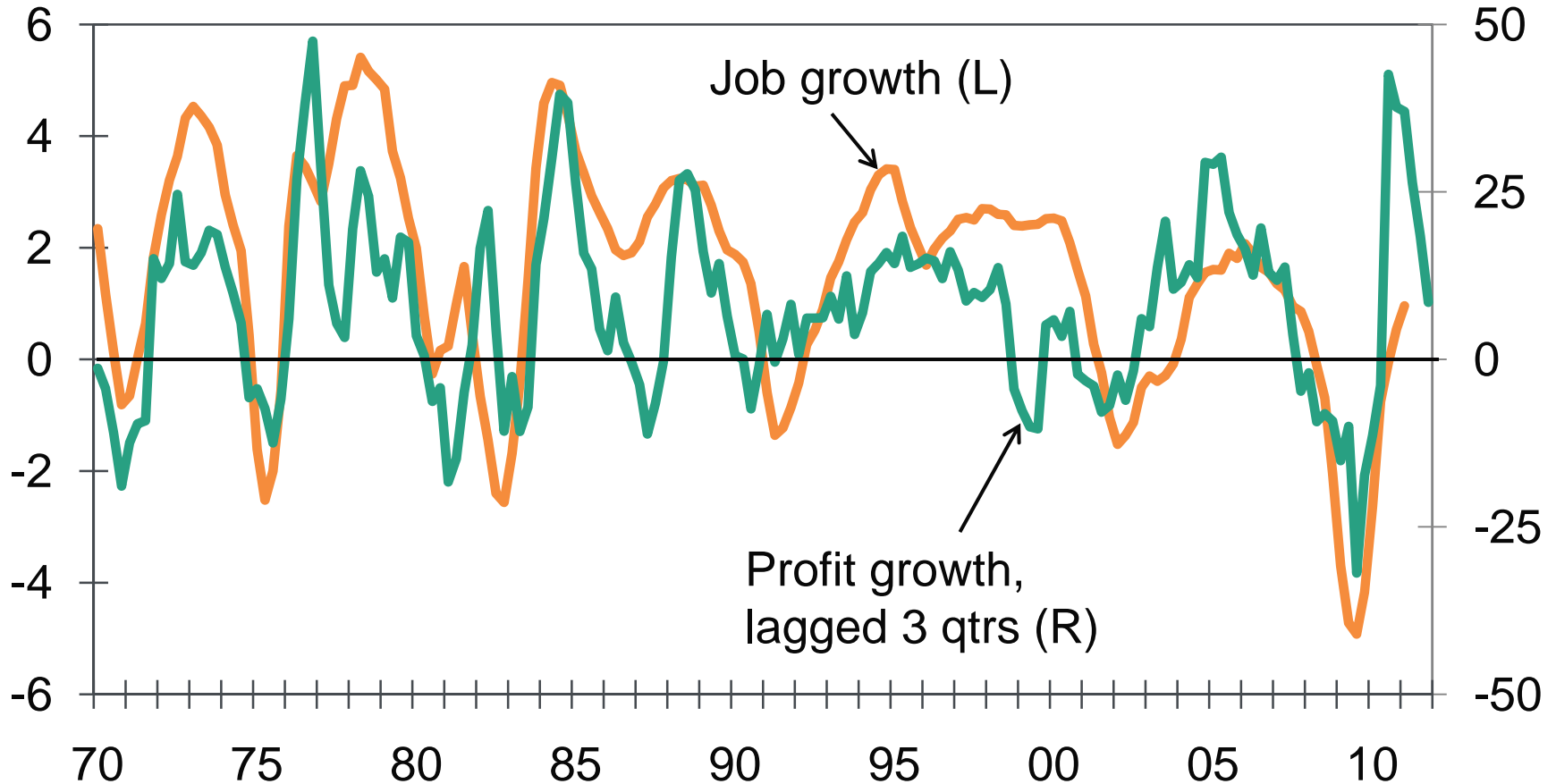


# Reasons for Optimism...and Caution

MARISA DI NATALE, DIRECTOR

# Profits Surge and Jobs Will Follow...

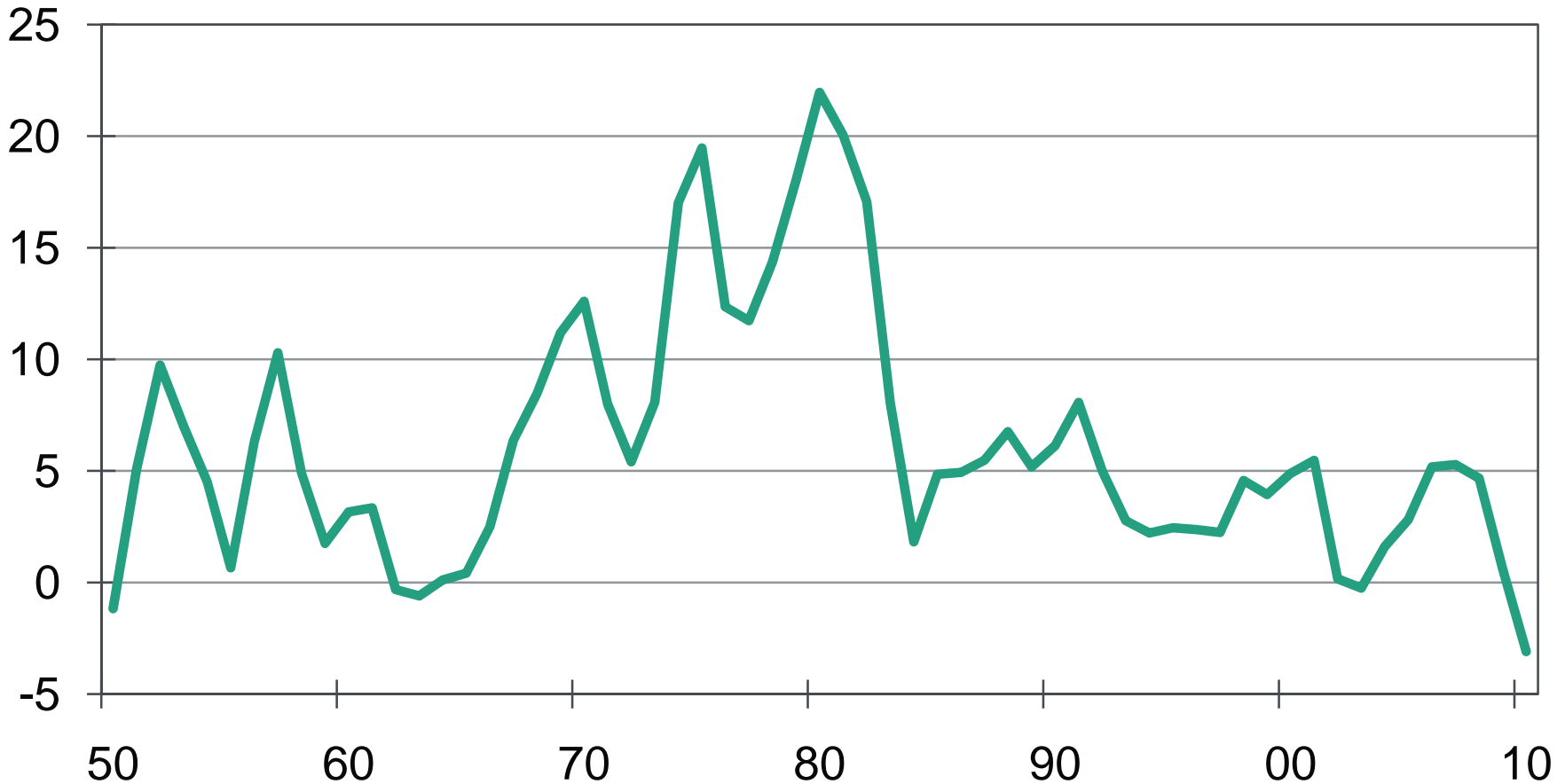
% change yr ago



Sources: BLS, BEA

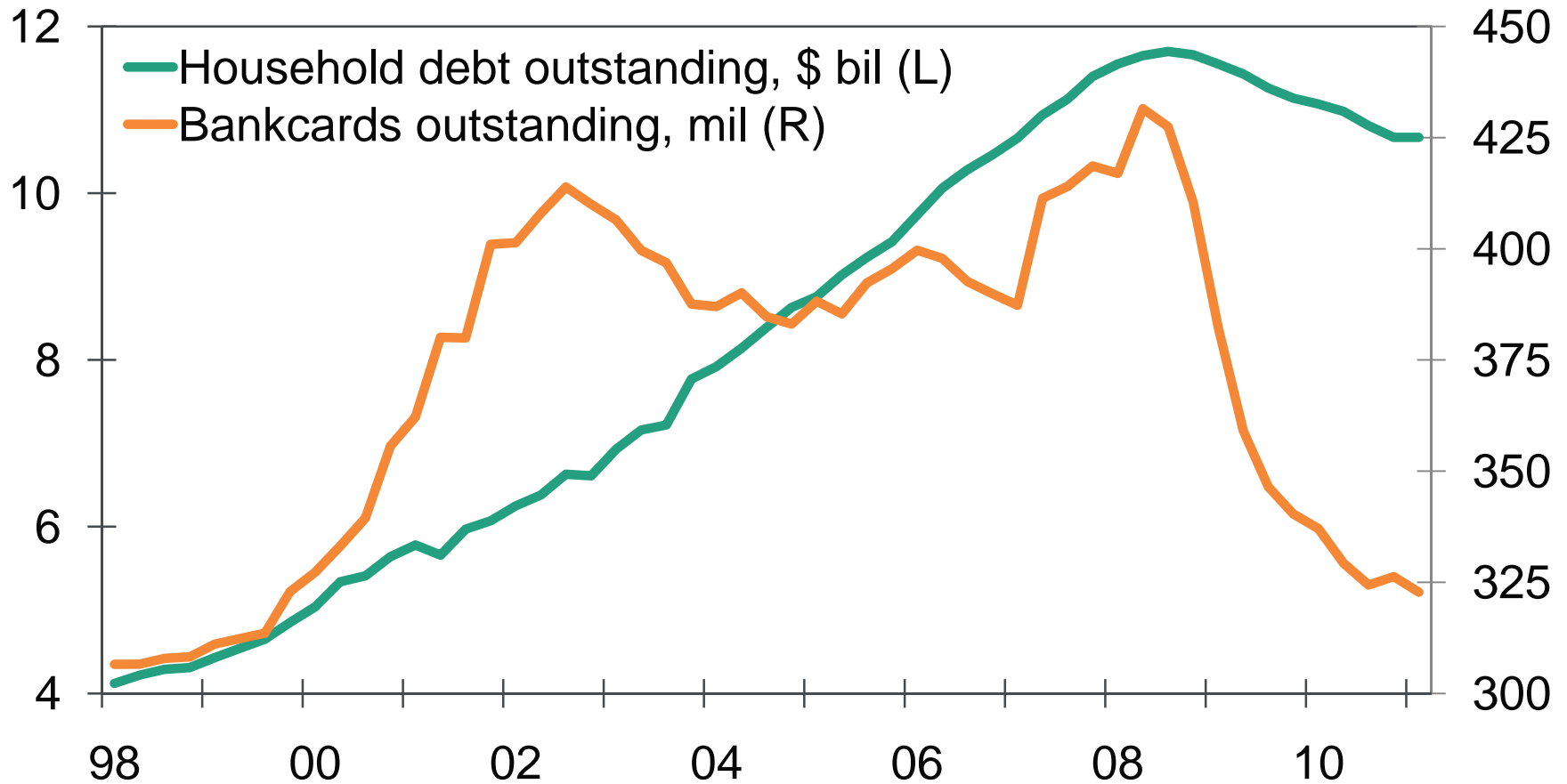
# ...Given U.S. Businesses Are Very Competitive

Unit labor costs, 2-yr % change



Source: BLS

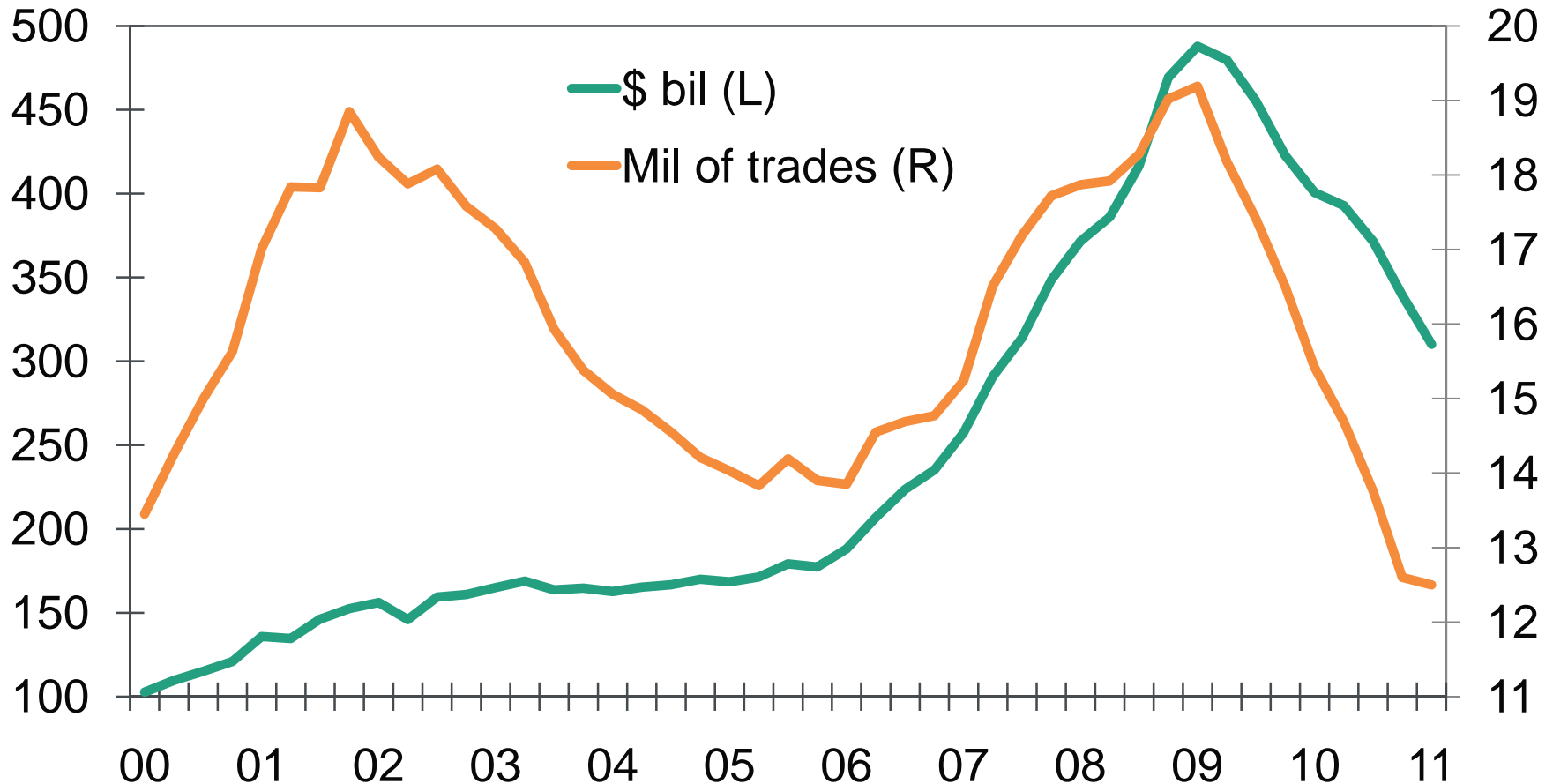
# Households Are Rapidly Deleveraging...



