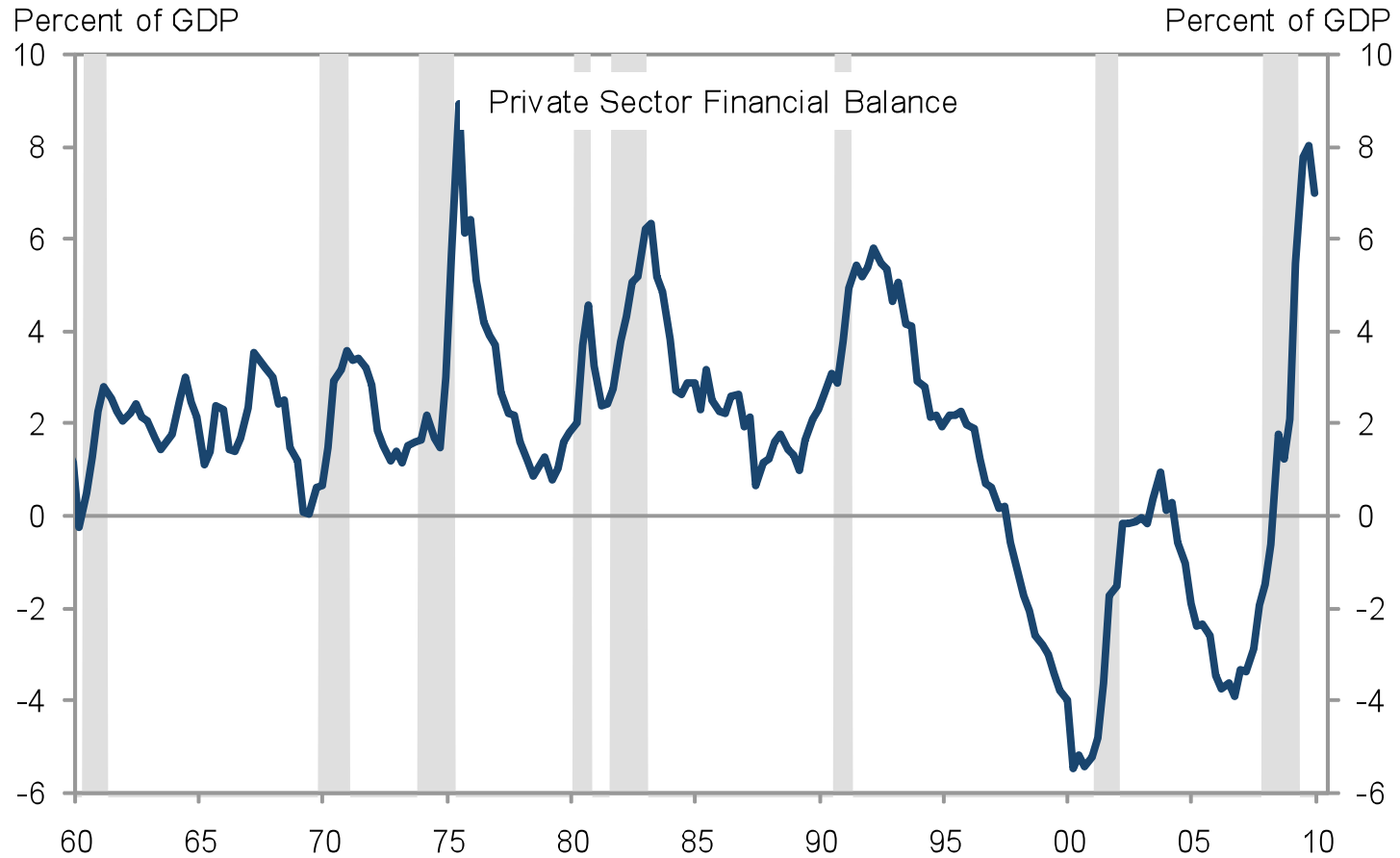
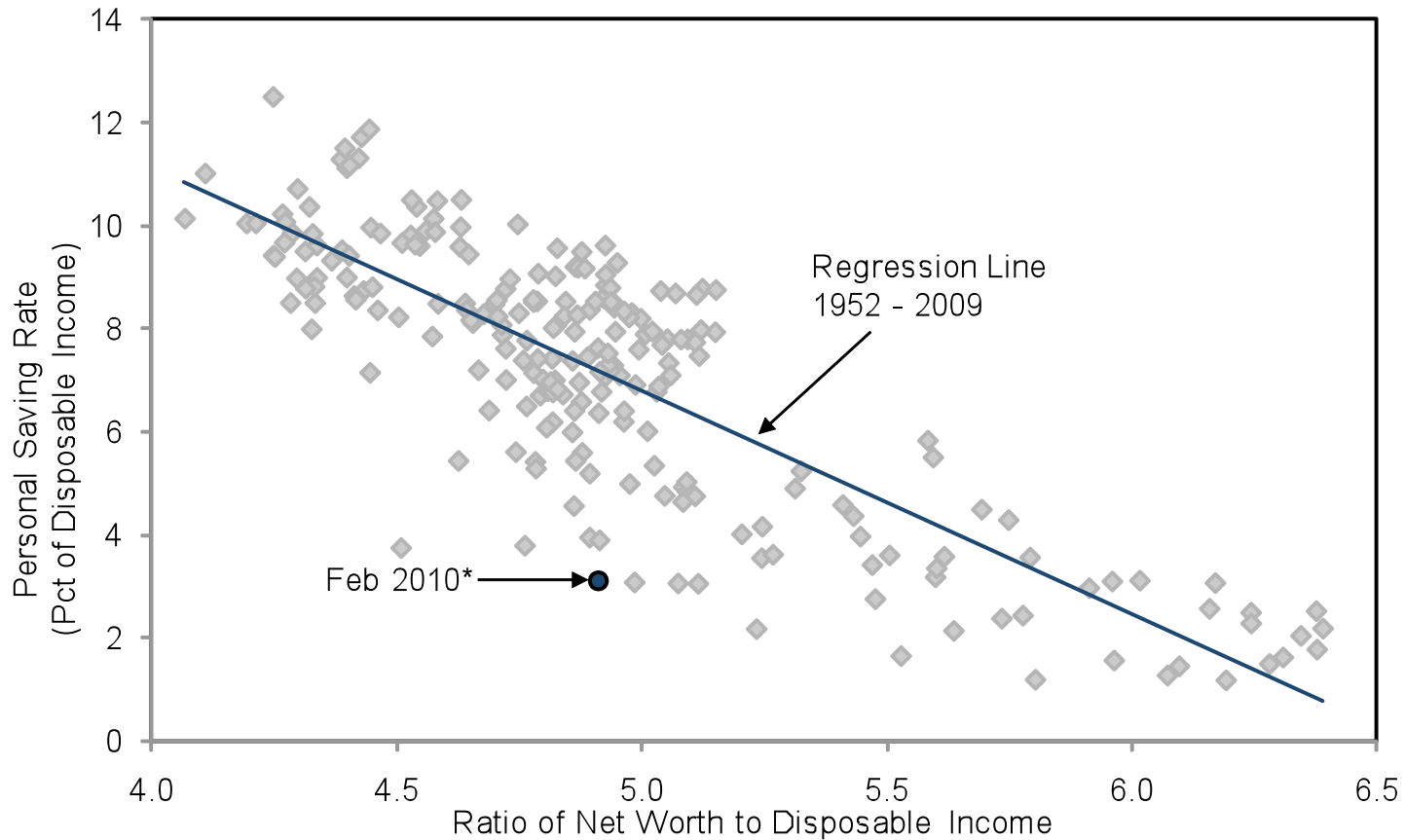


