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Recovery.gov 101

The Macroeconomy



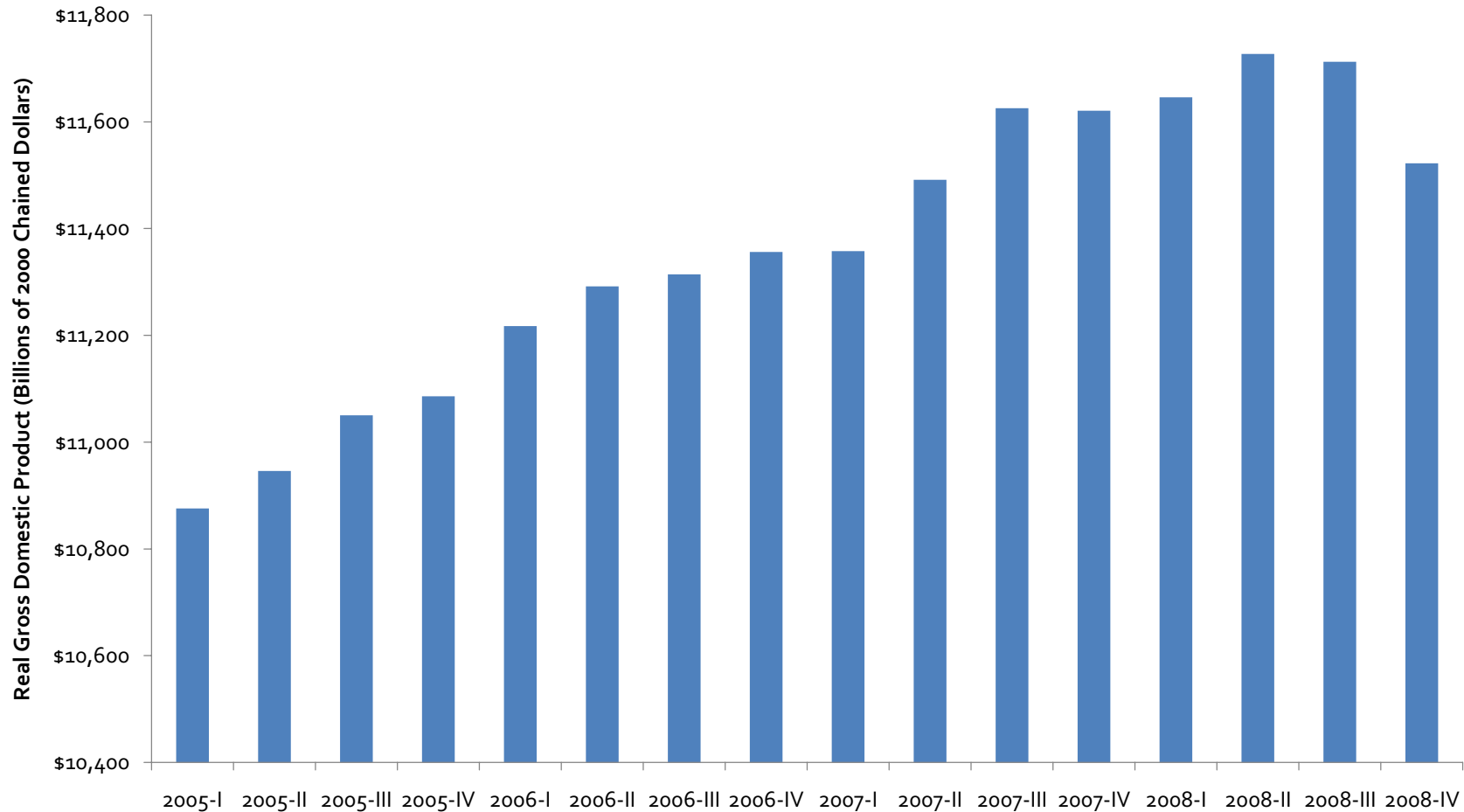
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Why are we here?

- **Recession**
- **Financial crisis**
- **Some signs of improvement, but challenges lie ahead**
- **What's next?**



