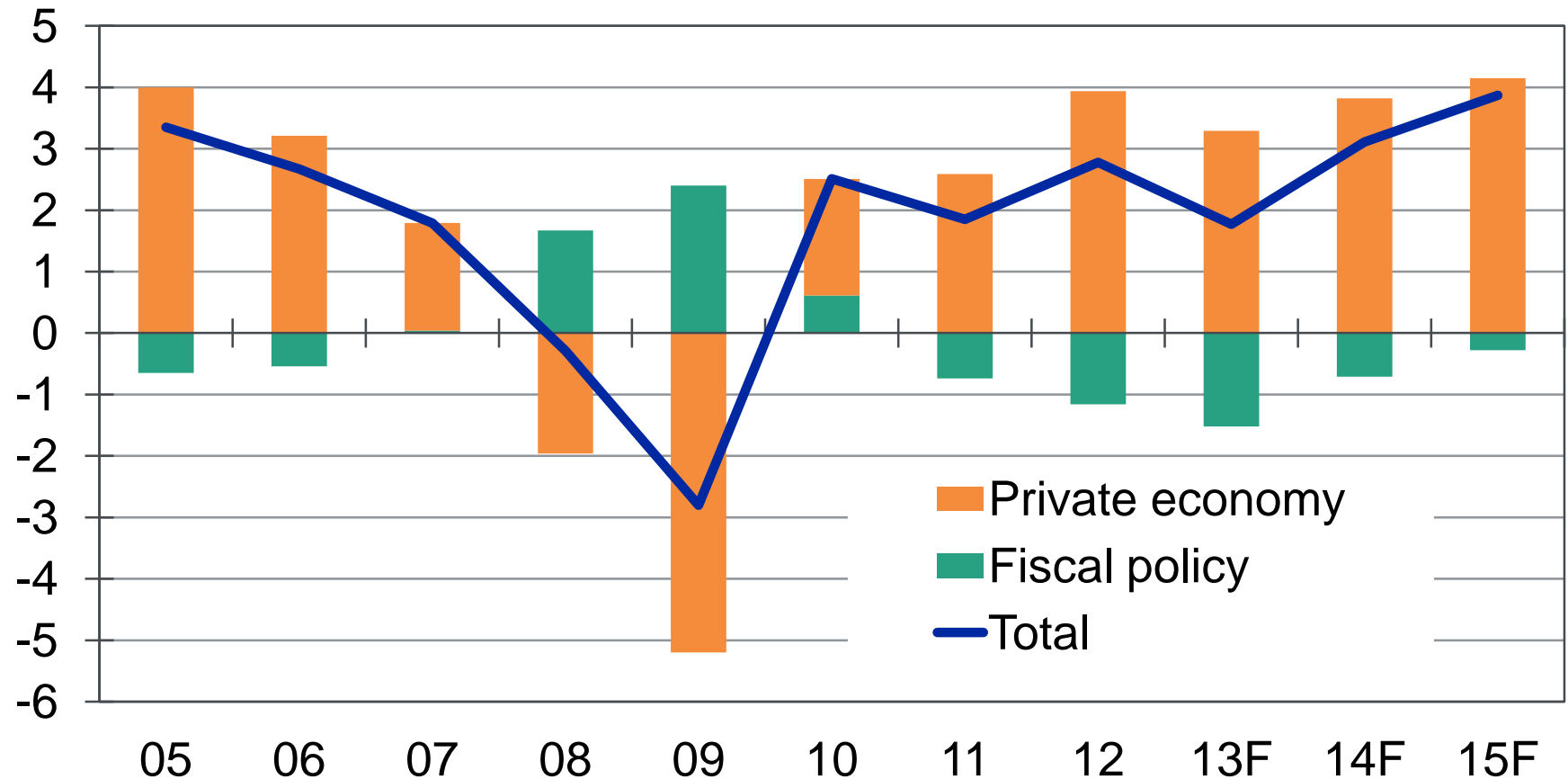


The U.S. Macro Outlook: Reasons for Optimism...and Concern

MARISA DI NATALE, DIRECTOR

Fiscal Headwinds Are Set to Fade

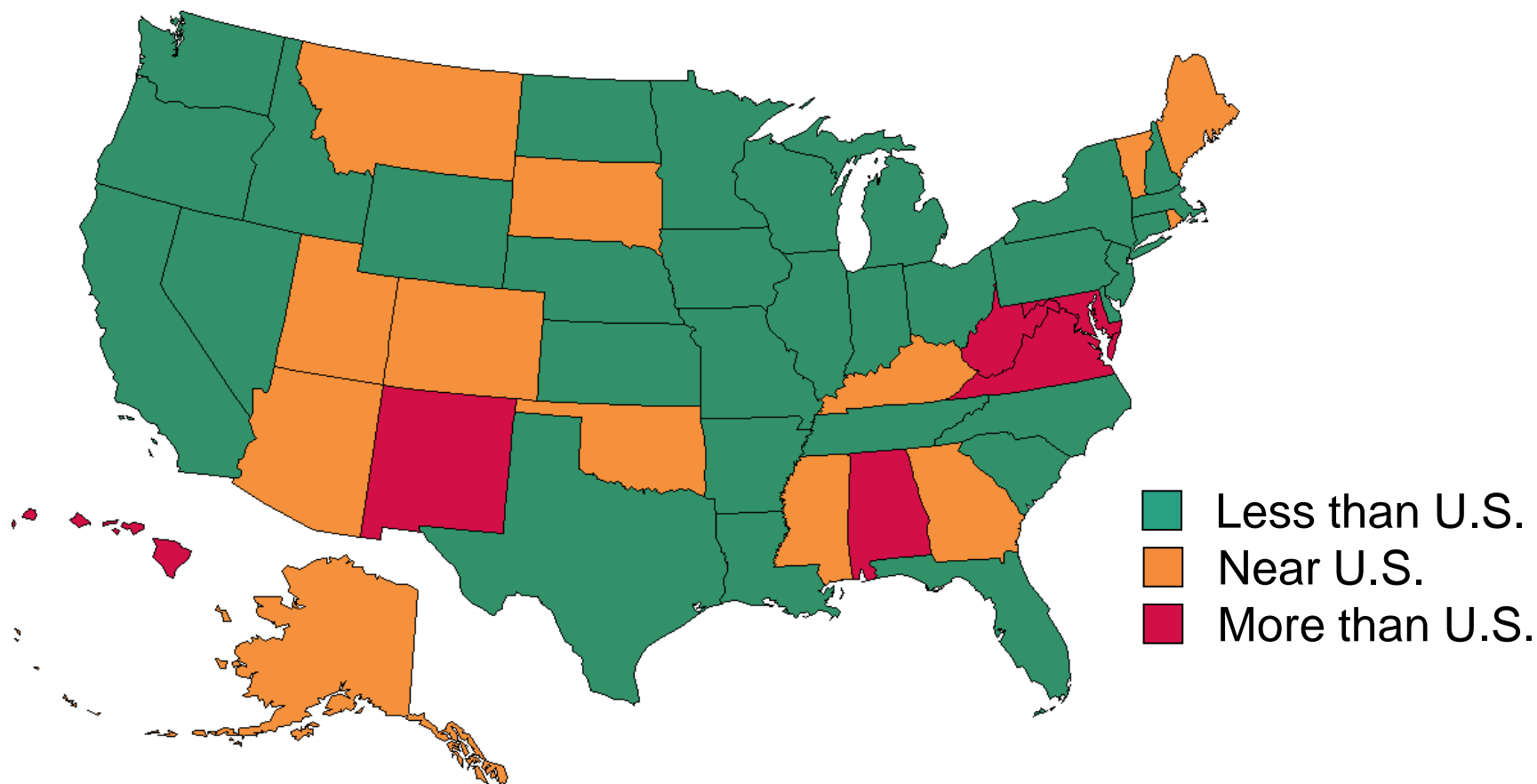
Contribution to real GDP growth, %



Source: Moody's Analytics

Shutdown Impact Is Concentrated

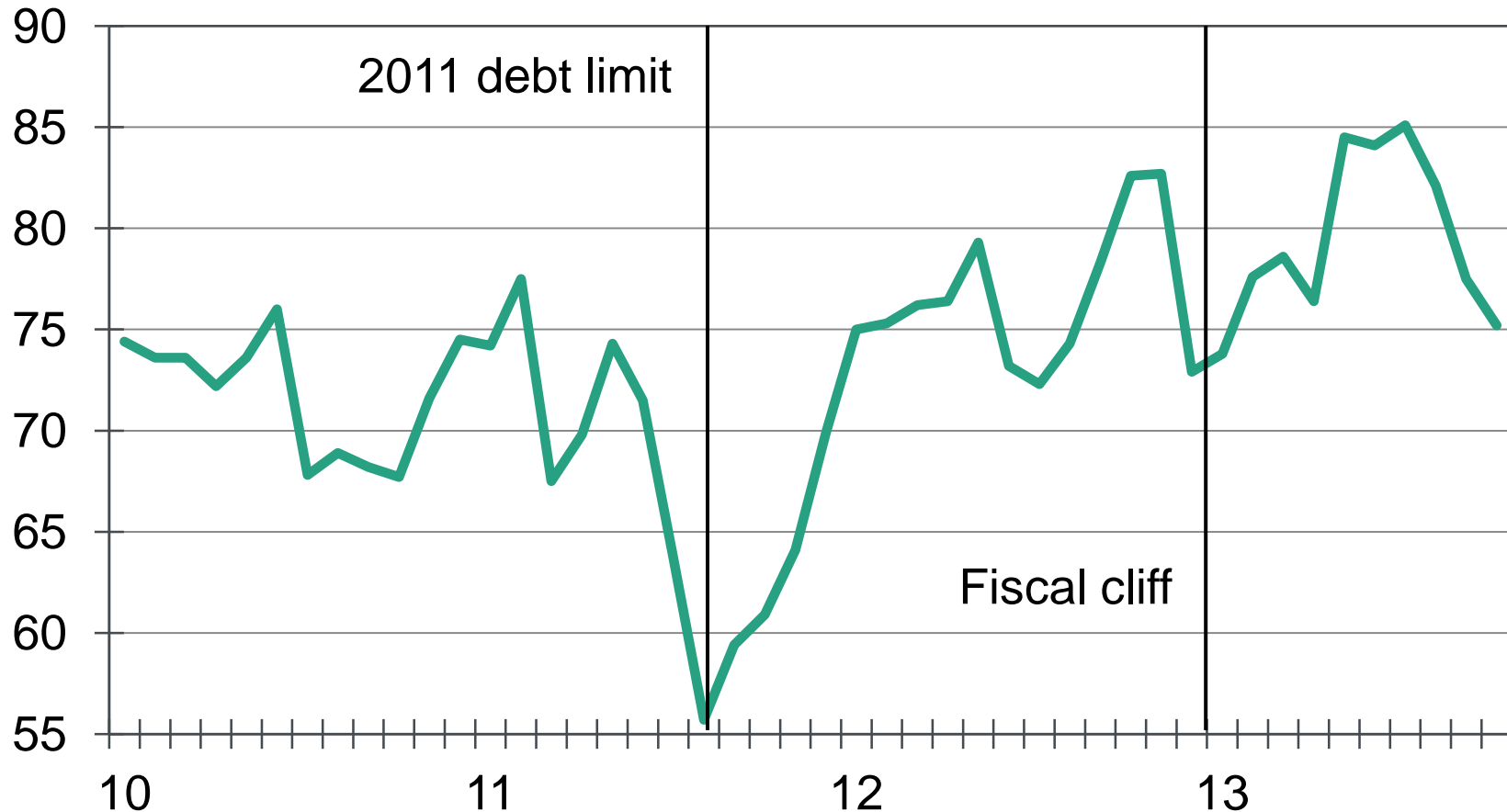
Impact on real gross product, 2013Q4



Sources: BLS, BEA, Moody's Analytics

Budget Battles Weaken Confidence

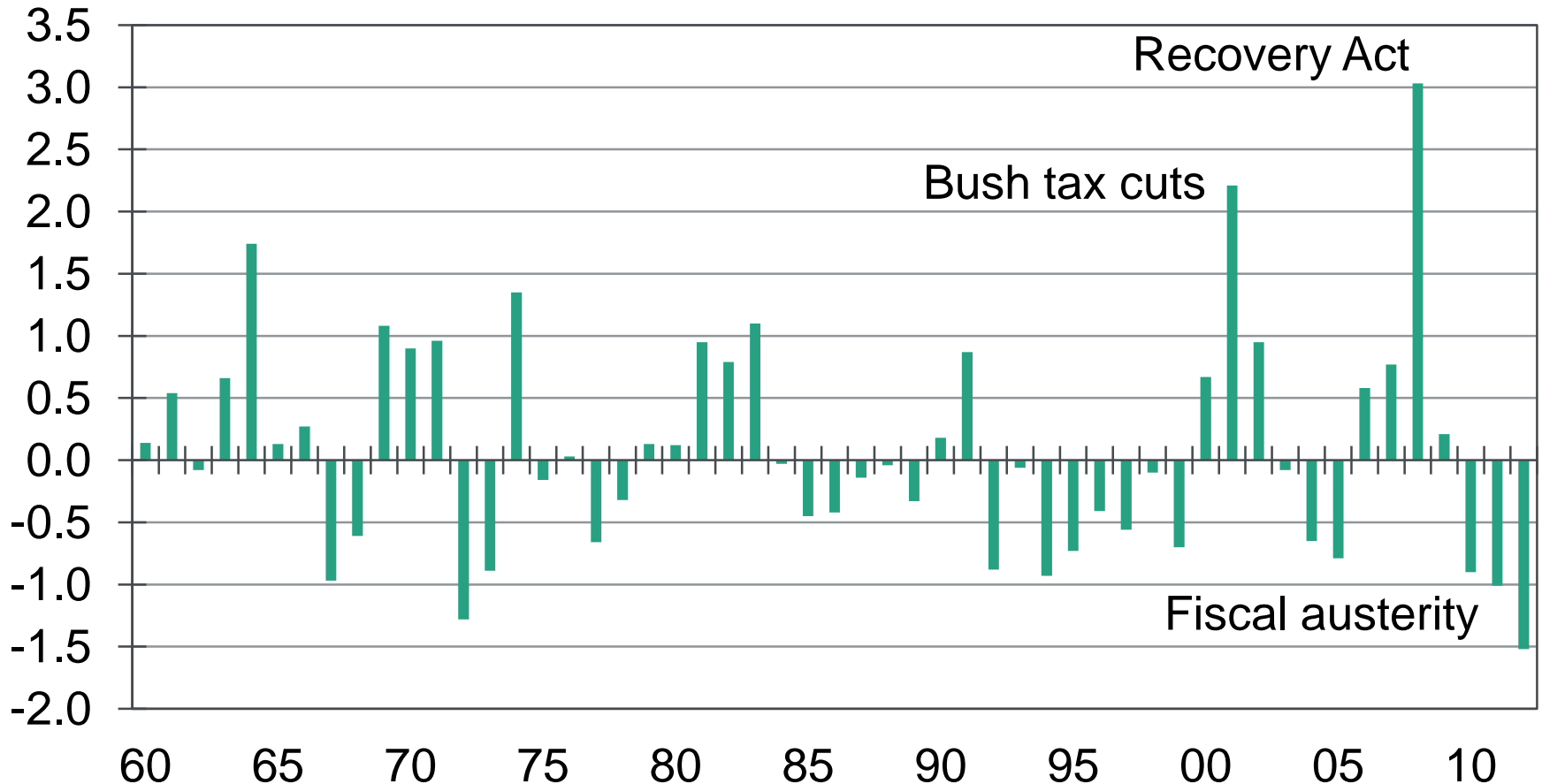
University of Michigan consumer confidence index



