



# **Economic Outlook and the Dollar**

## **October 1, 2010**

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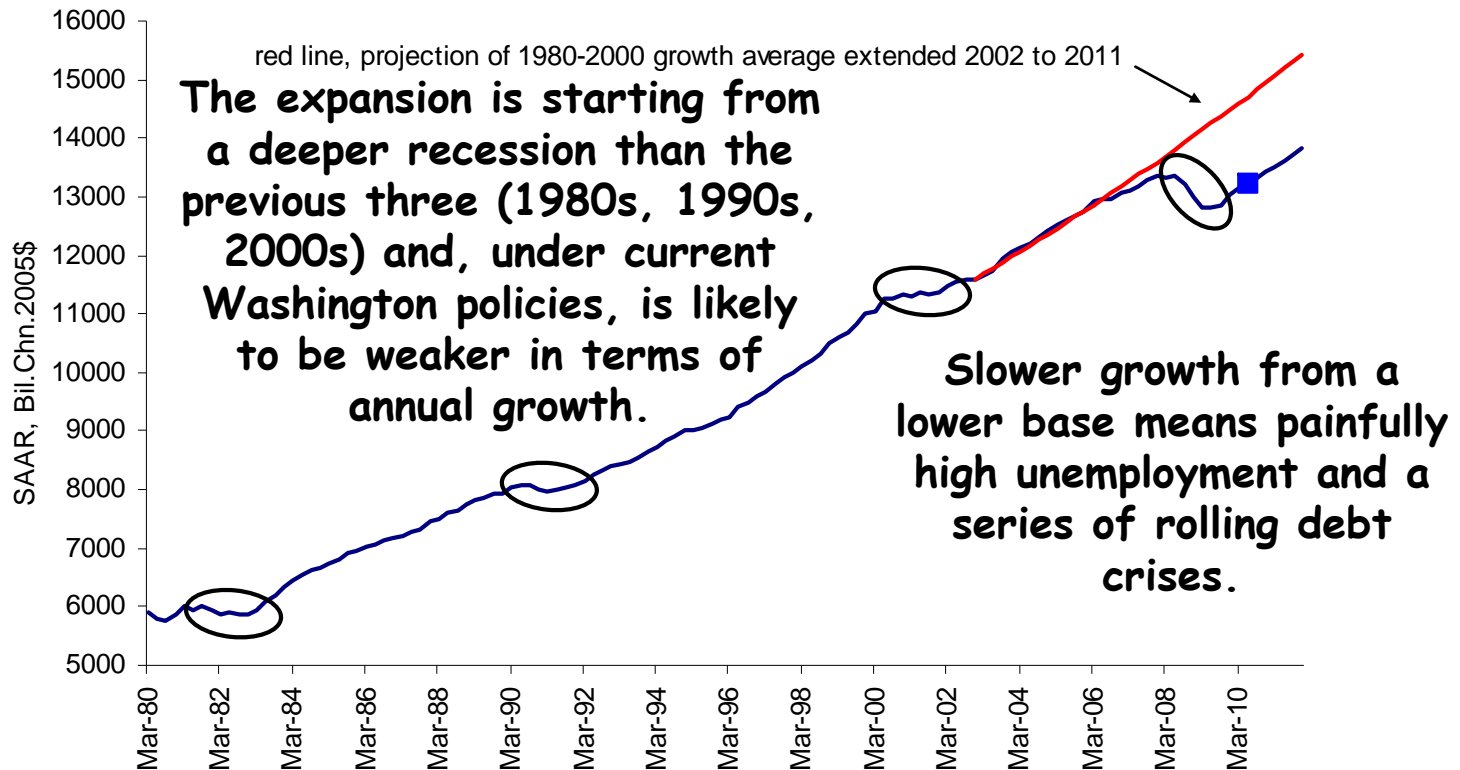
**212.876.4400**

Please read the important disclosure information in the Addendum section of this presentation.

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# Real GDP: slower growth from a lower base