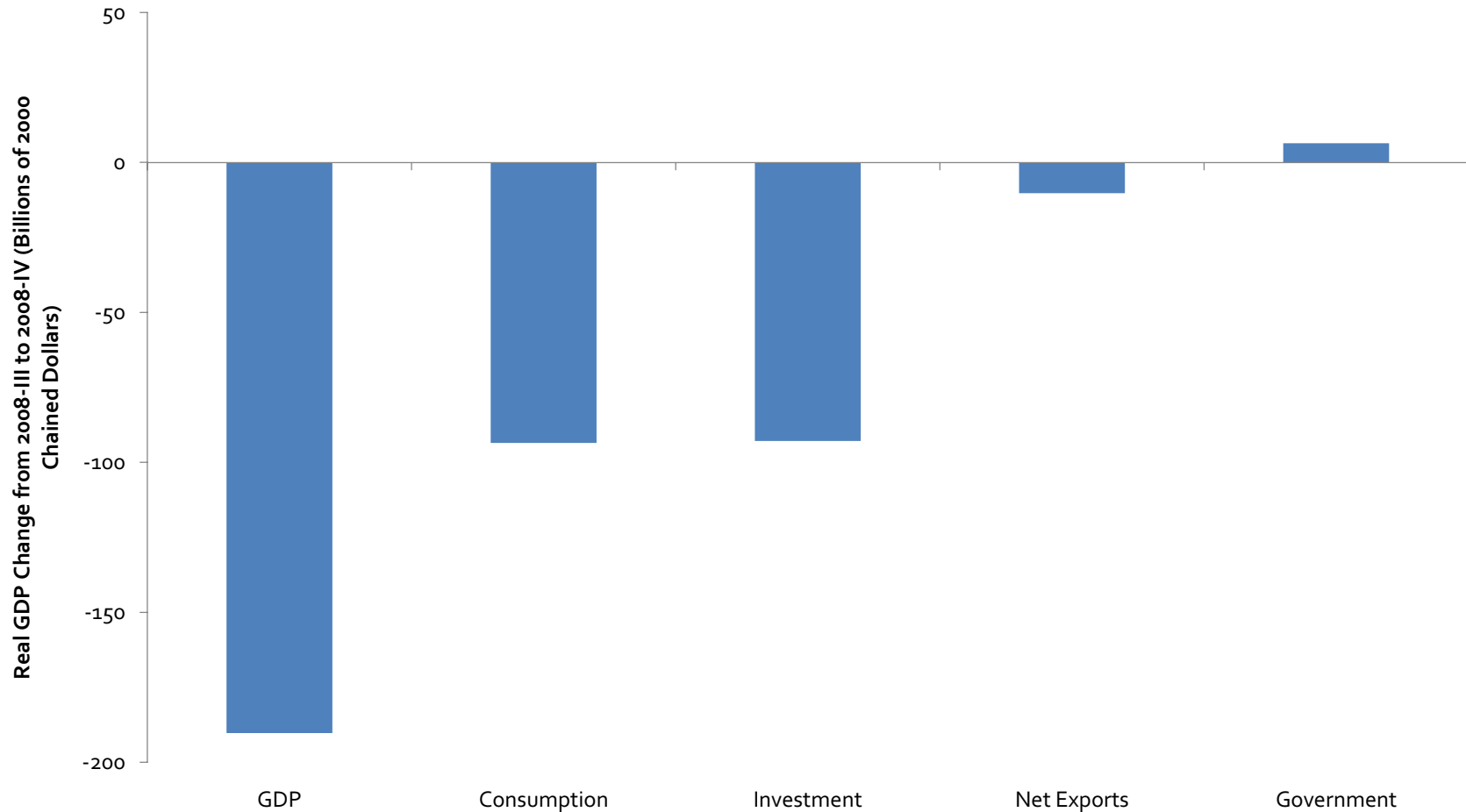
The U.S. had enjoyed GDP growth but now faces a deep recession.



Source: Bureau of Economic Analysis



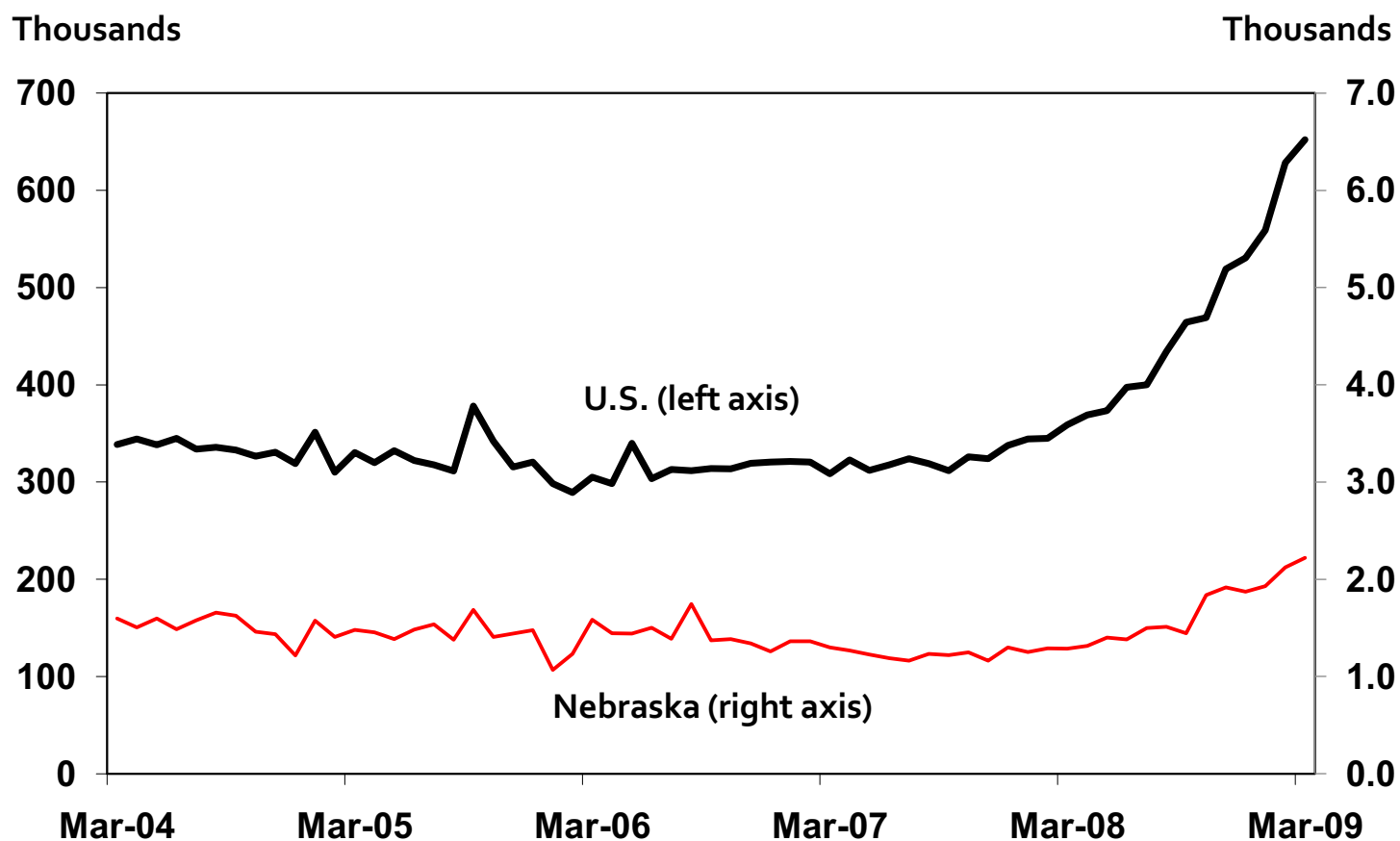
Broad contraction of GDP components.



