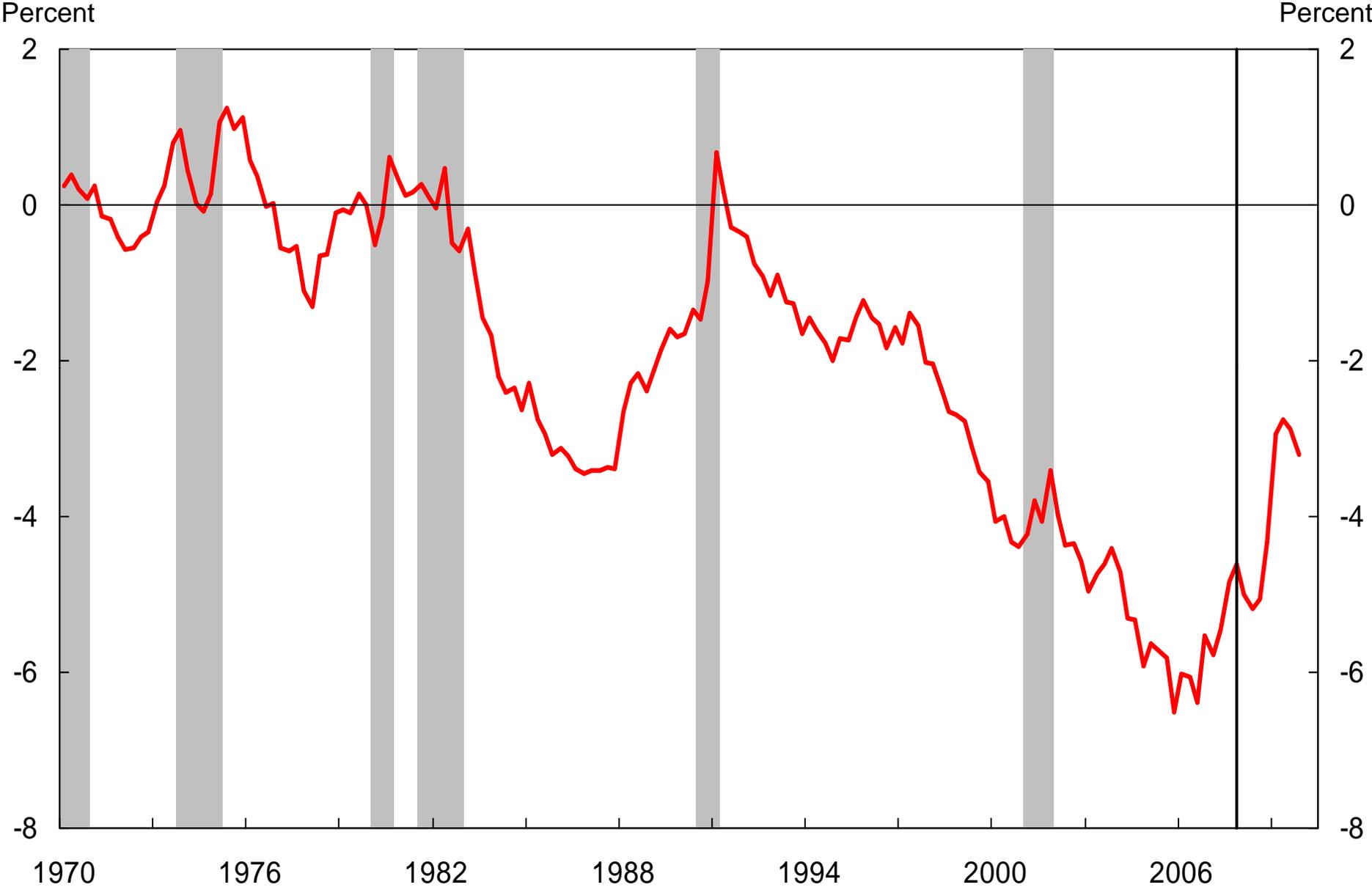


The U.S. Economic Outlook

Charts presented by William C. Dudley
President and Chief Executive Officer
Federal Reserve Bank of New York
Washington and Lee University
H. Parker Willis Lecture in Political Economics
Lexington, VA
April 1, 2010

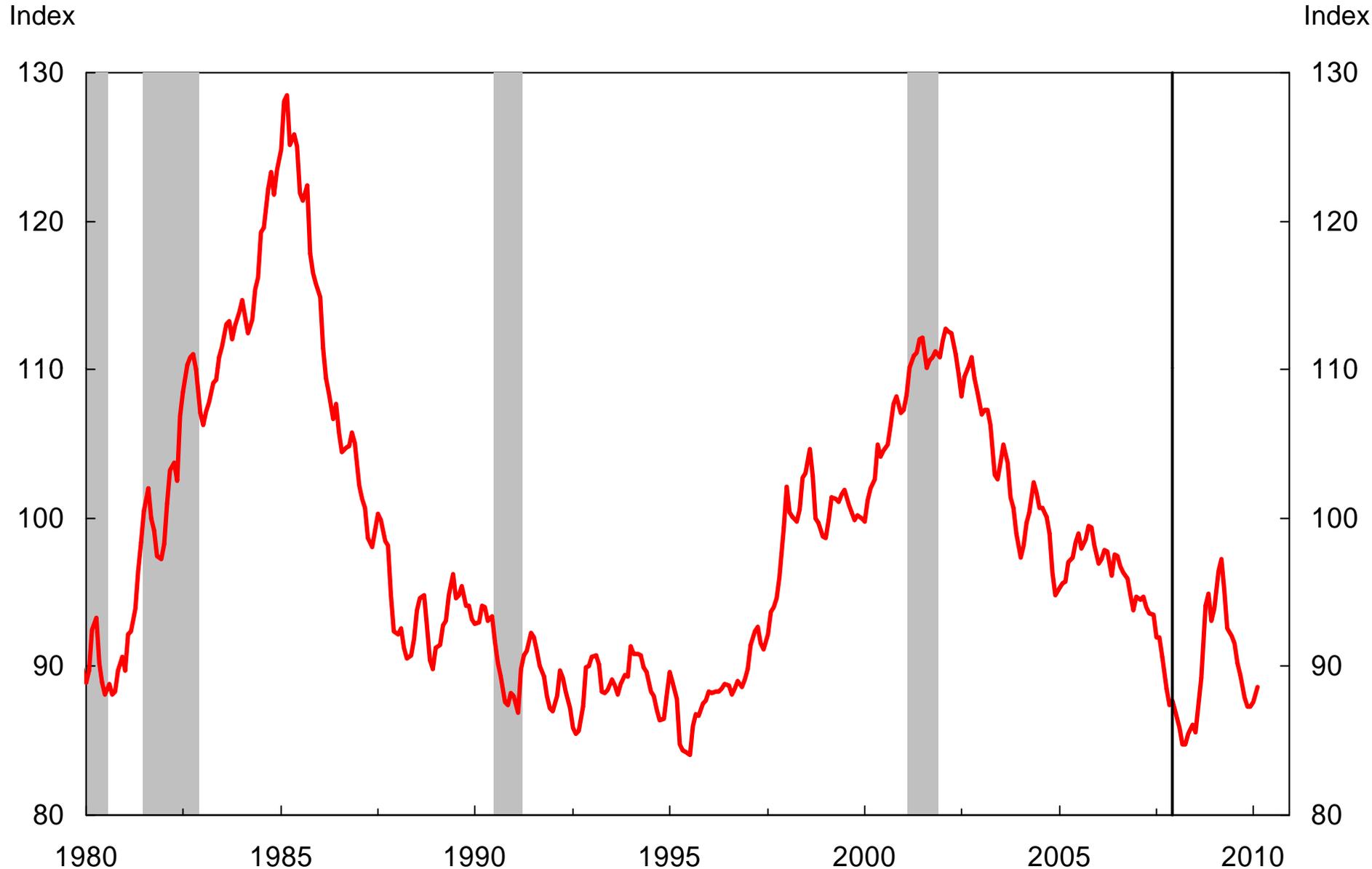
Current Account Balance as a Percent of GDP



Note: Shading represents NBER recessions, vertical line ¹ represents 2007Q4 business cycle peak.

Source: Bureau of Economic Analysis

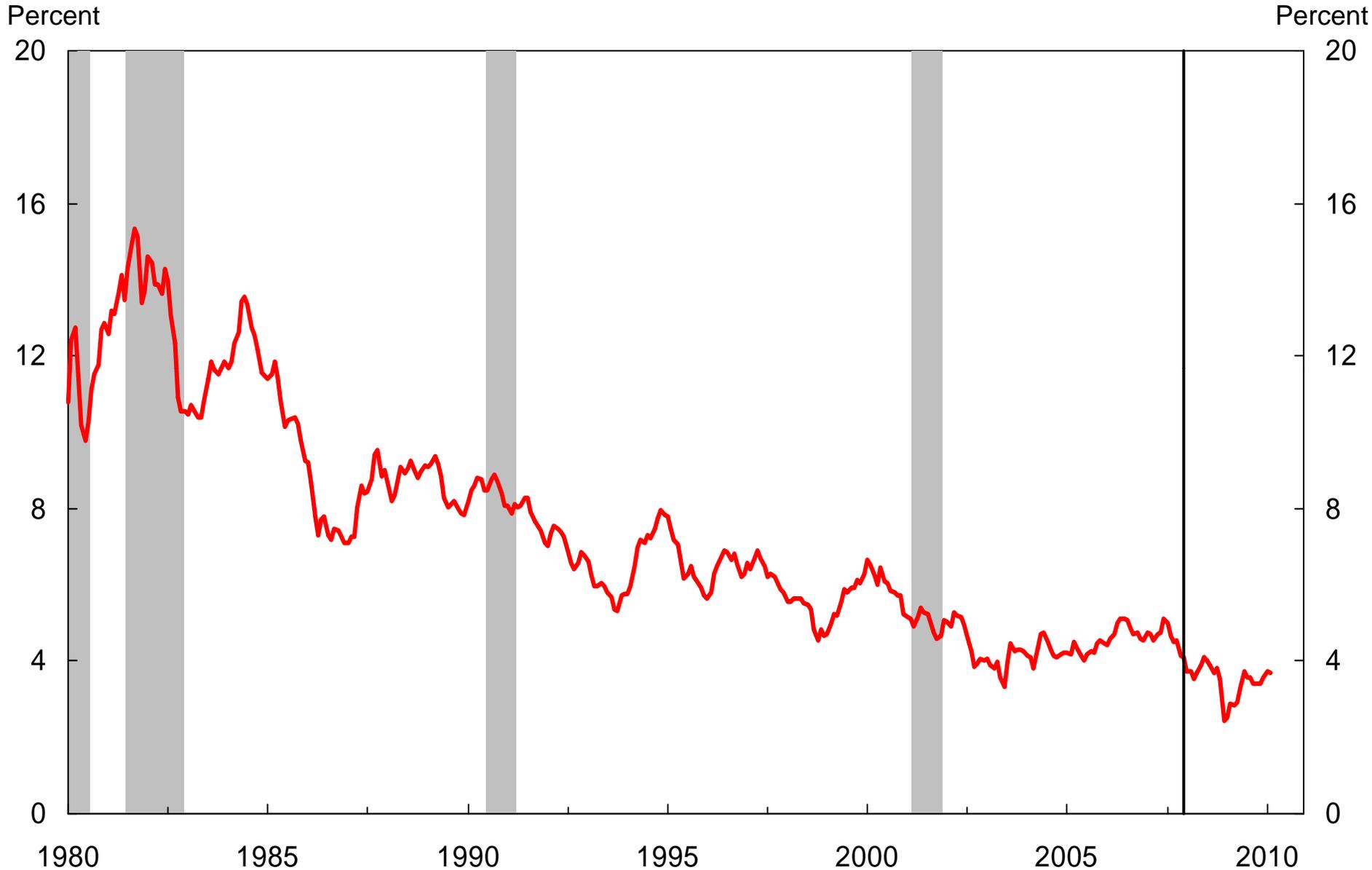
Real Broad Trade Weighted Value of the US Dollar



