

Fertile Oasis
In a Slow-Growth World

Northwest Chapter
NW Wall & Ceiling Bureau

February 18, 2015

Michael J. Parks

www.michaeljpark.com

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Not to be used externally.

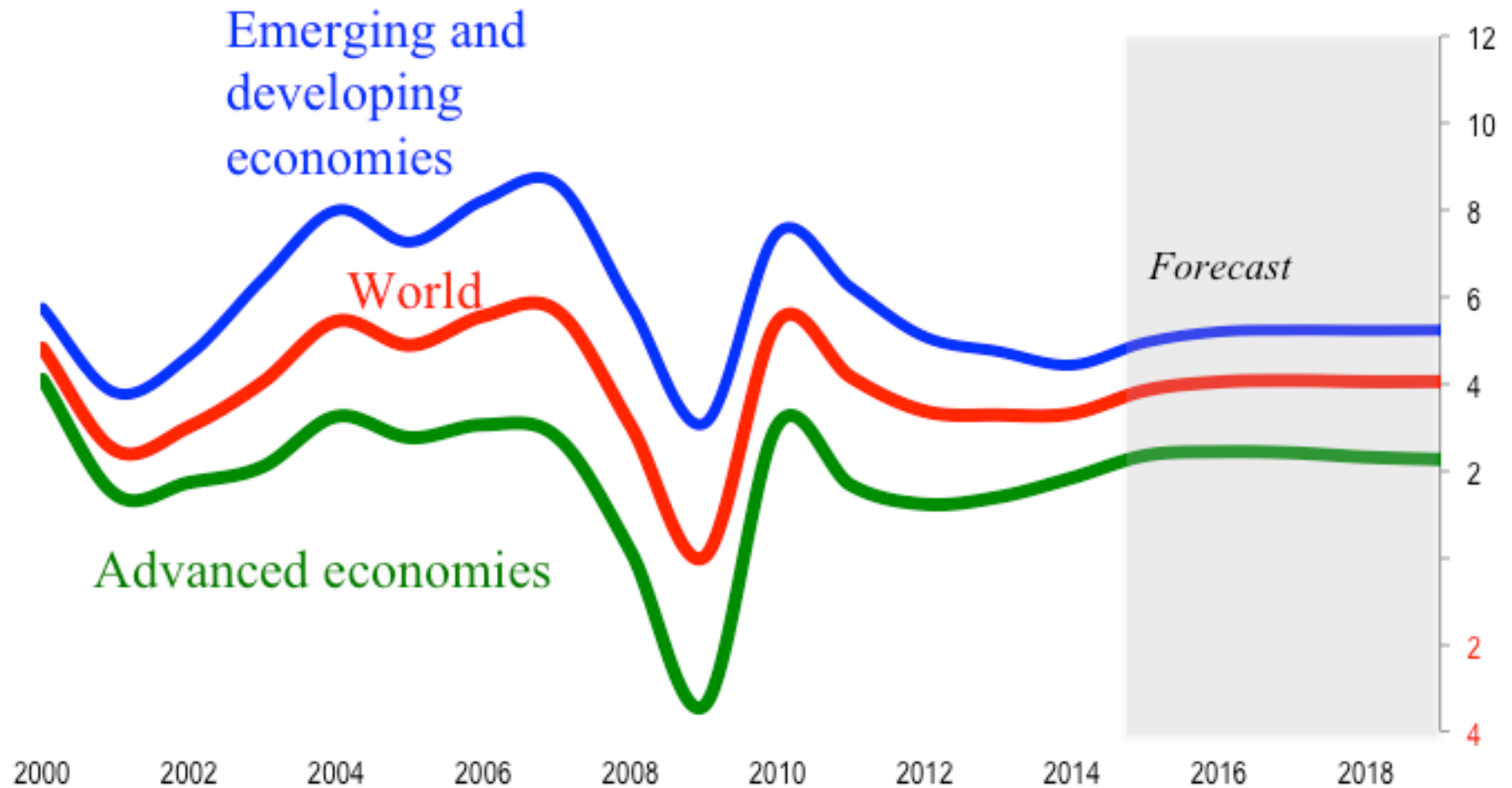
Harmful if swallowed.

Forecast disclaimer,
Fed “Green Book”, December 1996

Richard Fisher, Dallas Fed president, CNBC, 2/23/2012

Global perspective: a two-speed world

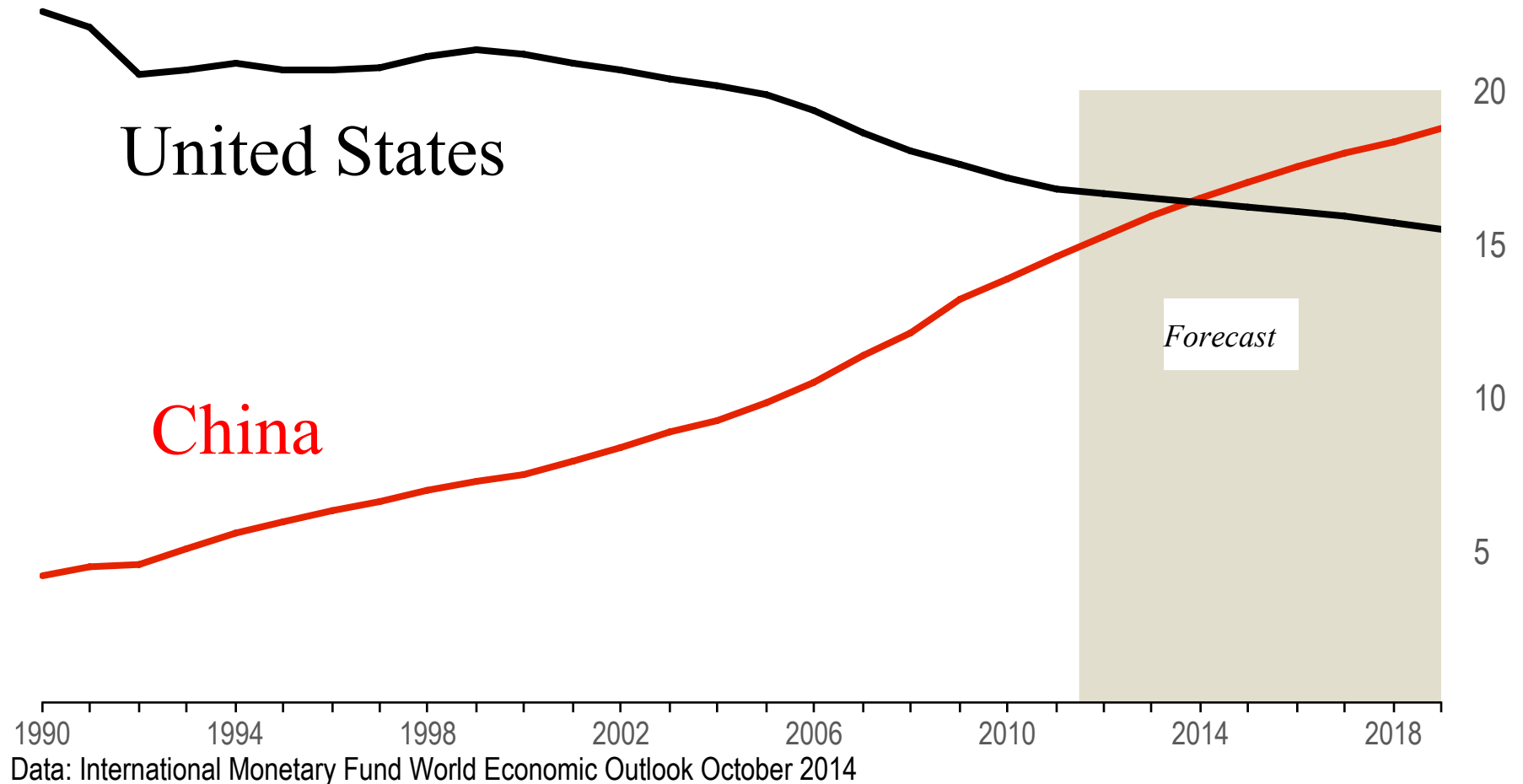
Annual change in global economic output %



Data: International Monetary Fund World Economic Outlook October 2014

The Eagle and the Dragon

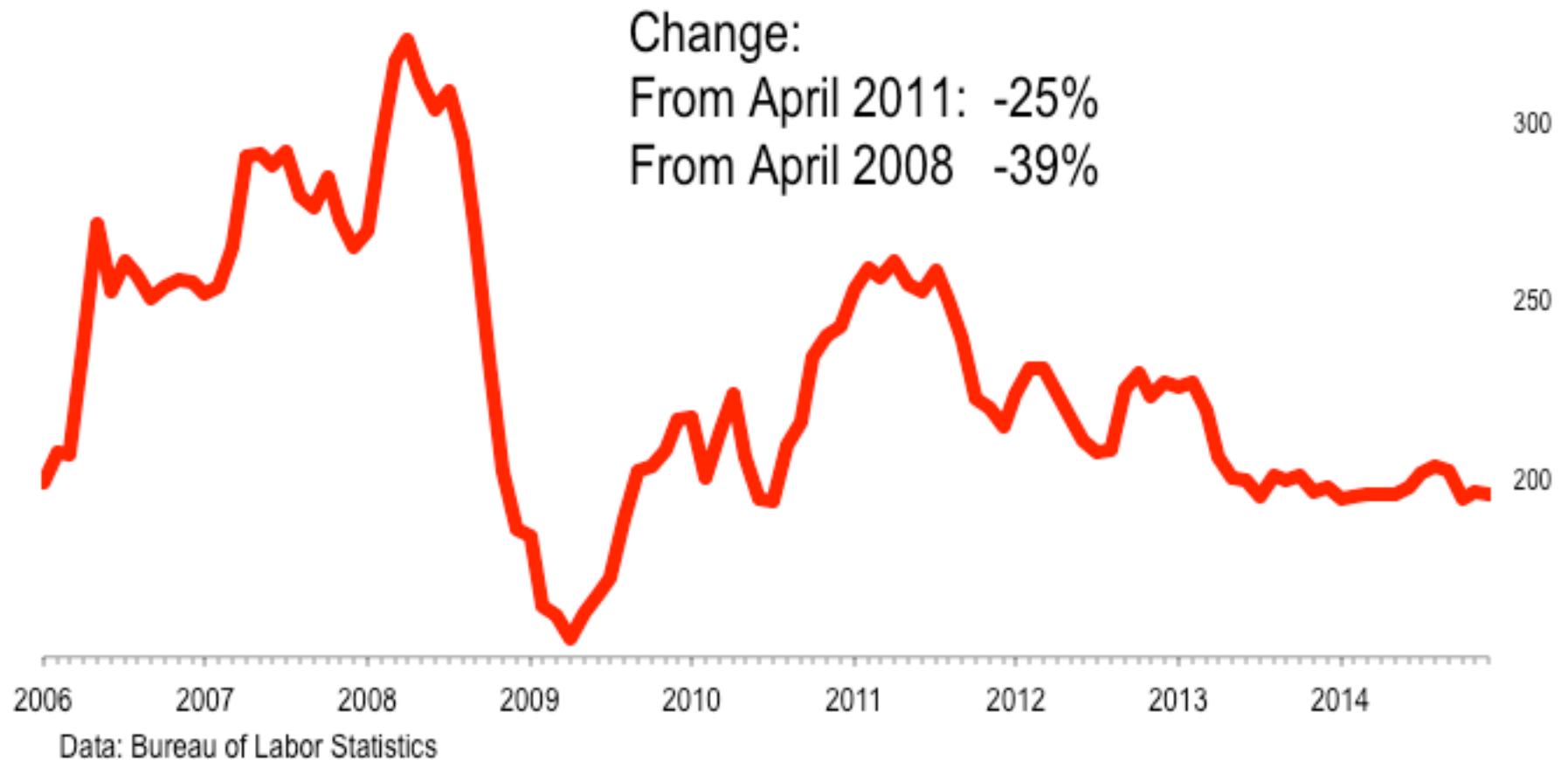
Shares of global economic output at purchasing power parity %



