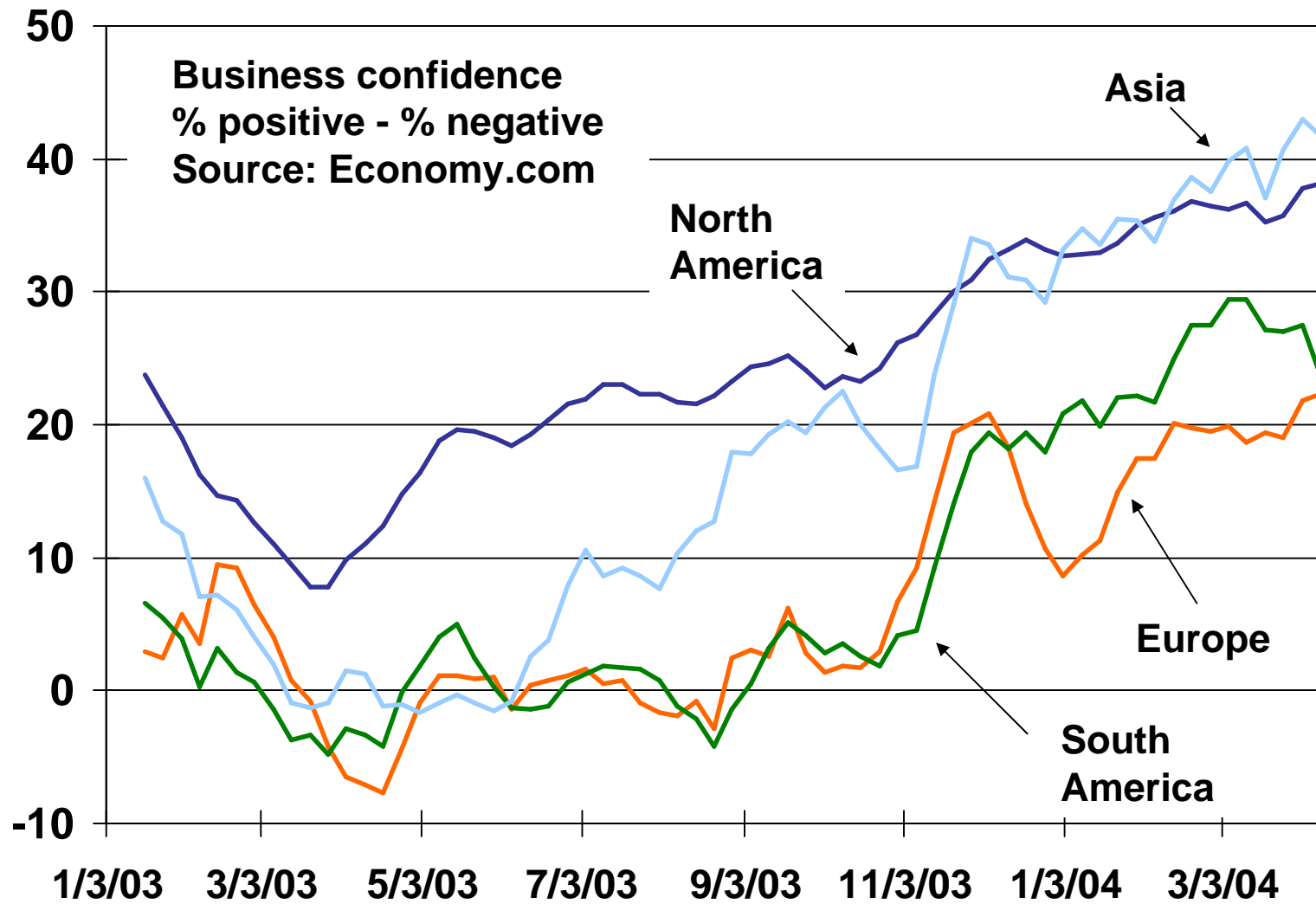


The U.S. Macro Outlook

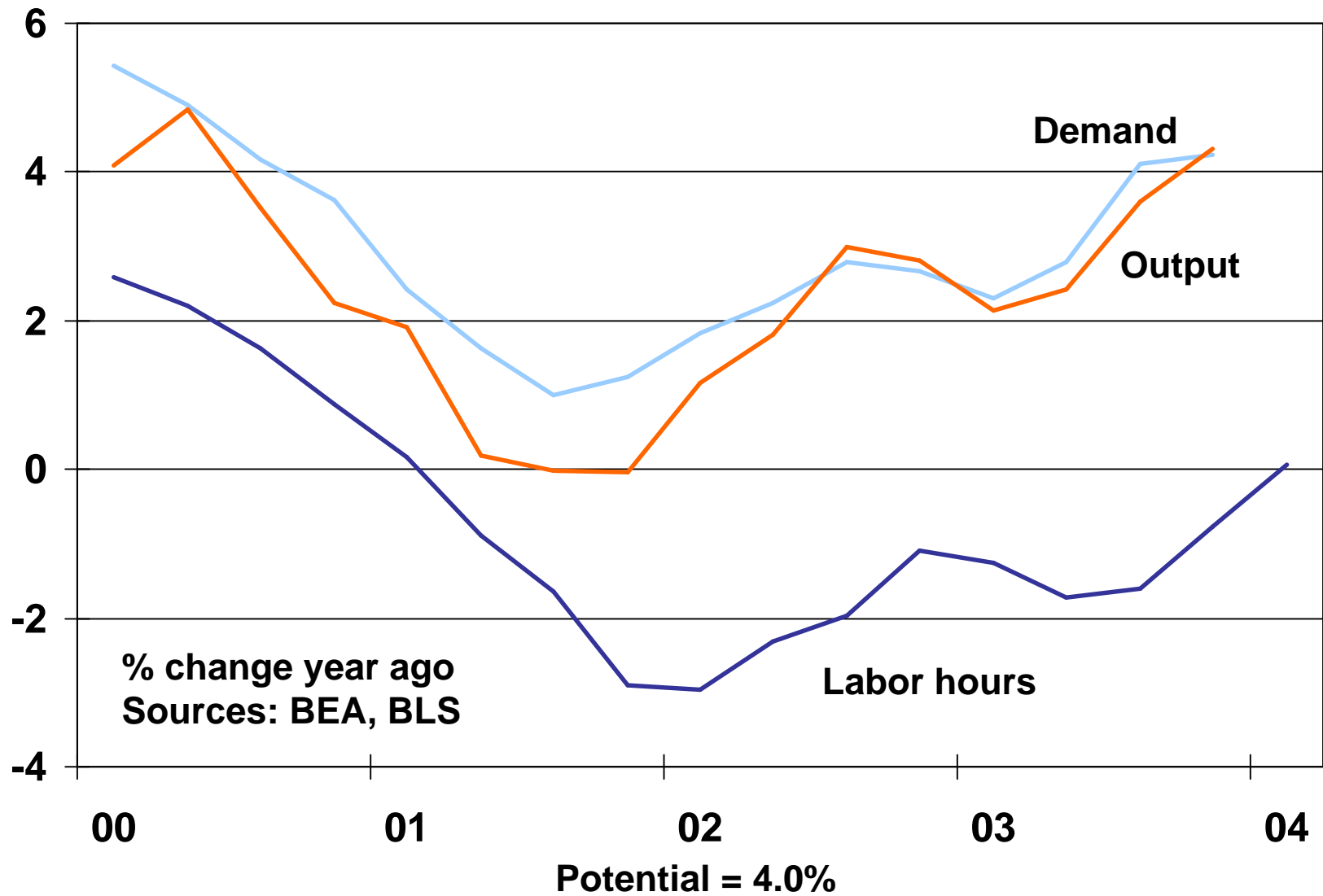
Presented by

Steven G. Cochrane
Director, Regional Economics

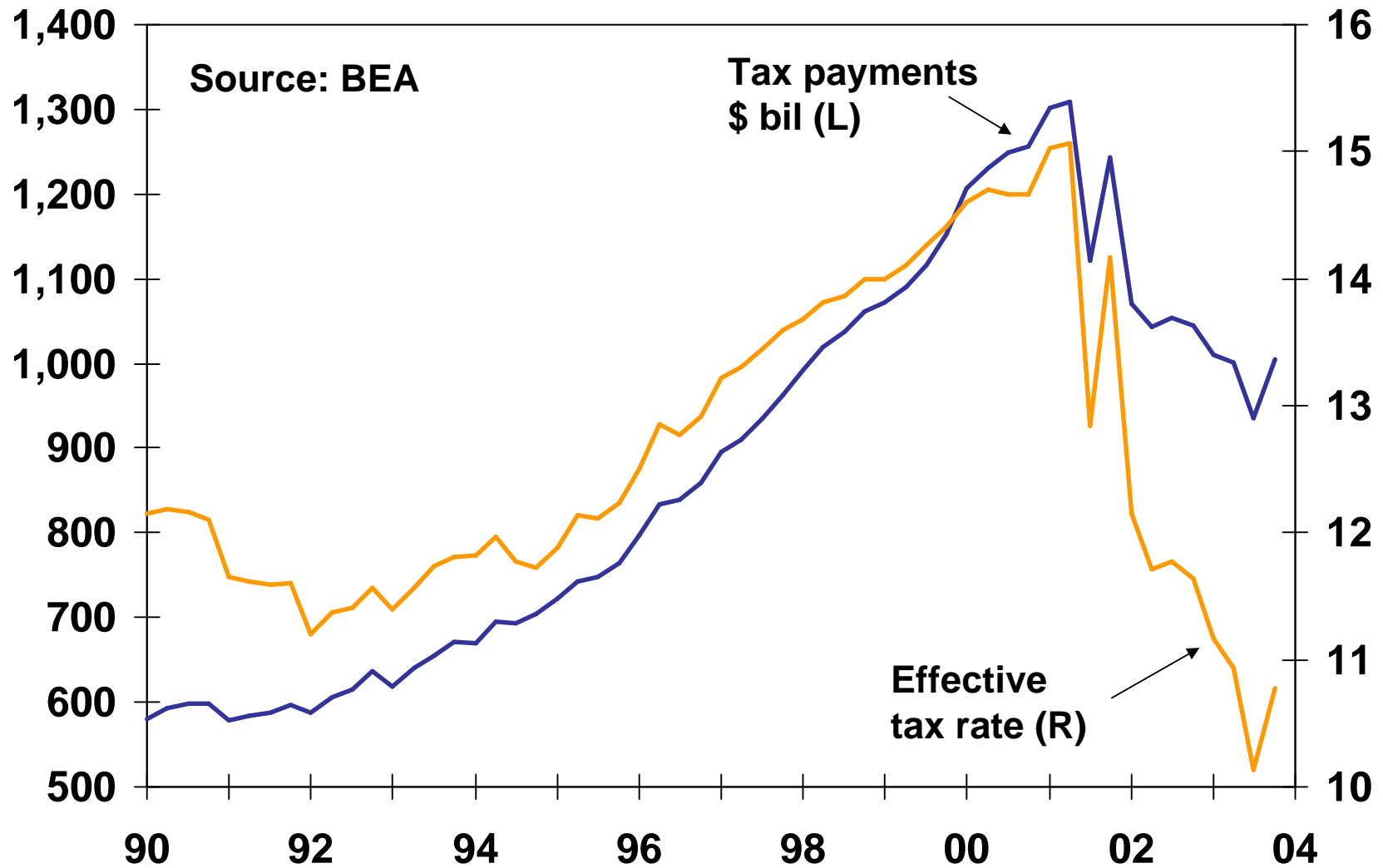
An Improving Global Economy...



