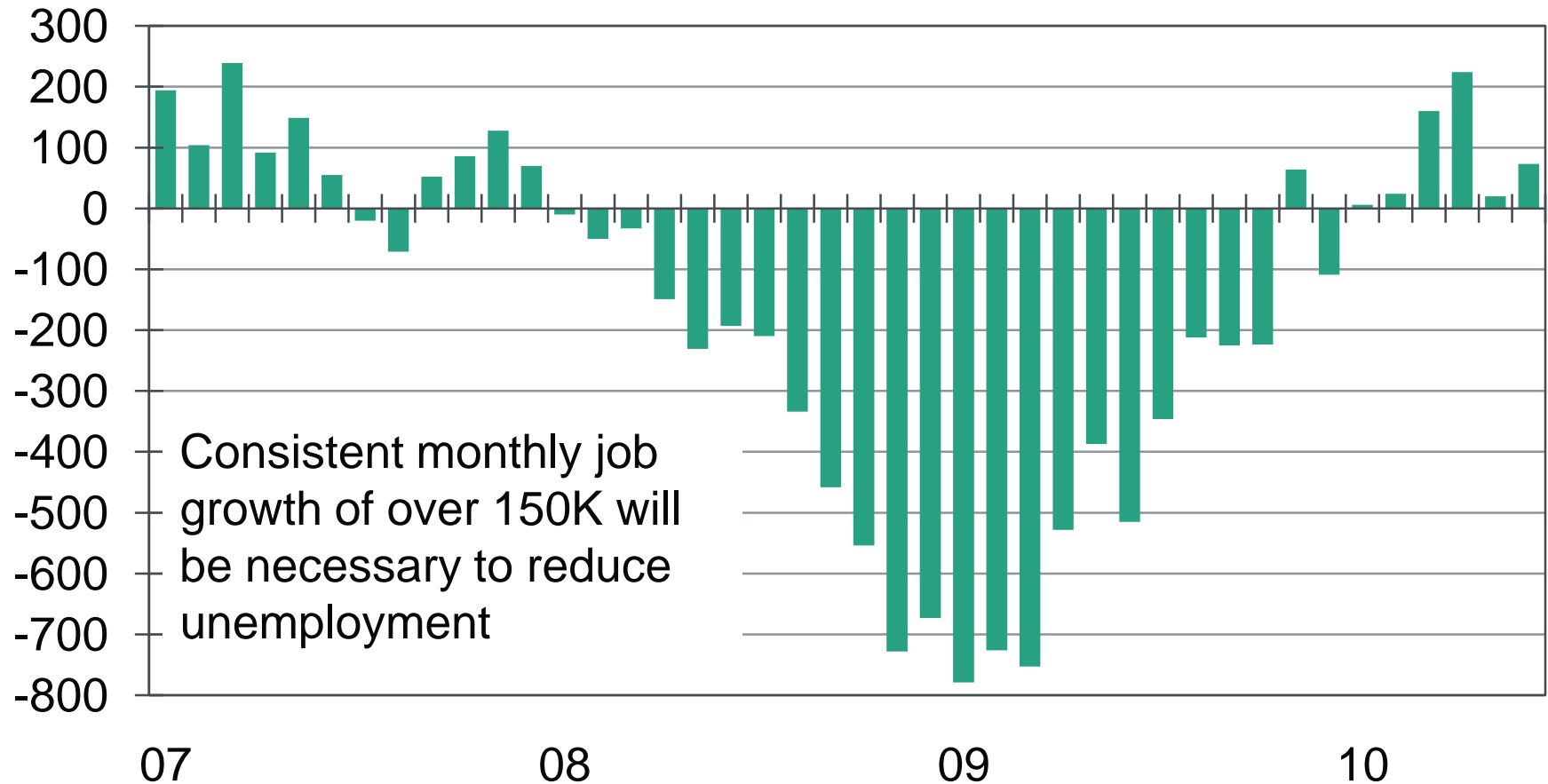


Struggling to Escape the Fallout of the Great Recession

STEVE COCHRANE, MANAGING DIRECTOR

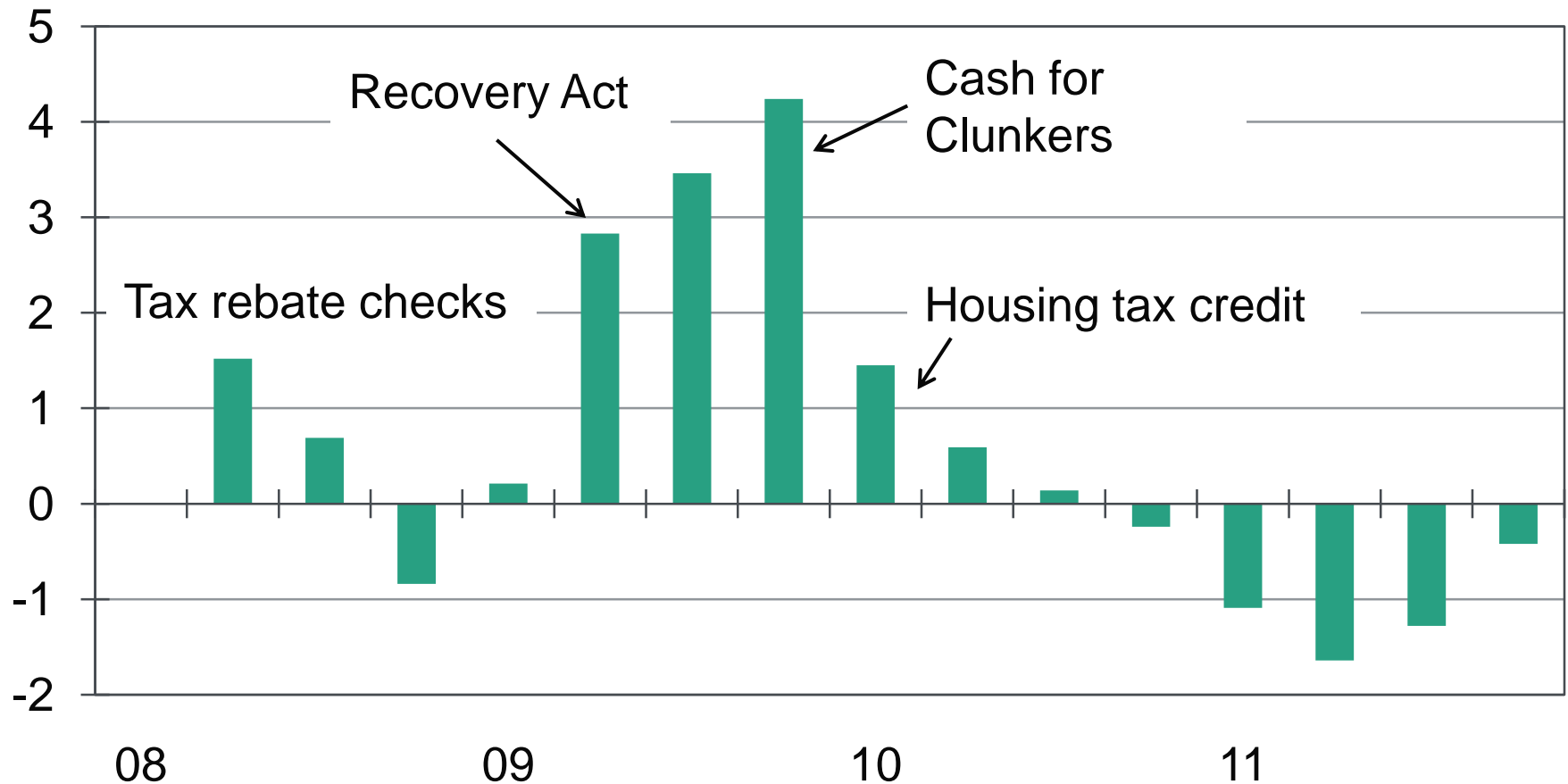
A Fragile Economic Recovery...