Dr. Copper and Professor Tin

U.S. producer-price index for nonferrous metals

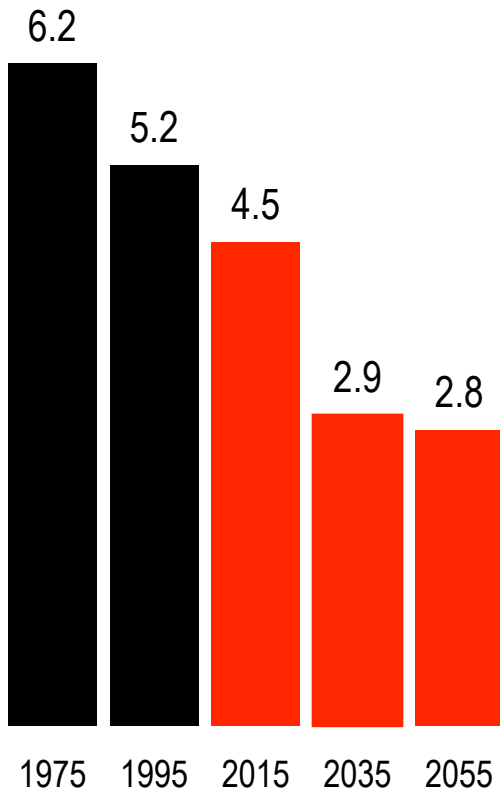
Index: 1982 = 100



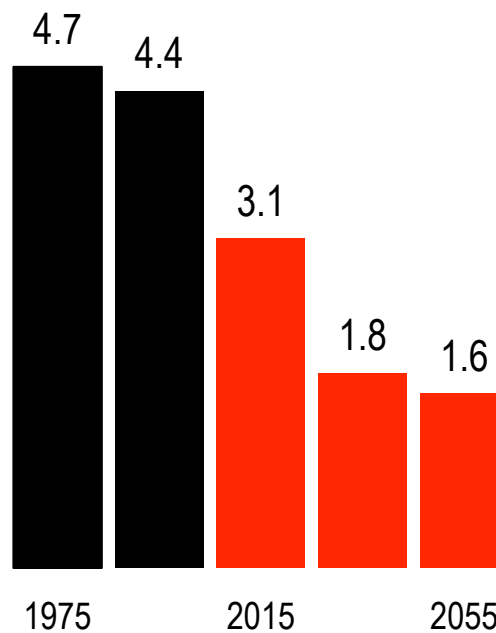
Workers per retiree

Population aged 15-64/population 65 and up

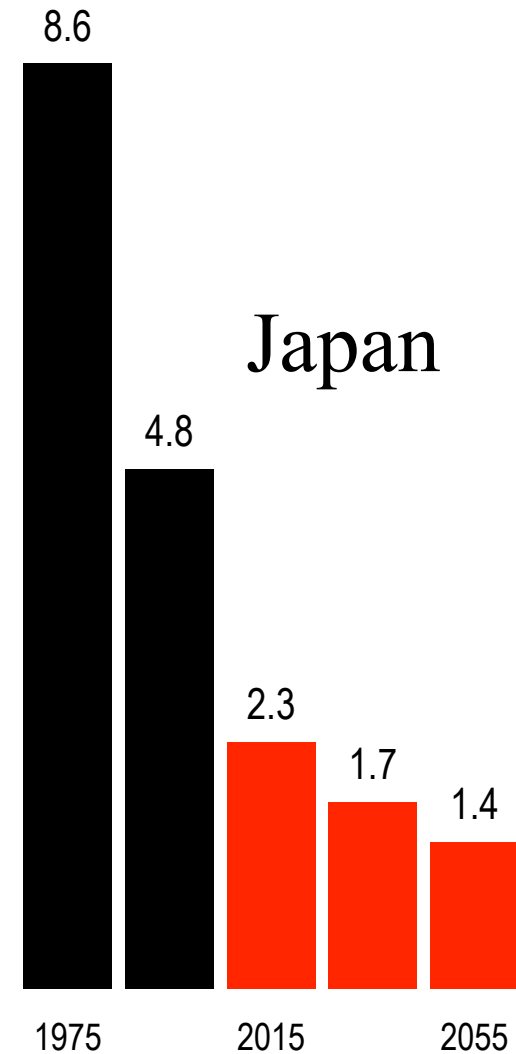
United States



Germany



Japan



Data: United Nations Population Division 2012 Revision (Medium Fertility)

U.S.

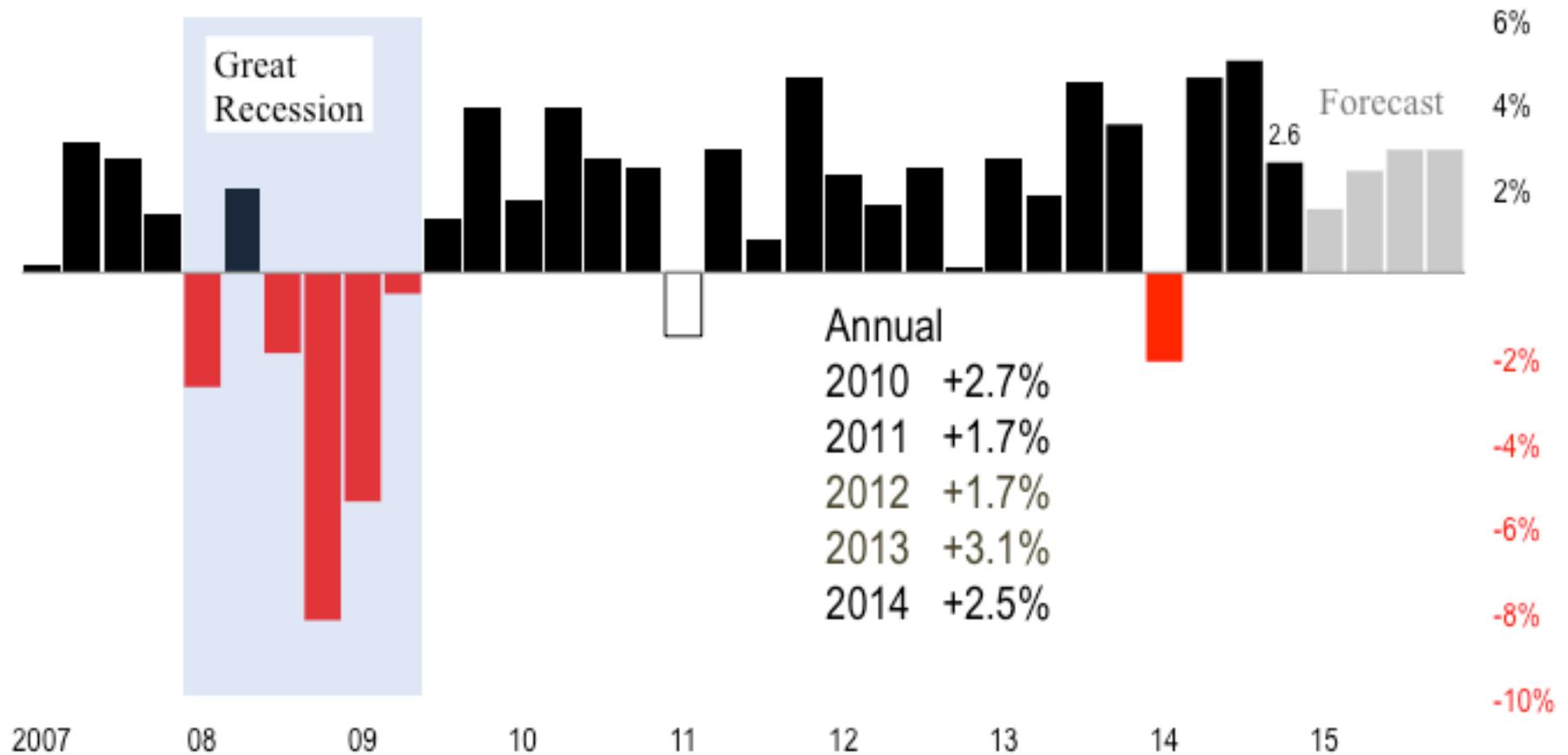
perspective:

Finally, escape

velocity

U.S. economic growth (real, adjusted for inflation)

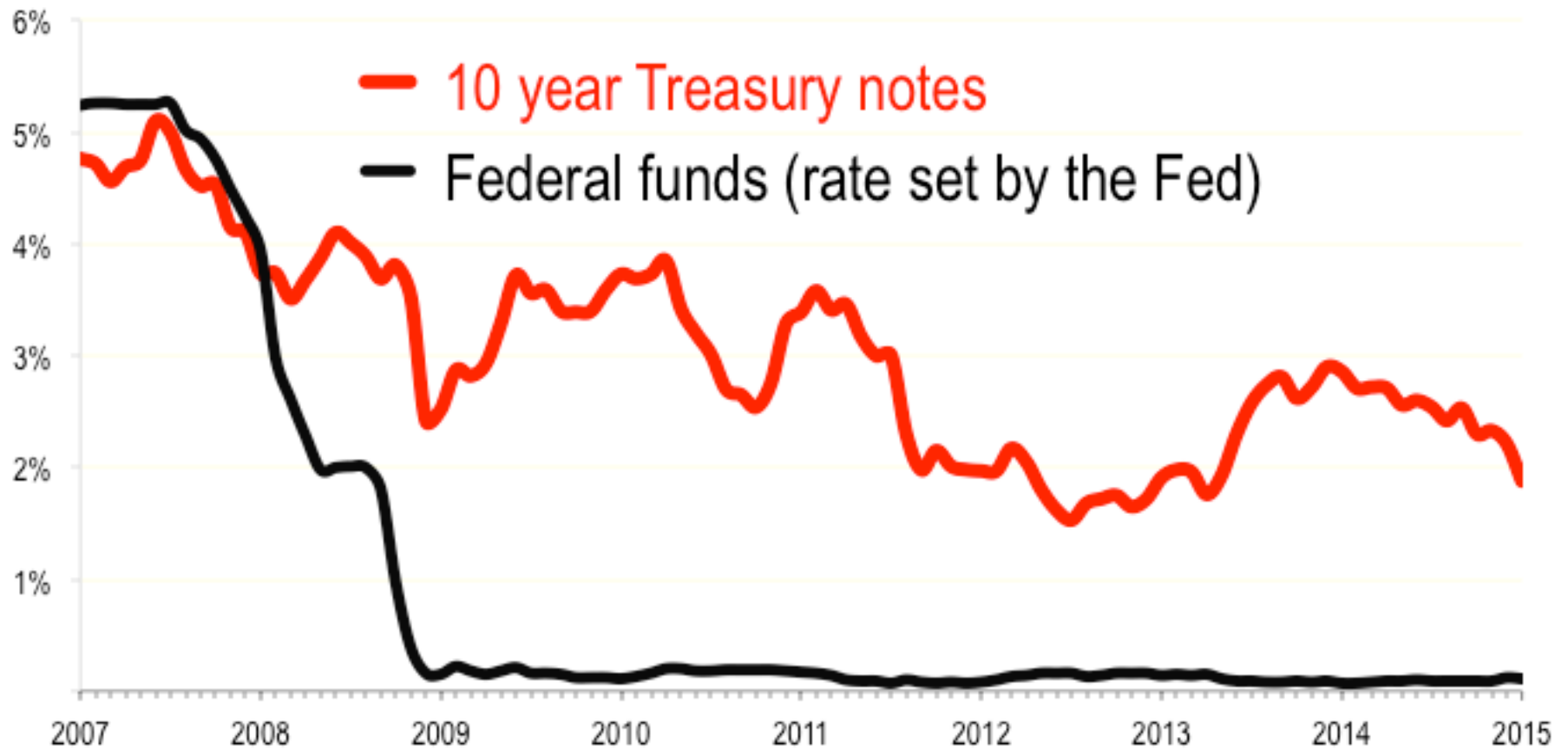
Quarterly change at annual rates



Data: Bureau of Economic Analysis, Wells Fargo Securities (forecast)

Six years of N-ZIRP (near-zero interest-rate policy)

