UNC Charlotte North Carolina Economic Forecast

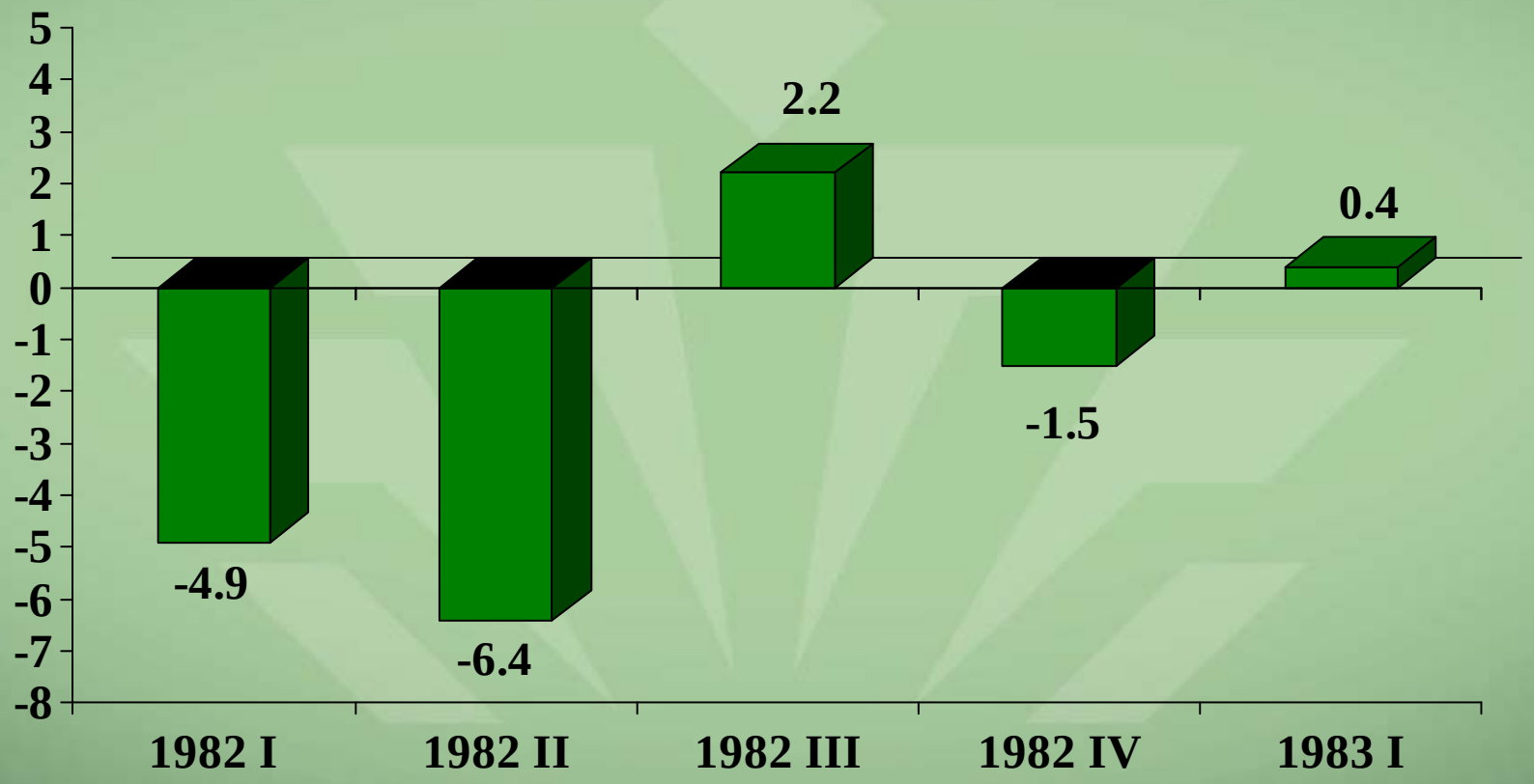
September 22, 2009

- **How Severe?**
- **How Long?**
- **What Will the Recovery Look Like?**

Post WW II Recessions

- 10 Recessions in 62 Years
- Average length - 10 months
- 1973-1975 - 16 months
- 1981-1982 - 16 months

1982 Recession



How Severe?

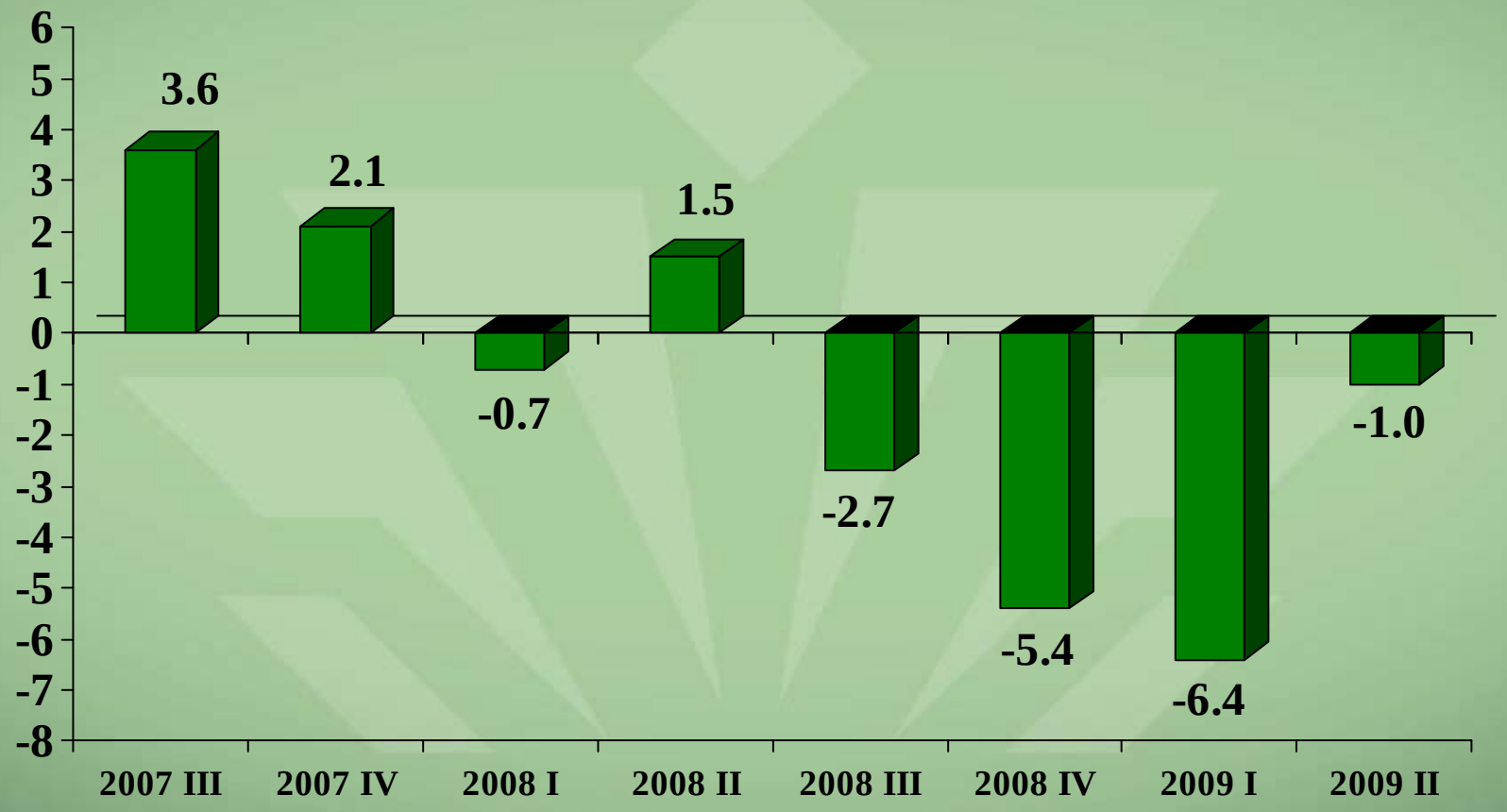
1982:

- Total Jobs Lost 2,838,000
- Percent of Total 3.1%
- 2007/08 Equivalent 4,300,000
- Peak Unemployment Rate 10.8%

2008/2009:

- Total Jobs Lost 6,929,000
- Percent of Total 5.0%
- Peak Unemployment Rate 9.7%

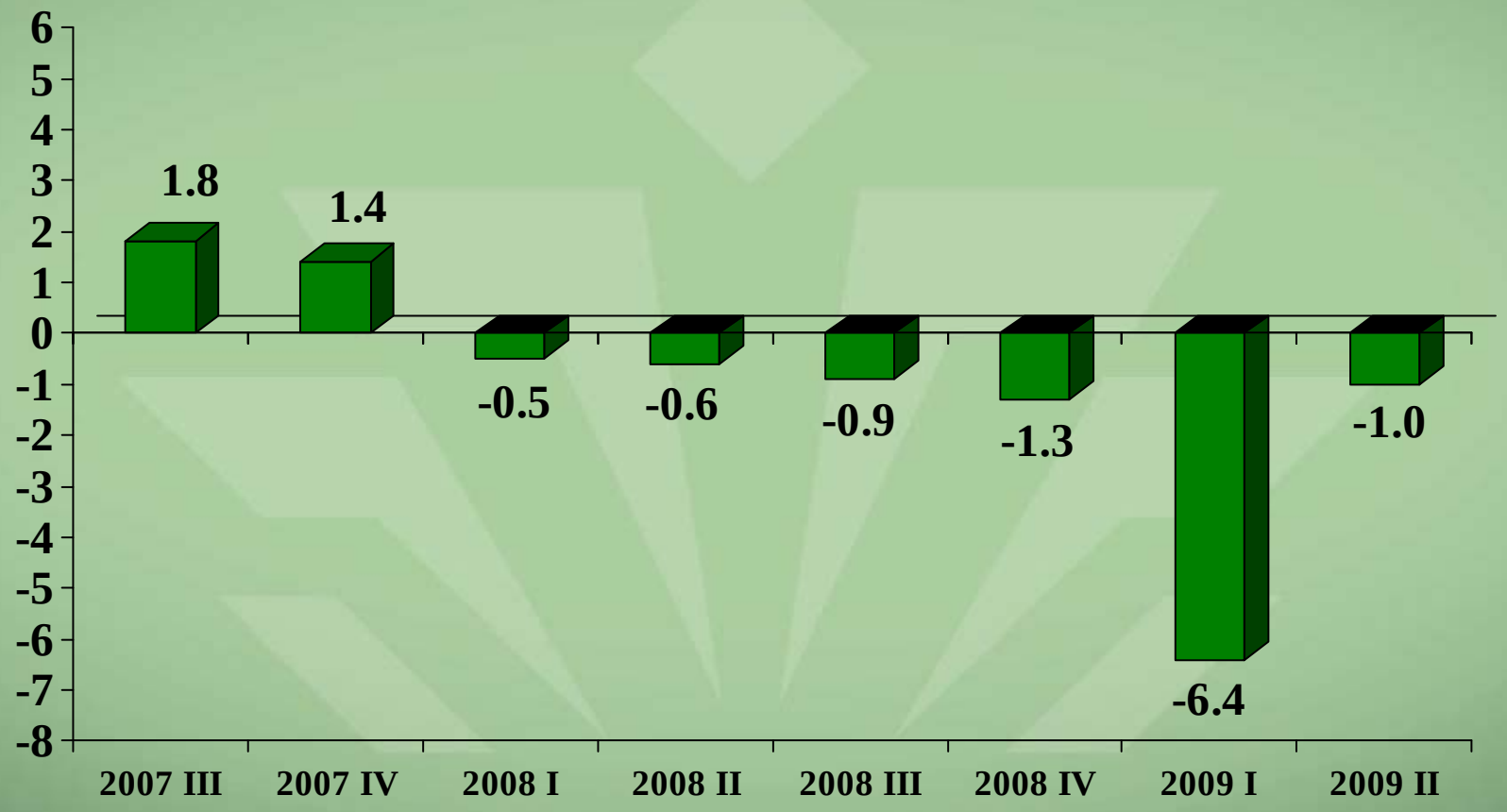
2007/2008/2009
U.S. GDP



2008/2009 Payroll Employment

- Employment Decline: January 2008
- First 12 Months Decline: -3,078,000
- First 20 Months Decline: -6,929,000
- August Unemployment Rate: 9.7%

2007/2008/2009
North Carolina GSP



2008/2009 North Carolina Payroll Employment

- Employment Decline: February 2008
- First 12 Months Decline: -171,400
- First 18 Months Decline: -249,800
- August Unemployment 10.8%

How Long?

1982:

- 16 Months

1974/75:

- 16 Months

2008/2009:

- 17-18 Months
- Recession Likely Ended in April or May

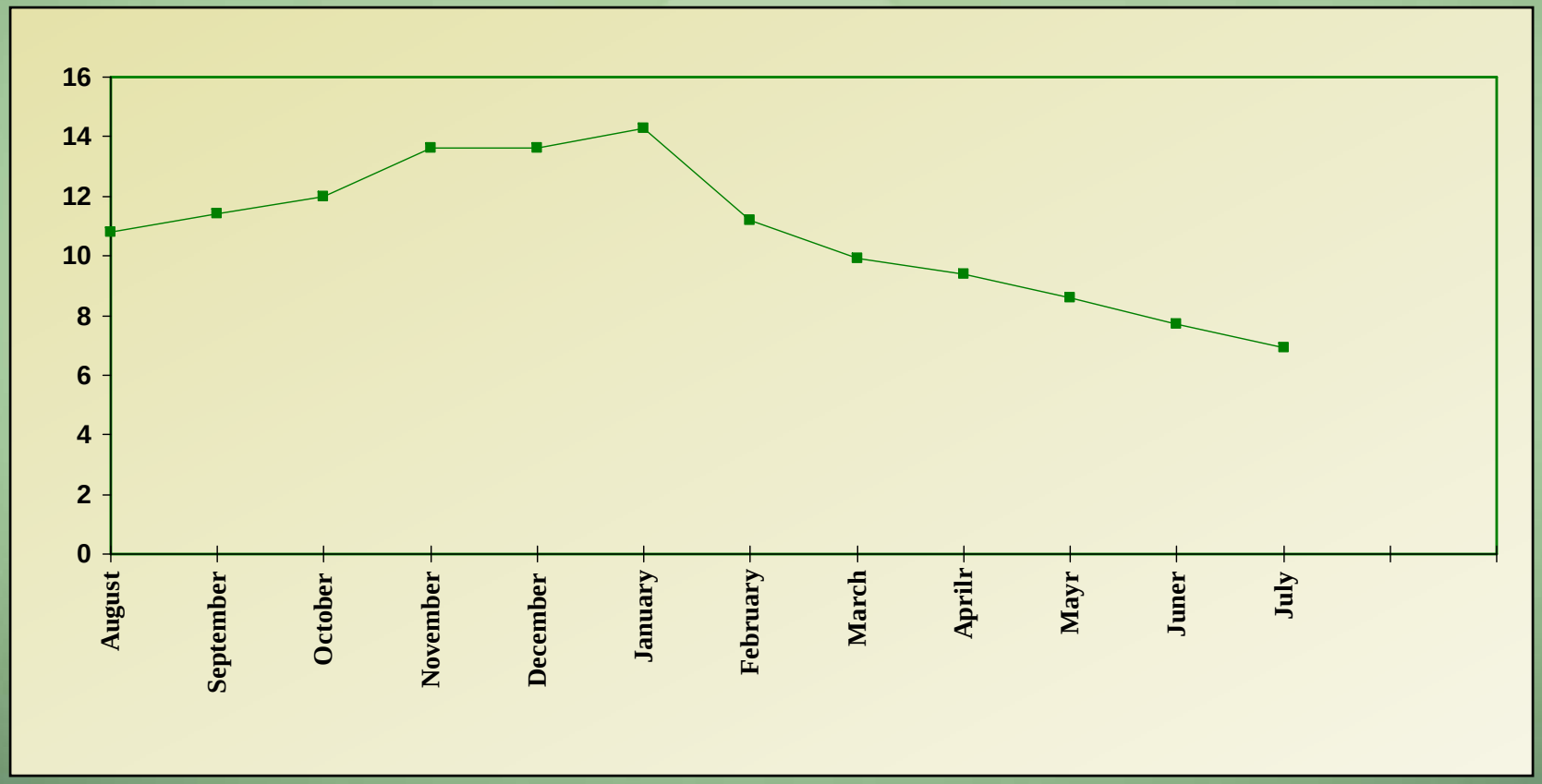
What Will the Recovery Look Like ?

- Deep “V”
- Double Dip “W”
- Slow Recovery

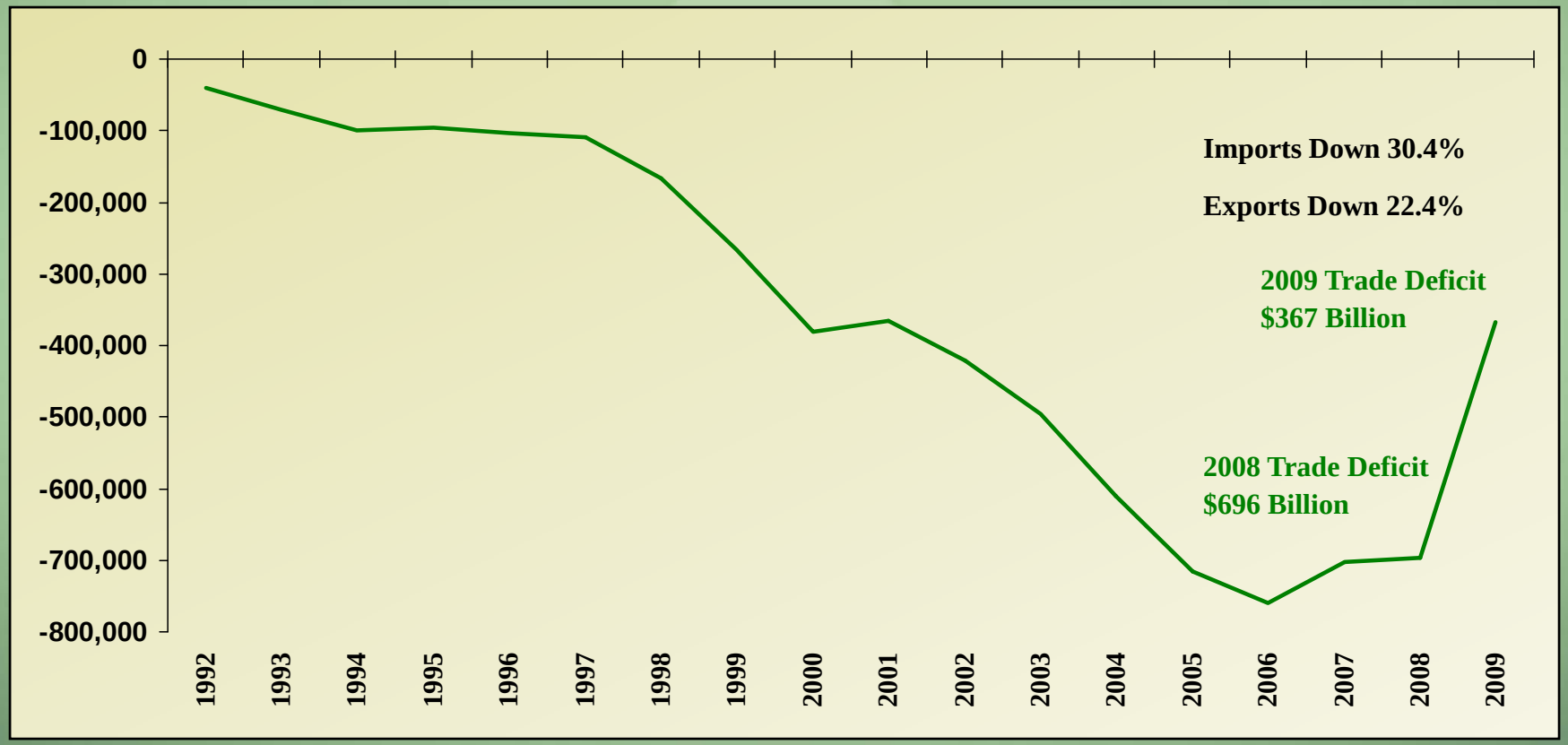
Signs For a Positive Recovery

- Oil Prices ⬆
- New Housing Stock ⬆
- Stimulus Package ⬆
- Inflation ⬆
- Interest Rates ⬆
- Trade Deficit ⬆

U.S. Monthly New Home Inventory (Millions of Units)