Source: Federal Reserve Board

Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak. **2**

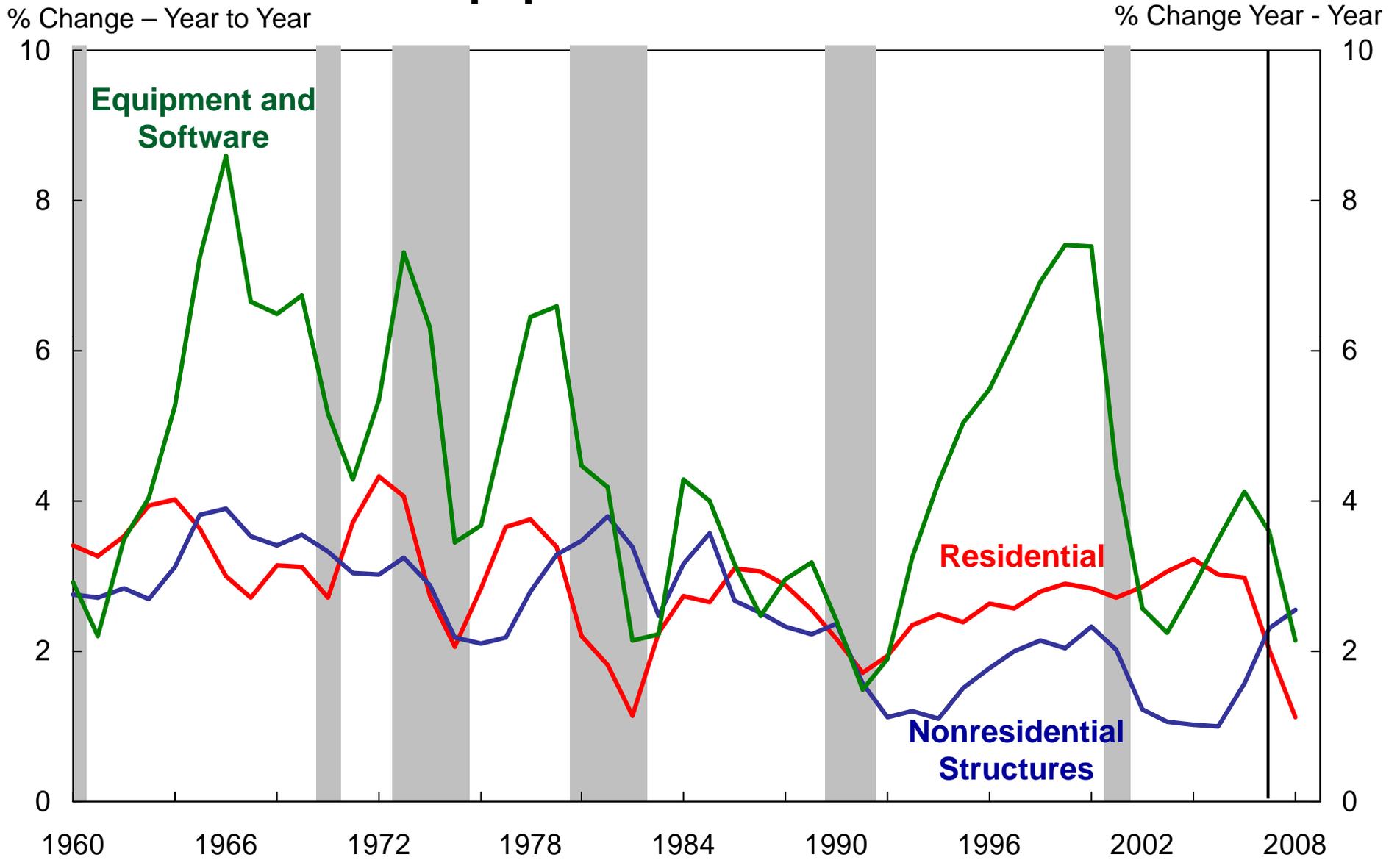
10-Year Treasury Note Yield at Constant Maturity



Source: Federal Reserve Board

Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak. **3**

Net Stock: Private Residential, Nonresidential Structures, and Equipment and Software



Source: Bureau of Economic Analysis

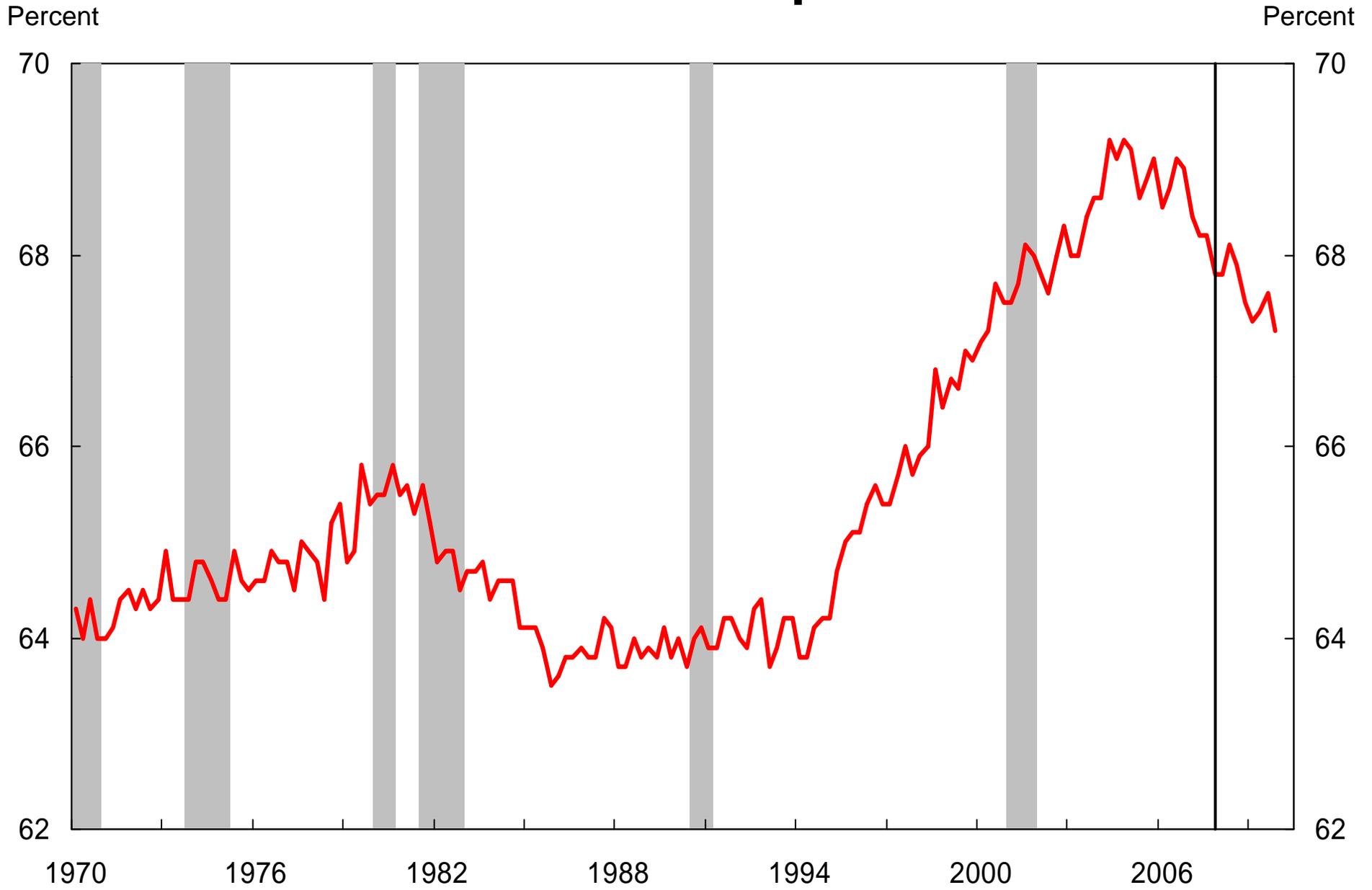
Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak. 4

Total Balance by Credit Score Quintile Billions of Dollars

Median Credit Score of Quintile (2005-Q1)	<u>2005-Q1</u>		<u>2008-Q3</u>		Percent Change from Previous Period	<u>2009-Q3</u>		Percent Change from Previous Period
	Total Debt	Percent of Total	Total Debt	Percent of Total		Total Debt	Percent of Total	
807	2020.0	22.2%	2290.0	18.7%	13.4%	2190.0	18.8%	-4.4%
767	2330.0	25.6%	3110.0	25.5%	33.5%	3010.0	25.8%	-3.2%
708	2360.0	26.0%	3450.0	28.2%	46.2%	3300.0	28.3%	-4.3%
631	1450.0	16.0%	2280.0	18.7%	57.2%	2130.0	18.3%	-6.6%
538	928.0	10.2%	1090.0	8.9%	17.5%	1040.0	8.9%	-4.6%
Total	9088.0	100.0%	12220.0	100.0%	34.5%	11670.0	100.0%	-4.5%

