

I Will Survive

**Anirban Basu, Chairman and C.E.O,
Sage Policy Group, Inc.**



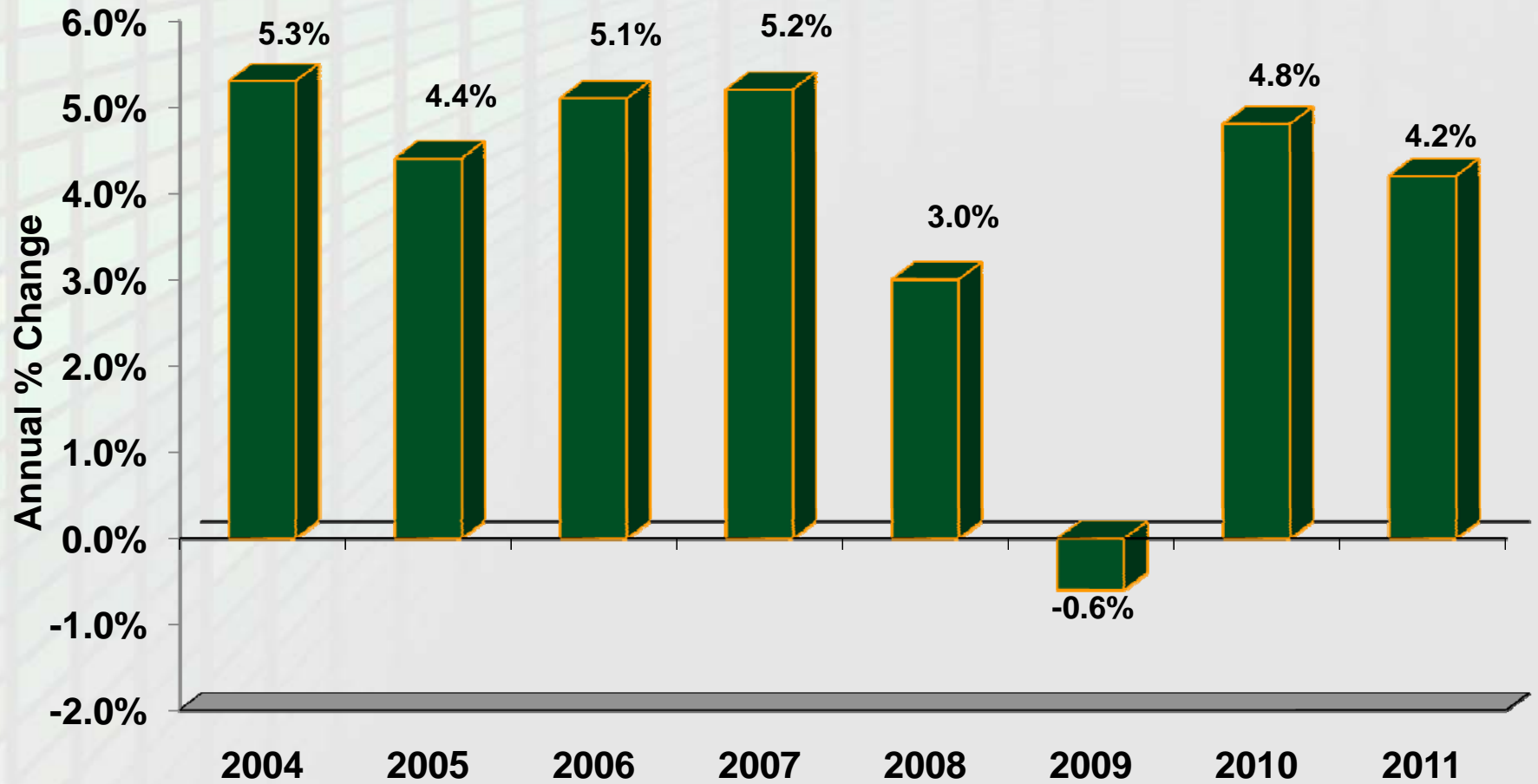
Joy to the World





Source: International Monetary Fund

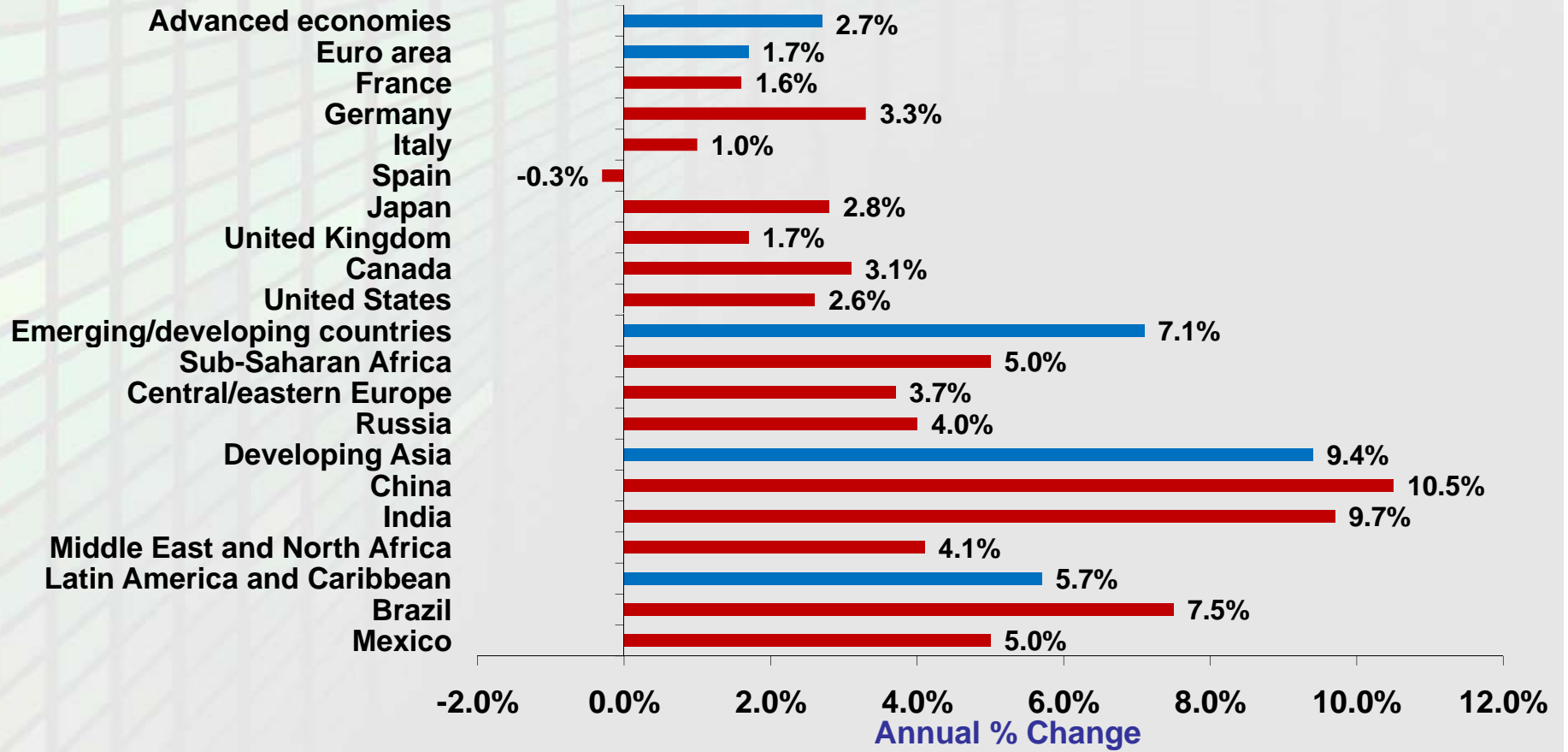
*2010-2011 data are projections



Historic and Projected World Output Growth
*2004 through 2011**



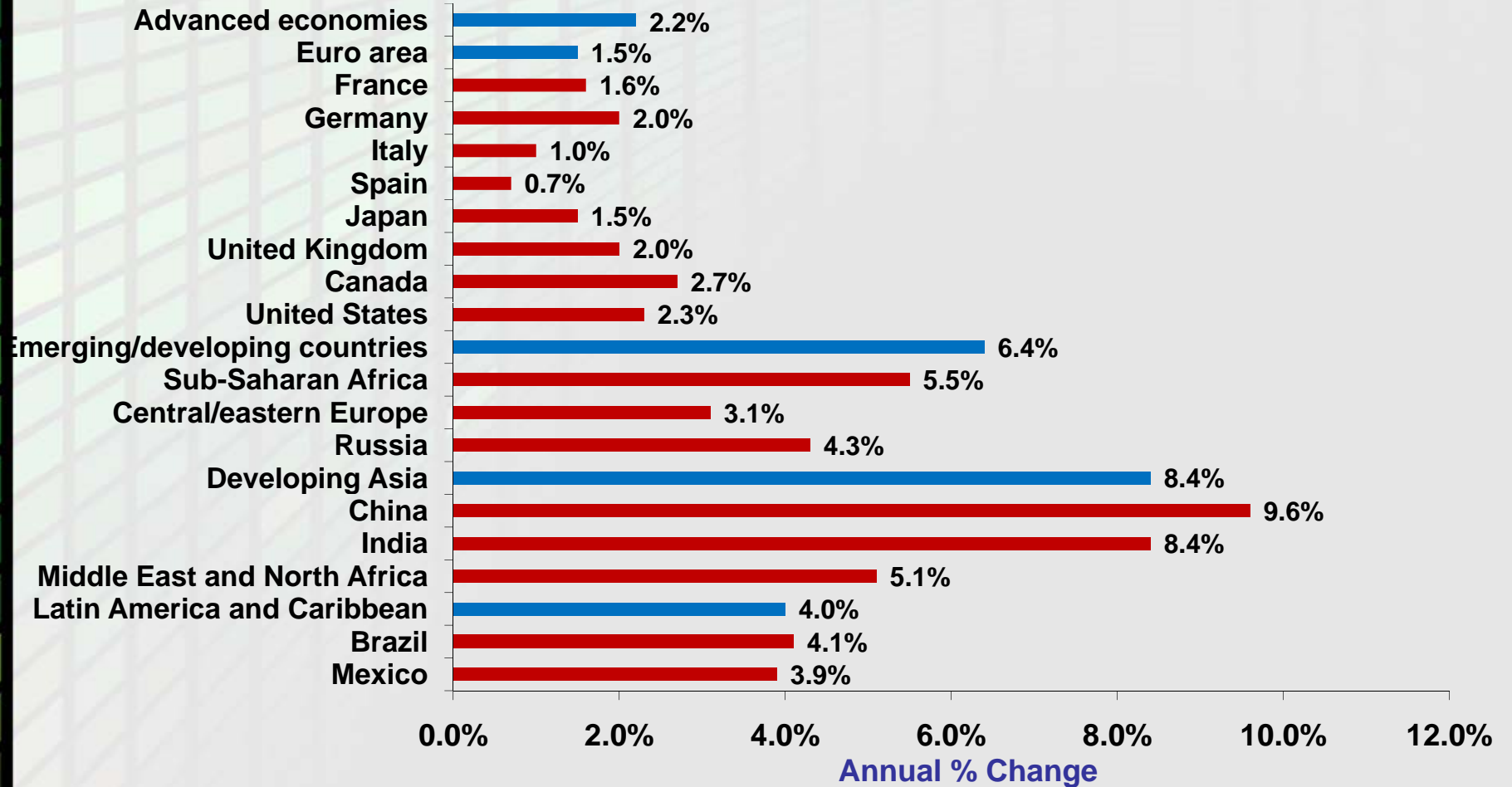
Source: International Monetary Fund



Estimated Growth in Output by Select Global Areas
2010 Projected



Source: International Monetary Fund



Estimated Growth in Output by Select Global Areas
2011 Projected



Source: Yahoo! Finance

Rank	Exchange	Index	2008 % Change
3	London SE	FTSE 100	-31.3%
1	NYSE Group	DJI A	-33.8%
12	Swiss Exchange	Swiss Market	-34.2%
9	TSX Group	S&P TSX Composite	-35.4%
2	Nasdaq	NASDAQ Composite	-39.6%
8	Bolsa De Madrid	Madrid General	-40.0%
6	Frankfurt SE	DAX	-40.2%
4	Tokyo SE	Nikkei 225	-41.5%
5	Euronext	CAC 40	-42.6%
11	Hong Kong Exchanges	Hang Seng Index	-47.9%
10	Borsa Italiana	MIBTel	-48.5%
7	Shanghai SE	Shanghai Composite	-65.4%

