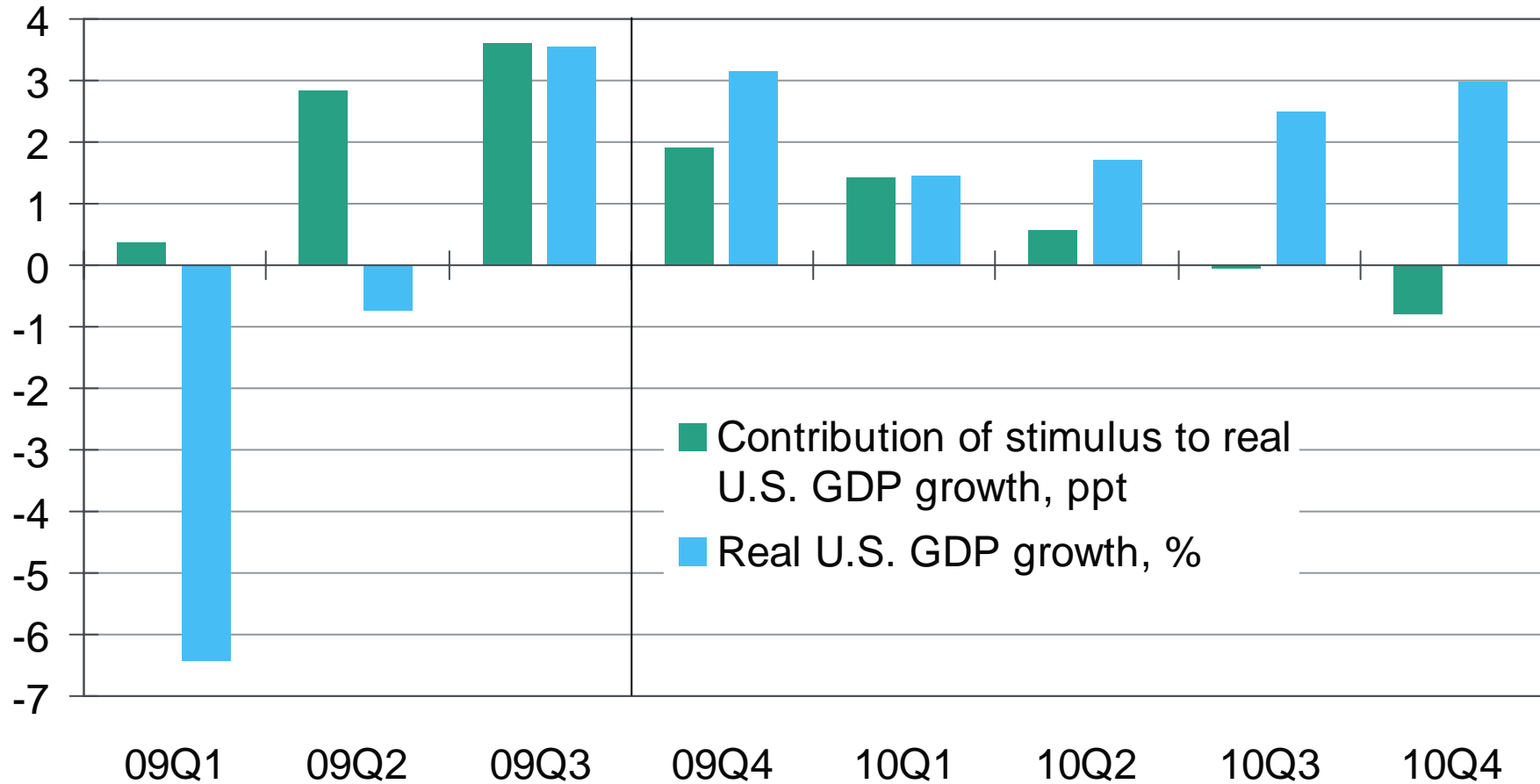


# **Economic Outlook**

**Steve Cochrane, MANAGING DIRECTOR**

# Stimulus Has Provided a Meaningful Boost



Source: Moody's Economy.com

# Layoffs Abate, but Hiring Remains Dormant...