Large Swings in the Private Sector Balance



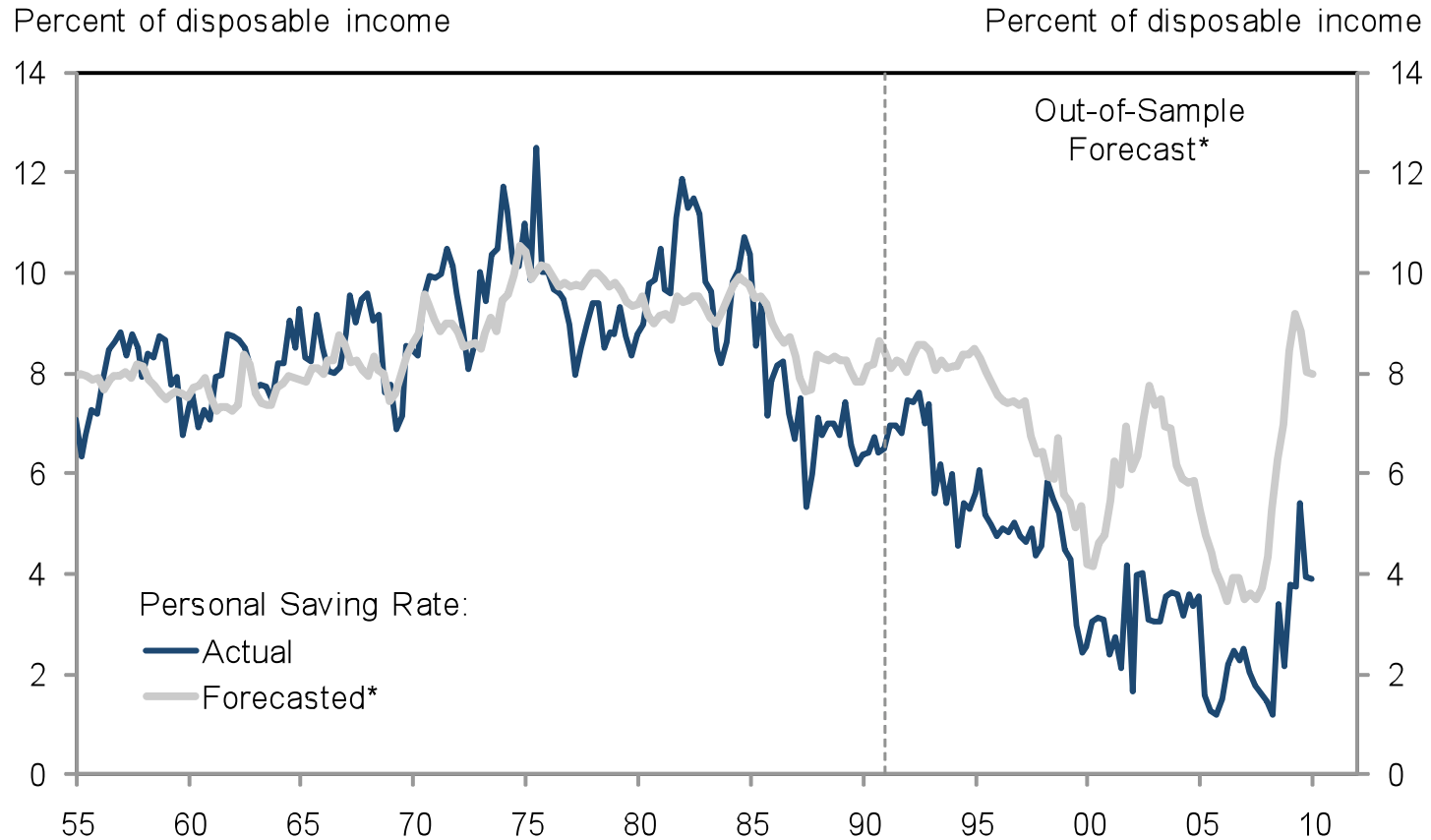
Source: Department of Commerce. Our calculations.

