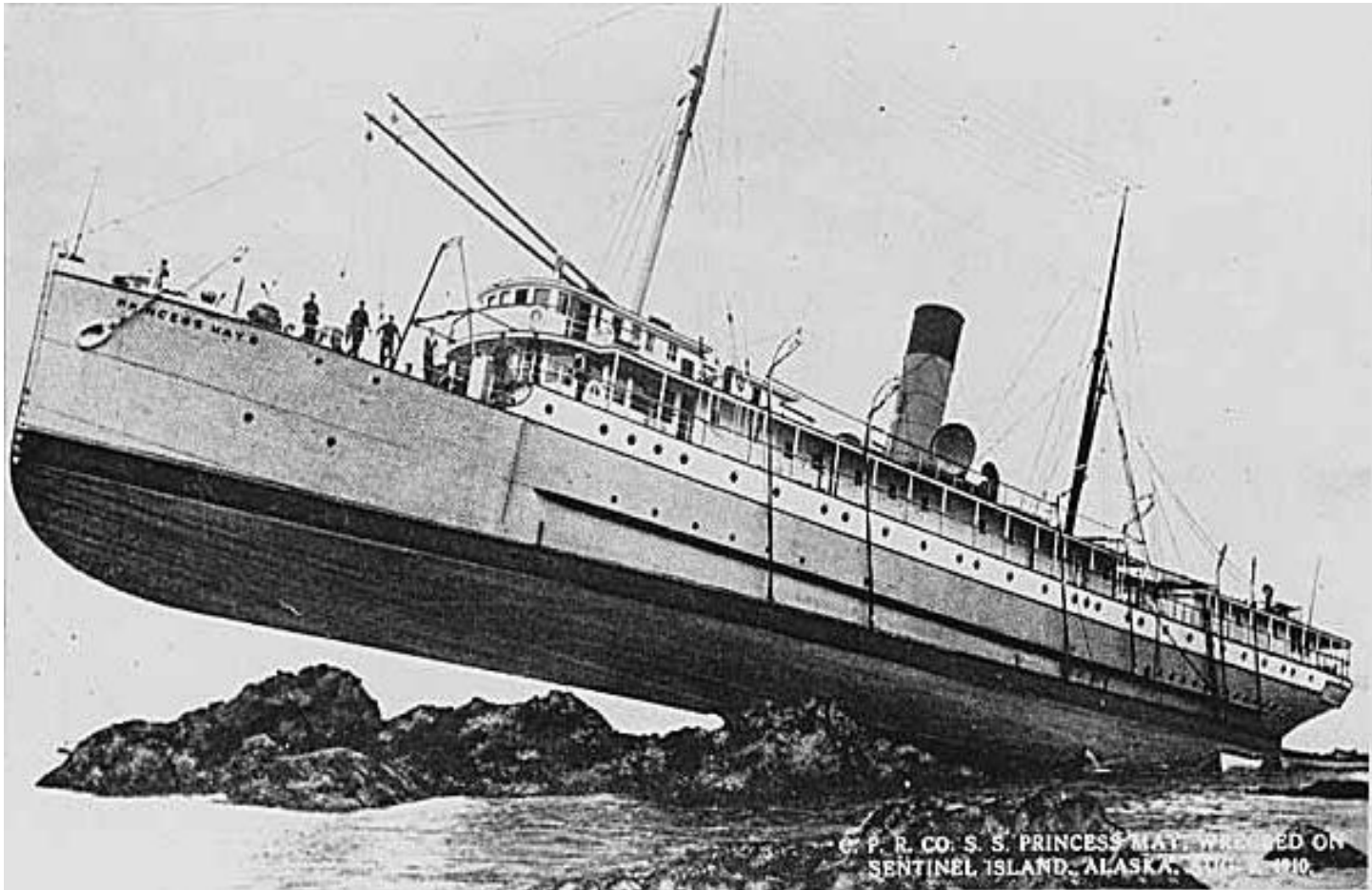
EASTERN WASHINGTON UNIVERSITY

start something **big**

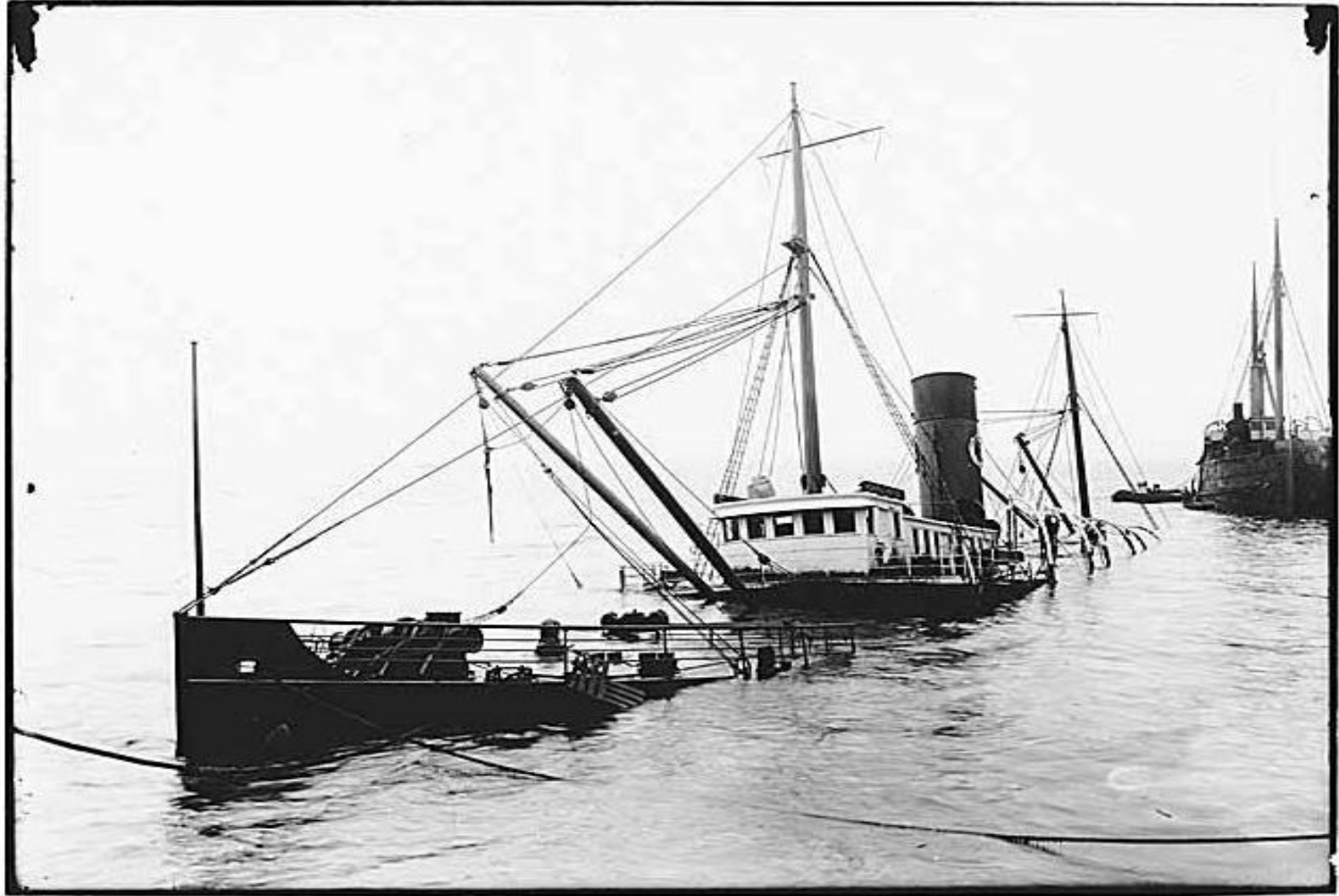
My October Epiphanies

- 1. Gosh, I'm broke.**
- 2. A positive net worth is for wimps and elitists.**
- 3. I'm glad I'm not President.**

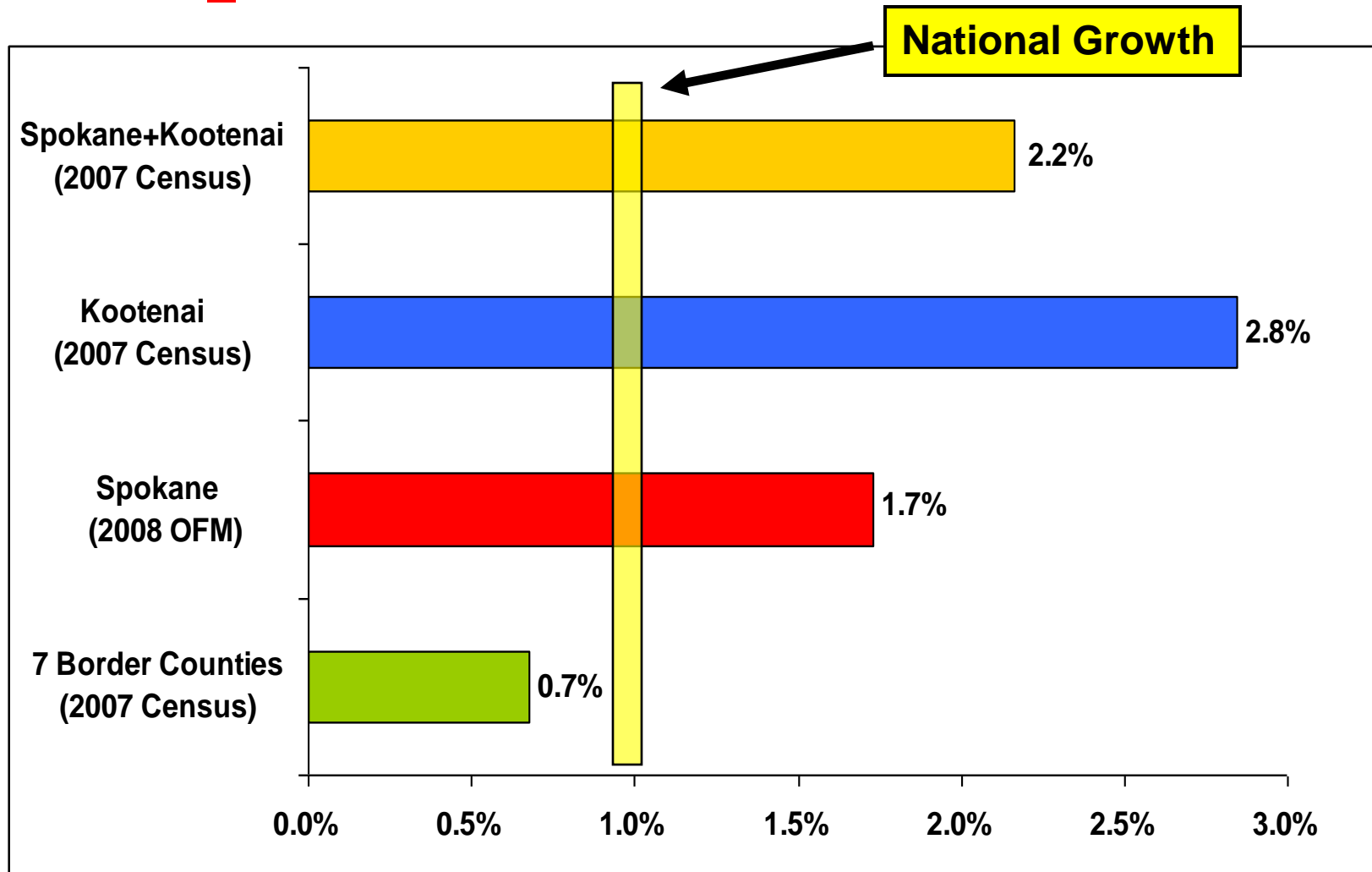
It's not good...



