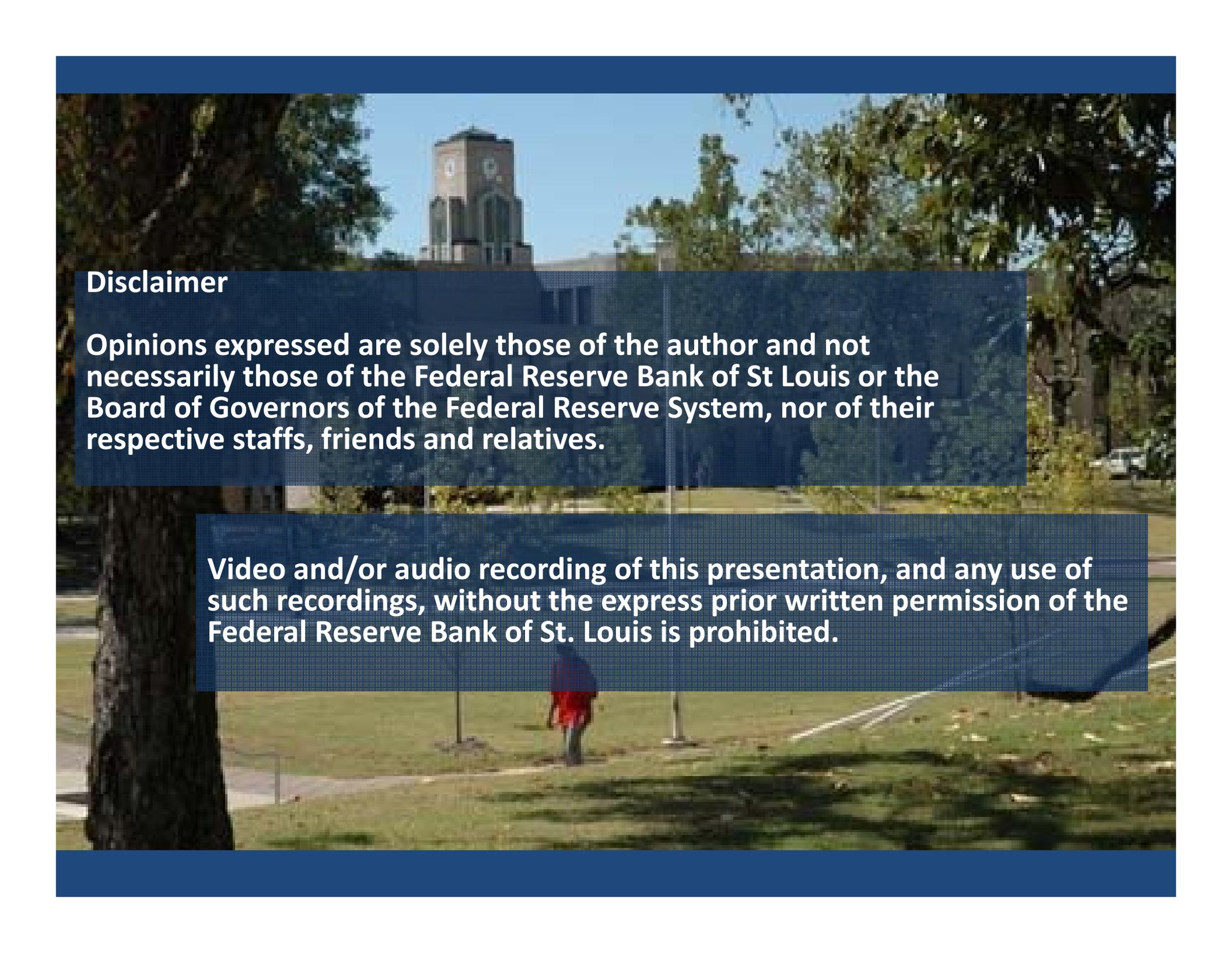


A Talk on the Economic Outlook

Richard G. Anderson
April 7, 2009

The background image shows a large, light-colored building with a prominent clock tower. The tower has a square top and arched windows. The building is surrounded by lush green trees. In the foreground, there is a grassy area with a person wearing a red jacket walking. The sky is clear and blue.

Disclaimer

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The Issues:

- Global Recession
- Household Debt
- The Forecasts



CDO

Bear Stearns

MBS

Financial Engineering

AIG

Alchemy!

CDS

Risk Turns to Gold!

Lehman

No
Fear of
Risk...



“...history has not dealt kindly with the aftermath of protracted periods of low risk premiums.”

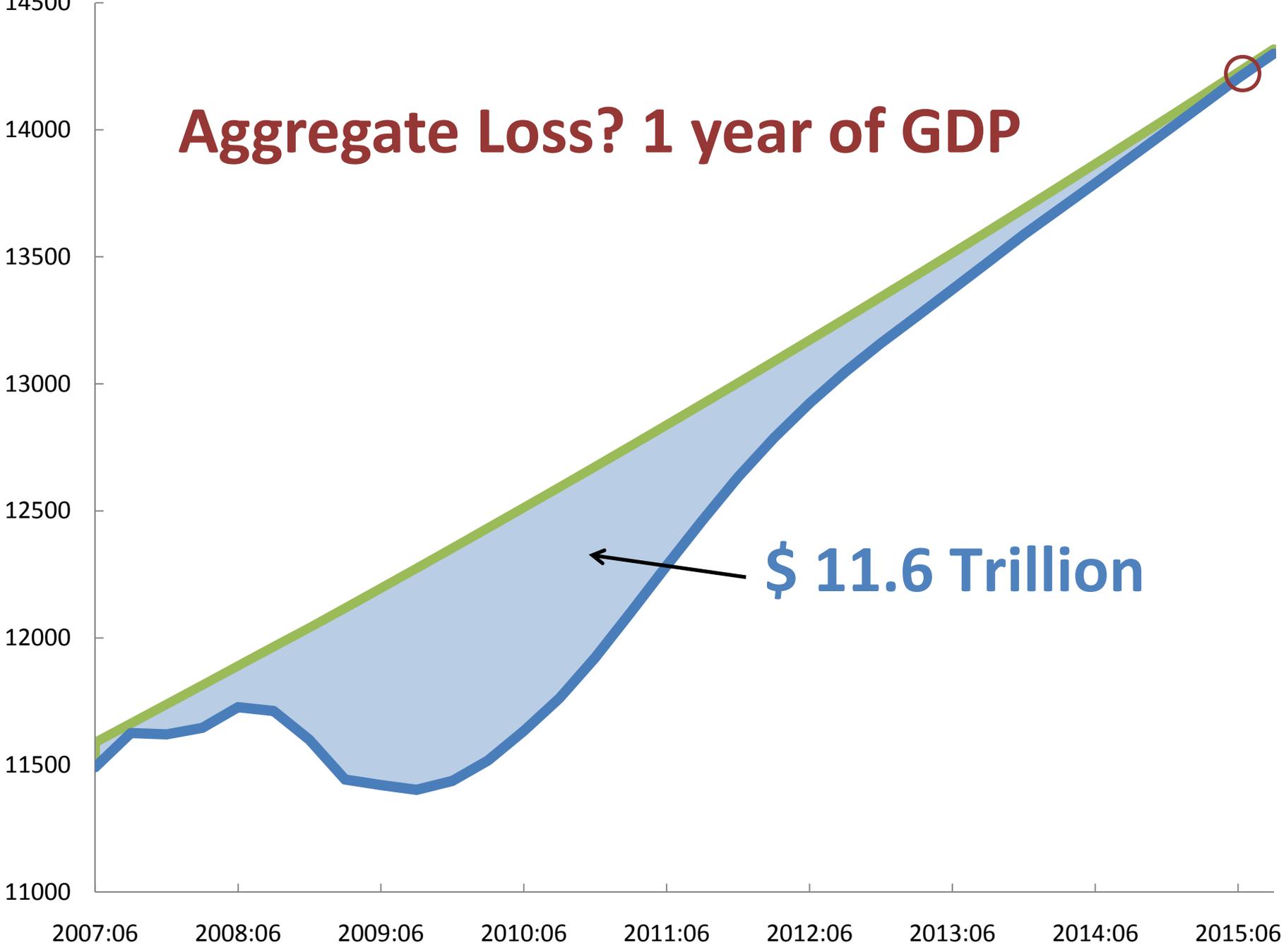
--A. Greenspan,
August 25, 2005



And Then Recession Struck...



