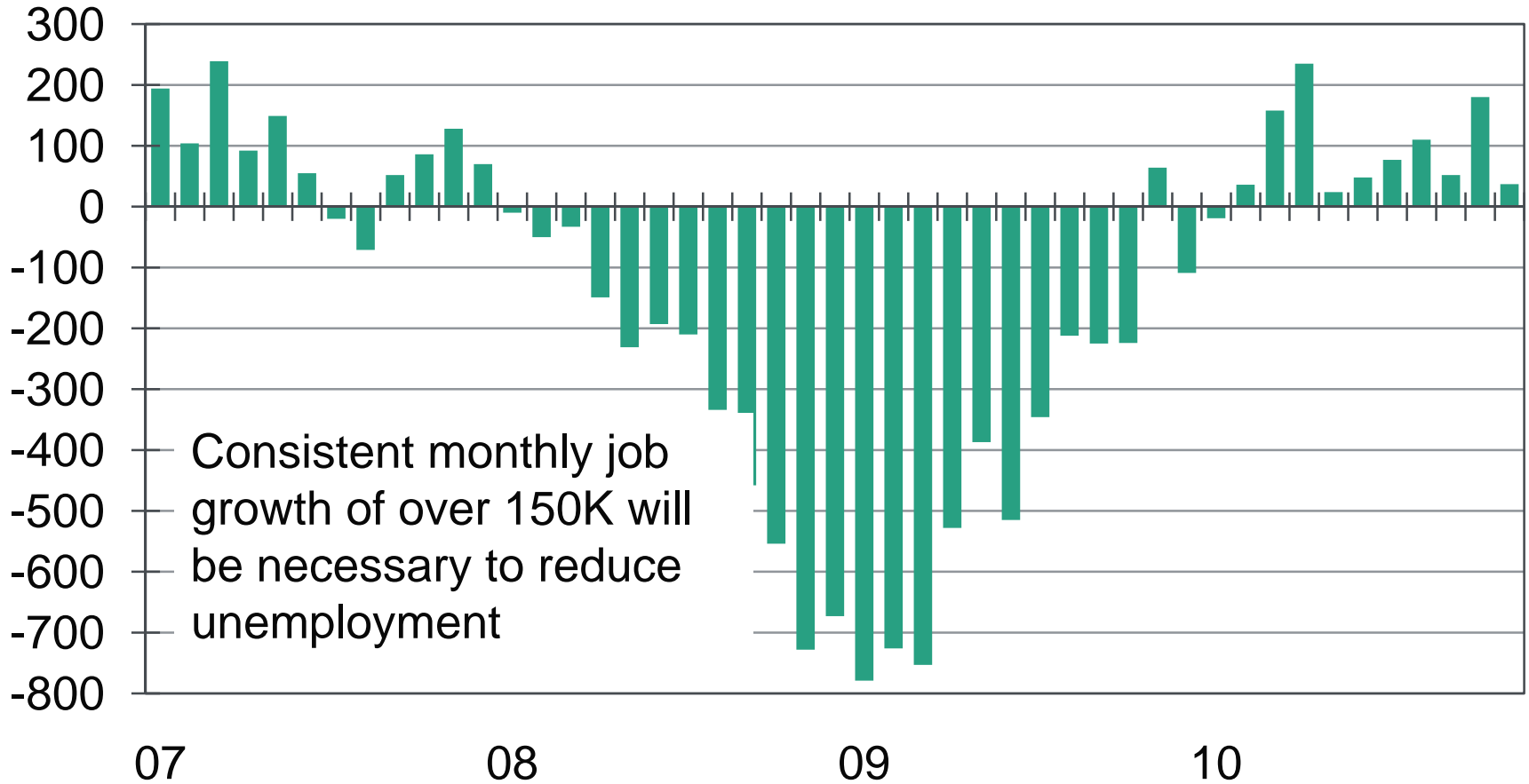


# **Struggling to Hit Escape Velocity**

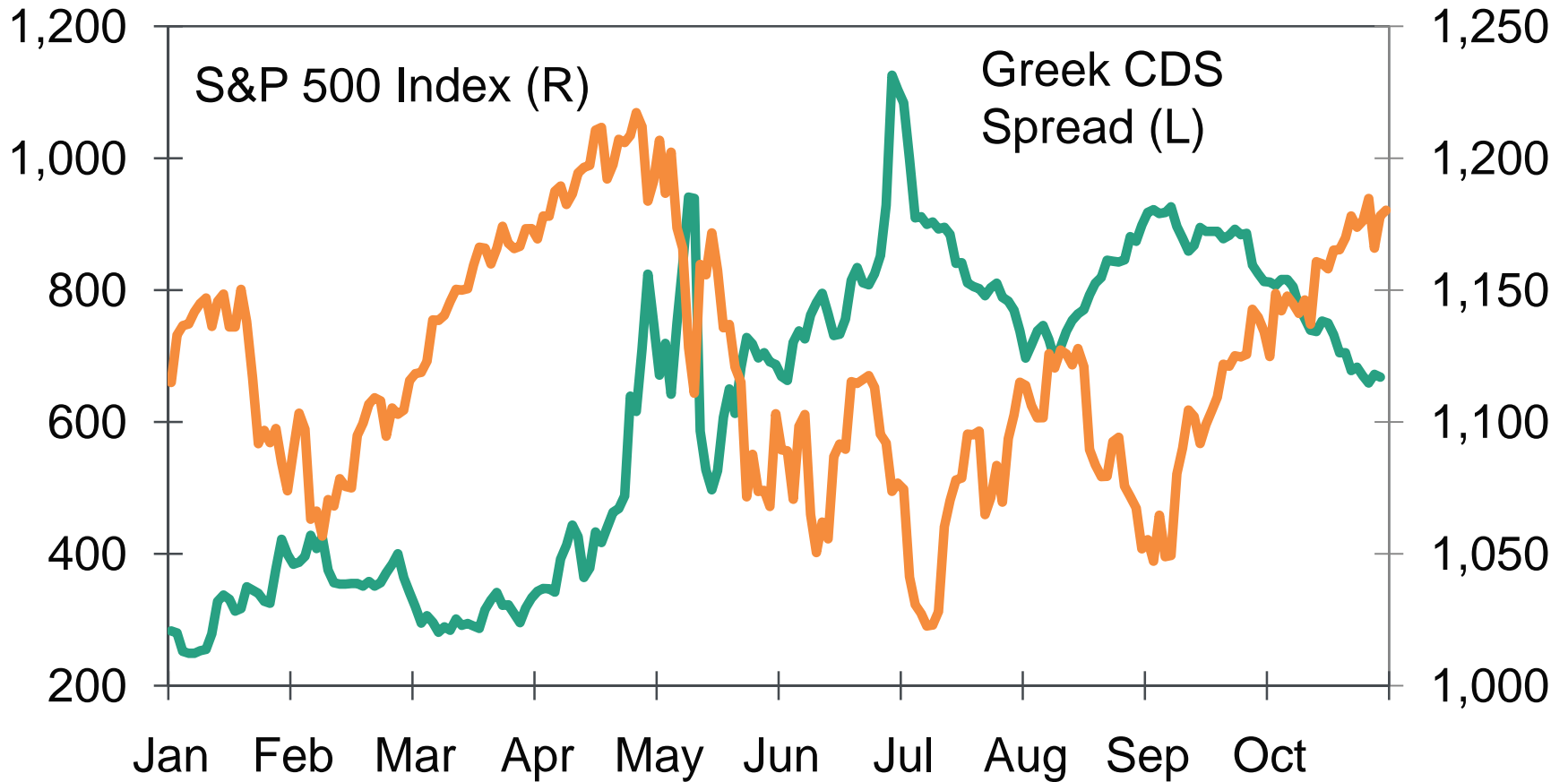
**CHRIS LAFAKIS, ECONOMIST**

# Recession Gives Way to a Fragile Recovery

Monthly payroll employment change, ex Census jobs, the



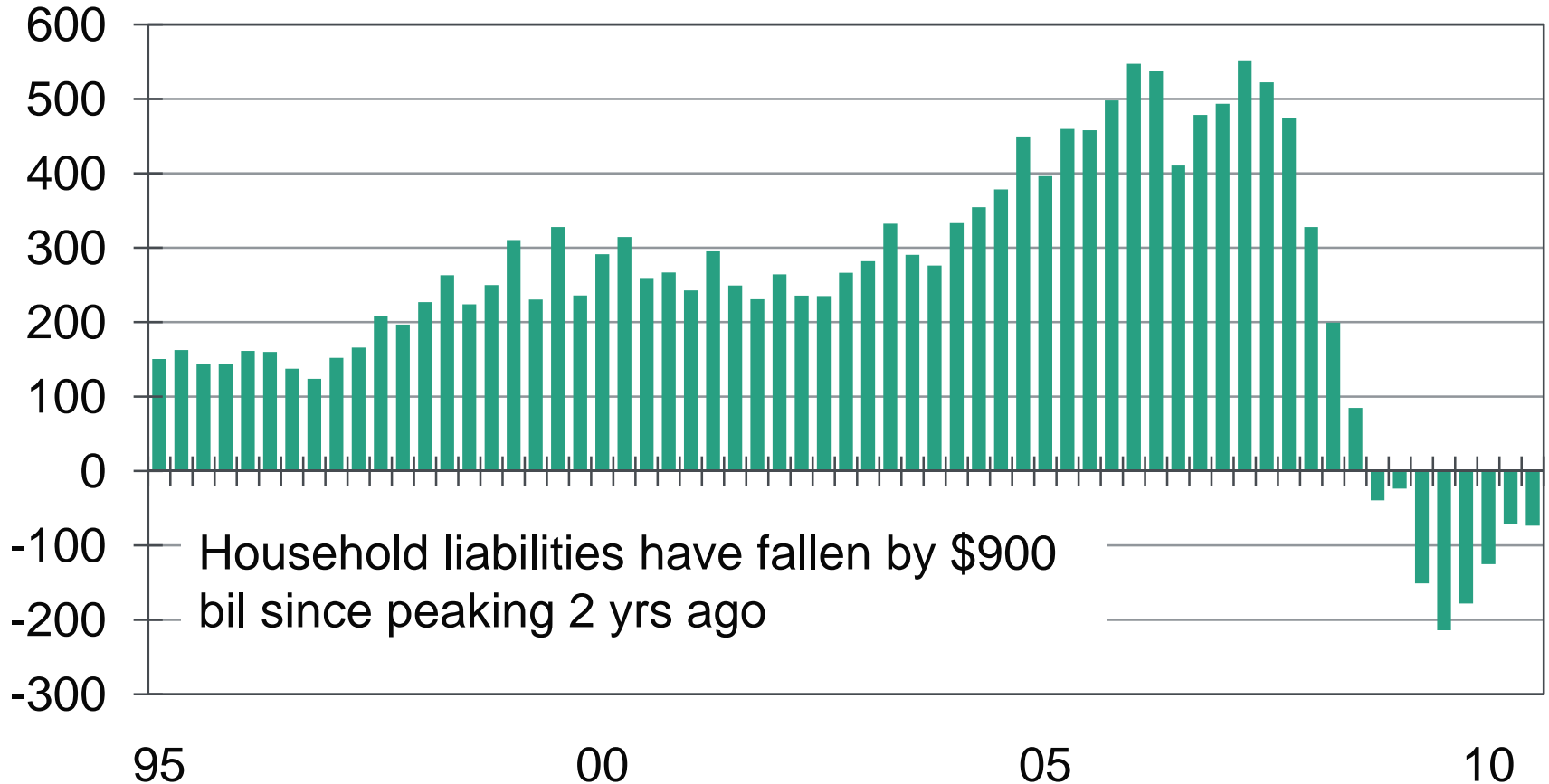