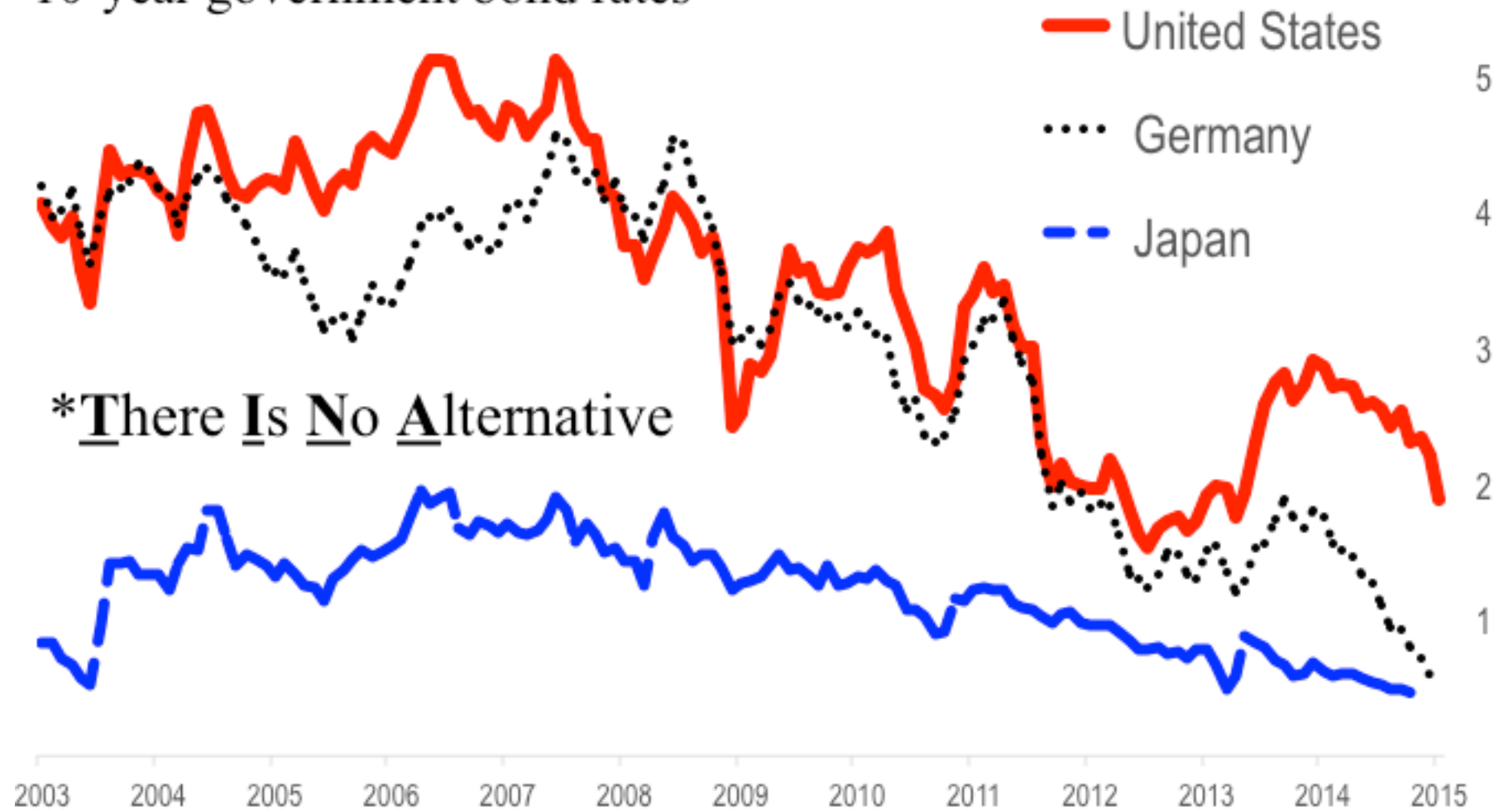
U.S. interest rates



Data: Board of Governors Federal Reserve System

Why U.S. rates remain so low: TINA*

10-year government bond rates



*There Is No Alternative

Data: Federal Reserve Bank of St. Louis, OECD

Good news for tourists.
Exporters? Not so much.

U.S. dollar's value against
currencies of major trading partners



Evergreen State Perspective

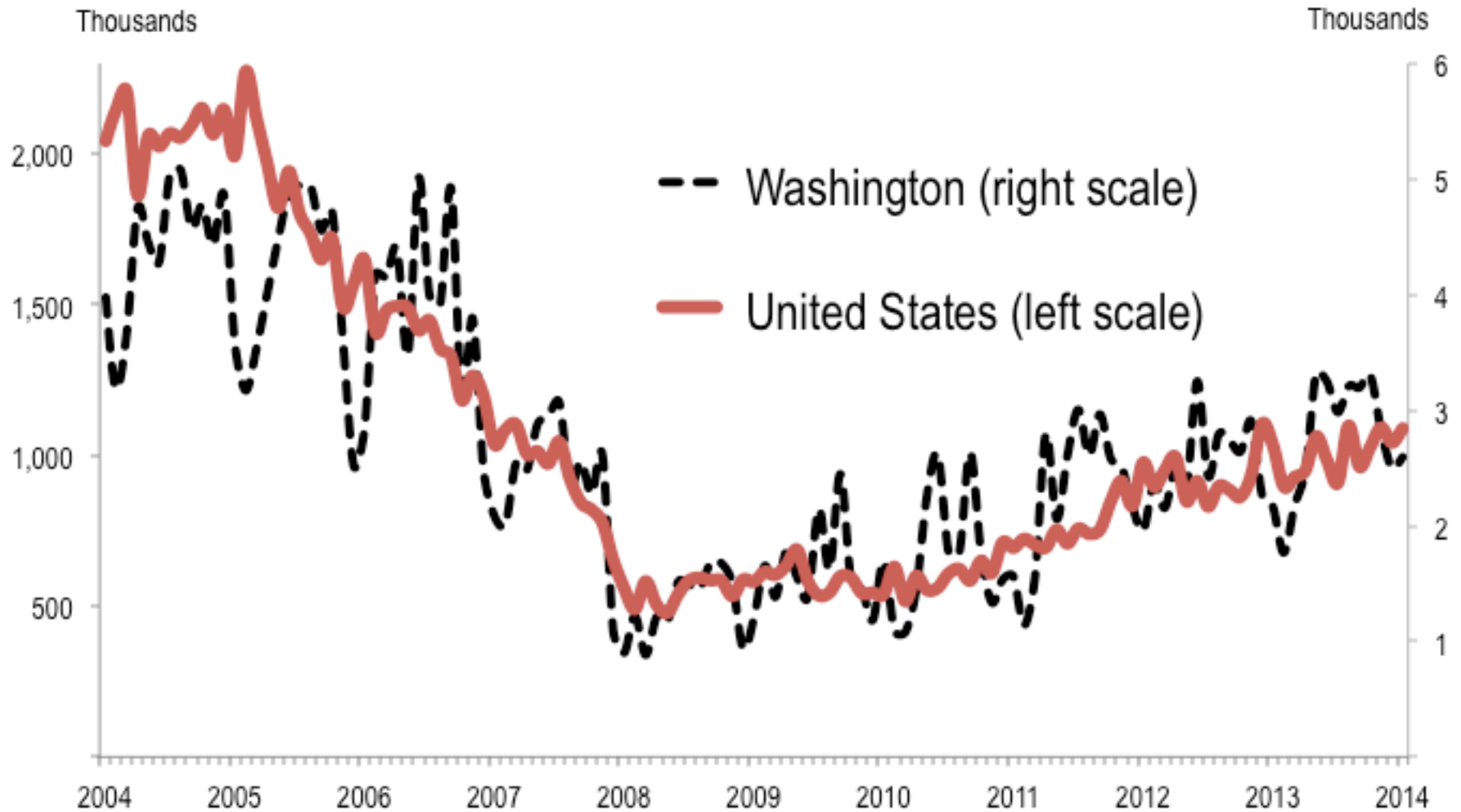
Still in the Top 10

Payroll employment change,
12 months through December

<u>Rank</u>	<u>%</u>
1 North Dakota	5.4
2 Texas	4.0
3 Utah	3.9
4 Florida	3.0
5 Oregon	3.0
6 North Carolina	2.8
7 Washington	2.8
8 Delaware	2.7
9 Georgia	2.7
10 Colorado	2.6