Top 12 Stock Exchanges *2008 Growth*



Source: Yahoo! Finance

Rank	Exchange	Index	2009 % Change
7	Shanghai SE	Shanghai Composite	77.2%
11	Hong Kong Exchanges	Hang Seng Index	51.4%
2	Nasdaq	NASDAQ Composite	43.7%
9	TSX Group	S&P TSX Composite	31.2%
6	Frankfurt SE	DAX	29.9%
1	NYSE Group	DJI A	26.8%
8	Bolsa De Madrid	Madrid General	26.7%
3	London SE	FTSE 100	22.1%
5	Euronext	CAC 40	21.5%
10	Borsa Italiana	FTSE MIB	19.5%
12	Swiss Exchange	Swiss Market	18.4%
4	Tokyo SE	Nikkei 225	16.6%

Top 12 Stock Exchanges *2009 Growth*



Source: Yahoo! Finance

Rank	Exchange	Index	2010 % Change
2	Nasdaq	NASDAQ Composite	16.9%
6	Frankfurt SE	DAX	16.1%
9	TSX Group	S&P TSX Composite	14.4%
1	NYSE Group	DJI A	11.0%
3	London SE	FTSE 100	9.0%
11	Hong Kong Exchanges	Hang Seng Index	5.3%
12	Swiss Exchange	Swiss Market	-1.7%
4	Tokyo SE	Nikkei 225	-3.0%
5	Euronext	CAC 40	-3.3%
10	Borsa Italiana	FTSE MIB	-13.2%
7	Shanghai SE	Shanghai Composite	-14.3%
8	Bolsa De Madrid	Madrid General	-19.2%

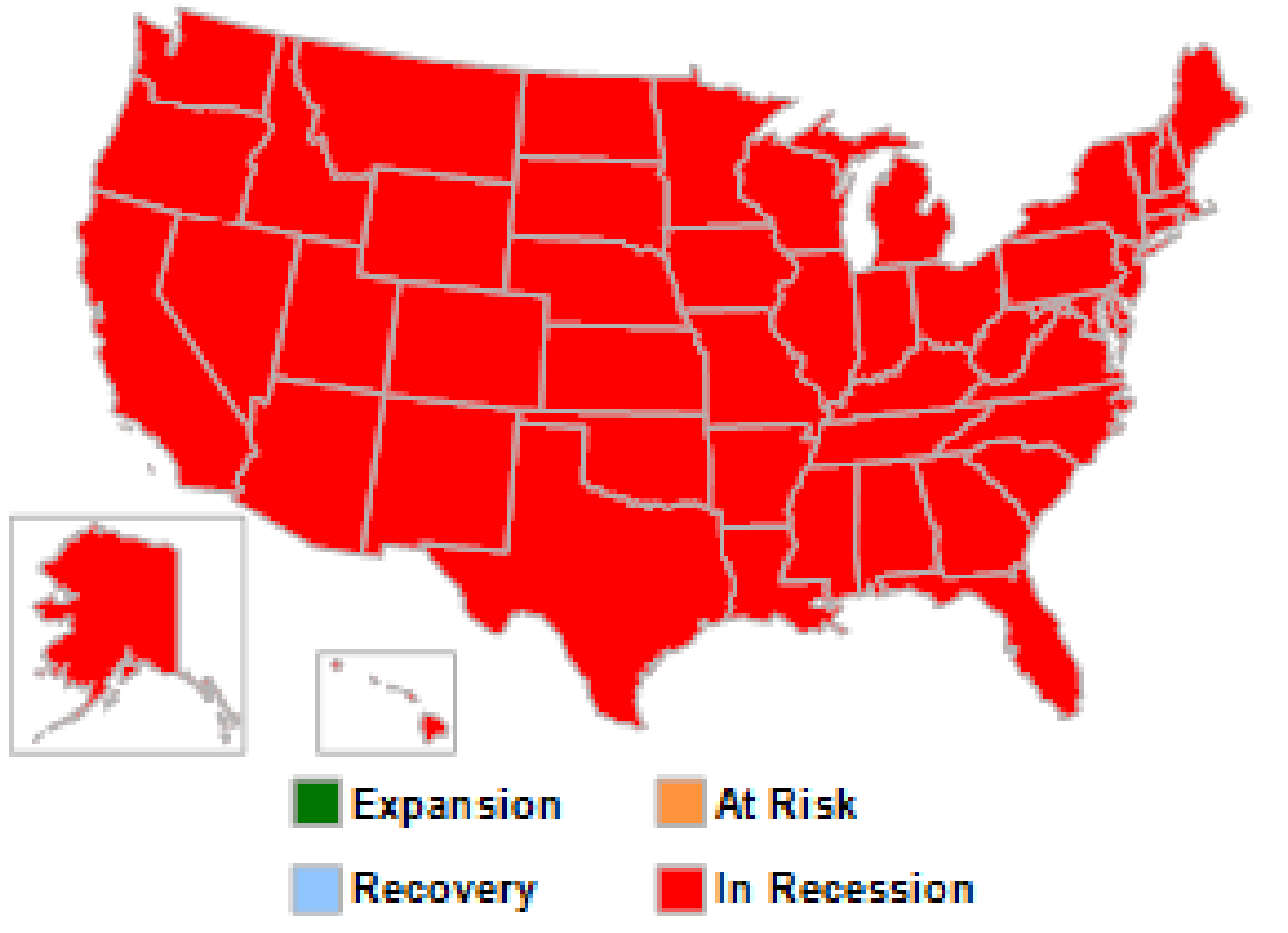
Top 12 Stock Exchanges *2010 Growth*

9 to 5





Source: Moody's Economy

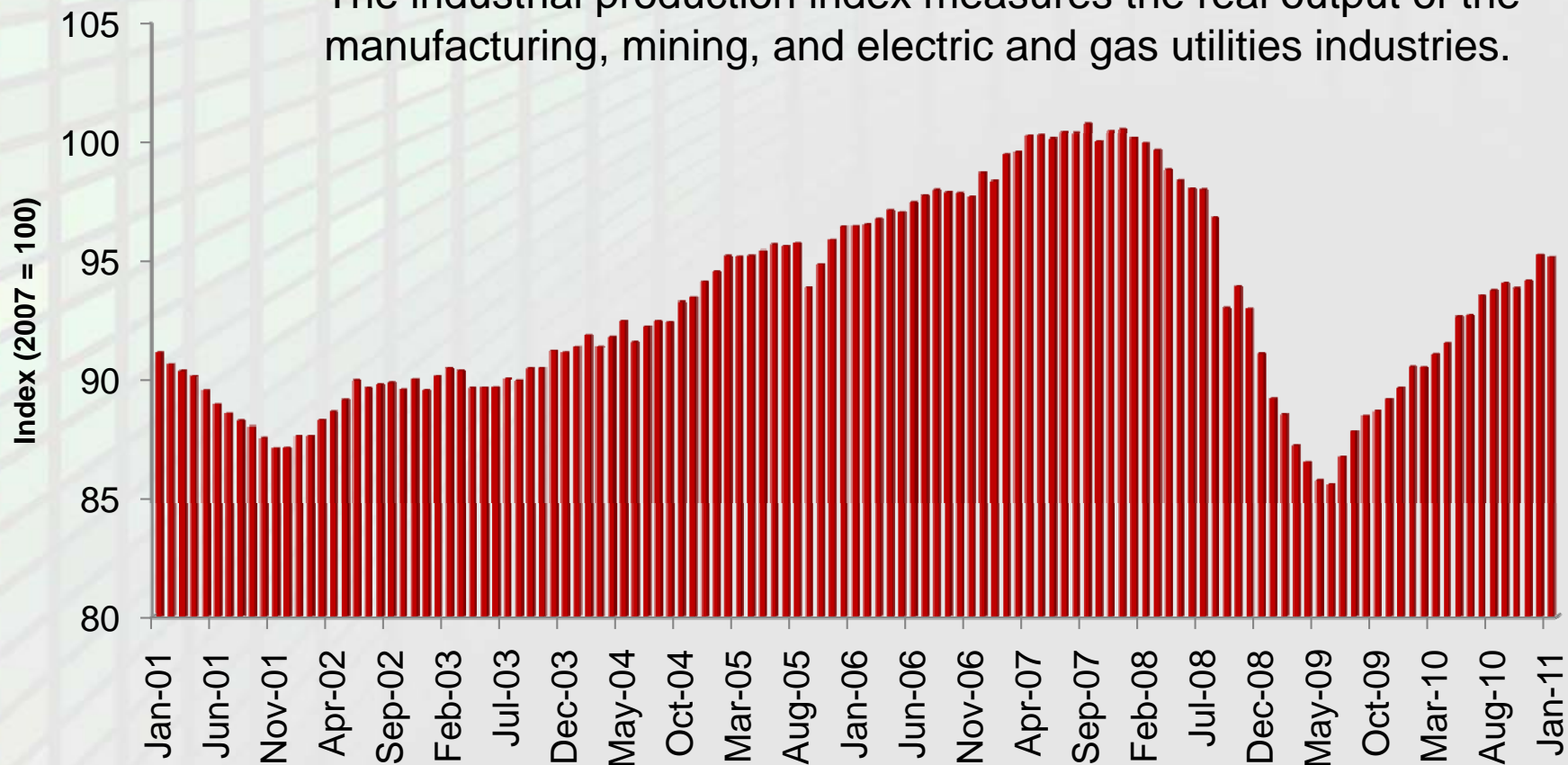


Recession Watch as of May 2009



Source: Federal Reserve

The industrial production index measures the real output of the manufacturing, mining, and electric and gas utilities industries.

