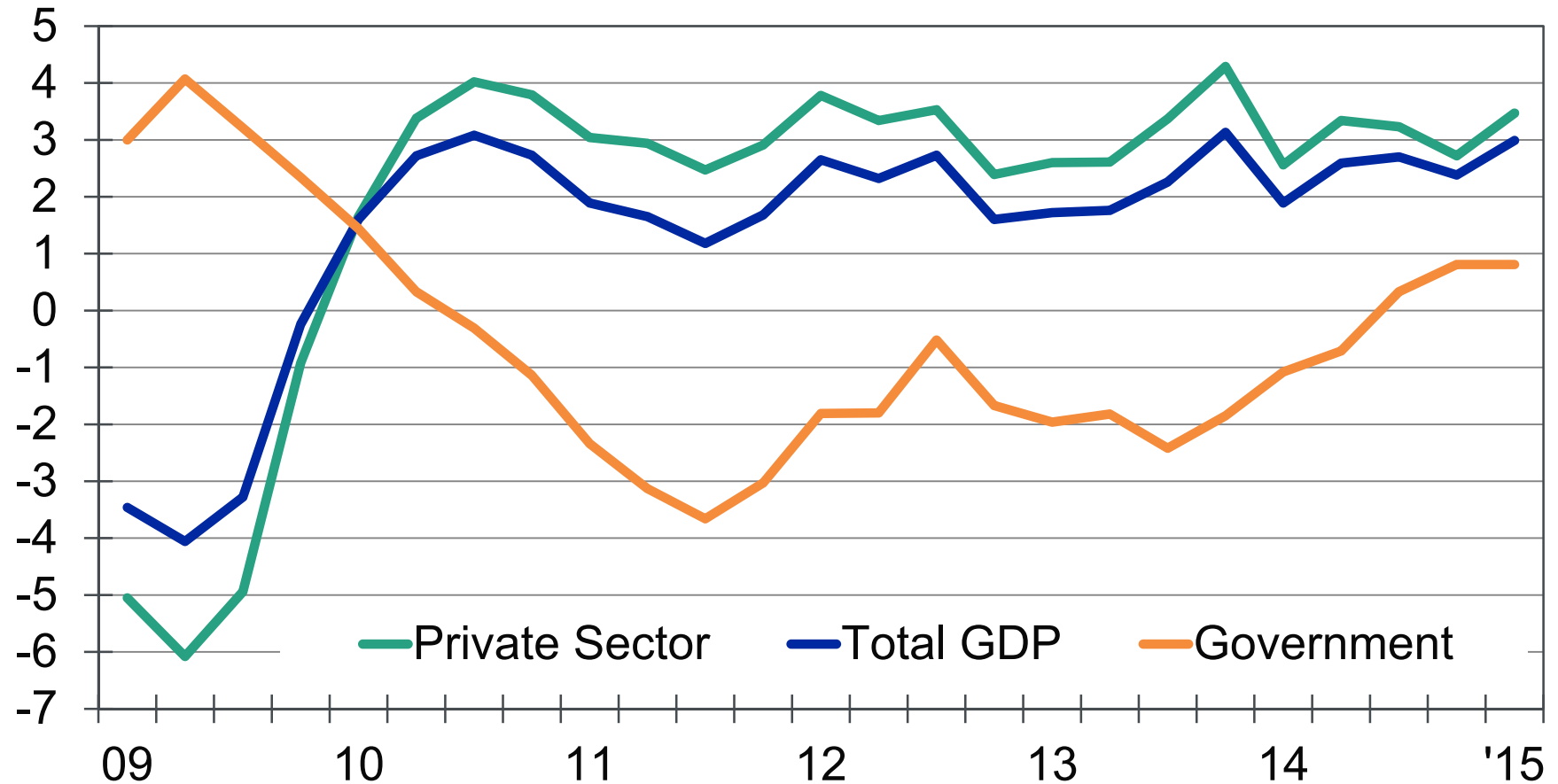


Secular Stagnation or Virtuous Cycle?

