

The U.S. and New York Outlook

Presented by:

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Director

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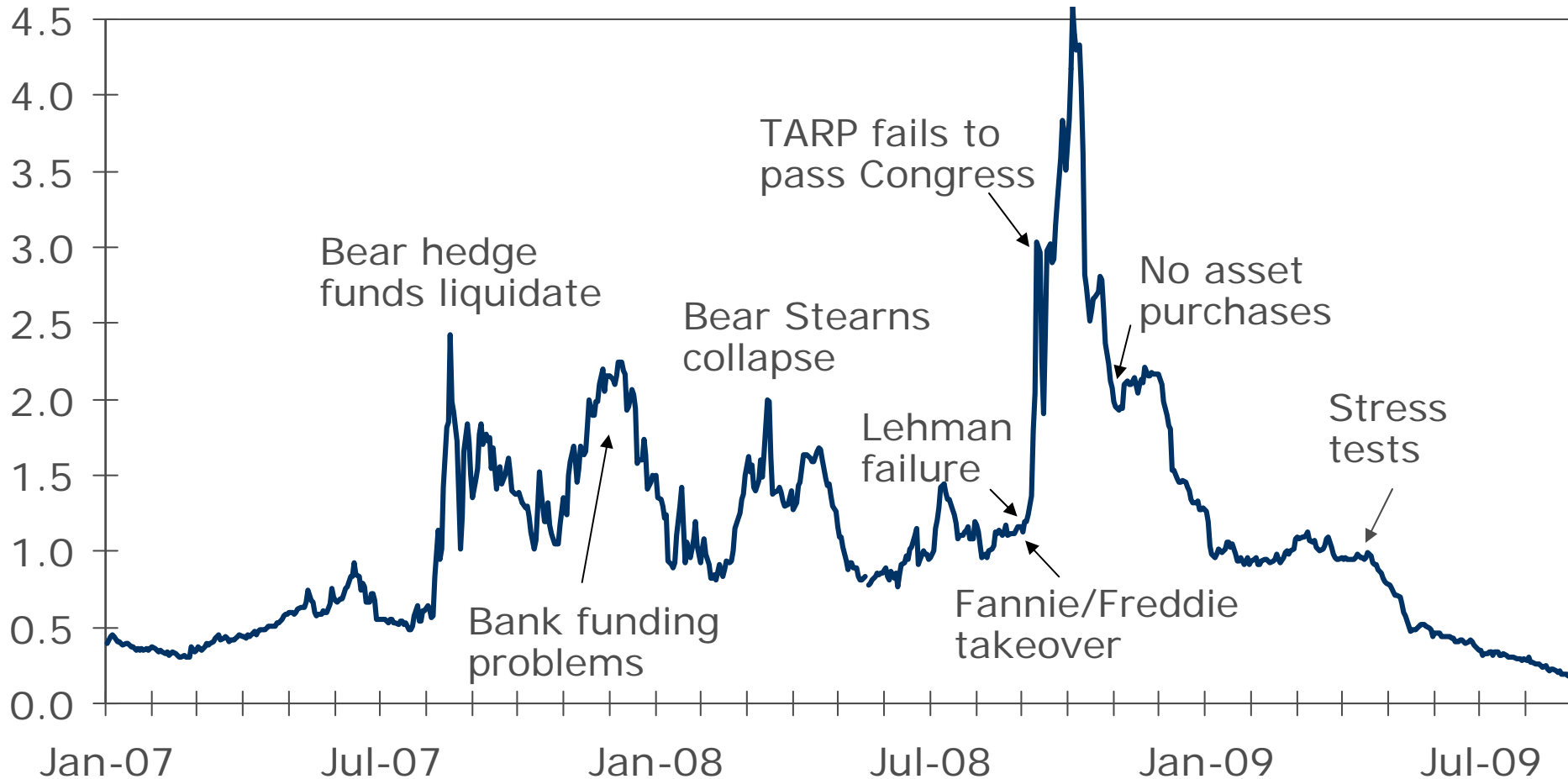
The Great Recession Is Over

Recessions since World War II

Peak	Trough	Duration in Months		Peak-to-Trough % change		Jobless Rate, %		
		Recession Peak to Trough	Expansion Peak to Trough	Real GDP	Nonfarm Employment	Low	High	Change, ppt
Dec 2007	Sep 2009	21	--	-3.7	-5.8	4.4	10.3	5.9
Mar 2001	Nov 2001	8	120	-0.4	-2.0	3.8	6.3	2.5
Jul 1990	Mar 1991	8	92	-1.4	-1.5	5.0	7.8	2.8
Jul 1981	Nov 1982	16	12	-2.5	-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	-3.2	-2.7	4.6	9.0	4.4
Dec 1969	Nov 1970	11	106	-0.6	-1.4	3.4	6.1	2.7
Apr 1960	Feb 1961	10	24	-1.6	-2.3	4.8	7.1	2.3
Aug 1957	Apr 1958	8	39	-3.0	-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	-1.8	-5.1	3.4	7.9	4.5
Average for past recessions		10	57	-1.9	-2.7	4.4	7.6	3.2

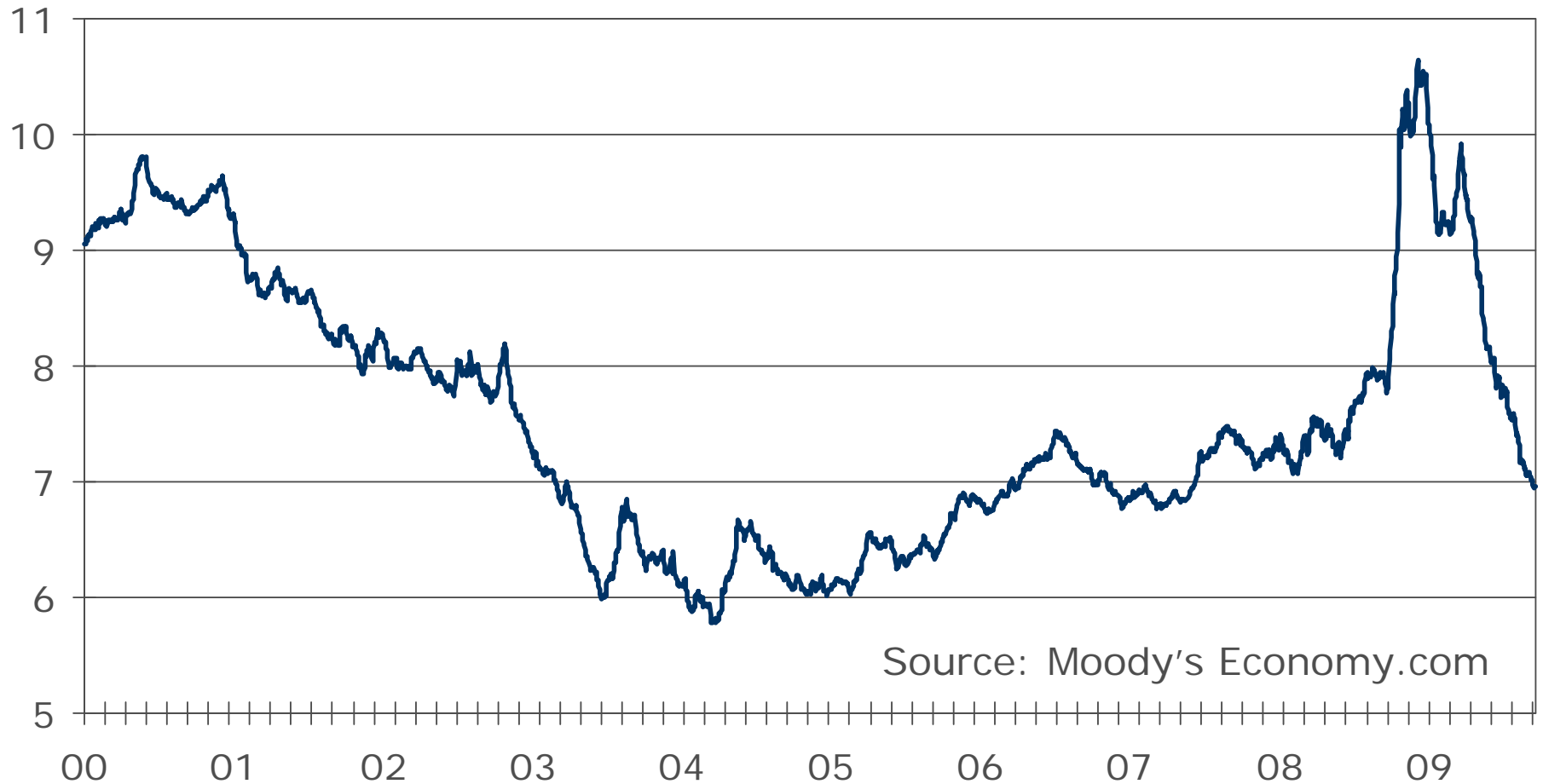
Policymakers Stabilize the Banking System...

Difference between 3 month Libor and Treasury bill yields



...And Borrowing Costs Recede

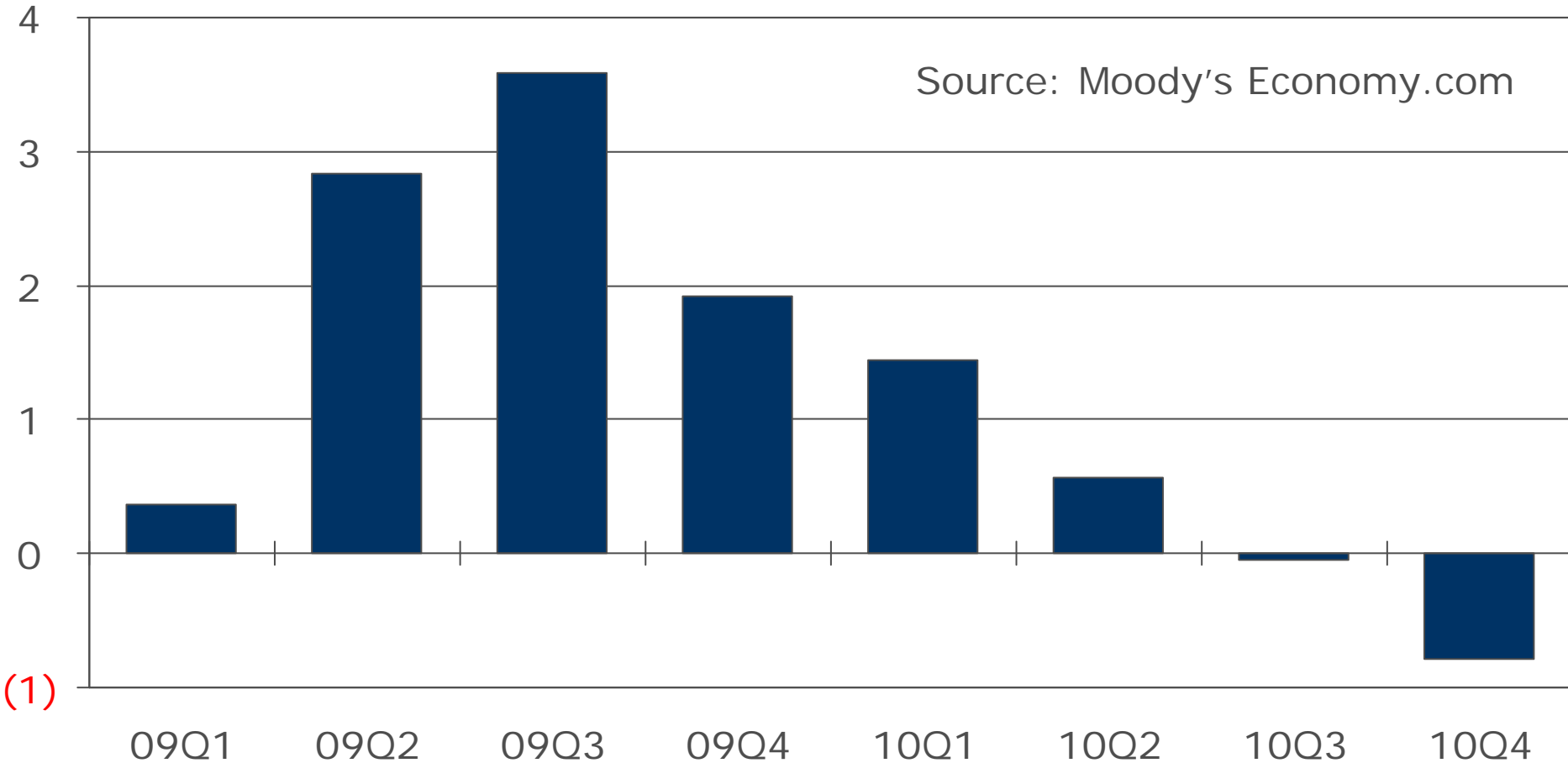
Economy-wide interest rate



Source: Moody's Economy.com

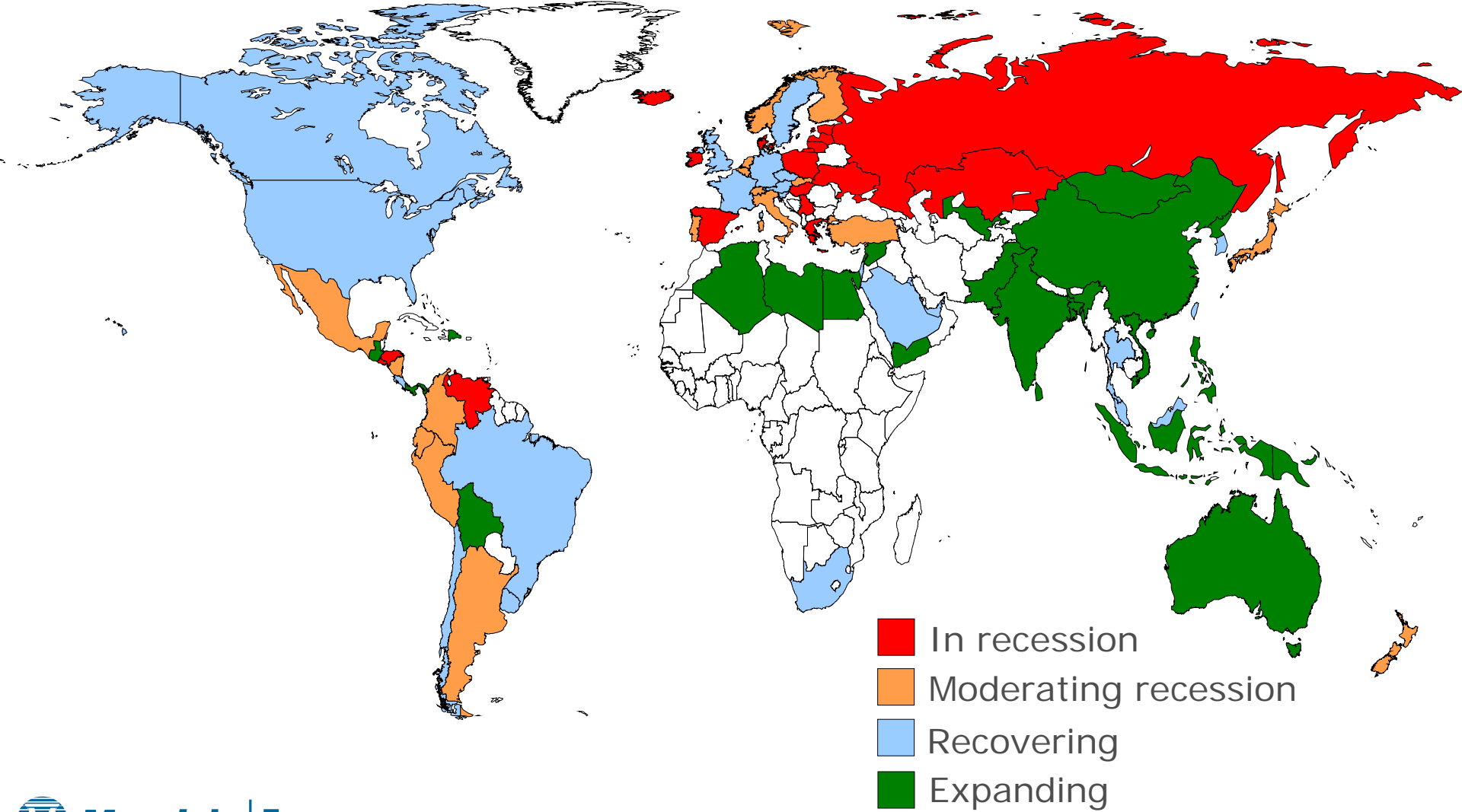
Fiscal Stimulus Provides a Meaningful Boost