Sources: University of Michigan, Moody's Analytics

Significant Fiscal Austerity

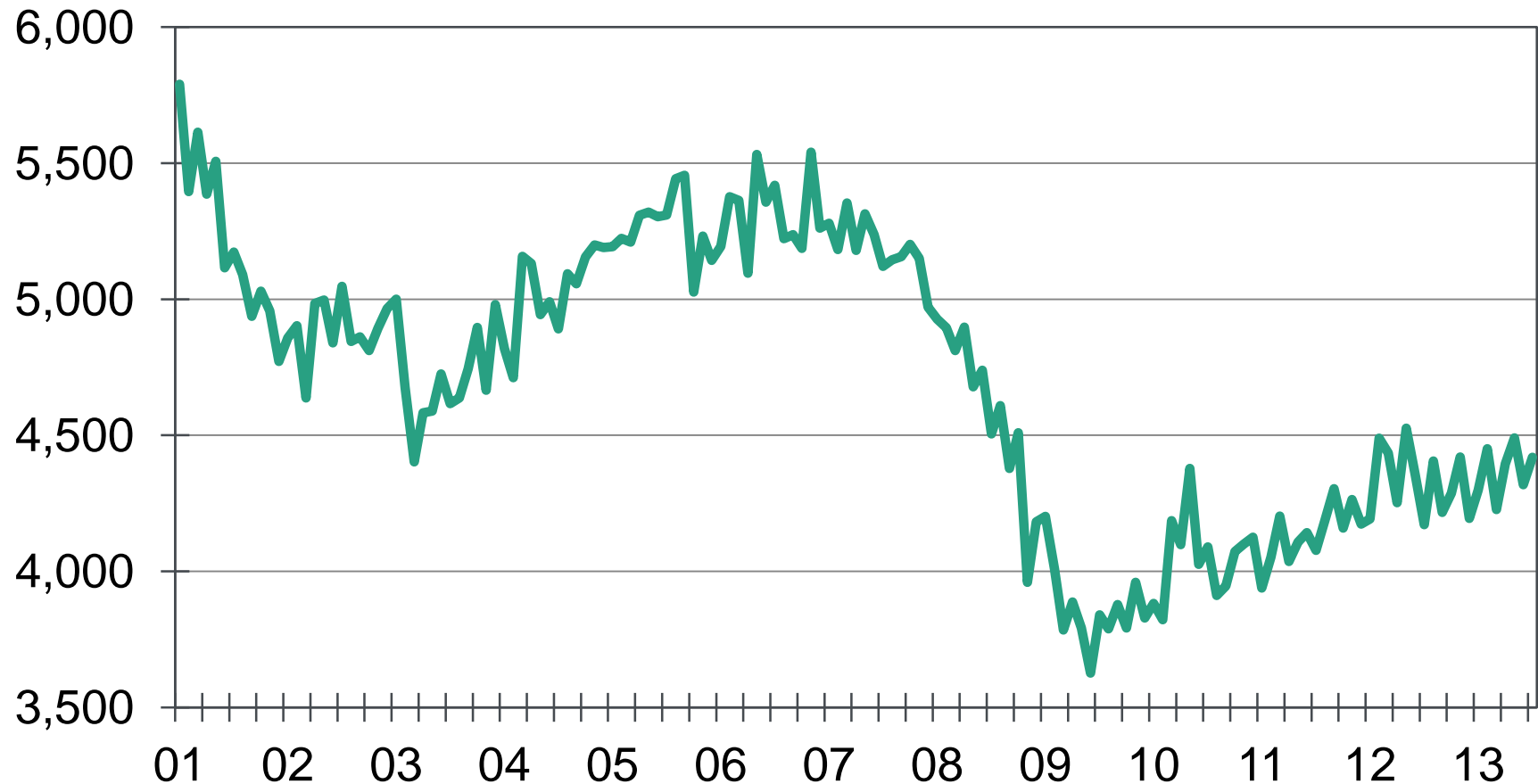
Real GDP growth impact of federal fiscal policy, fiscal yr, ppts



Source: Moody's Analytics

Uncertainty Weighs on Hiring

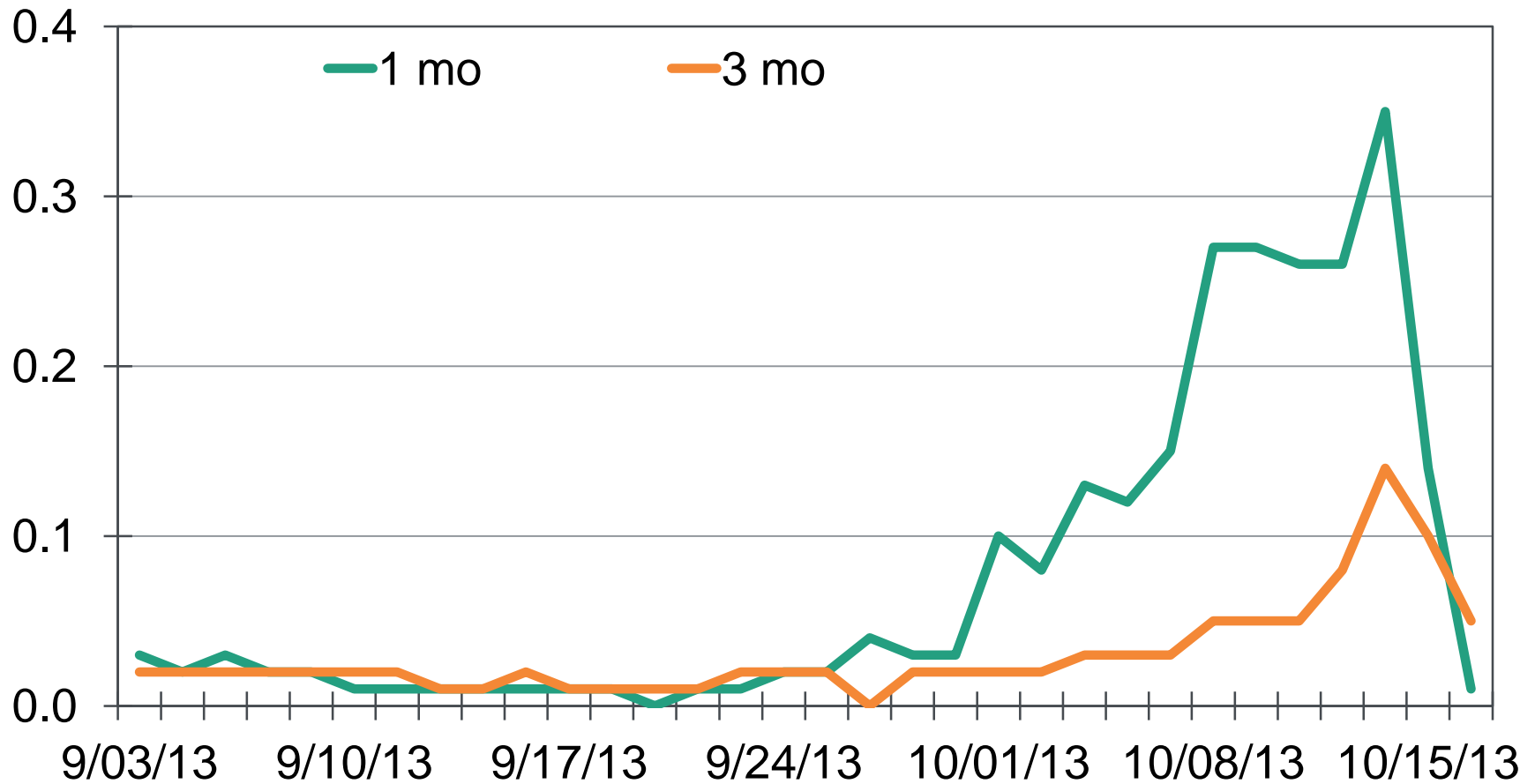
Number of monthly hires, ths



Sources: BLS, Moody's Analytics

Global Investors Worry About Default...

