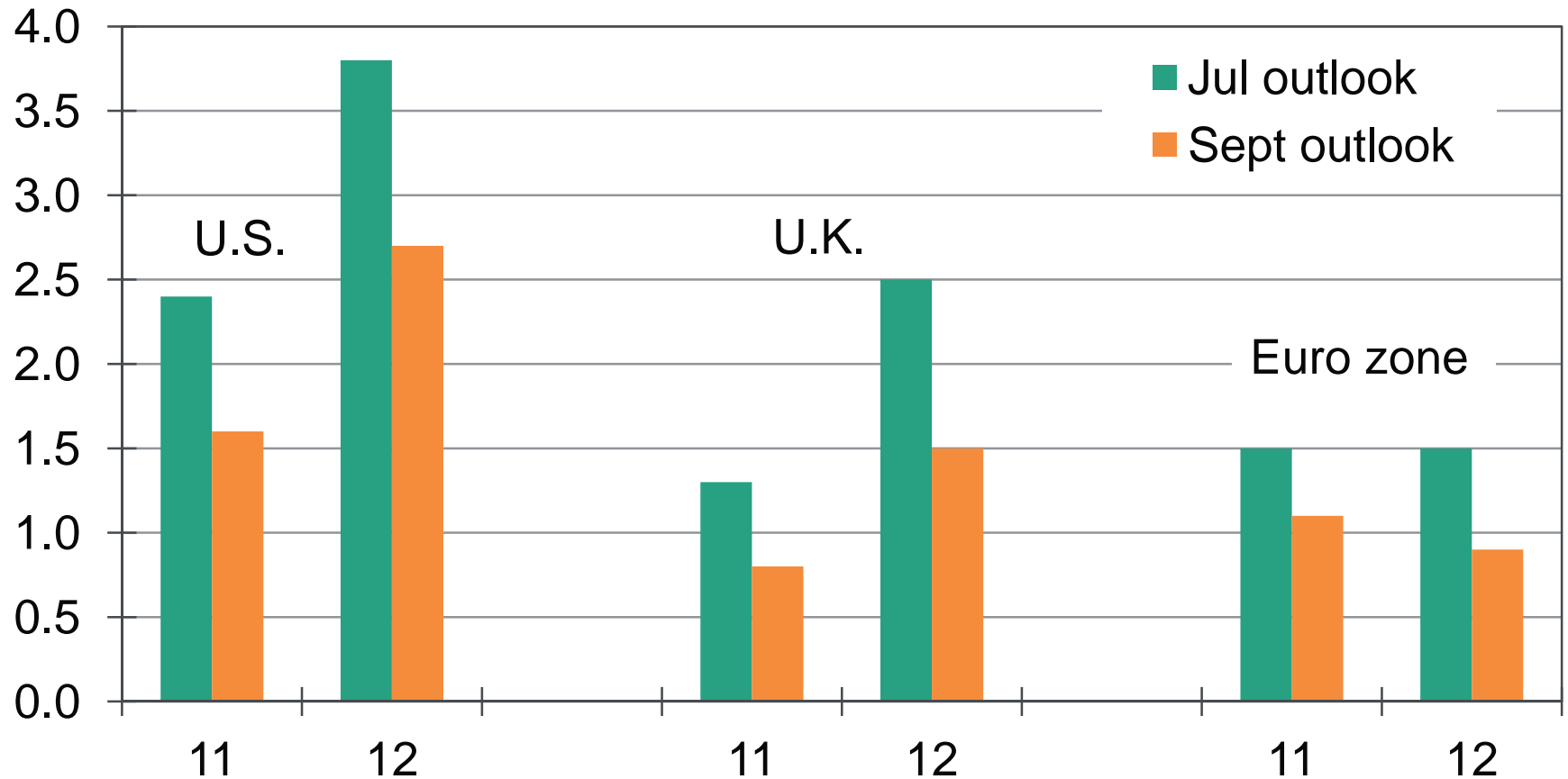


On Thin Ice

MARISA DI NATALE, DIRECTOR

A Darker Global Growth Outlook...

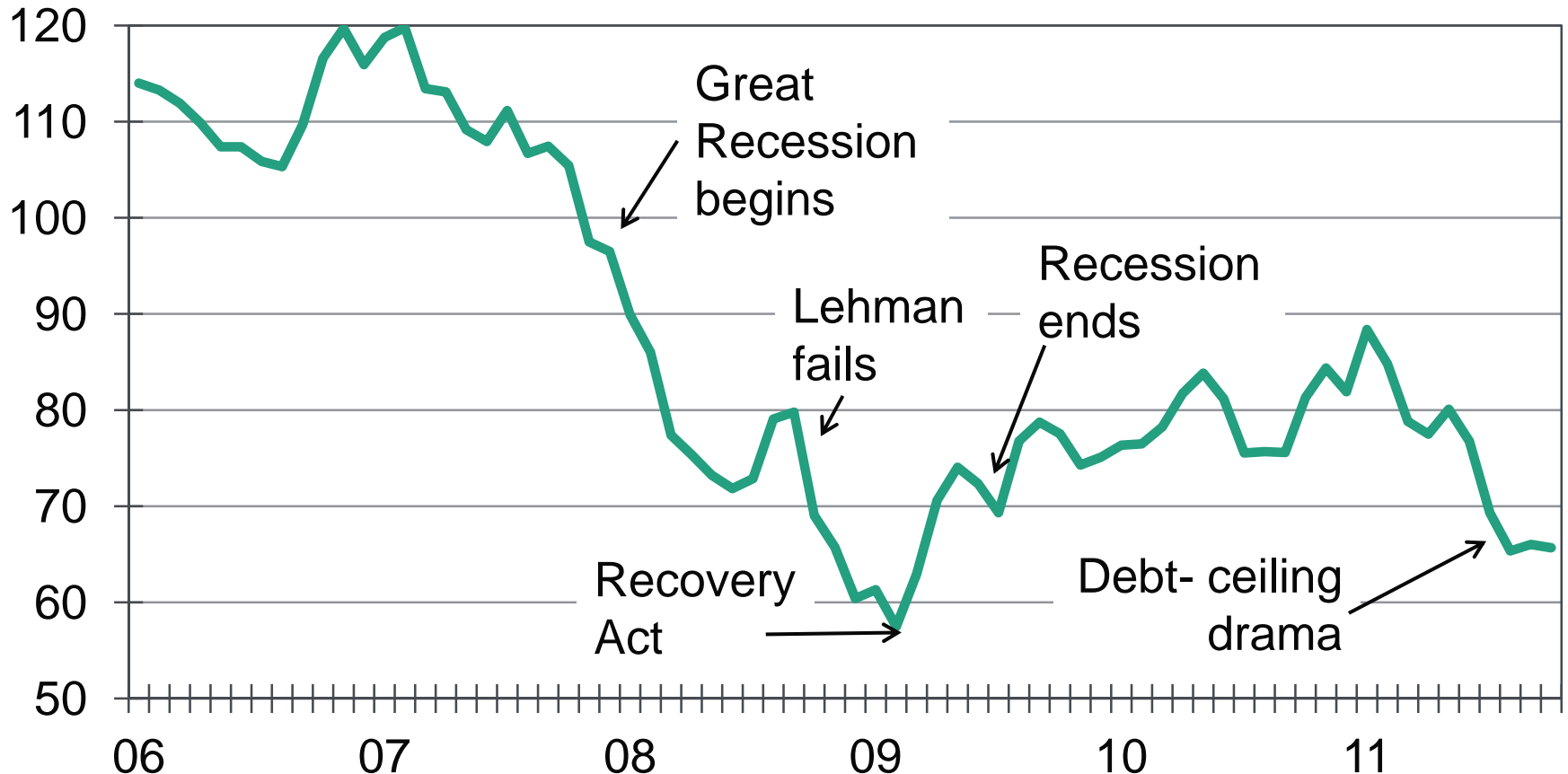
Real GDP growth



Source: Moody's Analytics

...As Households Lose Faith

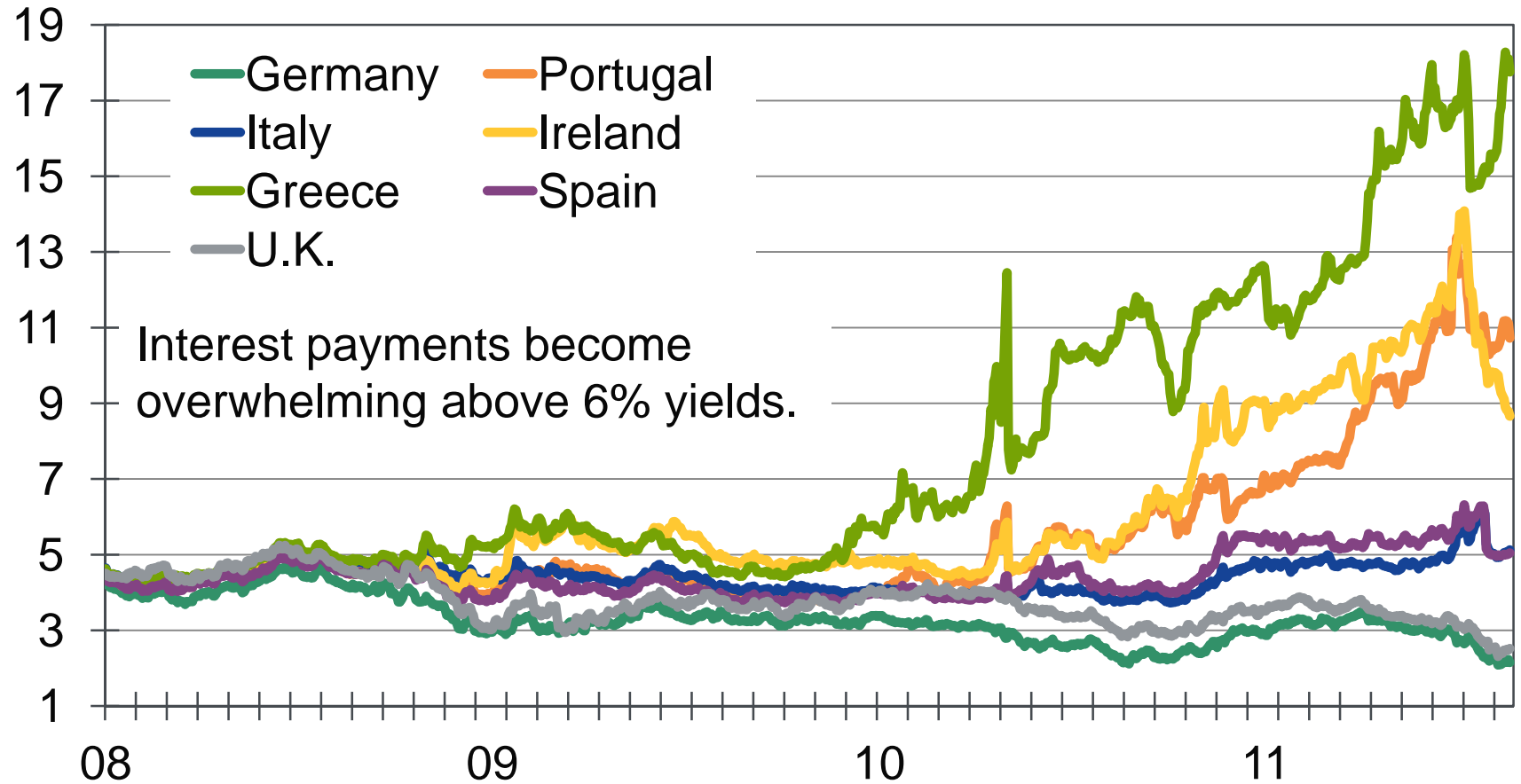
Consumer confidence index, Oct 2001=100



Source: Rasmussen Public Opinion Research

...So Are Global Investors

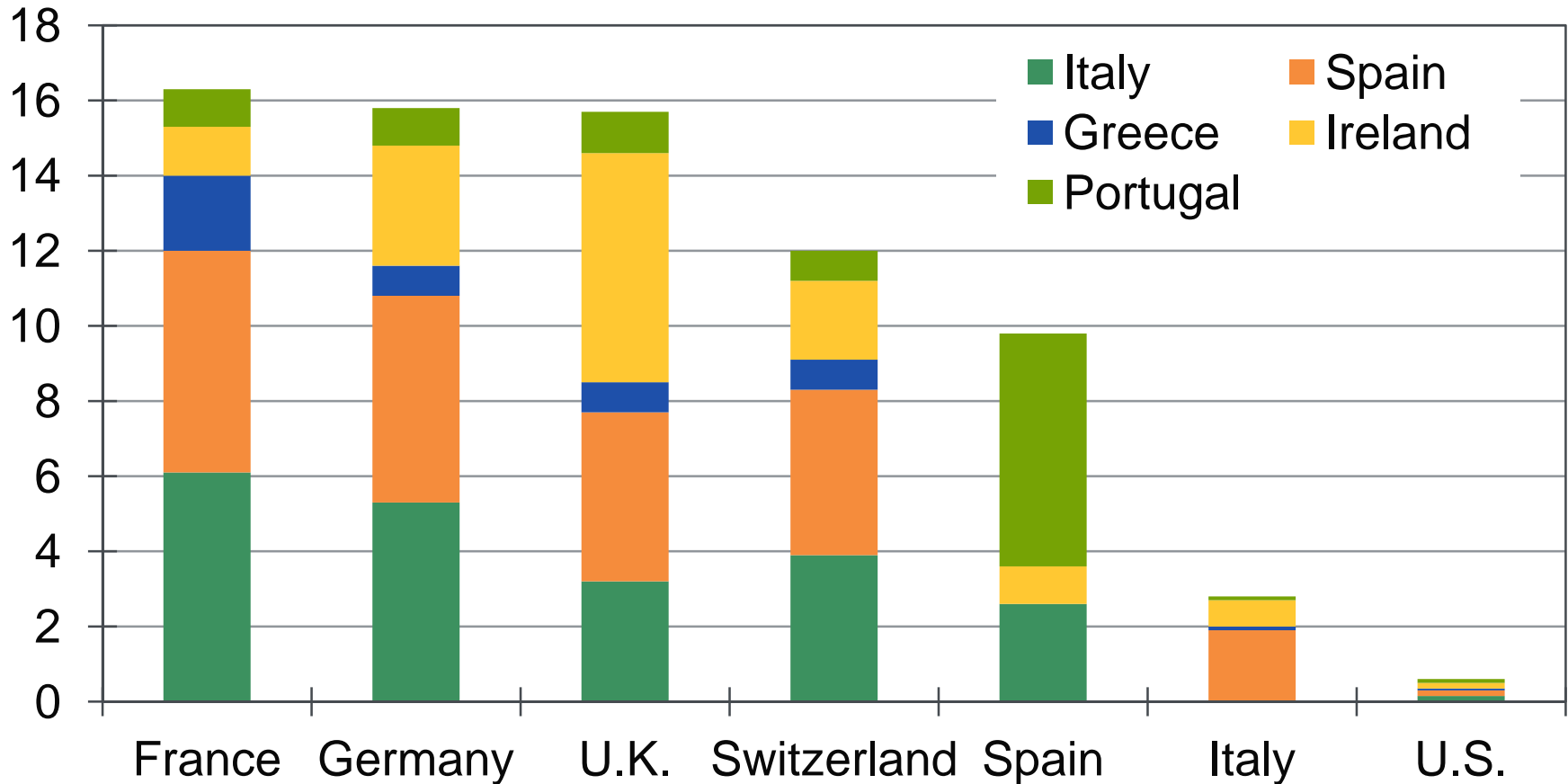
10-yr sovereign yields



Sources: Bloomberg, Moody's Analytics

...Given Bank Exposure to Troubled Countries...

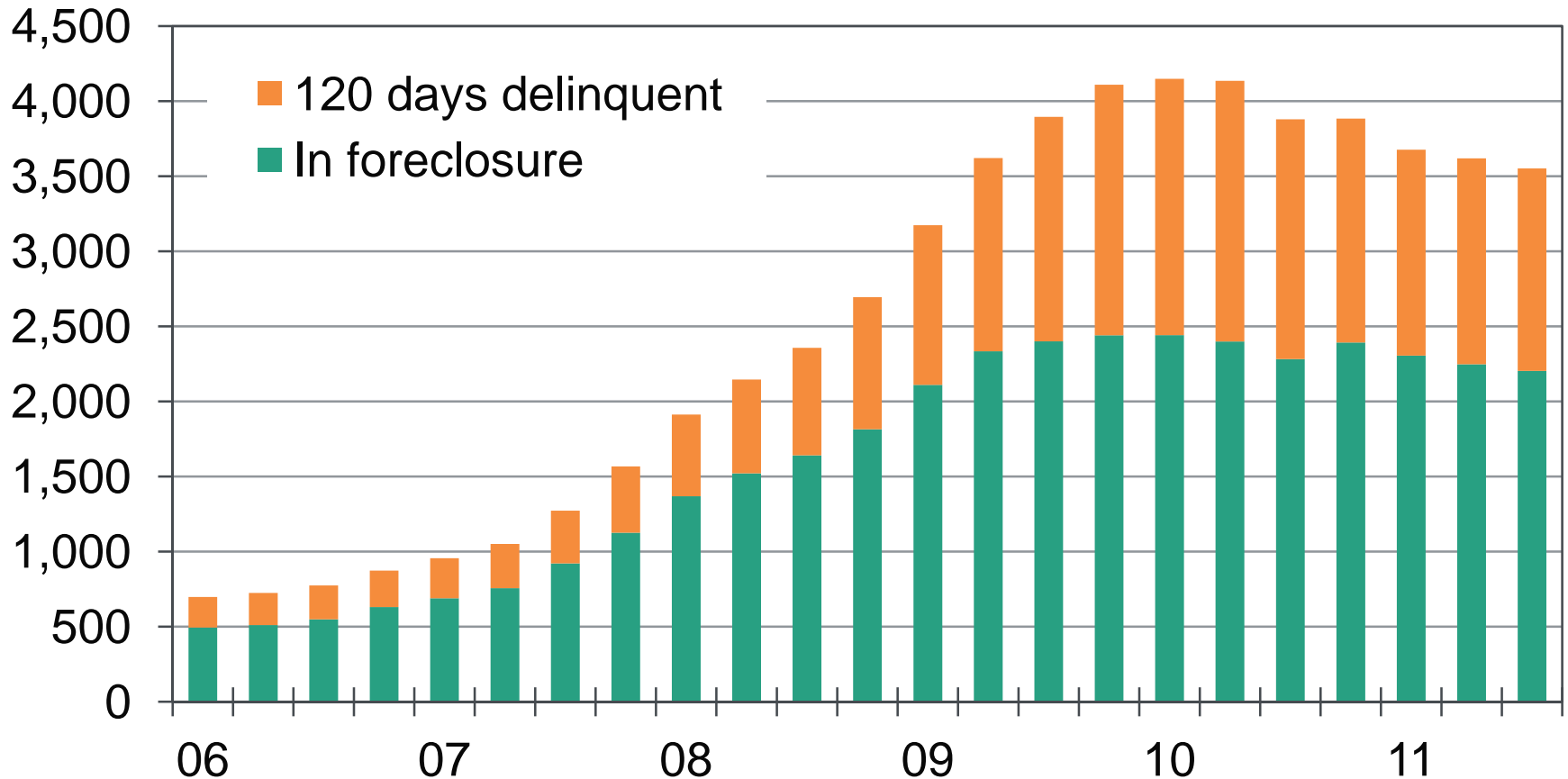
Banking system exposure to public & private debt, % of GDP, 2011Q1



Sources: IMF, BIS, Moody's Analytics

A Mountain of Foreclosure Property...