Contribution to real GDP growth, ppt



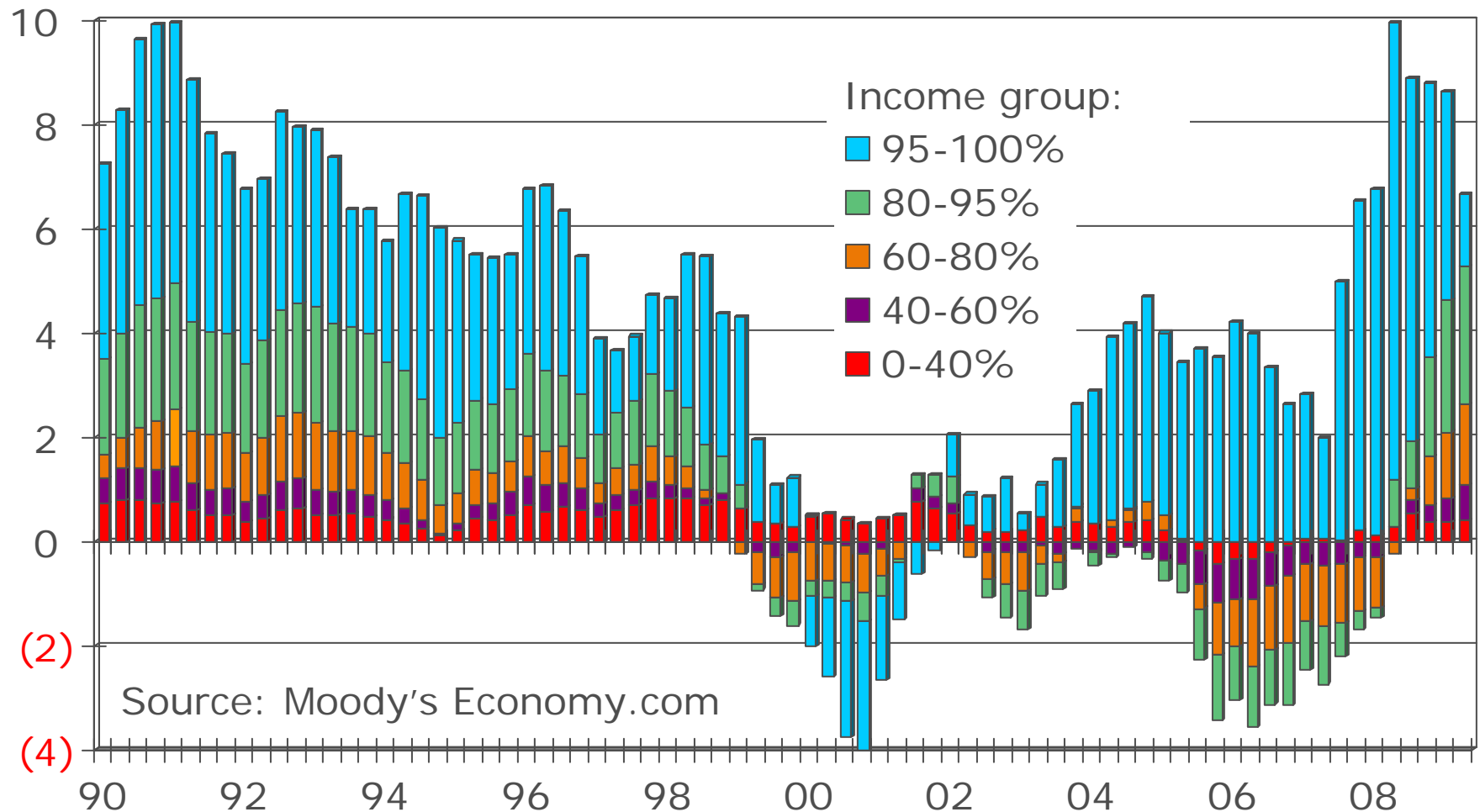
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The Global Recession Is Abating



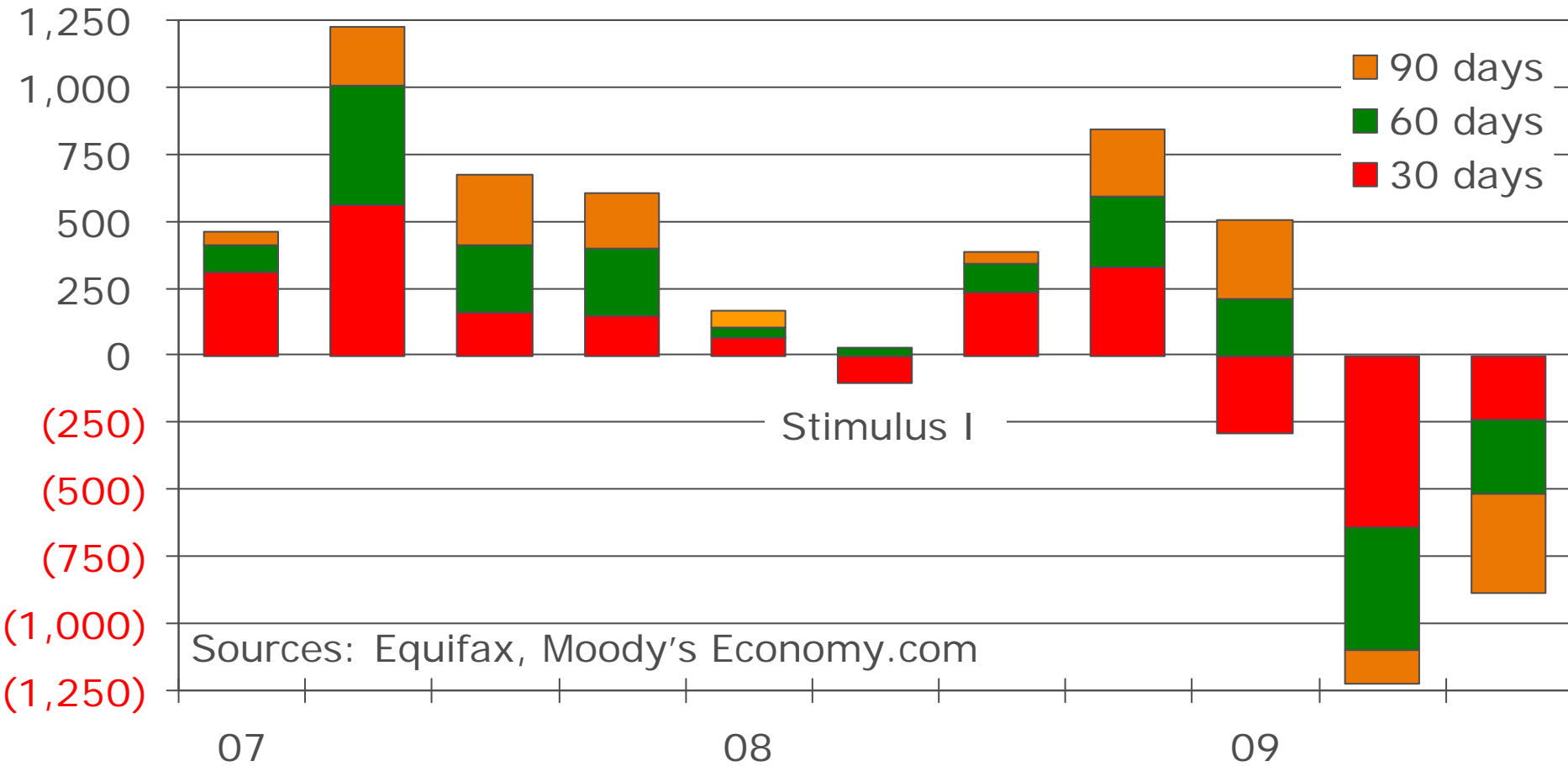
Consumers Are Fixing Their Finances...

Contribution to personal saving rate, ppt



...With Some Success

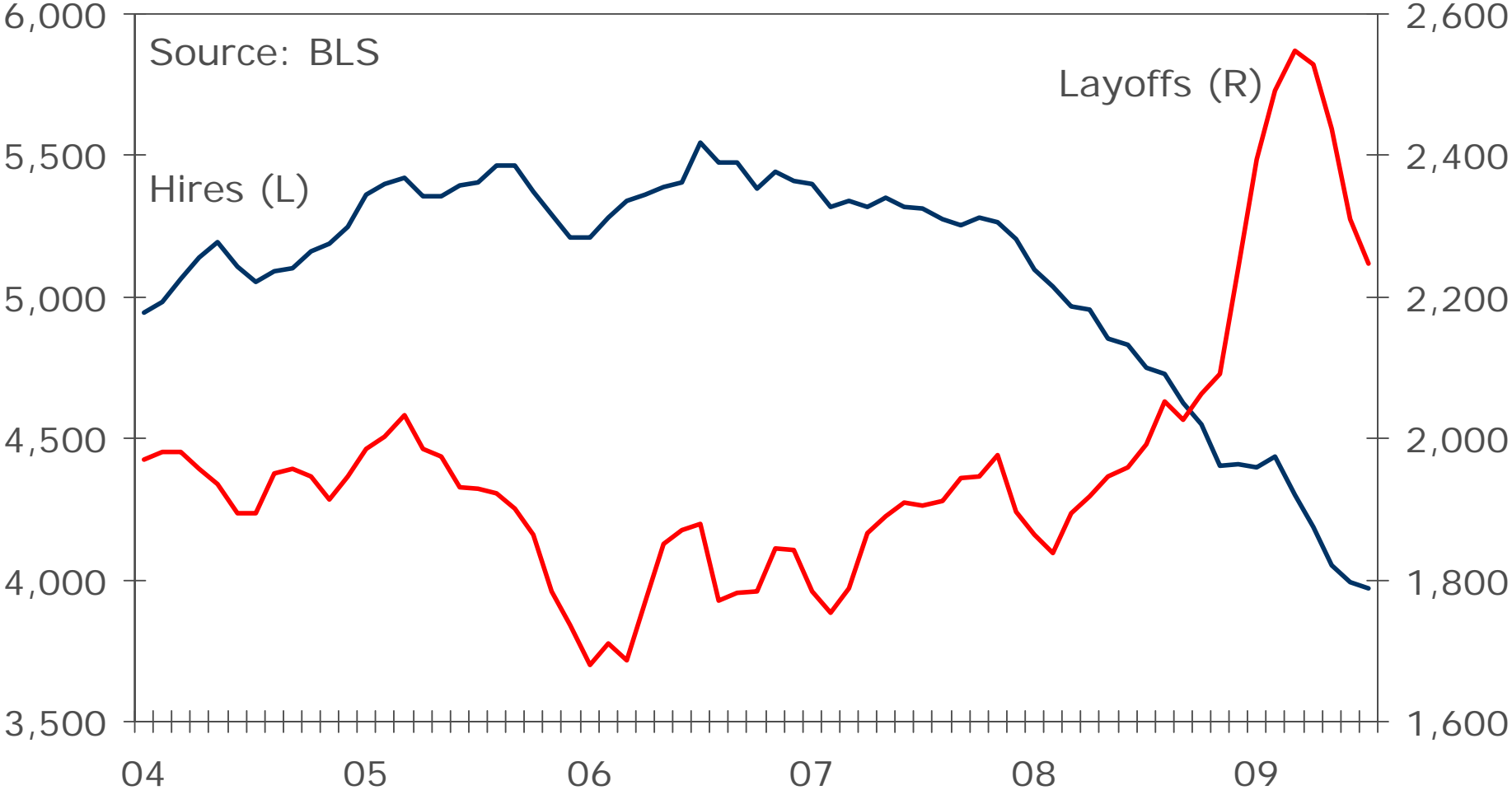
Change in delinquent trades, ths



Sources: Equifax, Moody's Economy.com

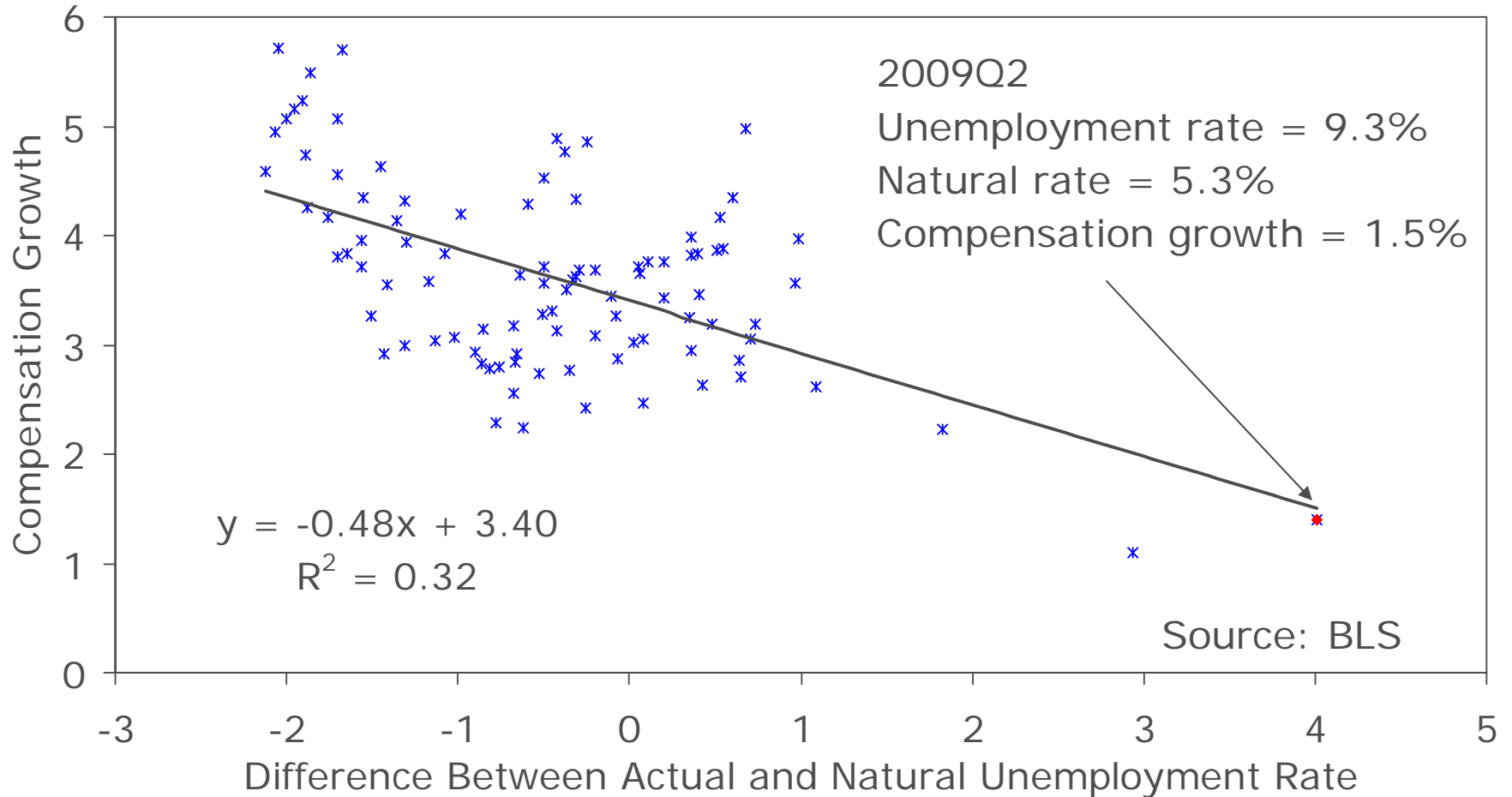
Layoffs Abate, But No One Is Hiring...

Ths, 3-mo MA



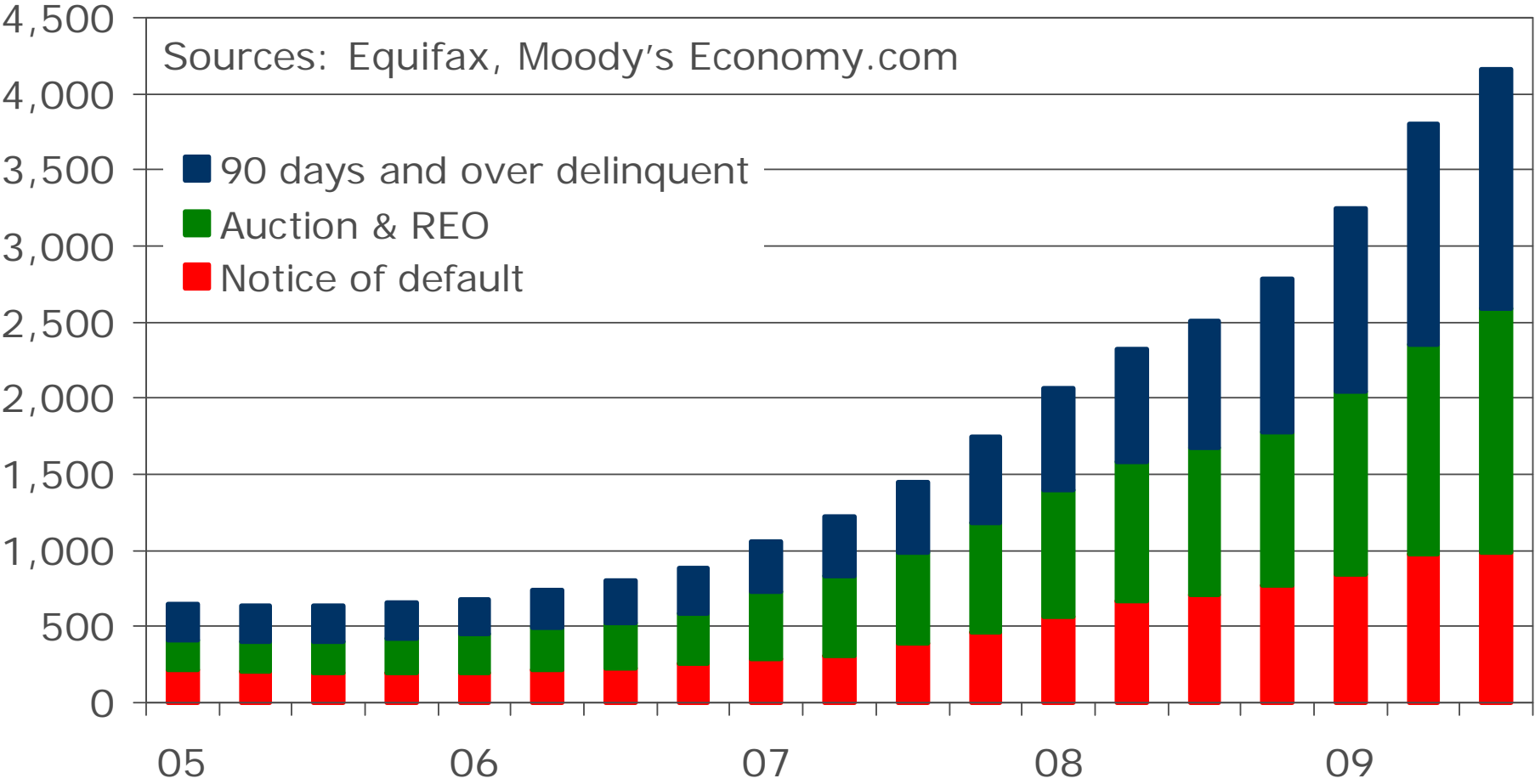
...Threatening to Undermine Labor Compensation