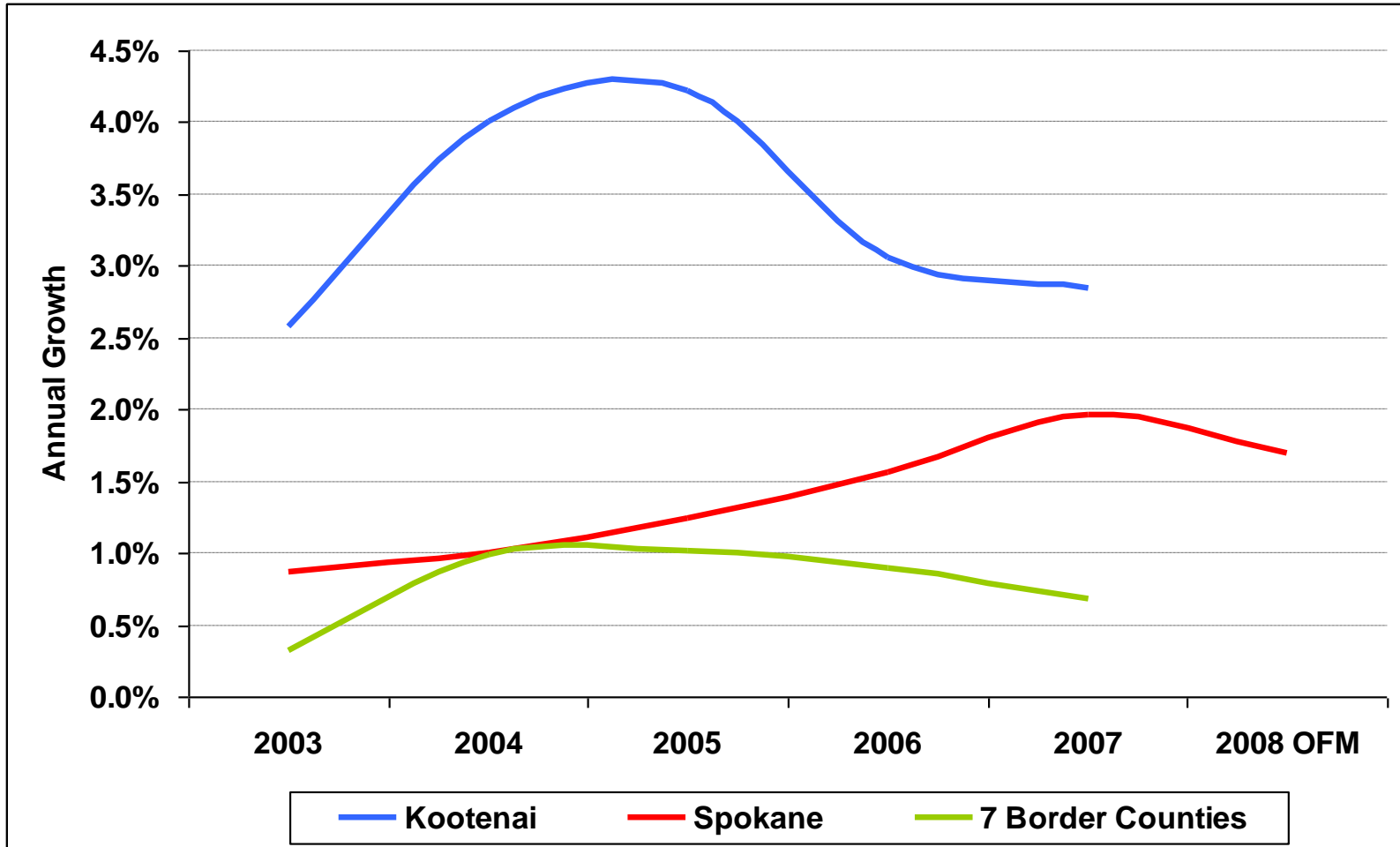
But it could be worse!



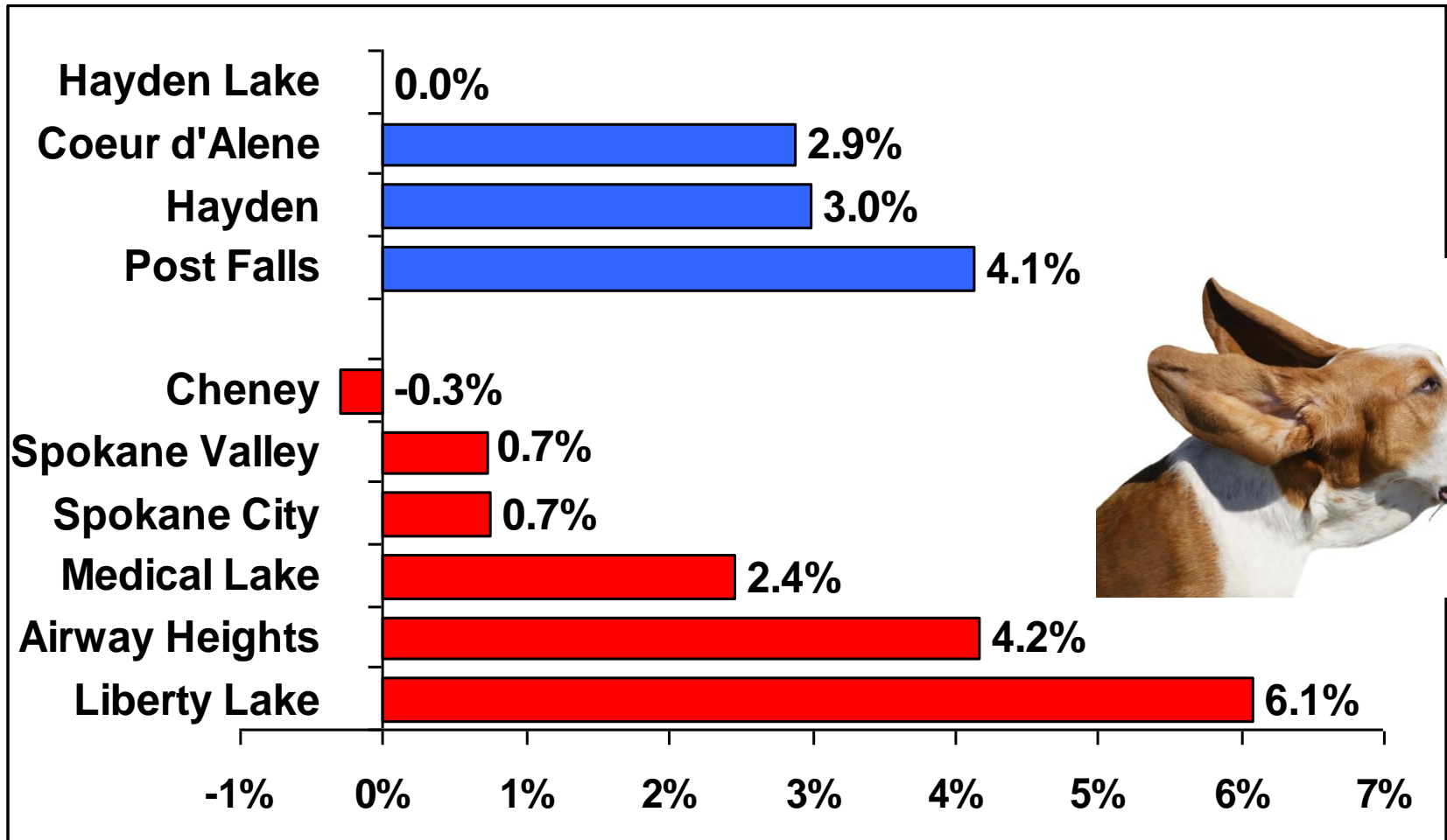
Annual Population Growth in Spokane and Kootenai 2007, 2008



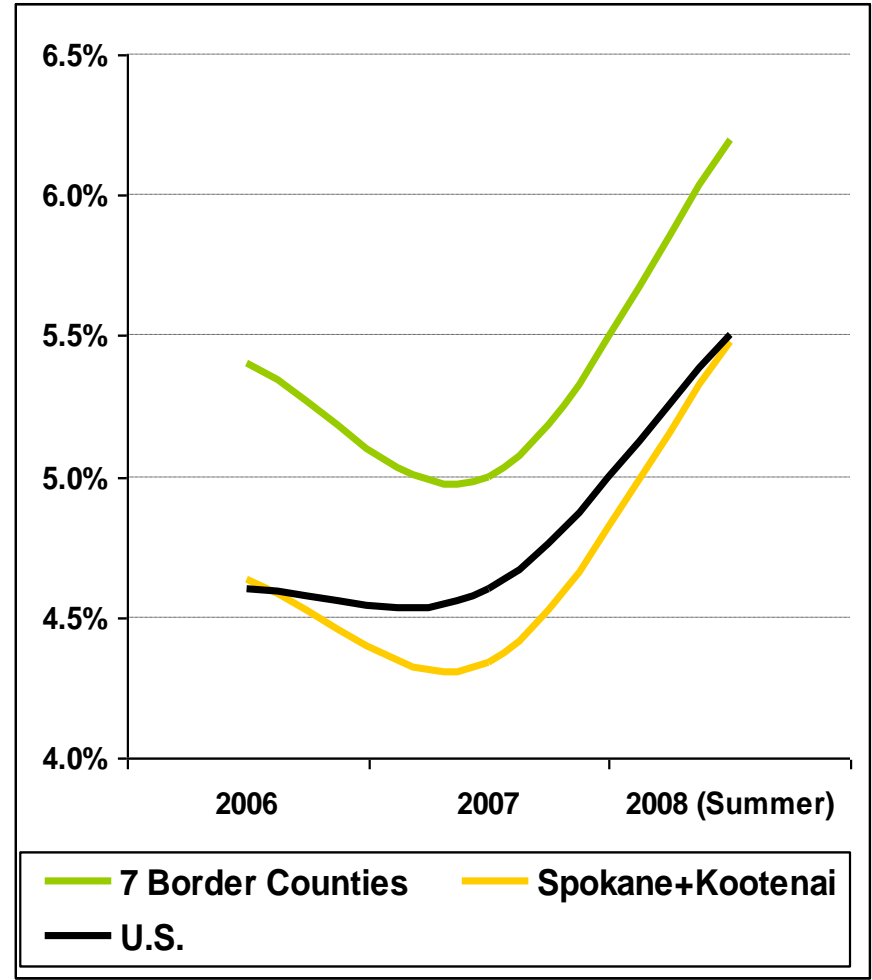
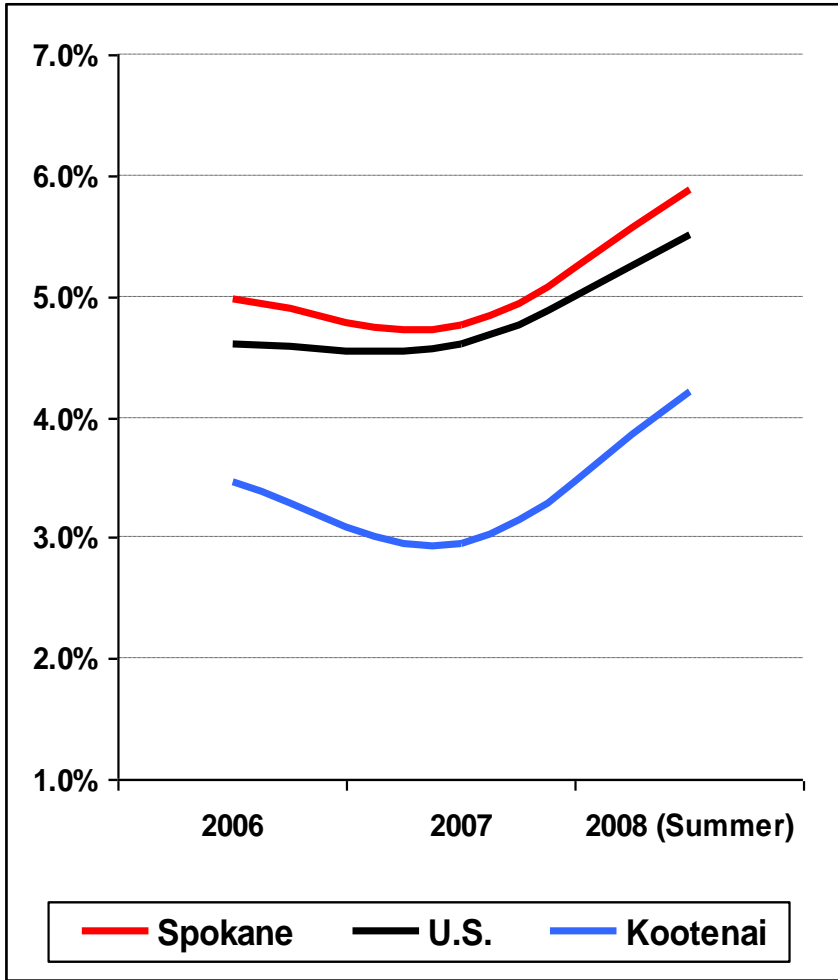
Annual Population Growth, 2003 - 2007/08