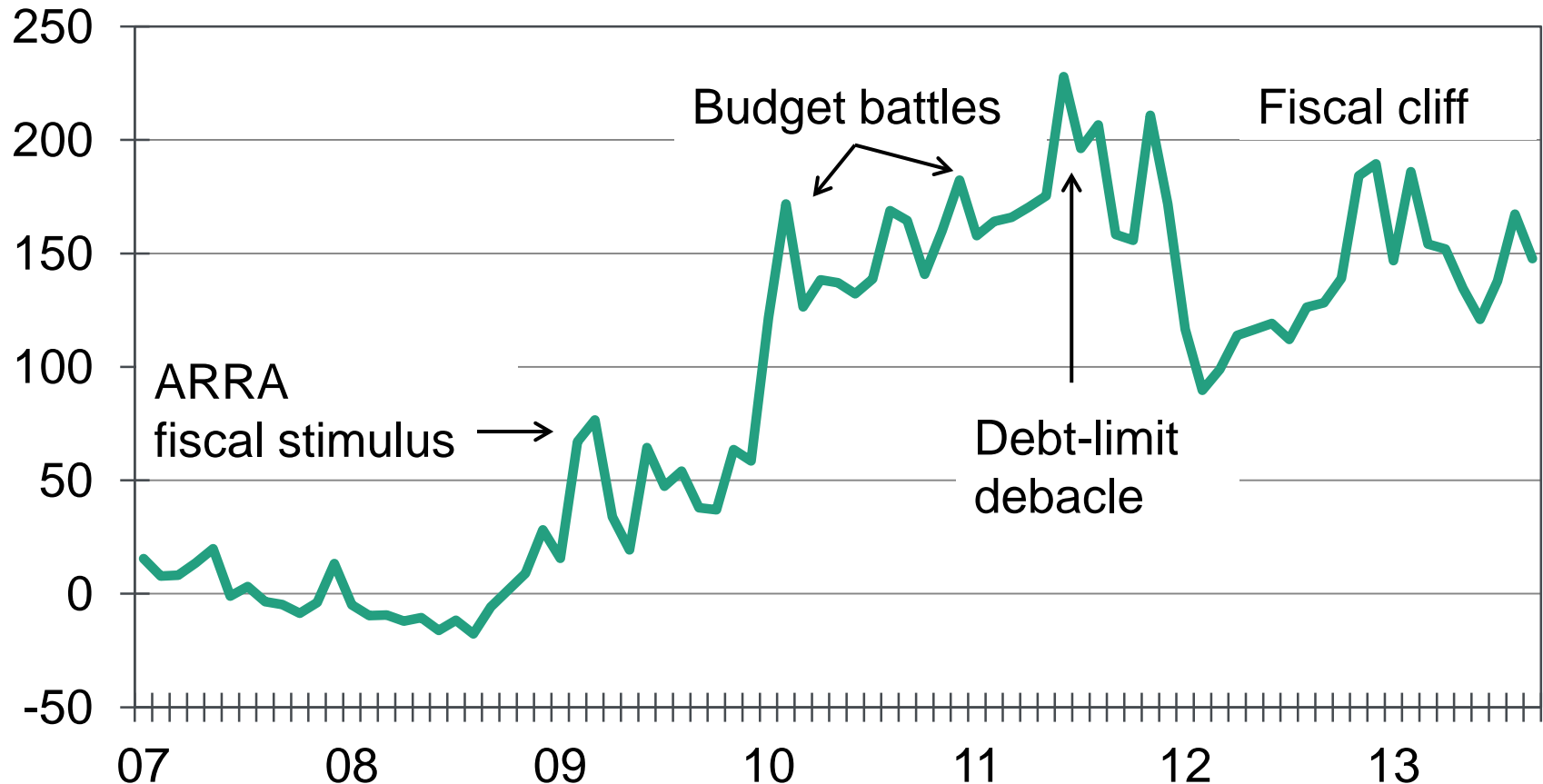
Yield on U.S. Treasury bills, %



Sources: Treasury, Moody's Analytics

...And Political Uncertainty Remains High

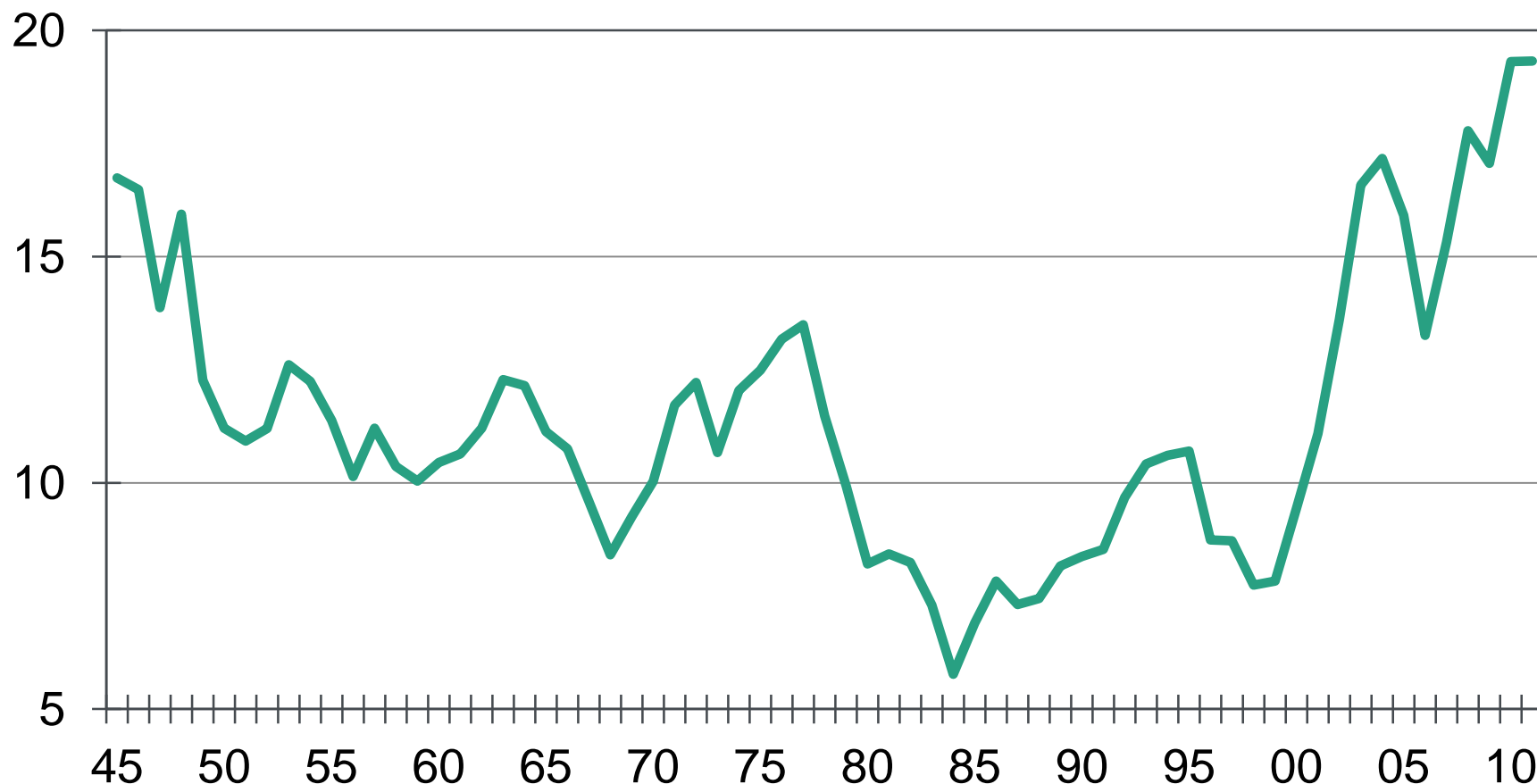
Fiscal policy uncertainty index, 2007Q4=0



Source: Moody's Analytics

Businesses Have Never Been as Profitable...

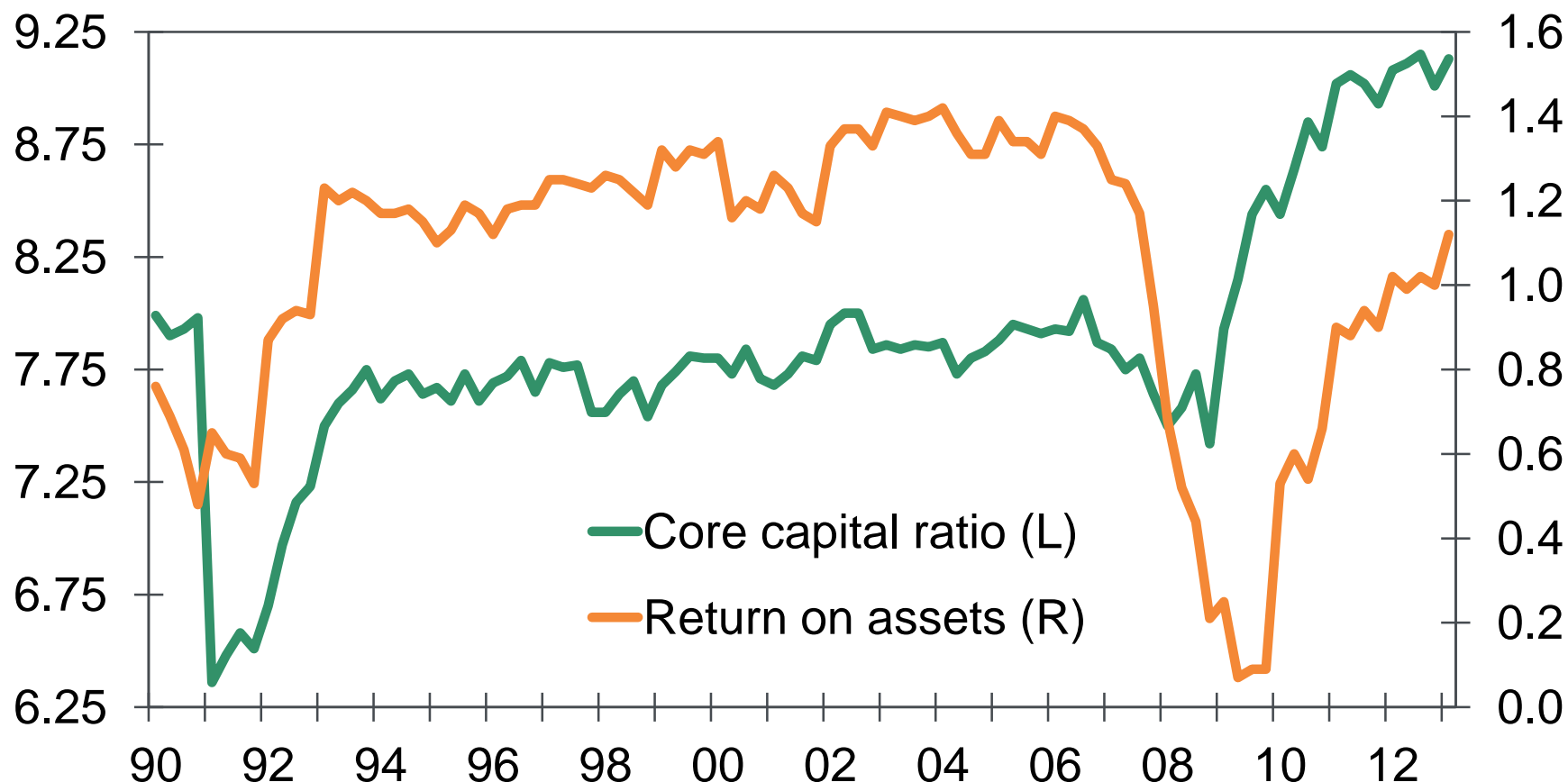
After-tax corporate profit margin, %



Sources: BEA, Moody's Analytics

...Banks Are on Solid Financial Ground...

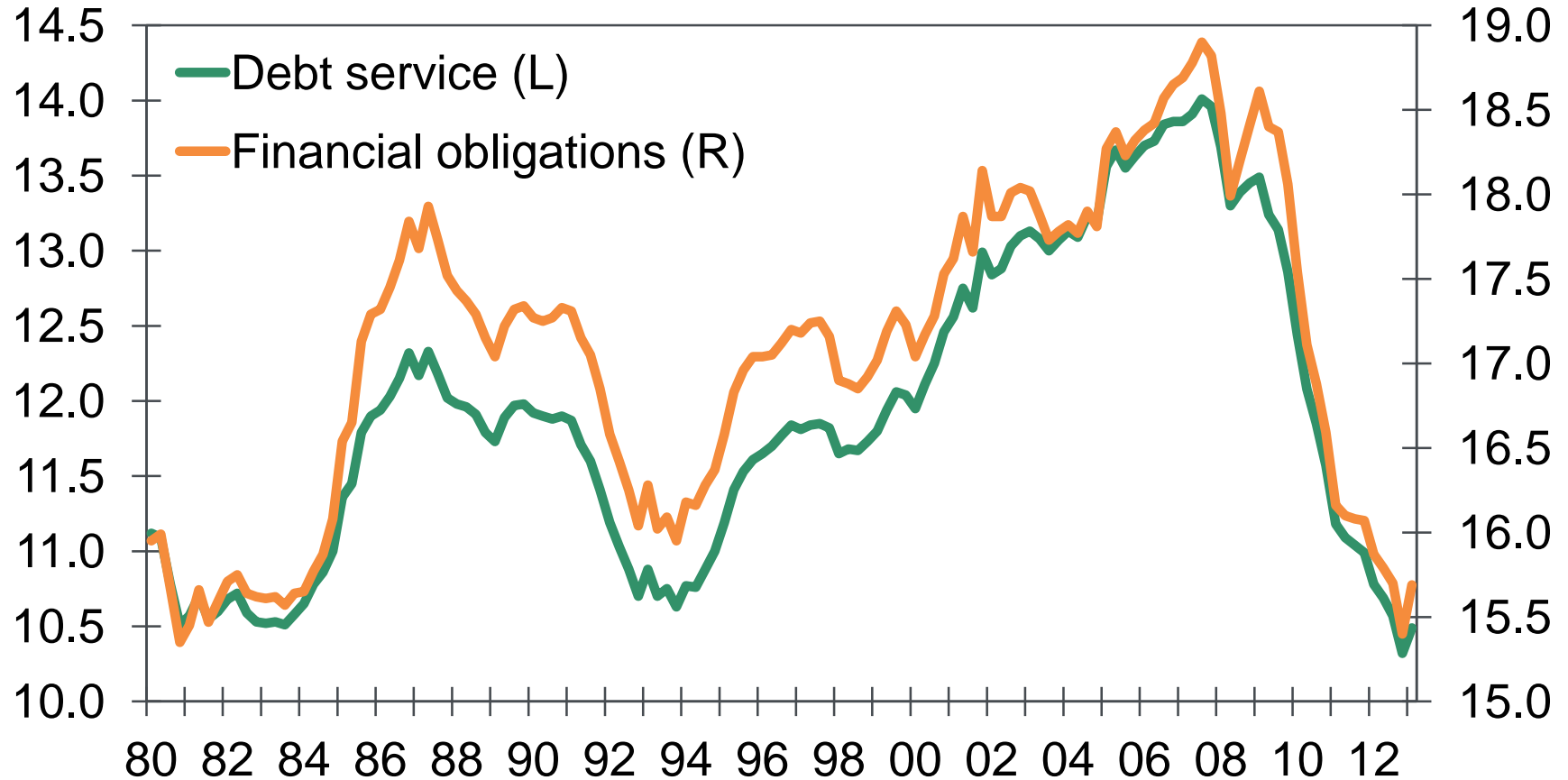
Commercial banks



Sources: FDIC, Moody's Analytics

...And Households Have Deleveraged...

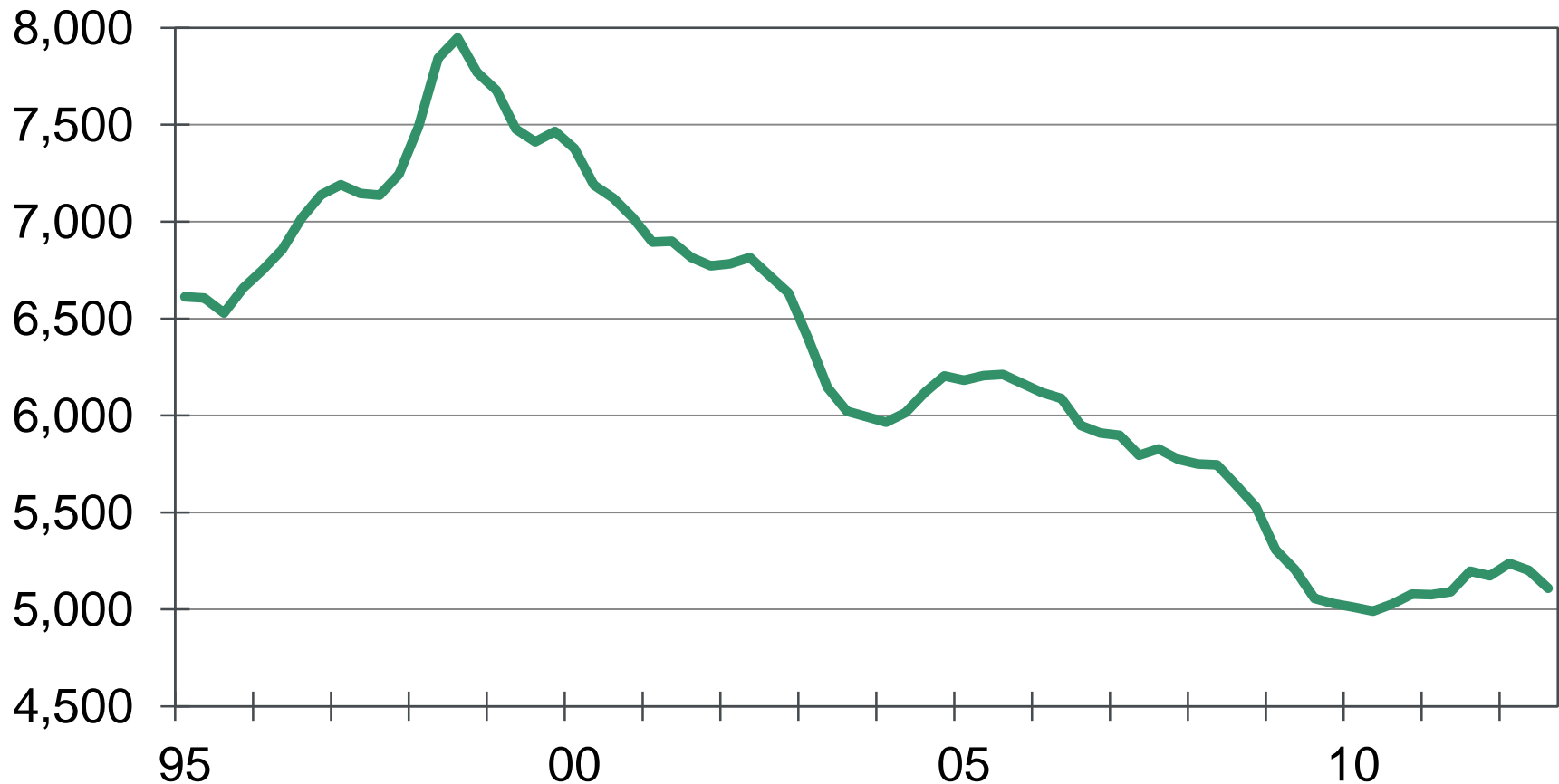
% of disposable income



Sources: Federal Reserve, BEA, Moody's Analytics

...But Where Are Those Animal Spirits?

