

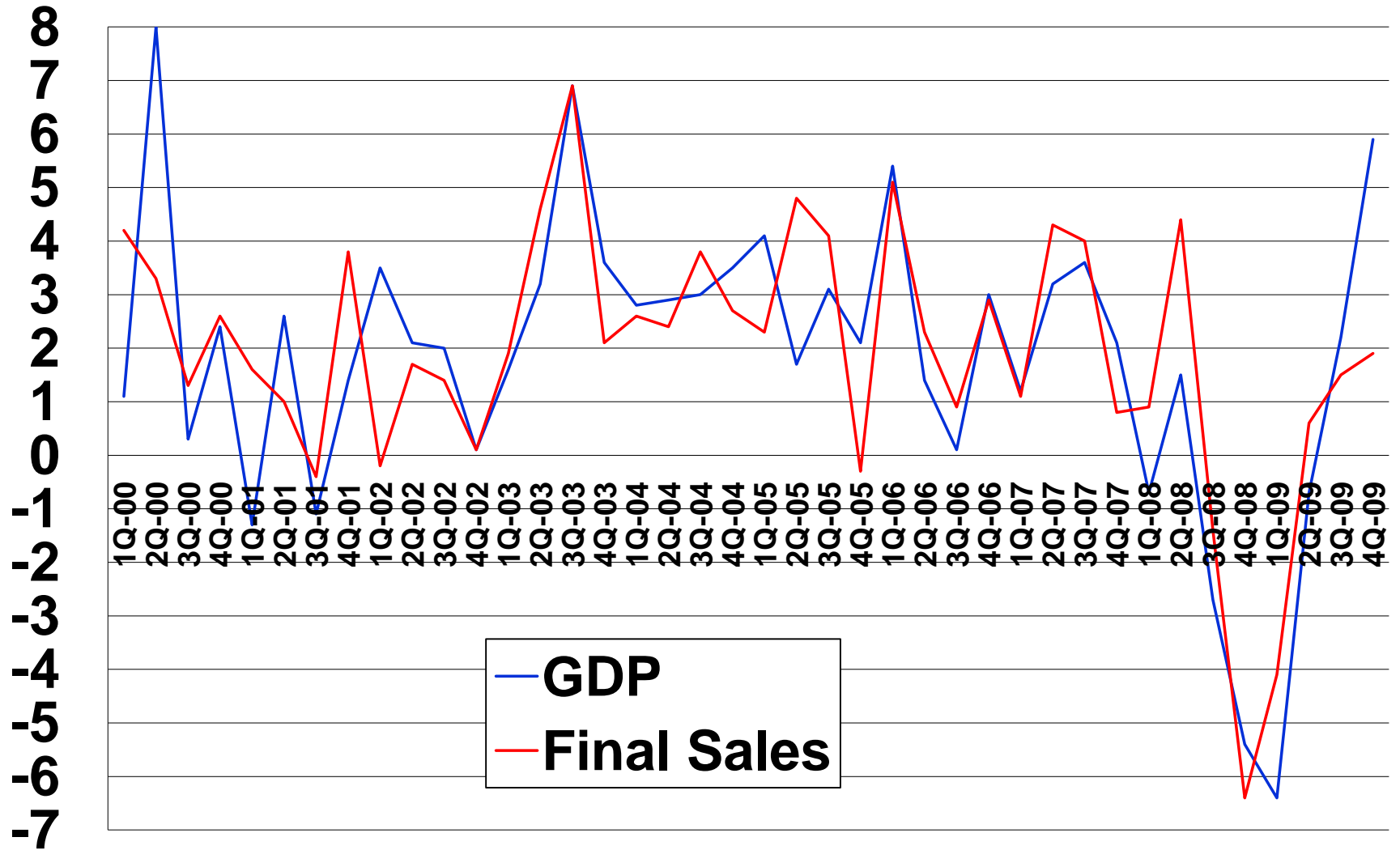
ON THE ECONOMIC & POLITICAL CLIMATE

***Roger Tutterow
Professor of Economics
Mercer University***

***ECG ANNUAL MEETING & ED FORUM
GREENSBORO, GA
March 29, 2009***

The Recession: Are We “In” or “Out”

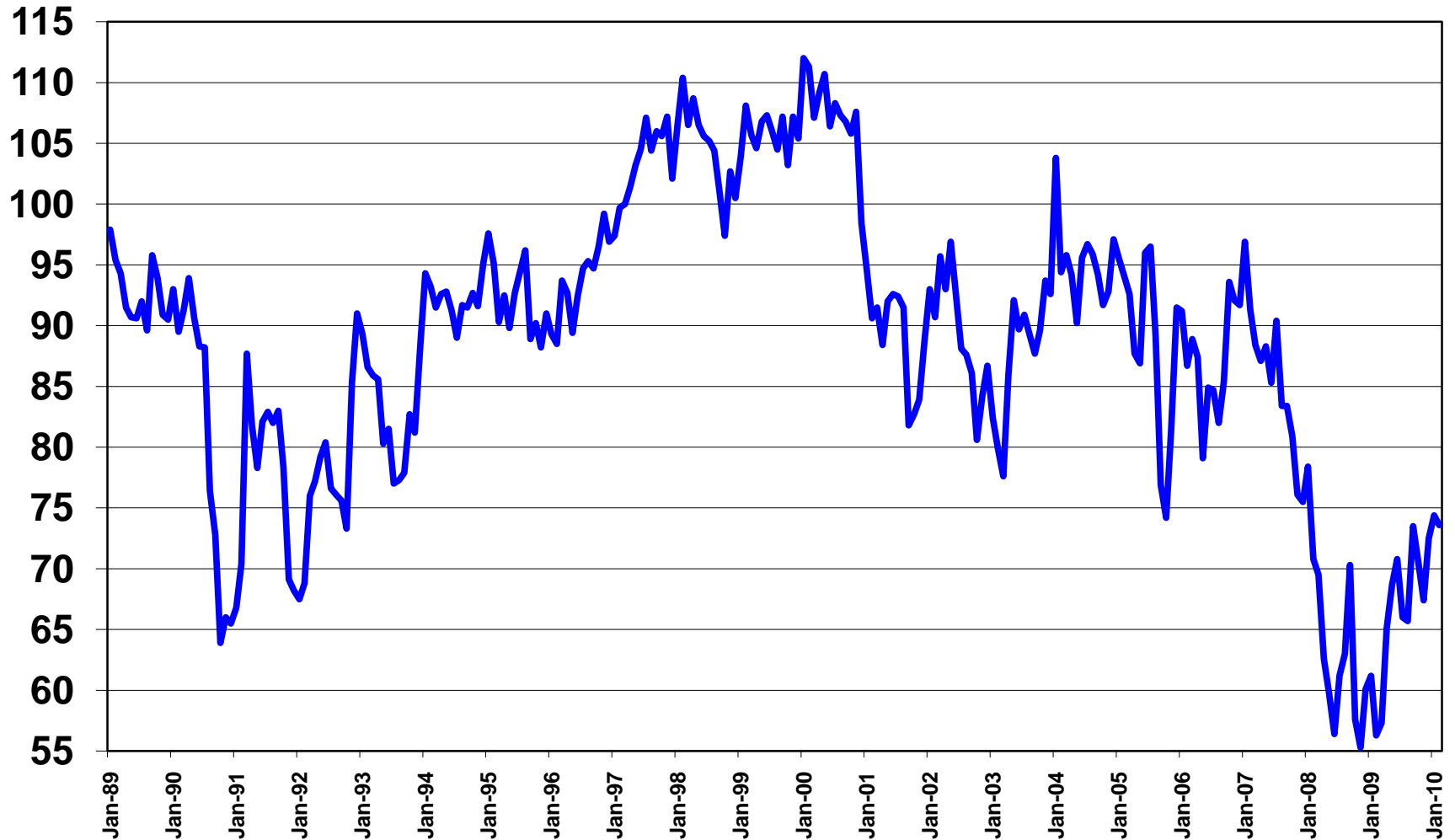
GDP vs. Final Sales



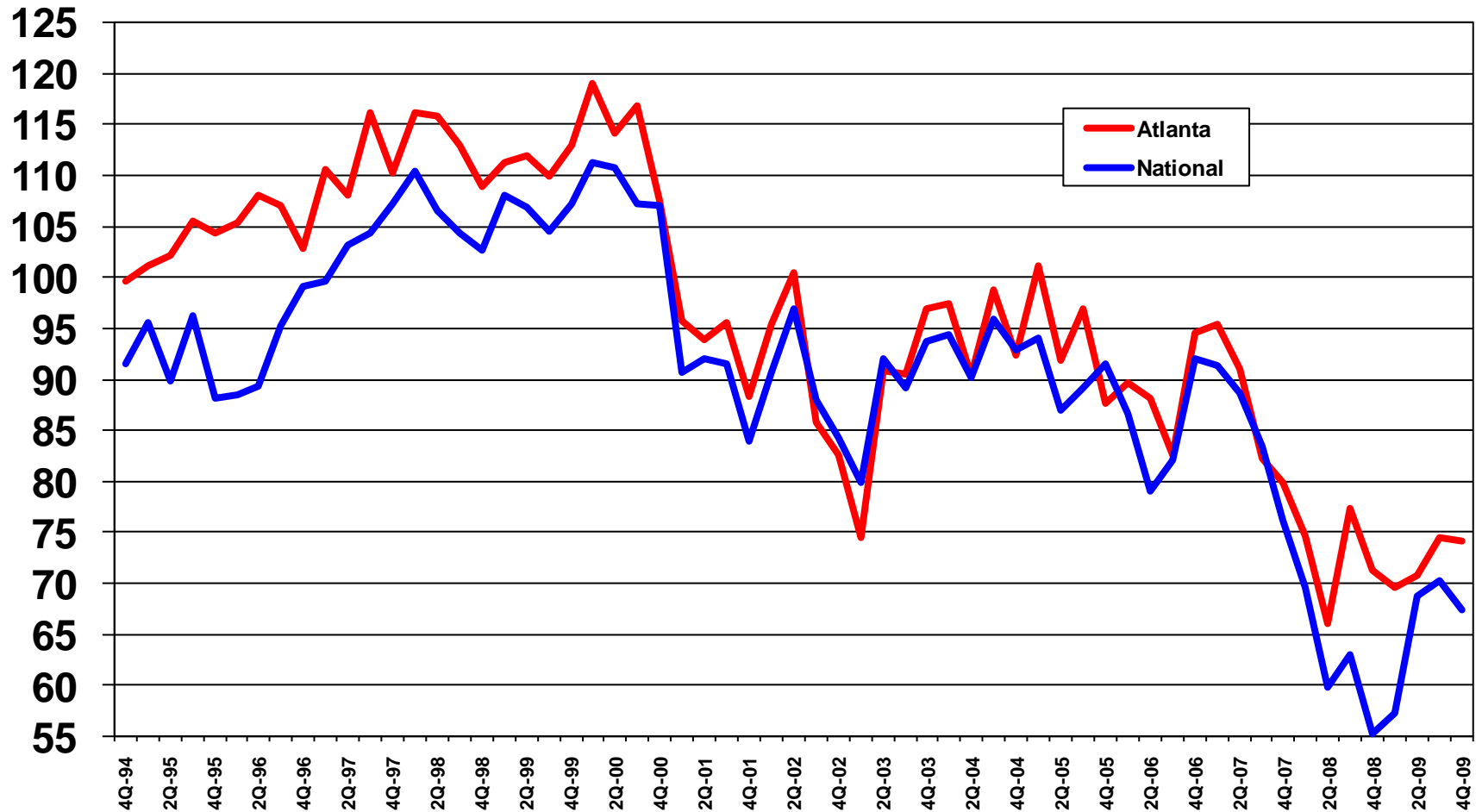
Institute of Supply Management's "PMI"