Monthly payroll employment change, ex Census jobs, ths



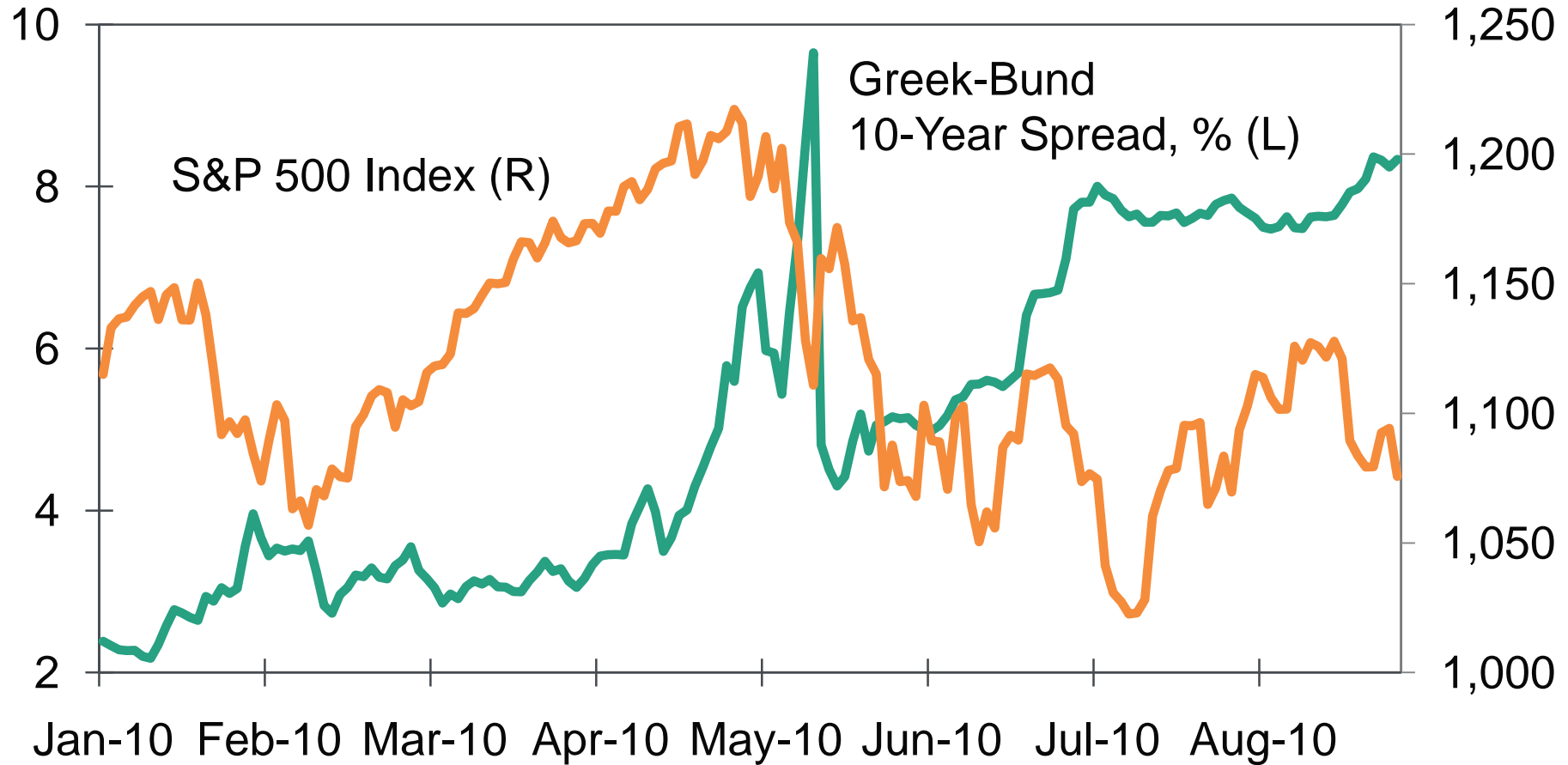
...As Fiscal Stimulus Fades

Contribution to real GDP growth, %



Source: Moody's Analytics

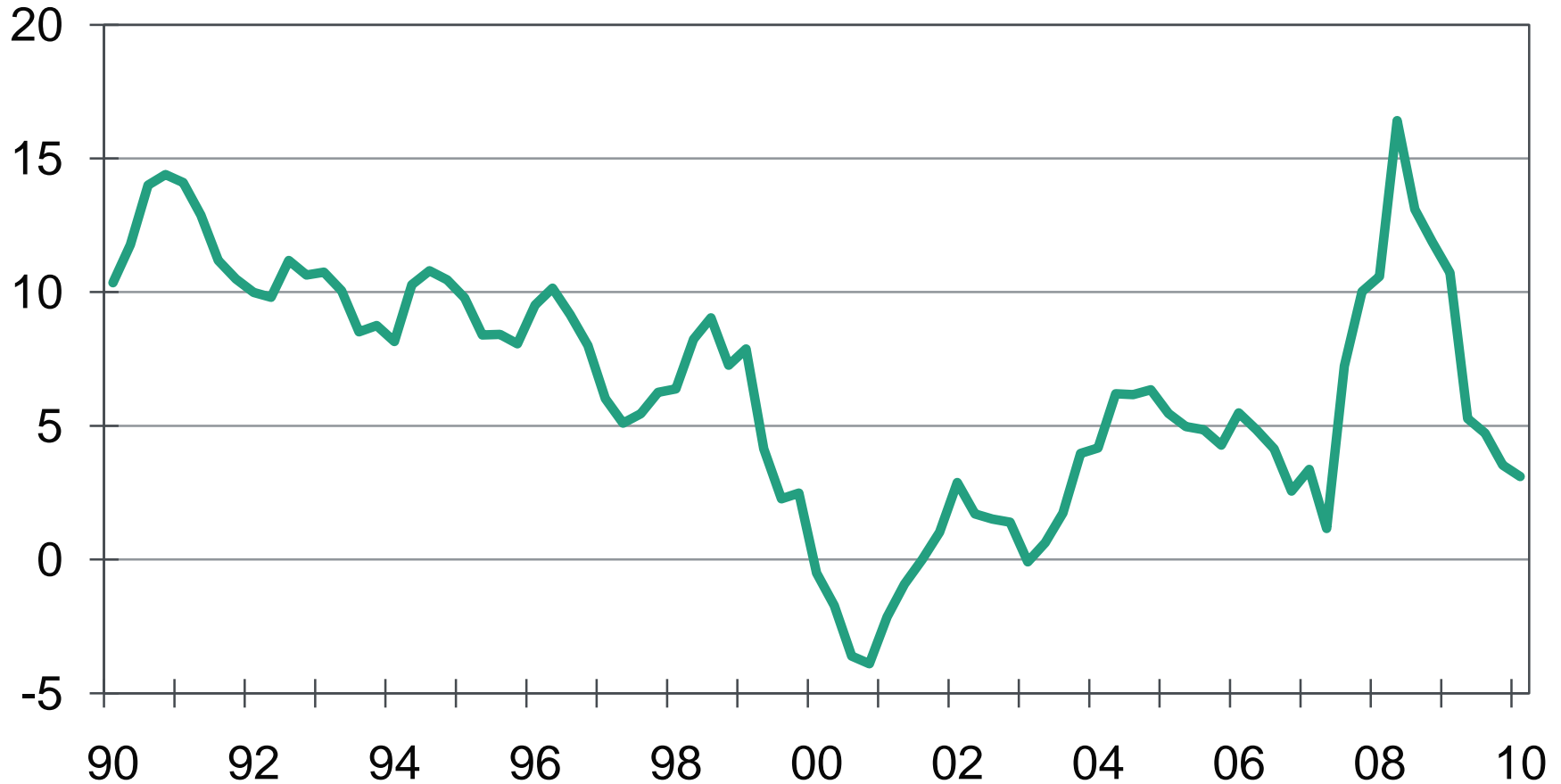
The Euro Debt Crisis Hammers Confidence...



Sources: Bloomberg, S&P, Moody's Analytics

...Especially of Nervous High Income Households

Personal saving rate for families in top fifth of income distribution



Sources: Federal Reserve, Moody's Analytics

Hiring Is Dormant

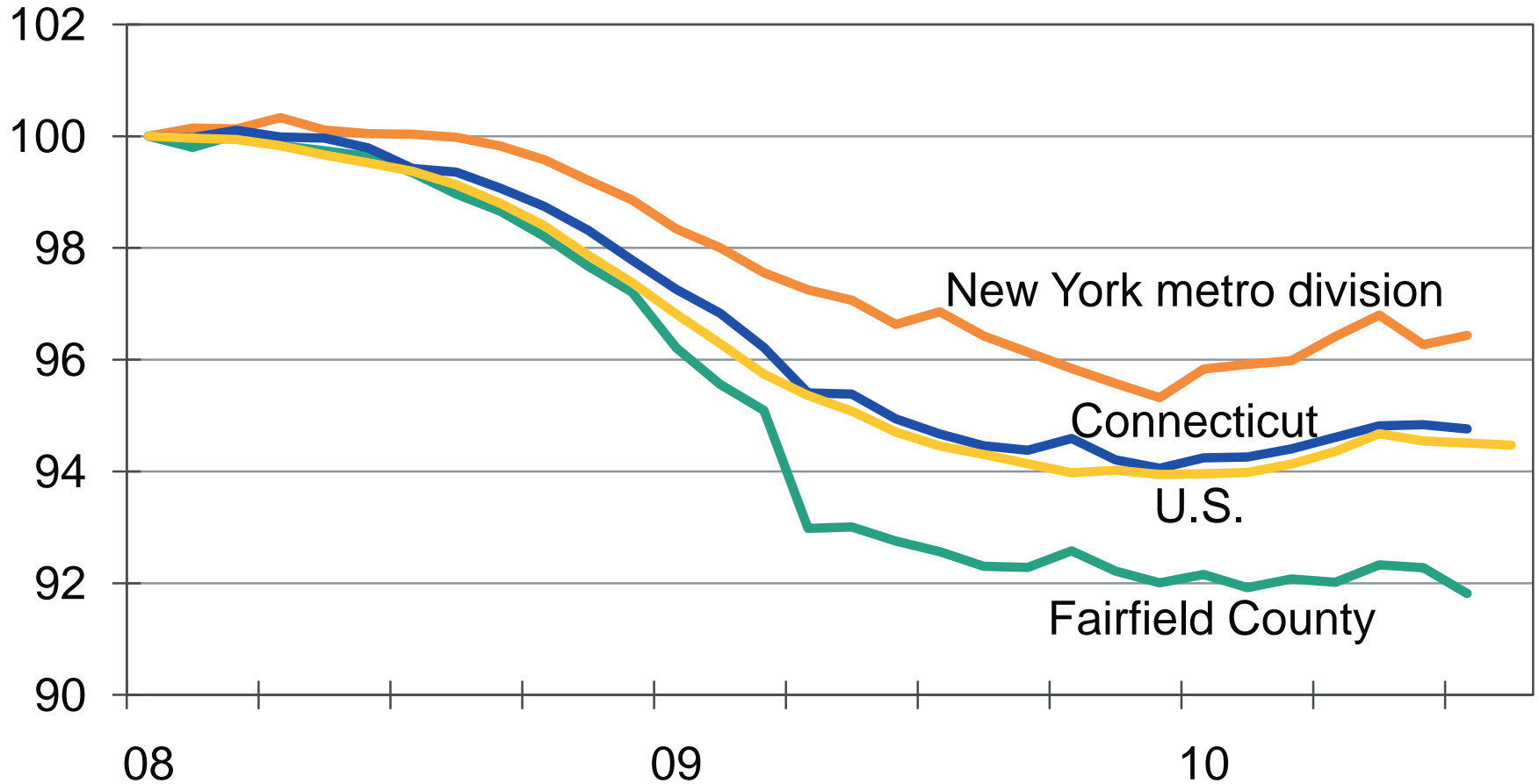
Number of monthly hires ex Census, ths, SA



Source: Bureau of Labor Statistics

Local Employment is Weak...