1985Q1 – 2009Q2

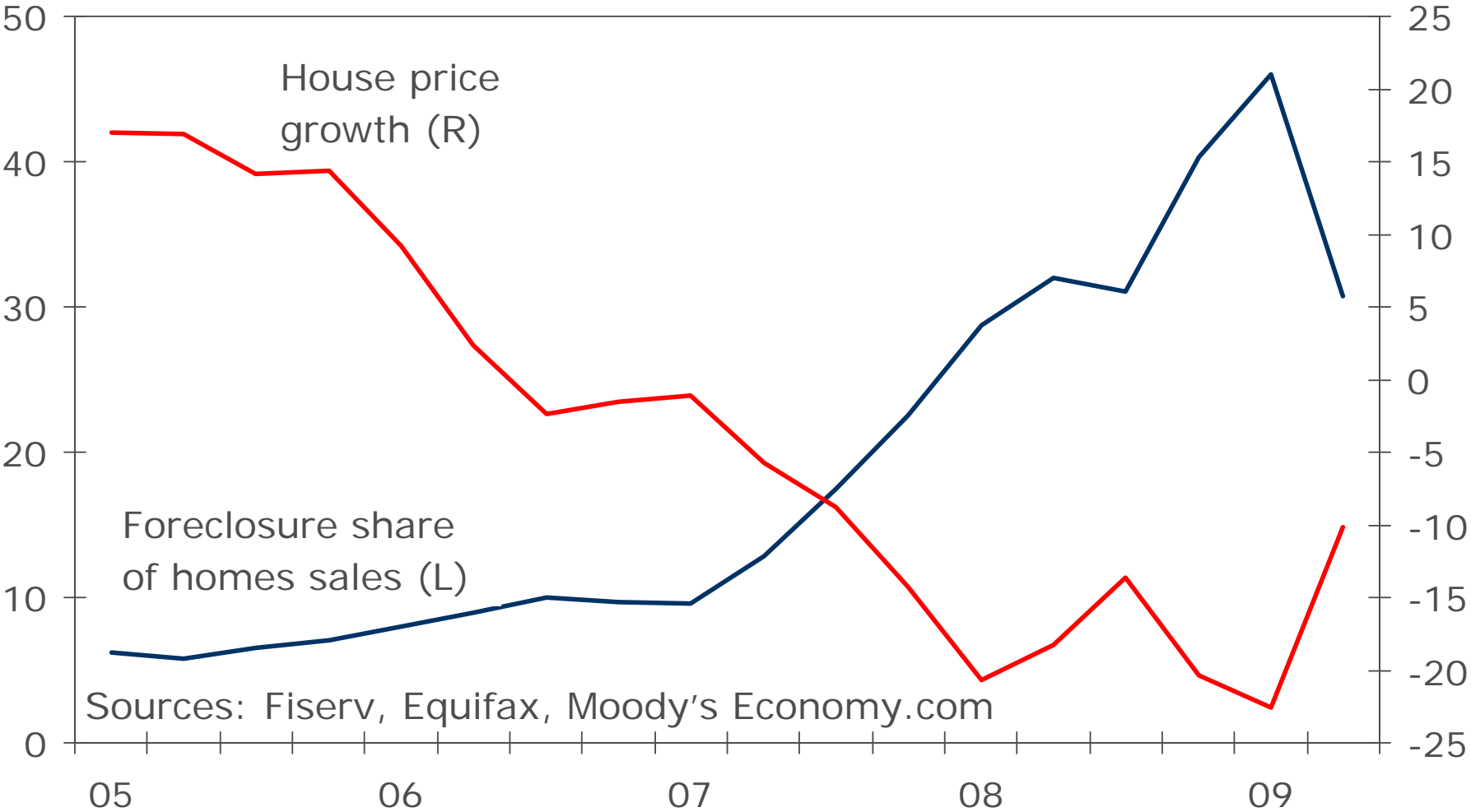


No Let Up in the Foreclosure Crisis...

Ths of loans



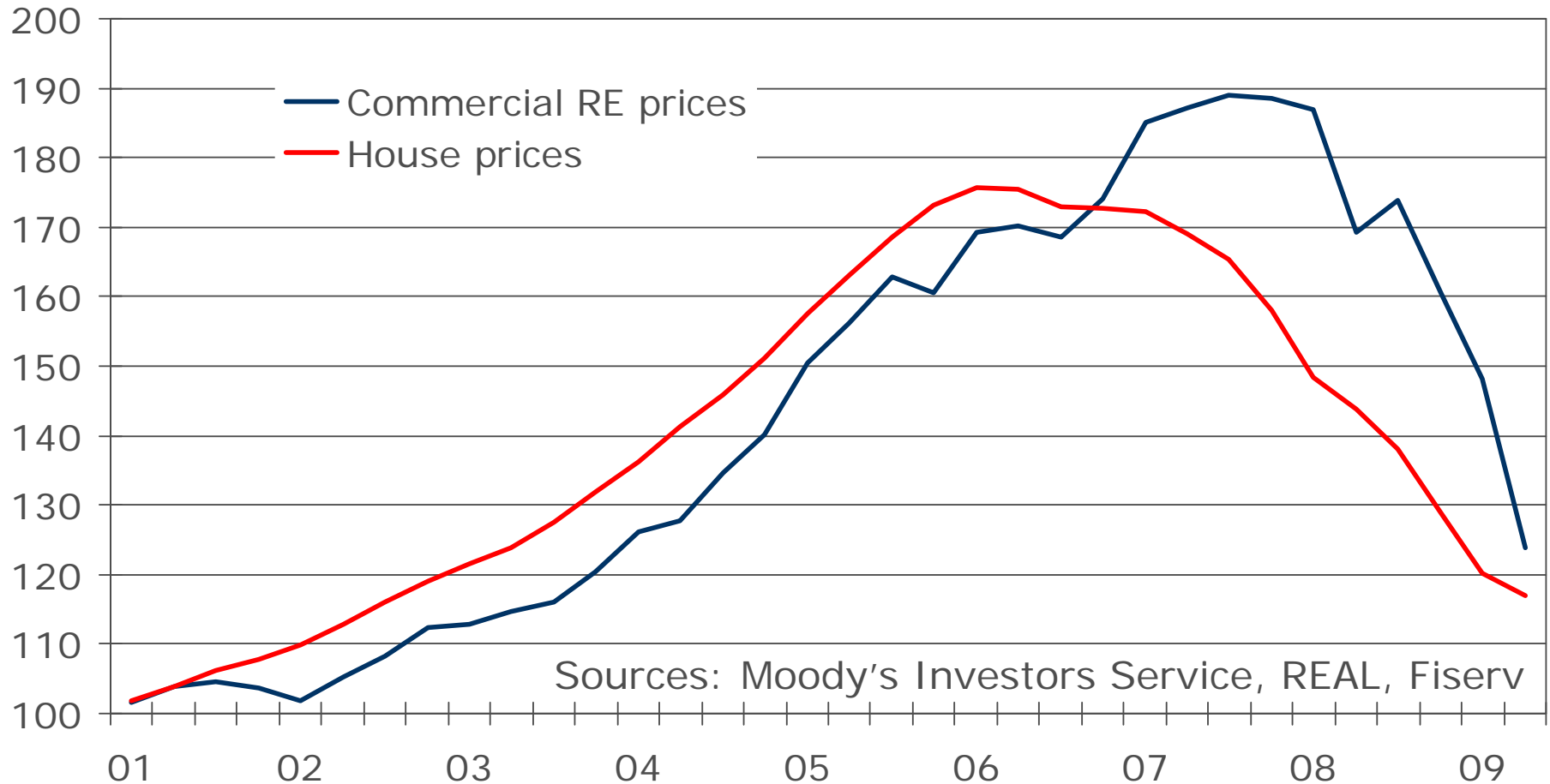
...Which Will Put Renewed Pressure on Prices



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

Commercial Real Estate Boom and Bust...

