



Economic Outlook

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The U.S. Outlook: Not Yet Firing On All Cylinders

- Bad News: Domestic momentum is modest. Hiring is cautious.
- Bad News: Foreign weakness and stronger dollar dampening export growth, increasing import competition. Manufacturing has slowed.
- Bad News: Gasoline prices have risen again; and drought will raise food prices
- Bad News: No early resolution of “fiscal cliff” likely. Uncertainty dampens risk-taking.
- Good News: Housing activity and prices edging higher. Housing activity is still way below demographic norms.
- Good News: Credit conditions and demand for credit gradually improving
- Continued modest growth is the most likely outcome; recession risk 20%



U.S. Economic Growth by Sector

(Percent change unless otherwise noted)

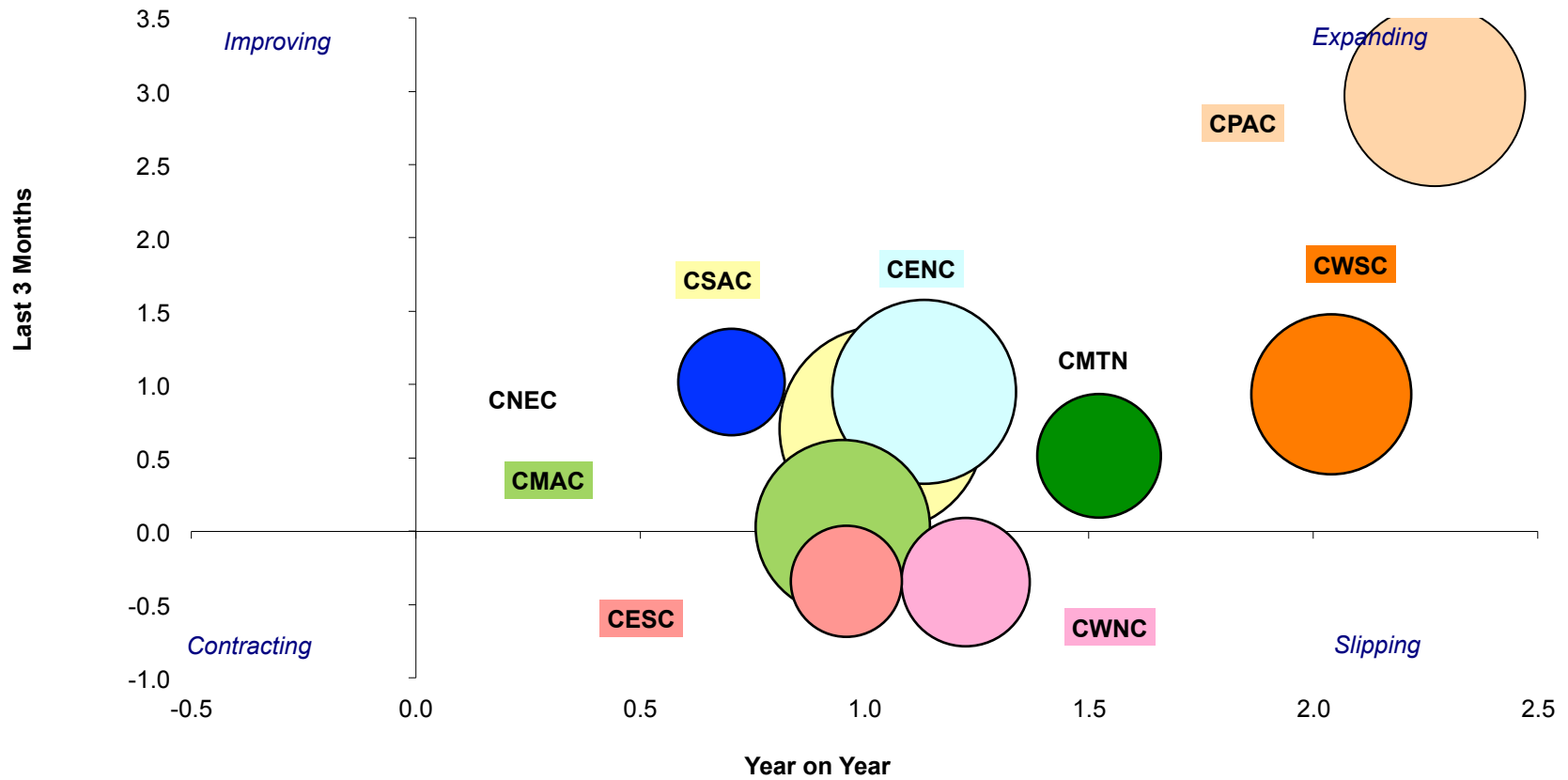
	2011	2012	2013	2014
Real GDP	1.8	2.2	1.8	2.8
Final Sales	2.0	2.0	1.9	2.7
Consumption	2.5	2.0	2.3	2.6
Light Vehicle Sales (Millions)	12.7	14.2	14.8	15.6
Residential Fixed Investment	-1.4	10.8	11.8	20.2
Housing Starts (Millions)	0.61	0.76	0.94	1.24
Business Fixed Investment	8.6	8.0	4.8	7.3
Federal Government	-2.8	-2.5	-3.2	-3.1
State and Local Government	-3.4	-1.6	-0.8	0.1
Exports	6.7	4.0	3.7	4.7
Imports	4.8	3.1	4.0	5.1



