

The U.S. Economic Outlook

Implications for Ohio

Presented at the

Summit on Local Government Sustainability

Strategies & Solutions in a Time of Fiscal Crisis

Columbus, Ohio

November 19, 2009

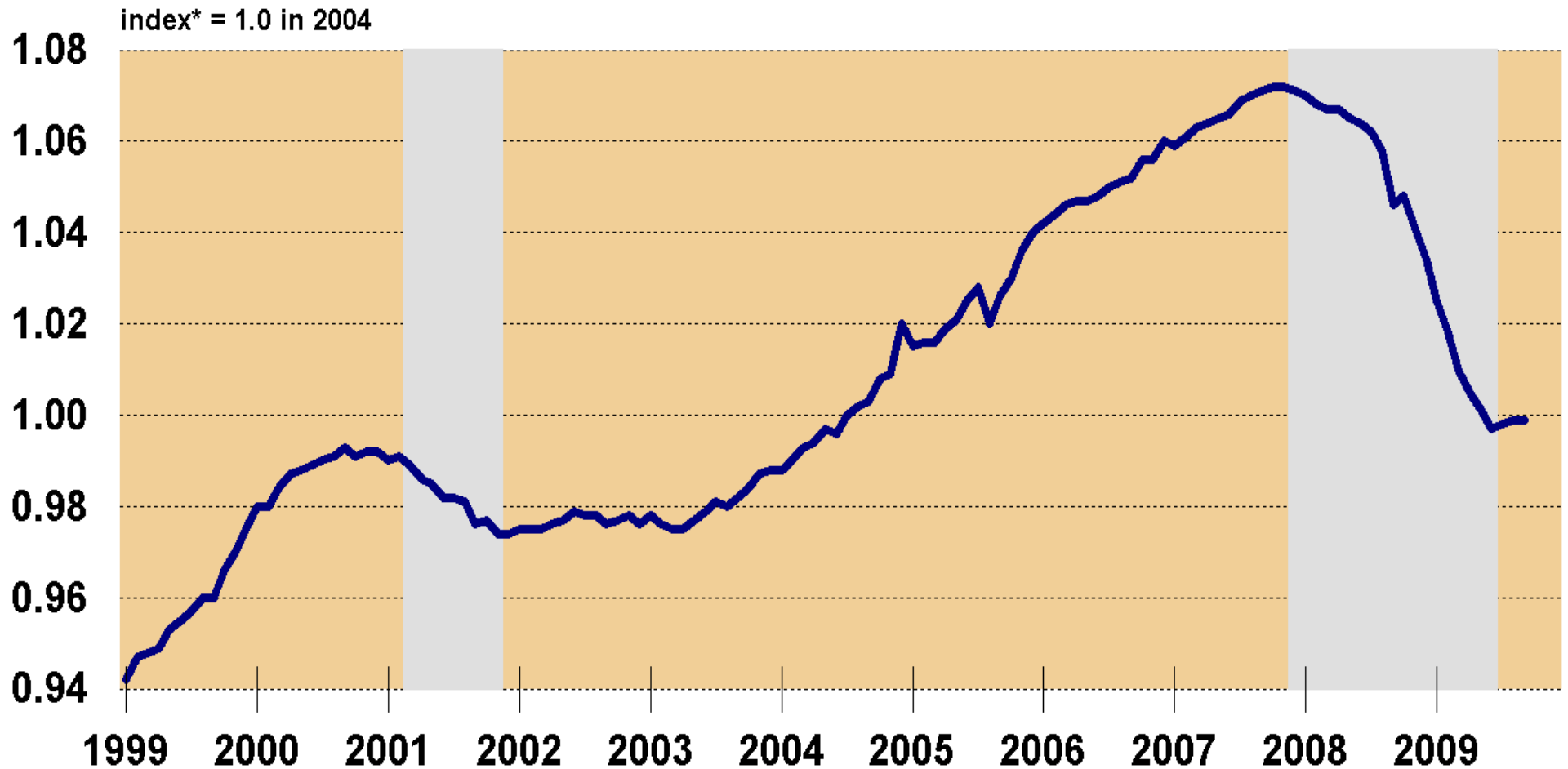
By

Richard DeKaser

Woodley Park Research

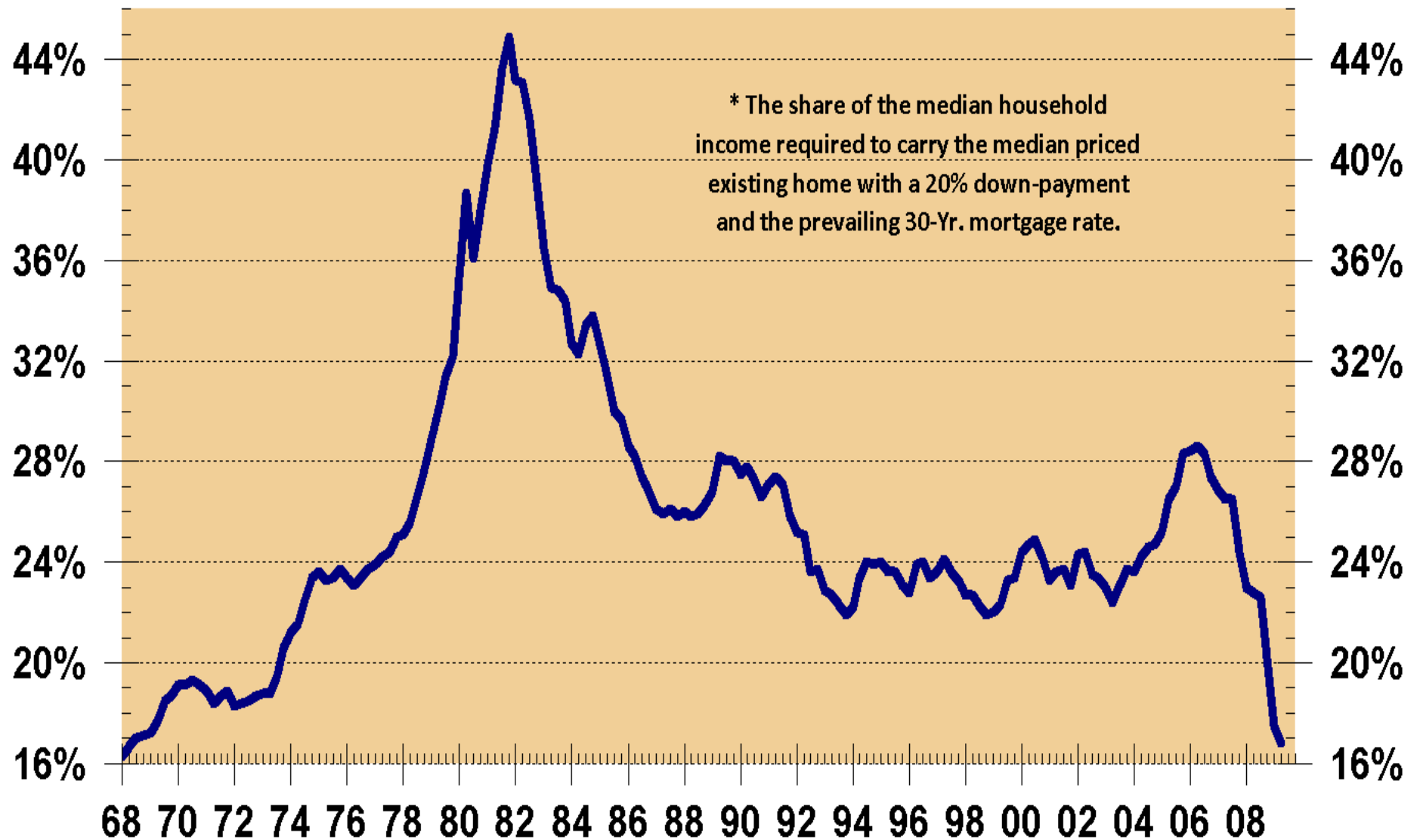
Position in the Business Cycle

Index of Coincident Economic Indicators



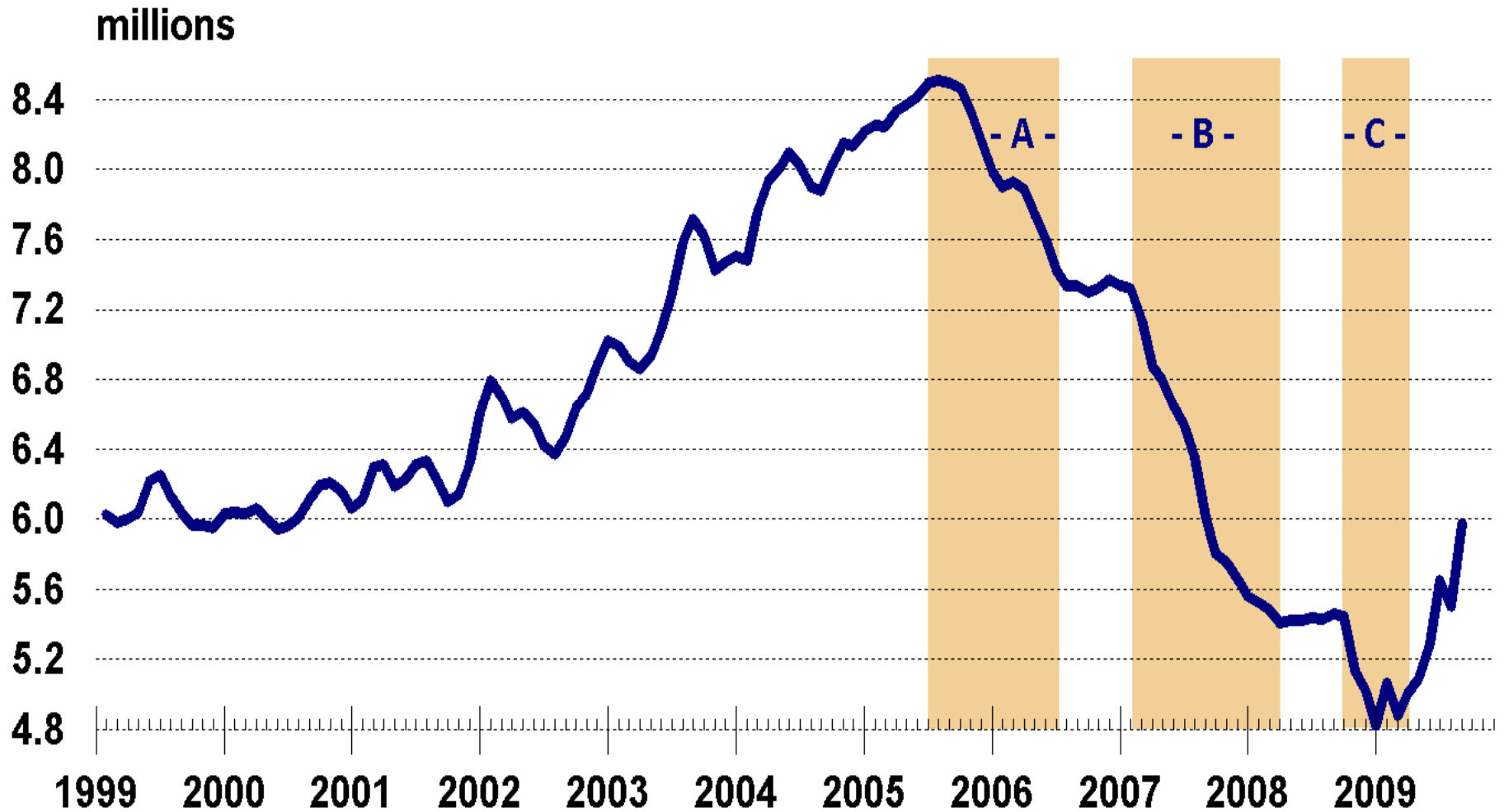
* includes employment, income (excl. transfers), sales & industrial production.