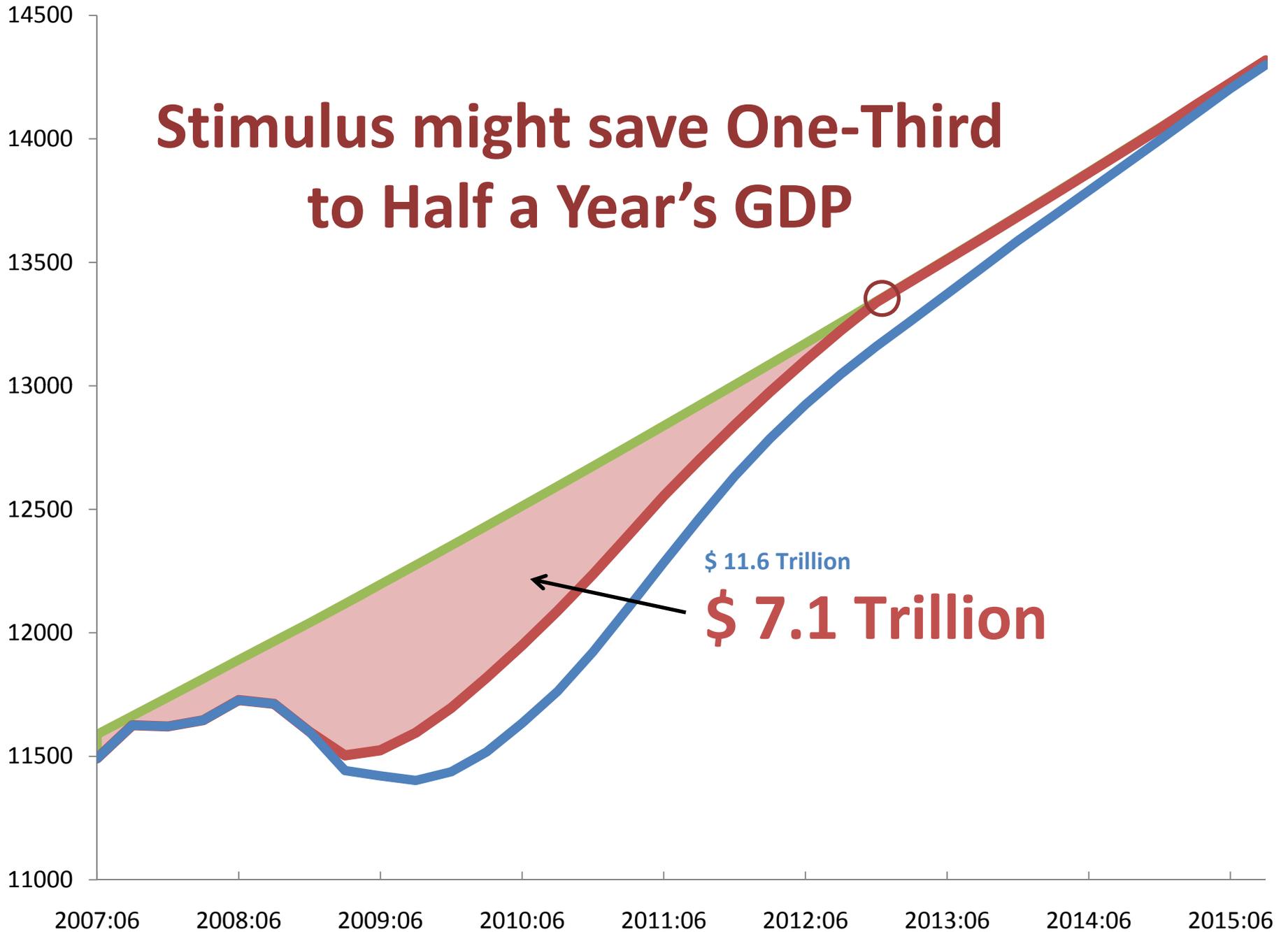
SAAR, Bil. Chn.2000\$



Aggregate Loss? 1 year of GDP

\$ 11.6 Trillion

SAAR, Bil. Chn.2000\$





Global Recession



	2008 Q4	2009 Q1
Global	-5.4	-4.8
Developing	-6.7	-7.7
Em Markets	-3.6	-0.7

	2009 Q4/Q4	YOY
	-0.1	-1.7
	-2.1	-3.7
	+2.8	1.2

2008 Q4



Source: Barclays Capital

2009 Q1



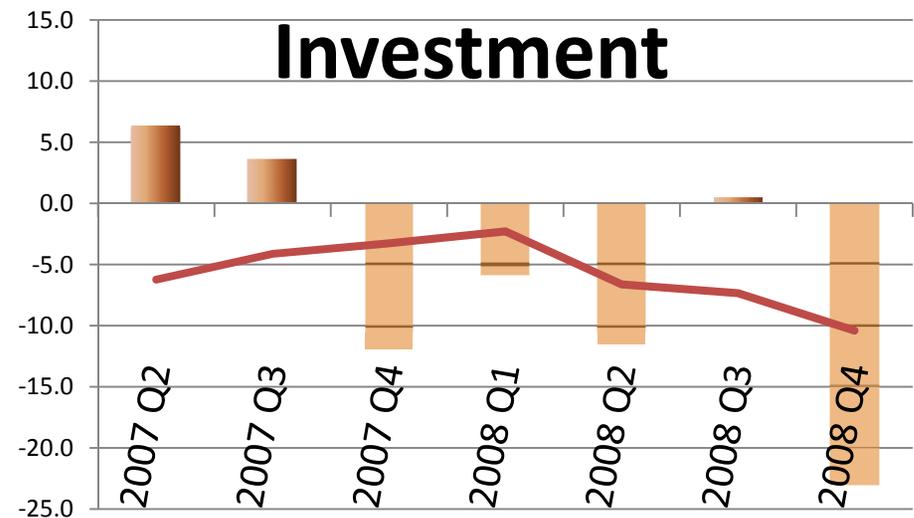
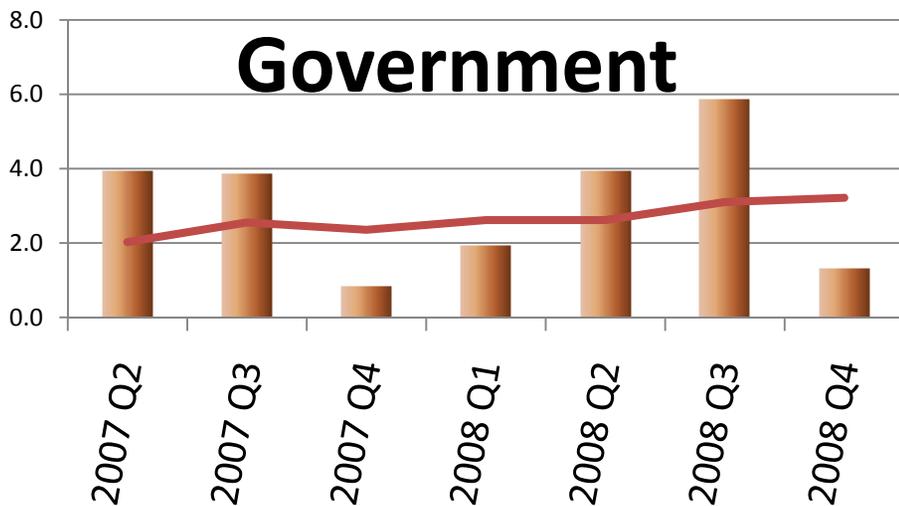
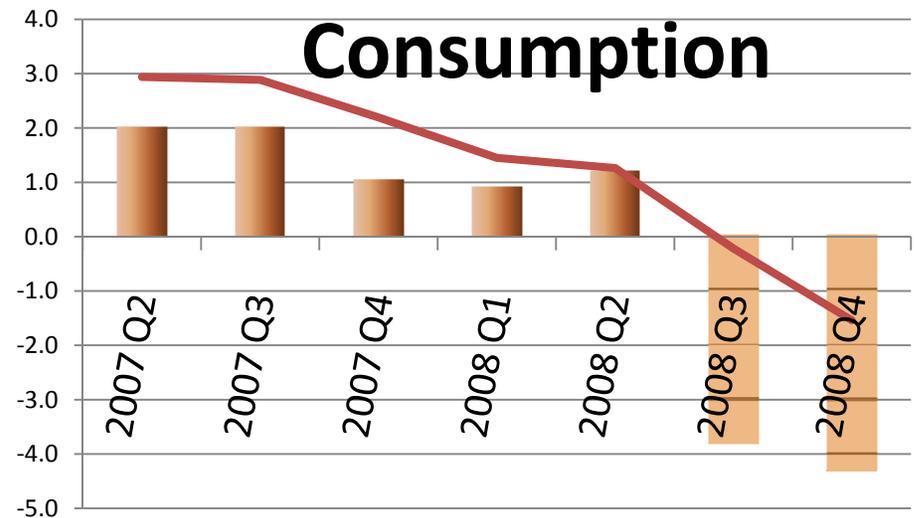
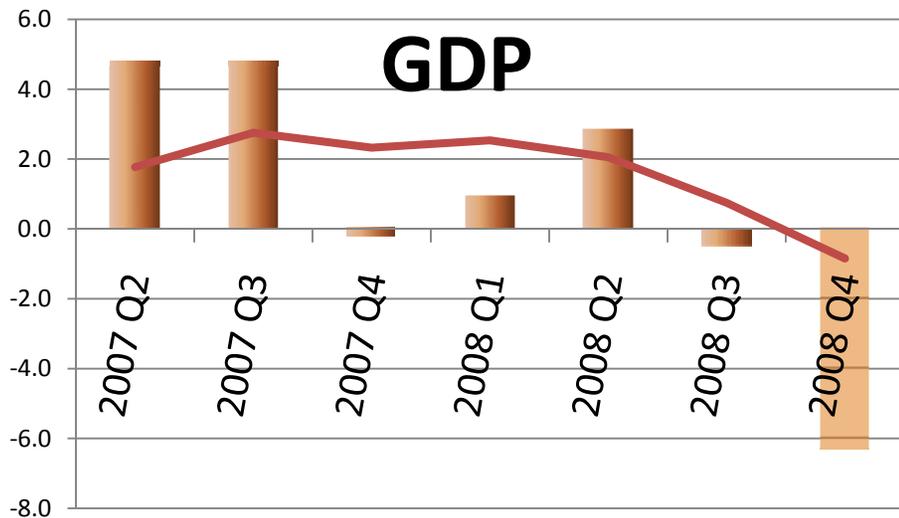
Source: Barclays Capital