Source: FRBNY Equifax Panel Dataset

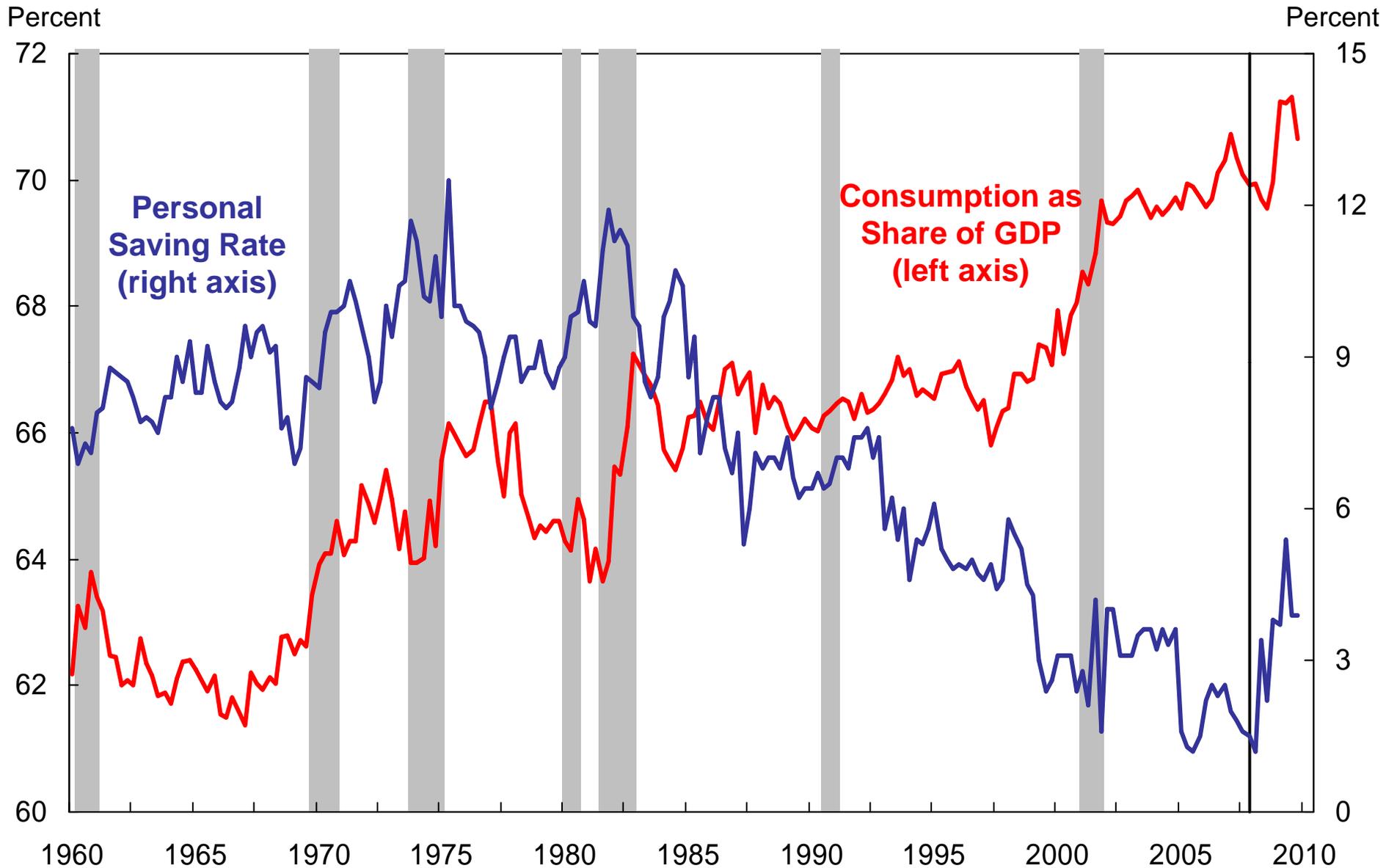
Homeownership Rate



Source: Census Bureau

Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak. **6**

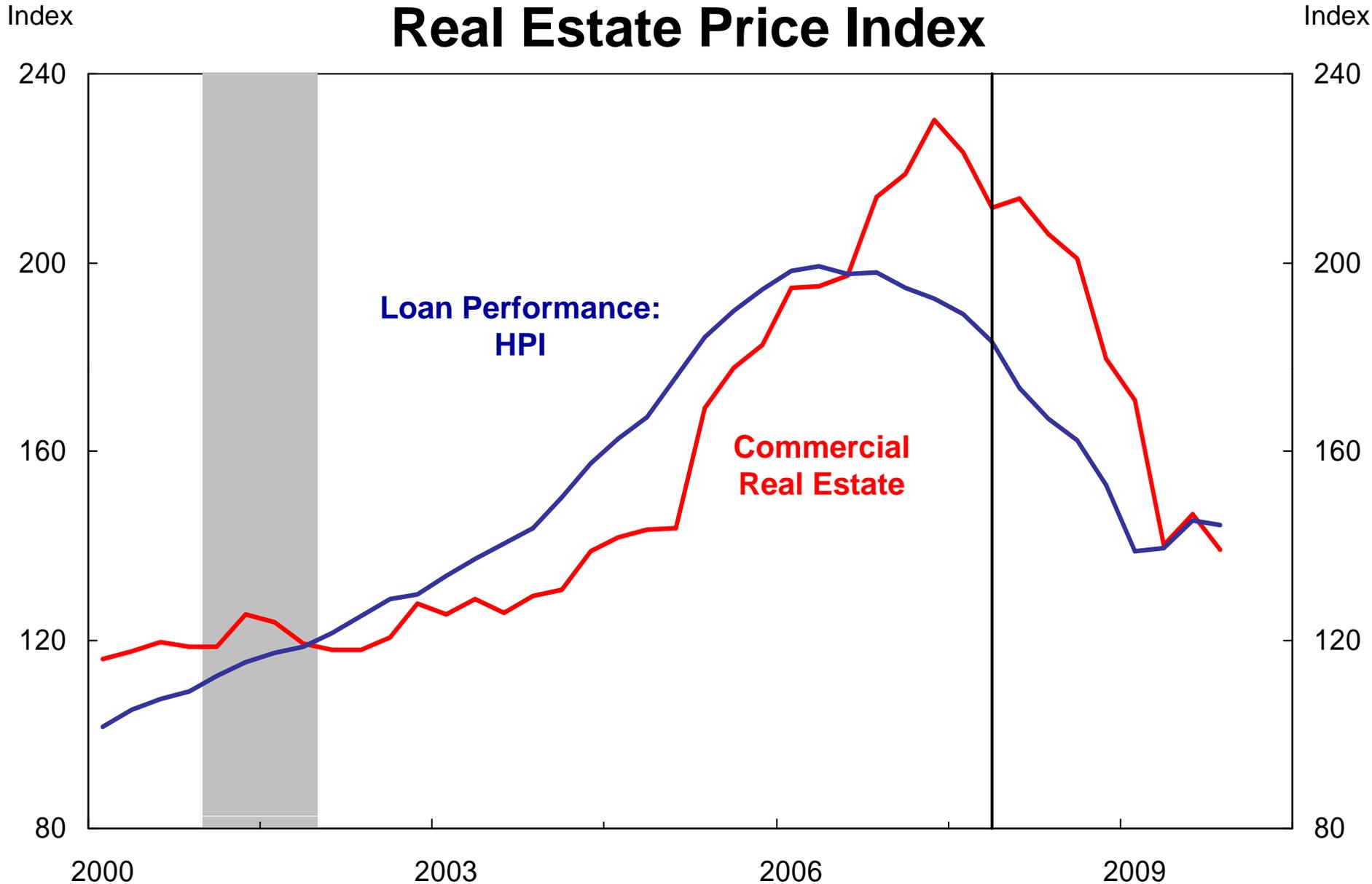
Consumption and Personal Saving



Source: Bureau of Economic Activity

Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak. **7**

Loan Performance House Price Index & Commercial Real Estate Price Index

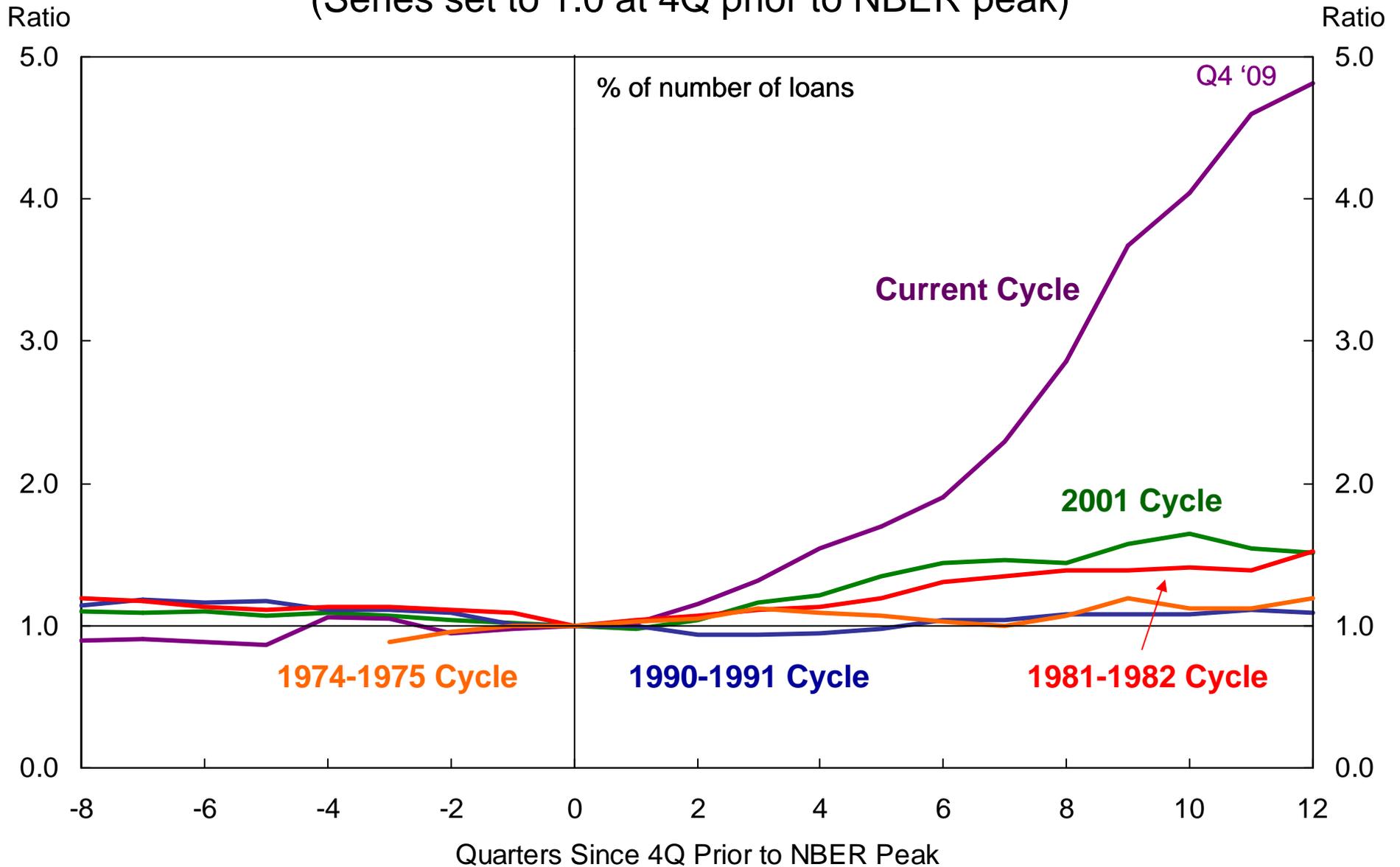


Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak. 8

Source: Loan Performance and MIT Real Estate Center

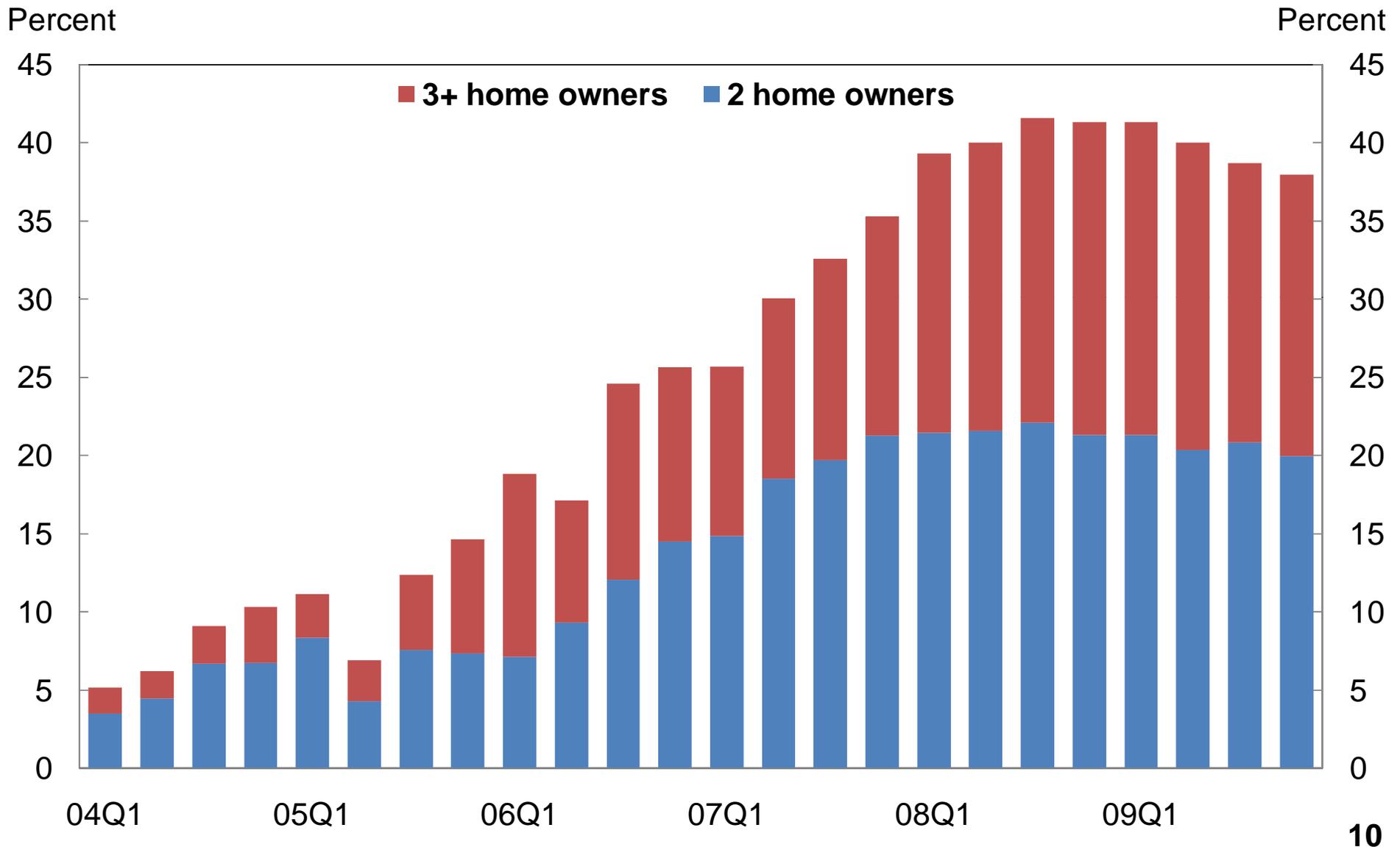
First Mortgages: 90+ Day Delinquency Rates

(Series set to 1.0 at 4Q prior to NBER peak)