Sources: Equifax, Moody's Analytics

# ...Resulting in Much-Improved Credit Quality

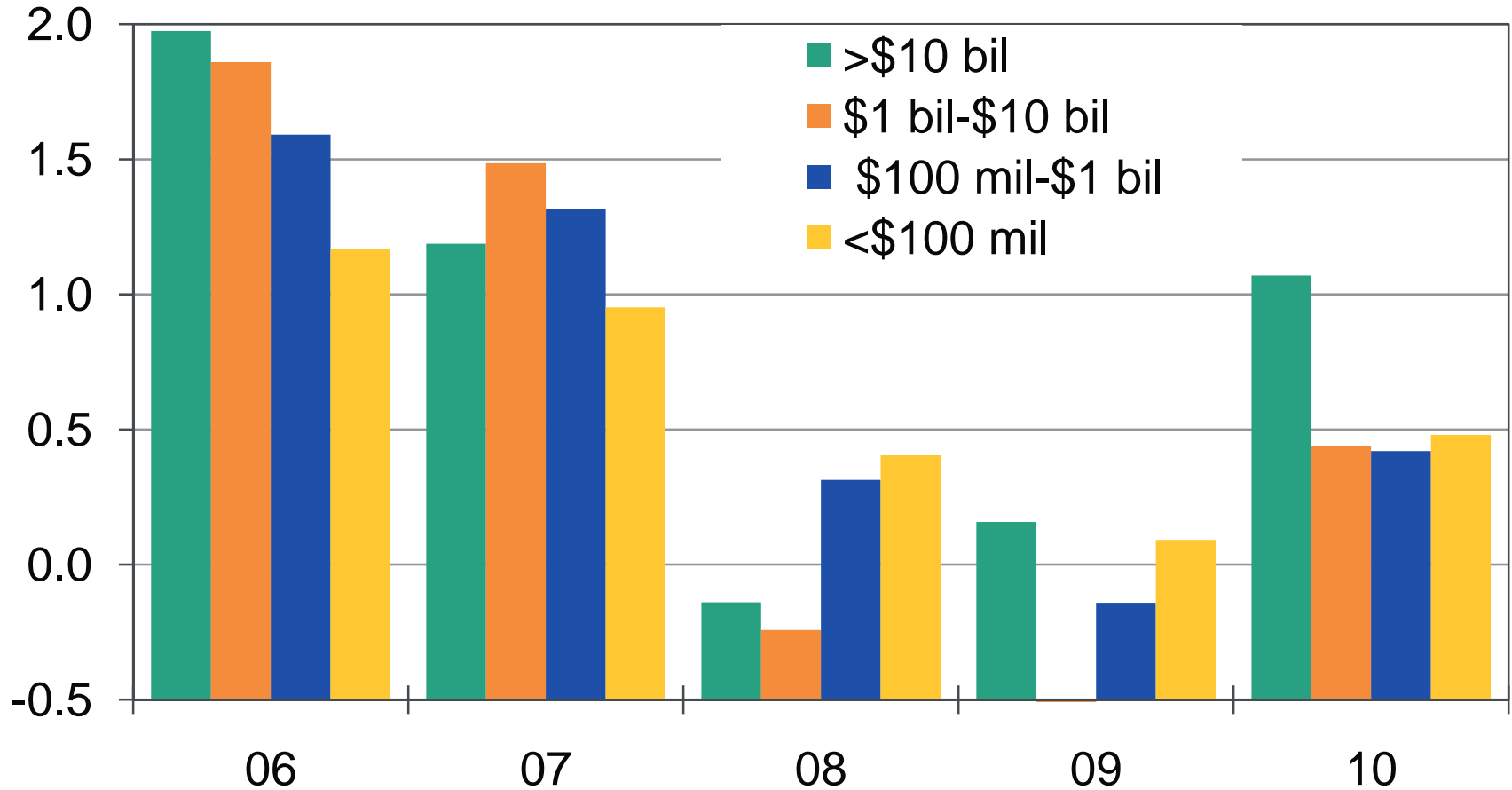
Household liabilities 30-90 days delinquent, SA



Sources: Equifax, Moody's Analytics

# Banking System Is Profitable Again...

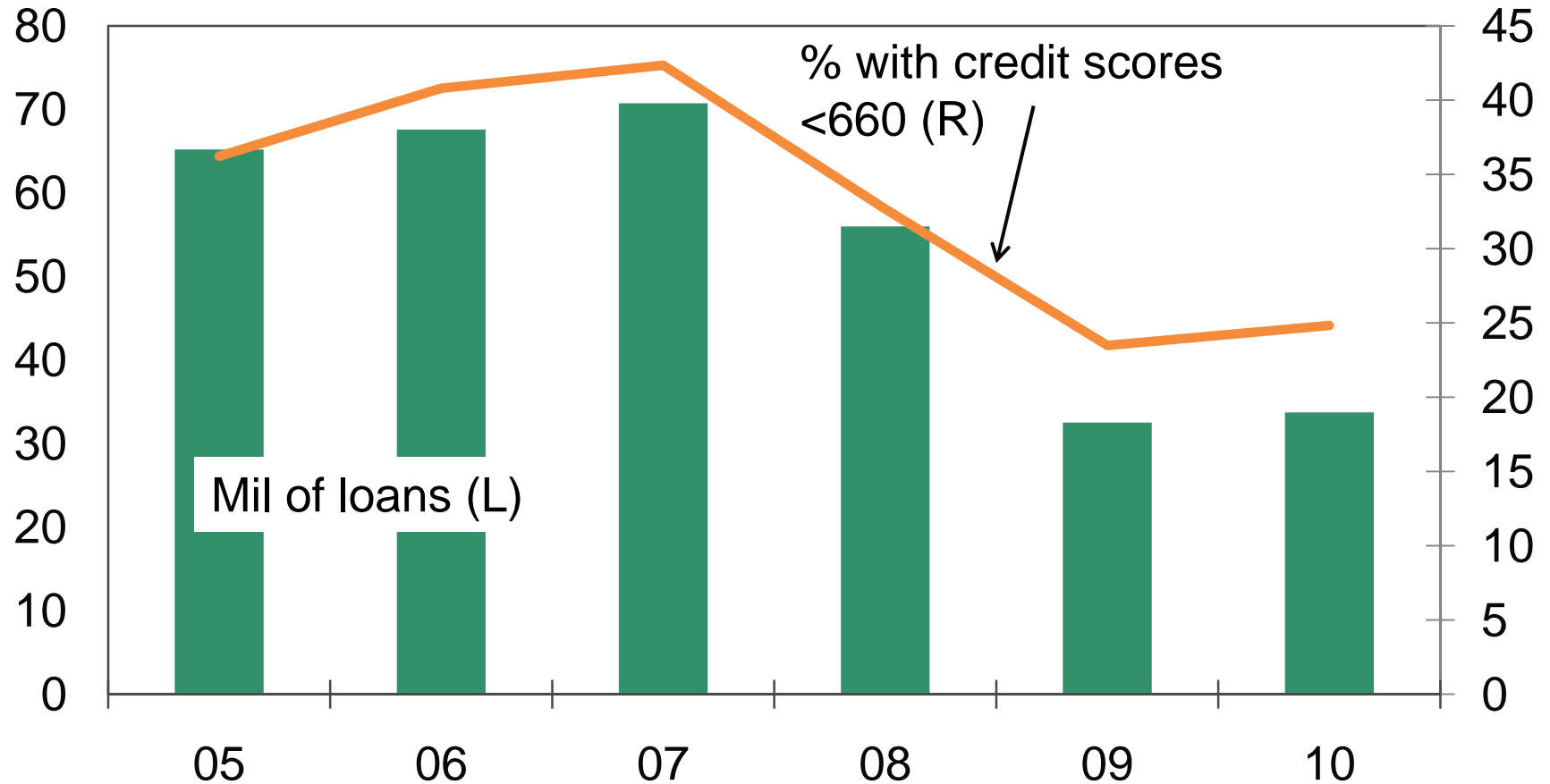
Return on assets at depository institutions



Source: FDIC

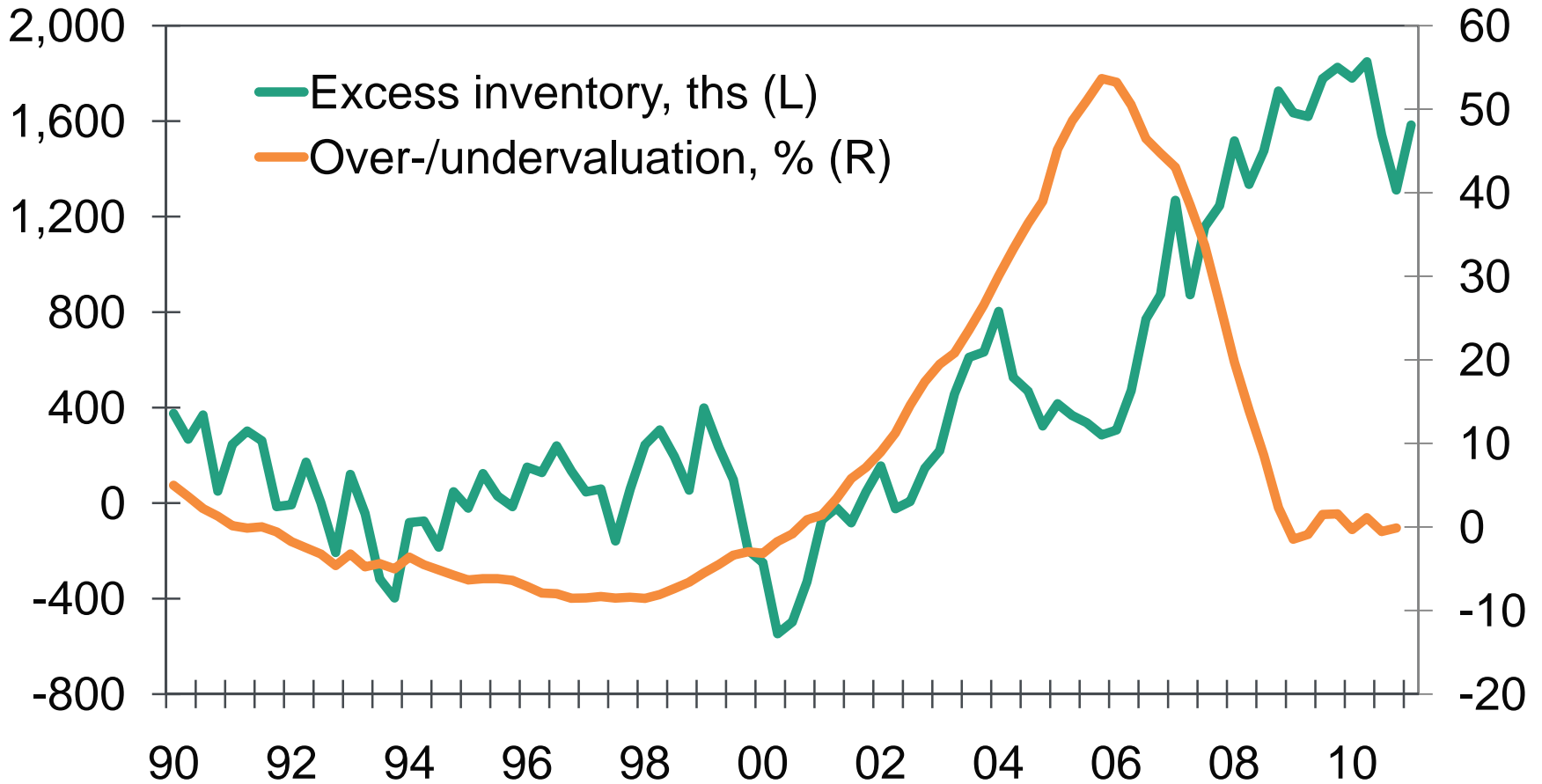
# ...And the Credit Spigot Is Opening

## Bankcard originations



Sources: Equifax, Moody's Analytics

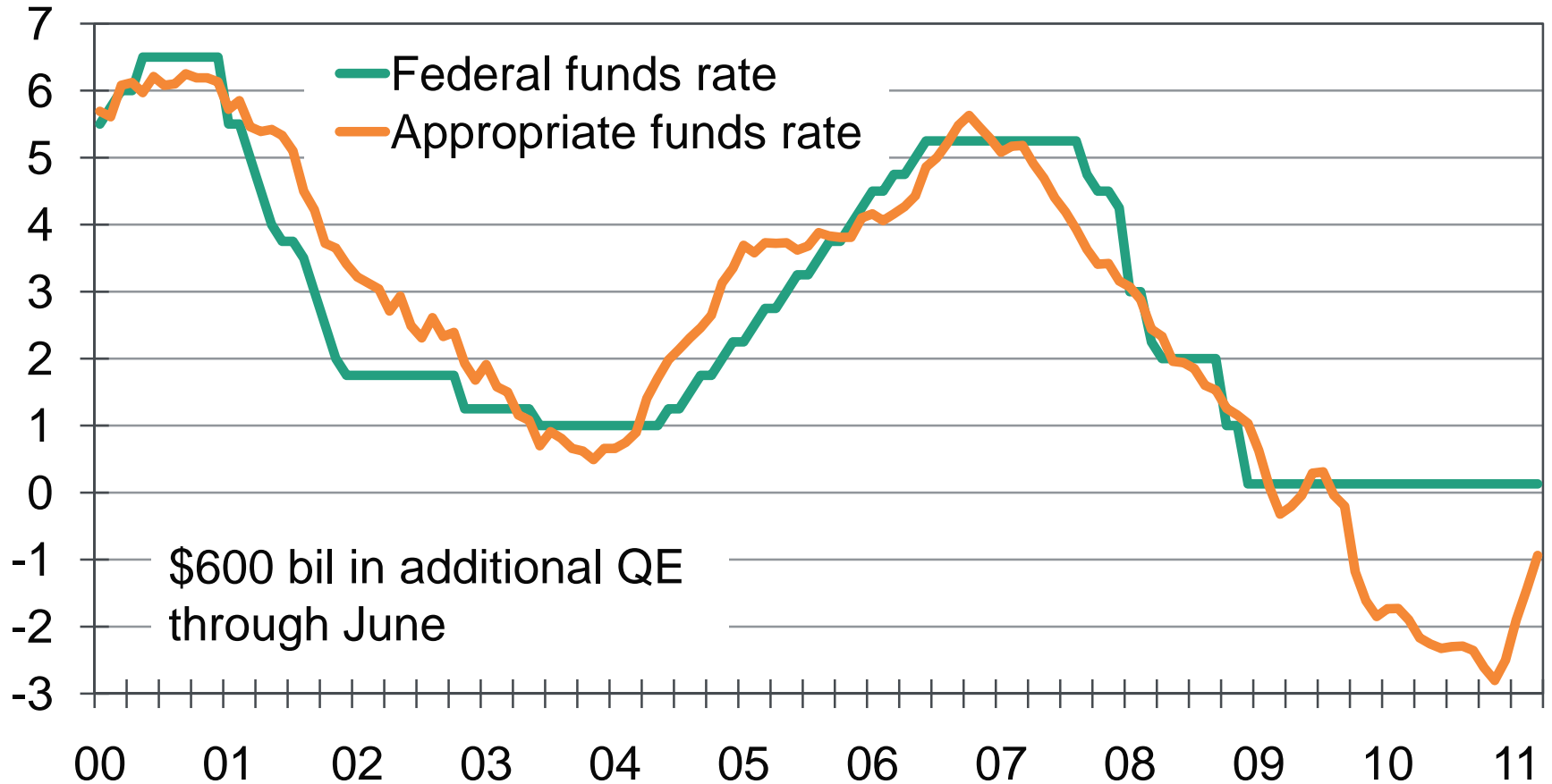
# Housing Is Building a Better Foundation...



Sources: Census Bureau, Fiserv, PPR, Moody's Analytics



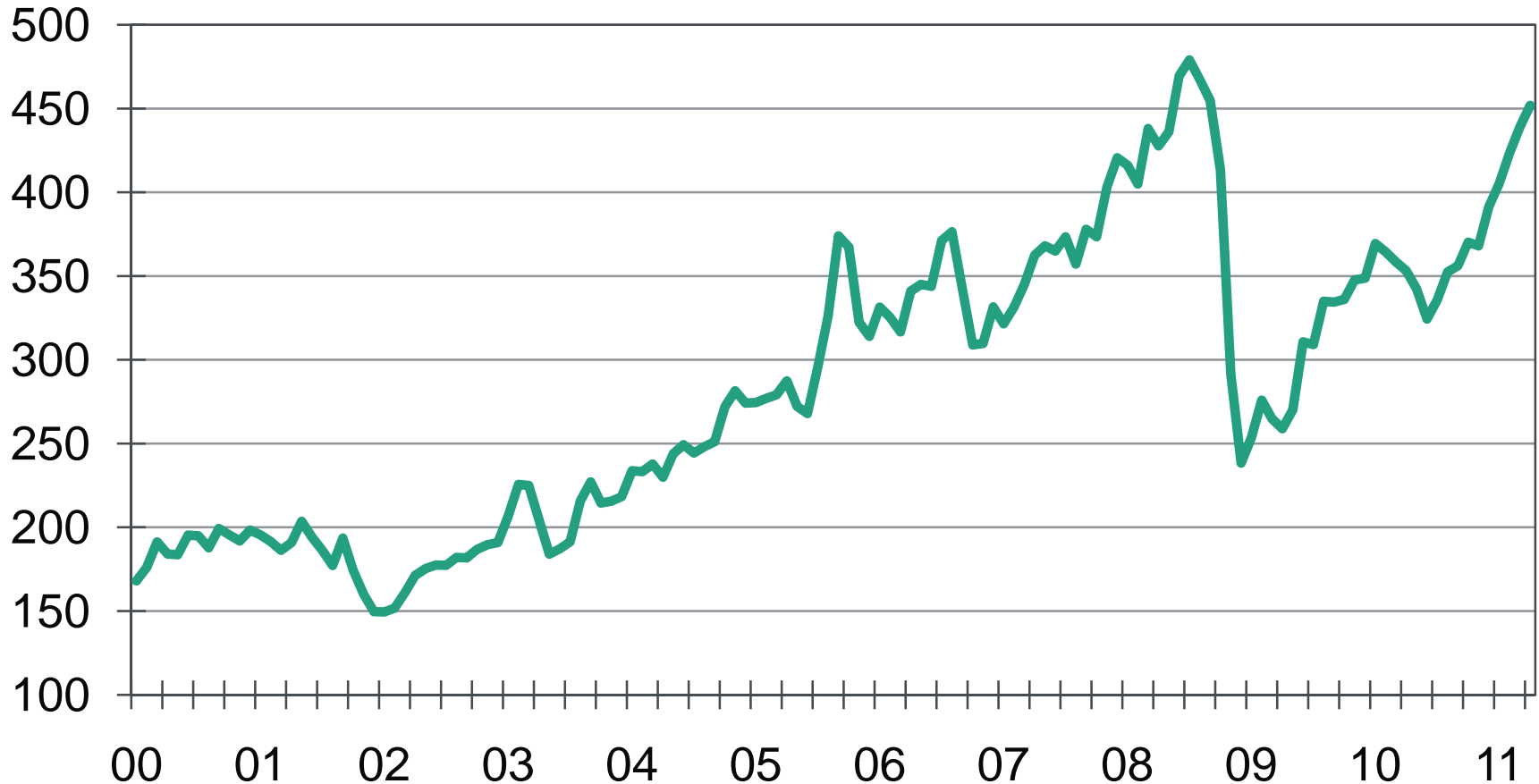
# Monetary Policy Remains Supportive...



