

The Regional Outlook

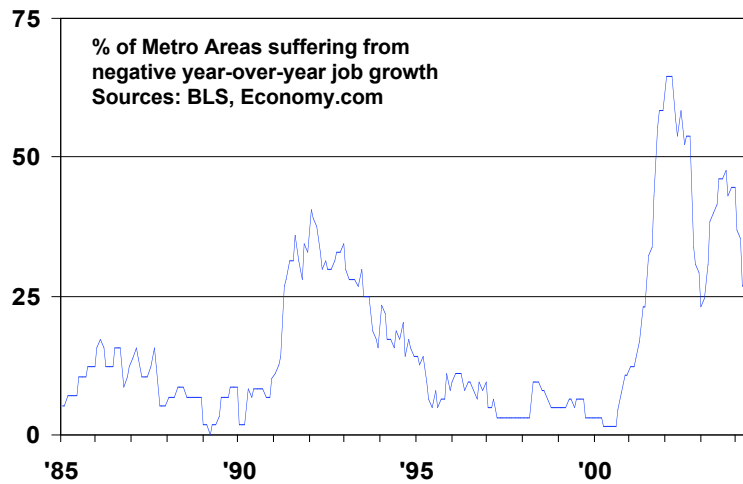
Presented by
Mark Zandi



© 2004 Economy.com

Slide 1

On the Mend, But It's Been Disappointing

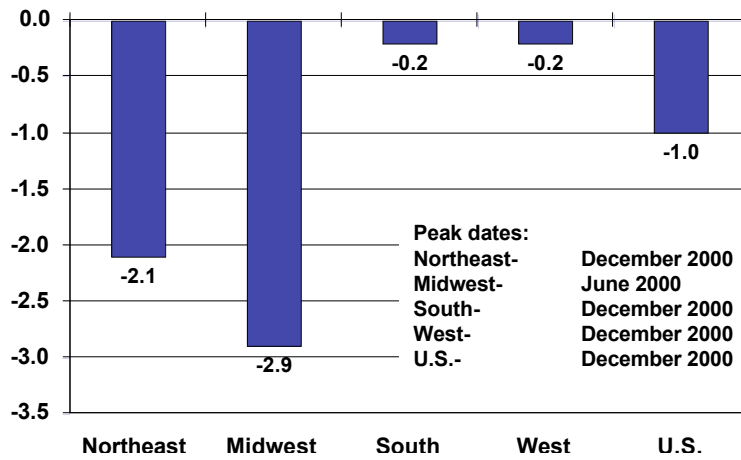


© 2004 Economy.com

Slide 2

Still Well Below Peak

Payroll employment, % change from peak

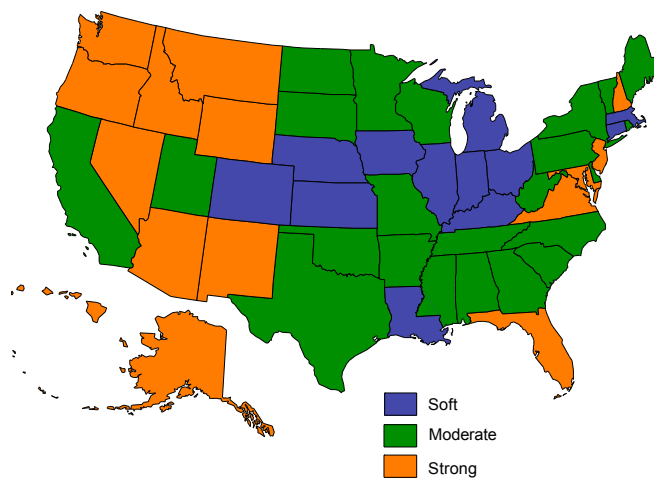


© 2004 Economy.com

Slide 3