Personal Saving Rate Is Well Below Historical Relationship with Household Wealth



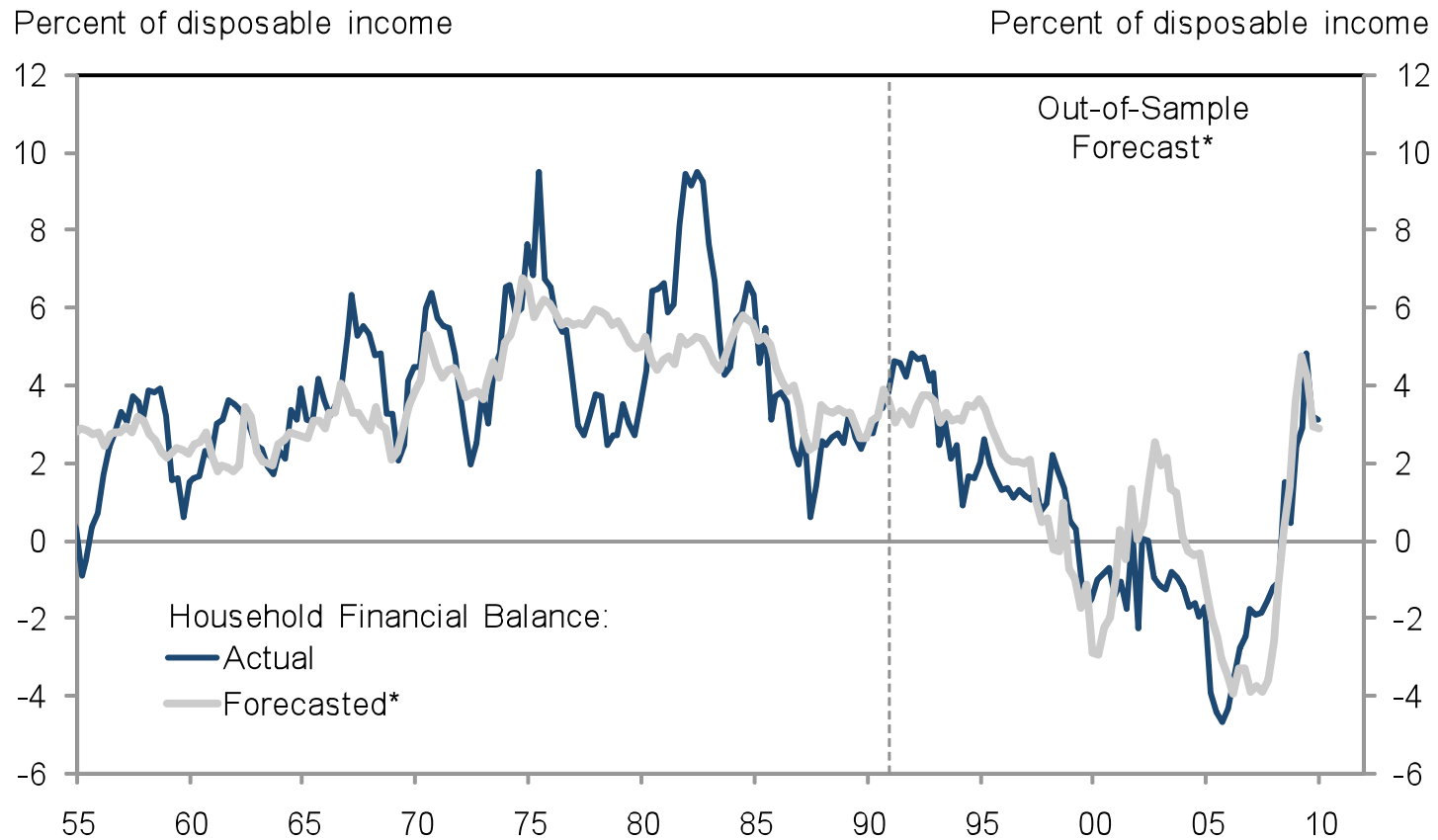
*Assumes net worth ratio was 4.9x, the same level at year-end 2009.
 Source: Department of Commerce. Federal Reserve Board. Our calculations.

