

From Recession to Recovery: Analyzing America's Return to Growth

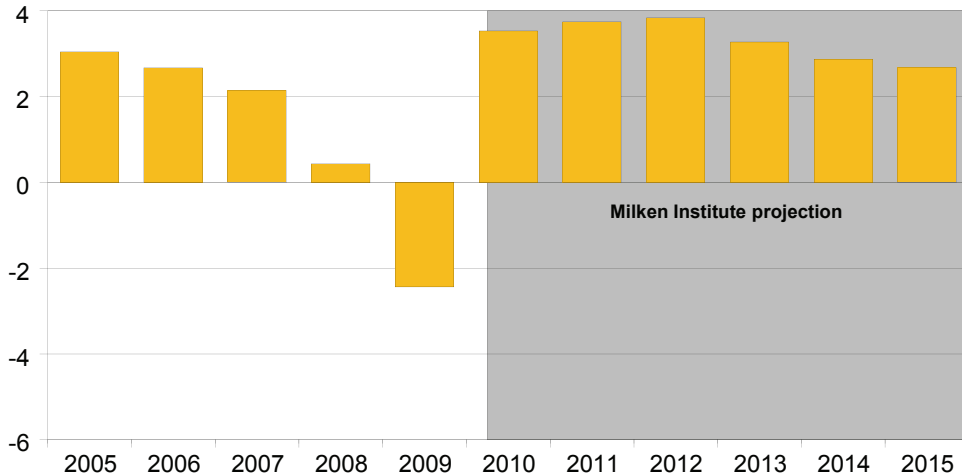
July 2010

U.S. Real GDP Outlook



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Compound annual growth rate



Sources: Bureau of Economic Analysis, IHS Global Insight, Milken Institute.

2010: 3.5%

2011: 3.7%

2012: 3.8%

Growth returns to slightly less than 3% from 2013 to 2015.



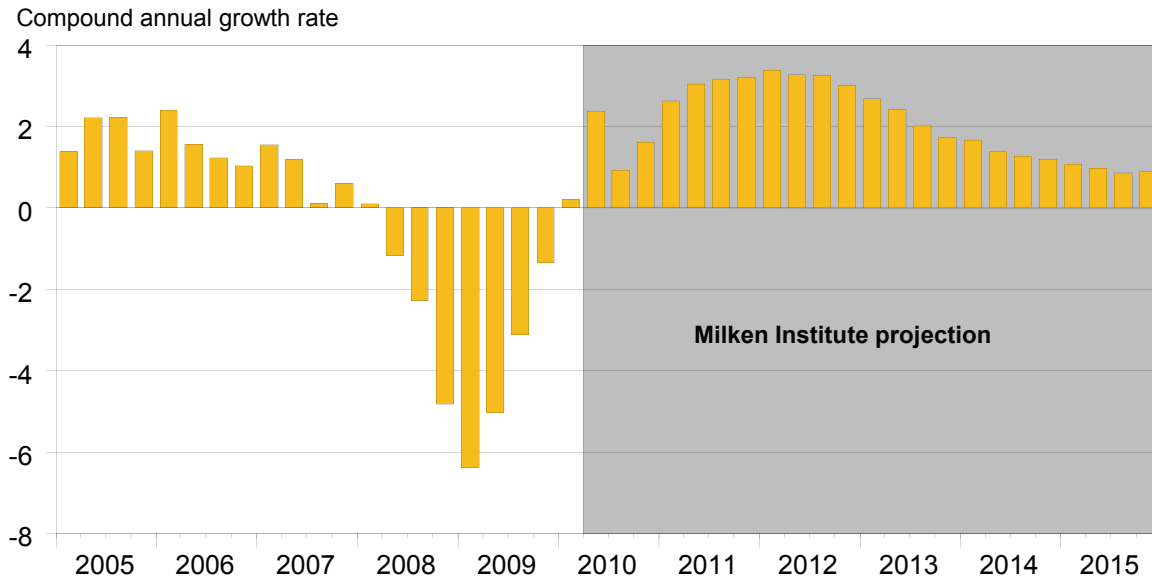
The U.S. will add:

- 1.8 million jobs in 2010
- 3.1 million in 2011
- 2.6 million in 2012

U.S. Employment Outlook



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Sources: Bureau of Labor Statistics, IHS Global Insight, Milken Institute.



