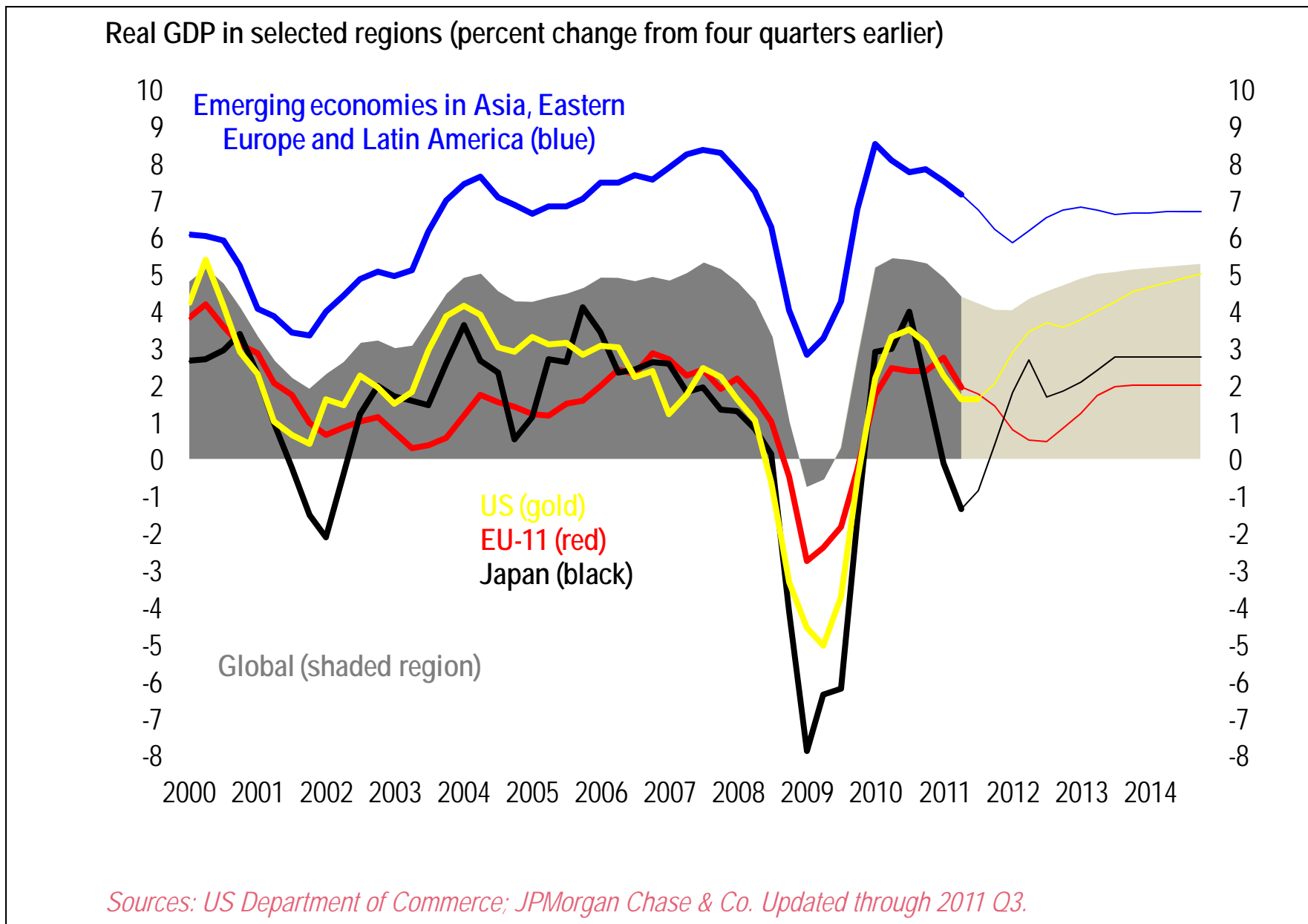


# Recovery or Bust

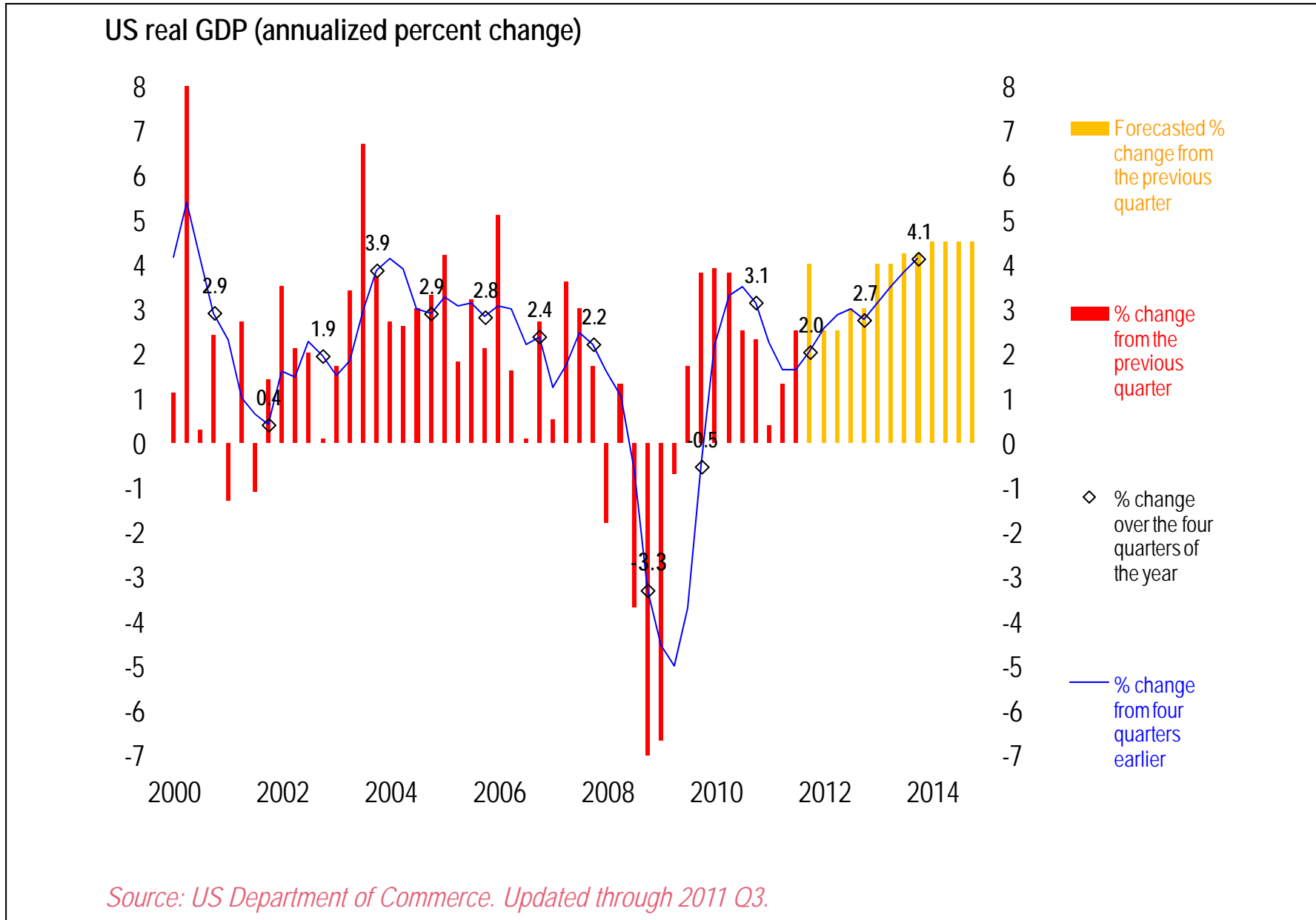
# Most of them are growing (Europe's got wood to chop) ...



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# ... and we're growing ...

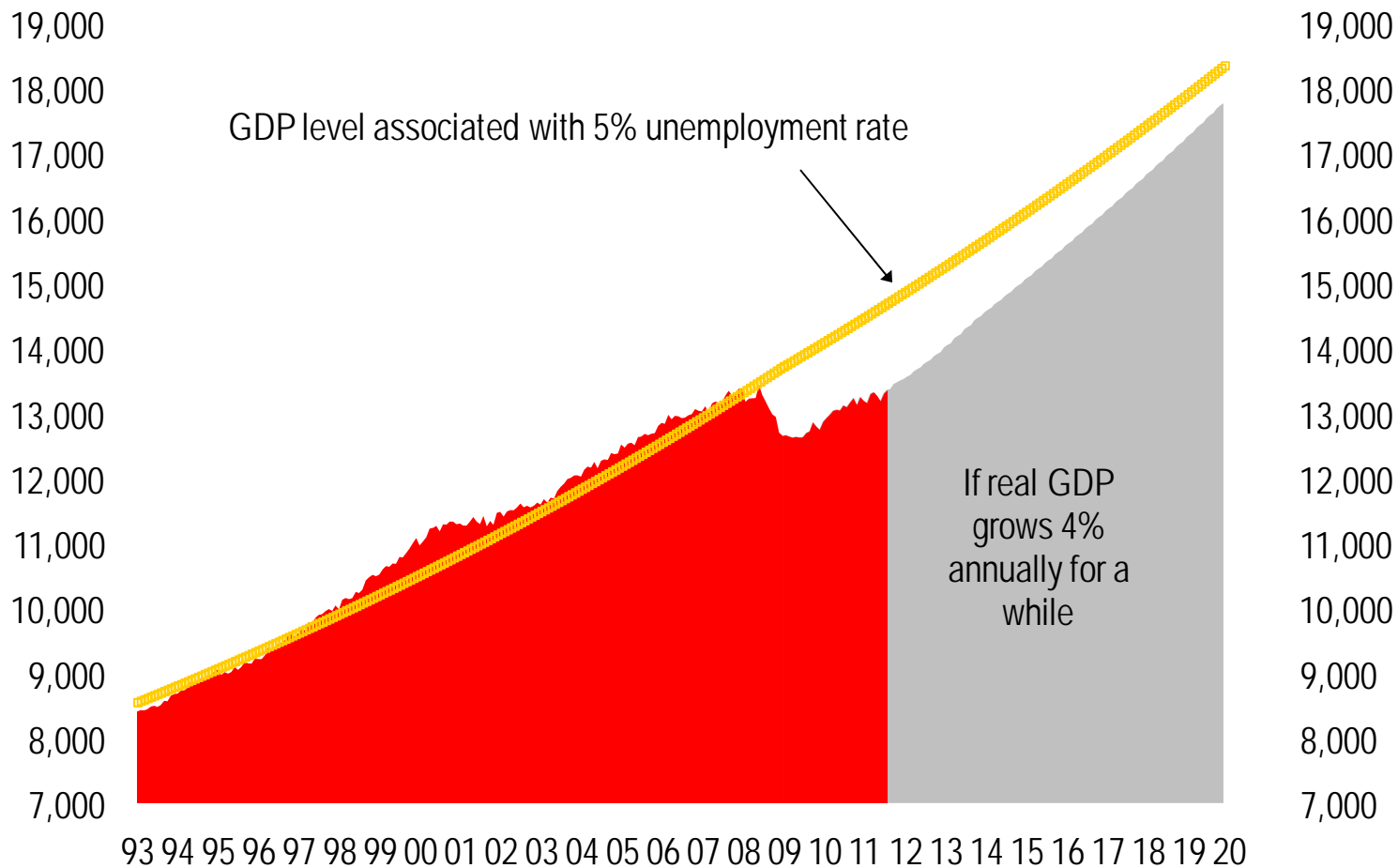
James Glassman, JPMorgan Chase & Co. (jglassman@jpmorgan.com; o 212-834-5093; o 212-270-0778; m 609-510-3723)



# ... a little too slowly though ... and why?

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US potential and real GDP (chained 2005 dollars)



Sources: US Department of Commerce; Macroeconomic Advisers LLC. Updated through August 2011.

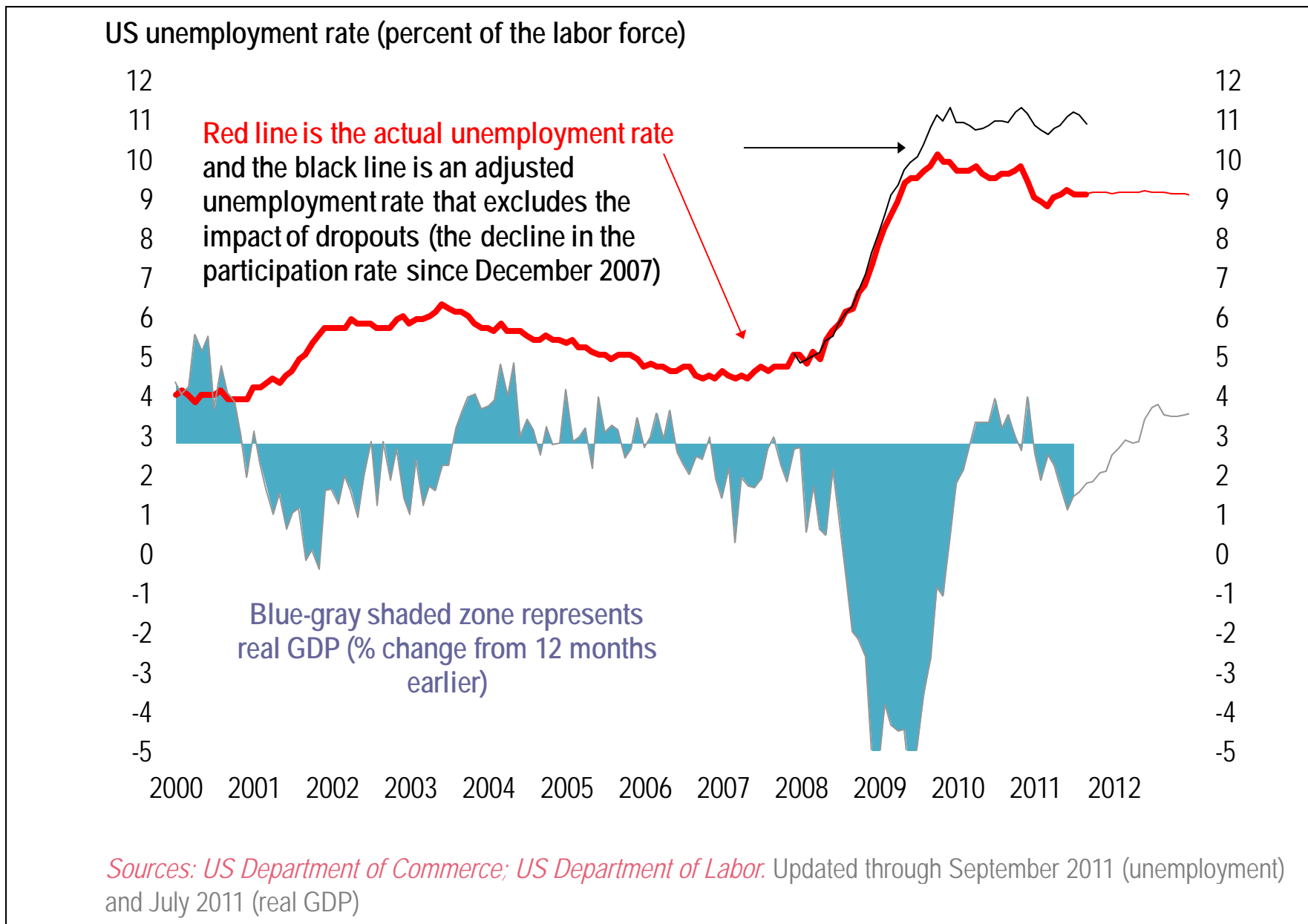
# It takes a lot of growth to repair this damage



