

ON THE GLOBAL, REGIONAL & LOCAL ECONOMIC CLIMATE

ARC Regional Leadership Institute

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***Saint Simons Island, GA
September 15, 2011***



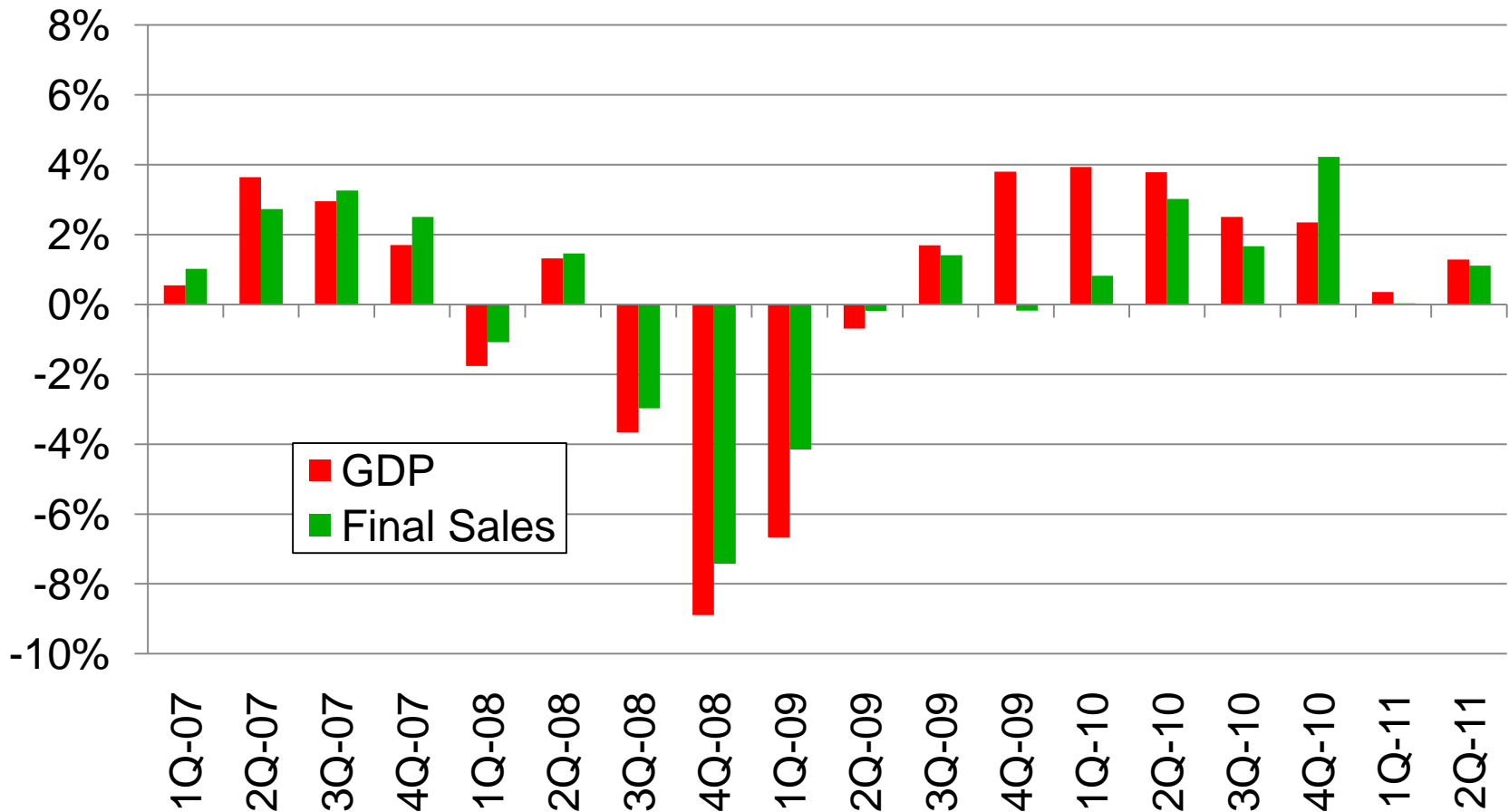
Recession: In, Out or Headed for a Double Dip



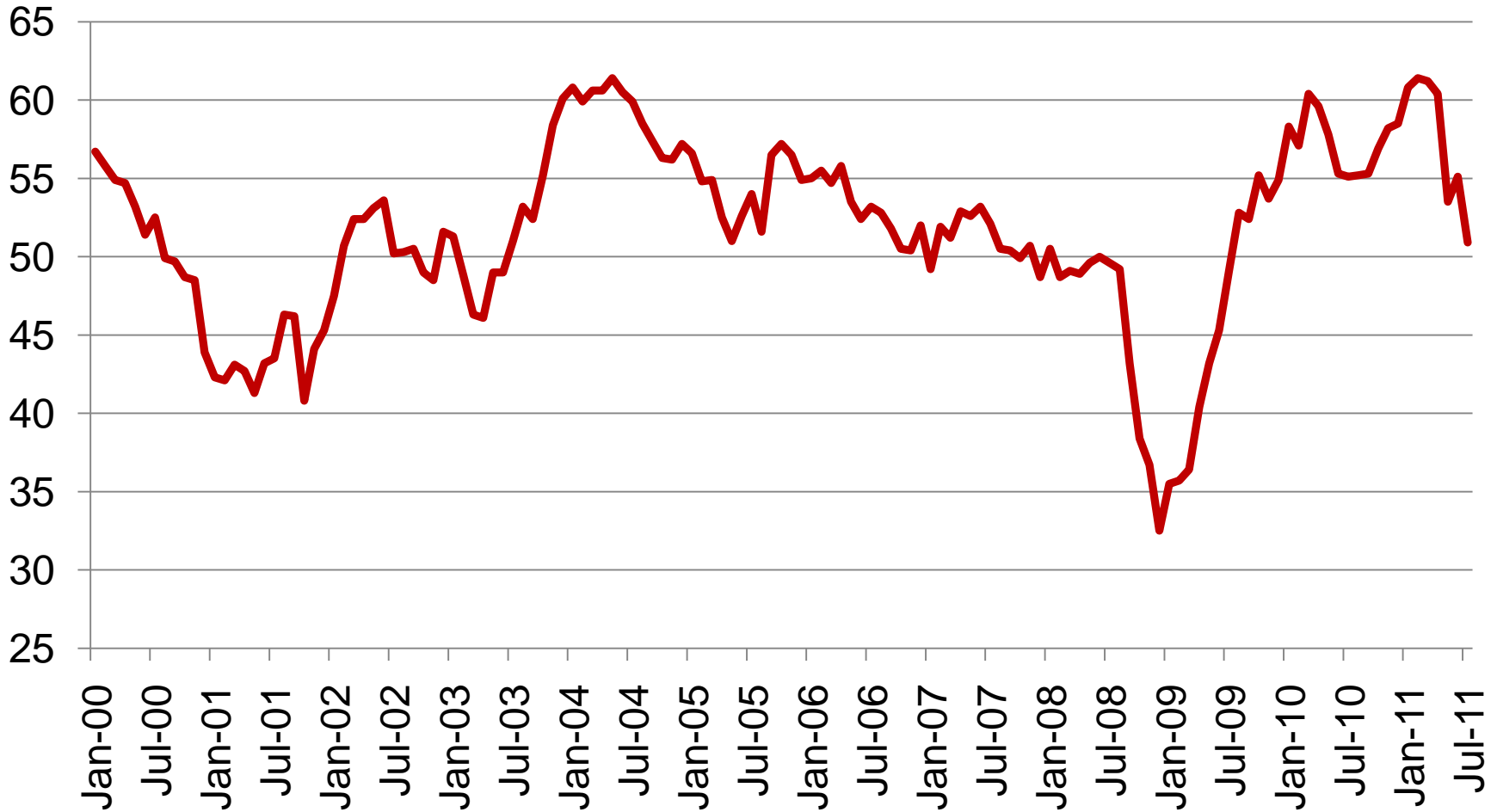
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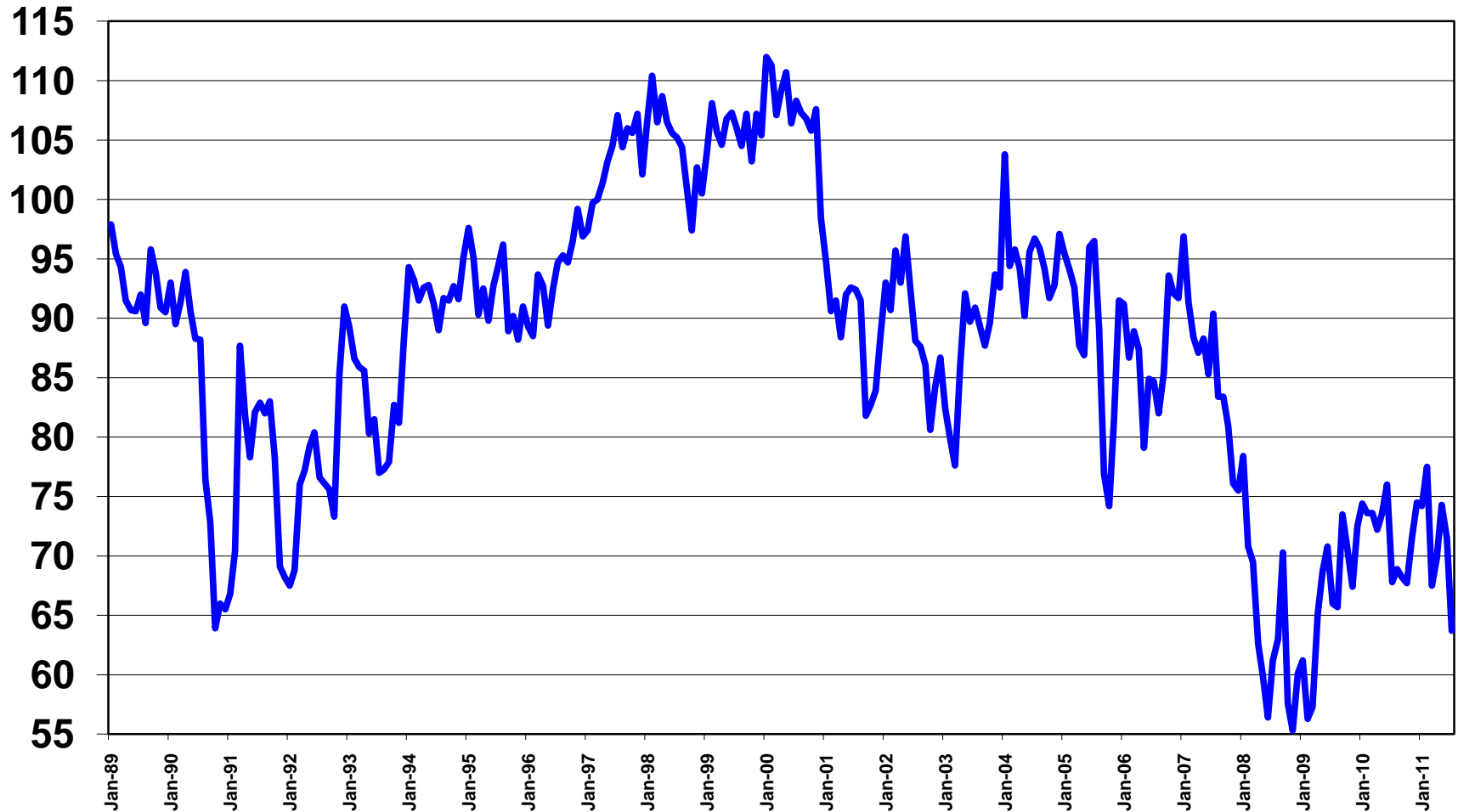
GDP vs. Final Sales



Institute of Supply Management's "PMI"



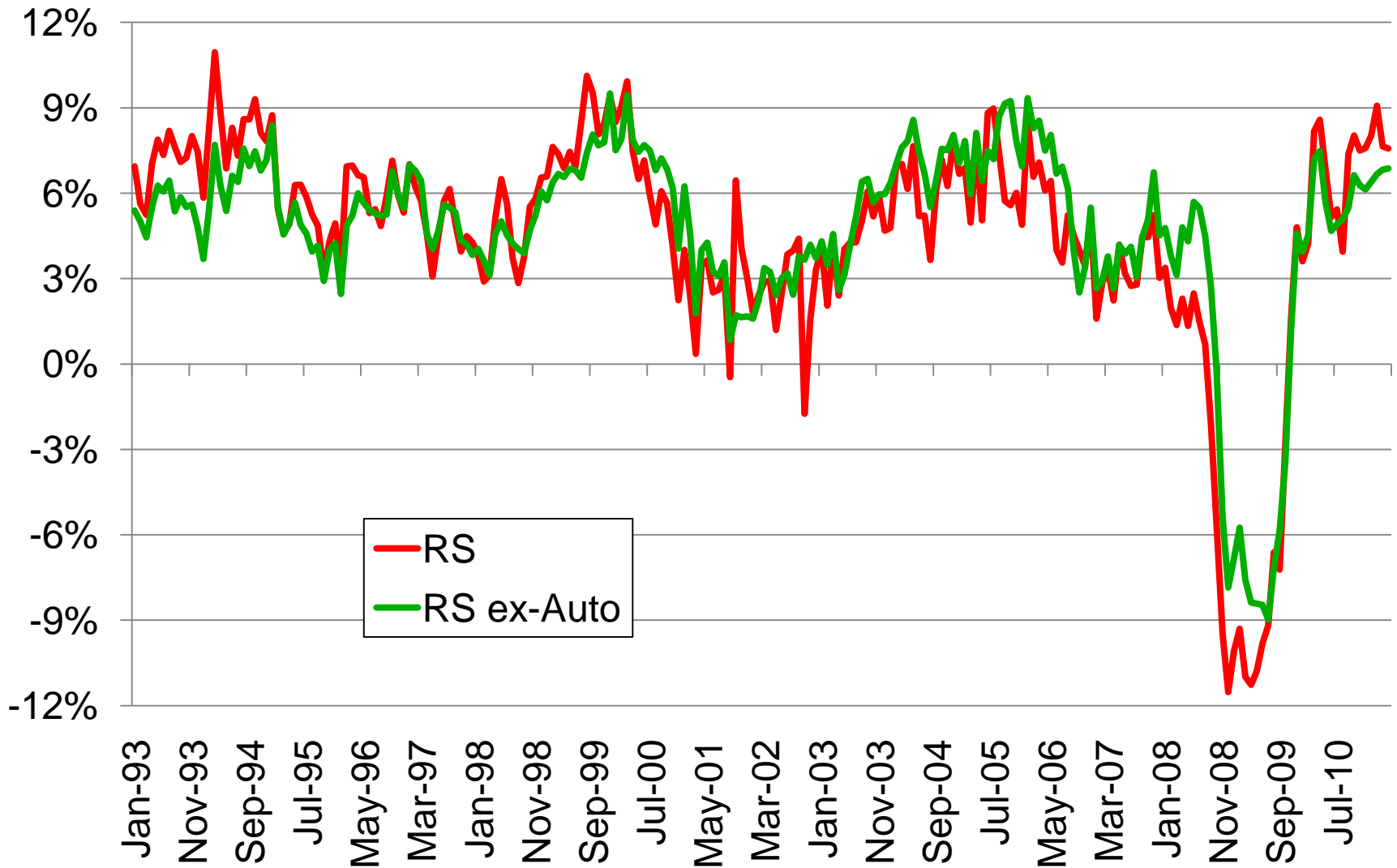
Consumer Sentiment



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Retail Sales



Where Have All the Jobs Gone?