Source: Based on Bureau of Economic Analysis data.

U.S. unemployment claims surge, while Nebraska edges up.

Monthly Unemployment Claims

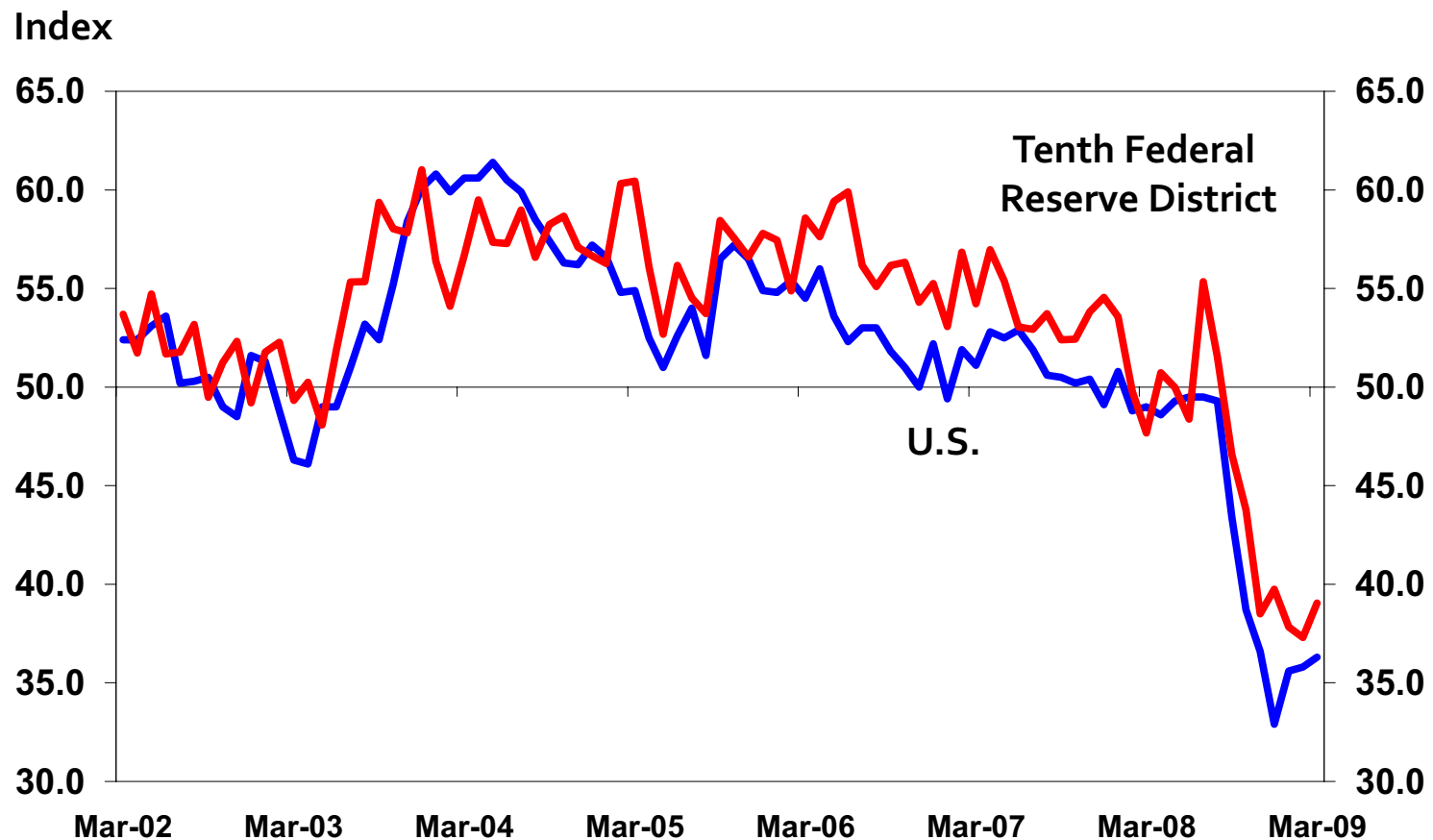


Source: Bureau of Labor Statistics



Business activity is very low, but has leveled off.

U.S. and Tenth District Manufacturing Production Indices

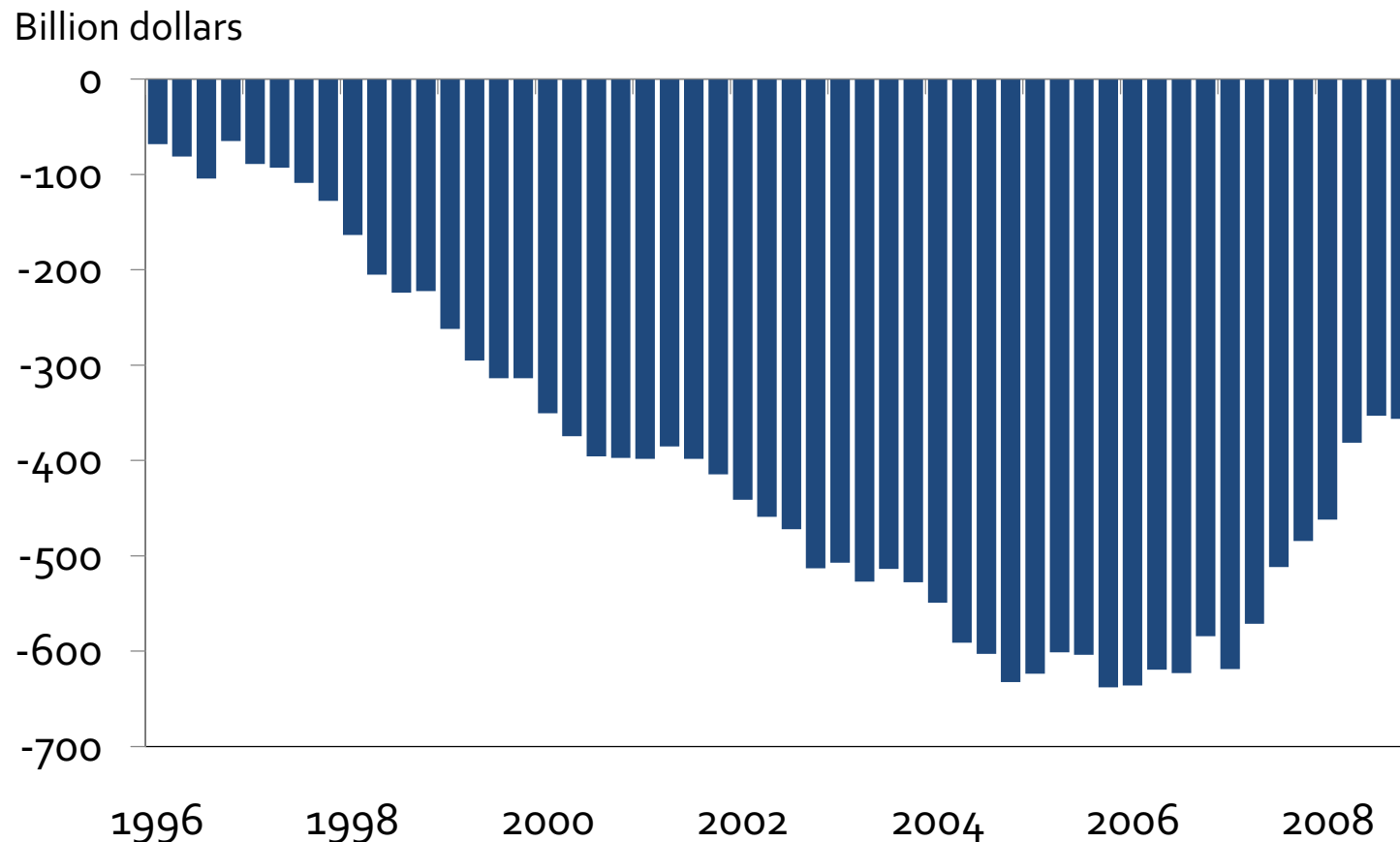


Source: Institute of Supply Management and Federal Reserve Bank of Kansas City



Improvements in the U.S. trade balance stop.