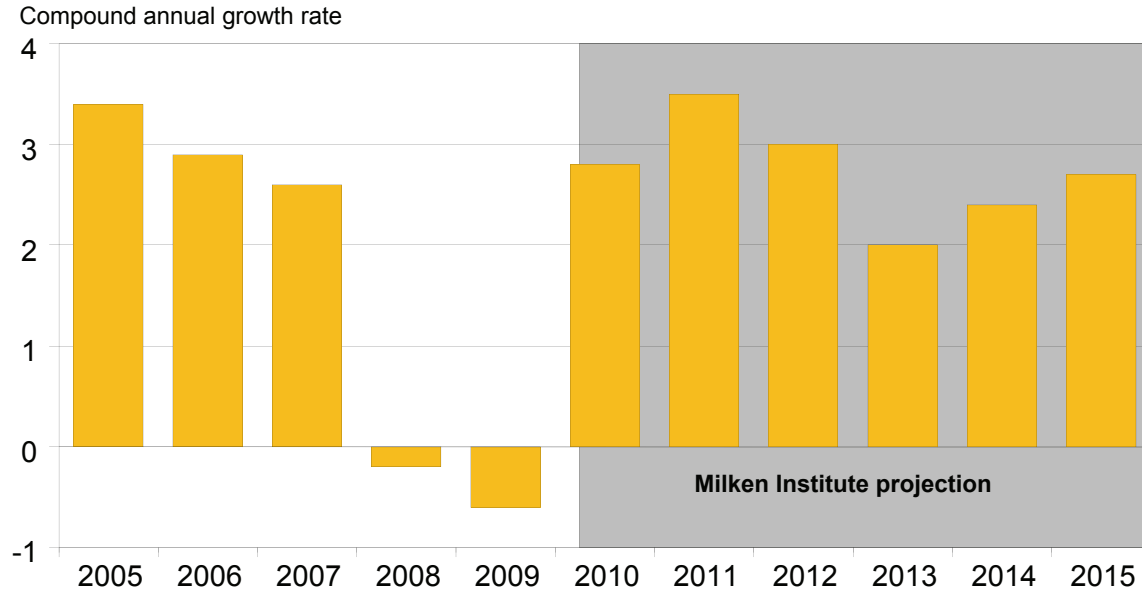
Real consumer spending is projected to increase:

- 2.8% in 2010
- 3.5% in 2011
- 3.0% in 2012

U.S. Real Consumer Spending Outlook



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Sources: Bureau of Economic Analysis, IHS Global Insight, Milken Institute.

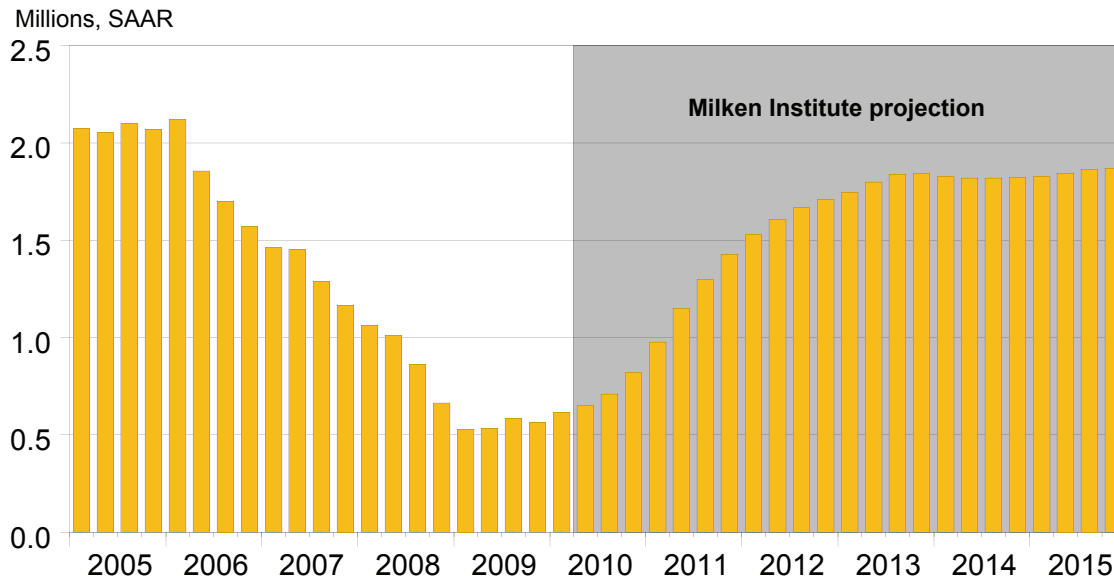


New home construction won't aid economic growth in 2010, but residential fixed investment should jump 26.0% in 2011 and 25.7% in 2012.

U.S. Housing Starts Outlook



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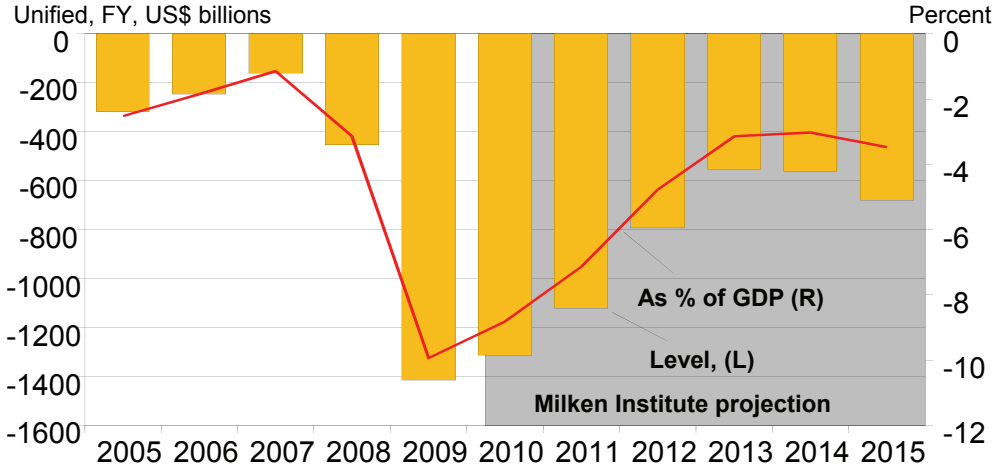


