

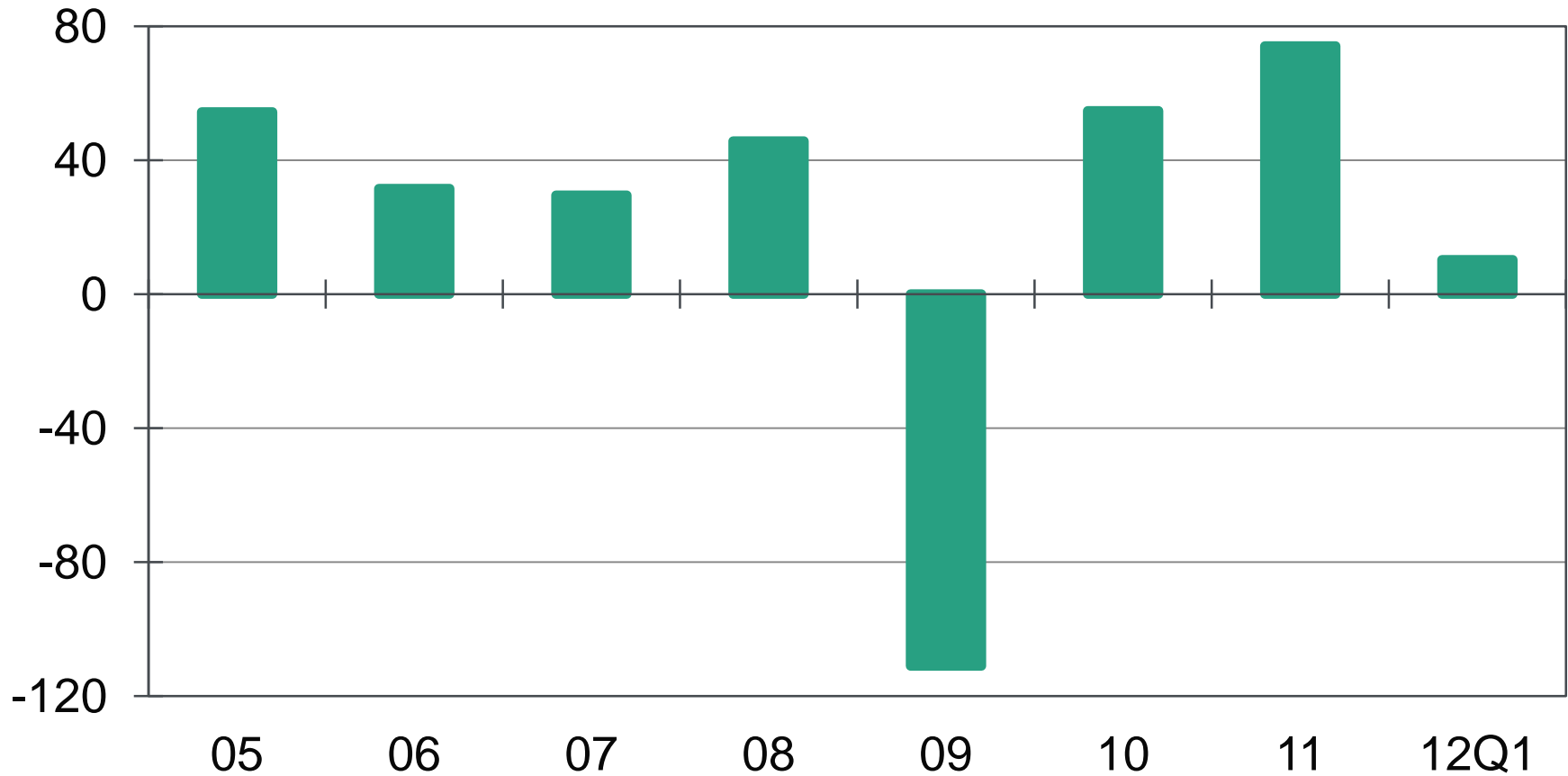
# Headwinds...But Tailwinds Are Stronger

MARISA DI NATALE, DIRECTOR

U.S.

# Higher Gasoline Prices Could Hurt

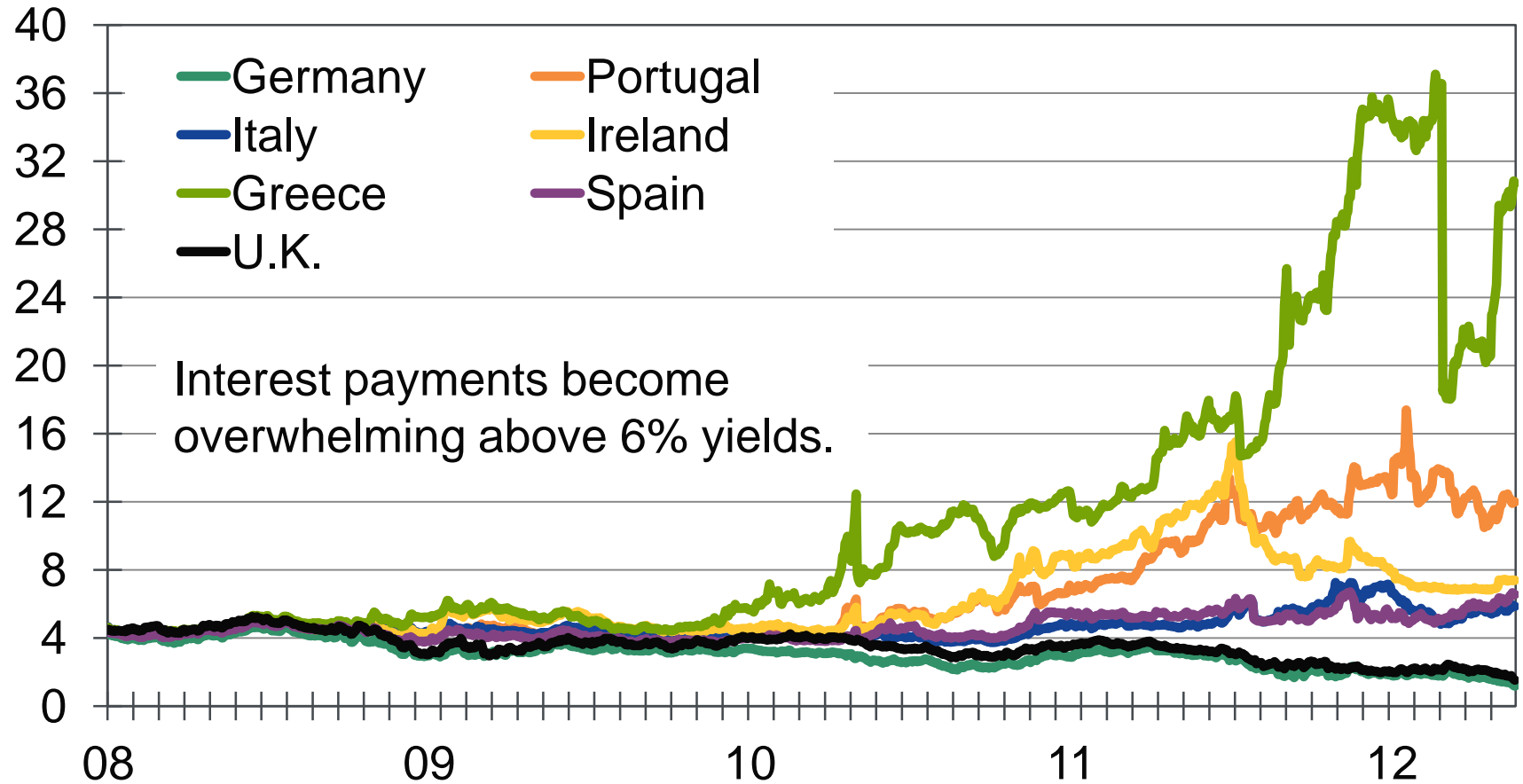
Change in consumer spending on gas, \$ bil



Sources: BEA, Moody's Analytics

# Europe Is Struggling...

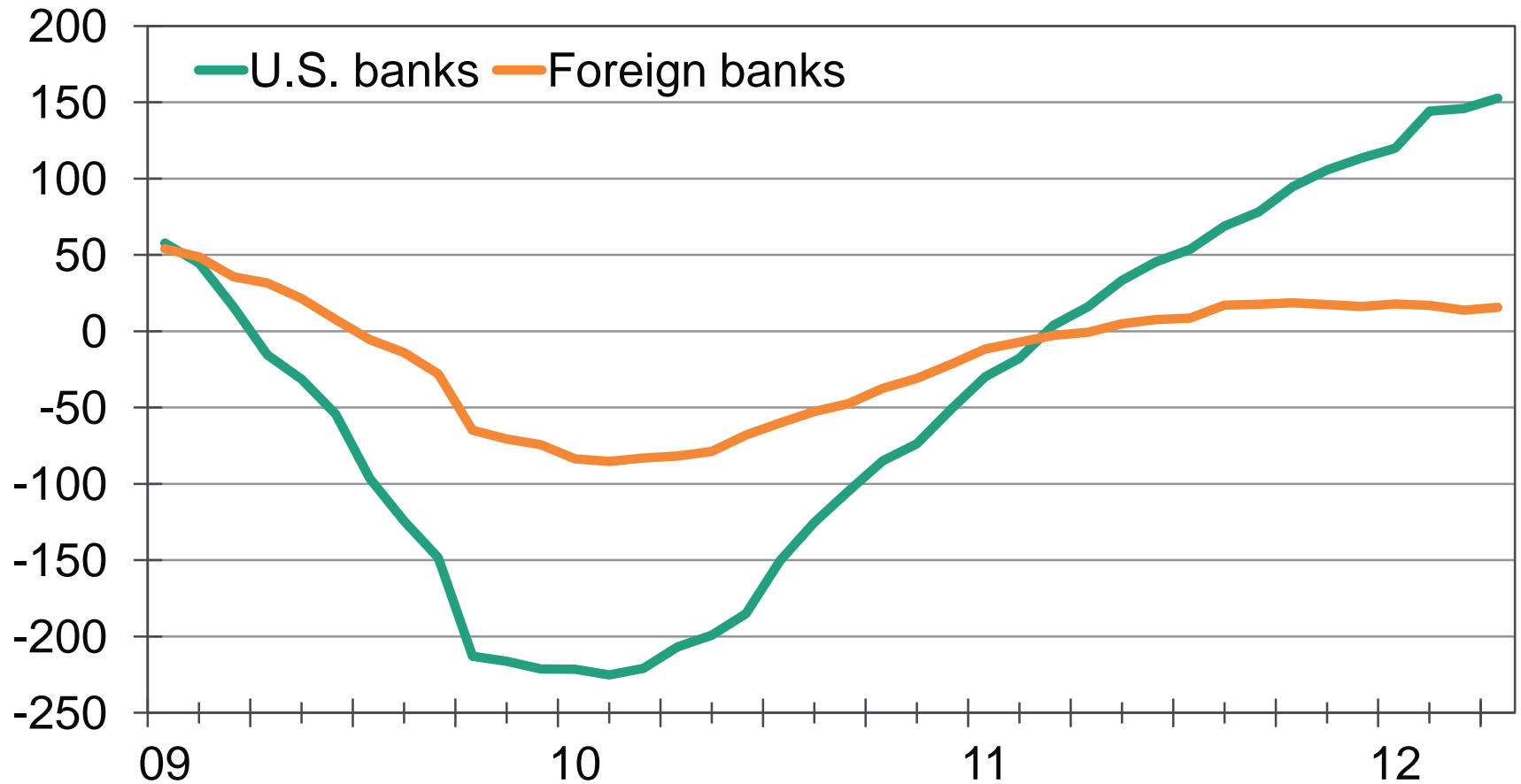
10-yr sovereign yields



Sources: Bloomberg, Moody's Analytics

## ...But With Limited Fallout on the U.S. So Far

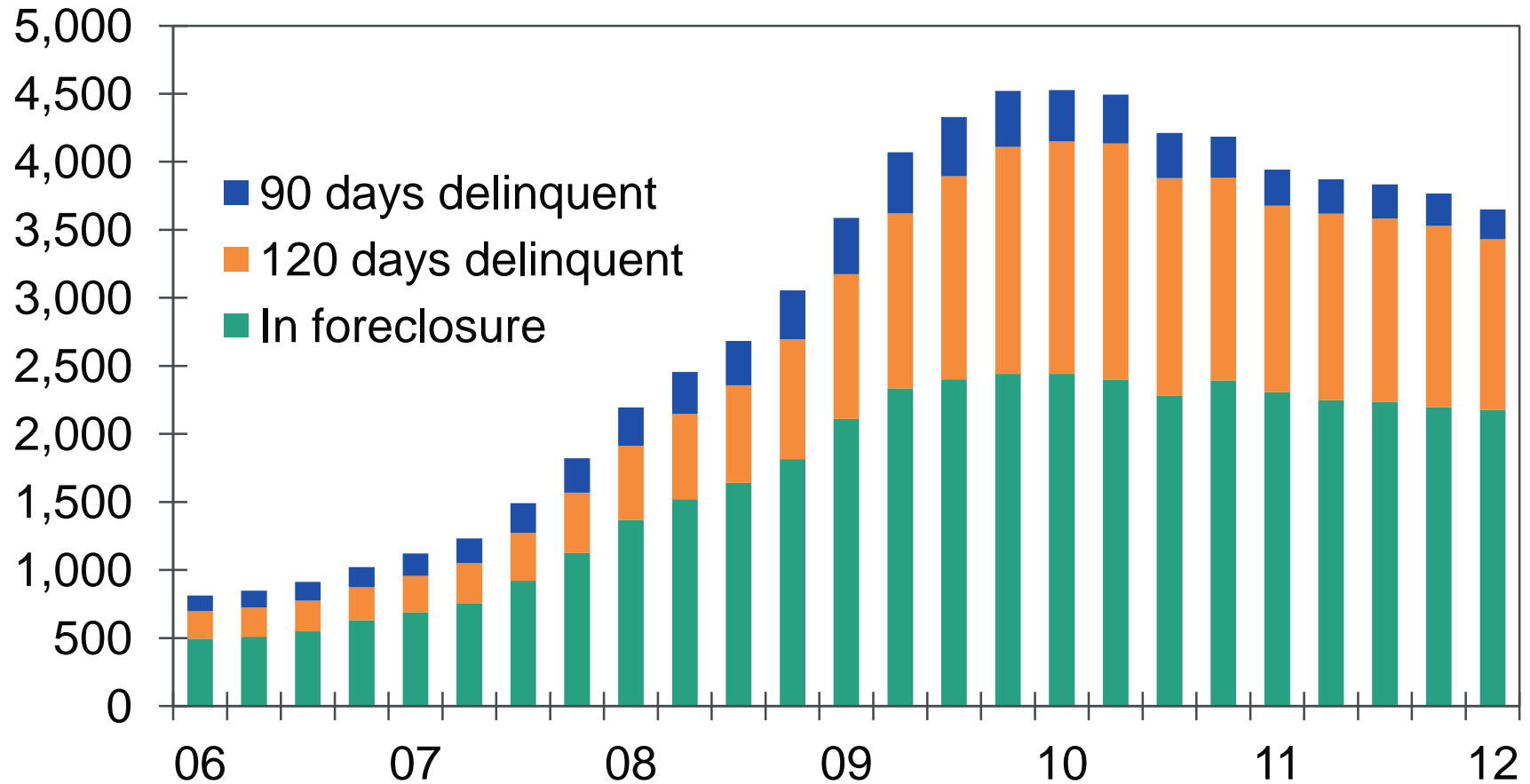
Yr-over-yr change in C&I loans at foreign banks, \$ bil