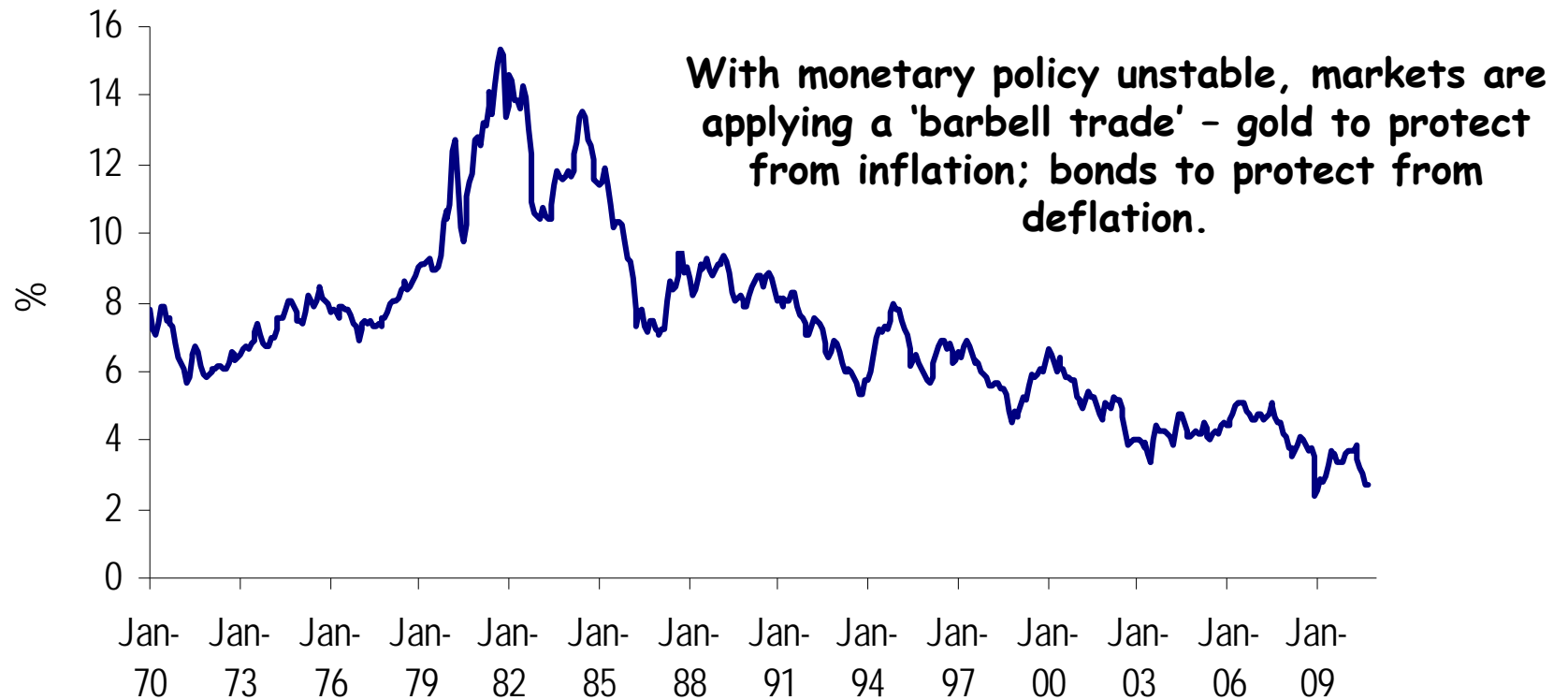
(recessions circled, black line real GDP, last obs. blue square is Q2 2010, forecast to Q4 2011)



Source: Bureau of Economic Analysis; Encima Global

# Deflation Fear: 10 Year Treasury Yield Low

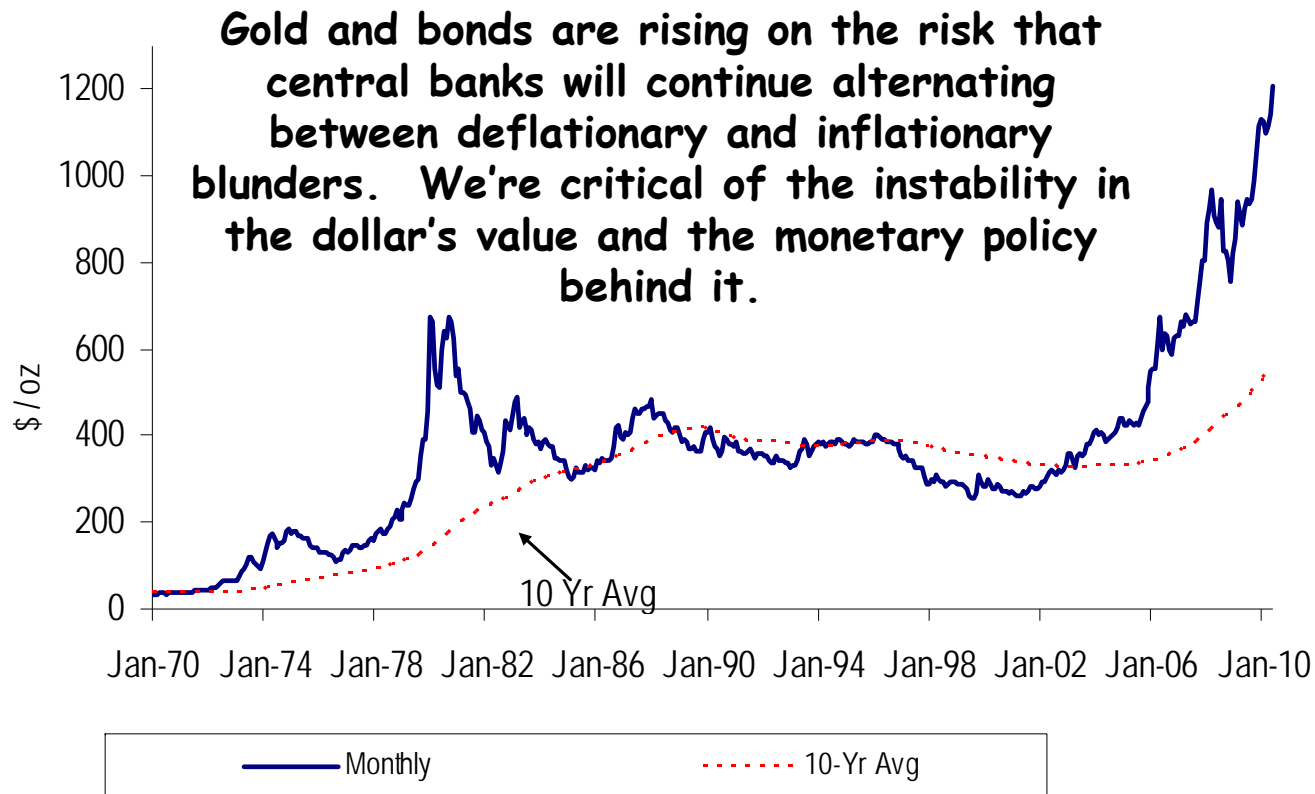
(last obs. September 27, 2010)