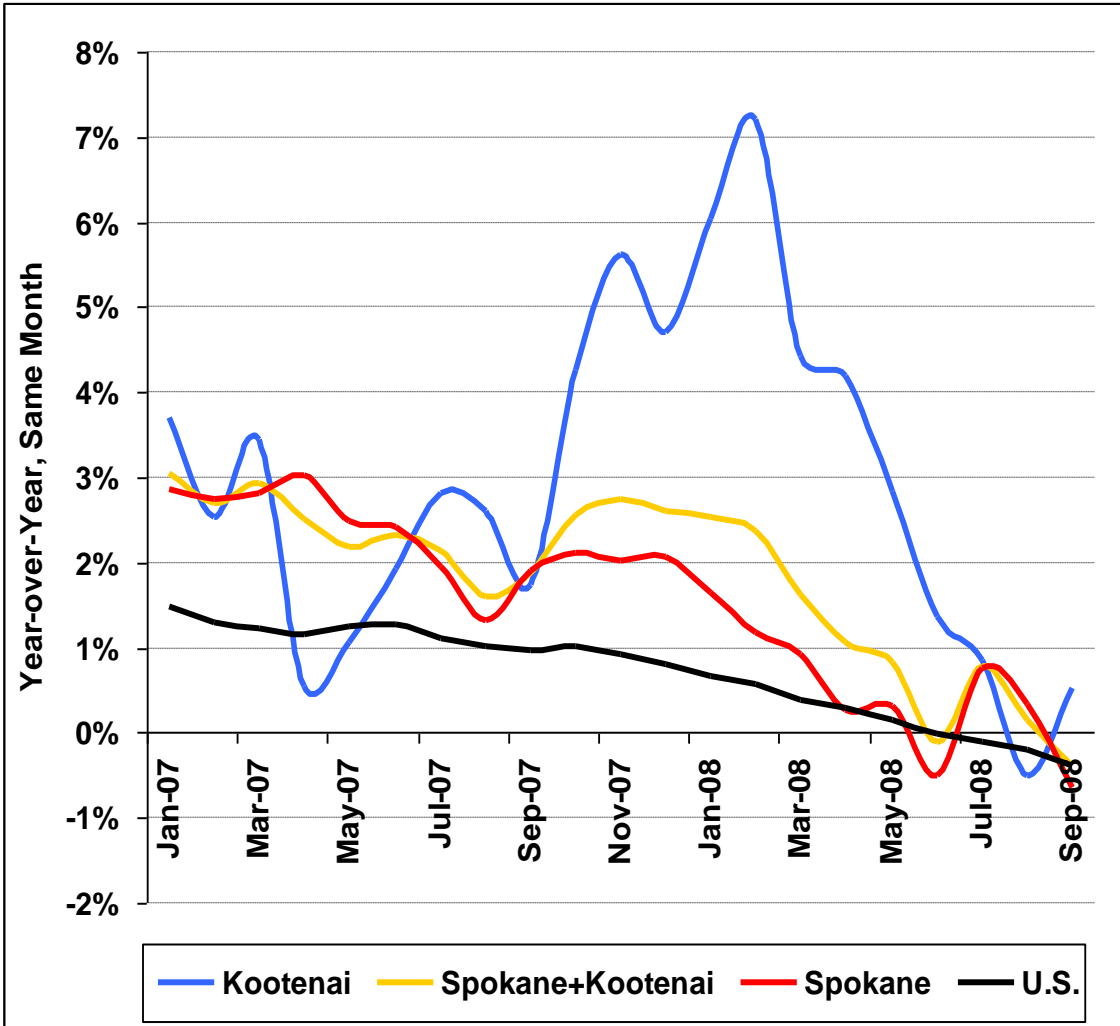
City Population Growth: Kootenai 2007, Spokane 2008



Unemployment Rates, 2006-2008



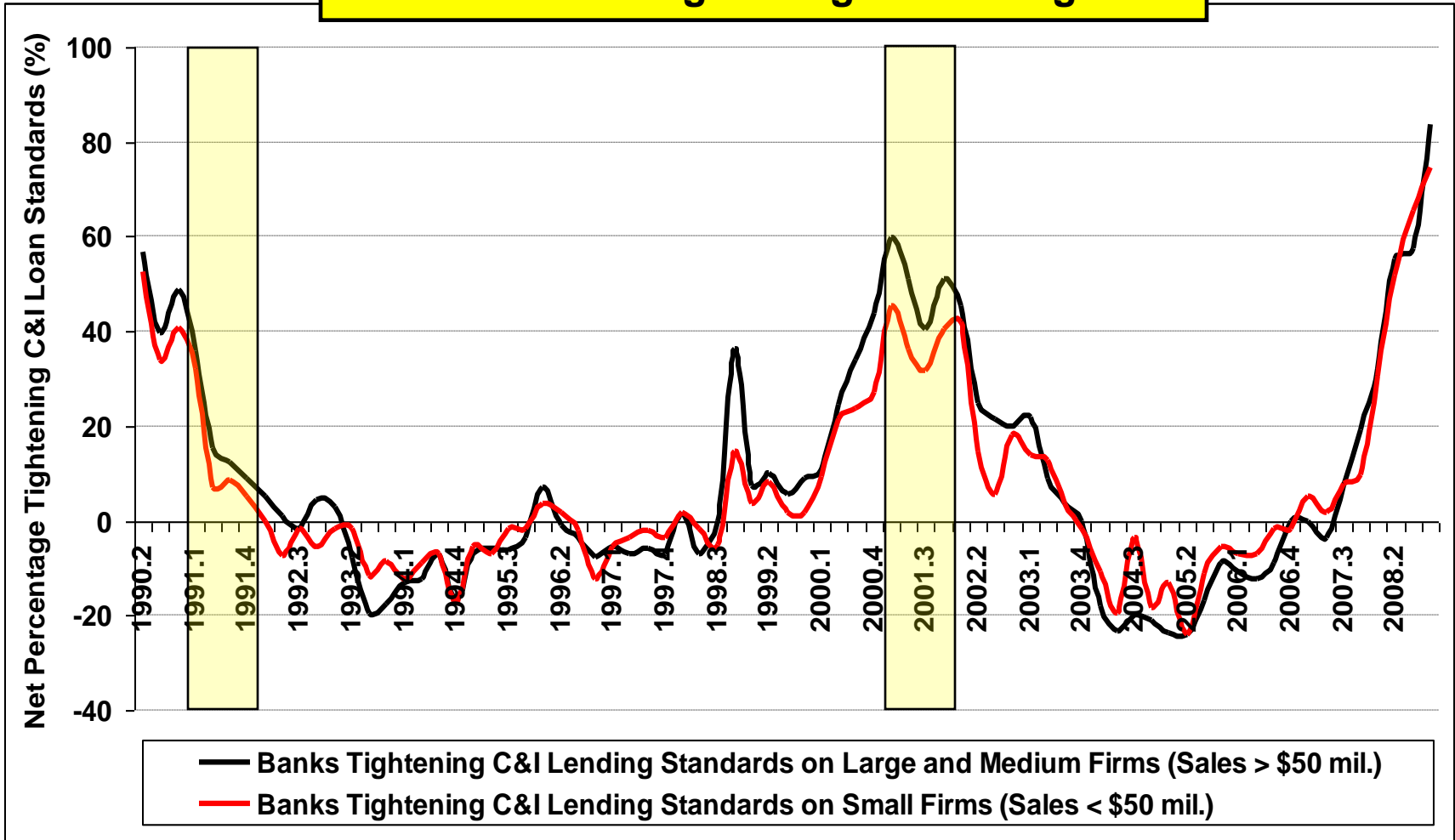
Non-Farm Employment Growth and Forecasts, 2007 - 2009



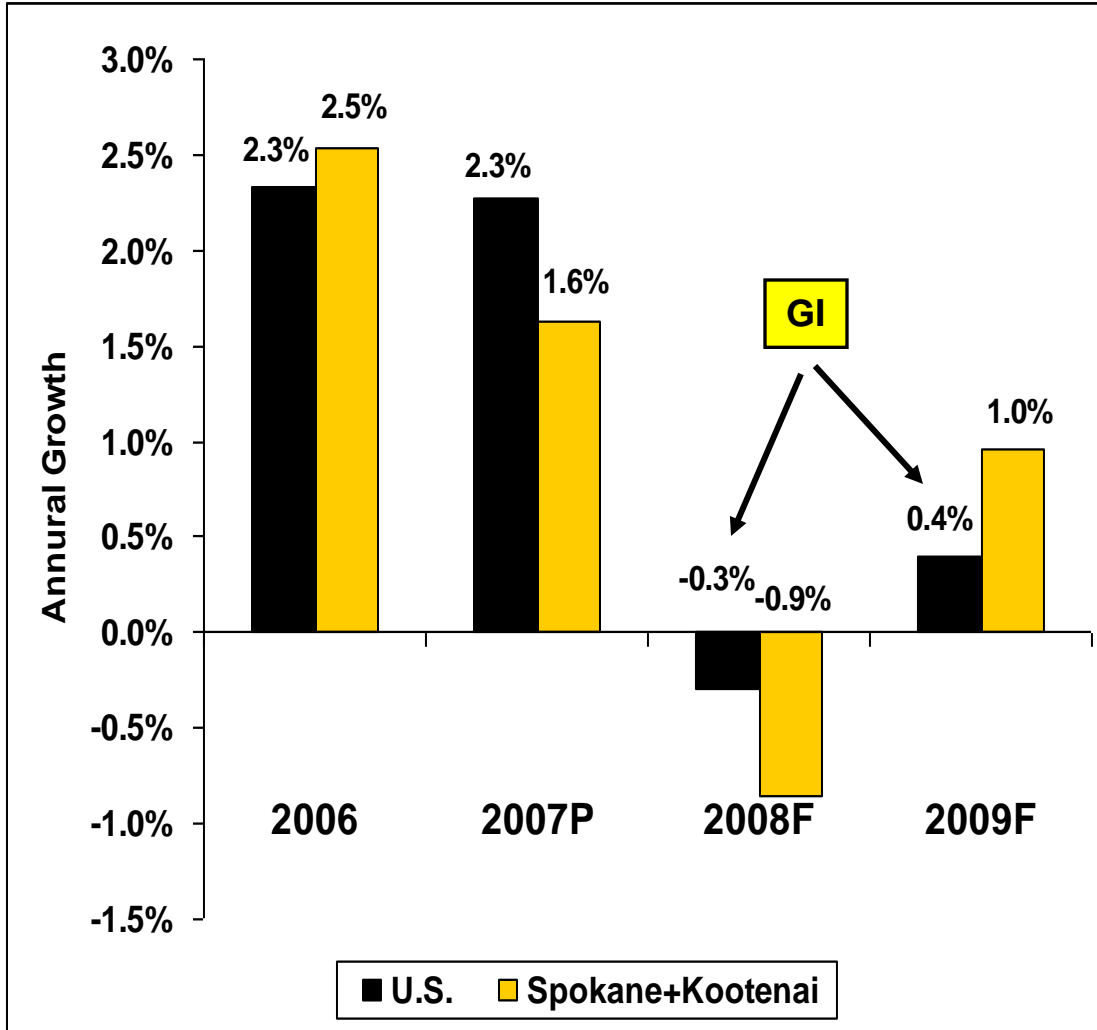
	Spokane + Kootenai	
	2008	2009
Range		
High	0.7%	2.5%
Point	0.4% (1.9%)	0.7%
Low	0.1%	-1.0%