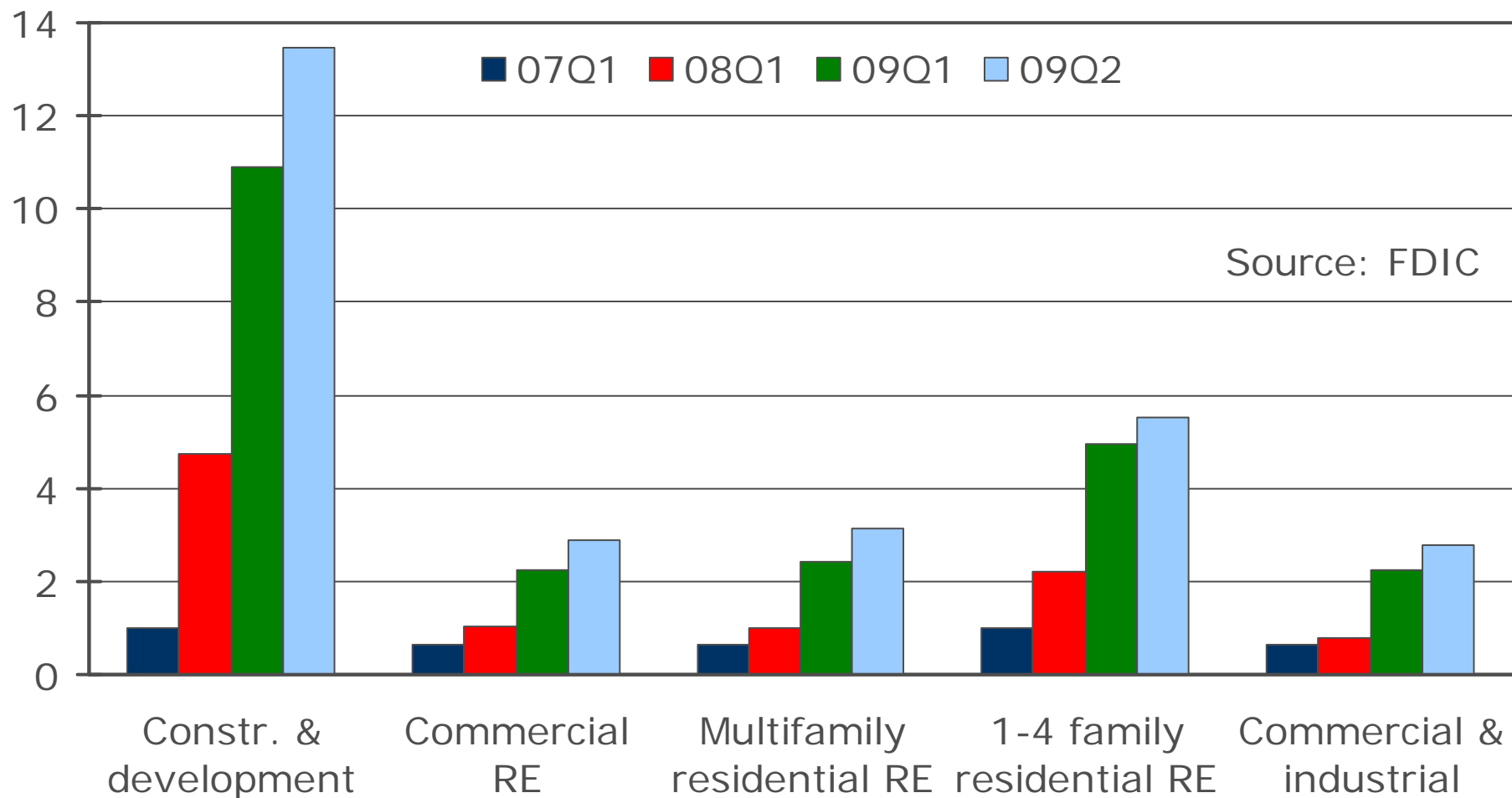
Repeat sales indices, 2000Q4=100



Sources: Moody's Investors Service, REAL, Fiserv

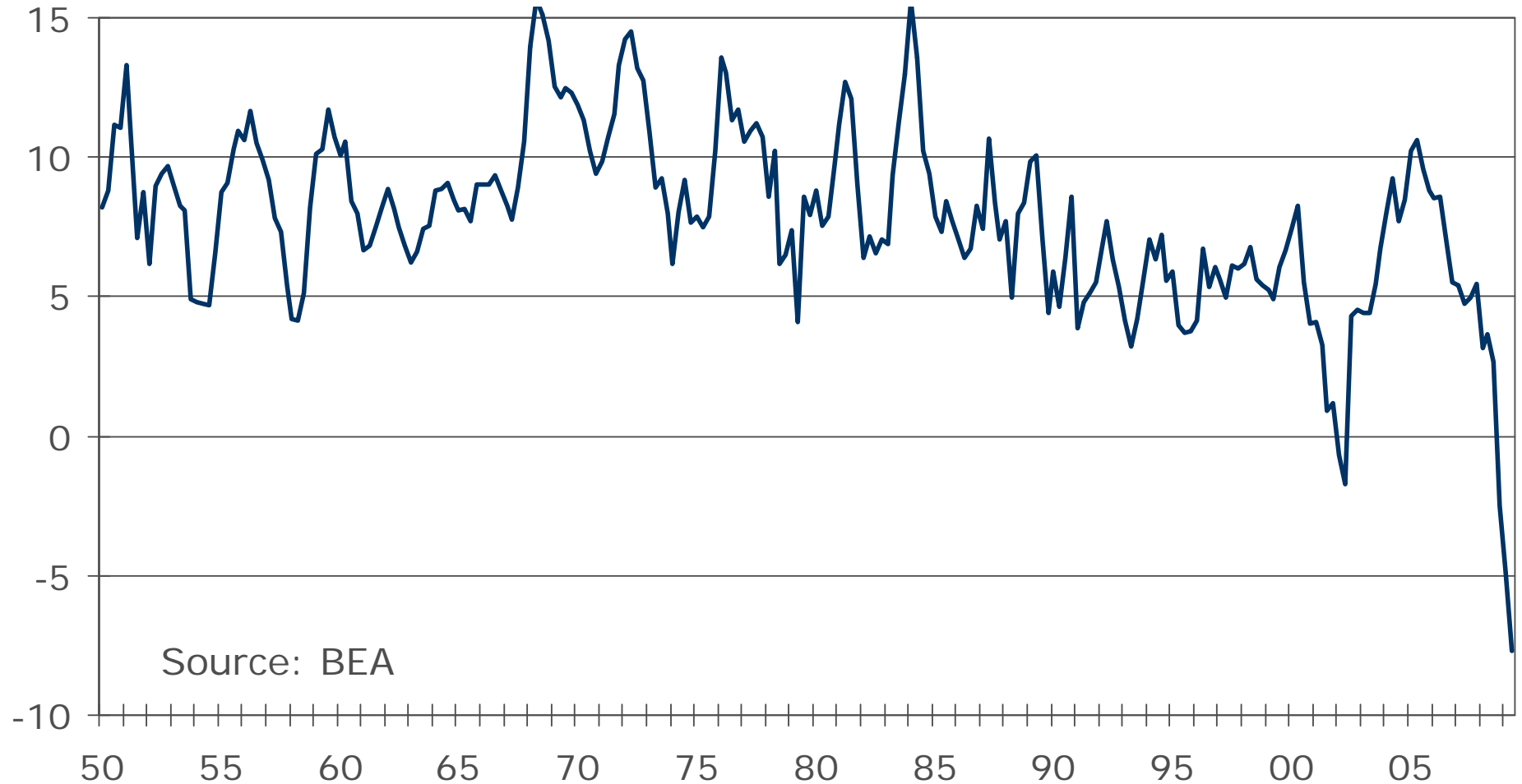
...Results in Mounting Bank Losses

Noncurrent loans at commercial banks, % of all loans



State and Local Government Revenues Collapse

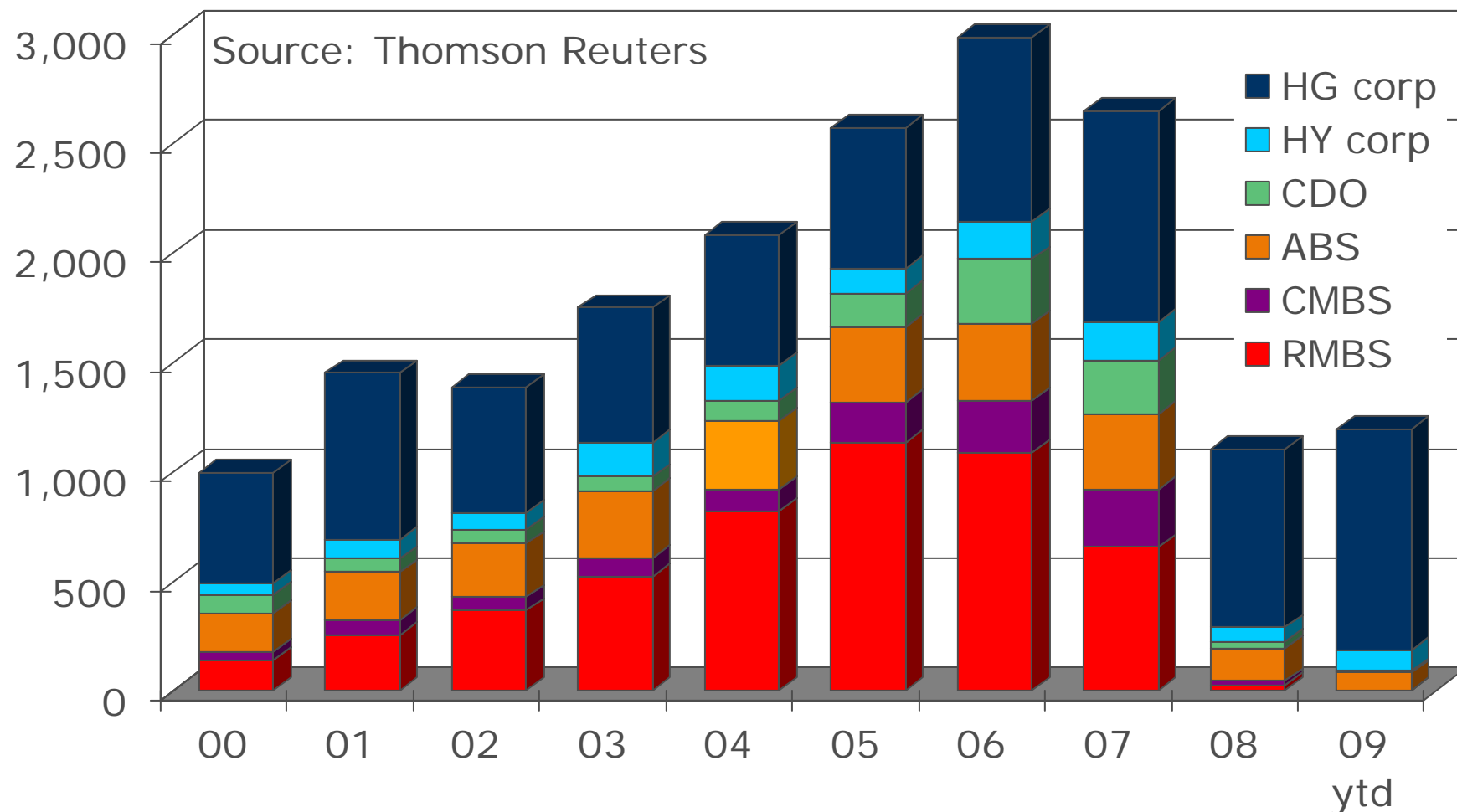
% change year ago in S&L tax revenues



Source: BEA

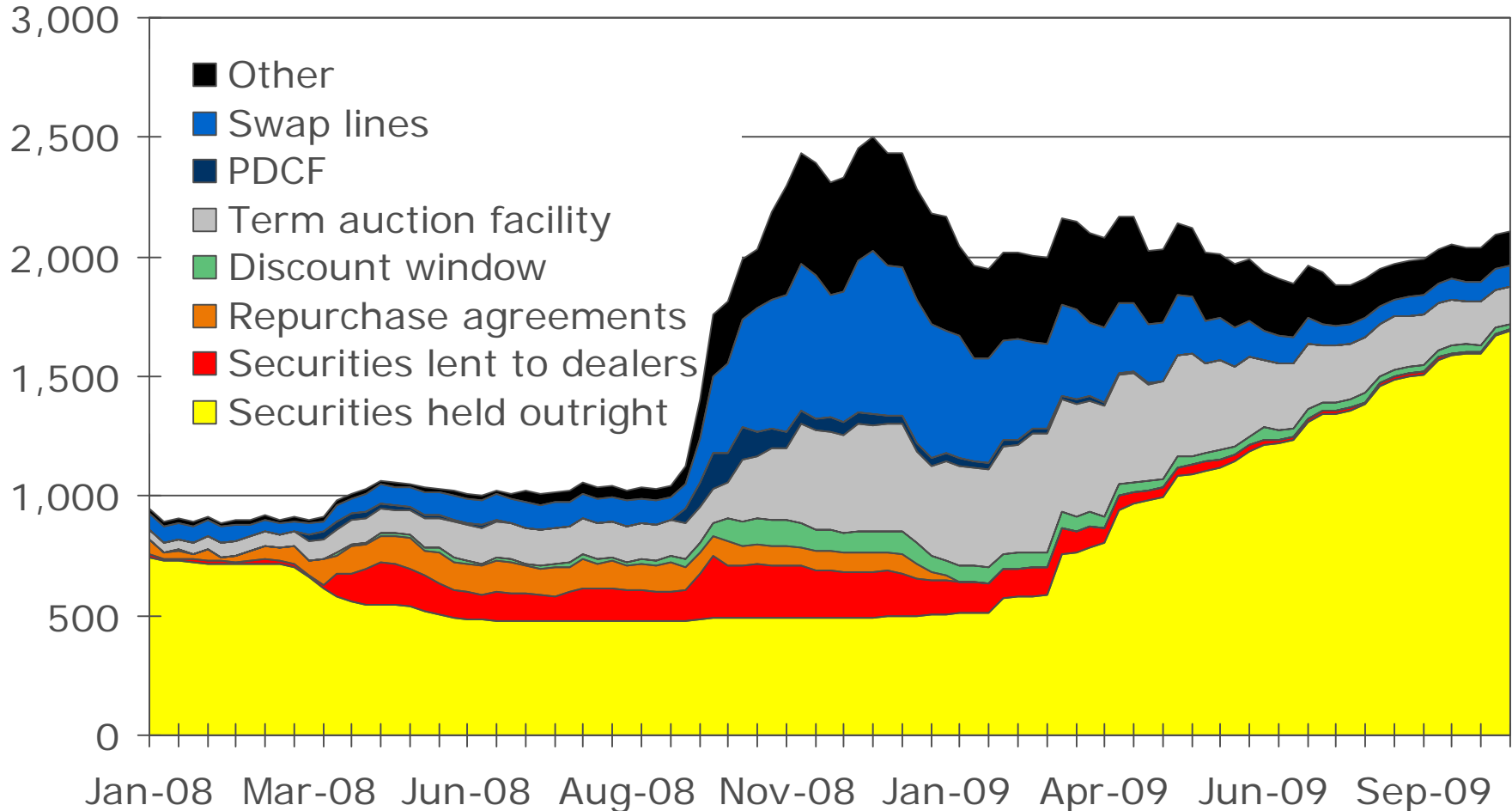
Credit Markets Remain Dysfunctional

Bond issuance, \$ bil, annualized



No Quick Exit for the Fed...

Federal Reserve's balance sheet, \$ bil

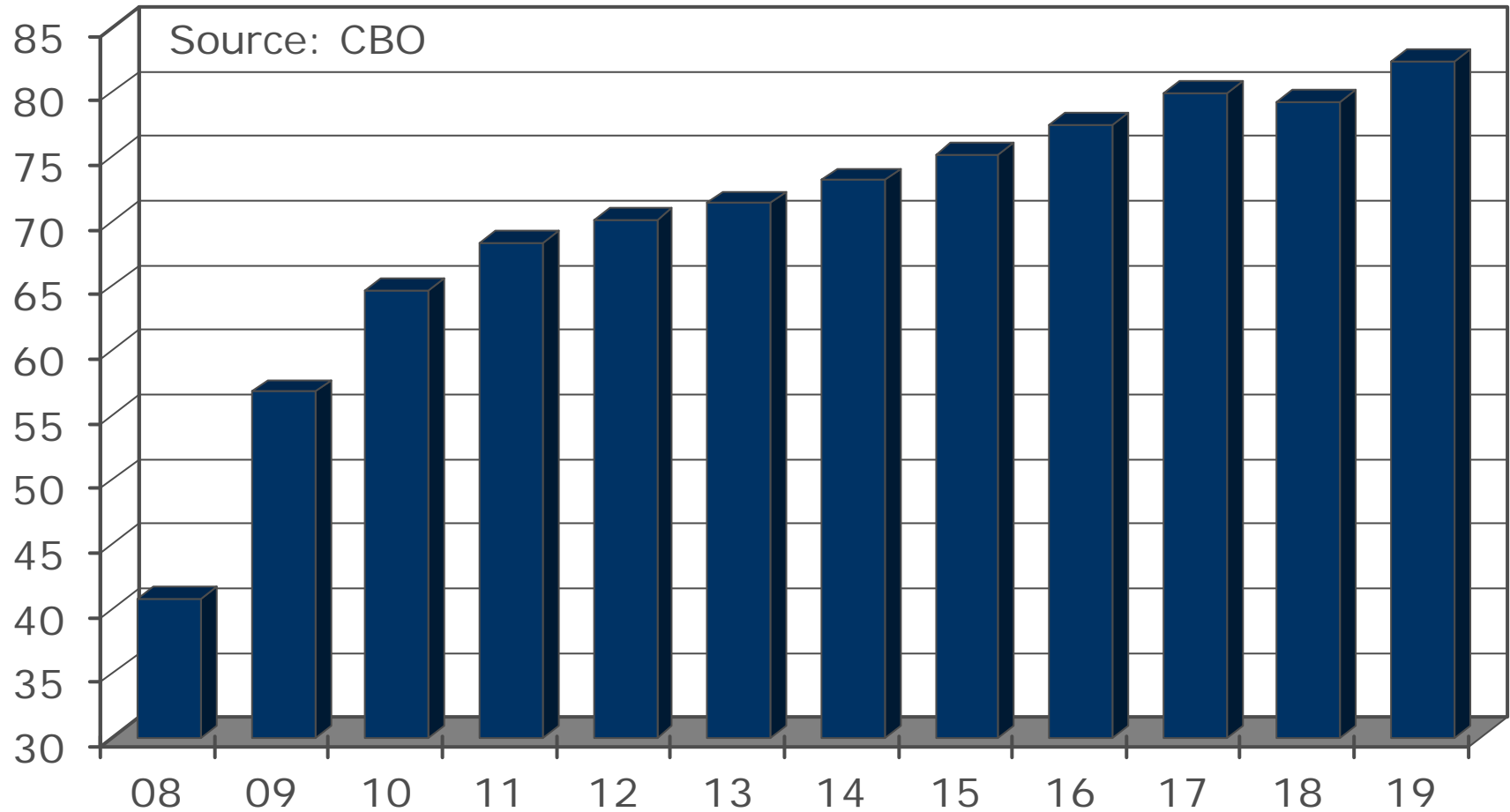


...and Fiscal Policymakers Need to Do More...

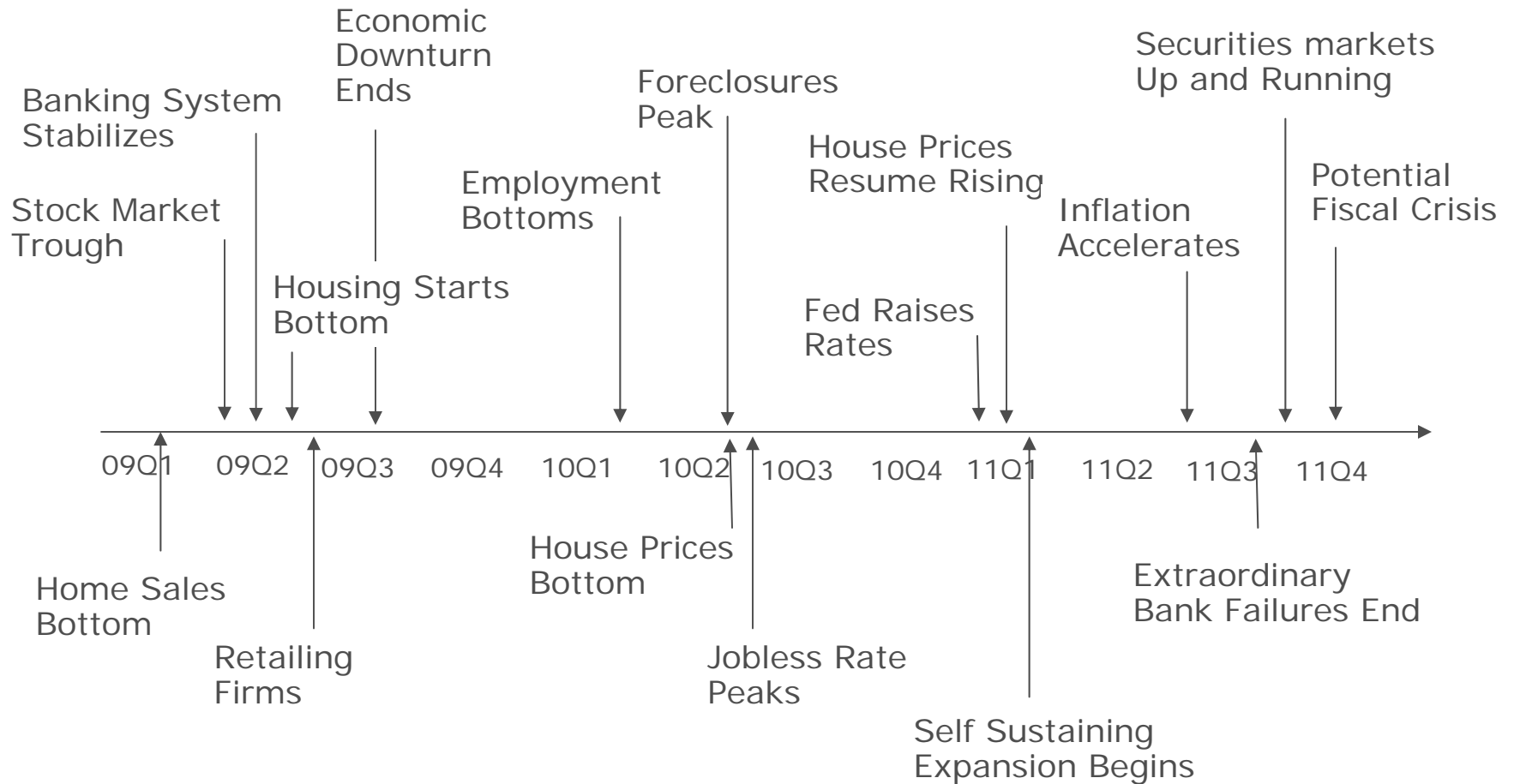
- More aid to unemployed workers – extended benefits and COBRA payments.
- Another round of help to financially stressed state and local governments – FMAP and educational programs.
- Extend higher conforming loan limits and housing tax credit for first time homebuyers. Mortgage modifications with principal writedown.
- Extend accelerated depreciation and NOL carryback for businesses. Direct lending to small businesses by the SBA.

...Including Addressing This

Federal debt to GDP ratio under the President's budget

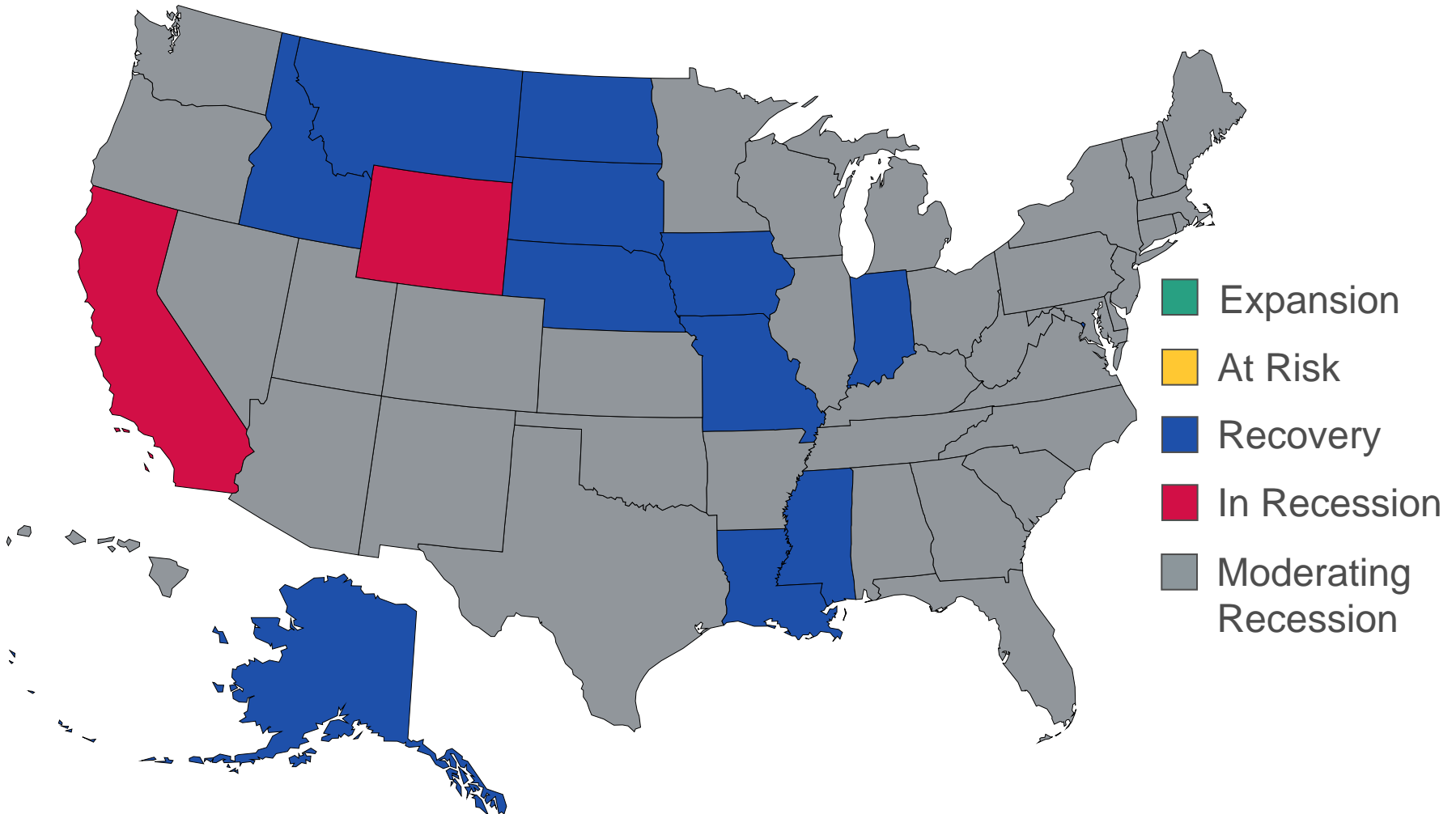


The Economic Timeline



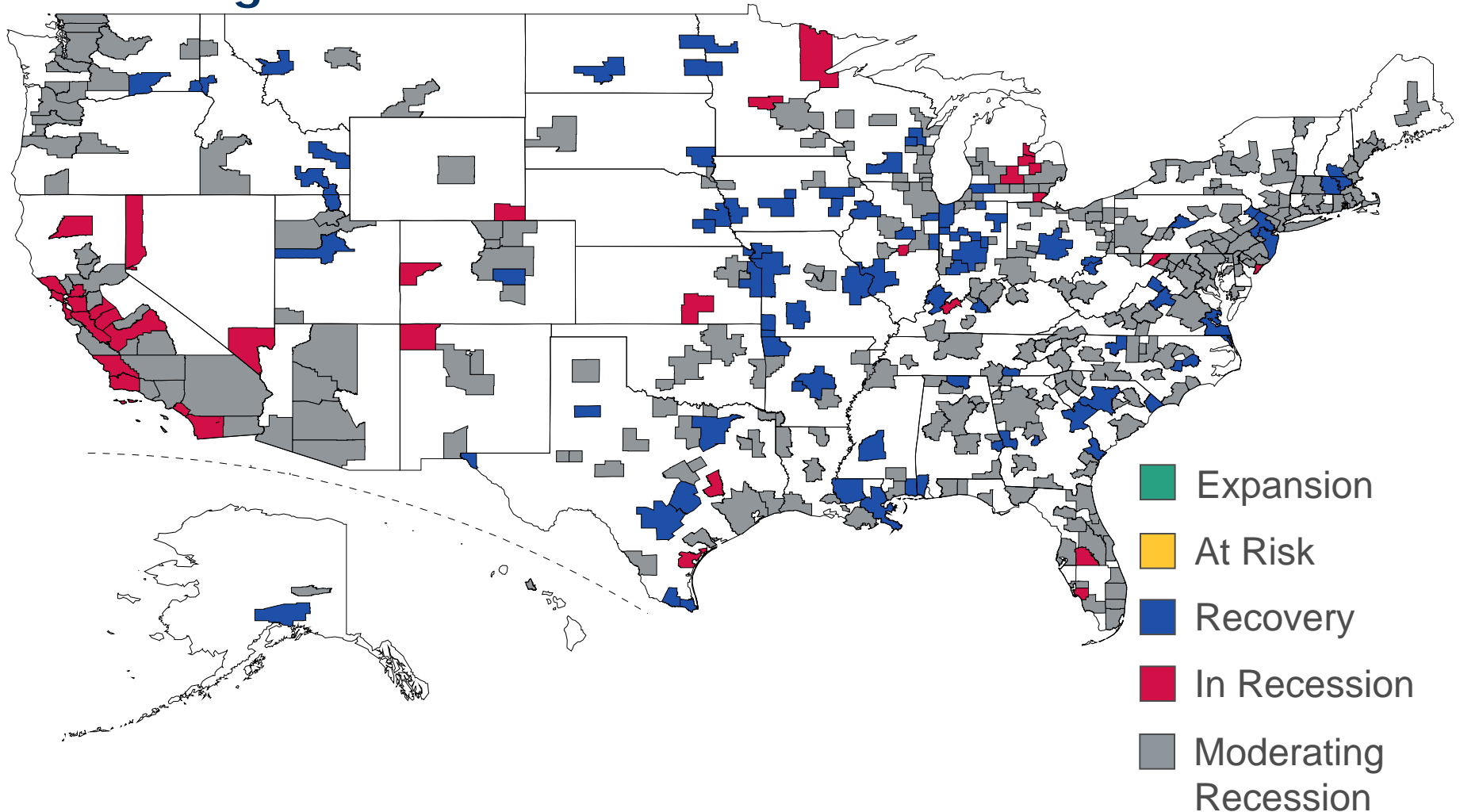
New York Is Still in Recession...