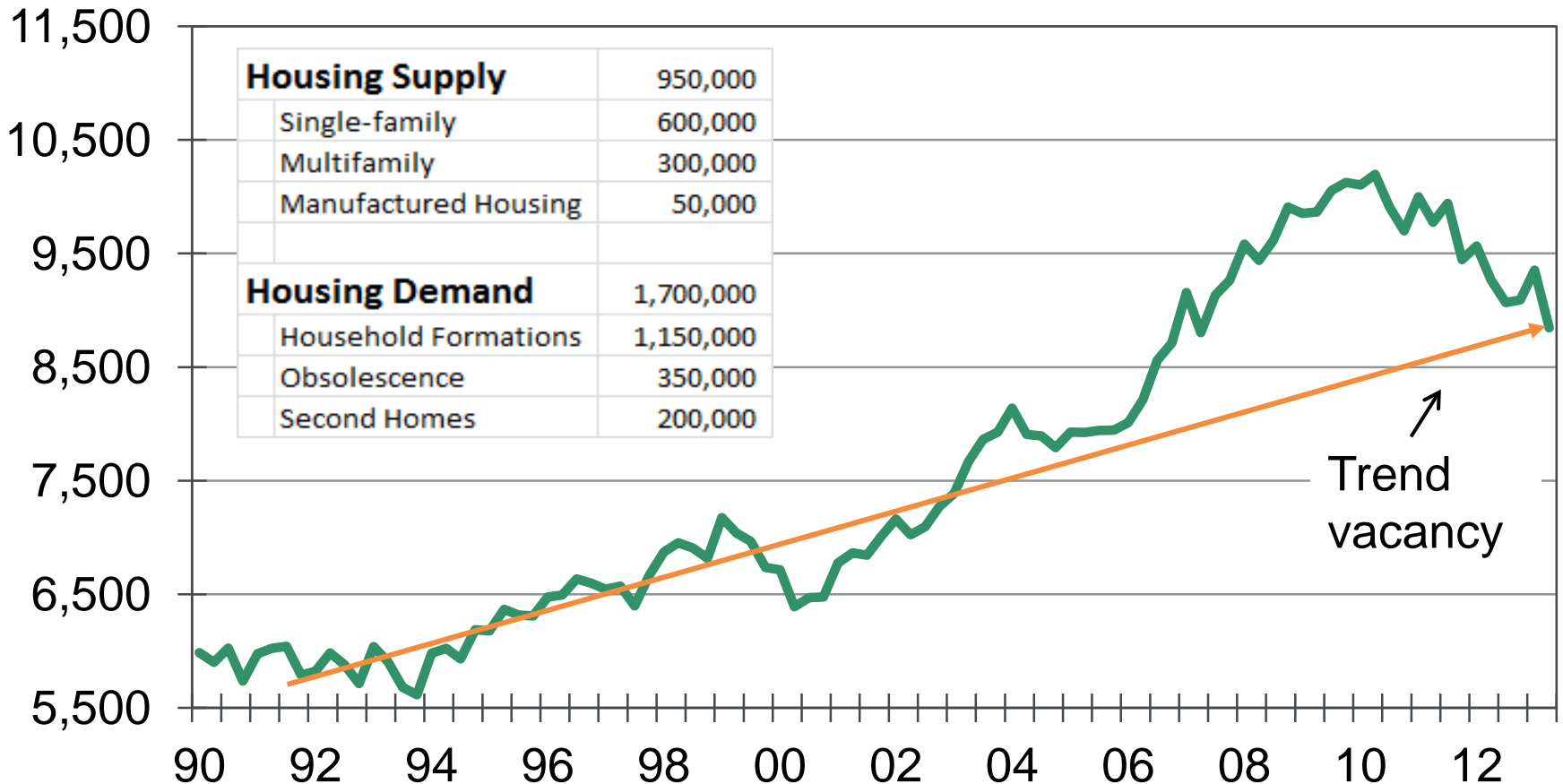
Job gains at opening establishments, ths, 4-qtr moving sum



Sources: BLS, Moody's Analytics

Housing Will Soon Be Undersupplied...

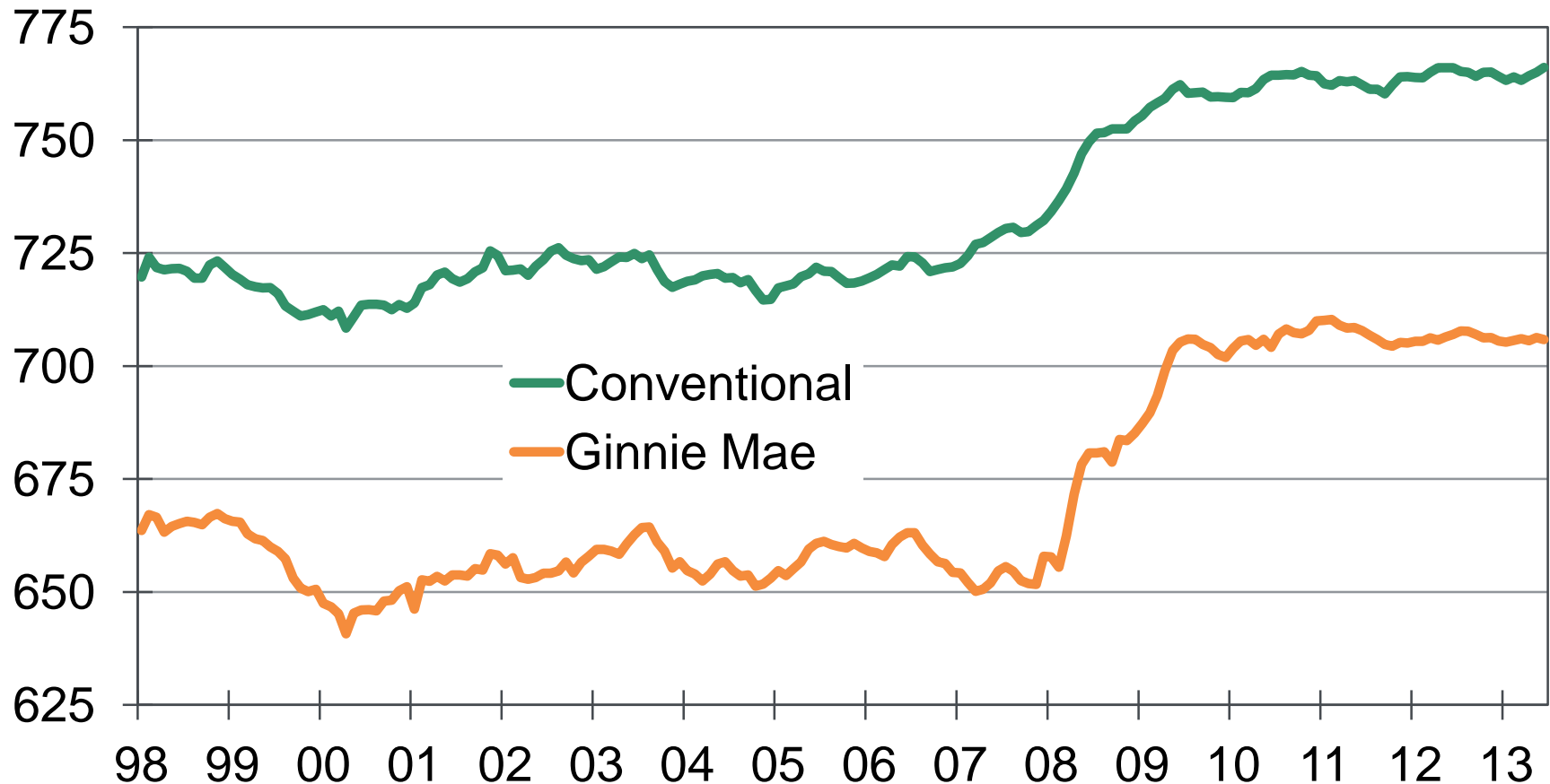
Vacant homes for sale, for rent, and held off market, the



Sources: Census Bureau, Moody's Analytics

...But the Mortgage Credit Box Is Tight...

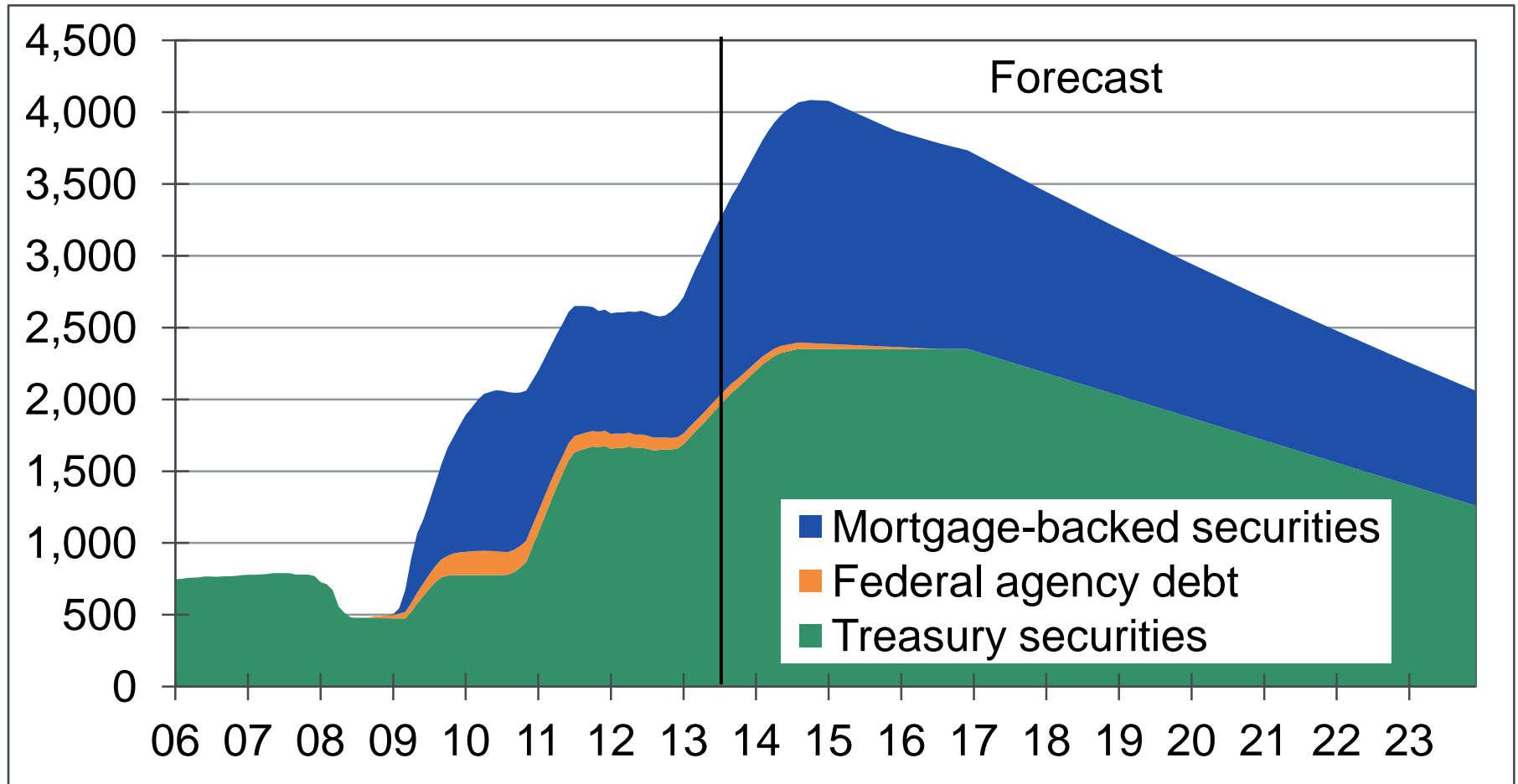
Avg credit score for purchase loans at origination