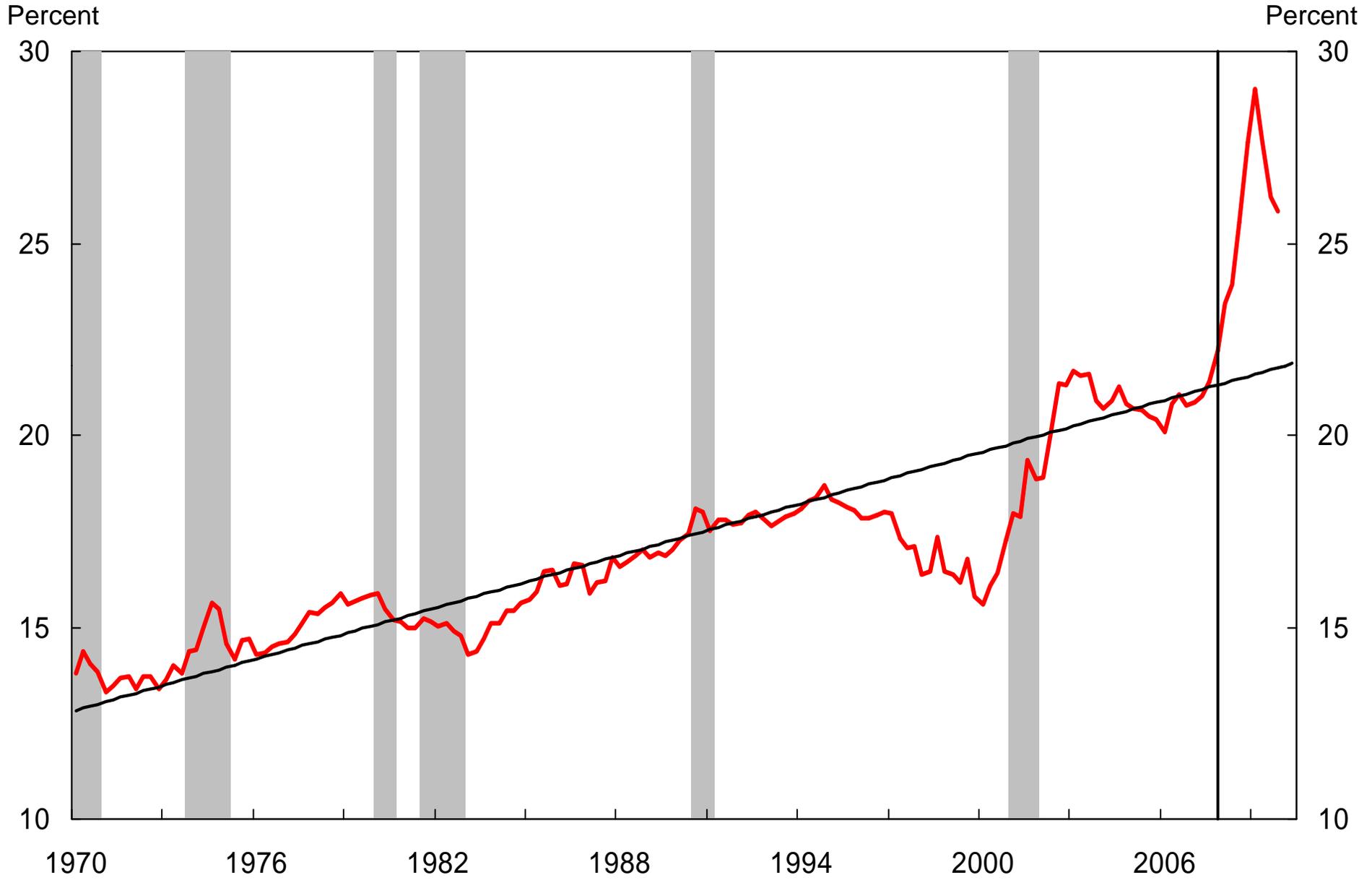
Source: Mortgage Bankers Association

Percent of 90+ days Late Mortgage Balance Owned by Multiple Home Owners



Source: Equifax, FRBNY

Household Liabilities as a Percent of Net Worth

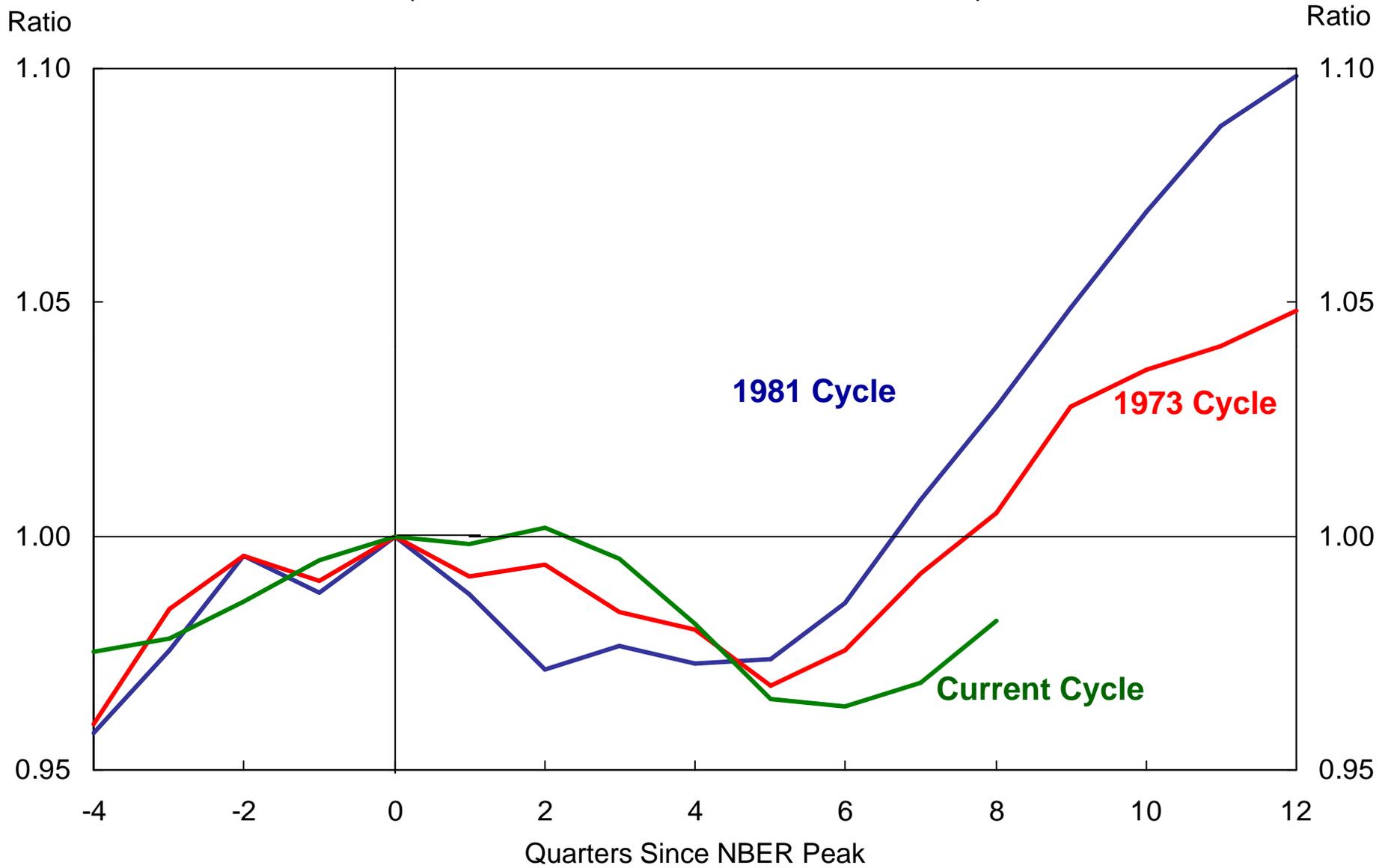


Note: Shading represents NBER recessions, vertical line ¹¹ represents 2007Q4 business cycle peak.

Source: Federal Reserve Board

Real GDP

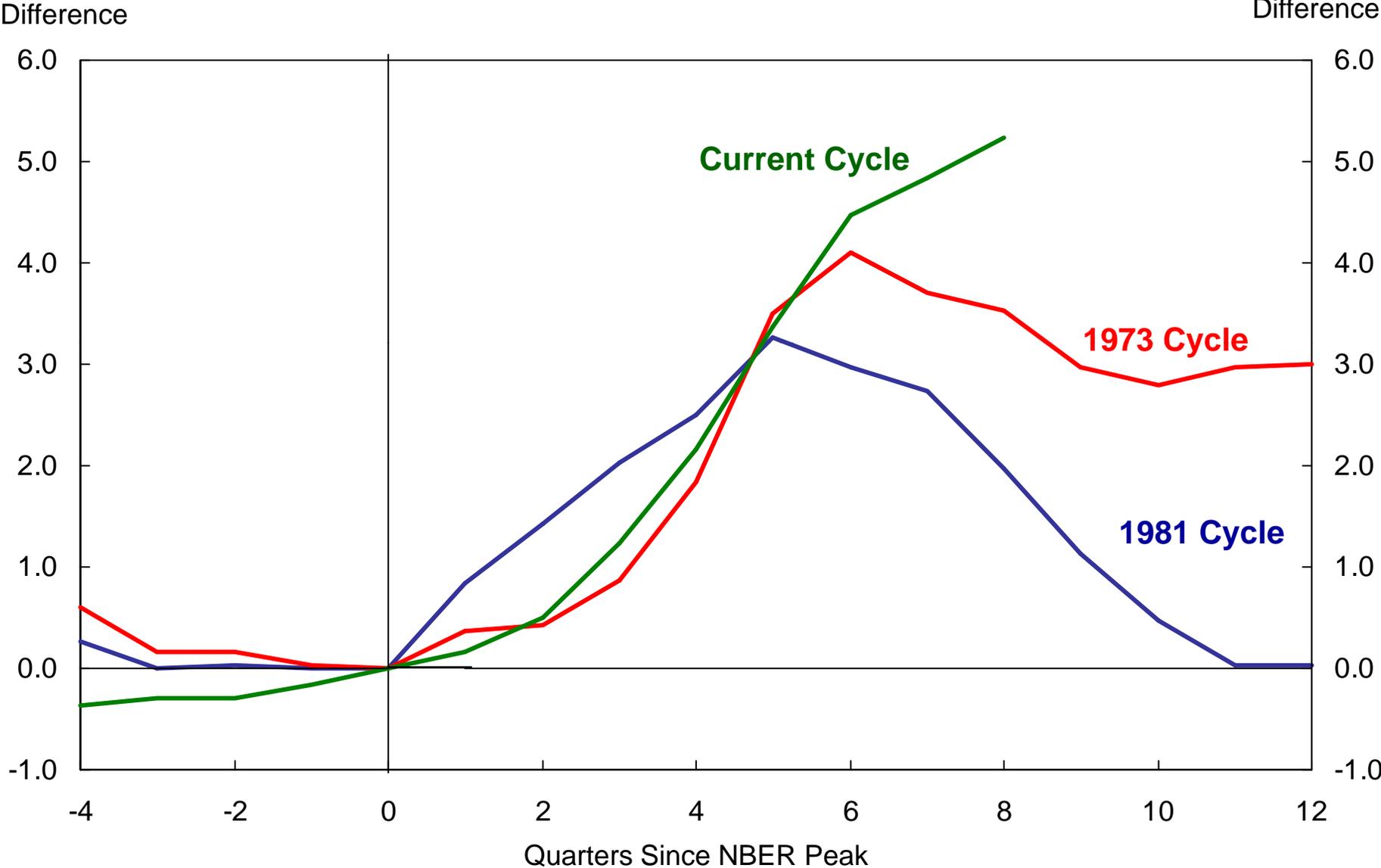
(Series Set to 1.0 at NBER Peak)



Source: Bureau of Economic Analysis

Unemployment Rate

(Series Set to 0.0 at NBER Peak)