Real Net Exports of Goods and Services



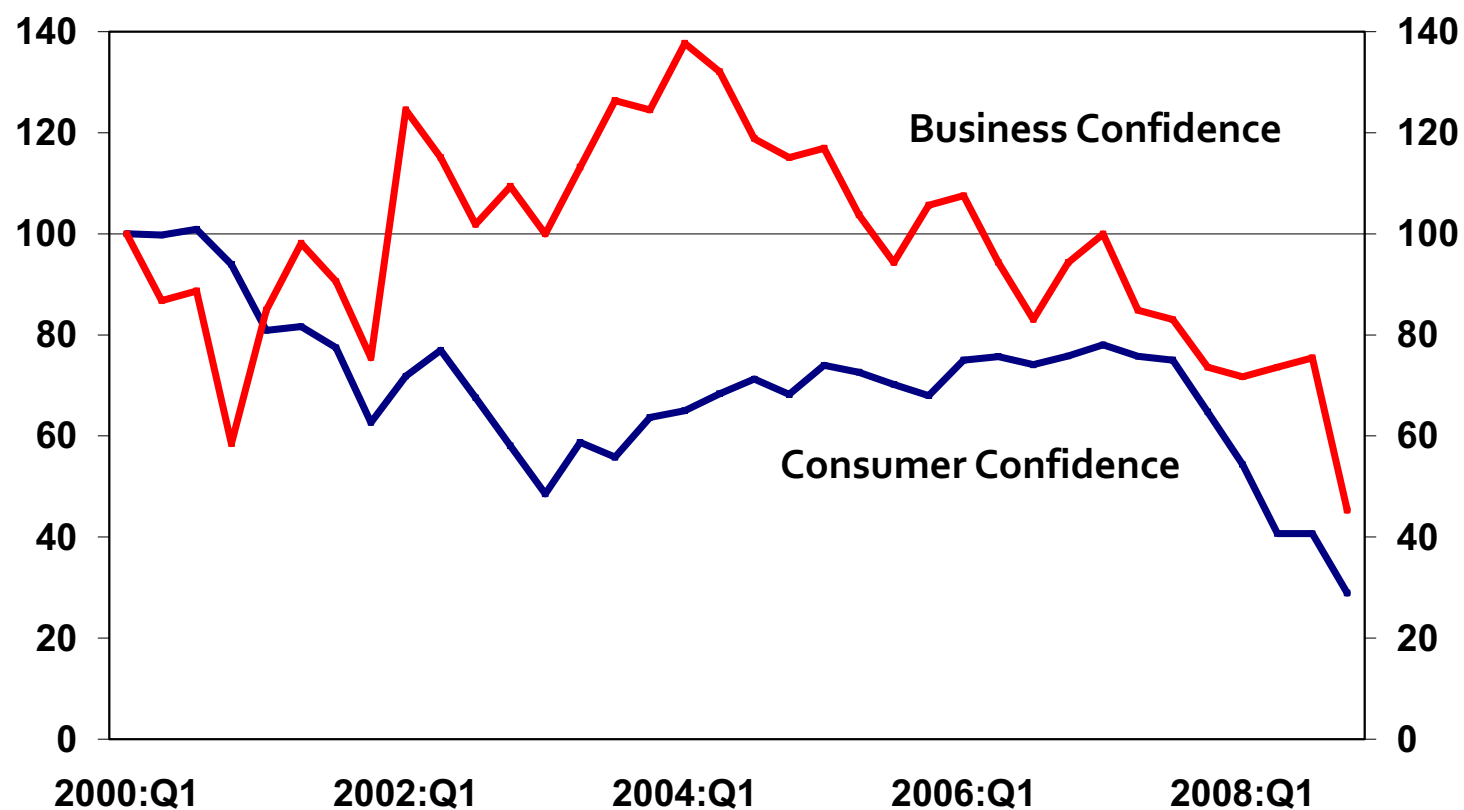
Source: Bureau of Economic Analysis



Confidence is historically low.

Business and Consumer Confidence

Index (2000 Q1 = 100)