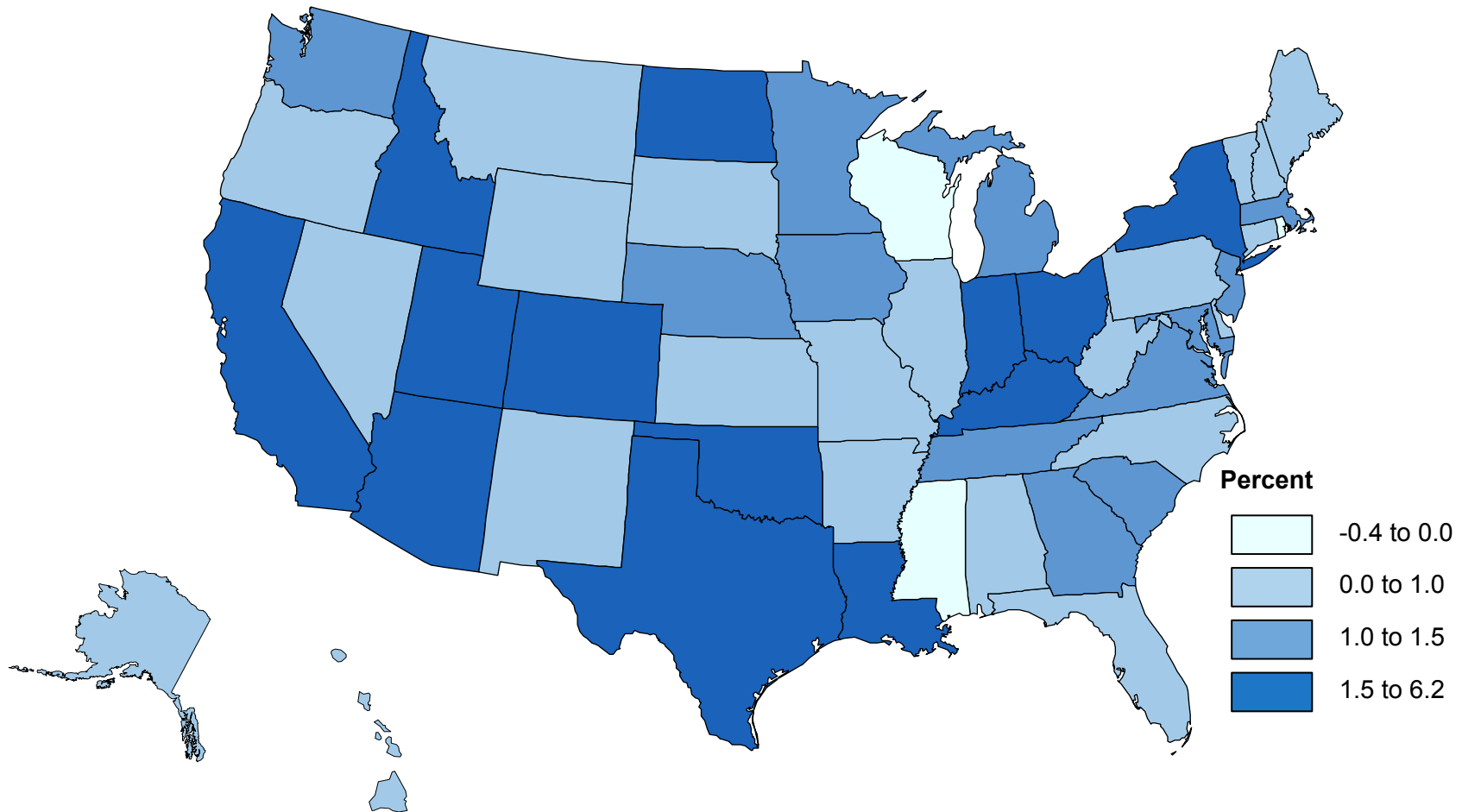
Regional Performance 2012

Employment Momentum in July

