

Looking For a Bottom... and Considering the Recovery

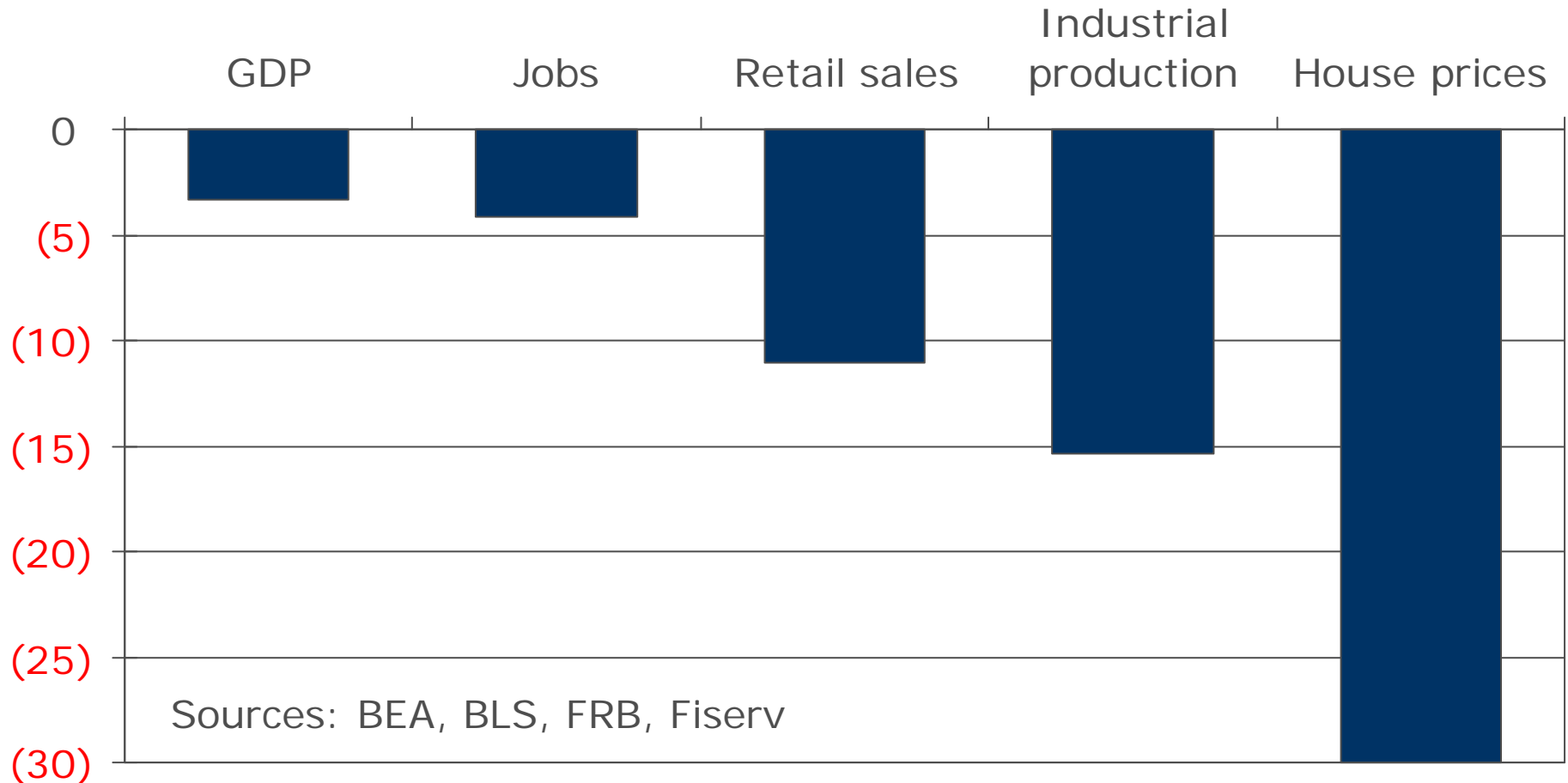
Presented by:

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Director of Macroeconomics

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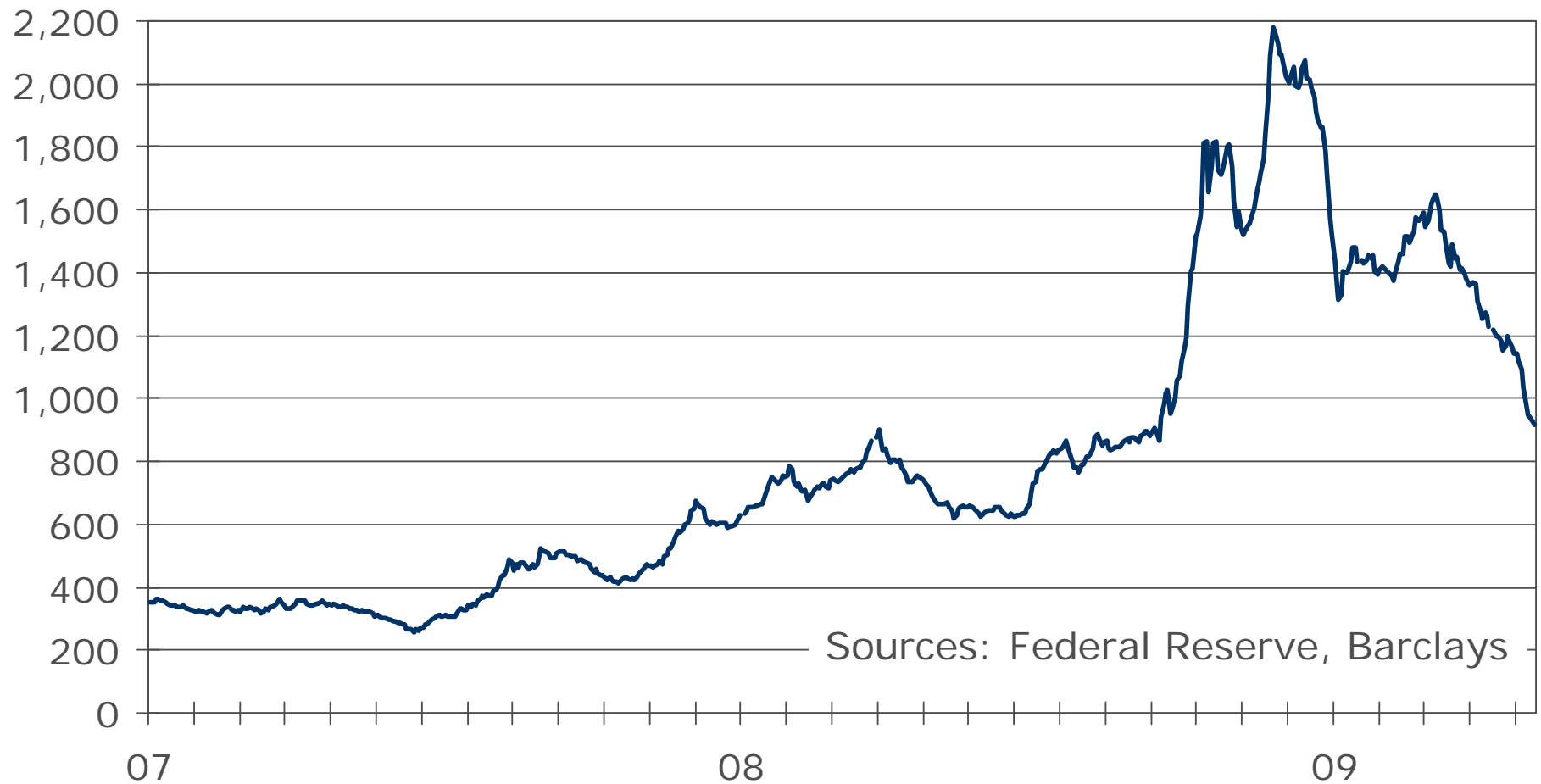
Intense, but No Longer Intensifying...

