

The Economic Outlook

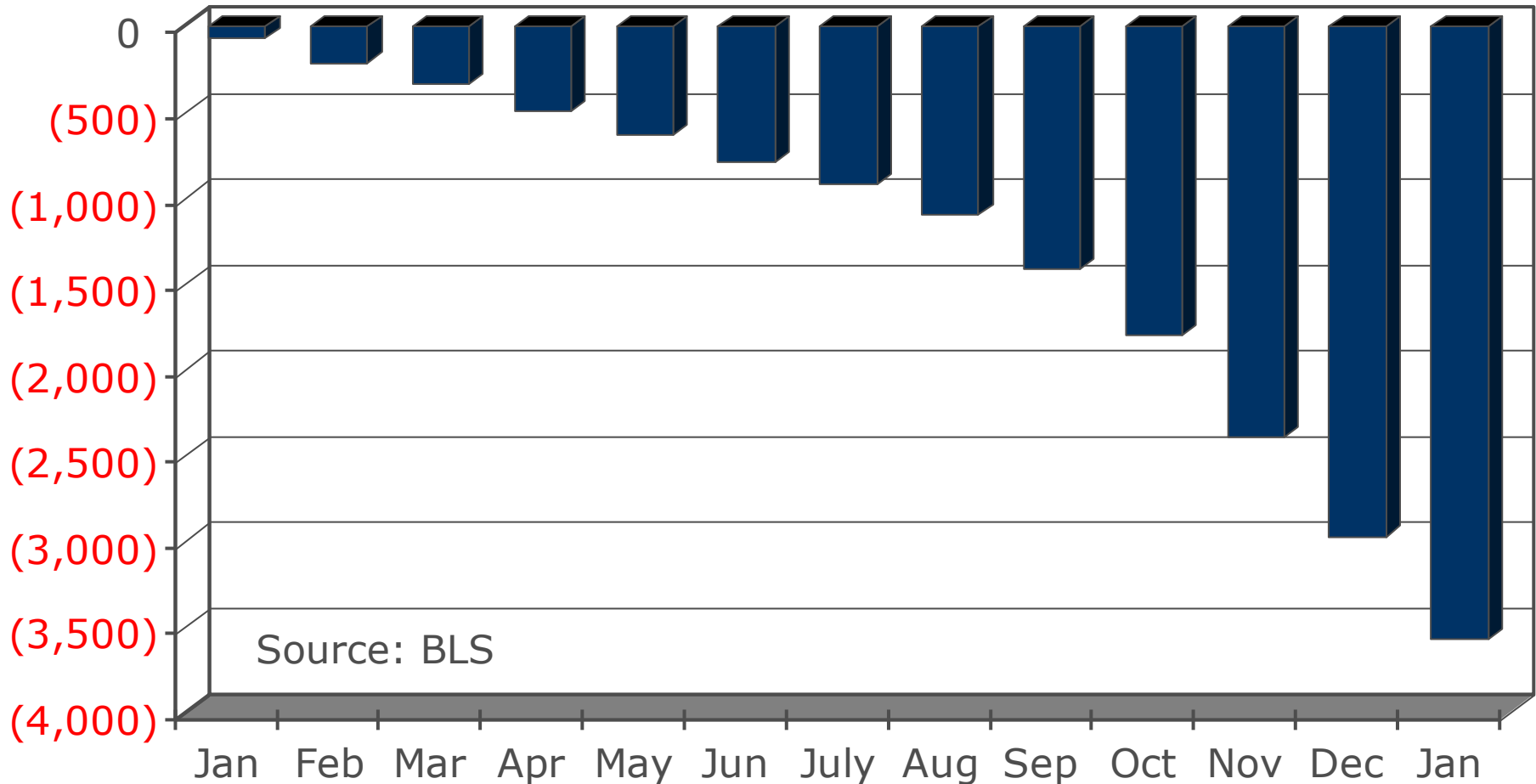
Presented by:

**Steven G. Cochrane,
Managing Director**

February 9, 2009

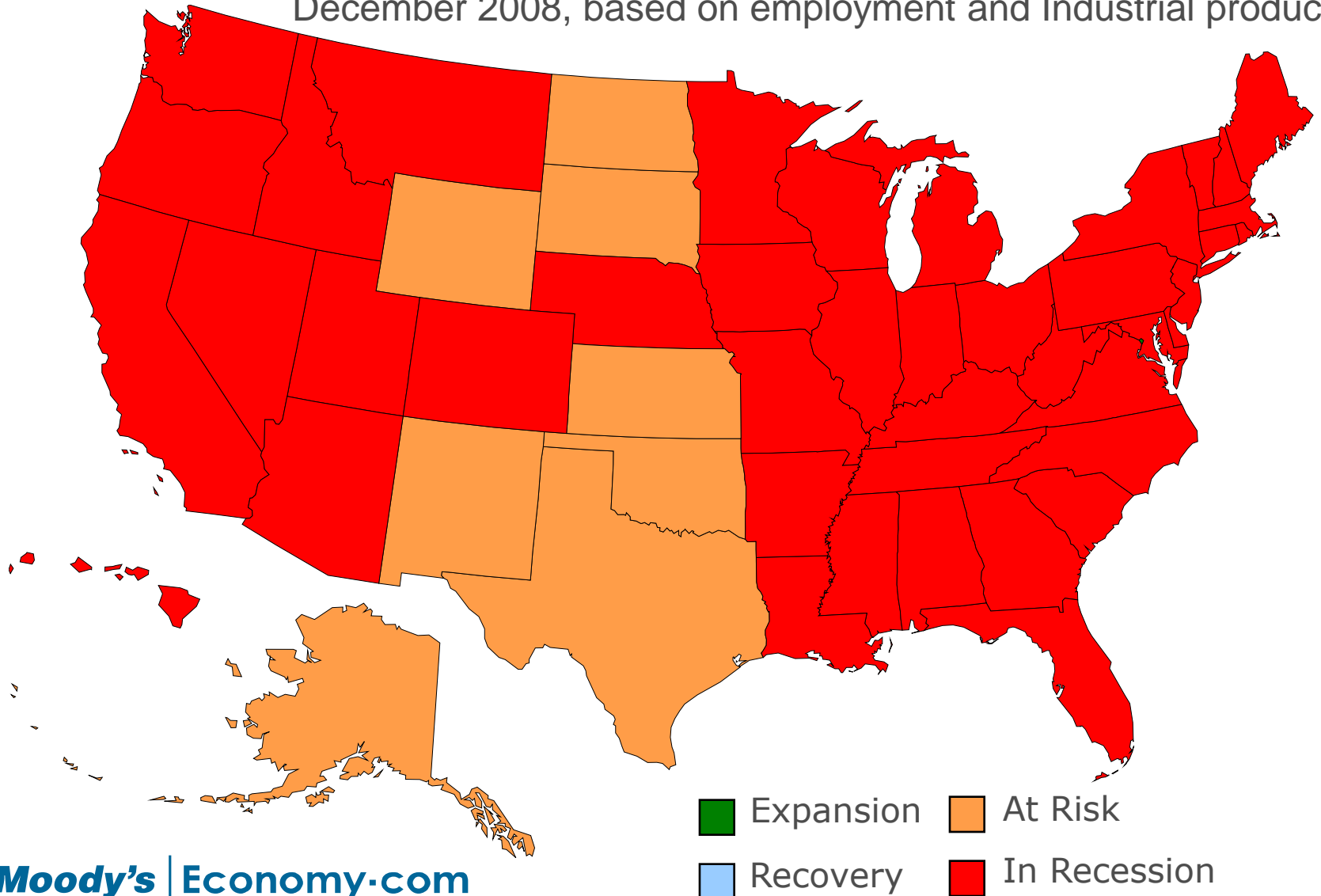
The U.S. Recession Is Intensifying...