MARK ZANDI, CHIEF ECONOMIST

Disappointing Perhaps, But Far From Stagnation

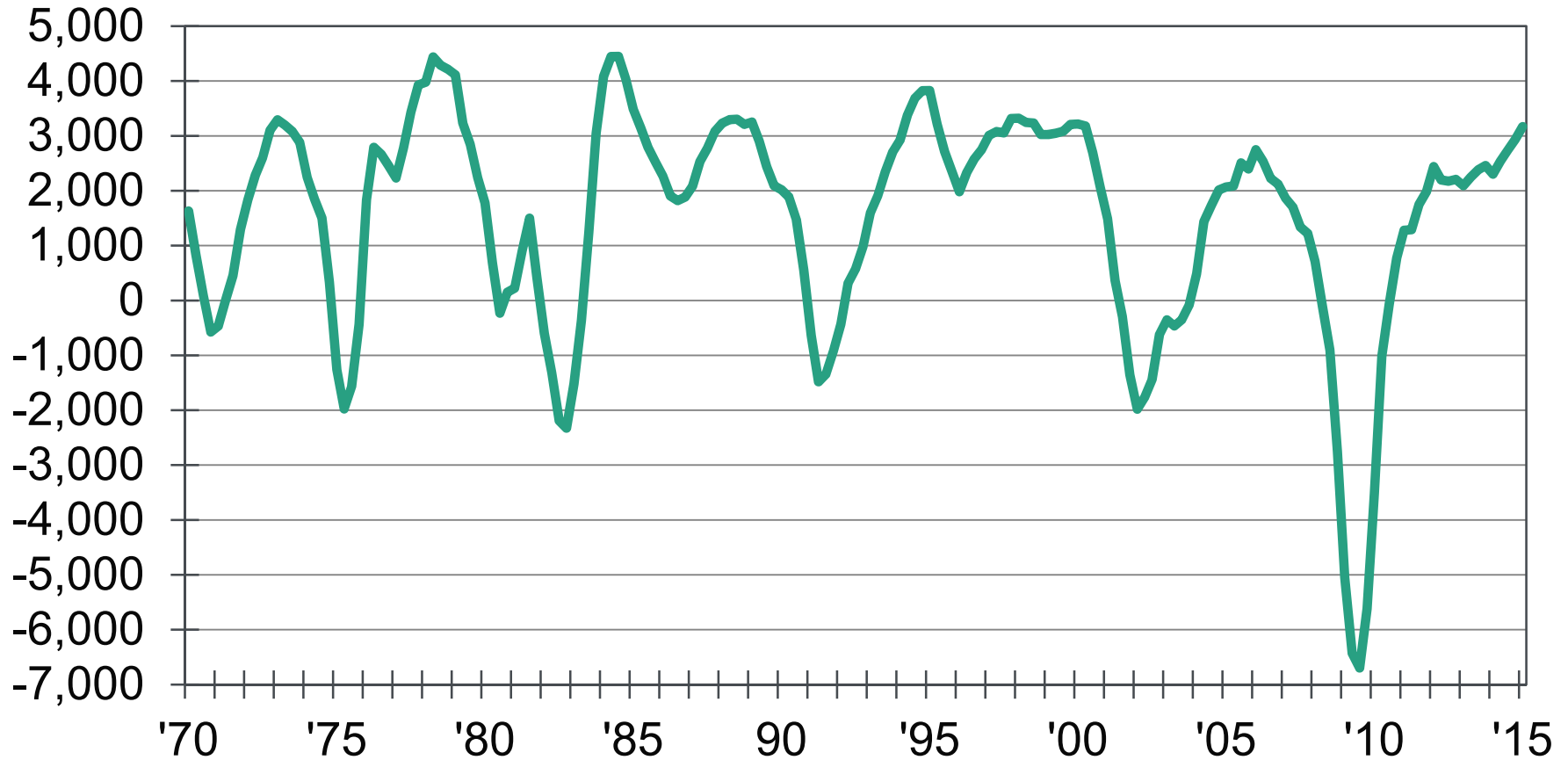
Real GDP, % change year ago



Sources: BEA, Moody's Analytics

Employment Growth is Robust

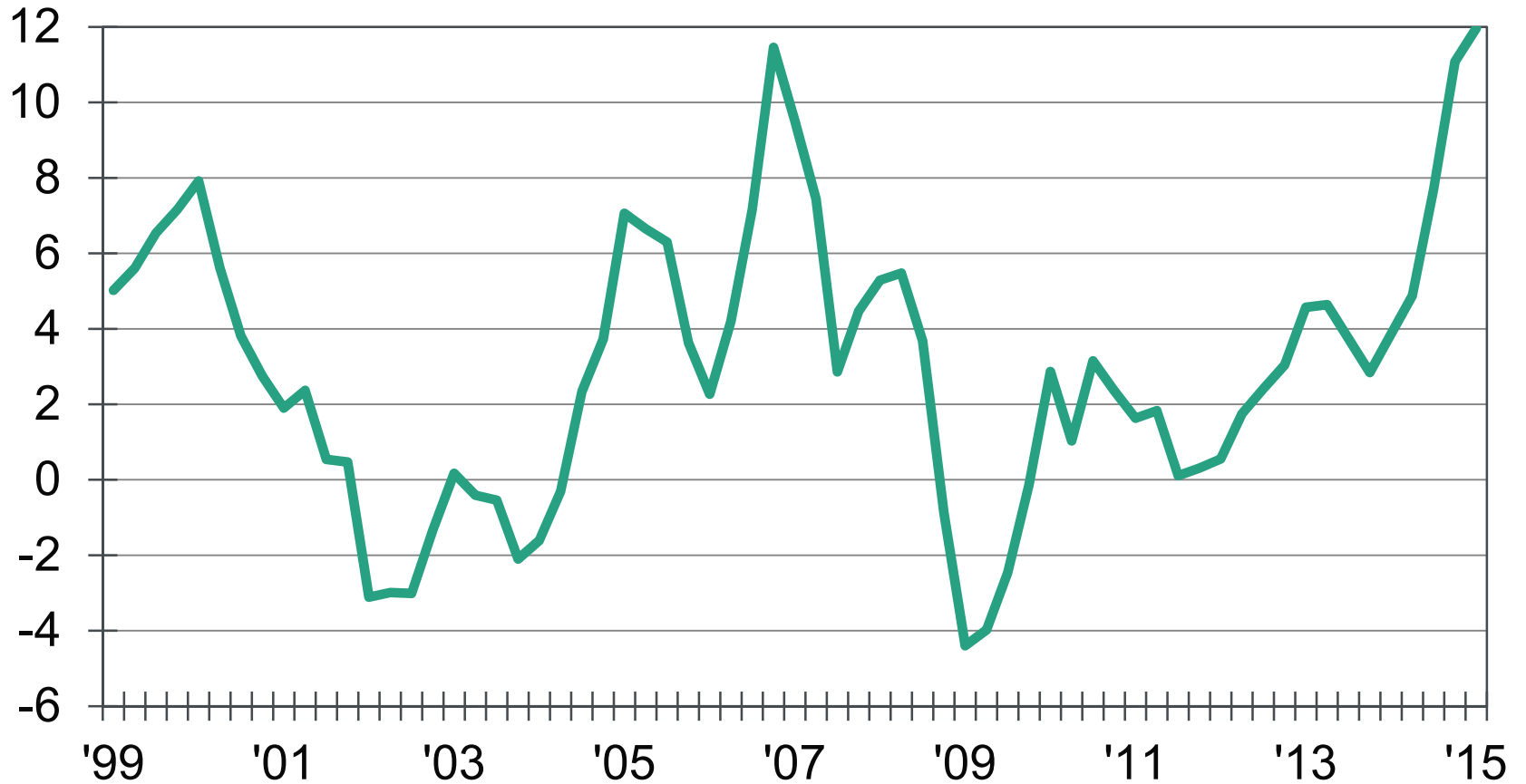
Year-over-year change in payroll employment, Ths.