Home Affordability*



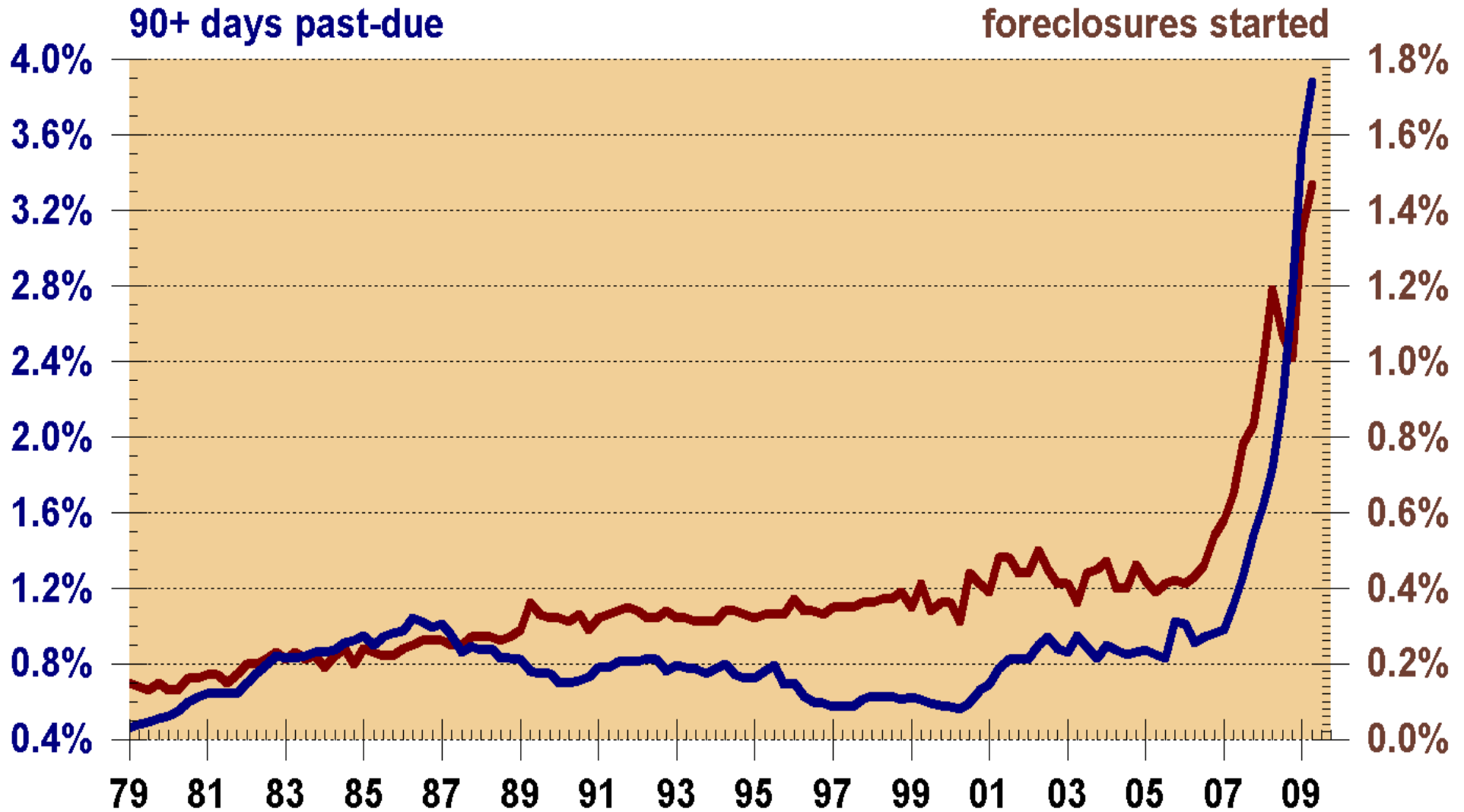
Source: National Ass'n of Realtors, Federal Reserve, Bureau of Economic Analysis.

Home Sales



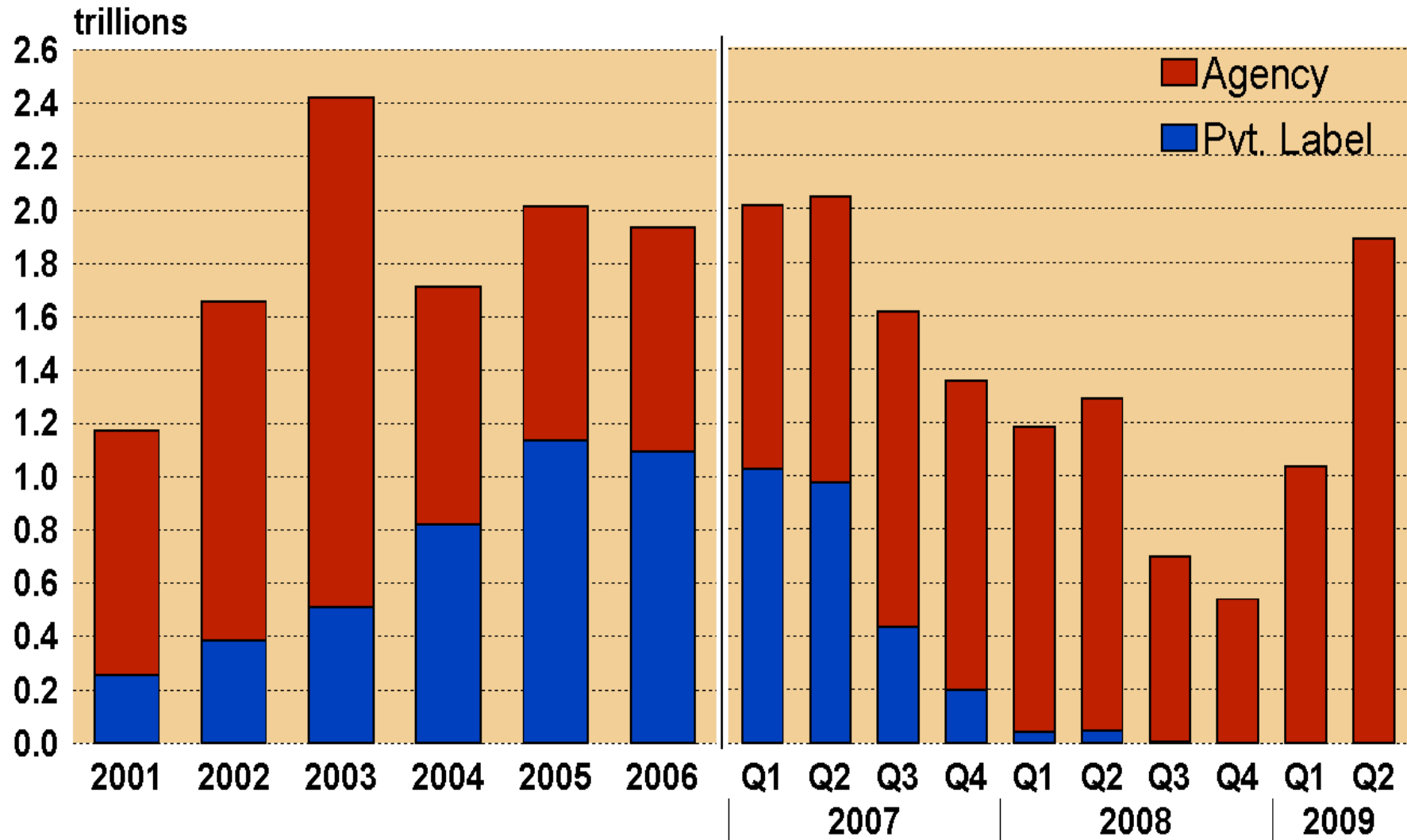
*All units. Source: National Ass'n of Realtors, Commerce Dept.