Cumulative U.S. job loss through January 2009, ths



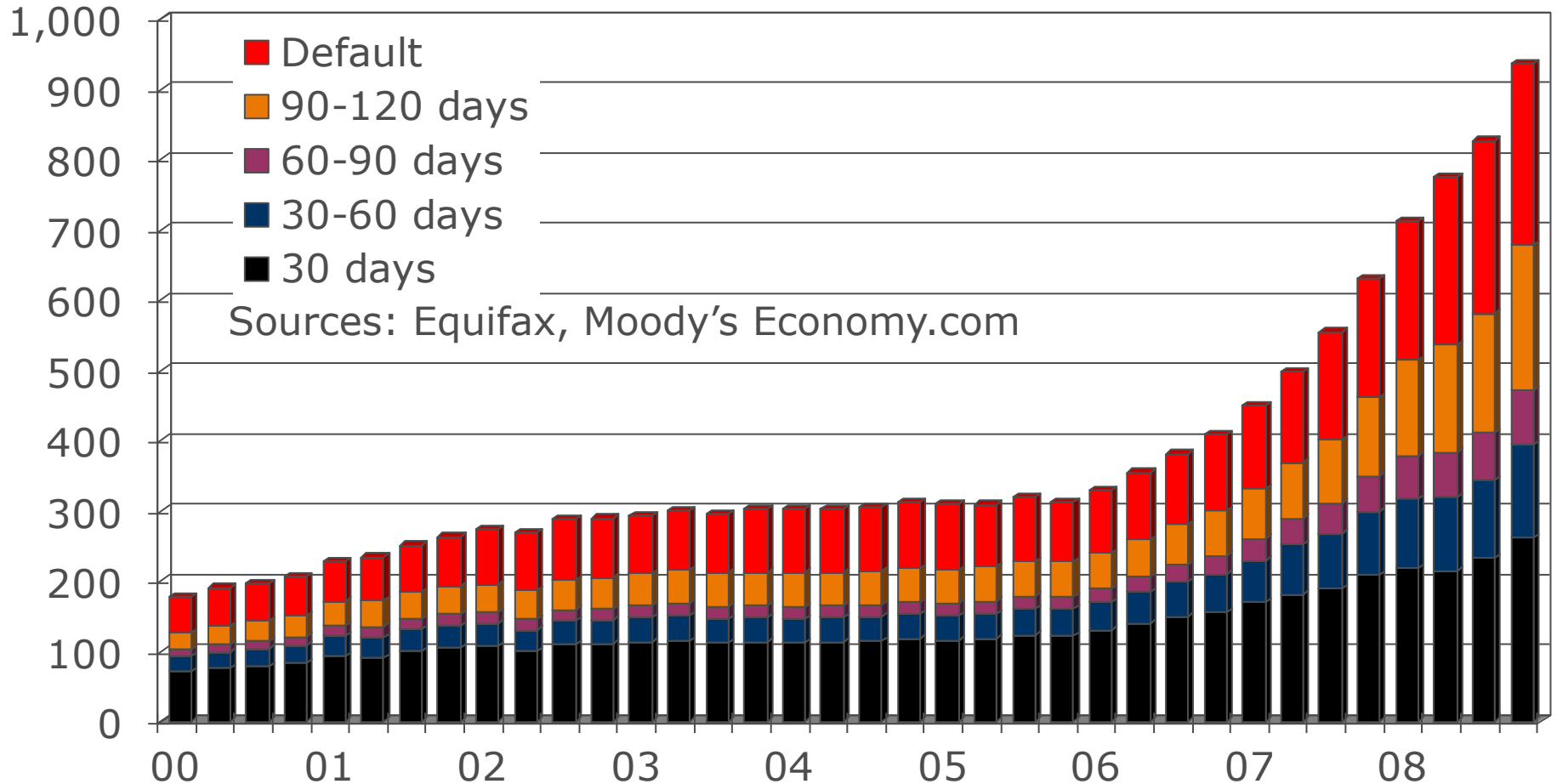
...Recession Engulfs Most Of The Country...