# The European Debt Crisis Slams Confidence



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

# Households and Businesses Deleverage...

Change in household and nonfinancial corporate debt, \$ bil



Sources: Federal Reserve Board, Moody's Analytics

## ...And Hiring Is Dormant...

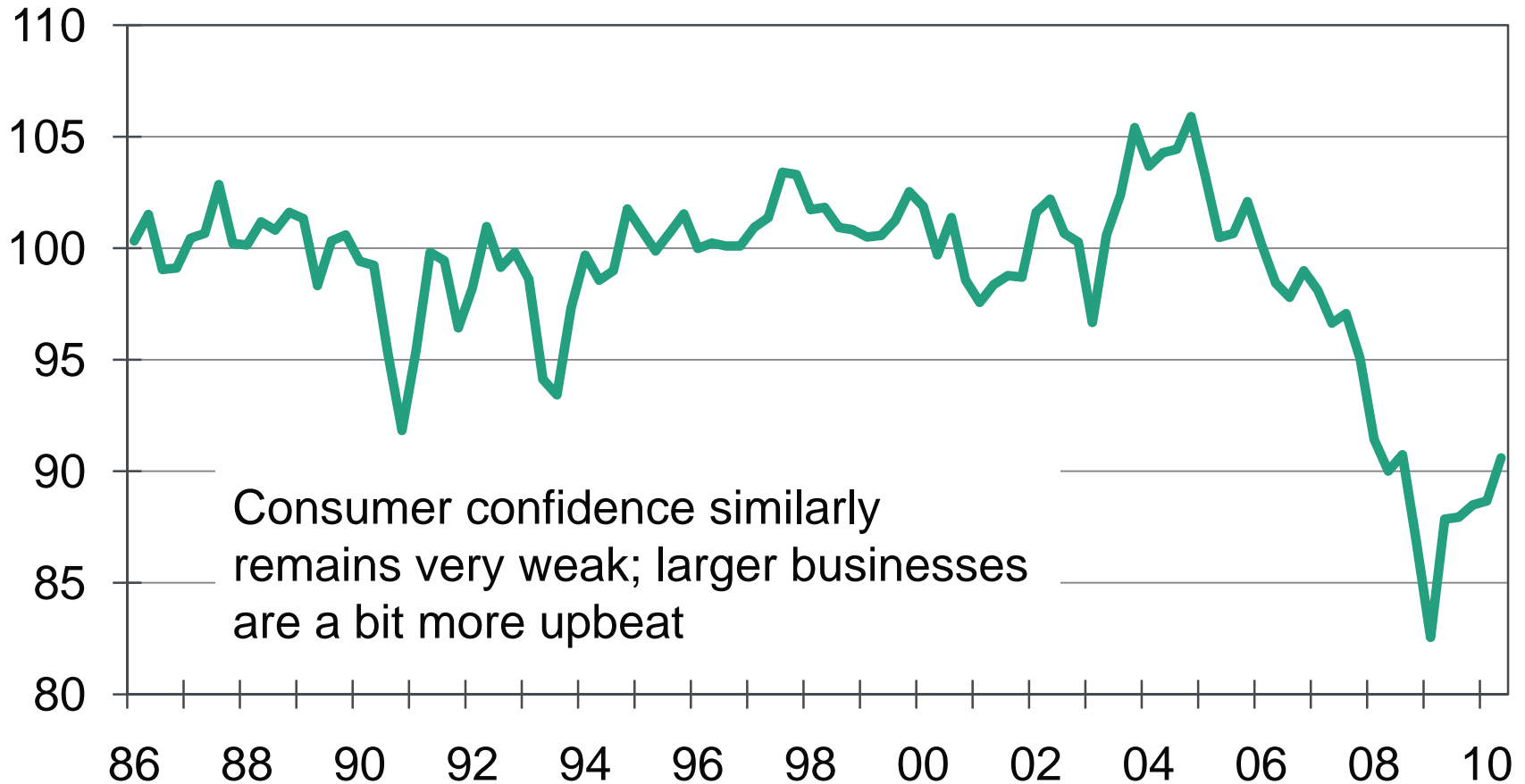
Number of monthly hires ex Census, ths, SA



