

Your 19th Nervous Breakdown

On Behalf of
Howard County Chamber of Commerce

By: Anirban Basu
Sage Policy Group, Inc.

December 16, 2011



Sage Policy
Group, Inc.

Joy to the World

Top 12 Stock Exchanges

2008 Growth

Rank	Exchange	Index	2008 % Change
3	London SE	FTSE 100	-31.3%
1	NYSE Group	DJI A	-33.8%
12	Swiss Exchange	Swiss Market	-34.2%
9	TSX Group	S&P TSX Composite	-35.4%
2	Nasdaq	NASDAQ Composite	-39.6%
8	Bolsa De Madrid	Madrid General	-40.0%
6	Frankfurt SE	DAX	-40.2%
4	Tokyo SE	Nikkei 225	-41.5%
5	Euronext	CAC 40	-42.6%
11	Hong Kong Exchanges	Hang Seng Index	-47.9%
10	Borsa Italiana	MIBTel	-48.5%
7	Shanghai SE	Shanghai Composite	-65.4%

Source: Yahoo! Finance

Top 12 Stock Exchanges

2009 Growth

Rank	Exchange	Index	2009 % Change
7	Shanghai SE	Shanghai Composite	77.2%
11	Hong Kong Exchanges	Hang Seng Index	51.4%
2	Nasdaq	NASDAQ Composite	43.7%
9	TSX Group	S&P TSX Composite	31.2%
6	Frankfurt SE	DAX	29.9%
1	NYSE Group	DJI A	26.8%
8	Bolsa De Madrid	Madrid General	26.7%
3	London SE	FTSE 100	22.1%
5	Euronext	CAC 40	21.5%
10	Borsa Italiana	FTSE MIB	19.5%
12	Swiss Exchange	Swiss Market	18.4%
4	Tokyo SE	Nikkei 225	16.6%

Source: Yahoo! Finance

Top 12 Stock Exchanges

2010 Growth

Rank	Exchange	Index	2010 % Change
2	Nasdaq	NASDAQ Composite	16.9%
6	Frankfurt SE	DAX	16.1%
9	TSX Group	S&P TSX Composite	14.4%
1	NYSE Group	DJI A	11.0%
3	London SE	FTSE 100	9.0%
11	Hong Kong Exchanges	Hang Seng Index	5.3%
12	Swiss Exchange	Swiss Market	-1.7%
4	Tokyo SE	Nikkei 225	-3.0%
5	Euronext	CAC 40	-3.3%
10	Borsa Italiana	FTSE MIB	-13.2%
7	Shanghai SE	Shanghai Composite	-14.3%
8	Bolsa De Madrid	Madrid General	-19.2%

Source: Yahoo! Finance

Top 12 Stock Exchanges

2011 YTD Growth through Third Quarter

Rank	Exchange	Index	% Change
1	NYSE Group	DJI A	-5.7%
2	Nasdaq	NASDAQ Composite	-9.0%
3	London SE	FTSE 100	-13.1%
9	TSX Group	S&P TSX Composite	-13.5%
8	Bolsa De Madrid	Madrid General	-14.0%
12	Swiss Exchange	Swiss Market	-14.1%
4	Tokyo SE	Nikkei 225	-14.9%
7	Shanghai SE	Shanghai Composite	-16.0%
6	Frankfurt SE	DAX	-20.4%
5	Euronext	CAC 40	-21.6%
11	Hong Kong Exchanges	Hang Seng Index	-23.6%
10	Borsa Italiana	FTSE MIB	-26.5%

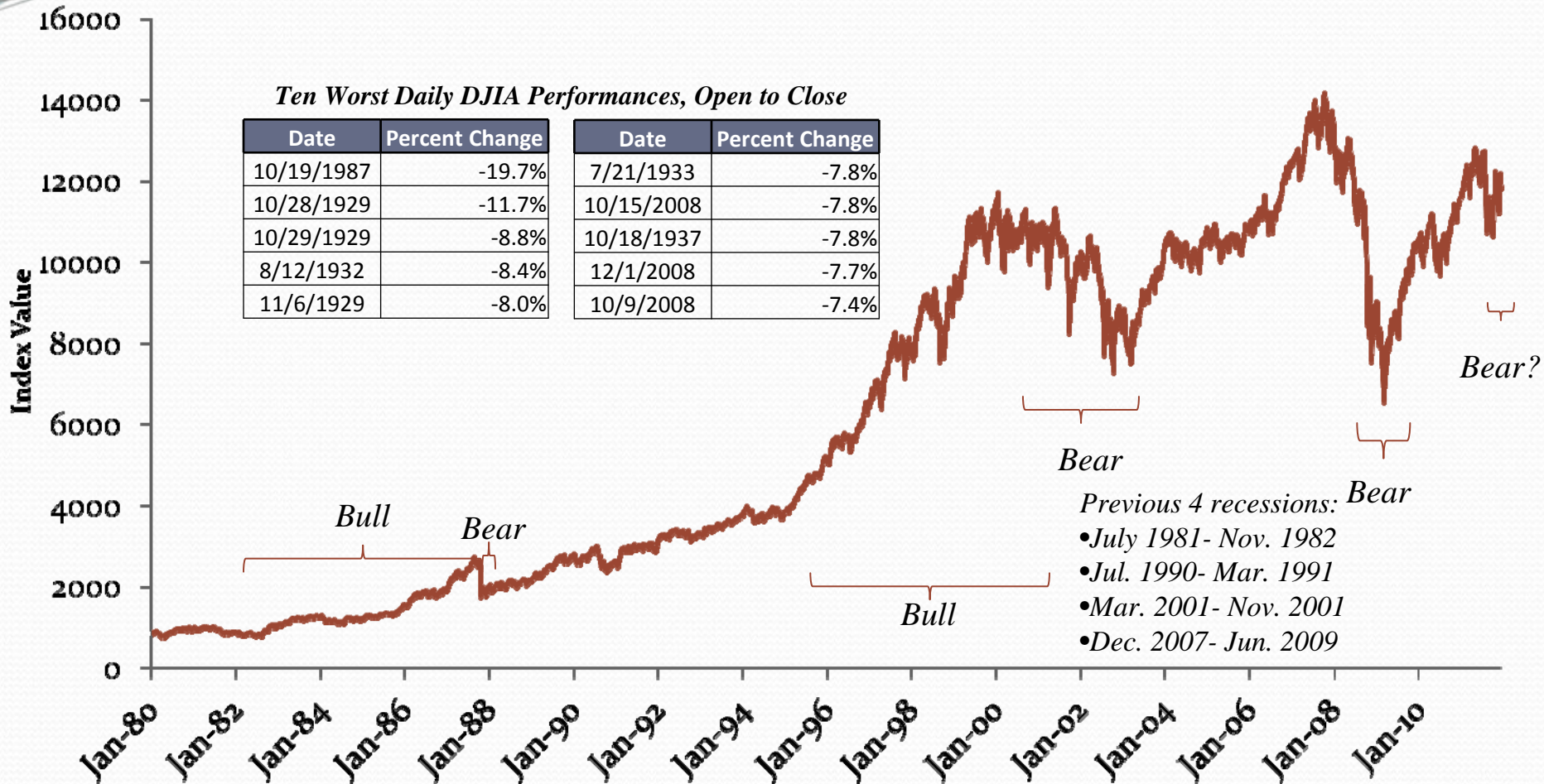
Source: Yahoo! Finance

Dow Jones Industrial Average

January 1980 through December 14, 2011

Ten Worst Daily DJIA Performances, Open to Close

Date	Percent Change	Date	Percent Change
10/19/1987	-19.7%	7/21/1933	-7.8%
10/28/1929	-11.7%	10/15/2008	-7.8%
10/29/1929	-8.8%	10/18/1937	-7.8%
8/12/1932	-8.4%	12/1/2008	-7.7%
11/6/1929	-8.0%	10/9/2008	-7.4%



Source: Yahoo! Finance

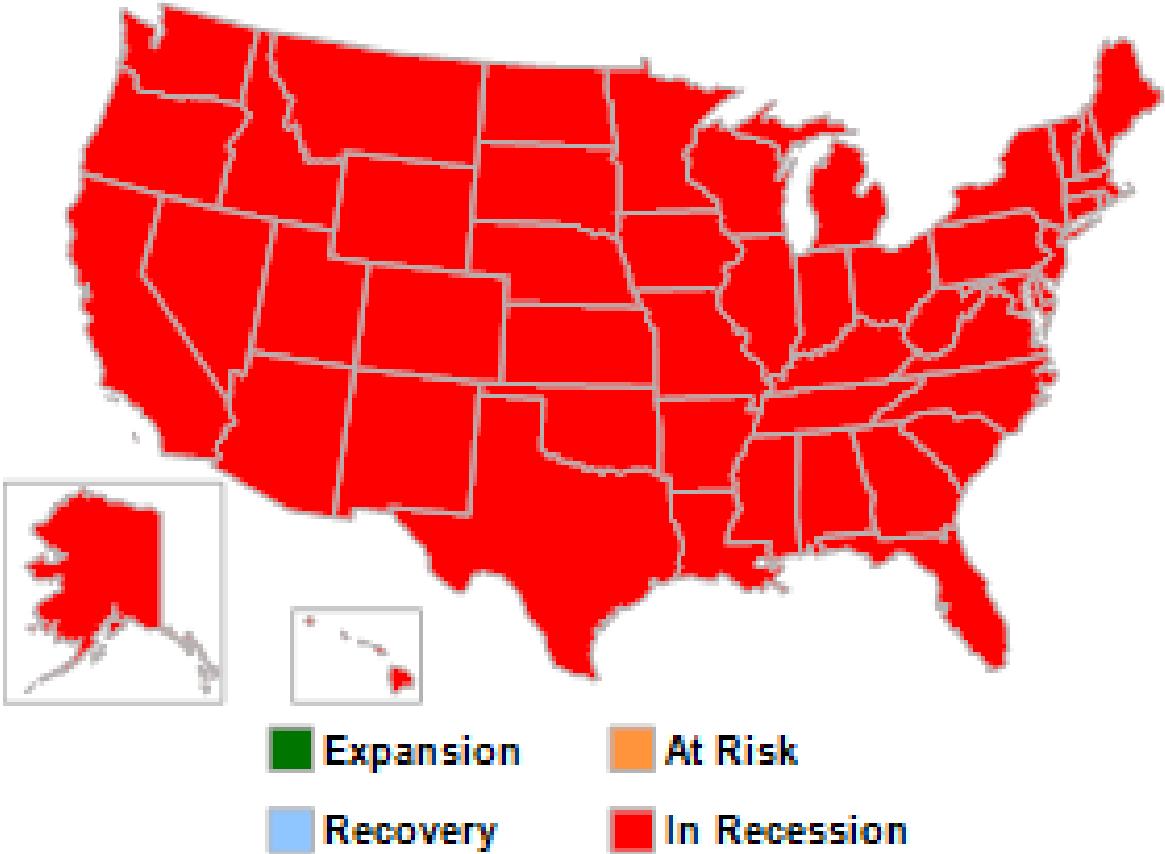
Bull market: Increasing investor confidence, and increased investing in anticipation of future price increases. Generally begins before the general economy shows clear signs of recovery.

Bear market: A general decline in the stock market over a period of time. A transition from high investor optimism to widespread investor fear and pessimism.

