

WBR ARTICLE

Outlook: Wyo recession to be short

By Brodie Farquhar

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CASPER — Dr. Ernie Goss, the Jack A. McAllister chair in regional economics at Creighton University, was the guest speaker Wednesday morning for the Outlook Event for the Wyoming Business Alliance in Casper.

Over 100 business leaders gathered to hear his analysis and predictions for 2009 at the Parkway Plaza Hotel and Convention Centre. Goss said he's "long on Wyoming and short on the U.S." when it comes to long-term economic trends. Generally speaking, Goss said he expects Wyoming's recession to be "shallow and short," while casting a critical eye toward the Obama administration's efforts to revive the economy.

The important indicators to keep an eye on this spring, said Goss, include:

- The employment report for April that will be released on May 8. "I expect the report to show job losses (and large) for a 19th-straight month and an increase in the unemployment rate to 8.8 percent."
- Each Thursday, the government releases new data on claims for unemployment insurance. "First-time claims below 450,000 and continuing claims less than 5.0 million would be bullish. I don't expect this though. They will be worse."
- Goss urged business leaders to keep an eye on the yield for 10-year U.S. Treasuries. Current yields are artificially low and reflect unprecedented fear among investors. "Large increases will tell us that either 1) global investors are taking funds out of the U.S. market, or 2) inflation expectations have increased, or 3) investors have reduced the risk perceptions and are pulling money out of treasuries and putting it into equity markets," he said.

Goss said his outlook is for a decline in output growth for the U.S. and rural Main Street until the last quarter of 2009. Mortgage rates should remain competitive, but housing prices outside of Wyoming will decline by another 14 percent by the end of the year.

Goss predicted that the dollar will lose value in 2009, but that would help Wyoming commodities like coal, natural gas and beef.