or

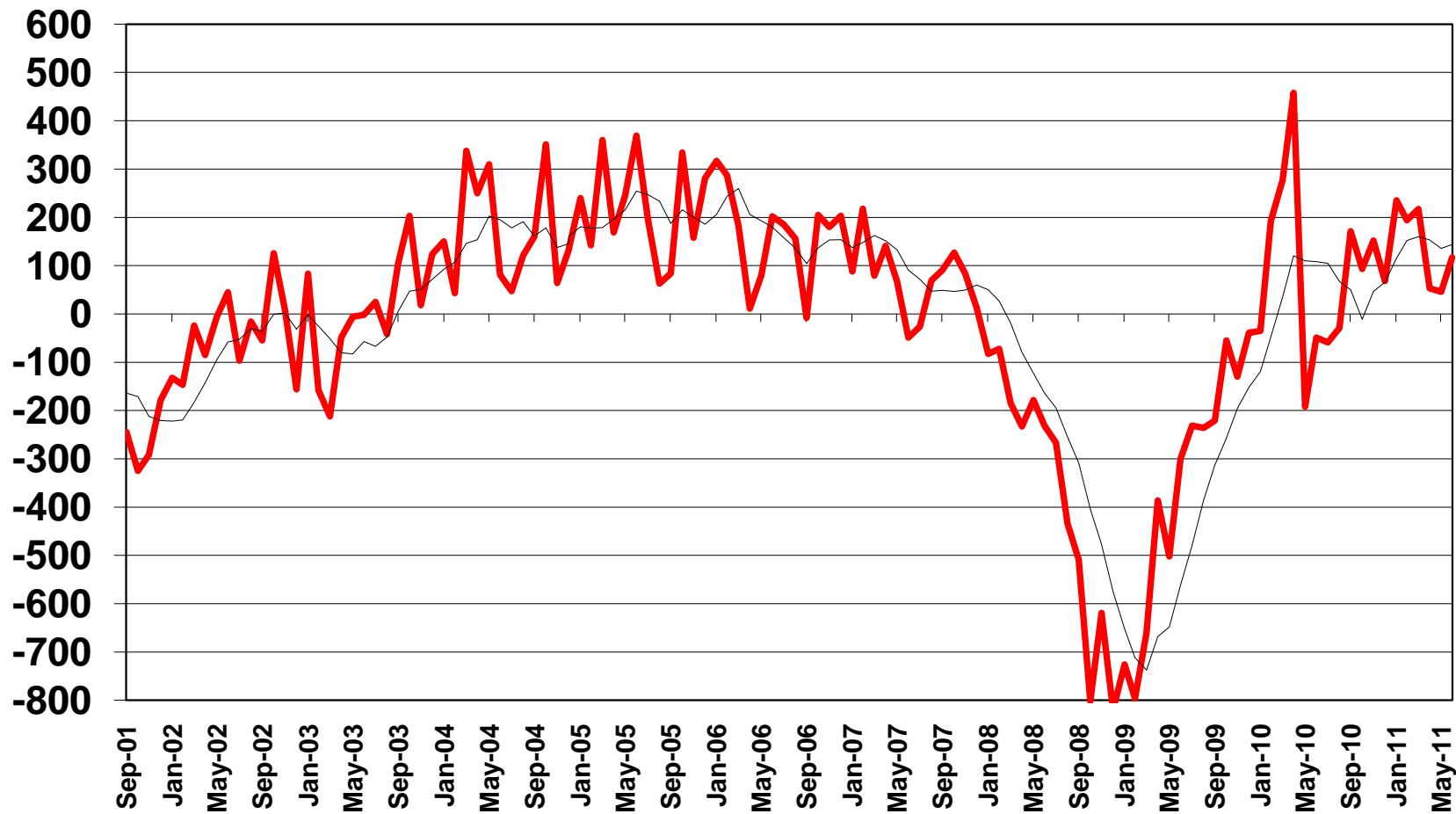
Brother, Can You Spare a Job?



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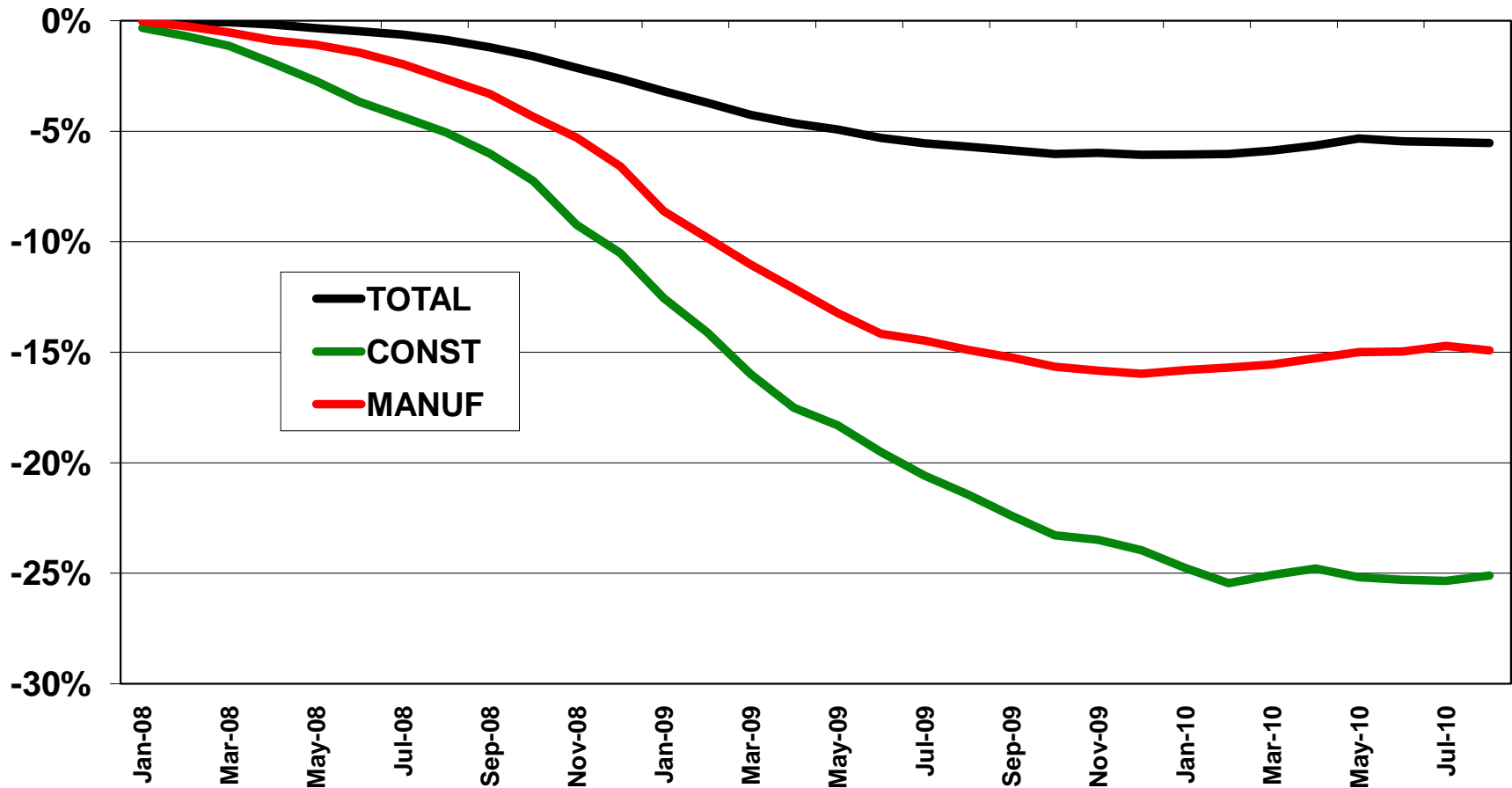


Change in Employment (non-farm payrolls)

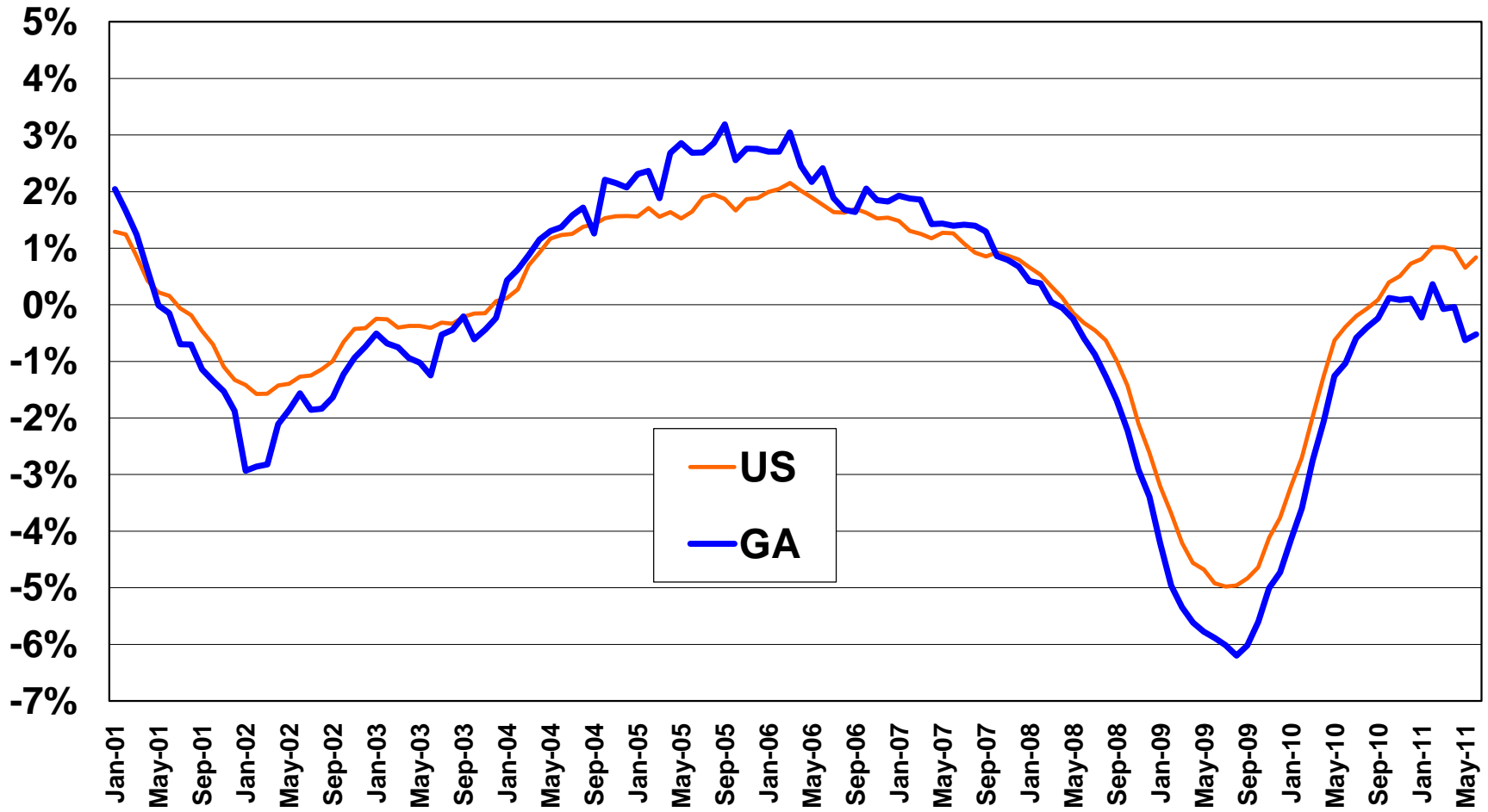


Change in Employment: The Tale of Two Sectors

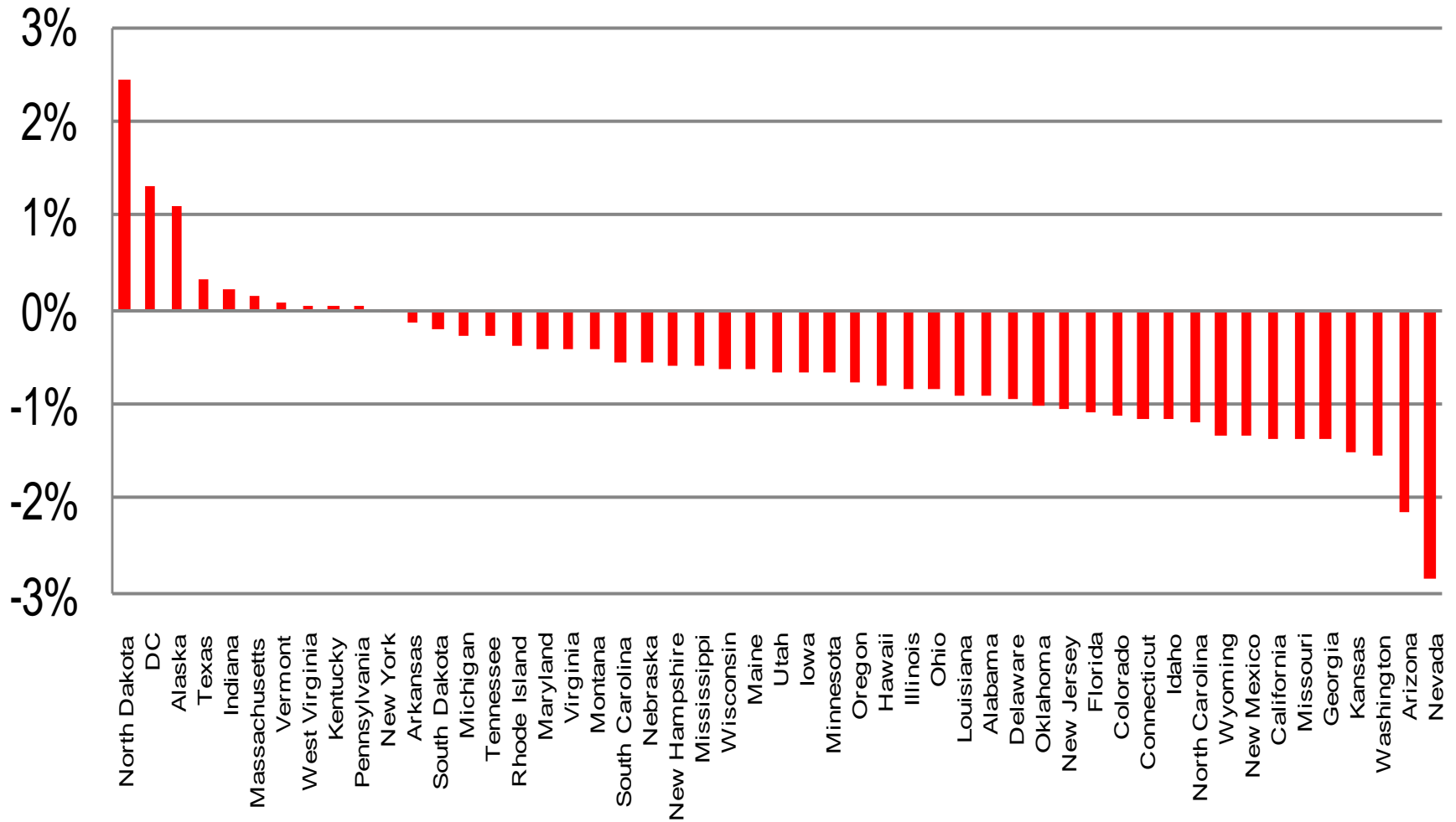
(Change from Peak)



