



Economic Outlook

John Robertson
Federal Reserve Bank of Atlanta

January 8, 2009

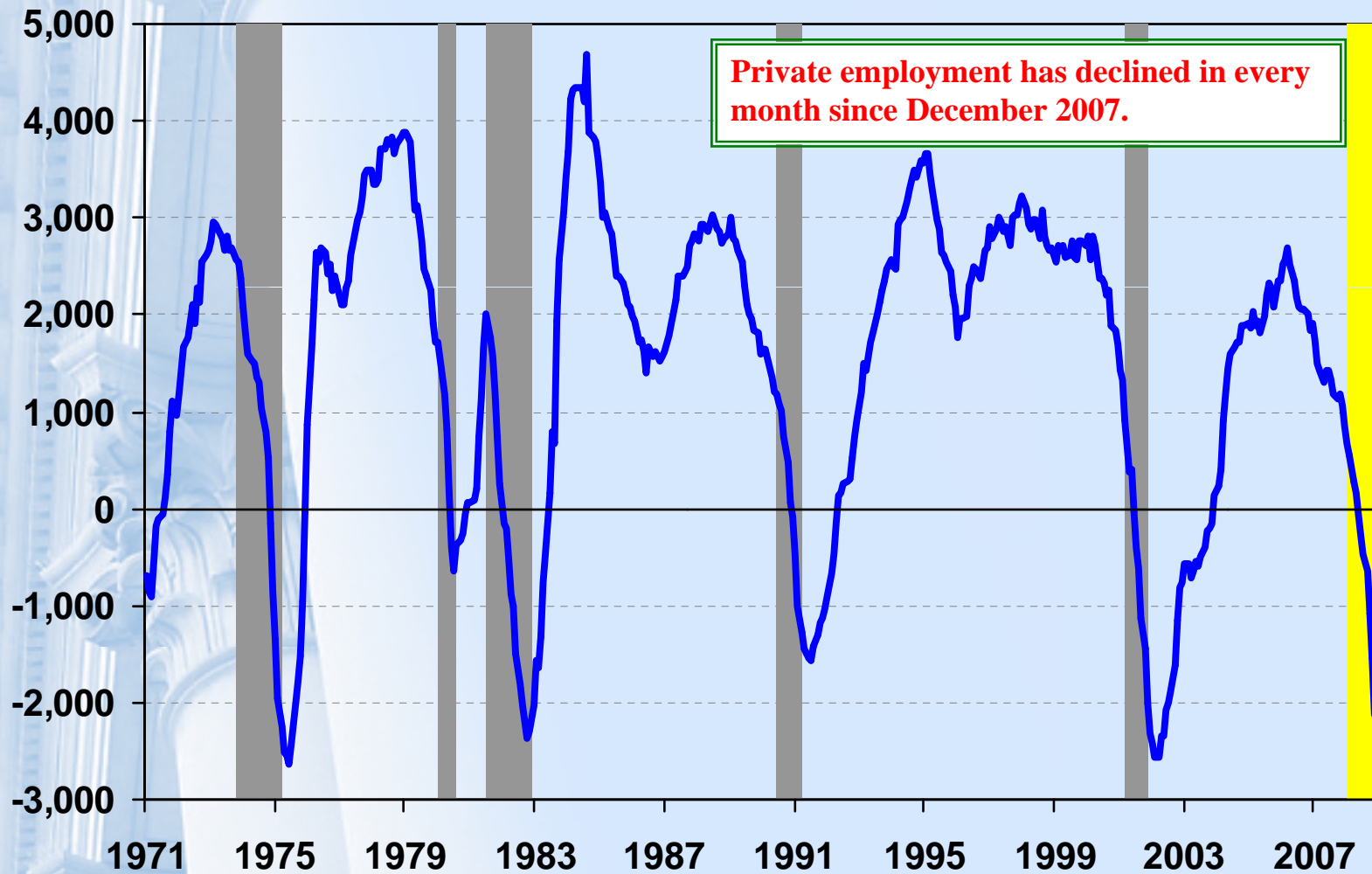
The views expressed are mine, and not necessarily those of the
Federal Reserve Bank of Atlanta or the Federal Reserve System

Key Messages

1. US Economy is in a deep recession
2. The outlook is highly uncertain
 - Consensus is for recovery beginning in second half of 2009
 - Disagreement about nature of recovery
3. Georgia is fully entwined in the recession

U.S. Private Non-farm Employment

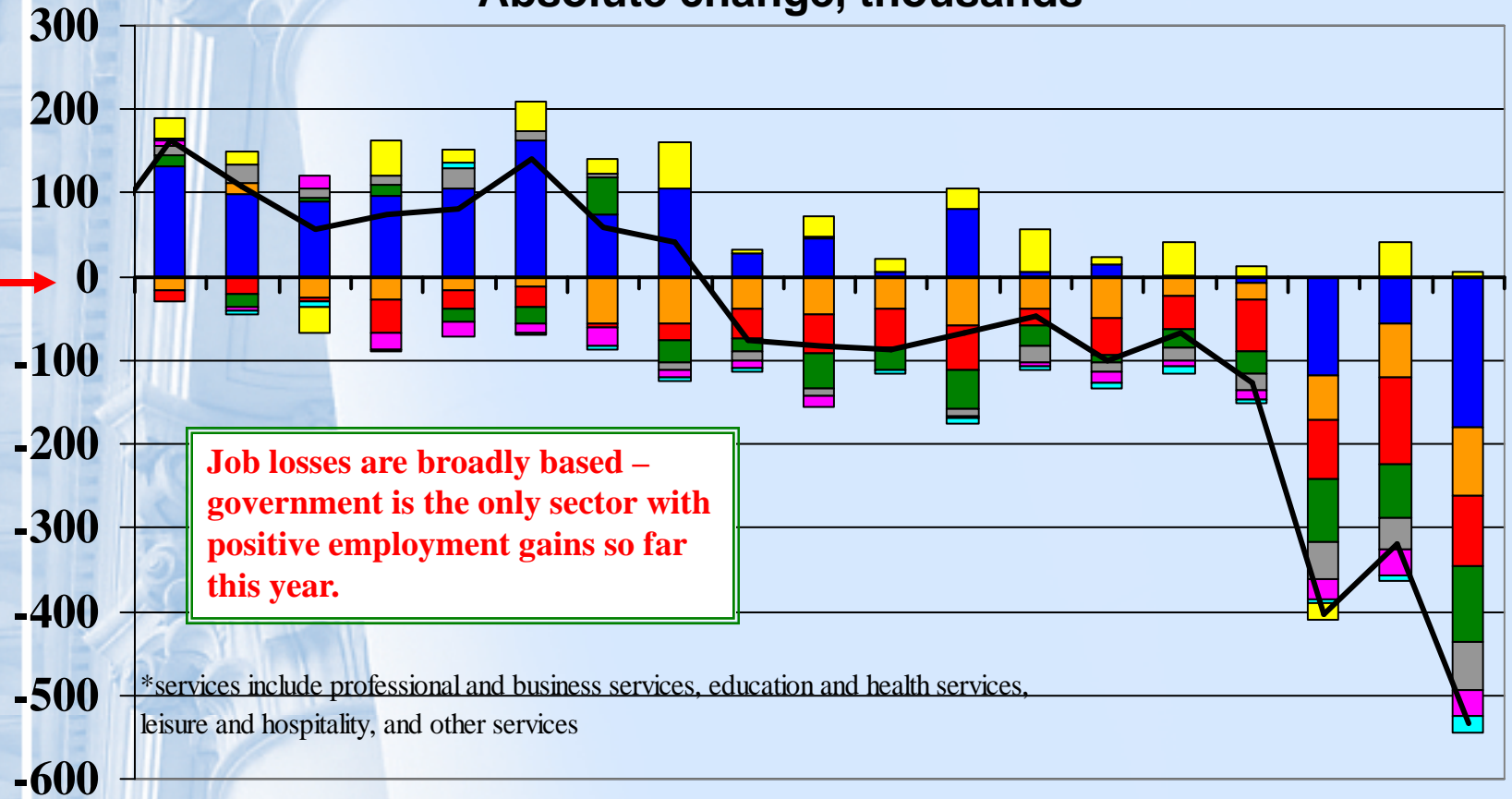
Change from year ago, thousands (through November)



