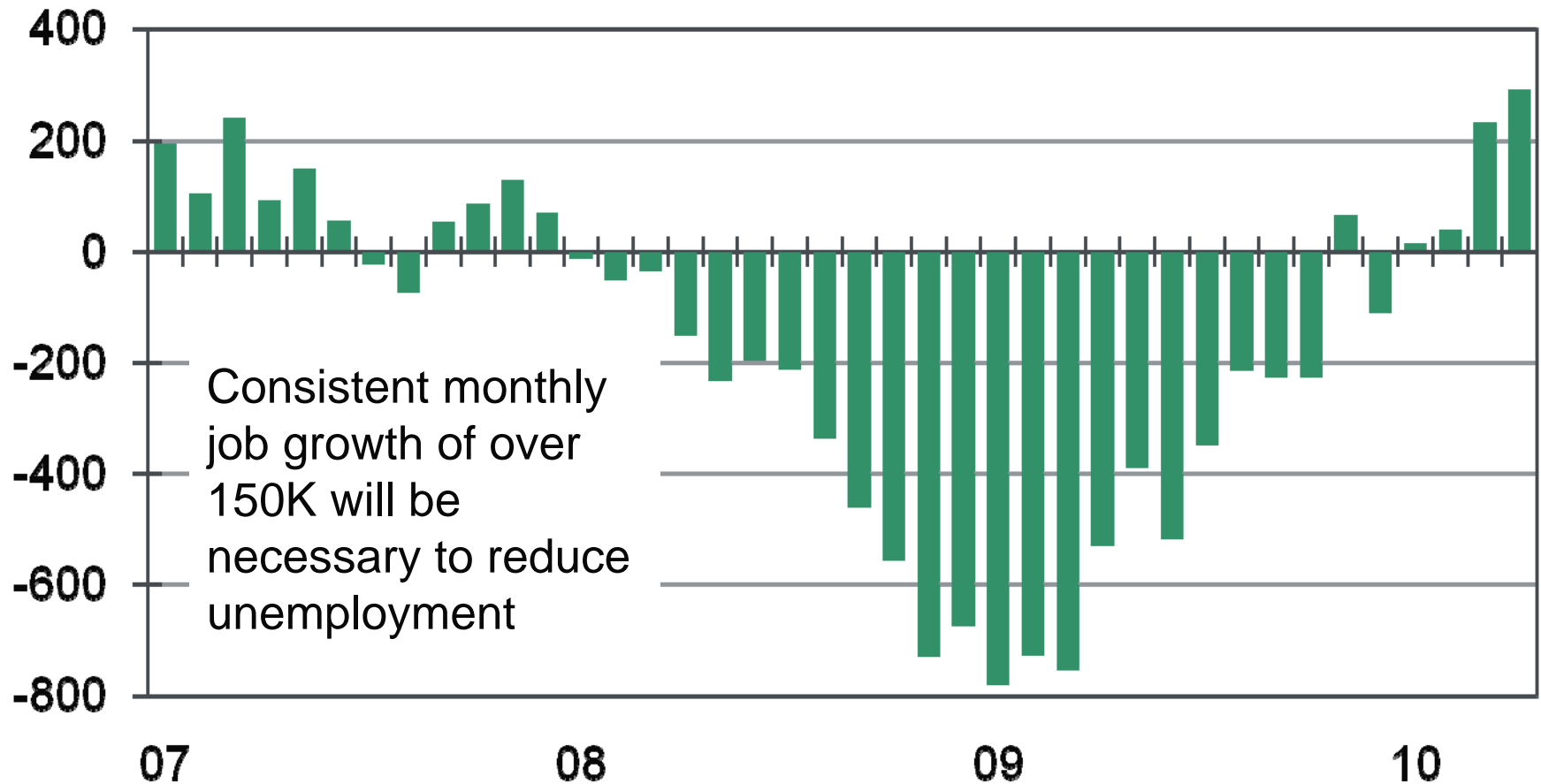


# The U.S. Outlook

MARISA DI NATALE, DIRECTOR

# The Economic Recovery Is Gaining Traction...

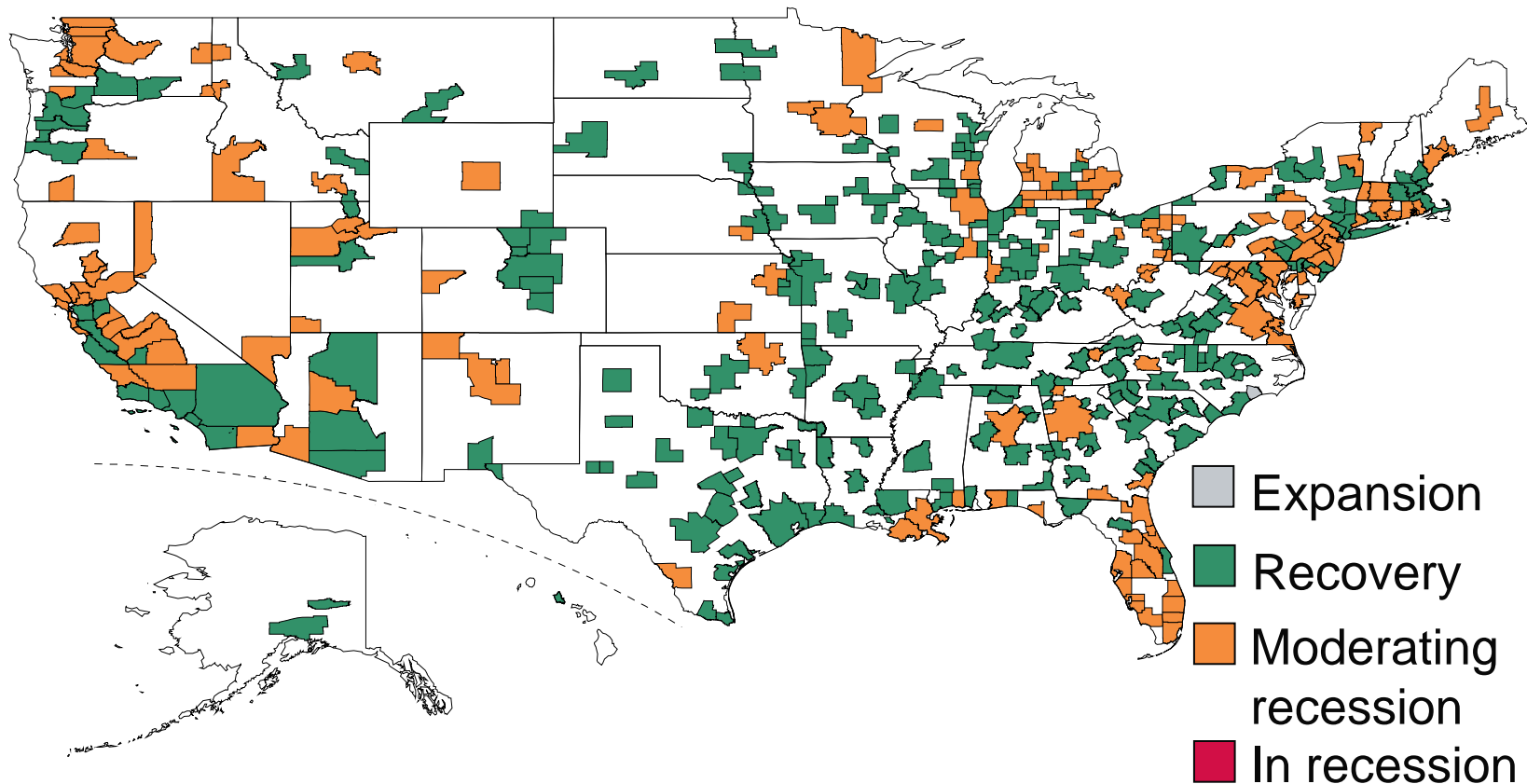
Monthly payroll employment change, ths



Source: BLS

# ...As Recovery Broadens From Coast to Coast

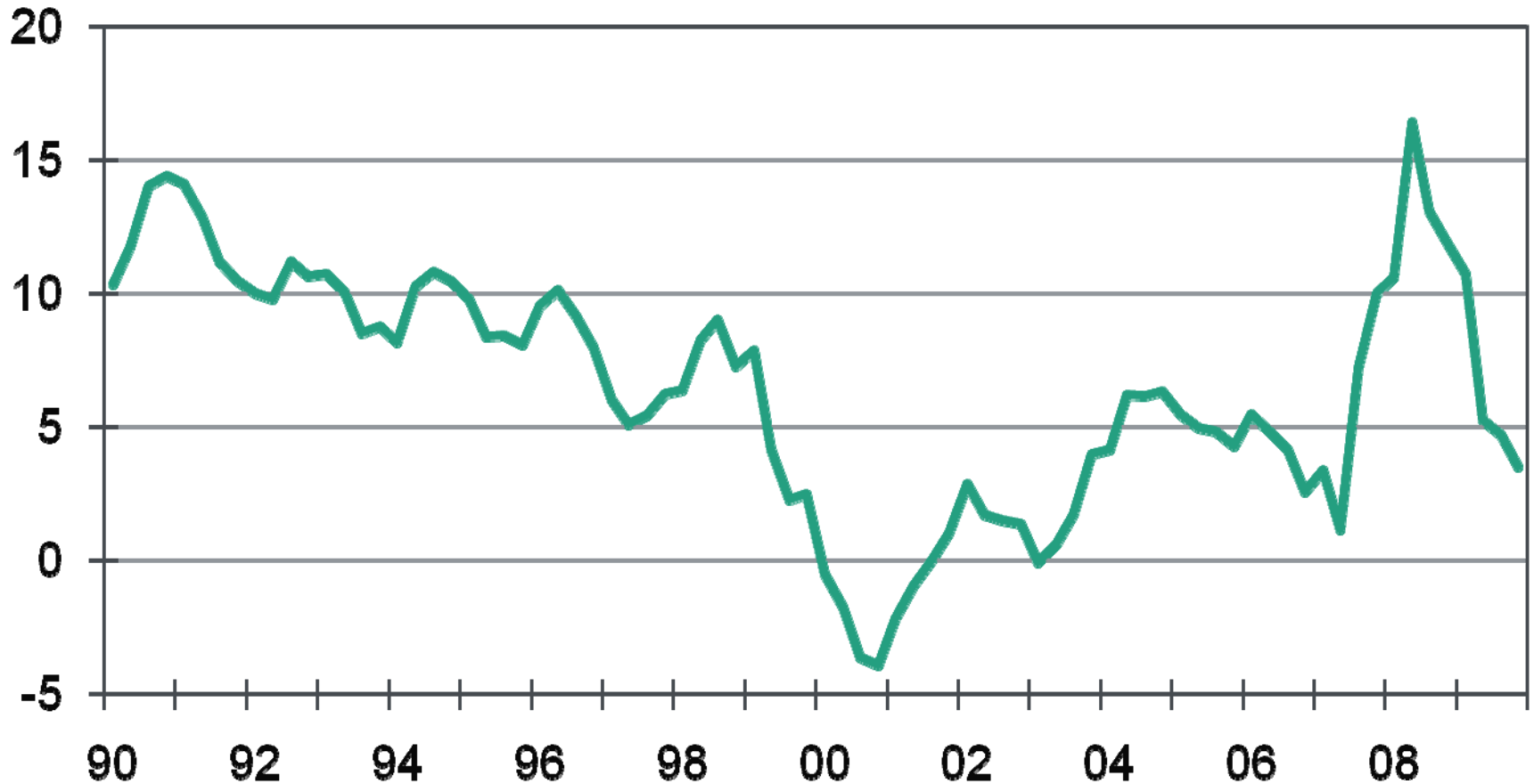
Business cycle status of metro areas as of Mar 2010



Source: Moody's Analytics

# Consumers Have Been Surprisingly Resilient...

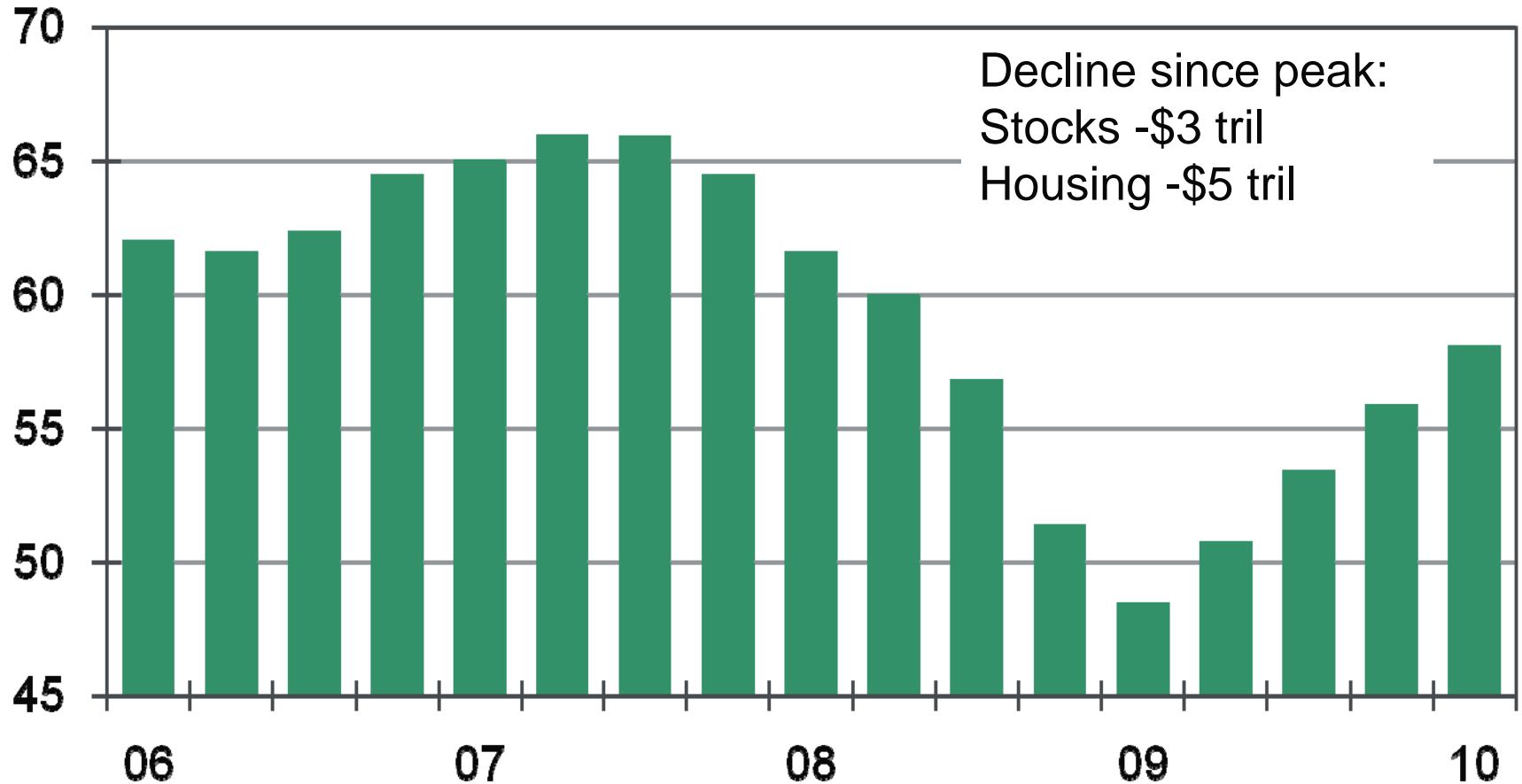
Personal saving rate for families in top fifth of income distribution