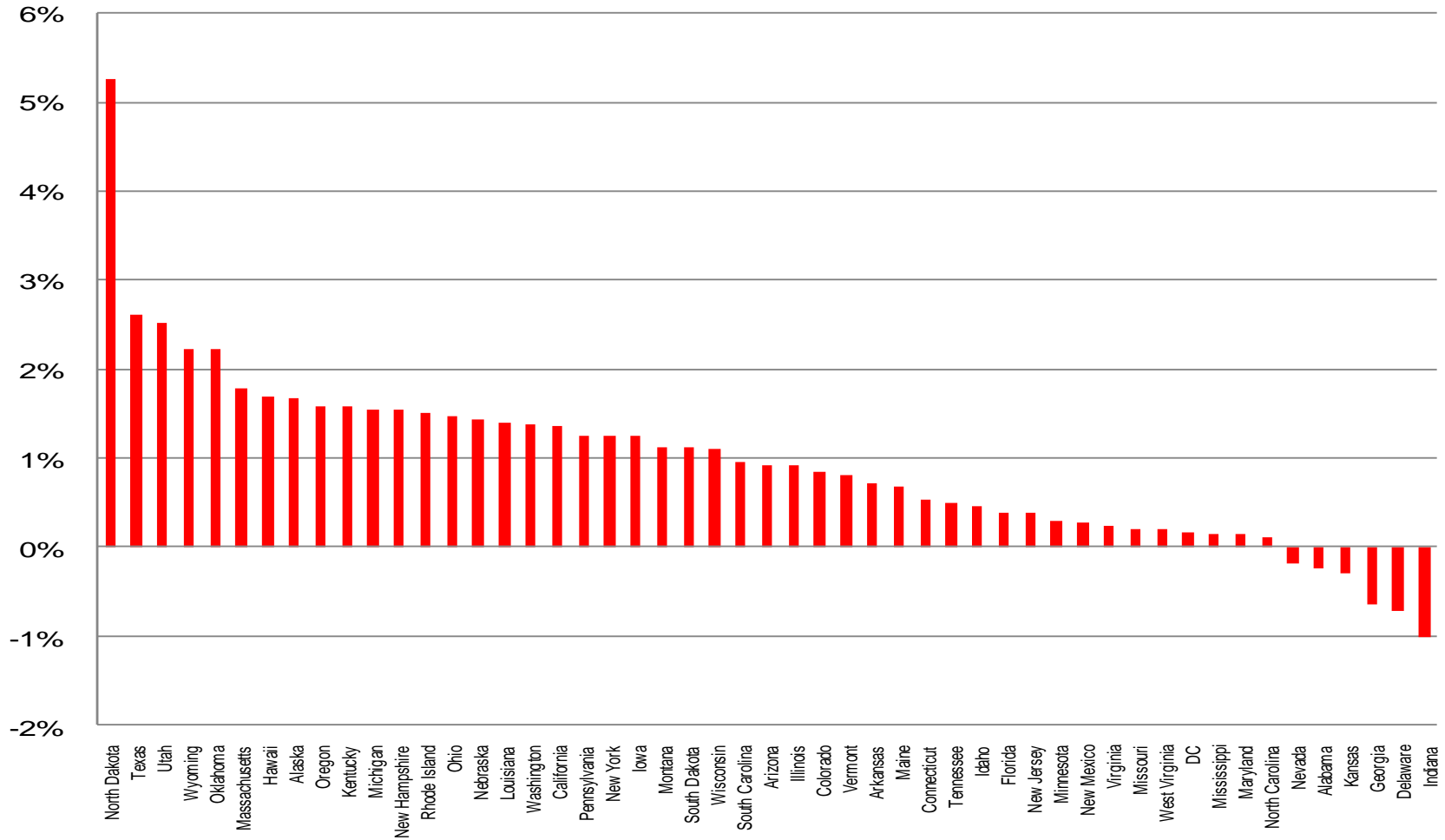
Change in Employment: US & Georgia



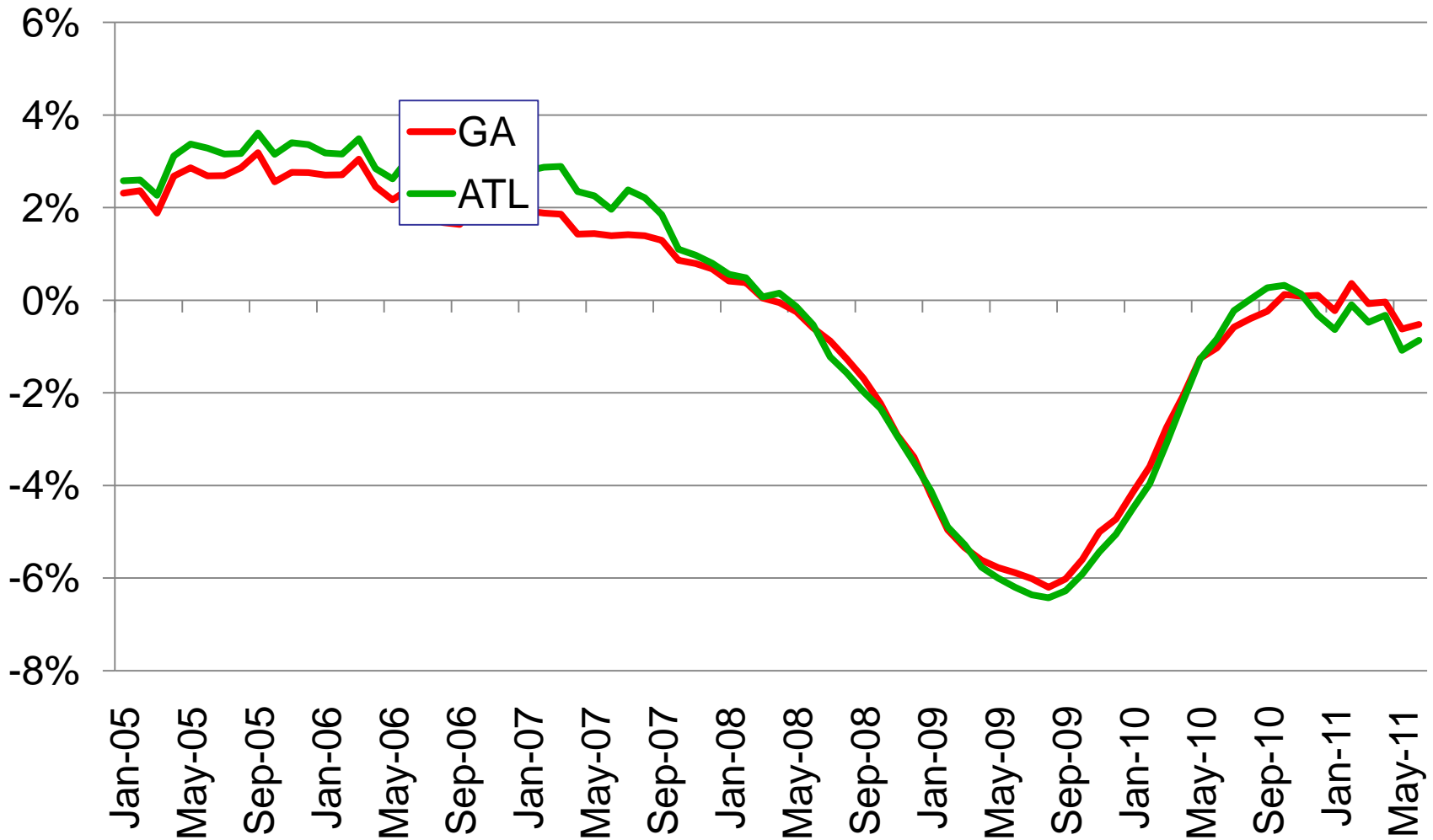
Employment By State (2009 to 2010)



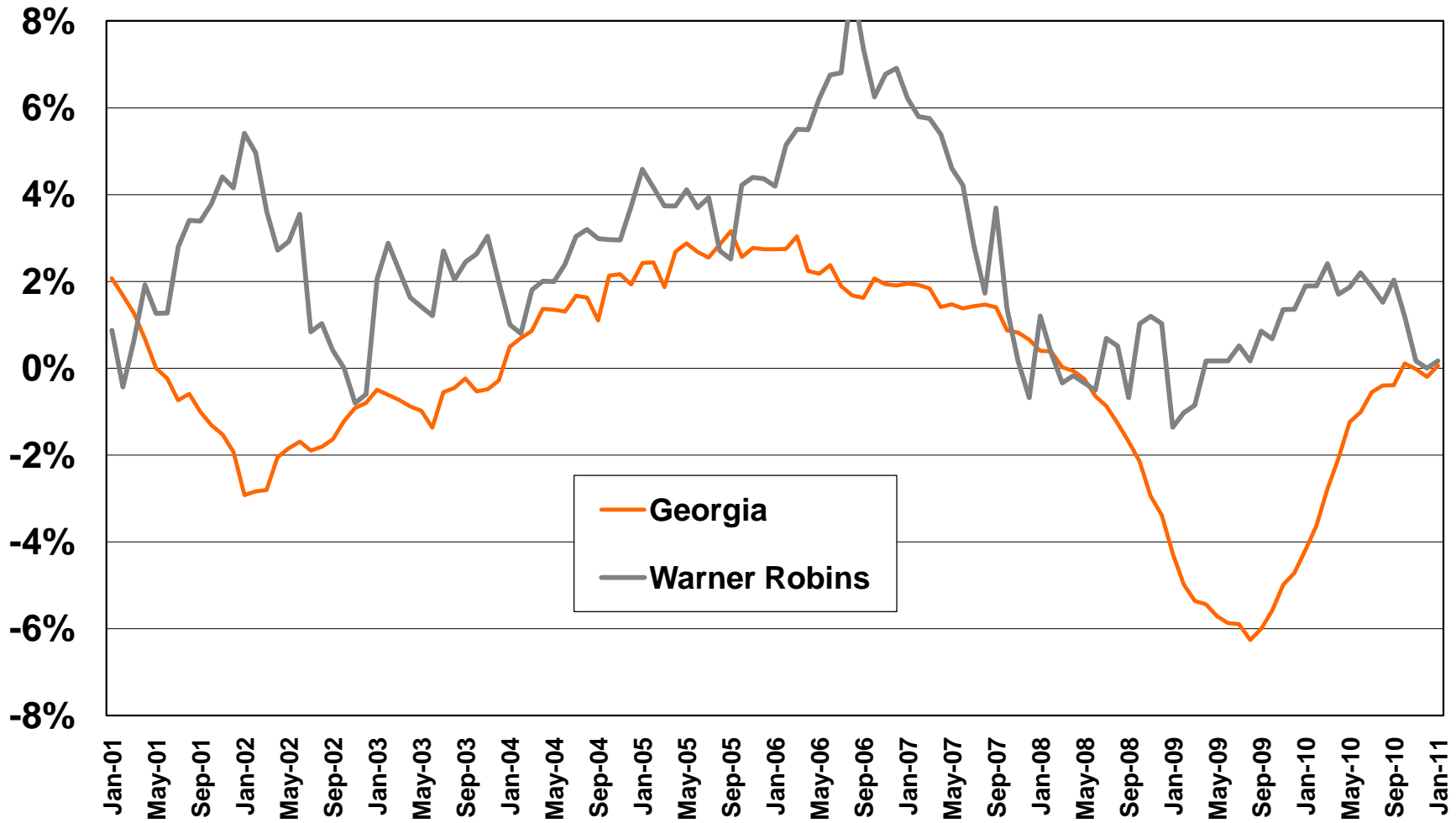
State Employment (7/10 to 7/11)