Data: Bureau of Labor Statistics via
Job Growth USA, Arizona State University

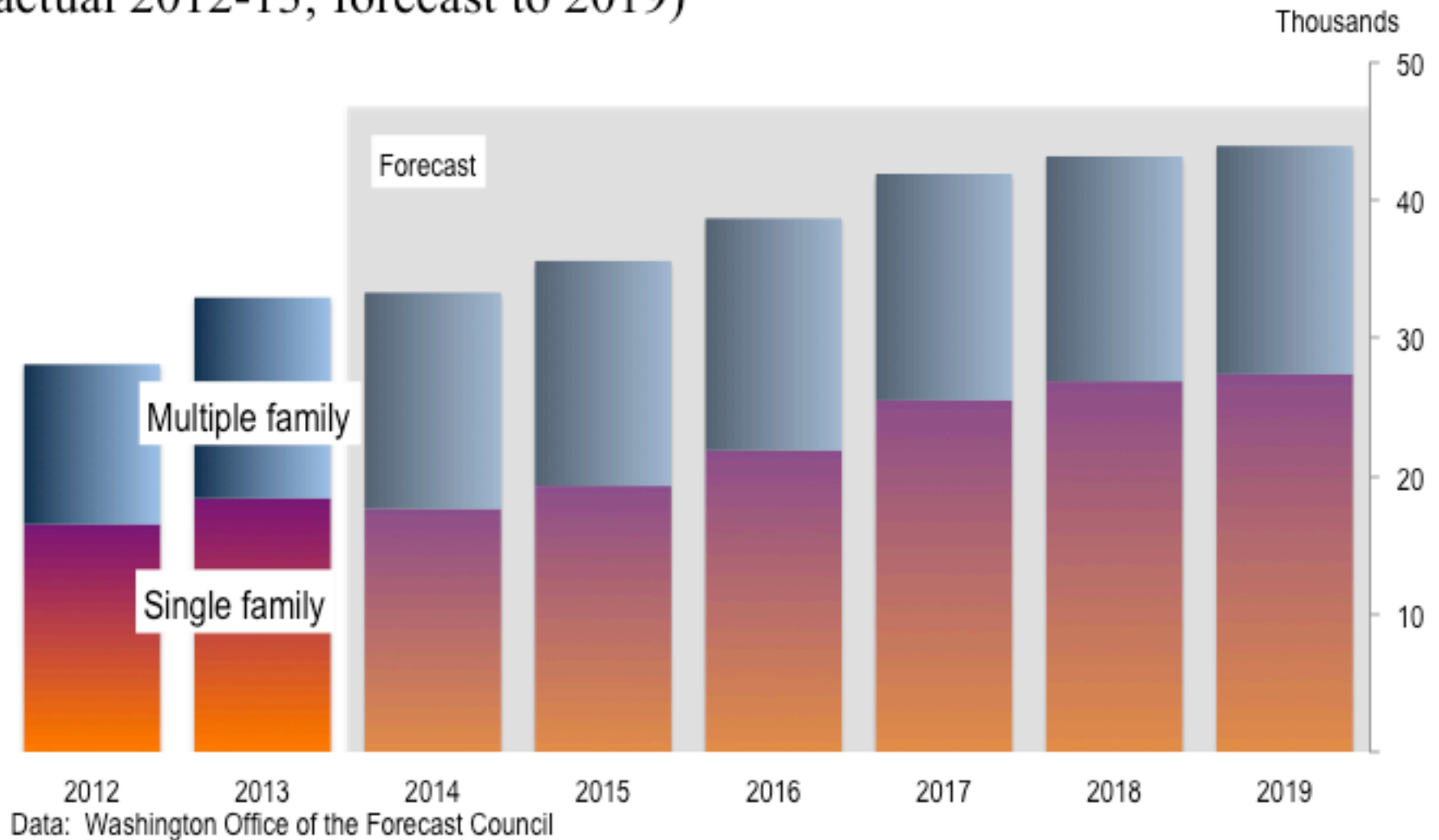
Housing starts authorized by permit



Data: Census Bureau

Washington housing starts

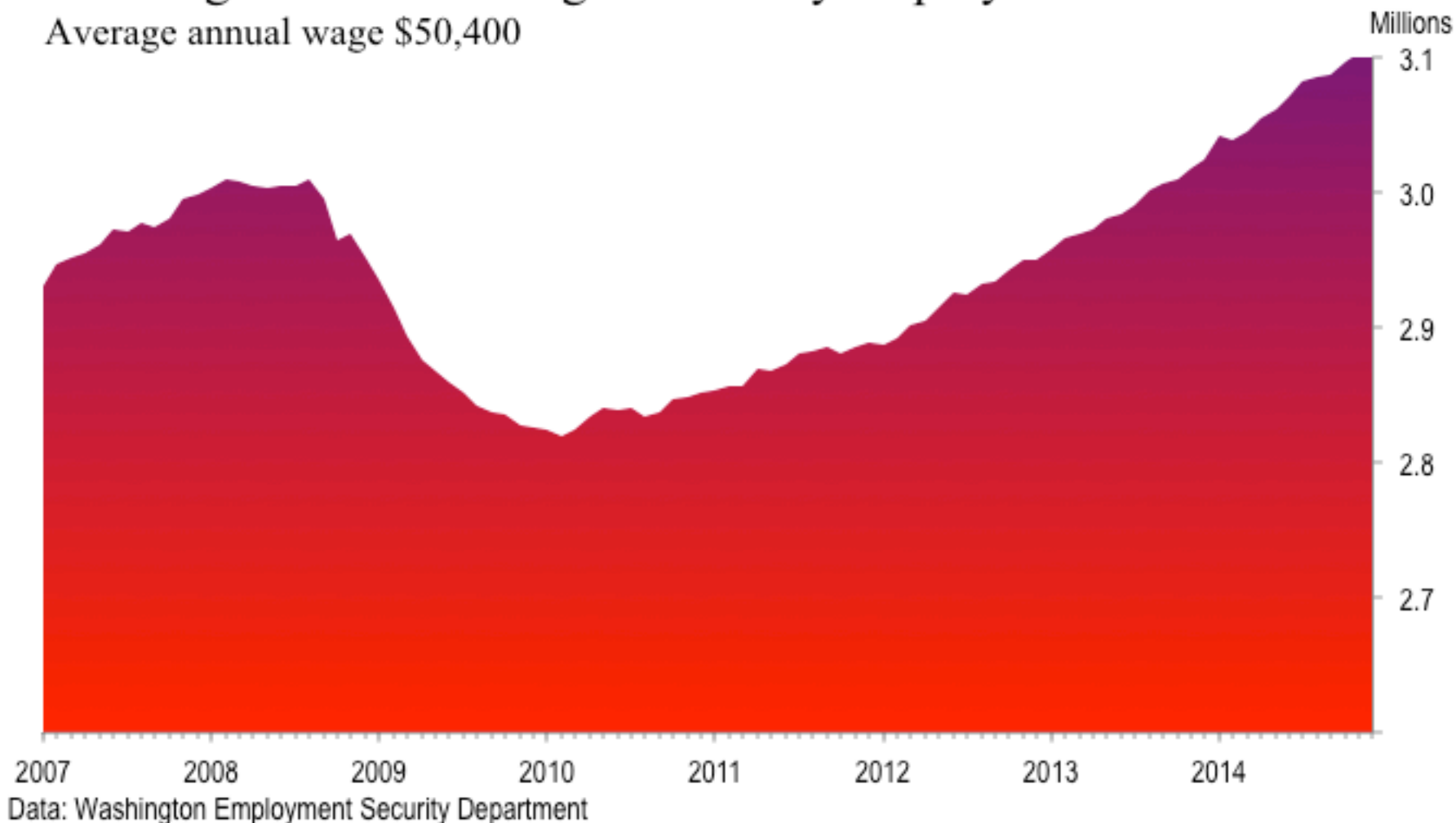
(actual 2012-13; forecast to 2019)



Five years on, a new high each month

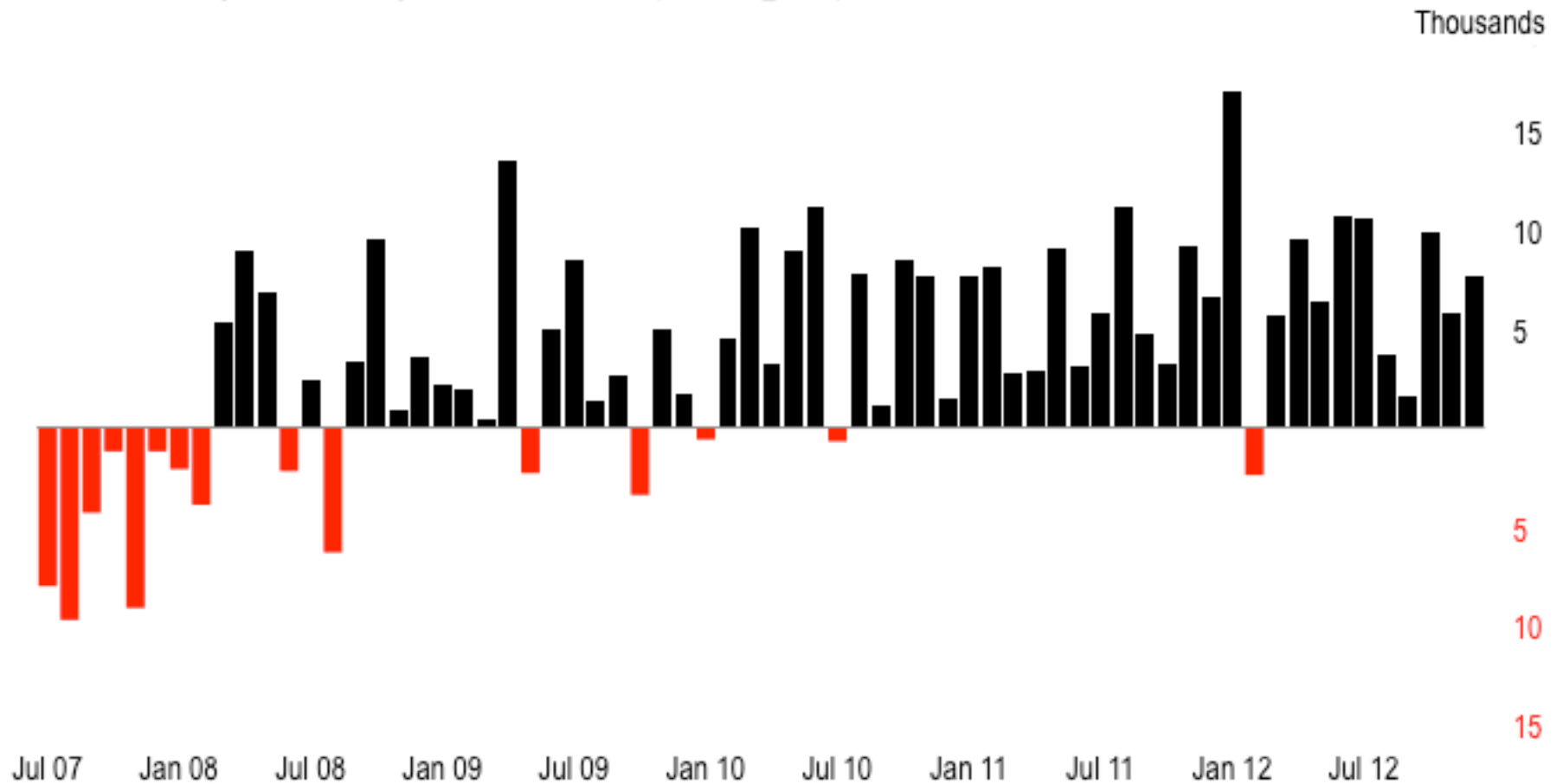
Washington nonfarm wage and salary employment