Sources: Federal Reserve, Moody's Analytics

# ...As Their Nest Eggs Are Being Rebuilt...

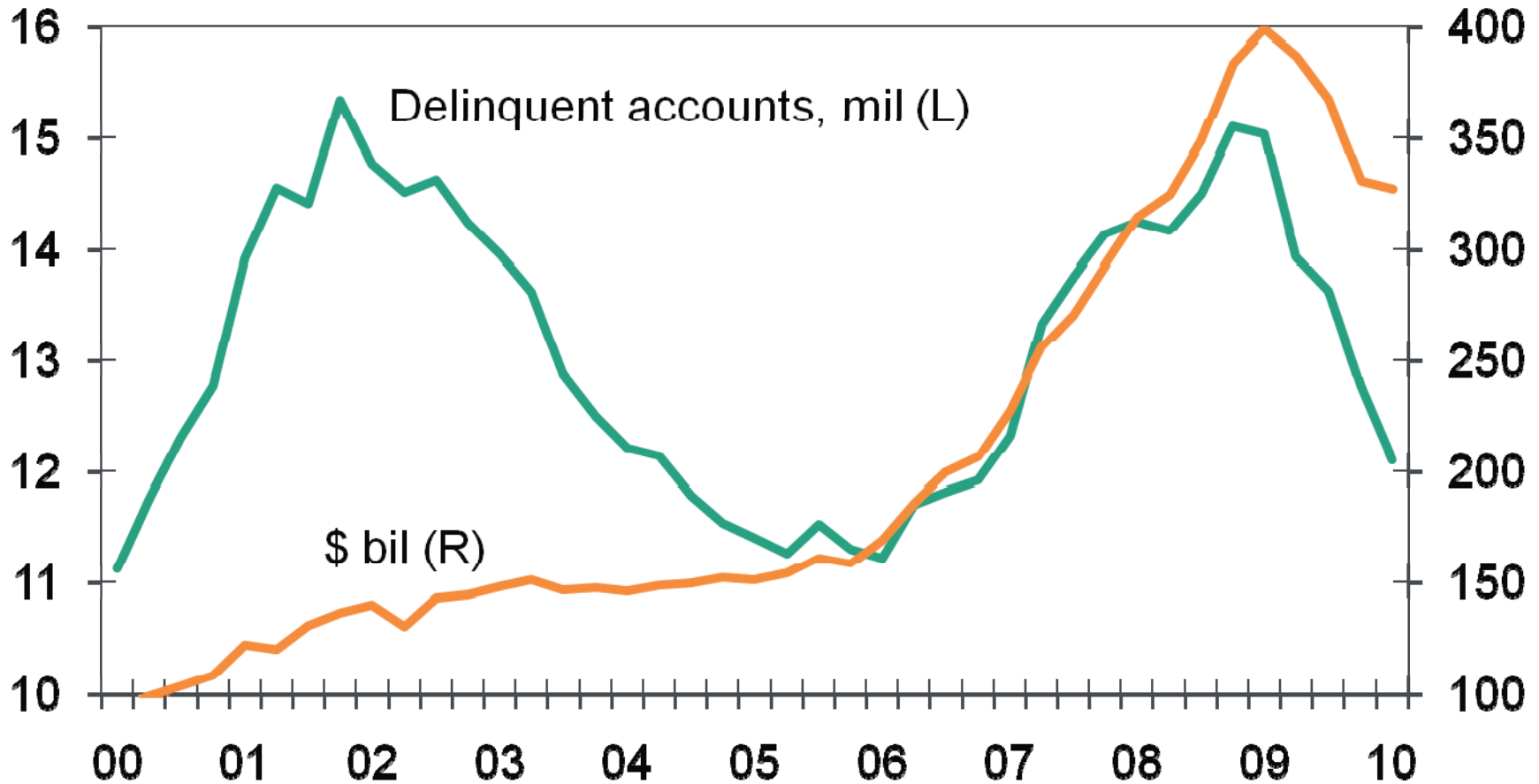
Household net worth, \$ tril



Source: Federal Reserve

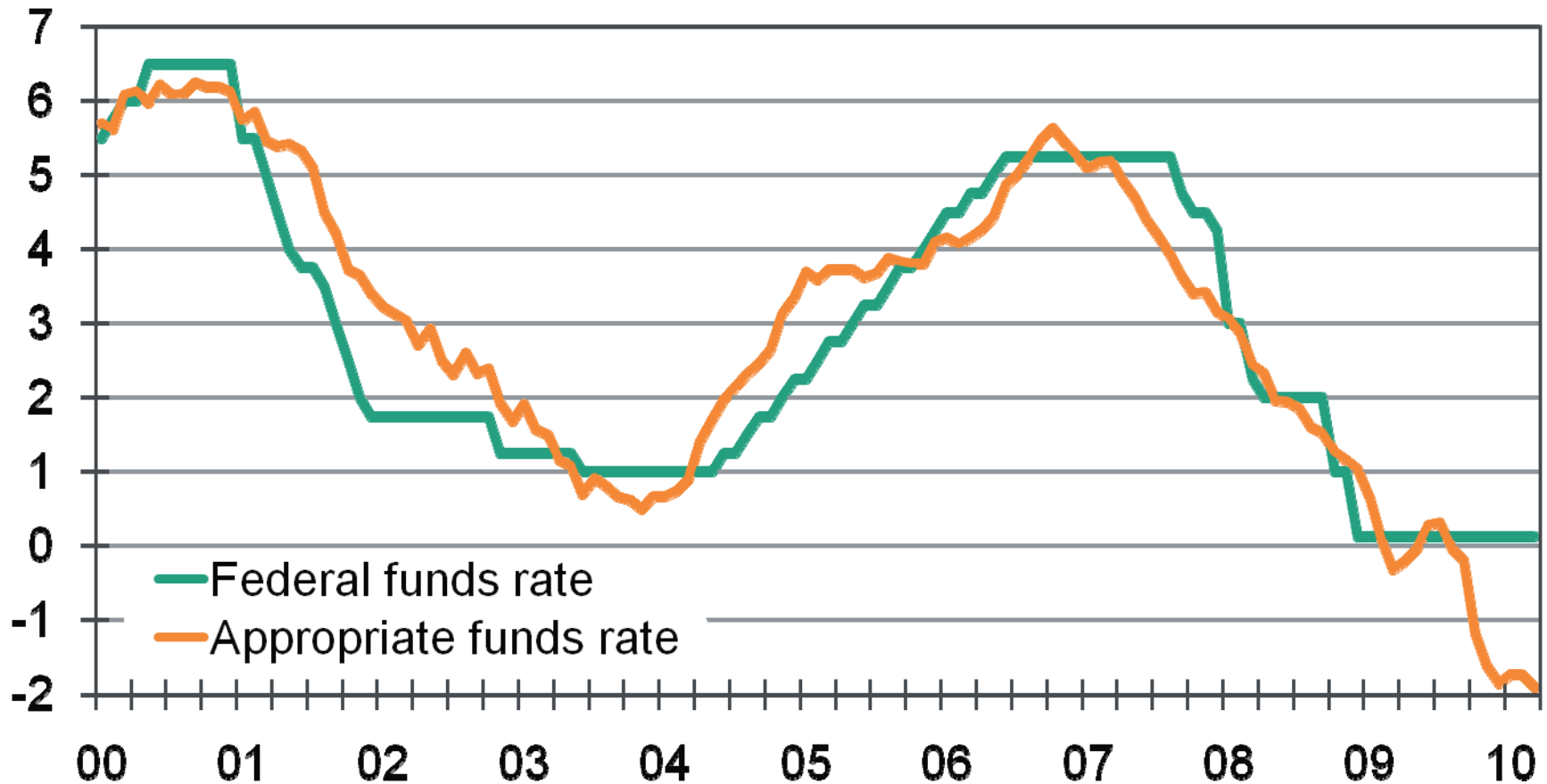
# ...And the Credit Cycle Turns for the Better

30- to 60-day delinquent consumer accounts



Sources: Equifax, Moody's Analytics

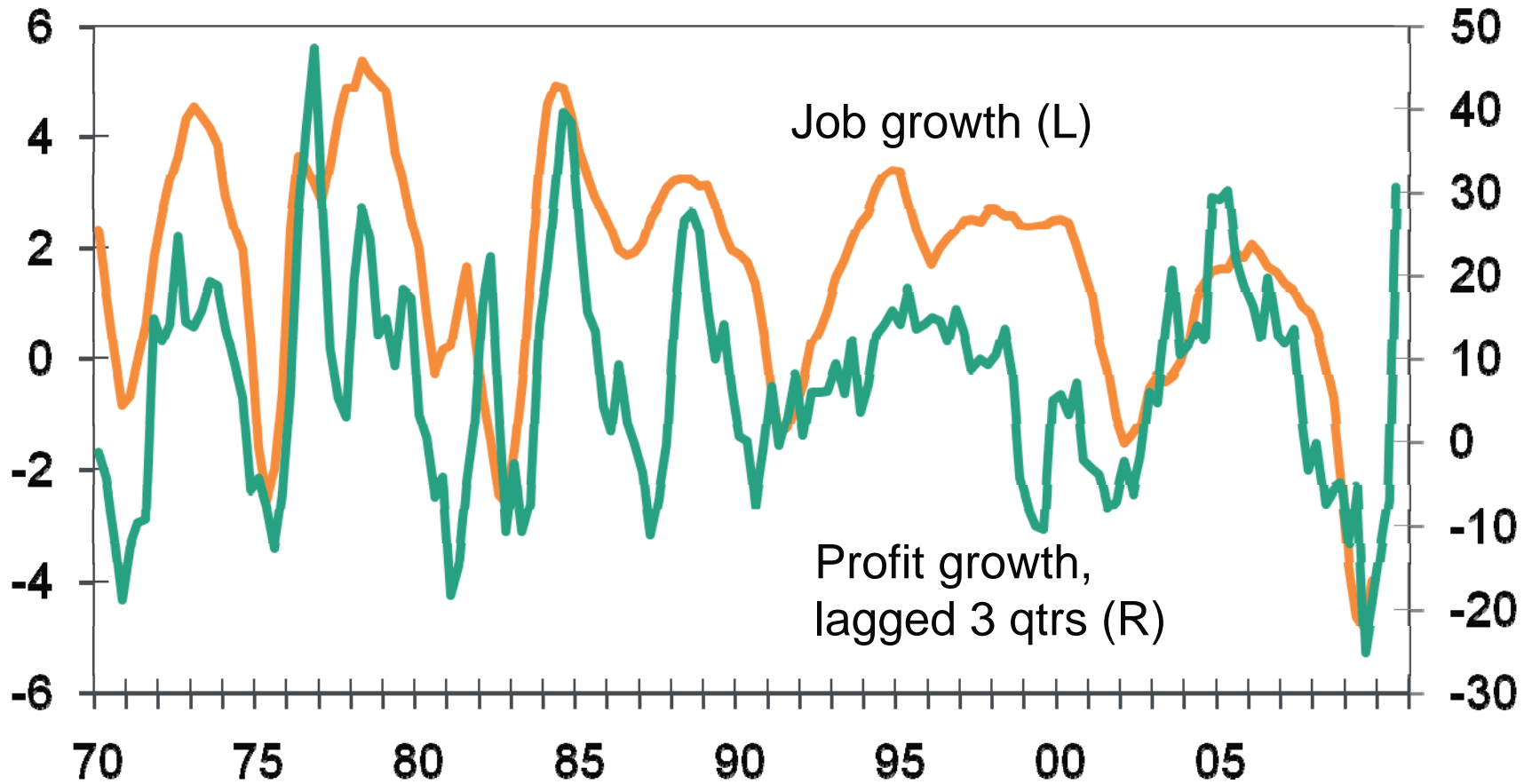
# The Federal Reserve Will Remain Aggressive



Sources: Federal Reserve, Moody's Analytics

# Job Growth Will Improve

% change yr ago

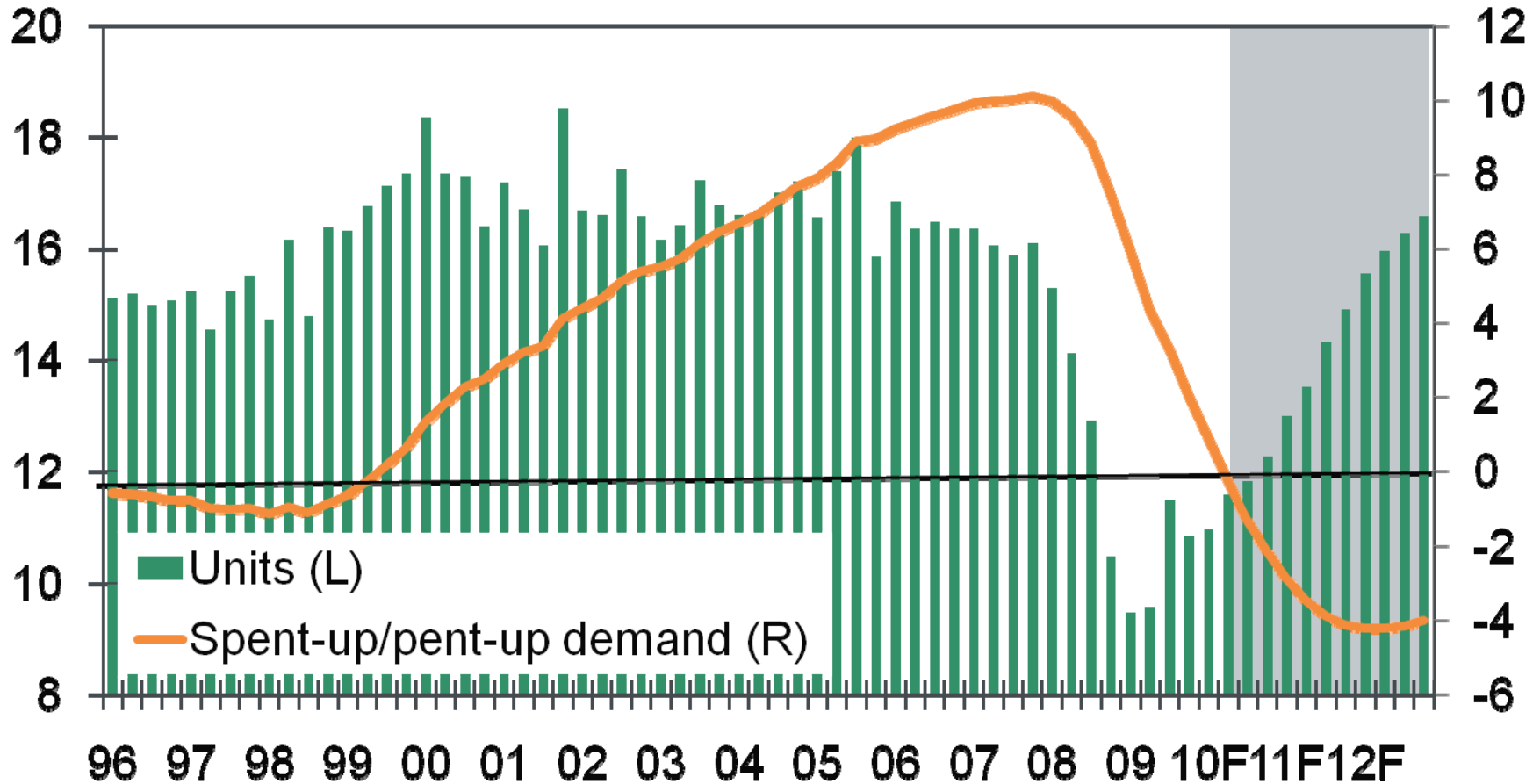


Sources: BLS, BEA



# Pent-Up Demand Is Developing...

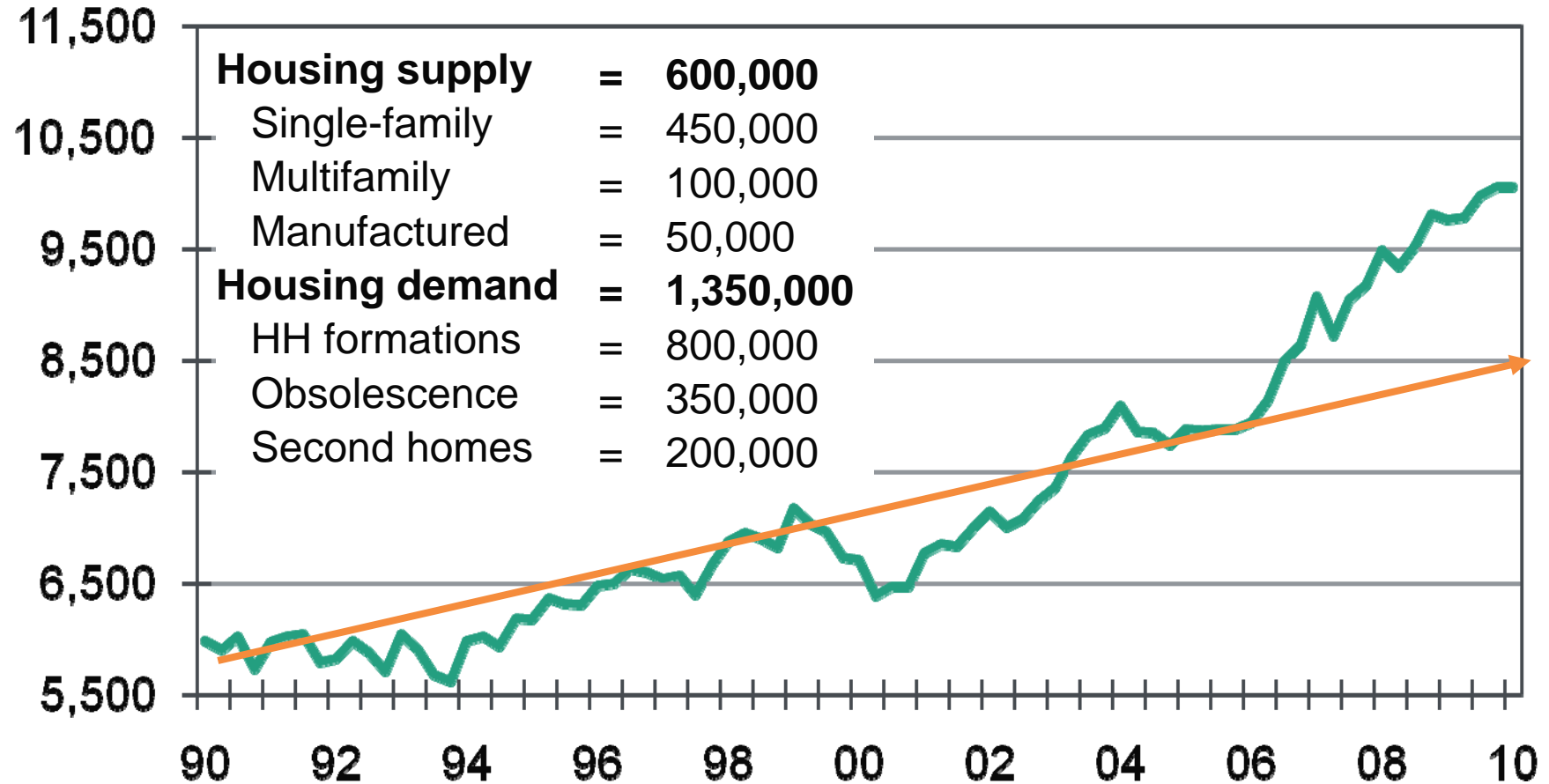
Light vehicle sales, mil



Sources: BEA, Moody's Analytics

# ...And Housing Inventories Have Peaked

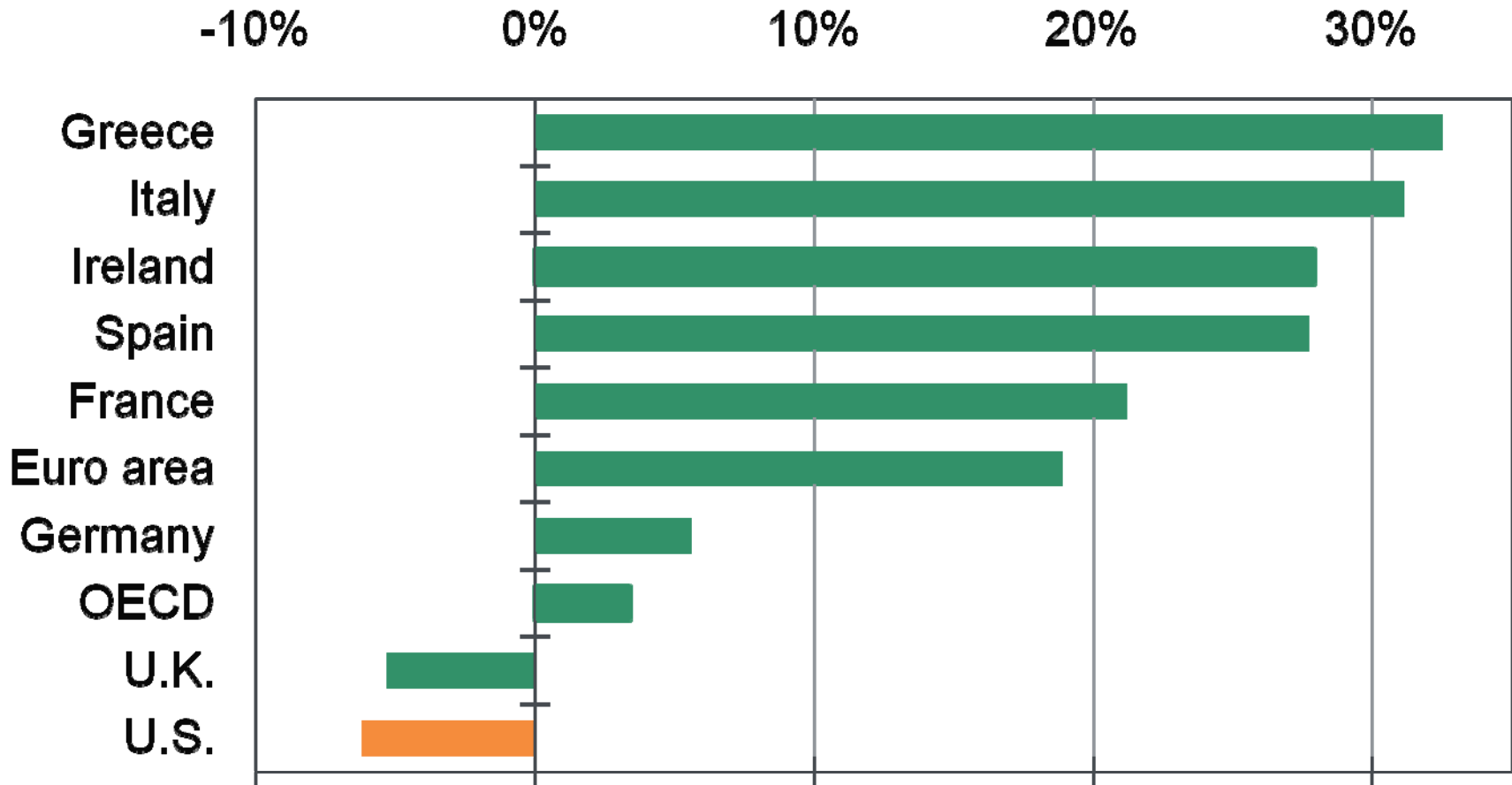
Vacant homes for sale, for rent and held off market, the