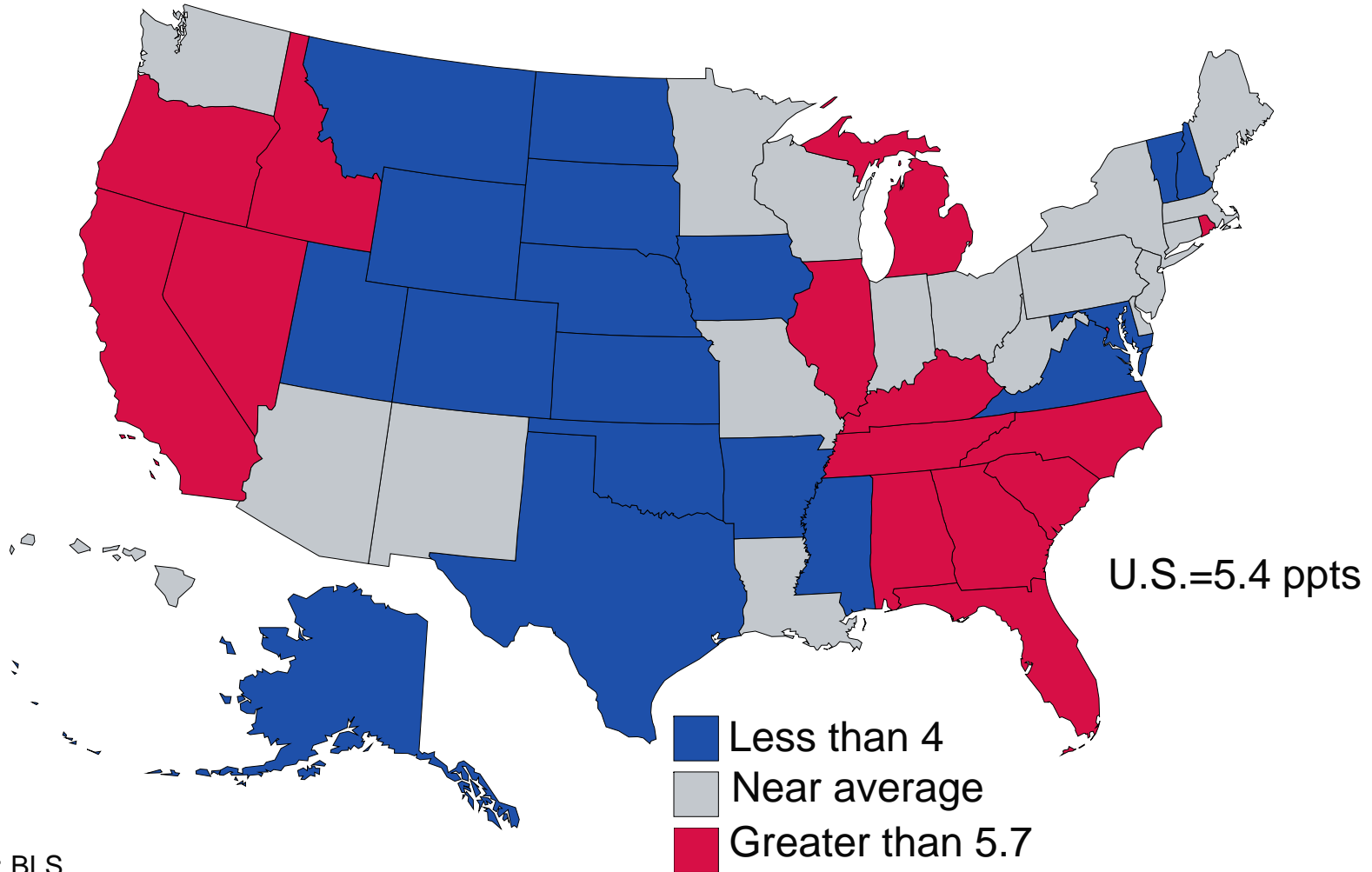
Ths, 3-mo MA



Source: BLS

## ... In These Weak Labor Markets...

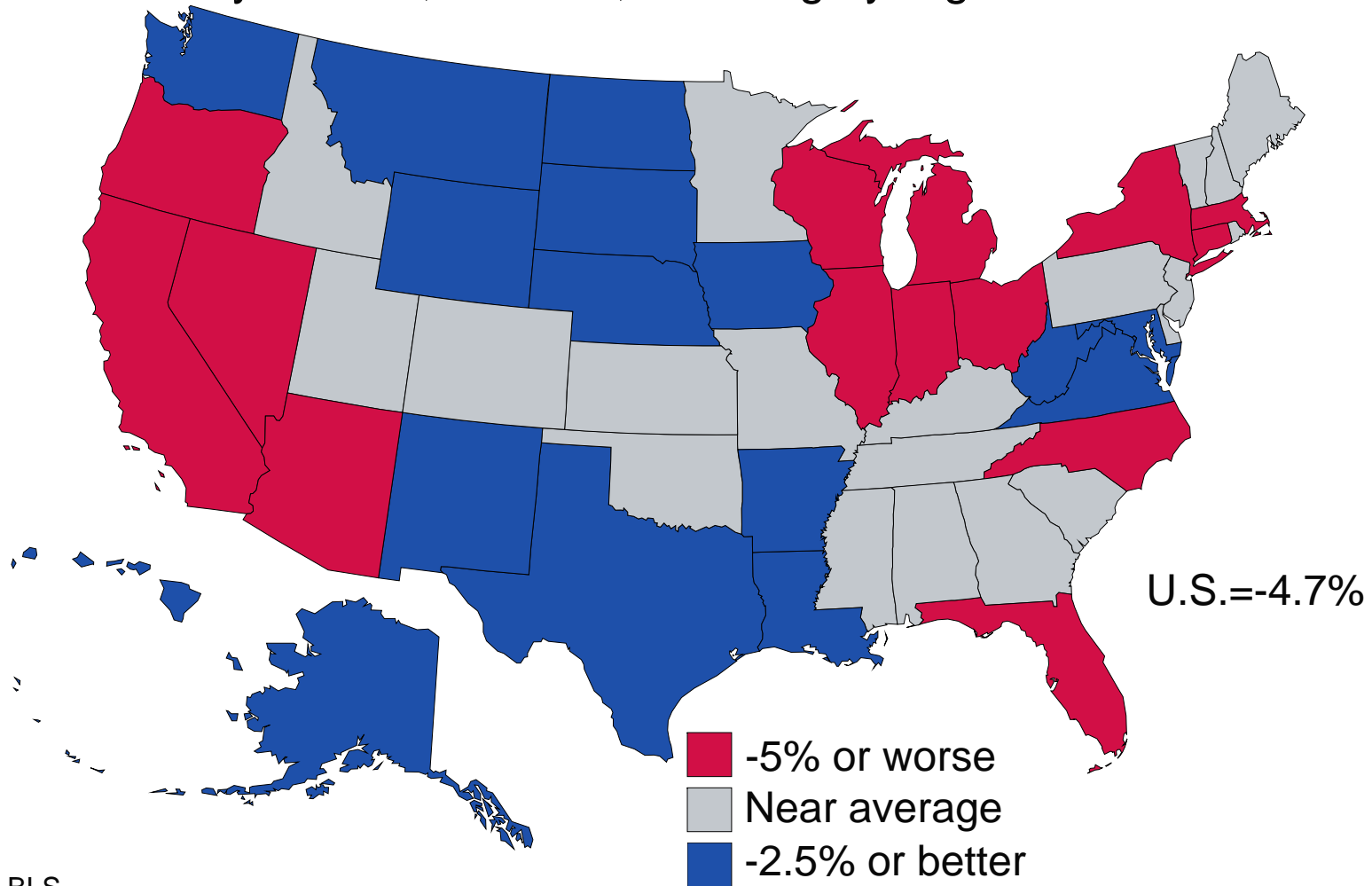
Unemployment rate, gain from cyclical low, ppts, Sep 2009