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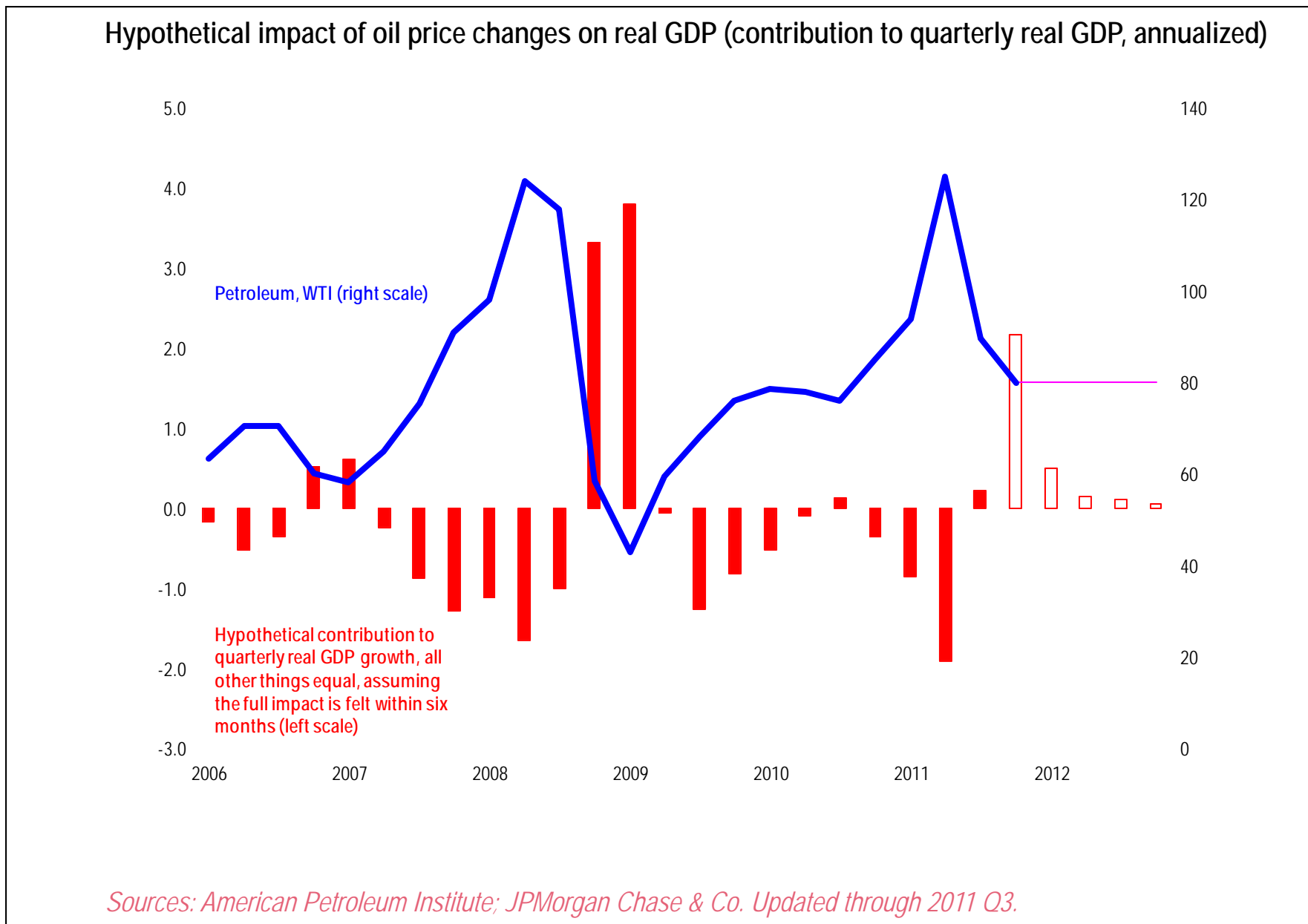
# Unemployment falls for two reasons, one bad and one good

James Glassman, JPMorgan Chase & Co. (jglassman@jpmorgan.com; o 212-834-5093; o 212-270-0778; m 609-510-3723)



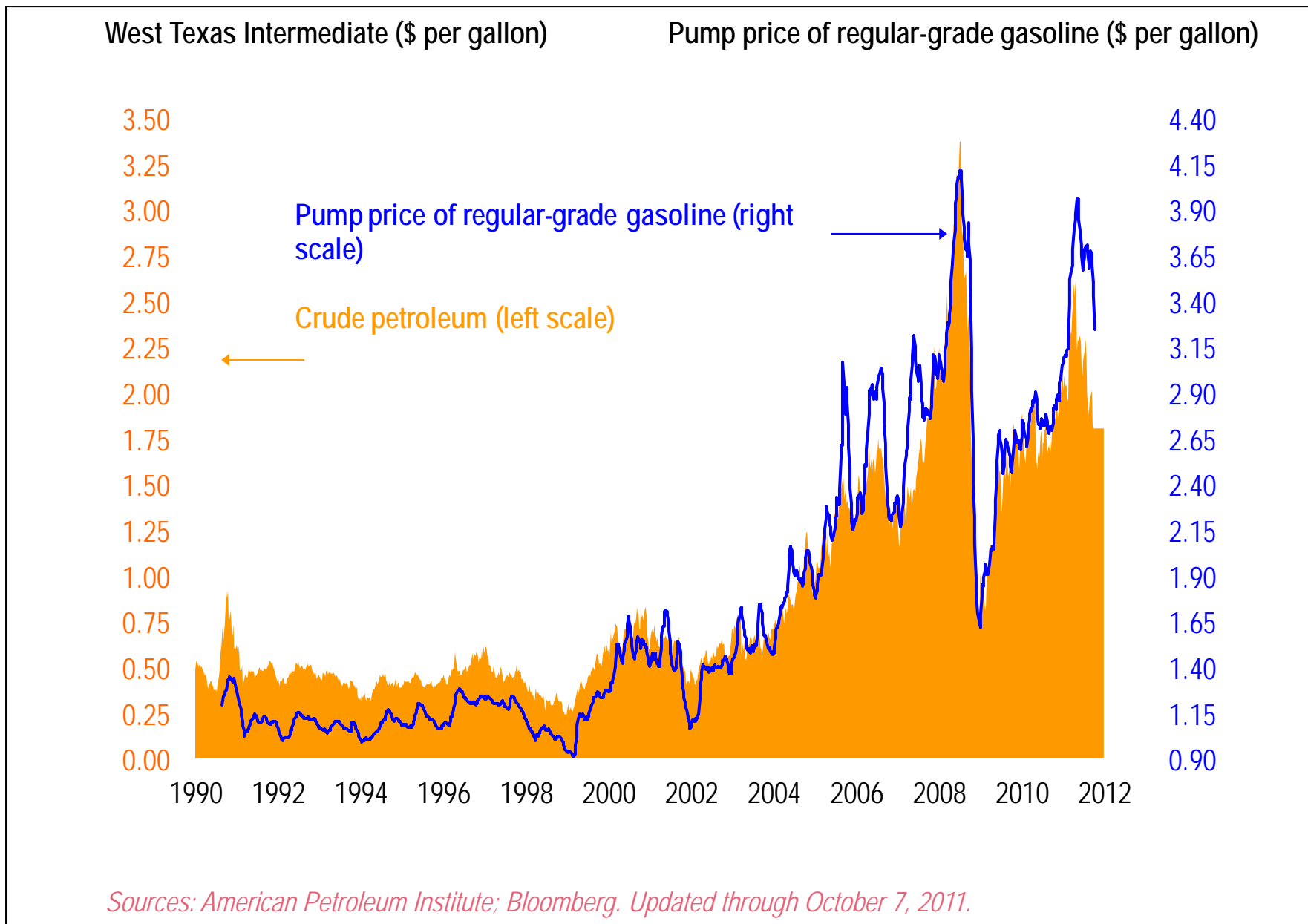
# The jolt from the Middle East ...

James Glassman, JPMorgan Chase & Co. (jglassman@jpmorgan.com; o 212-834-5093; o 212-270-0778; m 609-510-3723)



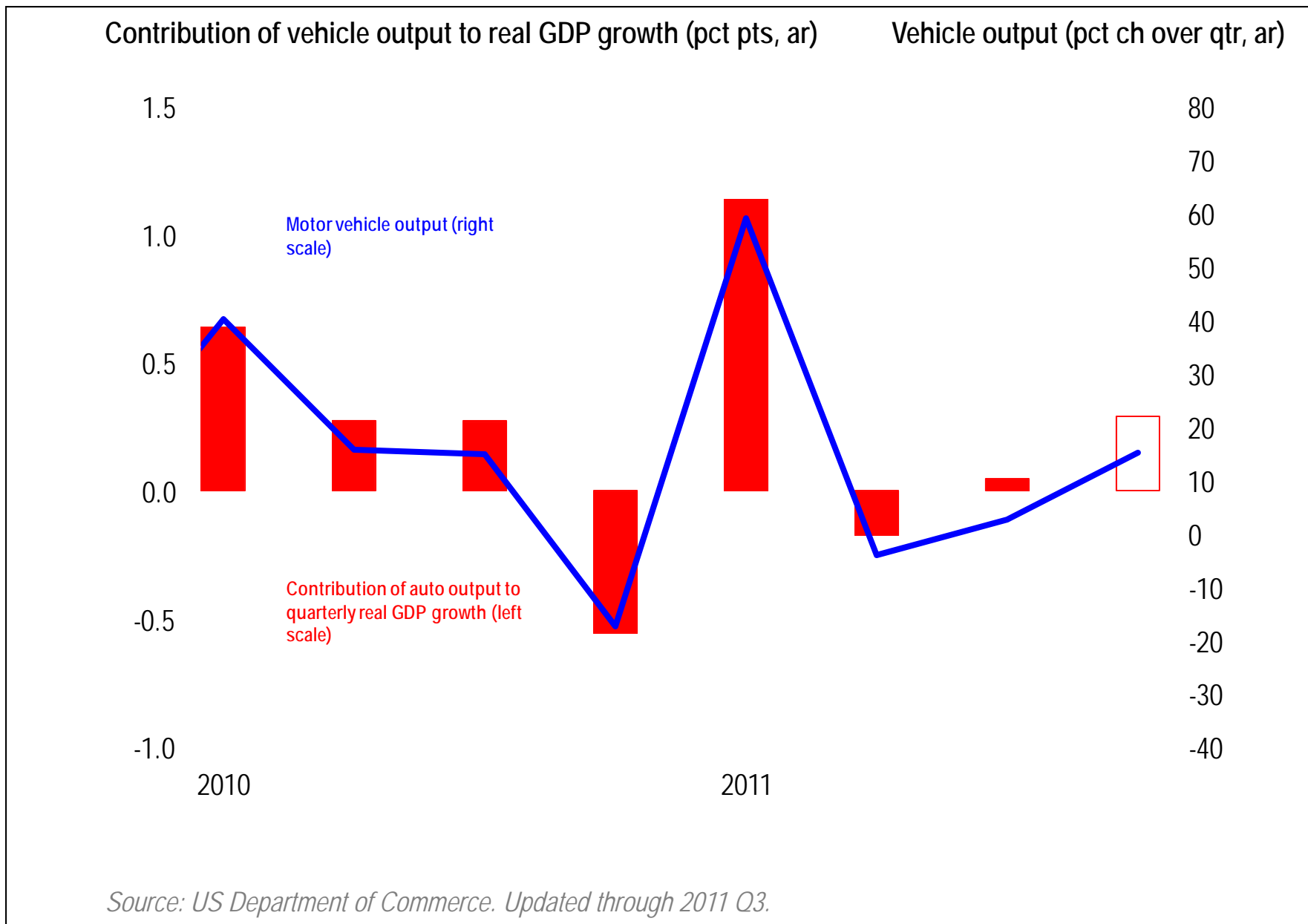
# ... quietly recedes

James Glassman, JPMorgan Chase & Co. (jglassman@jpmorgan.com; o 212-834-5093; o 212-270-0778; m 609-510-3723)