Sources: Federal Reserve, Moody's Analytics

# Surging Oil Prices Act as a Tax Increase...

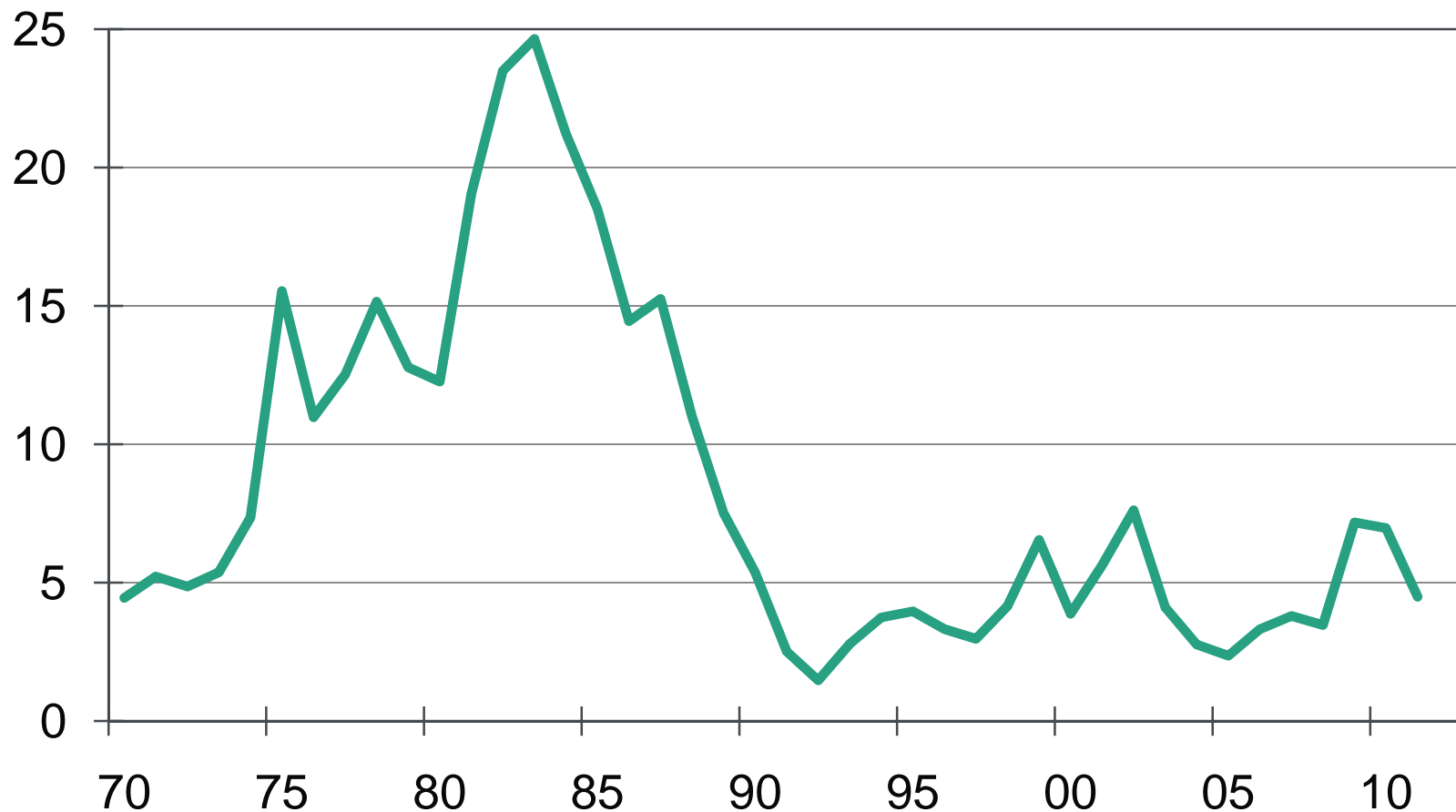
Consumer spending on gasoline, \$ bil



Source: BEA

## ...And There Is No Margin for Error

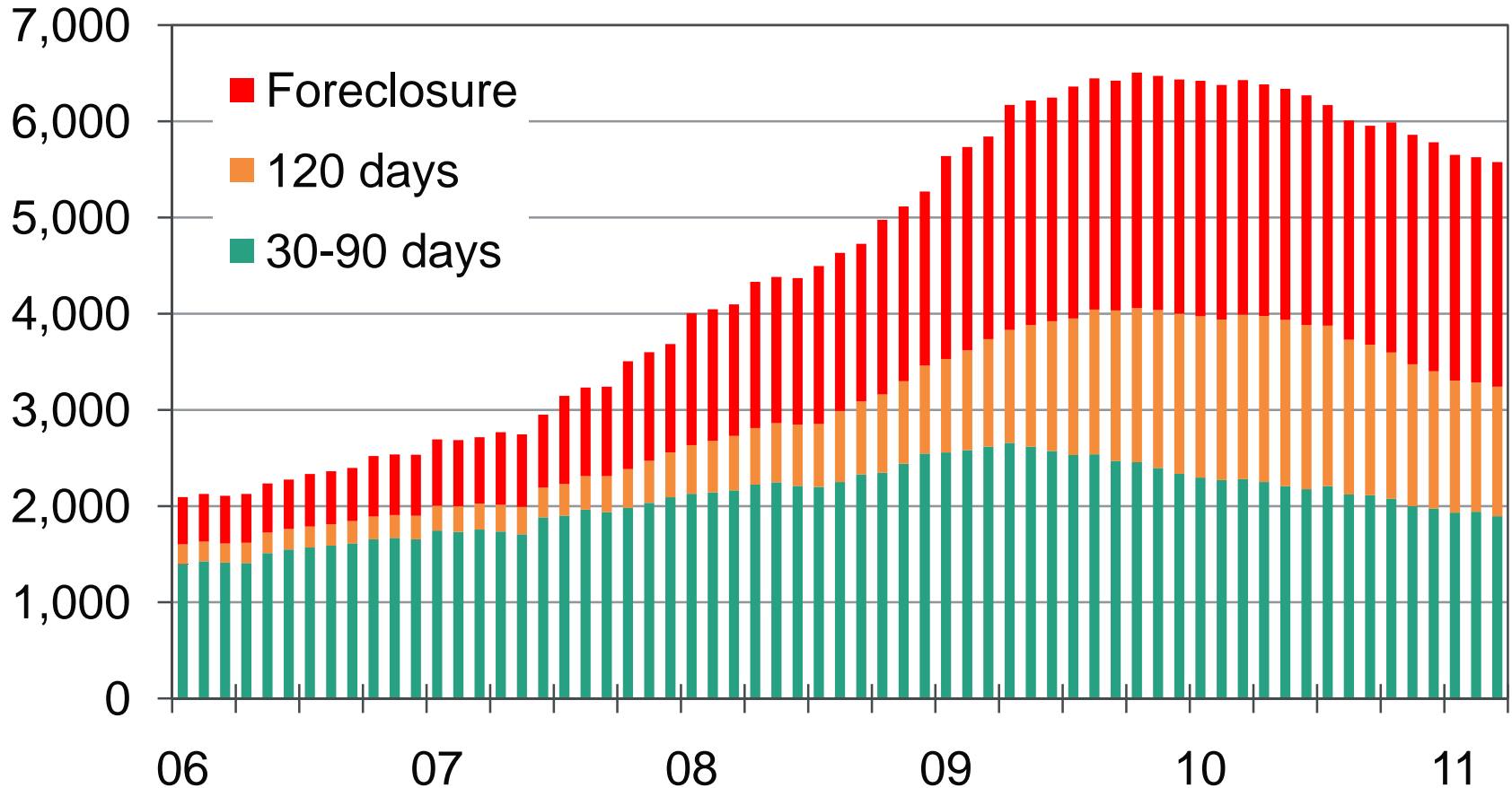
OPEC spare capacity as a % of global oil demand



Sources: OPEC, EIA, IEA, Moody's Analytics

# More Distress Sales...

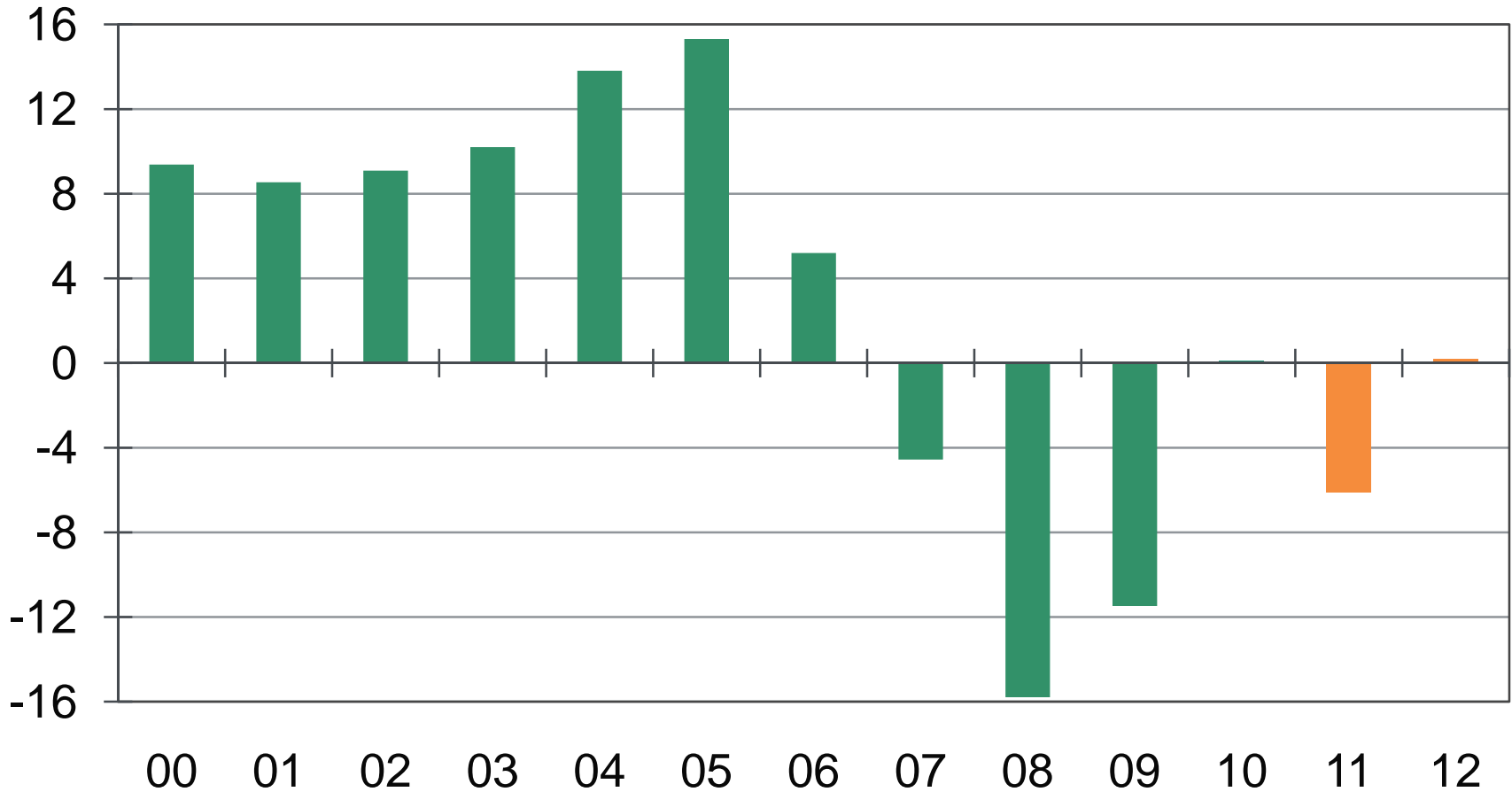
First mortgage loans, ths



Sources: MBA, Equifax, Moody's Analytics

# ...And More House Price Declines

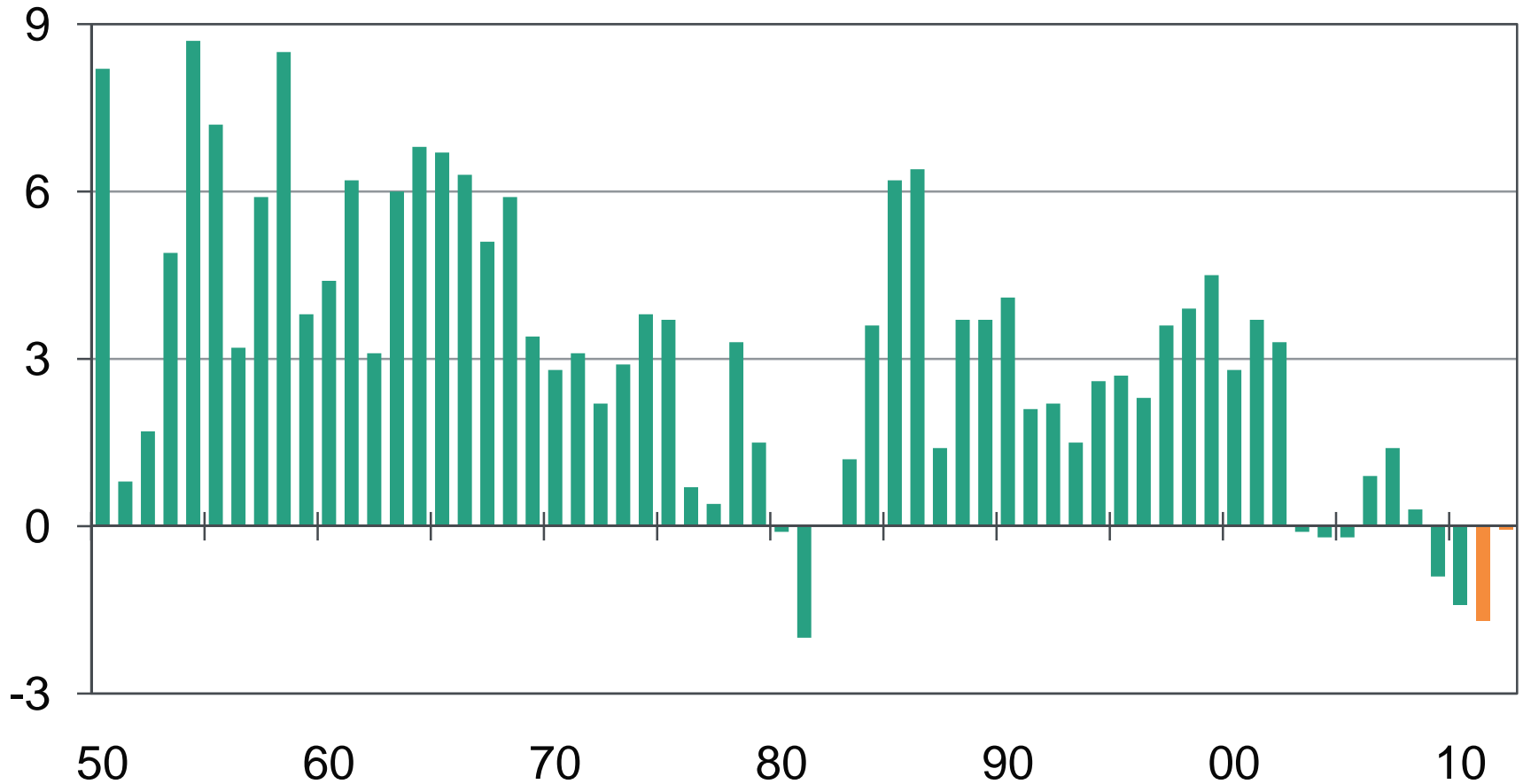
Case Shiller<sup>®</sup> Home Price Index, 2000Q1=100



Sources: Fiserv, Moody's Analytics

# State and Local Governments Retrench

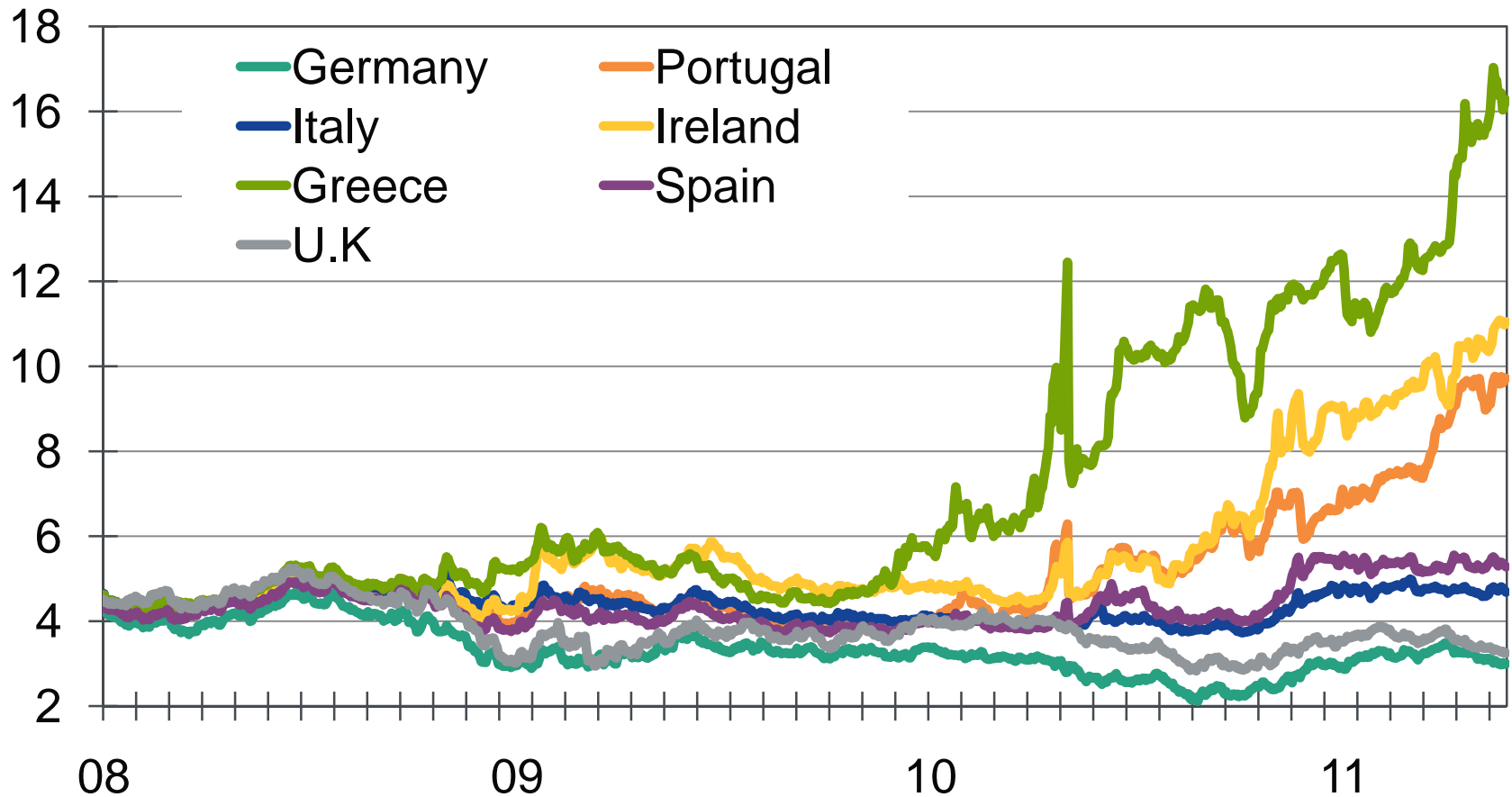
Growth in real state and local government spending, %