Strong and Soft Regional Economies

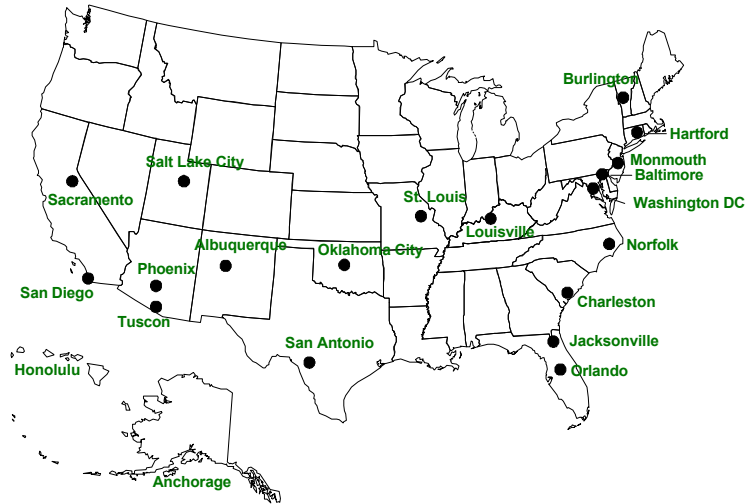
Based on data through July 2004



© 2004 Economy.com

Slide 4

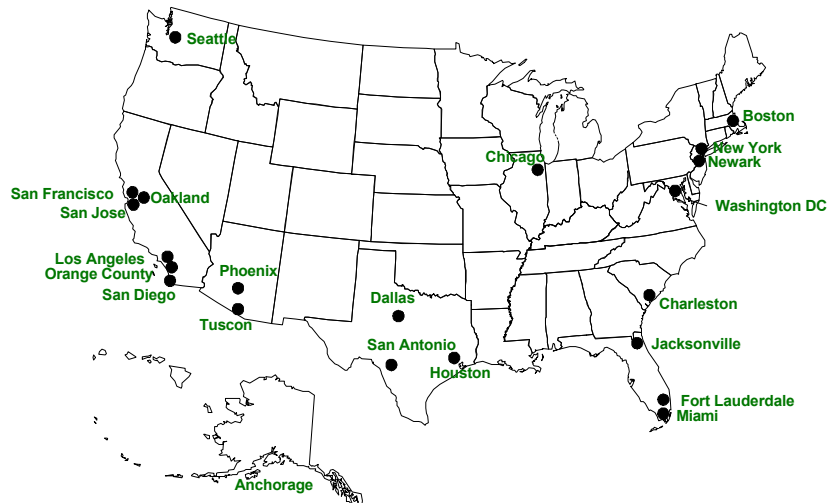
Defense-Driven Economies



© 2004 Economy.com

Slide 5

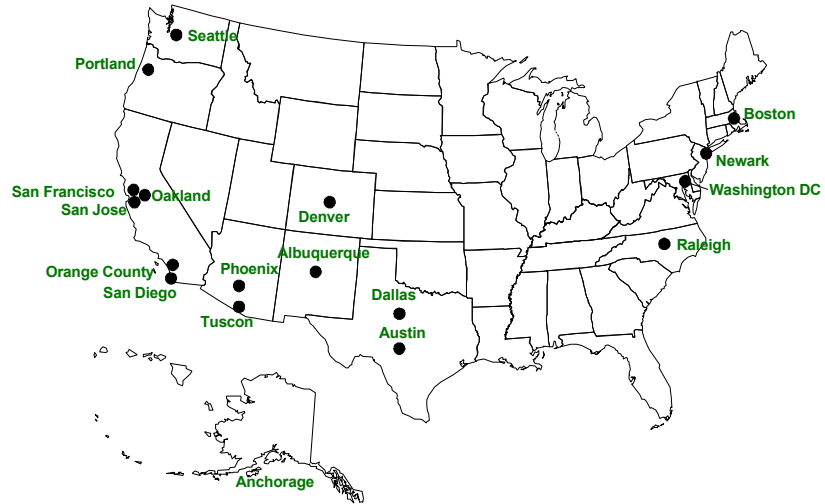
Gateway Economies



© 2004 Economy.com

Slide 6

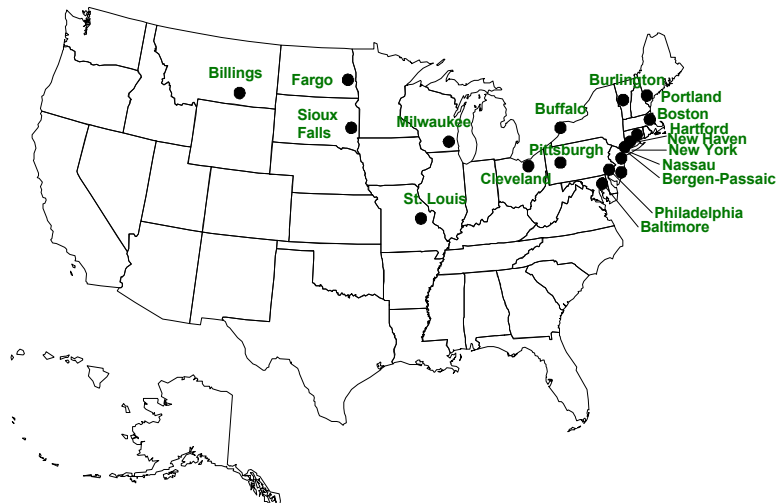
Tech-Driven Economies