9 to 5

Recession Watch

as of May 2009



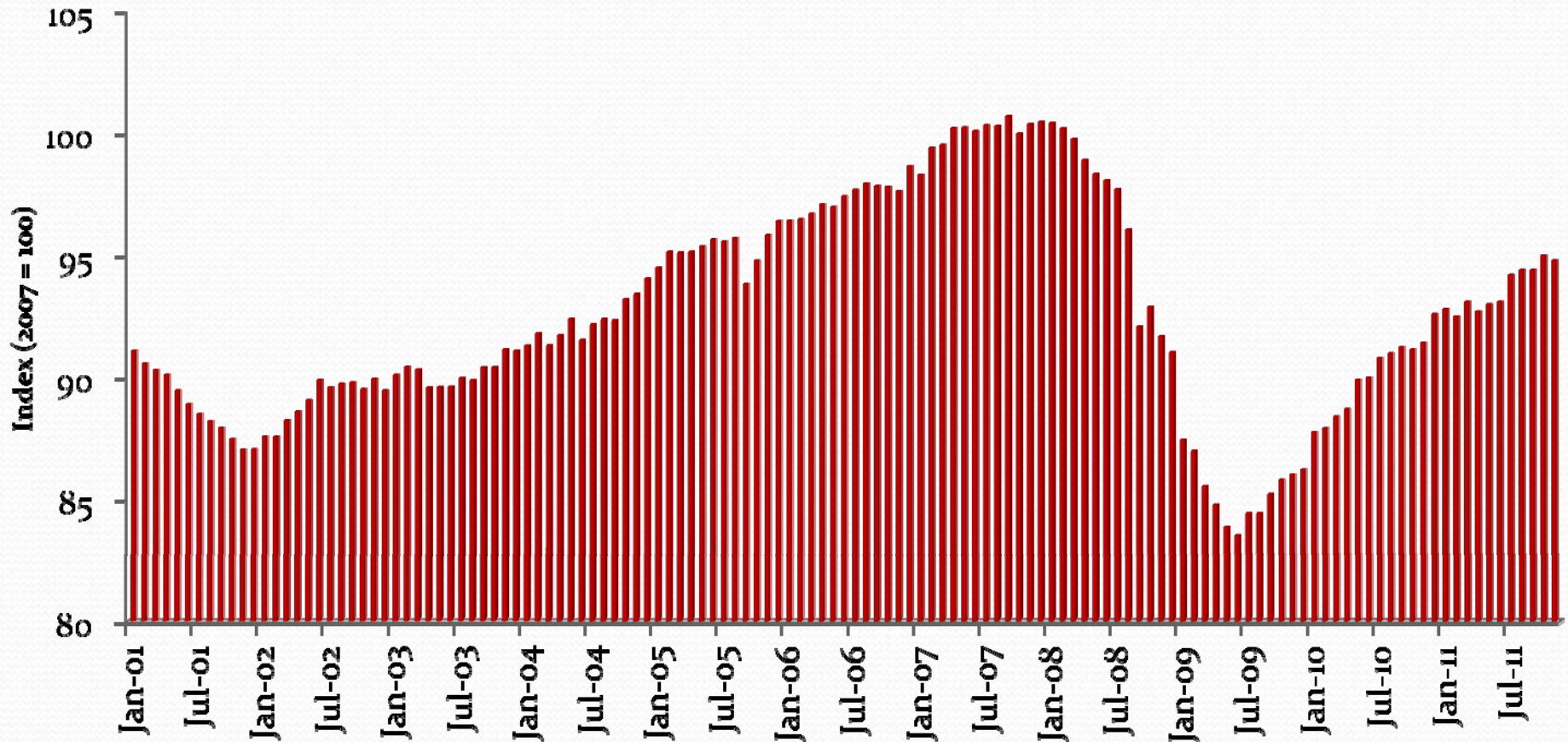
Source: Moody's Economy



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Industrial Production

January 2001 through November 2011

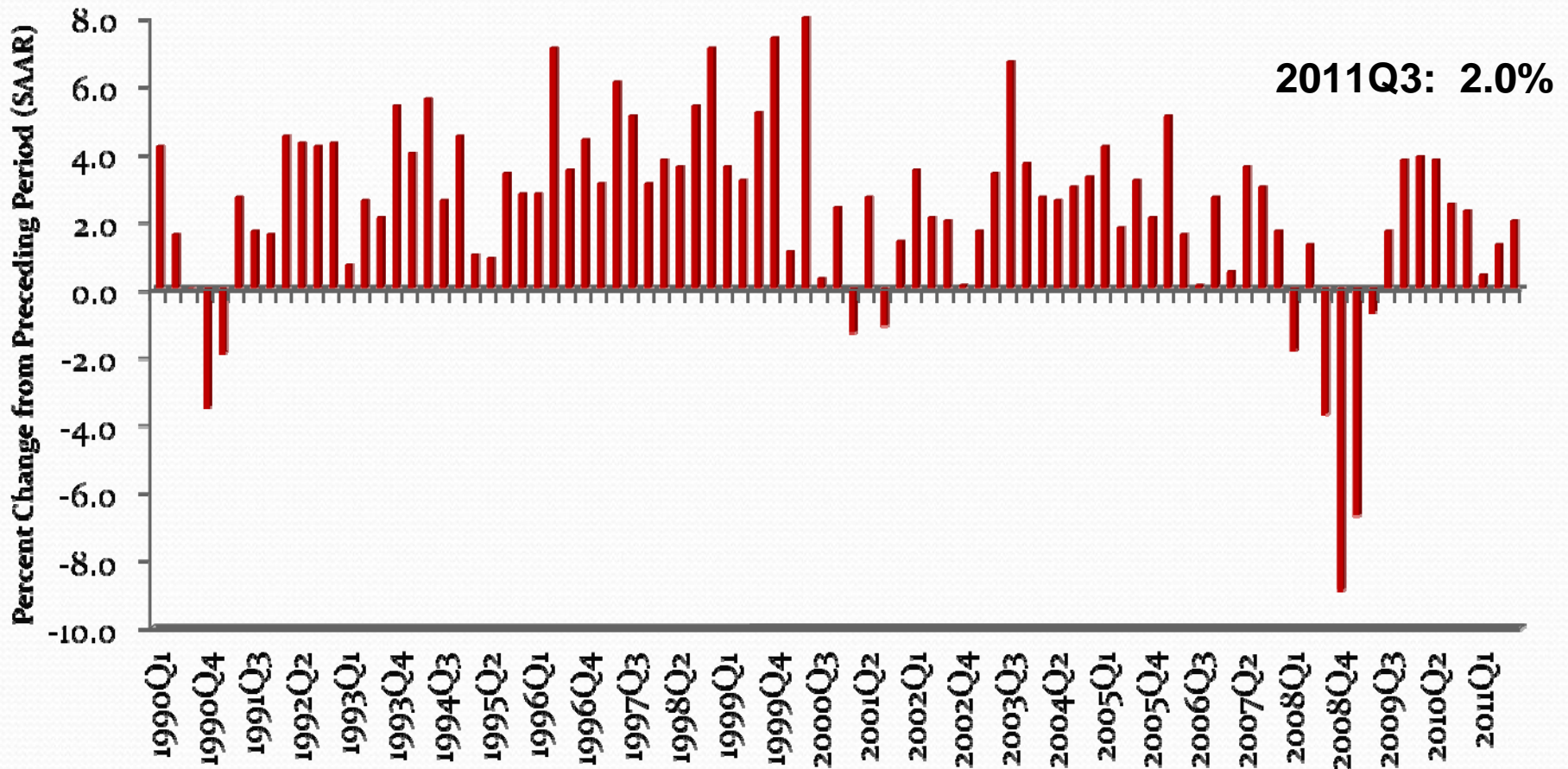


Source: Federal Reserve

The industrial production index measures the real output of the manufacturing, mining, and electric and gas utilities industries.

Gross Domestic Product

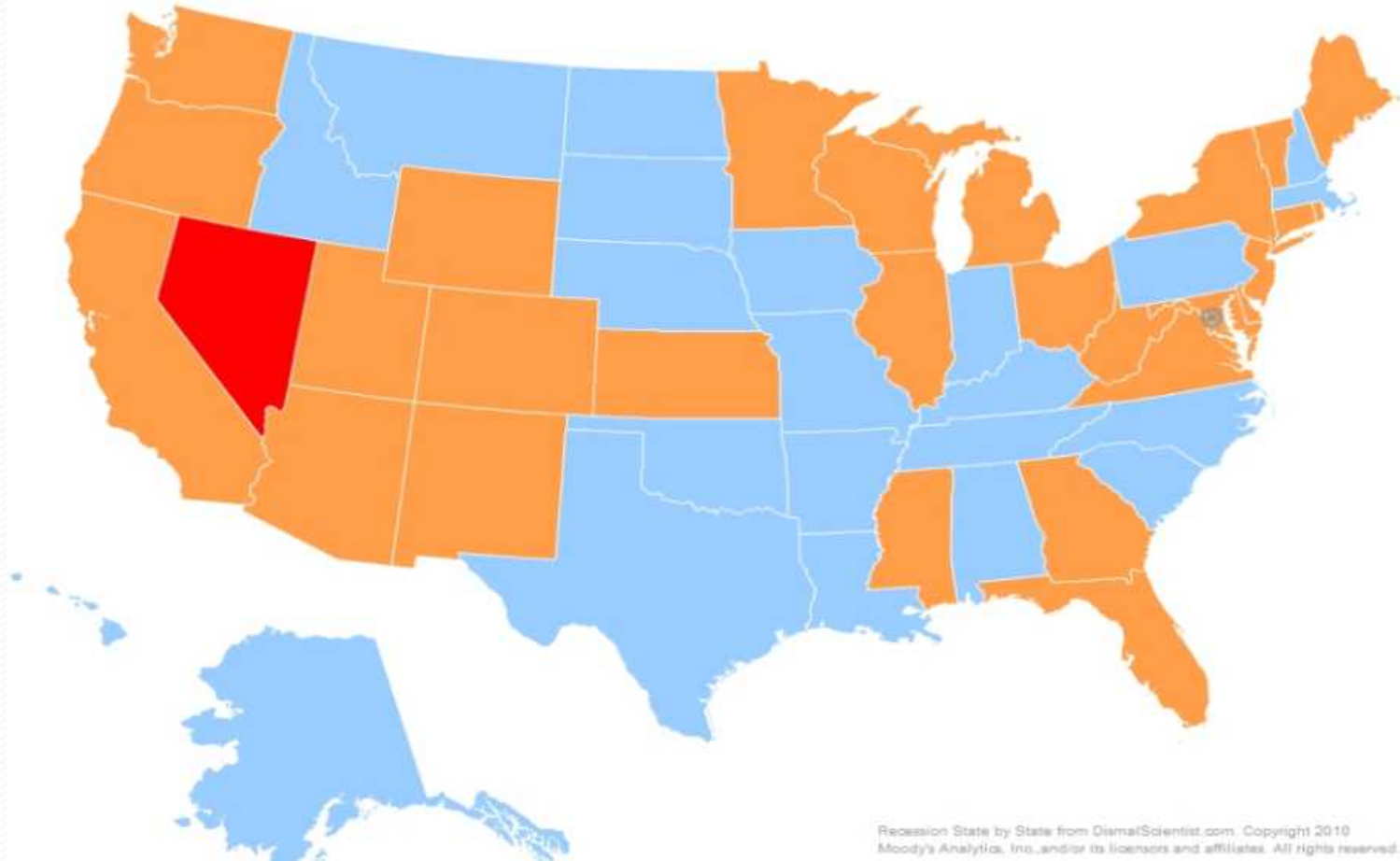
1990Q1 through 2011Q3



Source: Bureau of Economic Analysis

Recession Watch

as of April 2010

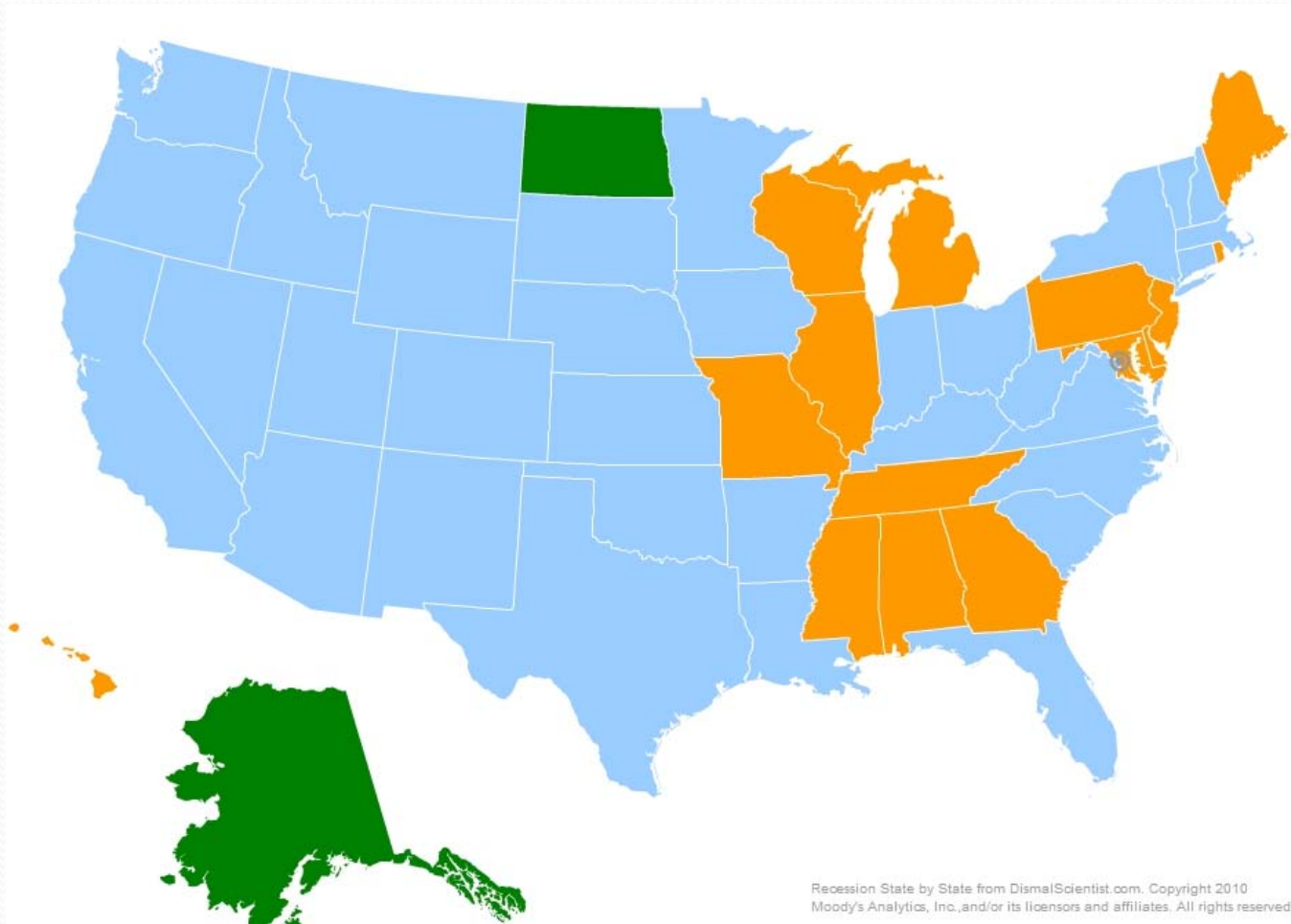


Source: Moody's Economy

■ In Recession ■ Moderating ■ Recovering ■ Expanding

Recession Watch

as of September 2011



Source: Moody's Economy



U.S. Economy Hits Soft Patch

- The Institute for Supply Management-Chicago business barometer **rebounded in September to 60.4** from August's reading of 56.5. Employment expanded to its highest level in four months and new orders erased net declines accumulated since April. Order backlogs remained in contraction at a 23-month low.
- The Empire State Manufacturing Survey's general business conditions index **remained negative in October at -8.5**. The new orders index hovered around zero while the shipments index rose above zero to 5.3.
- The Pennsylvania Federal Reserve District's (PA, NJ, DE) Business Outlook Survey suggests that regional manufacturing is showing signs of recovery after several months of decline. The diffusion index of current activity **increased from -17.5 in September to 8.7**, the first positive reading in three months.
- Retail sales fell again in August in the Richmond Federal Reserve District (VA, MD, NC, SC, WV), **pulling the revenues index to -32** following July's reading of 11.