Source: Bureau of Labor Statistics

# ...As Businesses Remain Exceptionally Anxious

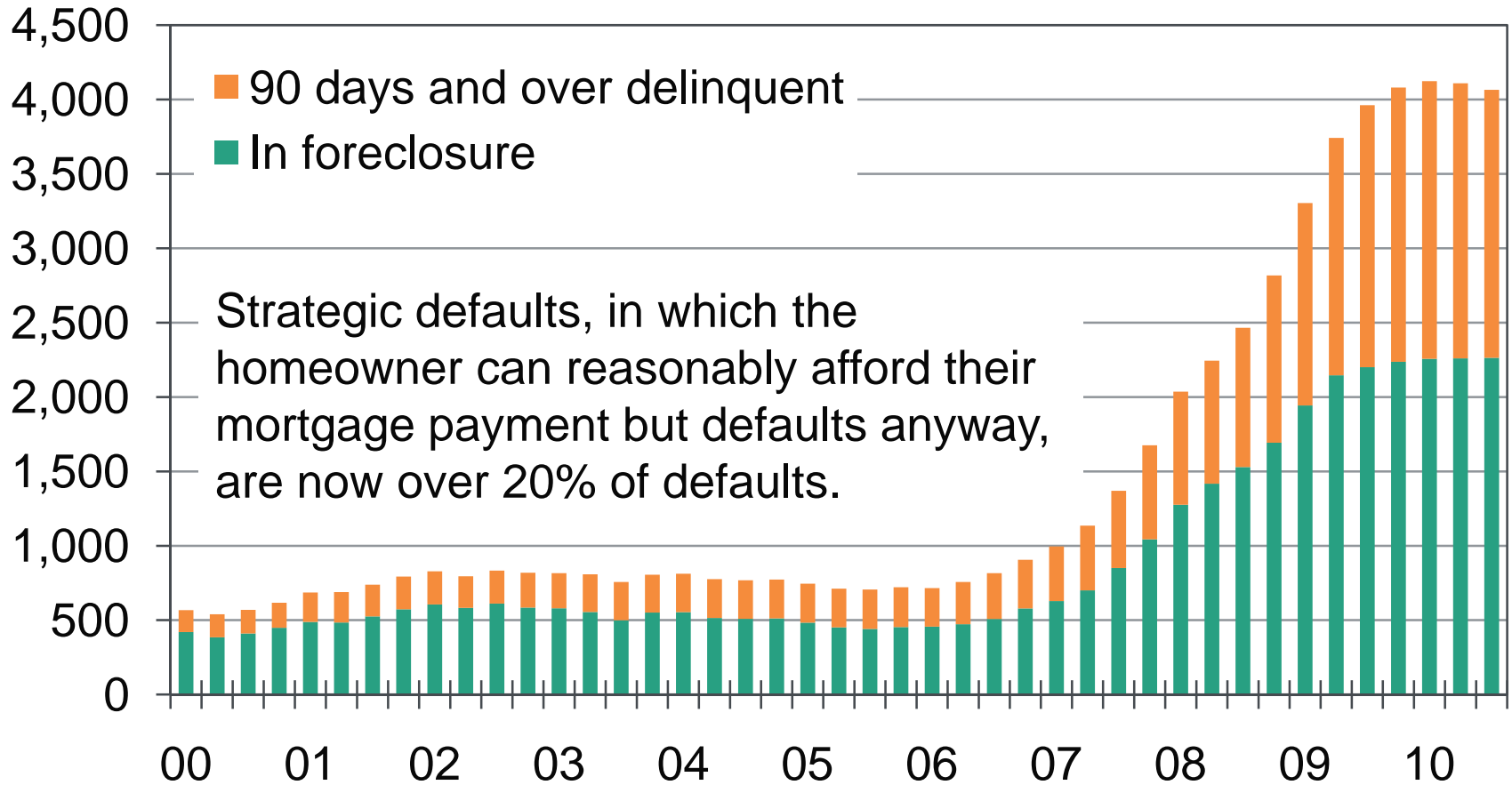
Small business confidence index, 1986=100