© 2004 Economy.com

Slide 7

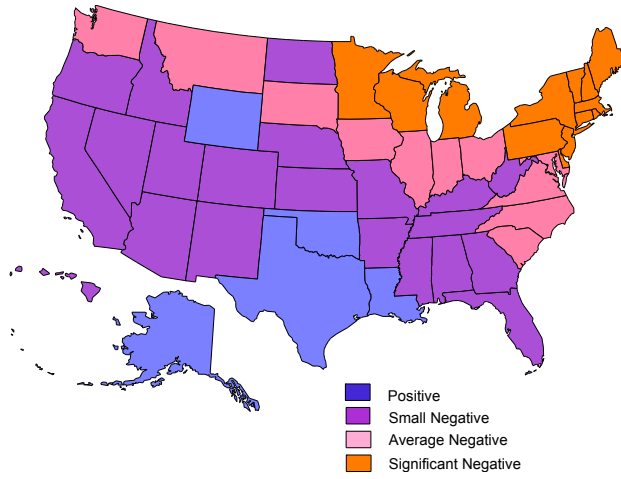
Healthcare/Education-Driven Economies



© 2004 Economy.com

Slide 8

Who Gets Hurt By Higher Energy Prices

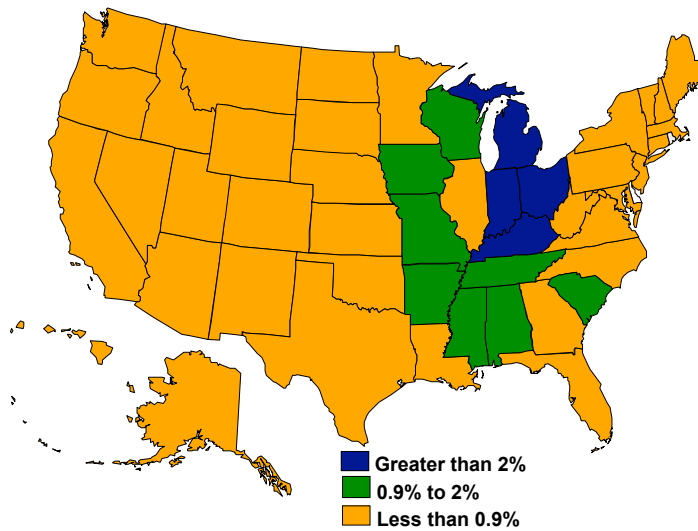


© 2004 Economy.com

Slide 9

Higher Interest Rates Will Hurt Auto Dependent Economies...

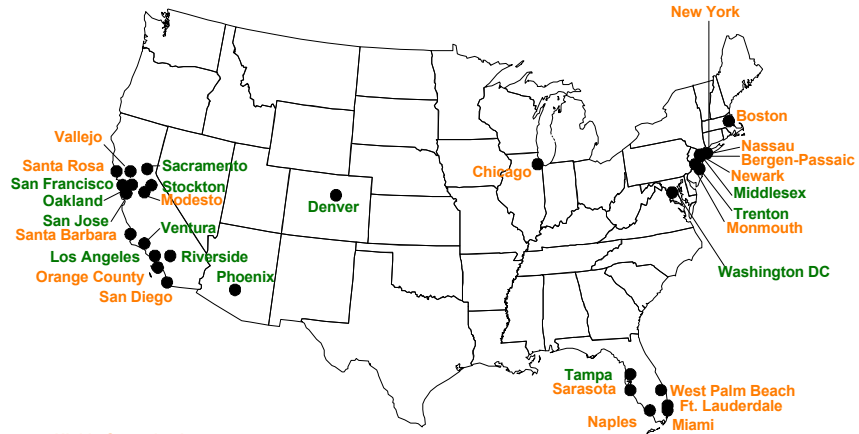
Share of jobs in auto manufacturing, 2003