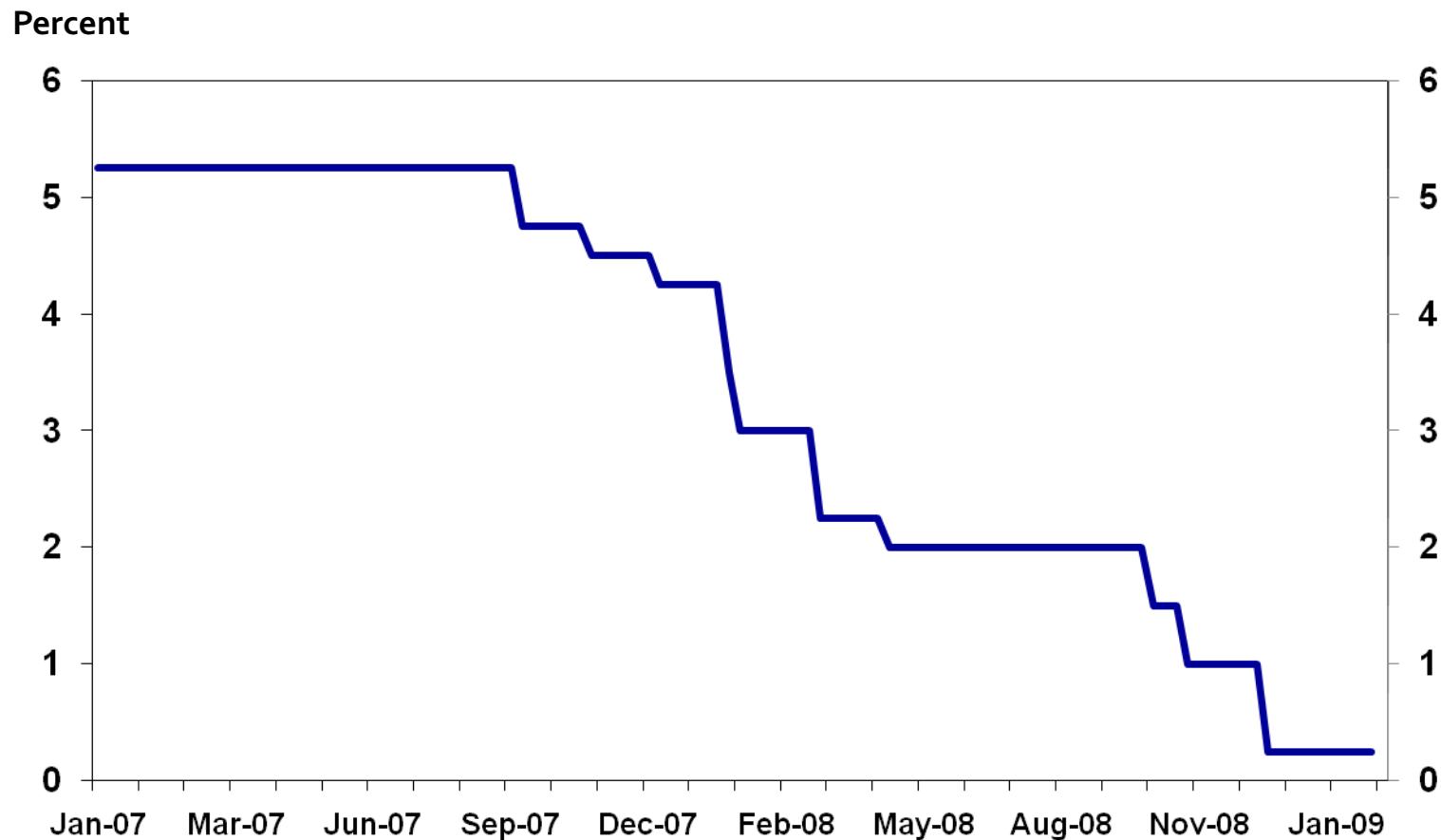


Source: The Conference Board



The Fed is combating the recession and financial crisis aggressively.