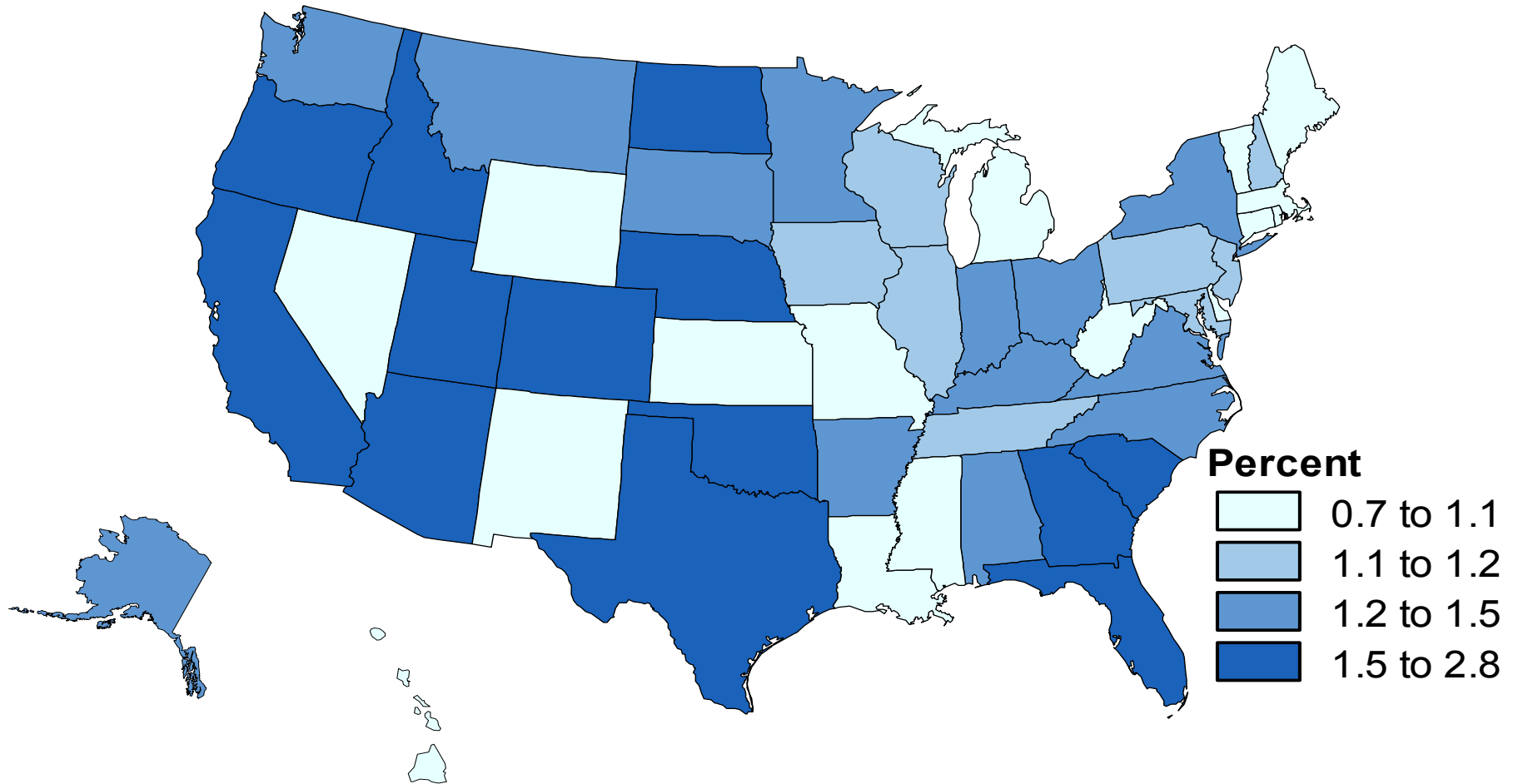
(Percent change, annual rate)