2009



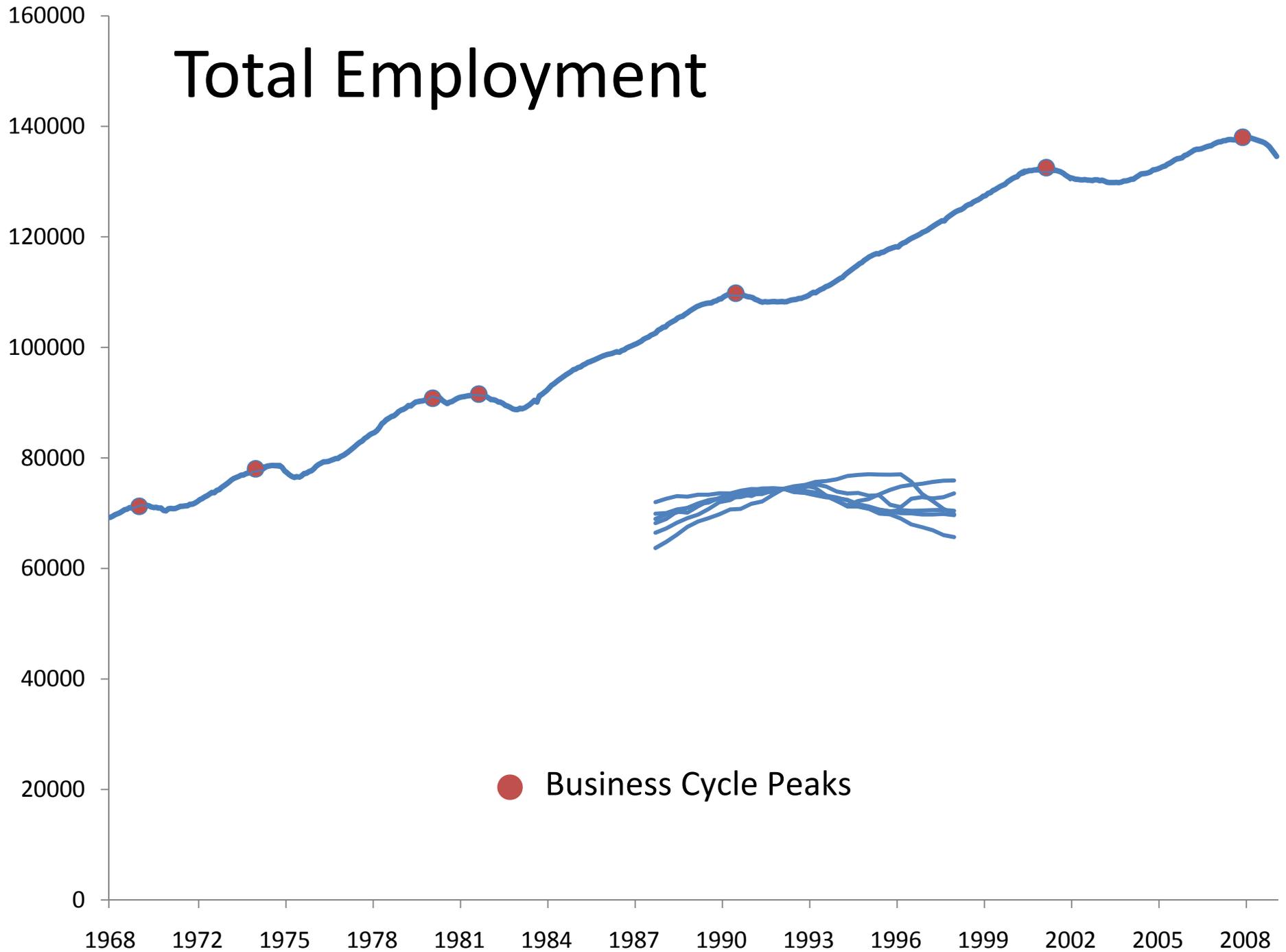
Source: Barclays Capital

The United States

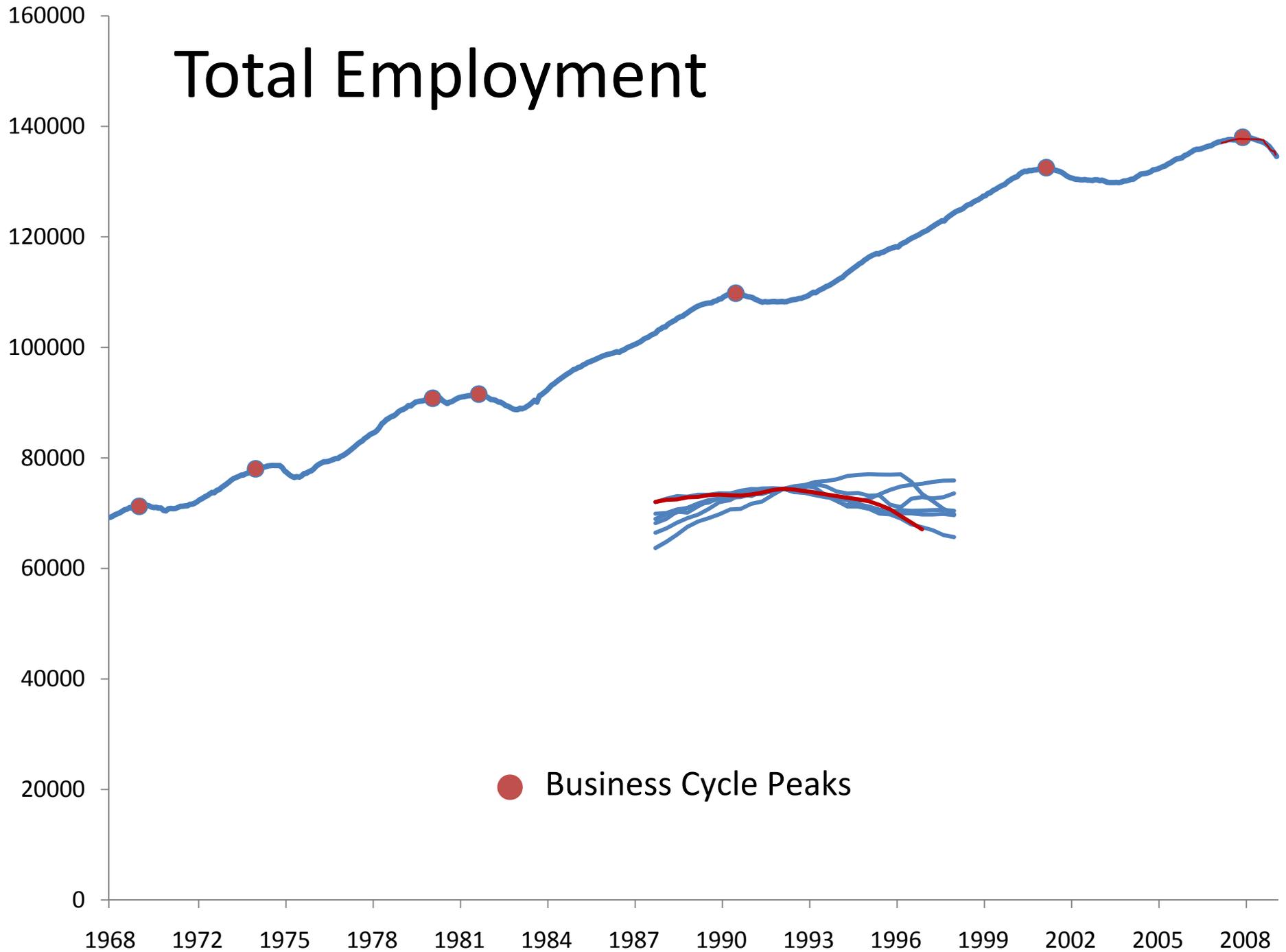


Note: Data Chained 2000 dollars, Quarterly percent change at an annual rate (bars), year-over-year percent change (line)

