

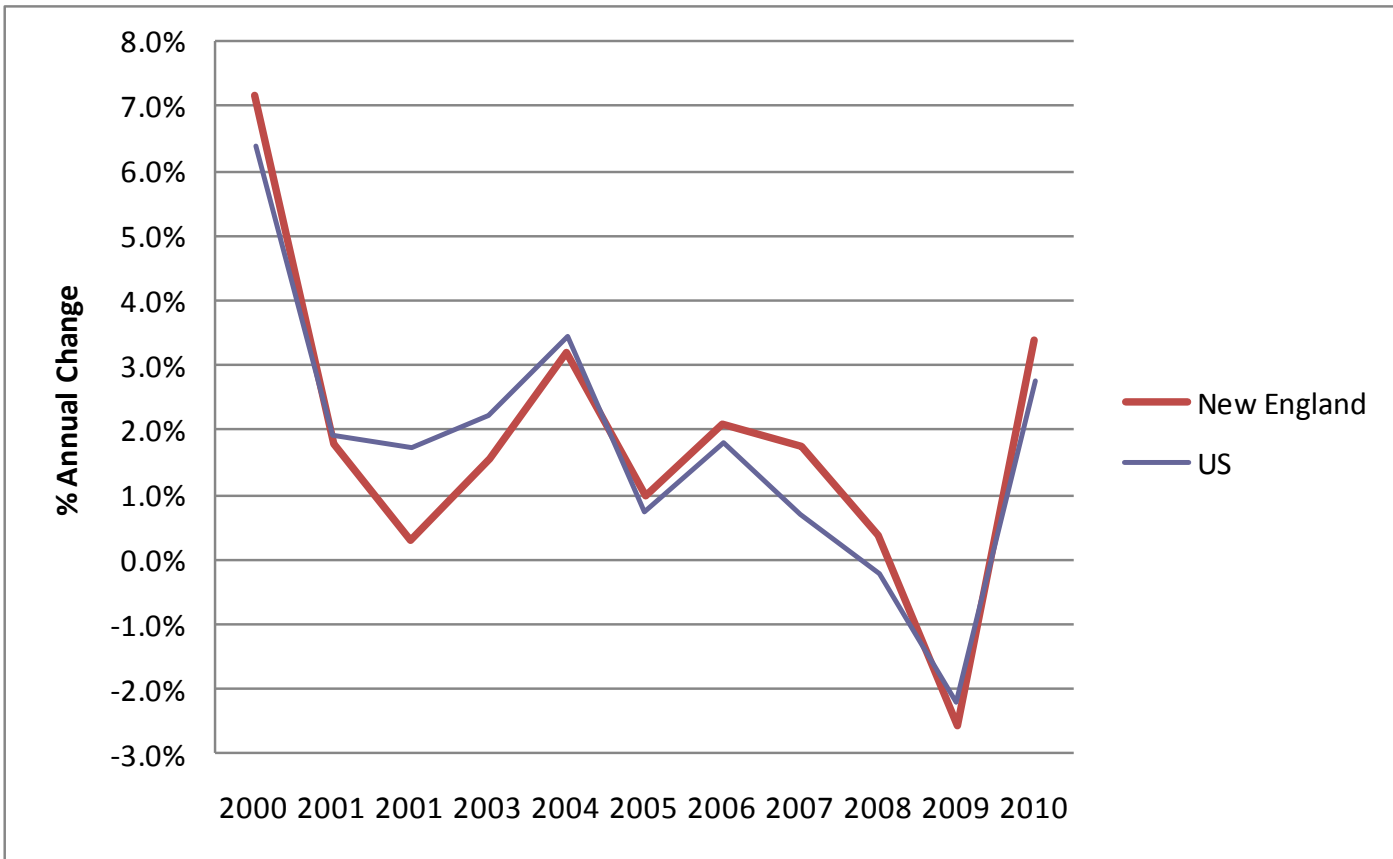
A Look at the New England and Massachusetts Economy

Daniel J. LaPlante, CFA
Senior Vice President
Citizens Private Bank & Trust
53 State Street
Boston, MA 02109