Saving Has “Undershot” for a Long Time



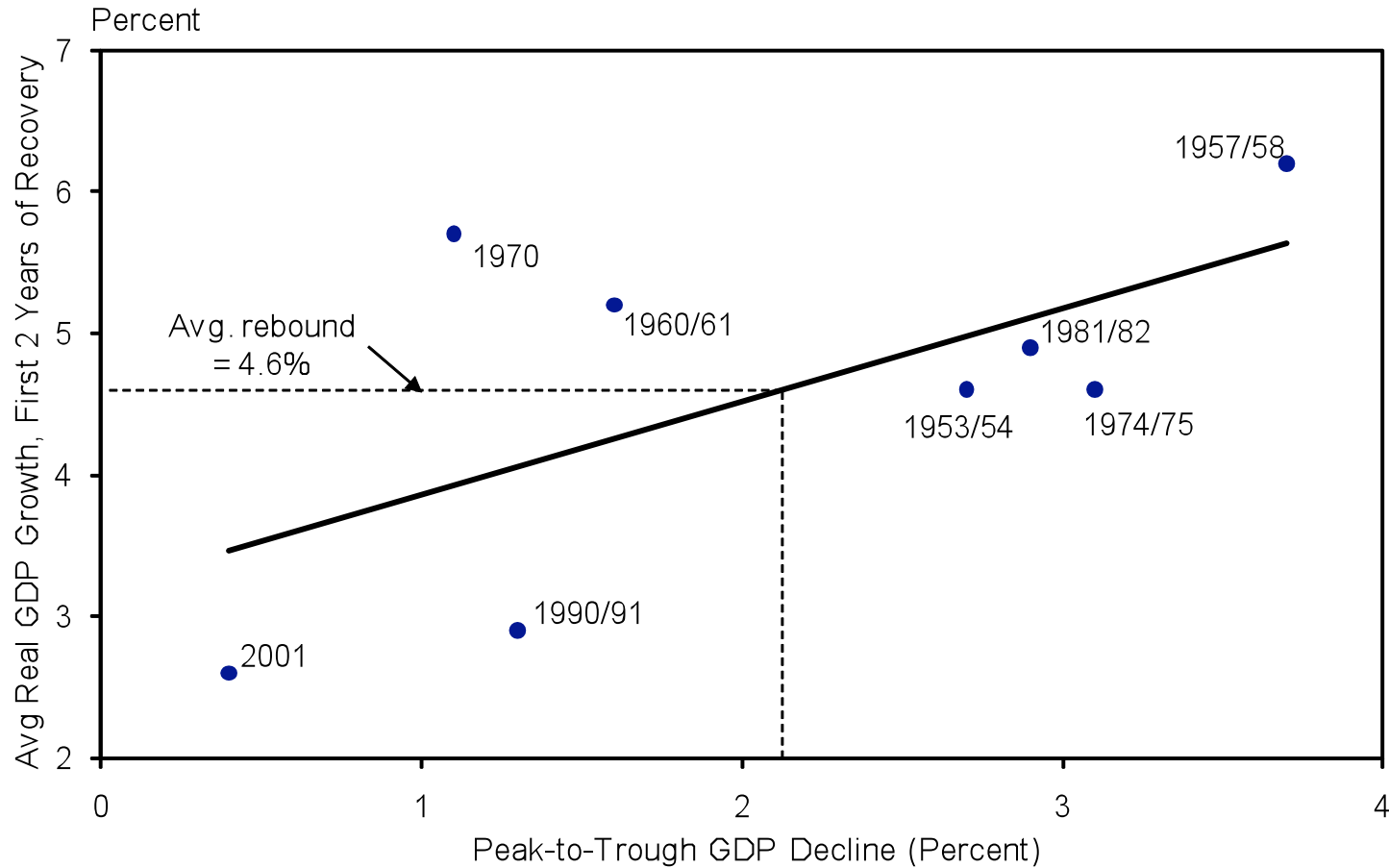
* Based on a regression of the saving rate on the ratio of net worth to disposable income, 1952-1990.
 Source: Department of Commerce. Our calculations.

Household Financial Balance May Be a More Useful Measure of Saving



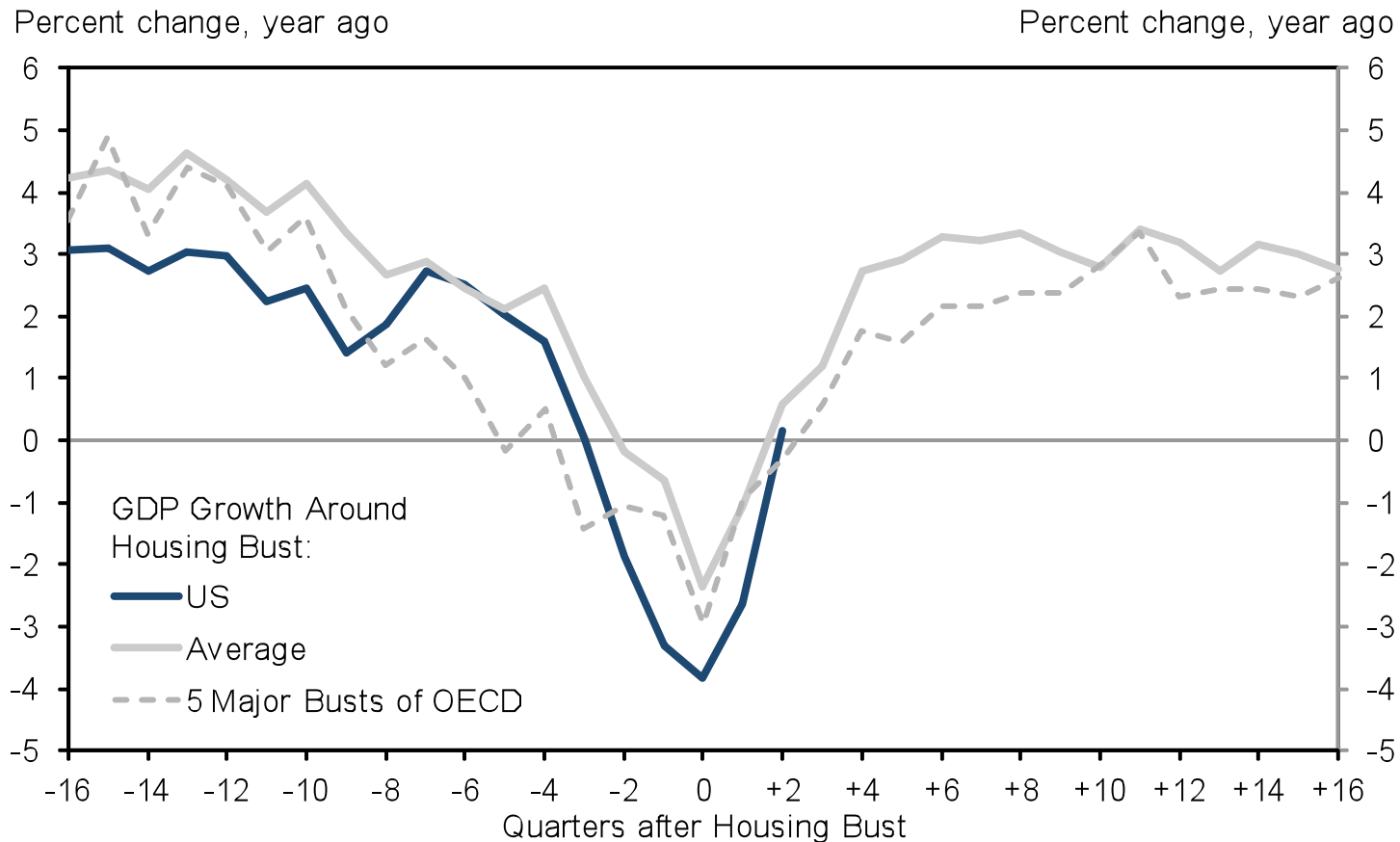
* Based on a regression of the household financial balance (expressed as a percentage of disposable income) on the ratio of net worth to disposable income, 1952-1990.
 Source: Department of Commerce. Our calculations.