Sources: Census Bureau, Moody's Analytics

# U.S. Labor Is Very Competitive

Unit labor costs in €, % change, past decade



Sources: OECD, Moody's Analytics

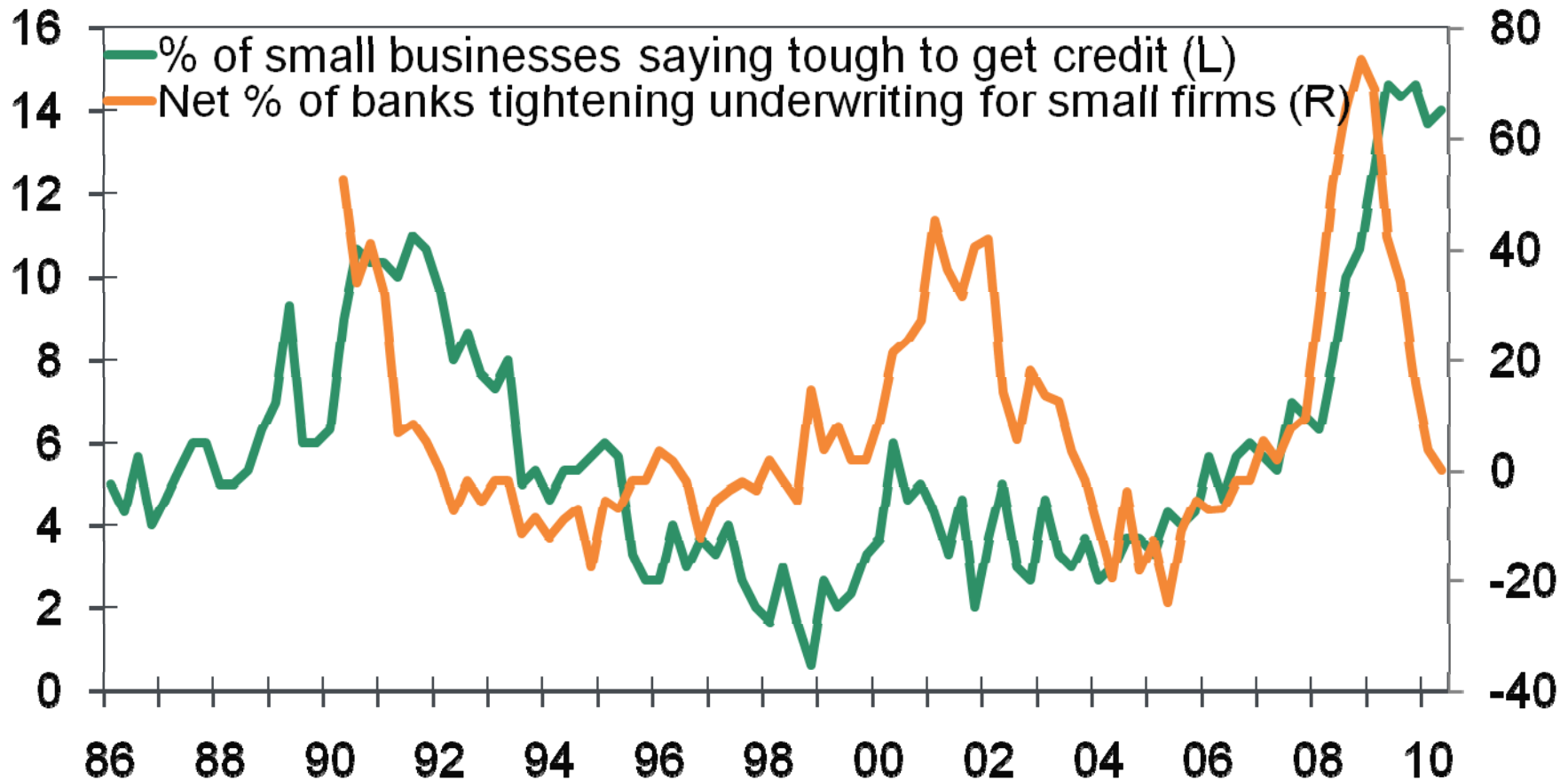
# Recovery Remains Fragile as Hiring Is Soft...

Number of monthly hires, ths, seasonally adjusted



Source: BLS

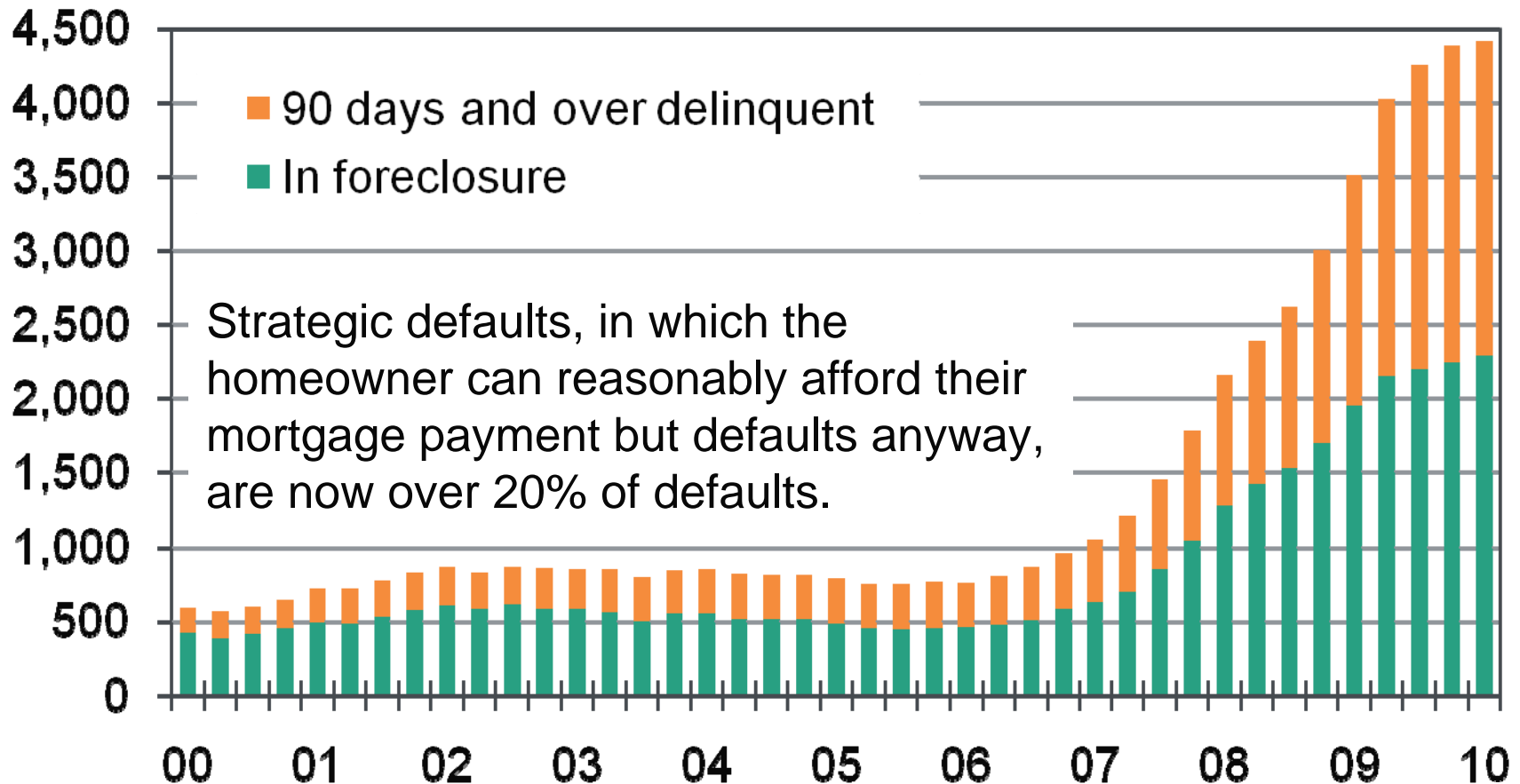
# ...As Small Businesses Struggle to Get Credit



Sources: NFIB, Federal Reserve Board

# The Foreclosure Crisis Continues...

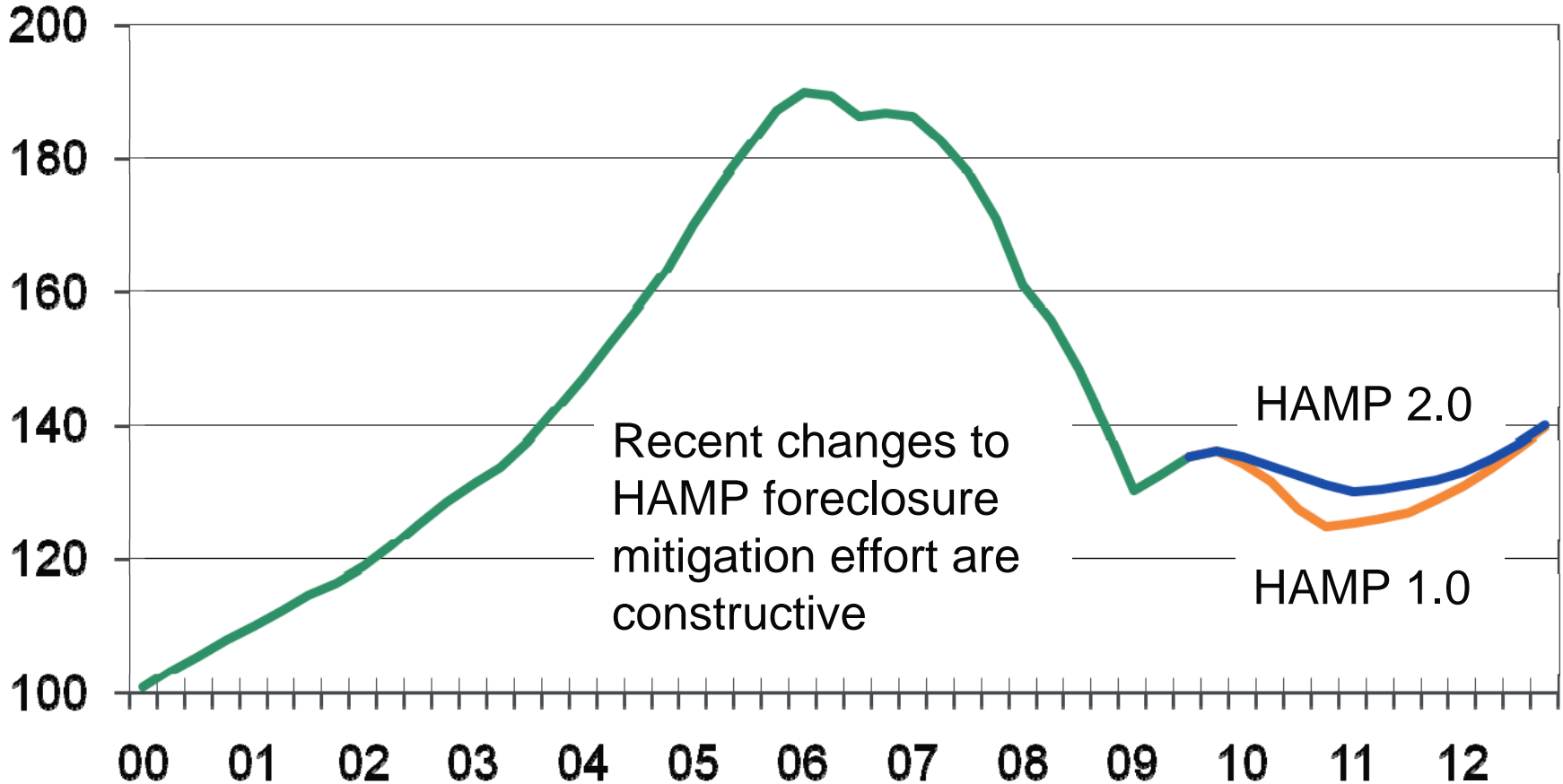
First mortgage loans, ths



Sources: Equifax, Moody's Analytics

# ...Weighing on House Prices

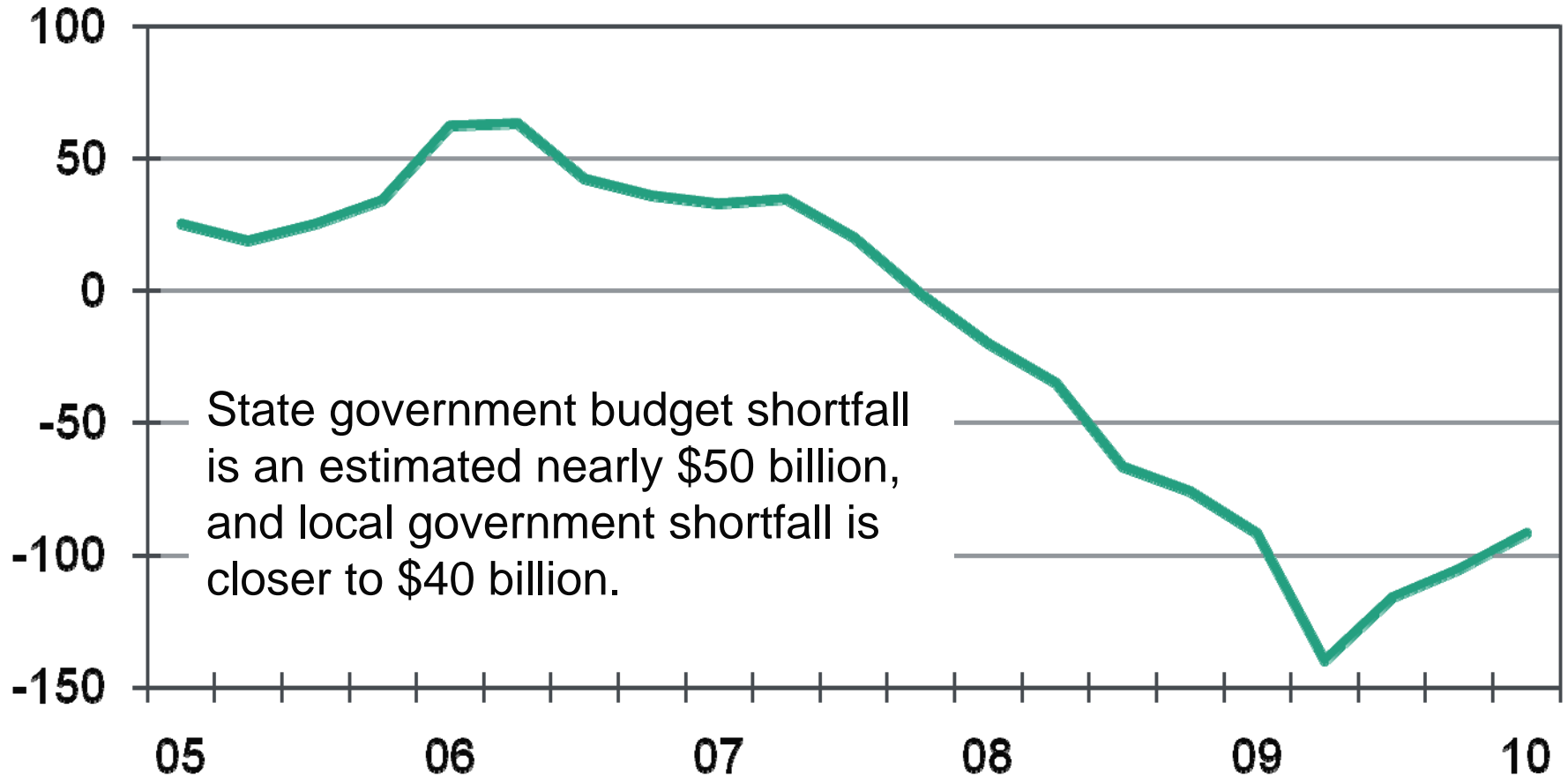
Case-Shiller® Home Price Index: 2000Q1=100



