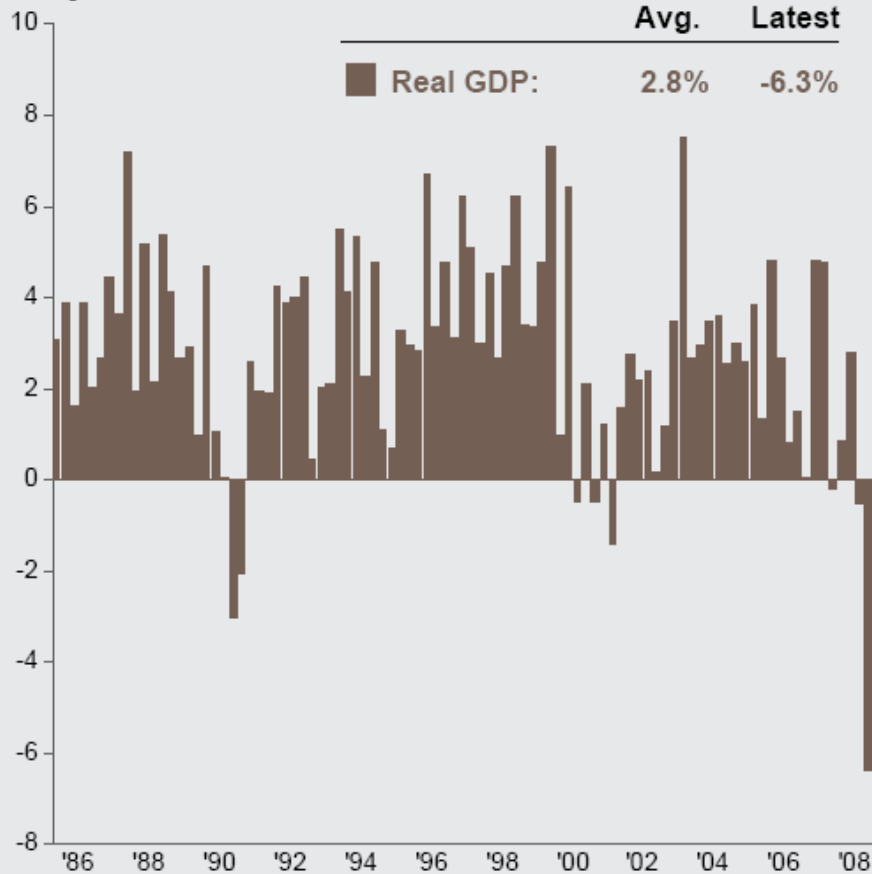


Economic Growth & Composition of GDP

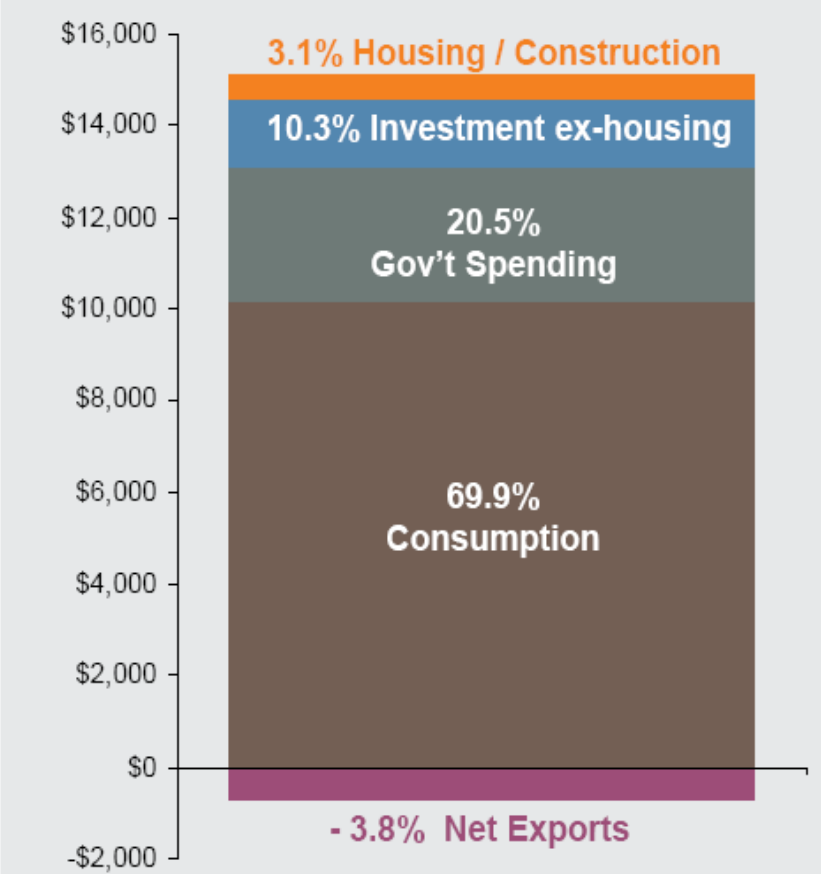
Real GDP

% chg at annual rate



Components of GDP

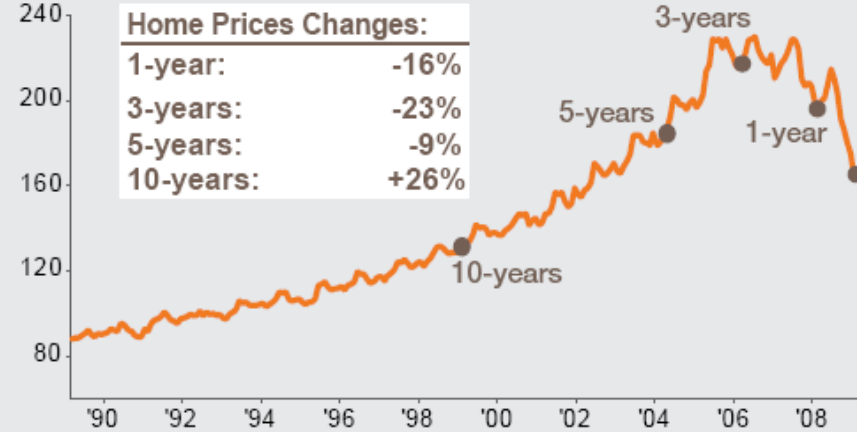
Billions, USD



Aftermath of Housing Bubble

Median Home Prices