Source: BLS

## ... And Where Income Has Faltered

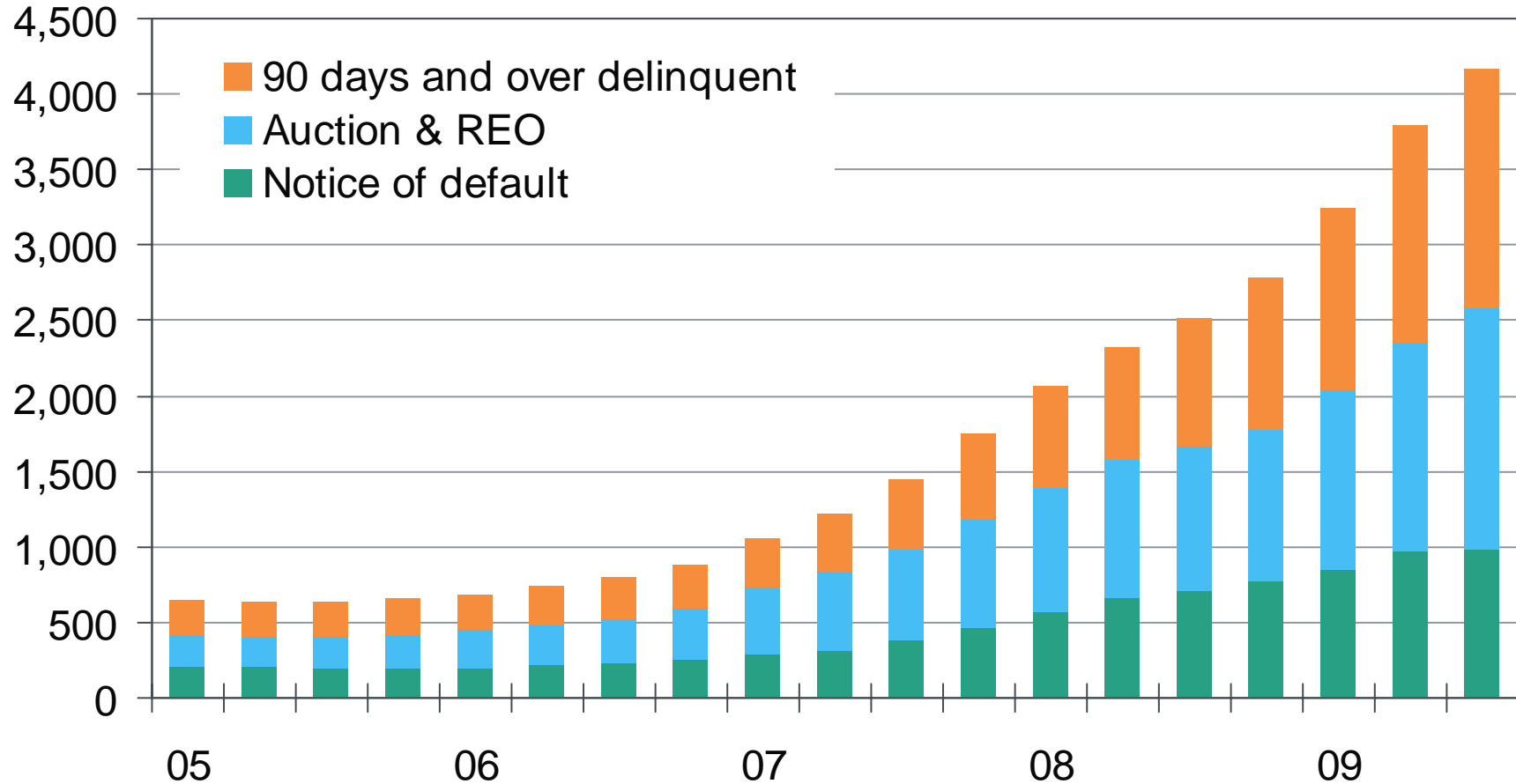
Wage and salary income, 2009Q2, % change yr ago