Source: BLS

R&D Investment Surges

Real R&D Investment, % change year ago



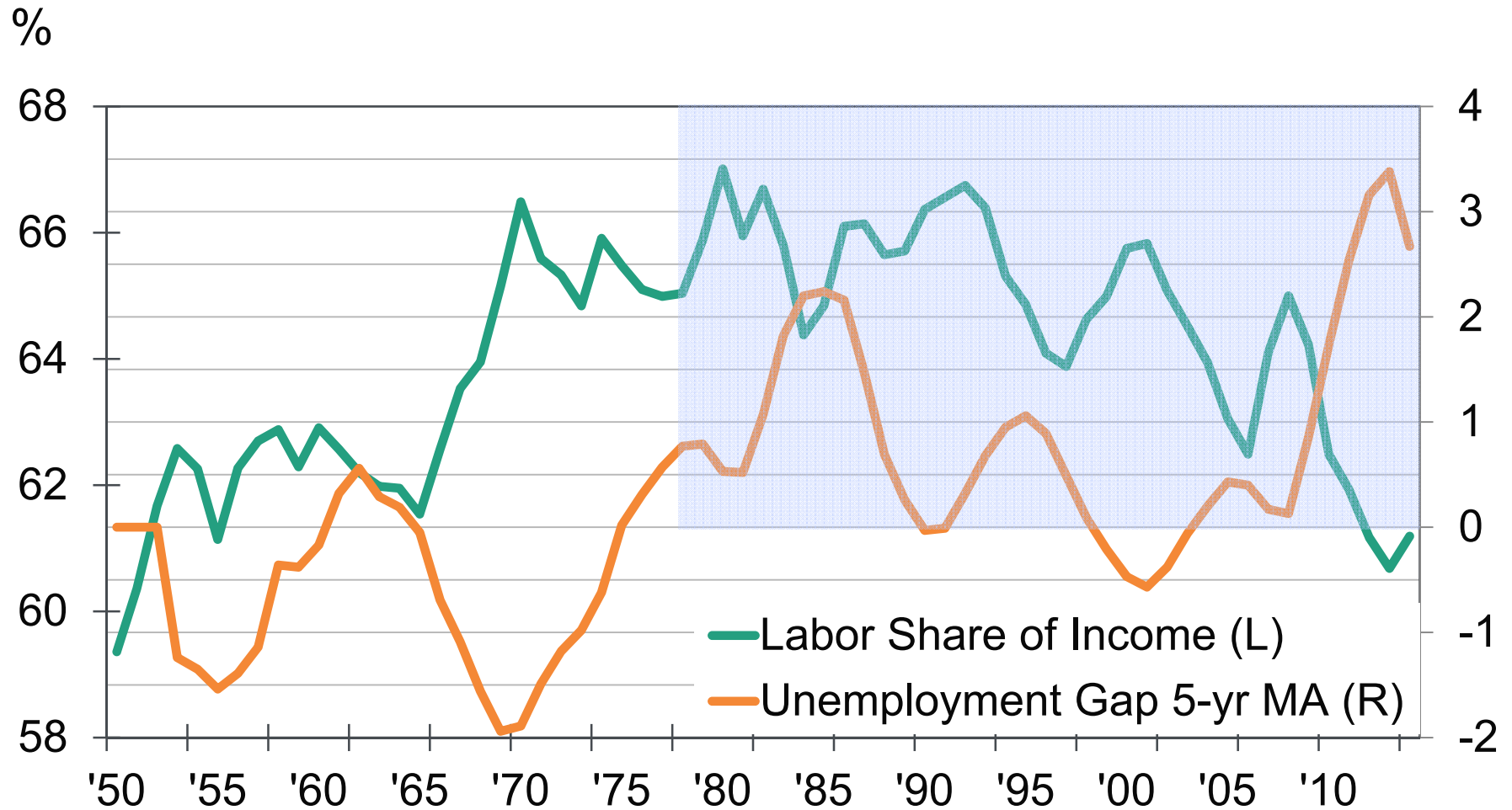
Source: BEA

No Sign of a Bubble (Yet)

Asset	Rate Hike Cycles				Today	Valuation rank (1=cheap, 5=rich)
	1988	1994	1999	2004		
IG credit spread (bps)	110	79	113	100	129	1
HY credit spread (bps)	411	326	479	417	442	2
Taylor residual (%)	-0.5	1.9	-1.0	-2.9	1.4	2
PE - trailing (ratio)	13.6	16.1	29.0	19.1	18.1	3
PE - forward (ratio)	9.7	14.2	23.3	16.4	17.5	4
Term premium (%)	3.4	2.2	1.3	2.0	-0.2	5