% change from peak



...Cheering Financial Markets

Junk corporate bond spread, basis points



The Great Recession Will End This Year

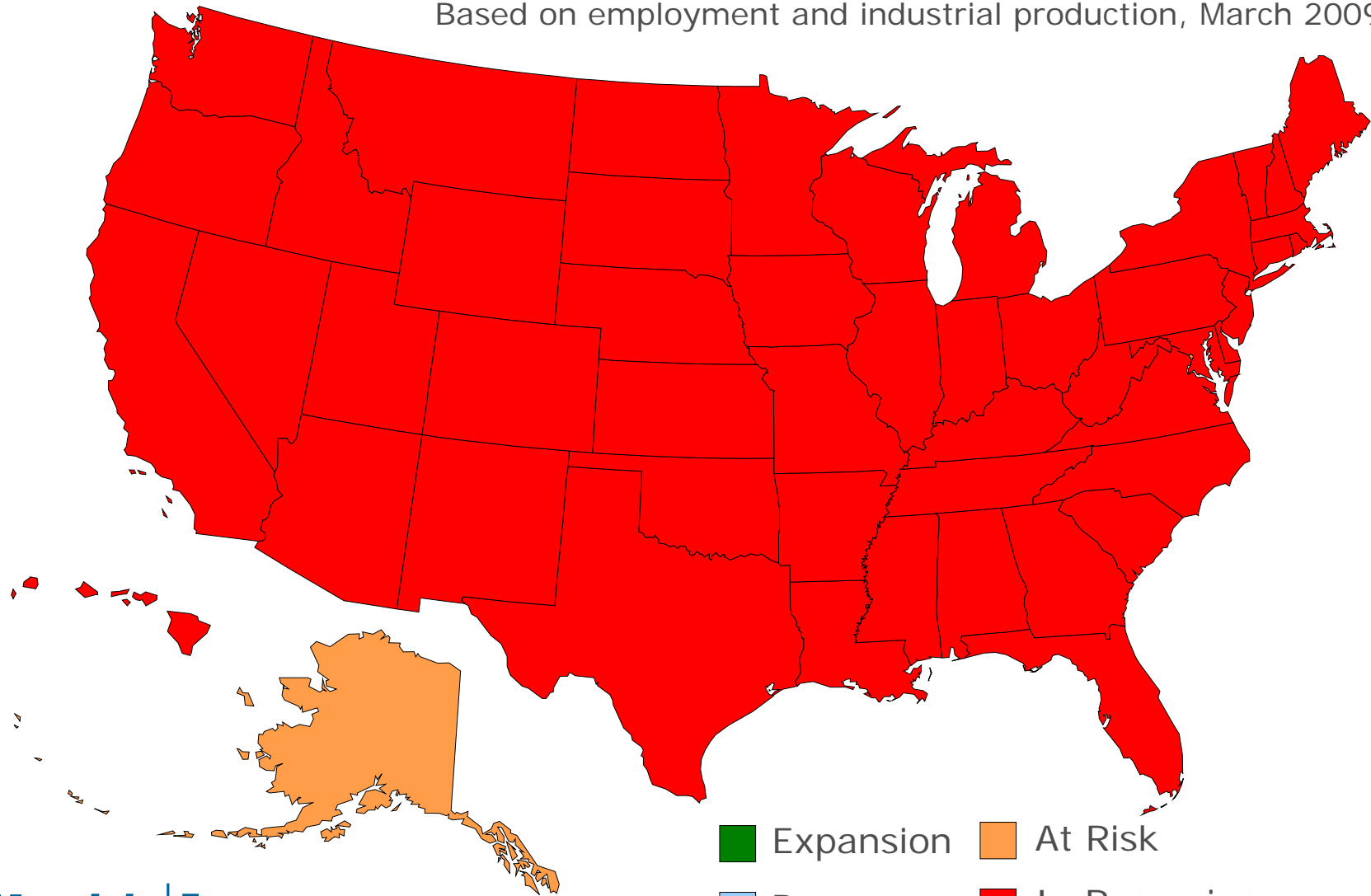
Recessions since World War II

Peak	Trough	Duration in Months		Peak-to-Trough % Change		Jobless Rate		
		Recession Peak to Trough	Expansion Trough to Peak	Real GDP	Nonfarm Employment	Low	High	Change
Dec 2007	October 2009	23	73	-3.8	-5.1	4.4	9.8	5.4
Mar 2001	Nov 2001	8	120	-0.4	-2.0	3.8	6.3	2.5
Jul 1990	Mar 1991	8	92	-1.3	-1.5	5.0	7.8	2.8
Jul 1981	Nov 1982	16	12	-2.9	-3.1	7.2	10.8	3.6
Jan 1980	Jul 1980	6	58	-2.2	-1.3	5.6	7.8	2.2
Nov 1973	Mar 1975	16	36	-3.1	-2.7	4.6	9.0	4.4
Dec 1969	Nov 1970	11	106	-1.0	-1.4	3.4	6.1	2.7
Apr 1960	Feb 1961	10	24	-1.3	-2.3	4.8	7.1	2.3
Aug 1957	Apr 1958	8	39	-3.8	-4.4	3.7	7.5	3.8
Jul 1953	May 1954	10	45	-2.7	-3.3	2.5	6.1	3.6
Nov 1948	Oct 1949	11	37	-1.7	-5.1	3.4	7.9	4.5
Average for past recessions		10	57	-2.0	-2.7	4.4	7.6	3.2

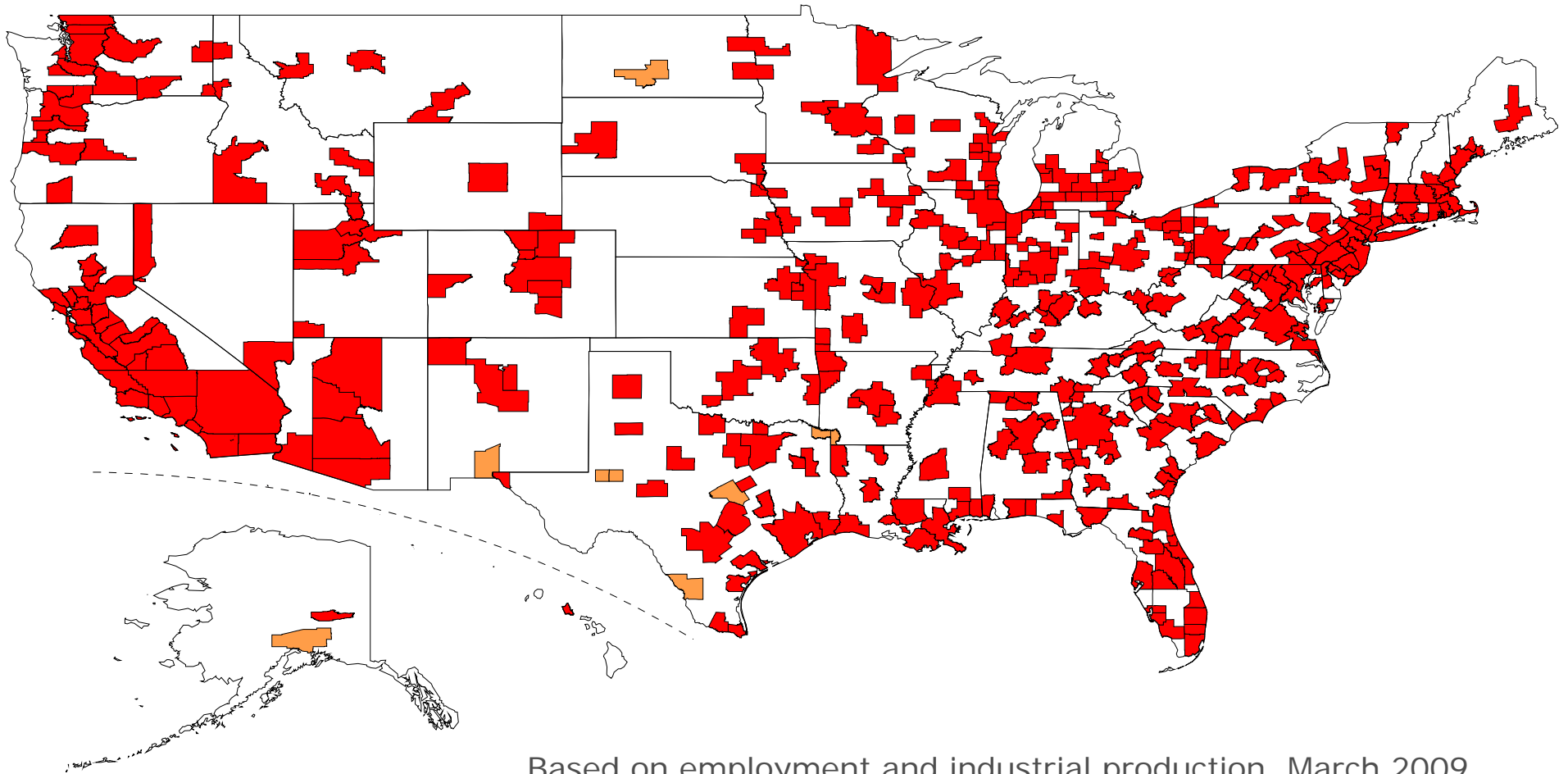
Sources: NBER, BEA, FRB, BLS, Moody's Economy.com

Recession's Reach Is Unprecedented...