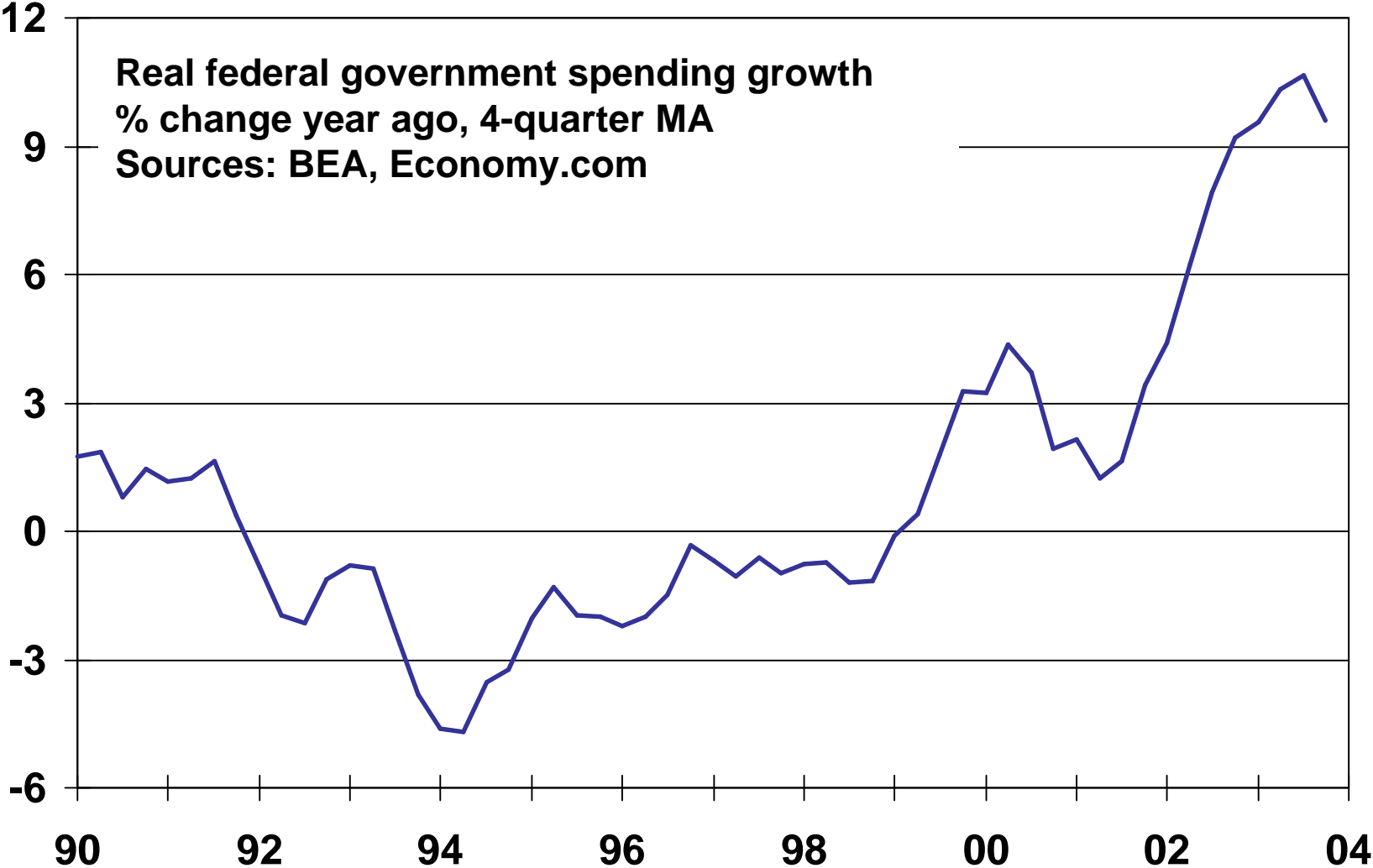
...Led by An Improving U.S. Economy



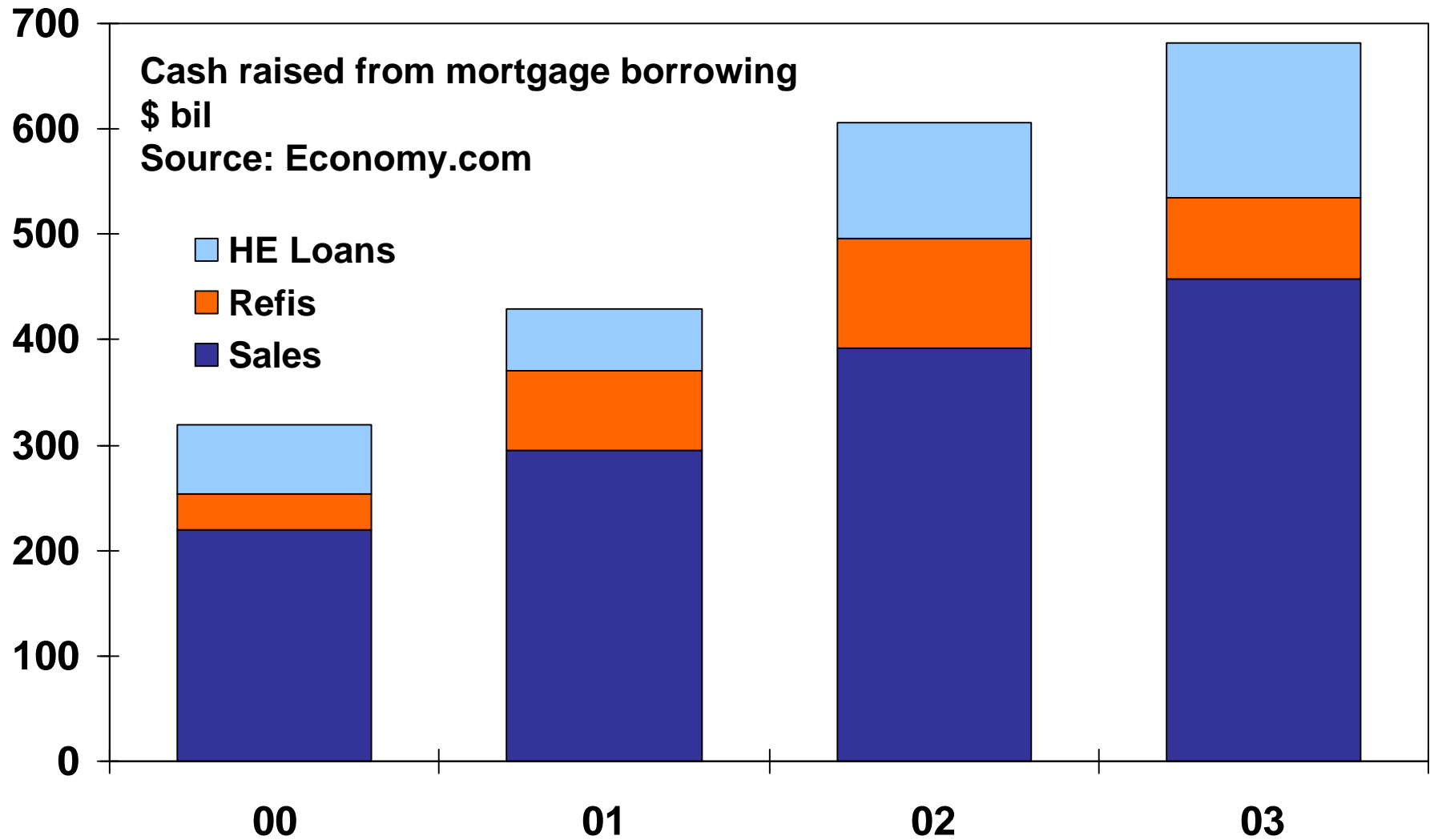
Plunging Tax Payments



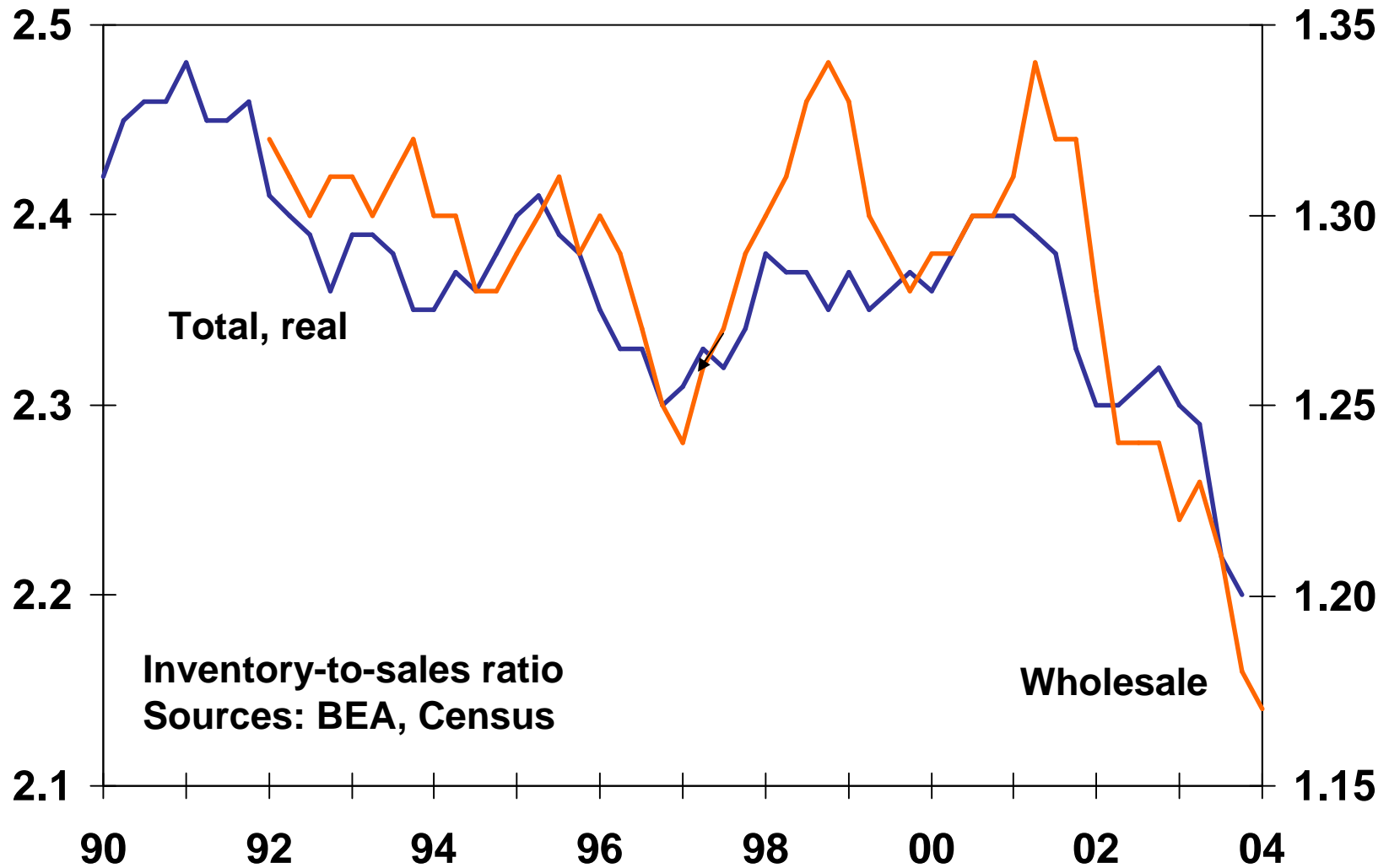