Source: BLS

# The Foreclosure Crisis Continues to Mount...

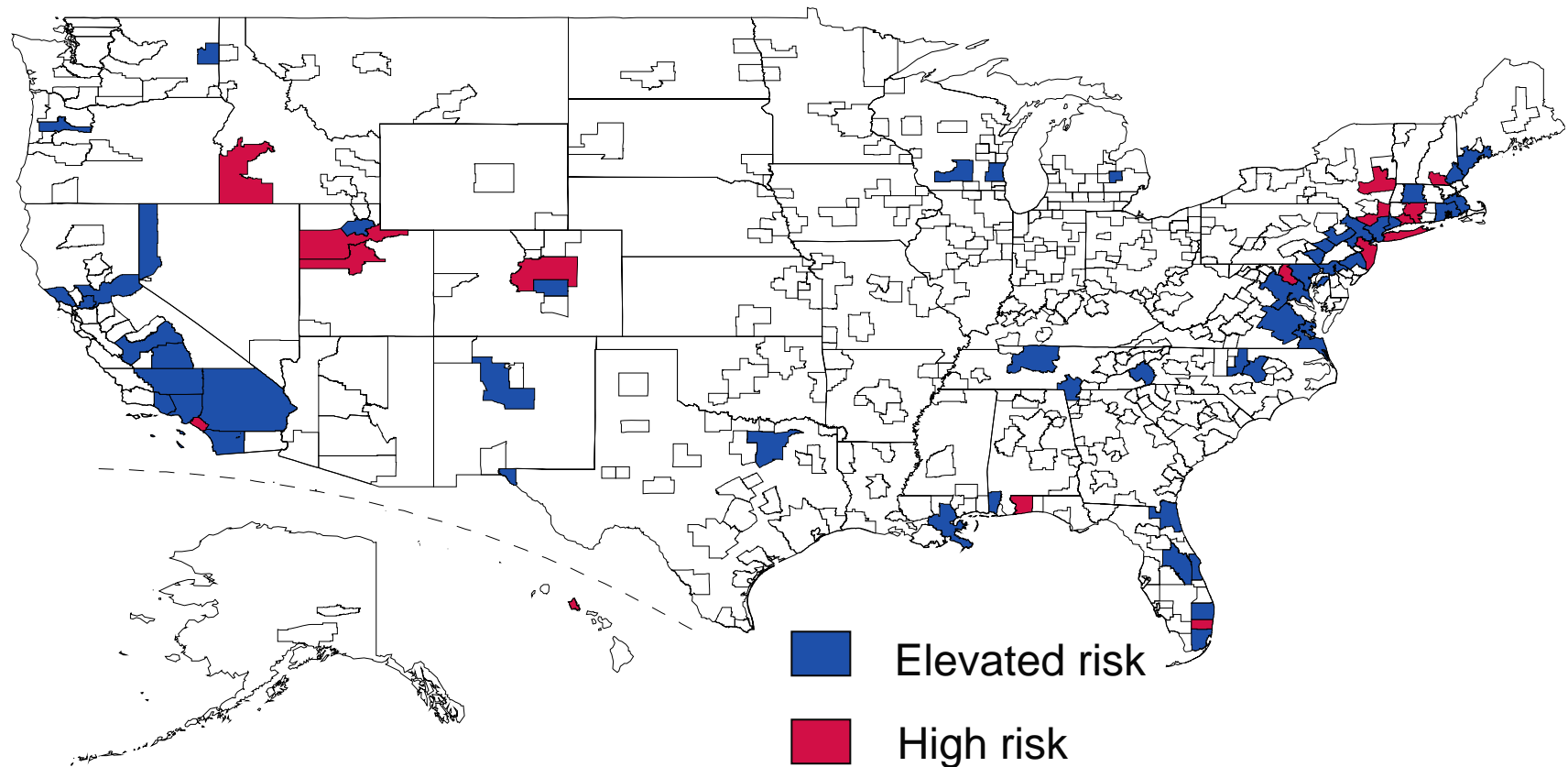
Ths of first mortgage loans



Sources: Equifax, Moody's Economy.com

## ...But Worst is Behind Most of Midwest and South

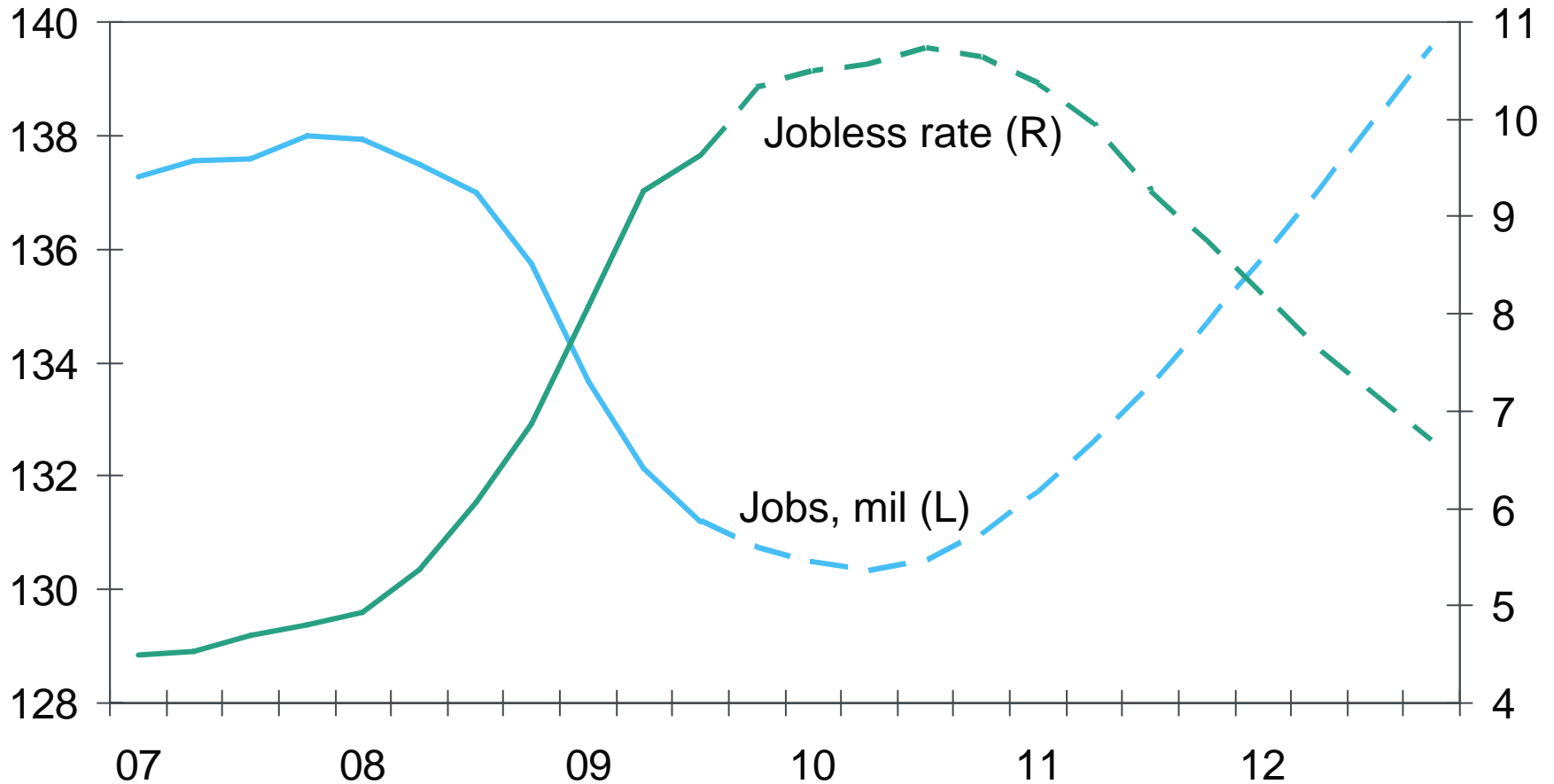
Metro area housing markets at risk of further house price decline