Source: Bureau of Labor Statistics

Contributions to Change in Non-farm Employment

Absolute change, thousands



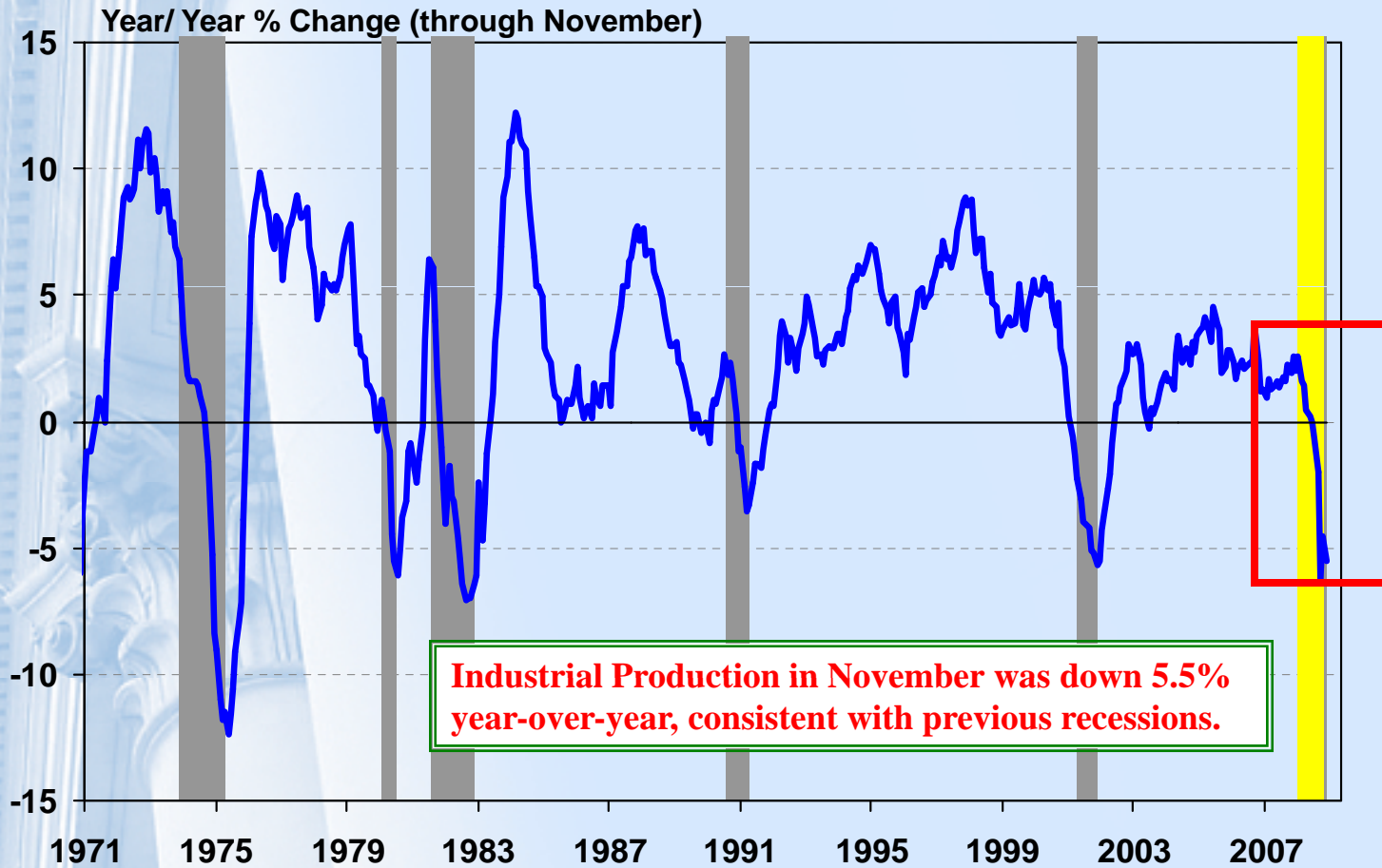
Job losses are broadly based – government is the only sector with positive employment gains so far this year.

*services include professional and business services, education and health services, leisure and hospitality, and other services

May07 Jul07 Sep07 Nov07 Jan08 Mar08 May08 Jul08 Sep08 Nov08

- Services *
- Construction
- Manufacturing
- Retail Trade
- WT, transp, util
- Financial
- Information
- Government
- Total nonfarm