Federal Government Spending Soars



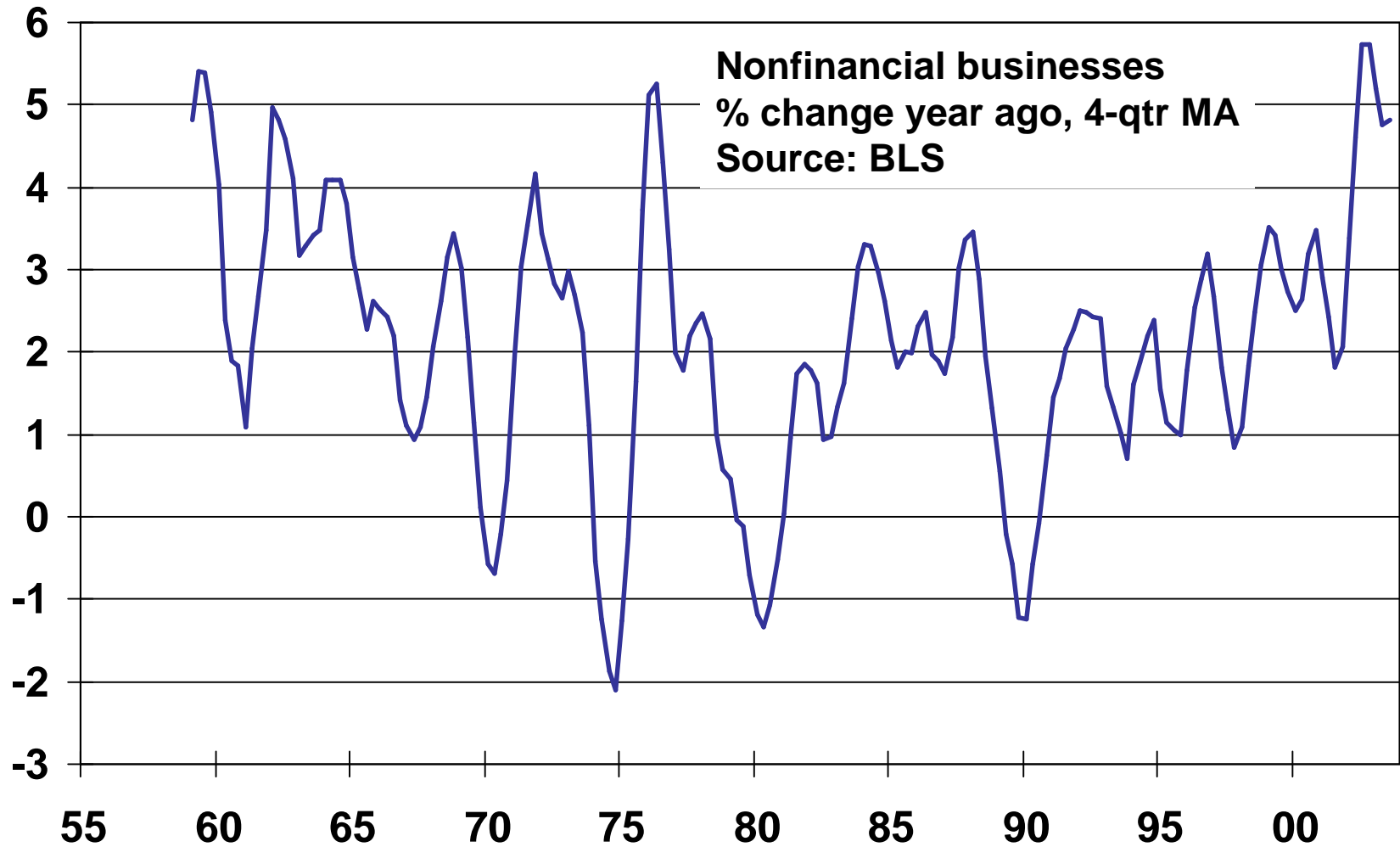
Soaring Mortgage Borrowing



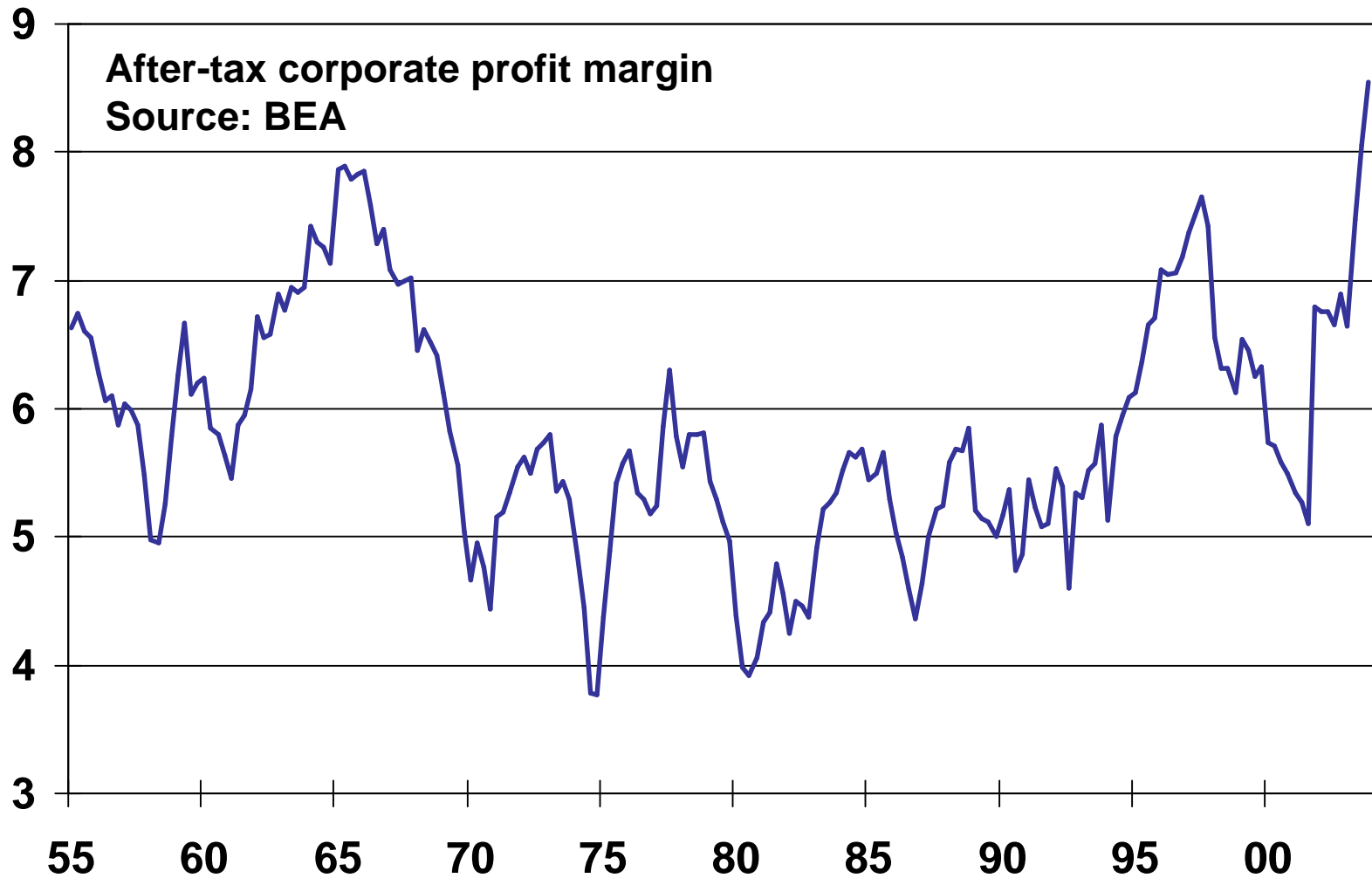
Developing Inventory Cycle



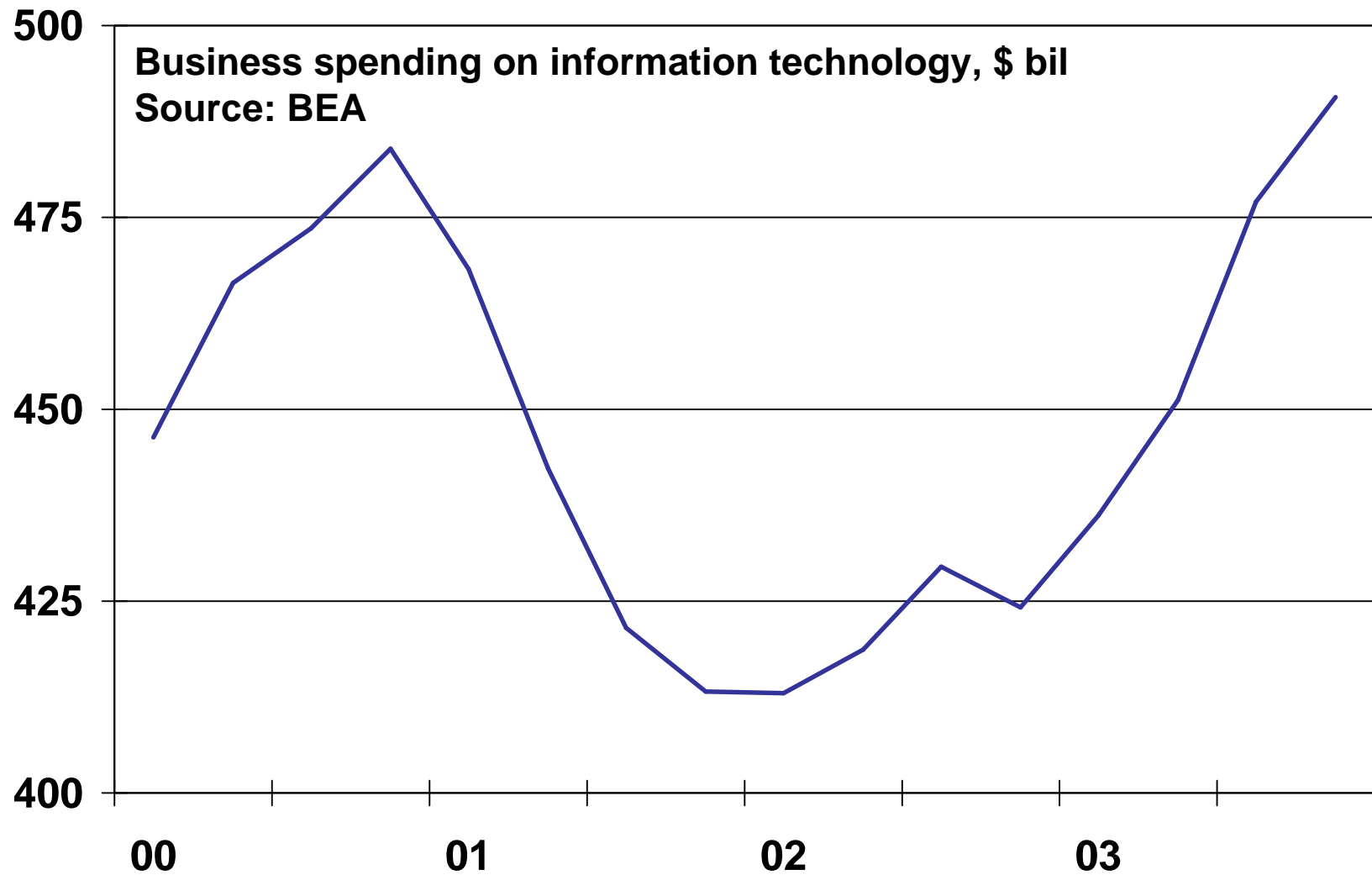