Sources: Fiserv, Moody's Analytics

# Gaping State and Local Govt. Budget Hole

State and local government budget shortfall, \$ bil, annualized

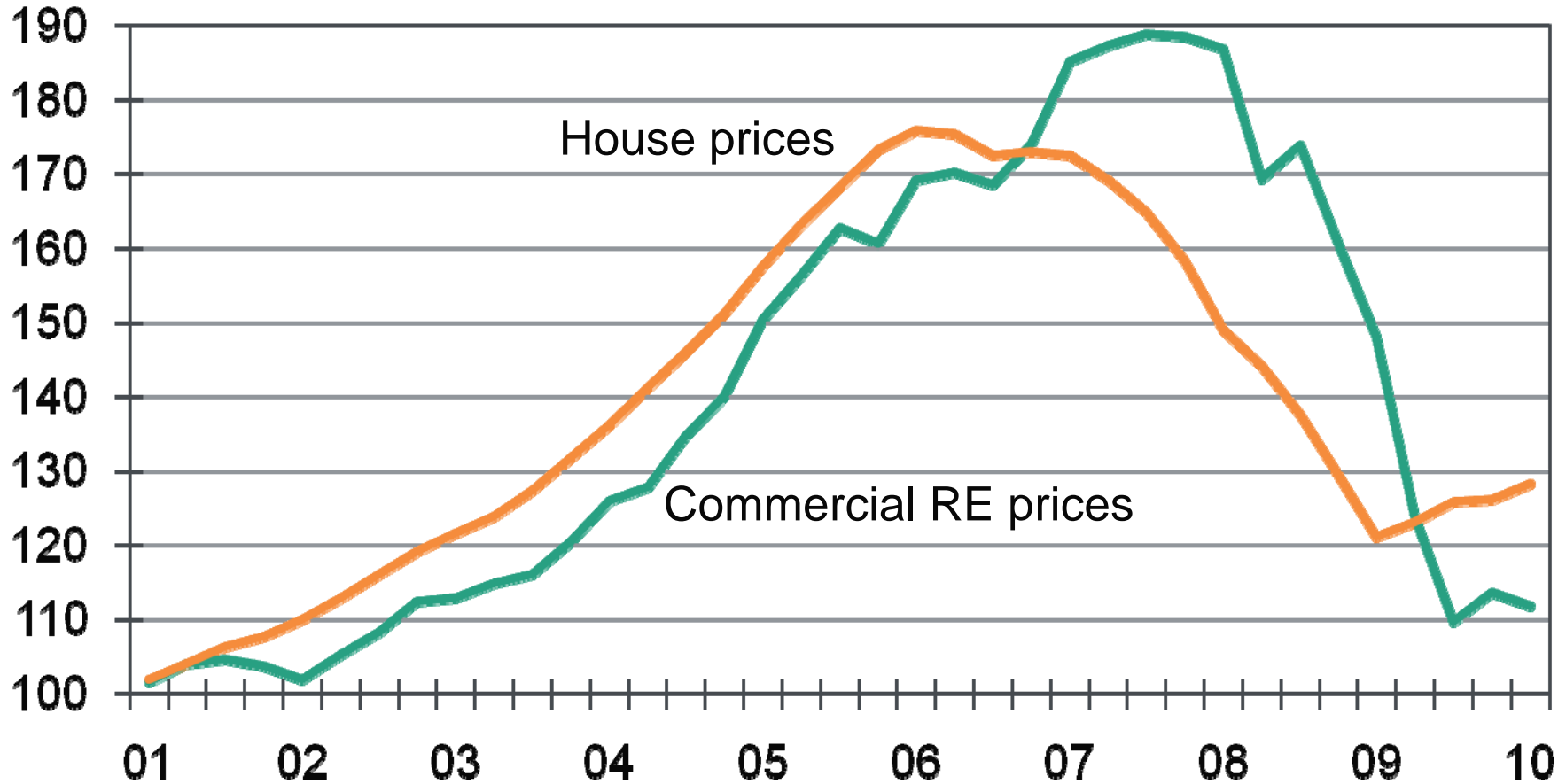


Source: Moody's Analytics



# Commercial Real Estate Boom and Bust

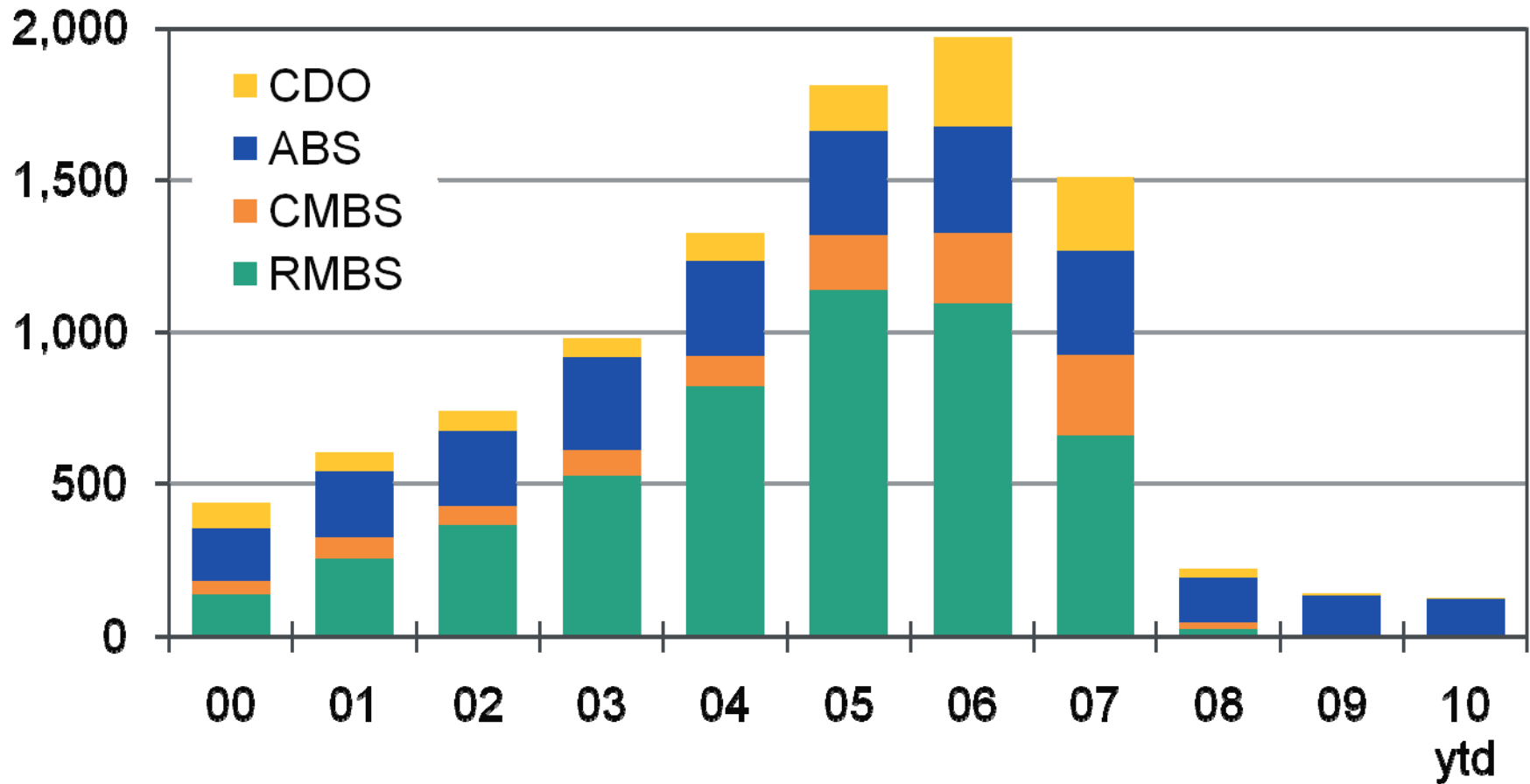
Repeat-sales indices: 2000Q4=100



Sources: Moody's Investors Service, REAL, Fiserv, Moody's Analytics

# Structured Finance Market Is Dormant

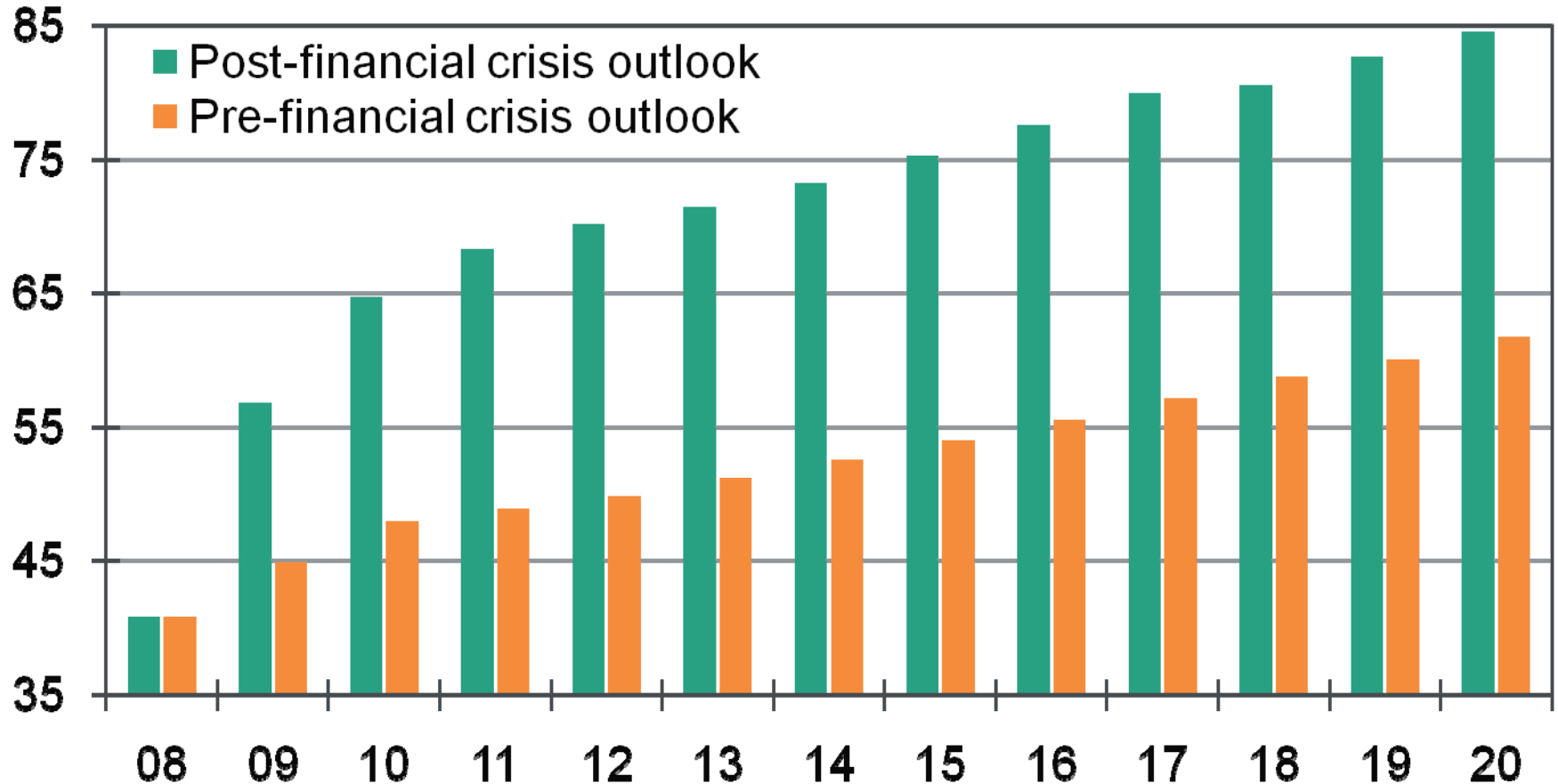
Bond issuance, \$ bil, annualized



Source: Dealogic

# There Is No Free Lunch...

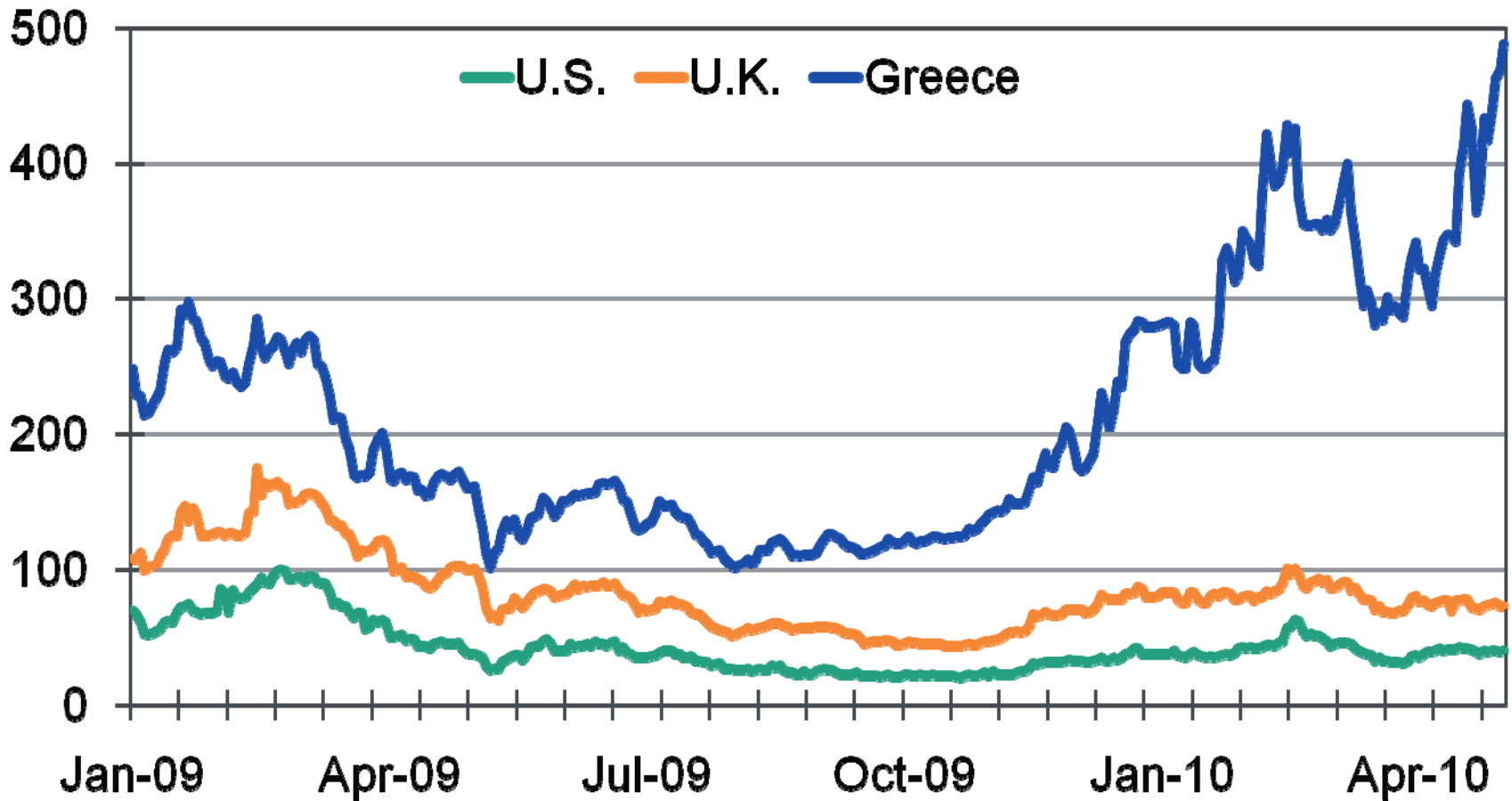
Federal debt-to-GDP ratio



Sources: BEA, Treasury Department, Moody's Analytics

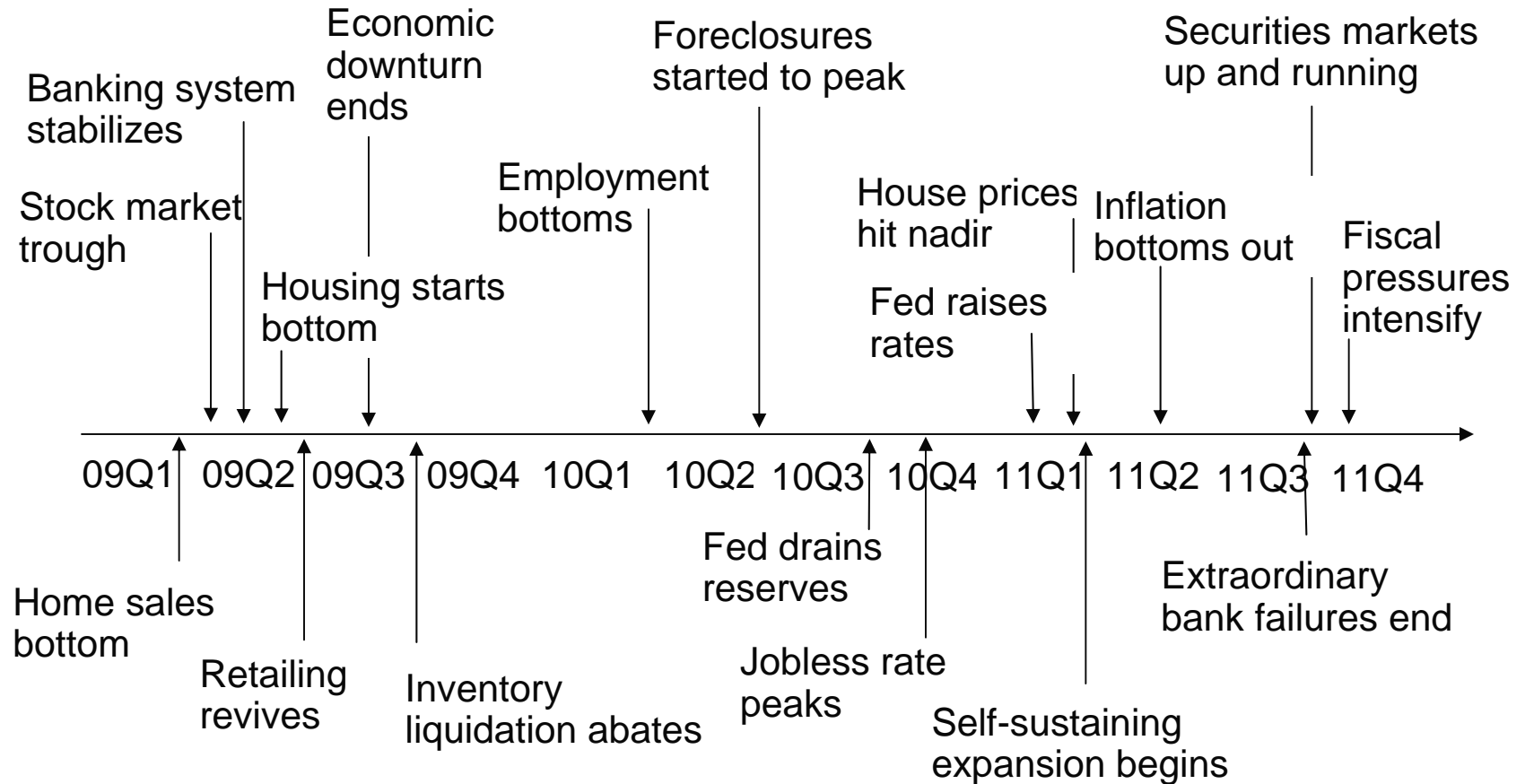
# ...As Is Clear From the Greek Debt Crisis