Temporary Causal Factors

- **High Gas Prices**

- The average price for regular gasoline across the country was \$3.46 a gallon as of October 24th, an increase of 23 percent since last year.
- Crude oil prices were \$93.17 as of October 25th, up 12.9 percent from prices the same time last year.

- **Weak Housing Market**

- Indicators for the second quarter of 2011 show fragile recovery. While the national house price index rose 1.2 percent in the second quarter, the index is down 6 percent on a year-over-year basis.

- **High Staple Prices**

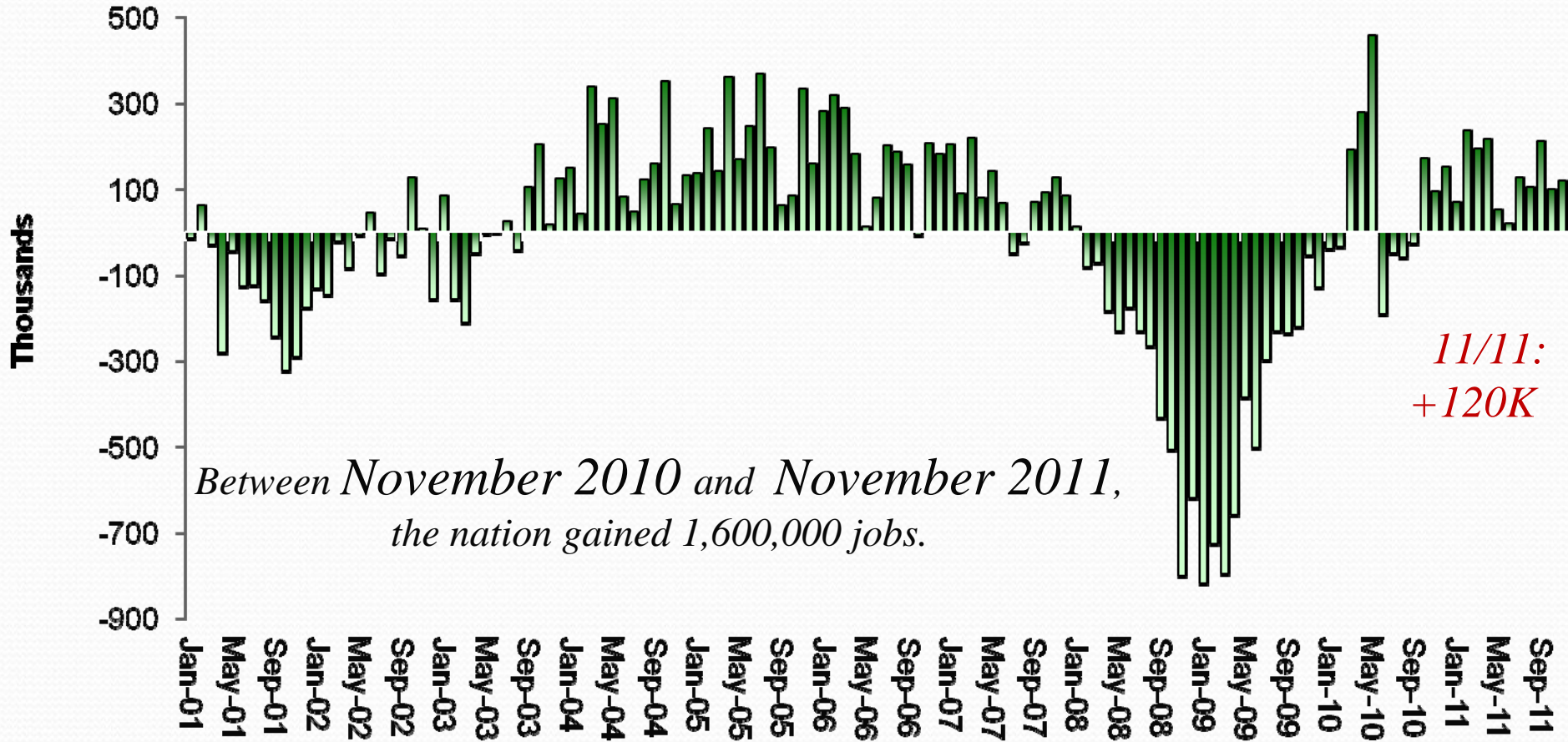
- According to the IMF, year-over-year, wheat prices have surged 16.3 percent while cotton prices are 11.4 percent higher, through October 2011.
- According to the Bureau of Labor Statistics, fresh fruit and vegetable prices were up 7.6 percent year-over-year as of September 2011.

- **Failing Consumer Confidence**

- The Conference Board's index of consumer confidence fell sharply to 39.8 in October from 46.4 in September – a level last seen during the 2008-2009 recession.