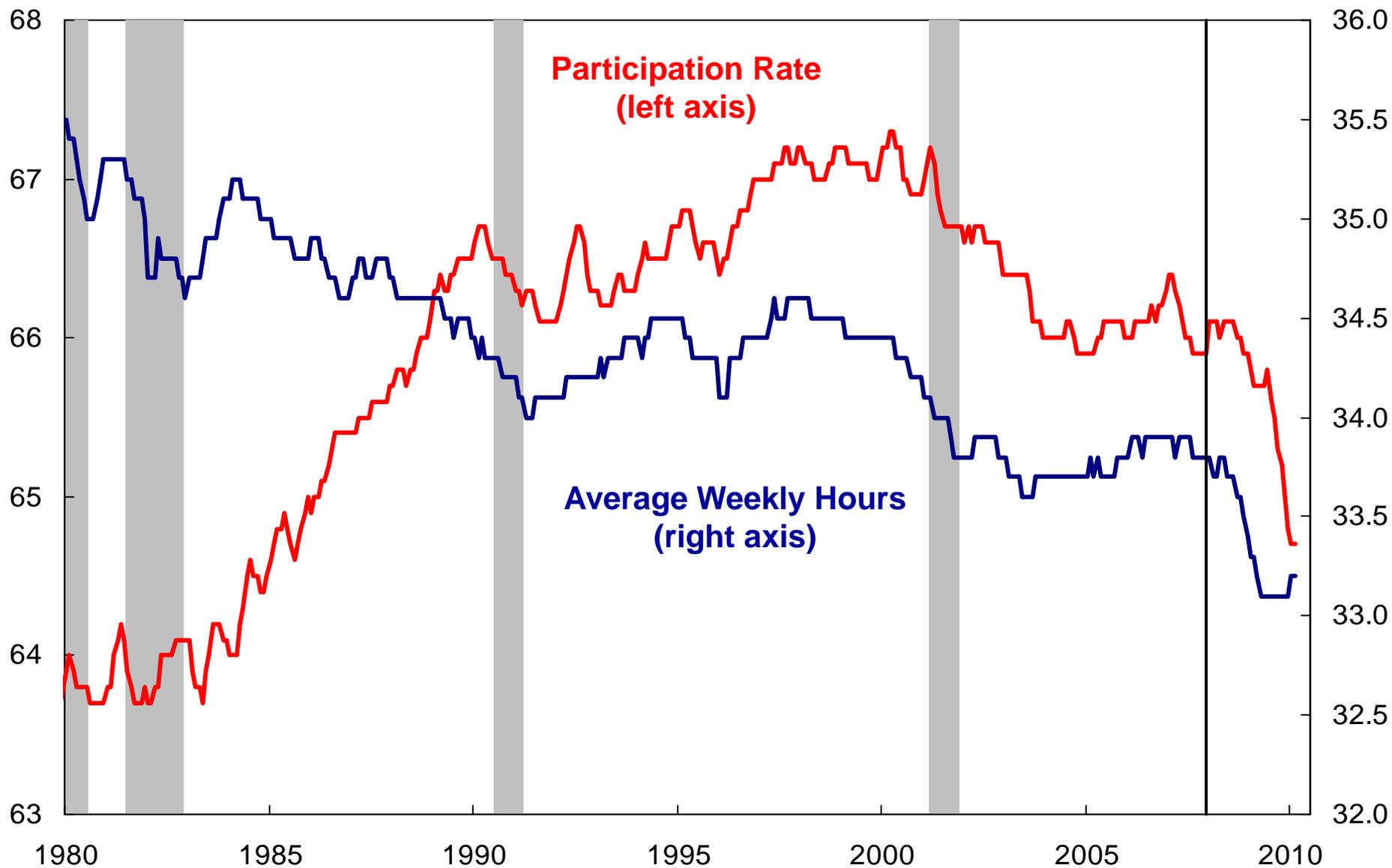


Source: Bureau of Labor Statistics

Labor Force Participation Rate and Average Weekly Hours

Percent – 3 Month Moving Average

Hours – 3 Month Moving Average

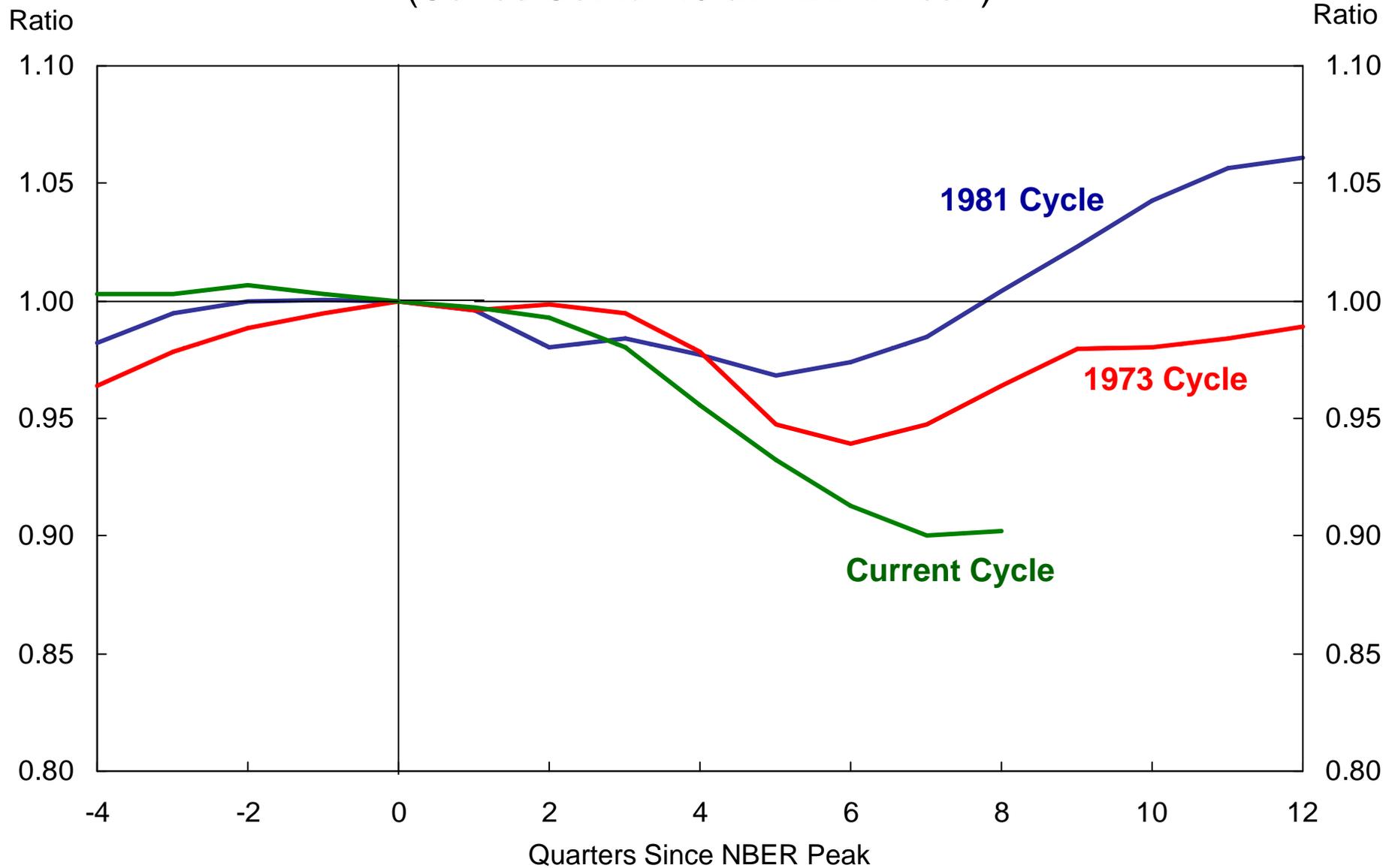


Note: Shading represents NBER recessions, vertical line¹⁴ represents 2007Q4 business cycle peak.

Source: Bureau of Labor Statistics

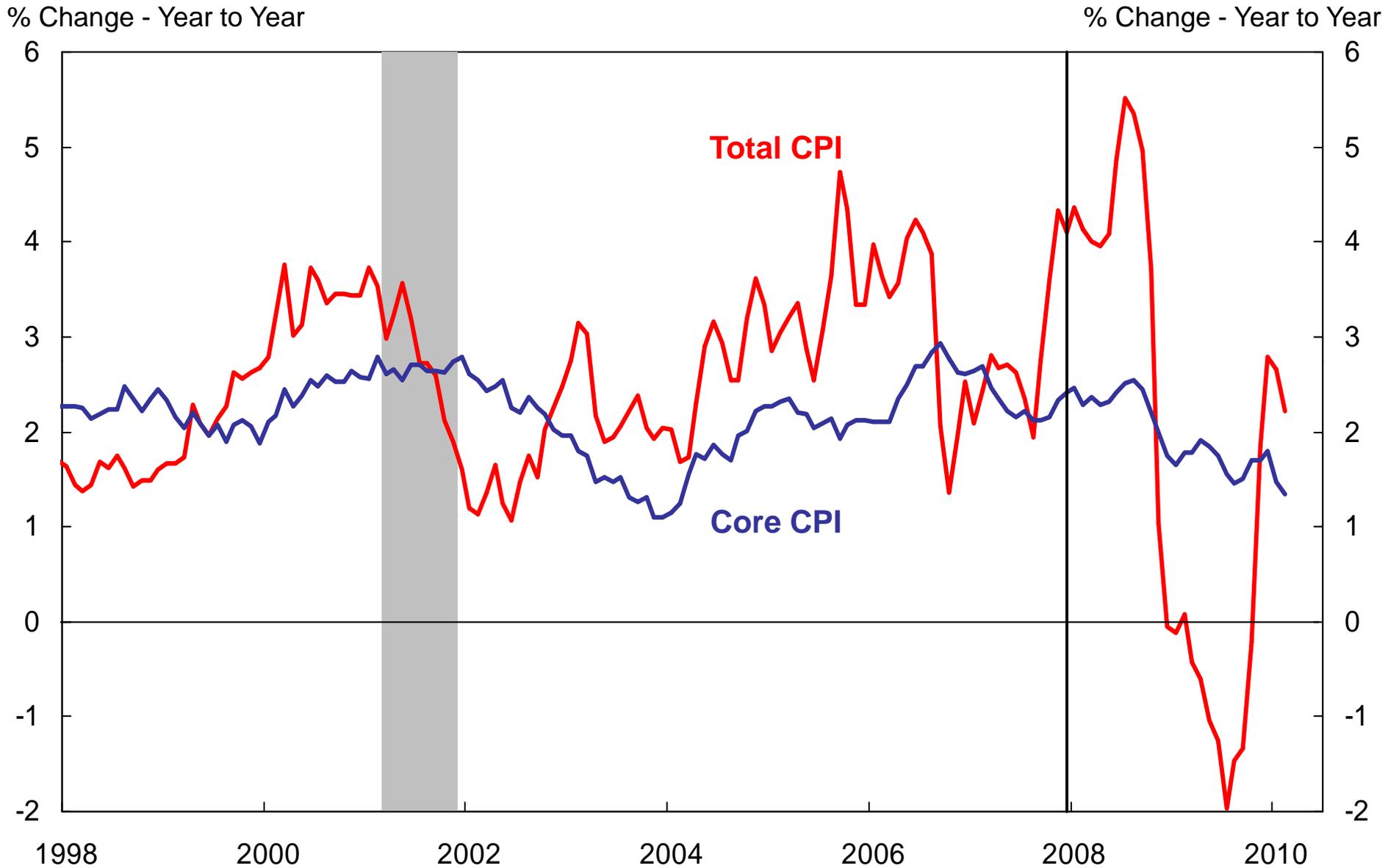
Nonfarm Business Sector: Hours Worked

(Series Set to 1.0 at NBER Peak)



Source: Bureau of Labor Statistics

Total and Core CPI



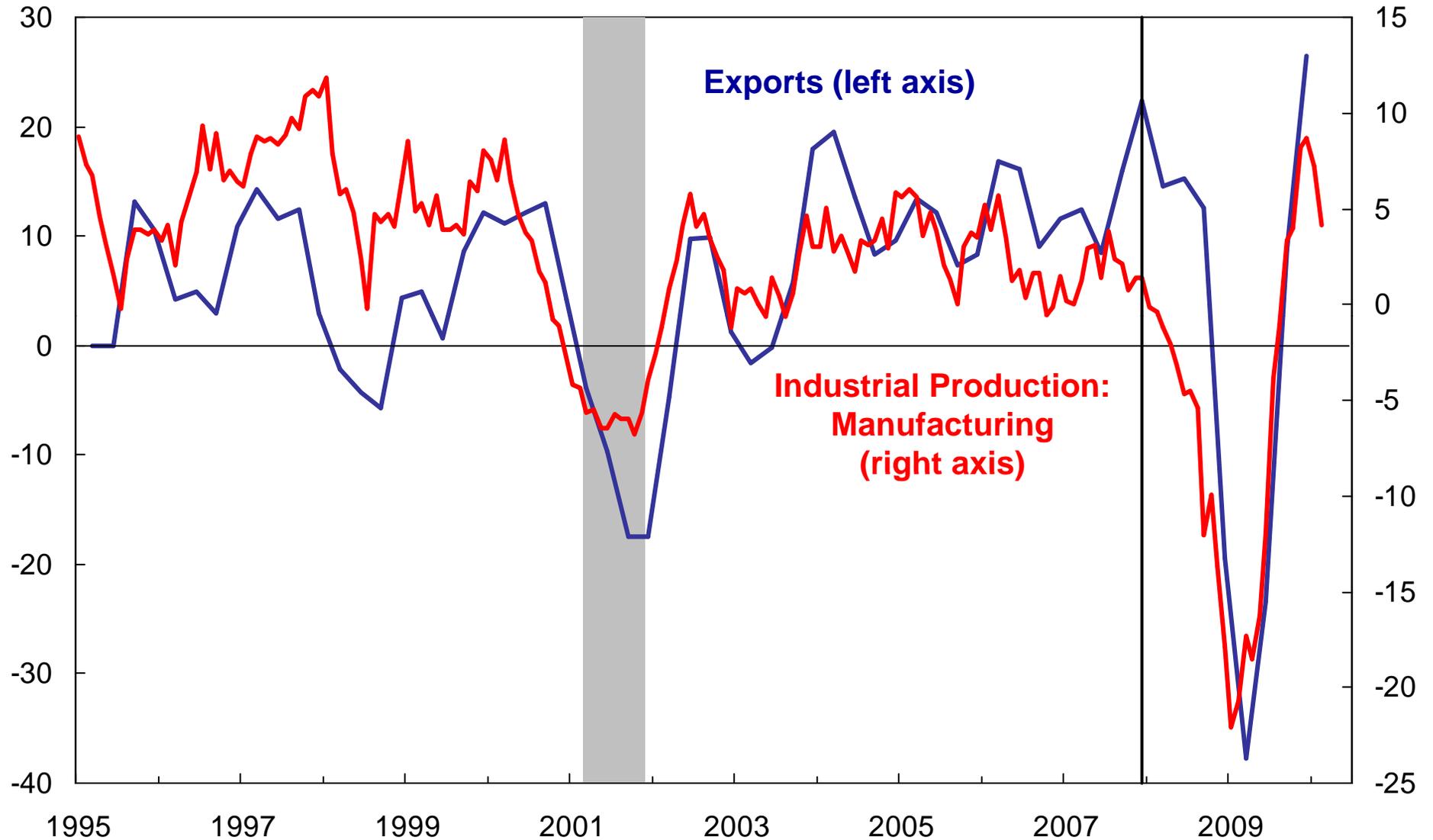
Note: Shading represents NBER recessions, vertical line **16** represents 2007Q4 business cycle peak.

Source: Bureau of Labor Statistics

Exports and Industrial Production

6-Month % Change - Annualized

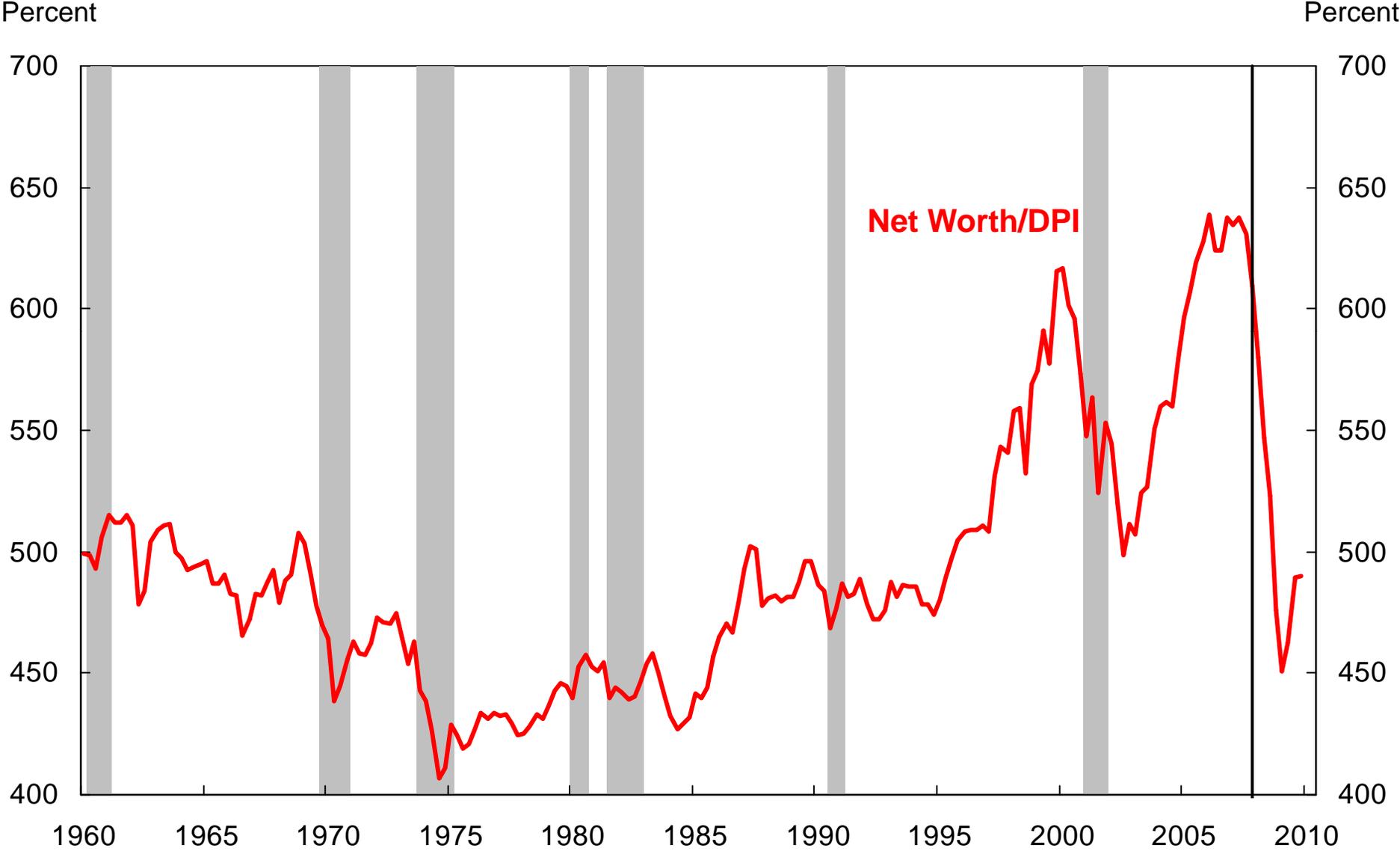
6-Month % Change - Annualized



Source: Federal Reserve Board and Census Bureau

Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak.

