

# Washington: Economic Trends and Outlook

## 2009 Policy Summit Association of Washington Business

September 23, 2009

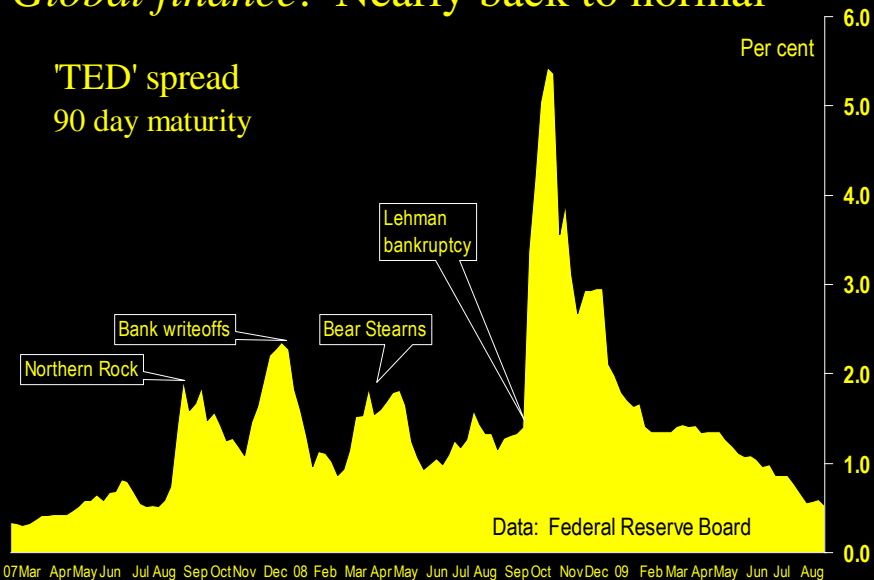
Michael J. Parks, editor and publisher

*Marple's Pacific Northwest Letter*

[www.marples.com](http://www.marples.com)

Copyright © 2009 *Marple's Letter*; please don't reproduce without permission

### Global finance: Nearly back to normal



## *Normal, old and new*

- Globalization
- Laissez faire banking
- Debt-led consumption
- Shrinking role for govt
- Worry about Deflation
- US GDP growth > 3%
- Low tax burden
- Protectionism
- Banking reregulation
- Fear-based savings
- Larger government role
- High risk of Inflation
- US GDP growth ~ 2%
- Higher tax burden

Mohamed El-Erian, Bill Gross, PIMCO

## U.S. coincident and leading economic indicators



## *Washington plusses*

- Population growth above average
- Hydropower base/low electric rates
- Server farms and solar power plants
- Markedly less-severe housing bubble
- Access to globe's fastest-growing areas
- Major employers in high technology
- Relatively plentiful water

*Marple's Pacific Northwest Letter*

## *Washington economic risks*

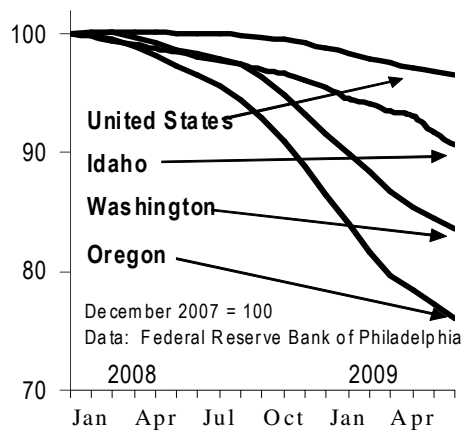
- Low oil prices (yes, **low** oil prices)
- Erosion of Boeing backlog (delays, cancellations)
- Severe layoffs in aerospace or software
- Sharp/sustained rise in value of the \$
- Boeing's courtship with a right-to-work state