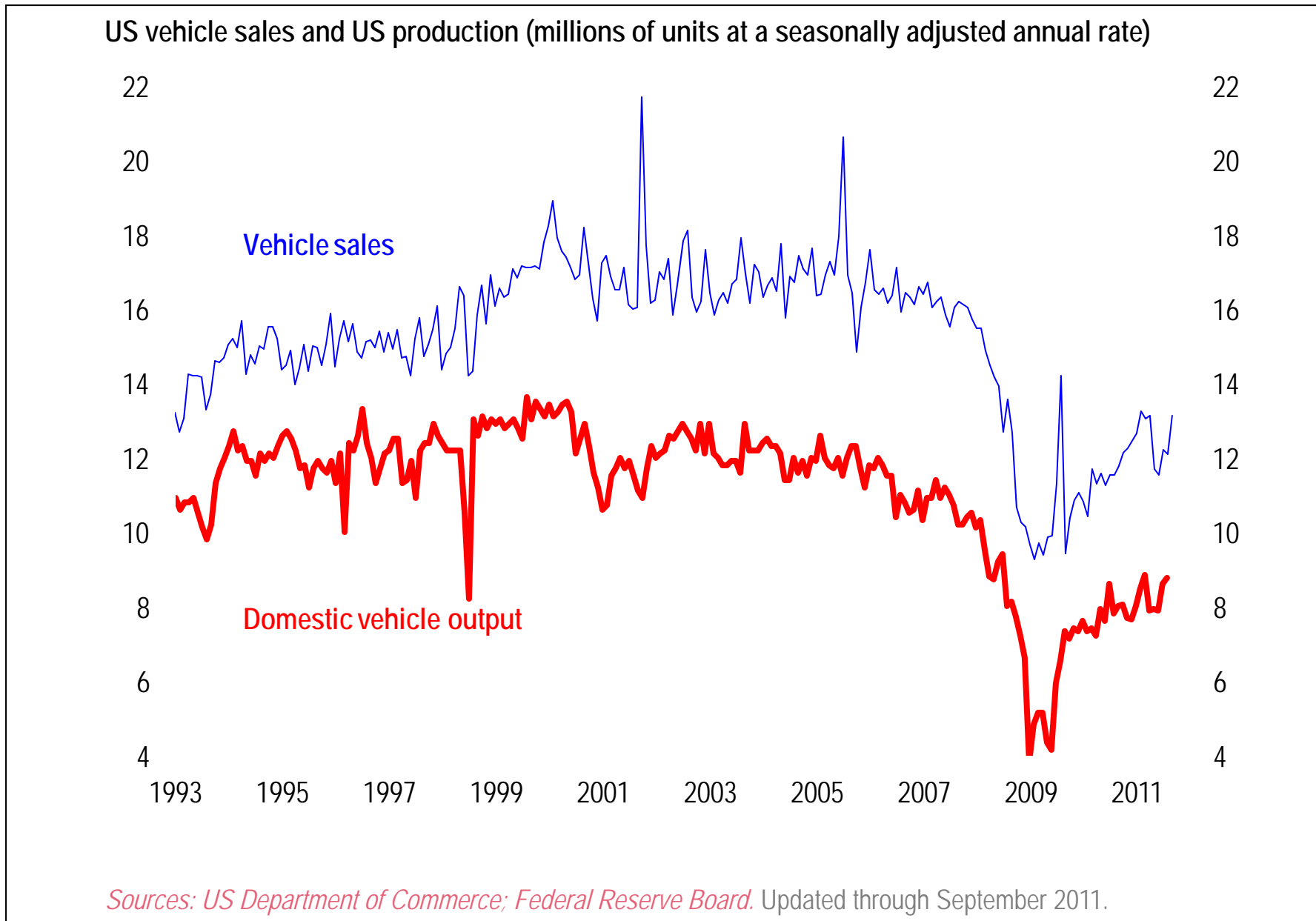


# Japan's tsunami disrupted vehicle production ...

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# ... and sales

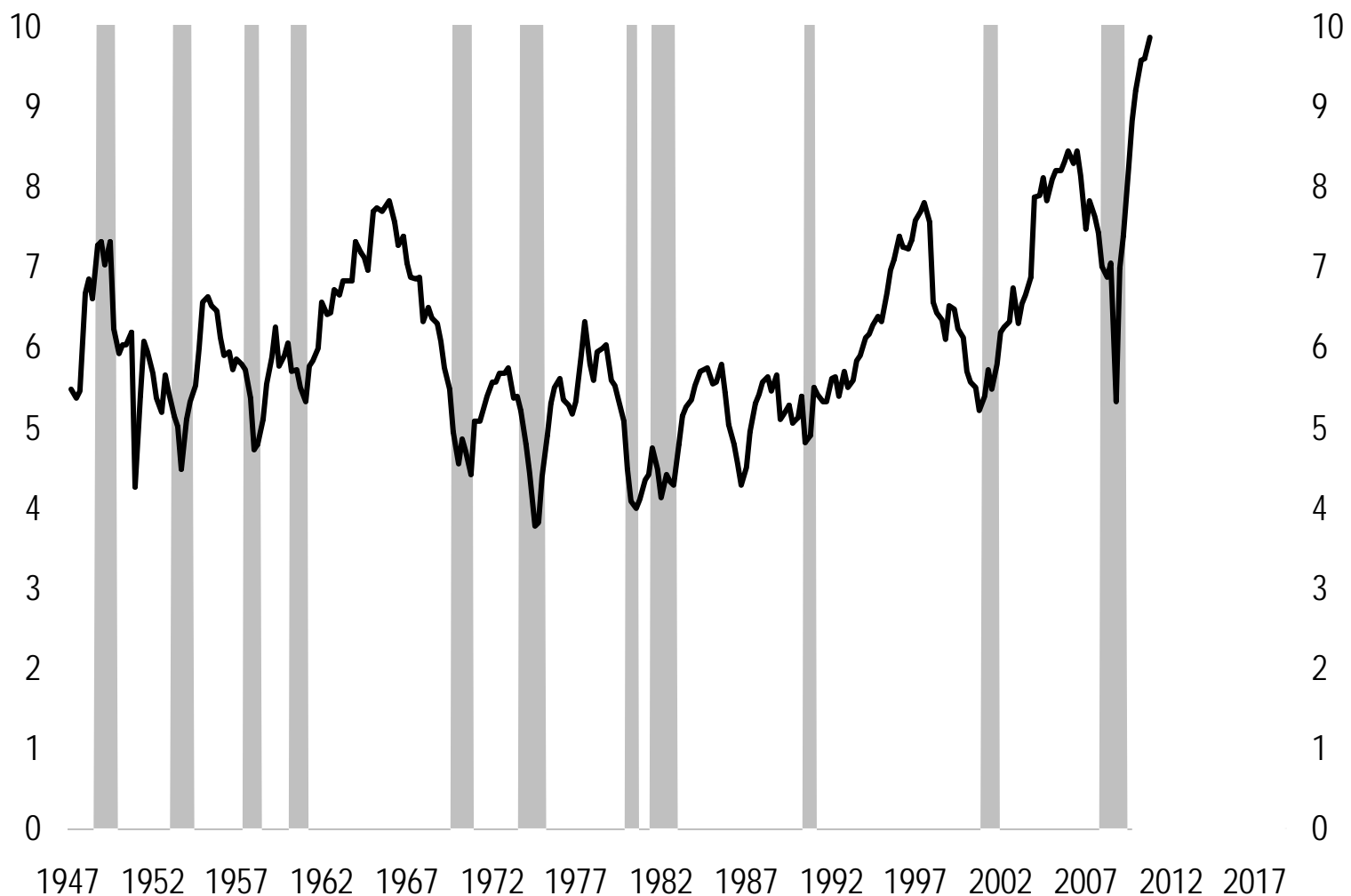


James Glassman, JPMorgan Chase & Co. (jglassman@jpmorgan.com; o 212-834-5093; o 212-270-0778; m 609-510-3723)

# Rising and record profit margins say “think expansion” ...

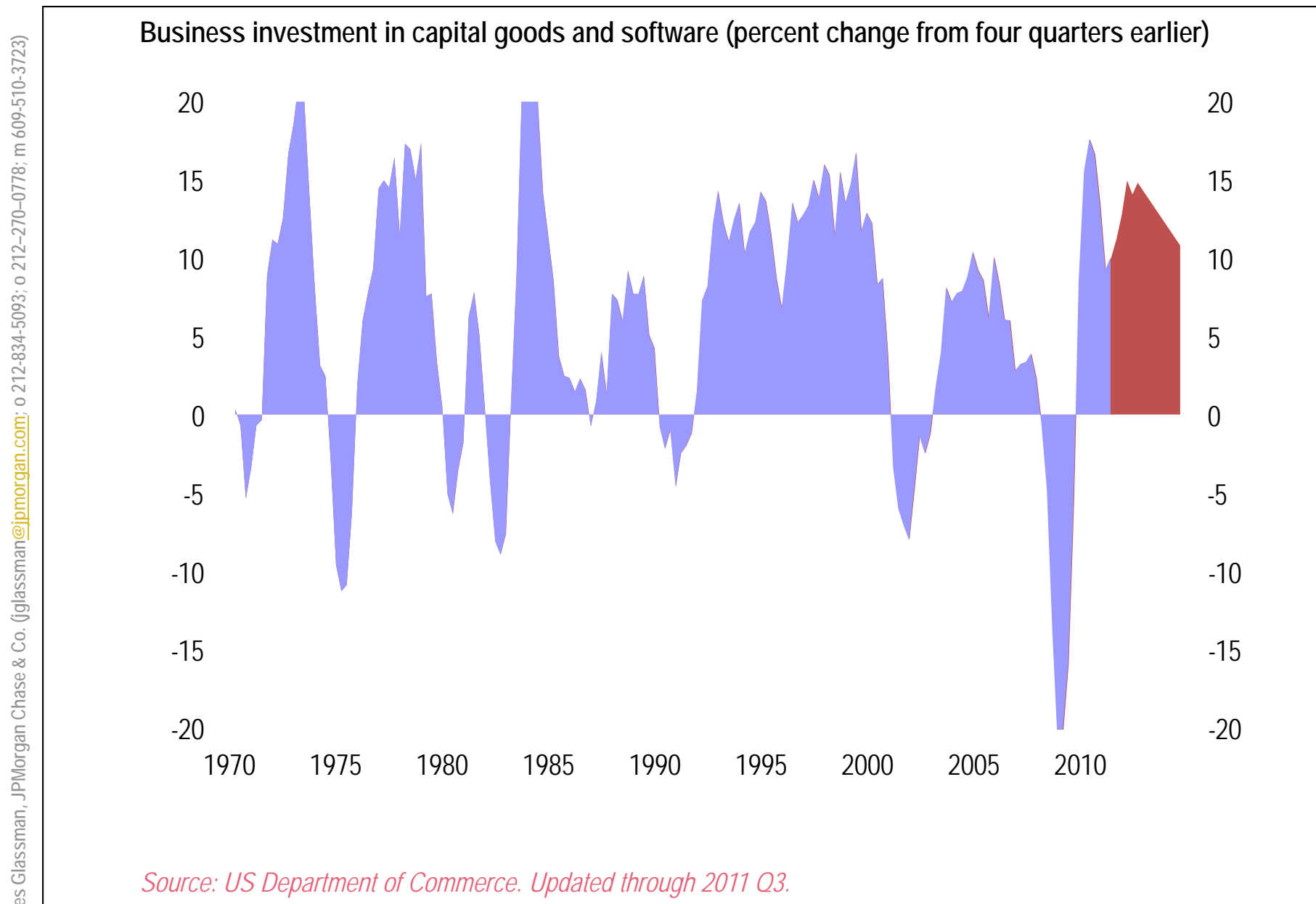
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After-tax GDP profits of all US businesses (percent of nominal Gross Domestic Income)



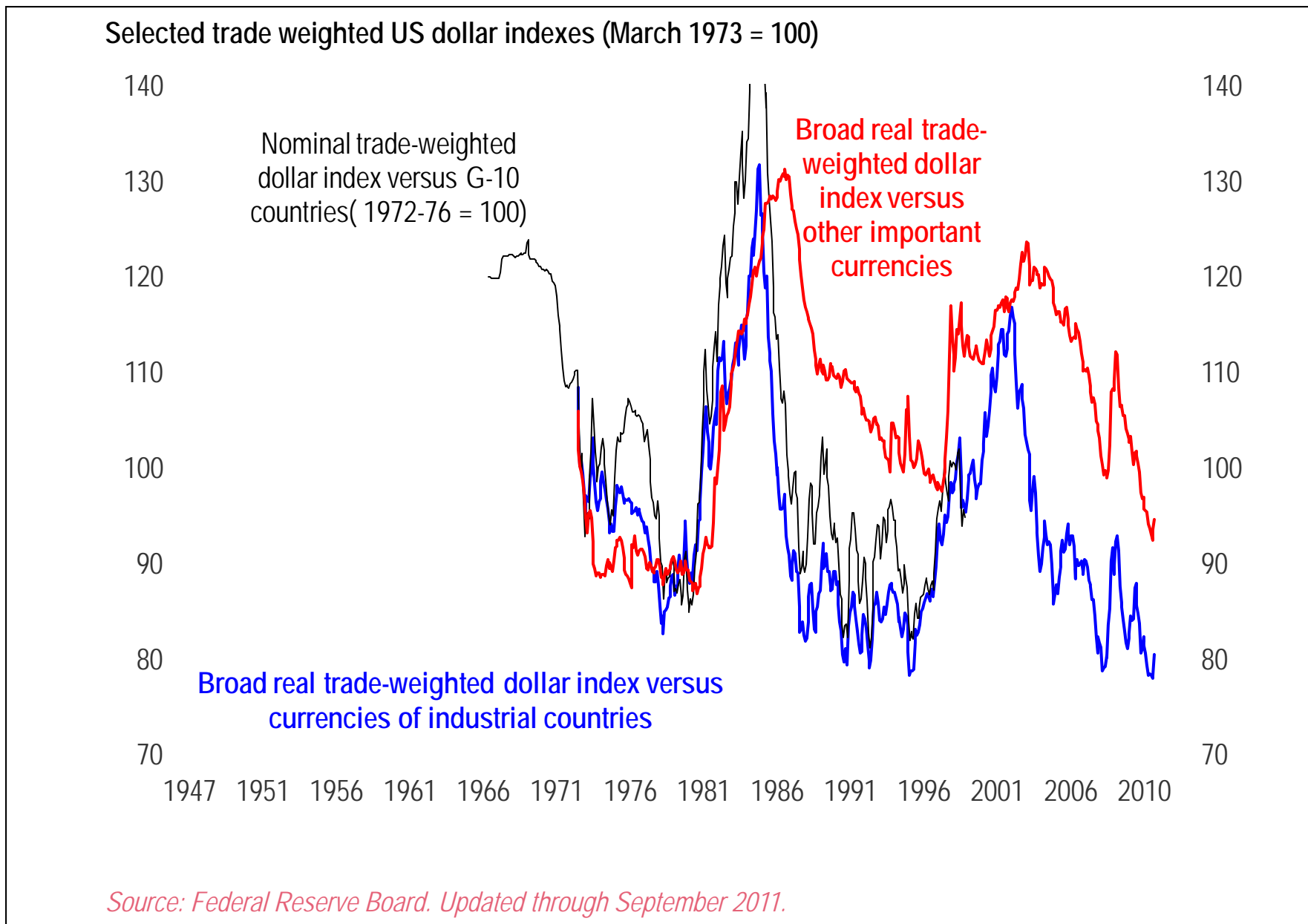
Sources: NBER recession bars; US Department of Commerce. Updated through 2011 Q2.

