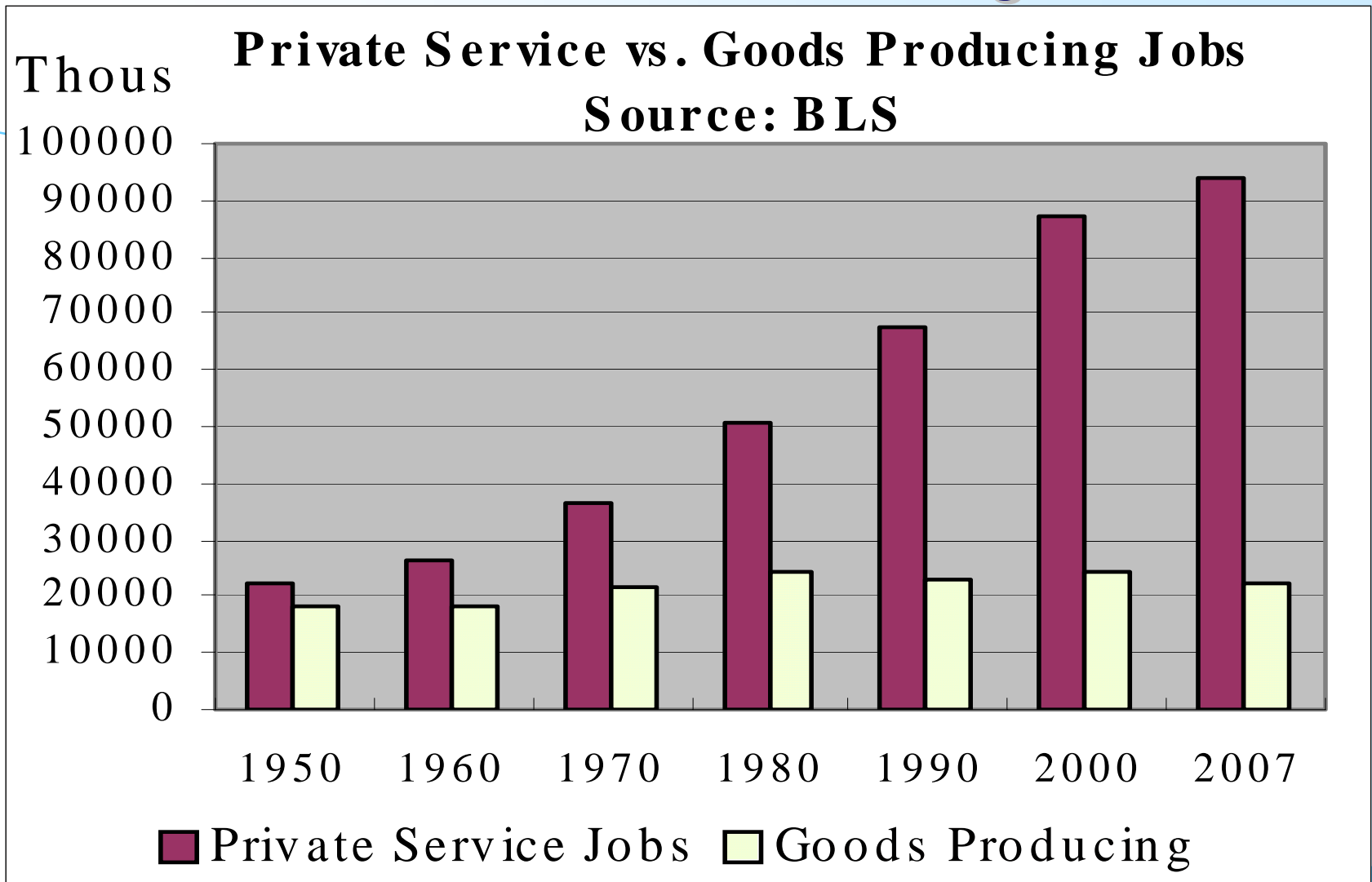


“The U.S. Economic Outlook: What to Expect in Unexpected Times”

