



Remarks on the U.S. Economy

James Bullard

President and CEO

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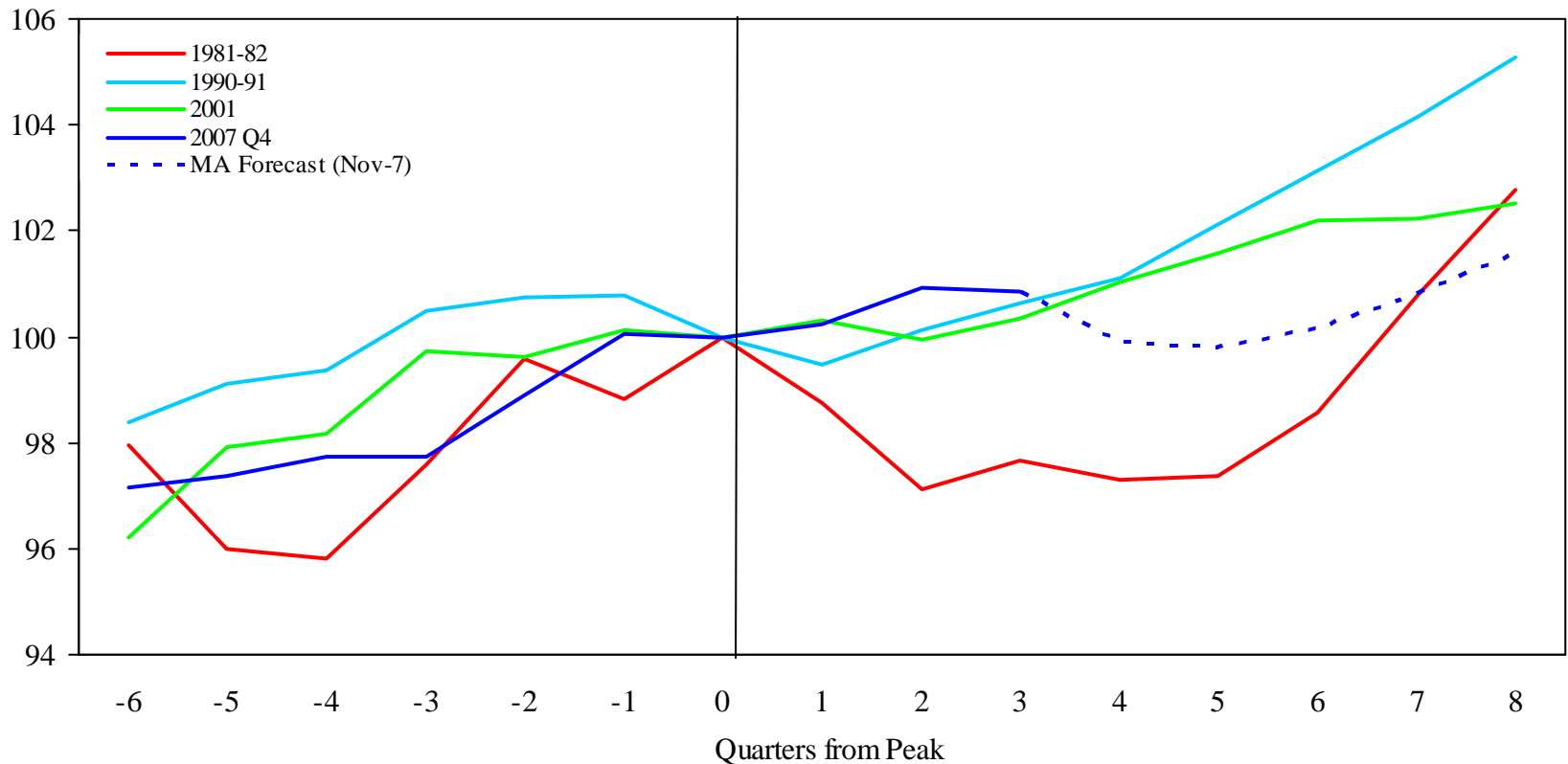
Olin Business School