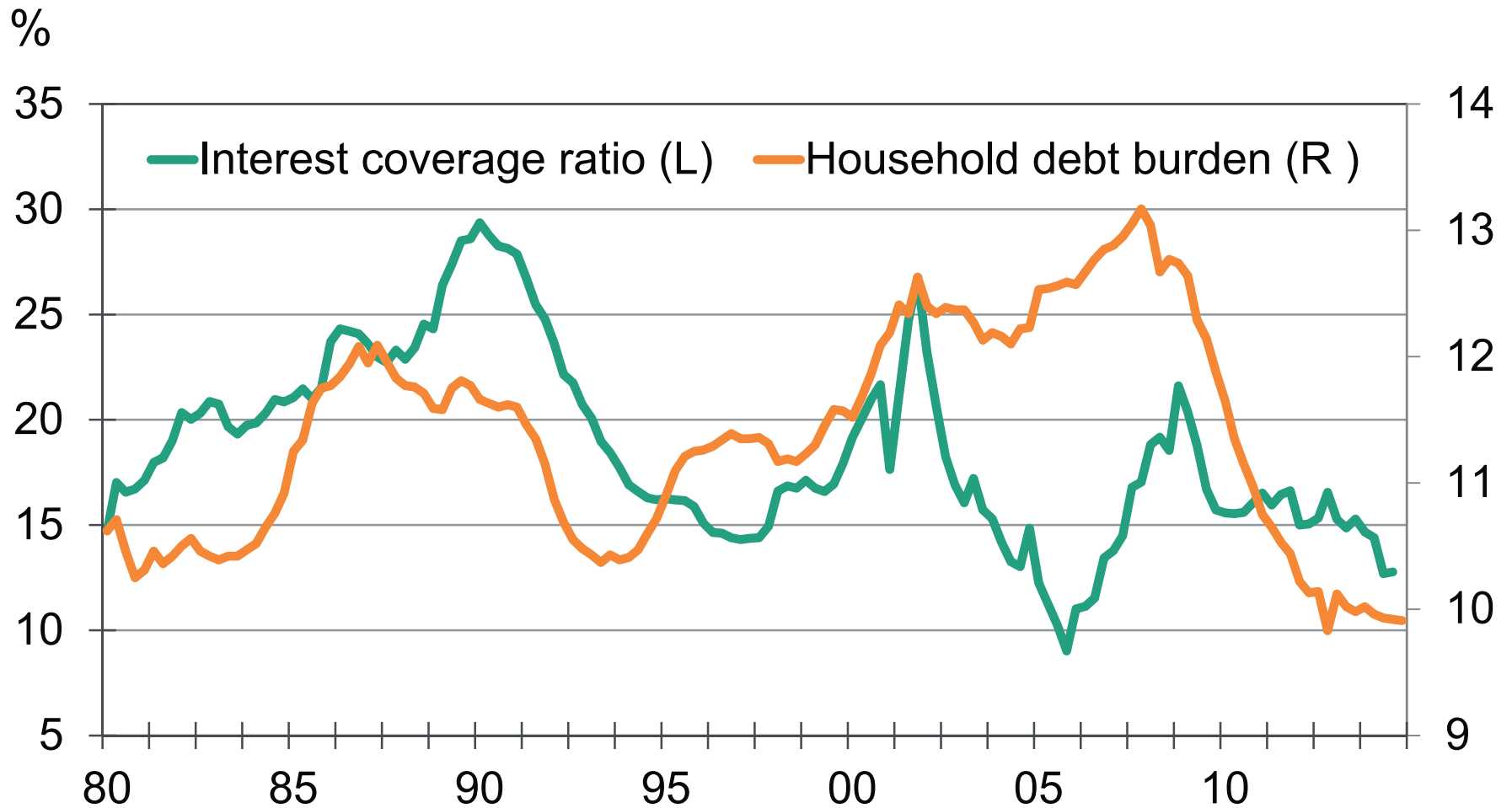
Sources: Goldman Sachs, Moody's Analytics