# ... and business answers the call



# The US is a competitive platform again ...

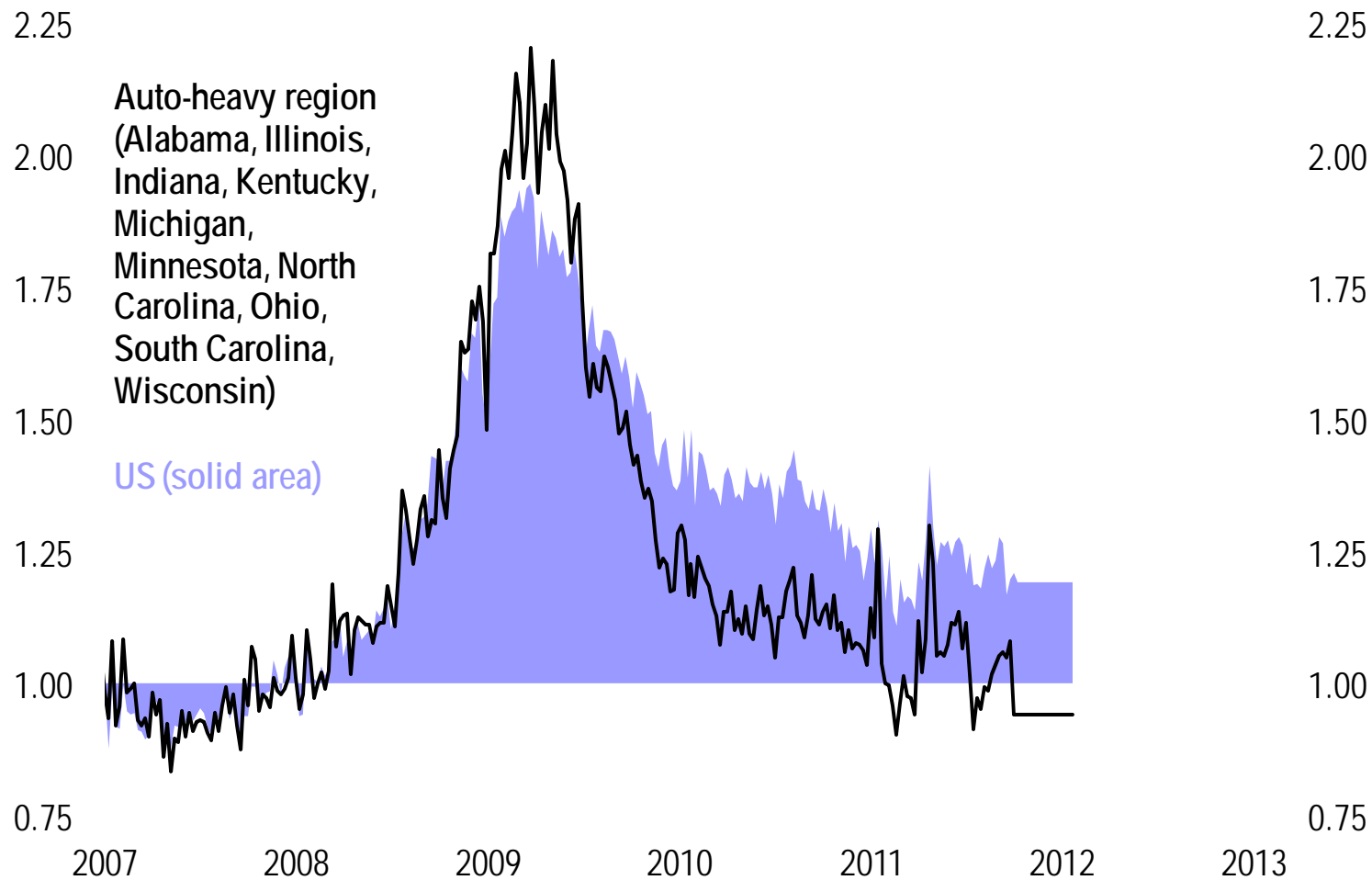
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# ... and lights are coming on in surprising places

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Applications for unemployment insurance (ratio to 2007 Q4 level of claims for respective item)

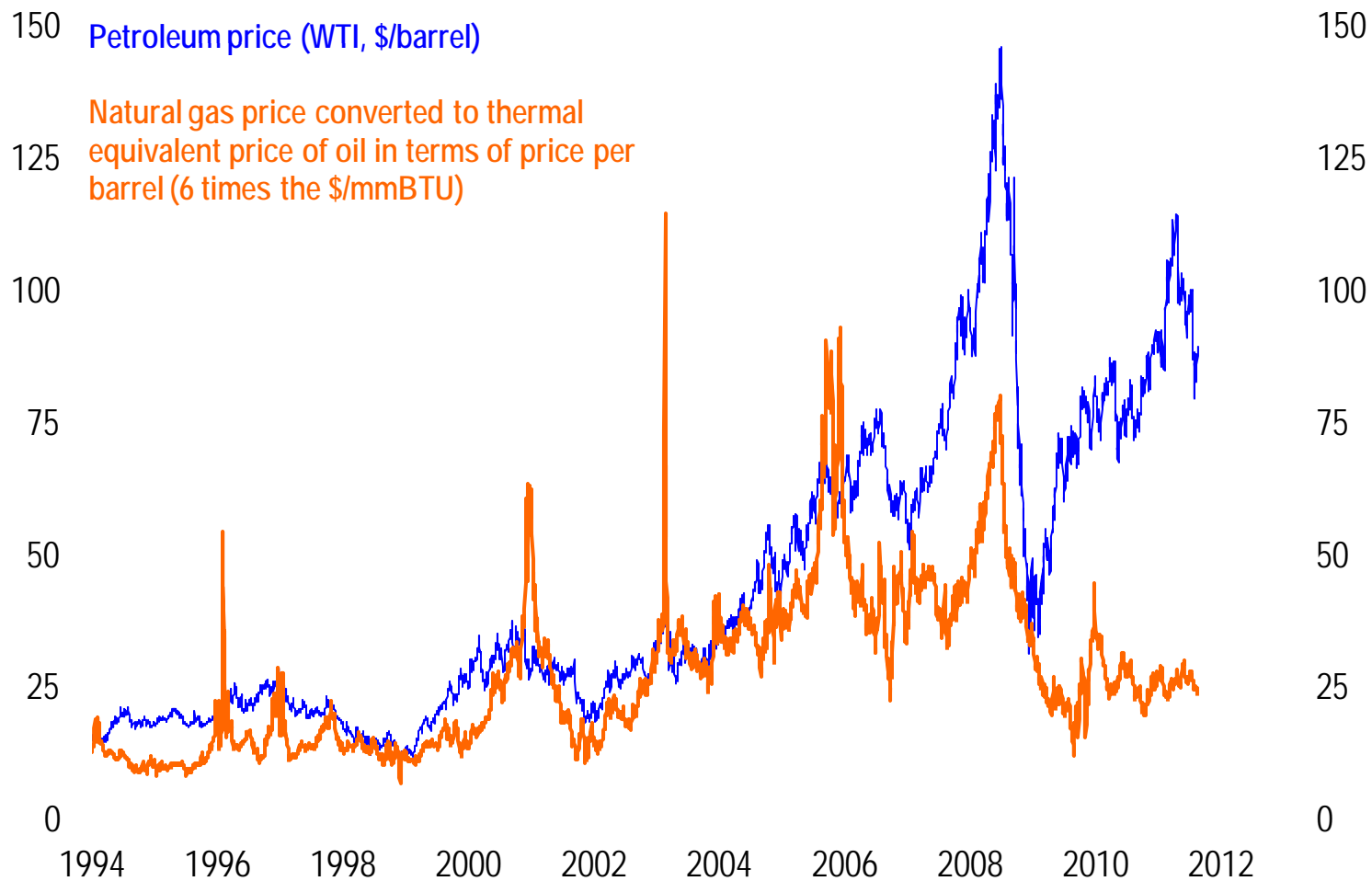


Source: US Department of Labor. Updated through October 15, 2011.

# Powerful incentives working in the global energy sector

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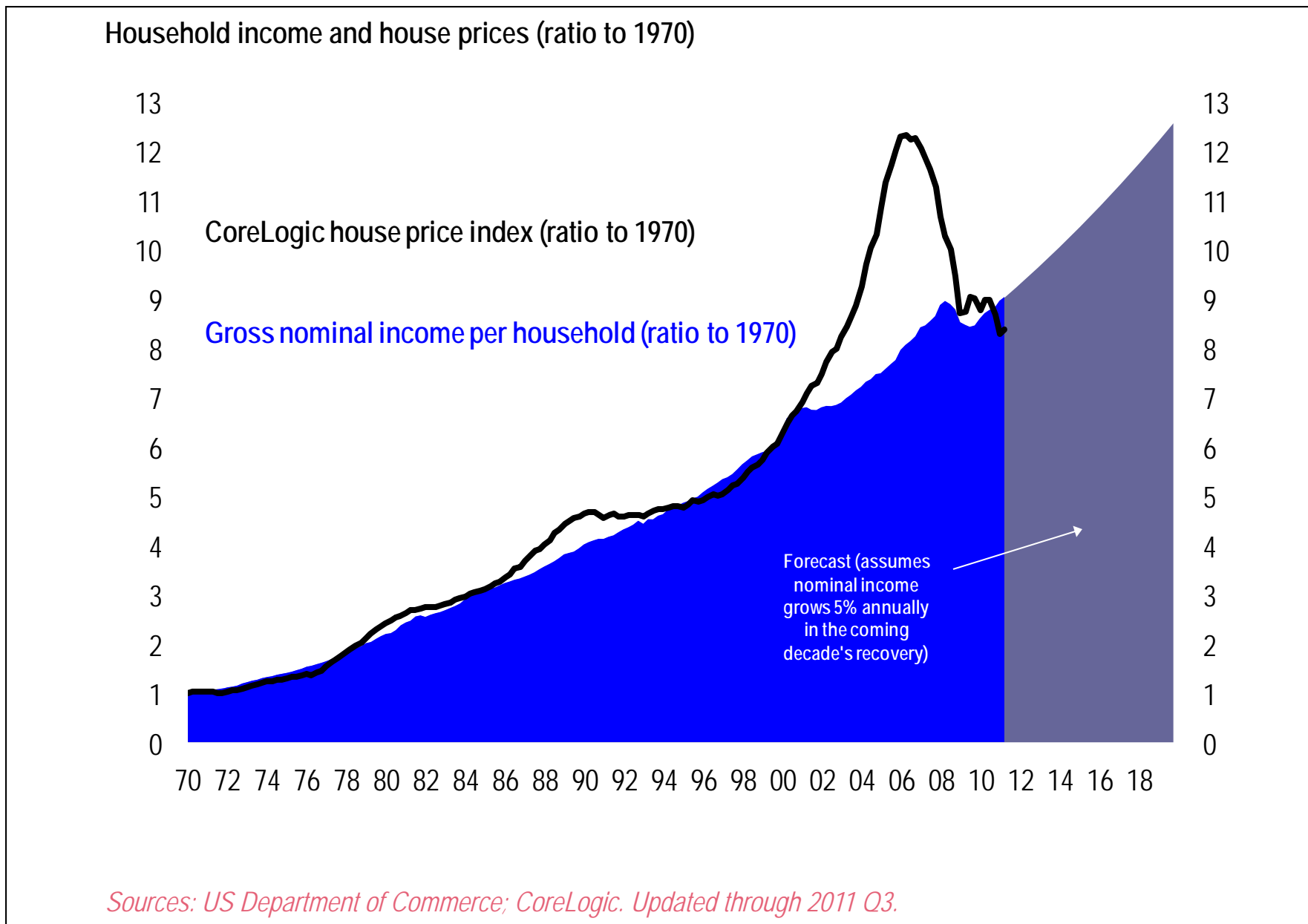
Prices of oil and natural gas, thermally-equivalent comparison (dollars per barrel)