Sources: Federal Reserve Board, Moody's Analytics

# A Mountain of Distressed Property...

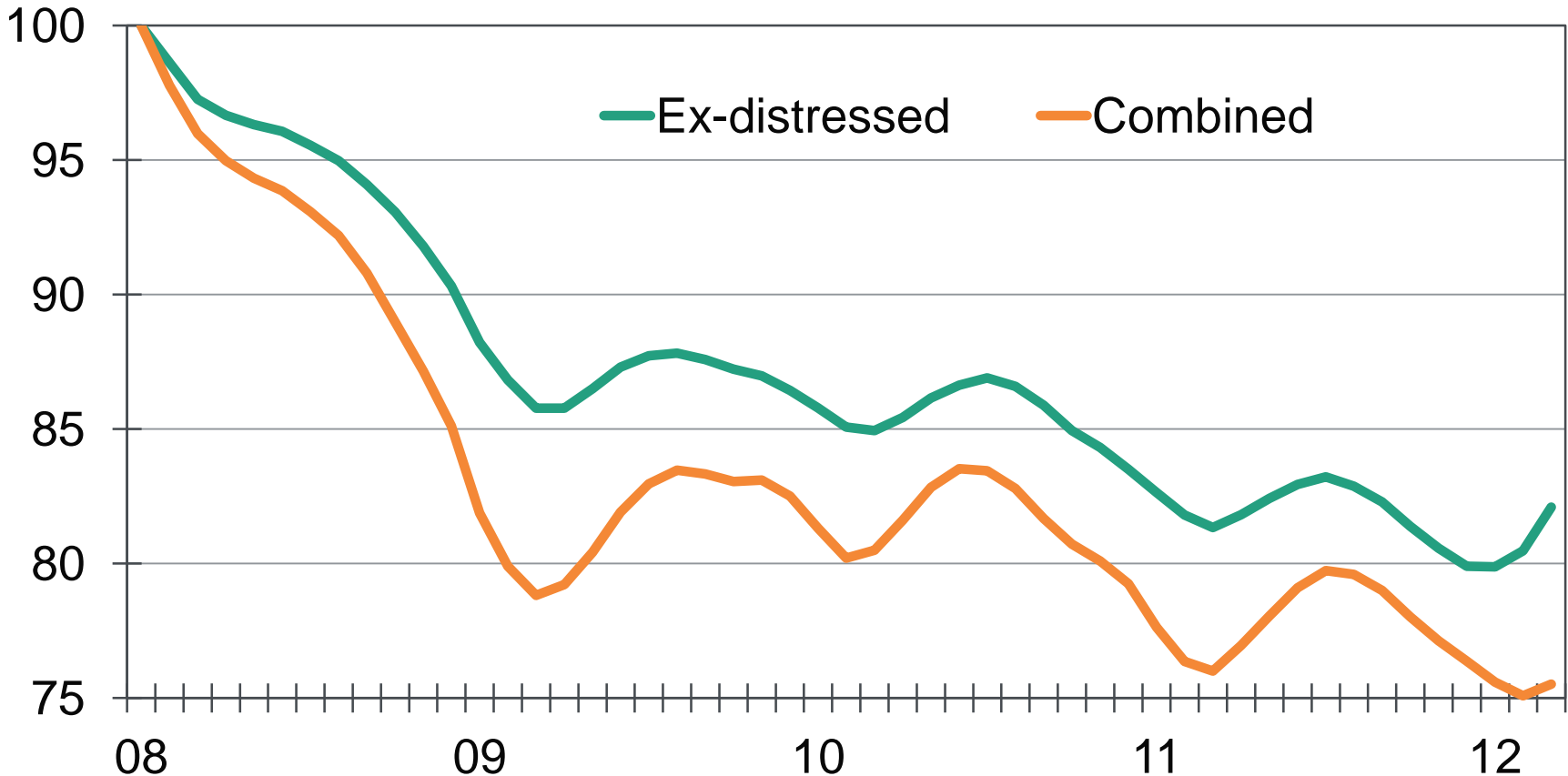
First mortgage loans, ths



Sources: Equifax, Moody's Analytics

# ...But Any House Price Declines Will Be Modest

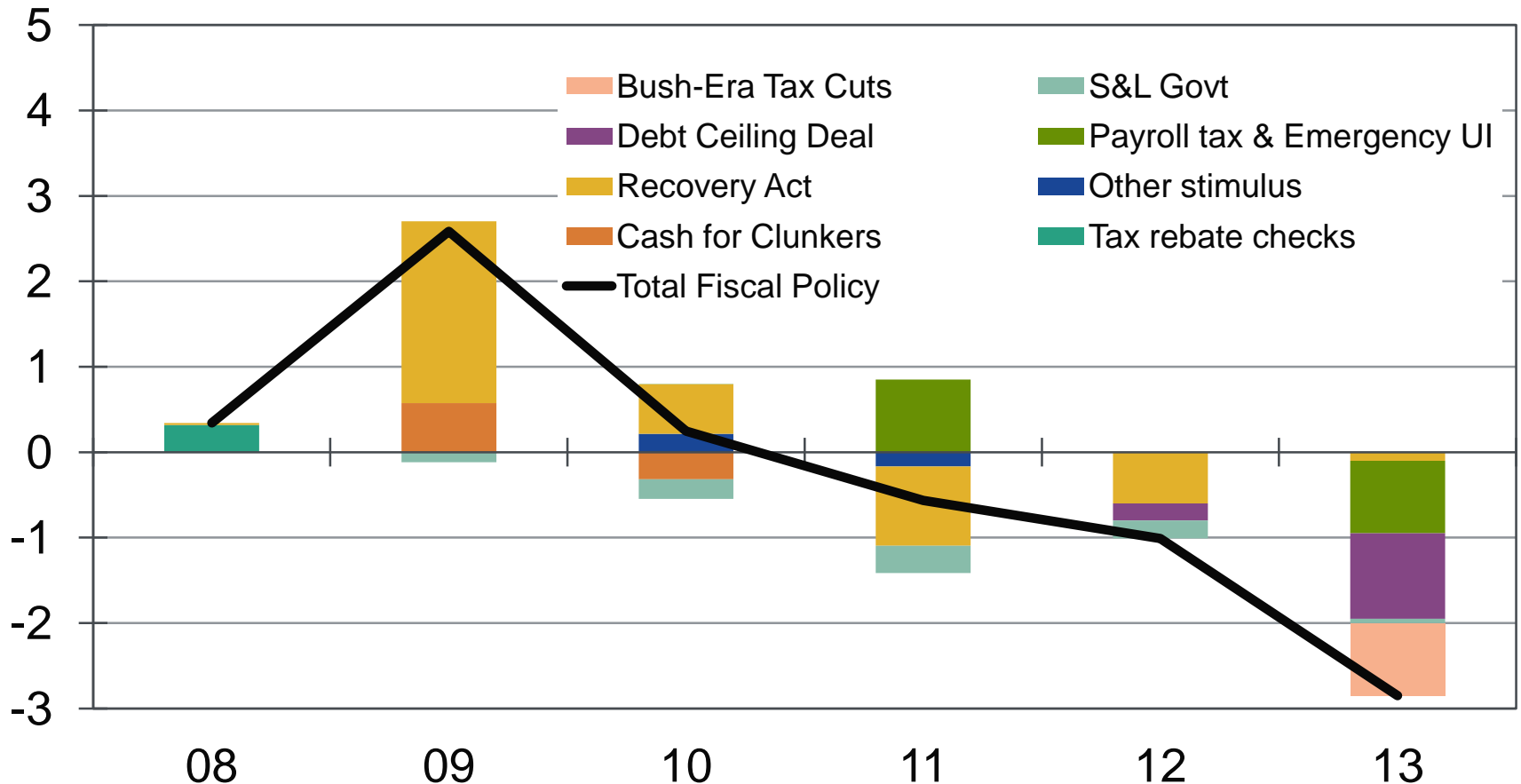
Home price index, single-family homes, Jan 2008=100



Sources: First American CoreLogic, Moody's Analytics

# Federal Fiscal Drag Intensifies...

Contribution to real GDP growth under current law, %

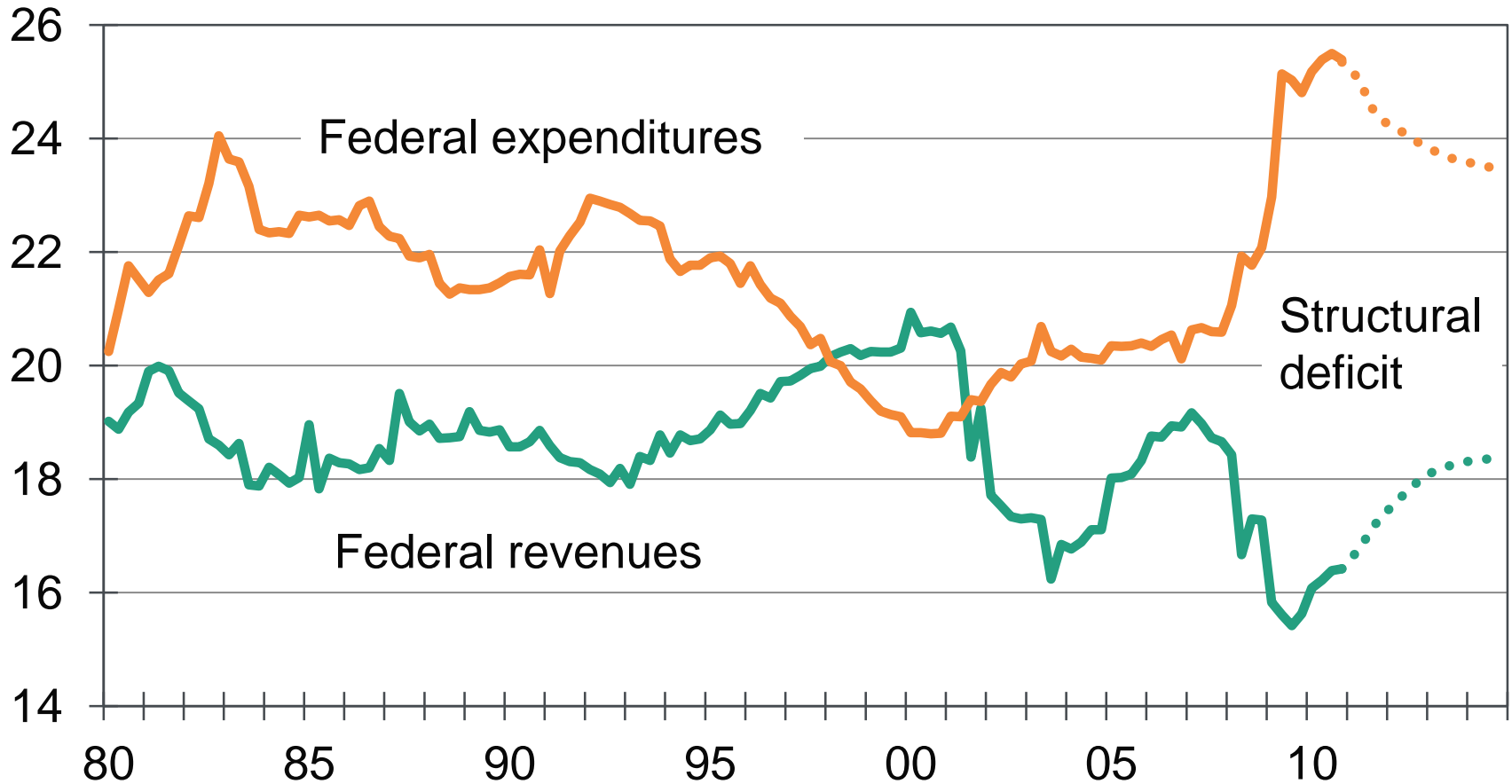


Source: Moody's Analytics



# ...And Much More Is Coming

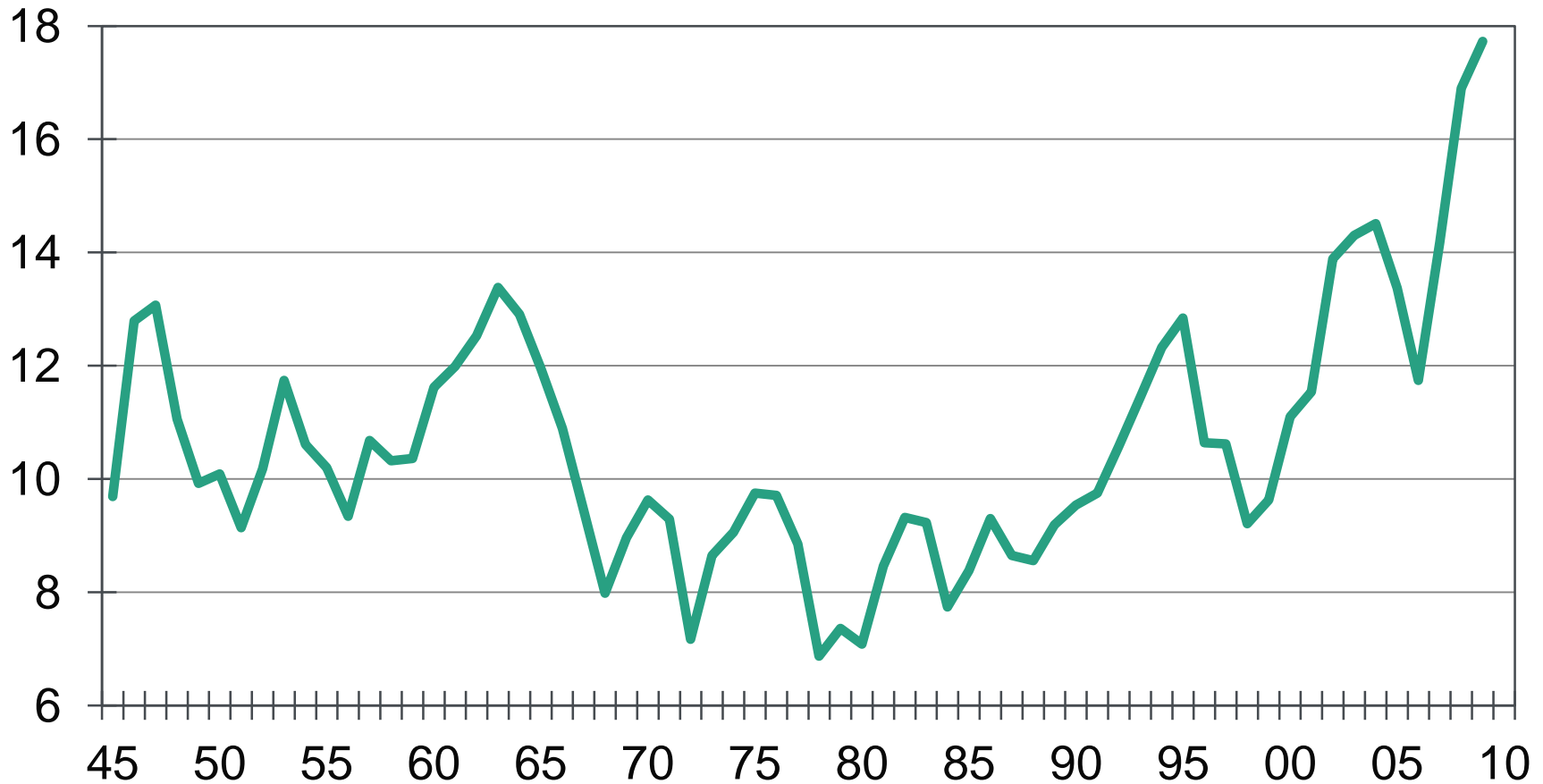
Expenditures and revenues as a % of GDP with no policy changes