Sources: CoreLogic, Moody's Analytics

...And the Fed's Exit Will Be Tricky

Assets held outright on Fed's balance sheet, \$ bil



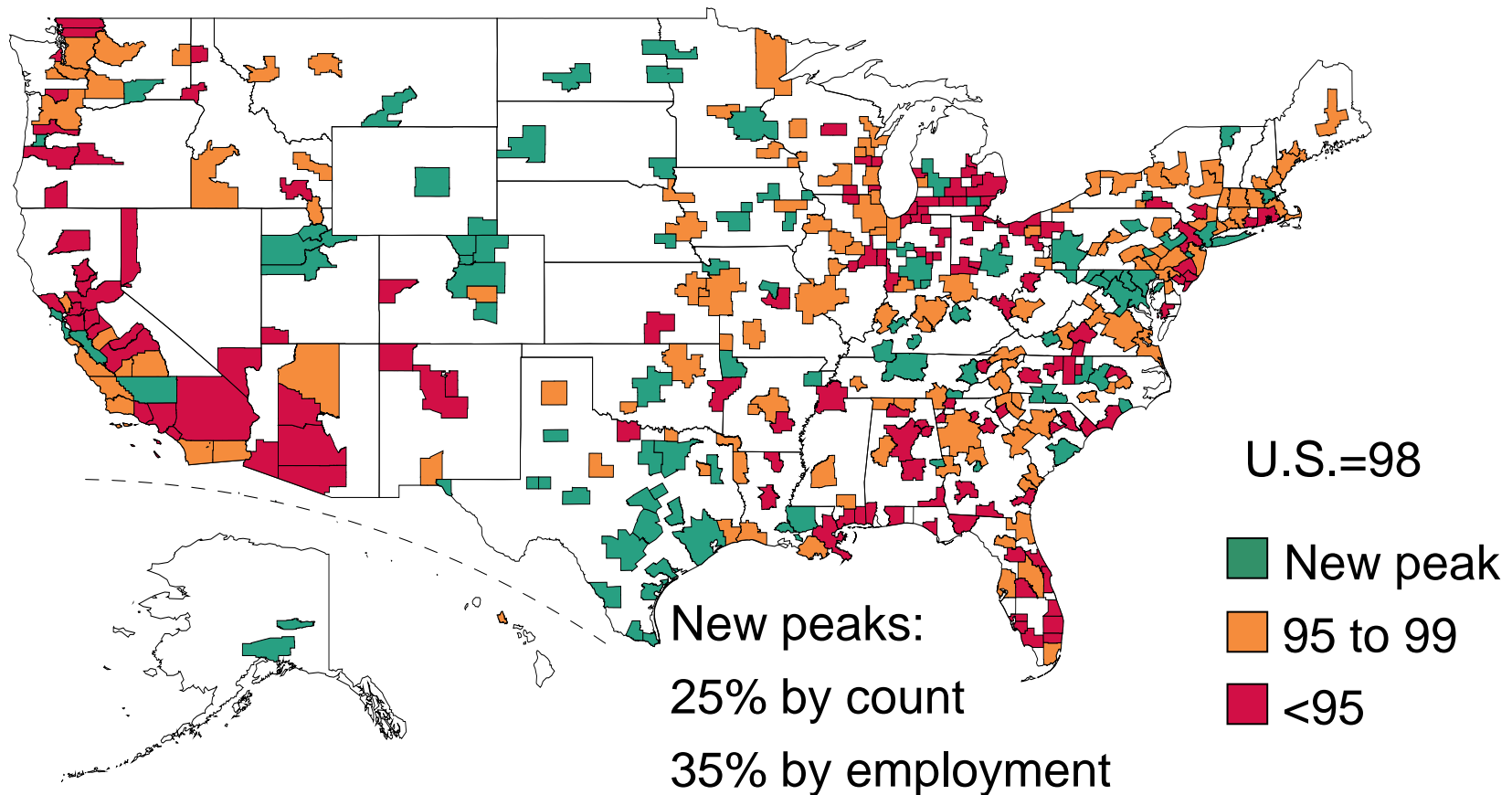
Source: Moody's Analytics



New York

New Employment Peaks Spread From Center

Total employment, % of previous business cycle peak, 2013Q2



Sources: BLS, Moody's Analytics

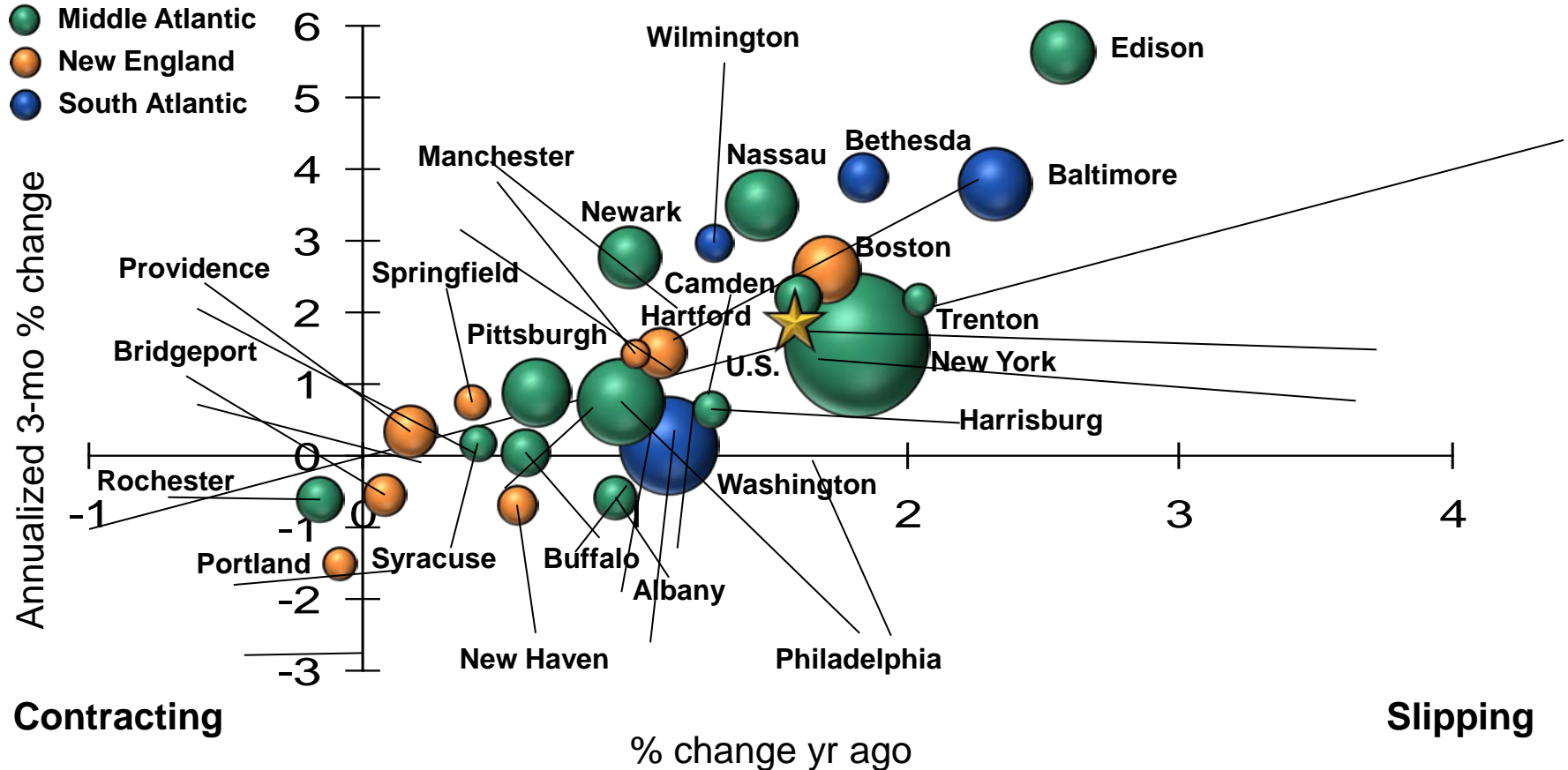
Payroll Employment—Northeast MSAs

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

February 2013

Improving

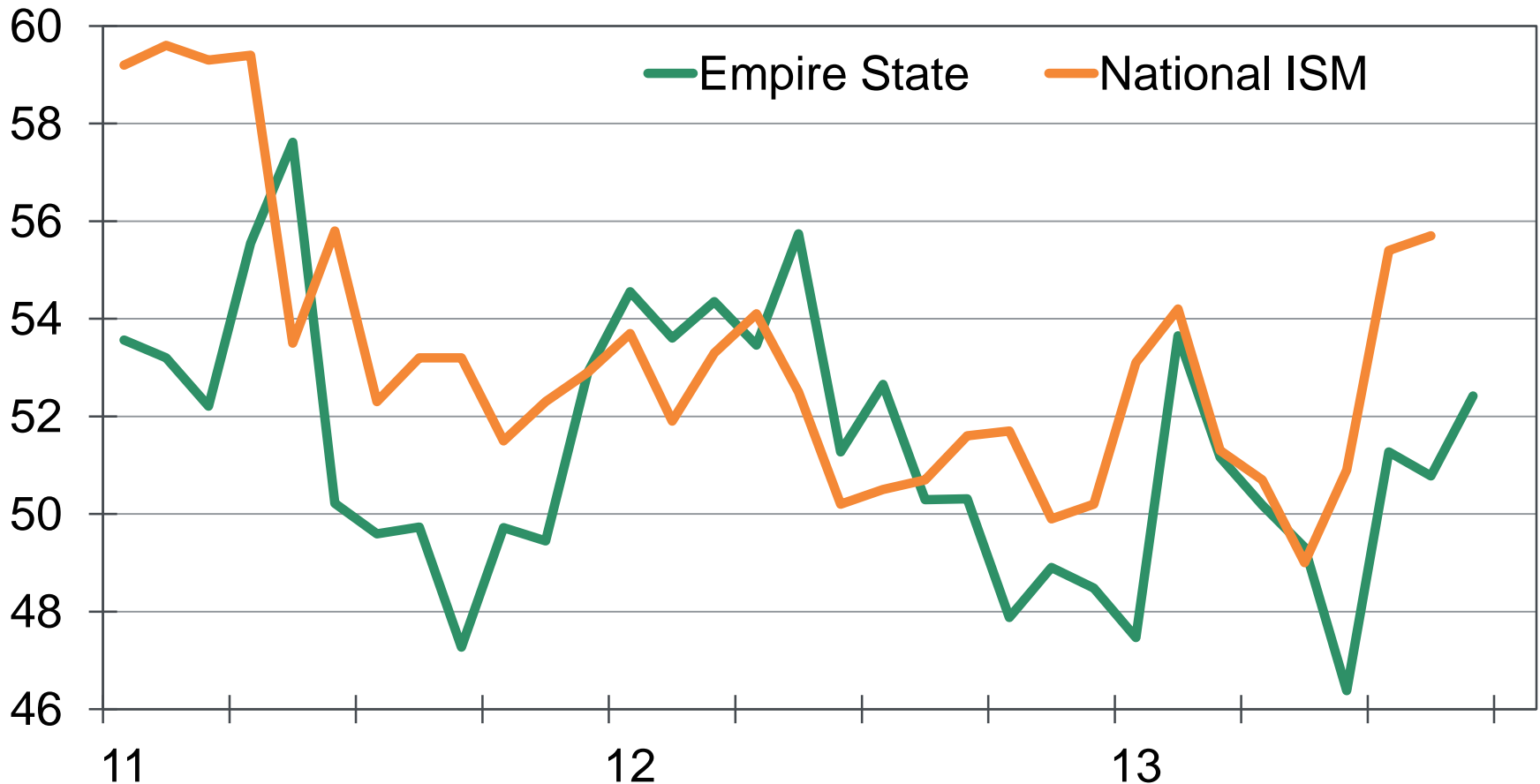
Expanding



Note: Size reflects relative total employment

New York Factory Growth Is Lagging

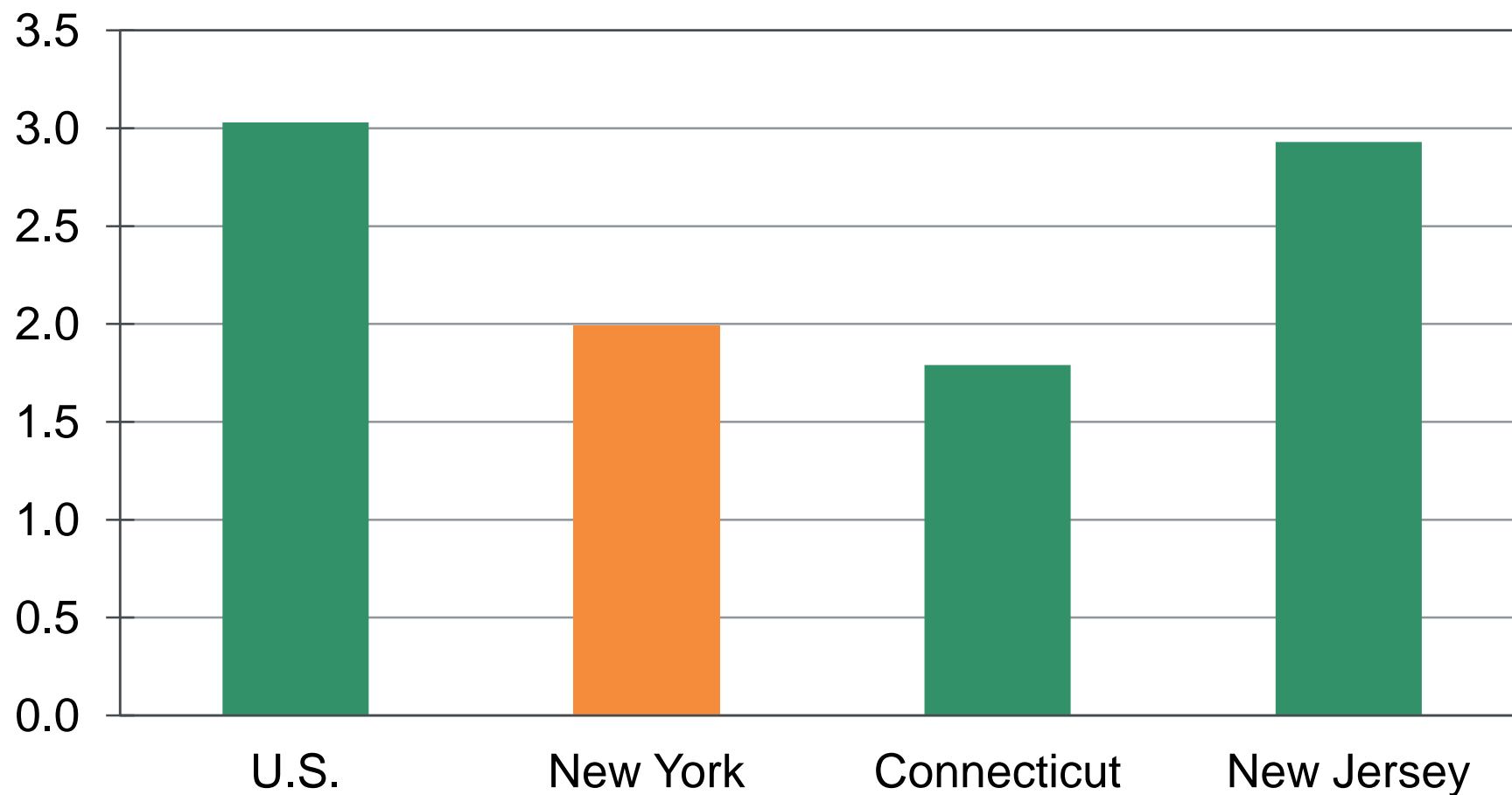
Manufacturing activity diffusion index, >50=expansion