Based on employment and industrial production, March 2009



...Touching the Entire Nation

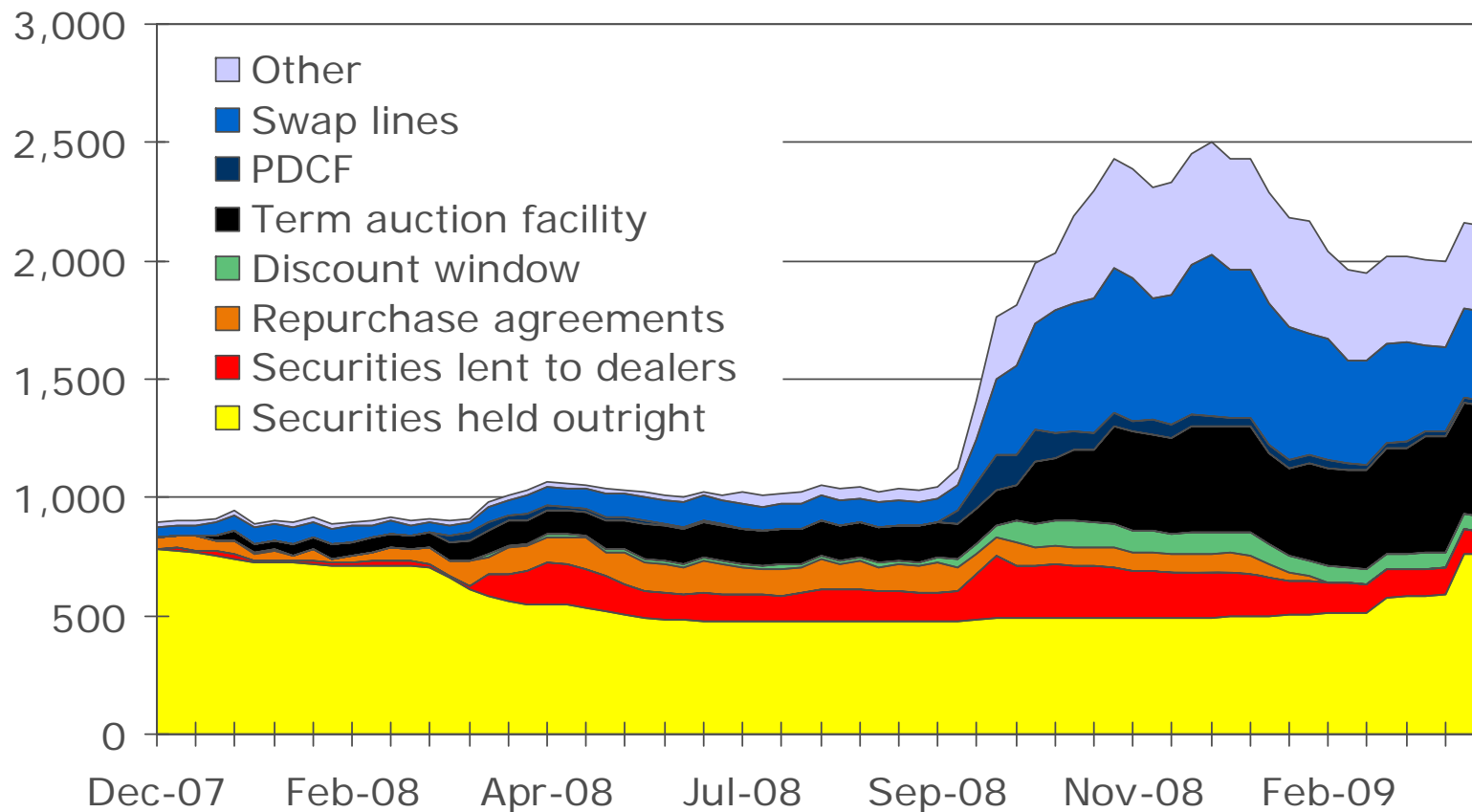


Based on employment and industrial production, March 2009



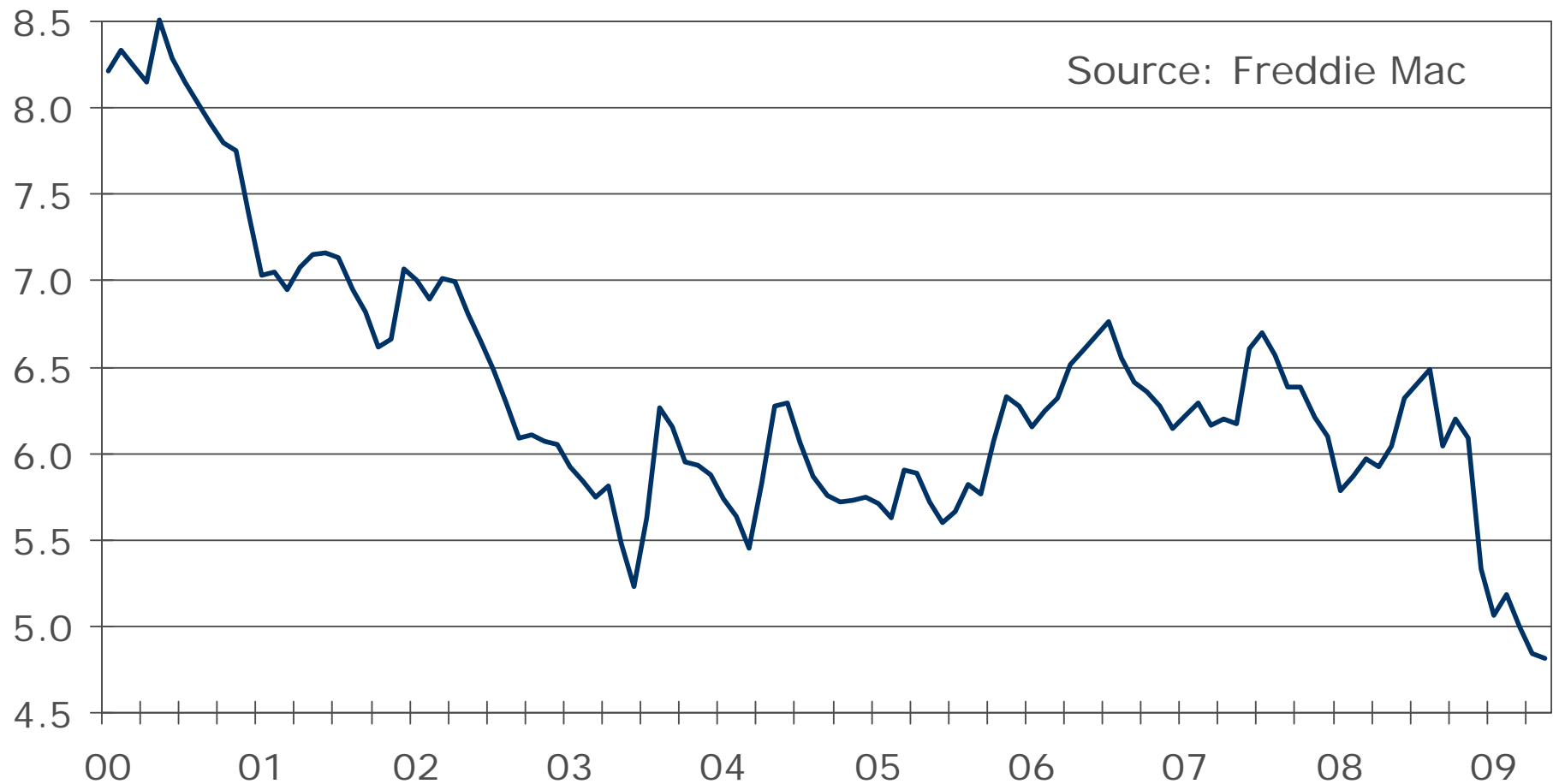
The Fed Prints Money...

Federal Reserve's balance sheet, \$ bil



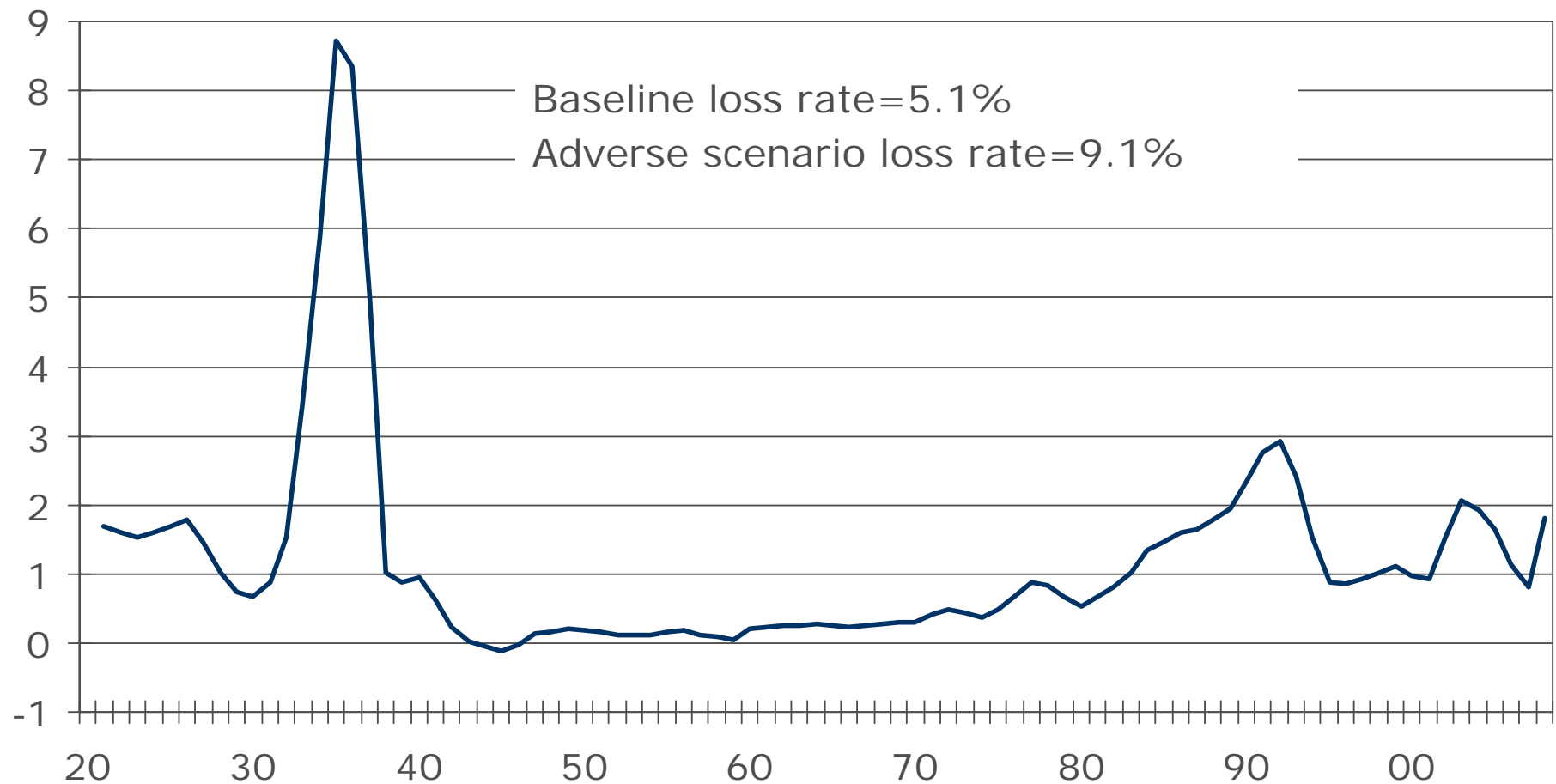
...Pushing Mortgage Rates to Record Lows

Freddie Mac fixed mortgage rate



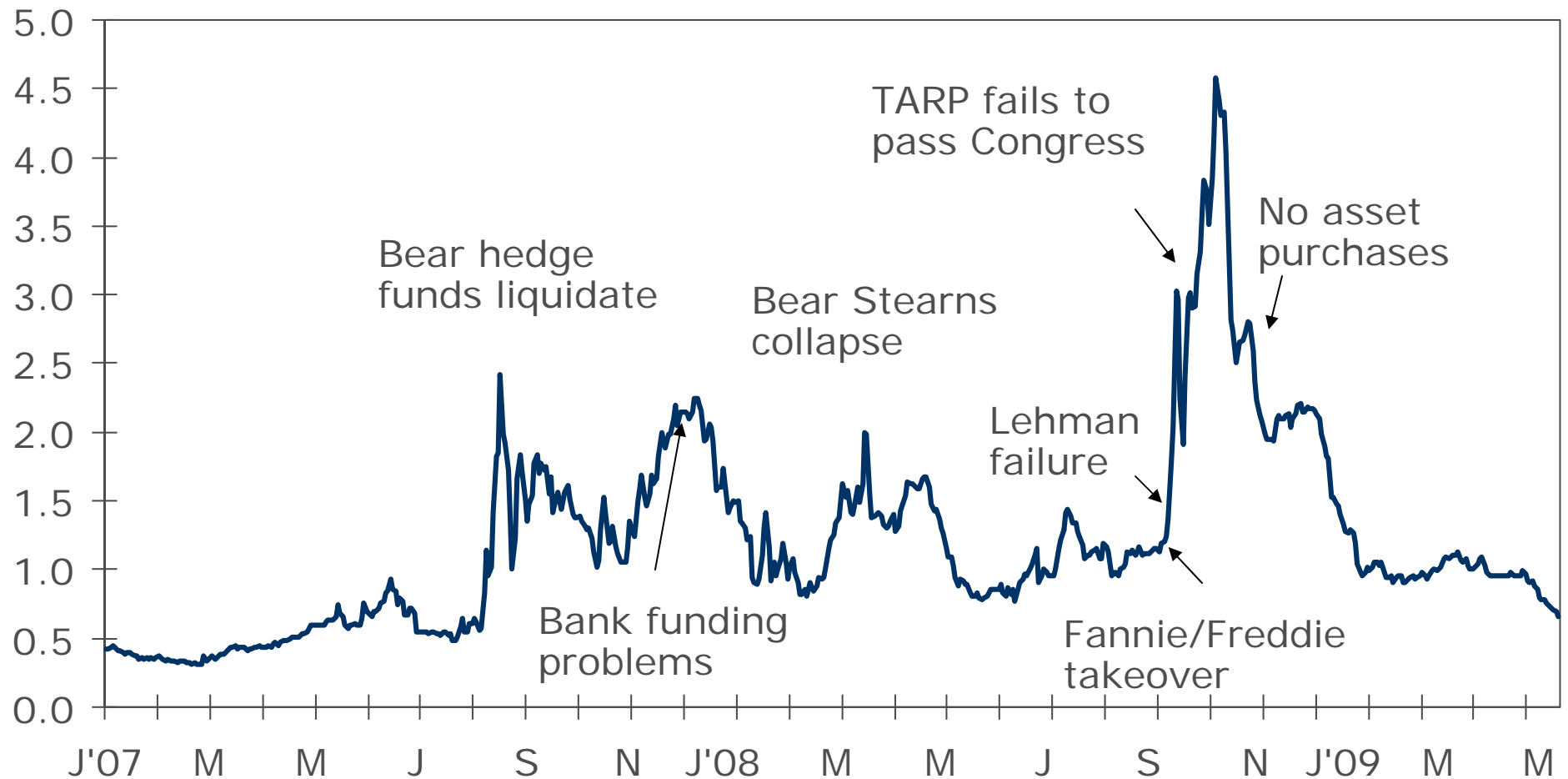
Bank Stress Tests Are Stressful...