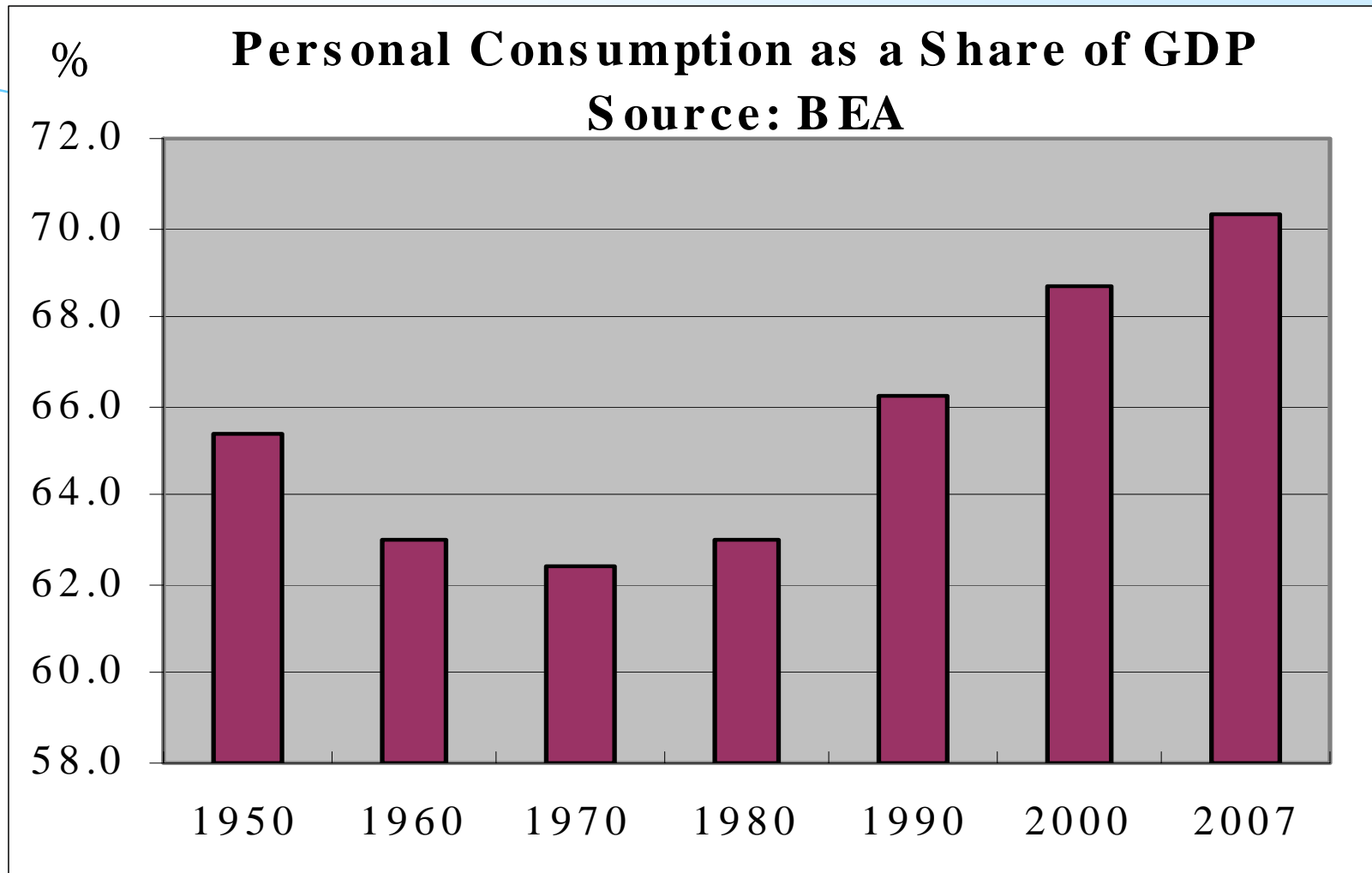
April 27, 2009

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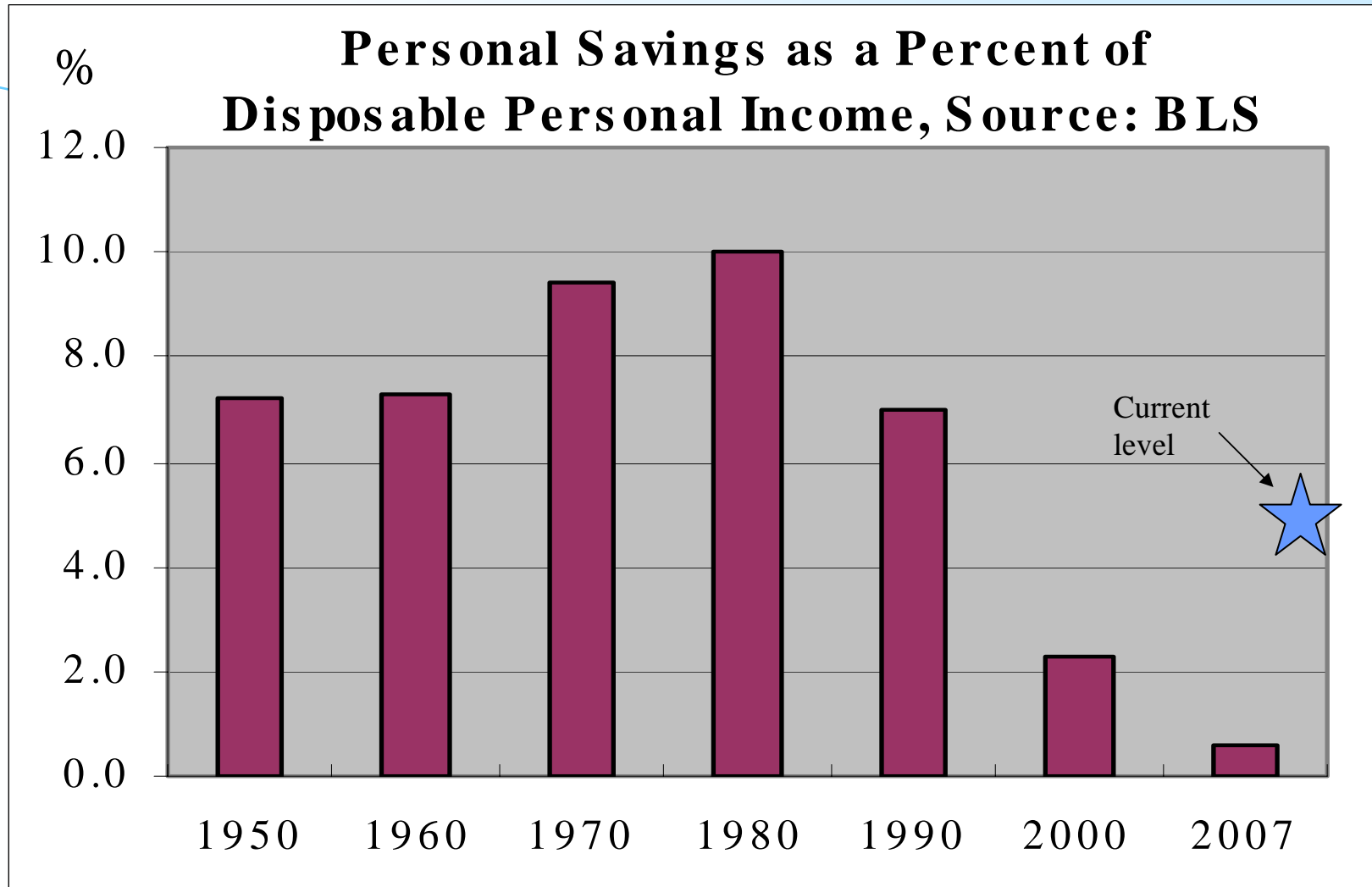
Structural Shift in Wages