Labor Share Falls With Opportunistic Disinflation



Sources: BLS, BEA, Moody's Analytics

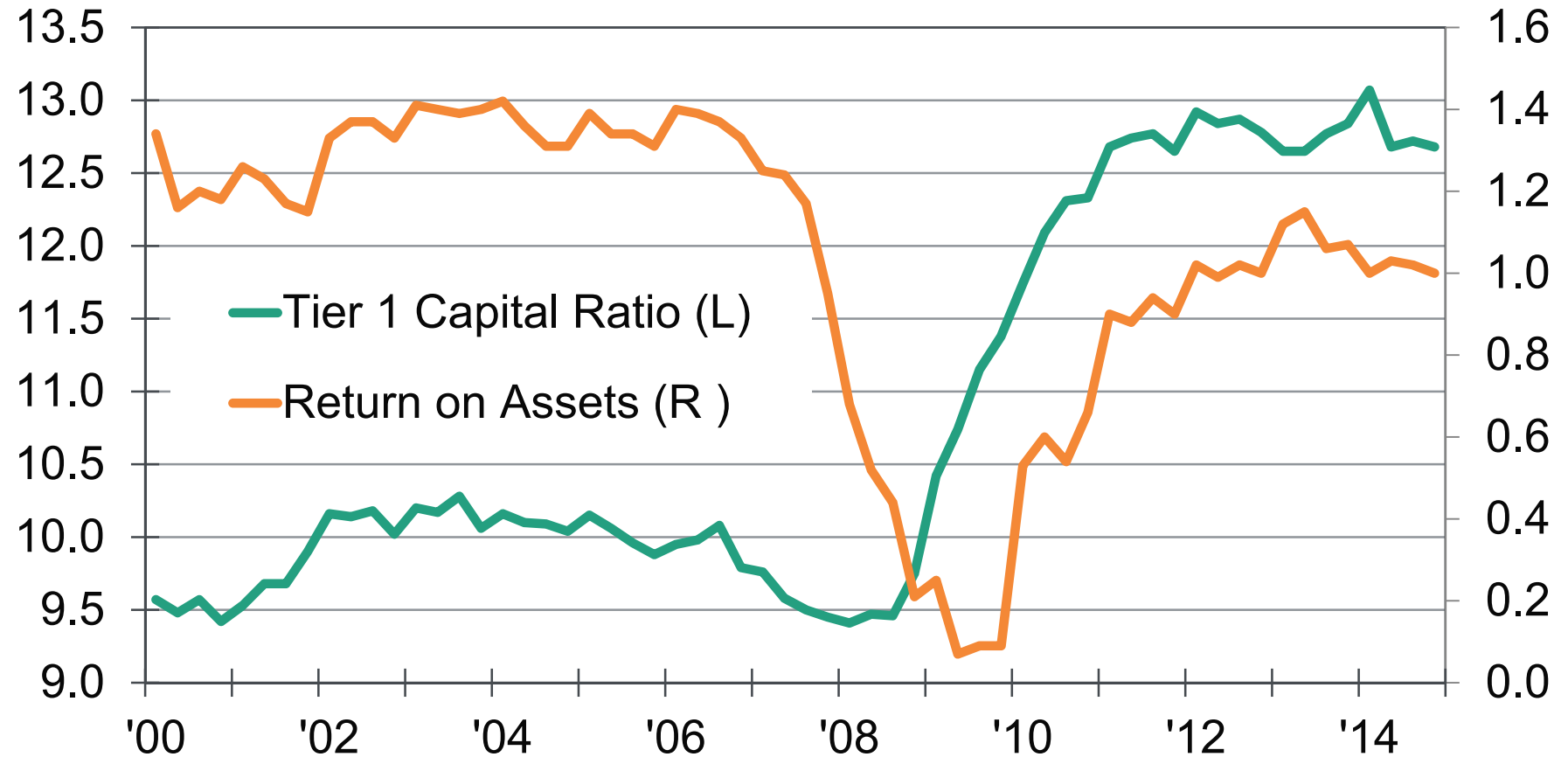
Households and Business Delever



Sources: Federal Reserve, Moody's Analytics

Banks are Abundantly Capitalized and Profitable