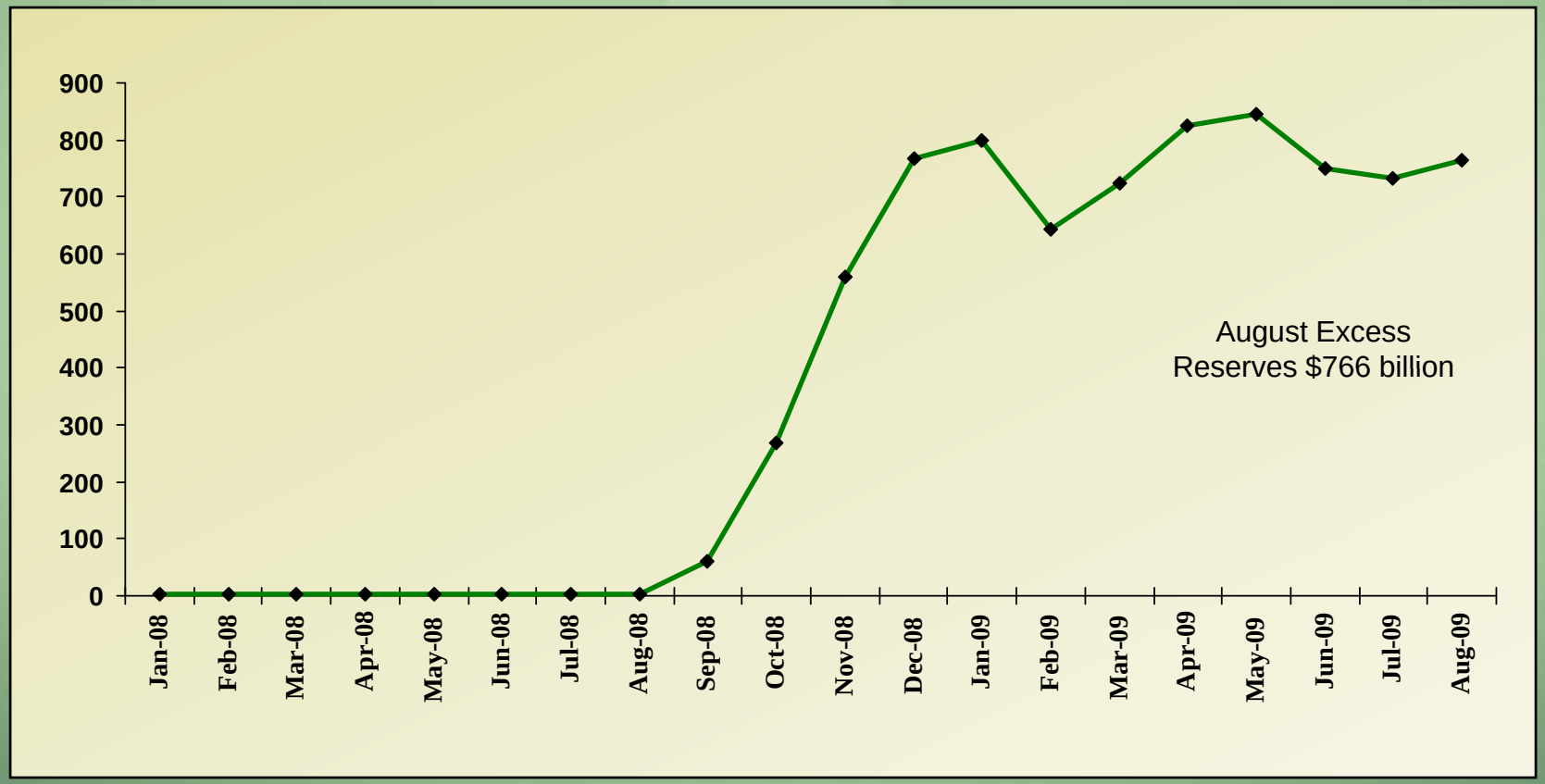
1992-2009 U.S. Trade Deficits



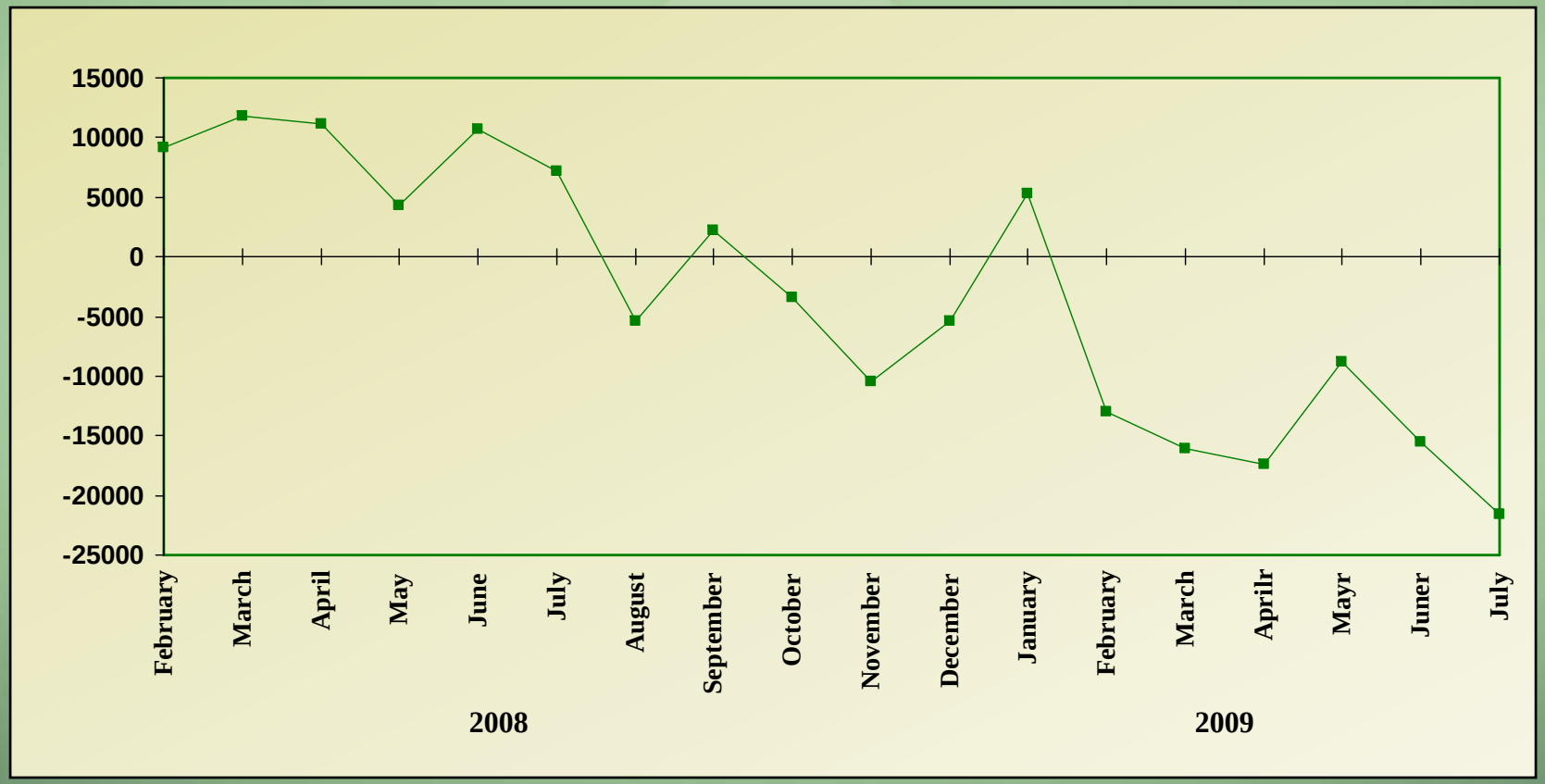
Signs For a Slow Recovery

- Consumer Confidence ↔
- Budget Deficit ↓
- Dollar Value ↔
- Excess Reserves ↓
- Consumer Credit ↓
- Unemployment ↓
- Furloughs ↓