C&I Lending Standards, 2Q 1990 - 4Q 2008

Net % = % tightening – % easing

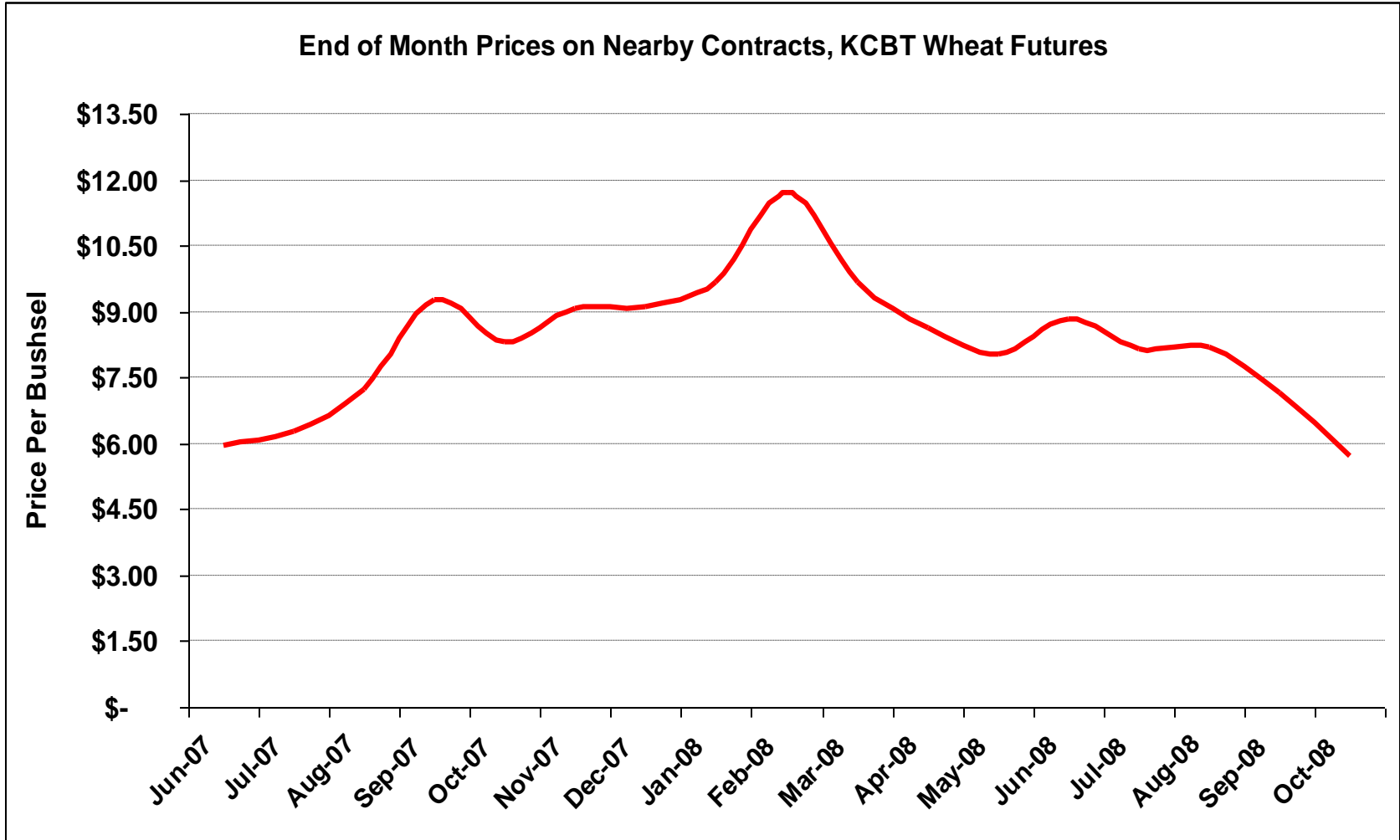


Real Per Capita Personal Income Growth and Forecasts, 2006 - 2009

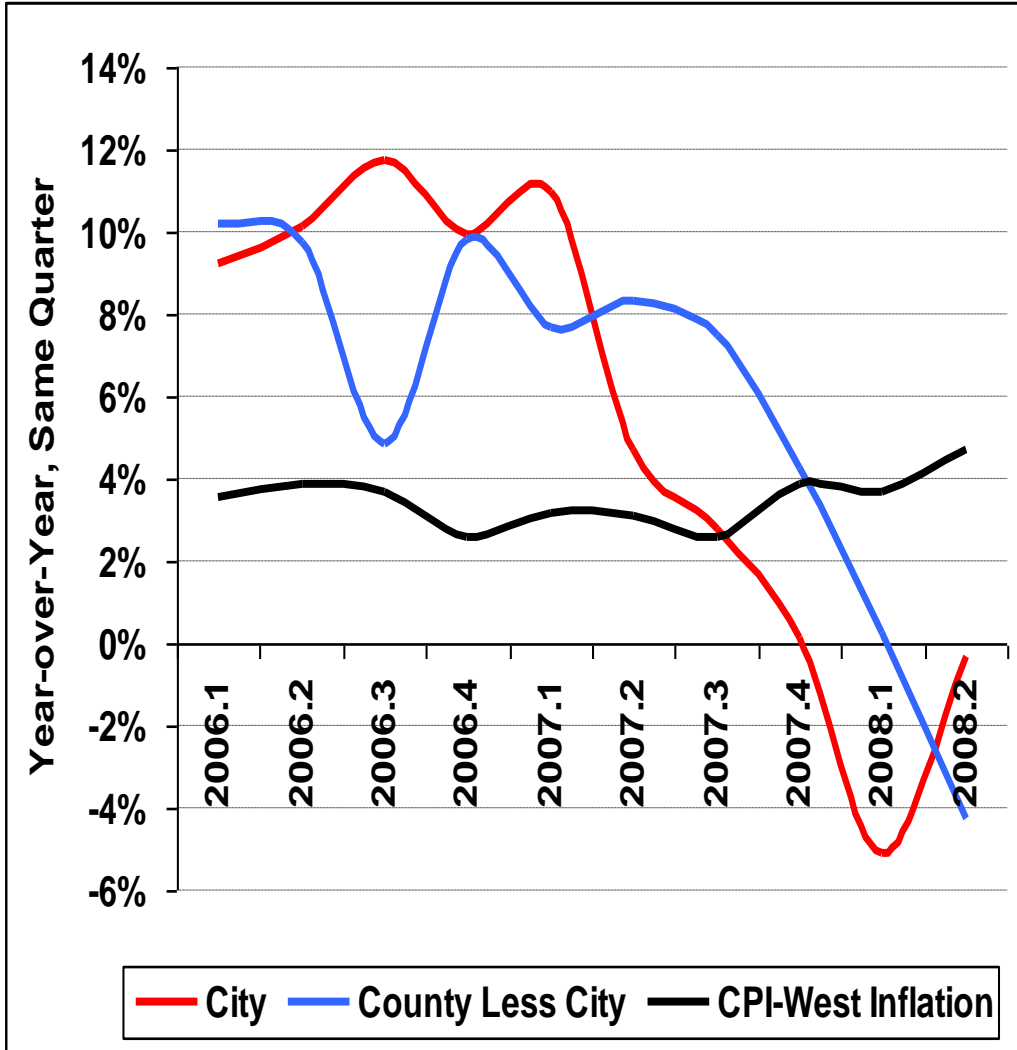


	Spokane + Kootenai	
Range	2008	2009
High	1.2%	4.2%
Point	-0.9% (0.8%)	1.0%
Low	-2.9%	-2.2%

End of Month Wheat Prices, June 2007 – Oct. 2008

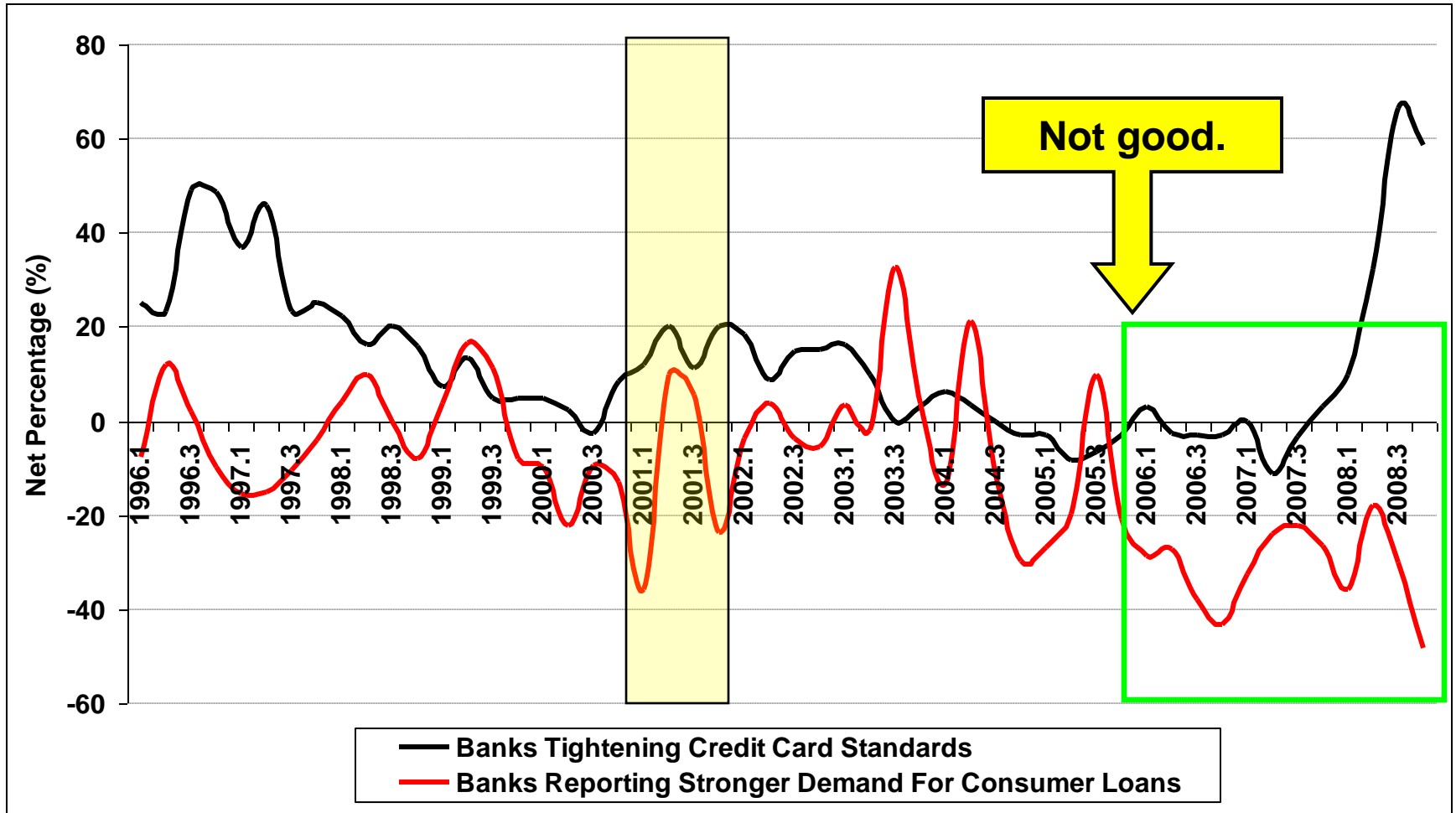


Spokane Nominal Taxable Sales Growth and Forecasts, 2006 - 2009

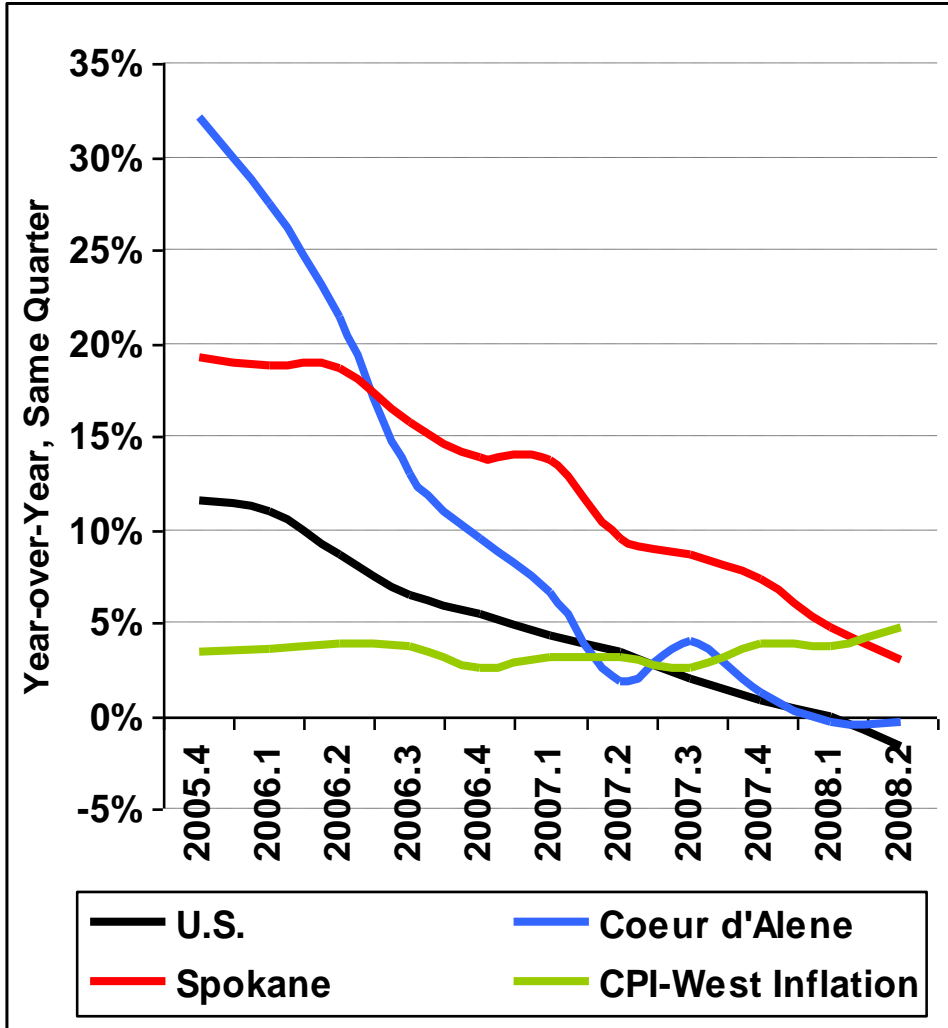


	City of Spokane		Rest of County	
	2008	2009	2008	2009
Range				
High	1%	10%	0%	13%
Point	-1% (5%)	3%	-2% (8%)	5%
Low	-3%	-4%	-4%	-3%