Mortgage Distress



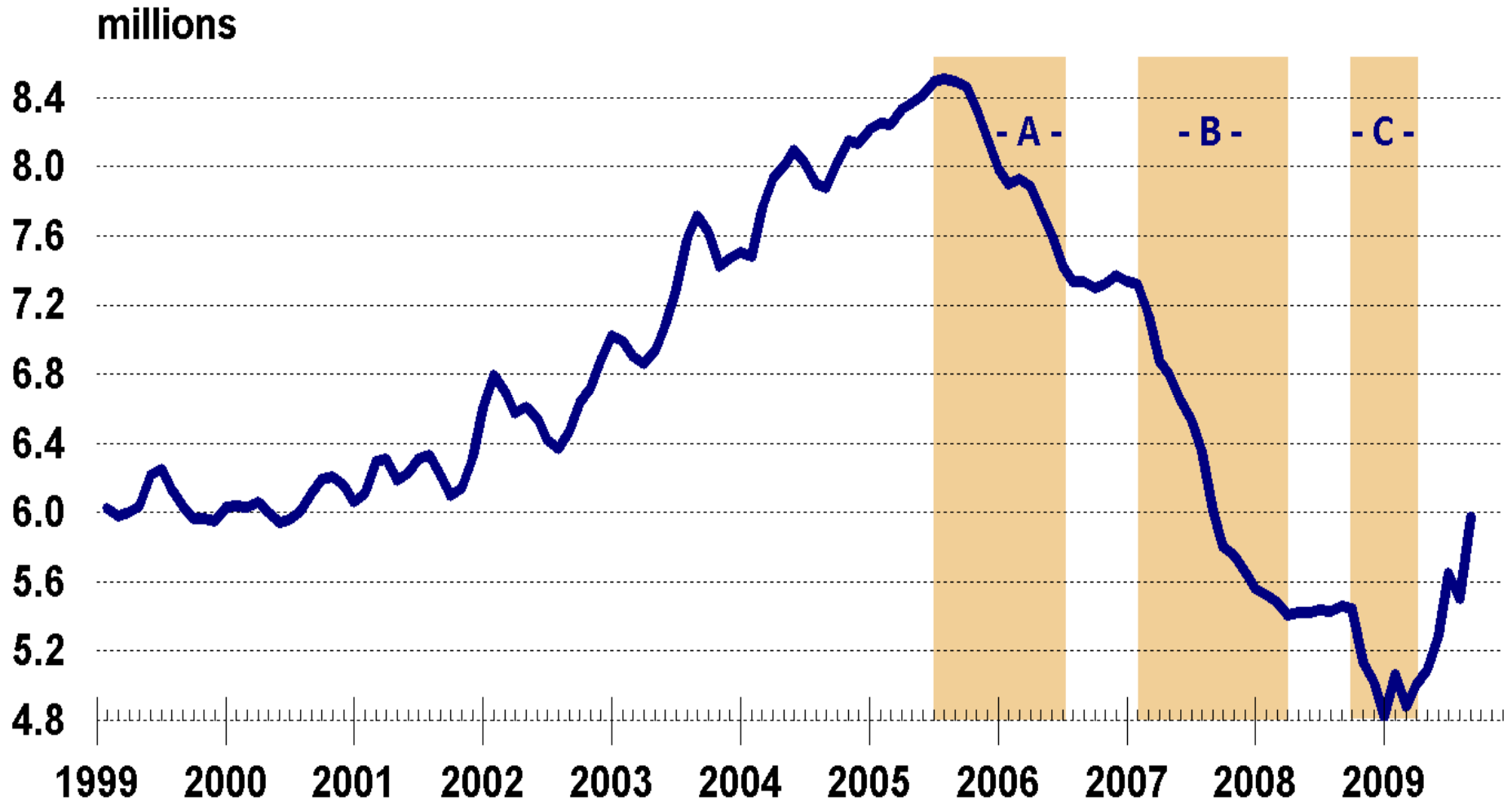
Source: Mortgage Bankers Association.

Res. Mortgage Backed Security Issuance



Source: Moody's Investor Service. Quarterly data are annualized.

Home Sales

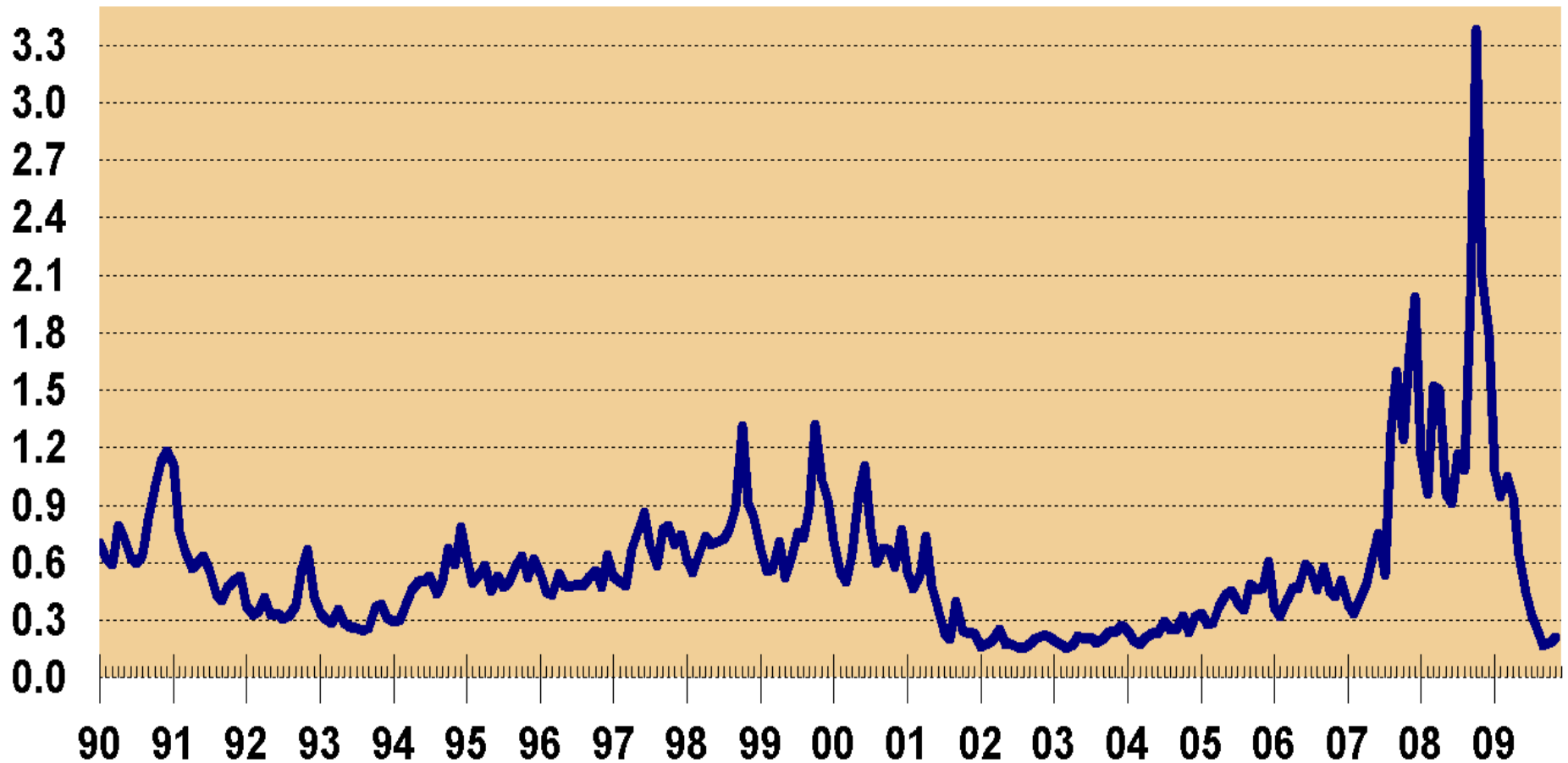


*All units. Source: National Ass'n of Realtors, Commerce Dept.

“Lehman Brothers”

Stress in the Money Markets

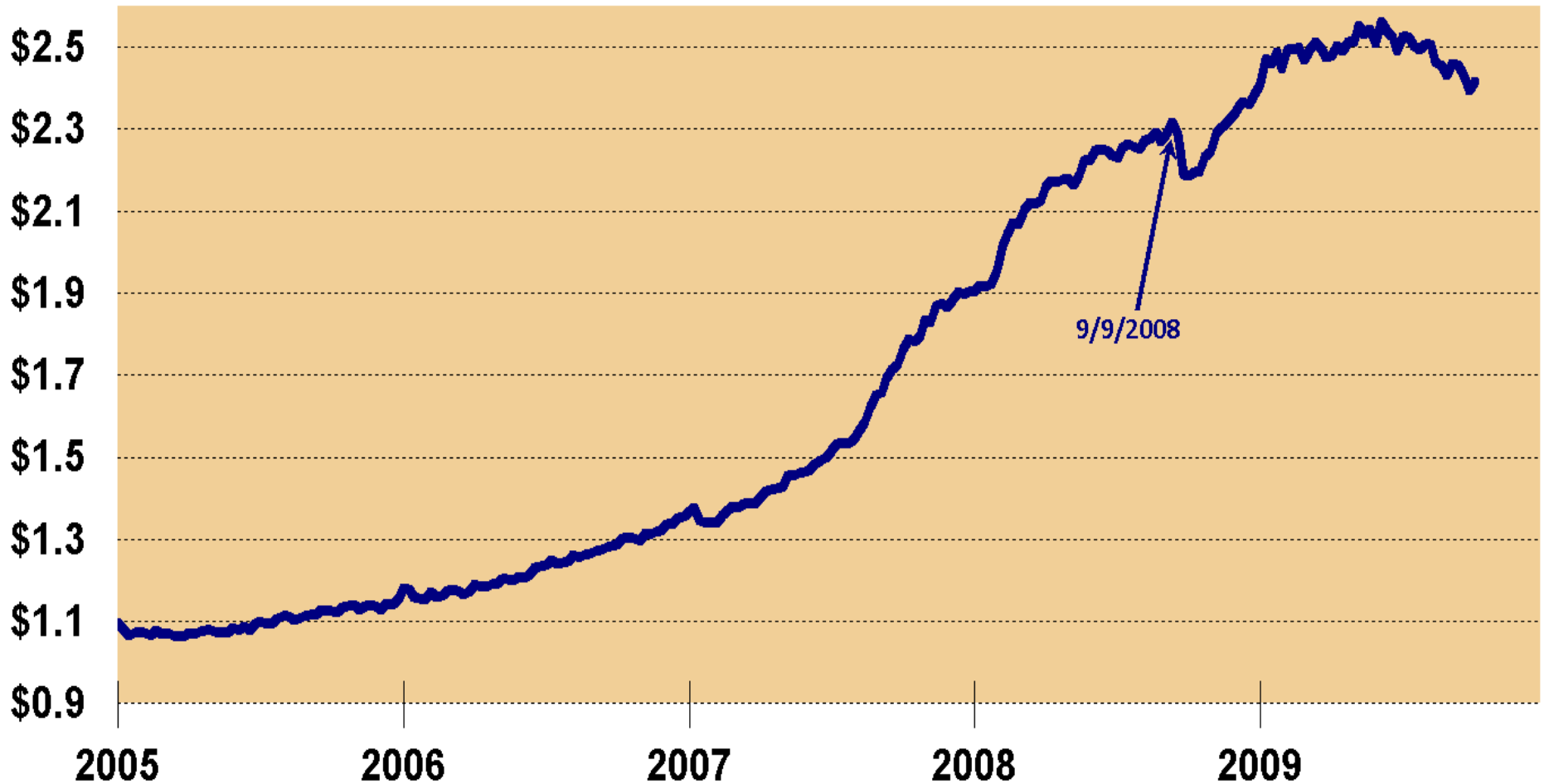
3 Mo. Eurodollar - 3 Mo. T-Bill (%)



Source: Federal Reserve.