Source: Federal Reserve Board; Encima Global

# Inflation Fear: Gold Prices Hitting New Highs

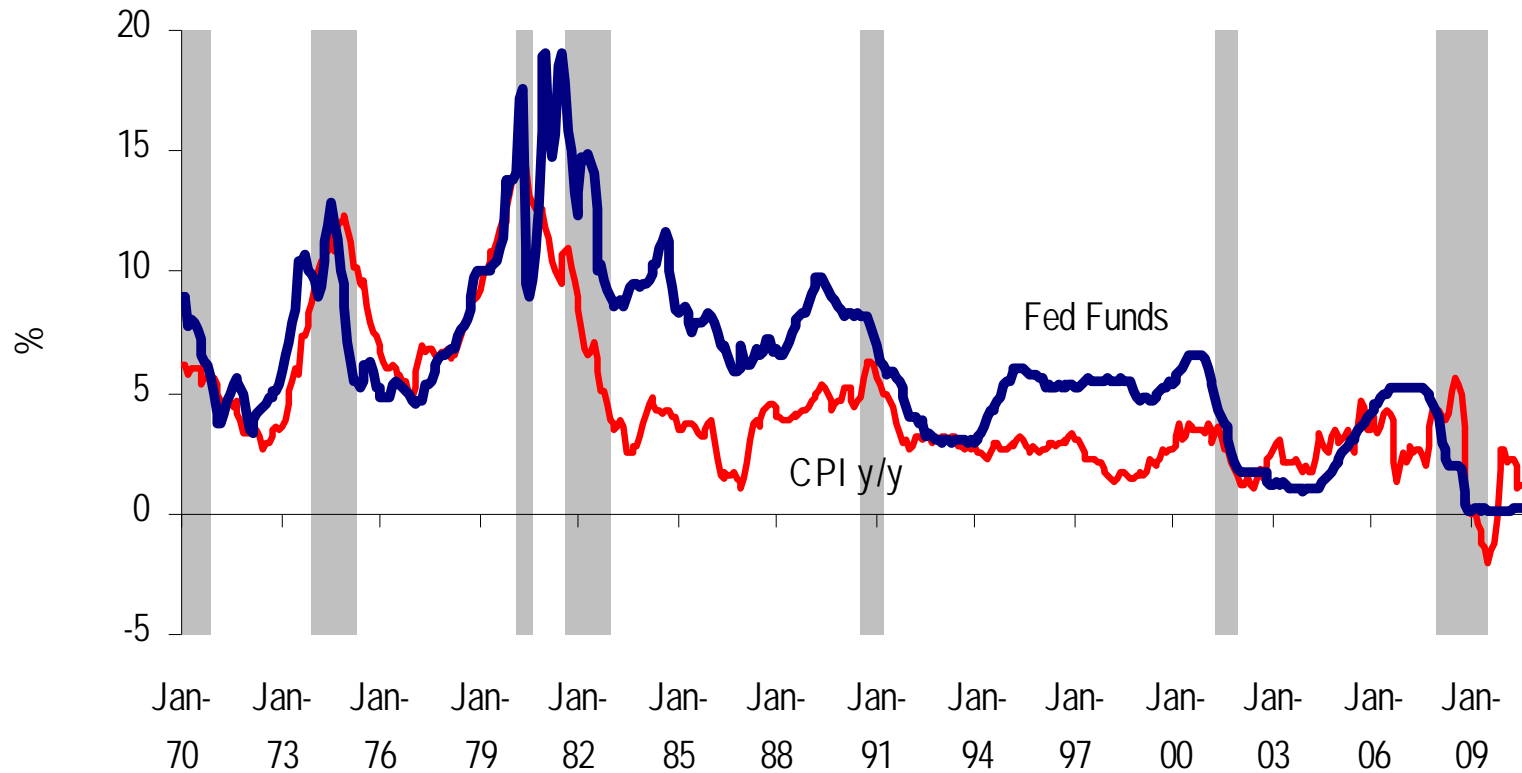
(last obs. September 27, 2010)