Sources: BEA, Moody's Analytics

# Europe's Debt Problems Simmer...

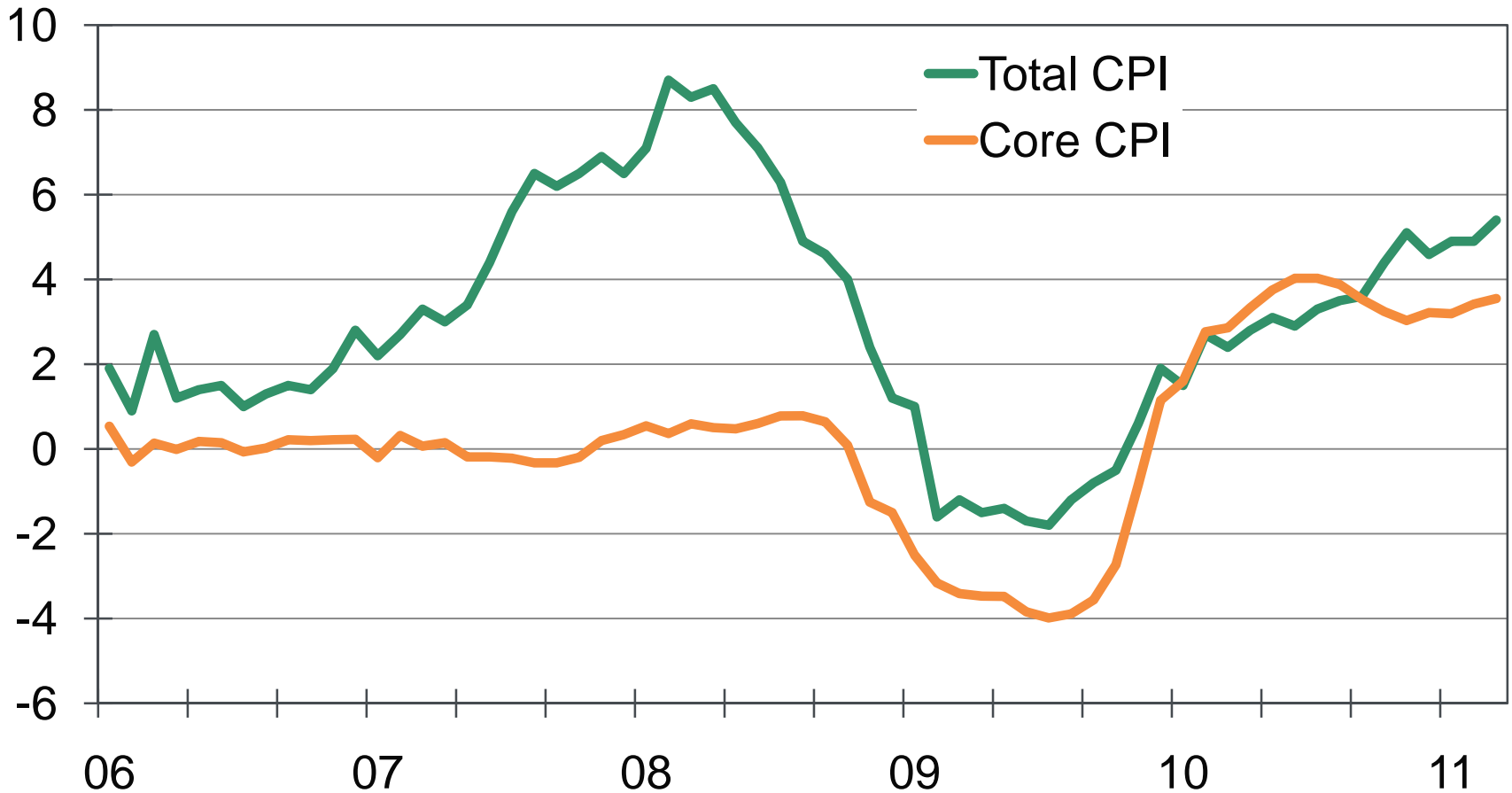
10-yr sovereign yields



Sources: Bloomberg, Moody's Analytics

# ...And Emerging Markets Threaten to Overheat

Chinese consumer price inflation, % change yr ago

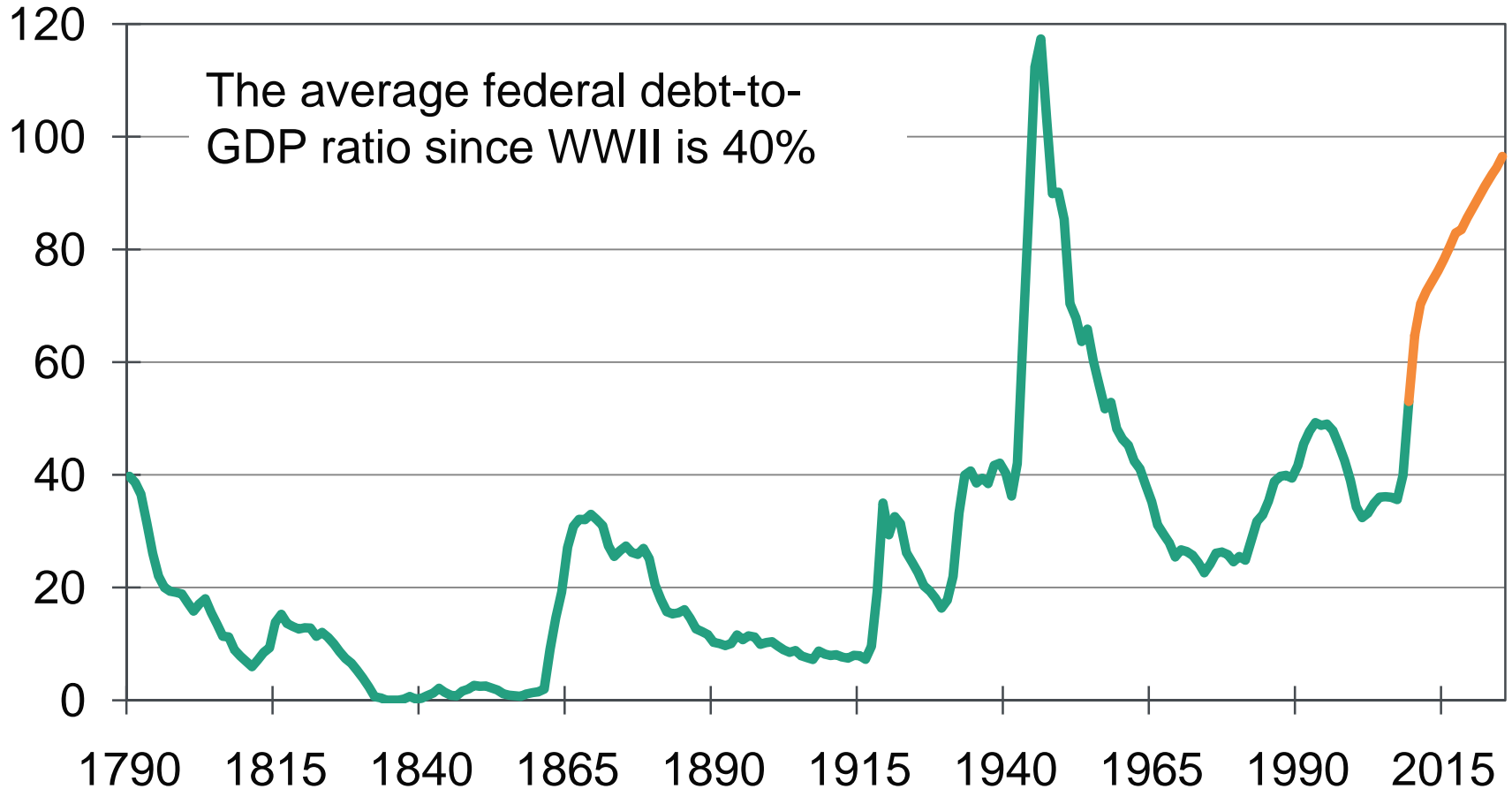


Source: National Bureau of Statistics China



# Policymakers Must Change This Picture

## Federal debt-to-GDP ratio



Sources: Treasury, Moody's Analytics

# The New York Outlook





# Payroll Employment Ex Gov—Northeast States

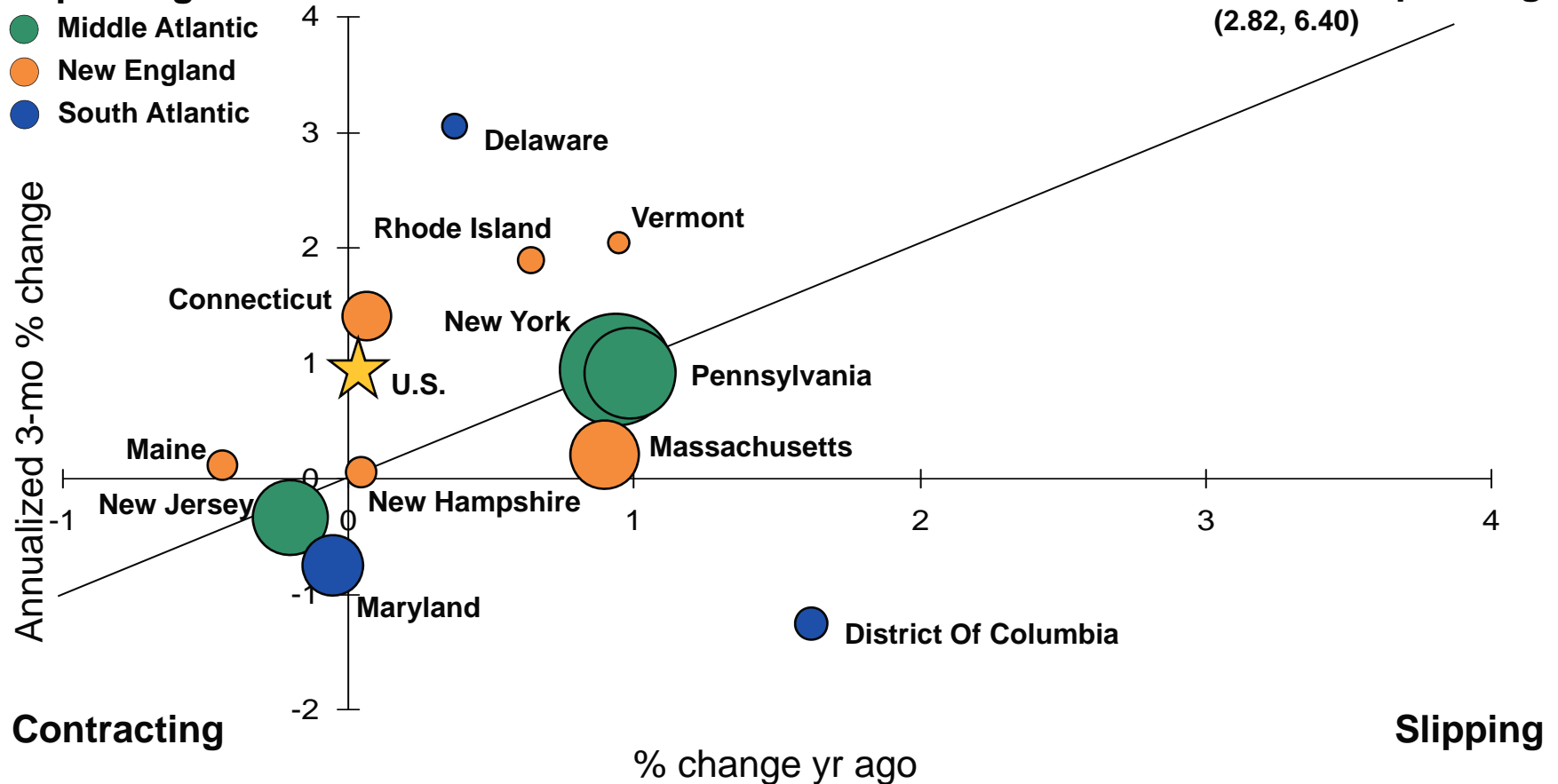
1-yr vs. 3-mo performance (3-mo. MA)

Star 2010

Improving

- Middle Atlantic
- New England
- South Atlantic

Expanding



Note: Size reflects relative total employment

# Payroll Employment Ex Gov—Northeast MSAs

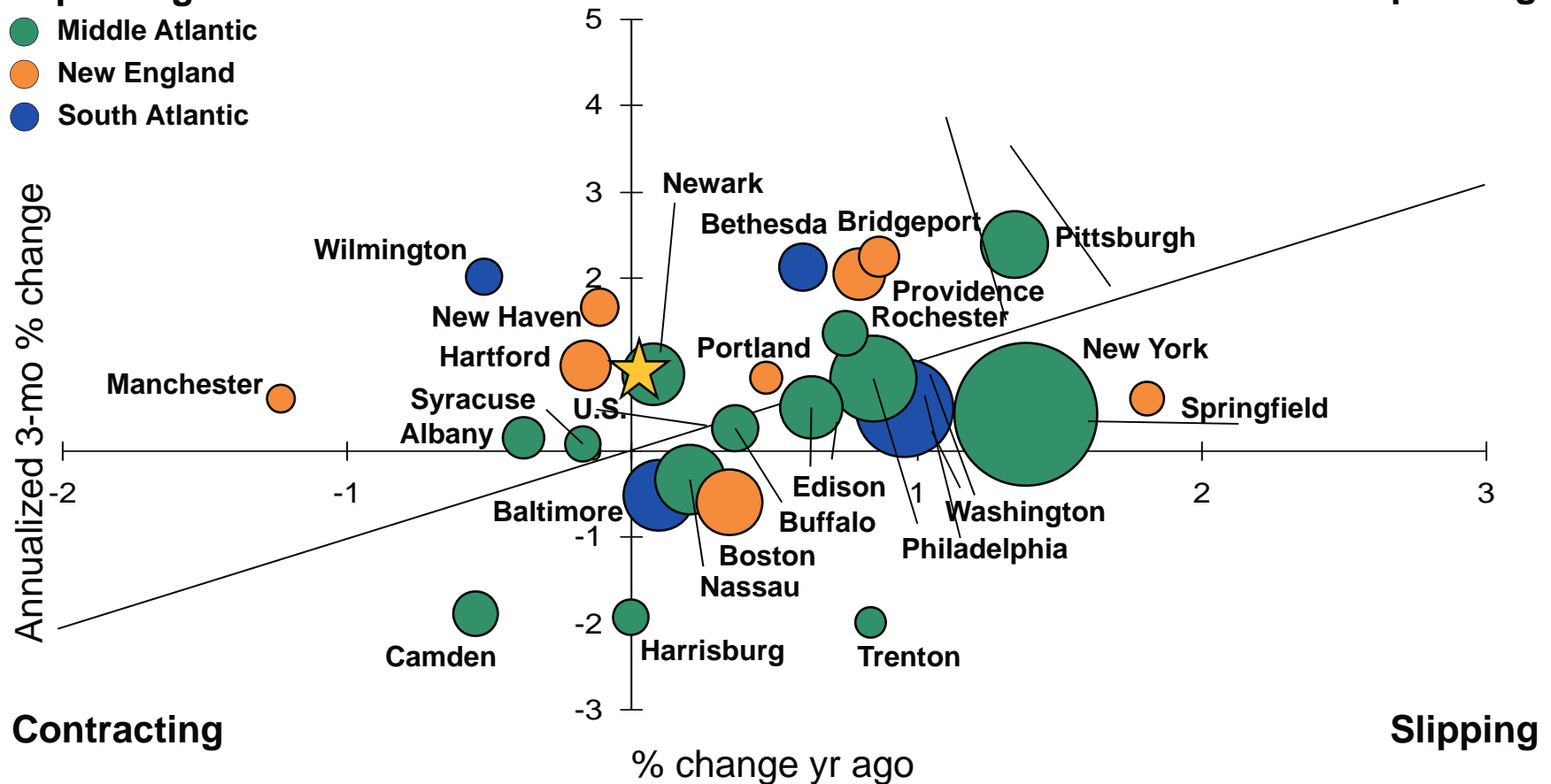
1-yr vs. 3-mo performance (3-mo MA)