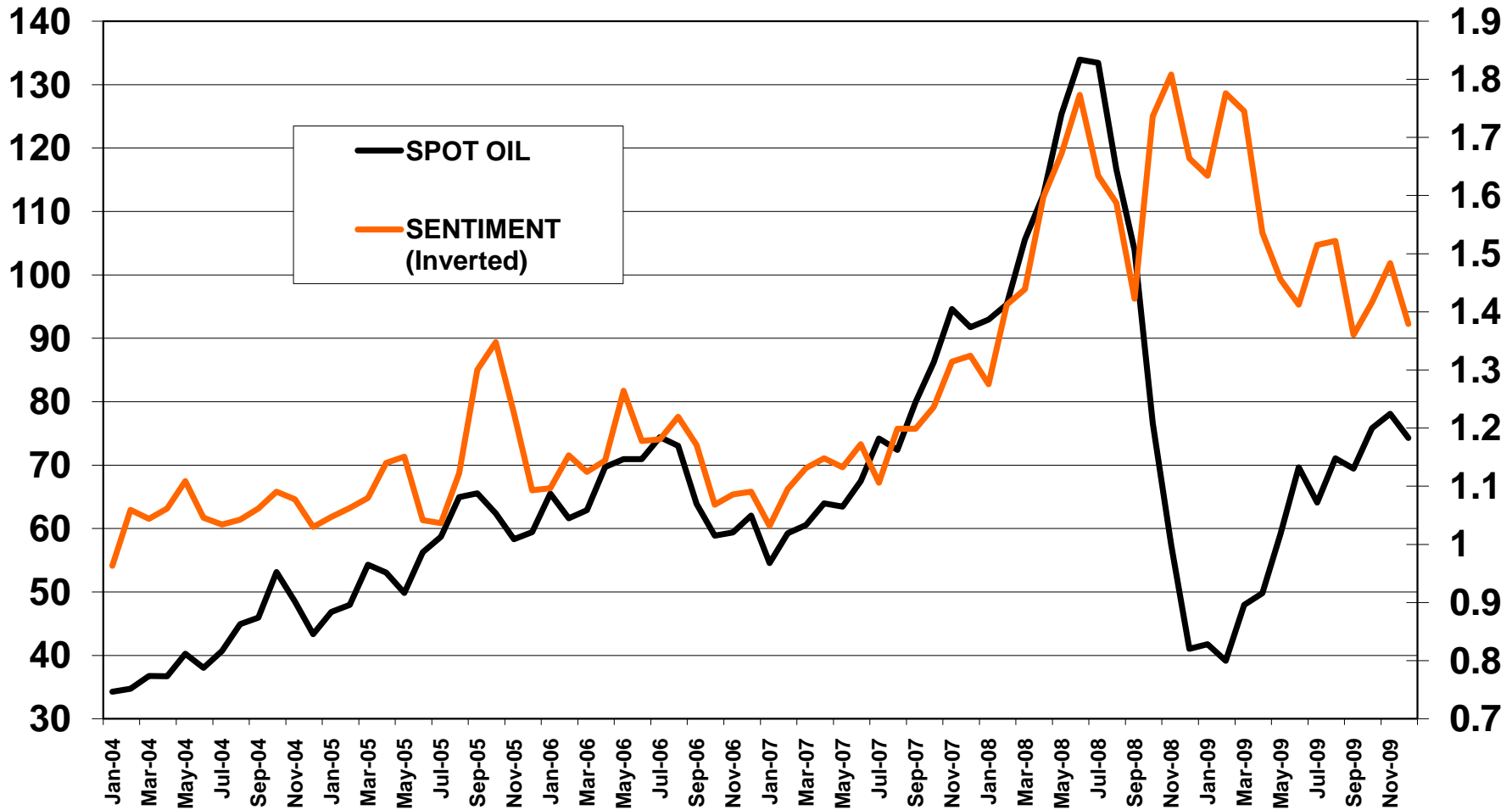
CONSUMER SENTIMENT



CONSUMER SENTIMENT



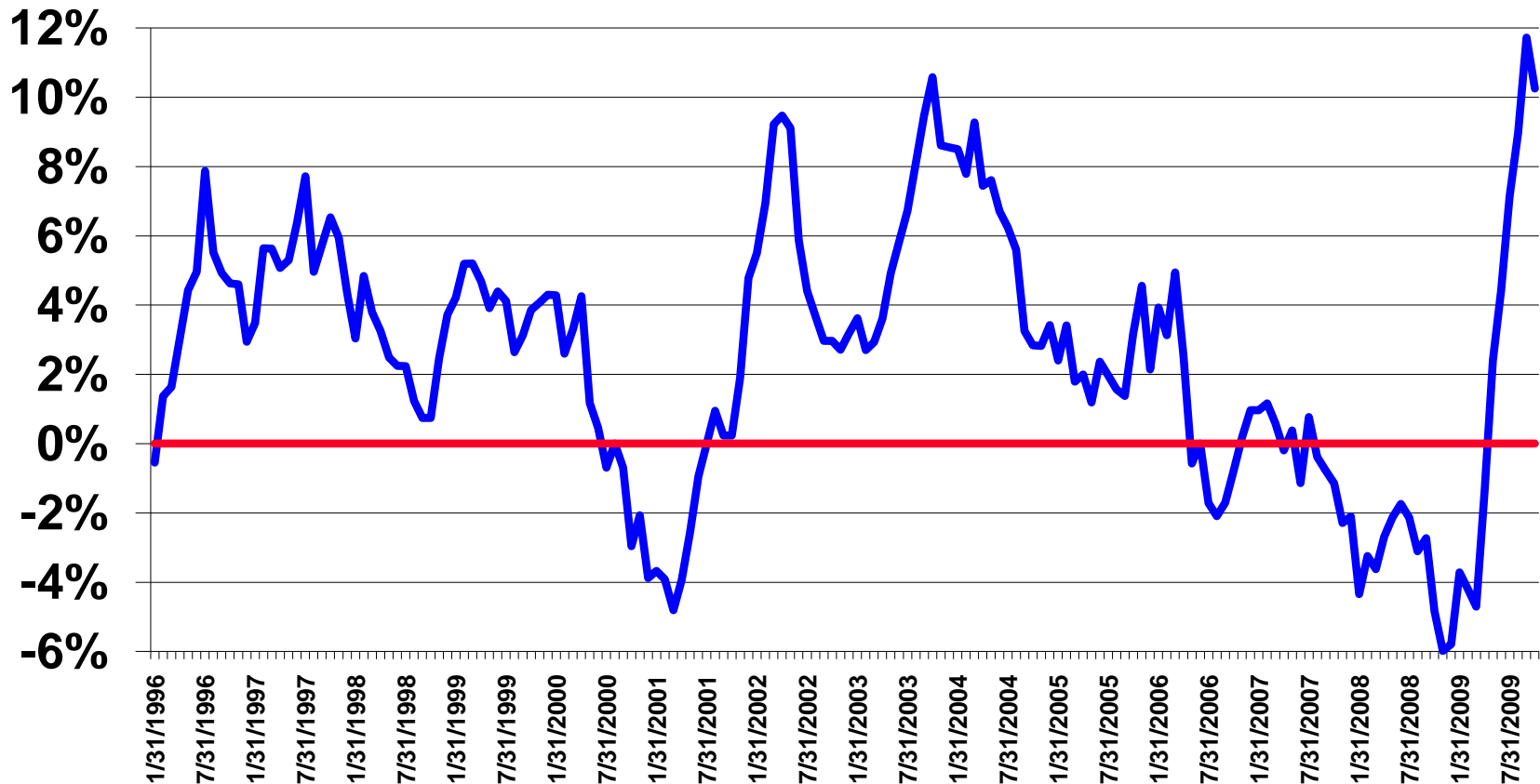
OIL & CONSUMER SENTIMENT



Leading Economic Indicators

% change in last 6 months

Source: Conference Board

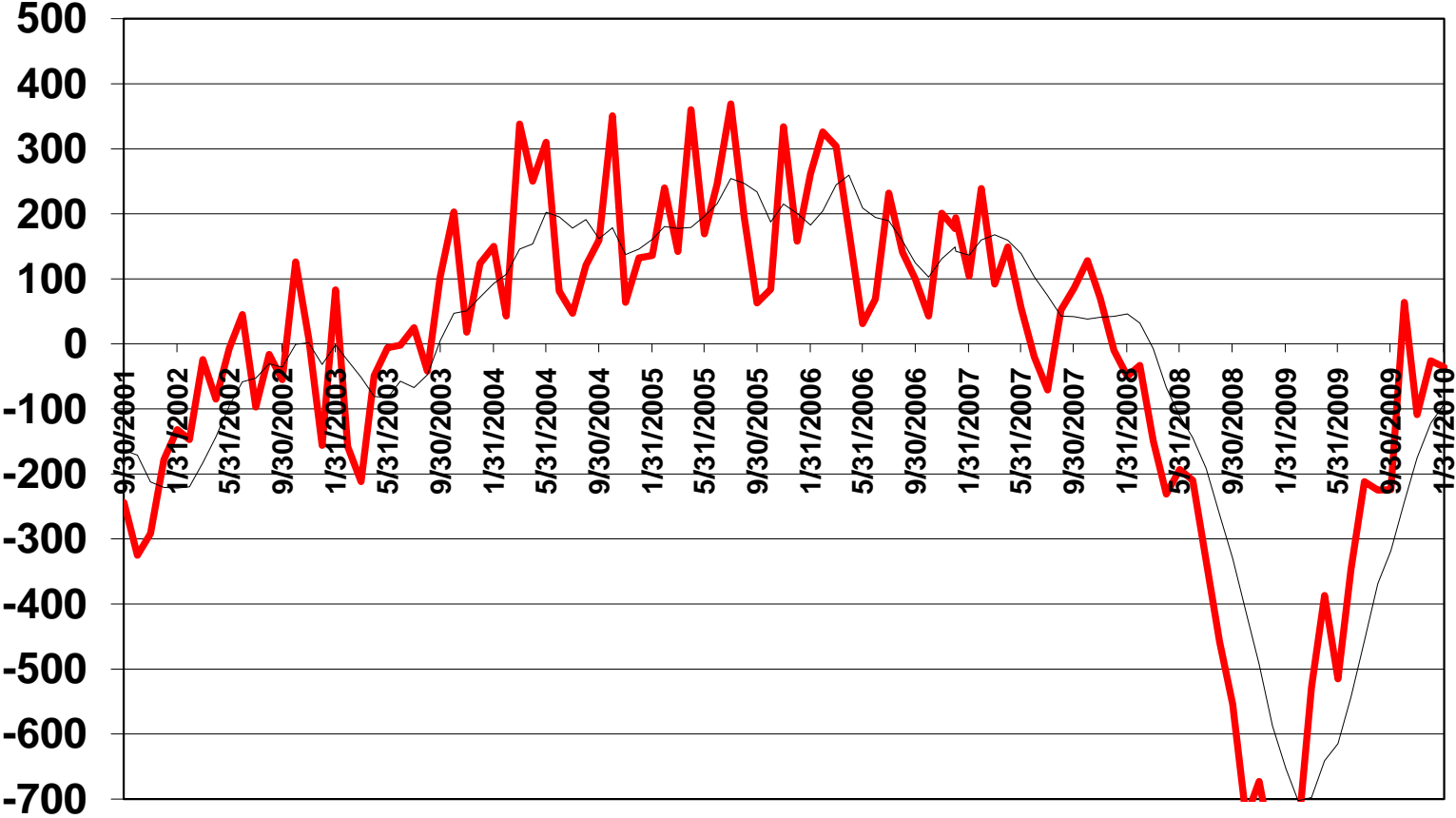


Where Have All the Jobs Gone?

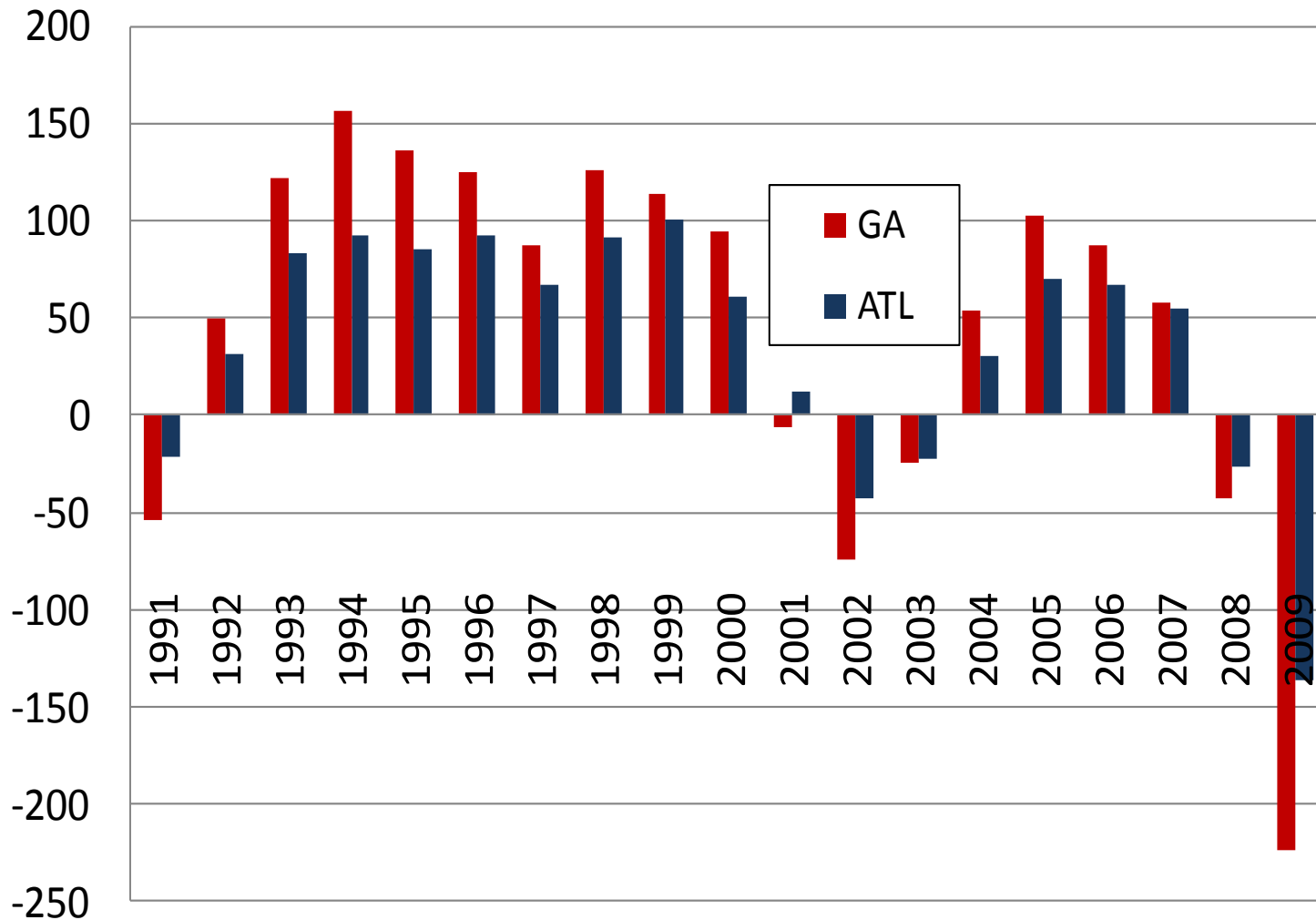
or

Brother, Can You Spare a Job?