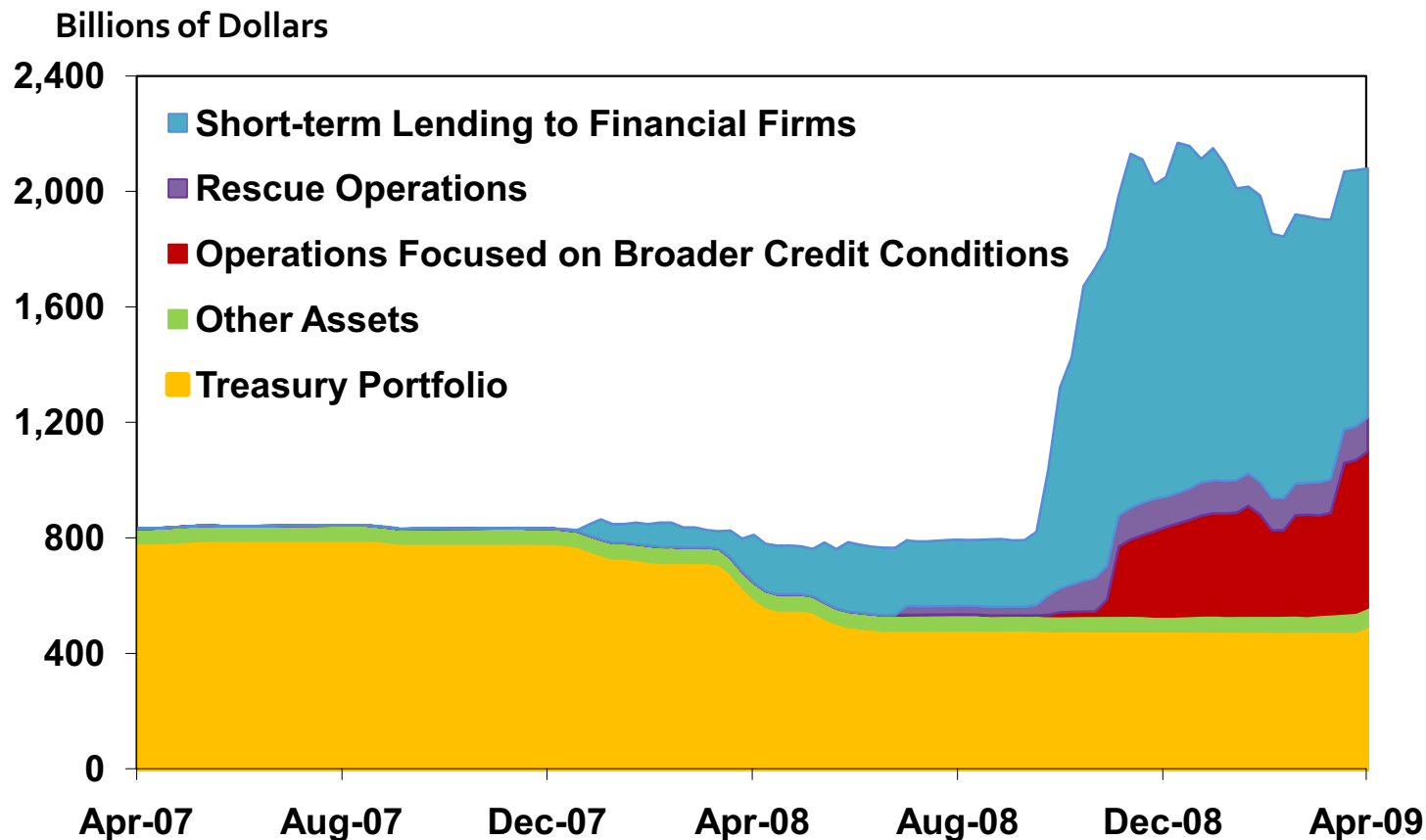
Fed Funds Rate



Source: Federal Reserve Board of Governors

The 'zero bound' has led to new programs and an expansion of the Fed balance sheet to combat the financial crisis.