*Marple's Pacific Northwest Letter*

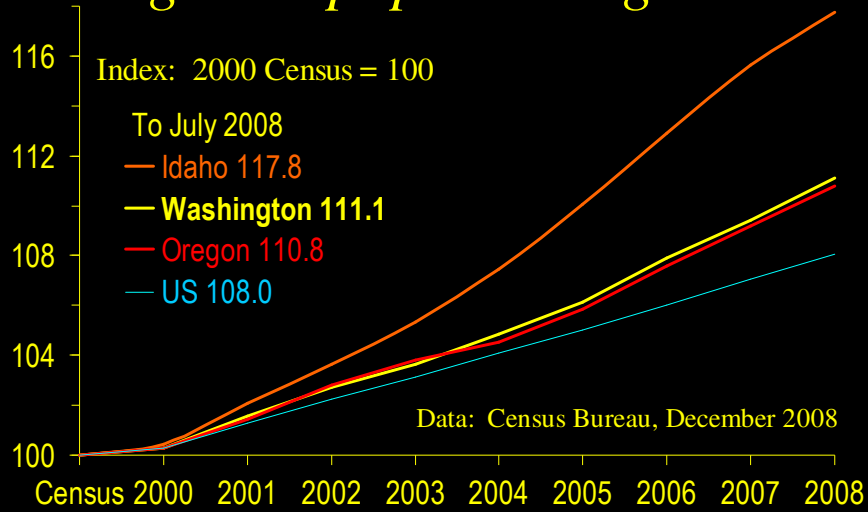
Employment and change (000) from 12 07				Trend since 12/2007
<b>Washington</b>				
Total	2,845.1	-117.7	-4.0%	
Construction	168.2	-41.1	-19.6%	
Manufacturing	269.2	-27.1	-9.1%	
Trade, transportation & utilities	531.9	-25.7	-4.6%	
Information	102.2	-0.7	-0.7%	
Financial activities	145.0	-9.7	-6.3%	
Professional & business services	324.8	-24.7	-7.1%	
Education & health services	367.3	11.9	3.3%	
Leisure & hospitality	277.0	-7.4	-2.6%	
Government	548.6	9.9	1.8%	