Change in Employment (non-farm payrolls)

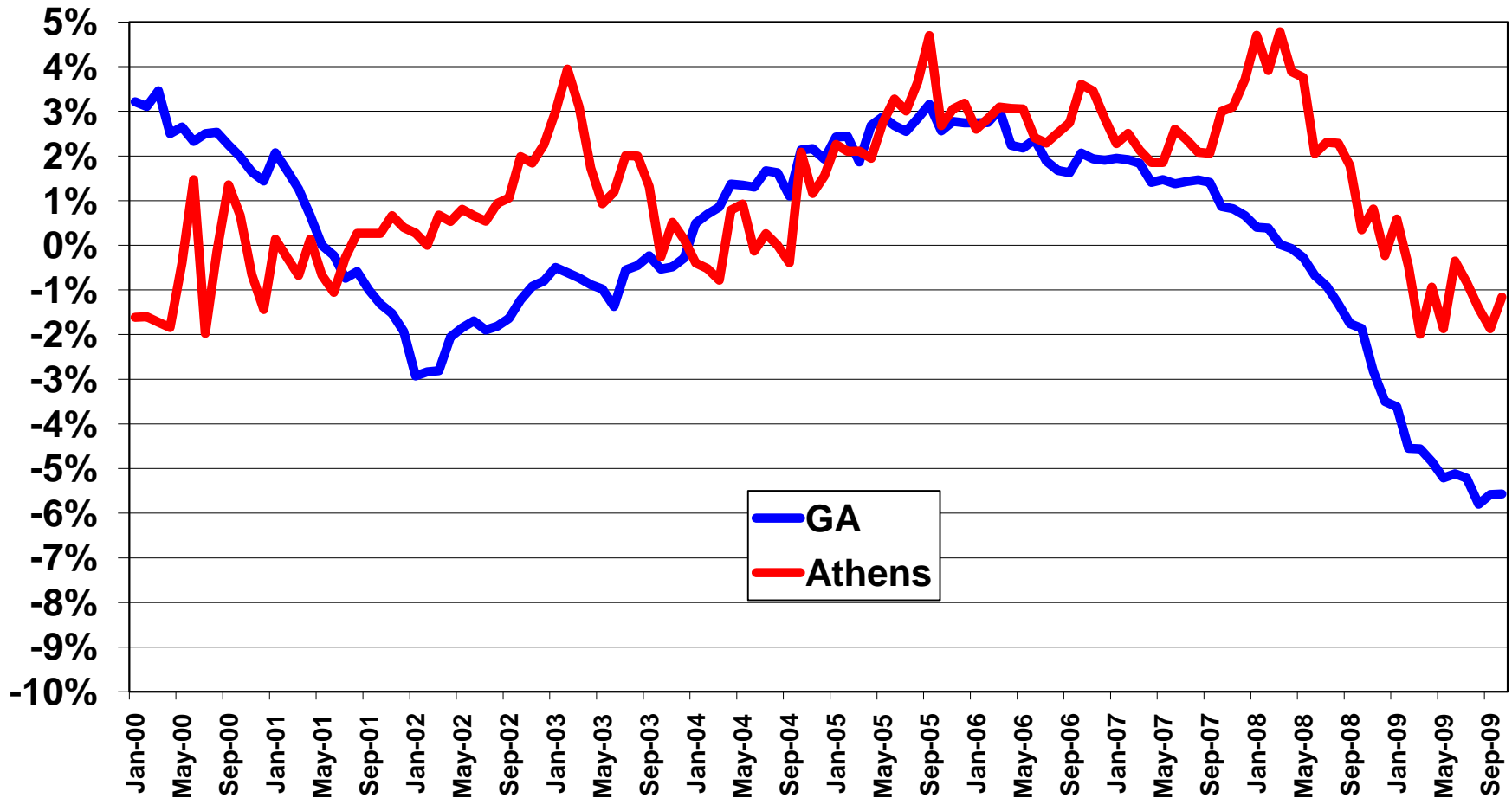


EMPLOYMENT GAINS



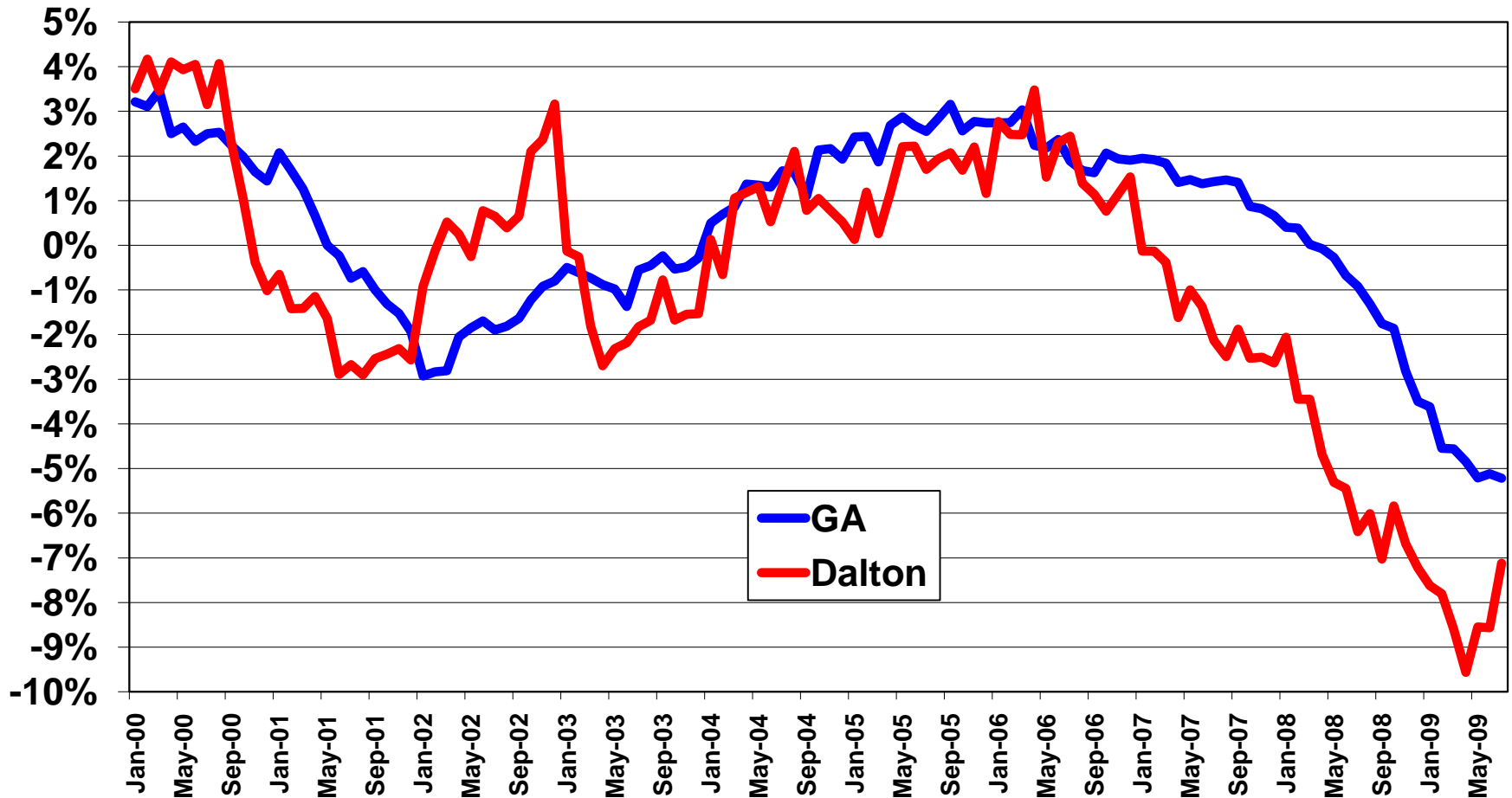
Tale of Two Cities: Part 1

ATHENS vs. GA



Tale of Two Cities: Part 2

DALTON vs. GA



How Did We Get Into this Mess?

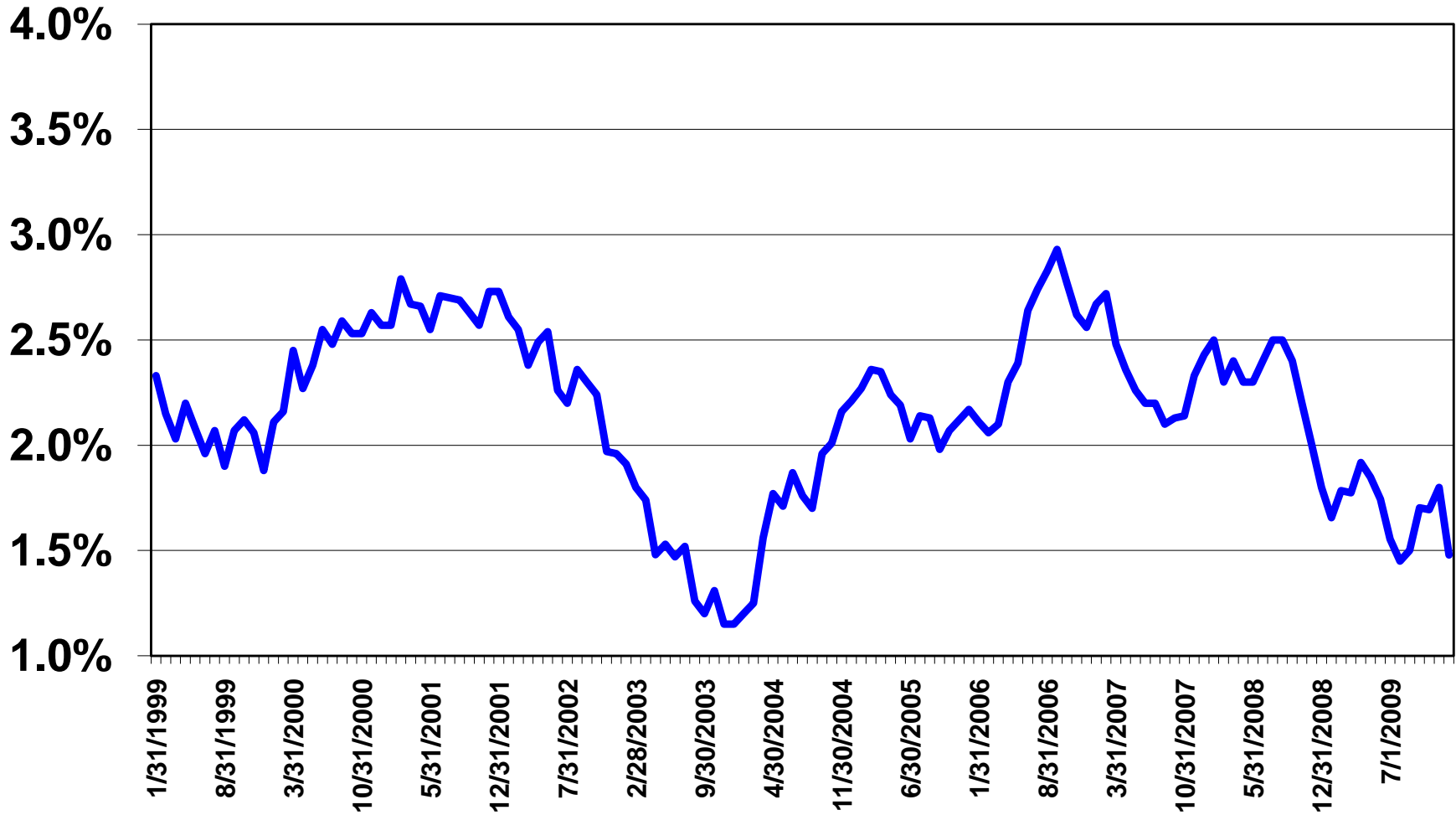
Recession Driver #1:

Inflation - Food & Energy Took a Bite Out of Consumers

INFLATION: Risk Shifts to Deflation?

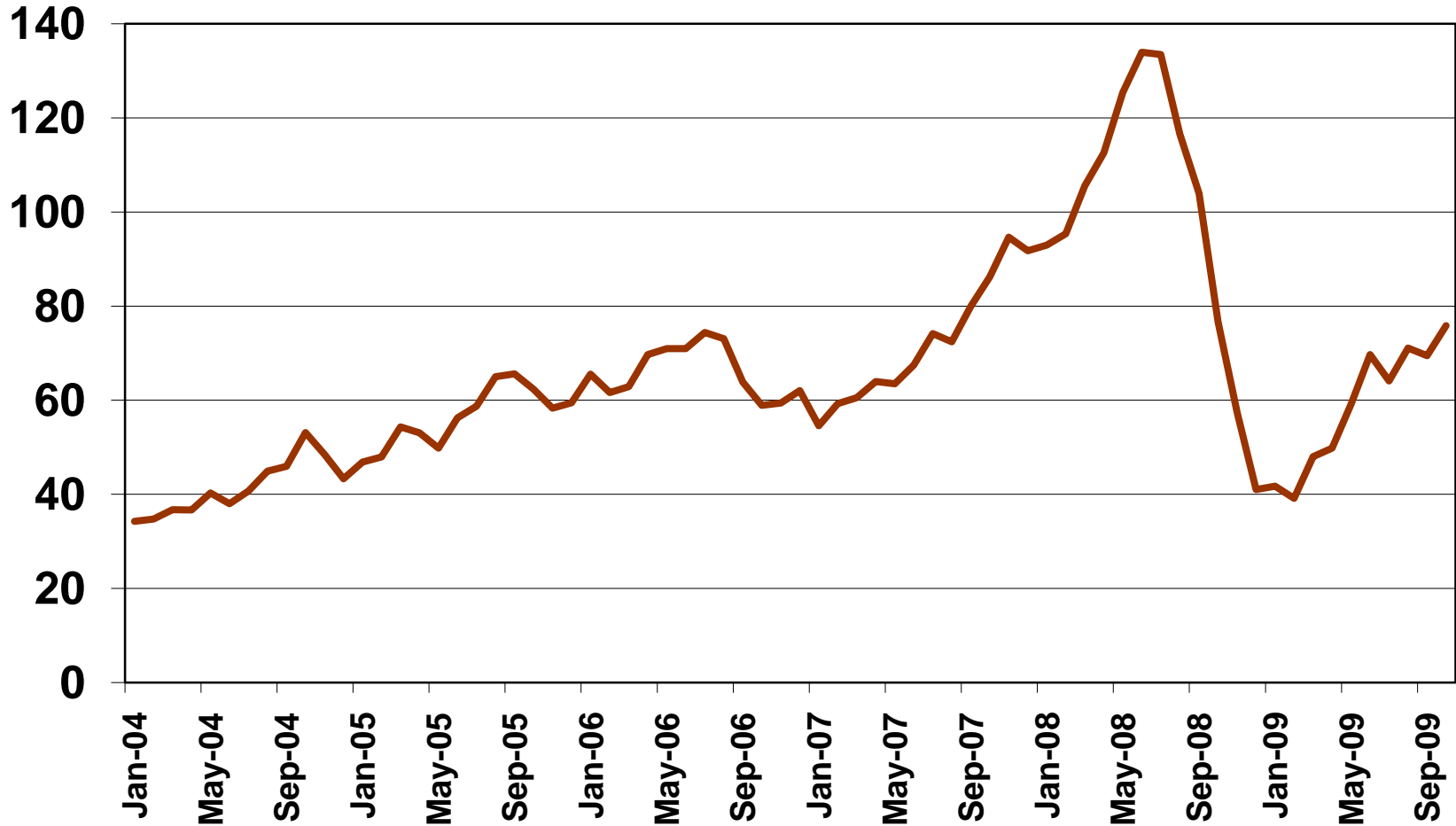
- CPI was up 0.0% in February after being up 0.2% as well in previous 3 months.
- Core up 0.1% in February, after being down 0.1%, up 0.1% and flat in previous 3 months.
- Overall CPI is up at an 2.1% annual rate over last 12 months. Core up 1.3% over same period.
- Energy prices up 14.4% over last 12 months.