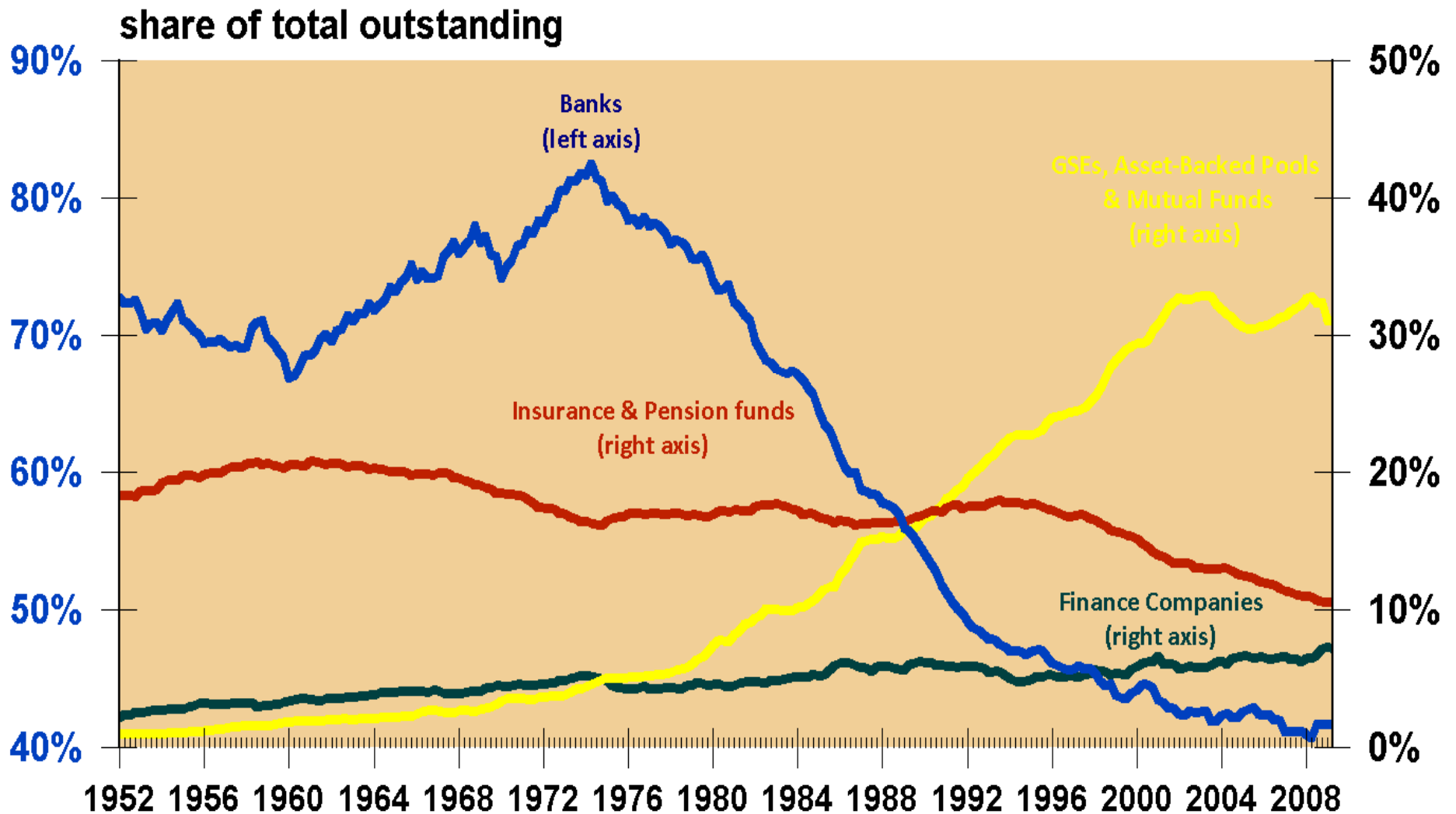
Institutional Money Market Funds

billions



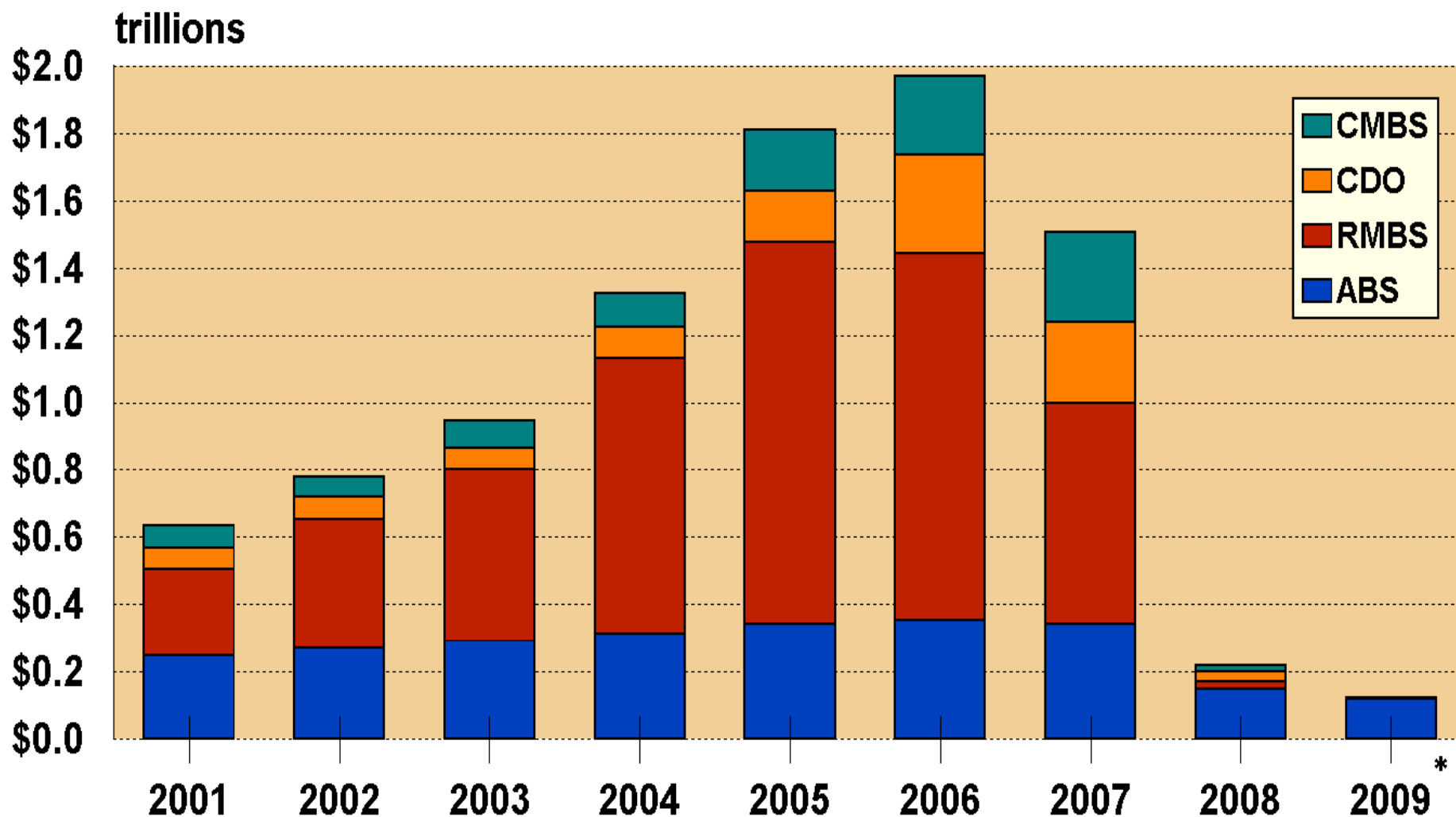
Source: Federal Reserve; weekly through October 2, 2009.

Domestic Credit Outstanding



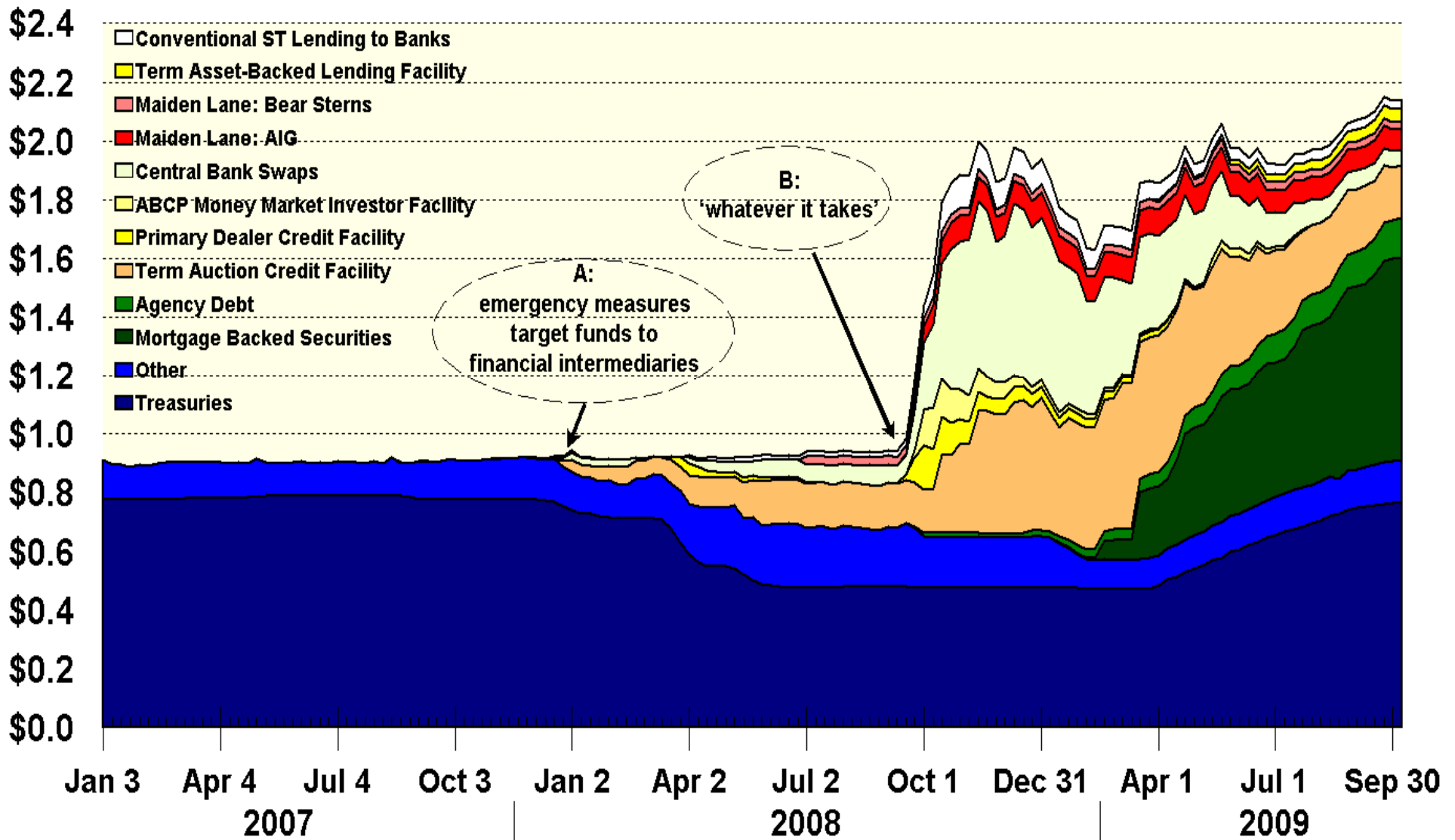
Source: Federal Reserve; through Q2, 2009.