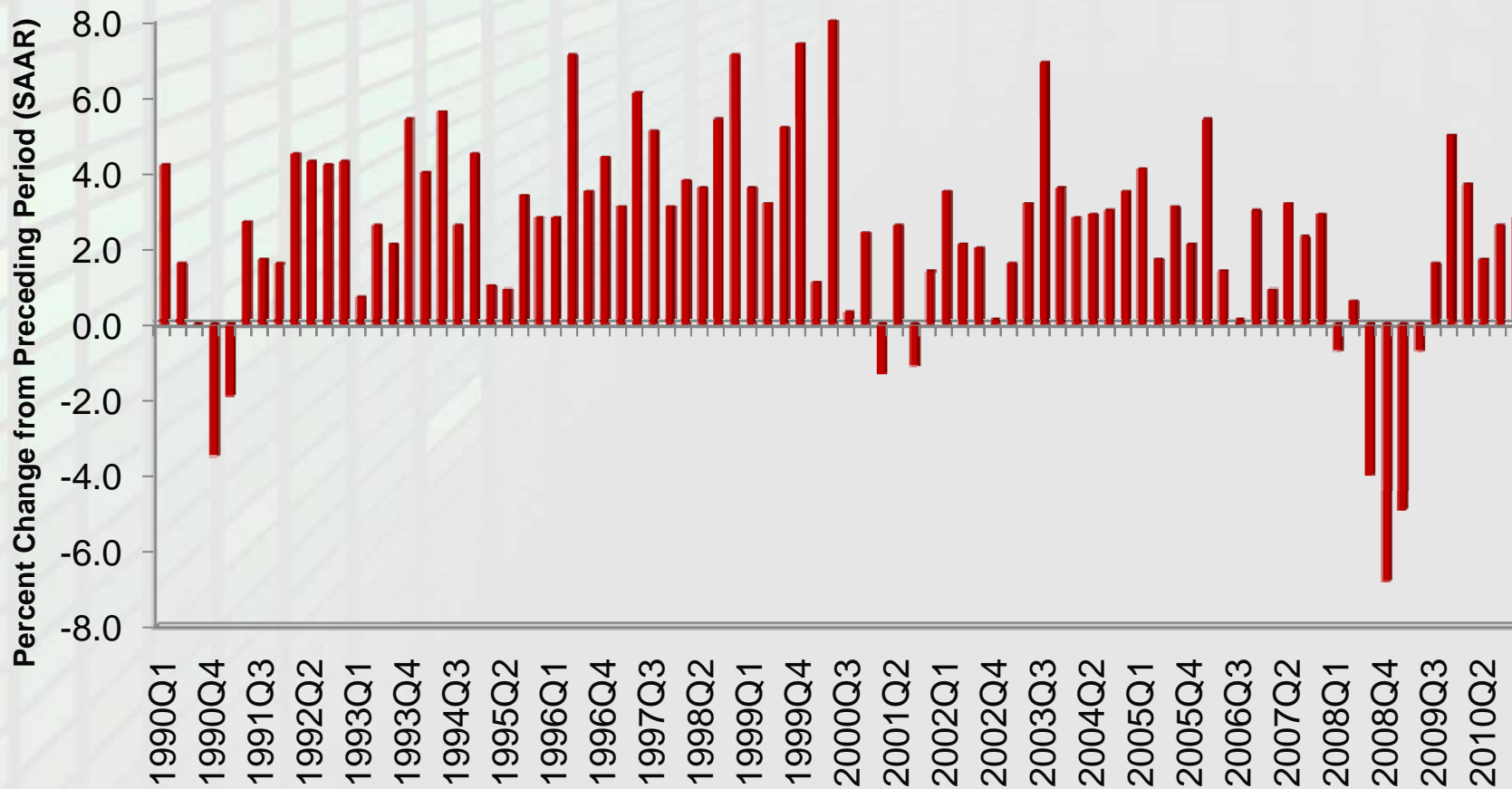


Industrial Production

January 2001 through January 2011



Source: Bureau of Economic Analysis

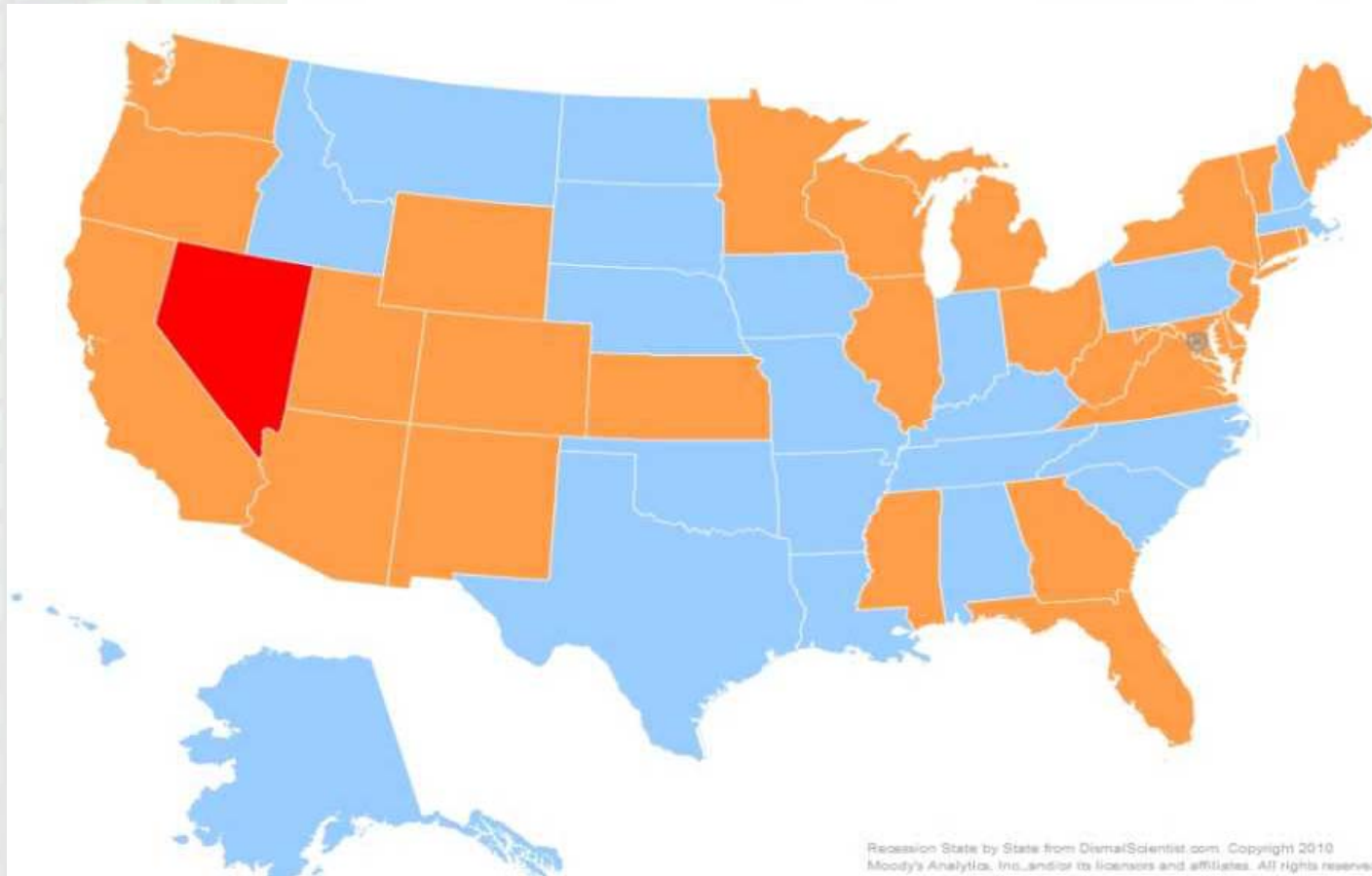


Gross Domestic Product *1990Q1 through 2010Q4*



Source: Moody's Economy

■ In Recession ■ Moderating ■ Recovering ■ Expanding



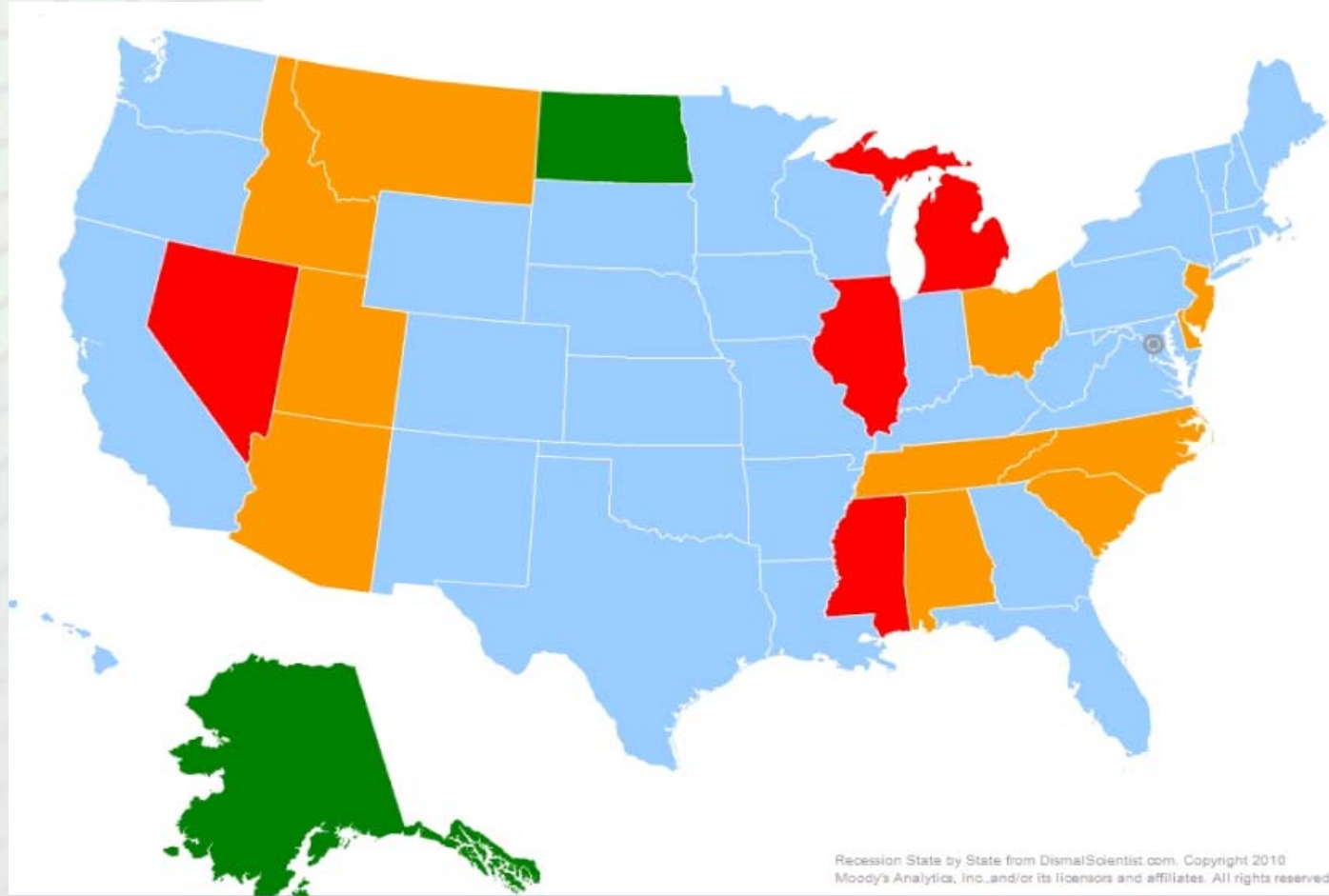
Recession State by State from DismalScientist.com. Copyright 2010
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Recession Watch *as of April 2010*



Source: Moody's Economy

■ In Recession **■** Moderating **■** Recovering **■** Expanding

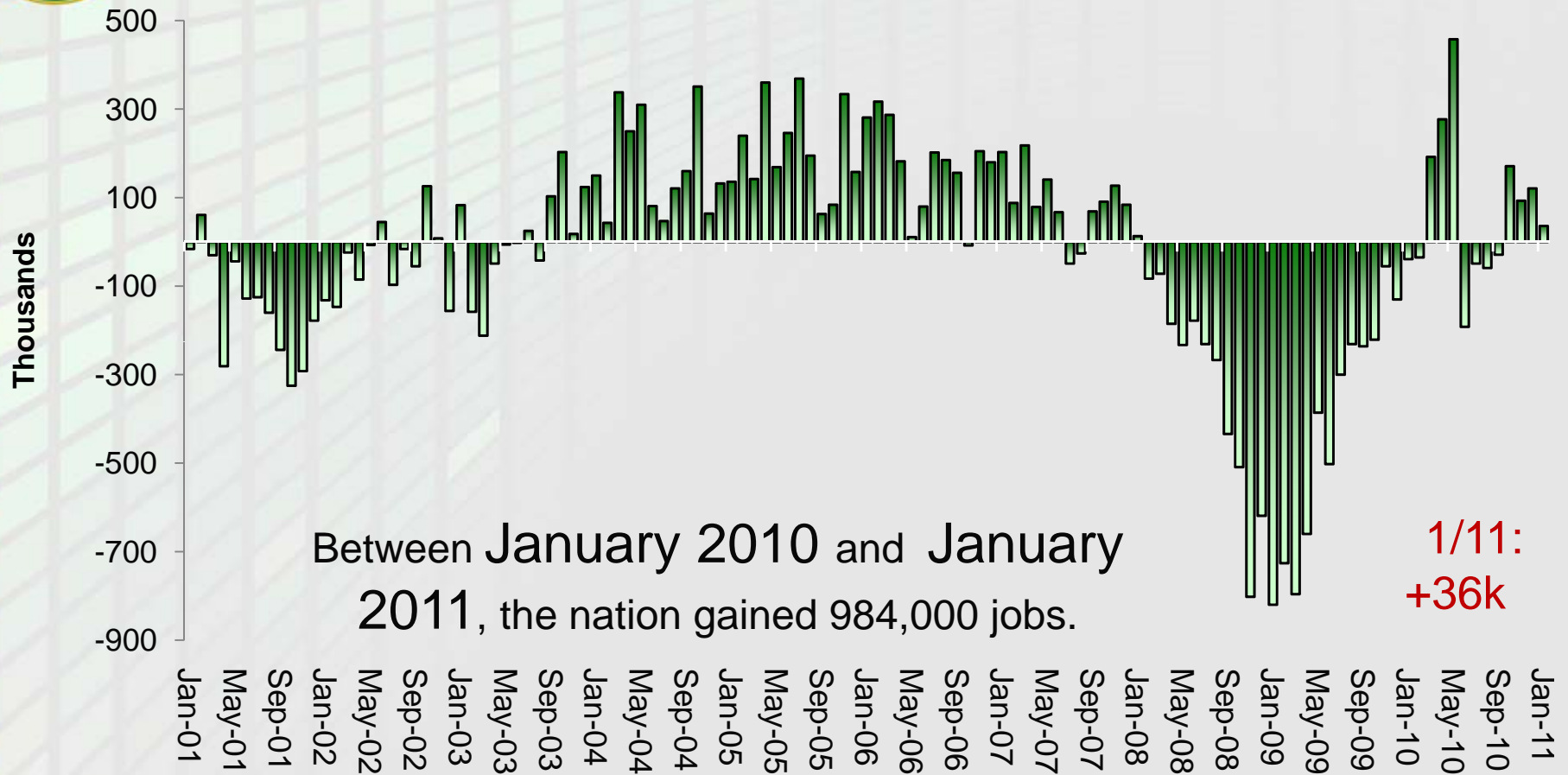


Recession State by State from DismalScientist.com. Copyright 2010
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Recession Watch *as of November 2010*