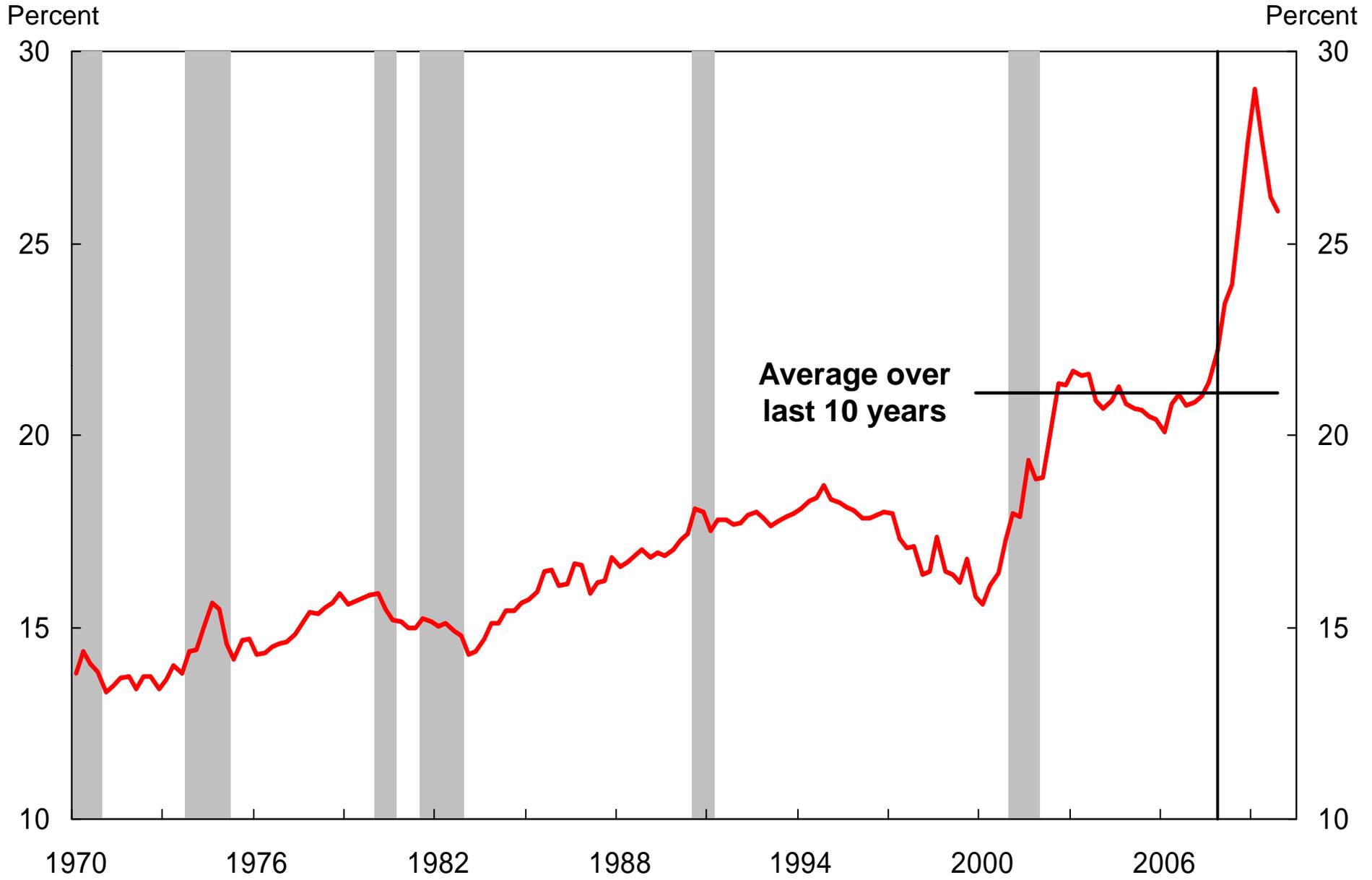
Net Worth over Disposable Personal Income



Source: Federal Reserve Board

Note: Shading represents NBER recessions, vertical line ¹⁸ represents 2007Q4 business cycle peak.

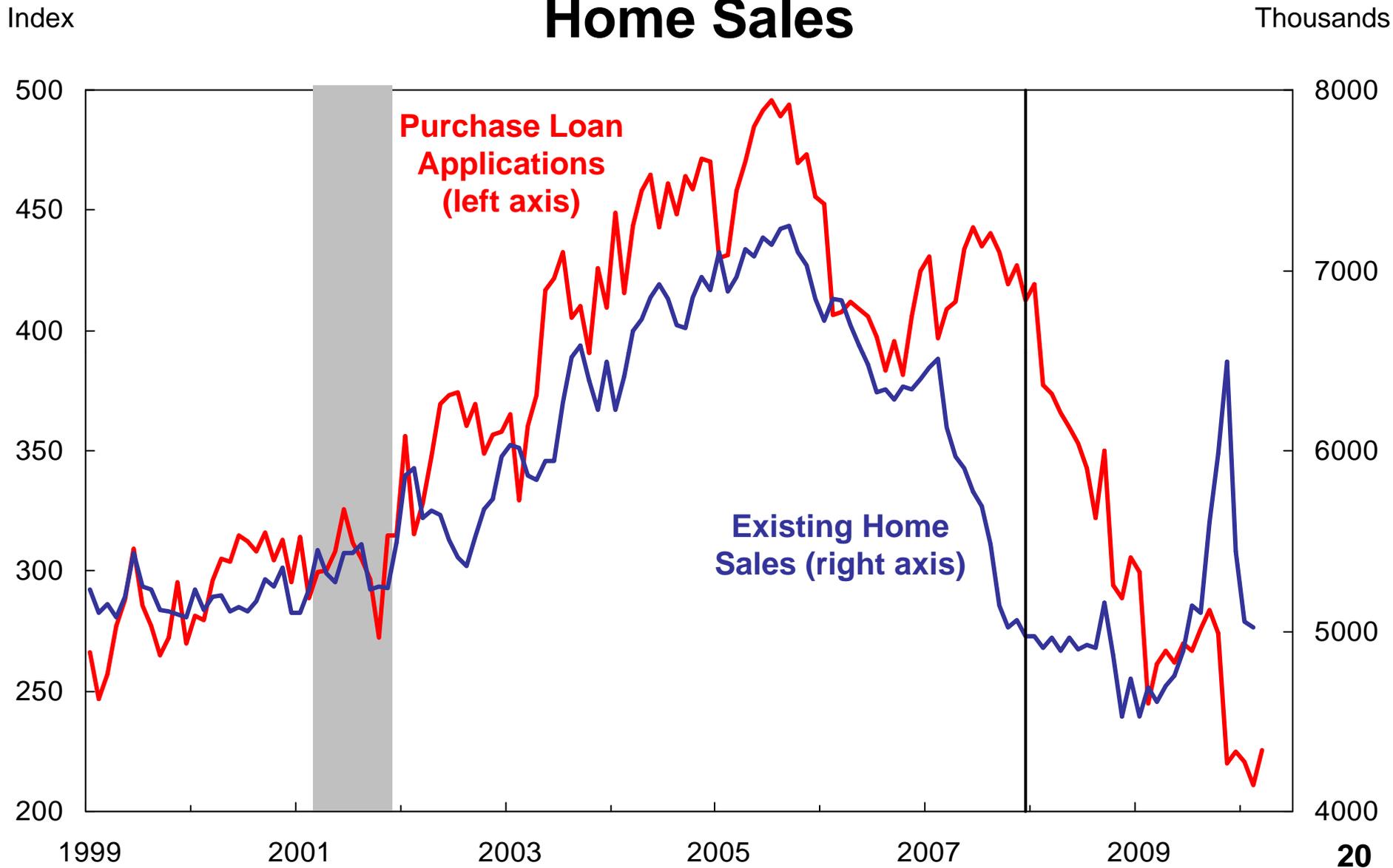
Household Liabilities as a Percent of Net Worth



Note: Shading represents NBER recessions, vertical line **19** represents 2007Q4 business cycle peak.

Source: Federal Reserve Board

MBA Purchase Mortgage Applications and Existing Home Sales



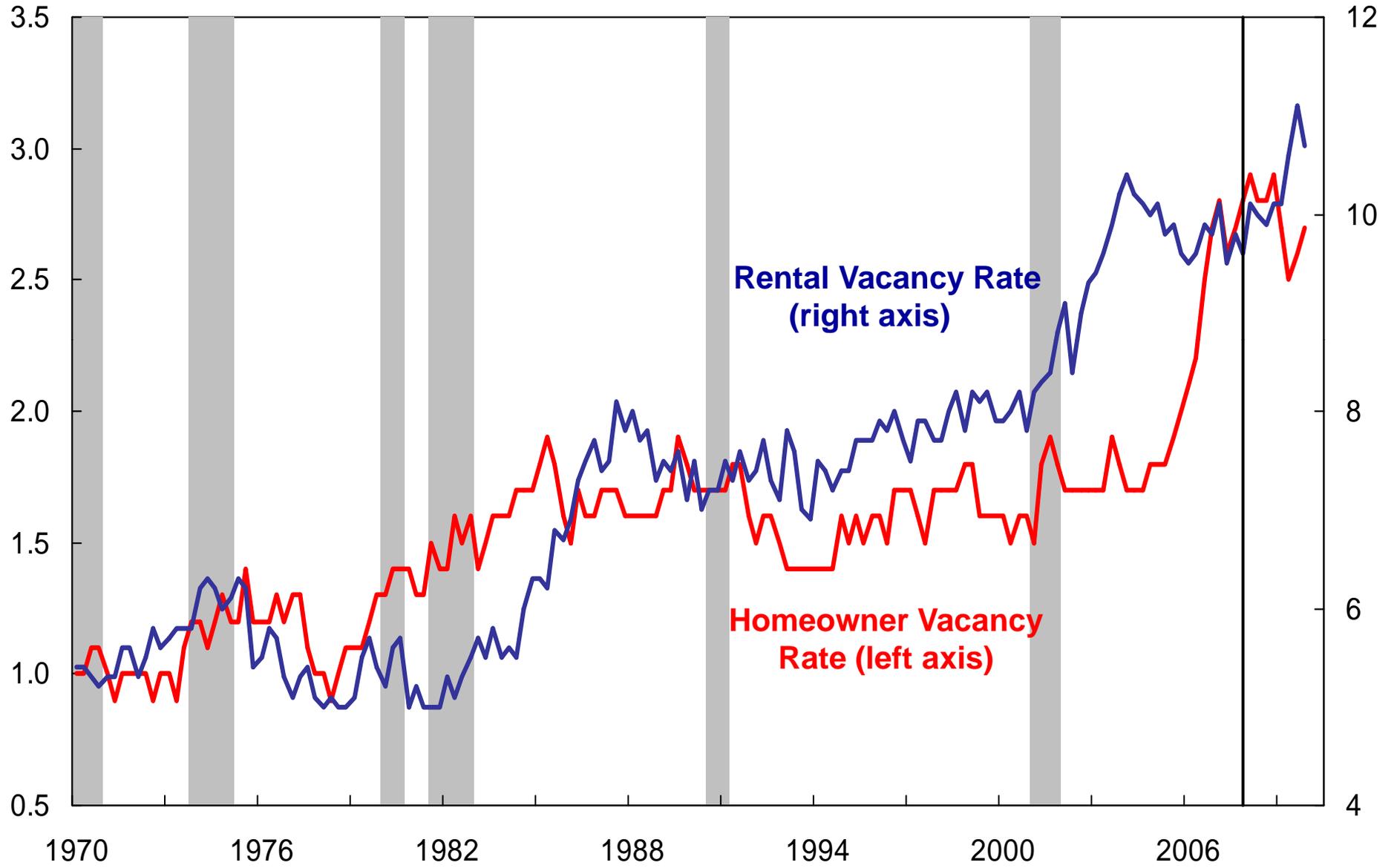
Source: Mortgage Bankers Association, National Association of Realtors

Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak.