Lower Wages vs. Higher Spending

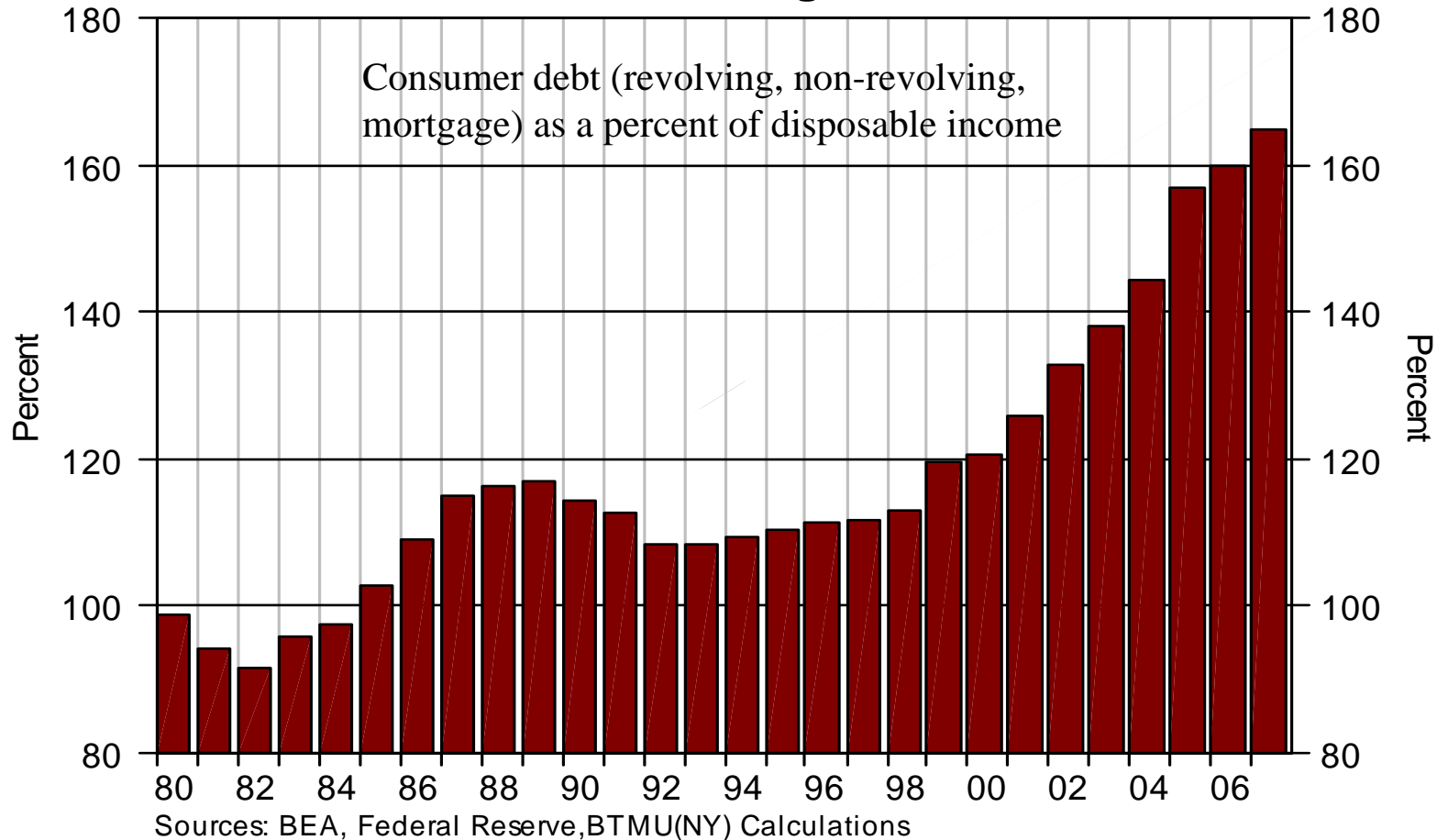


Americans Stopped Saving

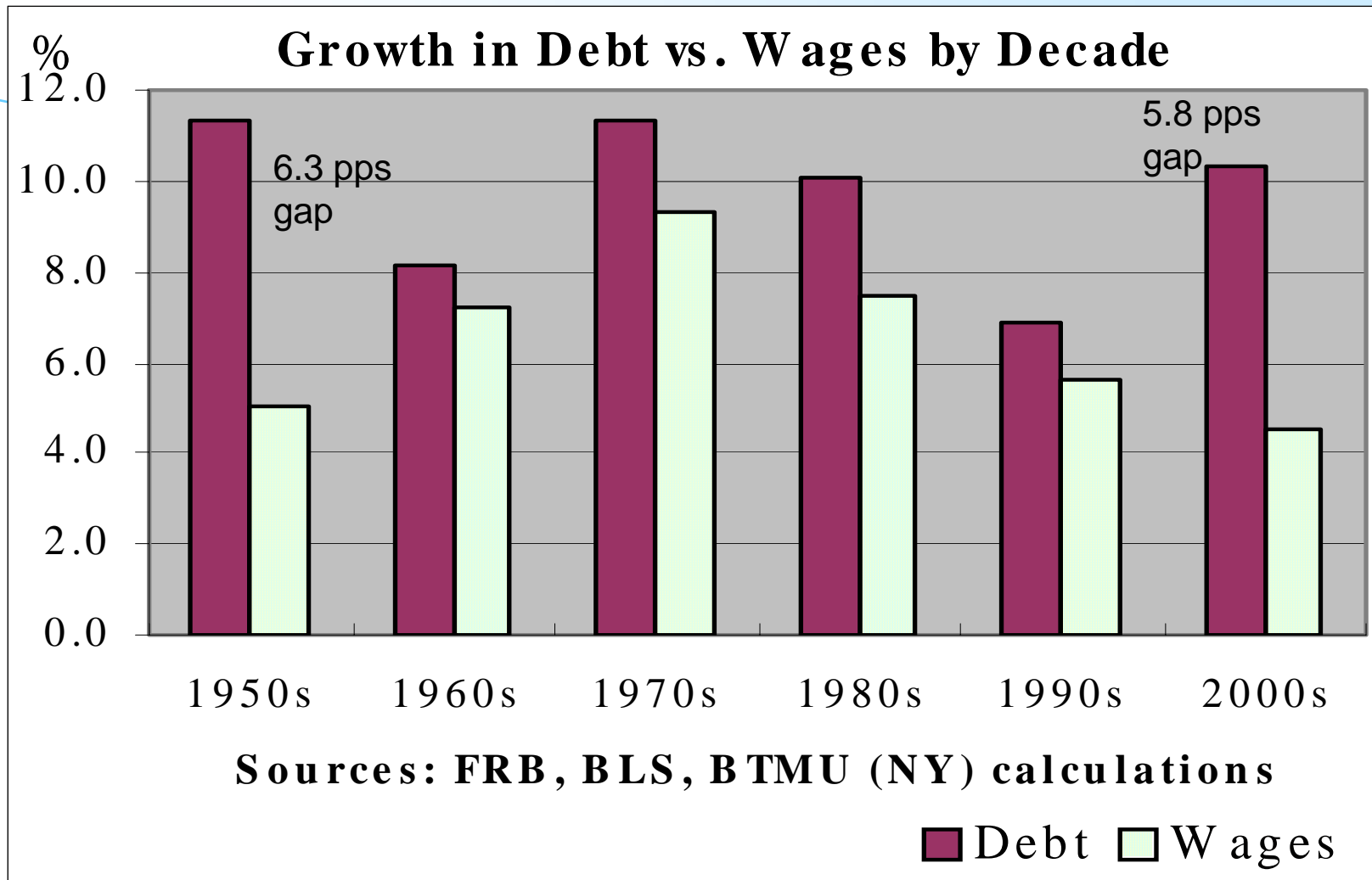


...And Began Borrowing More