December 2008, based on employment and Industrial production

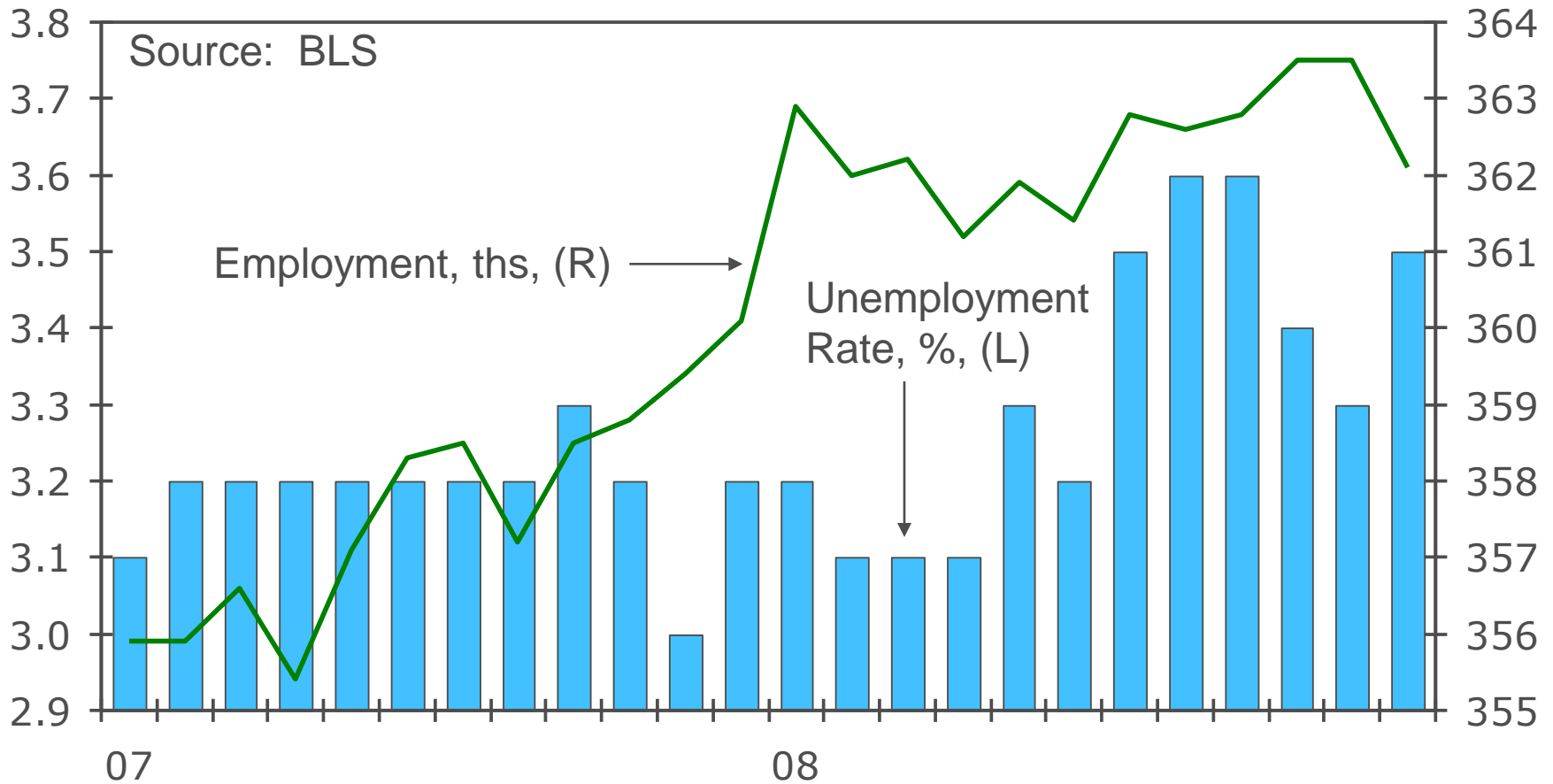


...As U.S. Households Buckle Under the Stress

Household debt in delinquency or default, \$ bil, annualized

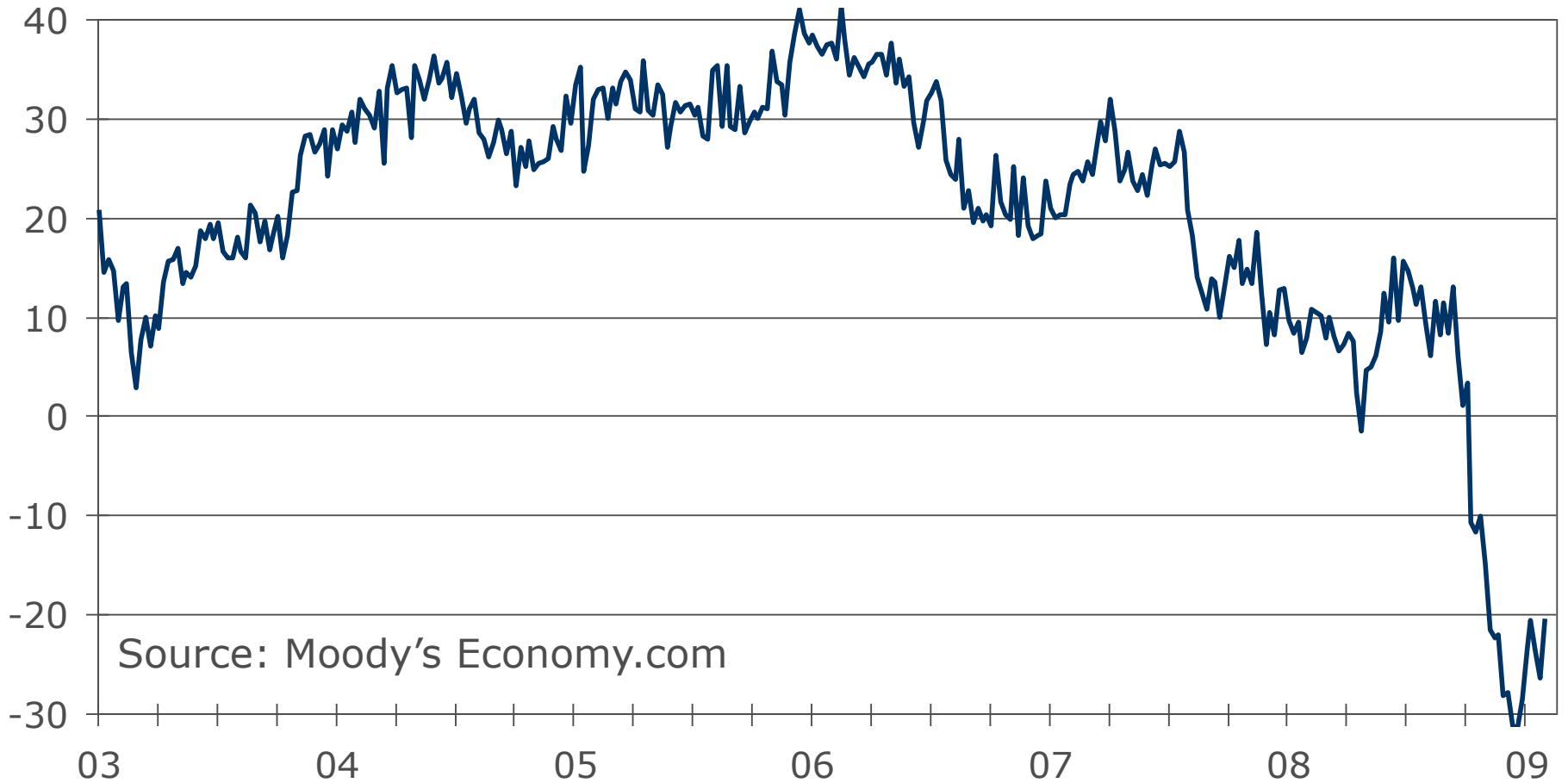


North Dakota Labor Market Eases



The Collective Psyche Has Been Shattered

Net % of businesses responding positively to Dismal survey



Source: Moody's Economy.com

The Worst Downturn Since the Great Depression

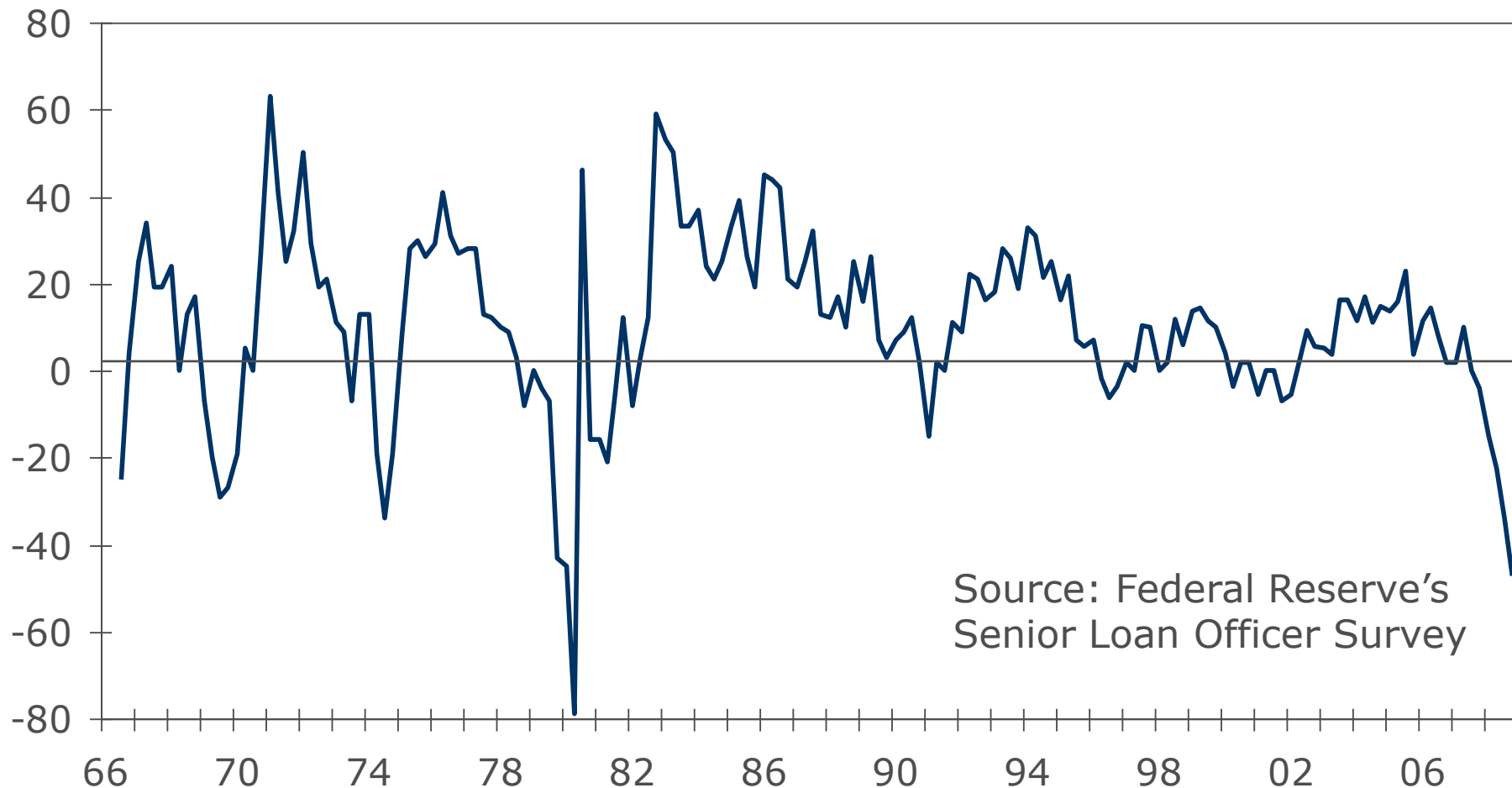
Recessions since World War II

Peak	Trough	Duration in Months		Peak-to-Trough % Change		Jobless Rate		
		Recession Peak to Trough	Expansion Trough to Peak	Real GDP	Nonfarm Employment	Low	High	Change
Dec 2007	Sep 2009	21	--	-3.0	-3.9	4.4	9.1	4.6
Mar 2001	Nov 2001	8	120	-0.4	-2.0	3.8	6.3	2.5
Jul 1990	Mar 1991	8	92	-1.3	-1.5	5.0	7.8	2.8
Jul 1981	Nov 1982	16	12	-2.9	-3.1	7.2	10.8	3.6
Jan 1980	Jul 1980	6	58	-2.2	-1.3	5.6	7.8	2.2
Nov 1973	Mar 1975	16	36	-3.1	-2.7	4.6	9.0	4.4
Dec 1969	Nov 1970	11	106	-1.0	-1.4	3.4	6.1	2.7
Apr 1960	Feb 1961	10	24	-1.3	-2.3	4.8	7.1	2.3
Aug 1957	Apr 1958	8	39	-3.8	-4.4	3.7	7.5	3.8
Jul 1953	May 1954	10	45	-2.7	-3.3	2.5	6.1	3.6
Nov 1948	Oct 1949	11	37	-1.7	-5.1	3.4	7.9	4.5
Average for past recessions		10		-2.0	-2.7	4.4	7.6	3.2

Sources: NBER, BEA, FRB, BLS, Moody's Economy.com

The Credit Spigot Has Closed...