CORE CPI



CRUDE OIL

(Spot Price, West Texas Crude)



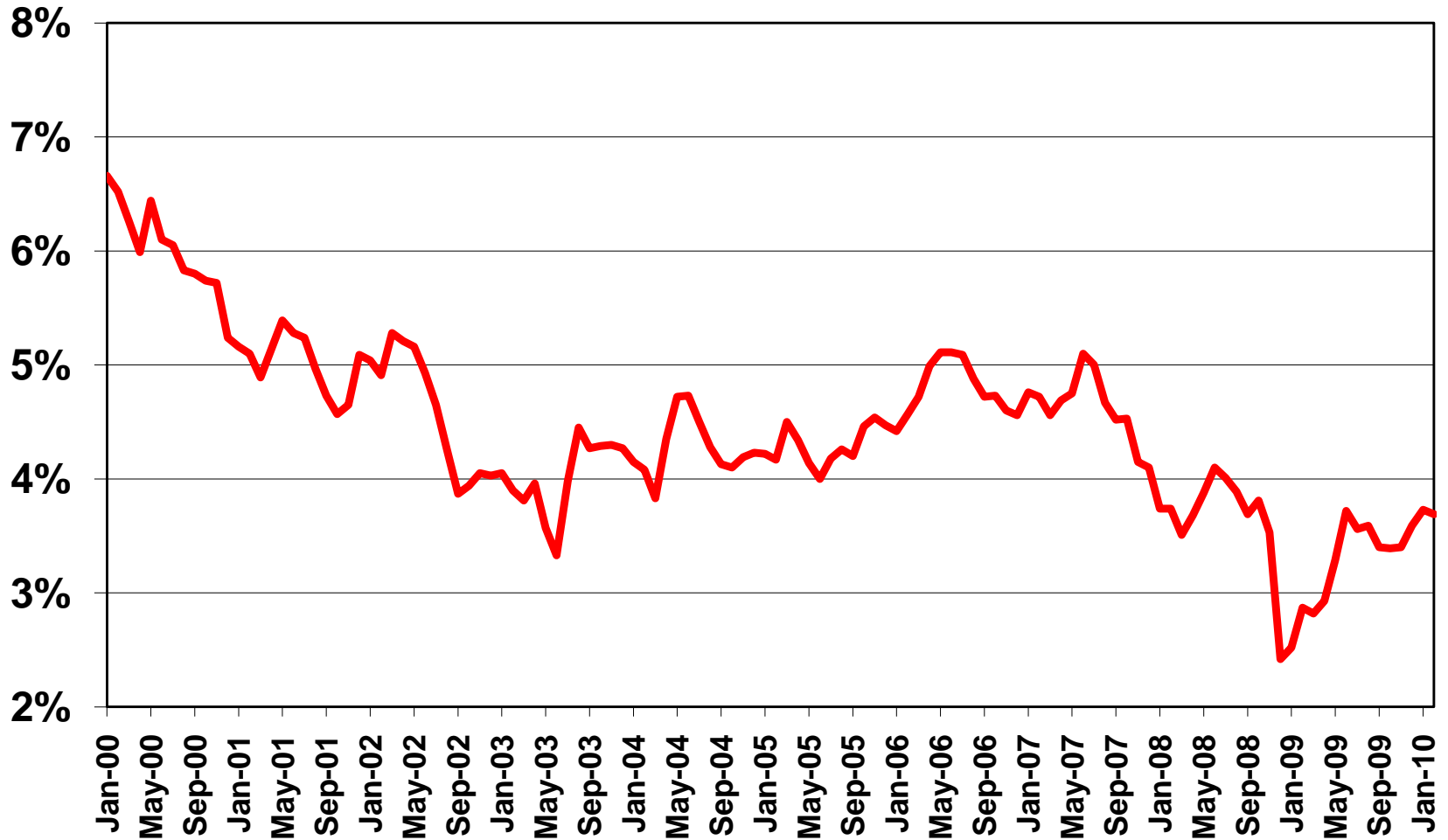
Recession Driver #2:

The Credit Crunch: Its About Pricing and Access

FEDERAL FUNDS RATE

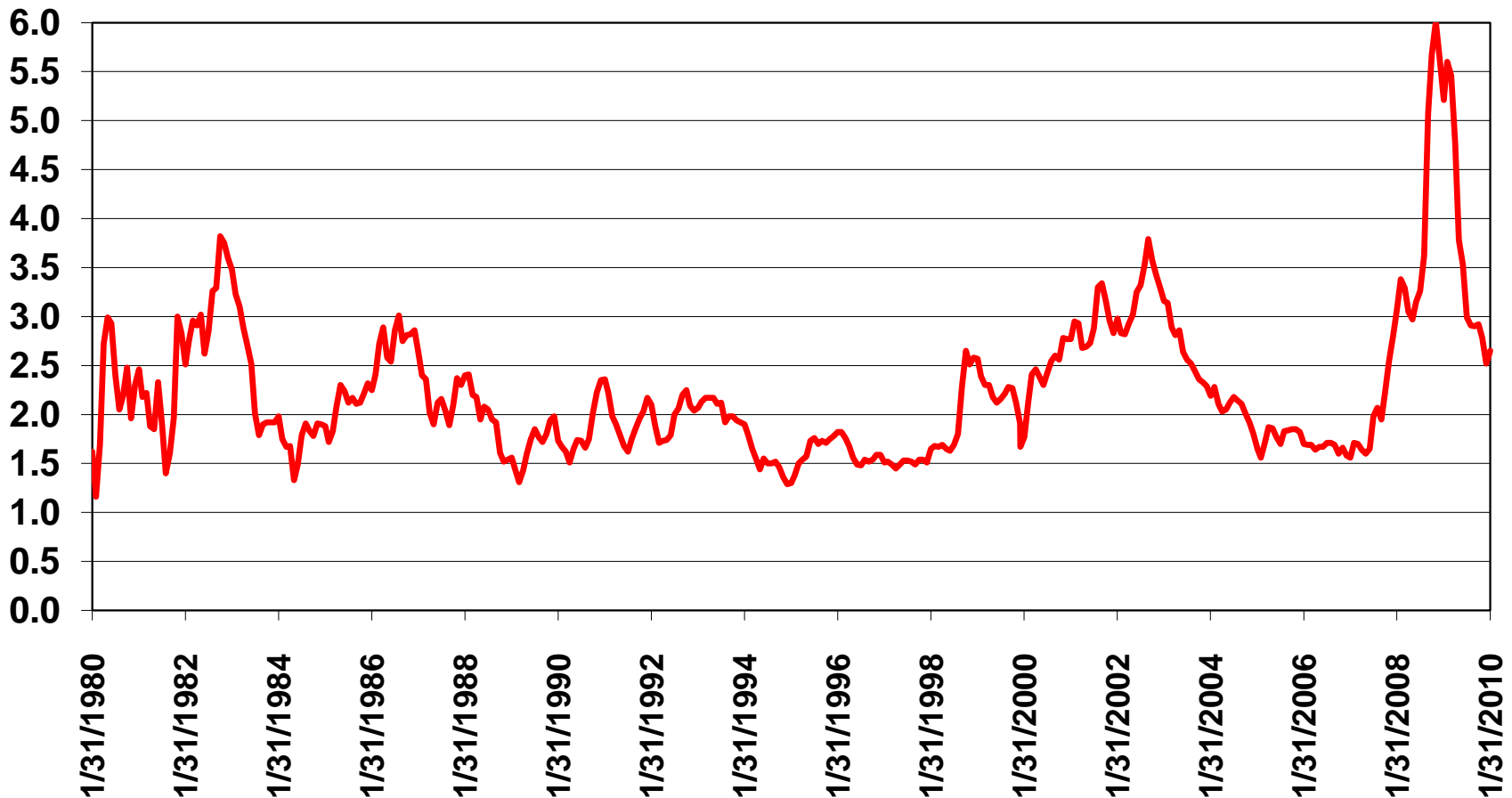


10-Year Treasury Bonds



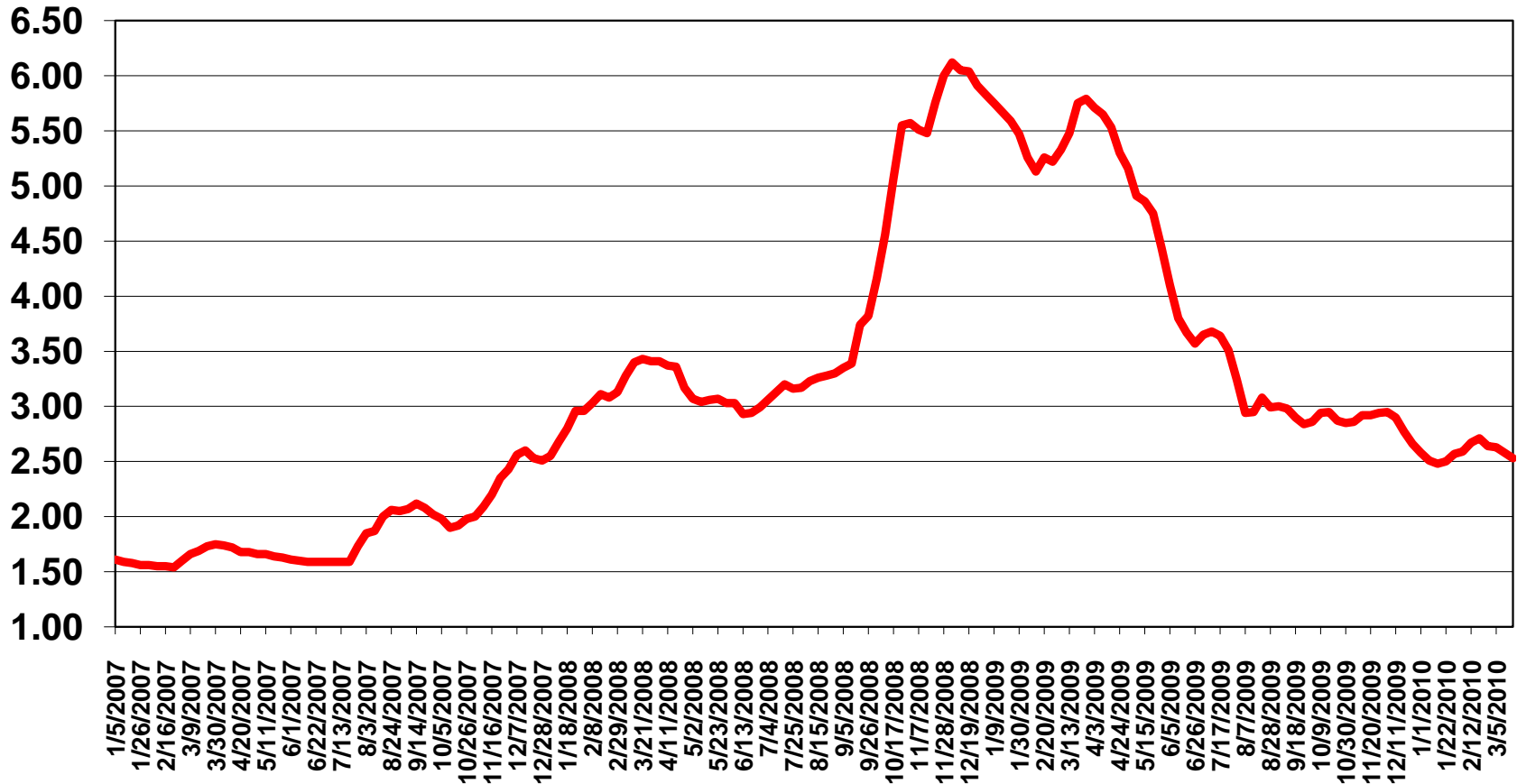
THE RISK PREMIUM

(Moody's BAA less 10-Year Treasury Bond)
(source: Board of Governors of Federal Reserve System)