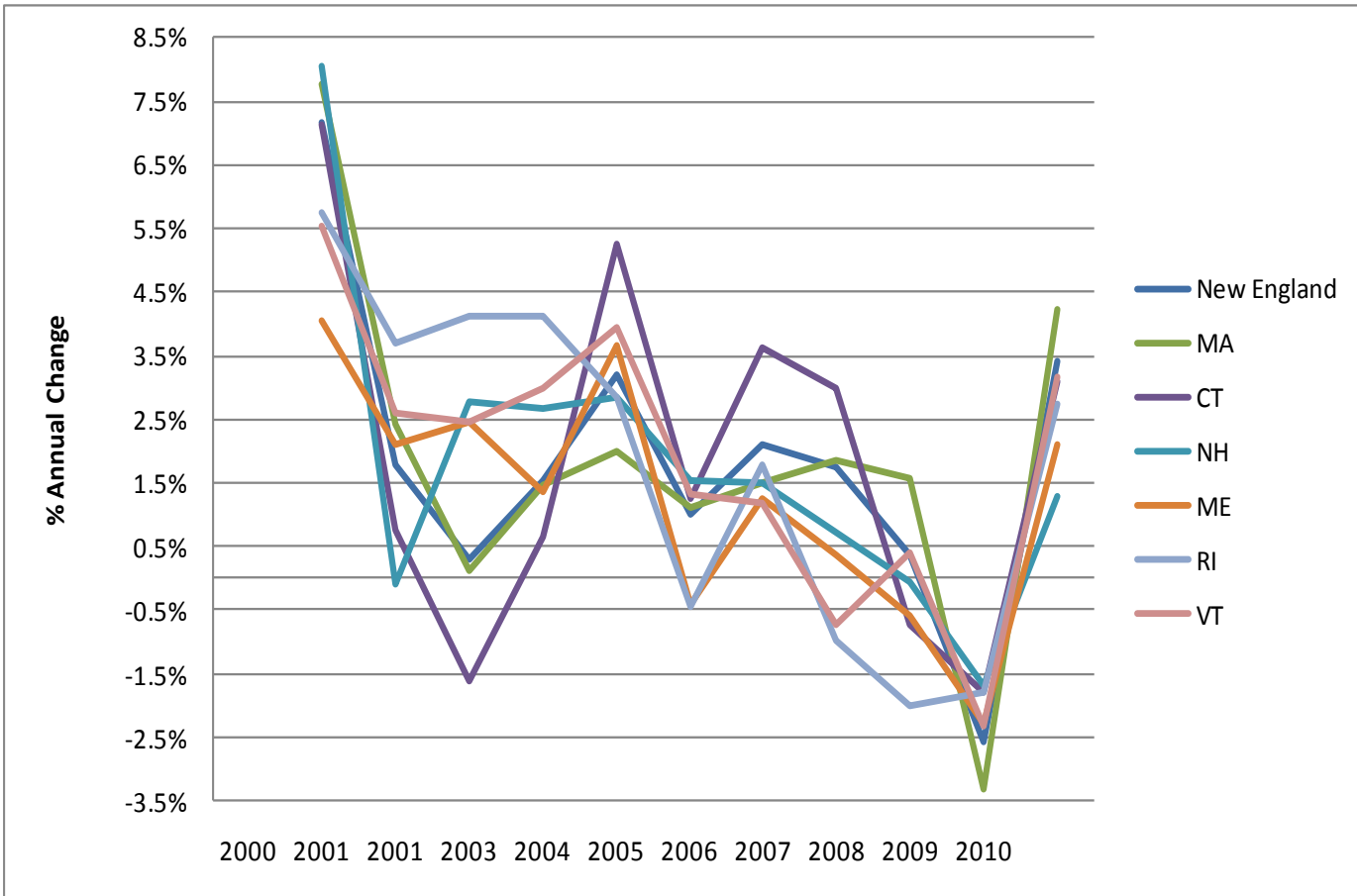


- US cyclical recovery now more than 2 years old
- Frustratingly weak, however

Gross Domestic Product – U.S. vs. New England



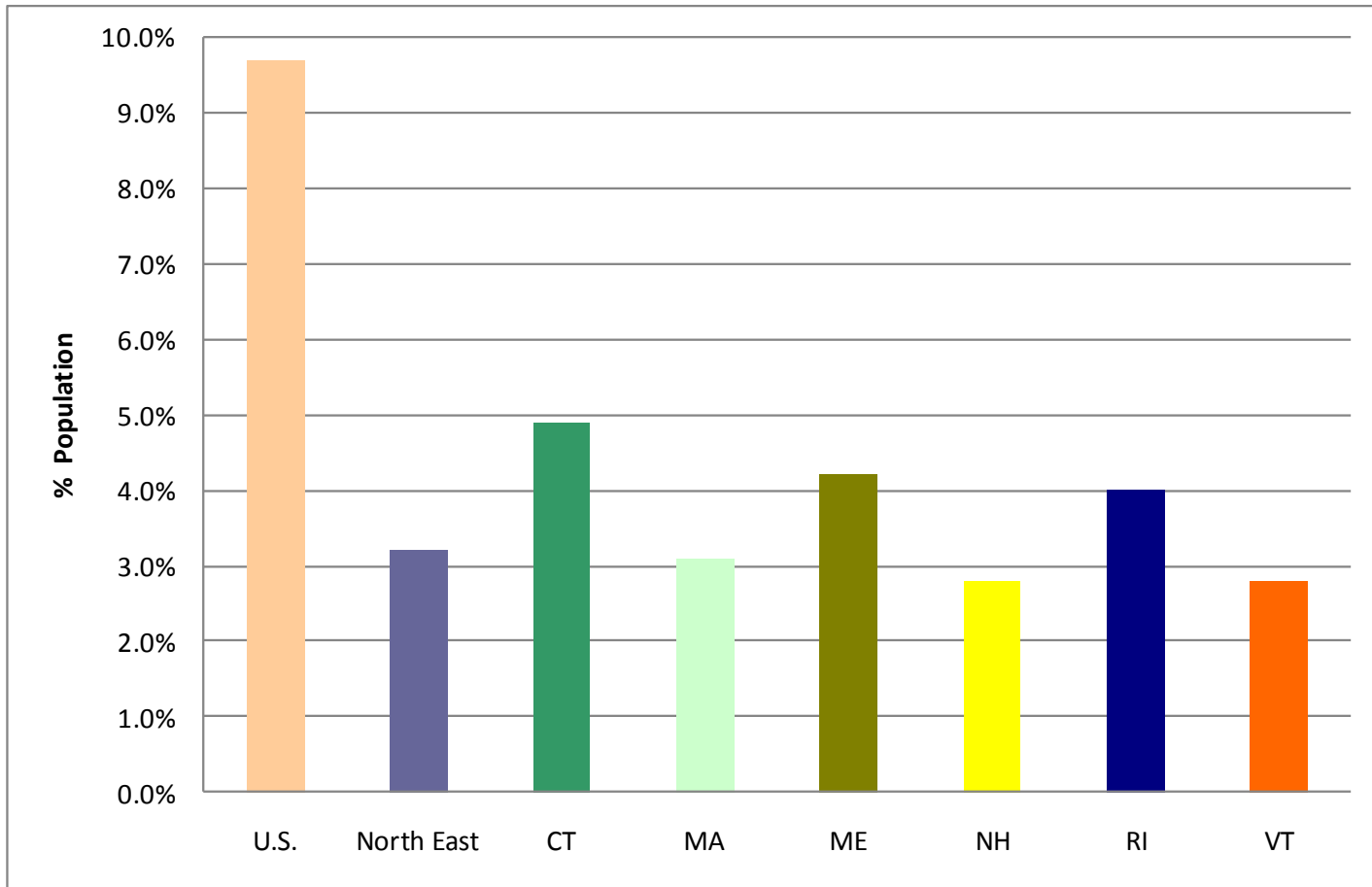
Gross Domestic Product – New England States