As of August 2009

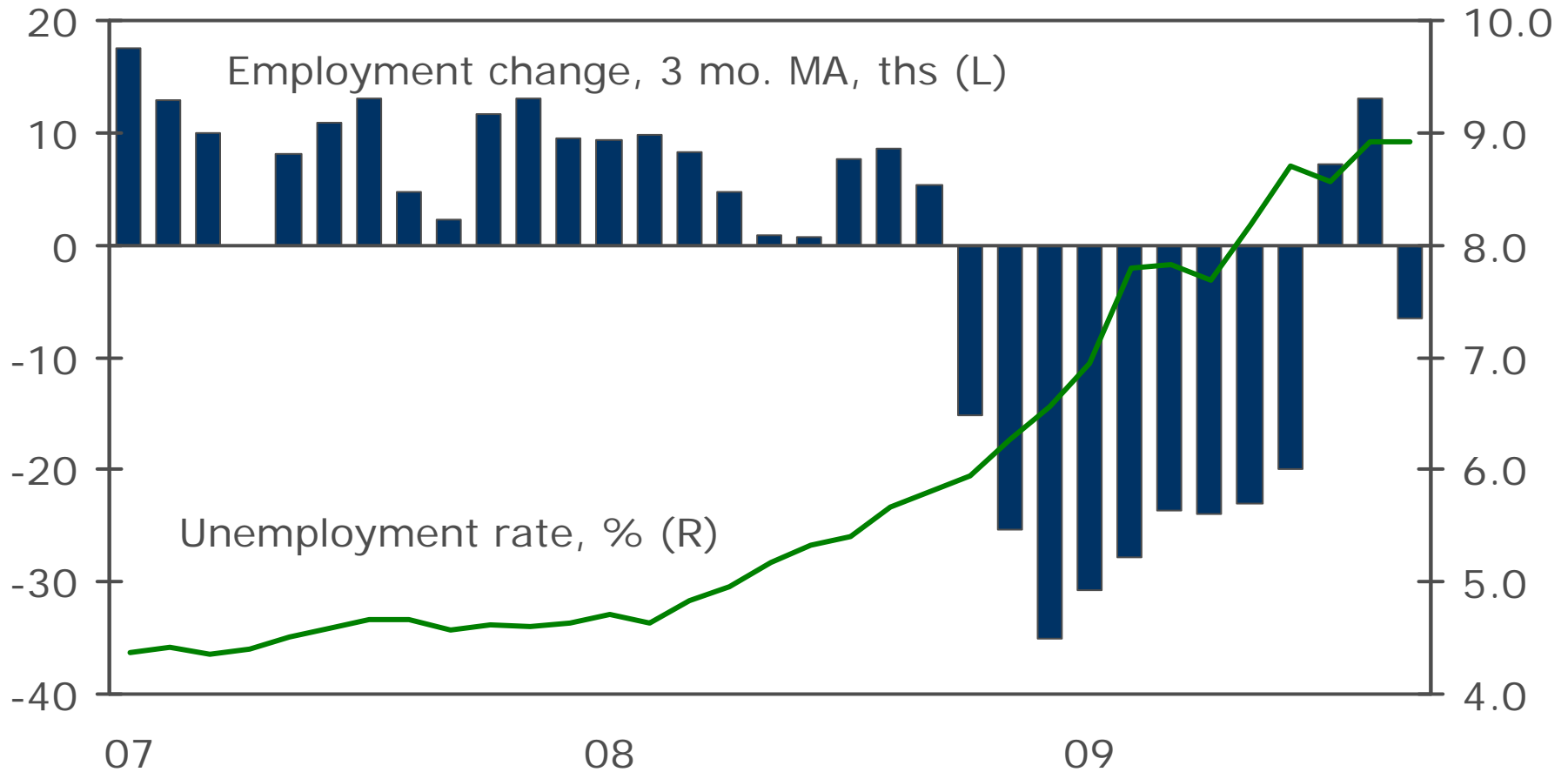


...As Are All of Its Metro Areas...

As of August 2009

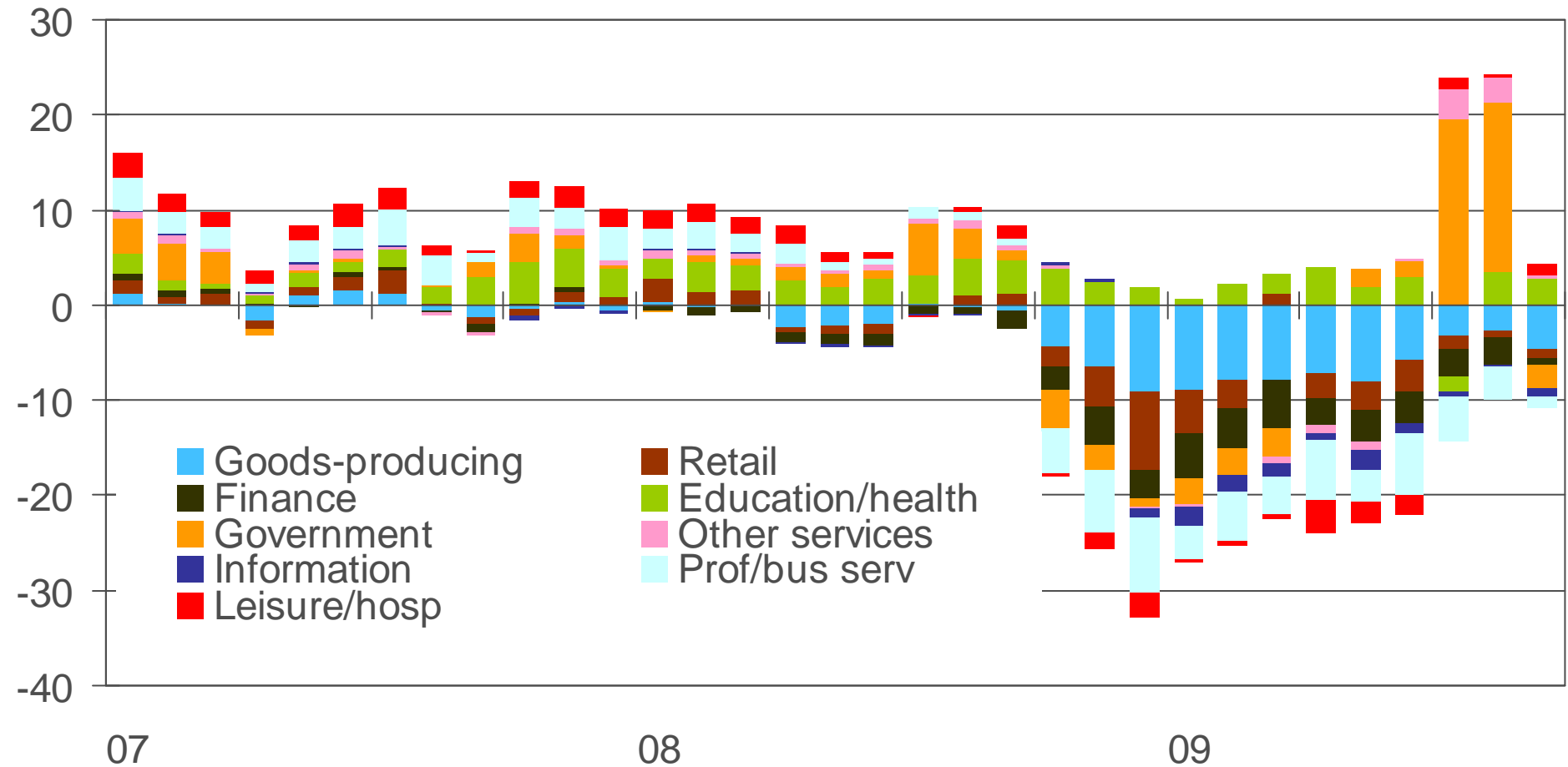


...But Conditions Are Moderating

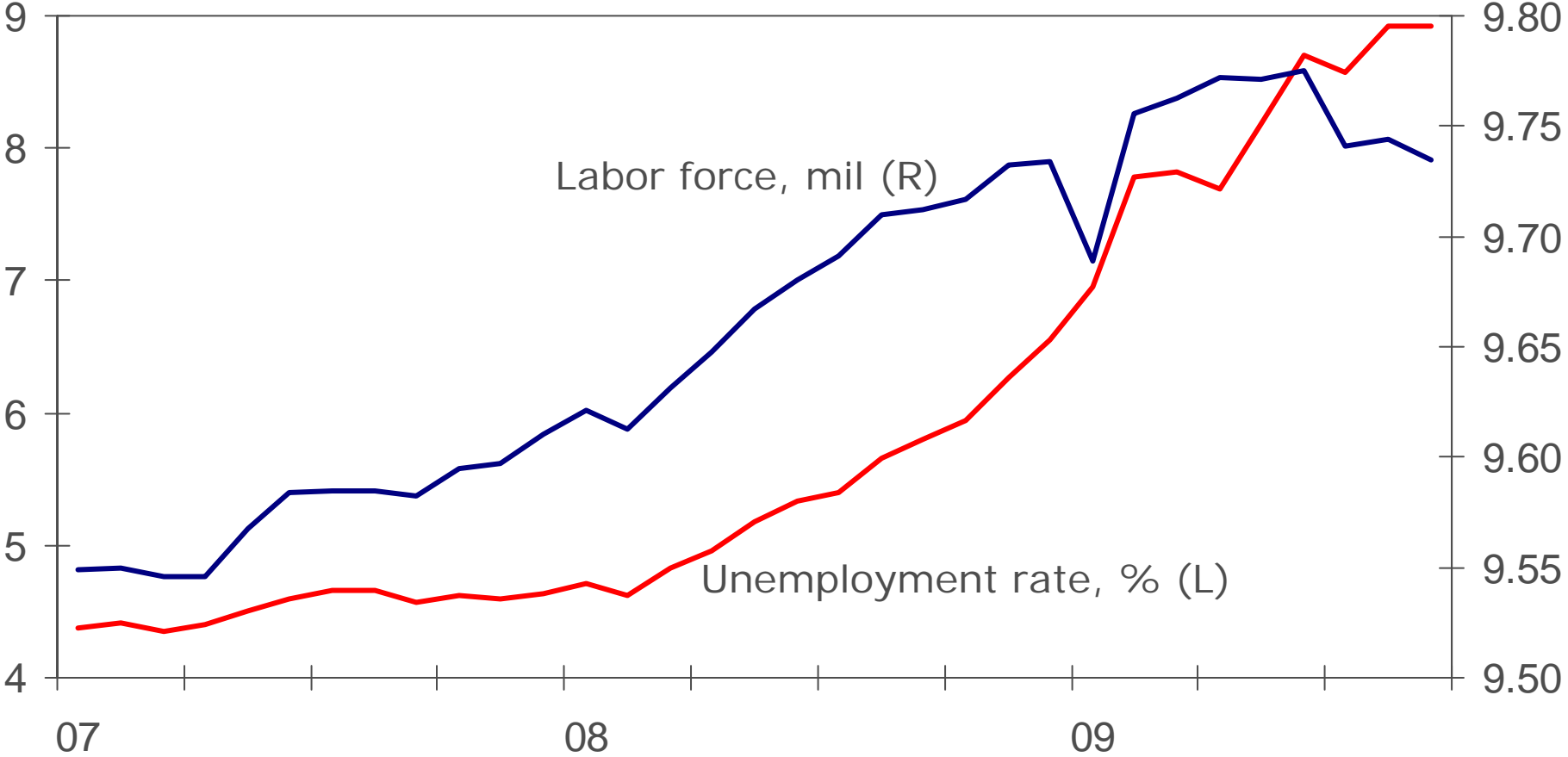


Education/Healthcare Is New York's Bedrock

Employment change, 3-mo. MA, ths

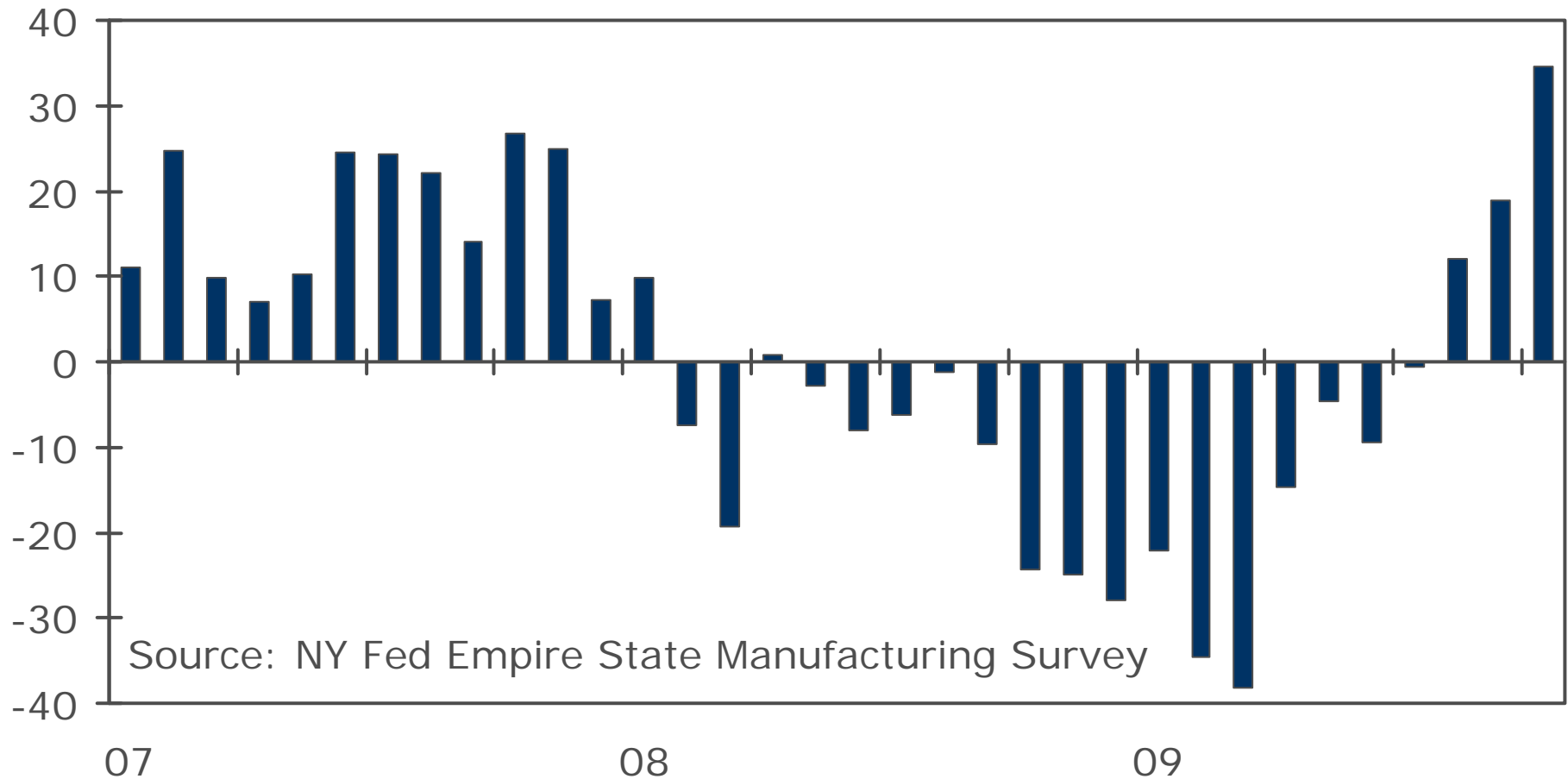


Lower Jobless Rate Despite Growing Labor Force



Manufacturing Begins Its Recovery...