Industrial Production

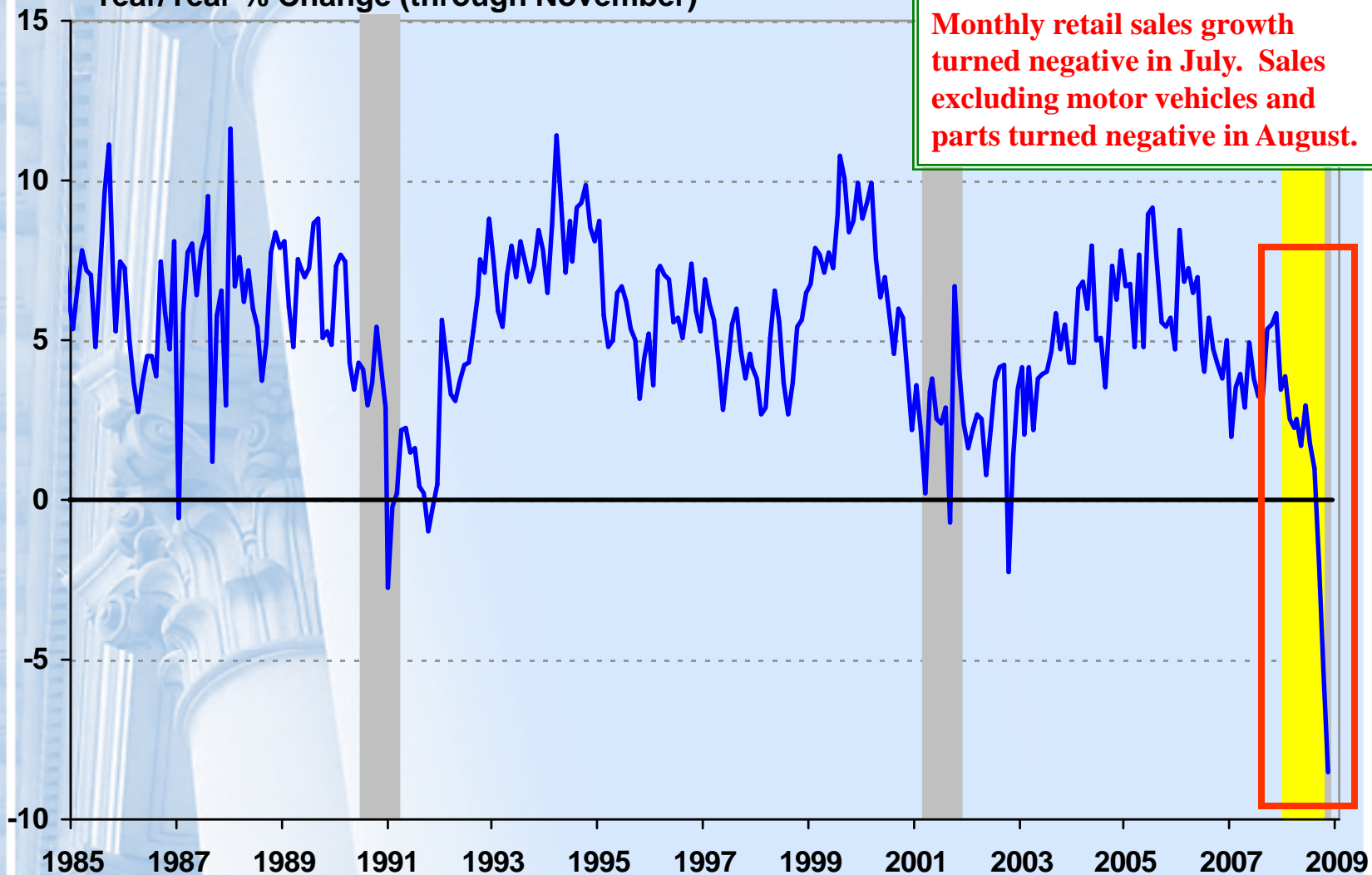


Source: Federal Reserve Board

Note: recession bars represent recession periods

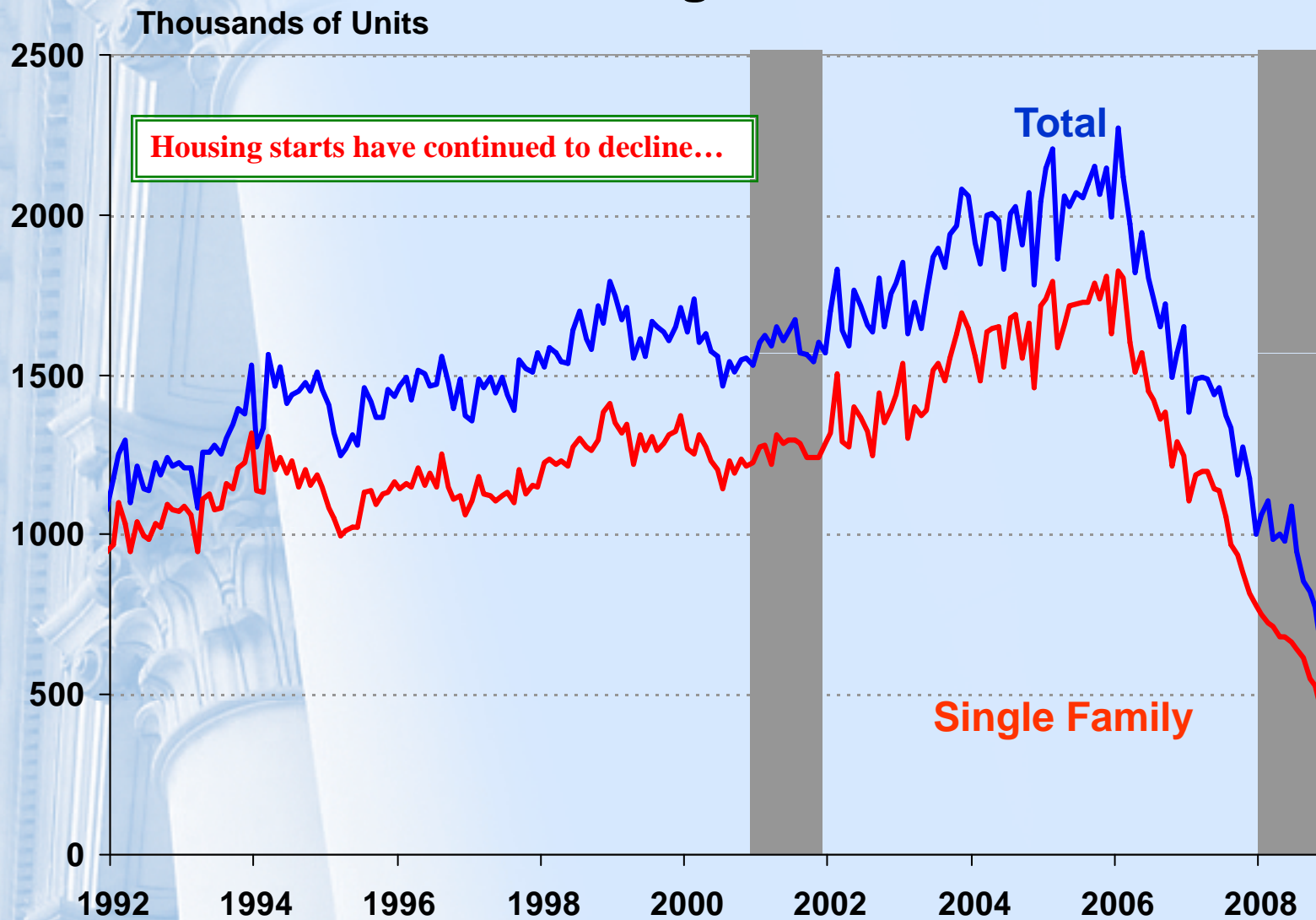
U.S. Retail Sales

Year/Year % Change (through November)