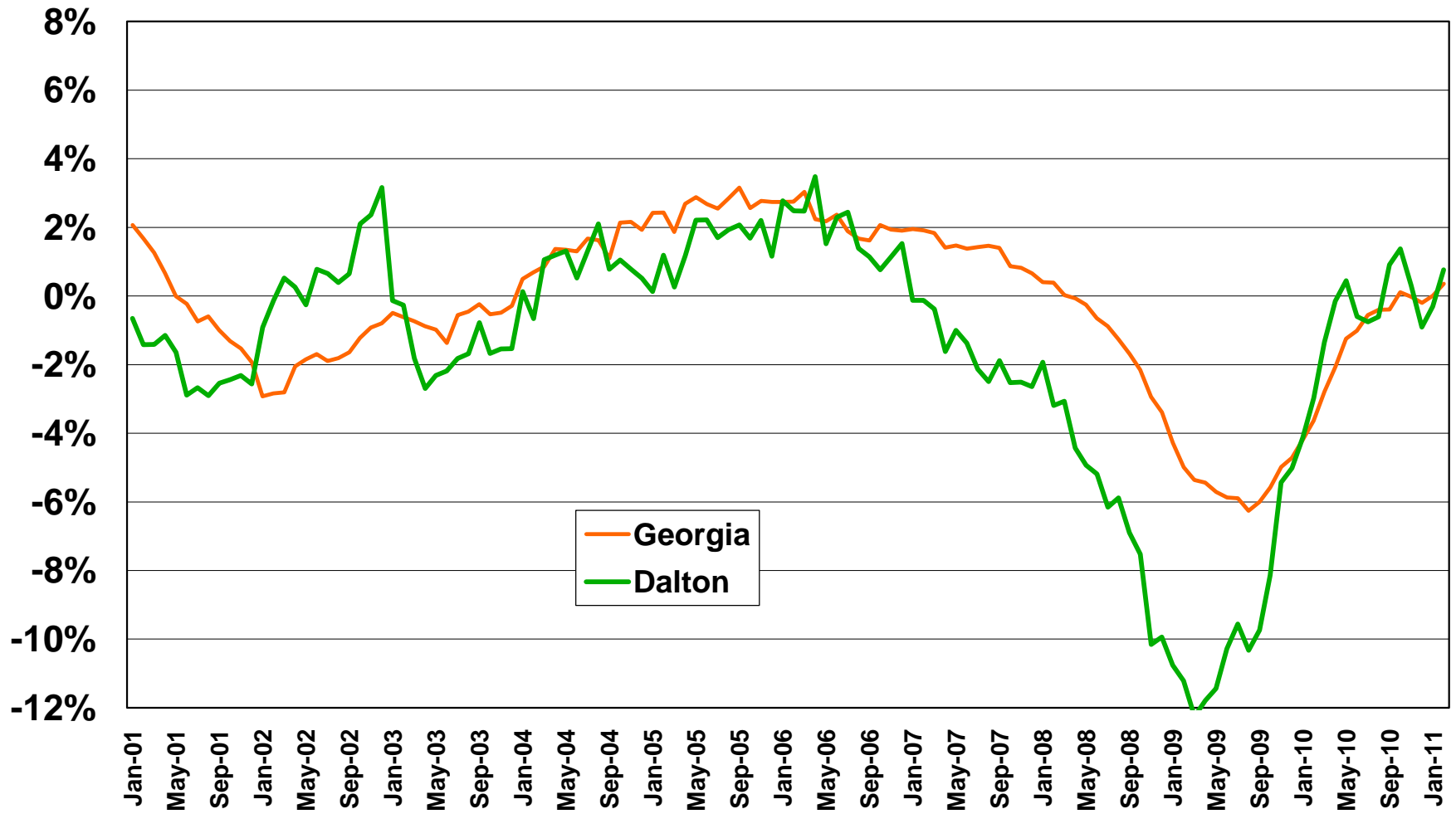
Atlanta & Georgia Employment



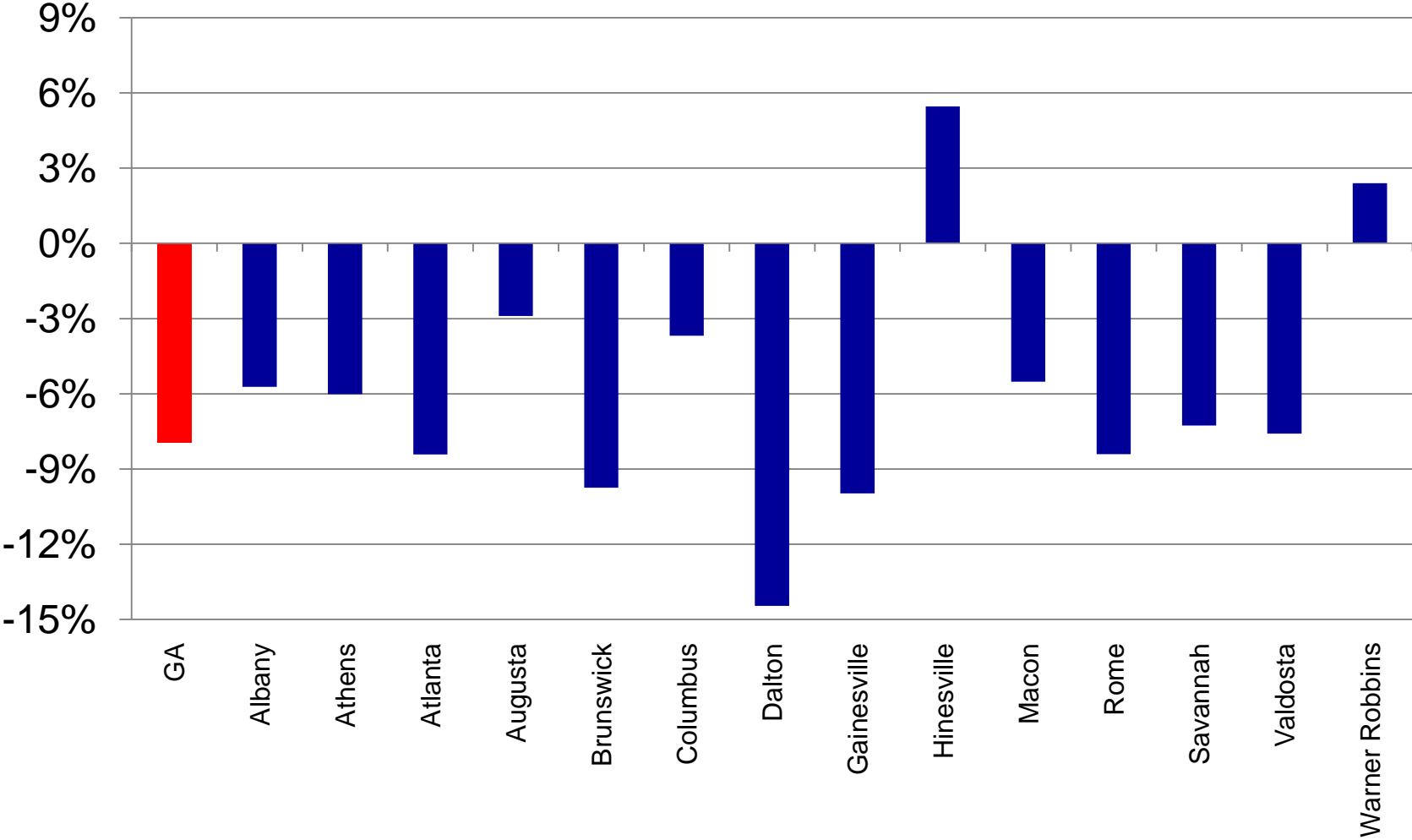
A Tale of Two Cities: Warner Robins



A Tale of Two Cities: Dalton



Georgia Job Loss in Recession



Recession Driver #1: Energy Prices Cause Pain



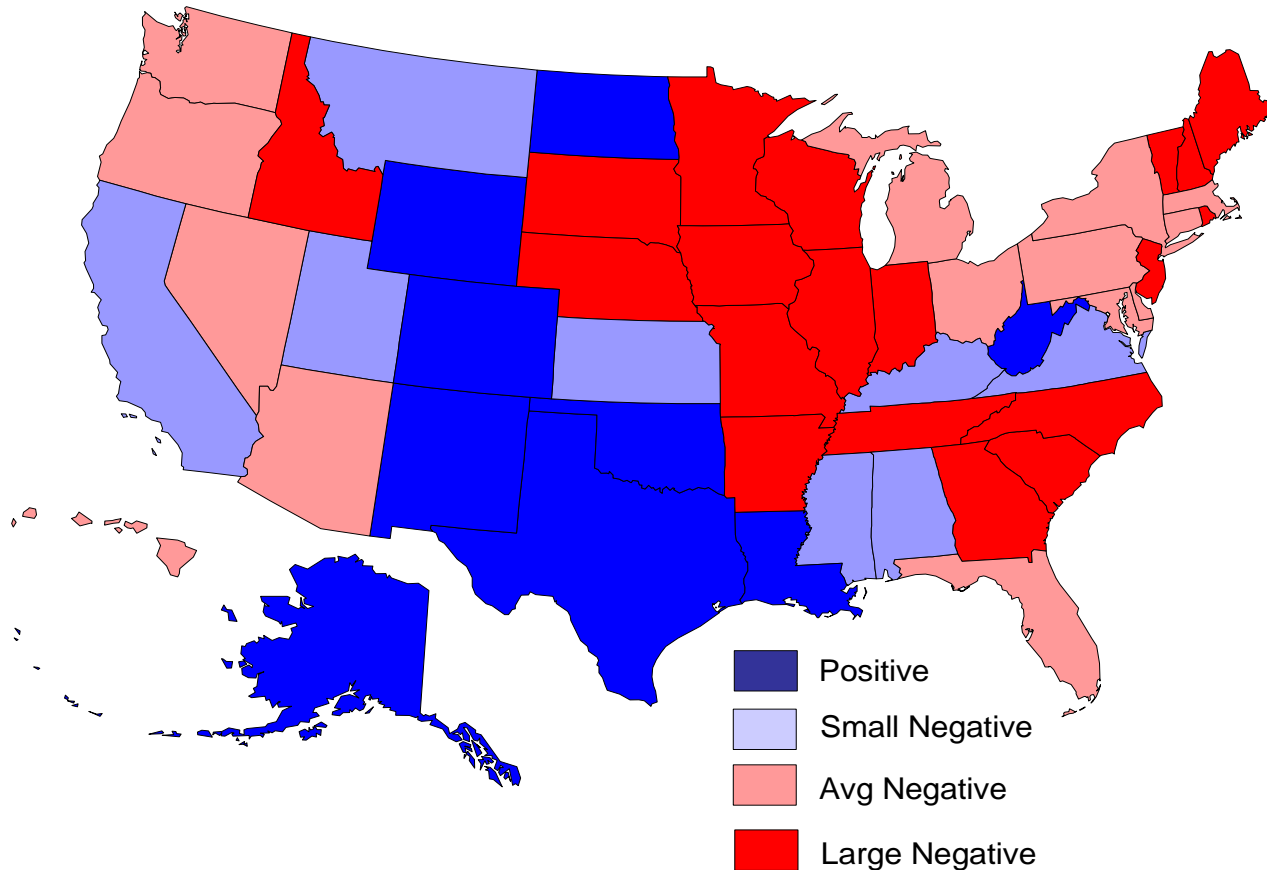
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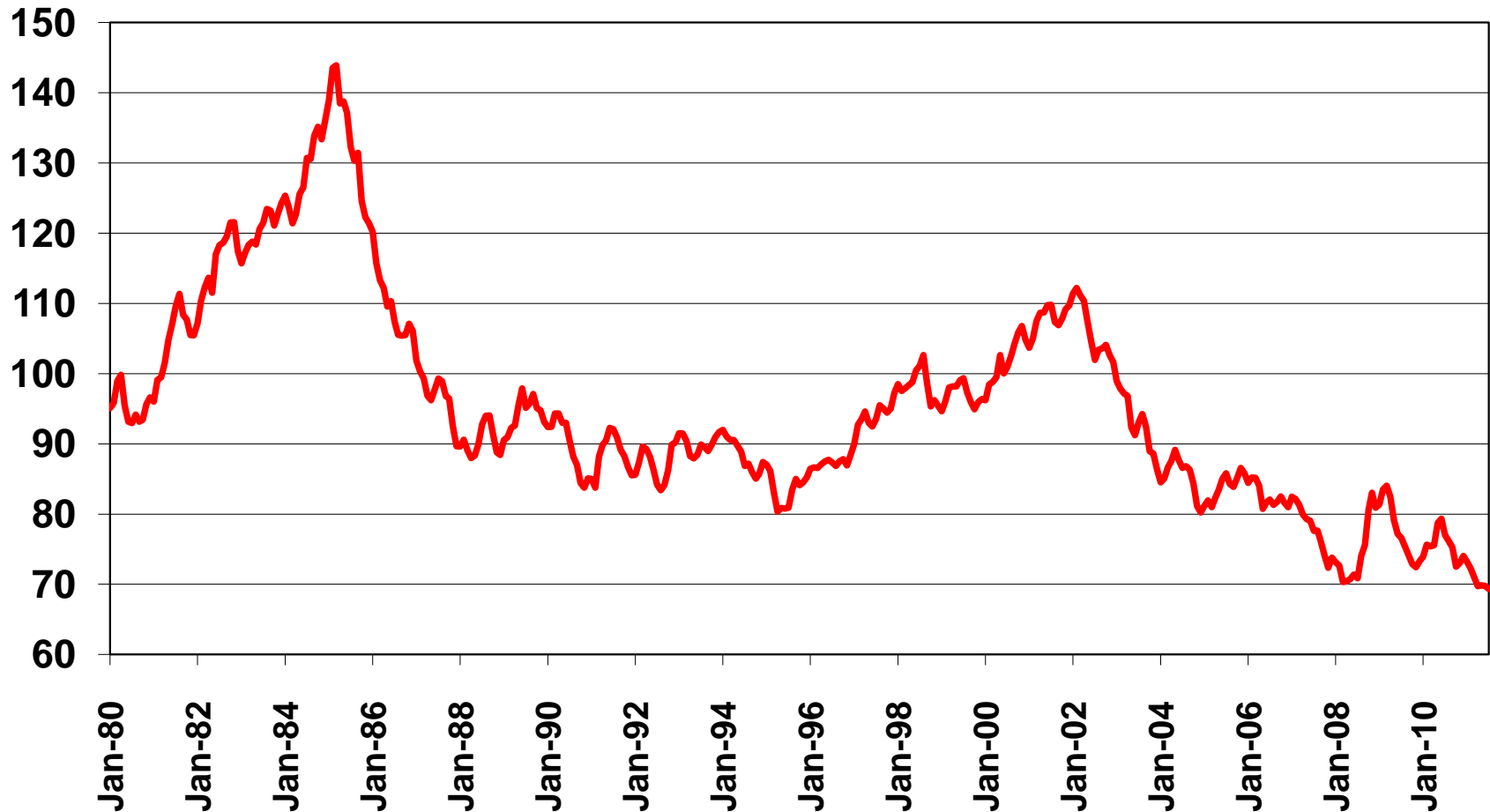
Core CPI



Who Gets Hurt By Higher Energy Prices?



Foreign Exchange: \$ vs. Major Currencies

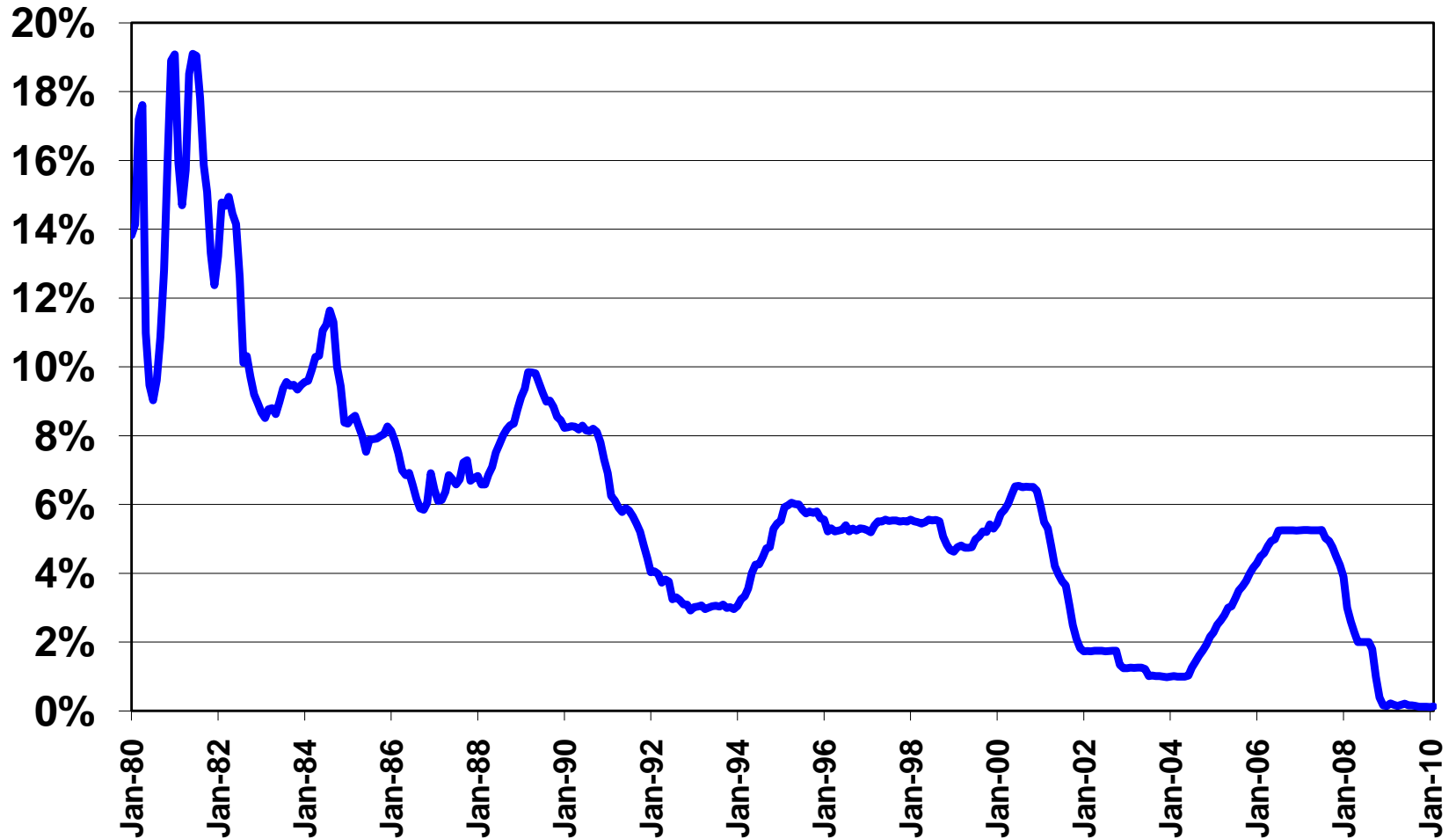


Recession Driver #2:

The Credit Crunch: Its About Pricing and Access

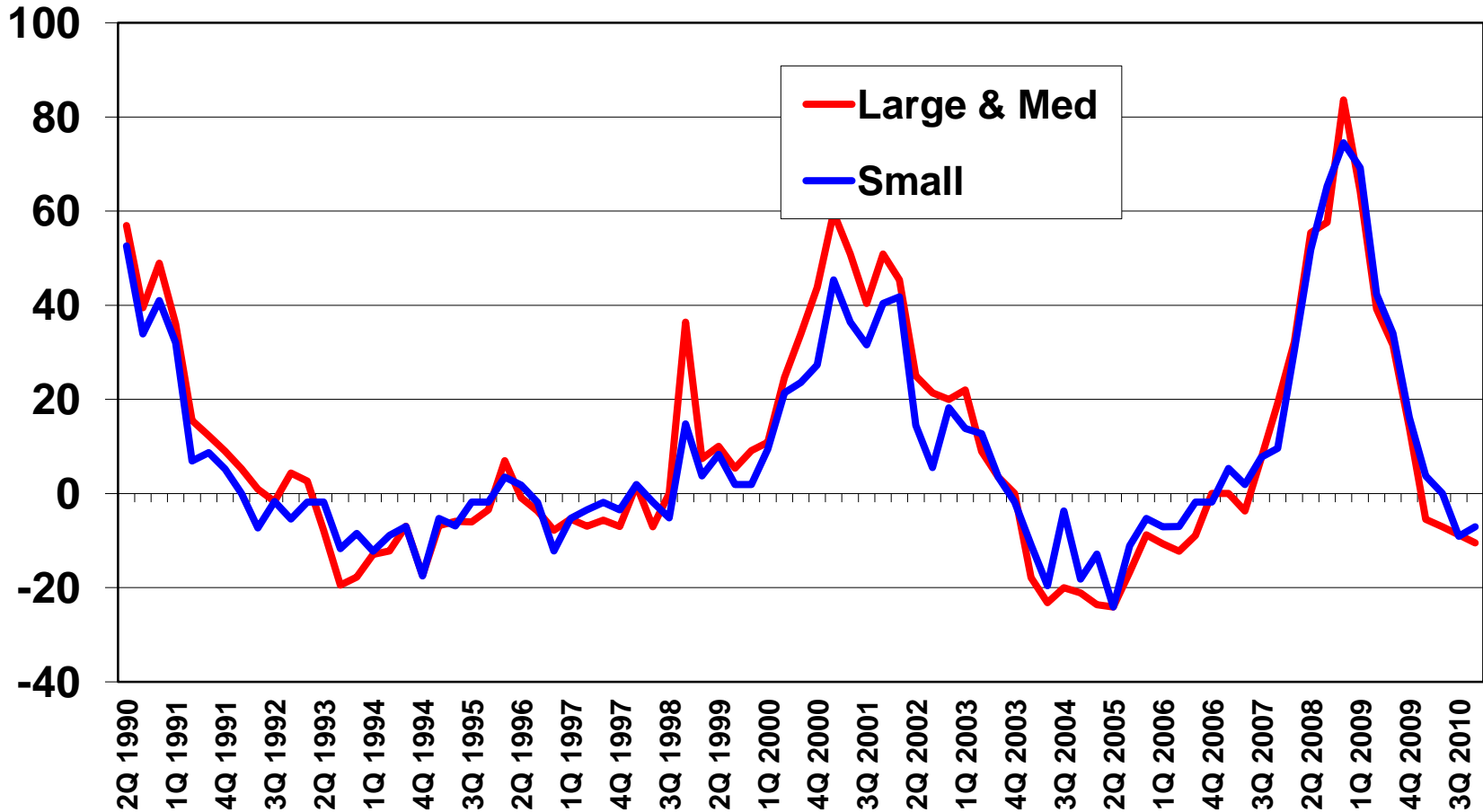


Federal Funds Rate

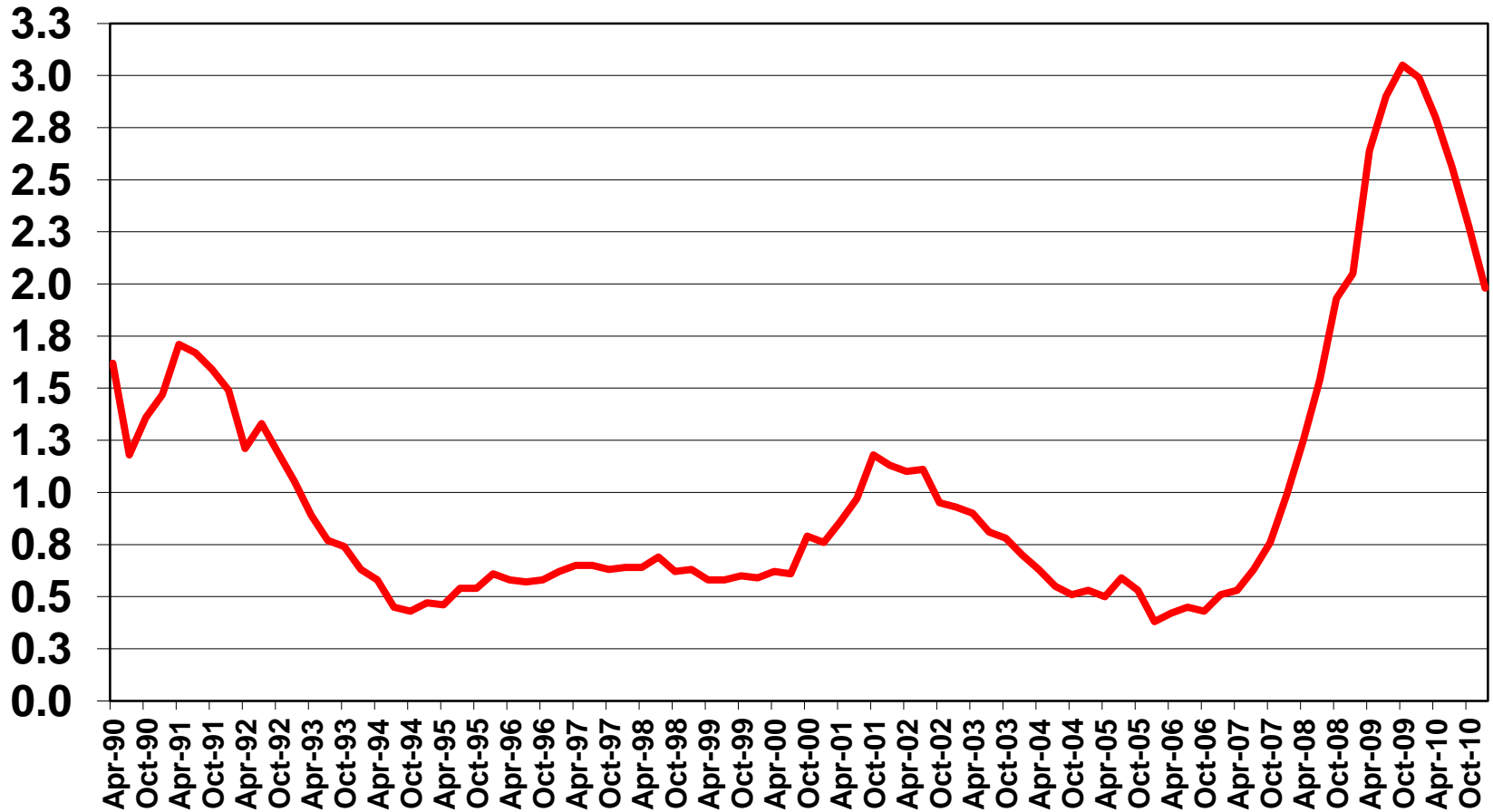


C&I Lending Starting to Ease ?

(Net % Tightening Standards for C&I Loans)

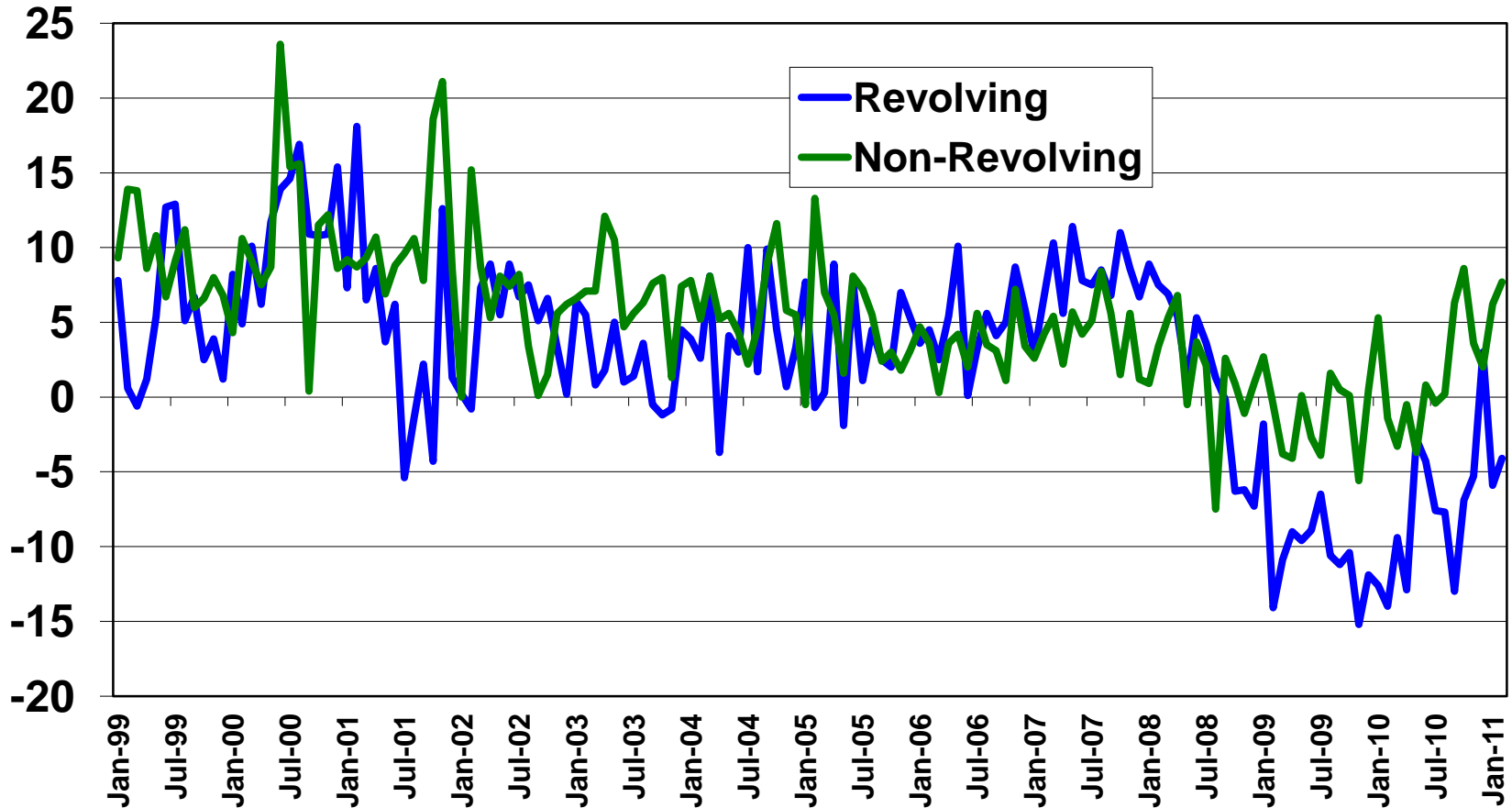


Net Charge Offs Peaking?

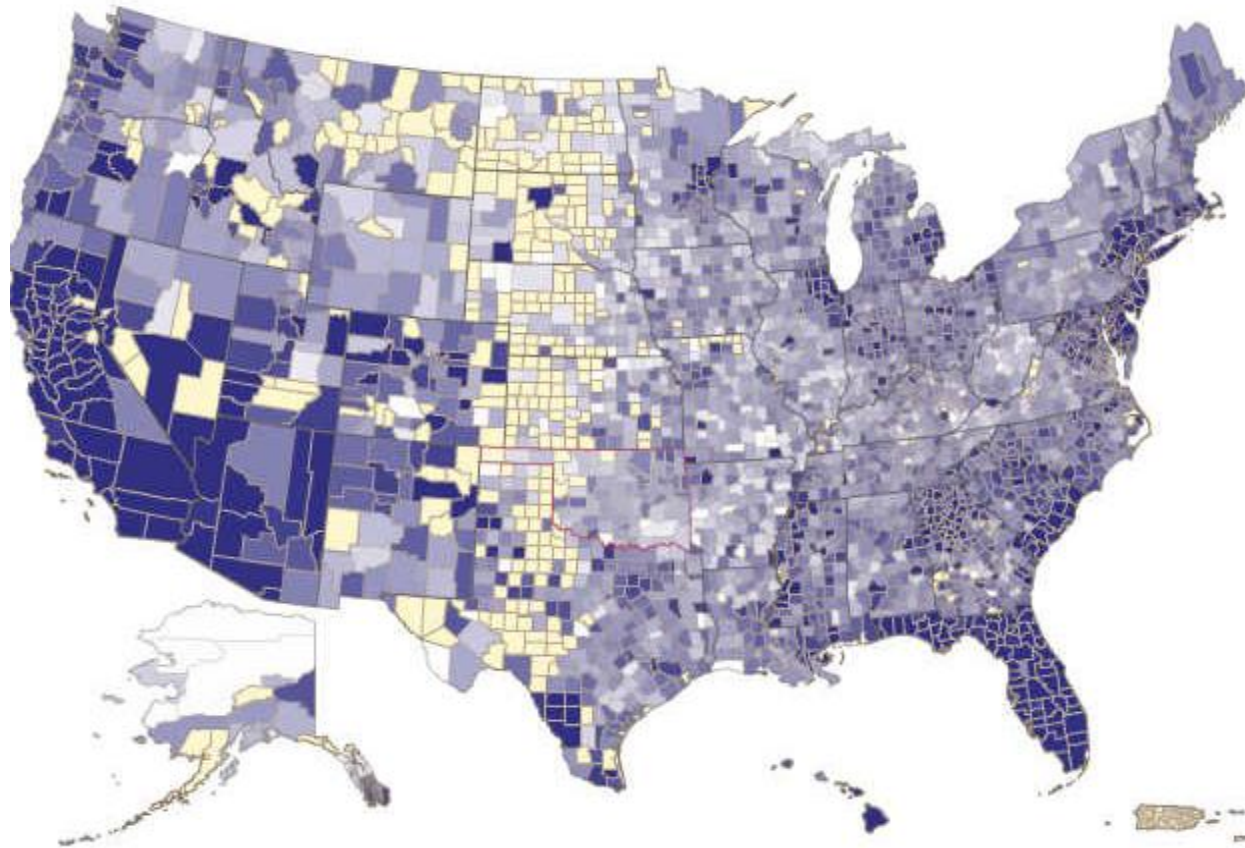


Consumer Credit

(% change in balances)



Mortgage Delinquency Rates



Recession Driver #3:

The Never-Ending Real Estate Correction

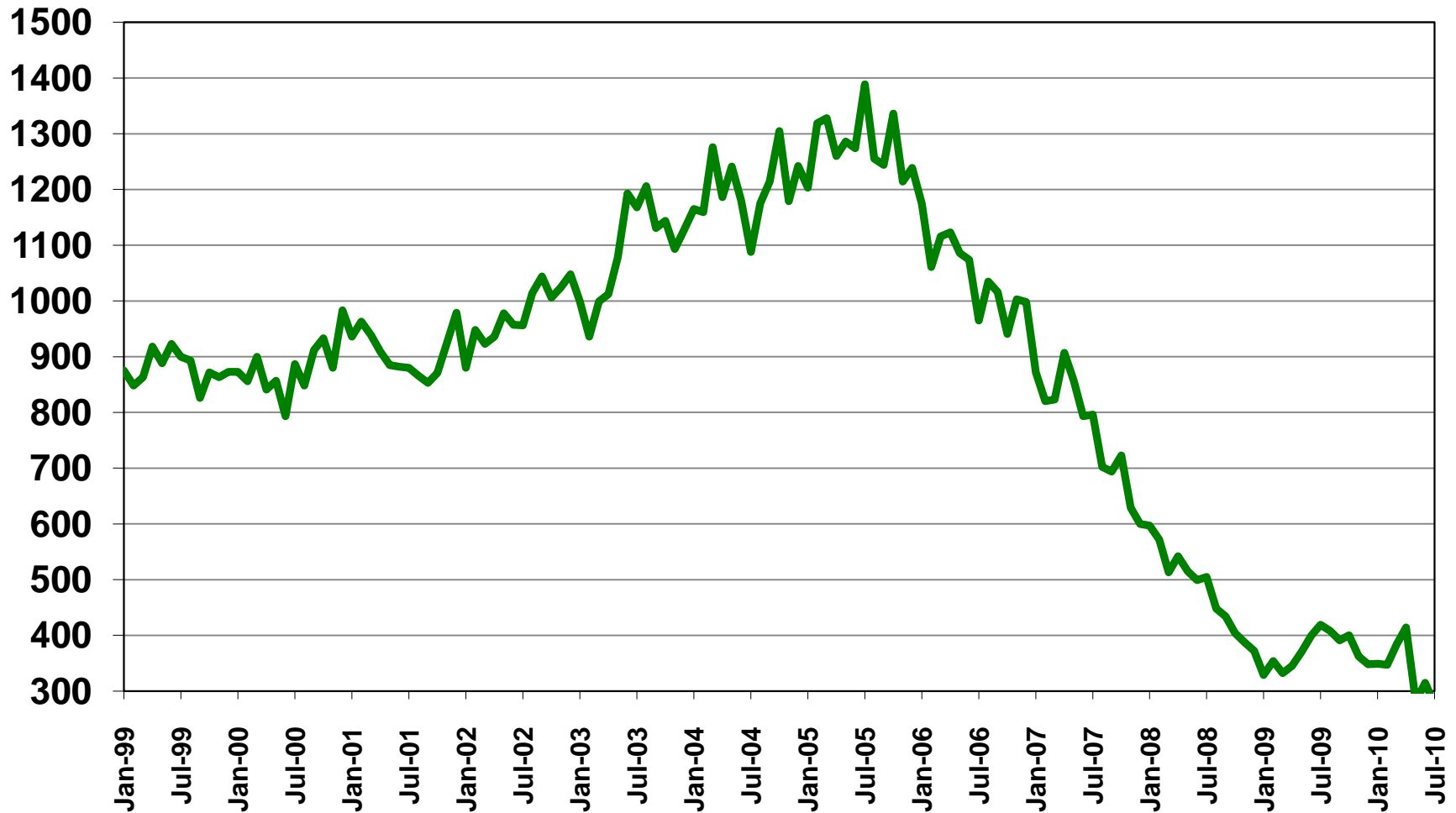


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New Home Sales

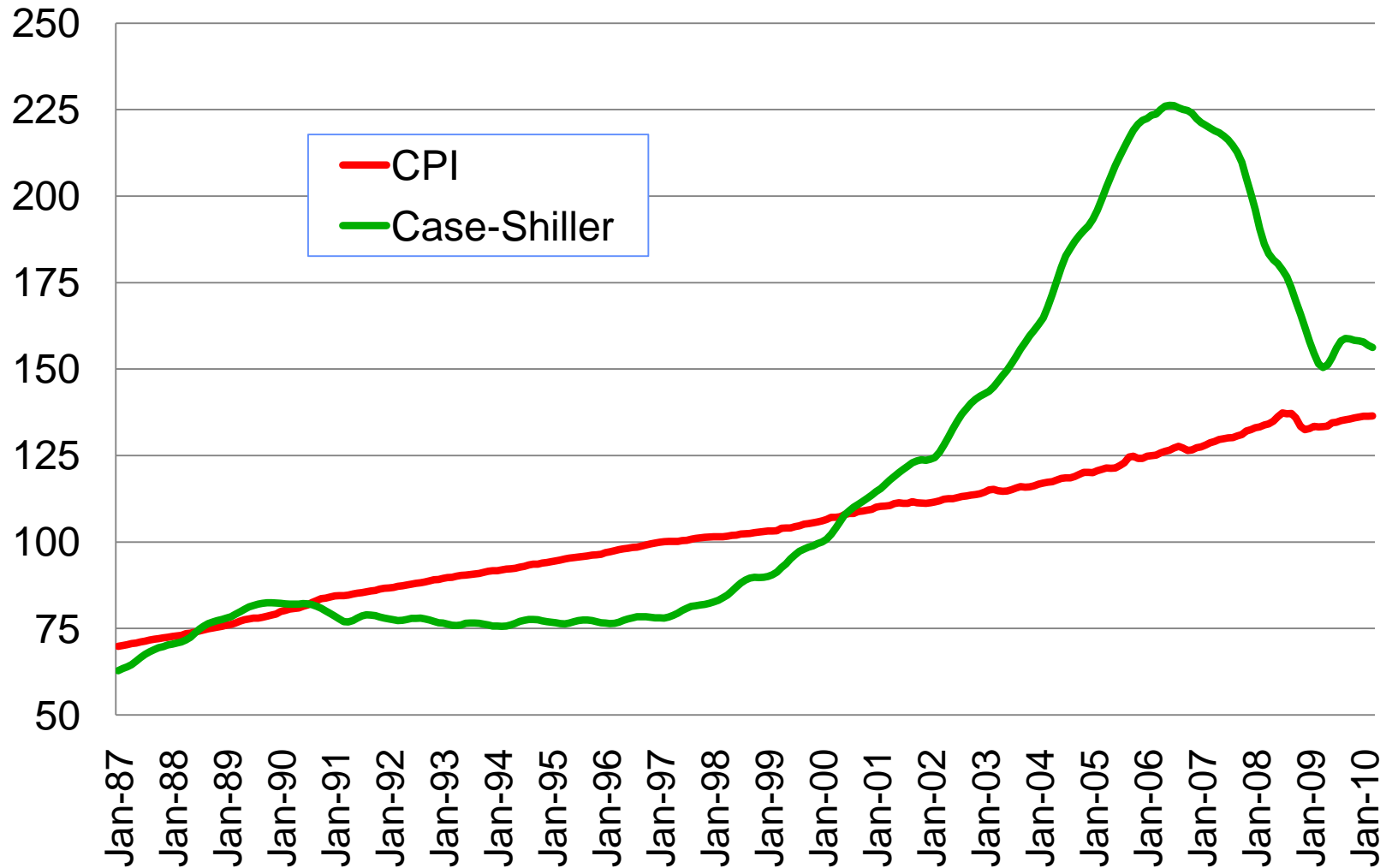
(Single Family, SSAR in thousands)



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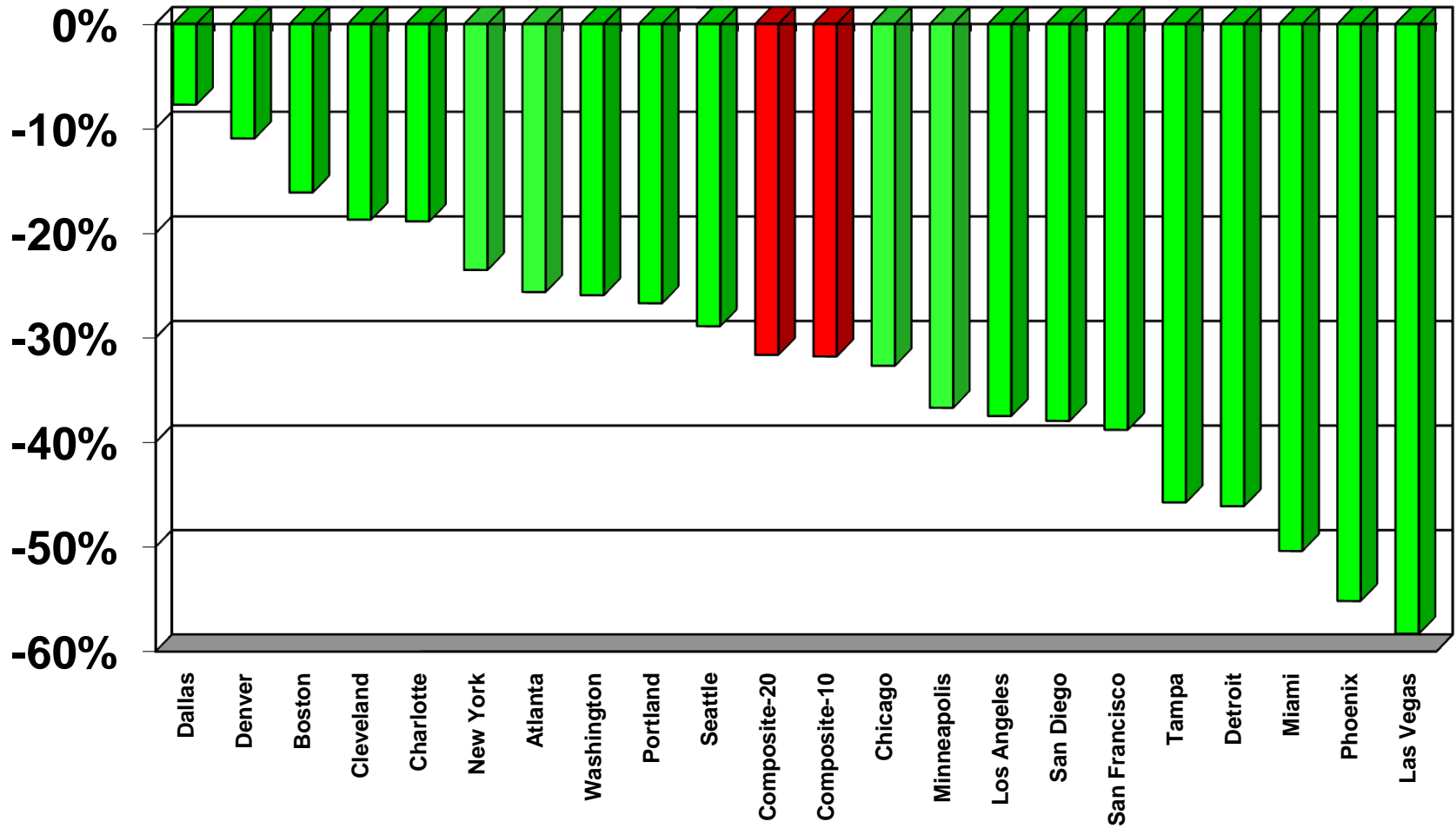