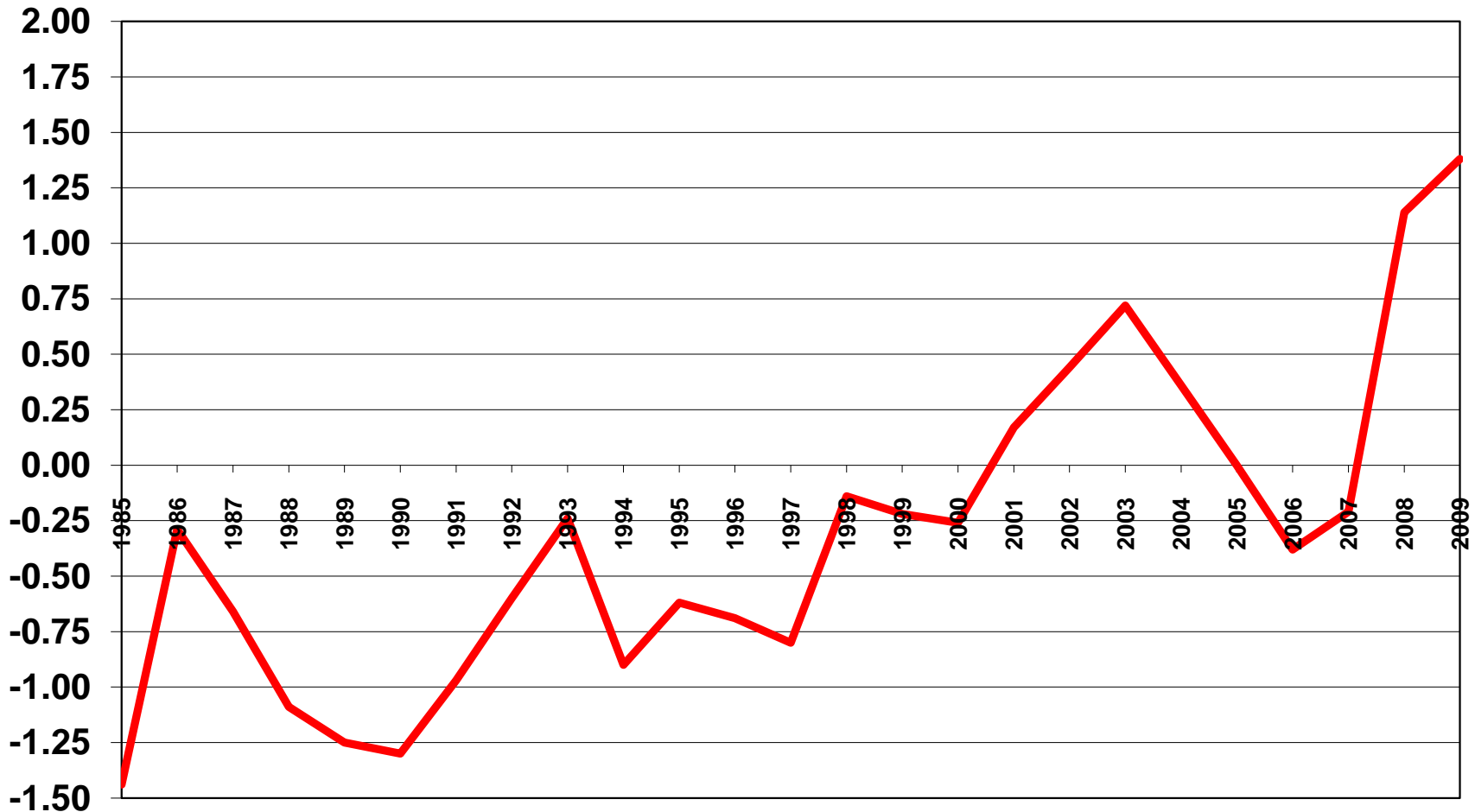
THE RISK PREMIUM

(Moody's BAA less 10-Year Treasury Bond)
 (source: Board of Governors of Federal Reserve System)

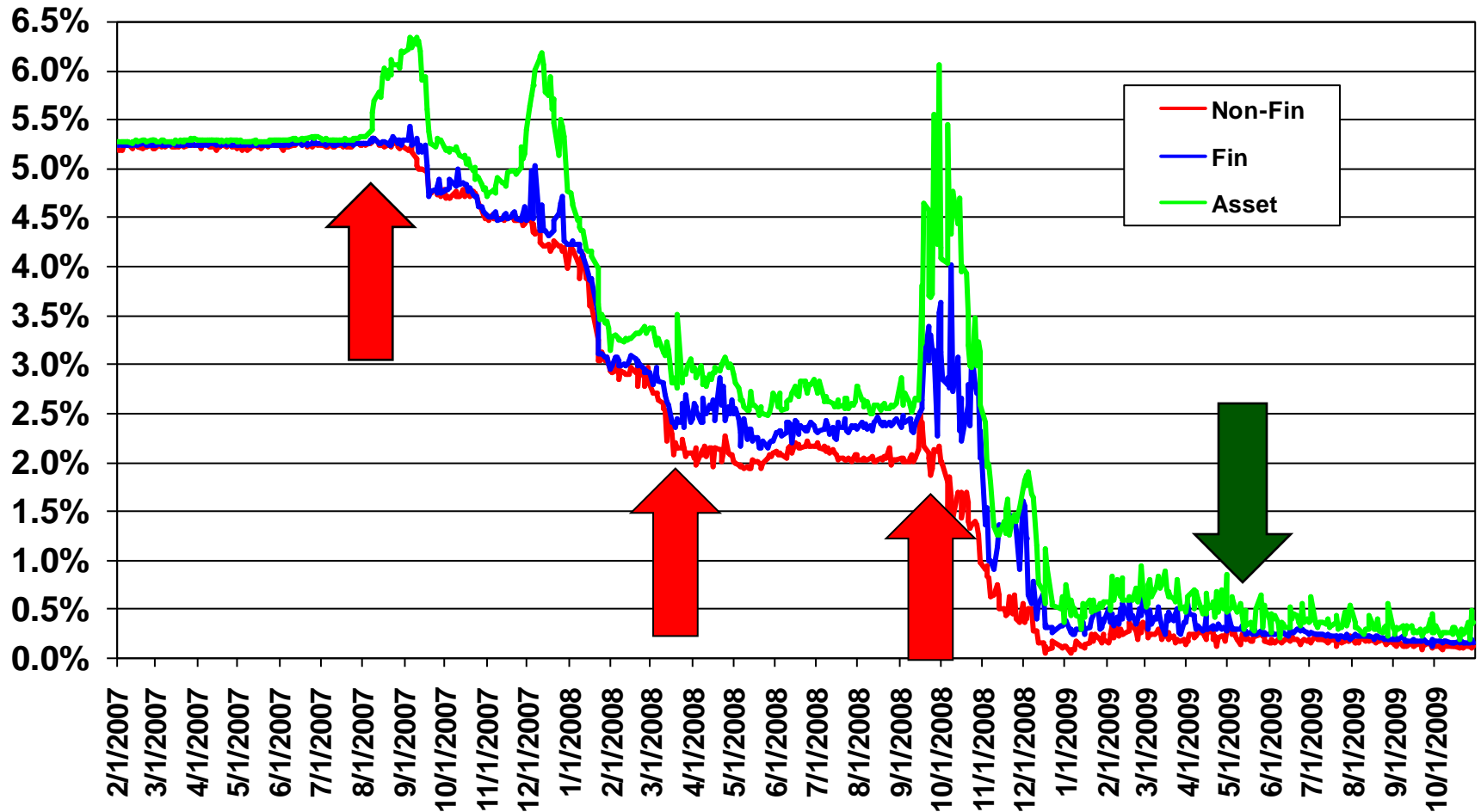


THE "MUNI" PREMIUM

(S&P Muni Index less 10-Year Treasury Bond)

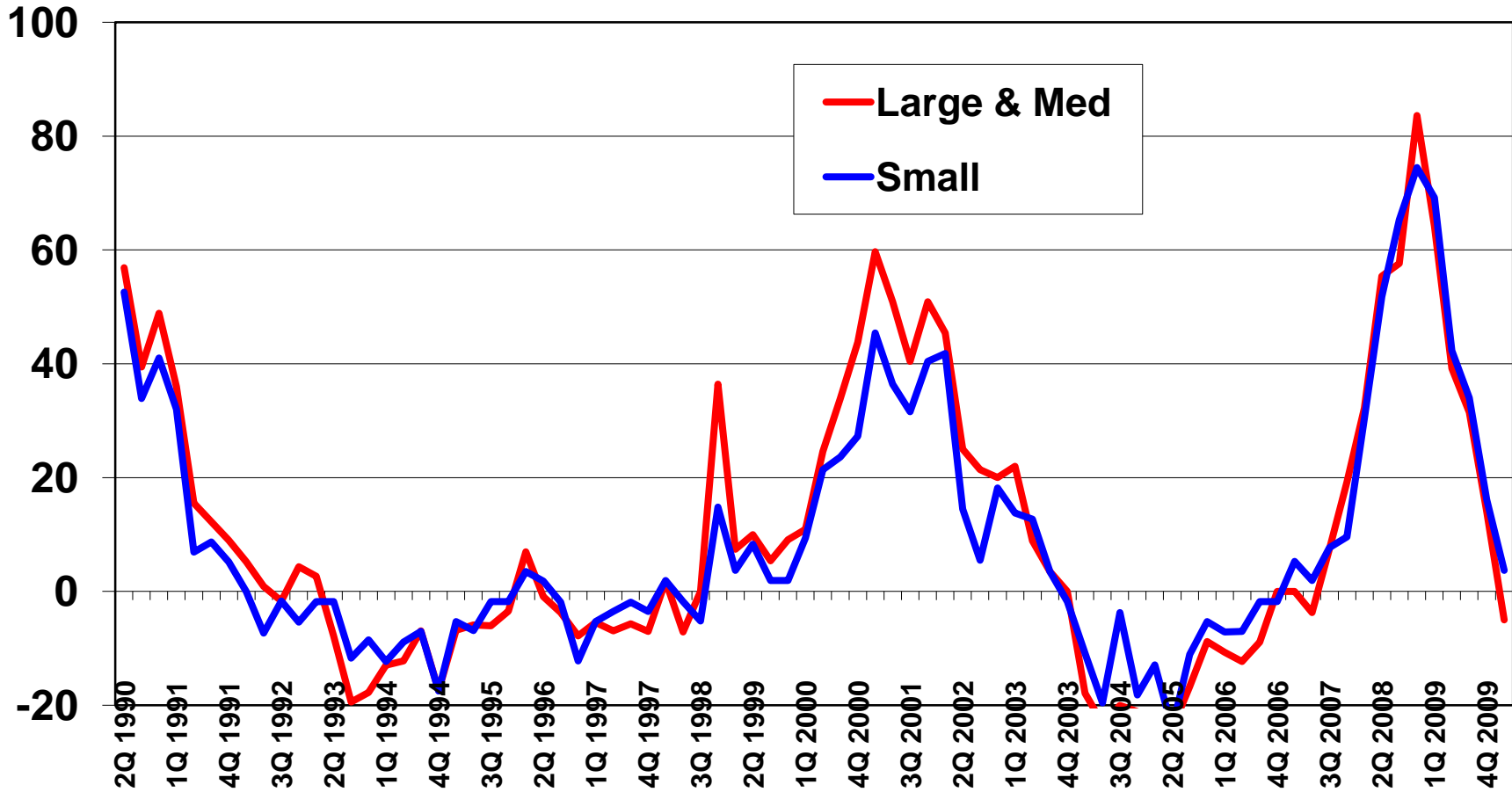


COMMERCIAL PAPER RATES



C&I Lending Getting Tighter?

(Net % Tightening Standards for C&I Loans)

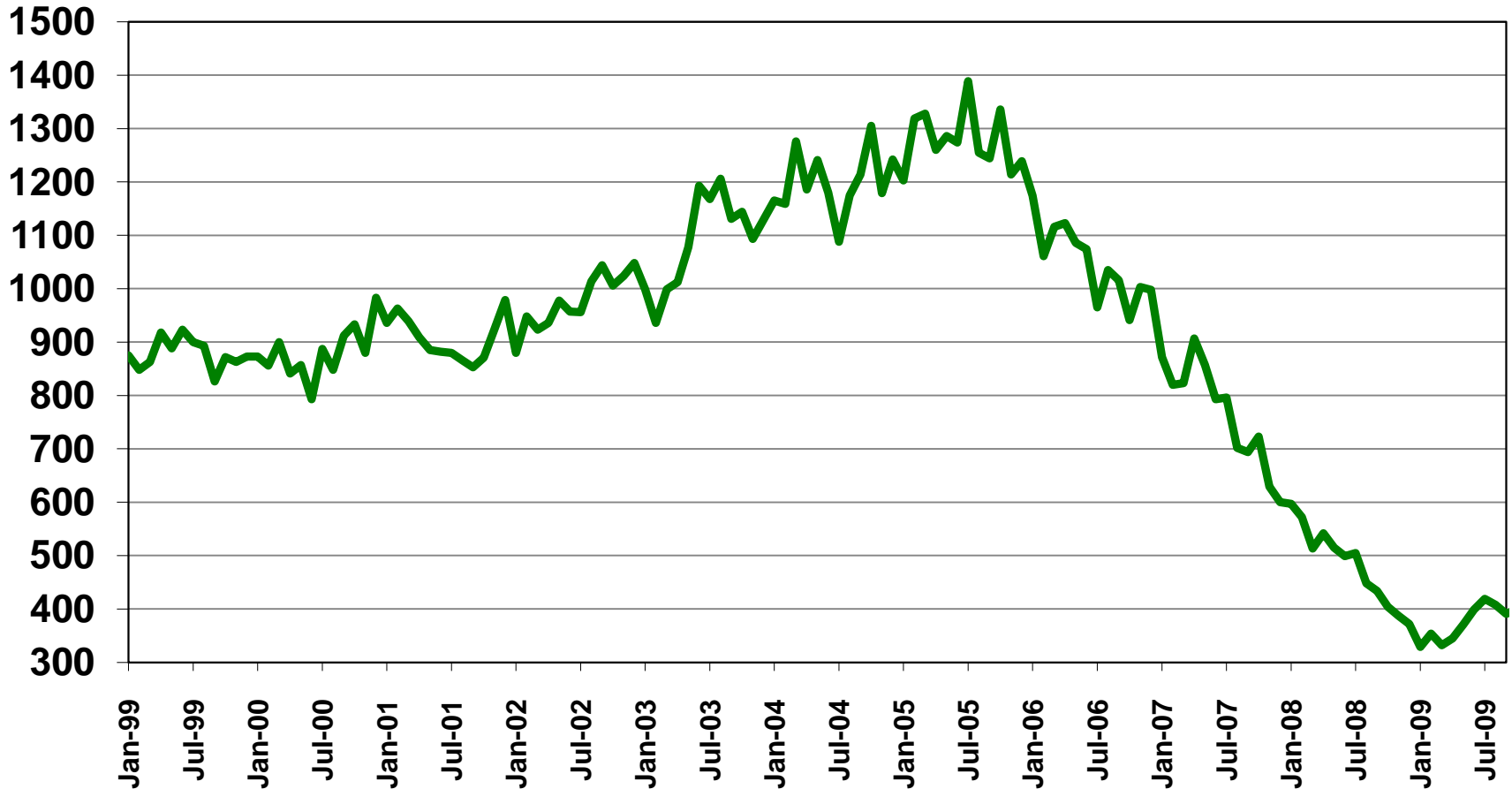


Recession Driver #3:

The Real Estate Correction: Are We There (the Bottom) Yet?