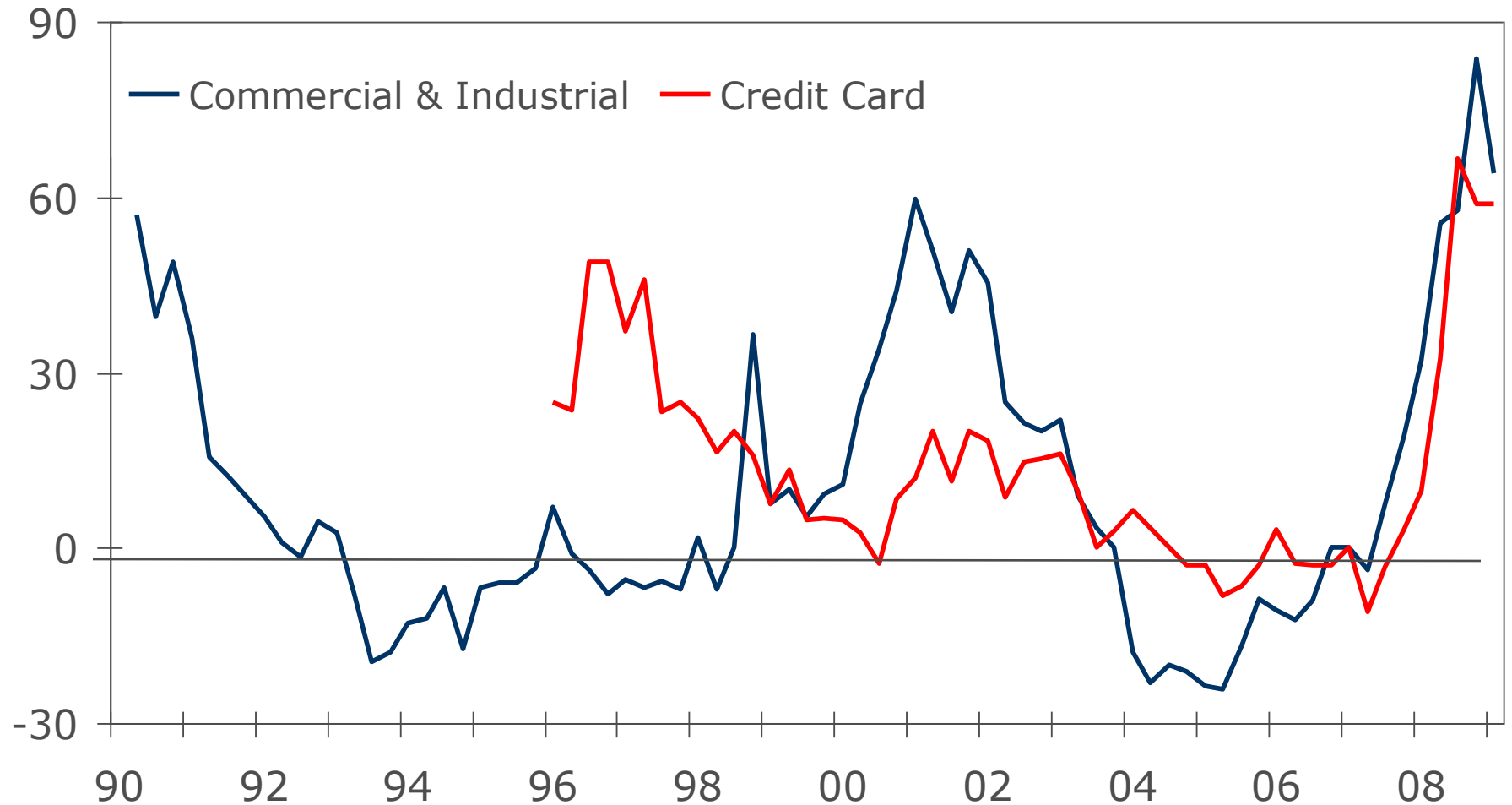
Net % of lenders willing to make a consumer loan