Average annual wage \$50,400



Month-to-month change

Washington wage and salary employment

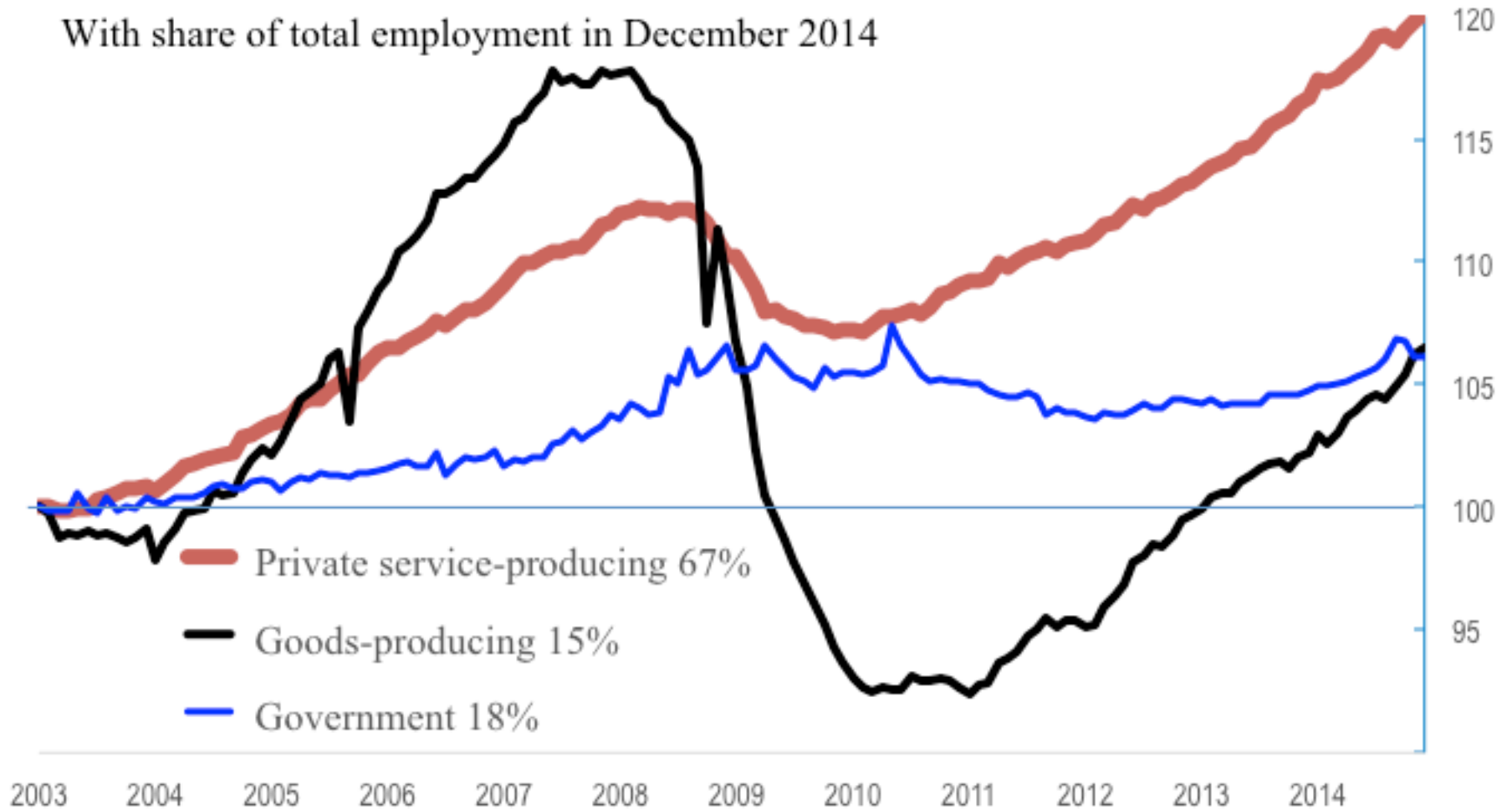


Data: Washington Employment Security Department

Evergreen State employment trends

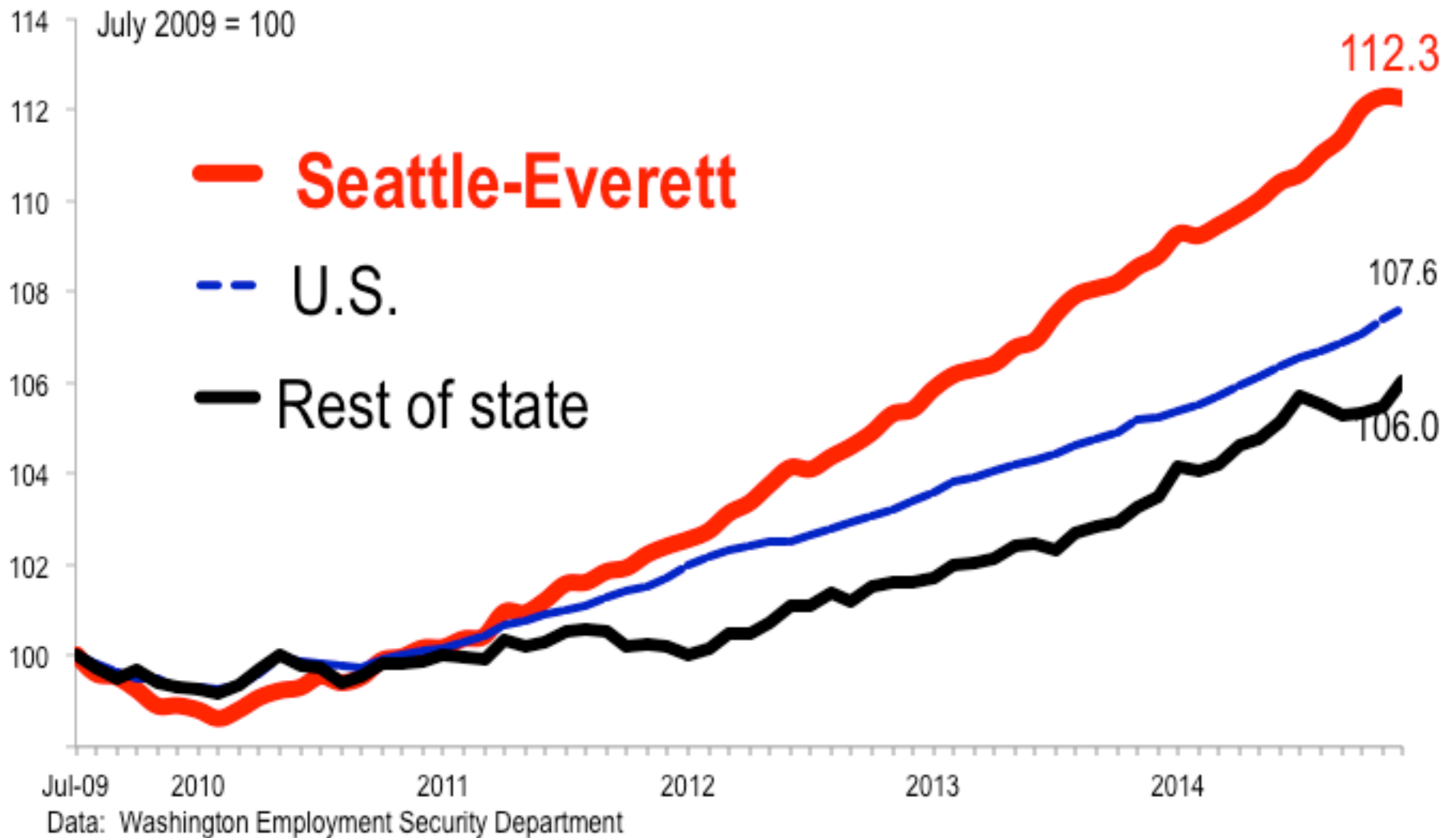
Jan 2003=100

With share of total employment in December 2014



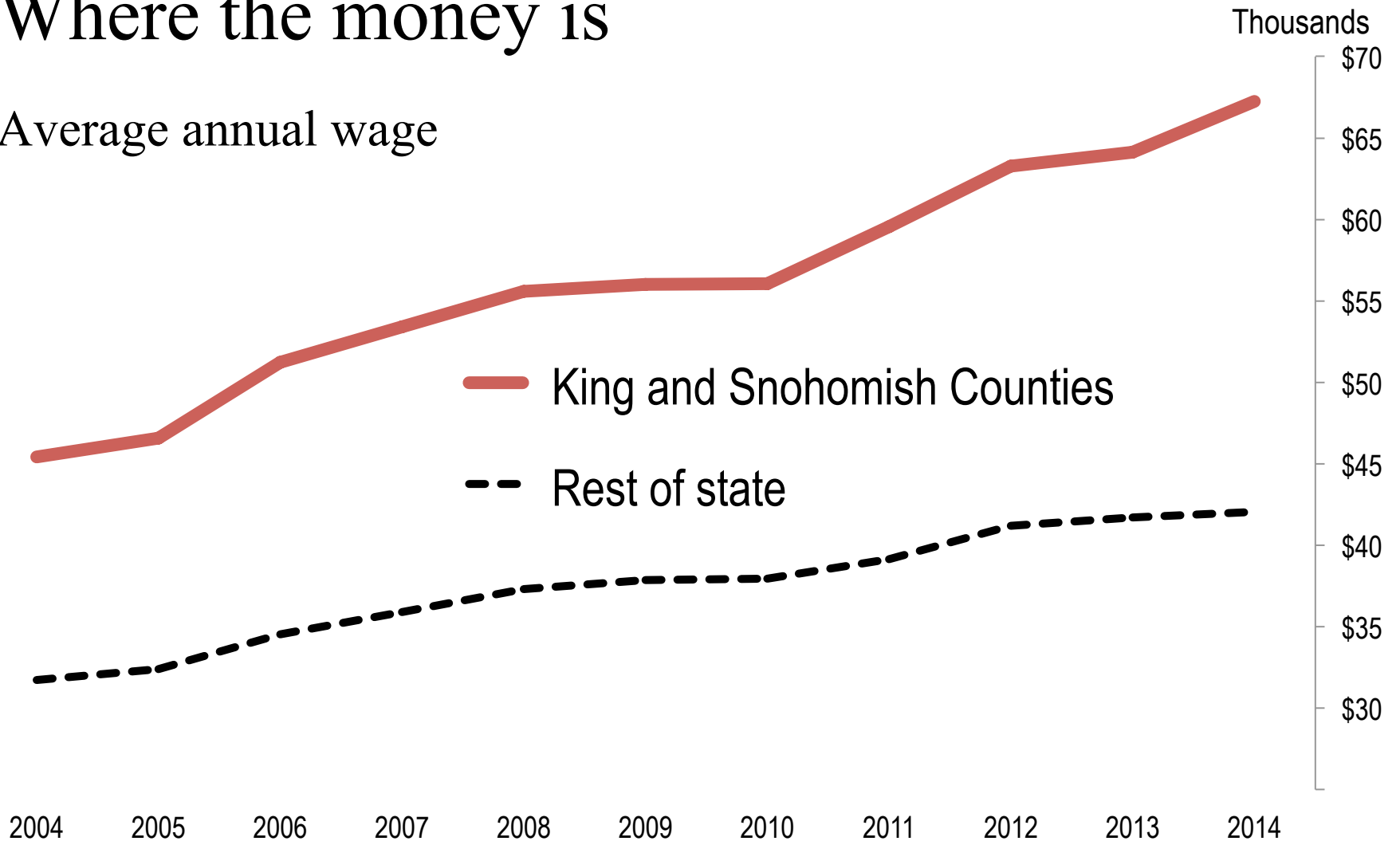
Data: Washington Employment Security Department

Nonfarm payroll employment



Where the money is

Average annual wage

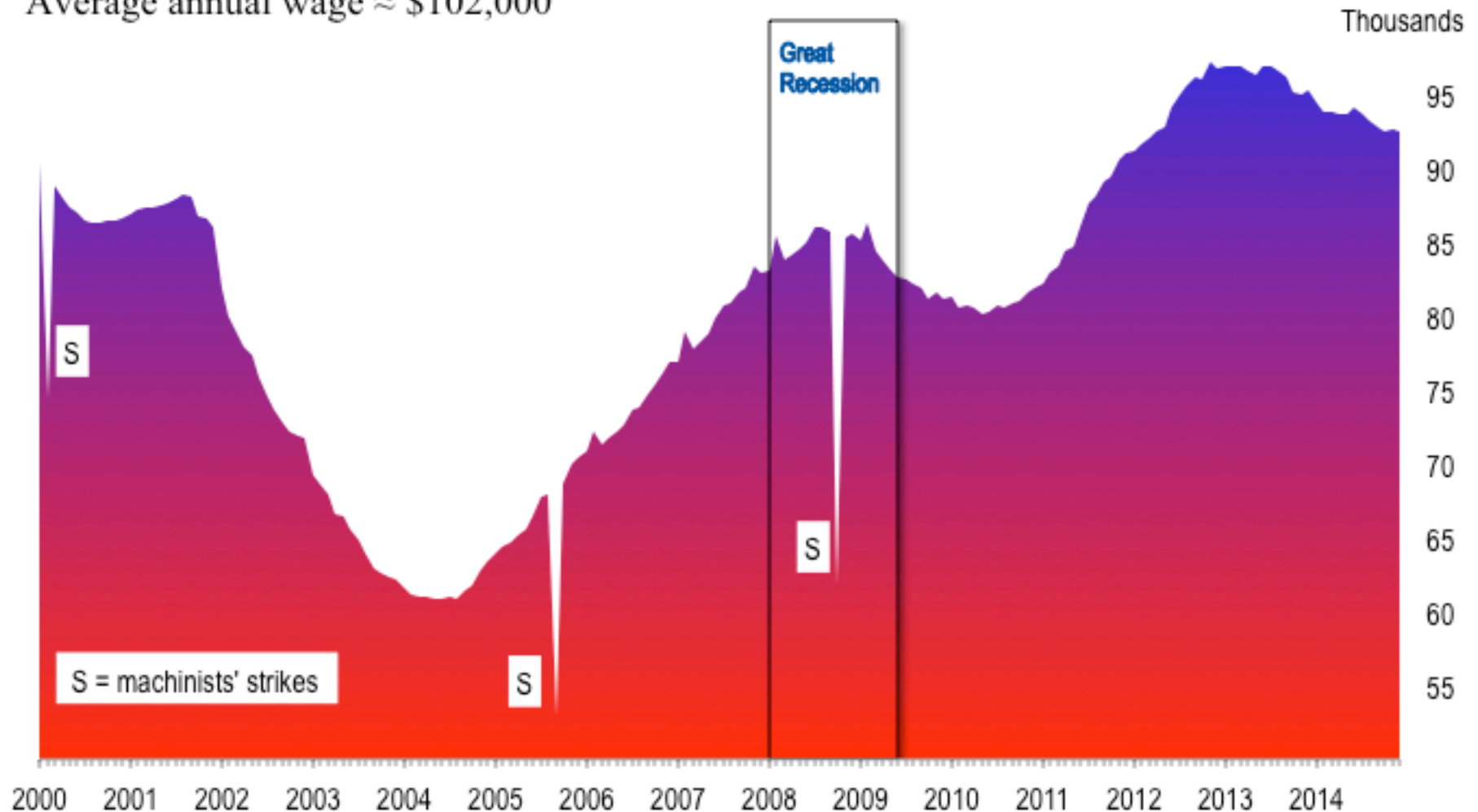


Data: Bureau of Labor Statistics via Washington Economic and Revenue Forecast Council

Washington aerospace employment

Boeing and suppliers

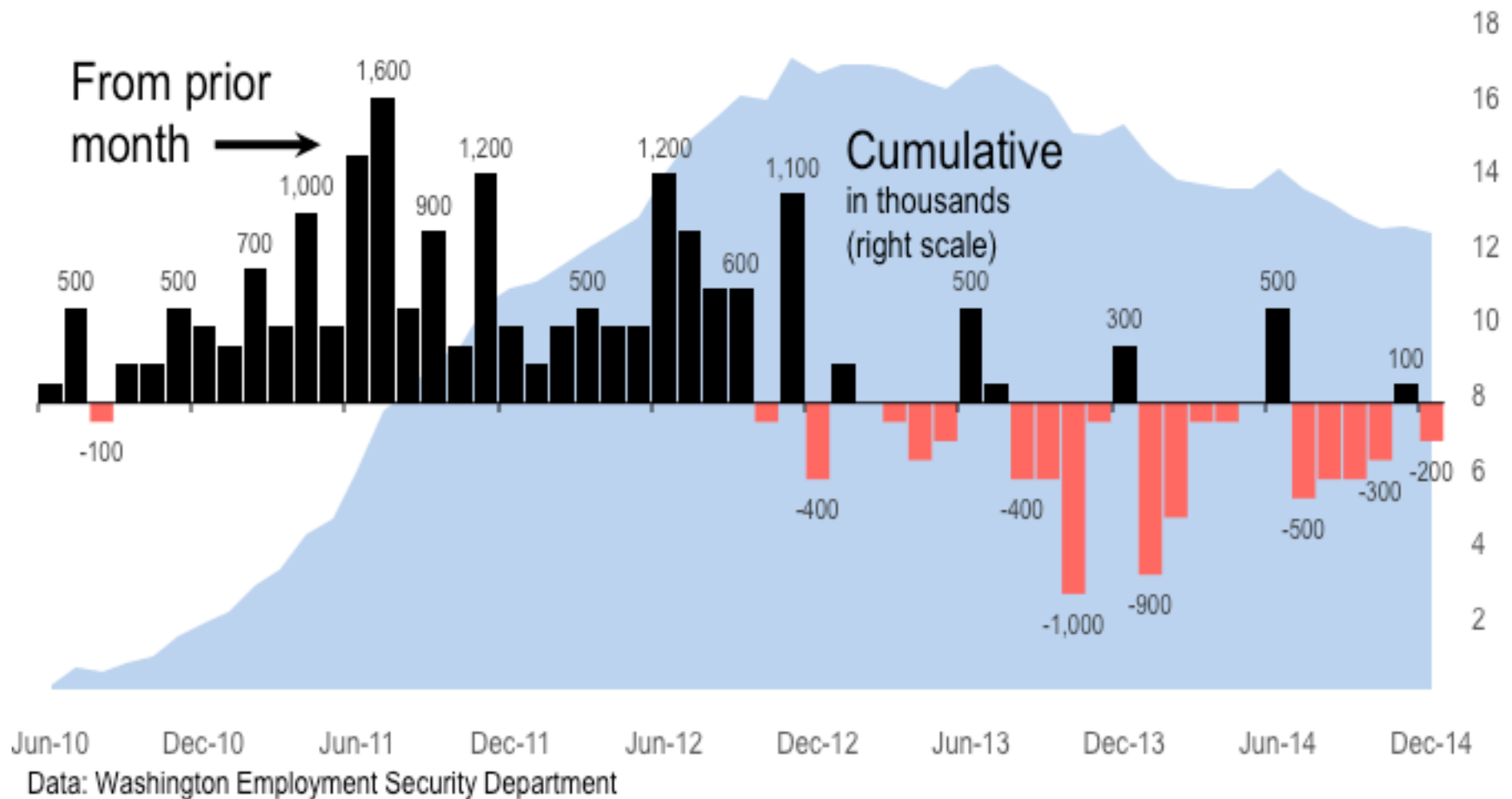
Average annual wage \approx \$102,000



Data: Washington Employment Security Department.