Banking System Excess Reserves 2008 - 2009

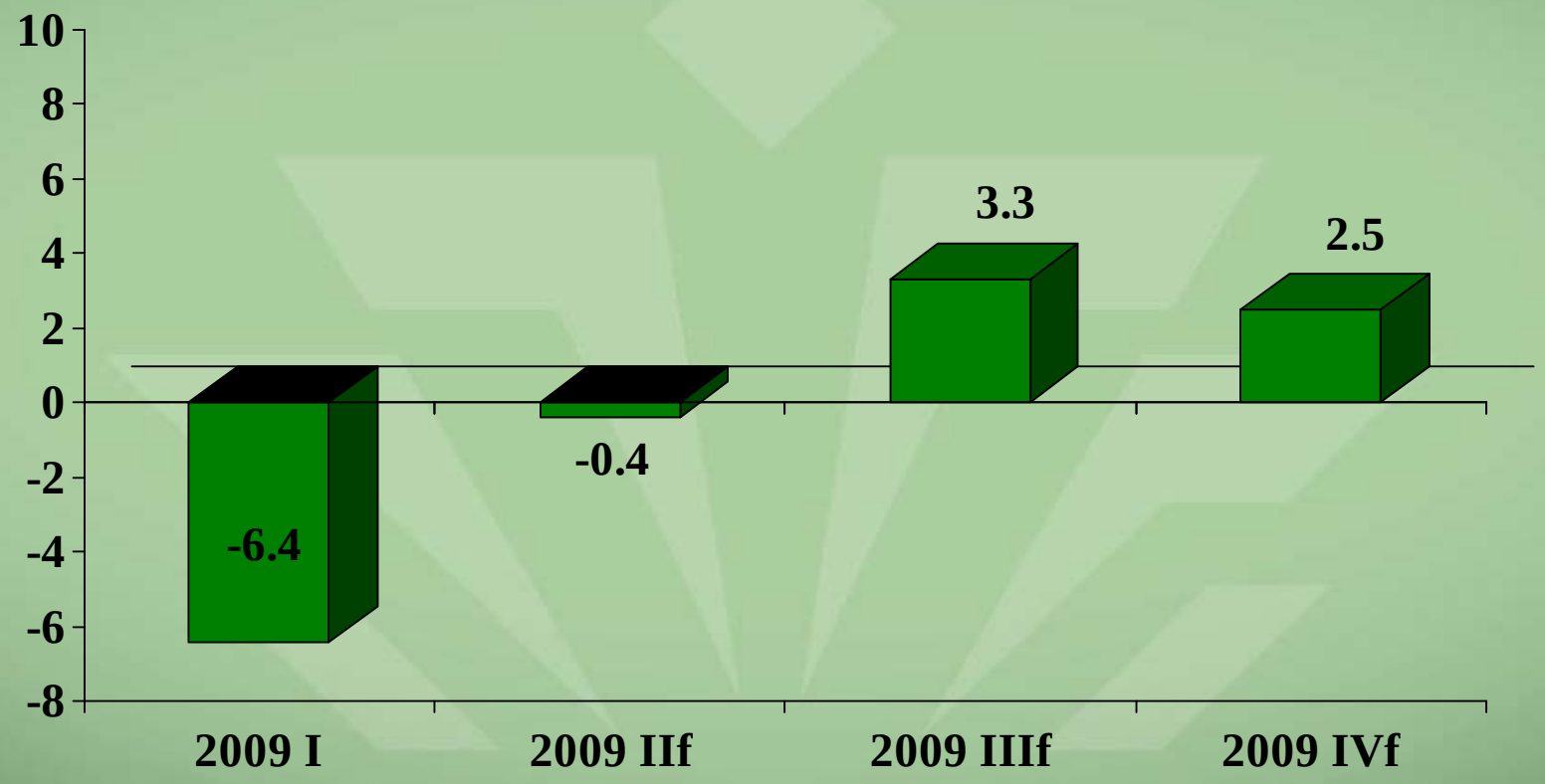


U.S. Monthly Change in Consumer Credit (Millions of Dollars)

