



The Economic Forecasting Center at Georgia State University - National Highlights from the August 2009 Conference with Dr. Rajeev Dhawan

THE END OF THE RECESSION IS HERE

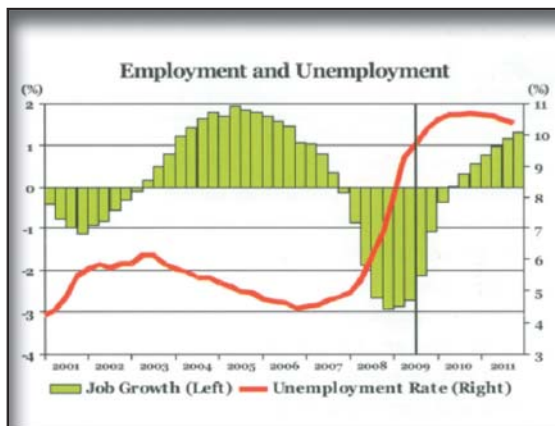
- According to Dr. Esmael Edibi of The Chapman University, the recession that began in December 2007 is projected to end Nationwide in September of 2009. Real GDP is expected to grow steadily through the 3rd and 4th quarters of 2009. Although a small dip is anticipated in early 2010, it will be followed by slow but continuous growth for the rest of the year.
- Dr. Rajeev Dhawan is more conservative in his estimation of the recession's end. Dhawan believes that "the free fall is over" meaning that government stimulus spending has successfully created a "floor" to the decline of real GDP. Recovery will "bounce along" this floor for the rest of 2009 with 3rd quarter growth offset by a minor dip in the 4th quarter. However, 2010 will bring small but steady growth.

LEADING INDICATORS OF RECOVERY SUPPORT 2010 GROWTH

- Dr. Esmael Edibi has examined recessions historically and recognized a common trend in most major recessions, the Dow hits its lowest point three to six months prior to the end of a recession. The Dow reached its lowest point in March 2009 supporting his estimation that the recession will end in September of 2009.
- Dr. Rajeev Dhawan identified housing starts, auto sales, industrial production growth and job gains as major indicators of economic recovery in his forecast for the nation. His predictions for these indicators are as follows: Housing starts will grow steadily through the rest of 2009 with a minor dip in the 1st quarter of 2010. Auto Sales have been temporarily boosted by the "Cash for Clunkers" program and are predicted to drop 16% by the 4th quarter of 2009 when the program ends. Auto Sales are anticipated to rebound in 2010, growing steadily to reach 3rd quarter 2009 levels by year end. Industrial Production growth will drop 45% from 3rd quarter 2009 to 1st quarter 2010 but will begin to increase by 4th quarter 2010.

EMPLOYMENT GROWTH WILL FOLLOW IN 2011

- Dr. Esmael Edibi identifies real GDP, real exports, and construction spending as the most influential economic variables affecting job outlooks. Real GDP, exports, and construction spending will be net negative for 2009, but real GDP and exports are anticipated to have net growth throughout 2010. According to Dr. Esmael Edibi, job creation will be negative in 2009,



National Highlights: The Economic Forecasting Center at Georgia State University made a much anticipated announcement at their August 2009 conference. The recession is abating and economic recovery is on the horizon.

Slow but steady growth in most economic sectors will begin in 2010 with more notable increases in 2011. Job growth will be the slowest area to recover but is predicted to add 100,000 jobs a month in 2011.

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net to neutral in 2010, and positive in 2011.

- Tech Investment Growth is the most critical indicator of job growth according to Dr. Rajeev Dhawan. Dhawan draws a direct correlation between corporate investment in tech equipment/software and the creation of jobs. Over the past year and a half corporate tech and software expenditures have fallen at a 10% rate. According to Dhawan's estimations, job losses will slow throughout 2009 resulting in jobs gains in 2010. However, 3.5% GDP growth needs to be reached to create real sustainable job growth, and GDP growth is expected to remain below 3% through year end 2009 and throughout 2010. Job growth will improve substantially in 2011 when he predicts the economy will add jobs at a rate of 100,000 jobs per month.

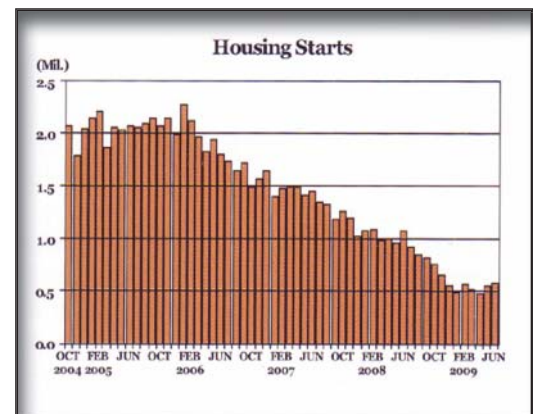
HOME SALES INCREASING

- The housing market may finally be turning around, suggests Dr. Dhawan. Existing and new home sales both experienced significant gains in June 2009, increasing 3.6% and 11.0% respectively. Existing home sales have increased nationwide for three consecutive months.



HOUSING STARTS RECOVERING

- Over the past three years housing starts have been on the decline, hitting a "rocky bottom" of 0.56 million units in 2009. The next two years will bring strong growth with housing starts predicted to grow to 0.718 million units in 2010 and continue to increase to almost 1 million units in 2011.



U.S. FORECAST SUMMARY

GDP Details	ANNUAL		
	2009	2010	2011
Real GDP Growth	-3.1	0.7	2.0
Consumption Growth	-1.0	0.5	1.7
Investment Growth	-18.5	-3.9	3.9
Inventory Change (bil. 2000\$)	-107.0	-12.7	16.0
Export Growth	-14.0	-0.9	6.8
Import Growth	-17.2	-1.8	3.9
Net Exports (bil. 2000\$)	-356.1	-339.1	-312.3
Major Indicators			
Housing Starts (mil.)	0.560	0.718	0.985
Auto & Light Truck Sales (mil.)	10.3	11.4	12.9
Industrial Production Growth	-10.3	2.3	3.0
Job Gains ('000)	-4,623	-881	911
Interest Rates & Inflation			
90-day Treasury Bills	0.2	0.8	2.6
10-year Treasury Bonds	3.3	3.9	4.3
Crude Oil Price (\$/bbl)	59.0	71.6	80.9
Consumer Price Index	-0.7	1.8	2.5
Total Less Food & Energy	1.6	1.5	1.8
Producers Price Index	-3.8	0.8	3.2
Policy Variables			
Federal Funds Rate	0.1	0.4	2.2
Fiscal Deficit (bil \$)	-1,078	-1,125	-962
Real U.S. Dollar (% change)	11.6	-0.5	-3.6