Source: Wall Street Journal; Encima Global

# Fed Funds and headline CPI y/y

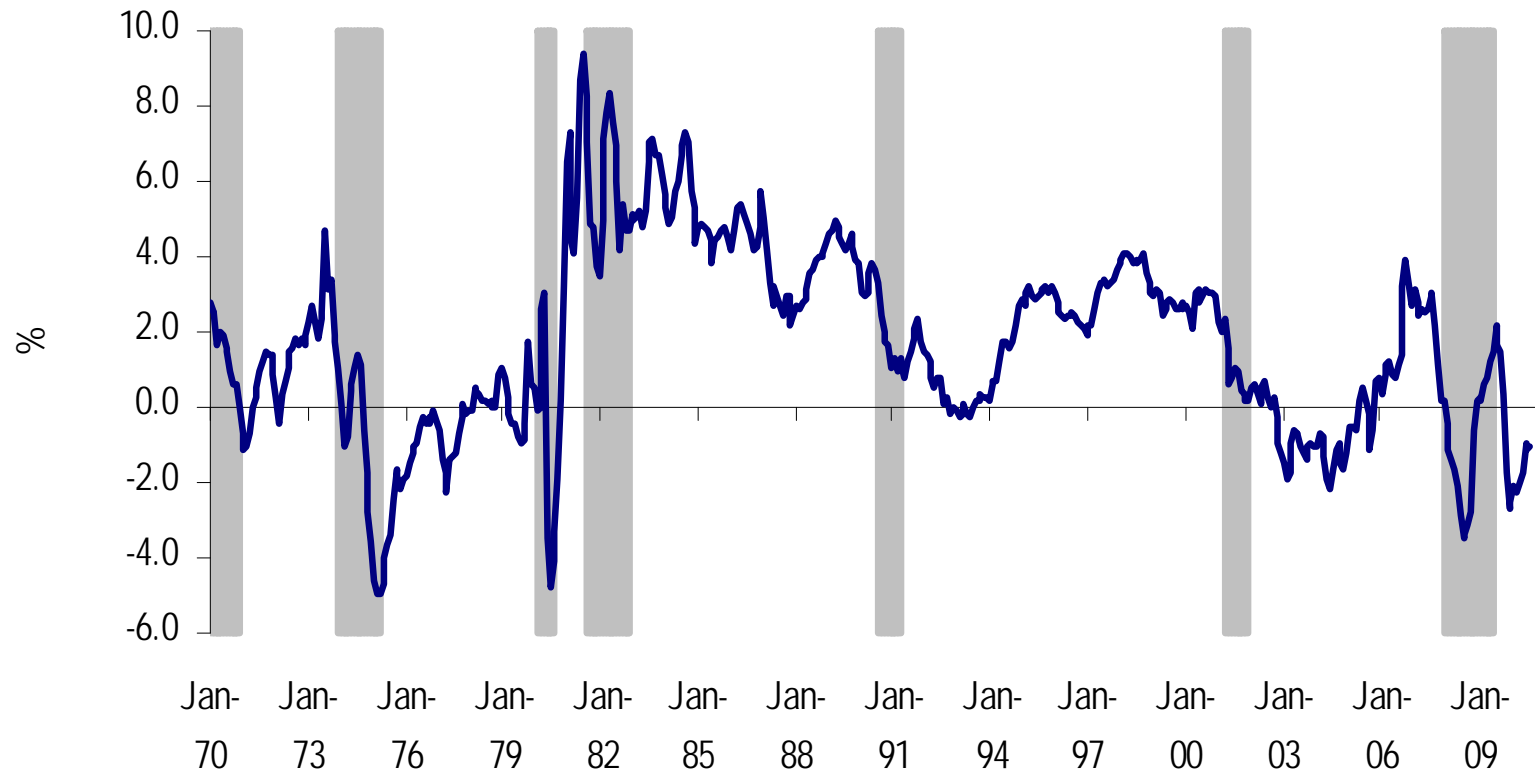
(last obs. August 2010)



Source: Bureau of Labor Statistics; Federal Reserve; Encima Global

# Real Fed Funds using headline CPI y/y

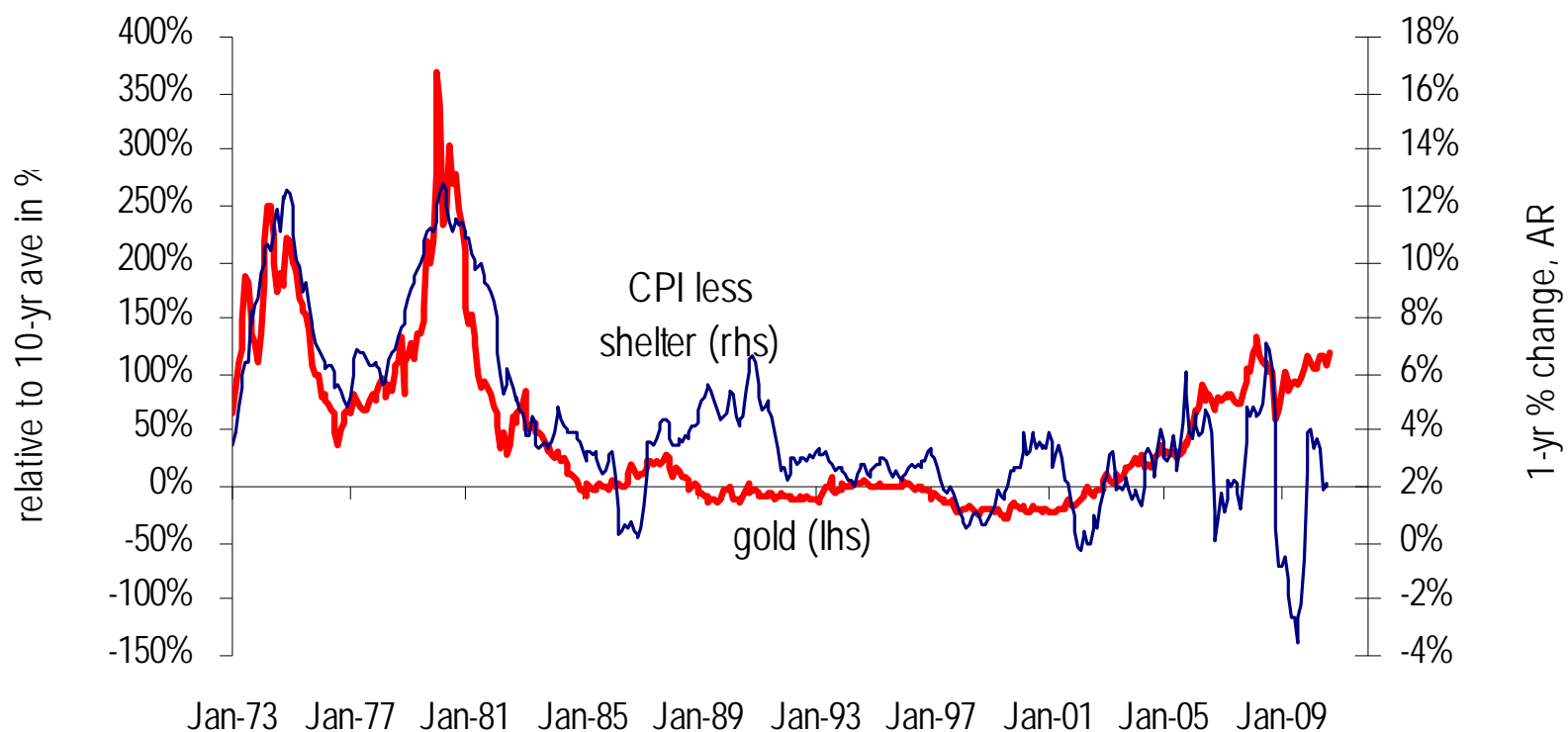
(last obs. August 2010)