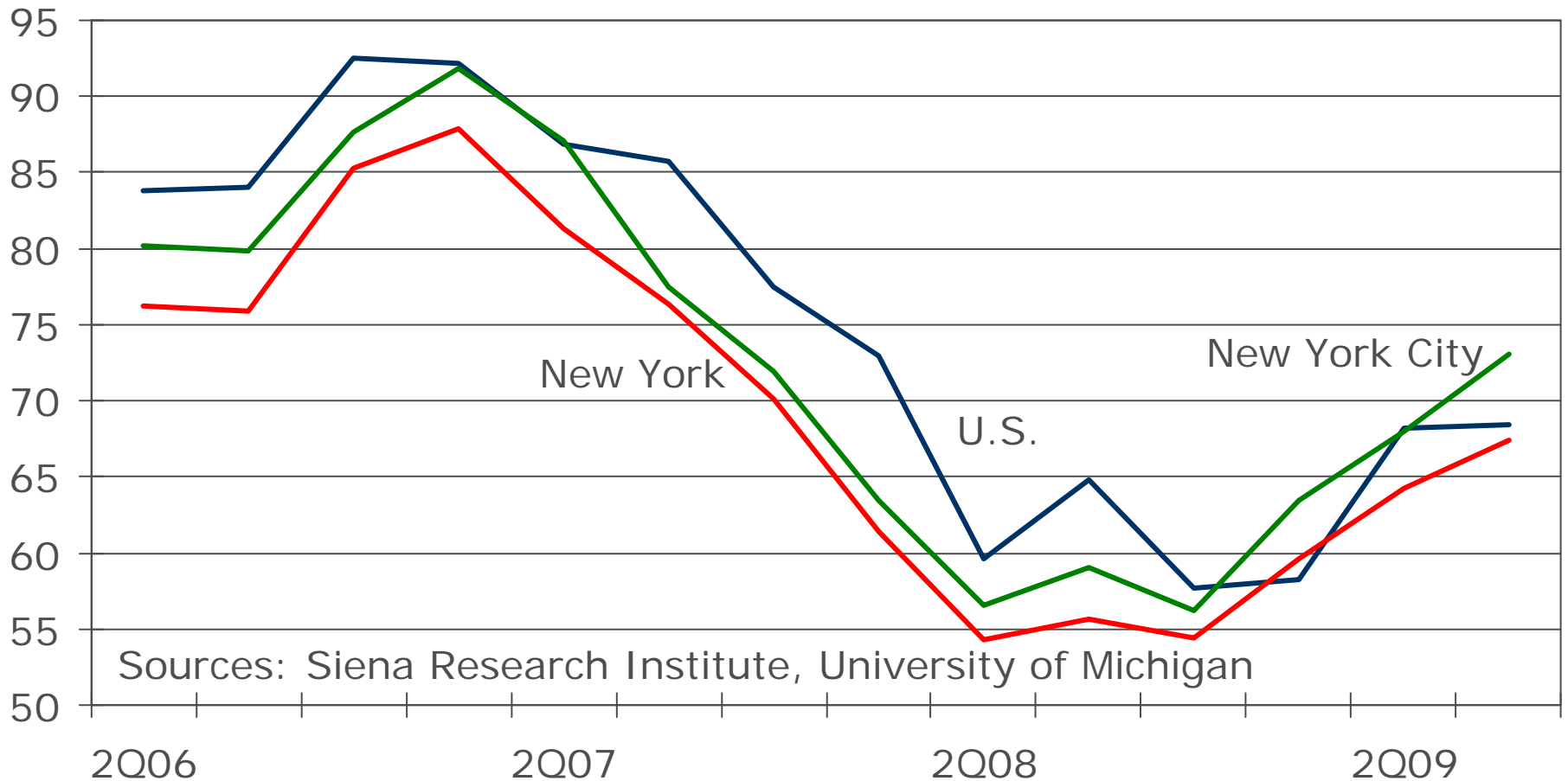
Diffusion index, 3 mo. MA



Source: NY Fed Empire State Manufacturing Survey

...And So Does Consumer Sentiment

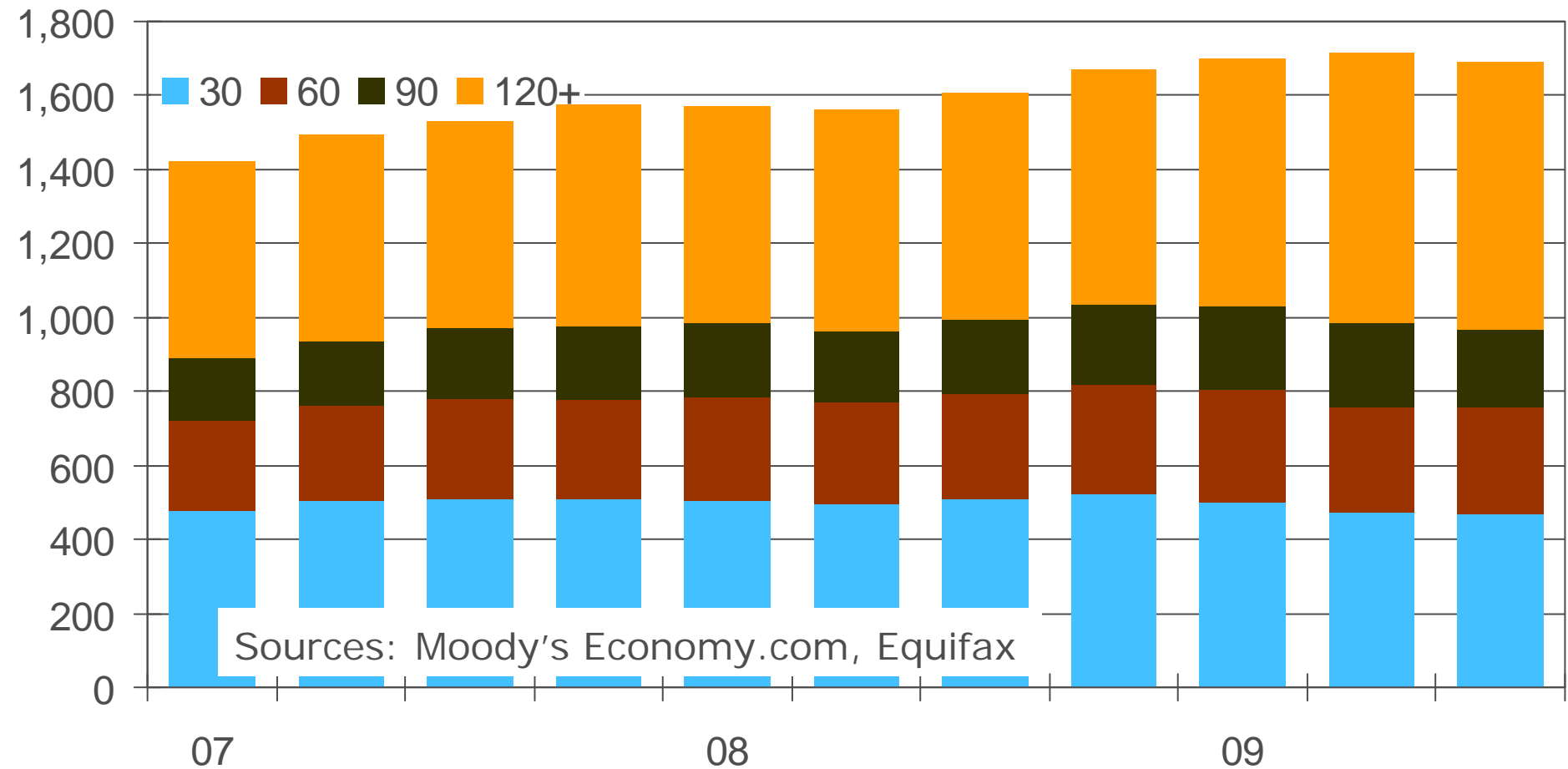
Consumer confidence index, 1966Q1=100



Sources: Siena Research Institute, University of Michigan

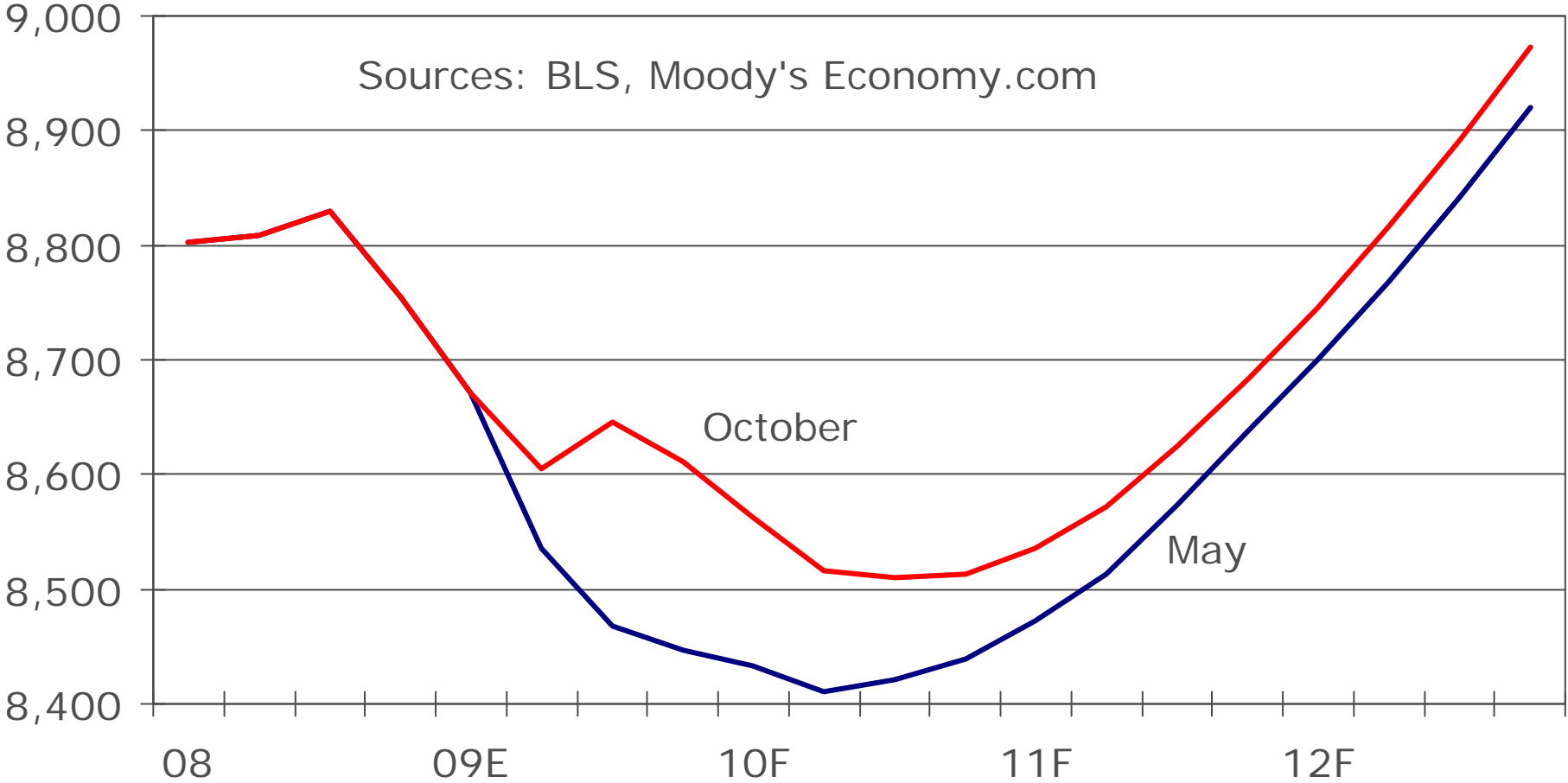
Delinquencies Still High but Pipeline Is Emptying

Delinquent lines of credit, ths



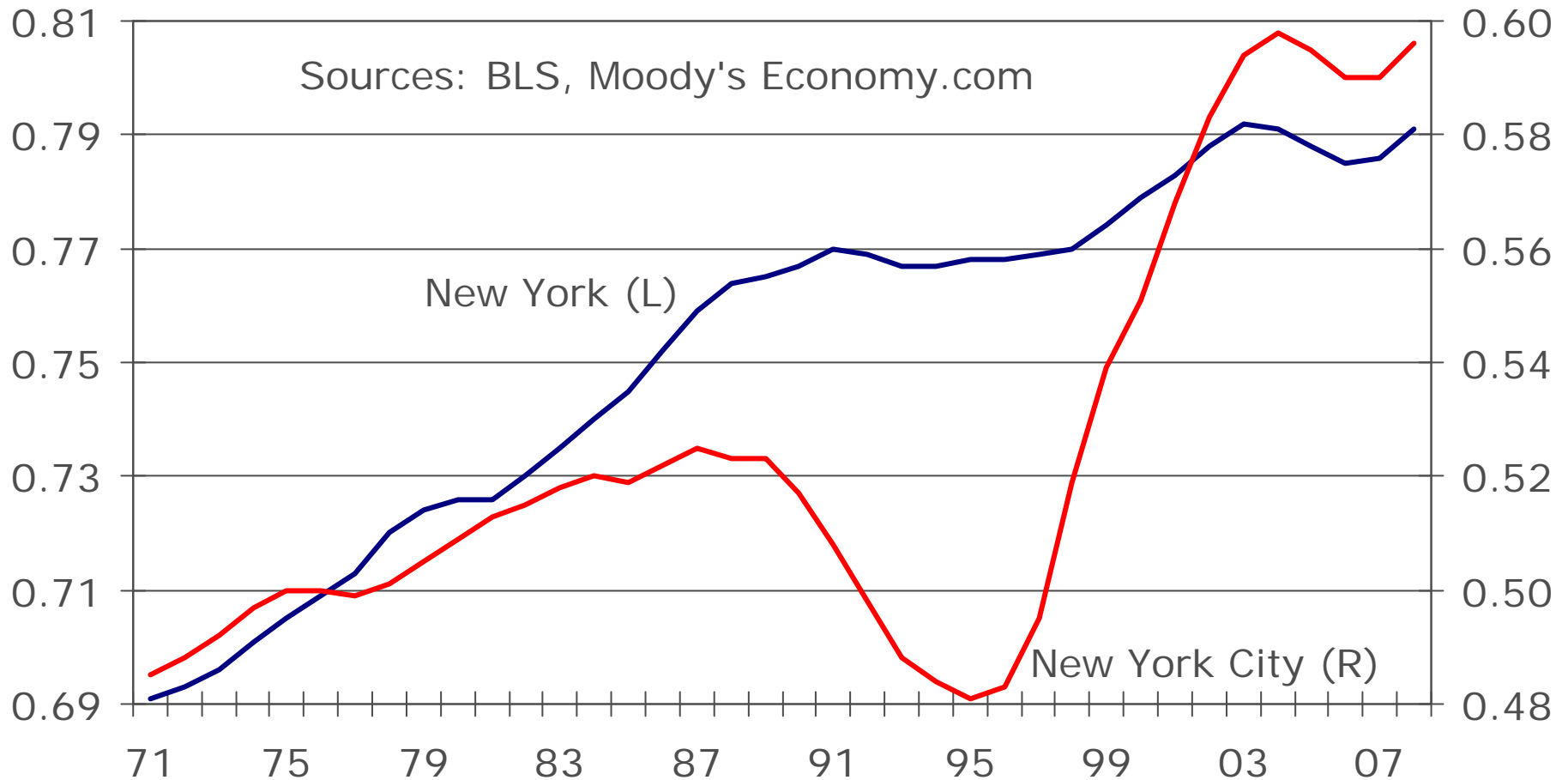
Not as Bad as Expected...

New York employment, ths



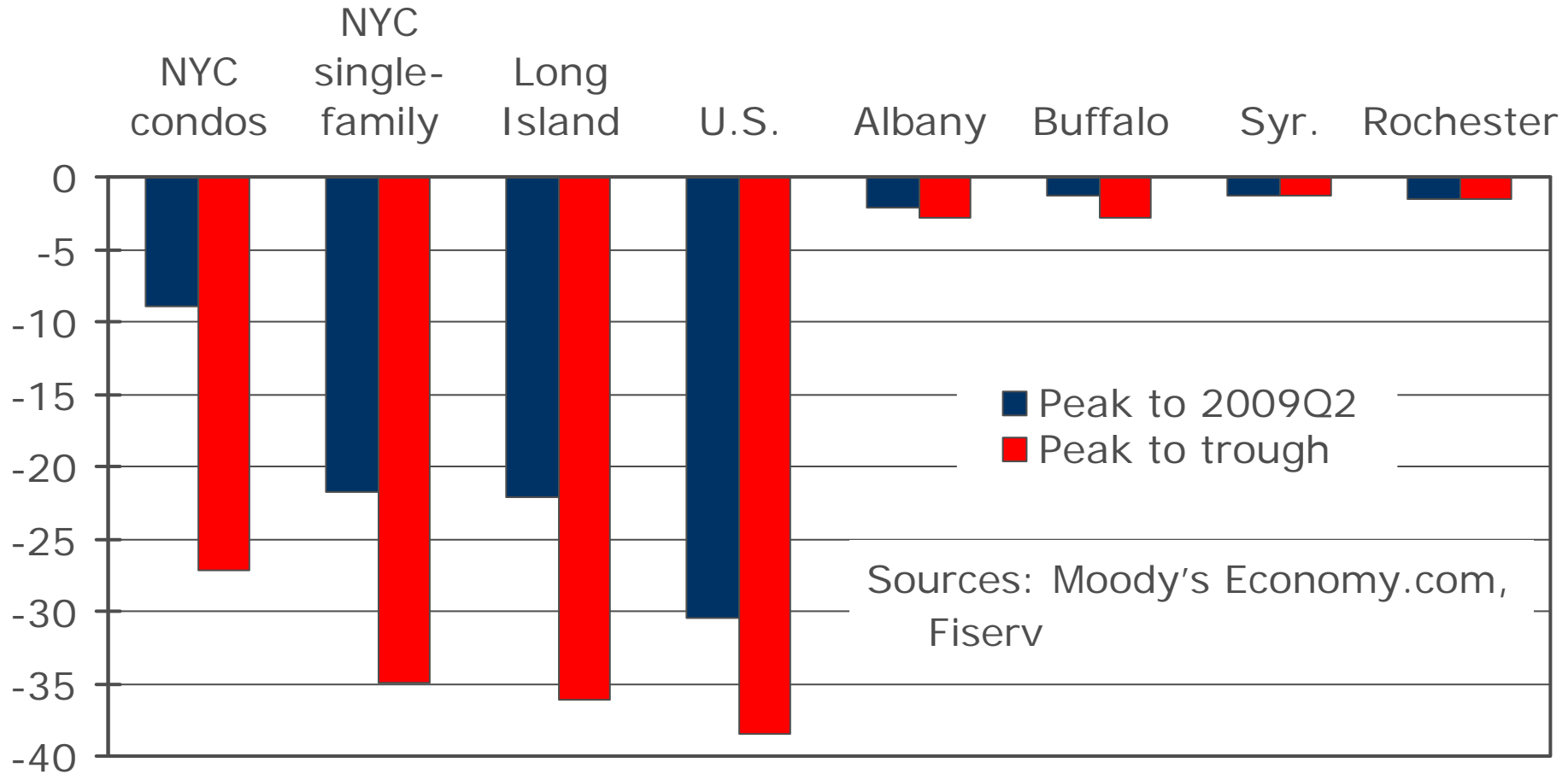
...As the Economy Has Diversified Over Time