Net Change in U.S. Jobs, BLS

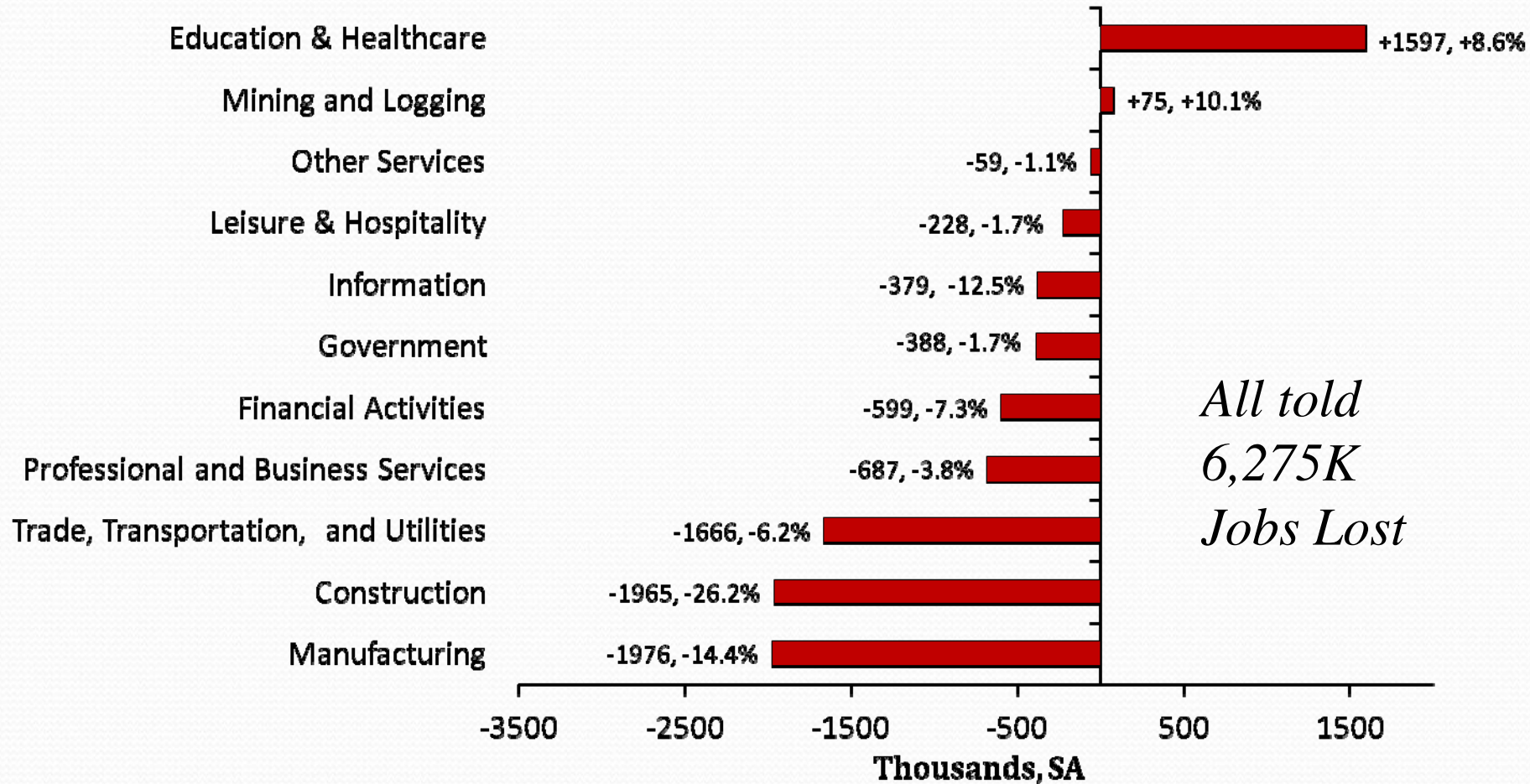
January 2001 through November 2011



Source: Bureau of Labor Statistics

National Nonfarm Employment by Industry Sector Groups

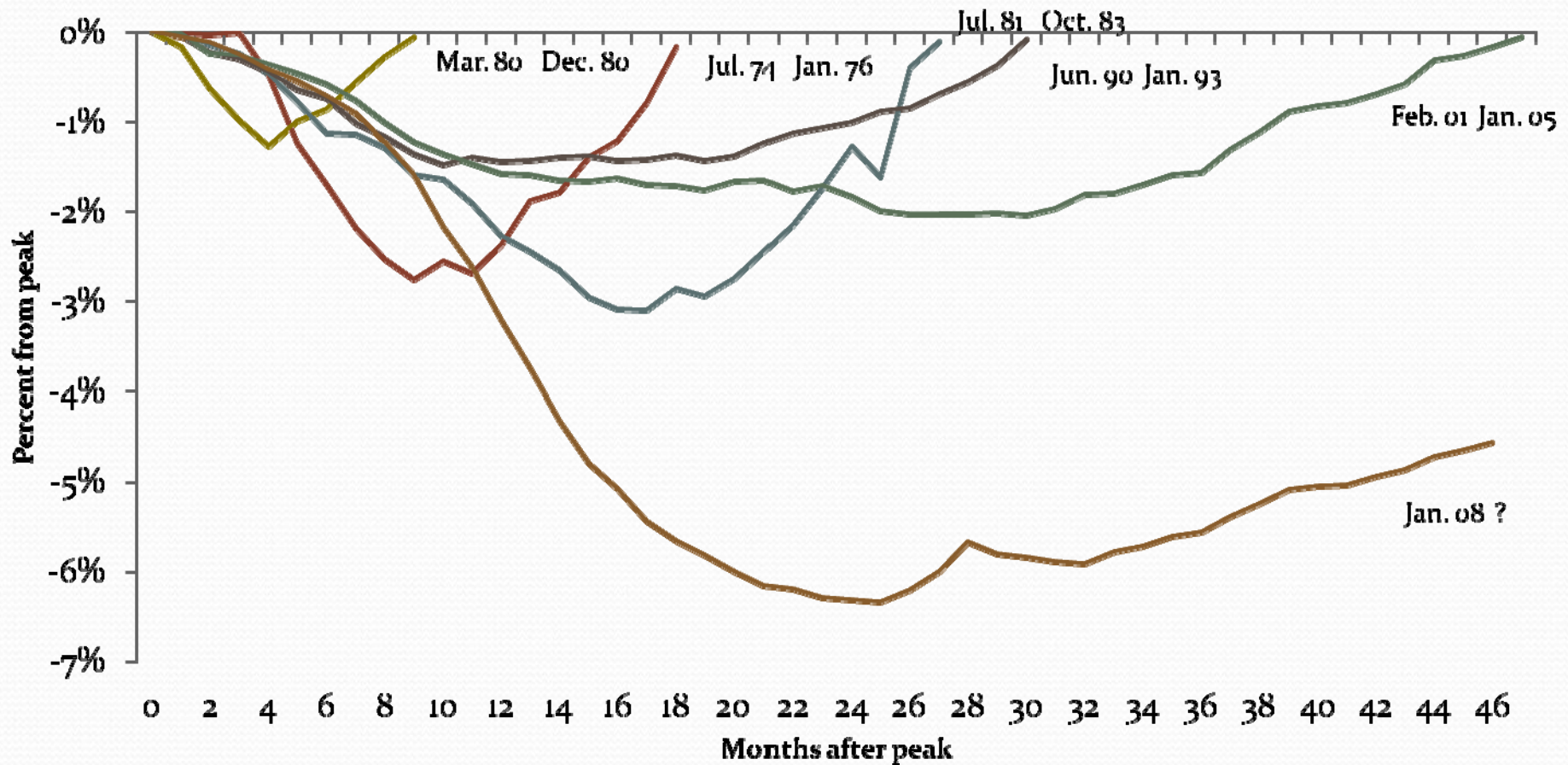
December 2007 v. November 2011



Source: Bureau of Labor Statistics

Job Losses in Last Six Recessions

Length of Recovery to Return to Cyclical Peak

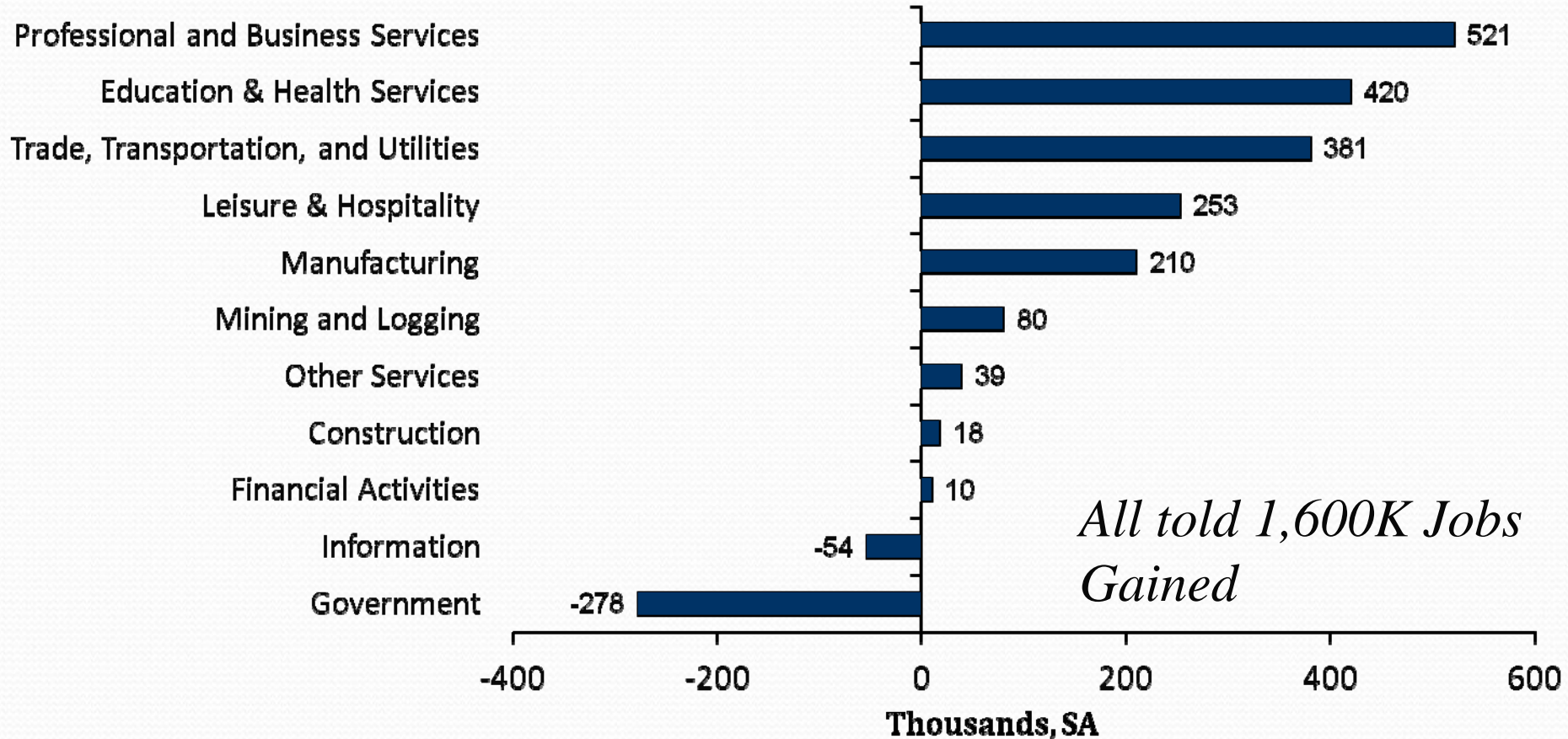


Source: Bureau of Labor Statistics

National Nonfarm Employment

by Industry Sector Groups

November 2010 v. November 2011



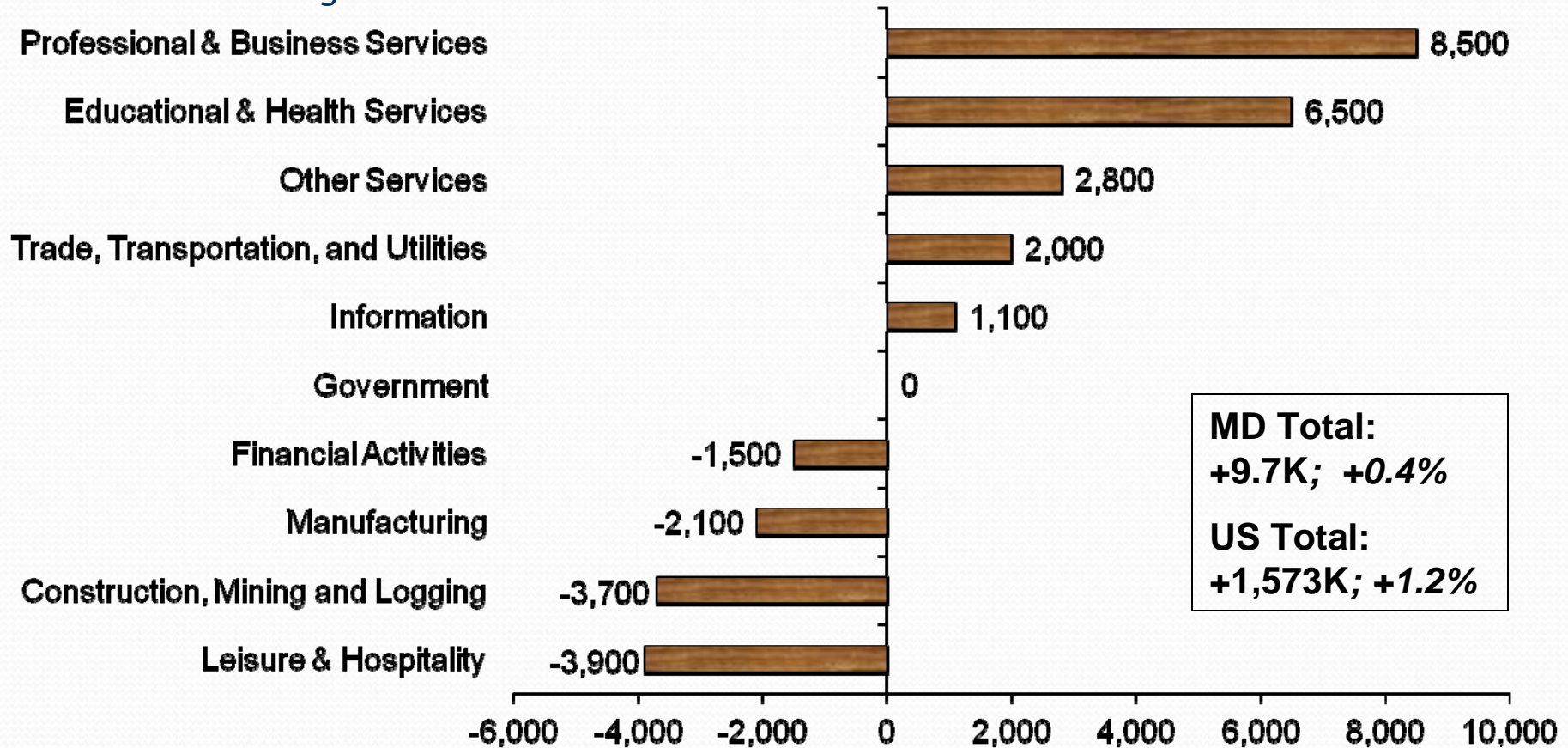
Source: Bureau of Labor Statistics

Maryland Nonfarm Employment

by Industry Sector Groups (SA)

October 2010 v. October 2011

Absolute Change



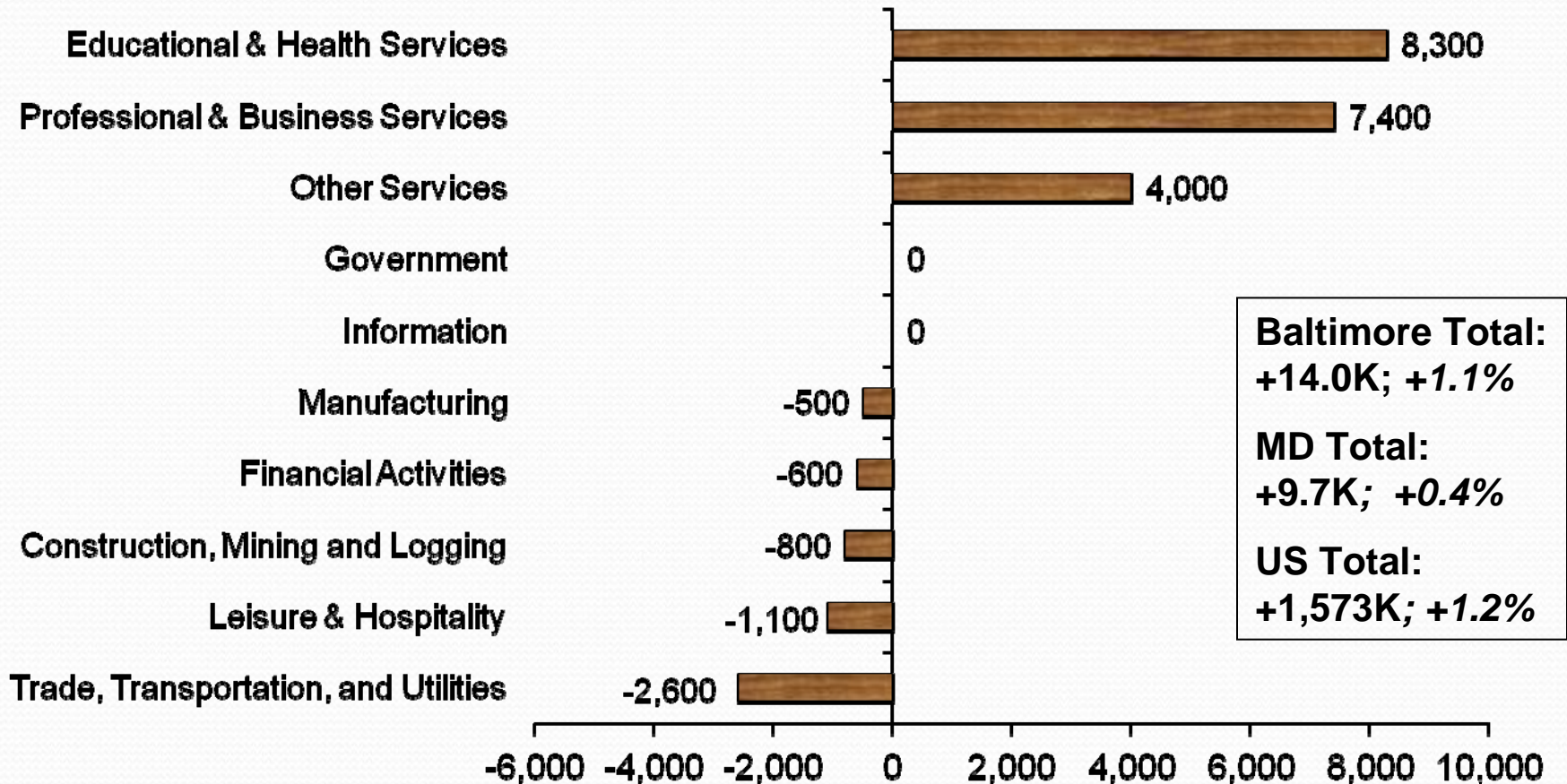
Source: Bureau of Labor Statistics

Baltimore-Towson MSA Nonfarm Employment

by Industry Sector Groups (NSA)

October 2010 v. October 2011

Absolute Change



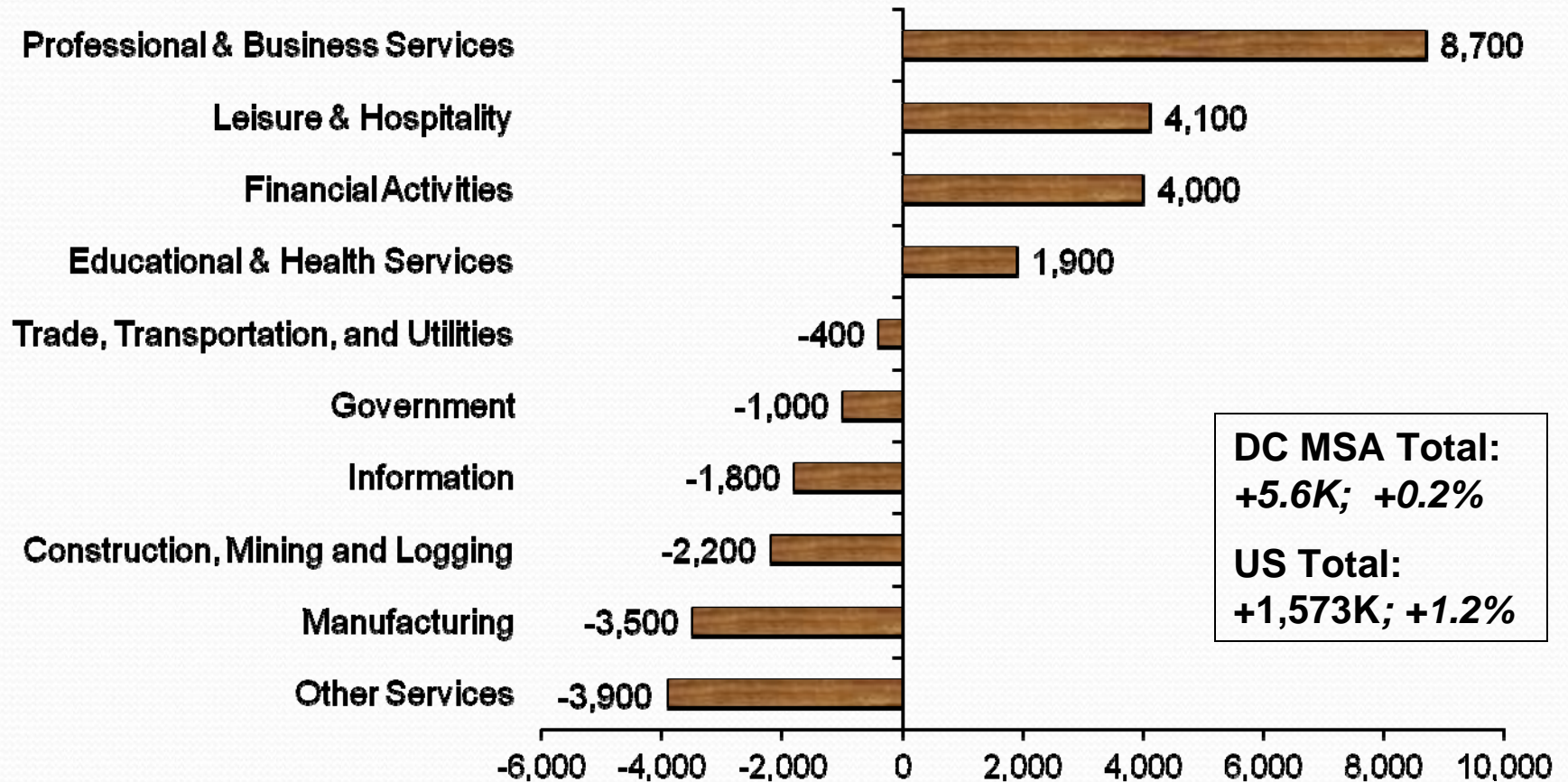
Source: Bureau of Labor Statistics

Washington, DC-Arlington-Alexandria MSA Nonfarm Employment

by Industry Sector Groups (NSA)

