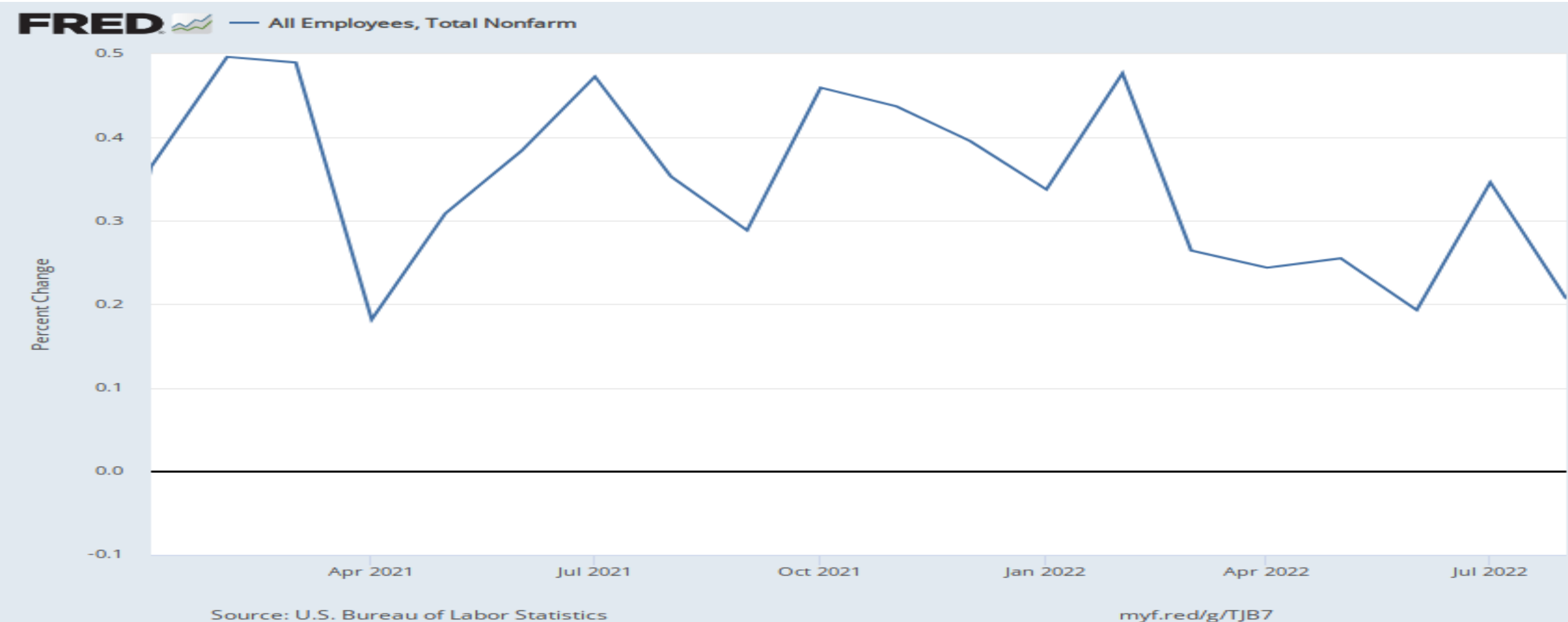