Thousands, non-seasonally adjusted



Unsold New Homes

Thousands, seasonally adjusted



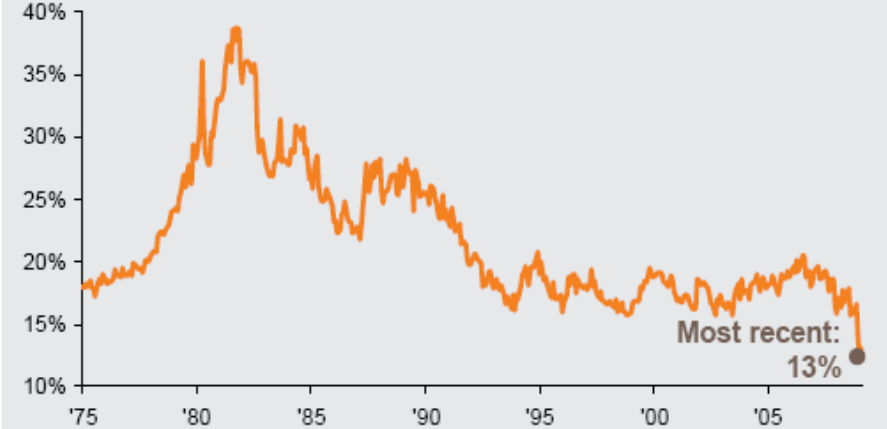
Housing Starts

Thousands, seasonally adjusted annual rate

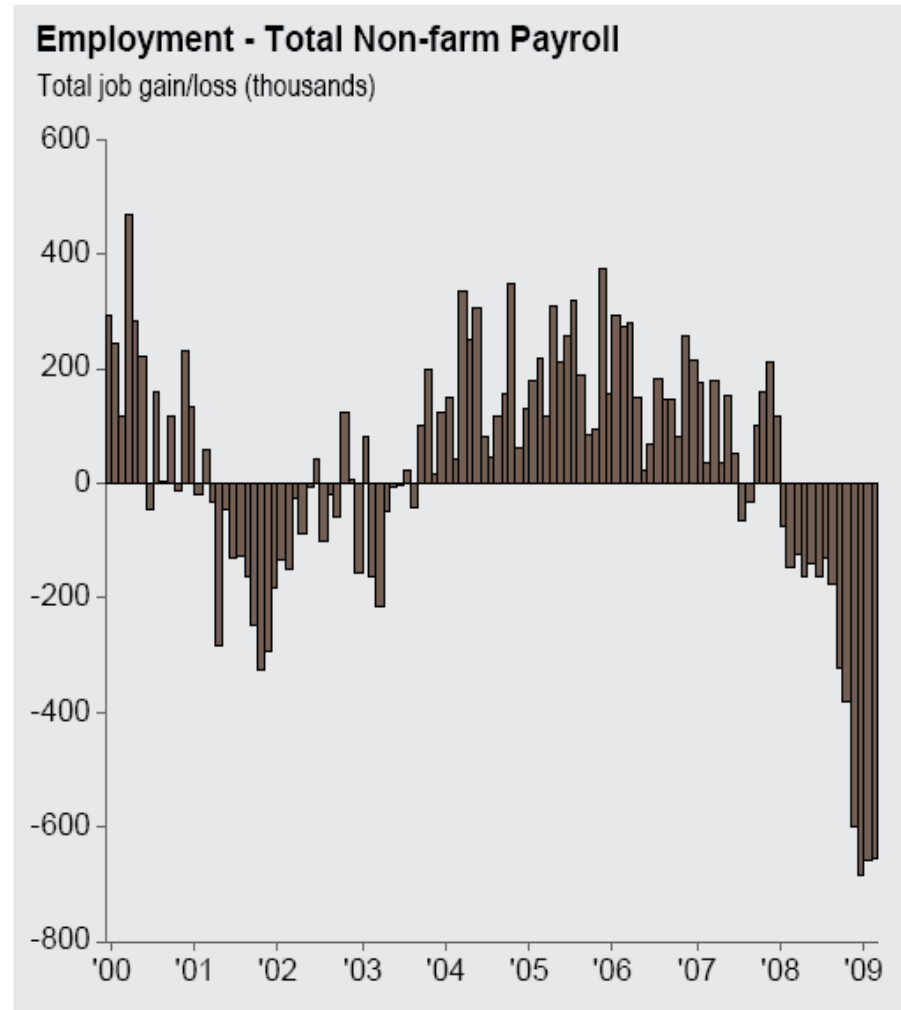


Mortgage Payment on Average New Home

% of average household personal income