Bye, bye Boeing? No, but the trend is clear

Change in Washington aerospace employment from June 2010



See you later

White-collar Boeing jobs moving from the Seattle area

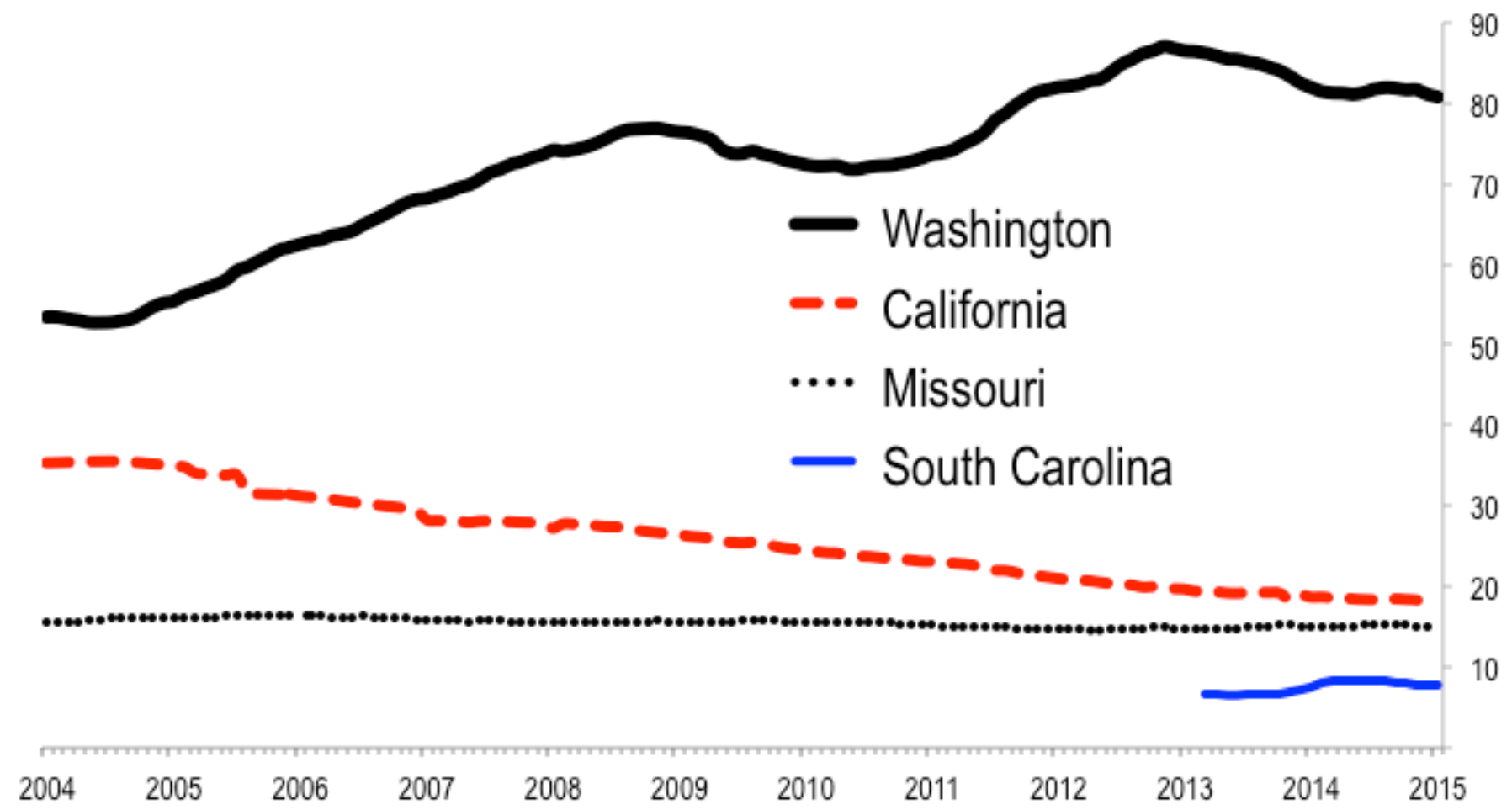
<u>Date*</u>	<u>Jobs</u>	<u>Type</u>	<u>Destinations</u>
Sep-14	2,000	Defense engineering support	OK MO
Apr-14	1,000	In-production airplane support	CA
Dec-13	1,000	Boeing Research & Technology	AL CA MO SC
Sep-13	60	Advanced Airplane Concepts	CA
Jul-13	375	Airplane modification, freighter conversion	CA
May-13	300	Out-of-production airplane support	CA
Mar-13	1,500	IT Engineering	MO SC
Mar-13	100	Pilot training	FL
Total	6,335		