The U.S. Economy faces significant headwinds

- Employment
- Housing
- Fiscal Policy
- Monetary Policy

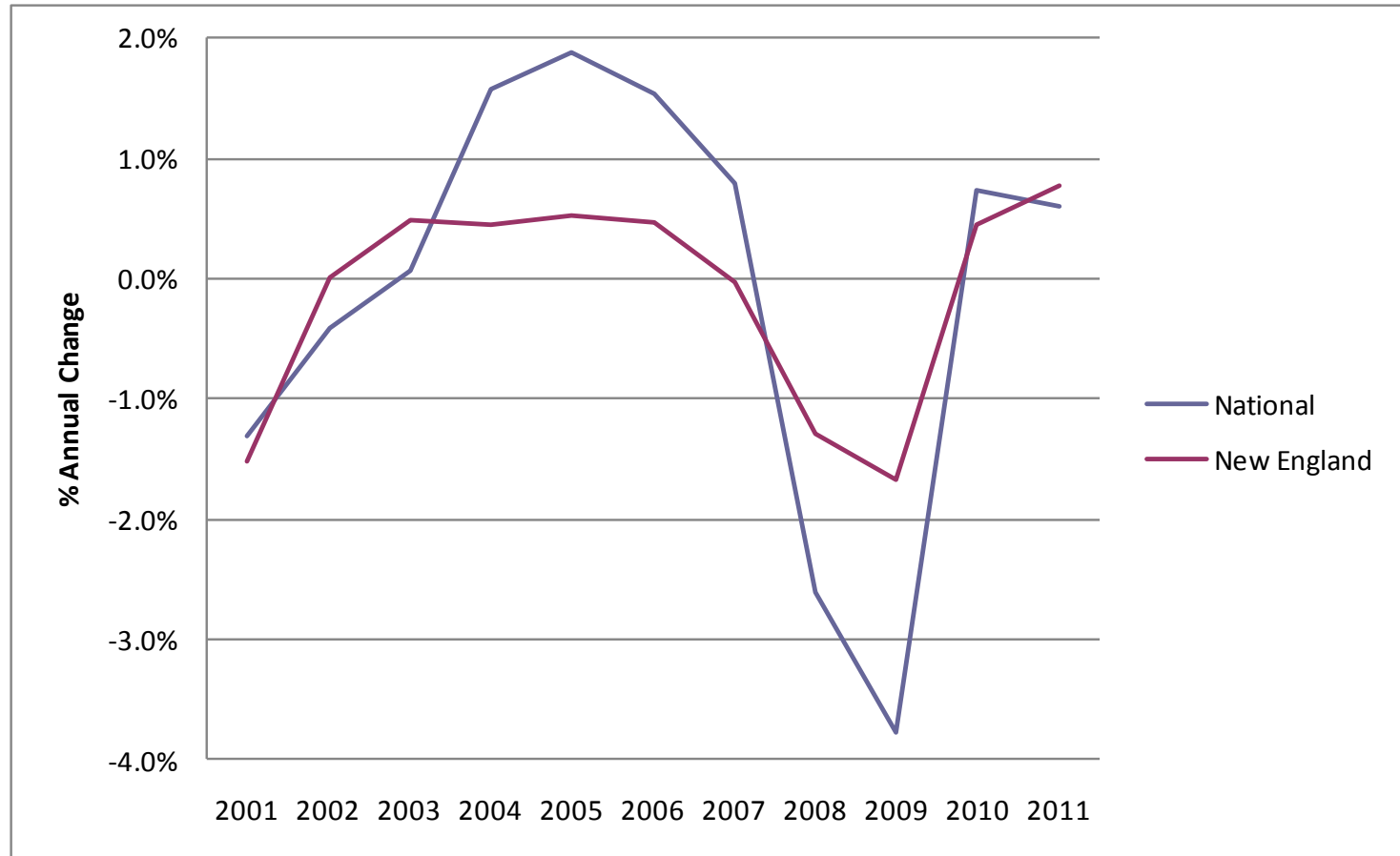
% Population change by State
2000 – 2010