Sources: NY Fed, NAPM, Moody's Analytics

Slow Income Growth in New York State

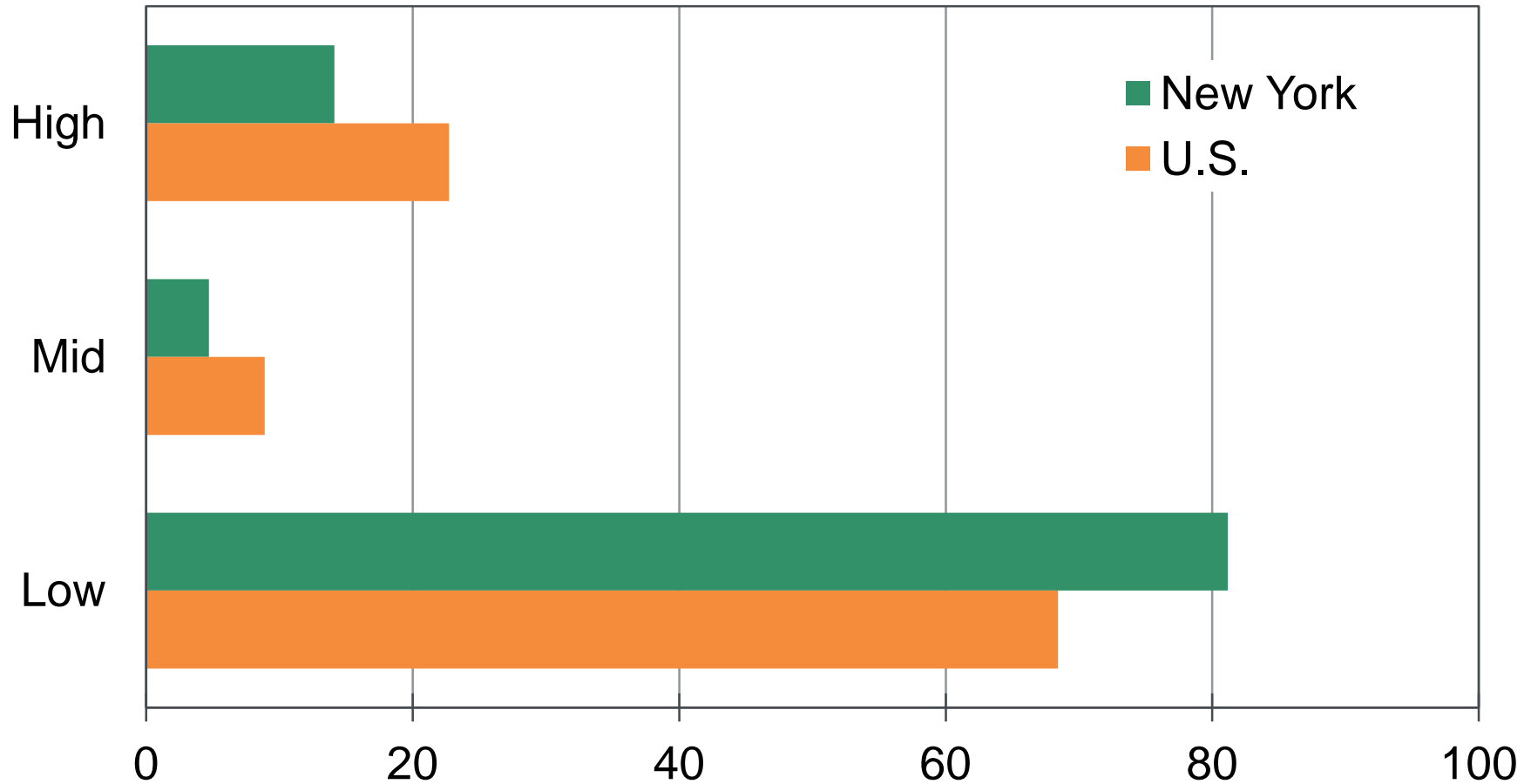
Total personal income, % change yr ago, 2013Q2



Sources: BEA, Moody's Analytics

Lower-Paying Jobs Dominate the Recovery...

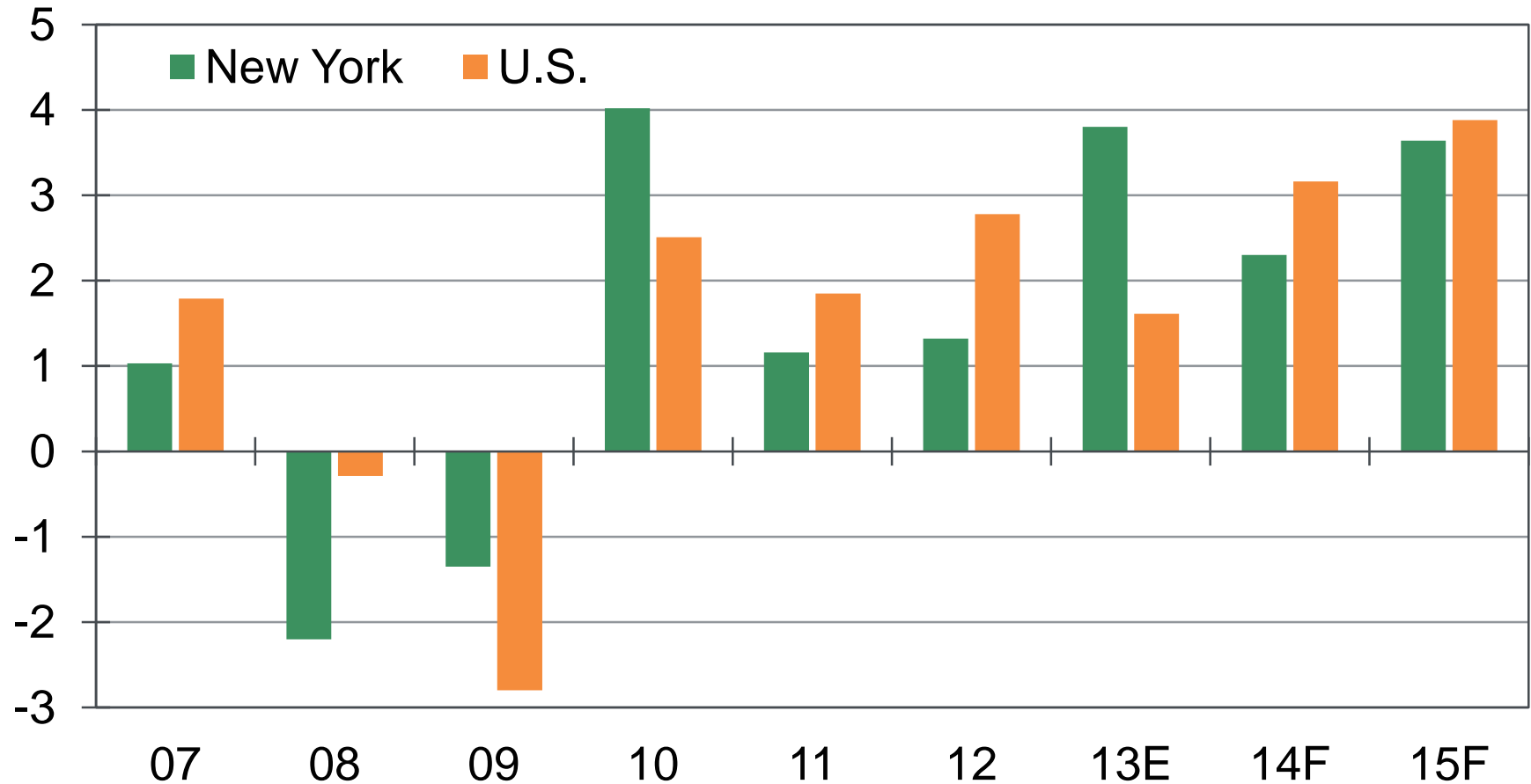
Jobs by wage tier as % of all jobs added since Jun 2009