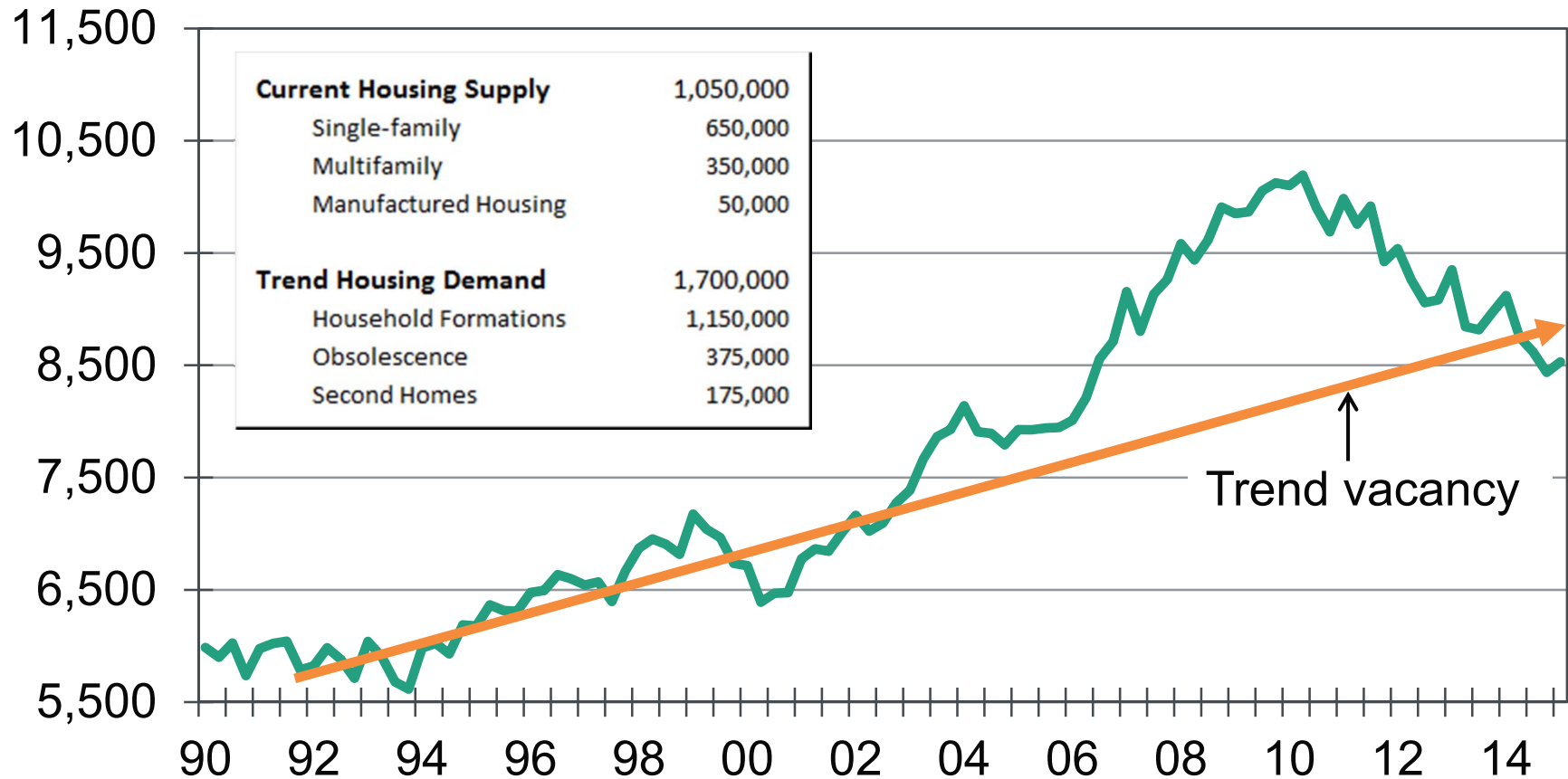
Commercial banks



Source: FDIC

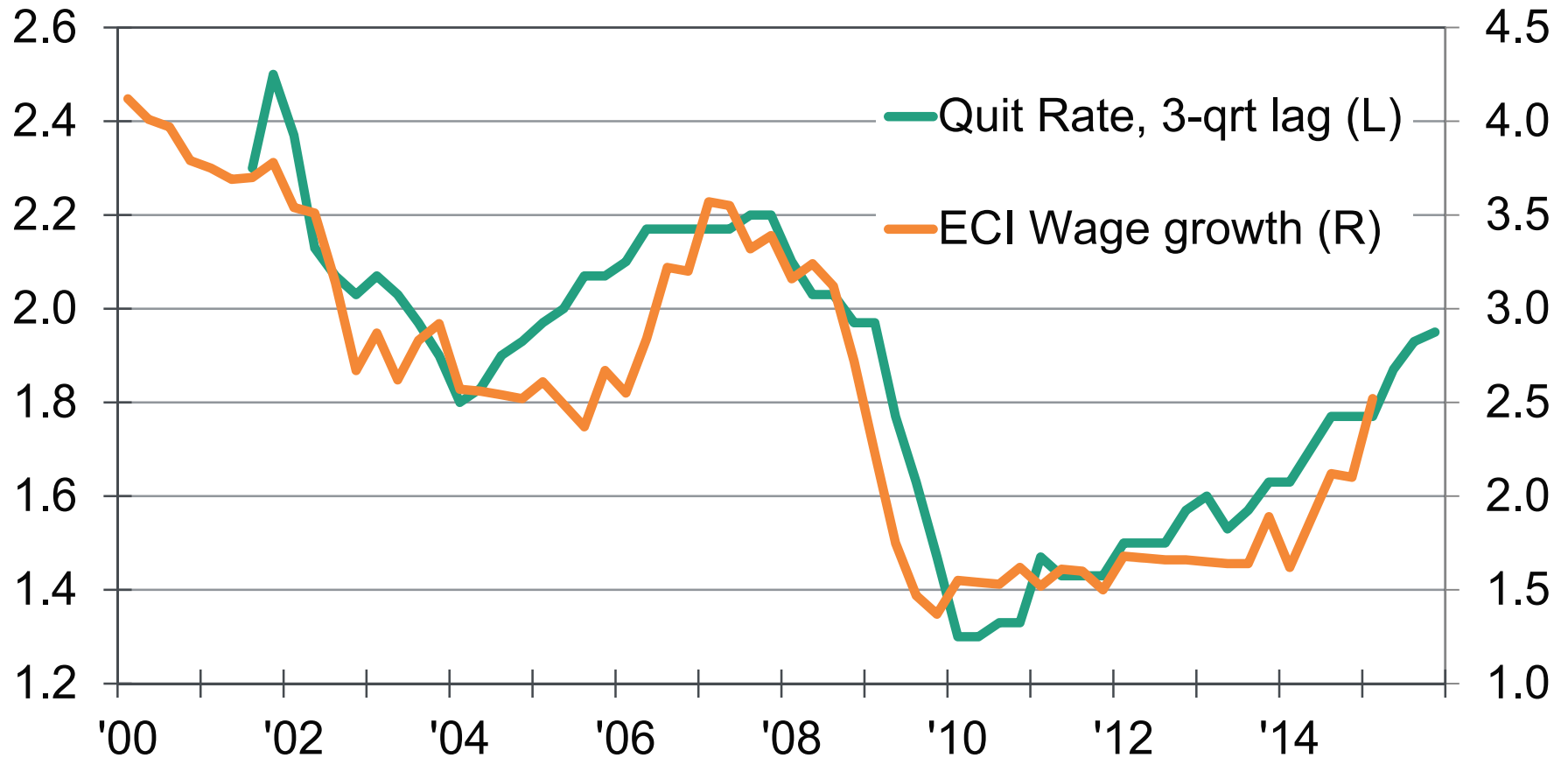
Housing Goes From Over to Undersupplied

Vacant homes for sale, for rent and held off market, the



Sources: Census Bureau, Moody's Analytics