Source: U.S. Census Bureau

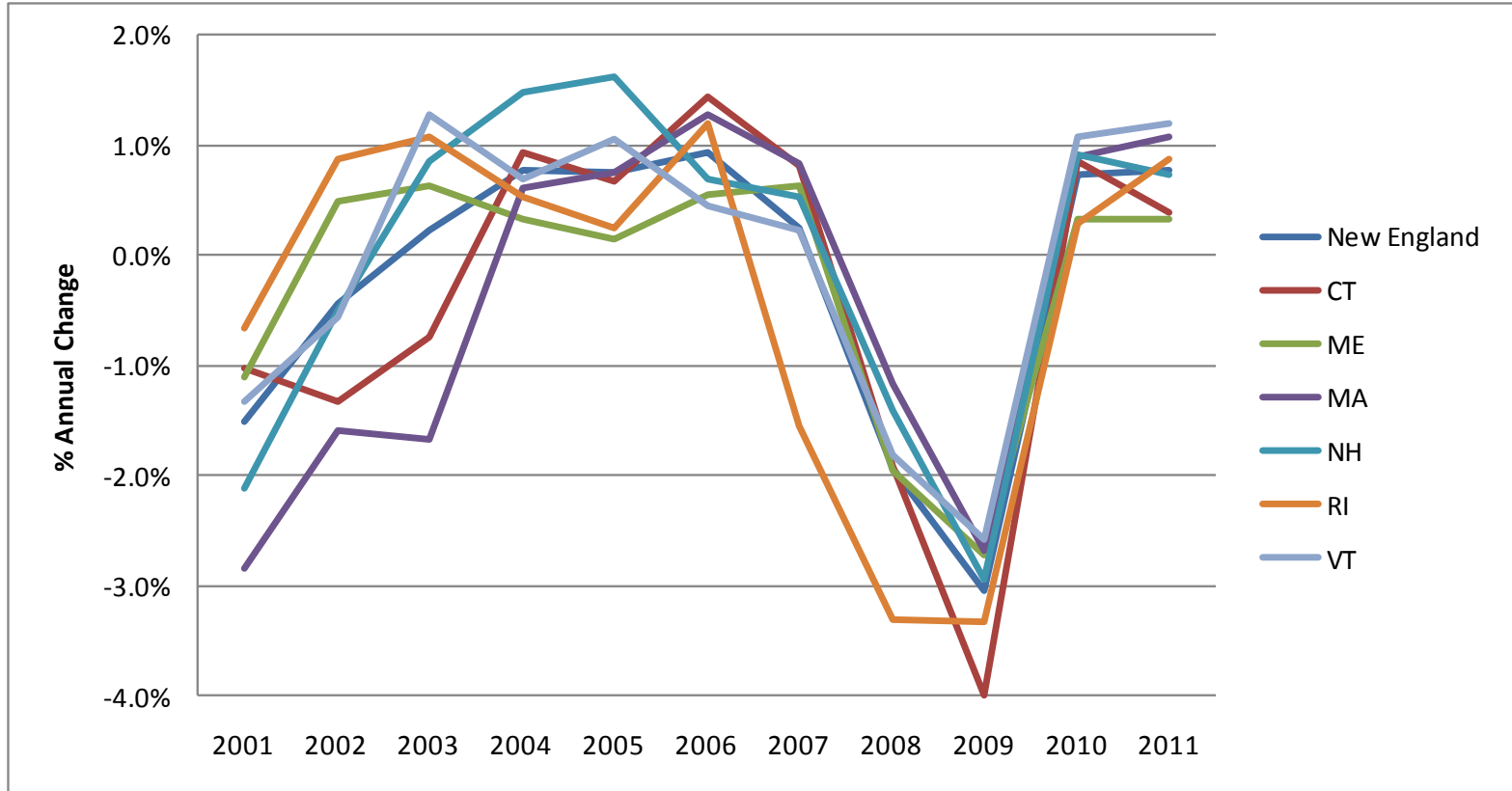


Total Employment – U.S. vs. New England



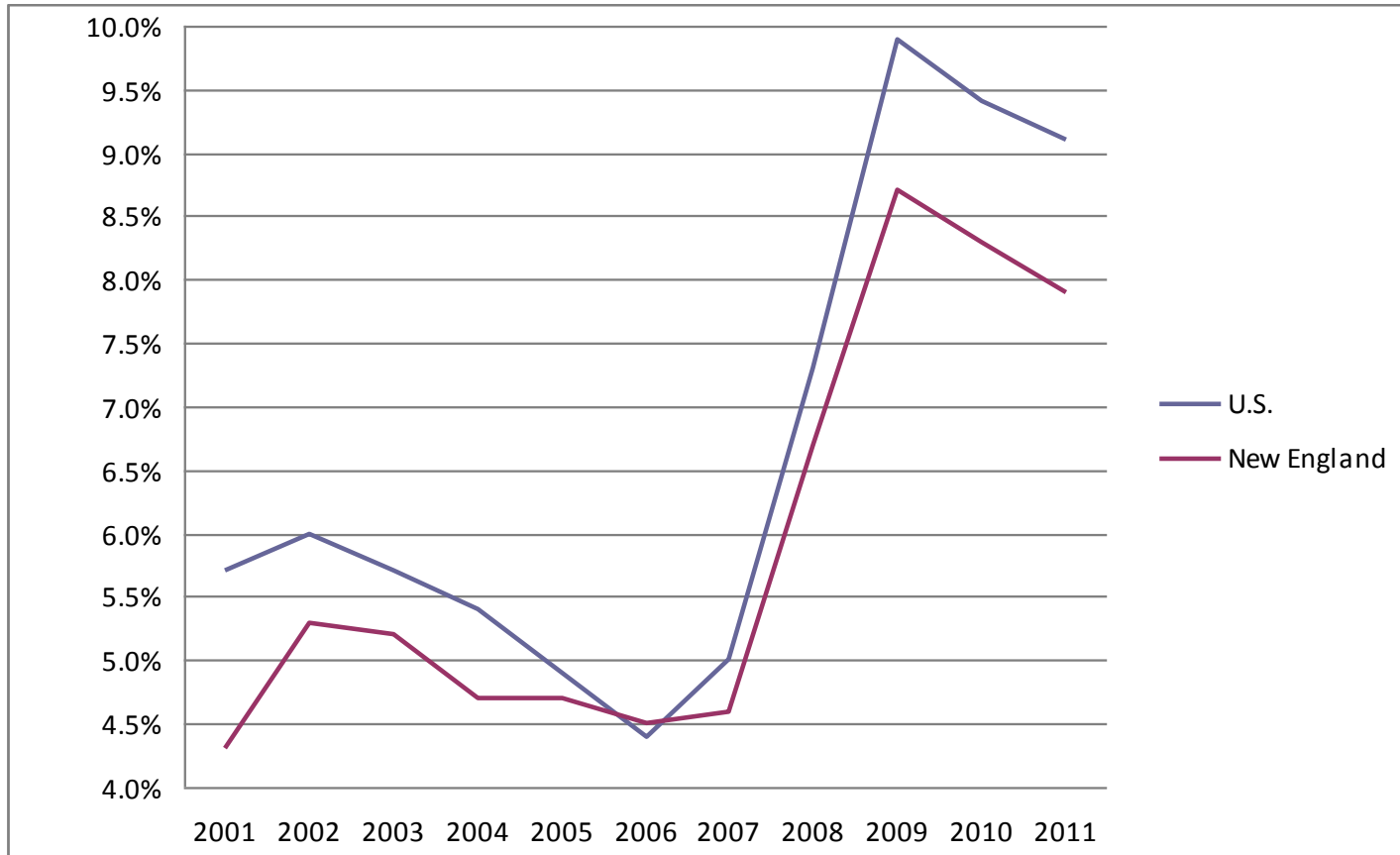
Source: Bureau of Labor Statistics

Total Employment New England States



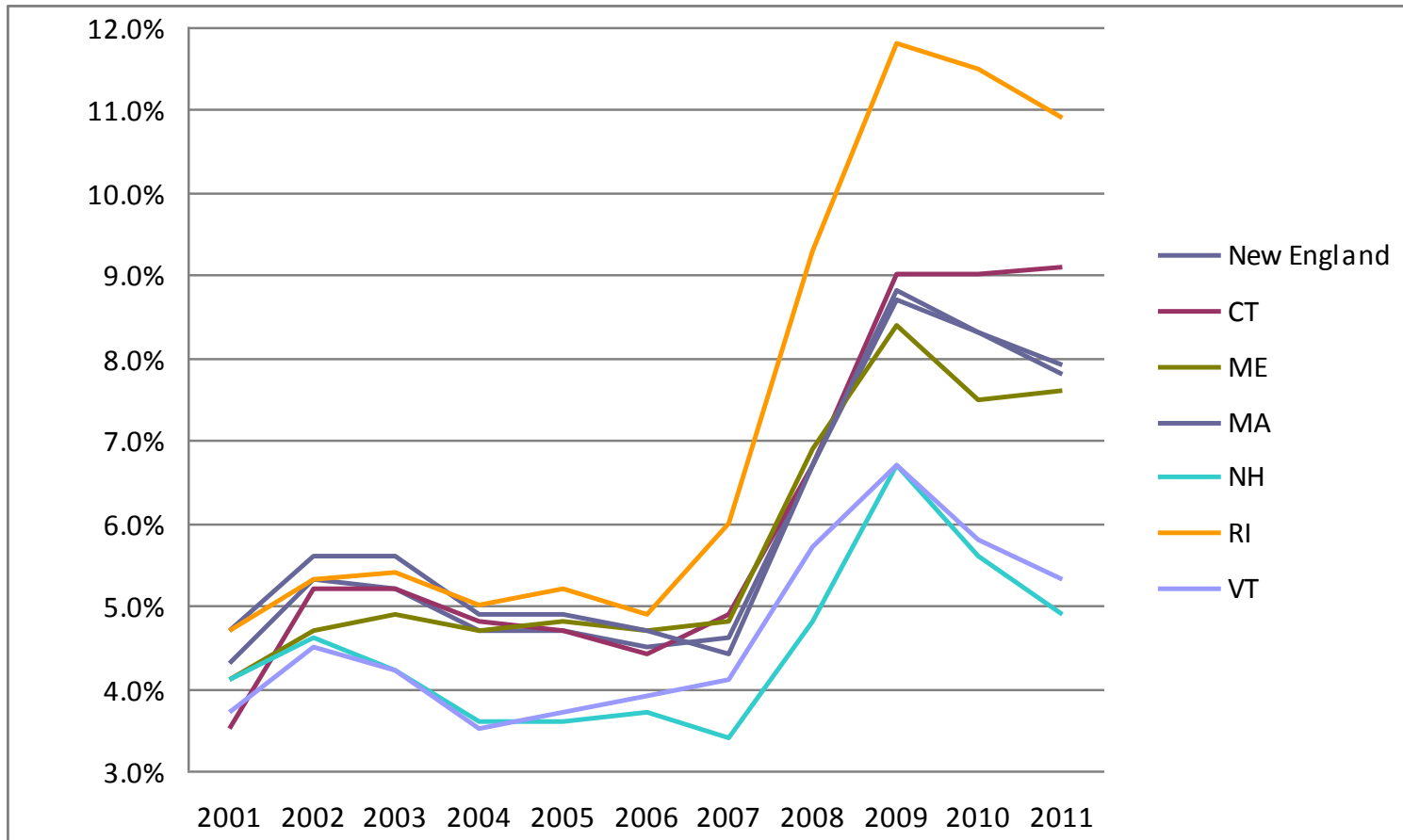
Source: Bureau of Labor Statistics

Unemployment Rate – U.S vs. New England



Source: Bureau of Labor Statistics

Unemployment Rate – New England States



Source: Bureau of Labor Statistics



Housing Prices



Source: Standard and Poor's

Fiscal and Monetary Policy