Amazing Productivity Growth...



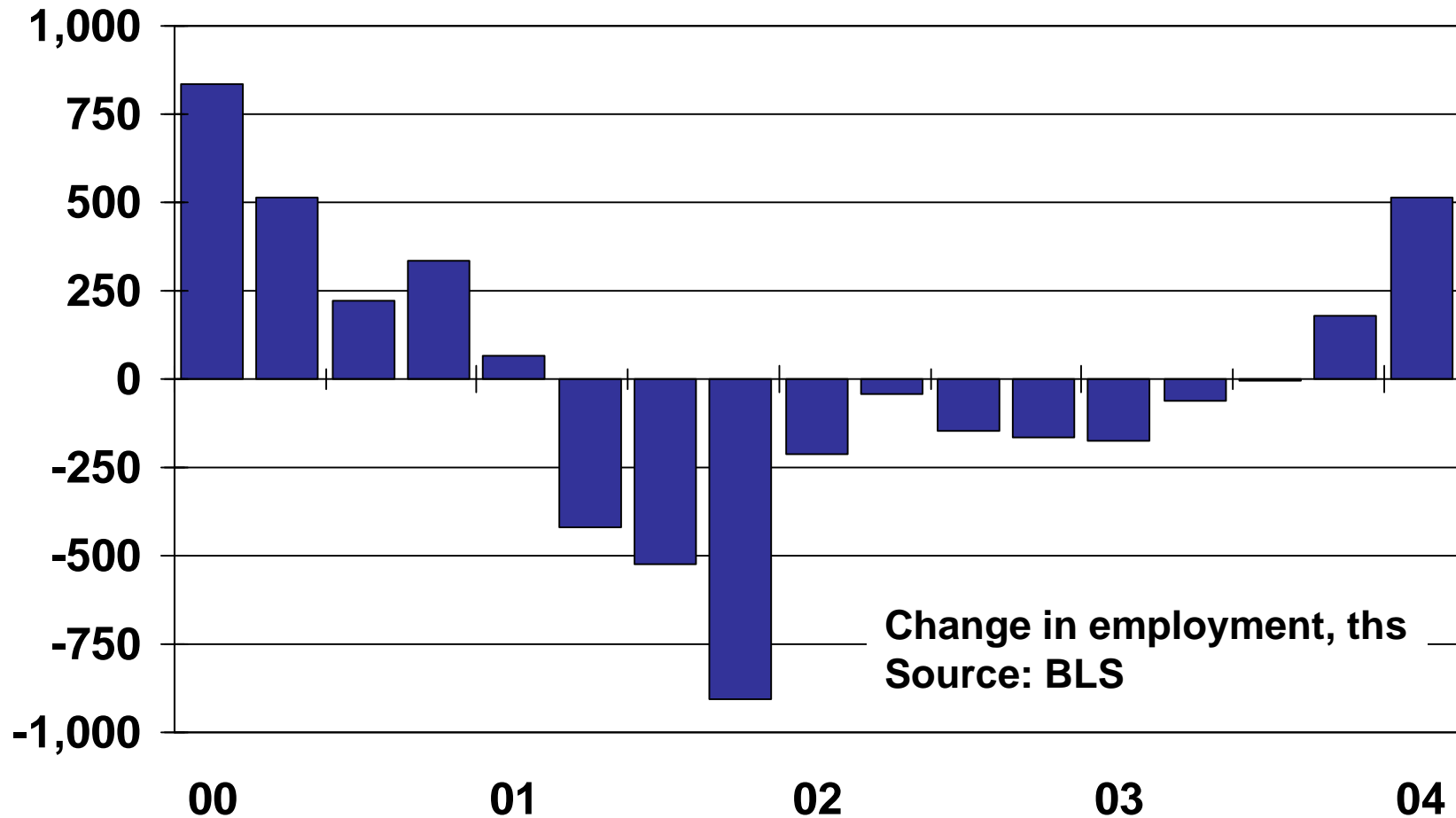
...Lifts Margins and Profitability...



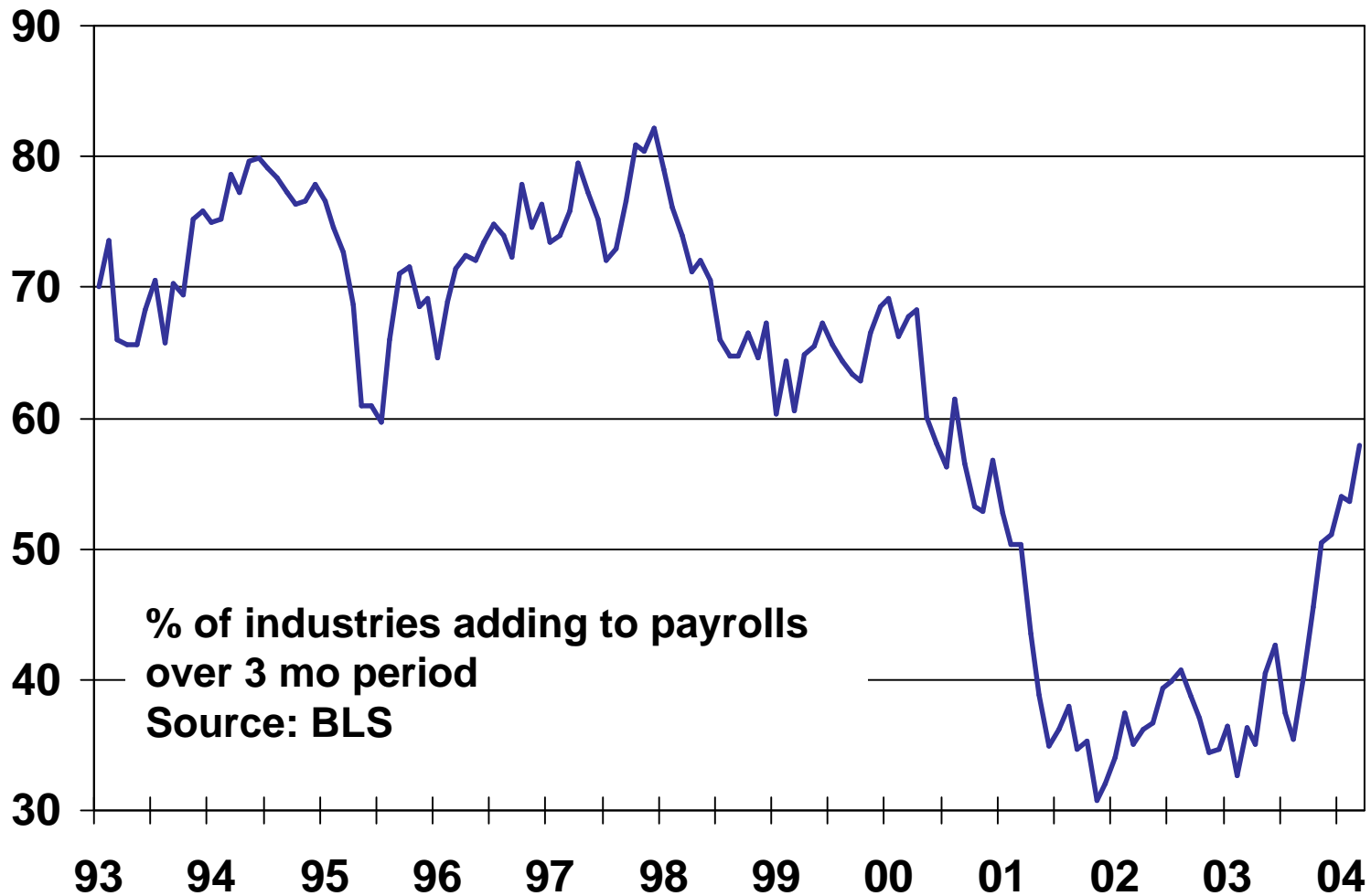
...Which Prompts Businesses to Invest...