US Postwar History Suggests a Strong Recovery...



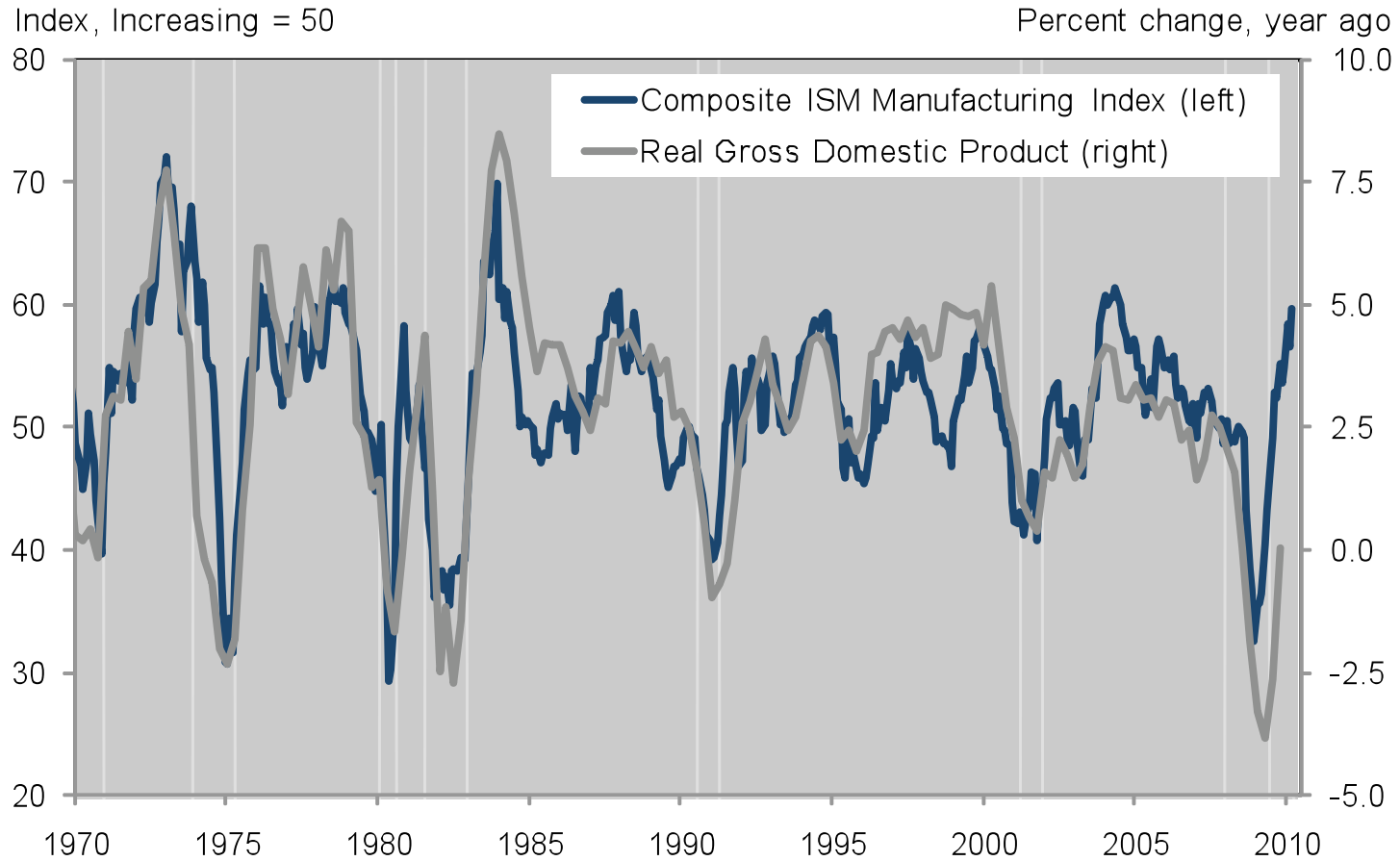
Source: Council of Economic Advisers.