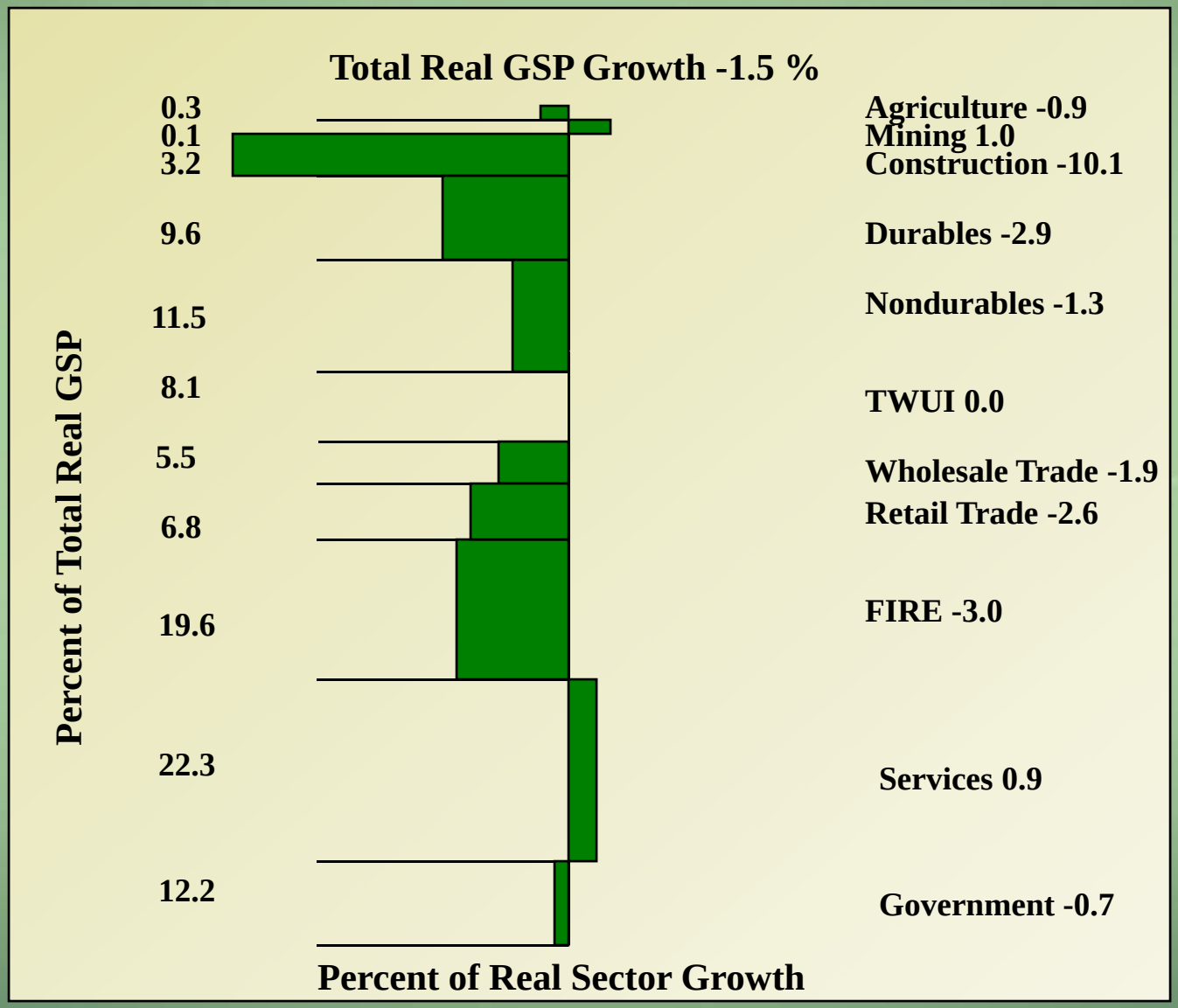


2008/2009 North Carolina Forecast and Recovery

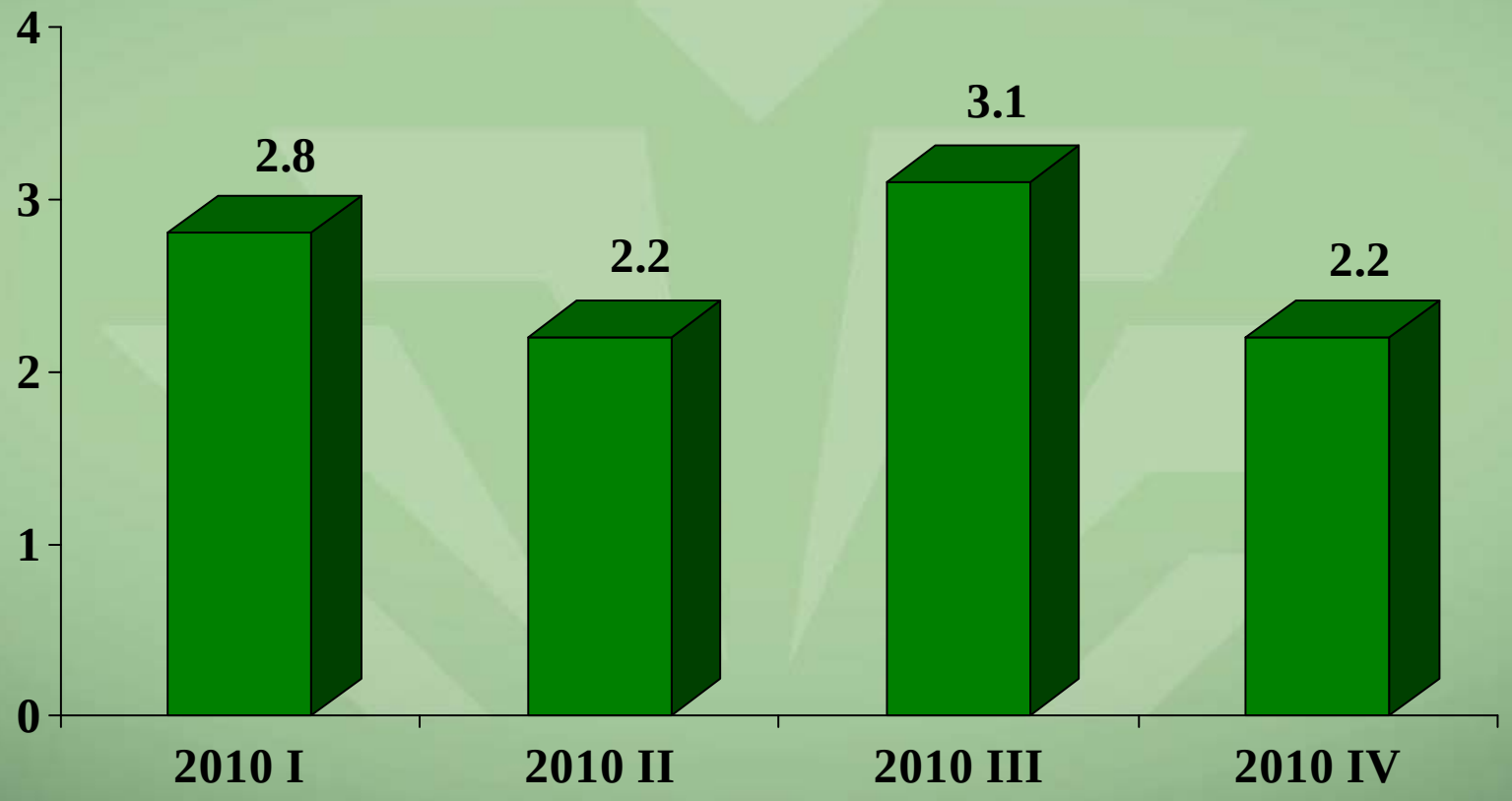
Quarterly Growth Rates in RGSP