October 2010 v. October 2011

Absolute Change



Source: Bureau of Labor Statistics

Unemployment Rates, Largest 20 Metros (NSA)

October 2011

Rank	MSA	UR
1	Minneapolis-St. Paul-Bloomington, MN-WI	5.4
2	Washington-Arlington-Alexandria, DC-VA-MD-WV	5.7
3	Boston-Cambridge-Quincy, MA-NH	6.2
4	Baltimore-Towson, MD	7.2
5	San Antonio-New Braunfels, TX	7.5
6	Dallas-Fort Worth-Arlington, TX	8.0
7	Houston-Sugar Land-Baytown, TX	8.1
7	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	8.1
7	Phoenix-Mesa-Glendale, AZ	8.1
10	New York-Northern New Jersey-Long Island, NY-NJ-PA	8.3

Rank	MSA	UR
10	Seattle-Tacoma-Bellevue, WA	8.3
12	San Francisco-Oakland-Fremont, CA	9.1
13	Chicago-Joliet-Naperville, IL-IN-WI	9.6
14	San Diego-Carlsbad-San Marcos, CA	9.7
15	Atlanta-Sandy Springs-Marietta, GA	9.9
16	Miami-Fort Lauderdale-Pompano Beach, FL	10.0
17	Tampa-St. Petersburg-Clearwater, FL	10.3
18	Detroit-Warren-Livonia, MI	10.8
19	Los Angeles-Long Beach-Santa Ana, CA	11.1
20	Riverside-San Bernardino-Ontario, CA	13.3

Source: Bureau of Labor Statistics

Unemployment Rates, U.S. States (SA)

October 2011

Rank	State	Rate	Rank	State	Rate	Rank	State	Rate
1	NORTH DAKOTA	3.5	17	MASSACHUSETTS	7.3	32	WASHINGTON	9.0
2	NEBRASKA	4.2	19	ALASKA	7.4	36	NEW JERSEY	9.1
3	SOUTH DAKOTA	4.5	20	MONTANA	7.6	37	ALABAMA	9.3
4	NEW HAMPSHIRE	5.3	21	WISCONSIN	7.7	38	OREGON	9.5
5	VERMONT	5.6	22	DELAWARE	7.9	39	KENTUCKY	9.6
6	WYOMING	5.7	22	NEW YORK	7.9	39	TENNESSEE	9.6
7	IOWA	6.0	24	COLORADO	8.1	41	ILLINOIS	10.1
8	OKLAHOMA	6.1	24	PENNSYLVANIA	8.1	42	GEORGIA	10.2
9	MINNESOTA	6.4	26	ARKANSAS	8.2	43	FLORIDA	10.3
9	VIRGINIA	6.4	26	WEST VIRGINIA	8.2	44	NORTH CAROLINA	10.4
11	HAWAII	6.5	28	TEXAS	8.4	44	RHODE ISLAND	10.4
12	NEW MEXICO	6.6	29	MISSOURI	8.5	46	SOUTH CAROLINA	10.5
13	KANSAS	6.7	30	CONNECTICUT	8.7	47	MICHIGAN	10.6
14	LOUISIANA	7.0	31	IDAHO	8.8	47	MISSISSIPPI	10.6
14	UTAH	7.0	32	ARIZONA	9.0	49	DISTRICT OF COLUMBIA	11.0
16	MARYLAND	7.2	32	INDIANA	9.0	50	CALIFORNIA	11.7
17	MAINE	7.3	32	OHIO	9.0	51	NEVADA	13.4

Source: Bureau of Labor Statistics

• U.S. Unemployment Rate: October 11' = 9.0%



Maryland DLLR Official's Perspective on the Latest Unemployment Figures

November 22, 2011

"Maryland continues to make progress toward recovery. During October, 13,000 additional Marylanders started working, our unemployment rate improved 0.2 percentage points and our employers added 3,100 jobs," said Maryland Labor Secretary Alexander M. Sanchez. "This month's report supports the evidence that Maryland is an economic leader and among the best states to do business."—DLLR News Release

"Chatter that Maryland is really at the other end of the spectrum poses as much a threat to our recovery as anything else, and we have to push back," Sanchez declared.—Baltimore Sun

Source: DLLR News; Baltimore Sun

MD County Unemployment Rates

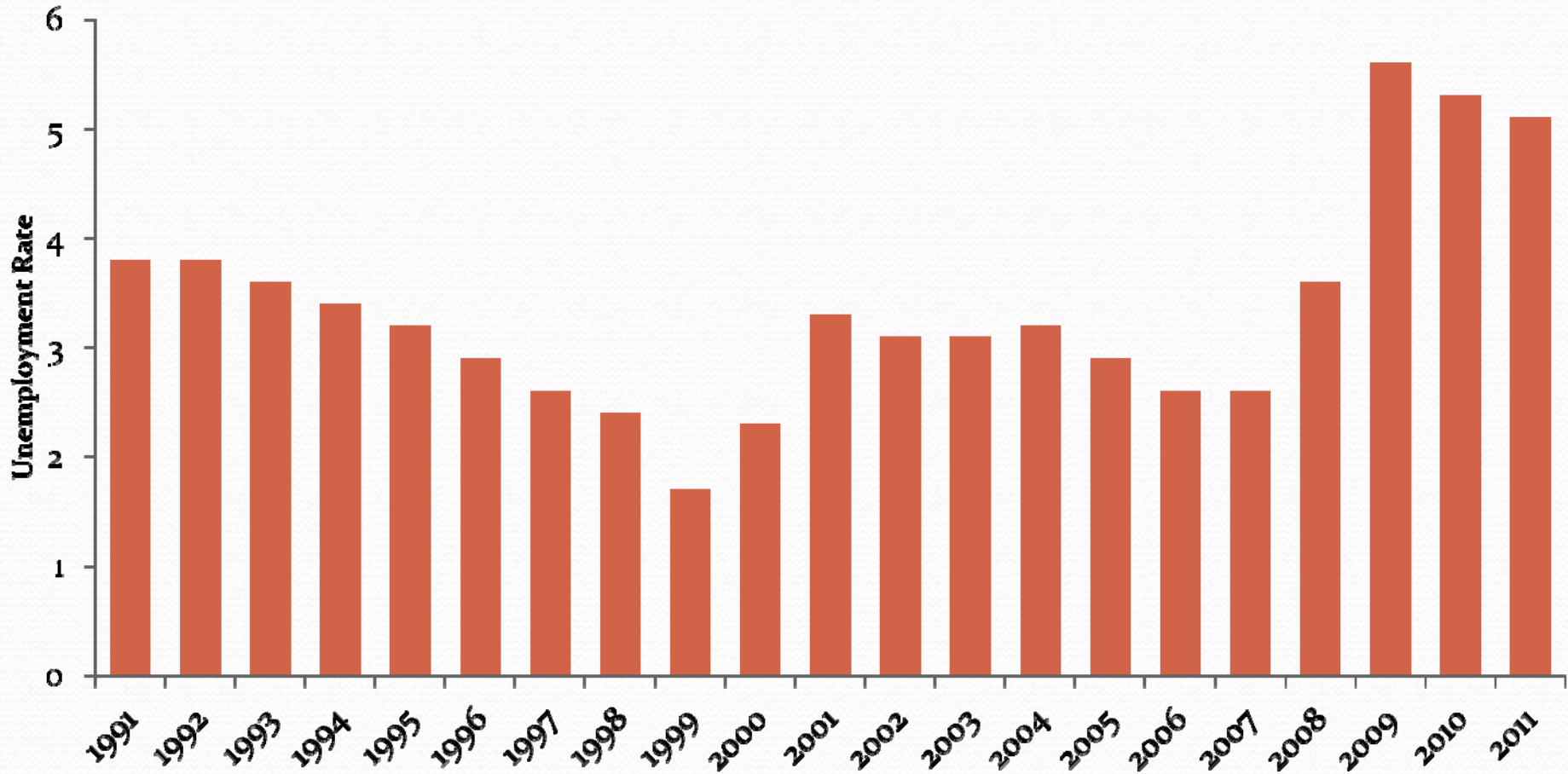
October 2011

Rank	Jurisdiction	UR	Rank	Jurisdiction	UR
1	Howard County	5.1	12	Talbot County	7.0
2	Montgomery County	5.2	14	Baltimore County	7.3
3	Calvert County	5.5	14	Kent County	7.3
4	Frederick County	5.7	16	Allegany County	7.9
4	Saint Mary's County	5.7	17	Cecil County	8.2
6	Carroll County	5.8	17	Wicomico County	8.2
6	Charles County	5.8	19	Caroline County	8.5
8	Anne Arundel County	6.2	20	Somerset County	8.7
9	Queen Anne's County	6.3	21	Washington County	8.8
10	Garrett County	6.4	22	Dorchester County	9.7
11	Harford County	6.7	23	Baltimore City	10.0
12	Prince George's County	7.0	24	Worcester County	10.6