*Date of announcement

Sources: Boeing, Seattle Times

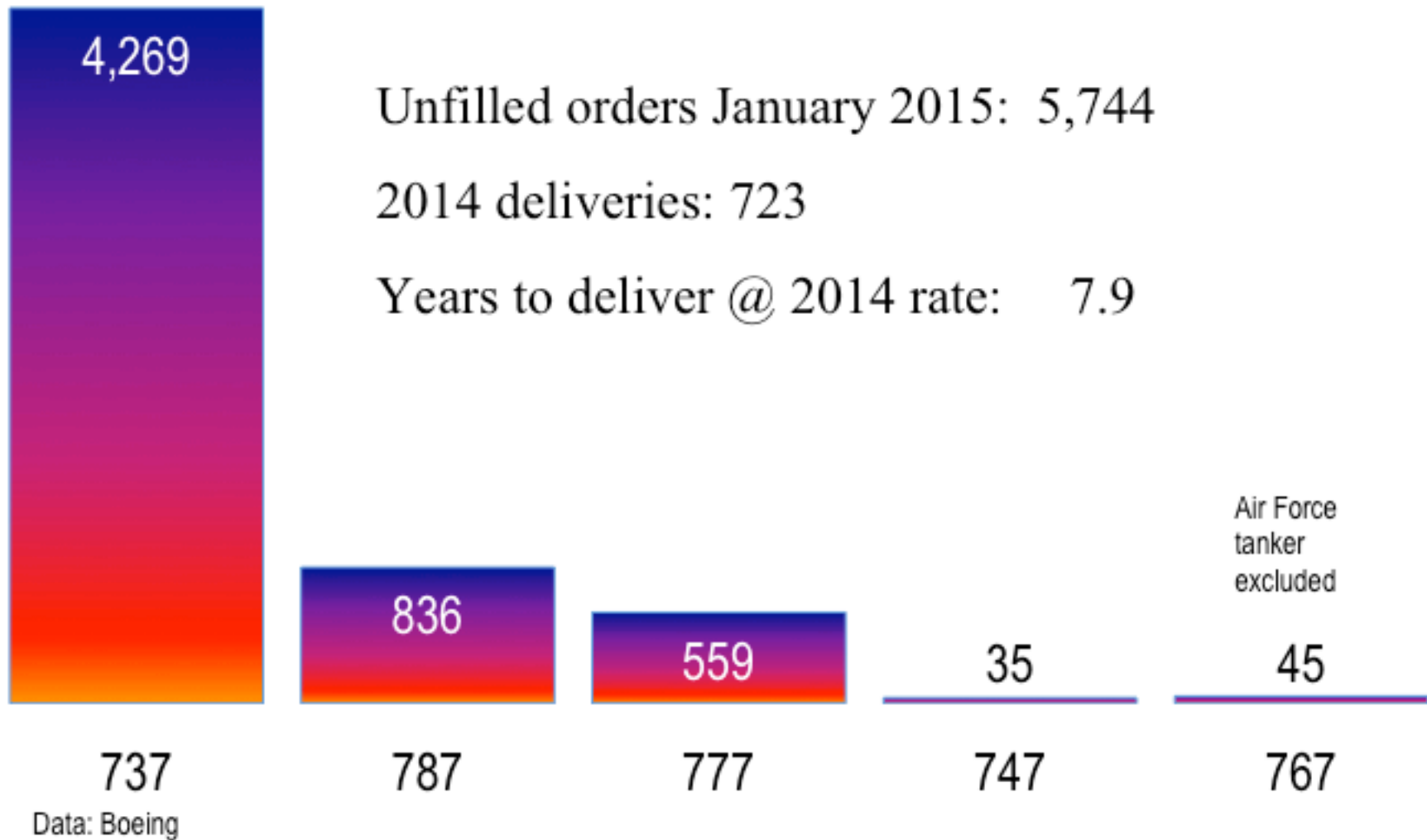
Boeing employment by state

Thousands



Data: Boeing

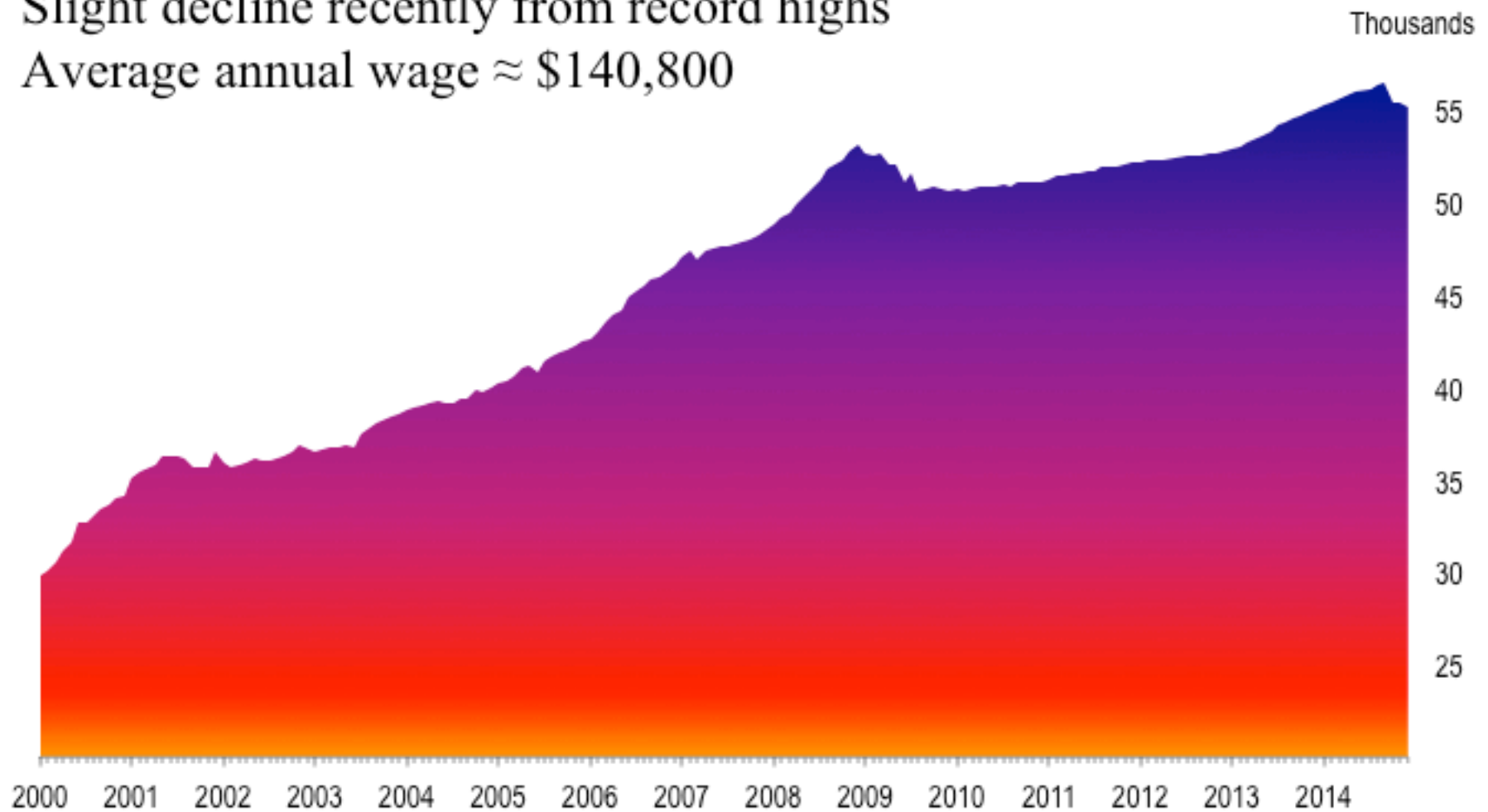
Boeing Commercial Airplanes backlog



Washington software employment

Slight decline recently from record highs

Average annual wage \approx \$140,800

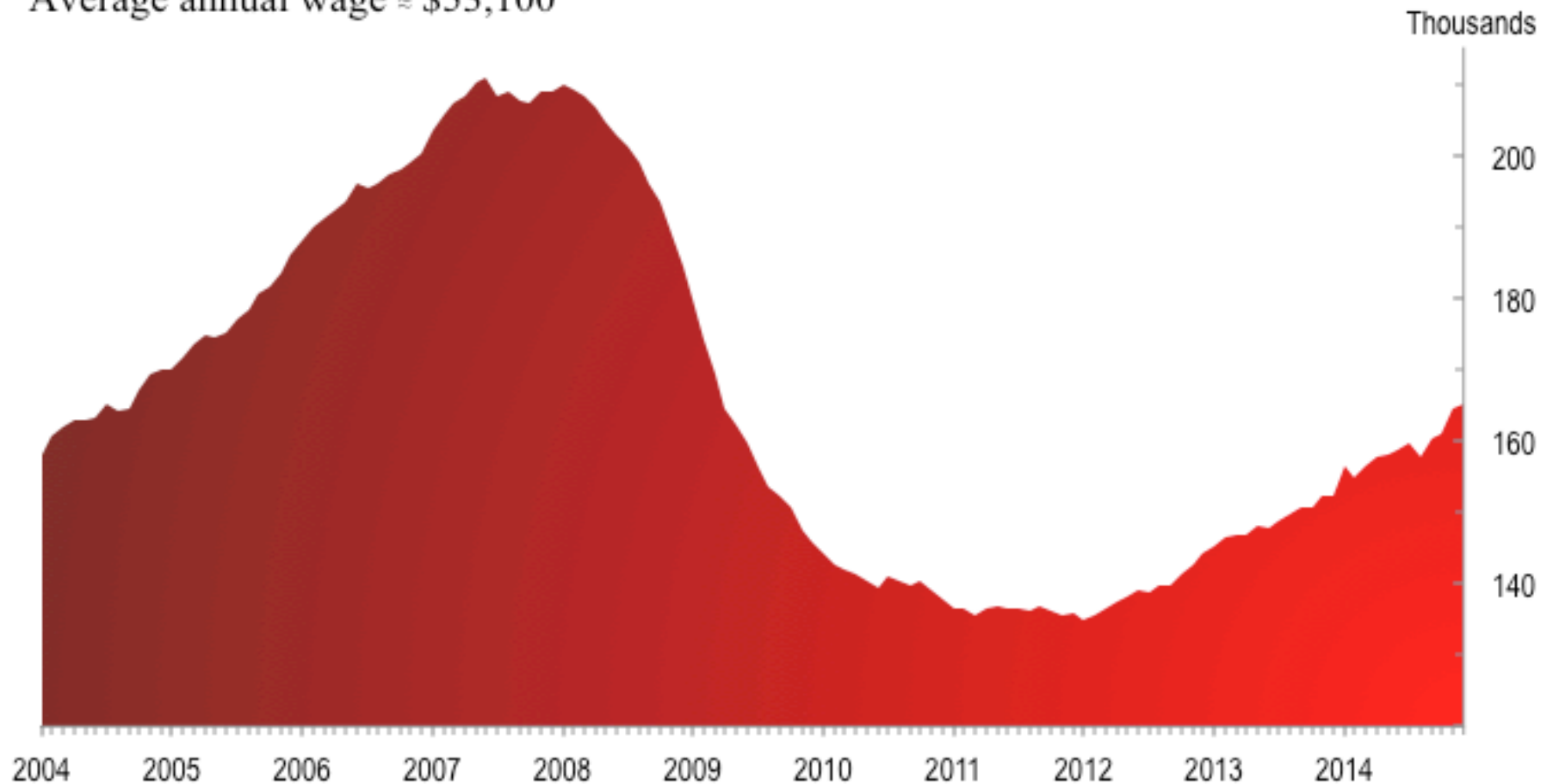


Data: Washington Employment Security Department

Washington construction employment

Up 21% from Great Recession low, but still 22% below 2007 peak

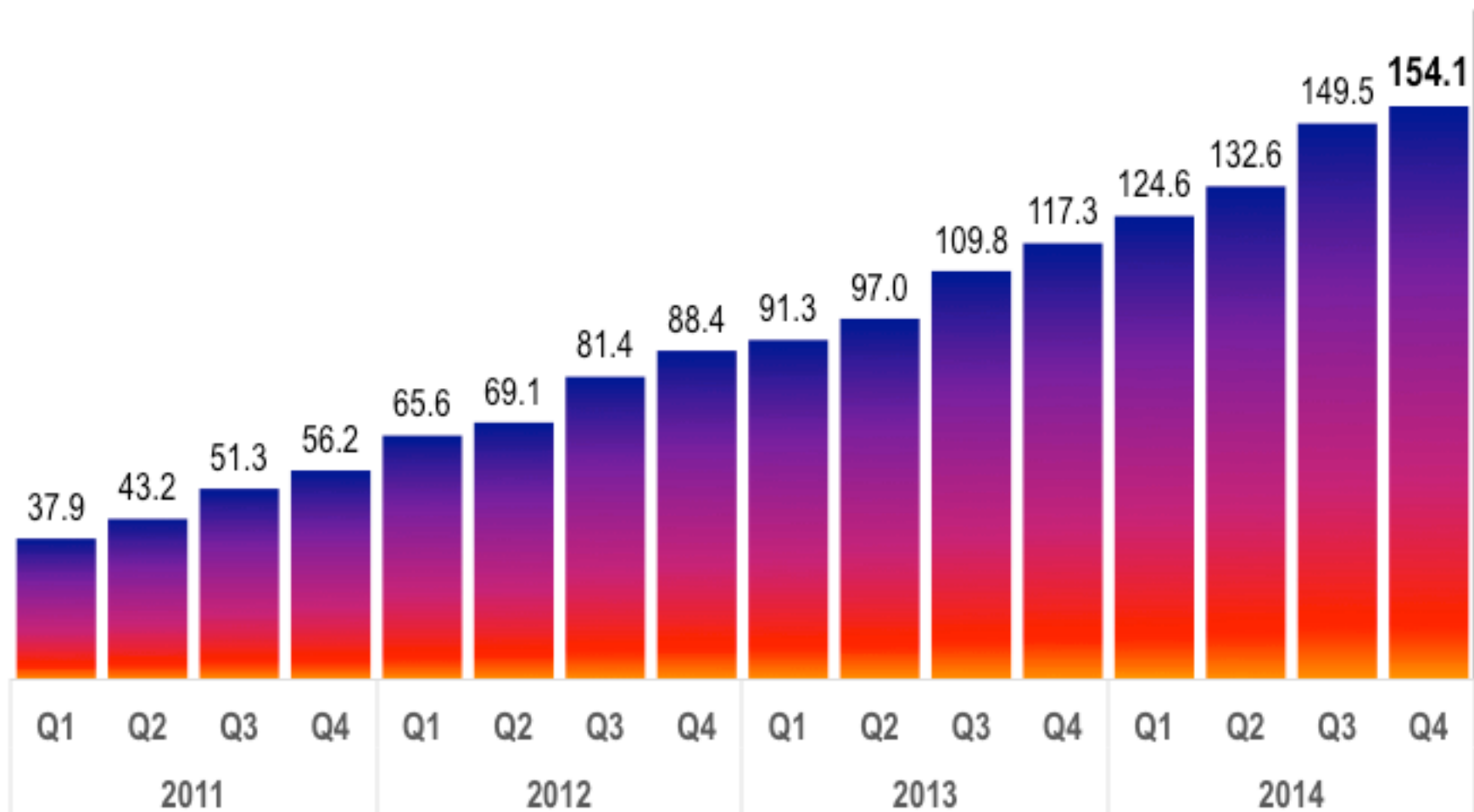
Average annual wage \approx \$53,100



Data: Washington Employment Security Department, Bureau of Labor Statistics

Amazon.com head count

(Full-time and part-time, in thousands; excludes contractors and temps)

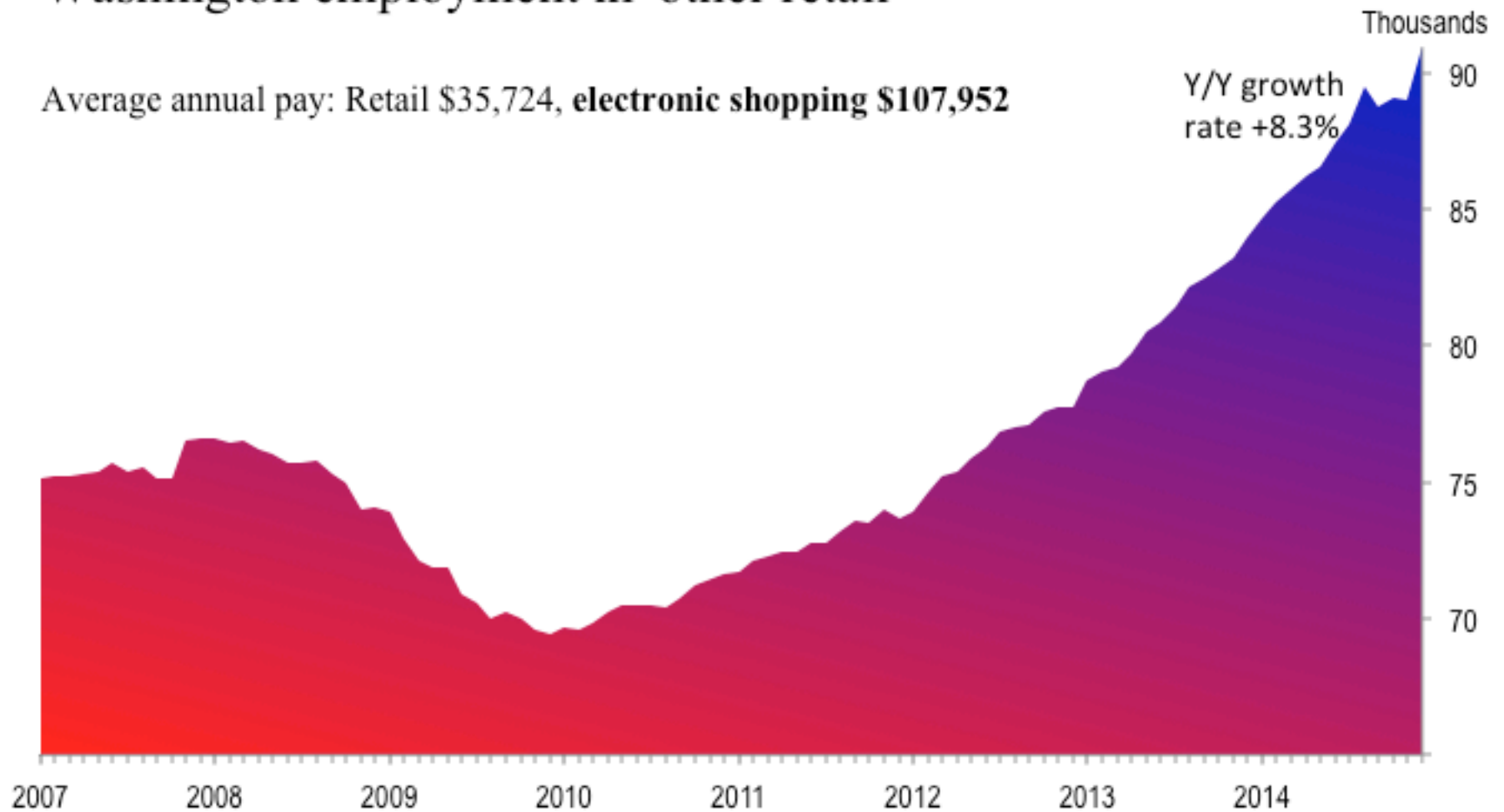


Data: Amazon.com

Amazon.com's footprints

Washington employment in 'other retail'