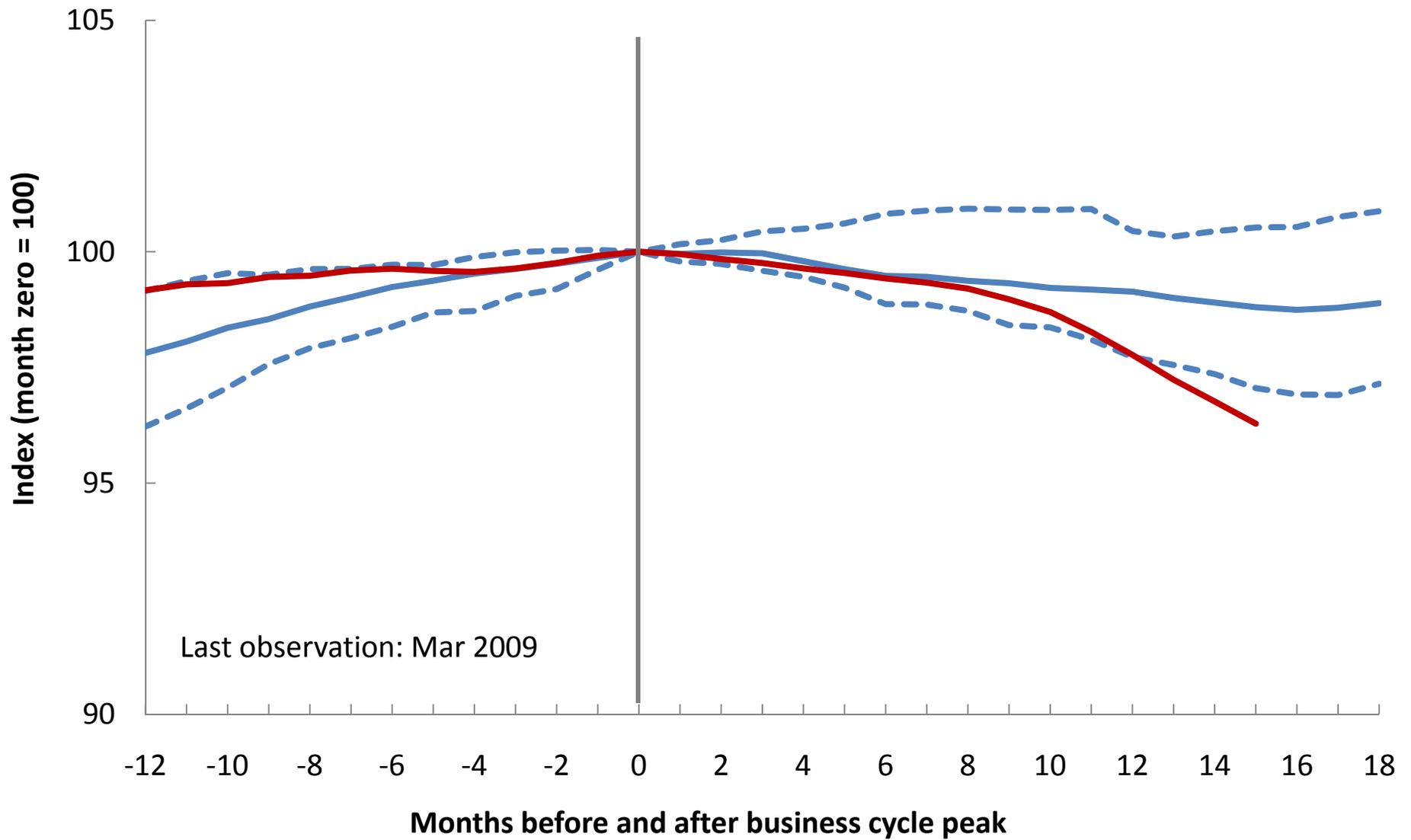
Total Employment



Total Employment



Employment



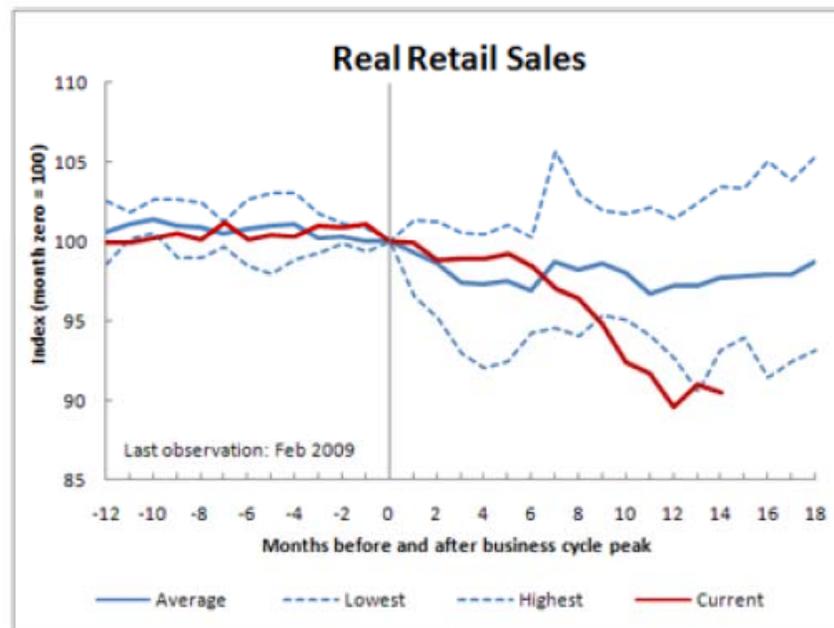
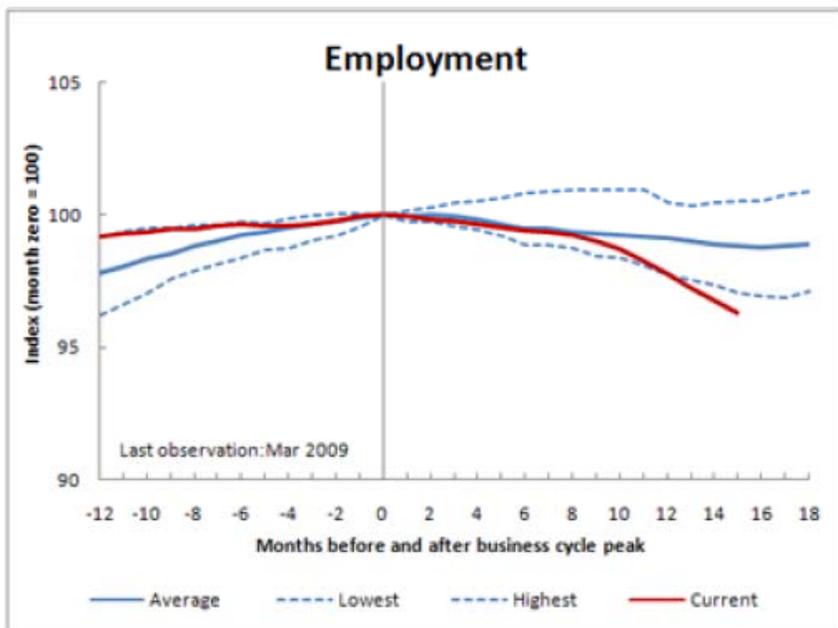
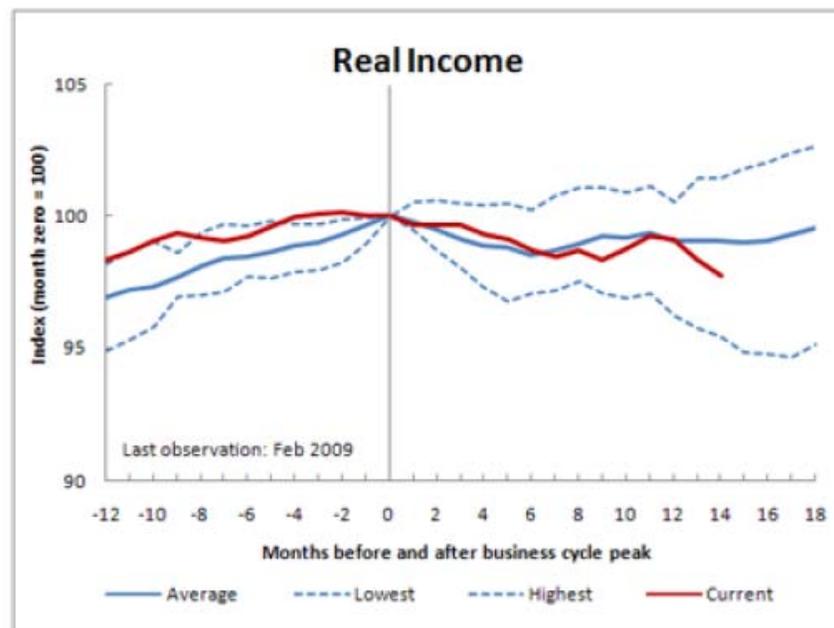
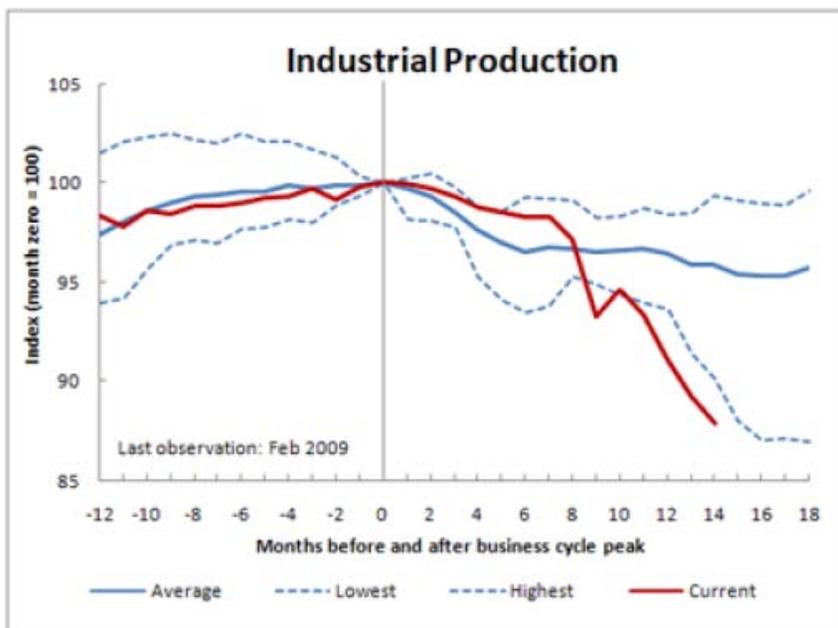
— Average