Sources: BLS, Moody's Analytics

...Translating to Lower Output Growth

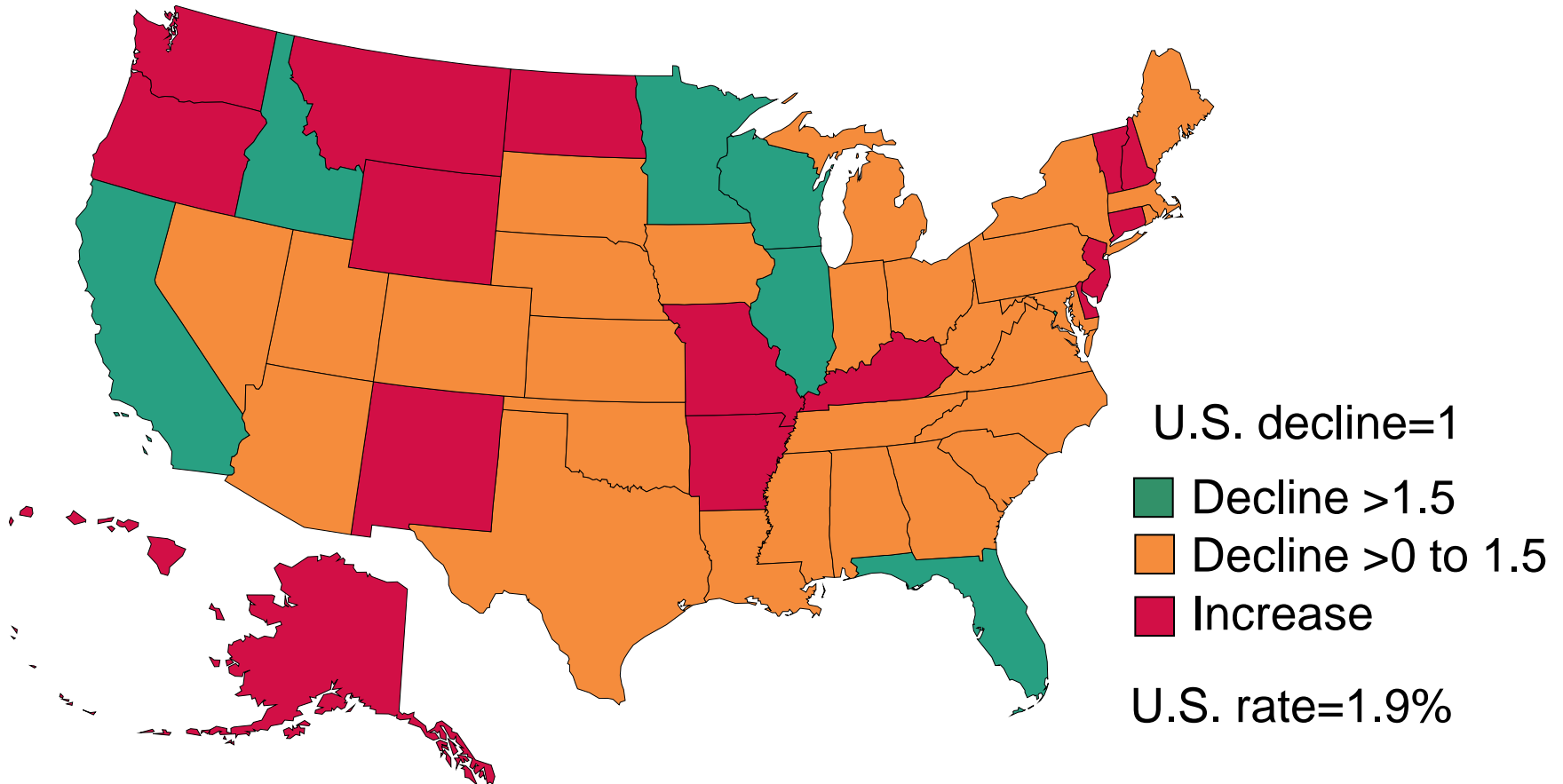
Real GDP, % change yr ago



Sources: BEA, Moody's Analytics

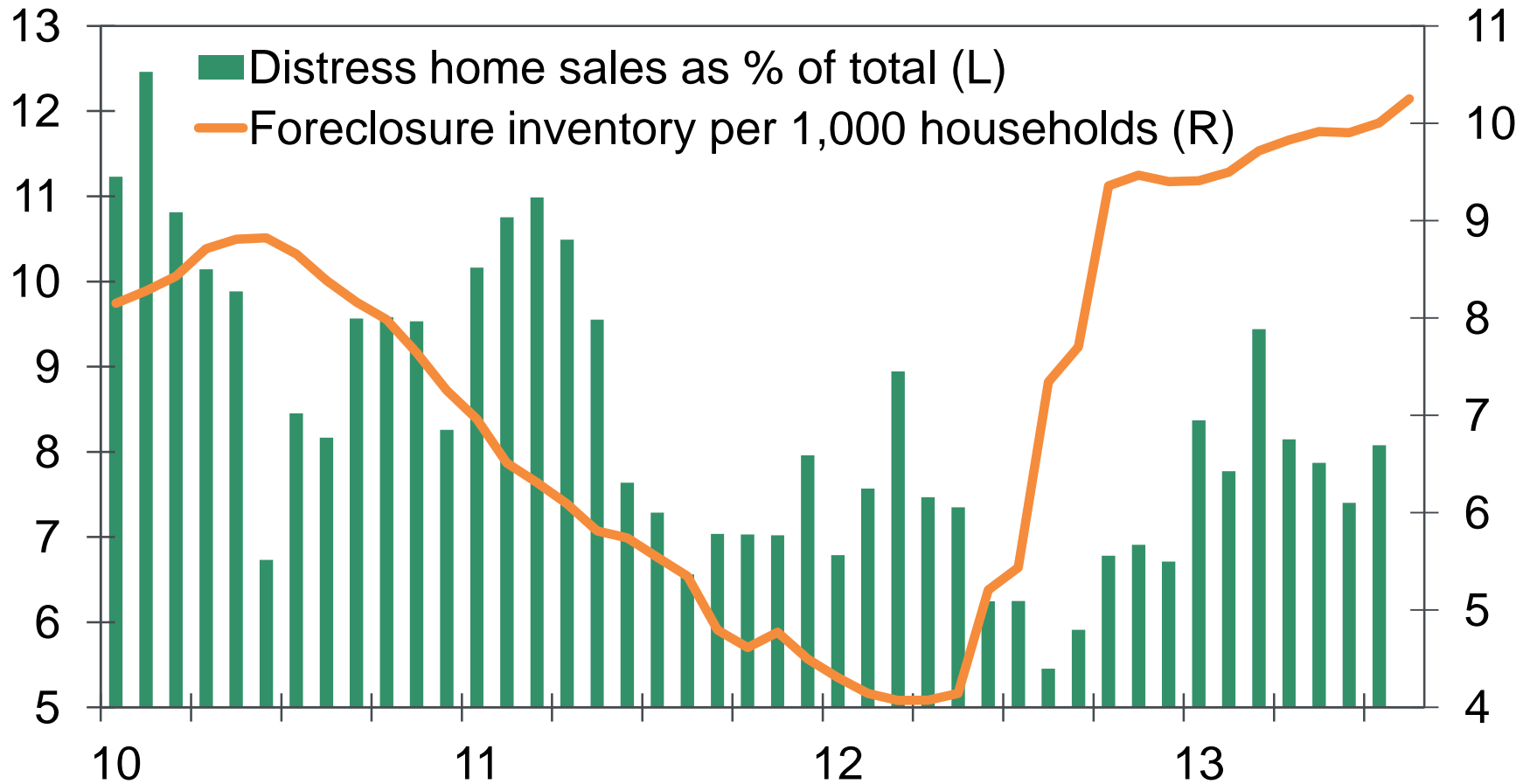
Housing Markets Tighten Across the Nation...

Homeowner vacancy rate, ppt change, 2008Q4 to 2013Q2



Sources: Census Bureau, Moody's Analytics

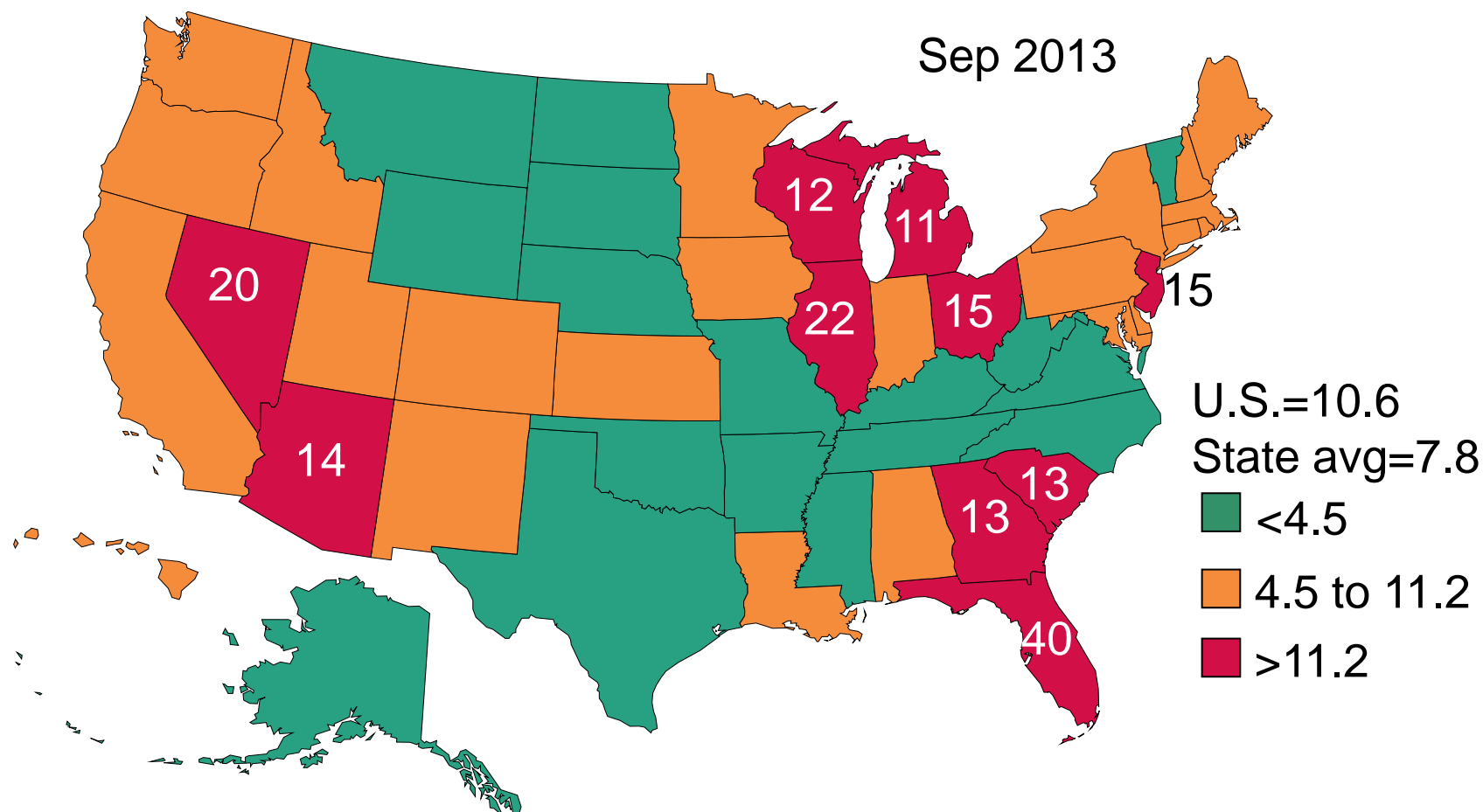
Foreclosures Continue to Mount...



Sources: CoreLogic, RealtyTrac, Moody's Analytics

...But Are Concentrated Outside New York

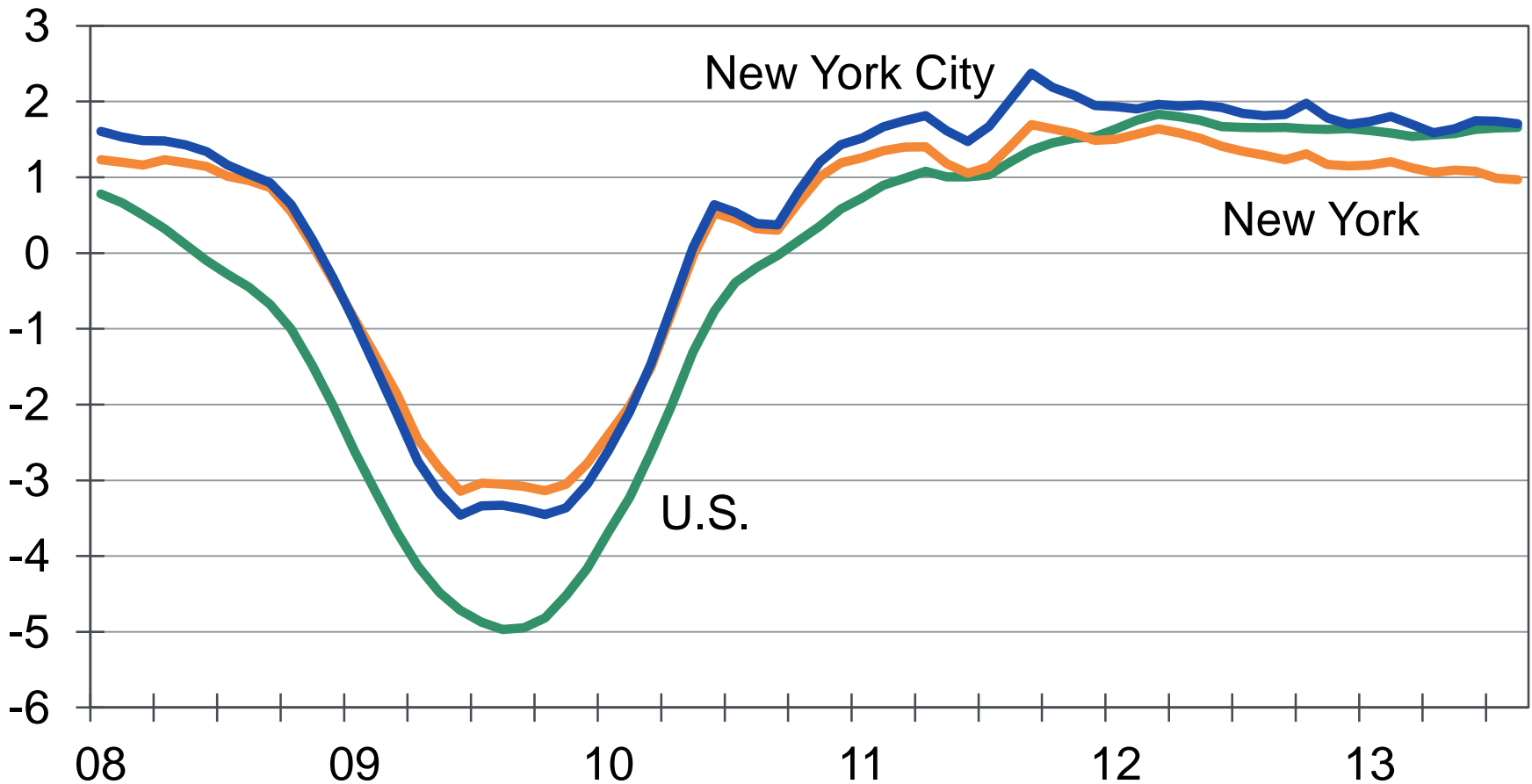
Total foreclosure inventories per 1,000 households