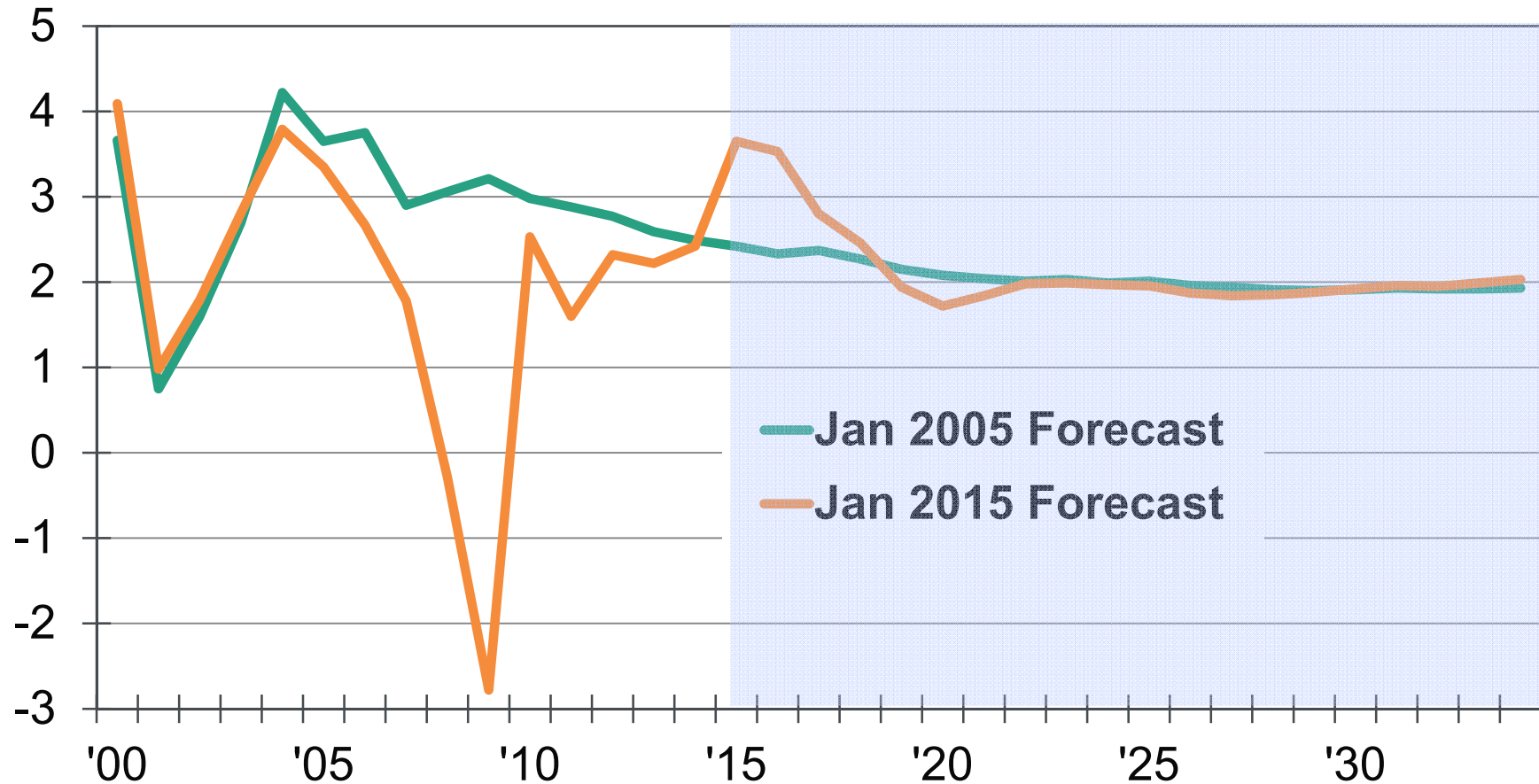
Wage Growth is Set to Accelerate



Sources: BLS, Moody's Analytics

No New Normal, Only Normal

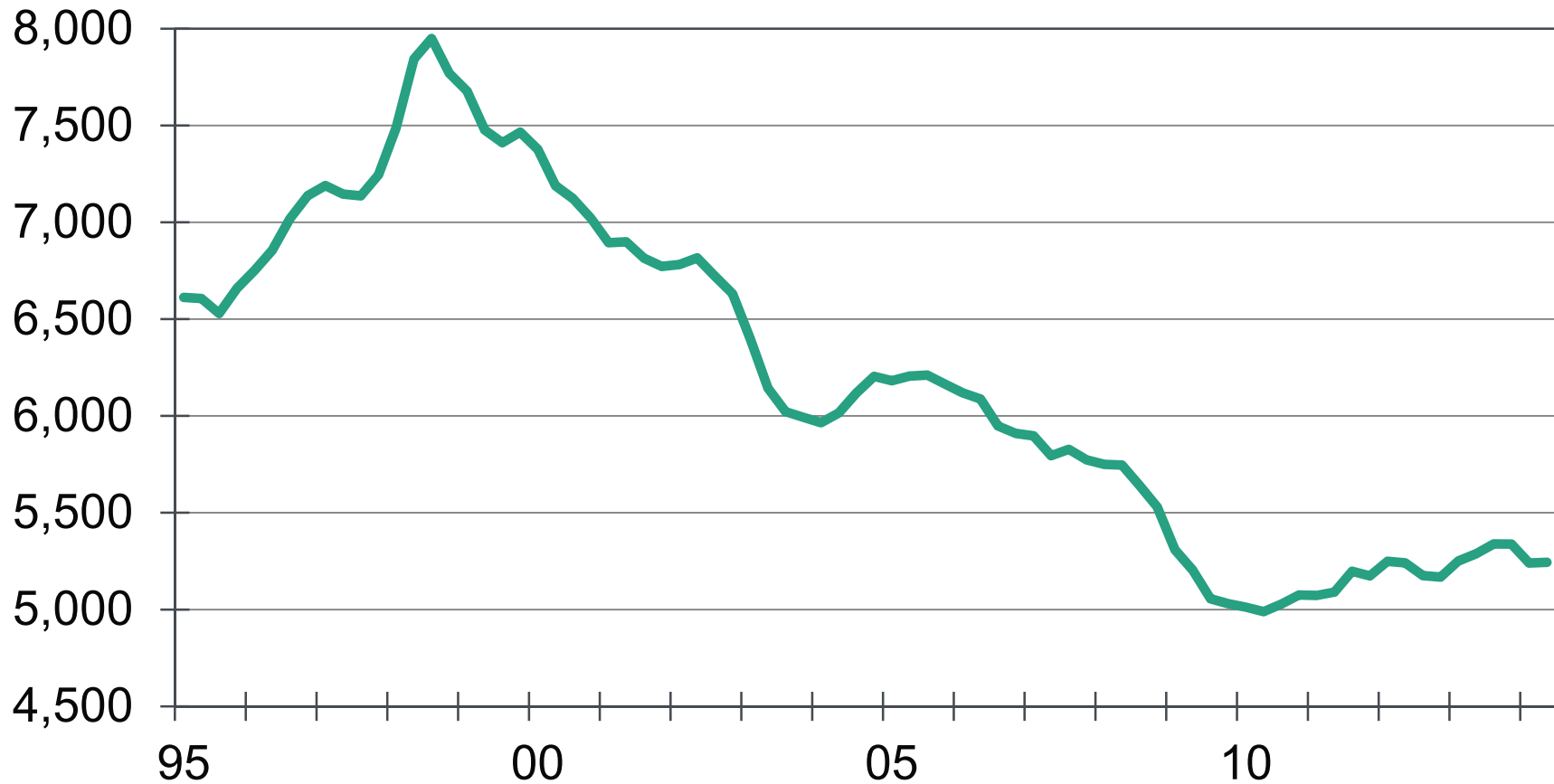
Real GDP growth, % change



Sources: BEA, Moody's Analytics

Dormant Entrepreneurism is a Concern...