- - - Lowest

- - - Highest

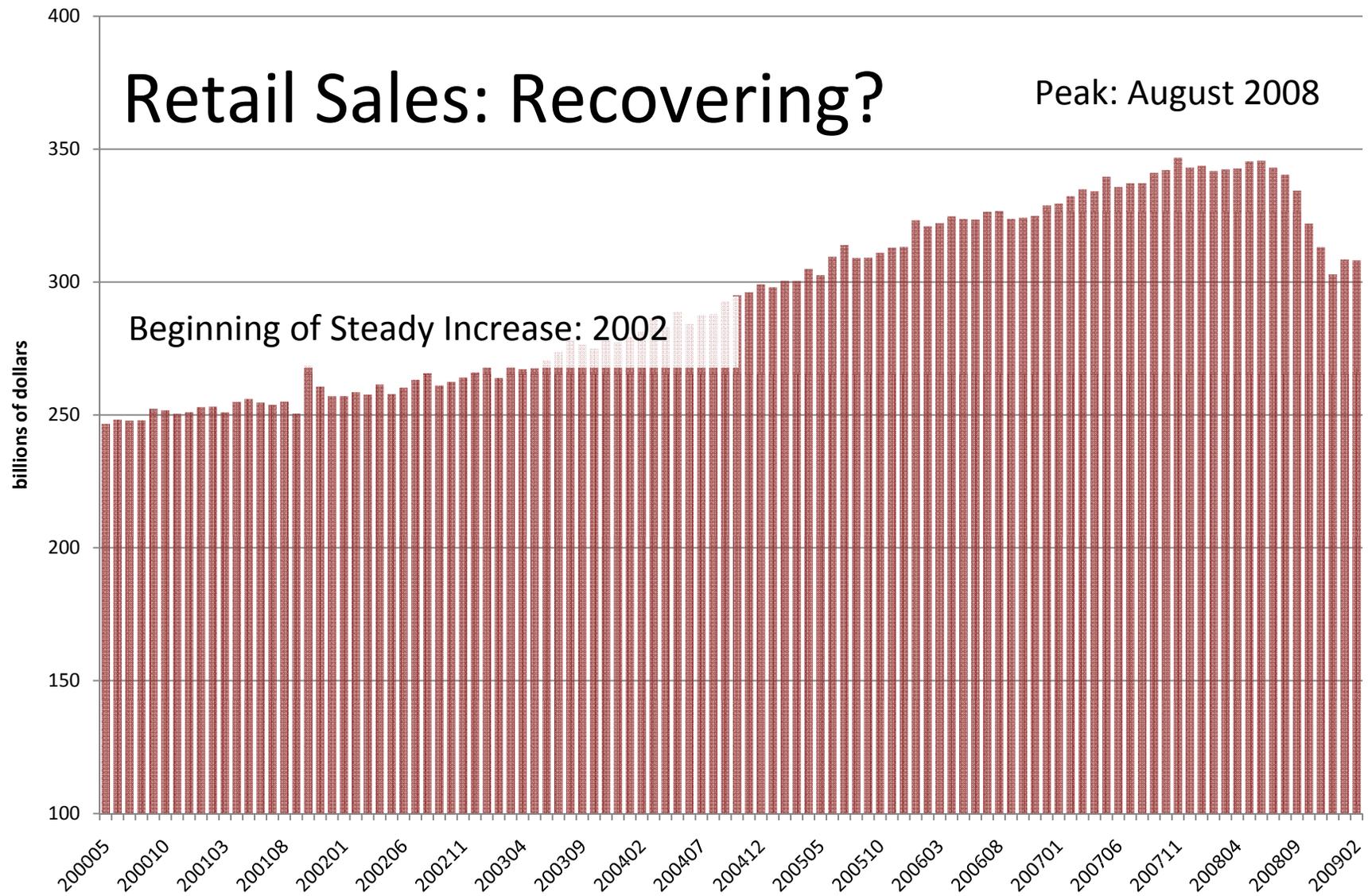
— Current

Tracking the Recession – Monthly Indicators

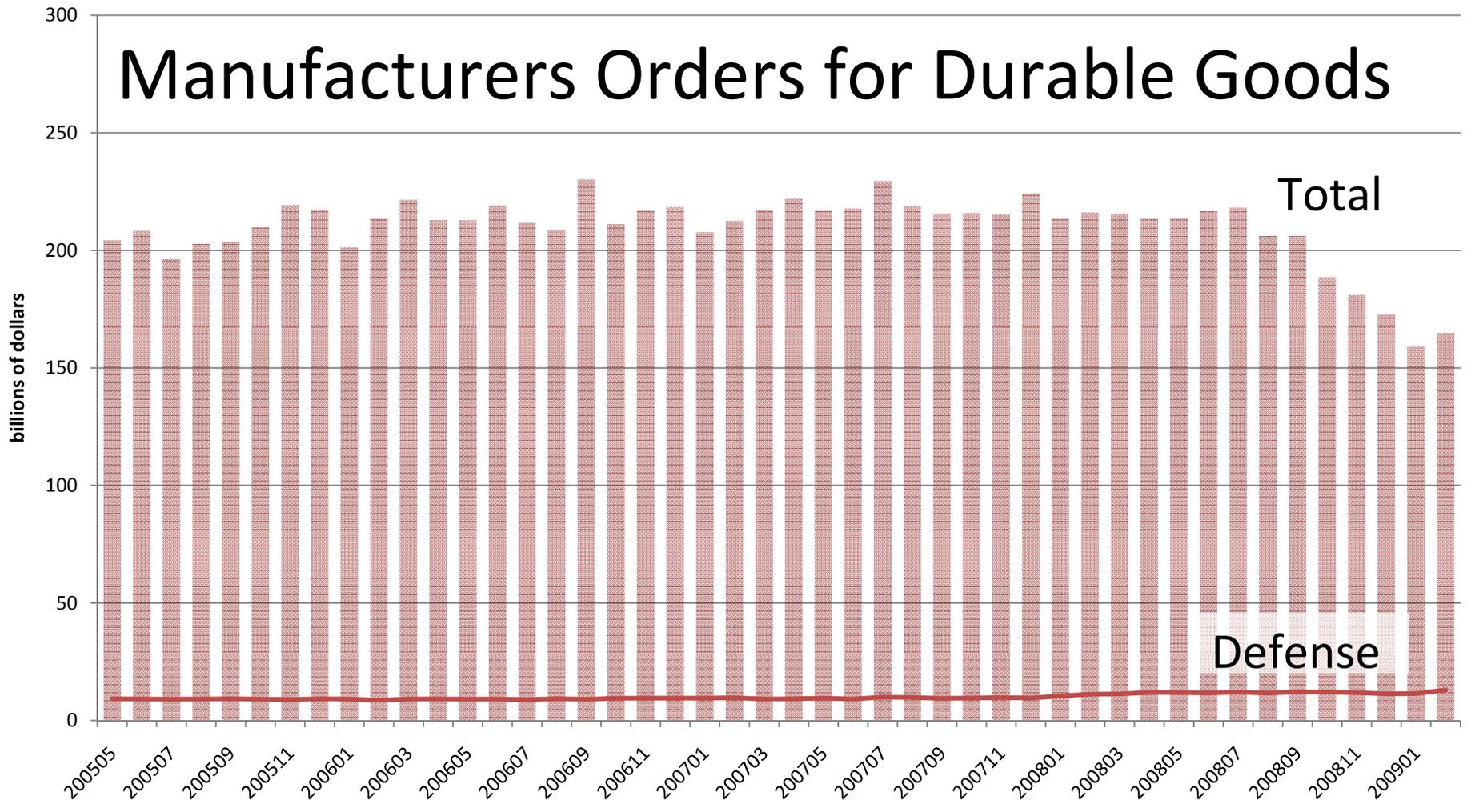


Retail Sales: Recovering?

Peak: August 2008

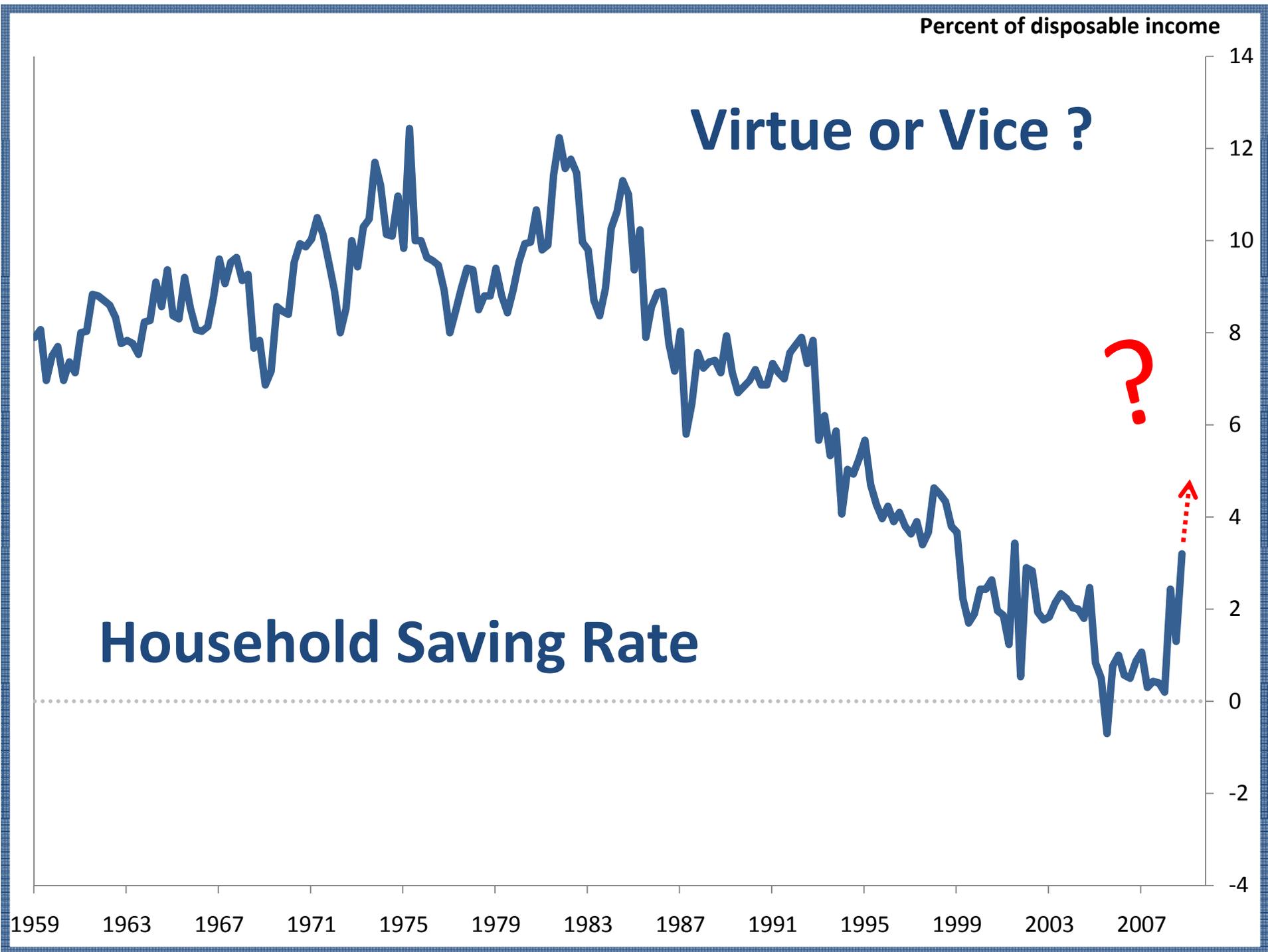


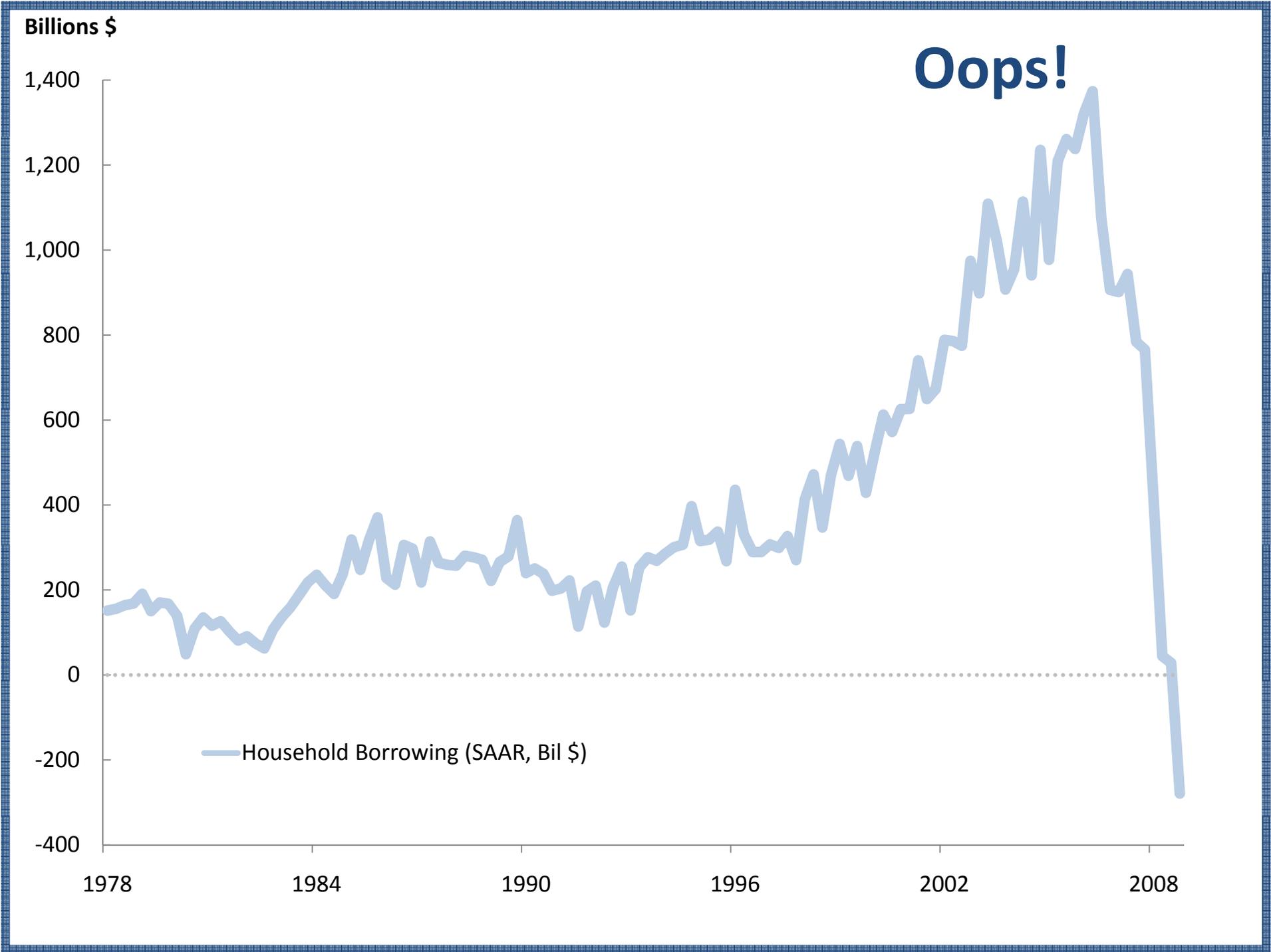
Manufacturers Orders for Durable Goods



Help from Households?