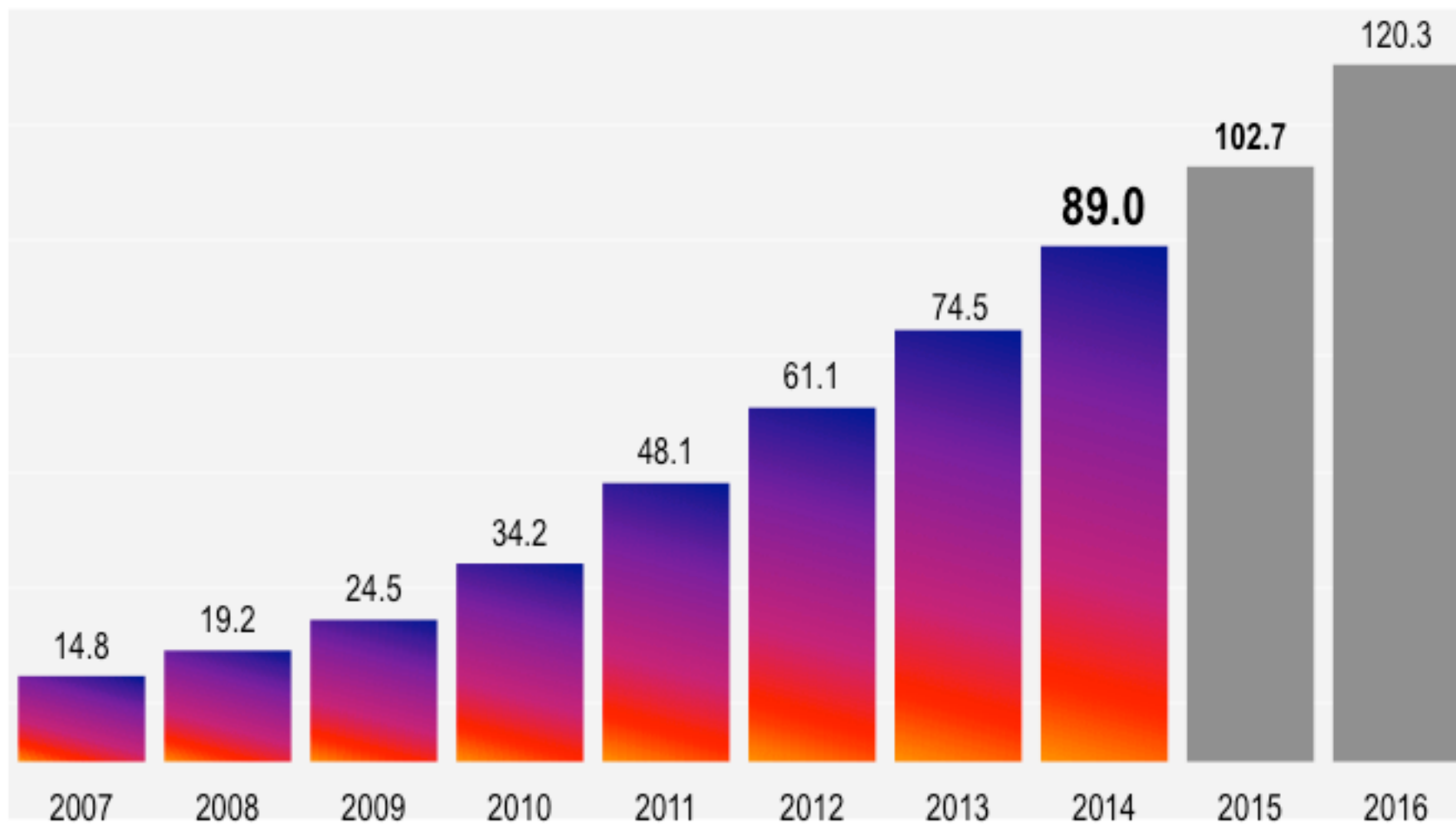
Average annual pay: Retail \$35,724, **electronic shopping \$107,952**



Data: Washington Employment Security Department

Amazon.com revenue

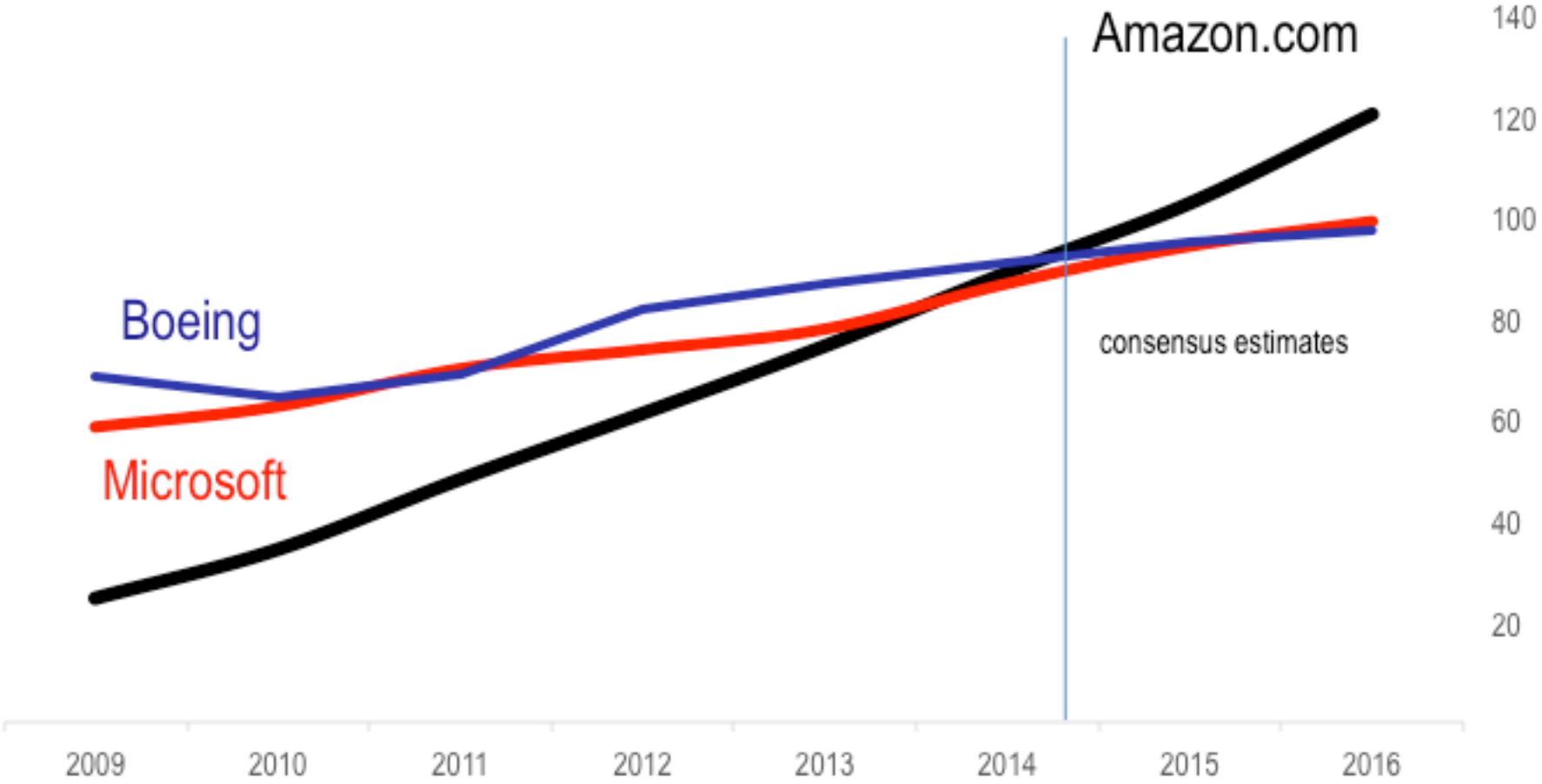
(\$ billions)



Data: Through 2014, Amazon.com (actual), Reuters (2015 and 2016 consensus estimates)

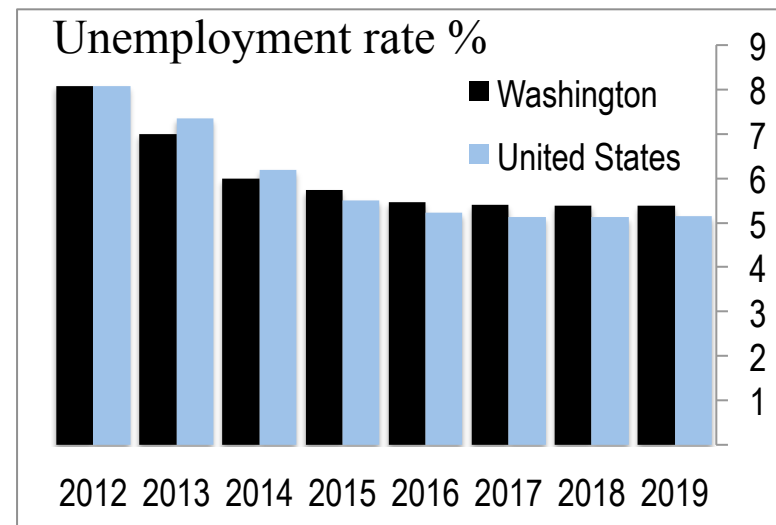
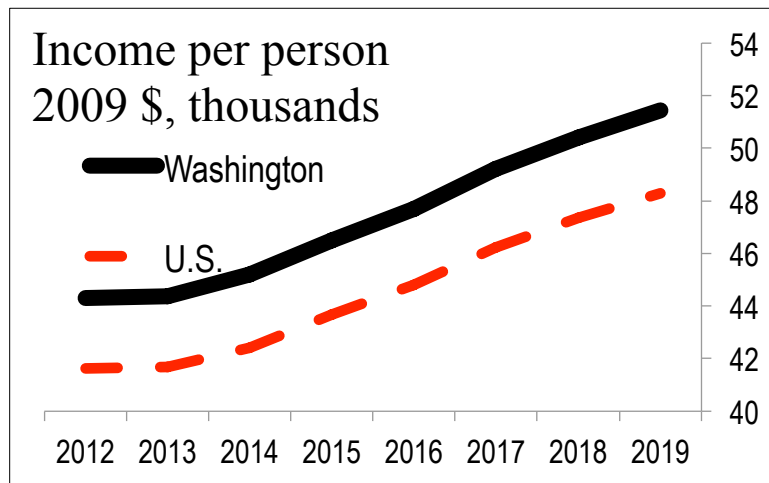
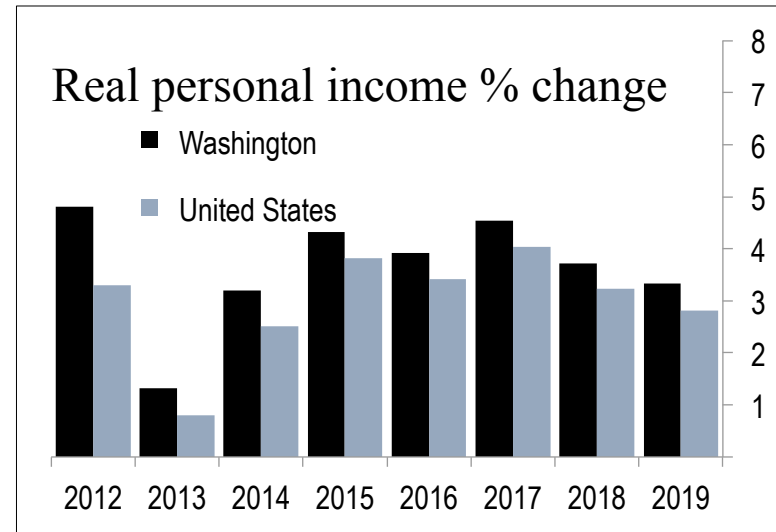
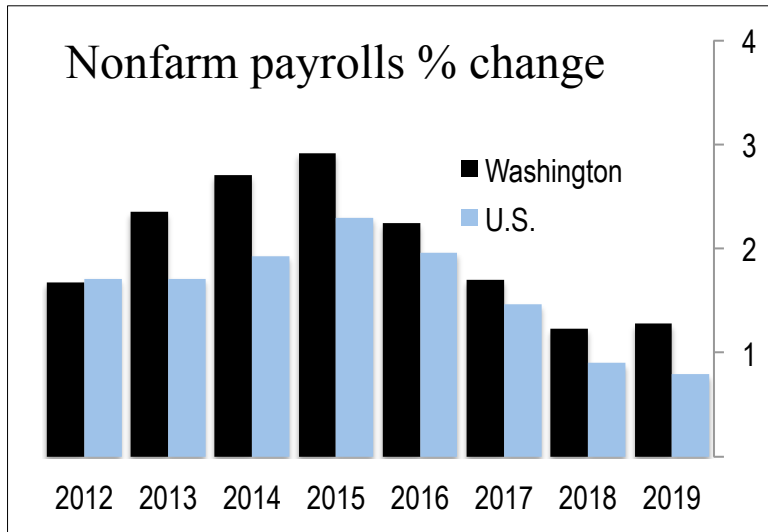
The new overtakes the old

Annual revenue (\$ billions)



Data: Companies, Reuters (consensus estimates for 2015-16)

Evergreen State forecast: Above average



Data: Washington Economic and Revenues Forecast Council. Forecast begins in 2015

I believe that economists put decimal points in their forecasts to show they have a sense of humor.

William Gilmore Simms