Sources: BEA, Moody's Analytics

# U.S. Businesses Have Never Been as Profitable...

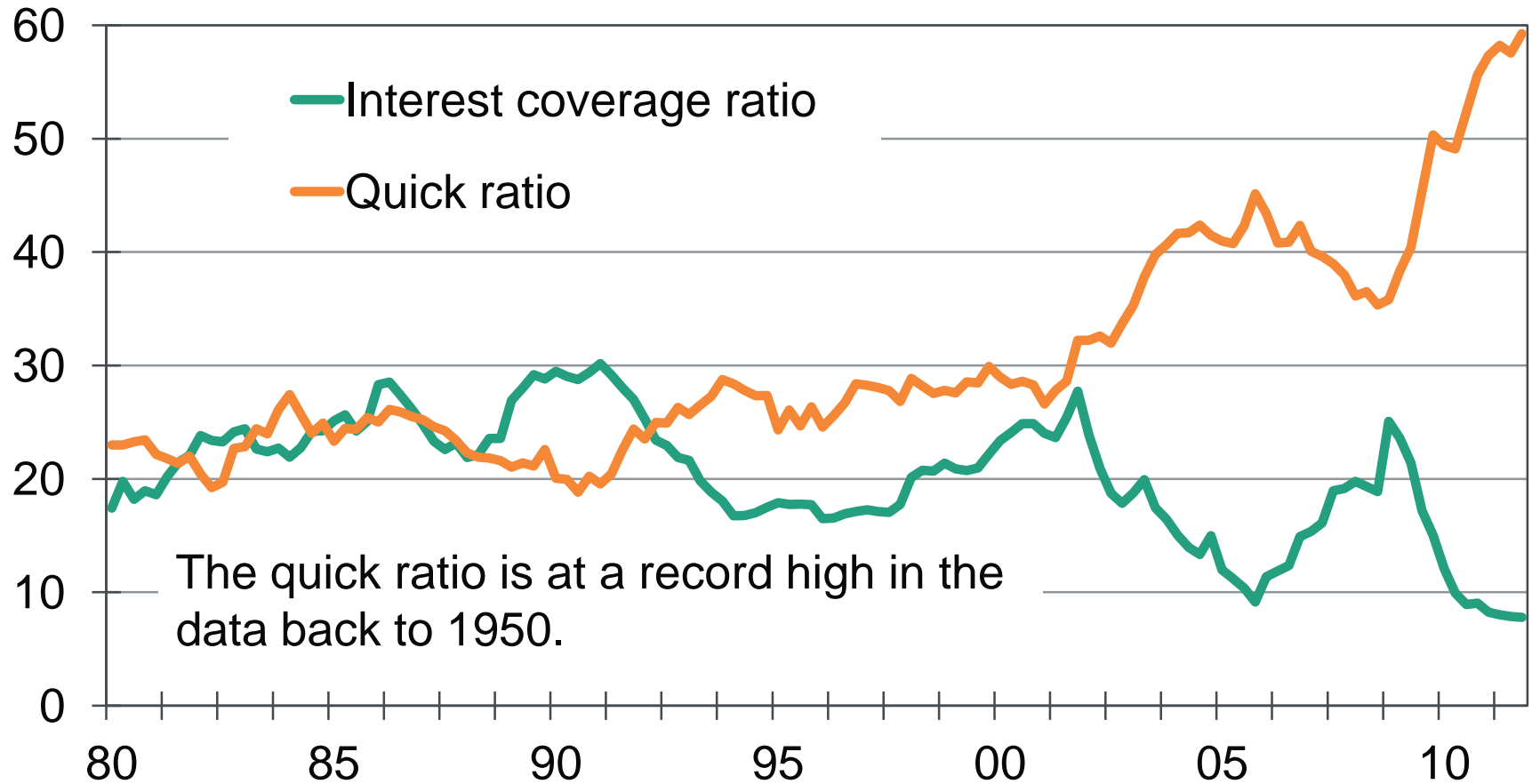
After-tax corporate profit margin, %



Sources: BEA, Moody's Analytics

# ...And Business Balance Sheets as Strong

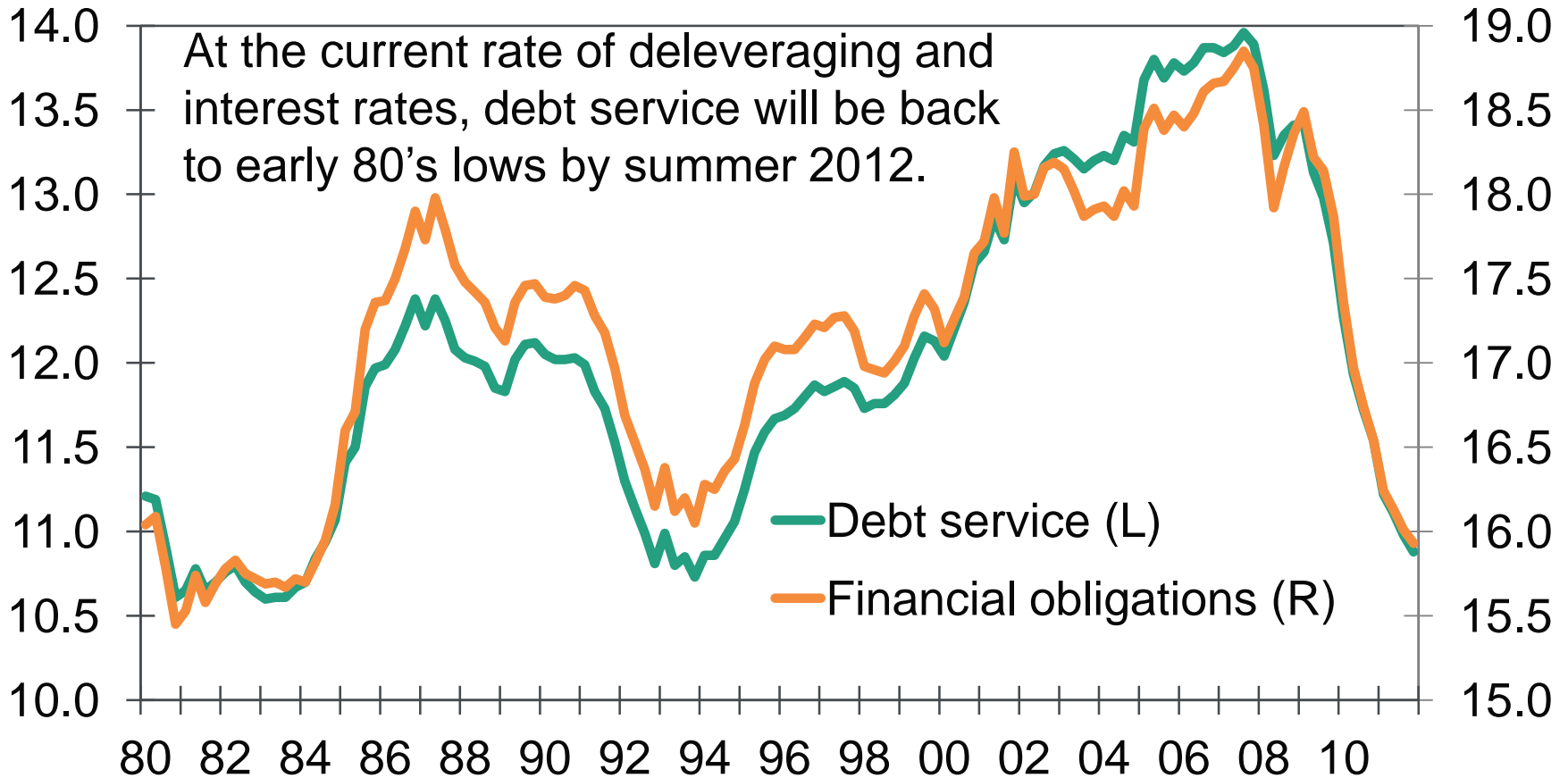
Nonfinancial corporate businesses



Sources: Federal Reserve, Moody's Analytics

# Households Rapidly Deleverage...

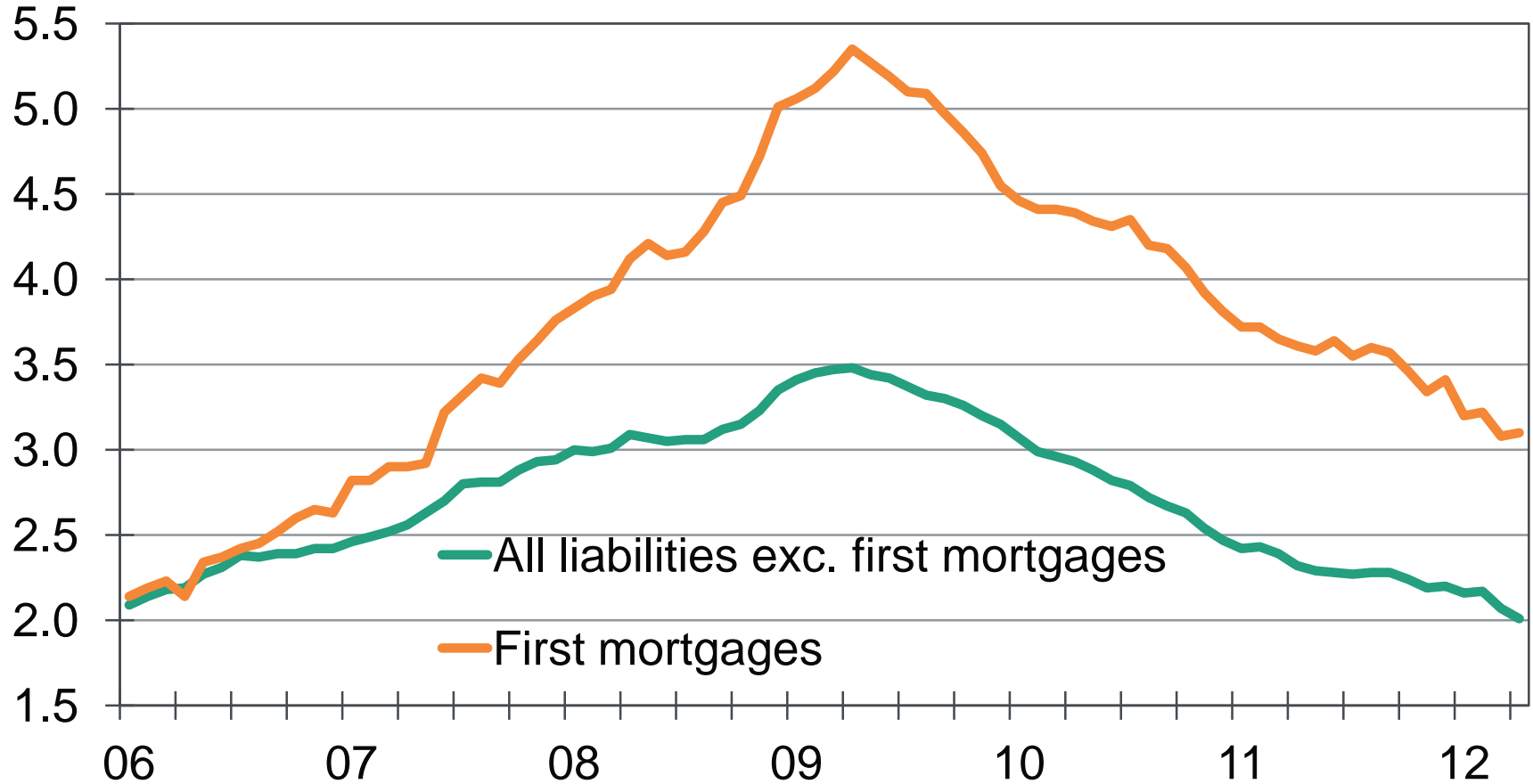
% of disposable income



Sources: Federal Reserve, BEA, Moody's Analytics

# ...Which Is Evident In Improving Credit Quality

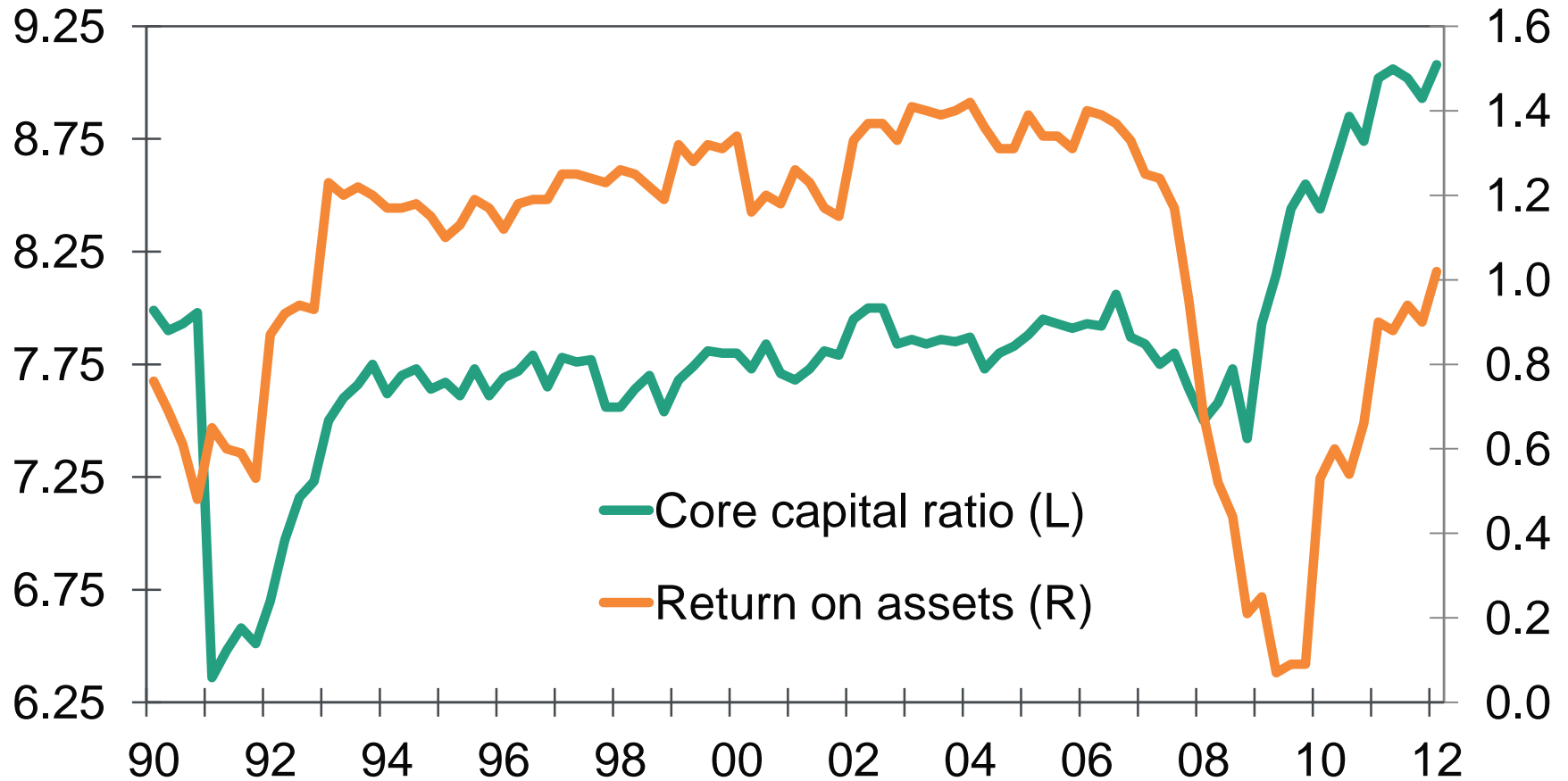
30-90 day delinquency rate, % of \$, SA



Sources: Equifax, Moody's Analytics

# Banks Are Well Capitalized and More Profitable...

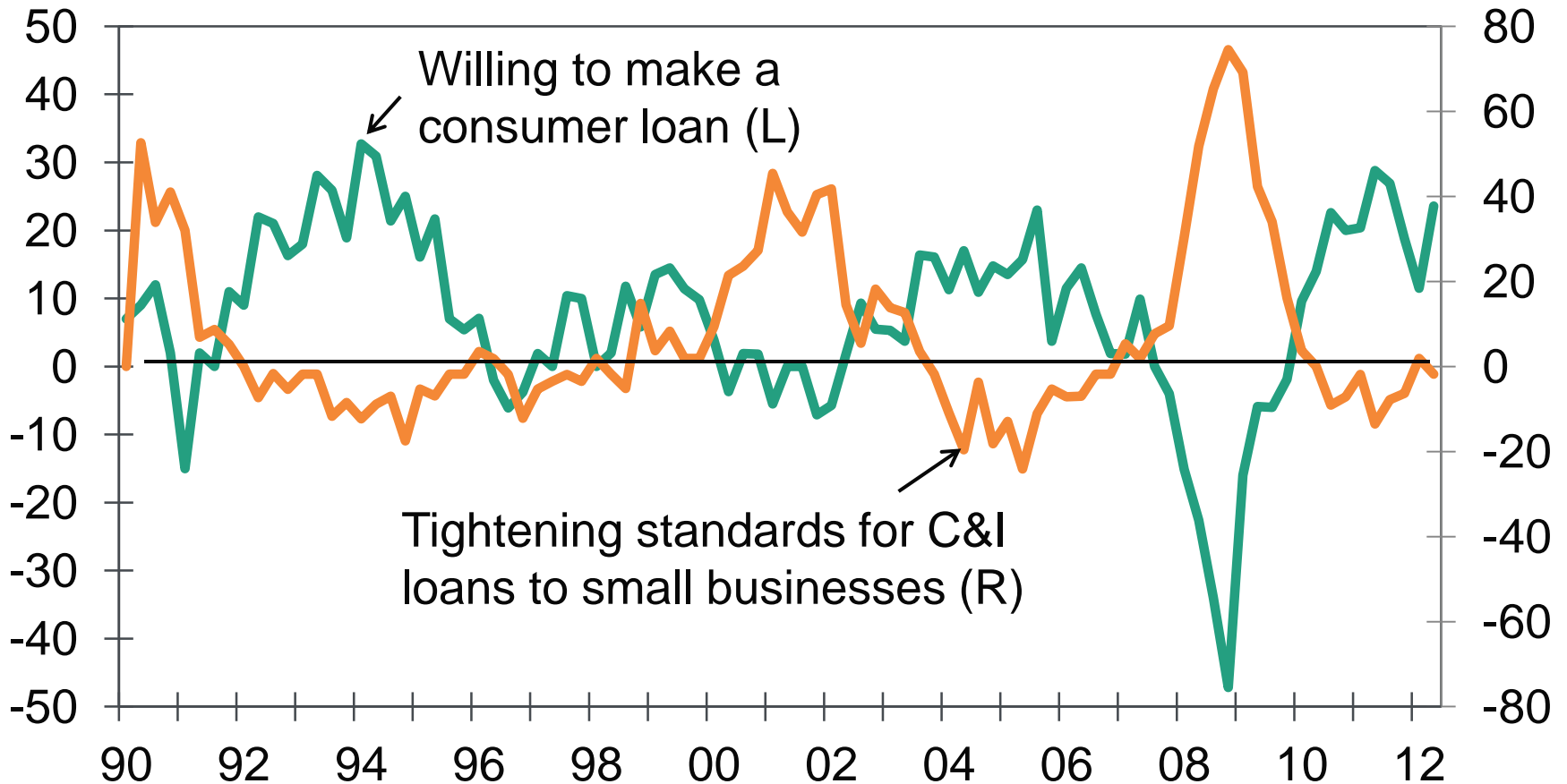
## Commercial banks



Sources: FDIC, Moody's Analytics

# ...And Thus Opening the Credit Spigot

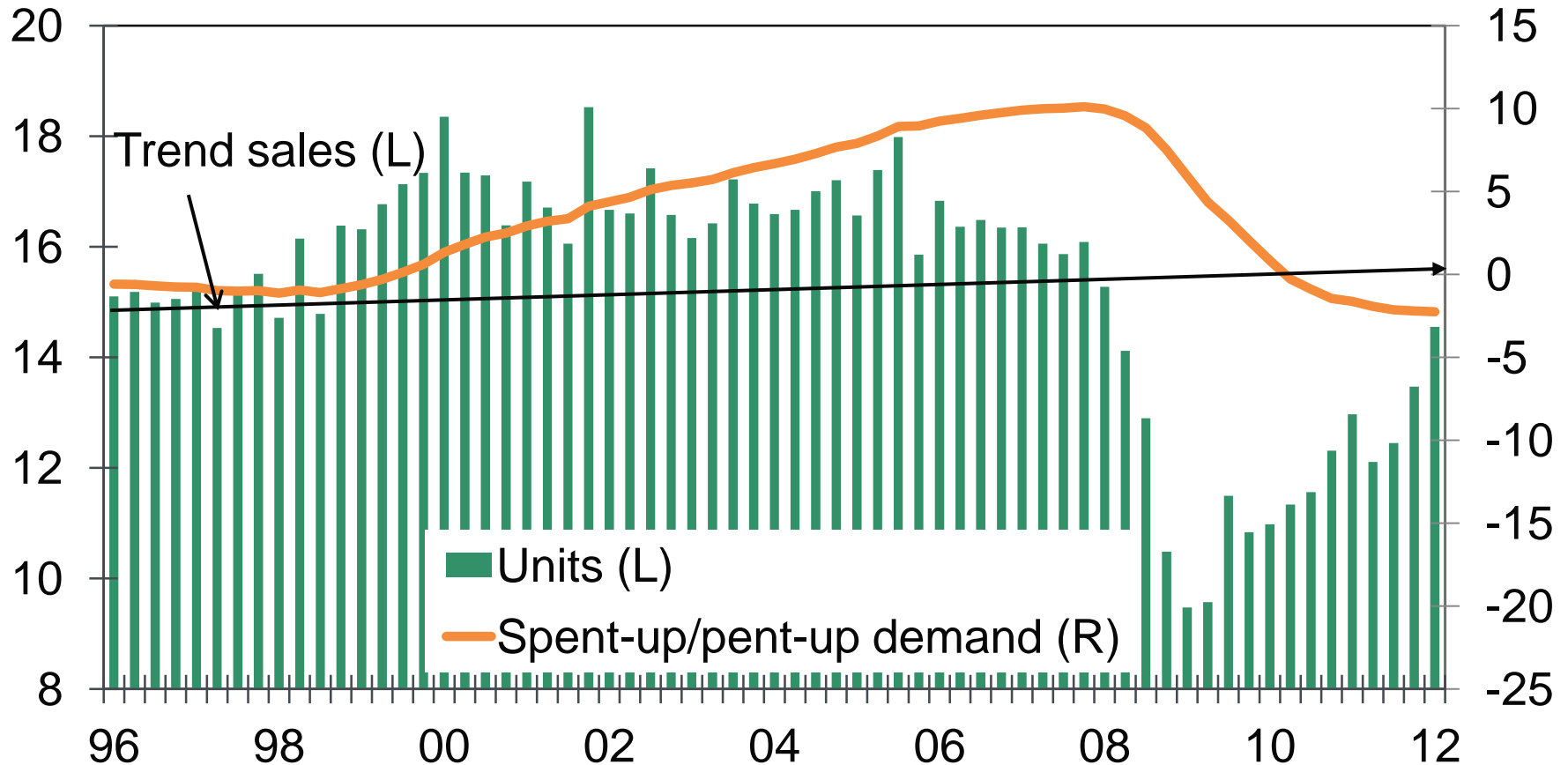
Net % of senior loan officers...