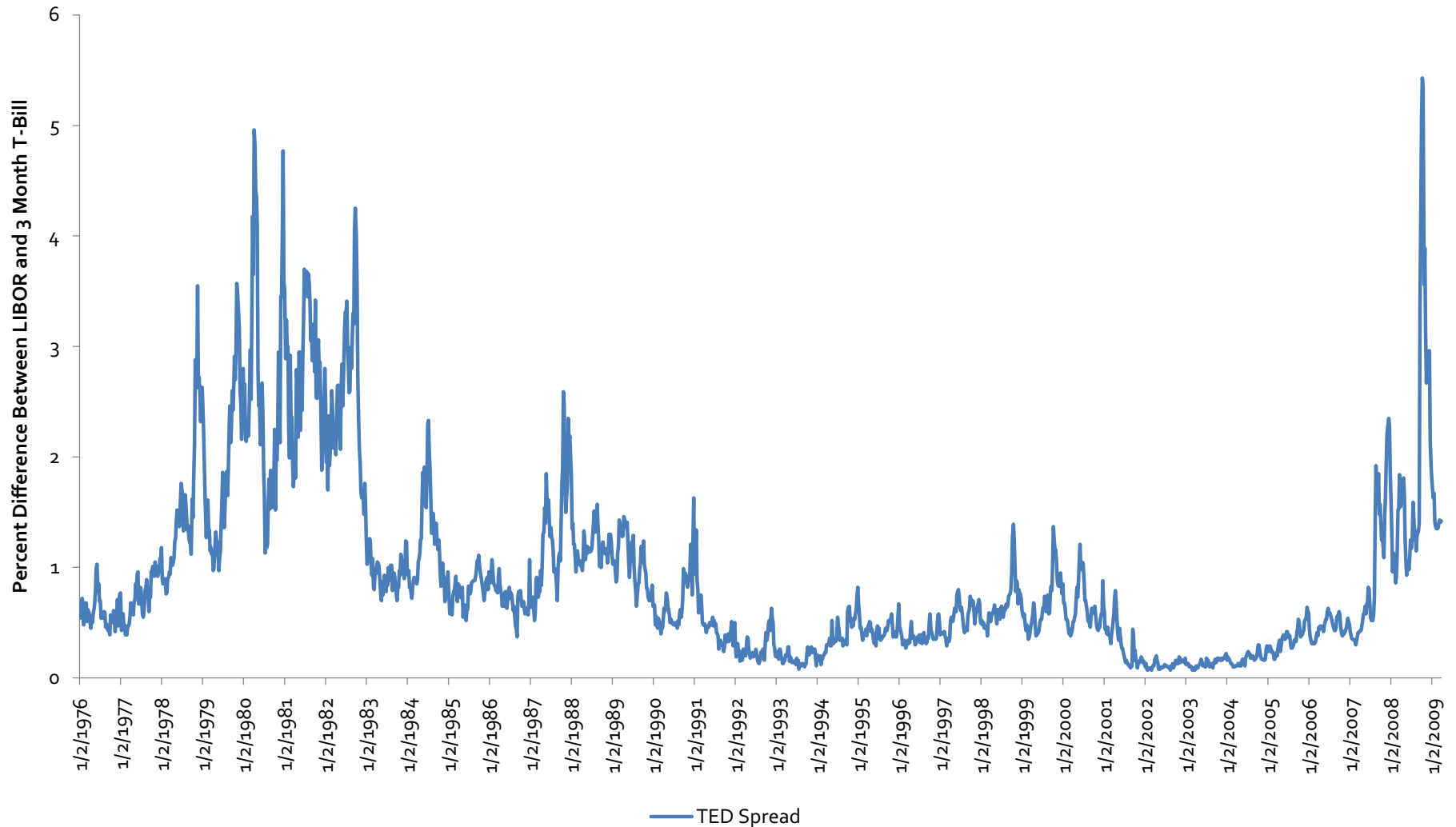
Federal Reserve Balance Sheet



Source: Federal Reserve Board of Governors

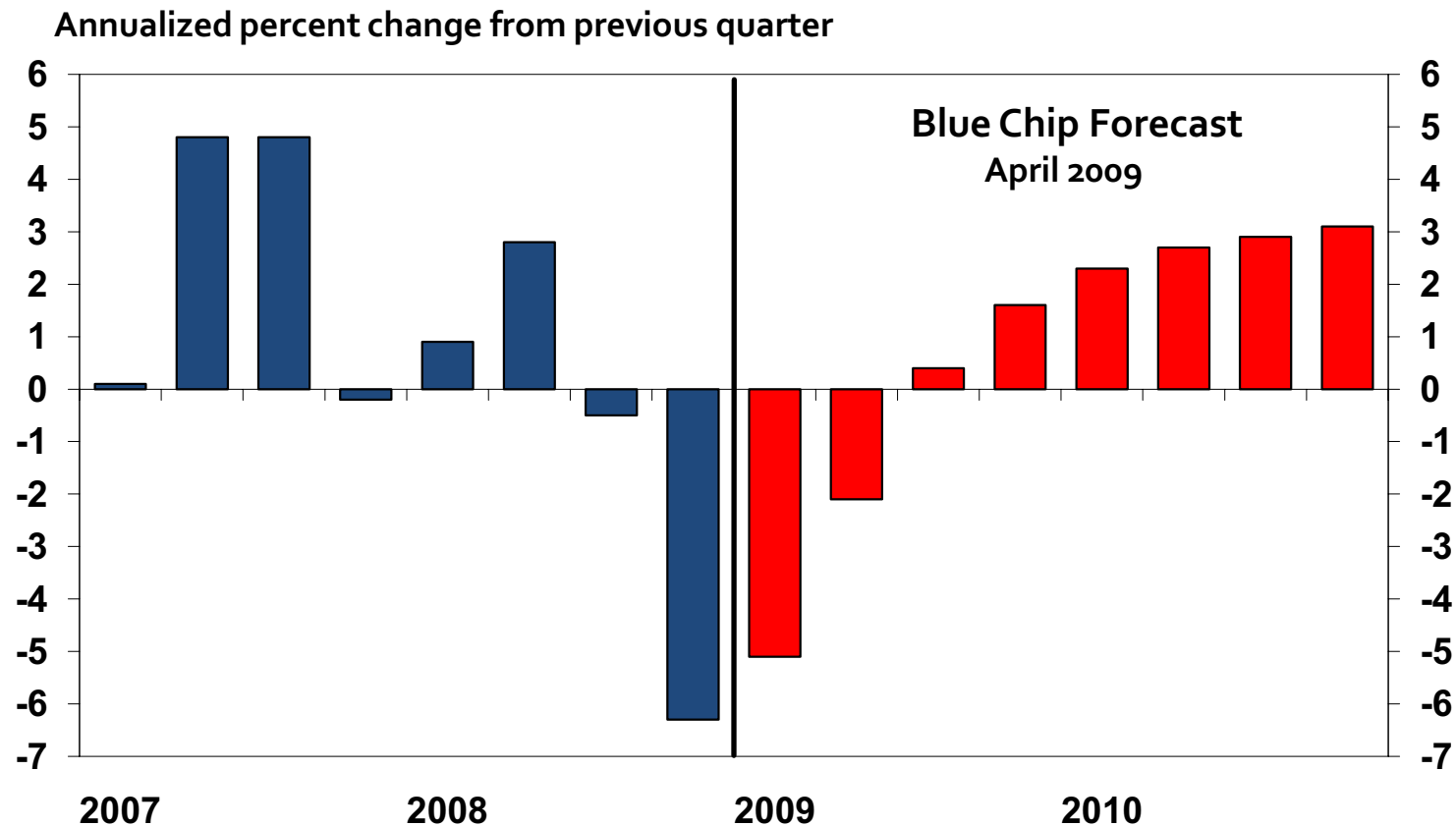


Some stress in financial markets has eased.



Recent forecasts project the U.S. economy pulling out of the recession later this year.

Real GDP Growth



Source: Bureau of Economic Analysis and Blue Chip Economic Indicators



Where do we go from here?

- **The recession is still here.**
 - A housing bust has spread to financial markets.
 - Financial markets are fragile.
 - Non-ag financial sectors are learning the lessons of the 1980s farm bust.
- **Some positive signs, but challenges are still ahead.**
- **Future GDP growth and the stimulus package hinge on ending the financial crisis.**