Source: Bureau of Labor Statistics; Federal Reserve; Encima Global

# Gold vs 10 Yr Avg and CPI less Shelter

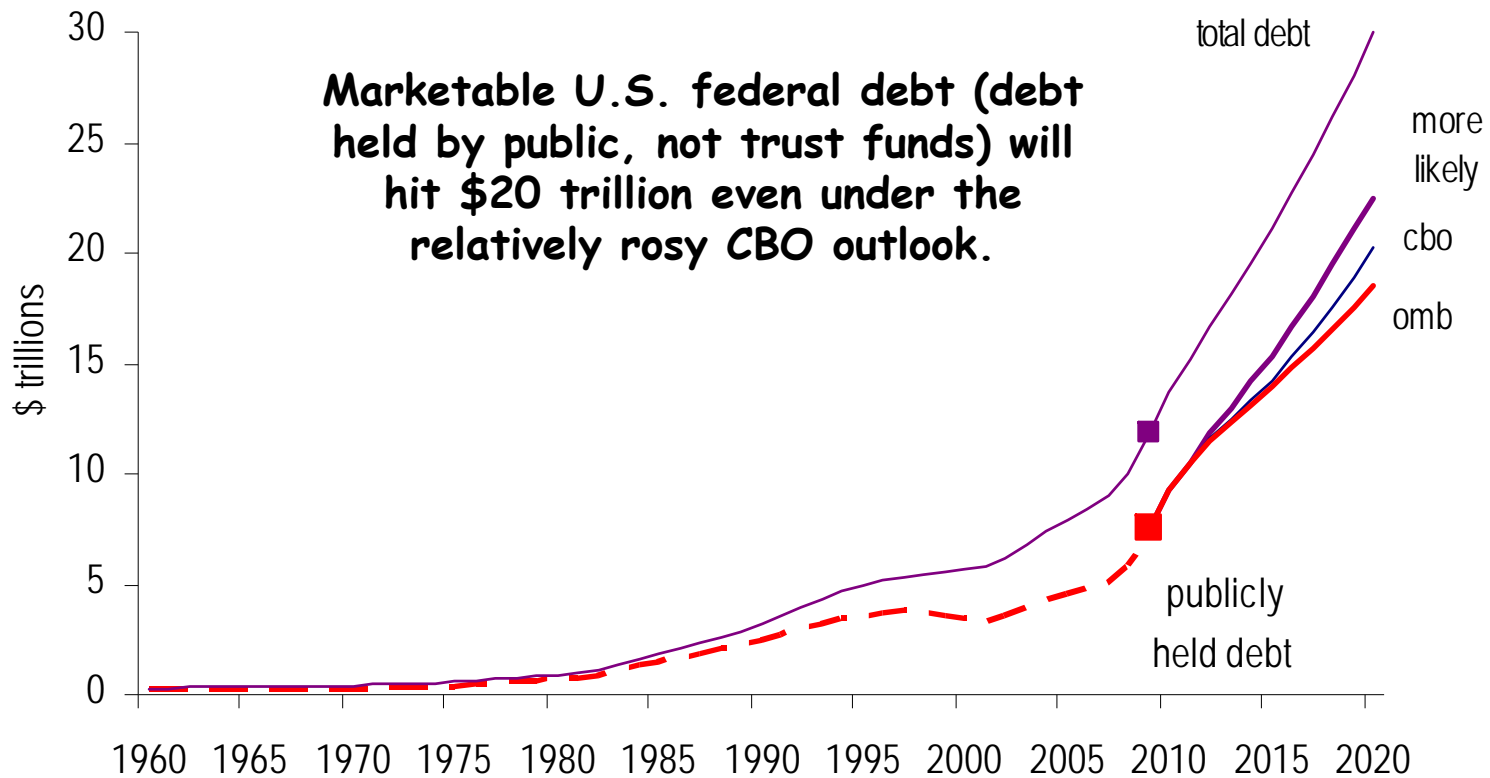
(last obs. August 2010)