The Breaking Point



The Wage/Debt Gap



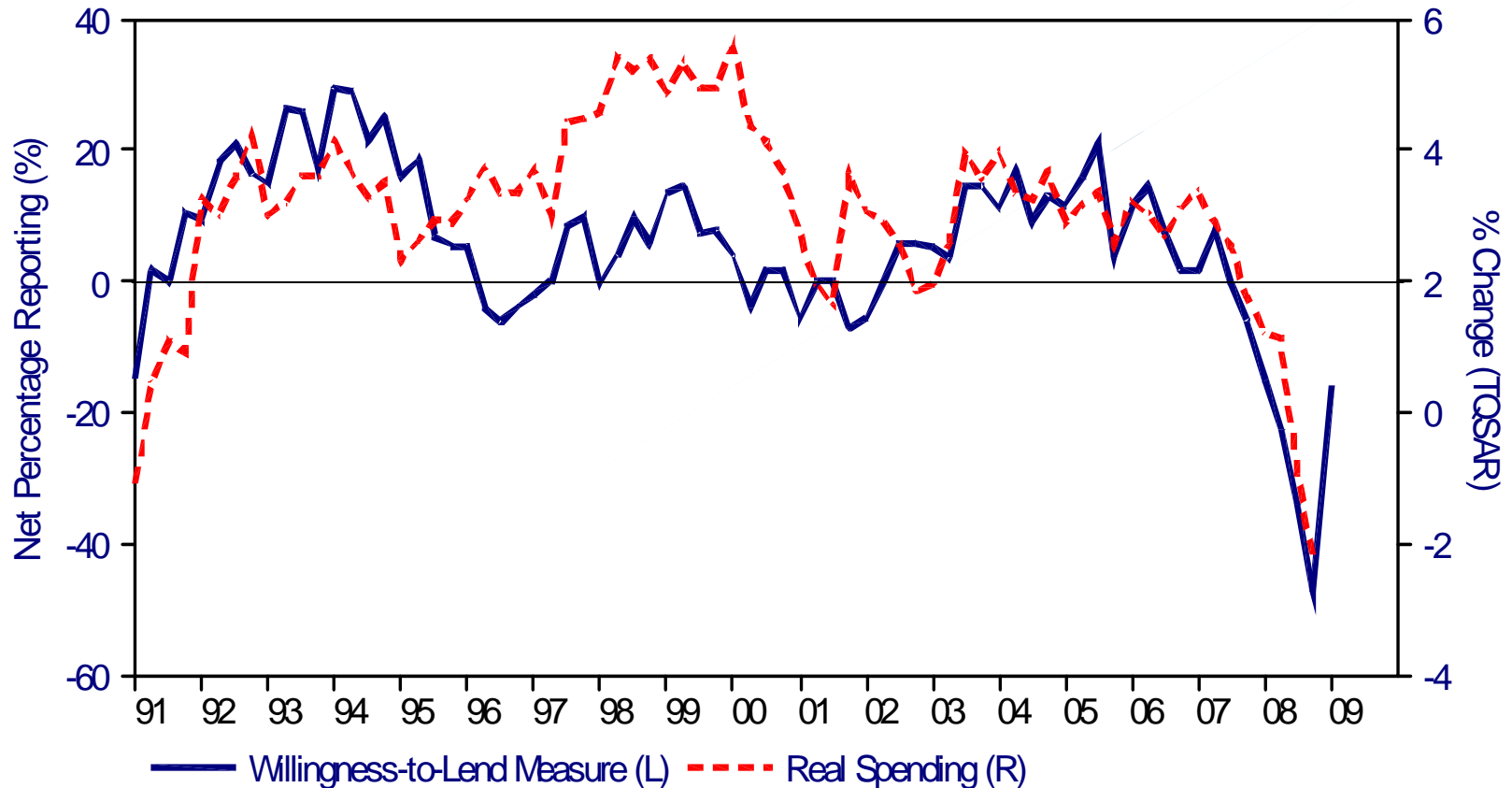
Everyone has their own special reasons for BankAmericard.[®]