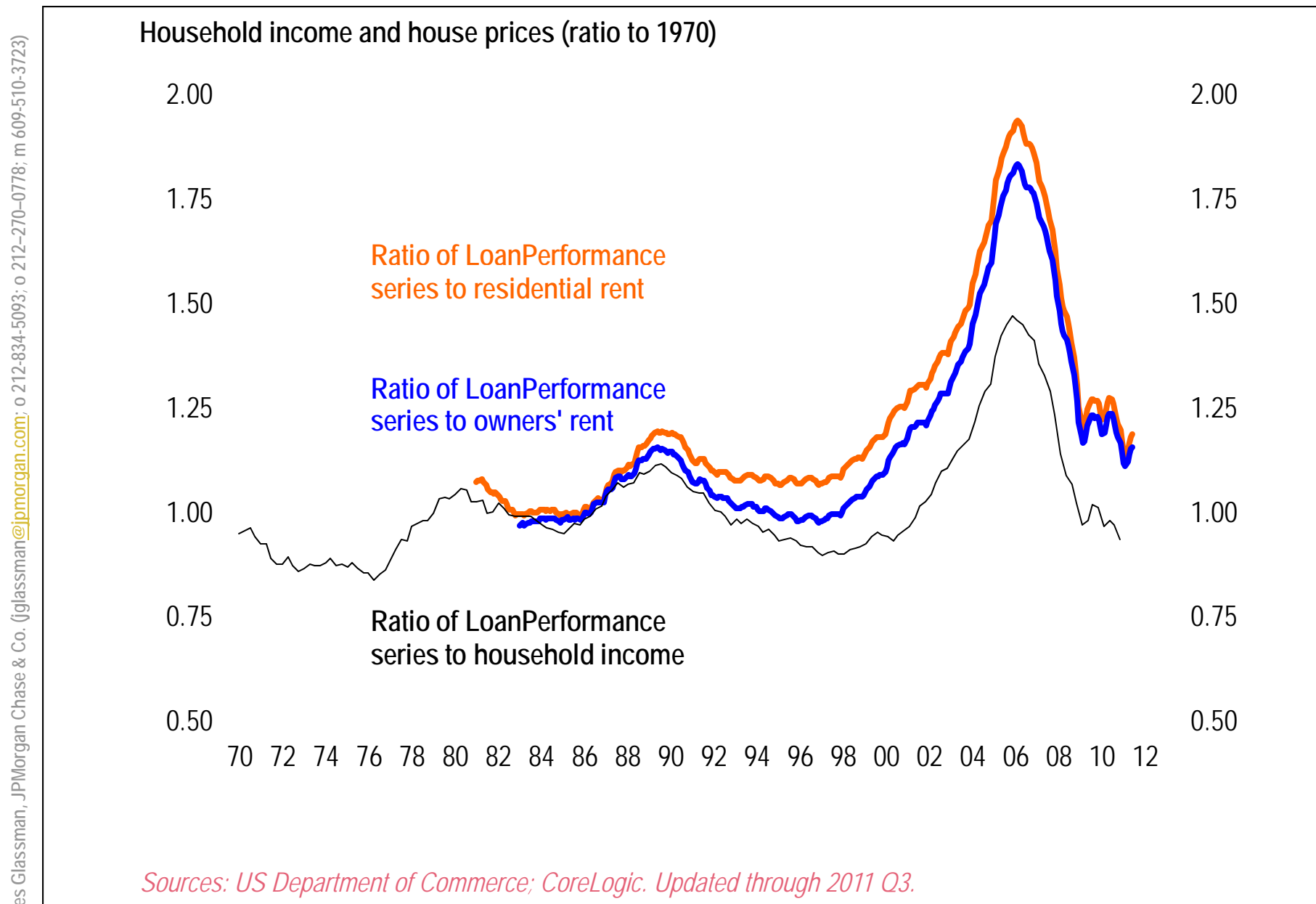
Source: Oil & Gas Journal. Updated through October 27, 2011.

# Mistakes fixed ...

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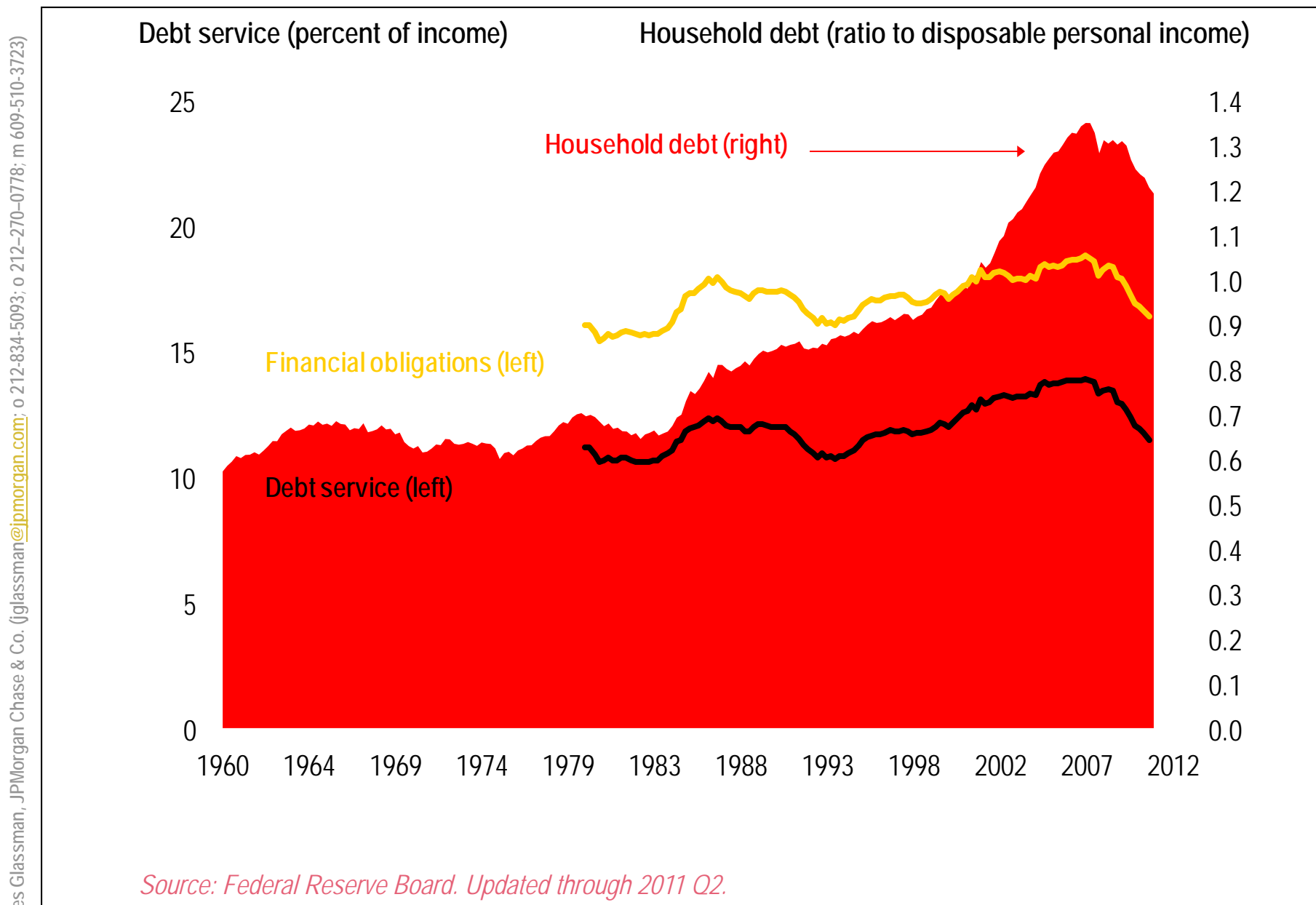


# ... inflated no more



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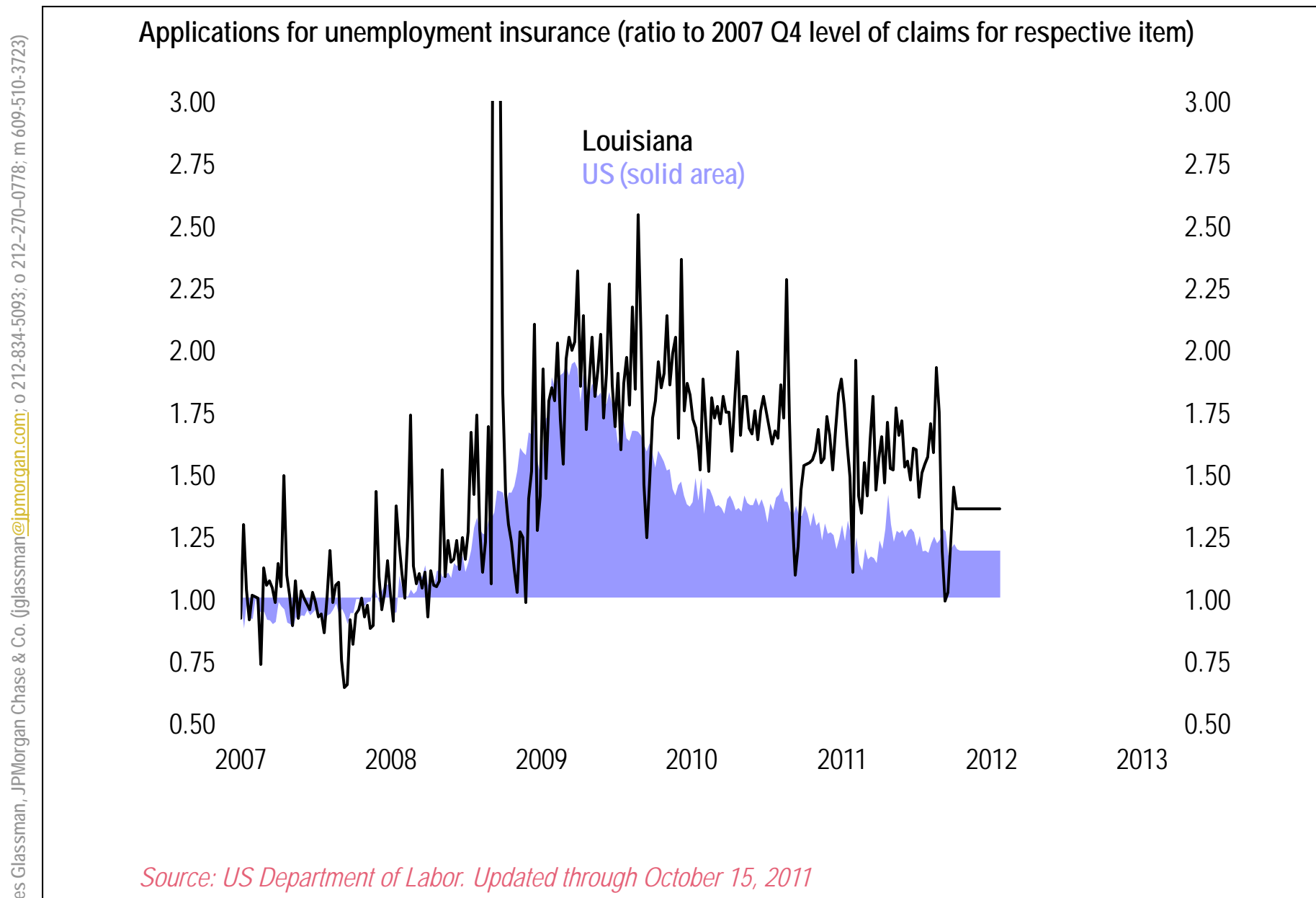
# Worries about household leverage are misplaced



Source: Federal Reserve Board. Updated through 2011 Q2.

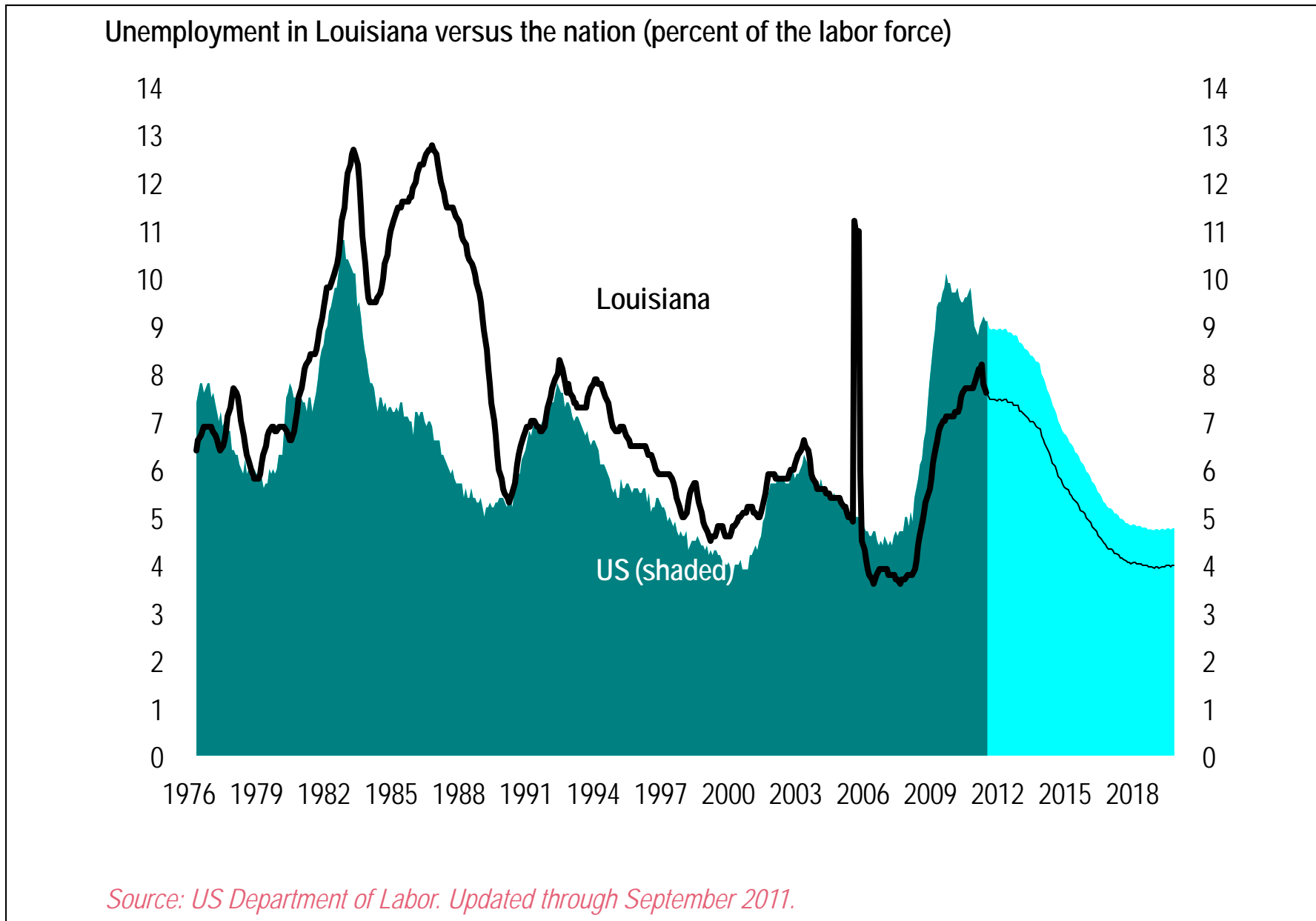
James Glassman, JPMorgan Chase & Co. (jglassman@jpmorgan.com; o 212-834-5093; o 212-270-0778; m 609-510-3723)