Sources: Federal Reserve Senior Loan Officer Opinion Survey, Moody's Analytics

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

Light vehicle sales, mil

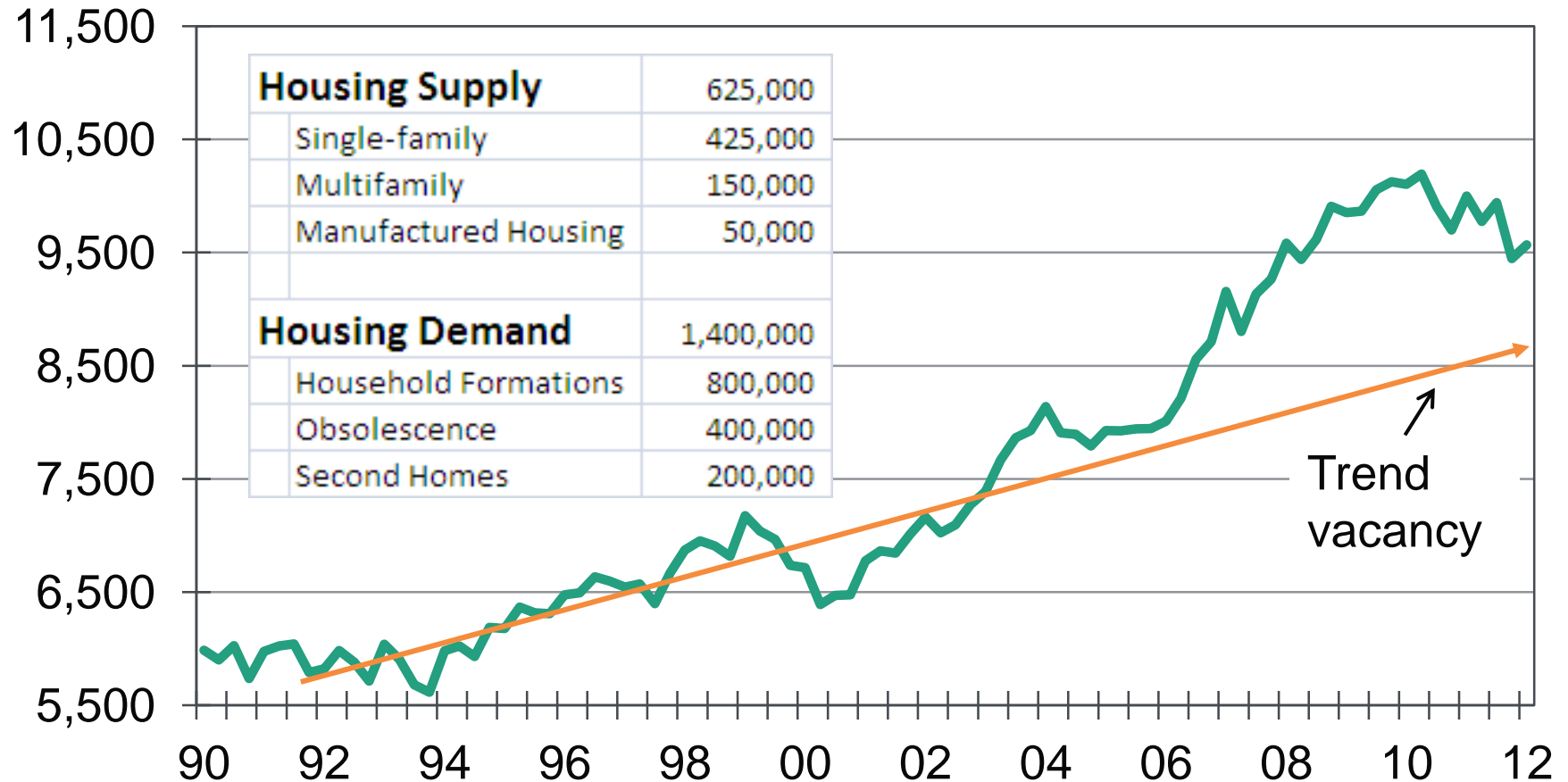


Sources: BEA, Moody's Analytics



# ...Housing Inventories Have Peaked...

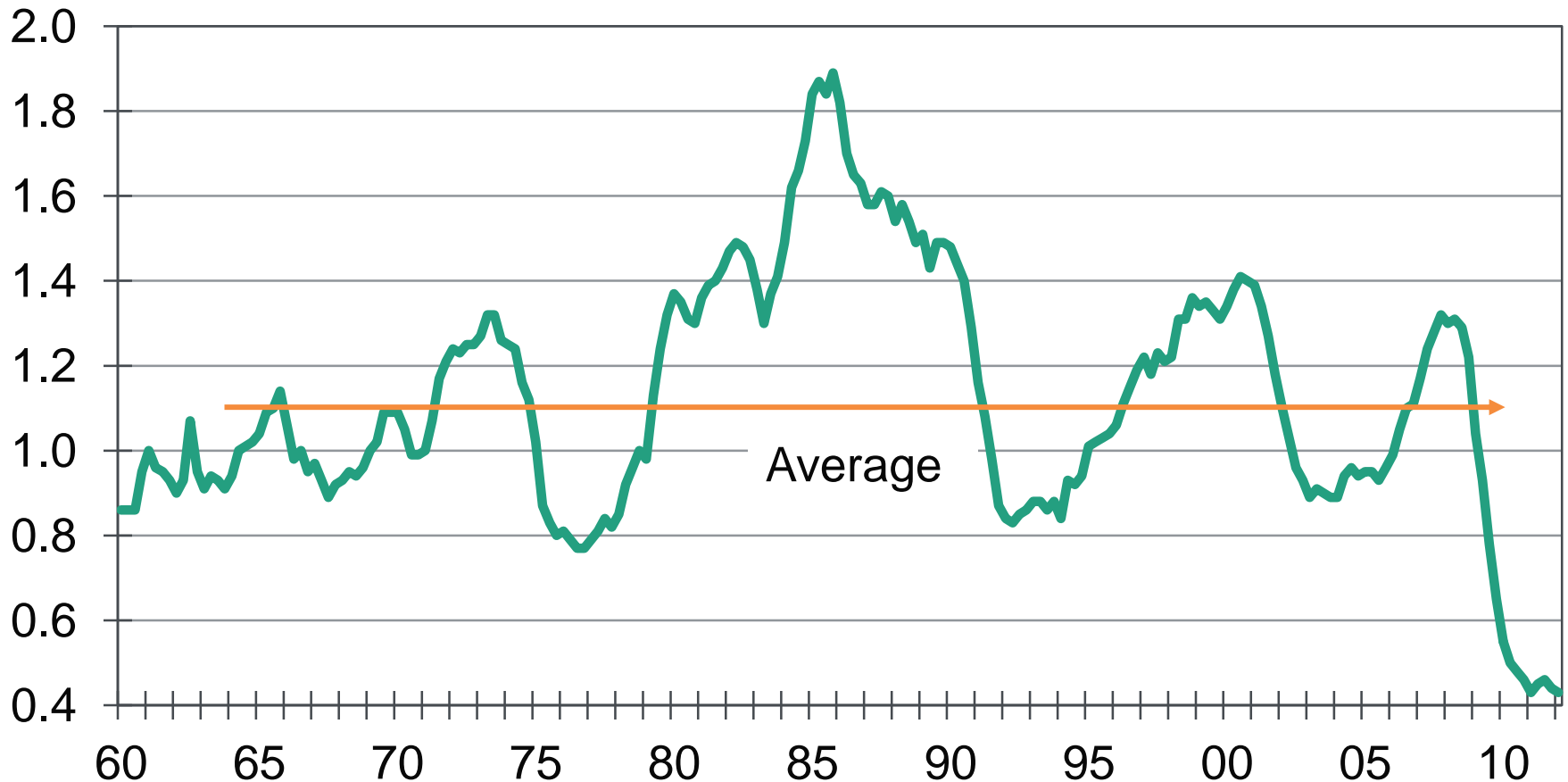
Vacant homes for sale, for rent and held off market, the



Sources: Census Bureau, Moody's Analytics

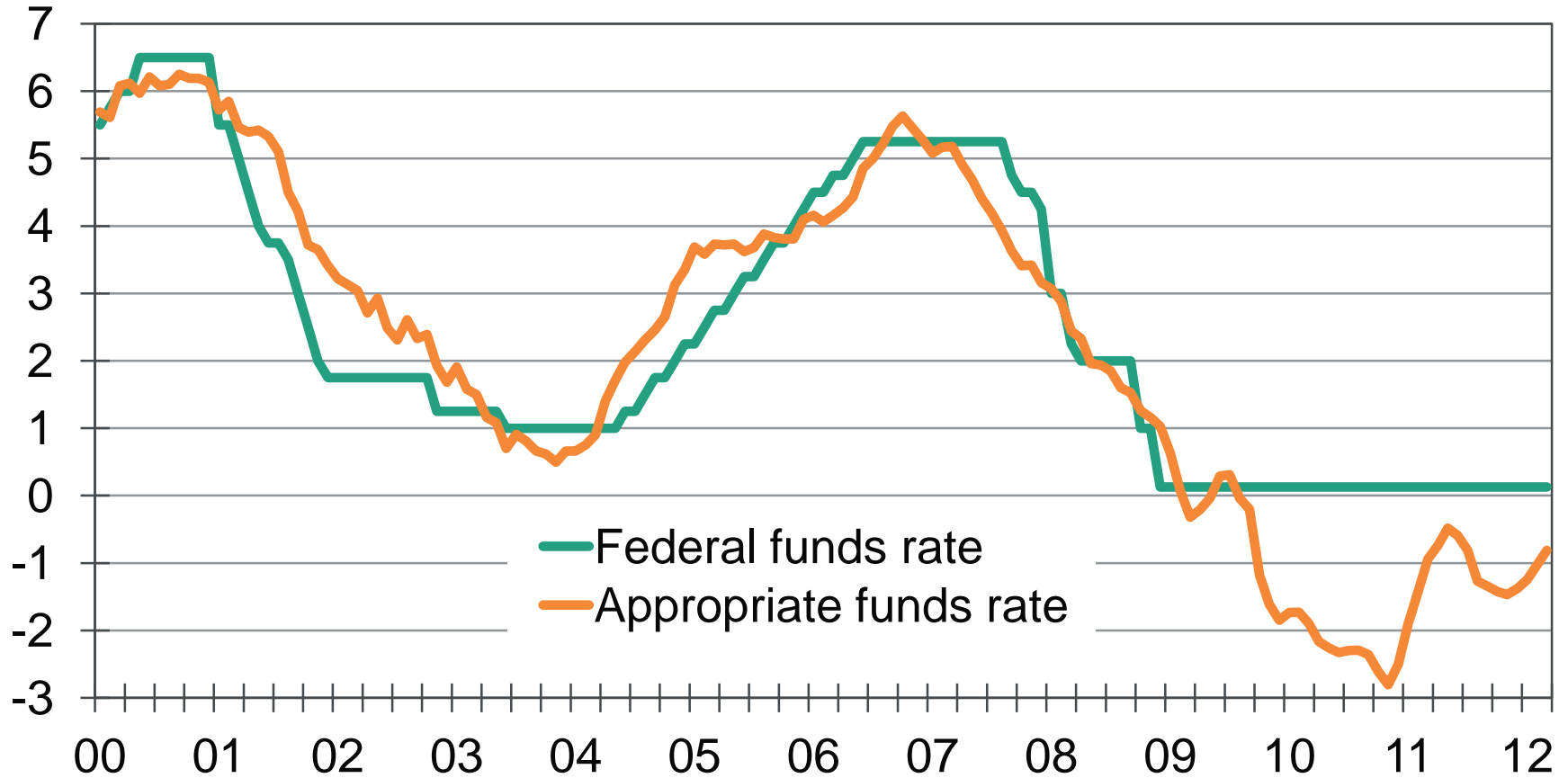
# ...And Commercial Construction Is at Rock-Bottom

Investment in commercial structures as a % of GDP



Sources: BEA, Moody's Analytics

# The Federal Reserve Will Do What's Necessary

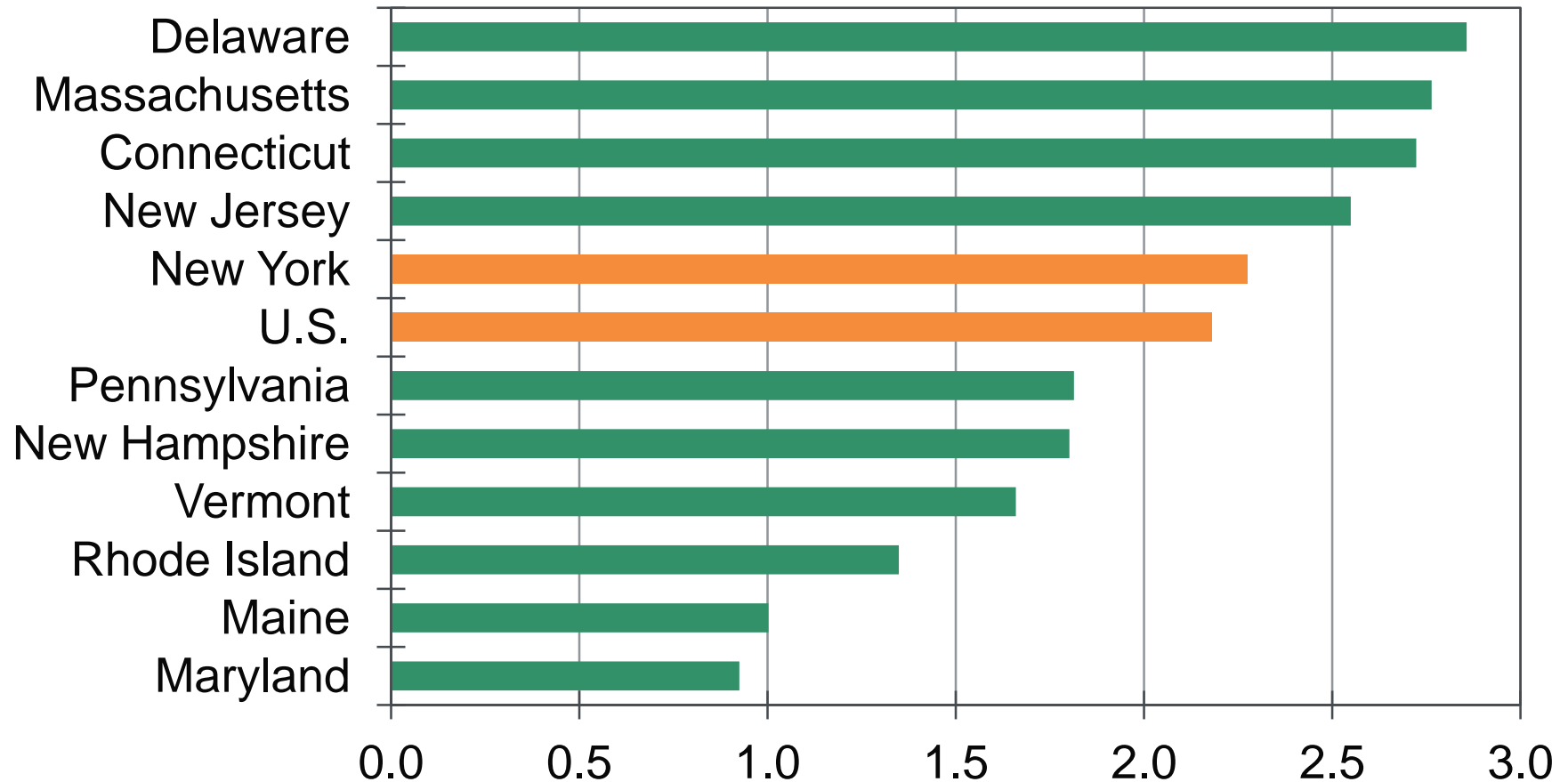


Sources: Federal Reserve, Moody's Analytics

# New York

# Ties to Europe Could Weigh on Recovery...

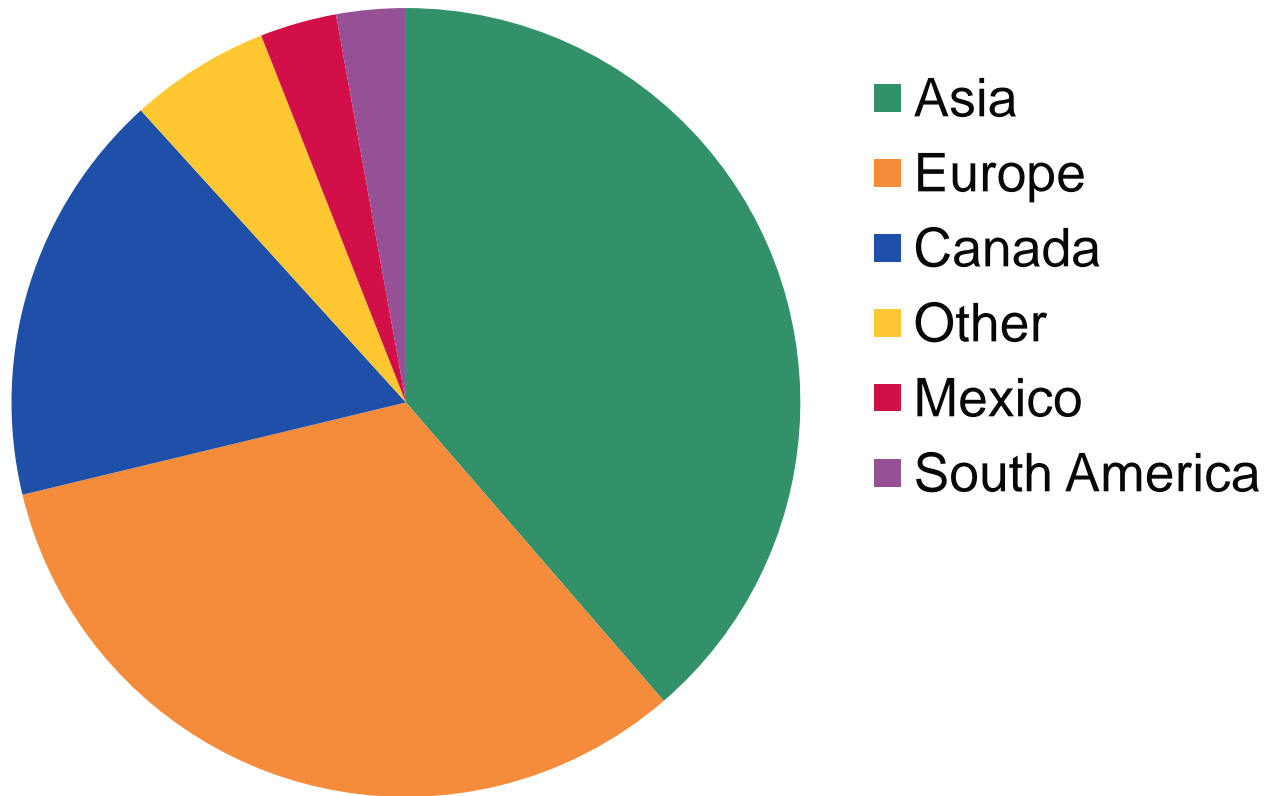
Exports to Europe as % of nominal GDP, 2011



Sources: Census Bureau, Moody's Analytics

## ...Given New York's European Exposure...

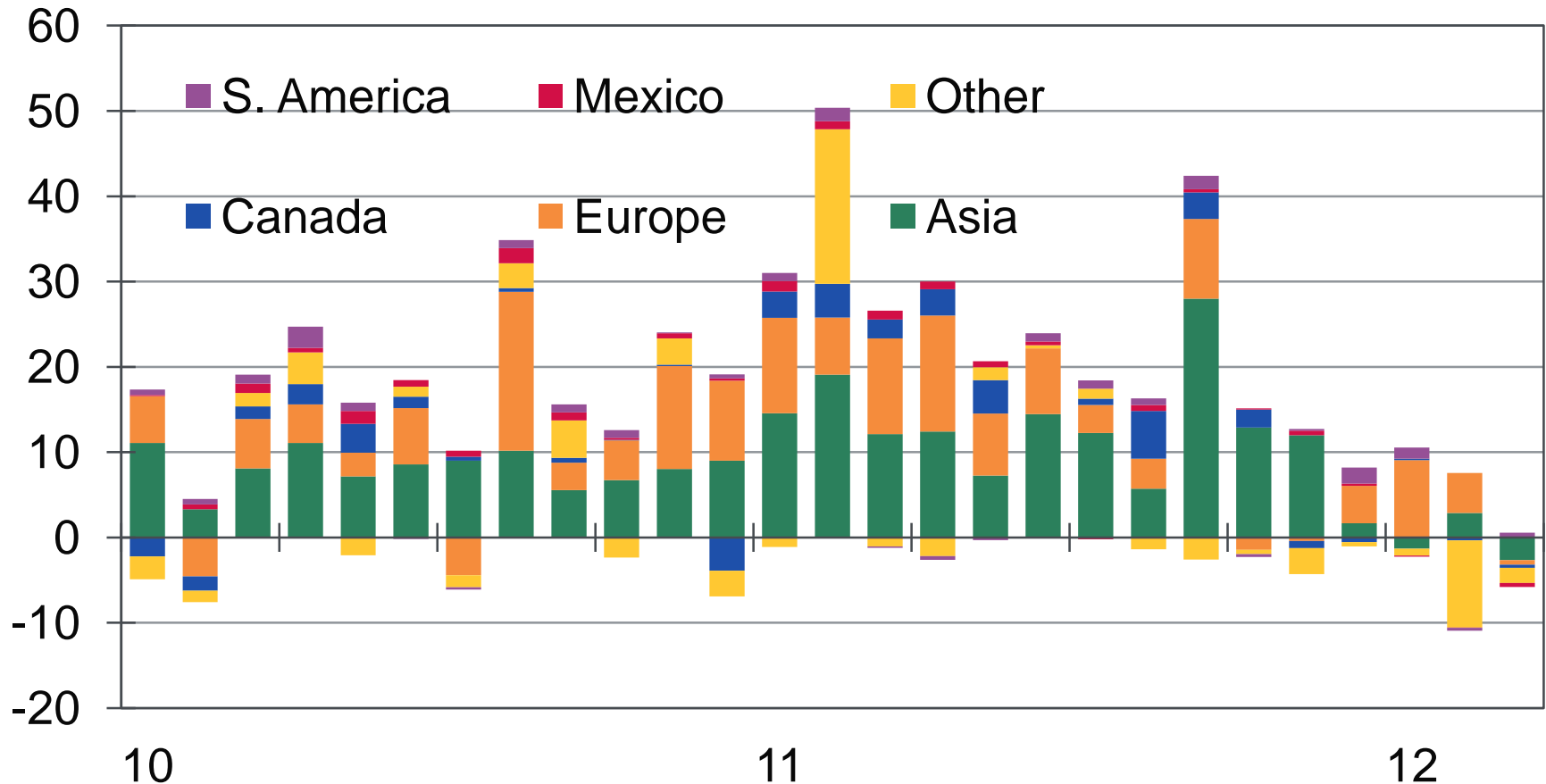
New York exports by destination, % of total, 2011