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Lending Slowed to a Trickle

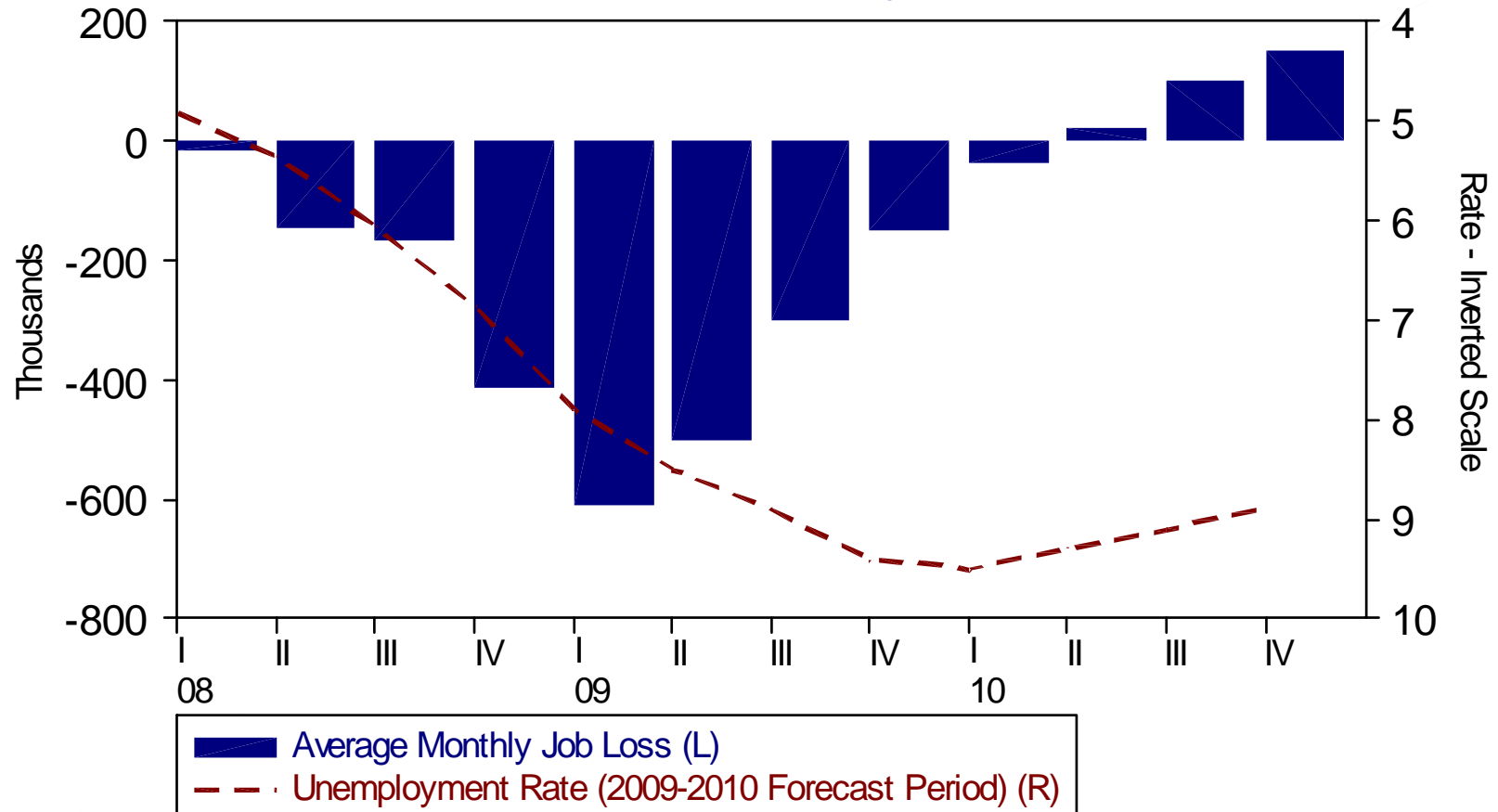
Banks' Willingness to Lend to Consumers and Consumer Spending