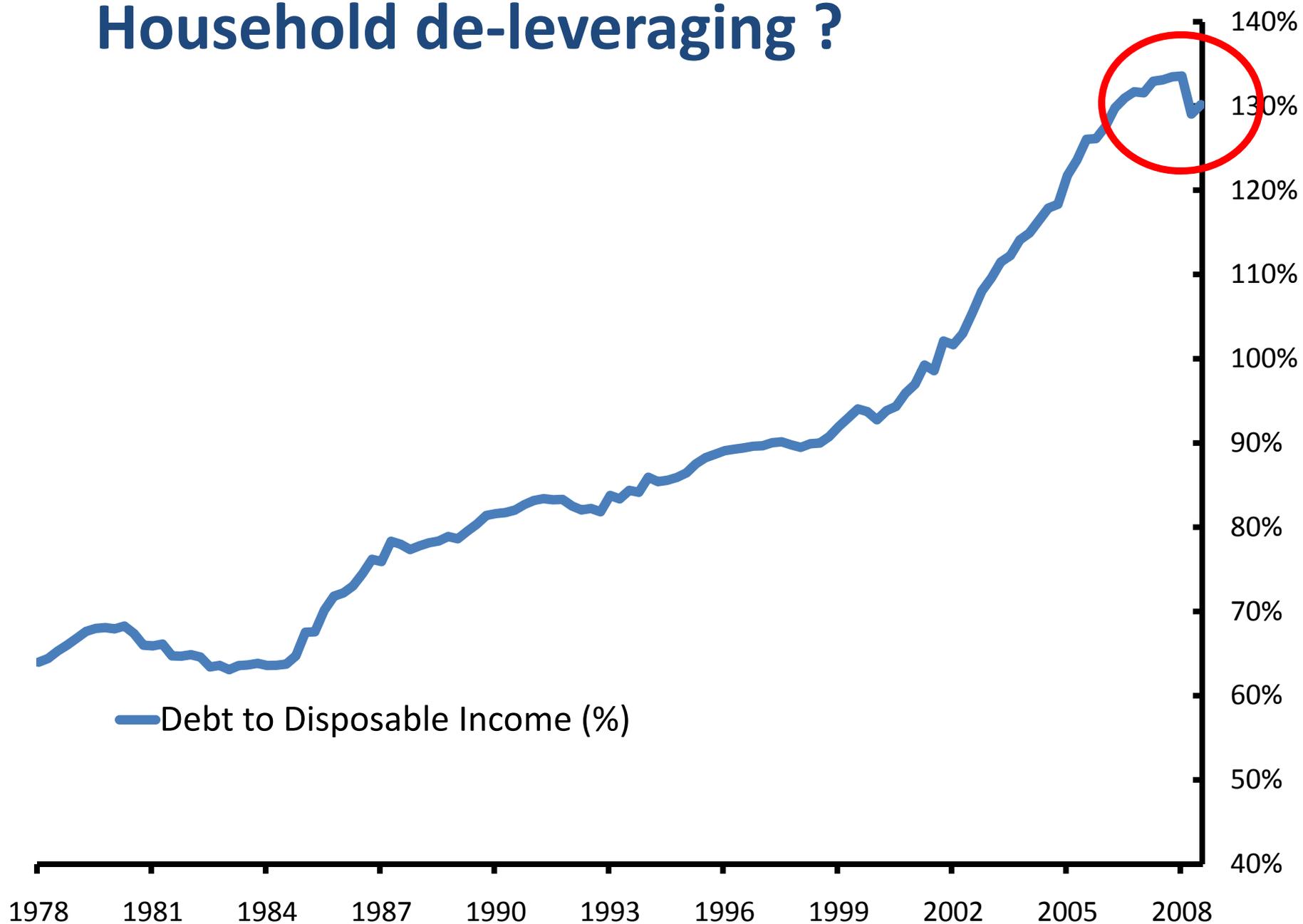


Billions \$

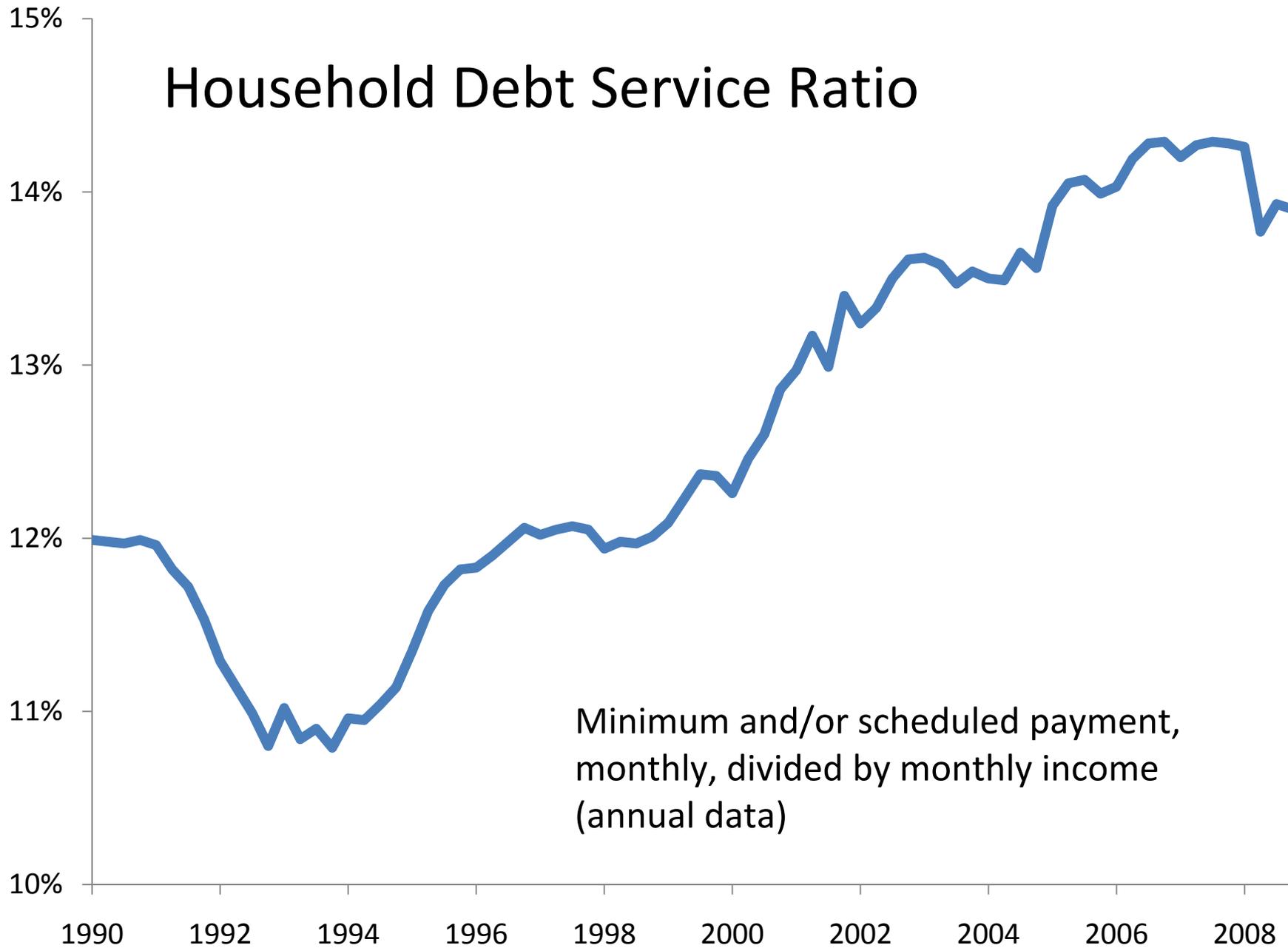
Oops!

Household Borrowing (SAAR, Bil \$)

Household de-leveraging ?