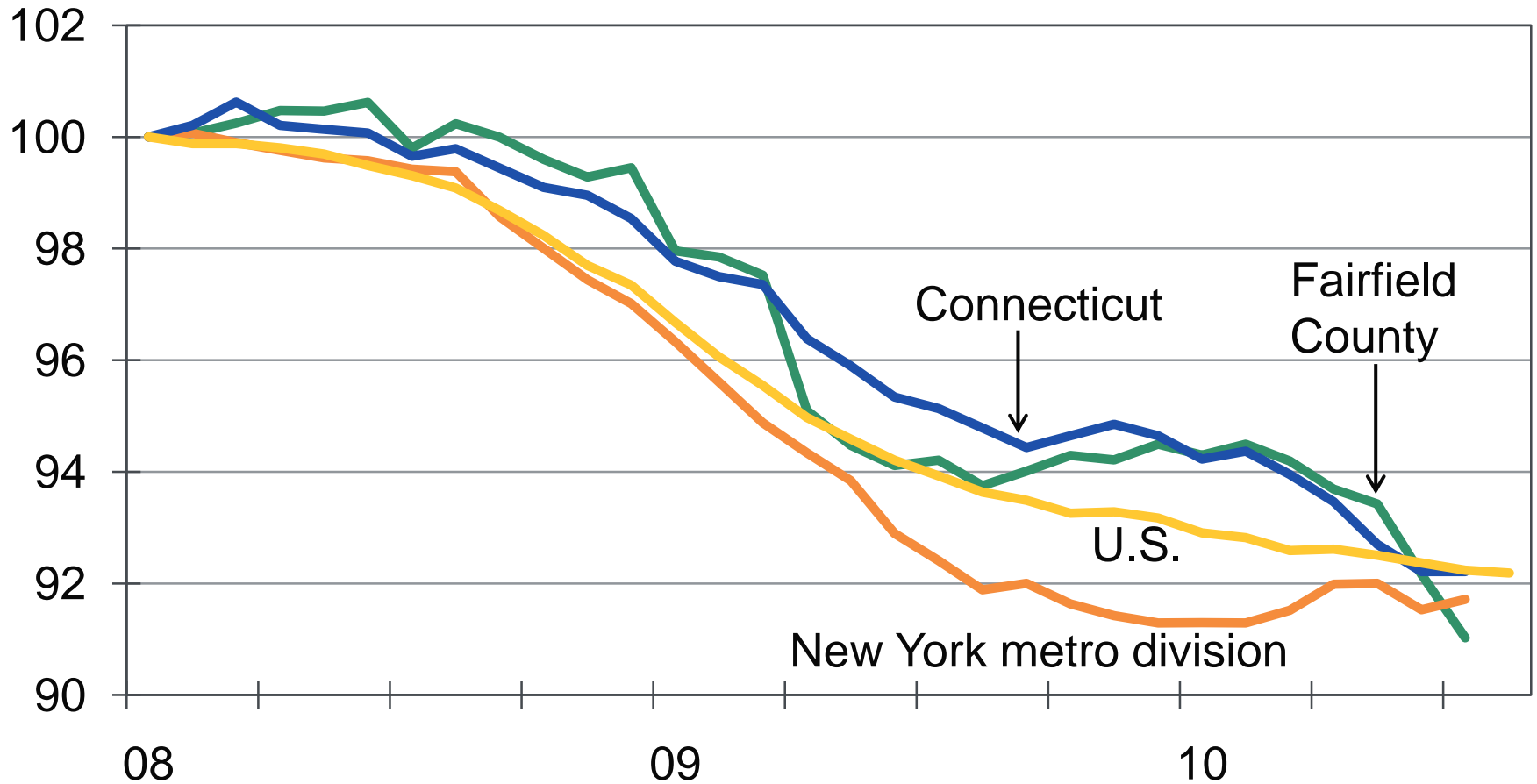
Employment, total payroll, index: Jan08=100



Source: BLS, Moody's Analytics

...With Financial Services Uncertain

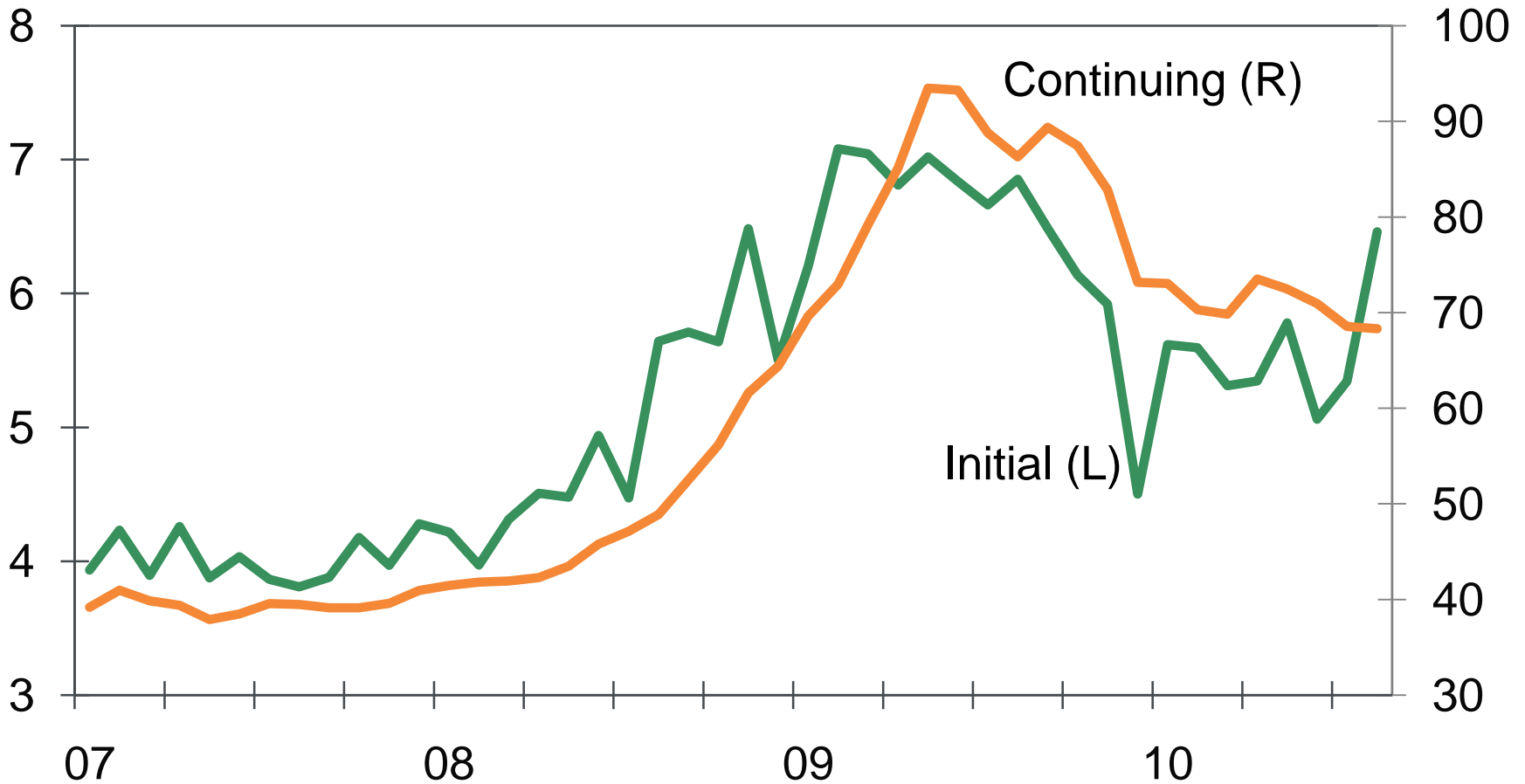
Employment, financial services, index: Jan08=100



Source: BLS, Moody's Analytics

Unemployment Claims Ticked Up in August

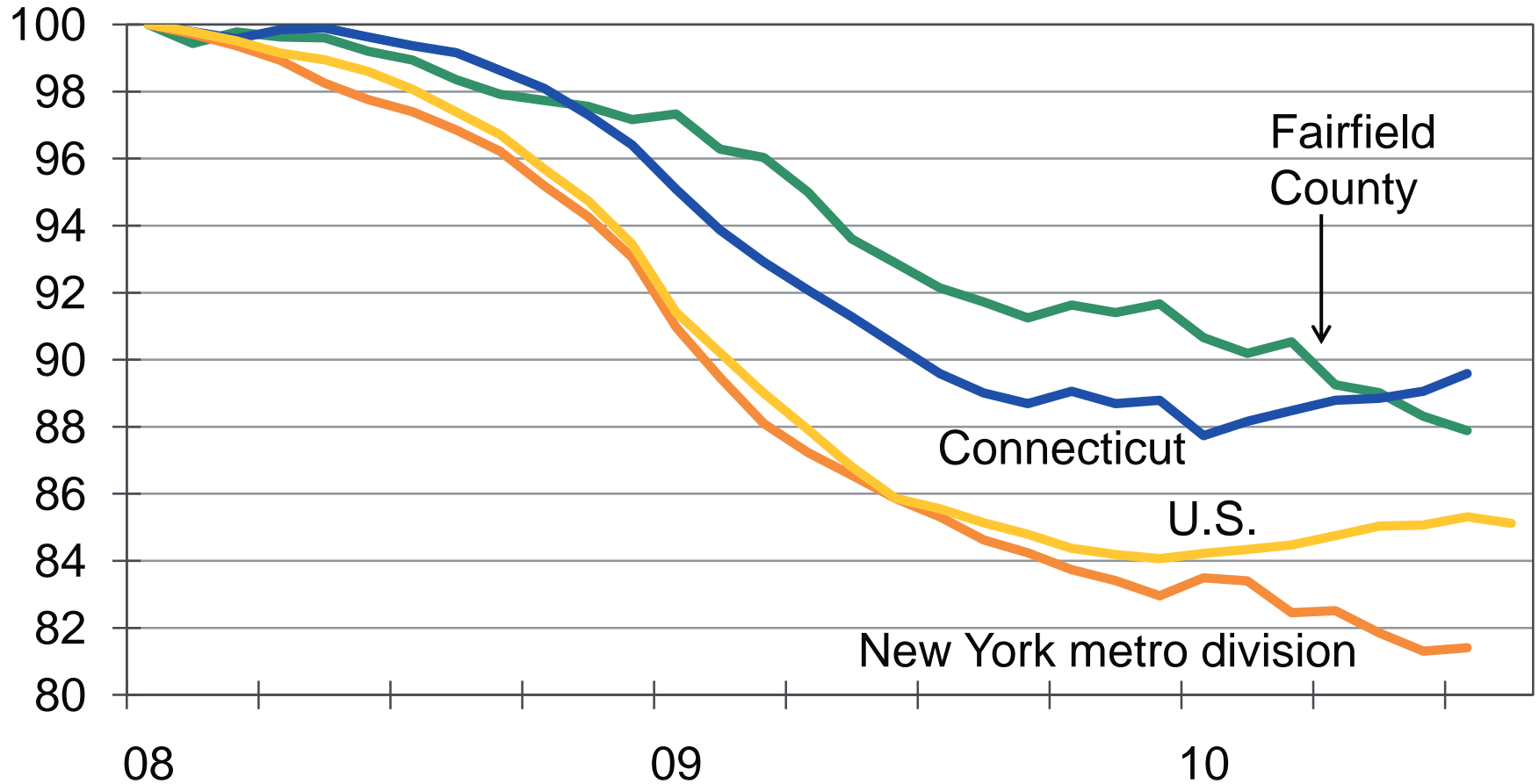
Connecticut unemployment insurance claims, ths, SA