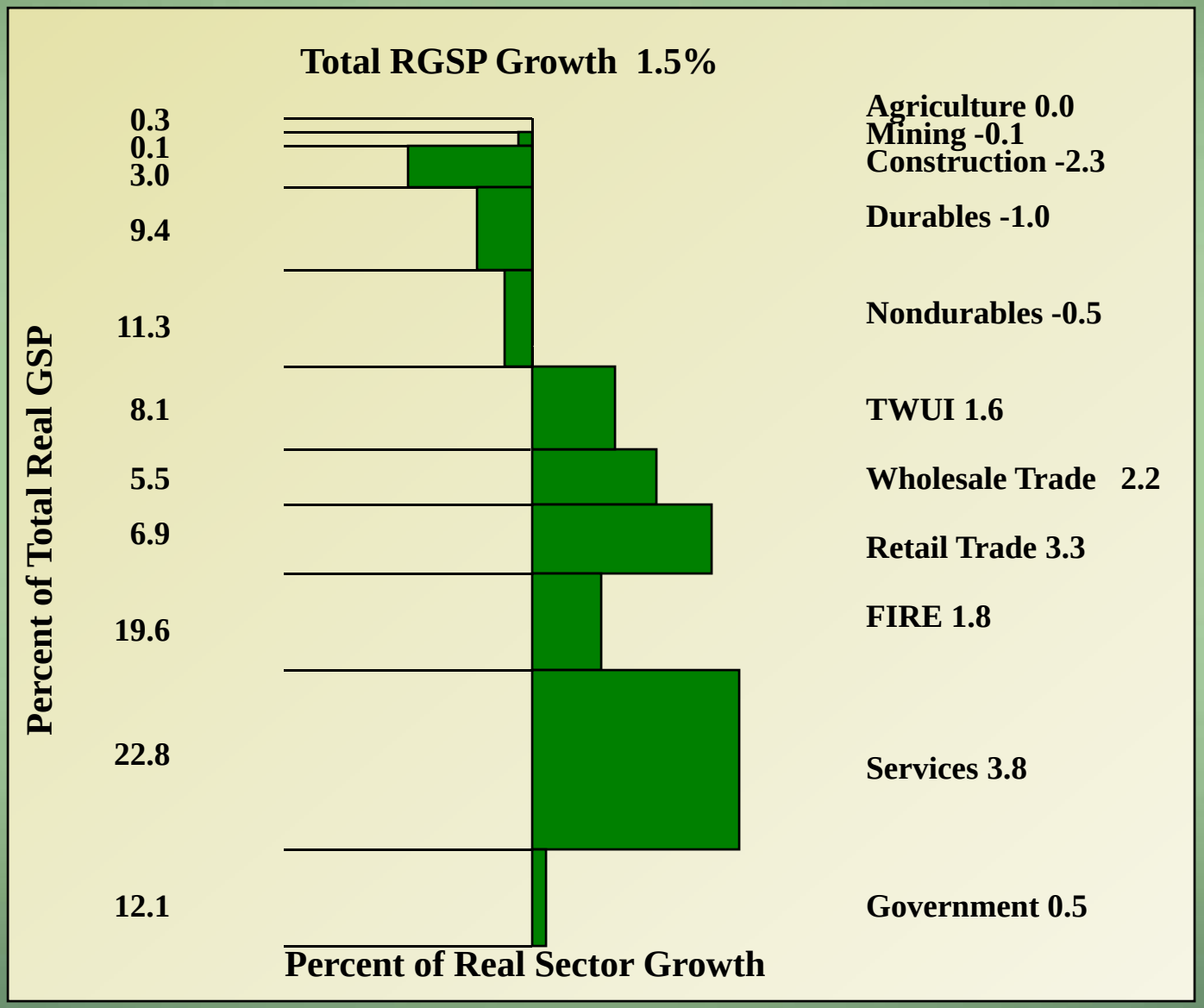
2009 Sector Analysis



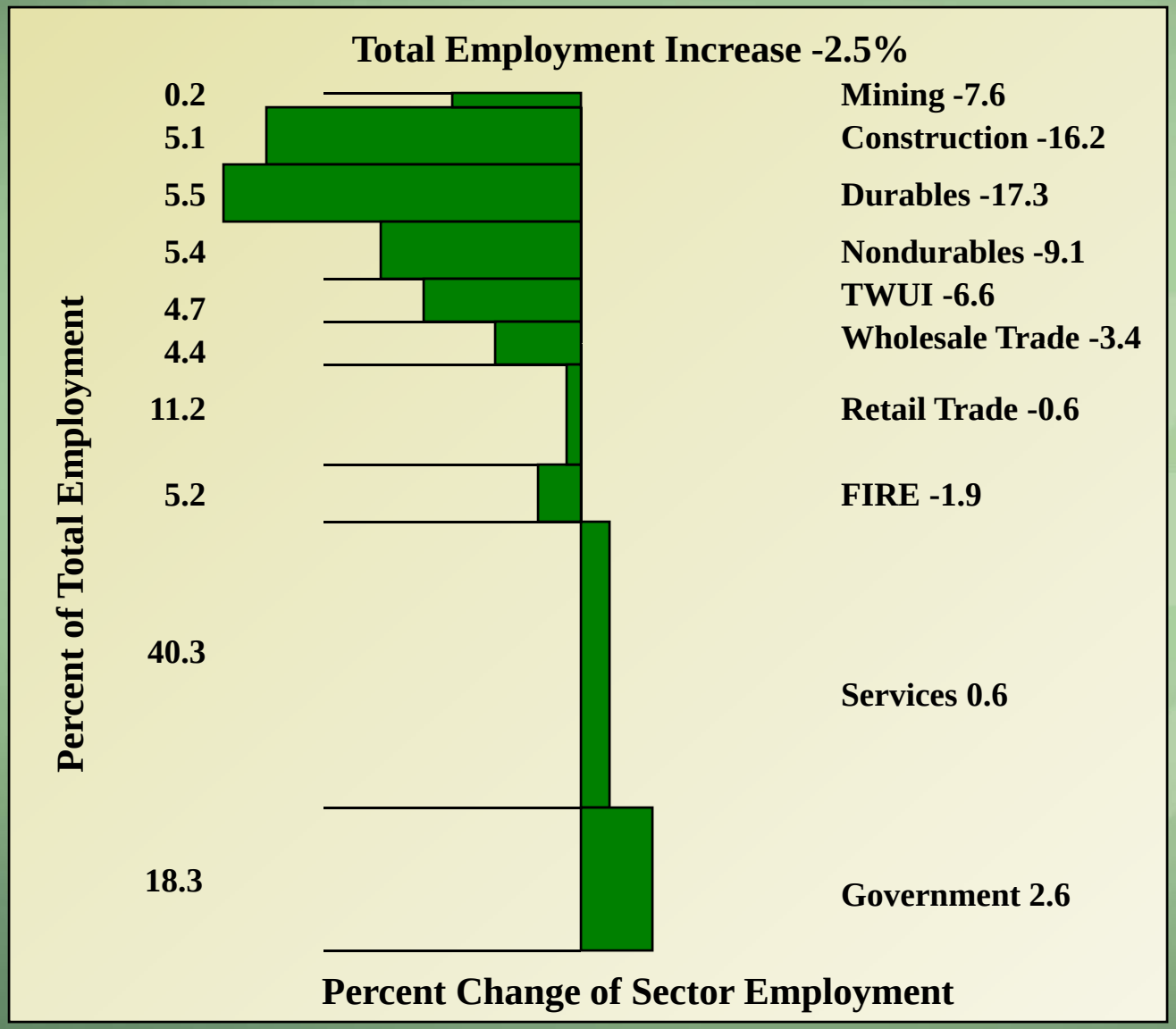
Quarterly Growth Rates in Forecasted RGSP



