

Pacific Northwest 2012 forecast

Flat is a word or a variation that will be used in business this year more than any word in describing our economy in the Northwest and may be yours as well. The definition of Flat has 18 definitions to describe flat: smooth, even, low, neither more or less, lacking zest, deflated, just to mention a few. So to compare our economy in 2012 is not going to be easy because every article, every view by each state comes back to say we will not lose in 2012 we will be flat compared to 2011.

Unemployment by state compared to last year has been flat to slightly down in major markets.

Alaska unemployment has hovered around 7-8 percent as the oil industry continues to support the Alaska economy, private sector is slightly down due to low tourist, and government and education will continue to be flat. It is believed that the low unemployment is due to people move to the lower 48 when they lose their jobs.

Idaho unemployment is 8-9 percent due to the High Tec and Medical businesses upswing in the major metropolitan areas. In the outlying areas unemployment has jumped to 12% with low fabrication, construction and farming trends.

Oregon unemployment is at 8 -9 percent in the greater metropolitan areas due to High Tec, Fabrication as well as Export on an upswing. In the outlying areas unemployment jumped to a 15 percent high with all sectors of business struggling to maintain any type of consistency. With Oregon's tax structure the private sector suffers as well the public sectors schools, roads, all suffer with down turn in income from a drop in taxable income.

Montana unemployment is at 7 percent with Energy and diversification in different markets showing an increase. Again when you are unemployed in Montana you usually move out of the state to seek employment.

Washington unemployment is at 8-9 percent in the greater metropolitan areas with Aviation, High Tec, Fabrication and Exports maintaining good growth. The out lying areas are at 14 percent struggling to maintain consistent business across the year. With stimulus jobs coming to an end in the public sectors it could even jump higher.

Although housing and commercial building construction starts may improve in 2012, they will be offset by weakness in the public works and institutional building sectors, predicting that overall NW construction starts for next year will remain essentially flat. The construction industry has struggled to see recovery take hold over the past couple of years. After plunging 24 percent in 2009, new construction starts leveled off in 2010

and hovered within a set range in 2011. The backdrop for the construction industry is the fragile U S economy, which continues to see slow employment growth, diminished federal and state governments and pervasive uncertainty, In 2012, the top –line numbers are not expected to show much change, but there will be variation within the major construction sectors, with some gains predicted for housing and commercial building, assuming the U. S. Economy avoids over reacting during an election year.

Single family housing in 2012 will improve 10 percent in dollars; this is still a low amount, as the excess supply of homes do to foreclosures continues to depress the market. Multifamily housing will rise and continue its moderate, upward trend. Commercial building will grow with warehouses and hotels gaining large increases, but improvement for offices and stores will be modest. The institutional building market will slip, the tough fiscal environment for states and localities will continue to dampen school construction, and the uncertain economic environment will limit growth in the healthcare facilities. Public projects will drop lower in 2012 as stimulus projects come to an end as well as spending cuts and the absence of a multiyear federal transportation bill for highway and bridge construction.

What does Flat mean to Manufactures:

Acquisitions have been rapid in our industries with companies purchasing competitors and cannibalizing and discontinuing items with the consolidation. Changing their business practices in how they go to market telling smaller STAFDA accounts to buy through a wholesaler. Changing their prepaid to a level that it is difficult for a STAFDA account to maintain turns. Depleted any personal relationship that was once very strong and loyalty ran deep on both sides. Now every level of distribution carries a competitive product straining the loyalties that were once so strong. That is Flat.

What does Flat mean to Distribution

STAFDA distributors have seen their world turn upside down. Their strong relationship with manufactures has diminished on so many levels. Their loyalty has been in question as they are forced to carry several brands rather than support one through a long relationship. They have seen their credit limits change without warning, even there bank has become questionable how they do business in our industry calling loans and changing interest at any site of concern. Distributors used to have relationships that went deep with manufactures but now cannot even find who is in charge or who can make something happen.

What does FLAT mean to you Half Full Half Empty! To me it means Half Full and Half Full of OPPORTUNITIES.