Source: Bureau of Labor Statistics; Wall Street Journal; Encima Global

# US Federal Government Debt (\$ trillions)

(last obs. 2009, estimated to 2020)

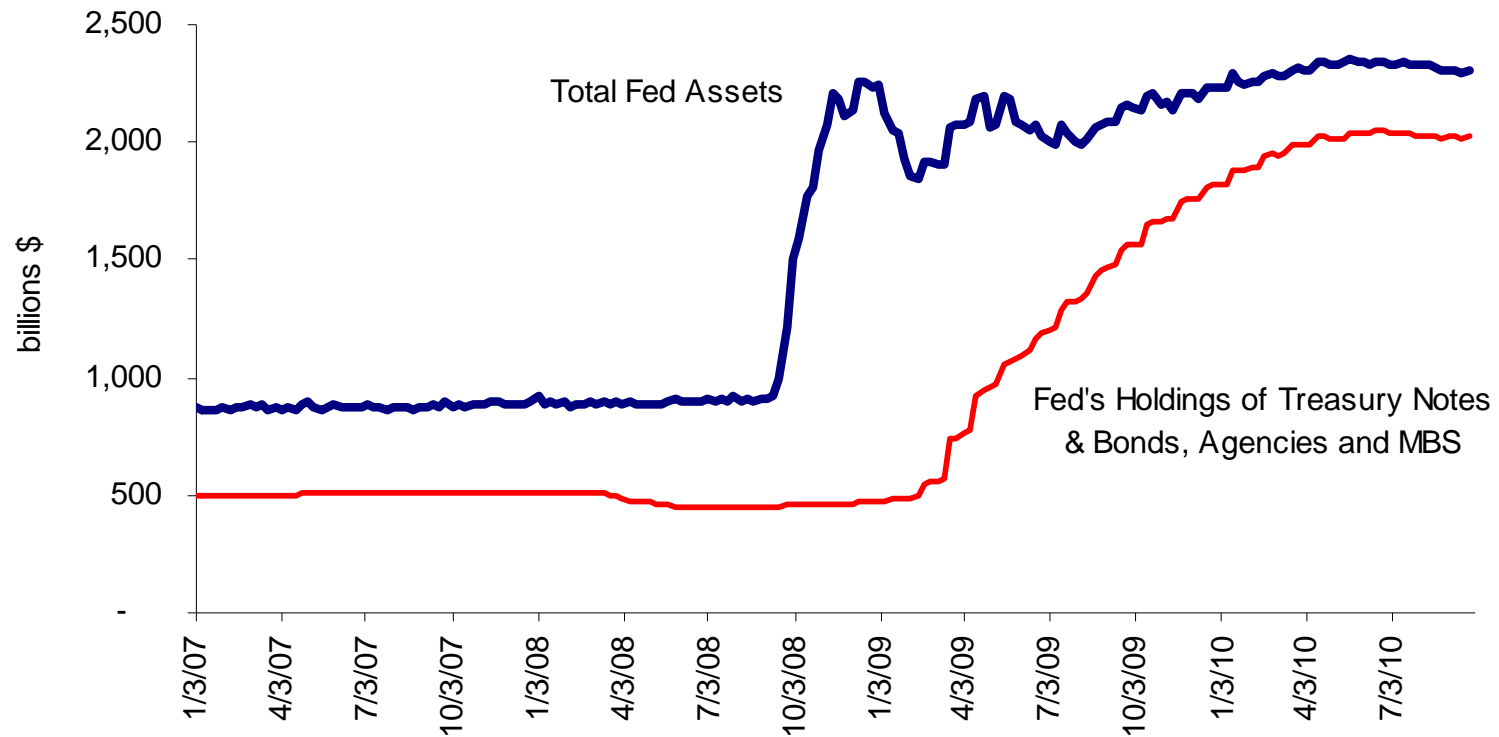


Source: CBO; OMB; Encima Global



# Federal Reserve: Total Assets and Debt Holdings

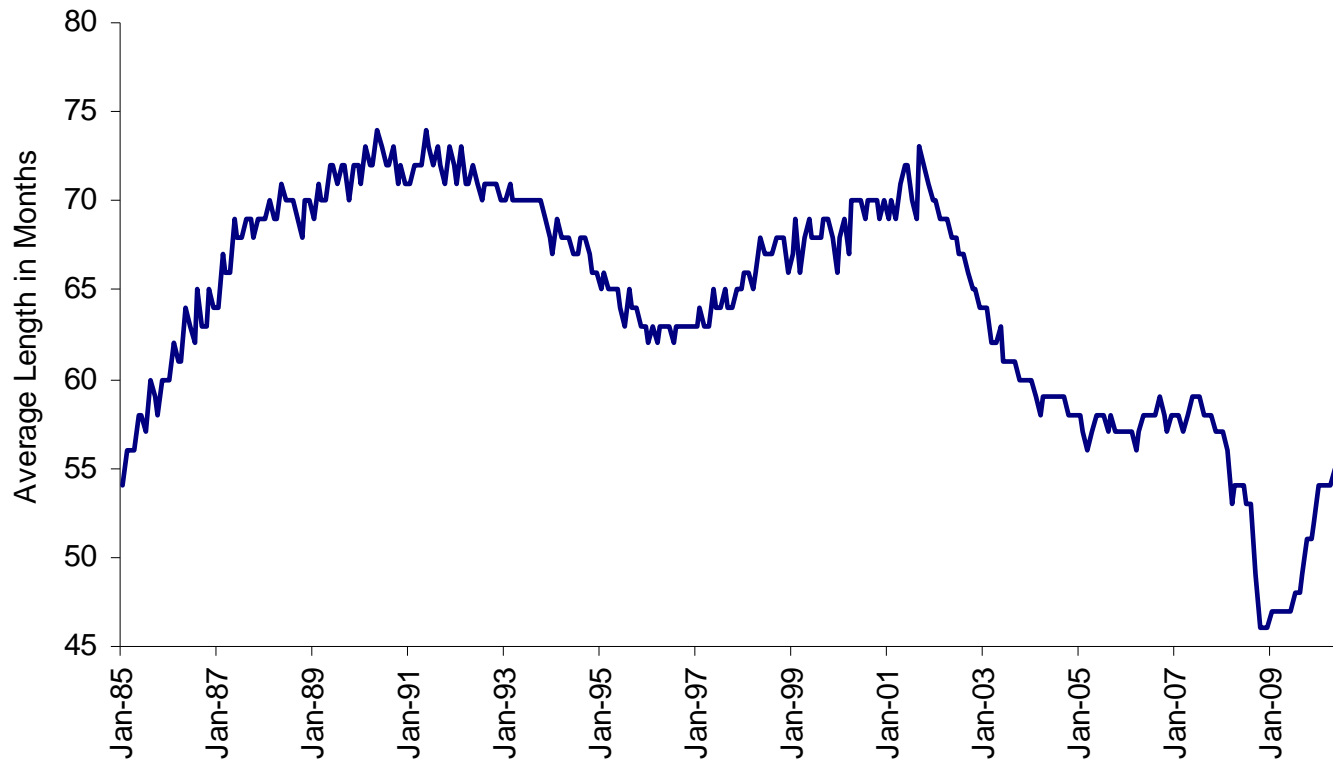