- Unprecedented levels of monetary stimulus
 - Zero overnight rate target since 2008
 - \$2.5 Trillion Federal Reserve Balance Sheet
 - QE1, QE2, QE3?
- Unprecedented budget deficits and total debt

Interest Rate Trend

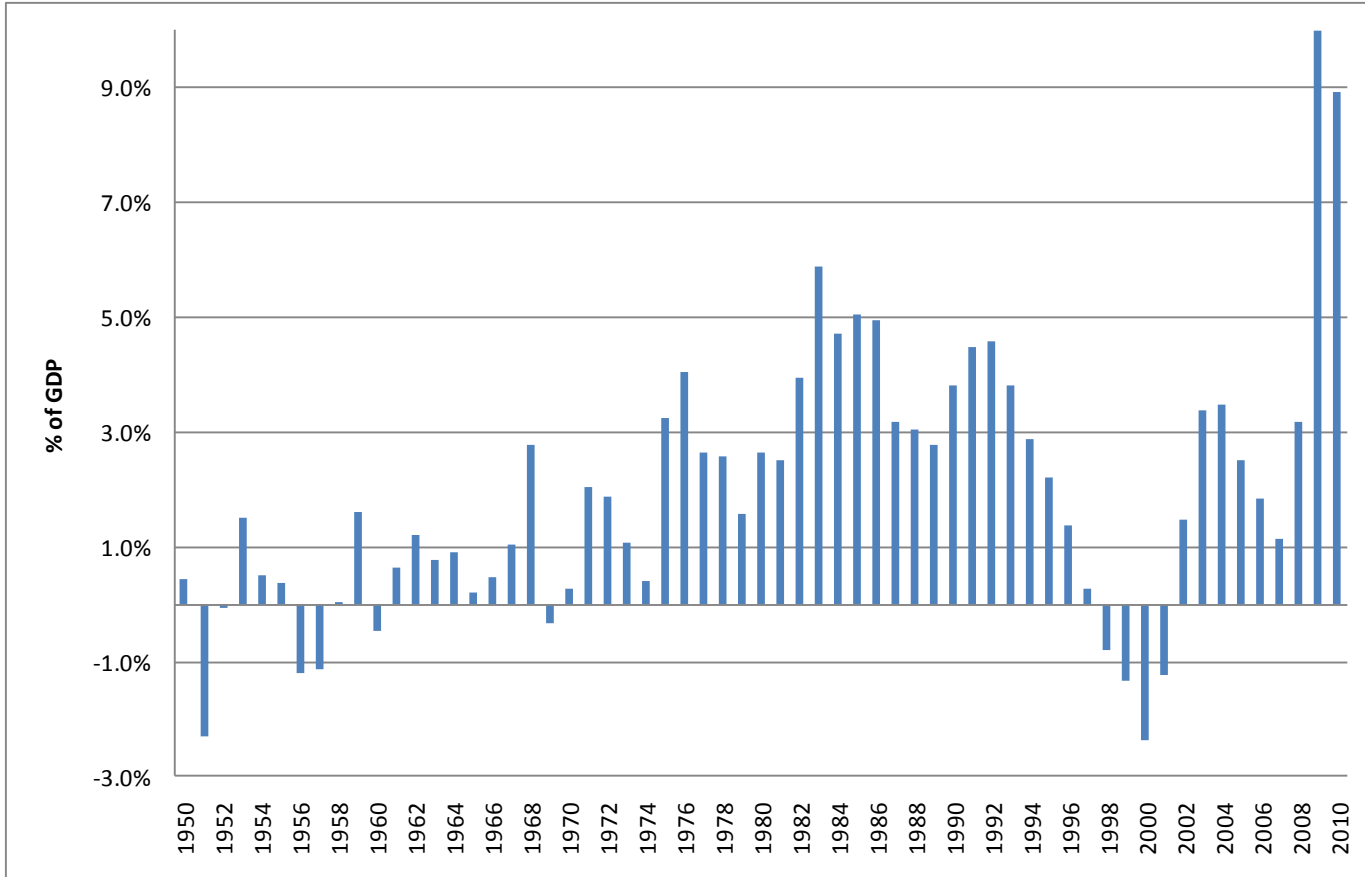
GT10 Govt GY Govt **GY**
 US TREASURY N/B T 3 $\frac{1}{8}$ 05/15/21 101-03 /101-03+ (3.00 /99) BGN @17:33
GT10 GOVT Save Chart Hide GY - Yield Chart Page 1/5
 Range 01/31/00 - 05/31/11 Upper Mid Yield to W Mov. Avgs Currency USD
 Period Monthly Lower None Mov. Avg Events