Source: Bureau of Labor Statistics

Howard County Unemployment Rates

October 1991 - October 2011

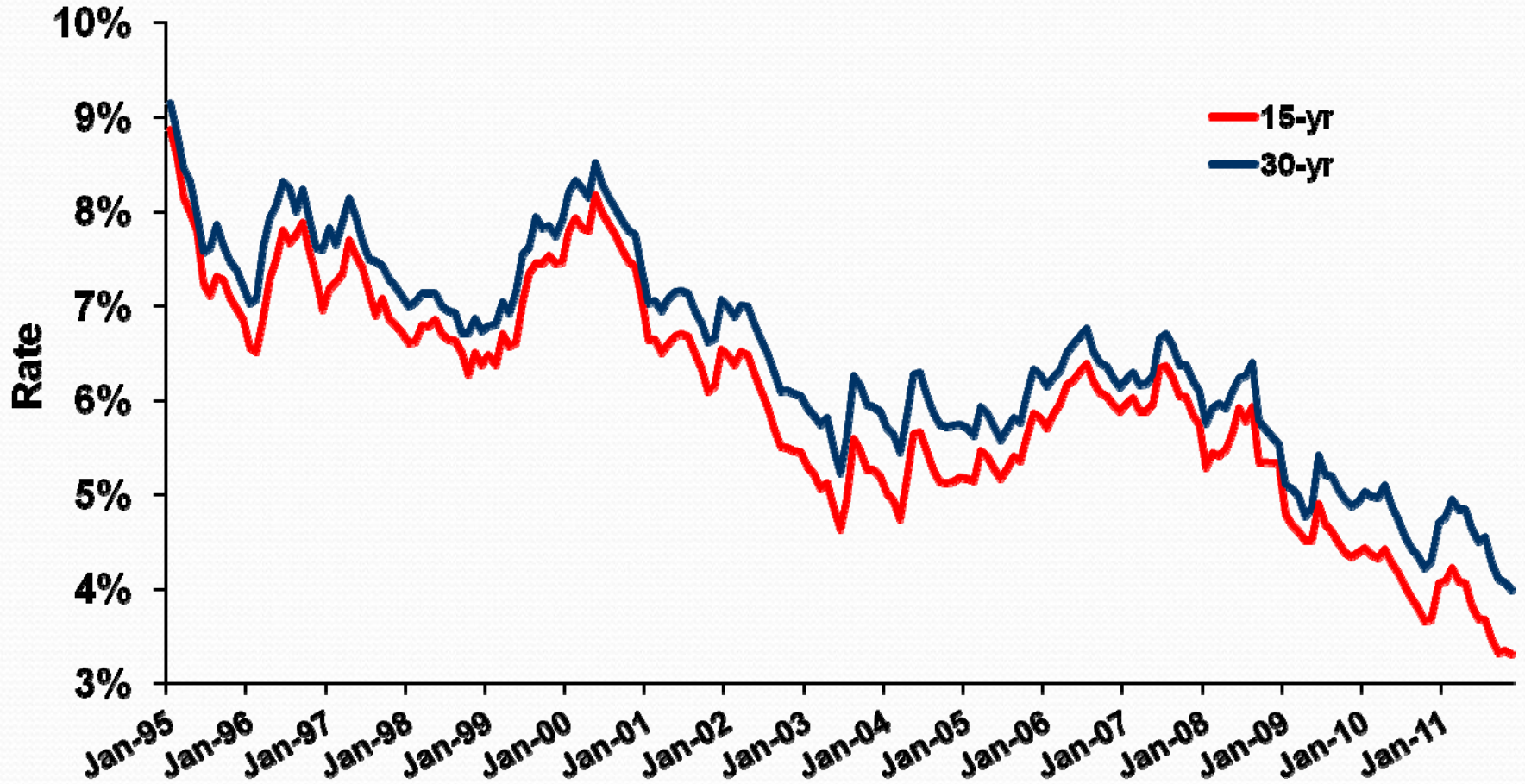


Source: Bureau of Labor Statistics

Baby Come Back

15-Year & 30-Year Fixed Mortgage Rates

January 1995 through November 2011



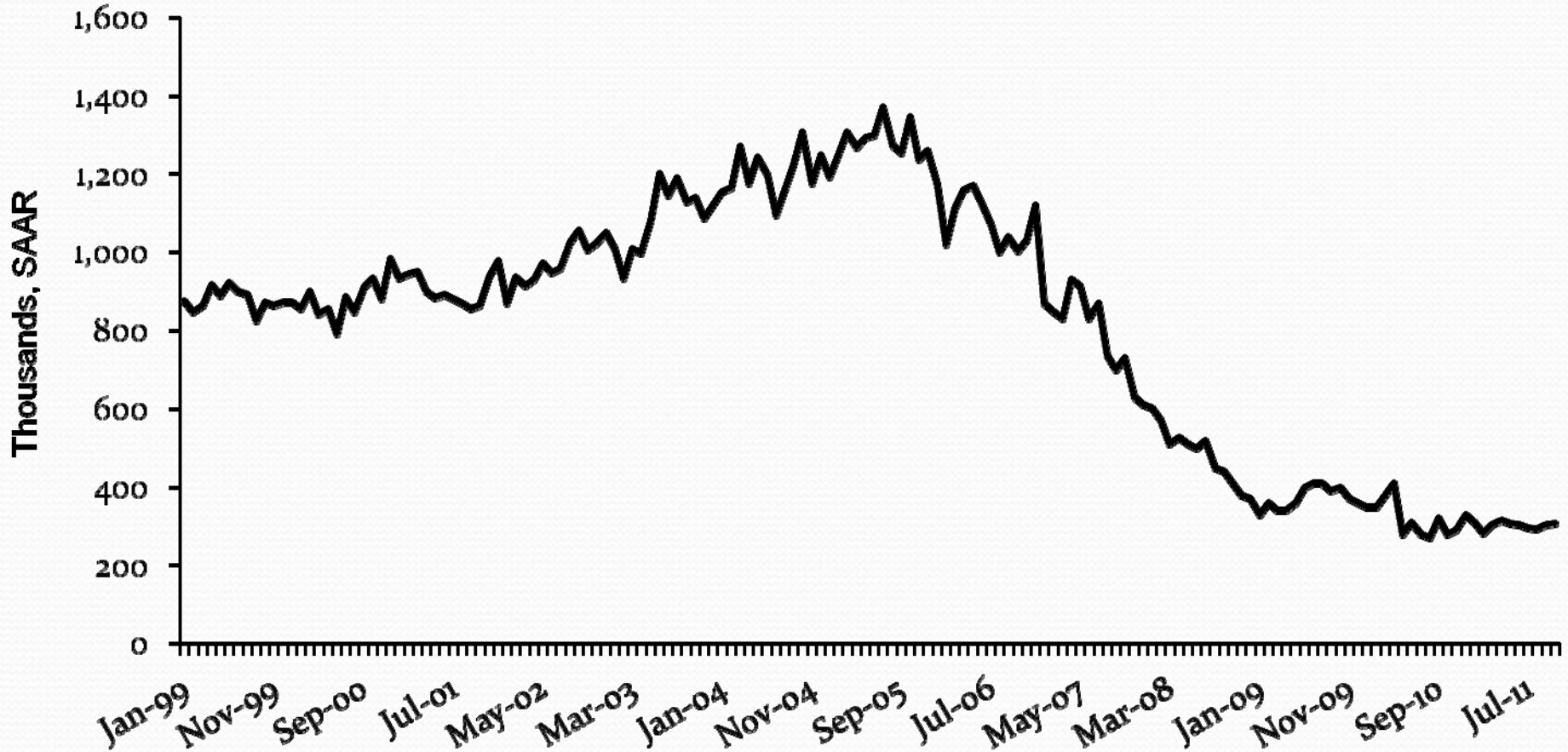
Source: Freddie Mac



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U.S. New Home Sales

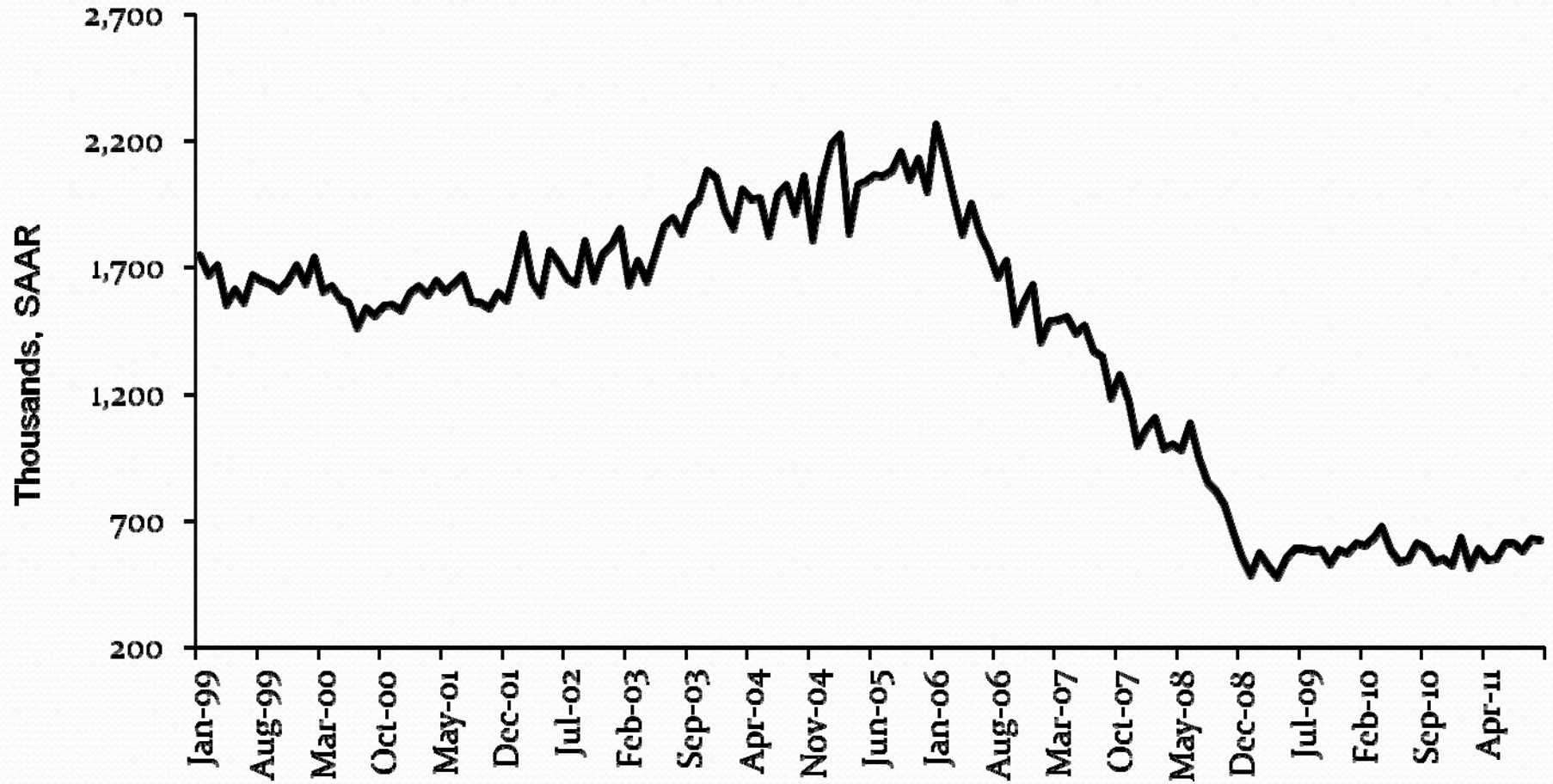
January 1999 through October 2011



Source: Economy.com, Census Bureau

U.S. Housing Starts

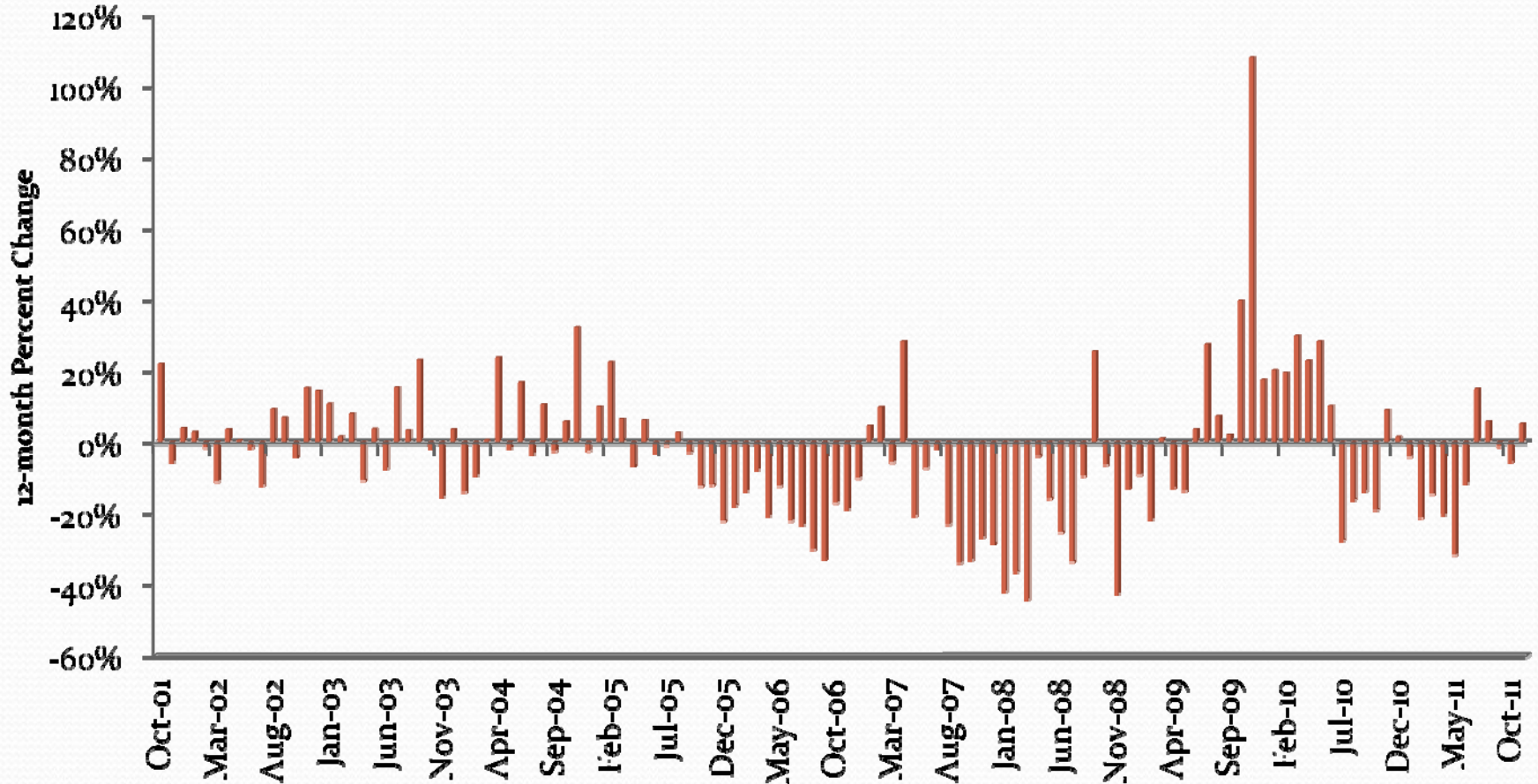
January 1999 through October 2011



Source: Economy.com

Howard County Housing Unit Sales

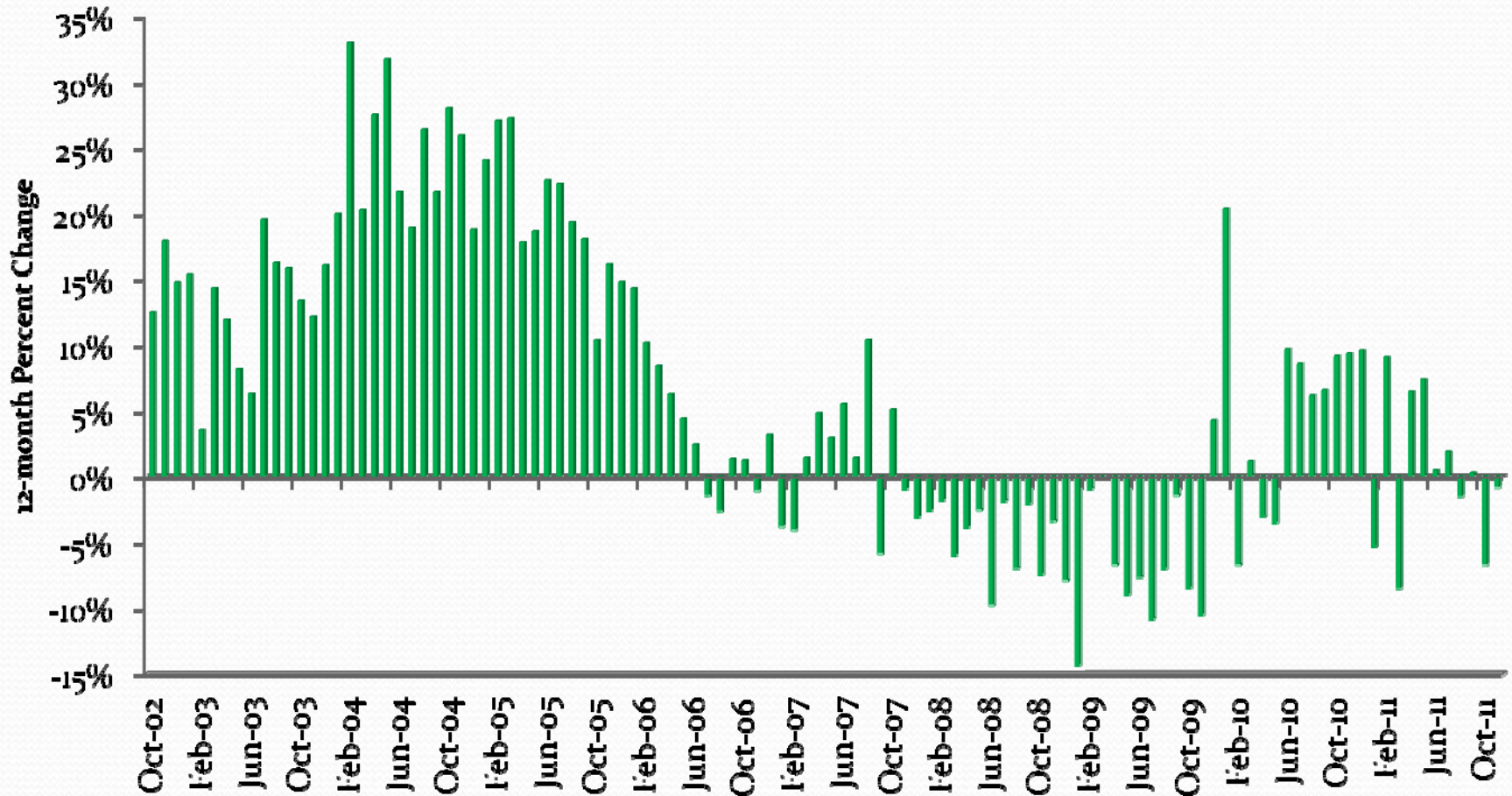
October 2001- November 2011



Source: Maryland Association of Realtors

Howard County Median Home Sales Prices

October 2002- November 2011



Source: Maryland Association of Realtors

Maryland County Housing Permits

2011YTD v. 2010YTD

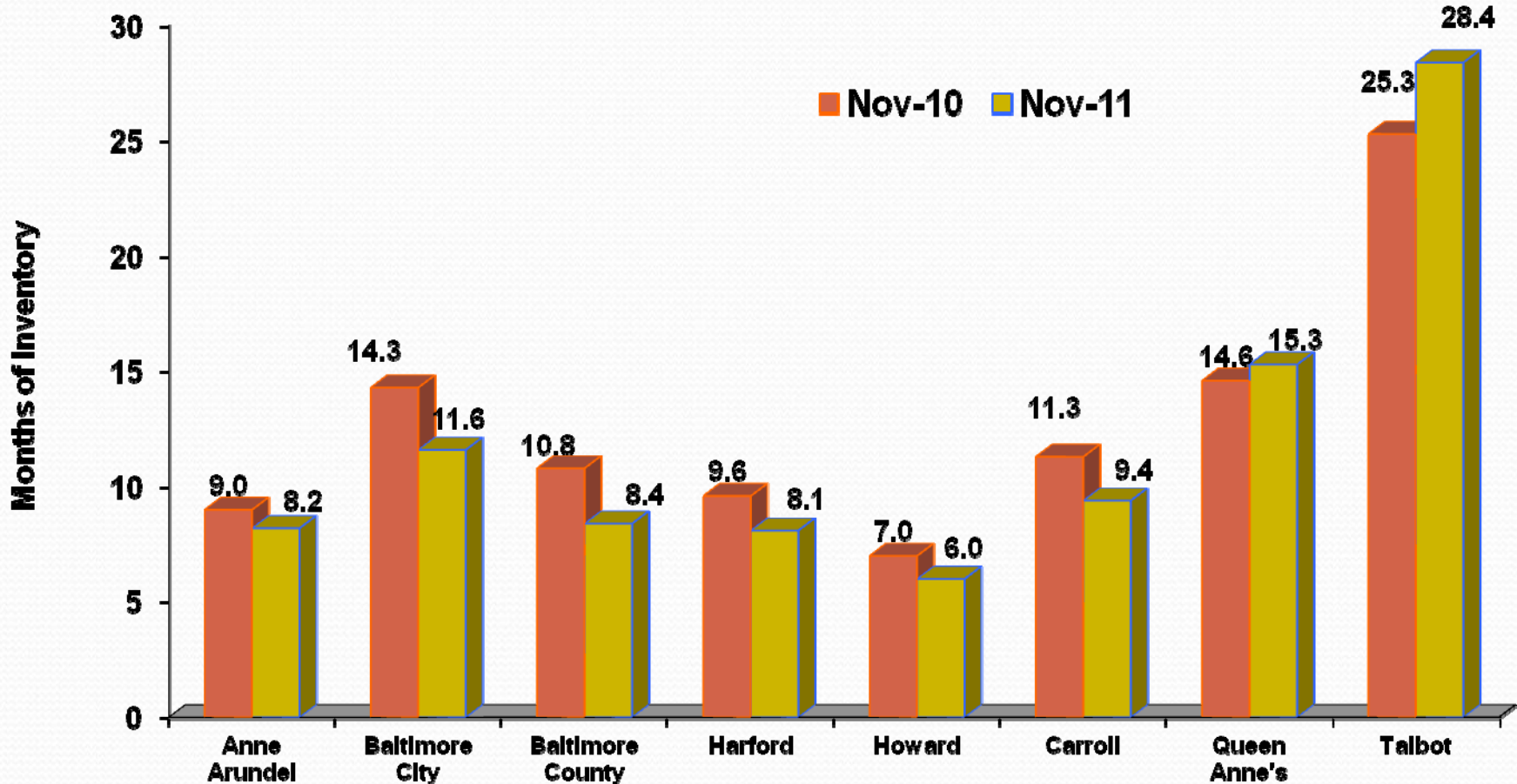
JURISDICTION	YEAR TO DATE October 2011		YEAR TO DATE October 2010		SINGLE-FAMILY UNITS		TOTAL HOUSING UNITS	
	TOTAL	SINGLE FAMILY	TOTAL	SINGLE FAMILY	CHANGE		CHANGE	
					NET	PERCENT	NET	PERCENT
STATE OF MARYLAND	9,433	6,676	10,583	7,155	-479	-6.7%	-1,150	-10.9%
ST. MARY'S	662	396	305	291	105	36.1%	357	117.0%