2010 Sector Analysis

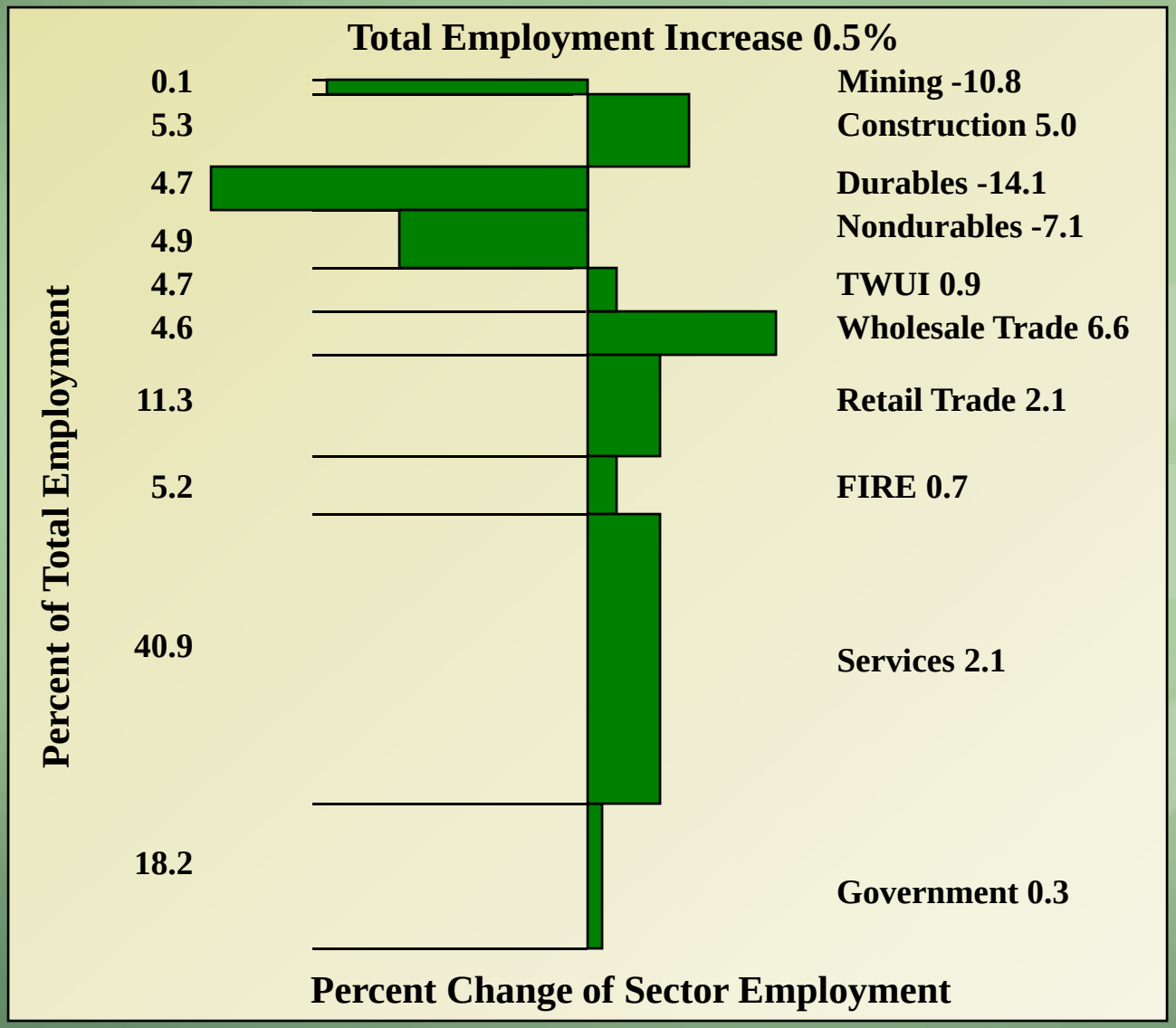


2009 Year-End Employment Trends



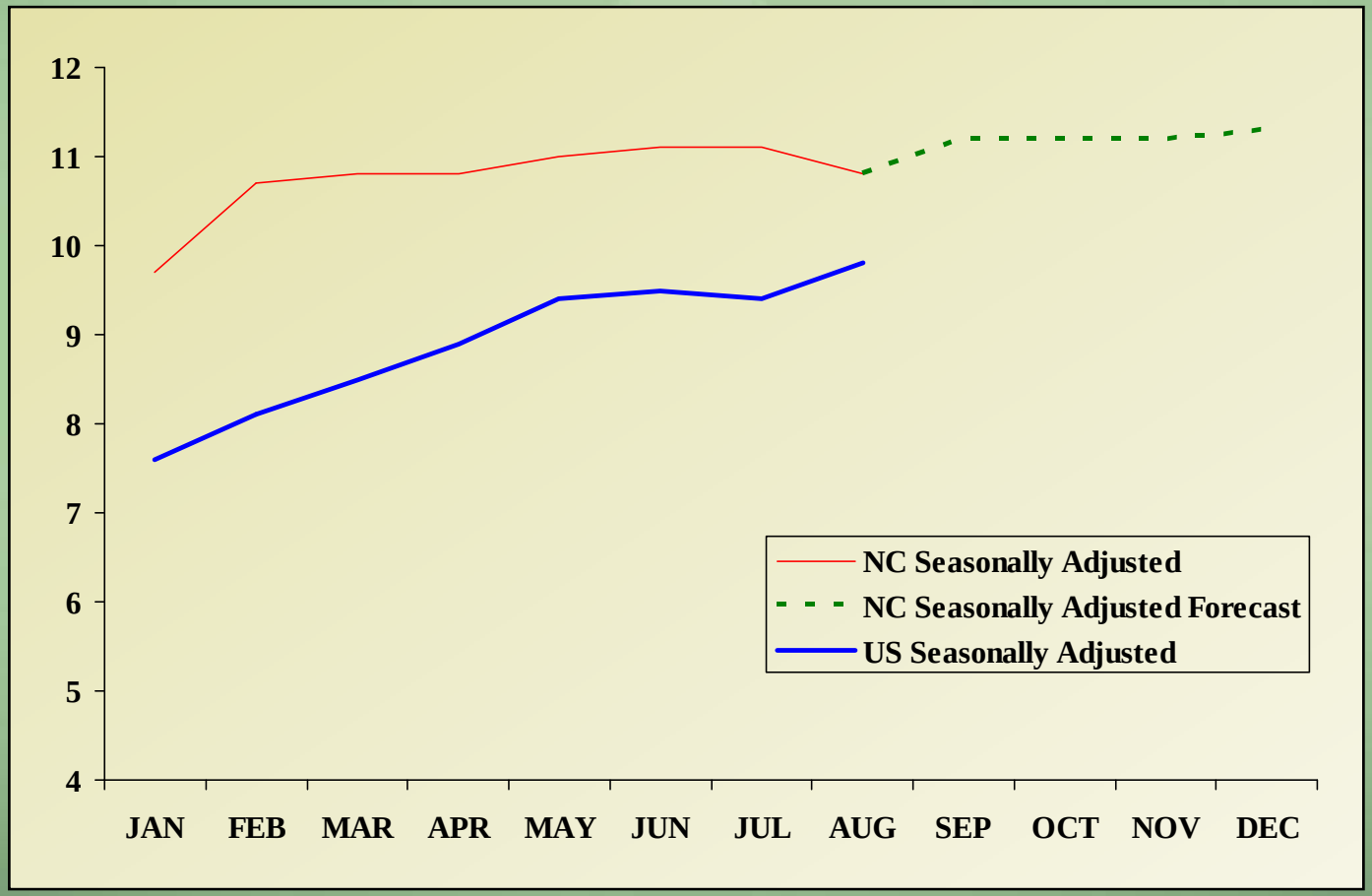
-102,700
Net Jobs

2010 Year-End Employment Trends



22,700 Net Jobs

2009 North Carolina Unemployment Rate



Where Were We a Year Ago?

August 2008		August 2009	
Fed Funds Rate	2.00%	Fed Funds Rate	.25%
Une Rate	6.2%	Une Rate	9.7%
Gas Price	$4.00	Gas Price	$2.45
Jobs	-1,099,000	Jobs	-3,851,000
Consumer Con	56.9	Consumer Con	54.1
US $/Euro	$1.47	US $/Euro	$1.46