...But International Housing Bust Experience Paints a Less Upbeat Picture



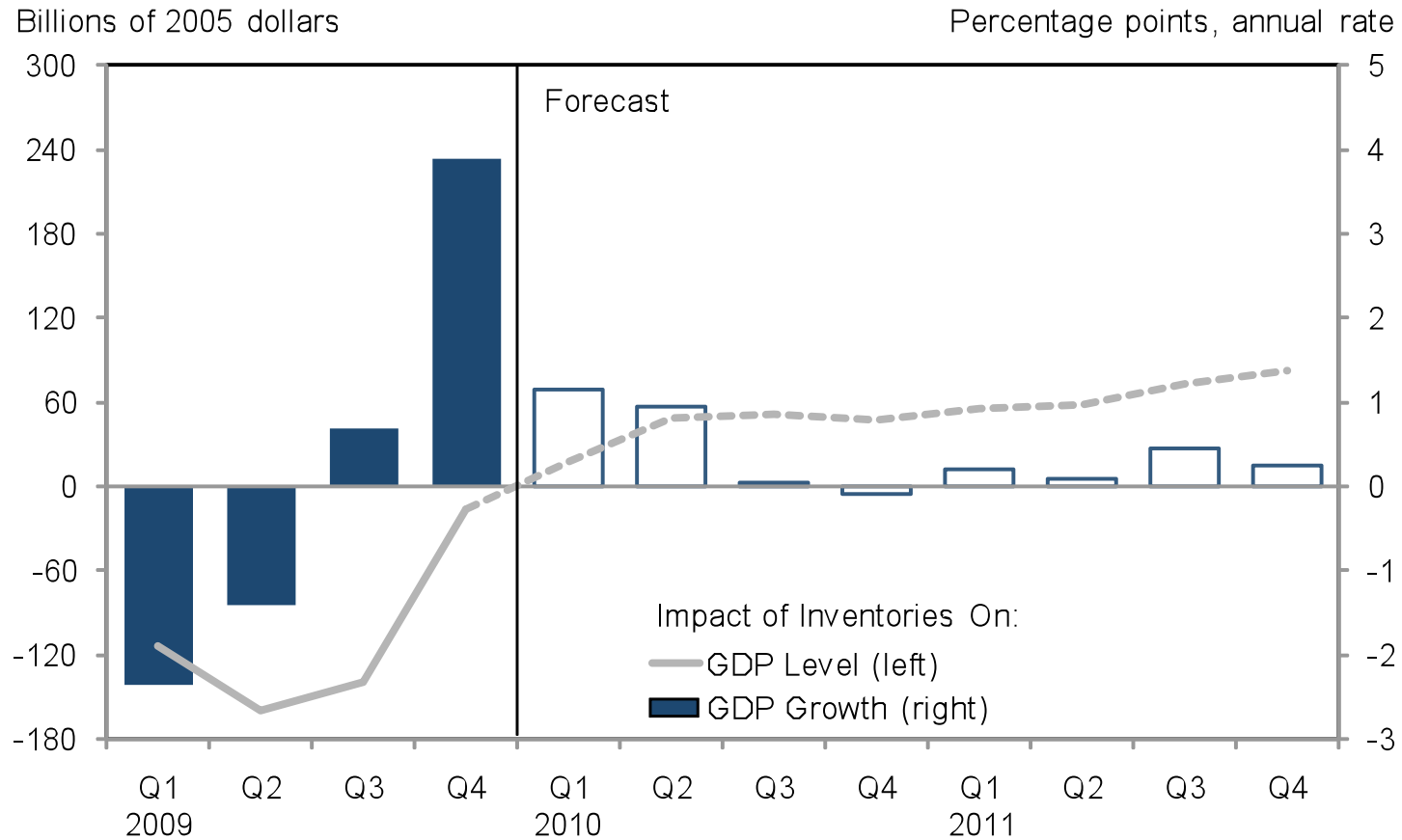
Source: OECD. National data sources. Our calculations.

ISM and GDP Point to Strong Growth...