Sources: Fed Senior Loan Officer Survey, BEA

Job Loss Rocketed

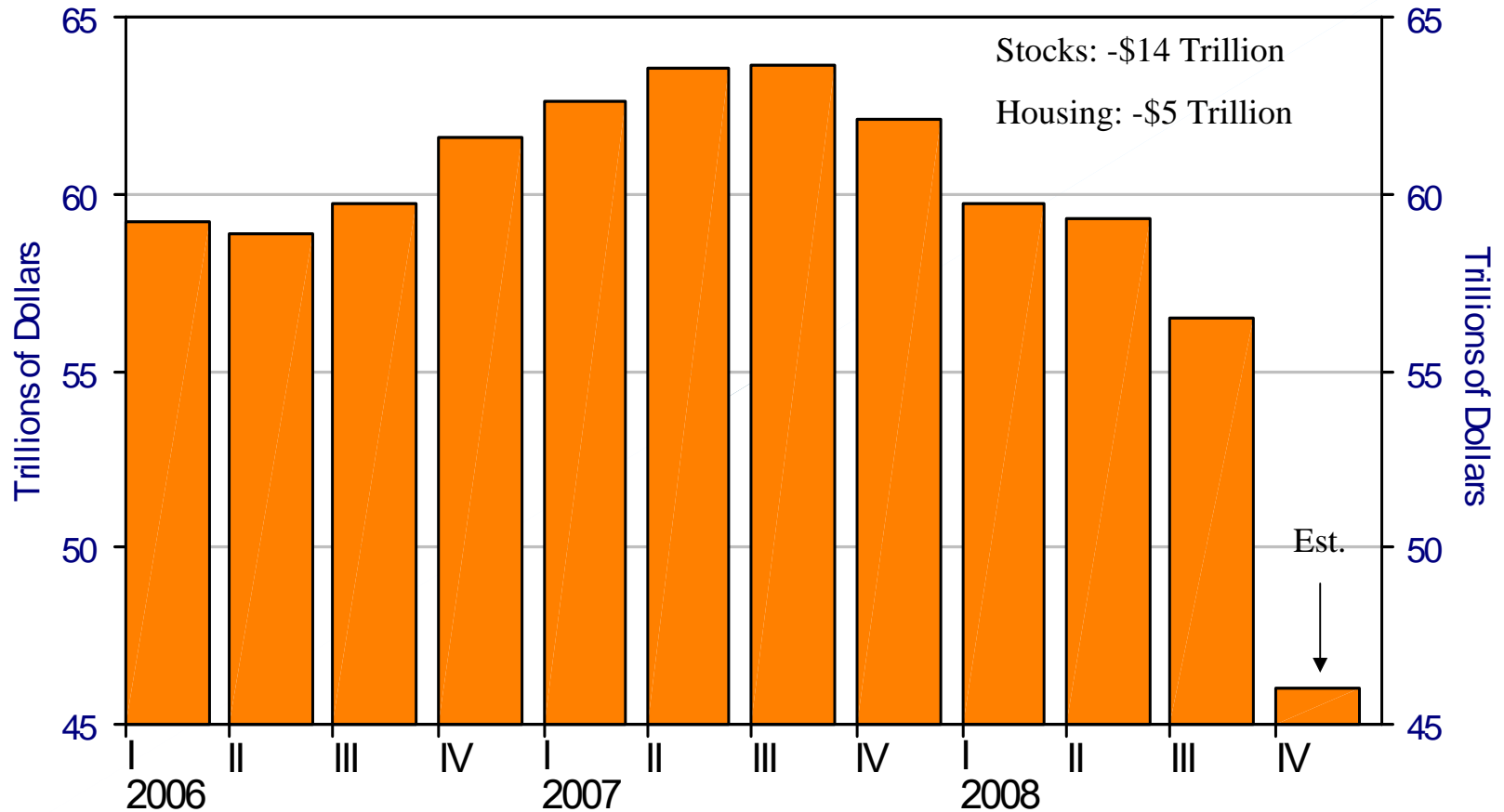
Job Loss vs. Unemployment Rate



Source: BLS, BTMU (NY) calculations

Nest Eggs Cracked

Household Net Worth
Record Deterioration



Source: FRB Flow of Funds, BTMU (NY) Estimate

Worst Economic Downturn Since the Great Depression

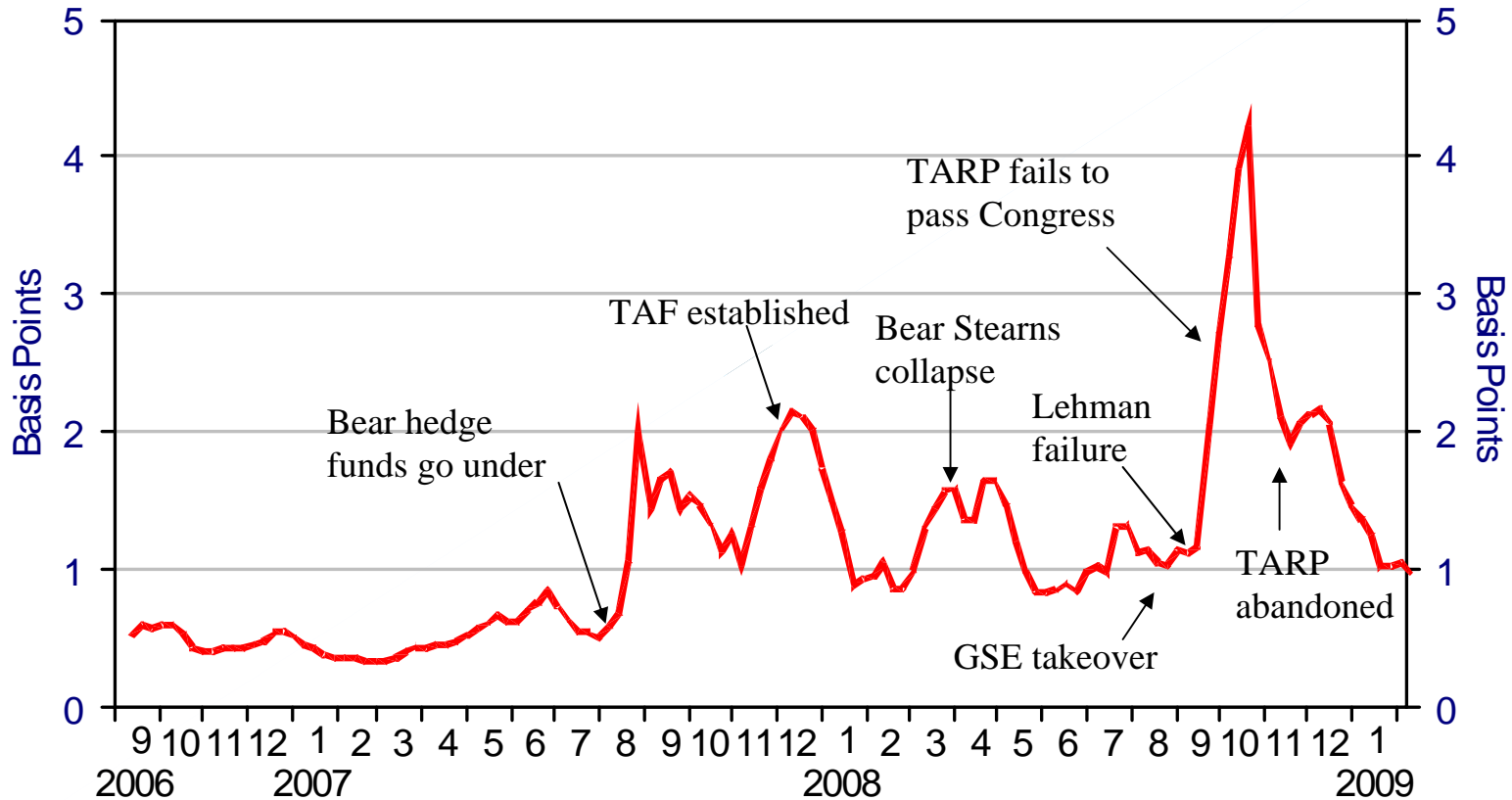
Peak	Trough	Duration in Months Peak-to-Trough	% Change Peak-to-Trough		Jobless Rate		
			Real GDP	Nonfarm Payrolls	Low	High	Change
December 2007 (IV)	December 2008 (IV)	24	-3.0	-5.1	4.4	9.5	5.1
March 2001(I)	November 2001 (IV)	8	-0.4	-2.0	3.8	6.3	2.5
July 1990(III)	March 1991(I)	8	-1.3	-1.5	5	7.8	2.8
July 1981(III)	November 1982 (IV)	16	-2.9	-3.1	7.2	10.8	3.6
January 1980(I)	July 1980 (III)	6	-2.2	-1.3	5.6	7.8	2.2
November 1973(IV)	March 1975 (I)	16	-3.1	-2.7	4.6	9.0	4.4
December 1969(IV)	November 1970 (IV)	11	-1.0	-1.4	3.4	6.1	2.7
April 1960(II)	February 1961 (I)	10	-1.3	-2.3	4.8	7.1	2.3
August 1957(III)	April 1958 (II)	8	-3.8	-4.4	3.7	7.5	3.8
July 1953(II)	May 1954 (II)	10	-2.7	-3.3	2.5	6.1	3.6
November 1948(IV)	October 1949 (IV)	11	-1.7	-5.1	3.4	7.9	4.5
Average for Post WWI Recessions		10	-2.0	-2.7	4.4	7.6	3.2