Issuance of Structured Securities



Source: Moody's Investor Services; *2009 shows Jan-Aug results, annualized.

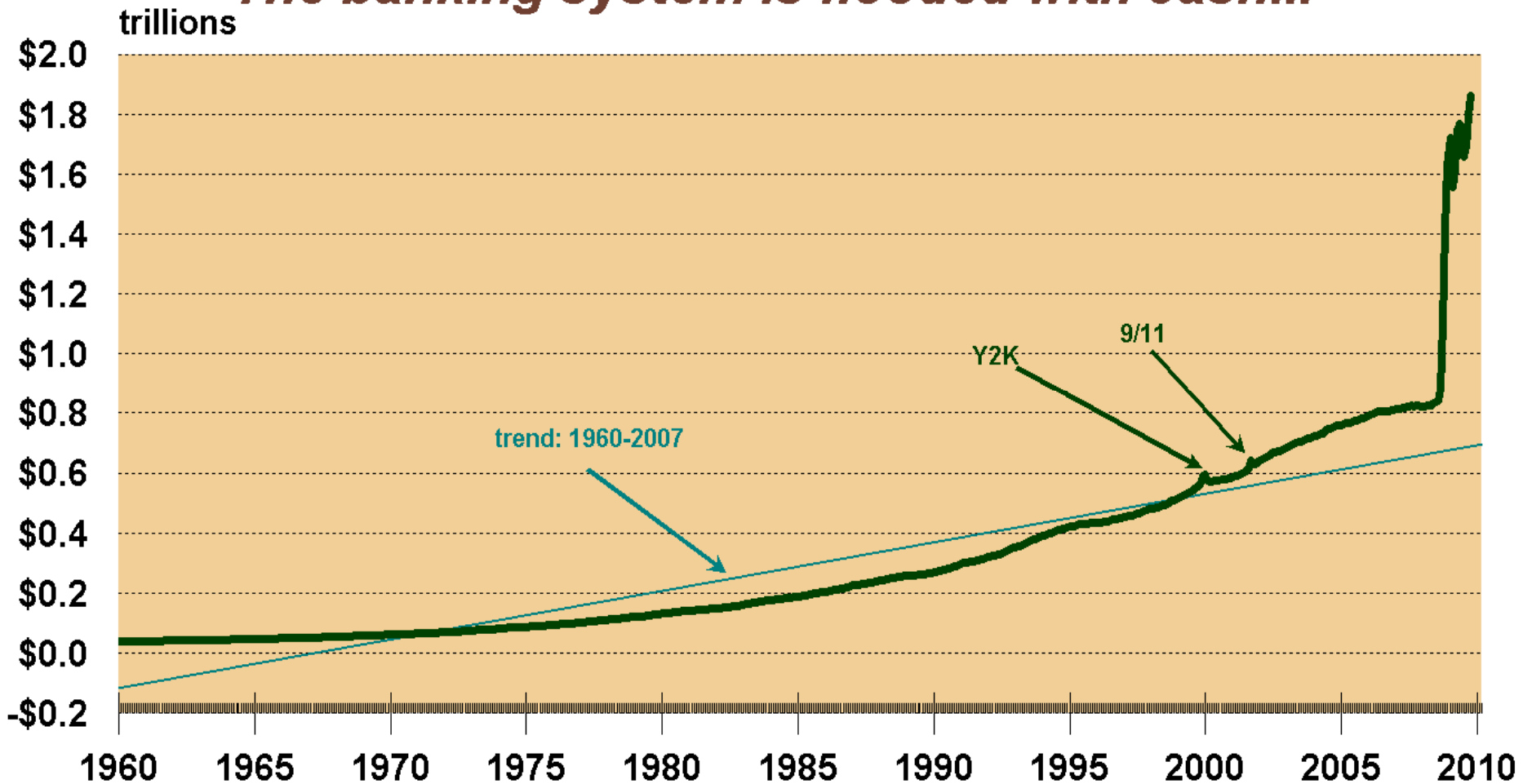
Federal Reserve Assets



Source: Federal Reserve Board, H.4 Release, Woodley Park Research.

Monetary Base

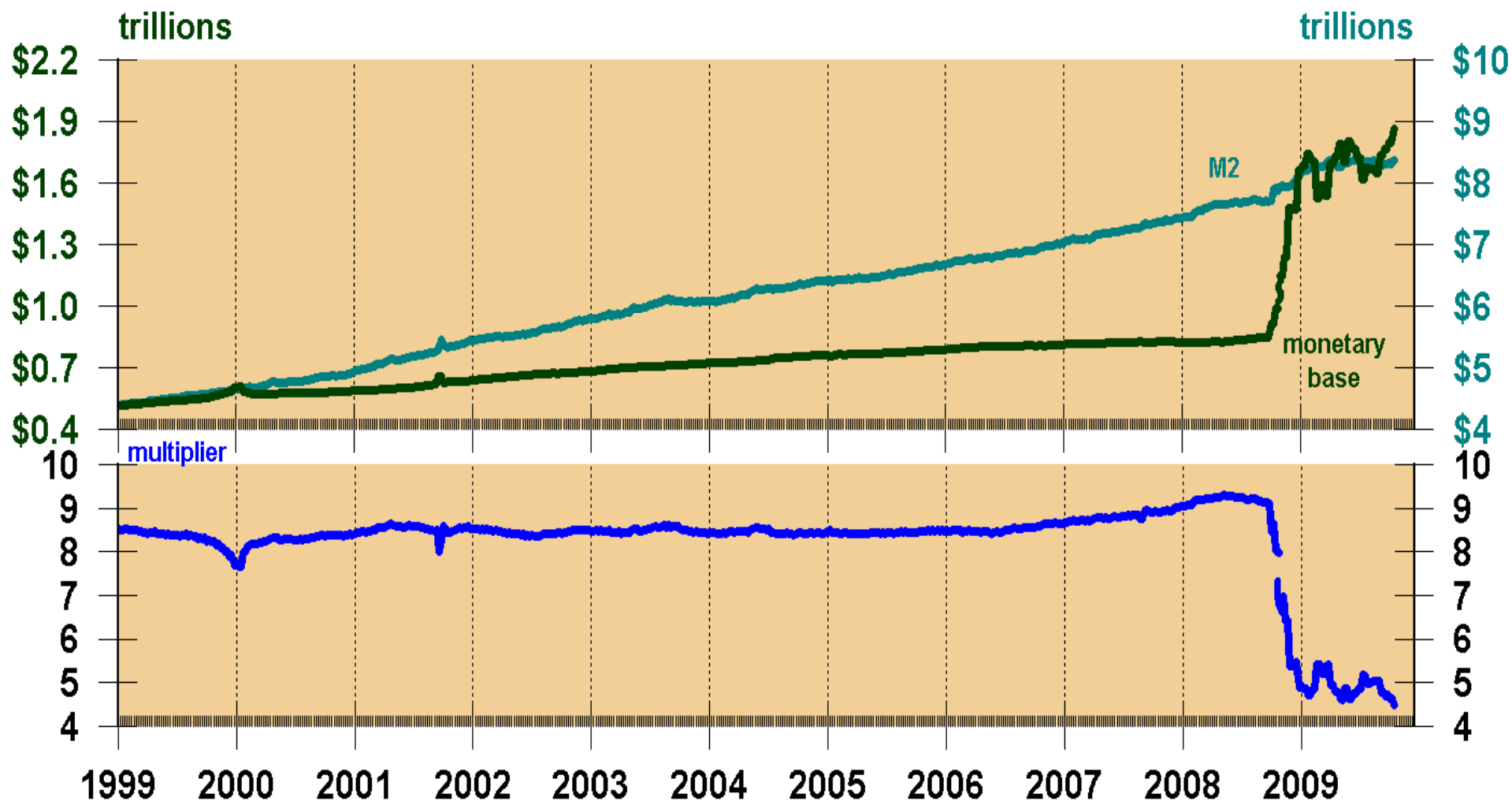
The banking system is flooded with cash...



Source: Federal Reserve Board, Woodley Park Research.