Vacancy Rates

Percent

Percent



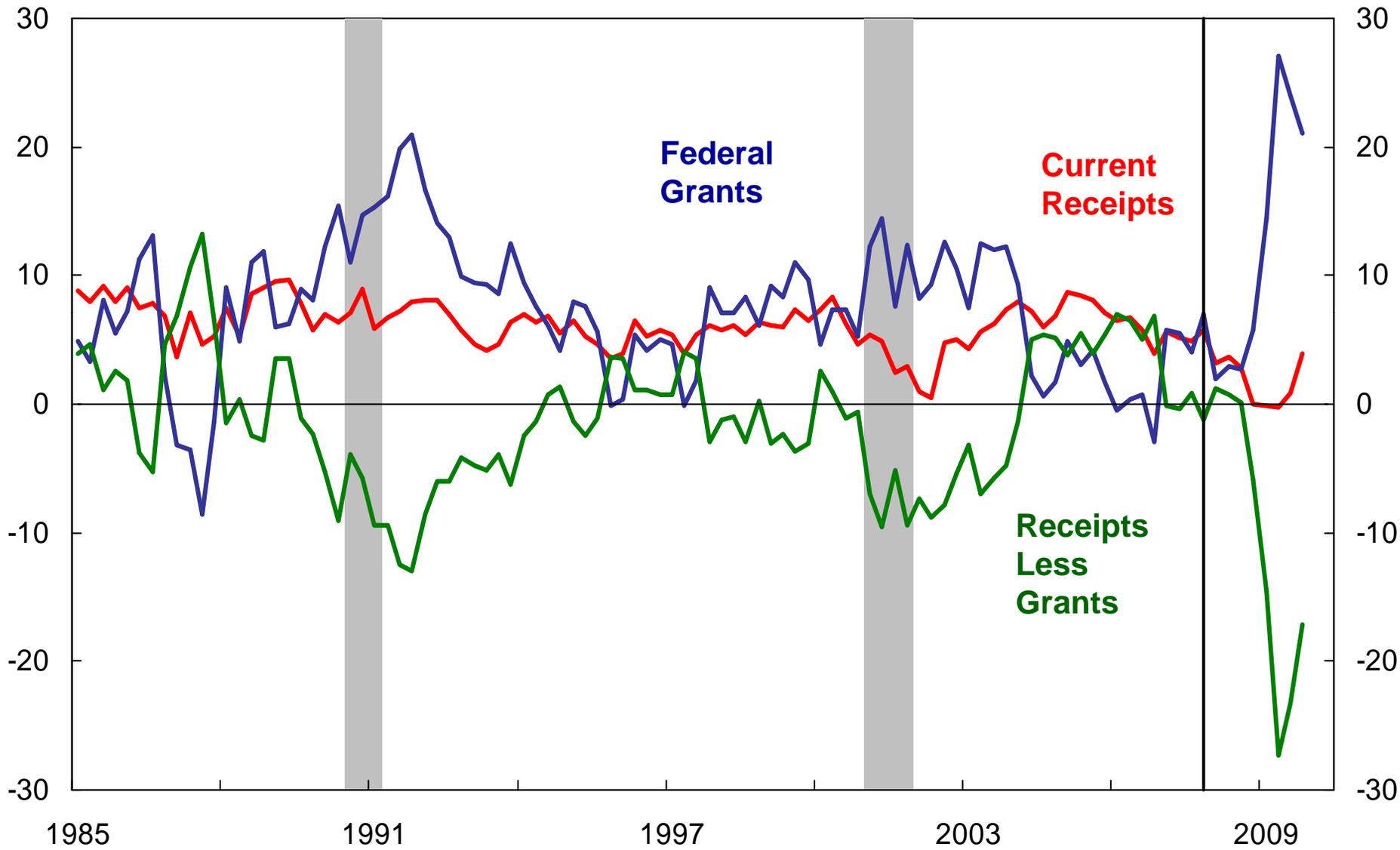
Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak.

Source: Census Bureau

Total Receipts of State and Local Governments

% Change – Year to Year

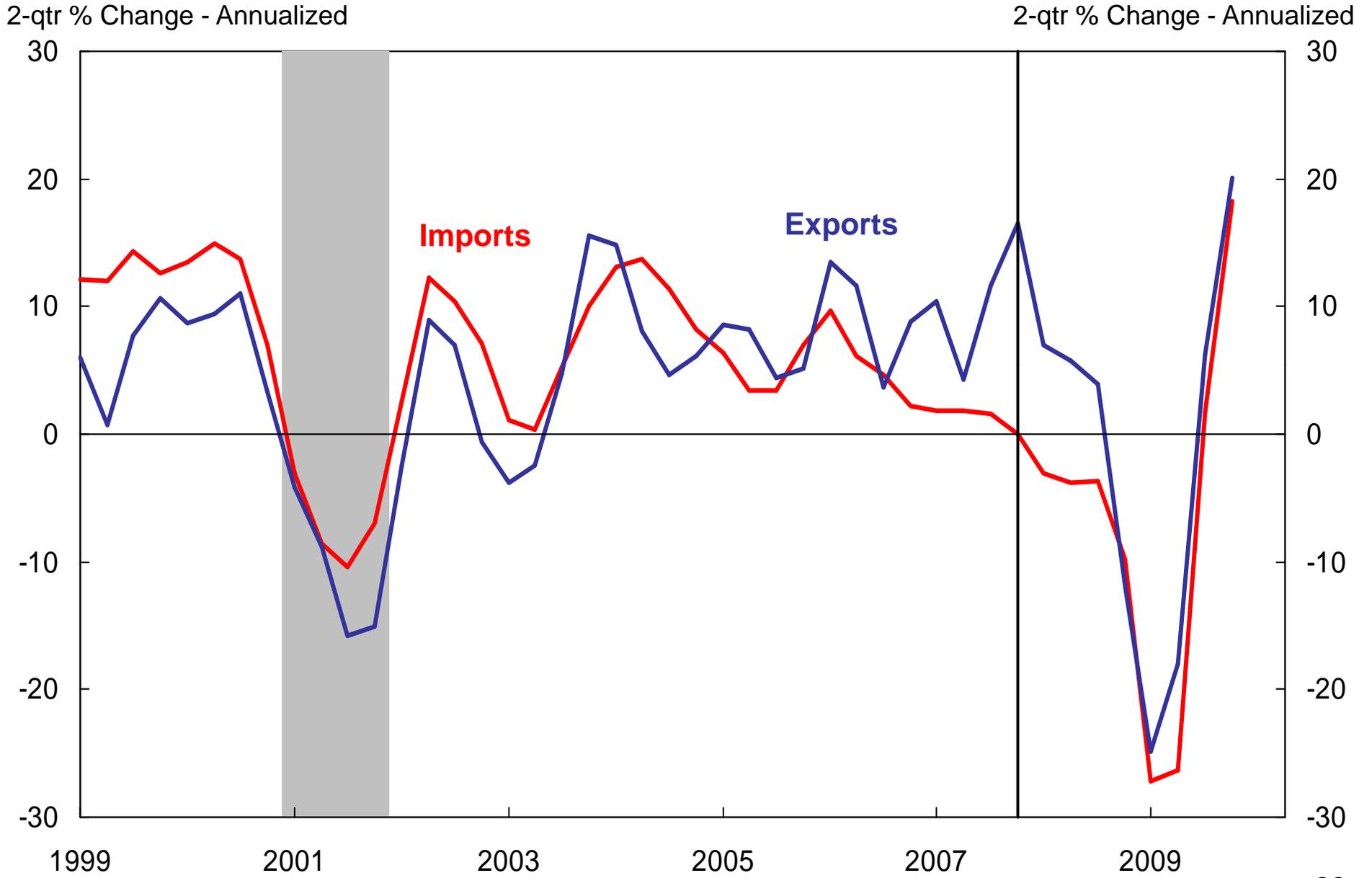
% Change – Year to Year



Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak. **22**

Source: Bureau of Economic Analysis

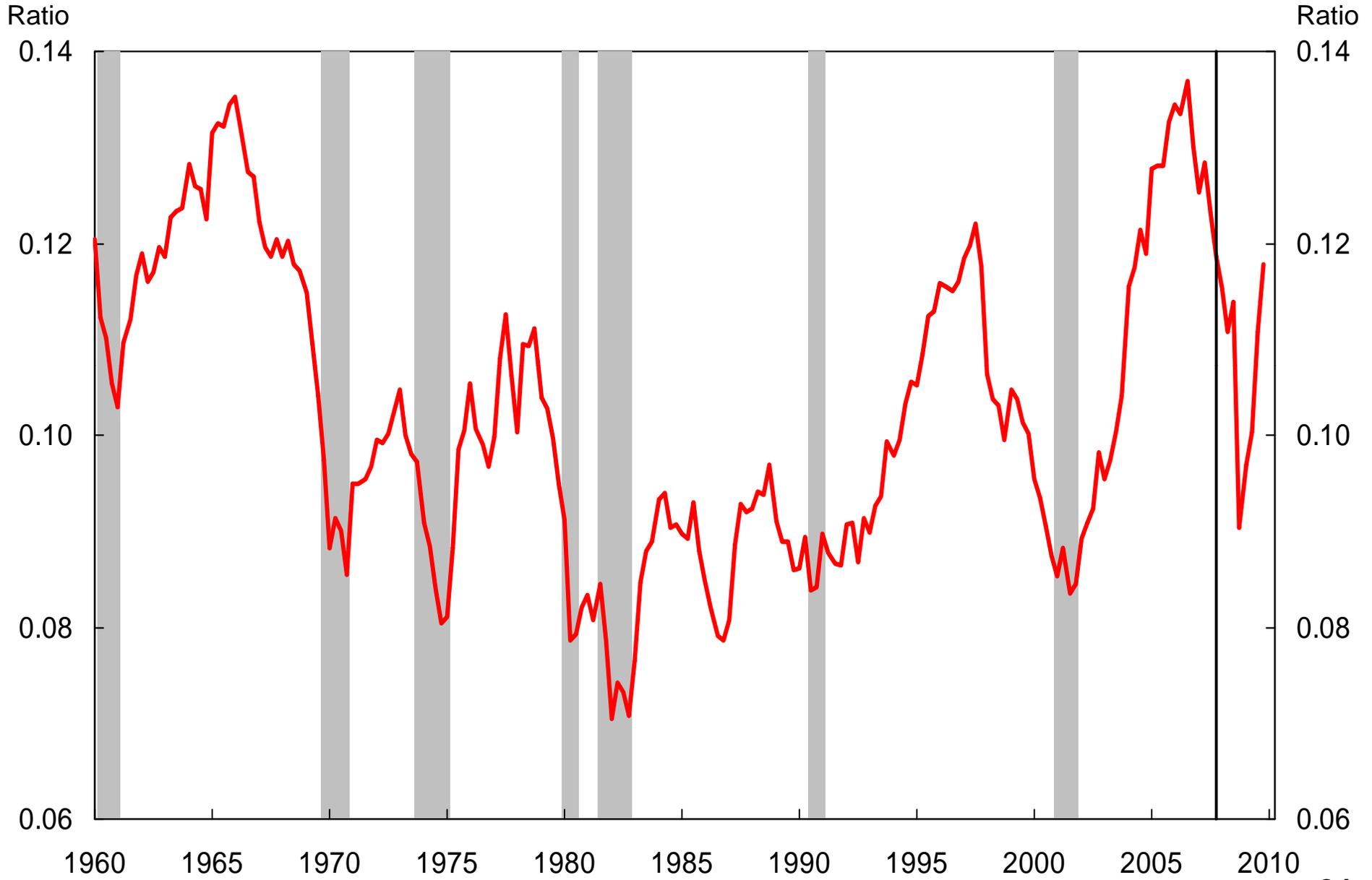
Real Imports and Exports



Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak.

Source: Bureau of Economic Analysis

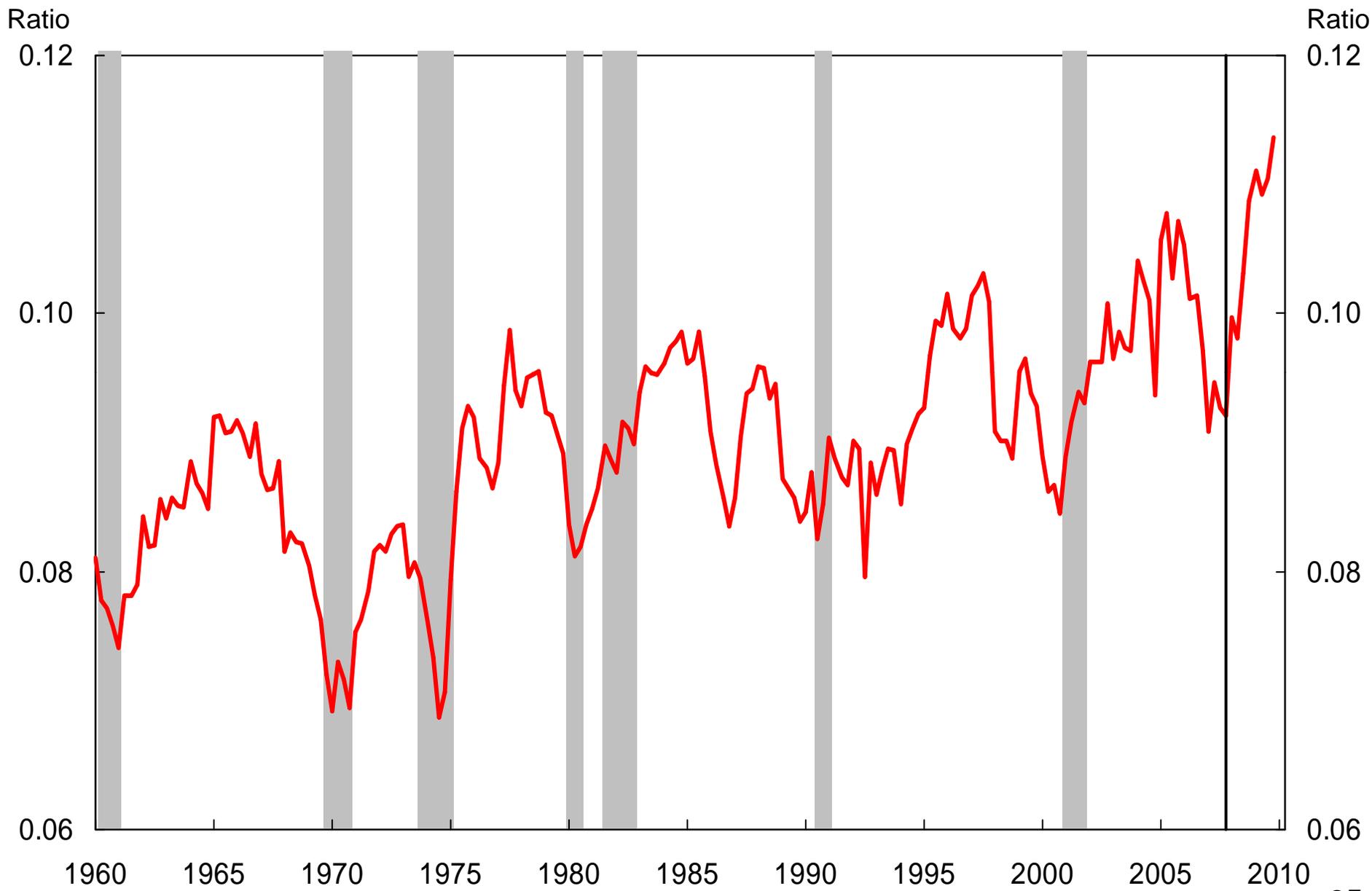
Corporate Profits as a Fraction of National Income



Note: Shading represents NBER recessions, vertical line ²⁴ represents 2007Q4 business cycle peak.