December 4, 2008



Real GDP Around Business Cycle Peaks

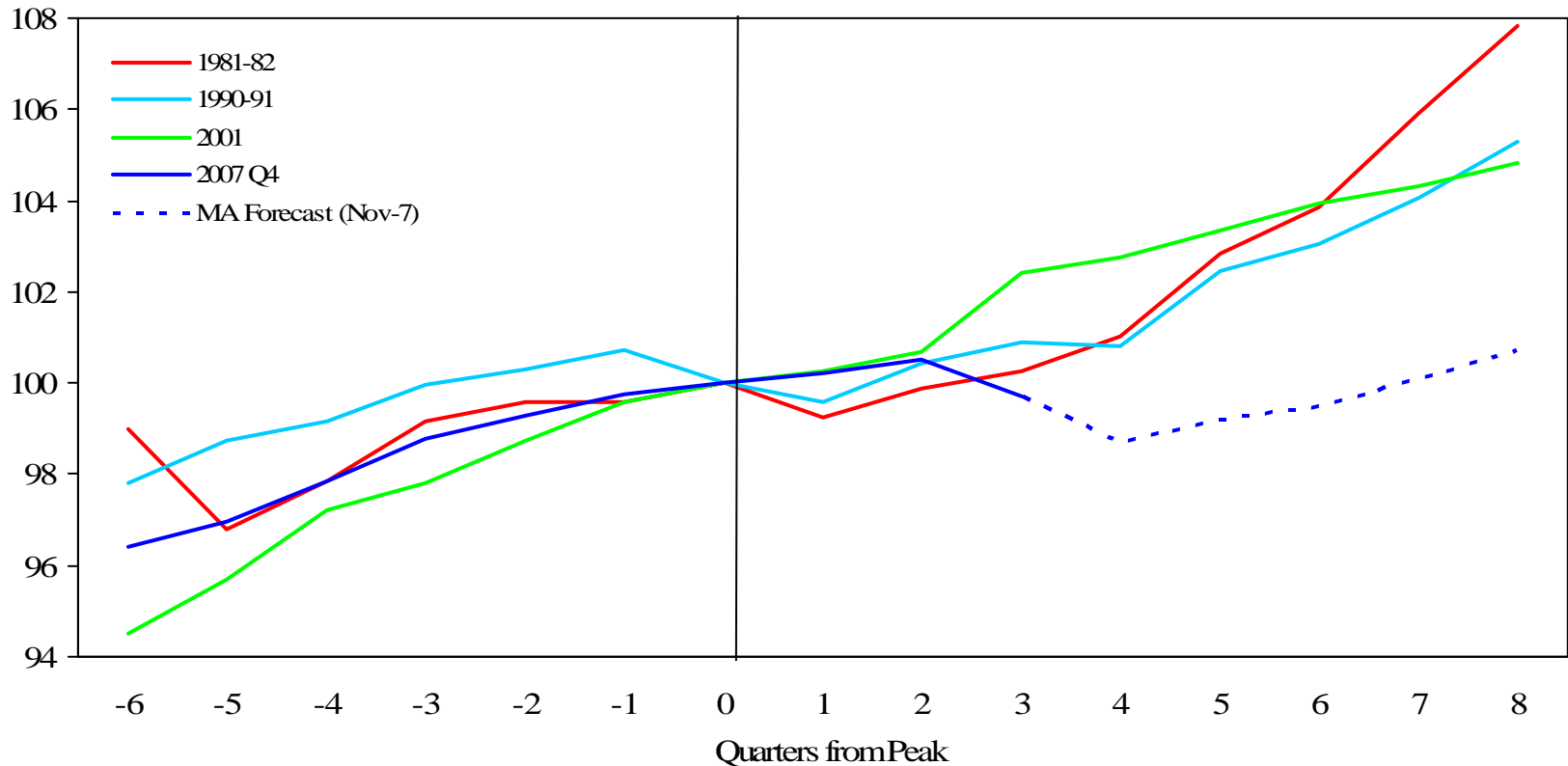
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Consumption Around Business Cycle Peaks

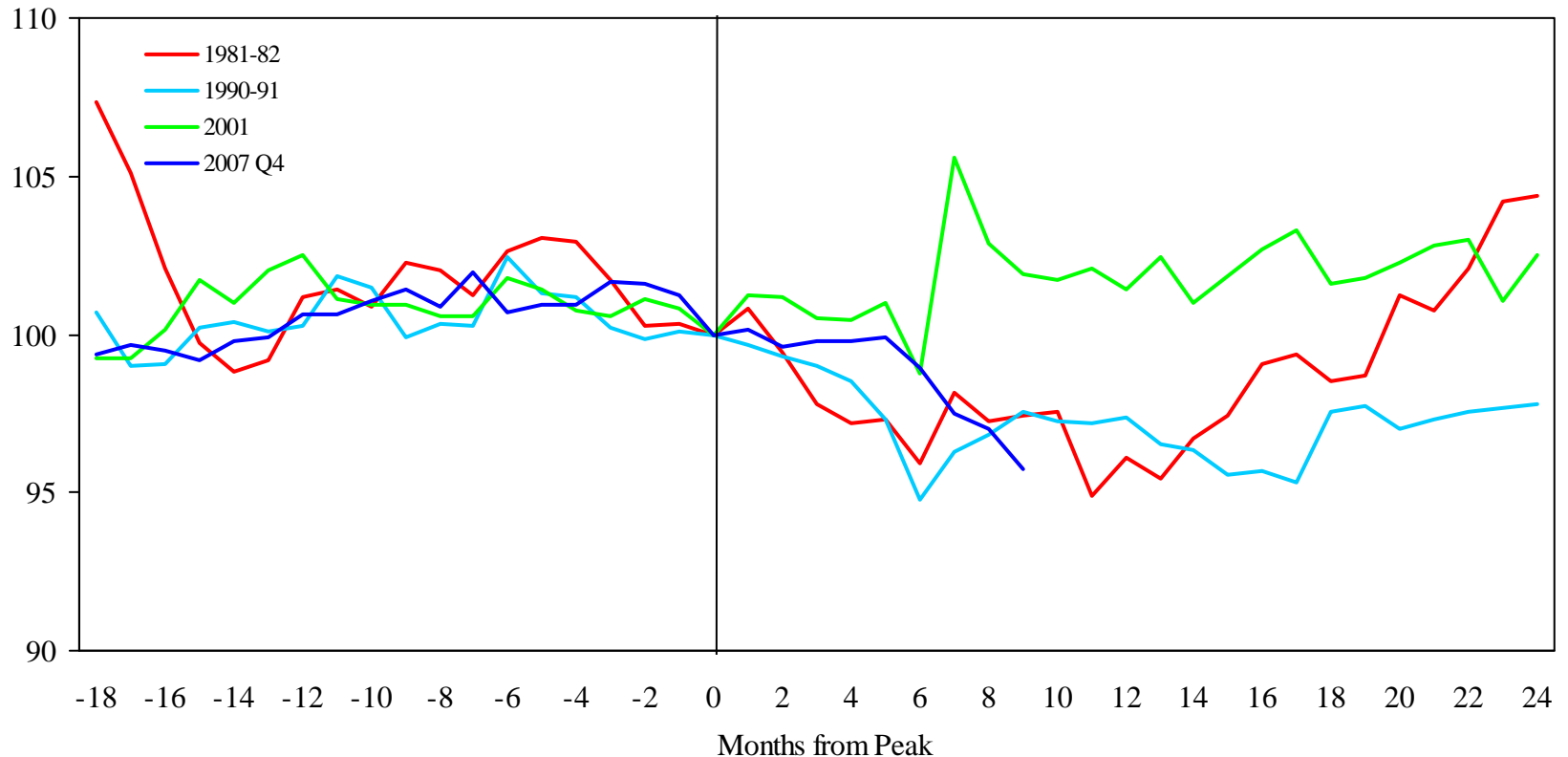
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Real Retail Sales Around Business Cycle Peaks