Source: NFIB

# The Foreclosure Crisis Continues on...

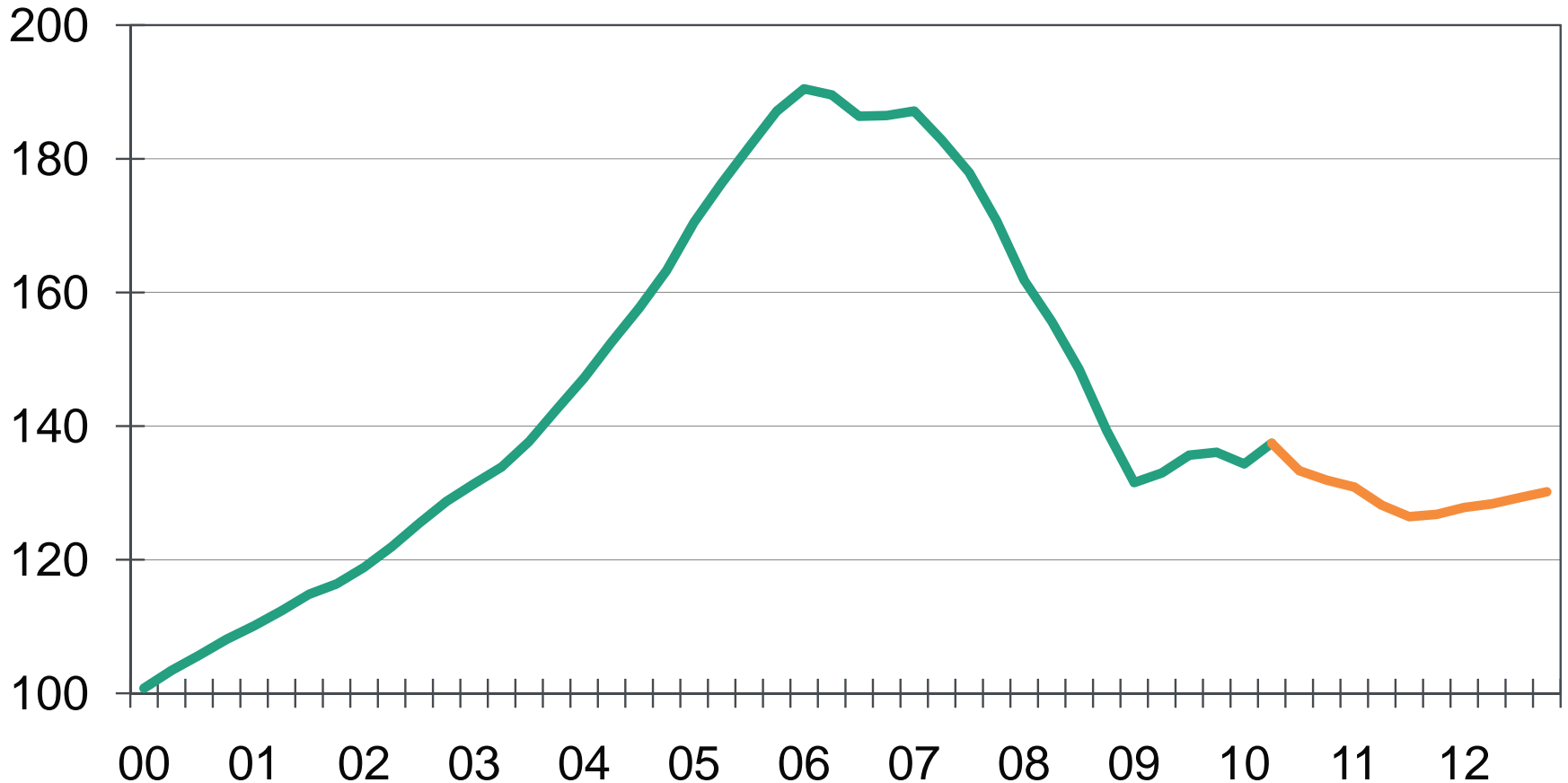
First mortgage loans, ths



Sources: Equifax, Moody's Analytics

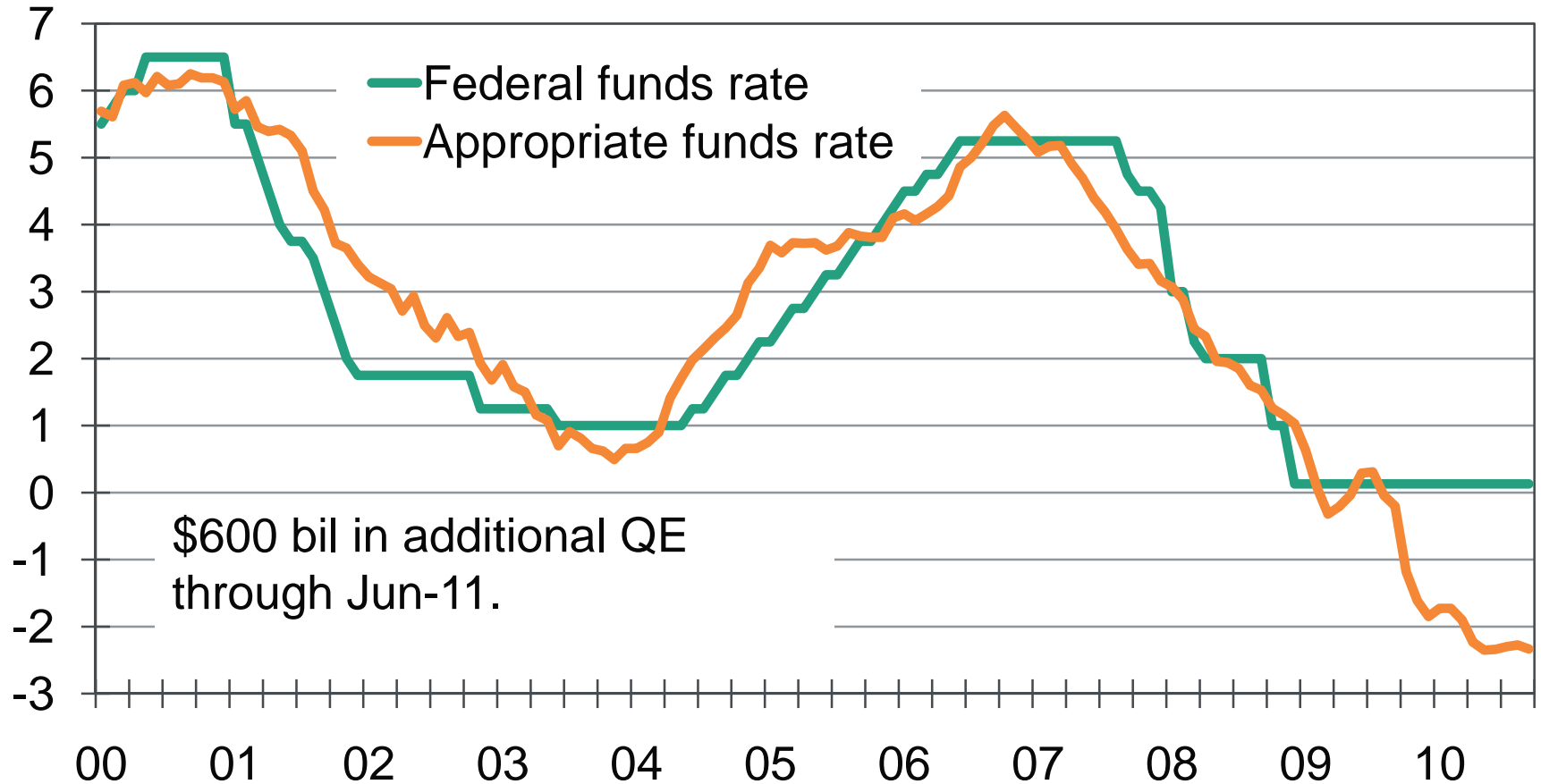
# ...And More House Price Declines Are Coming