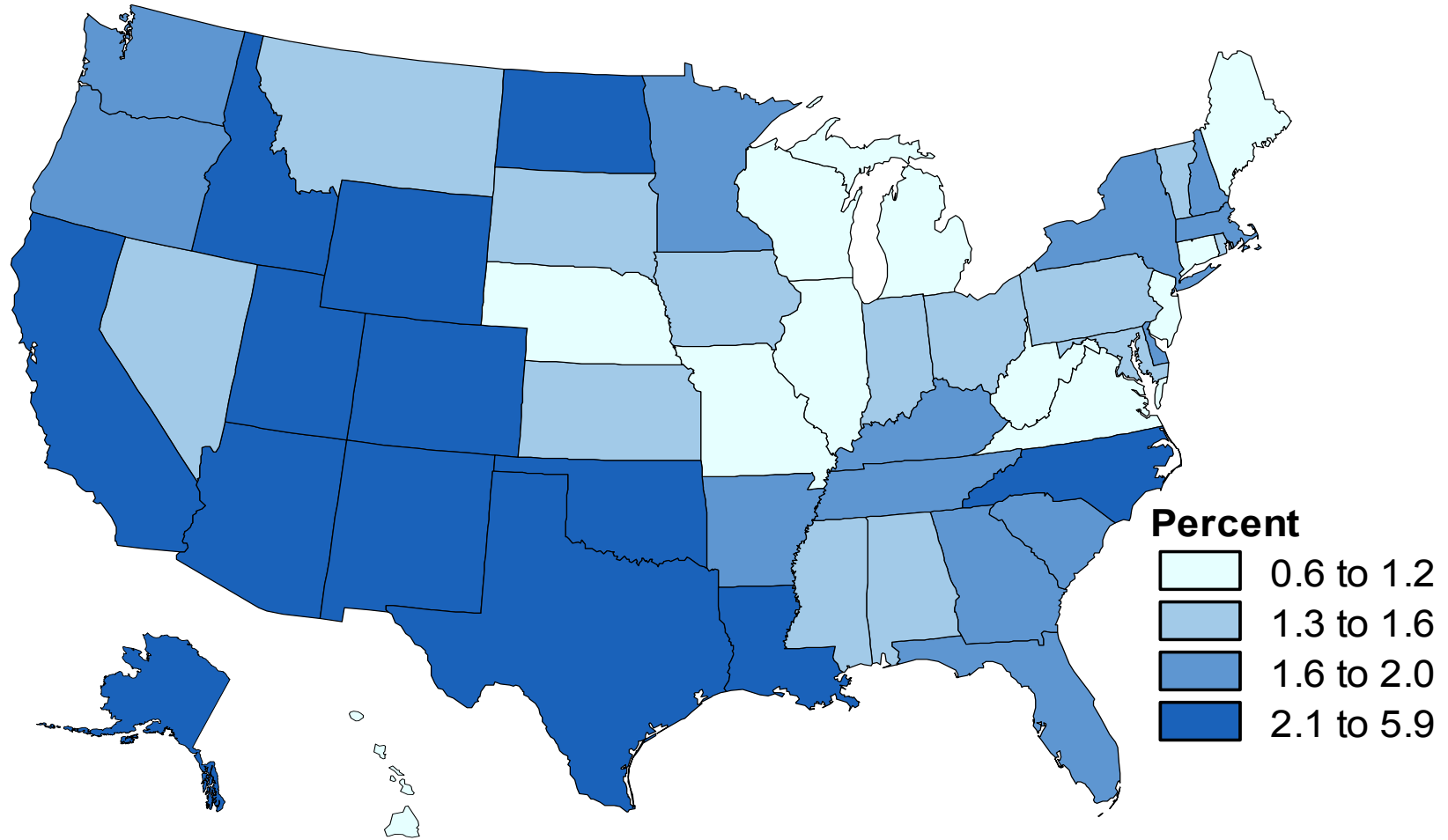
Employment Growth 2012



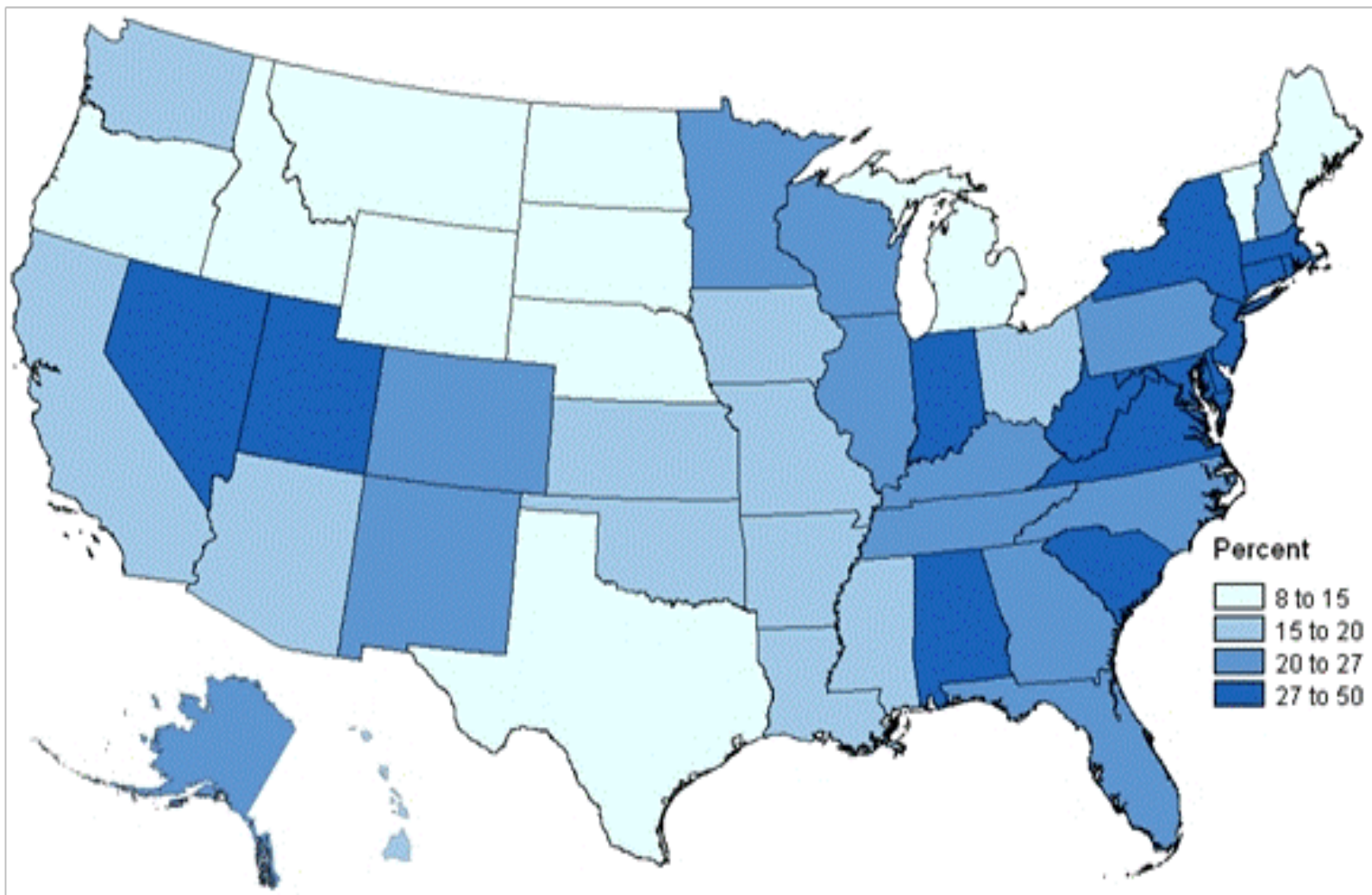
Employment Growth 2013



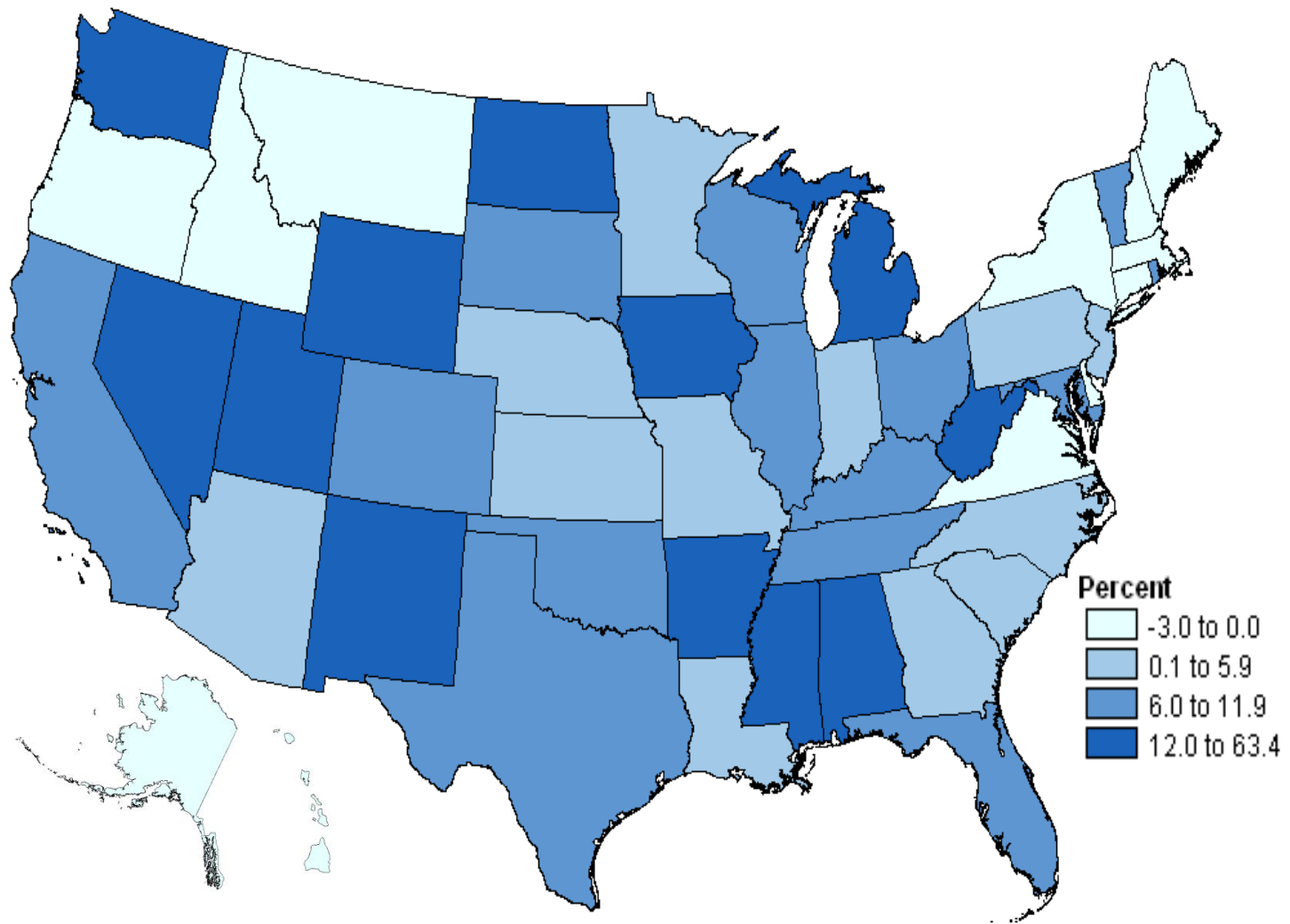
Real GSP Growth 2013



Exports to Europe