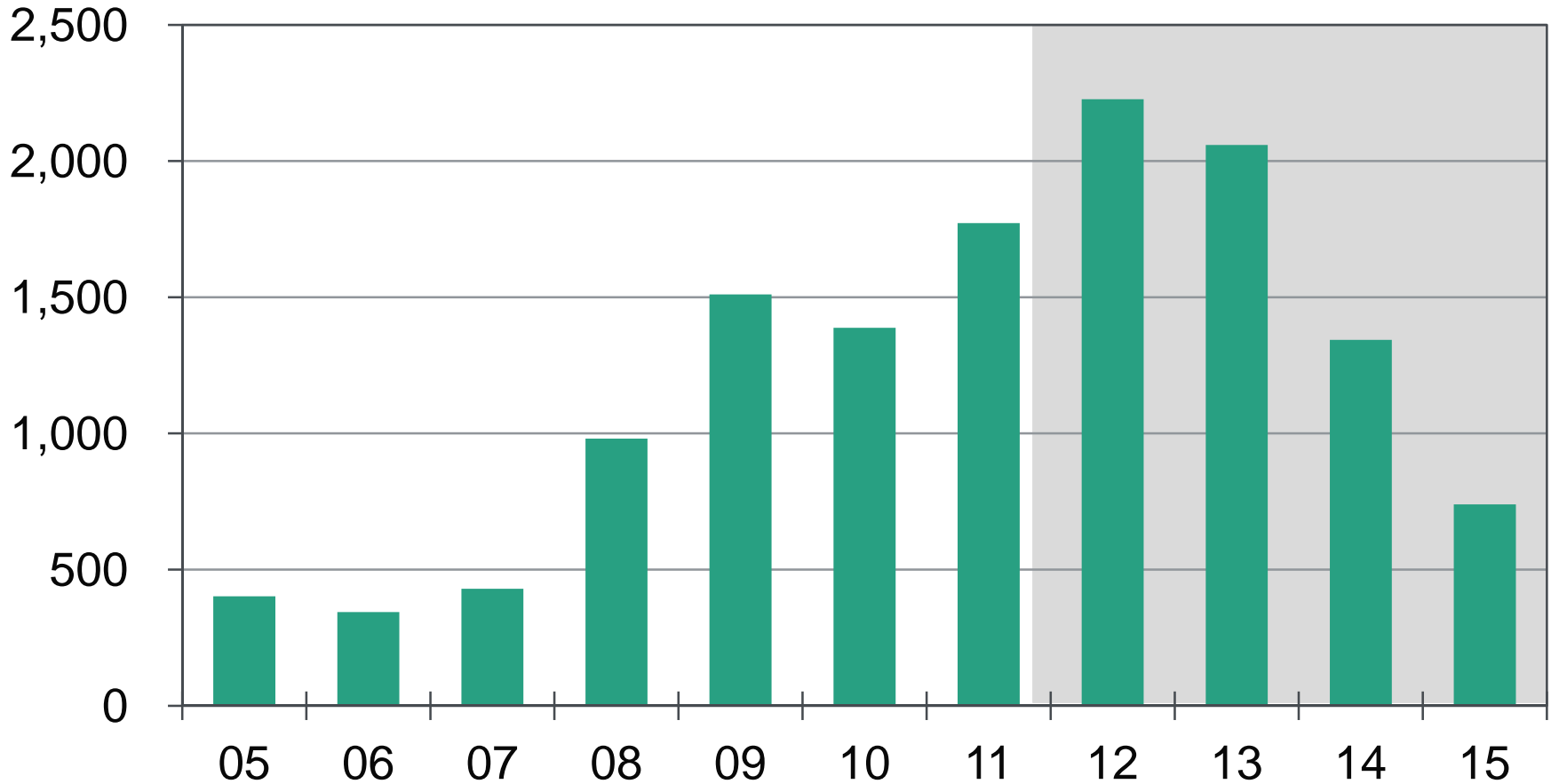
First-mortgage loans, ths



Sources: Equifax, Moody's Analytics

...Means More Distressed Sales & Price Declines

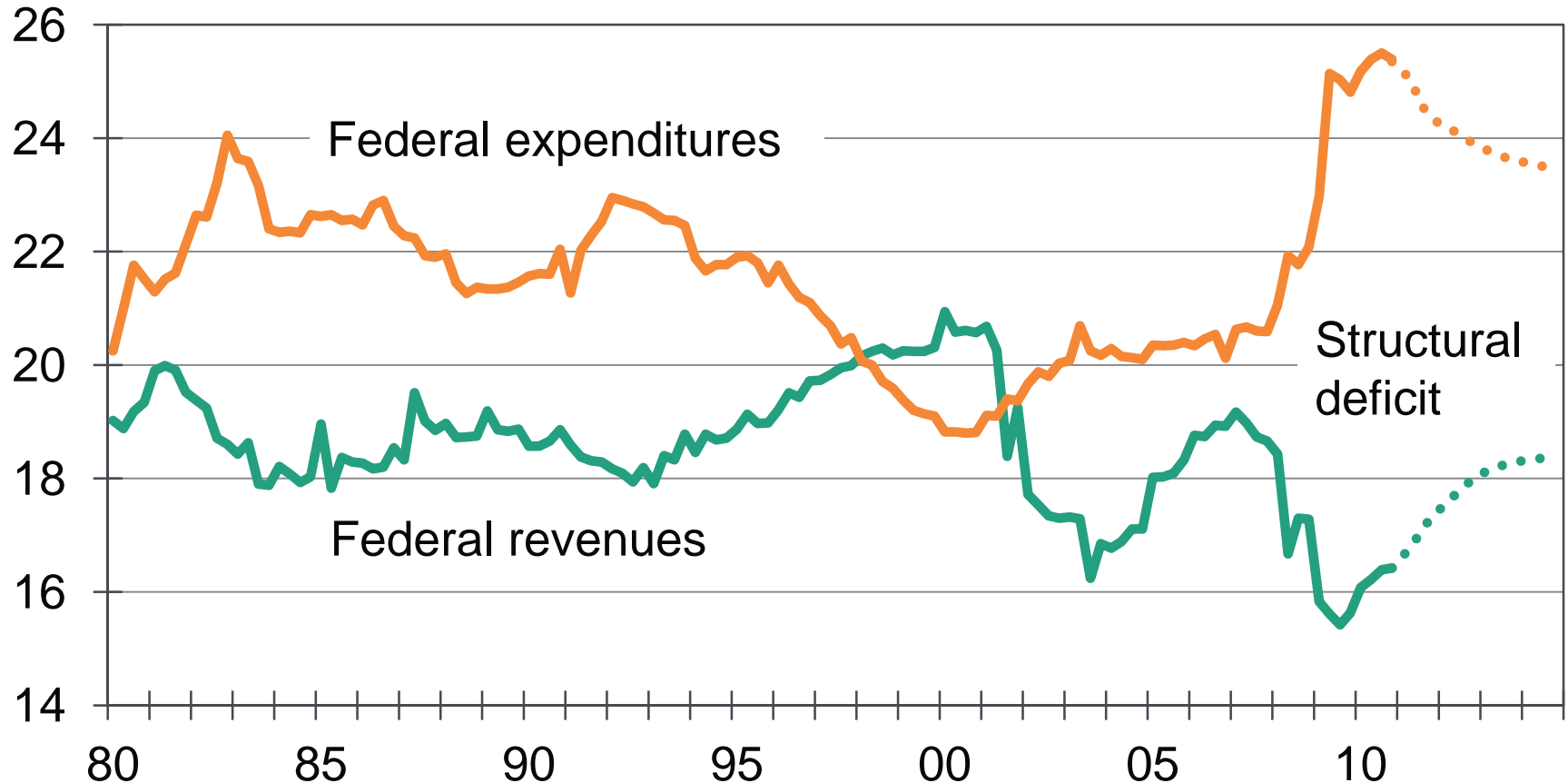
Foreclosures, short sales, deeds in lieu, ths



Sources: FDIC, Equifax, RealtyTrac, Moody's Analytics

Following Through on the Debt-Ceiling Deal...

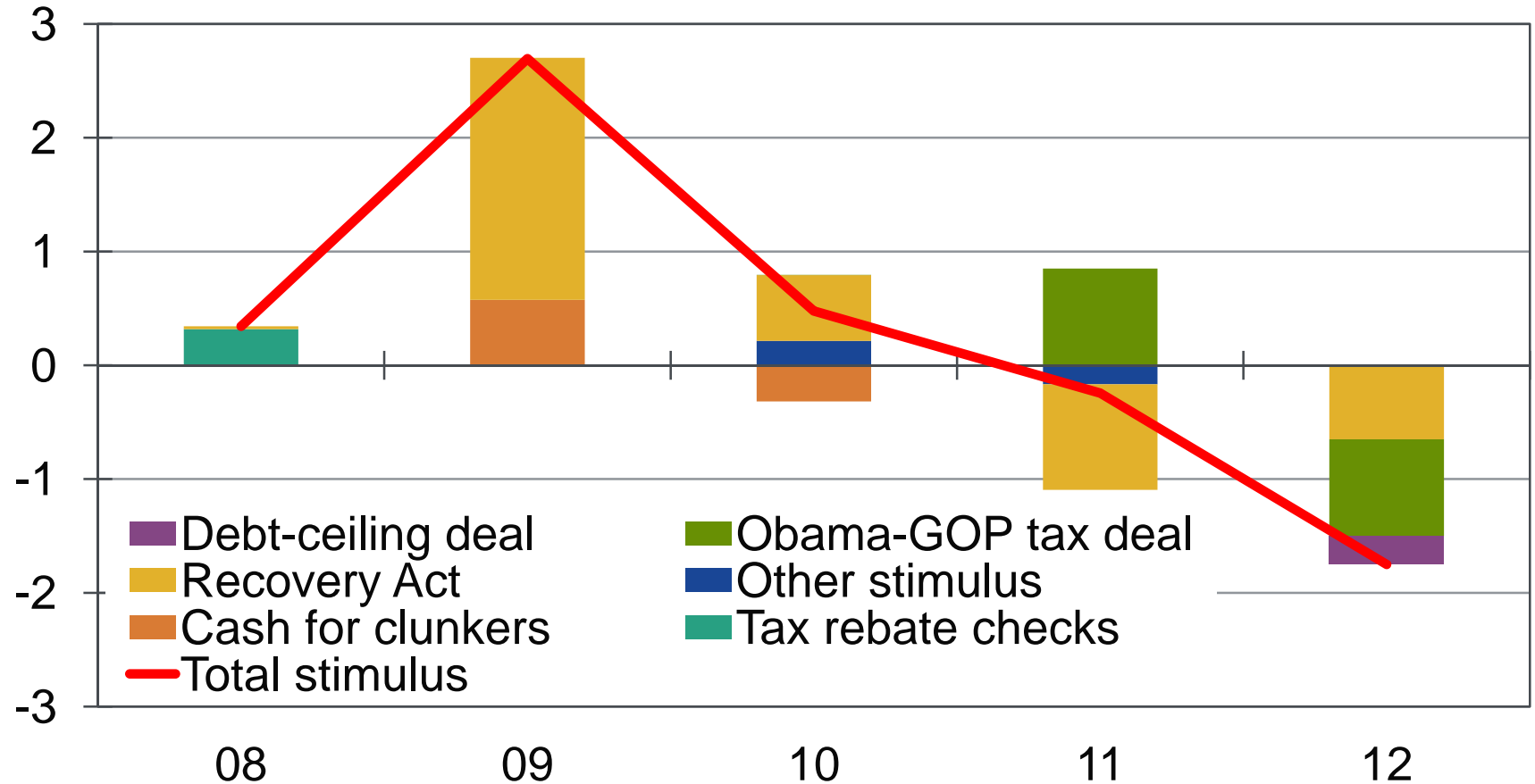
Expenditures and revenues as a % of GDP with no policy changes



Sources: BEA, Moody's Analytics

...And Reducing the Coming Fiscal Drag...

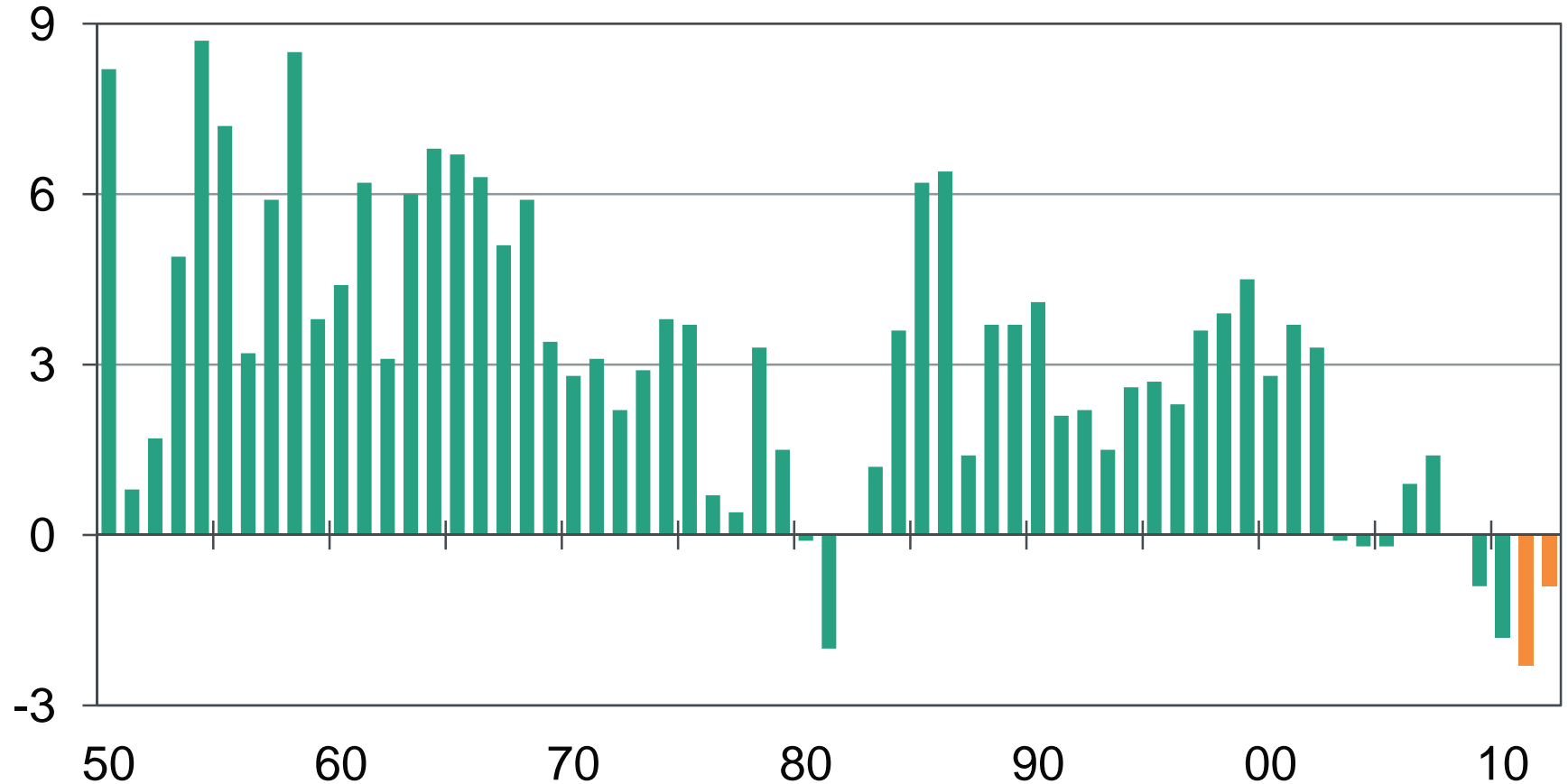
Contribution to real GDP growth, %



Source: Moody's Analytics

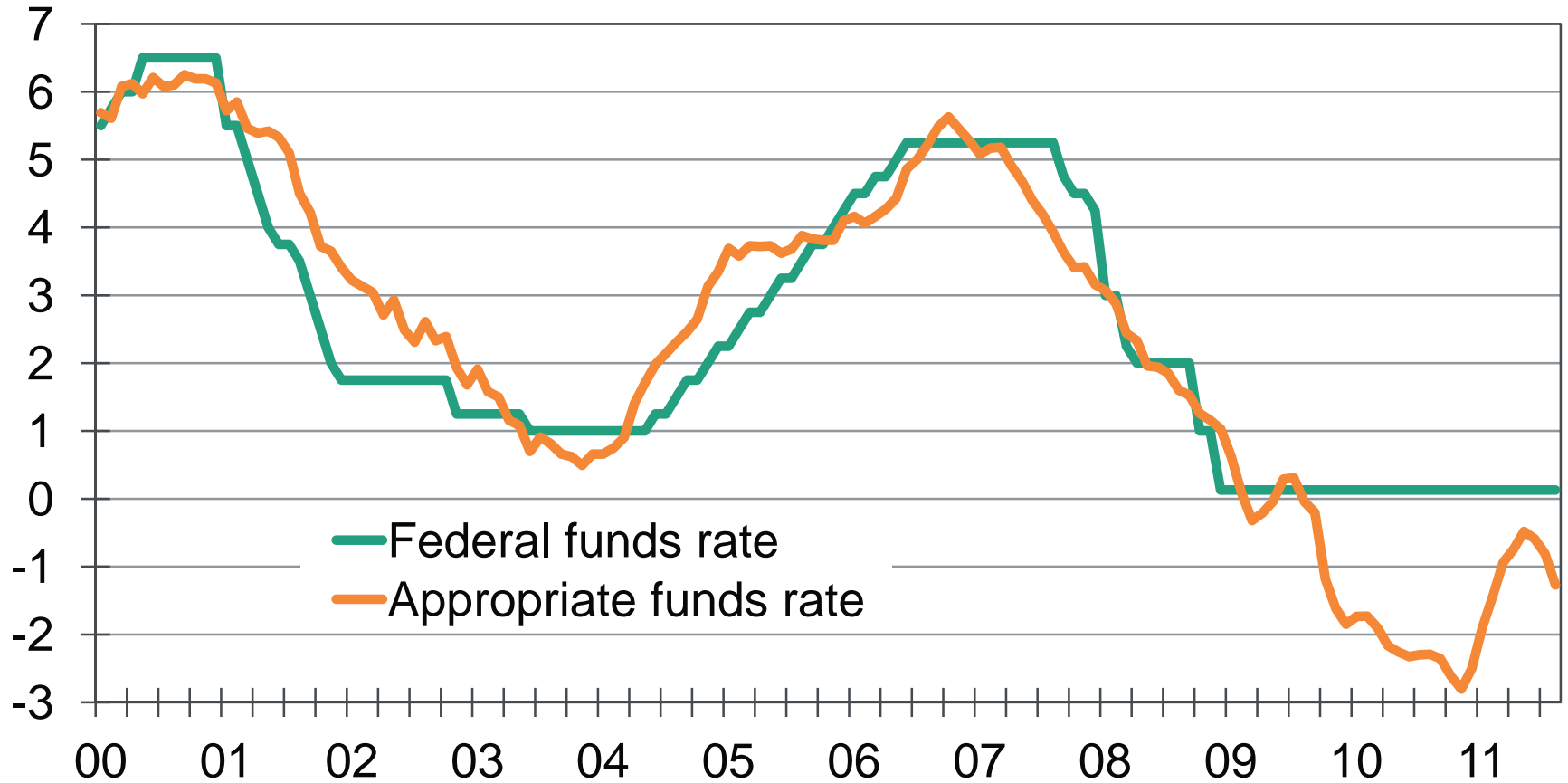
...As State and Local Governments Retrench

Growth in real state and local government spending, %



Sources: BEA, Moody's Analytics

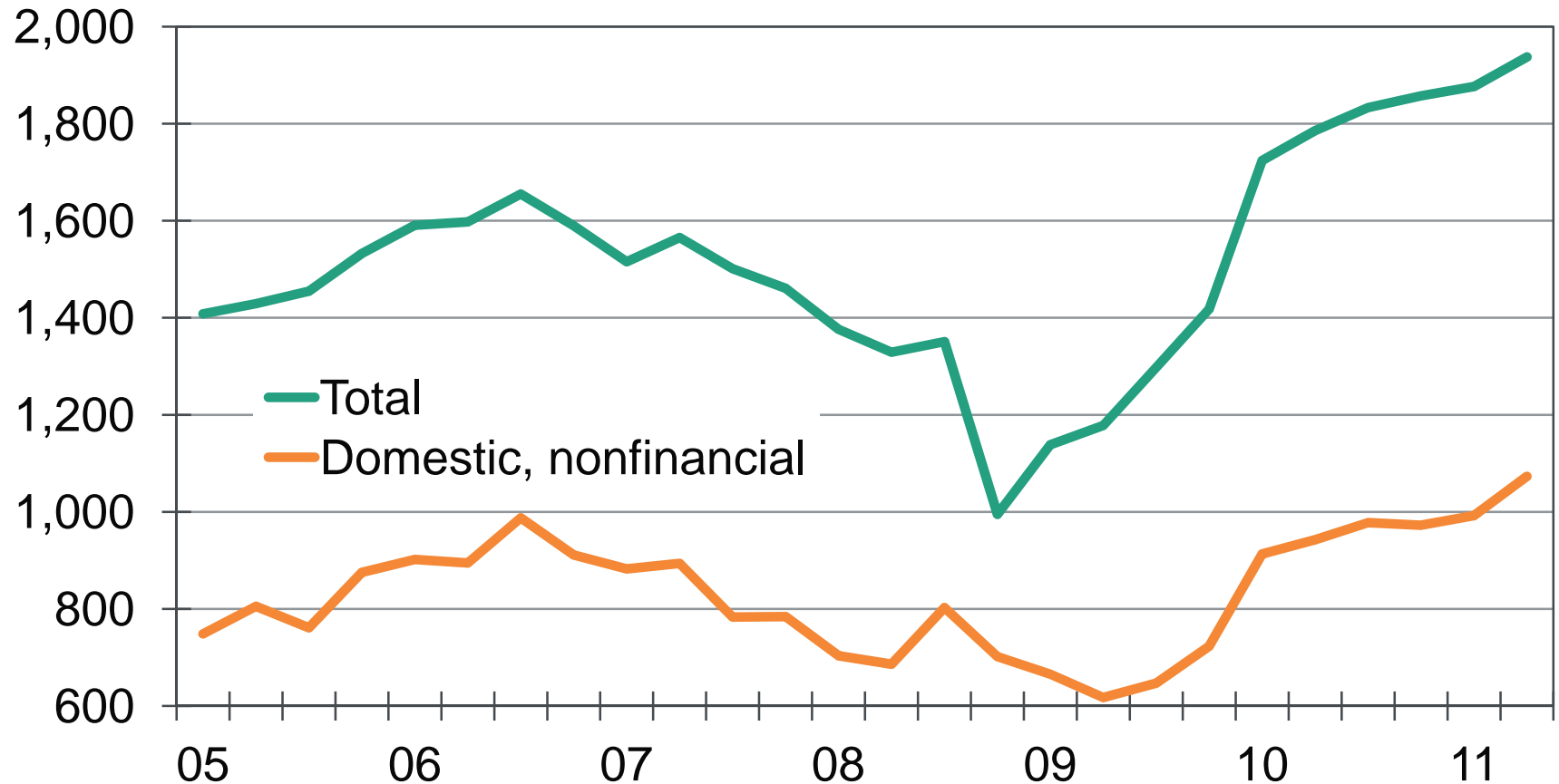
The Federal Reserve Must Ease More



Sources: Federal Reserve, Moody's Analytics

U.S. Businesses Are in Great Financial Shape...