Case Shiller<sup>®</sup> Home Price Index: 2000Q1=100



Sources: Fiserv, Moody's Analytics

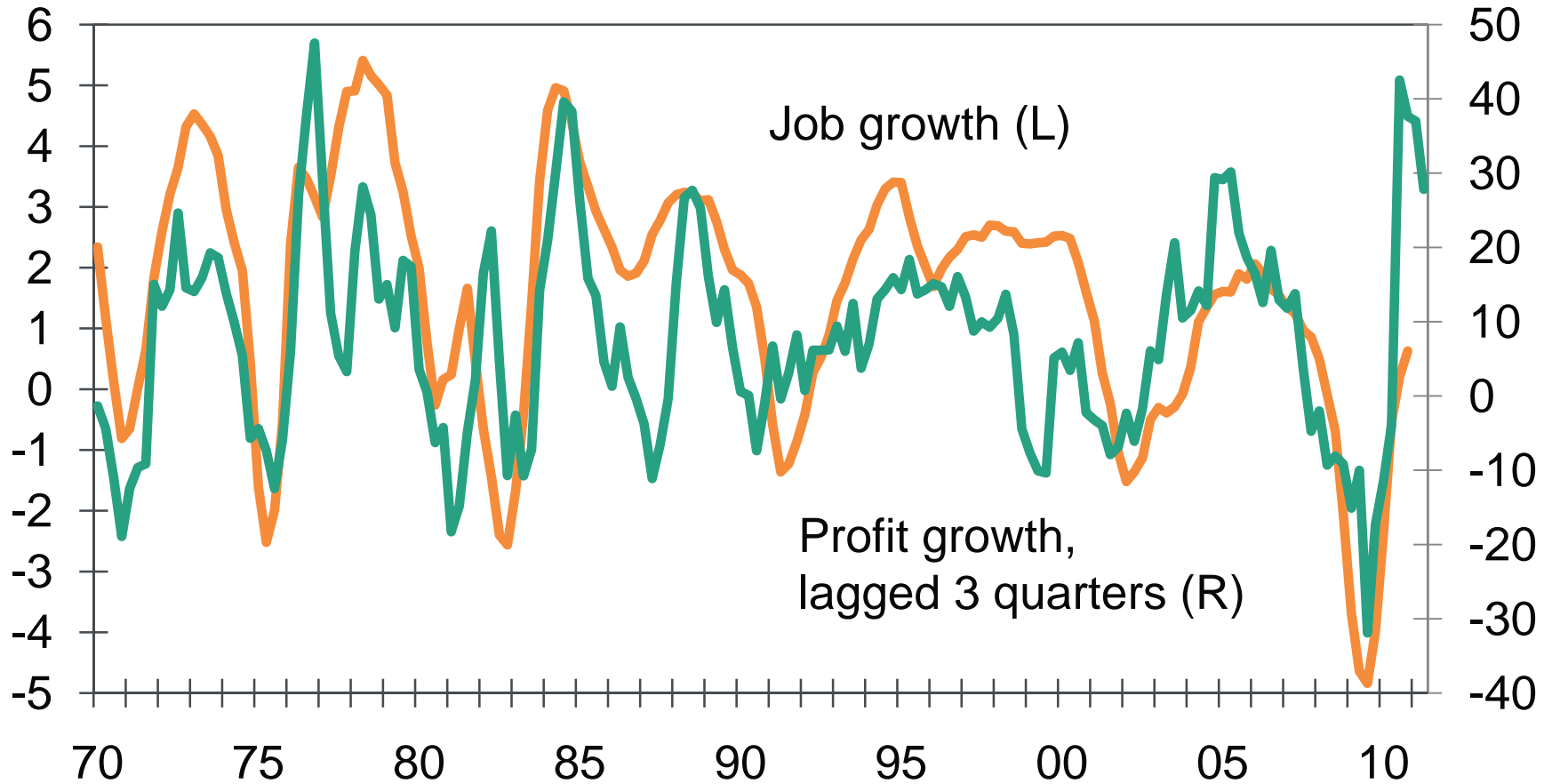
# The Federal Reserve Will Remain Aggressive