Commercial Bank two-year loan loss rate



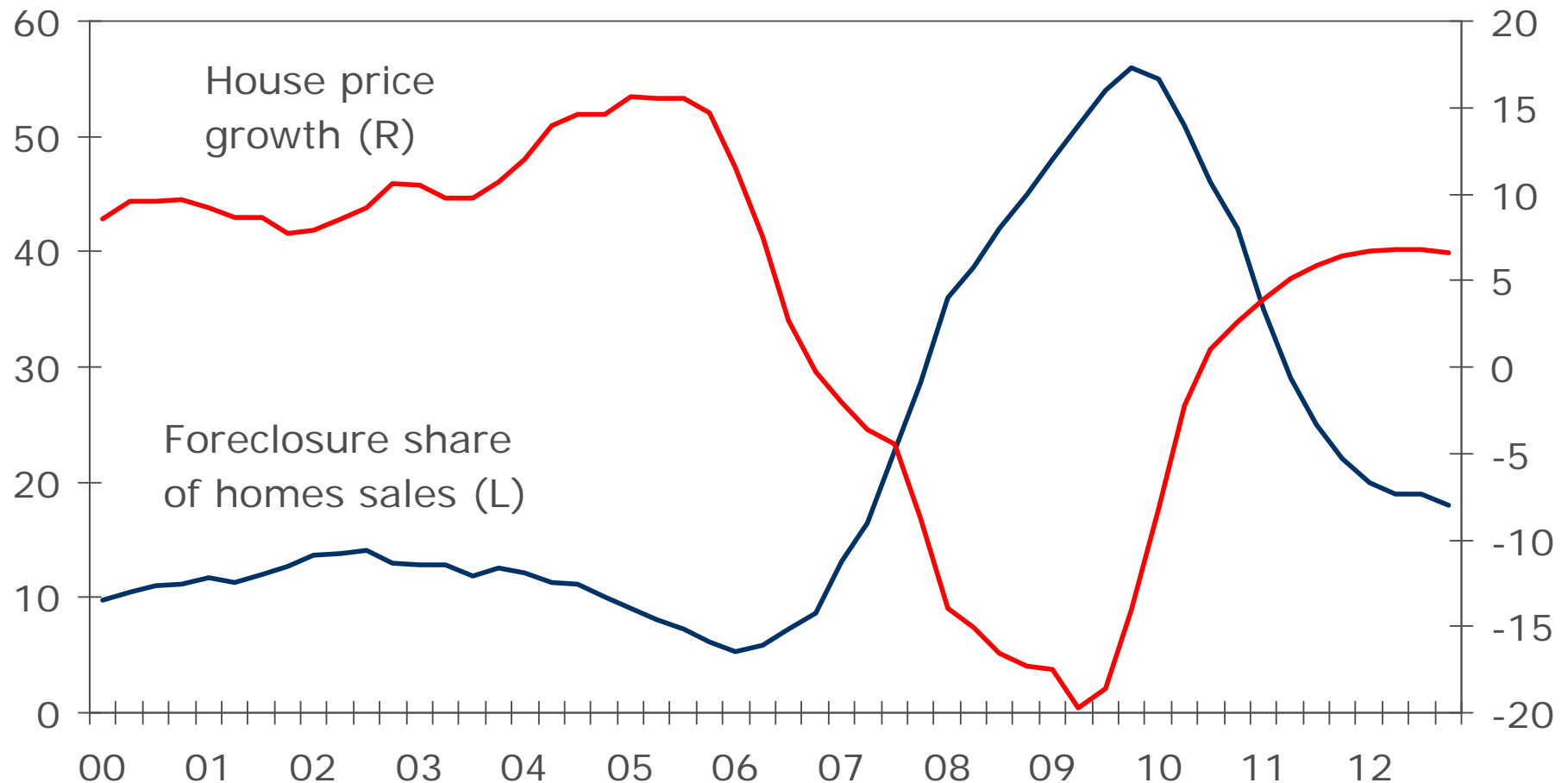
...Stabilizing the Banking System

Difference between 3 month Libor and Treasury bill yields



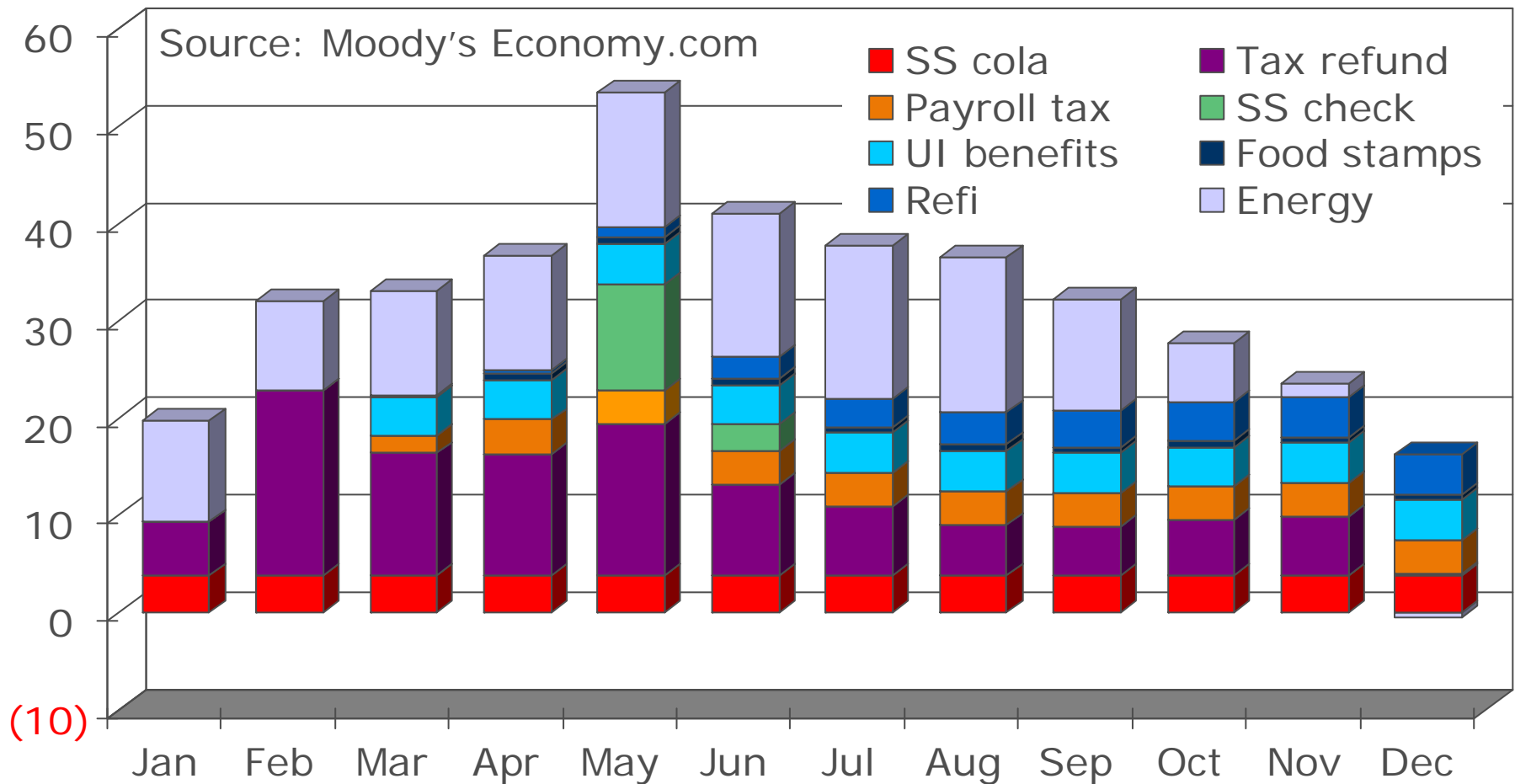
Foreclosures Will Peak as Mods Kick-In

Sources: Fiserv, Equifax, Moody's Economy.com



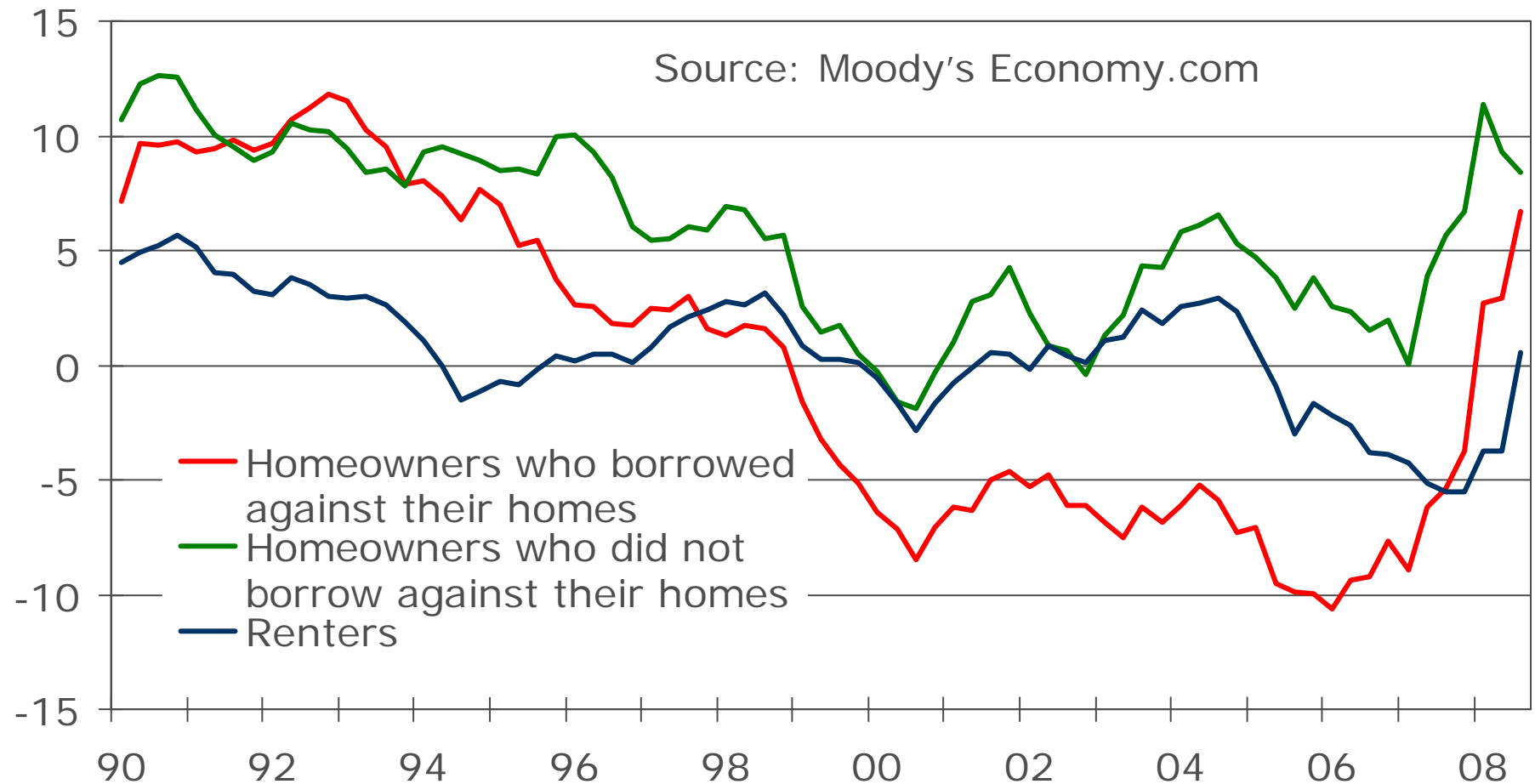
Stimulus Provides More Cash for Consumers...