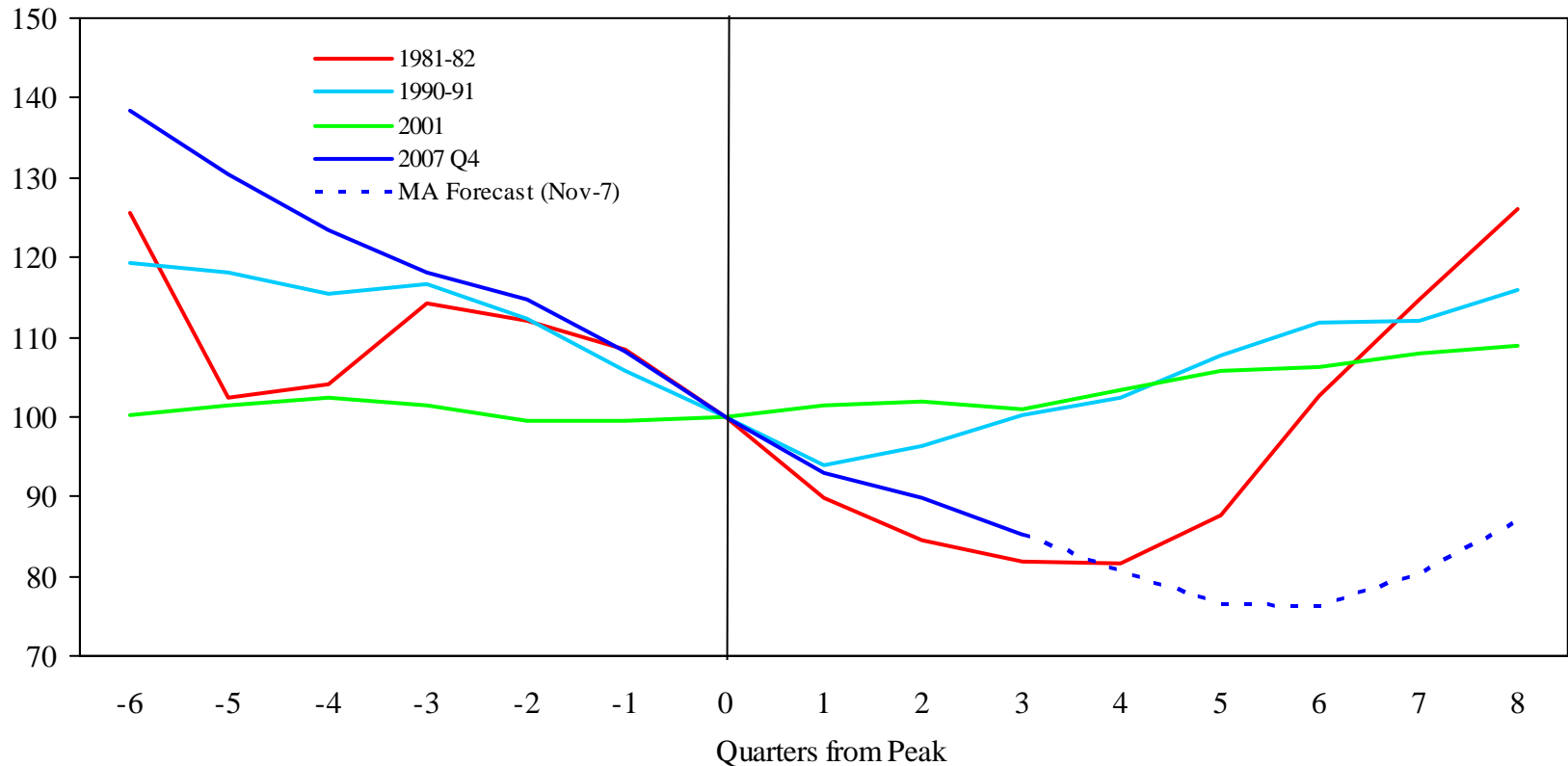
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Residential Investment Around Business Cycle Peaks