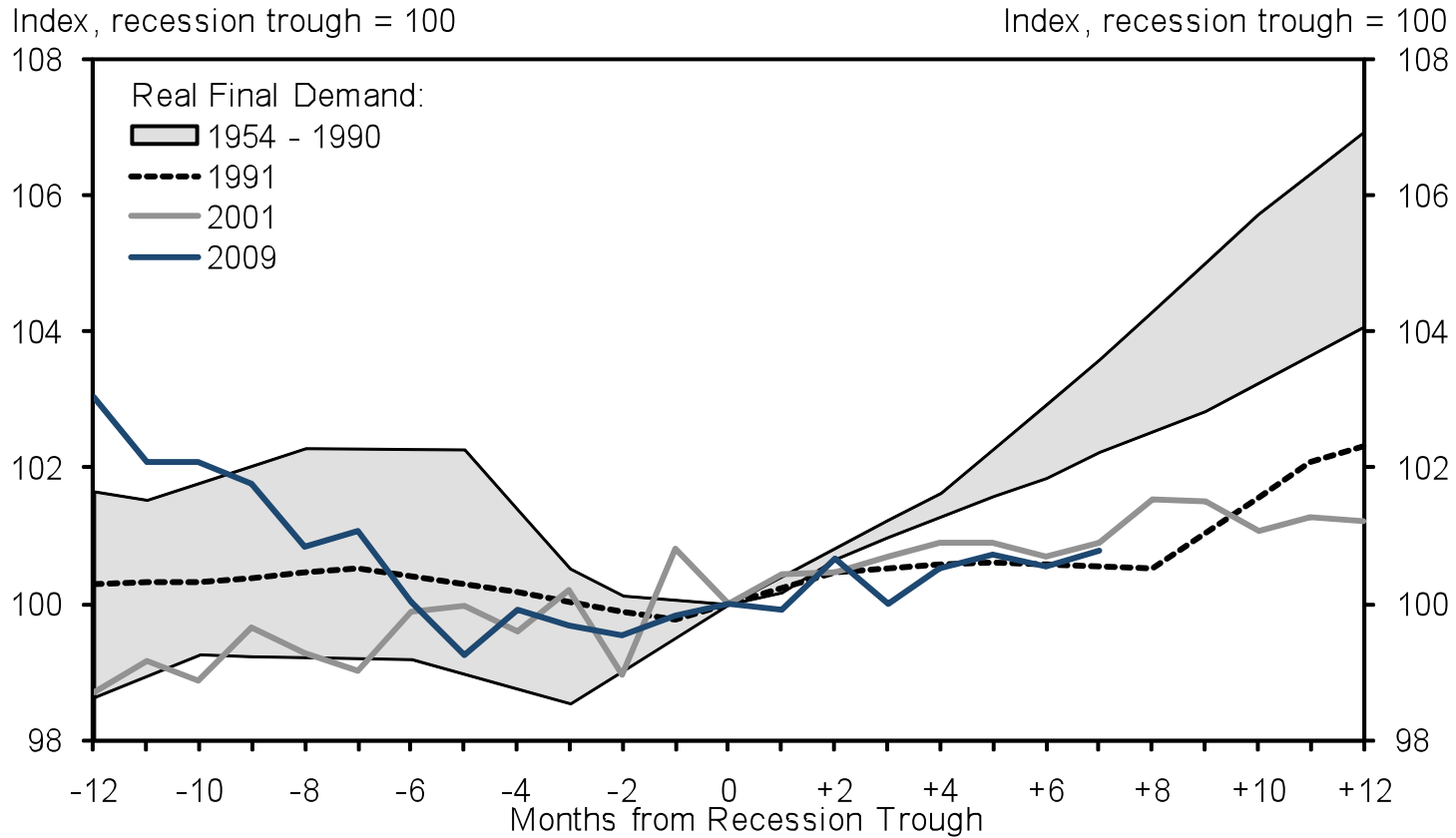
Source: Institute for Supply Management. Department of Commerce.

...But Much of This Strength Is Probably Driven By the Temporary Inventory Cycle



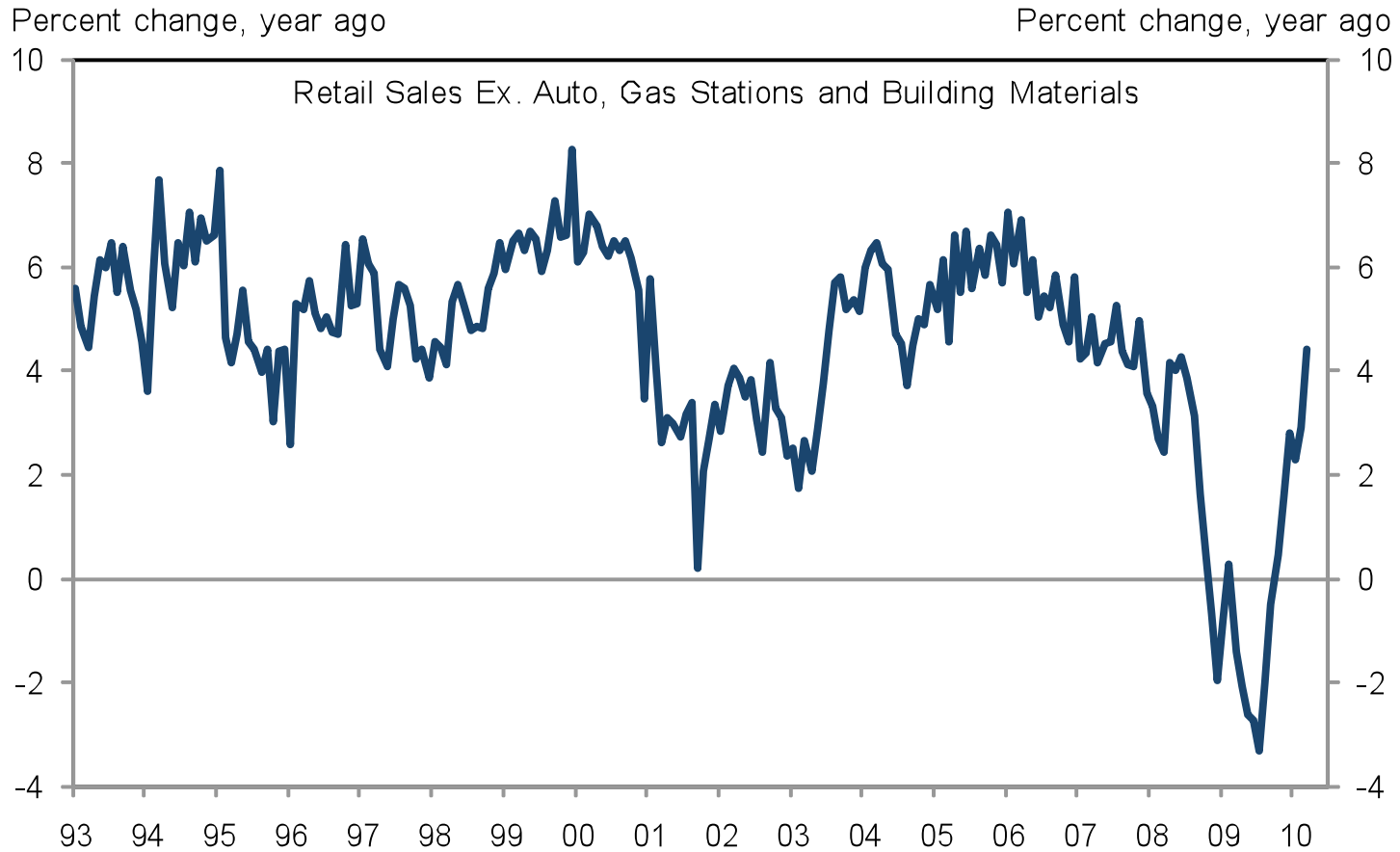
Source: Department of Commerce. Our calculations.