Sources: Federal Reserve, Moody's Analytics

# Profits Surge and Jobs Should Follow...

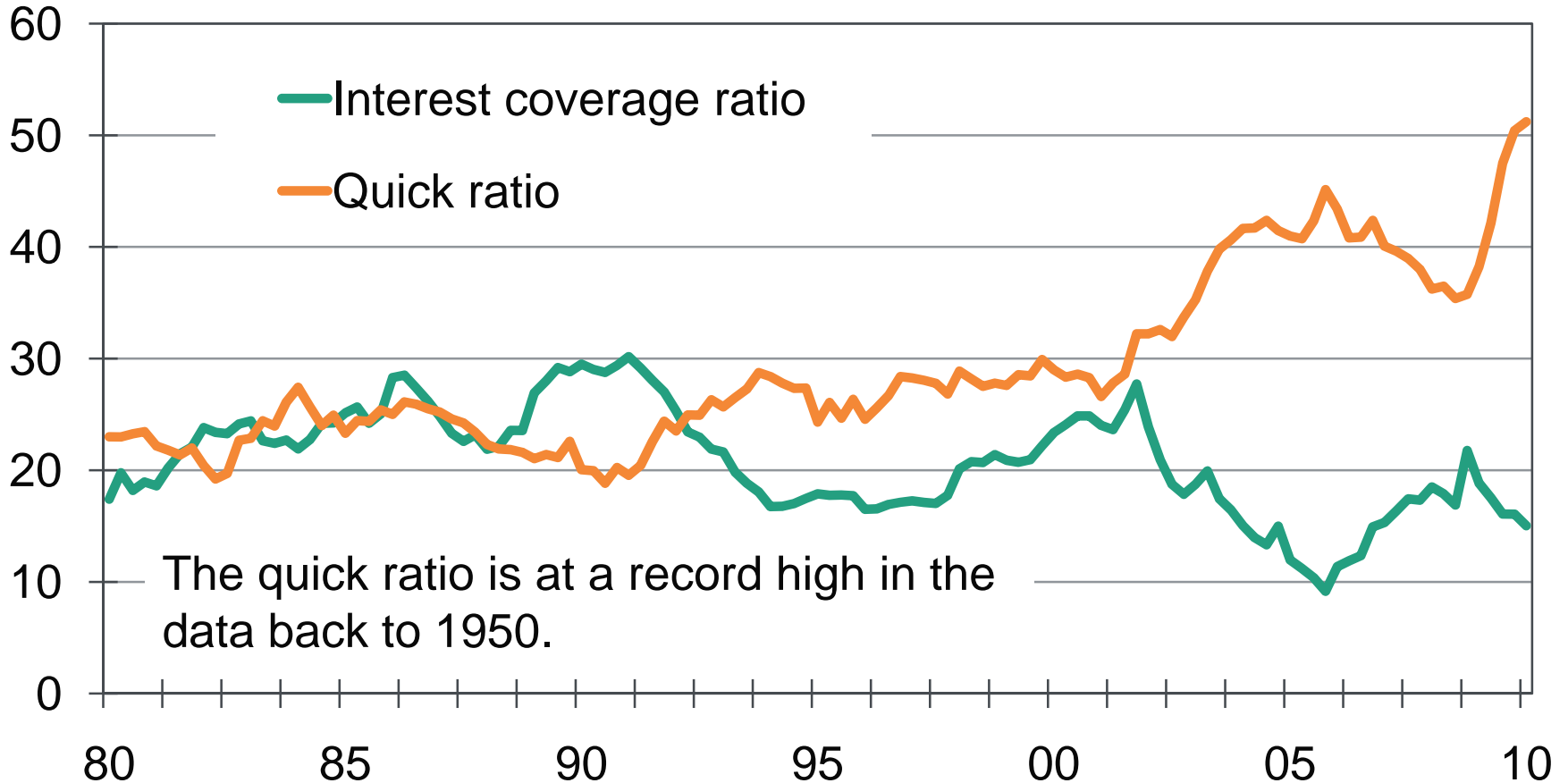
% change yr ago



Sources: BLS, BEA

# ...Given Solid Business Balance Sheets

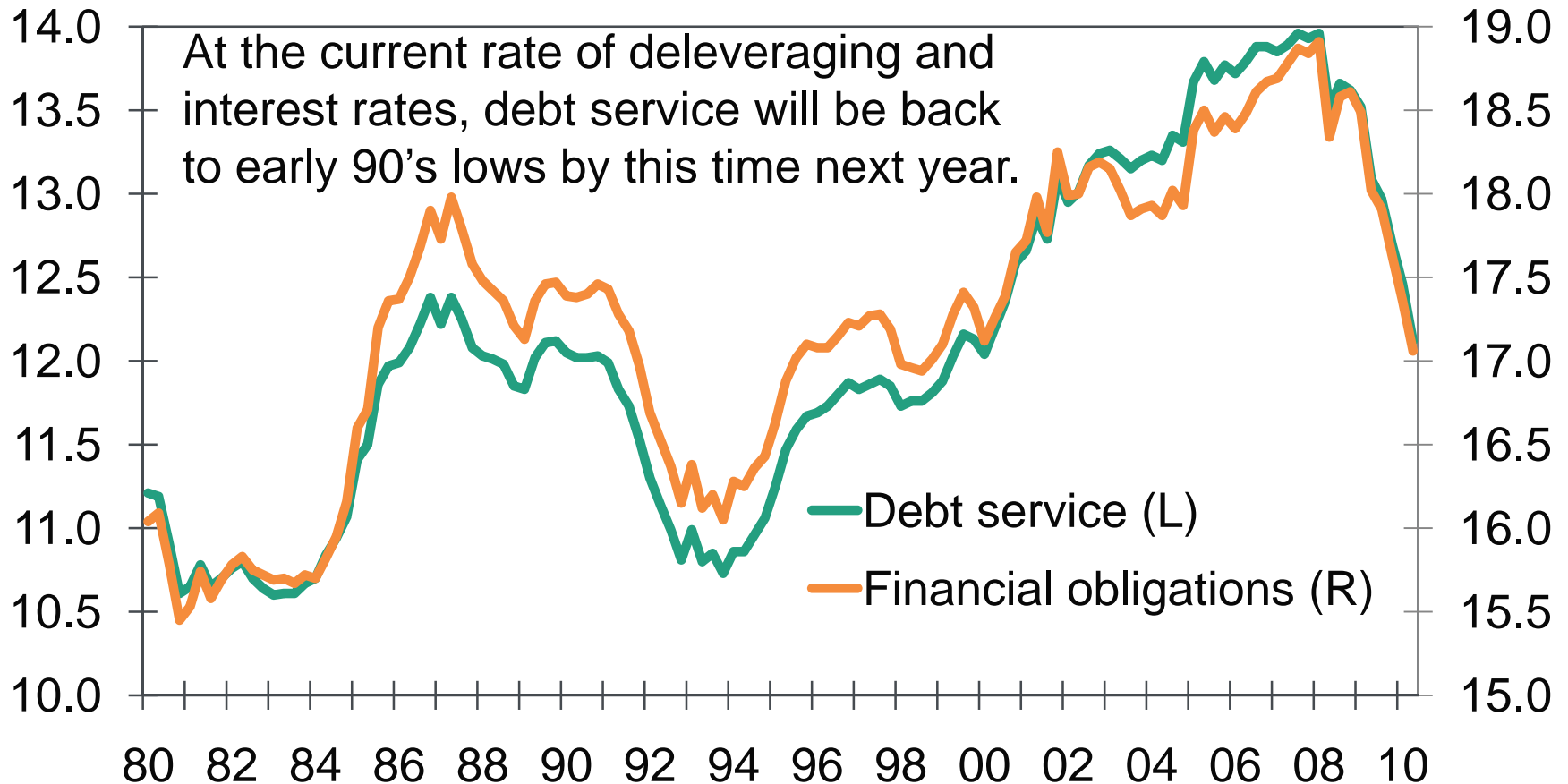
Nonfinancial corporate businesses



Sources: Federal Reserve, Moody's Analytics

# Household Debt Burdens are Falling Fast...

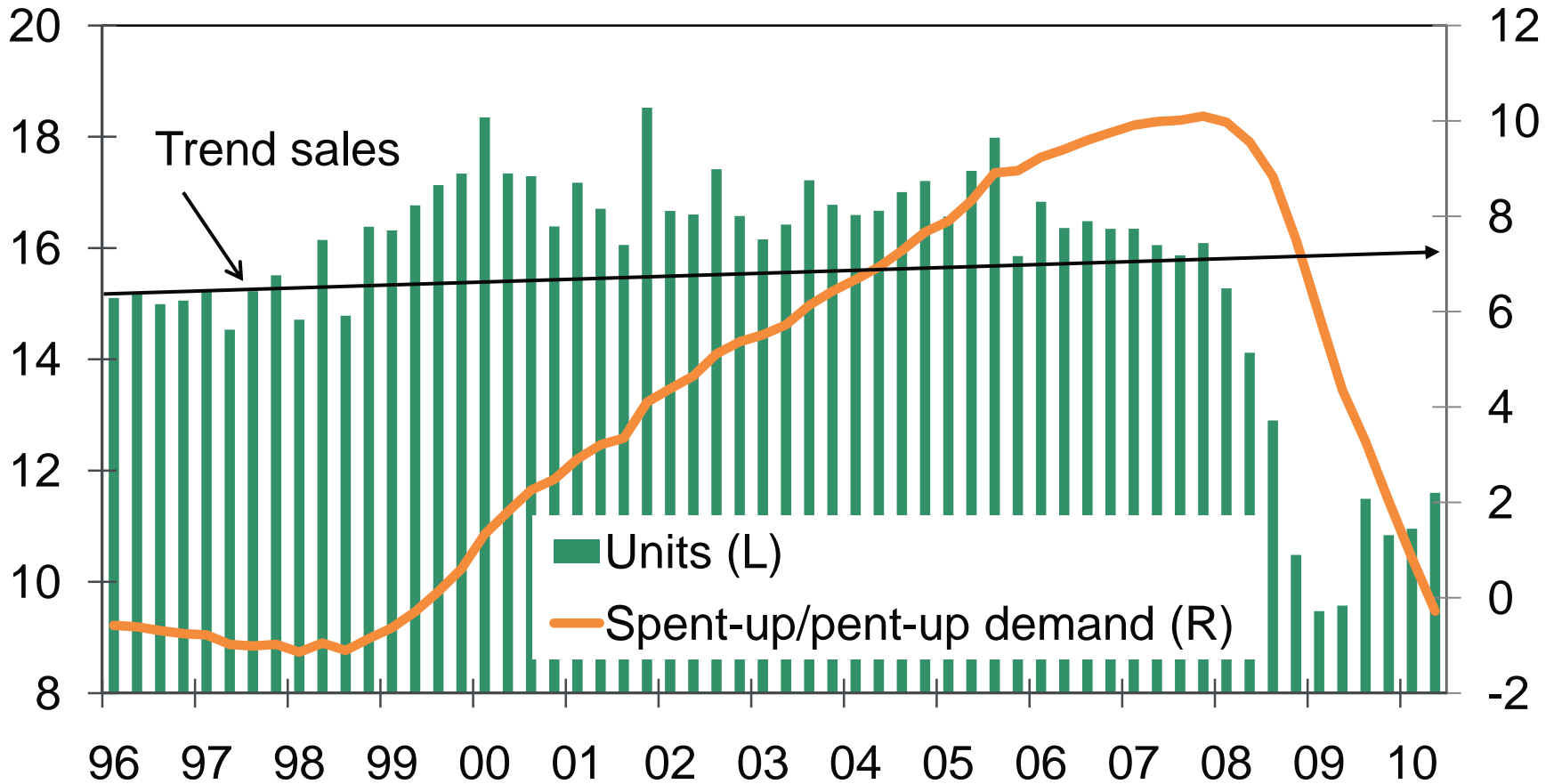