Home Prices verses CPI

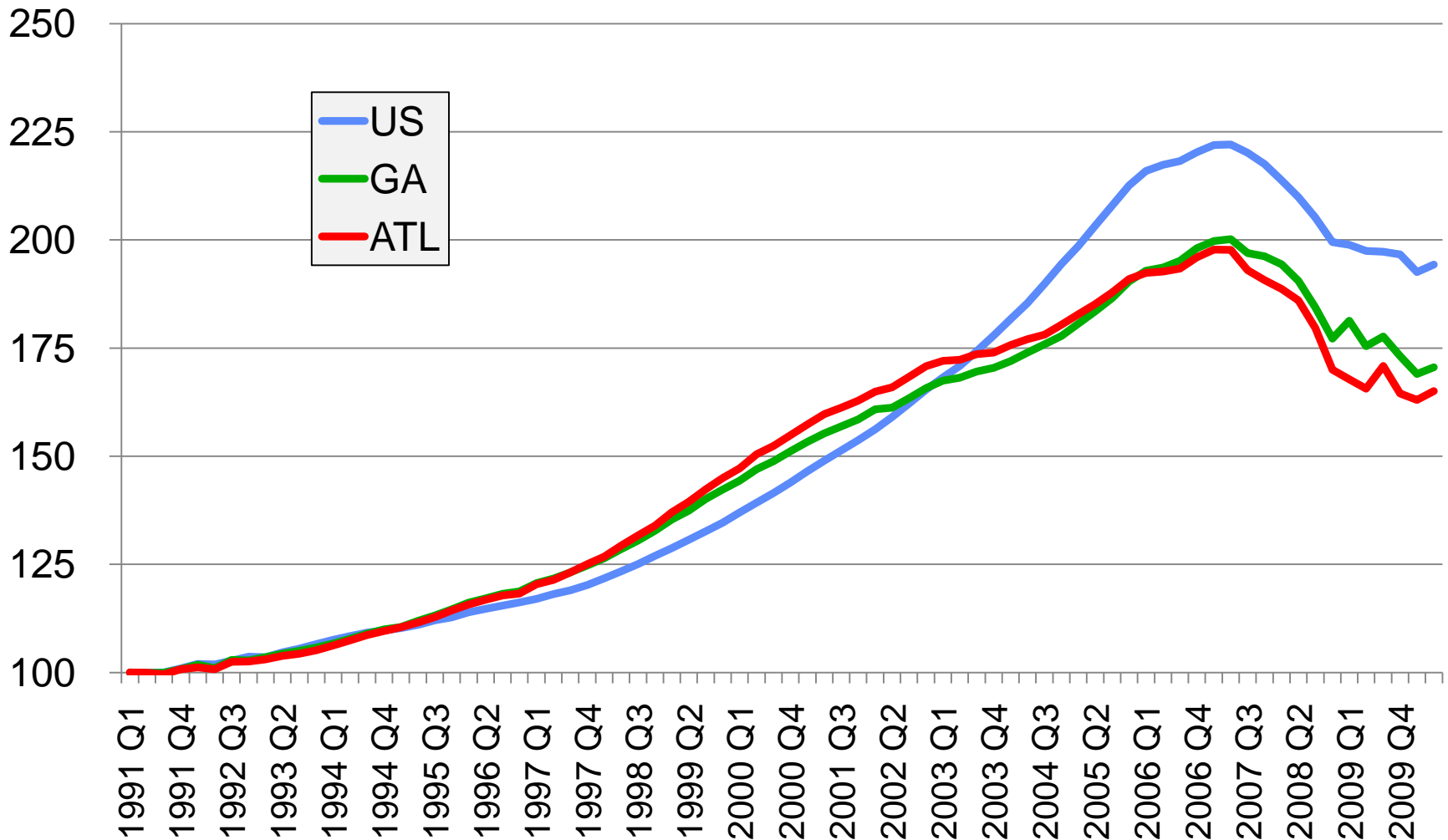


CS/S&P Home Price Index

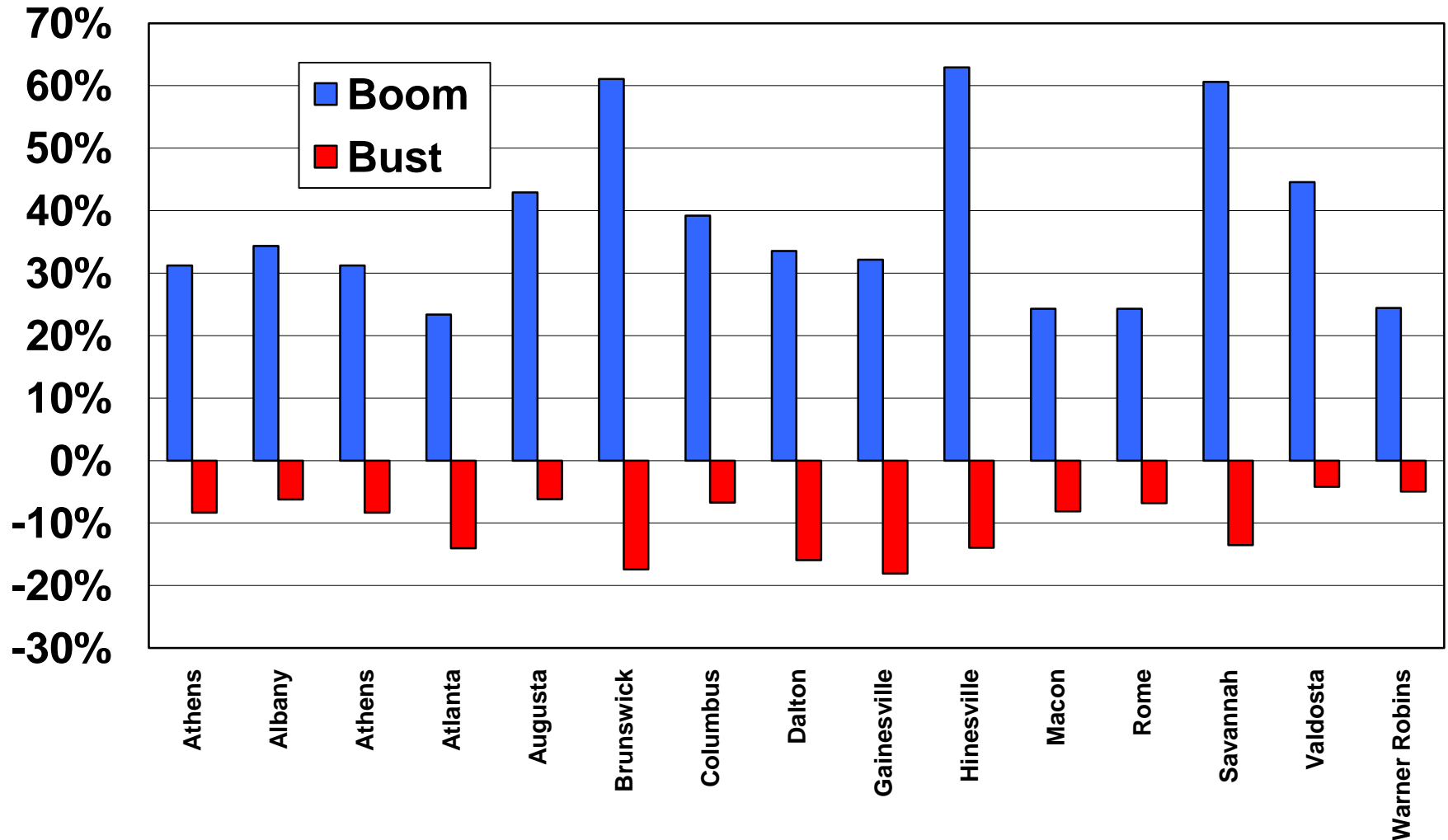
(FROM PEAK TO MAY 2011)



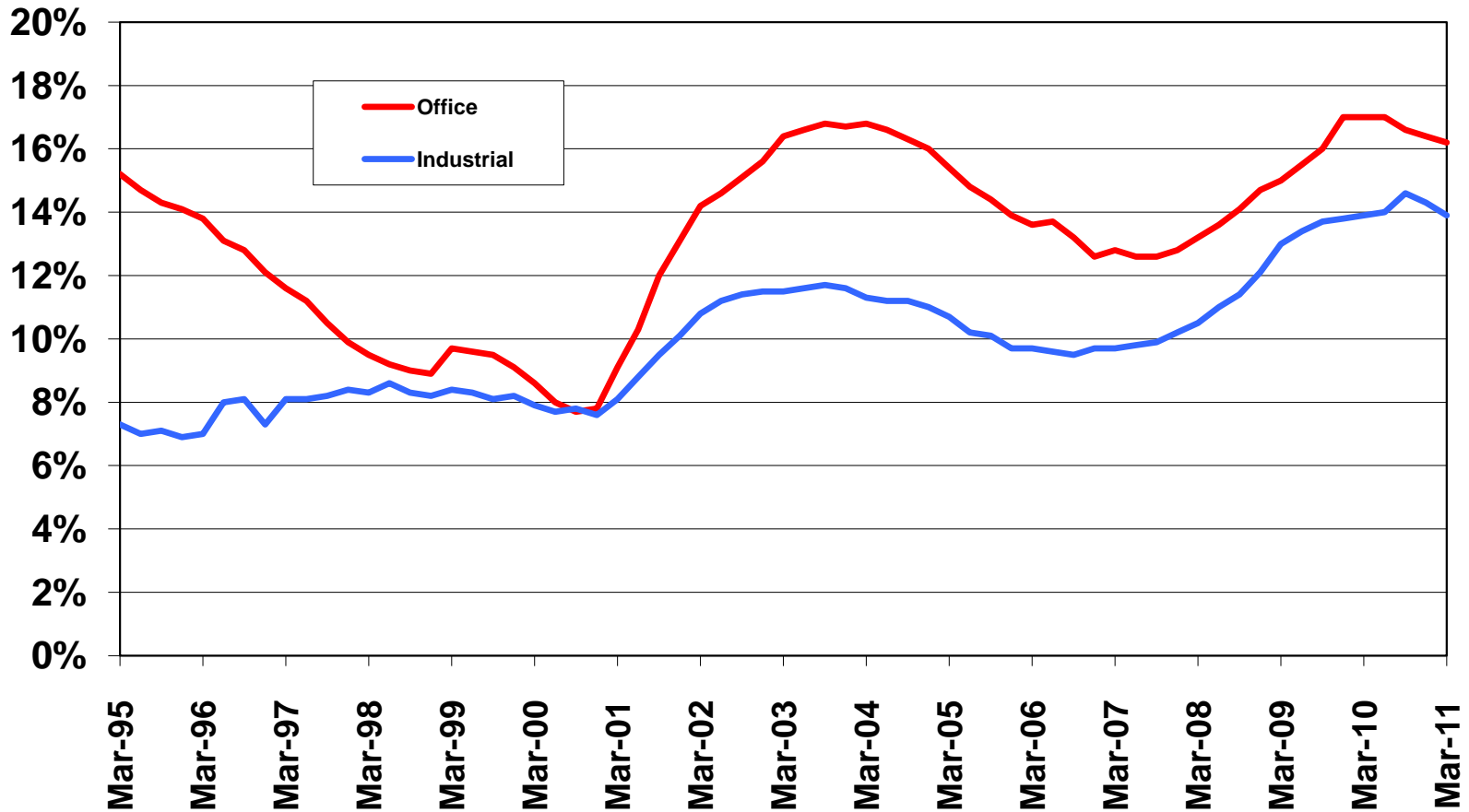
Prices: US/GA/ATL



MEDIAN EXISTING HOME PRICES



Commercial Vacancy Rates



Some Thoughts on Regions & Growth



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Do Clusters Matter?

- **Spillovers to surrounding areas**
- **Workforce specialization**
- **Spinoffs remain in location**
- **Some Areas Identified with Clusters**
 - **RTI**
 - **Austin**
 - **Silicon Valley**
 - **Wichita**
 - **Huntsville**
 - **Charlotte**

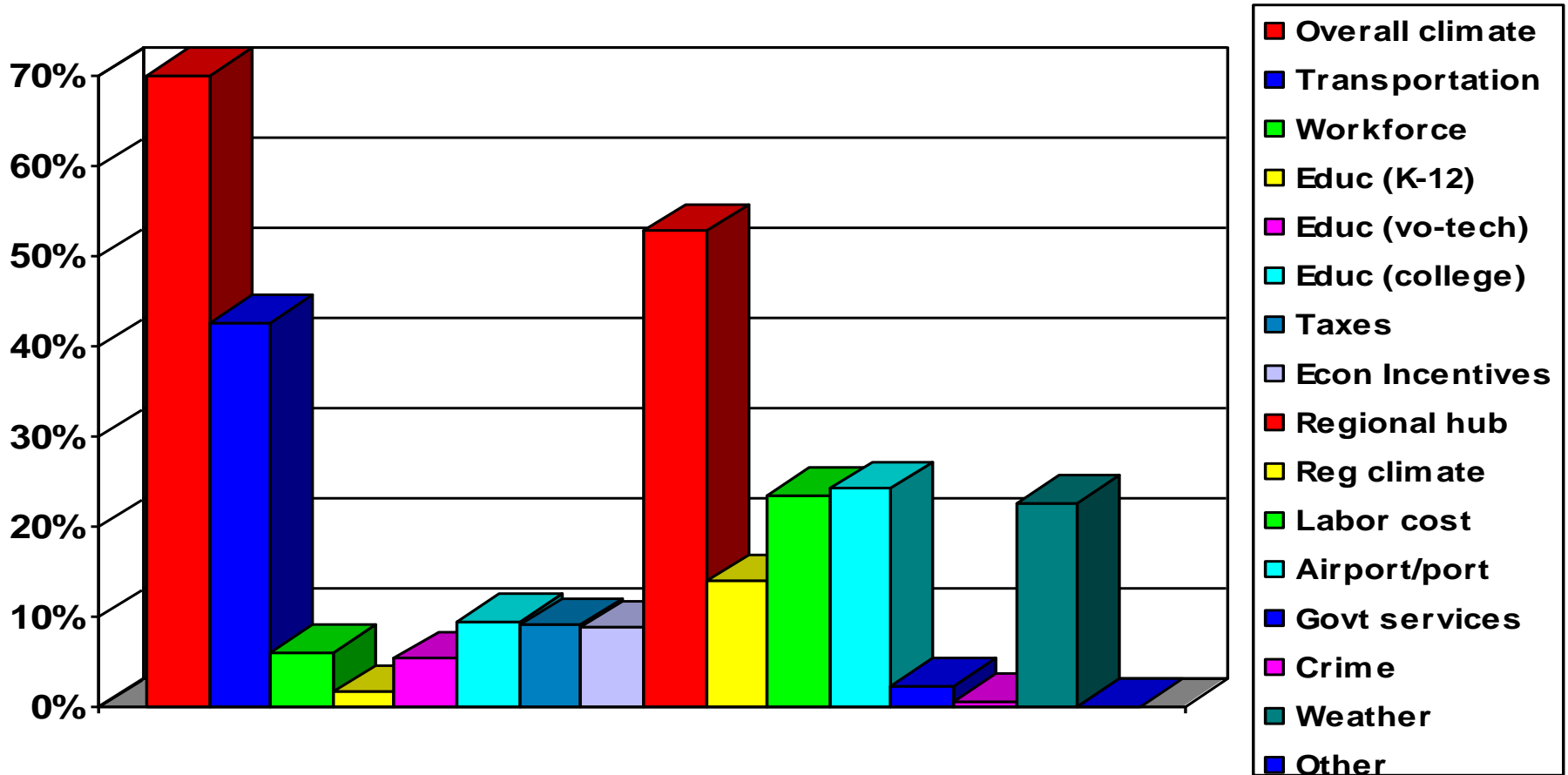


How Have We Done as a Region?

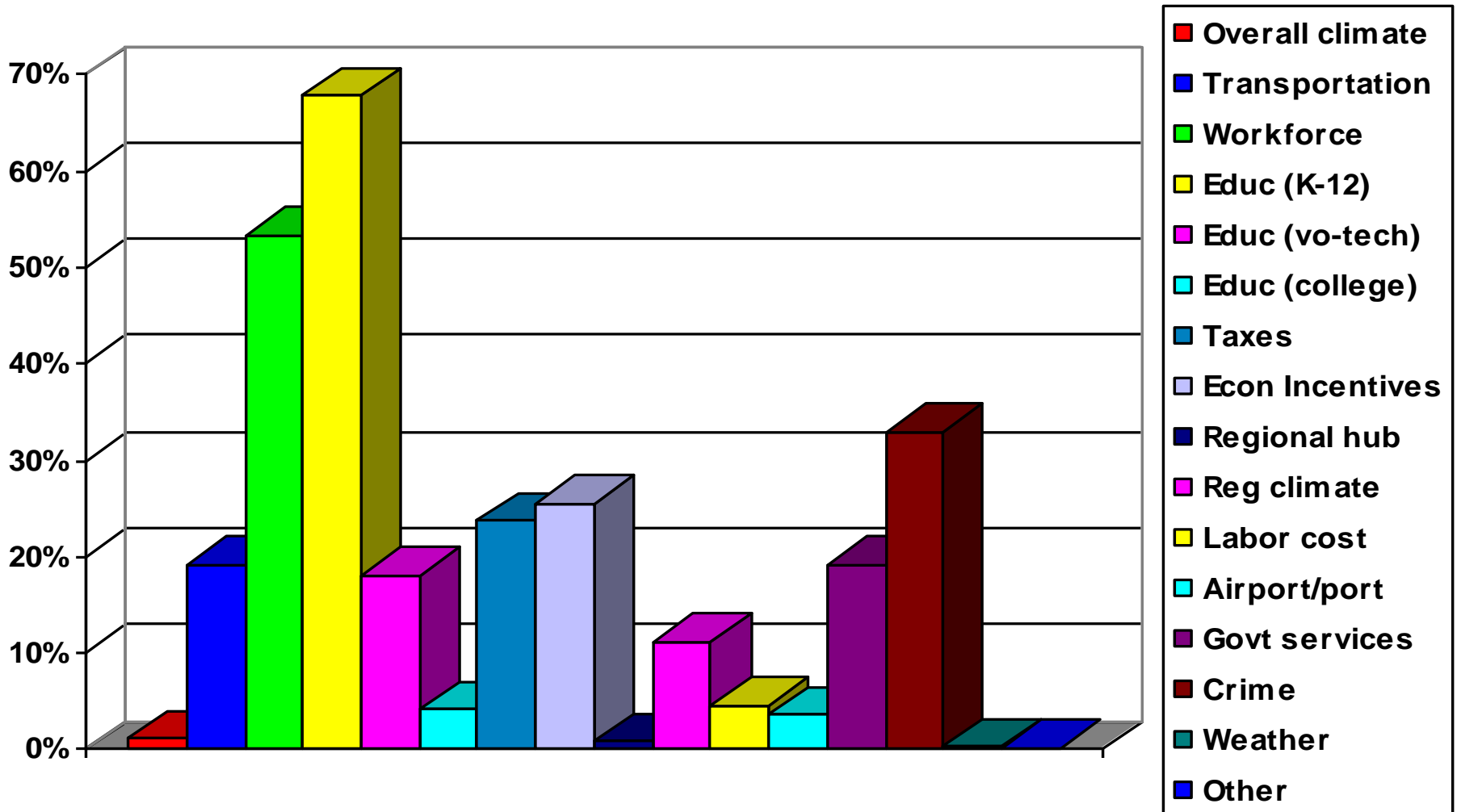
- **Strengths & Weakness**
- **Relative Importance**
- **Have They Changed?**



Thinking about the factors which make a location desirable for conducting business, what do you consider to be Georgia's three greatest assets as a place to do business?



What are Georgia's three greatest weaknesses as a place to do business?