Source: Bureau of Labor Statistics

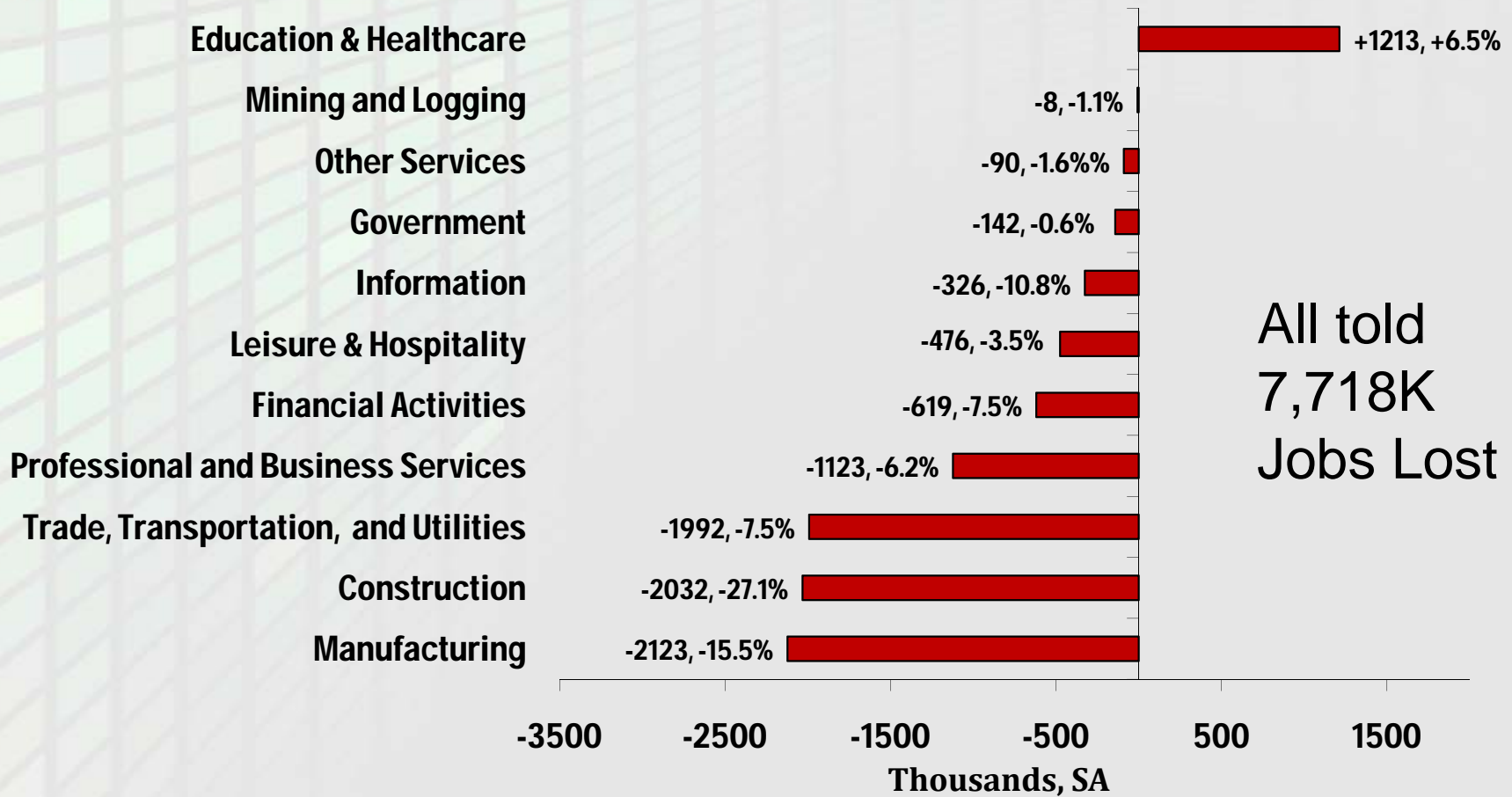


Net Change in U.S. Jobs, BLS

January 2001 through January 2011



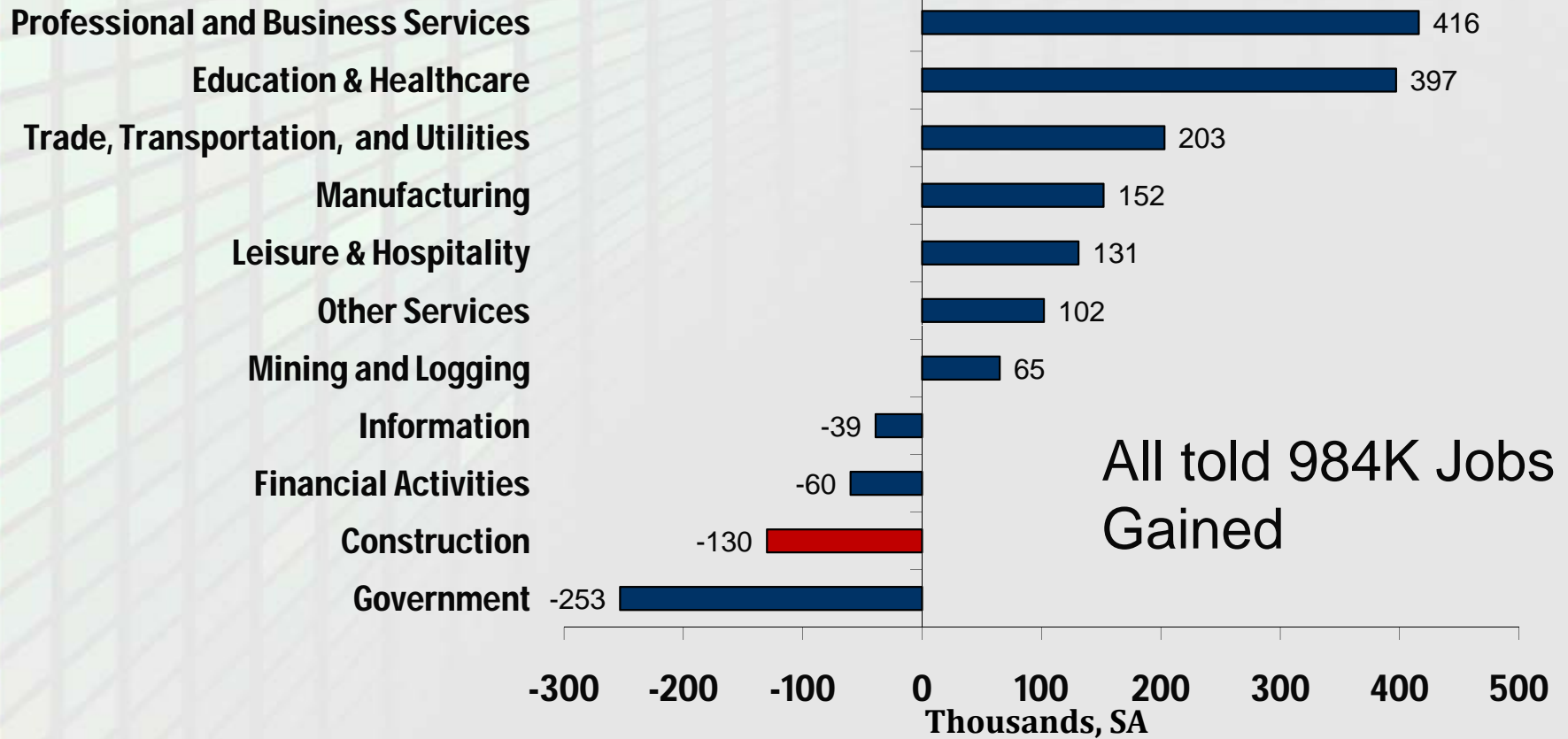
Source: Bureau of Labor Statistics



National Nonfarm Employment by Industry Sector Groups December 2007 v. January 2011



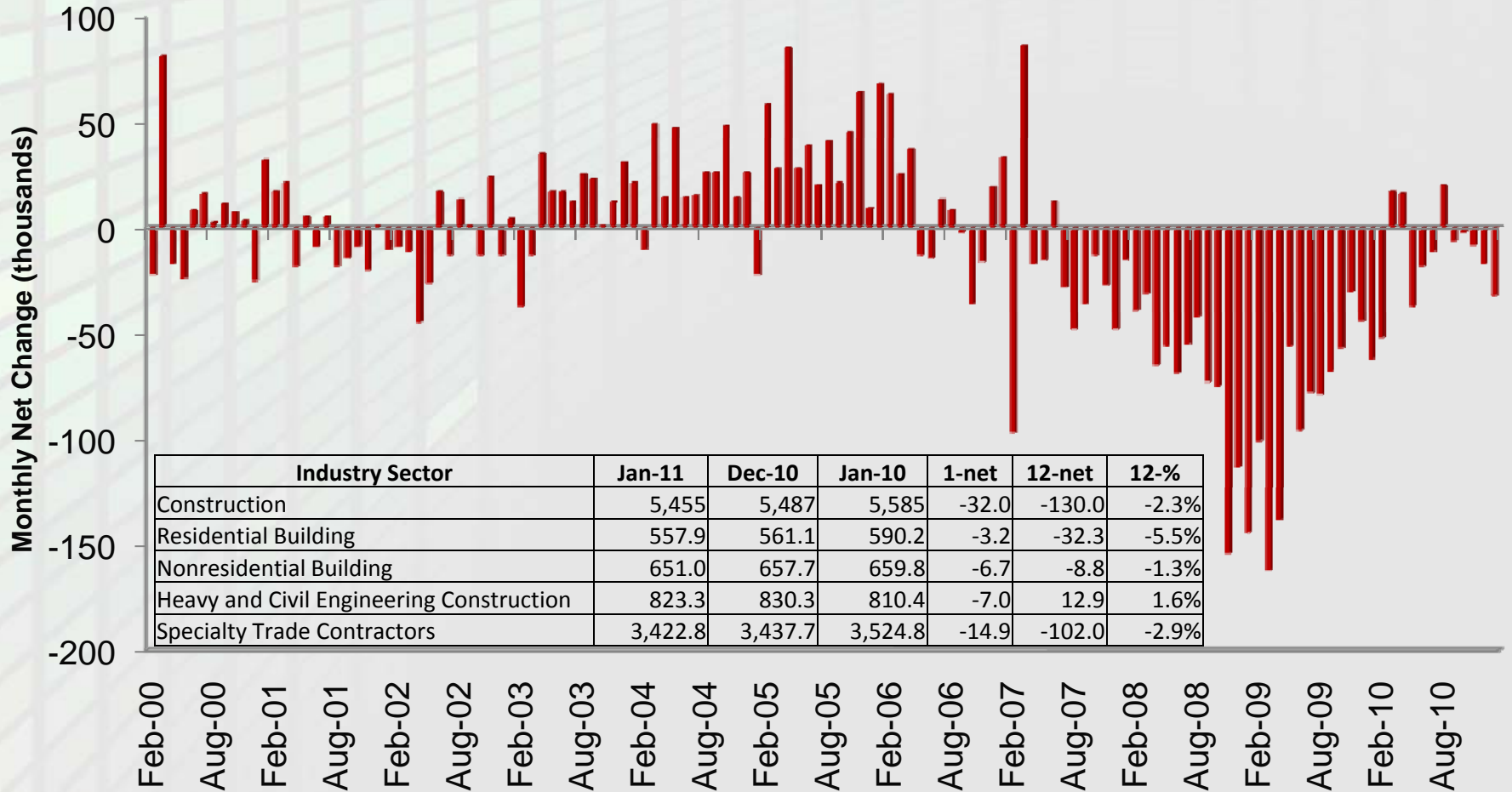
Source: Bureau of Labor Statistics



National Nonfarm Employment by Industry Sector Groups January 2010 v. January 2011