Source: DOL

But Manufacturing is More Stable

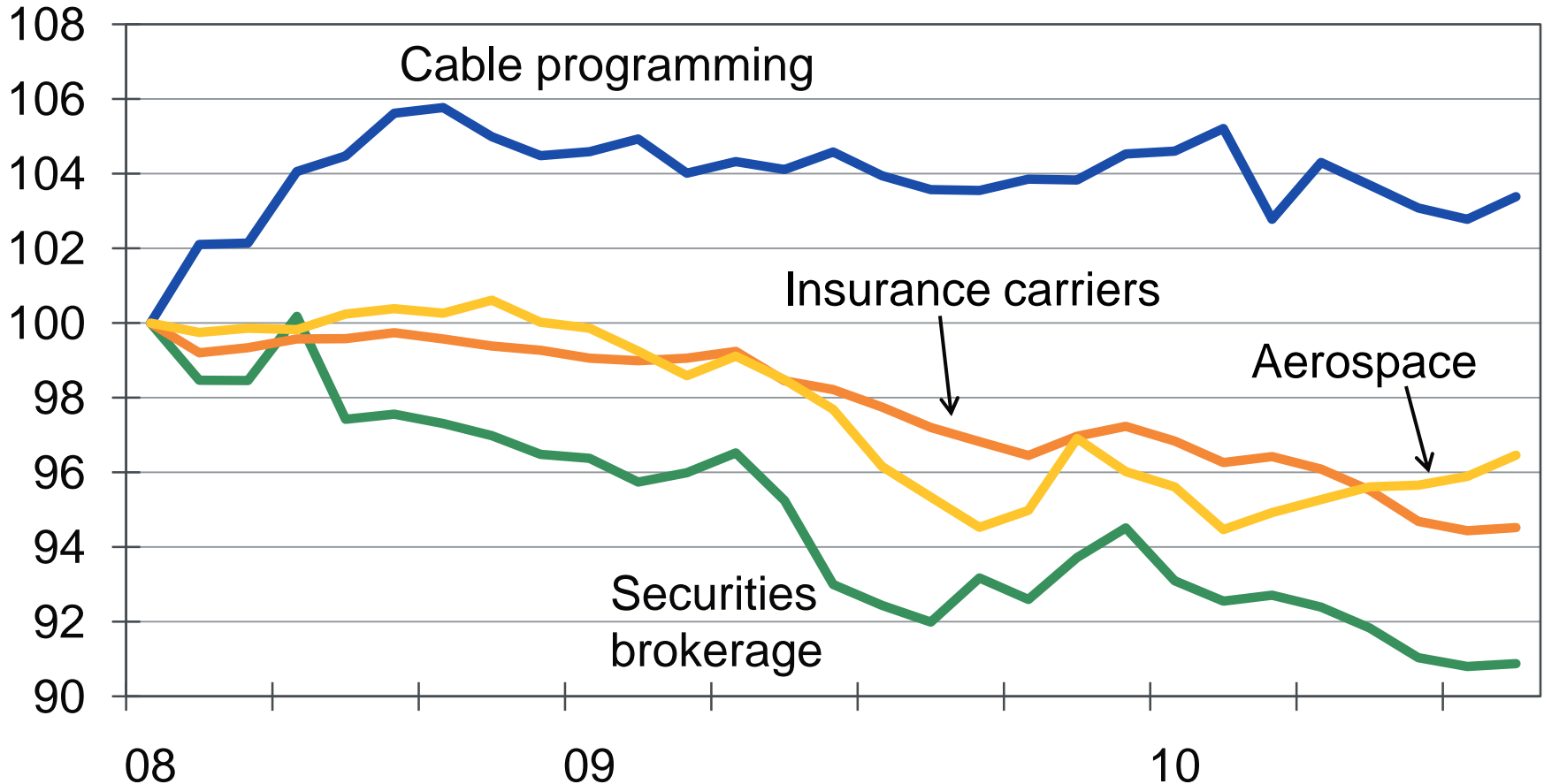
Employment, manufacturing, index: Jan08=100



Source: BLS, Moody's Analytics

Flagship Industries Struggle to Recover

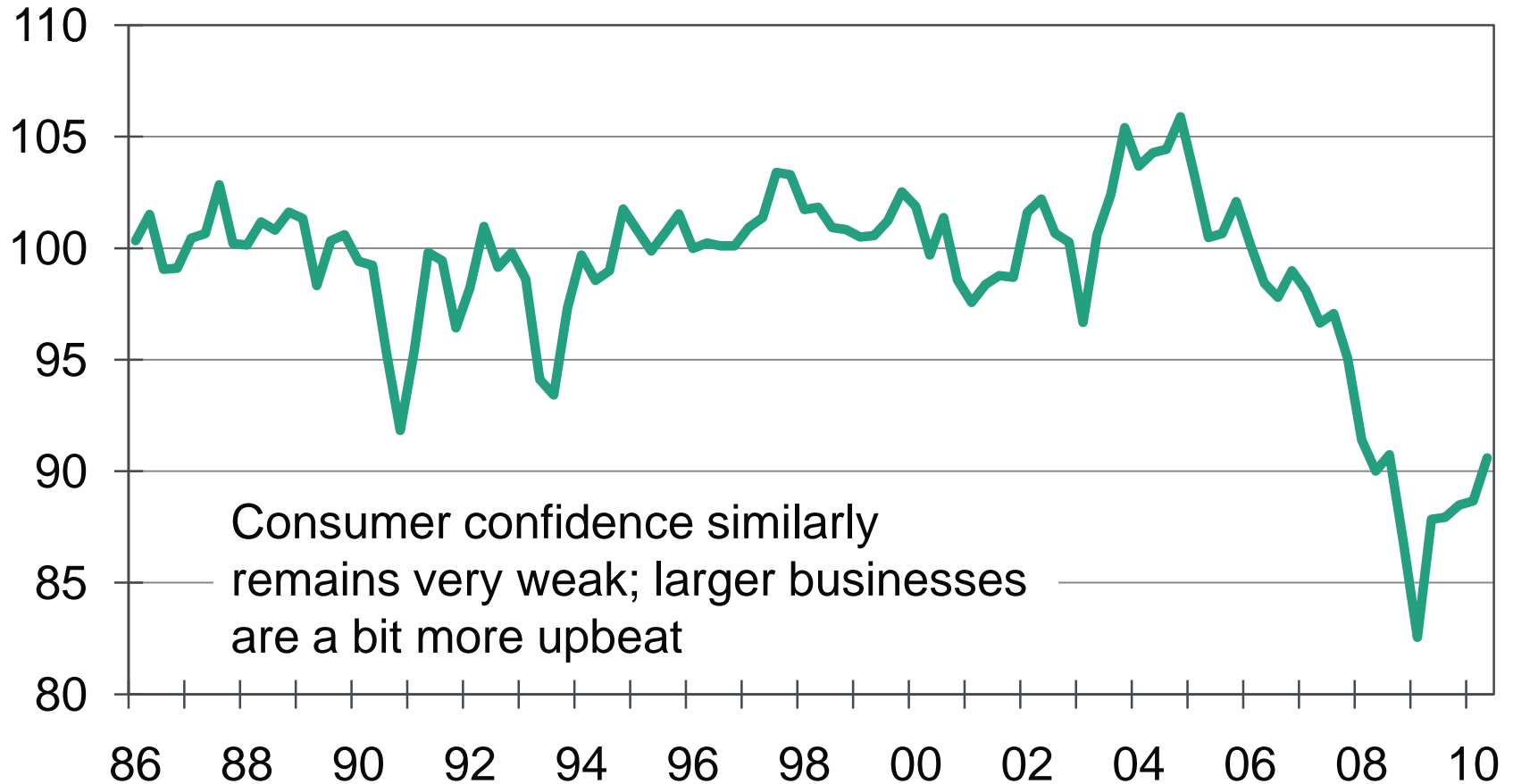
Employment, Mar 2008=100



Sources: BLS, Moody's Analytics

Businesses Remain Very Anxious

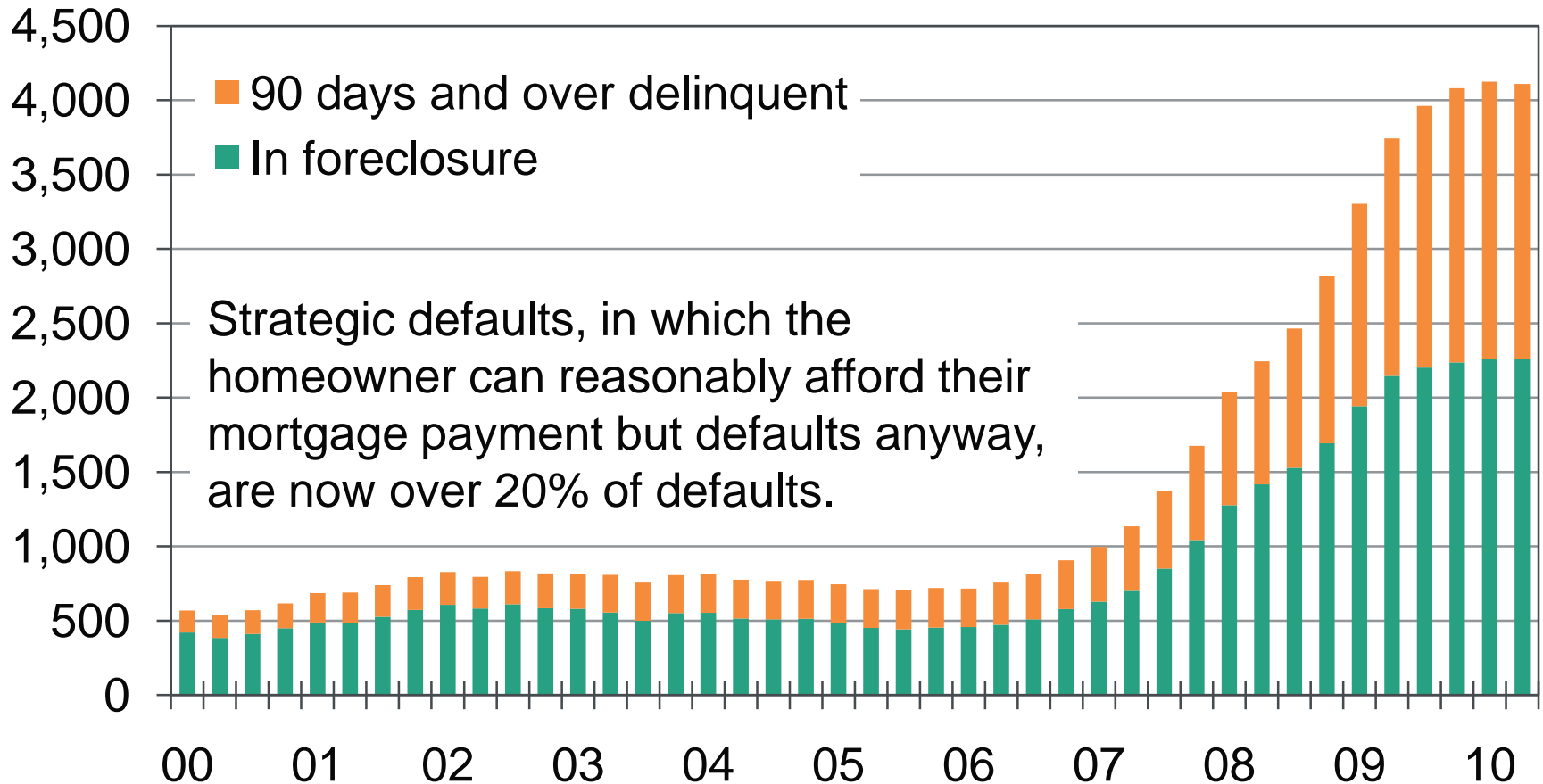
Small business confidence index, 1986=100



Source: NFIB

The Foreclosure Crisis Continues on...