Credit default swap spread



Source: Census Bureau

# Economic Timeline



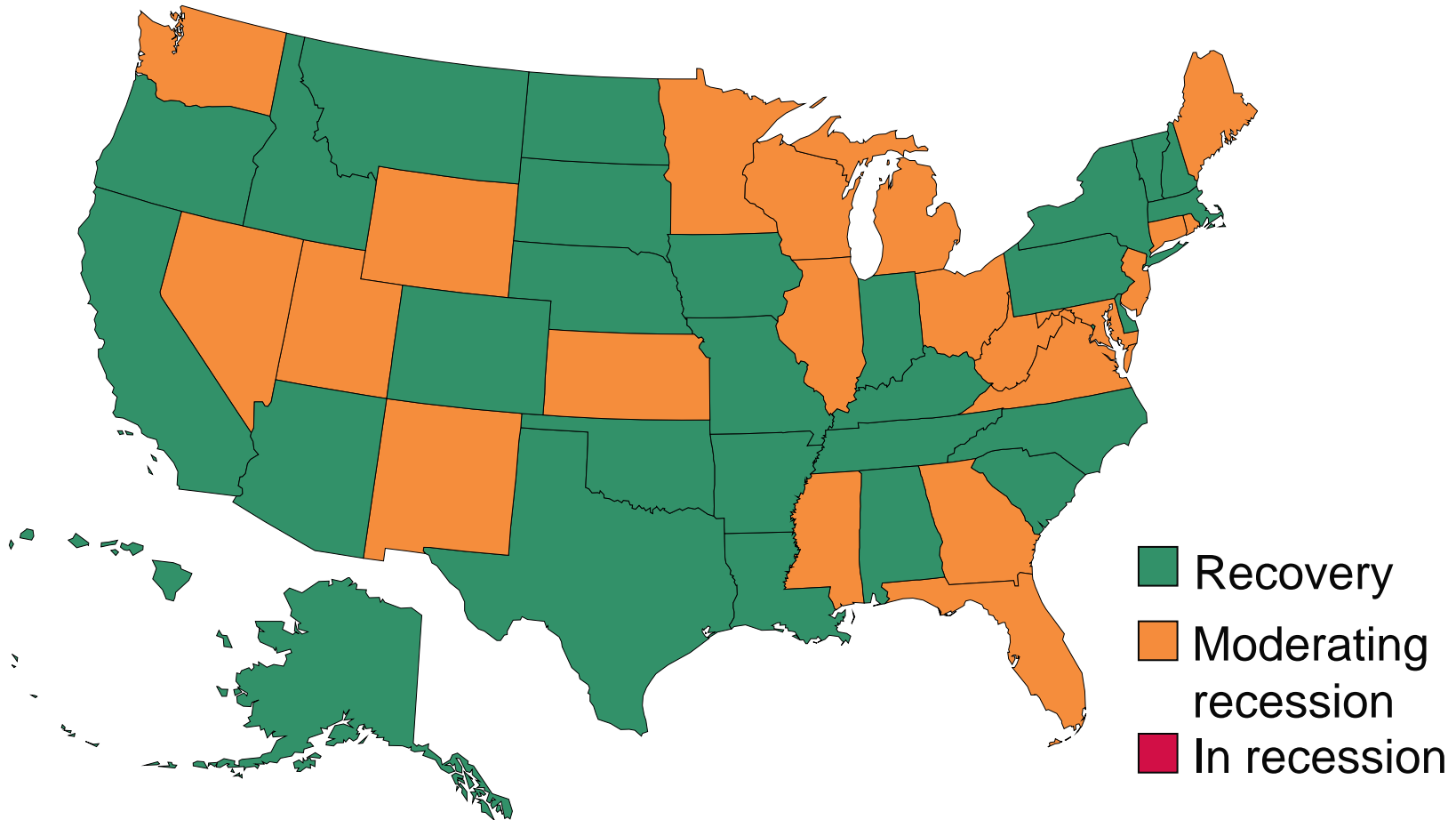
Source: Moody's Analytics

# The New York Outlook

MARISA DI NATALE, DIRECTOR

# New York Is in Recovery...

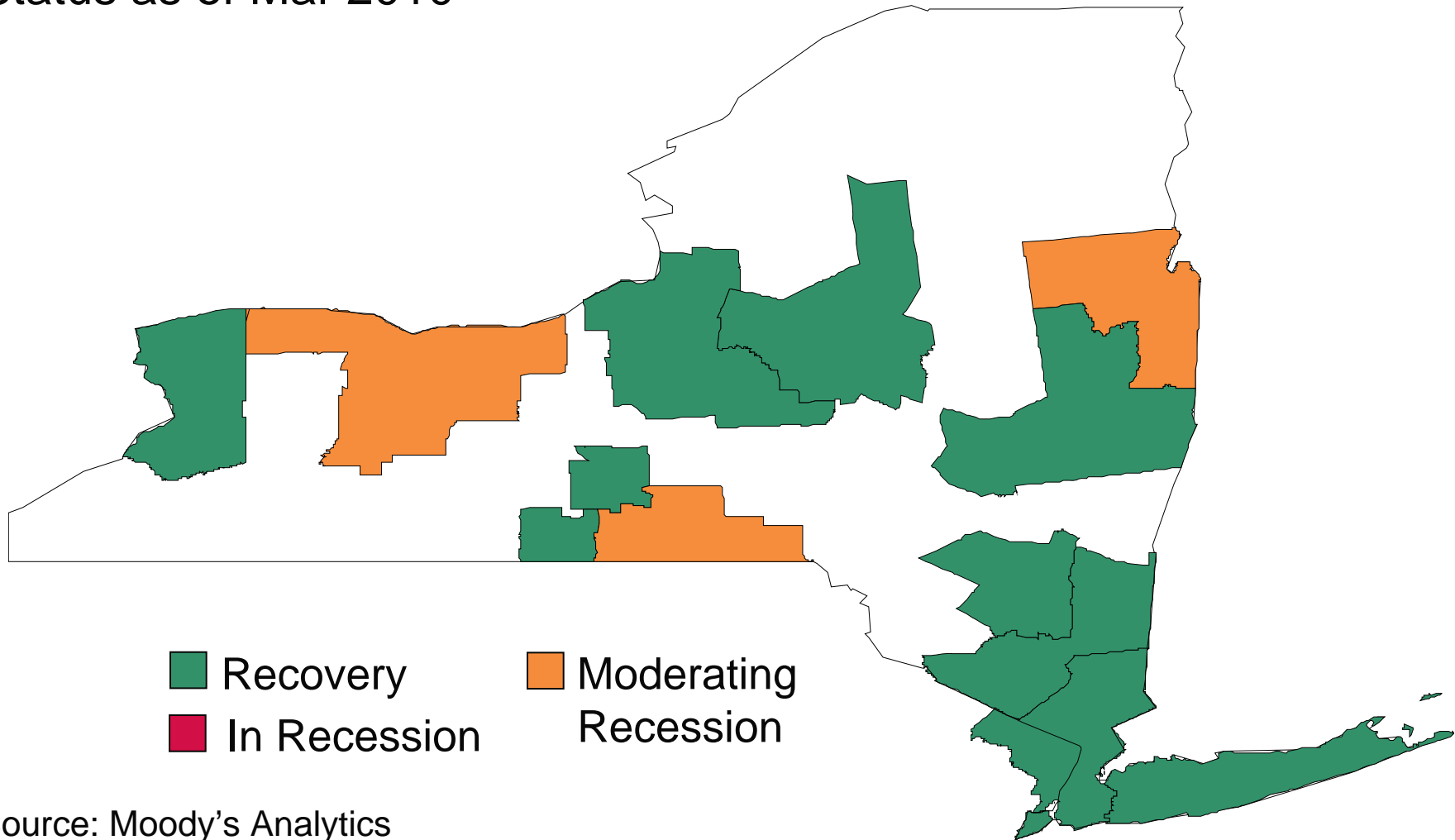
Status as of Mar 2010



Source: Moody's Analytics

# ...And So Are Most of Its Metro Areas

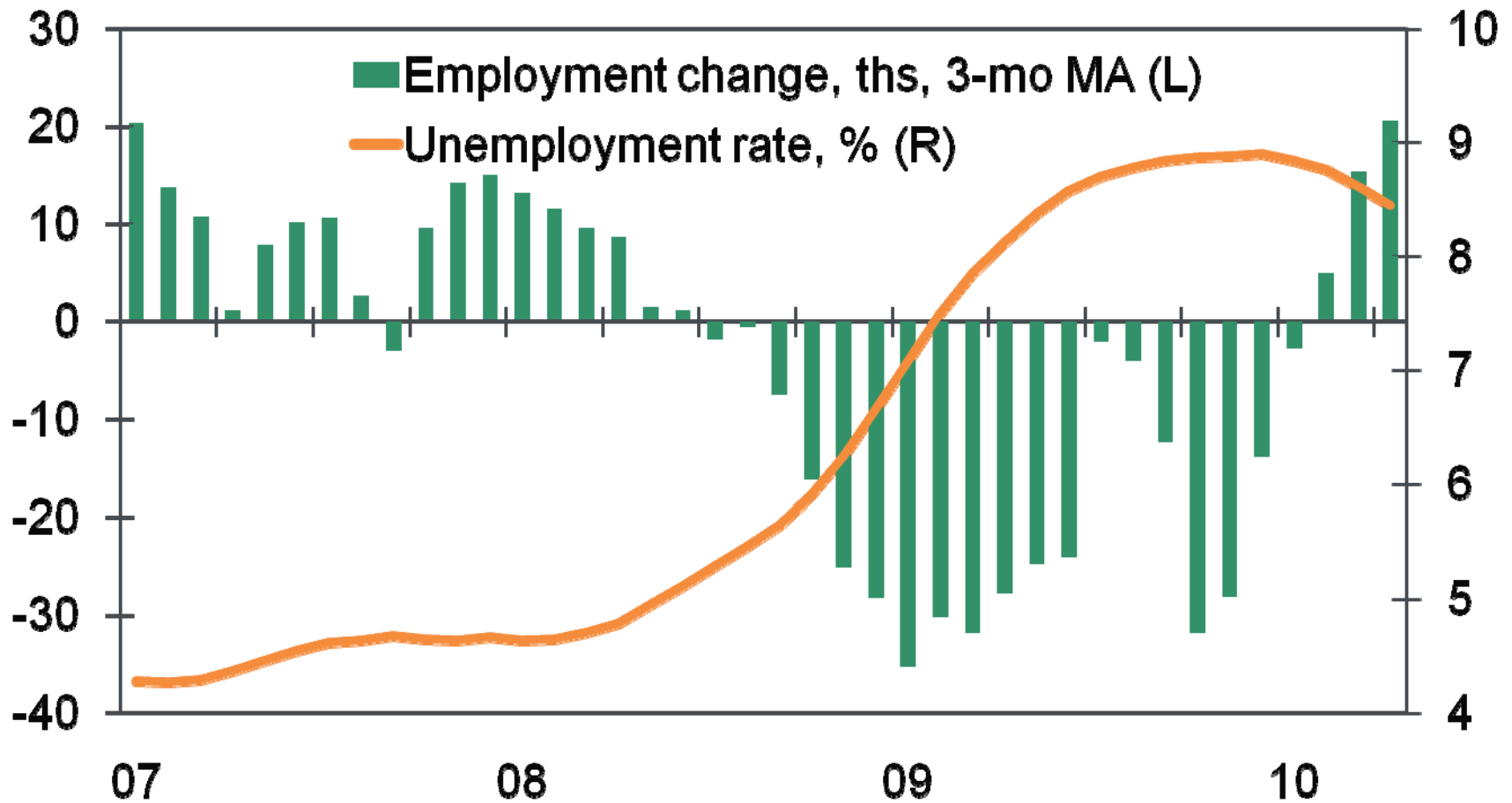
Status as of Mar 2010



Source: Moody's Analytics



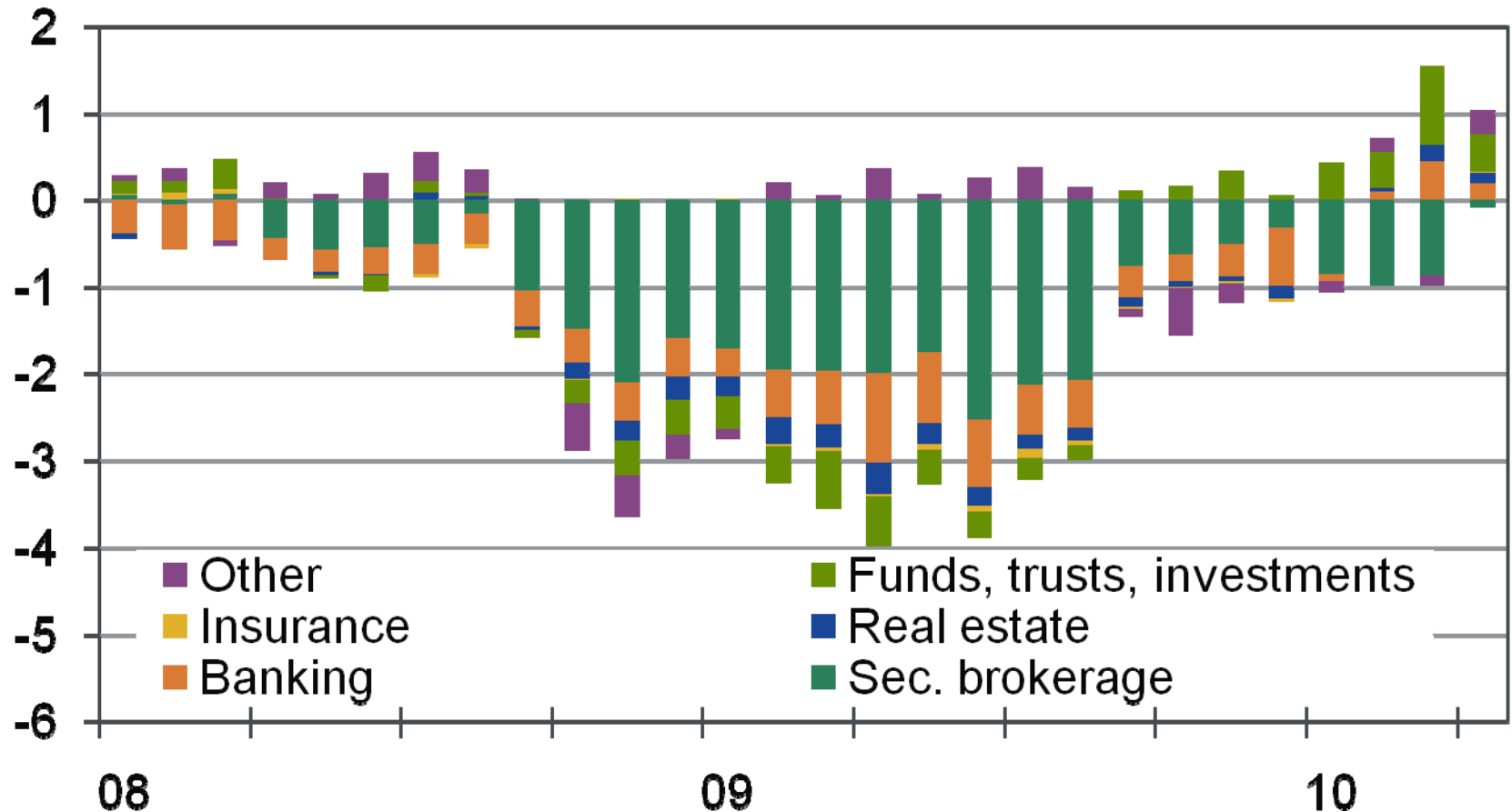
# The Economy Is Adding Jobs Again...