# Layoffs ... gettin there

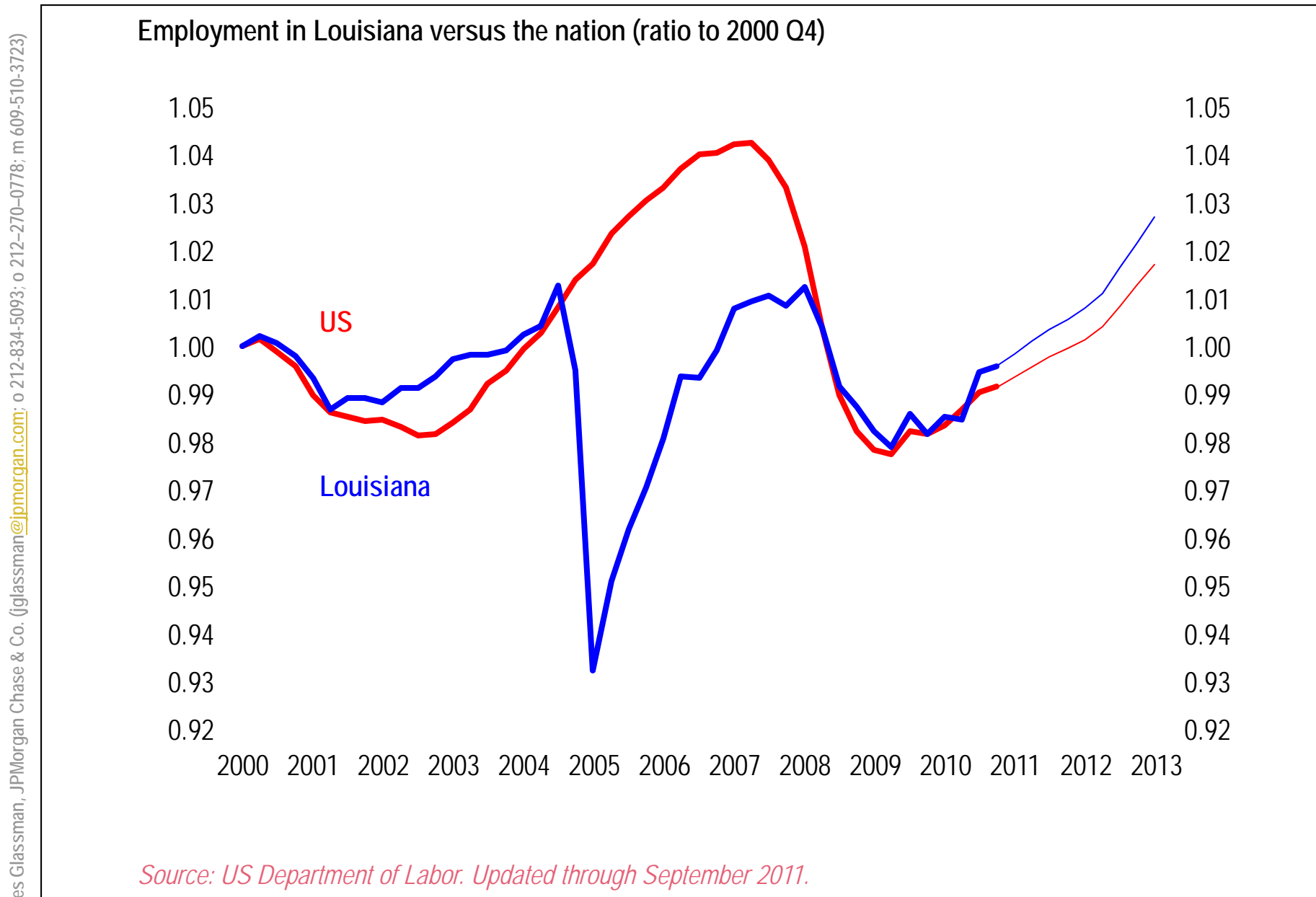


# Unemployment ... crested

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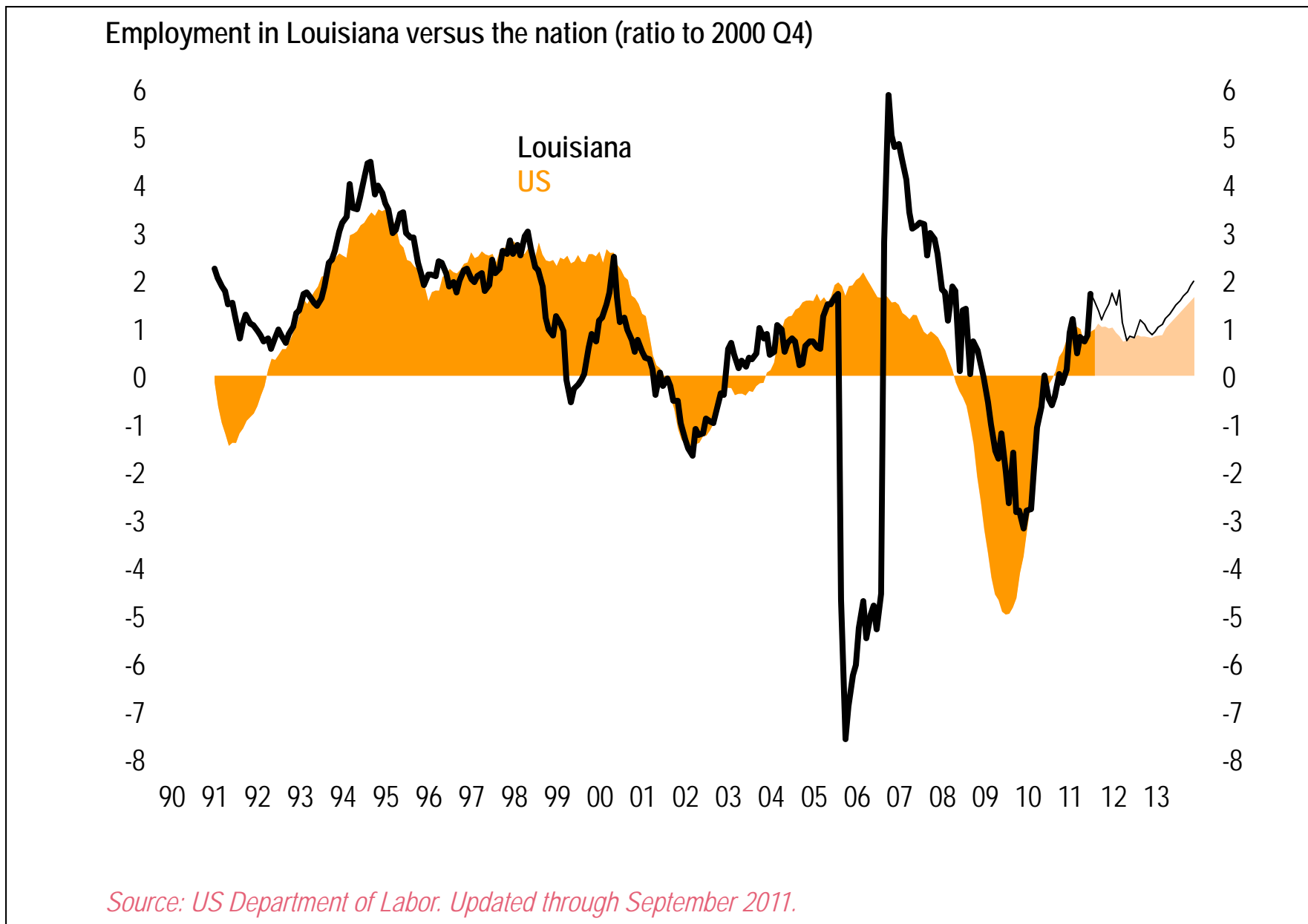
# Employment ... it's a relief to say "average"



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# ... and the wind is at our back ...

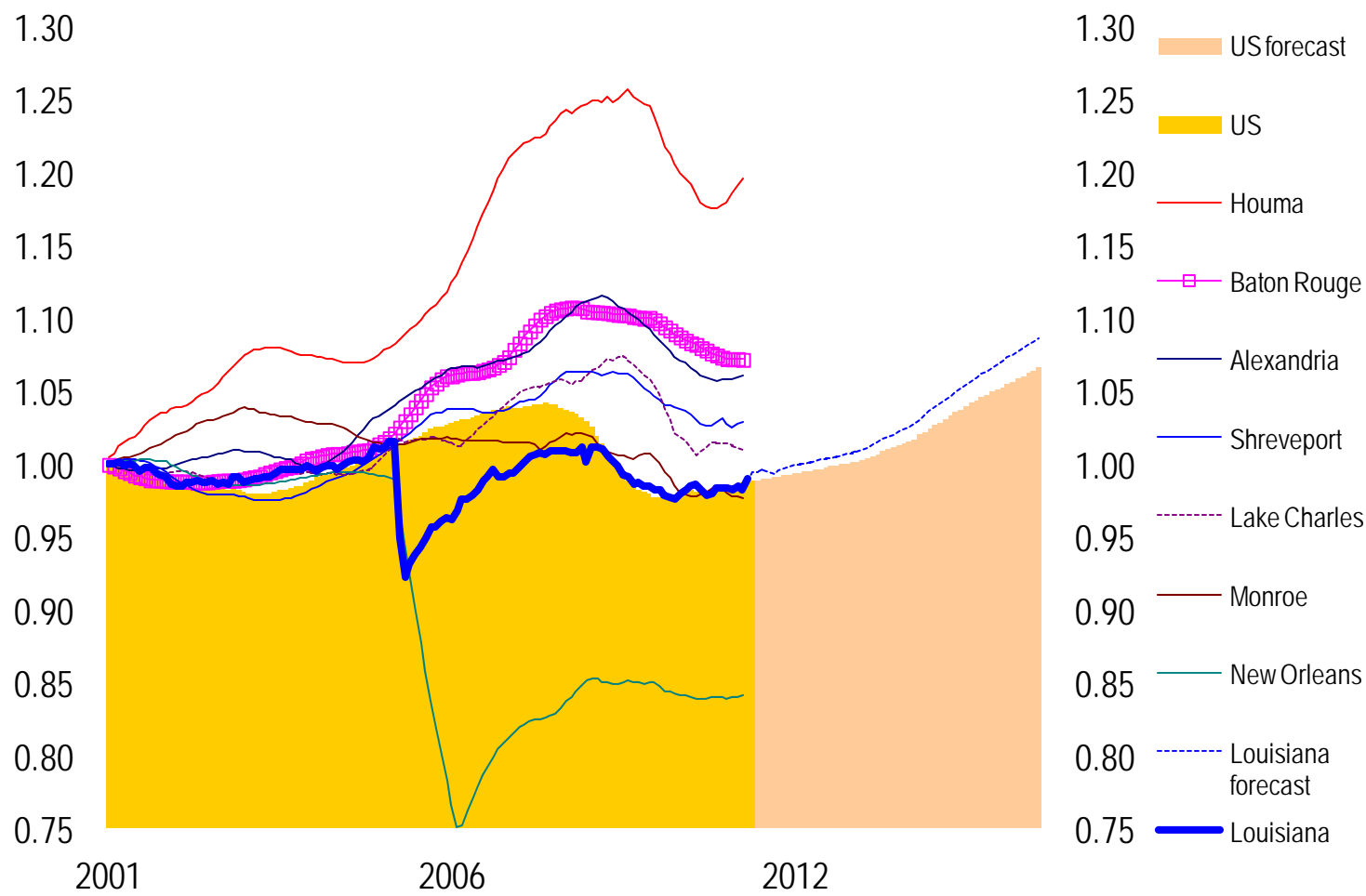
James Glassman, JPMorgan Chase & Co. (jglassman@jpmorgan.com; o 212-834-5093; o 212-270-0778; m 609-510-3723)



# ... for most communities

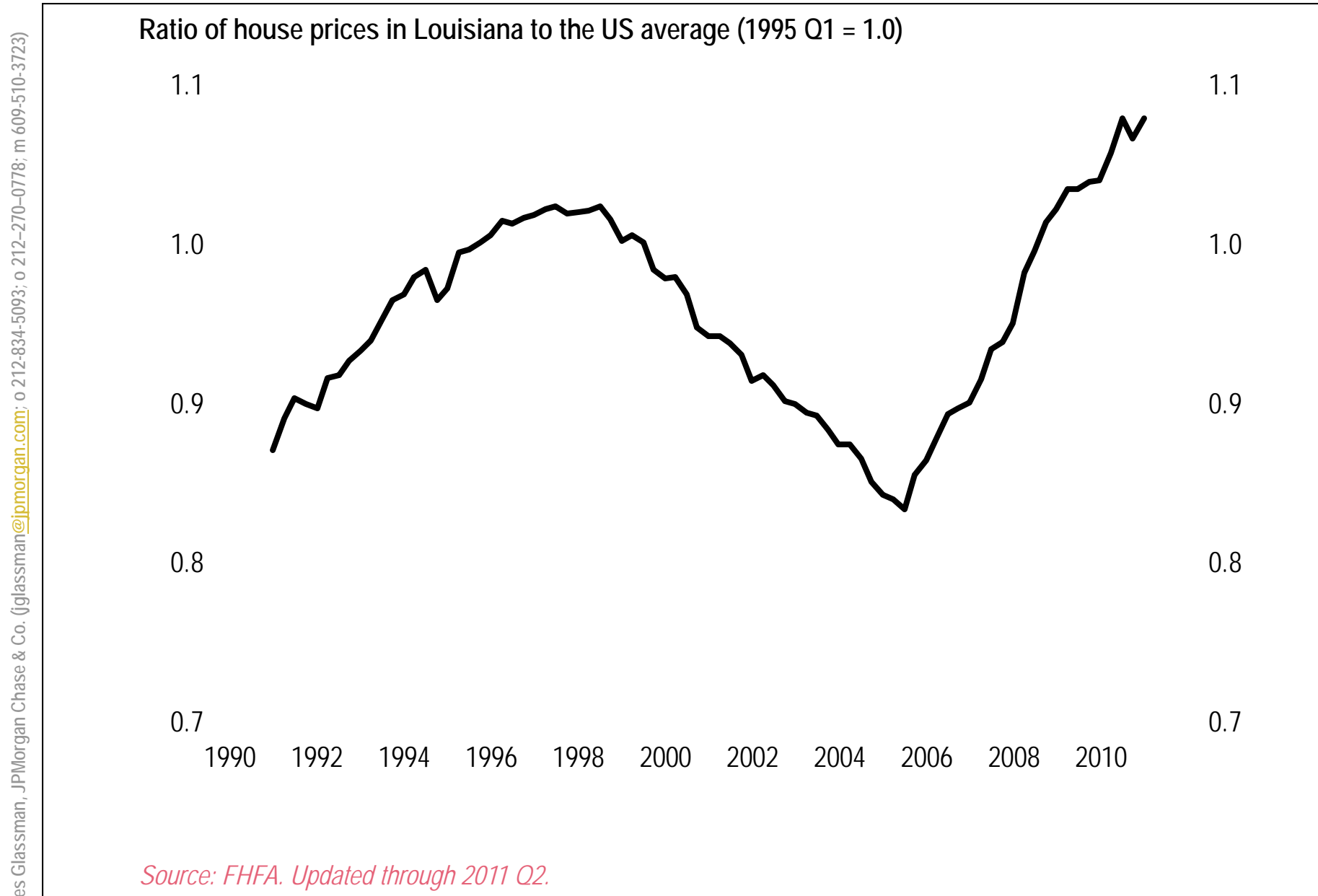
James Glassman, JPMorgan Chase & Co. (jglassman@jpmorgan.com; o 212-834-5093; o 212-270-0778; m 609-510-3723)