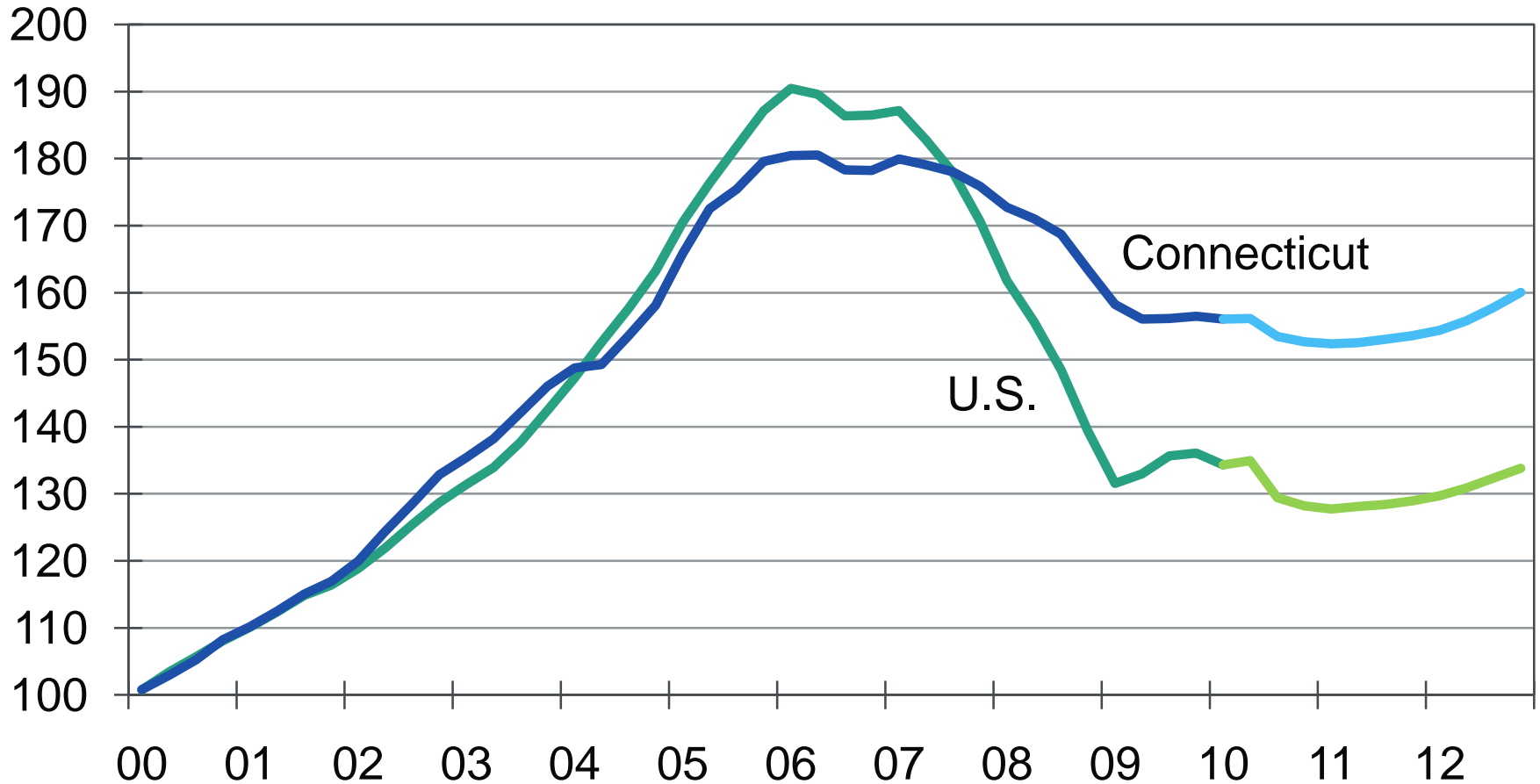
First mortgage loans, ths



Sources: Equifax, Moody's Analytics

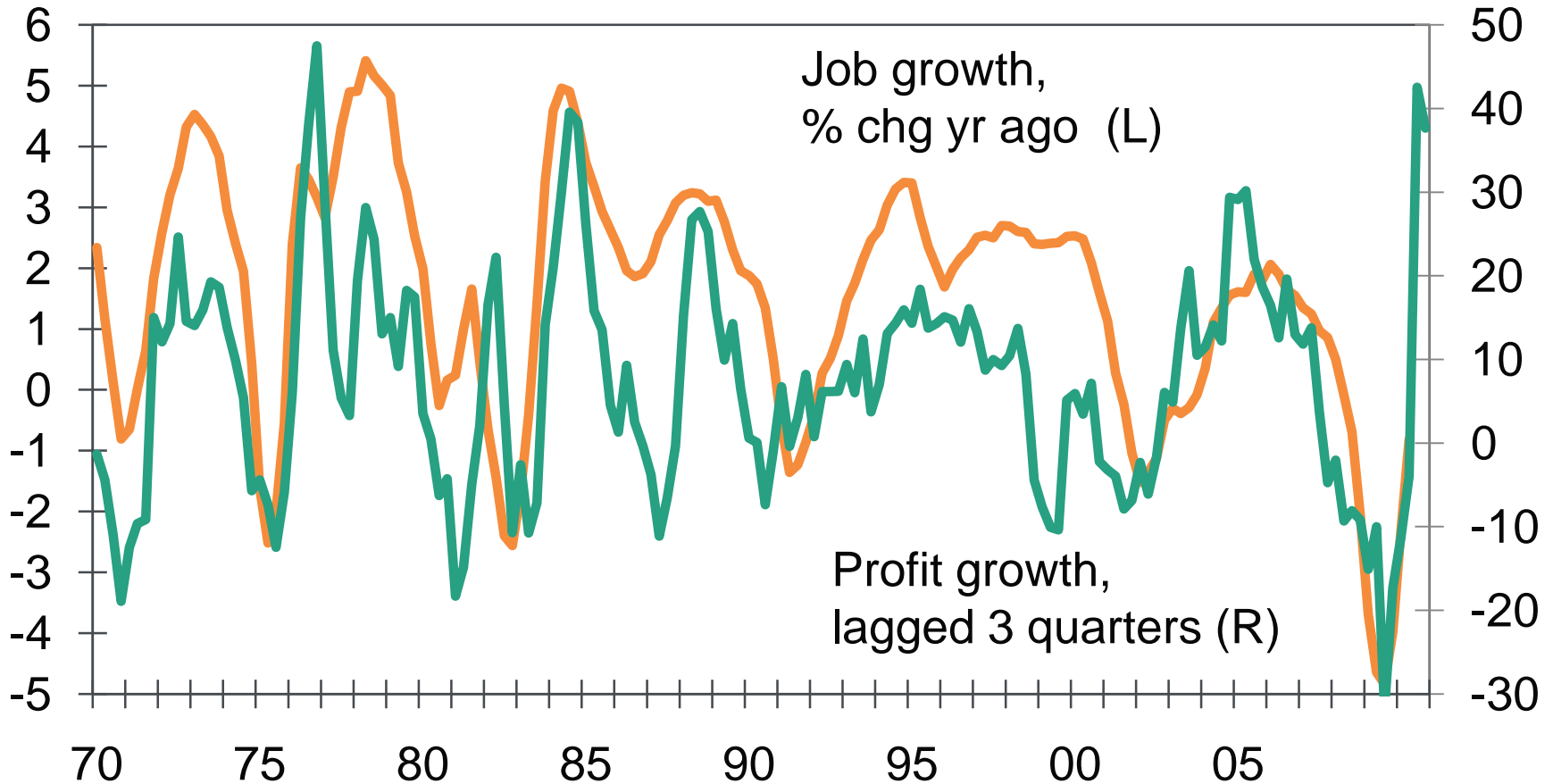
And More House Price Declines Are Likely

Case Shiller[®] Home Price Index: 2000Q1 = 100



Source: BLS, Moody's Analytics

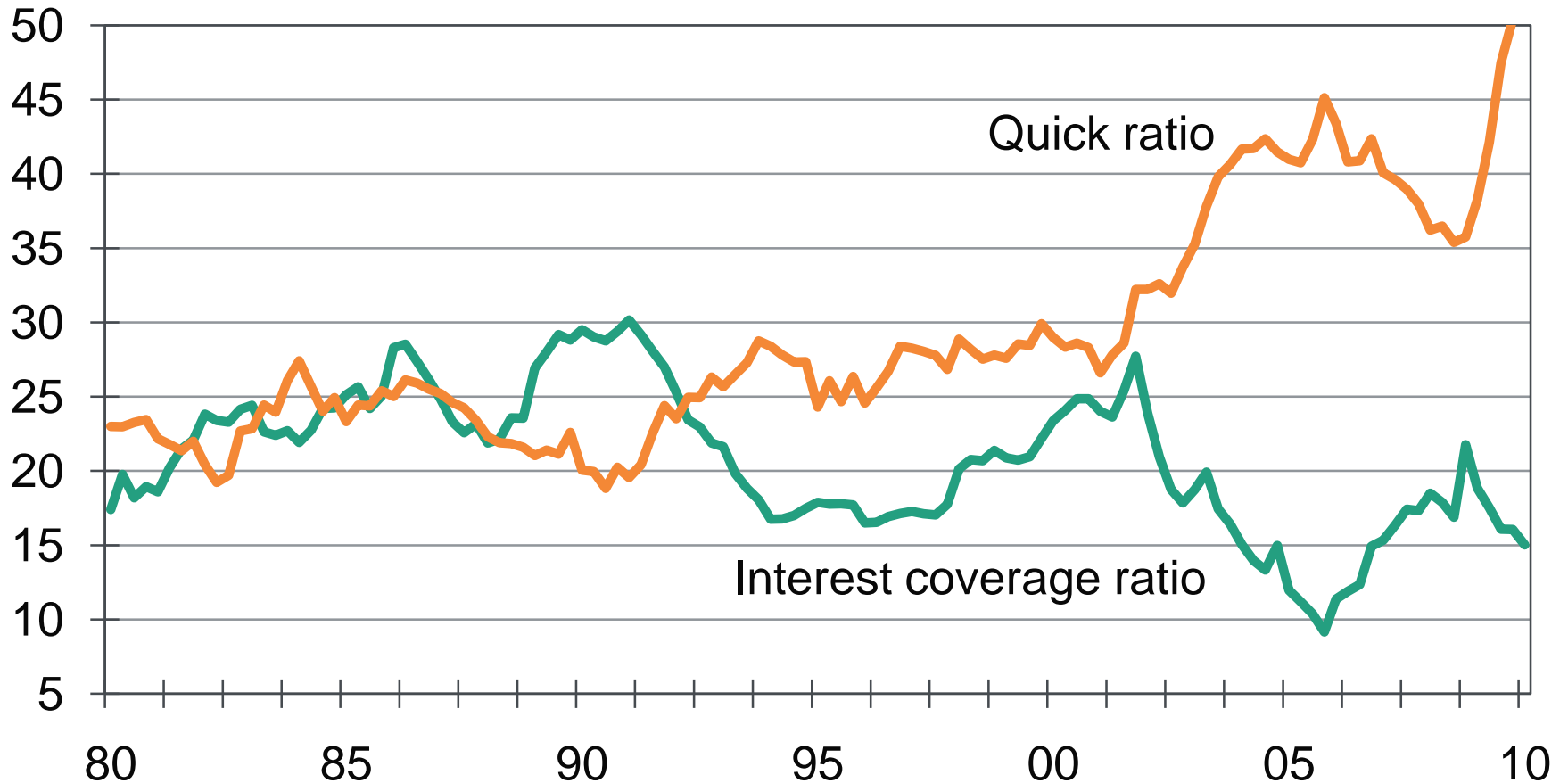
Profits Surge and Jobs Should Follow...