Through June 2009. Data: Washington Employment Security Department

*How's business?* Don't ask  
Coincident economic indicators

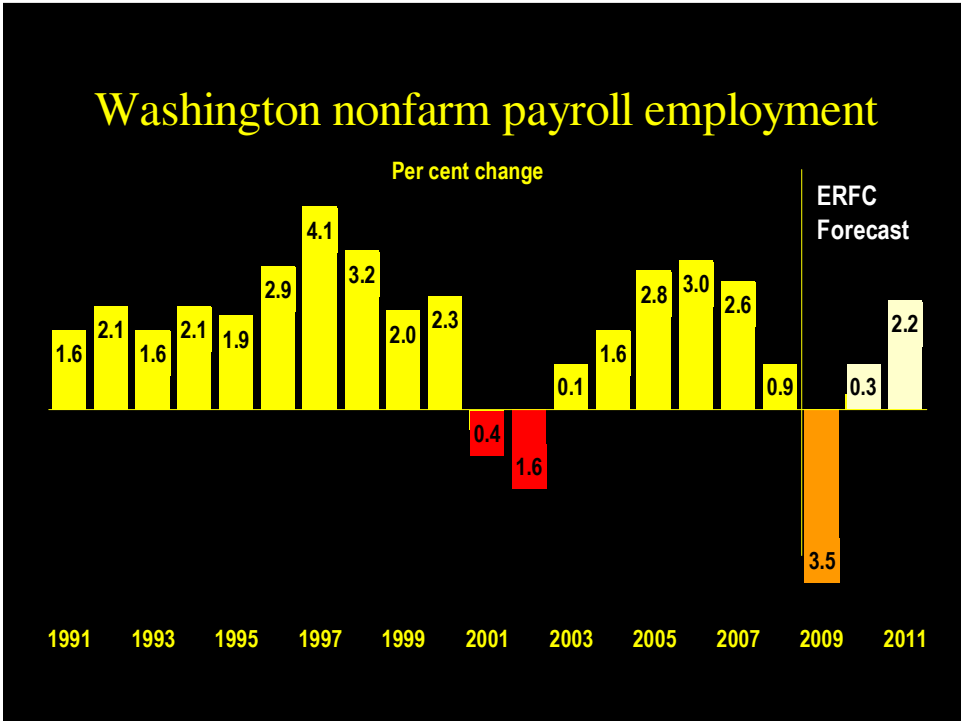