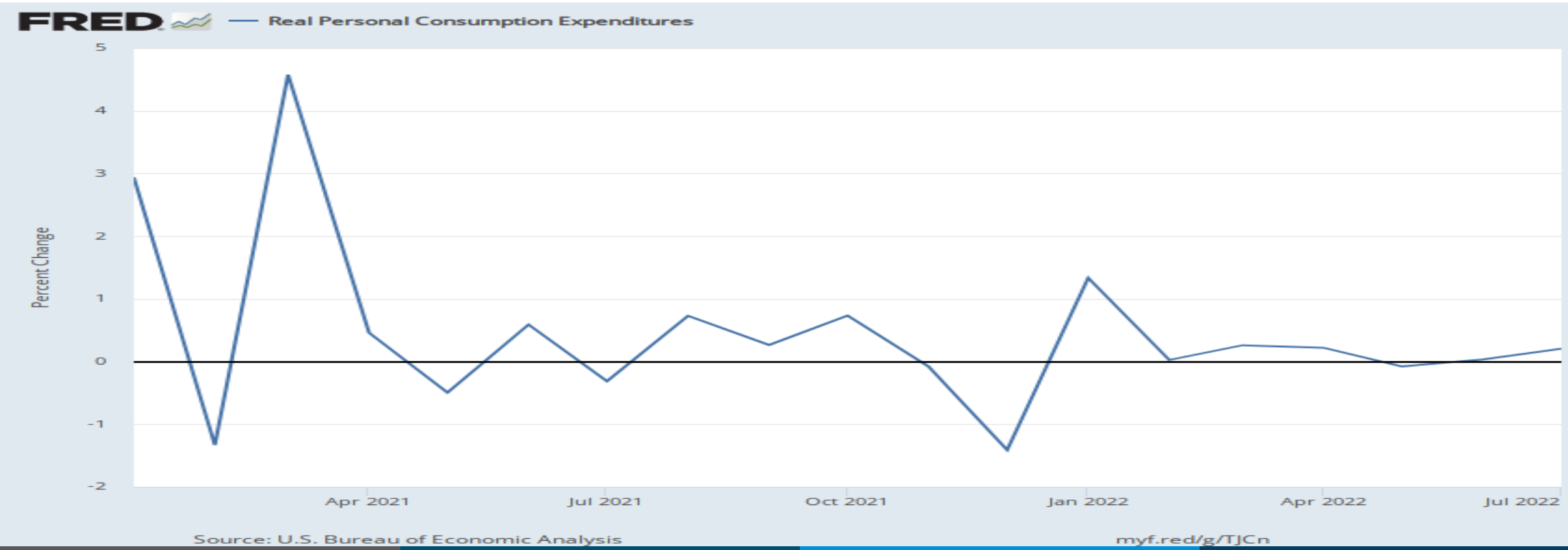