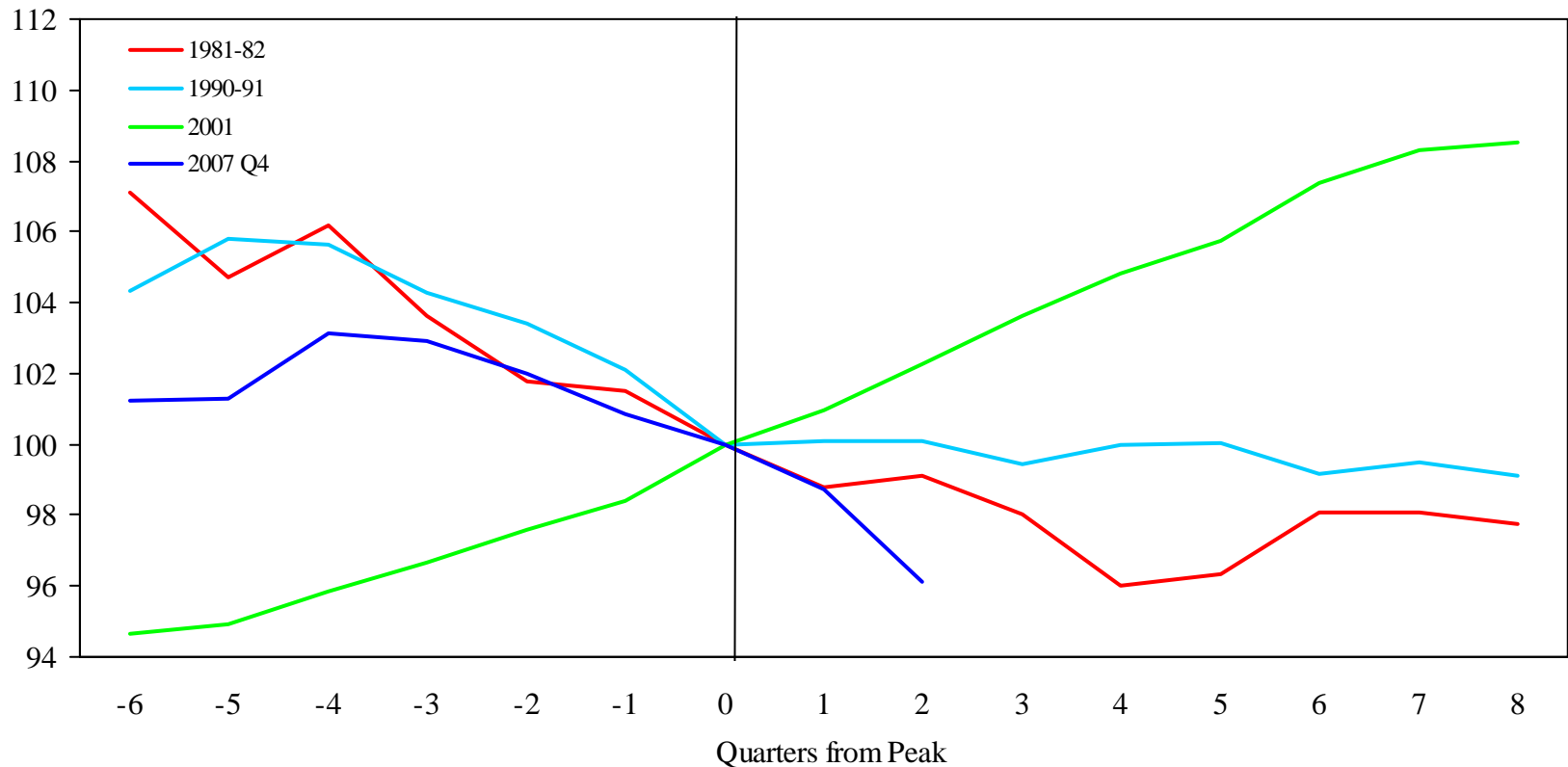
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Real House Prices Around Business Cycle Peaks

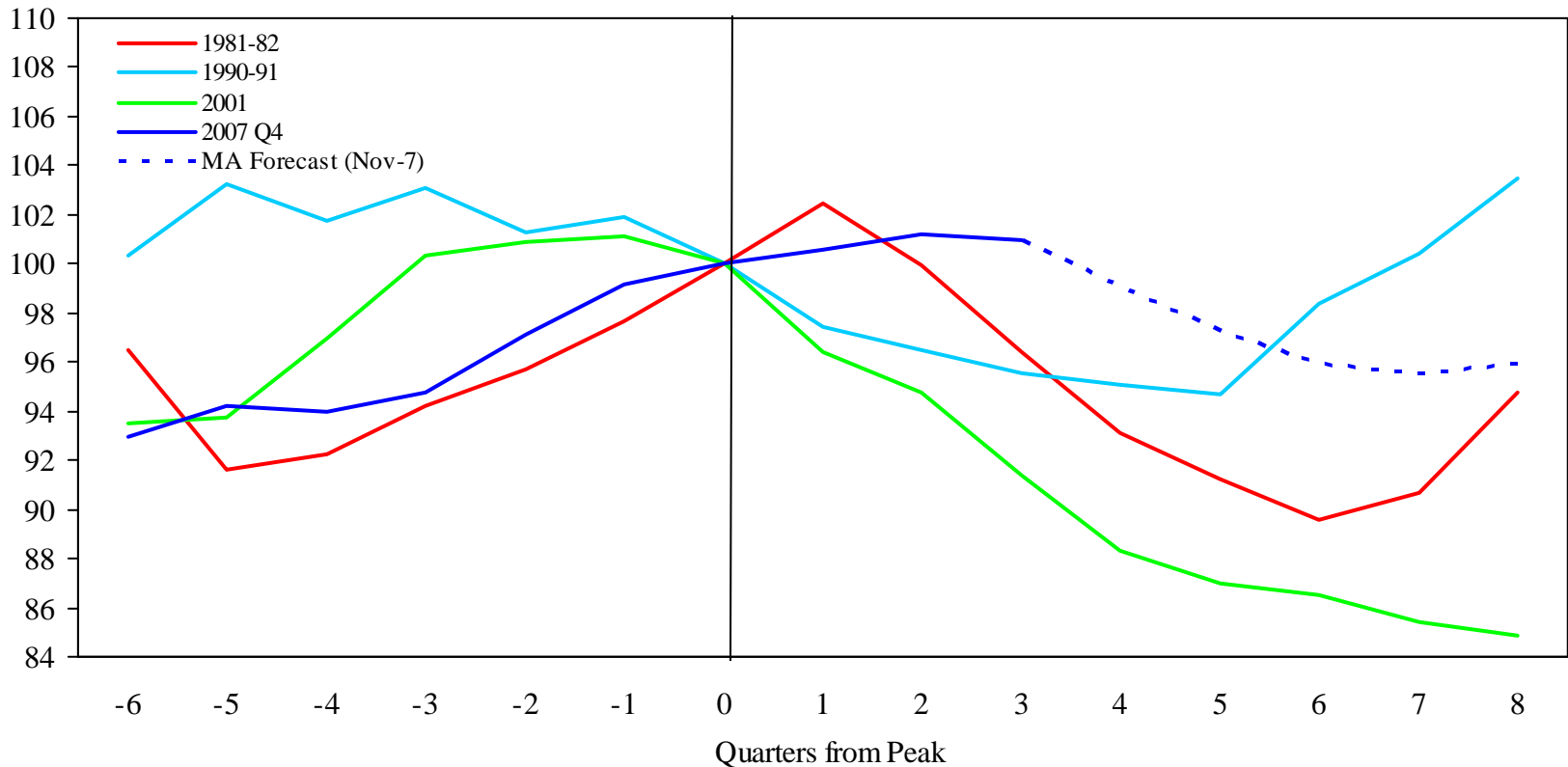
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Business Fixed Investment Around Business Cycle Peaks