(last obs. September 22, 2010)



Source: Federal Reserve; Encima Global

# Maturity of Marketable Treasury Debt (not counting Fed's purchases)

(last obs. June 2010)



Source: U.S. Treasury; Encima Global

# Marketable Debt Outstanding

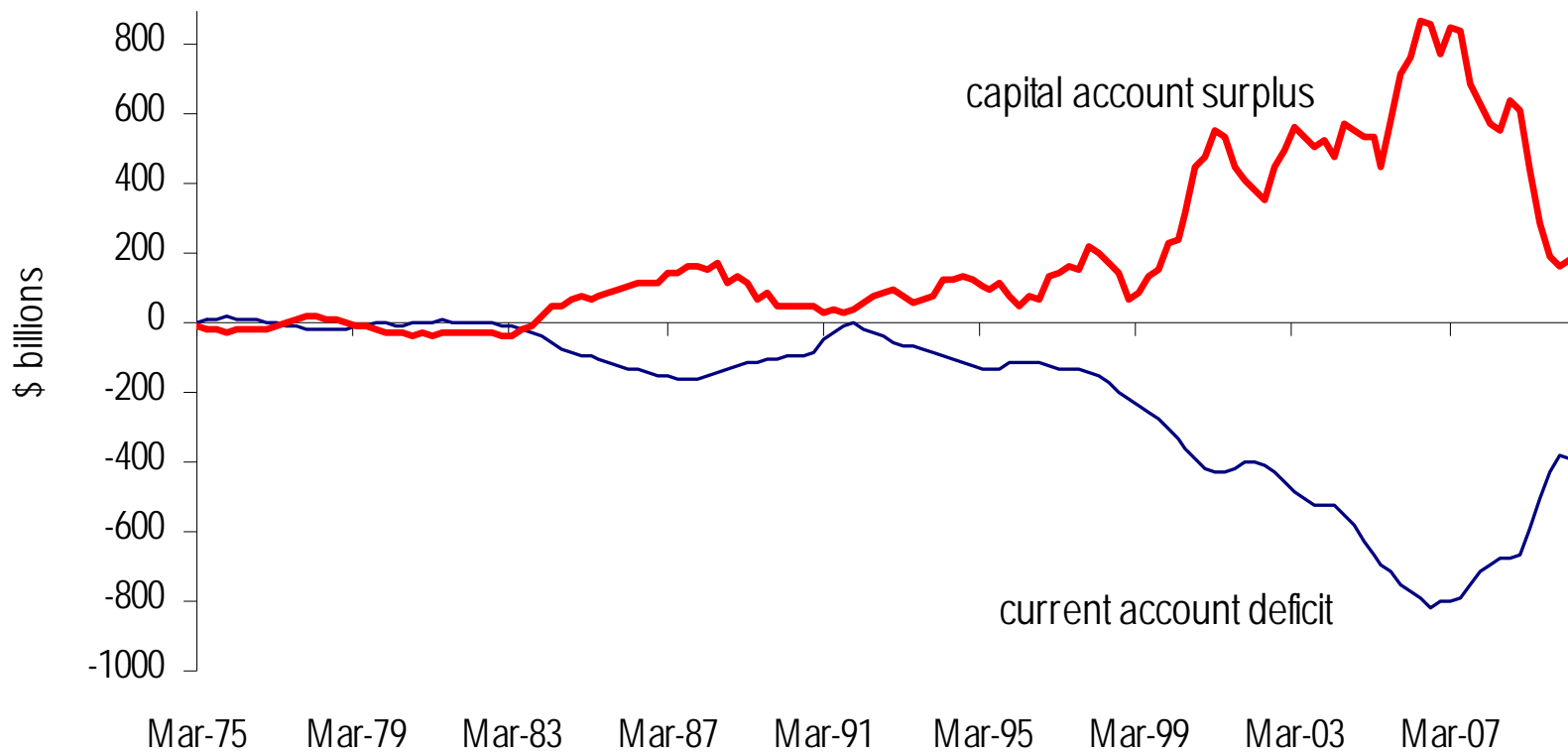
(\$ trillions, last obs. Q2 2010)