Employment in selected Louisiana communities versus the nation (ratio to 2000 Q4)

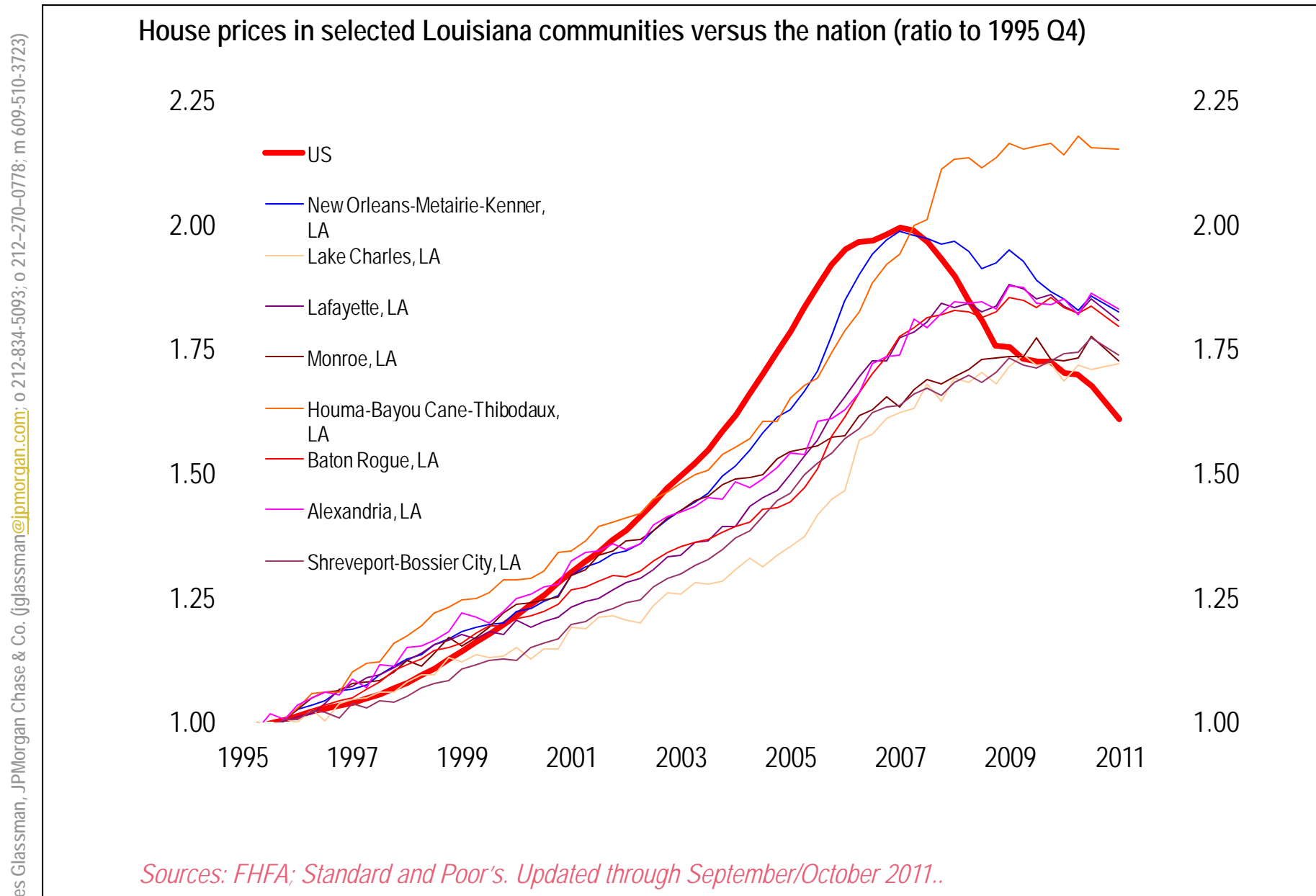


Sources: Congressional Budget Office; JPMorgan Chase & Co. Updated through September 2011

# Housing speculation ... not here ...



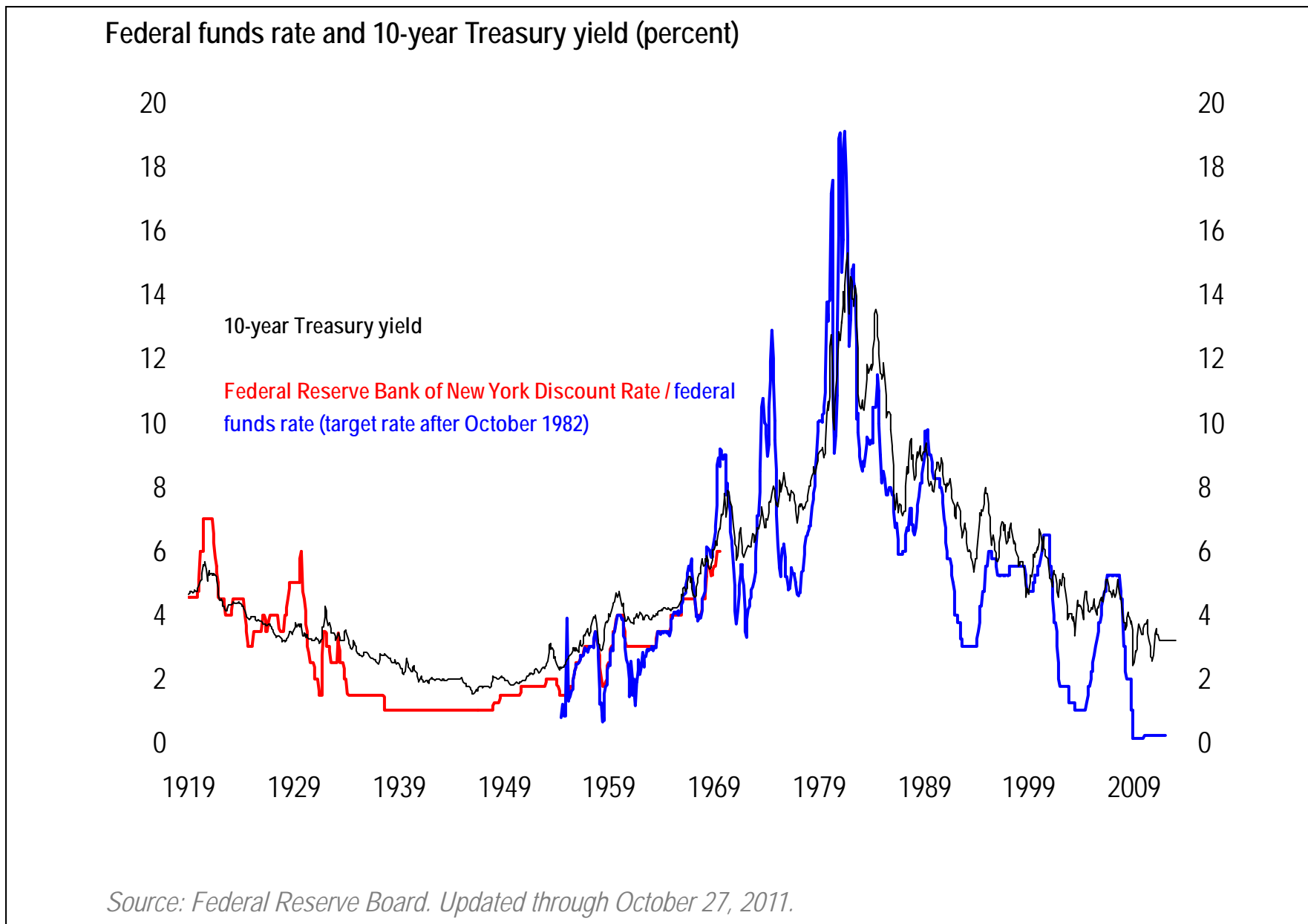
# ... just raw economic pain



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# Central banks have the will ...

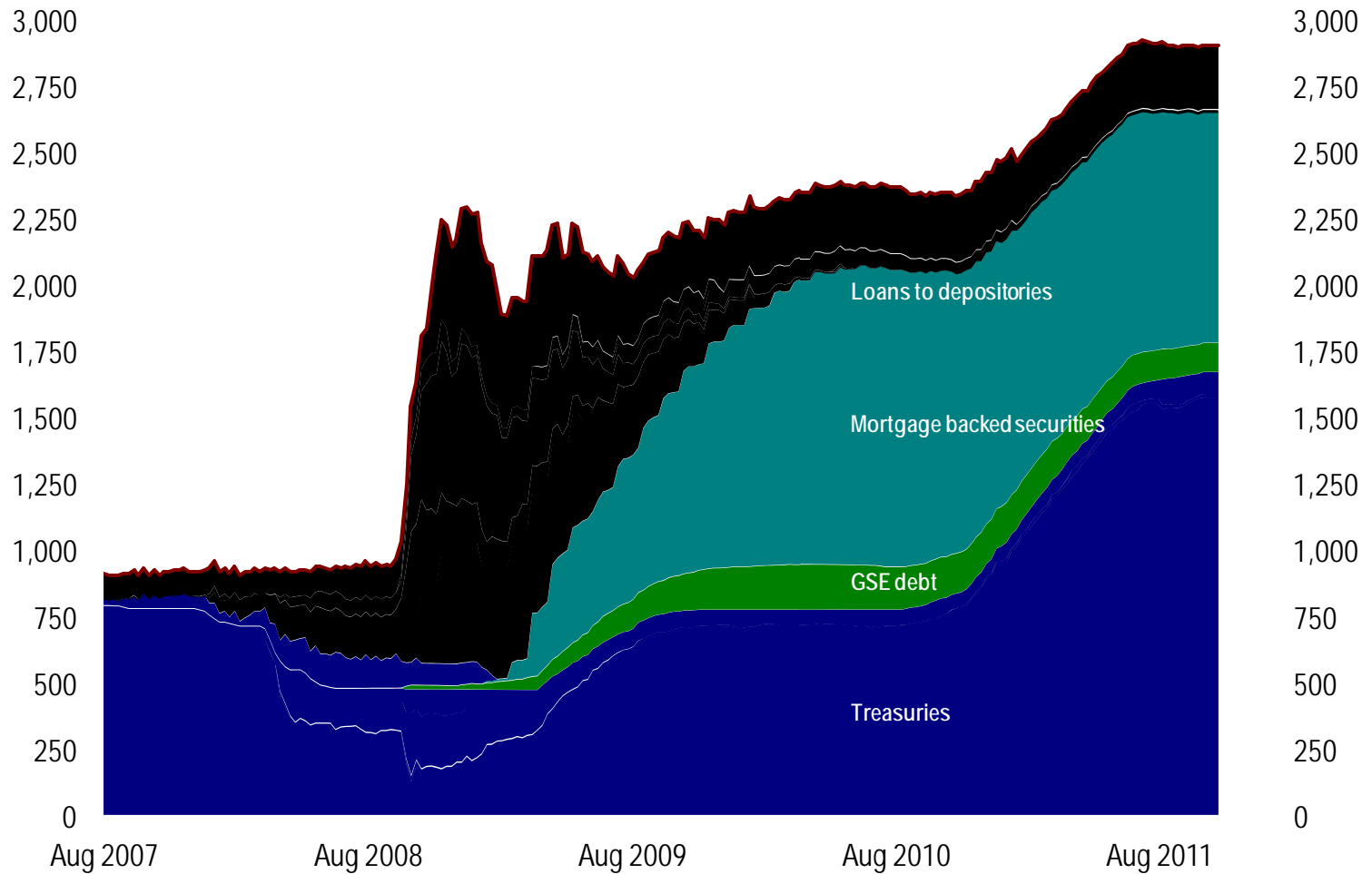
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# ... and the way