Sources: U.S. Census, IHS Global Insight, Milken Institute.

U.S. Federal Deficit Outlook



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Federal spending cuts, tax increases and a cyclical improvement in tax receipts will bring the deficit down from \$1.3 trillion in 2010 to \$553 billion in 2013.

The deficit begins to grow again in 2014, and by 2015, it's back to \$681 billion.

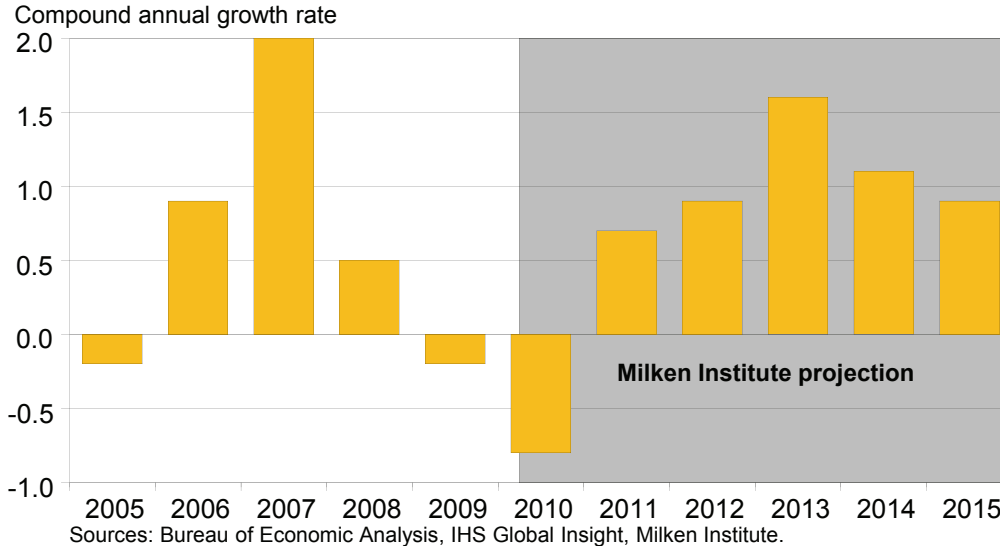
By 2015, the budget deficit represents 3.5% of nominal GDP.

Sources: U.S. Treasury, IHS Global Insight, Milken Institute.

State and Local Gov Purchase Outlook



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Real state and local government purchases are projected to decline 0.8 percent in 2010.

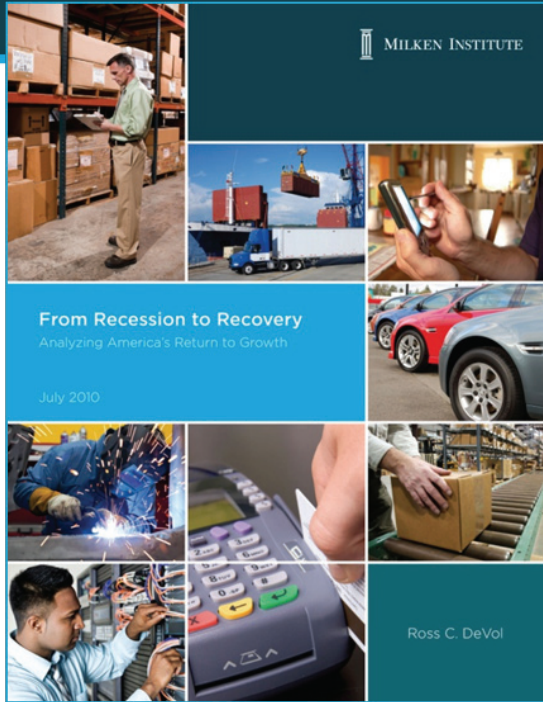
By 2011, a modest gain of just 0.7 percent is expected.

Real state and local government purchases are projected to rise just over 1.0 percent on average from 2012 to 2015.

What's Fueling the Recovery



- Economic growth in developing countries, a trend that supports U.S. exports
- Business investment in equipment and software
- Previously deferred consumer purchases of durable goods
- Record-low long-term interest rates
- A benign inflationary environment that will allow the Fed to keep short-term interest rates at zero until late 2010 or even into 2011



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Available at
www.milkeninstitute.org