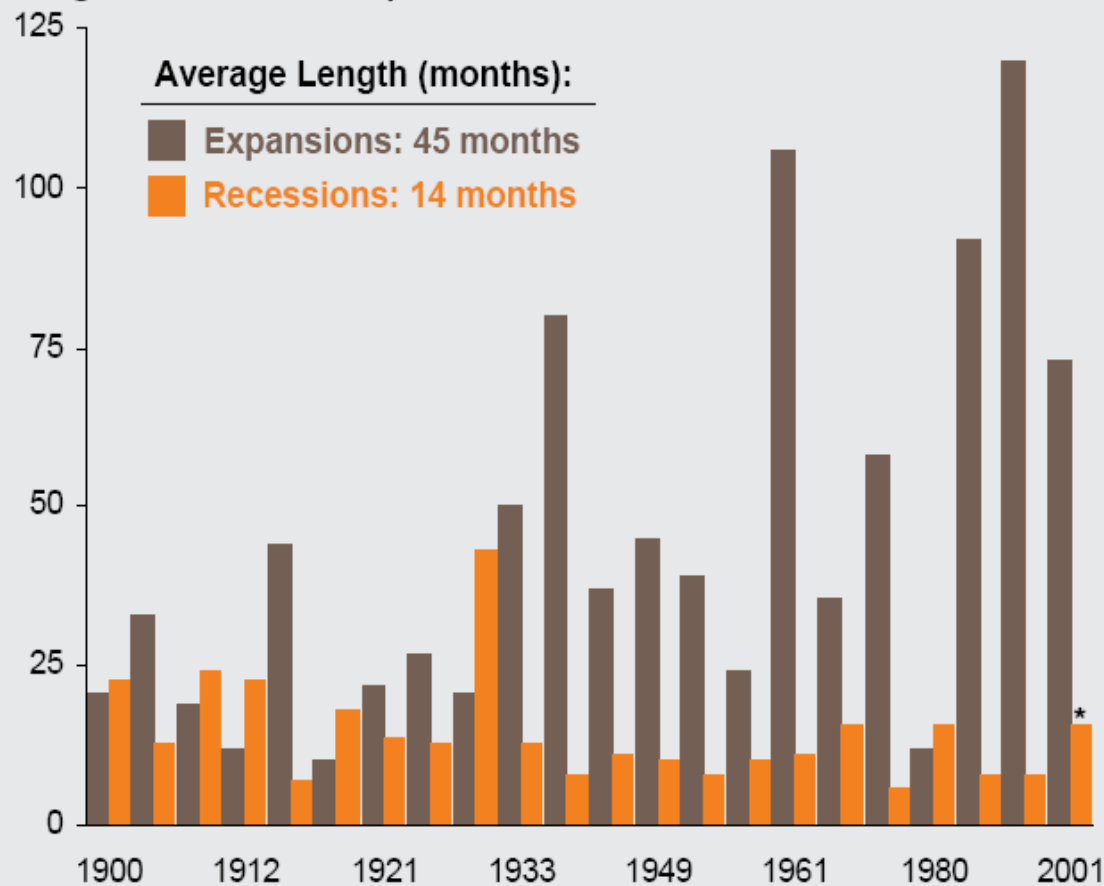


Employment



This recession looks much like those in 1973-1974 & 1981-1982 in terms of economic statistics & stock market consequences

Length of Economic Expansions and Recessions Since 1900



Recessions and Market Returns