Based on the Case-Shiller® Home Price Index, 2009Q2

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

# Tough Job Market for Years to Come...

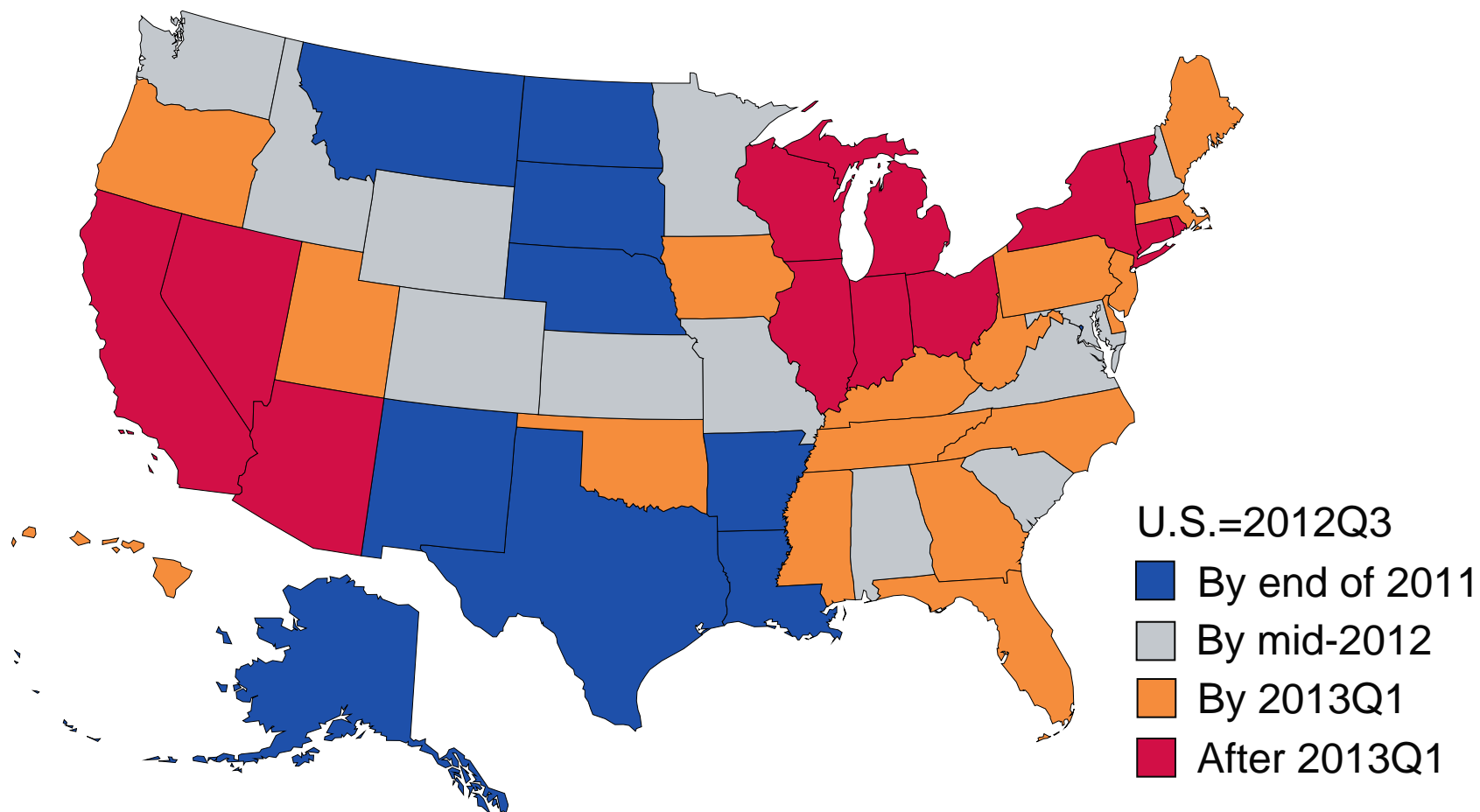


Sources: BLS, Moody's Economy.com



# ...New Employment Peaks May Come Slowly

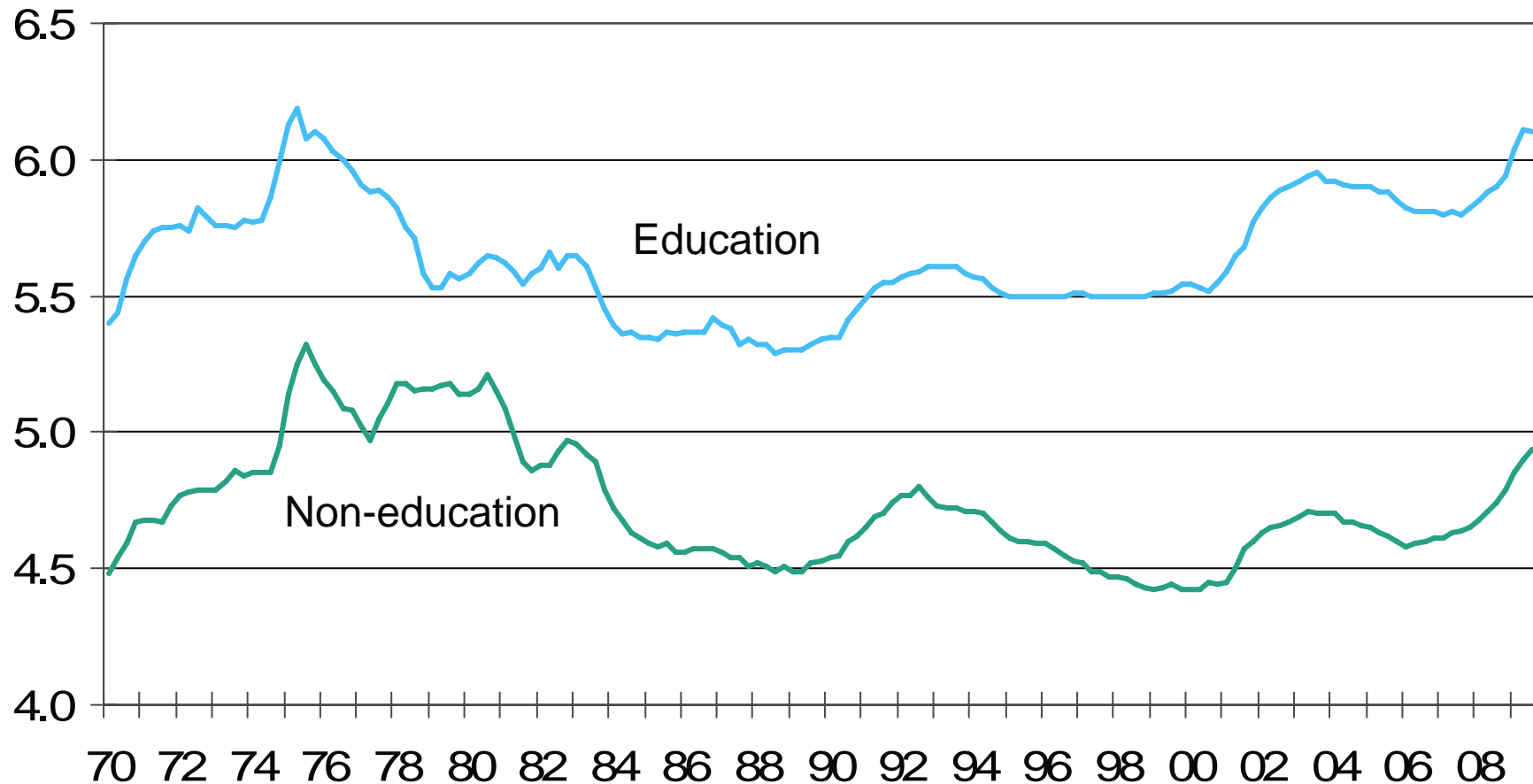
Projected initial quarter of new peak in employment