Source: Federal Reserve's Senior Loan Officer Survey

...Across The Board

Net % tightening lending standards, Source: Federal Reserve



A Synchronized Global Recession

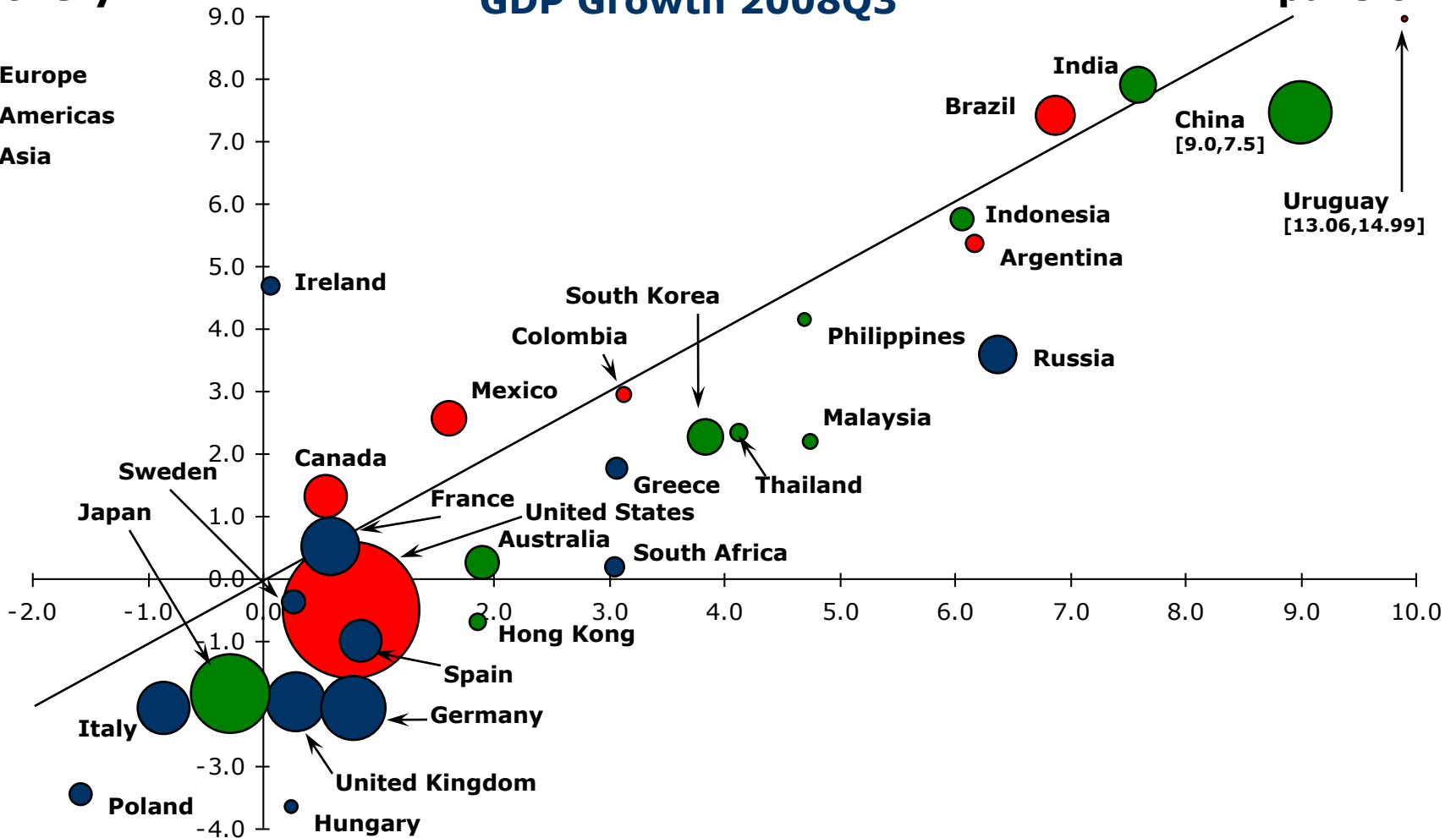
Recovery

GDP Growth 2008Q3

Expansion

- Europe
- Americas
- Asia

Annualized quarterly % change