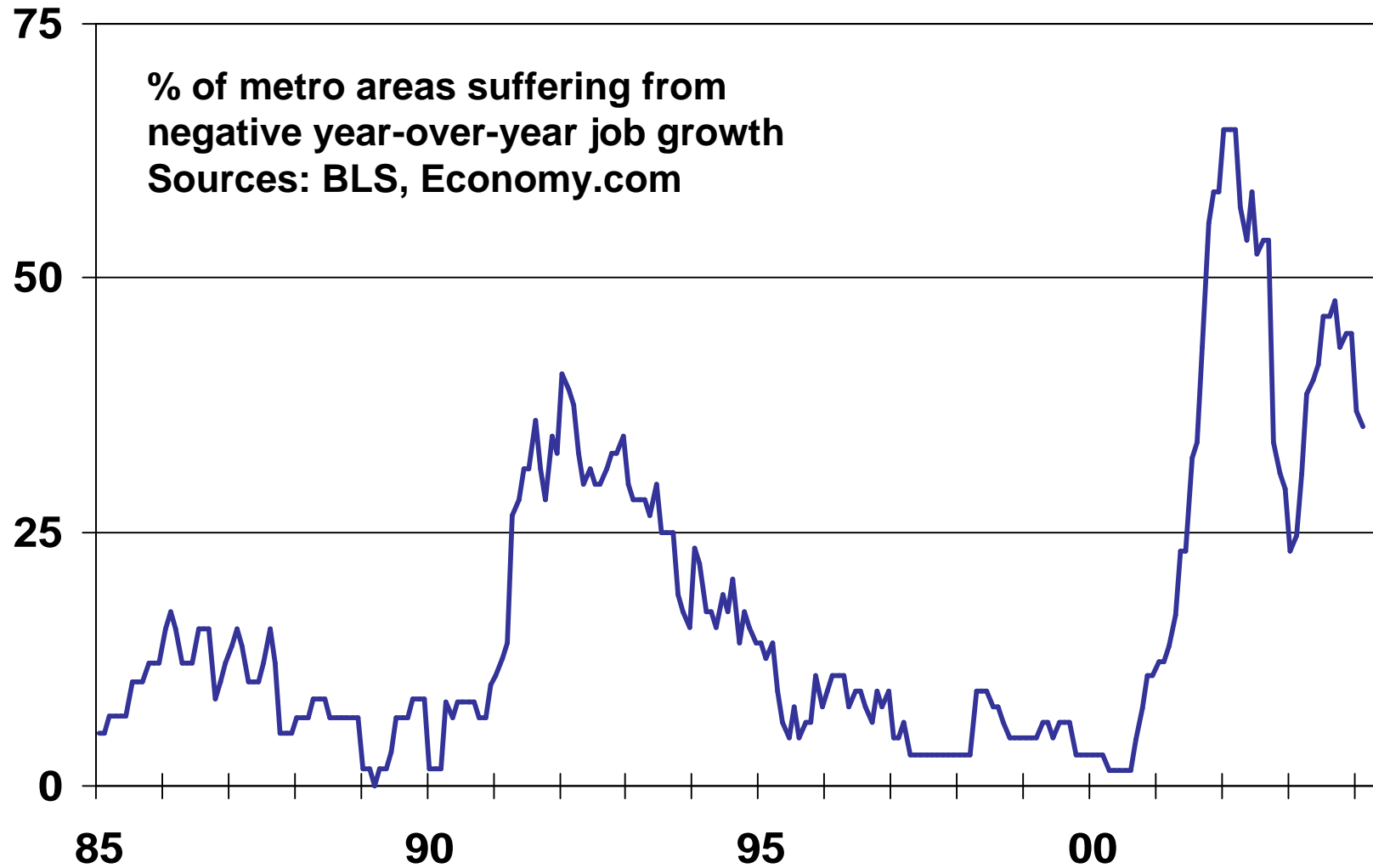
...And Finally Add Some Jobs



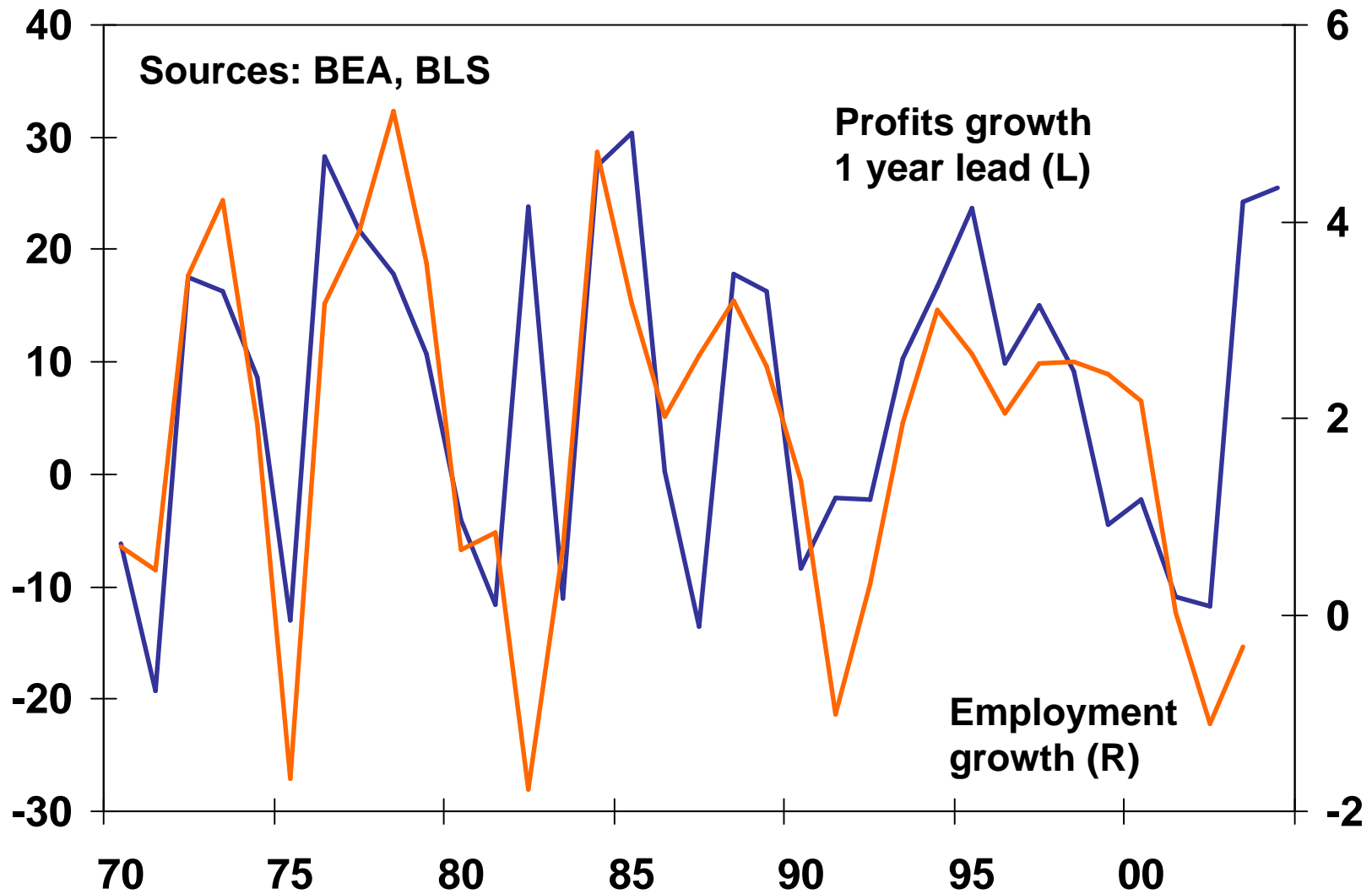
Breadth of Job Gains Is Improving Across Industries...