U.S. Quarterly Demand for Consumer Loans, 4Q 1991- 4Q 2008

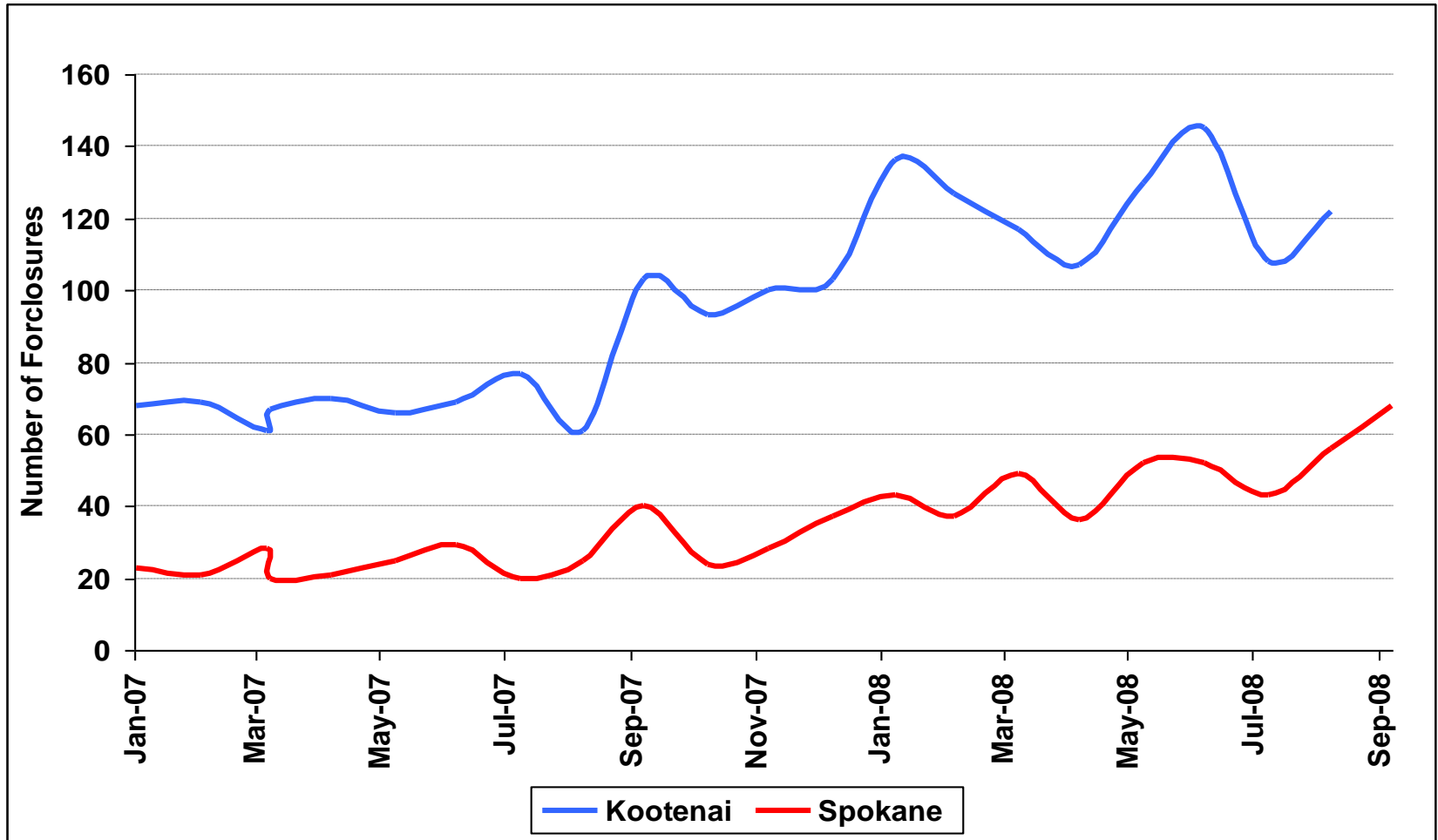


Nominal Existing Home Price Growth and Forecasts, 2005 - 2009

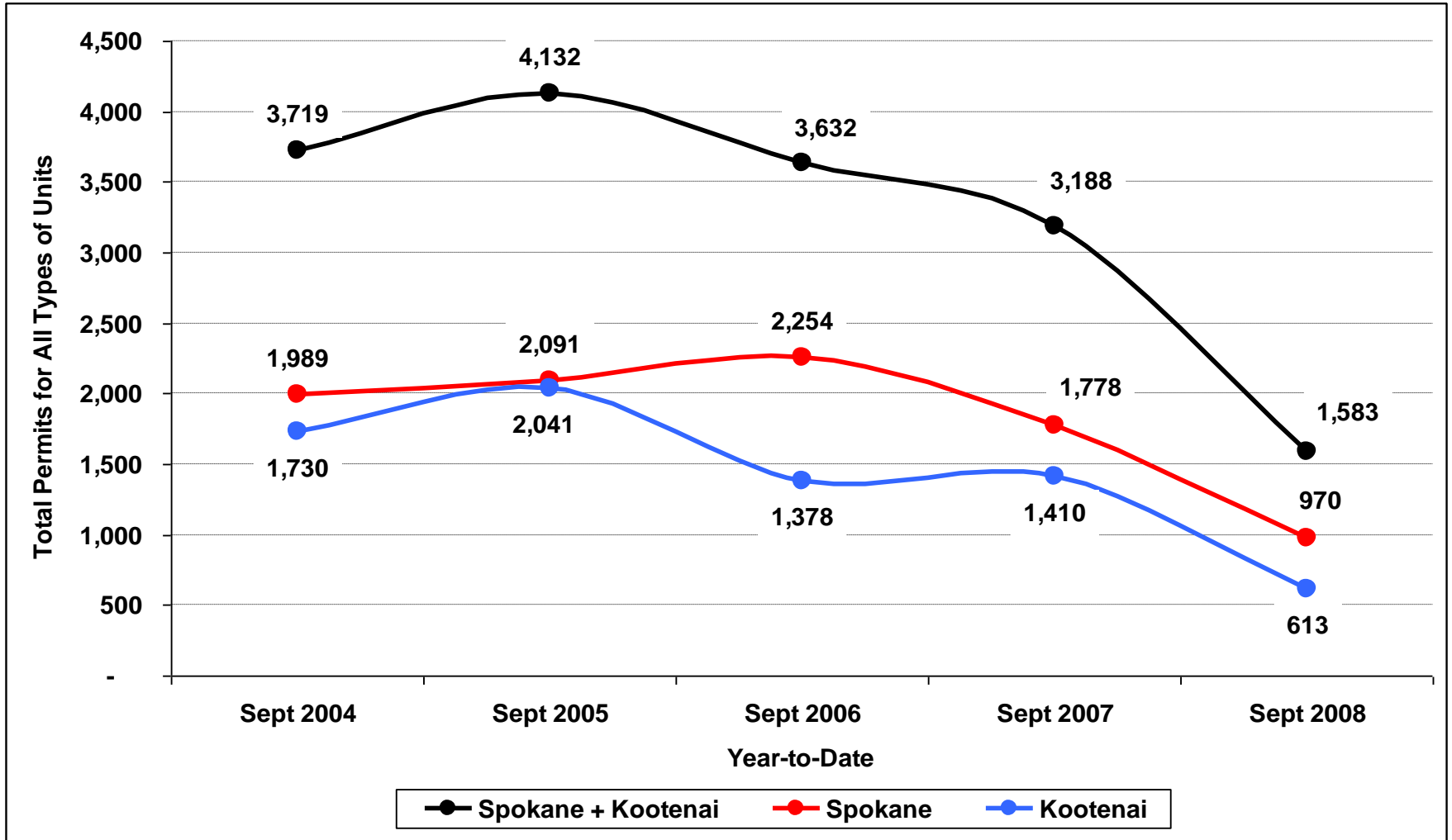


Range	Spokane		Kootenai	
	2008	2009	2008	2009
High	3%	5%	0%	8%
Point	2% (5%)	1%	-2% (2%)	-1%
Low	1%	-4%	-3%	-10%

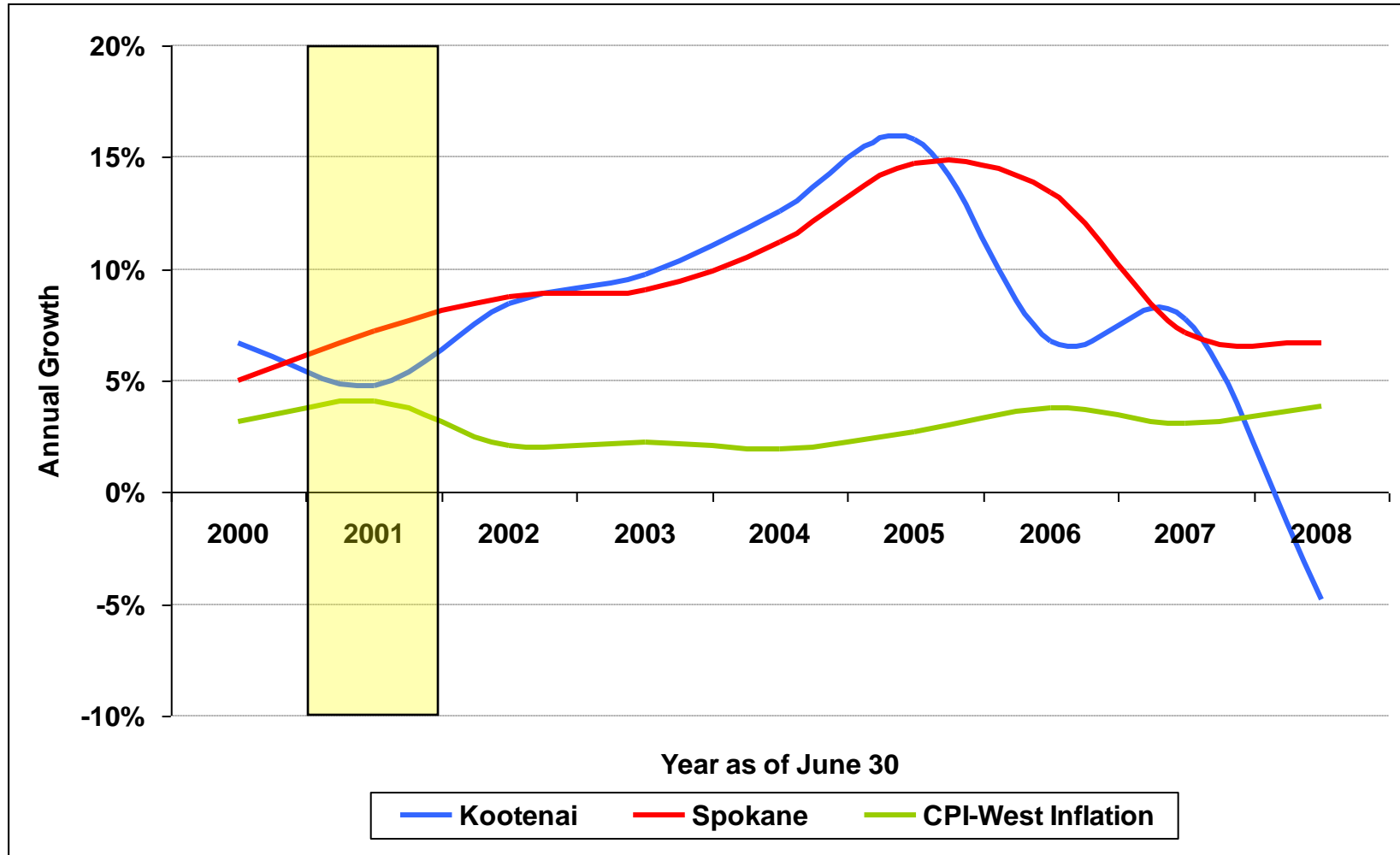
Foreclosures on Deeds of Trust in Spokane and Kootenai, Jan. 2007- Aug./Sept. 2008