© 2004 Economy.com

Slide 10

...and Economies With Speculative Housing Markets



Highly Overpriced
> 2 SD from historic average

Overpriced
> 1 SD from historic average

Based on the aggregate CSW house price index

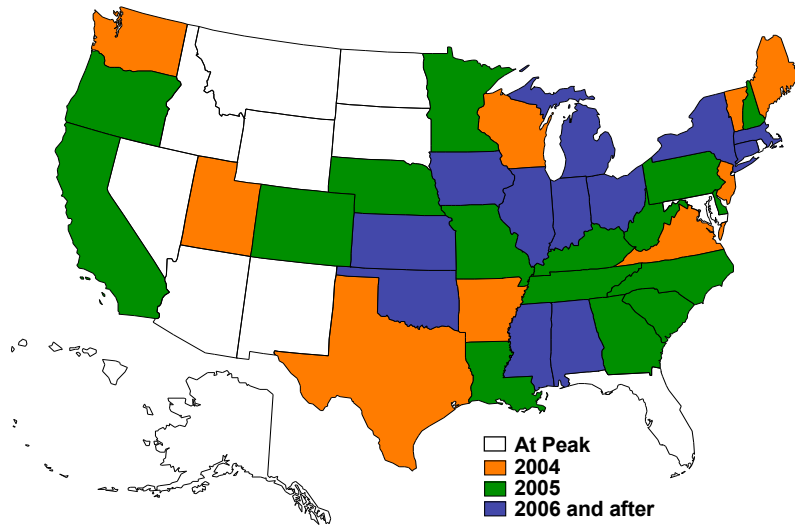


© 2004 Economy.com

Slide 11

West and South Recover First, Midwest and Northeast Lag

Year when new employment peak is projected



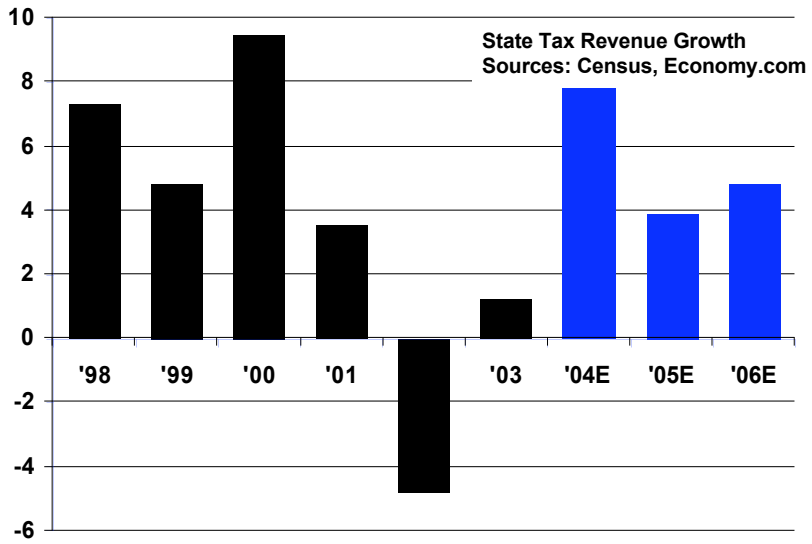
At Peak
 2004
 2005
 2006 and after



© 2004 Economy.com

Slide 12

Tax Revenue Growth Back on Track

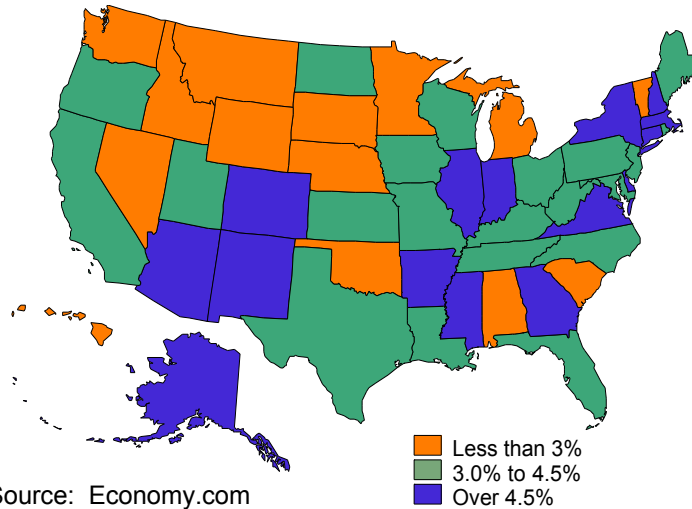


© 2004 Economy.com

Slide 13

Tax Revenue Growth Back on Track

Avg Annual Growth FY '04-'06, U.S. = 4.5%



Source: Economy.com



© 2004 Economy.com

Slide 14