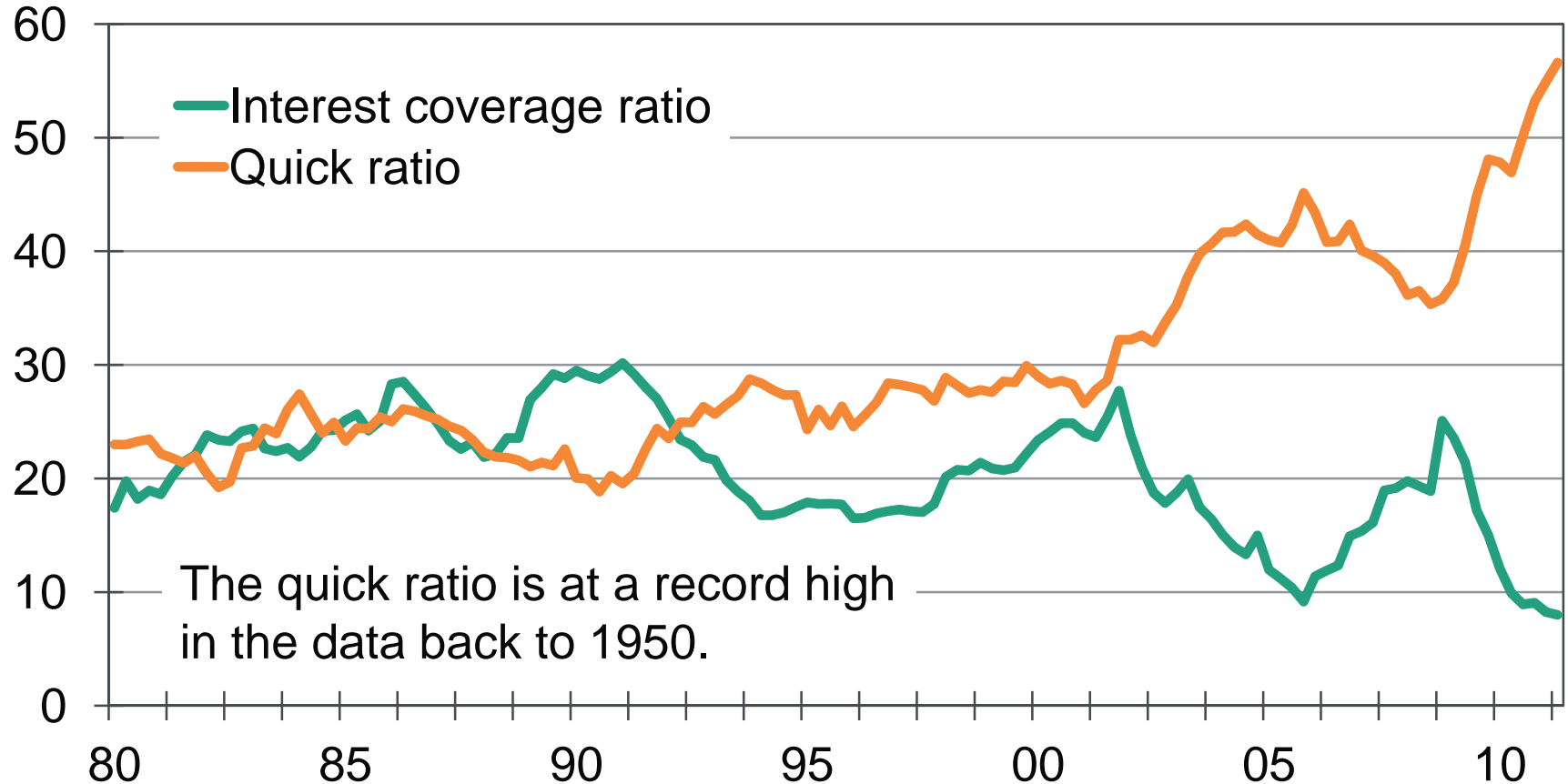
Corporate profits, \$ bil



Source: BEA

...With Solid Business Balance Sheets...

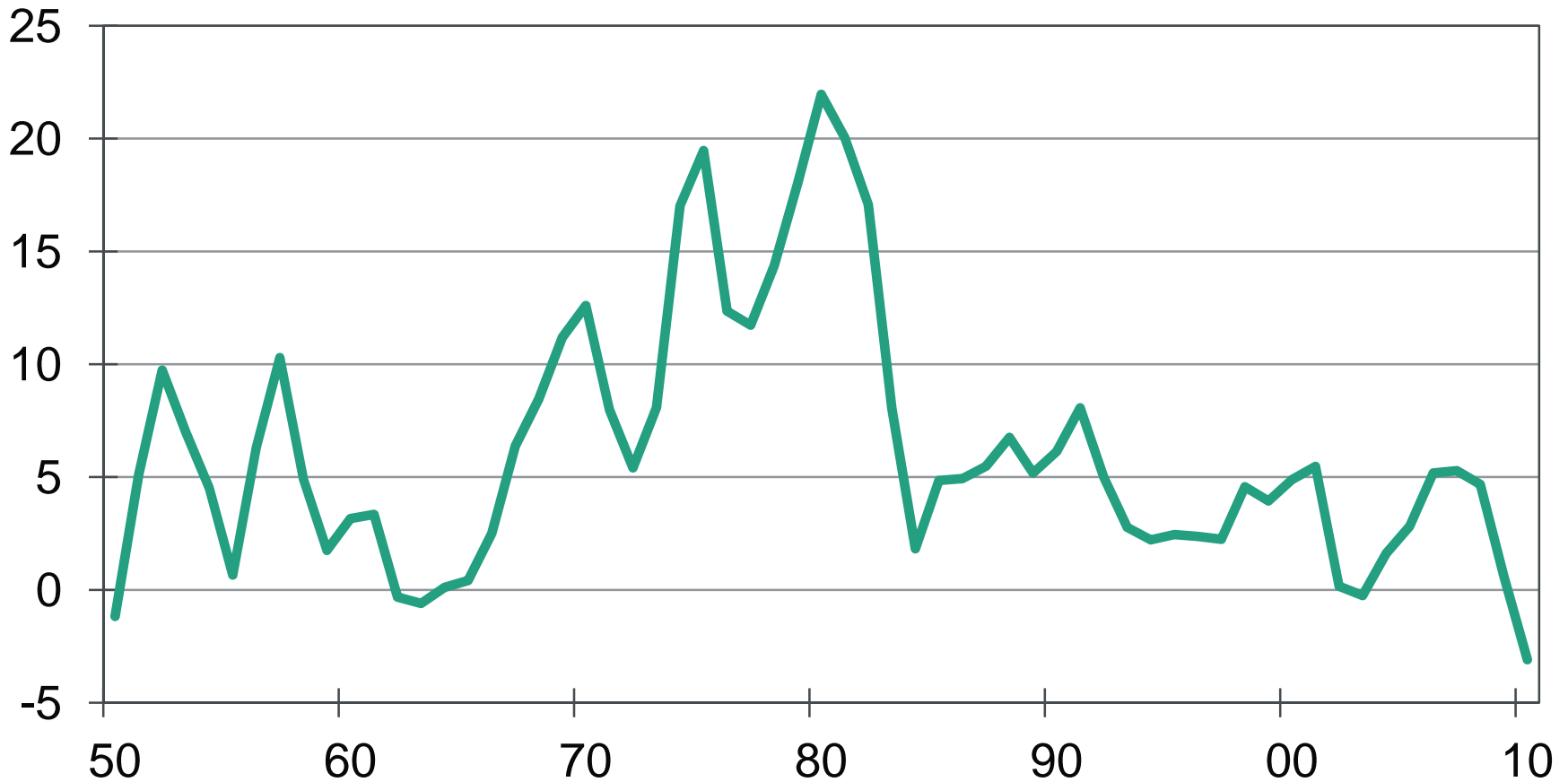
Nonfinancial corporate businesses



Sources: Federal Reserve, Moody's Analytics

...And Very Competitive Cost Structures...

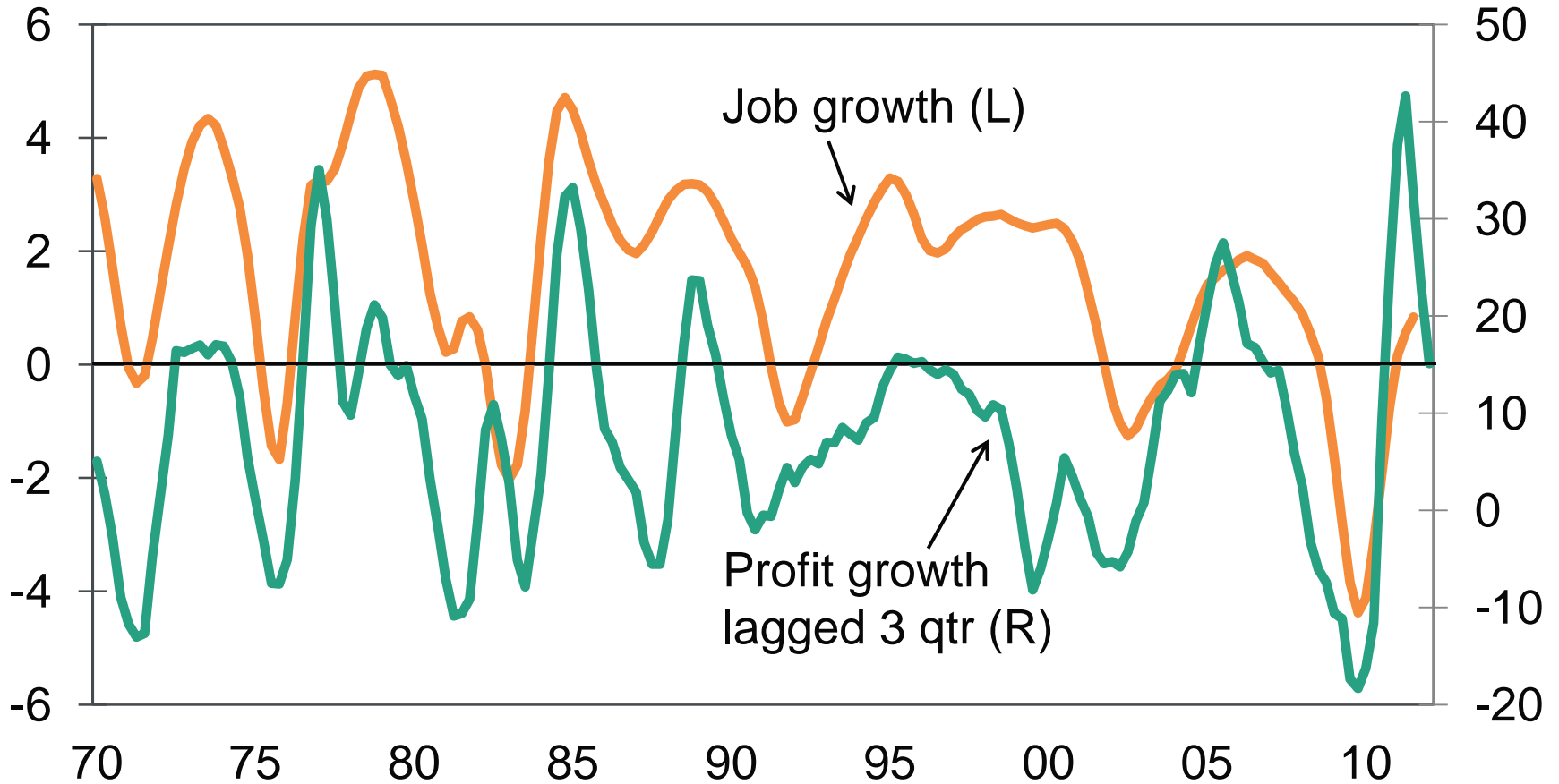
Unit labor costs, 2-yr % change



Source: Bureau of Labor Statistics

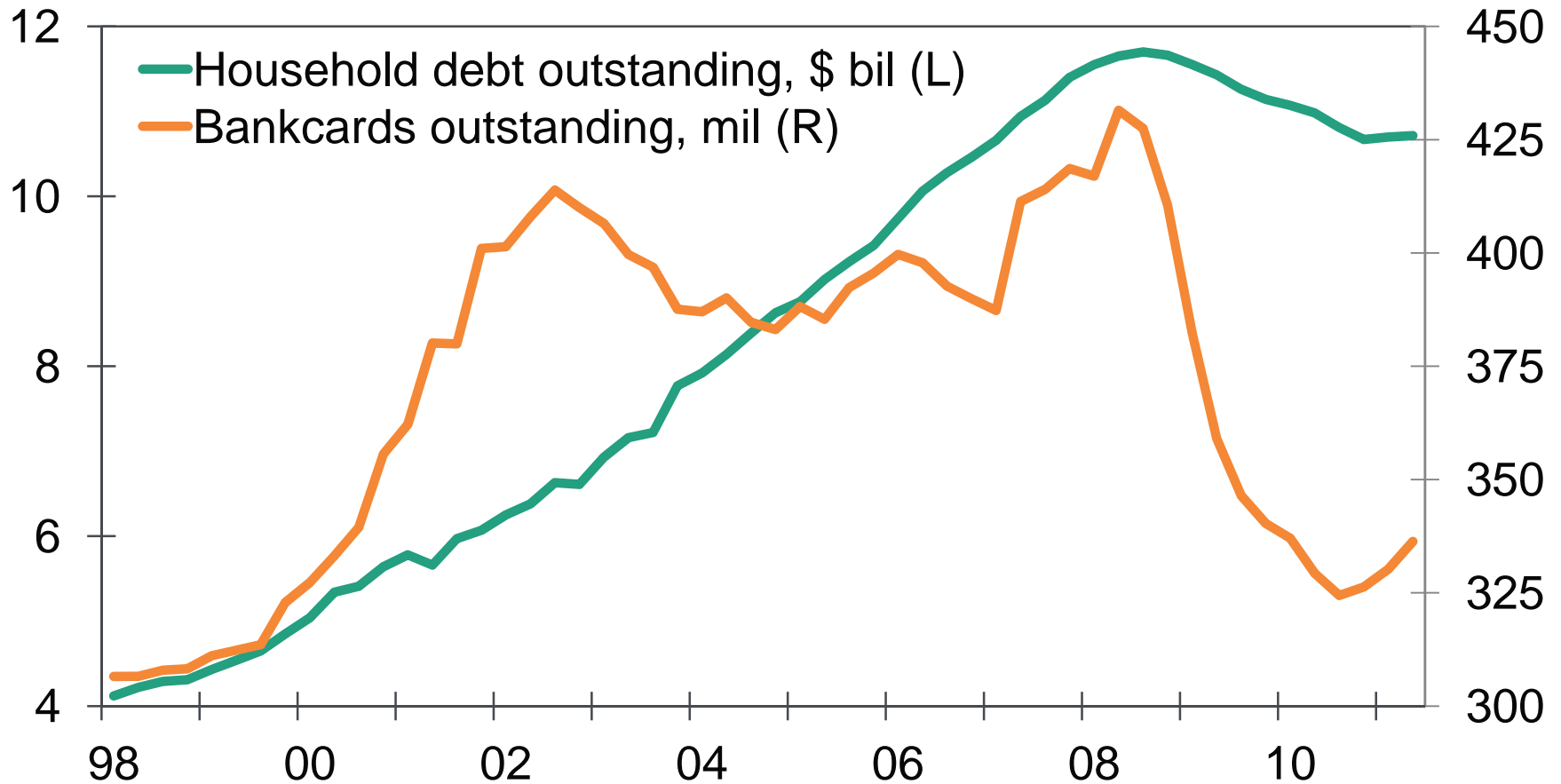
...And Should Hire More

% change yr ago, 4-qtr MA



Sources: BLS, BEA

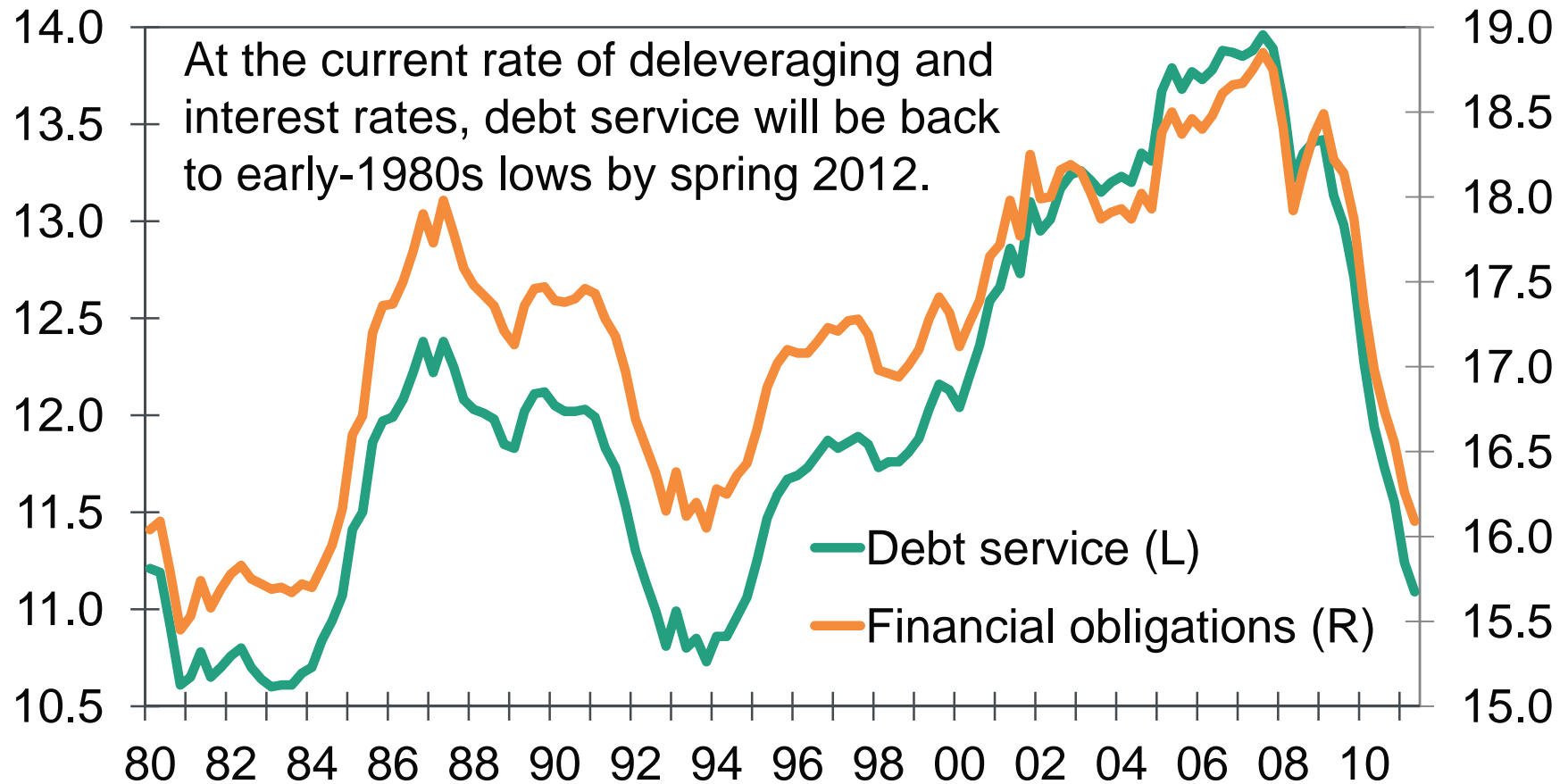
Households Rapidly Deleverage...