Are We In A Recession?

Jobs Are Still Growing **Not Declining**

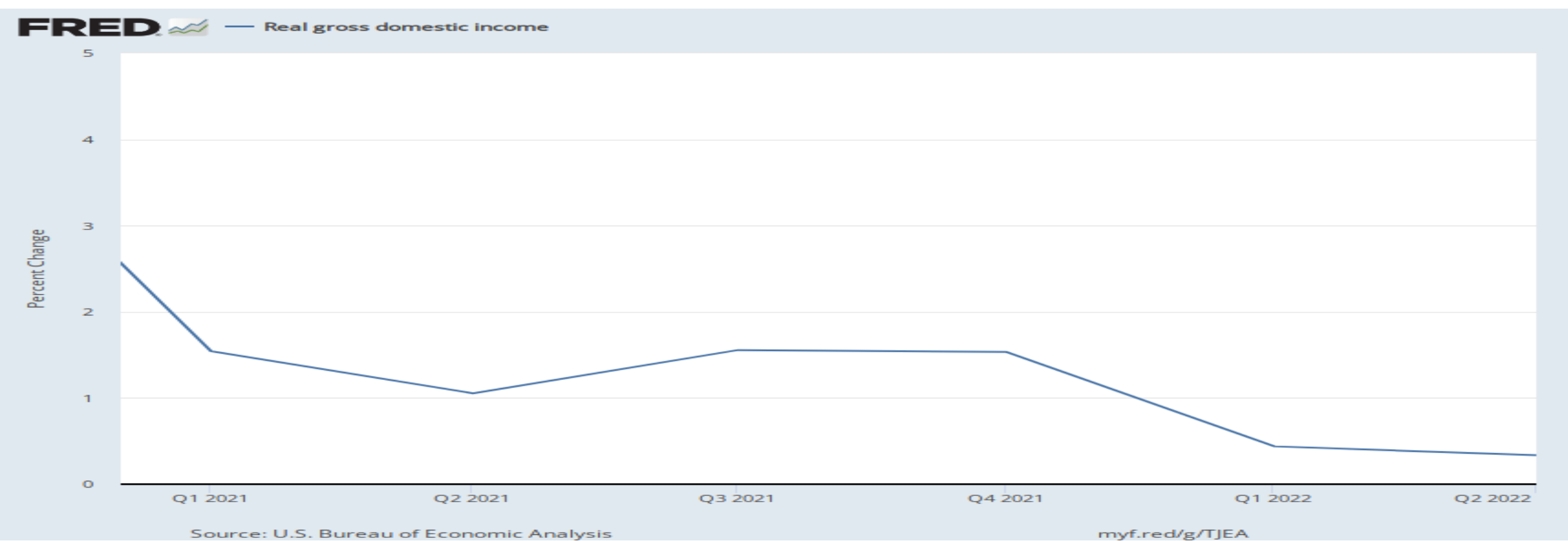


Real Personal Spending Is Still Positive...Barely

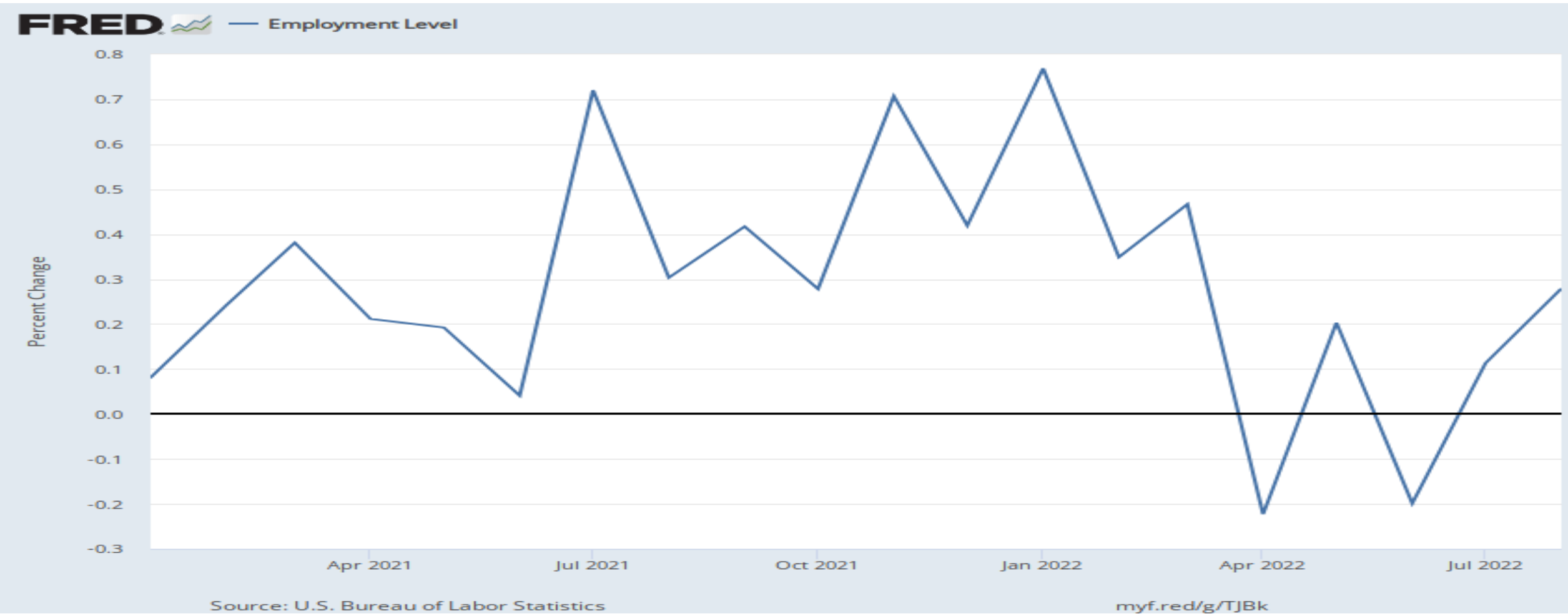


Real Gross Domestic Income

Still Positive

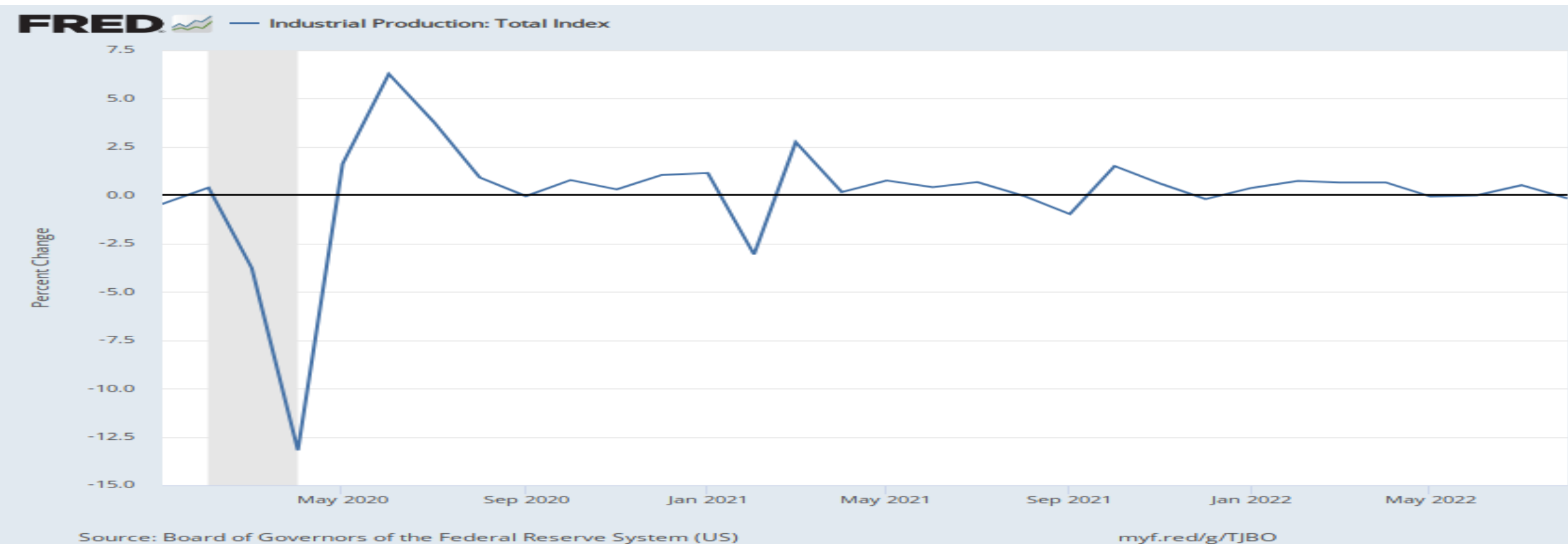