Source: Bureau of Labor Statistics



National Construction Employment Monthly Net Change

February 2000 – January 2011



Source: Bureau of Labor Statistics

Rank	MSA	UR
1	Washington-Arlington-Alexandria, DC-VA-MD-WV	5.7
2	Minneapolis-St. Paul-Bloomington, MN-WI	6.5
3	Boston-Cambridge-Quincy, MA-NH	7.1
4	Baltimore-Towson, MD	7.5
5	Dallas-Fort Worth-Arlington, TX	7.9
6	New York-Northern New Jersey-Long Island, NY-NJ-PA	8.2
7	Houston-Sugar Land-Baytown, TX	8.3
8	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	8.4
8	Phoenix-Mesa-Glendale, AZ	8.4
10	Chicago-Joliet-Naperville, IL-IN-WI	8.7

Rank	MSA	UR
11	Seattle-Tacoma-Bellevue, WA	8.8
12	St. Louis, MO-IL	9.4
13	San Francisco-Oakland-Fremont, CA	9.9
14	San Diego-Carlsbad-San Marcos, CA	10.1
15	Atlanta-Sandy Springs-Marietta, GA	10.2
16	Detroit-Warren-Livonia, MI	11.1
17	Los Angeles-Long Beach-Santa Ana, CA	11.7
18	Miami-Fort Lauderdale-Pompano Beach, FL	11.8
19	Tampa-St. Petersburg-Clearwater, FL	12.0
20	Riverside-San Bernardino-Ontario, CA	13.9

Unemployment Rates, Largest 20 Metros(NSA)
December 2010



Source: Bureau of Labor Statistics

Rank	State	Rate	Rank	State	Rate	Rank	State	Rate
1	NORTH DAKOTA	3.8	18	ARKANSAS	7.9	35	IDAHO	9.5
2	NEBRASKA	4.4	19	LOUISIANA	8.0	35	INDIANA	9.5
3	SOUTH DAKOTA	4.6	20	ALASKA	8.1	35	MISSOURI	9.5
4	NEW HAMPSHIRE	5.5	21	MASSACHUSETTS	8.2	38	OHIO	9.6
5	VERMONT	5.8	21	NEW YORK	8.2	38	WEST VIRGINIA	9.6
6	IOWA	6.3	23	TEXAS	8.3	40	DISTRICT OF COLUMBIA	9.7
7	HAWAII	6.4	24	DELAWARE	8.5	41	NORTH CAROLINA	9.8
7	WYOMING	6.4	24	NEW MEXICO	8.5	42	MISSISSIPPI	10.1
9	VIRGINIA	6.7	24	PENNSYLVANIA	8.5	43	GEORGIA	10.2
10	KANSAS	6.8	27	COLORADO	8.8	44	KENTUCKY	10.3
10	OKLAHOMA	6.8	28	CONNECTICUT	9.0	45	OREGON	10.6
12	MINNESOTA	7.0	29	ALABAMA	9.1	46	SOUTH CAROLINA	10.7
13	MONTANA	7.2	29	NEW JERSEY	9.1	47	RHODE ISLAND	11.5
14	MAINE	7.3	31	ILLINOIS	9.3	48	MICHIGAN	11.7
15	MARYLAND	7.4	31	WASHINGTON	9.3	49	FLORIDA	12.0
16	UTAH	7.5	33	ARIZONA	9.4	50	CALIFORNIA	12.5
16	WISCONSIN	7.5	33	TENNESSEE	9.4	51	NEVADA	14.5

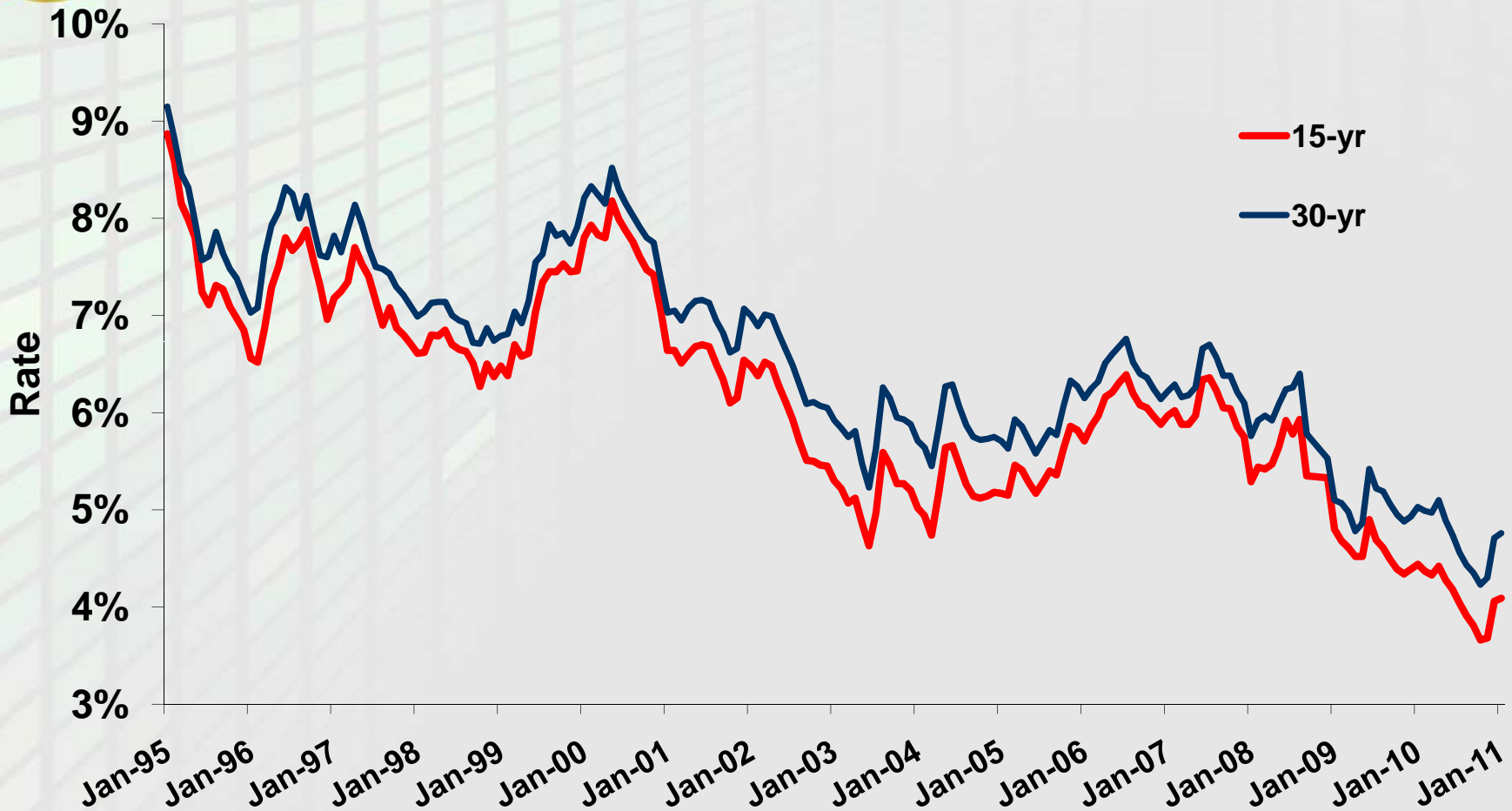
Unemployment Rates, U.S. States (SA)
December 2010