Source: BLS

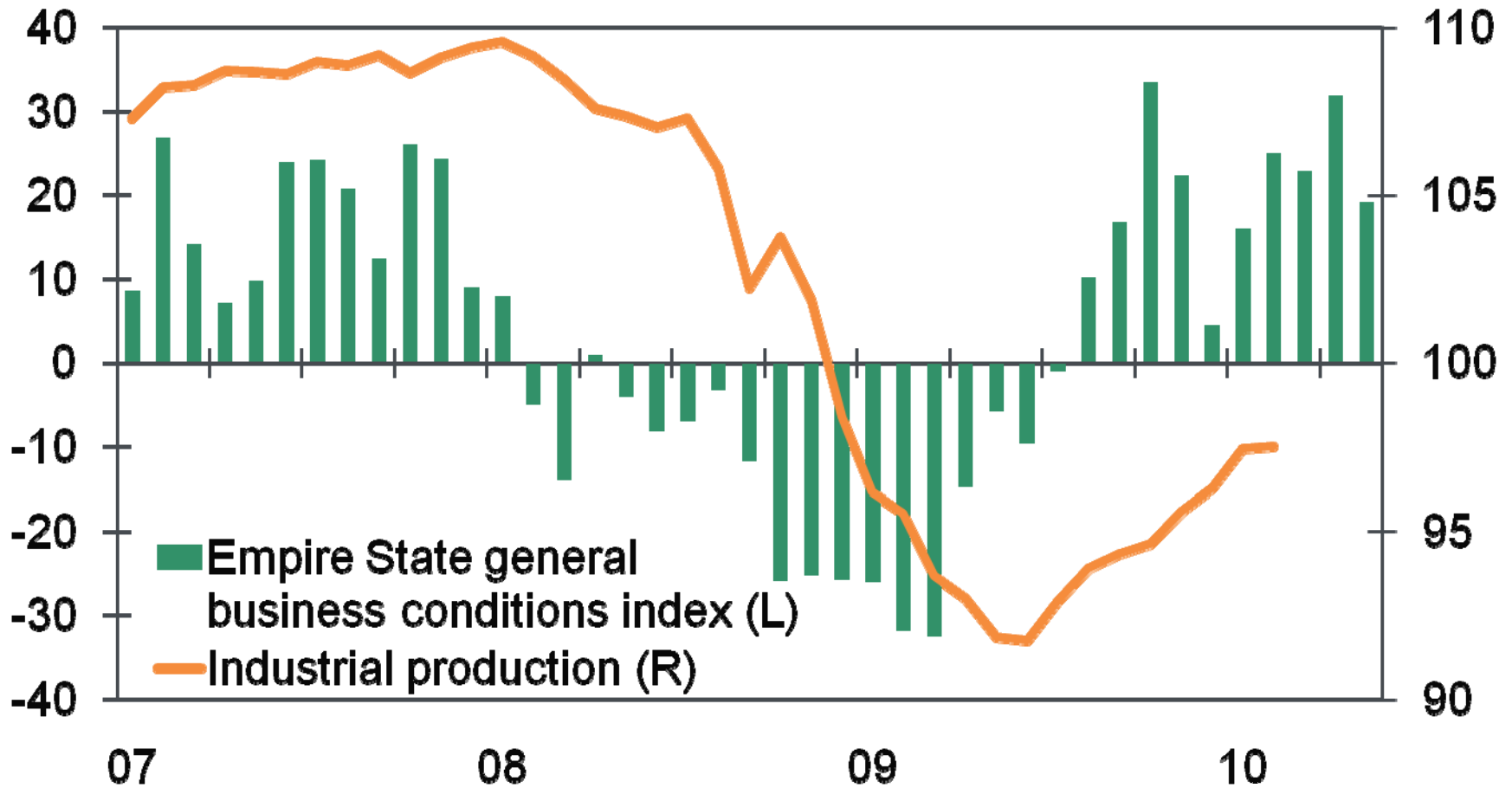
# ...As Wall Street Job Losses End...

New York City (5 boroughs) employment change, ths, 3-mo MA



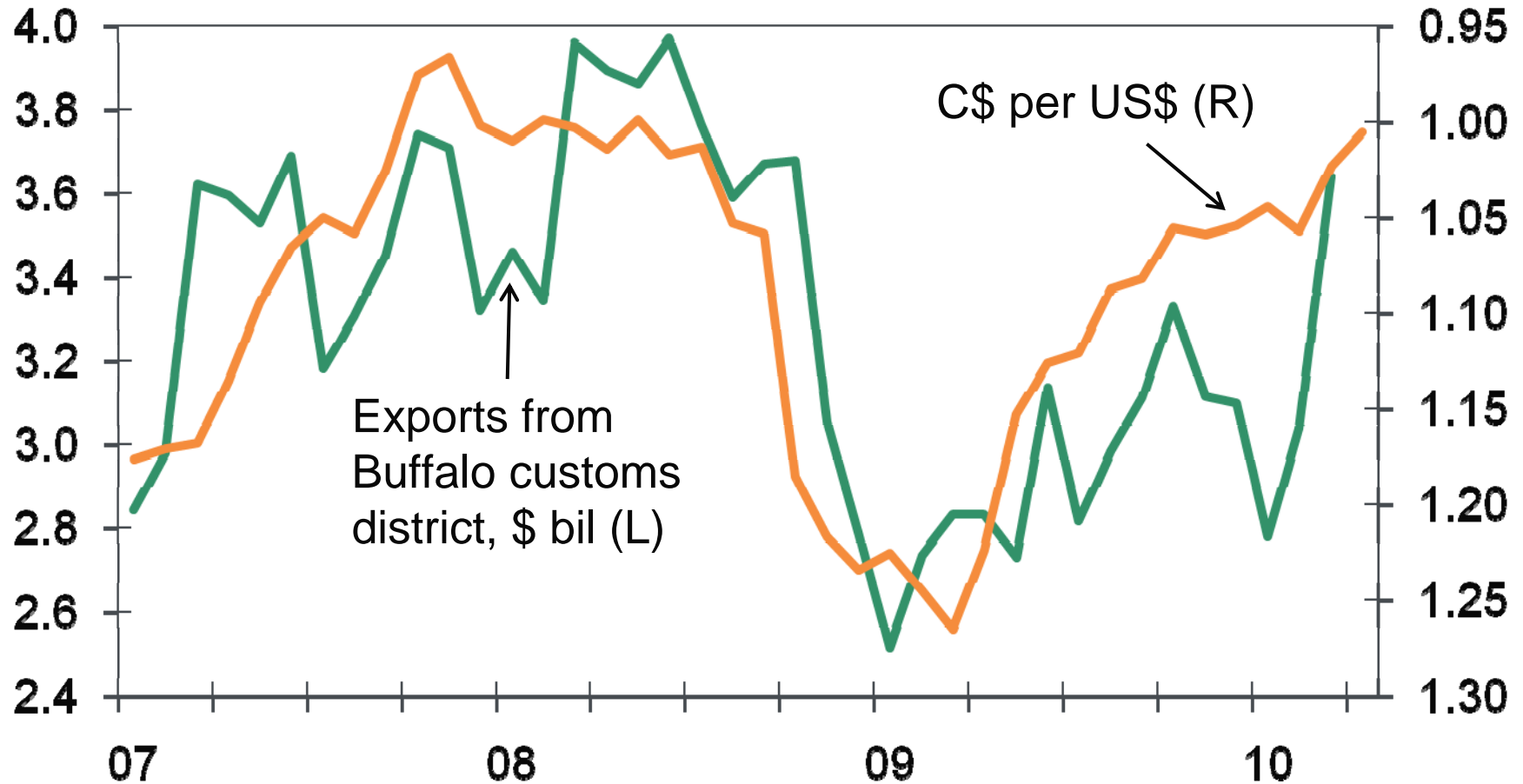
Sources: BLS, Moody's Analytics

## ...And Manufacturing Rebounds



Sources: NY Federal Reserve, Moody's Analytics

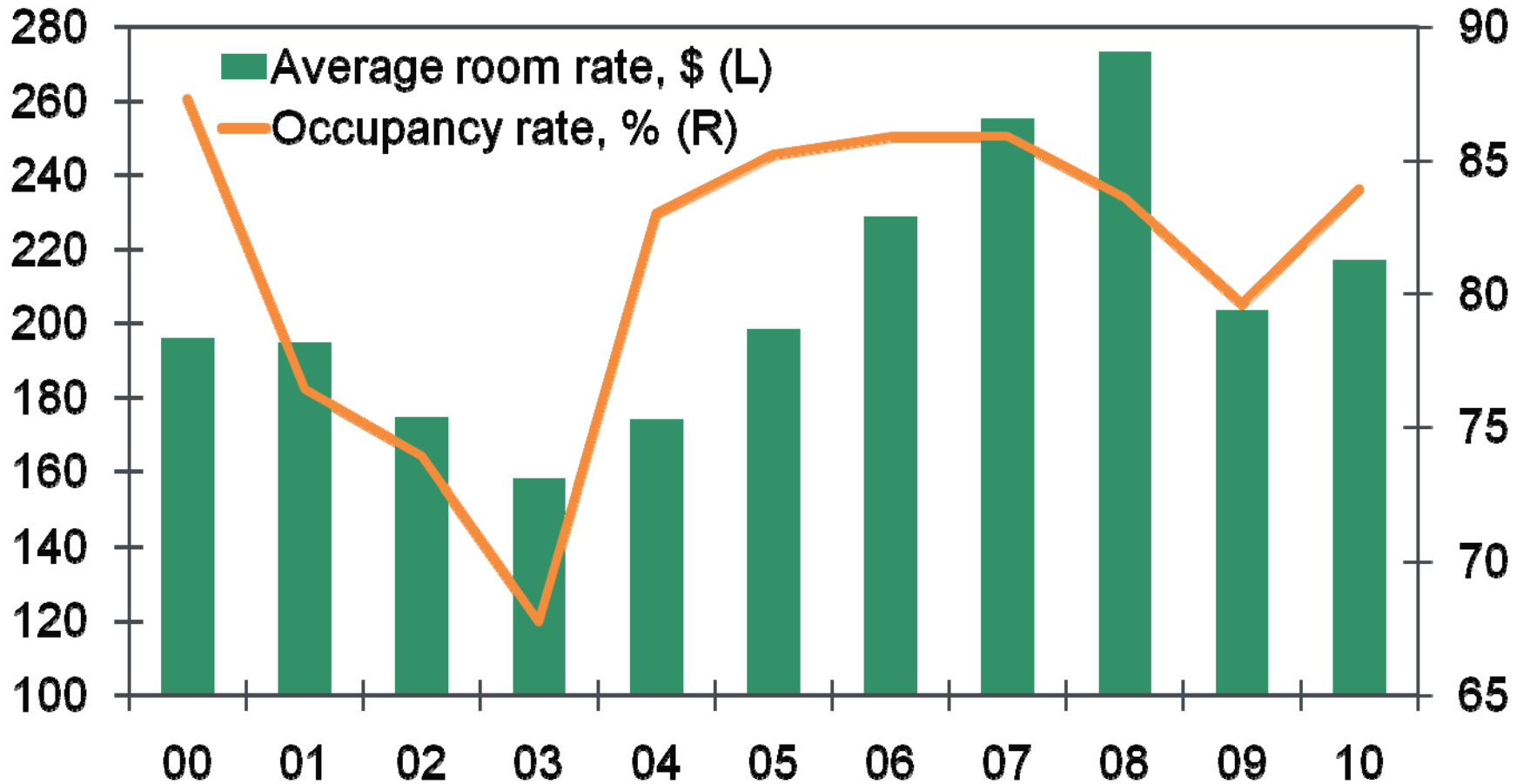
# Stronger Canadian Dollar Boosts Exports



Sources: Census Bureau, Federal Reserve

# Hospitality Market Is Recovering in New York City

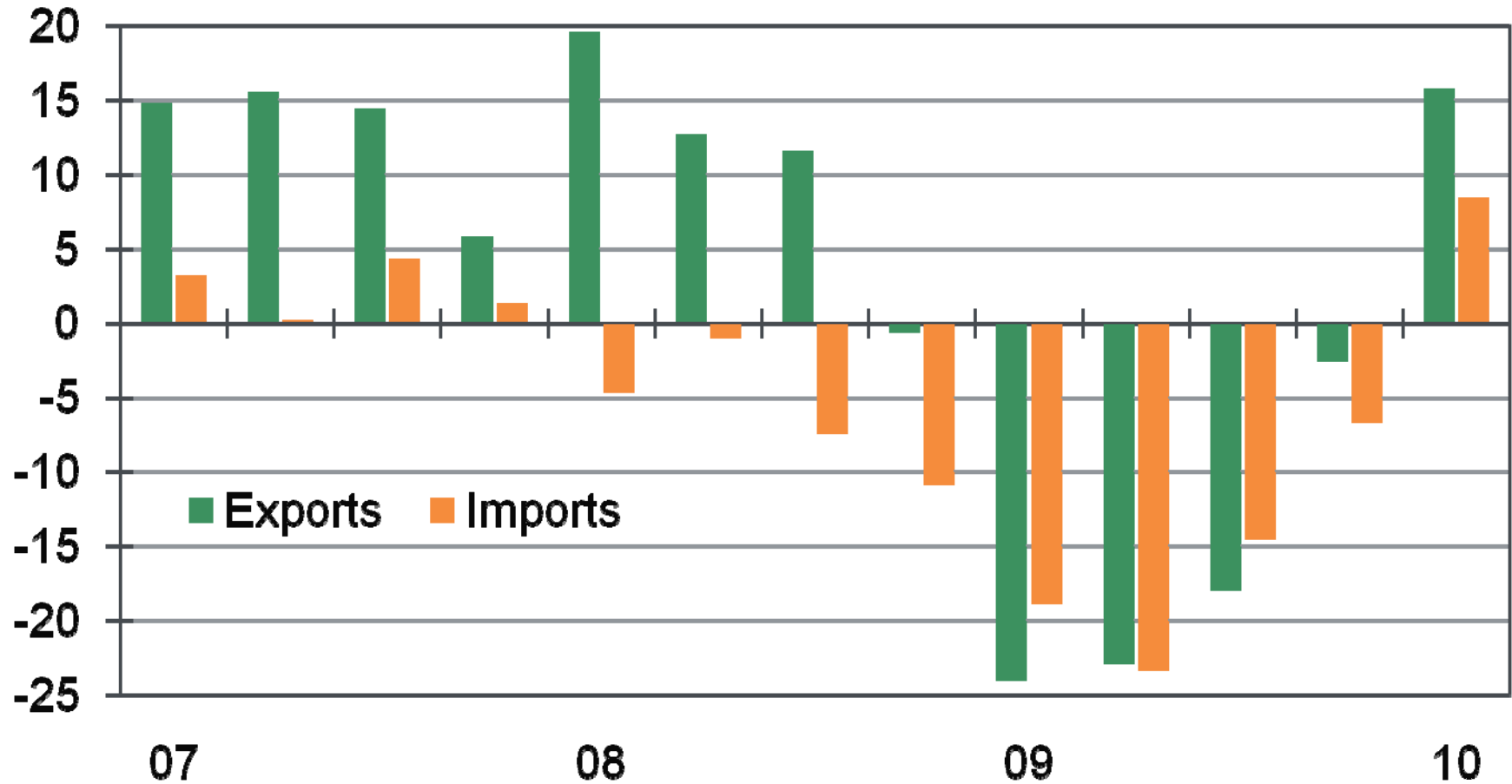
April of each yr



Source: Smith Travel Research

# Trade Recovery Boosts New York City's Port

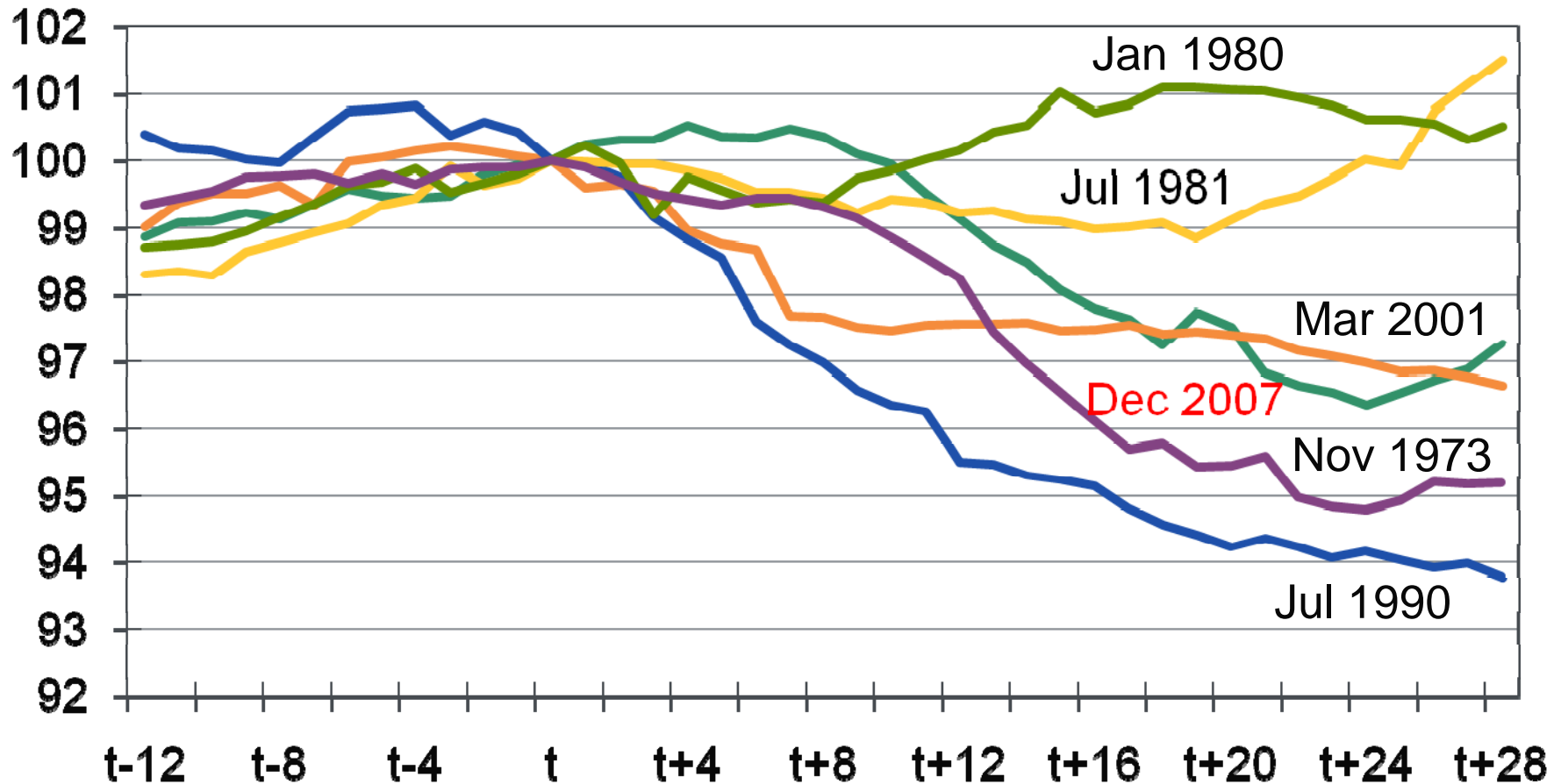
New York City customs district, % change yr ago, 05\$ bil