Sources: Equifax, Moody's Analytics

...Pulling Debt Burdens Lower...

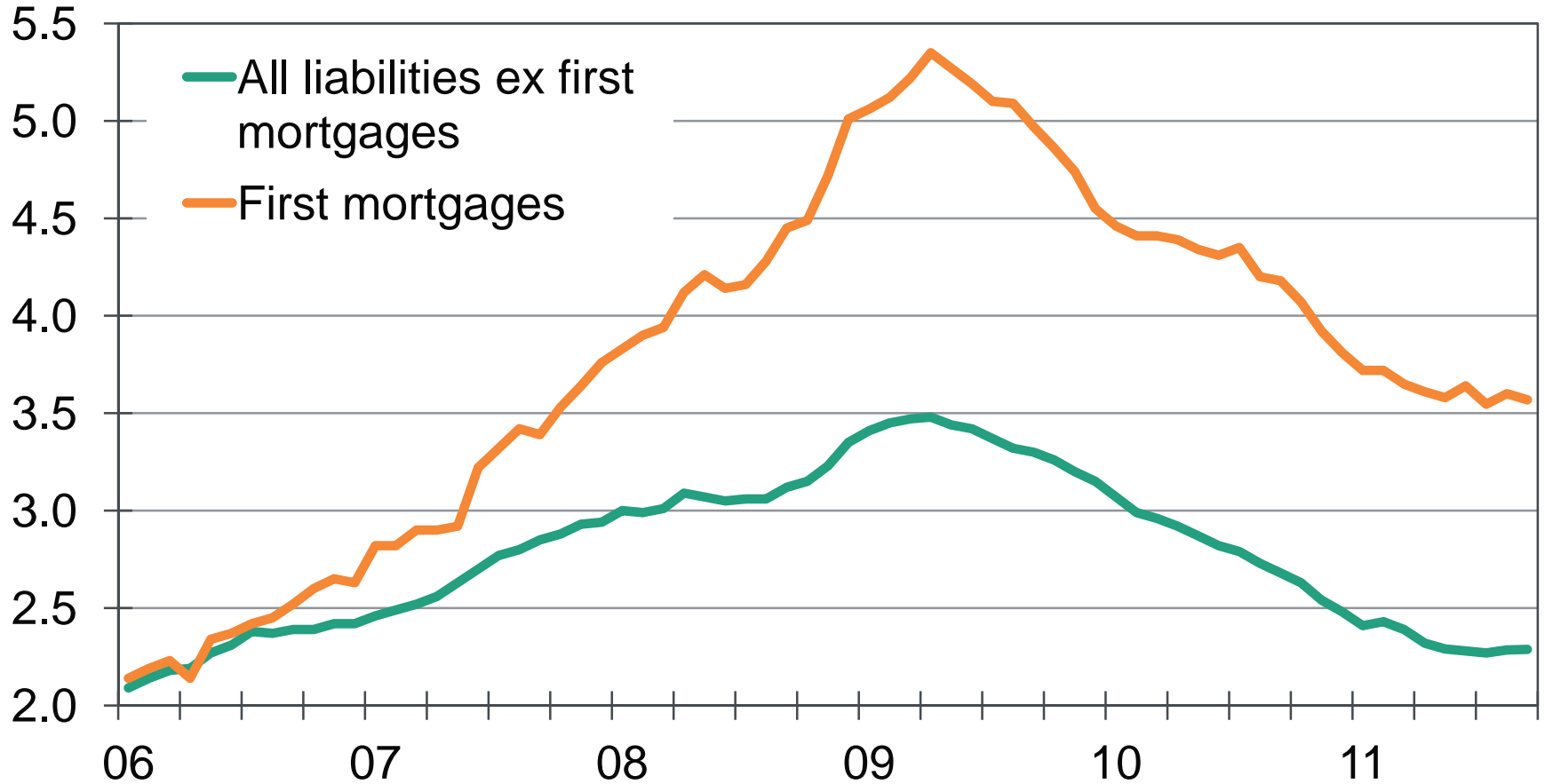
% of disposable income



Sources: Federal Reserve, BEA, Moody's Analytics

...And Resulting in Much Improved Credit Quality

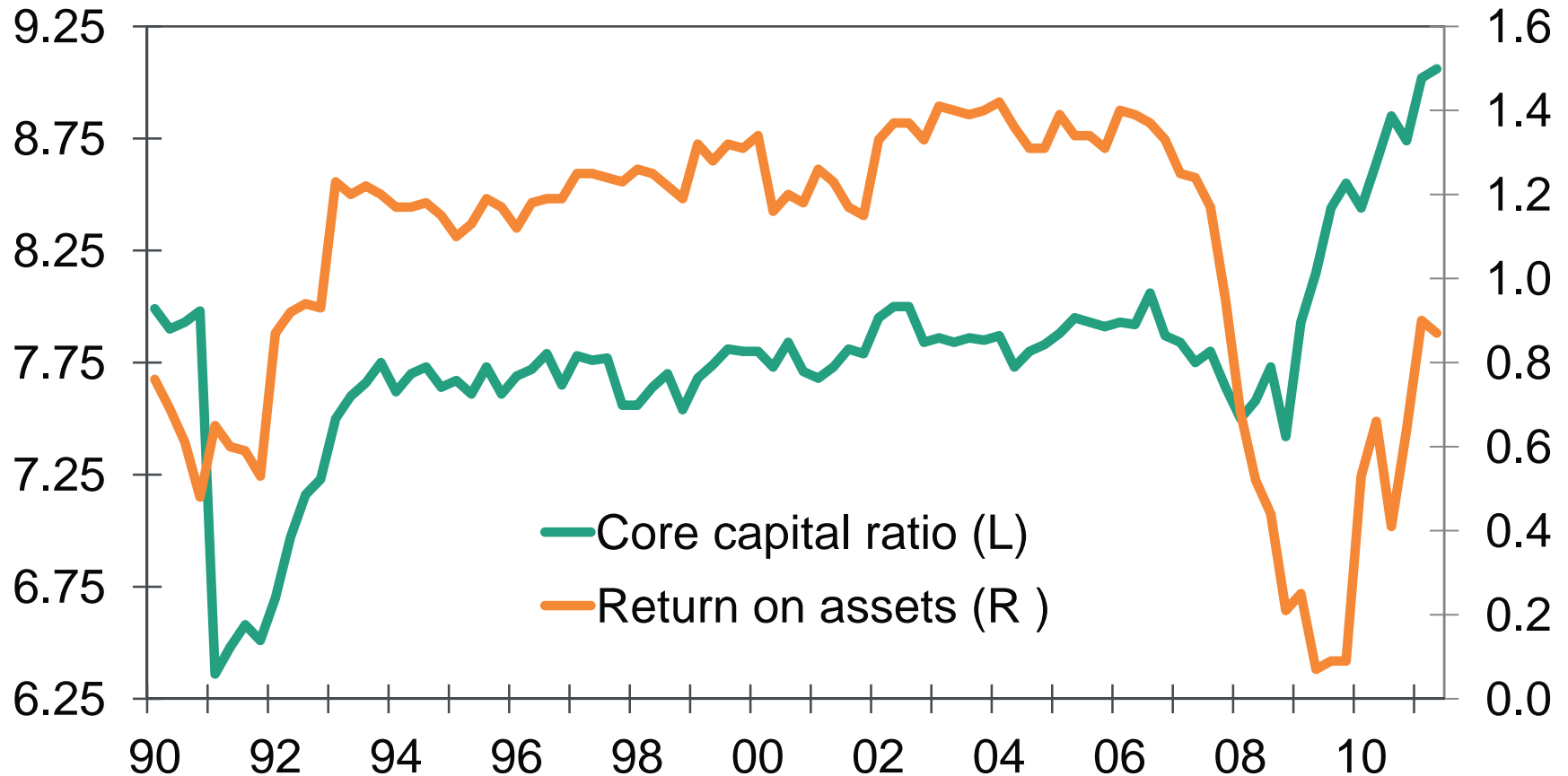
30- to 90-day delinquency rate, % of \$, SA



Sources: Equifax, Moody's Analytics

Banks Are Well Capitalized and More Profitable...

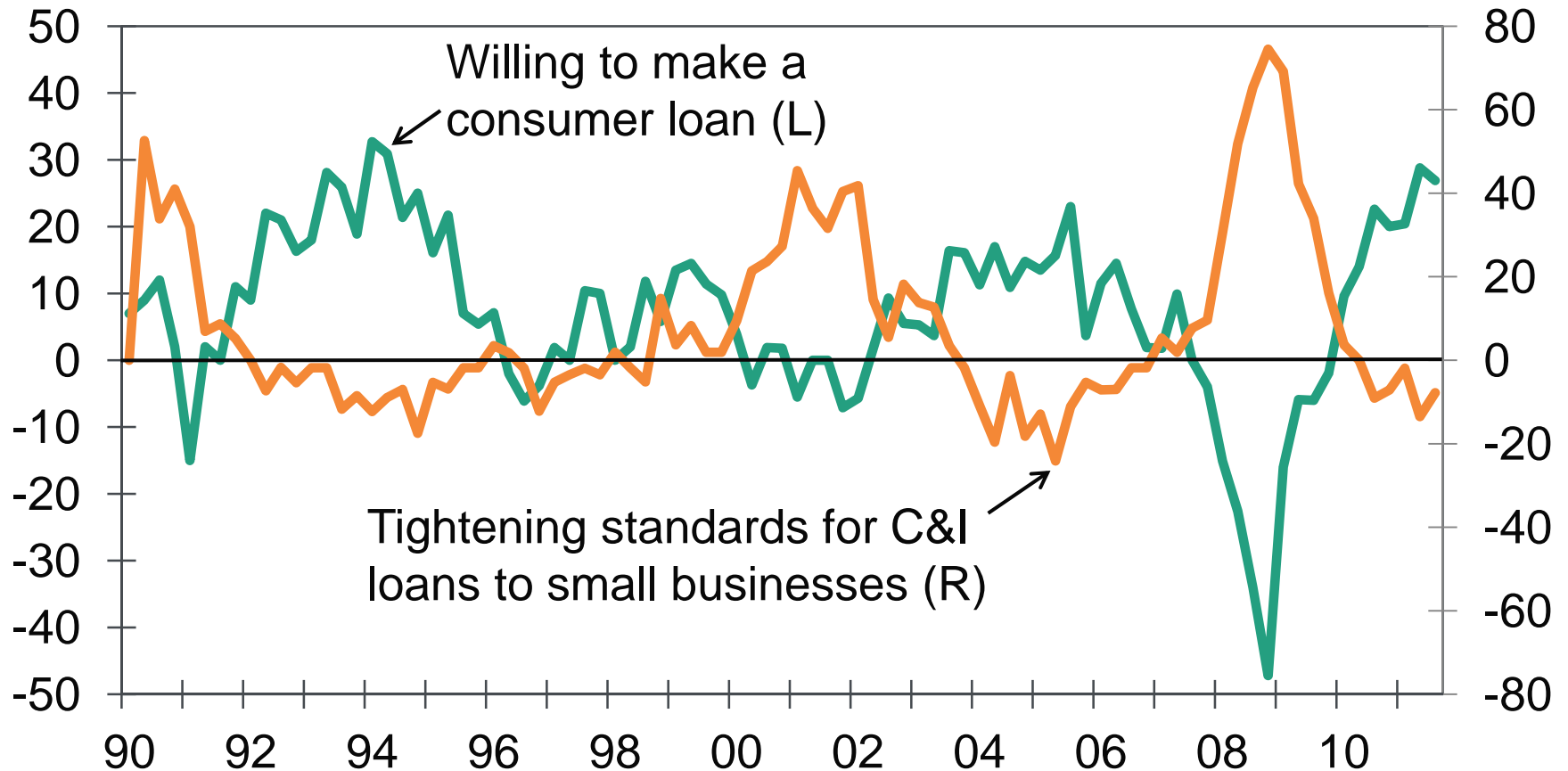
Commercial banks



Source: FDIC

...The Credit Spigot Is Opening...

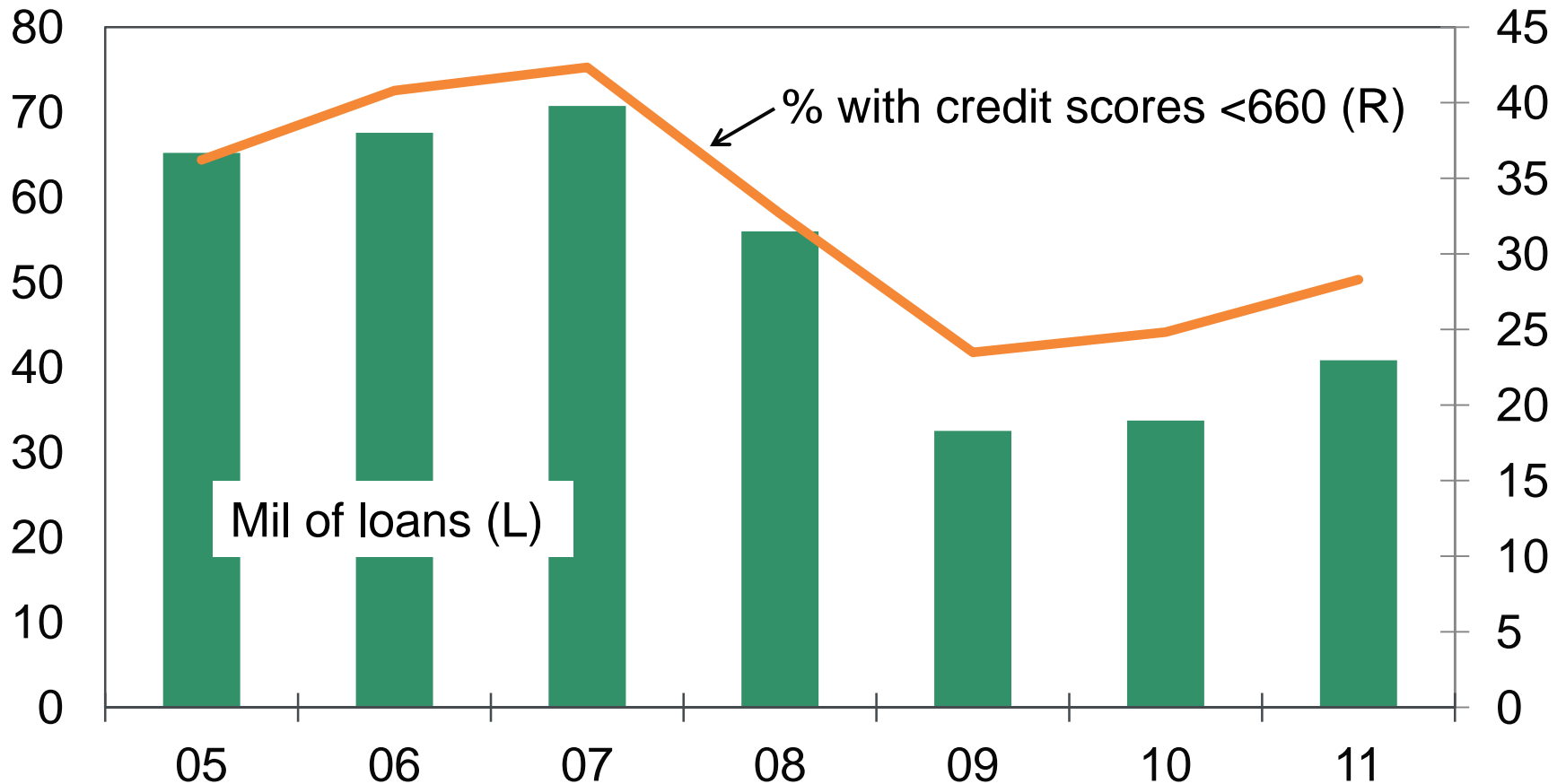
Net % of senior loan officers...



Source: Federal Reserve Senior Loan Officer Survey

...And Originations Are off Bottom

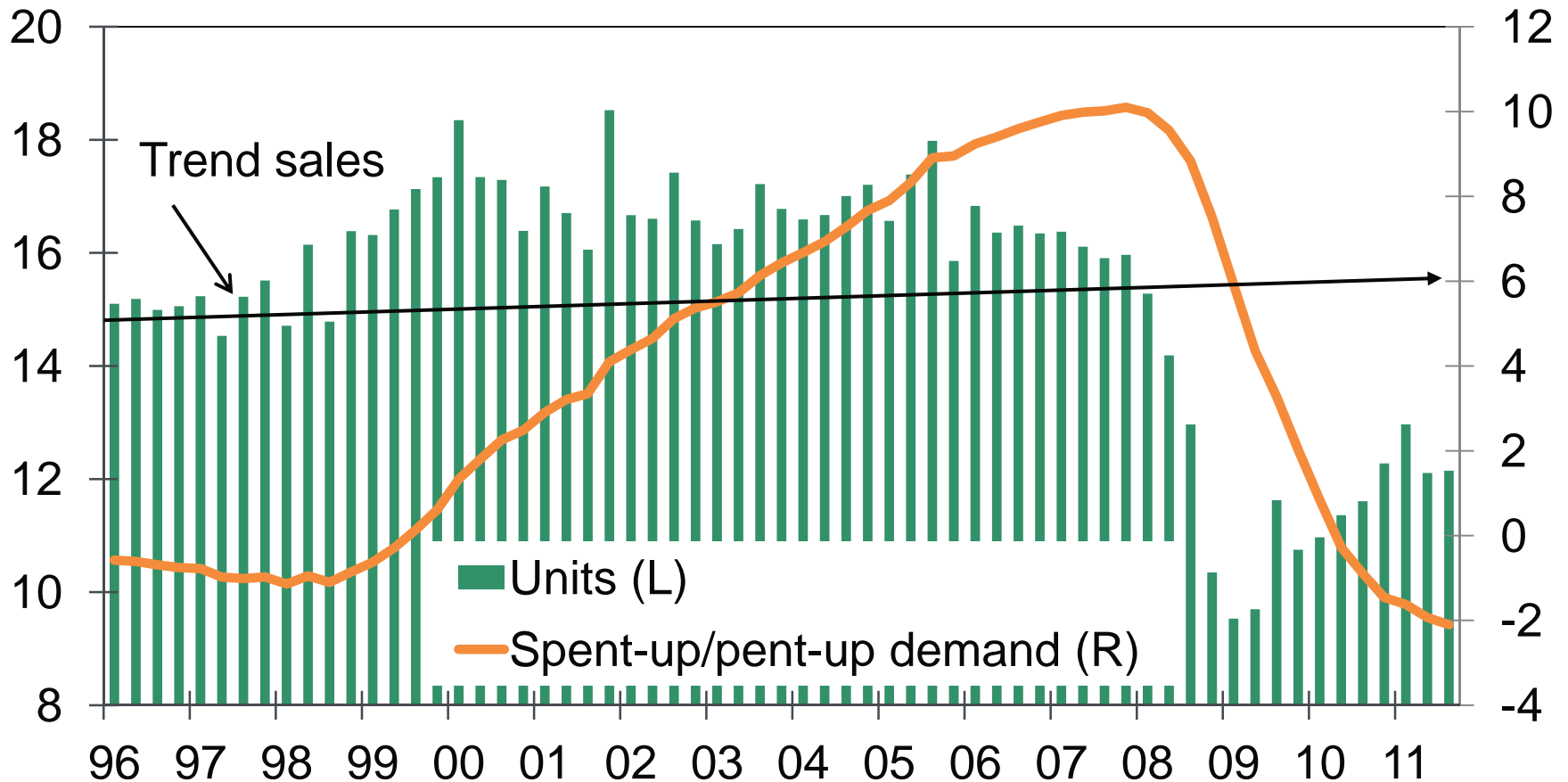
Bankcard originations, mil



Sources: Equifax, Moody's Analytics

Spent-Up Demand Gives Way to Pent-Up Demand...