...And Across Regions

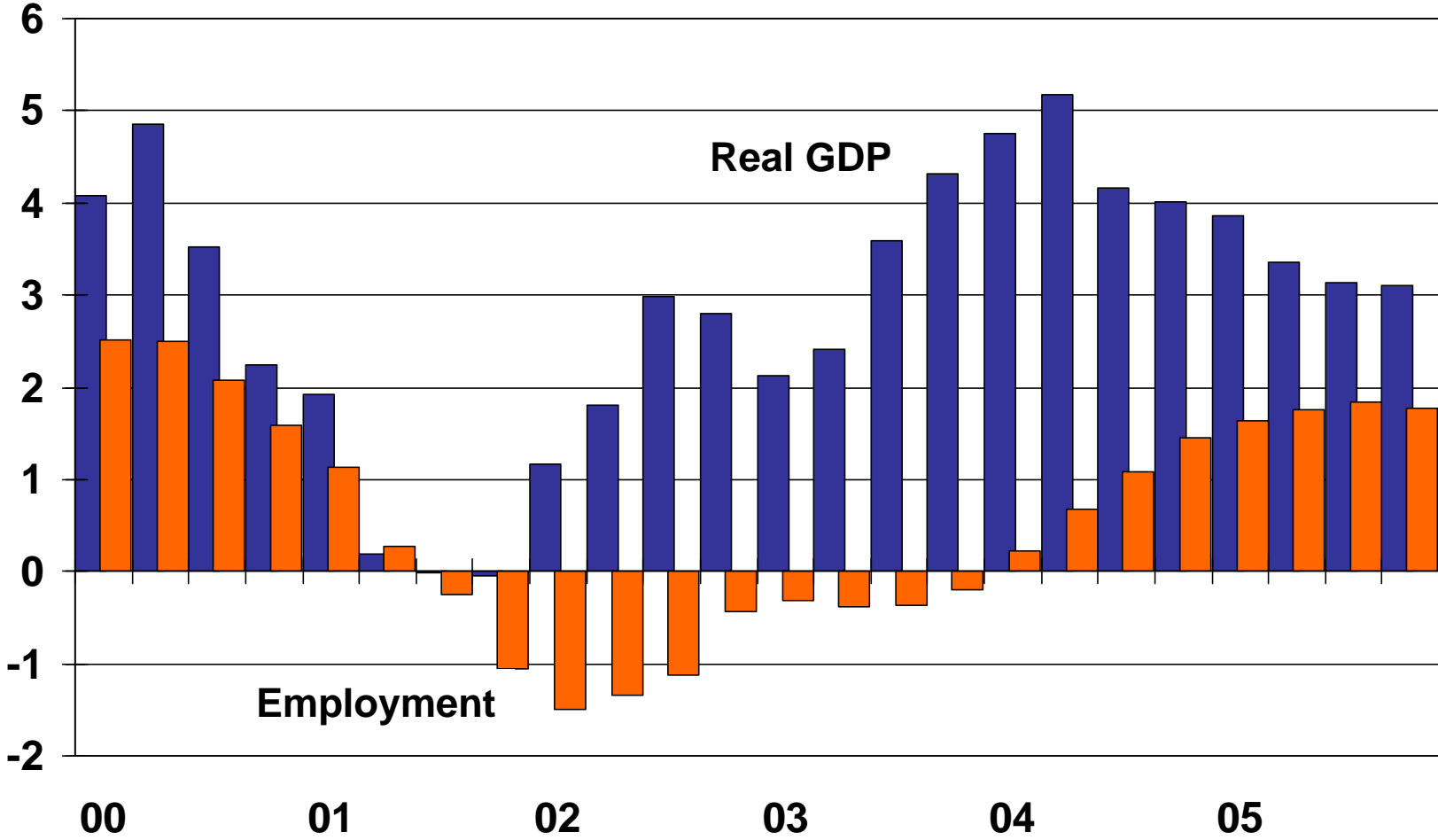


Even More Jobs Coming

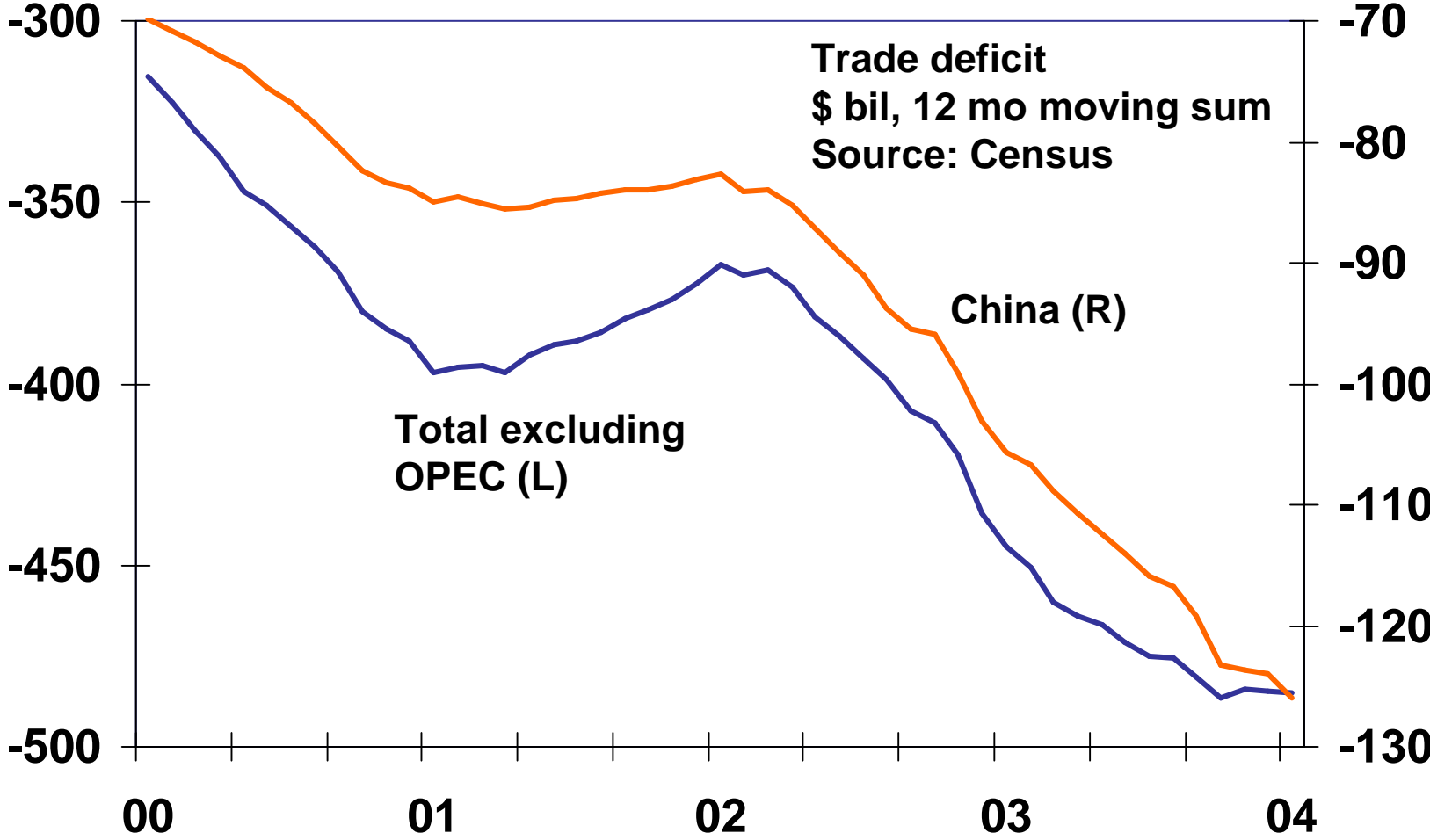


Near-Term Outlook

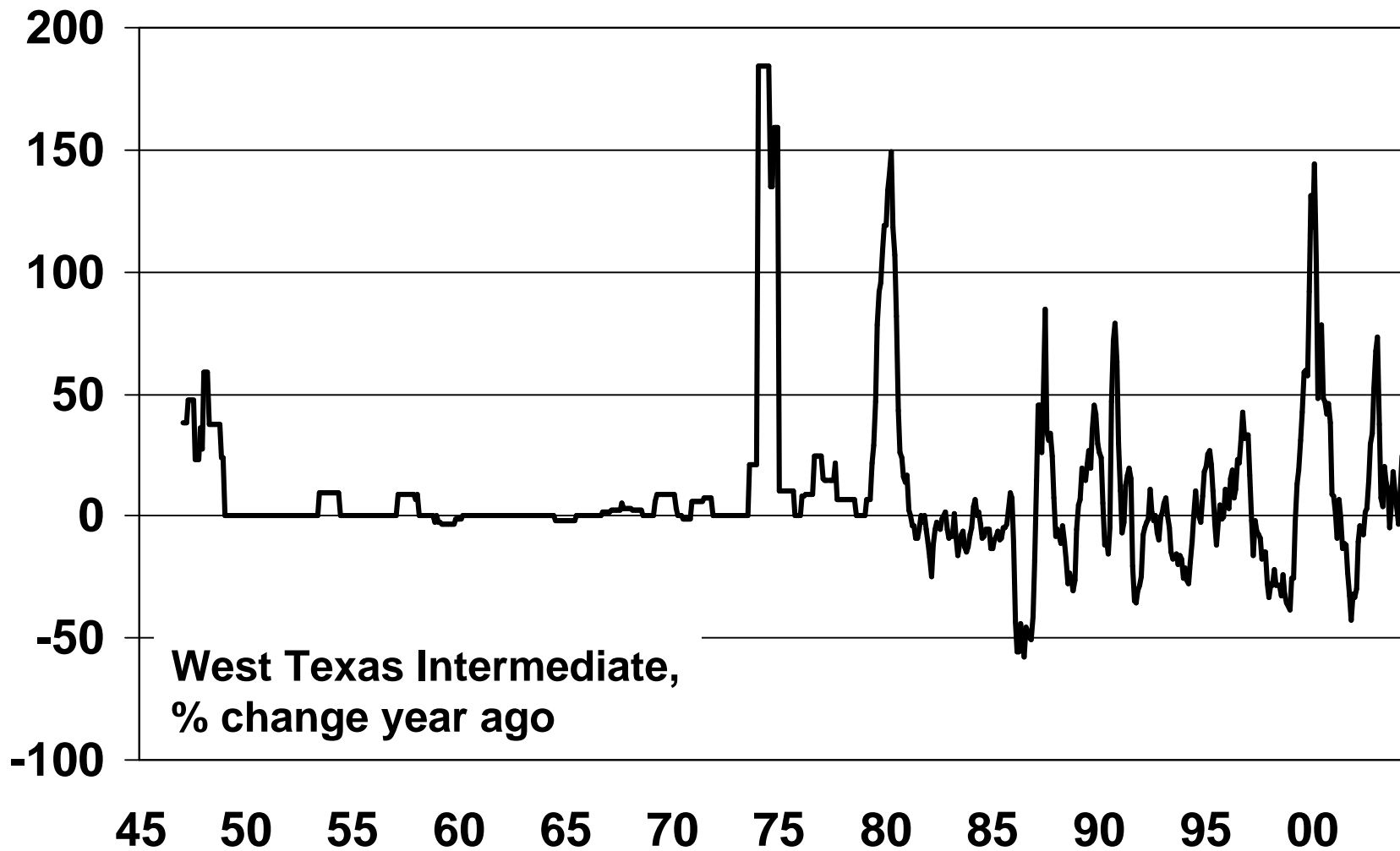
% change year ago