On the Political Front

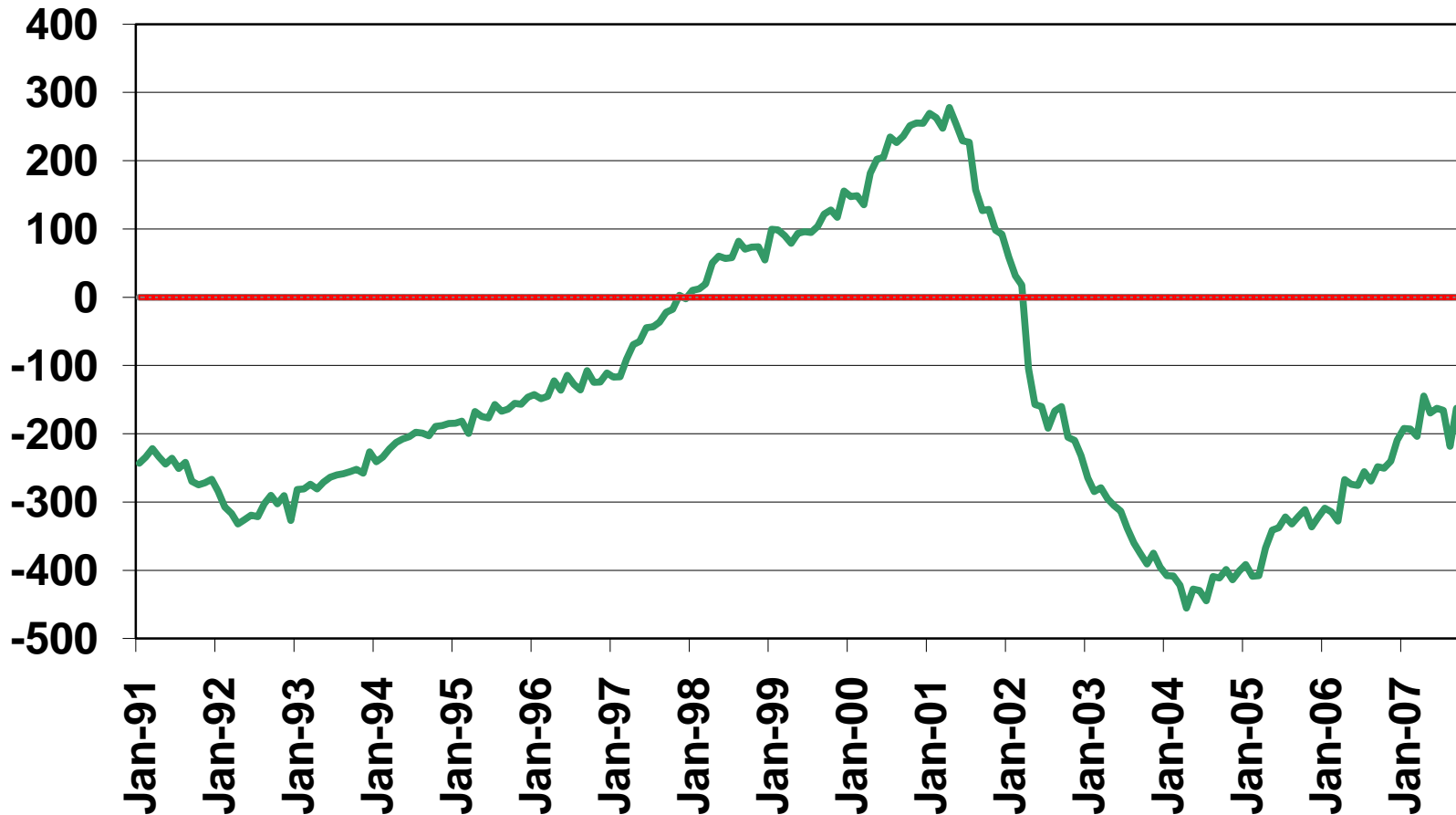


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Federal Budget Surplus

(source: US Department of Treasury)

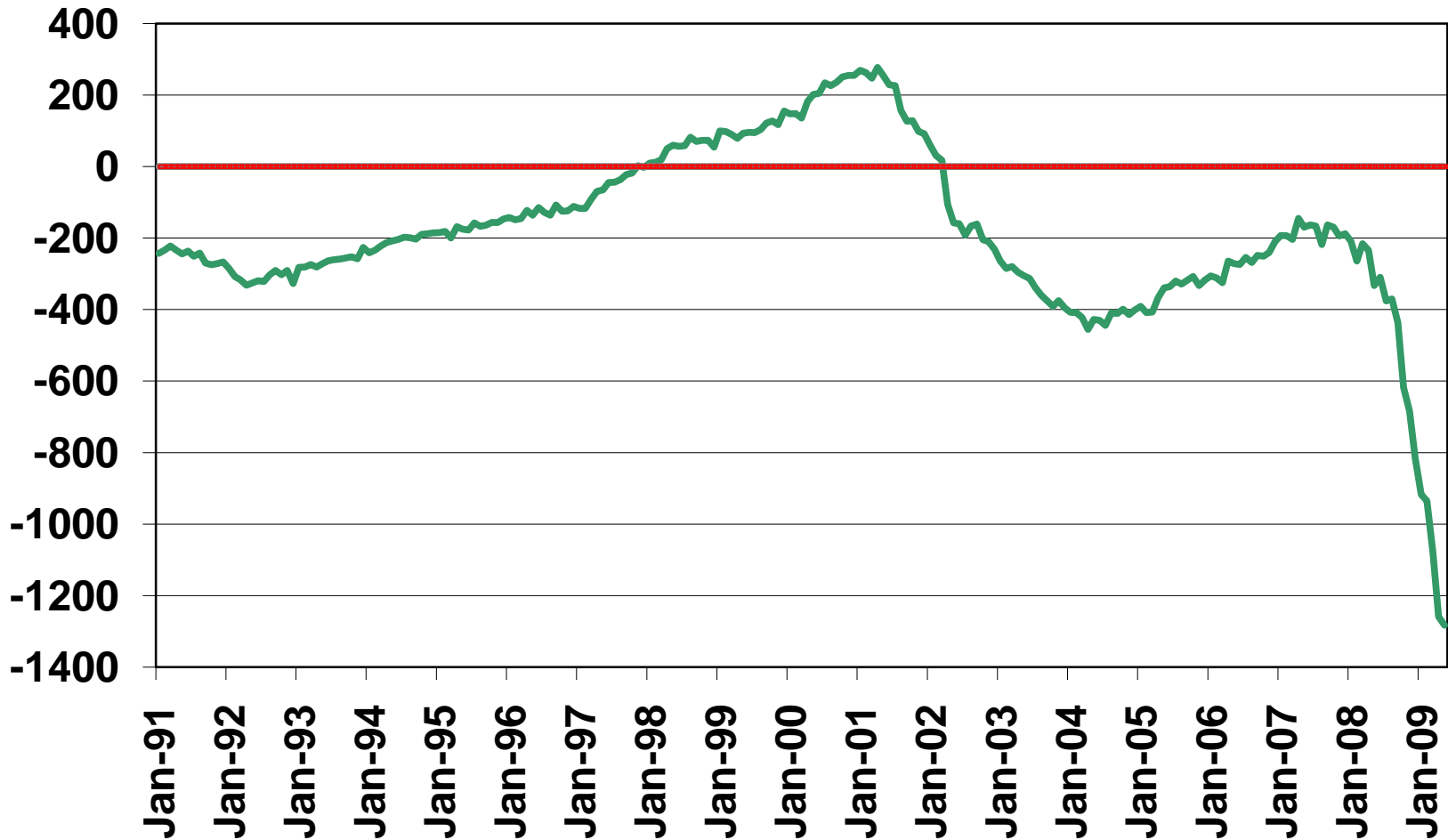


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Federal Budget Surplus

(source: US Department of Treasury)



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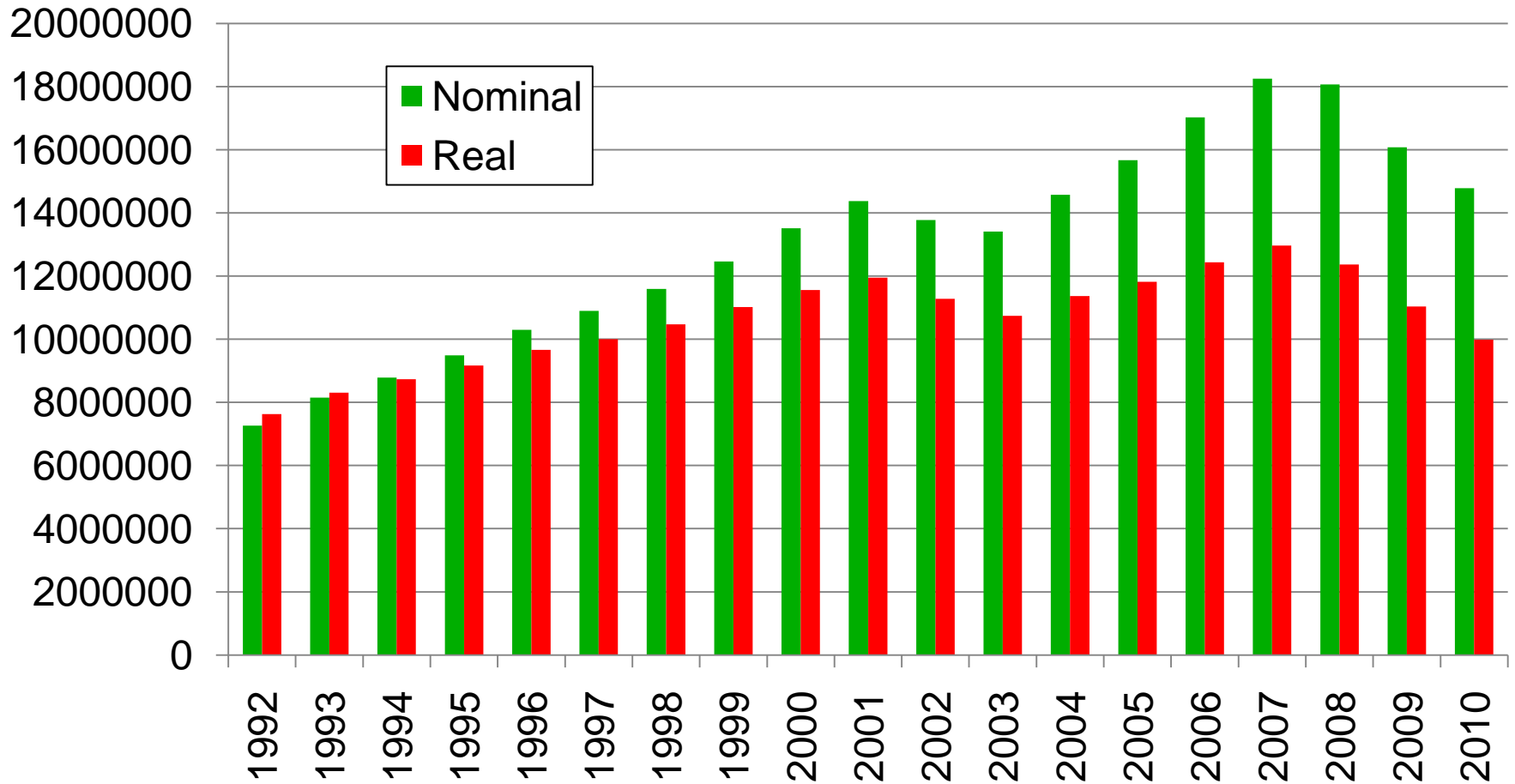


Currents Issues in Fiscal Affairs

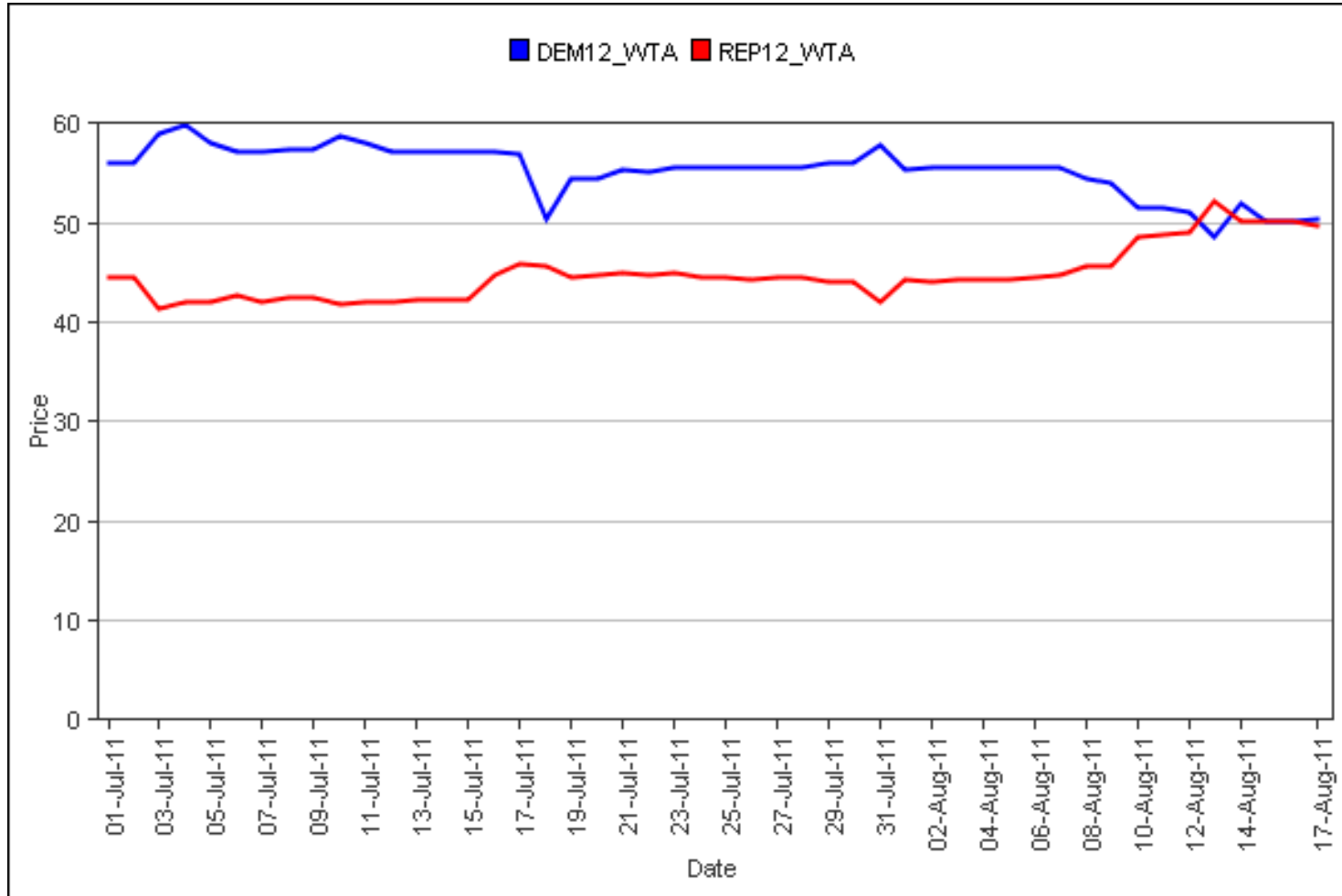
- **“Bush Cuts” extended, but what about after 2012**
- **Government shutdown & default avoided.**
- **S&P downgrades debt**
- **Sensitivity of federal & state tax revenues to economic activity.**
- **Local fiscal picture: RE valuation and revenues**



GA: Nominal versus “Real” Tax Revenues



Election 2012



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