Star 2010

Improving

Expanding

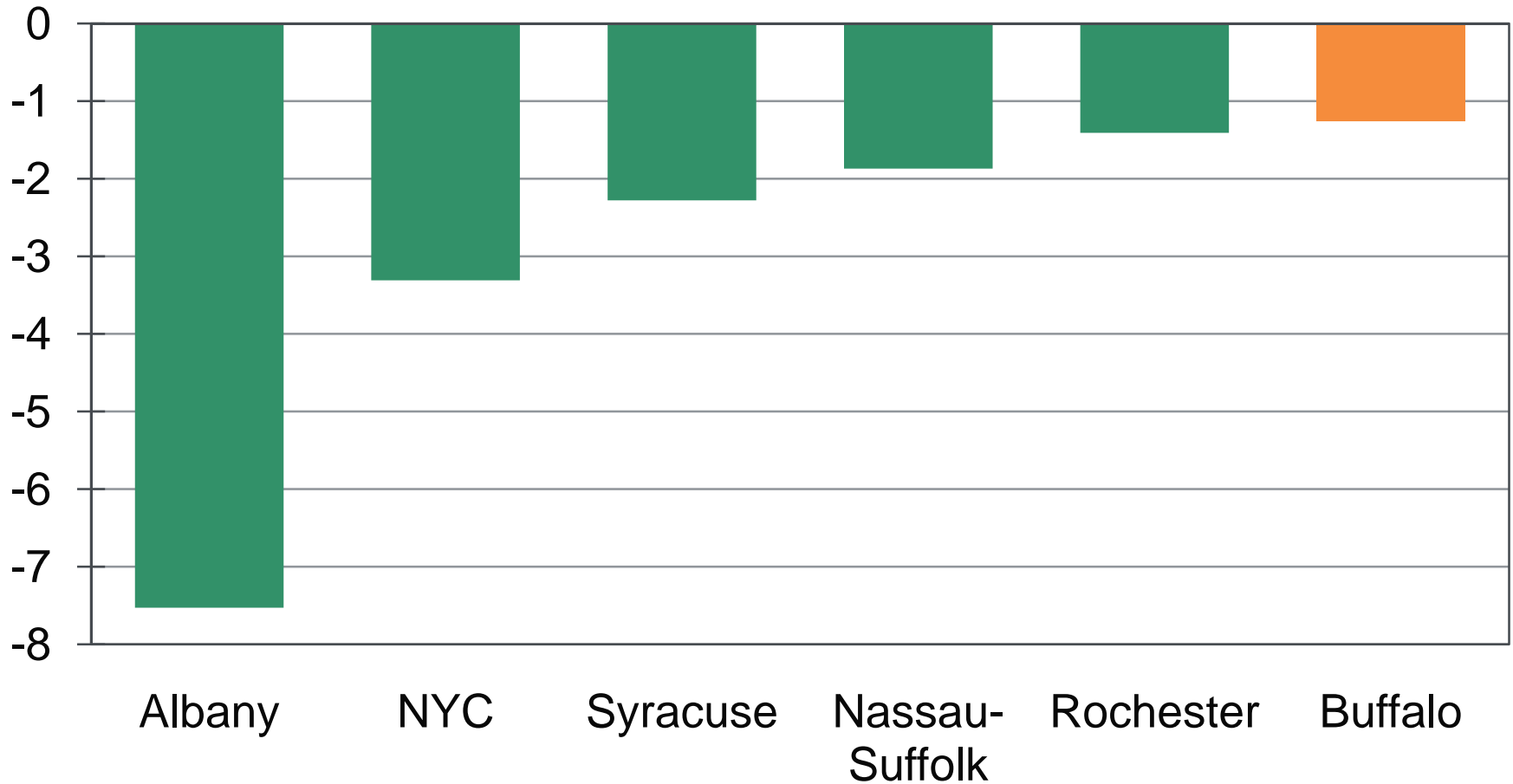
- Middle Atlantic
- New England
- South Atlantic



Note: Size reflects relative total employment

# Public Sector Losses Vary Widely Across State

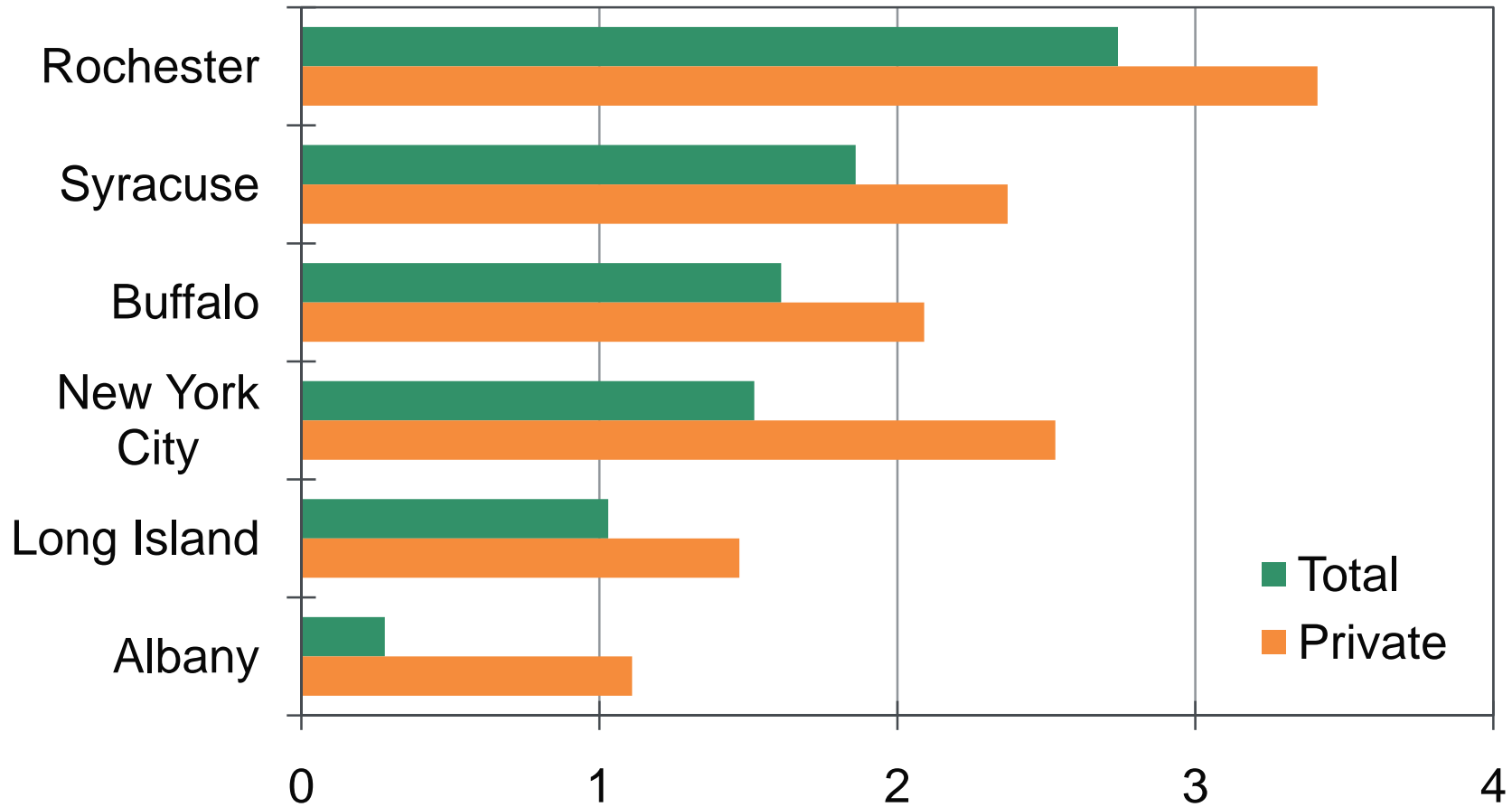
% decline from peak in local government employment, Apr 2011



Source: BLS

# ...But Hurt Albany Most...

Payroll employment, % increase from trough

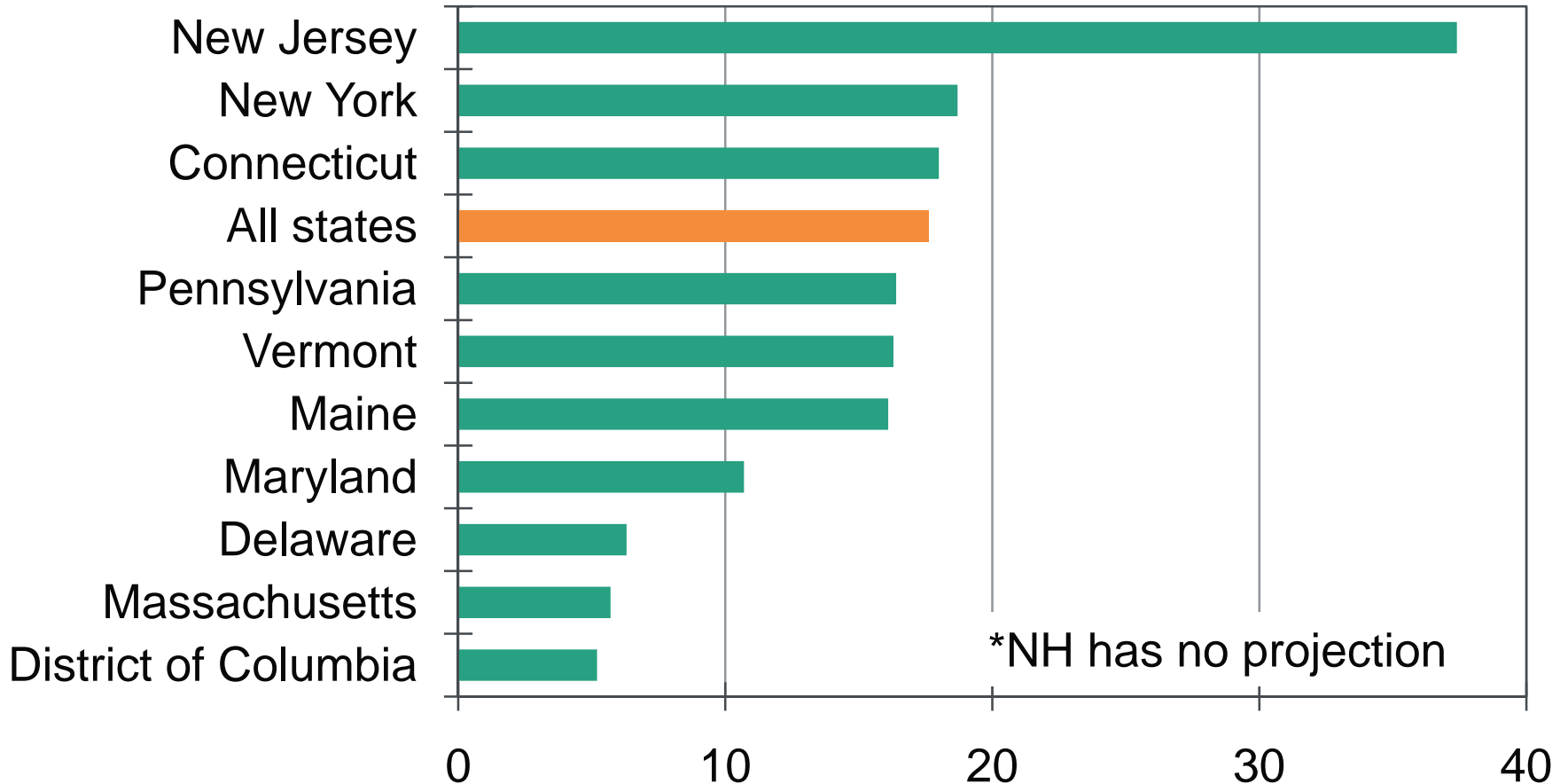


Source: BLS



# ...As State's Fiscal Problems Persist

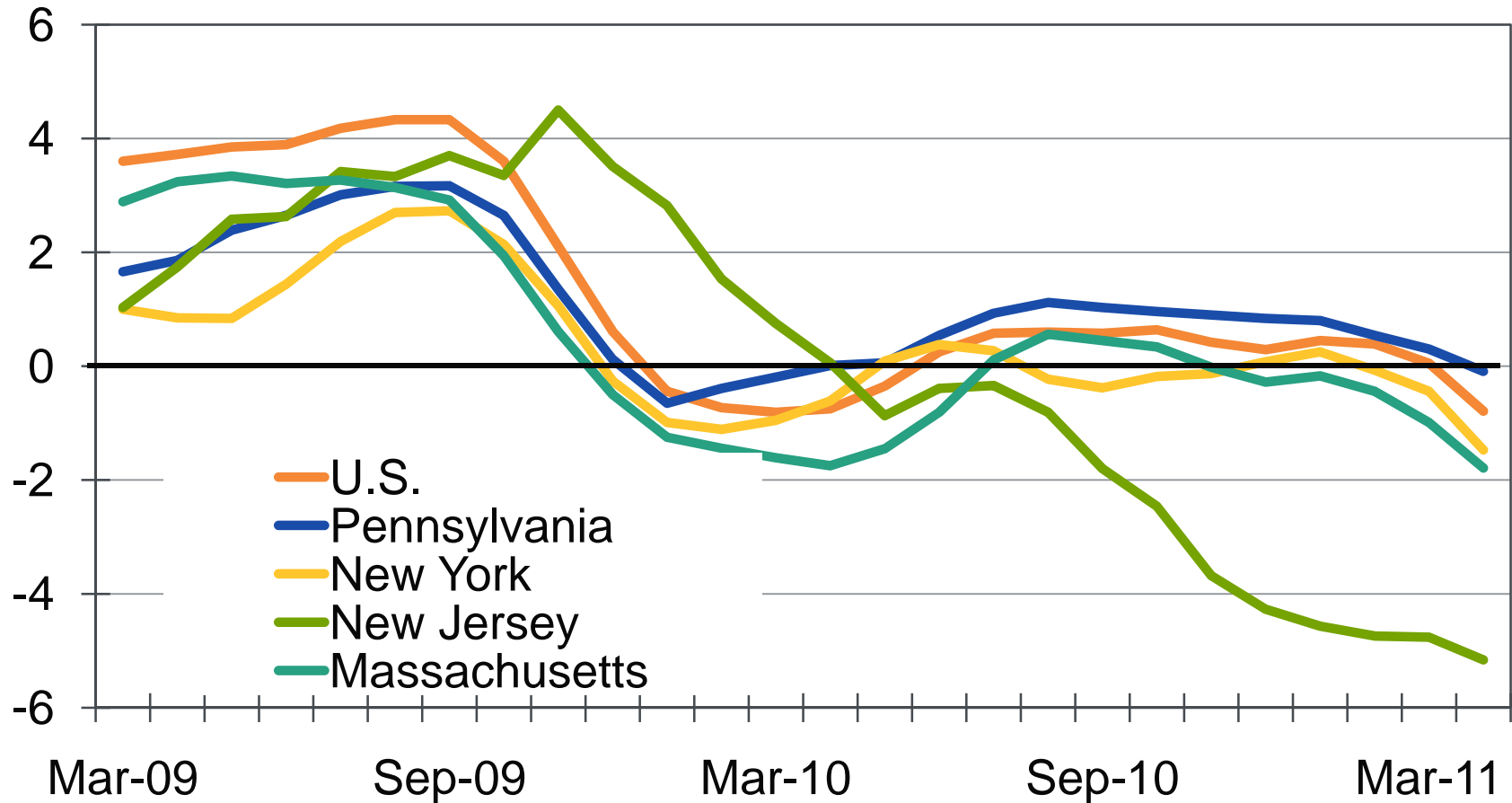
Projected 2012 budget gap as % of fiscal 2011 budget



Source: Center on Budget and Policy Priorities

# Wage Growth Can't Keep Up With Inflation...

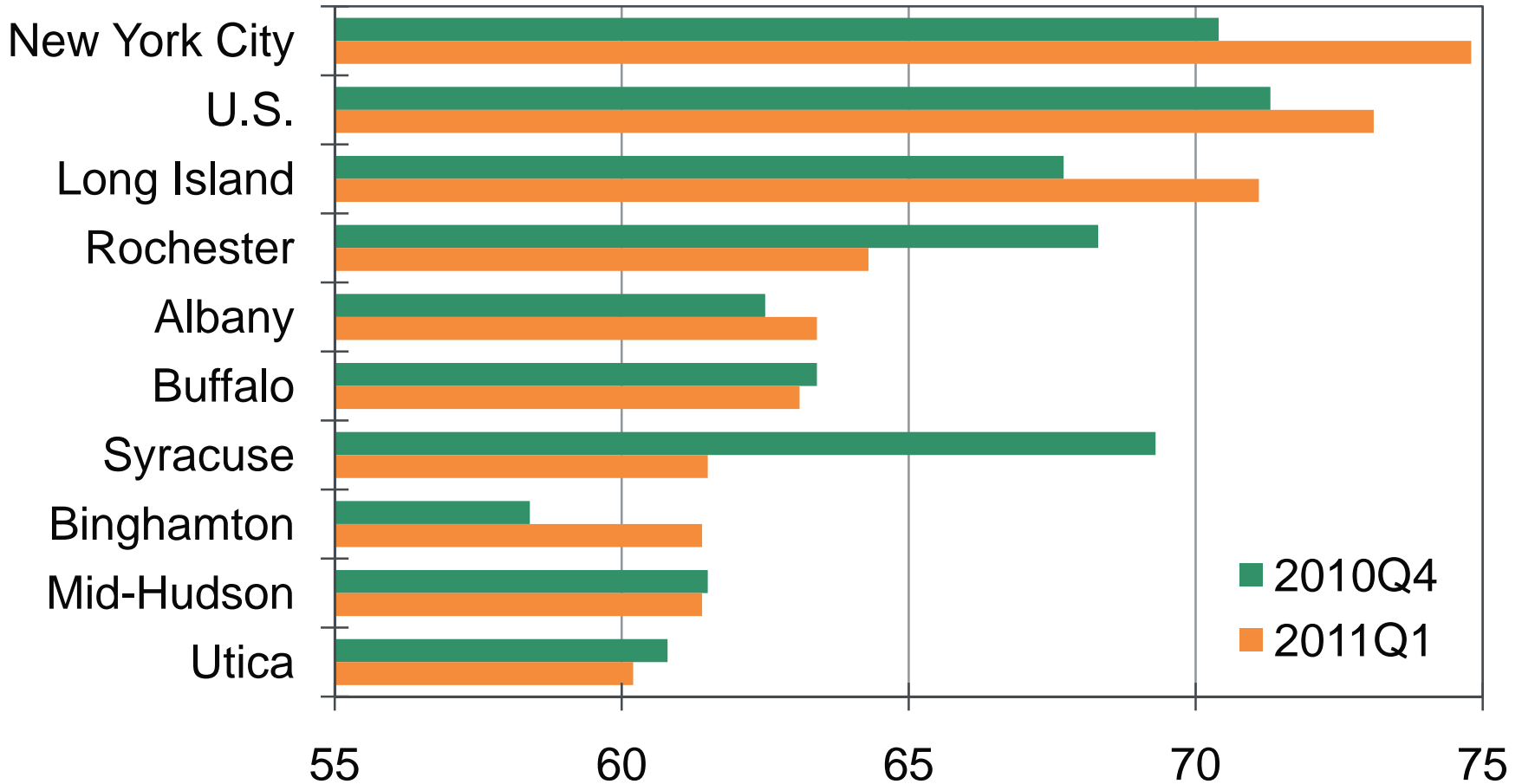
Real avg. hourly earnings, total private, % change yr ago, NSA