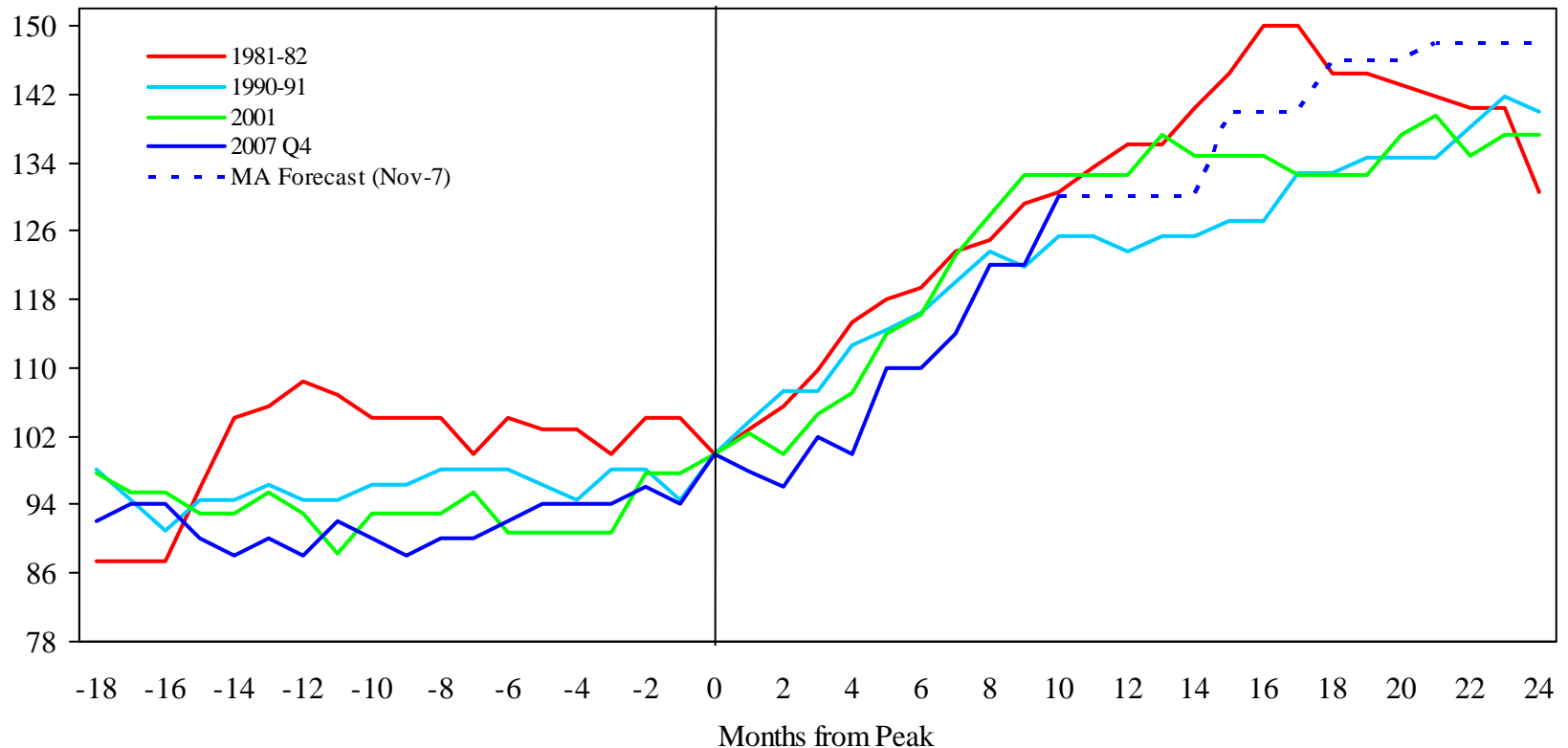
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Unemployment Rate Around Business Cycle Peaks