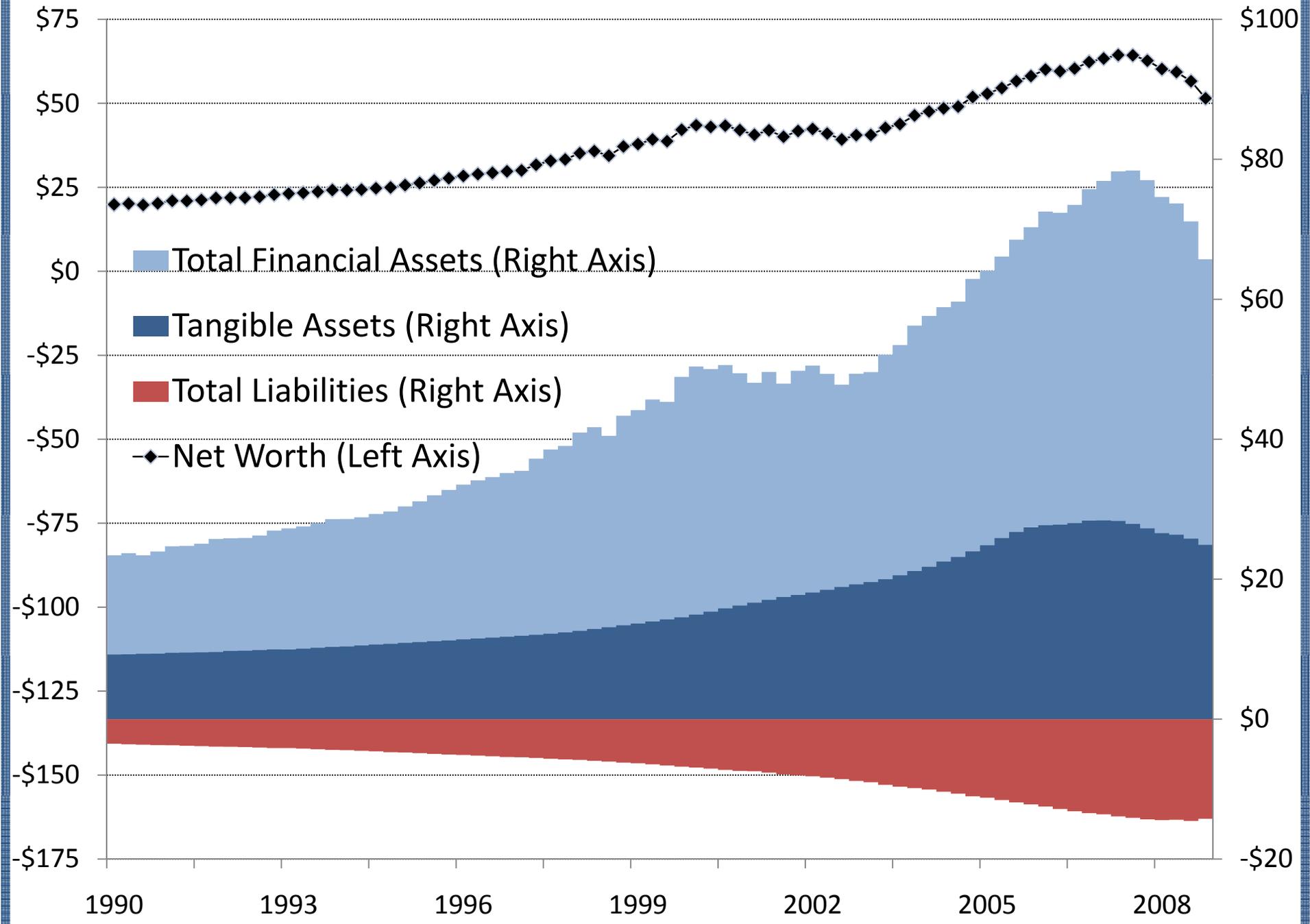


Household Debt Service Ratio



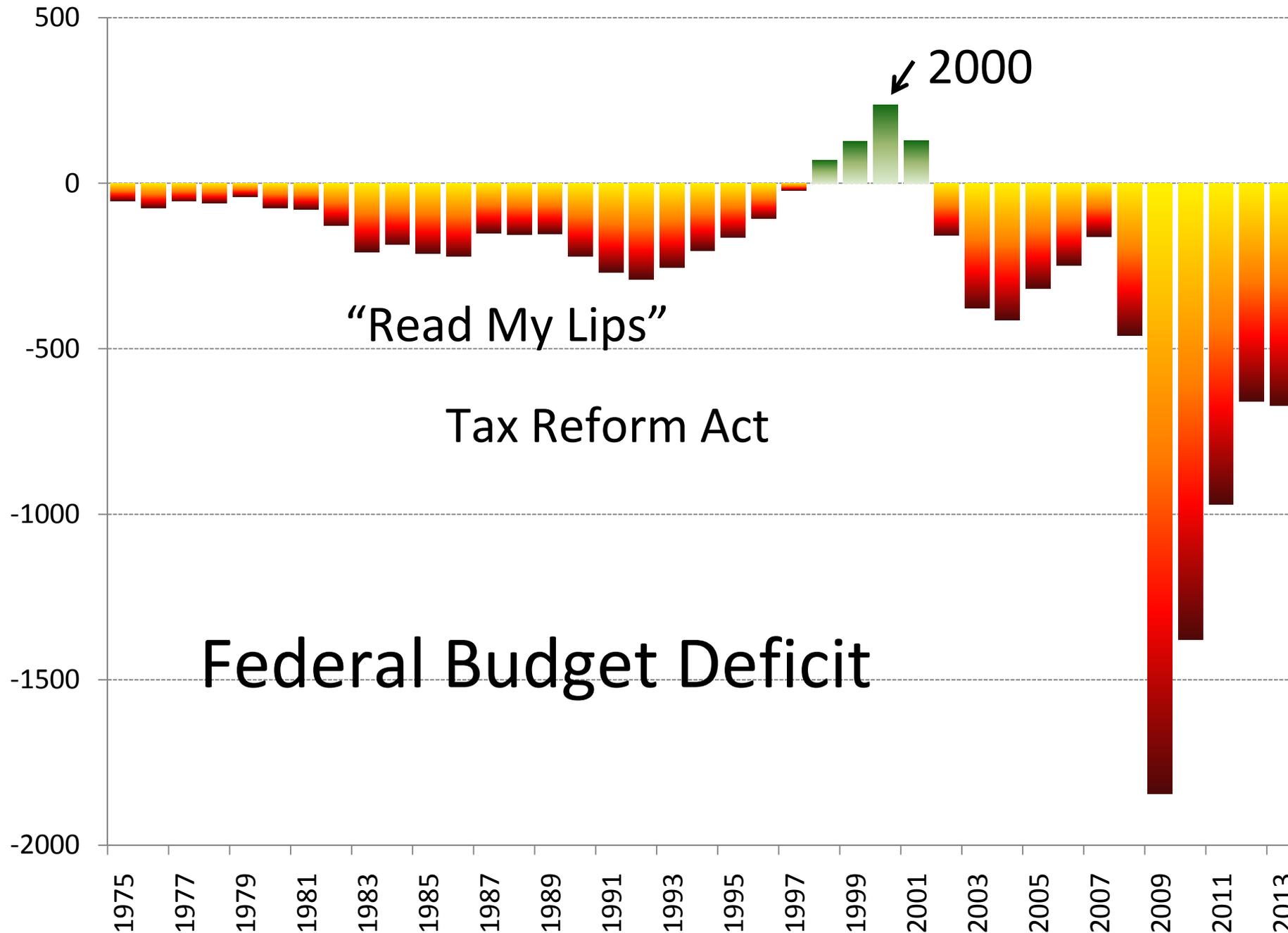
Minimum and/or scheduled payment,
monthly, divided by monthly income
(annual data)

NSA, Tril. \$



Federal Programs

Fiscal Yr, Bil. \$



2000

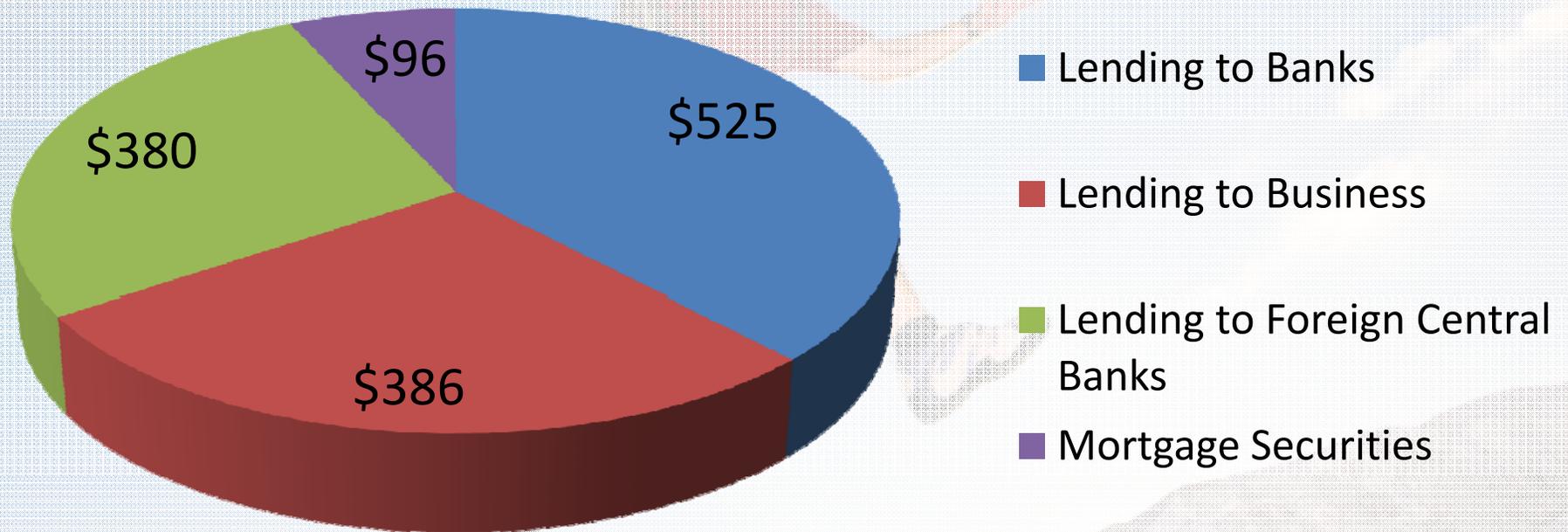
"Read My Lips"