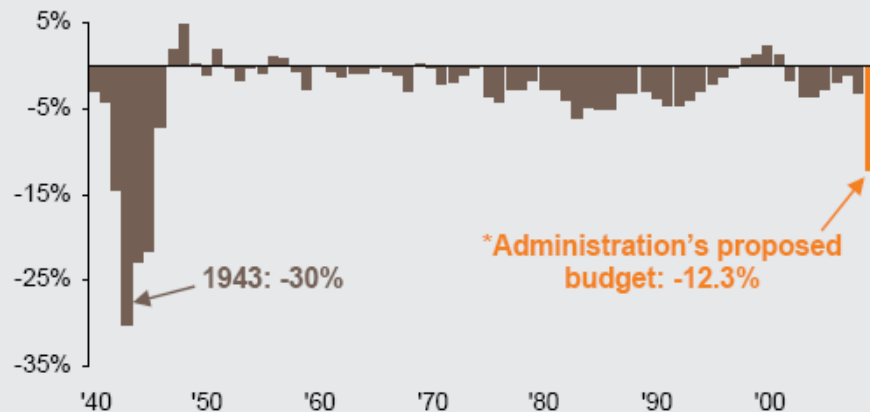
Year	Length (months)	Return	
		During Recession	6-mo's After
1948	11	3.9%	12.2%
1953	10	18.3%	16.4%
1957	8	-7.6%	20.4%
1960	10	11.6%	9.0%
1969	11	-7.5%	20.6%
1973	16	-17.9%	1.1%
1980	6	8.1%	8.2%
1981	16	7.0%	18.8%
1990	8	3.4%	4.0%
2001	8	-4.7%	-4.5%
AVG	10	1.4%	10.6%