% of disposable income



Sources: Federal Reserve, BEA, Moody's Analytics

# ...And Pent-Up Demand Is Developing...

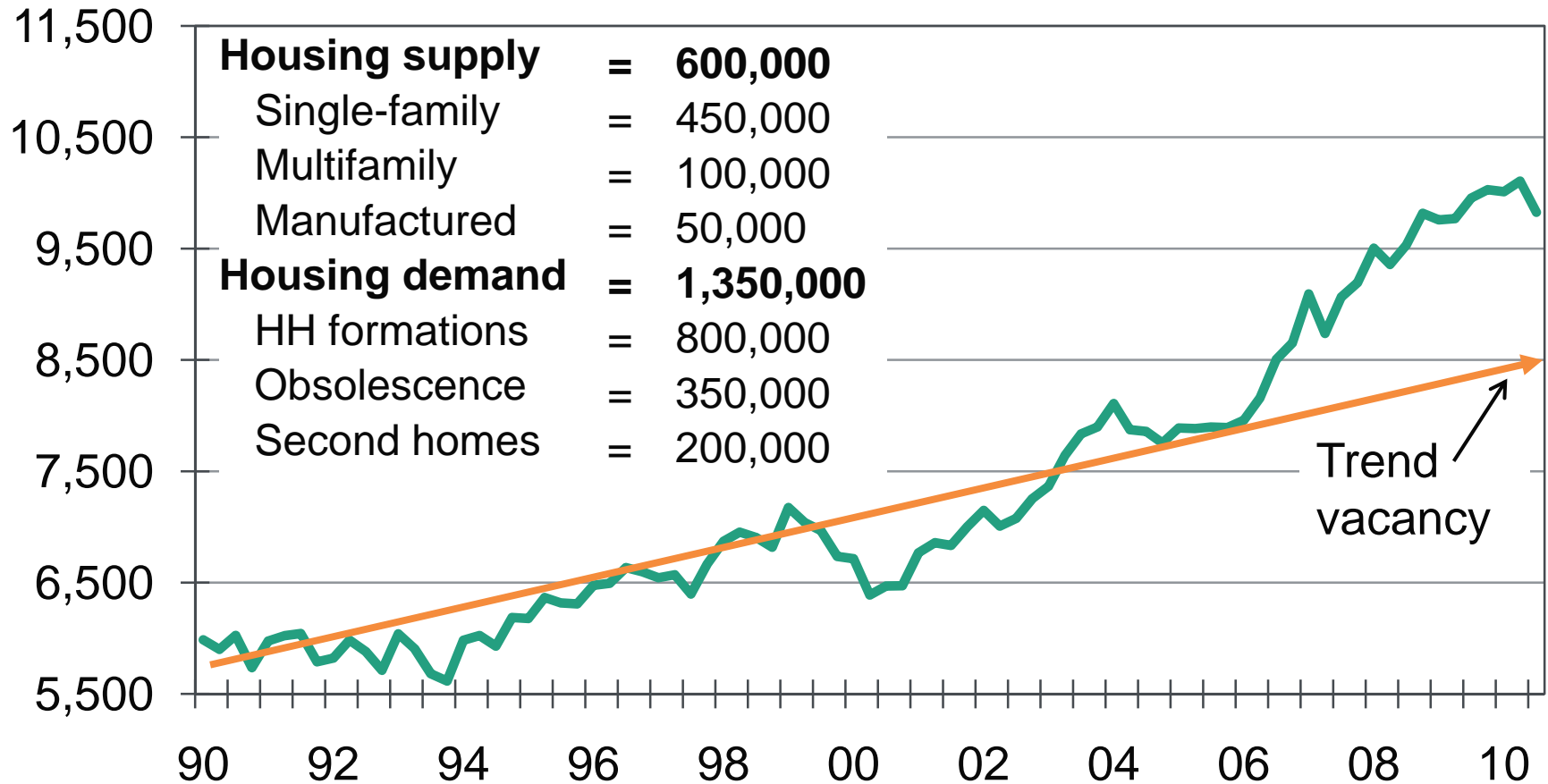
Light vehicle sales, mil



Sources: BEA, Moody's Analytics

# Housing Inventories Have Peaked

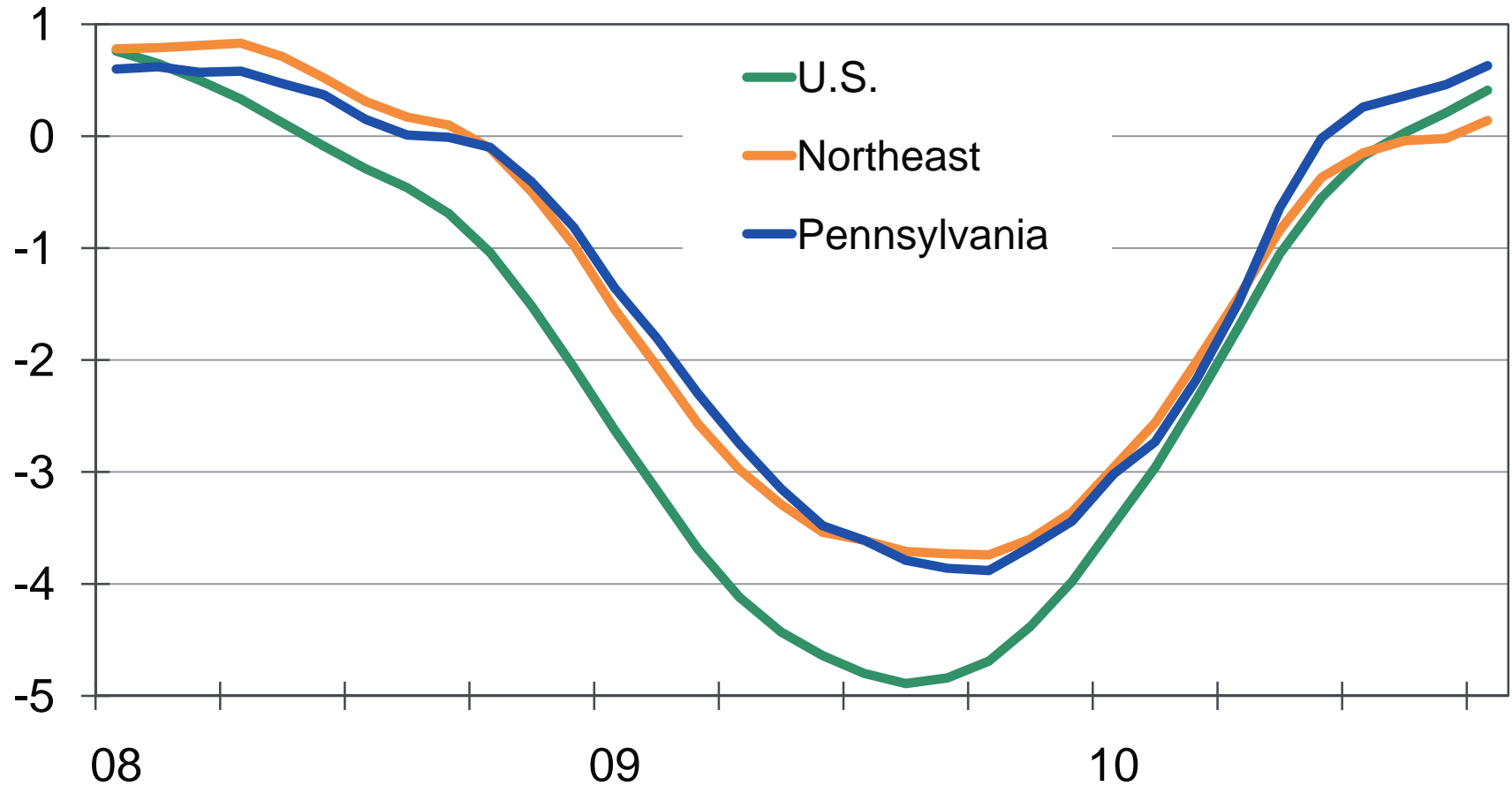
Vacant homes for sale, for rent and held off market, the