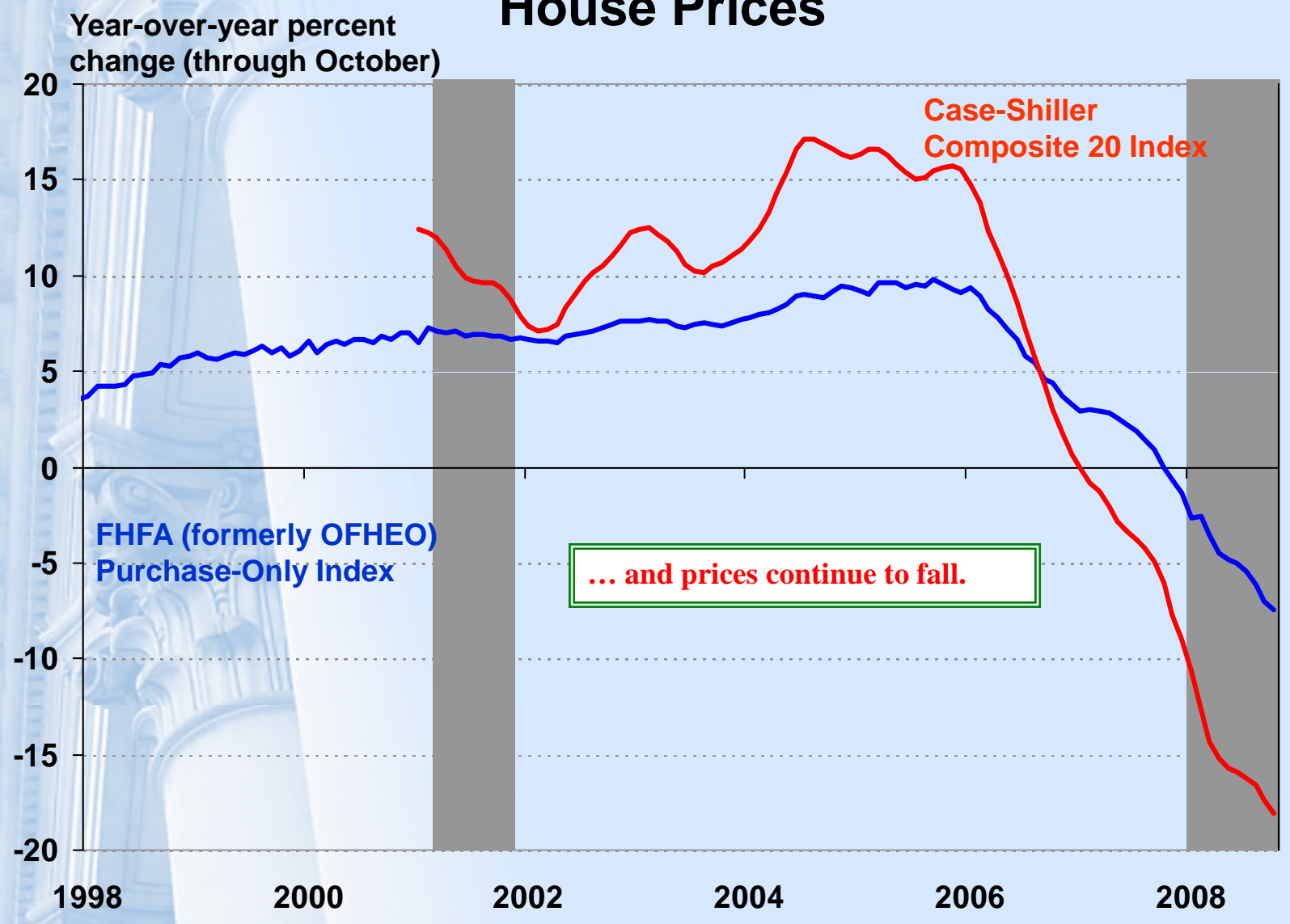
Source: Census Bureau

Housing Starts



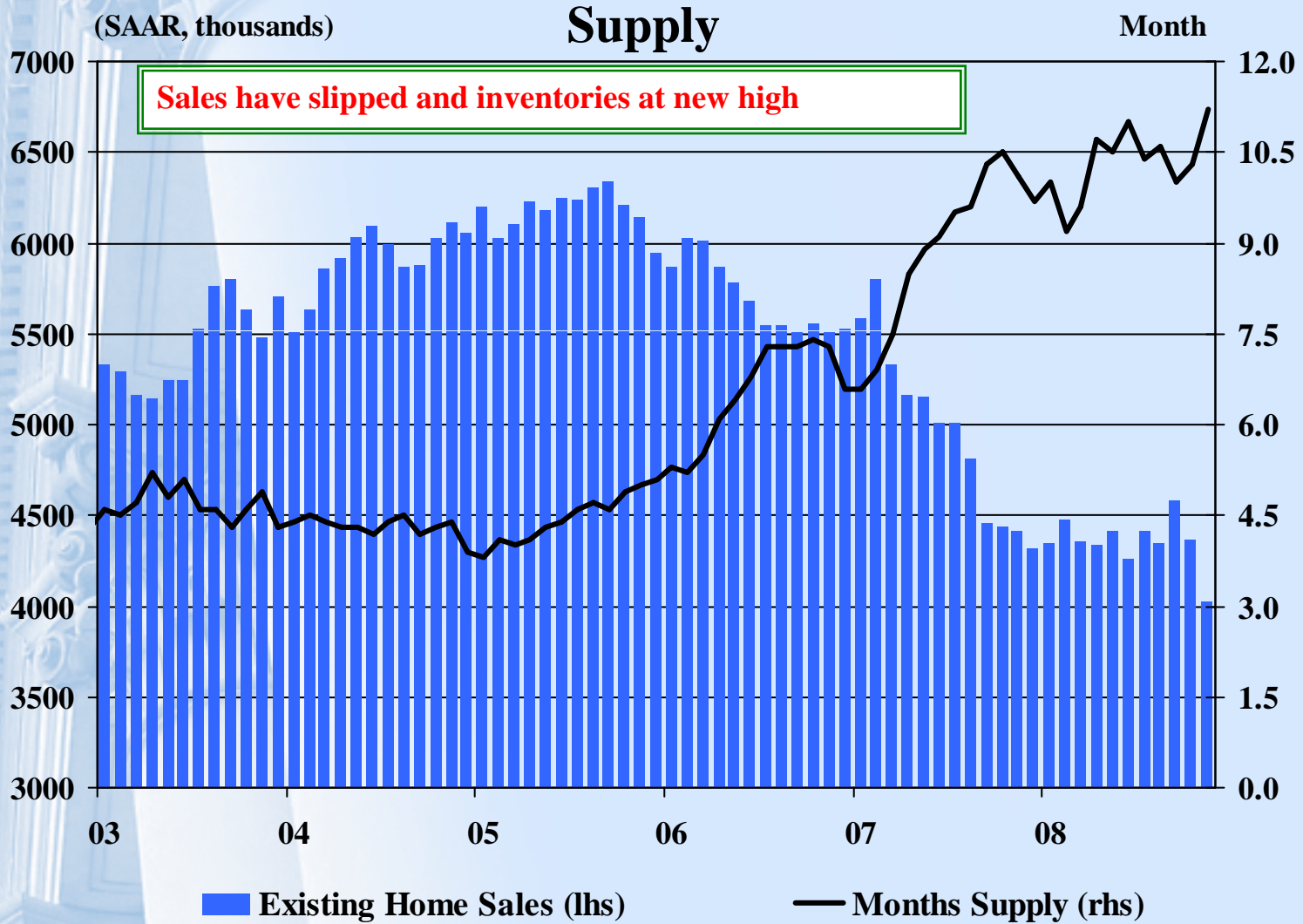
Source: US Census Bureau

House Prices

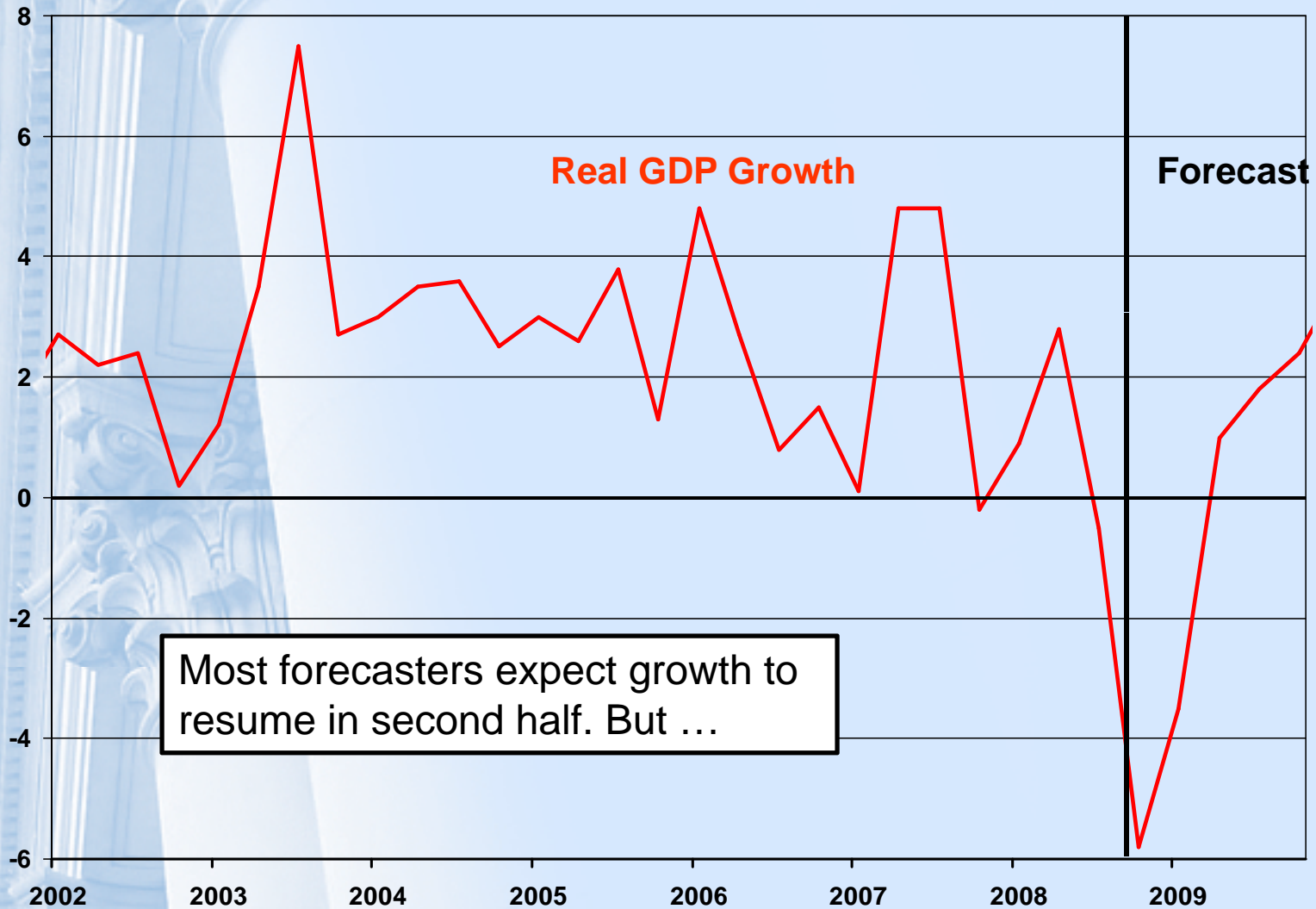


Source: US Census Bureau; S&P, Fiserv, and MacroMarkets LLC

Existing Single Family Home Sales & Months



Real GDP Growth



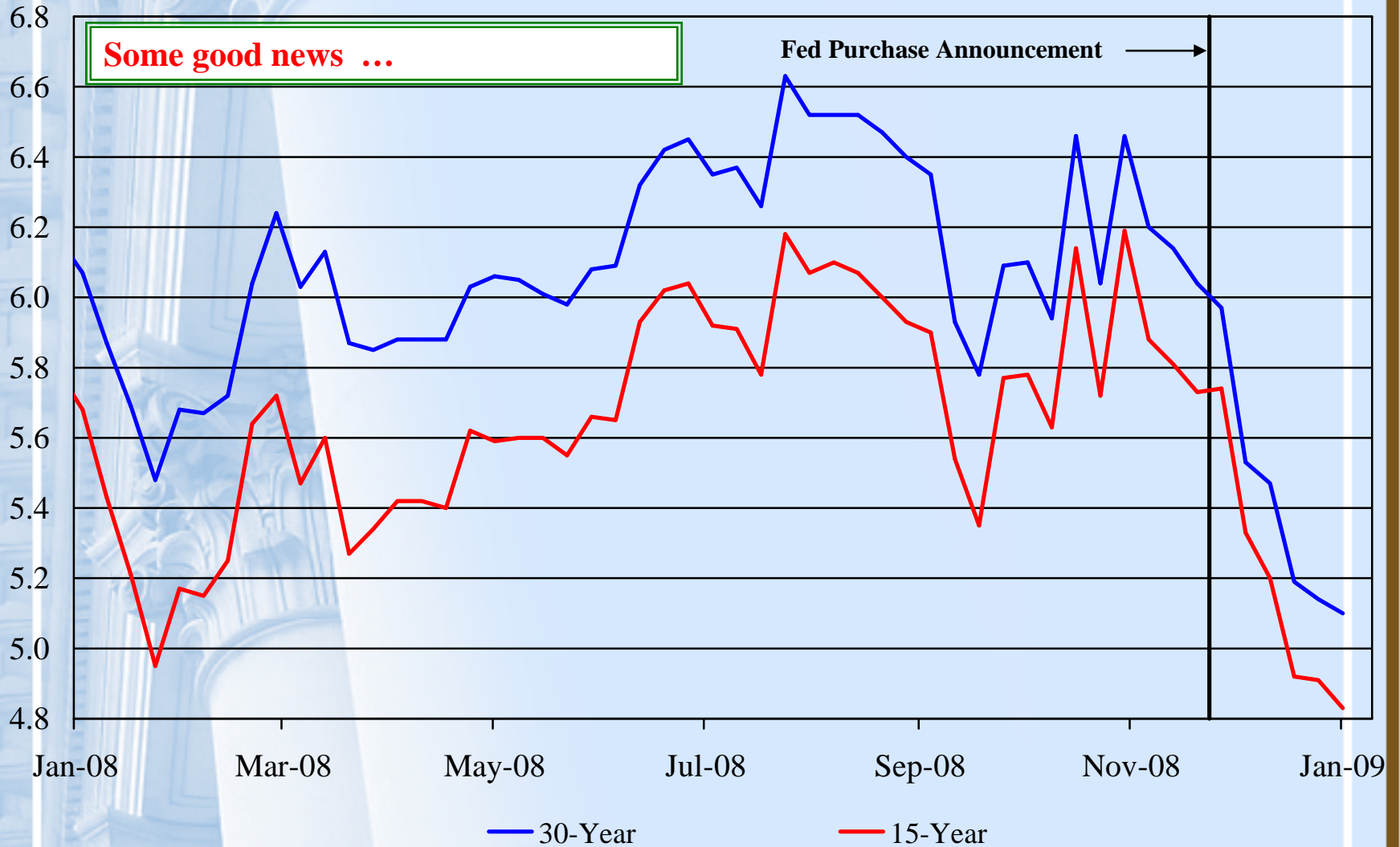
Most forecasters expect growth to resume in second half. But ...

Key Risks to Outlook

- financial conditions worsen
 - especially credit availability and pricing
- housing sector does not reach a trough
- adjustments to resource allocation in economy are costly and lengthy
 - slower recovery, lower growth potential

Freddie Mac Primary Mortgage Market Survey

Fixed-Rate Mortgage Rates, %



Some good news ...