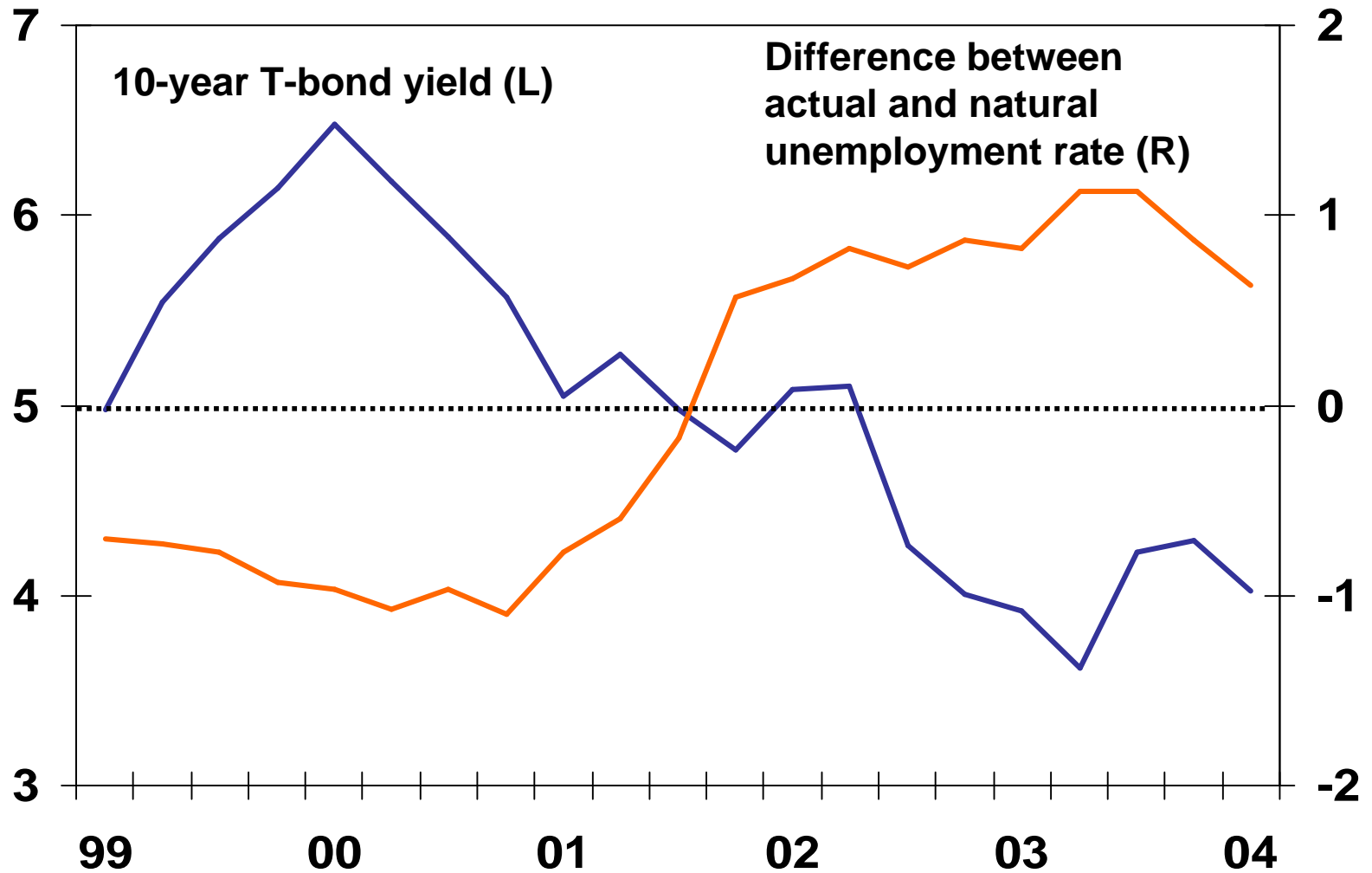
Withering Global Competition



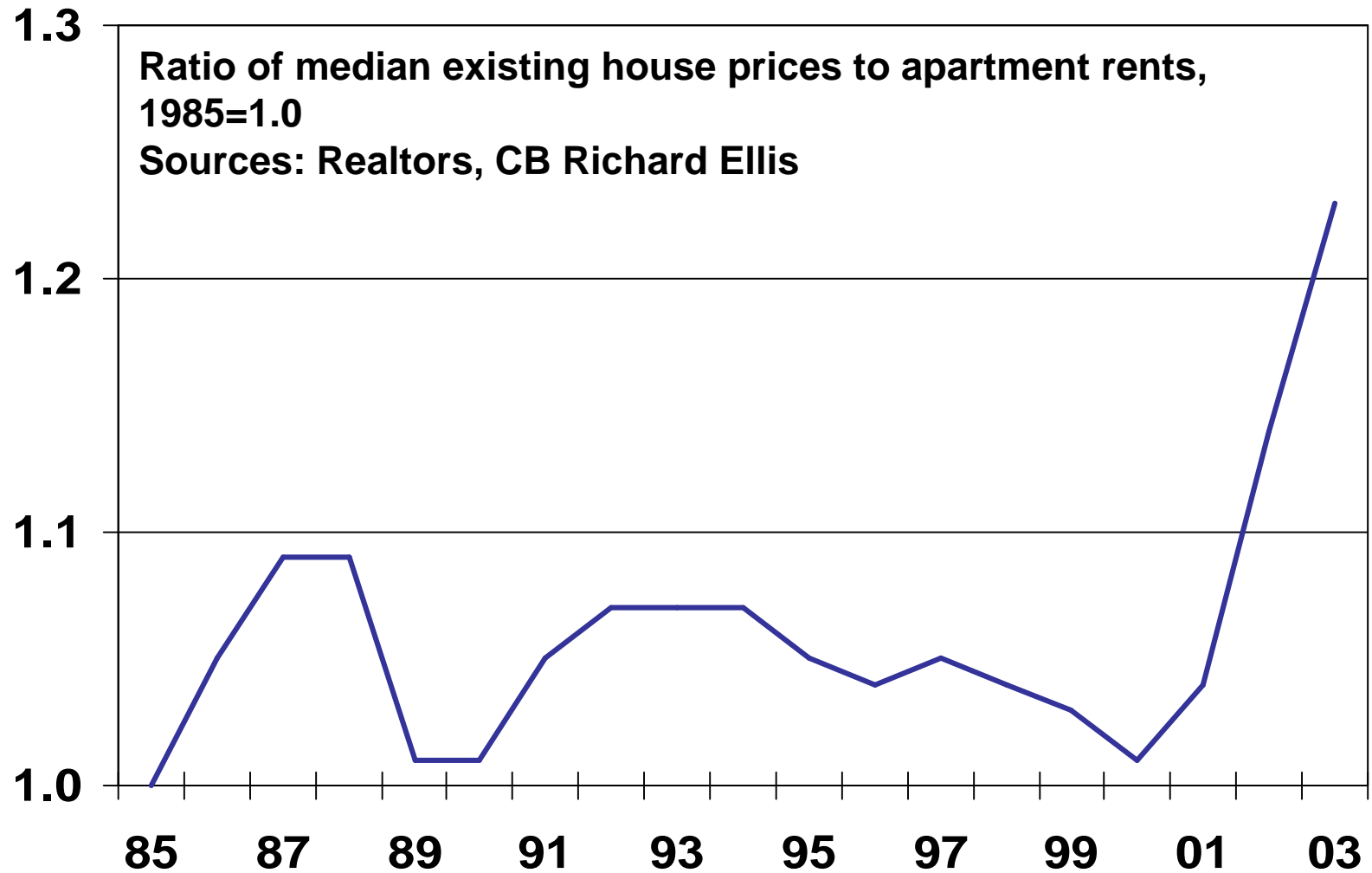
Spiking Energy Prices Precipitate Recessions



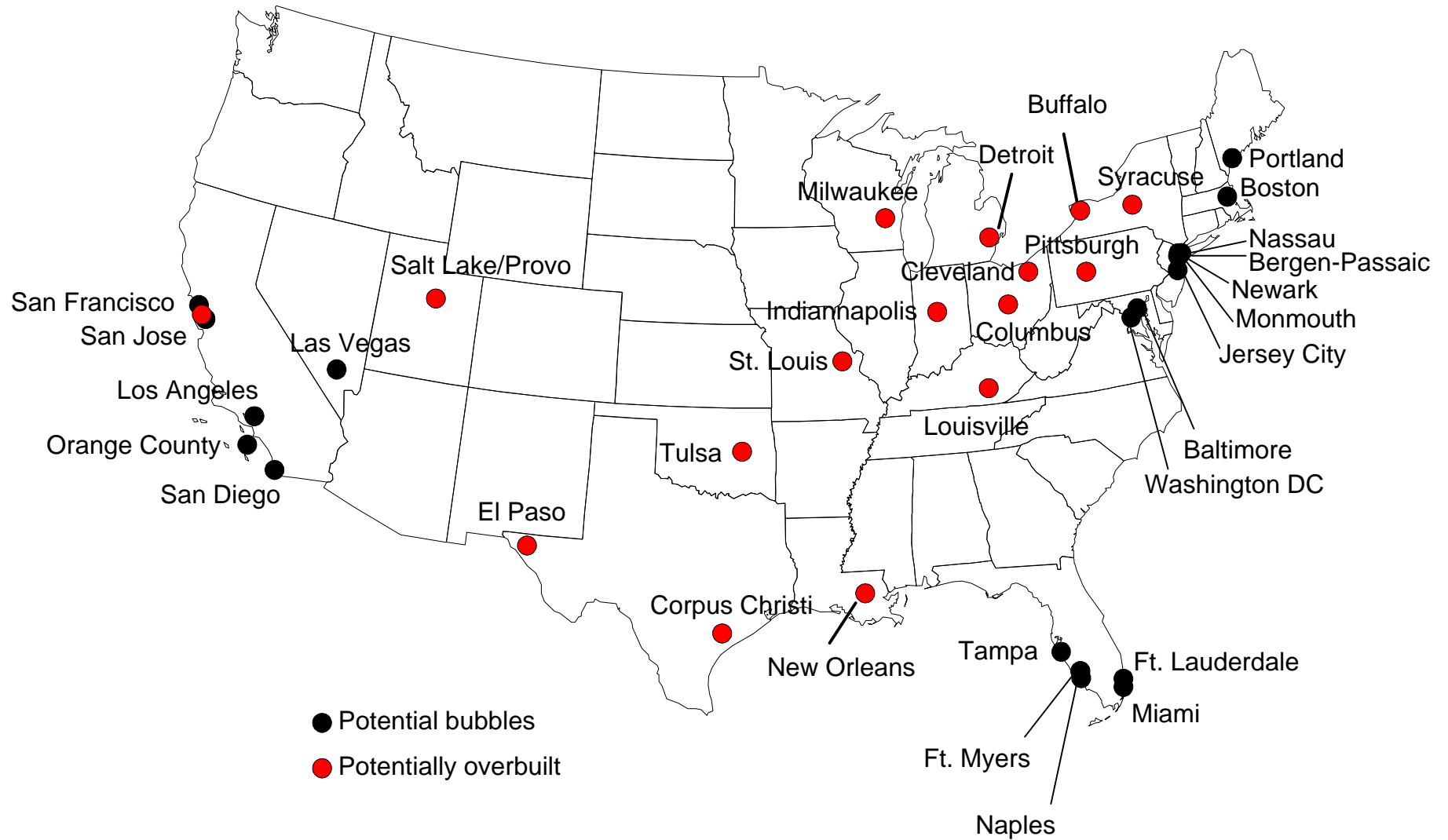
Interest Rates Will Rise with Better Job Market