Sources: BLS, Moody's Analytics

# ...Taking a Toll on Consumer Confidence Upstate

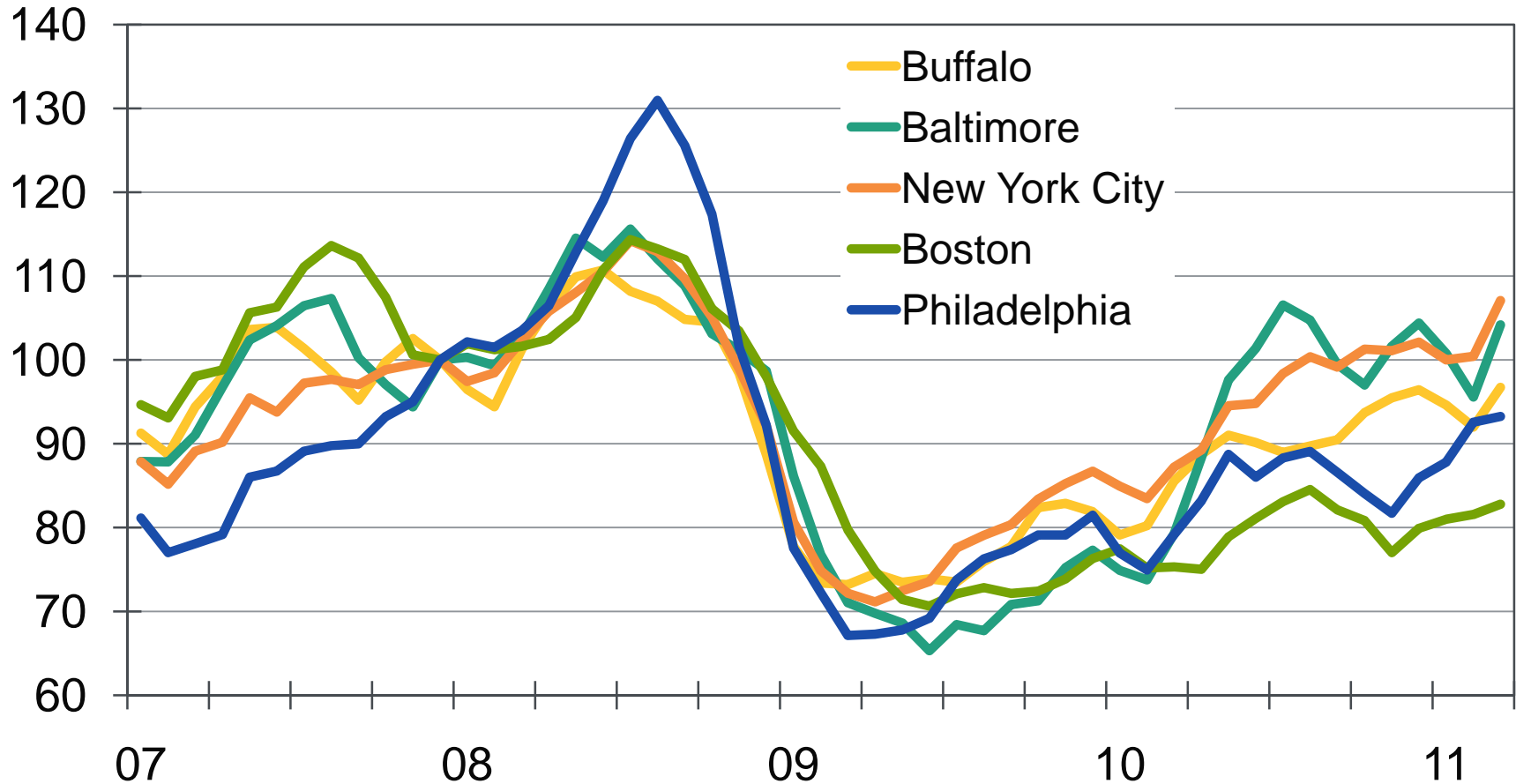
Consumer confidence, 1966Q1=100



Sources: Siena College, University of Michigan

# Trade Nearly Recovered Across the State

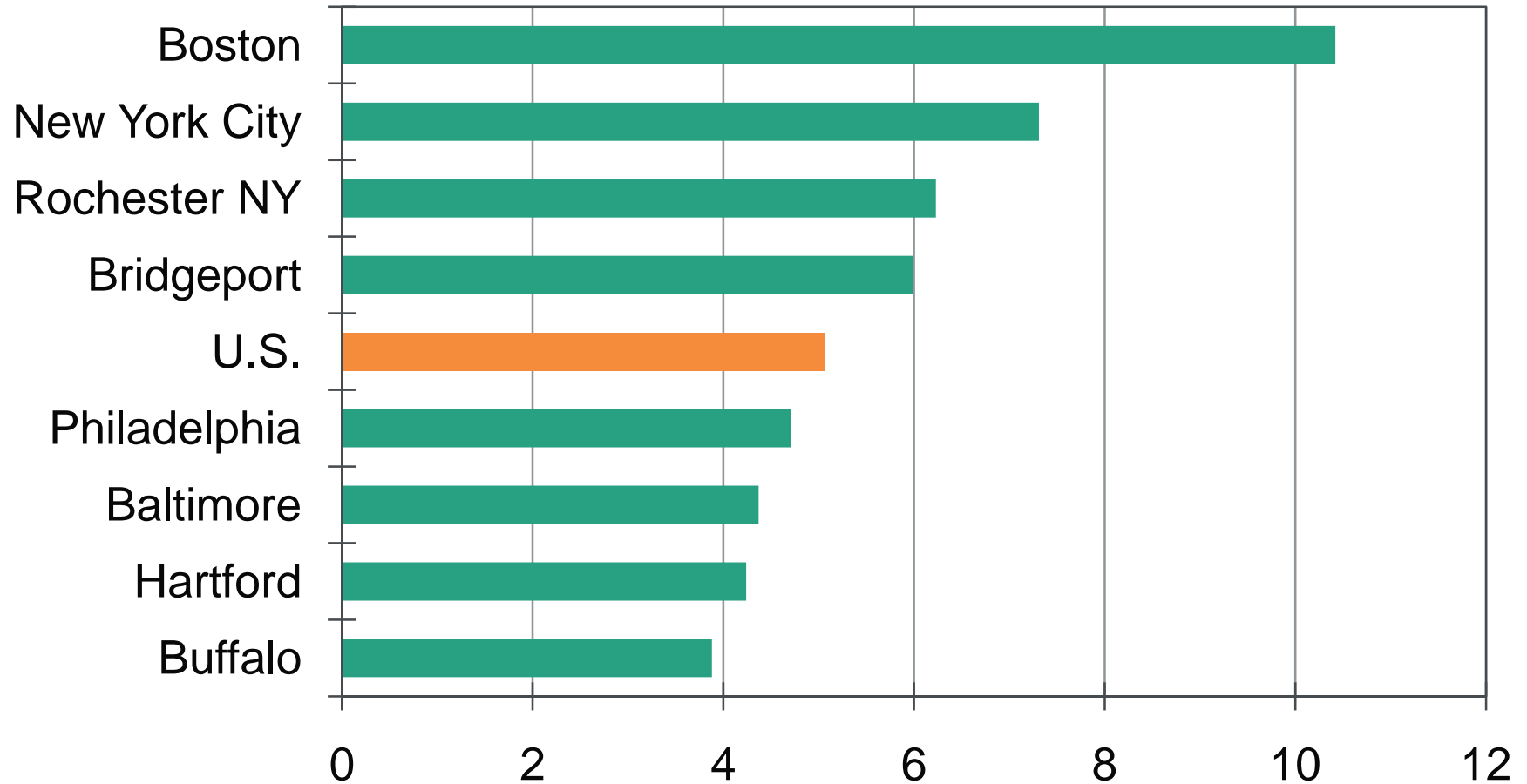
Trade through customs districts, Dec 2007=100, 3-mo MA



Sources: Census Bureau, Moody's Analytics

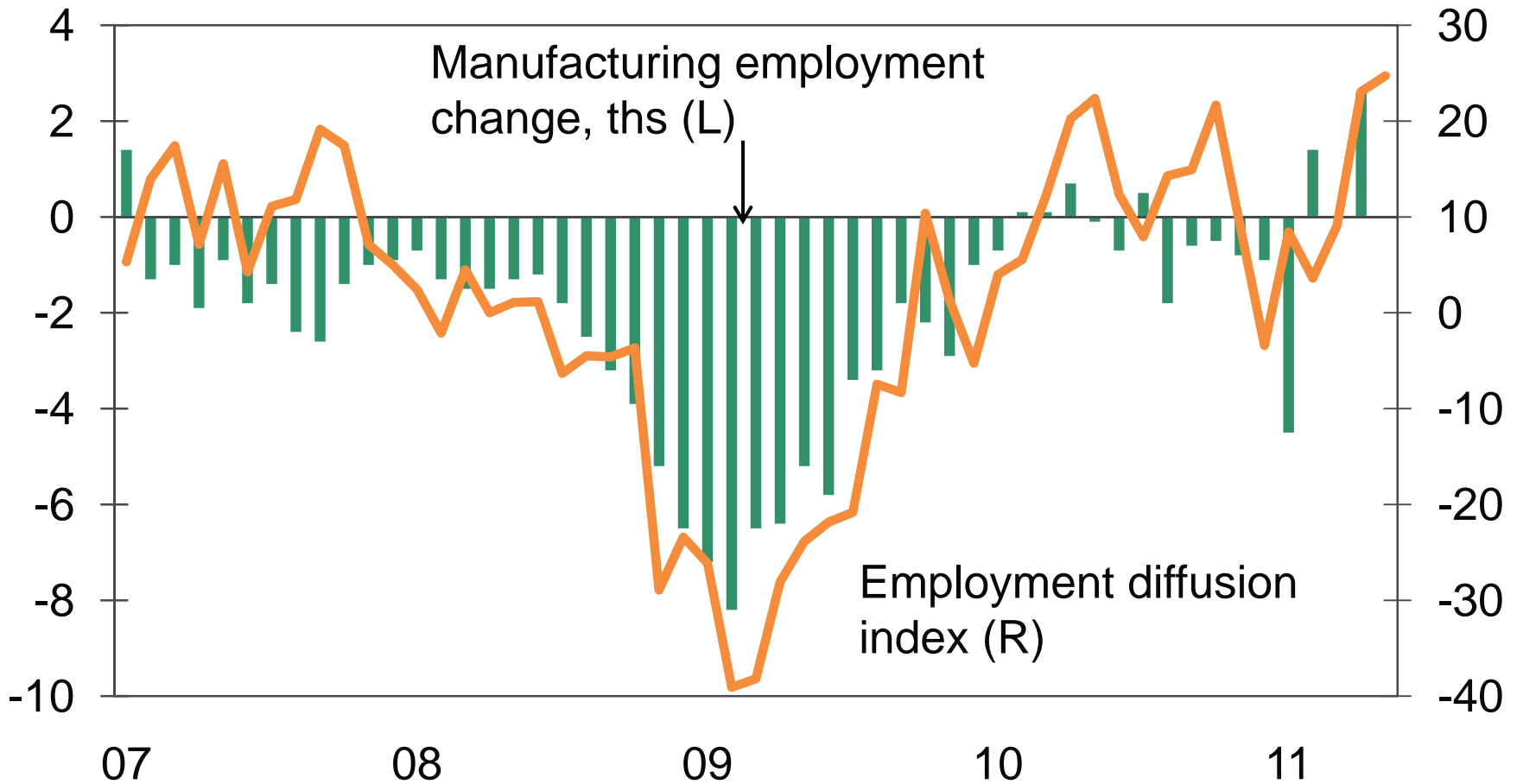
# Minimal Exposure to Japanese Trade

Exports to Japan as % of total exports, latest year available



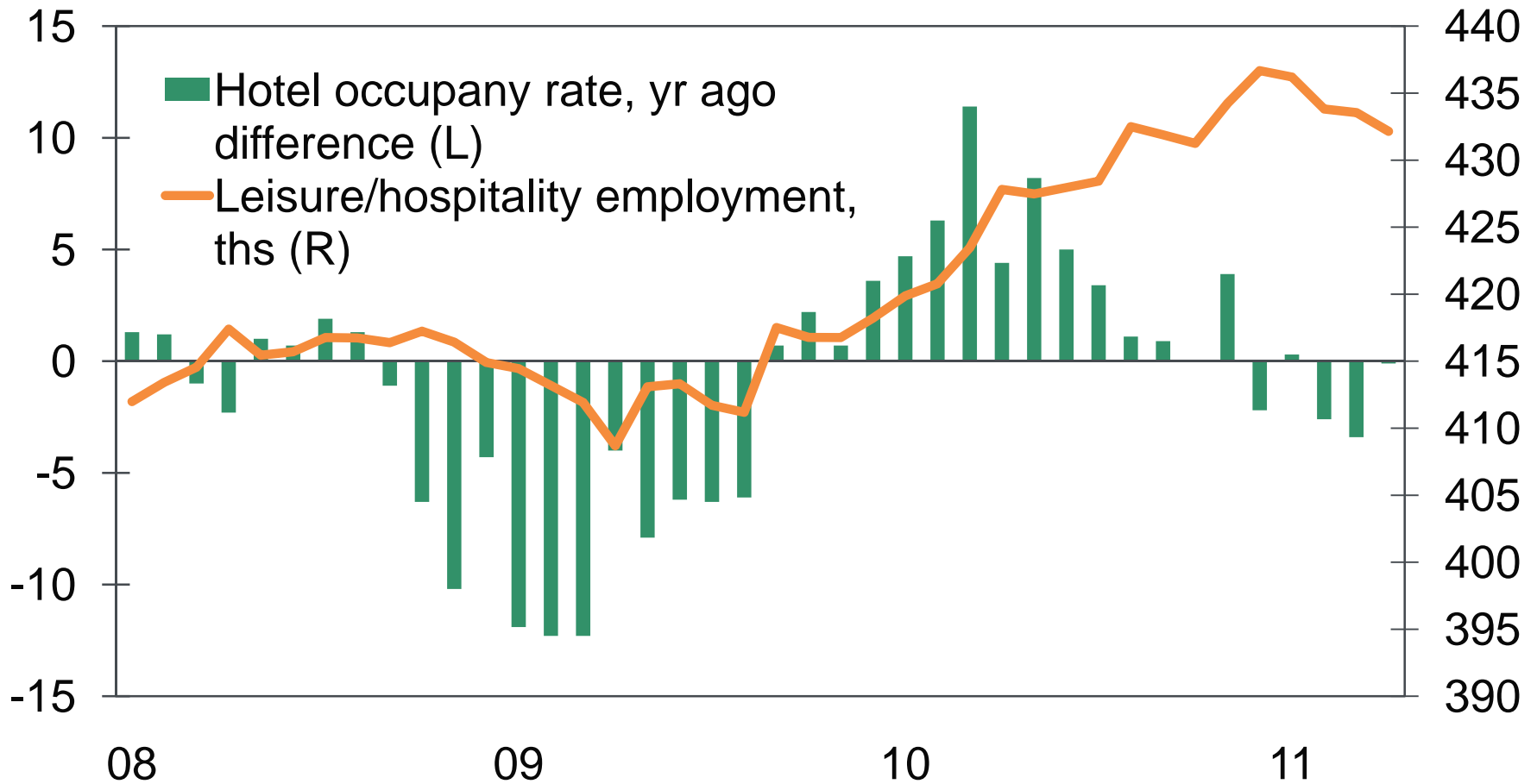
Sources: Census Bureau, International Trade Administration