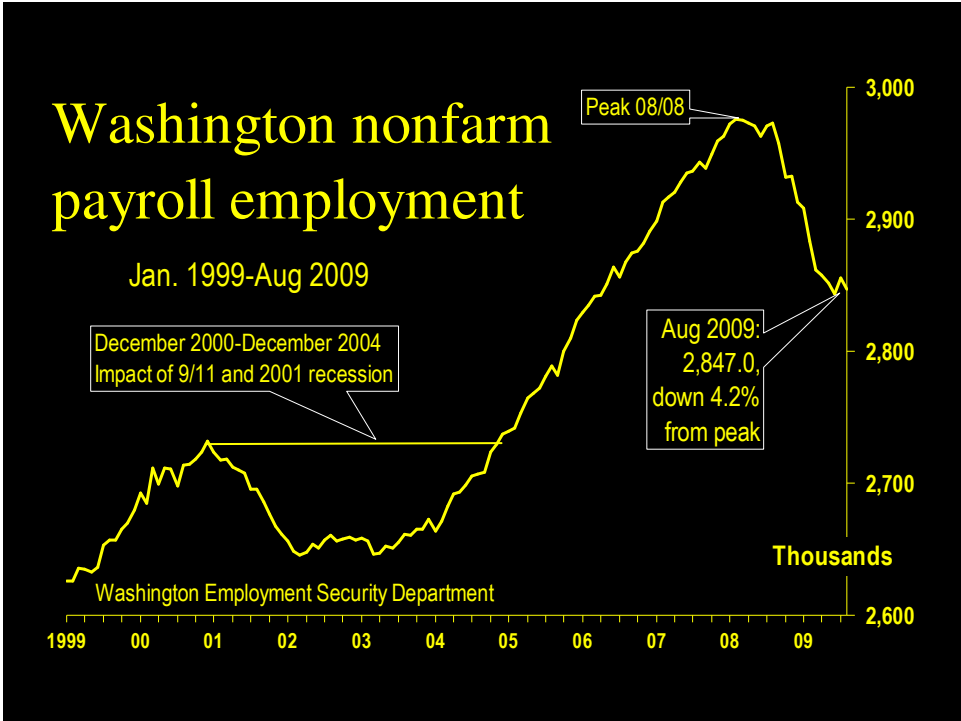


## Regional population growth

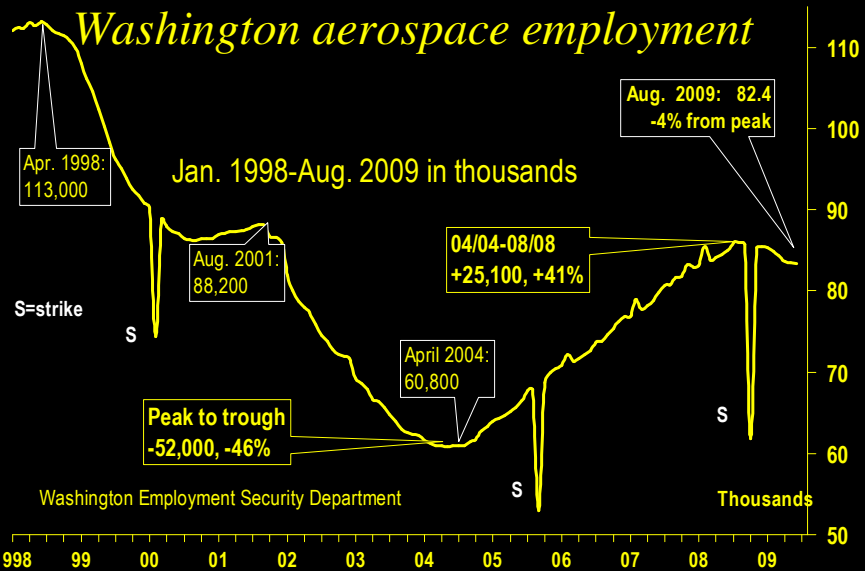
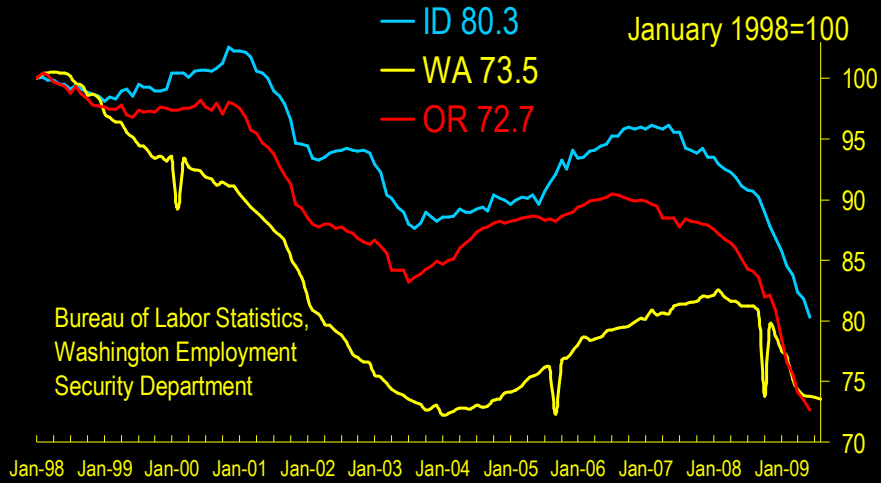