Sources: Census, Moody's Analytics

# Pennsylvania Is Less Volatile...

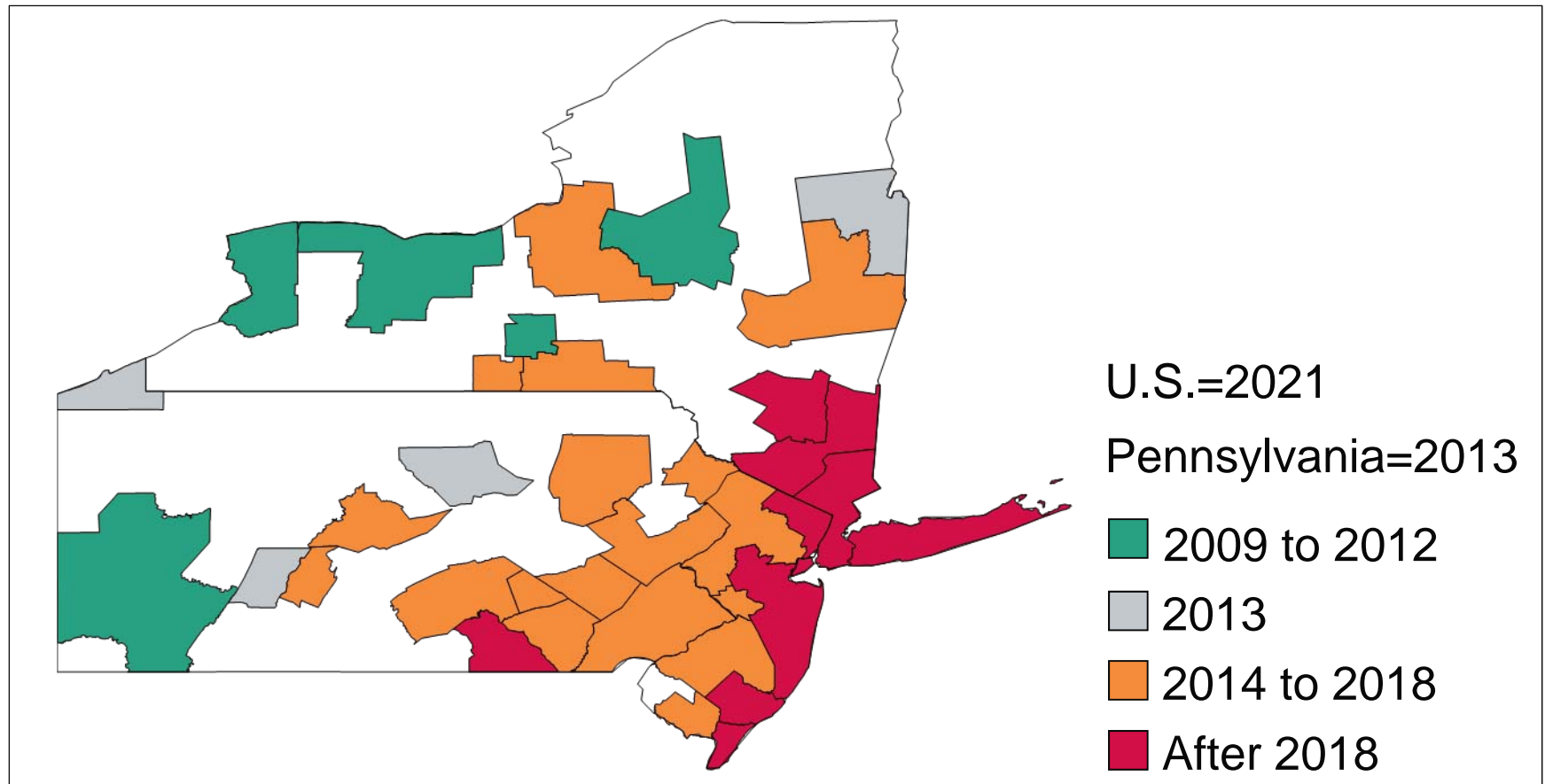
Employment, % change yr ago, 3-mo MA



Source: BLS

# ...And Has Smaller Hole to Climb Out of

Year in which area regains previous house price peak



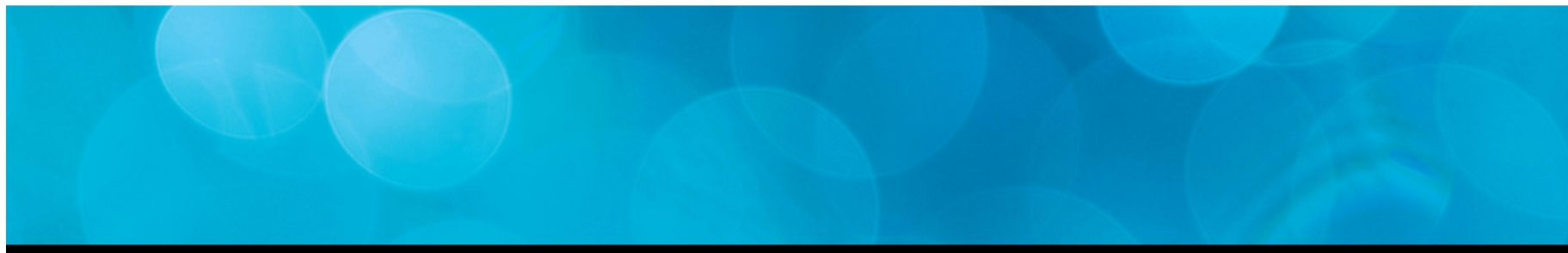
Sources: Fiserv, FHFA, Moody's Analytics

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