# Manufacturing Payrolls Poised for an Increase



Sources: BLS, Federal Reserve Bank of New York

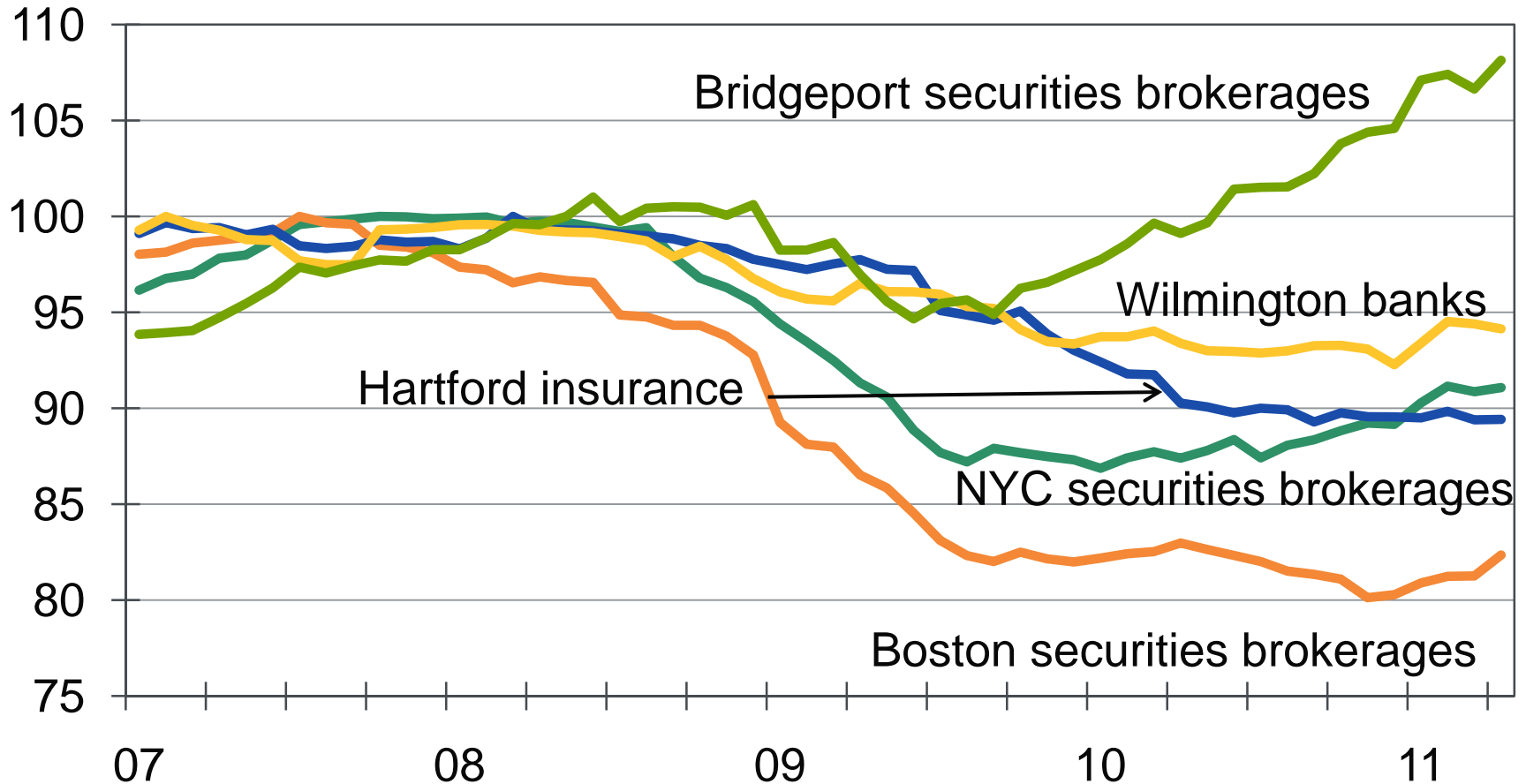
# Weakening in New York City's Tourism Industry



Sources: BLS, Smith Travel Research

# High-Paying Finance Growing Quickly Again

Employment indexed to peak

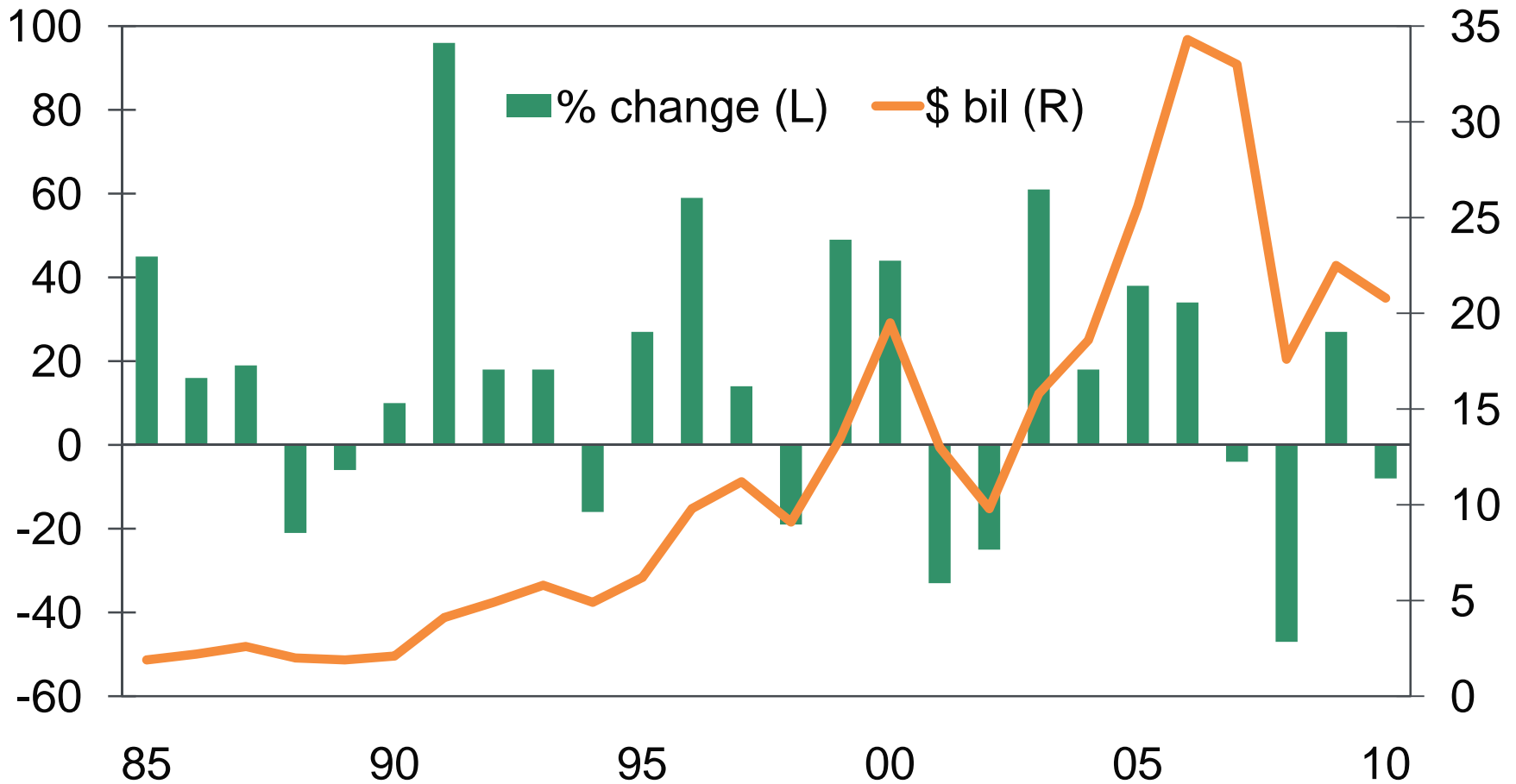


Sources: BLS, Moody's Analytics



# Wall Street Bonuses on Par With Expectations

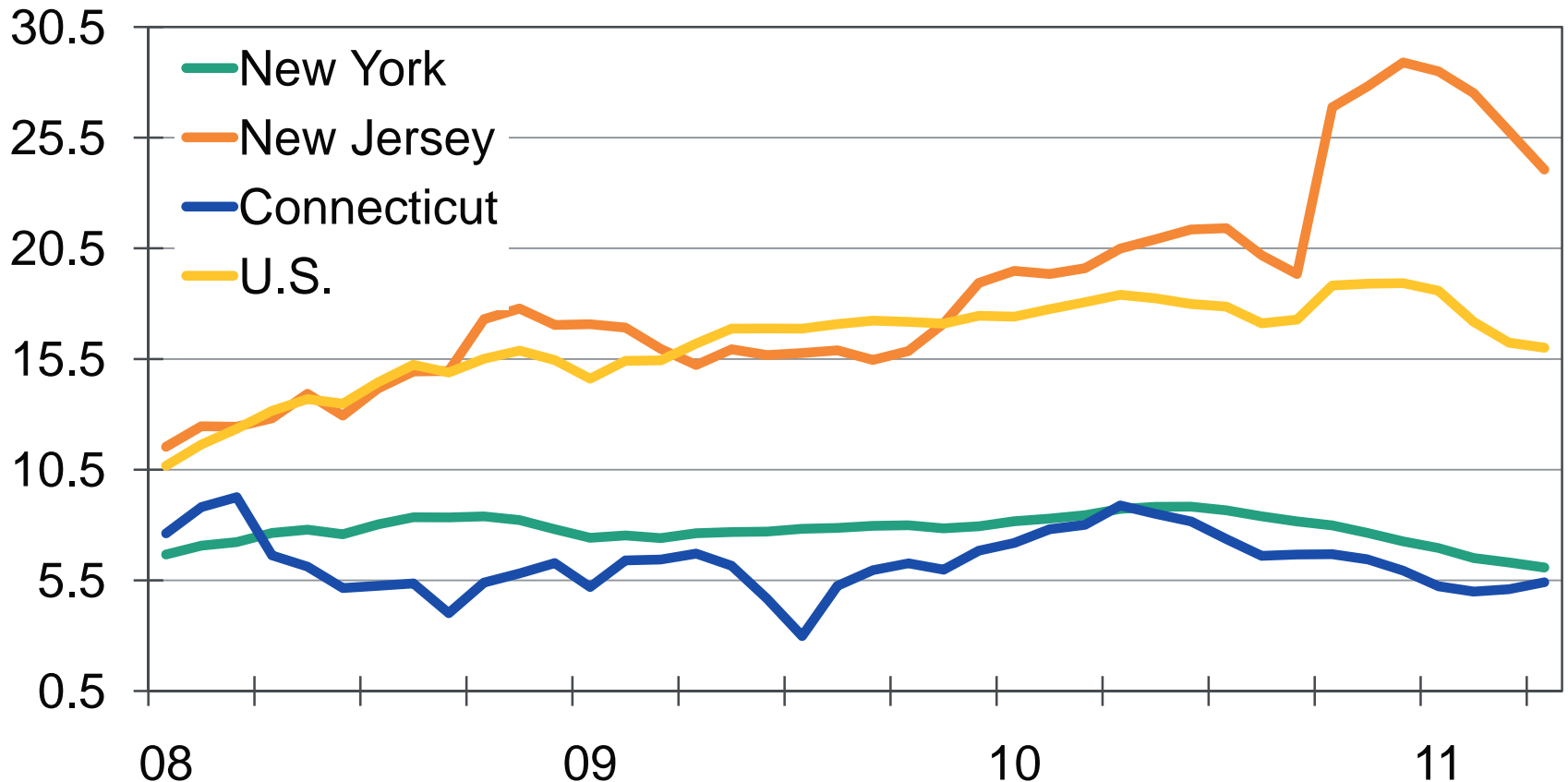
New York City securities industry bonuses



Source: Office of the New York State Comptroller

# New York's Foreclosure Inventory Is Low...

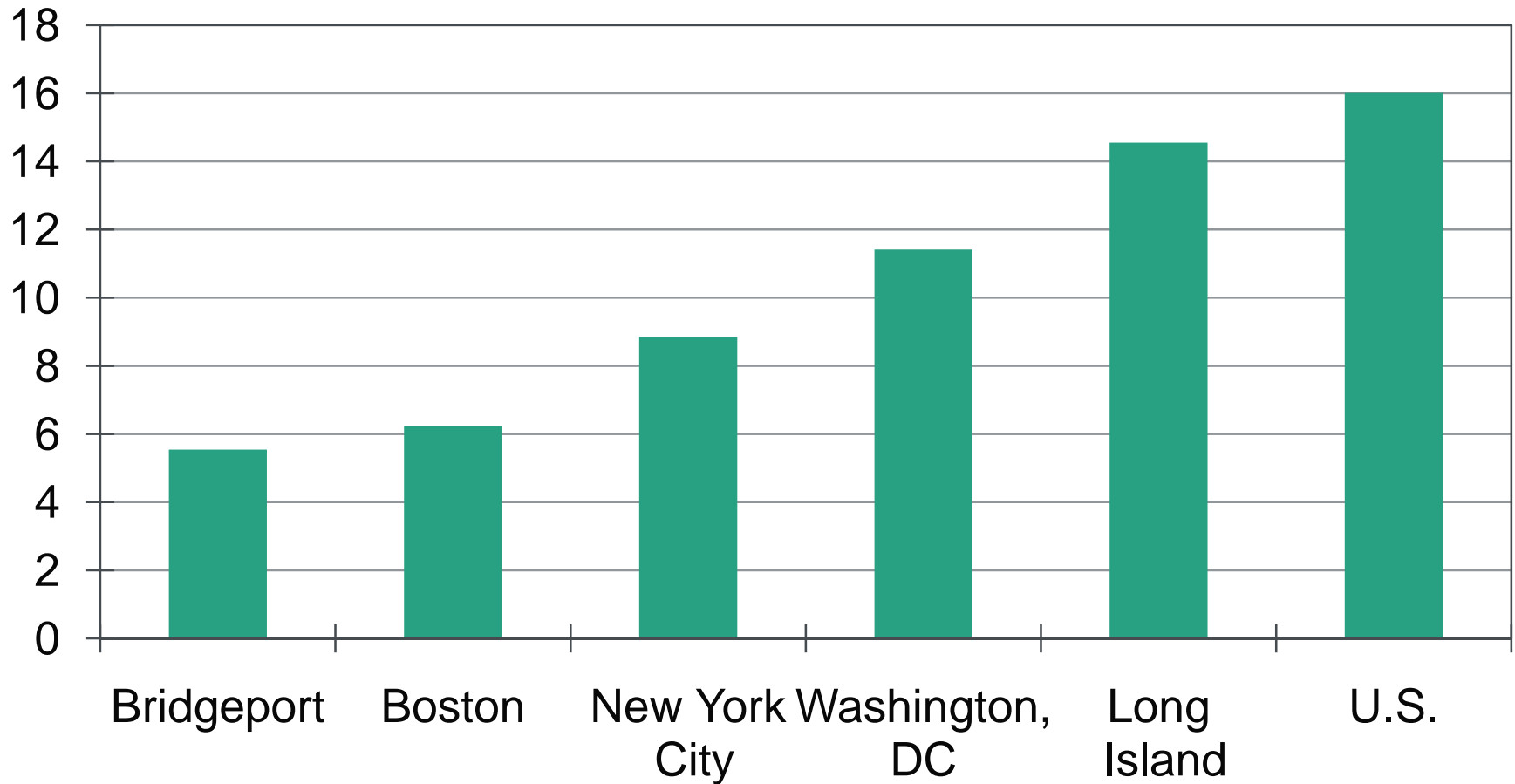
Foreclosure inventory per 1,000 households



Sources: RealtyTrac, Moody's Analytics

# Long Island's Foreclosures Among the Highest...

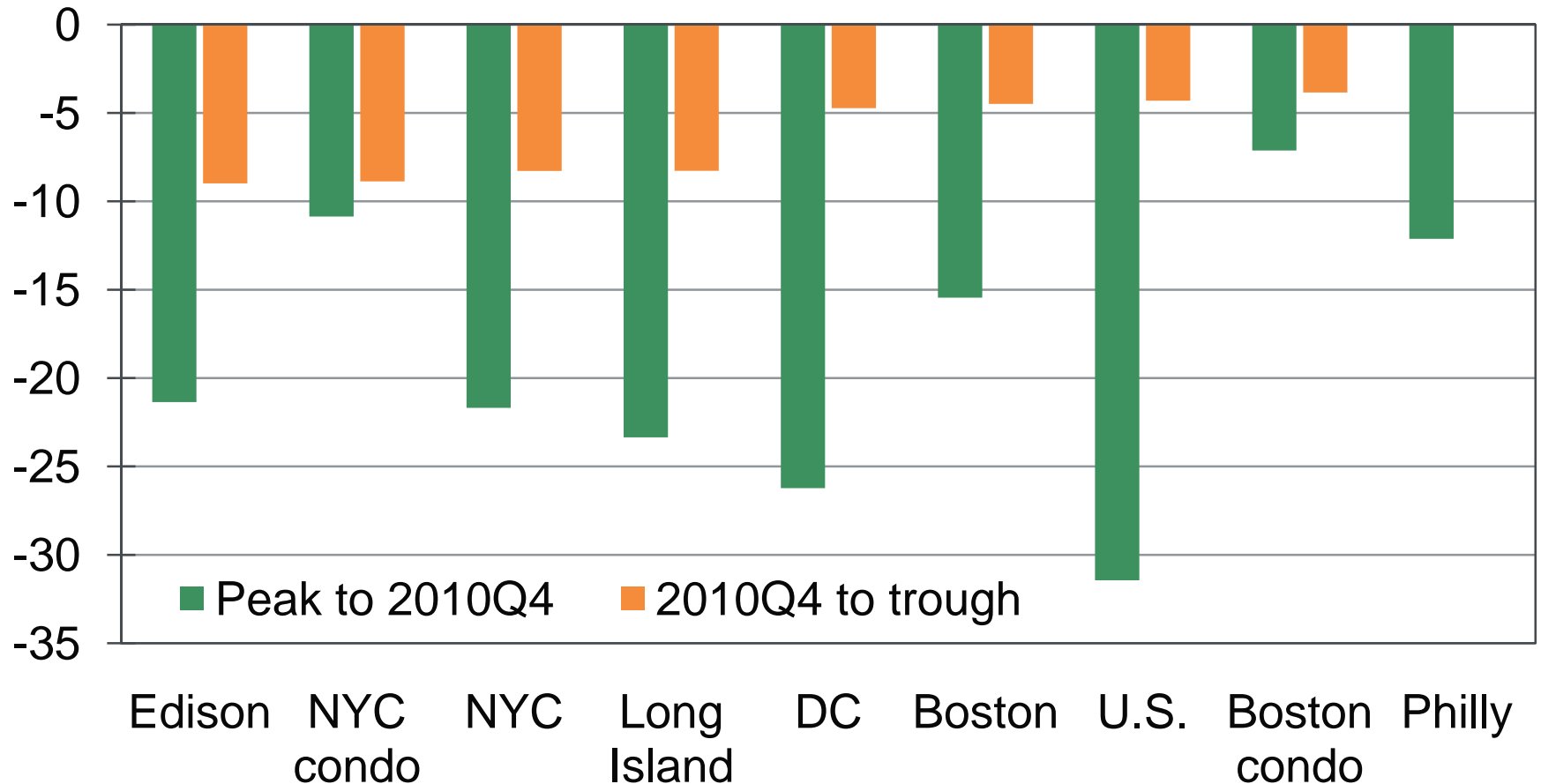
Foreclosure inventory per 1,000 households, Apr 2011