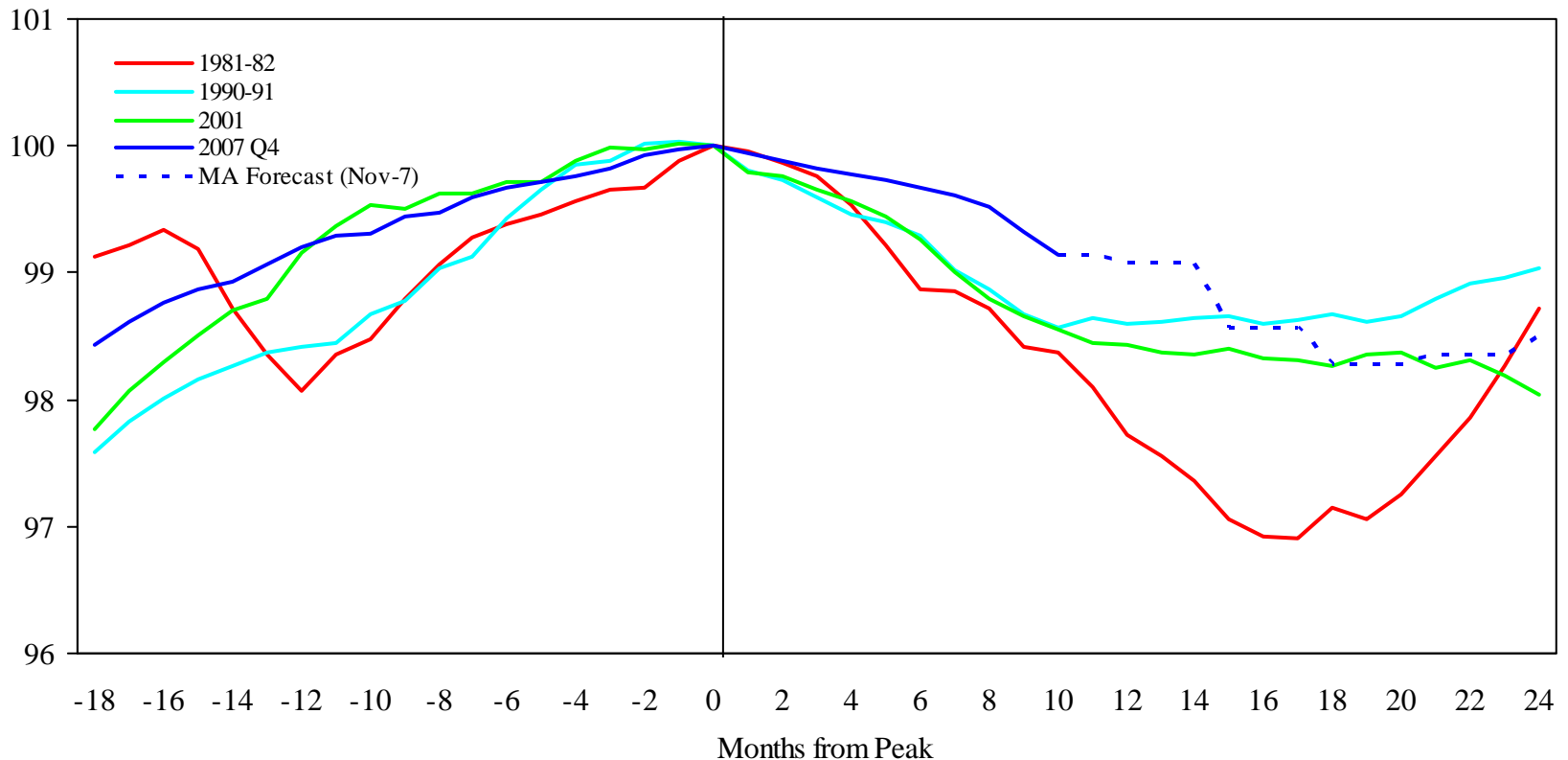
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Nonfarm Payroll Employment Around Business Cycle Peaks