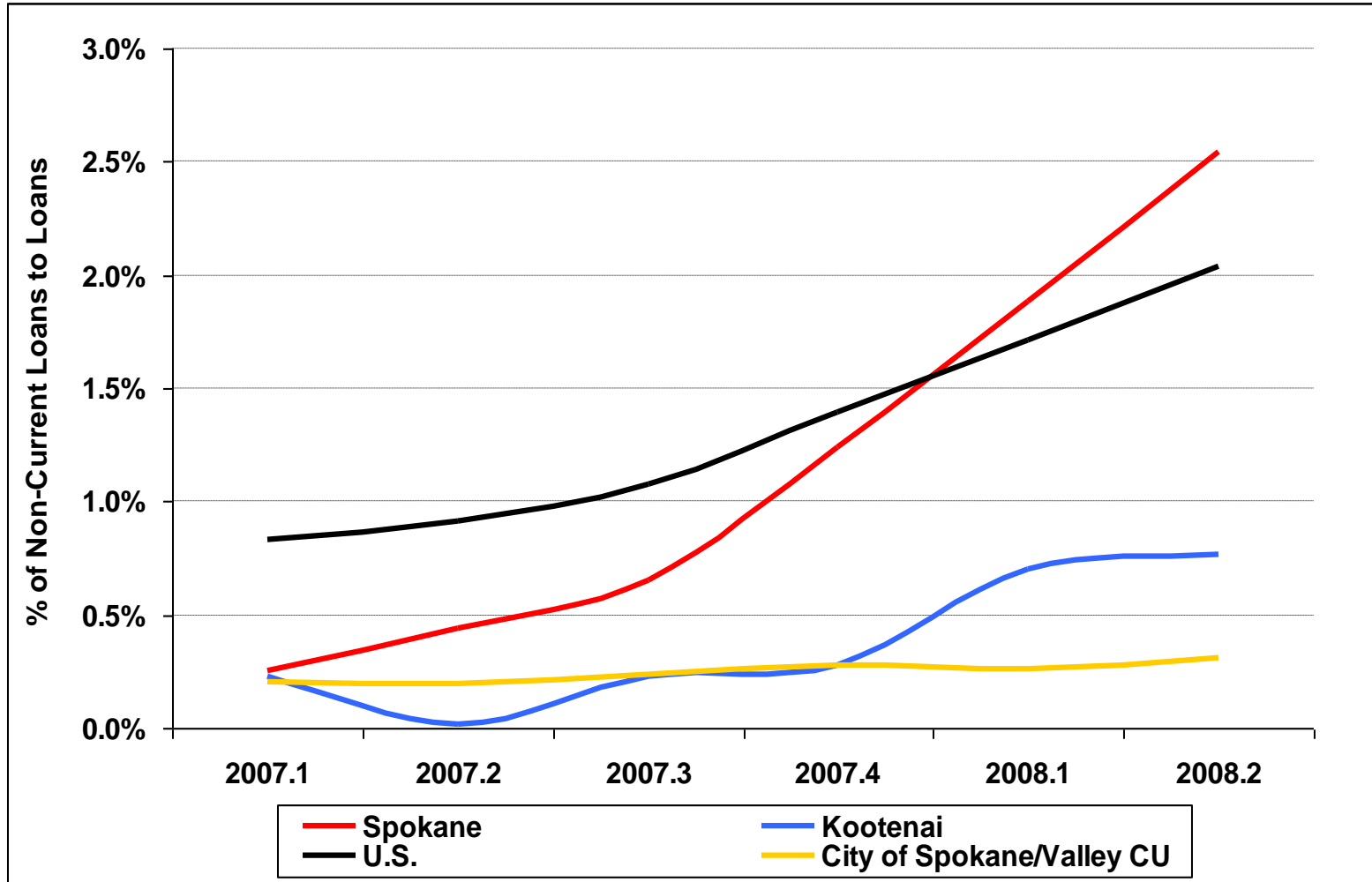
Year-to-Date September Building Permits, 2004 - 2008



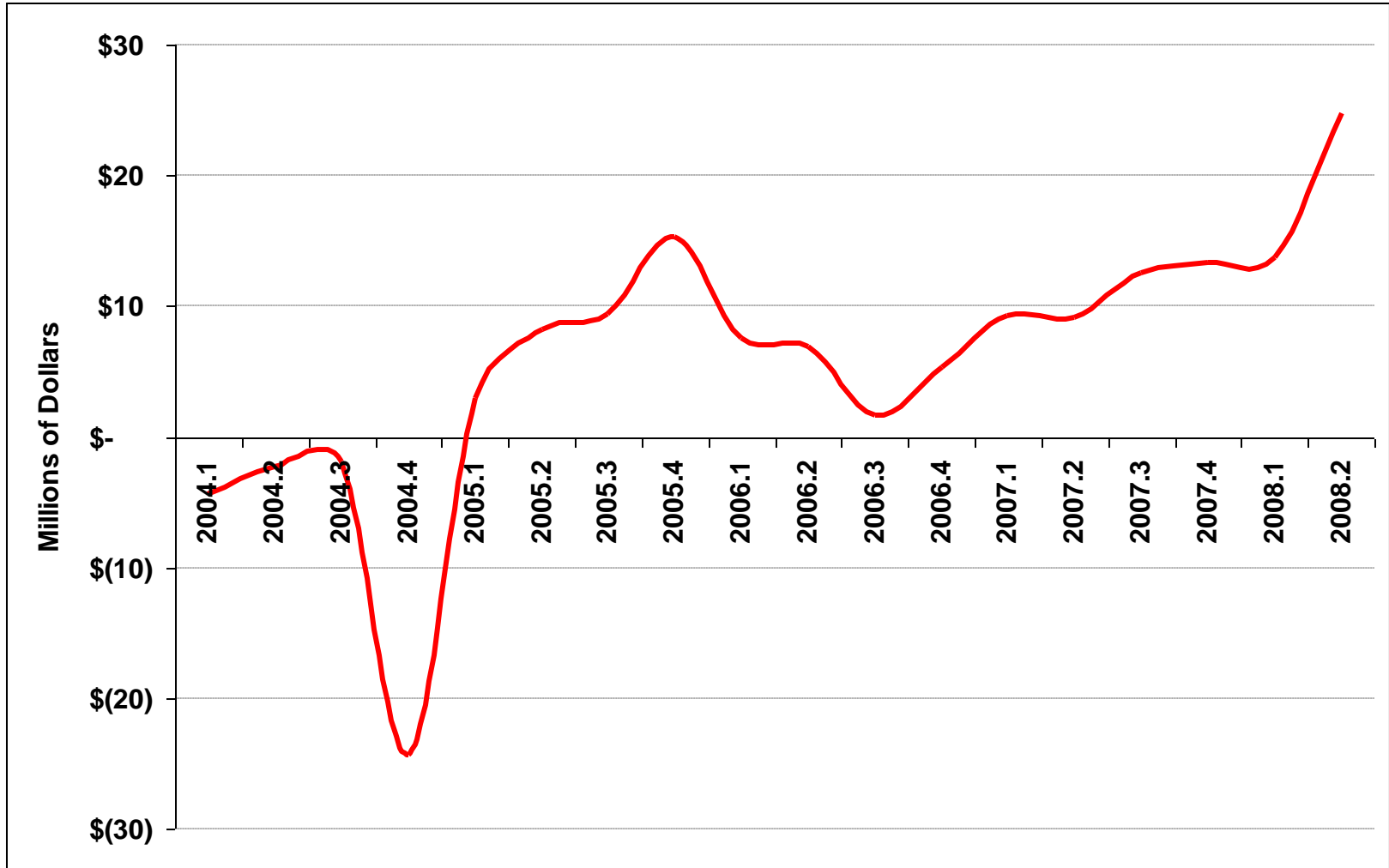
Nominal Growth in Deposits of FDIC Institutions, 2000-2008



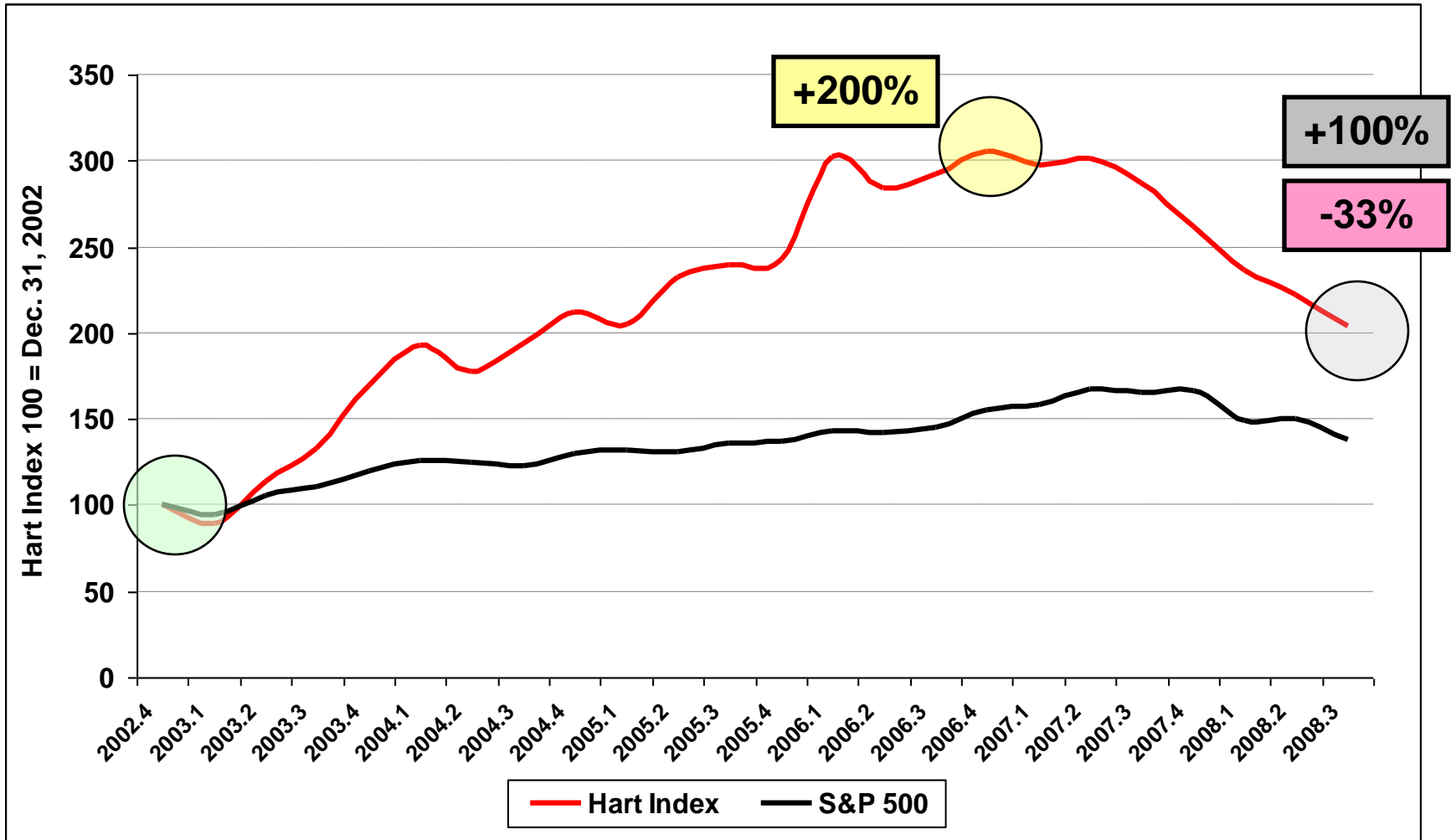
Share of Non-current Loans to Total Loans, 1Q 2007 - 2Q 2008



Hospital Operating Margins, 1Q 2004 - 2Q 2008



Regional Company Hart Index, 4Q 2002 - 3Q 2008



Source:



Standard and Poor's, and author's calculation.