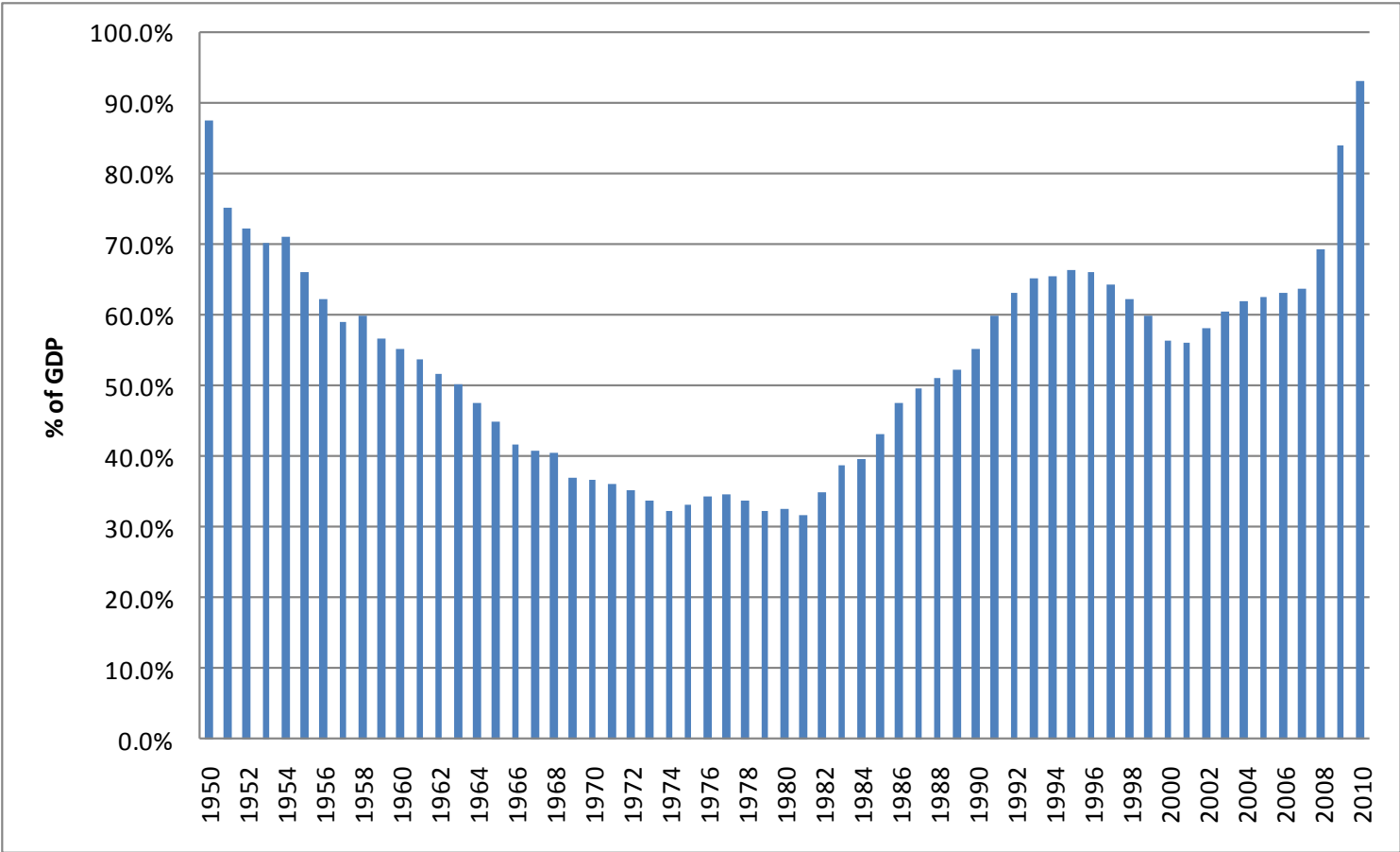
Source: Bloomberg



Federal Deficit



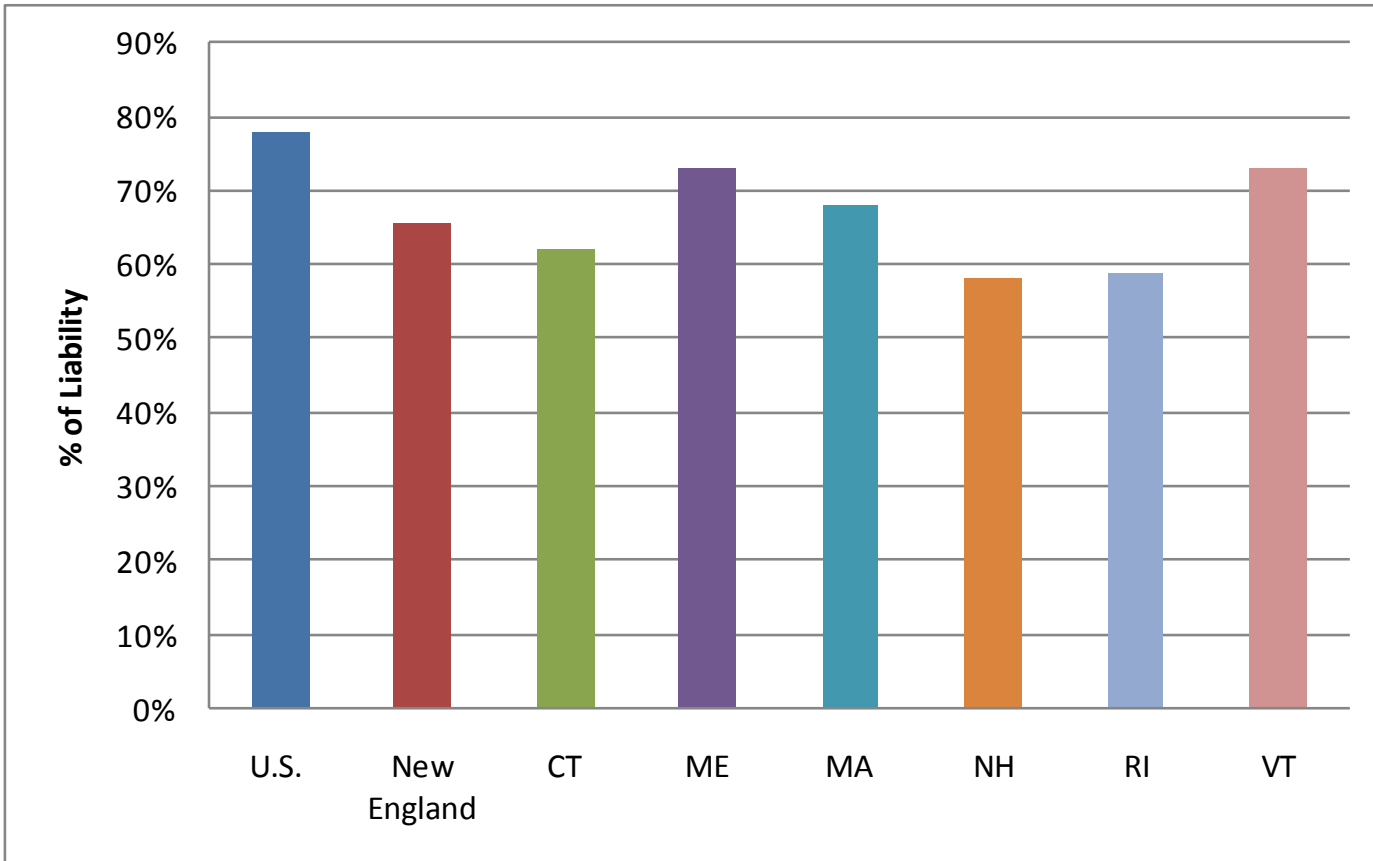
Total Federal Debt



Impacts on State and Local Governments