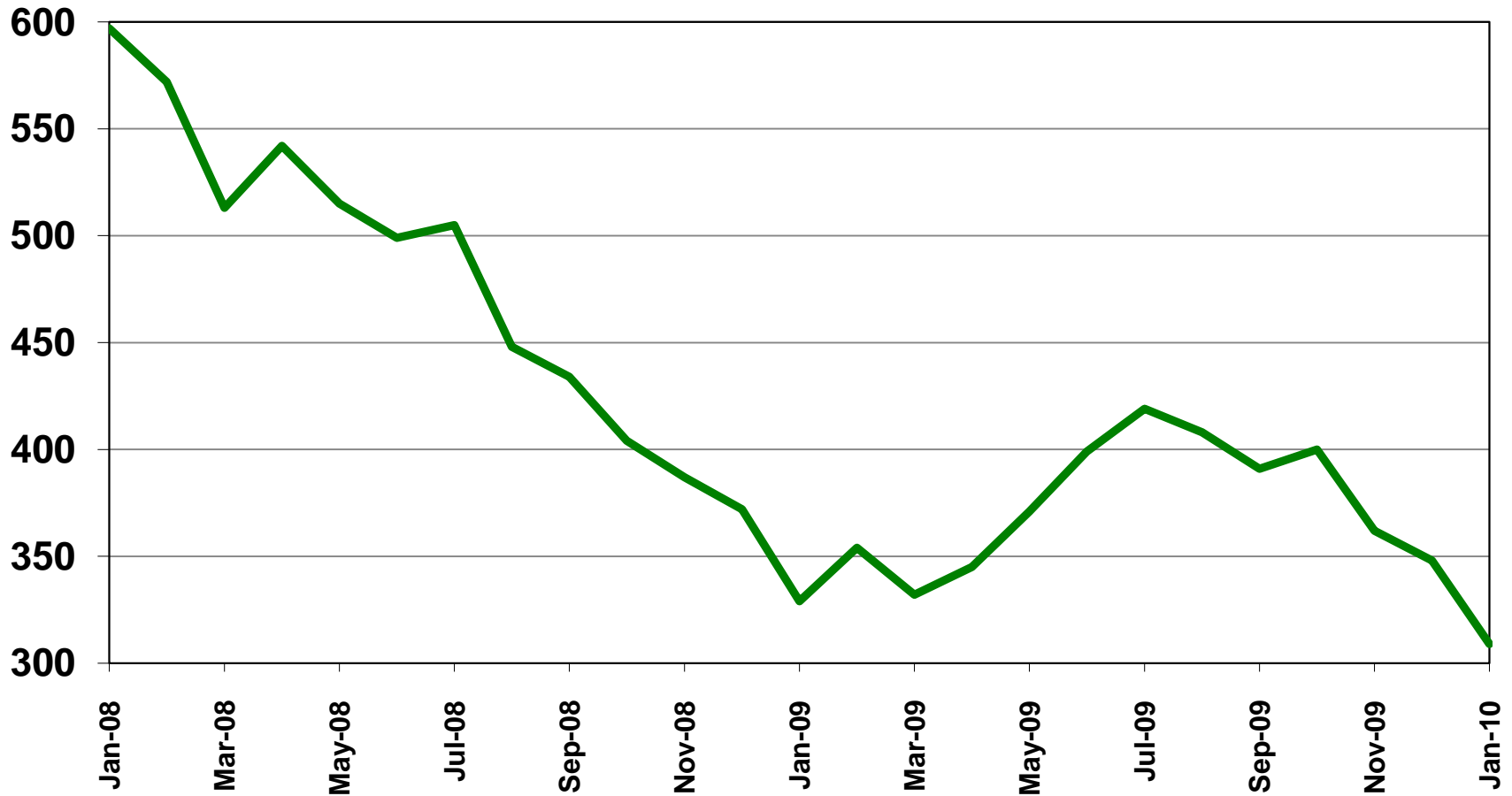
NEW HOME SALES

(Single Family, SSAR in thousands)



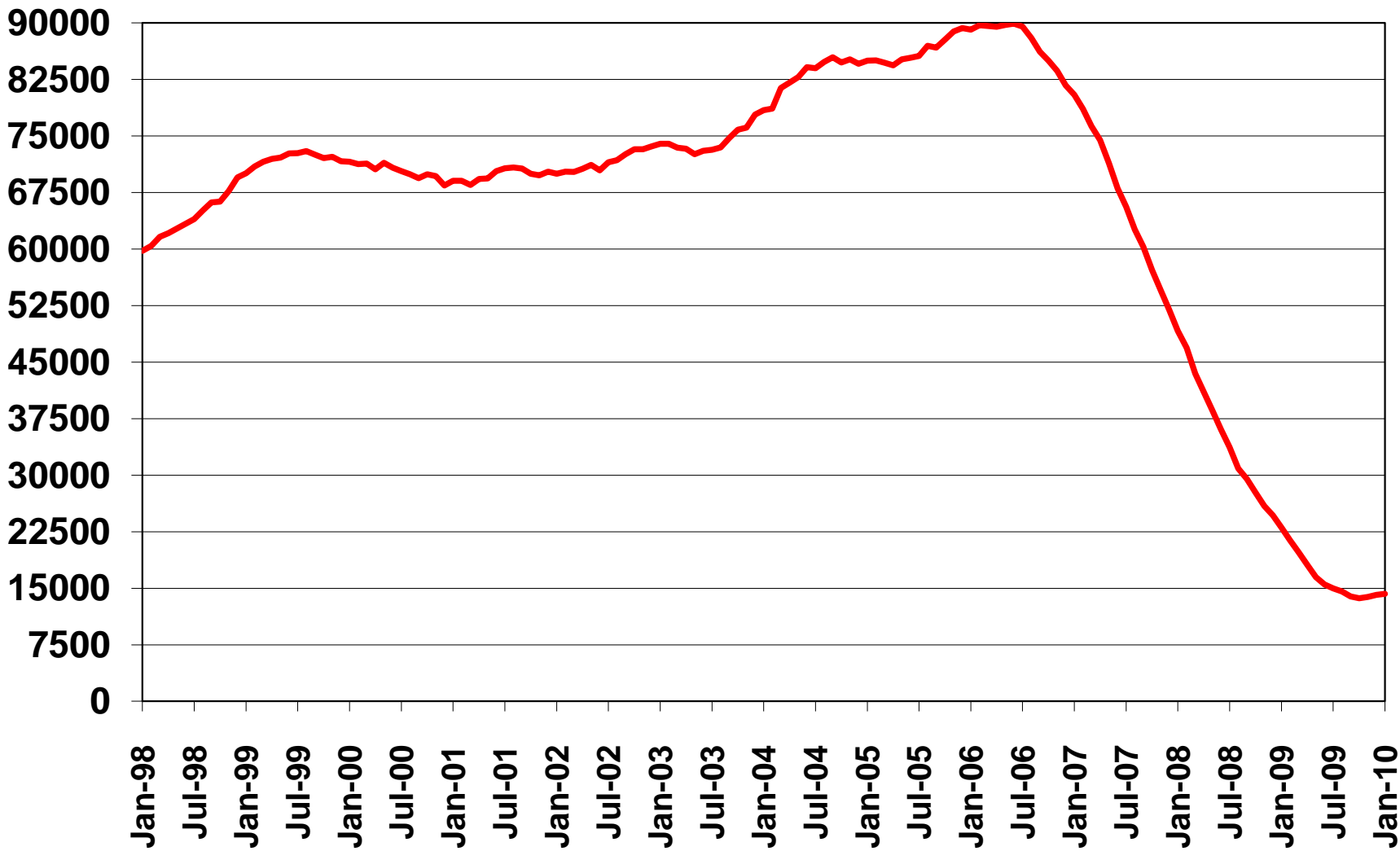
NEW HOME SALES

(Single Family, SSAR in thousands)

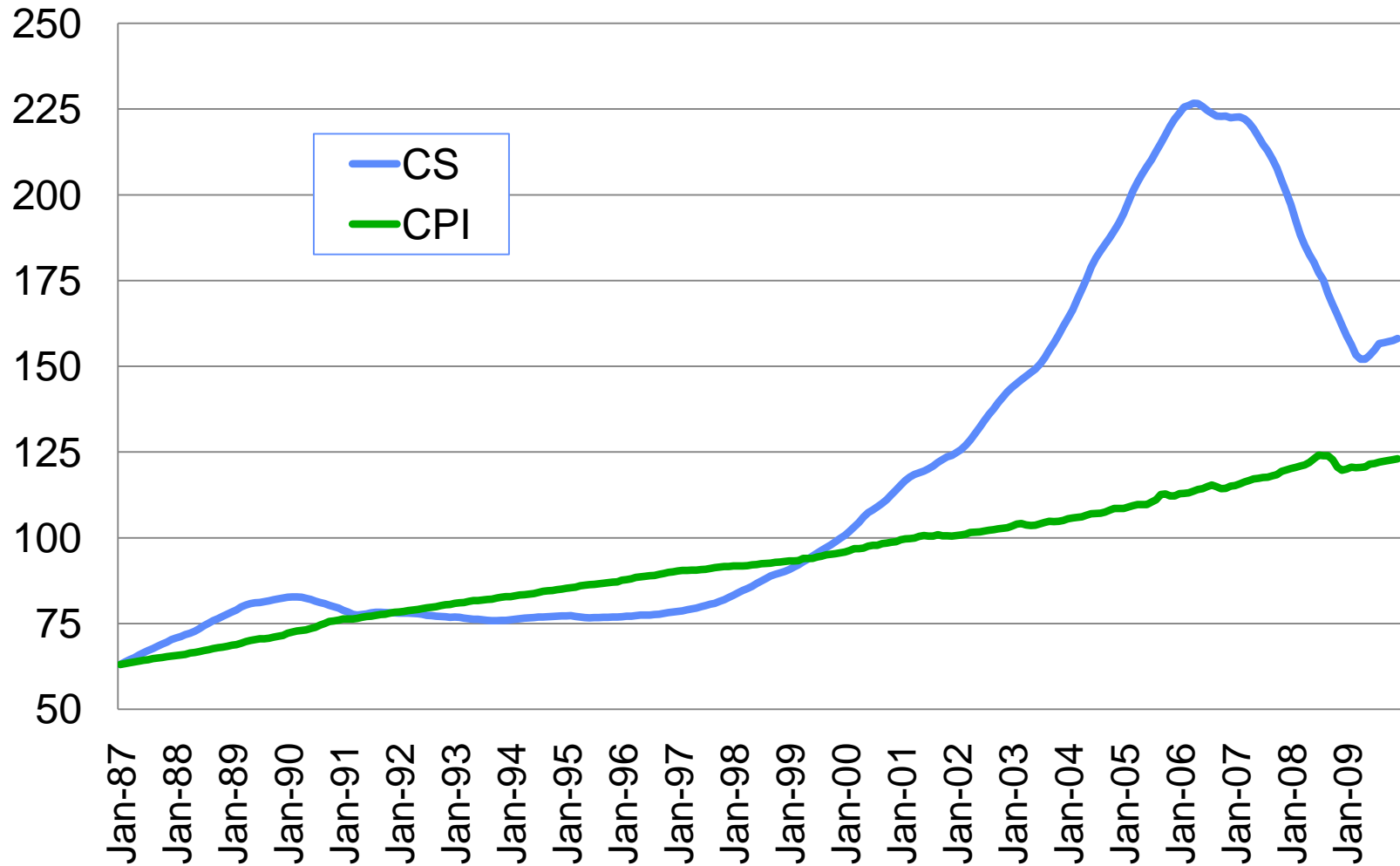


SINGLE FAMILY STARTS: GEORGIA

(12 month moving average)