Recession

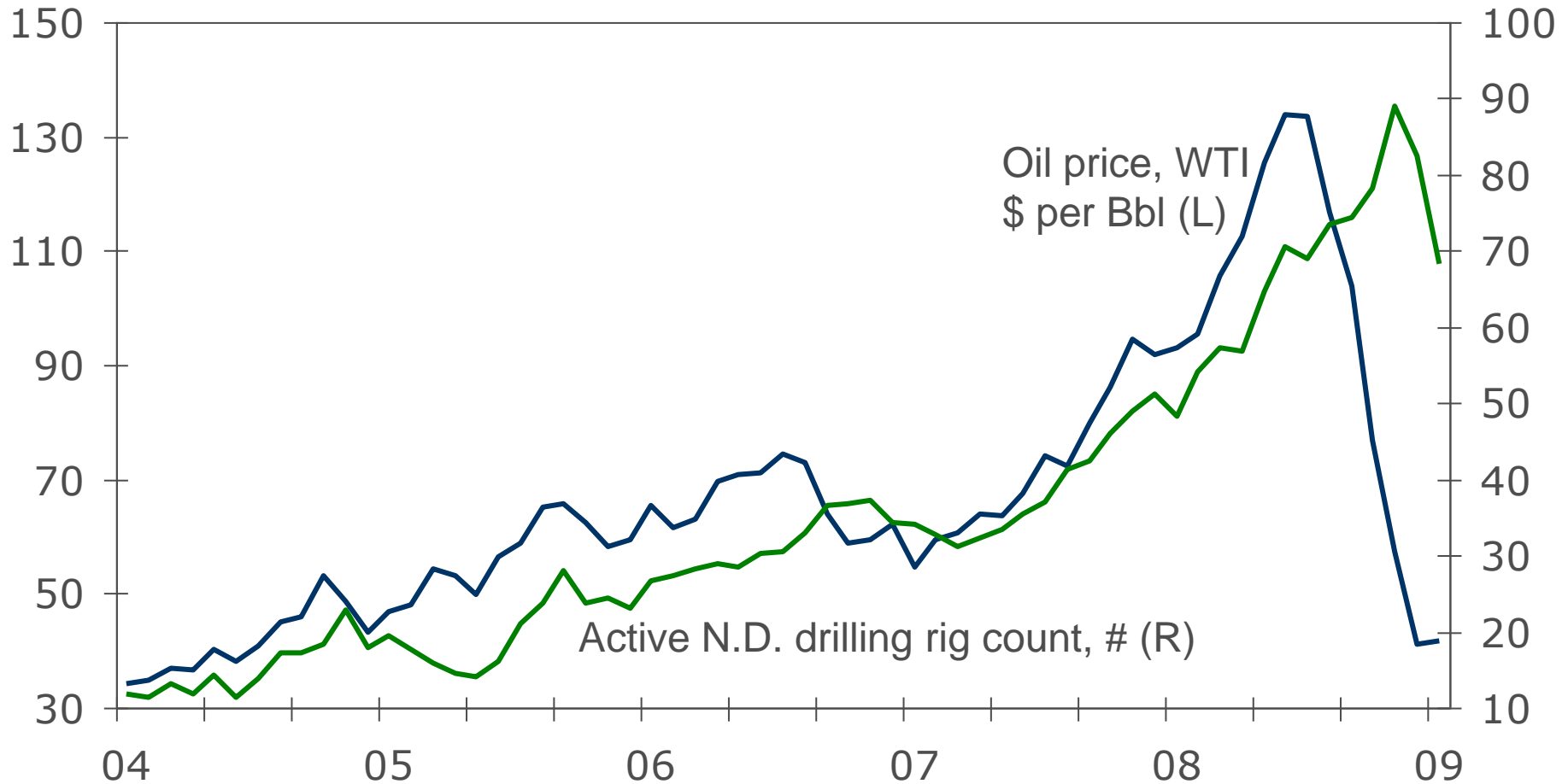
Struggling

% change year ago

NOTE: Size reflects relative GDP

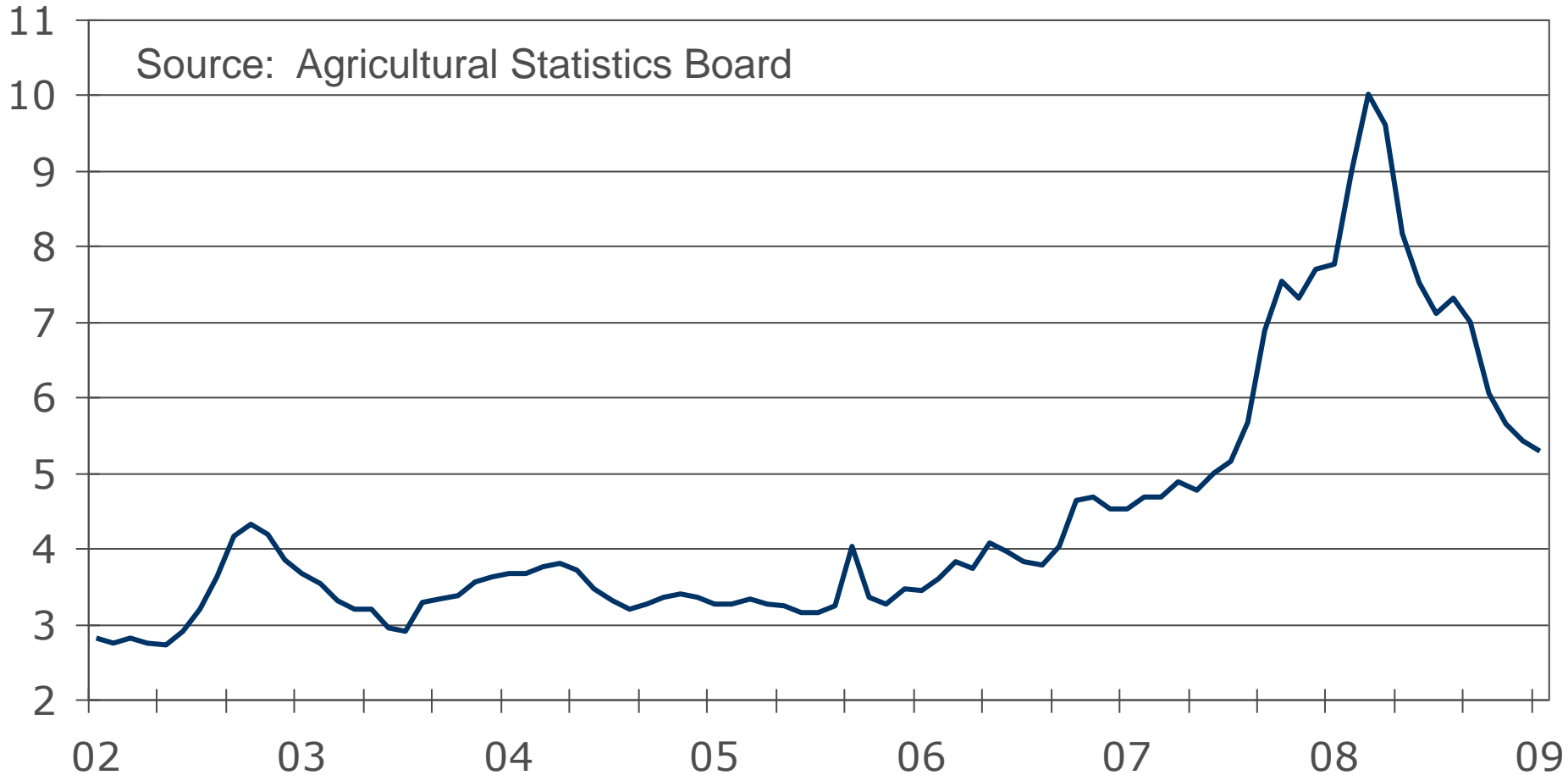
Oil Production Responds to Price

Sources: Baker Hughes, Moody's Economy.com

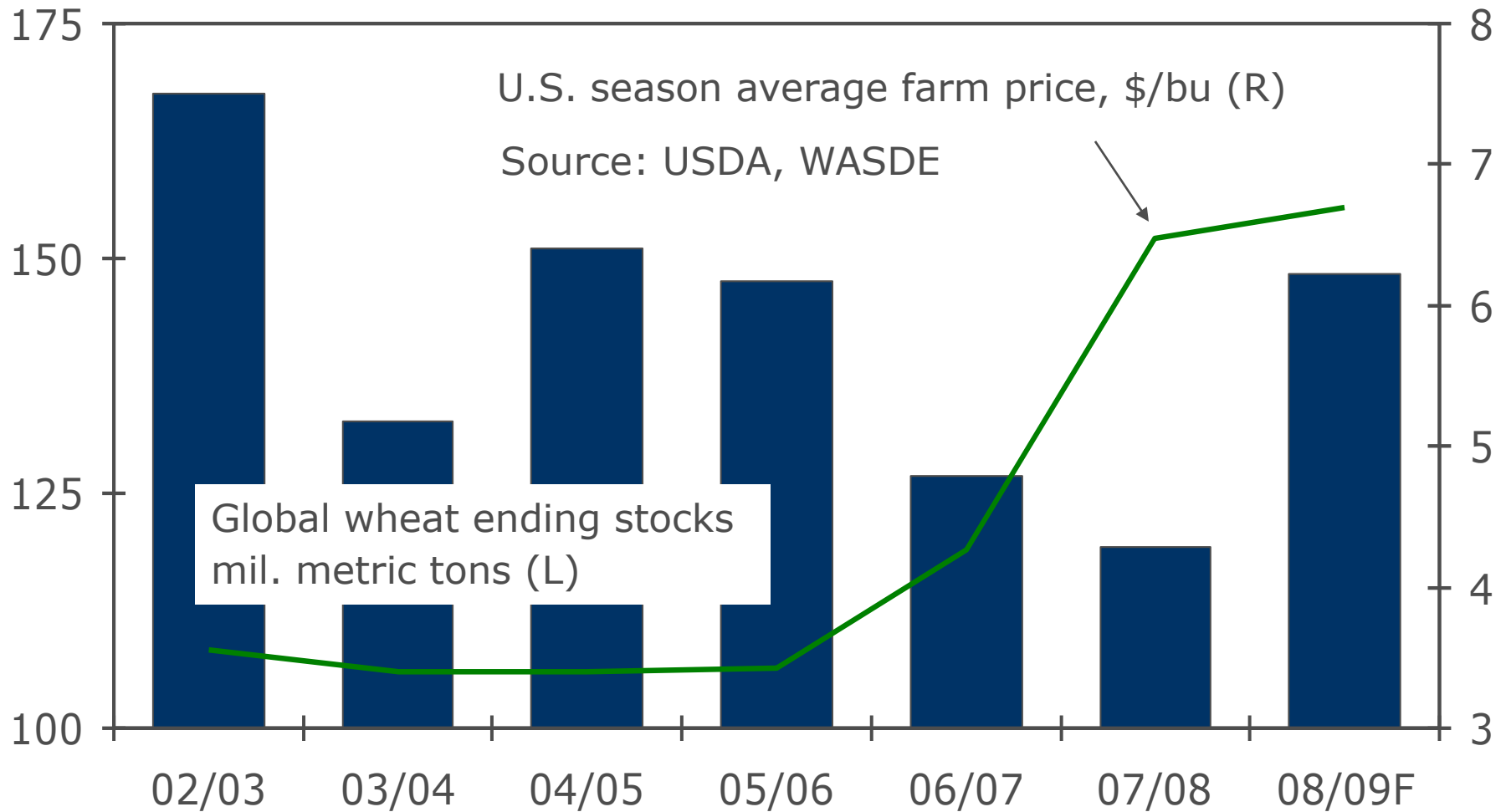


Farm Commodity Prices Still Above Trend...