Source: NBER, Standard & Poor's, JPMorgan Asset Management

Federal Finances

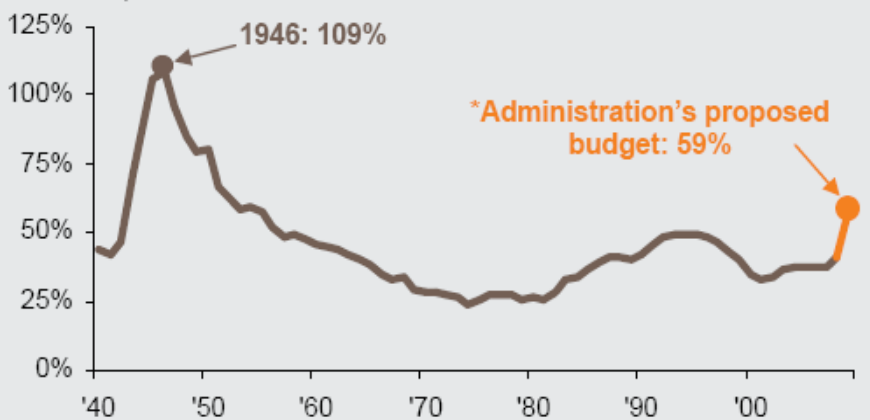
Federal Budget Surplus/Deficit

% of GDP, 1940 – 2009*

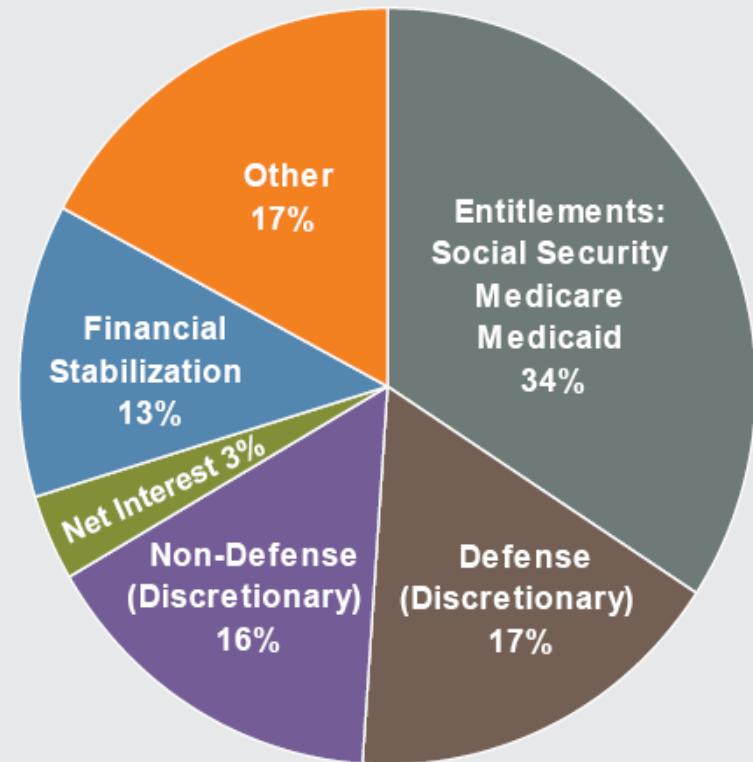


Federal Debt (Accumulated Deficits)