Tax Reform Act

Federal Budget Deficit

Federal Reserve Programs

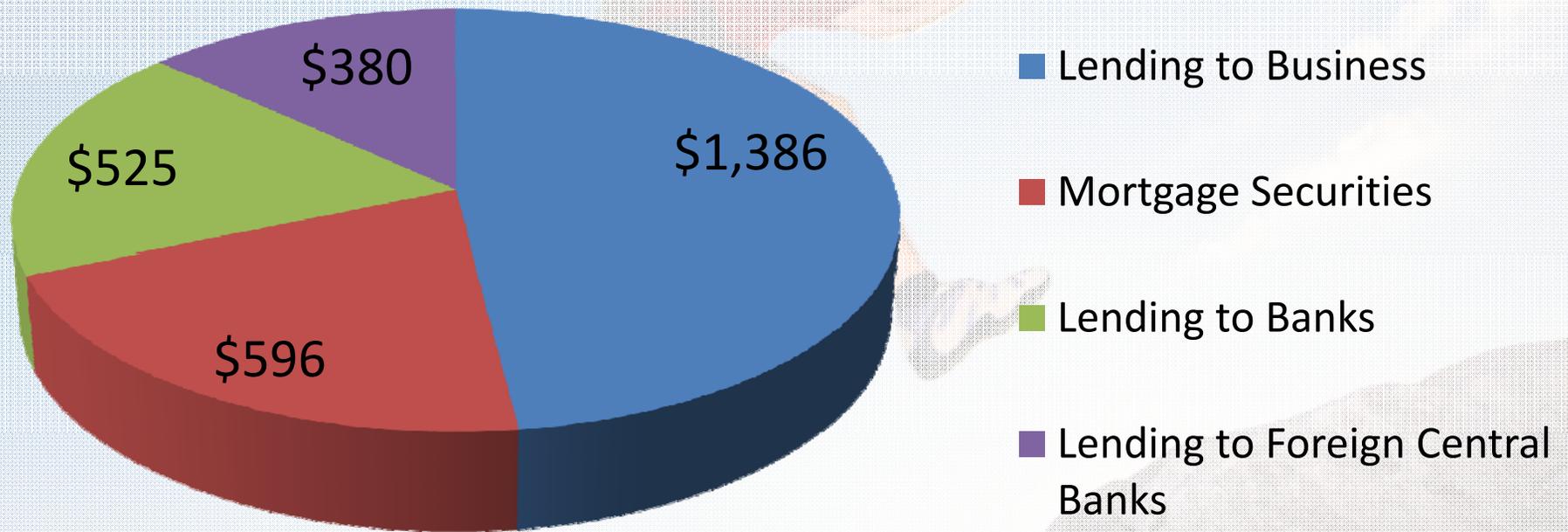
As of February 18, 2009



Total \$1386 billion

Federal Reserve Programs

Proposed, as of February 18



Total \$2890 billion



Forecasts

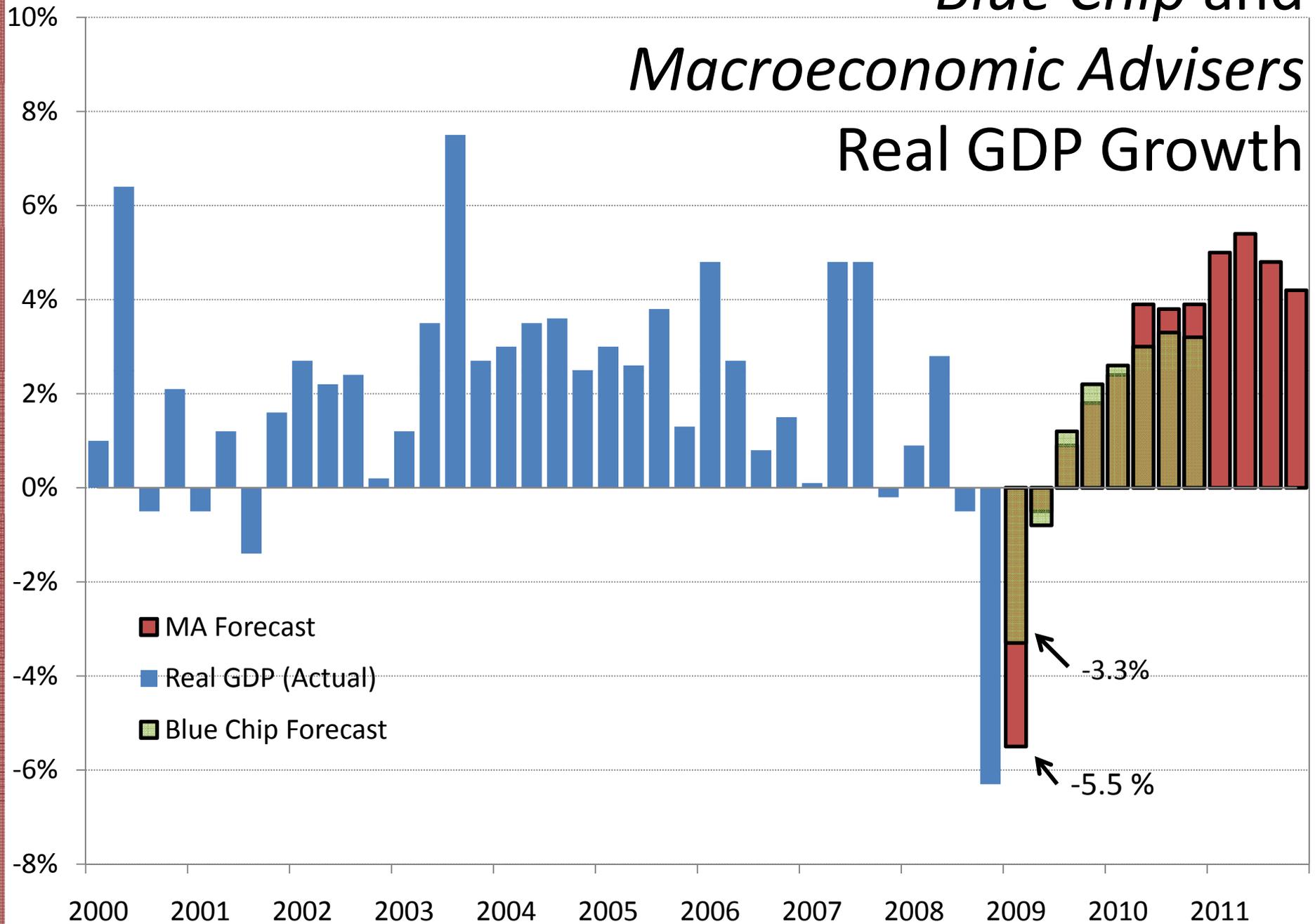
FOMC Member Projections

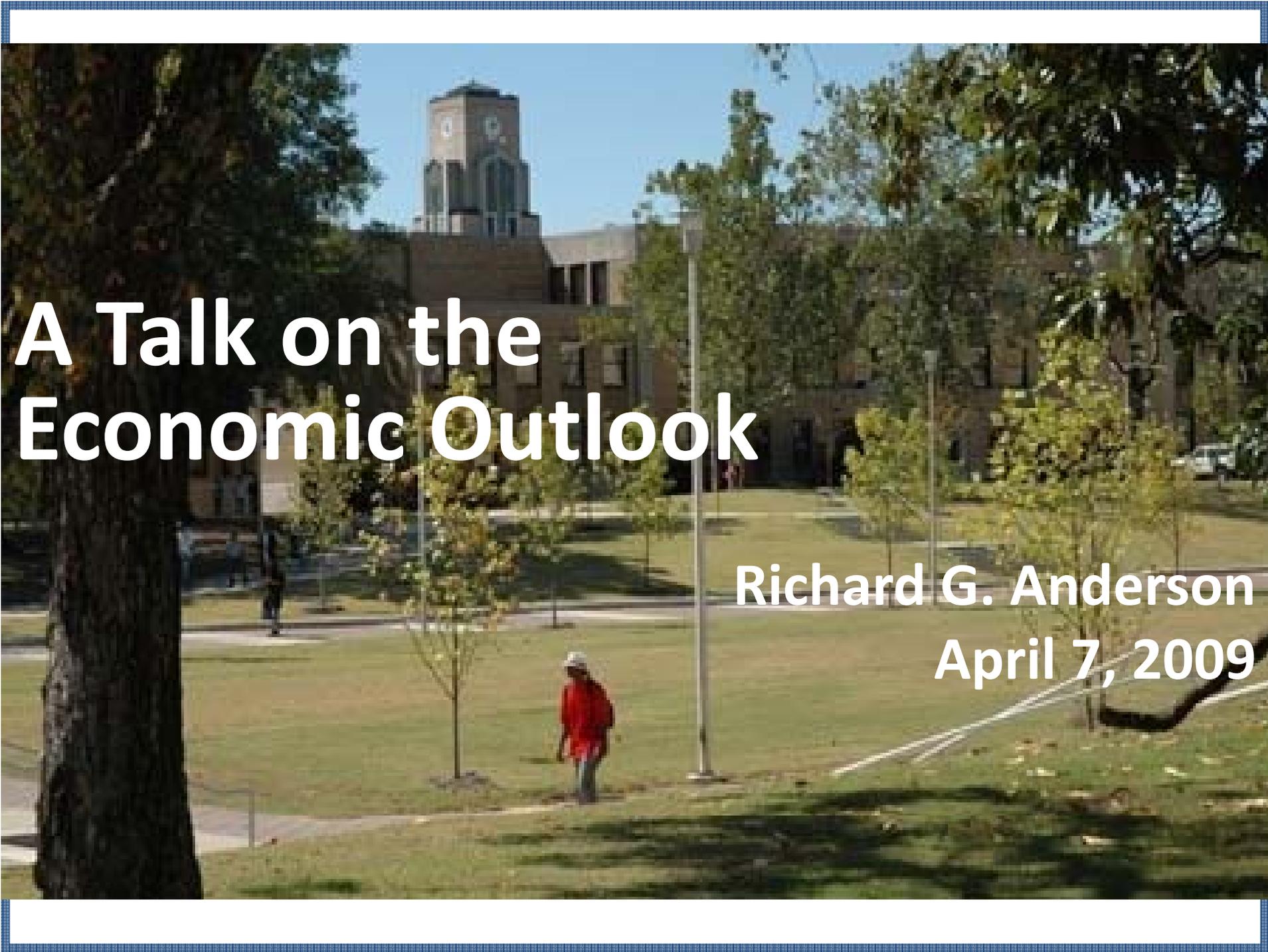
January 2009

Variable	Central tendency ¹			
	2009	2010	2011	Longer Run
Change in real GDP	-1.3 to -0.5	2.5 to 3.3	3.8 to 5.0	2.5 to 2.7
October projection	-0.2 to 1.1	2.3 to 3.2	2.8 to 3.6	n.a.
Unemployment rate	8.5 to 8.8	8.0 to 8.3	6.7 to 7.5	4.8 to 5.0
October projection	7.1 to 7.6	6.5 to 7.3	5.5 to 6.6	n.a.
PCE inflation	0.3 to 1.0	1.0 to 1.5	0.9 to 1.7	1.7 to 2.0
October projection	1.3 to 2.0	1.4 to 1.8	1.4 to 1.7	n.a.
Core PCE inflation ³	0.9 to 1.1	0.8 to 1.5	0.7 to 1.5	
October projection	1.5 to 2.0	1.3 to 1.8	1.3 to 1.7	

Percent Change at an Annual Rate

Blue Chip and Macroeconomic Advisers Real GDP Growth





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