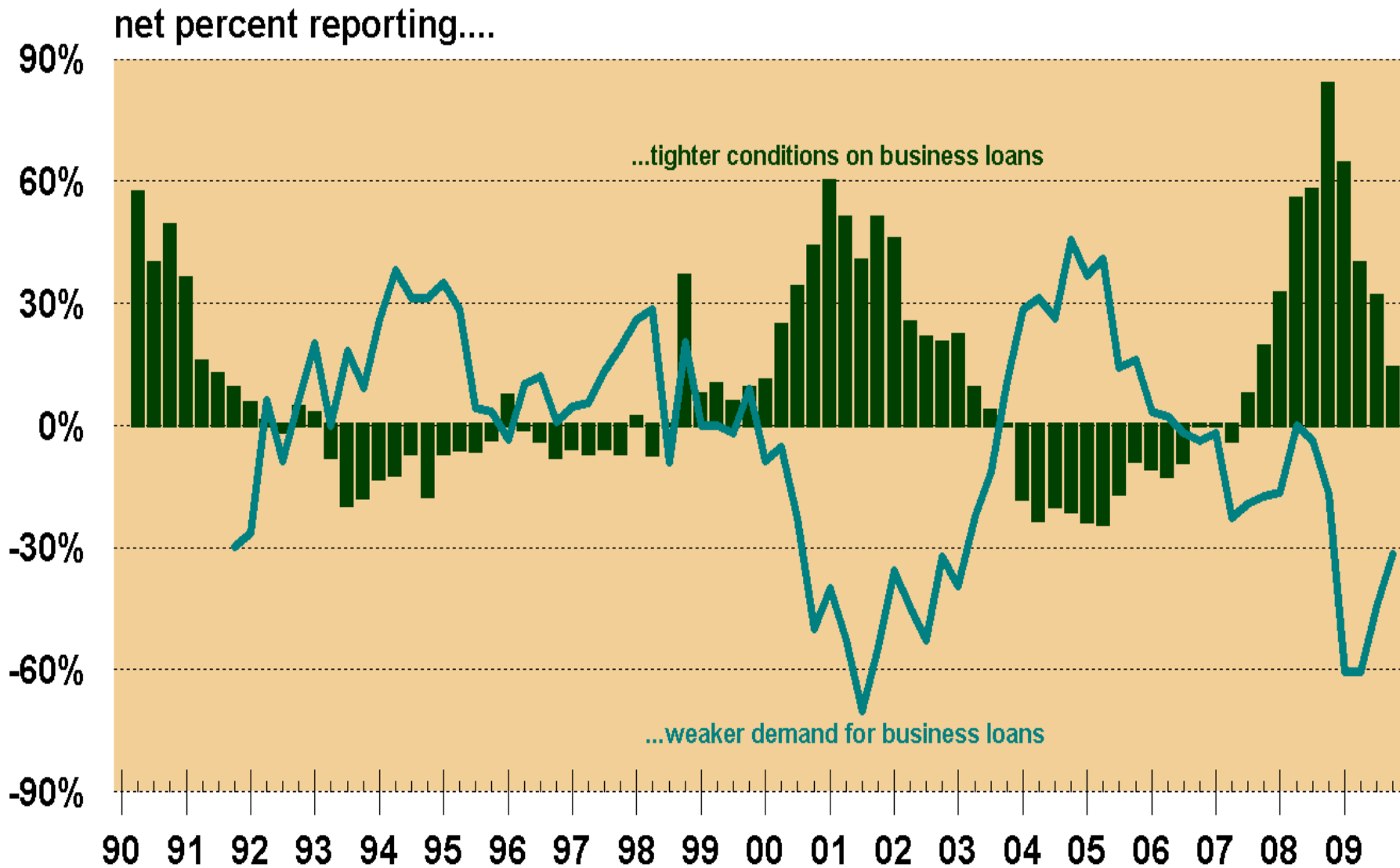
Money Multiplier

... but it's still not translating into more money.



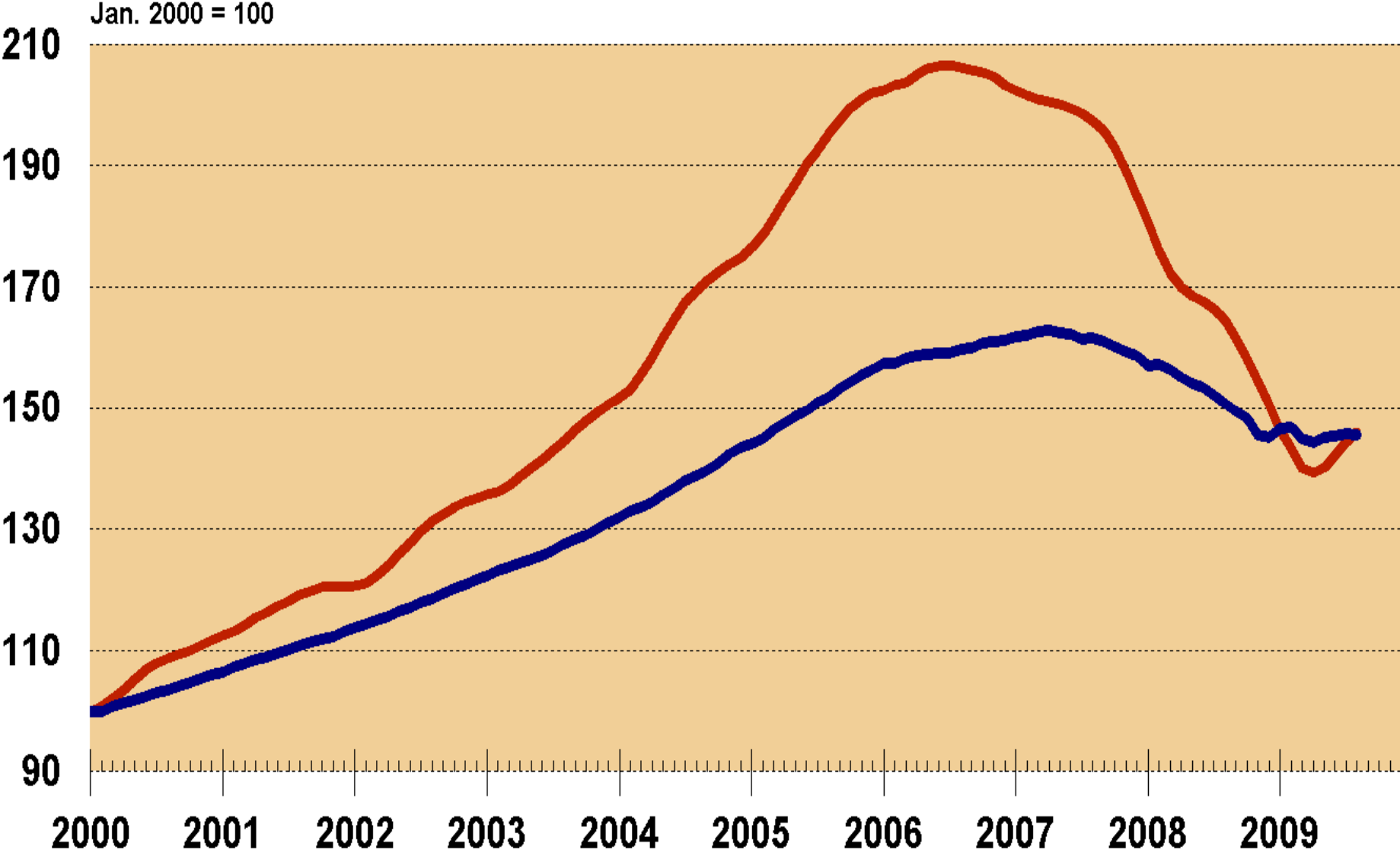
Source: Federal Reserve Board, Woodley Park Research.

Sr. Loan Officer Opinions



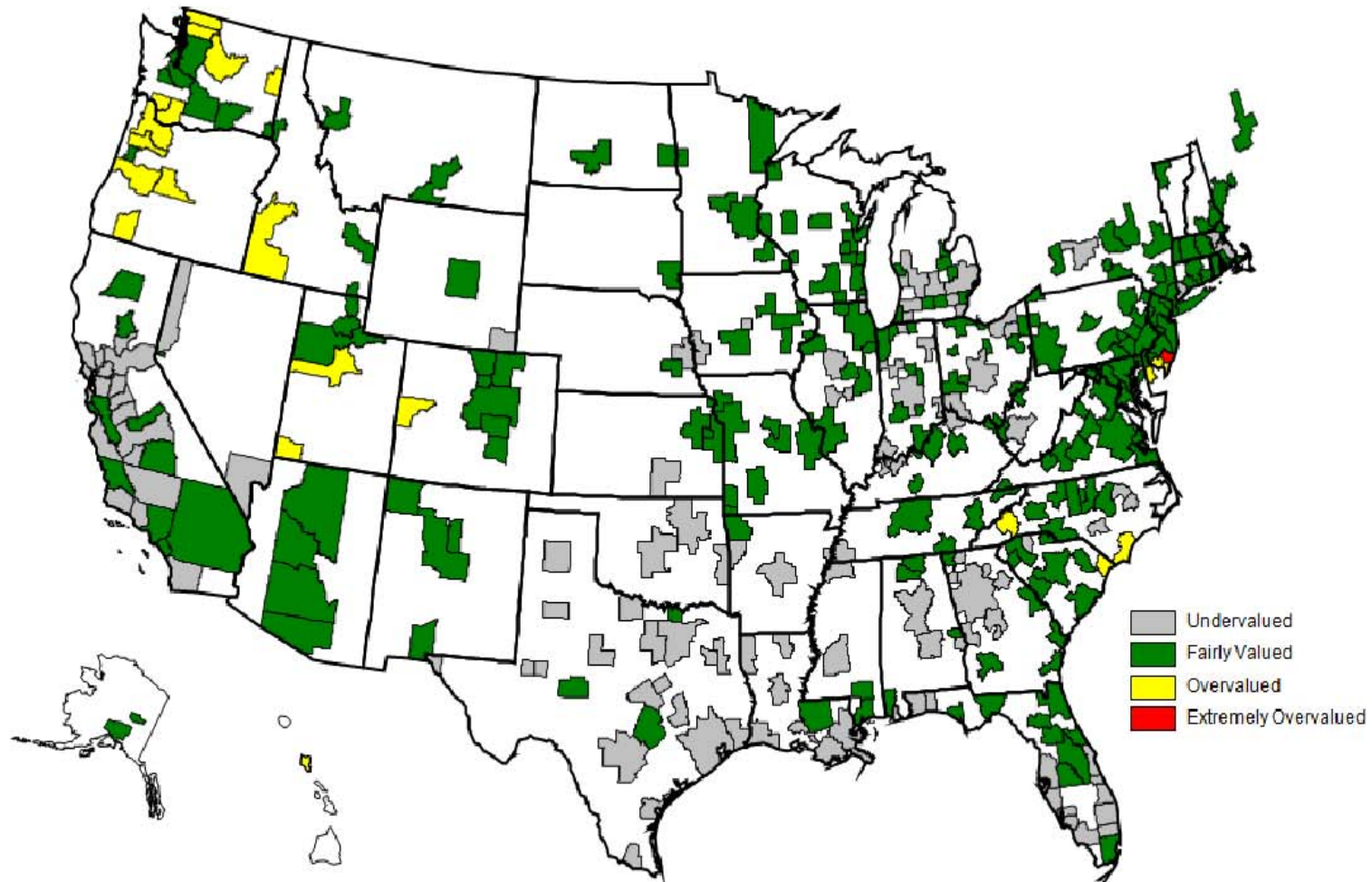
Source: Federal Reserve Board, large & small businesses.