Winter wheat, \$ per bushel

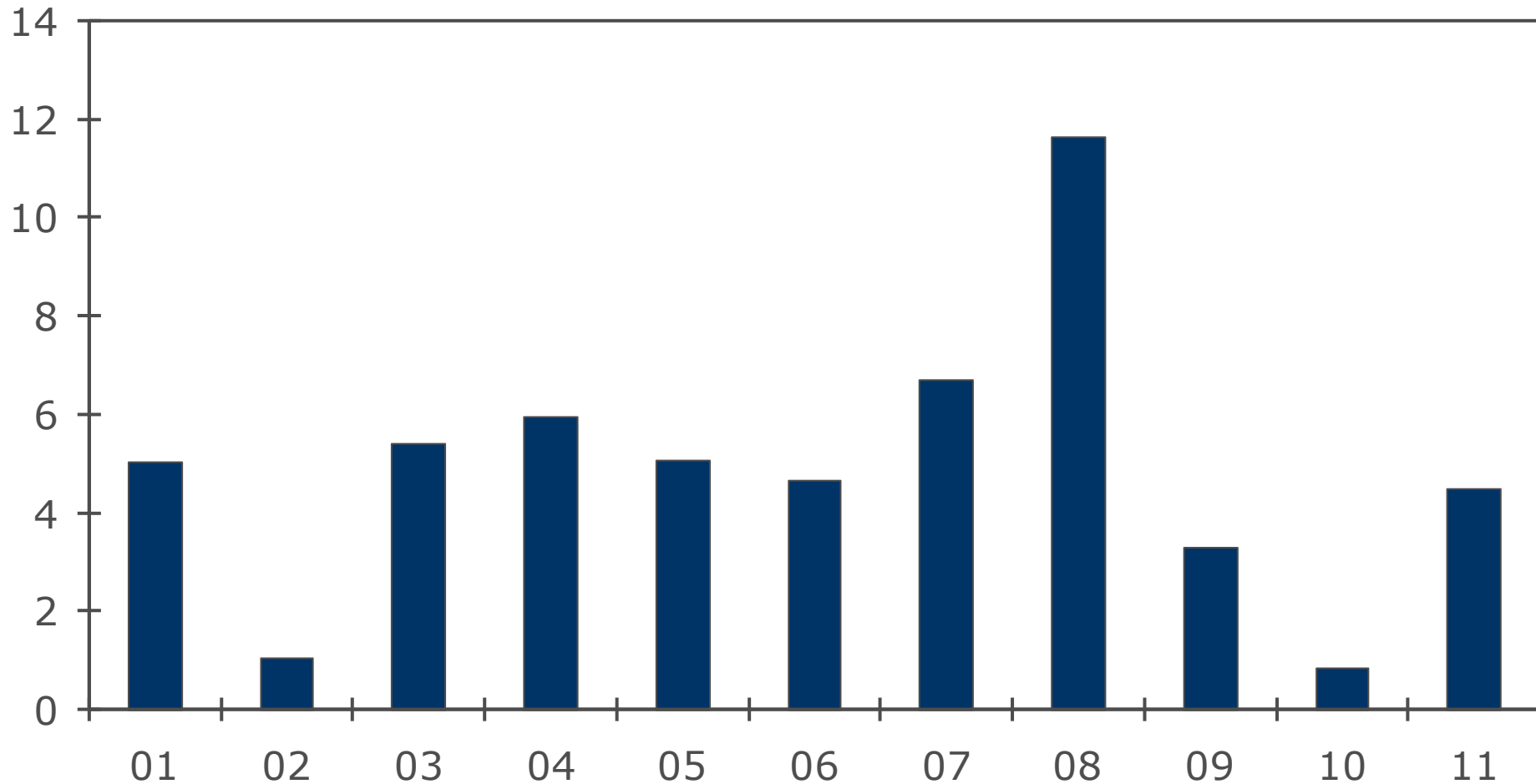


...As Global Stocks Are Still Rebuilding



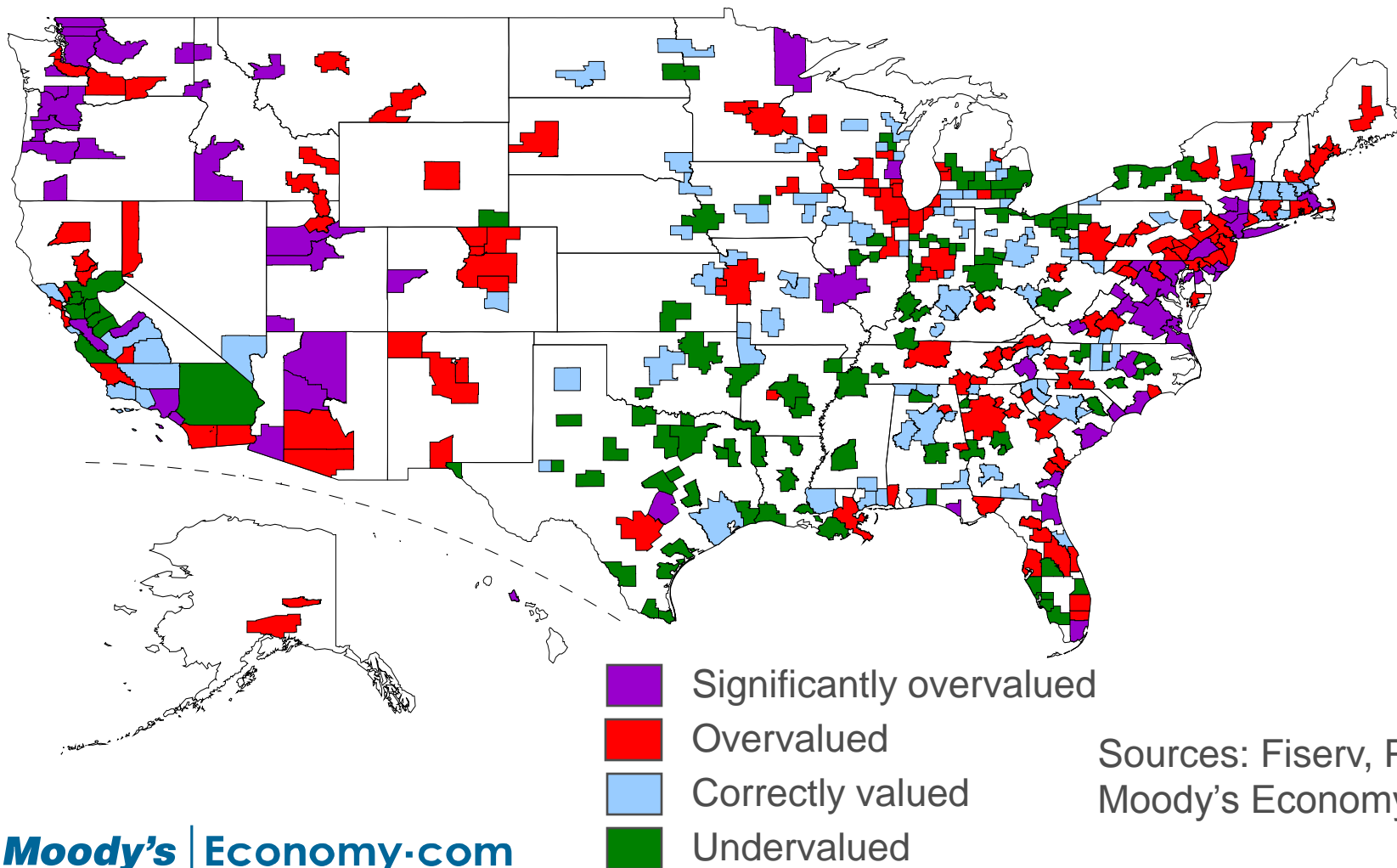
North Dakota Income Growth to Slow

Total personal income, fiscal years, % change



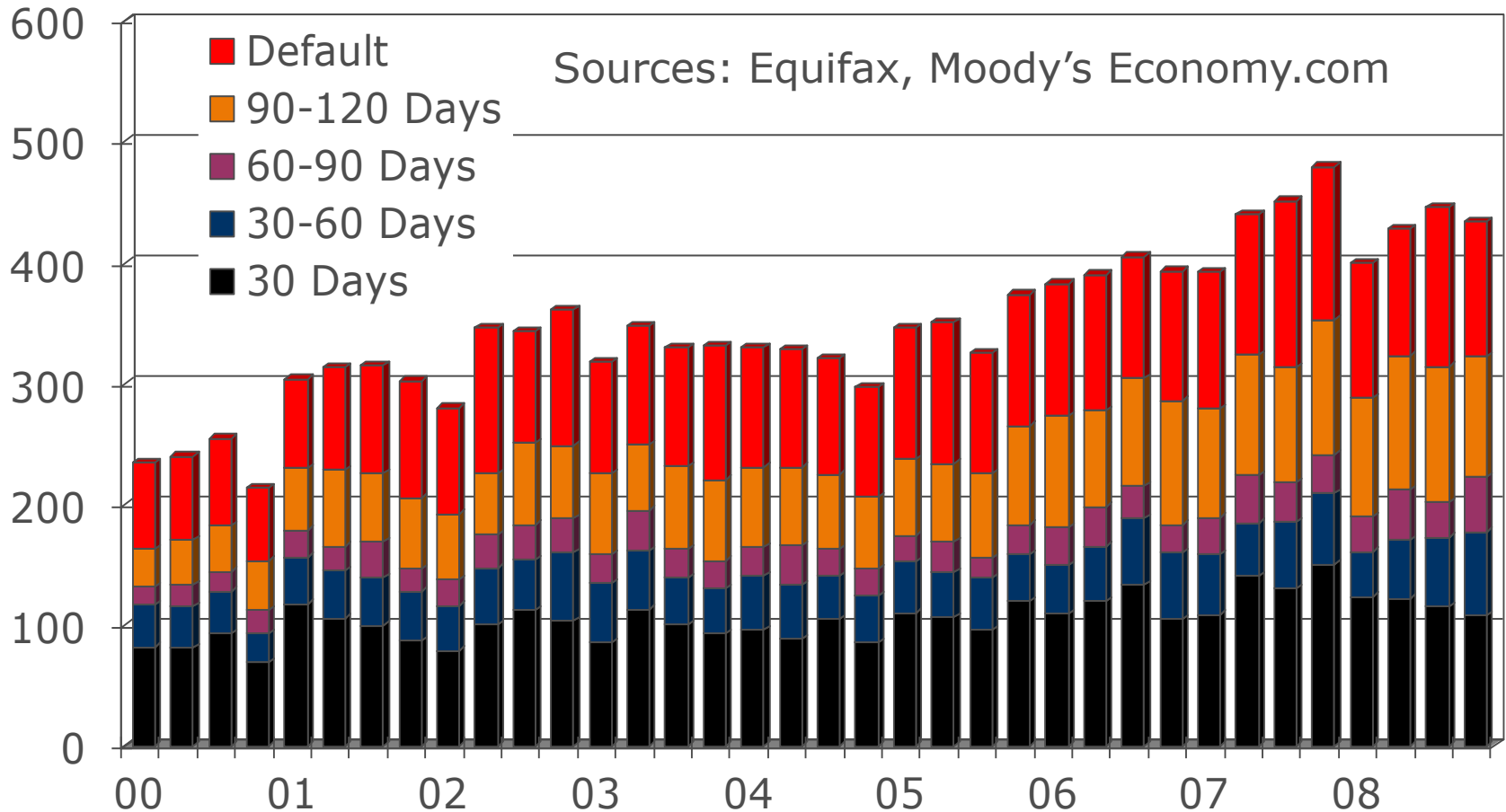
North Dakota Housing Market is in Balance...