Employment No Sustained Decline



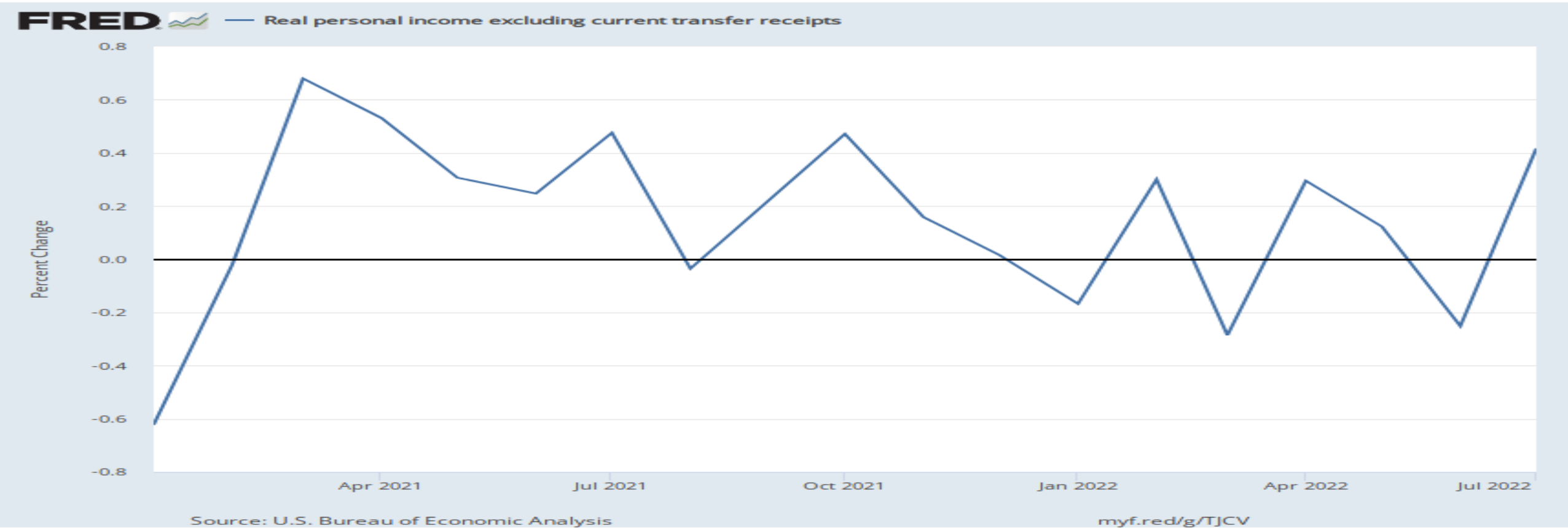
Manufacturing

No Sustained Decline

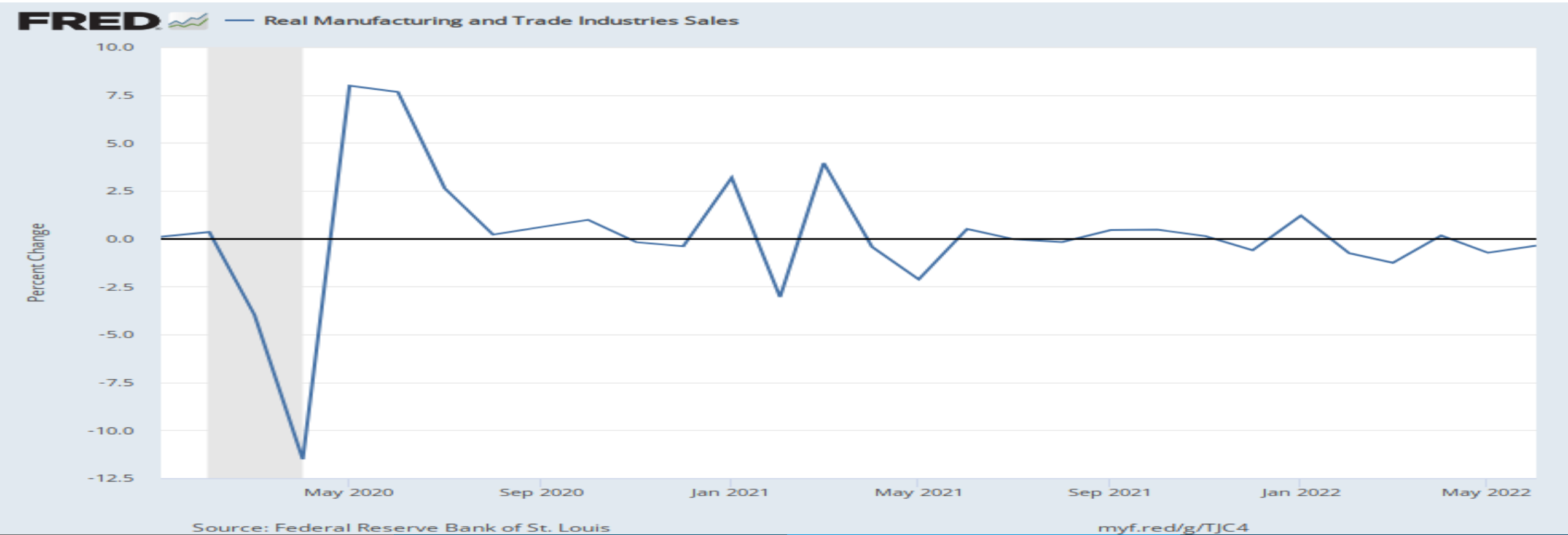


Real Personal Income

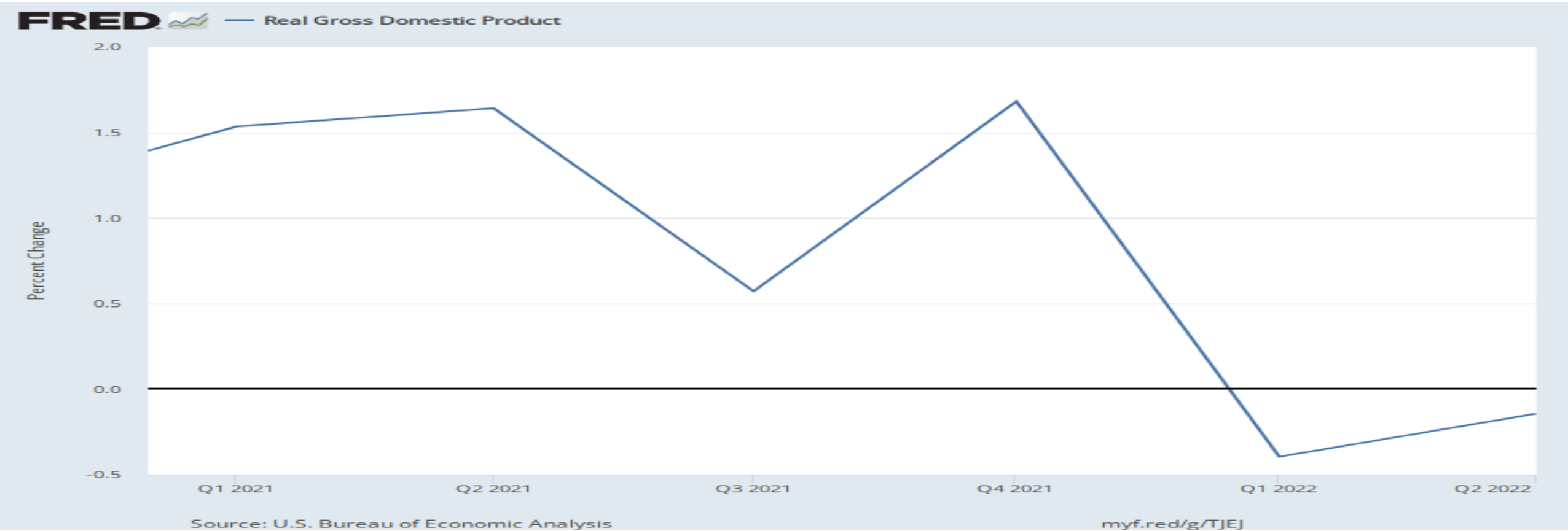
Inconsistent Pattern



Manufacturing & Trade Industry Sales Are Flashing A Recession Signal



Real Gross Domestic Product Flashing A Recession Signal



Are We Heading For A Recession?

Recession Dashboard

Recession Warning In Effect

		August 31, 2022	July 31, 2022	June 30, 2022
Consumer	Housing Permits	↑	↑	↑
	Job Sentiment	↑	↑	↑
	Jobless Claims	↑	↑	↑
	Retail Sales	×	×	●
	Wage Growth	×	×	×
Business Activity	Commodities	×	×	●
	ISM New Orders	●	●	●
	Profit Margins	↑	↑	↑
	Truck Shipments	↑	↑	↑
Financial	Credit Spreads	×	×	×
	Money Supply	×	●	●
	Yield Curve	●	●	↑
Overall Signal		×	●	↑
		↑ Expansion	● Caution	×