Regional Company Market Values by Firm, 3Q 2007 - 3Q 2008

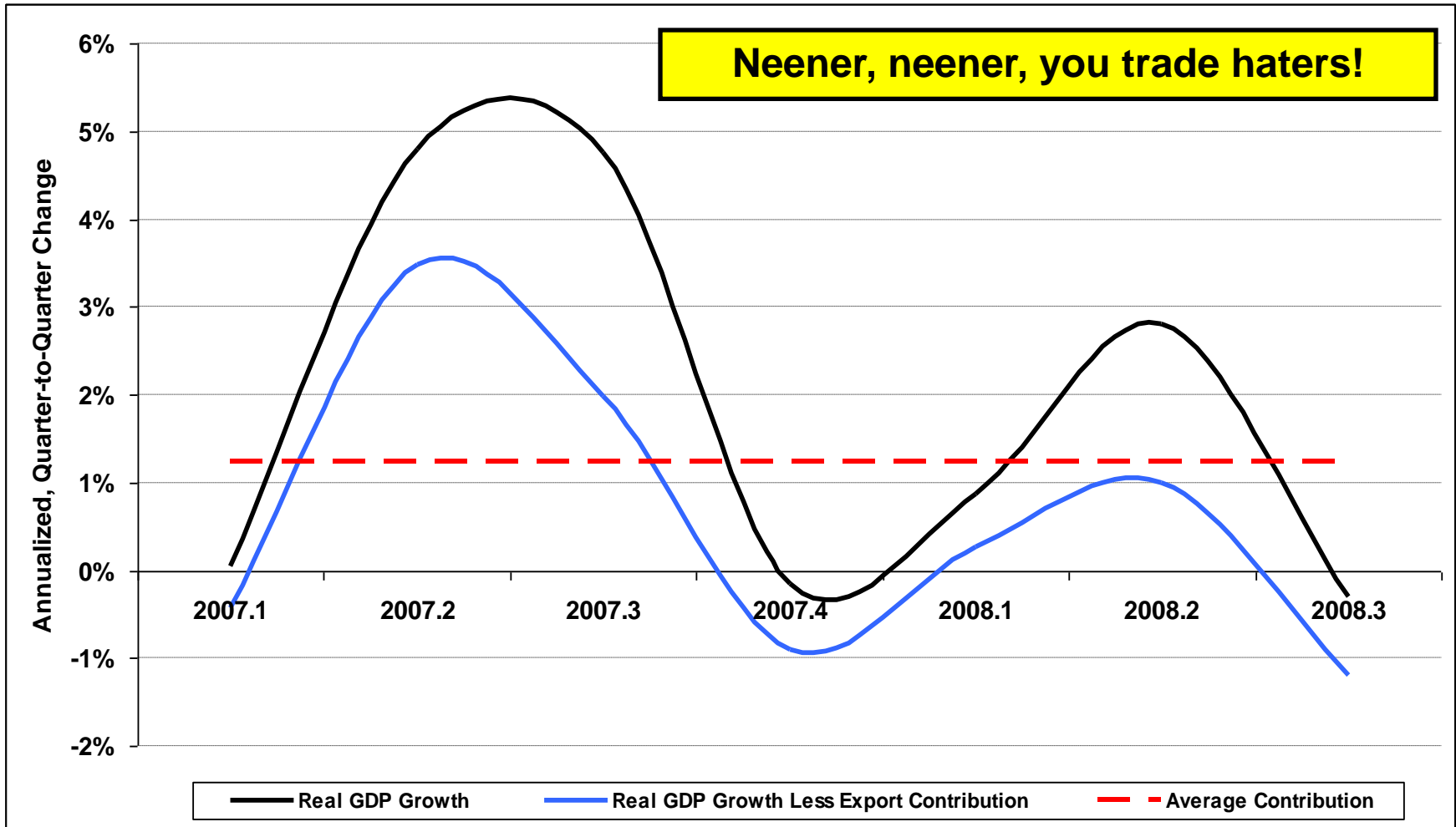
	Company	% Change
Financials	AmericanWest Bancorp.	↓ -90%
	Idaho Independent Bank	↓ -27%
	Intermountain Community Bank	↓ -58%
	Northwest Bancorp.	↓ -43%
	Sterling Financial	↓ -46%
Industrials	Avista	↑ +7%
	Coeur d'Alene Mines	↓ -60%
	Hecla Mining	↓ -48%
	Itron	↓ -5%
	Key Tronic	↓ -51%
	Potlatch	↑ +3%
Services	Ambassadors Group	↓ -58%
	Coldwater Creek	↓ -47%
	NightHawk Radiology	↓ -71%
	Red Lion Hotels	↓ -22%

Source:

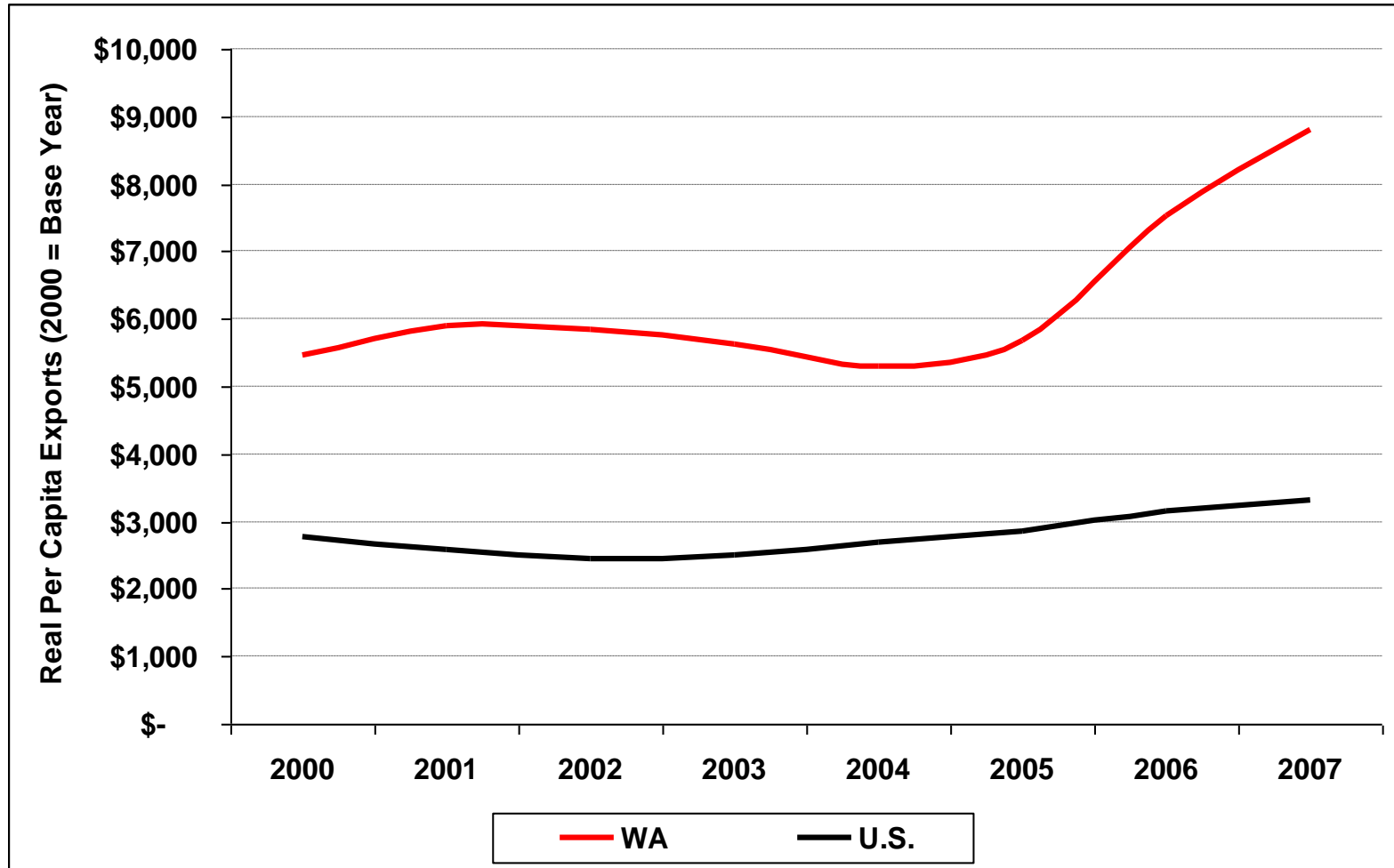
Sector Focus: Regional Exports



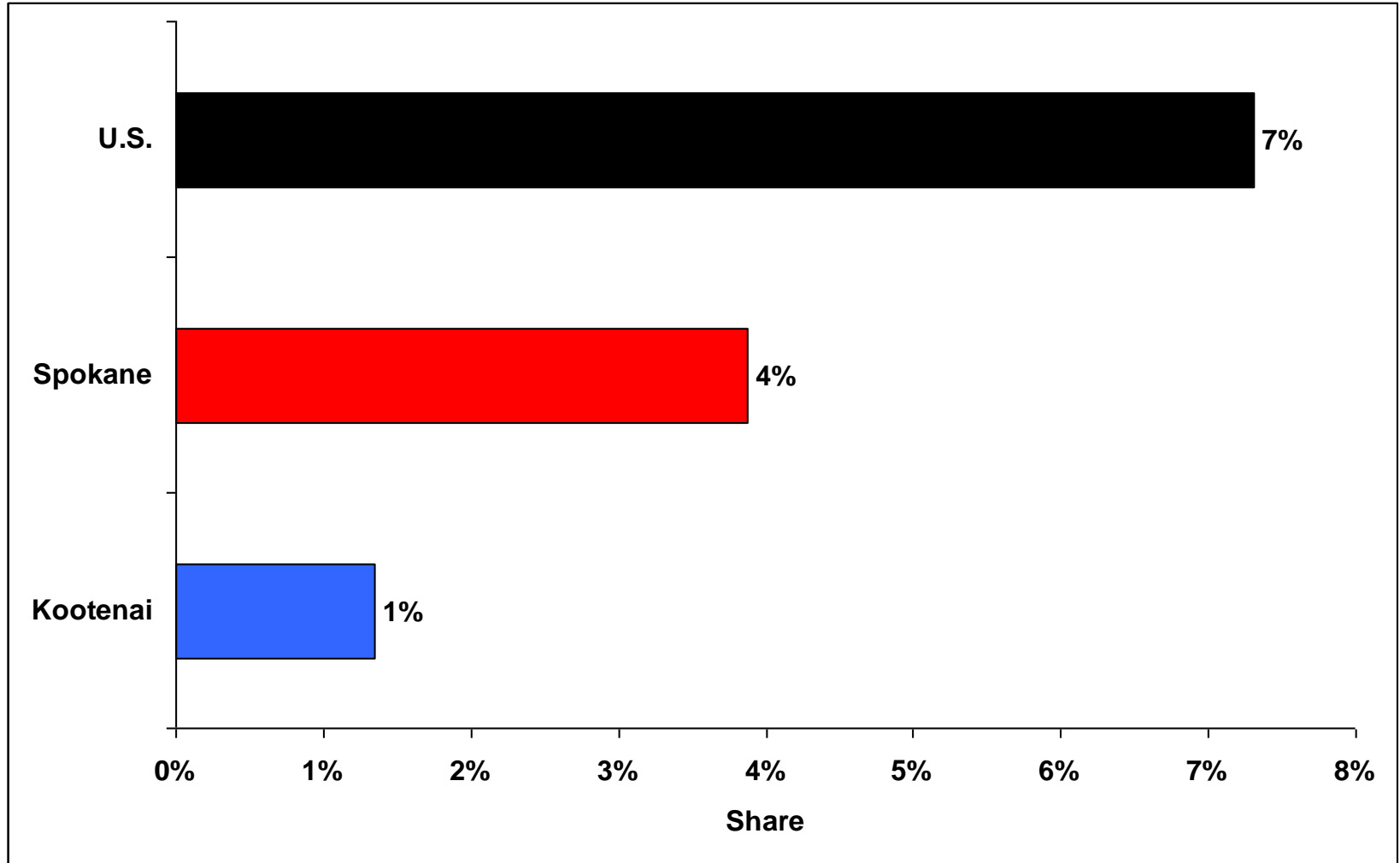
Real GDP Growth With and Without Export Growth, 1Q 2007- 3Q 2008