Based on house price to income and rent ratios



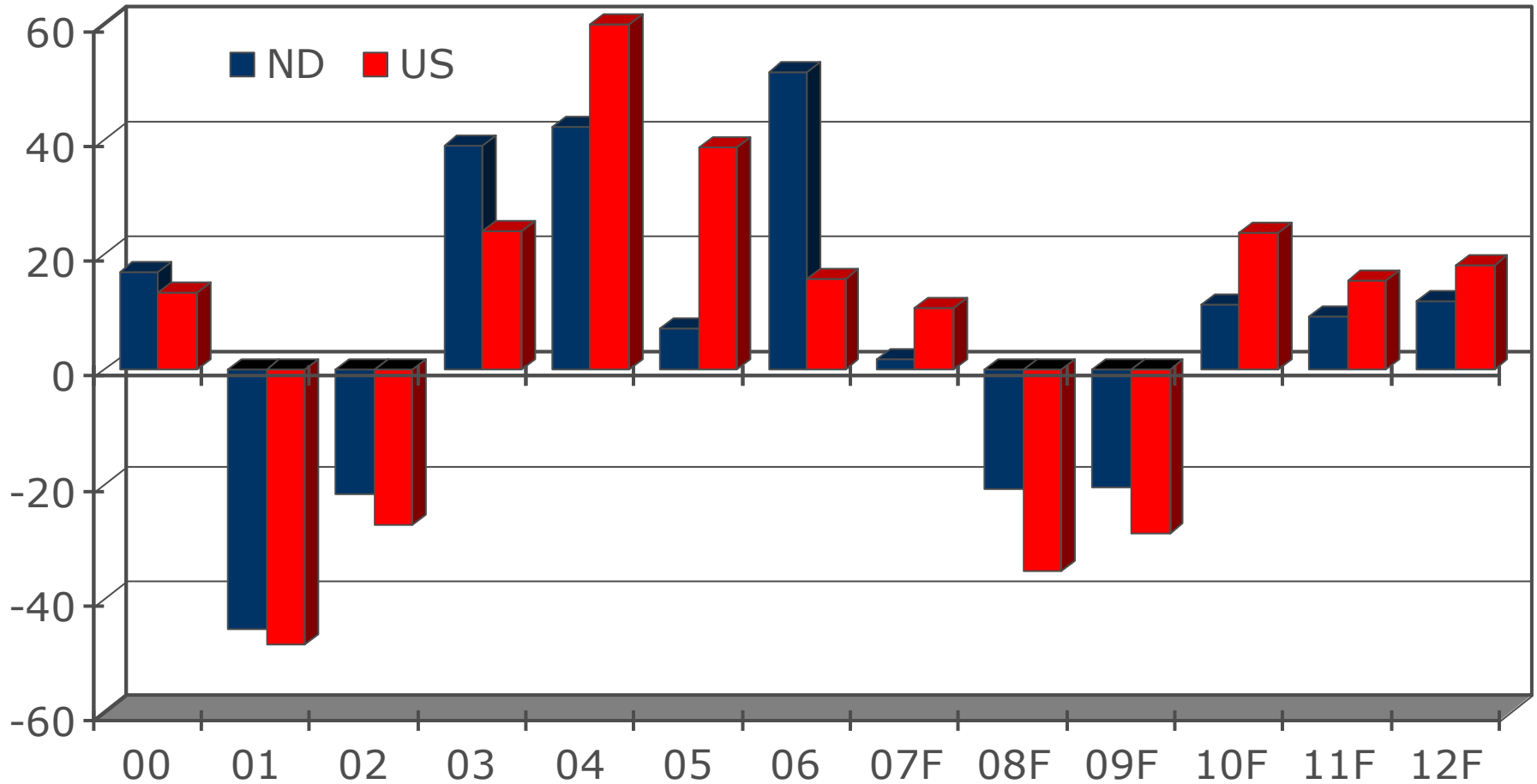
N.D.'s Delinquency Pipeline is Slowing

Household debt in delinquency or default, \$ mil, annualized



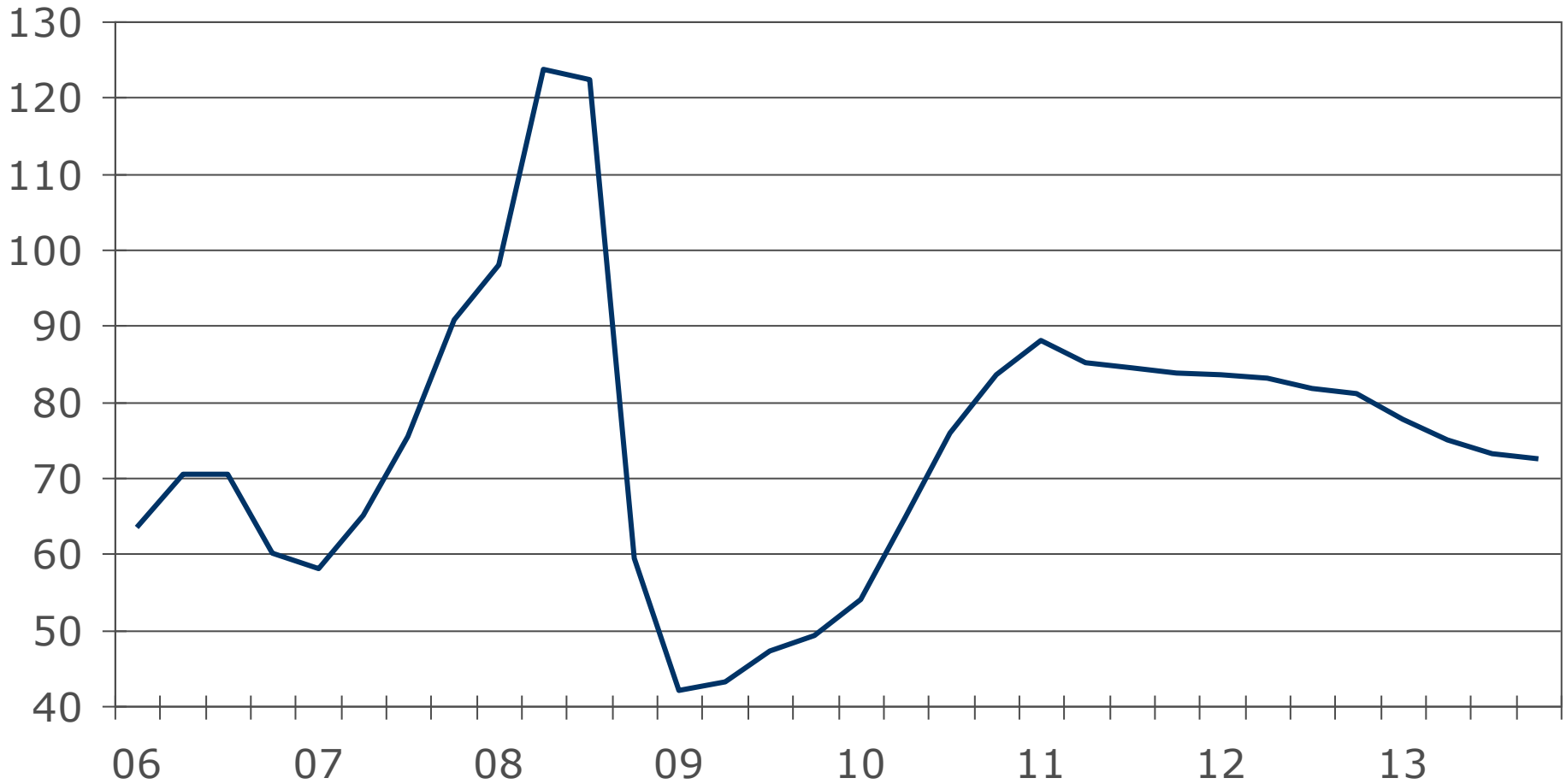
Capital Losses May be Significant

Capital gains, % change, calendar years



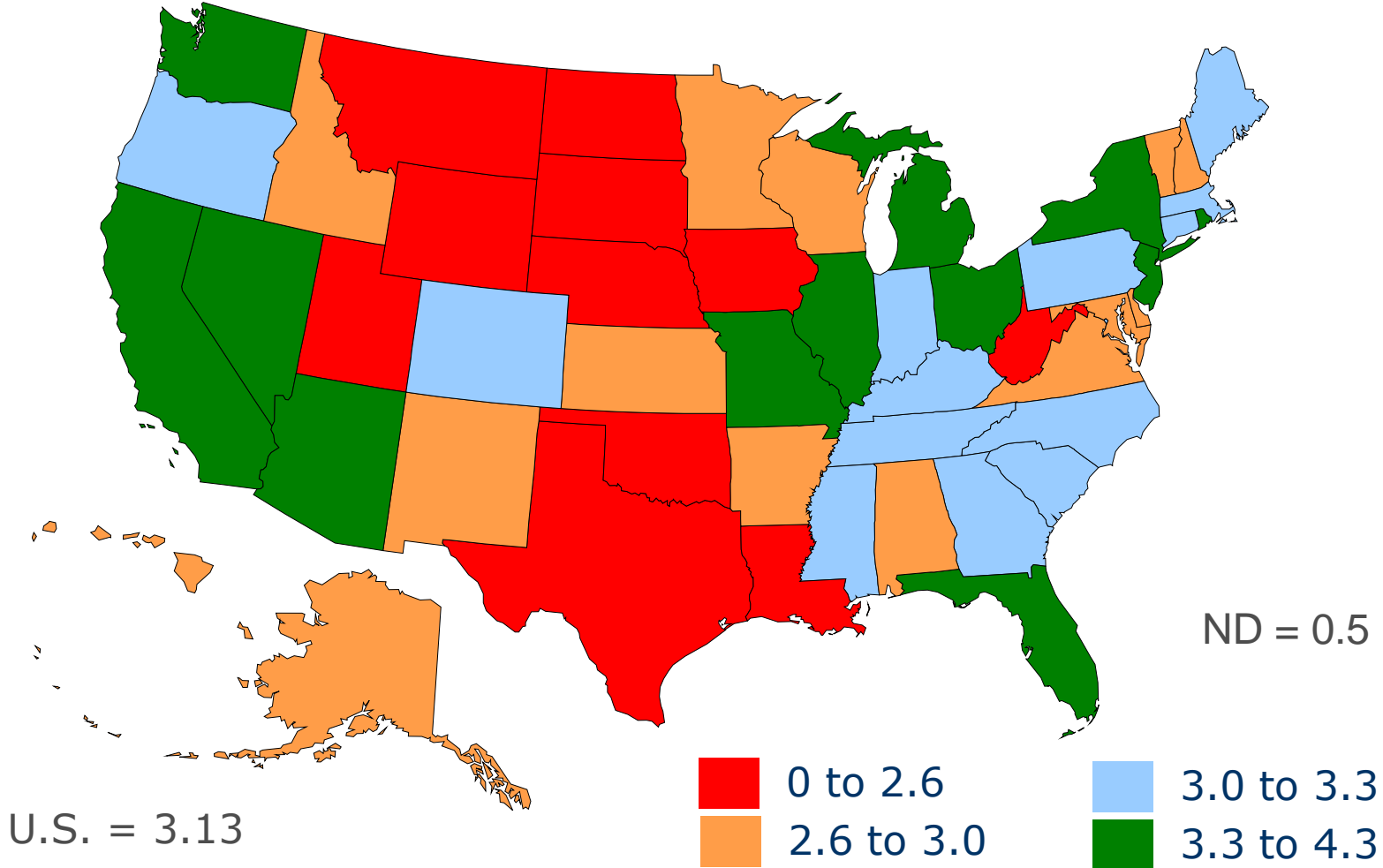
Uncertain Oil Price Outlook

West Texas Intermediate, \$ per barrel



Less Stimulus Impact in Stable Economies

Reduction in unemployment rate, percentage points, 2012q3



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