BALTIMORE CITY	295	72	210	103	-31	-30.1%	85	40.5%
CHARLES	629	497	507	507	-10	-2.0%	122	24.1%
GARRETT	96	96	79	79	17	21.5%	17	21.5%
MONTGOMERY	1,944	857	1,733	755	102	13.5%	211	12.2%
HARFORD	727	477	676	606	-129	-21.3%	51	7.5%
CALVERT	208	208	201	199	9	4.5%	7	3.5%
CECIL	251	246	251	191	55	28.8%	0	0.0%
ANNE ARUNDEL	1,323	669	1,367	752	-83	-11.0%	-44	-3.2%
CARROLL	154	154	162	162	-8	-4.9%	-8	-4.9%
WORCESTER	65	65	74	74	-9	-12.2%	-9	-12.2%
QUEEN ANNE'S	134	134	155	135	-1	-0.7%	-21	-13.5%
HOWARD	865	822	1,046	780	42	5.4%	-181	-17.3%
PRINCE GEORGE'S	476	476	596	591	-115	-19.5%	-120	-20.1%
FREDERICK	571	538	842	742	-204	-27.5%	-271	-32.2%
WASHINGTON	140	134	230	168	-34	-20.2%	-90	-39.1%
WICOMICO	74	74	123	85	-11	-12.9%	-49	-39.8%
BALTIMORE COUNTY	426	426	1,097	446	-20	-4.5%	-671	-61.2%

Source U.S. Census Bureau, Maryland Department of Planning

*Complete data not available for Allegany, Caroline, Dorchester, Kent, Somerset, and Talbot counties.

Housing Inventory by Baltimore MSA Jurisdiction

November 2010 v. November 2011

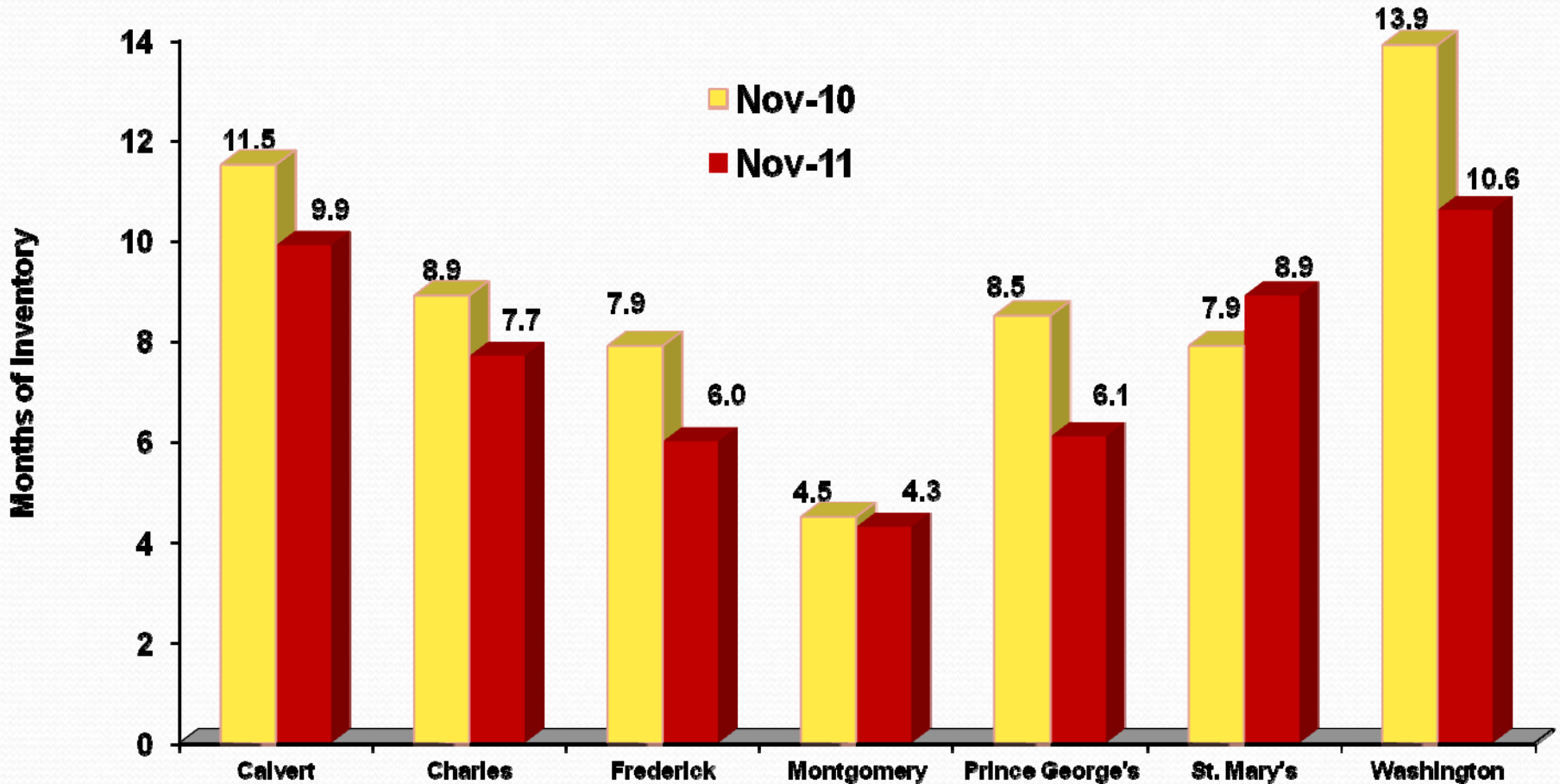


Source: Maryland Association of Realtors

Maryland = Nov. 10: 10.0 months; Nov. 11: 8.5 months

Housing Inventory by Suburban MD

November 2010 v. November 2011



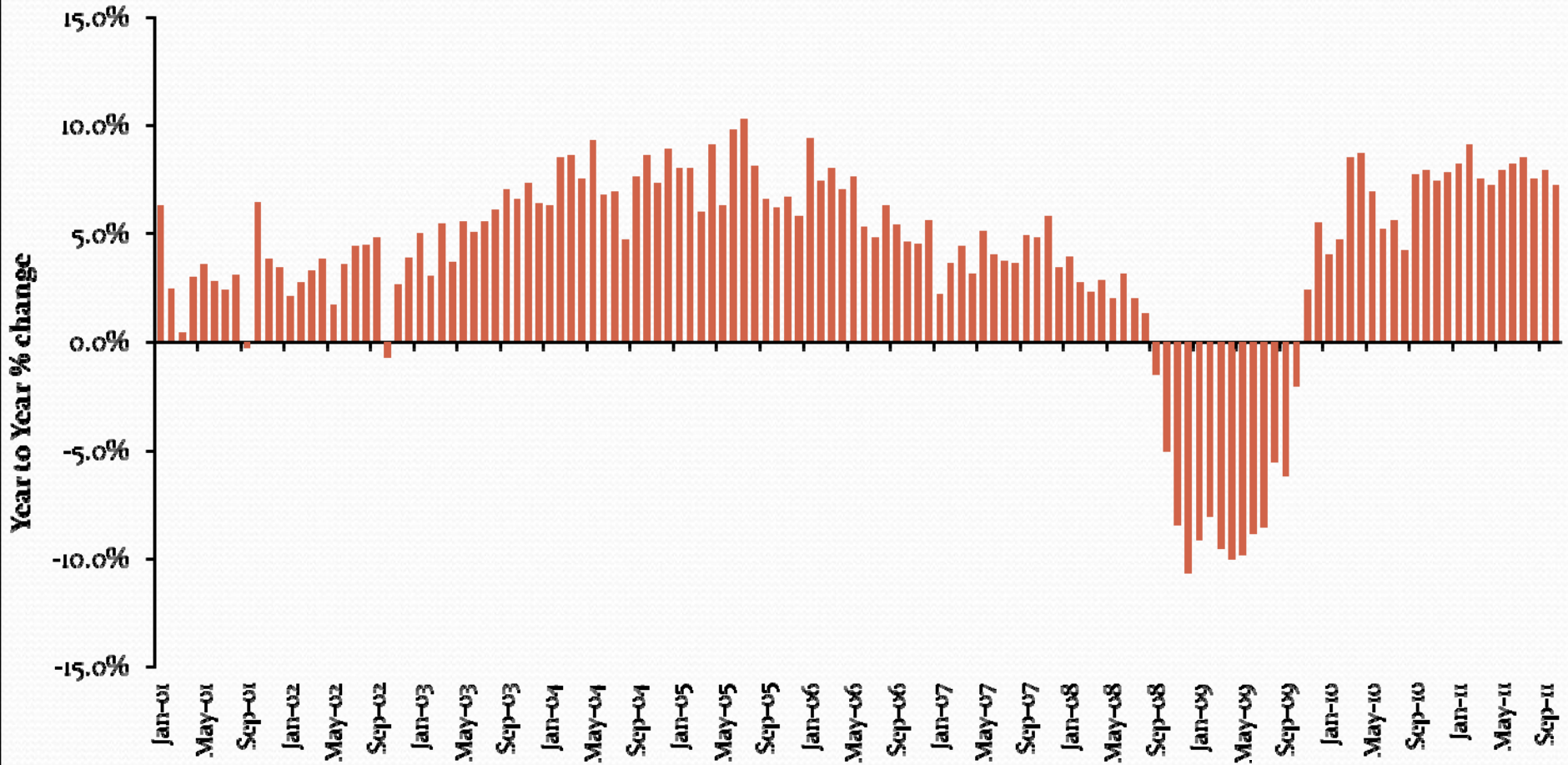
Source: Maryland Association of Realtors