Sources: BLS, BEA

...Given Solid Business Balance Sheets

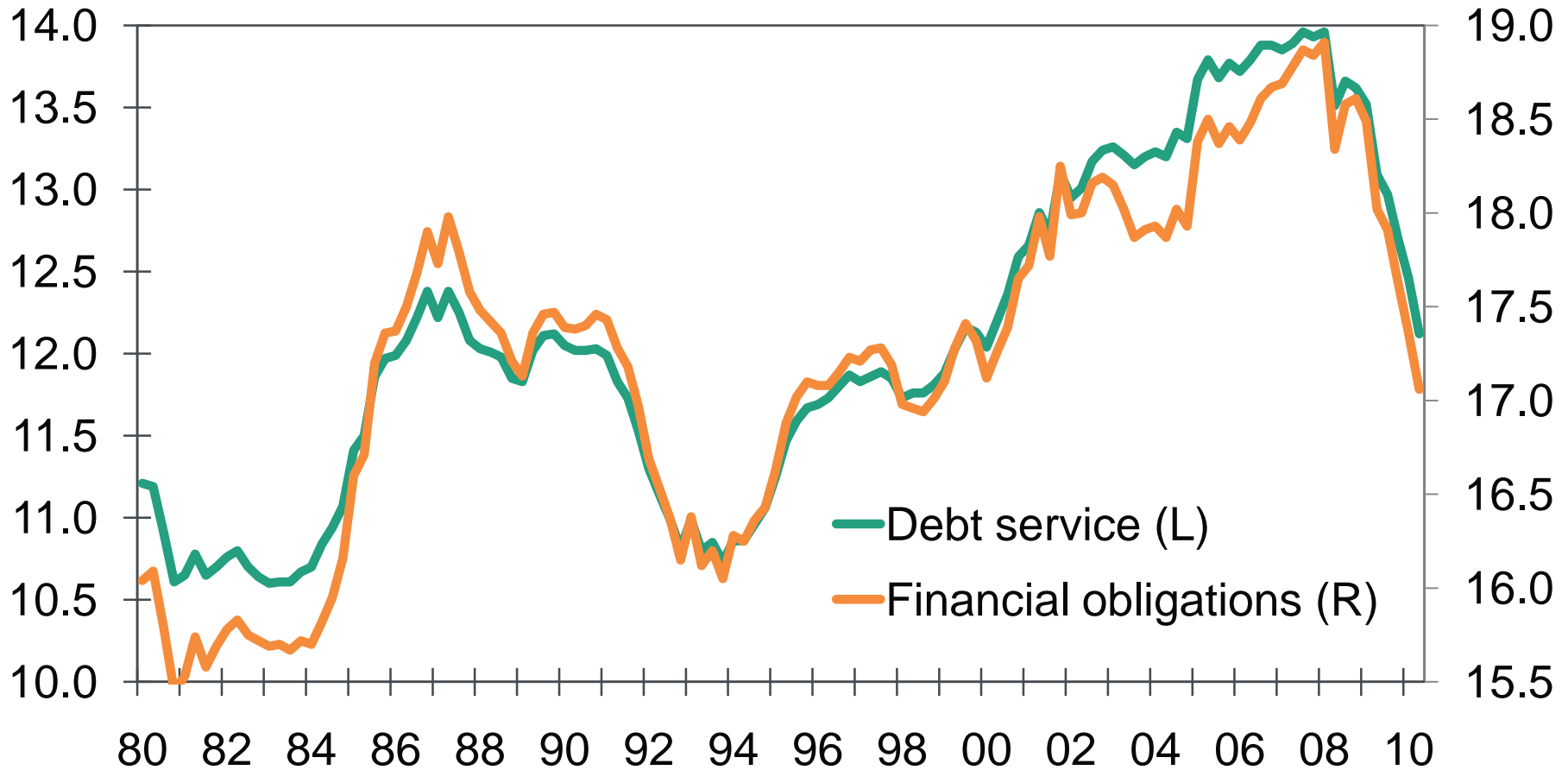
Nonfinancial corporate businesses



Sources: Federal Reserve, Moody's Analytics

Household Debt Burdens are Falling Fast...

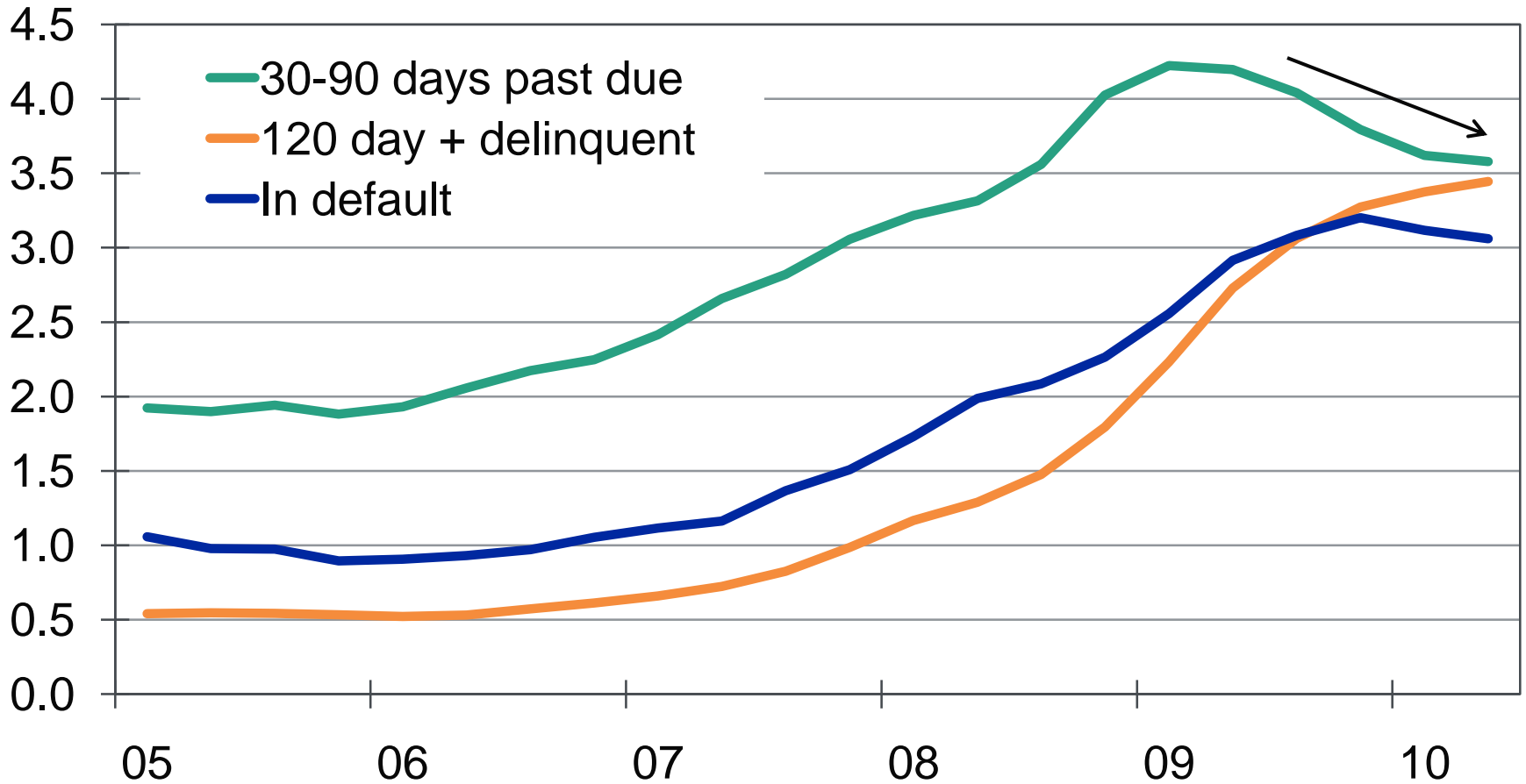
% of disposable income



Sources: Federal Reserve, BEA, Moody's Analytics

...Leading to Better U.S. Credit Quality

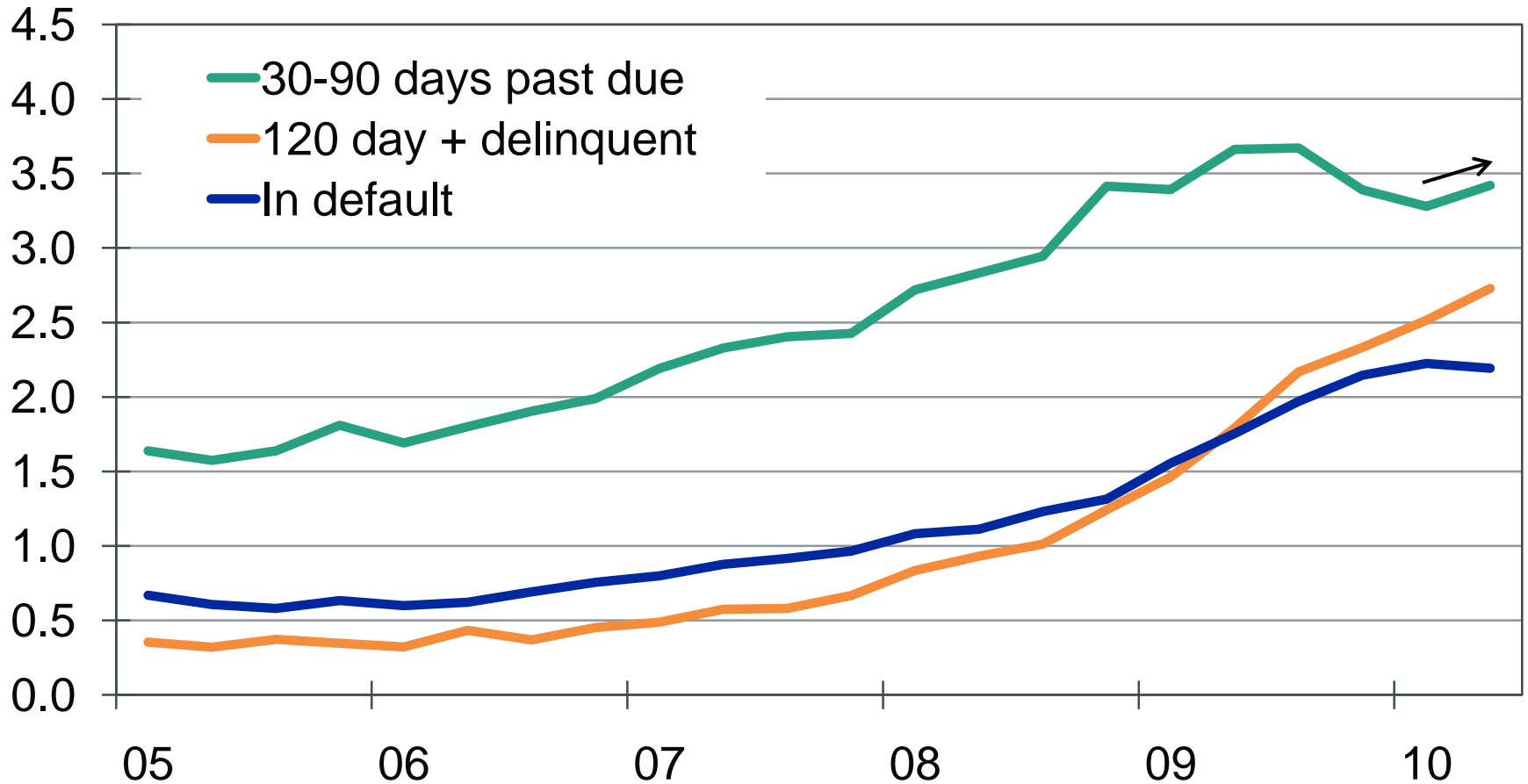
% of \$ amount of households liabilities outstanding, U.S.



