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

Source: Bureau of Economic Analysis

Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak.
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.
10-Year Treasury Note Yield at Constant Maturity

Source: Federal Reserve Board

Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak.
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.
<table>
<thead>
<tr>
<th>Median Credit Score of Quintile (2005-Q1)</th>
<th>2005-Q1</th>
<th>2008-Q3</th>
<th>2009-Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Debt</td>
<td>Percent of Total</td>
<td>Total Debt</td>
</tr>
<tr>
<td>807</td>
<td>2020.0</td>
<td>22.2%</td>
<td>2290.0</td>
</tr>
<tr>
<td>767</td>
<td>2330.0</td>
<td>25.6%</td>
<td>3110.0</td>
</tr>
<tr>
<td>708</td>
<td>2360.0</td>
<td>26.0%</td>
<td>3450.0</td>
</tr>
<tr>
<td>631</td>
<td>1450.0</td>
<td>16.0%</td>
<td>2280.0</td>
</tr>
<tr>
<td>538</td>
<td>928.0</td>
<td>10.2%</td>
<td>1090.0</td>
</tr>
<tr>
<td>Total</td>
<td>9088.0</td>
<td>100.0%</td>
<td>12220.0</td>
</tr>
</tbody>
</table>

Source: FRBNY Equifax Panel Dataset
Homeownership Rate

Source: Census Bureau

Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak.
Consumption and Personal Saving

Personal Saving Rate (right axis)
Consumption as Share of GDP (left axis)

Source: Bureau of Economic Activity

Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak.
Loan Performance House Price Index & Commercial Real Estate Price Index

Source: Loan Performance and MIT Real Estate Center

Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak.
First Mortgages: 90+ Day Delinquency Rates
(Series set to 1.0 at 4Q prior to NBER peak)

Quarters Since 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

Source: Federal Reserve Board

Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak.
Real GDP
(Series Set to 1.0 at NBER Peak)

Source: Bureau of Economic Analysis
Difference Difference
(Series Set to 0.0 at NBER Peak)

Unemployment Rate

Current Cycle
1973 Cycle
1981 Cycle

Source: Bureau of Labor Statistics
Labor Force Participation Rate and Average Weekly Hours

Percent – 3 Month Moving Average

Hours – 3 Month Moving Average

Participation Rate (left axis)

Average Weekly Hours (right axis)

Note: Shading represents NBER recessions, vertical line 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

Source: Bureau of Labor Statistics

Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak.
Exports and Industrial Production

6-Month % Change - Annualized

Exports (left axis)

Industrial Production: Manufacturing (right axis)

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 represents 2007Q4 business cycle peak.
Household Liabilities as a Percent of Net Worth

Average over last 10 years

Source: Federal Reserve Board

Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak.
MBA Purchase Mortgage Applications and Existing Home Sales

- Purchase Loan Applications (left axis)
- Existing Home Sales (right axis)

Source: Mortgage Bankers Association, National Association of Realtors

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

Source: Census Bureau

Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak.
Total Receipts of State and Local Governments

Source: Bureau of Economic Analysis

Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak.
Real Imports and Exports

Source: Bureau of Economic Analysis

Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak.
Corporate Profits as a Fraction of National Income

Source: Bureau of Economic Analysis

Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak.
Corporate Net Cash Flow as a Fraction of Nominal GDP

Source: Bureau of Economic Analysis

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

Source: Bureau of Labor Statistics

Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak. Numbers in parentheses represent share of core CPI.
Productivity, Compensation, and Unit Labor Costs
Nonfarm Business Sector

% Change - Year to Year

Compensation per Hour

Output per Hour

Unit Labor Costs

Source: Bureau of Labor Statistics

Note: Shading represents NBER recessions, vertical line represents 2007Q4 business cycle peak.
TIPS Implied Inflation Compensation: 2-3, 4-5, 5-10
Year Horizons

<table>
<thead>
<tr>
<th>Year Horizons</th>
<th>Mar 30:</th>
<th>Mar 30:</th>
<th>Mar 30:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-3 Year</td>
<td>2.92</td>
<td>2.57</td>
<td>1.92</td>
</tr>
<tr>
<td>4-5 Year</td>
<td>2.57</td>
<td>2.57</td>
<td>2.57</td>
</tr>
<tr>
<td>5-10 Year</td>
<td>2.92</td>
<td>2.92</td>
<td>2.92</td>
</tr>
</tbody>
</table>

Source: Federal Reserve Board
Note: Carry Adjusted.