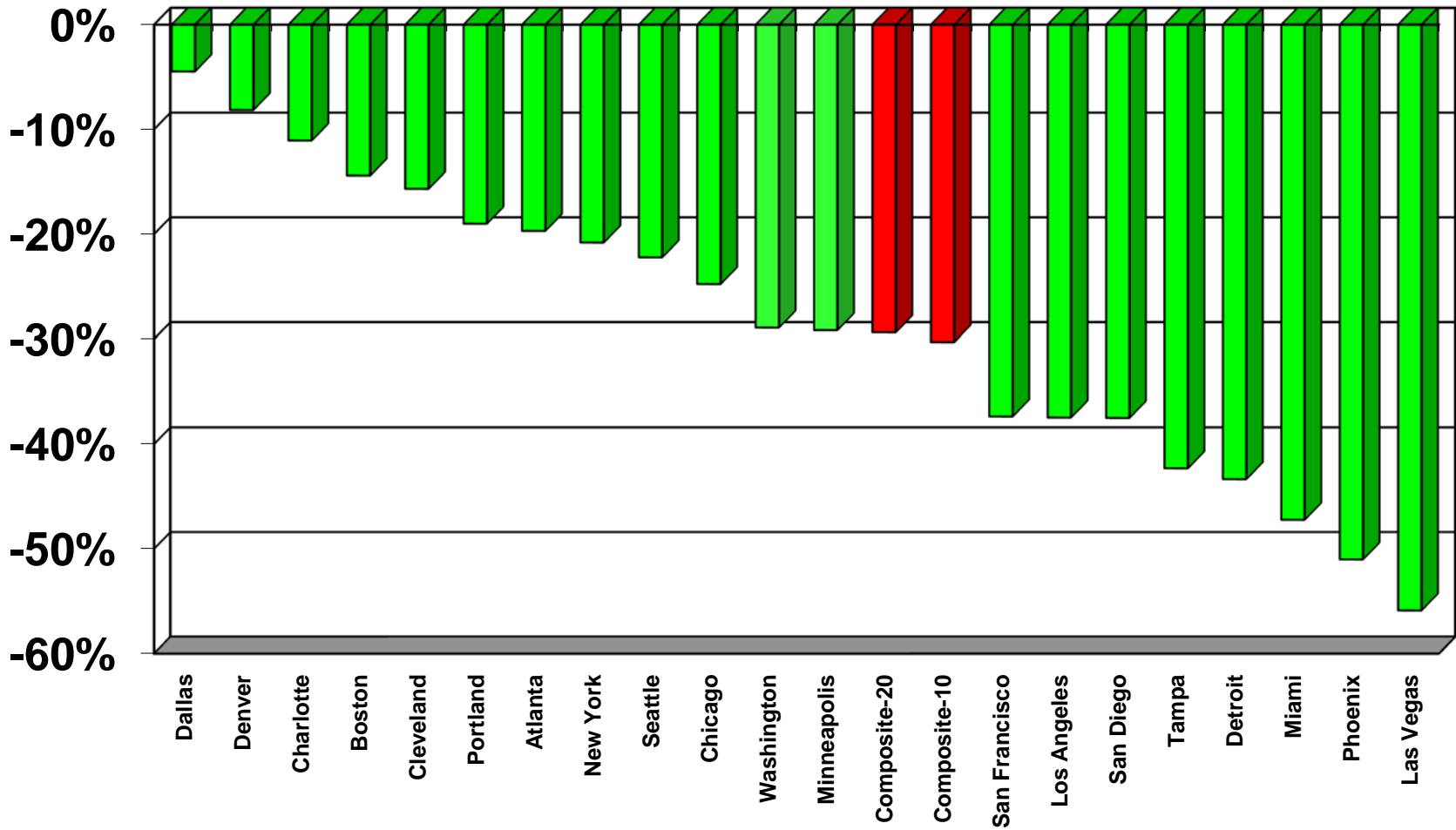


HOME PRICES verses CPI



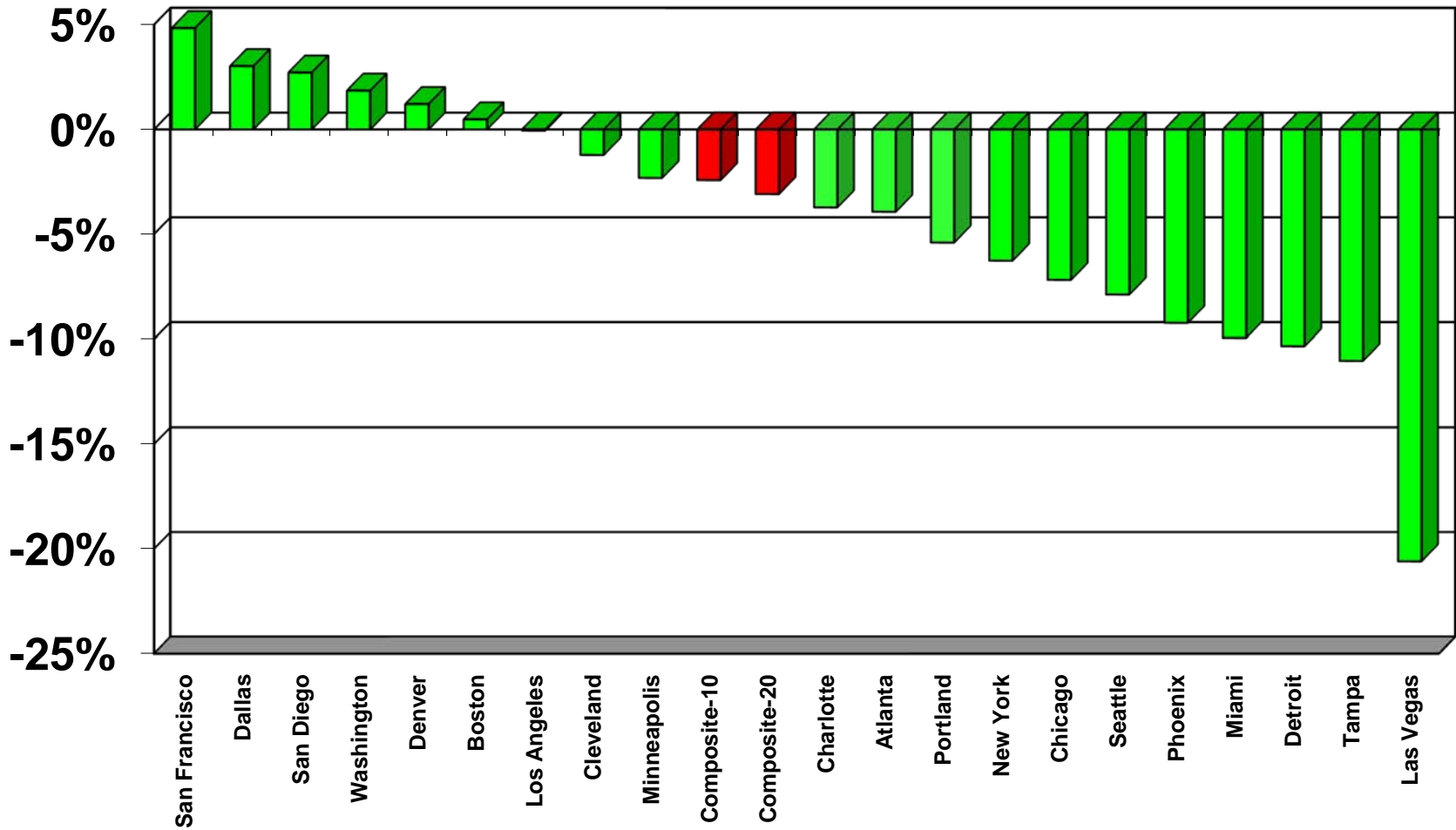
CS/S&P HOME PRICE INDEX

(FROM PEAK TO DECEMBER 2009)



CS/S&P HOME PRICE INDEX

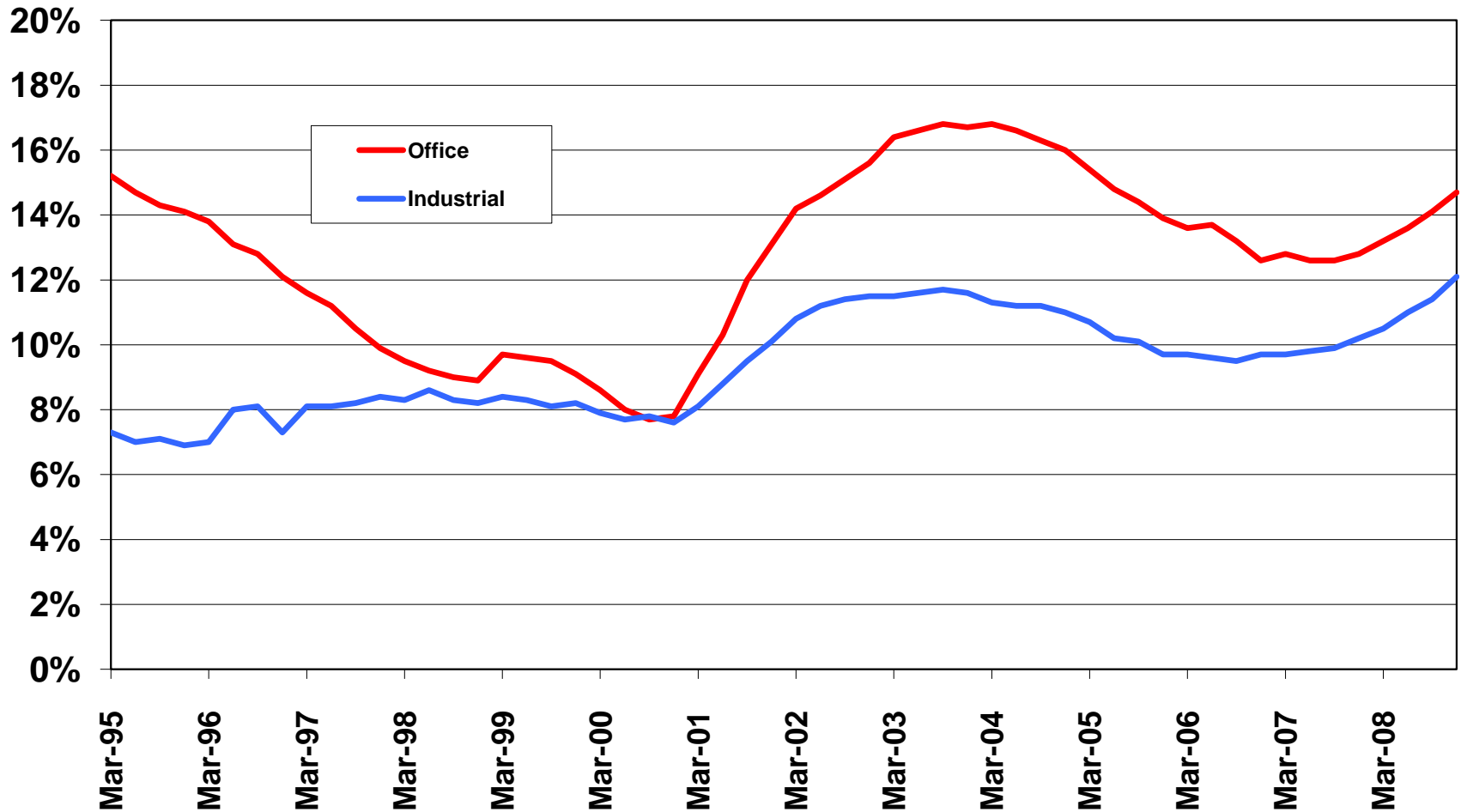
(FROM 12/08 TO 12/09)



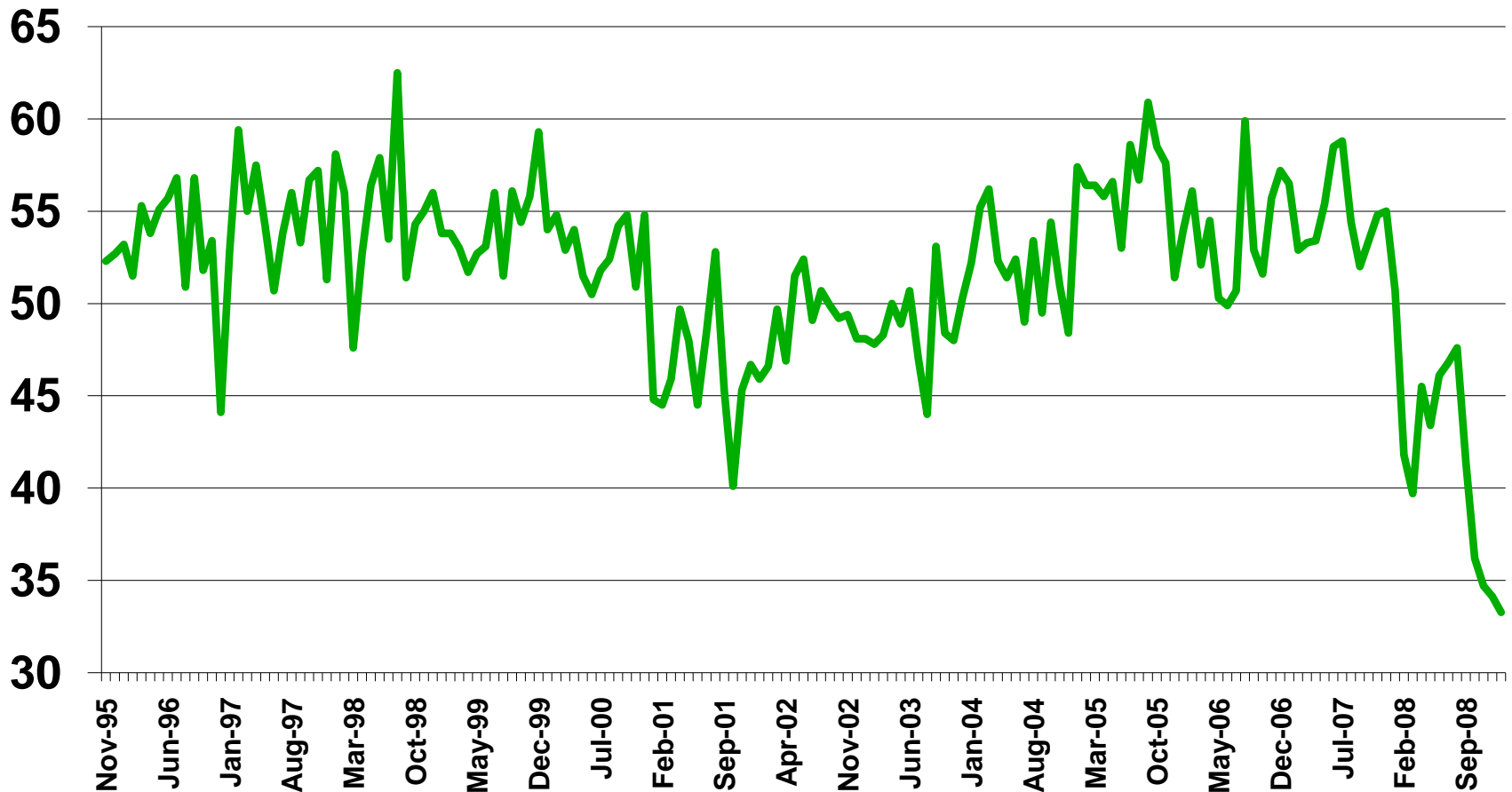
Where does Commercial Real Estate Go From Here?