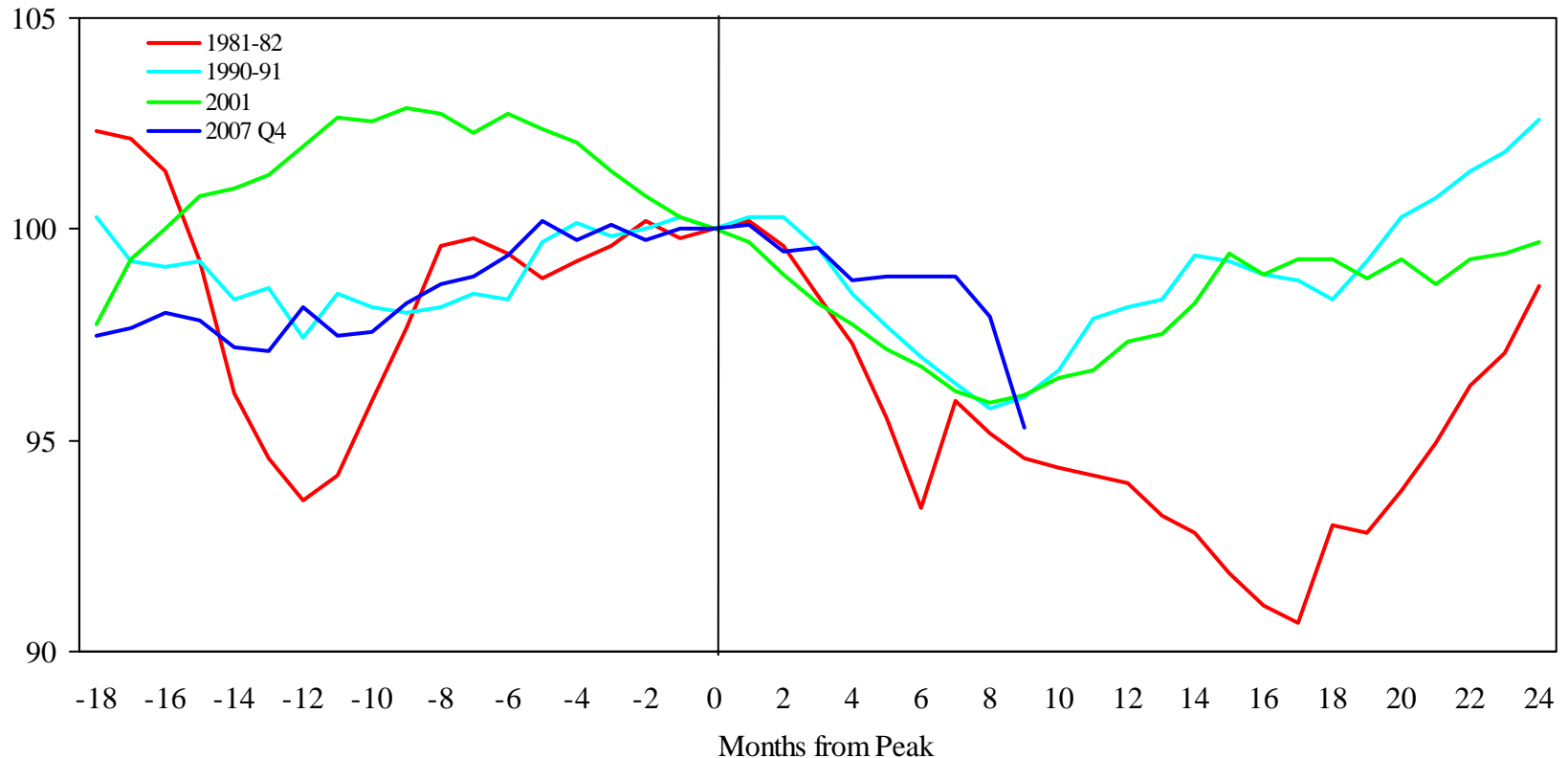
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Manufacturing Industrial Production Around Business Cycle Peaks

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Comparison of Financial Sector Loss Estimates, October 2008

(In Billions of U.S. Dollars)

Base Case Estimates of Losses on U.S. Loans

	Outstanding As of Oct. 2008	Estimated Loss Apr. 2008 GFSR	Estimated Loss Oct. 2008 GFSR	Oct. 2008 Loss as Percent of Outstanding
Subprime Residential	\$300	45	50	16.7%
Alt-A Residential	600	30	35	5.8%
Prime Residential	3,800	40	85	2.2%
Commercial Real Estate	2,400	30	90	3.8%
Consumer Loans	1,400	20	45	3.2%
Corporate Loans	3,700	50	110	3.0%
Leveraged Loans	170	10	10	5.9%
Total for Loans	\$12,370	225	425	3.4%



Comparison of Financial Sector Loss Estimates, October 2008

(In Billions of U.S. Dollars)

Base Case Estimates of Mark-to-Market Losses on Related Securities				
	Outstanding As of Oct. 2008	Estimated Mark-to-Market Loss		Oct 2008 Loss as % of Outstanding
		April 2008 GFSR	Oct. 2008 GFSR	
ABS	\$1,100	\$210	210	19.1%
ABS CDOs	400	240	290	72.5%
Prime MBS	3,800	0	80	2.1%
CMBS	940	210	160	17.0%
Consumer ABS	650	0	0	0.0%
High Grade Corporate Debt	3,000	0	130	4.3%
High Yield Corporate Debt	600	30	80	13.3%
CLOs	350	30	30	8.6%
Total for securities	\$10,840	720	980	9.0%