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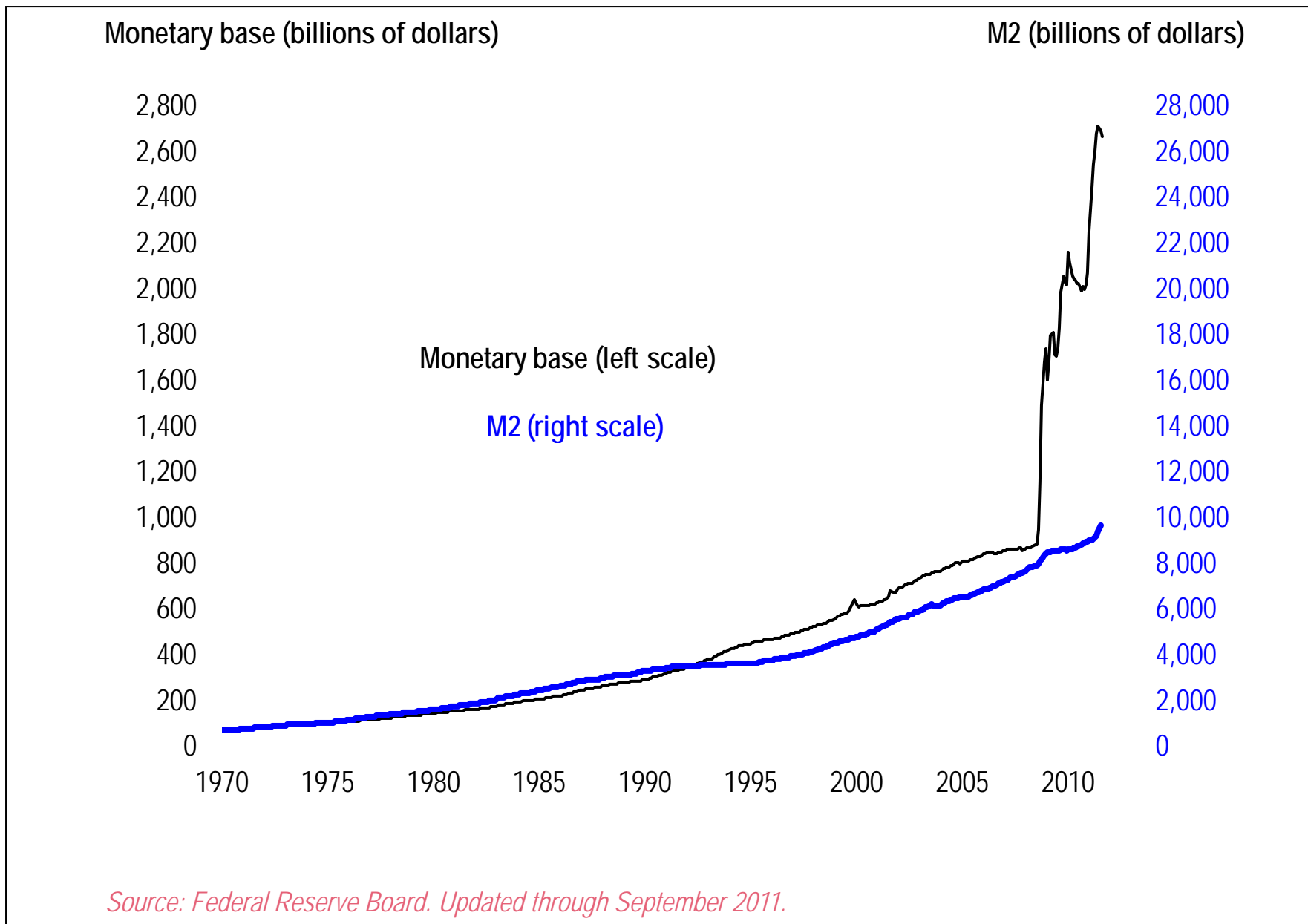
Assets held by the Federal Reserve (billions of dollars)



Source: Federal Reserve Board. Updated through October 26, 2011.

# This isn't a Weimar Republic story

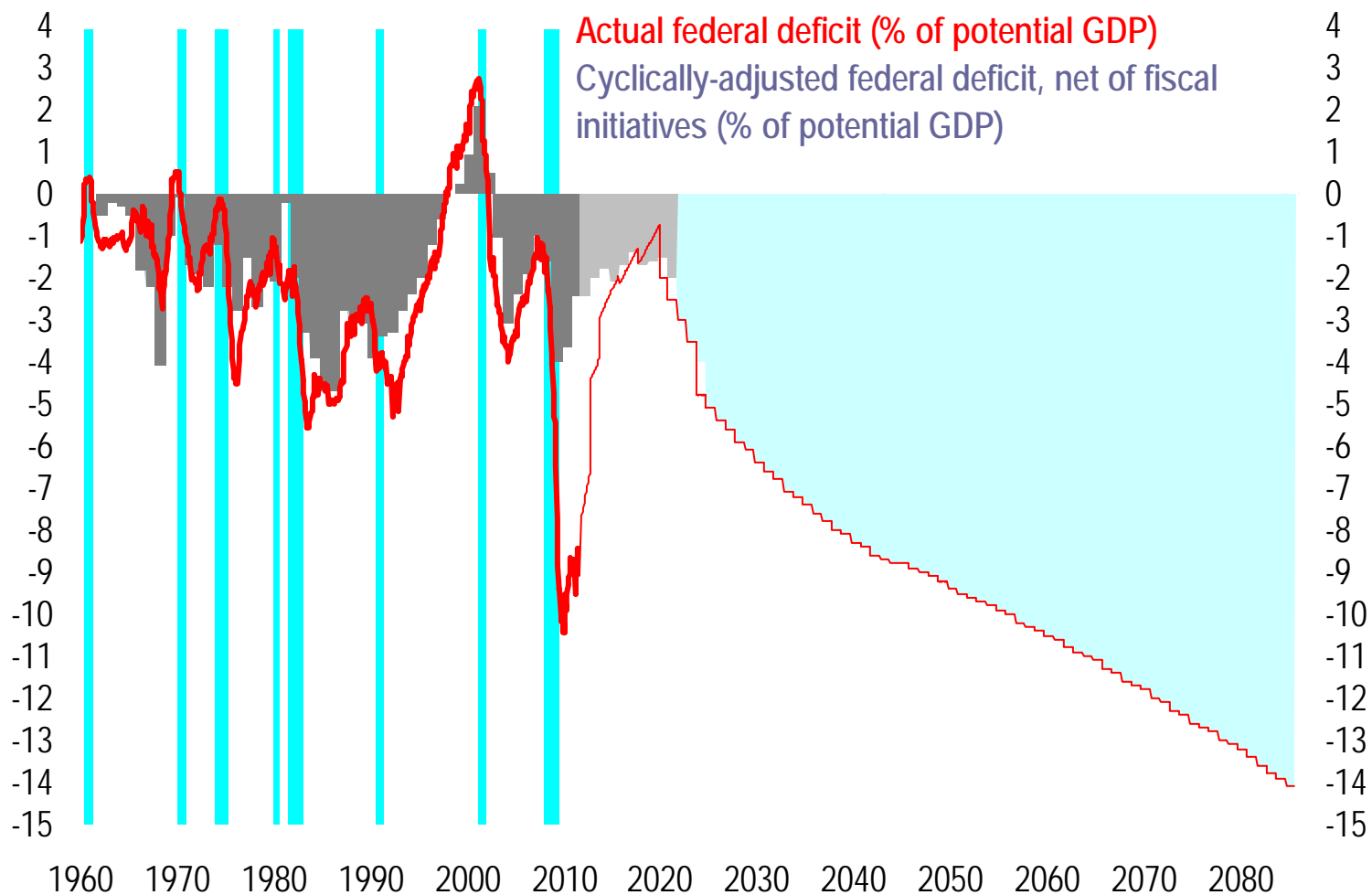
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# Cyclical deficits are irrelevant, structural ones are not

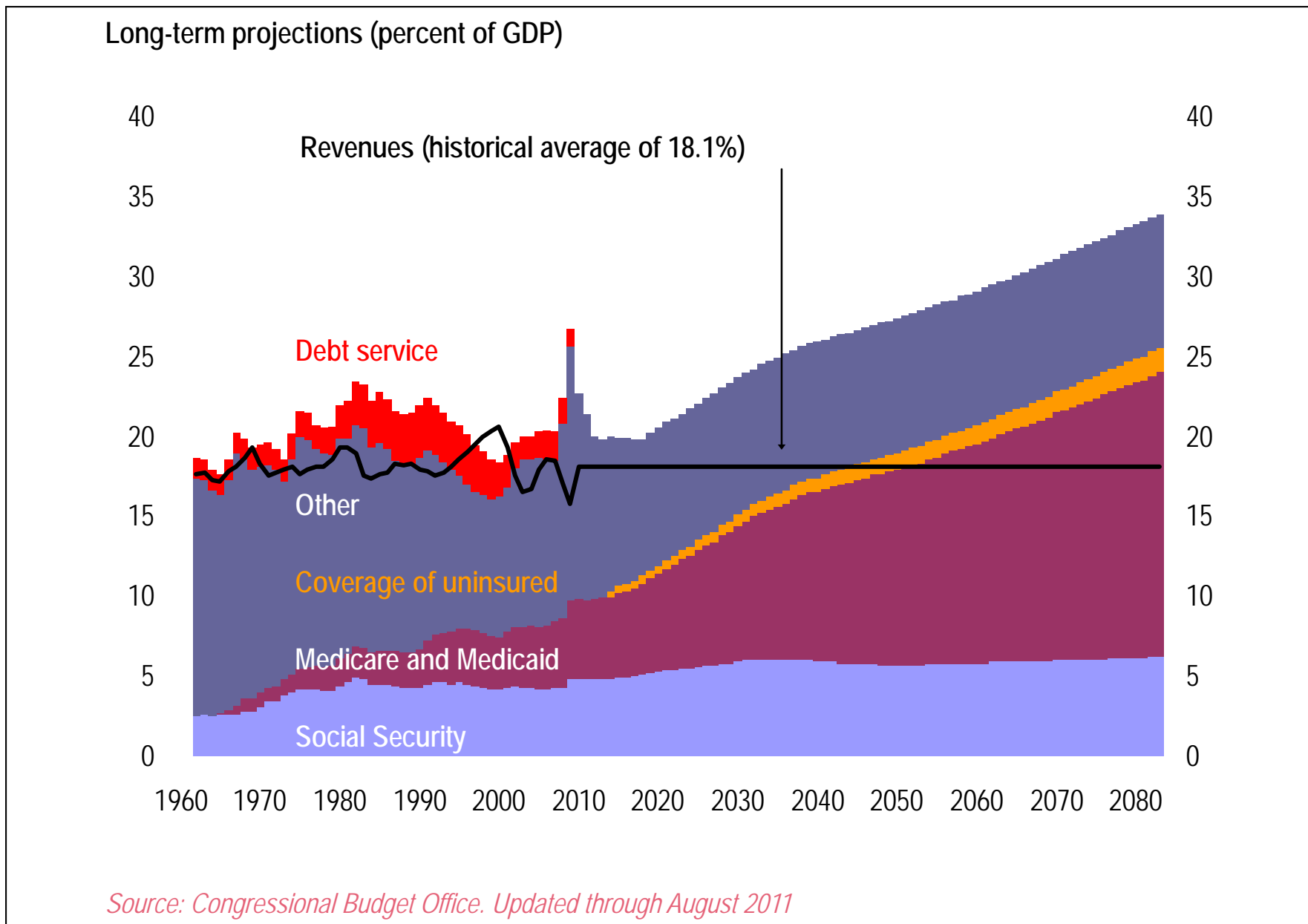
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Cyclical and structural federal budget projections (percent of GDP)



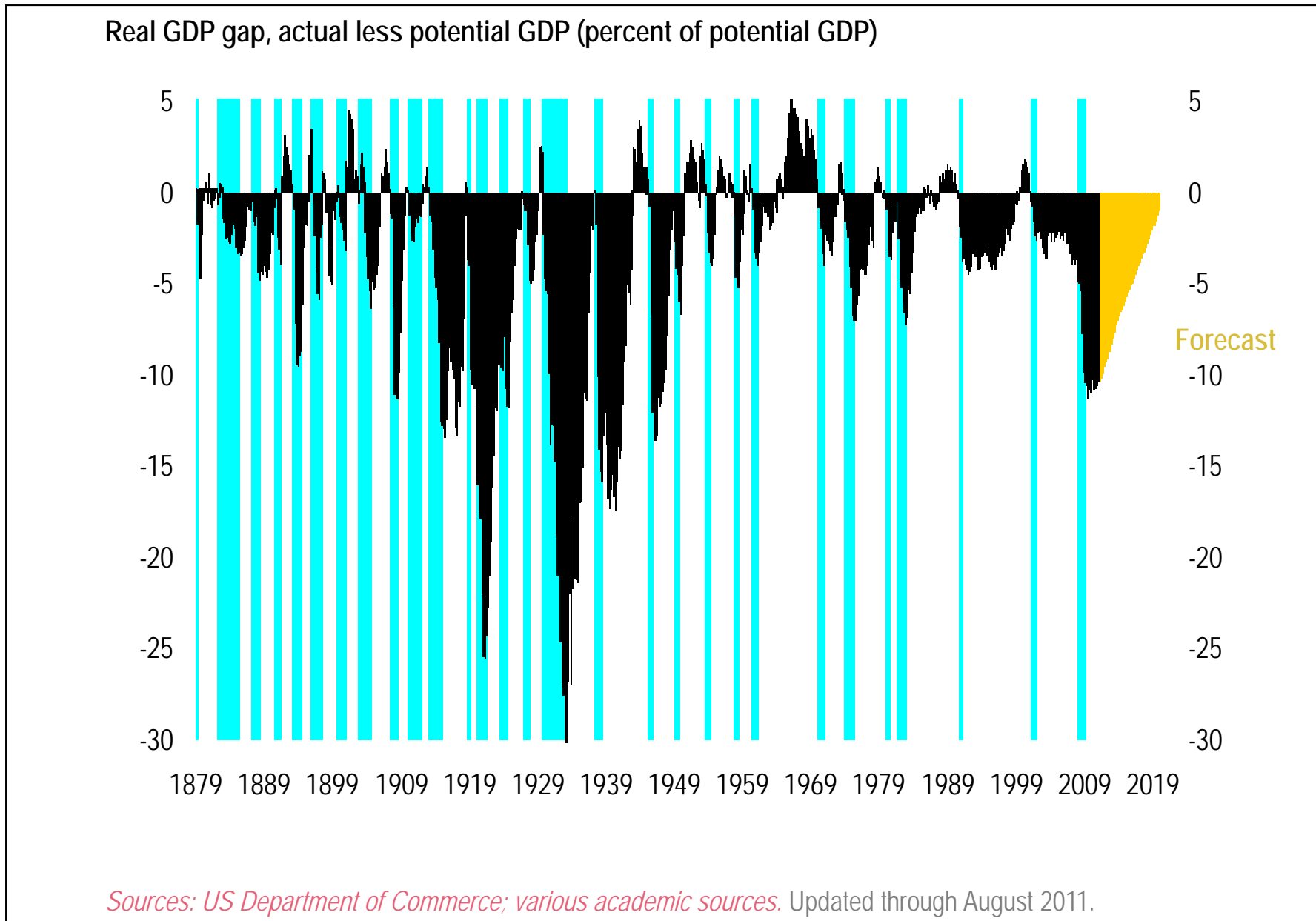
Sources: Congressional Budget Office. Updated through August 2011.

# The structural deficit needs ideas, not more taxes



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# We have a history of getting back on our feet



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