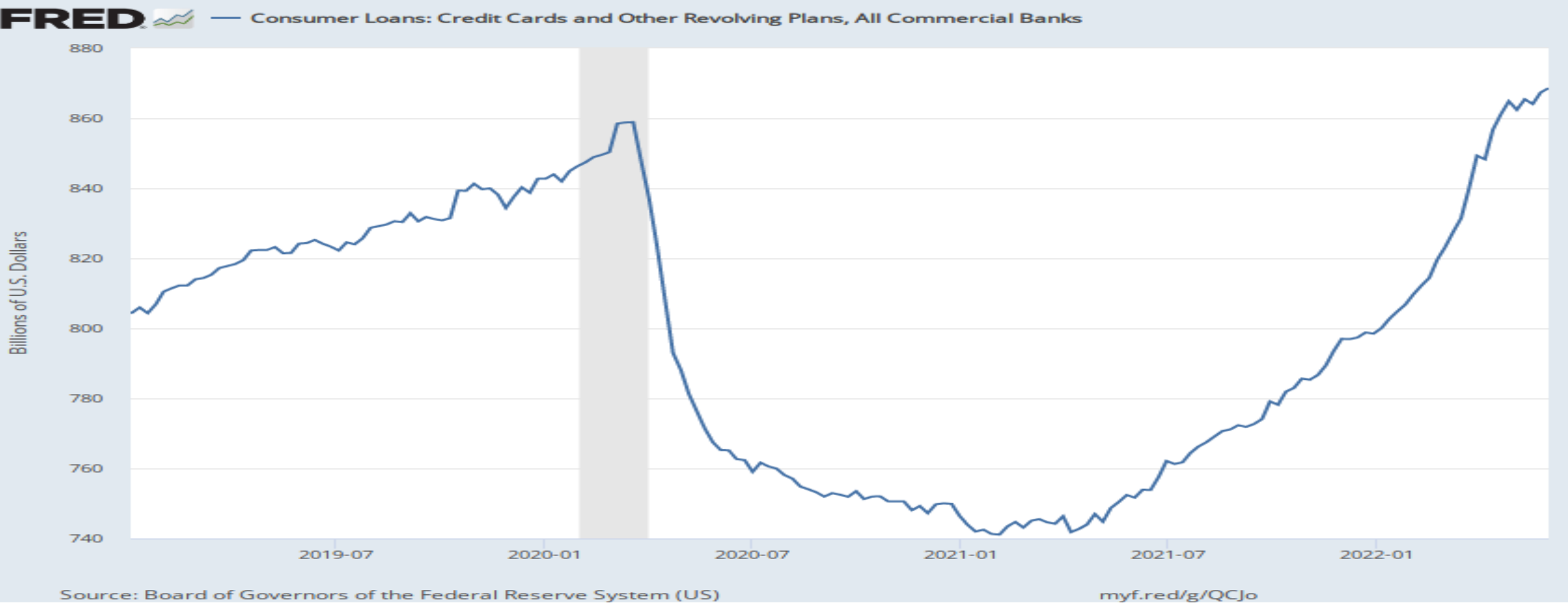
Can The Consumer Keep Spending?

Savings

Consumer Has Not Run Out Of Savings Yet



Credit Cards



Interest Rates

What Lies Ahead?

Federal will continue raise rates until something breaks

- **Will it be inflation?**
- **Will it be the economy?**

Impact on Consumer

Higher Borrowing Cost Will Slow Consumer Spending

- Mortgage Rates
- Credit Cards
- Student Loans
- Car Loans

Impact on Businesses

Higher Borrowing Costs Will Slow Business Expansion

- Operating lines will rise with Fed Funds
 - Prime: 6.5% - 7.0%
- Term rates will be volatile within a range
 - 10 Year Treasury: 3.50% - 4.50%

Commercial Real Estate

Things to Consider

- **Fundamentals matter again**
- **Idaho at risk due to housing affordability**
- **Resolution on the “new normal” business model needed**
- **“Just In Case” inventory management**
- **Multi-family should remain in demand**

Conclusions

- **Economy is heading for a recession by end of 2023 if the Federal Reserve continues on its current course of action.**
- **Recessions are a natural cleansing process for the economy.**

What Should You Do?

- **Focus on your business and clients, not on the media**
- **Ensure your economic disaster recovery plan is ready**
- **Don't create a self-fulfilling prophecy**
- **Be ready to look for opportunities**