Extra cash, 2009 vs. 2008, \$ bil



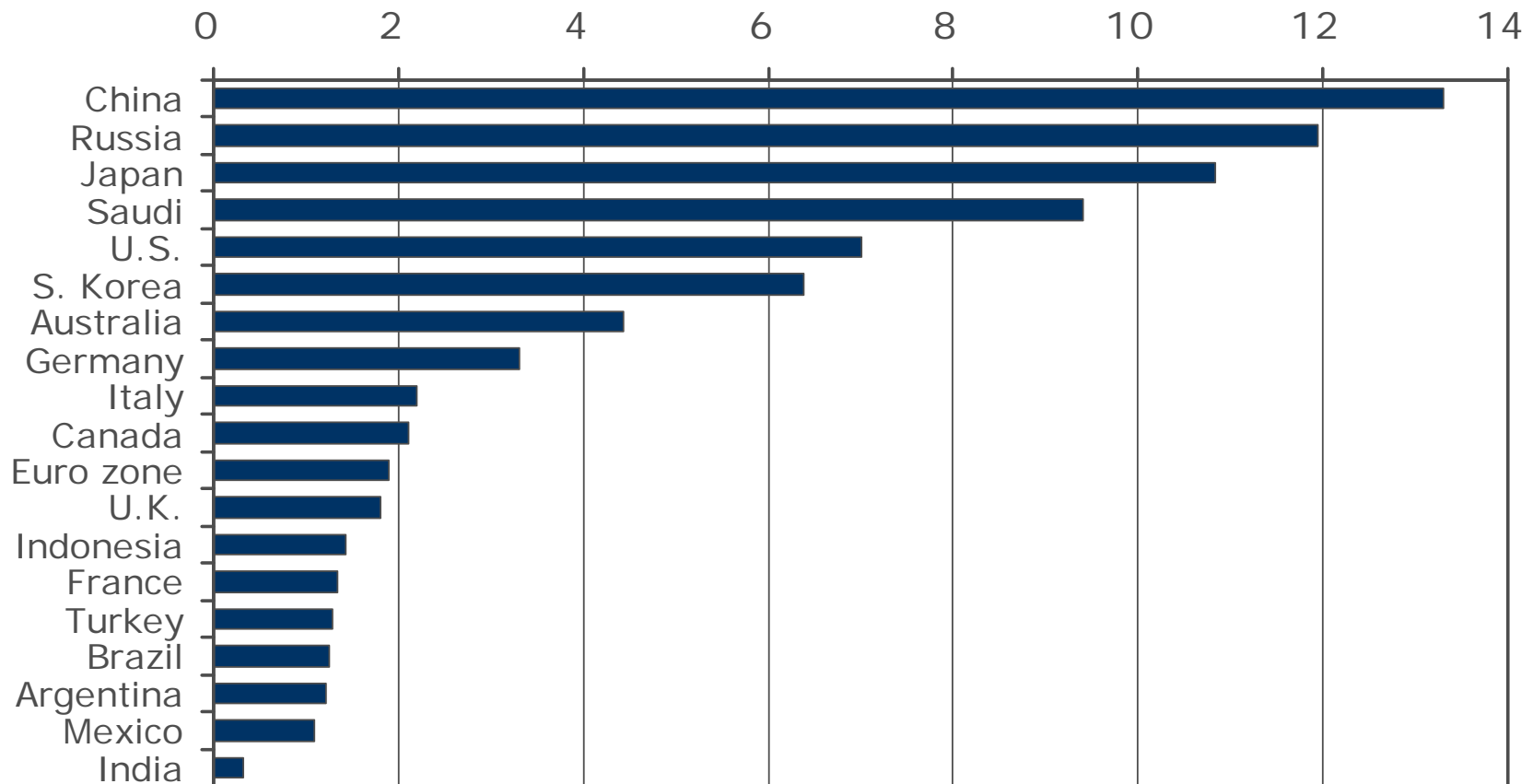
...Who Are Already Saving Much More

Personal saving rate



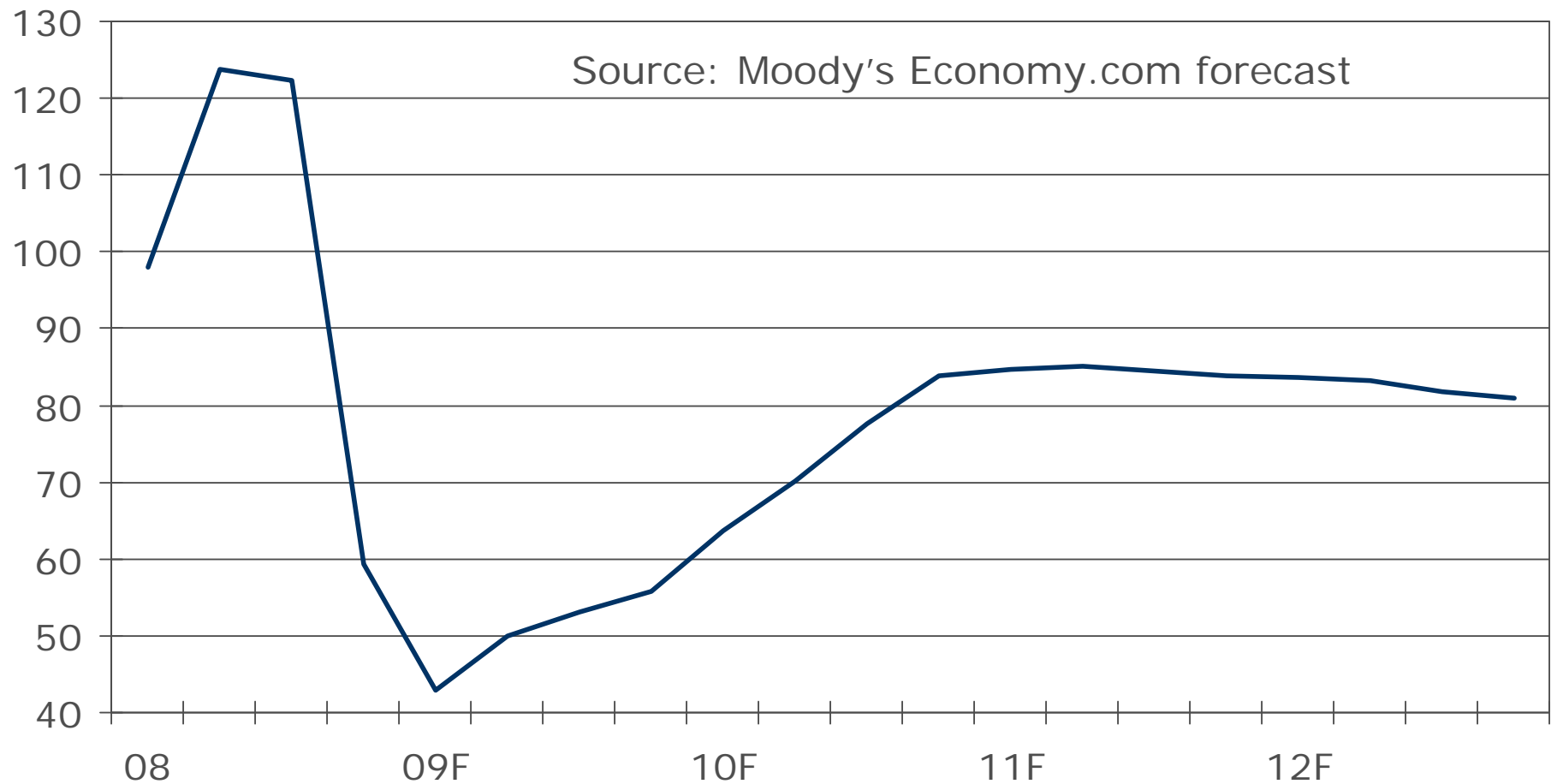
Impressive Global Policy Response

Total fiscal stimulus as a % of 2008 GDP