Source: Moody's Economy.com

# Local Government Support for Jobs Will Fade

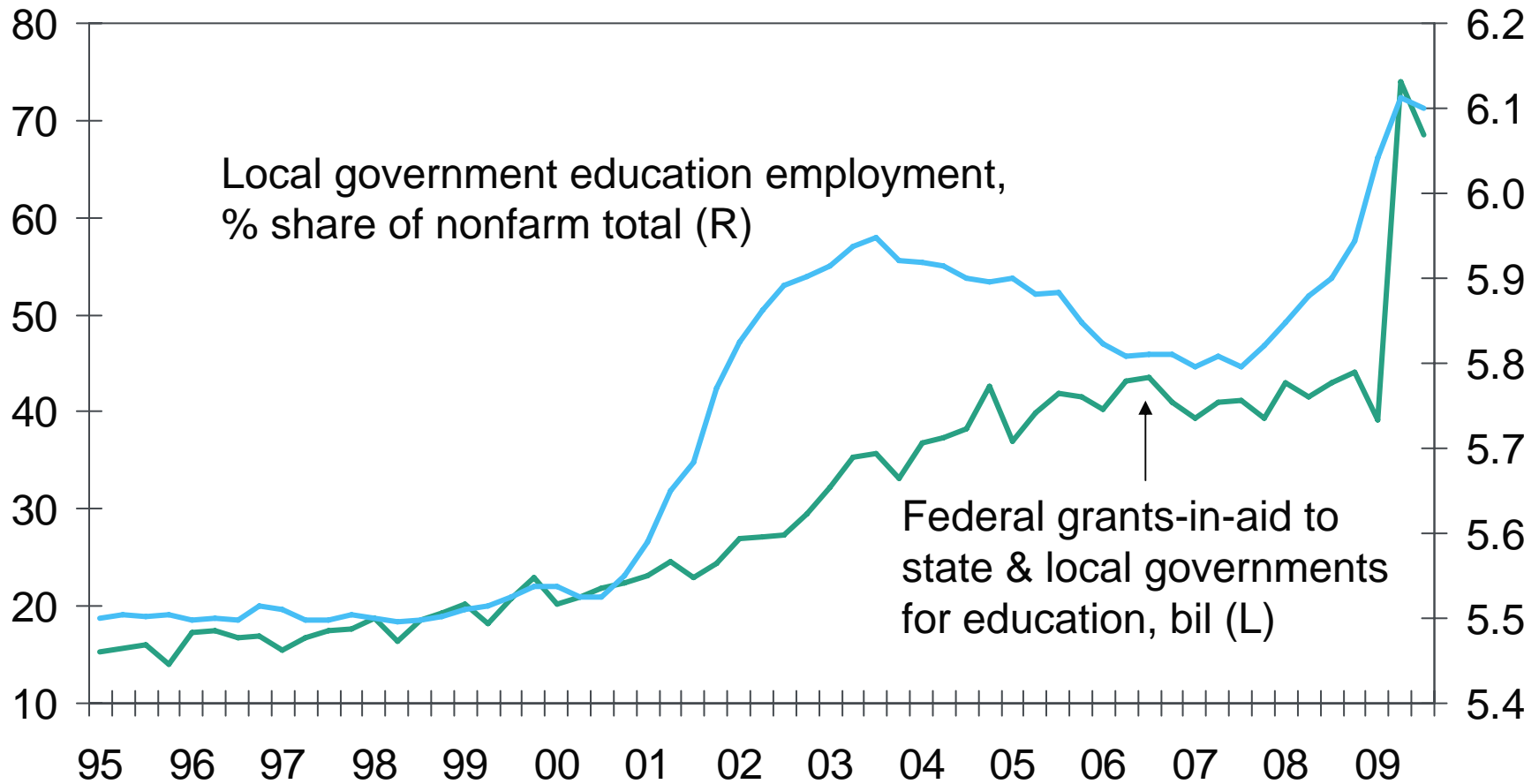
Local government employment, % share of total U.S. payroll employment