Sources: Census Bureau, Moody's Analytics

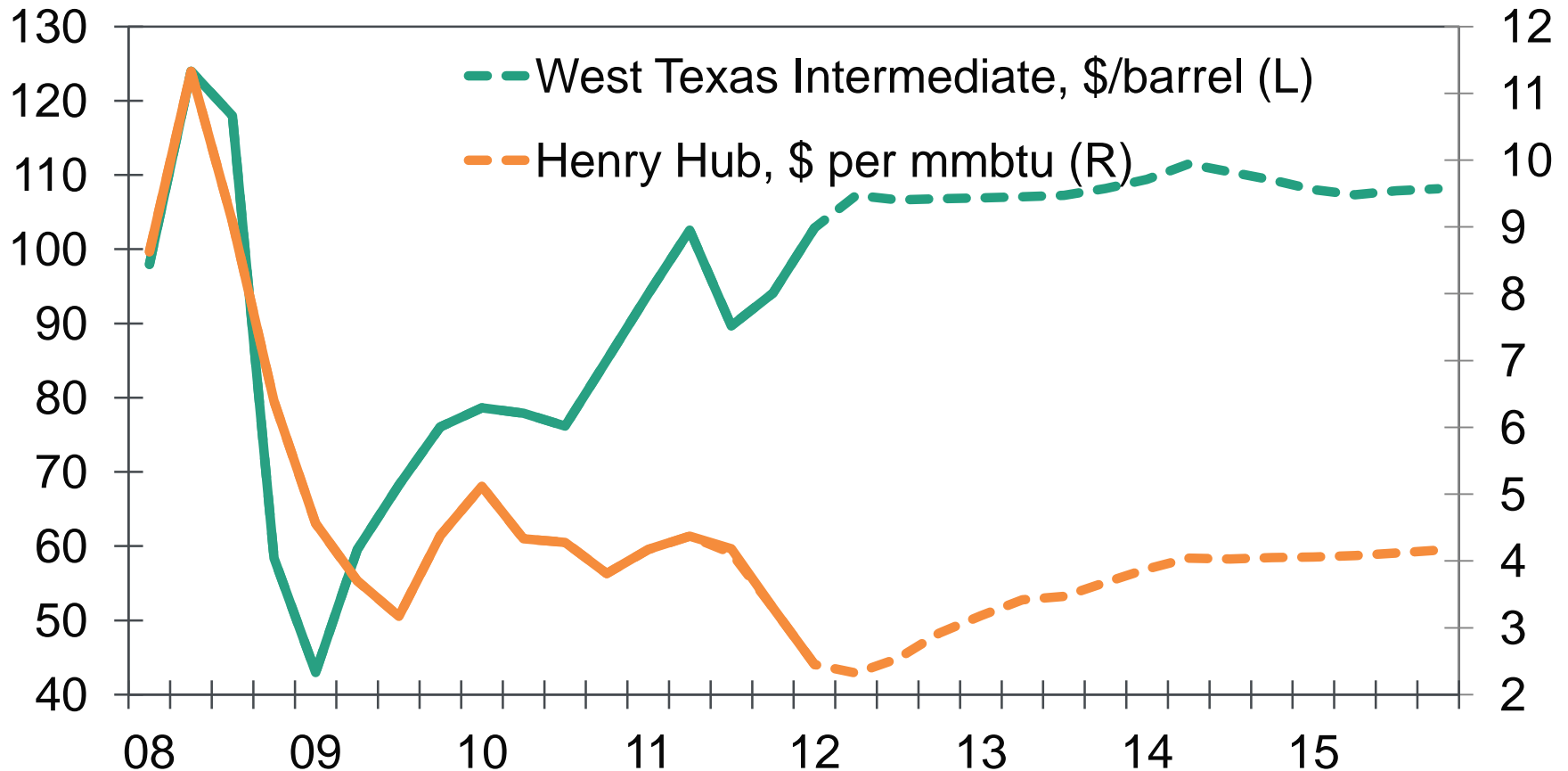
# ...But So Far Europe Is Not the Culprit

Ppt. contribution to yr ago % change in total New York exports



Sources: BLS, Moody's Analytics

# Elevated Energy Prices Will Keep Costs High...

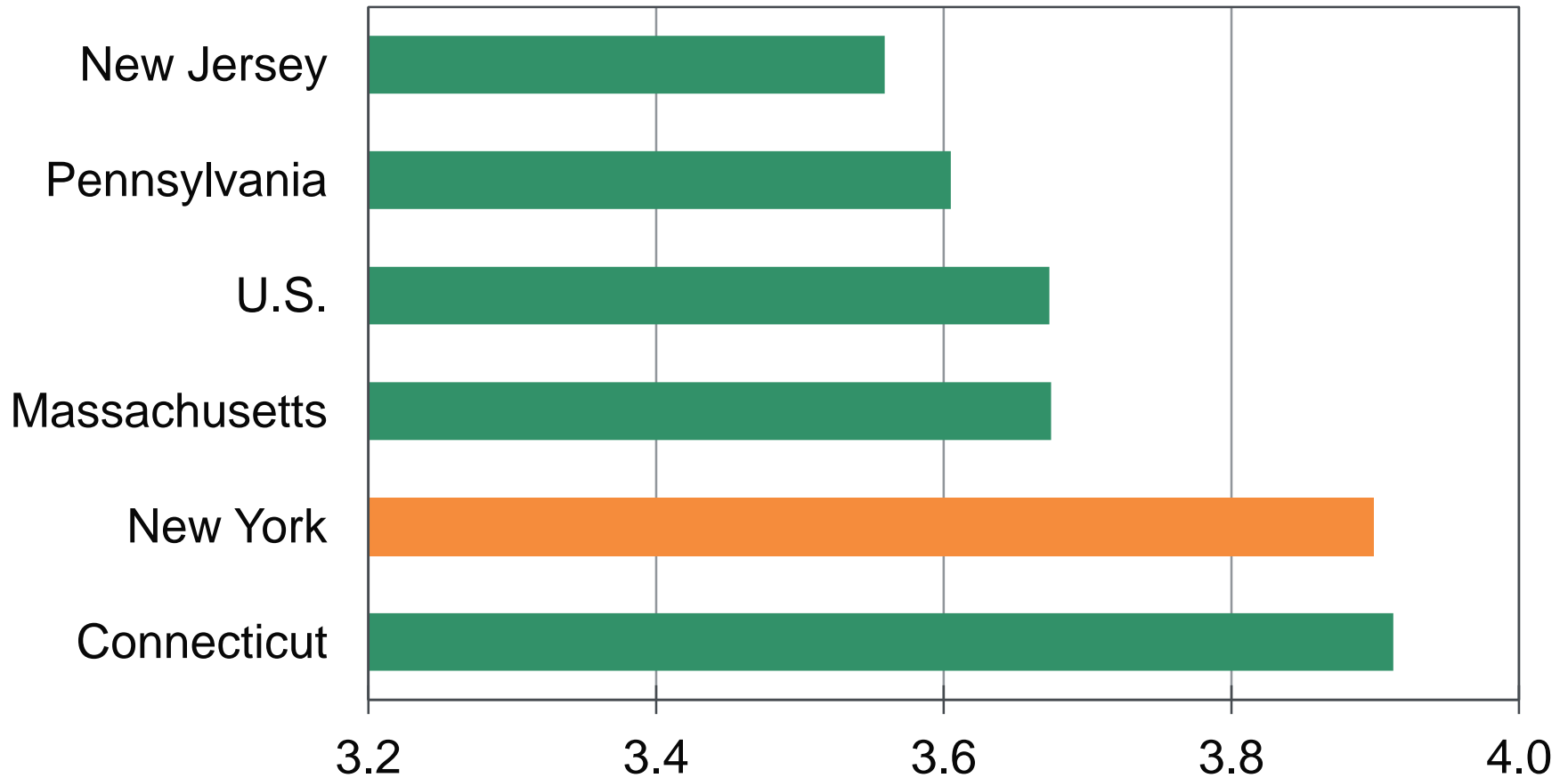


Sources: The Wall Street Journal, Moody's Analytics



# Exposure to Brent Crude a Risk for New York

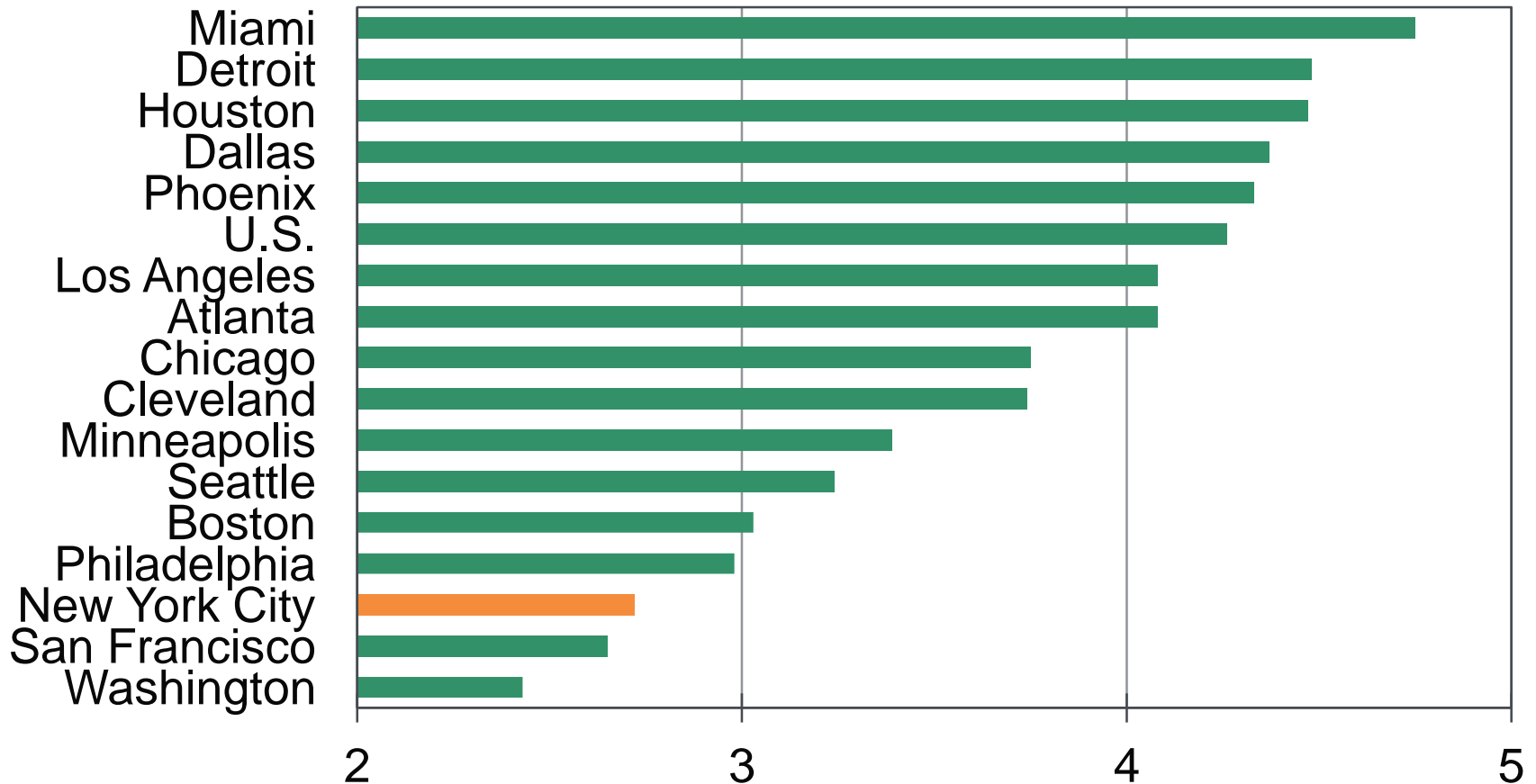
Unleaded gasoline, \$, May 25, 2012



Sources: Oil Price Information Service, Moody's Analytics

# Gas Price Risk Mitigated by Higher Incomes

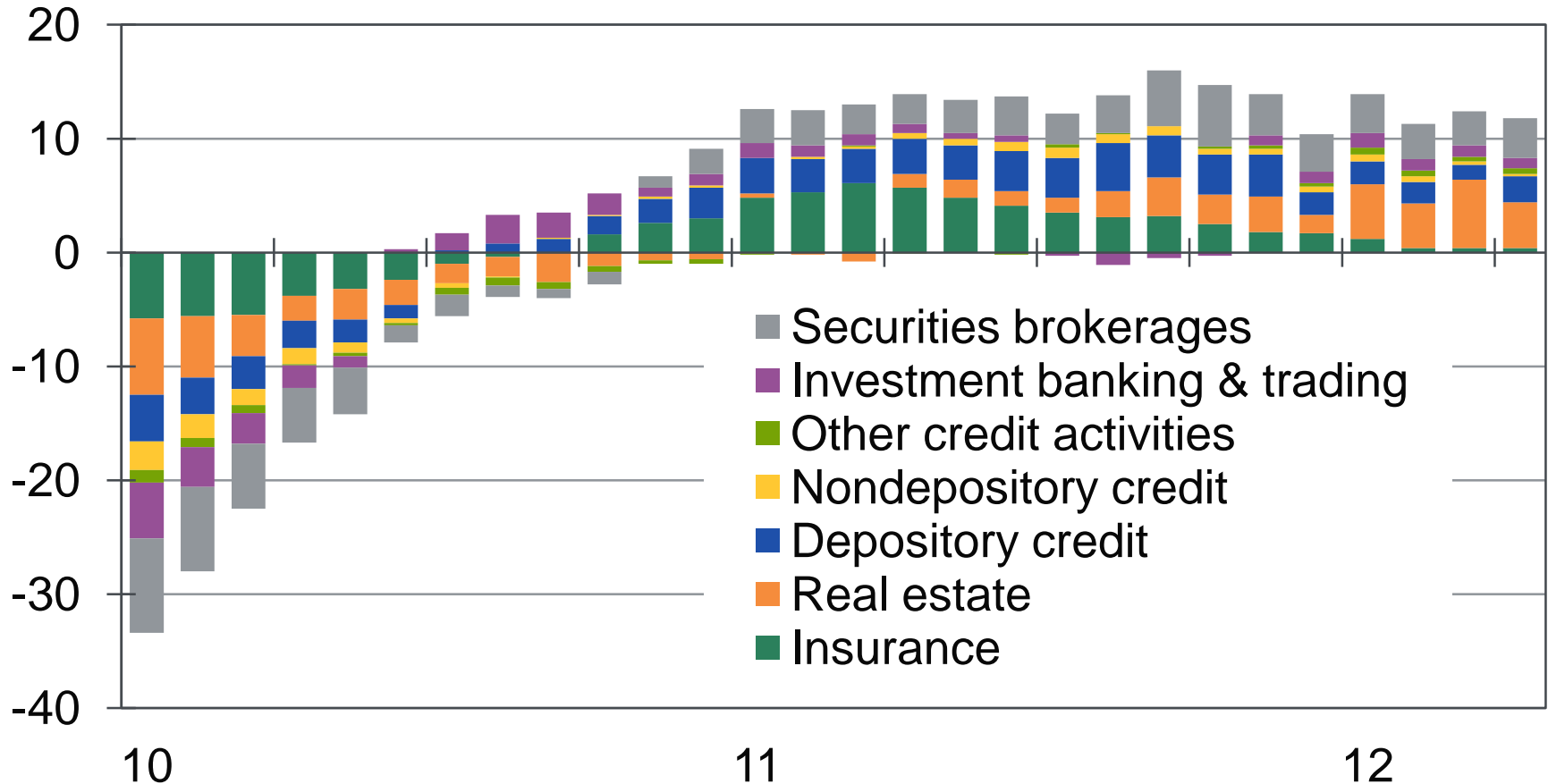
Spending on gasoline and motor oil, % of median hh income, 2010



Sources: Consumer Expenditure Survey, Moody's Analytics

# Finance Continues to Grow, but for How Long?

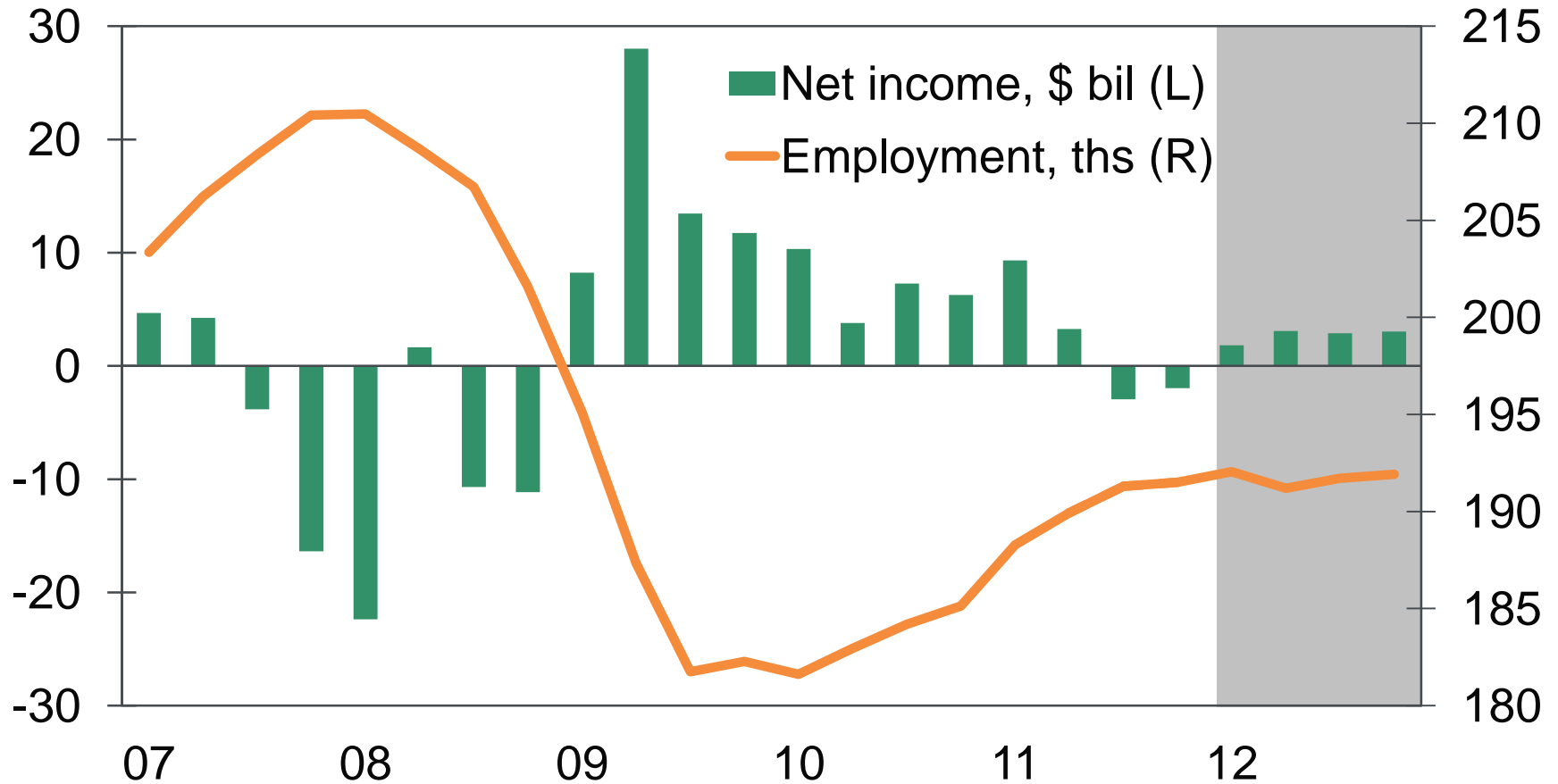
New York payroll employment, yr-ago change, ths, NSA