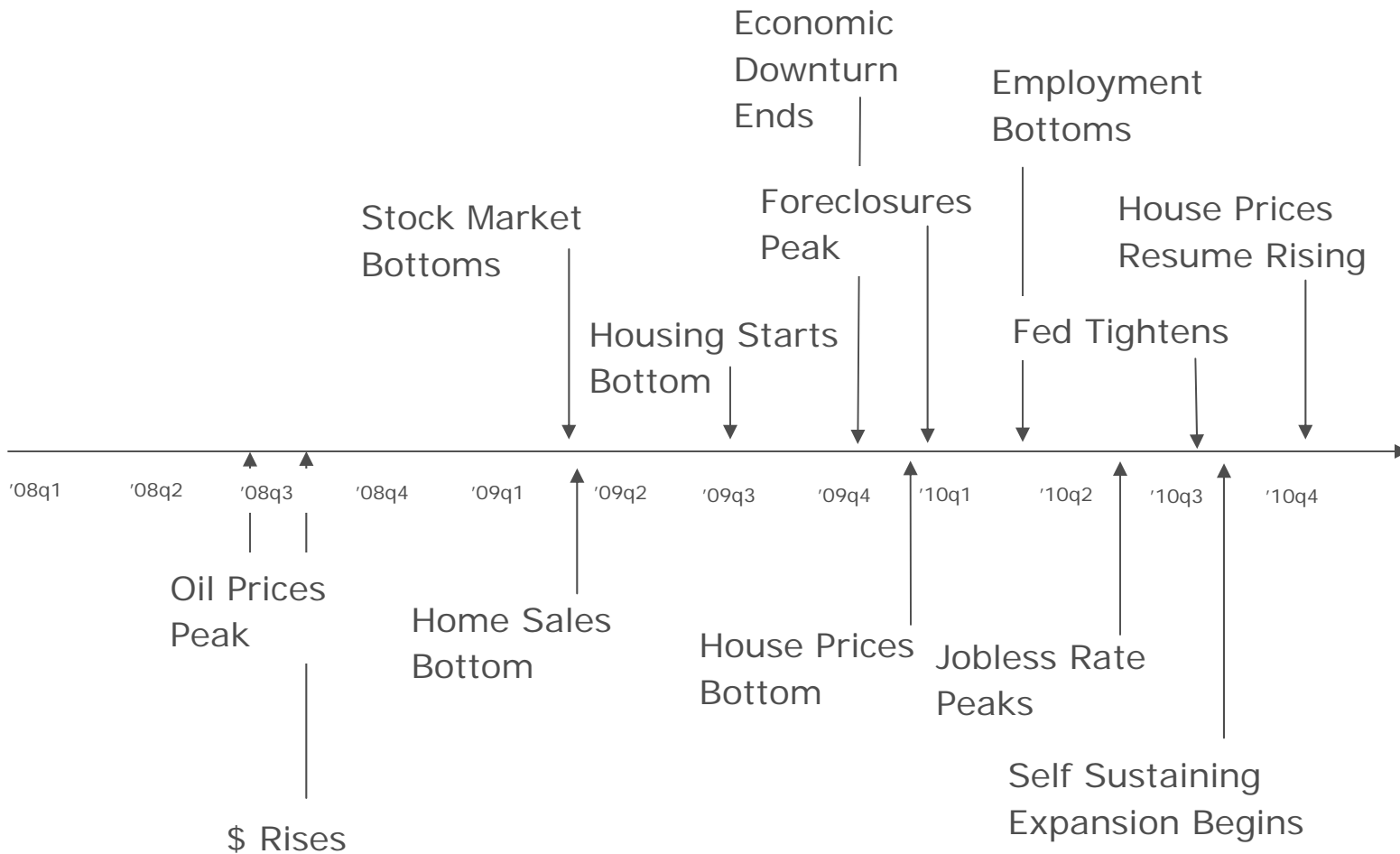


Global Demand Will Push Oil Prices Higher

Price of West Texas Intermediate crude, \$ per barrel

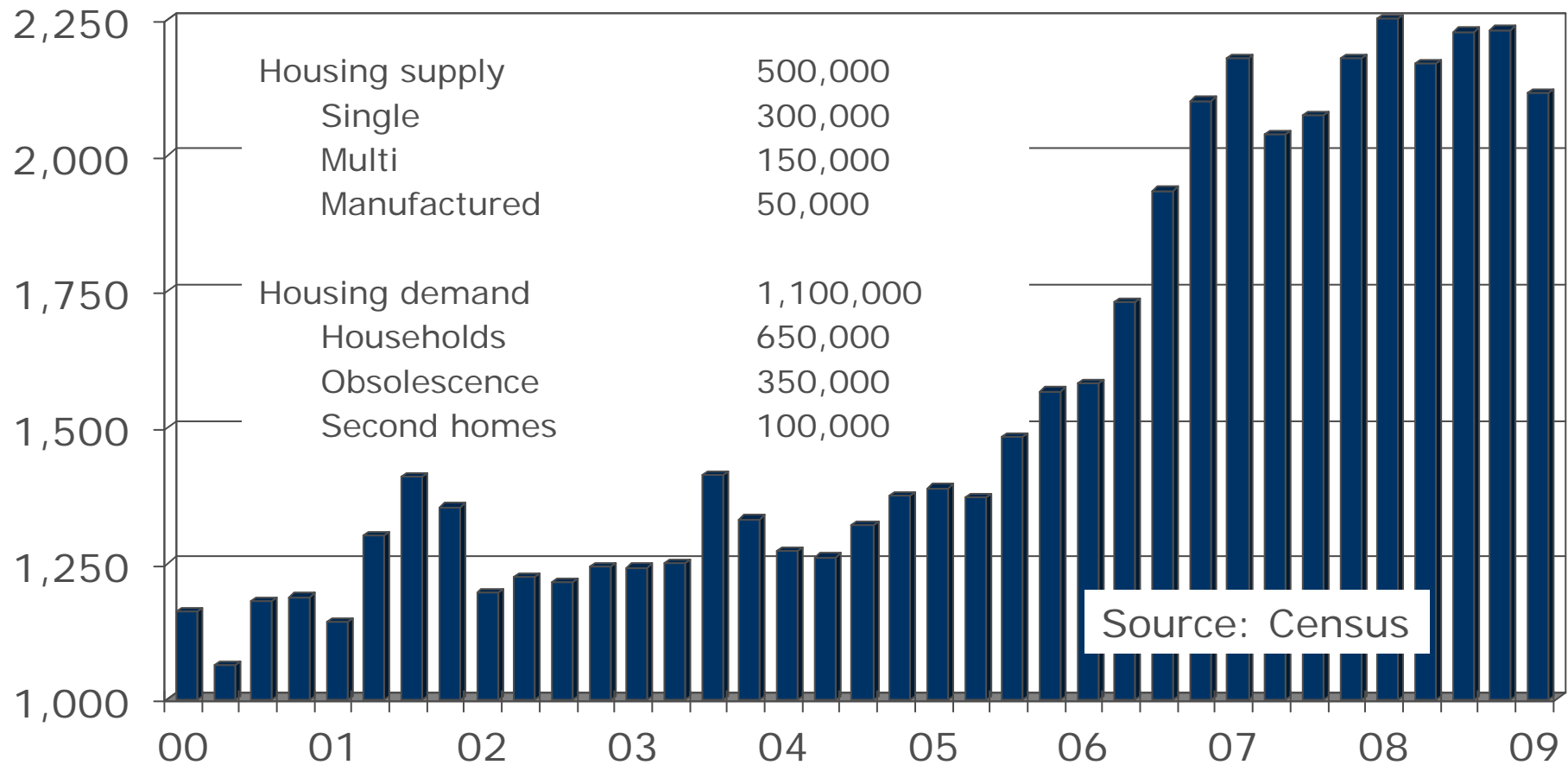


The Timeline to Recovery...



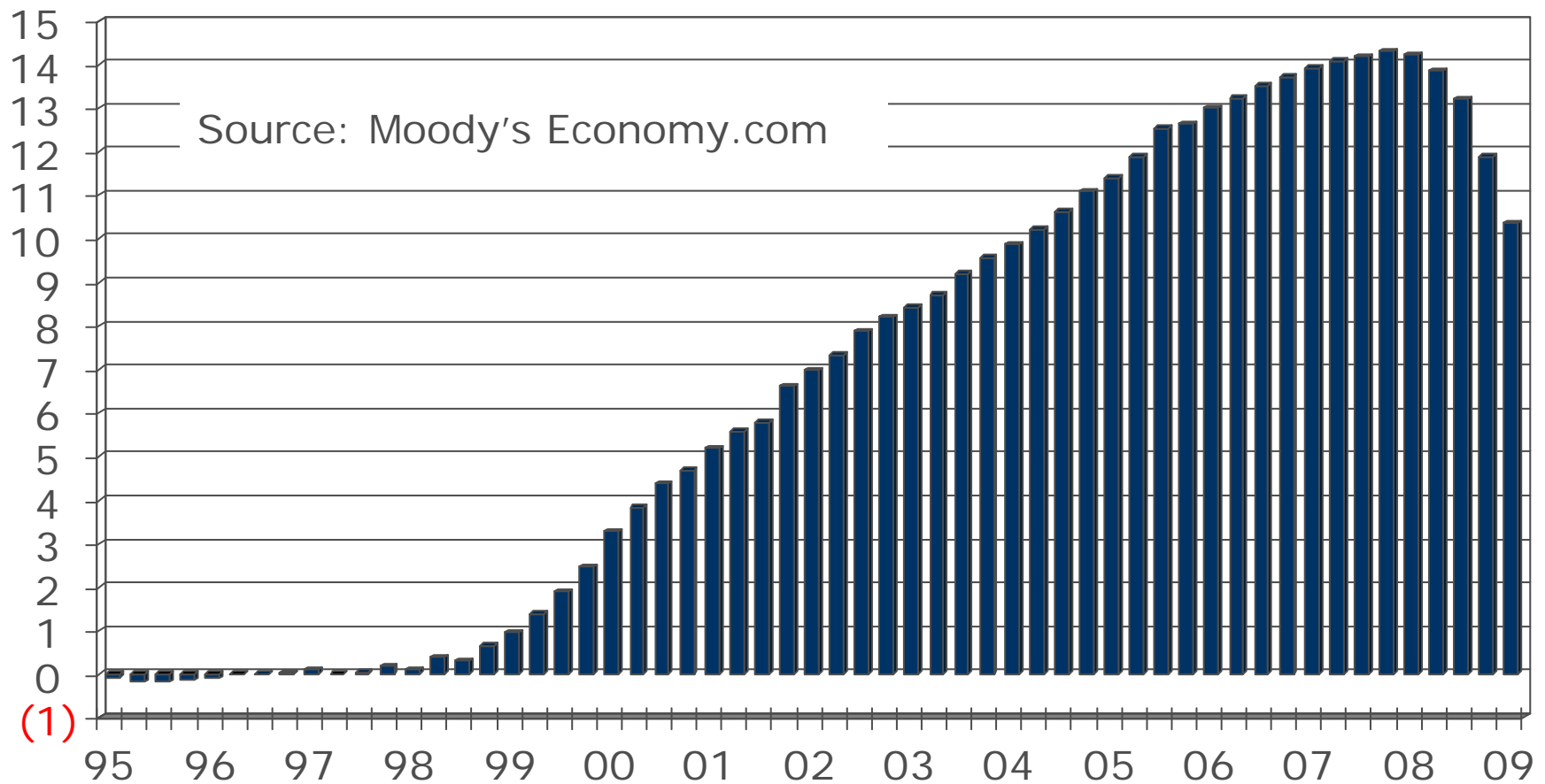
More Than a Year of Housing Inventories...