Source: RealtyTrac

# ...Prompting Larger Forthcoming Price Declines

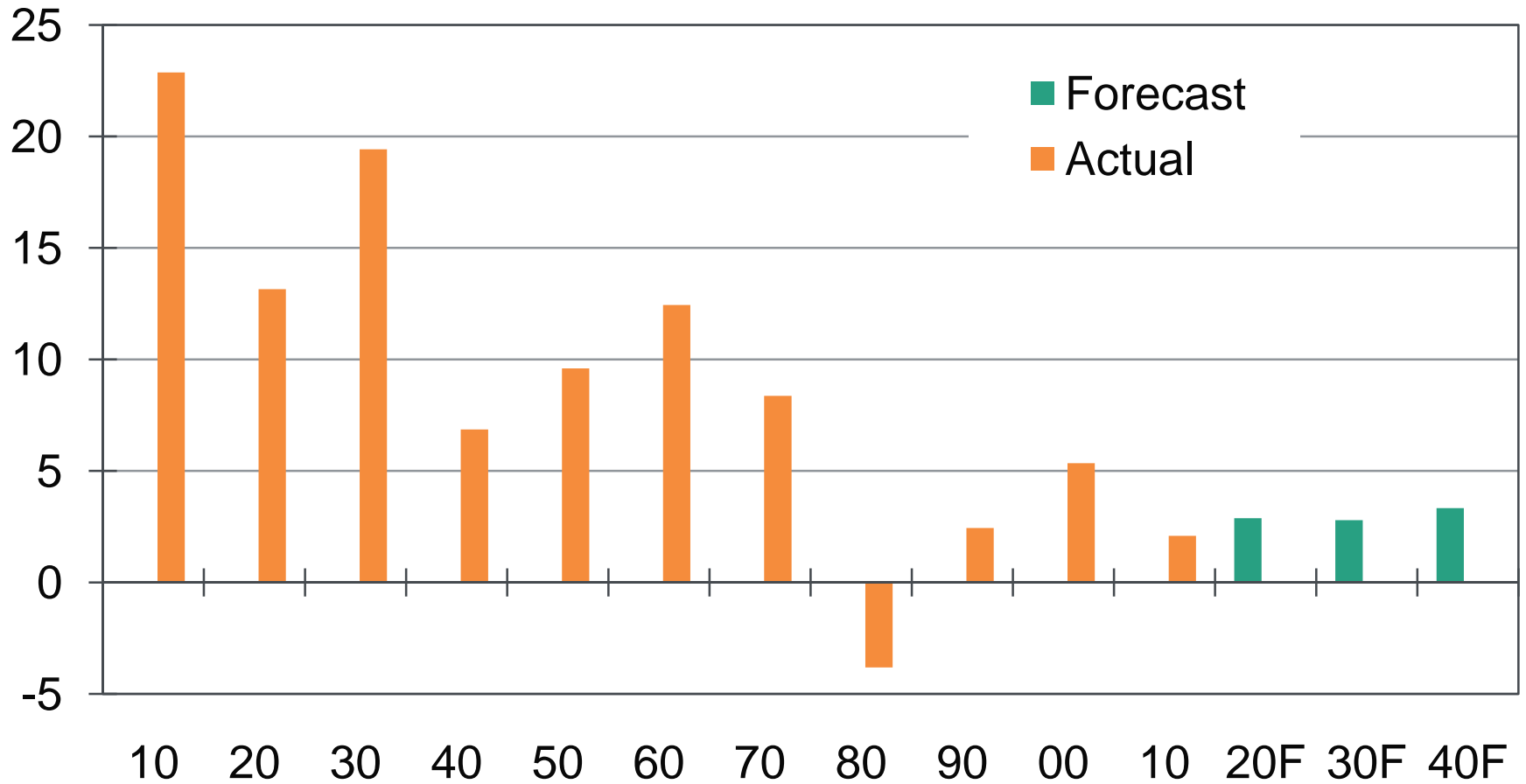
Case-Shiller® Home Price Index, % change



Sources: Fiserv, Moody's Analytics

# Slower Population Growth in New York

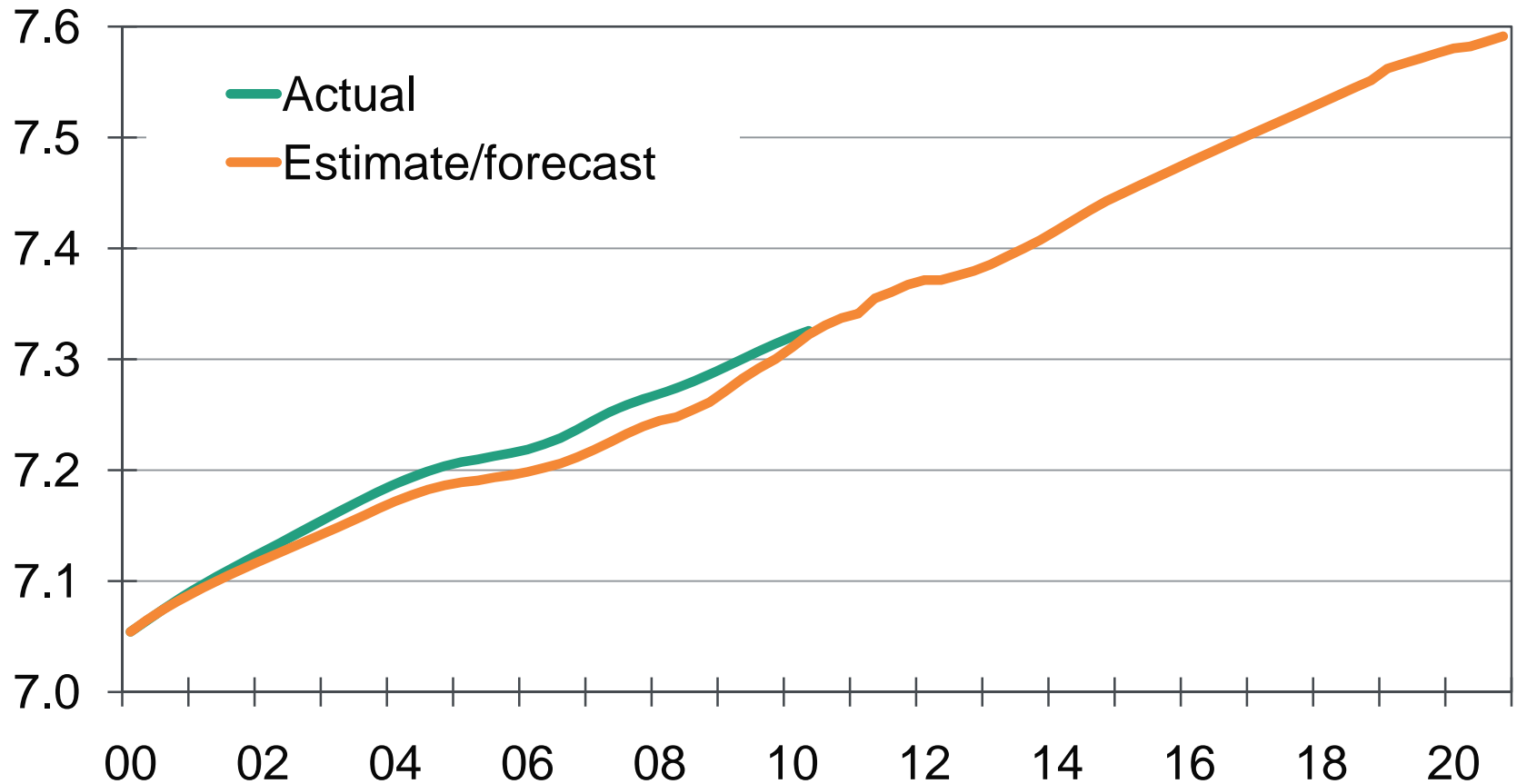
Population, % change over the decade



Sources: Census, Moody's Analytics

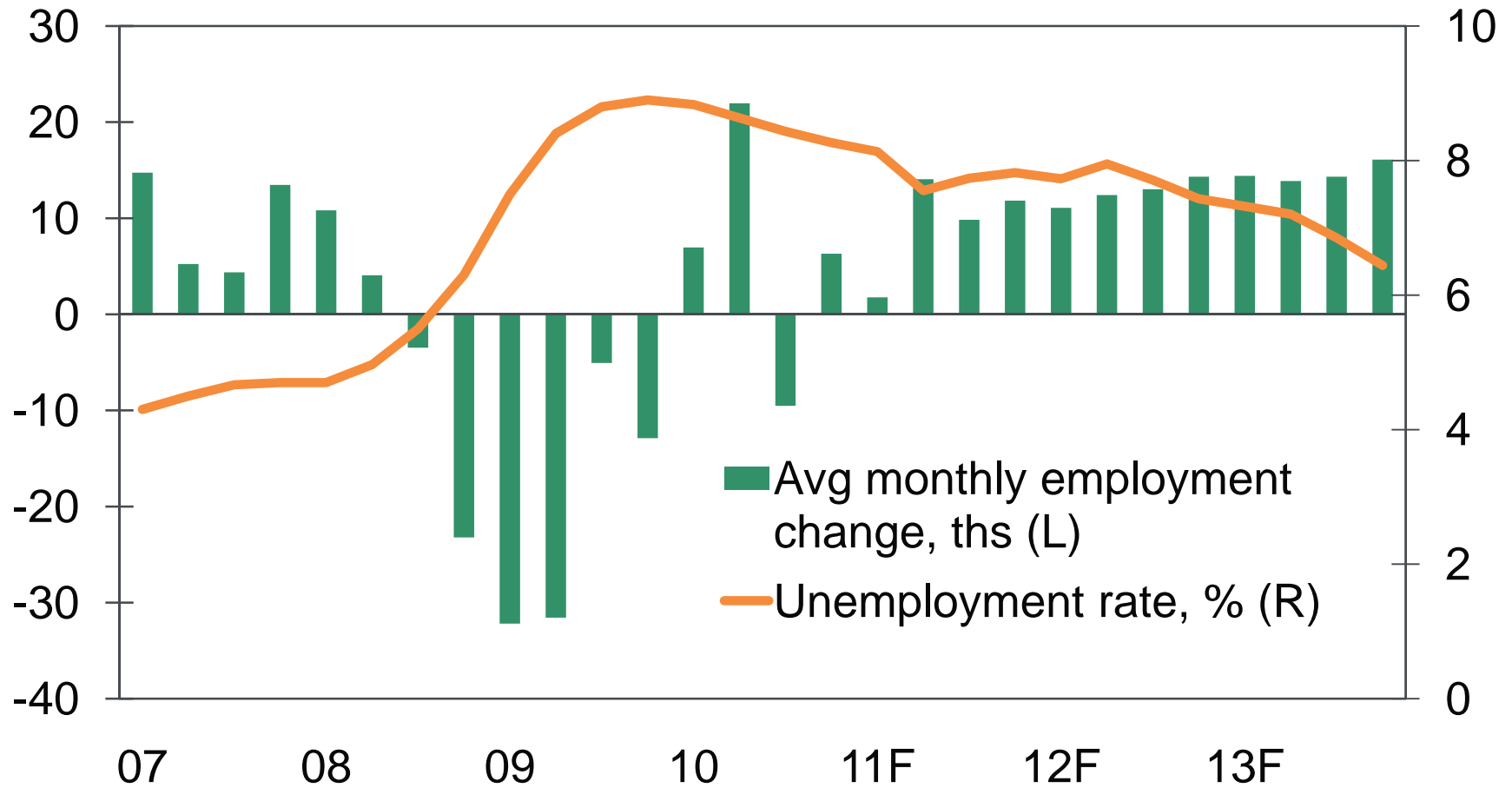
# Households on Track With the Forecast

Households, mil.



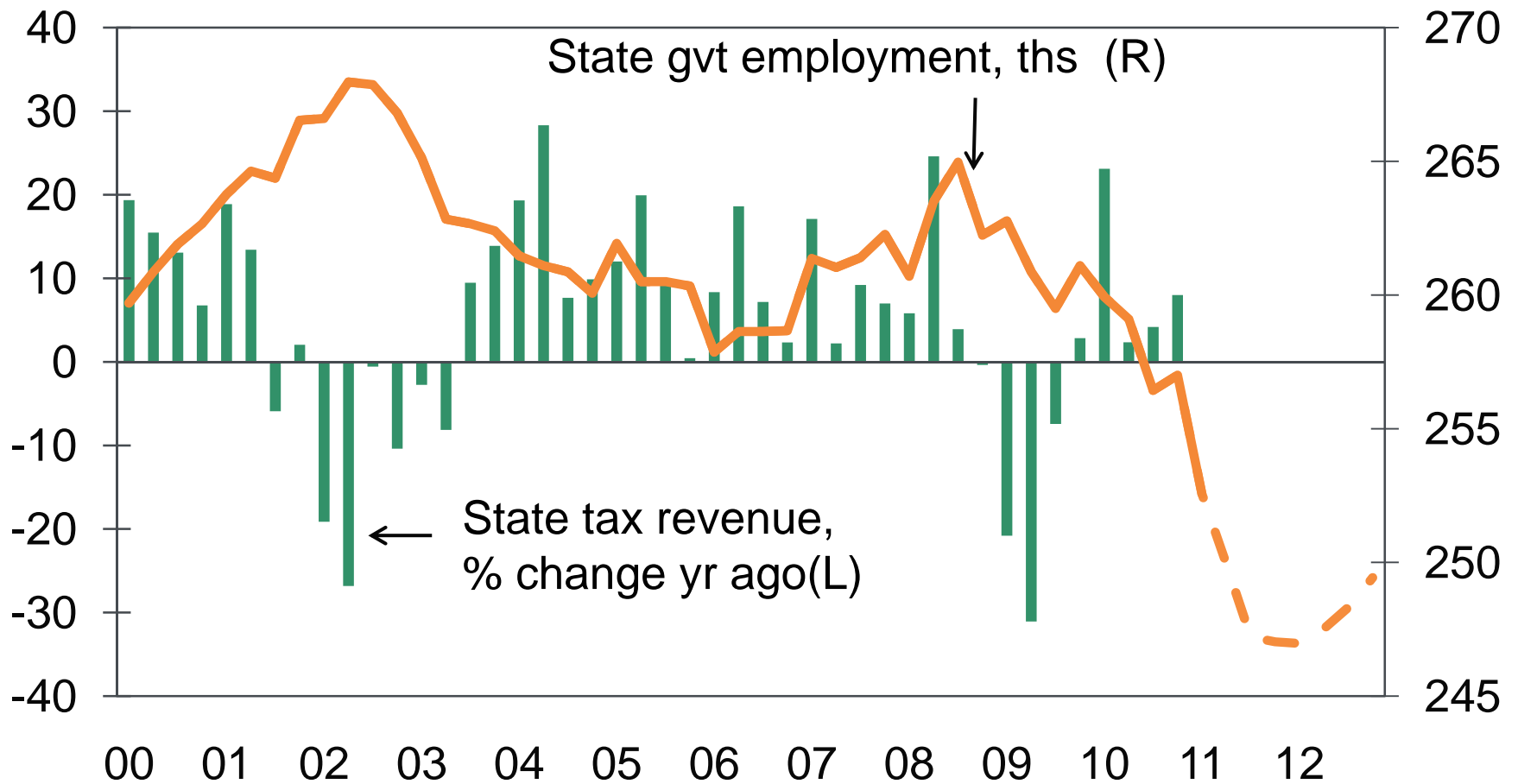
Sources: Census Bureau, Moody's Analytics

# Strong Outlook for 2012-2013



Sources: BLS, Moody's Analytics

# State Government Is Biggest Risk to the Outlook



Sources: BLS, Rockefeller Institute of Government

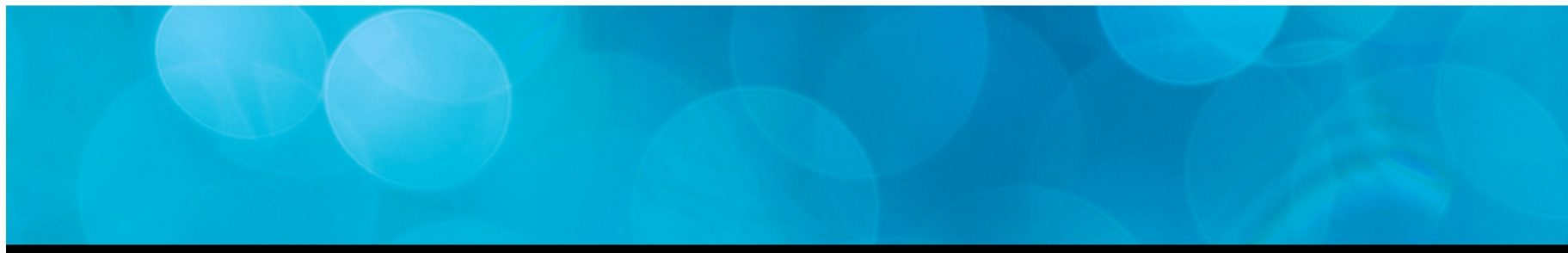


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