House Prices

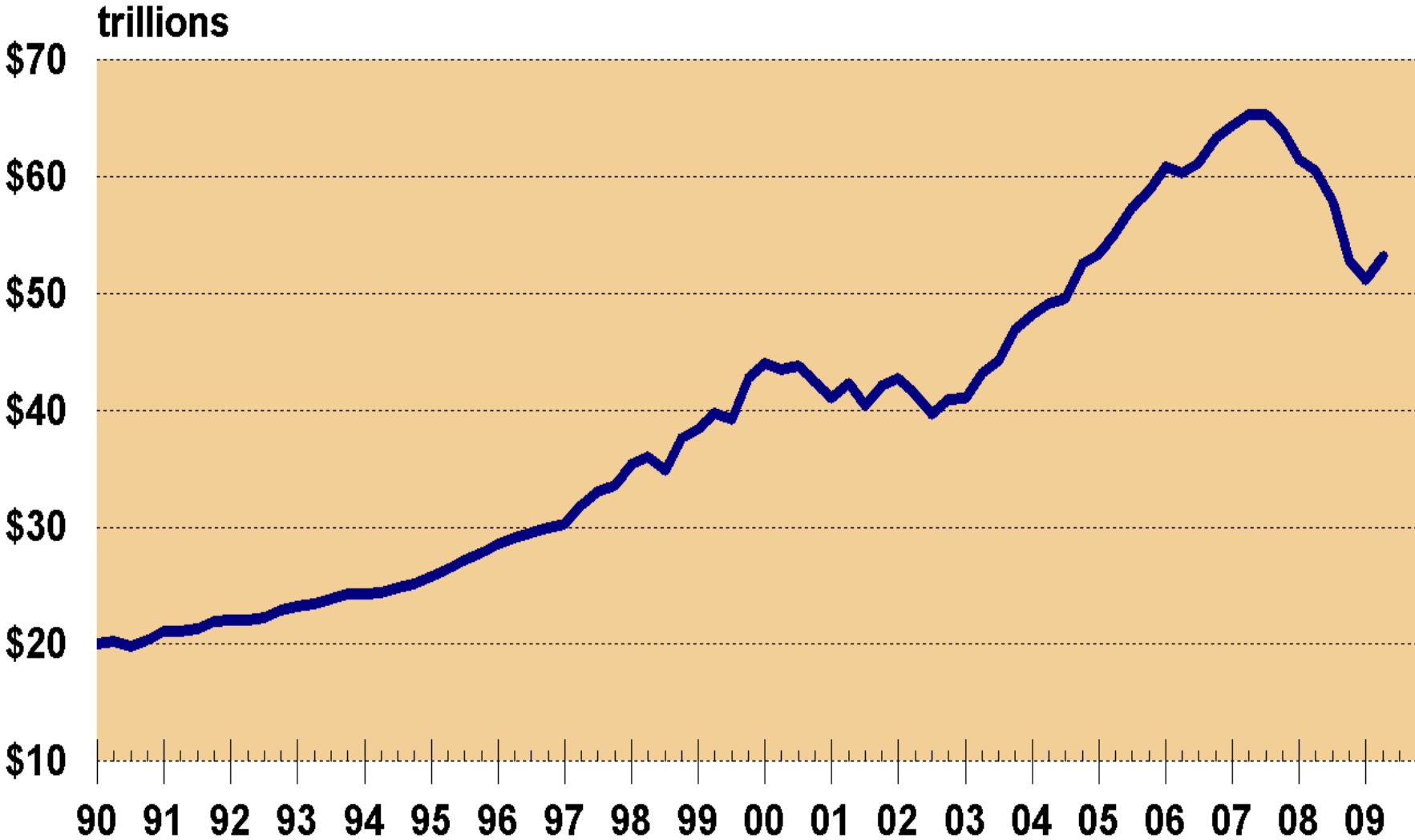


Source: Federal Housing Finance Administration, Standard & Poor's, through August.

Housing Valuation Map: Q2/2009

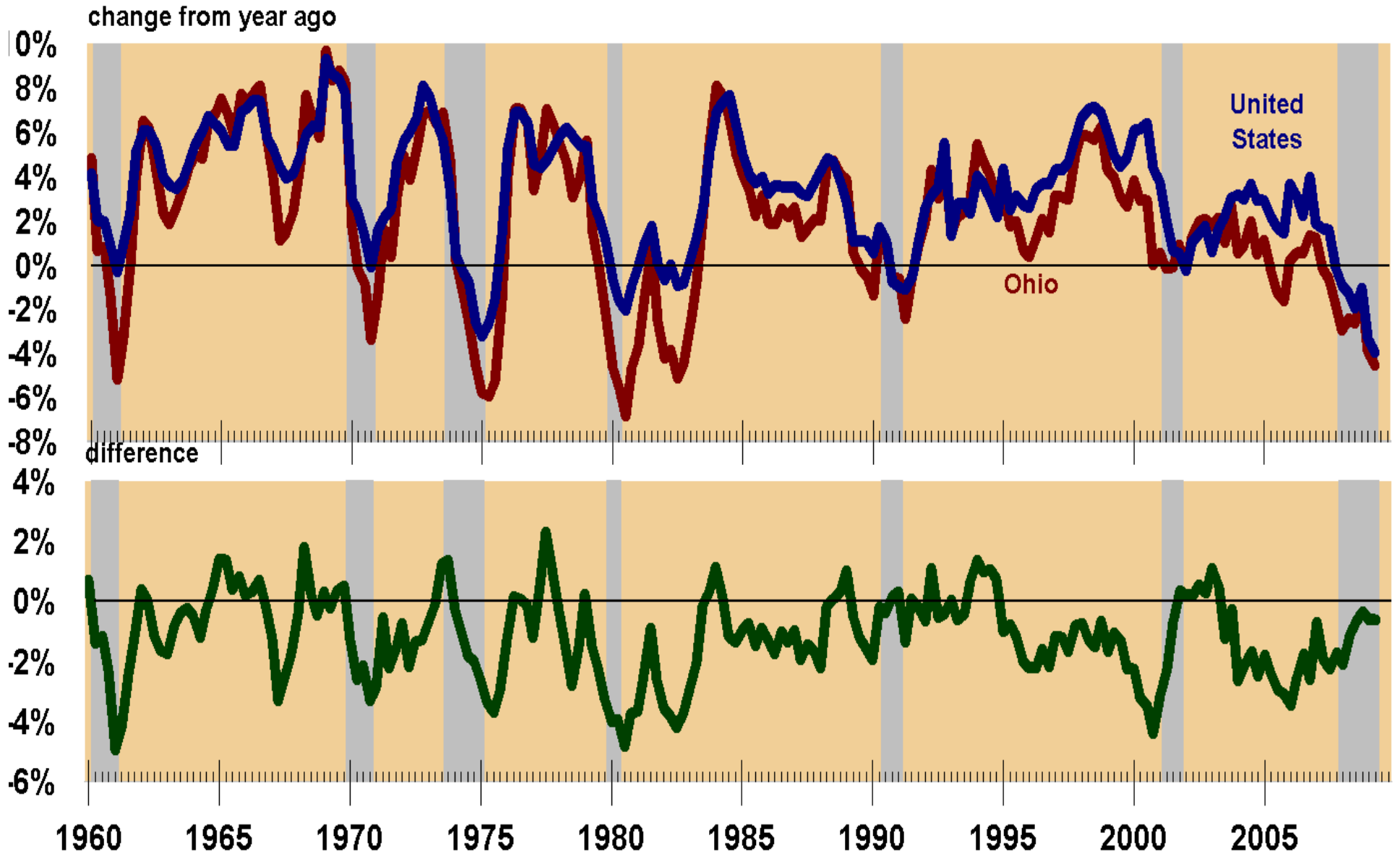


Household Net Worth



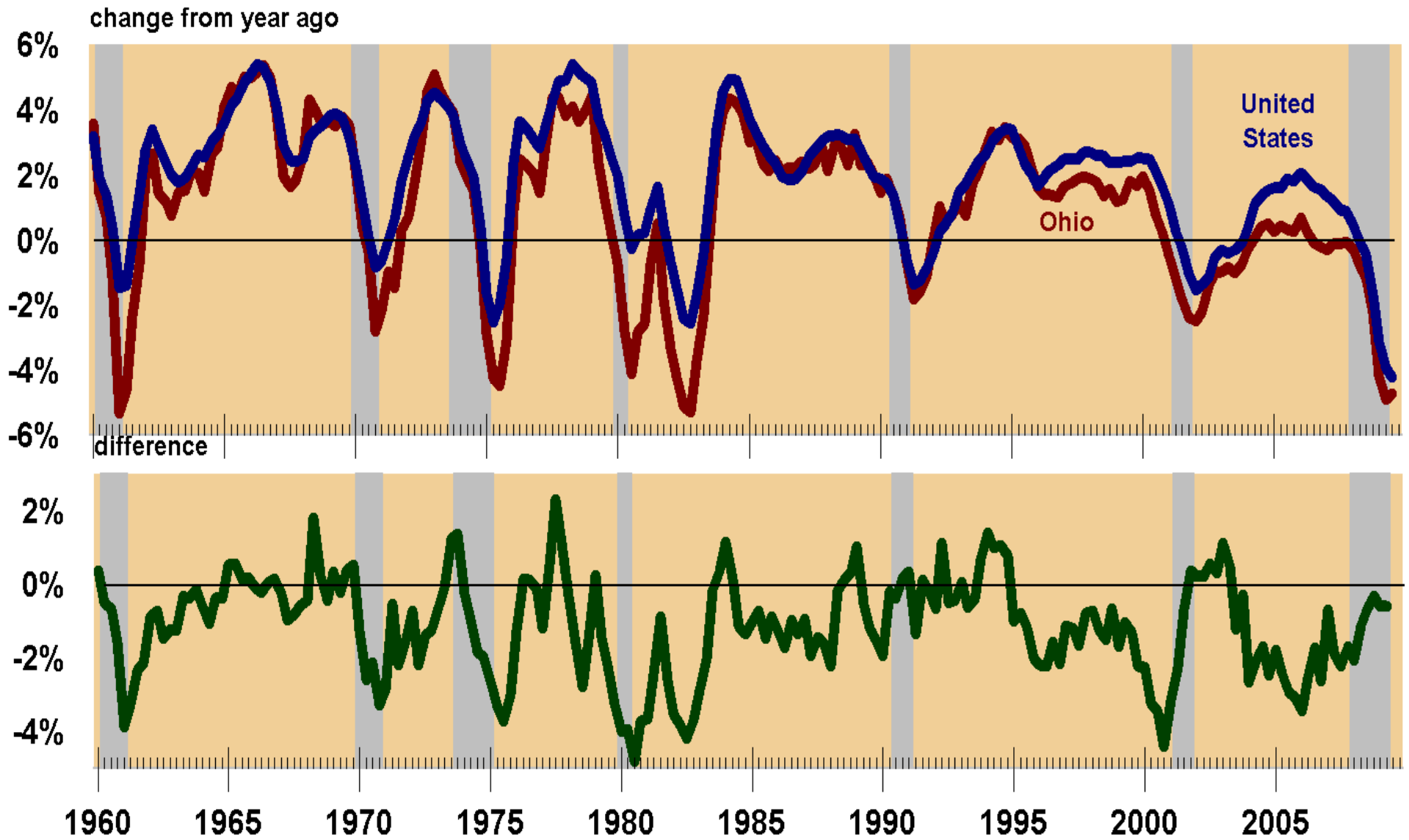
Source: Federal Reserve, through Q2/2009.