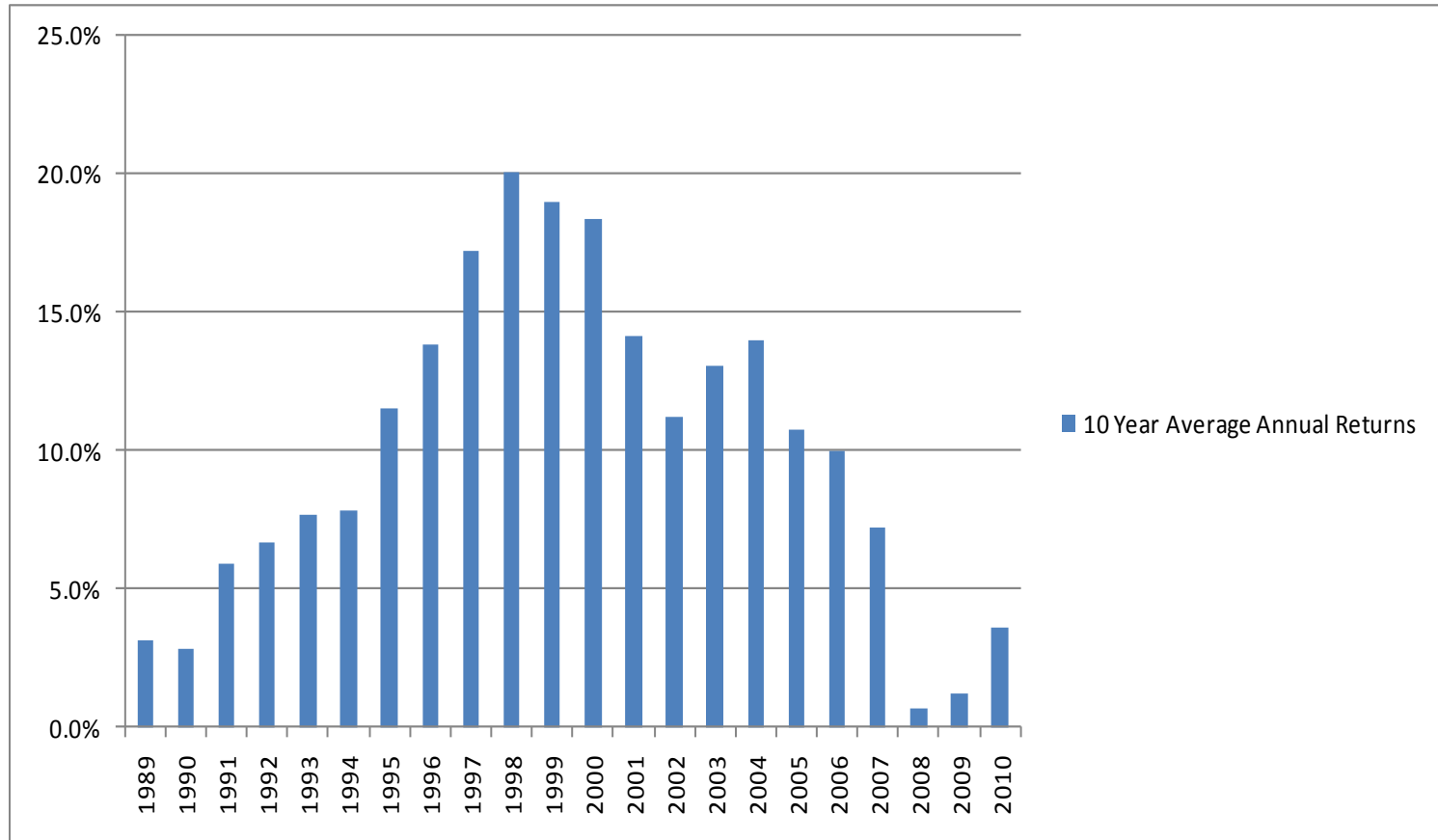
- Credit downgrades under consideration
- Continued employment reductions
- Pension reform
- Pressure on public sector unions
- Waiting for revenues to recover