Sources: Equifax, Moody's Analytics

A Similar, But Tentative, Pattern in Connecticut

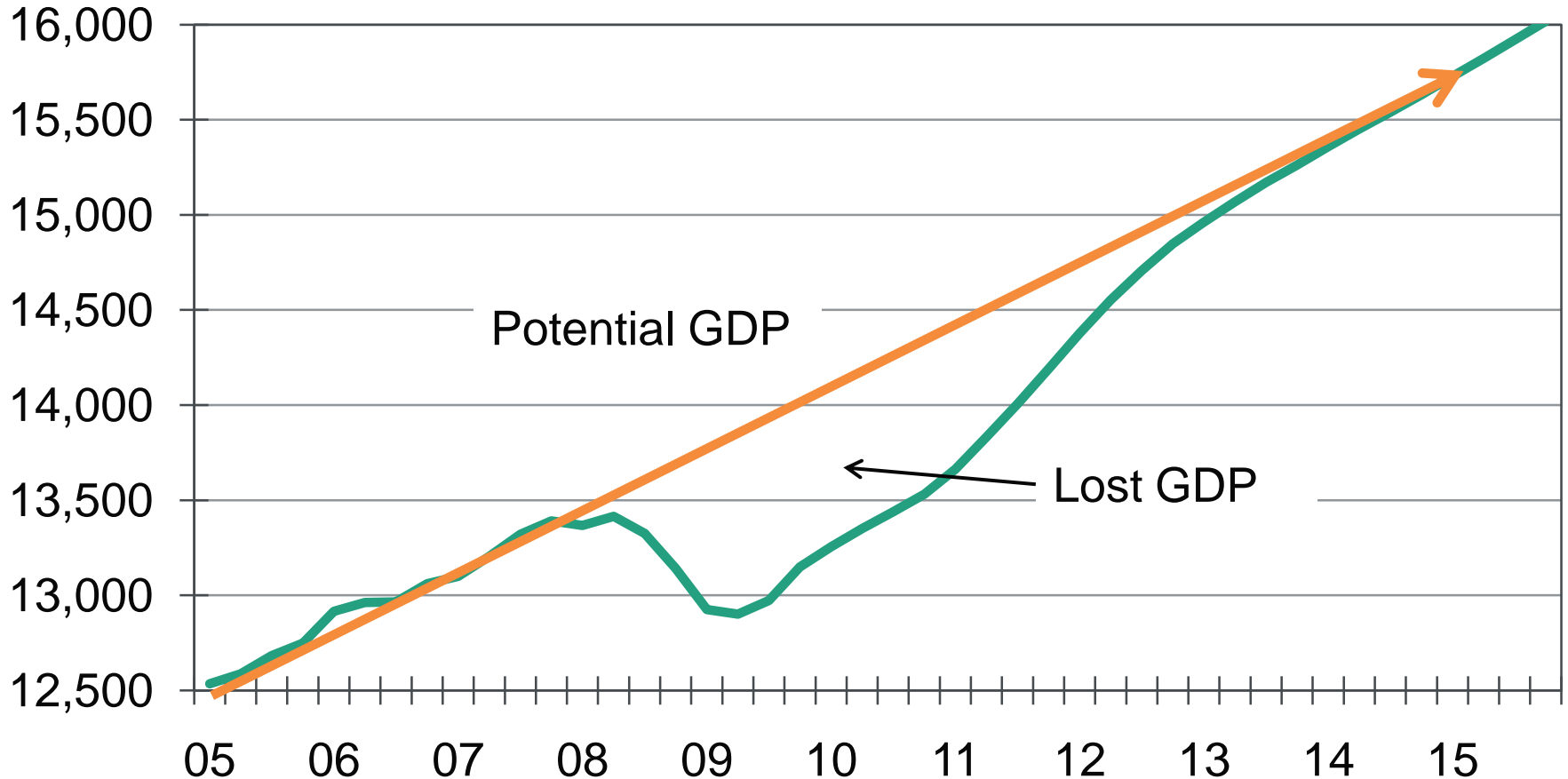
% of \$ amount of households liabilities outstanding, Connecticut



Sources: Equifax, Moody's Analytics

Very Costly, but Not a Hit to Potential GDP...

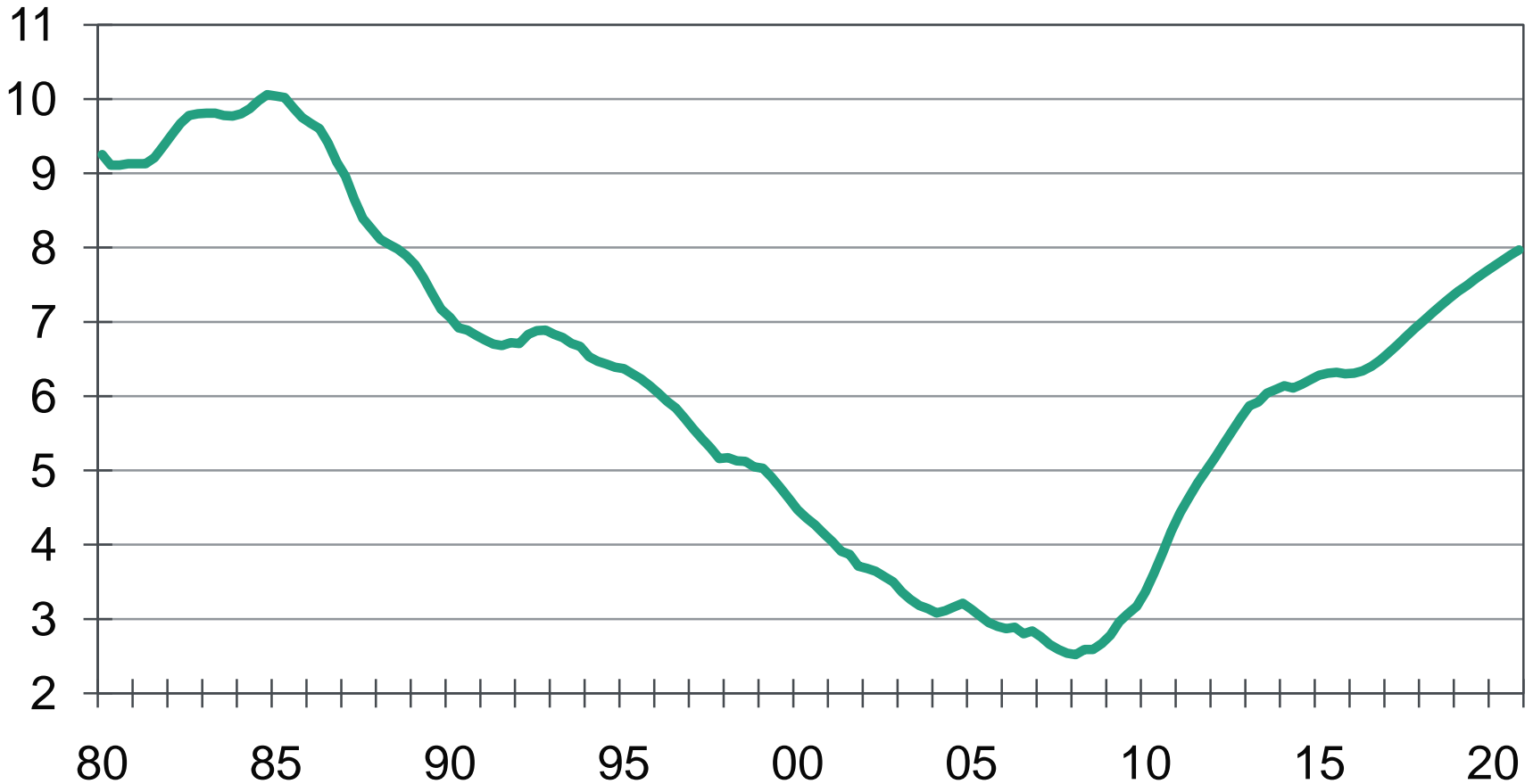
Real GDP, 2005 \$ bil



Sources: BEA, Moody's Analytics

...But an Inflection Point for Consumers...