Sources: BLS, Moody's Analytics

# Slower Revenue Growth Leading to Layoffs

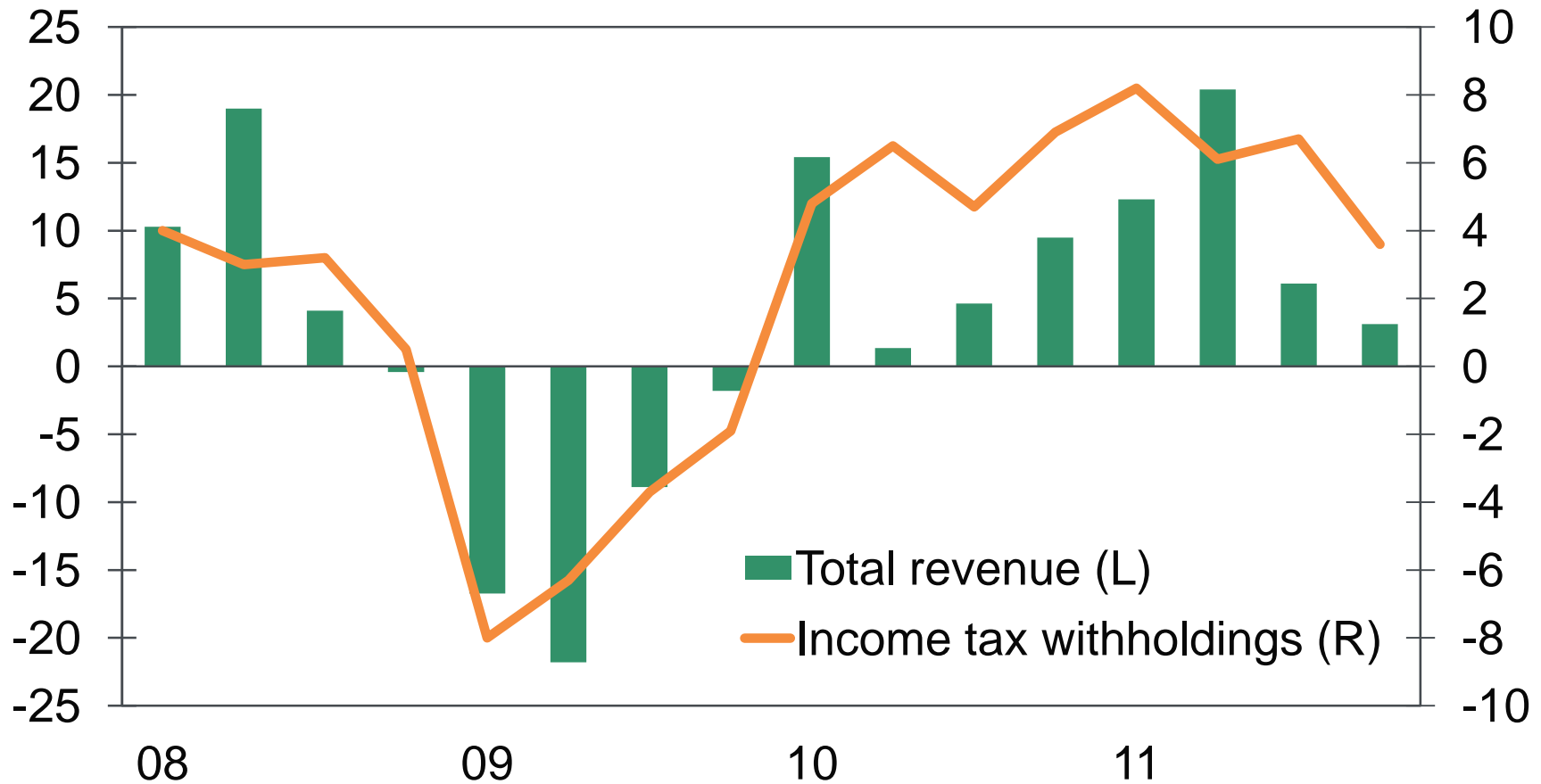
Securities and commodity brokerages in NY



Sources: NYSE, BLS, Moody's Analytics

# State Coffers Filling Only Slowly

% change yr ago



Sources: Rockefeller Institute of Government, Moody's Analytics

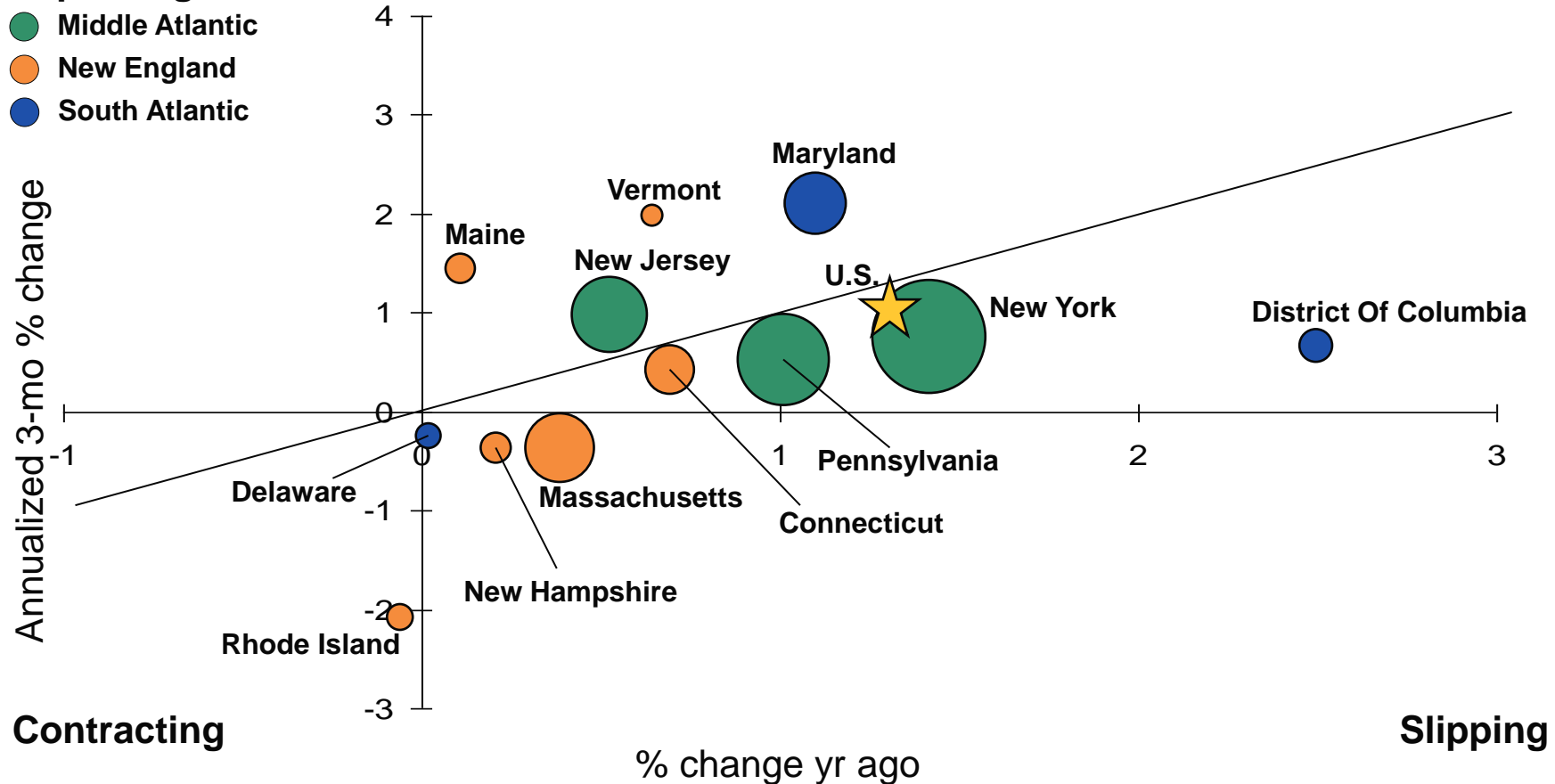
# Payroll Employment—Northeast States

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

Oct 2012  
Expanding

Improving

- Middle Atlantic
- New England
- South Atlantic



Note: Size reflects relative total employment

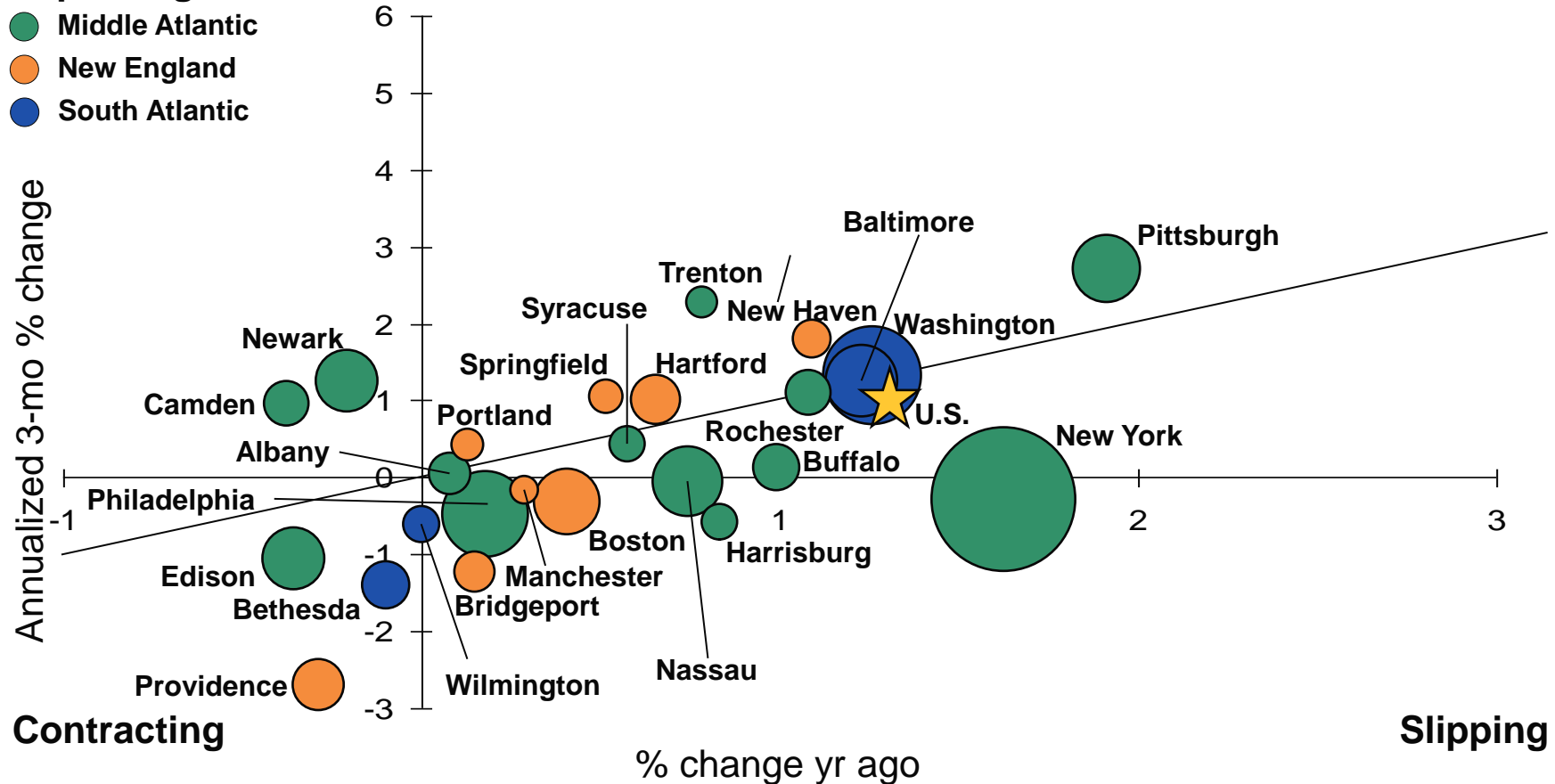
# Payroll Employment—Northeast MSAs

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

Oct 2012  
Expanding

Improving

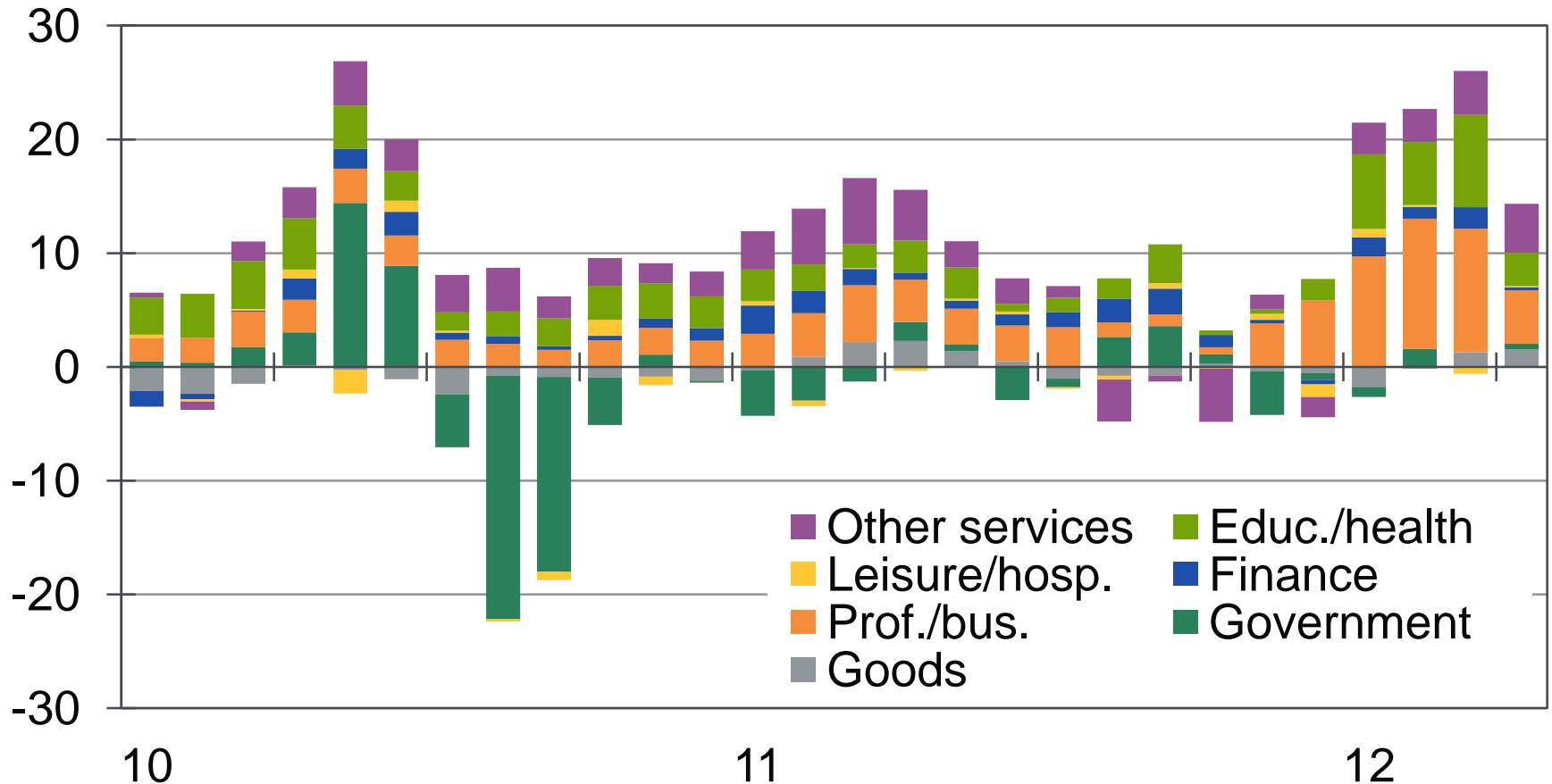
- Middle Atlantic
- New England
- South Atlantic