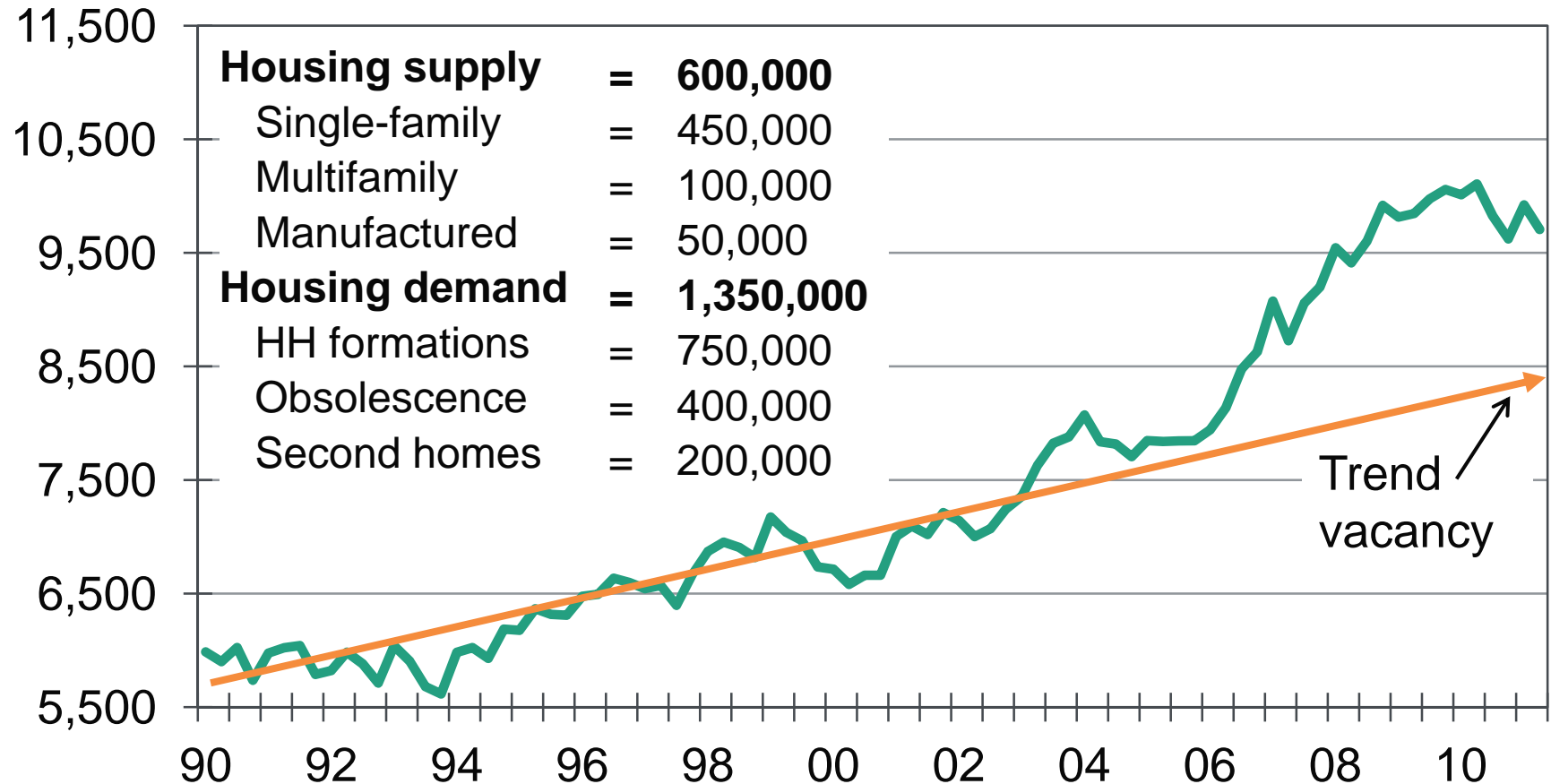
Light vehicle sales, mil



Sources: BEA, Moody's Analytics

...And Housing Inventories Have Peaked

Vacant homes for sale, for rent, and held off market, the

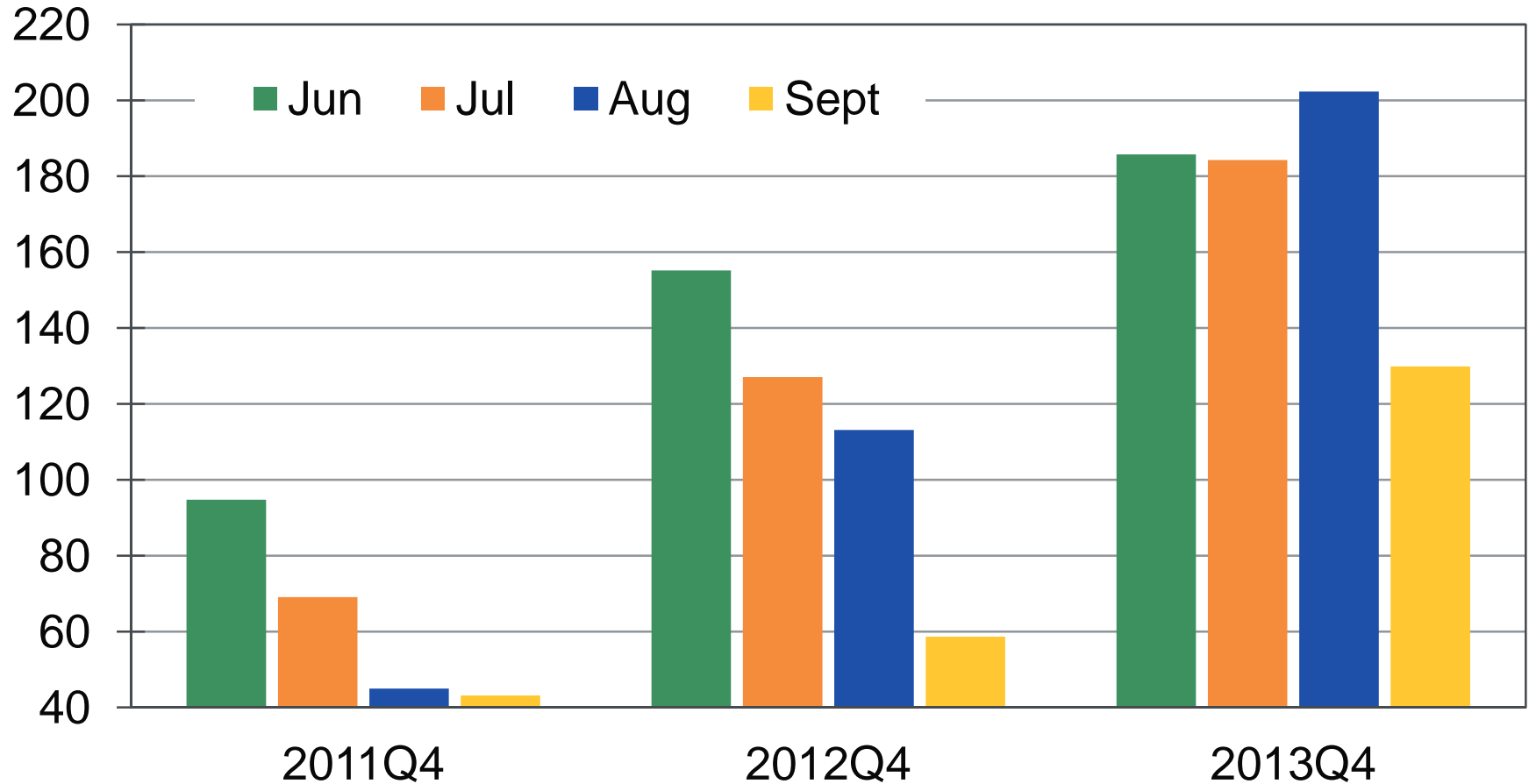


Sources: Census Bureau, Moody's Analytics

The New York Outlook

Weaker Forecast Reflects U.S. Slowdown...

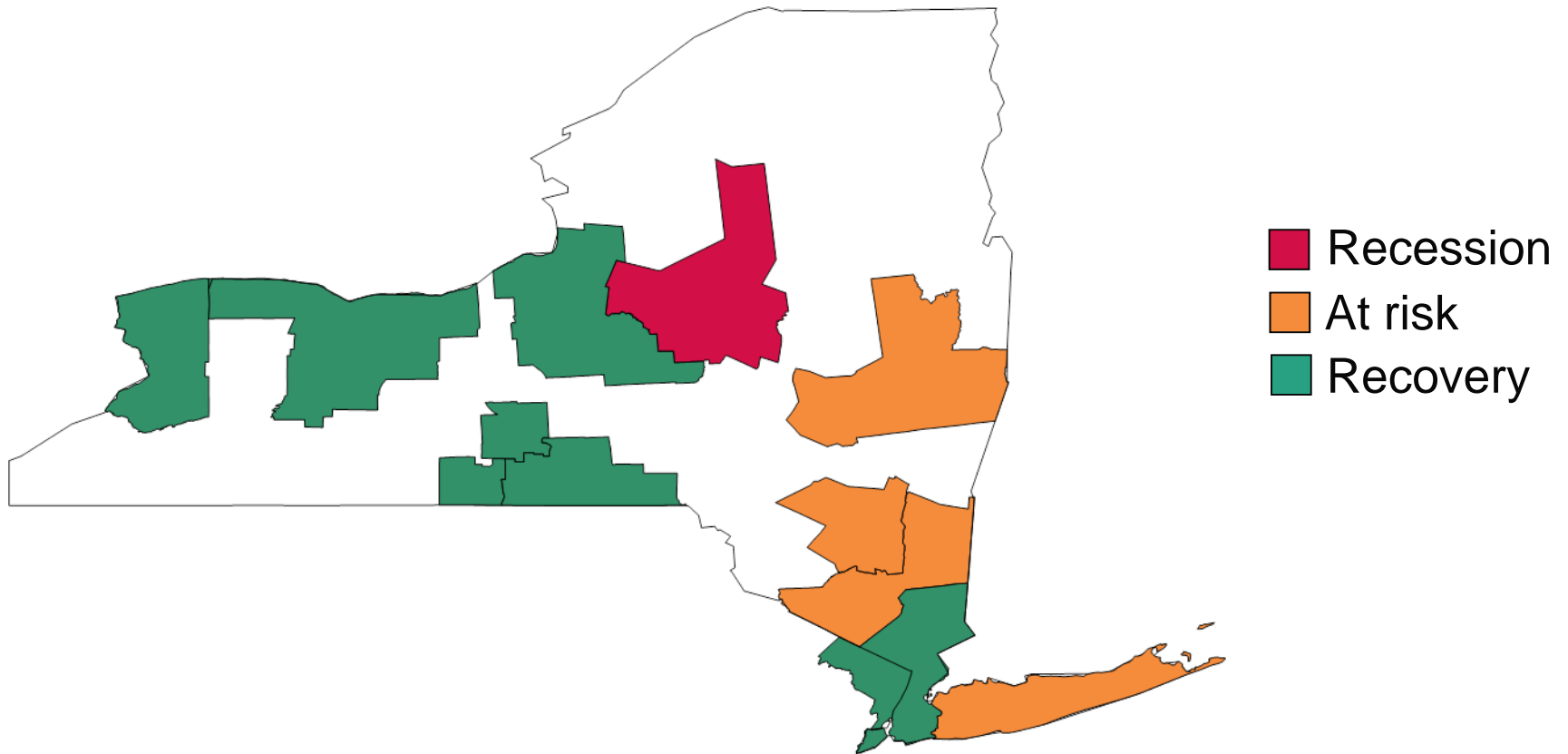
New York employment by forecast vintage, yr-to-yr change, ths



Sources: BLS, Moody's Analytics

...But Only Utica Has Slipped Back Into Recession

Status as of Aug 2011 data



Source: Moody's Analytics

Payroll Employment—Northeast States

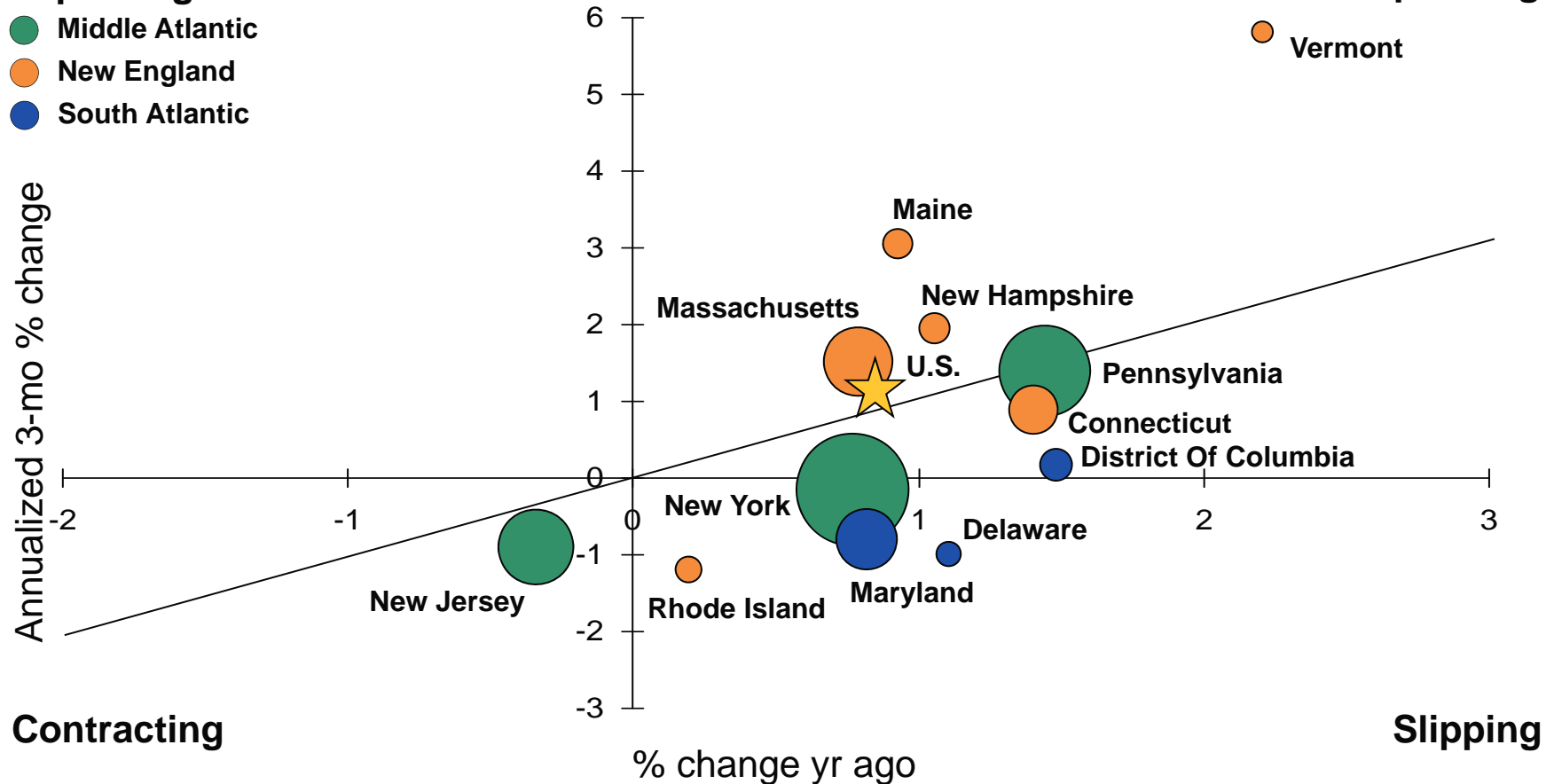
1-yr vs. 3-mo performance (3-mo. MA)

Aug 2011

Improving

- Middle Atlantic
- New England
- South Atlantic

Expanding



Note: Size reflects relative total employment

Payroll Employment—Northeast MSAs

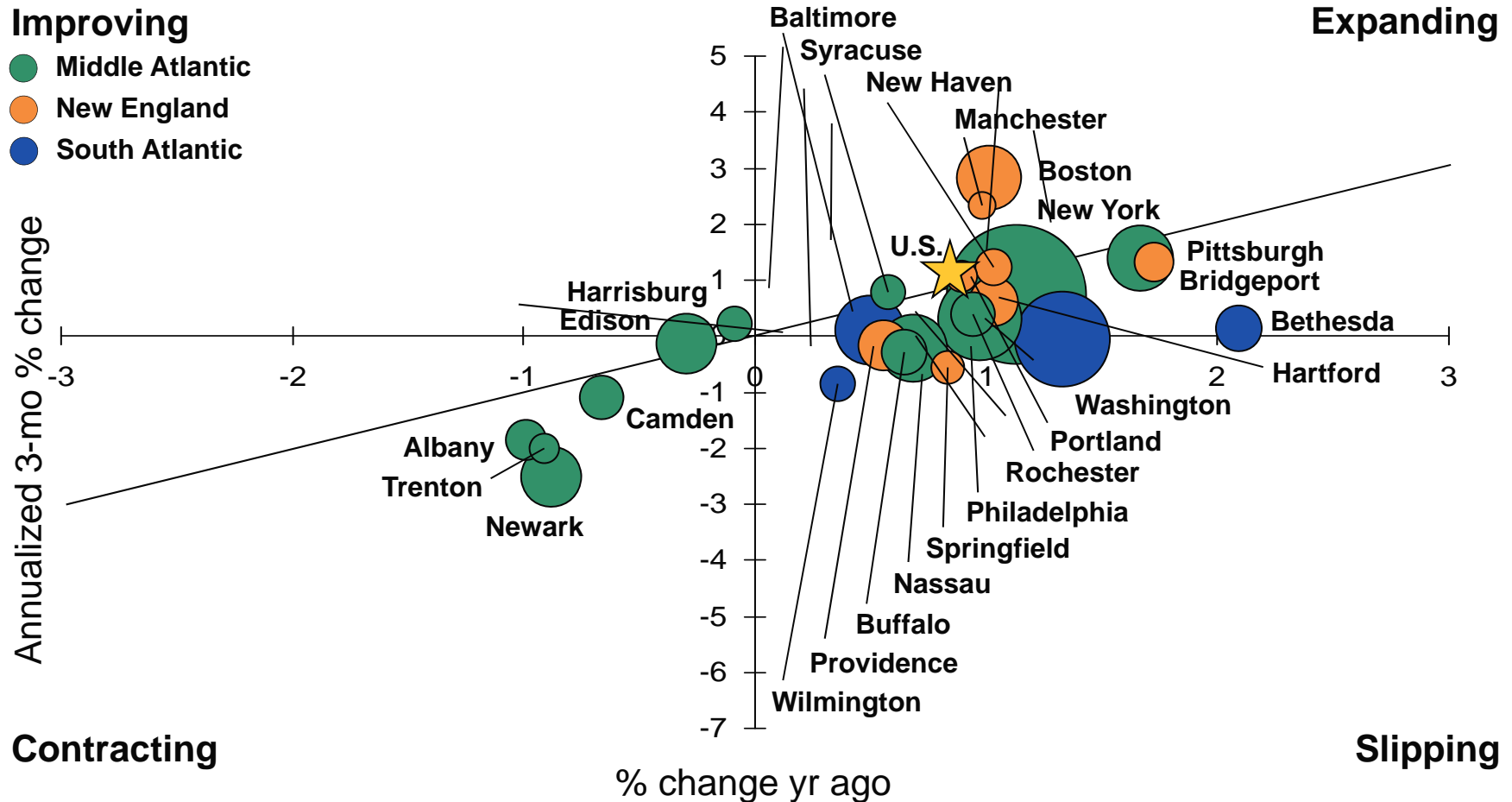
1-yr vs. 3-mo performance (3-mo. MA)