Personal saving rate, 5-year MA

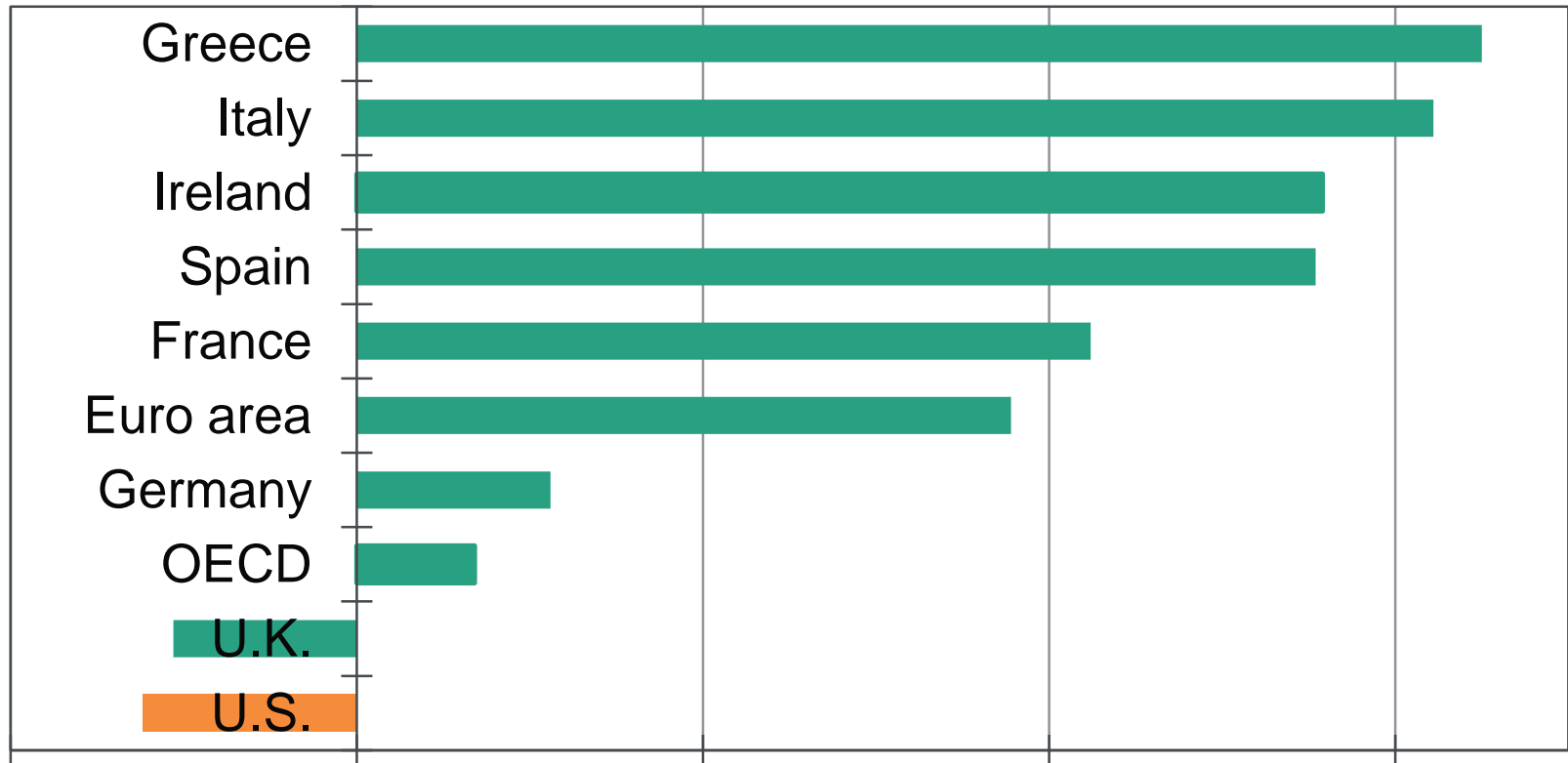


Sources: BEA, Moody's Analytics

...And Exports Must Pick-Up the Slack

Unit labor costs in euros, % chg, past decade

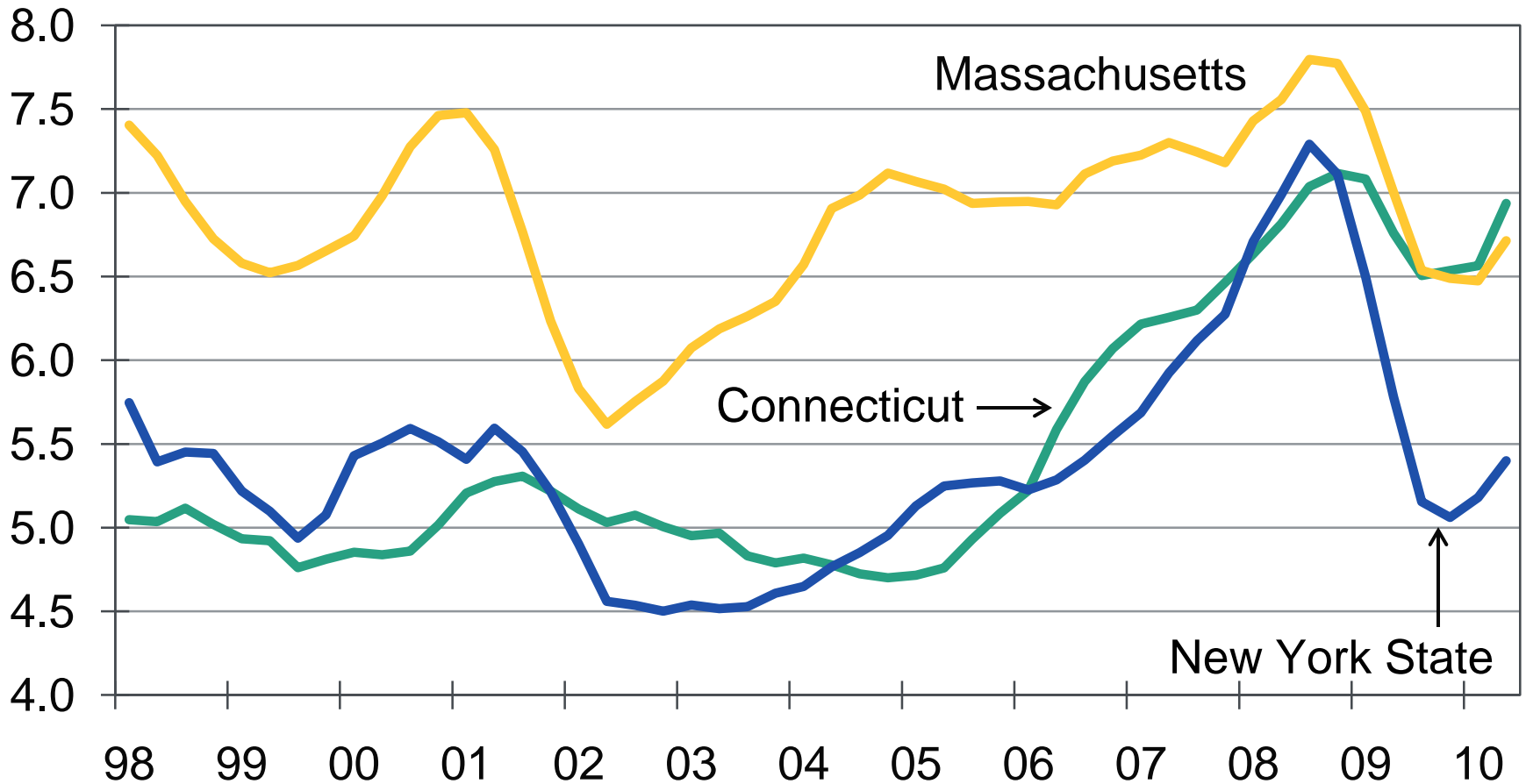
-10% 0% 10% 20% 30%



Sources: OECD, Moody's Analytics

Connecticut's Economy Increasingly Globalized

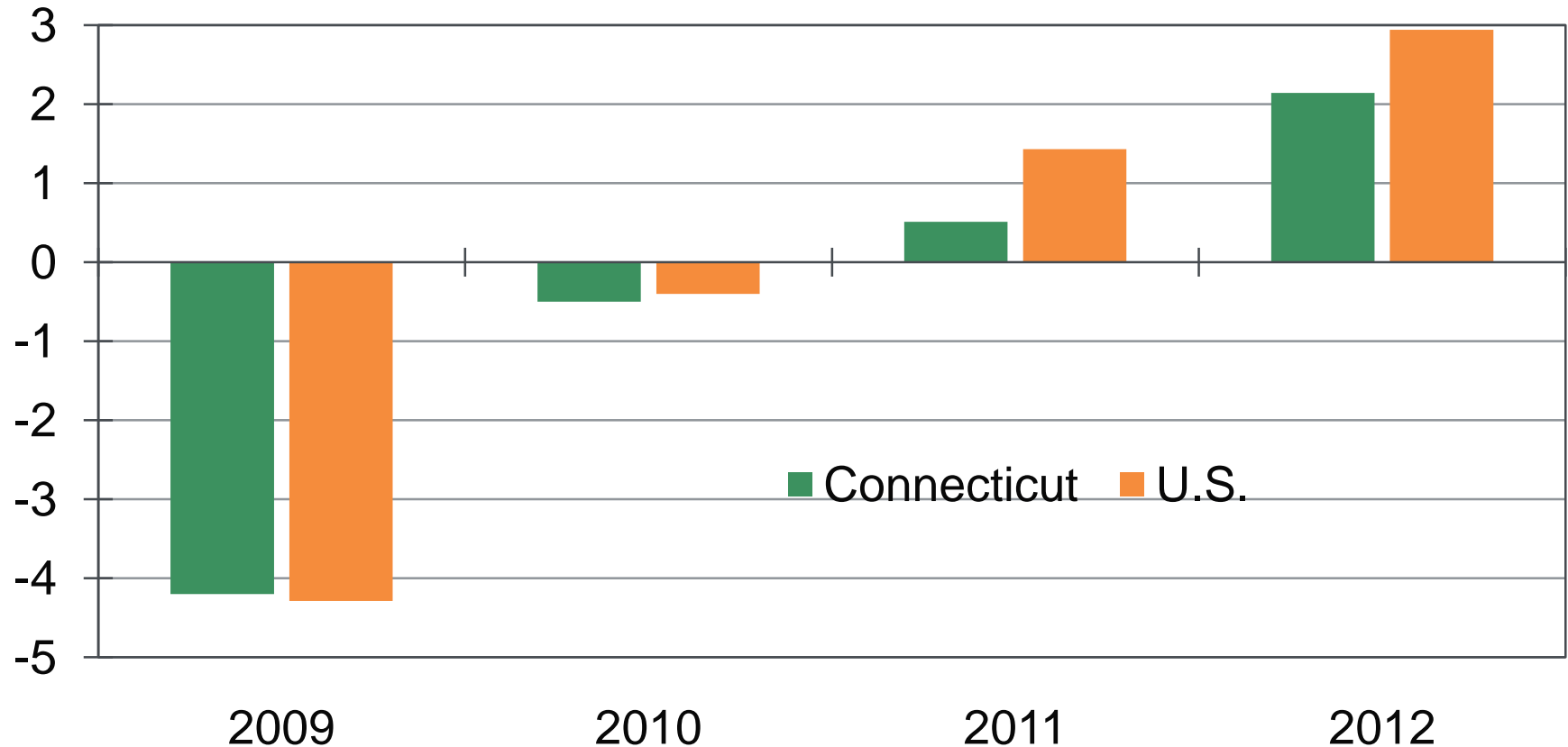
Commodity and goods exports, % of GSP, 4-qtr MA



Sources: Census, BEA, Moody's Analytics

A Slow Turnaround is Coming

Employment, % change



Source: Moody's Analytics

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