The Regional Outlook

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On the Mend, But It's Been Disappointing

% of Metro Areas suffering from negative year-over-year job growth
Sources: BLS, Economy.com
Still Well Below Peak
Payroll employment, % change from peak

Peak dates:
- Northeast: December 2000
- Midwest: June 2000
- South: December 2000
- West: December 2000
- U.S.: December 2000

Strong and Soft Regional Economies
Based on data through July 2004
Who Gets Hurt By Higher Energy Prices

![Map showing the impact of higher energy prices across the U.S.]

- Positive
- Small Negative
- Average Negative
- Significant Negative

Higher Interest Rates Will Hurt Auto Dependent Economies...

*Share of jobs in auto manufacturing, 2003*

![Map showing the impact of higher interest rates on auto-dependent economies across the U.S.]

- Greater than 2%
- 0.9% to 2%
- Less than 0.9%
...and Economies With Speculative Housing Markets

Highly Overpriced
> 2 SD from historic average
Overpriced
> 1 SD from historic average
Based on the aggregate CSW house price index

West and South Recover First, Midwest and Northeast Lag

Year when new employment peak is projected
Tax Revenue Growth Back on Track

State Tax Revenue Growth
Sources: Census, Economy.com

'98 '99 '00 '01 '03 '04E '05E '06E

Tax Revenue Growth Back on Track
Avg Annual Growth FY ’04–’06, U.S. = 4.5%

Source: Economy.com

Less than 3%
3.0% to 4.5%
Over 4.5%