Aug 2011

Improving

- Middle Atlantic
- New England
- South Atlantic

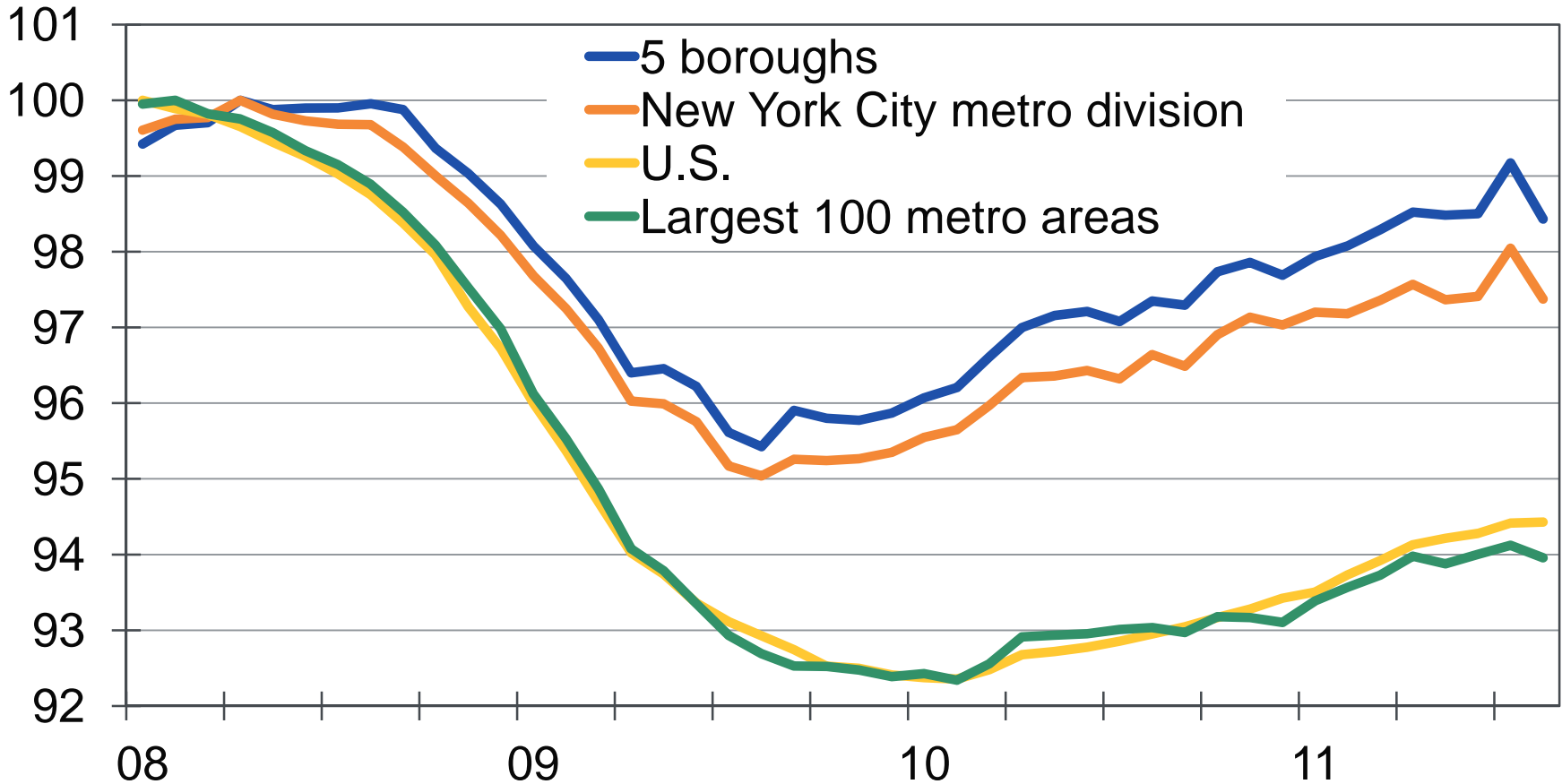
Expanding



Note: Size reflects relative total employment

New York City Outperforms

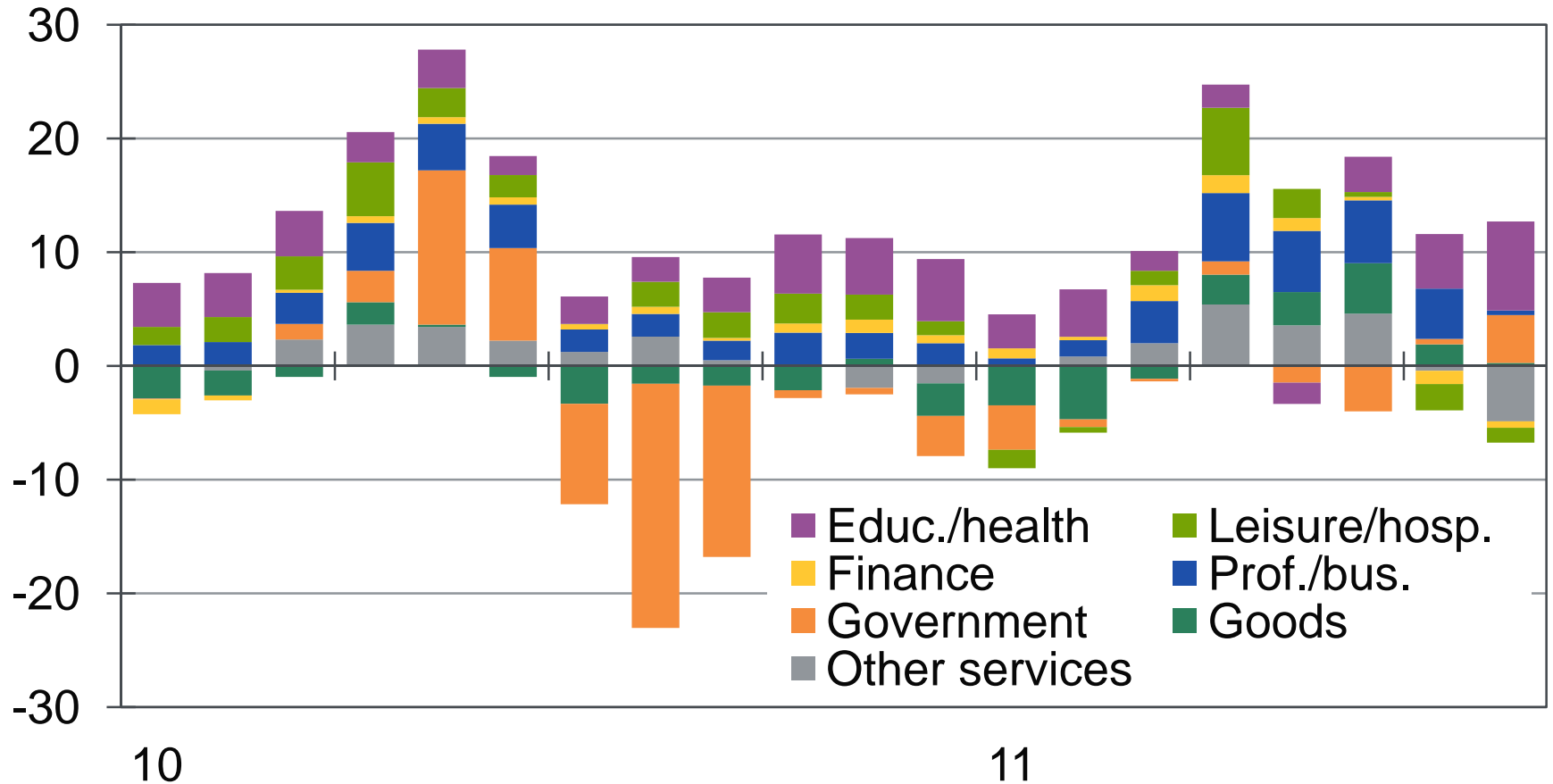
Private sector payroll employment, peak=100



Source: BLS

Finance and Government Trade Places

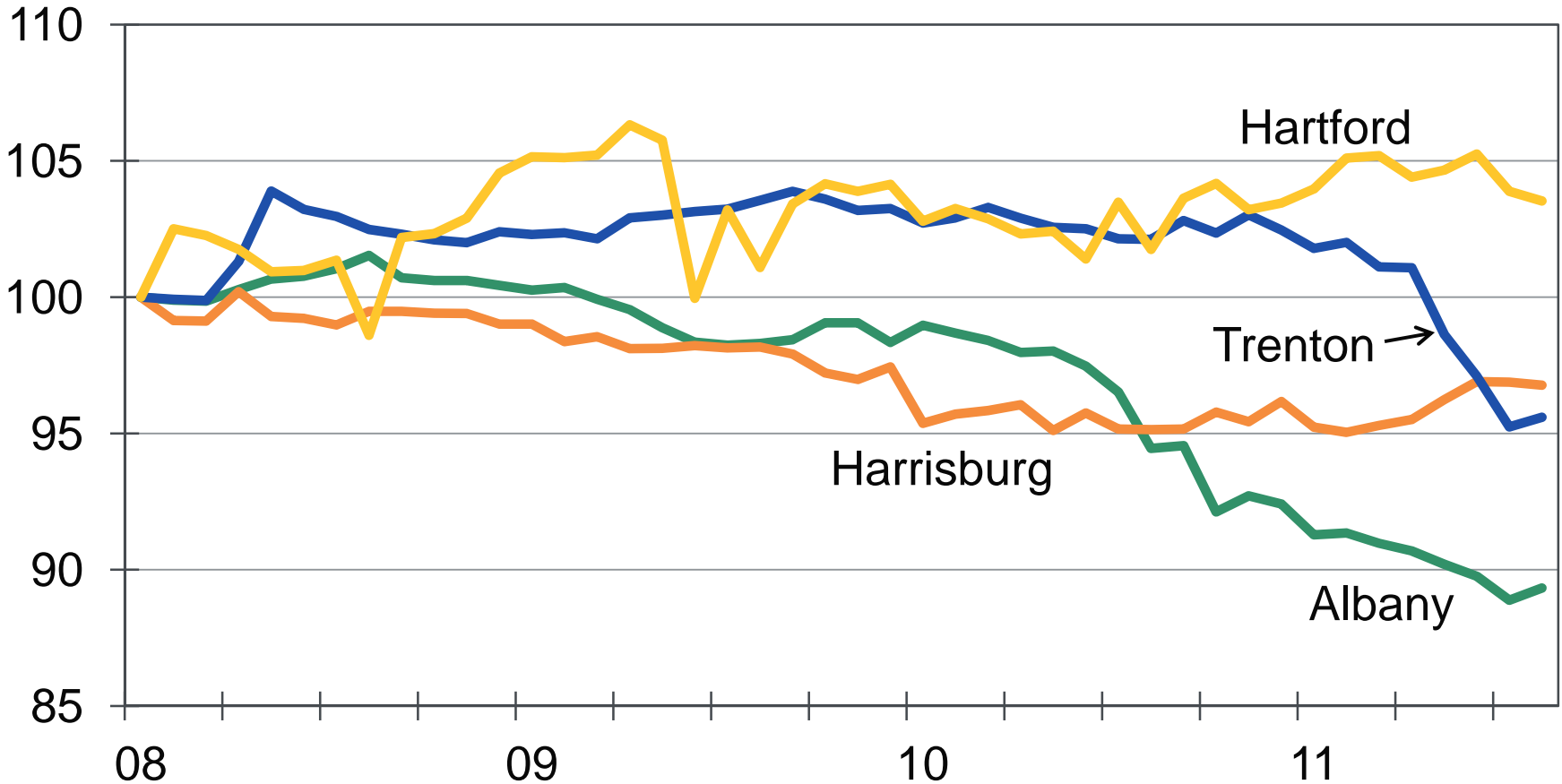
Employment change, ths, 3-mo MA



Source: BLS

New York's State Government Cuts Were Worst

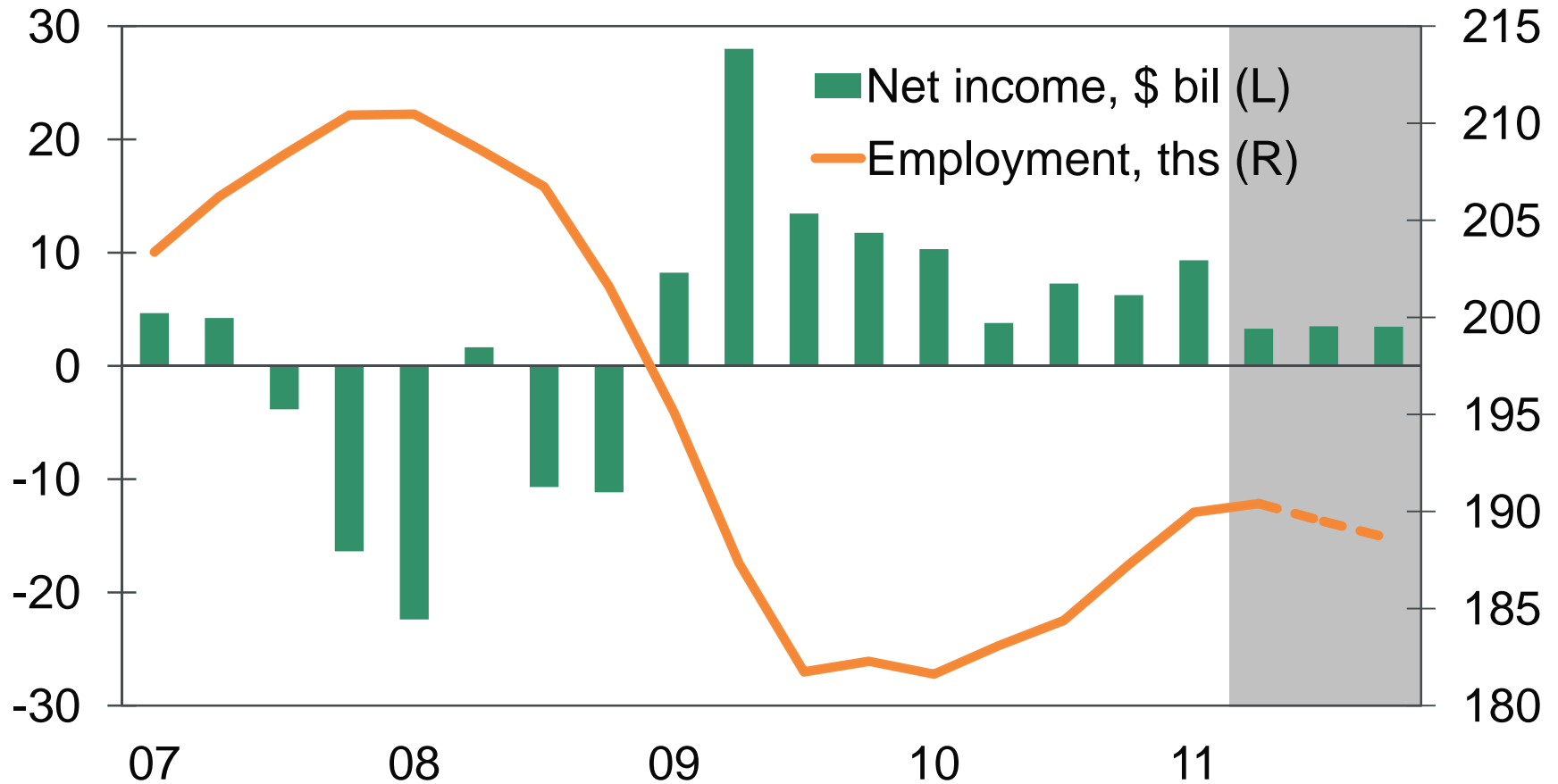
State government employment, 2008m1=100



Sources: BLS, Moody's Analytics

Slower Revenue Growth Leading to Layoffs

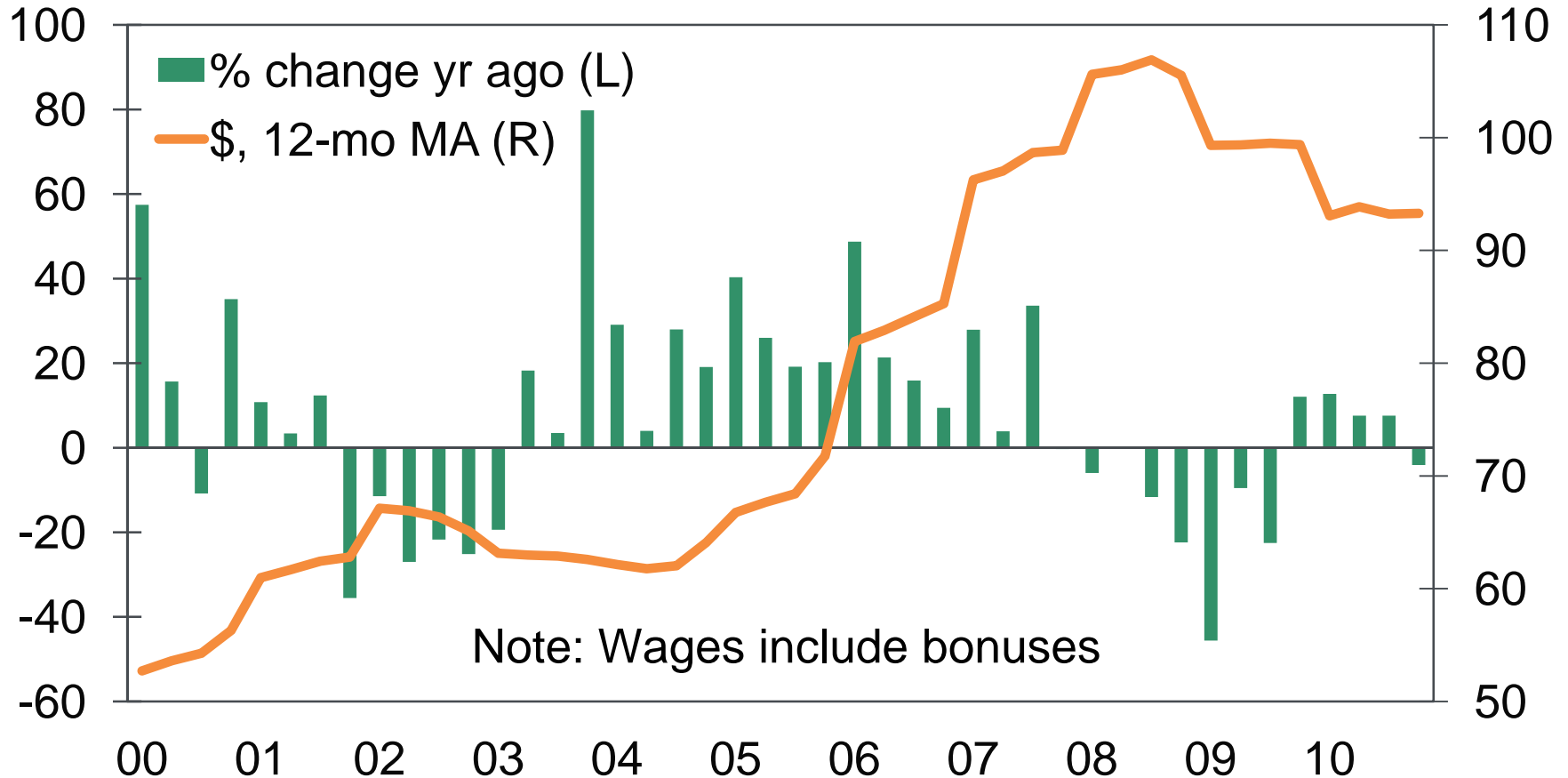
Securities and commodity brokerages in NY



Sources: NYSE, BLS, Moody's Analytics

Lower Revenues Mean Lower Pay

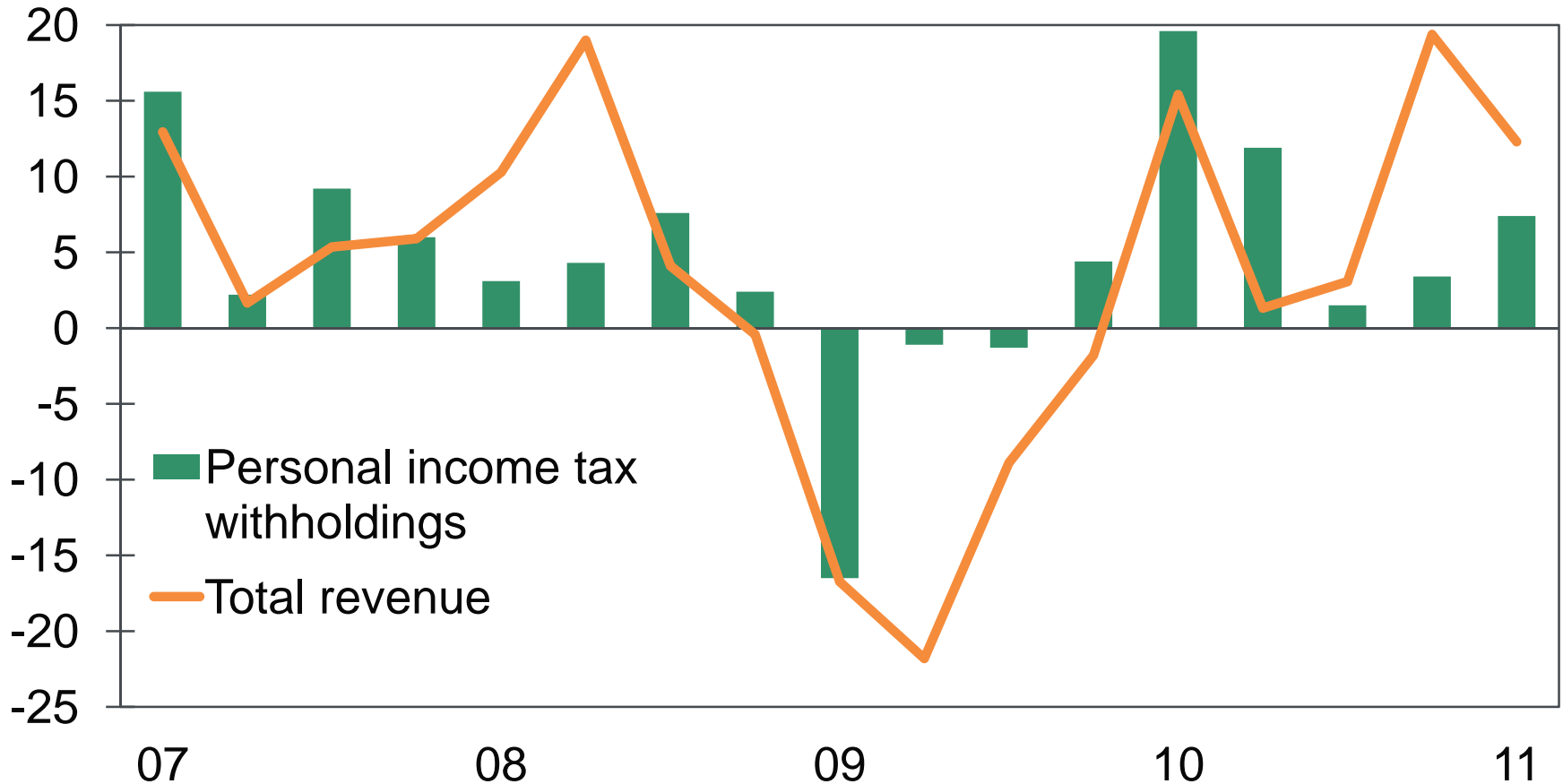
Manhattan investment banking and securities dealing wages