% of GDP, 1940 – 2009*



U.S. Proposed Federal Budget Outlays - 2009



Total Projected 2009 Budget Receipts: \$2,186 billion

Total Projected 2009 Budget Outlays: \$3,938 billion

Actual Surplus / Deficit: **-\$1,752 billion**

S&P 500 – 10 Year Price Chart

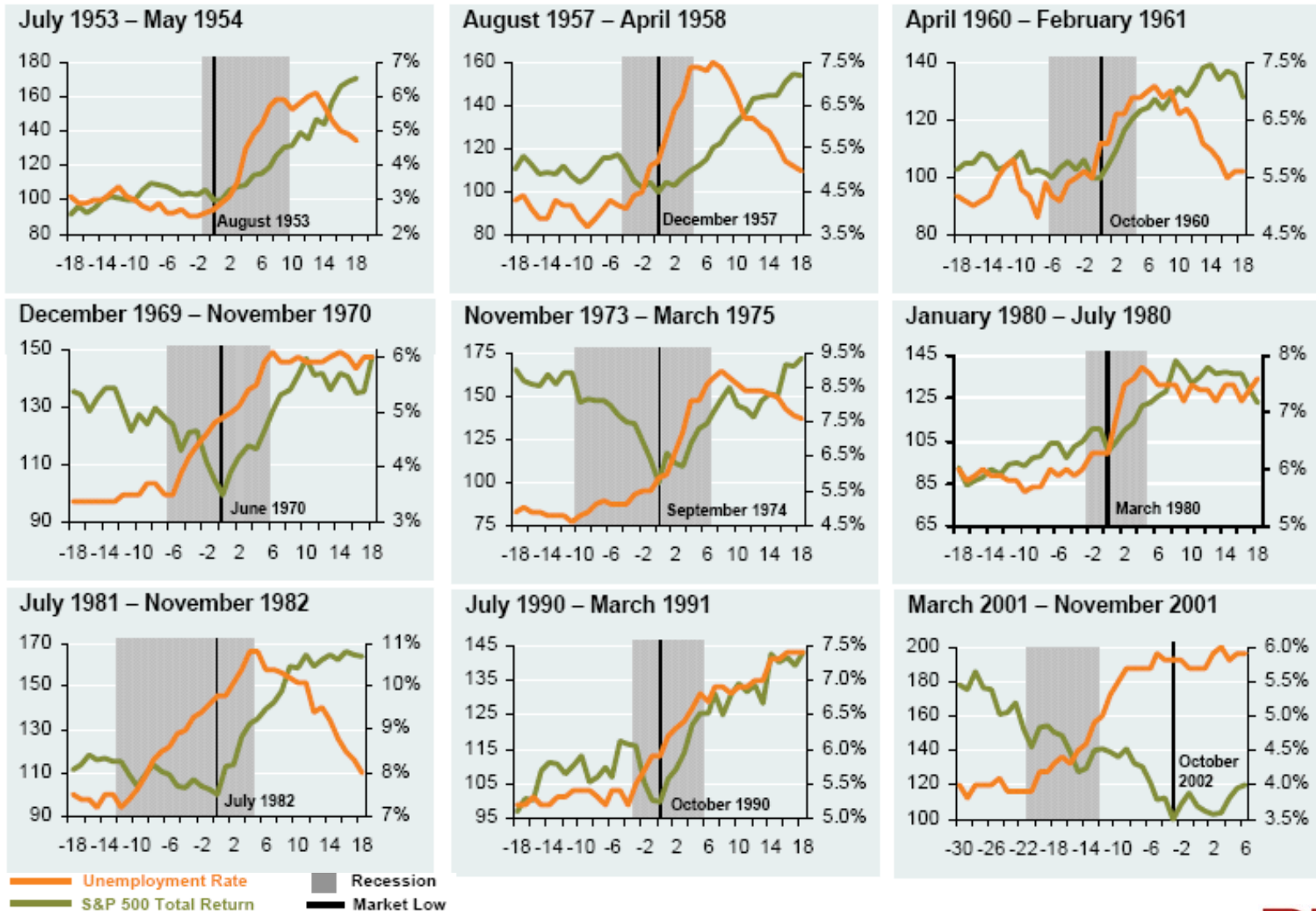


Volatility Remains Elevated – CBOE Volatility Index



Source: Reuter's

Market Inflection Points, Recessions & Unemployment Rate

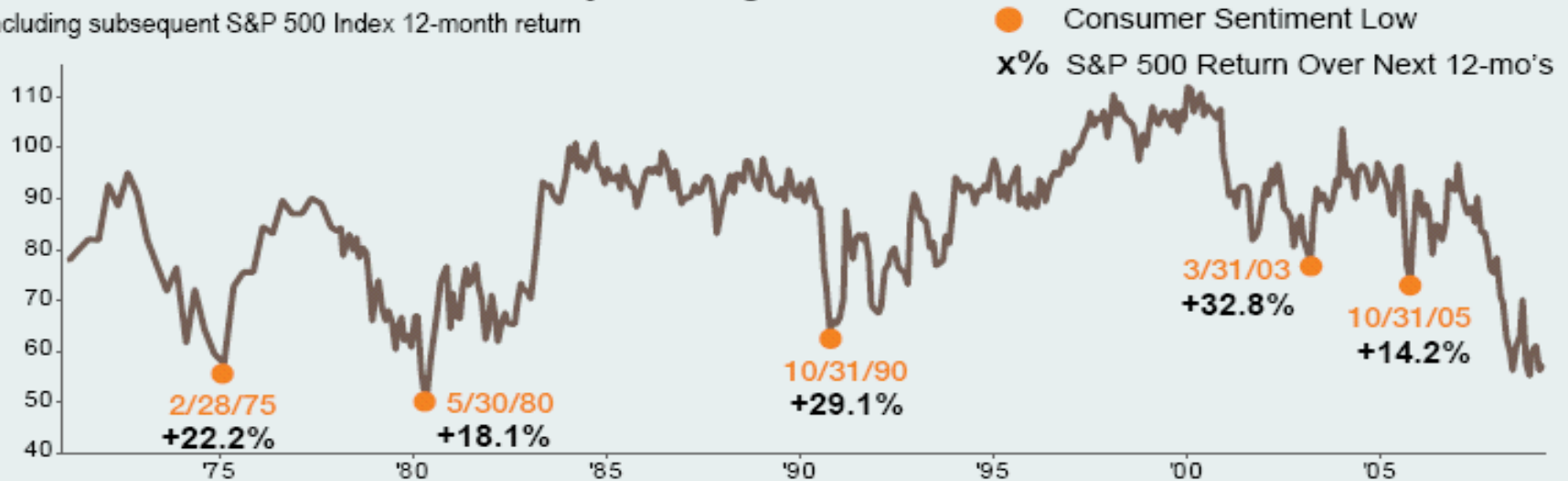


Source: Ibbotson, JPMorgan Asset Management, Bureau of Labor Statistics

Lagging Economic Indicators

Consumer Sentiment Index - University of Michigan

Including subsequent S&P 500 Index 12-month return



Unemployment Spikes $\geq 0.5\%$ and Market Returns