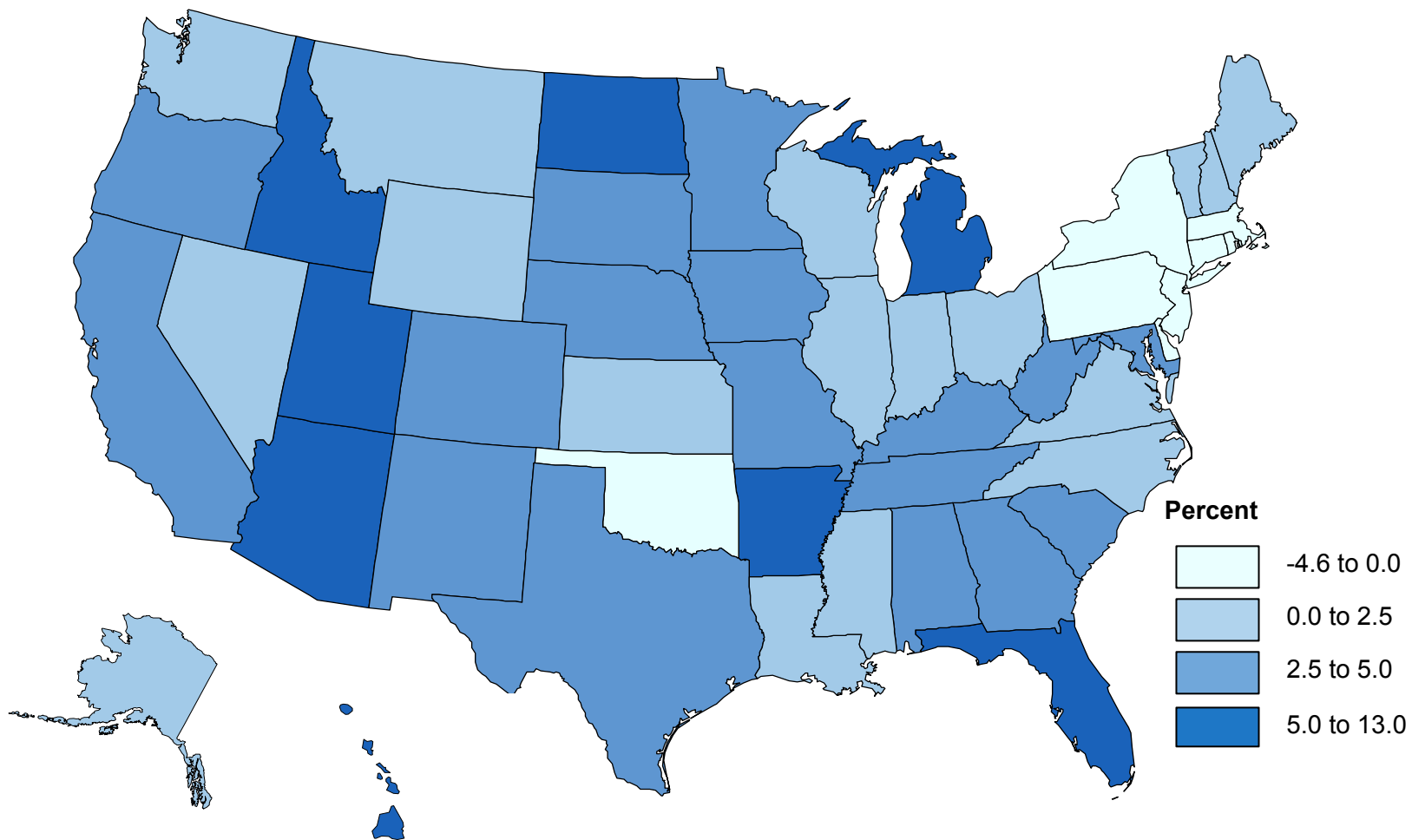


Exports 2012S1



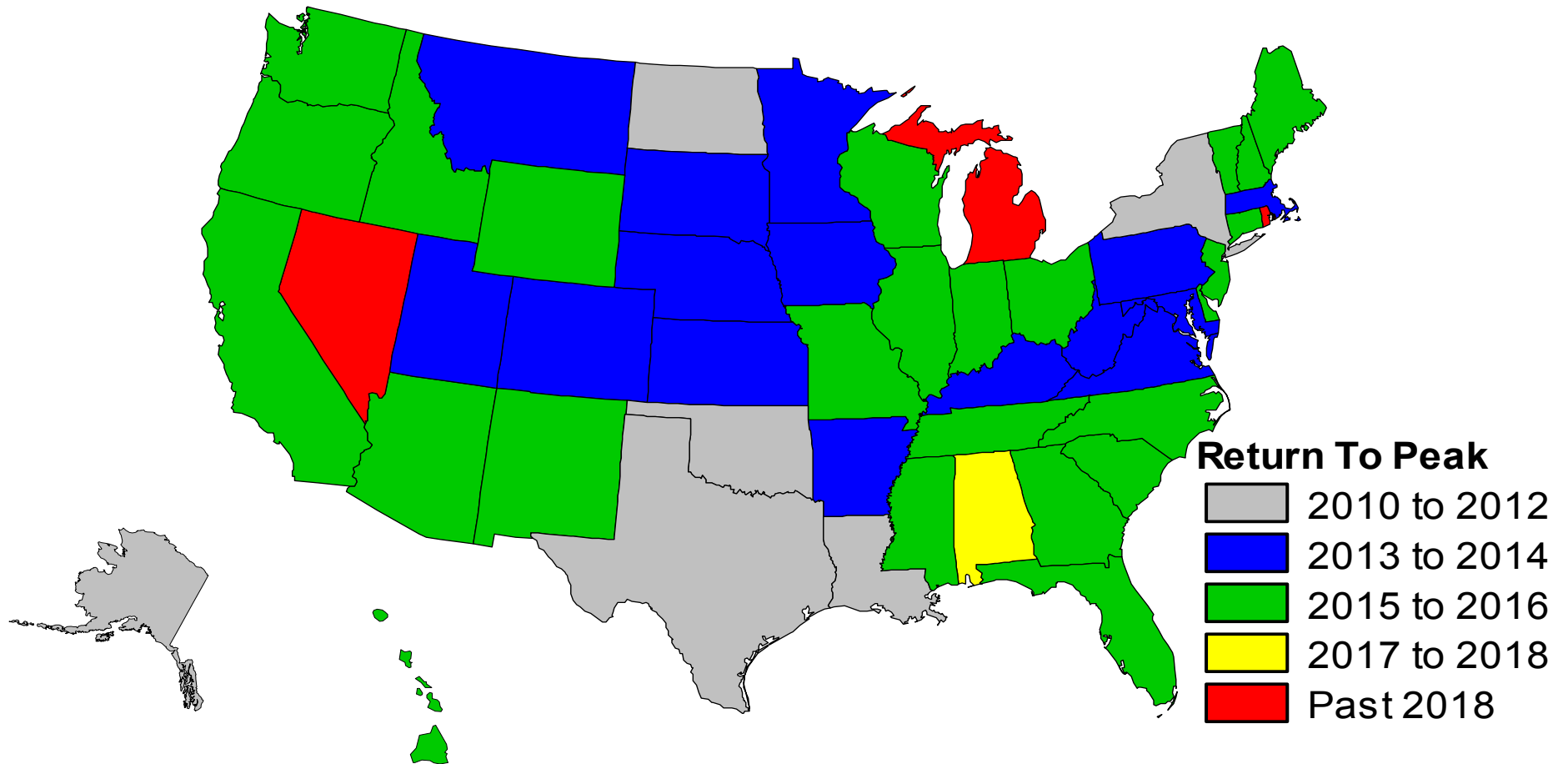


Home Prices : 2012





Return to Peak





Regional Performance Fiscal Year 2012-2013 (growth rate)

	Income	Retail Sales	Autos	Housing
New England	3.6	2.9	8.7	13
Mid Atlantic	3.5	3.0	5.6	20
South Atlantic	3.7	3.3	10.6	17
East North Central	3.4	2.5	8.4	18
West North Central	3.2	3.1	-2.0	13
East South Central	3.5	3.3	11.5	17
West South Central	4.1	3.7	8.8	15
Mountain	3.8	3.4	6.7	32
Pacific	4.1	3.4	15.4	35



Regional Performance Fiscal Year 2013-2014 (growth rate)

	Income	Retail Sales	Autos	Housing
New England	4.0	2.4	5.7	31
Mid Atlantic	4.1	3.2	3.4	25
South Atlantic	4.7	3.4	7.1	38
East North Central	3.7	2.4	4.6	31
West North Central	3.3	2.7	3.7	27
East South Central	4.1	3.1	4.4	37
West South Central	4.9	3.7	-0.8	25
Mountain	4.7	3.5	5.3	42
Pacific	4.5	3.3	7.7	46



Thank you!