Source: BLS

Wall Street Bonuses Are a Windfall for State

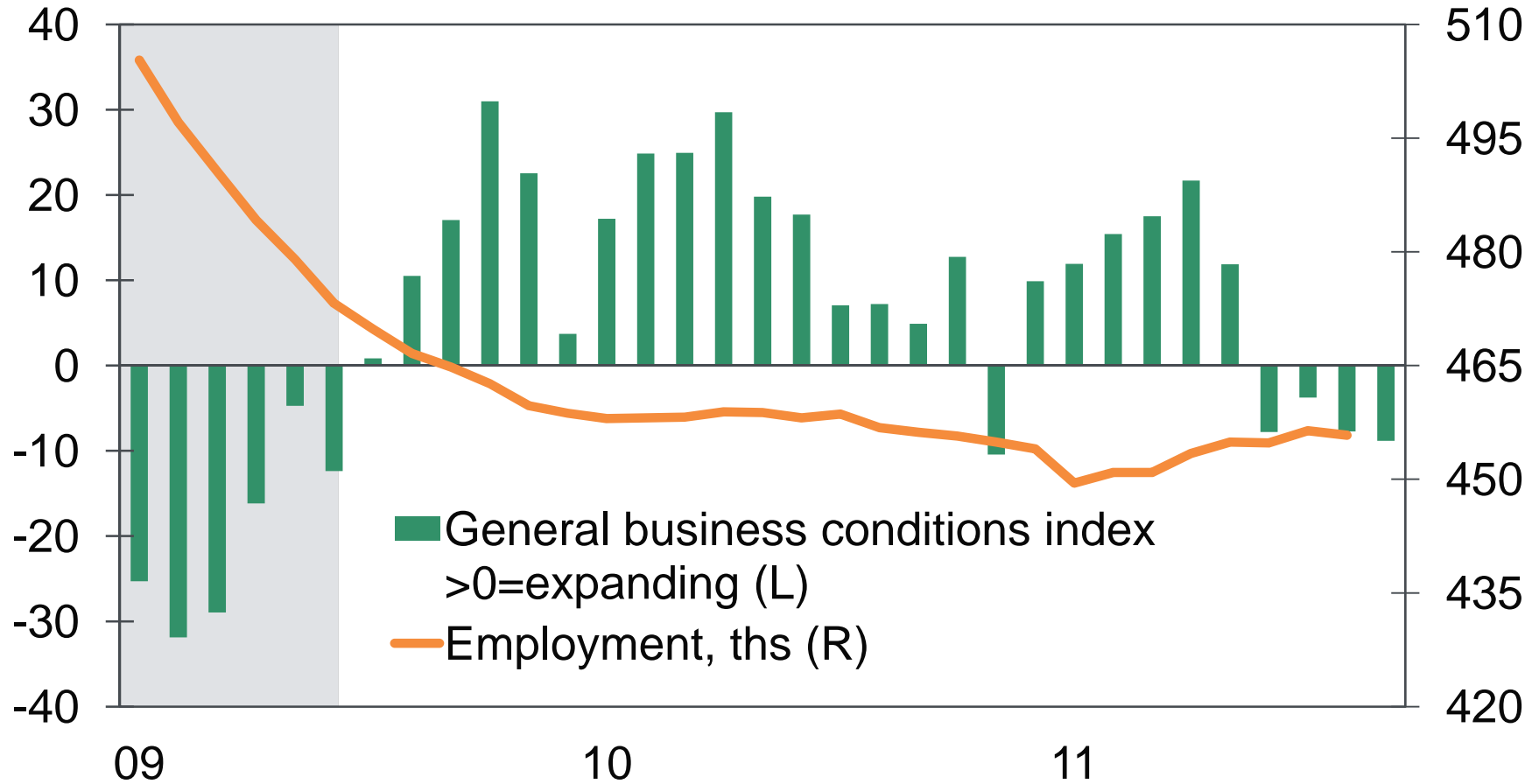
% change yr ago



Source: Rockefeller Institute of Government

Manufacturing Puts Upstate Metro Areas at Risk

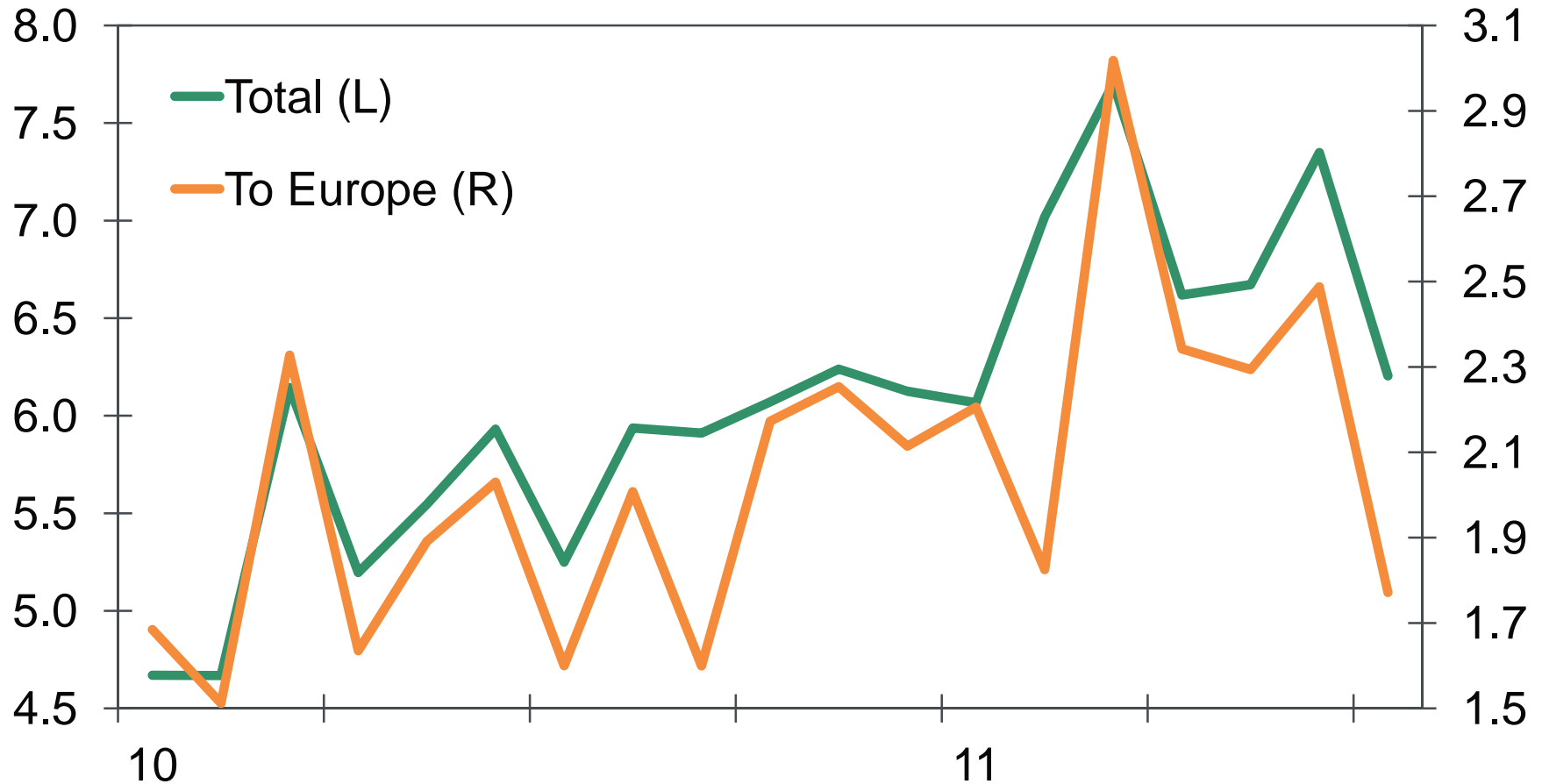
New York manufacturing



Sources: BLS, Federal Reserve Bank of New York

Exports to Europe Are Falling Fast in New York

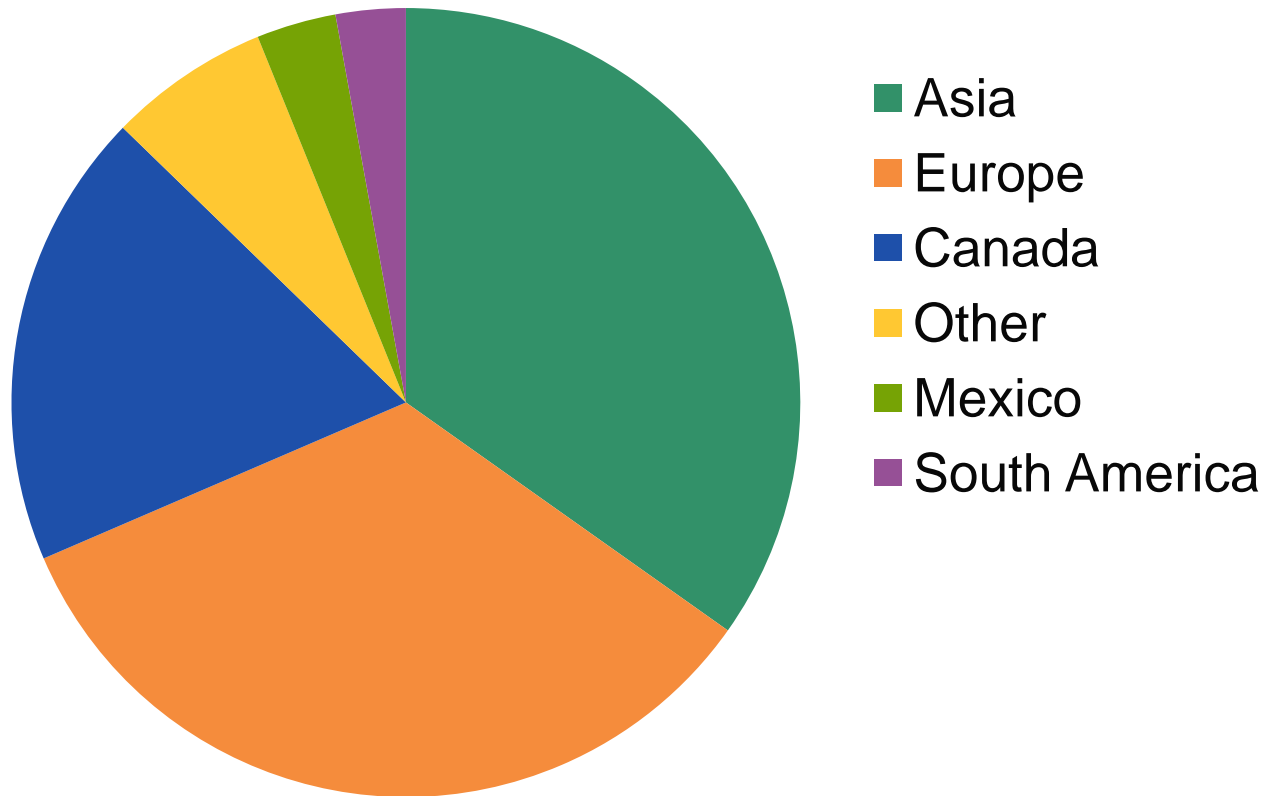
New York exports, \$ bil, NSA



Source: Census Bureau

High Exposure to Europe May Hurt

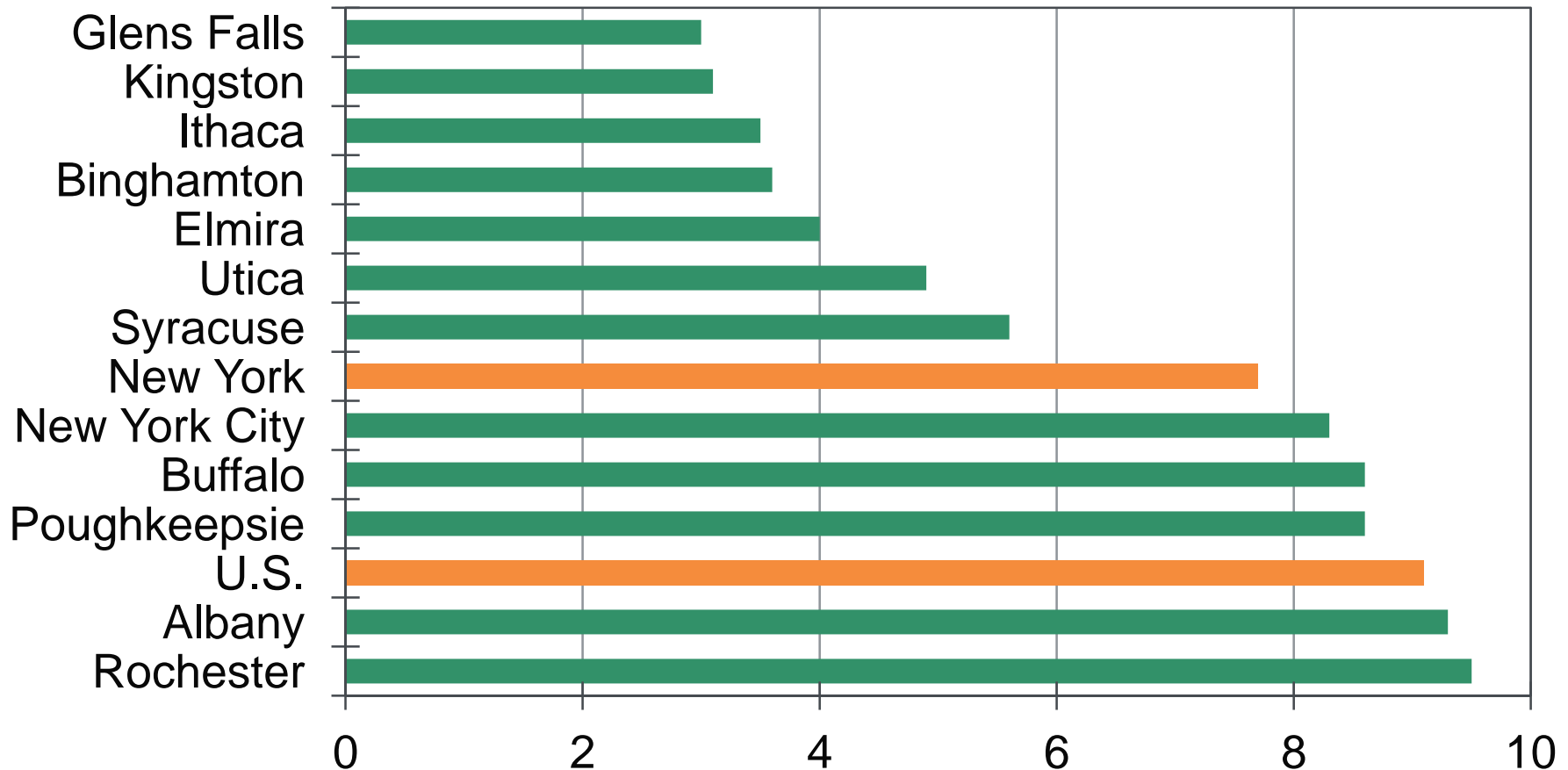
New York exports by destination, % of total, 2010



Source: Census Bureau

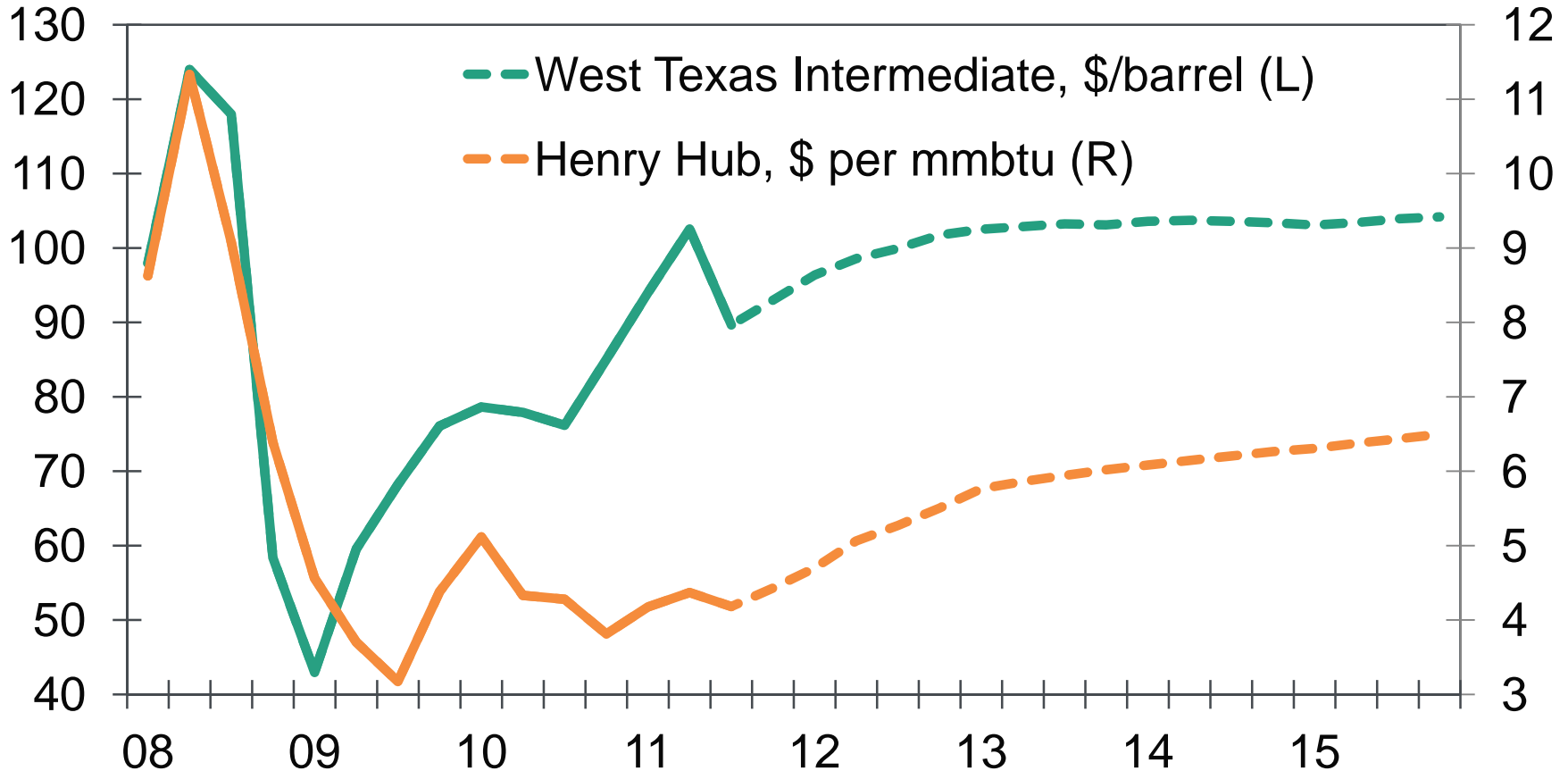
Albany, Rochester Exposed to Global Recessions