Fed Purchase Announcement →

— 30-Year

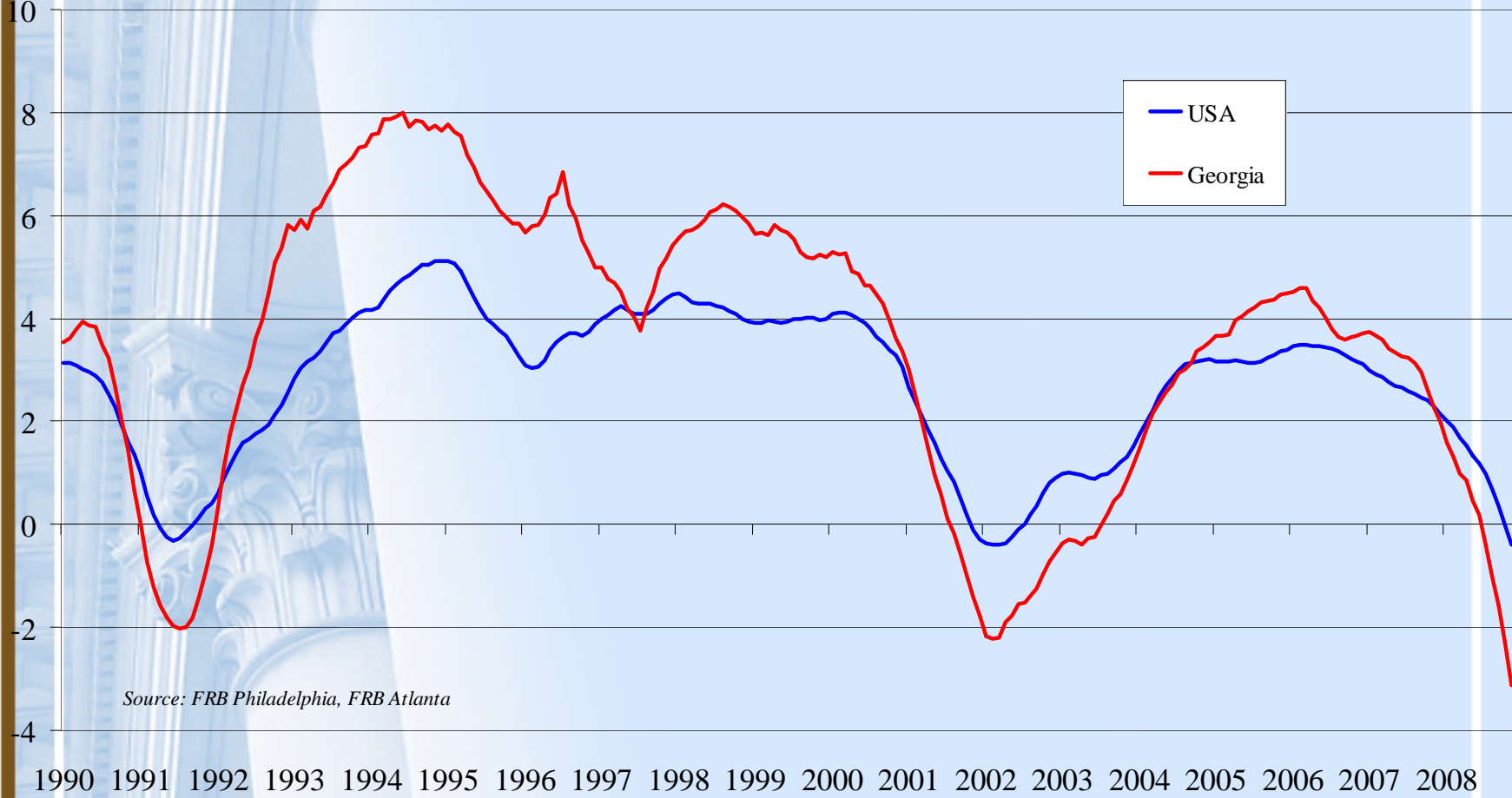
— 15-Year

Georgia is Not Immune



Real GDP Proxy Economic Activity Index

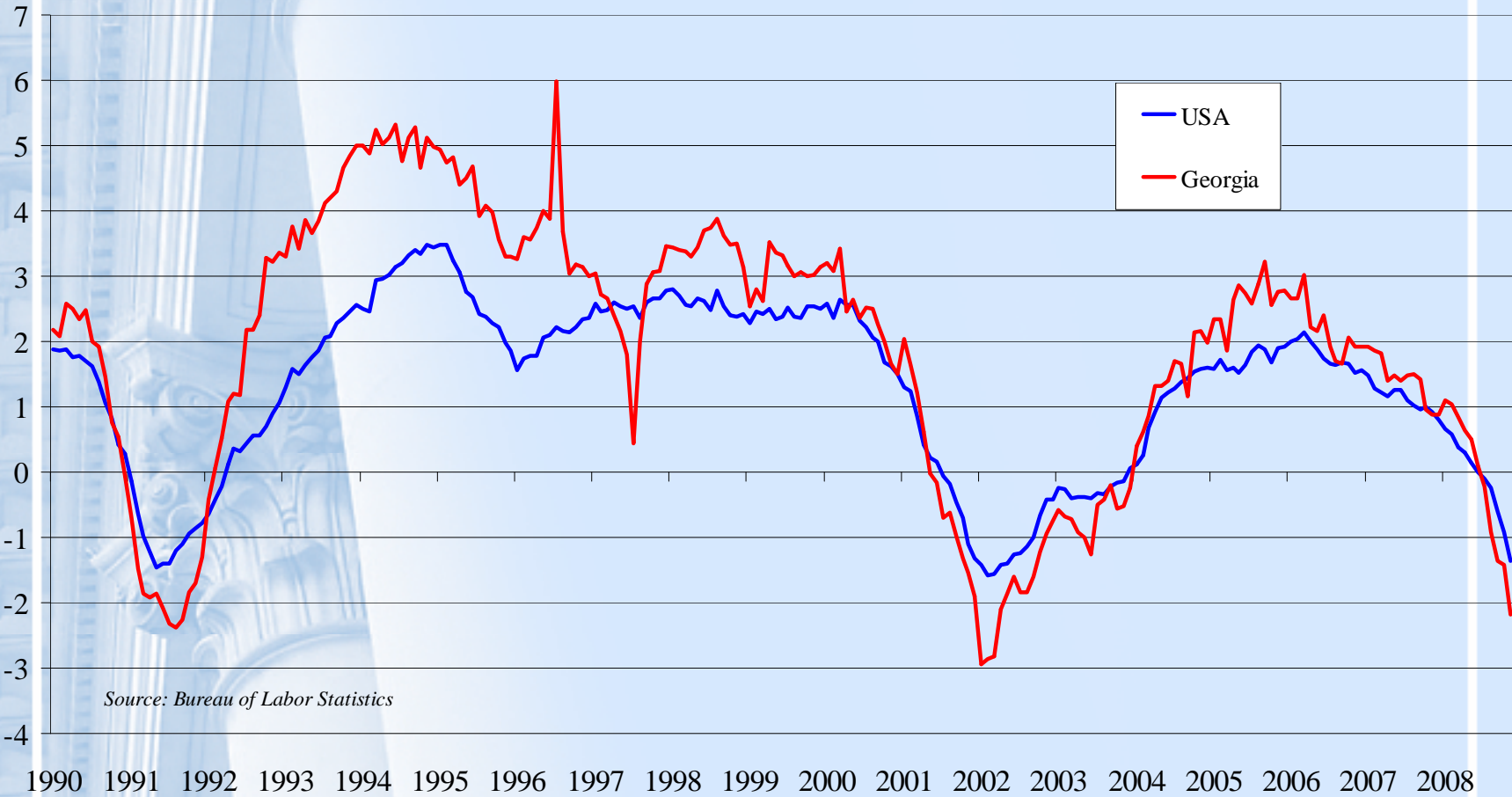
Y/Y % Change



Source: FRB Philadelphia, FRB Atlanta

Payroll Employment Establishment Survey