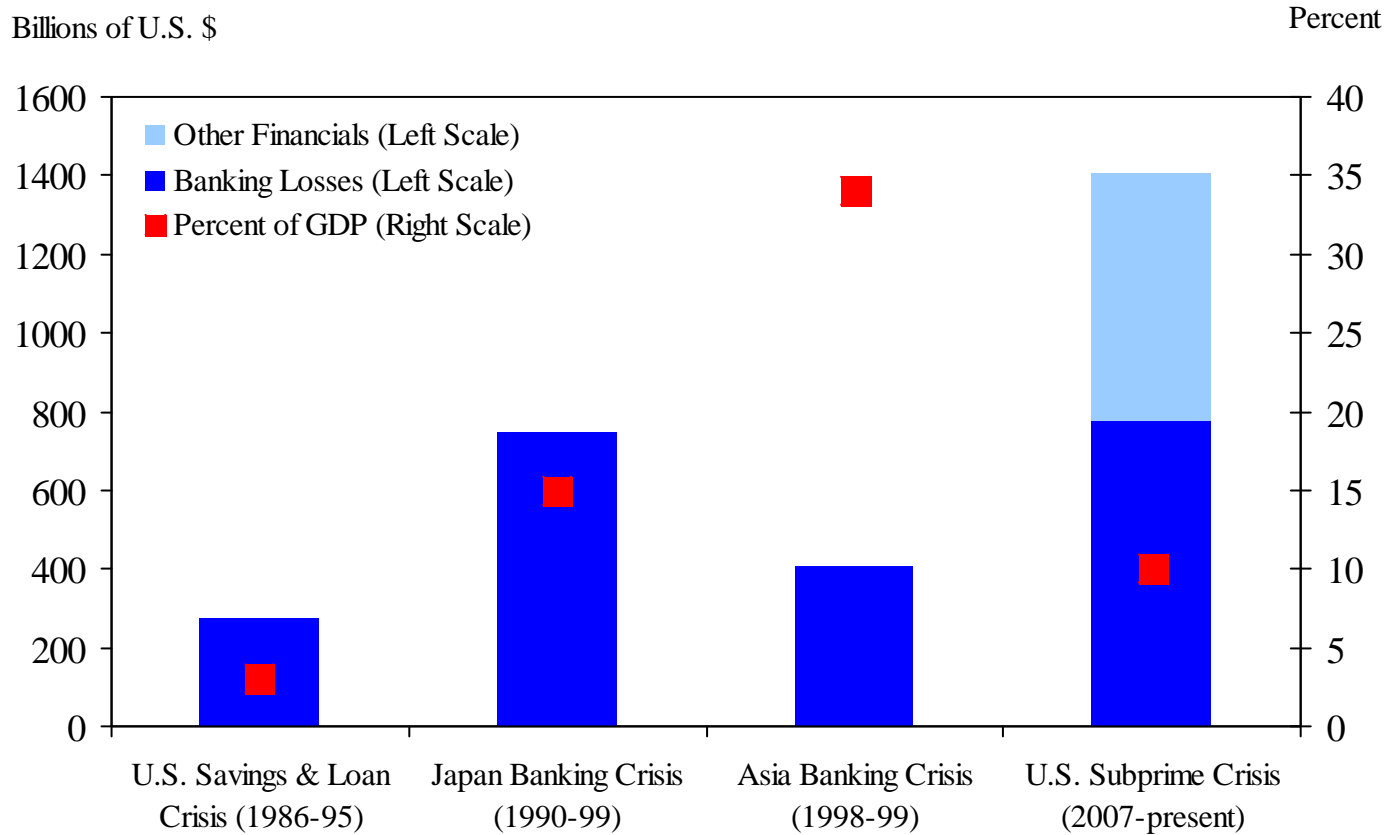


Comparison of Financial Sector Loss Estimates, October 2008 (In Billions of U.S. Dollars)

Base Case Estimates of Losses on U.S. Loans and Related Securities				
		Estimated Loss		
	Outstanding As of Oct. 2008	April 2008 GFSR	Oct. 2008 GFSR	Oct. 2008 Loss as Percent of Outstanding
Total for Loans	\$12,370	225	425	3.4%
Total for Securities	\$10,840	720	980	9.0%
Total for Loans and Securities	\$23,210	945	\$1,405	6.1%



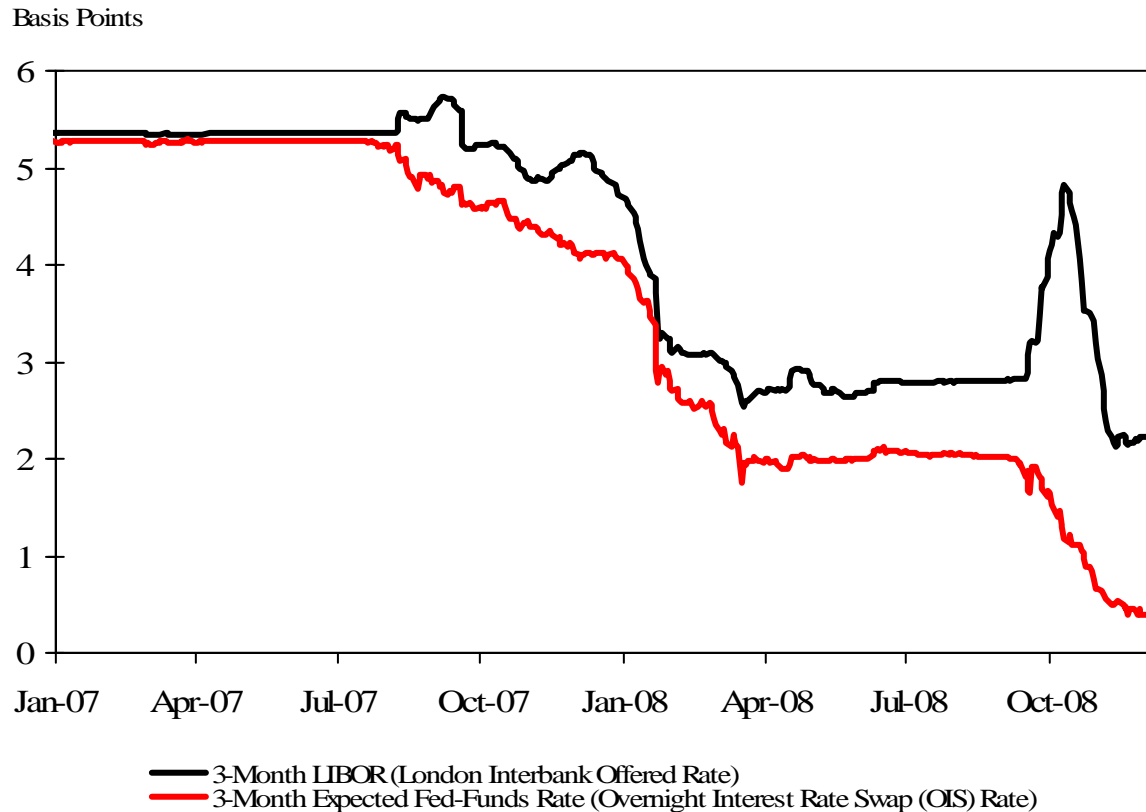
Comparison of Financial Crises





LIBOR – OIS Spread

(Daily data as of Dec. 1, 2008)





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