Sources: Census Bureau, BEA

# A Milder Than Anticipated Downturn in New York

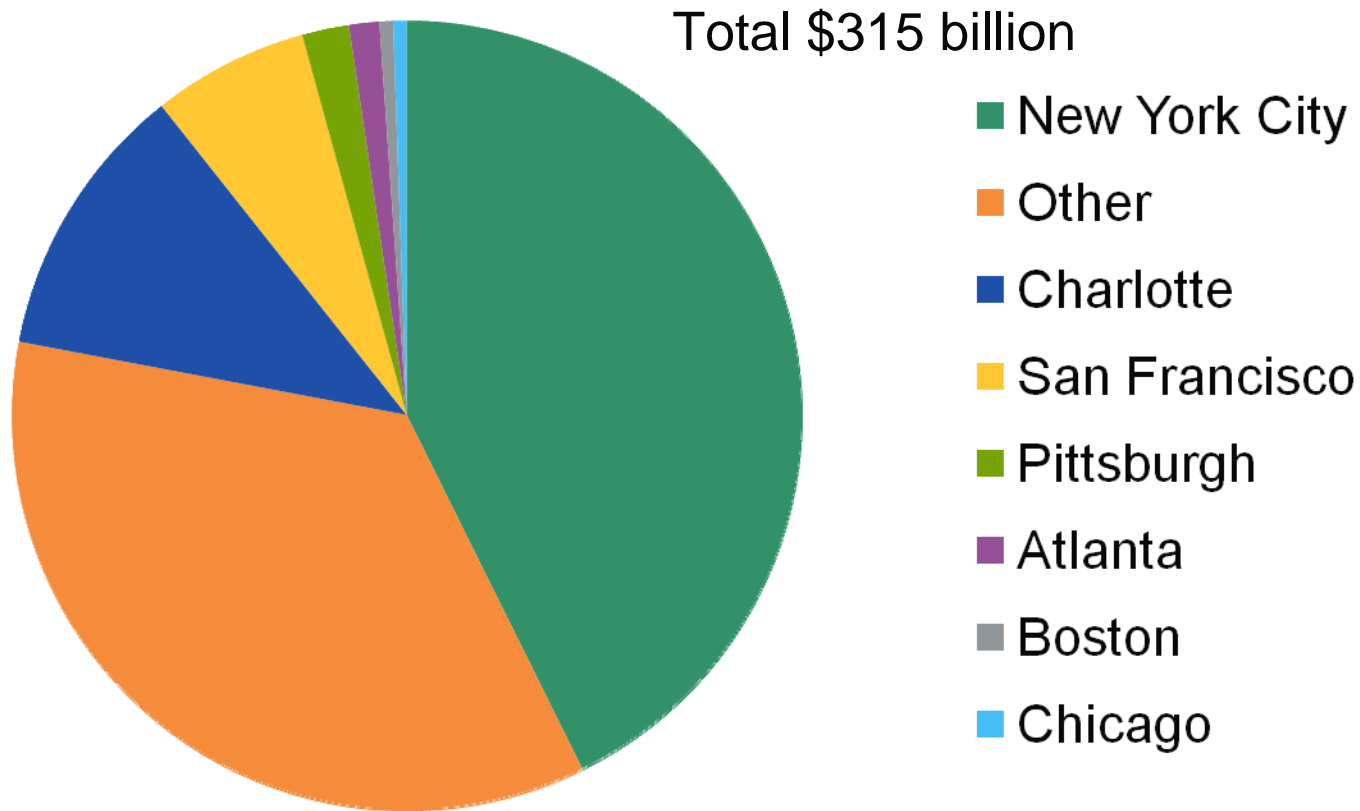
New York employment index,  $t$ =official start date of recession



Sources: BLS, Moody's Analytics

# Uncle Sam to the Rescue

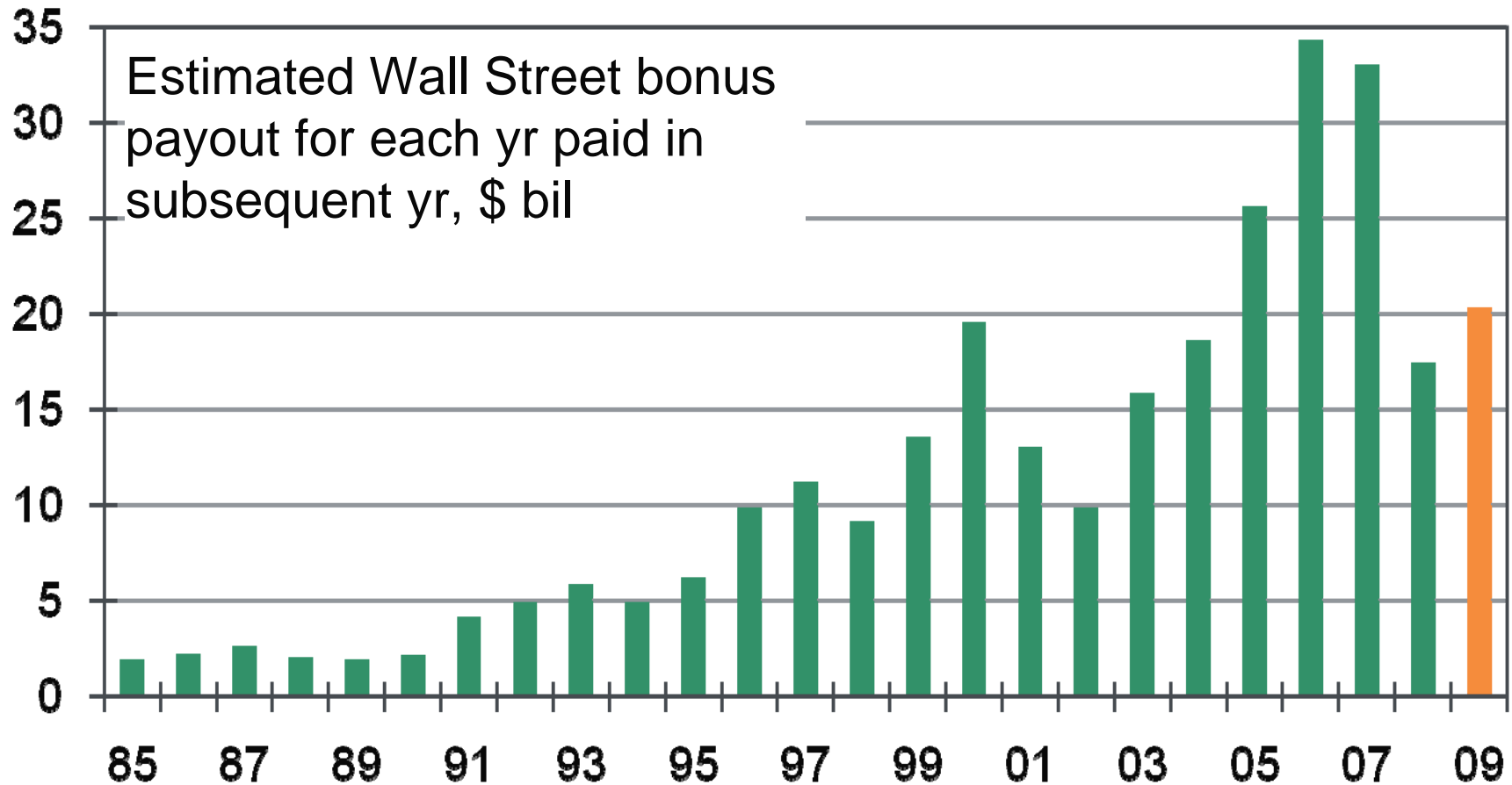
TARP funds distributed by bank headquarters



Source: Treasury Department



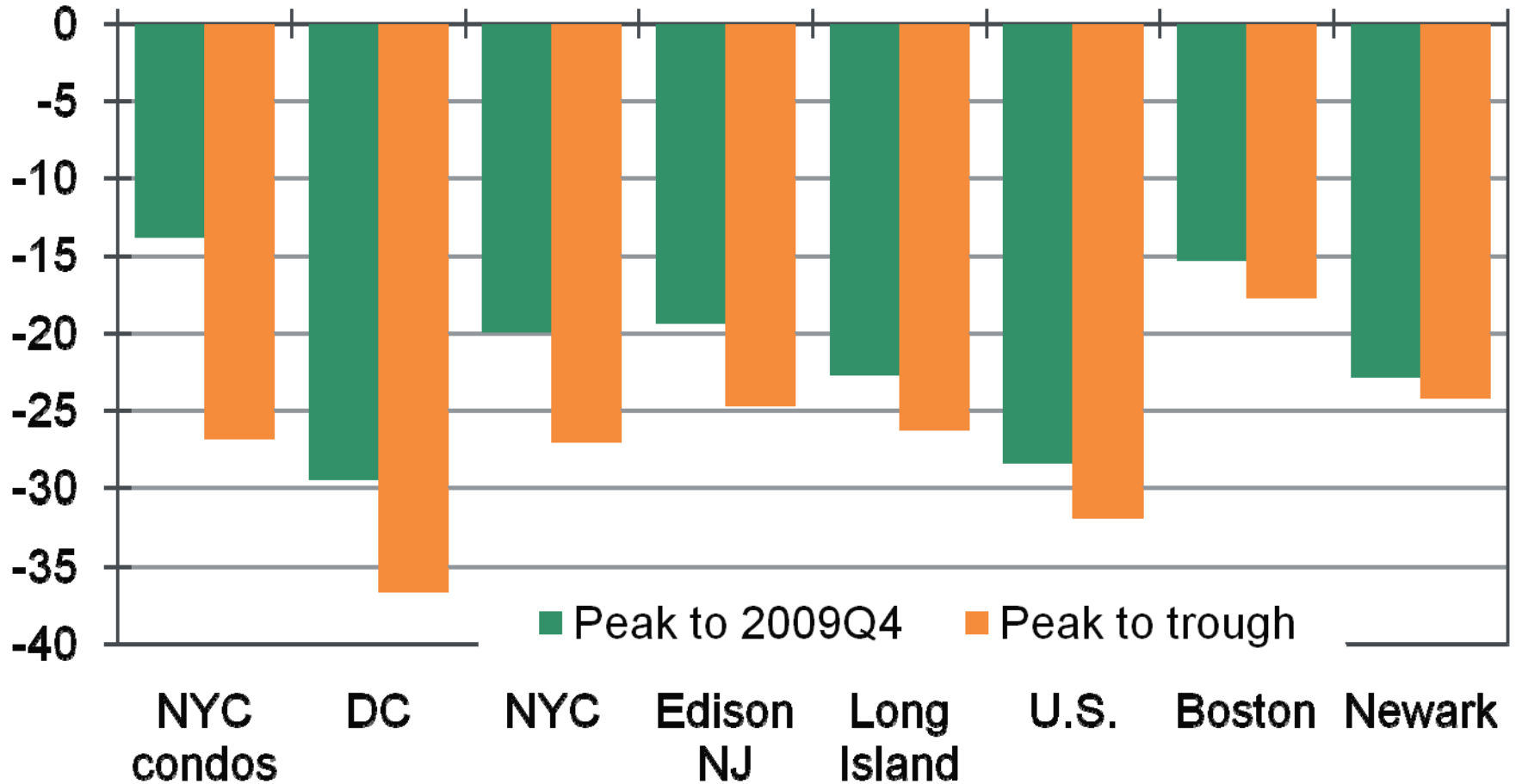
# Wall Street Bonuses Back in the Stratosphere...



Source: New York State Comptroller

# ...May Provide Some Stability to House Prices

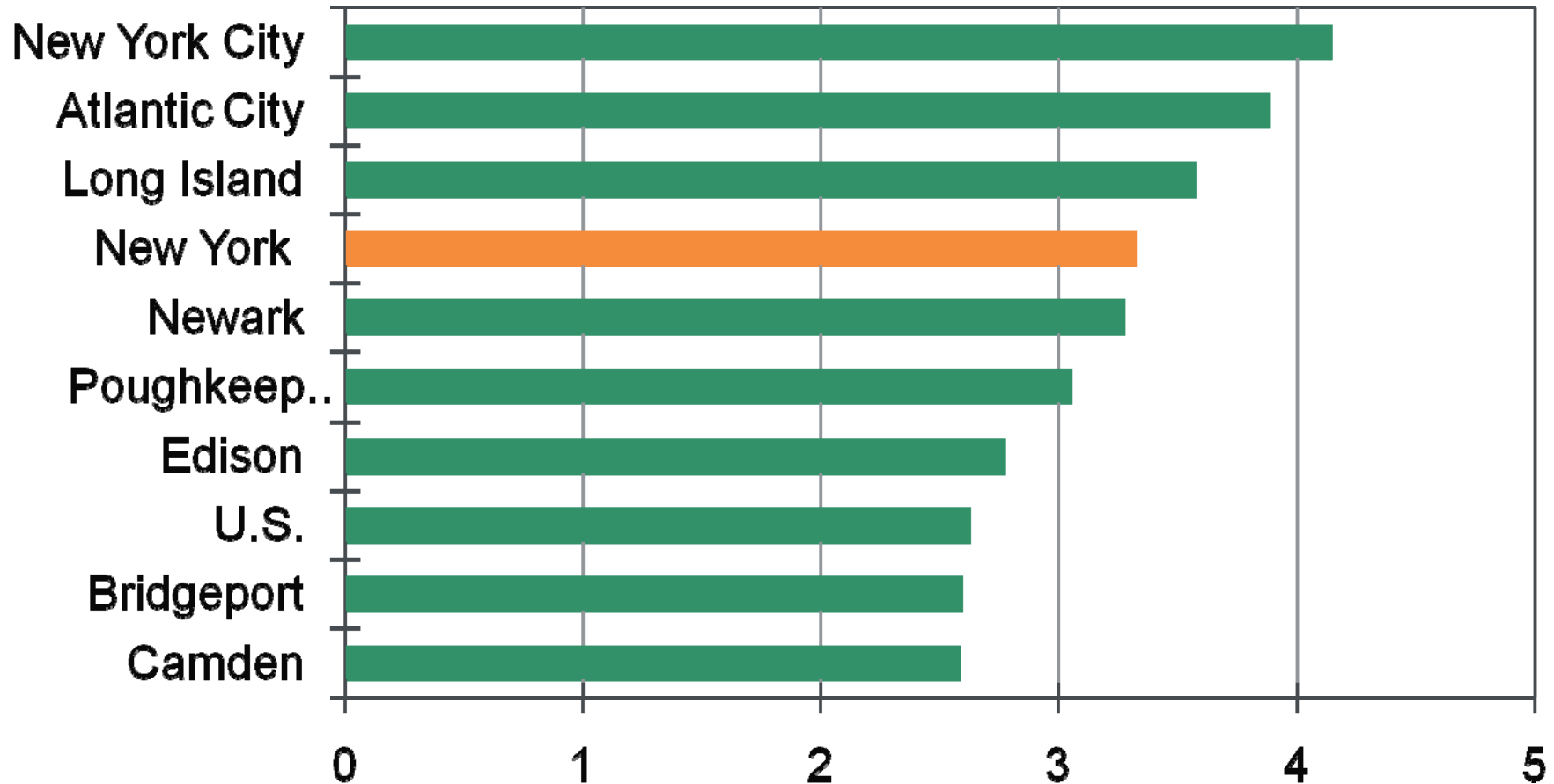
Case-Shiller® Home Price Index, % decline...



Sources: Fiserv, Moody's Analytics

# New York Mortgage Problems Still Persist

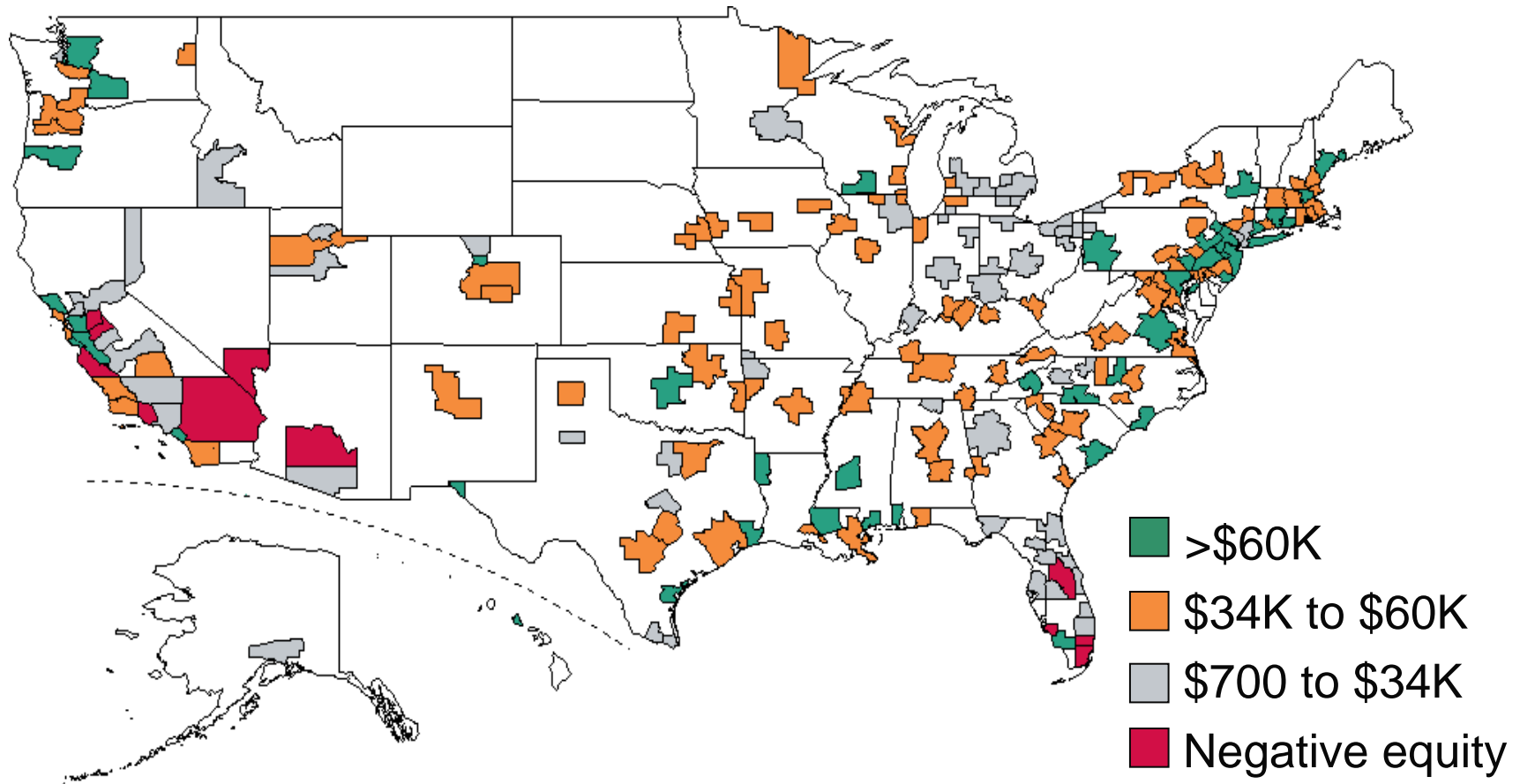
First mortgages in default, % of \$ volume, 2010Q1