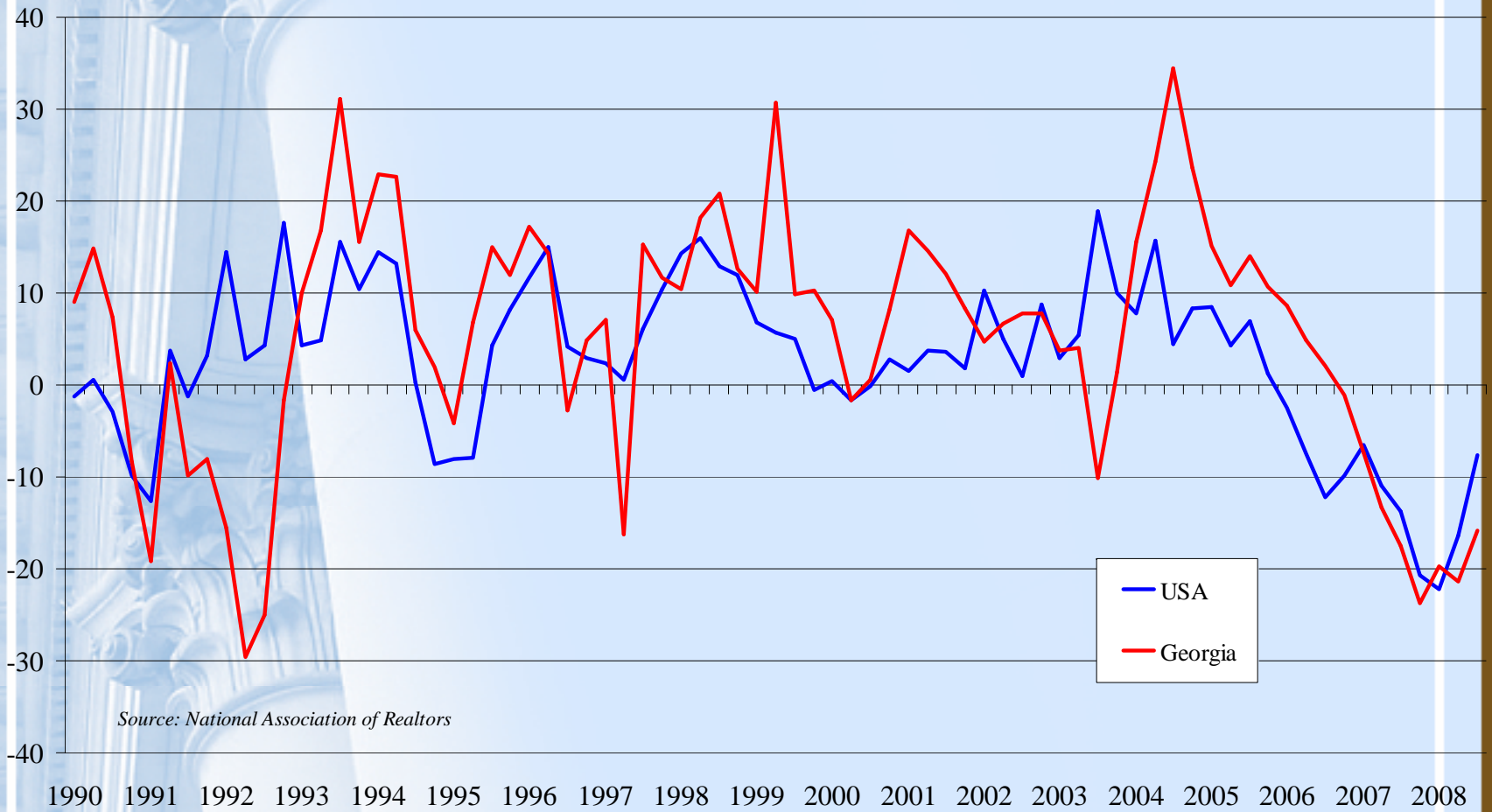
Y/Y % Change



Source: Bureau of Labor Statistics

Existing Home Sales

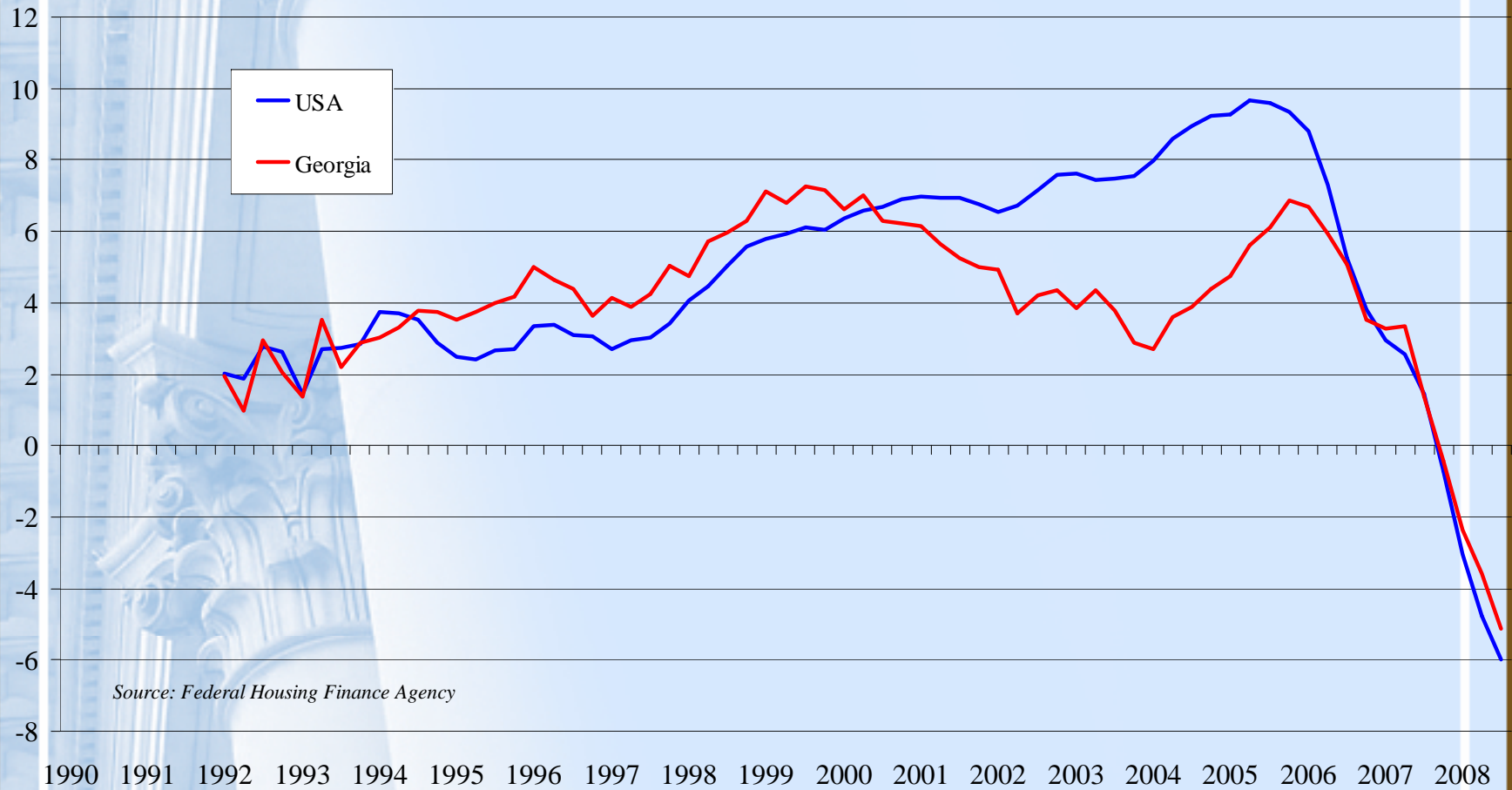
Y/Y % Change



Source: National Association of Realtors

Existing Home Sales Prices Purchase Only

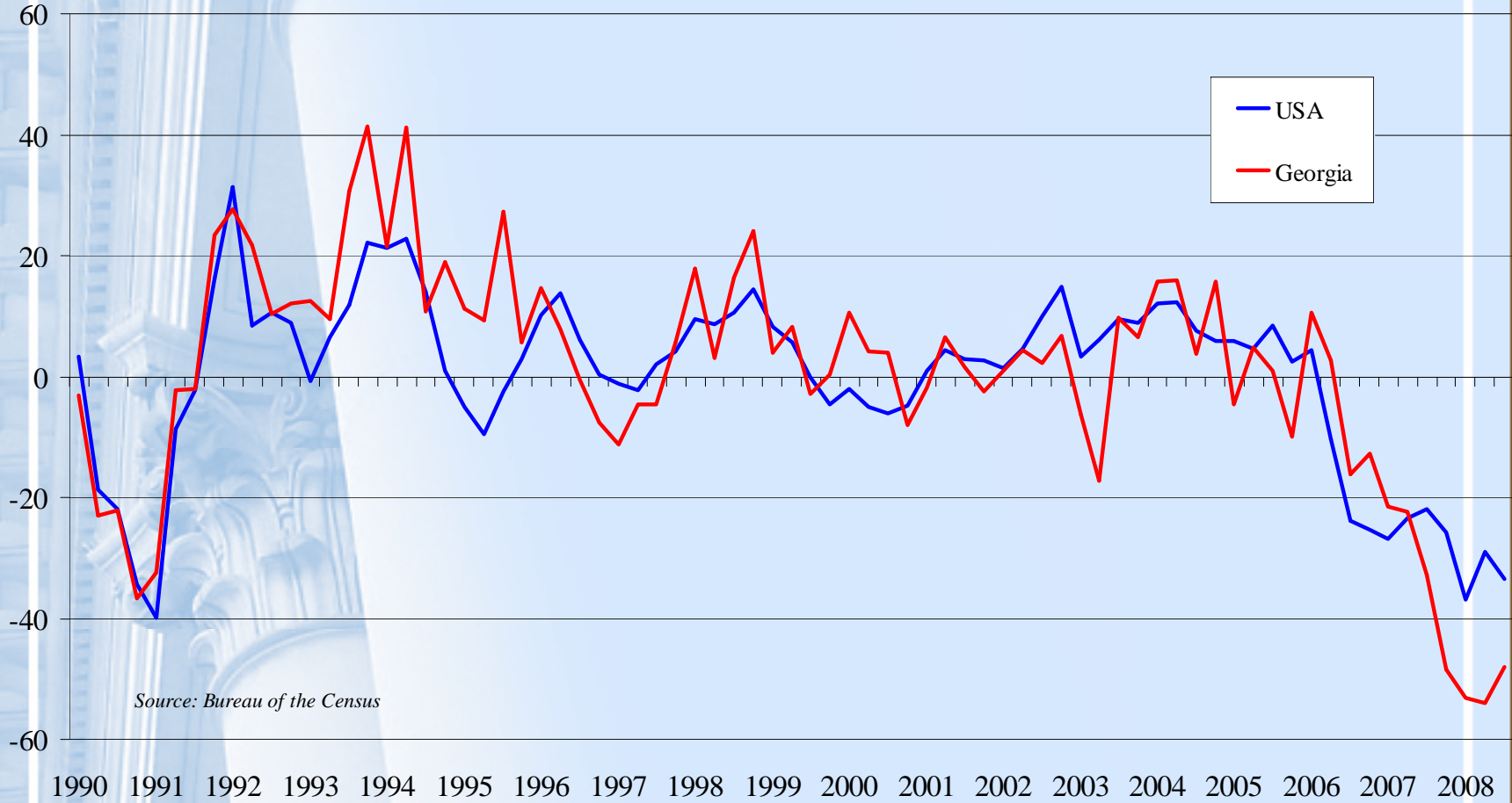
Y/Y % Change