Real Per Capita Exports, 2000 - 2007

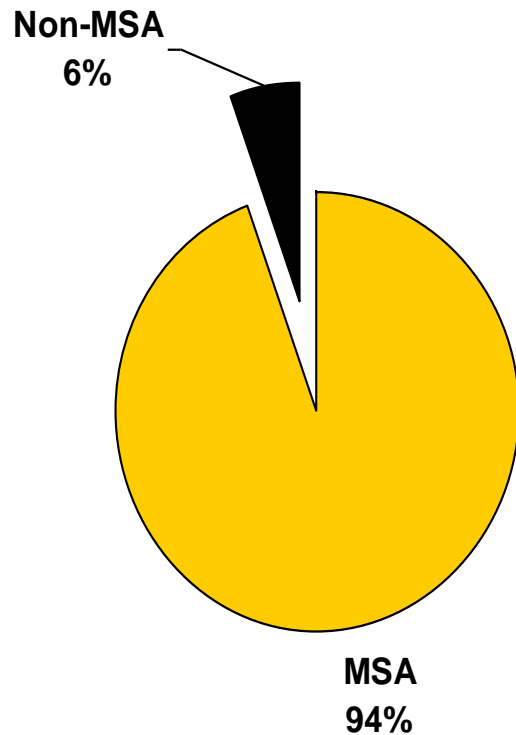


Merchandise Exports as a Share of County GDP, 2005

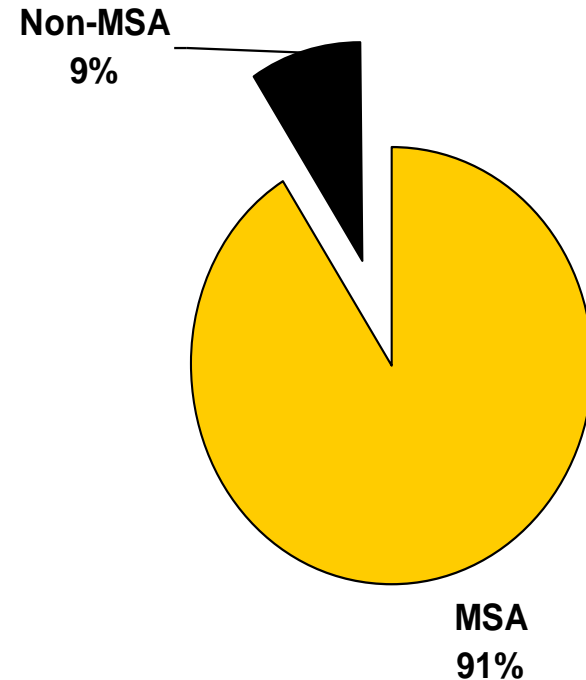


Rural vs. Urban **Merchandise** Export Shares, 2006-1H 2007

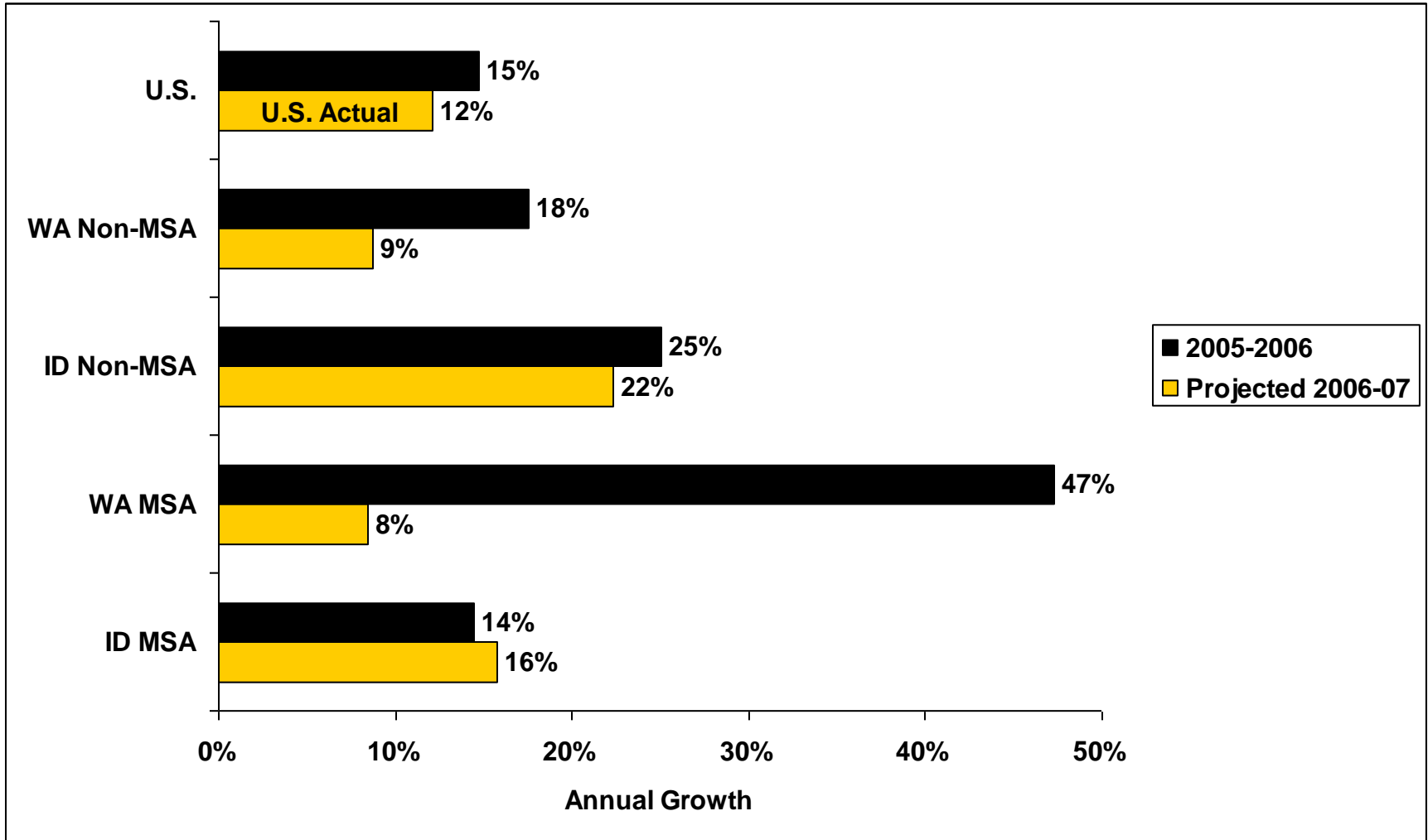
Washington Export Shares, 2006-1H 2007



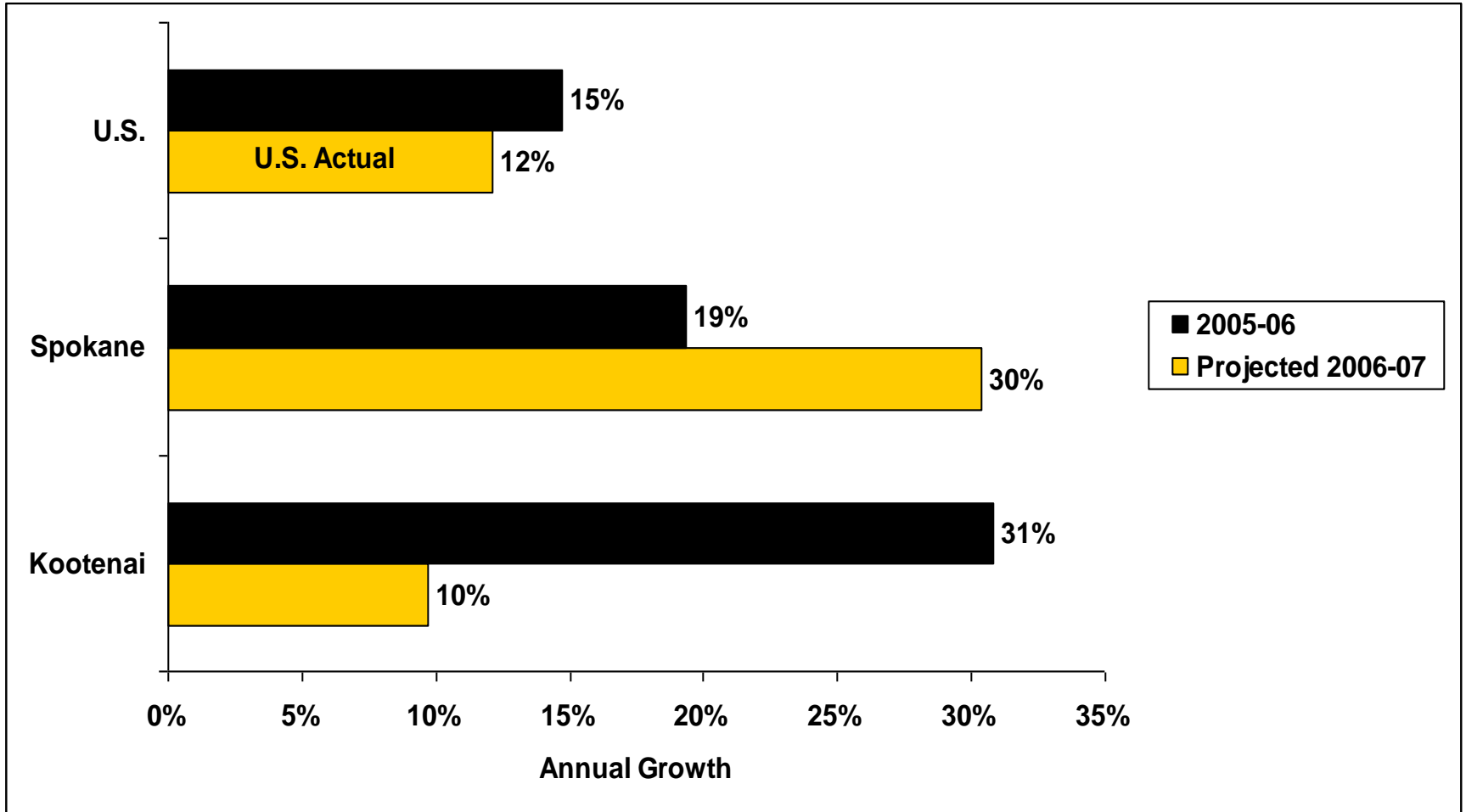
Idaho Export Shares, 2006-1H 2007



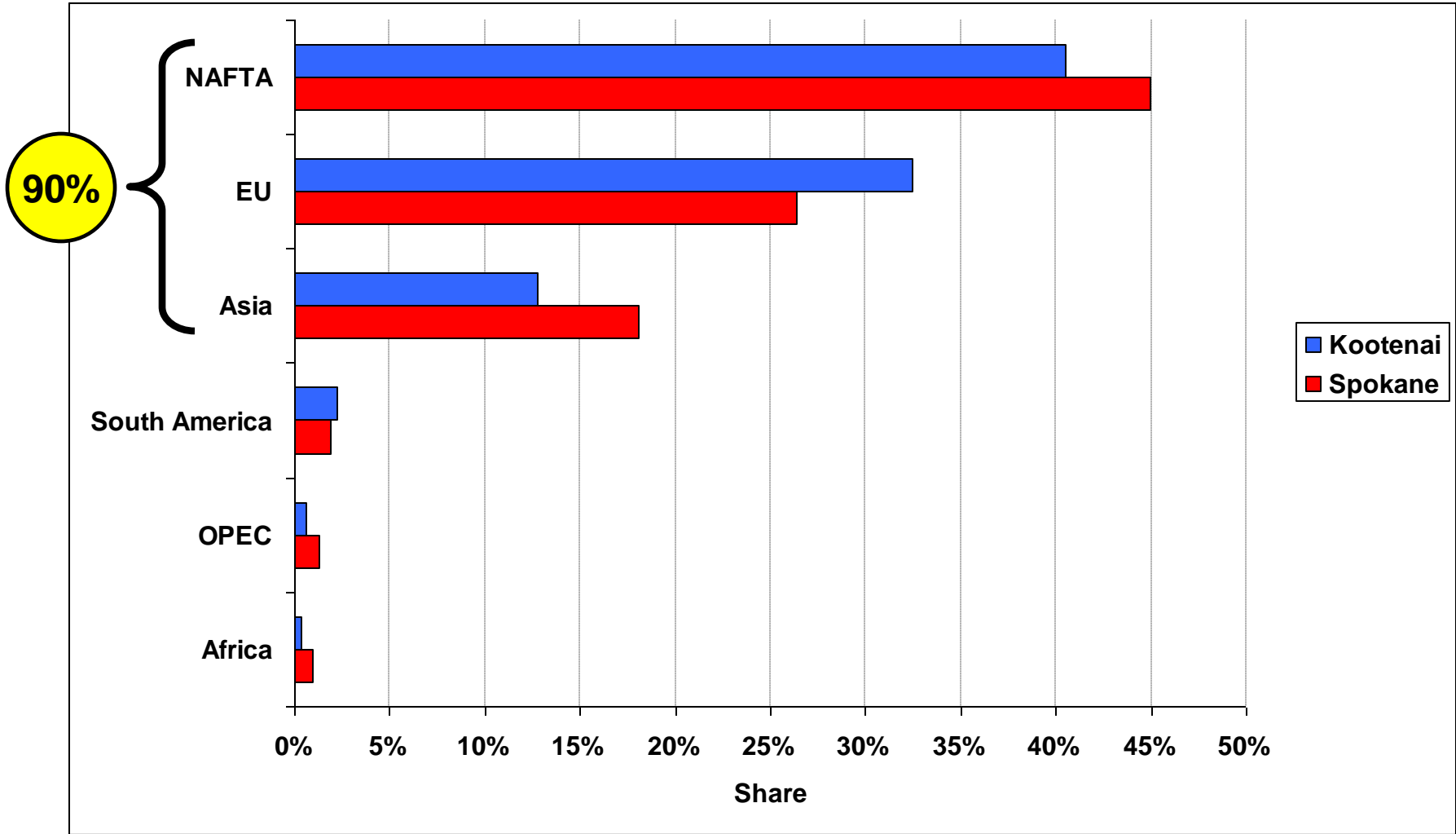
Nominal Merchandise Export Growth, 2005-2007



Nominal **Merchandise** Export Growth in Spokane and Kootenai



Share of County Exports by Trade Area



2009 Outlook Summary

We are in a recession until 4Q 2009:

- 1. The region should do better than the U.S., but the regional decline could still be worse than the last recession.**
- 2. The region will likely see zero or negative growth in real income, employment, and taxable sales activities.**
- 3. Home price growth will be close to zero or modestly negative in nominal terms, and negative in real terms. Banks will continue with risk averse lending practices.**
- 4. The growth cushion of exports will weaken as our trading partners fall into weaker growth.**

Have a  Day !!