Industrial diversity index, U.S.=1.0



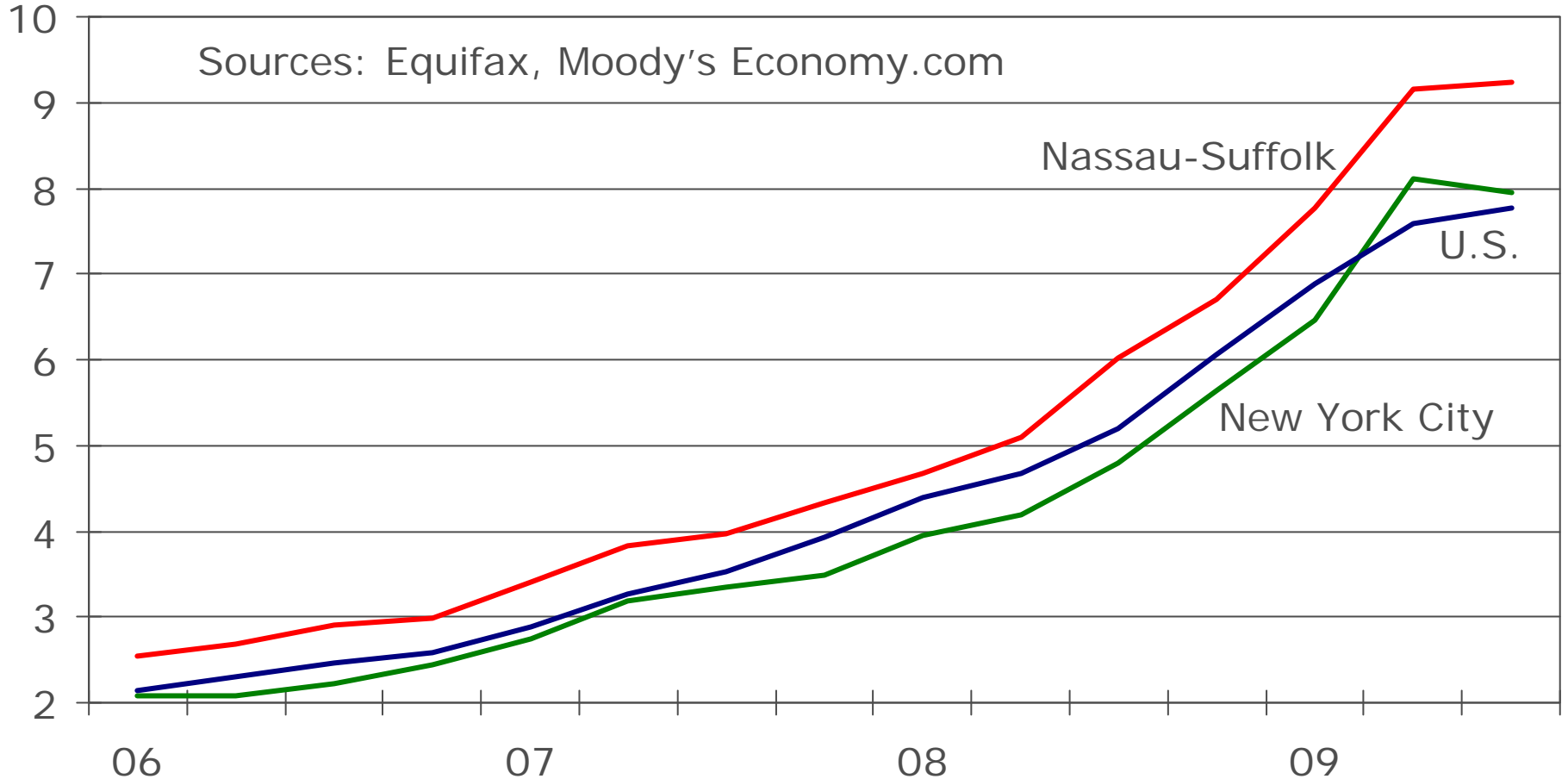
Big Risks Still Loom, Mostly Downstate...

Case-Shiller® Home Price Index, % change



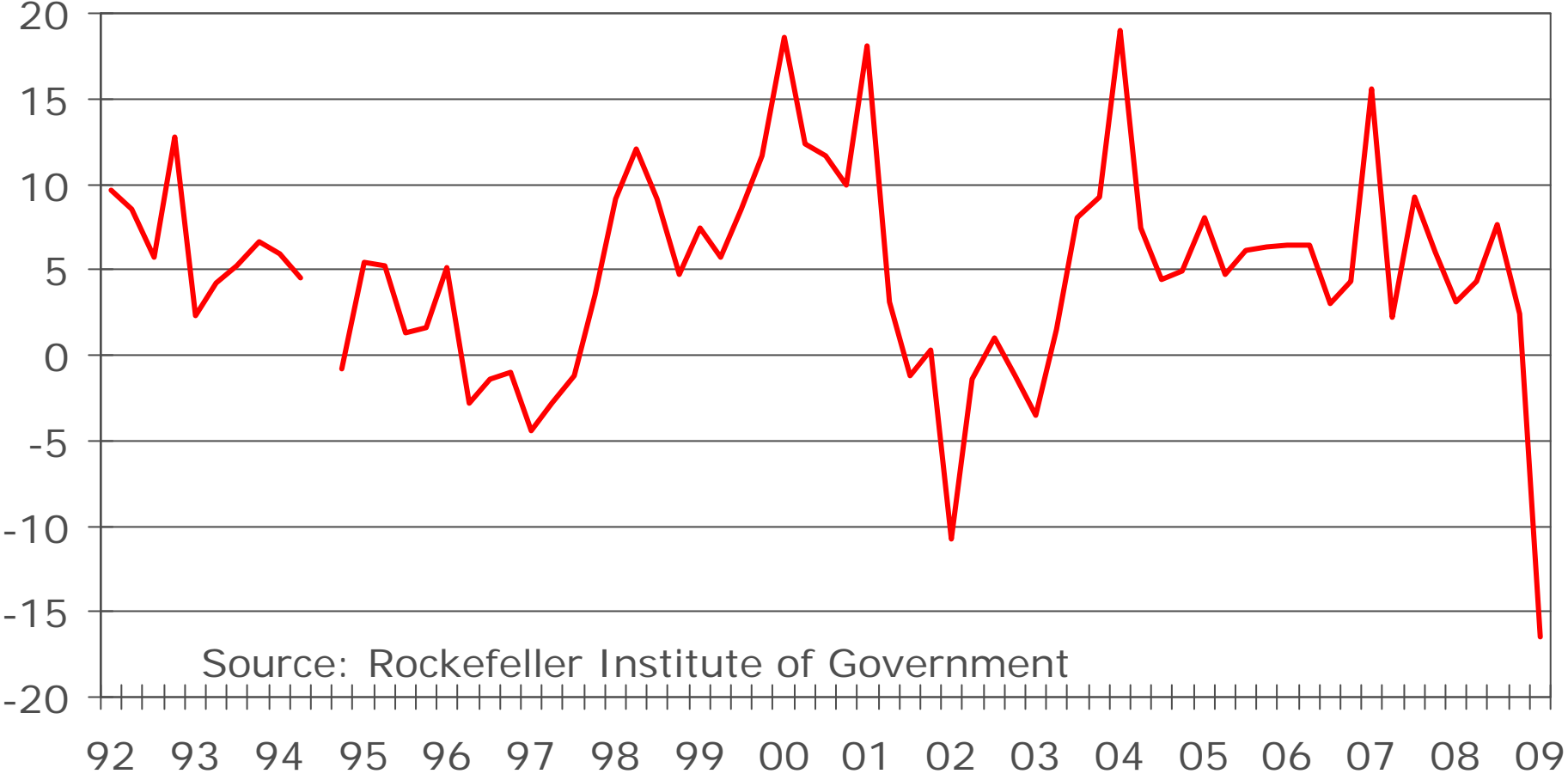
...Where Credit Quality Is Particularly Bad

First mortgage delinquency rate, % of \$



State Government Poses a Threat

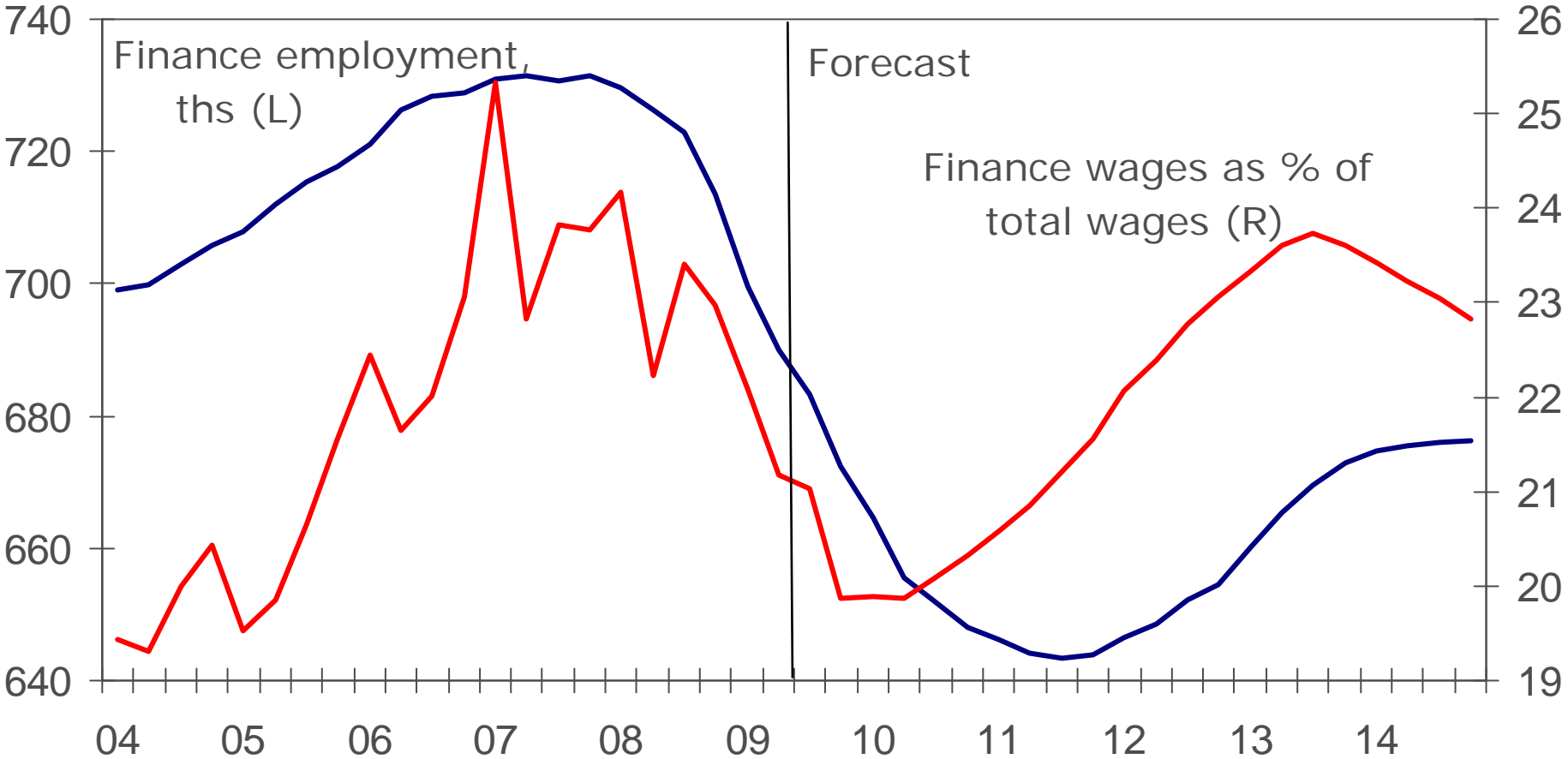
Personal income tax withholdings, % change yr ago



Source: Rockefeller Institute of Government

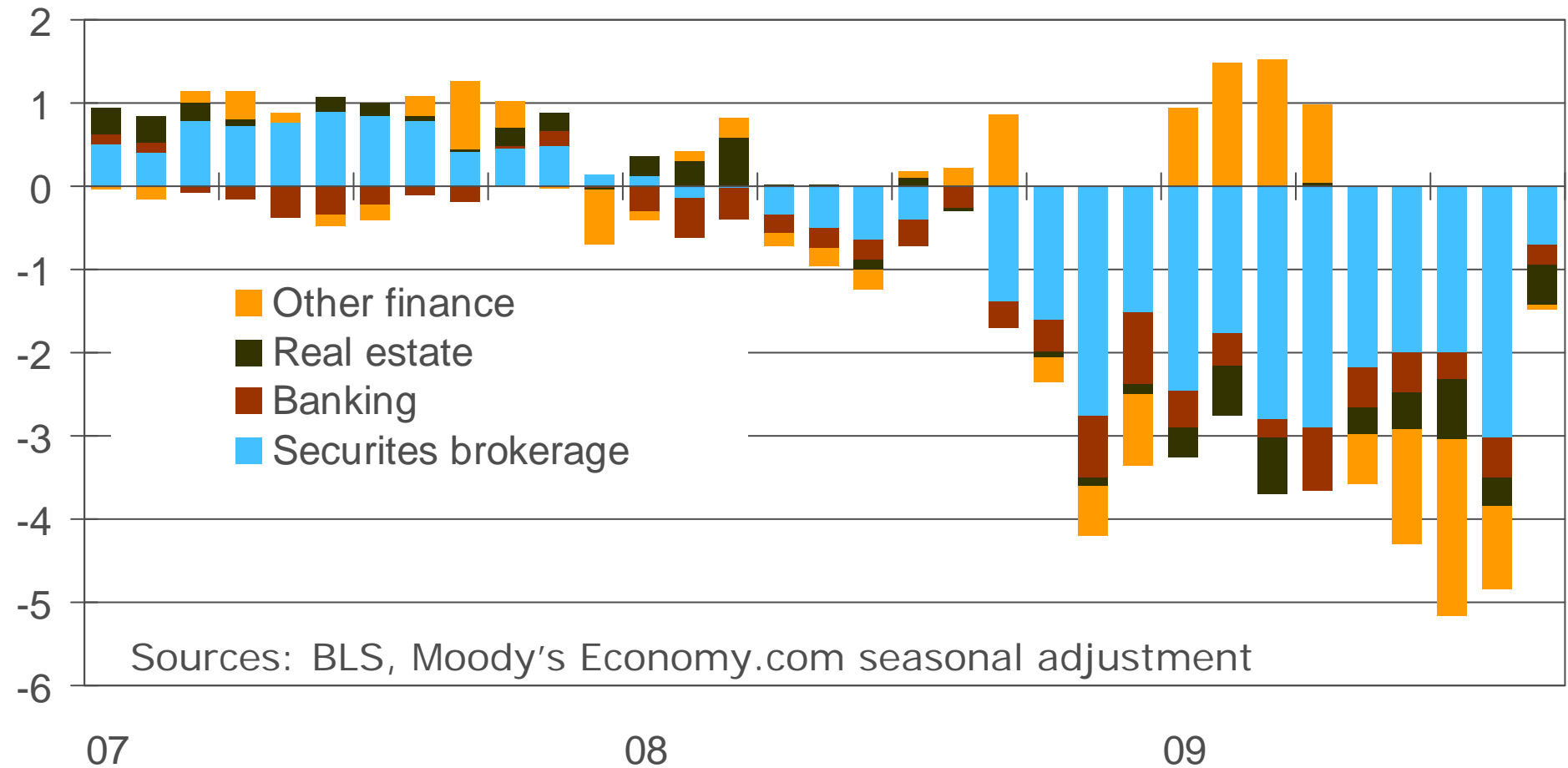
State Will Be Less Reliant on Wall Street...