Source: Federal Housing Finance Agency

Permits Issued for New Residential Construction

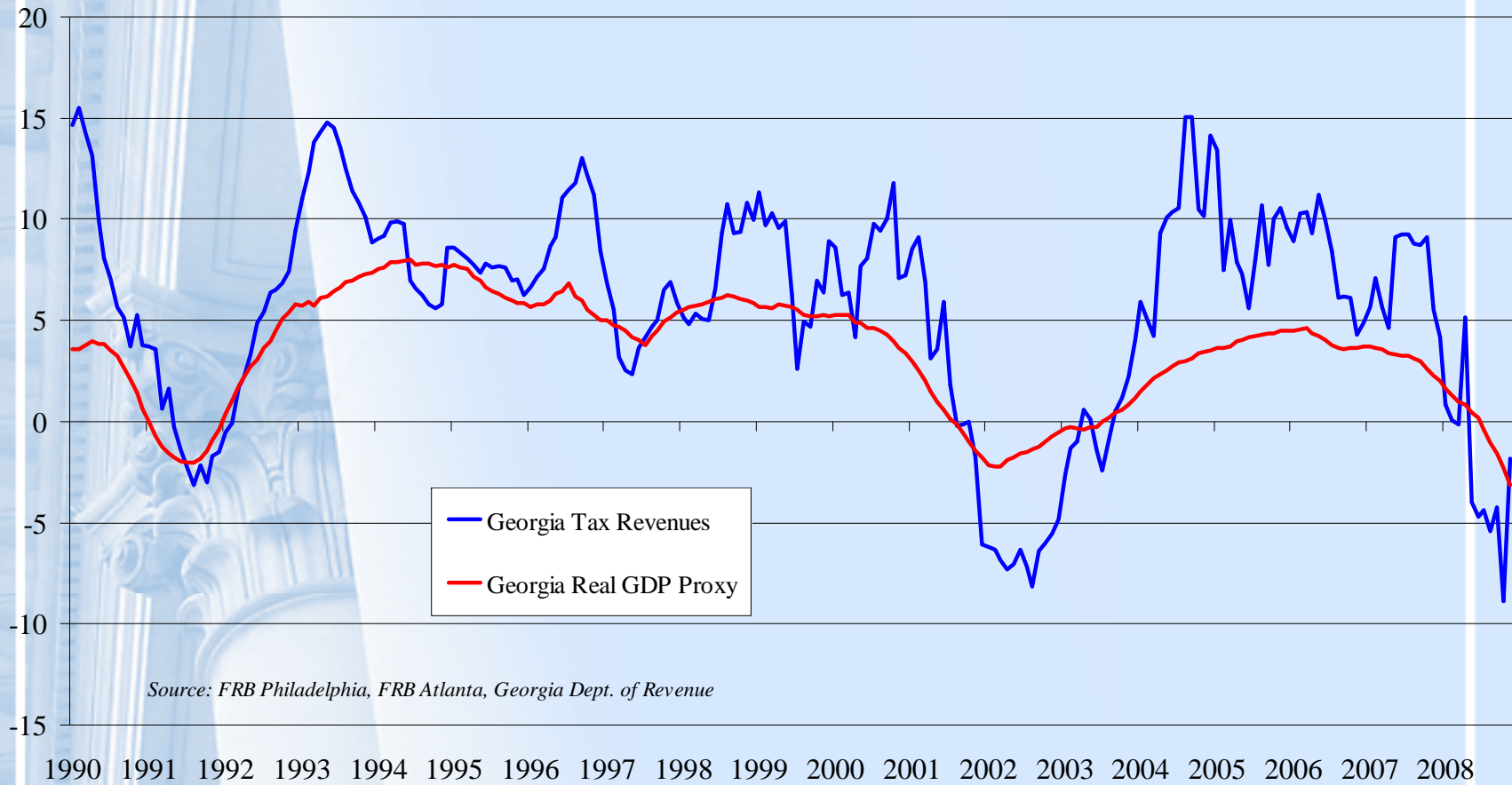
Y/Y % Change



Source: Bureau of the Census

Real GDP Proxy & Tax Revenues

Y/Y % Change



Source: FRB Philadelphia, FRB Atlanta, Georgia Dept. of Revenue

Questions?