Sources: Equifax, Moody's Analytics

# Sizable Equity Cushion Remains in New York

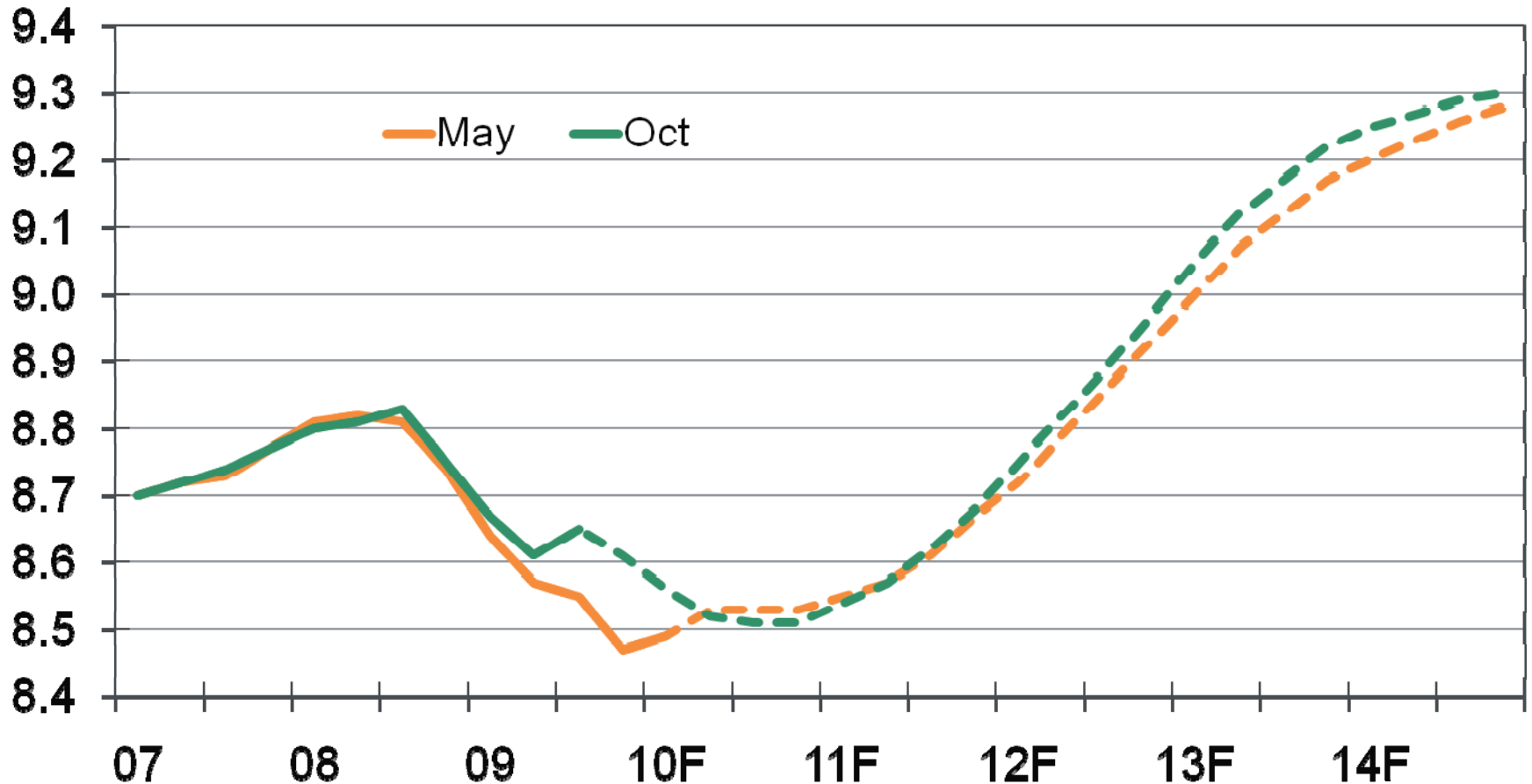
Housing equity per household, \$, 2010Q1



Sources: Equifax, Moody's Analytics

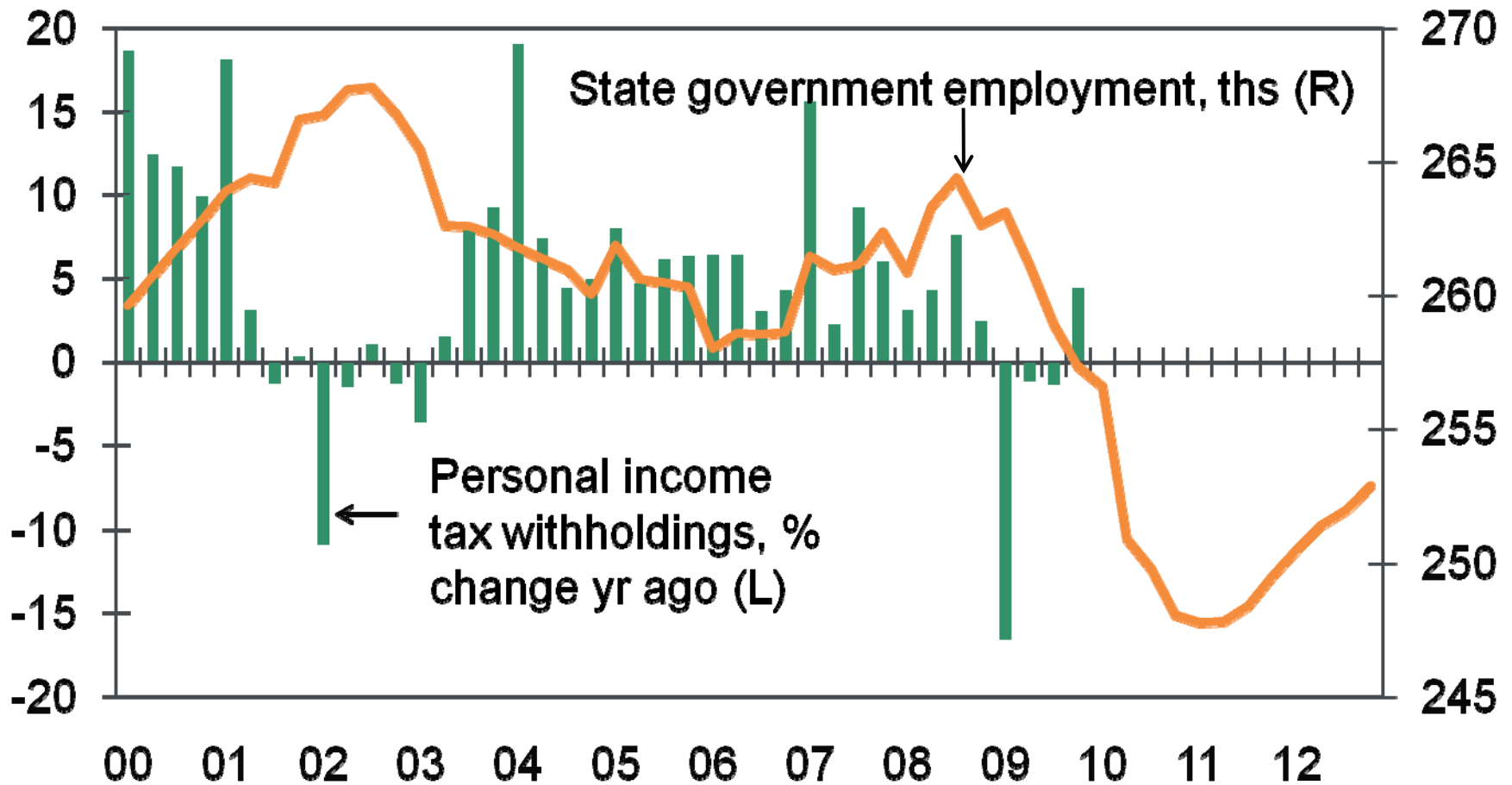
# Back to Prerecession Employment by 2012

New York employment, mil



Sources: BLS, Moody's Analytics

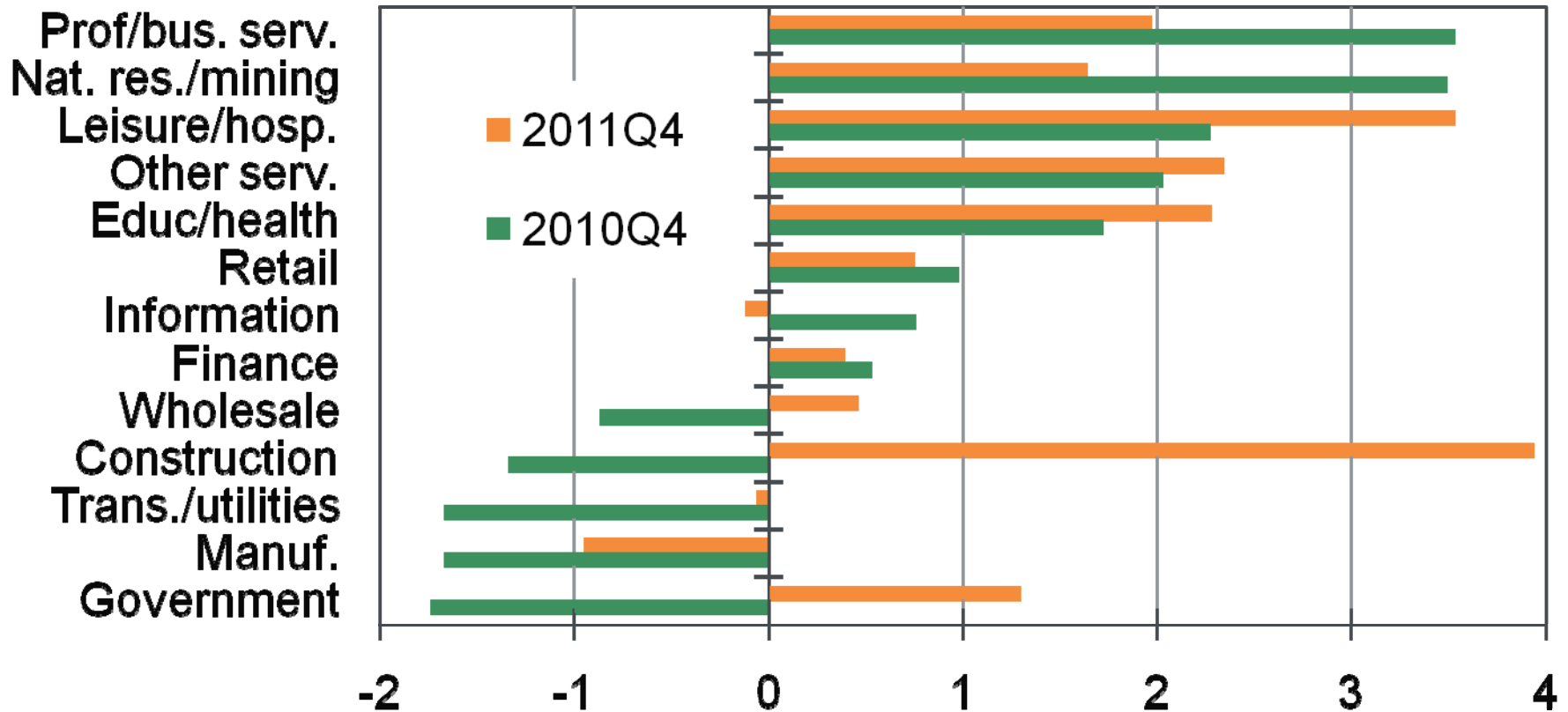
# State Government Is Biggest Risk to the Outlook



Sources: BLS, Rockefeller Institute of Government

# Growth in Low-Paying Services This Year and Next

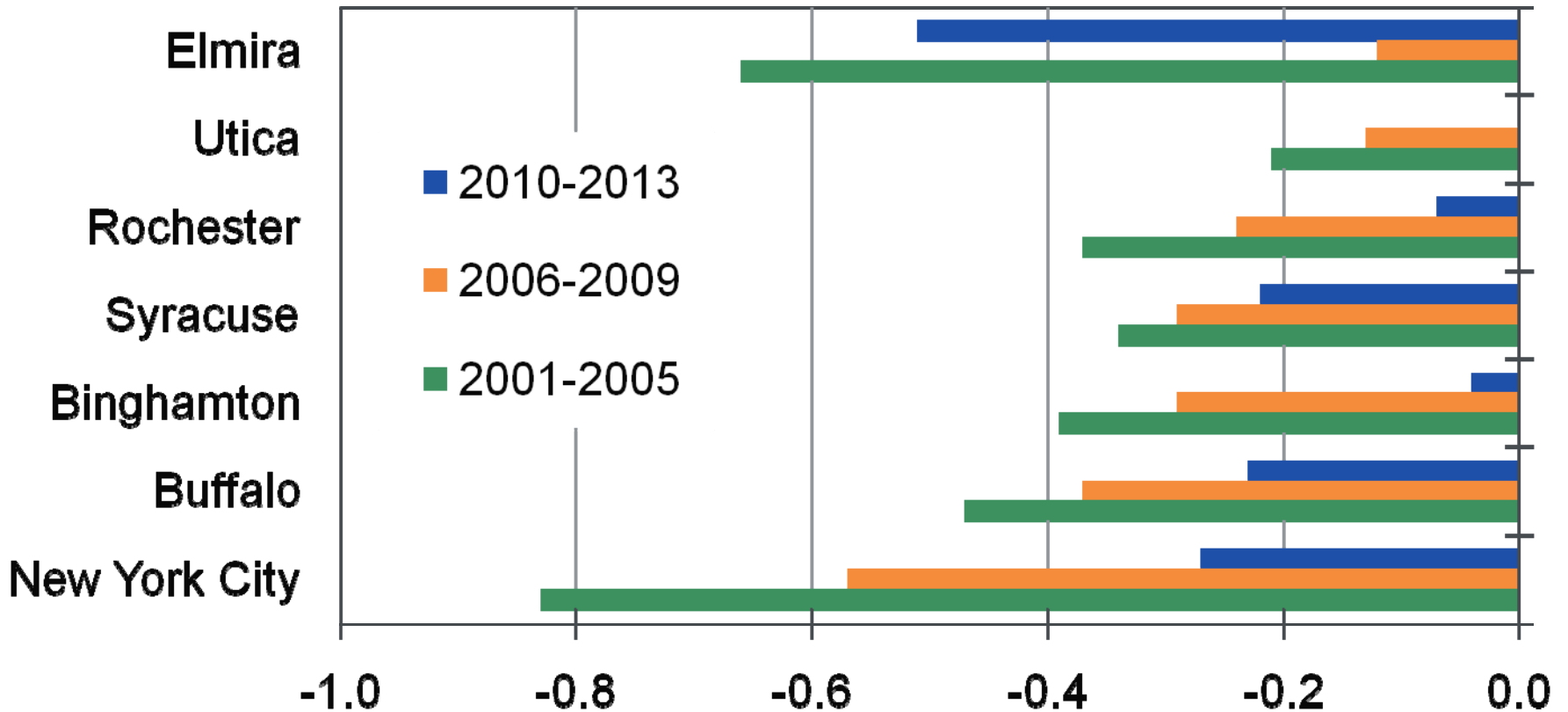
Employment, % change yr ago



Source: Moody's Analytics

# Recession Keeps New Yorkers in Place

Net migration as % of population



Sources: Census Bureau, Moody's Analytics

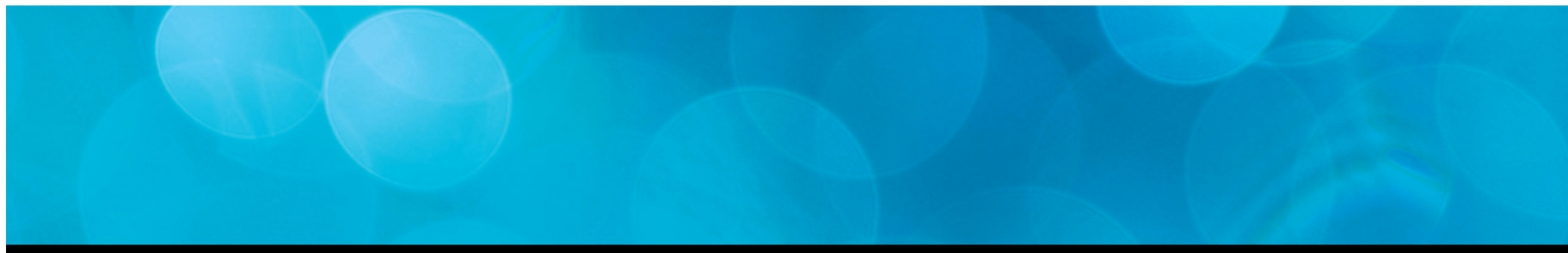


# MOODY'S

ANALYTICS

121 North Walnut Street  
Suite 500  
West Chester, PA 19380  
610.235.5299

[www.economy.com](http://www.economy.com)



© 2010 Moody's Analytics, Inc. and/or its licensors and affiliates (collectively, "MOODY'S"). All rights reserved. ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY COPYRIGHT LAW AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The ratings, financial reporting analysis, projections, and other observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER. Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, holding, or selling.