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



...Which Is Still Losing Jobs by the Thousands

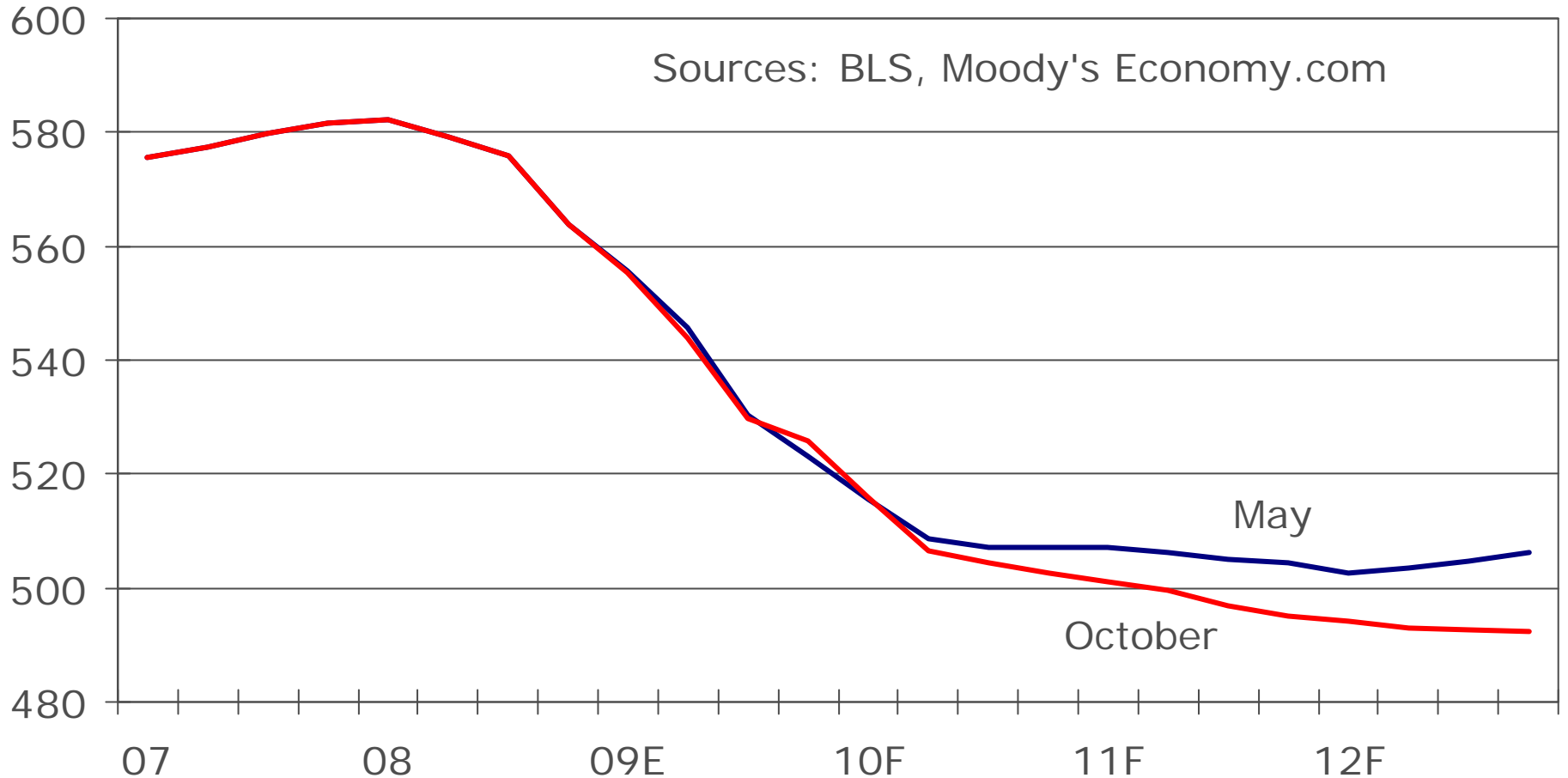
New York City employment change, 3-mo MA, ths



Sources: BLS, Moody's Economy.com seasonal adjustment

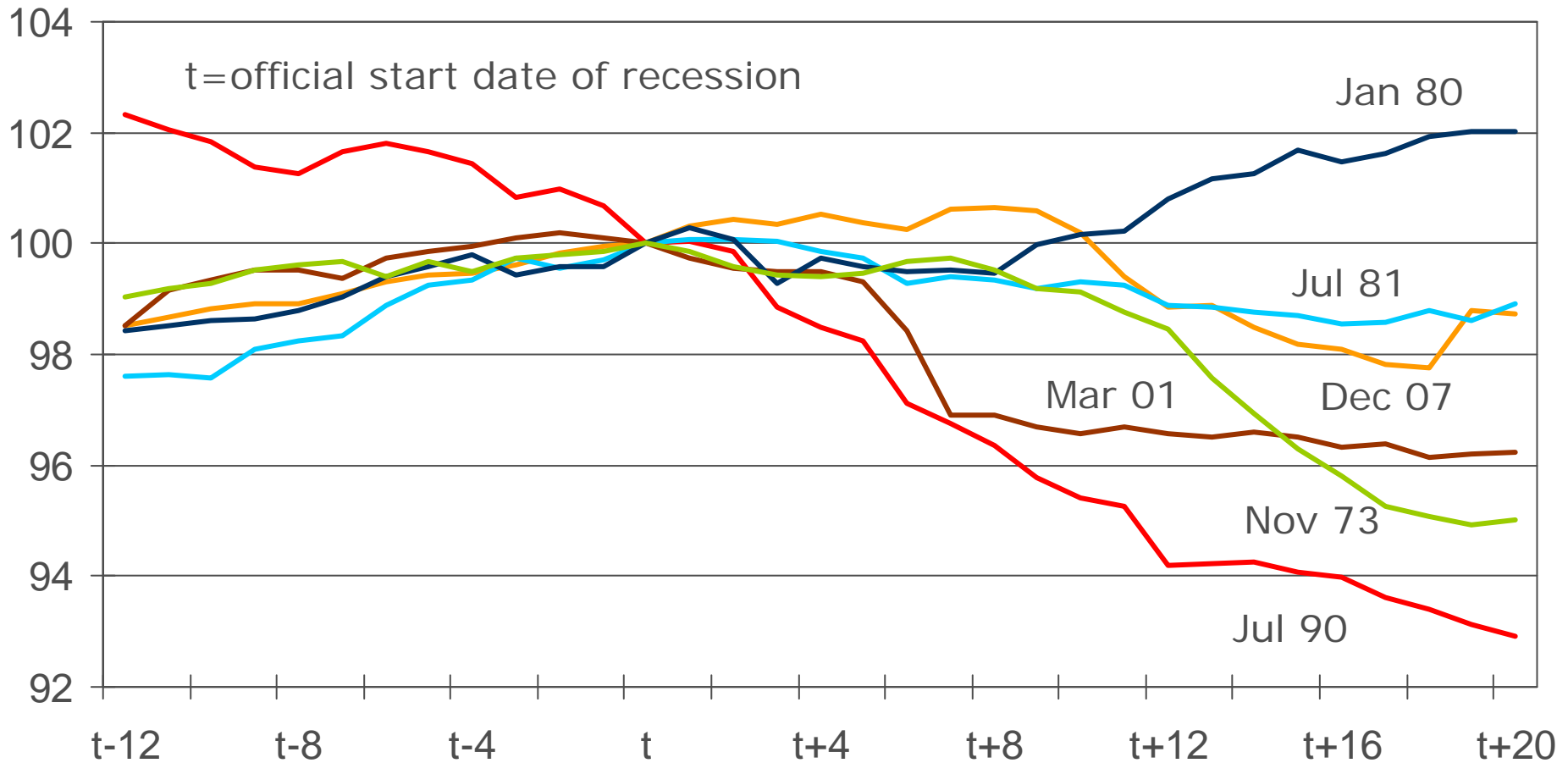
...And Will Be Slow to Come Back

New York City financial activities employment, ths



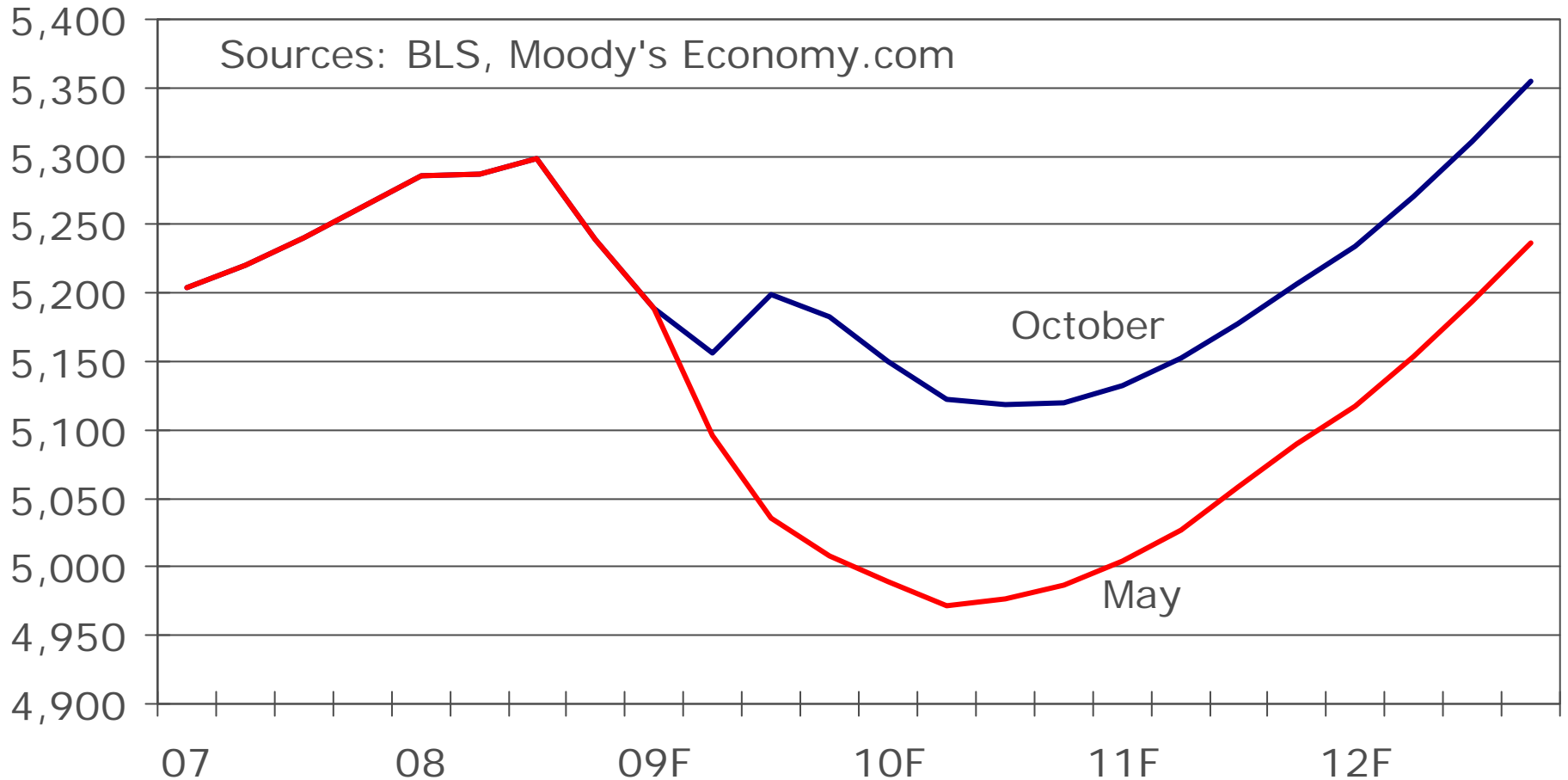
Nevertheless, This Recession Has Been Mild...

New York City employment index



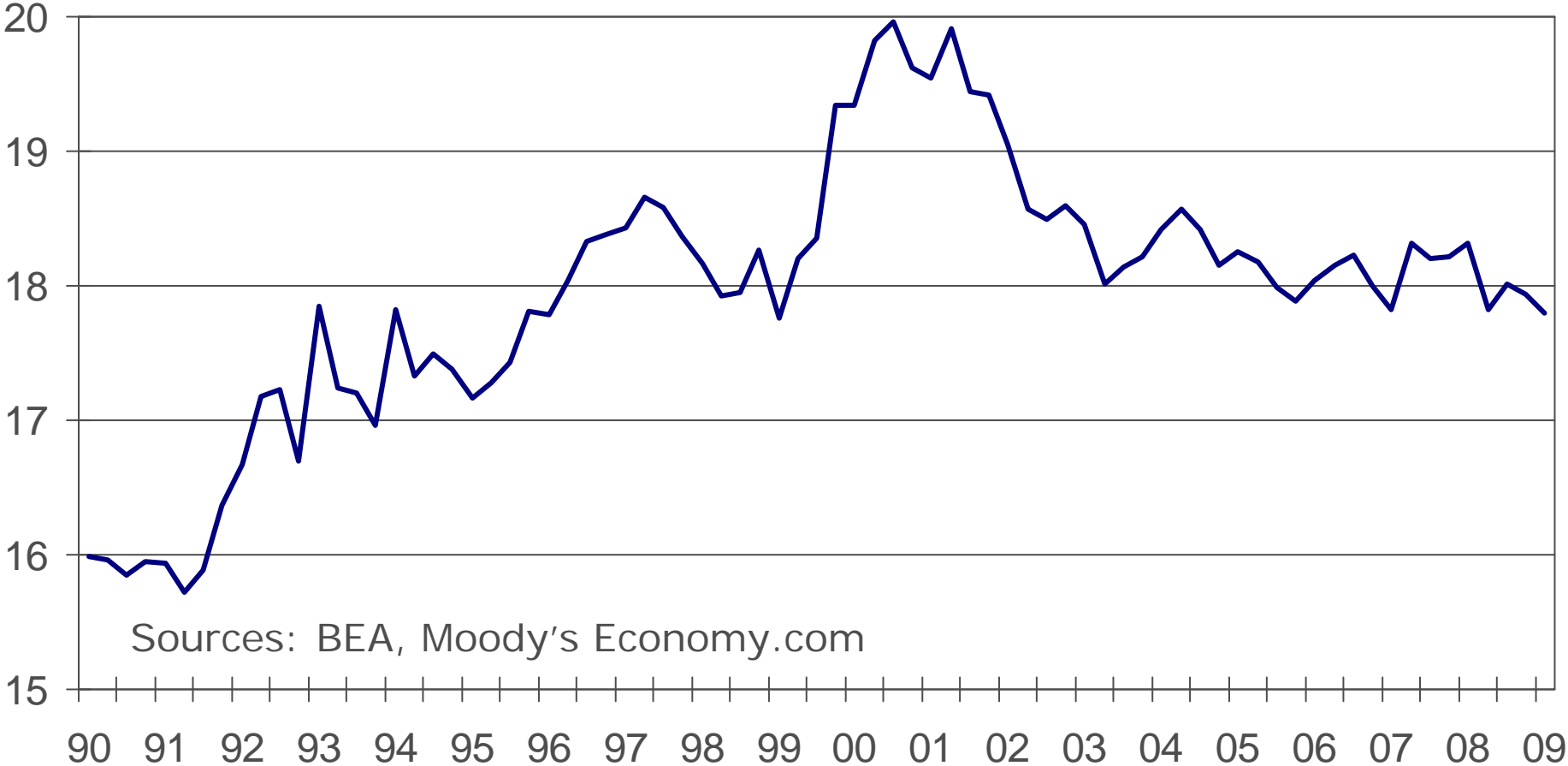
...And the Forecast Has Been Revised Upward

New York City employment, mil



As New York City Goes, So Goes Long Island...

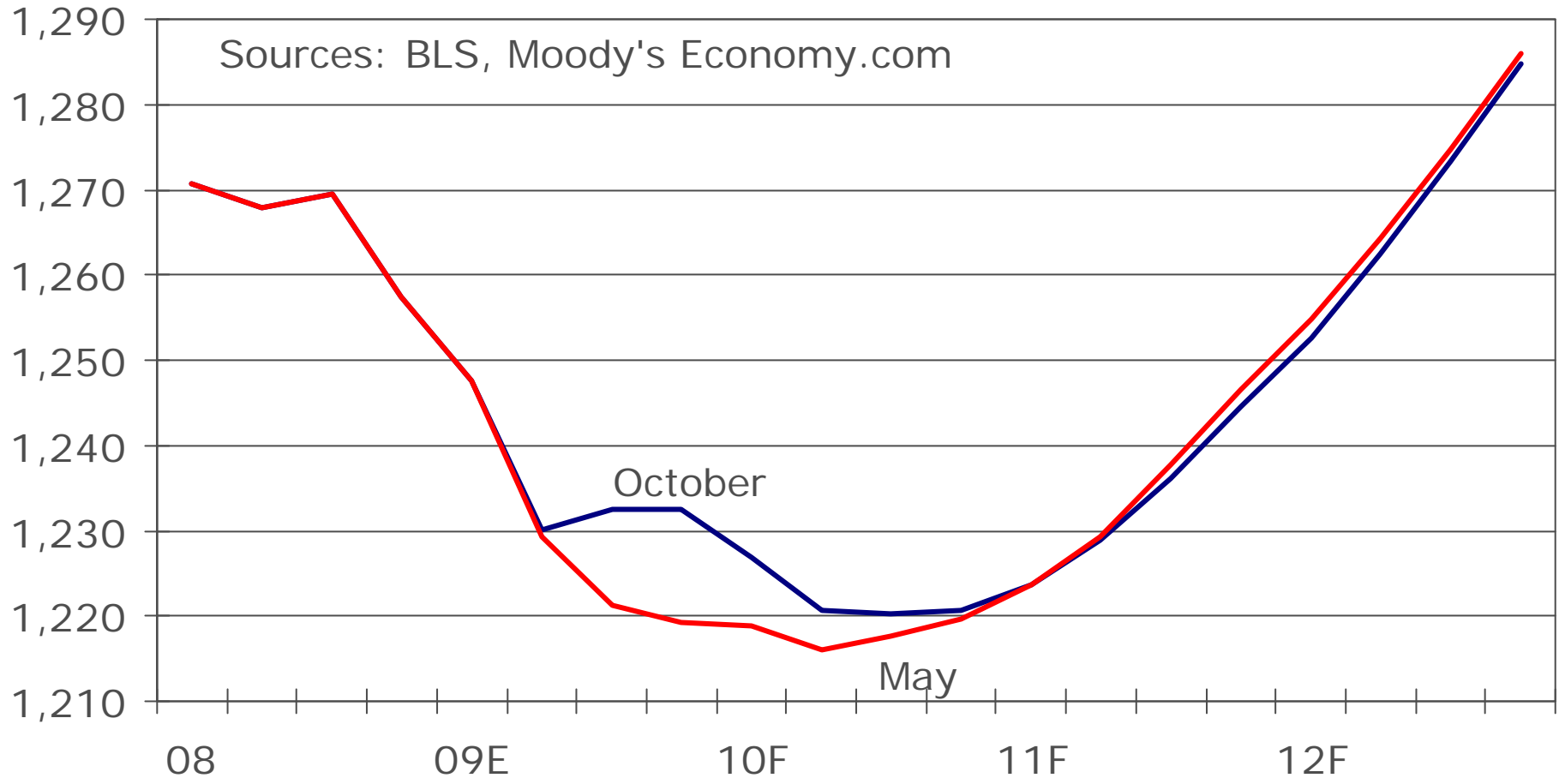
Residence adjustment as % of personal income



Sources: BEA, Moody's Economy.com

...Which Also Has Done Better Than Expected

Nassau-Suffolk employment, mil



www.economy.com