## Total payroll employment

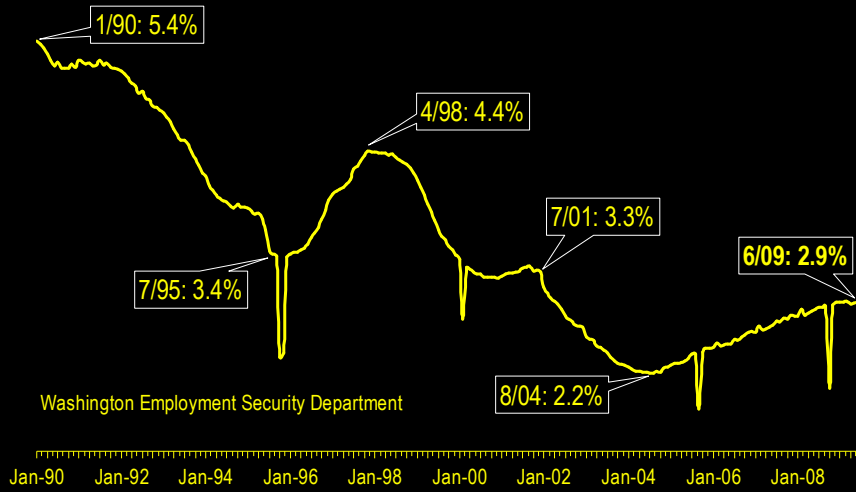




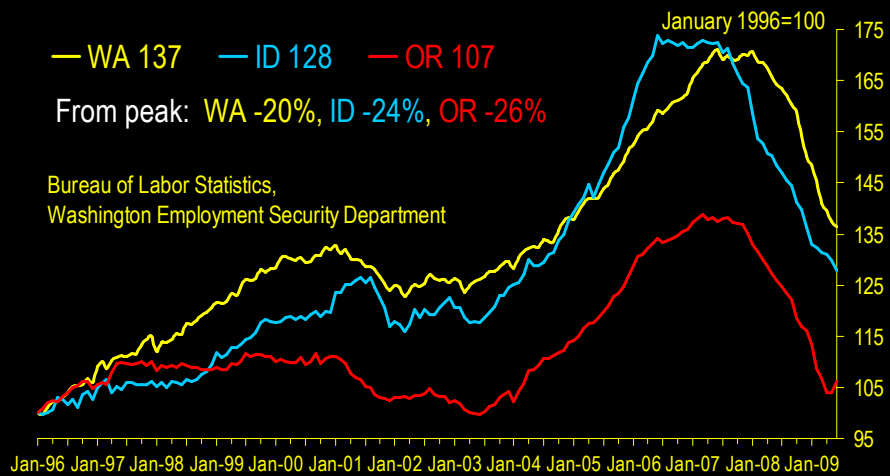
## Employment in manufacturing



## Aerospace sector's share of Washington's job market

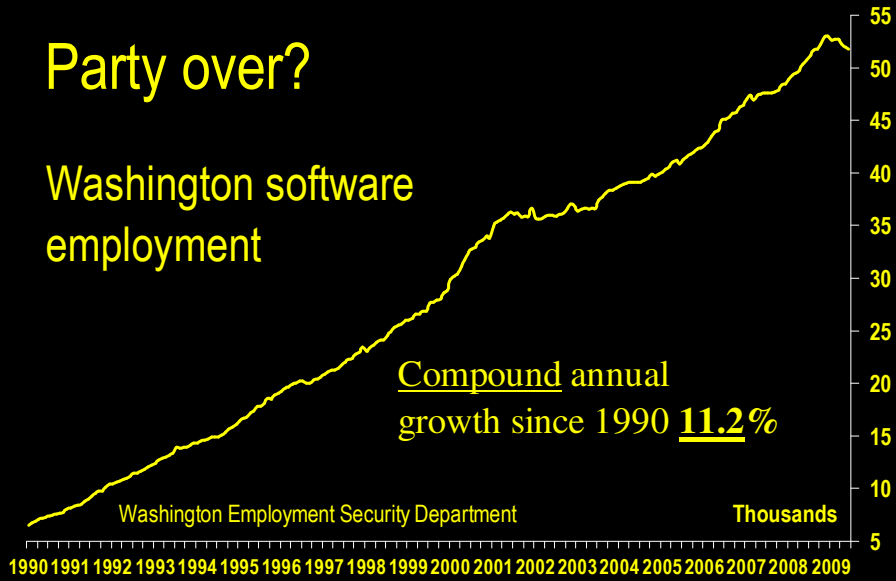


## Perspective on employment in construction

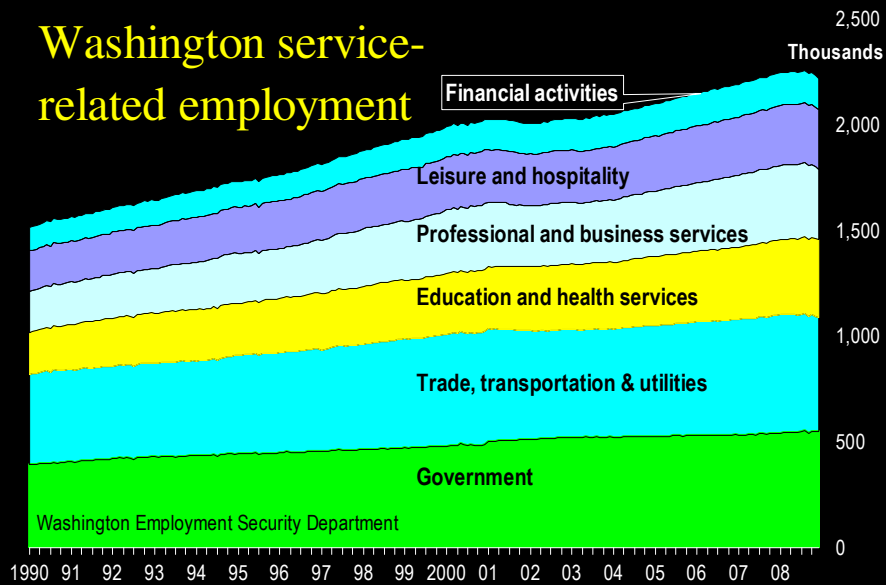


# Party over?

## Washington software employment



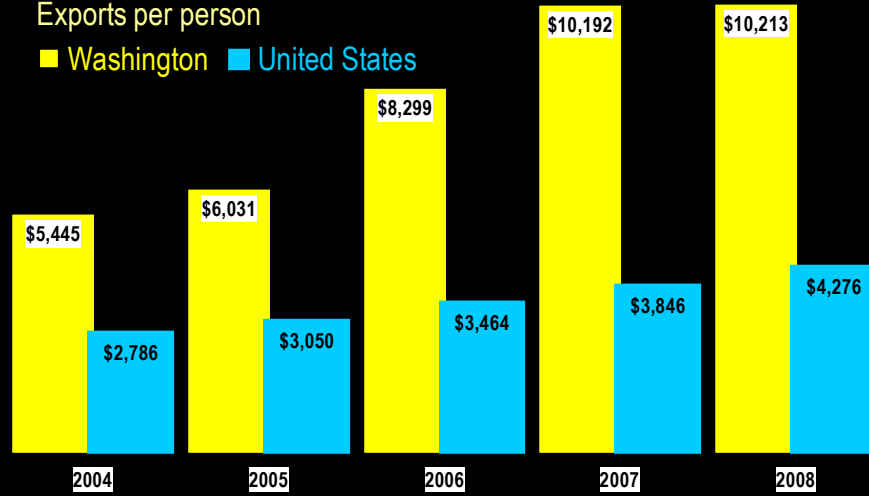
## Washington service-related employment



## *Washington: Evergreen, and focused on trade*

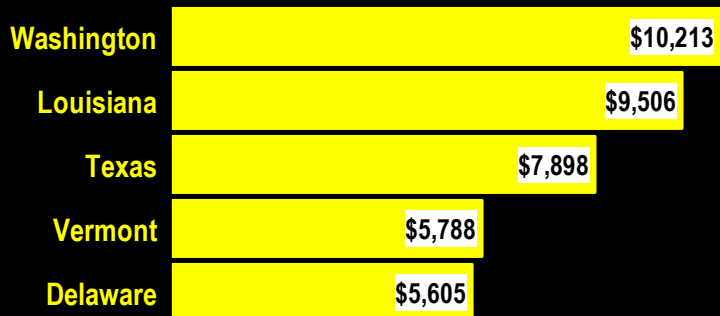
Exports per person

■ Washington ■ United States



## *Airplanes beat oil wells*

2008 exports per person

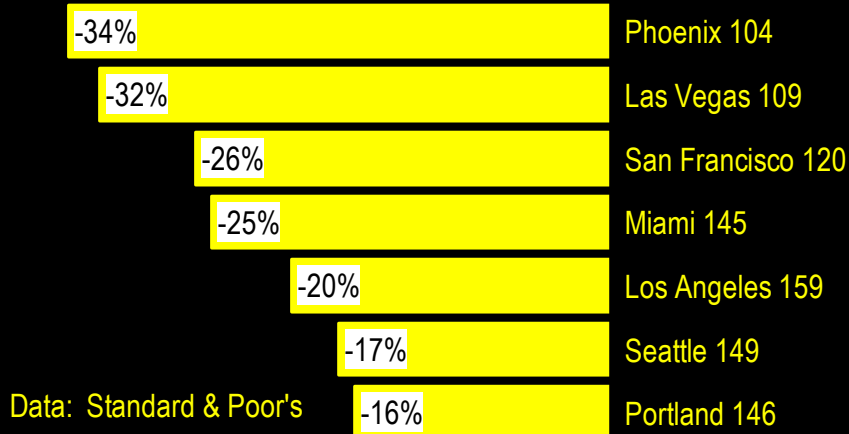


Data: WISER, Census Bureau

## S&P/Case Shiller Home Price Index

1 year change through May 2009

Jan 2000=100



## ***Major solar-related investments in the Pacific Northwest***

Renewable Energy, Norway	Moses Lake, Butte	~\$1.6 billion
Solar World, Germany	Hillsboro	\$400 million
Hoku Scientific	Pocatello	~\$400 million

*Marple's Pacific Northwest Letter*

## *Server farms/data centers*

Company	Sites	\$
Google	The Dalles	?
Microsoft	Quincy	?
Yahoo	Quincy	?
Intuit	Quincy	?
Sabey	E Wenatchee	?
Amazon.com	Boardman	?
Ask.com	Moses Lake	?

The national budget must be balanced. The public debt must be reduced; the arrogance of the authorities must be moderated and controlled . . . People must again learn to work.

– Cicero (106 BC-43BC)