Final Demand Has Grown at a Sluggish Pace



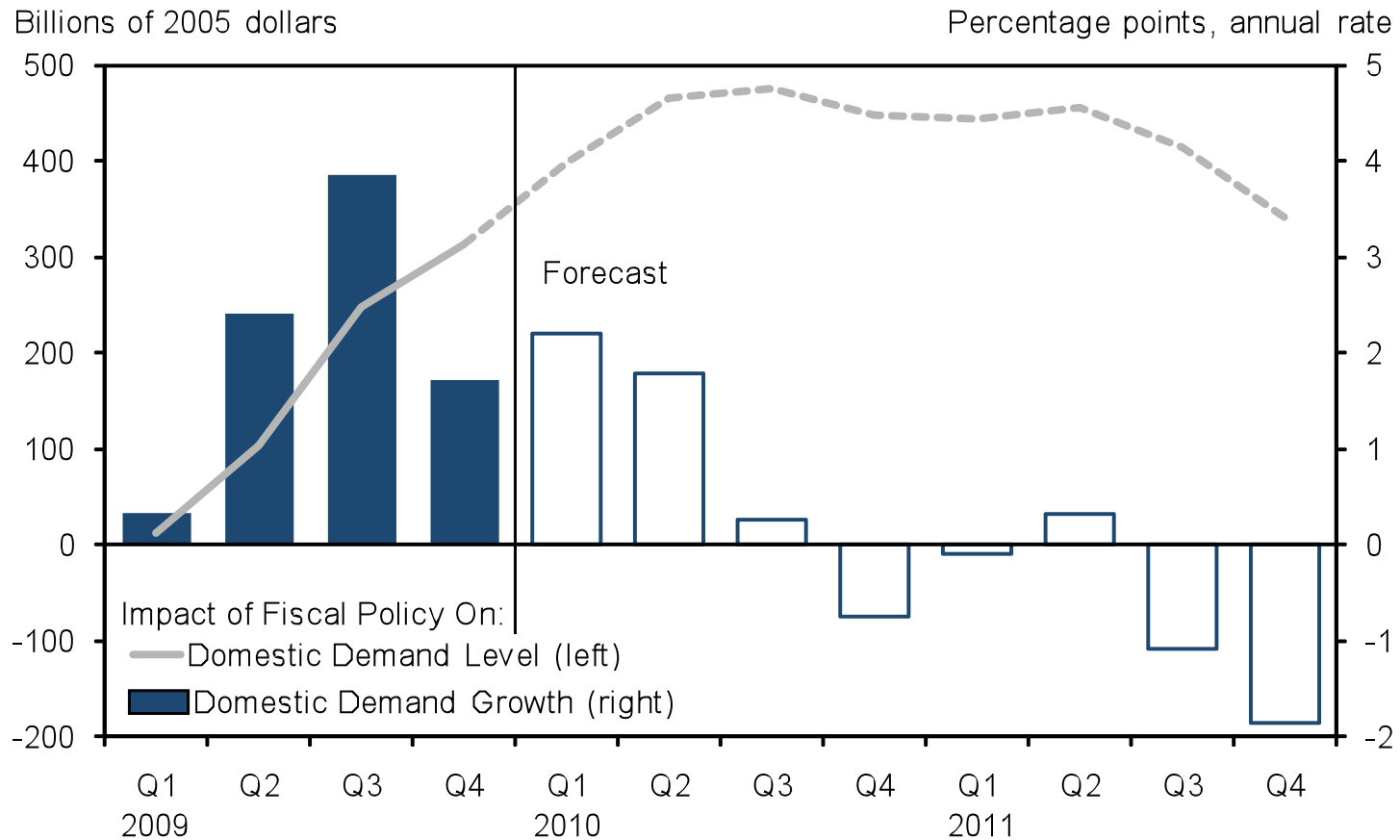
Source: Macroeconomic Advisers. Department of Commerce. Our calculations.

Retail Sales Suggest that Final Demand Growth *Might* Be Picking Up...



Source: Department of Commerce.

...But the End of the Fiscal Policy Boost In Mid-2010 Is Likely to Weigh on Growth



Source: Department of Commerce. Our calculations.

I, Jan Hatzius, hereby certify that all of the views expressed in this report accurately reflect personal views, which have not been influenced by considerations of the firm's business or client relationships.

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