Number of vacant homes for sale, ths



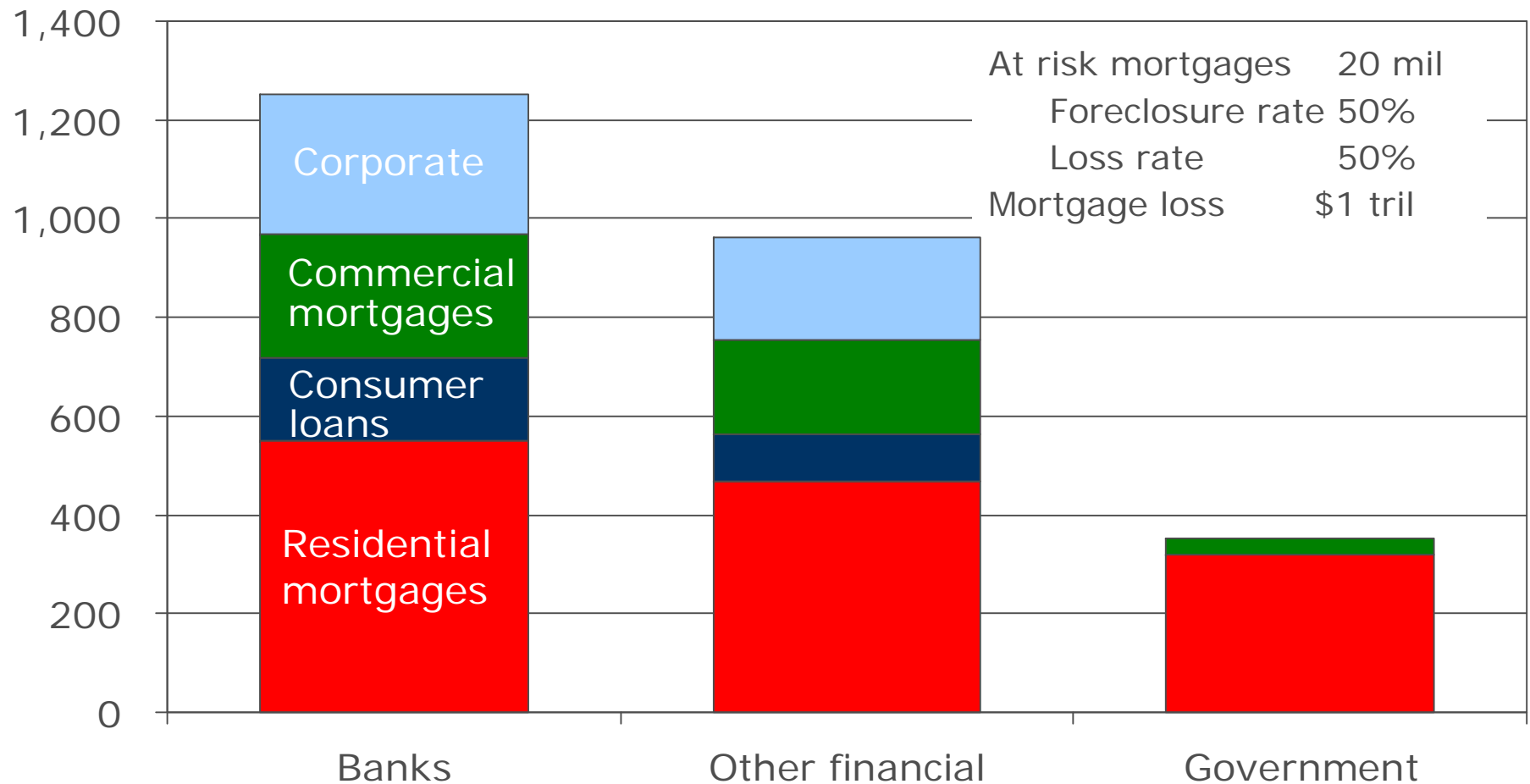
...And About a Year of Spent-Up Vehicle Demand

Mil units



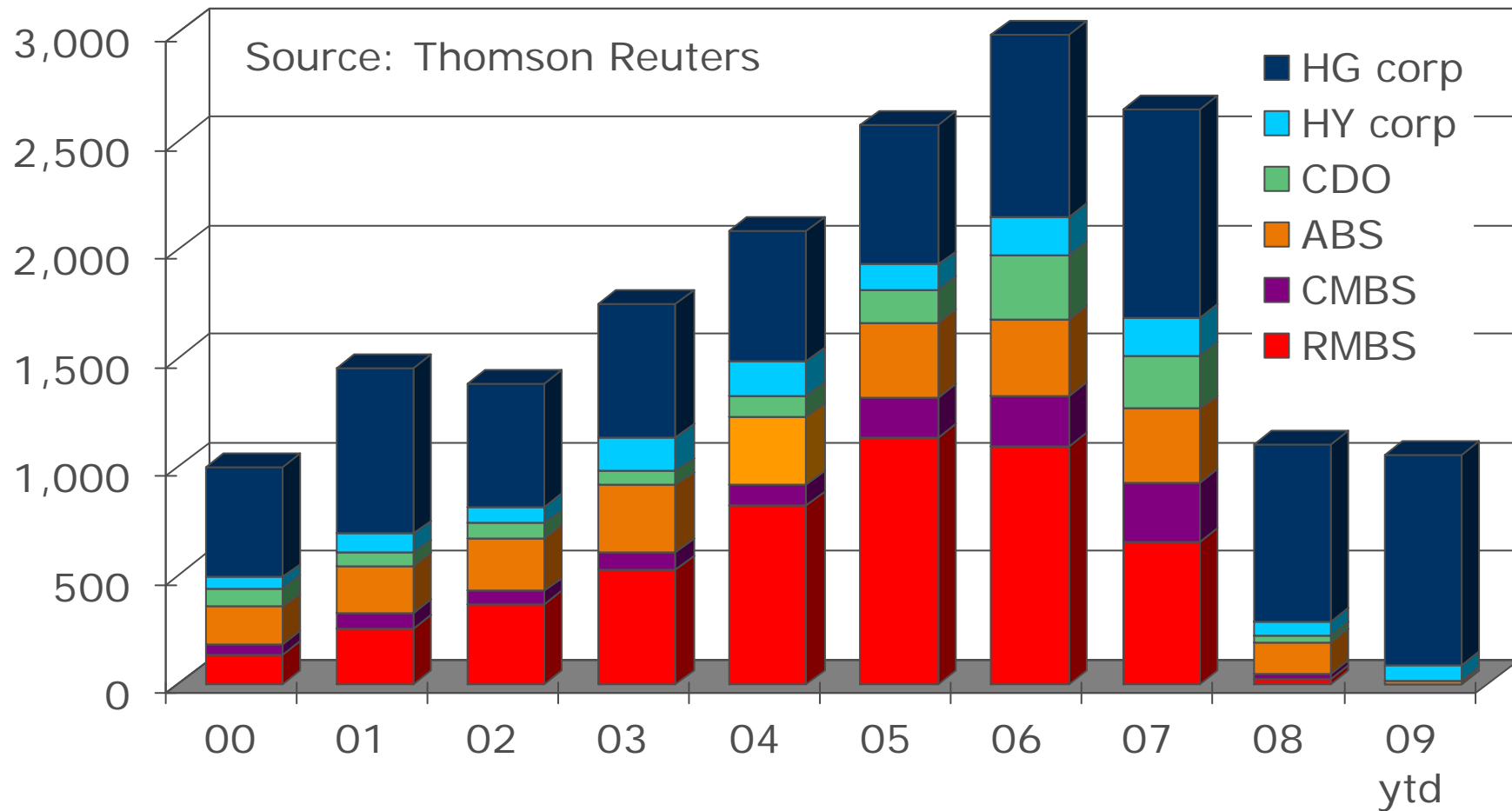
Filling the Capital Hole Will Take Time...