Sources: RealtyTrac, Moody's Analytics

New York City's Lead Narrows

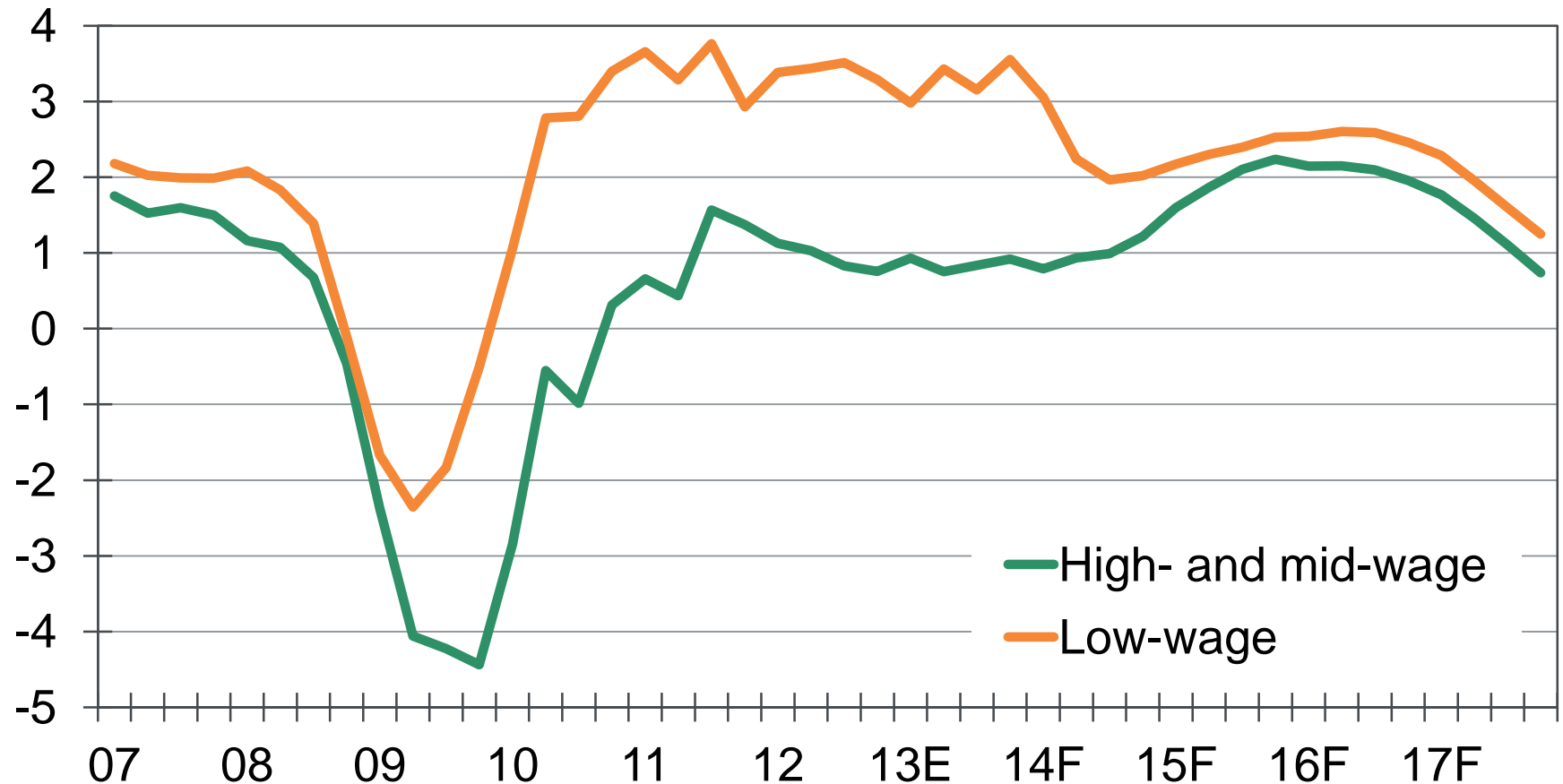
Employment, % change yr ago, 3-mo MA



Sources: BLS, Moody's Analytics

Better Job Mix Next Year in New York City

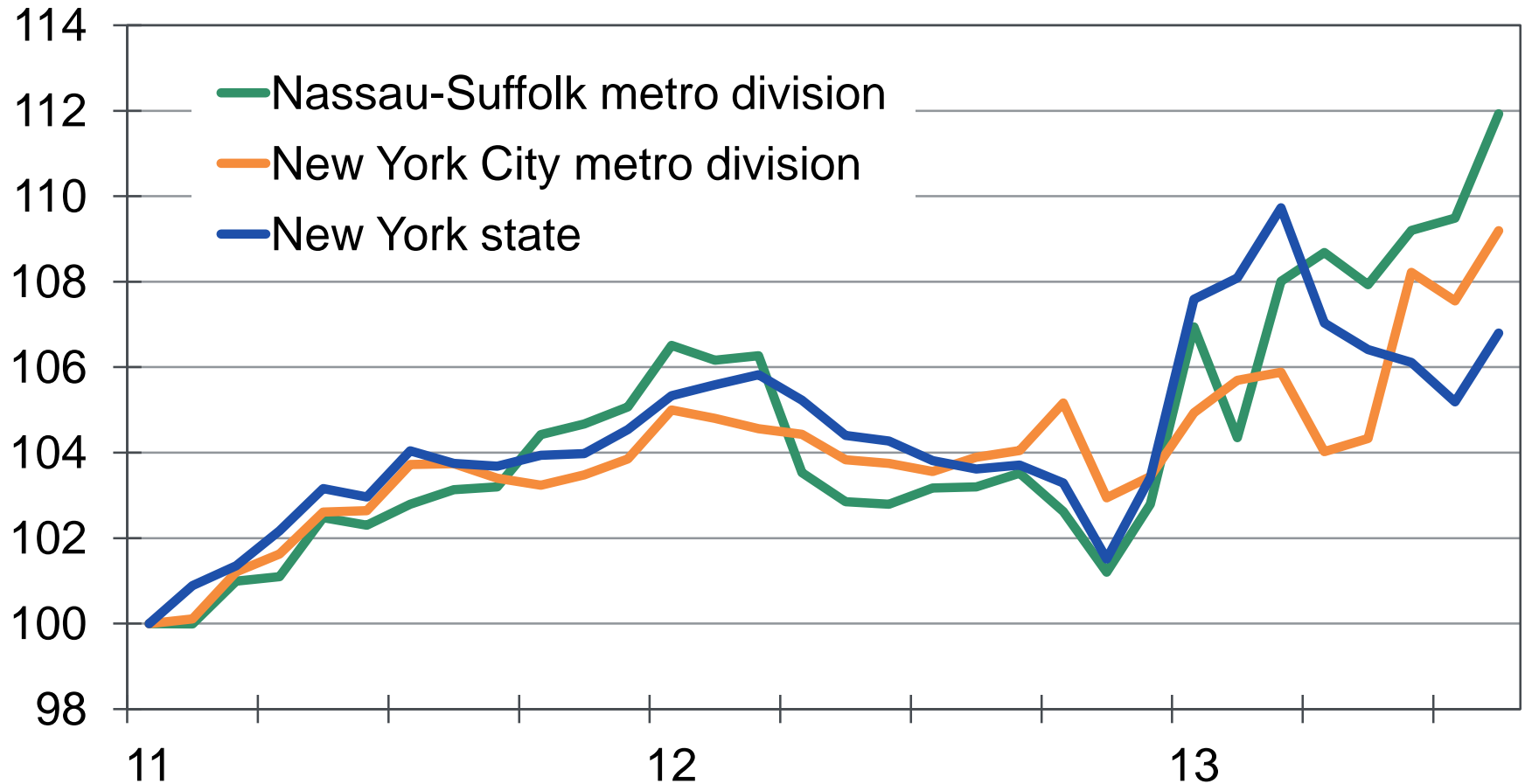
Payroll job growth, % change yr ago



Sources: BLS, Moody's Analytics

Hurricane Reconstruction Drives Downstate

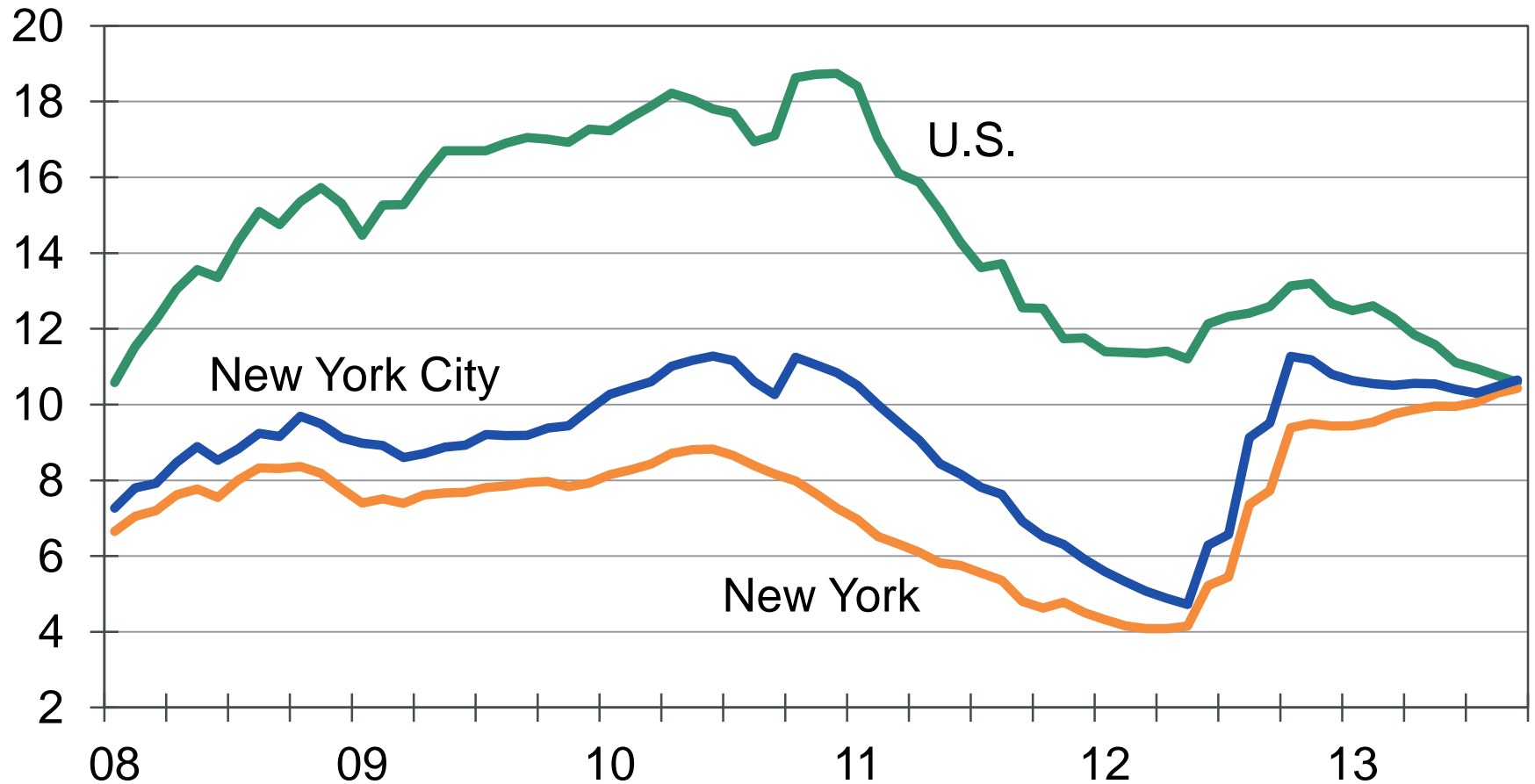
Residential construction permit issuance, units, Jan 2011=100



Sources: Census Bureau, Moody's Analytics

Growing Foreclosure Inventory Downstate

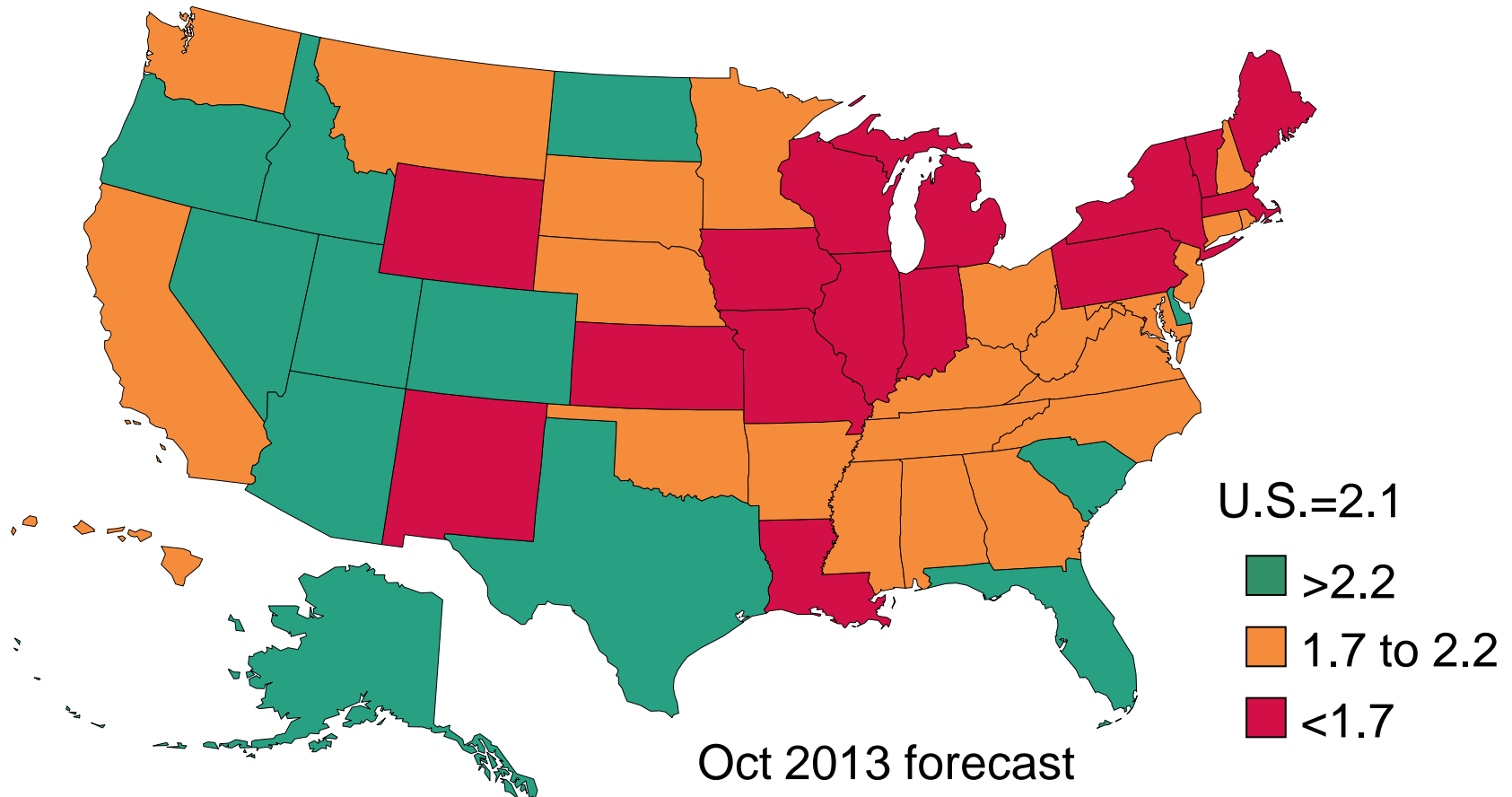
Foreclosure inventory per 1,000 households



Sources: RealtyTrac, Moody's Analytics

Employment Outlook for 2014 Favors the West

Payroll employment, 2014Q4, % change yr ago



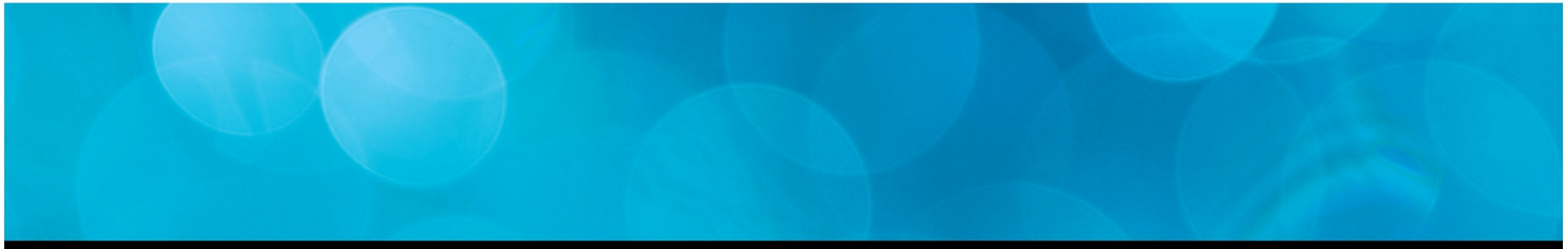
Sources: BLS, Moody's Analytics

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