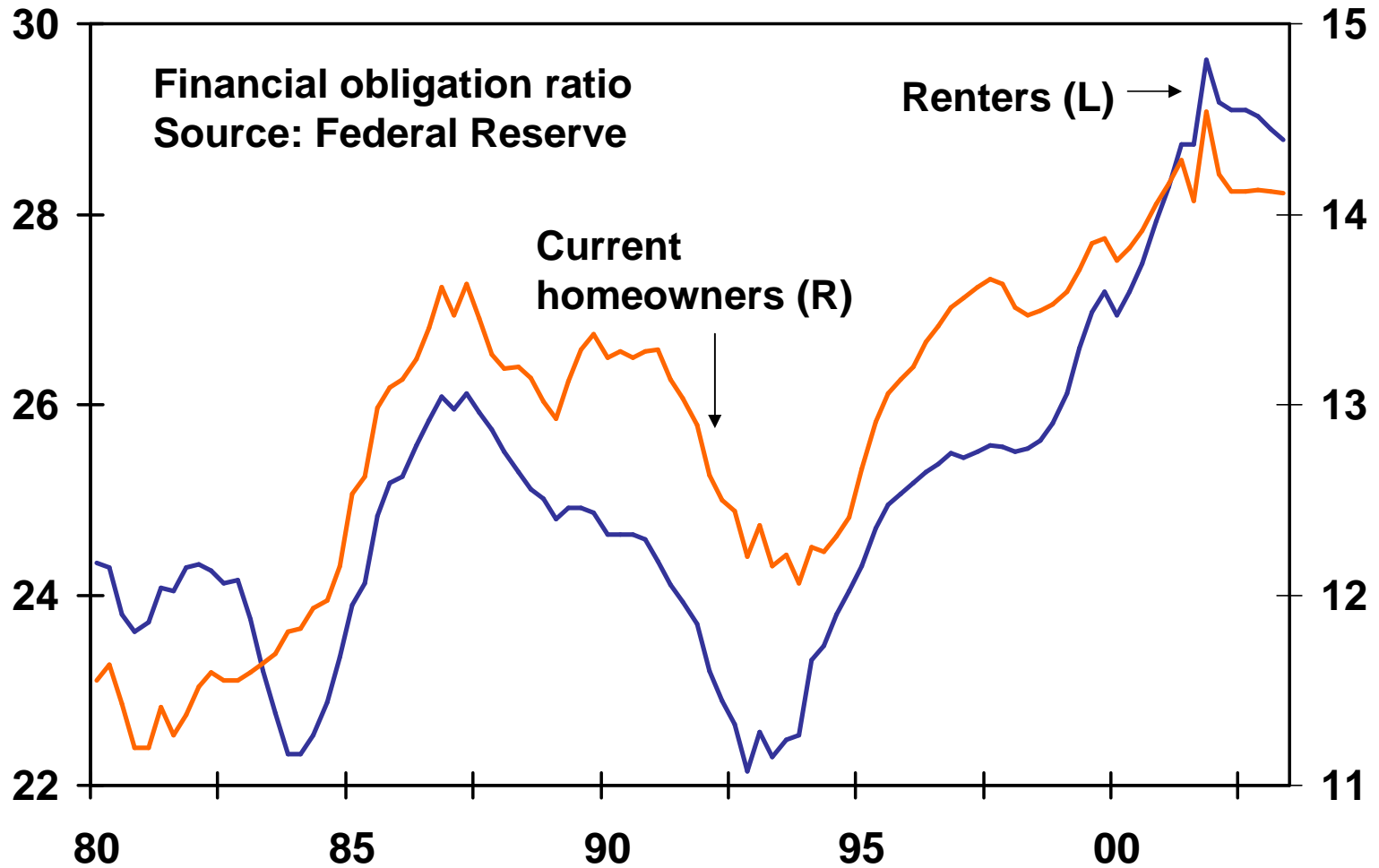
Growing Gap Between House Prices and Rents



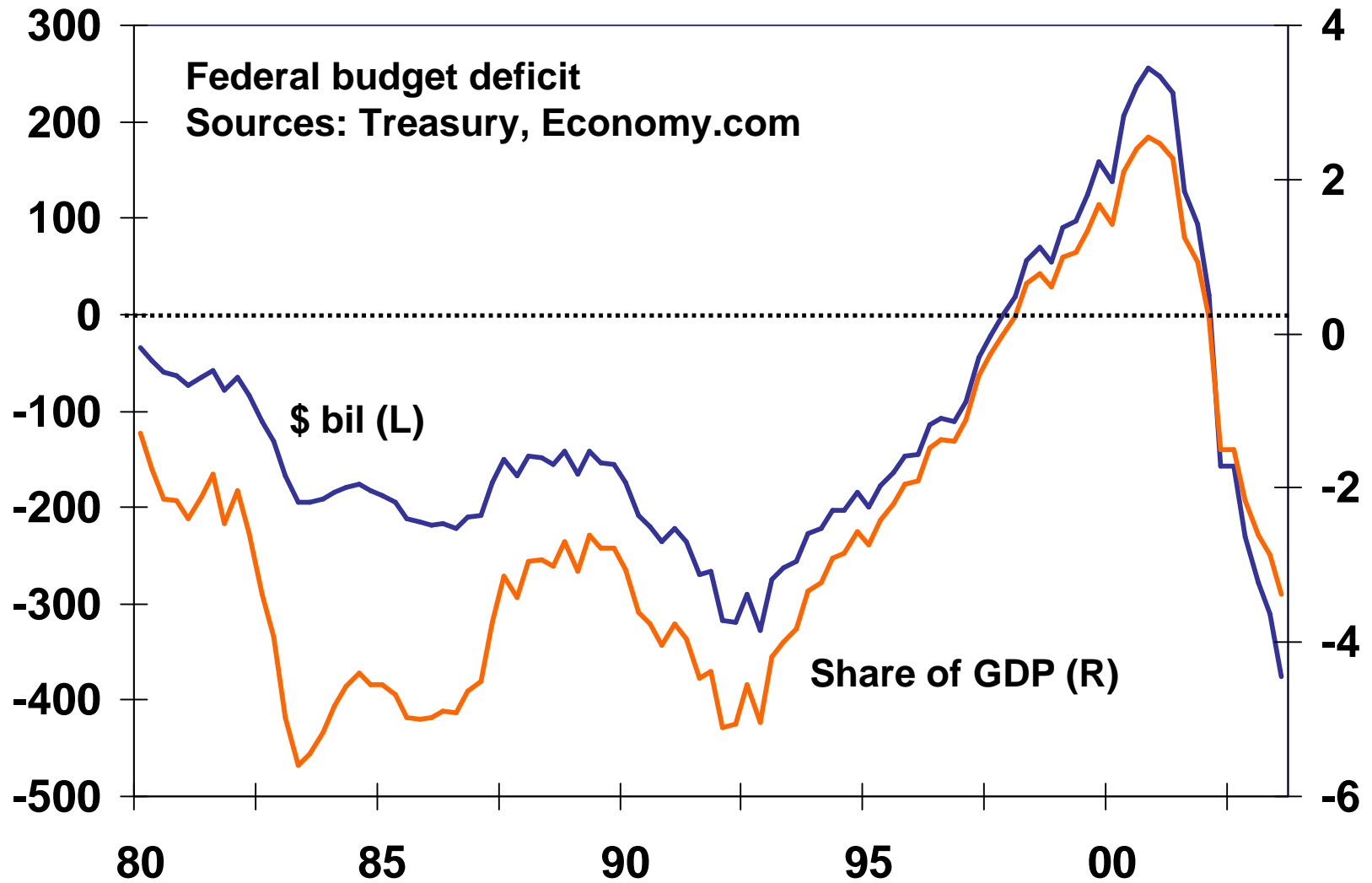
Potential Housing Market Problems



Weighty Financial Obligations



Ballooning Budget Deficit...



Outlook Summary

- **The economy is performing increasingly well.**
- **Supporting growth are massive fiscal and monetary stimulus, a replacement cycle, and robust productivity growth.**
- **Job growth is rebounding in earnest.**
- **While the economy will come back, it will not come roaring back. Fierce global competition and high labor-to-capital costs will weigh on job market.**
- **Interest rates will rise with the job market. Even modestly higher rates will be hard on vehicles and housing.**
- **High household leverage and ballooning federal budget and current account deficits are longer-term threats.**