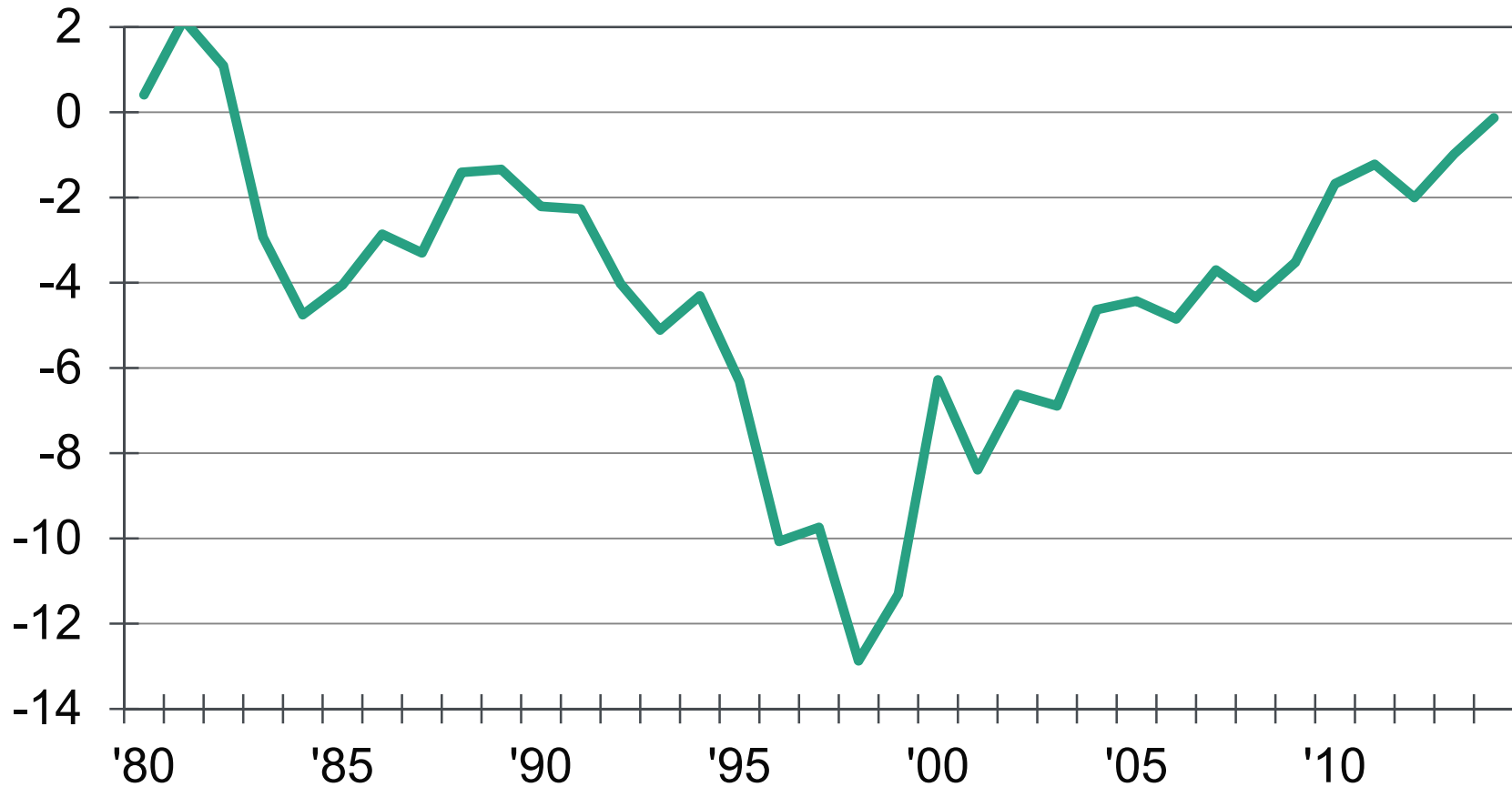
Job gains at opening establishments, Thousands, 4-qtr moving sum



Source: BLS Business Employment Dynamics

...As is the Slower Pace of Technological Change

Deflator for information processing equipment, % change



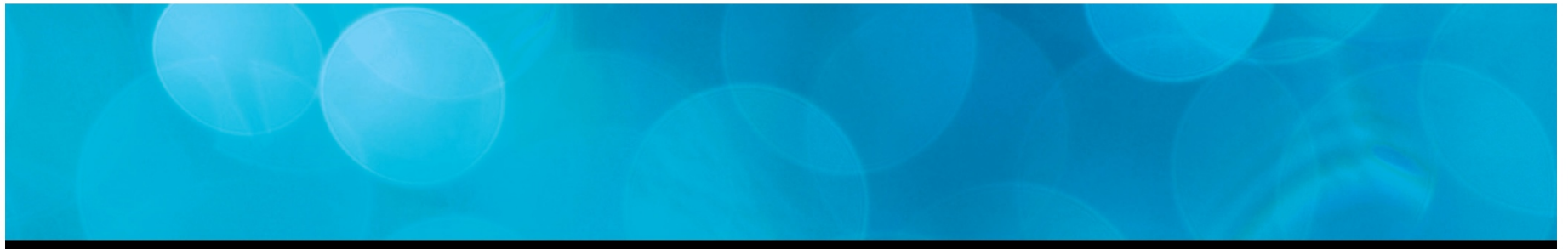
Source: BEA


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