Baby Come Back





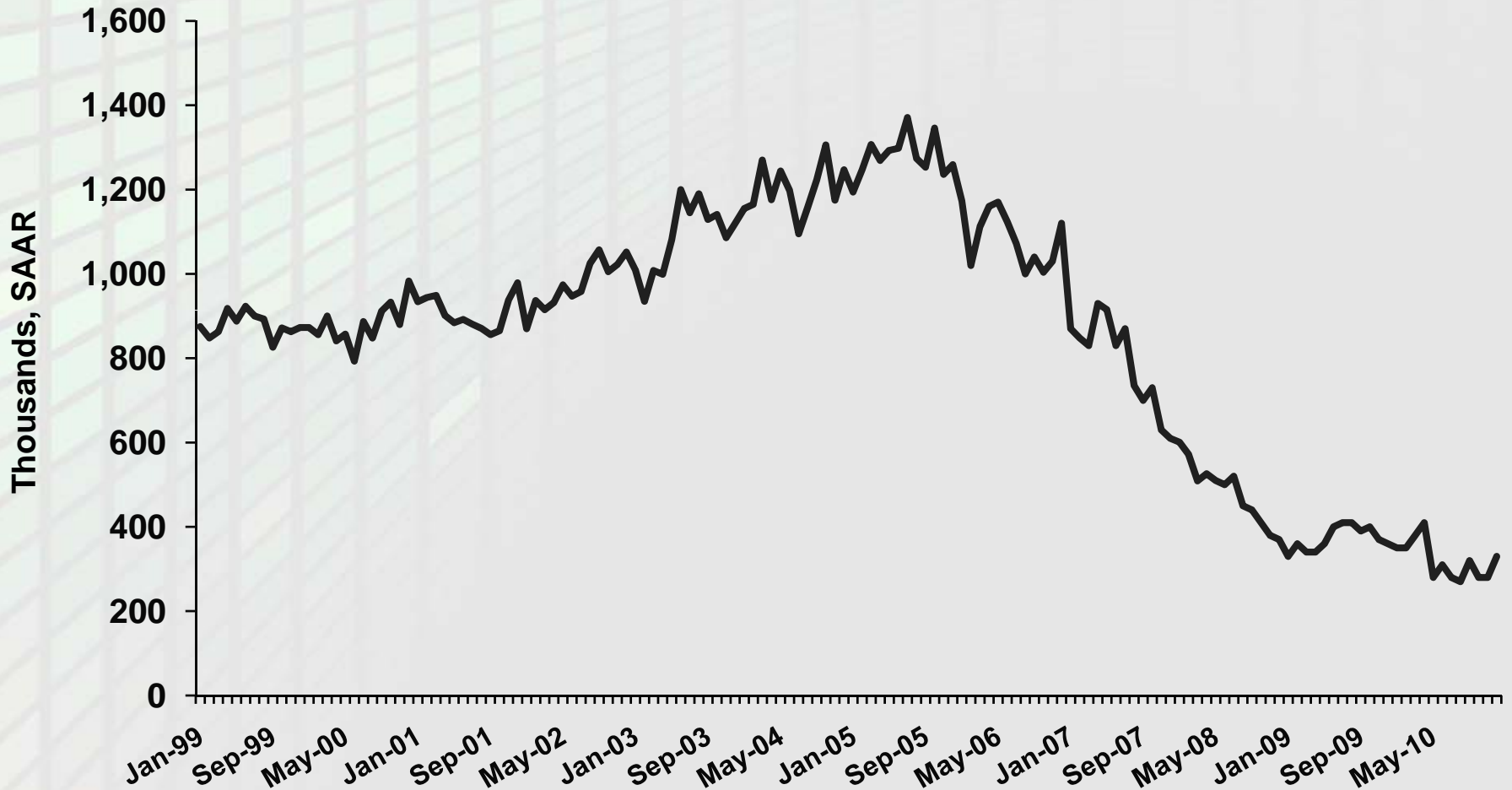
Source: Freddie Mac



15-Year & 30-Year Fixed Mortgage Rates
January 1995 through January 2011



Source: Census Bureau

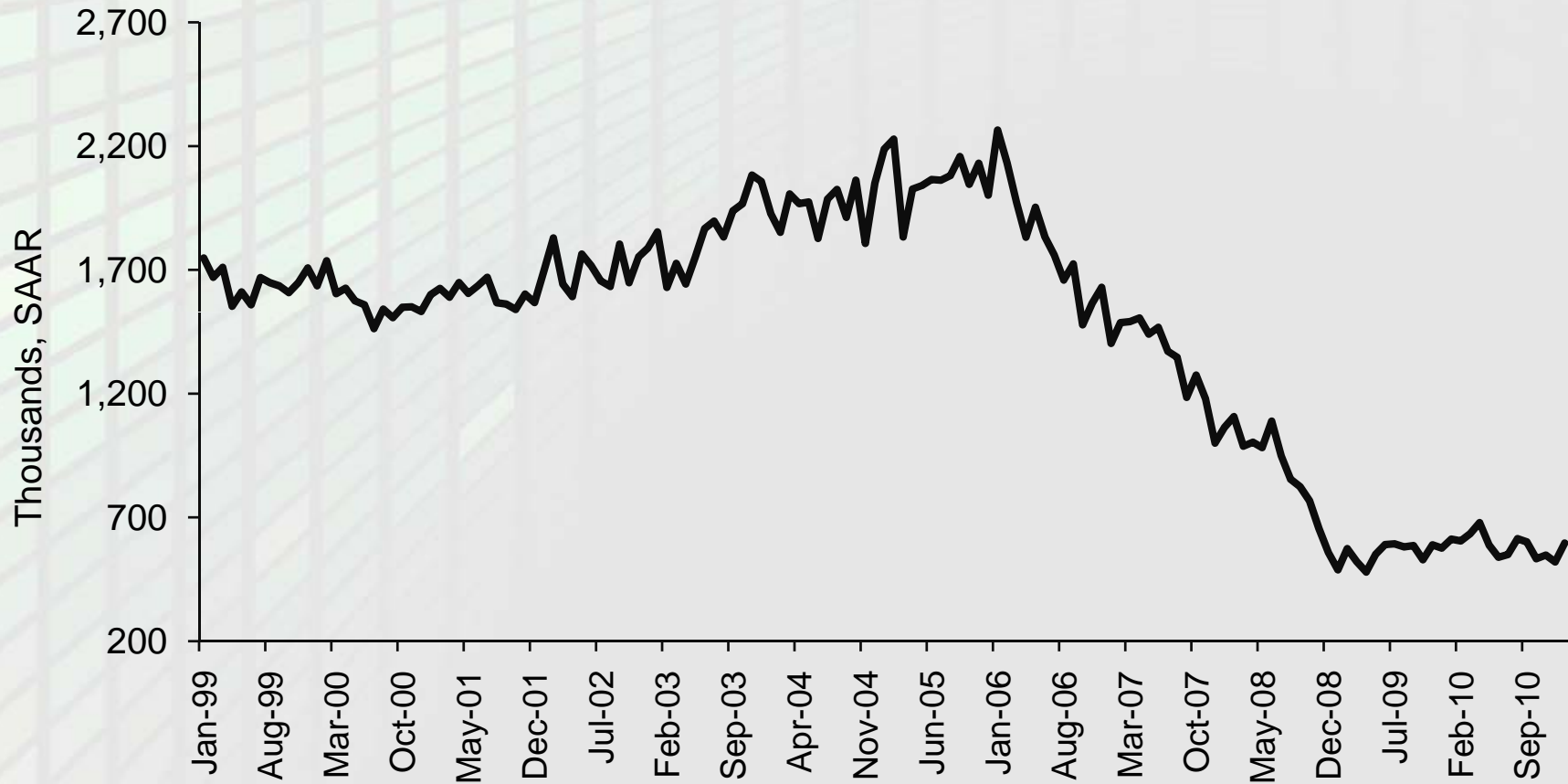


U.S. New Home Sales

January 1999 through December 2010



Source: Census Bureau



U.S. Housing Starts

January 1999 through January 2011



Source: Mortgage Bankers Association



Mortgage Banker's Association Mortgage Applications Purchase Index

January 2006 through February 4, 2011



Source: The American Institute of Architects



Architecture Billings Index

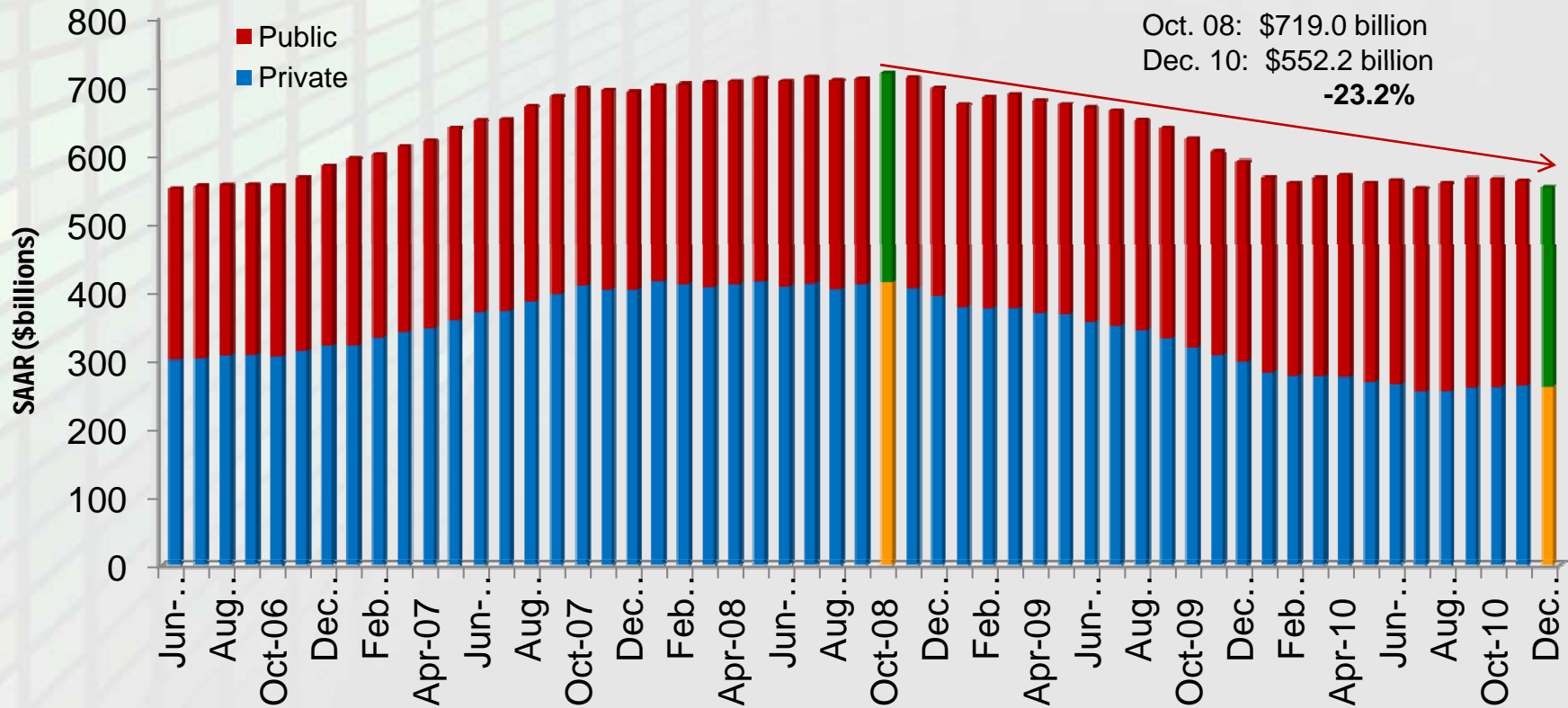
December 2007 through January 2011



Source: Census Bureau

December 2010:

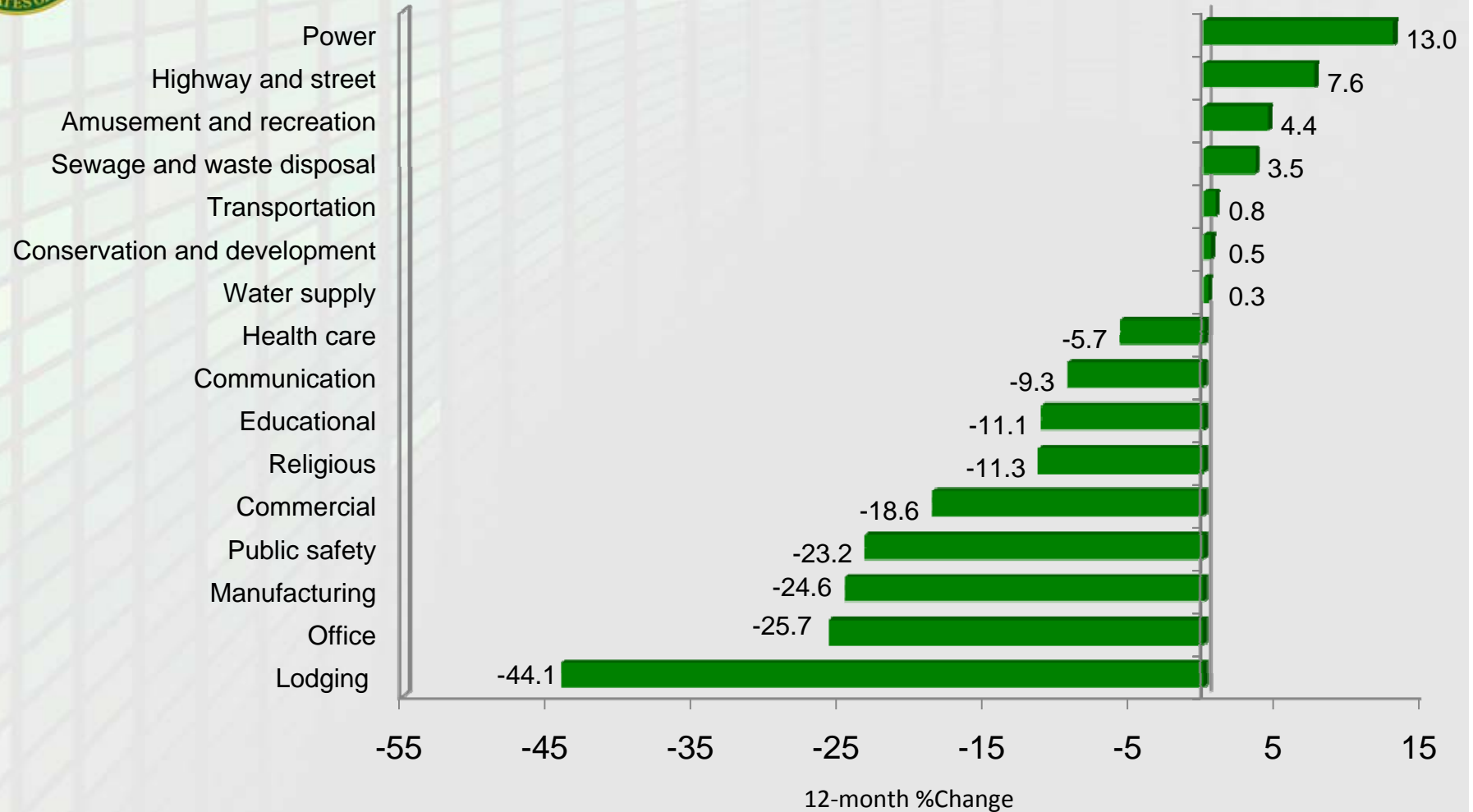
Type	Value	% Δ Nov-10	% Δ Dec-09
Private	\$260.5	-0.5%	-12.3%
Public	\$291.7	-2.6%	-0.5%
Total	\$552.2	-1.6%	-6.4%