Note: Size reflects relative total employment

# Broad-Based Job Growth Across the State

Employment change, ths, 3-mo MA

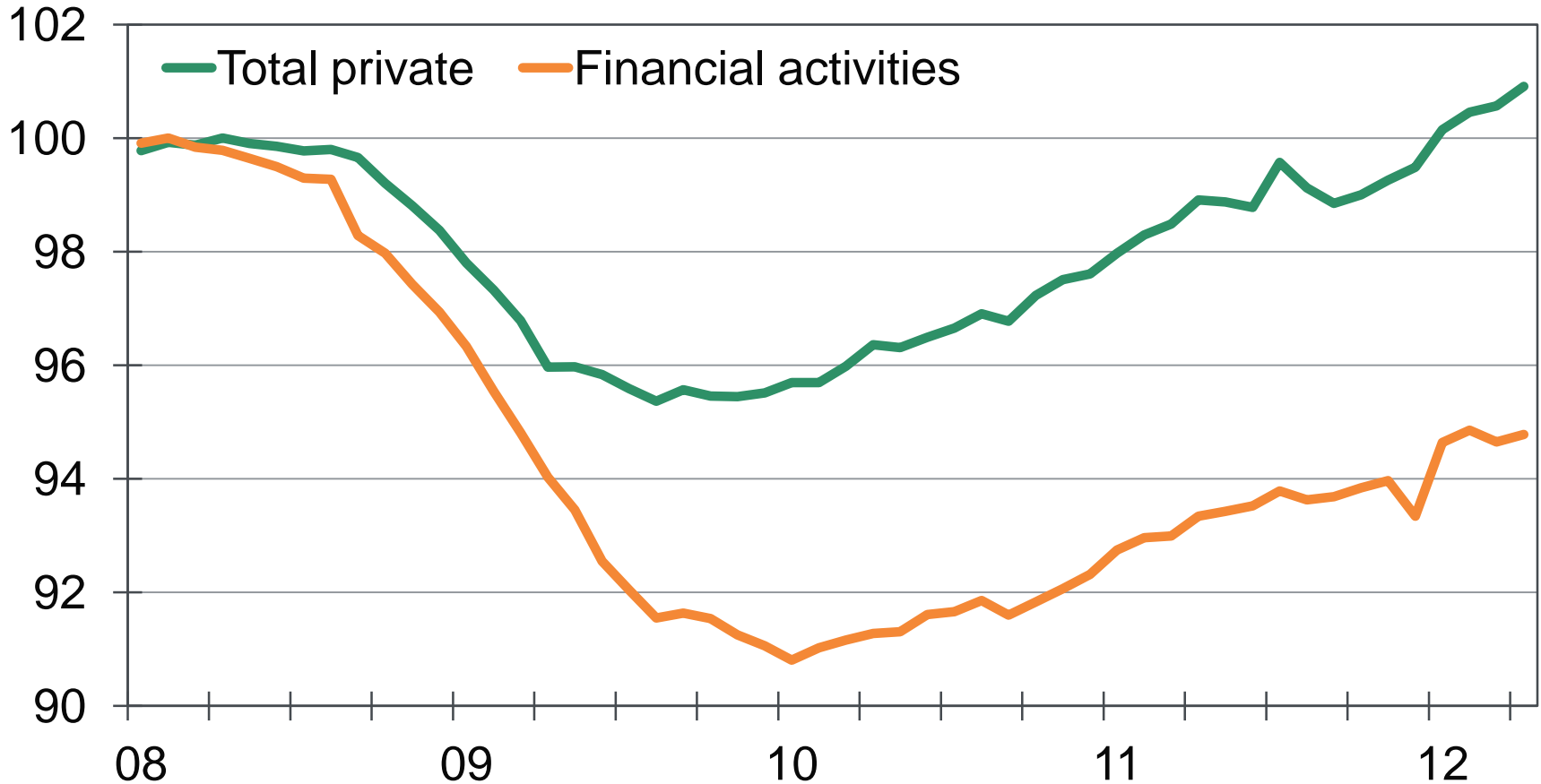


Sources: BLS, Moody's Analytics



# New York City Recovers Despite Wall Street

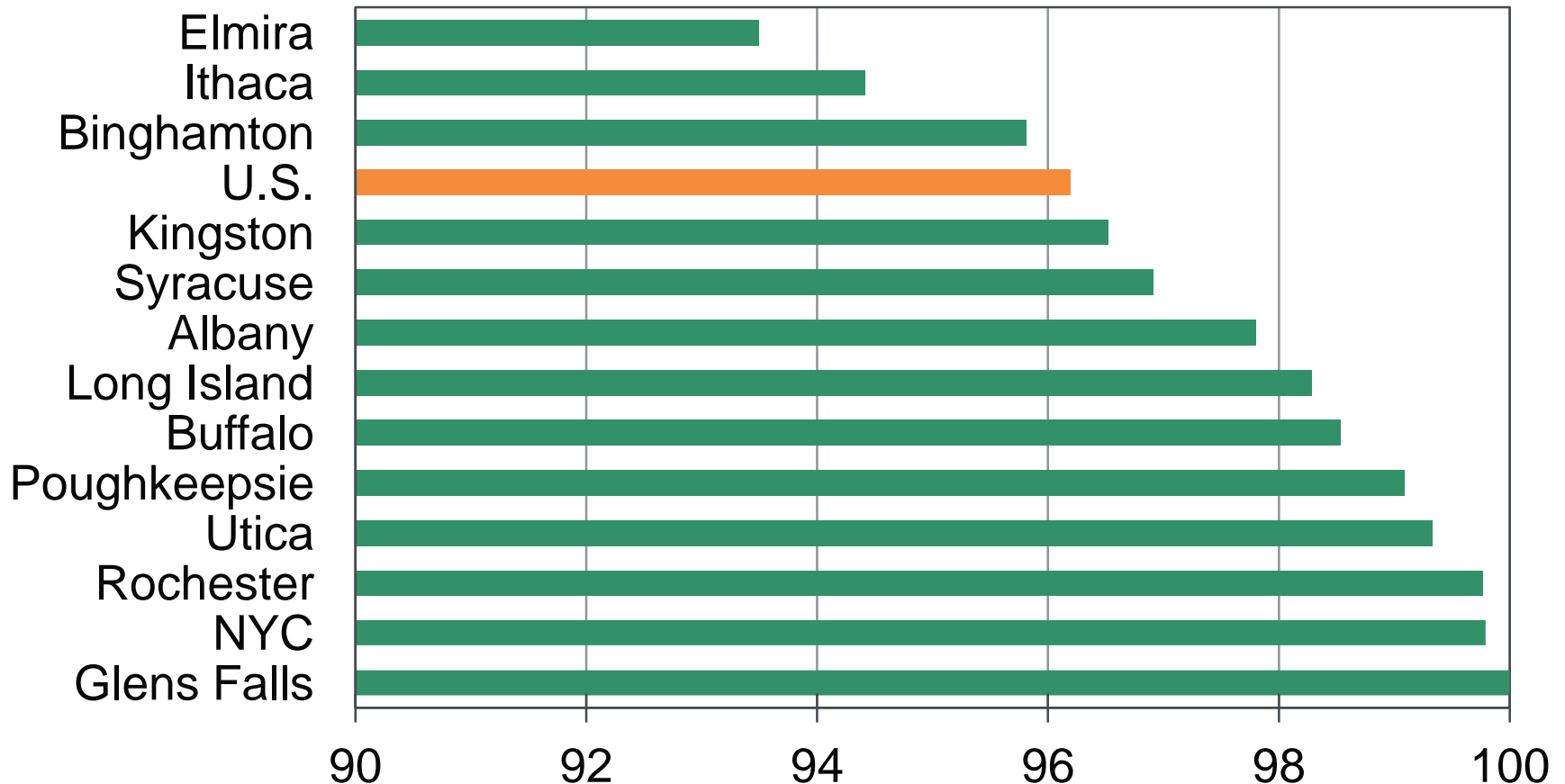
Employment, prerecession peak=100



Sources: BLS, Moody's Analytics

# Recoveries Nearly Complete in Several Areas

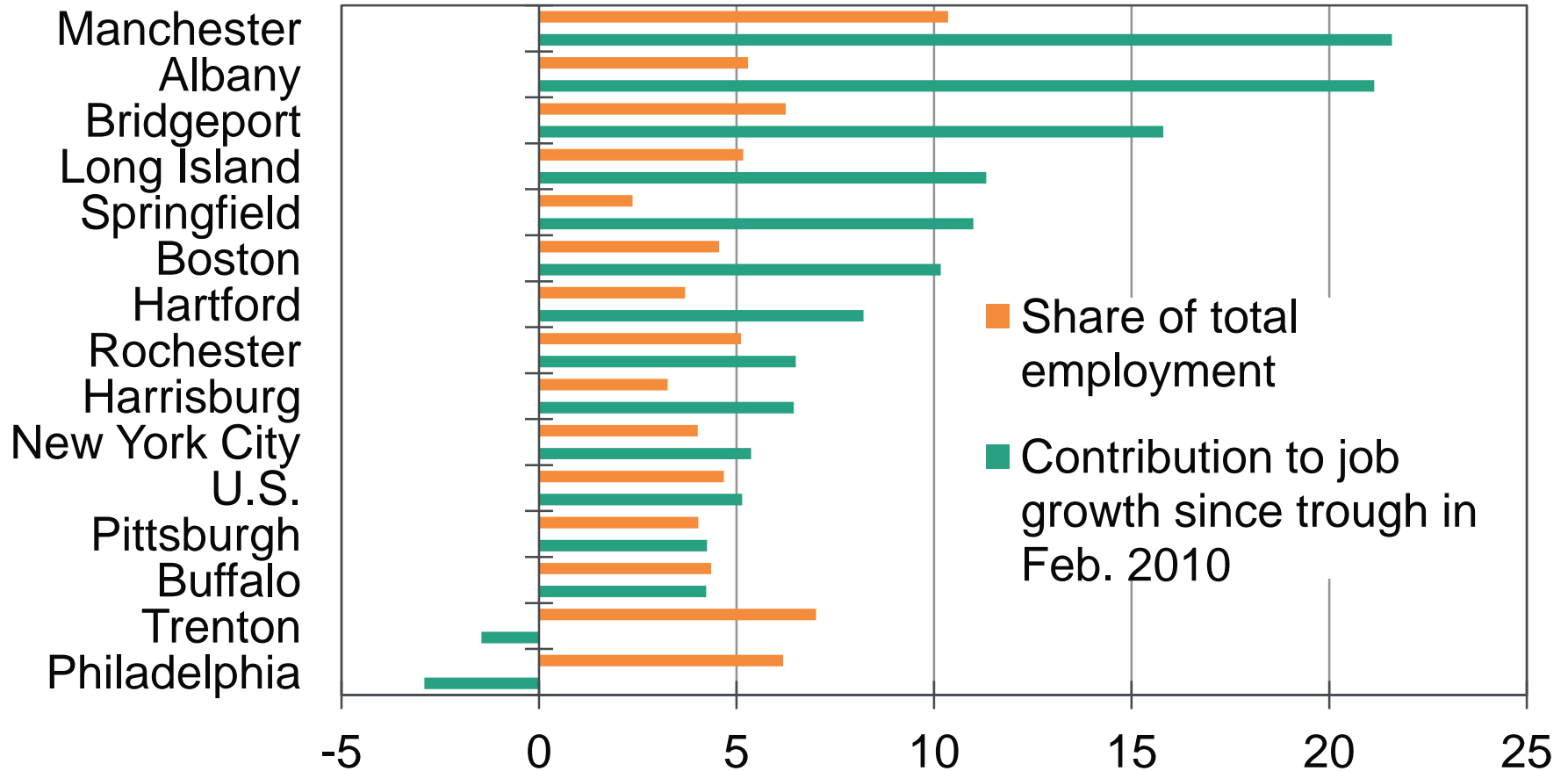
Employment, 2012Q1 ratio to peak since 2006



Sources: BLS, Moody's Analytics

# Tech Growth Has Been Strong

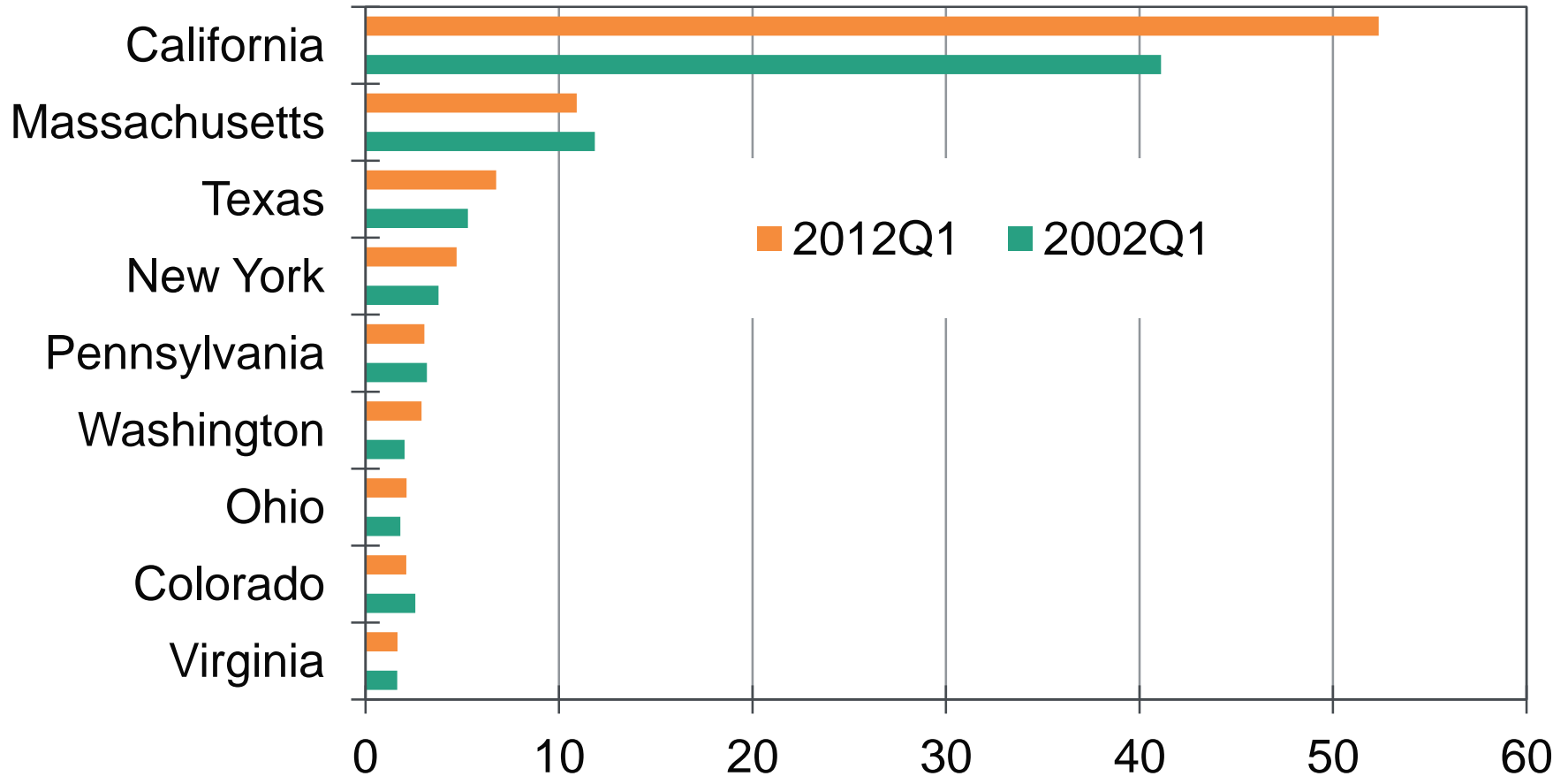
## High-tech employment



Sources: BLS, Moody's Analytics

# Silicon Alley Is Still No Silicon Valley

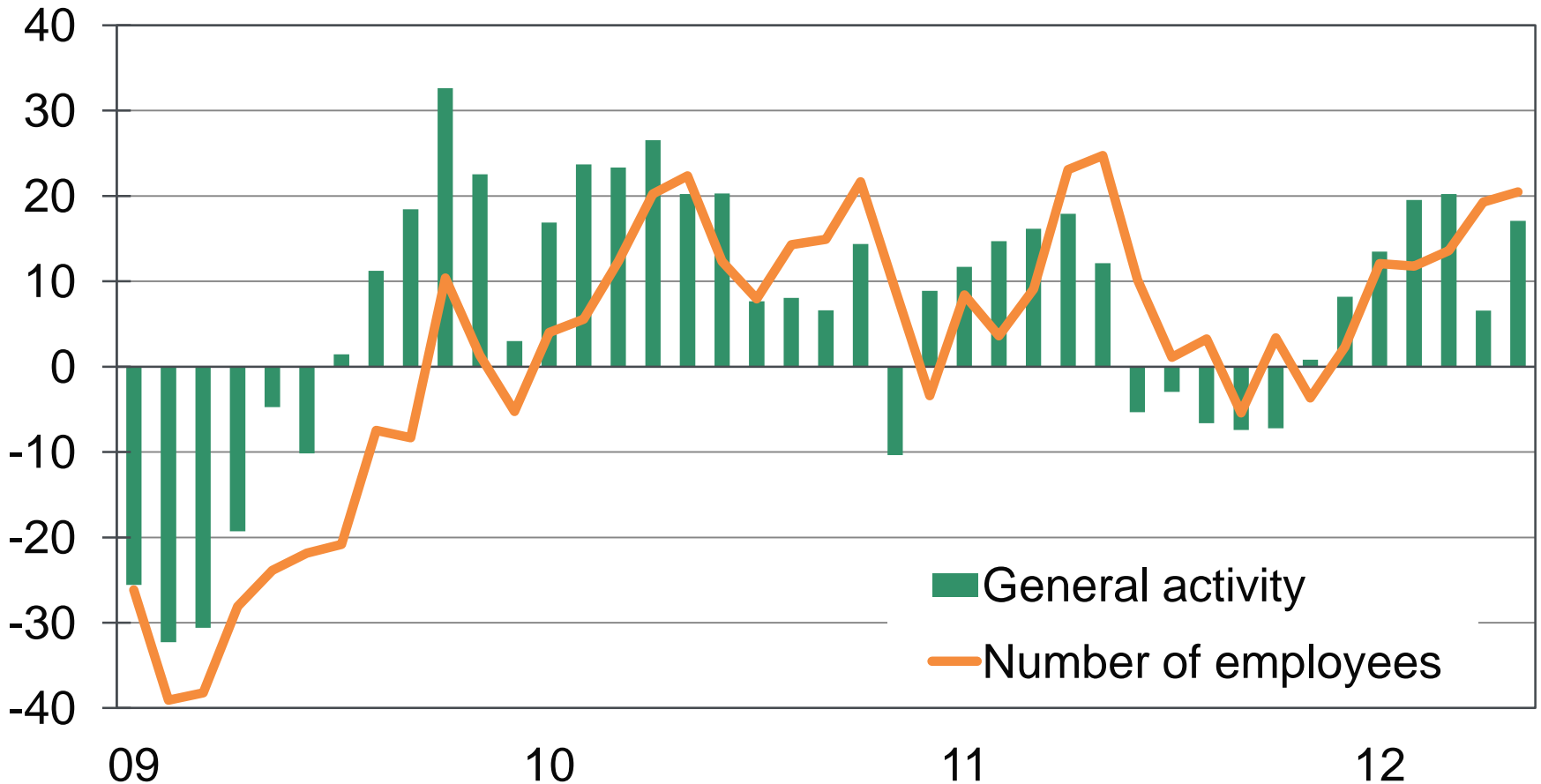
State share of total venture capital placement, \$