Exports as a share of GDP, %, 2008



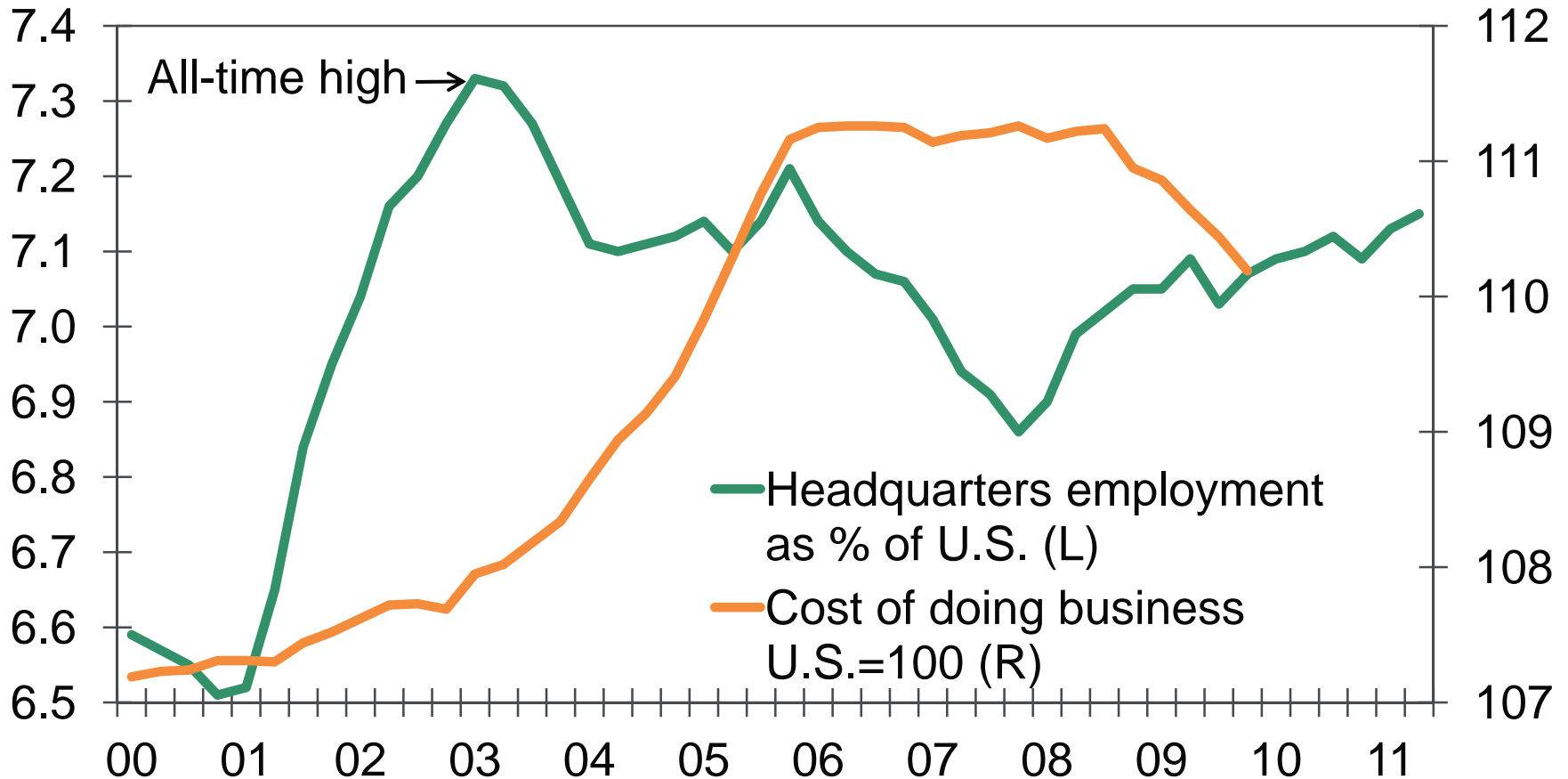
Sources: International Trade Administration, BEA, Moody's Analytics

Elevated Energy Prices Will Keep Costs High...



Sources: The Wall Street Journal, Moody's Analytics

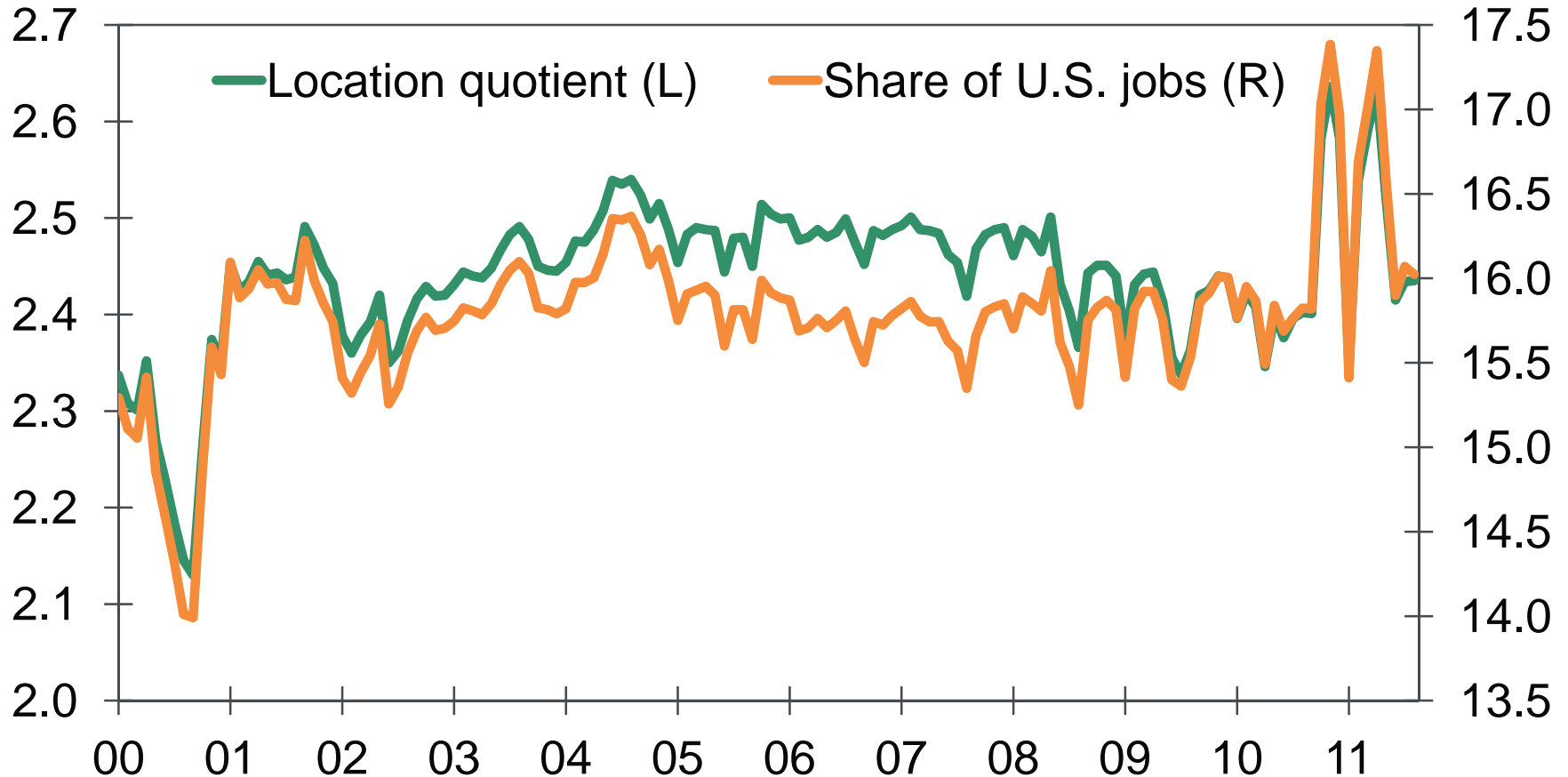
...But Businesses Keep Coming



Sources: BLS, Moody's Analytics

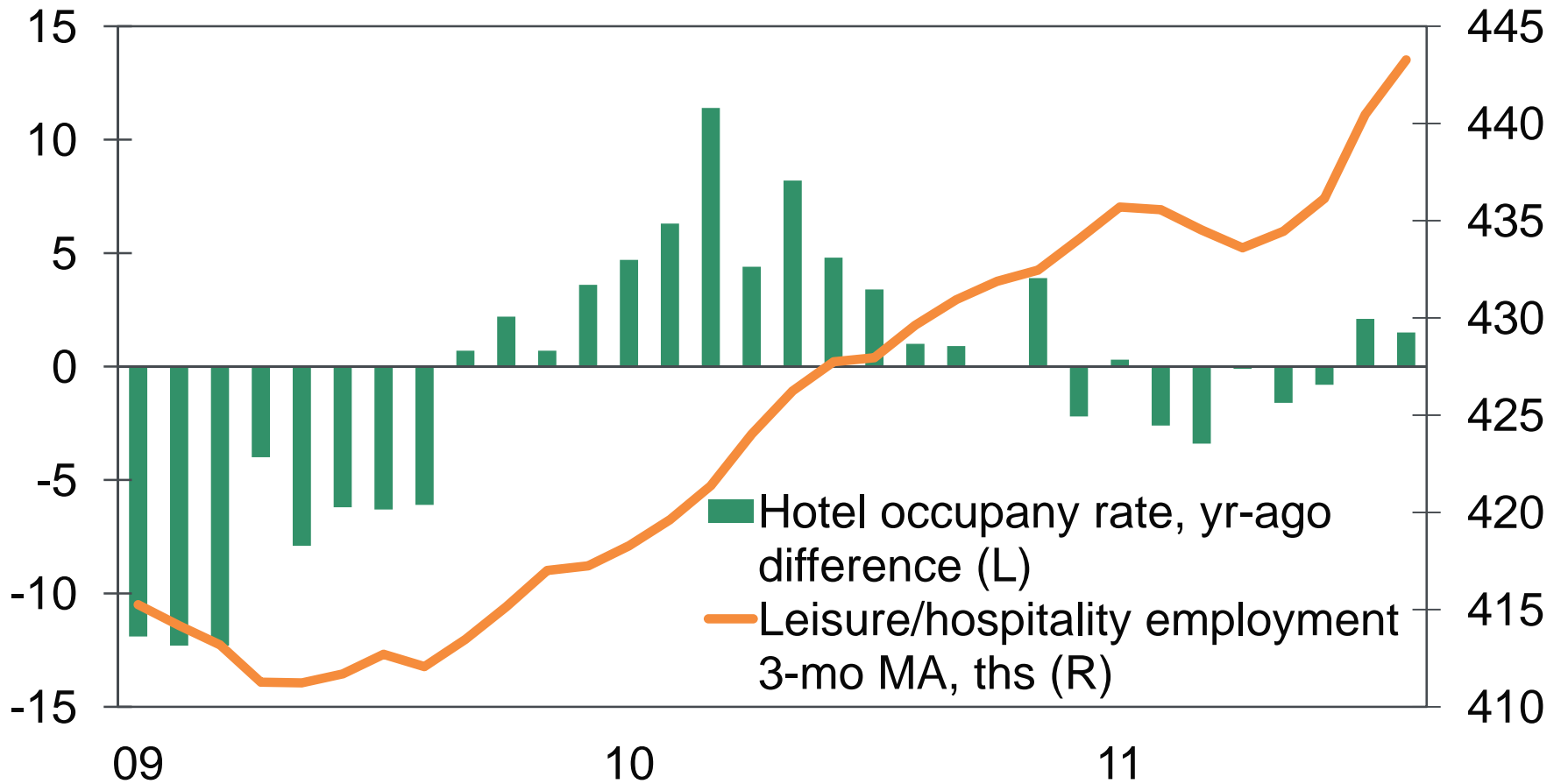
New York Is a National Education Hub

University employment



Sources: BLS, Moody's Analytics

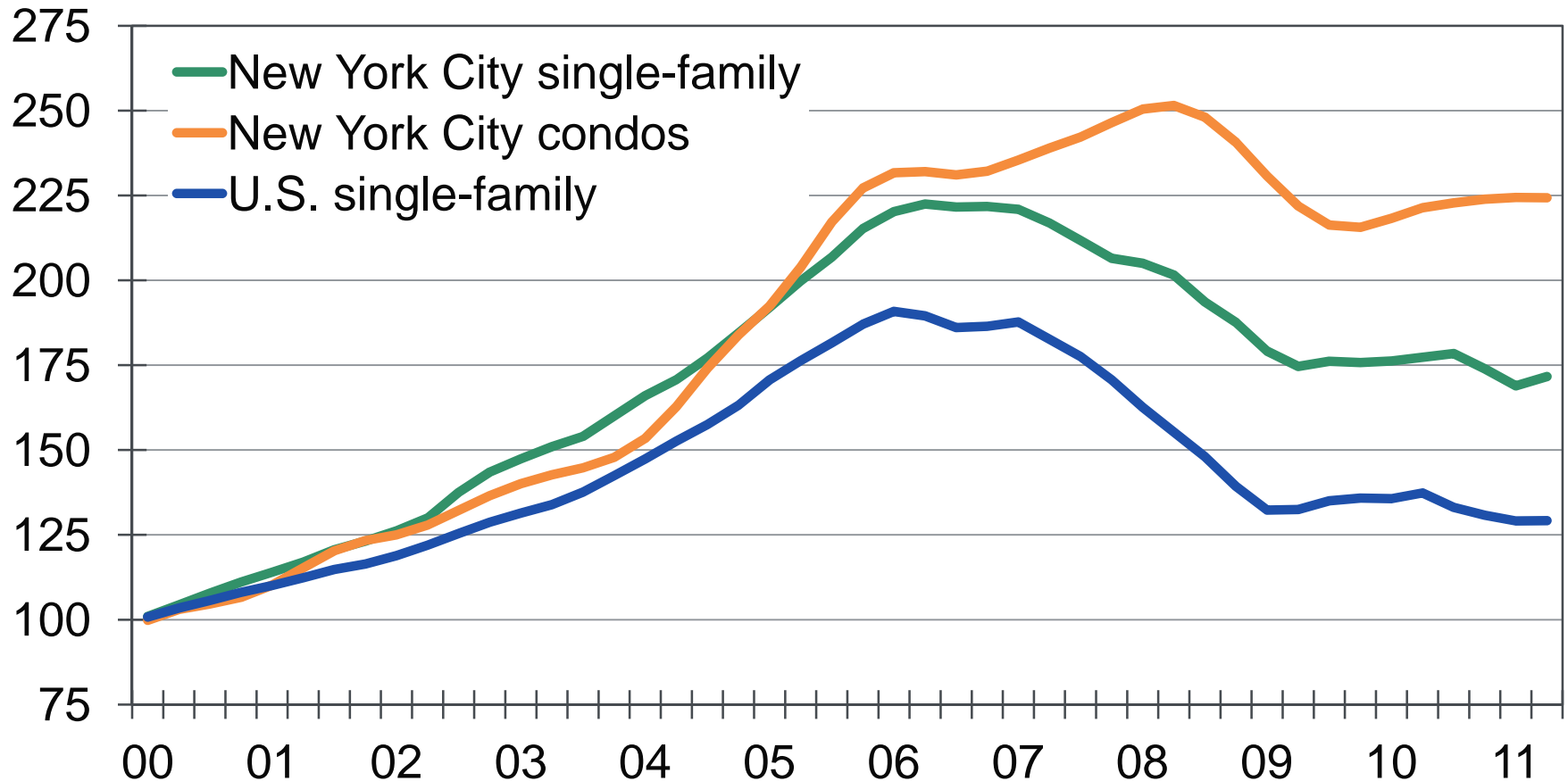
New York City Tourism Will Be a Support



Sources: BLS, Smith Travel Research

Stabilization in Housing

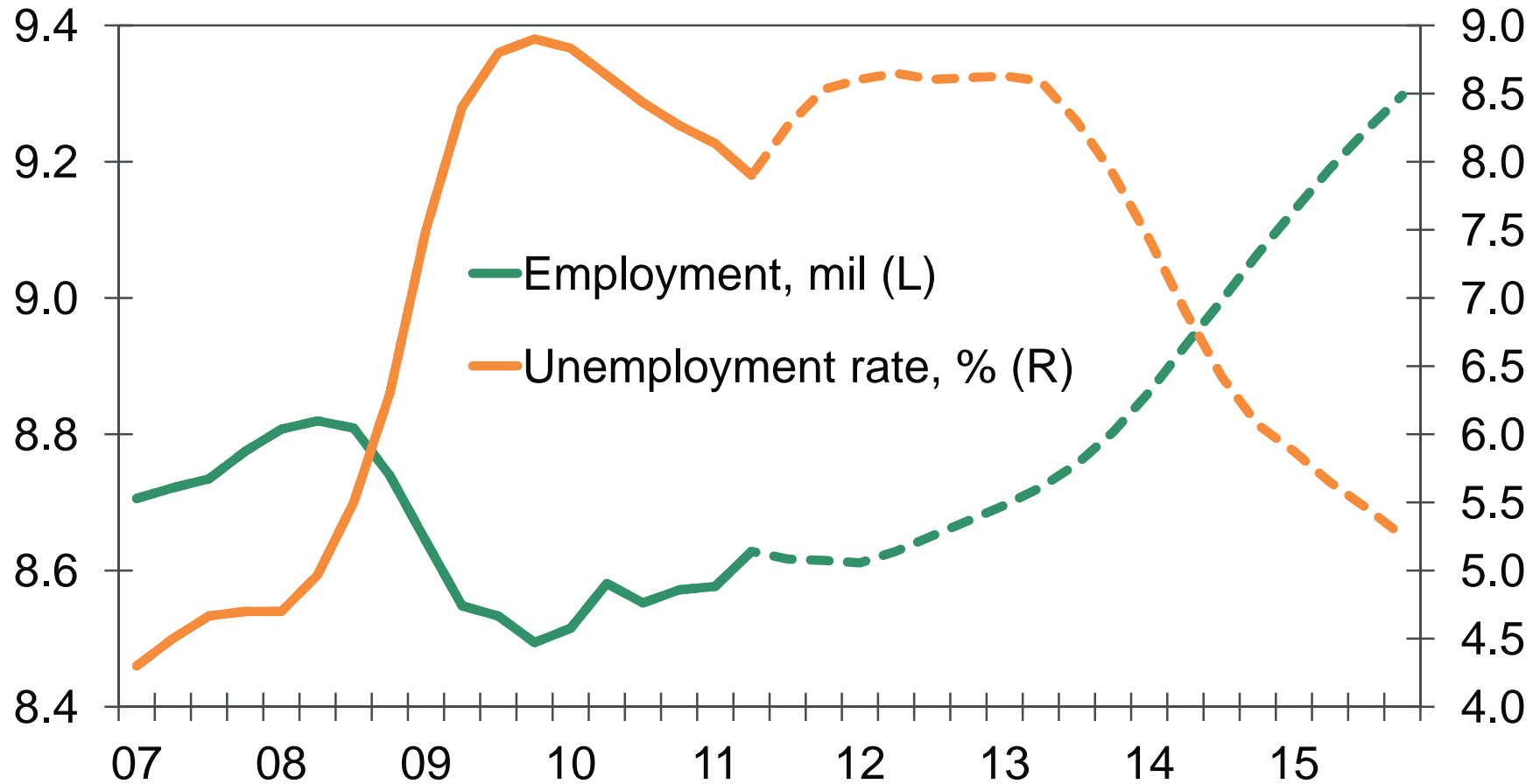
Case-Shiller® Home Price Index, 2000Q1=100



Source: Fiserv

Speedier Recovery Than Rest of Nation

Sept 2011 forecast



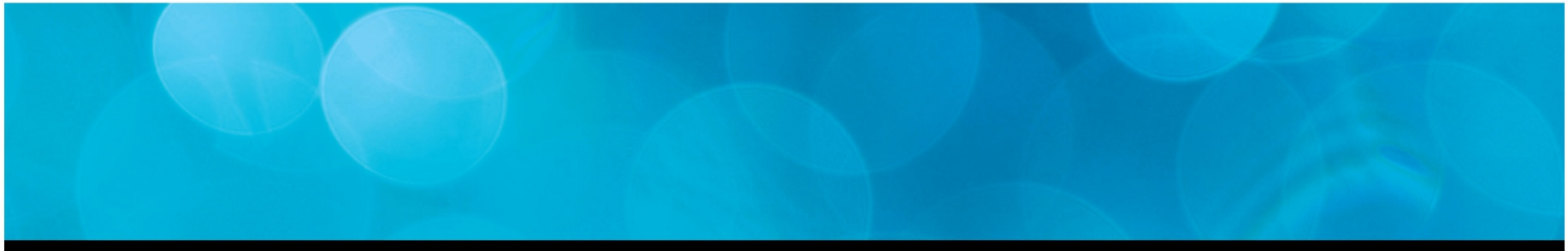
Sources: BLS, Moody's Analytics

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