Nonresidential Construction Put-in-Place
June 2006 through December 2010



Source: Census Bureau



National Nonresidential Construction Spending by Subsector
December 2010 v. December 2009



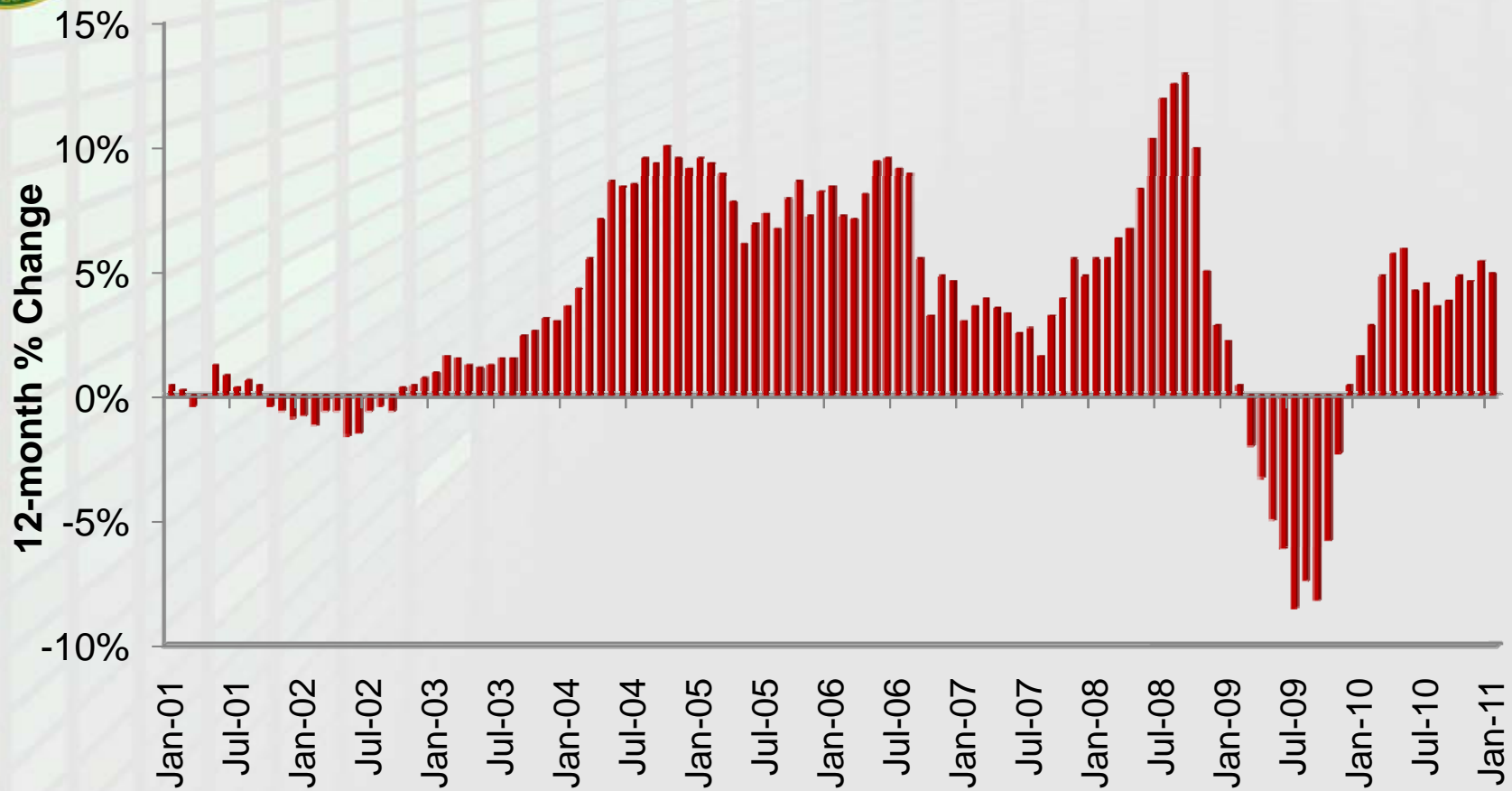
Source: Census Bureau



National Power Construction Spending
January 2005 through December 2010



Source: Bureau of Labor Statistics

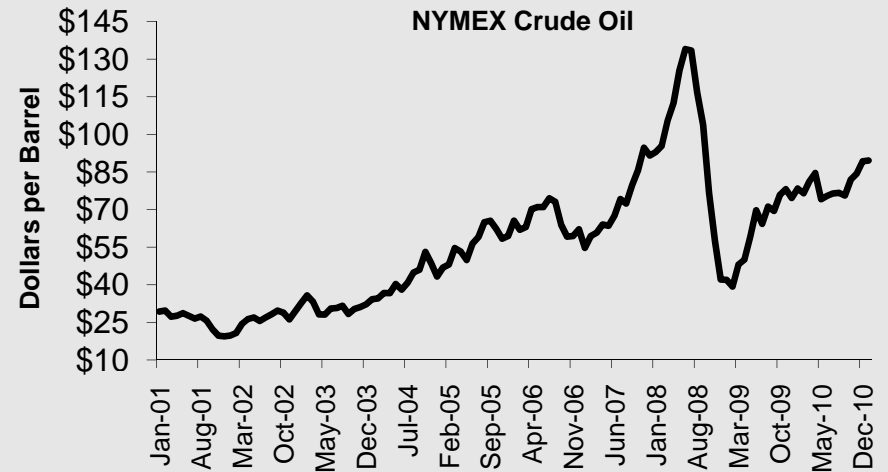
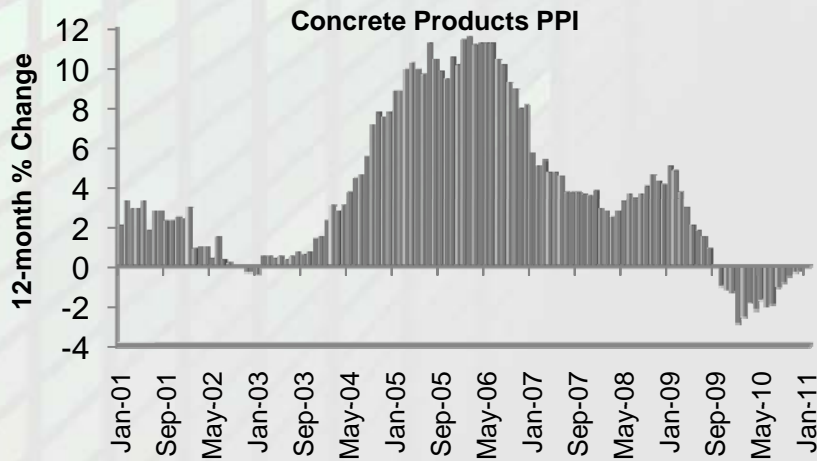
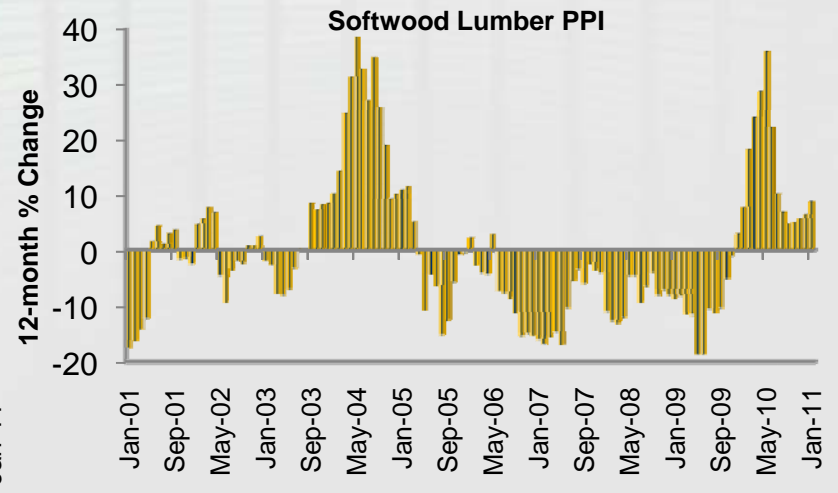
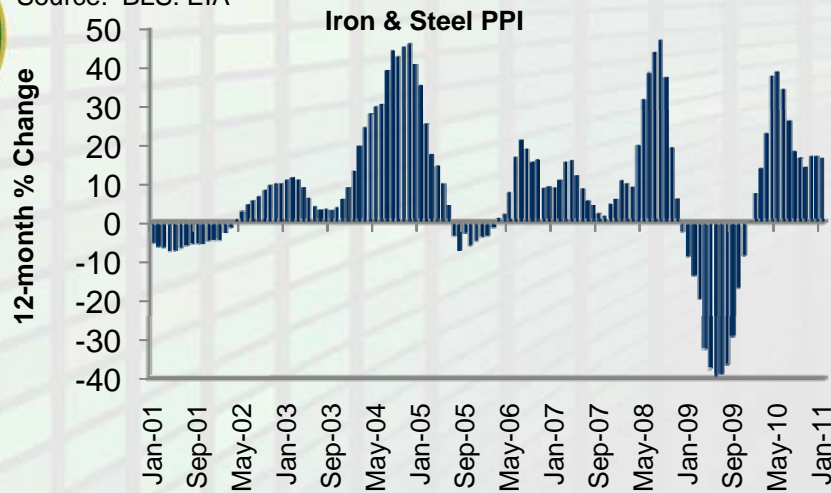