**Its all about
Vacancies and Valuations**

Commercial Vacancy Rates



ARCHITECTURAL BILLINGS INDEX (AIA)

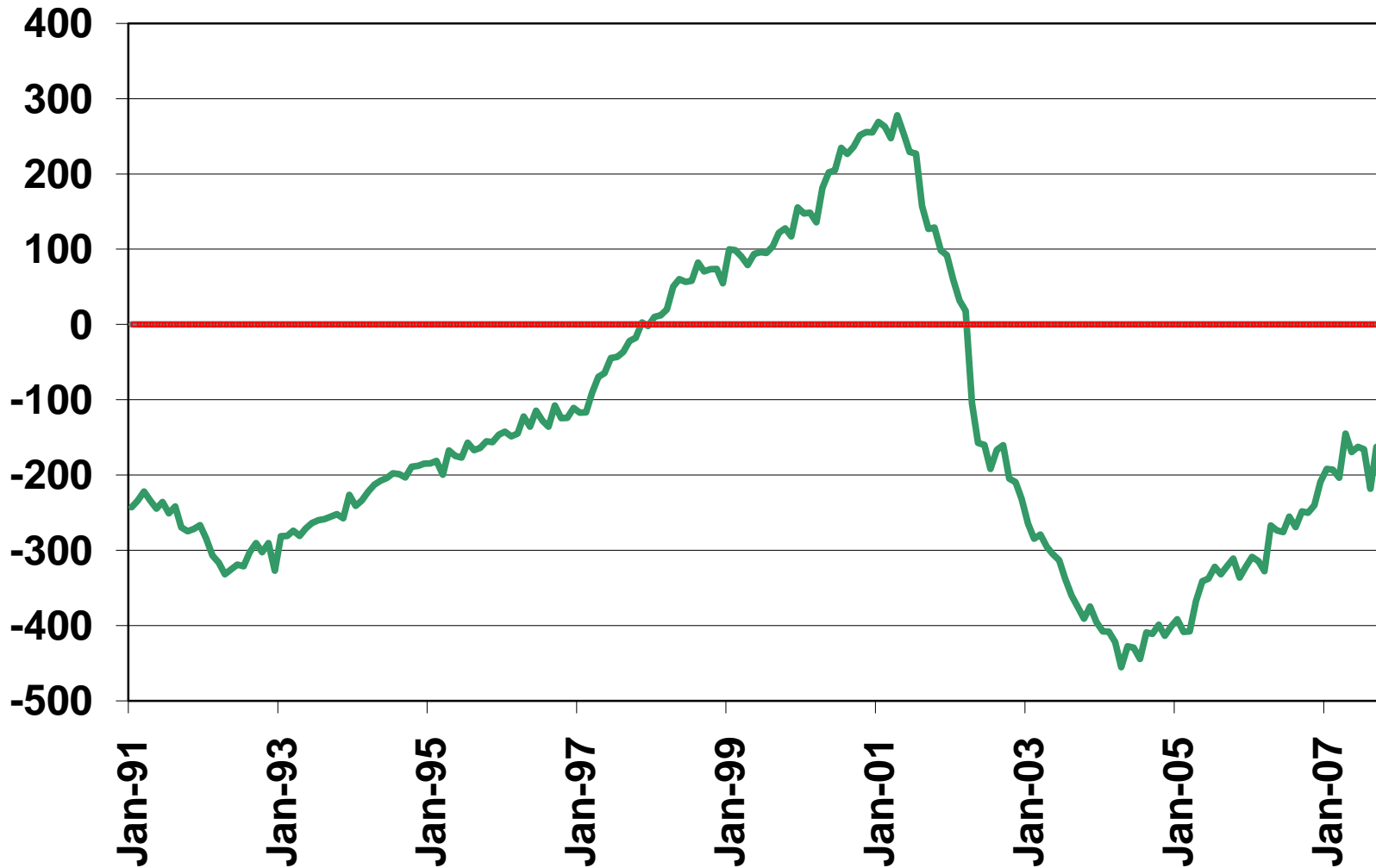


Billion Here, Billions There Soon its Real Money

Our Fiscal Outlook

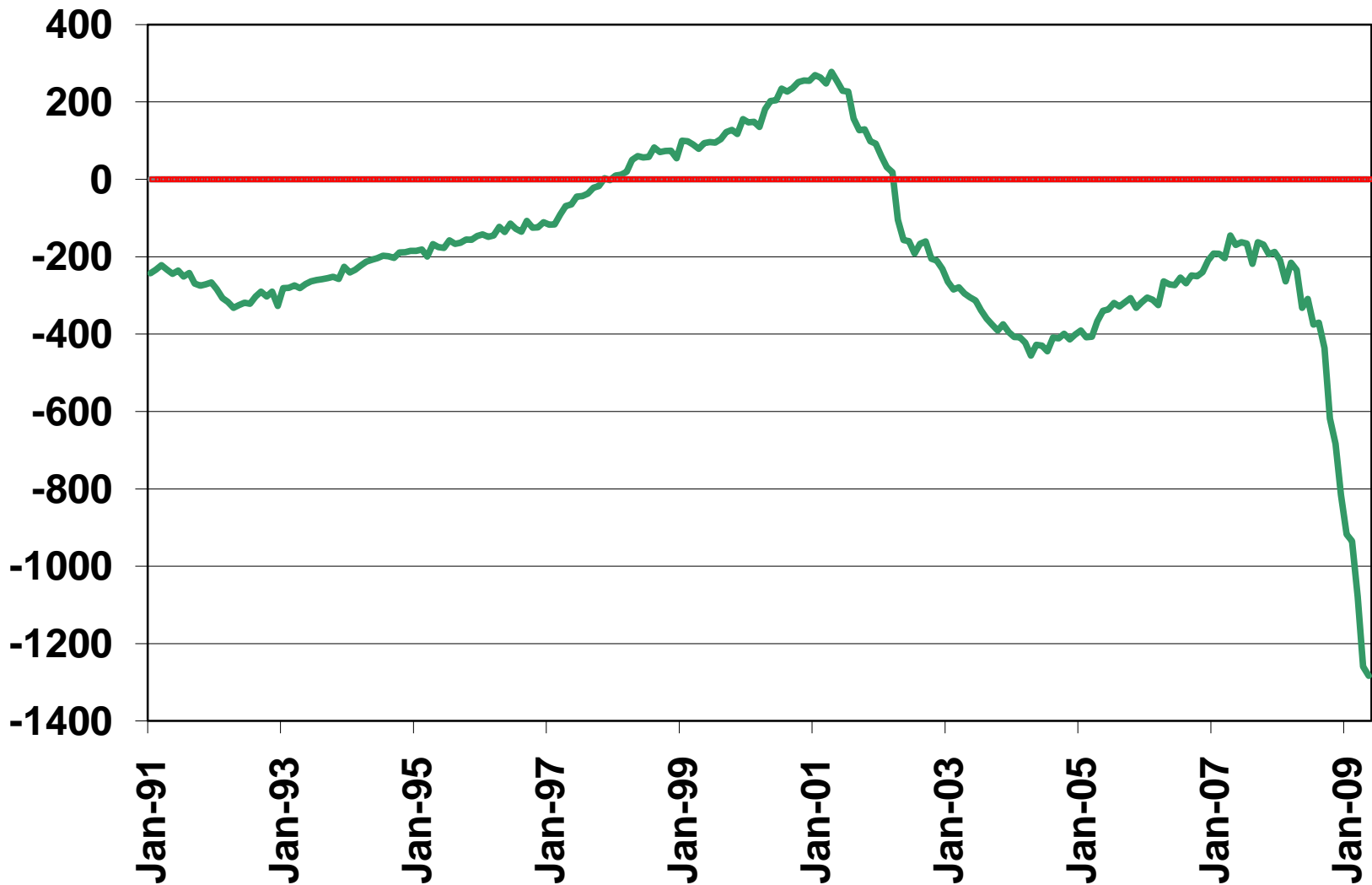
Federal Budget Surplus

(source: US Department of Treasury)



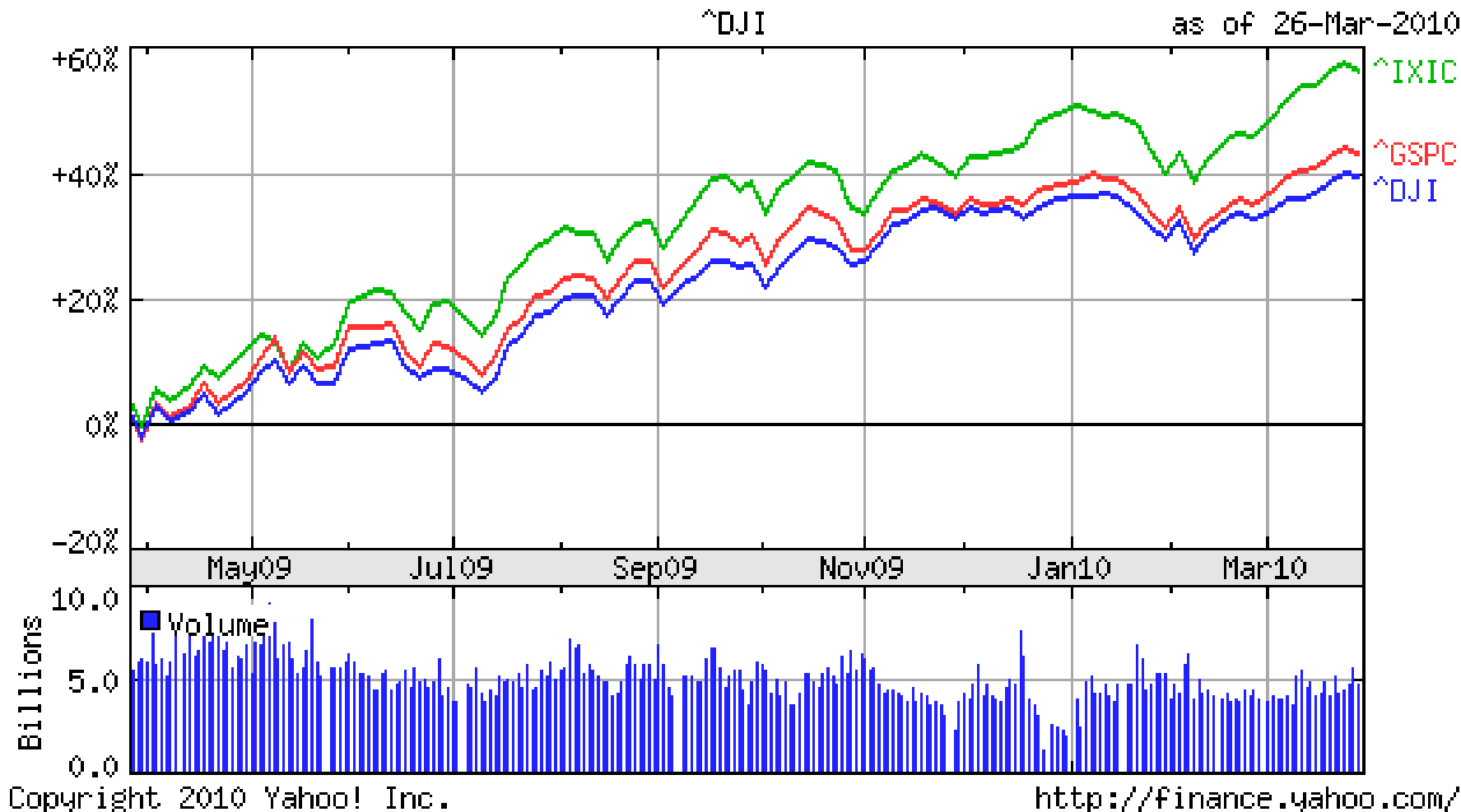
Federal Budget Surplus

(source: US Department of Treasury)

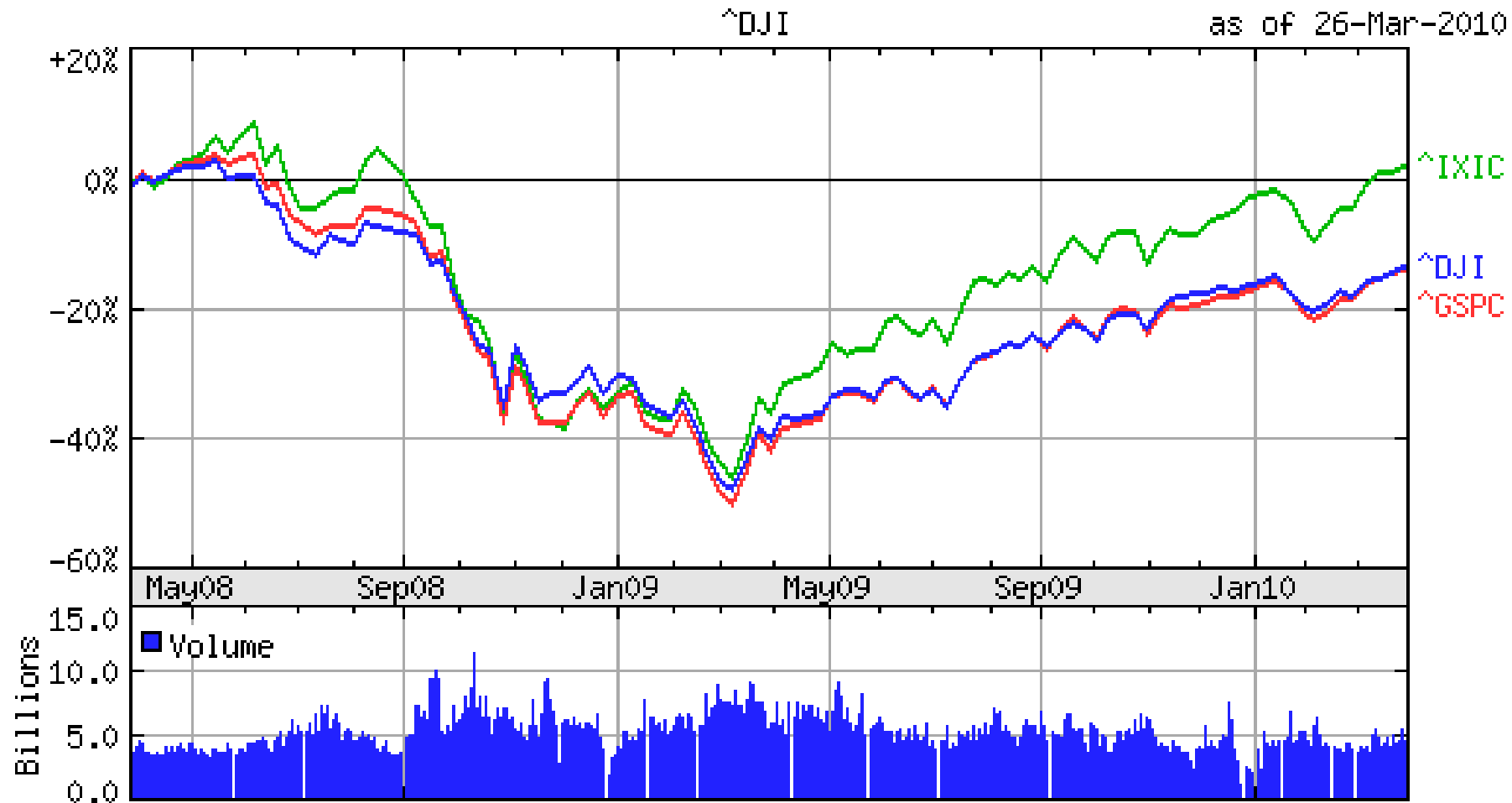


Is the “401(k)” still a “201(k)”?

EQUITY MARKETS



EQUITY MARKETS



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