Sources: Price Waterhouse Coopers, Moody's Analytics

# Manufacturers More Willing to Hire in New York

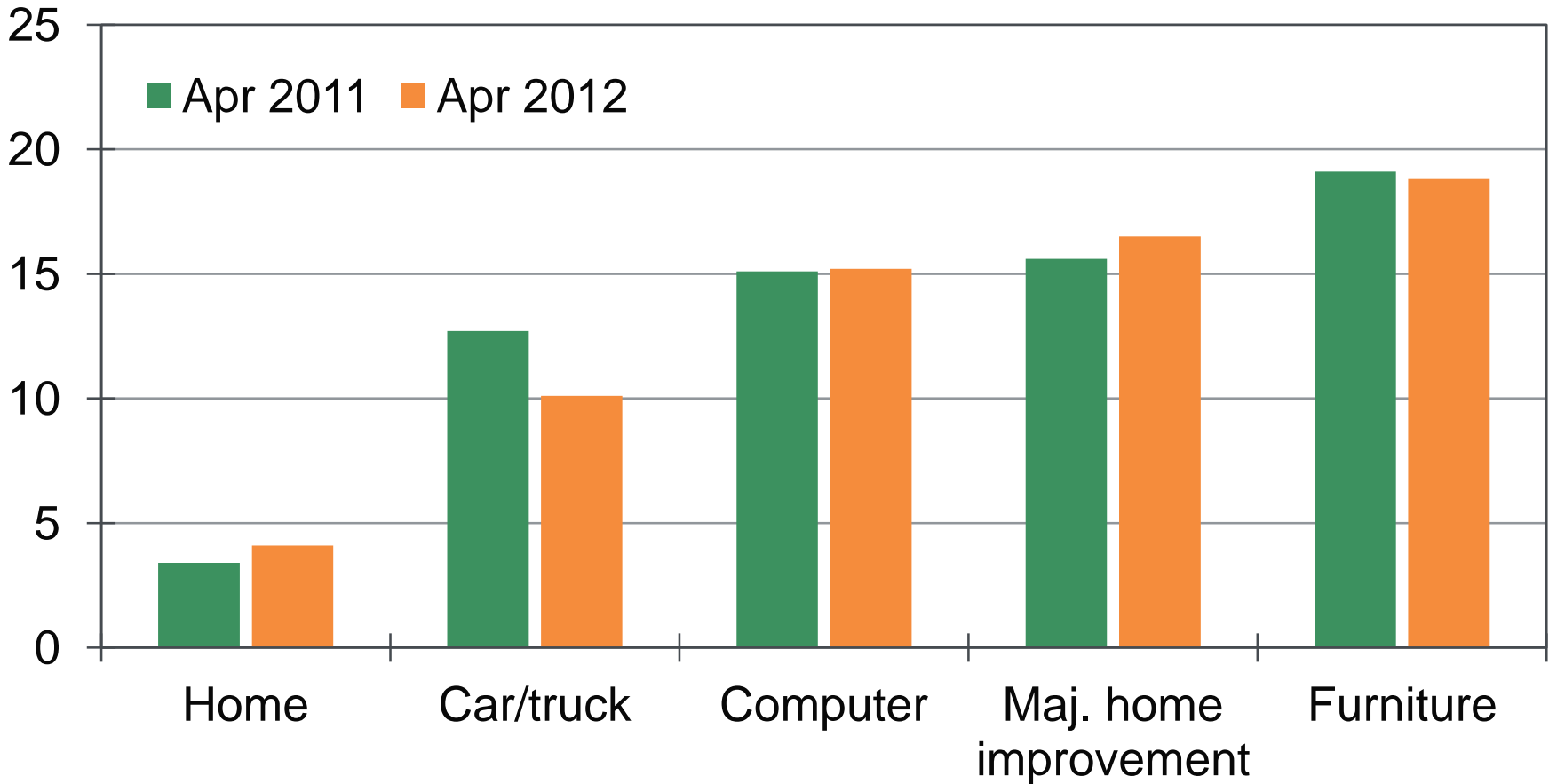
NY Empire State mfg survey diffusion index, >0=expansion



Sources: NY Federal Reserve, Moody's Analytics

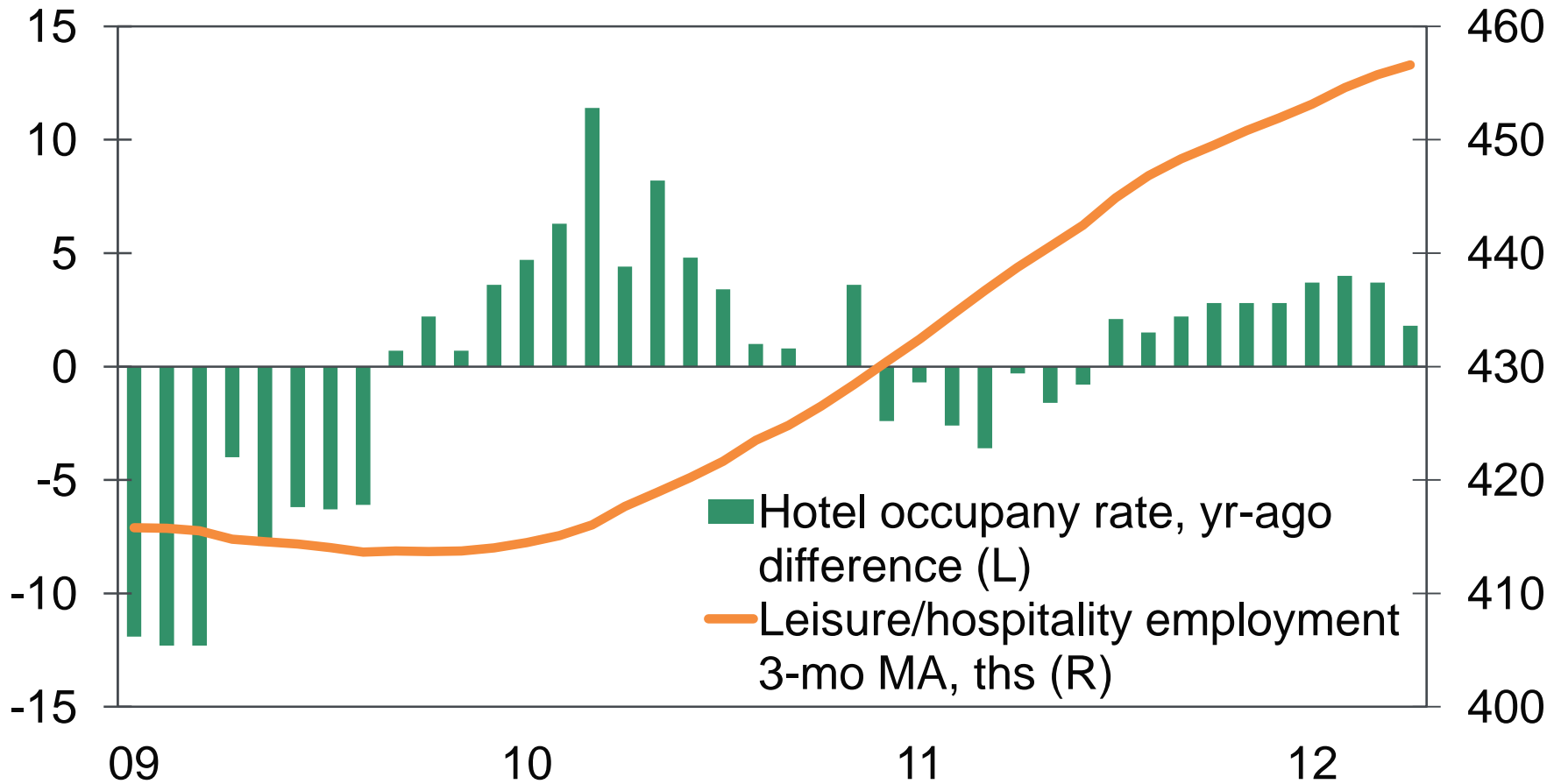
# New Yorkers Pulling Out Their Wallets Again

% of consumers planning to buy in the next six months



Sources: Siena College, Moody's Analytics

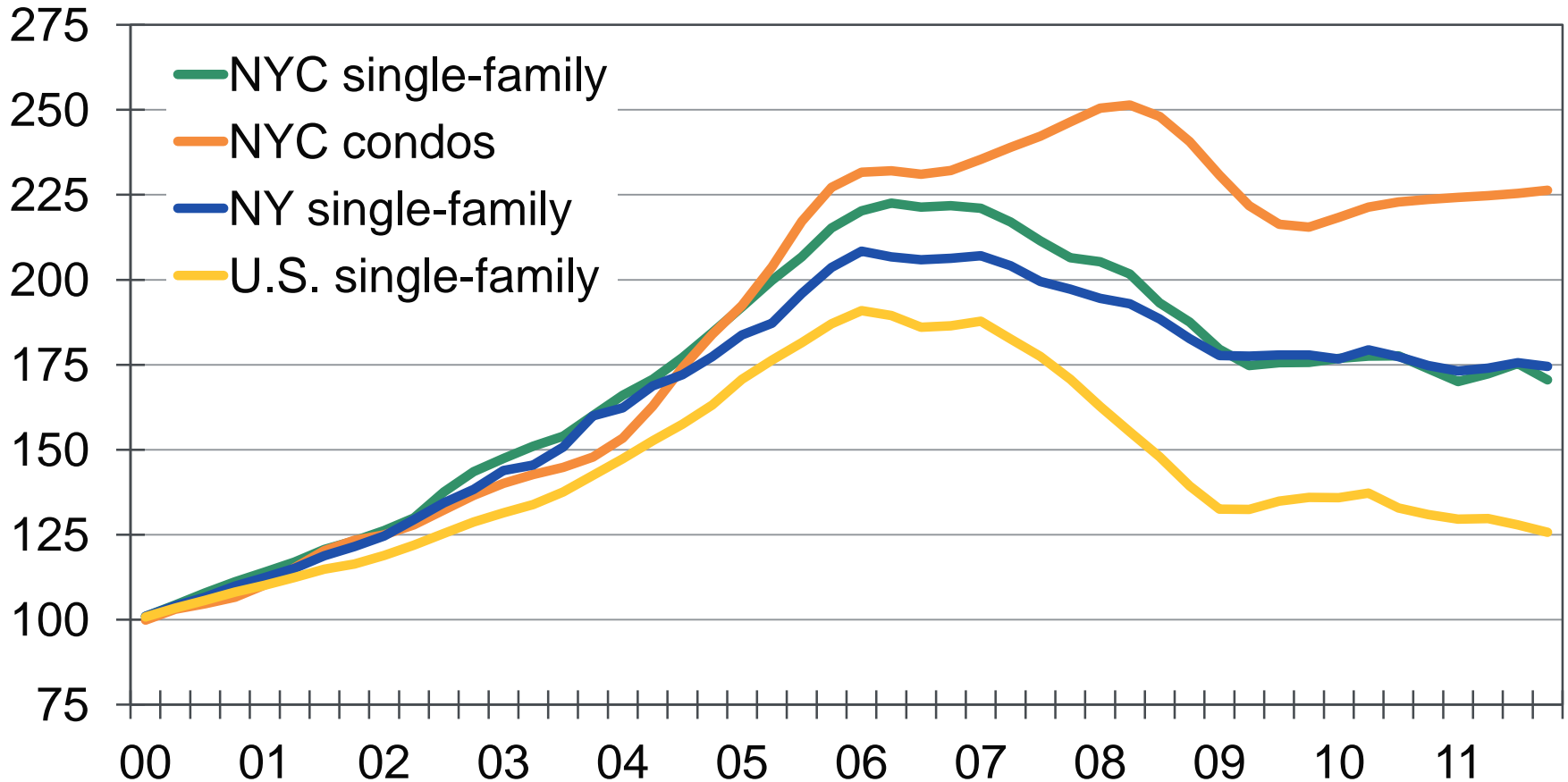
# New York City Tourism Will Be a Support



Sources: BLS, Smith Travel Research, Moody's Analytics

# Stabilization in Housing...

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

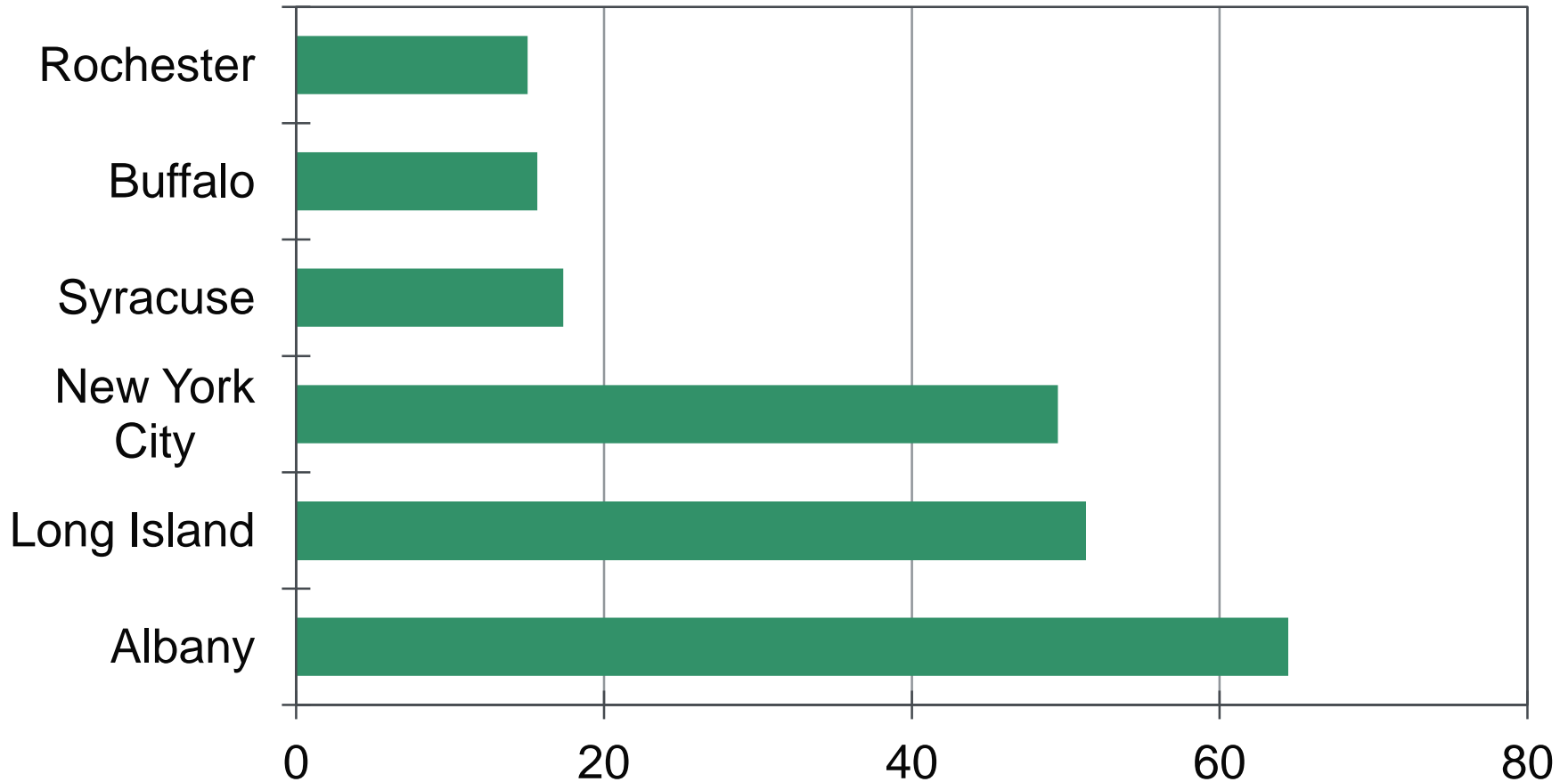


Sources: Fiserv, Moody's Analytics



## ...But Risk of Forthcoming Declines Downstate

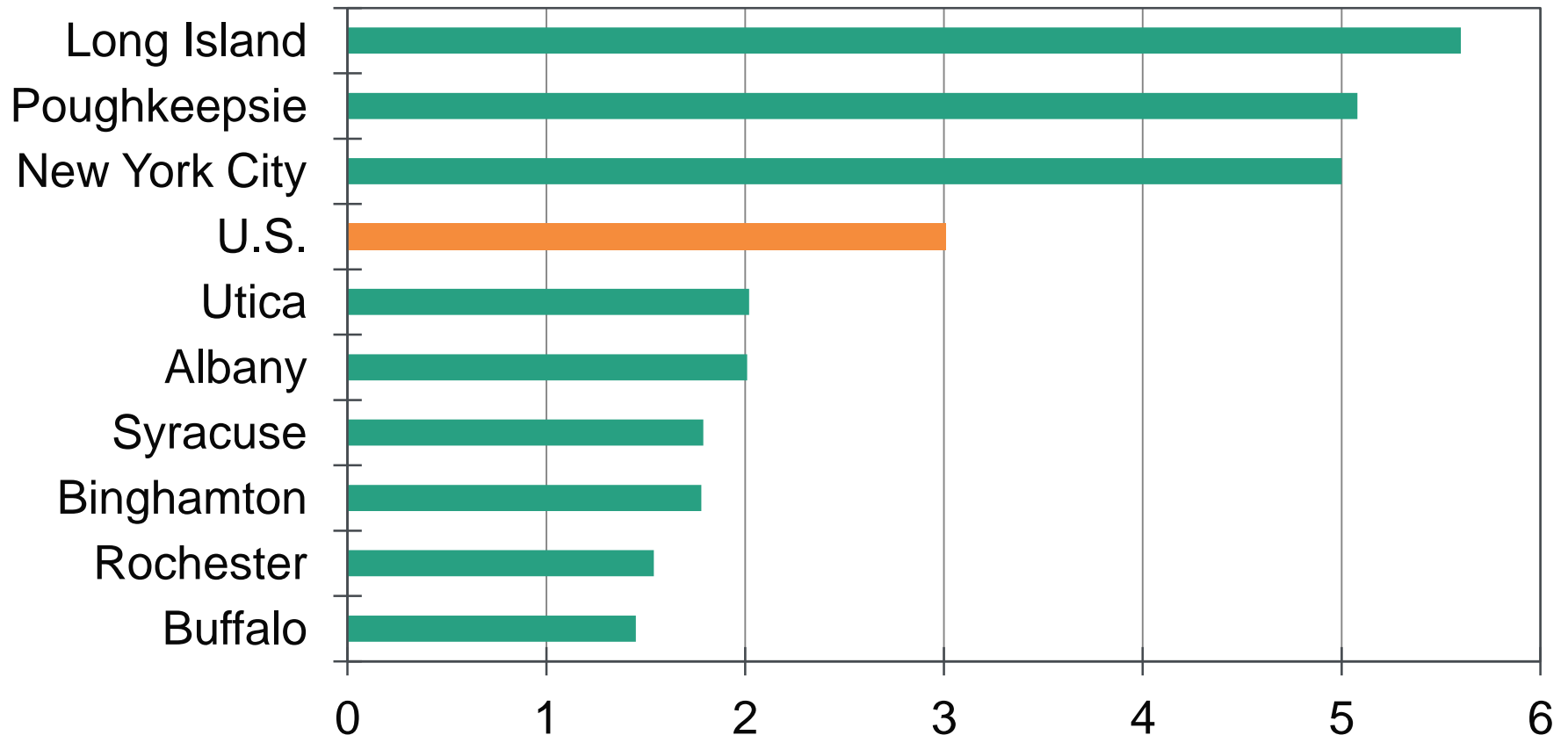
LHPI, probability of house price decline over one year, %, 2011Q4



Source: Moody's Analytics

# Foreclosures Not a Problem Elsewhere

% of mortgage \$ value outstanding 120 days past due



Sources: Equifax, Moody's Analytics

# State Will Recover Ahead of the Nation



Sources: BLS, Moody's Analytics

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