Inputs to Construction PPI

January 2001- January 2011



Source: BLS: EIA



Key Commodity Prices

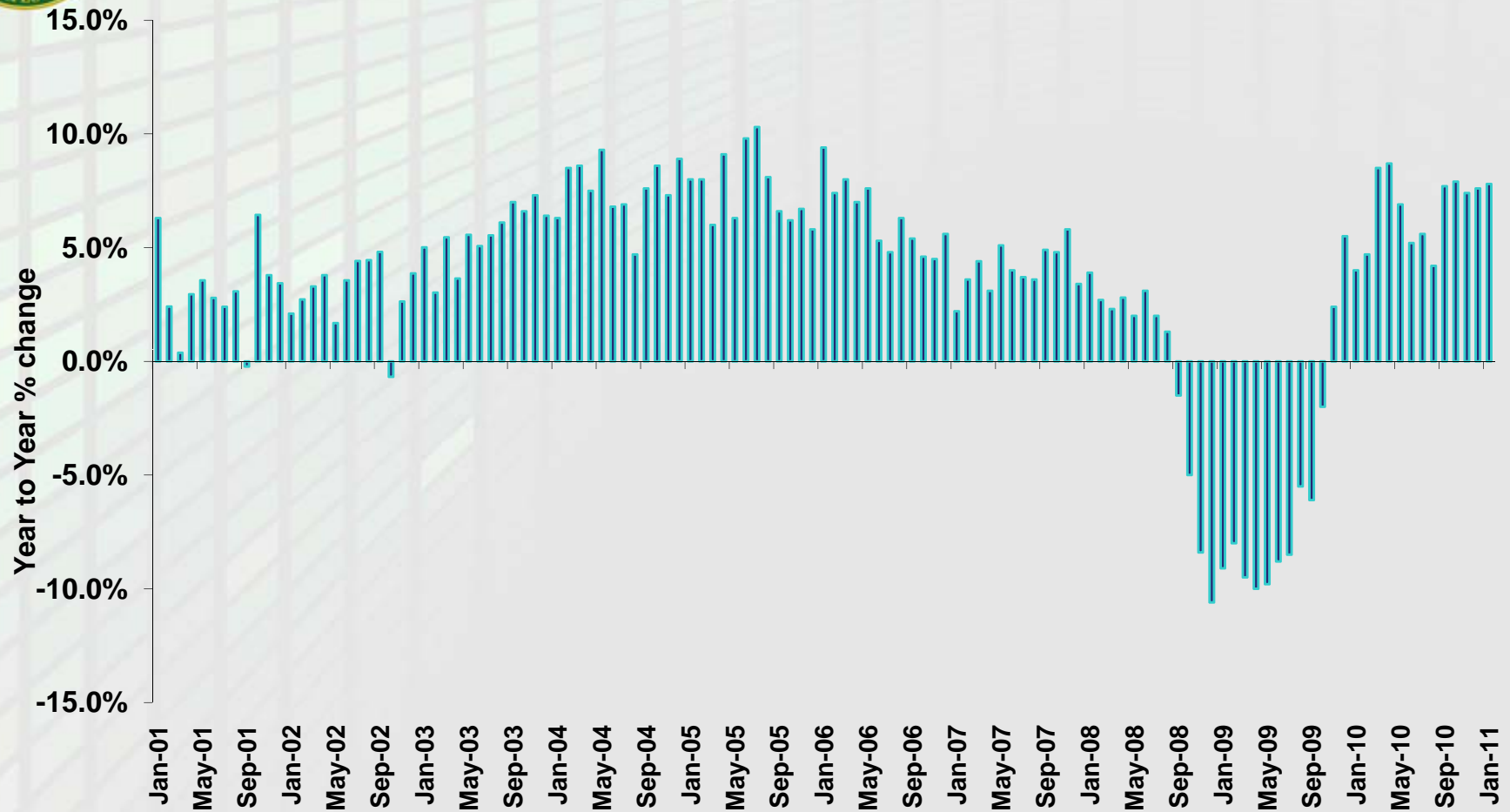
January 2001-January 2011

Take the Money and Run





Source: Census Bureau

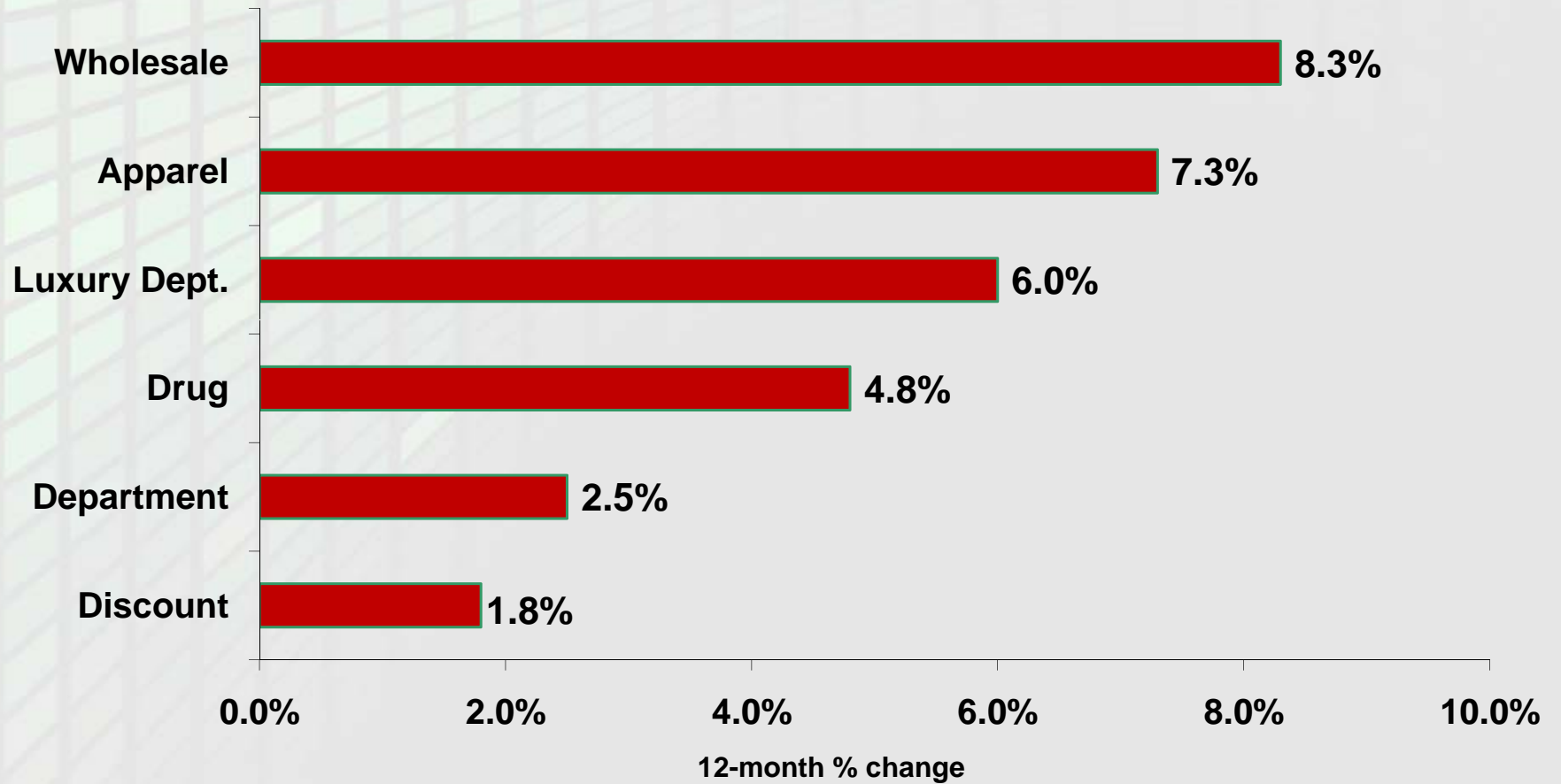


U.S. Retail & Food Services Sales

January 2001 through January 2011



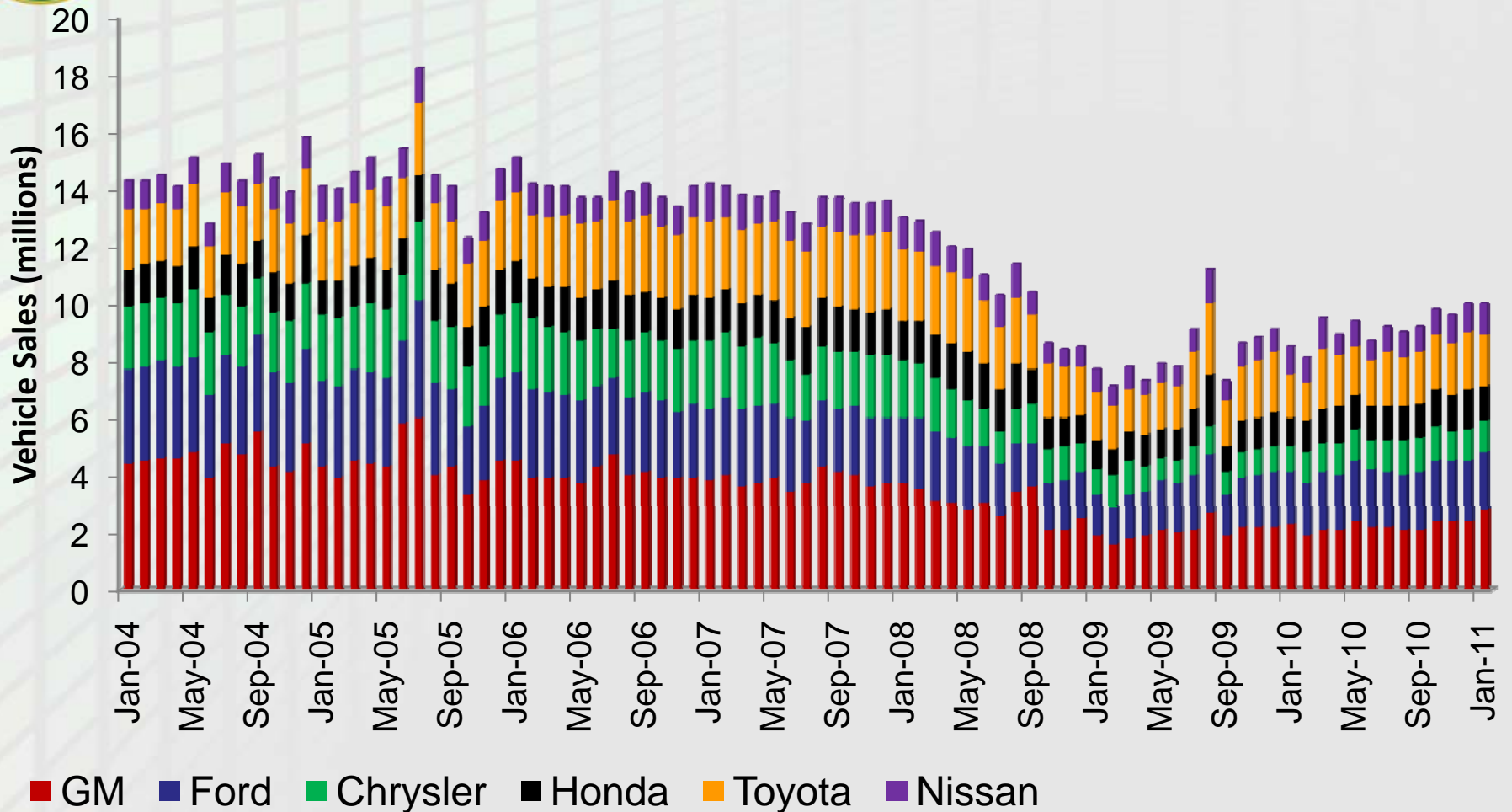
Source: Economy.com



U.S. Chain Store Sales Growth by Type of Store January 2010 v. January 2011



Source: Autodata Corp.



National Vehicle Sales

January 2004 through January 2011 (SAAR)



Source: Congressional Budget Office



*2011-2013 data are projections

U.S. Federal Budget Deficit

1995-2013*



Source: Center on Budget and Policy Priorities

- Alabama, Alaska, Arkansas, Delaware, D.C, Indiana, New Hampshire, North Dakota, South Dakota, and Wyoming are not projected to have budget shortfalls in 2012.
- Note: Kentucky and Virginia have two-year budgets. They closed their FY2012 shortfalls when they enacted their budgets for the FY2011-FY2012 biennium.

Rank	State	%	Rank	State	%	Rank	State	%
1	Illinois	50.9%	18	Missouri	14.4%	35	Massachusetts	6.4%
2	New Jersey	37.4%	19	Mississippi	14.1%	36	Iowa	5.6%
3	Nevada	37.1%	20	Wisconsin	12.8%	37	West Virginia	4.1%
4	South Carolina	26.6%	21	Idaho	12.6%		Hawaii	NA
5	Oregon	25.0%	22	Maryland	12.2%		Oklahoma	NA
6	Minnesota	24.5%	23	Ohio	11.0%		Tennessee	NA
7	Texas	22.3%	24	Florida	10.4%		States Total	18.9%
8	California	22.2%	25	Vermont	10.4%	Combined gaps of \$113 billion for 2012.		
9	Louisiana	22.0%	26	Georgia	10.3%			
10	Connecticut	20.8%	27	Rhode Island	9.9%			
11	North Carolina	20.0%	28	Pennsylvania	9.7%			
12	Washington	18.5%	29	Nebraska	9.2%			
13	New York	16.9%	30	Kentucky	9.1%			
14	Arizona	16.6%	31	Kansas	8.8%			
15	Maine	16.1%	32	Montana	8.3%			
16	Colorado	15.3%	33	New Mexico	7.6%			
17	Virginia	14.8%	34	Michigan	6.5%			

Projected State Budget Shortfalls for FY 2012 *As Percentage of FY 2011 Budget*



- Stimulus, stimulus, stimulus;
- We've seen the worst of it from a broader economic perspective;
- Too soon to tell if broad inflation domestically will be problematic;
- The level of both political and economic uncertainty is less than it was compared to a year ago;
- Global economy on the mend for now;
- Commodity price surges remain the leading threat;
- 2011: GDP 3.0%-3.5%; 1.6M jobs; US UE stays above 9%;
- 2012????

Stairway to Heaven



- You can always reach me at abasu@sagepolicy.com
- If you appreciate this type of information and would like regular updates, please see our newsletter service at www.spgtrend.com
- Also, if you need us in a hurry, we are at 410.522.7243 (410.522.SAGE)
- Please contact us when you require economic research & policy analysis.

Thank You