Maryland = Nov. 10: 10.0 months; Nov. 11: 8.5 months

Take the Money and Run

U.S. Retail and Food Service Sales

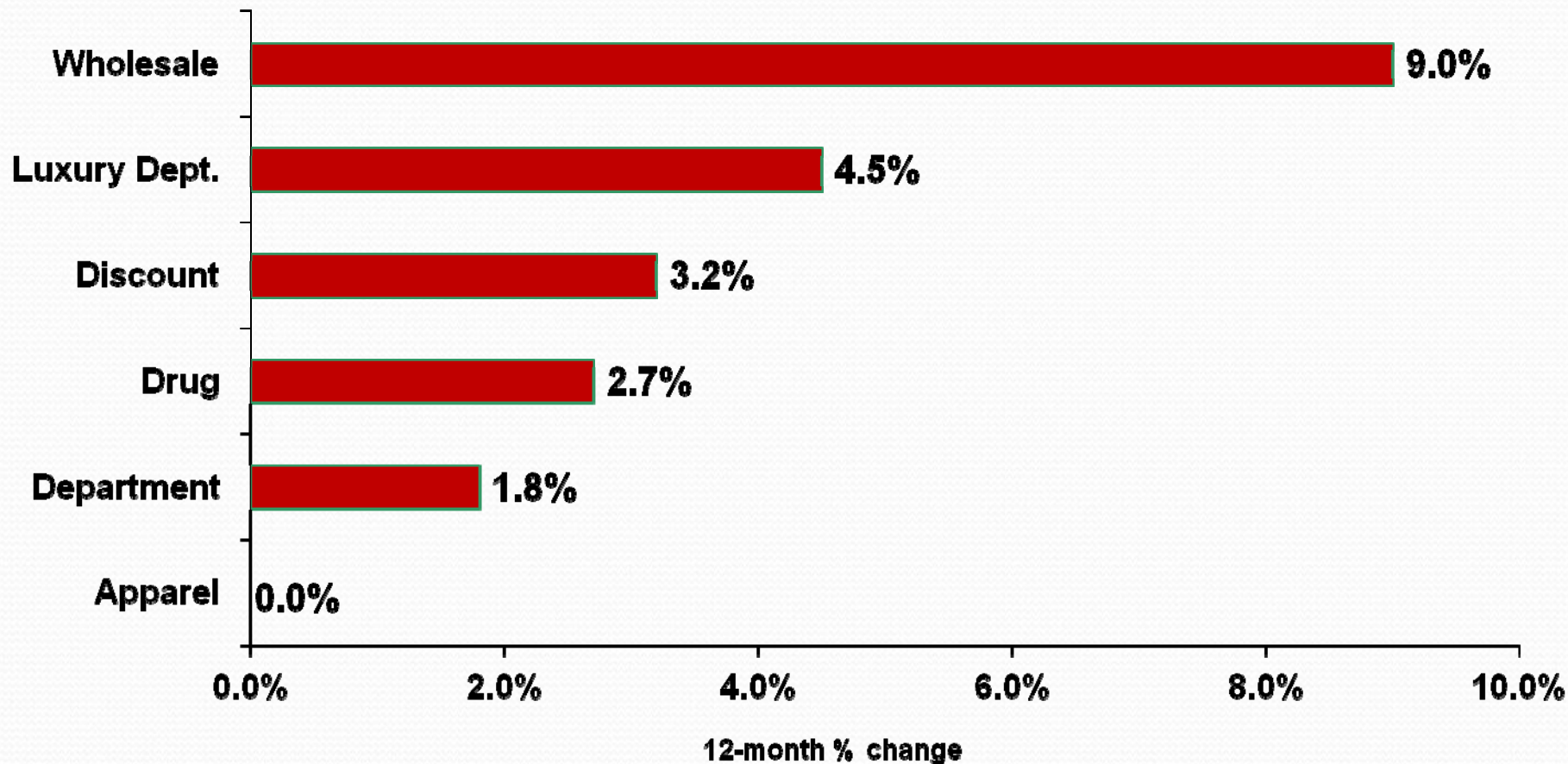
January 2001 through October 2011



Source: Census

U.S. Chain Store Sales Growth by Type of Store

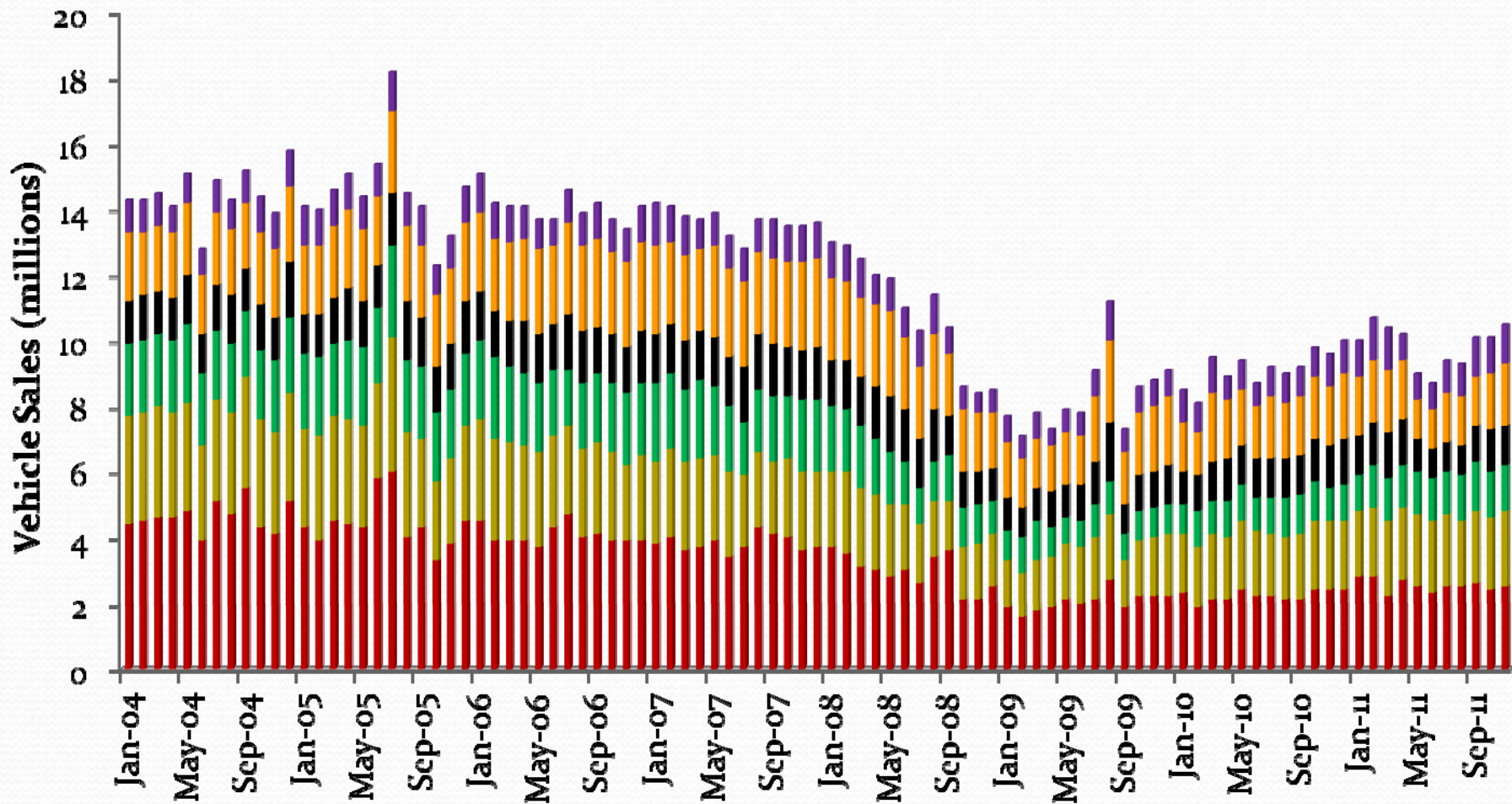
October 2010 v. October 2011



Source: Economy.com

National Vehicle Sales

January 2004 through November 2011 (SAAR)

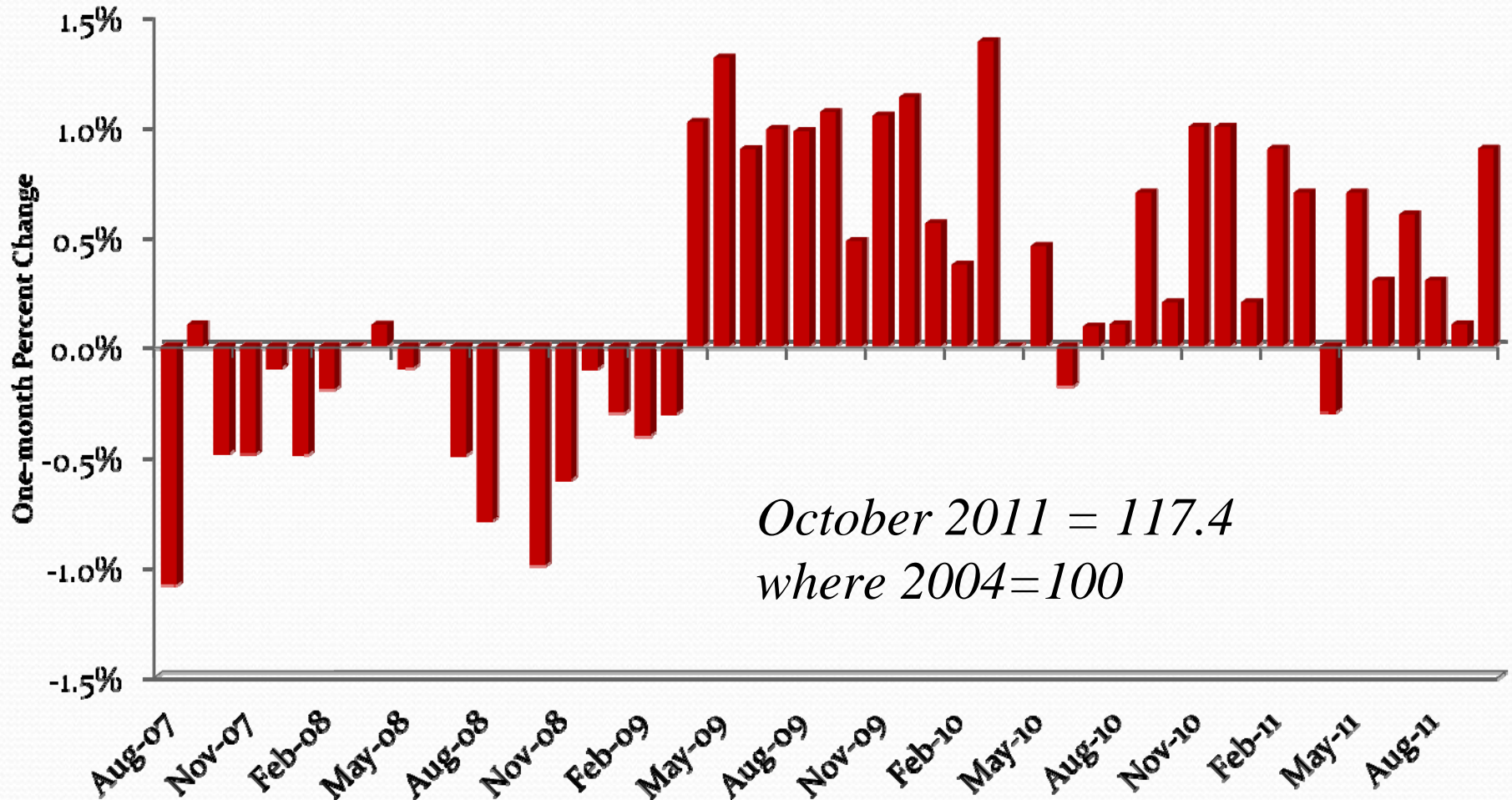


Source: Autodata Corp

■ GM ■ Ford ■ Chrysler ■ Honda ■ Toyota ■ Nissan

Conference Board Leading Economic Indicators Index

August 2007 through October 2011



Source: Conference Board

Stairway to Heaven

- Economy has hit a soft patch;
- Recession no longer imminent;
- Much will depend upon consumer spending this month and beyond;
- Housing market will remain in recession through the balance of 2011 and into 2012;
- Howard County least worst;
- What if the nation recovered, and MD/D.C. failed to participate?;
- 2011: GDP 1.4%-1.8 %; 1.6M jobs versus 940K jobs in 2010;
- 2012????

Thank You

- You can always reach me at abasu@sagepolicy.com
- If you appreciate this type of information and would like regular updates, please see our newsletter service at www.spgtrend.com
- Also, if you need us in a hurry, we are at 410.522.7243 (410.522.SAGE)
- Please contact us when you require economic research & policy analysis.