Sources: NBER, BTMU (NY) Forecast

Banks Hold the Key

Money Market Strain Eases
The TED Spread

3-Month LIBOR less 3-Month U.S. Treasury Bill



Sources: FRB, DailyPress, BTMU (NY) calculations

How to Kick Start Lending?

The Three Part Financial Stability Plan - Ongoing

Part 1: Stress Testing

-Two objectives, 1) more appropriately mark the value of assets, 2) determine how much capital is necessary to shore up balance sheets. Began with Citigroup.

Part 2: Provide Capital

-Provide the capital these institutions need in order to plug holes.

Part 3: Buy Bad Assets

-Buy bad assets by printing money. Make loans to private investors with guarantees from TARP money so they may go out and buy troubled assets.

If this plan fails, the next step will be to set up the so-called “Bad Bank”.

Consumer and Business Lending Initiative (CBLI)

-Launched the Term Asset-Backed Securities Loan Facility (TALF) to generate up to \$1 trillion of lending for businesses and households.

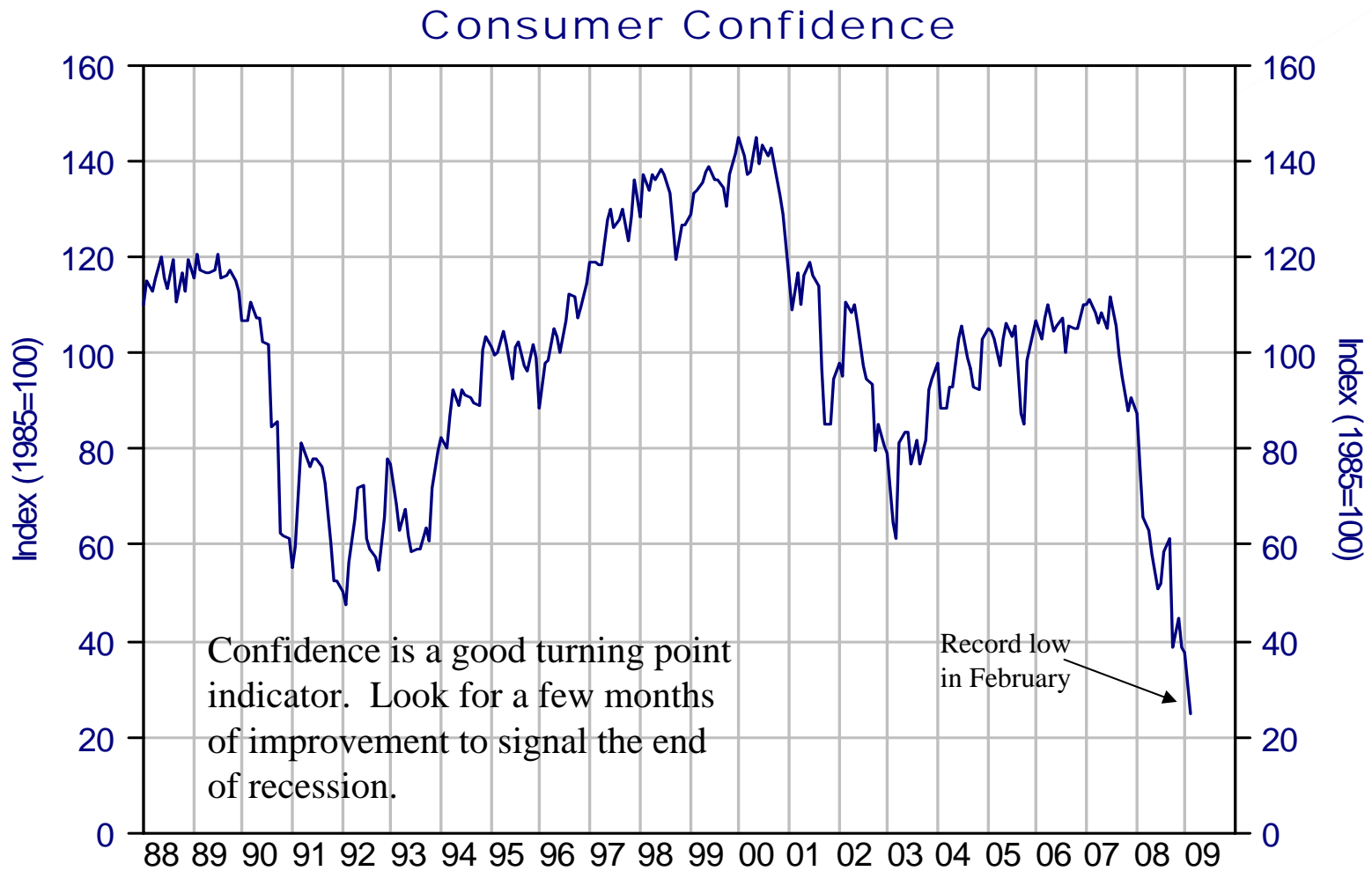
Making Homes Affordable Program

-\$75 billion mortgage refinance and modification plan.

The Bank of Tokyo-Mitsubishi UFJ, Ltd.

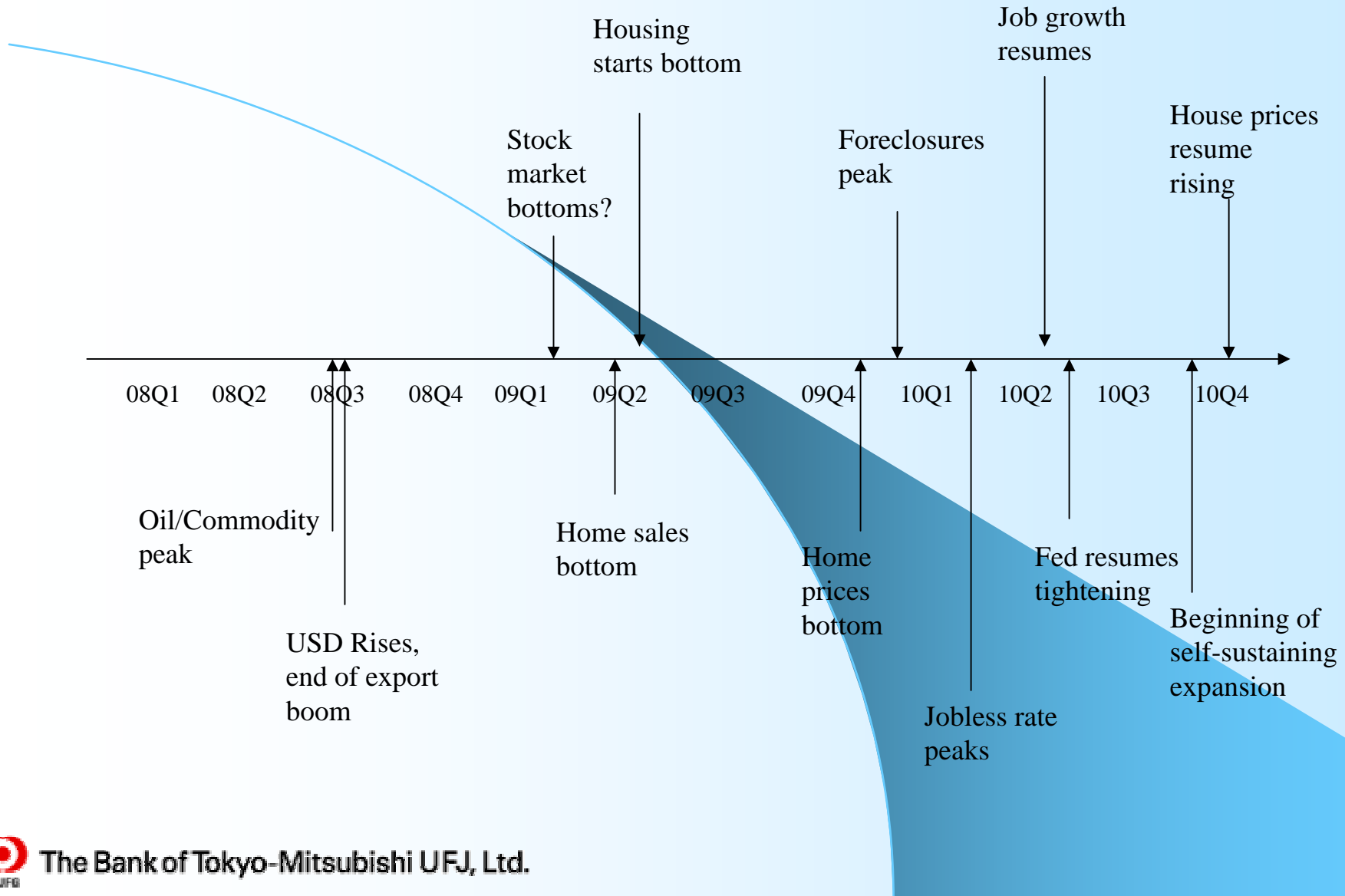


Consumer Confidence Must Improve



Source: Conference Board

Timeline for Recovery



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