Unfunded Pension Obligations

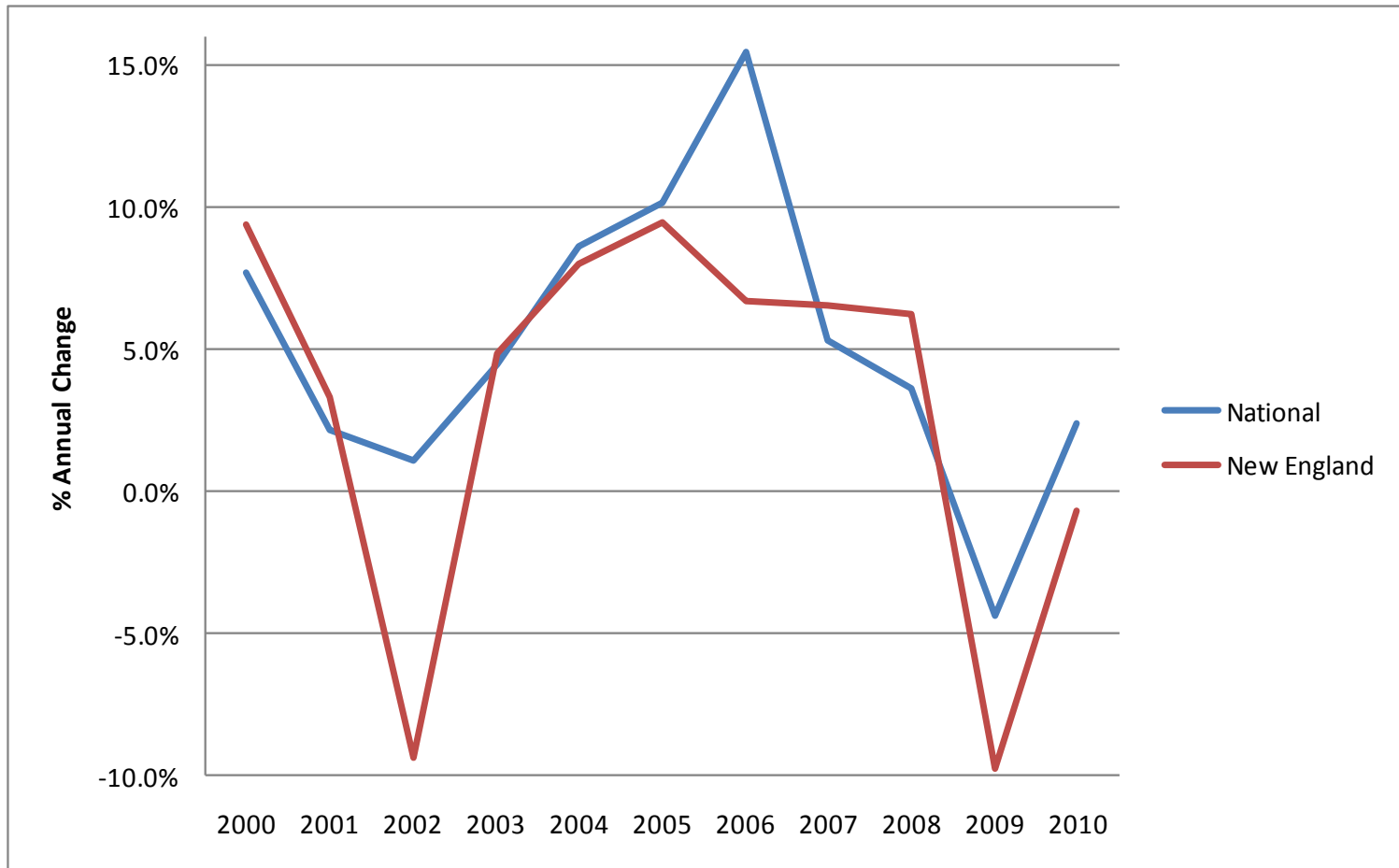


Source: www.pewcenteronthestates.org

U.S Equity Returns

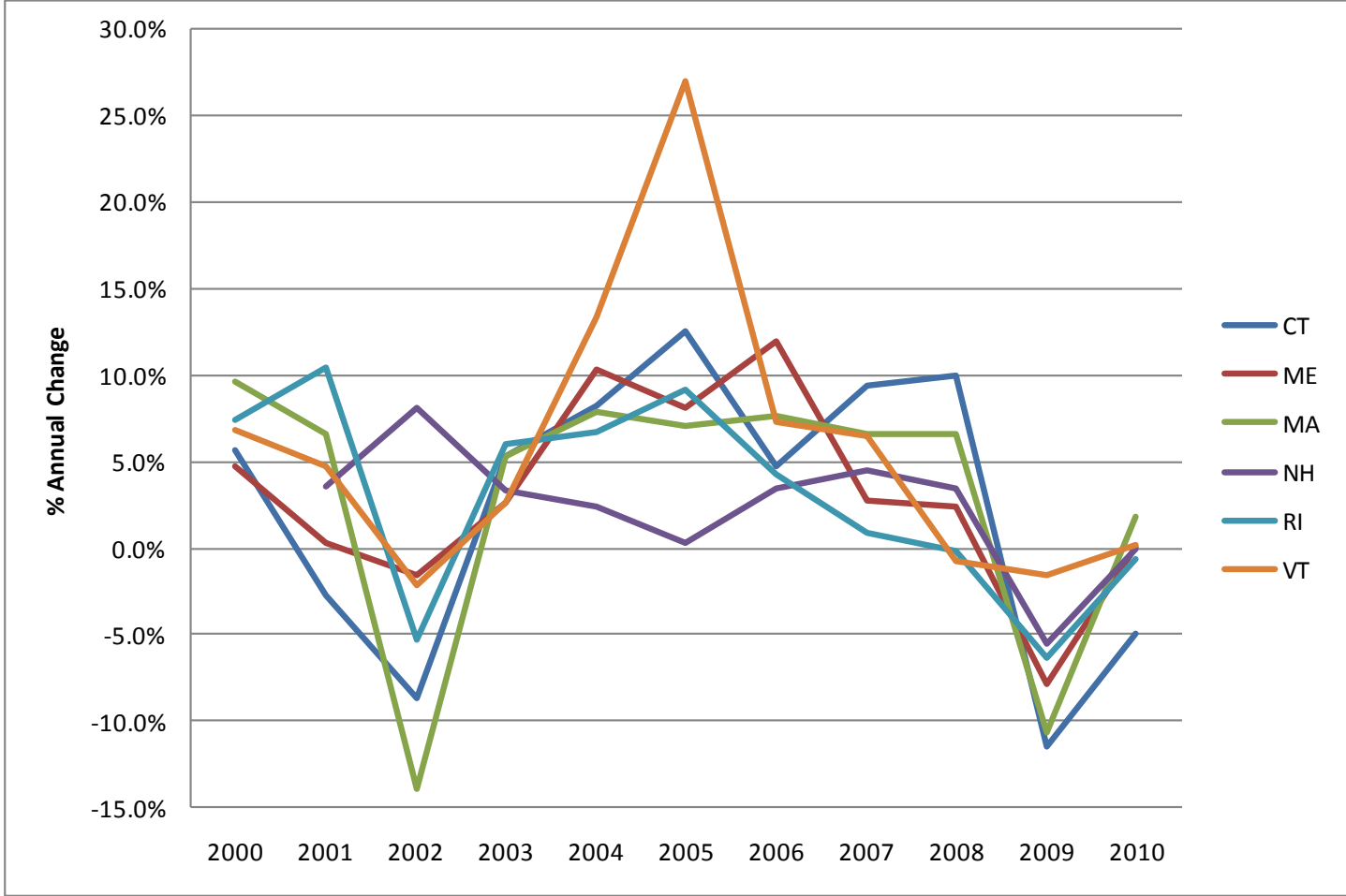


Total State and Local Government Revenue



Source: U.S. Census Bureau

State and Local Government Revenue



Source: U.S. Census Bureau