Source: Bureau of Economic Analysis

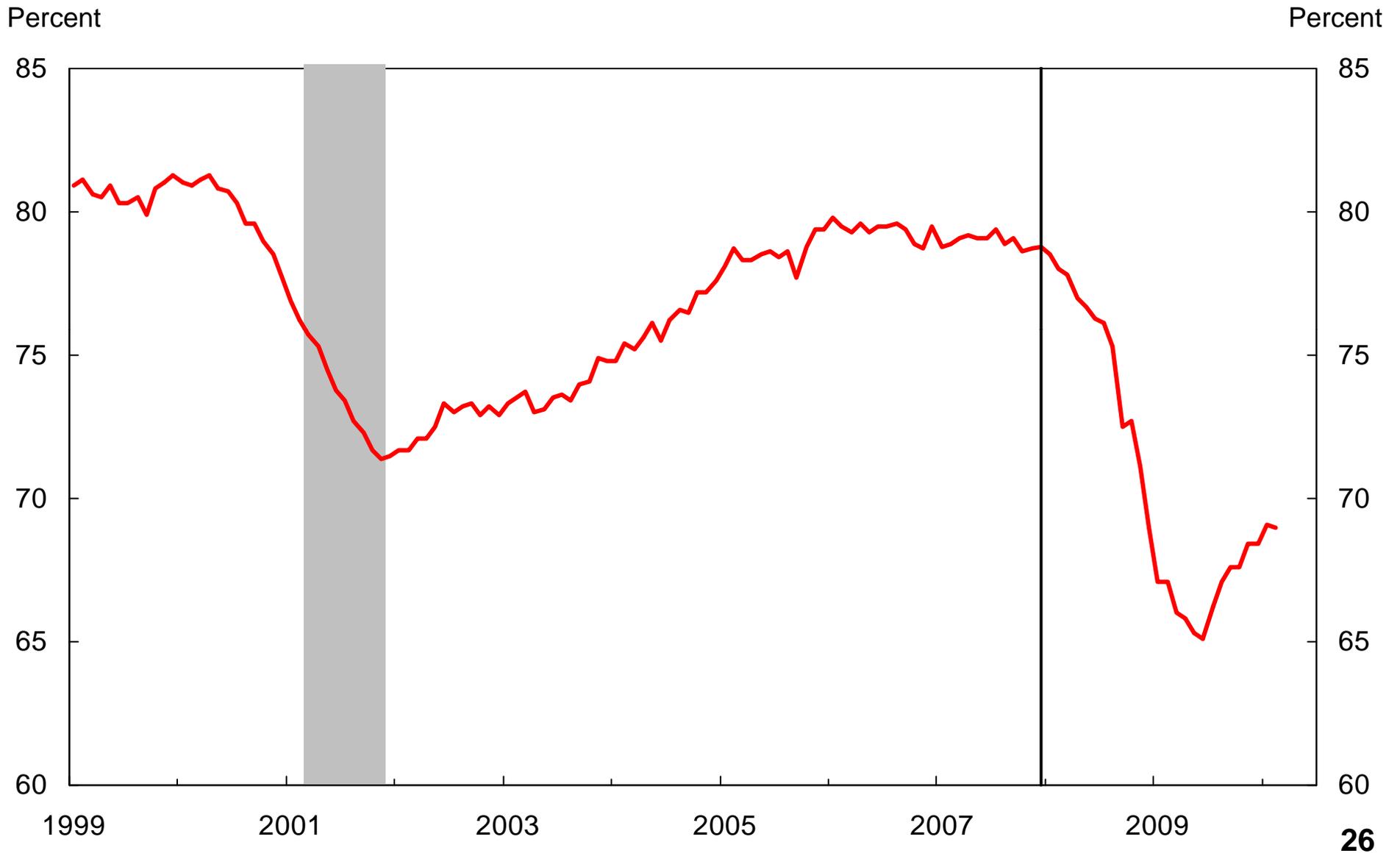
Corporate Net Cash Flow as a Fraction of Nominal GDP



Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak. **25**

Source: Bureau of Economic Analysis

Manufacturing Capacity Utilization Rate



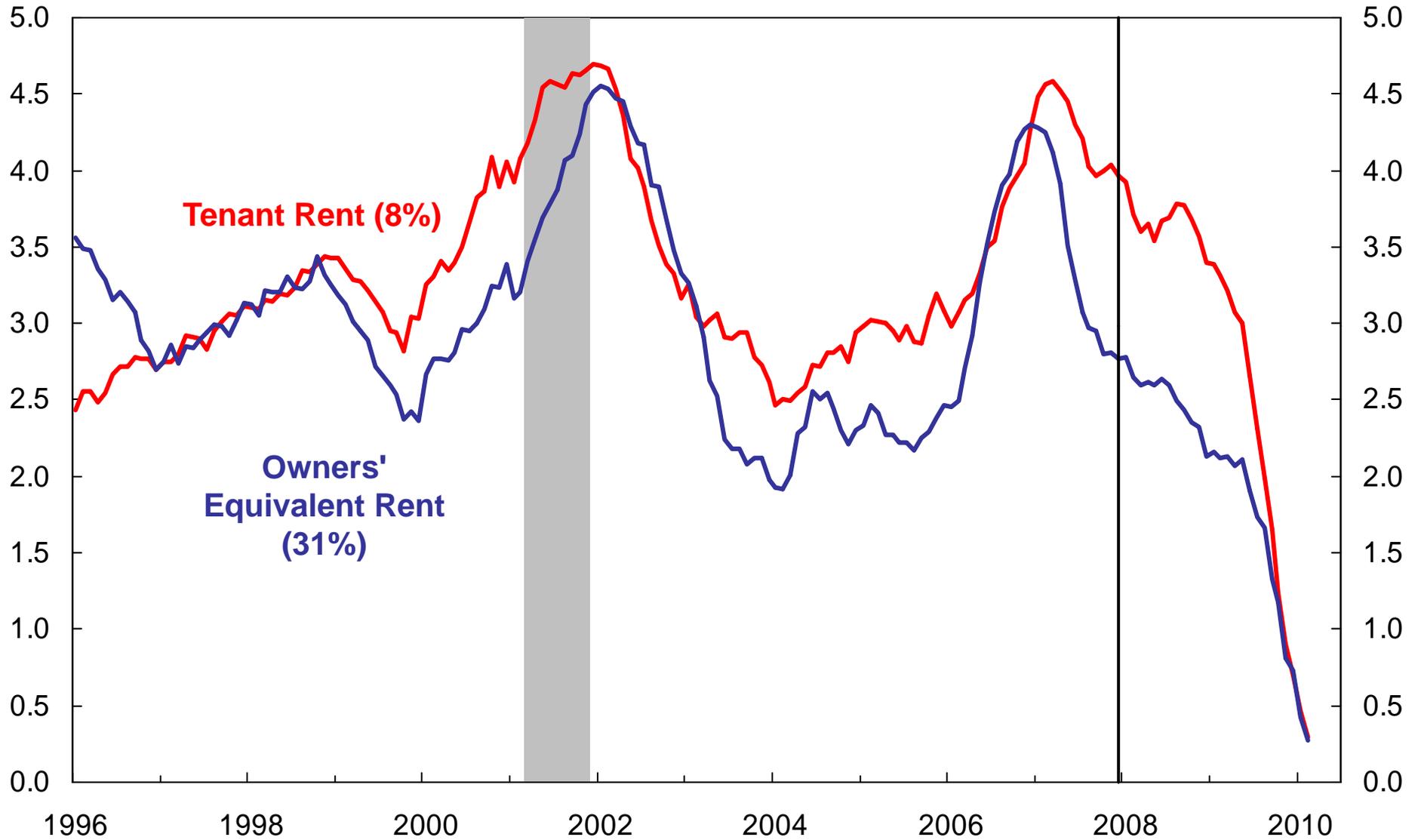
Source: Federal Reserve Board

Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak.

Rent Inflation

% Change - Year to Year

% Change - Year to Year



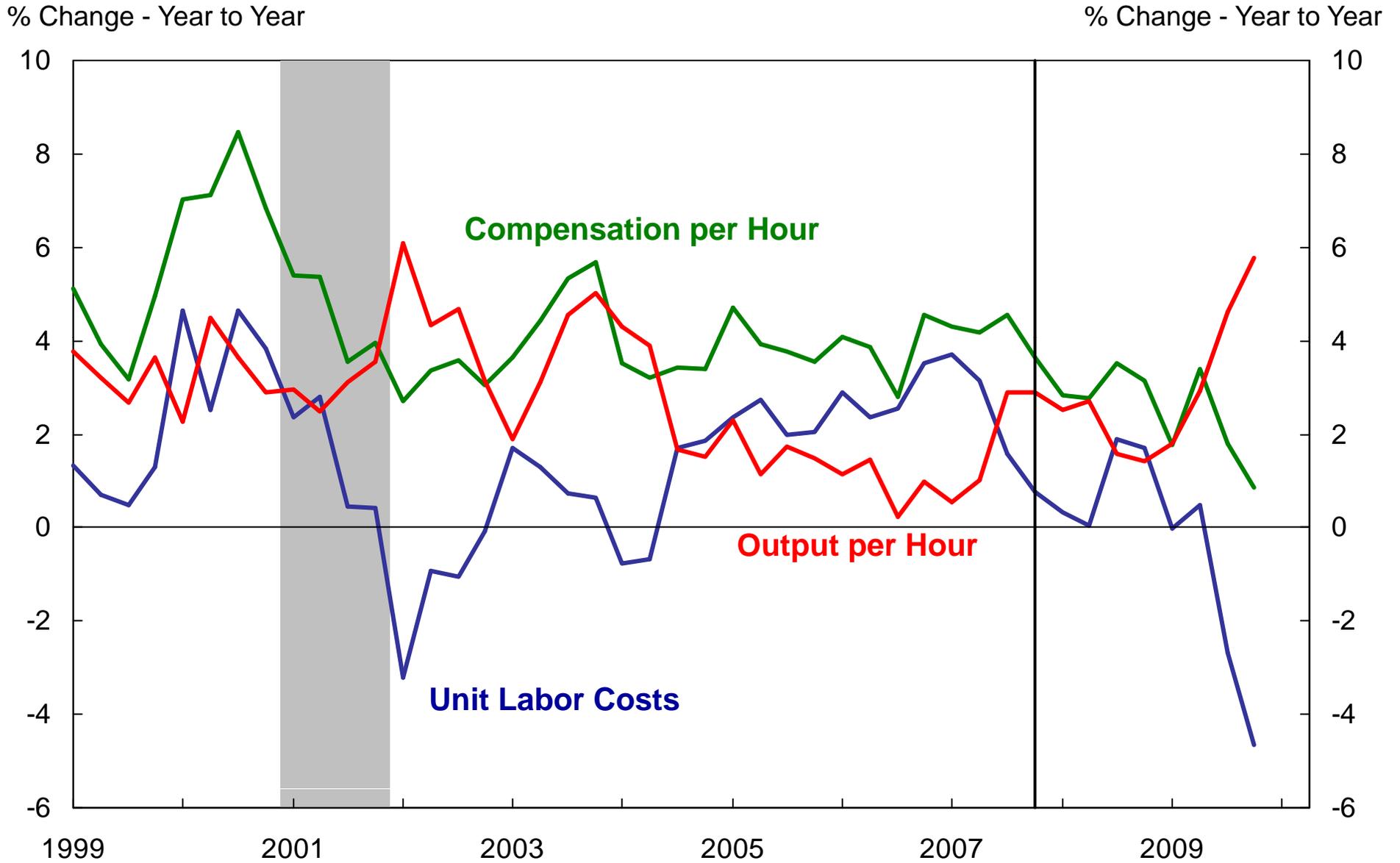
Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak.

Source: Bureau of Labor Statistics

Numbers in parentheses represent share of core CPI.

Productivity, Compensation, and Unit Labor Costs

Nonfarm Business Sector



Source: Bureau of Labor Statistics

Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak. **28**

TIPS Implied Inflation Compensation: 2-3, 4-5, 5-10 Year Horizons