Projected losses on U.S. credit market instruments, \$ bil

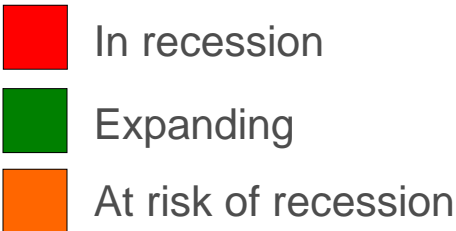


...And the Securities Market Remains Troubled

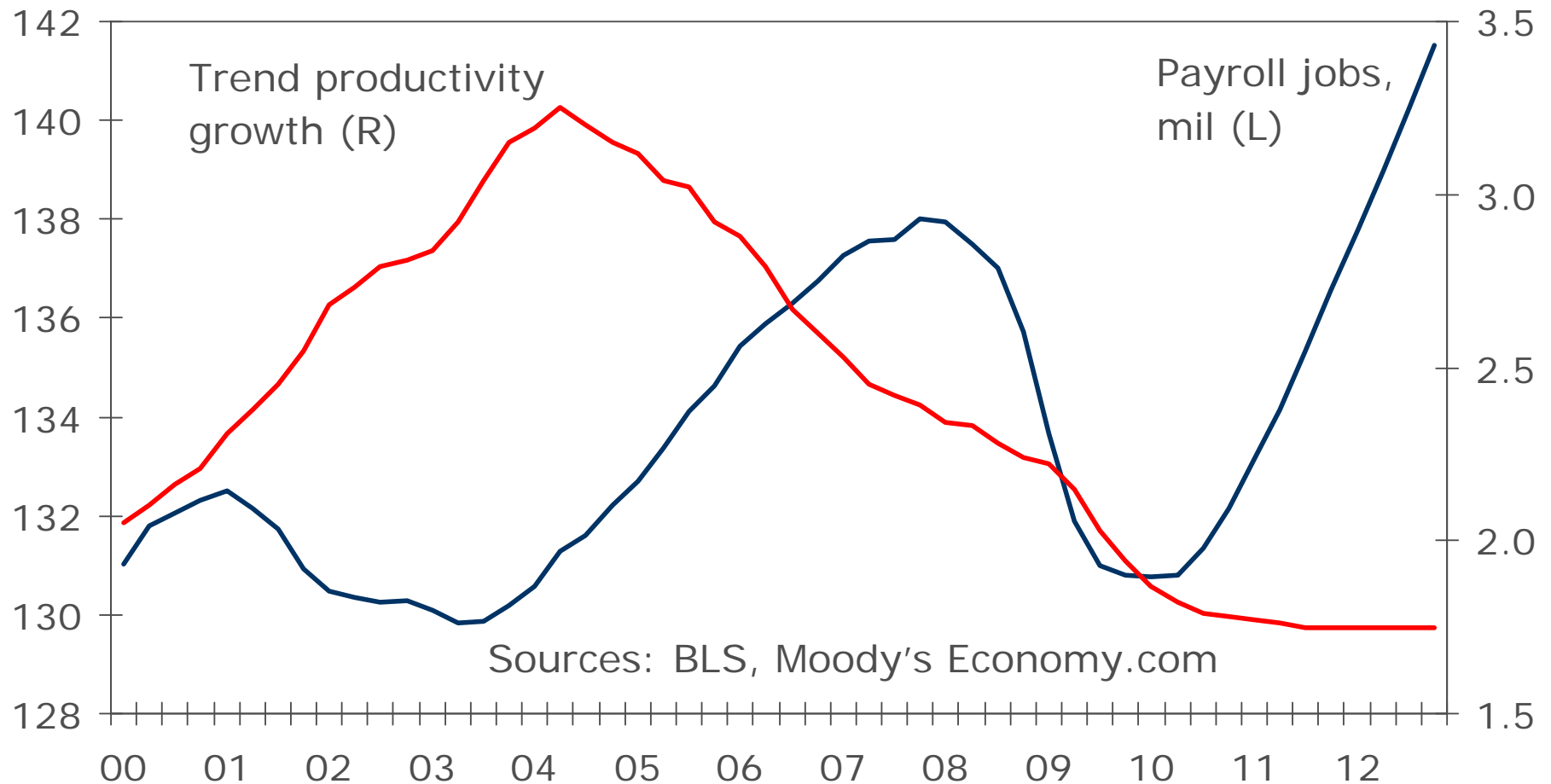
Bond issuance, \$ bil, annualized



A Synchronized Global Recession

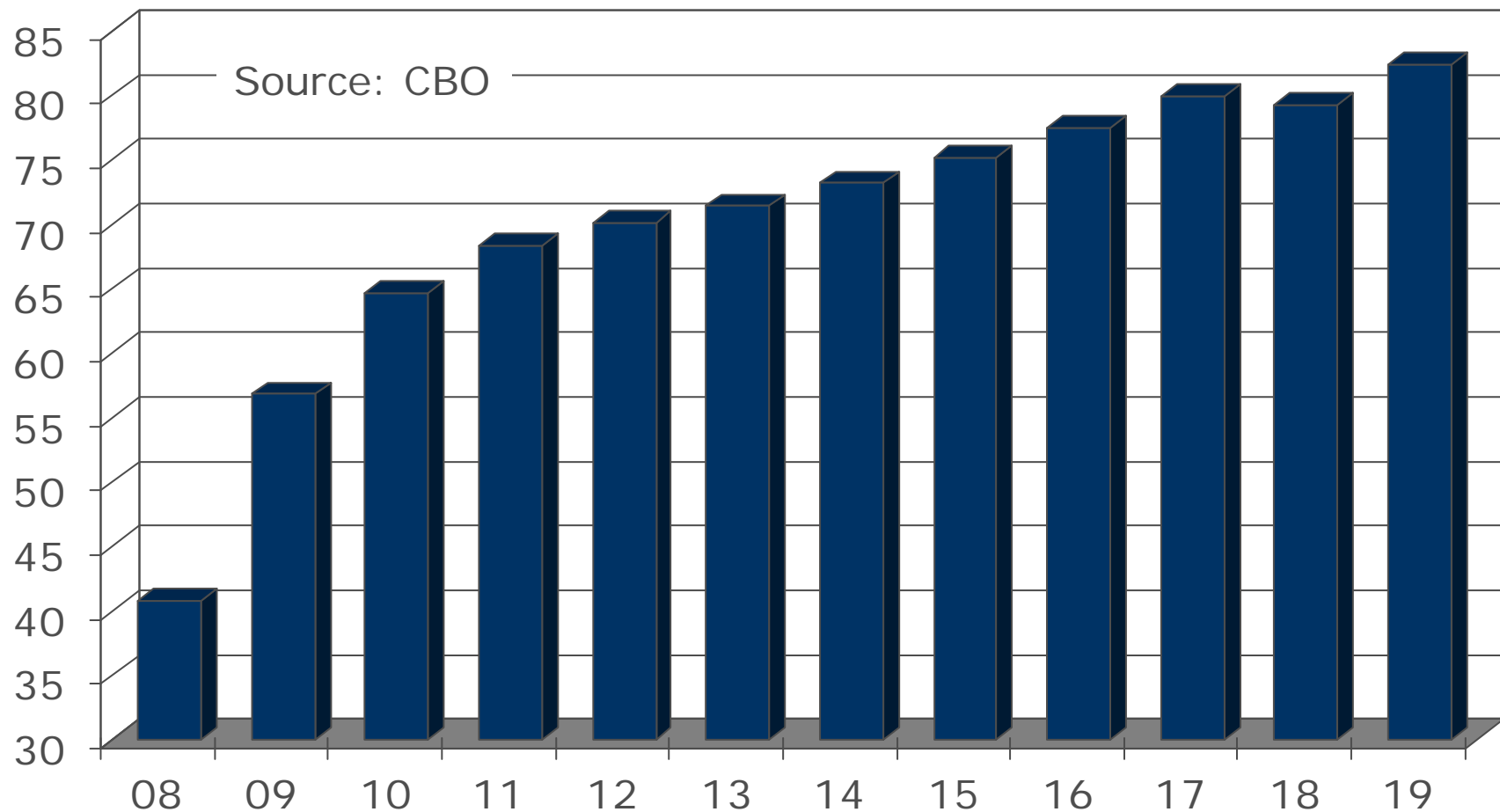


Not a Jobless Recovery



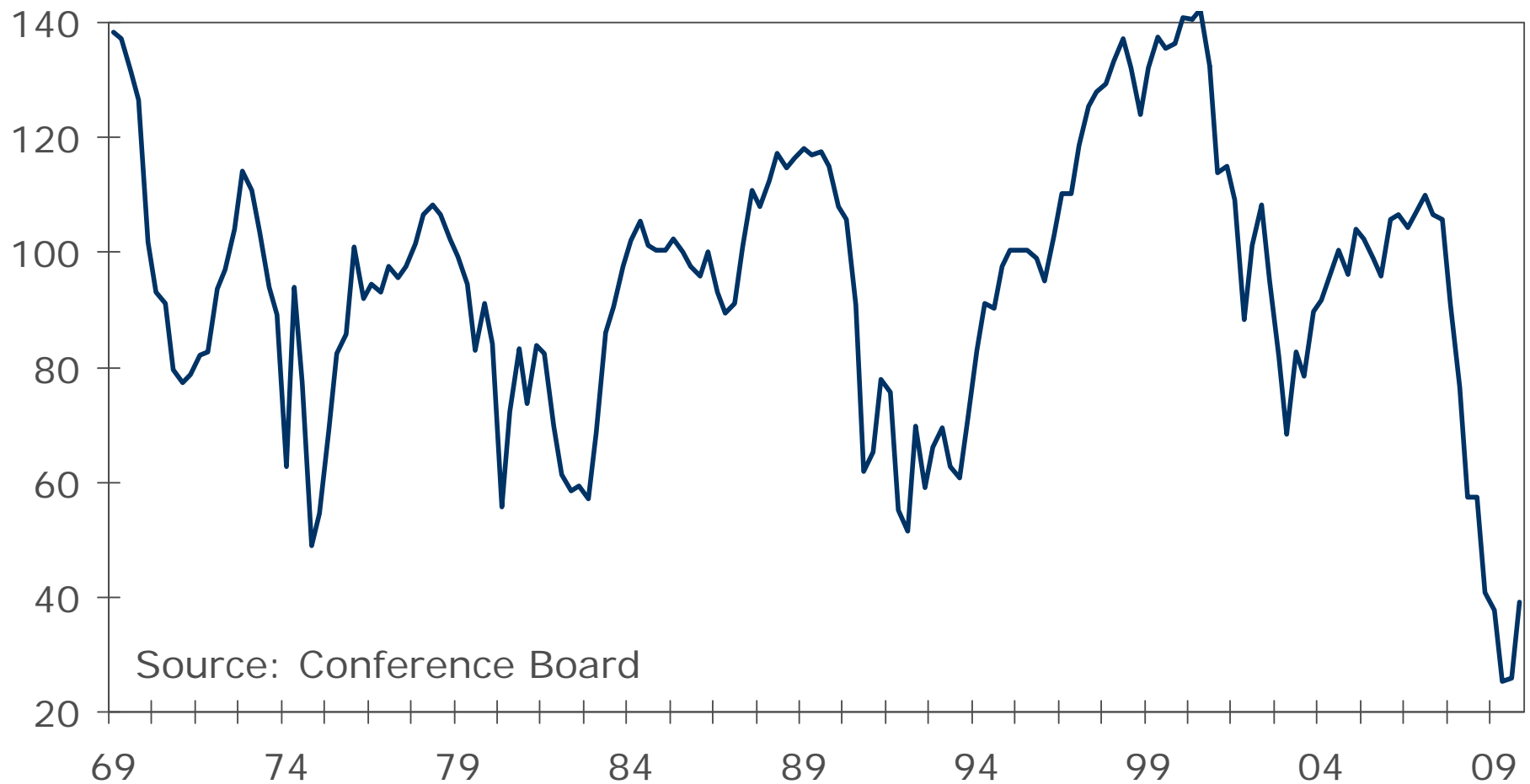
A Looming Fiscal Crisis

Federal debt to GDP ratio under the President's budget



Restoring Faith

Consumer confidence index, 1985=100



www.economy.com