Real Personal Income



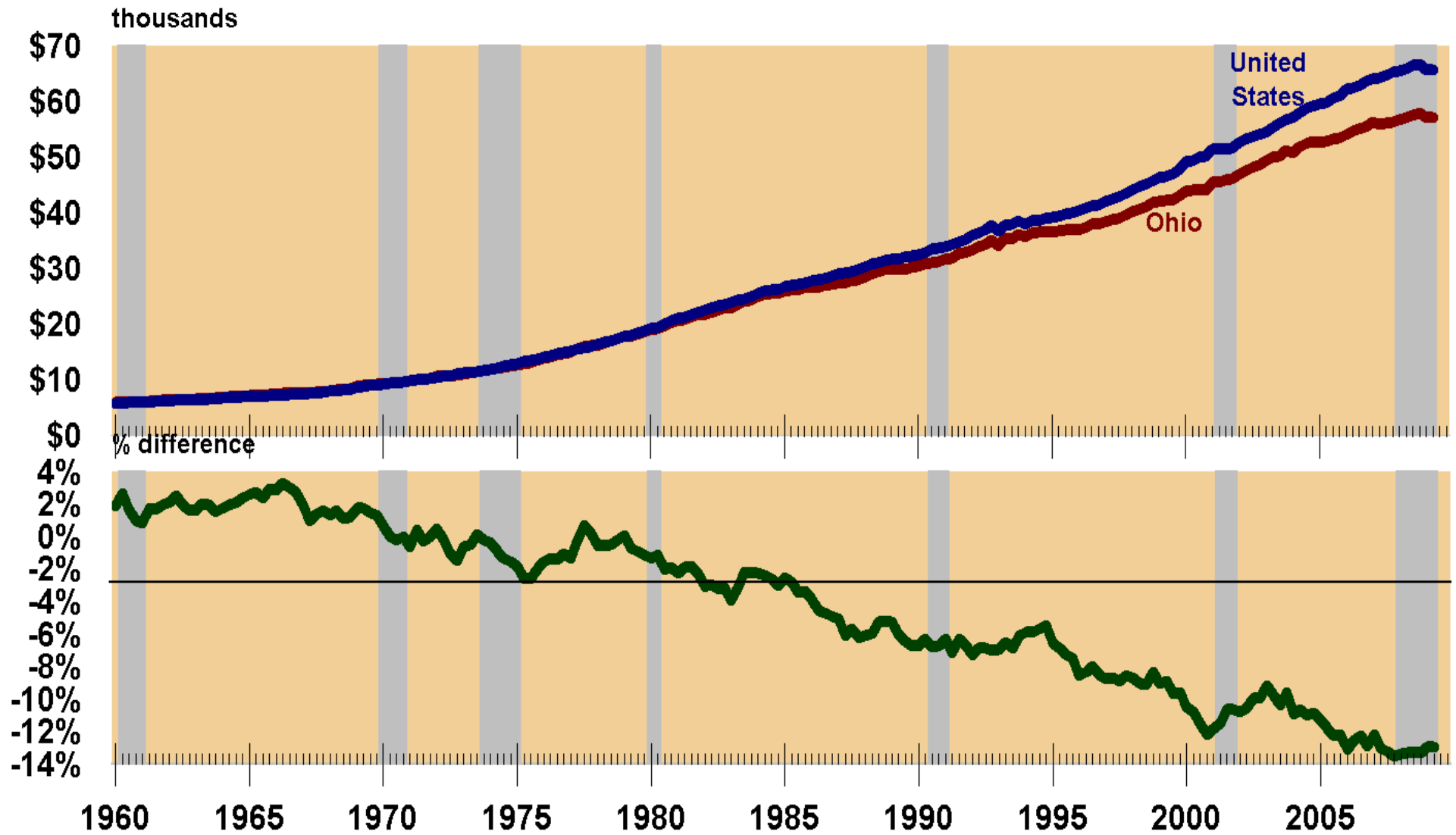
Source: Bureau of Economic Analysis, through Q2/2009.

Employment



Source: Bureau of Labor Statistics, through Q2/2009.

Compensation per Worker



Source: Bureau of Economic Analysis, Bureau of Labor Statistics, through Q2/2009.

Thank You!



Questions?

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Woodley Park Outlook

	2009				2010				YEARS			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2008	2009	2010	2011
Output (% ch. a.r.)	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
GDP	-6.4	-0.7	3.5	3.3	3.1	3.4	2.9	3.3	0.4	-2.4	3.0	3.7
Final Sales	-4.1	0.7	2.6	1.0	0.9	2.5	2.9	3.0	0.8	-1.6	1.8	3.5
Consumer Spending	0.6	-0.9	3.4	1.6	1.7	2.4	3.7	3.3	-0.2	-0.5	2.2	2.9
Fixed Investment	-39.0	-12.5	2.3	4.8	3.8	7.9	6.8	10.2	-5.1	-18.0	4.2	14.8
Nonresidential	-39.2	-9.6	-2.5	2.3	2.0	4.2	5.7	9.2	1.6	-17.5	2.0	12.6
Equipment & Software	-36.4	-4.9	1.1	8.9	14.0	15.6	15.9	16.0	-2.6	-17.2	10.8	16.4
Structures	-43.6	-17.3	-9.0	-9.5	-19.3	-18.2	-16.3	-7.4	10.3	-18.3	-14.8	2.9
Residential	-38.2	-23.2	23.3	14.9	10.6	21.8	10.8	13.5	-22.9	-19.6	12.6	22.2
Exports	-29.9	-4.1	14.7	8.3	9.9	9.0	7.8	8.6	5.4	-10.7	8.8	9.9
Imports	-36.4	-14.7	16.3	13.5	15.8	11.1	9.3	8.5	-3.2	-14.5	11.1	8.7
Government	-2.6	6.7	2.3	0.9	1.5	2.0	-0.6	-1.2	3.1	1.9	1.5	-1.2
Inflation (% ch., a.r.)												
GDP Price Index	1.9	0.0	0.8	1.2	1.2	1.5	1.7	1.5	2.1	1.3	1.2	1.7
Consumer Price Index	-2.4	1.3	3.6	3.2	-0.2	0.7	1.9	1.9	3.8	-0.3	1.6	2.1
Ex. Food & Energy	1.5	2.4	1.5	1.6	1.0	1.4	1.6	1.7	2.3	1.7	1.5	1.8
Producer Price Index	-6.2	1.7	4.9	4.8	-2.4	0.0	2.5	0.4	6.4	-2.6	1.3	2.3
Ex. Food & Energy	2.2	1.4	1.1	0.7	2.2	1.7	1.6	1.4	3.4	2.7	1.5	1.6
Employment Compensation	0.7	0.7	1.8	1.2	2.4	1.9	2.0	1.9	2.8	1.5	1.8	1.9
Misc. Indicators												
Industrial Production	-19.0	-10.3	5.2	7.8	4.4	5.8	5.1	6.2	-2.2	-9.8	4.6	6.4
Consumer Sentiment	58.3	68.2	68.4	71.8	78.1	83.0	85.5	87.4	63.8	66.7	83.5	88.8
Housing Starts (mil.)	0.5	0.5	0.6	0.6	0.8	0.9	1.0	1.1	0.9	0.6	0.9	1.4
Light Vehicle Sales (,000)	9.5	9.6	11.5	10.7	11.1	11.6	12.7	13.4	13.2	10.3	12.2	14.9
Unemployment Rate (%)	8.1	9.3	9.6	9.9	10.1	9.9	9.7	9.4	5.8	9.2	9.8	8.8
Employment (% ch. a.r.)	-5.9	-4.5	-2.8	-1.6	-0.5	1.4	1.0	2.0	-0.4	-3.7	-0.6	2.4
Federal Budget Surplus	-449	-305	-331	-401	-463	-150	-321	-359	-455	-1417	-1335	-1004
S&P 500 Stock Index	809	892	997	1095	1154	1166	1236	1306	1221	948	1216	1355
Oil Prices (\$/bbl)	43.19	59.71	68.14	77.17	68.67	66.00	68.02	70.37	99.76	62.05	68.27	77.36
Interest Rates (%)												
Federal Funds	0.18	0.18	0.16	0.12	0.13	0.13	0.38	0.97	1.93	0.16	0.40	2.32
2-Yr. T-Note	0.91	1.01	1.03	0.94	0.97	1.05	1.33	1.83	2.00	0.97	1.29	3.01
10-Yr. T-Note	2.74	3.31	3.52	3.43	3.41	3.35	3.45	3.74	3.67	3.25	3.49	4.44

Woodley Park Outlook