Sources: BLS, Moody's Economy.com

# Federal Aid Supports Localities for Now...

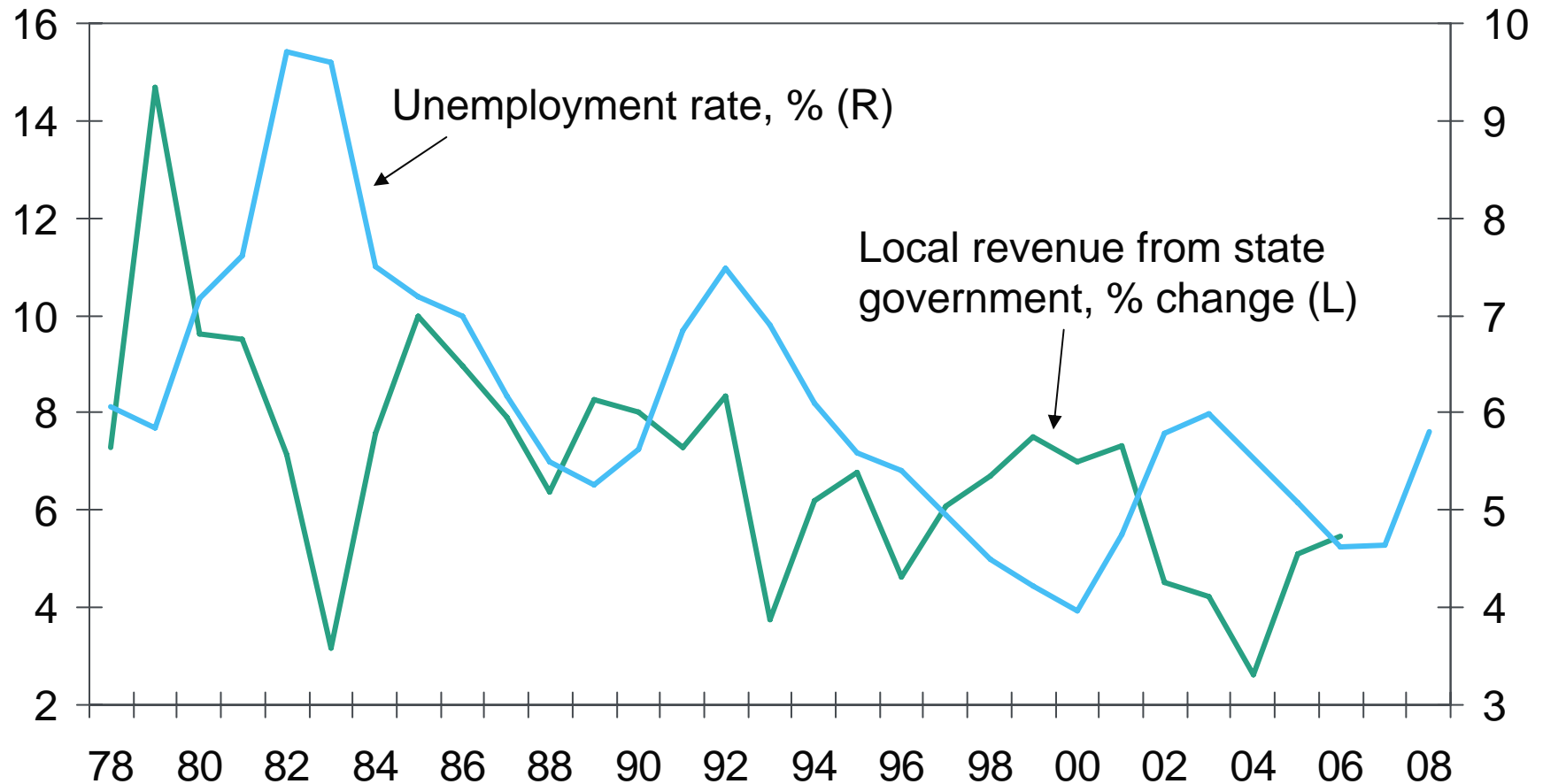
Calendar years



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

# ...At a Time of Diminished State Support...

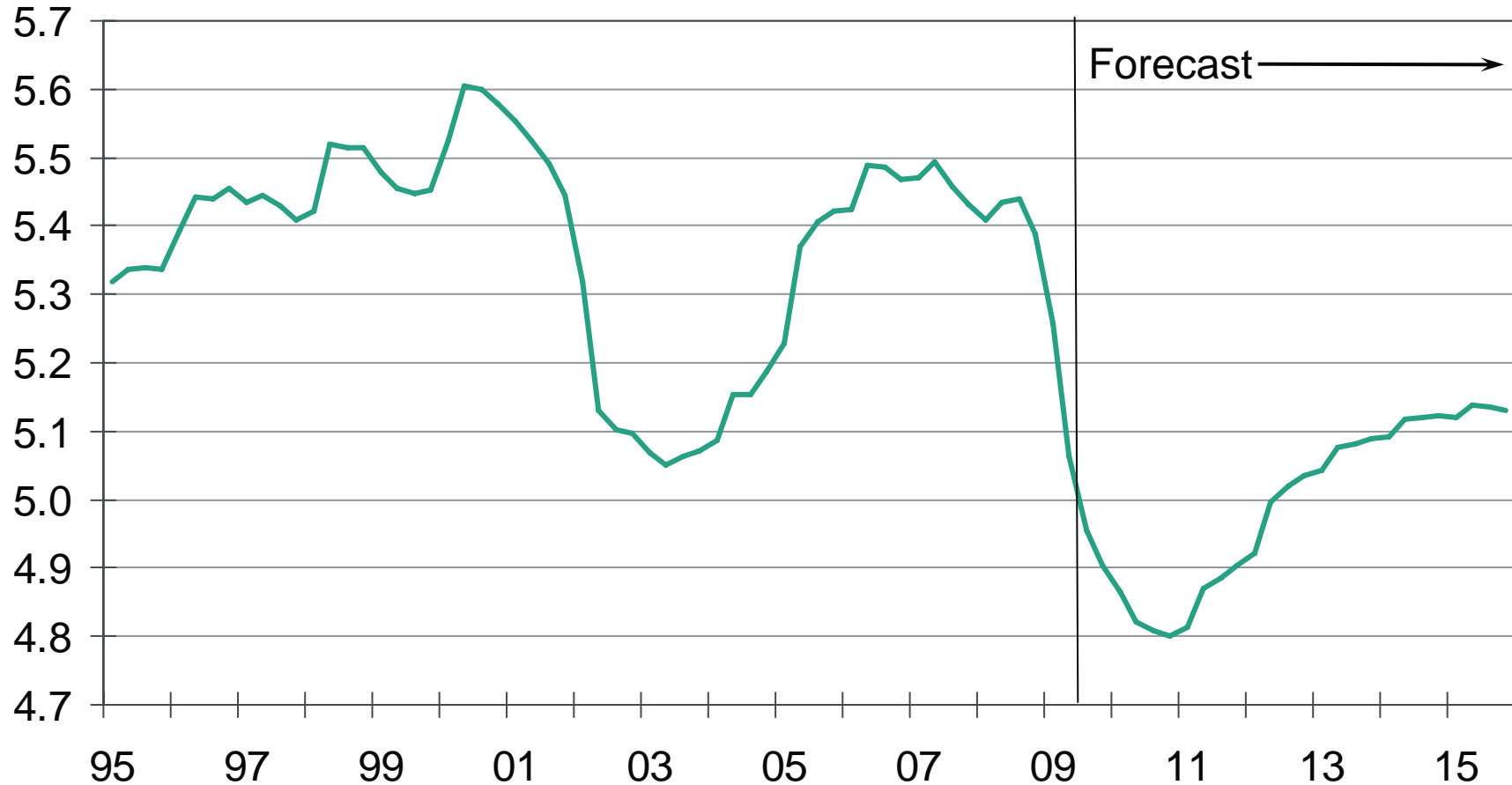
Calendar years



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

## ... and Less State Support Can Be Expected

State tax revenues, % share of GDP, 4-qtr MA



Sources: Census Bureau, Moody's Economy.com