	<u>Treasuries</u>	<u>Agency</u>	<u>Govt MBS</u>
<b>Marketable Securities</b>	8.1	1.6	4.4
<b>Maturity (months)</b>	55	71	71
<b>Of which Fed Holdings</b>	0.8	0.2	1.1
<b>Marketable ex Fed</b>	7.3	1.5	3.3

Source: Federal Reserve Board; Fannie Mae; Freddie Mac US Treasury; Encima Global

# U.S. Capital and Current Account Balances

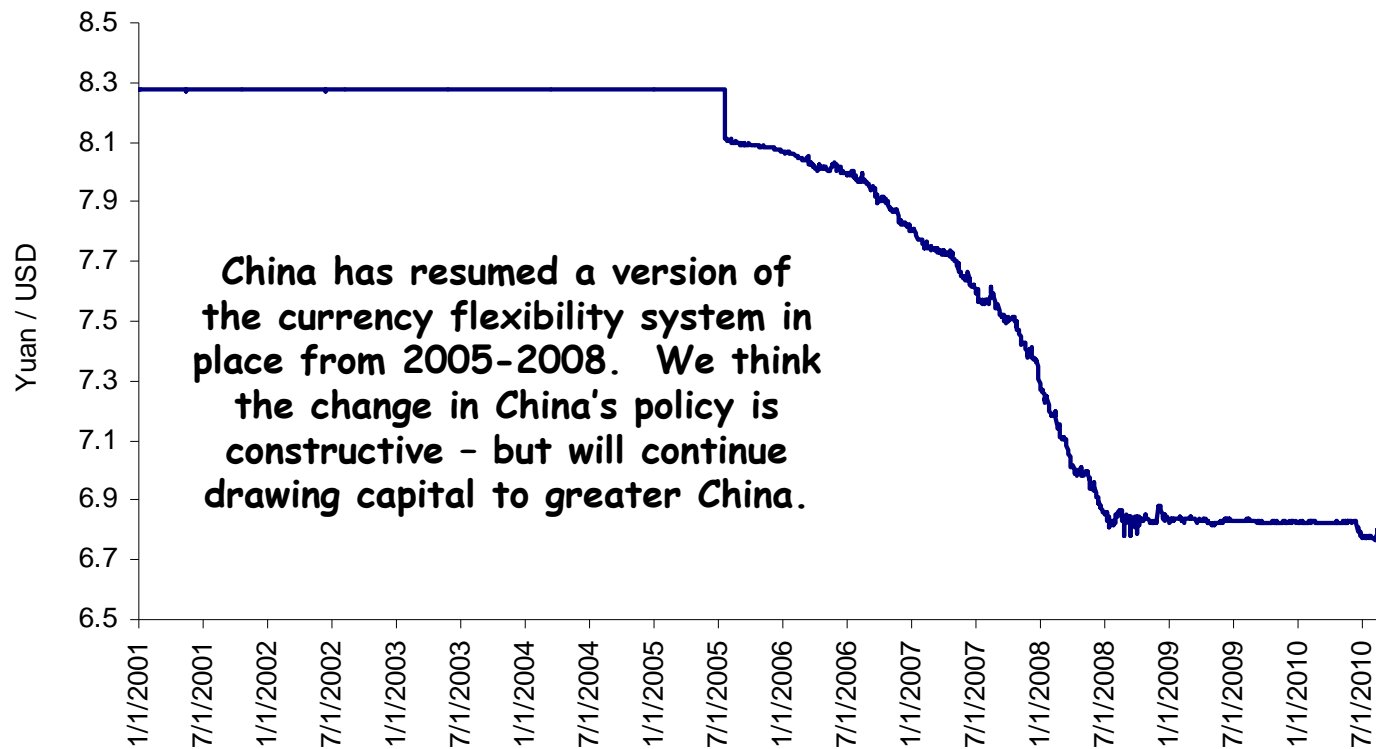
(last obs. Q2 2010)



Source: Bureau of Economic Analysis; Encima Global

# Yuan Strengthening Again

(last obs. September 26, 2010)



Source: Federal Reserve; Encima Global